

November 16, 2022

SAUDI CEMENT SECTOR

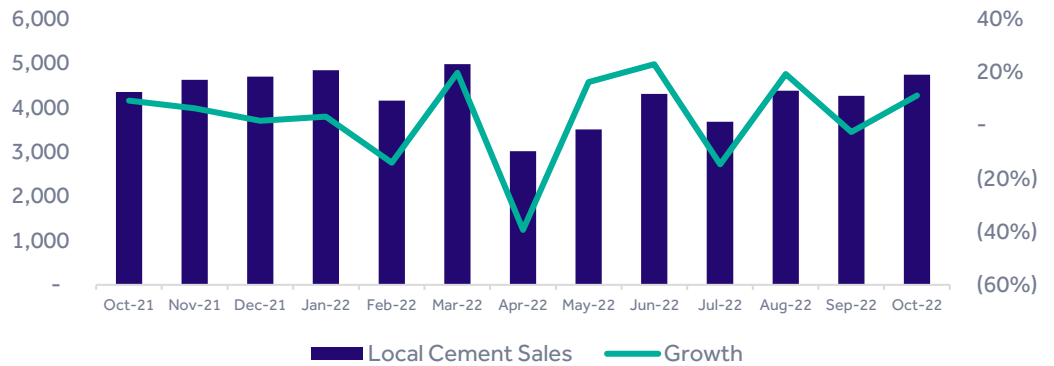
Monthly Report – October 2022

Total Sales Volume Up +11% Y/Y

Total sales for the Saudi cement sector went up by +11% Y/Y and M/M to 5.0 million tons, according to Yamama Cement's monthly bulletin for October 2022. The increase Y/Y and M/M was on the back of higher construction activity during the month. We expect steady growth in local sales volume in upcoming months mainly due to the higher construction activities in conjunction with stable average prices of some construction materials in Saudi Arabia, along with higher exports. Only Qassim, Jouf and Umm Al Qura reported lower local sales volumes Y/Y, while United Cement and Northern recorded the highest growth of +35% Y/Y each. On M/M, except Umm Al Qura Cement Co., all the companies the sector showed an increase in their local sales volume led by Northern Cement, which reported a +45% growth M/M followed by Eastern Cement Co. with a +25% increase.

Exports sales for the month jumped by +81% on a yearly basis and by +5% on a monthly basis to 221k tons compared to 122K tons in the same month last year.

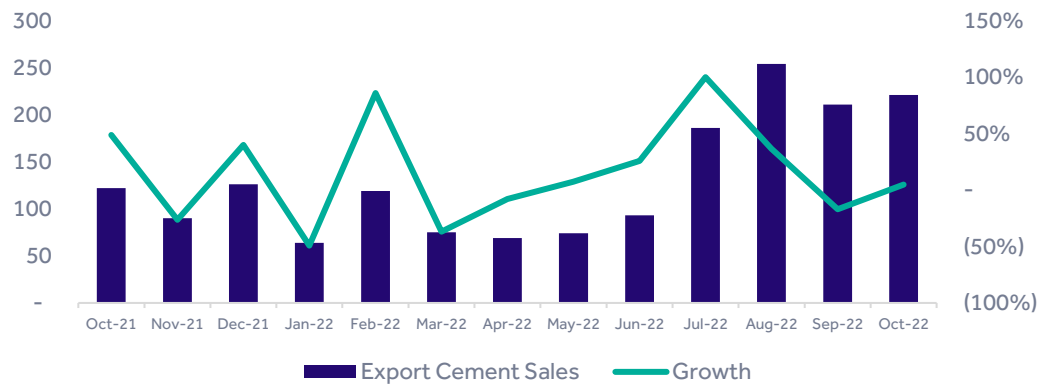
Exhibit 1: Local Sales (000's tons)



Local sales rose on both yearly and monthly basis by +9% and +11% respectively.

Source: Riyad Capital, Yamama Cement

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



Export sales rose on both yearly and monthly basis by +81% and +5% respectively.

