

A photograph of the Aljouf Cement Company industrial facility. The scene features several large, cylindrical silos and complex piping structures under a clear blue sky. In the foreground, there is a vibrant flower bed with yellow, orange, and pink flowers. A blue truck is visible in the middle ground, and a tall light pole stands near the center. The overall atmosphere is bright and clear.

**Aljouf Cement Company**

**Earnings Call Nov 2023**

**Turning Around & Continuous Improvement**

# Earnings Call Nov 023

- ❑ **Profile Summary**
- ❑ **Highlights Q3 2023**

# Disclaimer

This presentation consists of company's historical data and future strategy. Any statement which uses the word of plan, strategy, expectations, belief, anticipate, estimate related to future are all our assumptions about the future. These include, but not limited to, statements about the strategy for growth, market position, expenditures, and financial results, and are all forward looking statements.

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# Profile Summary



## History & Background

Established in 2006, Al Jouf Cement Company ("JCC" or the "Company") is a public joint stock company listed on Tadawul. The Company is engaged in production, wholesale and retail trade of cement through a production factory located in Turaif in northern part of the Kingdom



## About the Business

The Company is engaged in manufacturing ordinary cement (portland), salt-resistant cement, white cement, agglomerated cement (clinker) and pozzolanic cement, and is considered to be one of the largest cement manufacturers in the Northern Region of Saudi Arabia



## Key Products & Uses

### Ordinary Portland Cement (OPC)

Most common type of cement used in construction and concrete foundations. Used in civil and real estate projects

### Sulphate Resistant Cement (SRC)

Special type of cement with sulphate content lower than 5.0%. Used in chemical and fertilizer factories and underground construction

### Portland Pozzolana Cement (PPC)

Mixture of OPC and Pozzolana (clay matter) ground with gypsum. Used in hydraulic concrete and marine structures



## Substantial Shareholders

Rassanah Funds for Basic Materials

**5.45%**

Soliman Bin Saleh Almohileb & his Sons Holding Company

**5.09%**



## Production Lines

**Production Line 1**  
5,000 Tons of Clinker per day

**Production Line 2**  
5,000 Tons of Clinker per day

**Total Capacity**

**10,000 Tons**





# Profile Summary

## Diversity of Experiences & Qualification & Background

### **Abdullah bin Odeh Al-Anzi** *Chairman*

- Over 28 years of experience serving in executive positions
- Replaced Mr. Mohammed bin Saeed Attia as Chairman of the Board effective July 1st 2022

### **Abdulaziz bin Abdullah Kaki** *Non-Executive*

- Chairman of Board of Saudi International Trade and Marketing Company
- Member of Board of Lacto Egypt and Nubaria Seed Production Company

### **Ahmed bin Mohammed Alfaleh** *Deputy Chairman - Independent*

- Member of the Board of Directors for Herfy food services Co
- Member of the Board of Directors for Mosa bin Abdulaziz al Mosa and Sons Real Estate Holding Group

### **Saud bin Abdullah Al Bawardi** *Independent member*

- Board member of Zain Company
- CEO of the United Company
- Previous Board Member of Yaqeen Capita

### **Abdulrahman bin Suliman Al Odan** *Independent member*

- Investments export, Saudi Electricity Company
- Previous Assistant manager of private equity funds at Derayah Financial

### **Abdullah bin Abdulaziz Alznaedi** *Independent member*

- CEO of the Explosives Sector at the Saudi Chemical Company
- Member of Board of Al-Balad Trading and Methanol Chemicals Company (Chemanol)

### **Abdulkarim Al Nuhayer** *Executive*

- Previous member of the Board of Directors of "Thimar Development Holding Company"
- Member of the Saudi-Egyptian Business Council

# Profile Summary

## Diversity of Experiences & Qualification & Background

### Abdulkarim Al Nuhayer *Chief Executive Officer*

- **Qualification:** Bachelor's degree of Industrial Management and Master's in Business Administration.
- **Experience:** 15+ years of experience in leadership positions board memberships in joint-stock and private companies
- **Previous employment:** Regional Director - Saudi Ceramics, and VP of the Saudi Paper Manufacturing Group

### Alabbas Almusaed *Chief Financial Officer*

- **Qualification:** Bachelor's and Master's degree in Accounting
- **Experience:** 10+ years of experience in leadership positions in joint stock and private companies
- **Previous employment:** Director of finance - The Helicopter Company (PIF), and CFO of Al-Khorayef Companies

### Eng. Adel Awadh Al Anazi *VP - Operations*

- **Qualification:** Bachelor's degree in Chemical Engineering
- **Experience:** 15+ years of experience in the cement industry
- **Previous employment:** Head of Furnace Unit - Tabuk Cement Company

### Eng. Waleed Abdulaziz Alshouair *VP - Sales and Marketing*

- **Qualification:** Bachelor's degree in Agricultural Engineering
- **Experience:** 22 years of experience in agriculture and manufacturing companies.
- **Previous employment:** General manager of Al-Khorayef Companies and Al-Jomaih Companies

### Hamed Saeed Al-Ghamdi *Finance Director*

- **Experience:** 15+ years of experience in the cement industry
- **Previous employment:** Arabian Cement Company



# Highlights 2023



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# Profile Summary

More than 460 Initiatives



- Maximize shareholders' benefits
- Increase market share
- Improve corporate image
- Improve processes
- Improve work environment

