Cement Sector

Monthly Tracker (November)

December 2023

Tharaa Financial Center

Summary

Tharaa Financial Center

Total Sales

Total cement sales (Local+exports) declined by -0.9% MoM (-9.6% YoY) in November of 2023 to reach 4.96 million tons. On a YTD basis, total sales have decreased by -6.4%.

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

The outlook for cement dispatches for Q4 remains positive with a likely pick-up in demand from new and existing projects and a positive export outlook.

Local deliveries

Monthly local dispatches increased by 2.0% MoM (-5.4% YoY) in Nov ‘23 . On a YTD basis, local deliveries dropped by -7.1%.

With a 14% market share, Yamama Cement Company topped the sector in local dispatches during Nov ’23.

Yamama Cement managed to maintain its overall leadership position with a marginal increase in market share to 14% in Nov ’23 vs 14% in Nov ‘22.

Exports

Exports dispatches decreased by -16% MoM and -29% YoY in Nov ‘23. On a YTD basis, the total exports have decreased by -1.6%.

The industry's exports stood at 675K tons in November ‘23, compared to 956K tons in November ‘22.

Saudi Cement Company recorded the highest market share of exports in November of 2023 with 40% of the total exports.

Production

In November of 2023, cement production showed a decrease of -0.5% MoM, although it declined by -10.5% YoY.

Cement inventory showed a decline of -10.0% on a MoM basis in Nov ‘23.

The clinker inventory decreased by -1.1% on a MoM basis. However, on YoY basis, it actually increased by 13.0% in Nov ‘23.

The capacity utilization for clinker is estimated at 64.9% in Nov ‘23 vs. 77.6% in Nov ‘22.

Prices

In Oct ‘23, cement prices showed an increase of 6.0% YoY and 0.1% MoM basis.

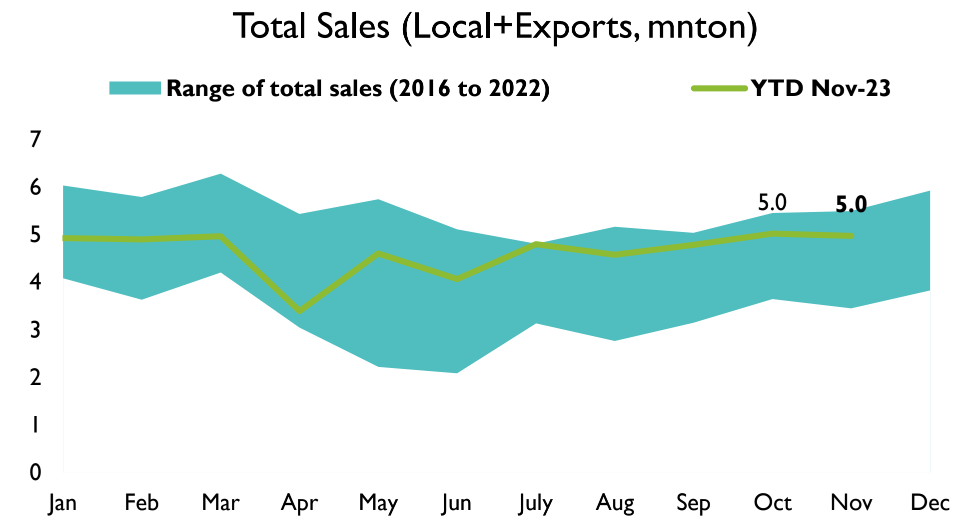
In Oct ‘23, cement prices increased to their second highest prices at 14.69 in 2023 Compared to 13.86 In Oct ‘22

