

August 15, 2023

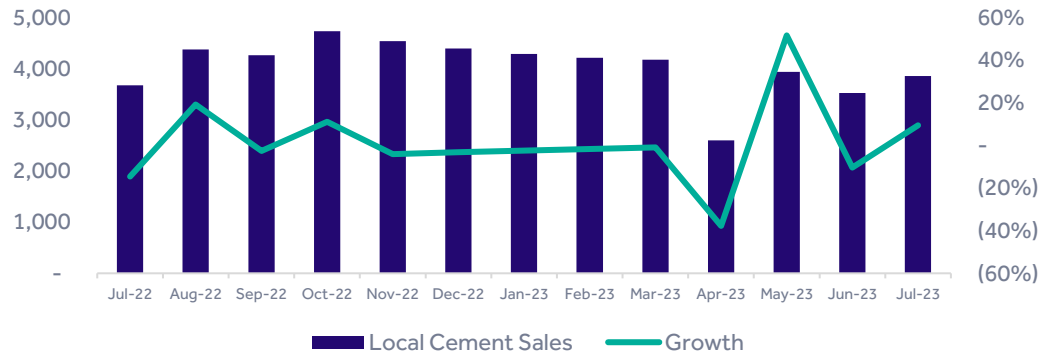
SAUDI CEMENT SECTOR
Monthly Report – July 2023

Total Cement Sales Up +5% Y/Y

Total sales for the Saudi cement sector went up +5% Y/Y and +8% M/M to 4.0 million tons in July 2023, according to Yamama Cement’s monthly bulletin. Local sales volume is up +5% Y/Y and +9% M/M for the month. However, demand remains below 4.0 million tons (average trailing 12-month). We believe this was driven by lower constructions activities due to higher interest rates, despite higher demand from Giga projects. Only 7 out of 17 companies in the sector showed a Y/Y decline in their local sales volume, led by Umm Al Qura Cement Co. (down -45% to 62K tons) followed by City Cement Co. which fell -13% to 163K tons while United Cement’s sales of 147K tons recorded the biggest growth of +47% Y/Y. On M/M basis, barring four companies, all companies in the sector showed an increase in their local sales volume led by Hail Cement, which reported a +28% growth M/M to 125K followed by Tabuk Cement Co. with a +24% increase to 163K.

Exports sales for the month fell to 178k tons versus 186K tons in July 2022 and 202K tons in the previous month.

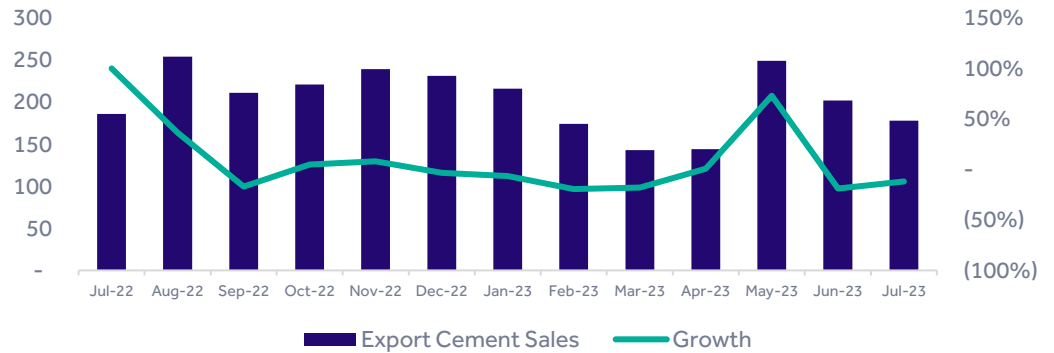
Exhibit 1: Local Sales (000's tons)



Local sales rose by +5% Y/Y and +9% M/M.

Source: Riyad Capital, Yamama Cement

Exhibit 2: Exports of Saudi Cement Sector (000's tons)



Export sales fell on both yearly and monthly basis by -4% and -12%, respectively.

