Cement Sector

Monthly Tracker (September)

October 2023

Tharaa Financial Center

Summary

Tharaa Financial Center

Total Sales

Total cement sales (Local+exports) jumped by 4.5% MoM (-4.9% YoY) in Sep‘23 to reach 4.8mn tons. On a YTD basis, total sales have decreased by -5.8%.

Saudi Cement Company topped the sector in total sales during September 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 1.3% MoM (-5.9% YoY) in Sep‘23 . On a YTD basis, local deliveries dropped by -6.9%.

With a 15% market share, Yamama Cement Company topped the sector in local dispatches during Sep’23.

Yamama Cement managed to maintain its overall leadership position with marginal increase in market share to 15% in Sep’23 vs 14% in Sep‘22.

Exports

Exports dispatches increased by 25% MoM and 0.4% YoY in Sep‘23. On a YTD basis, the total exports have increased by 1.0%.

The industry's exports stood at 776K tons in September 23, compared to 773K tons in September 22.

Saudi Cement Company recorded the highest market share of exports in Sep‘23 with 40% of the total exports.

Production

In Sep‘23, cement production showed an increase of 0.3% MoM, although it declined by -10.3% YoY.

Cement inventory showed a decline of -8.6% on a MoM basis in Sep‘23.

The Clinker inventory increased by 0.4% on a MoM And 10.9% on a YoY basis in Sep‘23.

The capacity utilization for clinker is estimated at 75.9% in Sep‘23 vs. 77.9% in Sep‘22 .

Prices

In Aug‘23, cement prices showed a decline of -4.2% YoY and -2.7% MoM basis.

In Aug‘23, cement prices declined to its lowest in 2023 by -2.7% compared to 0.2% In Aug‘22

Performance & Valuation

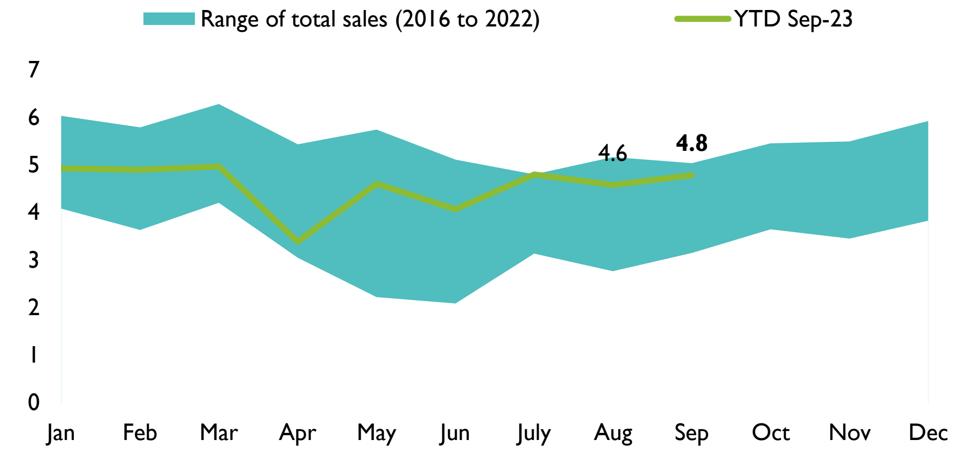
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,350, followed by Yamama Cement with an EV/Ton of SAR 1,129. This can be compared to an average EV/Ton of 766 SAR for sector. Meanwhile, Tabuk Cement (SAR452) and Najran Cement (SAR344) trade at the lowest valuations.

Eight cement companies listed in TASI achieved positive returns on a YTD basis, while five achieved negative returns. Yamama Cement topped the list, achieving the highest performance with 23%.

