

Al-Jouf Cement Company (AJCC)

Earnings Call Mar 2024



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.

Al Jouf cement cannot guarantee that these assumptions and expectations are accurate or will be realized. Actual results, performance or achievements of the Company, could differ from these projections in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events, or otherwise.

Information contained in this presentation is subject to change without further notice, its accuracy is not guaranteed, and it may not contain all material information concerning Al Jouf Cement. We do not make any representation regarding, and assume no responsibility or liability for the accuracy or completeness of, or any errors or omissions in, to any information contained herein.

Agenda



Executive Profile Overview

- 1 Corporate Introduction
- 2 Management team



2023 Achievements and Milestones

- 3 Market Demand
- 4 Sales Distribution

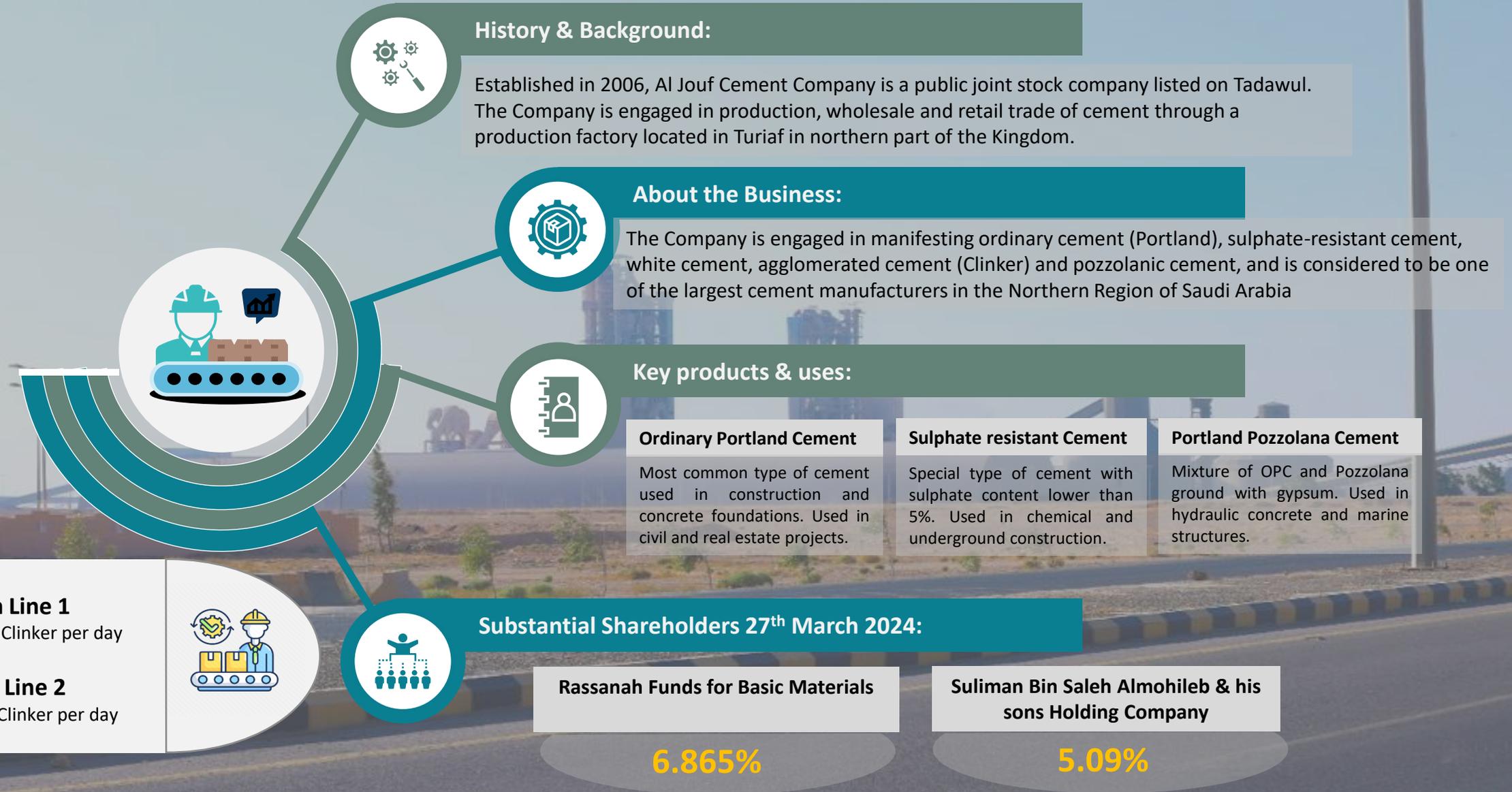


Financial Performance: Fiscal Year 2023

- 5 Comparative Analysis
- 6 Revenue & Profitability



Comprehensive Definition and Exploration of Profile Attributes, Characteristics, and Significance



I. BOD Background

Abdulkarim Al Nuhayer

- Previous Member of Board Directors of Thimar Development Holding Co.
- Board Member of Saudi Egyptian Business Council.

Abdulaziz Abdullah Kaki

- Chairman of Board of Saudi international Trade and Market
- Member of Board of Lacto Egypt and Nubaria Seed Production

Ahmed Mohammed Alfaleh

- Member of board of Directors for Herfy Food Services Co
- Member of board of Directors for mosa bin Abdulaziz Almosa Real Estate Holding Group.

Abdullah Odeh Al-Anzi

- Over 28 Years of Executive Leadership Experience.
- Replaced Mr. Mohammed Saeed Attia as Chairman of the board effective July 1st 2022.

