

الجزيرة كابيتال

الجزيرة للأسواق المالية ALJAZIRA CAPITAL



October
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Monthly Cement Dispatches Saudi Cement Sector | September 2024

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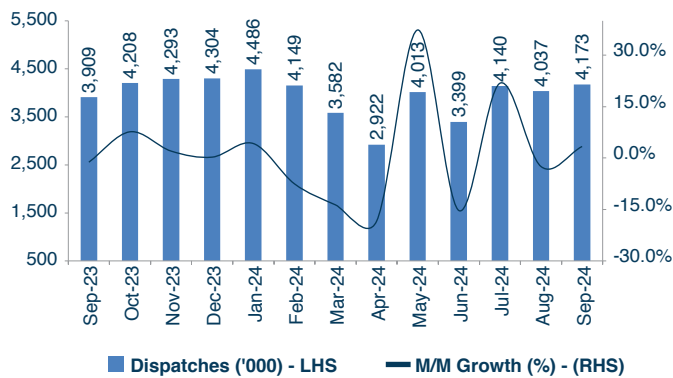
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Cement Dispatches for September 2024

Local cement sales show a 6.8%Y/Y increase in September-24, and 1.3% Y/Y growth during 9M-24. Inventory levels, however, sequentially reached new monthly highs for the past four months; and ending September at a high of 45.2MT: Domestic cement dispatches for the month of September-24 stood at 4.17mn tonnes, posting a 6.8% Y/Y increase from September-23 level of 3.91mn tonnes. Dispatches increased by 3.4% M/M. Total export dispatches stood at 447K tonnes compared to 776K tonnes in September-23, recording a steep decline of 57.6% on a Y/Y basis. Clinker inventories stood at 45.19mn tonnes in September-24; showing an increase of 13.9% Y/Y and 1.0% M/M, and recording another new high. In 9M-24, local cement sales grew slightly by 1.30% Y/Y, reaching 34.90mn tonnes, compared to 34.45mn tonnes in 9M-23. Meanwhile, Cement and Clinker export sales in 9M-24 reached 4.70mn tonnes, a decrease of 27.19% from the 6.45mn tonnes recorded during 9M-23. Qassim Cement now leads with the highest market share among its peers at 12.7% as of 9M-24 after acquiring Hail Cement, up from 8.4% during the same period last year. Yamama Cement held the second highest market share among the sector at 12%. Sector sales/clinker production ratio stood at 97% during September-24, where Riyadh Cement registered the highest ratio at 307%.

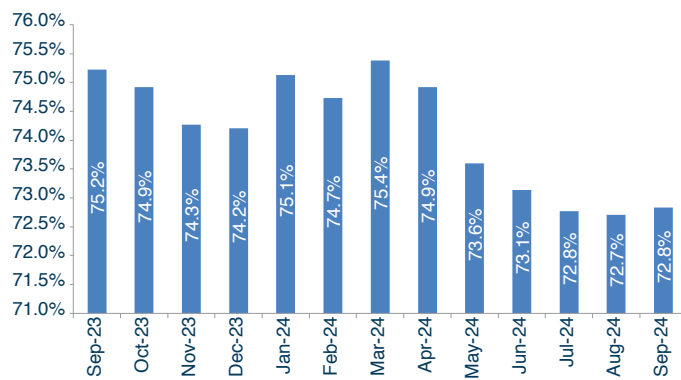
Figure 1: Change in Cement Dispatches (Domestic Sales)



Source: Yamama Cement, AlJazira Capital Research

Domestic cement dispatches increased by 6.8% Y/Y to 4.17MT during September-24, and by 3.4% on a monthly basis in September 2024.

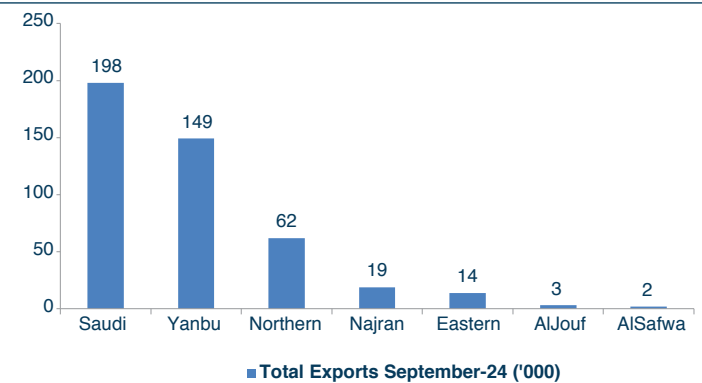
Figure 3: Utilization Rate (TTM)



Source: Yamama Cement, AlJazira Capital Research

The total utilization rate (TTM) of the cement sector in Saudi Arabia stood at 72.8%, an increase of 12.8bps M/M, and a decrease of 238.5bps compared to September-23.