Source: Riyad Capital, Yamama Cement

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

	Oct - 21	Sep - 22	Oct - 22	Growth Y/Y	Growth M/M
Local Sales	4,343	4,261	4,733	9%	11%
Export Sales	122	211	221	81%	5%
Total Cement Sales	4,465	4,472	4,954	11%	11%

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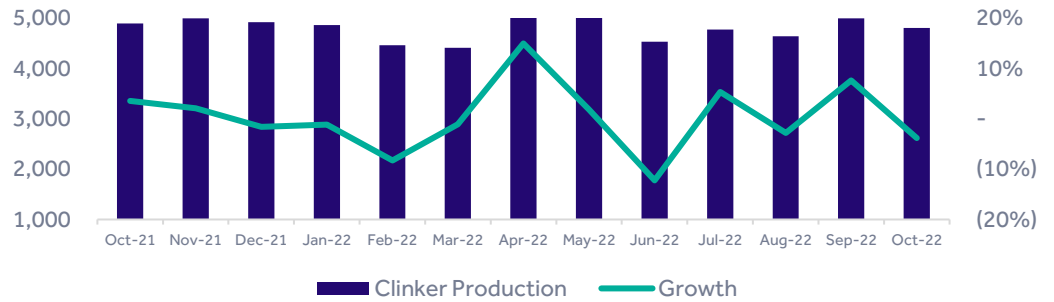
Clinker Production

The industry's clinker production fell on both yearly and monthly basis by -2% and -4% respectively to 4.8 million tons in October 2022. 11 companies out of 17 in the sector showed an increase in their production Y/Y. United Cement's clinker production recorded the highest growth Y/Y by +104% to 169K tons while Yanbu Cement Co. with production of 300K tons recorded the biggest decline by -48%. Also 11 companies showed an increase M/M in their clinker production led by Umm Al Qura, which reported the biggest growth of +58%.

Clinker inventories for the month are up on a yearly basis by +2% but were down by -1% M/M to reach 35.5 million tons this month compared with 34.8 million tons in the same month last year.

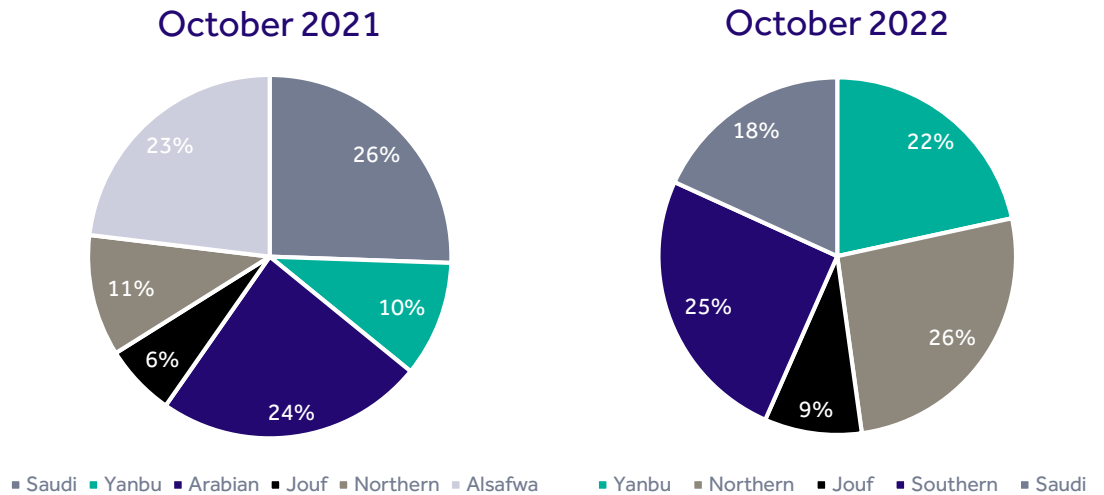
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production fell on both yearly and monthly basis by -2% and -4% respectively.



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



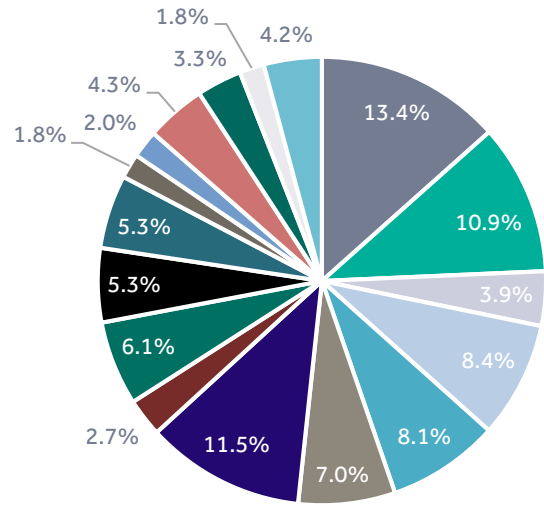
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share to stand at 13.4% in October 2022 followed by Southern Cement Co. with a market share of 11.5%.

Exhibit 6: Market Share for October 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

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