Saud Abdullah Al Bawardi

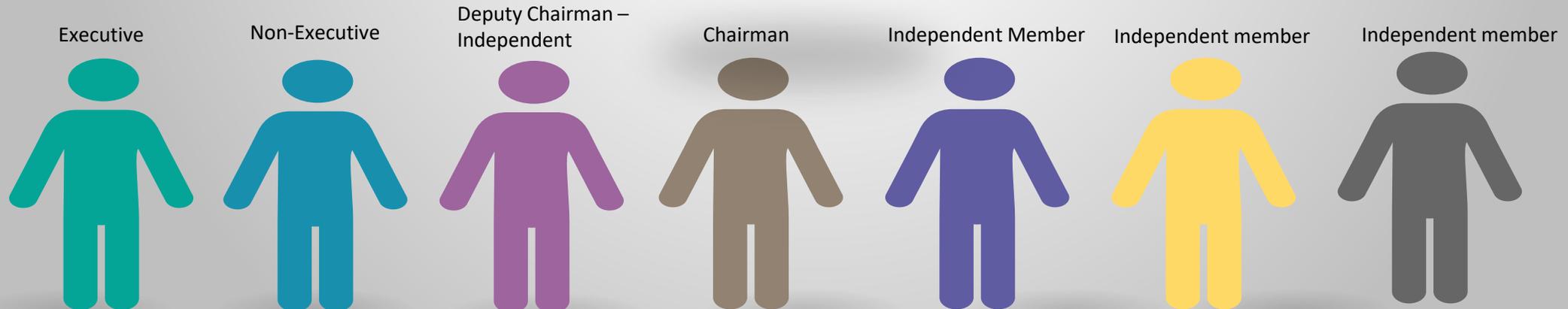
- Board member of Zain Co
- CEO of the United Company
- Previous Board member of Yaqeen Capital.

Abdulrahman Suliman Al Odan

- Investments export, Saudi Electricity Co
- Previous Assistant manager of private funds at Derayah Financial.

Abdullah Abdulaziz Alznaedi

- CEO of Explosives Sector at Saudi Chemical Co.
- Board member of Al Balad Trading and Methanol Chemicals Co.



II. Management Background

Alabbas Almusaed

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

Abdulkarim AlNuhayer

- **Qualification:** Bachelor's in 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

Eng. Waleed Abdulaziz Alshouair

- **Qualification:** Bachelor's in Agricultural Engineering
- **Experience:** 22+ years of experience in Agriculture and Manufacturing Companies.
- **Previous employment:** GM of Alkhorayef company and AL Jomiah

Eng. Adel Awadh Al Anazi

- **Qualification:** Bachelor's in Chemical Engineering
- **Experience:** 15+ years of experience in Cement Sector.
- **Previous employment:** Head of furnace Unit – Tabuk Cement Company

Hamed Saeed AlGhamdi

- **Qualification:** Bachelor's in Accounting
- **Experience:** 15+ years of experience in cement sector
- **Previous employment:** Arabian Cement Company



COO



CFO



MD&CEO



CCO



Finance Director



2023 Achievements and Milestones

1

473+ Strategic Initiatives

Over 473 Initiatives: A Comprehensive Portfolio of Strategic Actions and Projects

2

Market Demand

Projected market demand in Saudi Arabia's construction industry anticipates a 5.7% annual growth rate until 2030, reflecting sustained expansion and opportunities within the cement sector."

3

Geographical Positioning

Strategic assessment of geographical positioning highlights its advantageous location, facilitating market access and operational efficiency in the region's dynamic business landscape.

