

July 10, 2023

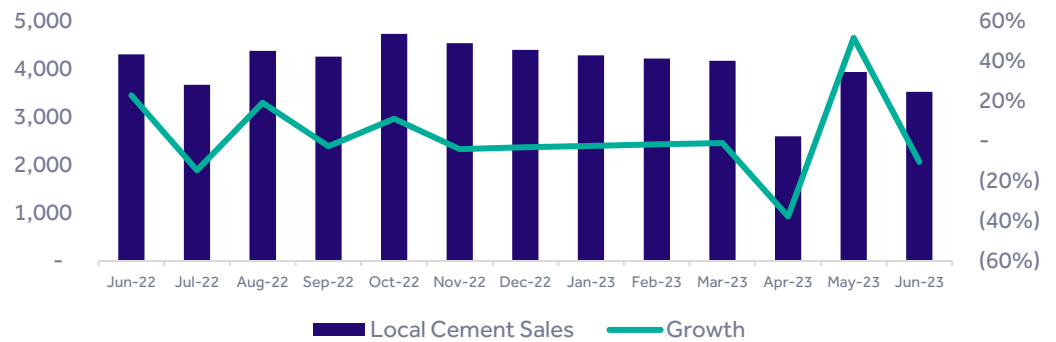
**SAUDI CEMENT SECTOR**  
Monthly Report – June 2023

**Total Cement Sales Fall -15% Y/Y**

Total sales for the Saudi cement sector went down by -15% Y/Y and -11% M/M to 3.7 million tons in June 2023, according to Yamama Cement's monthly bulletin. Only 4 out of 17 companies in the sector showed a Y/Y increase in their local sales volume, led by United Cement Co. (up +10% to 137K tons). On a M/M basis, only 3 out of 17 companies reported a growth. For 2Q2023, local sales volume went down by -7% Y/Y and -21% Q/Q, which we believe is due to seasonality. Both the holy month of Ramadan and Dhul-Hijjah holidays fell in the quarter. Within our coverage universe, Yamama had the highest sales in the sector in June-23 (+8% Y/Y, +3% M/M) followed by Southern with 392K tons (-20% Y/Y, -9% M/M), Saudi at 324K tons (-26% Y/Y, -14% M/M) and Qassim with 304K tons (-24% Y/Y, +3% M/M). Meanwhile, Yanbu sales fell on both Y/Y and M/M by -27% and -18%, respectively, to 272K tons. Riyadh sales fell by -7% Y/Y and -11% M/M to 256K tons.

Exports sales for the month are up +117% Y/Y but fell -19% M/M to 202k tons compared to 93K tons in June 2022.

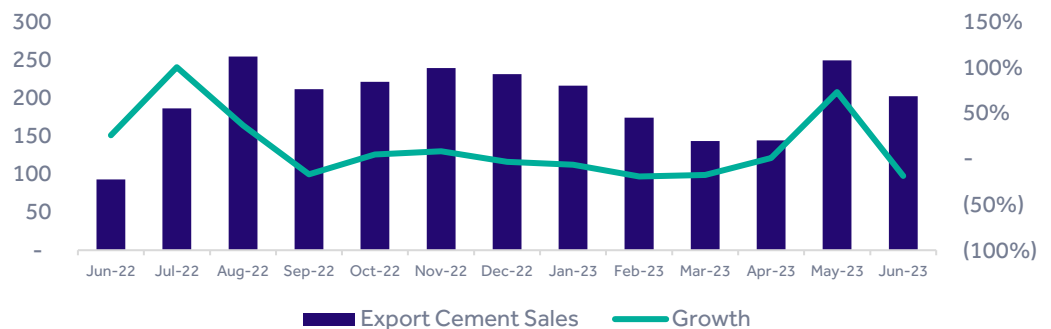
**Exhibit 1: Local Sales (000's tons)**



- Local sales fell on both yearly and monthly basis by -18% and -10%, respectively.

Source: Riyad Capital, Yamama Cement

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



- Export sales are up +117% Y/Y but fell -19% M/M.

Source: Riyad Capital, Yamama Cement

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

	Jun - 22	May - 23	Jun - 23	Growth Y/Y	Growth M/M
Local Sales	4,304	3,937	3,525	(18%)	(10%)
Export Sales	93	249	202	117%	(19%)
<b>Total Cement Sales</b>	<b>4,397</b>	<b>4,186</b>	<b>3,727</b>	<b>(15%)</b>	<b>(11%)</b>

