

**Cement Dispatches: 15.3% MoM growth, however 19.5% YoY decline in dispatches as sector woes continues. Inventory buildup continued (0.7% MoM in inventory). Northern region witnessed the highest decline of 38.2%YoY.**

**Overview:** Cement Dispatches stood at 4.71mn tons for the month of March 2017, recording an increase of 15.3%MoM that in our view is due to the cyclical nature of demand during the month of March. However YoY sales declined by 19.5%YoY due to continued pressure on construction activity as the government austerity measures have continued. For 3M-2017 cement dispatches stood at 13.65mn ton compared to 17.04mn ton in 3M-2016 depicting a decline of 19.9%YoY. We believe that sales trajectory will continue its downtrend during next few months given the weak fundamentals of the sector.

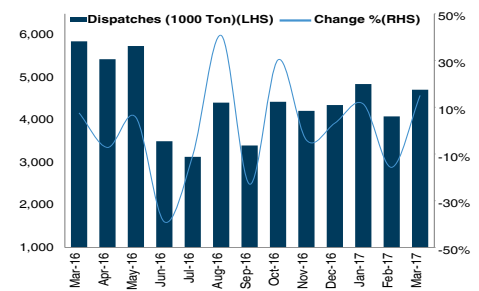
**On MoM basis,** all cement companies showed an increase in its dispatches, except AlJouf Cement which showed a decline of 12.3%MoM. Umm Al-Qura Cement showed the highest increase of 57.5%MoM followed by Yamama Cement with an increase of 48.0%MoM. **On YoY basis,** City Cement and Riyadh Cement were the only companies to record a growth of 14.0%YoY and 1.3% YoY respectively. On the other hand, Northern Cement and Najran Cement witnessed a fall of 52.7%YoY and 46.9%YoY respectively.

**Clinker inventories recorded a modest growth of 0.7%MoM:** Clinker inventory stood at 29.0mn ton by the end of March depicting an increase of 0.7%MoM and 37.1%YoY. Umm AlQura Cement showed the highest increase of 26.6%MoM in clinker inventory, followed by Southern Cement which showed an increase of 16.9%MoM. On the other hand, the clinker levels of Riyadh and Yanbu Cement companies witnessed a fall of 5.2%MoM and 4.3%MoM respectively.

**Market Share:** City Cement showed an improvement in its market share as it increased from 5.7% in March-2016 to 8.1% in March-2017. Moreover, Riyadh Cement increased its market share from 5.4% to 6.8%. On the other hand, Northern Cement market share declined to 2.4% in March-2017 as compared to 4.2% in March-2016, followed by Najran cement as it declined from 6.0% in March 2016 to 4.0% in March 2017.

**Northern Region declined the most YoY, while Central Region led the MoM growth:** Northern region declined by 38.2%YoY followed by Southern region which declined by 36.4%YoY. Central Region declined the least by 5.3%YoY and recorded the highest increase MoM of 28.7%, due to continued mega projects in the region.

### Dispatches Growth



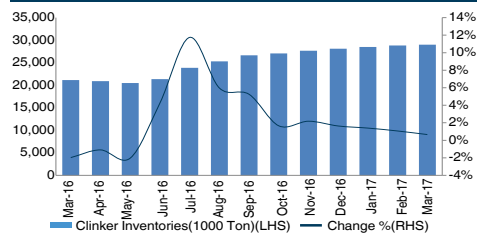
Source : Yamama Cement Company, AlJazira Research

### Share in Dispatches by Regions

Regions	Share in Dispatches			Share in Inventory		Sales Performance	
	Mar-16	Mar-17	3M-2017	Mar-16	Mar-17	MoM	YoY
"Central Region"	28.52%	33.57%	30.98%	30.23%	27.25%	28.75%	-5.27%
"Western Region"	22.35%	26.94%	28.57%	16.04%	14.88%	6.82%	-2.98%
"Southern Region"	19.61%	15.50%	15.35%	14.12%	17.77%	16.61%	-36.41%
"Eastern Region"	17.26%	14.56%	15.29%	26.59%	24.39%	10.65%	-32.08%
"Northern Region"	12.27%	9.43%	9.82%	13.03%	15.71%	4.72%	-38.16%

