Cement Sector
Monthly Tracker

Oct 2022

Tharaa Financial Center

Summary

Total Sales

In September-22 total sales showed a decrease of 2.5% MoM and an increase of 11.4% YoY basis to 5.03mn tons, highest in the past five years.

On a QoQ comparison, total cement sales grew by 10% in 3Q-2022 compared to 2Q-2022, with Southern (+52%), Yamama (+36%), and City (+27%) outperforming the industry's sales growth by a big margin.

Total sales for the current pending September-22 witnessed a decrease of 3.8% compared to the same period in the previous year.

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

Local deliveries

Local deliveries of cement showed a decrease MoM of 2.6%.On a YoY basis, domestic sales posted a 7.1% YoY jump.

Over all, momentum for local dispatch remained strong, with monthly sales faring close to the upper band of its 5-year range. Strong sales momentum in Sep-22 has contained the YTD decline to -3.1% YoY in 2022.

With 57% YTD growth, Yamama Cement's local sales trump its peers' thanks to the commissioning of the company's new plant.

Yamama Cement has made strong ripples with a 600 bps increase in market share (M/S) on a YTD basis. Most of the gain in M/S has come at the cost of medium-to-small players.

Exports

Export dispatches showed a decrease of 1.9% MoM and a massive jump of 43.4% YoY in Sep-22.On a YTD basis, exports have recorded a decrease of 3.7%.

The industry's exports stood at 773K tons in September-22, compared to 539K tons in September-21.

Twelve companies out of seventeen have been exporting (YTD Sep-22), compared to only ten companies for the same period last year.

Yanbu Cement Company topped the largest share of exports in YTD September-22 with 29% of the total exports.

Production

In September-22, cement production showed an increase of 2.7% MoM and a 13.7% YoY basis.

Cement inventory has decreased YTD Sep-22 by 18.3%.

The Clinker inventory remained unchanged in Sep-22 compared to the previous month while it increased by 3.6%on a YoY basis.

The capacity utilization for clinker was 87% in Sep-22 vs. 82% in Sep-21.

Prices

In Aug-22 Cement Prices showed a decline of 2% YoY and an increase 0.2% on MoM basis due to higher sales in the month.

