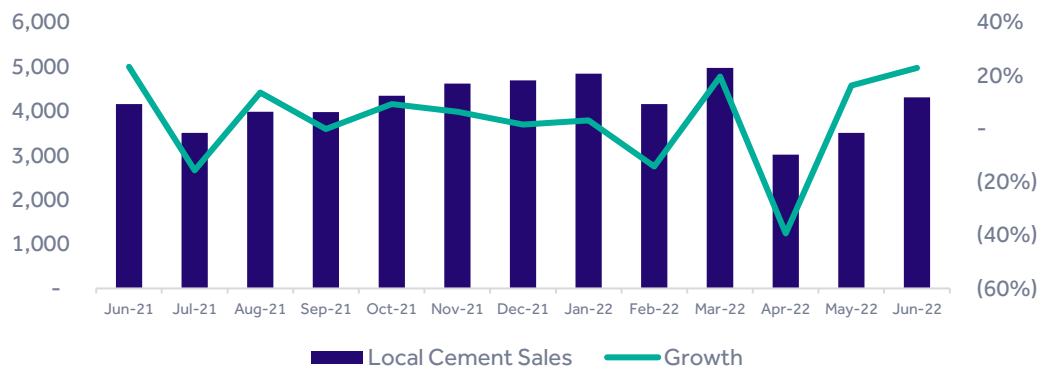


■ Total Sales Volume Up +3% Y/Y

Total sales for the Saudi cement sector are up by +3% Y/Y and +23% M/M to 4.4 million tons, according to Yamama Cement's monthly bulletin for June 2022. The increase was on the back of higher construction activity during the month as there was a decline in iron prices. For the second consecutive month, Yamama Cement Co. with 530K tons recorded the highest volume in the sector due to higher demand in the Central region. Most of the companies in the sector showed an increase in their local sales volume Y/Y while on a monthly basis all the companies showed a double-digit growth except Hail Cement, with a single-digit rise. Within our coverage universe, Yamama has the highest sales in the sector (+57% Y/Y, +22% M/M) followed by Southern with 489K tons (-4% Y/Y, +28% M/M), Saudi at 435K tons (+3% Y/Y, +13% M/M) and Qassim with 402K tons (-1% Y/Y, +34% M/M). Meanwhile, Yanbu sales fell by -4% Y/Y but are up +26% M/M to 373K tons. Riyadh sales fell by -8% Y/Y to 269K tons but are up by +30% M/M. Exports sales for the month are down by -23% on a yearly basis but are up by +26% on a monthly basis to 93k tons compared to 120K tons in June 2021.

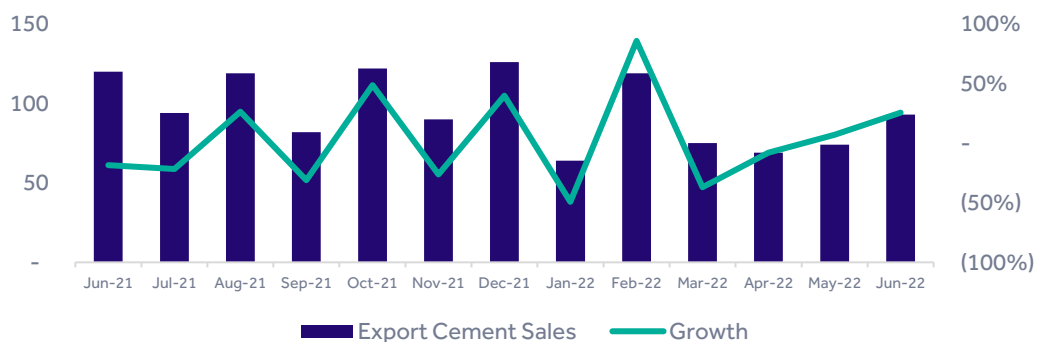
Exhibit 1: Local Sales (000's tons)



- Local sales up by on both yearly and monthly basis by +4% and by +23% respectively.

Source: Riyadh Capital, Yamama Cement

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



- Export sales decline by -23% Y/Y but up by +26% M/M.

Source: Riyadh Capital, Yamama Cement

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

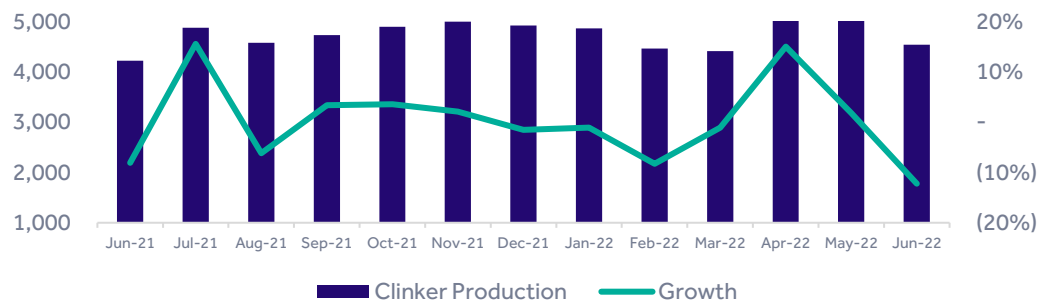
	Jun - 21	May - 22	Jun - 22	Growth Y/Y	Growth M/M
Local Sales	4,152	3,503	4,304	4%	23%
Export Sales	120	74	93	(23%)	26%
Total Cement Sales	4,272	3,577	4,397	3%	23%