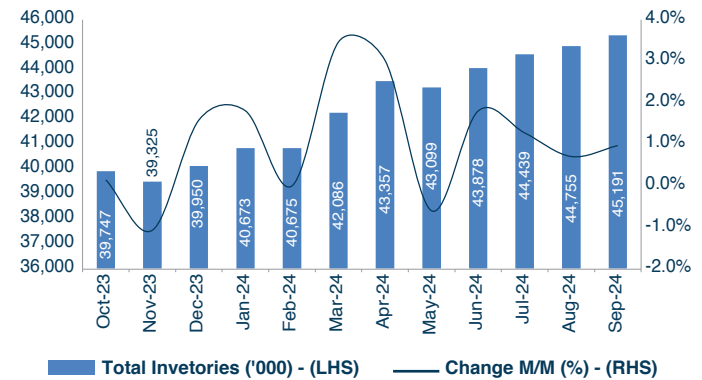
Figure 2: Cement and Clinker Exports for September-24 ('000)



Source: Yamama Cement, AlJazira Capital Research

Cement and clinker exports have reached 447K tonnes in September-24 compared to 776K tonnes in September-23, recording a high drop of 57.6% on a Y/Y basis. **Saudi cement** and **Yanbu Cement** recorded the highest export sales at 198KT and 149KT, respectively.

Figure 4: Change in Clinker Inventories ('000)



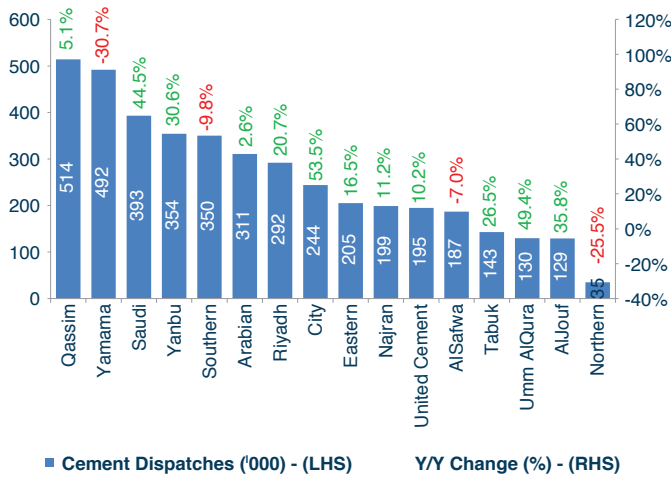
Source: Yamama Cement, AlJazira Capital Research

At the end of September-24, clinker inventories stood at 45.19mn tonnes, recording an increase of 13.9% Y/Y and 1.0% M/M.





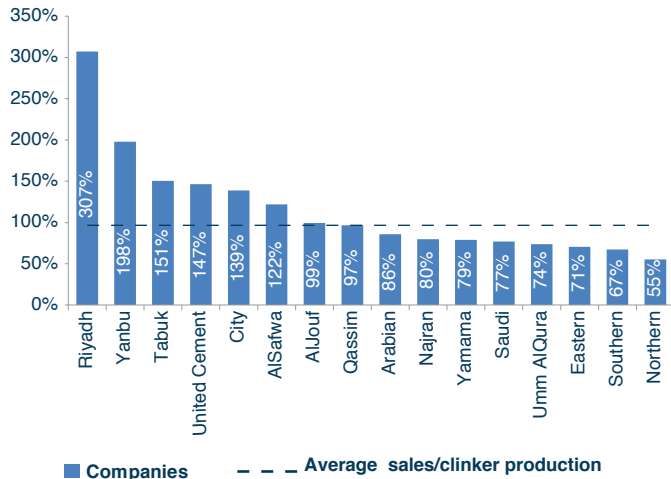
Figure 5: Cement and Clinker Dispatches for September-24 (Domestic Sales)



Source: Yamama Cement, AlJazira Capital Research, Qassim Cement's figures incorporate Hail Cement's data.

City Cement and **Umm Al-Qura Cement** recorded the highest increases in dispatches by 53.5% Y/Y and 49.4% Y/Y, respectively. On the other hand, **Yamama Cement** and **Northern Cement** recorded the largest declines of 30.7% Y/Y and 25.5% Y/Y, respectively.

