

June 11, 2023

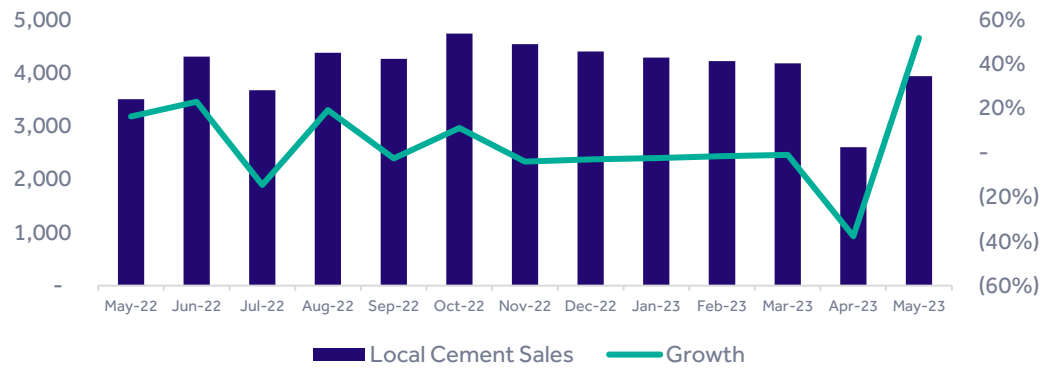
**SAUDI CEMENT SECTOR**  
Monthly Report – May 2023

**Local Cement Sales Jumps +52% M/M**

Total sales for the Saudi cement sector are up +17% Y/Y and +53% M/M to 4.2 million tons in May 2023, after six months of declines, according to Yamama Cement’s monthly bulletin. Only 6 out of 17 companies in the sector showed a decline Y/Y in their local sales volume, led by Hail Cement Co. (down -27% to 109K tons). On the other hand, Northern Cement Co. with +78% growth recorded the biggest Y/Y increase in the sector. On a M/M basis, all companies showed growth in their local sales led by Alsafwa Cement, which grew +100% to 150k tons followed by Yamama Cement Co. that showed a +78% increase to 560K tons. We believe the increase was on the back of higher construction activity during the month after the holy month of Ramadan and Eid Al-Fitr holidays. We expect growing demand in 2H2023 driven by Giga projects.

Exports sales for the month are up by +236% Y/Y and +73% M/M to 249k tons compared to 74K tons in May 2022.

**Exhibit 1: Local Sales (000's tons)**



Local sales rose on both yearly and monthly basis by +12% and +52%, respectively.

Source: Riyad Capital, Yamama Cement

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



Export sales up by +236% Y/Y and +73% M/M.

Source: Riyad Capital, Yamama Cement

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

	May - 22	Apr - 23	May - 23	Growth Y/Y	Growth M/M
Local Sales	3,503	2,597	3,937	12%	52%
Export Sales	74	144	249	236%	73%
<b>Total Cement Sales</b>	<b>3,577</b>	<b>2,741</b>	<b>4,186</b>	<b>17%</b>	<b>53%</b>

**Abdullah D Alharbi**

abdullah.ulihan.alharbi@riyadcapital.com

+966-11-486-5680

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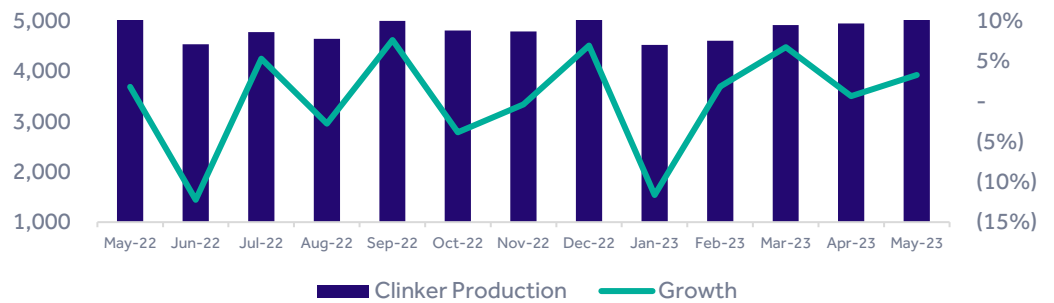
### Clinker Production

The industry's clinker production fell by -1% Y/Y for the second month in a row but is up by +3% M/M to 5.1 million tons in May 2023. The clinker production for the companies in the sector were mixed Y/Y. Riyadh Cement Co. recorded the biggest increase by +103% Y/Y while on M/M basis only 7 out of 17 showed a decline in their clinker production led by Eastern Cement Co. with a -18% decline to 215K tons while Yamama Cement with a production of 626K tons recorded the highest growth M/M by +49%.