Performance & Valuation

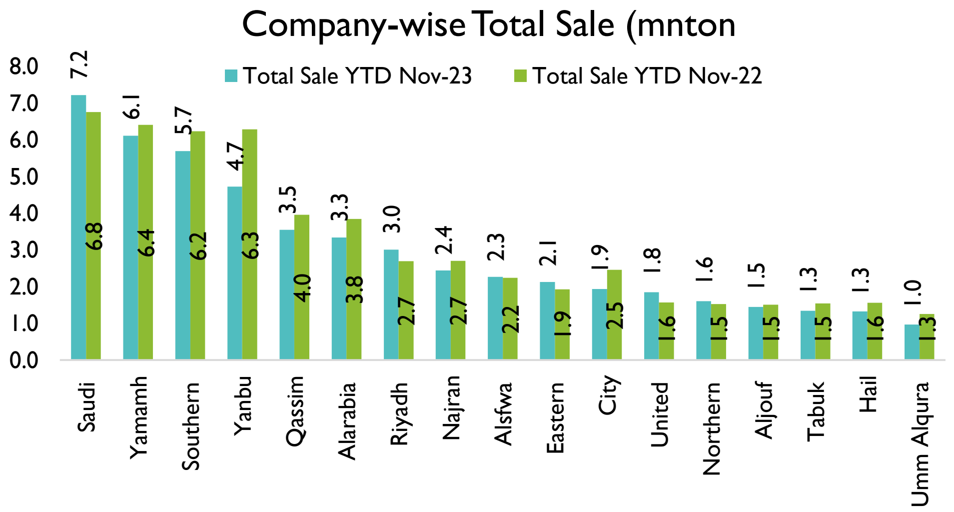
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,349, followed by Al Jouf Cement with an EV/Ton of SAR 1,135. This can be compared to an average EV/Ton of 764 SAR for sector. Meanwhile, Tabuk Cement (SAR445) and Najran Cement (SAR319) trade at the lowest valuations.

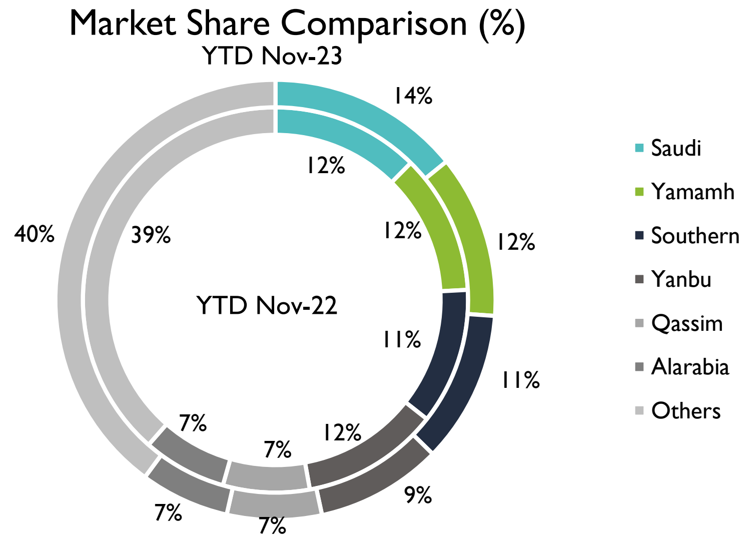
Six cement companies listed in TASI achieved positive returns on a YTD basis, while eight achieved negative returns. Yamama Cement topped the list, achieving the highest performance with 21.1%. Meanwhile, Southern cement had the lowest performance with -16.7%.

Total Sales (Local deliveries & Exports)



- Total cement sales (Local+exports) declined by -0.9% MoM (-9.6% YoY) in November of 2023 to reach 4.96 million tons. On a YTD basis, total sales have decreased by -6.4%.
- Saudi Cement Company topped the sector in total sales during November with a marginal lead over Yamama Cement and Southern Cement.
- The outlook for cement dispatches for Q4 remains positive with a likely pick-up in demand from new and existing projects and a positive export outlook.