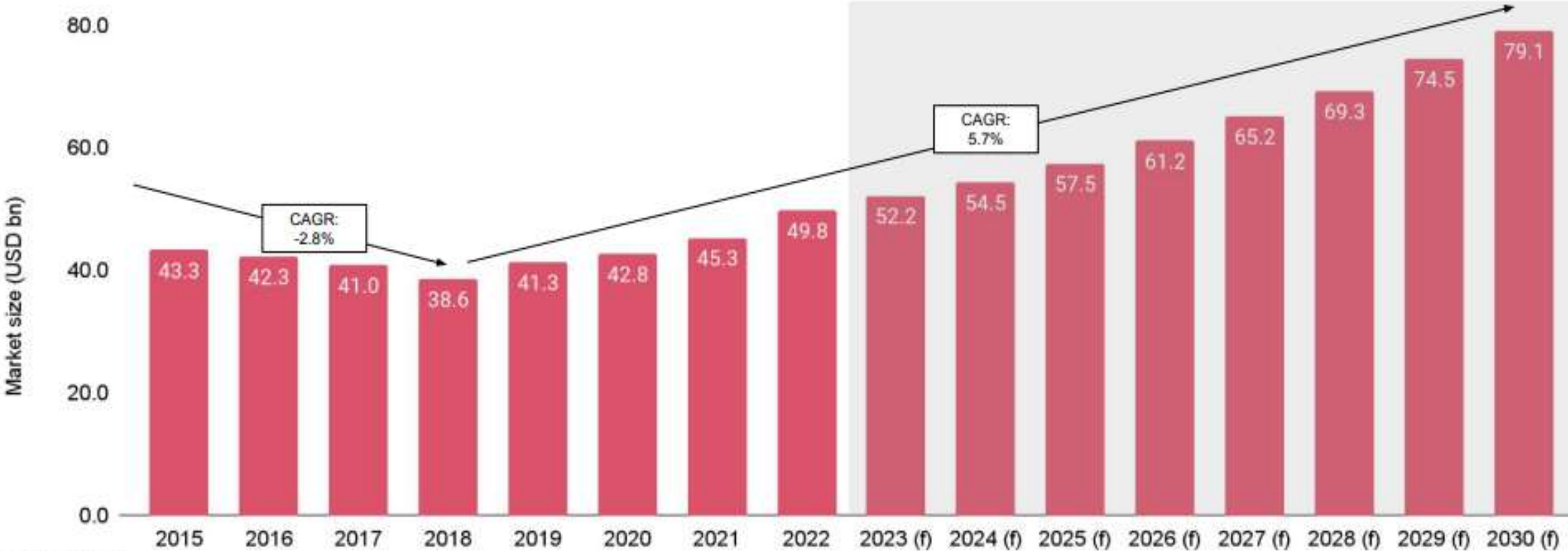
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# Market Demand

Expected an annual growth 5.7% in construction industry

Saudi Arabia's Construction Industry Value (USD in bn), 2015-2032F

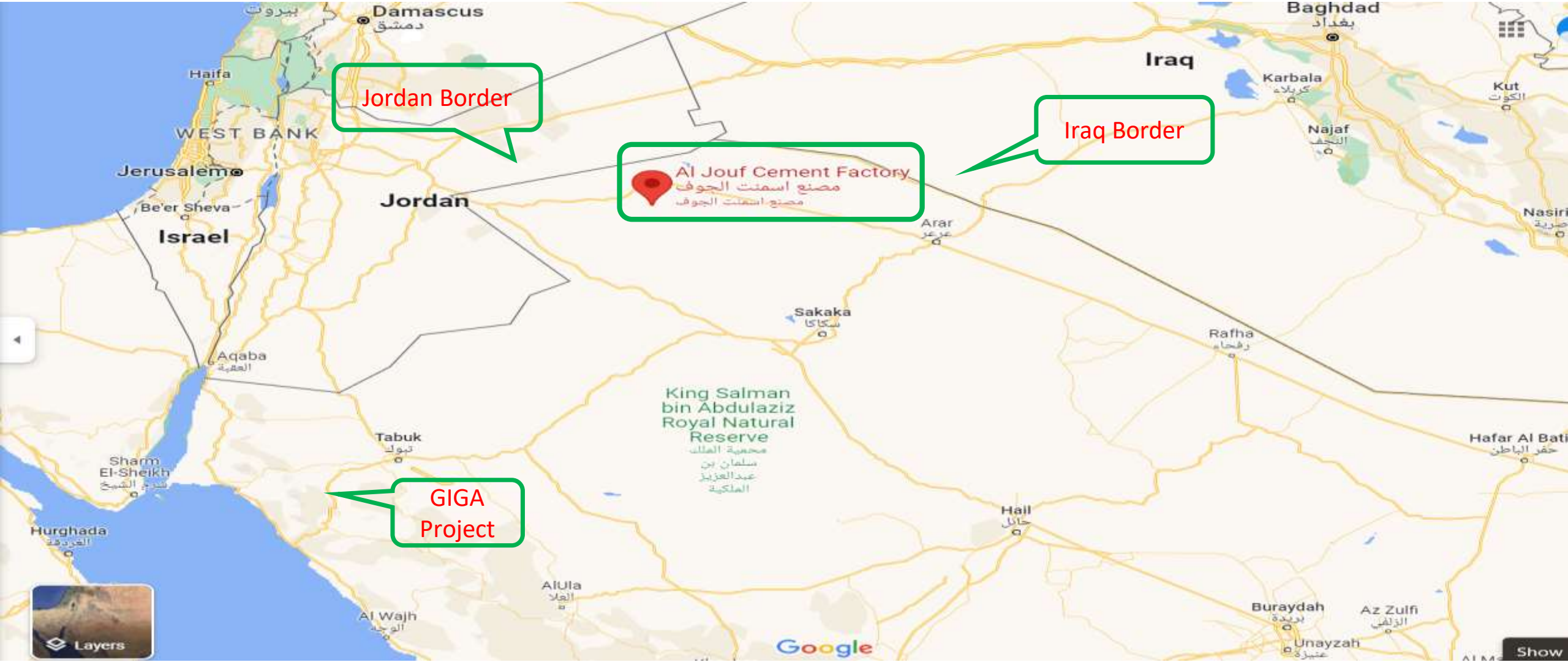


Source: Fitch Solutions

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# Geographical Positioning

Aljouf cement location is an advantage: closed to GIGA projects, Iraq, Jordan, Syria borders