Source : Yamama Cement Company, AlJazira Research

### Inventories Level



Source : Yamama Cement Company, AlJazira Research

Key Data													
Region	Companies	Dispatches							Clinker Inventory Levels				
		Feb-17	Mar-16	Mar-17	M/M %	Y/Y % change	3M-2016	3M-2017	% Change	Feb-17	Mar-16	Mar-17	M/M % change
"Central Region"	Yamamah Cement	352	589	521	48.0%	-11.5%	1,655	1,242	-25.0%	4,380	3,121	4,215	35.1%
	City Cement	313	336	383	22.4%	14.0%	913	1,051	15.1%	1,141	797	1,096	37.5%
	Qassim Cement	323	430	359	11.1%	-16.5%	1,262	1,073	-15.0%	970	886	1,003	13.2%
	Riyadh Cement	240	314	318	32.5%	1.3%	1,009	861	-14.7%	1,676	1,590	1,589	-0.1%
	<b>Total</b>	<b>1,228</b>	<b>1,669</b>	<b>1,581</b>	<b>28.7%</b>	<b>-5.3%</b>	<b>4,839</b>	<b>4,227</b>	<b>-12.6%</b>	<b>8,167</b>	<b>6394</b>	<b>7,903</b>	<b>23.6%</b>
"Western Region"	Yanbu Cement	474	602	485	2.3%	-19.4%	1,834	1,593	-13.1%	2,980	3,032	2,851	-6.0%
	Arabian Cement	358	509	380	6.1%	-25.3%	1,475	1,112	-24.6%	314	235	310	31.9%
	AlSafwa Cement	151	197	156	3.3%	-20.8%	589	485	-17.7%	306	126	328	160.3%
	Umm AlQura	73	0	115	57.5%	-	-	303	-	301	-	381	-
	United Cement	132	0	133	0.8%	-	-	406	-	407	-	445	-
	<b>Total</b>	<b>1,188</b>	<b>1,308</b>	<b>1,269</b>	<b>6.8%</b>	<b>-3.0%</b>	<b>3,898</b>	<b>3,899</b>	<b>0.0%</b>	<b>4,308</b>	<b>3,393</b>	<b>4,315</b>	<b>27.2%</b>
"Eastern Region"	Saudi Cement	431	730	488	13.2%	-33.2%	2,085	1,472	-29.4%	4,972	4,050	4,972	22.8%
	Eastern Cement	189	280	198	4.8%	-29.3%	838	614	-26.7%	2,055	1,575	2,100	33.3%
	<b>Total</b>	<b>620</b>	<b>1,010</b>	<b>686</b>	<b>10.6%</b>	<b>-32.1%</b>	<b>2,923</b>	<b>2,086</b>	<b>-28.6%</b>	<b>7,027</b>	<b>5,625</b>	<b>7,072</b>	<b>25.7%</b>
"Southern Region"	Najran Cement	178	354	188	5.6%	-46.9%	1,028	566	-44.9%	2,919	2,257	2,907	28.8%
	Southern Cement	448	794	542	21.0%	-31.7%	2,280	1,528	-33.0%	1,922	729	2,247	208.2%
	<b>Total</b>	<b>626</b>	<b>1,148</b>	<b>730</b>	<b>16.6%</b>	<b>-36.4%</b>	<b>3,308</b>	<b>2,094</b>	<b>-36.7%</b>	<b>4,841</b>	<b>2986</b>	<b>5,154</b>	<b>72.6%</b>
"Northern Region"	Northern Cement	102	243	115	12.7%	-52.7%	716	323	-54.9%	727	488	721	47.7%
	AlJouf Cement	130	185	114	-12.3%	-38.4%	507	409	-19.3%	1,018	489	1,060	116.8%
	Tabuk Cement	108	143	123	13.9%	-14.0%	400	344	-14.0%	1,106	843	1,064	26.2%
	Hail Cement	84	147	92	9.5%	-37.4%	449	264	-41.2%	1,616	936	1,710	82.7%
	<b>Total</b>	<b>424</b>	<b>718</b>	<b>444</b>	<b>4.7%</b>	<b>-38.2%</b>	<b>2,072</b>	<b>1,340</b>	<b>-35.3%</b>	<b>4,467</b>	<b>2,756</b>	<b>4,555</b>	<b>65.3%</b>
<b>Total</b>		<b>4,086</b>	<b>5,853</b>	<b>4,710</b>	<b>15.3%</b>	<b>-19.5%</b>	<b>17,040</b>	<b>13,646</b>	<b>-19.9%</b>	<b>28,810</b>	<b>21,154</b>	<b>28,999</b>	<b>37.1%</b>

