Cement Sector

Monthly Tracker(October)

November 2022

Tharaa Financial Center

Summary

Tharaa Financial Center

Total Sales

Total Cement sales (Local+exports) has jumped 8.3% MoM and 11.9% YoY in Oct-22 to reach 5.45mn tons, highest in the past five years.

A strong monthly sales in Oct-22 has contained the YTD drop in sales to 1.7% for 10-Month 22. Total sales may close the year with a marginal decline of 0.4% assuming current month sales continue for the next two months.

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

Local deliveries

Overall, momentum for local despatch picked up further with monthly sales of 4.73mn ton coming ahead of its 5-year range. Local deliveries of cement showed an increase MoM of 11.1%. On a YoY basis, domestic sales posted a 9% YoY jump.

Strong sales momentum in Oct-22 has contained the YTD decline to -1.9% YoY in 2022.

With 51% YTD growth, Yamama Cement's local sales trump its peers' thanks to the commissioning of the company's new plant.

Yamama Cement remained the leader in local sales 14% (+600bps YTD) market share (M/S) on a YTD basis.

Exports

Monthly export dispatches slowed down in Oct-22 with 6.7% MoM drop (+36.3% YoY) in Oct-22. On a YTD basis, exports have recorded a decrease of 0.8%.

The industry's exports stood at 721K tons in October-22, compared to 529K tons in October-21.

Yanbu Cement Company topped the largest share of exports in YTD Oct-22 with 28% of the total exports.

Production

In October-22, cement production showed an increase of 6% MoM and a 7.5% YoY basis.

Cement inventory has decreased YTD Oct-22 by 27.3%.

The Clinker inventory shows a decrease of 0.9% in Oct-22 compared to the previous month while it increased by 2% on a YoY basis.

The capacity utilization for clinker was 79% in Oct-22 vs 81% in Oct-21.

Prices

In Sep-22 Cement Prices showed a decline of 1.2% YoY and an increase 0.7% on MoM basis due to higher sales in the month.

Cement prices may move higher in 2H with likely stronger 2H for sales

Yanbu Cement Company had the best performance return among cement firms listed on the main market (TASI), while Najran and Umm Al-Qura recorded the lowest performance.

Total Sales (Local deliveries & Exports)

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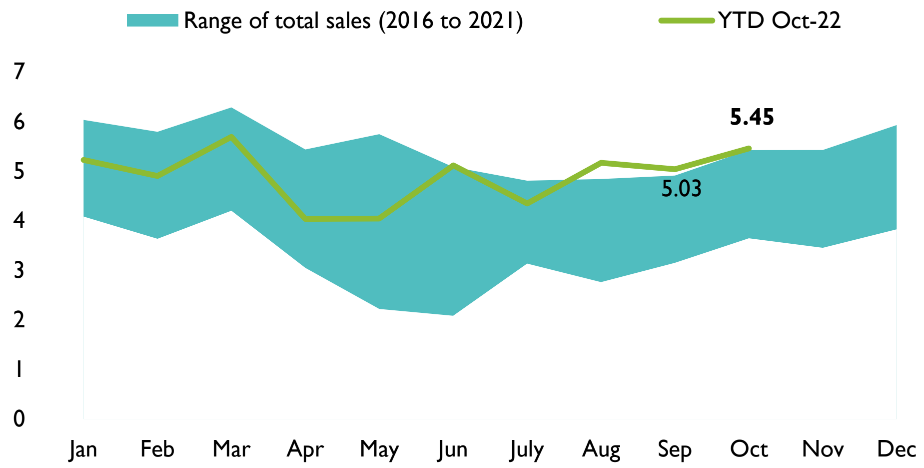
Total Sales (Local+Exports, mnton)