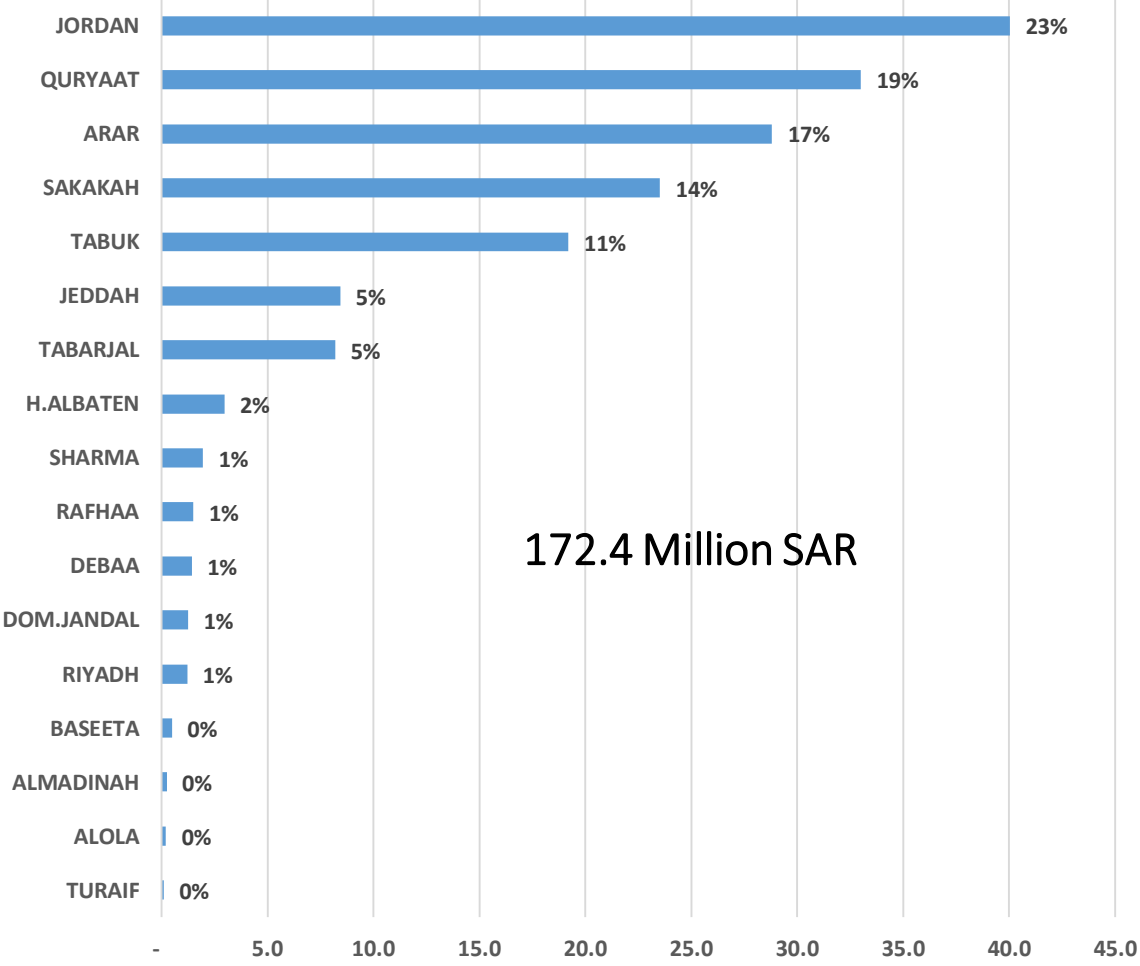




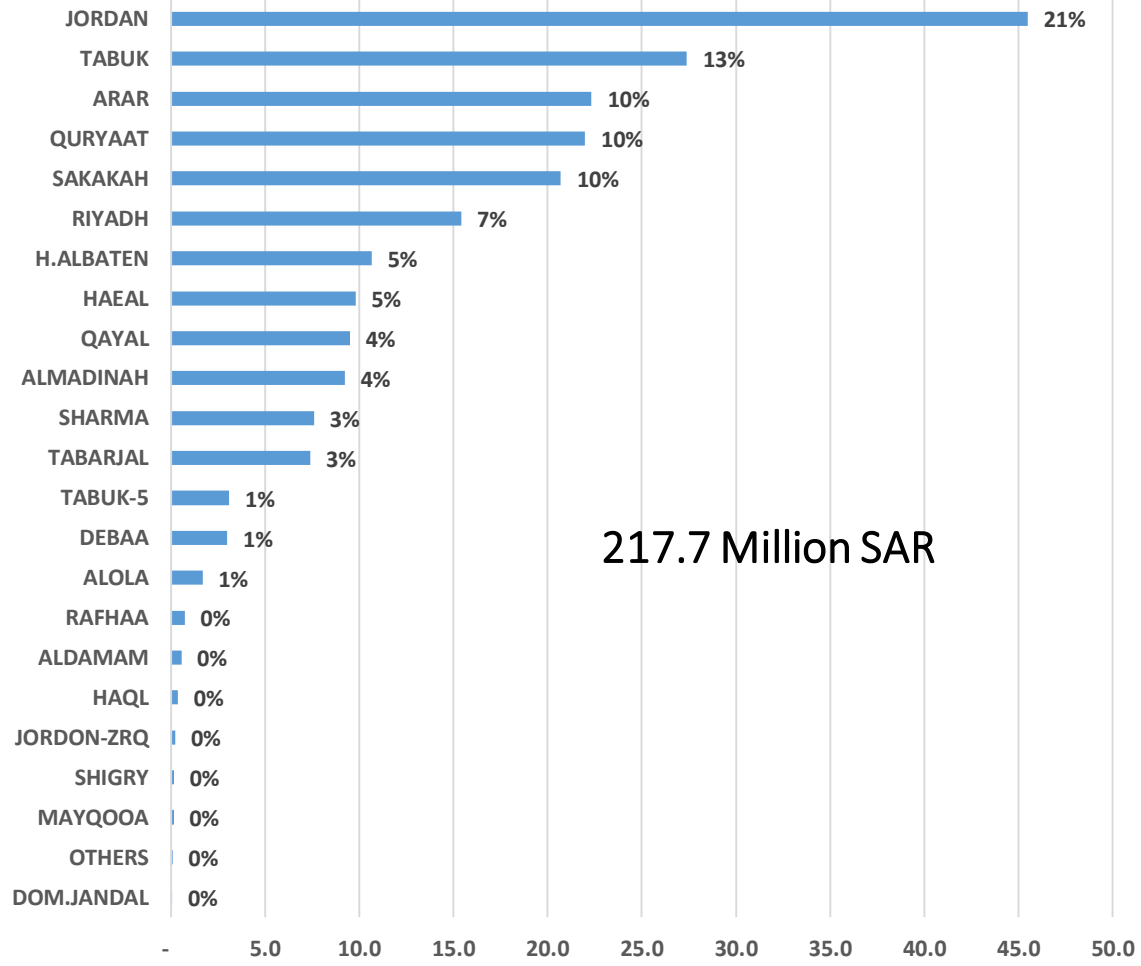
# Sales Distribution by region (YTD)