Source: Riyad Capital, Yamama Cement

Table 1: Total Cement Sales (000's tons)

	Jul - 22	Jun - 23	Jul - 23	Growth Y/Y	Growth M/M
Local Sales	3,672	3,525	3,855	5%	9%
Export Sales	186	202	178	(4%)	(12%)
Total Cement Sales	3,858	3,727	4,033	5%	8%

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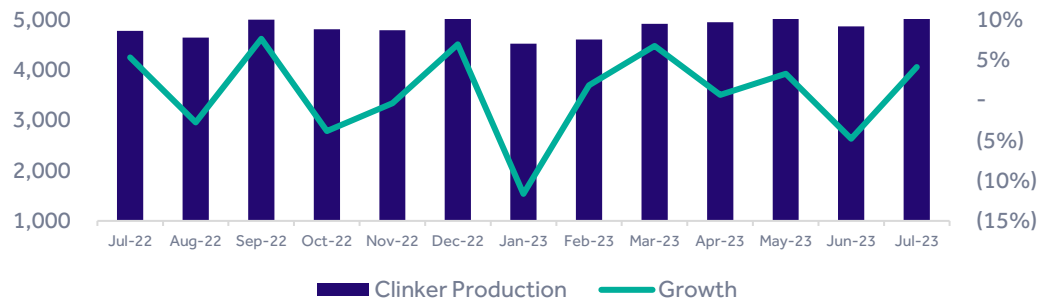
Clinker Production

The industry's clinker production is up +6% Y/Y and +4% M/M to 5.1 million tons in July 2023. Clinker production for the companies in the sector were mixed Y/Y and M/M. For the third month in a row, Riyadh Cement Co. with production of 239K tons recorded the biggest increase Y/Y by +420% while Yanbu Cement Co. with a production of 597K tons recorded the highest growth M/M by +49%. On the other hand, Umm Al Qura Cement Co. reported the biggest decline in its clinker production on both Y/Y and M/M basis by -92% and -88%, respectively, for the second month in a row to 14K tons.

Clinker inventories are up +9% yearly and +1% on a monthly basis to 39.1 million tons this month (highest level since October 2020).

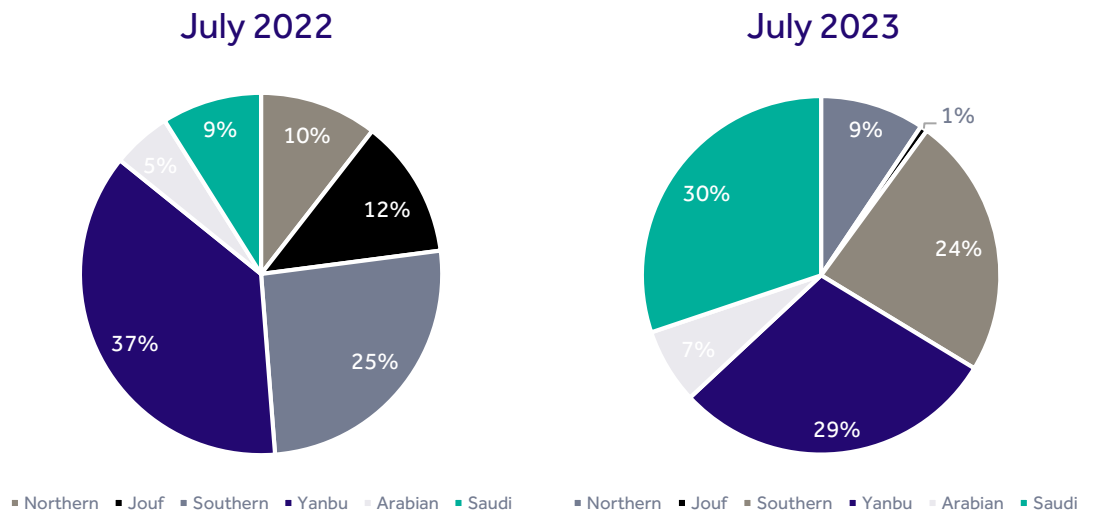
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production rose by +6% Y/Y and +4% M/M.