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

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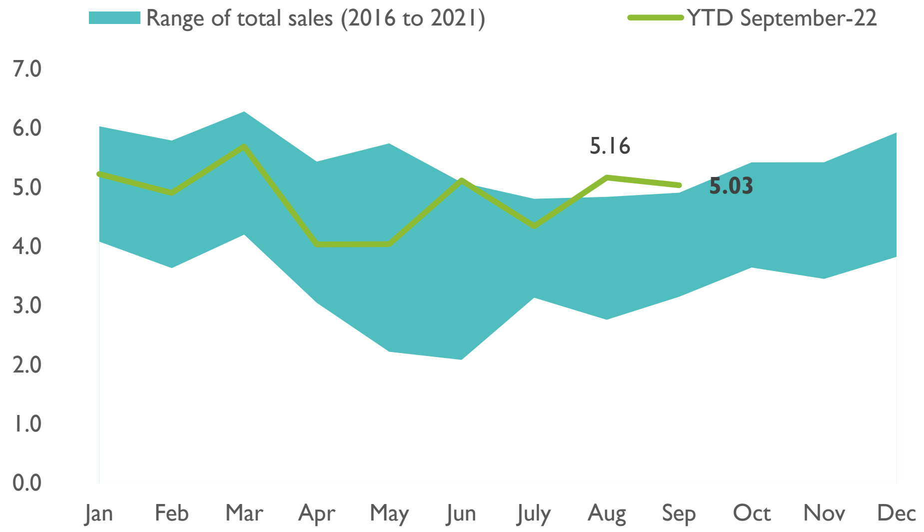
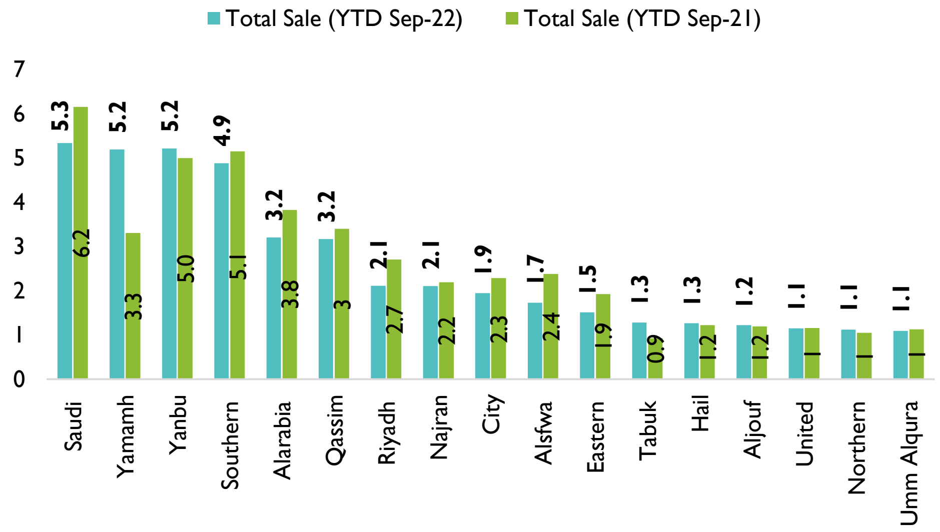
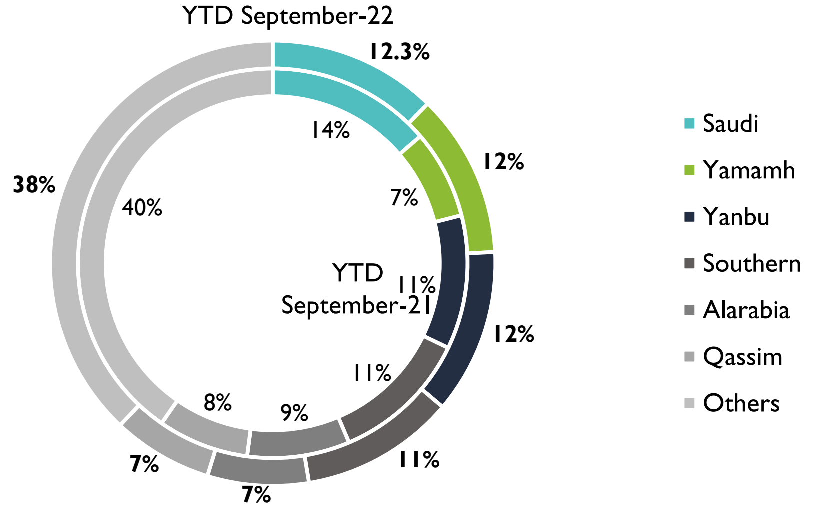
Total Sales (Local deliveries & Exports)



- In September-22 total sales showed a decrease of 2.5%MoM and an increase of 11.4% YoY basis to 5.03mn tons, highest in the past five years.
- On a QoQ comparison, total cement sales grew by 10% in 3Q-2022, with Southern (+52%), Yamama (+36%), and City (+27%) outperforming the industry sales growth by a big margin.
- Total sales for the current pending September-22 witnessed a decrease of 3.8% compared to the same period in the previous year.
- The Saudi Cement Company topped the sector in total sales with a marginal lead over Yamama Cement and Yanbu Cement.





