

**Cement Dispatches: growth of 11.4%MoM, however a 15.7% YoY decline; new disclosure from Untied cement and the new production line of Umm AlQura adds to the total market capacity.**

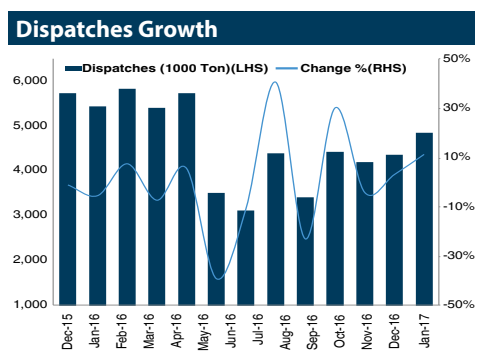
According to the data released by Yamamah Cement Co, cement dispatches for the month of January-2017 stood at 4.85mn tons, compared to 5.75 tons in January-2016, depicting a decline of 15.7%YoY, and growth of 11.4%MoM.

**Overview:** The MoM growth in dispatches is mainly attributed to the additional added capacity of Untied Cement and Umm AlQura, which contributes almost 256KT of cement in January 2017. On the other hand, continued demand pressure is the main reason behind YoY decline in cement dispatches. For FY2016, cement dispatches showed a decline of 9.4% YoY, standing at 55.7mn from 61.4mn in 2015, that can be ascribed to lower government spending on new projects and lower construction activity.

**On MoM basis,** Qassim cement showed the highest growth of 28.6%MoM followed by Southern cement, which showed a growth of 23.2%MoM. On the other hand, Yanbu cement showed a decline of 15.1%MoM followed by Eastern cement with a decline of 5.8%. **On YoY basis,** City and AlJouf cement companies showed growth in cement dispatches, recording an increase of 22.4%YoY and 2.5%YoY respectively. Northern cement and Hail cement witnessed a fall of 56.0%YoY and 46.0%YoY respectively.

**Clinker inventories recorded a modest growth of 1.4%MoM:** Clinker inventory continued to increase and reached 28.1mn ton by end of January, depicting an increase of 29.3%YoY. Hail cement showed an increase of 9.1%MoM in clinker inventory, followed by Tabuk cement which showed an increase of 3.7%MoM. On the other hand, Arabian and Northern cement companies' clinker inventory witnessed a fall of 18.2%MoM and 12.7%MoM respectively.

**Market Share:** City cement showed an improvement in its market share as it increased from 5.0% in January-2016 to 7.3% in January-2017. Moreover, AlJouf cement increased its market share from 2.8% to 3.4%. On the other hand, Northern Cement company market share declined to 2.2% in January-2017 as compared to 4.2% in January-2016, followed by Najran cement as it declined from 6.2% in January 2016 to 4.1% in January 2017.

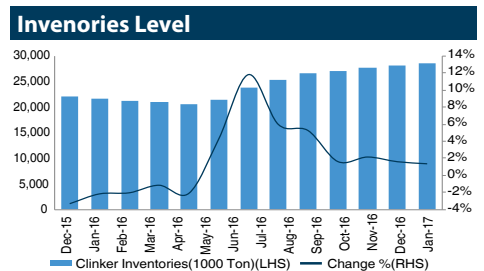


Source : Yamama Cement Company, AlJazira Research

**Share in Dispatches by Regions**

Regions	Share in Dispatches			Share in Inventory	
	Jan-16	Jan-17	12M-2016	Jan-16	Jan-17
"Central Region"	28.29%	29.28%	28.97%	30.59%	28.84%
"Western Region"	23.11%	29.75%	22.91%	17.32%	14.41%
"Southern Region"	19.38%	15.21%	18.58%	14.44%	16.84%
"Eastern Region"	17.16%	16.07%	17.89%	24.91%	24.05%
"Northern Region"	12.06%	9.70%	11.65%	12.74%	15.86%

