Cement Sector

Monthly Tracker (June)

July 2023

Tharaa Financial Center

PSU-1998

Summary

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Total Sales

Total cement sales (Local+exports) dropped by -11.6% MoM and -20.4% YoY in June-23 to reach 4.1mn tons. On a YTD basis, total sales have decreased by -7%.

Adjusted for extended Eid holidays, the underlying trend in sales point to a strong pick up with 21%/ 8% MoM/YoY increase.

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

Local deliveries

Monthly local dispatches dropped by a -10.5% MoM and a -18.1% YoY in June 23. On a YTD basis, local deliveries dropped by -8.7%.

Adjusted for Eid holidays, per day local sales have increased by 22.1% MoM and 11.7% YoY.

While Yamama Cement managed to maintain its overall leadership position, its market share in local sales dropped from 14% in June 22 to 13% in June 23 due to underperformance of local sales vis a vis industry sales.

Exports

Exports dispatches declined by -18% MoM And -33% YoY in June 23 . The steep drop is primarily explained by extended Eid holidays. On a YTD basis, The total exports have decreased by -1.2%.

The industry's exports stood at 541K tons in June 23, compared to 807K tons in June 22.

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

Production

In June-23, cement production mirrored trends in overall dispatches and showed a decrease of -6.6% MoM and -11.0% YoY.

Cement inventory showed an increase of 7% on a MoM basis in June-23.The Clinker inventory increased by 2.4% in June-23 compared to the previous month, And increased by 8.1% on a YoY basis.

The capacity utilization for clinker is estimated at 78.8% in June-23 vs. 73.5% in June-22.

Prices

In May-23, Cement prices increased by 3.3% MoM basis, taking the cumulative increase in cement prices to 5.1% YoY.

Cement prices in May were the highest in seven years due to a combination of cost pressure and robust capacity utilization.

Performance & Valuation

On an EV/Ton basis, Najran Cement company trades at the lowest valuation of SAR386/ton, while Qassim cement carries the highest valuation of SAR1,563/ton, compared to the industry average of SAR863/ton.

All cement companies listed in TASI achieved a positive return YTD , and Yamama Cement topped the list, achieving the highest performance by 39%.

Total Sales (Local deliveries & Exports)

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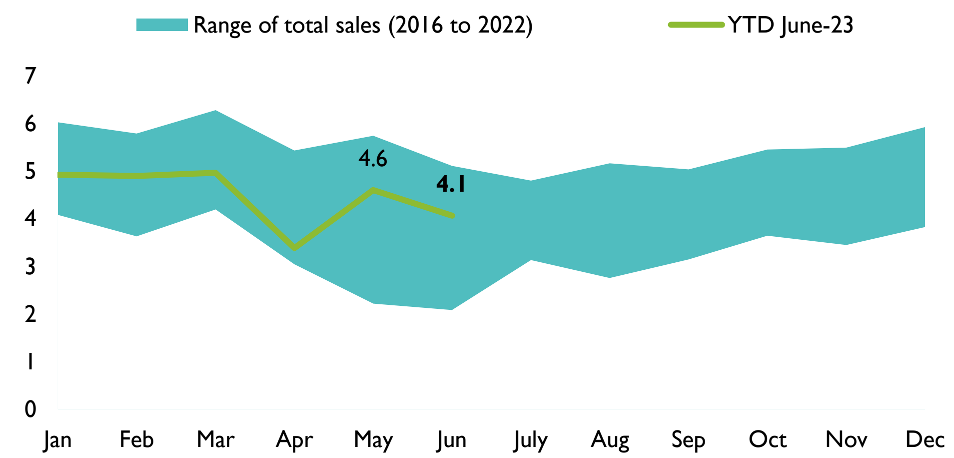
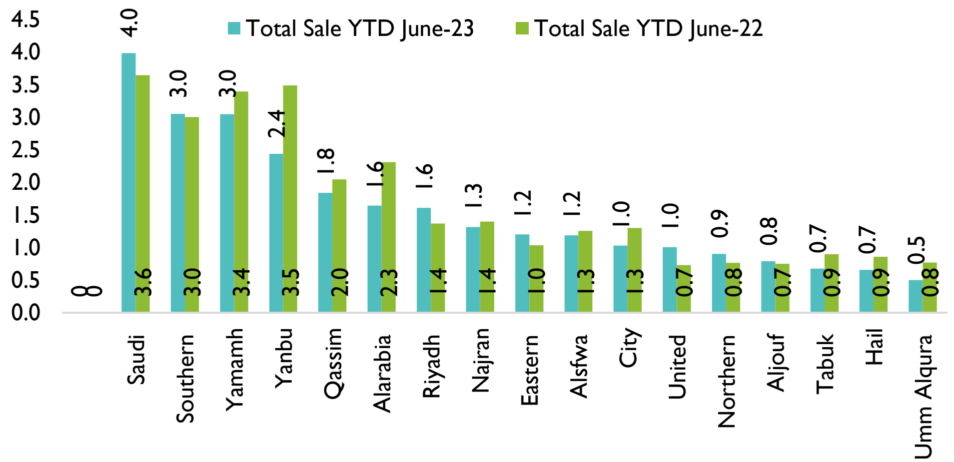
Total Sales (Local+Exports, mnton)



