Cement Sector

Monthly Tracker (October)

November 2023

Tharaa Financial Center

Summary

Tharaa Financial Center

Total Sales

- Total cement sales (Local+exports) jumped by 4.5% MoM (-8% YoY) in Oct ‘23 to reach 5mn tons. On a YTD basis, total sales have decreased by -6%.
- Saudi Cement Company topped the sector in total sales during October with a marginal lead over Yamama Cement and Southern Cement.
- The outlook for cement dispatches for the remaining months of the year is 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 5% MoM (-11% YoY) in Oct ‘23 . On a YTD basis, local deliveries dropped by -8.1%.
- With a 15% market share, Yamama Cement Company topped the sector in local dispatches during Oct ’23.
- Yamama Cement managed to maintain its overall leadership position with a marginal increase in market share to 15% in Oct ’23 vs 14% in Oct ‘22.

Exports

- Exports dispatches increased by 4% MoM and 12% YoY in Oct ‘23. On a YTD basis, the total exports have increased by 2.1%.
- The industry's exports stood at 807K tons in October 23, compared to 721K tons in October ‘22.
- Saudi Cement Company recorded the highest market share of exports in Oct ‘23 with 39% of the total exports.

Production

- In Oct ‘23, cement production showed an increase of 6% MoM, although it declined by -10.3% YoY.
- Cement inventory showed an increase of 1% on a MoM basis in Oct ‘23.
- The Clinker inventory increased by 0.2% on a MoM and 12.1% on a YoY basis in Oct ‘23.
- The capacity utilization for clinker is estimated at 74.1% in Oct ‘23 vs. 77.9% in Oct ‘22 .

Prices

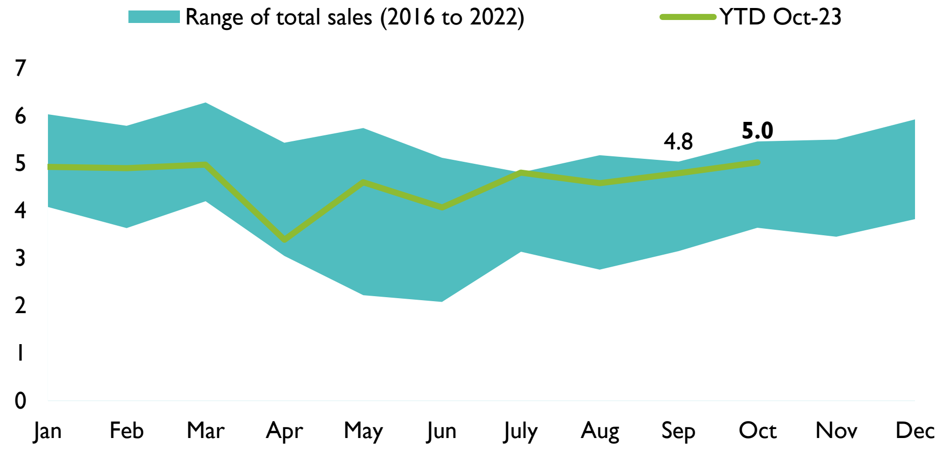
- In September 2023, cement prices showed an increase of 5.7% on a YoY basis and 2.1% on a MoM basis.
- In Sep ‘23, cement prices rebounded to their highs during the 2023 year with a 2.1% rise, which was one of the biggest jumps in the current year, compared to just a 0.7% increase in Sep ‘22

Performance & Valuation

- Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,320, followed by Al Jouf Cement with an EV/Ton of SAR 1,083. This can be compared to an average EV/Ton of 723 SAR for sector. Meanwhile, Tabuk Cement (SAR440) and Najran Cement (SAR302) trade at the lowest valuations relative to their peers.
- Four cement companies listed in TASI achieved positive returns on YTD basis, while ten achieved negative returns. Yamama Cement topped the list, achieving the highest performance with 7%.