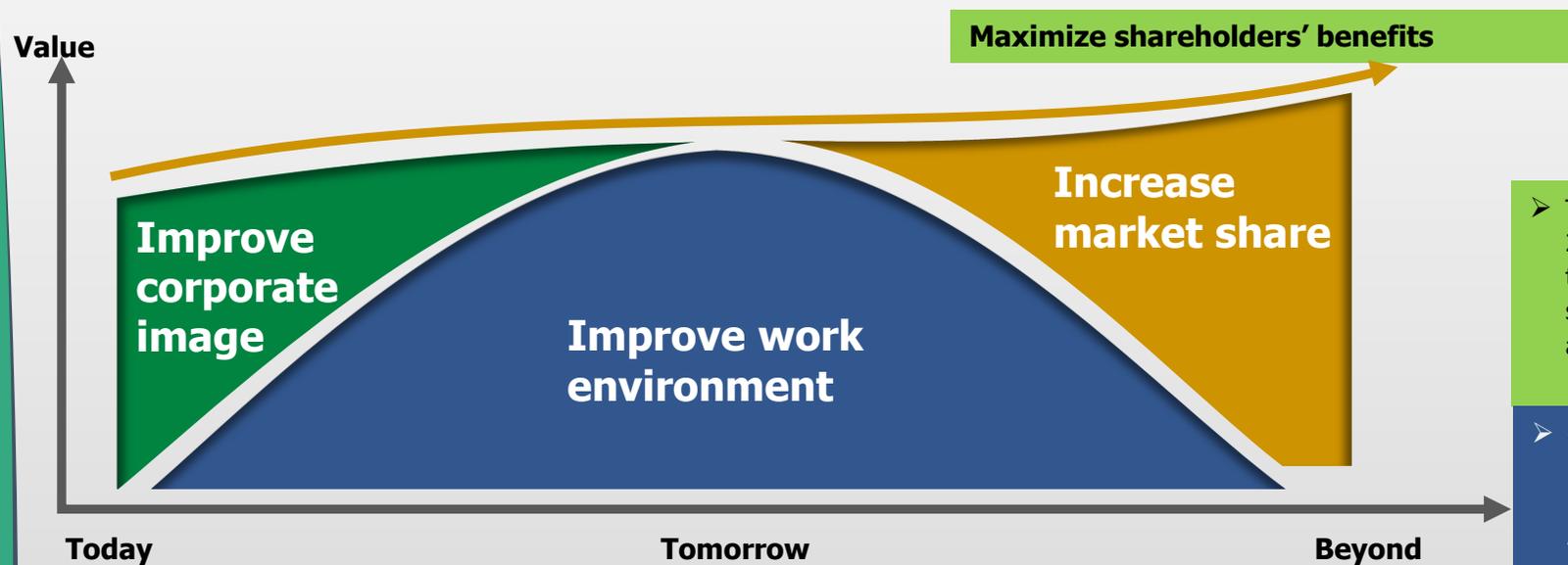
4

Sales Distribution by region

Regional Sales Distribution Analysis: Examining Geographic Performance and Market Penetration by Region



Strategic Enhancement for Shareholder Value and Market Presence



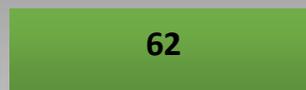
Analysis Note

- The significant **179%** increase in EPS in 2023 showcases the company's dedication to maximizing shareholder value through strong financial performance and strategic actions.
- Optimize Work Environment Through the Expertise of HR Consultants to Foster Employee Well-being and Productivity. Also, boosting Employee Engagement in Cultural Events such as Ramadan and Eid.
- Al-Jouf has strategically focused on cities where our competitors face challenges in reaching, exemplified by our efforts in Tabarjal city. Here, we observed a remarkable 322% increase in market share compared to 2022, highlighting the effectiveness of our approach.
- Improve corporate image focus on enhancing social networking engagement, strengthening communication with banks and partners, and fostering participation in local events.

Initiatives orders of 473



Achived (Completed)



