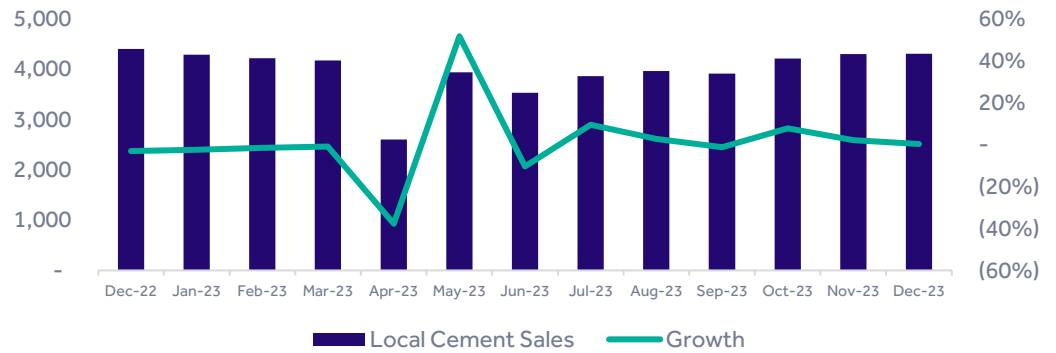


Local Cement Sales Decline to 47.3 mln tons in 2023

Total sales for the Saudi cement sector went down by -6% in 2023 compared with 2022, impacted by lower local sales volume, which showed a -7% Y/Y decline on the back of lower demand from residential sector on higher interest rates. Total cement sales for Dec 2023 showed a decline by -5% Y/Y to 4.4 million tons, according to Yamama Cement's monthly bulletin for December 2023. It is notable that Arabian Cement's sales for the month grew by +56% Y/Y to 457K tons in December, enabling the company to come in second in terms of market share. Within our coverage universe, Yamama has the highest sales in the sector at 467K tons (-18% Y/Y, -9% M/M), followed by Saudi with 417K tons (-6% Y/Y, -3% M/M), Yanbu at 415K tons (+24% Y/Y, +17% M/M) and Southern with 415K tons (-17% Y/Y). Meanwhile, Qassim sales declined on both Y/Y and M/M by -23% and -8% respectively to 322K tons. Riyadh sales were flat Y/Y at 273K tons.

Exports sales for the month fell significantly Y/Y and M/M by -61% and -32% to 90K tons compared to 231K tons in the same month last year.

Exhibit 1: Local Sales (000's tons)



Local sales fell -2% on a yearly basis.

Source: Riyad Capital, Yamama Cement

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



Export sales fell on both yearly and monthly basis by -61% and -32%, respectively.

Source: Riyad Capital, Yamama Cement

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

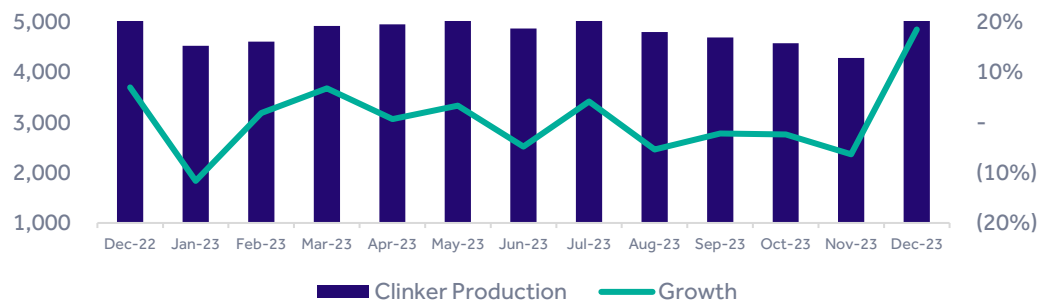
	Dec - 22	Nov - 23	Dec - 23	Growth Y/Y	Growth M/M
Local Sales	4,395	4,293	4,304	(2%)	0%
Export Sales	231	133	90	(61%)	(32%)
Total Cement Sales	4,626	4,426	4,394	(5%)	(1%)

Clinker Production

The industry's clinker production fell -1% Y/Y but is up +18% on M/M basis to 5.1 million tons in December 2023. 11 companies out of 17 in the sector showed an increase in their production Y/Y. Jouf Cement's clinker production recorded the highest growth Y/Y by +116% to 251K tons while Yanbu Cement, with a production of 276K tons, recorded the biggest decline by -57% Y/Y. 13 companies showed an increase M/M in their clinker production led by Northern Cement, which reported the biggest growth of +187% to 155K tons.