Total Sales (Local deliveries & Exports)

Total Sales (Local+Exports, mnton)



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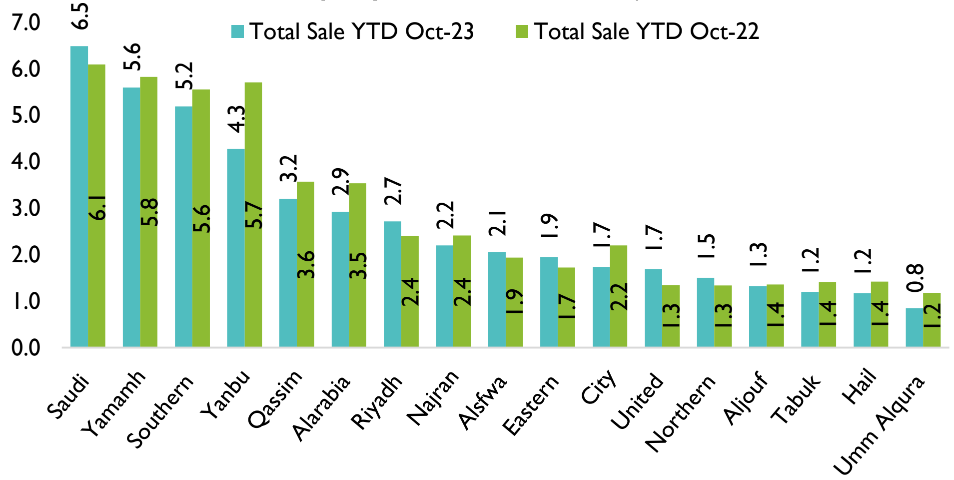
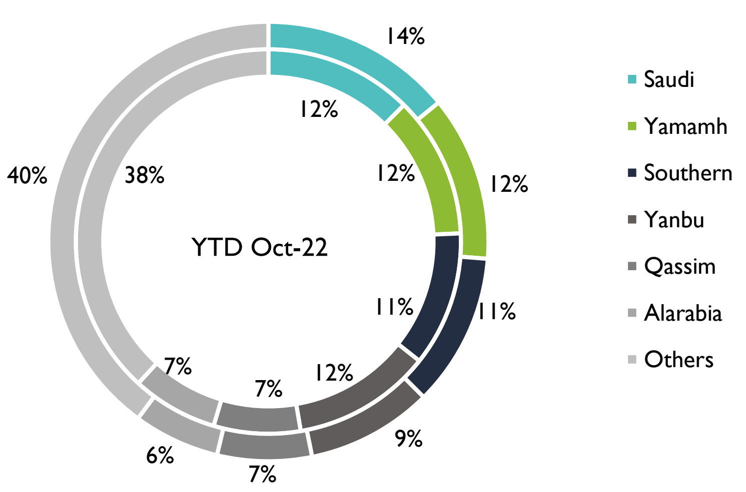
Company-wise Total Sale (mnton



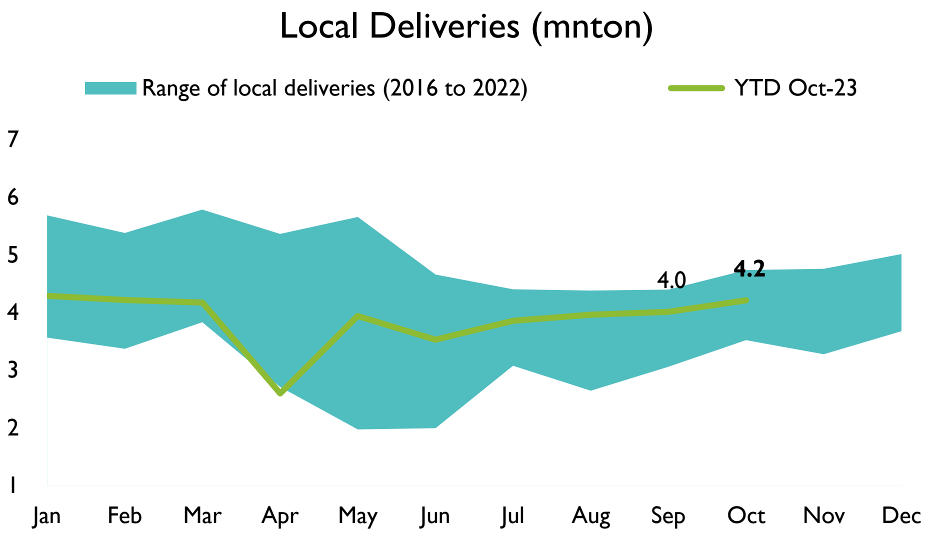
Market Share Comparison (%)