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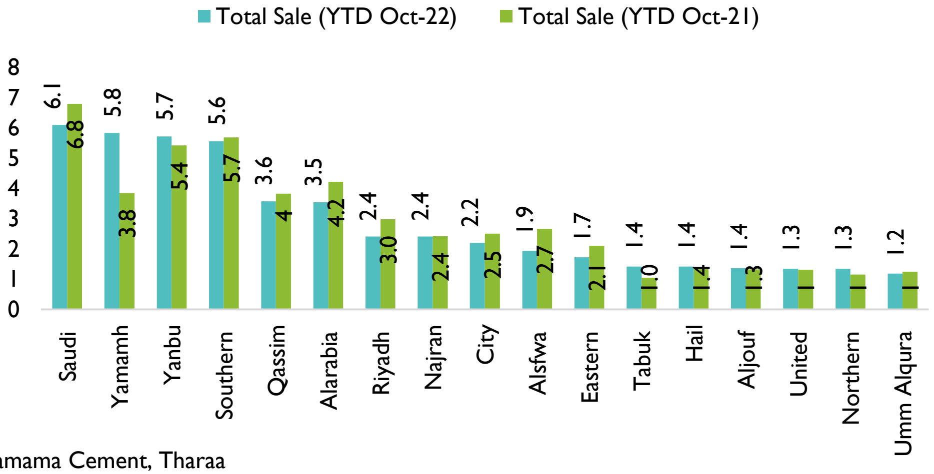
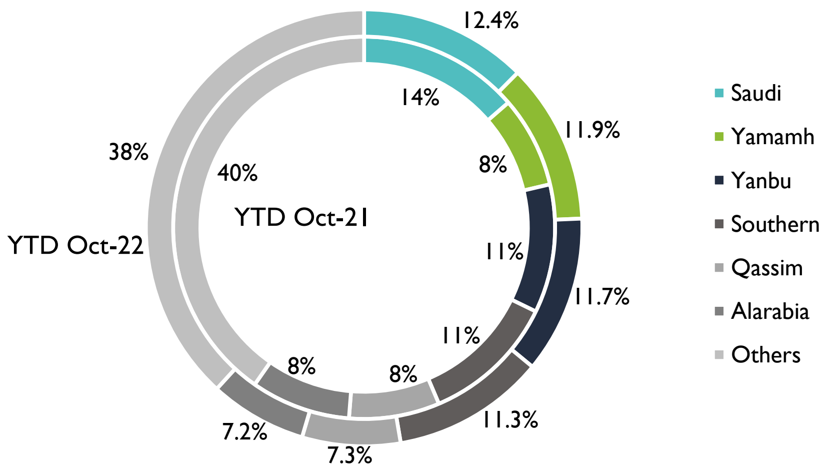
- A strong monthly sales in Oct-22 has contained the YTD drop in sales to 1.7% for 10-Month 22. Total sales may close the year with a marginal decline of 0.4% assuming current month sales continue for the next two months.
- Saudi Cement Company topped the sector in total sales with a marginal lead over Yamama Cement and Yanbu Cement.

Company-wise Total Sales (mnton)



Market Share Comparison (%)



Source: Yamama Cement, Tharaa

Local Cement Deliveries

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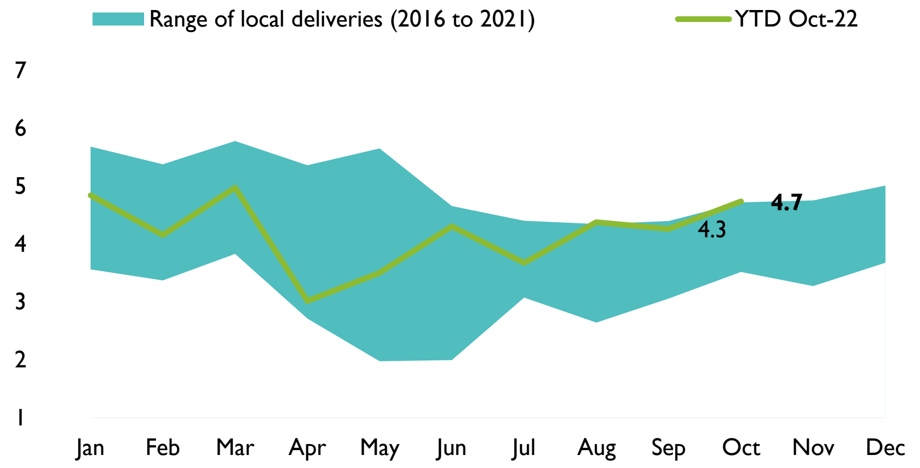
Local Deliveries (mnton)