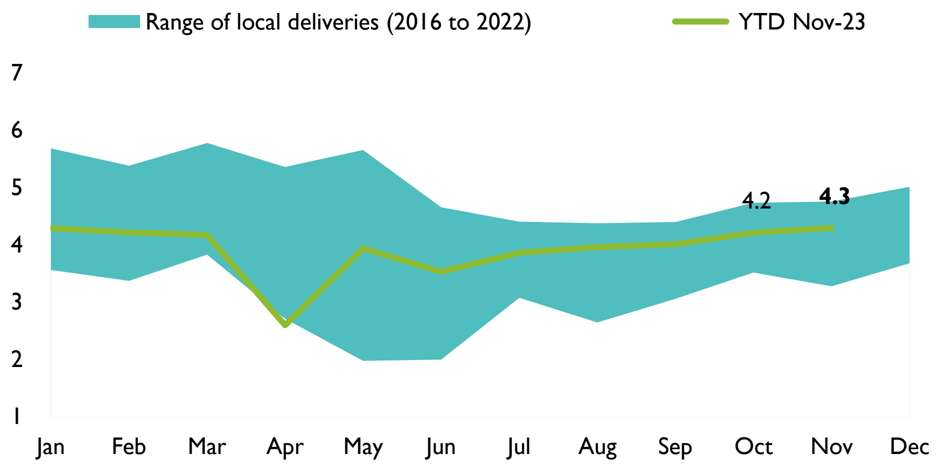


Source: Yamama Cement, Tharaa

Local Cement Deliveries

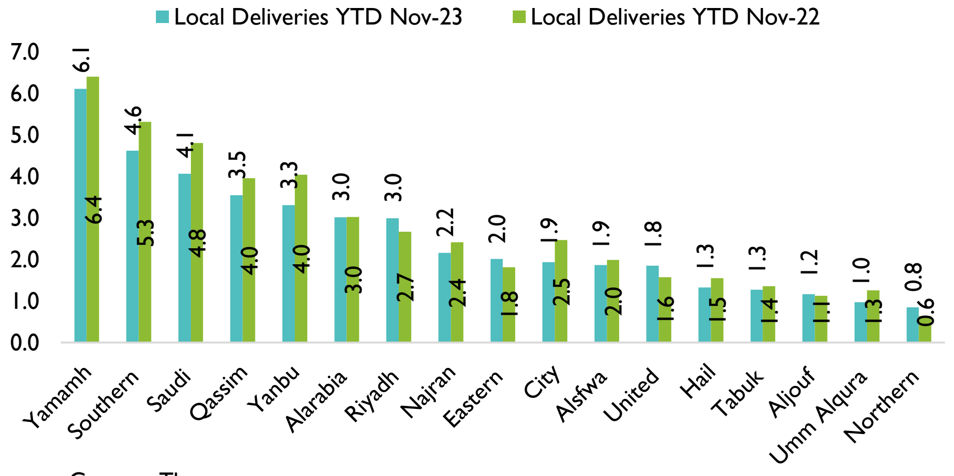
Tharaa Financial Center

Local Deliveries (mnton)



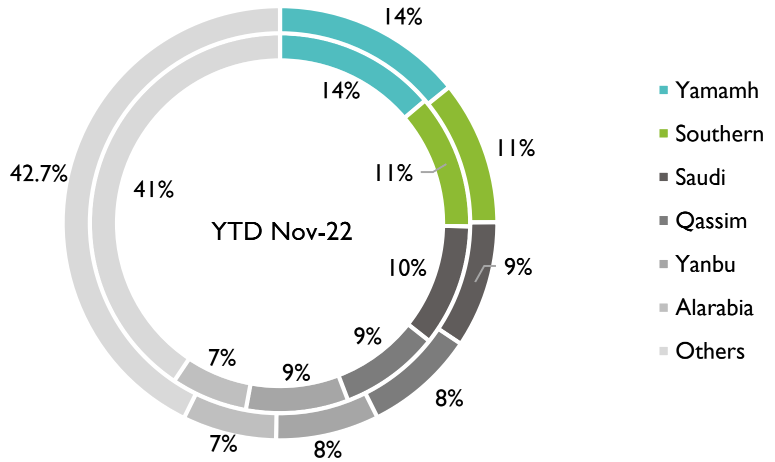
- Monthly local dispatches increased by 2.0% MoM (-5.4% YoY) in Nov '23 . On a YTD basis, local deliveries dropped by -7.1%.
- With a 14% market share, Yamama Cement Company topped the sector in local dispatches during Nov '23.
- Yamama Cement managed to maintain its overall leadership position with a marginal increase in market share to 14% in Nov '23 vs 14% in Nov '22.