## Growth in customers' base and region

2022



2023

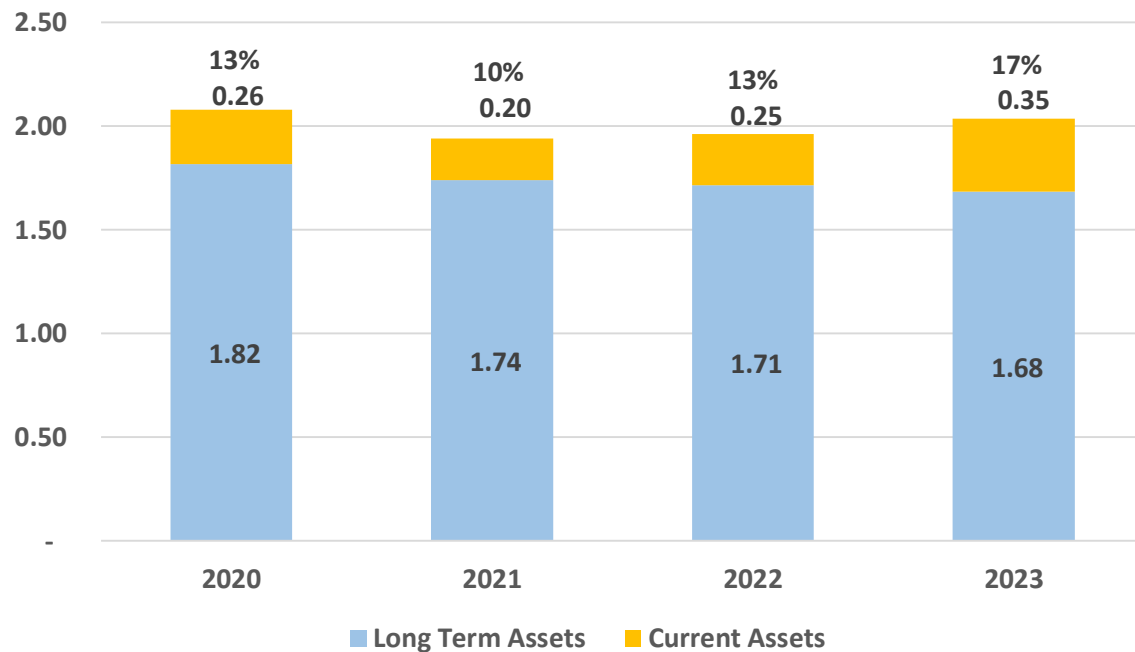


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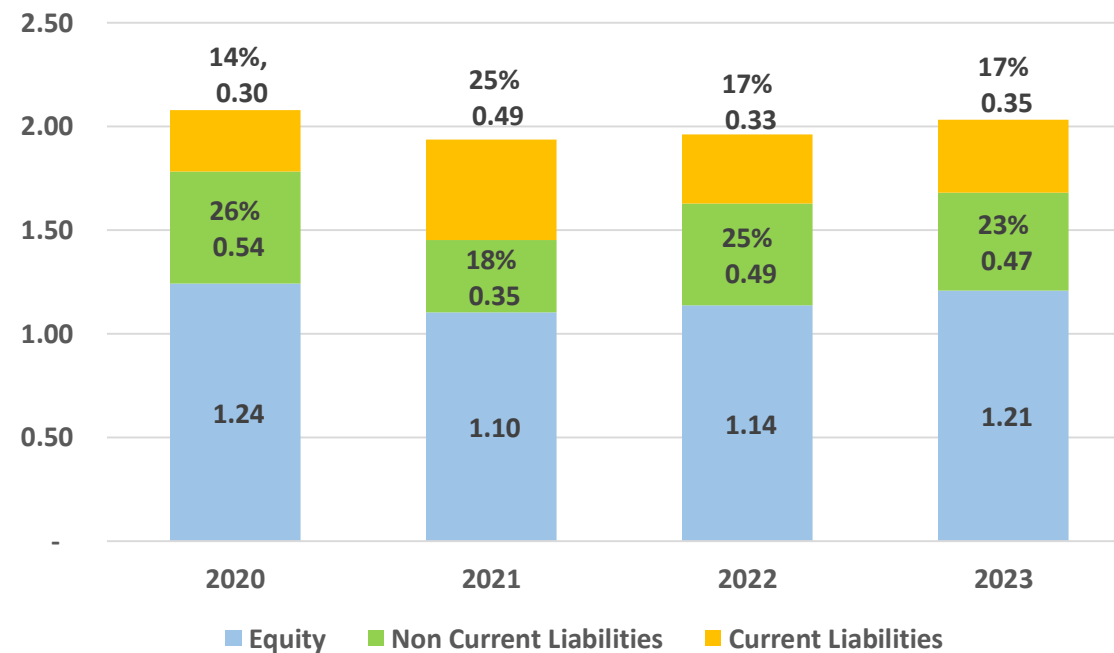


