

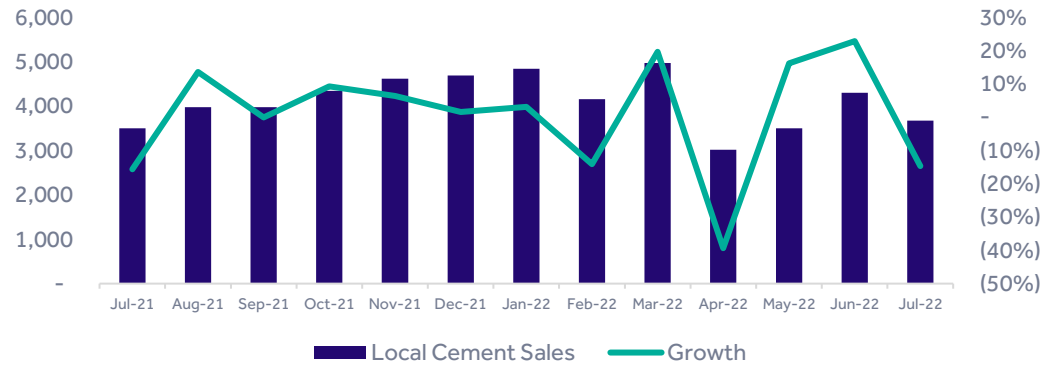
Hajj Season Affects Volumes M/M

Total sales for the Saudi cement sector are up by +7% Y/Y but fell by -12% M/M to 3.9 million tons, according to Yamama Cement's monthly bulletin for July 2022. The increase Y/Y was on the back of higher construction activity while sales volume impacted M/M as the Hajj season fell in July 2022, which meant lower construction activity. On a yearly basis, Yamama Cement Co. recorded the highest growth by +79% followed by Hail Cement Co. by +21% while Northern Cement Co. with 48K tons recorded the biggest decline by -30%. On a monthly basis, all the companies in the sector showed a decline in their local sales volume except Jouf Cement Co., which was steady. Most of the companies in the sector showed a double-digit decline except Yamama Cement, which posted a single-digit decline.

Exports sales for the month jumped by +98% Y/Y and were double M/M to 186K tons (highest level since December 2020) compared to 94K tons in July 2021.

Exhibit 1: Local Sales (000's tons)

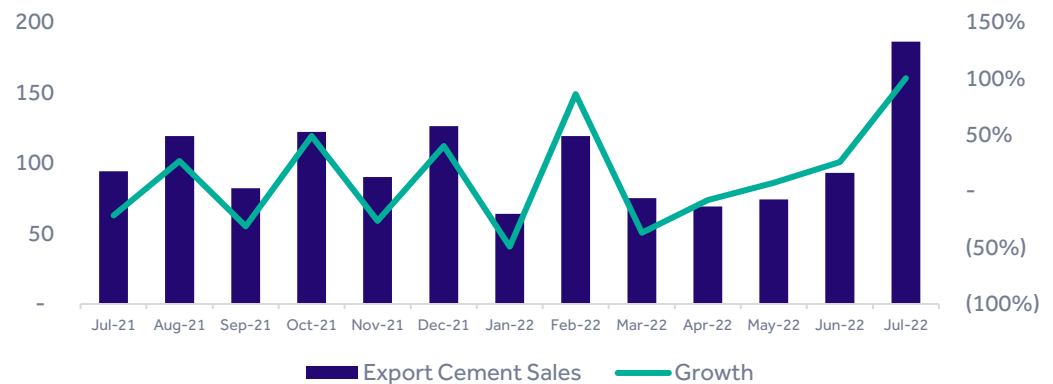
- Local sales up by +5% Y/Y but fell by -15% M/M.



Source: Riyad Capital, Yamama Cement

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

- Export sales up on both yearly and monthly basis by +98% and by +100% respectively.



Source: Riyad Capital, Yamama Cement

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

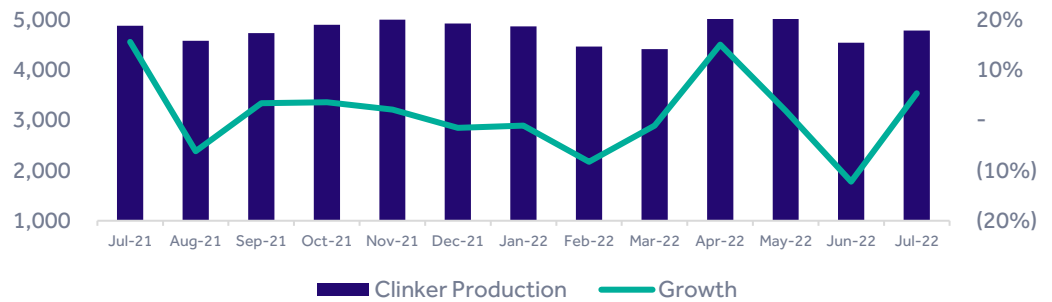
	Jul - 21	Jun - 22	Jul - 22	Growth Y/Y	Growth M/M
Local Sales	3,504	4,304	3,672	5%	(15%)
Export Sales	94	93	186	98%	100%
Total Cement Sales	3,598	4,397	3,858	7%	(12%)

Clinker Production

The industry's clinker production fell by -2% Y/Y but increased by +5% M/M to reach 4.8 million tons in July 2022. 8 companies out of 17 in the sector showed an increase in their production Y/Y. Najran's clinker production recorded the highest growth Y/Y by +106% to 361K tons while Riyadh Cement Co. with production of 46K tons recorded the biggest decline by -85%. Yanbu Cement Co. with production of 615K tons (+35% Y/Y and +80% M/M) recorded the biggest clinker production in the sector. Clinker inventories for the month are up on both yearly and monthly basis by +6% and +1% respectively to reach 36.0 million tons this month compared with 33.9 million tons in the same month last year.