Total Sales comparison on QoQ basis

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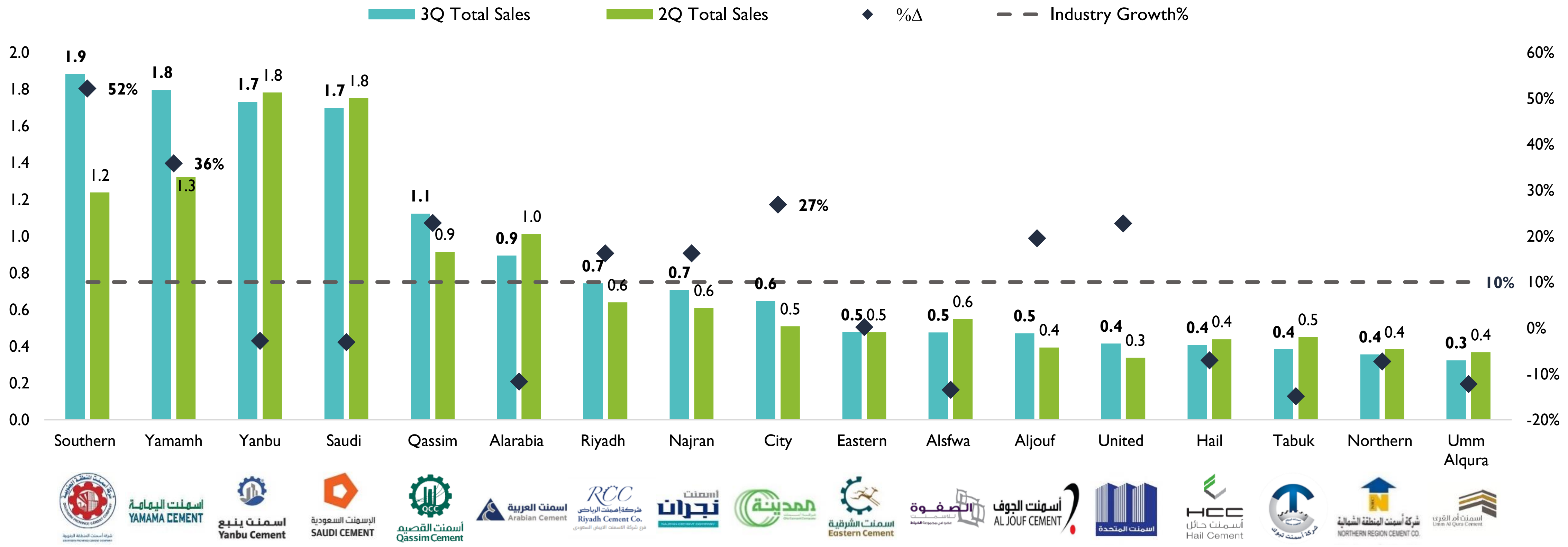