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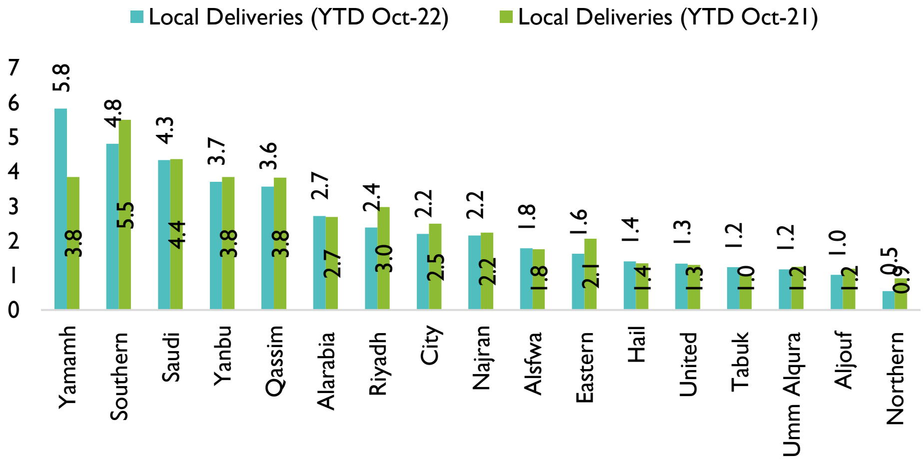
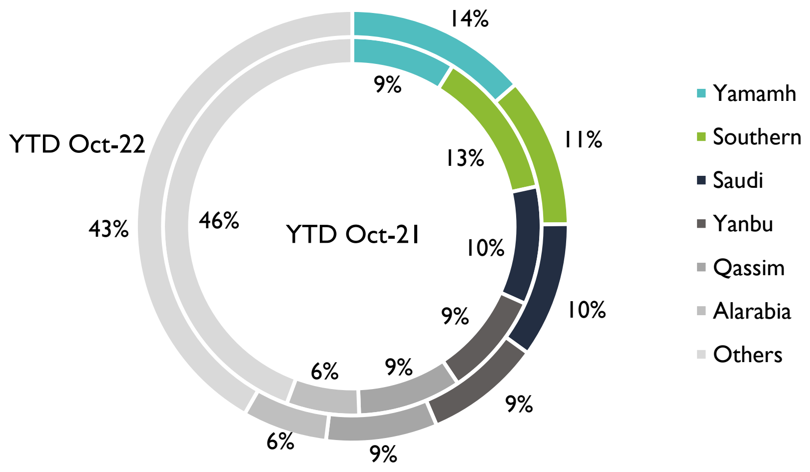
- Yamama Cement remained the leader in local sales 14% (+600bps YTD) market share (M/S) on a YTD basis.

Company-wise local Deliveries (mnton)



Market Share Comparison (%)



Source: Yamama Cement, Tharaa

Export Dispatches

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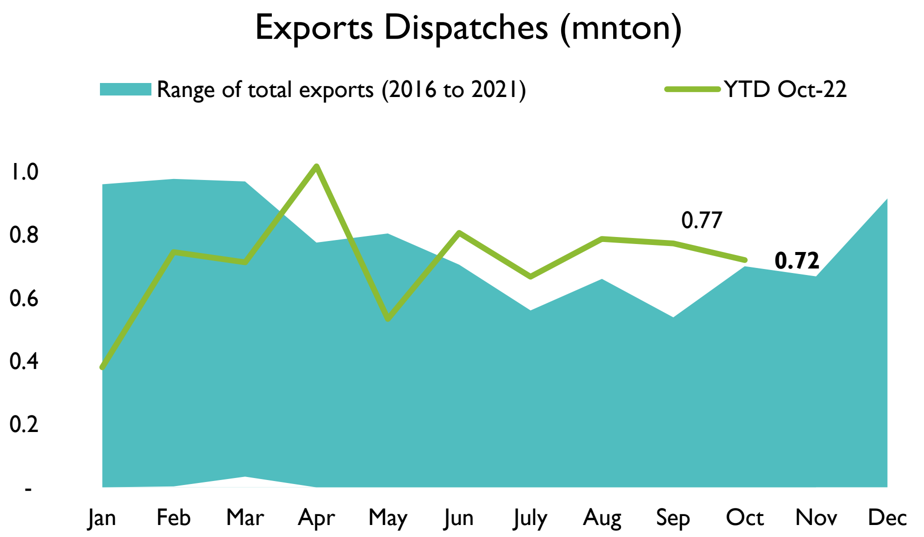