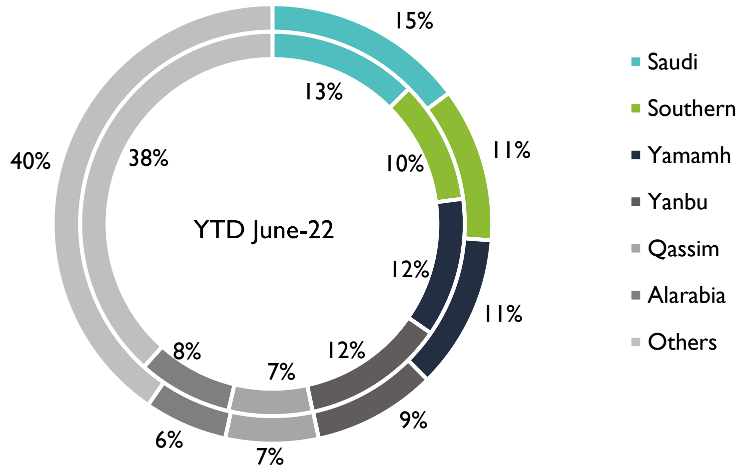
- Total cement sales (Local+exports) dropped by -11.6% MoM and -20.4% YoY in June-23 to reach 4.1mn tons. On a YTD basis, total sales have decreased by -7%.
- Adjusted for extended Eid holidays, the underlying trend in sales appears to be strong with 21%/ 8% MoM/YoY change.
- Yamama Cement Company topped the sector in total sales during June with a marginal lead over Saudi Cement and Southern Cement.

Company-wise Total Sale (mnton



Market Share Comparison (%)