Source : Yamama Cement Company, AlJazira Research



Key Data														
Dispatches										Clinker Inventory Levels				
Region	Companies	Dec-16	Jan-16	Jan-17	"M/M %	Y/Y % change	12M-2015	12M-2016	% Change	Nov-16	Dec-15	Dec-16	M/M % change	Y/Y % change
"Central Region"	Yamamah Cement	374	551	369	-1.3%	-33.0%	5,825	5,356	-8.1%	4,331	3,316	4,384	32.2%	1.2%
	City Cement	312	290	355	13.8%	22.4%	2,655	3,136	18.1%	1,323	796	1,212	52.3%	-8.4%
	Qassim Cement	304	425	391	28.6%	-8.0%	4,405	4,038	-8.3%	1,031	906	993	9.6%	-3.7%
	Riyadh Cement	252	360	304	20.6%	-15.6%	3,372	3,584	6.3%	1,653	1,726	1,631	-5.5%	-1.3%
	Total	1,242	1,626	1,419	14.3%	-12.7%	16257	16,114	-0.9%	8,338	6744	8,220	21.9%	-1.4%
"Western Region"	Yanbu Cement	746	630	633	-15.1%	0.5%	7,008	6,435	-8.2%	3,035	3,106	2,851	-8.2%	-6.1%
	Arabian Cement	347	492	375	8.1%	-23.8%	5,380	4,452	-17.2%	422	530	345	-34.9%	-18.2%
	AlSafwa Cement	188	206	178	-5.3%	-13.6%	1,861	1,856	-0.3%	329	181	308	70.2%	-6.4%
	Umm AlQura	0	0	115	-	-	-	-	-	0	0	176	-	-
	United Cement	0	0	141	-	-	-	-	-	0	0	429	-	-
	Total	1,281	1,328	1,442	12.6%	8.6%	14249	12743	-10.6%	3,786	3,817	4,109	7.6%	8.5%
"Eastern Region"	Saudi Cement	548	696	552	0.7%	-20.7%	7,702	7,316	-5.0%	4,713	3,974	4,835	21.7%	2.6%
	Eastern Cement	241	290	227	-5.8%	-21.7%	3,119	2,638	-15.4%	2,007	1,516	2,020	33.2%	0.6%
	Total	789	986	779	-1.3%	-21.0%	10821	9,954	-8.0%	6,720	5490	6,855	24.9%	2.0%
"Southern Region"	Najran Cement	190	354	200	5.3%	-43.5%	4,460	2,897	-35.0%	3,033	2,436	2,996	23.0%	-1.2%
	Southern Cement	436	760	537	23.2%	-29.3%	8,490	7,441	-12.4%	1,797	747	1,806	141.8%	0.5%
	Total	626	1,114	737	17.7%	-33.8%	12950	10,338	-20.2%	4,830	3183	4,802	50.9%	-0.6%
"Northern Region"	Northern Cement	104	241	106	1.9%	-56.0%	2,370	1,865	-21.3%	836	589	730	23.9%	-12.7%
	AlJouf Cement	142	161	165	16.2%	2.5%	1,726	1,884	9.2%	1,062	524	1,072	104.6%	0.9%
	Tabuk Cement	94	130	112	19.1%	-13.8%	1,301	1,338	2.8%	1,045	854	1,084	26.9%	3.7%
	Hail Cement	73	161	87	19.2%	-46.0%	1,766	1,392	-21.2%	1,498	842	1,635	94.2%	9.1%
	Total	413	693	470	13.8%	-32.2%	7,163	6,479	-9.5%	4,441	2,809	4,521	60.9%	1.8%
	Total	4,351	5,747	4,847	11.4%	-15.7%	61,440	55,628	-9.5%	28,115	22,043	28,507	29.3%	1.4%

