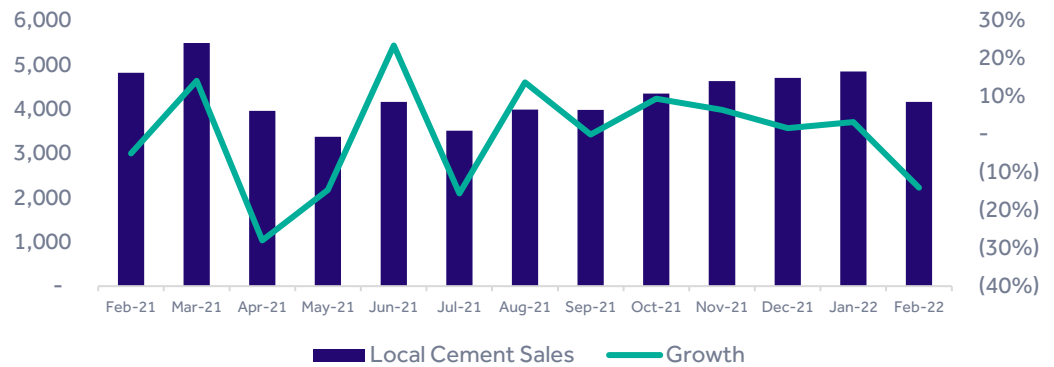


■ Total Sales Volume Declines -14% Y/Y

Total sales for the Saudi cement sector are down by -14% Y/Y and by -13% M/M for the third consecutive month to 4.3 million tons, according to Yamama Cement's monthly bulletin for February 2022. On M/M, all the companies showed a decline in their local sales volume except United Cement Co. which showed a +2% Y/Y and +14% M/M rise in its local sales volume while Yamama and Alsafwa showed a growth of +75% and +1% on yearly basis respectively. We assume the decline was attributed to the reduction in the cement production due to the significant decline in prices. Northern Cement Co. recorded the biggest decline Y/Y by -63% to 43K tons followed by Arabian Cement Co. by -34% (-26% M/M) to 244K tons. Exports sales for the month fell by -22% Y/Y but up by +86% M/M to 119k tons compared to 153K tons in February 2021.

Exhibit 1: Local Sales (000's tons)

- Local sales fell by -14% on both yearly and monthly basis.



Source: Riyad Capital, Yamama Cement

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

- Export sales dropped by -22% Y/Y but up by +86% M/M.



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

	Feb - 21	Jan - 22	Feb - 22	Growth Y/Y	Growth M/M
Local Sales	4,810	4,839	4,155	(14%)	(14%)
Export Sales	153	64	119	(22%)	86%
Total Cement Sales	4,963	4,903	4,274	(14%)	(13%)

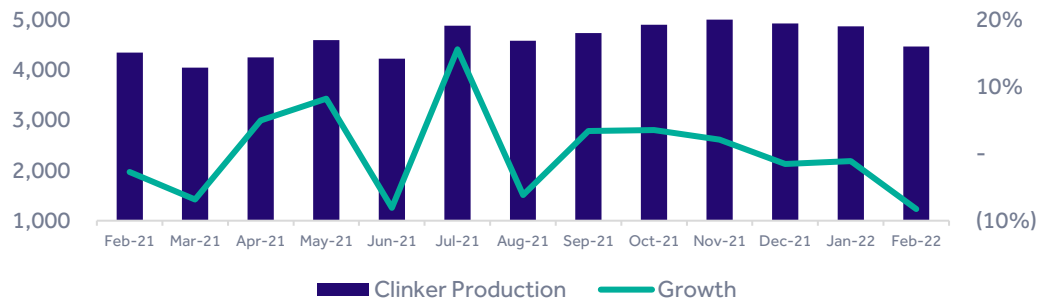
Clinker Production

The industry's clinker production rose by +3% on a yearly basis but fell by -8% M/M for the third consecutive month to reach 4.5 million tons in February 2022. 6 companies out of 17 in the sector showed an increase in their production M/M and were mixed on a yearly basis. Eastern's clinker production recorded the highest growth Y/Y by +80% to 298K tons followed by Najran's clinker production by +78% Y/Y to 322K tons, while Tabuk's clinker production dropped by -99% M/M to 1K tons.

Clinker inventories for the month fell by -1% Y/Y to reach 34.6 million tons this month compared with 34.9 million tons in the same month last year, while it was steady on M/M.