# Assets, Equity & Debt Distribution in Billion SAR & in Percentages

## Assets Contribution in Billion SAR



## Equity & Debt Contribution in Billion SAR





# Financial Performance Q3 2023



# Financial Highlights

Highlights for the period of Nine Months ended 30 September 2023 vs. actual 2022

<p><b>Performance</b></p> 	<p><b>2023 Revenue</b></p> <p><b>SAR 217 M</b> <b>+ 26% Vs 2022</b></p>	<p><b>Gross Profit</b></p> <p><b>SAR 120 M</b> <b>+ 161% Vs 2022</b></p>	<p><b>Net Profit 2023</b></p> <p><b>SAR 72.6 M</b> <b>+ 831% Vs 2022</b></p>
<p><b>Assets</b></p> 	<p><b>Non Current Assets</b></p> <p><b>SAR 1,684 M</b> <b>Vs</b> <b>1,714 M in 2022</b></p>	<p><b>Current Assets</b></p> <p><b>SAR 351 M</b> <b>Vs</b> <b>247 M in 2022</b></p>	<p><b>Inventories</b></p> <p><b>SAR 246 M</b> <b>Vs</b> <b>154 M in 2022</b></p>
<p><b>Liabilities</b></p> 	<p><b>Non Current Liabilities</b></p> <p><b>SAR 472 M</b> <b>Vs</b> <b>493 M in 2022</b></p>	<p><b>Current Liabilities</b></p> <p><b>SAR 353 M</b> <b>Vs</b> <b>331 M in 2022</b></p>	<p><b>Trade Payables</b></p> <p><b>SAR 119 M</b> <b>Vs</b> <b>99 M in 2022</b></p>
<p><b>Equity</b></p> 	<p><b>Share Capital</b></p> <p><b>SAR 1,087 M</b> <b>Vs</b> <b>1,087 M in 2022</b></p>	<p><b>Retained Earnings</b></p> <p><b>SAR 114 M</b> <b>Vs</b> <b>41 M in 2022</b></p>	<p><b>Other Reserves</b></p> <p><b>SAR 8 M</b> <b>Vs</b> <b>8 M in 2022</b></p>



# Financial Performance

## Profit & Loss Jan- Sep 2023 vs. actual 2022

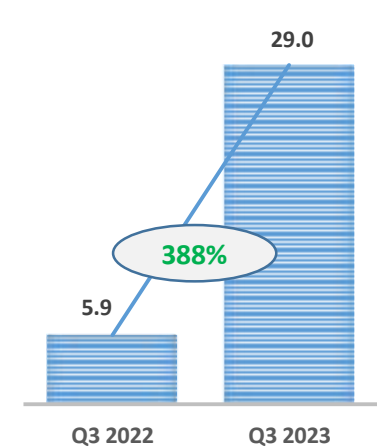
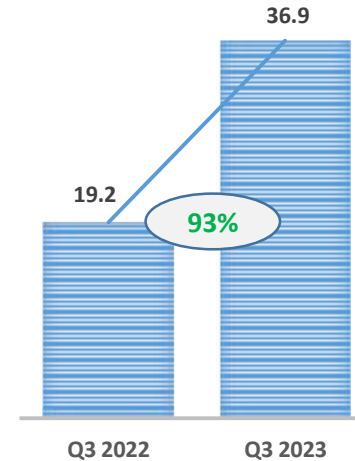
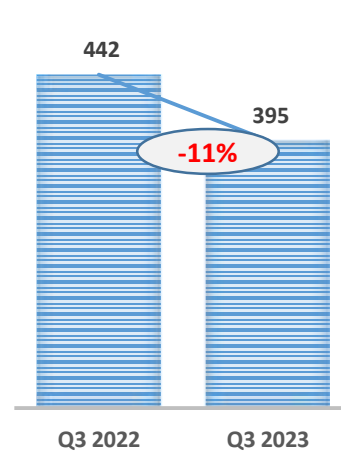
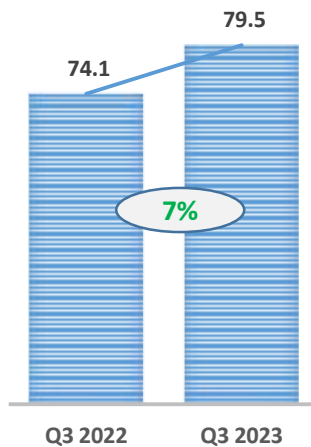
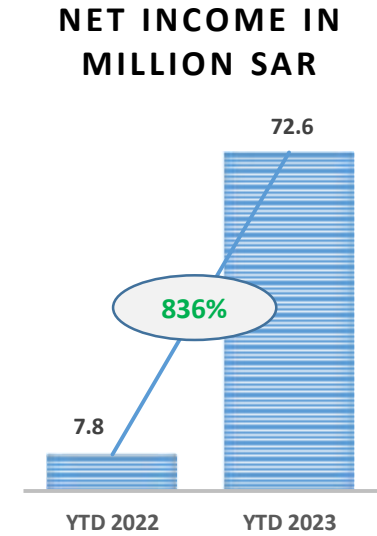
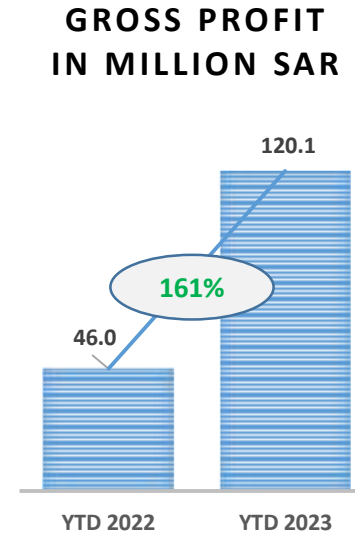
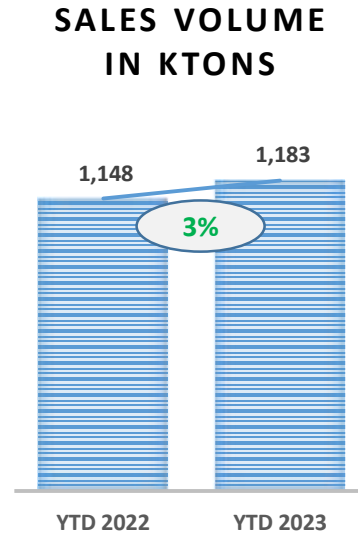
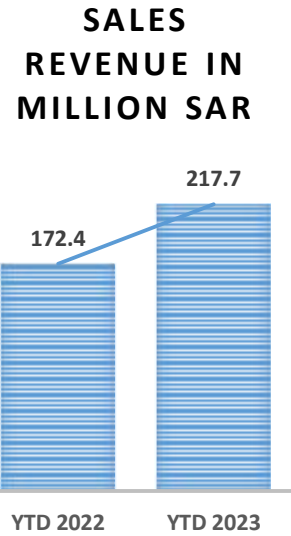
Income Statement (SAR M)	Actual 2023	Actual 2022	Variance YoY	Variance %
Revenue	217.7	172.4	45.3	26%
Cost of Goods Sold (COGS)	97.7	126.5	(28.8)	-23%
Gross Profit	120.0	46.0	74.1	62%
<i>Gross Profit %</i>	55%	27%		
Selling & Marketing	5.6	3.7	1.9	53%
General & Administrative	18.0	13.3	4.7	36%
Operating Income	96.5	29.0	76.9	45%
<i>Operating Income %</i>	44%	17%		
Financing Cost	31.7	18.7	13.0	69%
Zakat	1.1	3.6	(2.4)	-68%
Other Income	(9.0)	(1.1)	(7.9)	-736%
Net Income	72.6	7.8	64.8	826%
<i>Net Income %</i>	33%	5%		

