



# Welcome to OCC

## Muscat Stock Exchange Investors Roadshow 2022

September 5-6, 2022

Shangri-la Barr Al Jissah



شركة إسمنت عمان  
Oman Cement Company



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# **BUSINESS OVERVIEW**

# 01 Business Overview

ISO 9001:2008  
ISO 14001:2004  
API SPEC 10A

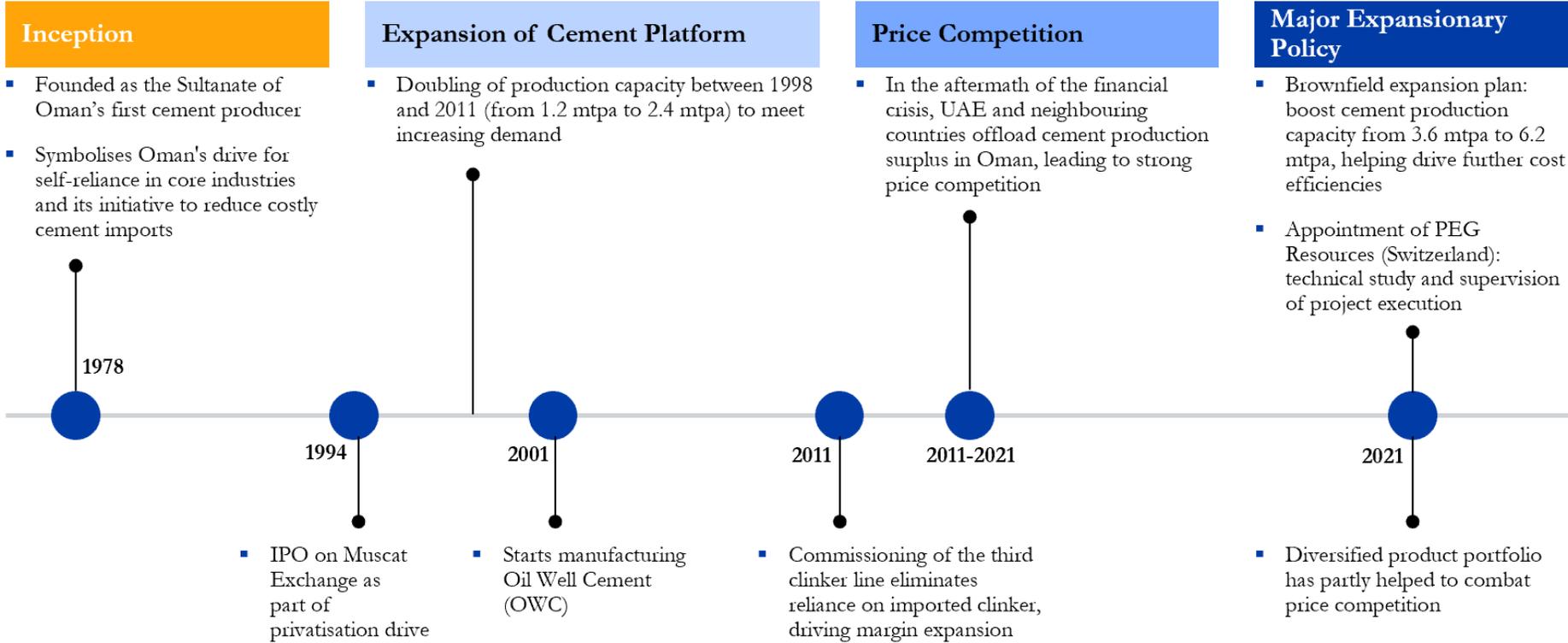


- Established in 1978
- Three Clinker Production Lines
  - 8,700 TPD Clinker
  - 10,000 TPD Cement Grinding & Dispatch
- Share Capital OMR 33,087,271
- Market Share ~35% in Oman
- 80.22% GREs
- Fuel - Natural Gas
- 75% Omanisation

**Stock Profile**  
Ticker symbol: **OCOI**  
Exchange: **MSX (Oman)**  
Industry: **Mining -Manufacturing**



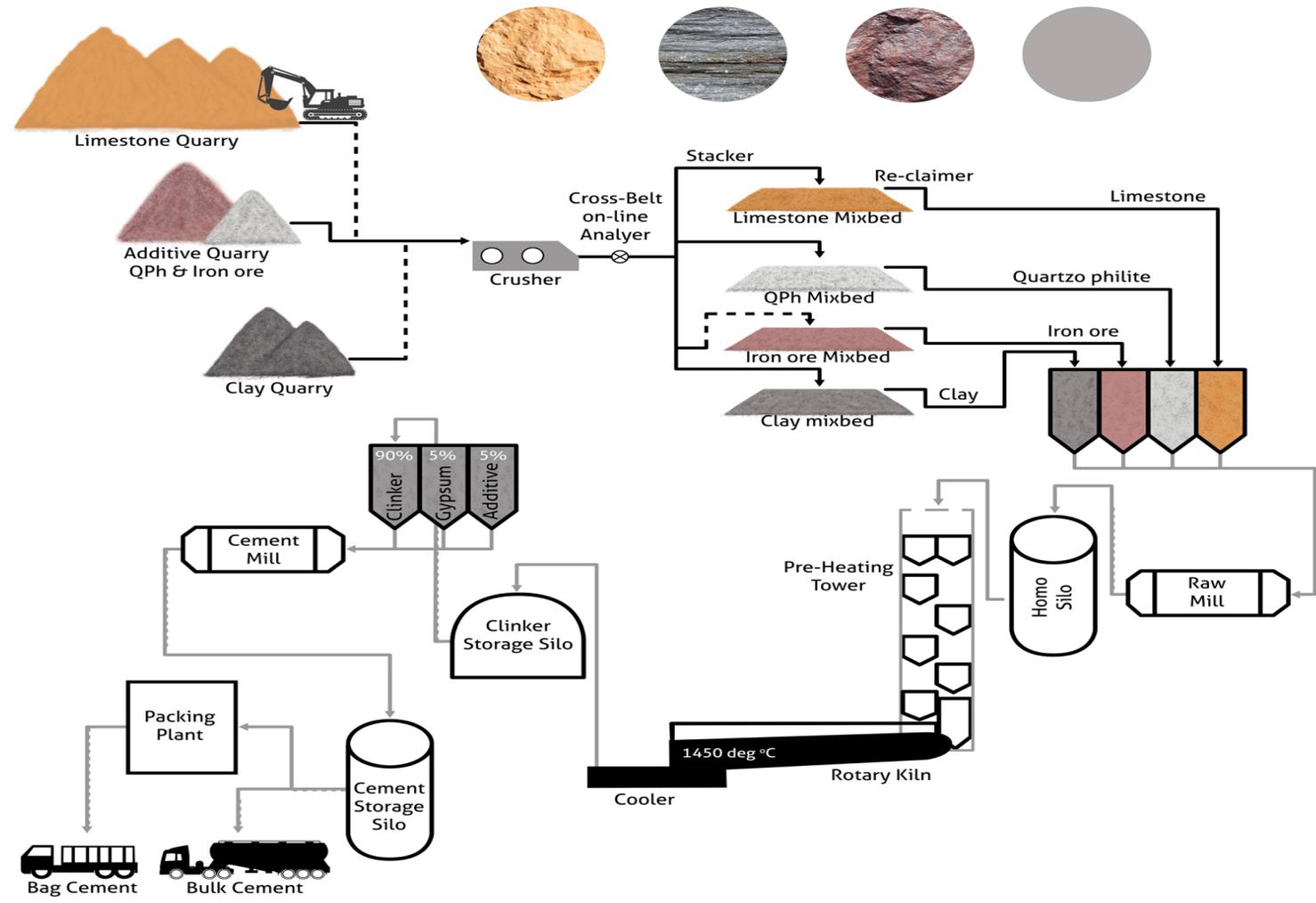
## Historical Evolution



### Evolution of OCC's platform (production capacity)



## Cement Manufacturing Process



Products



Oil Well Cement

Quality certificate in accordance to API spec 10a - March 2019



Crystal Cement

Portland limestone cement quality certificate in accordance to BSEN 197-1:2011 CEM II/A-L 32.5 N



Moderate Sulphate Resistant

Cement American Standard ASTM C 150/150M-12 Type II



Sulphate Resistant Cement (SRC)

American Standard ASTM C 150/150M-12 Type V



Ordinary Portland Cement

Ordinary Portland cement quality certificate in accordance to BSEN 197-1:2011 and OS 7:2011



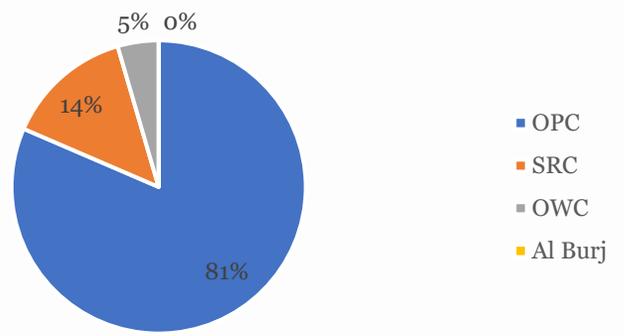
Al Burj Cement

PLC - blended cement similar to ordinary cement, less CO<sub>2</sub> and heat emission.

