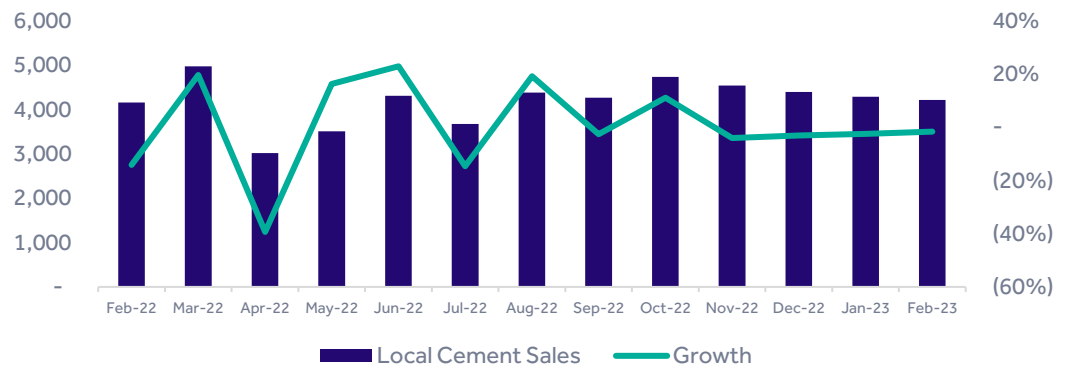


### Local Sales Decline for Fourth Consecutive Month

Total sales for the Saudi cement sector are up by +3% Y/Y but fell by -2% M/M/ to 4.4 million tons, according to Yamama Cement's monthly bulletin for February 2023. 10 out of 17 companies in the sector showed an increase in their local sales volume Y/Y led by Northern Cement, which reported the biggest growth Y/Y by +126% to 97K tons followed by United Cement with +54% growth to 190K tons. Yamama Cement with 530K tons reported the biggest decline by -22% Y/Y (-1% M/M), followed by Yanbu with a -16% Y/Y decline. On a monthly basis, most of the companies in the sector recorded a decline in their local sales volume. Despite the higher demand from giga projects, the local sales volume remains lower. We believe higher interest rates are forcing some of real estate developers to postpone their projects.

Exports sales for the month increased by +46% Y/Y compared to 119K tons in the same month last year, but fell by -19% M/M for the third consecutive month to 174K tons.

Exhibit 1: Local Sales (000's tons)



Local sales up by +1% Y/Y but fell by -2% M/M.

Source: Riyad Capital, Yamama Cement

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



Export sales increased by +46% Y/Y but fell by -19% M/M.

Source: Riyad Capital, Yamama Cement

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

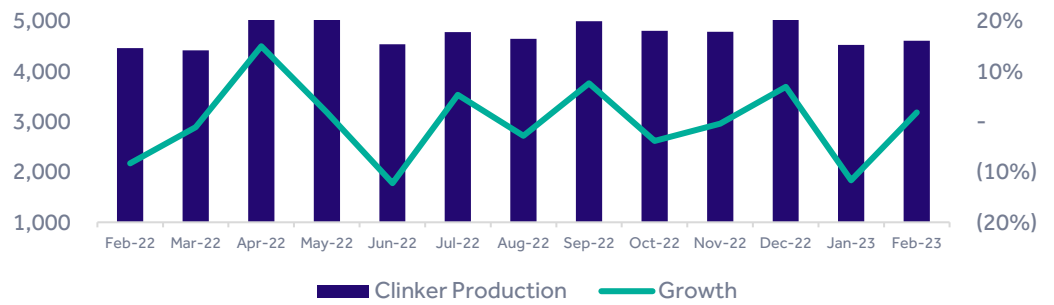
	Feb - 22	Jan - 23	Feb - 23	Growth Y/Y	Growth M/M
Local Sales	4,155	4,285	4,215	1%	(2%)
Export Sales	119	216	174	46%	(19%)
<b>Total Cement Sales</b>	<b>4,274</b>	<b>4,501</b>	<b>4,389</b>	<b>3%</b>	<b>(2%)</b>

### Clinker Production

The industry's clinker production rose on both yearly and monthly basis by +3% and +2% respectively, to 4.6 million tons in February 2023. The clinker production was mixed on both yearly and monthly basis. Tabuk Cement's clinker production recorded the biggest increase Y/Y to 37K tons compared to 1K ton in Feb-22 while Najran Cement with a production of 155K recorded the biggest decline Y/Y by -52%. Northern's clinker production recorded the biggest increase M/M by +148% to 124K tons.

