Cement Sector
Monthly Tracker (May)

June 2023

Tharaa Financial Center

Summary

Total Sales

Total cement sales (Local+exports) have made a strong rebound with 35.8% MoM and 13.9% YoY jump in May-23 to reach 4.6mn tons. Strong sales in May-23 has reduced the YTD drop in total sales to -4.6%.

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

The latest efforts to bring stability in Yemen can potentially open up an opportunity for Saudi Cement players to increase exports to Yemen. South-based cement players (Southern, Najran) enjoy a big location advantage in this regard.

Local deliveries

Monthly local dispatches jumped by a 51.6% MoM and a 12.4% YoY in May23. On a YTD basis, local deliveries dropped by -6.2%.

With 13% market share, Yamamh Cement Company topped the sector in local dispatches during May 2023.

While Yamama Cement managed to maintain its overall leadership position, its market share in local sales dropped from 14% in May 22 to 13% in May 23 due to a -13.7% YoY drop in local sales.

Exports

Exports dispatches shows a decline in May 23 by -16% MoM but its jumped by 24% YoY. On a YTD basis, exports have recorded an increase of 5.2%.

The industry's exports stood at 663K tons in May 23, compared to 534K tons in May 22.

Saudi Cement Company recorded the highest market share of exports in May 23 with 43% of the total exports.

Production

In May-23, cement production showed an increase of 48.1% MoM and 20.3% YoY.

Cement inventory showed a decline of -5% on a MoM basis in May-23.

The Clinker inventory increased by 2.3% in May-23 compared to the previous month, while its increased by 4.4% on a YoY basis.

The capacity utilization for clinker is estimated at 82.8% in May-23 vs. 83.7% in May-22.

Prices

In Apr-23, Cement prices showed an increase of 2% YoY but stayed steady in MoM basis.

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

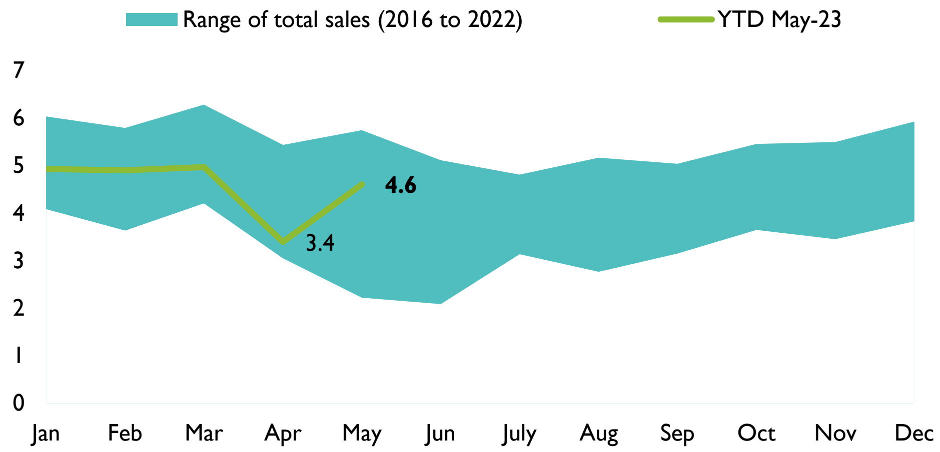
Performance & Valuation

On an EV/Ton basis, Najran Cement company trades at the lowest valuation of SAR381/ton, while Qassim cement carries the highest valuation of SAR1,572/ton, compared to the industry average of SAR837/ton.

All cement companies listed in TASI achieved a positive return YTD. Yamama Cement topped the list, achieving the highest performance by 25%.