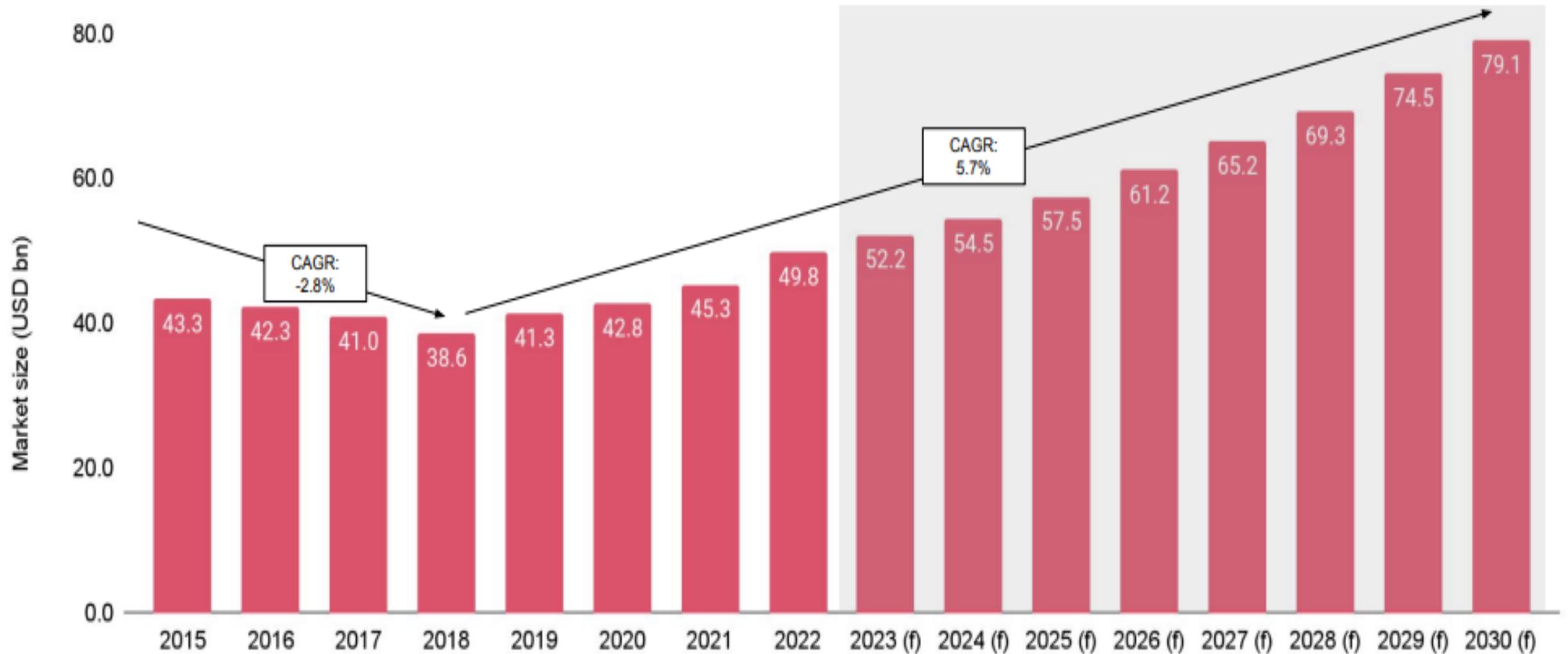
In Progress



Schedule

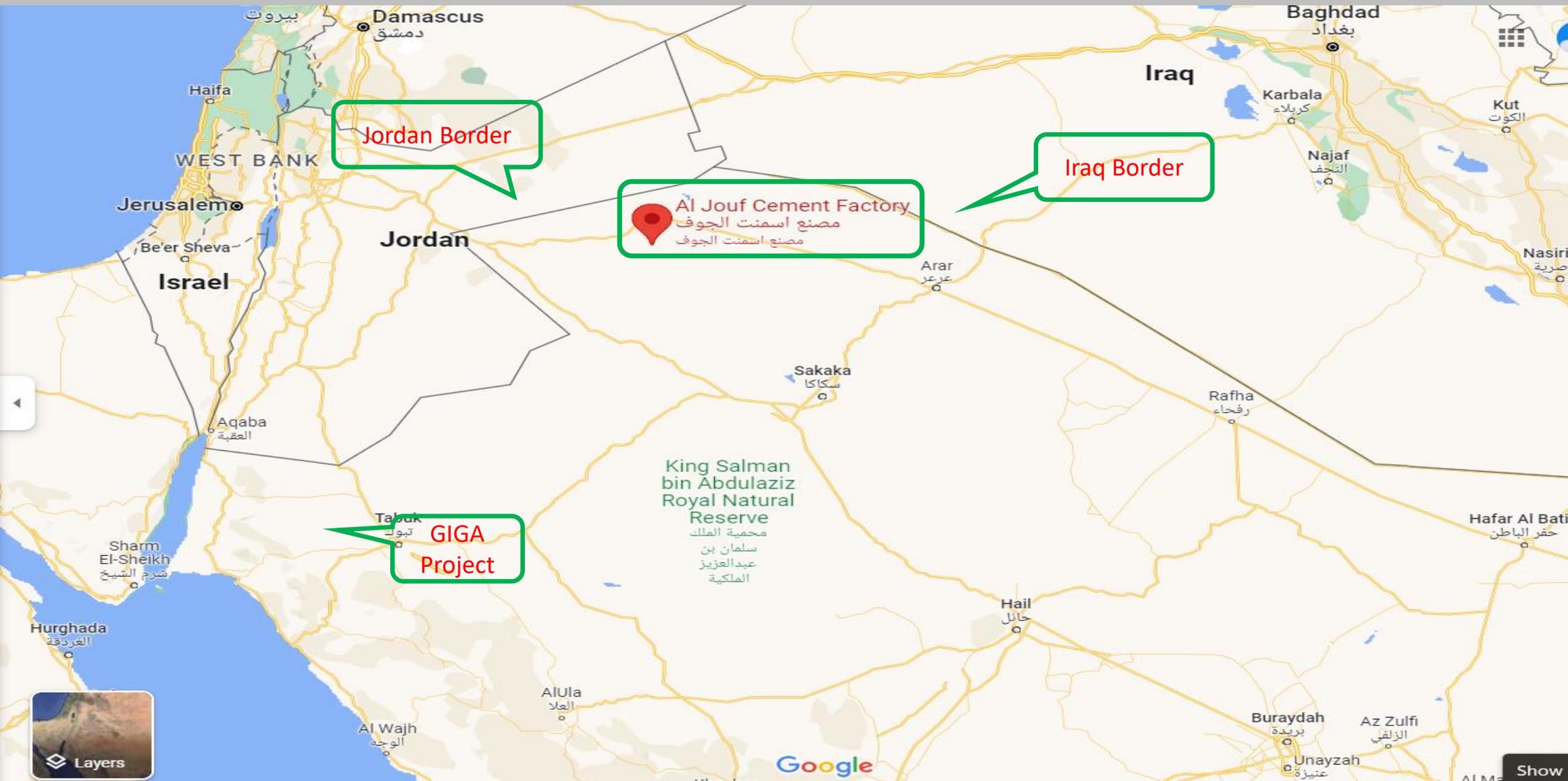
Projecting Market Demand Growth in the Construction Industry

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



"Strategic Geographical Advantage:

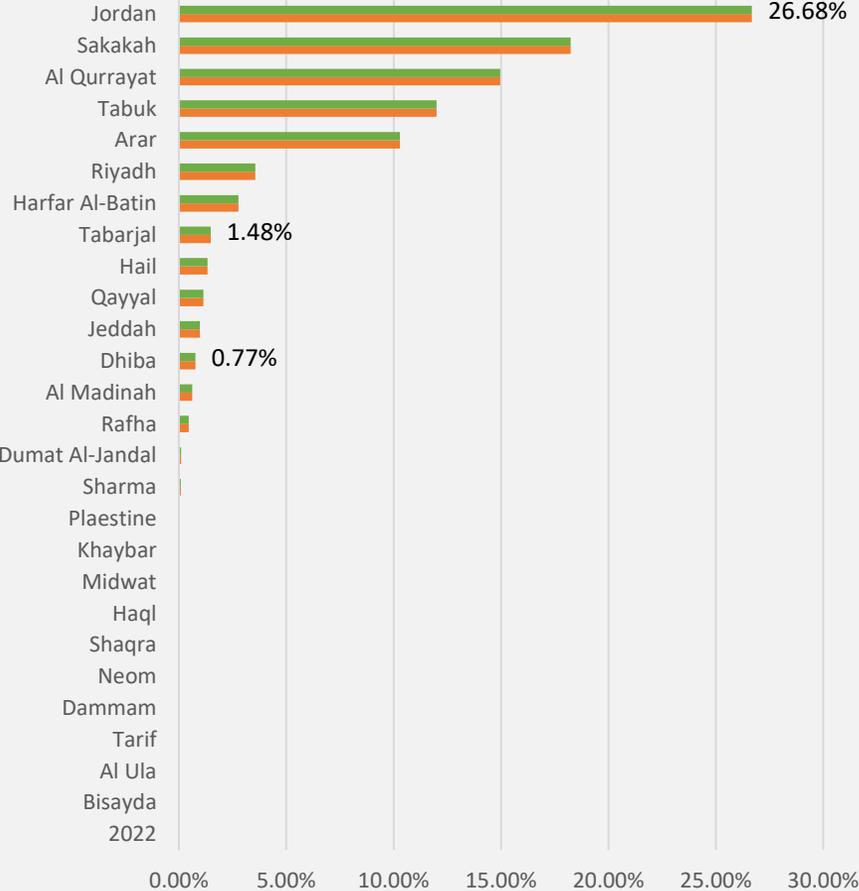
Al Jof Cement's Proximity to Key GIGA Projects and Borders of Iraq, Jordan, and Syria"



