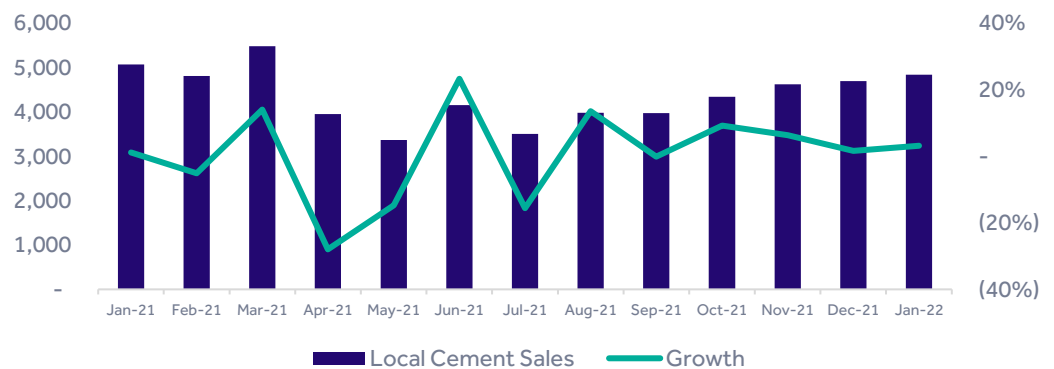


Local Sales Volume Continues its Improvement M/M

Total sales for the Saudi cement sector are down by -6% Y/Y to 4.9 million tons but up +2% on a monthly basis, according to Yamama Cement's monthly bulletin for January 2022. For the third consecutive month, Yamama Cement continues to show strong volume due to the higher demand in Central region as well as the fact that the company distributes its products in most parts of KSA. Only Yamama Cement, Alsafwa, Tabuk and Yanbu in the sector showed an increase in their local sales Y/Y by +65%, +25%, +13% and +4% respectively. M/M most of the companies showed an improvement. Yamama has the highest sales in the sector at 738K tons (+65% Y/Y, +5% M/M) followed by Southern with 583K tons (-17% Y/Y, +3% M/M). Exports sales for the month fell on both yearly and monthly basis by -50% and by -49% respectively to 64k tons compared to 127K tons in January 2021.

Exhibit 1: Local Sales (000's tons)

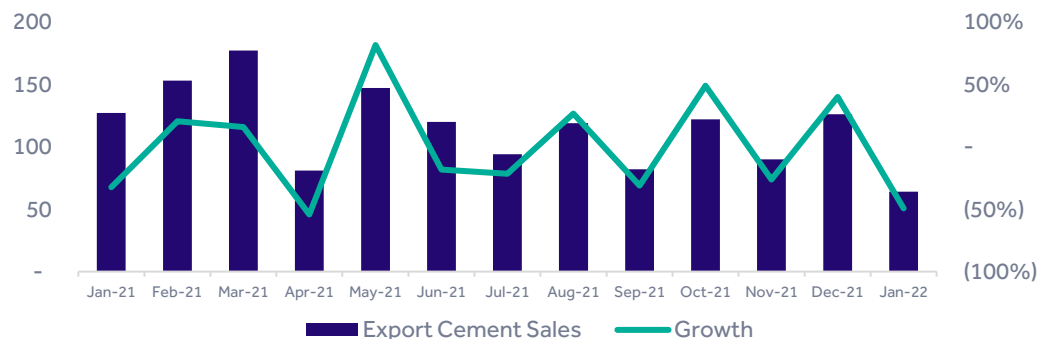
- Local sales declined by -4% Y/Y but are up by +3% M/M.



Source: Riyad Capital, Yamama Cement

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

- Export sales dropped by -50% Y/Y and by -49% M/M.



Source: Riyad Capital, Yamama Cement

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

	Jan - 21	Dec - 21	Jan - 22	Growth Y/Y	Growth M/M
Local Sales	5,067	4,692	4,839	(4%)	3%
Export Sales	127	126	64	(50%)	(49%)
Total Cement Sales	5,194	4,818	4,903	(6%)	2%

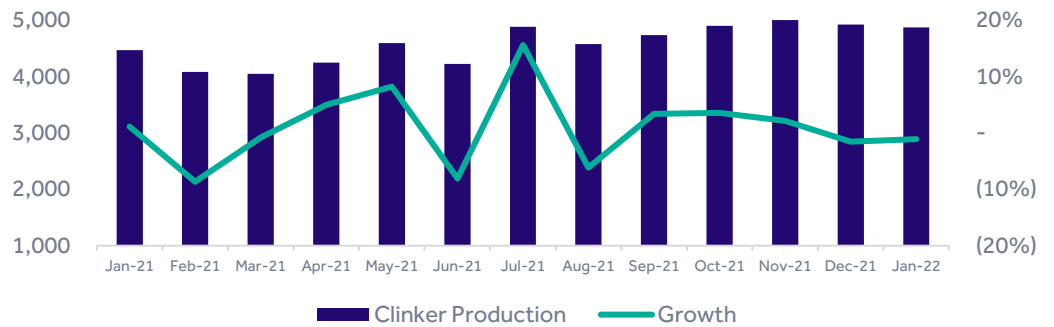
Clinker Production

The industry's clinker production rose by +9% on a yearly basis but fell by -1% M/M to reach 4.9 million tons in January 2022. The production levels were mixed between the companies in the sector Y/Y and M/M. Tabuk's clinker production recorded the highest growth Y/Y by +296% (+76% M/M) to 95K tons followed by Yamama's clinker production by +243% Y/Y (+26% M/M) to 624K tons, while Arabian's clinker production dropped by -57% Y/Y (-36% M/M) to 135K tons.