### Key Highlights

- Sales volumes increased by **21%**. Rest of increase is due to pricing.
- **COGS** improved and enhanced due to (1)cost control (2) additional production (3) better utilization for raw material and energy
- Selling & marketing increased due to staff cost and depreciation.
- General & Admin increased due to staff cost, Consultancies & business trips
- Financing cost increased due to SAIBOR gradual increase ( Jan 2022 1% to Sep 2023 6%).
- Other income from rescheduling ministry of industrial due balances payment till Mar 2028.

# Financial Performance

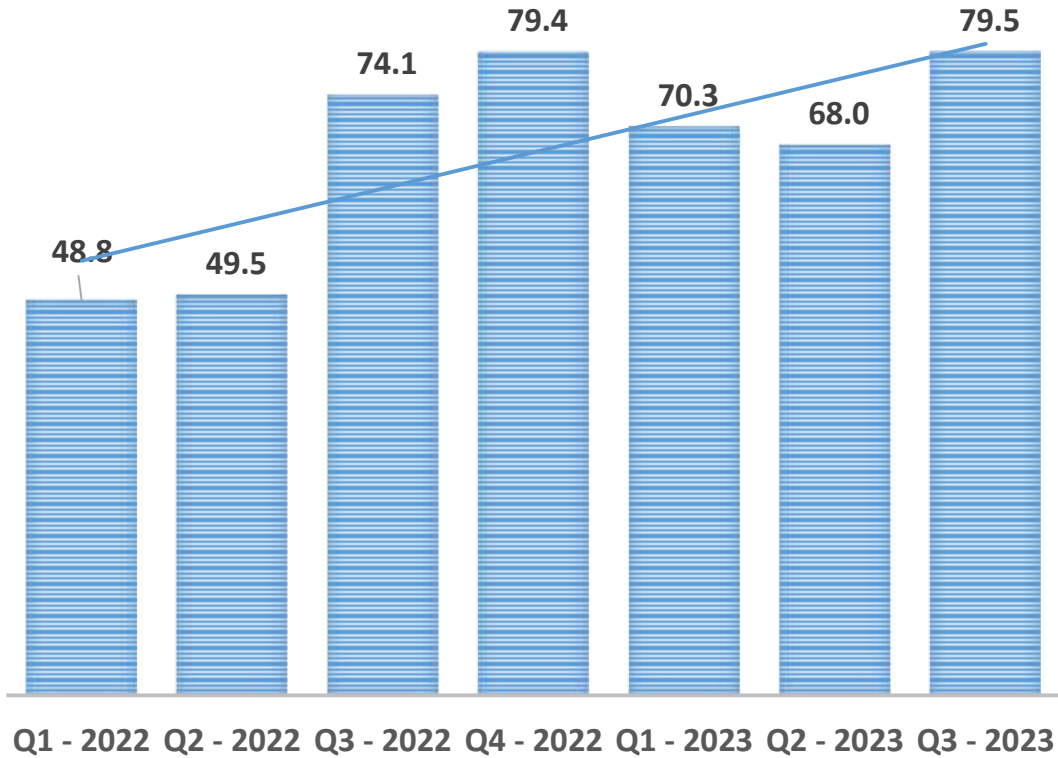
## First Nine Months 2023 vs. 2022 / Q3 2023 vs. Q3 2022



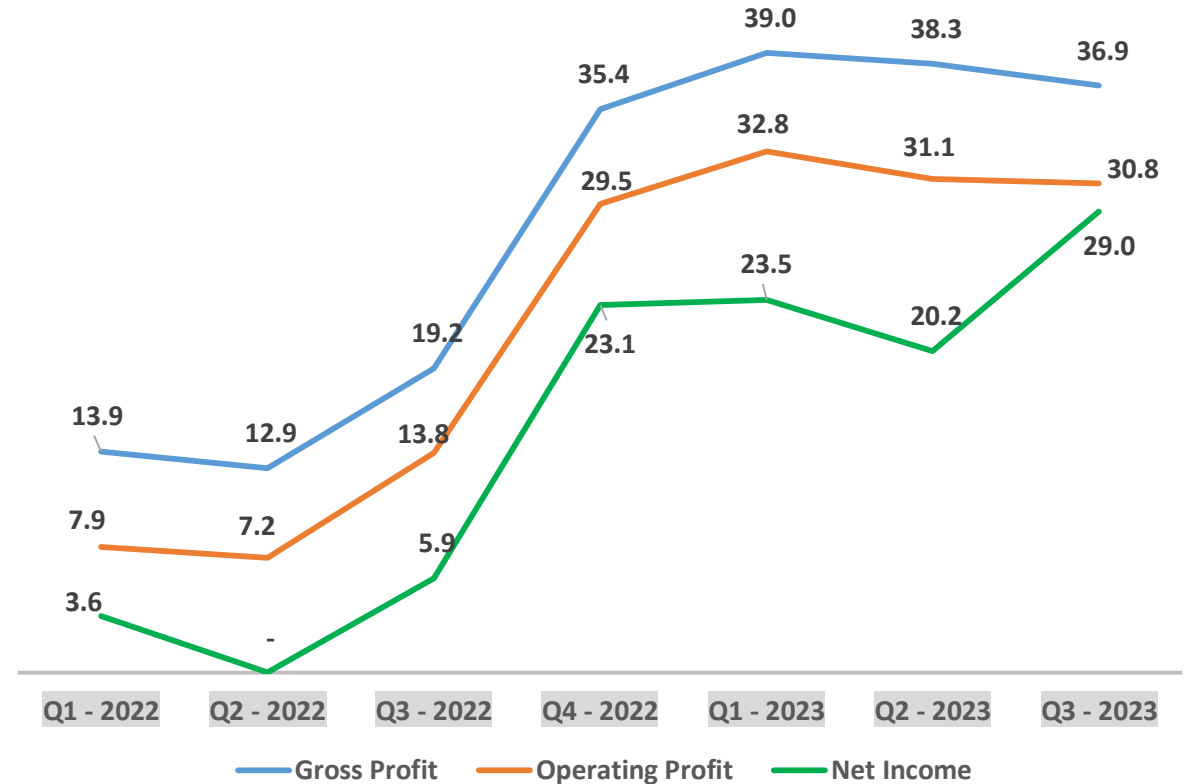
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# Revenue & Profitability Trend Quarterly – Q1 2022 to Q3 2023

