

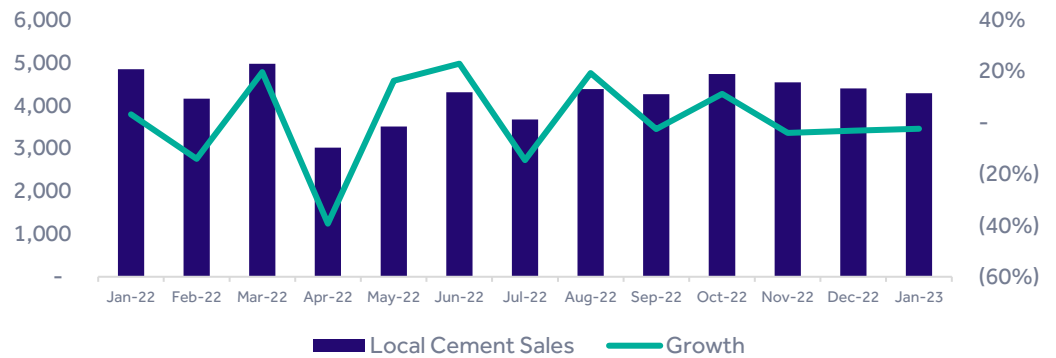
Total Cement Sales Fall Y/Y and M/M

Total sales for the Saudi cement sector are down for the third consecutive month by -8% Y/Y and by -3% M/M to 4.5 million tons, according to Yamama Cement’s monthly bulletin for January 2023. Most of the companies in the sector recorded a decline in their local sales volume on both yearly and monthly basis. Umm Al Qura Cement Co. reported the biggest decrease Y/Y by -32% followed by Yanbu with a -30% Y/Y decline. Hail Cement Co. reported the biggest decline M/M by -15% followed by Qassim Cement Co. at -10% M/M. We believe the decline in local sales volume was on the back of higher prices of construction products as Timber, Cabling and Iron showed an increase Y/Y by +13.3%, +13.2% and +3.9% respectively, at 2022-end along with higher interest rates, which we believe has impacted construction activity during January 2023.

Exports sales for the month increased by +238% Y/Y compared to 64K tons in the same month last year but fell by -6% M/M to 216k tons.

Exhibit 1: Local Sales (000’s tons)

Local sales fell on both yearly and monthly basis by -11% and -3% respectively.



Source: Riyad Capital, Yamama Cement

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

Export sales increased by +238% Y/Y but fell by -6% M/M.



Source: Riyad Capital, Yamama Cement

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

	Jan - 22	Dec - 22	Jan - 23	Growth Y/Y	Growth M/M
Local Sales	4,839	4,395	4,285	(11%)	(3%)
Export Sales	64	231	216	238%	(6%)
Total Cement Sales	4,903	4,626	4,501	(8%)	(3%)

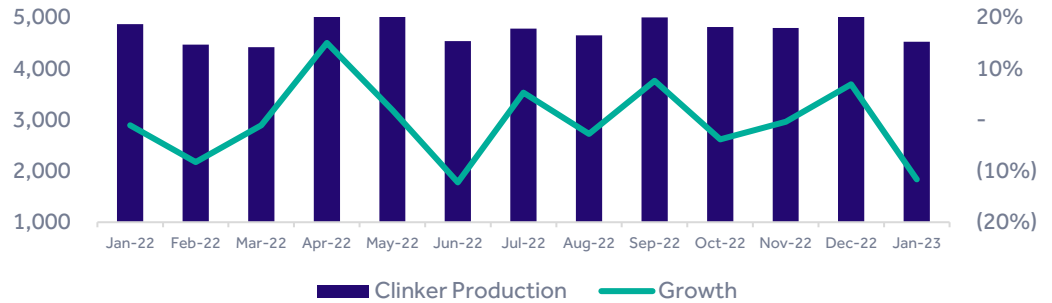
Clinker Production

The industry's clinker production fell on both yearly and monthly basis by -7% and -12% respectively, to 4.5 million tons in January 2023. Most of the companies in the sector showed a decline in their production on both yearly and monthly basis. Northern Cement's clinker production recorded the biggest decline Y/Y and M/M by -45% and -64% respectively, to 50K tons while Arabian Cement Co. with a production of 227K tons recorded the highest growth Y/Y by +68%.

Clinker inventories for the month are up by +1% Y/Y but were stable M/M to 35.1 million tons this month compared with 34.8 million tons in the same month last year.

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

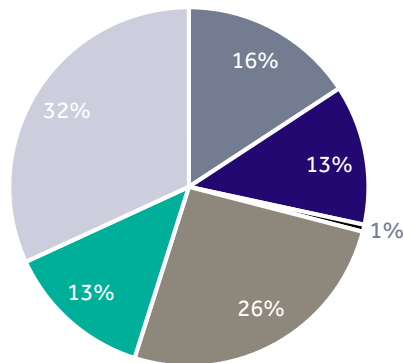
- Clinker production fell on both yearly and monthly basis by -7% and -12% respectively.



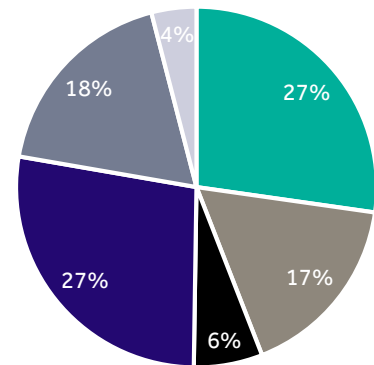
Source: Riyad Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)

January 2022



January 2023



Legend: Saudi, Southern, Jouf, Northern, Yanbu, Arabian, Yanbu, Northern, Jouf, Southern, Saudi, Alsafwa

Source: Riyad Capital, Yamama Cement

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

- Clinker Inventories rose by +1% Y/Y.



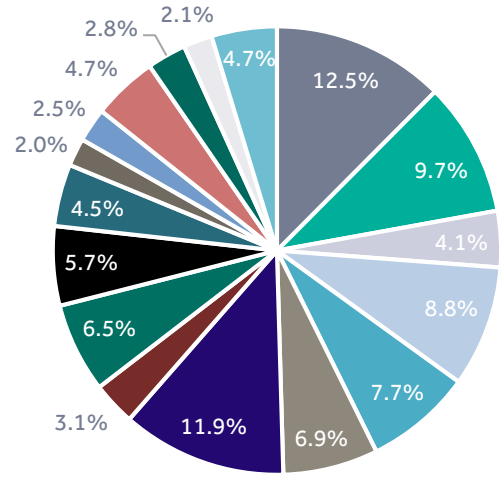
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share at 12.5% in January 2023 followed by Southern Cement Co. with a market share of 11.9%.

Exhibit 6: Market Share for January 2023

- 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
 For any feedback on our reports, please contact research@riyadcapital.com

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