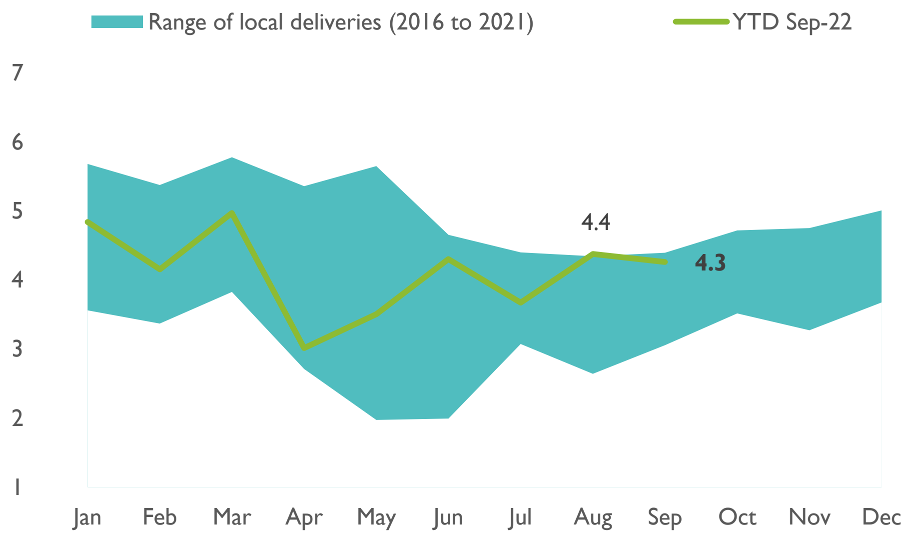
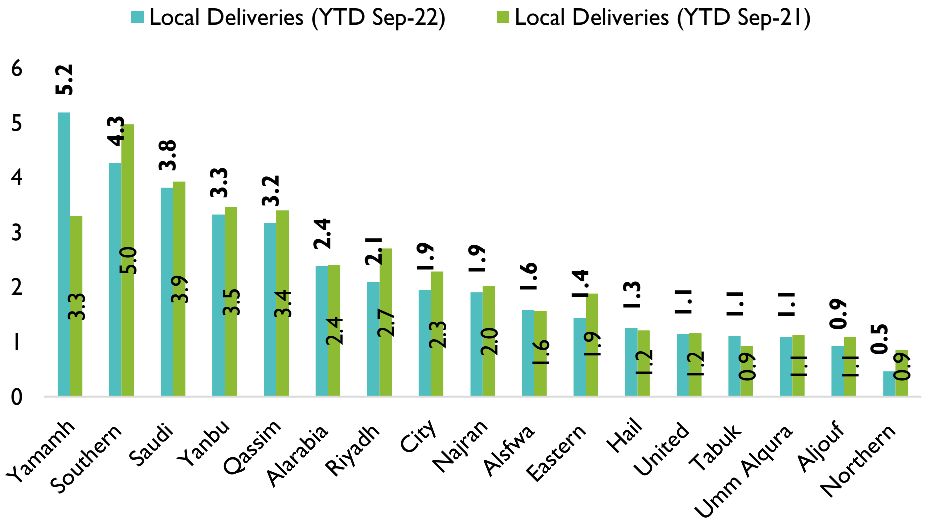
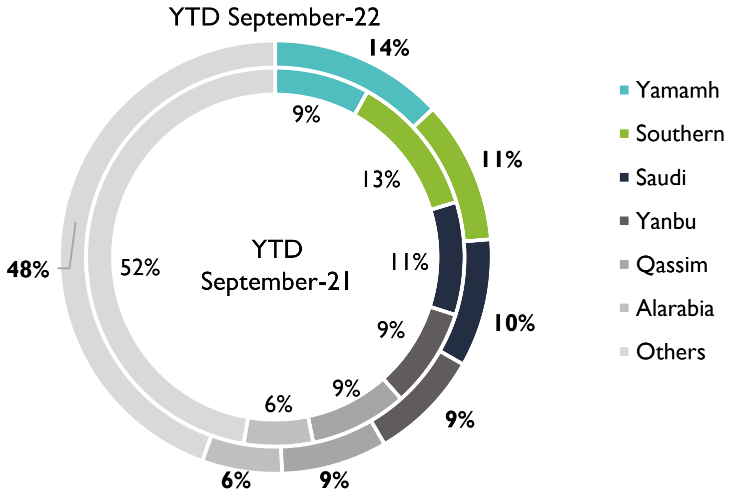


