Cement Sector

Monthly Tracker (January)

February 2023

Tharaa Financial Center

Summary

Total Sales

Total Cement sales (Local+exports) have declined by -5.8% MoM and -5.7% YoY in Jan-23 to reach 4.9mn tons.

Saudi Cement Company topped the sector in total sales during January with a marginal lead over Southern Cement and Yamama Cement.

Local deliveries

Monthly Local dispatches slowed down in Jan-23 with -2.5% MoM drop and -11.4% YoY basis. The sequential drop in sales is primarily attributed to intermittent rains and the peak winter season in the key demand centers.

With 12.5% market share, Yamamh Cement Company topped the sector in Local dispatches during January 2023.

While Yamama Cement managed to maintain its overall leadership position, its market share in local sales dropped from 15.3% in Jan-22 to 12.5% in Jan-23 due to a 27.6% YoY drop in local sales.

Exports

Monthly export dispatches decreased by -23.2% MoM and but recorded a jump of 67.5% YoY.

The industry's exports stood at 638K tons in January-23, compared to 381K tons in January-22.

Saudi Cement Company recorded the highest share of exports in Jan-23 with 22% of the total exports.

Production

In Jan-23, cement production showed a decreases of 7.9% MoM and 11.2% YoY basis.

Cement inventory showed a decreased of 11.6% MoM basis in January-23.

The Clinker inventory shows an increased of 0.1% in Jan-23 compared to the previous month, while it has increased by 1% on a YoY basis.

The capacity utilization for clinker is estimated at 73.3% in Jan-23 vs 78.8% in Jan-22.

Prices

In Dec-22, Cement prices showed an increase of 1.8% YoY and 1.3% MoM.

Cement prices may remain relatively strong in CY23 with expected demand growth and draw down in clinker inventory.

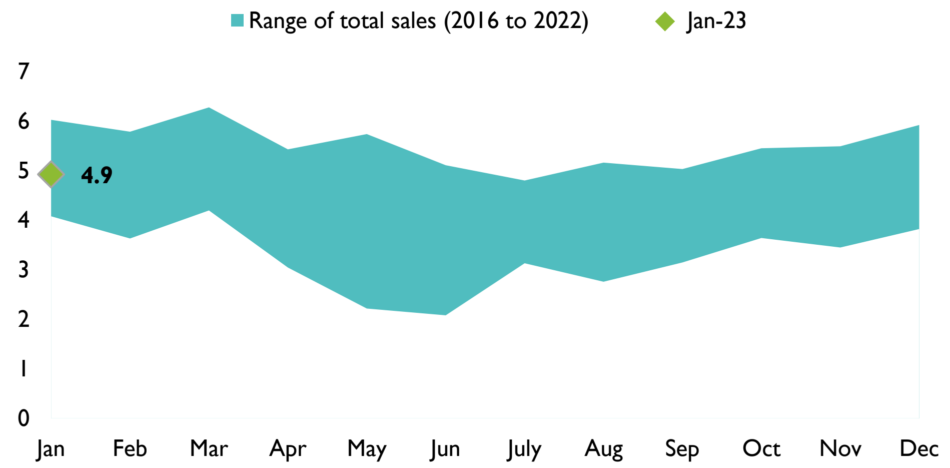
Performance & Valuation

On an EV/EBITDA basis, Najran Cement company trades at the lowest valuation of SAR346/ton, while Qassim cement carries the highest valuation of SAR1,324/ton, compared to the industry average of SAR784/ton.

Al-Jouf Cement and Qassim Cement have the best performances among KSA-listed cement companies, with 16% and 10% gains, respectively, while Southern Cement was the worst performance, with a -1% drop.