Source : Yamamah Cement Company, AlJazira Capital

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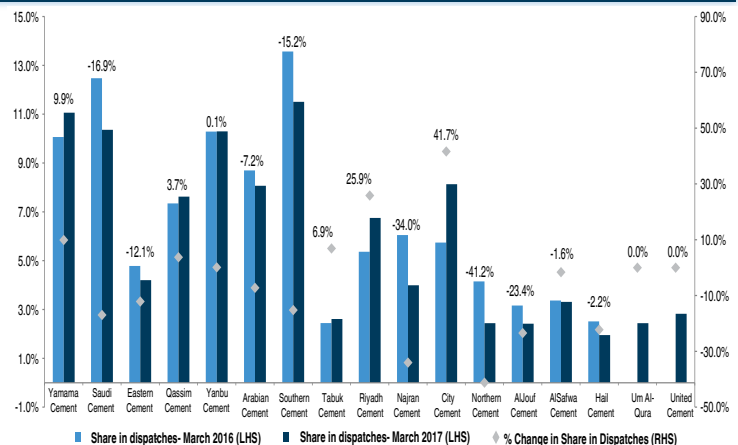
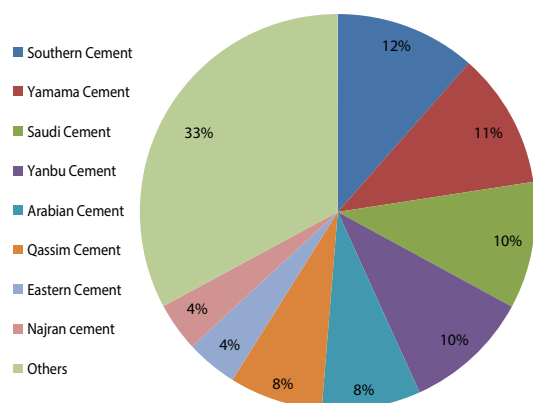
## Company News &amp; Events

Company Name	Date of Announcement	Corporate Event & Announcement
Najran Cement	30-03-2017	Najran Cement announced it expects to incur fixed costs of SAR 19.4mn in fiscal year 2017, due to the temporary halt of its second production line.
Tabuk Cement	14-03-2017	Tabuk Cement has received an export license, valid for one year, from Saudi Arabia's ministry of commerce and investment.
AlJouf Cement	23-02-2017	Al Jouf Cement Co. has received a one-year export license from Saudi Arabia's ministry of commerce and investment.
Arabian Cement	20-02-2017	The board of directors of Arabian Cement Co. recommended a 20% cash dividend (SAR 2.00 per share) for the 2H2016.
Southern Cement	16-02-2017	The board of directors of Southern Province Cement Co. recommended a 22.5% cash dividend (SAR 2.25 per share) for the 2H2016.
Hail Cement	15-02-2017	The board of directors of Hail Cement Co. recommended a 4.0% cash dividend (SAR 0.40 per share) for the 2H2016.
Najran Cement	15-02-2017	Najran Cement has received an export license, valid for one year, from Saudi Arabia's ministry of commerce and investment.
Eastern Cement	14-02-2017	The board of directors of Eastern Province Cement Co. recommended a 15% cash dividend (SAR 2.75 per share) for the FY2016.
Saudi Cement	08-02-2017	The board of directors of Saudi Cement Co. recommended a 27.5% cash dividend (SAR 1.50 per share) for the 2H2016.