Sales Distribution Growth: Expanding Customer Base and Regional Reach

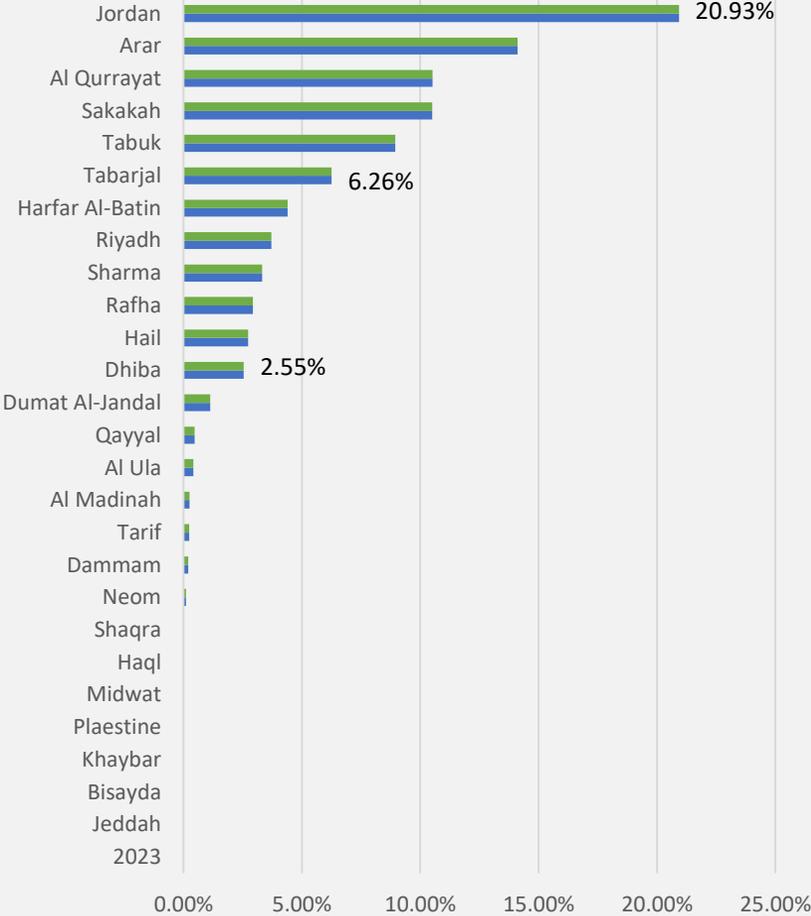
Revenue Channels by Regions 2022

251 Million SAR



Revenue Channels by Regions 2023

301 Million SAR



Despite a 5.7% sales drop in Jordan, it still contributes to the top 20% of sales in 2023, indicating its significant role despite the decline.

Our primary objective in 2023 was centered on Tabarjal city, where we witnessed an impressive 322% increase in market share in the city compared to 2022.

The suitable strategy identified by Al-Jouf in a professional manner is to concentrate on cities where our competitors encounter high costs in reaching.

Saudi Aramco Raises Fuel Prices

Aramco raising the price of HFO (Heavy Fuel Oil) by 118% effective from January 1st, 2024. This significant increase could impact Al-Jouf Company.

Pros

- Implementing energy-efficient
- Fostering innovation in renewable
- Diversification opportunities that are less reliant on HFO.

Cons

- An increase in total cost
- Lower Market demand in a short term.
- Compliance with environmental regulations

According to Riyadh Capital Benchmark

Aramco's decision

1. **Methane** prices increased from \$1.25/mmbtu to \$1.75/mmbtu, a rise of \$0.5/mmbtu.
2. **Diesel** fuel prices increased from SAR 0.75/liter to SAR 1.15/liter, up SAR 0.40/liter.

