

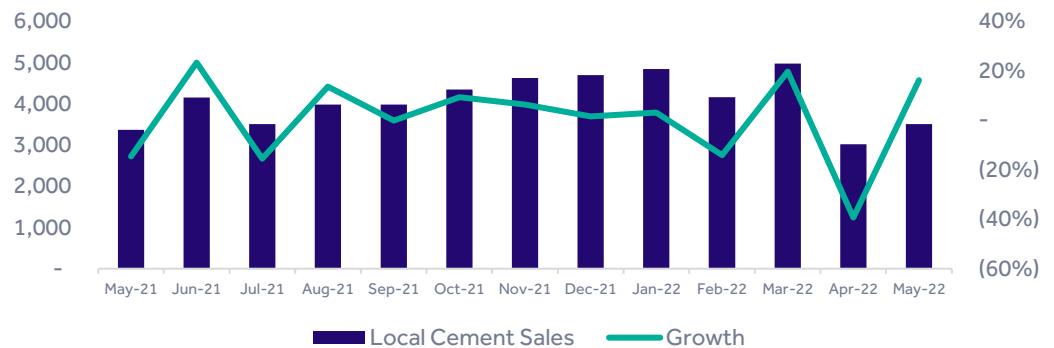
### Local Sales Volume Up +16% M/M

Total sales for the Saudi cement sector is up by +2% Y/Y and by +16% M/M to 3.6 million tons, according to Yamama Cement's monthly bulletin for May 2022. The growth Y/Y and M/M came as result of lower constructions activity in comparable months as part of May 2021 and the month of April 2022 fell in the holy month of Ramadan. We expect steady growth in local sales volume till September 2022 mainly due to the higher prices of most construction materials in Saudi Arabia and summer season as well. On Y/Y basis, 9 companies out of 17 in the sector showed an increase in their local sales. Yamama Cement Co. with 433K tons showed the biggest growth by +89% followed by Tabuk Cement Co. by +35% to 108K tons. All the companies except Eastern Cement Co. showed an increase in their local sales volume M/M led by Riyadh Cement Co. which showed a 46% growth to 212K tons followed by Qassim Cement Co. by +43% to 301K tons.

Exports sales for the month fell by -50% Y/Y but is up by +7% M/M to 74k tons compared to 147K tons in May 2021.

Exhibit 1: Local Sales (000's tons)

Local sales rose by +4% Y/Y and by +16% M/M.



Source: Riyad Capital, Yamama Cement

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

Export sales fell by -50% Y/Y but up by +7% M/M.



Source: Riyad Capital, Yamama Cement

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

	May - 21	Apr - 22	May - 22	Growth Y/Y	Growth M/M
Local Sales	3,369	3,015	3,503	4%	16%
Export Sales	147	69	74	(50%)	7%
<b>Total Cement Sales</b>	<b>3,516</b>	<b>3,084</b>	<b>3,577</b>	<b>2%</b>	<b>16%</b>

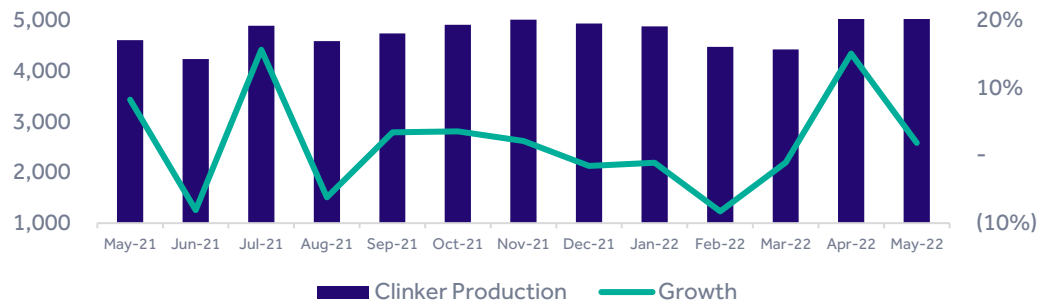
**Clinker Production**

The industry's clinker production rose by +13% Y/Y and +2% M/M to reach 5.2 million tons in May 2022. 10 companies out of 17 in the sector showed an increase in their production Y/Y. Yamama's clinker production recorded the highest growth Y/Y by +215% to 604K tons while Riyadh Cement Co. with production of 144K tons recorded the biggest decline by -37%. The clinker production was mixed between the companies on a monthly basis.

Clinker inventories for the month are up on both yearly and monthly basis by +8% and +4% respectively to reach 36.0 million tons this month (highest level since December 2020), compared with 33.4 million tons in the same month last year.

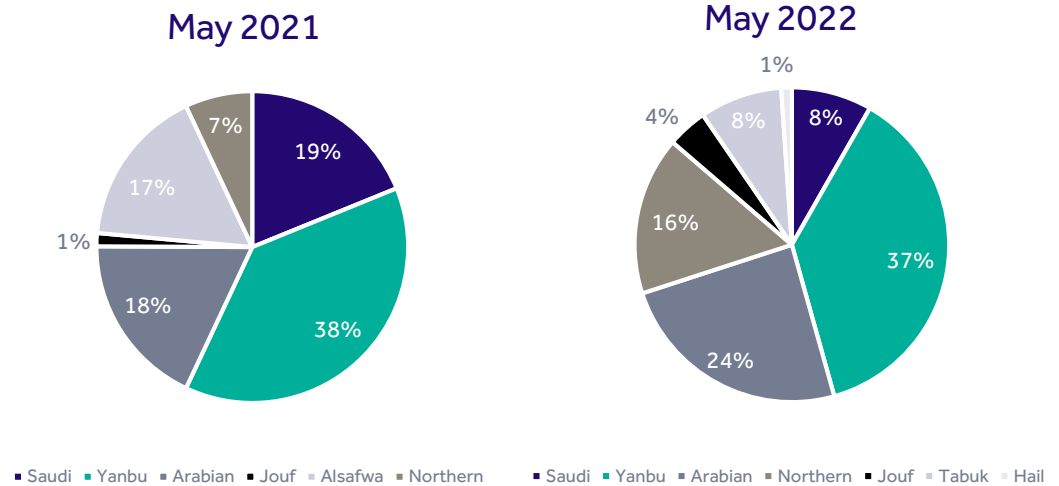
**Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)**

Clinker production rose on both yearly and monthly basis.



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 +8% Y/Y and by +4% M/M.



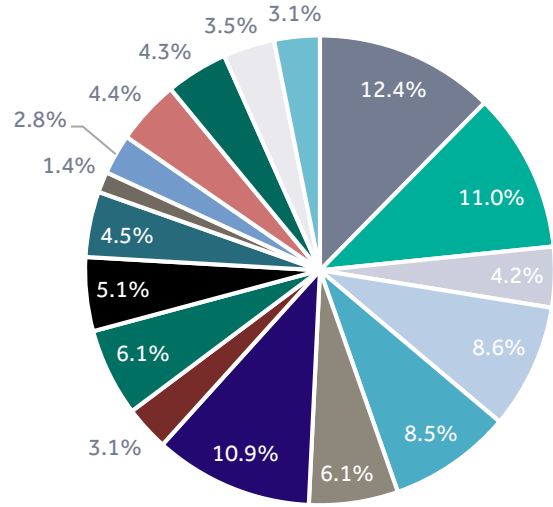
Source: Riyad Capital, Yamama Cement

**Yamama Cement leads market share**

Yamama Cement Co. with local sales volume of 433K tons managed to lead the market share to stand at 12.4% in May 2022 followed by Saudi Cement Co. with a market share of 11.0%.

**Exhibit 6: Market Share for May 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  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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