Clinker inventories are up on both yearly and monthly basis by +6% and +5%, respectively, to 37.6 million tons this month (highest level since November 2020).

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

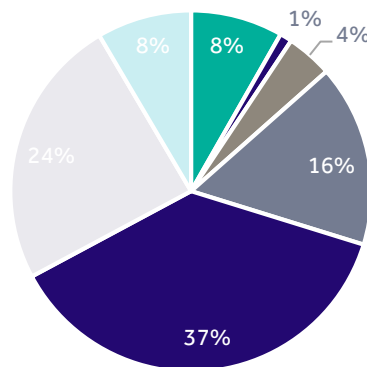
Clinker production fell by -1% Y/Y but up by +3% M/M.



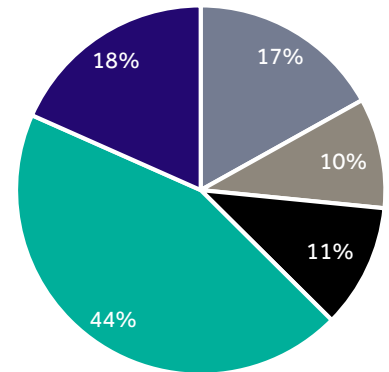
Source: Riyad Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)

May 2022



May 2023

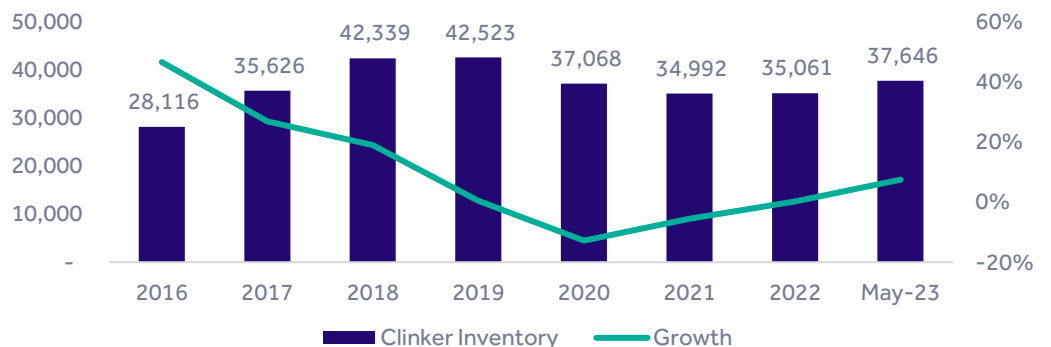


Legend: Saudi, Hail, Jouf, Northern, Yanbu, Arabian, Tabuk, Northern, Jouf, Southern, Saudi, Alsafwa

Source: Riyad Capital, Yamama Cement

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

Clinker Inventories rose by +6% Y/Y and +5% M/M.



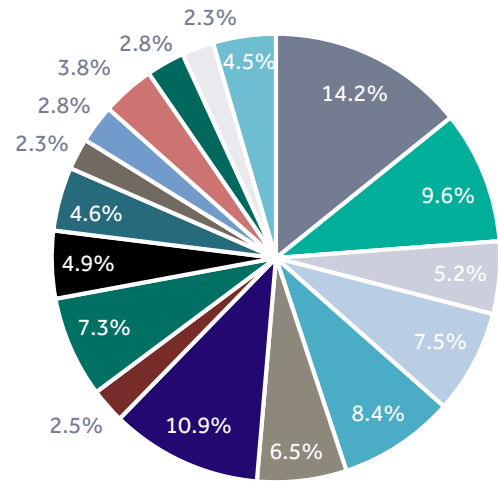
Source: Riyad Capital, Yamama Cement

### Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share at 14.2% in May 2023 followed by Southern Cement Co. with a market share of 10.9%.

**Exhibit 6: Market Share for May 2023**

- Yamama 14.2%
- Saudi 9.6%
- Eastern 5.2%
- Qassim 7.5%
- Yanbu 8.4%
- Arabian 6.5%
- Southern 10.9%
- Tabuk 2.5%
- Riyadh 7.3%
- Najran 4.9%
- City 4.6%
- Northern 2.3%
- Jouf 2.8%
- Alsafwa 3.8%
- Hail 2.8%
- Umm Al Qura 2.3%
- United Cement 4.5%



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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