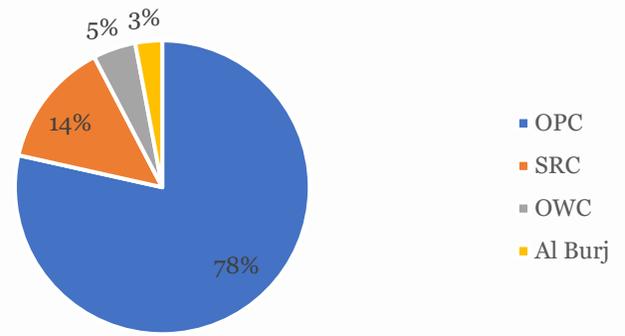


## Product Mix Innovation Evolution

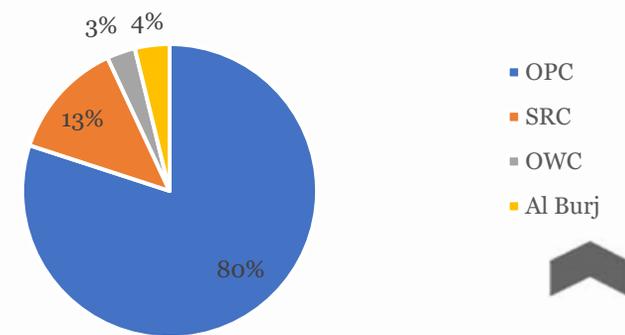
### Product wise Sales Y'18



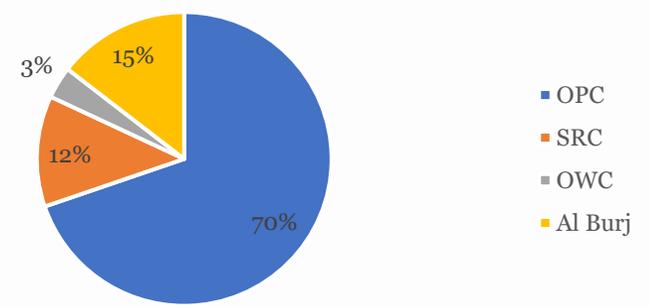
### Product wise Sales Y'19



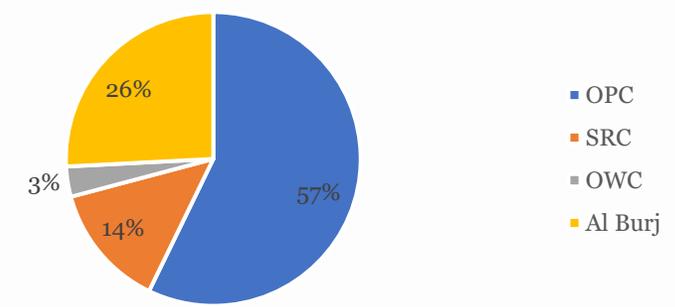
### Product wise Sales Y'20



### Product wise Sales Y'21



### Product wise Sales YTD Aug'22



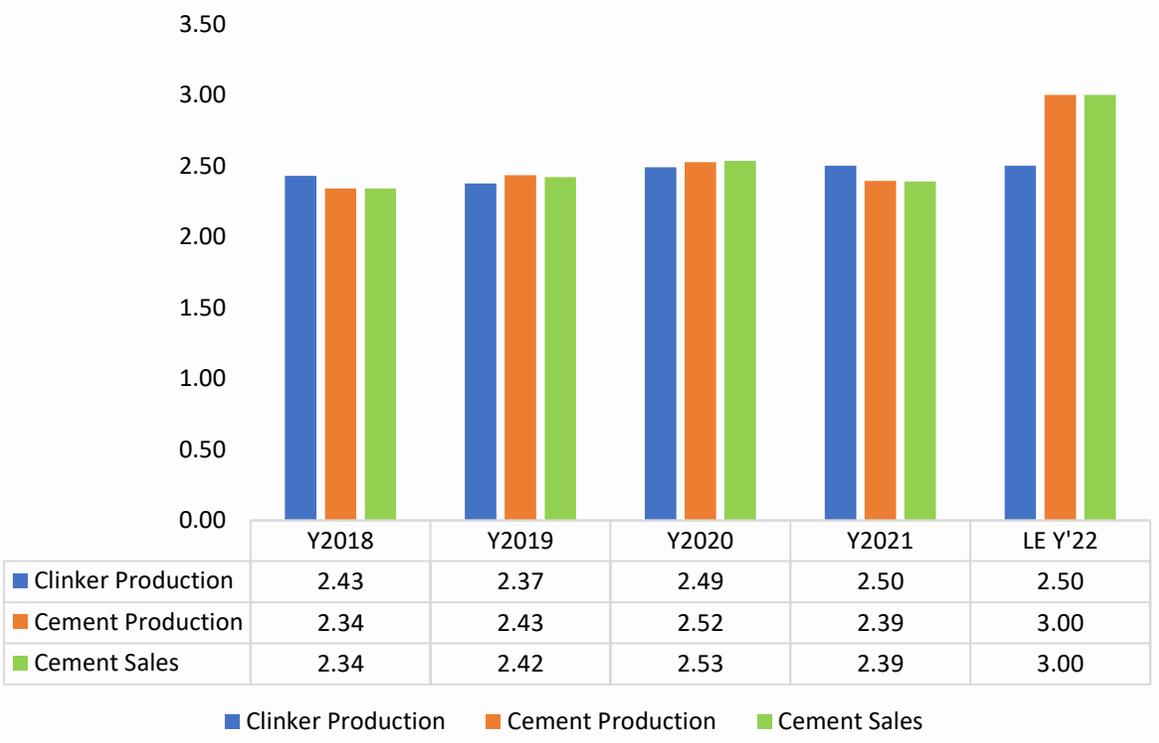
- OPC
- SRC
- OWC
- Al Burj



## Production and Sales



### Production and Sales (MT)



**Board of Directors**



Chairman

**MR. RASHID SULTAN AL  
HASHMI**



Vice Chairman

**MR. ISHAQ ZAID KHALIFA AL  
MAAWALI**



Member

**MR. SAMI ABDULLAH  
SALEEM ALSINANI**



Member

**MR. MOHAMMED  
SULAIMAN MOHAMMED AL  
SALMI**



Member

**MS. NAJAT ALI ABDUL  
HUSSAIN AL LAWATI**



Member

**MR. MOHAMMED  
ABDULLAH HUMAID AL  
HARTHI**



Member

**MR. ABDULLAH  
MOHAMMED ALI AL  
MA'MARI**



**Experienced Senior Management Team**



**Eng. Salim Abdullah Al Hajri**  
**CEO**



**Mr. Arif Kalam**  
**Commercial Director**



**Mr. Mohammed Al Nabhani**  
**Manager Human Resources & Admin**



**Mr. Fatick Hussain Al Balushi**  
**CFO**



**Dr. Hilal Saif Rashid Al Dhamri**  
**GM Manufacturing**



**Mr. Zaid Ali Nasser Al Siyabi**  
**GM Engineering & Maintenance**





## Alternative Energy and Green Initiatives



### Solar Power System

- Installed Solar panels to provide sustainable powers supply to Admin building



### Tire Chips

- Ongoing project, Q4-2022



Be'ah Muscat Waste Transfer Station



### RDF

- In collaboration with Be'ah



### Hydrogen

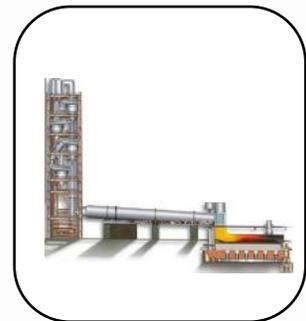
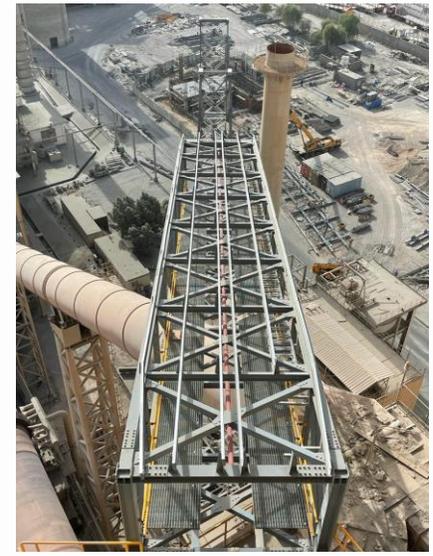
- In collaboration with National Hydrogen Alliance (Hy-Fly)



Tire Chips as Alternative Fuel

Utilizing used tire chips as alternative fuel in cement manufacturing

- Alternative fuel investment for OCC
- Saving fuel cost.
- Waste management and fuel diversification initiative in cooperation with Be'ah
- Ongoing construction
- Commissioning Expected in Q4 2022



Cement

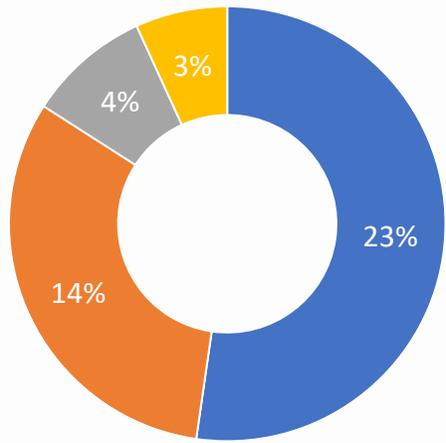


## Workforce Composition



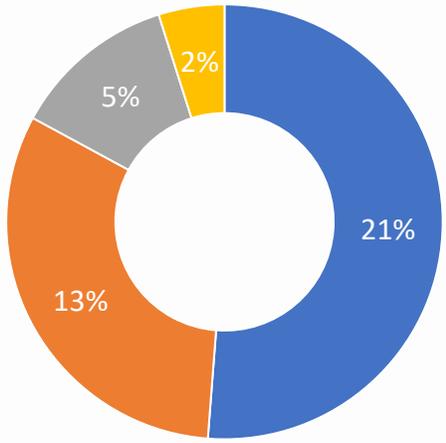
- Workforce composition:
  - 45% operations,
  - 40% engineering
  - 15% support
- Full-time employees: 637

### Operation



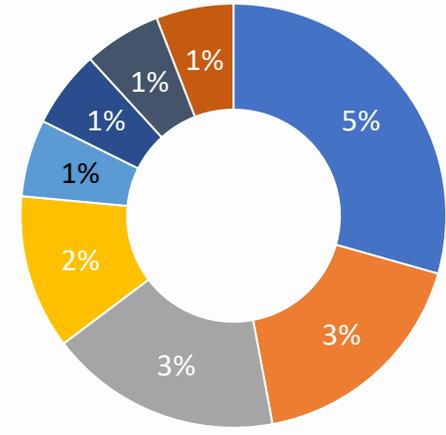
- Production
- Quarry
- QC
- QHSE

### Engineering



- Mechanical & Civil
- Electrical & Instrument
- Planning
- Store

### Support



- HR & Services
- Marketing
- Finance
- IT
- Projects
- CEO office
- Audit
- Procurement



A low-angle photograph of a complex industrial facility, likely a refinery or chemical plant. The image shows a dense network of tall, cylindrical towers, intricate piping systems, and metal scaffolding. The sky is a clear, bright blue. A prominent yellow horizontal banner is overlaid across the middle of the image, containing the text 'INVESTEMENT HIGHLIGHTS' in a bold, dark blue, serif font.