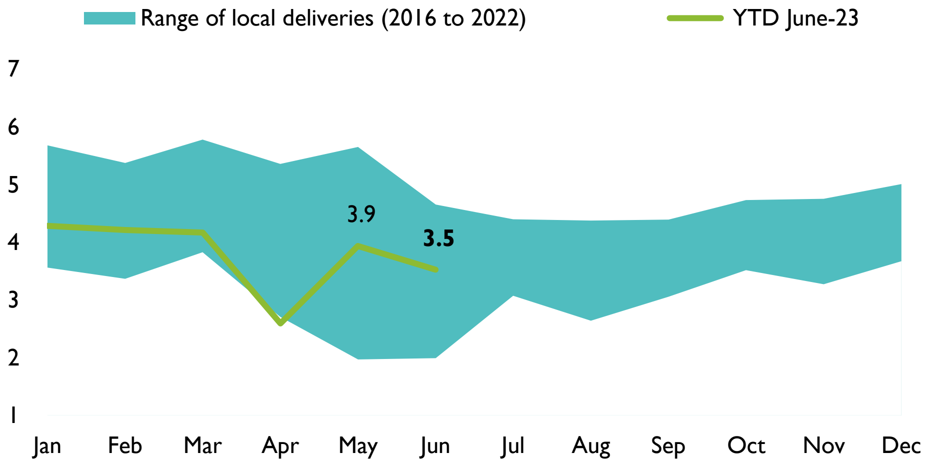
YTD June-23



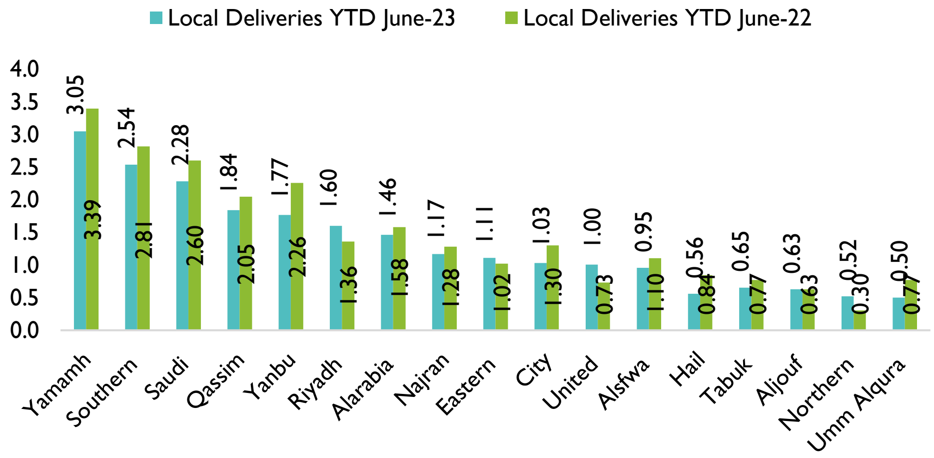
Source: Yamama Cement, Tharaa

Local Cement Deliveries

Local Deliveries (mnton)

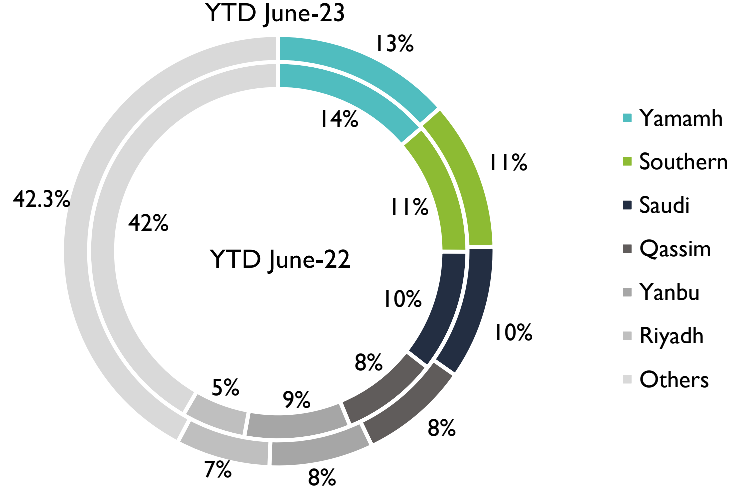


Company-wise local Deliveries (mnton)



- Monthly local dispatches dropped by a -10.5% MoM and a -18.1% YoY in June 23. On a YTD basis, local deliveries dropped by -8.7%.
- Adjusted for Eid holidays, per day local sales have increased by 22.1% MoM and 11.7% YoY.
- While Yamama Cement managed to maintain its overall leadership position, its market share in local sales dropped from 14% in June 22 to 13% in June 23 due to a -10.3% YTD drop in local sales.

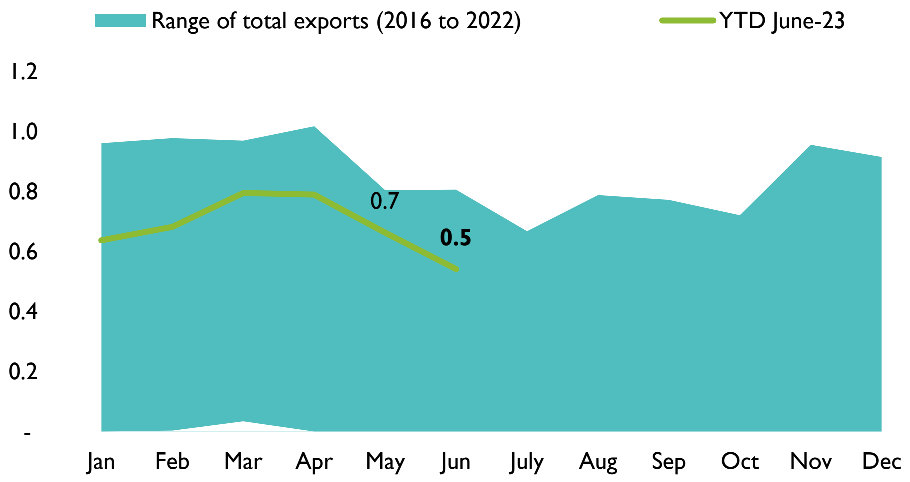
Market Share Comparison (%)