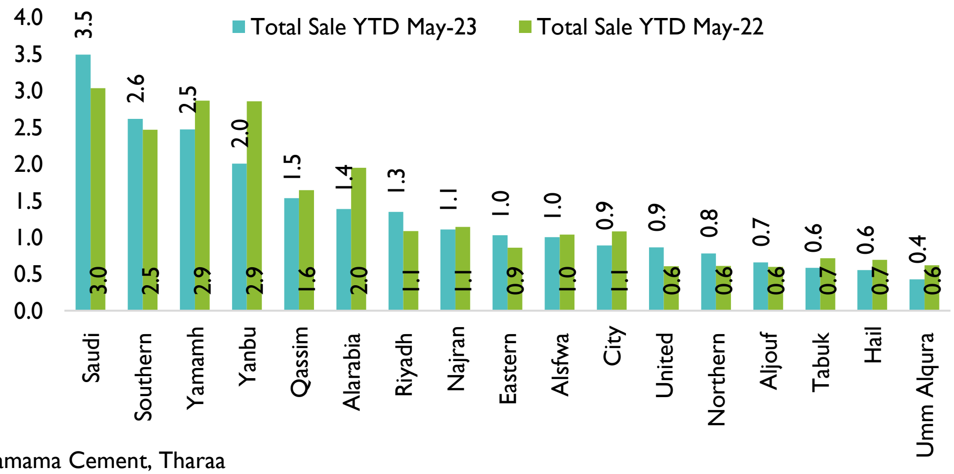
Total Sales (Local deliveries & Exports)

Total Sales (Local+Exports, mnton)

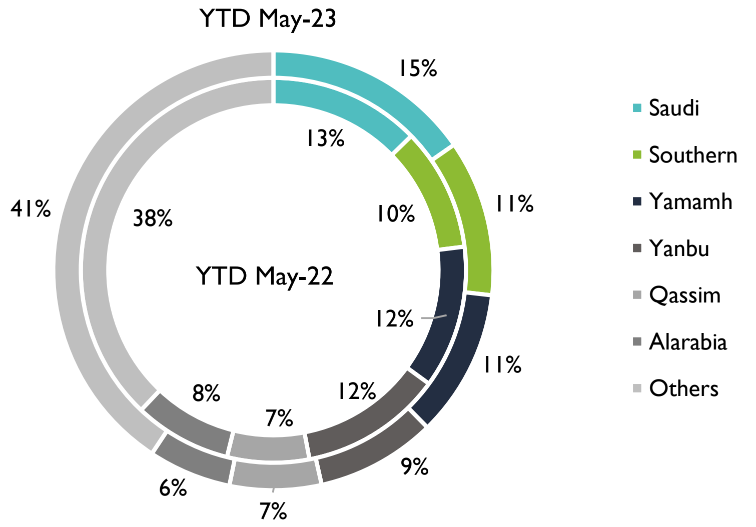


- Total cement sales (Local+exports) have jumped by 35.8% MoM and 13.9% YoY in May-23 to reach 4.6mn tons. On a YTD basis, total sales have decreased by -12%.
- Saudi Cement Company topped the sector in total sales during May with a marginal lead over Southern Cement and Yamama Cement.

Company-wise Total Sale (mnton)

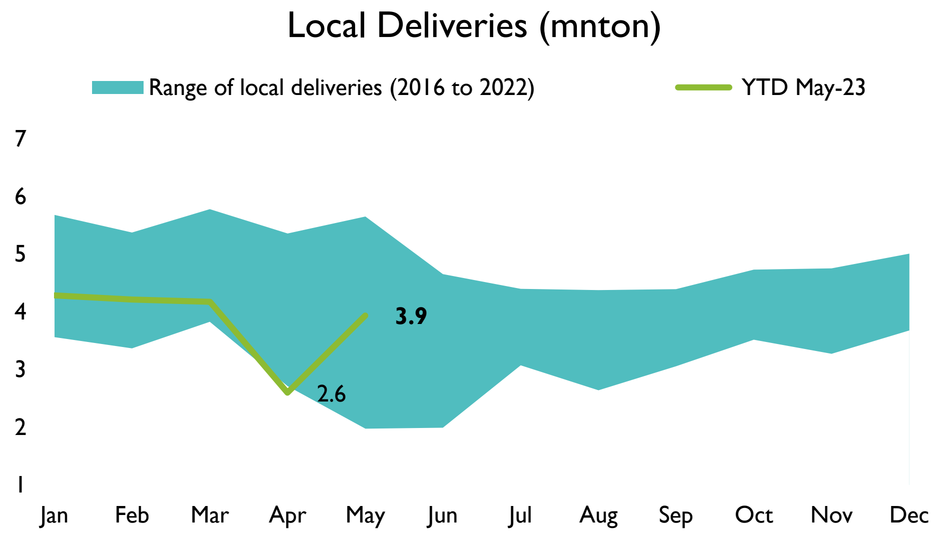


Market Share Comparison (%)



