

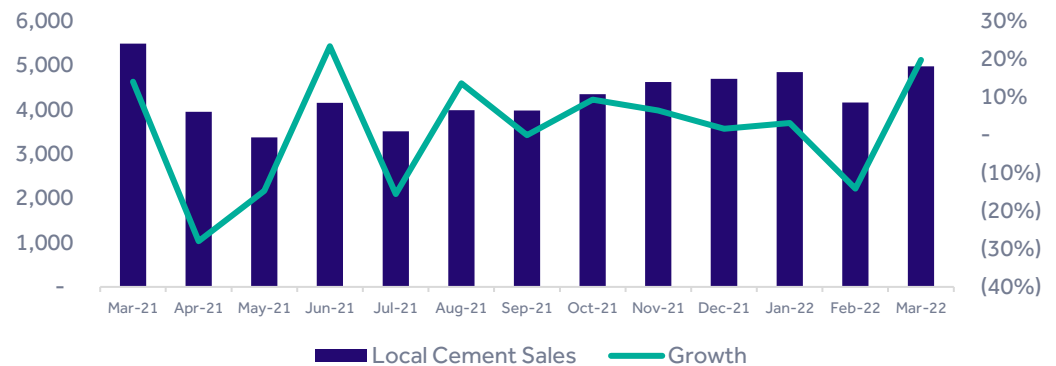
Local Sales Volume rises +20% M/M

On a yearly basis, total sales for the Saudi cement sector are down by -11% to 5.0 million tons but up +18% on a monthly basis, according to Yamama Cement's monthly bulletin for March 2022. Local sales volume at 5.0 million tons is the highest level since March 2021 on the back of higher construction activities before the holy month of Ramadan and a sign of a gradual return to higher demand. Only six companies in the sector showed an increase Y/Y in their local sales volume led by Yamama Cement Company which is up by +41% to 655K tons, while M/M all companies in the sector showed an increase in their local sales except Yamama (-4% M/M). Within our coverage universe, Yamama has the highest sales in the sector at 655K tons followed by Southern with 559K tons (-25% Y/Y, +17% M/M), Saudi at 499K tons (-9% Y/Y, +15% M/M) and Yanbu with 454K tons (-8% Y/Y, +21% M/M). Meanwhile, Qassim sales is up by +1% Y/Y and +21% M/M to 401K tons.

Exports sales for the month are down on both a yearly and monthly basis by -58% and -37% respectively to 75k tons compared to 177k tons in March 2021.

Exhibit 1: Local Sales (000's tons)

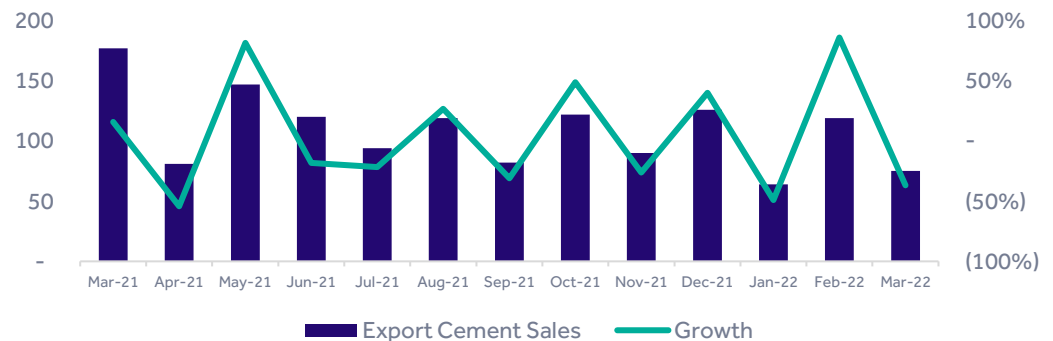
Local sales fell by -9% Y/Y but are up by +20% M/M.



Source: Riyad Capital, Yamama Cement

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

Export sales dropped both Y/Y and M/M by -58% and -37%, respectively.



