

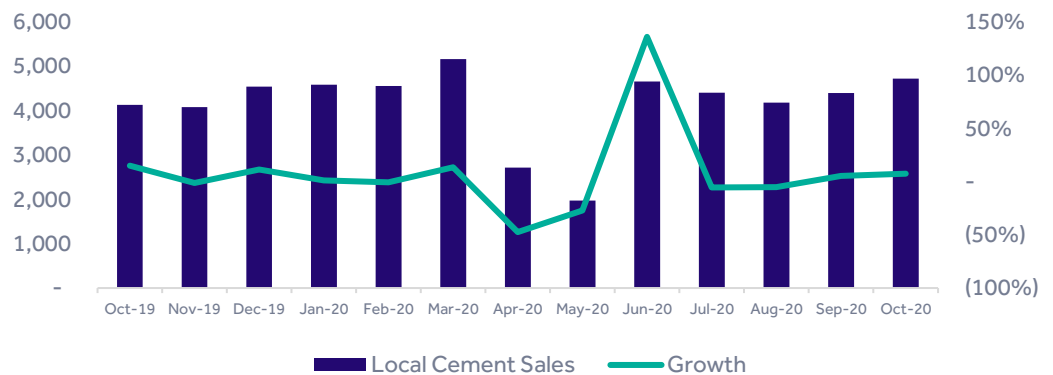
Total Cement Sales Up +15% Y/Y

On a yearly basis, total sales for the Saudi cement sector went up by +15% to 4.9 million tons and on a monthly basis rose by +8% for the second consecutive month, according to Yamama Cement's monthly bulletin for October 2020. Only 3 out of 17 Companies showed a decrease on a yearly basis in its local sales. While Alsafwa Co. presented a decrease compared with September 2020, Southern Cement had the highest sales with 692K tons (+11% Y/Y, +4% M/M), followed by Saudi Cement with 479K tons (+5% Y/Y, +10% M/M) while Qassim's sales volumes jumped by +54% Y/Y to reach 450K tons. The growth in sales during the year was driven by the increase in housing sector demand supported by the Ministry of Housing and the Mega Projects.

Exports sales for the month rose on both yearly and monthly basis by +22% and +24% respectively to 225k tons compared to 184K tons in October 2019.

Exhibit 1: Local Sales (000's tons)

Local sales up by +14% Y/Y and +7% M/M to 4.7 million tons.



Source: Riyad Capital, Yamama Cement

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

Export sales went up by +22% Y/Y and +24% M/M to 225K tons.



Source: Riyad Capital, Yamama Cement

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

	Oct -19	Sep -20	Oct -20	Growth Y/Y	Growth M/M
Local Sales	4,131	4,395	4,718	14%	7%
Export Sales	184	181	225	22%	24%
Total Cement Sales	4,315	4,576	4,943	15%	8%

Clinker Production

The industry's clinker production increased by +3% on a yearly basis and by +12% M/M to reach 4.3 million tons in October 2020, compared with 4.2 million tons in the same month last year. Umm Al Qura's production was Zero tons for the month compared with 89K tons in September. While United Cement's production jumped by +520% M/M to reach 155K tons in October. The clinker production was mixed between companies in the Cement Sector on both yearly and monthly basis.

Clinker inventories continued to decrease in both yearly and monthly basis by -8% Y/Y and -2% M/M, respectively to reach 39.3 million tons this month (its lowest level since July 2018).

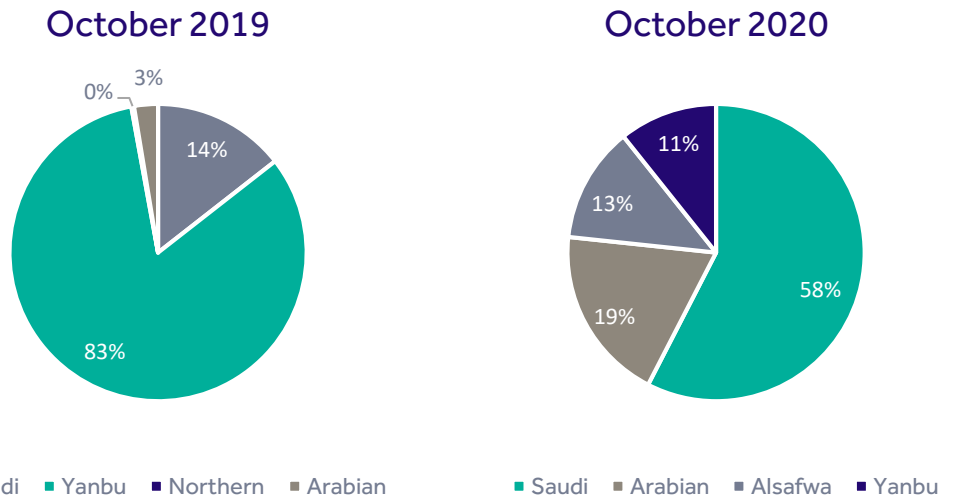
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)