Source: Yamama Cement, Tharaa

Local Cement Deliveries



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- With 13% market share, Yamamh Cement Company topped the sector in local dispatches during May 2023.
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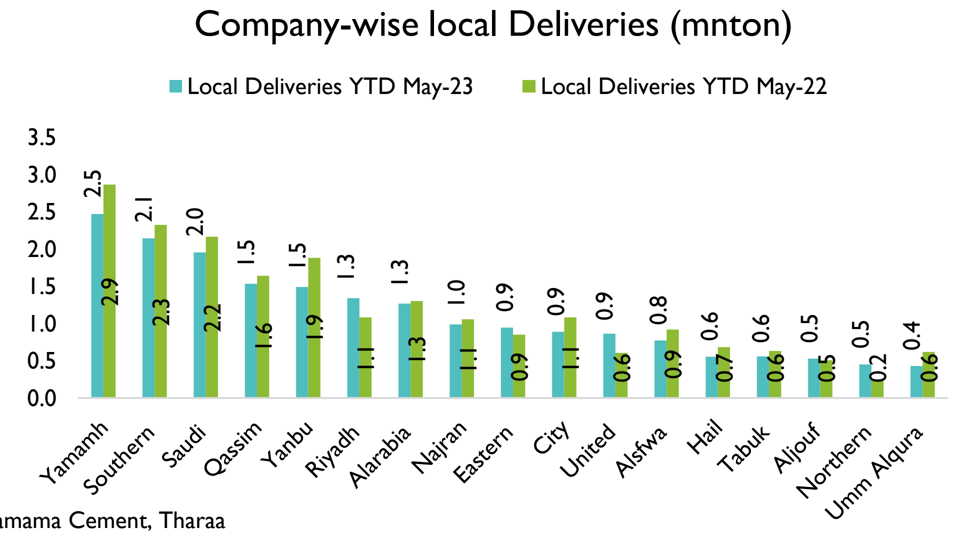
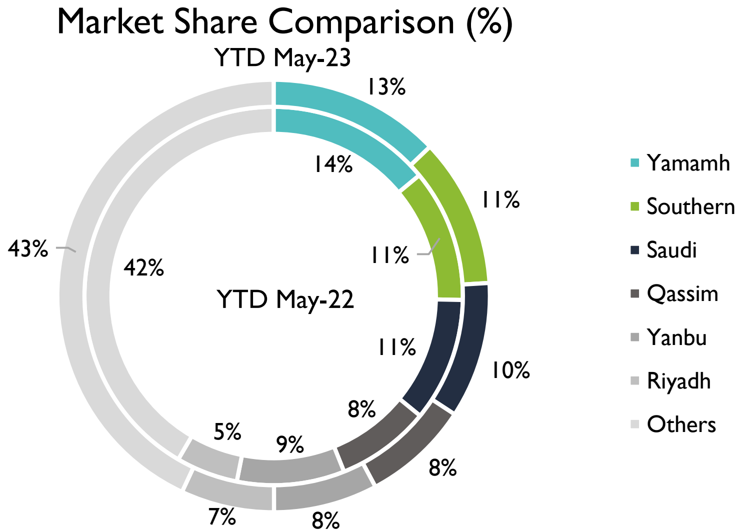
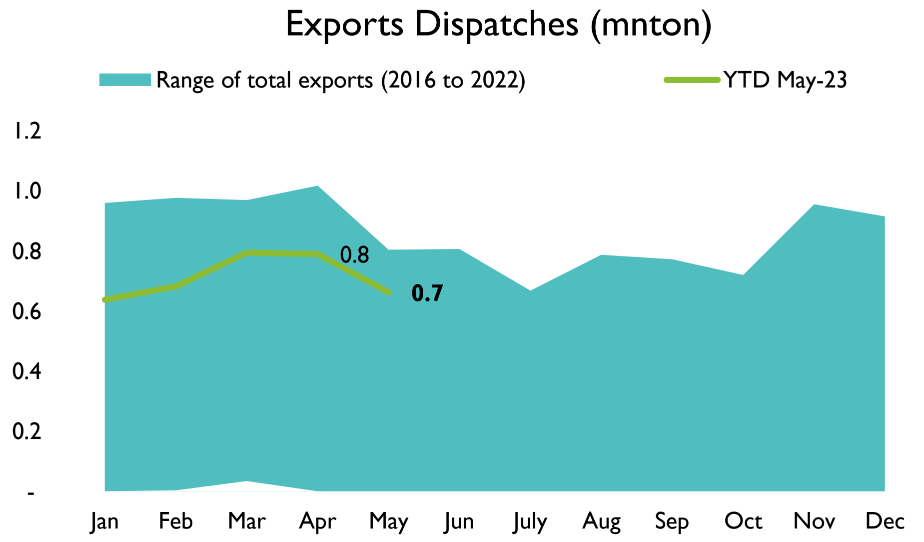