Company-wise local Deliveries (mnton)



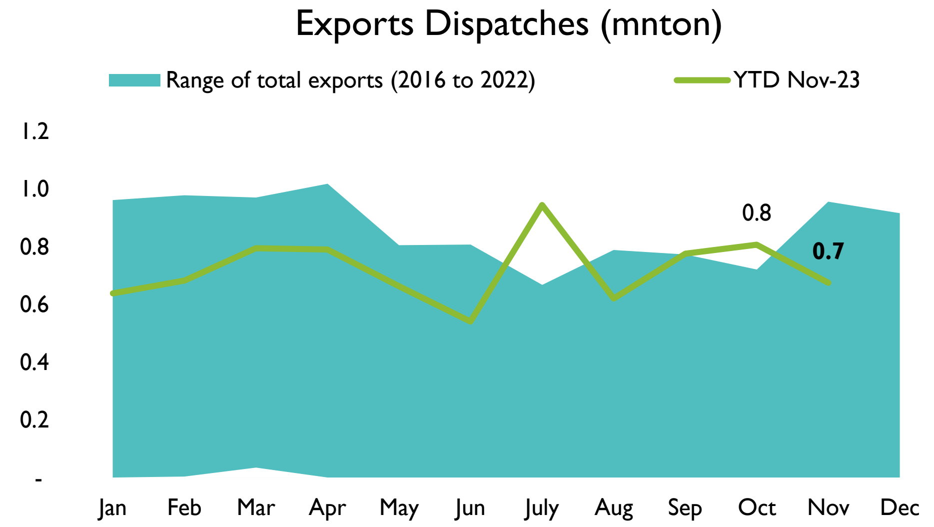
Market Share Comparison (%)

