

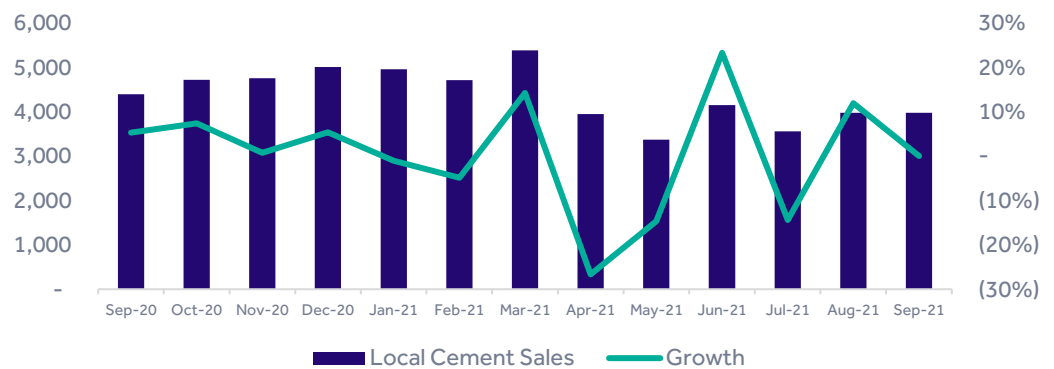
### Local Sales Volume rises +4% Y/Y for 9M

On a yearly basis, total sales for the Saudi cement sector are down by -11% and by -1% M/M to 4.1 million tons, according to Yamama Cement's monthly bulletin for September 2021. We witnessed a significant growth on both Y/Y and M/M in the Central region in a sign that the region's construction activity is strong due to Giga and Housing projects. Within our coverage universe, Southern has the highest sales in the sector at 487K tons (-27% Y/Y, -3% M/M) followed by Yamama with 456K tons (+18% Y/Y, +12% M/M), Qassim at 422K tons (+4% Y/Y, +27% M/M) and Saudi with 388K tons (-11% Y/Y, -7% M/M). Meanwhile, Yanbu sales fell by -6% Y/Y but were up by +1% M/M to 355K tons.

Exports sales for the month fell on both yearly and monthly basis by -55% and -31% respectively to 82k tons compared to 181K tons in September 2020.

Exhibit 1: Local Sales (000's tons)

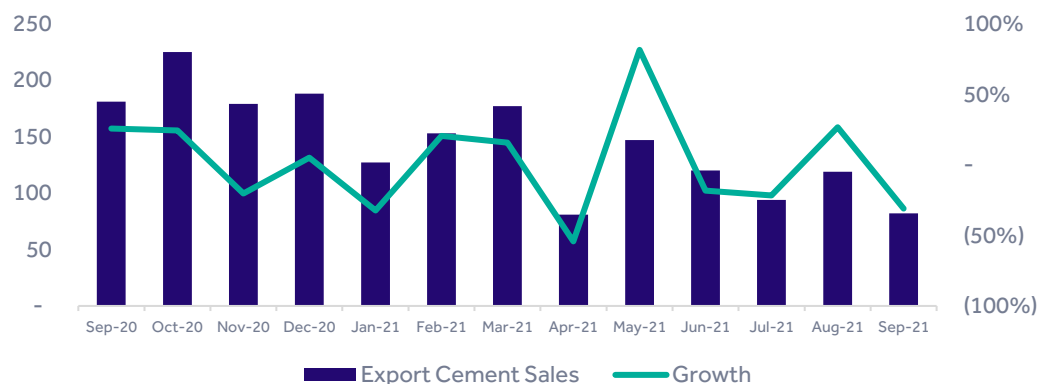
- Local sales declined by -9% Y/Y.



Source: Riyad Capital, Yamama Cement

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

- Export sales fell on both yearly and monthly basis by -55% and -31% respectively.



