Cement Sector
Monthly Tracker (July)

August 2023

Tharaa
Financial
Center

Summary

Total Sales

Total cement sales (Local+exports) jumped by 18% MoM and 10.6% YoY in July-23 to reach 4.8mn tons. On a YTD basis, total sales have decreased by 5.1%.

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

The outlook for cement dispatches for 2H remains positive with likely pick-up demand from new and existing projects and positive export outlook.

Local deliveries

Monthly local dispatches increased by a 9.4% MoM and a 5% YoY in July 23. On a YTD basis, local deliveries dropped by 6.6%.

With 14% market share, Yamamh Cement Company topped the sector in local dispatches during July 2023.

Yamama Cement managed to maintain its overall leadership position with a market share of 14% in both July 22 and July 23.

Exports

Exports dispatches significantly increased by 74% MoM and 41% YoY in July-23. On a YTD basis, The total exports have increased by 4.7%.

The industry's exports stood at 944K tons in July 23, highest in six years for the month, compared to 668K tons in July 22.

Saudi Cement Company recorded the highest market share of exports in July 23 with 41% of the total exports.

Production

In July-23, cement production has mirrored trends in overall dispatches and showed an increase of 4.2% MoM and 0.5% YoY.

Cement inventory showed a decline of 4.2% on a MoM basis in July-23.

The Clinker inventory increased by 1.3% on a MoM And 8.6% on a YoY basis in July-23.

The capacity utilization for clinker is estimated at 82.1% in July-23 vs. 77.8% in July-22.

Prices

In June-23, Cement prices showed a decline of 0.7% YoY basis and an increase of 4.4% MoM basis.

In June, cement prices declined by 0.7% decline compared to their peak in May, which was the highest prices in the past seven years.

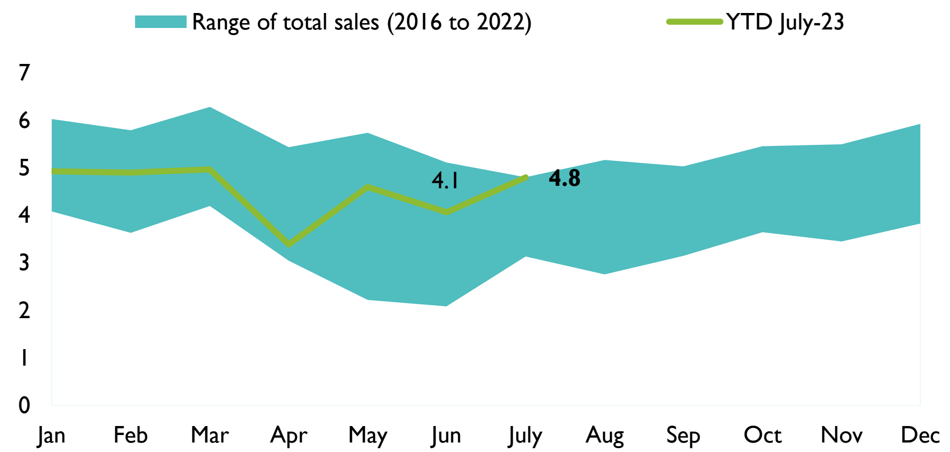
Performance & Valuation

Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,473, followed by Yamama Cement with an EV/Ton of SAR 1,166. compared to an average EV/Ton of 821 SAR. Meanwhile, Najran Cement (SAR362) and Tabuk Cement (SAR478) trade at the lowest valuations.

All cement companies listed in TASI except for Southern Cement achieved positive returns on YTD basis. Yamama Cement topped the list, achieving the highest performance by 33%.