YTD Oct-23



Source: Yamama Cement, Tharaa

Local Cement Deliveries



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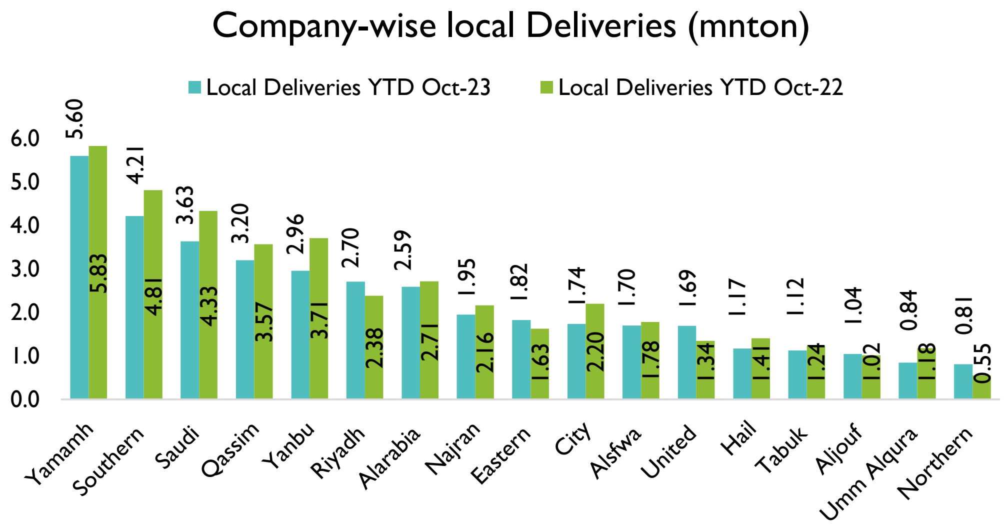
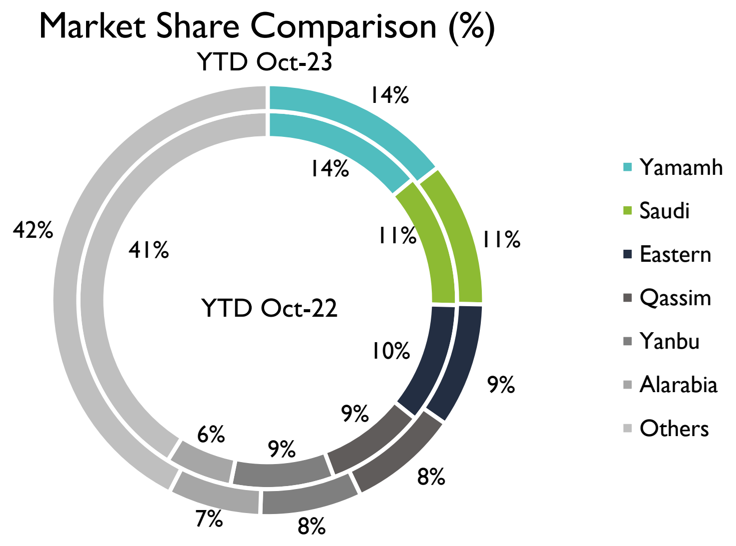
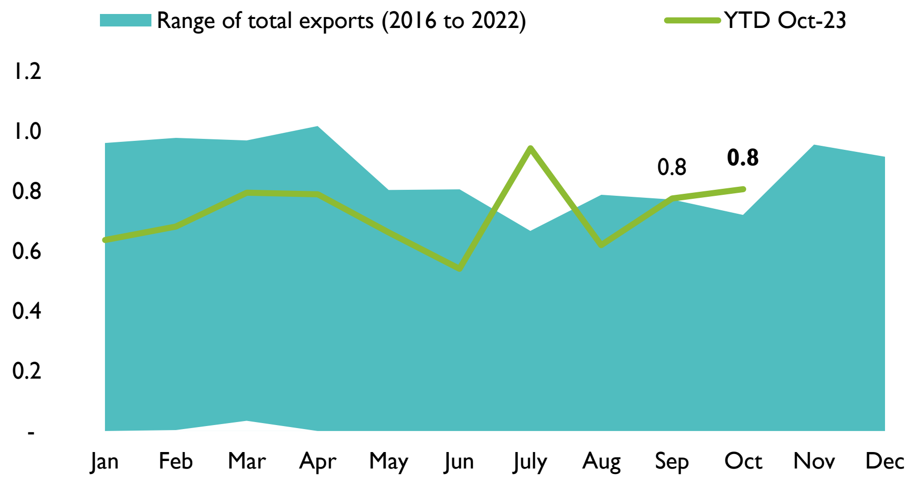