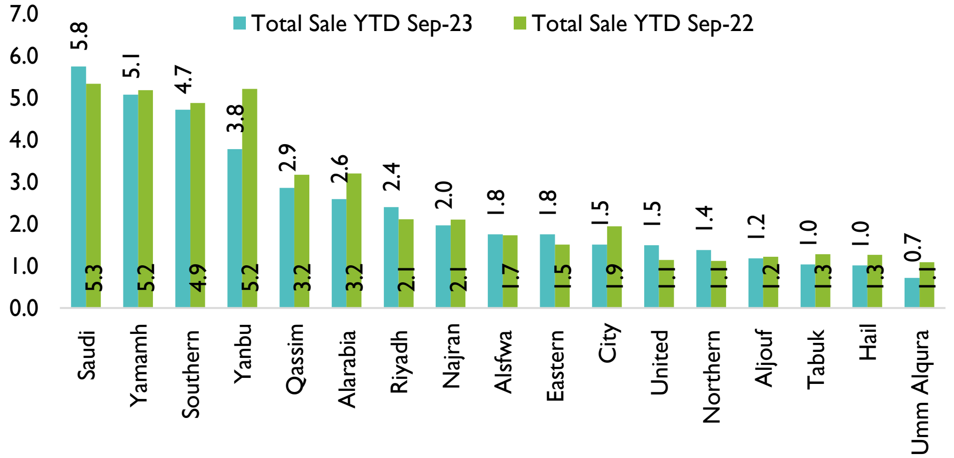
Total Sales (Local deliveries & Exports)

Tharaa Financial Center

Total Sales (Local+Exports, mnton)

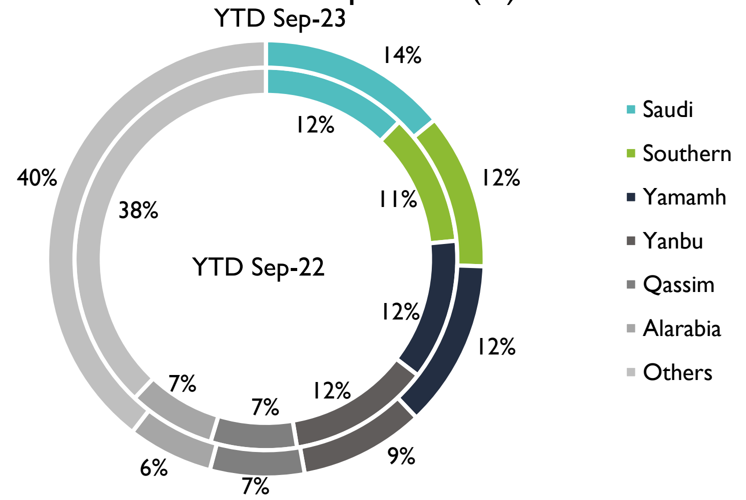


Company-wise Total Sale (mnton



- Total cement sales (Local+exports) jumped by 4.5% MoM (-4.9% YoY) in Sep'23 to reach 4.8mn tons. On a YTD basis, total sales have decreased by -5.8%.
- Saudi Cement Company topped the sector in total sales during September 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.

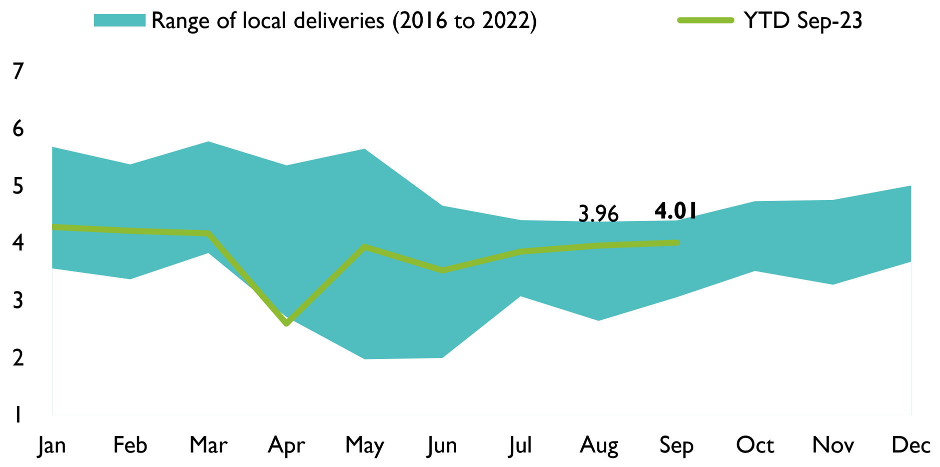
Market Share Comparison (%)



