

9M2023 Local Sales Down -7% Y/Y

Total sales for the Saudi cement sector went down -6% Y/Y but is up +2% M/M to 4.2 million tons in September 2023, according to Yamama Cement's monthly bulletin. Local sales volume fell -6% Y/Y but went up +1% M/M in September. Most of the companies in the sector showed an increase Y/Y as Northern Cement reported the highest growth of +153% (+213% M/M) to 147K tons. On a M/M basis, 9 out of 17 companies in the sector showed a M/M decline in their local sales volume, led by Riyadh Cement (down -14% M/M to 242K tons) followed by Saudi Cement, which fell -14% to 272K tons. In 9M2023, local sales volume went down by -7% Y/Y to 34.6 mln tons, which we believe is due to lower constructions activities on the back of higher interest rate. Within our coverage universe, Yamama with 710K tons had the highest sales in the sector in Sep-23 (+18% Y/Y, +8% M/M) followed by Southern with 388K tons (-20% Y/Y, -10% M/M), Qassim at 377K tons (-4% Y/Y, +9% M/M) and Saudi with 272K tons (-36% Y/Y, -14% M/M). Meanwhile, Yanbu sales fell on both Y/Y and M/M by -25% and -13% respectively, to 271K tons.

Exports sales for the month fell to 183k tons versus 211K tons in September 2022 but is up M/M compared to 156K tons in the previous month.

Exhibit 1: Local Sales (000's tons)

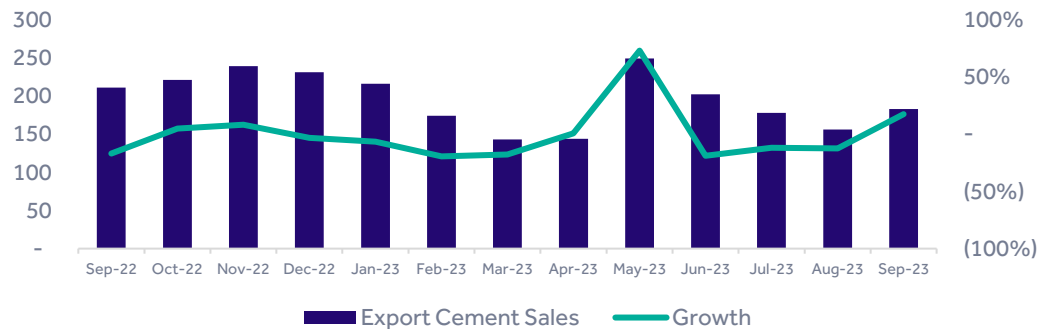
Local sales fell -6% Y/Y but is up +1% M/M.



Source: Riyad Capital, Yamama Cement

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

Export sales fell -13% Y/Y but is up +17% M/M.



Source: Riyad Capital, Yamama Cement

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

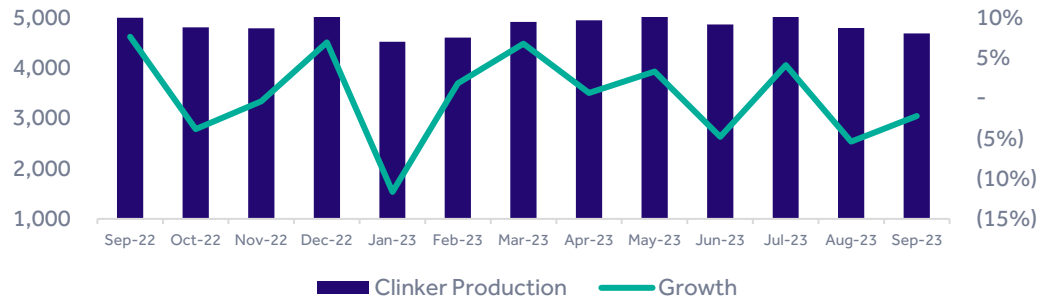
	Sep - 22	Aug - 23	Sep - 23	Growth Y/Y	Growth M/M
Local Sales	4,261	3,957	4,009	(6%)	1%
Export Sales	211	156	183	(13%)	17%
Total Cement Sales	4,472	4,113	4,192	(6%)	2%

Clinker Production

The industry's clinker production fell on both yearly and monthly basis by -6% and -2%, respectively, to 4.7 million tons in September 2023. Clinker production for the companies in the sector were mixed Y/Y and M/M. For the fifth month in a row, Riyadh Cement, with a production of 216K tons, recorded the biggest increase by +43% Y/Y and +47% M/M while Umm Al Qura Cement with a production of 50K tons recorded the biggest decline Y/Y by -57% and Alsafwa Cement with a production of 122K tons recorded the biggest decline M/M of -30%.

Clinker inventories continue the rising trend for the tenth month in a row and are up +11% on a yearly and slightly up on a monthly basis to 39.7 million tons this month.

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

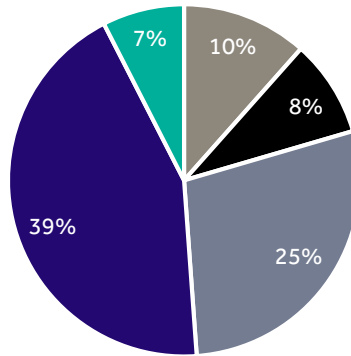


Clinker production fell on both Y/Y and M/M by -6% and -2%, respectively.

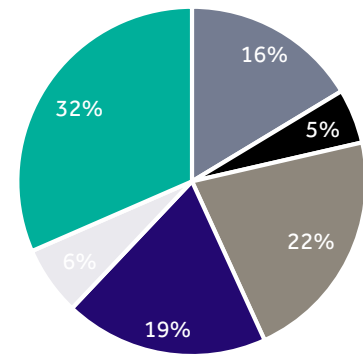
Source: Riyad Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)

September 2022



September 2023



■ Northern ■ Jouf ■ Southern ■ Yanbu ■ Saudi ■ Northern ■ Jouf ■ Southern ■ Yanbu ■ Arabian ■ Saudi

Source: Riyad Capital, Yamama Cement

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



Clinker Inventories rose by +11%.

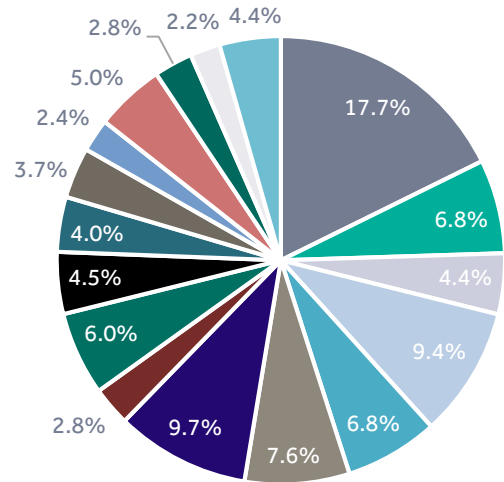
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share at 17.7% in September 2023 followed by Southern Cement Co. with a market share of 9.7%. In 9M2023, Yamama Cement managed to lead the market share at 14.7%.

Exhibit 6: Market Share for September 2023

- Yamama 17.7%
- Saudi 6.8%
- Eastern 4.4%
- Qassim 9.4%
- Yanbu 6.8%
- Arabian 7.6%
- Southern 9.7%
- Tabuk 2.8%
- Riyadh 6.0%
- Najran 4.5%
- City 4.0%
- Northern 3.7%
- Jouf 2.4%
- Alsafwa 5.0%
- Hail 2.8%
- Umm Al Qura 2.2%
- United Cement 4.4%



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
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