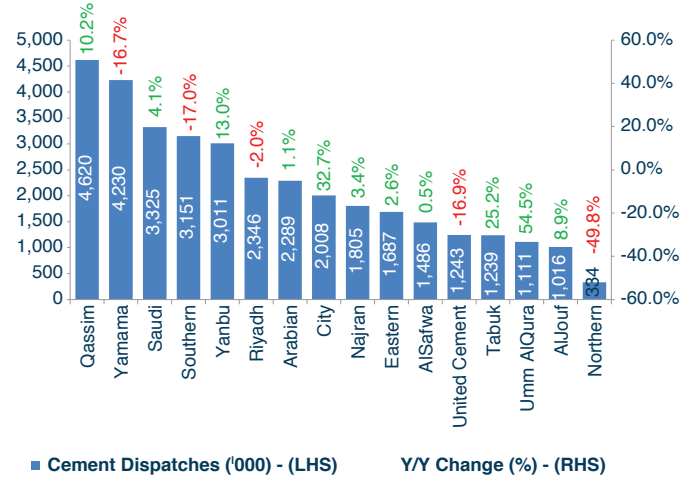
Figure 7: Sales / Clinker Production for September-24



Source: Yamama Cement, AlJazira Capital Research, Qassim Cement's figures incorporate Hail Cement's data.

Riyadh Cement and **Yanbu Cement** showed the highest sales/clinker production ratios of 307% and 198%, respectively. On the other hand, **Northern Cement** and **Southern Cement** recorded the lowest sales/clinker production ratios of 55% and 67%, respectively.

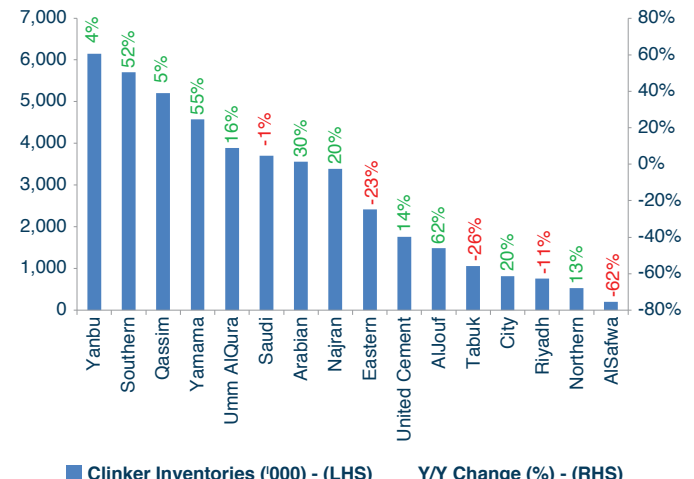
Figure 6: Cement and Clinker Dispatches for 9M-24 (Domestic Sales)



Source: Yamama Cement, AlJazira Capital Research, Qassim Cement's figures incorporate Hail Cement's data.

For 9M-24, **Umm Al-Qura Cement** and **City Cement** recorded the highest increase in dispatches by 54.5% Y/Y and 32.7% Y/Y, respectively. Meanwhile, **Northern Cement** and **Southern Cement** posted declines of 49.8% Y/Y and 17.0% Y/Y, respectively.

Figure 8: Clinker Inventories – September-24 ('000)



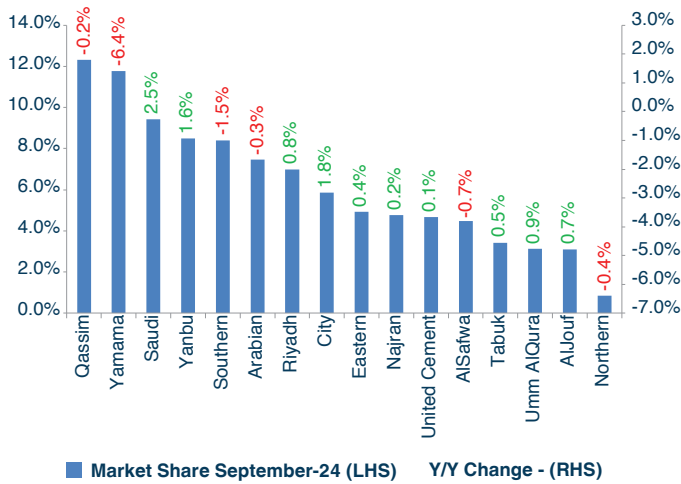
Source: Yamama Cement, AlJazira Capital Research, Qassim Cement's figures incorporate Hail Cement's data.