Local Cement Deliveries

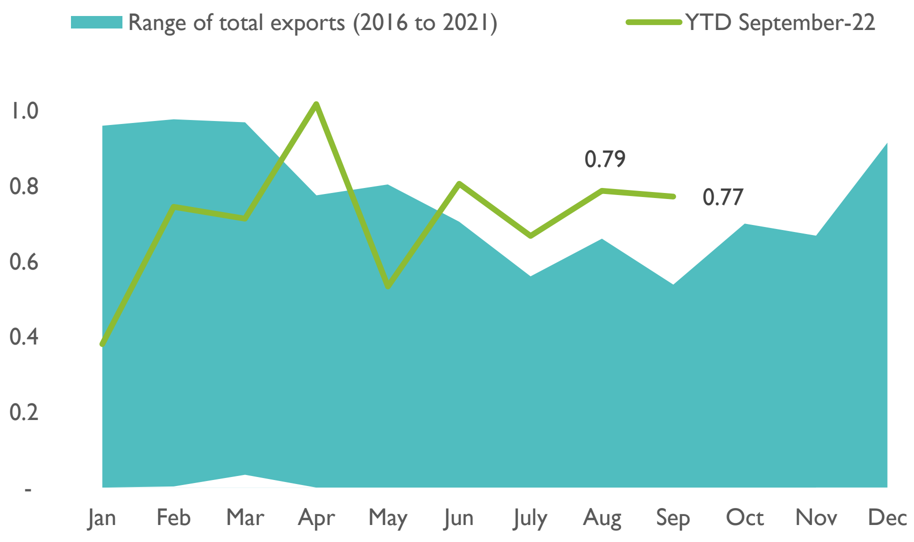


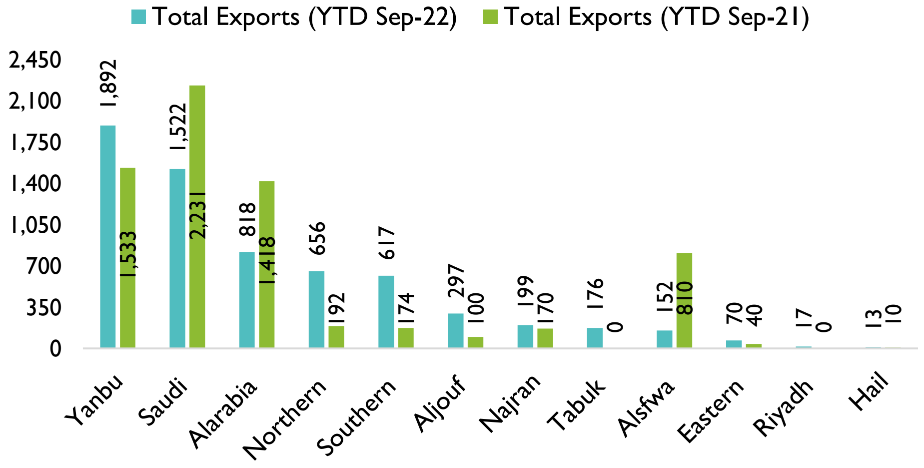
- Local deliveries of cement showed a decrease MoM of 2.6%. On a YoY basis, domestic sales posted a 7.1% YoY jump.
- *Overall, momentum for local despatch remained strong, with monthly sales faring close to the upper band of its 5-year range. Strong sales momentum in Sep-22 has contained the YTD decline to -3.1% YoY in 2022.*
- With 57% YTD growth, Yamama Cement's local sales trump its peers' thanks to the commissioning of the company's new plant.
- Yamama Cement has made strong ripples with a 600bps increase in market share (M/S) on a YTD basis. Most of the gain in M/S has come at the cost of medium-to-small players.





Export Dispatches





- Export dispatches showed a decrease of 1.9% MoM and a massive jump of 43.4% YoY in Sep-22. On a YTD basis, exports have recorded a decrease of 3.7%.
- The industry's exports stood at 773K tons in September-22, compared to 539K tons in September-21.
- Twelve companies out of seventeen have been exporting (YTD Sep-22), compared to only ten companies for the same period last year.
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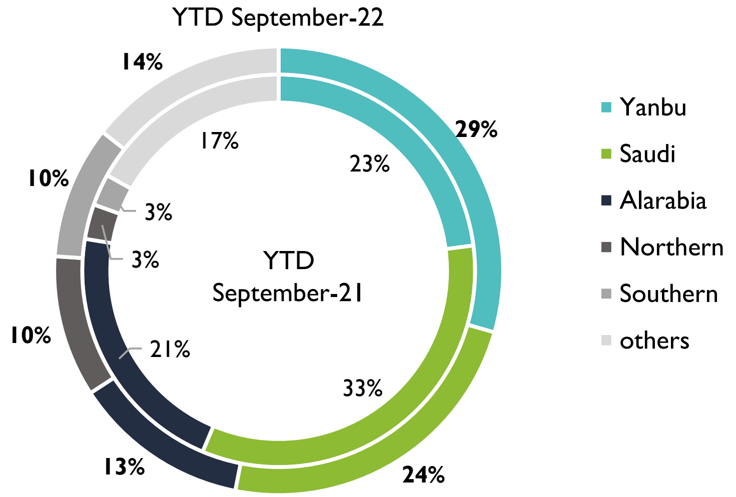
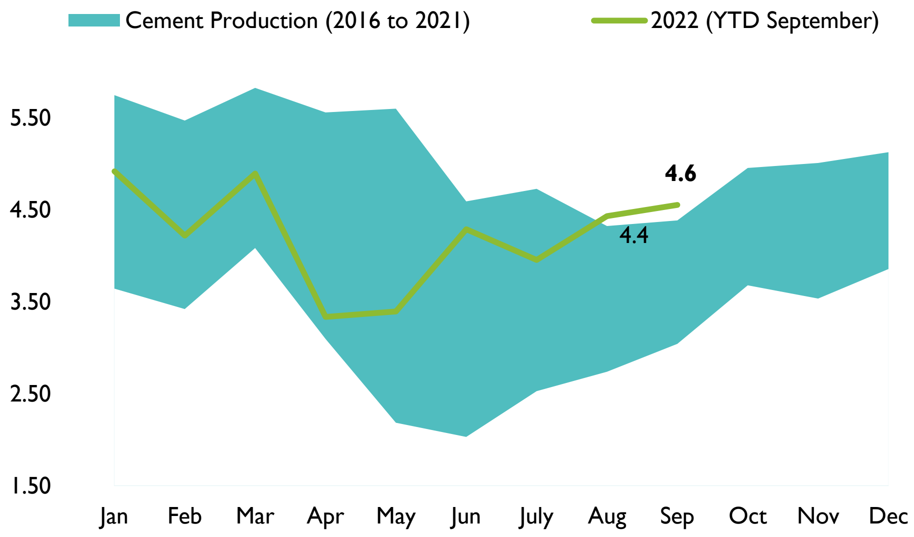