Cement Industry could respond by

Raise prices



Lower Gross Profit



Decline in demand



Carbon Strategy

Implementing a carbon strategy can certainly help Al Jouf Cement Company in various ways:

Energy Efficiency

Alternative Fuels

Raw Material Optimization

Strategy of carbon reduction



ZERO EMISSION
CO₂
2050

25 % / Mt

Efficiency of energy
Maintenance of machines
Readability increase

26-35% / Mt

Natural Material
Maintenance of machines
Material mixing

36-60 % / Mt

Connect with the grid
Replace HFO by Gas
Renewable Energy

>95 % / Mt

Carbon capture

2023 Financial Performance

1

Highlights Financial Performance

Comparative Profit and loss statement

2

Profit & Loss

Comparative Profit and loss statement

3

Financial Analysis

Revenue, Profitability and financial ratios



Financial Performance Review: Fiscal Year 2023

Performance 	2023 Revenue SAR 301 M + 20 % Vs 2022	Gross Profit SAR 117 M + 59 % Vs 2022	Net Profit 2023 SAR 85 M + 174 % Vs 2022
Assets 	Non Current Assets SAR 1,705 M Vs 1,714 M in 2022	Current Assets SAR 361 M Vs 247 M in 2022	Inventories SAR 225 M Vs 154 M in 2022
Liabilities 	Non Current Liabilities SAR 461 M Vs 493 M in 2022	Current Liabilities SAR 384 M Vs 332 M in 2022	Trade Payables SAR 126 M Vs 89 M in 2022
Equity 	Share Capital SAR 1,087 M Vs 1,087 M in 2022	Retained Earnings SAR 117 M Vs 41 M in 2022	Earning/ Share SAR .78 Vs SAR .28 in 2022

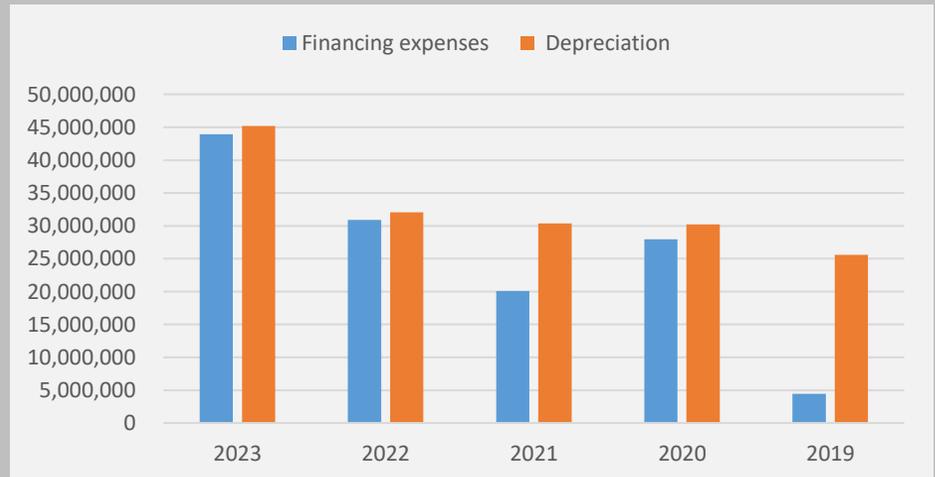
Comparative Analysis: Financial Performance - Profit & Loss Statement for 2023 versus Actuals from 2022

Income Statement (SAR M)	Actual 2023	Actual 2022	Variance YoY	Variance %
Revenue	301.4	251.8	49.6	20%
Cost of Goods Sold (COGS)	184.6	178.4	6.2	3%
Gross Profit	116.8	73.4	43.4	59%
Gross Profit %	39%	29%		
Selling & Marketing	5.7	3.5	2.2	63%
General & Administrative	18.0	11.5	6.5	57%
Operating Income	93.1	58.4	47.7	82%
Operating Income %	31%	23%		
Financing Cost	(43.9)	(30.9)	(13.0)	42%
Zakat	10.2	(5.4)	15.6	-289%
Other Income	25.3	8.7	16.6	191%
Net Income	84.7	30.8	53.9	175%
Net Income %	28%	12%		