Source: The Saudi Stock Exchange - Tadawul

## Share in Dispatches (March 2017)

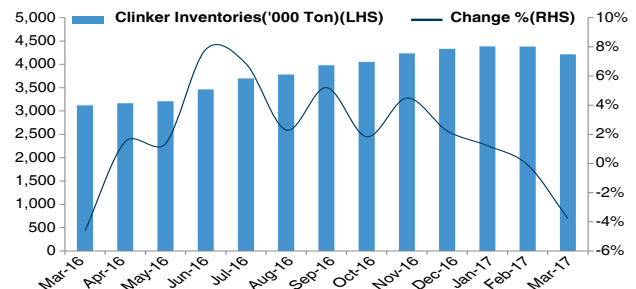
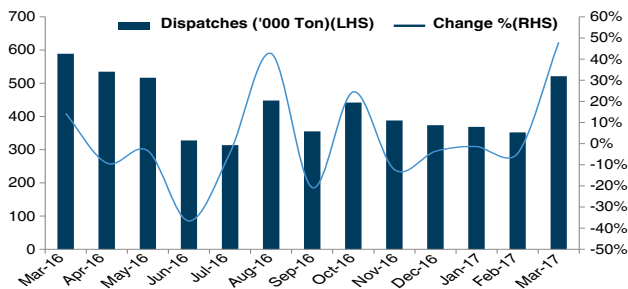
## Market Share in Saudi Cement Sector (%)



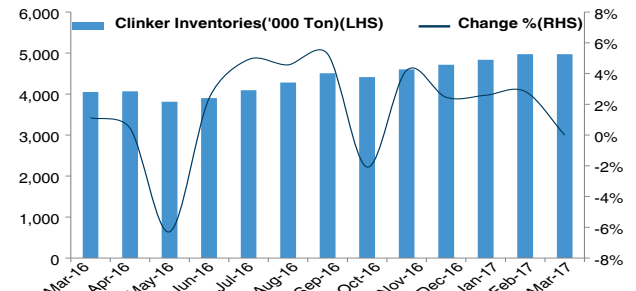
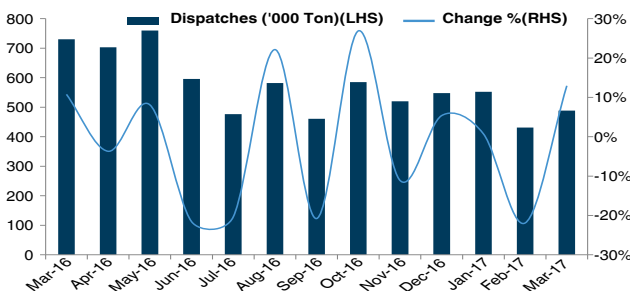
Source: Yamamah Cement Company, AlJazira Capital

## Dispatches &amp; Change

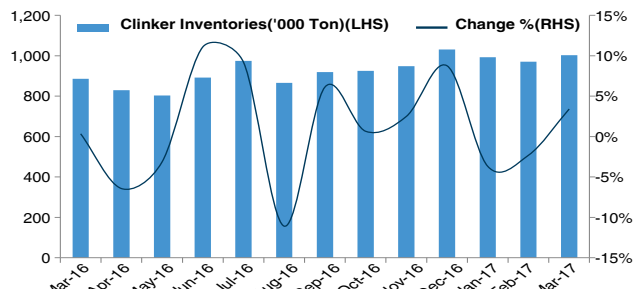
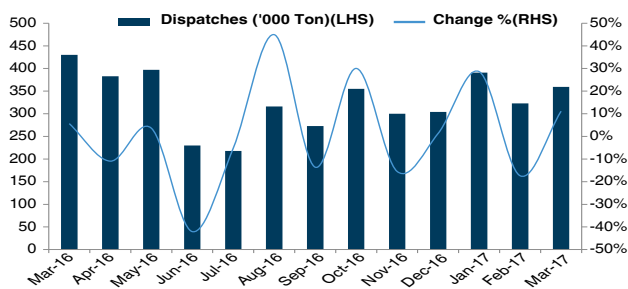
## Yamaha Cement