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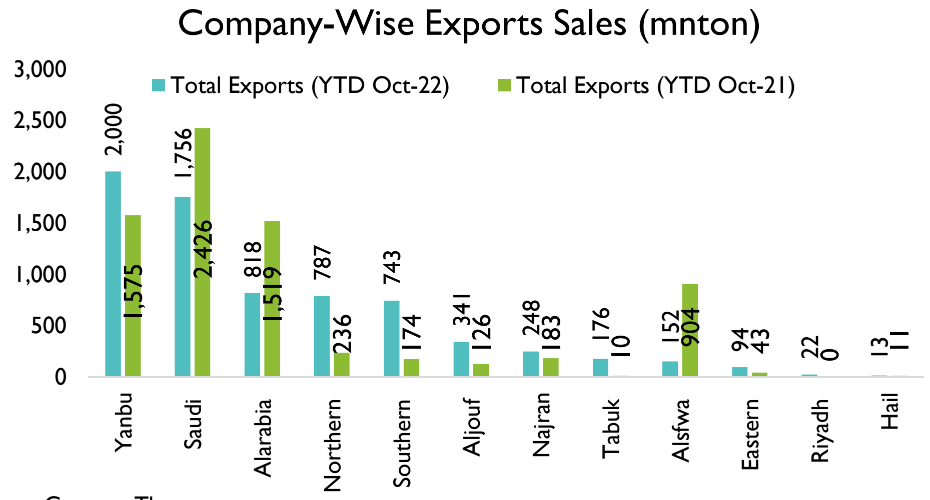
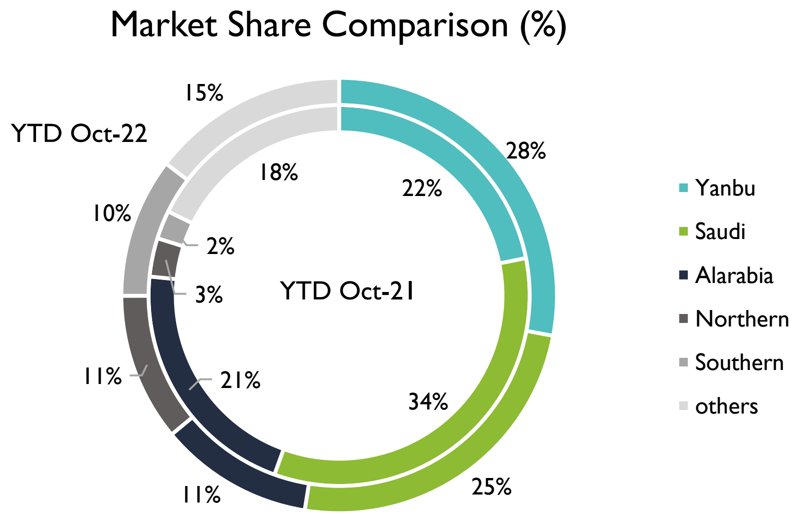
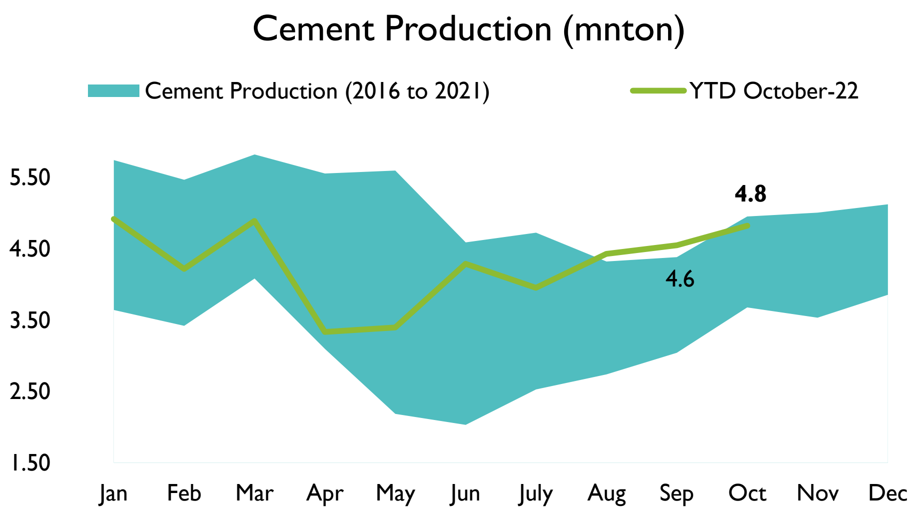
- The industry's exports stood at 721K tons in October-22, compared to 529K tons in October-21.
- Yanbu Cement Company topped the largest share of exports in YTD Oct-22 with 28% of the total exports.