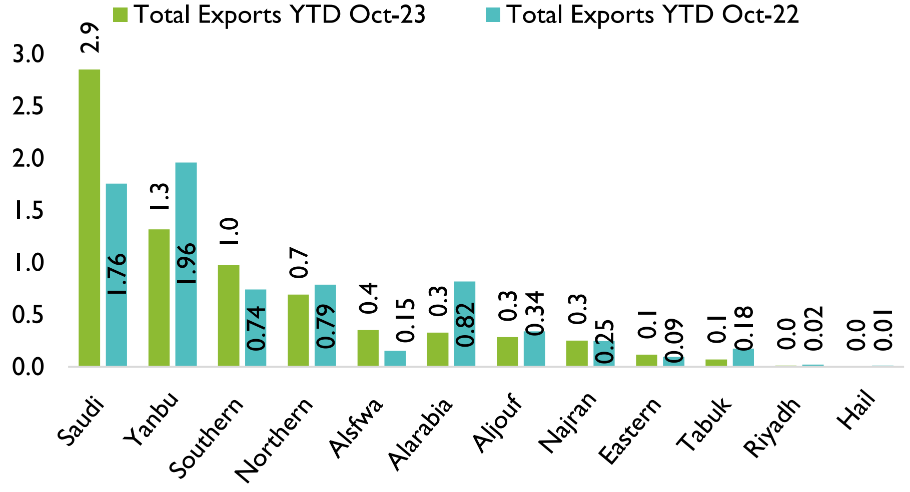
Source: Yamama Cement, Tharaa

Export Dispatches

Exports Dispatches (mnton)



Company-Wise Exports Sales (mnton)



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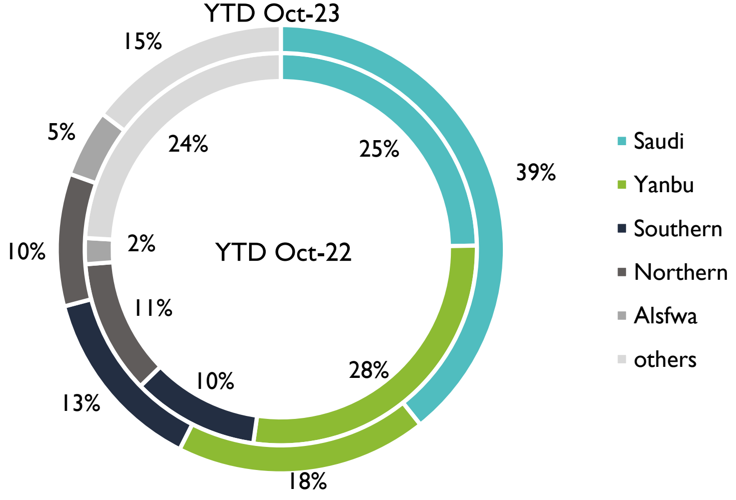
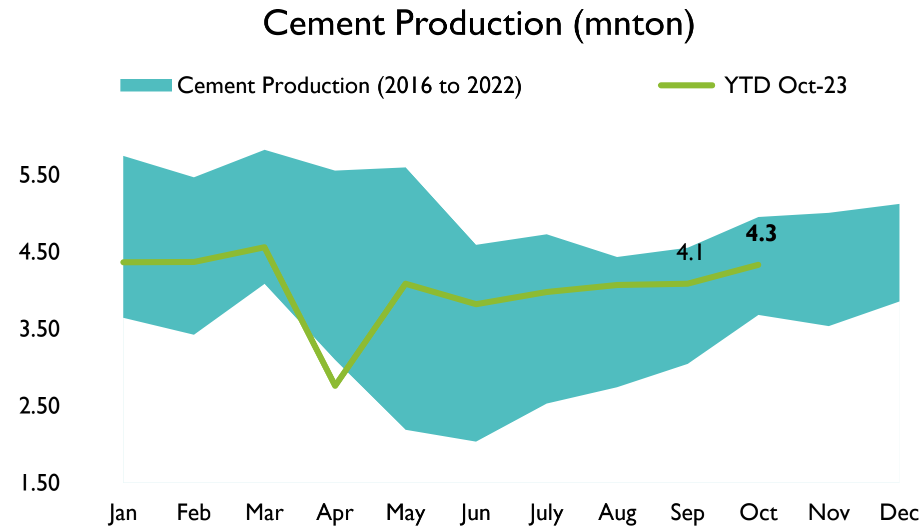
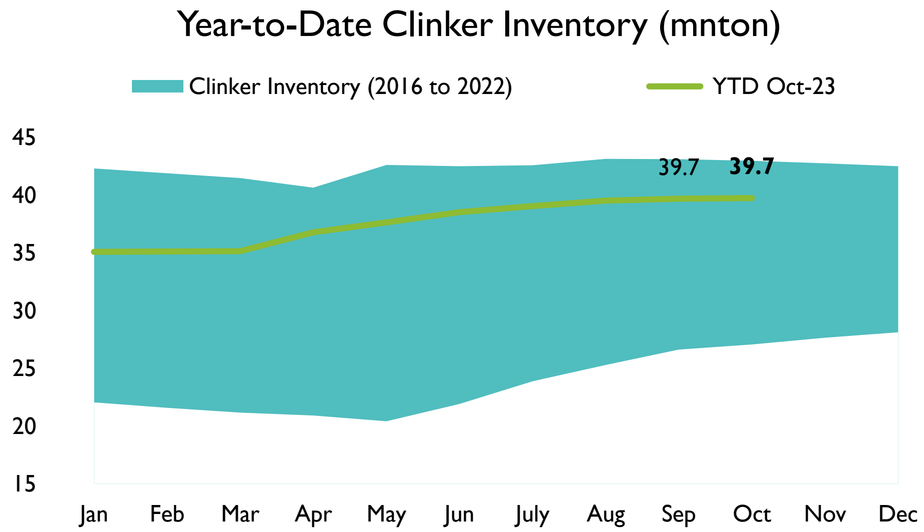
Market Share Comparison (%)