Total Sales (Local deliveries & Exports)

Total Sales (Local+Exports, mnton)



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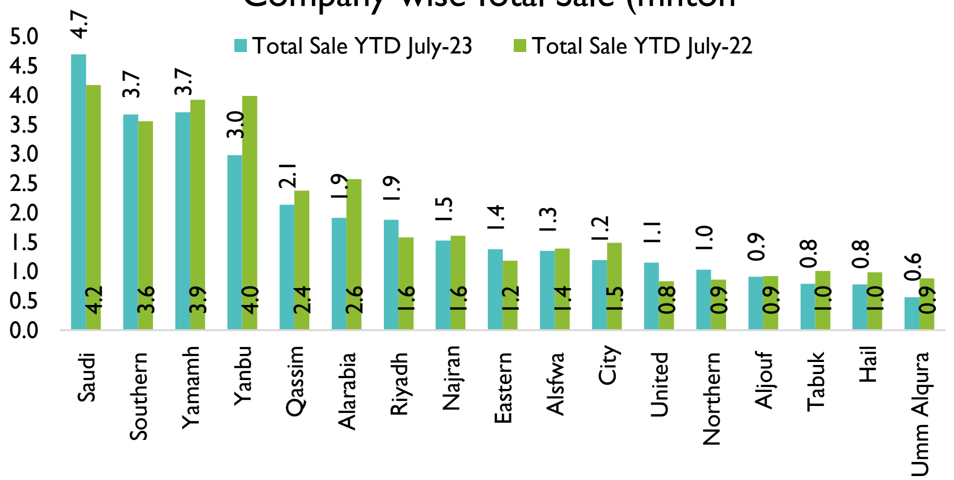
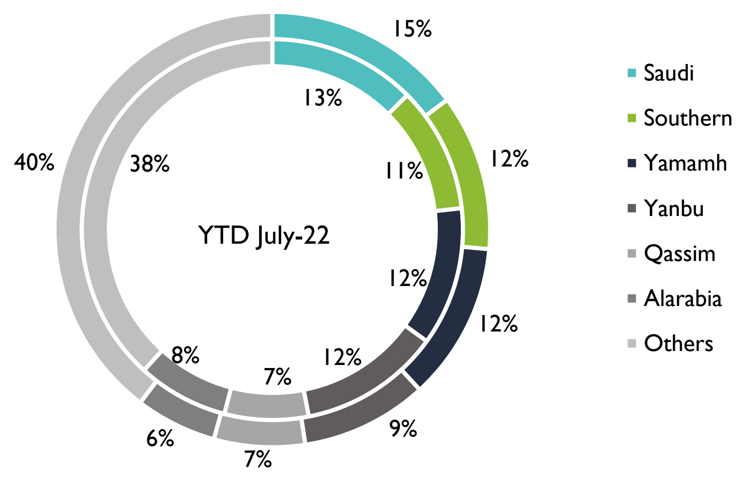
- Saudi Cement Company topped the sector in total sales during July with a marginal lead over Yamamh Cement and Southern Cement.
- The outlook for cement dispatches for 2H remains positive with likely pick-up demand from new and existing projects and positive export outlook.

Company-wise Total Sale (mnton



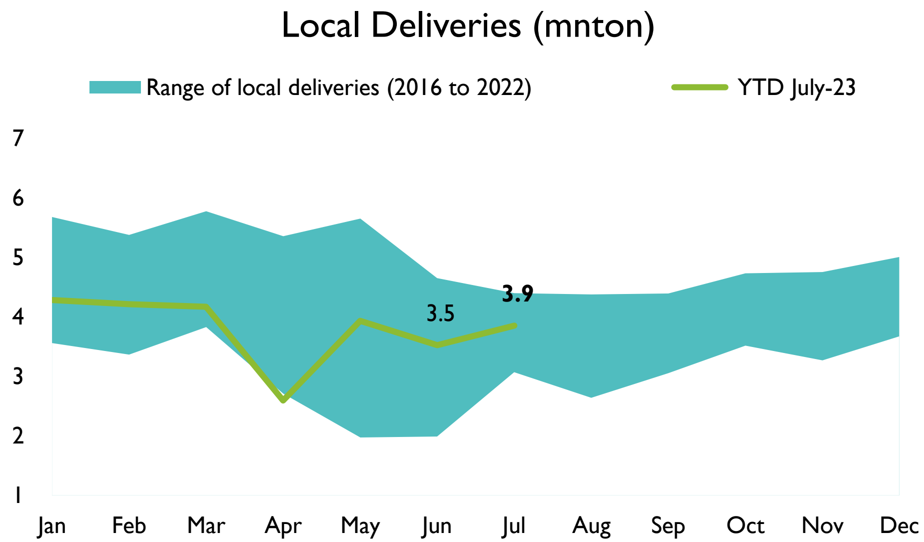
Market Share Comparison (%)