Source: Yamama Cement, Tharaa

Cement Production



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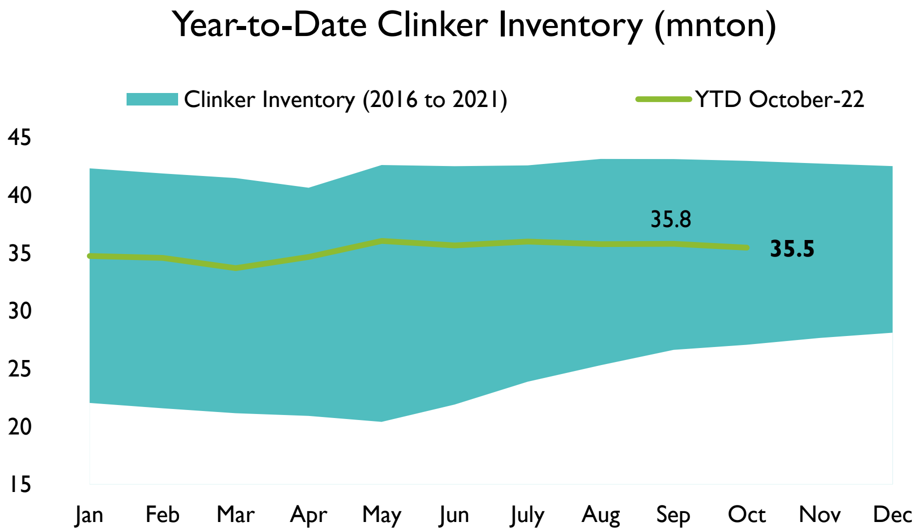

- The Clinker inventory shows a decrease of 0.9% in Oct-22 compared to the previous month while it increased by 2% on a YoY basis.
- The capacity utilization for clinker was 79% in Oct-22 vs 81% in Oct-21.

Source: Yamama Cement, Tharaa

Cement Prices change (50kg)