Total Sales (Local deliveries & Exports)

Total Sales (Local+Exports, mnton)



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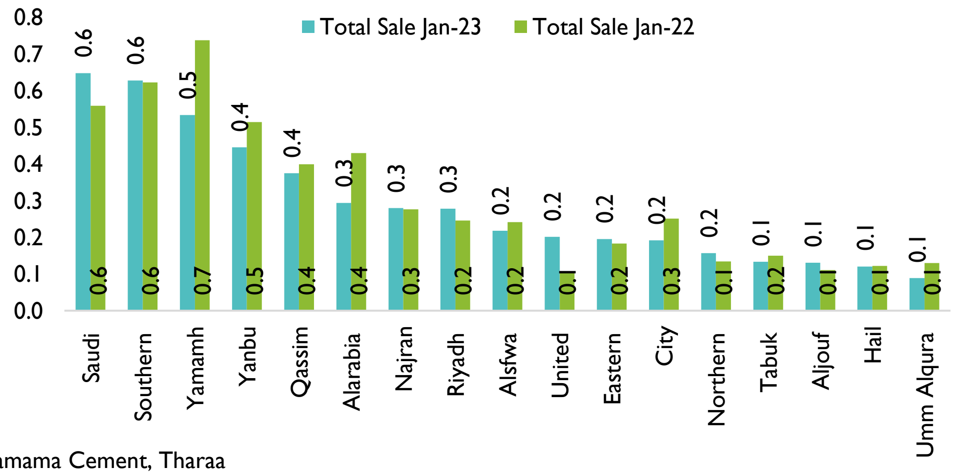
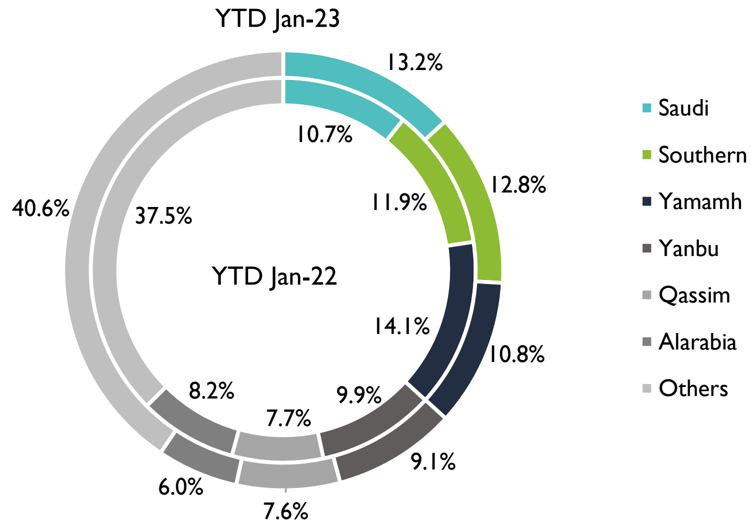
- Saudi Cement Company topped the sector in total sales during January with a marginal lead over Southern Cement and Yamama Cement.

Company-wise Total Sale (mnton)



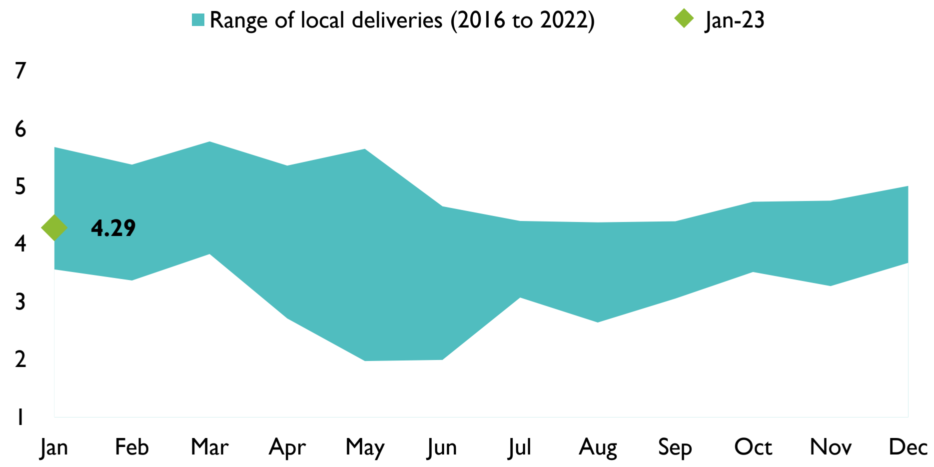
Market Share Comparison (%)