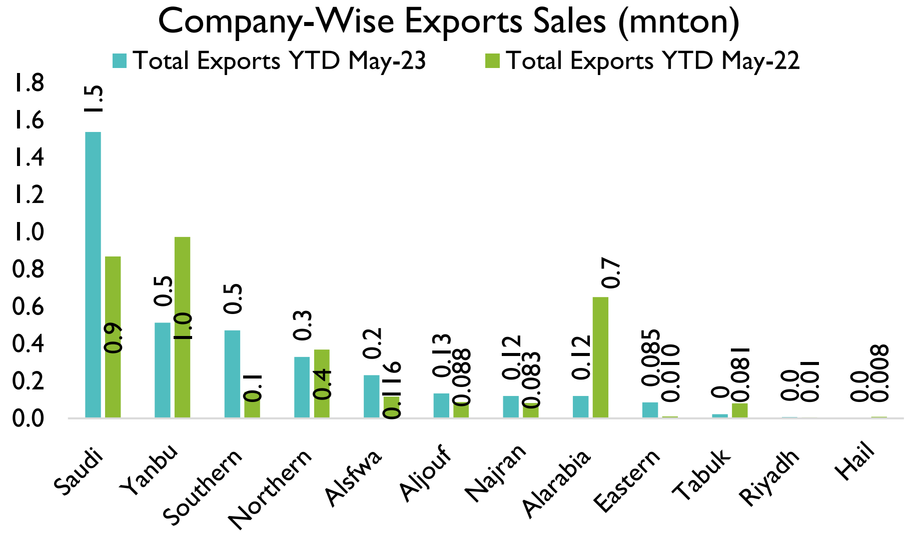


Source: Yamama Cement, Tharaa

Export Dispatches

Tharaa Financial Center





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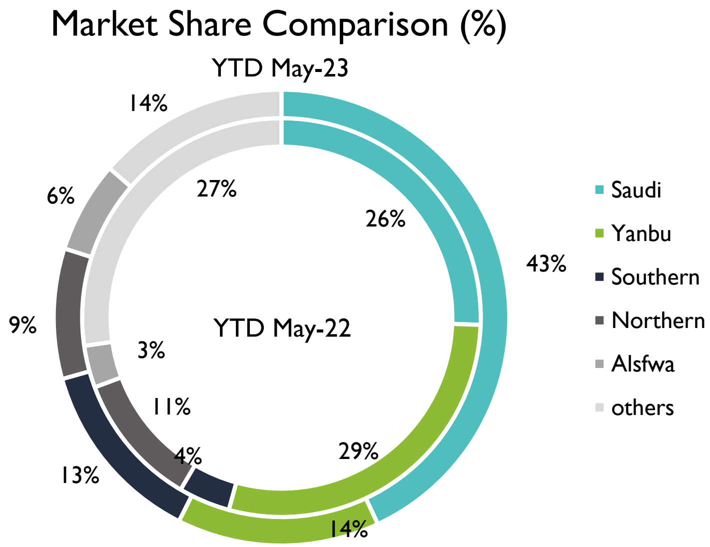
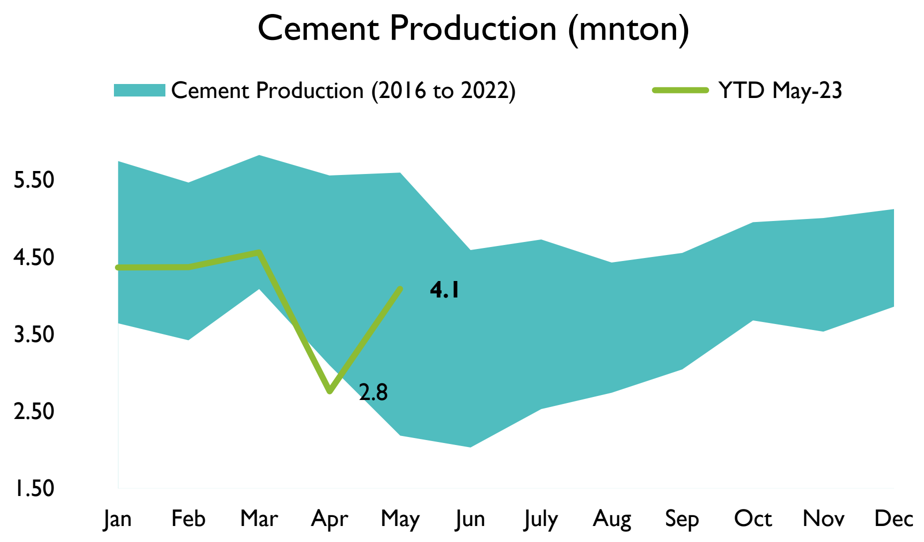
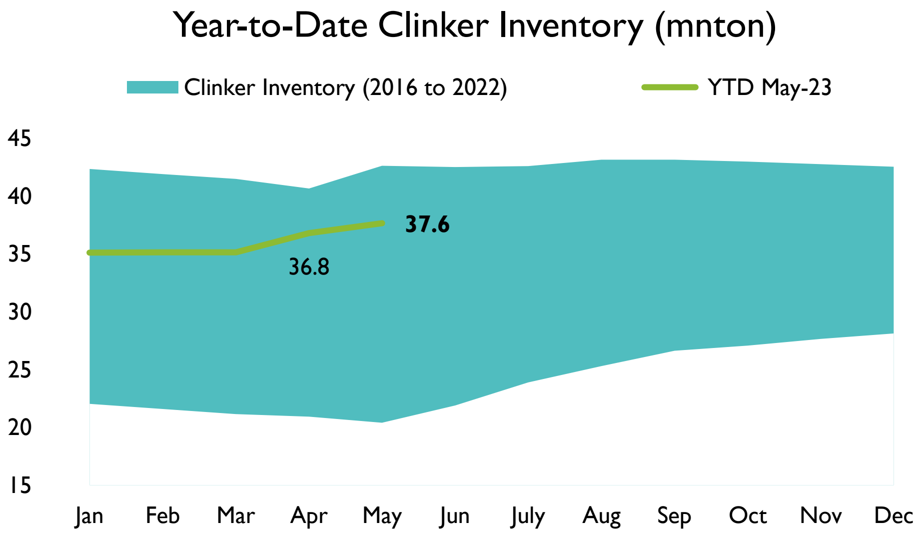