# INVESTEMENT HIGHLIGHTS

- Oman Cement Company is **self-sufficient** integrated cement manufacturing plant producing both clinker & cement.
- Consistent **profit-making company** since inception.
- Its products are regarded as high end with **global standards** in performance and quality.
- Among the top nine **leaders** of OWC producers, globally (API).
- It **dominates** the market share in the North of Oman.
- Innovative and moving towards **green energy initiatives industry**.
- Brand **loyalty** anchored over four decades.
- Proven Business Continuity **resilience** during unprecedented events; Cyclones, Pandemic.
- Continuous and undisrupted distribution to investors through **dividends**.





# FINANCIAL HIGHLIGHTS

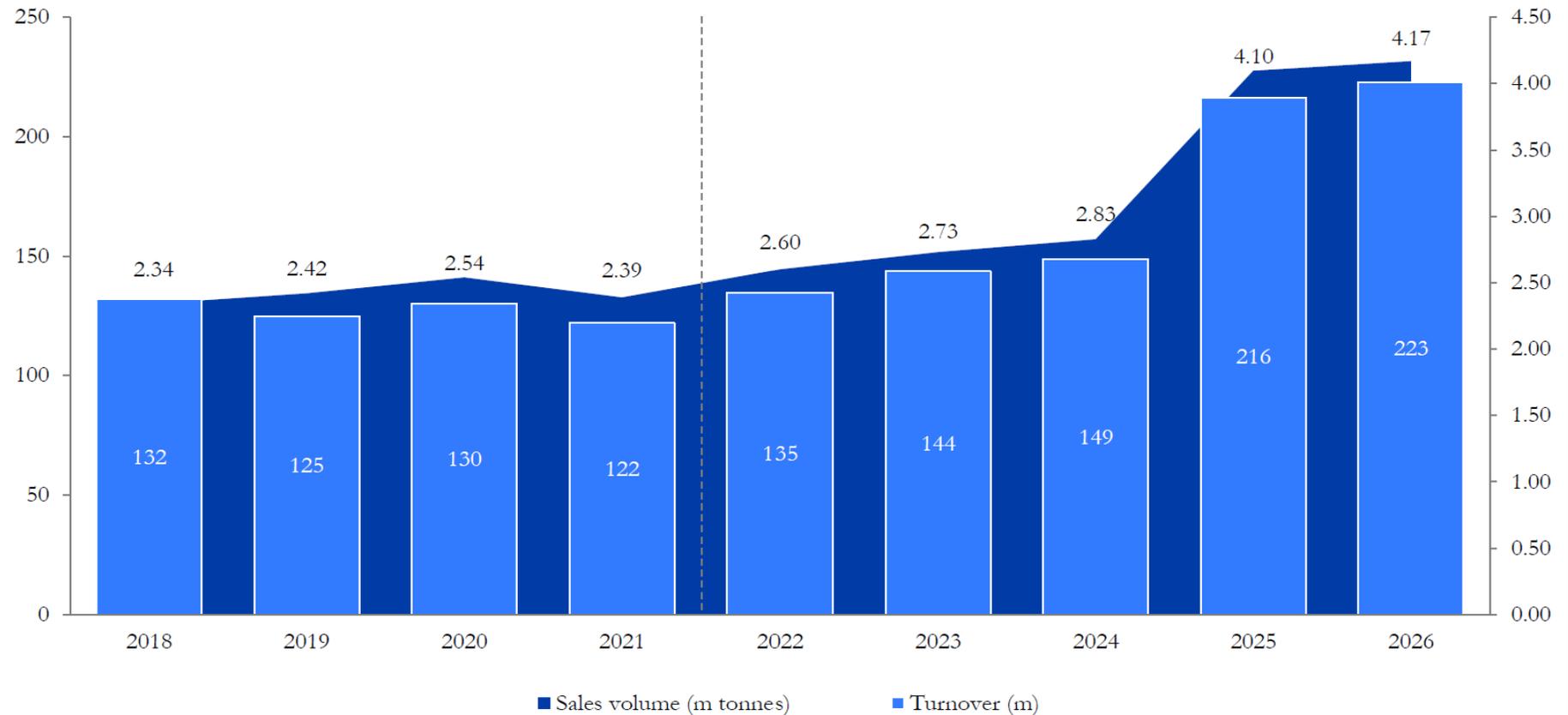


## Topline Performance

- Long term track record of achieving consistent growth in sales volume, though pricing pressure has impacted revenue growth
- Projected turnover trajectory is based on significant sales momentum in YTD 2022 and the planned capacity expansion in 2025

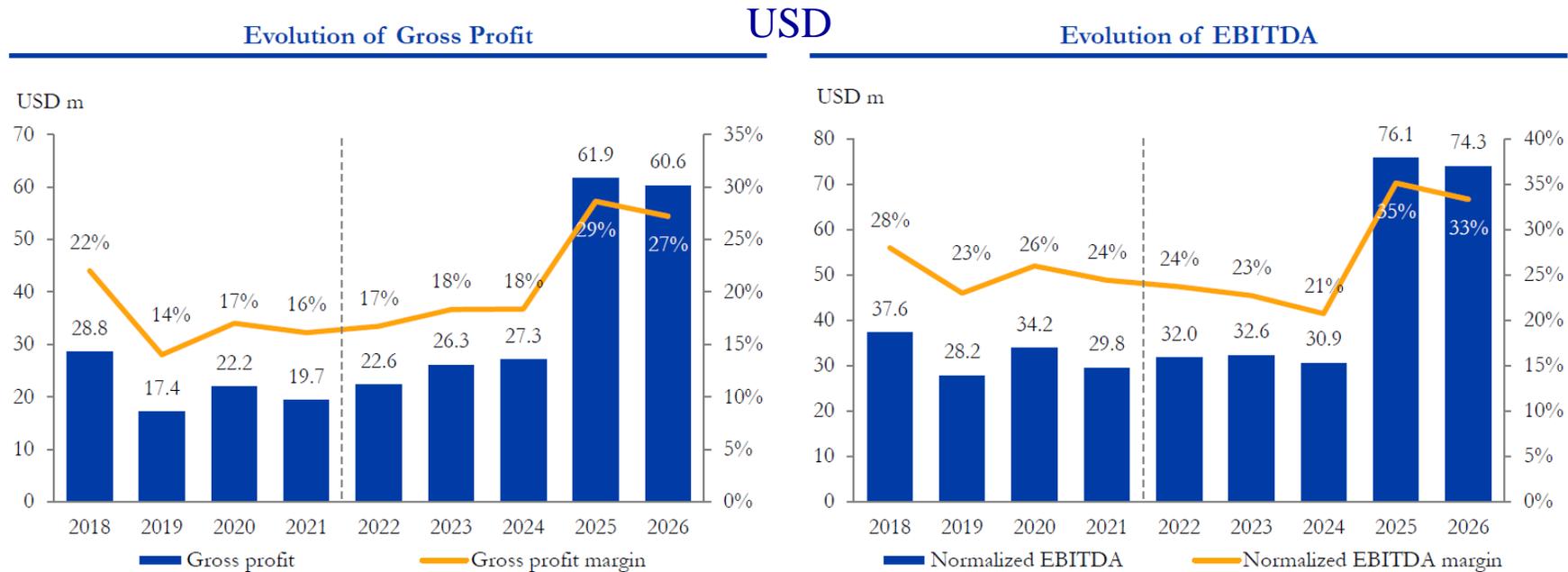
USD

Evolution of Sales Volume and Turnover



## Profit Performance

- Despite price competition impacting margins, operations have remained historically profitable
- The significant margin expansion forecast from 2025 is driven primarily by c.70% capacity expansion

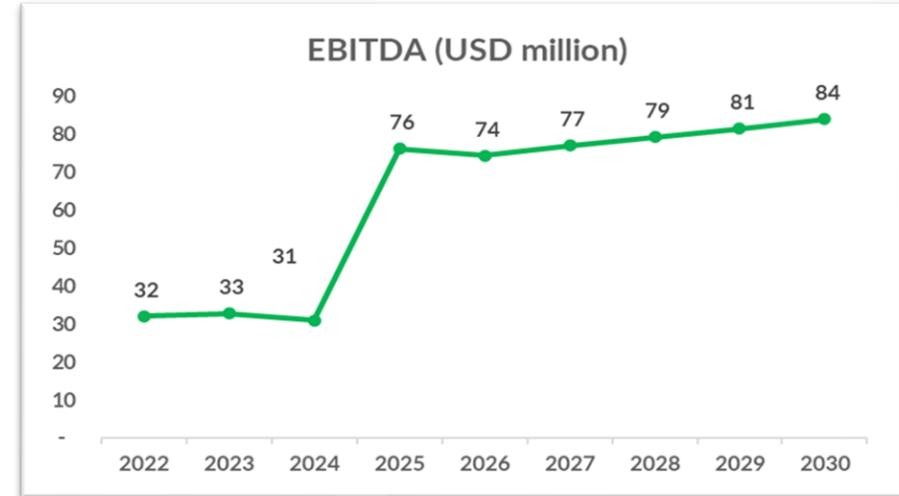


- In 2020, OCC had the highest gross profit margin among select key competitors operating in Oman and UAE
- Margin expansion driven by:
  - Cost improvement initiatives
  - Planned upgrade to latest, cost-efficient technology
- Additional margin upside potential