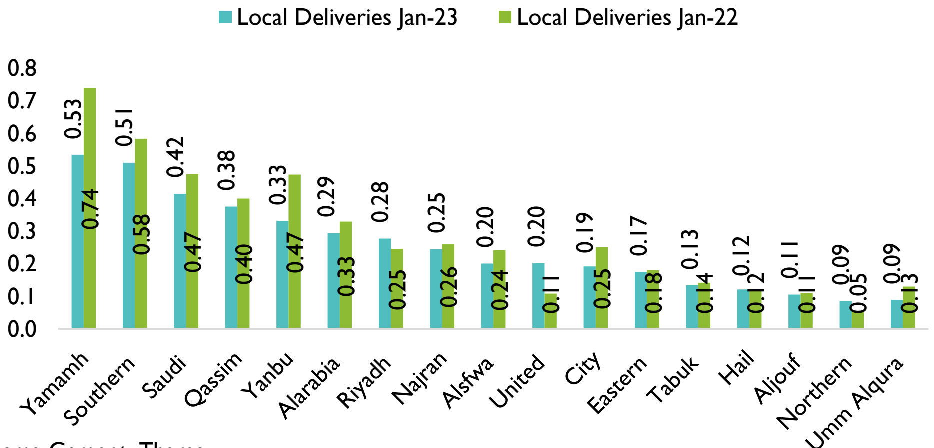
Source: Yamama Cement, Tharaa

Local Cement Deliveries

Local Deliveries (mnton)



Company-wise local Deliveries (mnton)



Source: Yamama Cement, Tharaa

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- With 12.5% market share, Yamamh Cement Company topped the sector in Local dispatches during January 2023.
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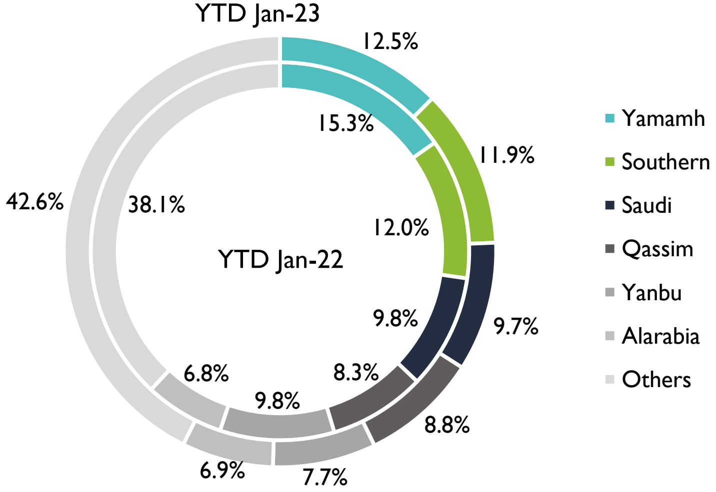
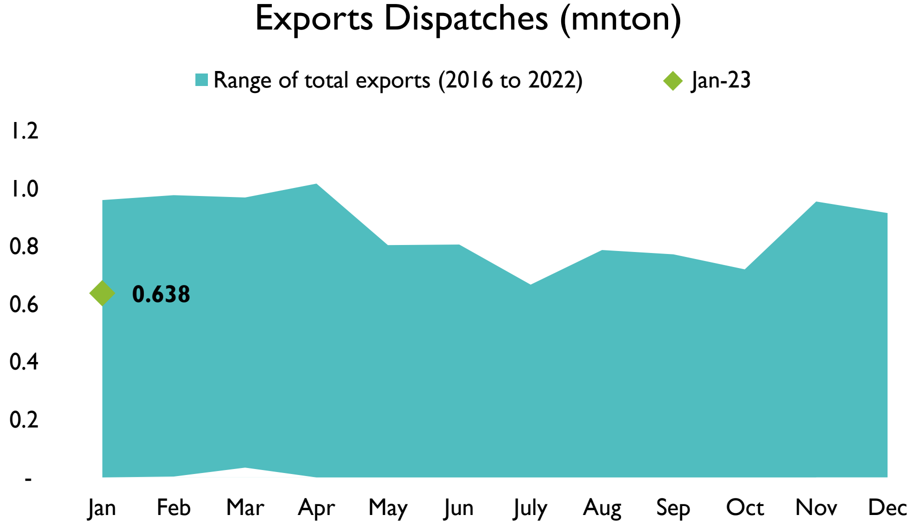