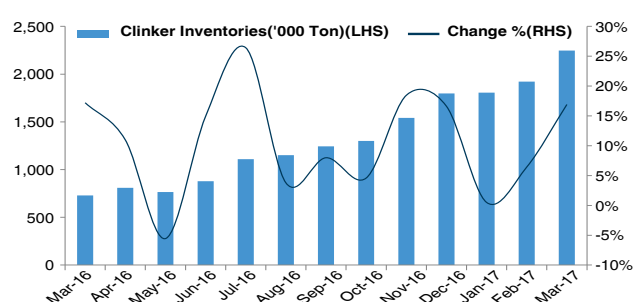
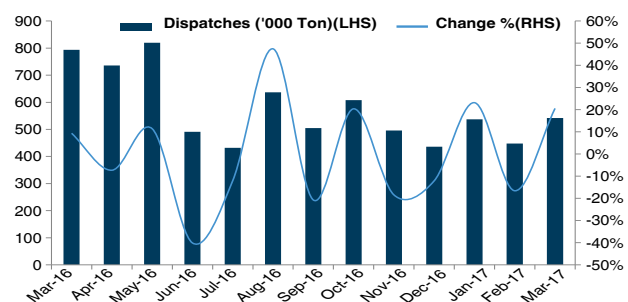
## Saudi Cement Co



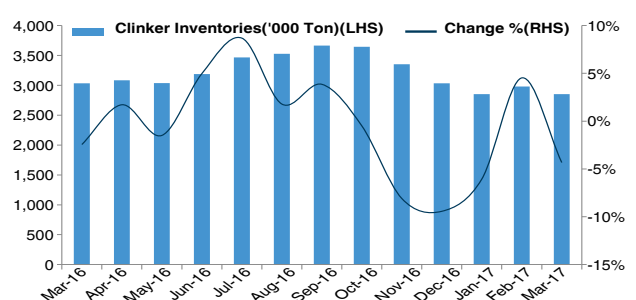
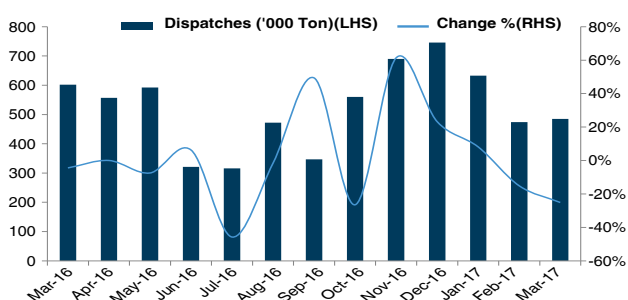
## Qassim Cement



## Southern Cement

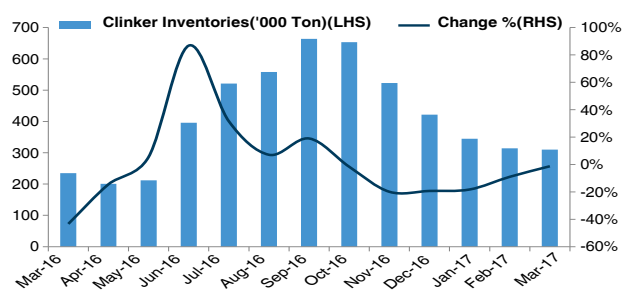
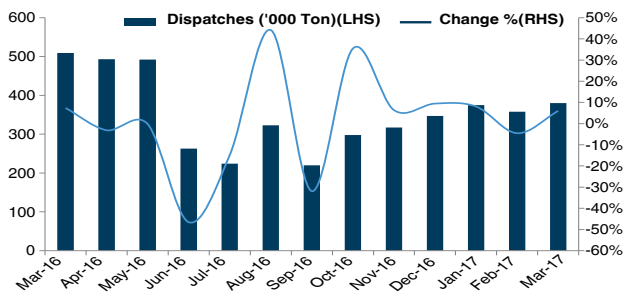