Source: Yamama Cement, Tharaa

Cement Production





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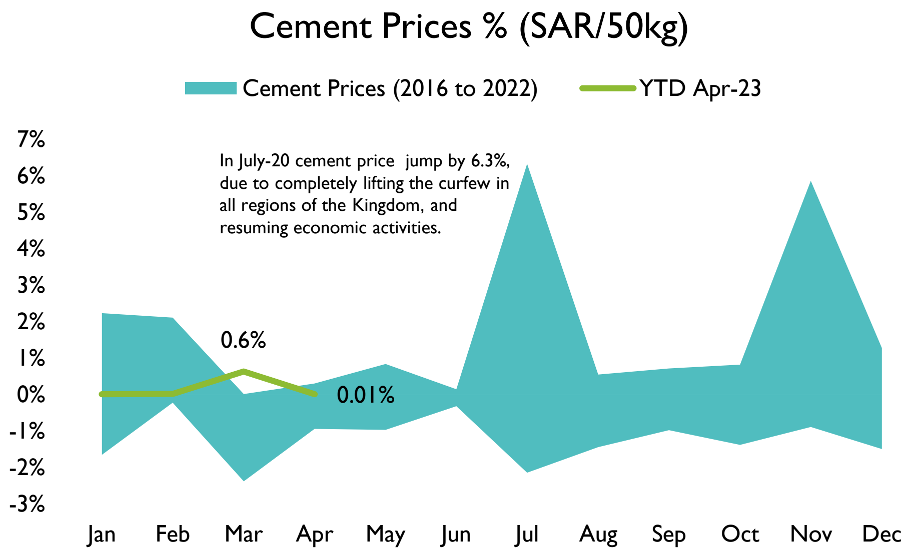
Source: Yamama Cement, Tharaa