Source: Yamamah Cement Company, AlJazira Capital

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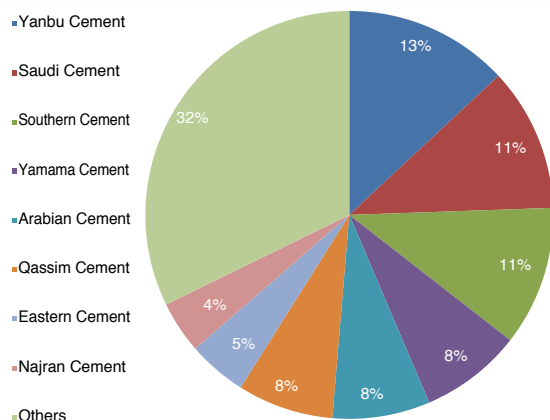
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## Company News &amp; Events

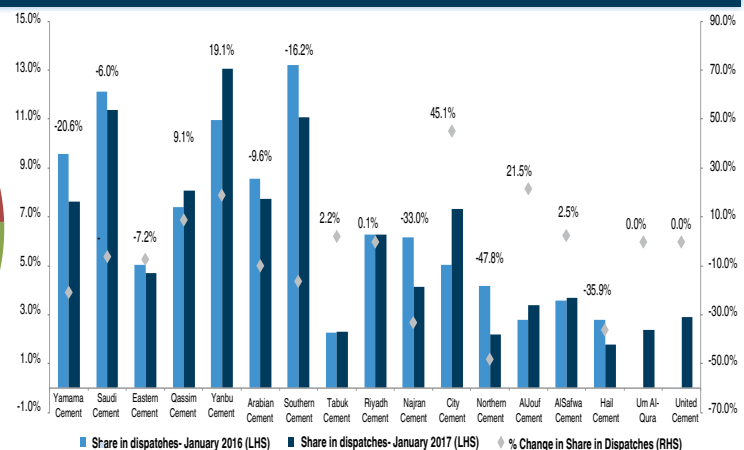
Company Name	Date of Announcement	Corporate Event & Announcement
Yanbu Cement	5/2/17	The board of directors of Yanbu Cement Co. recommended a 20% cash dividend (SAR 2.0 per share) for the 2H2016. This takes the total dividend for full year 2016 to SAR 3.0 per share.
Qassim Cement	1/26/17	Qassim Cement Co's board of directors recommended a 10% cash dividend to be issued at SAR 1.0 per share for 4Q2016, bringing the total dividend for full year 2016 to SAR 4.75 per share.
Yamama Cement	19-01-2017	Yamama Cement Company's board of directors recommended on Thursday a 2.5% cash dividend (SAR 0.25 per share) for the 4Q2016.
Yamama Cement	19-01-2017	Yamama Cement board of directors decided to halts its klins 1-5 with capacity of 5600tpd due to current market conditions, with no financial impact on the company.
City Cement	18-01-2017	City Cement Co's board of directors recommended a 2.5% cash dividend (SAR 0.25per share) for the 2H2016.This takes the dividend for the full year to SAR 1 per share.
Yamama Cement	2/1/17	Yamama Cement Co. has signed two facilities, totaling SAR 1.0bn with NCB (SAR 750mn) and SAMBA Financial Group ( SAR 250mn), which will be paid at the end of the period.
Eastern Cement	25-12-2016	Eastern Province Cement Co. said that the trial run of its cement mill is not yet complete as work is still underway to increase efficiency and reach the designed production capacity. The trial phase is expected to be completed during the first half of 2017 and there is no financial impact expected from the delay
Yamama Cement	20-12-2016	Yamama Cement Co. has signed a 900mn nine years loan with SIDF, which will be paid in 12 semiannual payments.
Arabian Cement	21-11-2016	Arabian Cement Co. announced that construction works are still ongoing at its clinker grinder facility in Rabigh and the commercial operations are scheduled to start in Q42017. The financial impact of the new facility can't be determined at this time, as it depends on market demand and supply.

