

January 11, 2023

SAUDI CEMENT SECTOR

Monthly Report – December 2022

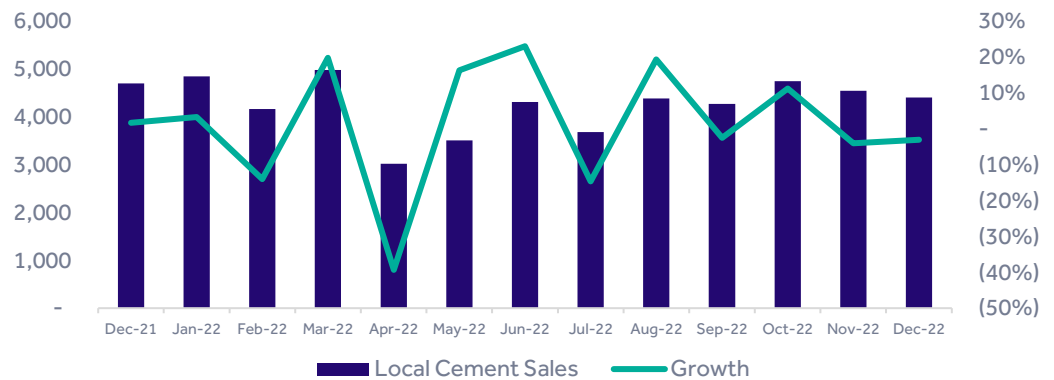
Total Cement Sales at 52.6 mln tons in 2022

Total sales for the Saudi cement sector went down by -1.5% in FY2022 compared with 2021, impacted by lower local sales volume in 1H2022, which showed a -8% decline compared to 1H2021. Total cement sales for Dec 2022 showed a decline by -4% Y/Y to 4.6 million tons, according to Yamama Cement's monthly bulletin for December 2022. The decline Y/Y was on the back of higher sales volume in 4Q2021, which happened due to higher competition. Within our coverage universe, Yamama has the highest sales in the sector at 569K tons (-19% Y/Y, -2% M/M), followed by Southern with 493K tons (-13% Y/Y, -2% M/M), Saudi at 443K tons (-12% Y/Y, -7% M/M) and Yanbu with 336K tons (-25% Y/Y, +1% M/M). Meanwhile, Qassim sales are up on both Y/Y and M/M by +15% and +7% respectively to 417K tons. Riyadh sales were flat Y/Y at 272K tons.

Exports sales for the month jumped up by +83% Y/Y compared to 126K tons in the same month last year, but fell by -3% M/M to 231k tons

Exhibit 1: Local Sales (000's tons)

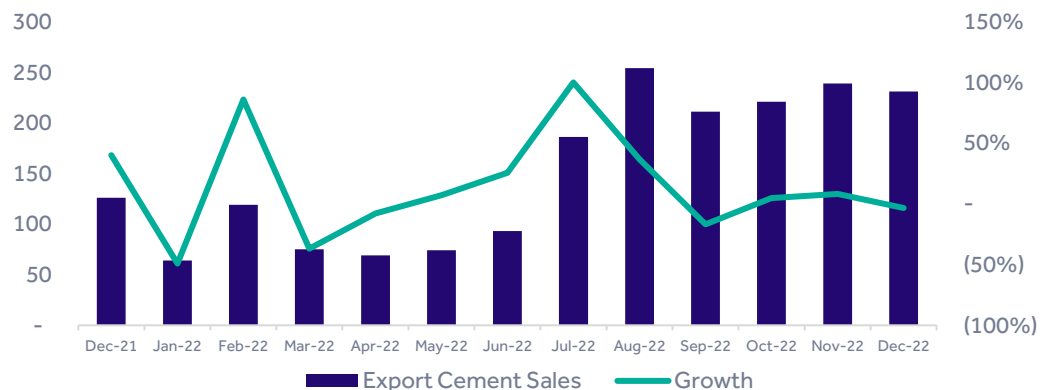
- Local sales fell on both yearly and monthly basis by -6% and -3% respectively.



Source: Riyadh Capital, Yamama Cement

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

- Export sales rose by +83% Y/Y but fell by -3% M/M.



Source: Riyadh Capital, Yamama Cement

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

	Dec - 21	Nov - 22	Dec - 22	Growth Y/Y	Growth M/M
Local Sales	4,692	4,538	4,395	(6%)	(3%)
Export Sales	126	239	231	83%	(3%)
Total Cement Sales	4,818	4,777	4,626	(4%)	(3%)