Clinker production rose on both yearly and monthly basis by +3% and +12% respectively.

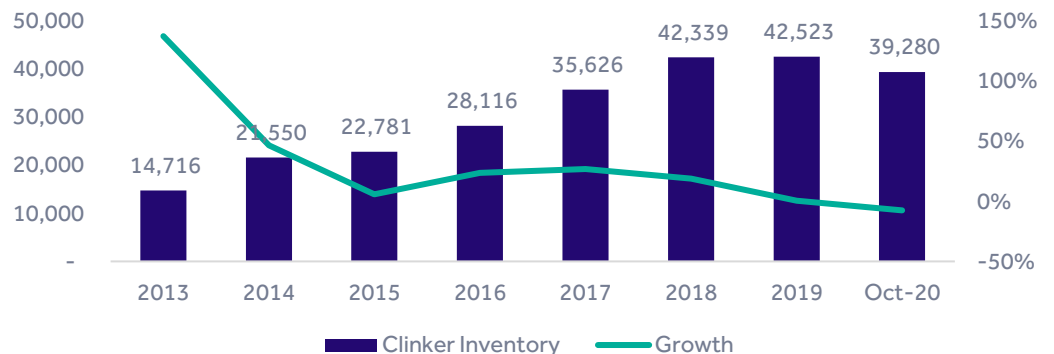
Source: Riyadh Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)



Source: Riyadh Capital, Yamama Cement

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



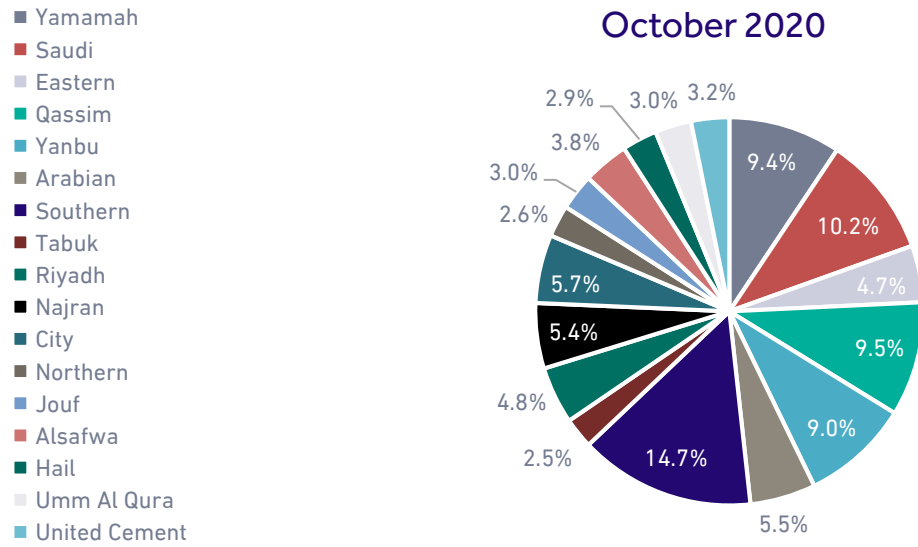
Clinker Inventories fell by -8% Y/Y and -2% M/M.

Source: Riyadh Capital, Yamama Cement

Southern Cement leads market share

Southern Cement Co. continues to lead the market share with 14.7% in October 2020, followed by Saudi Cement Co. with a market share of 10.2%.

Exhibit 6: Market Share for October 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
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