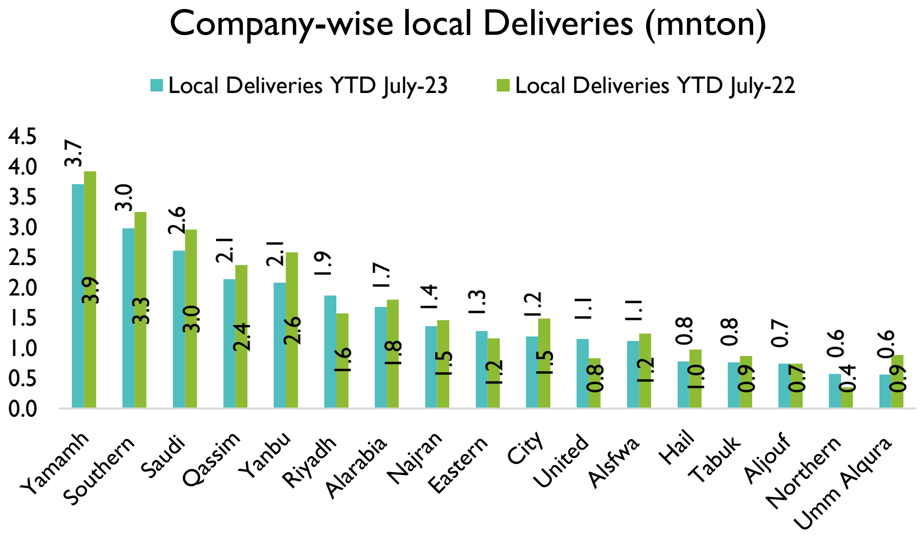
YTD July-23



Source: Yamama Cement, Tharaa

Local Cement Deliveries





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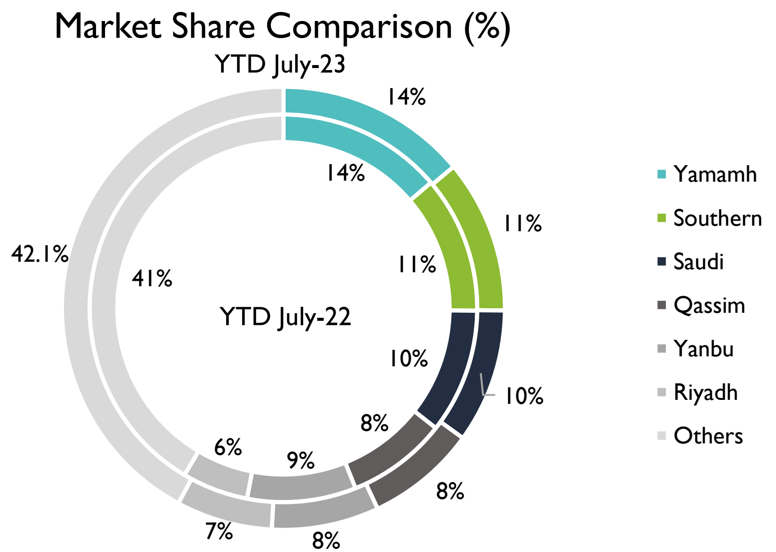