Inventory levels of **AlSafwa Cement** and **Tabuk Cement** declined by 62% Y/Y, 26% Y/Y respectively. On the other hand, **AlJouf Cement** and **Yamama Cement** both posted the highest increase in their inventory levels of 62% Y/Y and 55%, respectively.





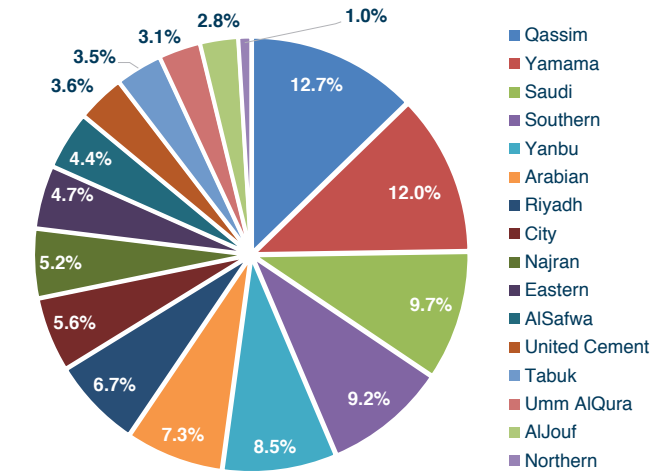
Figure 9: Market Share – September-24 (Domestic Sales)



Source: Yamama Cement, Aljazira Capital Research, Qassim Cement's figures incorporate Hail Cement's data.

Qassim Cement and **Yamama Cement** recorded the highest market share in September-24 of 12.3% and 11.8%, respectively. Meanwhile, **Northern Cement** bottomed the list with a market share of 0.8%, followed by **AlJouf Cement** with a market share of 3.1%. **Qassim Cement's** market share decreased by 19.2bps Y/Y while **Yamama Cement's** market share decreased by 637.3bps Y/Y.

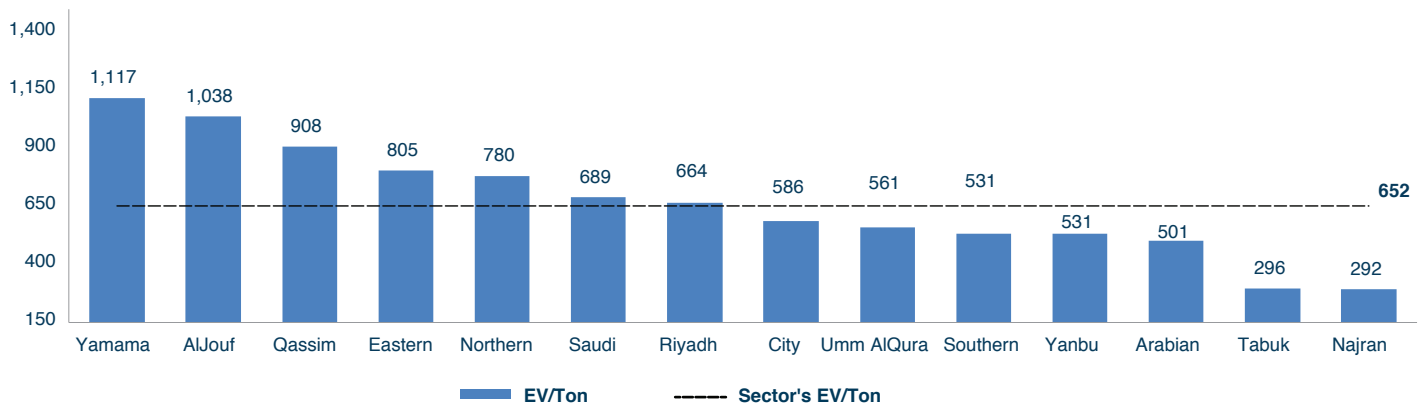
Figure 10: Market Share TTM



Source: Yamama Cement, Aljazira Capital Research, Qassim Cement's figures incorporate Hail Cement's data.

On a TTM basis, **Qassim cement** and **Yamama Cement** recorded the highest market share of 12.7% and 12.0%, respectively. Followed by **Saudi Cement** with a market share of 9.7%.

Figure 11: EV / Tonne



Source: Bloomberg, Yamama Cement, Aljazira Capital Research, Qassim Cement's figures incorporate Hail Cement's data.

Yamama Cement recorded the highest EV/Ton of SAR 1,117, followed by **AlJouf Cement** with an EV/Ton of SAR 1,038. Meanwhile, **Najran Cement** and **Tabuk Cement** both recorded the lowest EV/Ton of SAR 292 and SAR 296, respectively.





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3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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