Cement Prices change (50kg)



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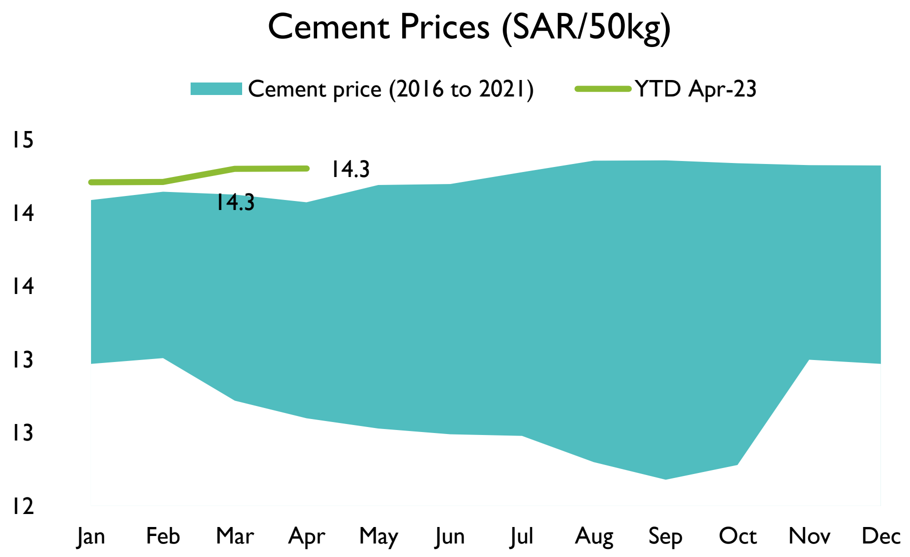
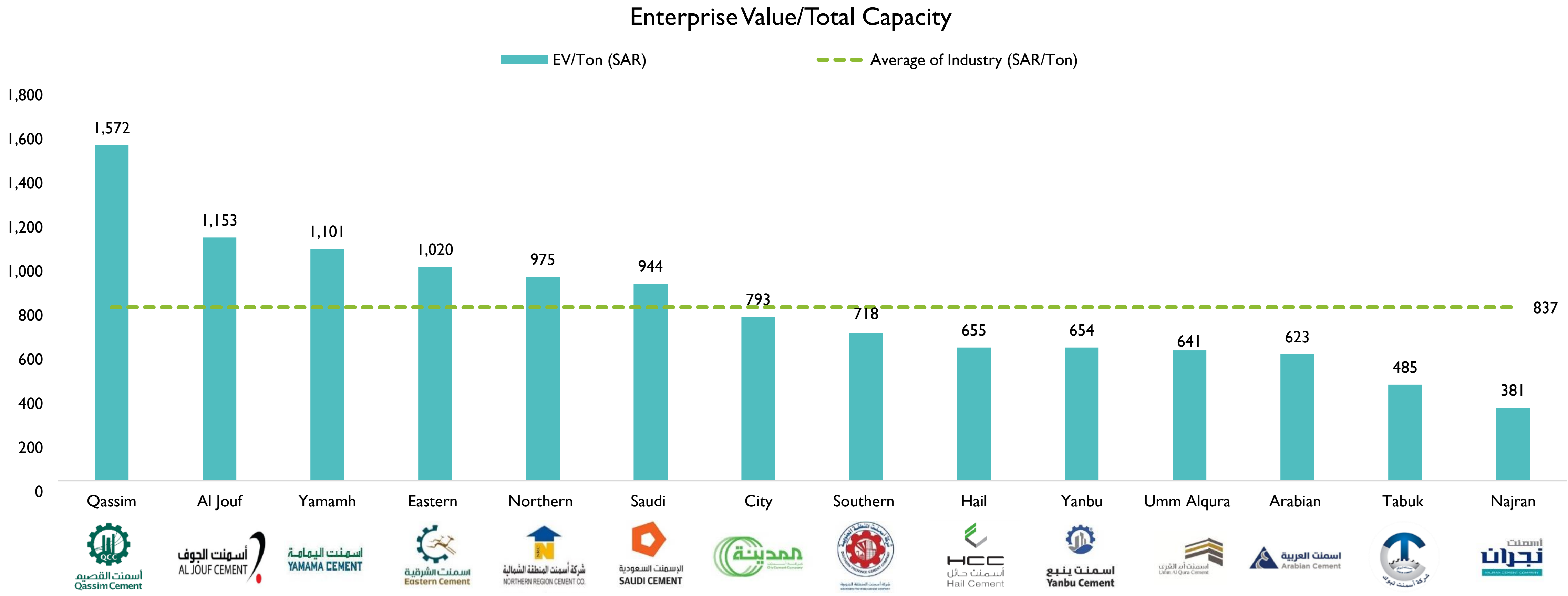