Source: Yamama Cement, Tharaa

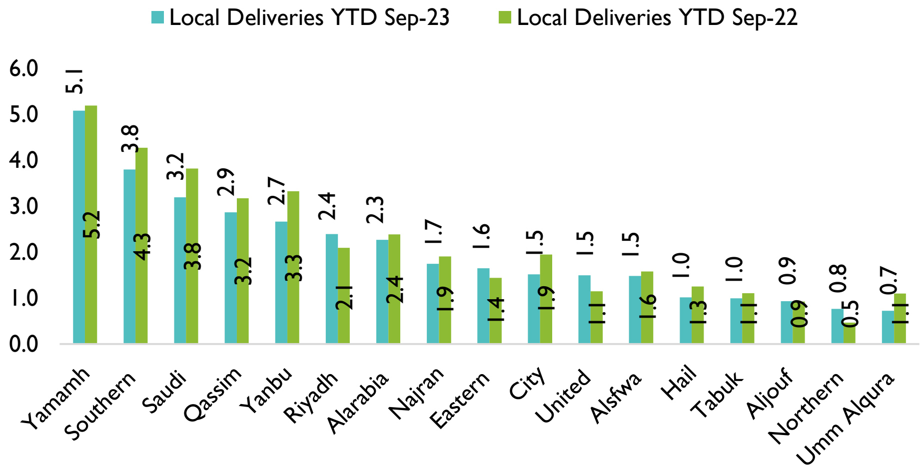
Local Cement Deliveries

Local Deliveries (mnton)



- Monthly local dispatches increased by 1.3% MoM (-5.9% YoY) in Sep'23 . On a YTD basis, local deliveries dropped by -6.9%.
- With a 15% market share, Yamama Cement Company topped the sector in local dispatches during Sep'23.
- Yamama Cement managed to maintain its overall leadership position with marginal increase in market share to 15% in Sep'23 vs 14% in Sep'22.

Company-wise local Deliveries (mnton)



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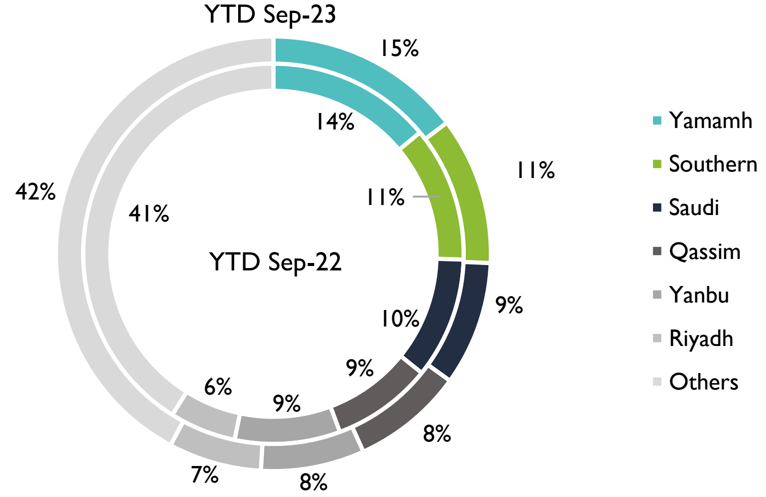
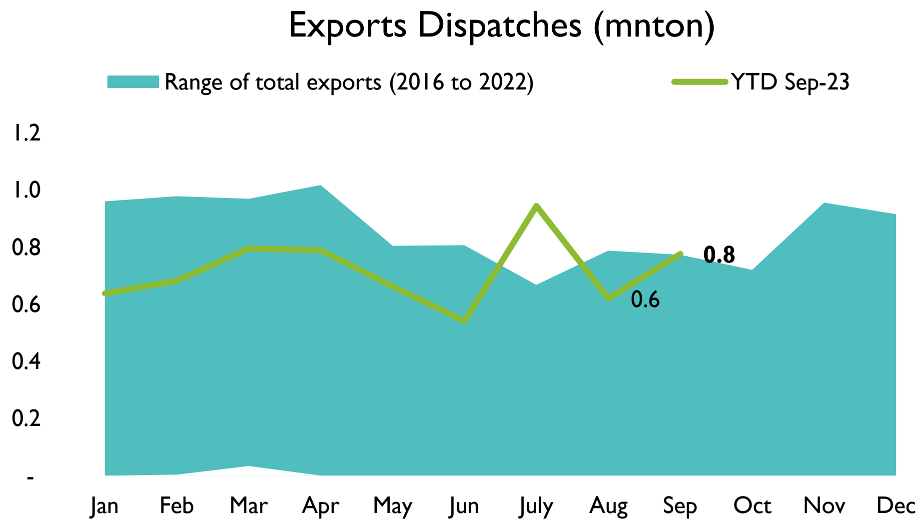
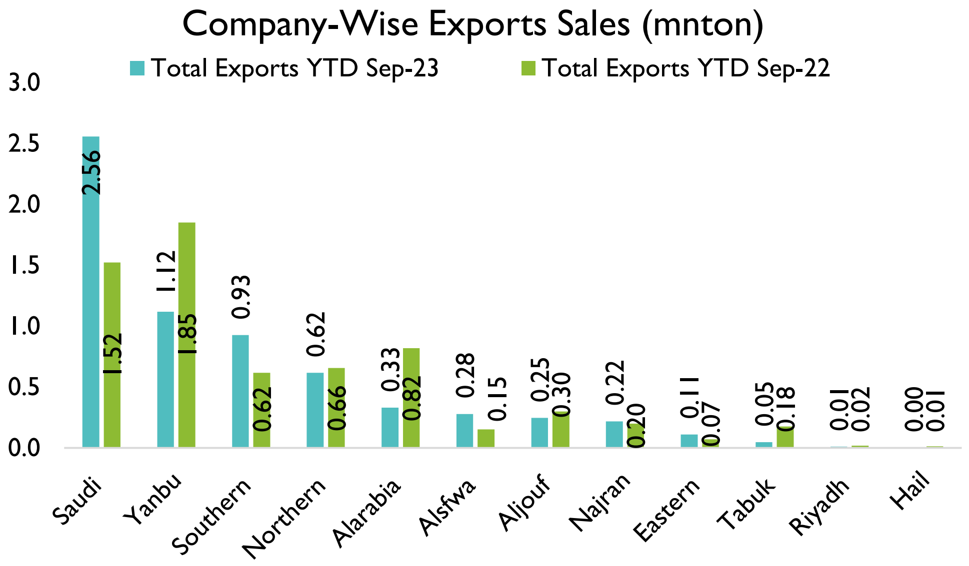