Export Dispatches



- Monthly export dispatches decreased by -23.2% MoM and but recorded a jump of 67.5% YoY.
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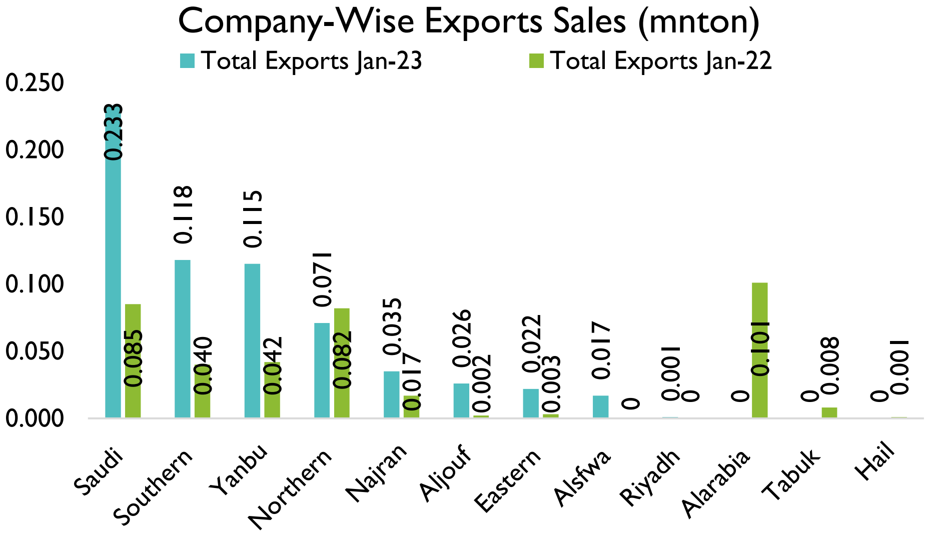
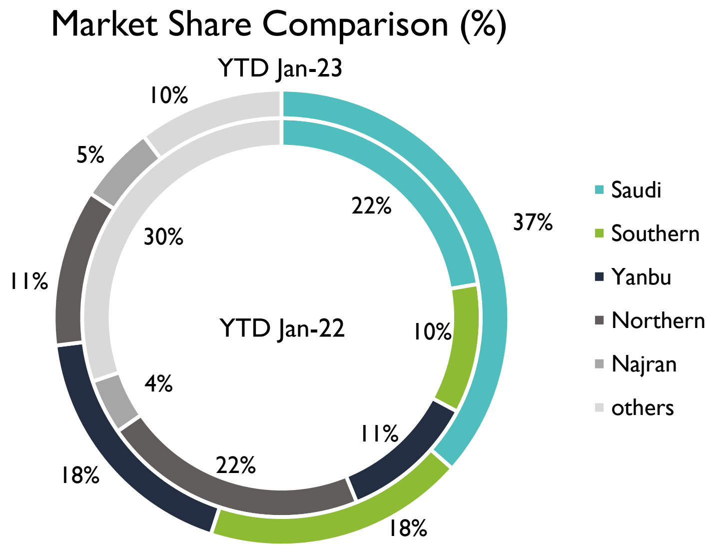
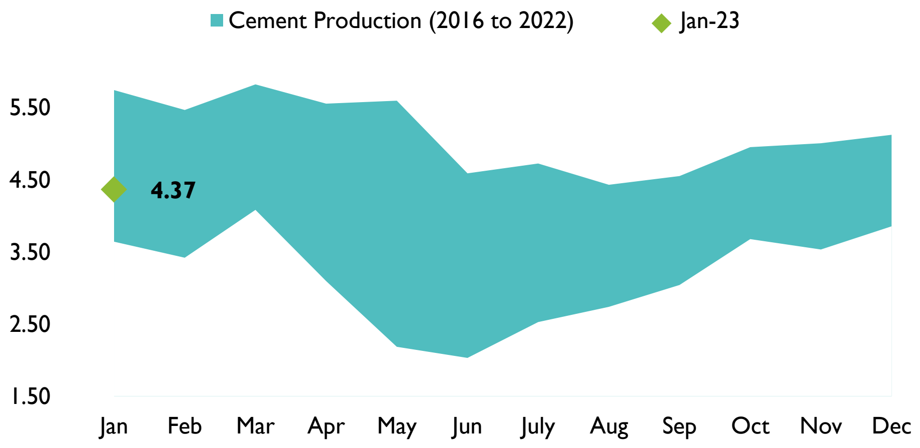




