

■ Total Cement Sales Up +26% Y/Y

On a yearly basis, total sales for the Saudi cement sector rose by +26% to 4.6 million tons but fell by -4% on a monthly basis, according to Yamama Cement's monthly bulletin for July 2020. Only three companies showed a decrease on a yearly basis in their local sales; Northern, Riyadh and Eastern. On the other hand only three companies showed an increase compared with June 2020. Southern Cement was the highest with 688K tons (+37% Y/Y), followed by Saudi Cement with 453K tons (+12% Y/Y) which we believe was driven by the increase in housing sector demand.

Meanwhile, exports sales for the month rose by +13% on a yearly basis and doubled M/M to 170k tons compared to 85K tons in June 2020. The increase was driven by large quantities exported by Saudi Cement, which reported 70K tons, up +40% Y/Y, 63% M/M.

Exhibit 1: Local Sales (000's tons)

- Local sales rose by +26% Y/Y but fell -5% M/M to 4.4 million tons.



Source: Riyad Capital, Yamama Cement

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

- Export sales up by +13% Y/Y and doubled on a monthly basis to 170K tons.



Source: Riyad Capital, Yamama Cement

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

	Jul -19	Jun-20	Jul-20	Growth Y/Y	Growth M/M
Local Sales	3,487	4,654	4,400	26%	(5%)
Export Sales	150	85	170	13%	100%
Total Cement Sales	3,637	4,739	4,570	26%	(4%)

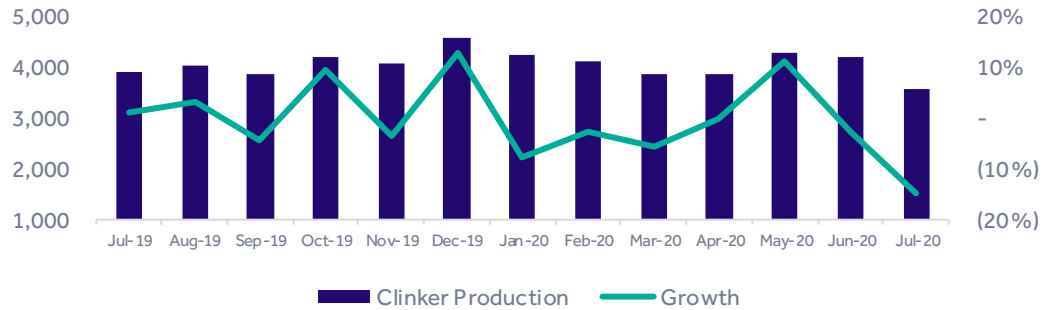
Clinker Production

The industry's clinker production decreased by -9% on a yearly basis and by -15% M/M to reach 3.6 million tons in July 2020, compared with 3.9 million tons in the same period last year, its lowest level since April 2019. We believe the lower production is due to companies using up their inventories.

Clinker inventories showed a decrease of -3% Y/Y and -2% M/M to reach 41.1 million tons this month, as a result of the Inventories used by big companies. Southern reached levels of 2.8 mln tons (-29% Y/Y, -9% M/M), while Yamama reached 4.7 mln tons (-14% Y/Y, -4% M/M).

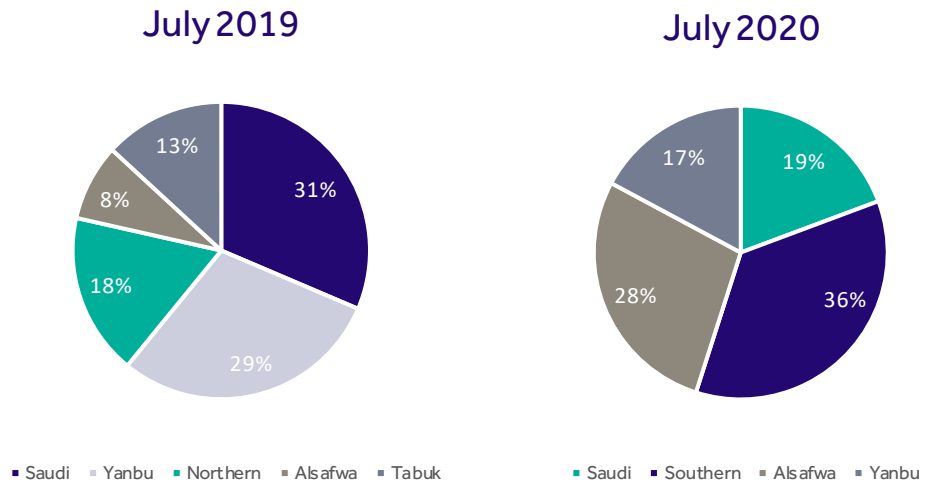
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