Source: Riyad Capital, Yamama Cement

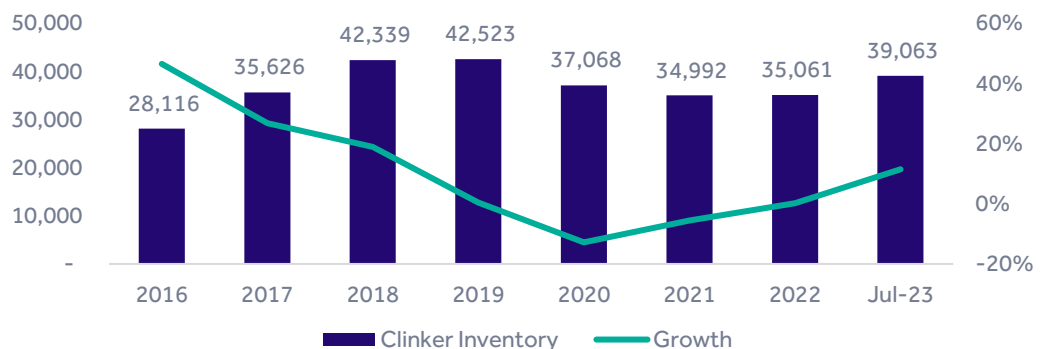
Exhibit 4: Clinker Exports by Companies (%)



Source: Riyad Capital, Yamama Cement

Exhibit 5: Clinker Inventory Levels (000's tons)

Clinker Inventories rose by +9% Y/Y and +1% M/M.

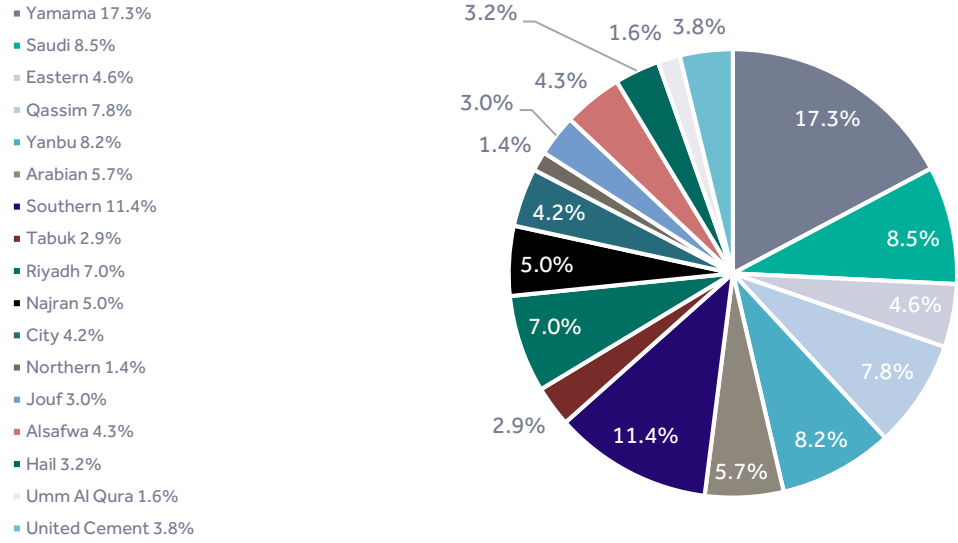


Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share at 17.3% in July 2023 followed by Southern Cement Co. with a market share of 11.4%.

Exhibit 6: Market Share for July 2023



Source: Riyad Capital, Yamama Cement

■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

* The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
 For any feedback on our reports, please contact research@riyadcapital.com

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