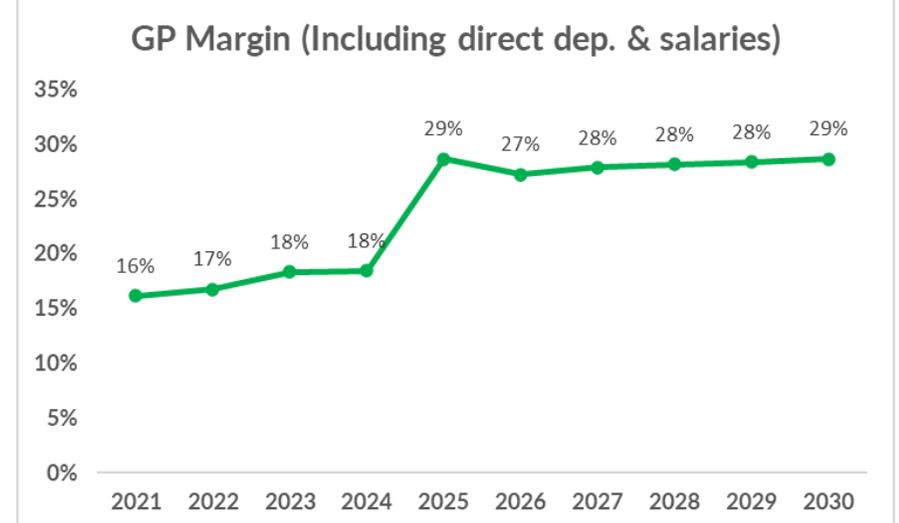
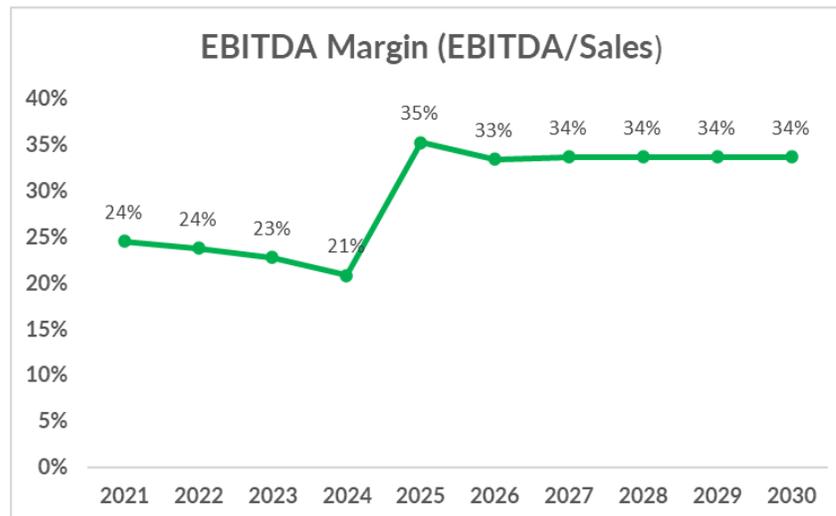
- Significant EBITDA growth supported essentially by higher volume from planned production capacity (expected to be completed in 2025)
- EBITDA is expected to grow by a factor of 2.5x between 2021 and 2026



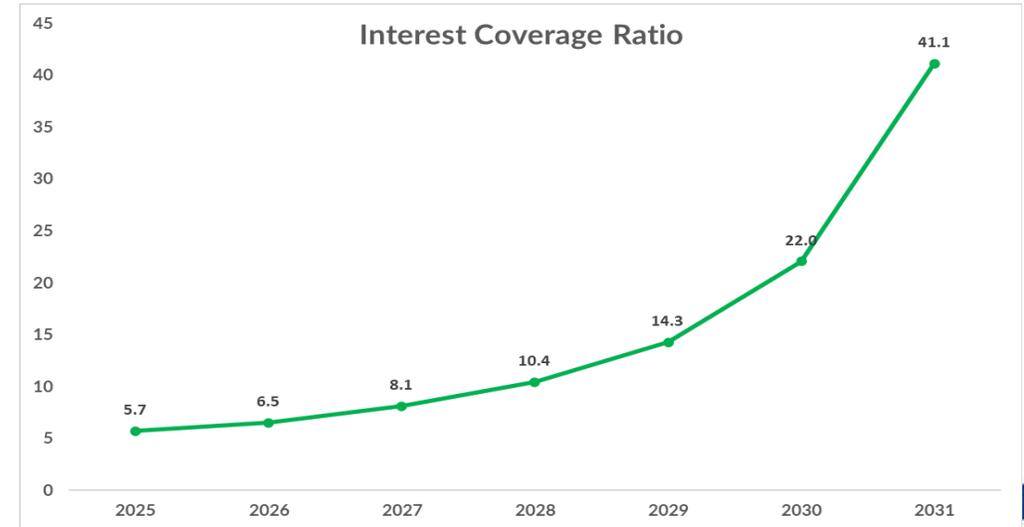
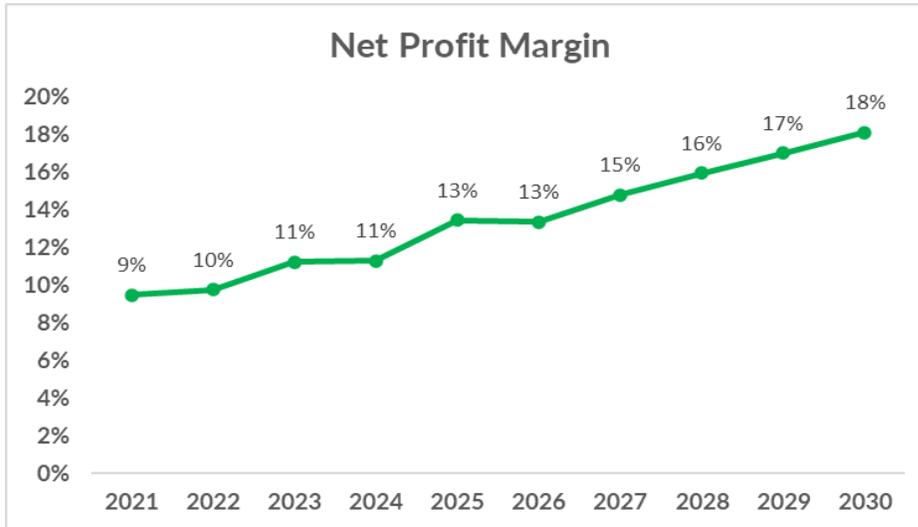
## Revenue and EBITDA Growth Projections



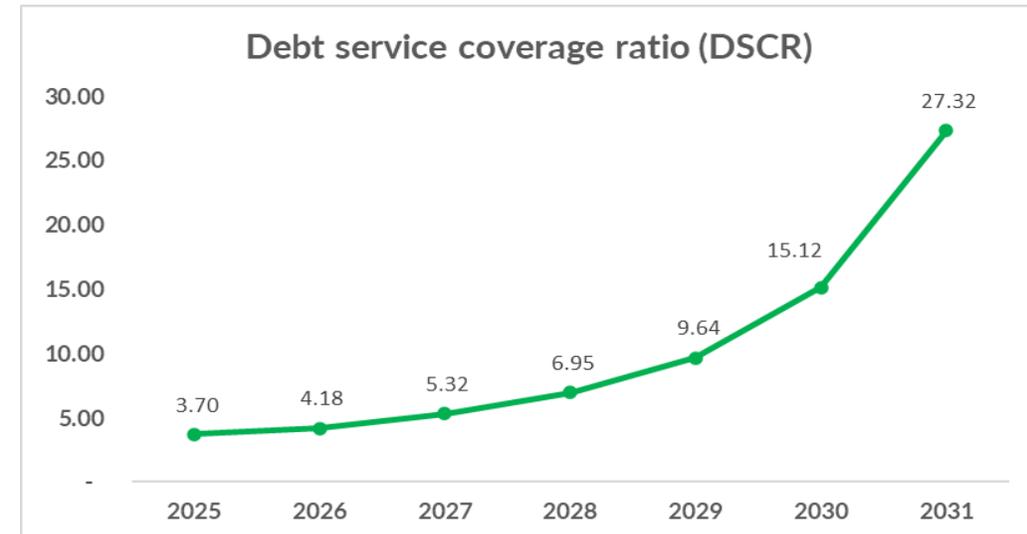
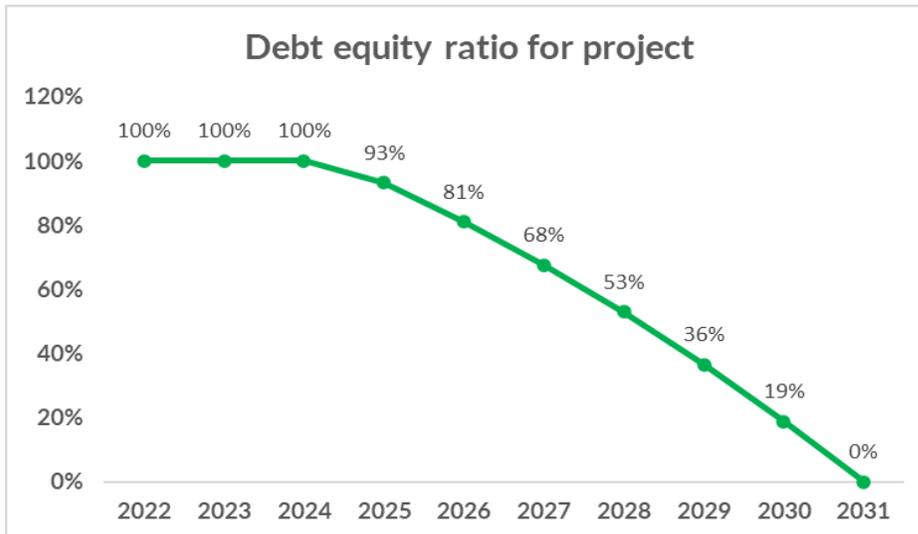
## GP and EBITDA Margin (%)