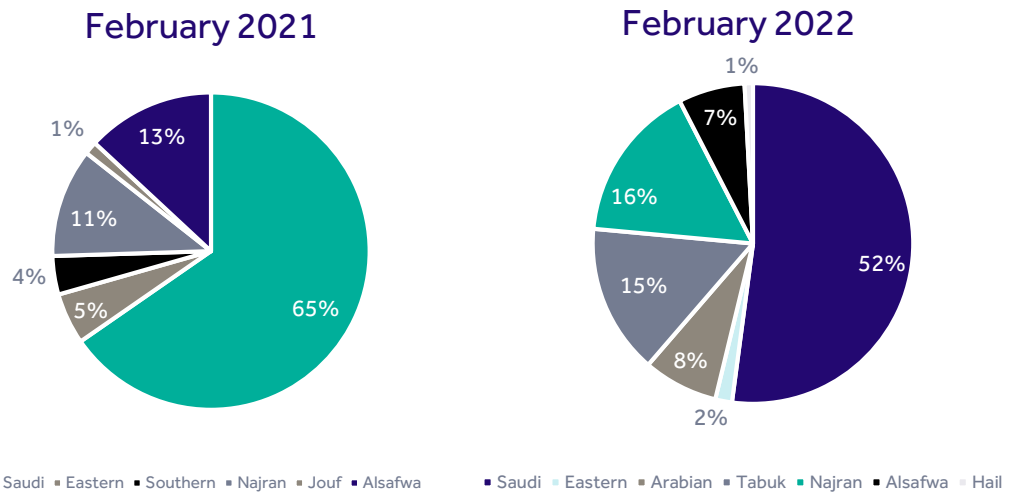
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production rose by +3% Y/Y but was down by -8% M/M.



Source: Riyad Capital, Yamama Cement

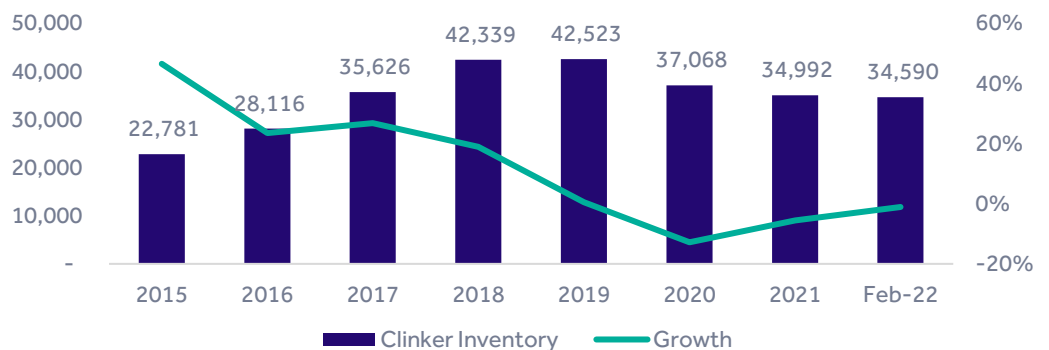
Exhibit 4: Clinker Exports by Companies (%)



Source: Riyad Capital, Yamama Cement

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

Clinker Inventories fell by -1% Y/Y.



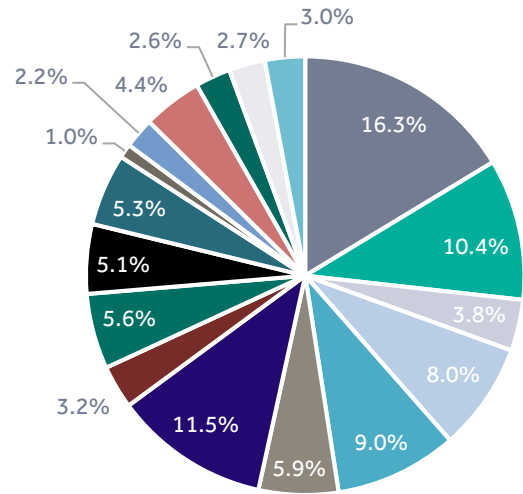
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share to stand at 16.3% in February 2022 followed by Southern Cement Co. with a market share of 11.5%.

Exhibit 6: Market Share for February 2022

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



Source: Riyadh 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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