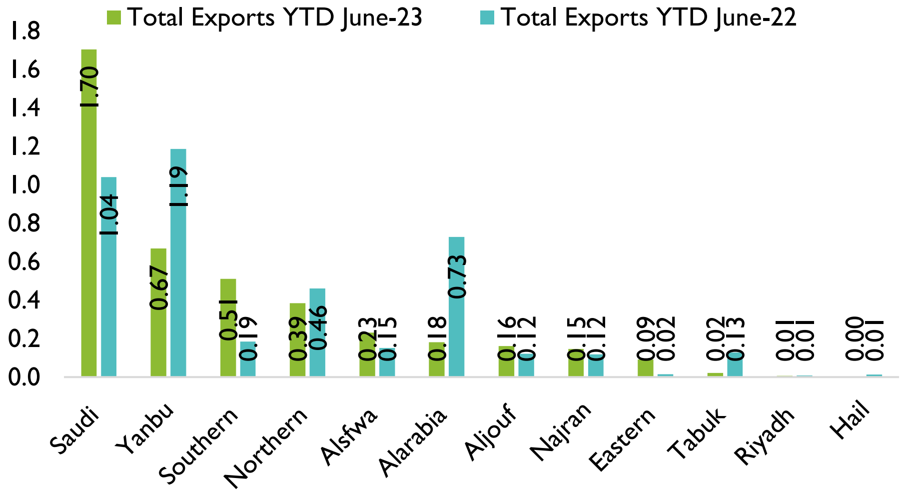
Source: Yamama Cement, Tharaa

Export Dispatches

Exports Dispatches (mnton)

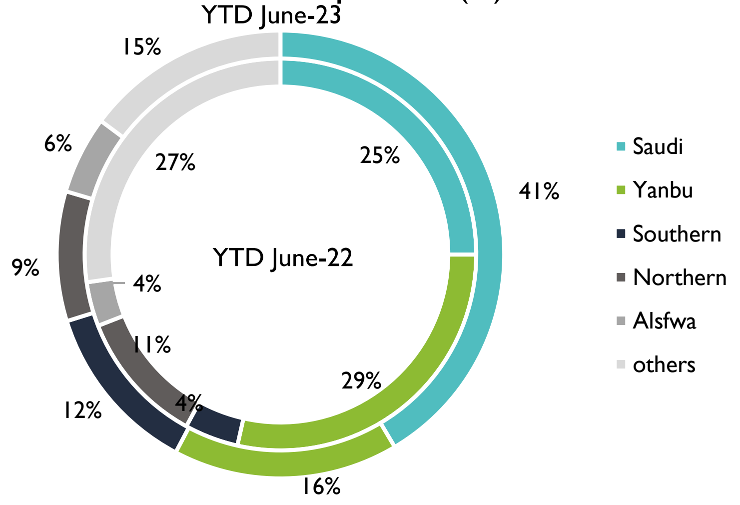


Company-Wise Exports Sales (mnton)



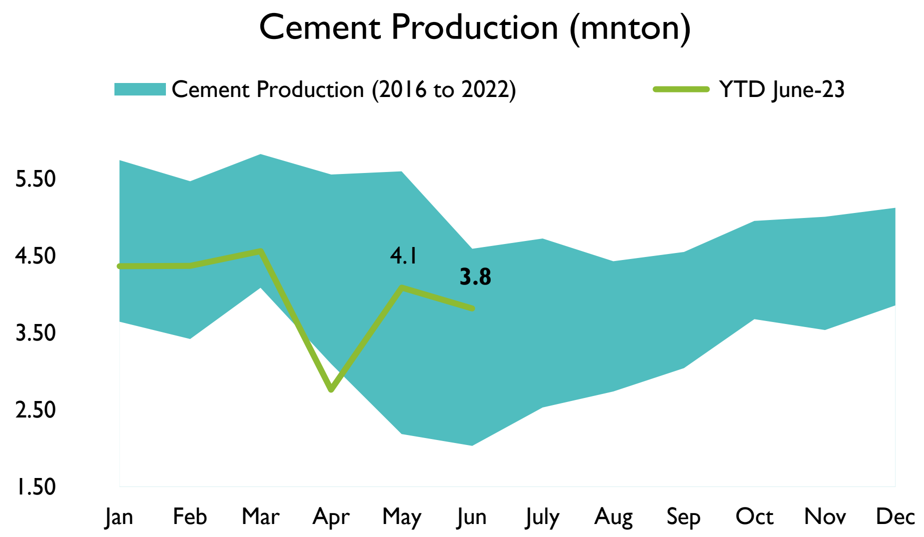
- Exports dispatches declined by -18% MoM and -33% YoY in June-23 . On a YTD basis, The total exports have decreased by -1.2%.
- The industry's exports stood at 541K tons in June 23, compared to 807K tons in June 22.
- Saudi Cement Company recorded the highest market share of exports in June 23 with 41% of the total exports.

