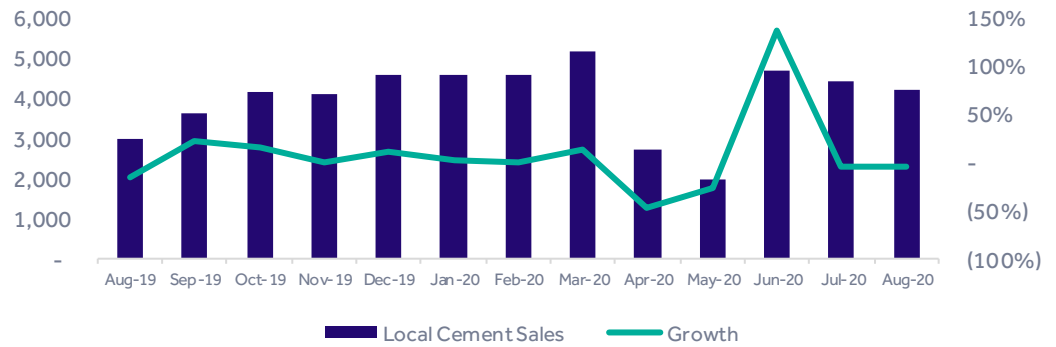


Local Sales Jump +41% Y/Y

On a yearly basis, total sales for the Saudi cement sector went up by +38% to 4.3 million tons but on a monthly basis fell by -5% for the second consecutive month, according to Yamama Cement's monthly bulletin for August 2020. Only Northern showed a decrease on a yearly basis in its local sales by -32%. While 5 out of 17 companies in the sector showed an increase compared with July 2020. Southern Cement had the highest sales with 646K tons (+52% Y/Y), followed by Saudi Cement with 443K tons (+34% Y/Y) while Qassim sales volumes went up by +68% Y/Y to reach 405K tons, which we believe was driven by the increase in housing sector demand and resuming the infrastructure and Mega Projects.

Exports sales for the month fell by -19% on a yearly basis and -15% on a monthly basis to 144k tons compared to 177K tons in August 2019.

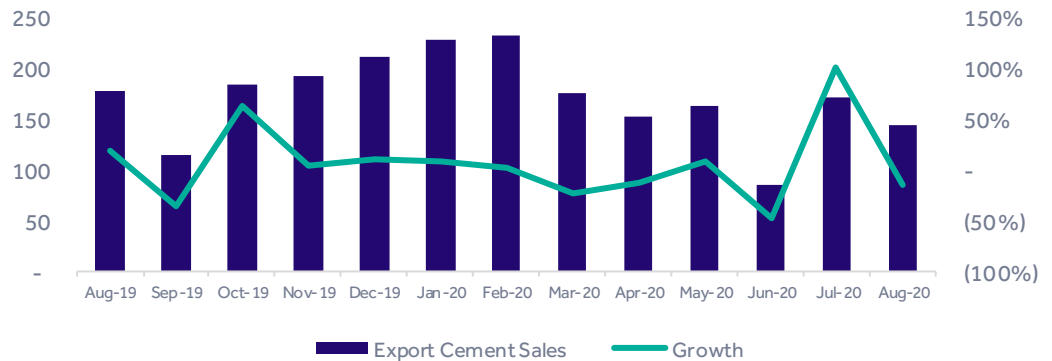
Exhibit 1: Local Sales (000's tons)



- Local sales surged by +41% Y/Y but fell -5% M/M to 4.2 million tons.

Source: Riyad Capital, Yamama Cement

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



- Export sales were down by -19% Y/Y and -15% M/M to 144K tons.

Source: Riyad Capital, Yamama Cement

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

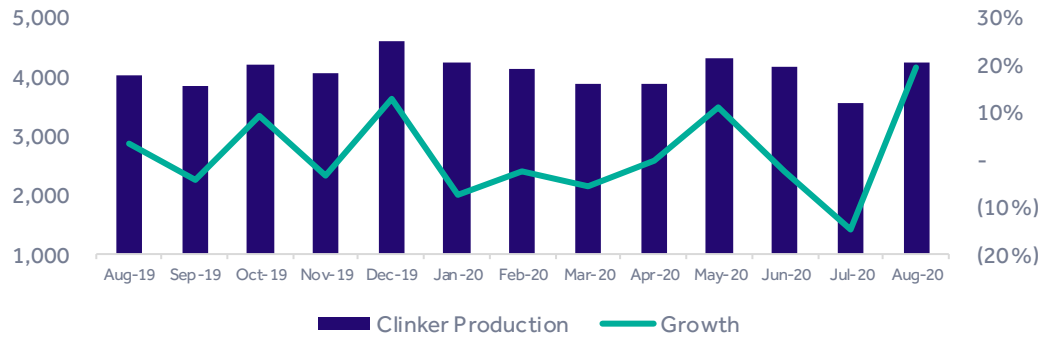
	Aug -19	Jul-20	Aug-20	Growth Y/Y	Growth M/M
Local Sales	2,960	4,400	4,175	41%	(5%)
Export Sales	177	170	144	(19%)	(15%)
Total Cement Sales	3,137	4,570	4,319	38%	(5%)