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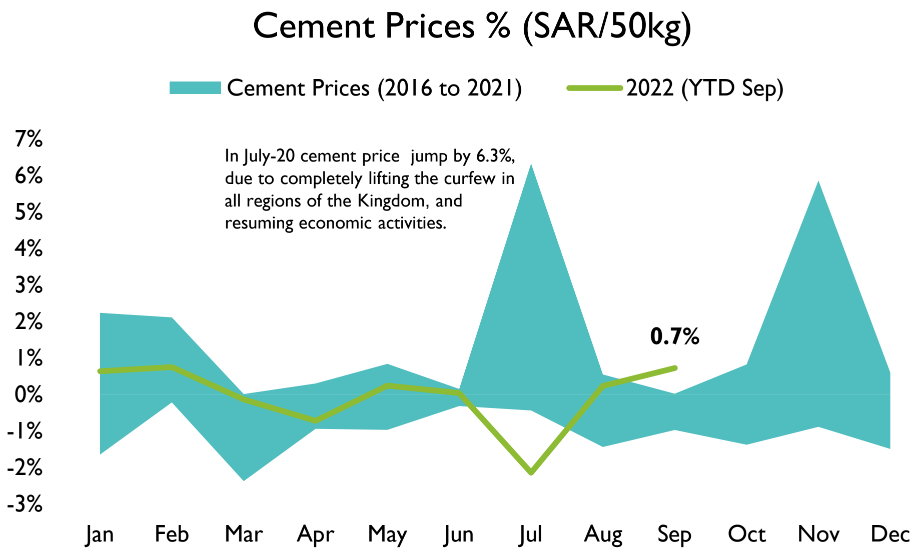
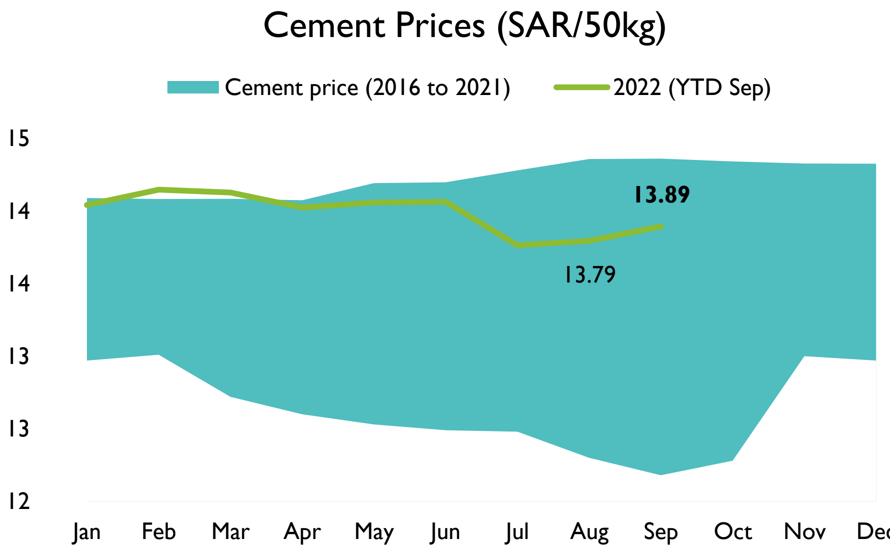


- In Sep-22 Cement Prices showed a decline of 1.2% YoY and an increase 0.7% on MoM basis due to higher sales in the month.