YTD Nov-23

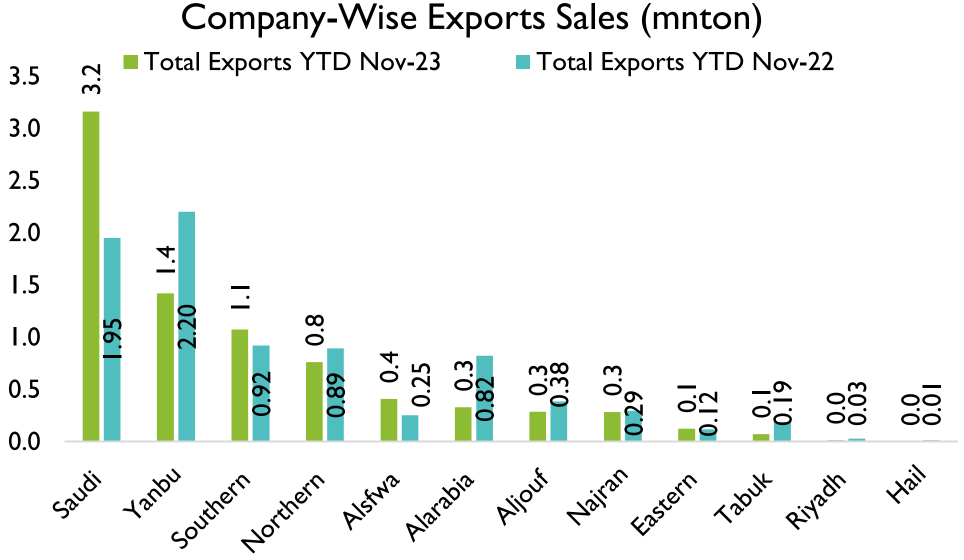


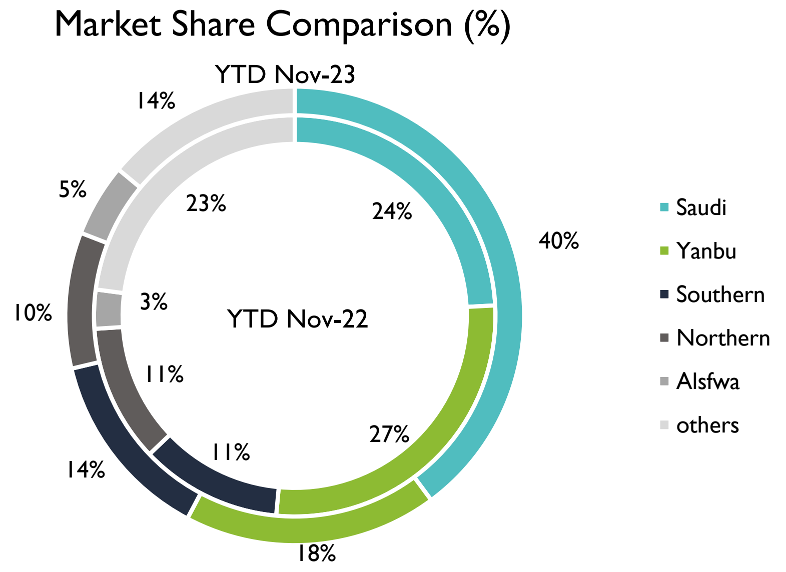
Source: Yamama Cement, Tharaa

Export Dispatches



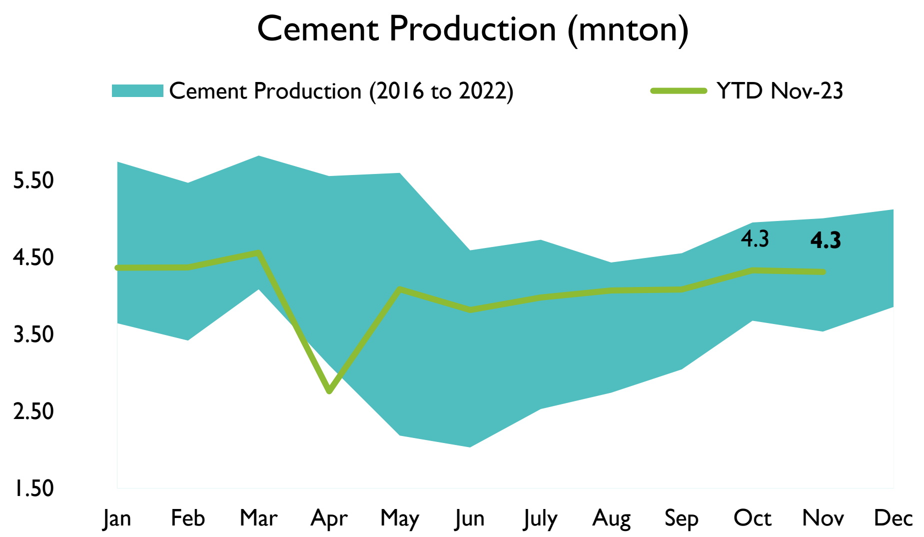
- Exports dispatches decreased by -16% MoM and -29% YoY in Nov ‘23. On a YTD basis, the total exports have decreased by -1.6%.
- The industry's exports stood at 675K tons in November ‘23, compared to 956K tons in November ‘22.
- Saudi Cement Company recorded the highest market share of exports in November of 2023 with 40% of the total exports.