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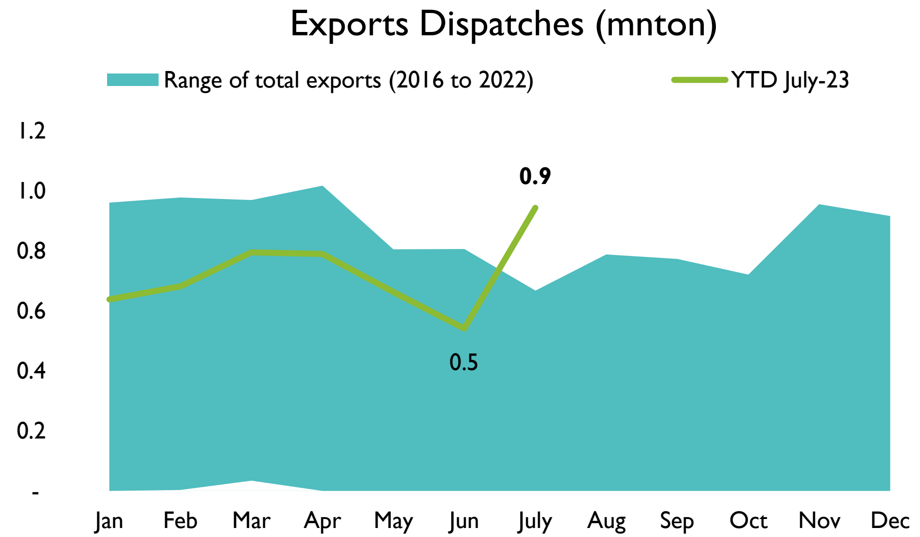
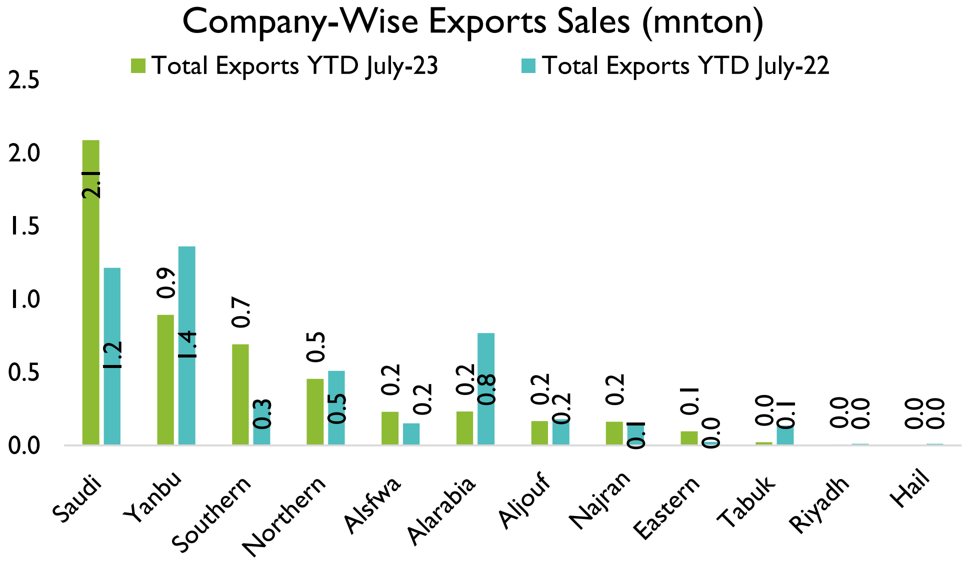
Export Dispatches





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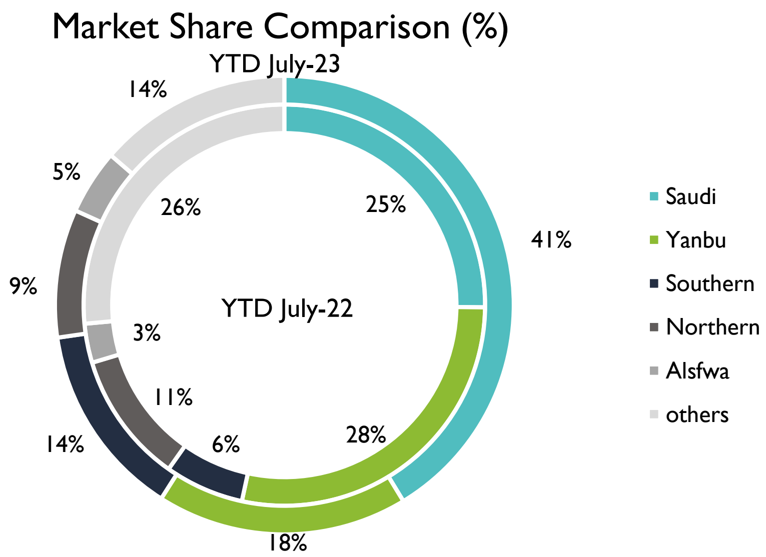
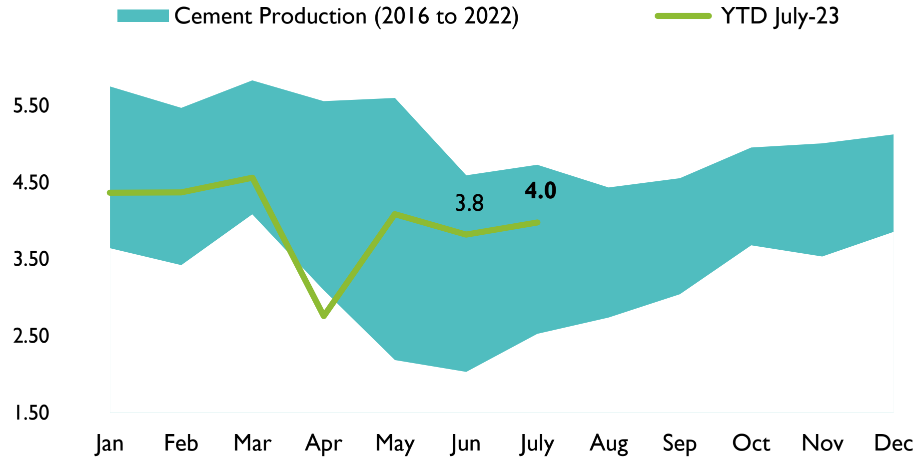