Clinker inventories for the month were higher Y/Y and M/M by +14% and +2%, respectively, to reach 40.0 million tons (highest level since Oct 2020) compared with 35.1 million tons in the same month last year.

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

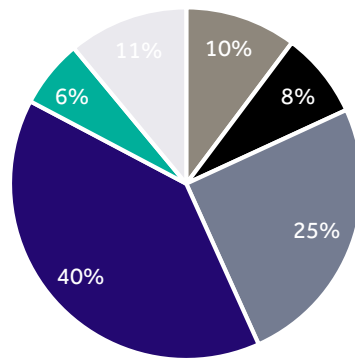


Clinker production fell -1% Y/Y but is higher +18% M/M.

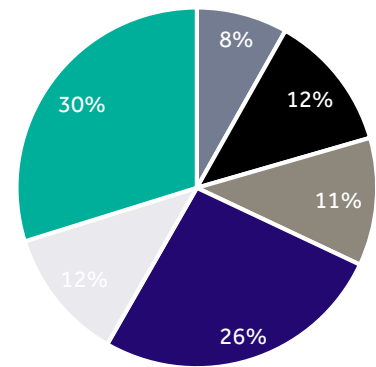
Source: Riyad Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)

December 2022



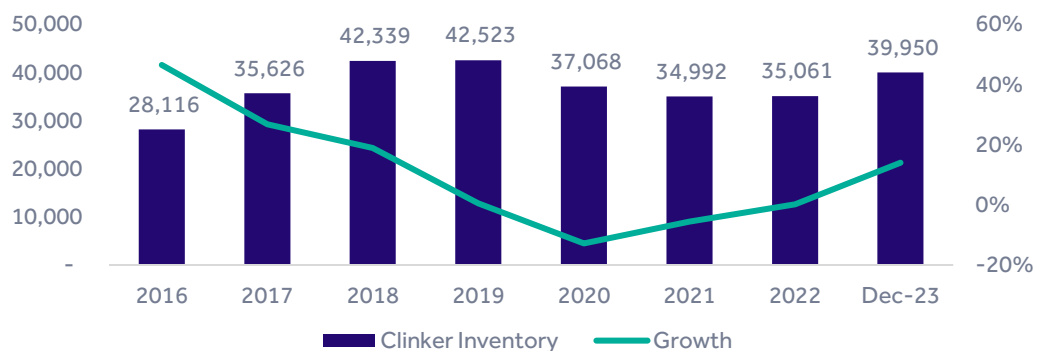
December 2023



■ Northern ■ Jouf ■ Southern ■ Yanbu ■ Saudi ■ Alsafwa ■ Northern ■ Jouf ■ Southern ■ Yanbu ■ Alsafwa ■ Saudi

Source: Riyad Capital, Yamama Cement

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



Clinker Inventories up by +14% Y/Y and +2% M/M.

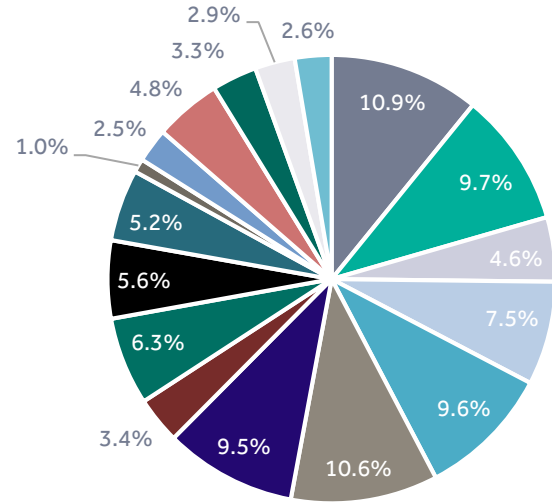
Source: Riyad Capital, Yamama Cement

Yamama Cement leads market share FY 2023

Yamama Cement Co. continues to lead the market share at 10.9% in December 2023 followed by Arabian Cement, with a market share of 10.6%. In 2023, Yamama with local sales volume of 6.6 million tons managed to lead the market share at 13.9%.

Exhibit 6: Market Share for December 2023

- Yamama 10.9%
- Saudi 9.7%
- Eastern 4.6%
- Qassim 7.5%
- Yanbu 9.6%
- Arabian 10.6%
- Southern 9.5%
- Tabuk 3.4%
- Riyadh 6.3%
- Najran 5.6%
- City 5.2%
- Northern 1.0%
- Jouf 2.5%
- Alsafwa 4.8%
- Hail 3.3%
- Umm Al Qura 2.9%
- United Cement 2.6%



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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