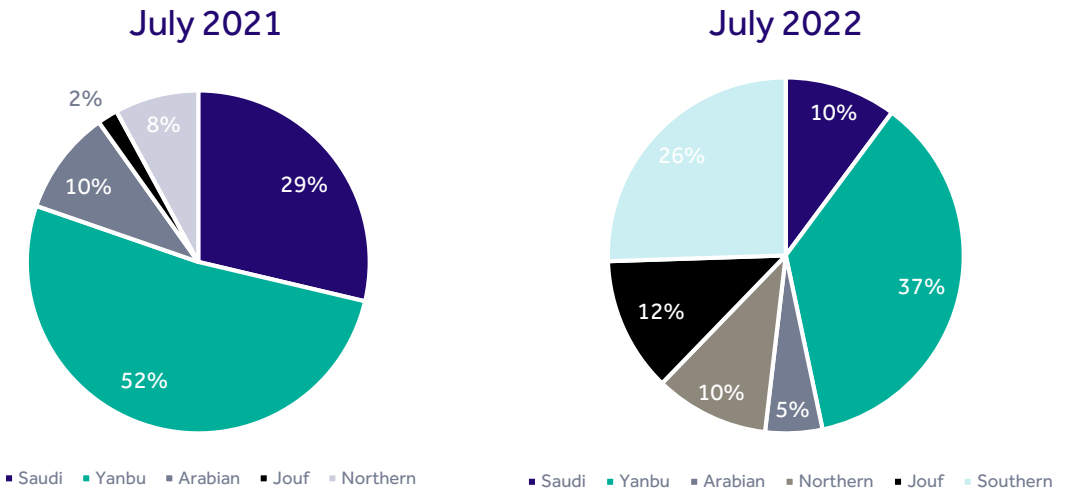
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production fell by -2% Y/Y but up by +5% M/M.



Source: Riyadh Capital, Yamama Cement

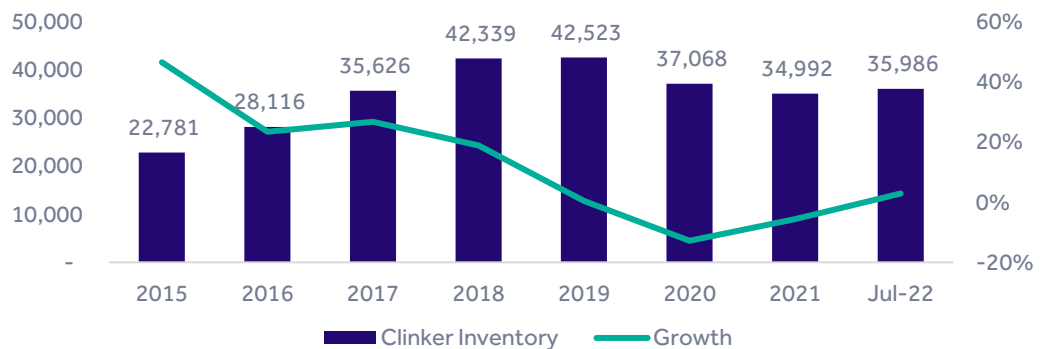
Exhibit 4: Clinker Exports by Companies (%)



Source: Riyadh Capital, Yamama Cement

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

Clinker Inventories rose on both yearly and monthly basis by +6% and +1% respectively.



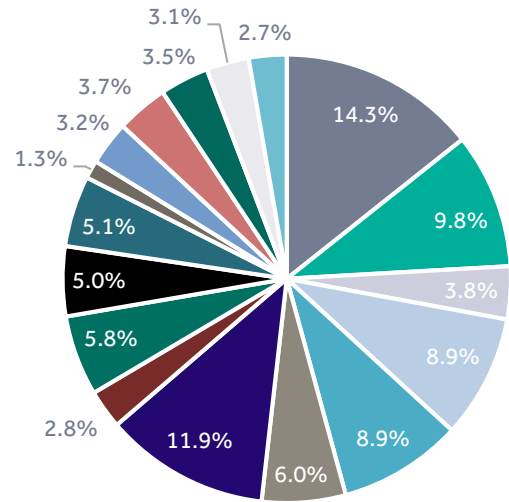
Source: Riyadh Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share for the third consecutive month to stand at 14.3% in July 2022 followed by Southern Cement Co. with a market share of 11.9%.

Exhibit 6: Market Share for July 2022

- Yamamah
- Saudi
- Eastern
- Qassim
- Yanbu
- Arabian
- Southern
- Tabuk
- Riyadh
- Najran
- City
- Northern
- Jouf
- Alsafwa
- Hail
- Umm Al Qura
- United Cement



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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