SALES REVENUE TREND IN MILLION SAR



Profitability Trend in Million SAR



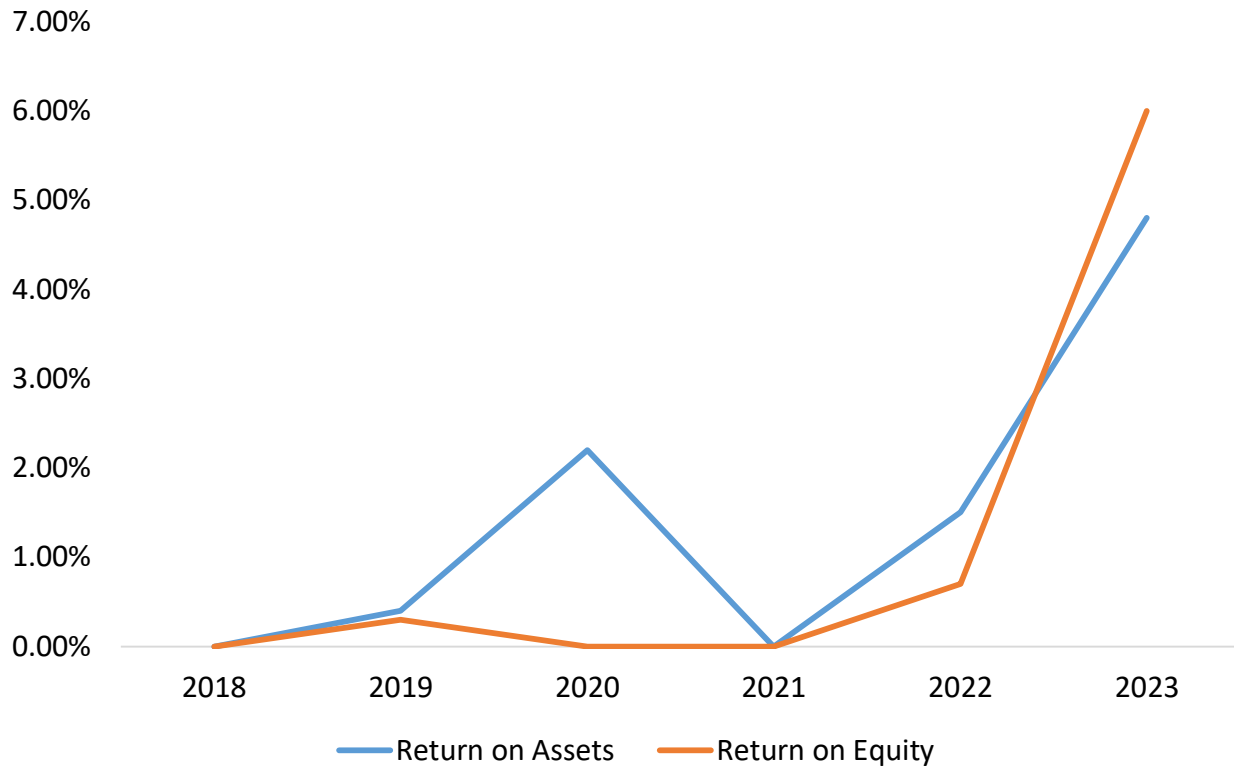
The sharp surge in Net income in Q3 2023 is attributed to revaluation gain from rescheduled payables to Ministry of Mining SAR 9.6 M