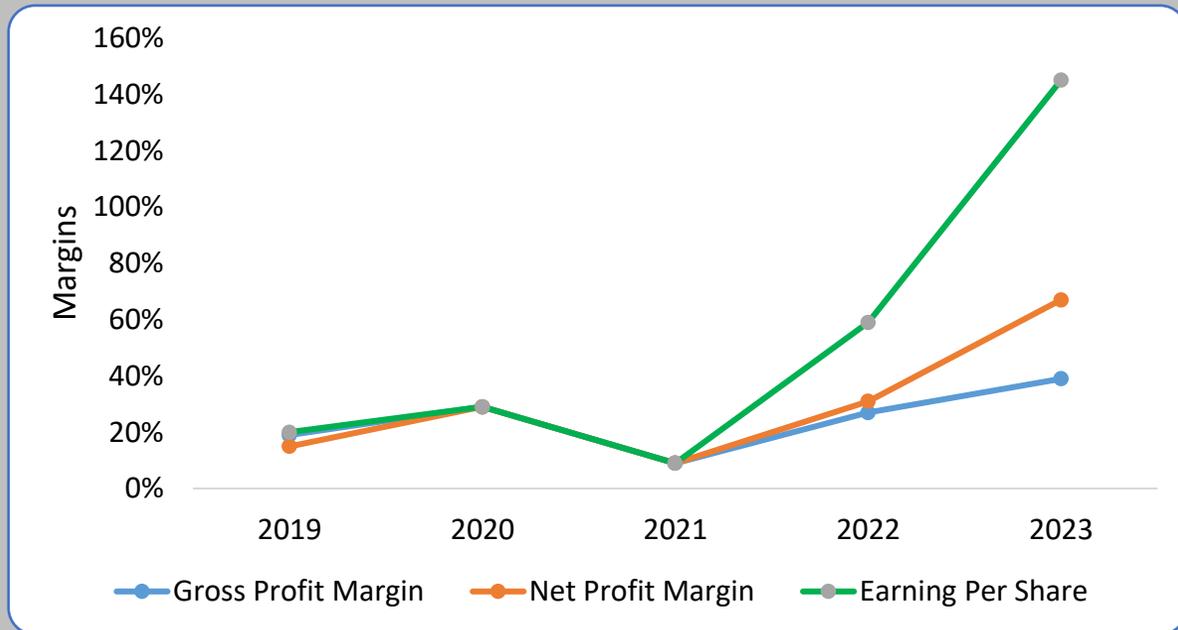
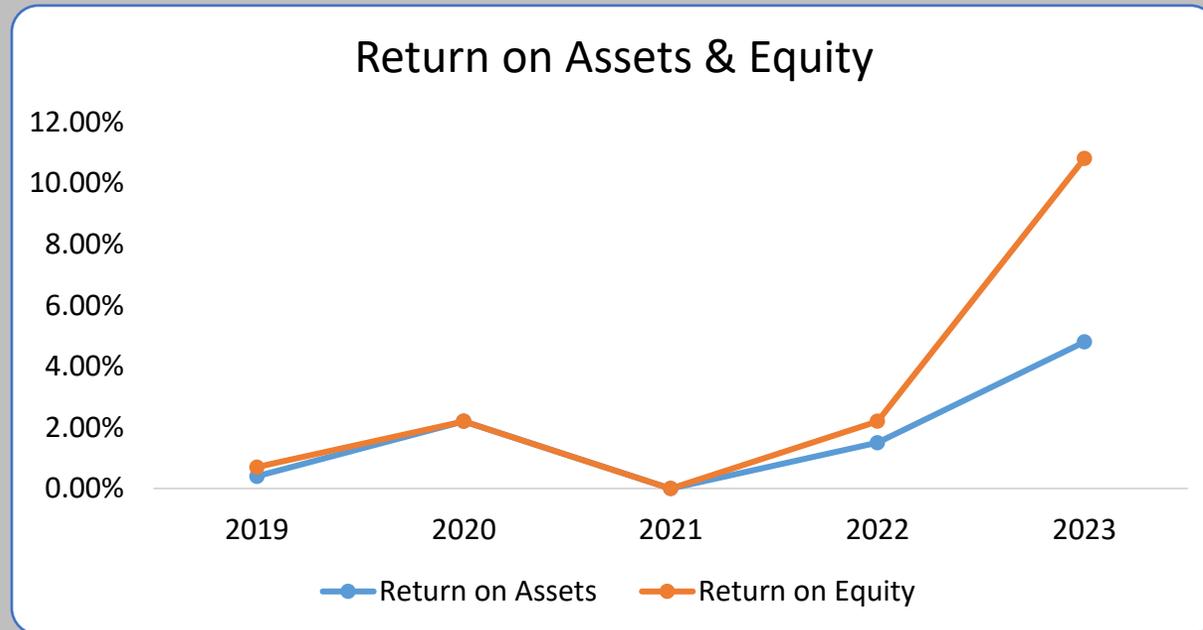
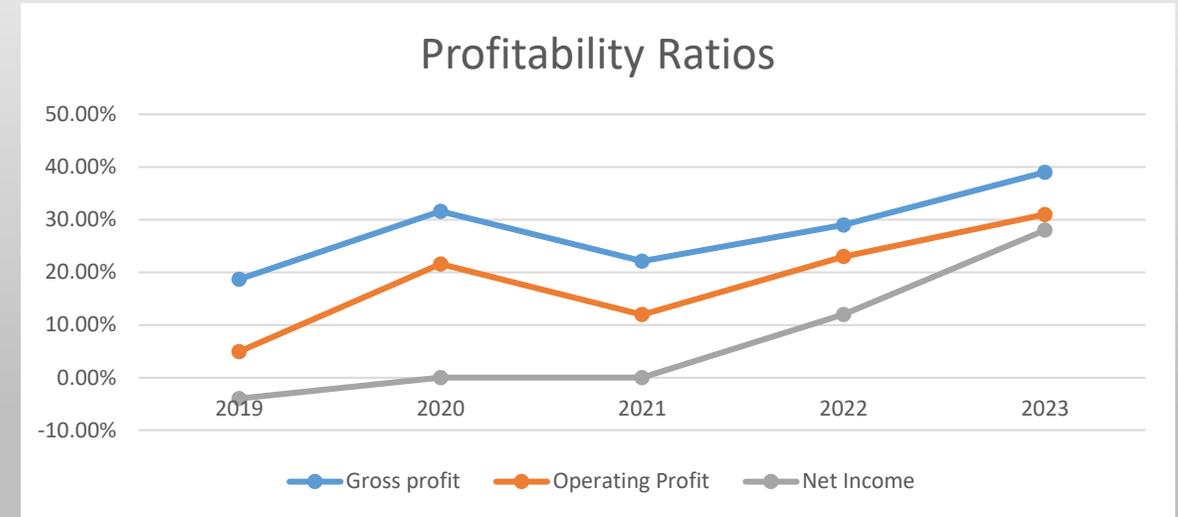
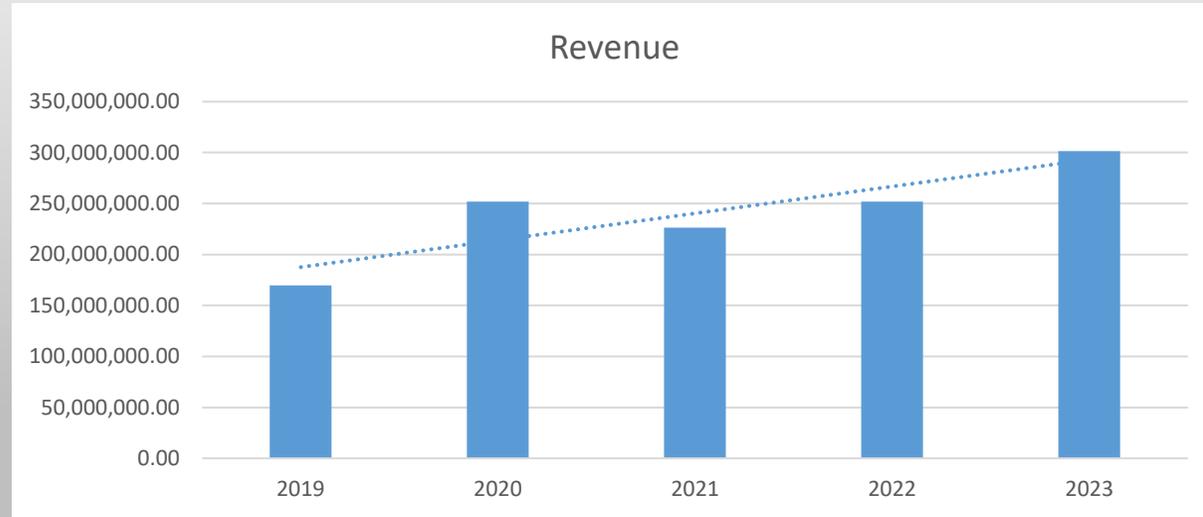
Note Analysis