Source: Yamama Cement, Tharaa

Export Dispatches





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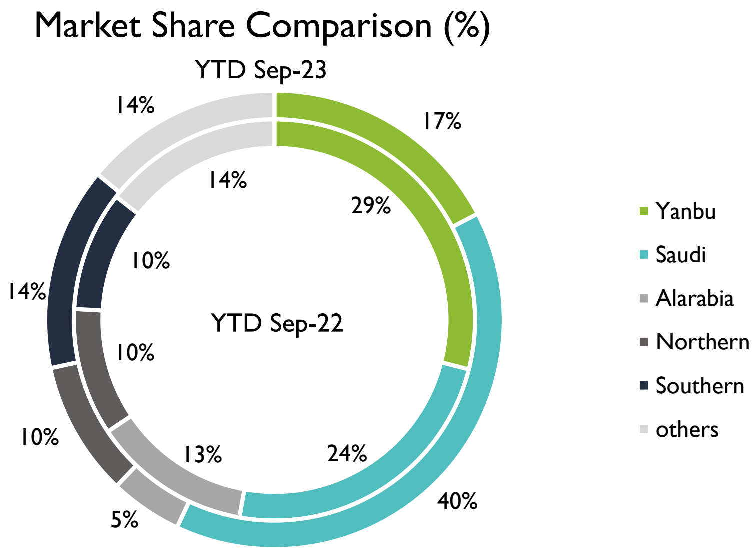
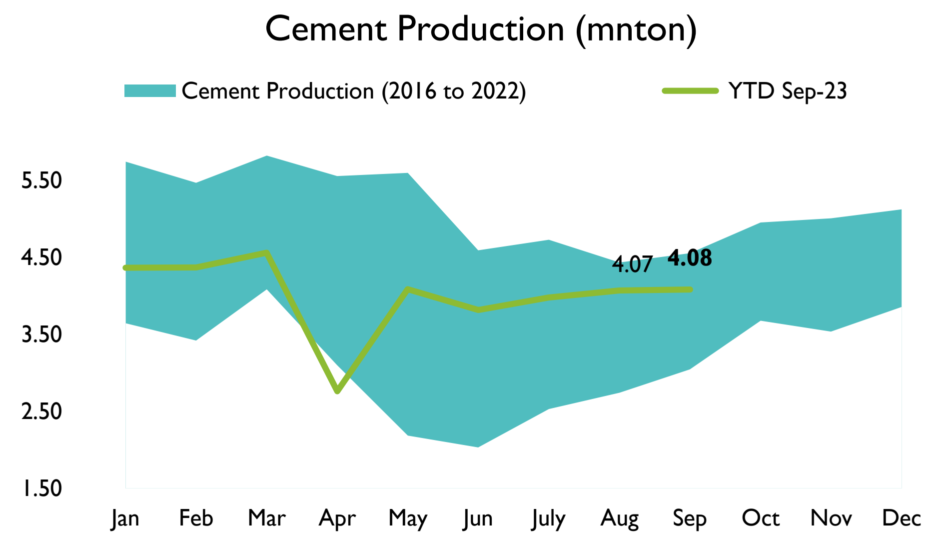