## Yanbu Cement

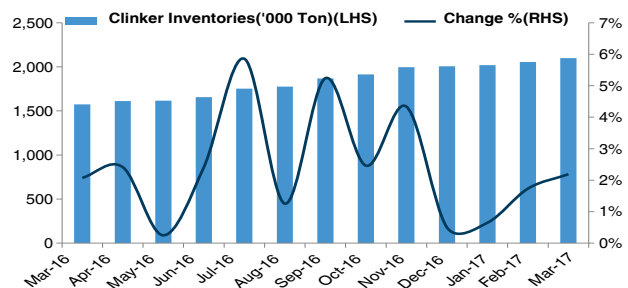
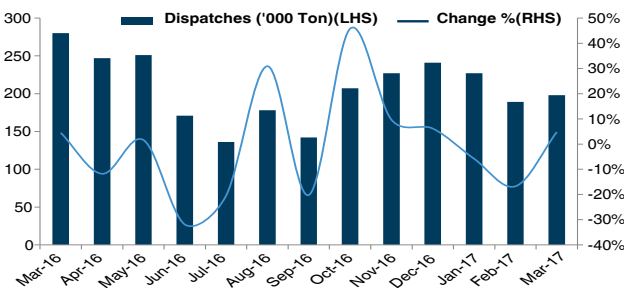


## Dispatches &amp; Change

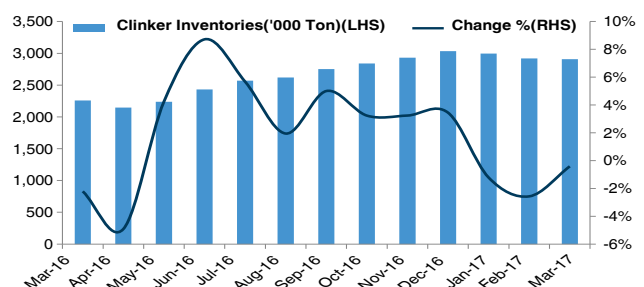
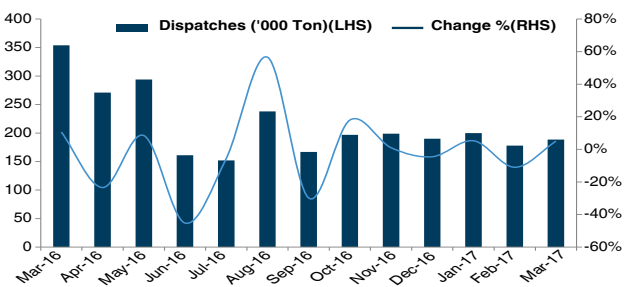
## Arabian Cement



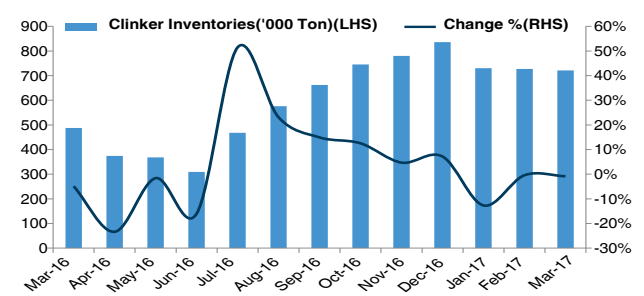
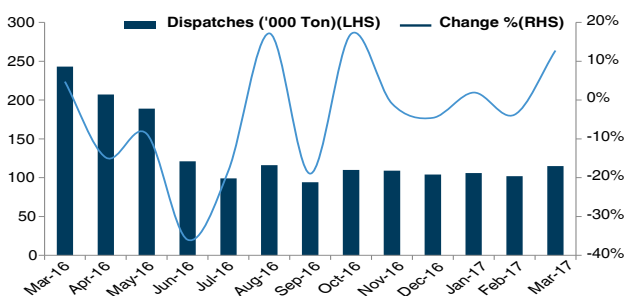
## Eastern Cement Co