- Cement prices may remain relatively strong in CY23 with expected demand growth and a drawdown in clinker inventory.

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

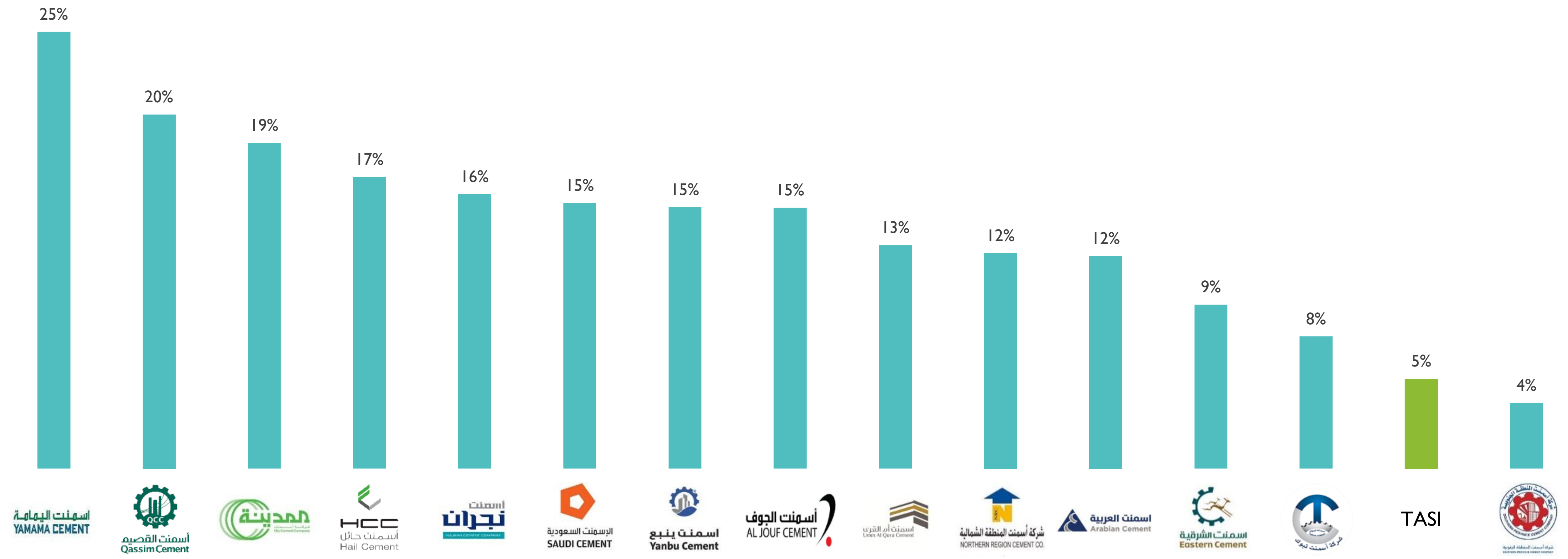
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,572, followed by Al Jouf Cement with an EV/Ton of SAR 1,153. Meanwhile, Najran Cement (SAR381) and Tabuk Cement (SAR485) trade at the lowest valuations.