Source: Yamama Cement, Tharaa

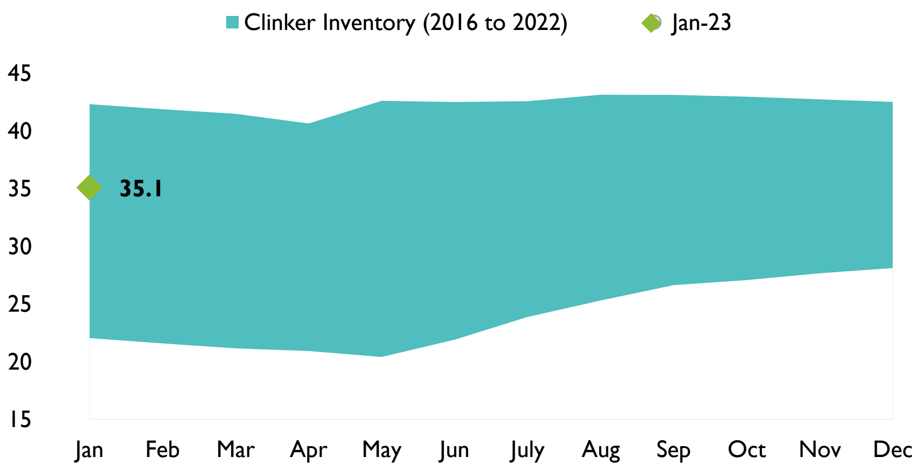
Cement Production

Cement Production (mnton)



- In Jan-23, cement production showed a decreases of 7.9% MoM and 11.2% YoY basis.
- Cement inventory showed a decreased of 11.6% MoM basis in January-23.

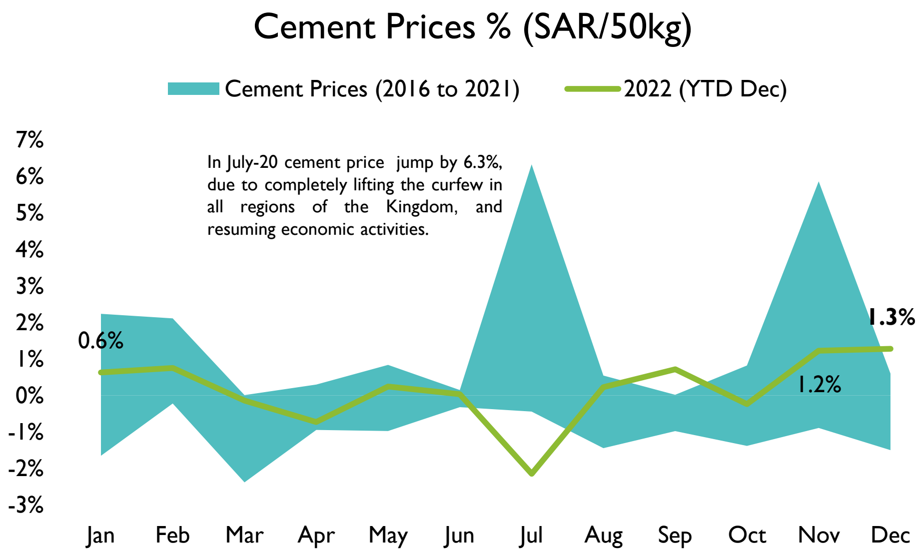
Year-to-Date Clinker Inventory (mnton)