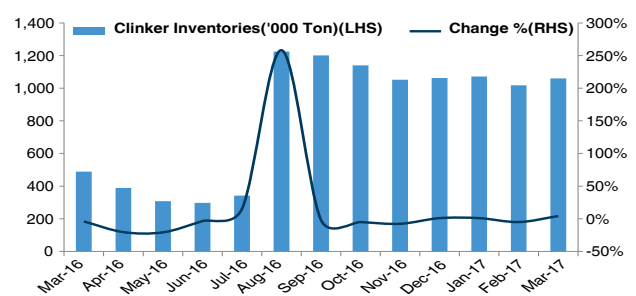
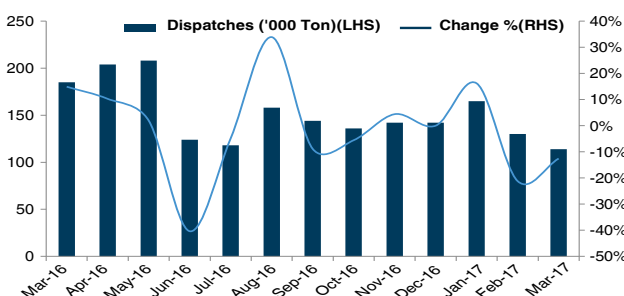
## Najran Cement



## Northern Cement

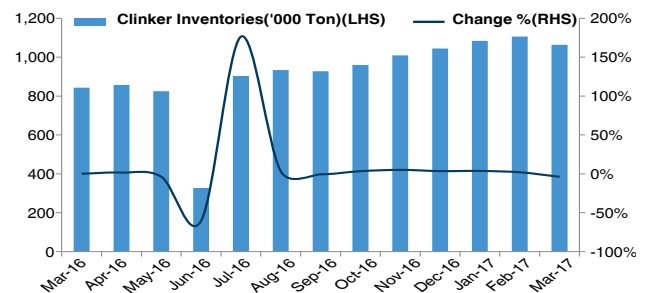
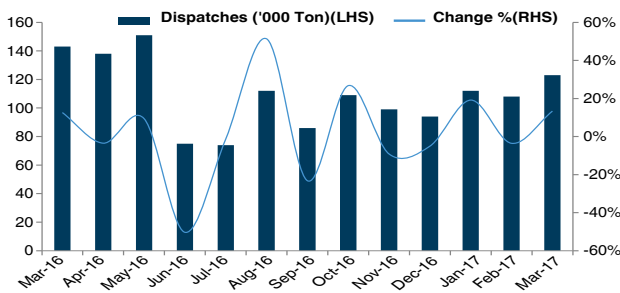


## AlJouf Cement

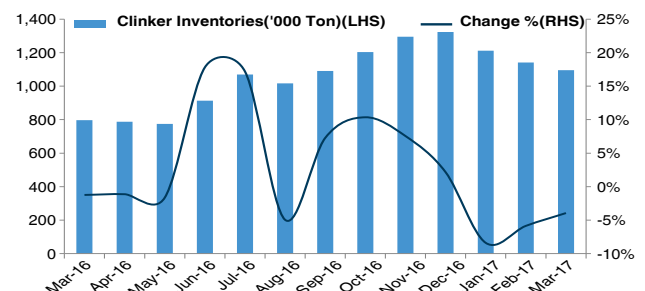
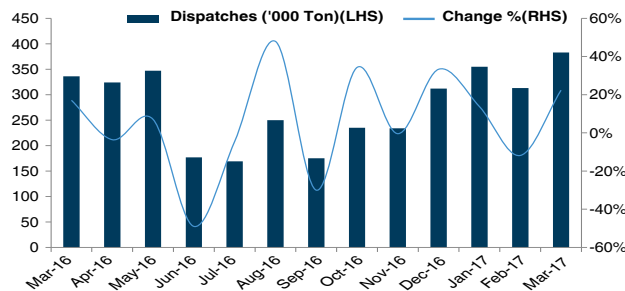


