

## Saudi Cement Company SWOT Analysis

### 1.1. Company Overview:

Saudi Cement Company was established in 1955 in Saudi Arabia. The company operates as a joint stock company with two plants in the Eastern Province of Saudi Arabia named Hofuf plant and Ain Dar plant. The company is engaged primarily in the production of cement & cement products, and investment in fields related to cement. The types of cement produced by Saudi Cement Company are: Ordinary Portland Cement (OPC), Sulphate Resisting Cement (SRC) and Oil Well Cement (OWC).

The company has a total of nine cement mills of varying production capacities with a total capacity of 908 tons of cement per hour. SCC has a total of 10 kilns in operation with a total capacity of 13,825 tons of clinker per day (source: company website)<sup>1</sup>.

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<sup>1</sup> <http://www.saudicement.com.sa>

## 1.2. SWOT Analysis:

### Strengths:

- Saudi Cement is expanding heavily leading to an increase in market share and production capacity.
- The company is the greatest producer of cement in the Kingdom.
- SCC operates on natural gas, which serves as a competitive advantage over its peers in Eastern region as natural gas is a cost effective fuel.

### Weaknesses:

- SCC's idealistic location in Eastern region has become useless due to the restriction on exports. In the current situation, the company's location is affecting its ability to increase turnover.
- The company's turnover is highly dependent on cement exports, which makes it vulnerable to changes in government's export policies.

### Opportunities:

- The government of Saudi Arabia is showing a conservative attitude about awarding operating licenses for cement. This has proven to be acting as a barrier to entry in the cement market.
- The increasing demand for cement in the region has come as an opportunity for SCC as the company bears highest production capacity in the region.
- The company is located in Eastern region nearing fast-growing GCC markets providing an opportunity for exports
- SCC's exports to Bahrain are expected to yield further revenues.

### Threats:

- Export ban imposed by the government comes as the greatest threat to the company's growth. If the ban is not released in near future unconditionally, it might affect the company's growth. The reason is that the company has production expansion plan in line which will further increase its capacity but it will be unable to increase its turnover in the GCC region, where the demand is on the upsurge, in the presence of export bans.

### 1.3. SWOT Diagram:

<p style="text-align: center;"><b>Strengths:</b></p> <ul style="list-style-type: none"><li>• Saudi Cement is expanding heavily leading to an increase in market share and production capacity.</li><li>• The company is the greatest producer of cement in the Kingdom.</li><li>• SCC operates on natural gas, which serves as a competitive advantage over its peers in Eastern region as natural gas is a cost effective fuel.</li></ul>	<p style="text-align: center;"><b>Weaknesses:</b></p> <ul style="list-style-type: none"><li>• SCC's idealistic location in Eastern region has become useless due to the restriction on exports.</li><li>• The company's turnover is highly dependent on cement exports, which makes it vulnerable to changes in government's export policies.</li></ul>
<p style="text-align: center;"><b>Opportunities:</b></p> <ul style="list-style-type: none"><li>• Government's conservative attitude towards awarding operating licenses for cement. This acts as a barrier to entry in the cement market.</li><li>• The increasing demand for cement in the region.</li><li>• Export opportunity owing to the company's location in Eastern region nearing fast-growing GCC markets</li><li>• SCC's exports to Bahrain are expected to yield further revenues.</li></ul>	<p style="text-align: center;"><b>Threats:</b></p> <ul style="list-style-type: none"><li>• SCC's growth can be affected due to export ban.</li><li>• SCC's production expansion plan to increase its capacity can be negatively affected by export ban, as the company will be unable to increase its turnover in the GCC region, where the demand is on the upsurge.</li></ul>