Source: The Saudi Stock Exchange - Tadawul

## Share in Dispatches (January 2017)



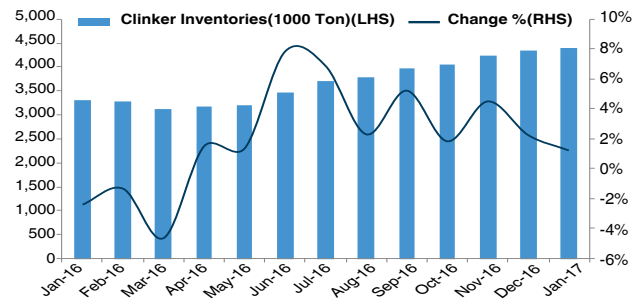
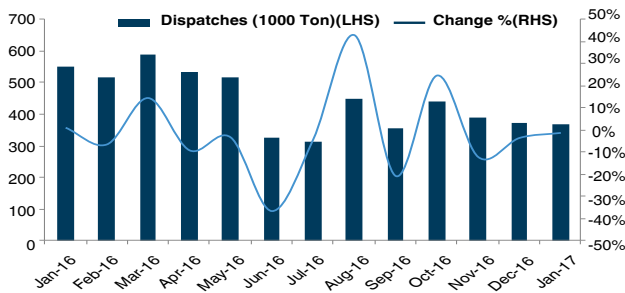
## Market Share in Saudi Cement Sector (%)



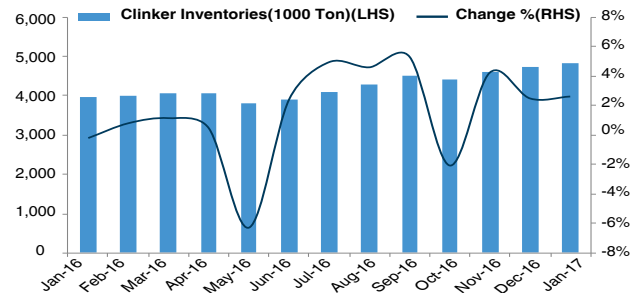
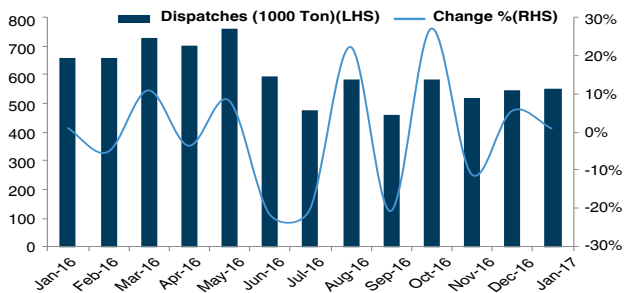
Source: Yamamah Cement Company, AlJazira Capital

## Dispatches &amp; Change

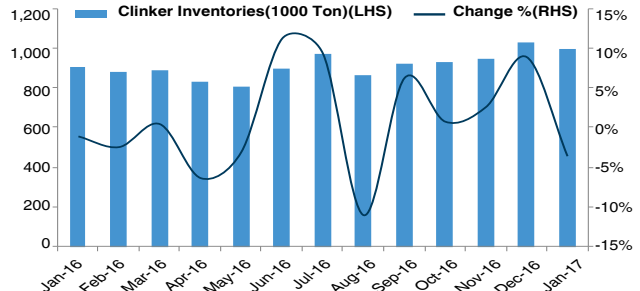
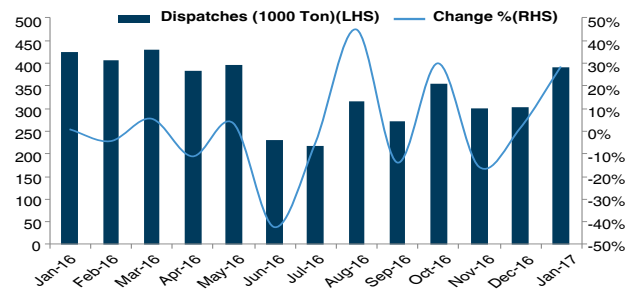
## Yamaha Cement