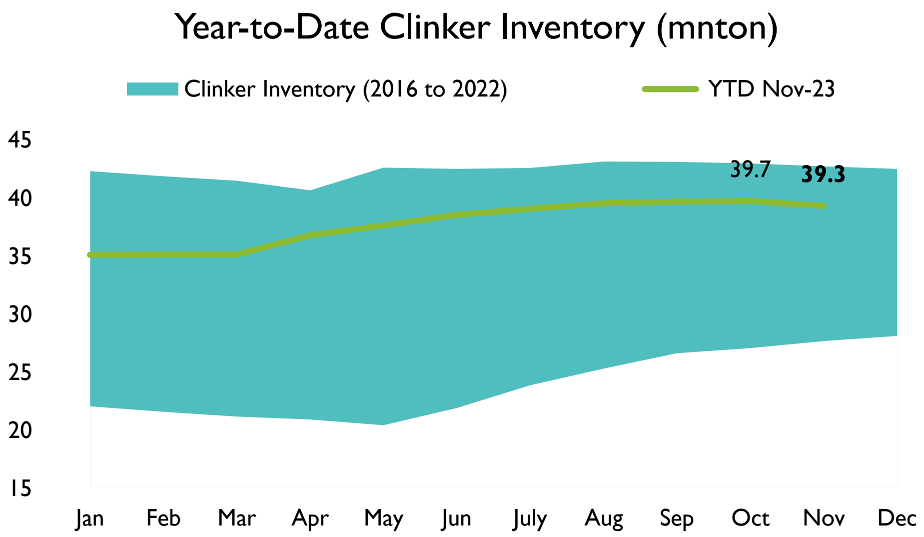




Source: Yamama Cement, Tharaa

Cement Production



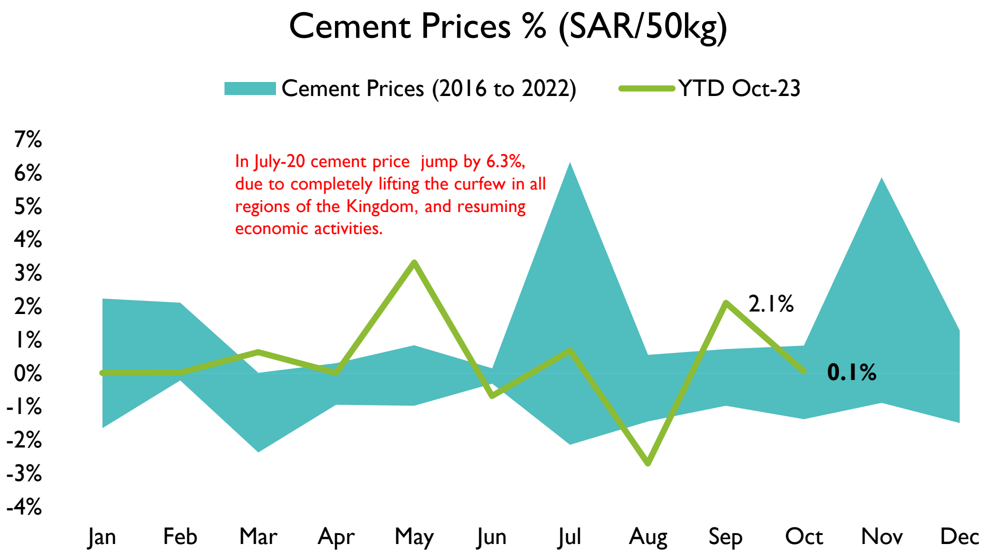


- In November of 2023, cement production showed a decrease of -0.5% MoM, although it declined by -10.5% YoY.
- Cement inventory showed a decline of -10.0% on a MoM basis in Nov '23.

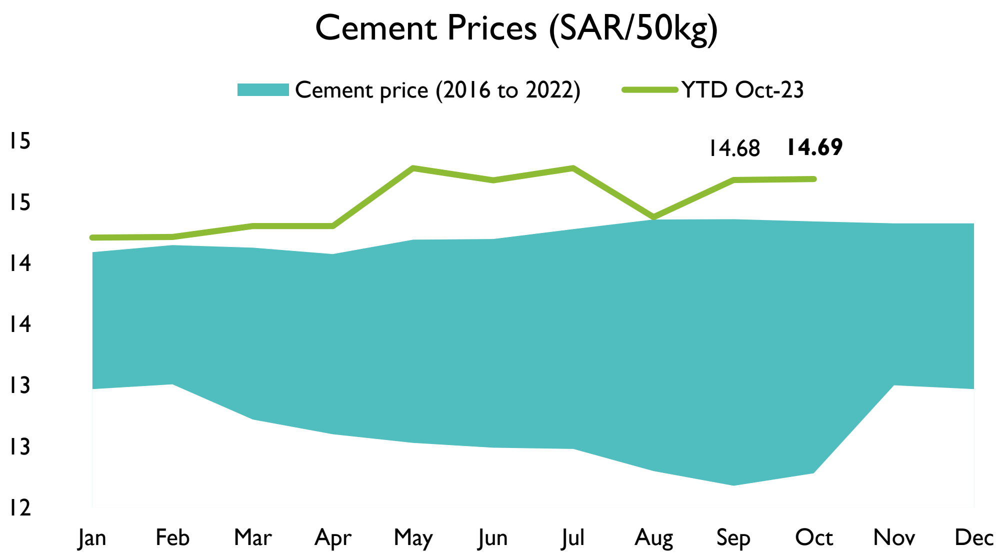
- The clinker inventory decreased by -1.1% on a MoM basis. However, on YoY basis, it actually increased by 13.0% in Nov '23.
- The capacity utilization for clinker is estimated at 64.9% in Nov '23 vs. 77.6% in Nov '22.