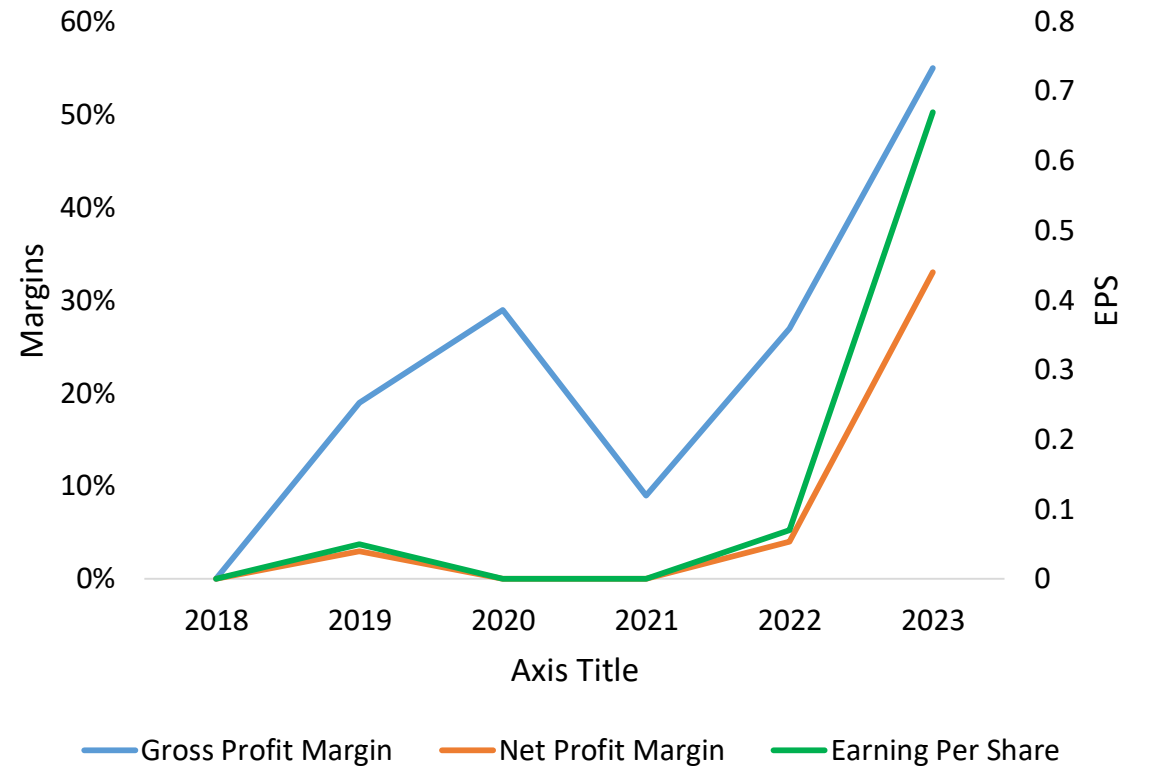
# Growths Trend

## Financial ratios Historical Trends: 5 Yrs

### Return on Assets & Equity from 2018 to 2023



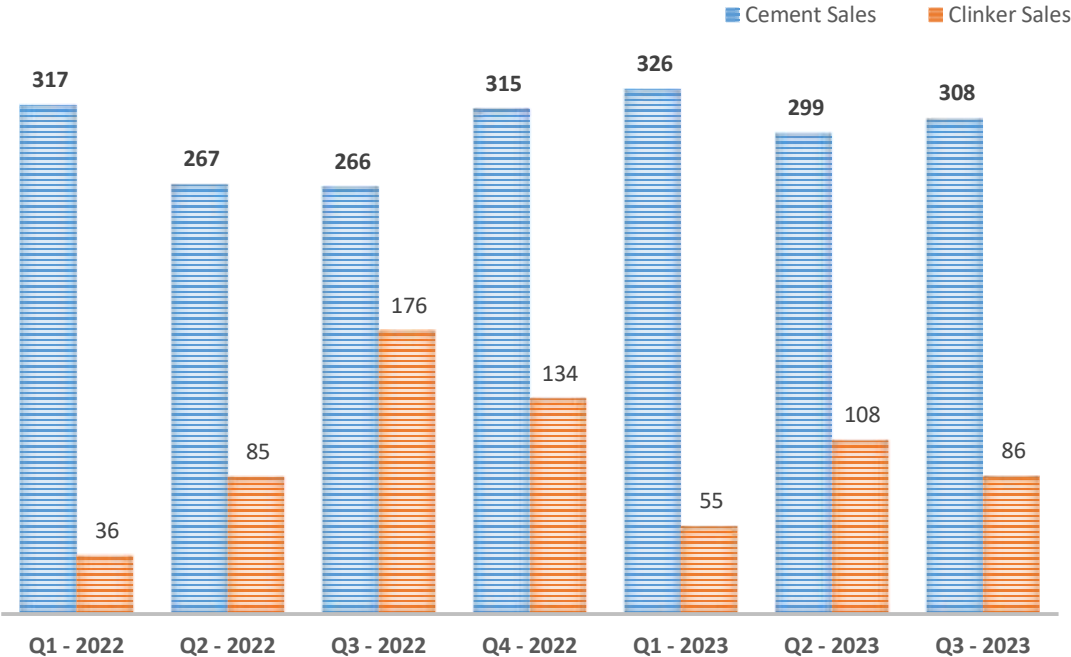
### Margins & EPS from 2018 to 2023



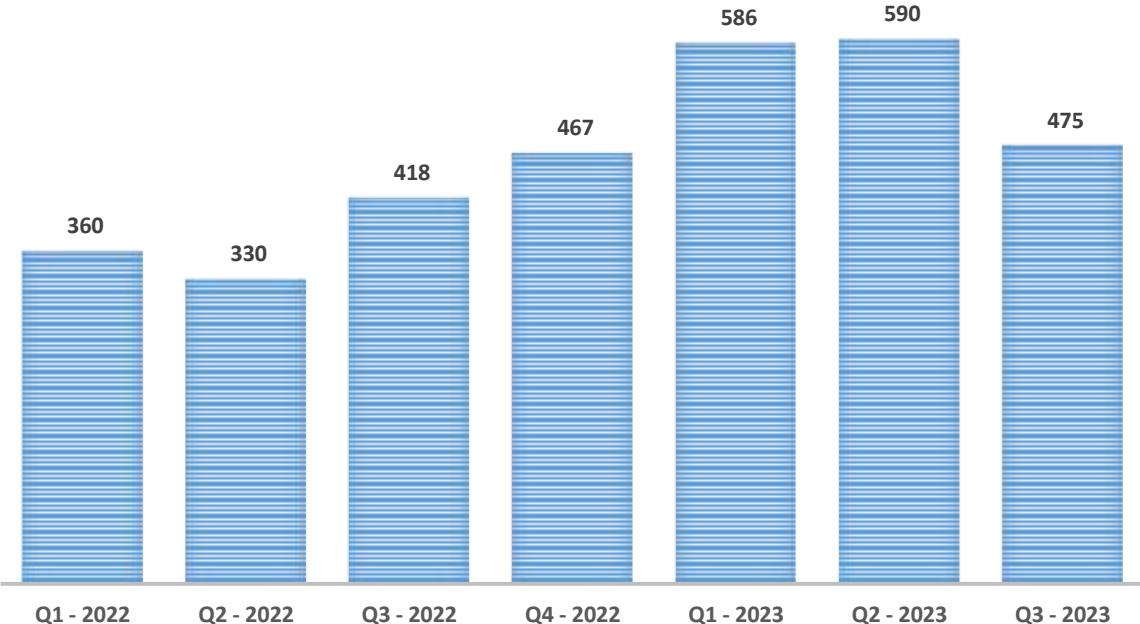
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# Clinker and Cement Production & Sales Volumes Trend Quarterly

**CEMENT & CLINKER SALES VOLUMES IN KTONS**



**CLINKER PRODUCTION VOLUME IN KTONS**



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