

April 10, 2023

SAUDI CEMENT SECTOR
Monthly Report – March 2023

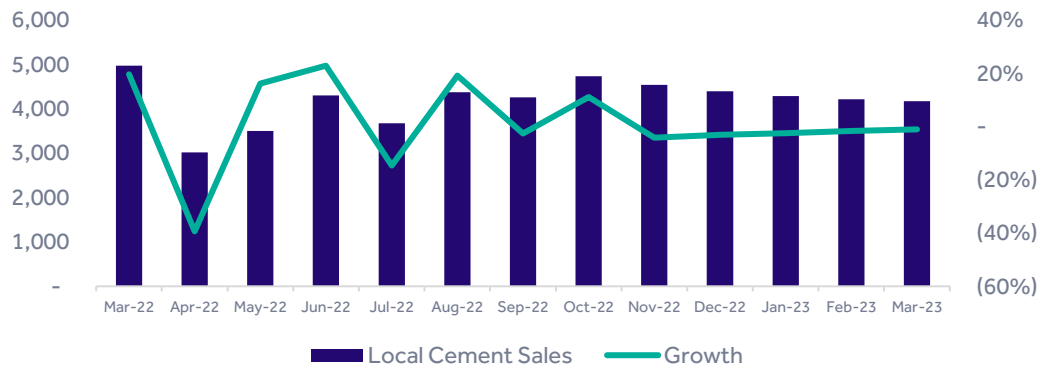
Total Cement Sales Fall -7% Y/Y in 1Q2023

Total sales for the Saudi cement sector fell by -14% Y/Y and by -2% M/M for the fifth month in a row to 4.3 million tons, according to Yamama Cement's monthly bulletin for March 2023. Just four companies in the sector showed an increase Y/Y in their local sales volume led by Northern Cement Co. which is up by +85% to 98K tons, while on M/M basis only 7 out of 17 companies showed an increase led by Jouf Cement Co. which is up by +15% to 118K tons. We believe higher interest rates has forced some of real estate developers to postpone their projects while the last ten days of March fell in the holy month of Ramadan. Within our coverage universe, Yamama has the highest sales in the sector at 533K tons (-19% Y/Y, +1% M/M) followed by Southern with 455K tons (-19% Y/Y, -2% M/M), Saudi at 451K tons (-10% Y/Y, +8% M/M) and Qassim at 350K tons (-13% Y/Y, +8% M/M). Yanbu sales fell by -29% Y/Y but are up by +2% M/M to 321K tons.

Exports sales for the month are up by +91% Y/Y but fell by -18% M/M for the fourth consecutive month to 143k tons.

Exhibit 1: Local Sales (000's tons)

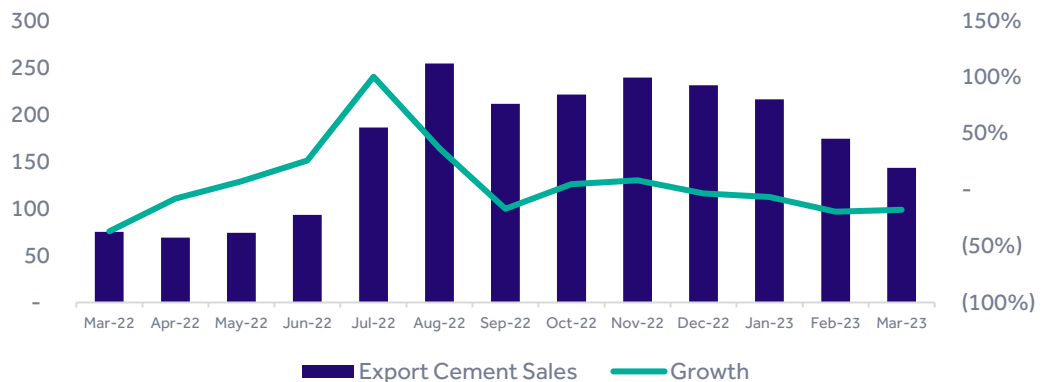
- Local sales fell on both yearly and monthly basis by -16% and -1%, respectively.



Source: Riyad Capital, Yamama Cement

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

- Export sales increased by +91% Y/Y but fell by -18% M/M.



Source: Riyad Capital, Yamama Cement

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

	Mar - 22	Feb - 23	Mar - 23	Growth Y/Y	Growth M/M
Local Sales	4,971	4,215	4,172	(16%)	(1%)
Export Sales	75	174	143	91%	(18%)
Total Cement Sales	5,046	4,389	4,315	(14%)	(2%)

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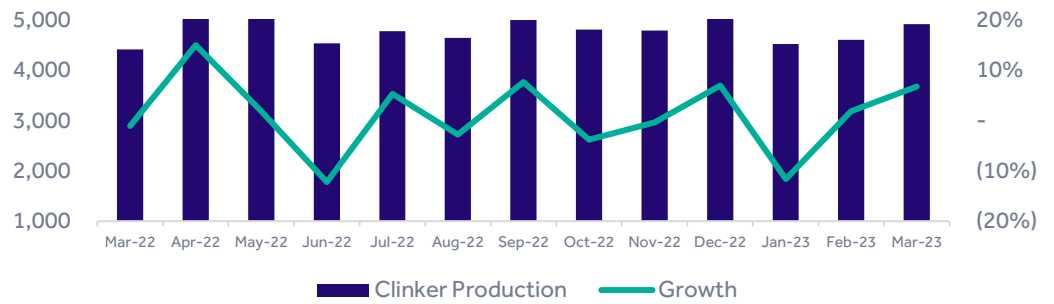
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Clinker Production

The industry's clinker production rose on both yearly and monthly basis by +11% and +7% respectively, to 4.9 million tons in March 2023. 12 out of 17 companies in the sector showed an increase in their clinker production as Riyadh's clinker production recorded the biggest increase Y/Y by +625% to 319K tons (highest level since January 2020). On M/M basis only 4 companies showed a decline in their clinker production as Umm Al Qura Cement with a production of 121K recorded the biggest decline M/M by -28%.