Source: Yamama Cement, Tharaa

Cement Prices change (50kg)



- In Oct'23 , cement prices showed an increase of 6.0% YoY and 0.1% MoM basis.

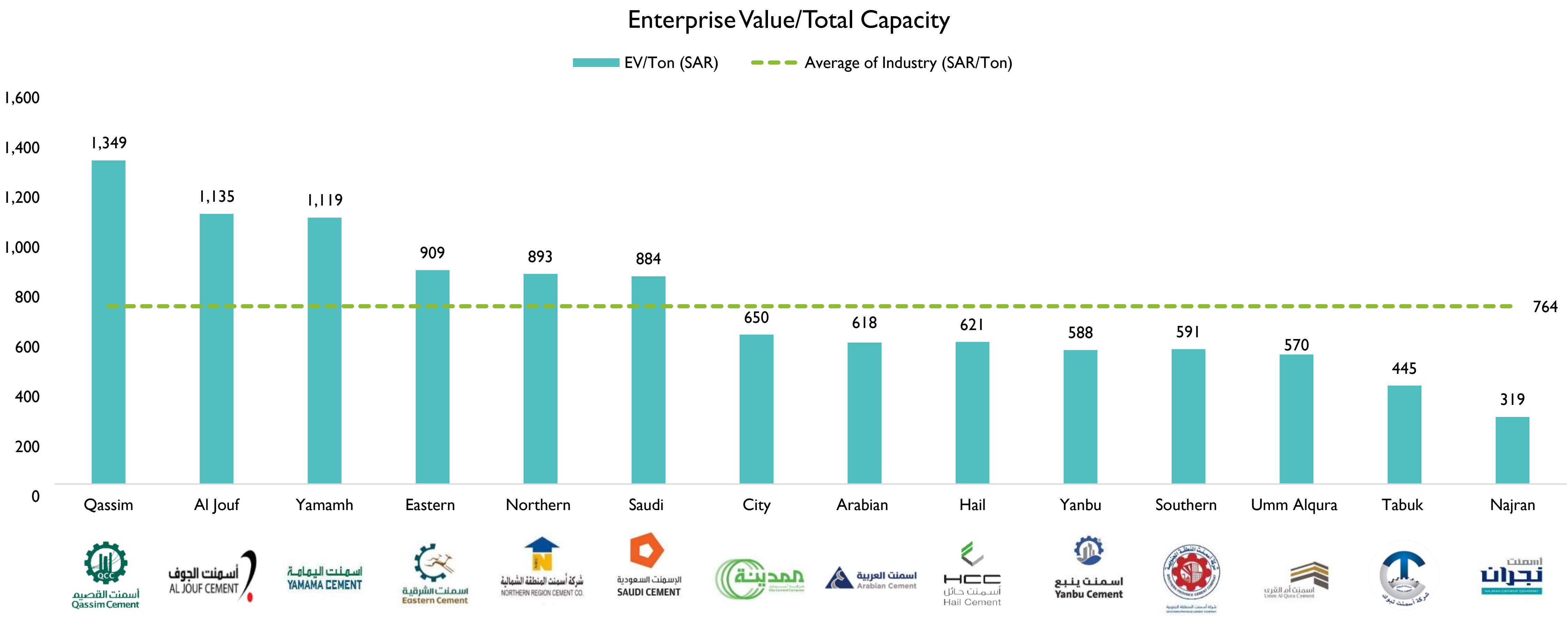


- In Oct'23, cement prices increased to their second highest prices at 14.69 in 2023 Compared to 13.86 In Oct '22