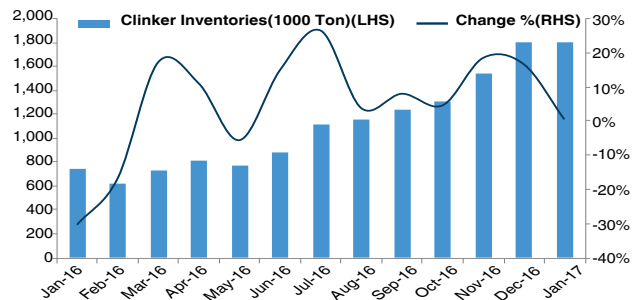
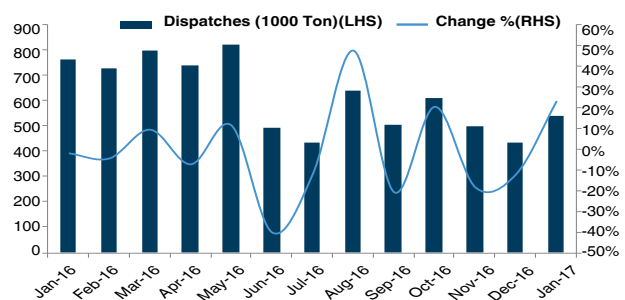
## Saudi Cement Co



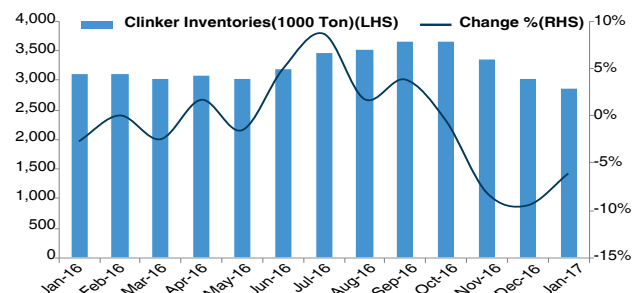
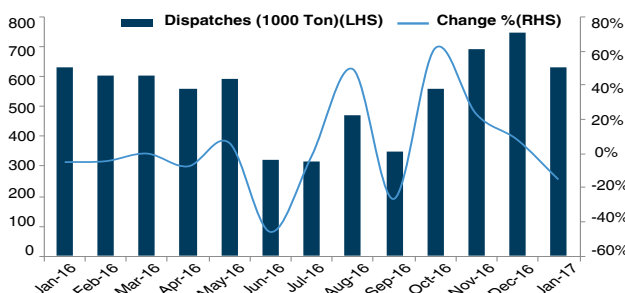
## Qassim Cement



## Southern Cement

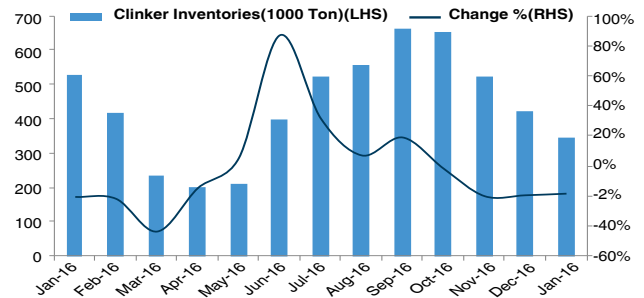
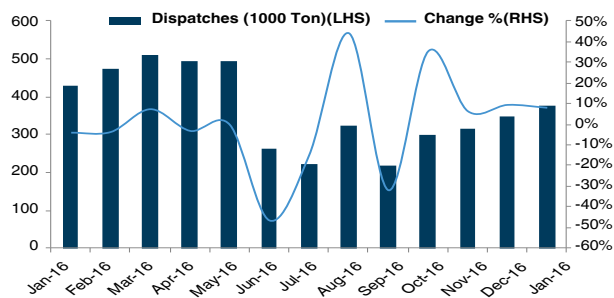