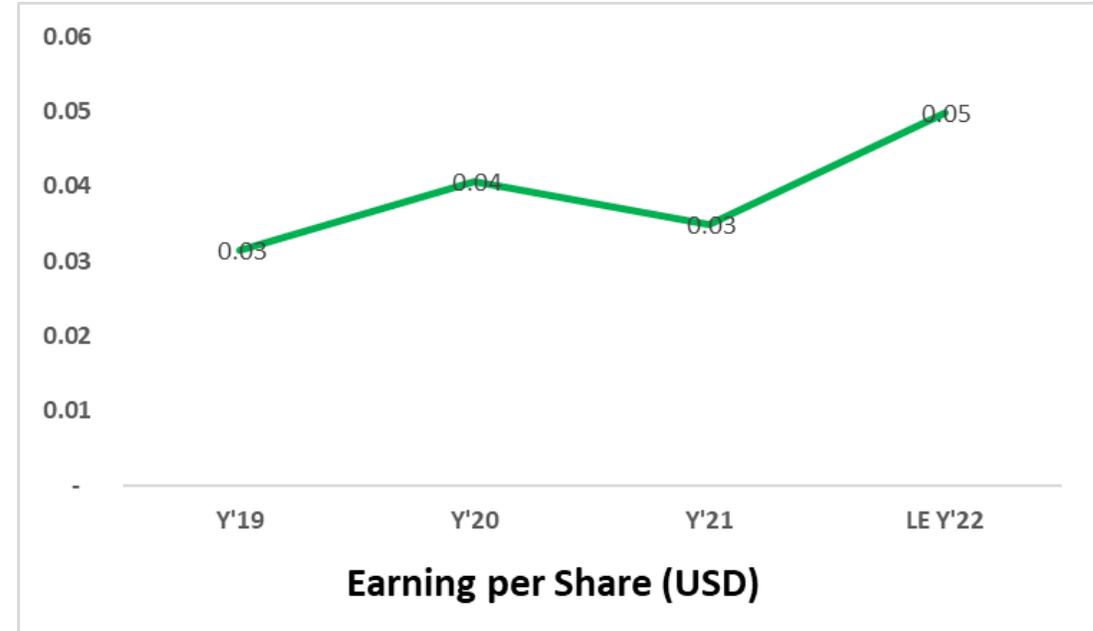
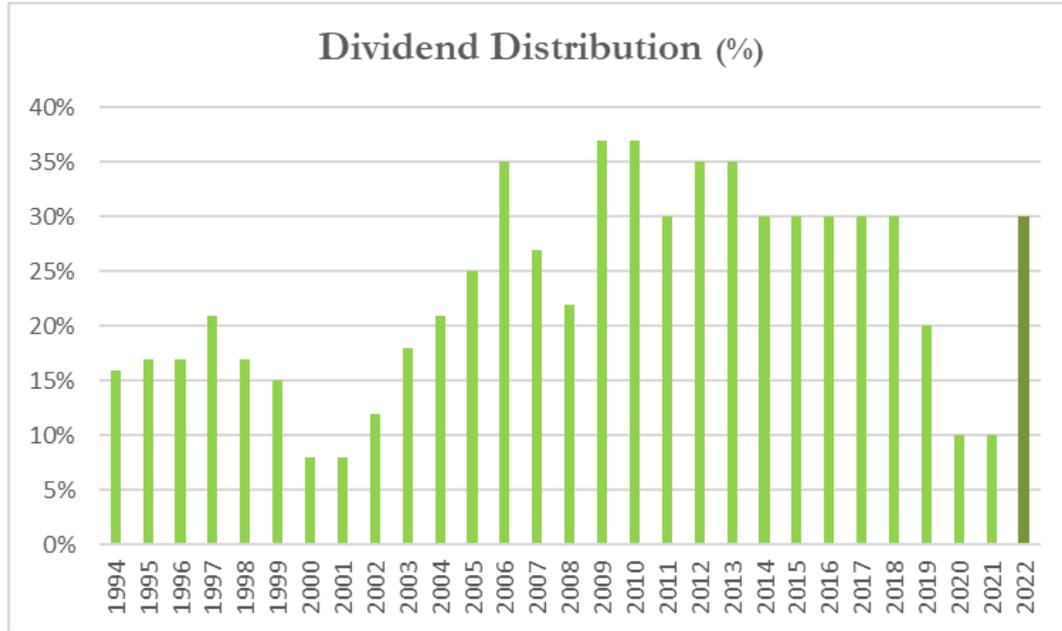
## Net Profit and Interest Coverage Ratio



## Debt Service Ratio & Debt Equity Ratio



## Distribution Over Time



## Financial Performance

Amount (USD million)				
Particulars	Y'19	Y'20	Y'21	H1'22
Revenue	125	130	122	87
EBITDA	28	34	30	18
Net Profits	13	10	12	8
Particulars	Y'19	Y'20	Y'21	H1'22
Fixed Assest	339	284	269	260
Current Assets	112	148	255	265
<b>Total Assets</b>	<b>451</b>	<b>431</b>	<b>524</b>	<b>525</b>
Share Capital & Reserves	386	382	385	385
Long Term Liabilities	30	25	25	24
Current Liabilities	35	25	115	116
<b>Total Equity &amp; Liabilities</b>	<b>451</b>	<b>431</b>	<b>524</b>	<b>525</b>
ROE	3%	4%	3%	4%

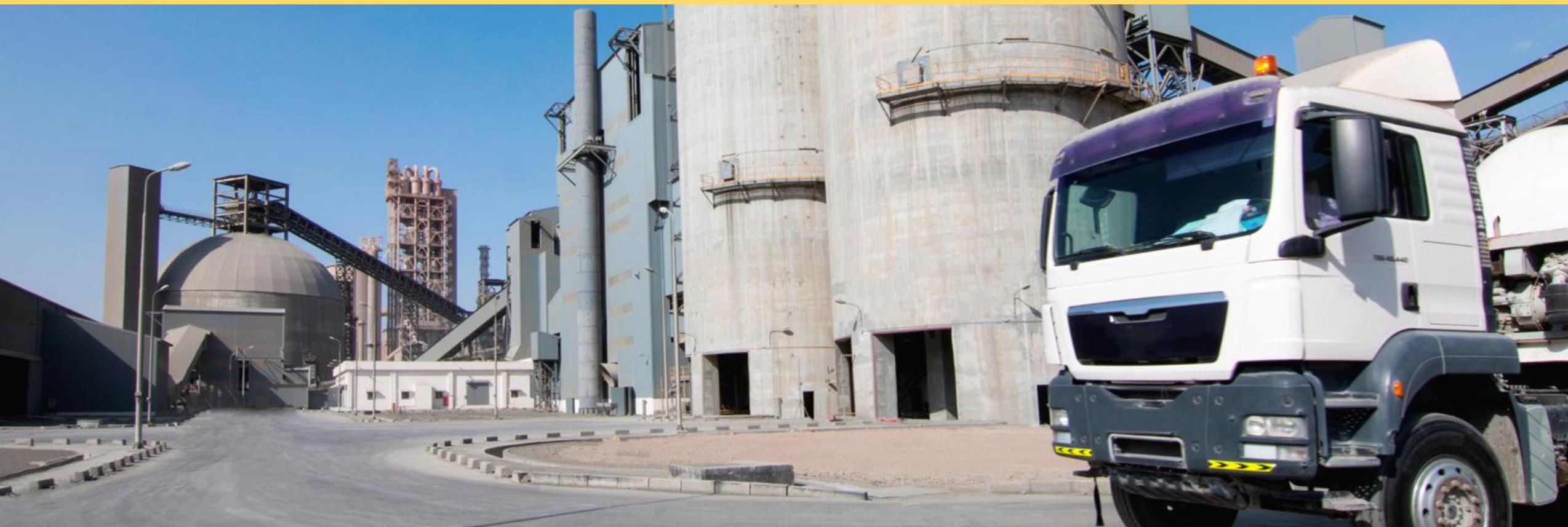
## Financial Performance (H1'21 Vs H1'22)

Amount (USD million)					
Particulars	H'21	H1'22	Delta (USD)	Delta (%)	
Revenue	61	87	↑ 26	↑ 43%	
EBITDA	14	18	↑ 4	↑ 26%	
Net Profits	5	8	↑ 3	↑ 60%	
Particulars	H'21	H1'22	Delta (USD)	Delta (%)	
Fixed Assest	276	260	↓ (16)	↓ -6%	
Current Assets	147	265	↑ 117	↑ 80%	
<b>Total Assets</b>	<b>423</b>	<b>525</b>	<b>101</b>	<b>24%</b>	
Share Capital & Reserves	378	385	↑ 6	↑ 2%	
Long Term Liabilities	24	24	↓ (0)	↓ -1%	
Current Liabilities	20	116	↑ 95	↑ 469%	
<b>Total Equity &amp; Liabilities</b>	<b>423</b>	<b>525</b>	<b>101</b>	<b>24%</b>	
ROE	2.7%	4.3%		↑ 57%	