Cement Production



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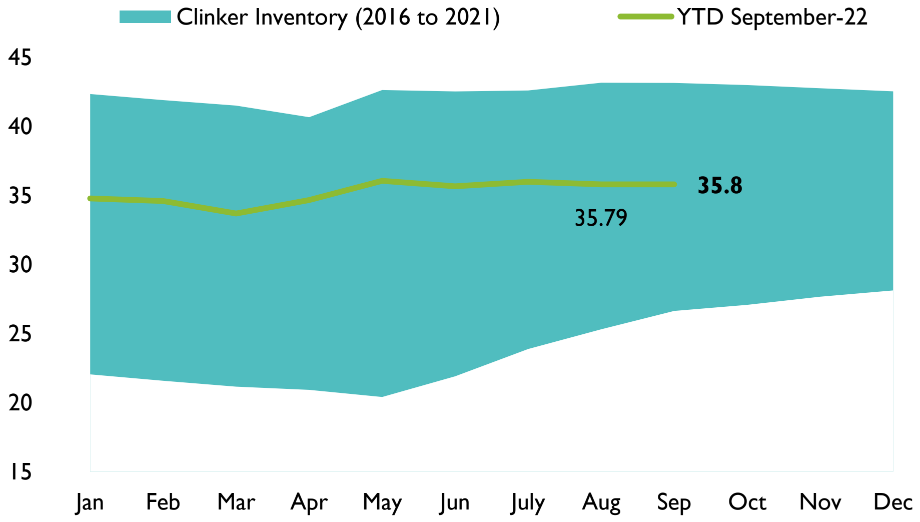

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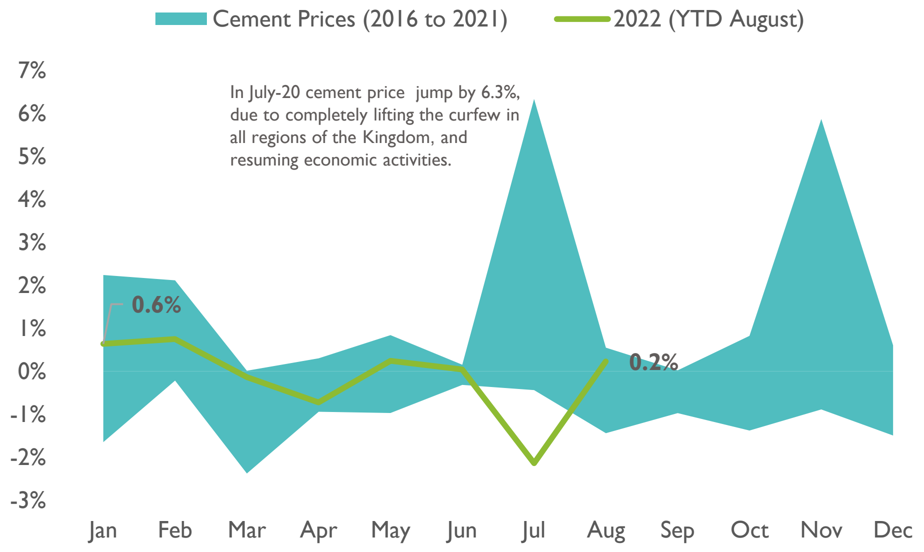
Cement Prices change (50kg)