- Cement prices may move higher in 2H with likely stronger 2H for sales

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

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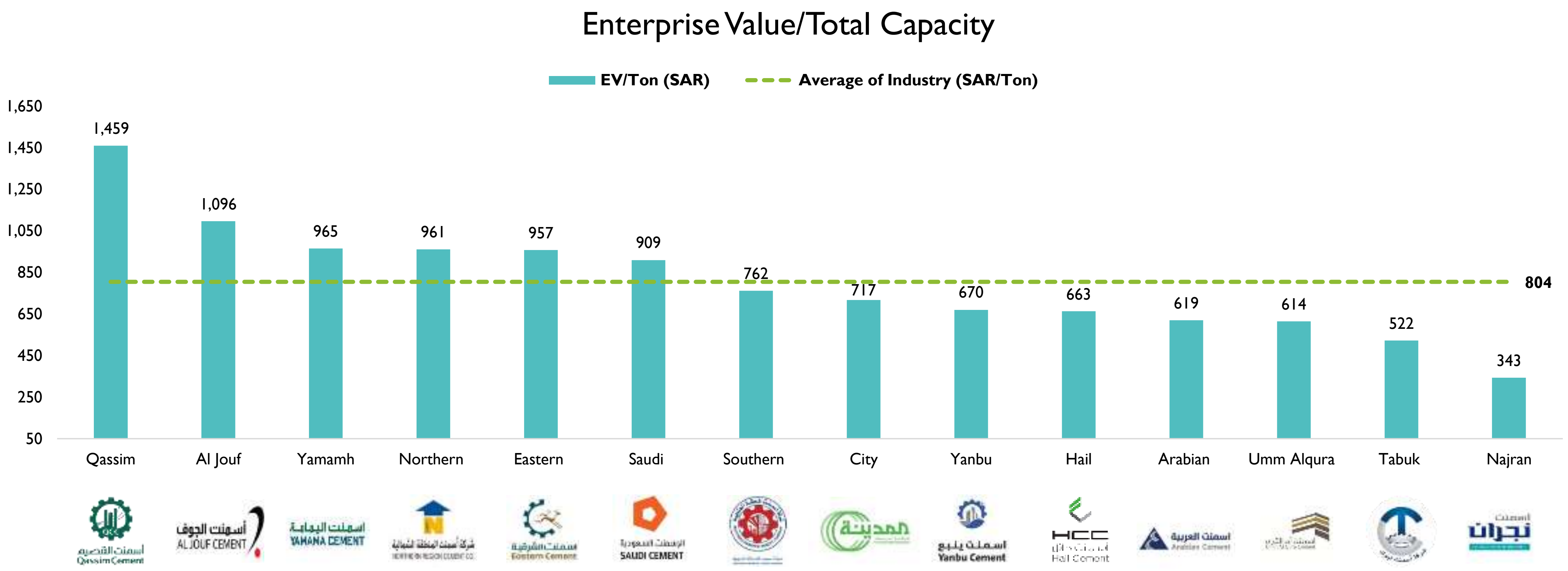
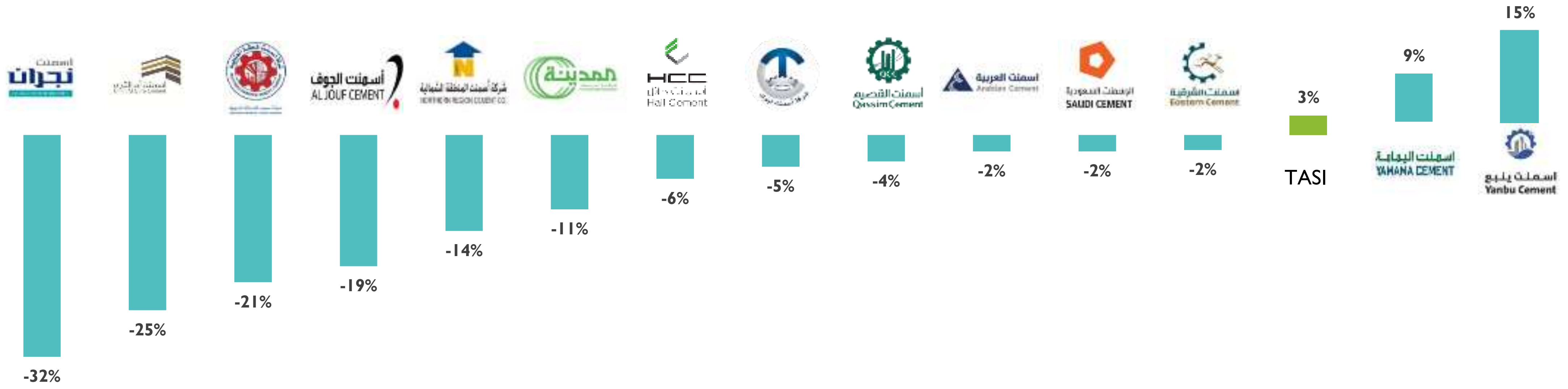
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,459 followed by Al Jouf Cement with EV/Ton of SAR 1,096. Meanwhile, Najran Cement (SAR343) and Tabuk Cement (SAR522) trade at the lowest valuations.



Source: Tadawul (Financial Statements End of 30 of June 2022 reports), Tharaa Financial Center
**Enterprise Value: Equity Value + Debt(LT+ST) – (Cash + Liquid Assets)*
Mkt Stock Price as closed in 07-11-2022.

Cement Sector YTD Performance

On a year-to-date basis, Yanbu Cement Company had the best performance among cement firms listed on the main market (TASI), providing a +15% return, followed by Yamama Cement Company with a +9% return, while Najran and Umm Al-Qura Company recorded the lowest performance, registering a -32% and a -25% decline, respectively.



Source: Bloomberg, Tharaa Financial Center
**Mkt Stock Price as closed in 07-11-2022*

Disclaimer

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