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

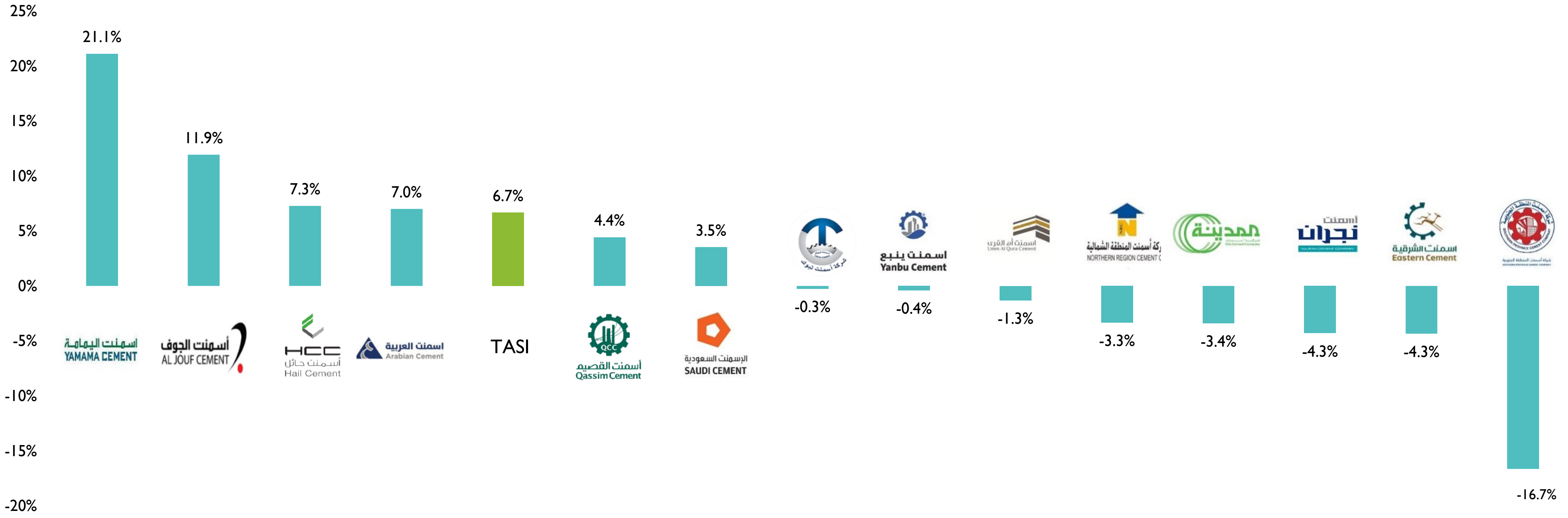
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,349, followed by Al Jouf Cement with an EV/Ton of SAR 1,135. This can be compared to an average EV/Ton of 764 SAR for sector. Meanwhile, Tabuk Cement (SAR445) and Najran Cement (SAR319) trade at the lowest valuations.



Source: Tadawul (Financial Statements Q3 reports), Tharaa
**Enterprise Value: Equity Value + Debt(LT+ST) – (Cash + Liquid Assets)*
Mkt Stock Price as closed in 30-11-2023.

Cement Sector YTD Performance

Six cement companies listed in TASI achieved positive returns on a YTD basis, while eight achieved negative returns. Yamama Cement topped the list, achieving the highest performance with 21.1%. Meanwhile, Southern cement had the lowest performance with -16.7%.



Source: Bloomberg, Tharaa Financial Center
*Mkt Stock Price as closed in 30-11-2023

Disclaimer

Contact Info

Tharaa Financial Center
011 494 8899
info@tharaafc.com
www.tharaafc.com
Building 105
Prince Sultan University
Rafha Street, Riyadh
Kingdom of Saudi Arabia