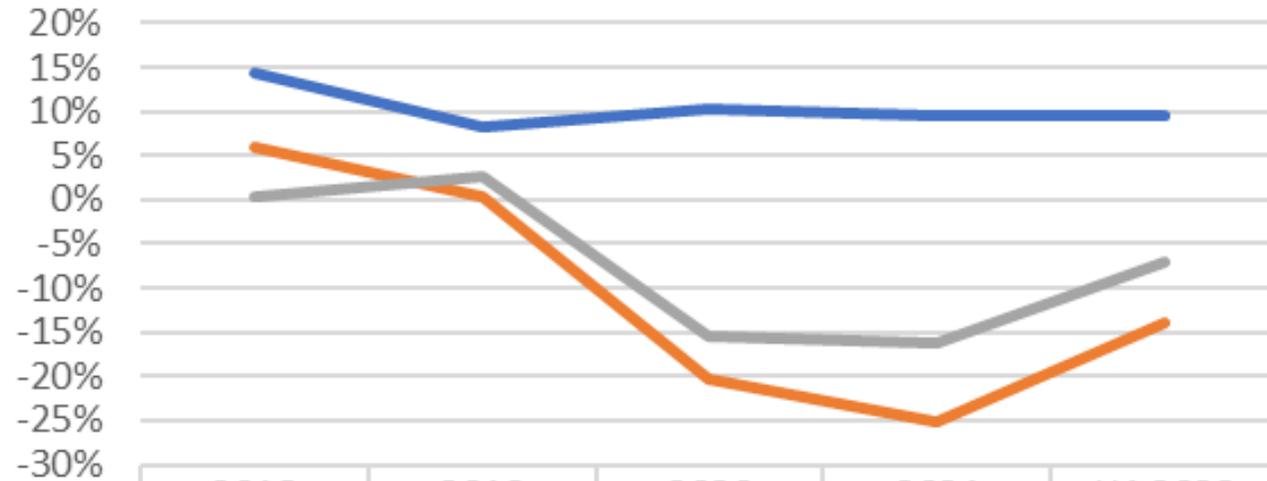


# COMPARATIVE



Comparatives

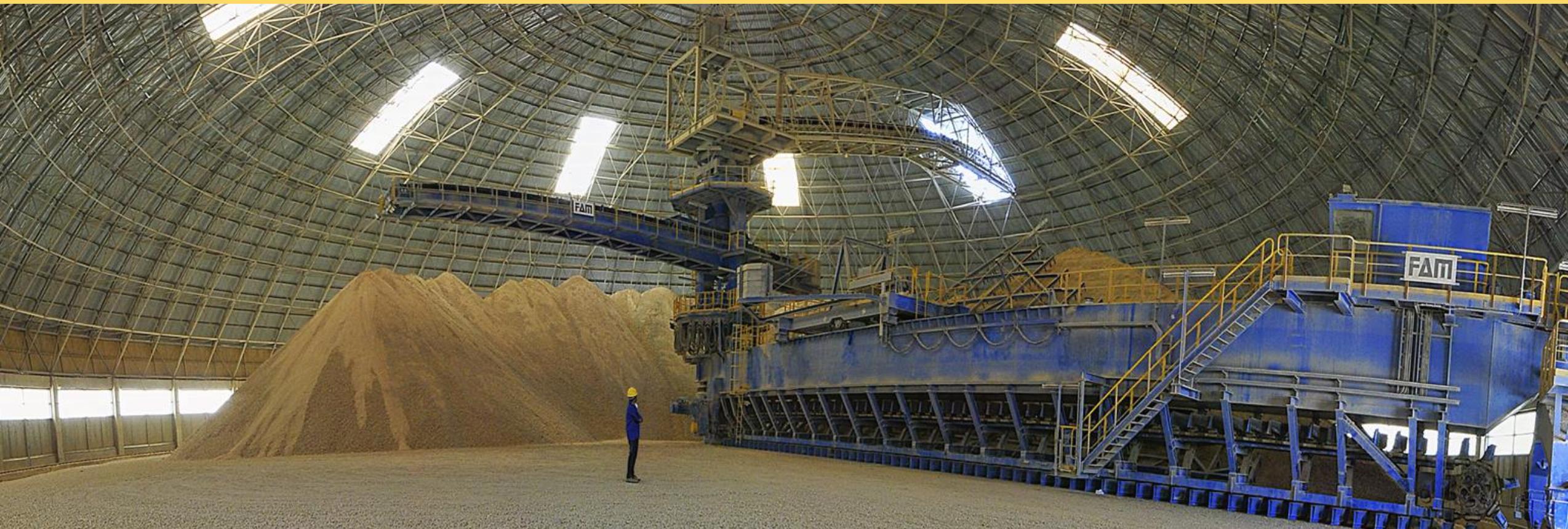
Profit to Sales Ratio



	2018	2019	2020	2021	H1 2022
OCC	14%	8%	10%	9%	9%
Peer	6%	0%	-20%	-25%	-14%
Peer Cons.	0%	3%	-16%	-16%	-7%



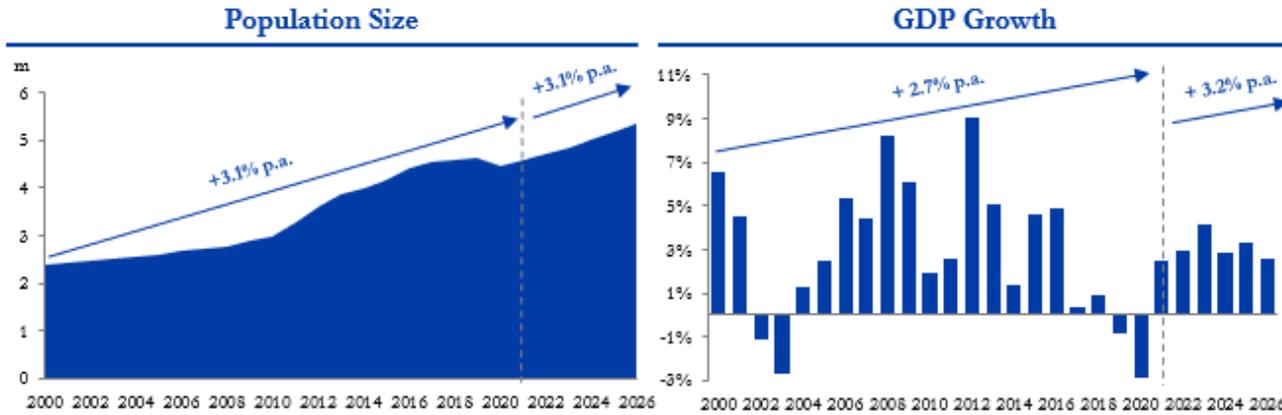
# GROWTH DRIVERS



## Highly Positive Market Growth Fundamentals

- Attractive long-term industry trends and growth prospects driven by Oman's population and economic growth, and infrastructure build-out
- Additionally, the government's economic diversification plan aims to develop non-petroleum manufacturing industries including cement<sup>1</sup>

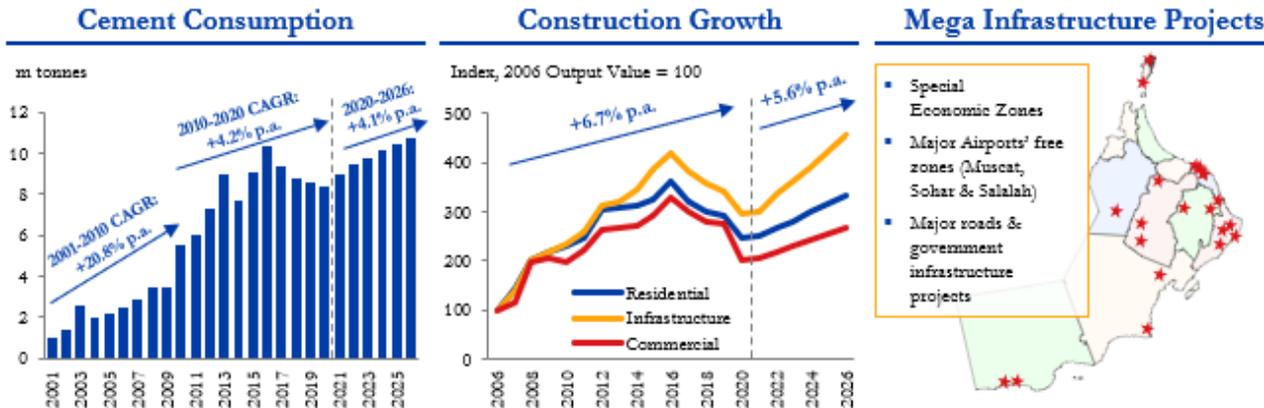
### Strong Macroeconomic Fundamentals – Oman



### Key Drivers and Trends

- Oman's population has doubled in 20 years and is forecast to continue growing at c.3% per year
- Strong track record of economic growth in Oman which is expected to continue in the medium term

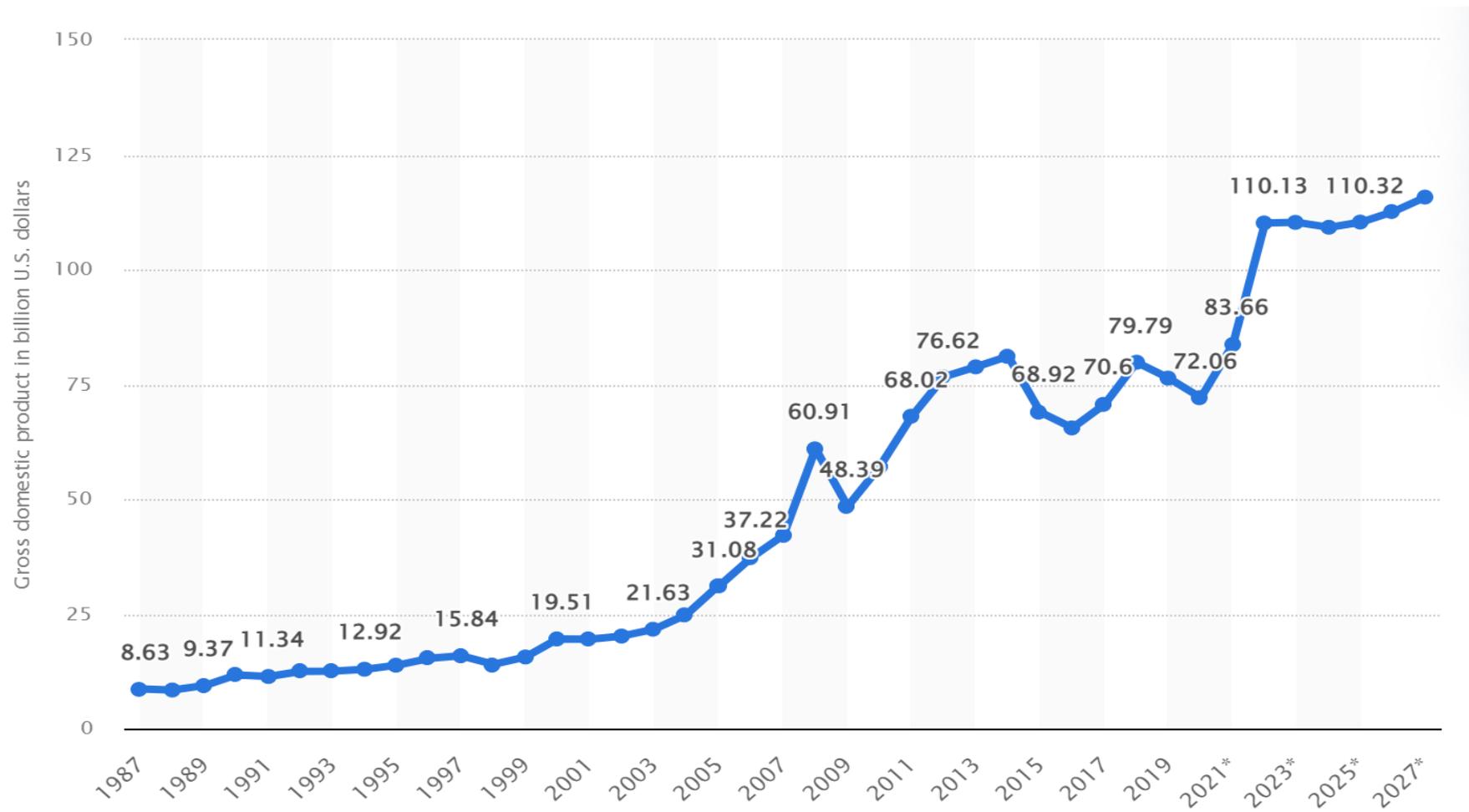
### Positive Outlook – Oman's Cement Sector