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.

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 25%.

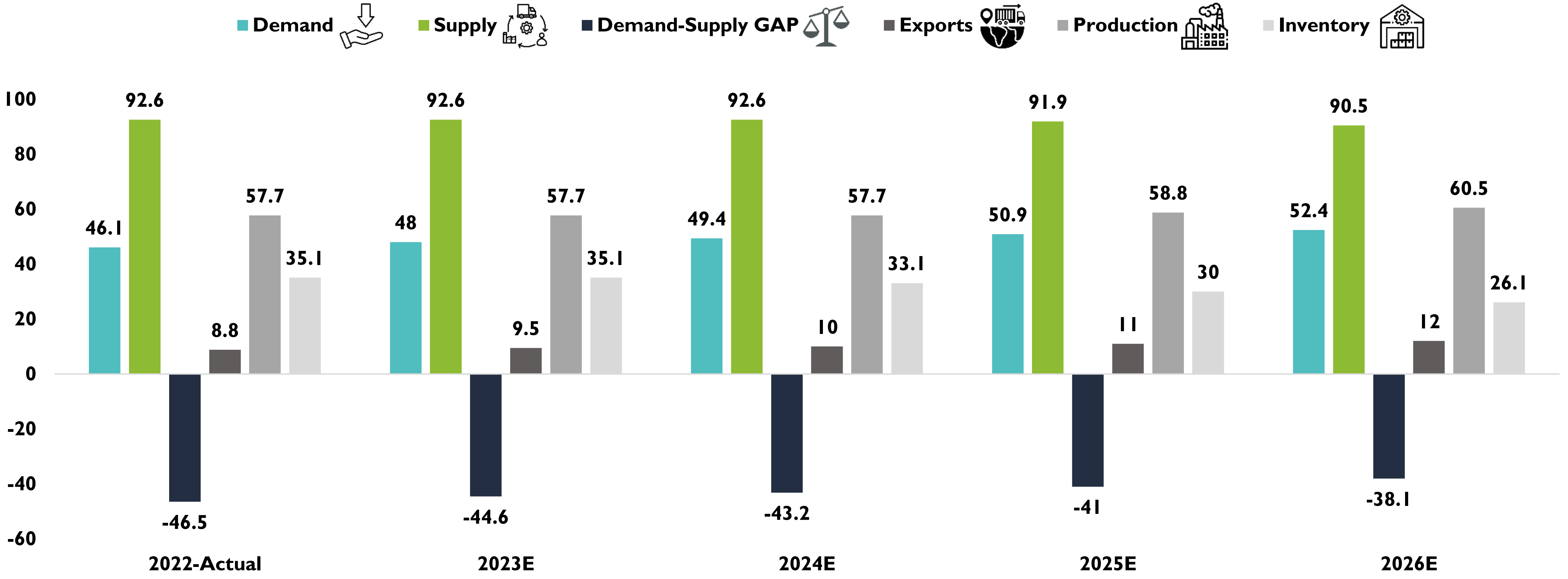


Source: Bloomberg, Tharaa Financial Center
**Mkt Stock Price as closed in 31-05-2023*

Medium-Term Demand Growth Expectations

As per latest annual report, Yamama Cement forecasts total local sales to grow at a modest pace of 4.1% YoY in 2023, and 3% in future years. The company forecasts exports to grow by 8% in 2023, translating into total demand growth for the industry of +4.7% in CY23 and +3.9% in medium-term.

Yamama Cement's Expectations for the Cement Sectors (2023-2026)



Source: Yamama Cement, Tharaa

Disclaimer

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