Clinker Production

The industry's clinker production increased by +5% on a yearly basis and by +19% M/M to reach 4.2 million tons in August 2020, compared with 4.0 million tons in the same period last year. We witnessed a decline in Yamama's production by -70% on a yearly basis and -50% M/M to reach 112K tons in August 2020, as the company works to reduce its inventory. Clinker inventories showed a decrease of -4% Y/Y and -1% M/M to reach 40.7 million tons this month. As we mentioned above Yamama reached levels of 4.4 mln tons (-23% Y/Y, -5% M/M), its lowest level for the company since September 2017.

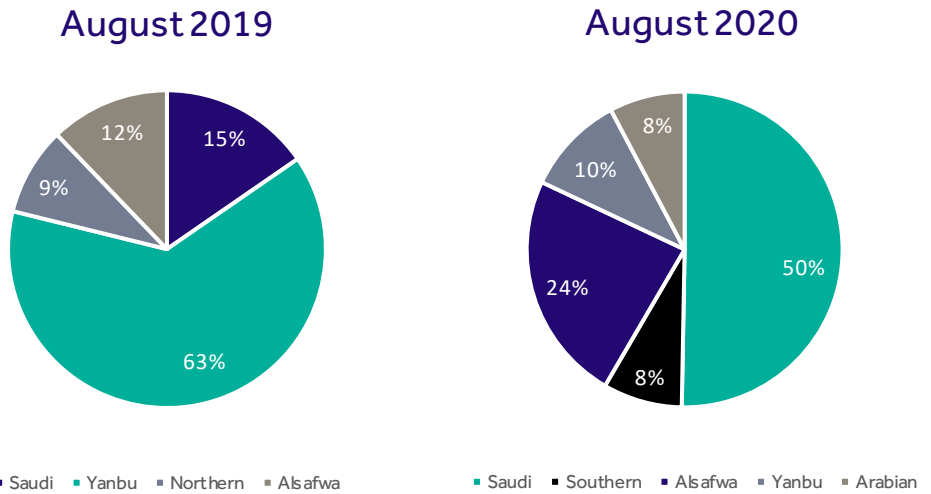
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

- Clinker production rose on both yearly and monthly basis by +5% and +19% respectively.



Source: Riyad Capital, Yamama Cement

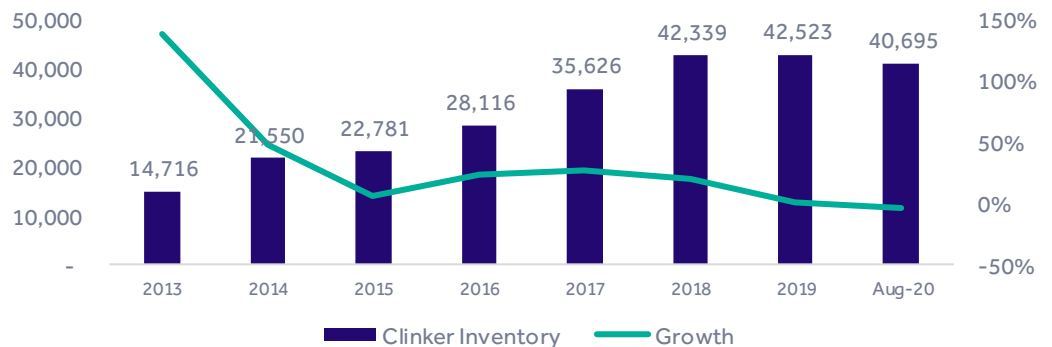
Exhibit 4: Clinker Exports by Companies (%)



Source: Riyad Capital, Yamama Cement

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

- Clinker Inventories fell by -4% Y/Y and -1% M/M.



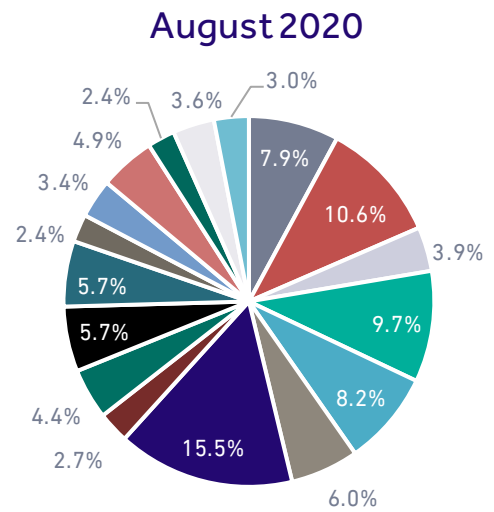
Source: Riyad Capital, Yamama Cement

Southern Cement leads market share

Southern Cement Co. maintained 15.5% market share in August 2020 followed by Saudi Cement Co. with a market share of 10.6%.

Exhibit 6: Market Share for August 2020

- 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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