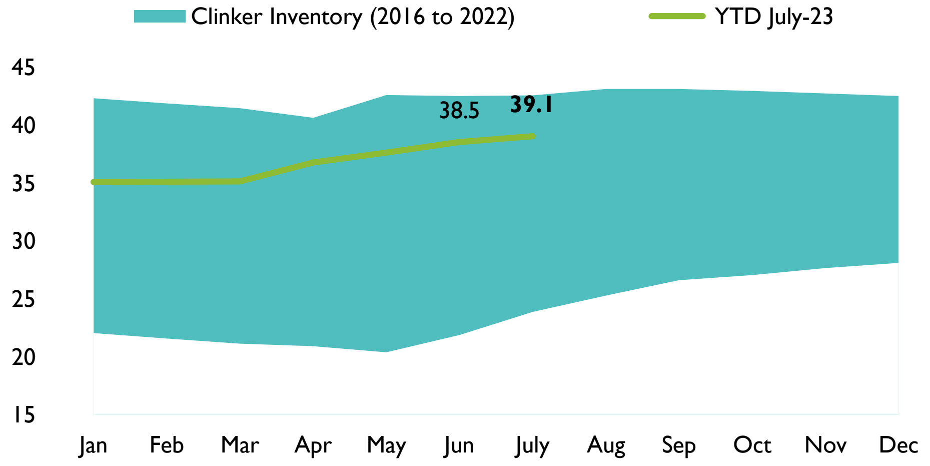
Source: Yamama Cement, Tharaa

Cement Production

Cement Production (mnton)



Year-to-Date Clinker Inventory (mnton)



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Source: Yamama Cement, Tharaa

Cement Prices change (50kg)

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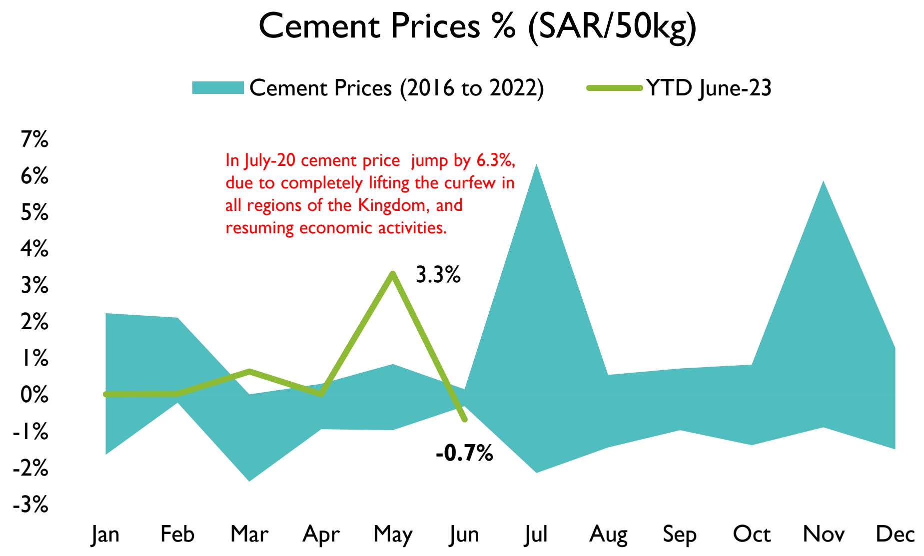