Source: Yamama Cement, Tharaa

Cement Production





Source: Yamama Cement, Tharaa

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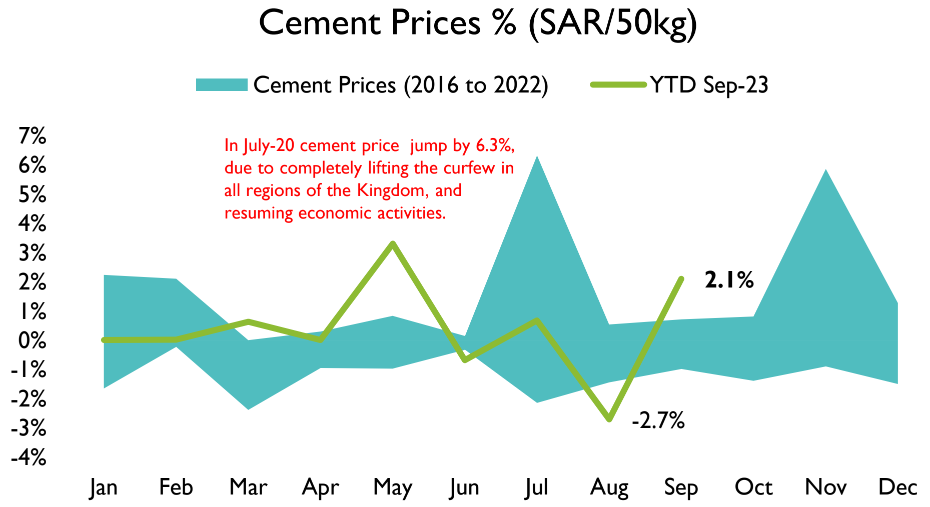
Cement Prices change (50kg)



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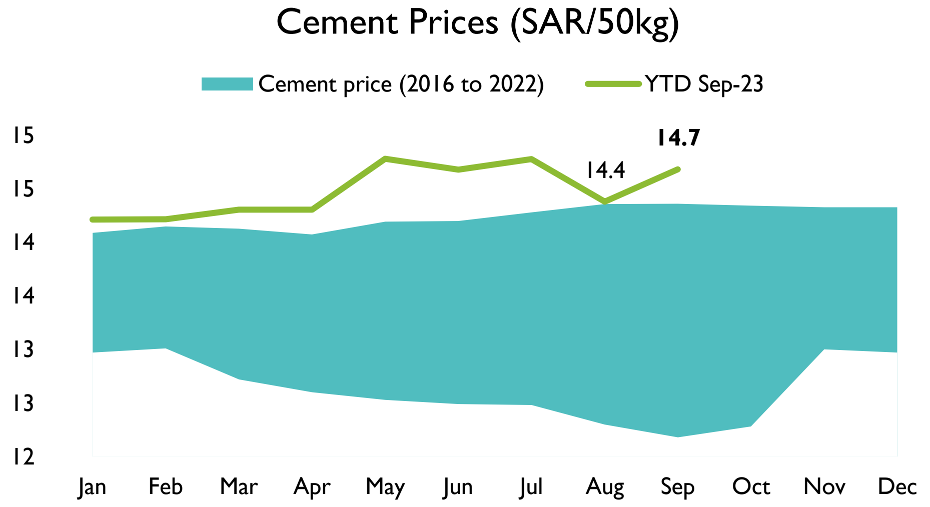