Market Share Comparison (%)

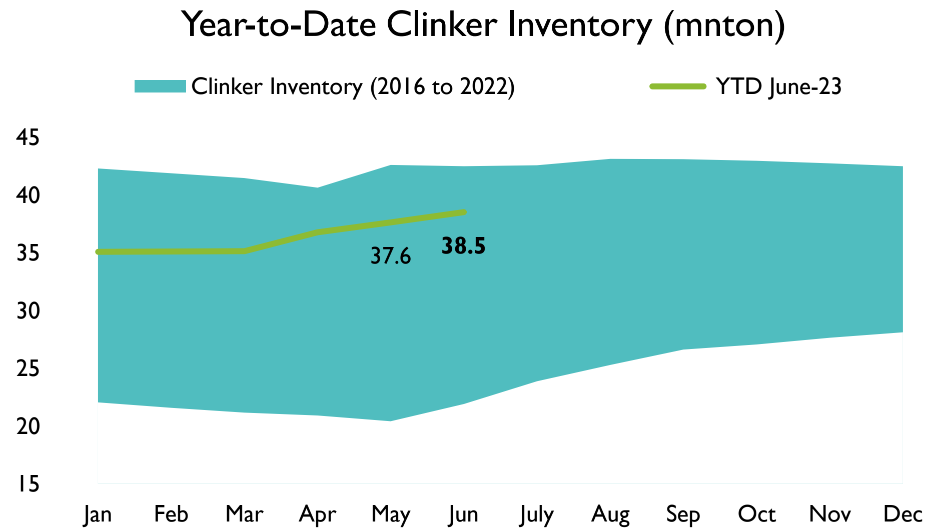


Source: Yamama Cement, Tharaa

Cement Production



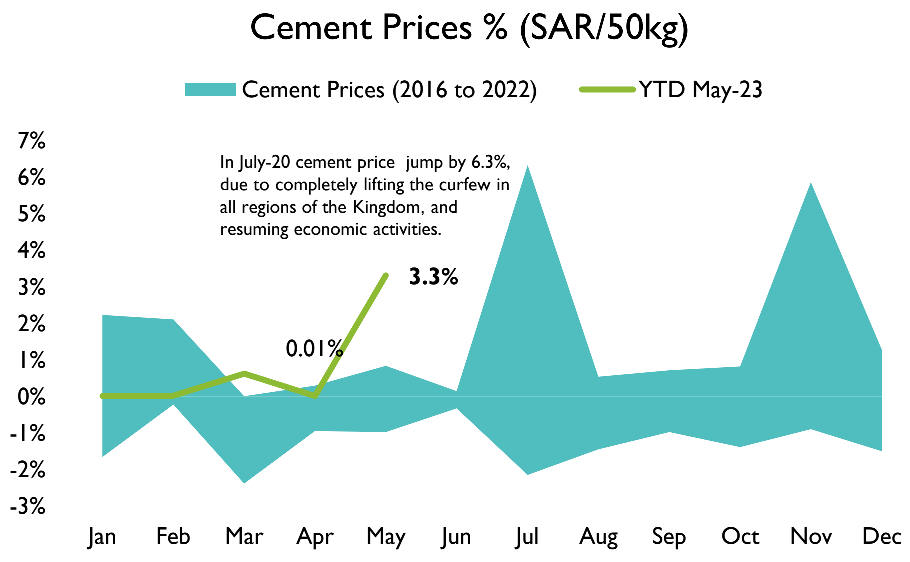
- In June-23, cement production has mirrored trends in overall dispatches and showed a decrease of -6.6% MoM and -11.0% YoY.
- Cement inventory showed an increase of 7% on a MoM basis in June-23.