## Yanbu Cement

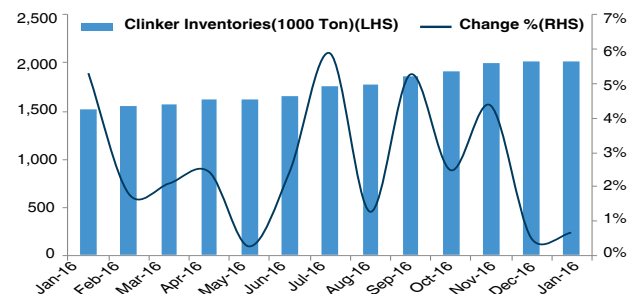
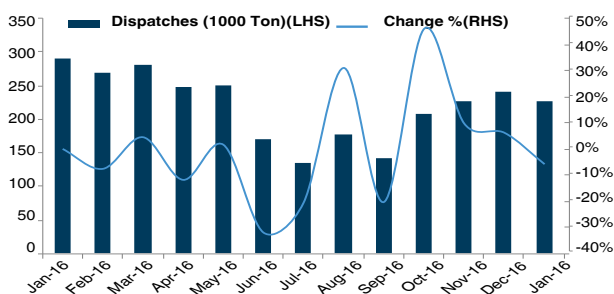


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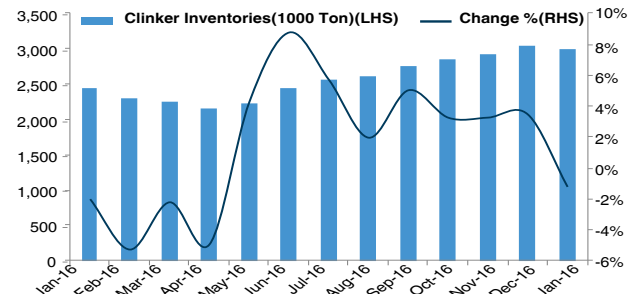
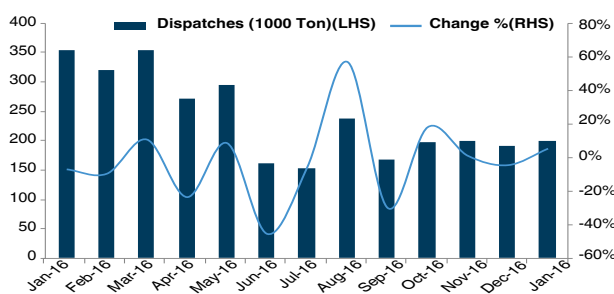
## Arabian Cement



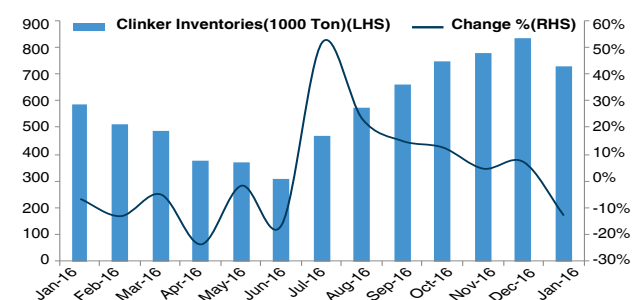
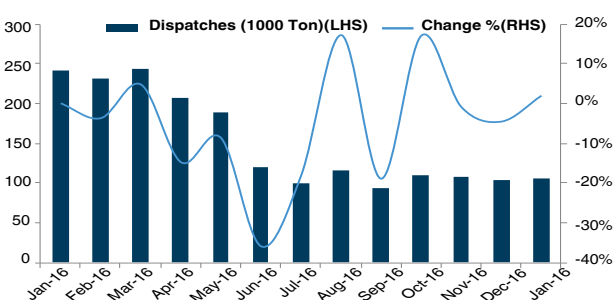
## Eastern Cement Co