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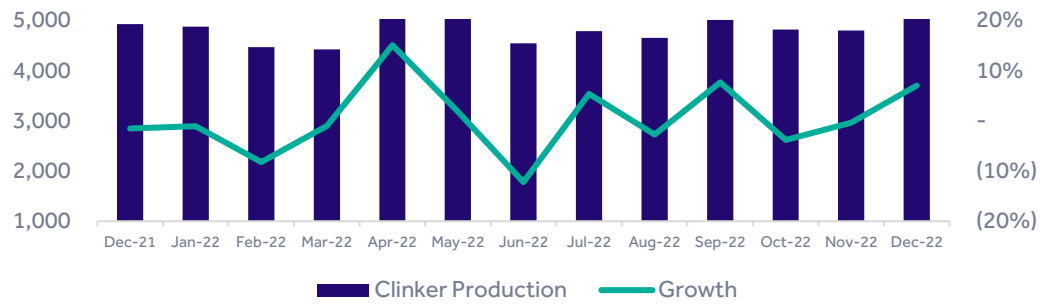
Clinker Production

The industry's clinker production is up on both yearly and monthly basis by +4% and +7% respectively basis to 5.1 million tons in December 2022. 11 companies out of 17 in the sector showed an increase in their production Y/Y. Tabuk Cement's clinker production recorded the highest growth Y/Y by +89% to 102K tons while Jouf Cement Co. with production of 116K tons recorded the biggest decline by -20%. 12 companies showed an increase M/M in their clinker production led by City Cement, which reported the biggest growth of +93% to 183K tons.

Clinker inventories for the month were stable Y/Y for the second consecutive month but showed an increase of +1% M/M to reach 35.1 million tons this month compared with 35.0 million tons in the same month last year.

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

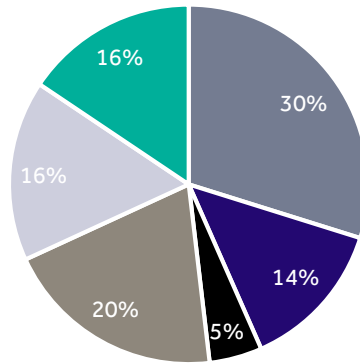
Clinker production up on both yearly and monthly basis by +4% and +7% respectively.



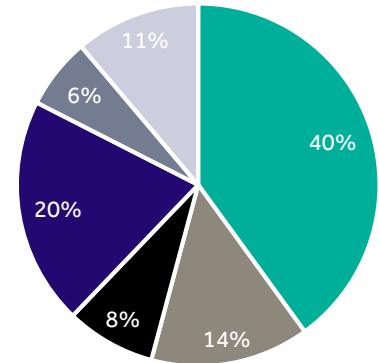
Source: Riyad Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)

December 2021



December 2022

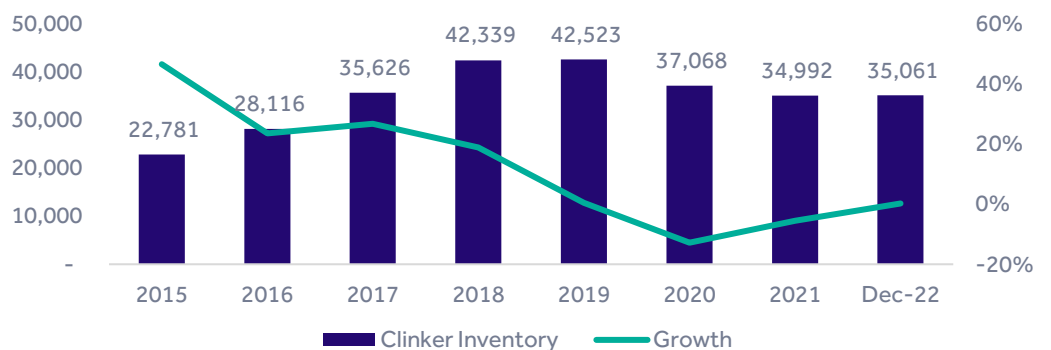


Legend: Saudi, Southern, Jouf, Northern, Alsafwa, Arabian, Yanbu, Northern, Jouf, Southern, Saudi, Alsafwa

Source: Riyad Capital, Yamama Cement

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

Clinker Inventories up by +1% M/M.



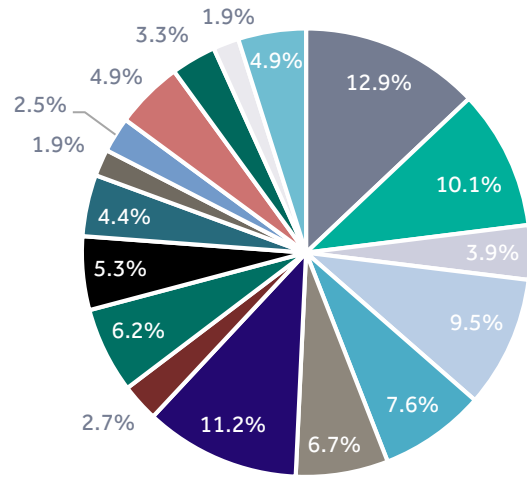
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share FY 2022

Yamama Cement Co. continues to lead the market share to stand at 12.9% in December 2022 followed by Southern Cement Co. with a market share of 11.2%. In 2022, Yamama with local sales volume of 7.0 million tons managed to lead the market share at 13.7%.

Exhibit 6: Market Share for December 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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