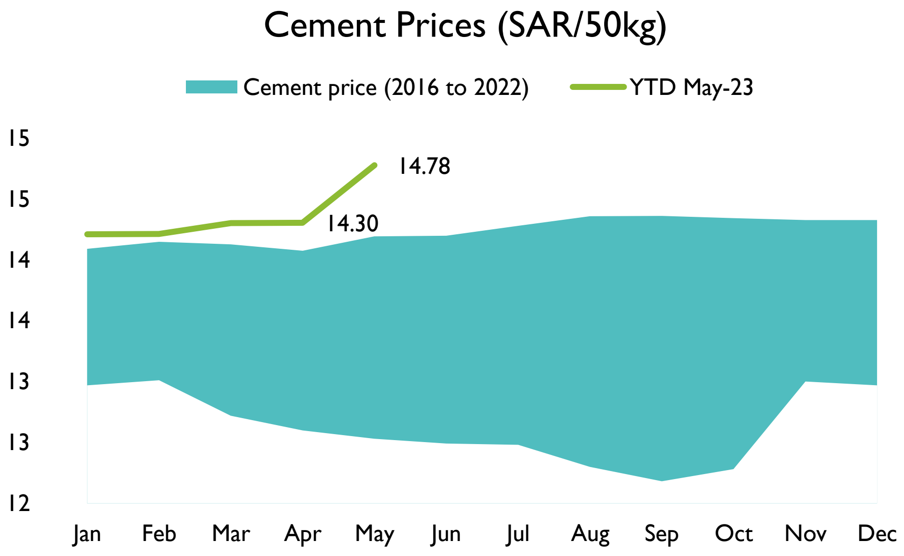
- The Clinker inventory increased by 2.4% in June-23 compared to the previous month, And increased by 8.1% on a YoY basis.
- The capacity utilization for clinker is estimated at 78.8% in June-23 vs. 73.5% in June-22.

Source: Yamama Cement, Tharaa

Cement Prices change (50kg)



- In May-23, Cement prices showed an increase of 5.1% YoY And 3.3% MoM basis.



- Cement prices in May were the highest in seven years due to a combination of cost pressure and robust capacity utilization.

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

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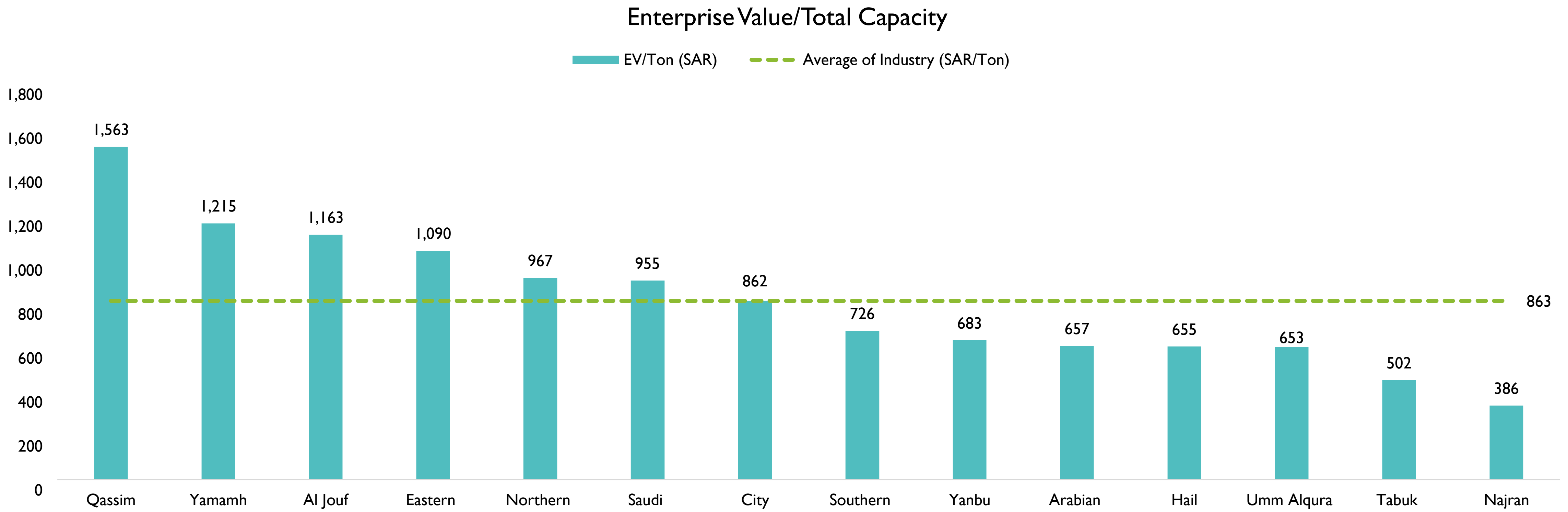
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,563, followed by Yamama Cement with an EV/Ton of SAR 1,215. Meanwhile, Najran Cement (SAR386) and Tabuk Cement (SAR502) trade at the lowest valuations.