Clinker inventories for the month fell by -3% Y/Y and by -1% M/M to reach 34.8 million tons this month compared with 35.7 million tons in the same month last year.

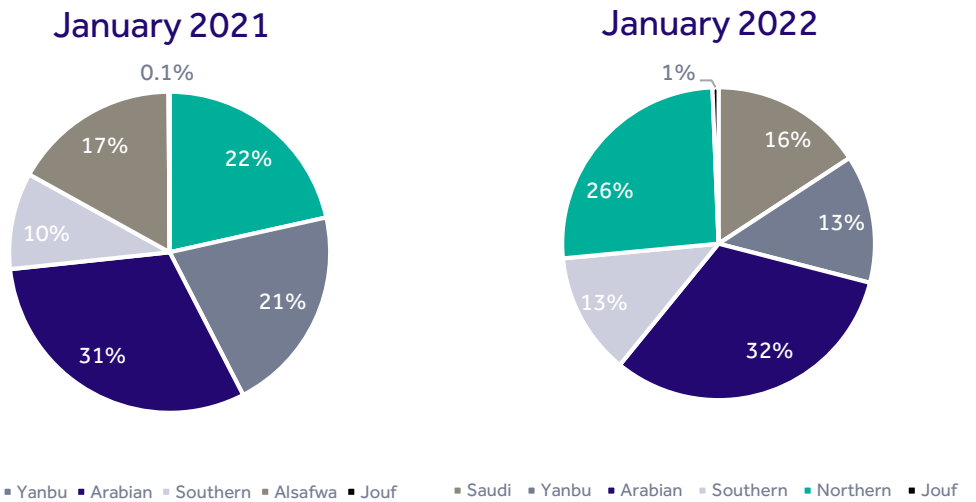
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production rose by +9% Y/Y but was down by -1% M/M.



Source: Riyad Capital, Yamama Cement

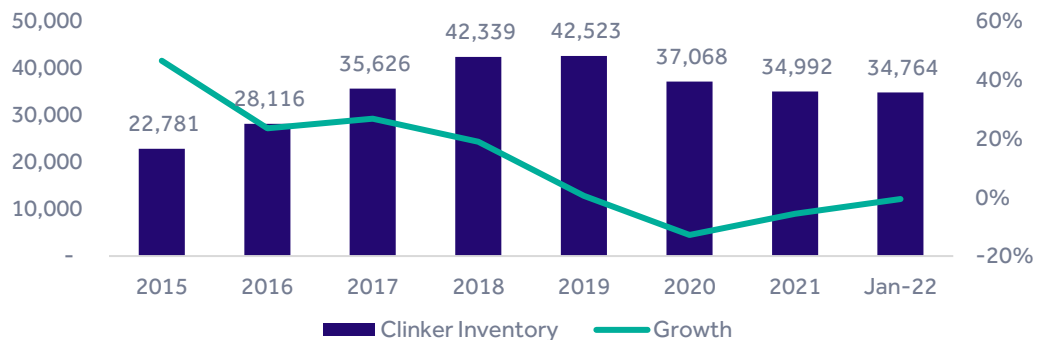
Exhibit 4: Clinker Exports by Companies (%)



Source: Riyad Capital, Yamama Cement

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

Clinker Inventories fell by -3% Y/Y and by -1% M/M.



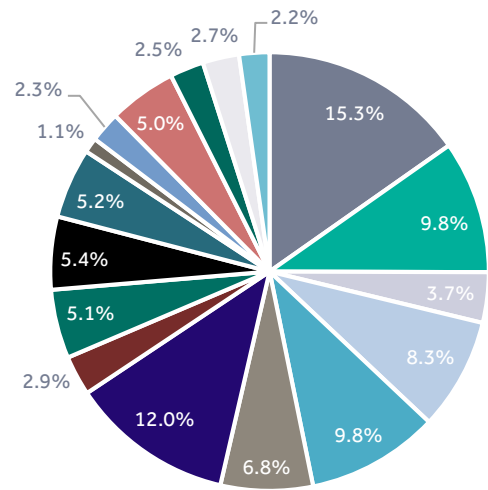
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share for the fourth consecutive month to stand at 15.3% in January 2022 followed by Southern Cement Co. with a market share of 12.0%.

Exhibit 6: Market Share for January 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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