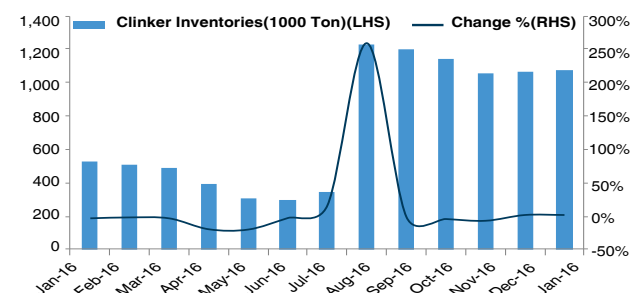
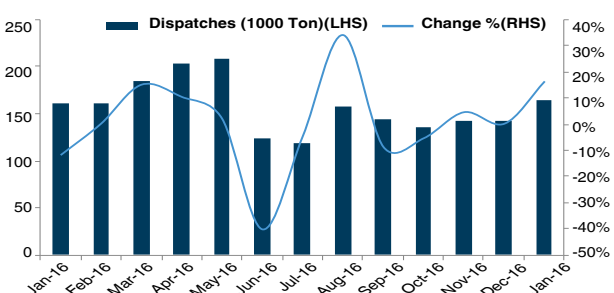
## Najran Cement



## Northern Cement

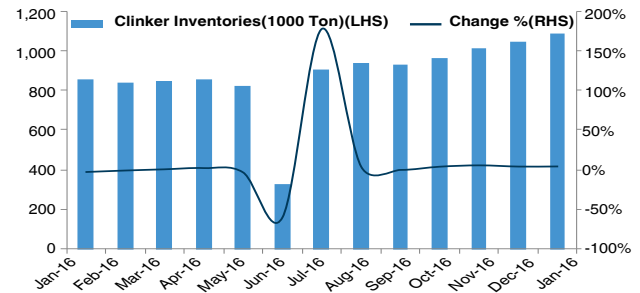
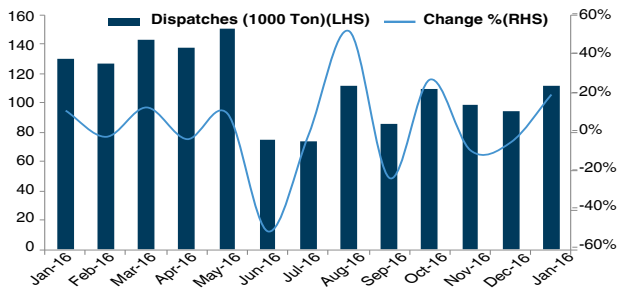


## AlJouf Cement

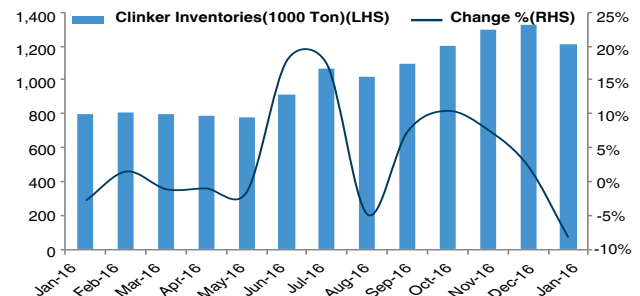
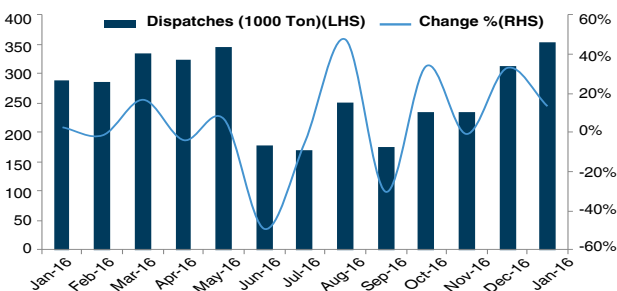