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 30-03-2023.

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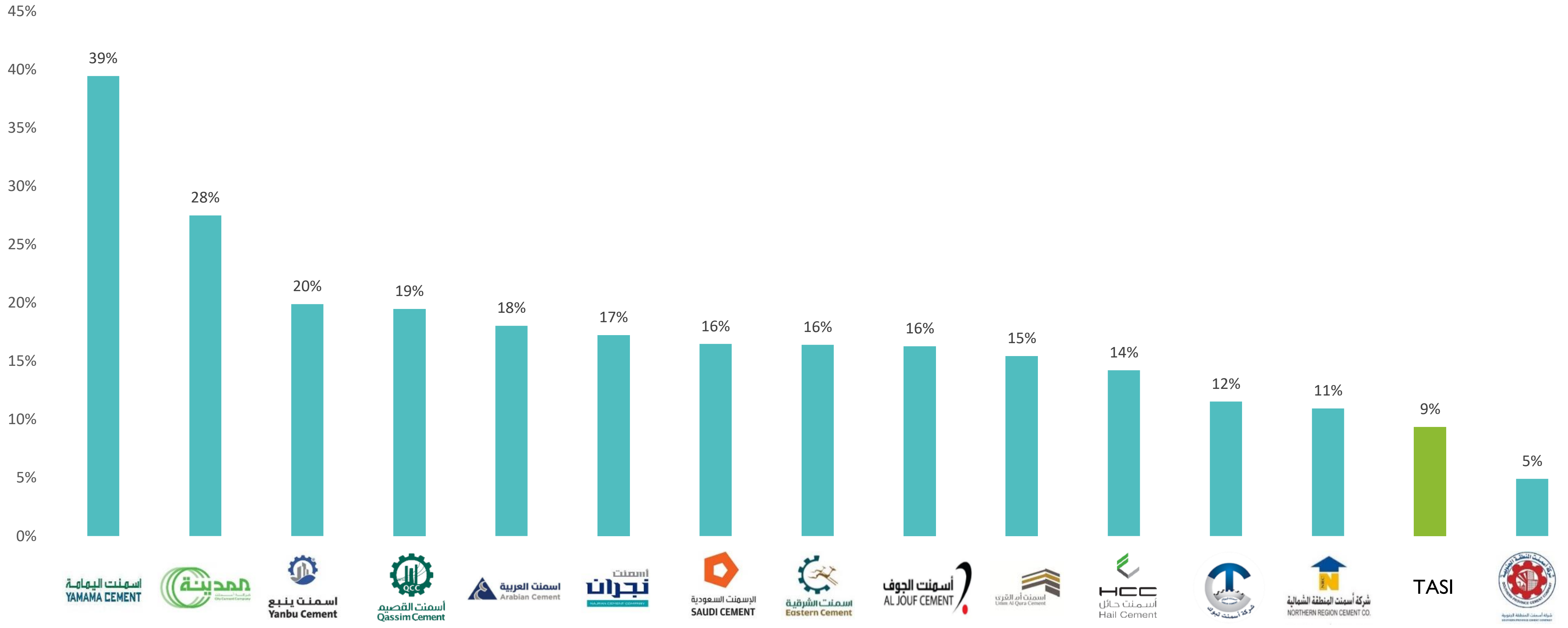
Cement Sector YTD Performance

All cement companies listed in TASI achieved a positive return YTD , and Yamama Cement topped the list, achieving the highest performance by 39%.



Source: Bloomberg, Tharaa Financial Center
**Mkt Stock Price as closed in 30-06-2023*

Disclaimer

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