Clinker inventories for the month are up by +2% Y/Y but were stable M/M to 35.1 million tons this month compared with 34.6 million tons in the same month last year.

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



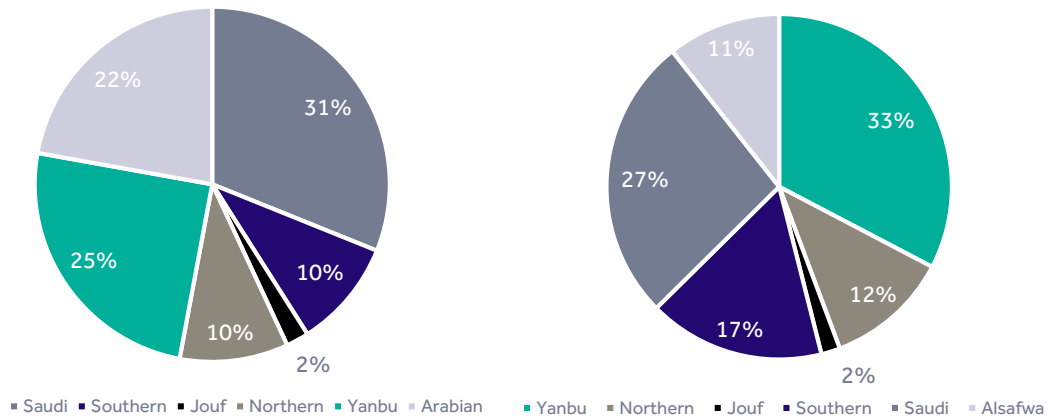
Clinker production rose on both yearly and monthly basis by +3% and +2% respectively.

Source: Riyad Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)

February 2022

February 2023



Source: Riyad Capital, Yamama Cement

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



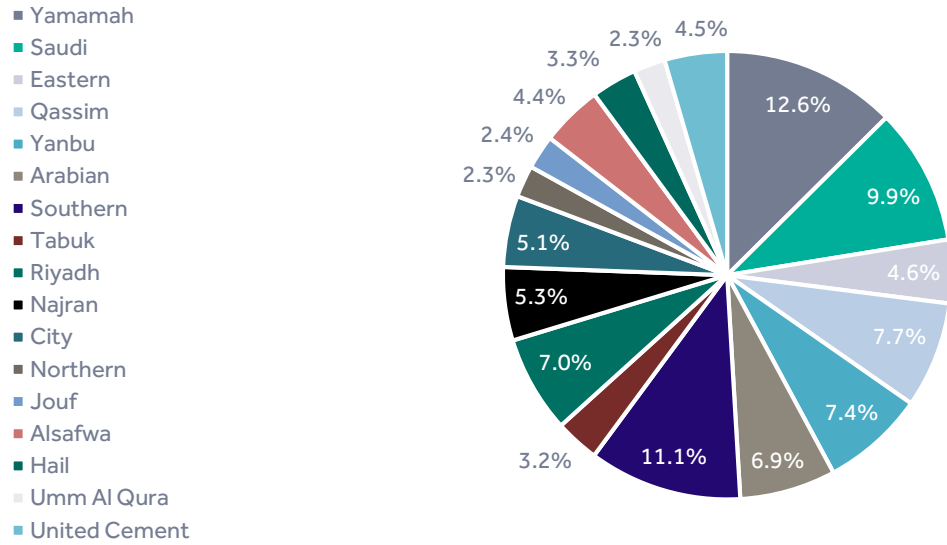
Clinker Inventories rose by +2% Y/Y.

Source: Riyad Capital, Yamama Cement

### Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share at 12.6% in February 2023 followed by Southern Cement Co. with a market share of 11.1%.

#### Exhibit 6: Market Share for February 2023



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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