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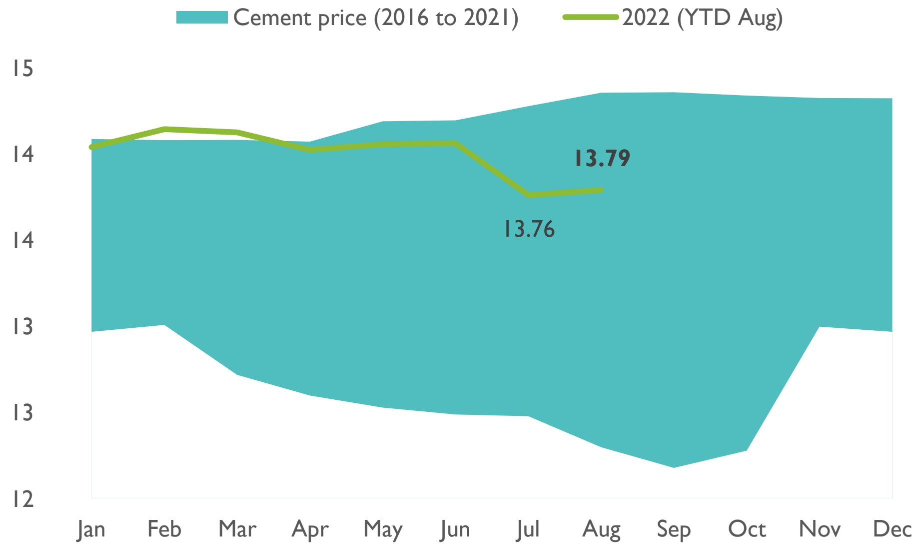
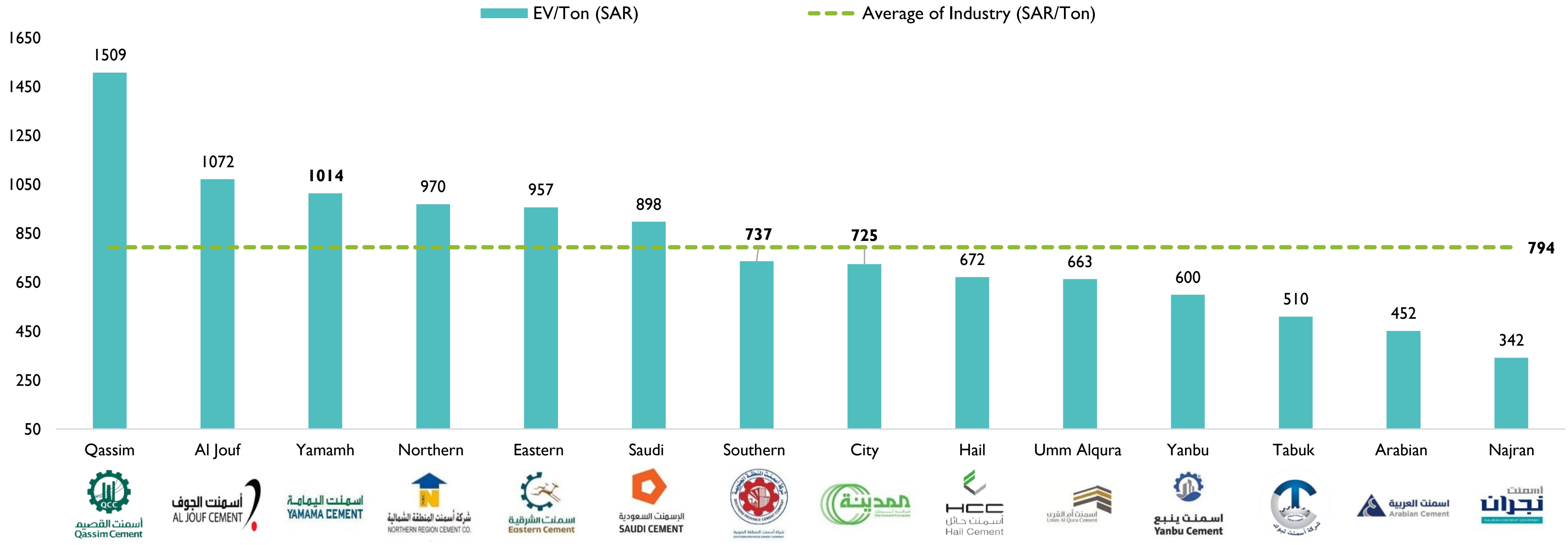


- Cement prices may move higher in 2H with likely stronger 2H for sales

Enterprise Value/Total Capacity

Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,509 followed by Al Jouf Cement with EV/Ton of SAR 1,072. Meanwhile, Najran Cement (SAR342) and Arabian Cement (SAR452) 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 10-10-2022.

Disclaimer

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