- Positive long-term trend of cement consumption which is forecast to grow at a 4.1% CAGR (2021-26)
- Healthy demand for private building, commercial and mega infrastructure projects provide visibility and long-term growth opportunity



# 05 Growth Drivers

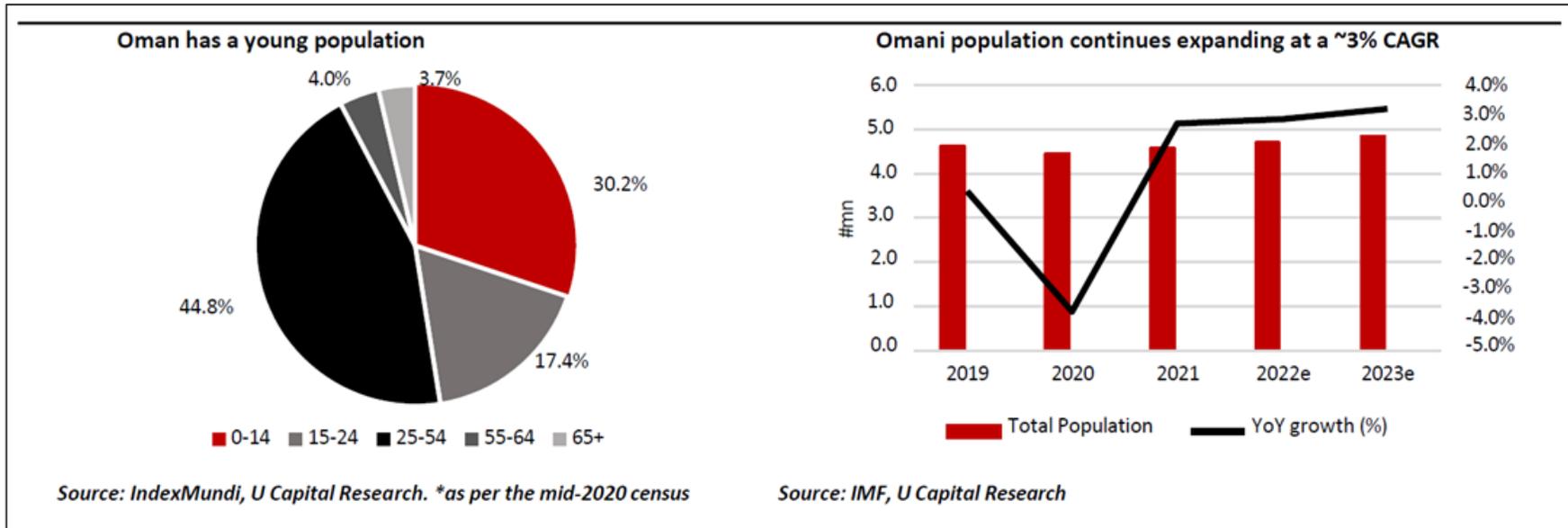
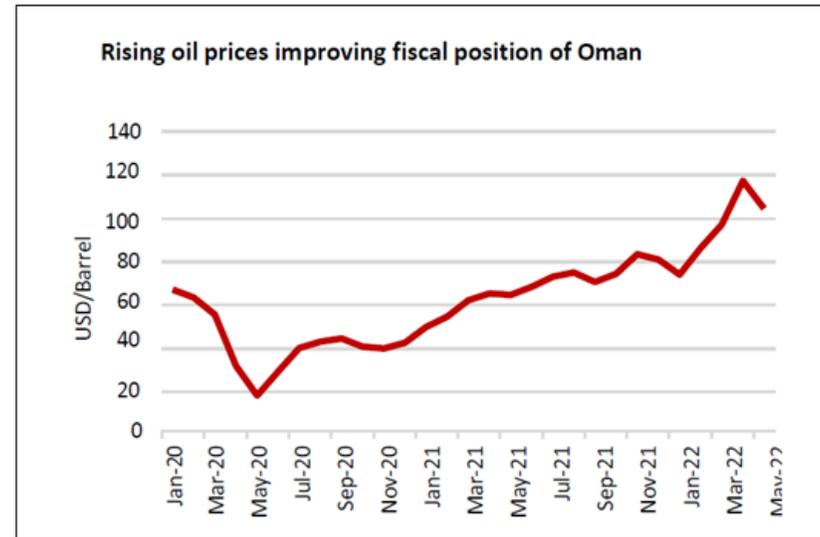
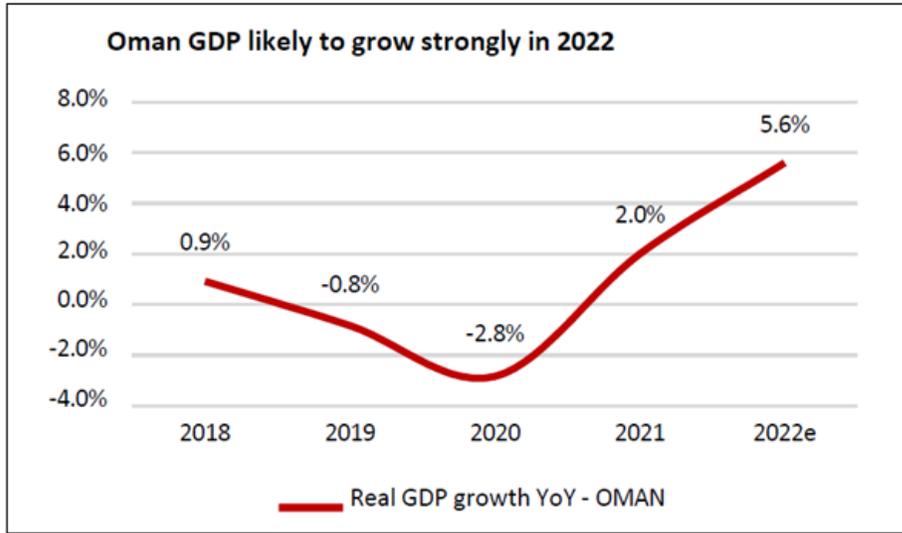


The **Cement industry** is pivotal to the GDP on value chain and addition to the **construction ecosystem** which accounts for a **9% - 15%** share of Oman's GDP and is the country's largest employer.

Source: <https://www.statista.com/>



# 05 Growth Drivers



## Major projects in Oman

The construction industry in Oman is forecast to grow by 11.1% to reach OMR 2,620mn in 2022. The growth momentum is expected to continue over the forecast period, recording a CAGR of 6.9% to reach OMR 3,357mn by 2026, implying a healthy demand for building and construction materials such as cement.

*Source: Business wire, U capital Research*

Projects	Description	Project Value (USD bn)
Sino-Oman Industrial City in Duqm	The project is about the development of an industrial city, the creating ground-breaking strategy is about 11.8 square kilometers of land inside the Special Economic Zone by Duqm's port (Sezad). The proposed industrial city will be home to Duqm's second oil refinery, having a world-scale processing capacity of 230,000 barrels per day-commerce	10.7
Khazaen Economic City	Khazaen Economic City is the latest integrated economic city to be developed in the Wilayat of Barka in the South Al Batinah Governorate. Khazaen land port contract and the Khazaen Central Market for vegetables & fruits have already attracted the largest logistic companies in the Sultanate	6.7
Hayy Al Sahil project	Hayy Al Sahil project will enhance the utilization of the fishing port by developing a floating dock for yachts, which will facilitate visitors' movement across Muscat's tourist ports and other tourist ports in Oman	1.0
Tourism Space	Naseem al Sabah Project is an upcoming ITC development with 96 housing units, a marina with berths for 75 boats, and a sales gallery. Ras al Hadd eco-themed resort will be in Ras Al Hadd, near Sur, over an area of 1,971,823 sqm with 488 residential units, a commercial center, a heritage village, and a marina. It will also include a wildlife park and marine park	10.5

*Source: Media articles, U capital Research*



# PROJECTS & DEVELOPMENT



## Environmental Improvements



All Production Lines meets the  
Environmental Regulations



	Environmental Project
1	Pollution Control Upgradation of Line # 1
2	Covering all mix bed area of raw material(Area of 50,000 m2)
3	Covering the Oil Well Cement Jumbo bag storage (Area of 5,000 m2)
4	Asphalting internal roads
5	Concreting the outside truck parking(Area of 10,000 m2)
6	Installing a vacuum system for collecting spilled cement in Packing Plant
7	Replacing and improving the bag filters of Kiln#2 cooler
8	Improving the bag filters in cement mill and packing plant areas
9	Pollution Control Upgradation of Line # 2
10	Installing Ambient Air Quality Monitoring Station
11	Installing Solar Cell Plant



## Growth and Capacity Expansions



### Construction of Brownfield expansion:

Line 4 and Upgrade of existing Line 3 on existing Plant in Misfah, Muscat

- Increase production capacity to 15,000 TPD clinker
- Improved efficiencies (fuel, power, personnel and maintenance cost), using new technology to build a modern line.
- Maintain market share and price leadership (~ -20%)
- Potential Export markets: Bangladesh, Sri Lanka, Kenya, Mozambique and Kuwait

### Al Sahawa Project, Duqm (SEZD)

- A green field 5000 TPD Cement Plant with Waste heat recovery (WHR) based power plant within the vicinity of Special Economic Zone in Duqm (SEZD)
- Capture market share in Al Wusta, Al Sharkiya North, Al Sharkiya South, and Al Dakhiliya and with potential export markets to Bangladesh, Sri Lanka and Kenya
- Strong infrastructure development in these regions