Clinker Production

The industry's clinker production rose by +7% Y/Y but dropped by -12% M/M to reach 4.5 million tons in June 2022. 9 companies out of 17 in the sector showed an increase in their production Y/Y. Hail's clinker production recorded the highest growth Y/Y by +143% to 165K tons while Eastern Cement Co. with production of 137K tons recorded the biggest decline by -41%. The clinker production was mixed between the companies on a monthly basis.

Clinker inventories for the month are up on a yearly basis by +8% but fell by -1% M/M to reach 35.7 million tons this month compared with 32.9 million tons in the same month last year.

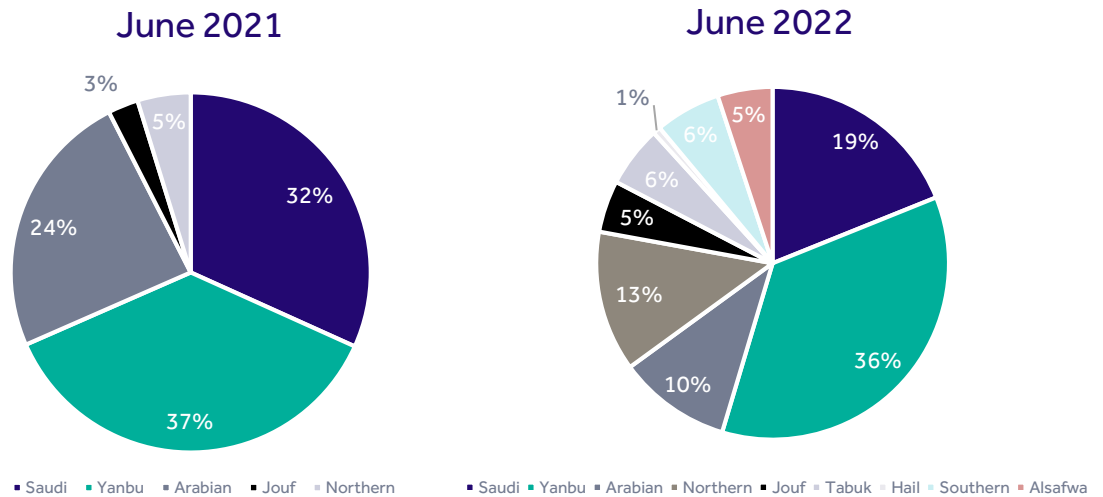
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)



- Clinker production are up by +7% Y/Y but showed a decline of -12% 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)



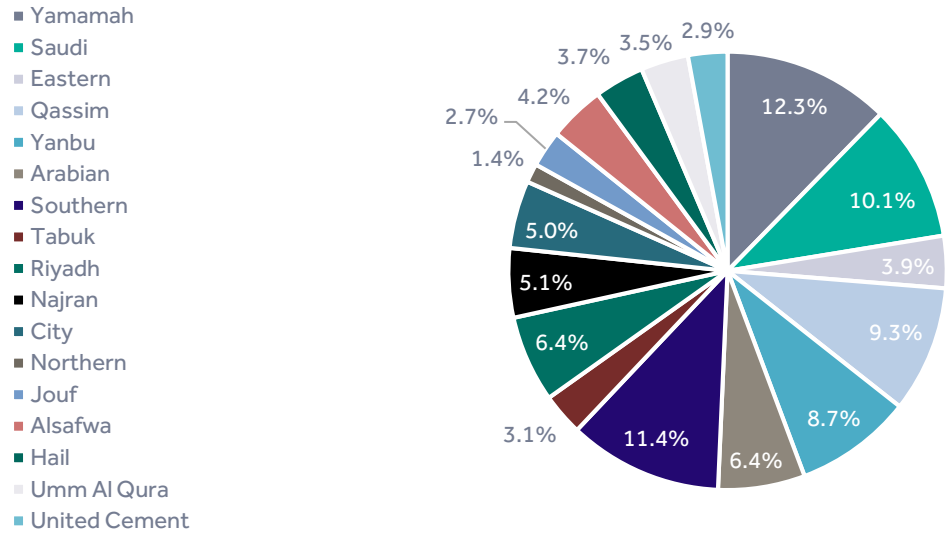
- Clinker Inventories rose by +8% Y/Y but have fallen by -1% M/M.

Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share for the second consecutive month to stand at 12.3% in June 2022 followed by Southern Cement Co. with a market share of 11.4%. In 1H2022, Yamama managed to lead the market share at 13.7%.

Exhibit 6: Market Share for June 2022



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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