Clinker production declines on both yearly and monthly basis by -9% and -15% respectively.



Source: Riyad Capital, Yamama Cement

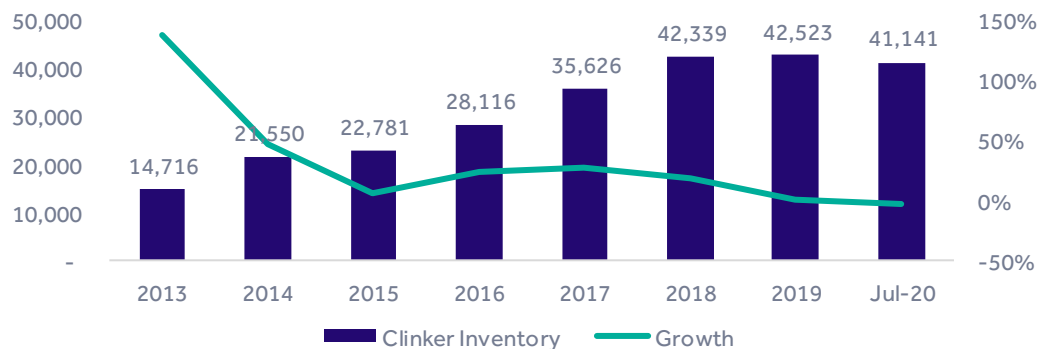
Exhibit 4: Clinker Exports by Companies (%)



Source: Riyad Capital, Yamama Cement

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

Clinker Inventories fell by -3% Y/Y and -2% M/M.

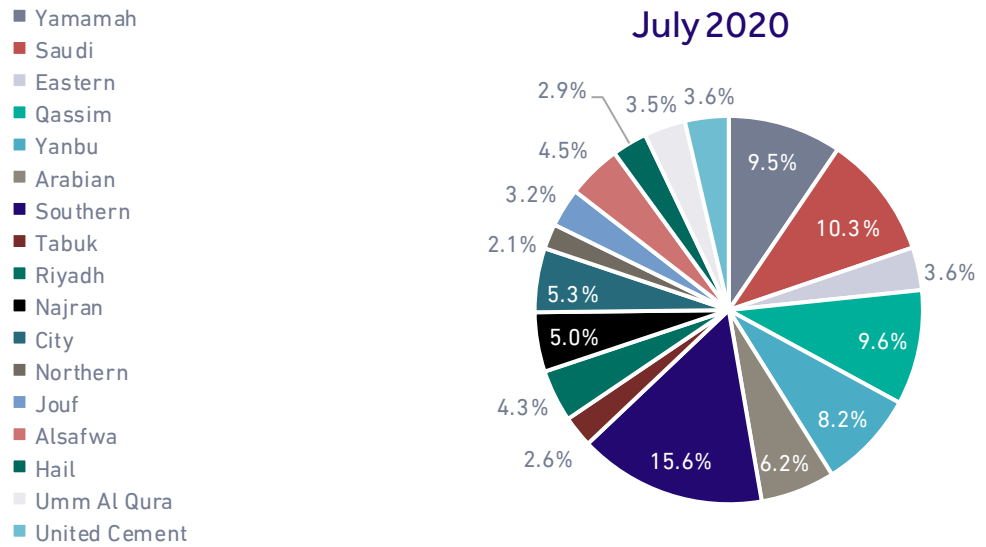


Source: Riyad Capital, Yamama Cement

Southern Cement leads market share

Southern Cement Co. maintained 15.6% market share in July 2020 followed by Saudi Cement Co. with a market share of 10.3%.

Exhibit 6: Market Share for July 2020



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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