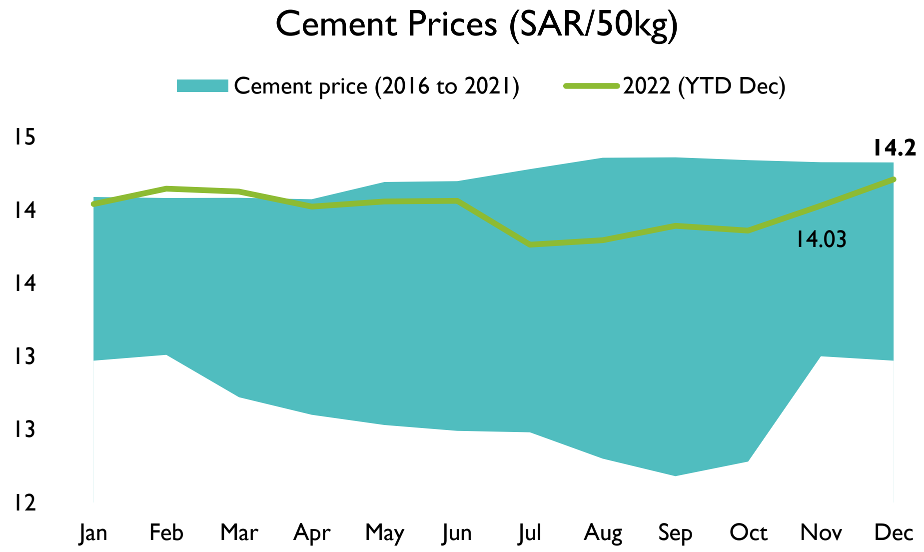
- The Clinker inventory shows an increased of 0.1% in Jan-23 compared to the previous month, while it has increased by 1% on a YoY basis.
- The capacity utilization for clinker is estimated at 73.3% in Jan-23 vs 78.8% in Jan-22.

Source: Yamama Cement, Tharaa

Cement Prices change (50kg)



- In Dec-22, Cement prices showed an increase of 1.8% YoY and 1.3% MoM.

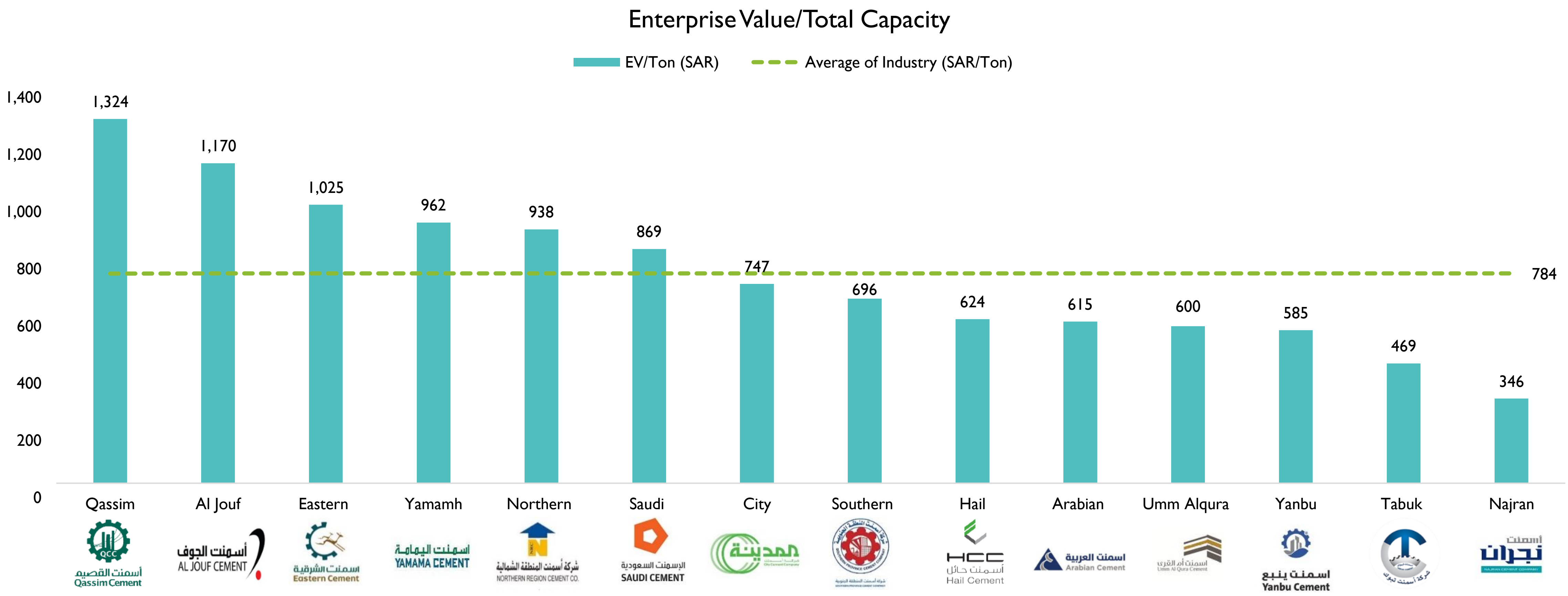


- Cement prices may remain relatively strong in CY23 with expected demand growth and draw down in clinker inventory.

