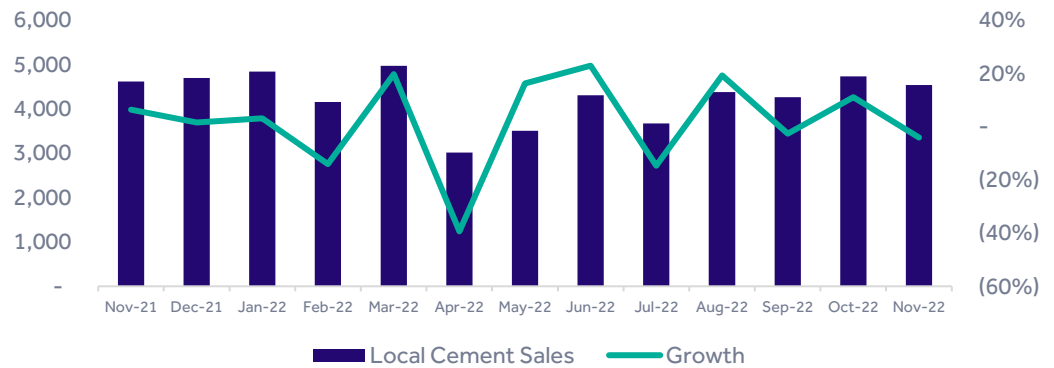


Total Sales Volume Up +1% Y/Y

Total sales for the Saudi cement sector went up by +1% Y/Y but fell by -4% M/M to 4.8 million tons, according to Yamama Cement's monthly bulletin for November 2022. The increase Y/Y was supported by higher export sales compared with the same month last year as well as stable local sales volumes due to higher construction activities. Local sales volumes declined by -2% Y/Y after six months of growth. Only 9 companies out of 17 in the sector showed an increase in their local sales volumes as United Cement recorded the highest growth of +110% Y/Y to 225K tons while Umm Al Qura reported a decline in local sales volumes Y/Y by -46% to 77K tons. On M/M basis, only 5 companies out of 17 showed an increase led by Jouf Cement, which reported a +16% M/M growth to 109K tons followed by United Cement with +14% growth M/M. Yanbu Cement, with 334K tons, recorded the biggest decline M/M by -13% followed by Yamama Cement, which recorded a -9% M/M decline.

Exports sales for the month jumped up by +166% on a yearly basis and by +8% on a monthly basis to 239k tons compared to 90K tons in the same month last year.

Exhibit 1: Local Sales (000's tons)



Local sales fell on both yearly and monthly basis by -2% and -4% respectively.

Source: Riyad Capital, Yamama Cement

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



Export sales rose on both yearly and monthly basis by +166% and +8% respectively.

Source: Riyad Capital, Yamama Cement

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

| | Nov - 21 | Oct - 22 | Nov - 22 | Growth Y/Y | Growth M/M |
|---------------------------|--------------|--------------|--------------|------------|-------------|
| Local Sales | 4,619 | 4,733 | 4,538 | (2%) | (4%) |
| Export Sales | 90 | 221 | 239 | 166% | 8% |
| Total Cement Sales | 4,709 | 4,954 | 4,777 | 1% | (4%) |

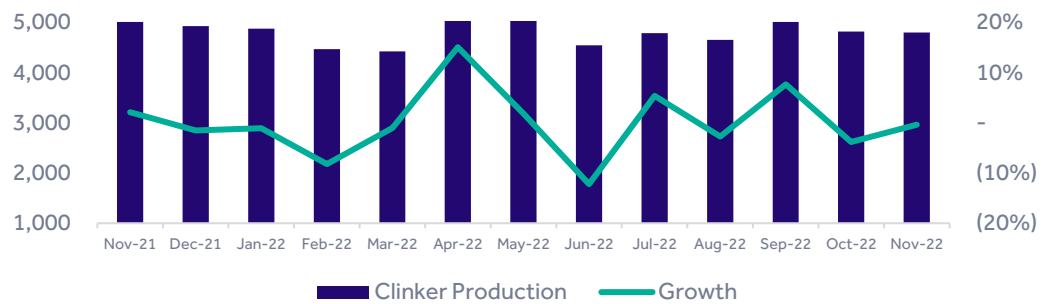
Clinker Production

The industry's clinker production fell on yearly basis by -4% and was stable M/M to 4.8 million tons in November 2022. 7 companies out of 17 in the sector showed an increase in their production Y/Y. Northern Cement's clinker production recorded the highest growth Y/Y by +139% to 153K tons while City Cement Co. with production of 95K tons recorded the biggest decline by -62%. Also, 7 companies showed an increase M/M in their clinker production led by Yanbu Cement, which reported the biggest growth of +102% to 607K tons.