## OMAN CEMENT (OCOI)

Regular Market



**0.306** 4.08%  
 (0.012)

Prev Close  
 0.294

Open  
 0.300

Bid  
 0.302

Bid Volume  
 9,400

Ask  
 0.310

Ask Volume  
 15,000

SNAPSHOT

PERFORMANCE

PROFILE

FINANCIALS REPORTS

NEWS

DIVIDENDS

FOREIGN INVESTMENTS

1w 1m 3m 6m 1y **3y** 6y All

News



### Performance

Turnover <b>19,540,796</b>	High <b>0.312</b>
Volume <b>78,451,057</b>	Low <b>0.208</b>
Last Trade Price <b>0.306</b>	No Of Trades <b>5430</b>
Last Trade Volume <b>971</b>	Close <b>0.225</b>
Closing Price Of 2021 <b>0.246</b>	Closing Price Of 2020 <b>0.245</b>
Closing Price Of 2019 <b>0.235</b>	Closing Price Of 2018 <b>0.300</b>

## Analyst View & Confidence

Name	Current Market Price (OMR)	ROE <small>(Y22 projected)</small>	P/E Ratio
Oman Cement Co.	0.306	5%	16



**Oman Cement**

### Oman Cement

**Target Price: OMR 0.356**  
**Upside: 21.0%**

- **Company well placed to benefit from likely recovery in the domestic construction sector**
- **Expected additional production capacity and better utilizations amid steadily improving realizations to support top-line growth and earnings**
- **Margins to improve on better efficiencies in the near-medium term**
- **Debt to remain at comfortable level providing further room for future growth projects**

Upside/(Downside), %

21.00%

**Recommendation**

**Buy**

*Source: Company Filings, Bloomberg, U Capital Research*





**Key financials**

In OMR mn, except stated otherwise	FY19	FY20	FY21	Prev.FY22e	FY22e	Prev.FY23e	FY23e	Prev.FY24e	FY24e
<b>Income Statement</b>									
Sales	48	50	47	69	69	69	68	83	82
Cost of sales	(41)	(42)	(39)	(58)	(56)	(58)	(56)	(70)	(68)
<b>Gross profit</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>11</b>	<b>13</b>	<b>11</b>	<b>13</b>	<b>13</b>	<b>15</b>
Depreciation and amortization	8	8	8	8	8	8	8	10	10
General and administrative expenses	(3)	(3)	(4)	(5)	(5)	(5)	(5)	(6)	(6)
<b>Operating profit</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>9</b>
Other Income	1	0	0	0	0	0	0	0	0
Finance costs	0	1	1	1	0	(1)	(1)	(2)	(2)
<b>Income before tax</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>7</b>	<b>9</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>7</b>
Income tax	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
<b>Net income for equity shareholders</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>6</b>





In OMR mn, except stated otherwise	FY19	FY20	FY21	Prev.FY22e	FY22e	Prev.FY23e	FY23e	Prev.FY24e	FY24e
<b>Balance Sheet</b>									
Inventories	25	25	30	36	36	33	32	40	39
Trade and other receivables	10	10	11	14	14	13	13	16	16
Cash and bank balances	3	7	57	59	60	53	58	18	25
Property and equipment	112	105	100	99	99	177	177	201	200
Right-of-use assets	1	1	1	1	1	1	1	1	1
<b>Total assets</b>	<b>174</b>	<b>166</b>	<b>202</b>	<b>211</b>	<b>213</b>	<b>281</b>	<b>284</b>	<b>279</b>	<b>283</b>
Loans and borrowings	7	2	35	35	35	105	105	100	100
Trade and other payables	8	7	7	11	11	10	9	12	11
Lease liabilities	1	1	1	1	1	1	1	1	1
<b>Total liabilities</b>	<b>25</b>	<b>19</b>	<b>54</b>	<b>61</b>	<b>60</b>	<b>129</b>	<b>129</b>	<b>126</b>	<b>125</b>
Share capital	33	33	33	33	33	33	33	33	33
Retained earnings	82	80	81	84	86	85	88	86	91
<b>Equity Attributable to Shareholders</b>	<b>148</b>	<b>147</b>	<b>148</b>	<b>151</b>	<b>153</b>	<b>152</b>	<b>155</b>	<b>153</b>	<b>158</b>





In OMR mn, except stated otherwise	FY19	FY20	FY21	Prev.FY22e	FY22e	Prev.FY23e	FY23e	Prev.FY24e	FY24e
<b>Key Ratios</b>									
Gross margin (%)	13.9%	17.2%	16.1%	16.1%	18.3%	16.1%	18.4%	15.5%	18.0%
EBITDA margin (%)	22.6%	26.2%	24.6%	19.8%	22.0%	19.7%	22.1%	20.0%	22.6%
Operating margin (%)	6.6%	10.7%	8.3%	8.5%	10.9%	8.5%	10.9%	8.2%	10.6%
Net margin (%)	8.3%	10.3%	9.5%	8.8%	11.3%	6.8%	8.6%	5.2%	7.1%
ROA	2.2%	3.1%	2.4%	2.9%	3.8%	1.9%	2.4%	1.5%	2.1%
ROE	2.7%	3.5%	3.0%	4.0%	5.1%	3.1%	3.8%	2.8%	3.7%
Current Ratio (x)	3.2	5.9	2.2	2.3	2.3	0.9	0.9	0.7	0.7
Capex/Sales	10.1%	3.3%	4.1%	9.5%	9.5%	125.0%	125.0%	40.0%	40.0%
Debt-Equity Ratio (x)	0.05	0.01	0.24	0.23	0.23	0.69	0.68	0.65	0.63
EPS	0.01	0.02	0.01	0.02	0.02	0.01	0.02	0.01	0.02
BVPS	0.45	0.44	0.45	0.46	0.46	0.46	0.47	0.46	0.48
DPS	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Dividend Payout Ratio	164.9%	63.8%	74.4%	55.0%	42.4%	69.9%	56.0%	77.1%	56.5%
Dividend Yield (%)	8.5%	4.1%	4.1%	4.0%	3.4%	4.0%	3.4%	4.0%	3.4%
P/E (x)	19.4	15.6	18.3	13.6	12.5	17.3	16.5	19.0	16.6
P/BV (x)	0.5	0.6	0.5	0.5	0.6	0.5	0.6	0.5	0.6
EV/EBITDA (x)	7.5	5.3	5.2	4.2	4.8	9.8	9.6	9.8	9.3

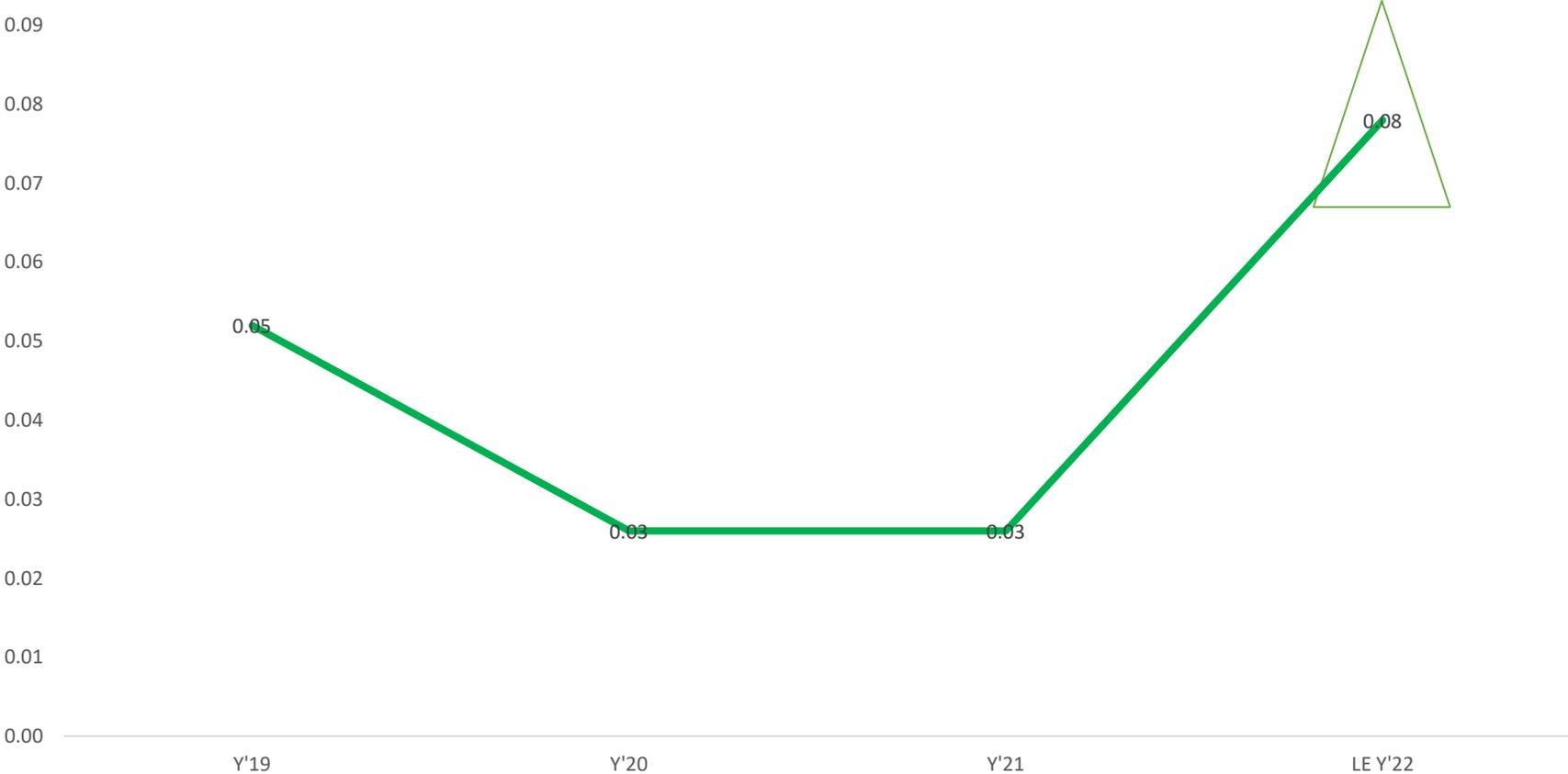
Source: Company Reports, U Capital Research

\*Current market price is used for forecast periods

# Dividend per Share (OCOI)



## OCC- Dividend per Share (USD)



LE: Projected and subject to Results audited and AGMs endorsements.



***Oman Cement Company  
... a solid and reliable investment!***



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Thank You