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

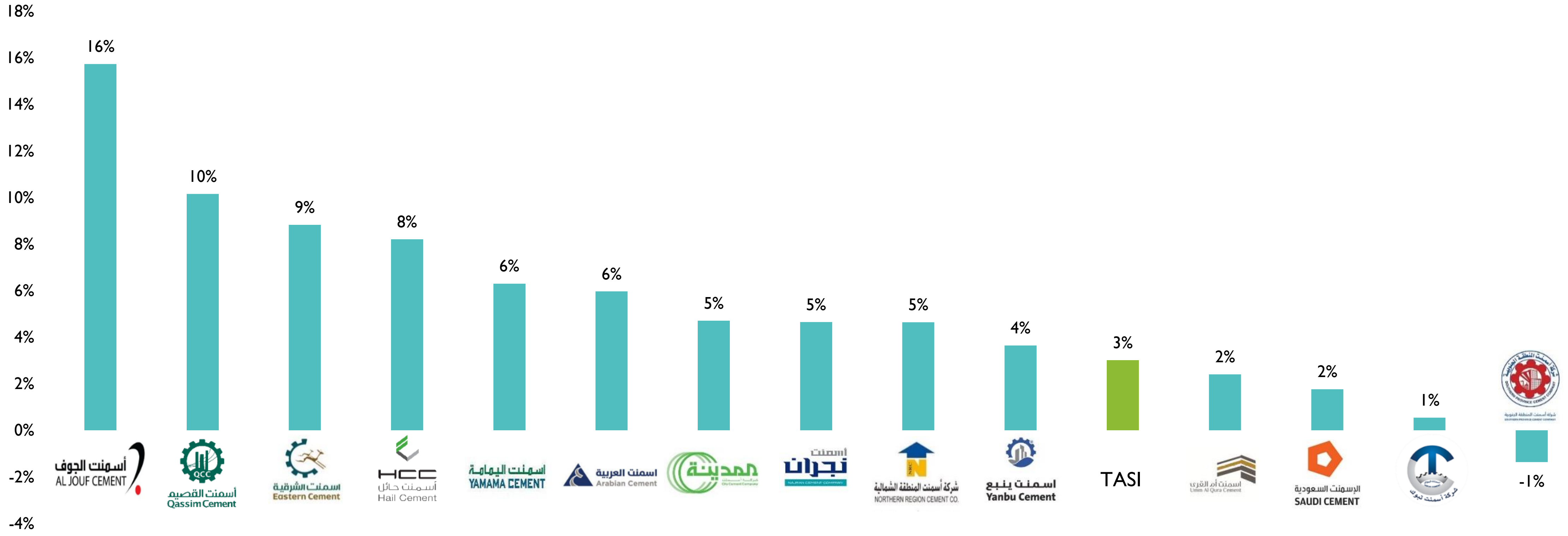
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,324, followed by Al Jouf Cement with an EV/Ton of SAR 1,170. Meanwhile, Najran Cement (SAR346) and Tabuk Cement (SAR469) trade at the lowest valuations.



Source: Tadawul (Financial Statements End of 30 of September 2022 reports), Tharaa
**Enterprise Value: Equity Value + Debt(LT+ST) – (Cash + Liquid Assets)*
Mkt Stock Price as closed in 31-01-2023.

Cement Sector YTD Performance

Al-Jouf Cement and Qassim Cement have the best performances among KSA-listed cement companies, with 16% and 10% gains, respectively, while Southern Cement was the worst performance, with a -1% drop.



Source: Bloomberg, Tharaa Financial Center
**Mkt Stock Price as closed in 31-1-2023*

Disclaimer

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