Source: Yamama Cement, Tharaa

Cement Production



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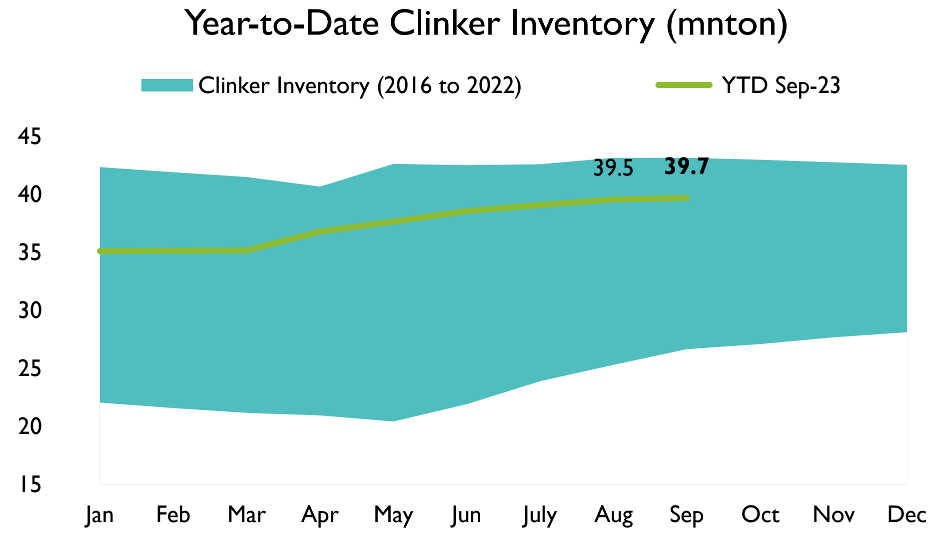
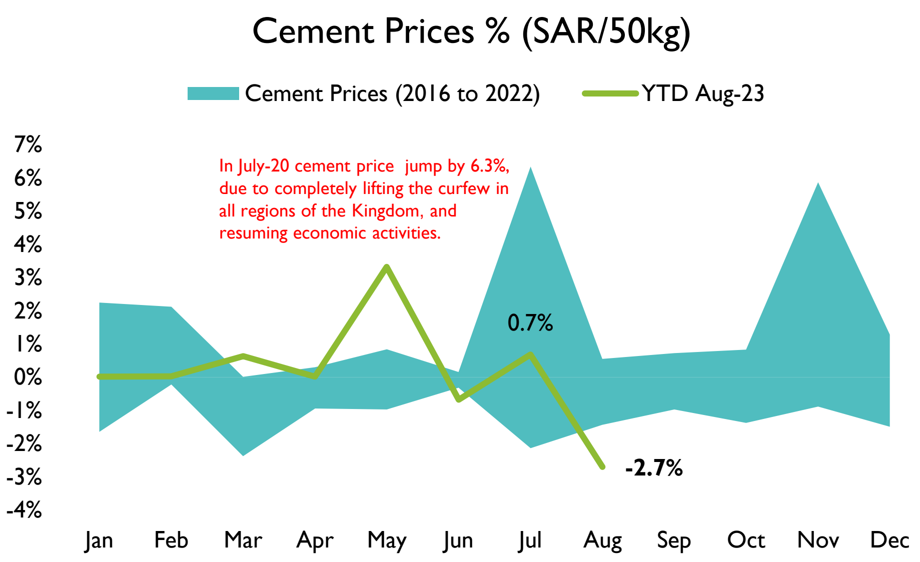