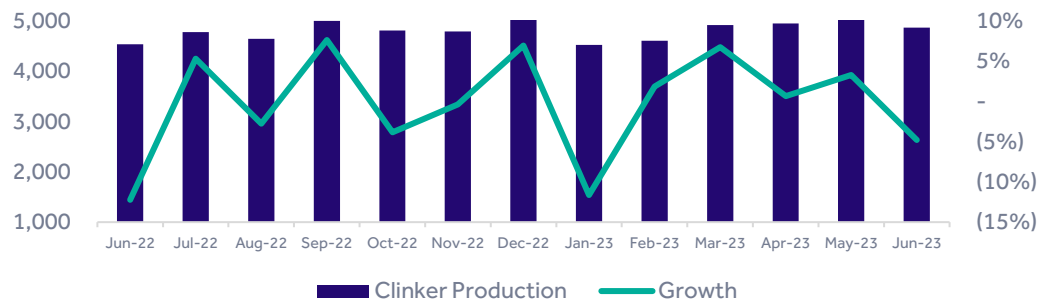
### Clinker Production

The industry's clinker production is up by +7% Y/Y but fell by -5% M/M to 4.9 million tons in June 2023. Clinker production for the companies in the sector were mixed Y/Y and M/M. Riyadh Cement Co. recorded the biggest increase Y/Y for the second month in row by +93% while Jouf Cement Co. with a production of 182K tons recorded the highest growth M/M by +18%. On the other hand, Umm Al Qura Cement Co. reported the biggest decline in its clinker production for both Y/Y and M/M basis by -33% and -29%, respectively.

Clinker inventories are up +8% yearly and +2% on a monthly basis to 38.5 million tons this month (highest level since October 2020).

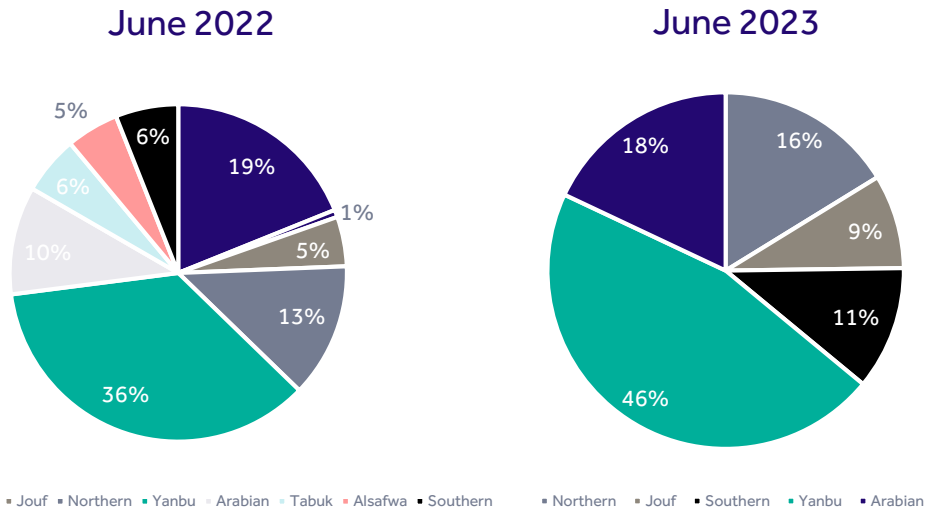
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production up by +7% Y/Y but fell by -5% M/M.



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 +8% Y/Y and +2% M/M.

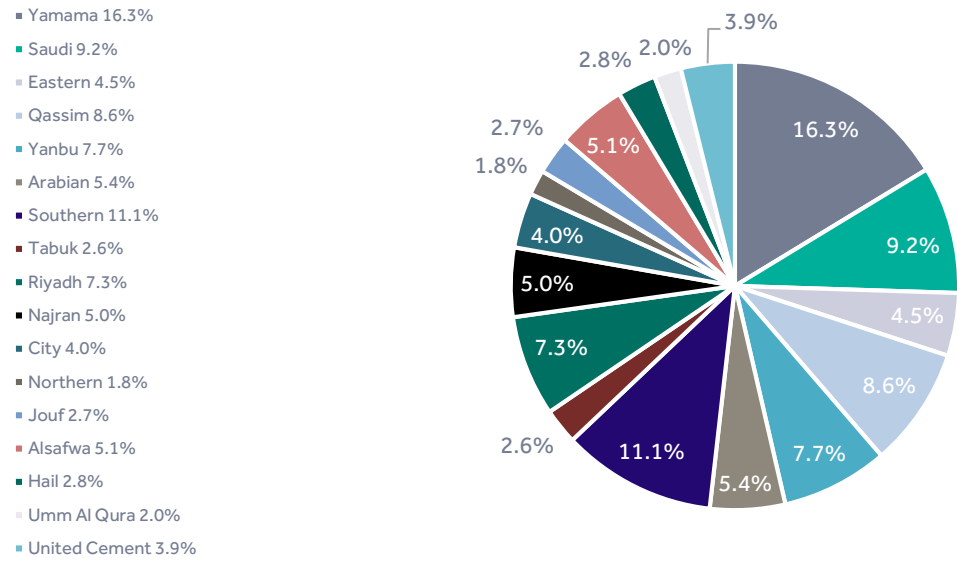


Source: Riyad Capital, Yamama Cement

### Yamama Cement leads market share

Yamama Cement Co. continues to lead the market share at 16.3% in June 2023 followed by Southern Cement Co. with a market share of 11.1%.

**Exhibit 6: Market Share for June 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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