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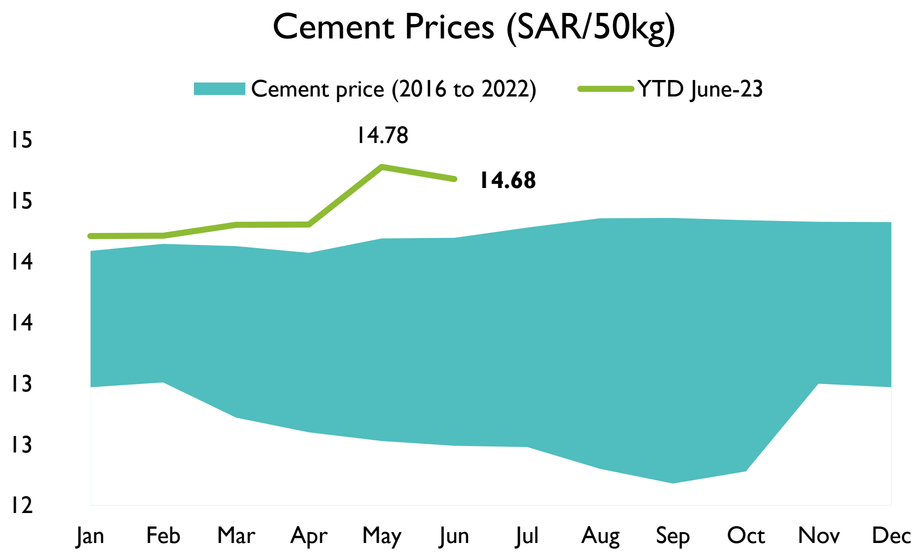

- In June, cement prices declined by 0.7% decline compared to their peak in May, which was the highest prices in the past seven years.