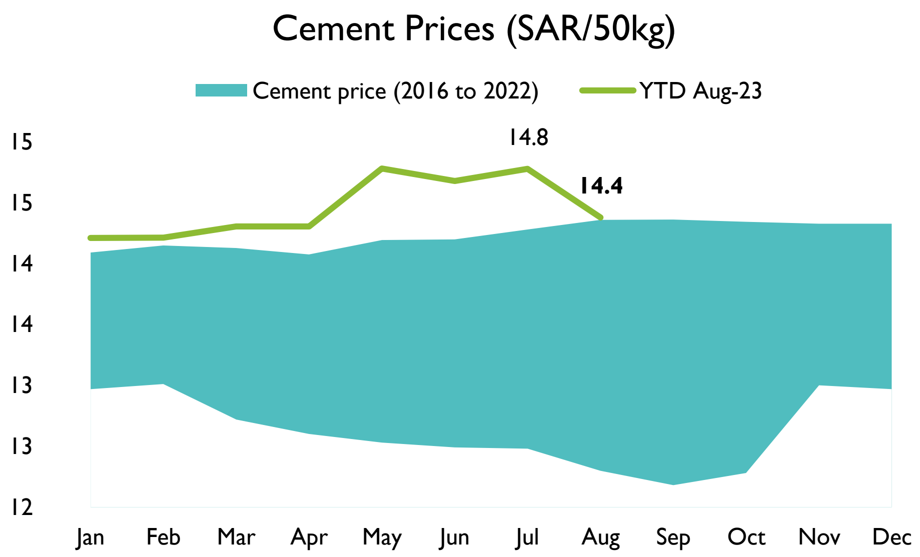
- The Clinker inventory increased by 0.4% on a MoM and 10.9% on a YoY basis in Sep'23.
- The capacity utilization for clinker is estimated at 75.9% in Sep'23 vs. 77.9% in Sep'22 .

Source: Yamama Cement, Tharaa

Cement Prices change (50kg)



- In Aug'23 , cement prices showed a decline of -4.2% YoY and -2.7% MoM basis.

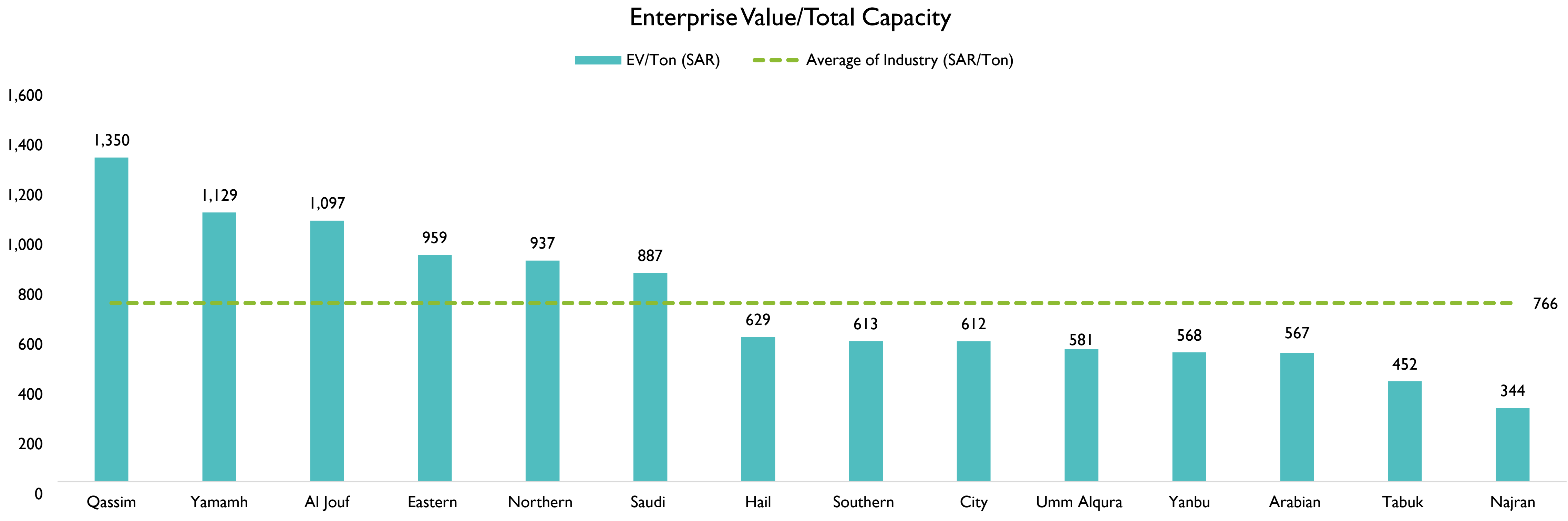


- In Aug'23, cement prices declined to its lowest in 2023 by -2.7% Compared to 0.2% In Aug '22