- 1 Sales Volumes Experience a 20% Increase, with the Additional Growth Stemming from Strategic Pricing Adjustments.
- 2 COGS Demonstrates a Modest 3% Increase Compared to the Robust 20% Growth in Revenue.
- 3 Sales and Marketing Growth Driven by Investments in Staffing and Asset Depreciation.
- 4 Financing Costs Rise as SAIBOR Gradually Climbs from 1% in January 2022 to 6% in December 2023.
- 5 General and Administrative Expenses Rise Due to Increased Staff Costs, Consultancy Fees, and Business Travel Expenditures

❖ Although SIBOR's surge to **6%** and its finance cost of **43 million**, Al-Jouf boasts a net income of 85 million.

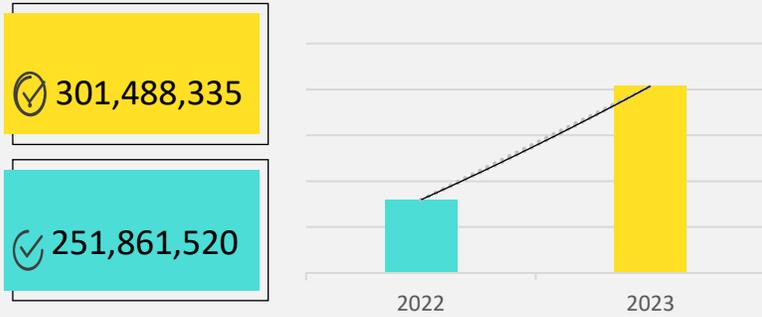


Analysis of Revenue and Profitability Trends from 2019 to 2023



Comparative Performance Analysis:

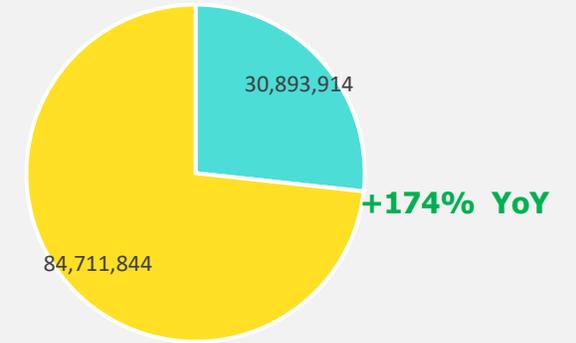
Revenue Surges 19.70% YOY



Gross Profit



Net Income 2023 VS 2022



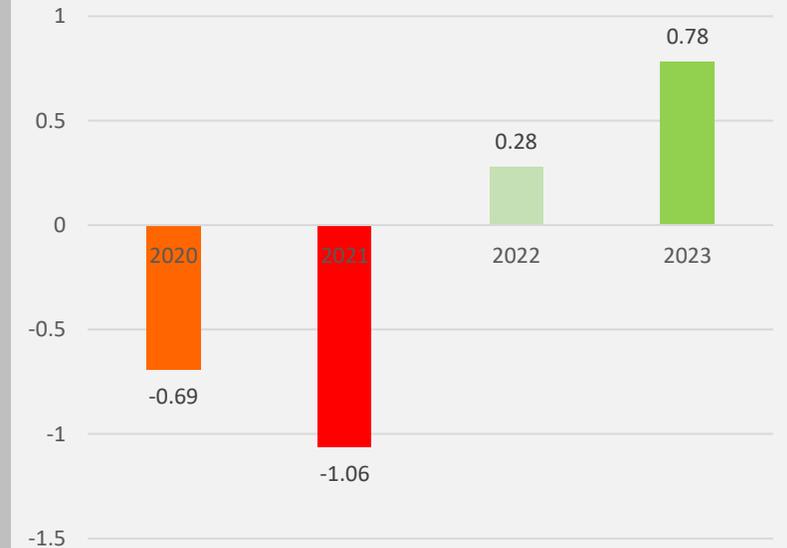
Assets Contribution in Billion SAR



Equity & Debt Contribution in Billion SAR



EPS



Unqualified Full-Year Financial Results: Collaborative Achievements with Ministry of Industry and Local Banks





THANK YOU