Clinker inventories for the month were stable Y/Y but showed a decline by -2% M/M to reach 34.8 million tons this month (lowest level since April 2022) compared with 35.0 million tons in the same month last year.

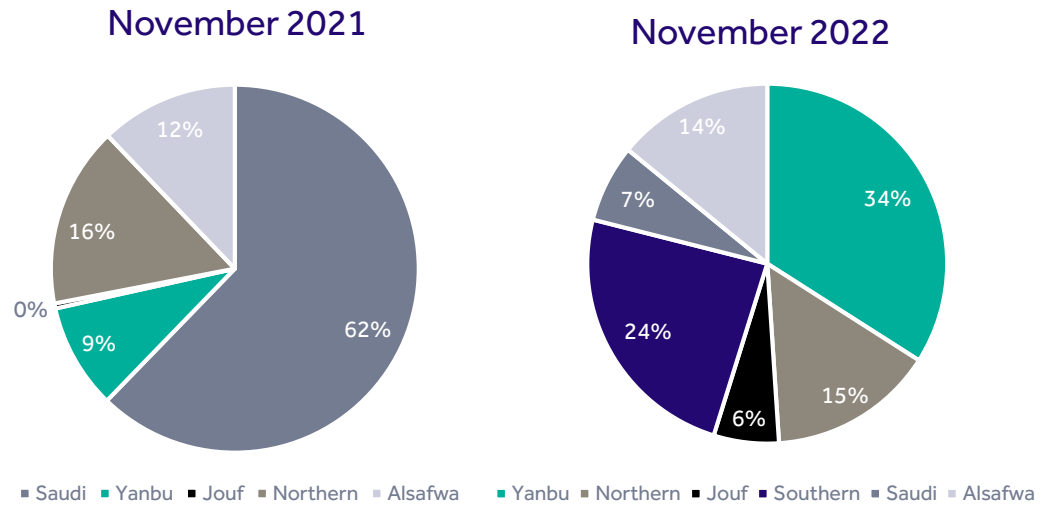
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production fell by -4% Y/Y.



Source: Riyad Capital, Yamama Cement

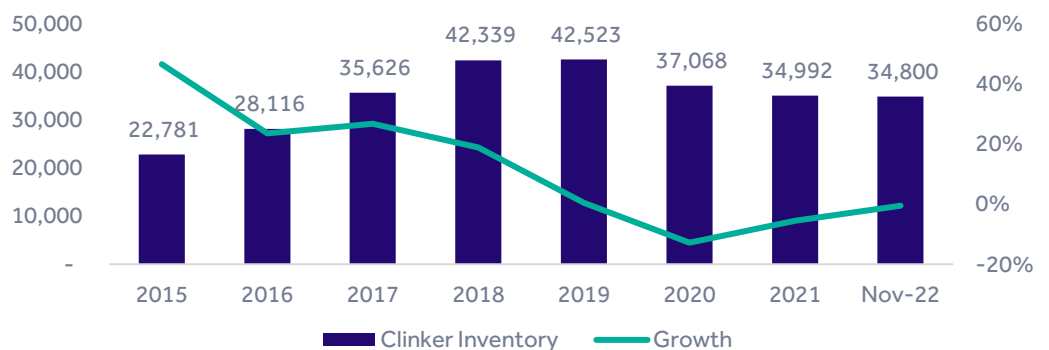
Exhibit 4: Clinker Exports by Companies (%)



Source: Riyad Capital, Yamama Cement

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

Clinker Inventories fell by -2% M/M.



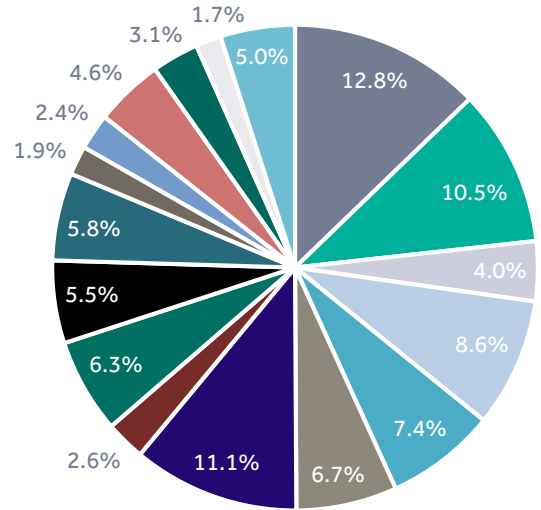
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share to stand at 12.8% in November 2022 followed by Southern Cement Co. with a market share of 11.1%.

Exhibit 6: Market Share for November 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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