## Dispatches &amp; Change

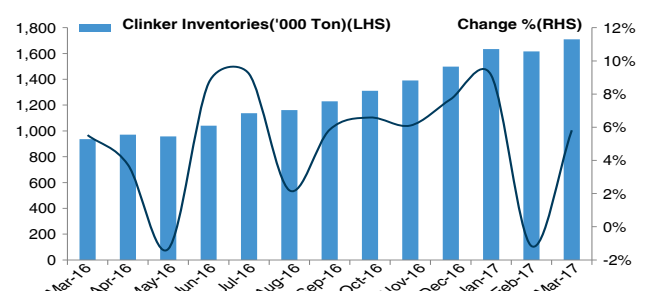
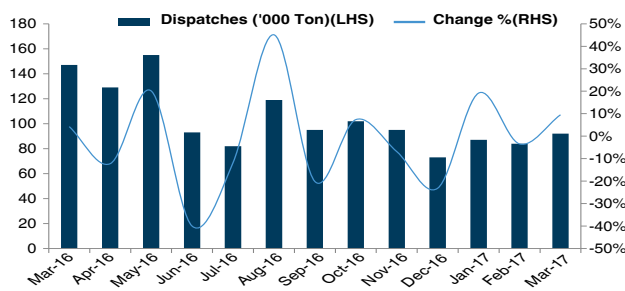
## Tabuk Cement



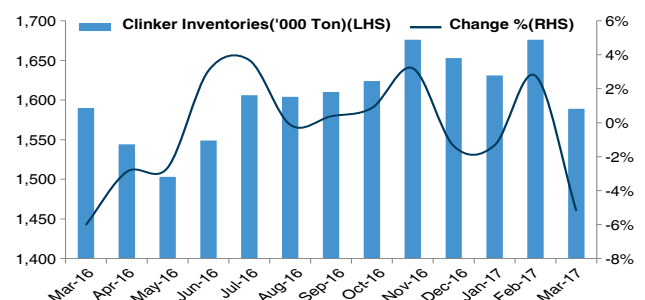
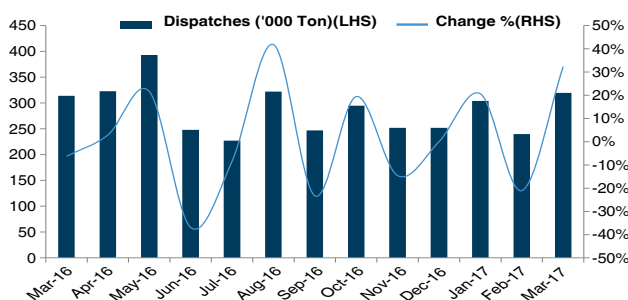
## City Cement Co



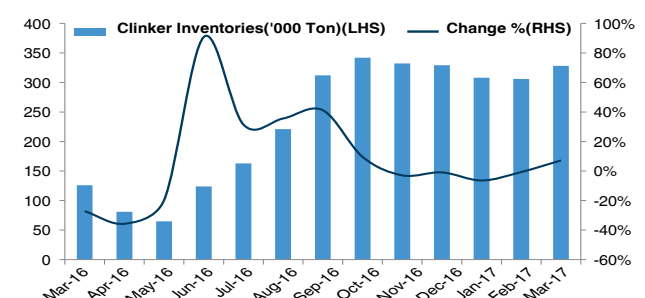
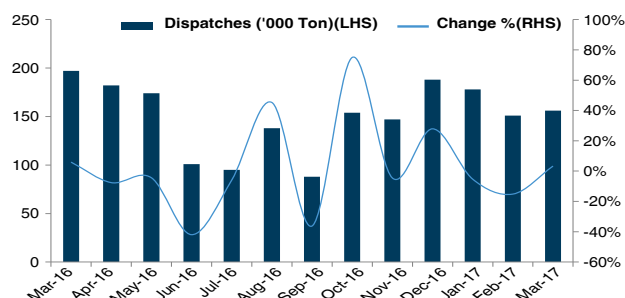
## Hail Cement



## Riyadh Cement



## Safwa Cement



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1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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