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

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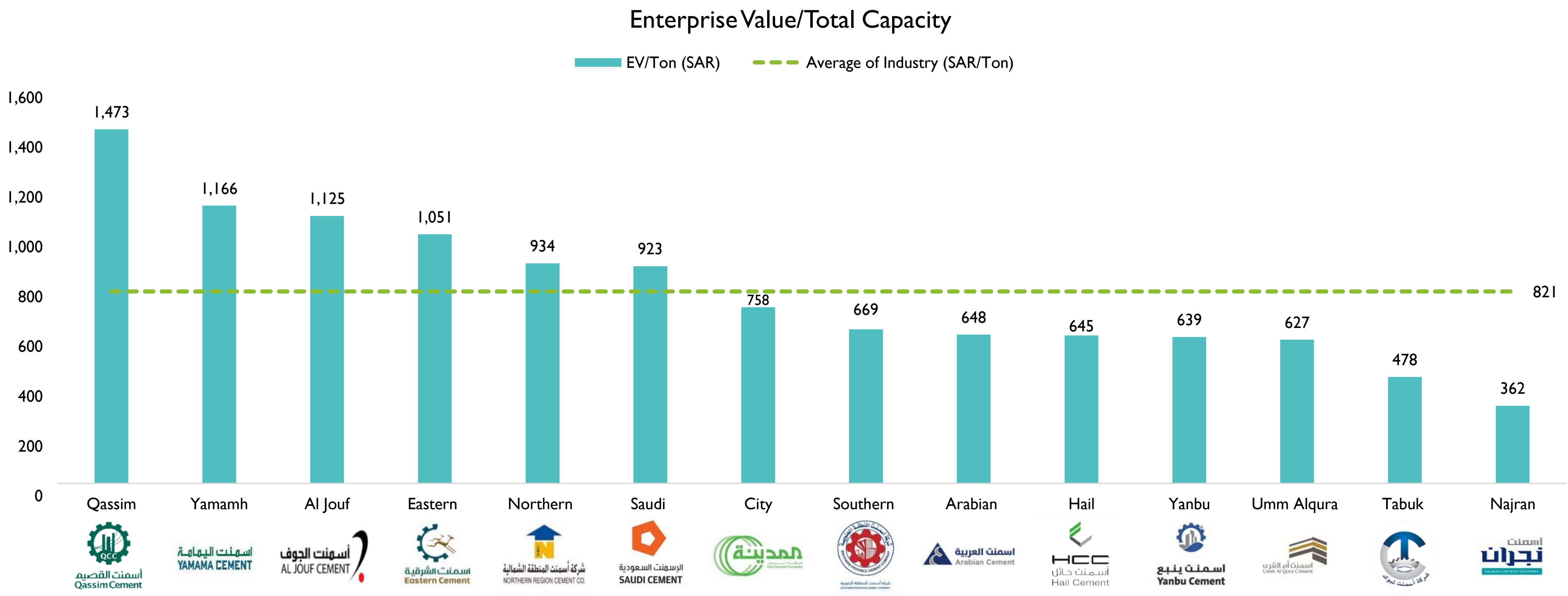
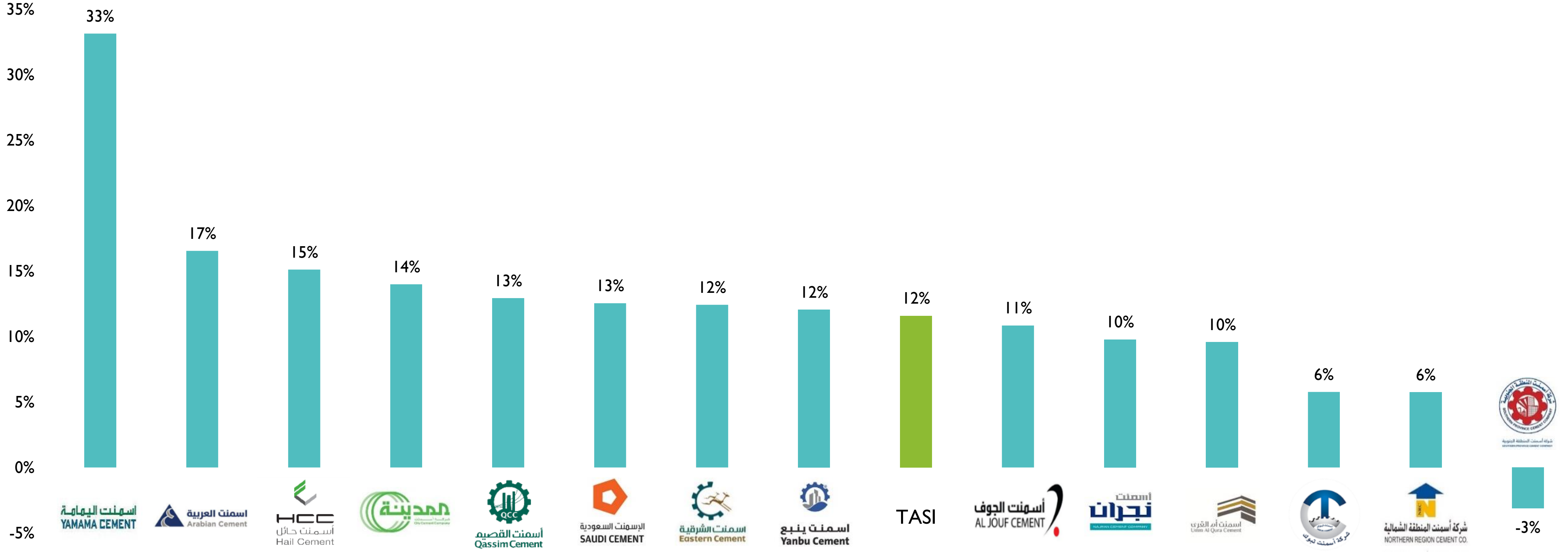


Source: Tadawul (Financial Statements End of 31 of December 2022 reports), Tharaa
**Enterprise Value: Equity Value + Debt(LT+ST) – (Cash + Liquid Assets)*
Mkt Stock Price as closed in 31-07-2023.

Cement Sector YTD Performance

All cement companies listed in TASI except for Southern Cement achieved positive returns on YTD basis. Yamama Cement topped the list, achieving the highest performance by 33%.



Source: Bloomberg, Tharaa Financial Center
*Mkt Stock Price as closed in 31-07-2023

Disclaimer

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