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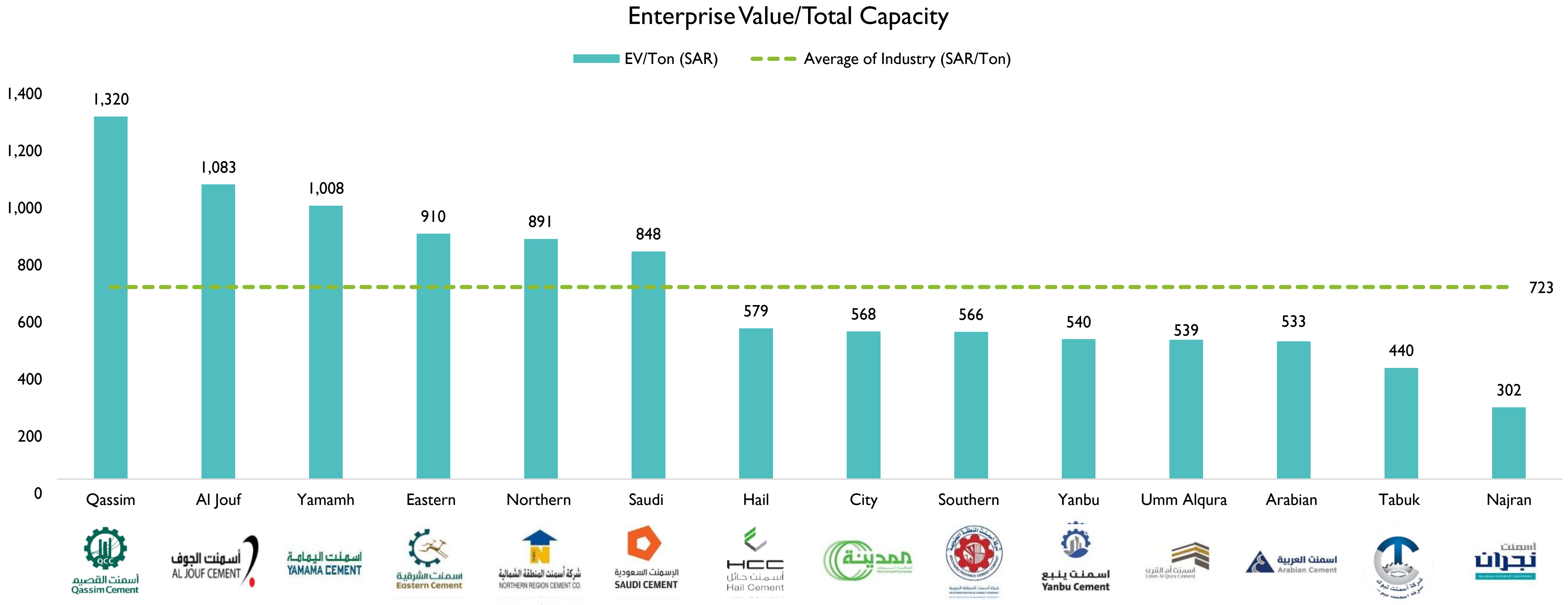
Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,320, followed by Al Jouf Cement with an EV/Ton of SAR 1,083. This can be compared to an average EV/Ton of 723 SAR for sector. Meanwhile, Tabuk Cement (SAR440) and Najran Cement (SAR302) trade at the lowest valuations relative to their peers.



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 31-10-2023.

Cement Sector YTD Performance

Four cement companies listed in TASI achieved positive returns on YTD basis, while ten achieved negative returns. Yamama Cement topped the list, achieving the highest performance with 7%.

Source: Bloomberg, Tharaa Financial Center
*Mkt Stock Price as closed in 31-10-2023

Disclaimer

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