Source: Yamama Cement, Tharaa

Enterprise Value/Total Capacity

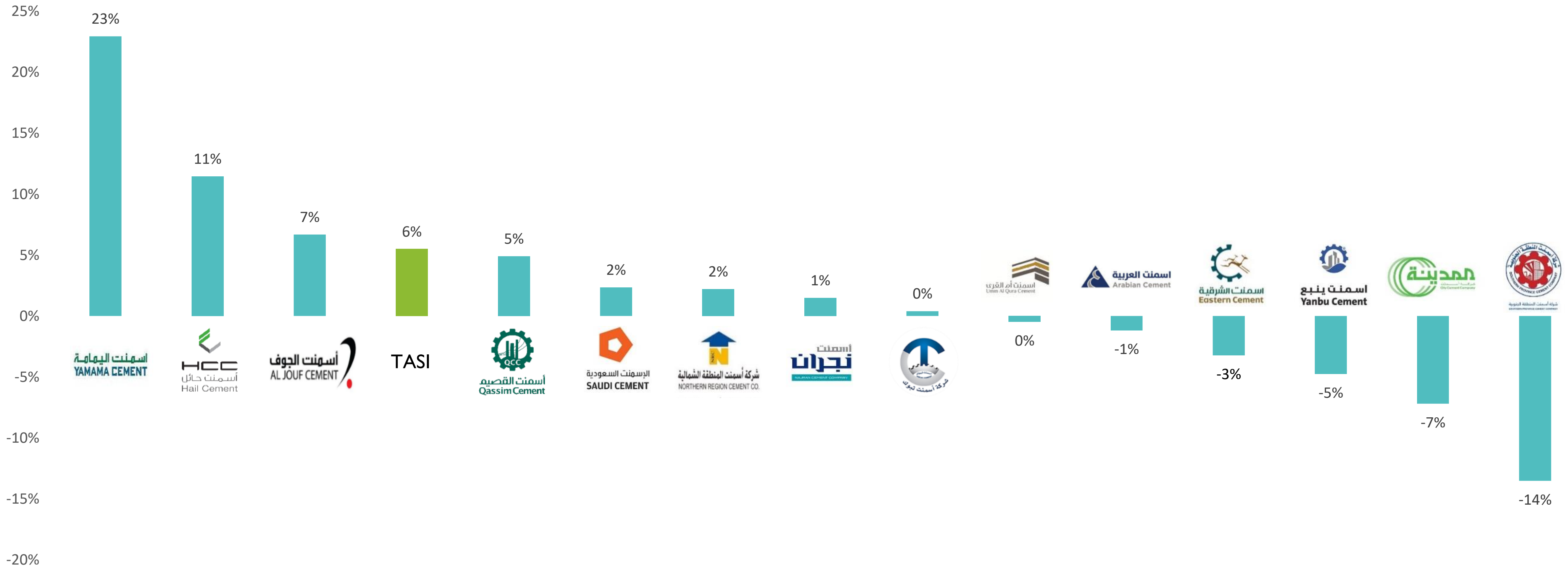
Among TASI-listed cement stocks, Qassim Cement trades at the highest EV/Ton of SAR 1,350, followed by Yamama Cement with an EV/Ton of SAR 1,129. This can be compared to an average EV/Ton of 766 SAR for sector. Meanwhile, Tabuk Cement (SAR452) and Najran Cement (SAR344) trade at the lowest valuations.



Source: Tadawul (Financial Statements End of 30 of June 2023 reports), Tharaa
**Enterprise Value: Equity Value + Debt(LT+ST) – (Cash + Liquid Assets)*
Mkt Stock Price as closed in 28-09-2023.

Cement Sector YTD Performance

Eight cement companies listed in TASI achieved positive returns on YTD basis, while five achieved negative returns. Yamama Cement topped the list, achieving the highest performance with 23%.



Source: Bloomberg, Tharaa Financial Center
*Mkt Stock Price as closed in 28-09-2023

Disclaimer

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