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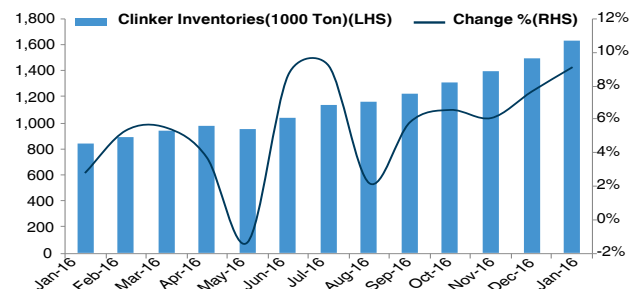
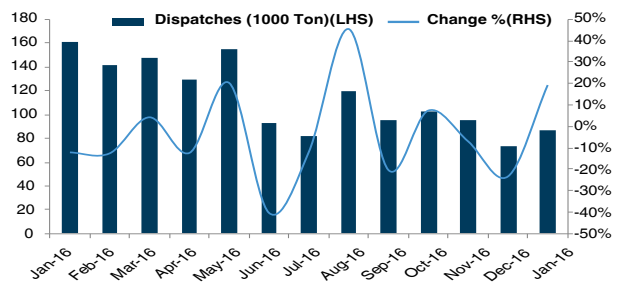
## Tabuk Cement



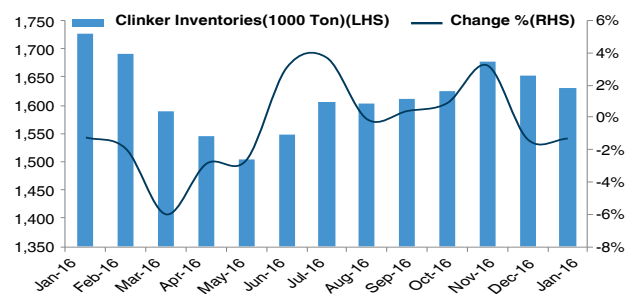
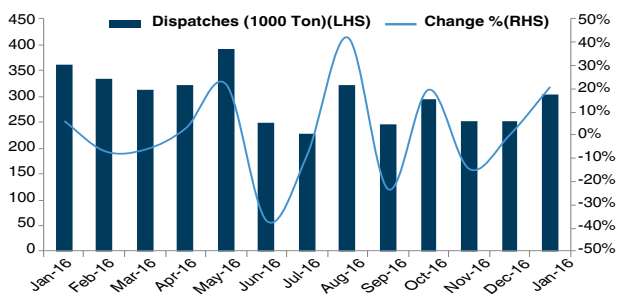
## City Cement Co



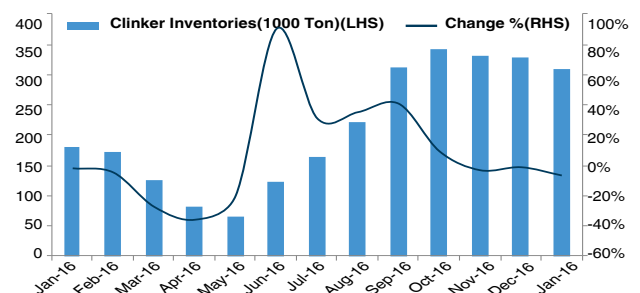
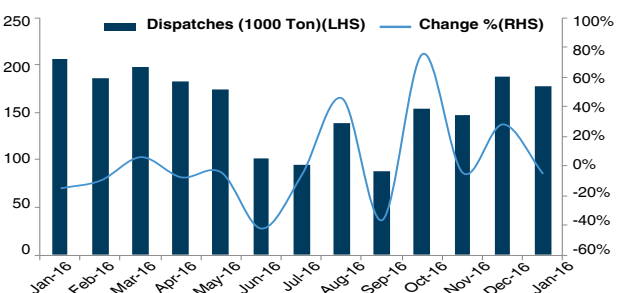
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## Riyadh Cement



## 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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## Cement Dispatches for June 2016

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