Clinker inventories are up by +4% Y/Y but were stable M/M to 35.1 million tons this month compared with 34.7 million tons in the same month last year.

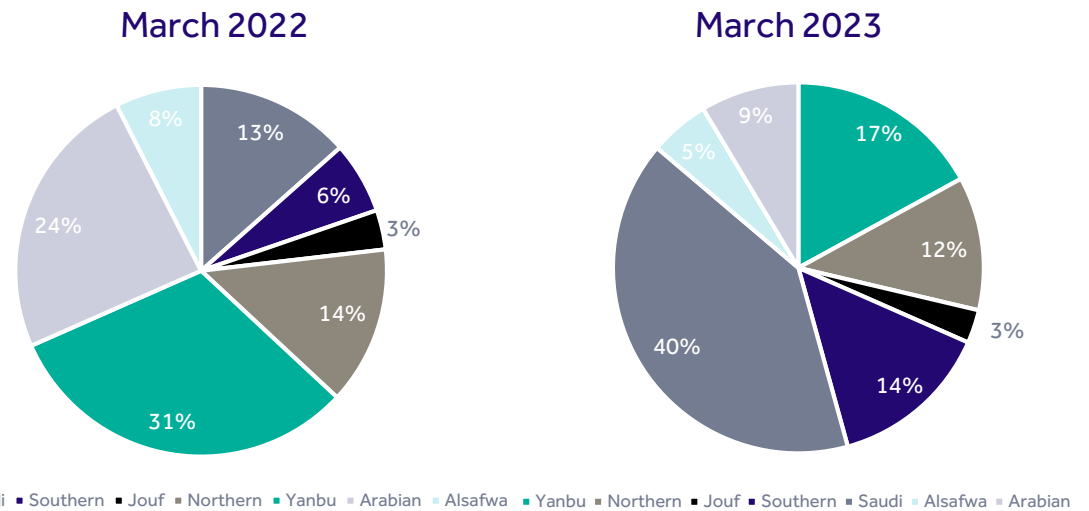
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)



Clinker production rose on both yearly and monthly basis by +11% and +7% respectively.

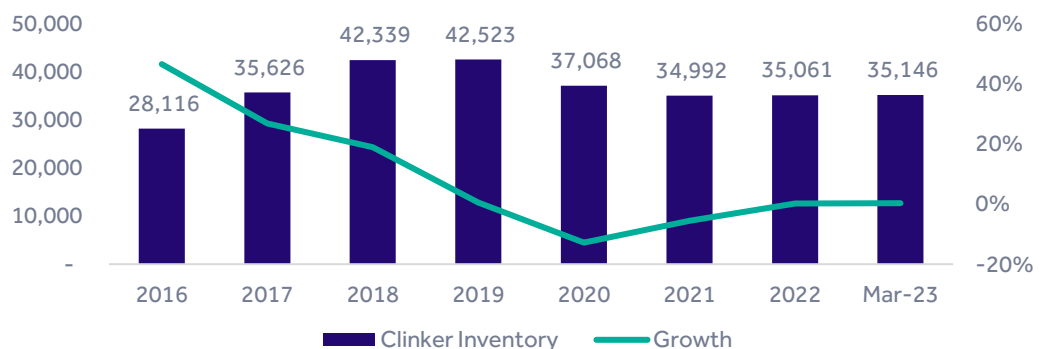
Source: Riyad Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)



Source: Riyad Capital, Yamama Cement

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



Clinker Inventories rose by +4% Y/Y.

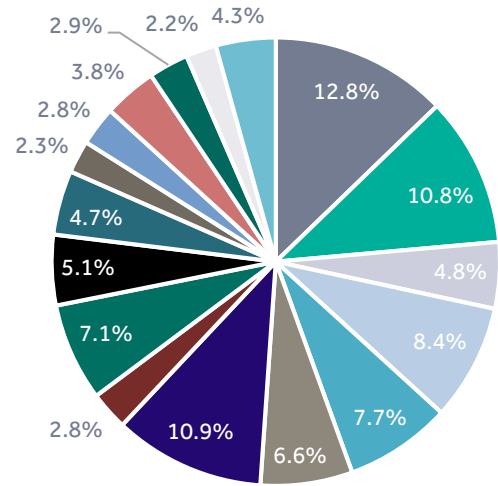
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share at 12.8% in March 2023 followed by Southern Cement Co. with a market share of 10.9%.

Exhibit 6: Market Share for March 2023

- Yamama 12.8%
- Saudi 10.8%
- Eastern 4.8%
- Qassim 8.4%
- Yanbu 7.7%
- Arabian 6.6%
- Southern 10.9%
- Tabuk 2.8%
- Riyadh 7.1%
- Najran 5.1%
- City 4.7%
- Northern 2.3%
- Jouf 2.8%
- Alsafwa 3.8%
- Hail 2.9%
- Umm Al Qura 2.2%
- United Cement 4.3%



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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