Source: Riyad Capital, Yamama Cement

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

	Mar - 21	Feb - 22	Mar - 22	Growth Y/Y	Growth M/M
Local Sales	5,483	4,155	4,971	(9%)	20%
Export Sales	177	119	75	(58%)	(37%)
Total Cement Sales	5,660	4,274	5,046	(11%)	18%

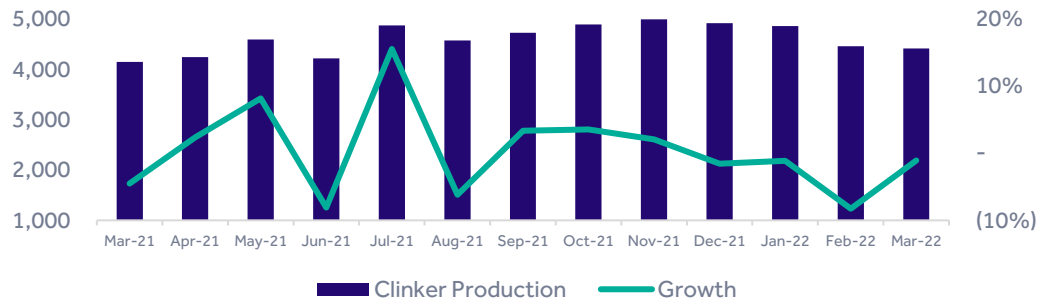
Clinker Production

The industry's clinker production rose by +6% on a yearly basis but fell by -1% M/M to reach 4.4 million tons in March 2022. The production levels were mixed between the companies in the sector. Najran's clinker production recorded the highest growth Y/Y by +470% (but fell by -24% M/M) to 245K tons followed by Umm Al Qura's clinker production by +373% Y/Y (+2% M/M) to 142K tons. Tabuk's clinker production M/M jumped to 95K tons compared with 1K tons in February 2022.

Clinker inventories for the month increased by +2% Y/Y but fell by -3% M/M to reach 33.7 million tons this month compared with 33.1 million tons in the same month last year.

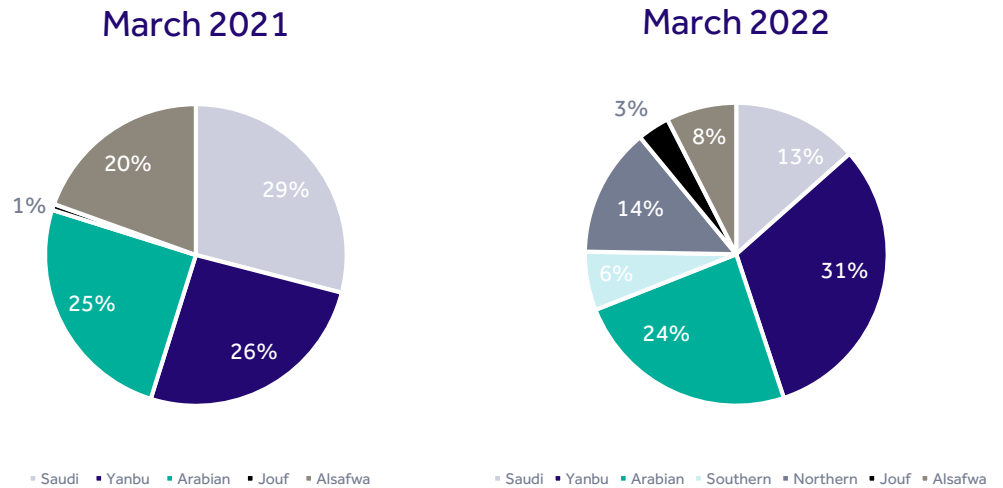
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production rose by +6% Y/Y but was down by -1% M/M.



Source: Riyadh Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)



Source: Riyadh Capital, Yamama Cement

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

Clinker Inventories up by +2% Y/Y but down by -3% M/M.



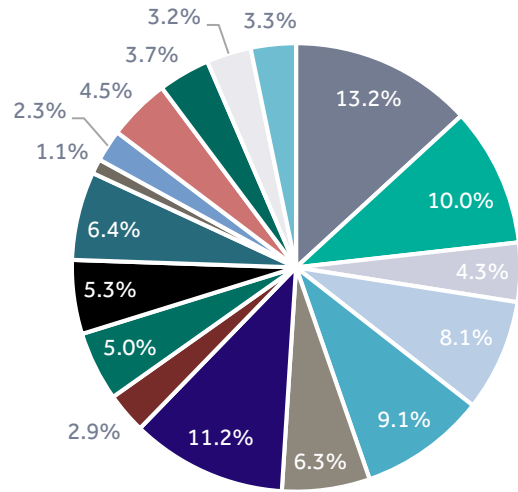
Source: Riyadh Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share to stand at 13.2% followed by Southern Cement Co. with a market share of 11.2%. In 1Q2022, Yamama Cement Co. managed to lead the market share at 14.8%.

Exhibit 6: Market Share for March 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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