Source: Riyad Capital, Yamama Cement

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

|                           | Sep - 20     | Aug - 21     | Sep - 21     | Growth Y/Y   | Growth M/M  |
|---------------------------|--------------|--------------|--------------|--------------|-------------|
| Local Sales               | 4,395        | 3,979        | 3,979        | (9%)         | 0%          |
| Export Sales              | 181          | 119          | 82           | (55%)        | (31%)       |
| <b>Total Cement Sales</b> | <b>4,576</b> | <b>4,098</b> | <b>4,061</b> | <b>(11%)</b> | <b>(1%)</b> |

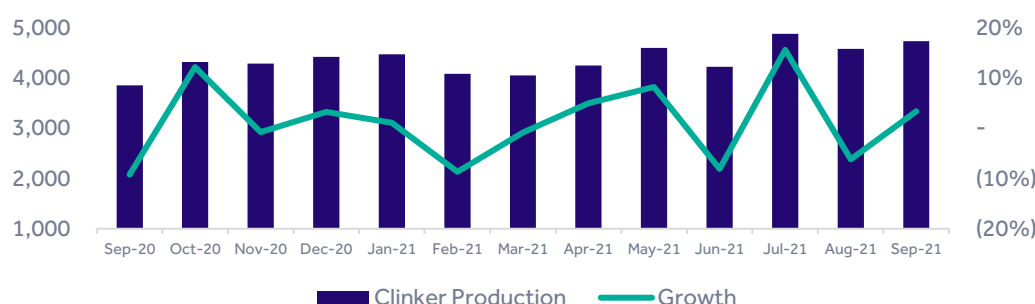
### Clinker Production

The industry's clinker production rose on both yearly and monthly basis by +23% and +3% respectively to reach 4.7 million tons in September 2021. The production levels were mixed between the companies in the sector. United Cement's clinker production recorded the highest growth by +392% Y/Y to 123K tons followed by Eastern's clinker production, which jumped by +304% Y/Y to 299K tons. M/M Yanbu's clinker production jumped by +116% to 519K tons.

Clinker inventories for the month fell by -14% Y/Y but were up by +2% M/M to reach 34.6 million tons this month compared with 40.1 million tons in the same month last year.

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

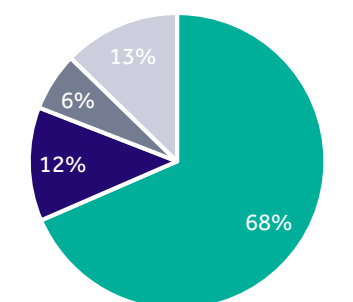
- Clinker production rose on both yearly and monthly basis by +23% and +3% respectively.



Source: Riyad Capital, Yamama Cement

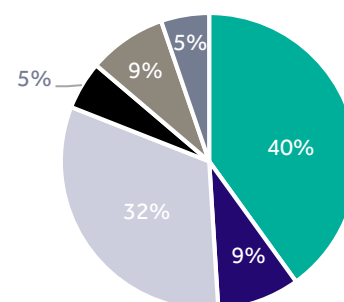
### Exhibit 4: Clinker Exports by Companies (%)

#### September 2020



■ Saudi ■ Yanbu ■ Alsafwa ■ Southern

#### September 2021

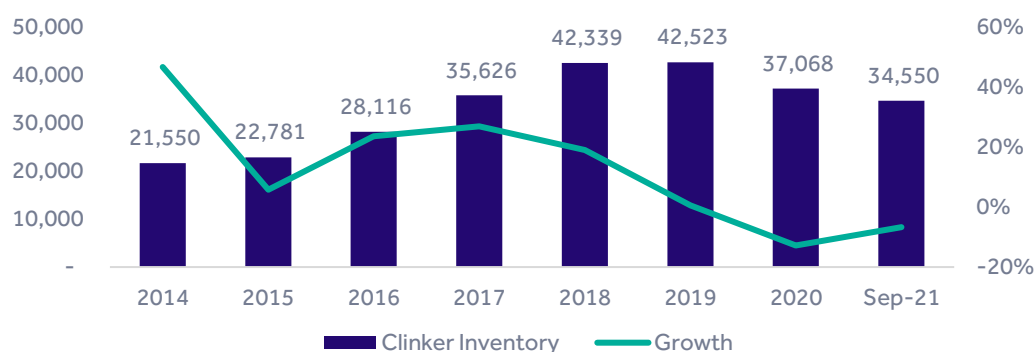


■ Saudi ■ Yanbu ■ Arabian ■ Jof ■ Northern ■ Alsafwa

Source: Riyad Capital, Yamama Cement

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

- Clinker Inventories fell Y/Y by -14% but was up by +2% M/M.

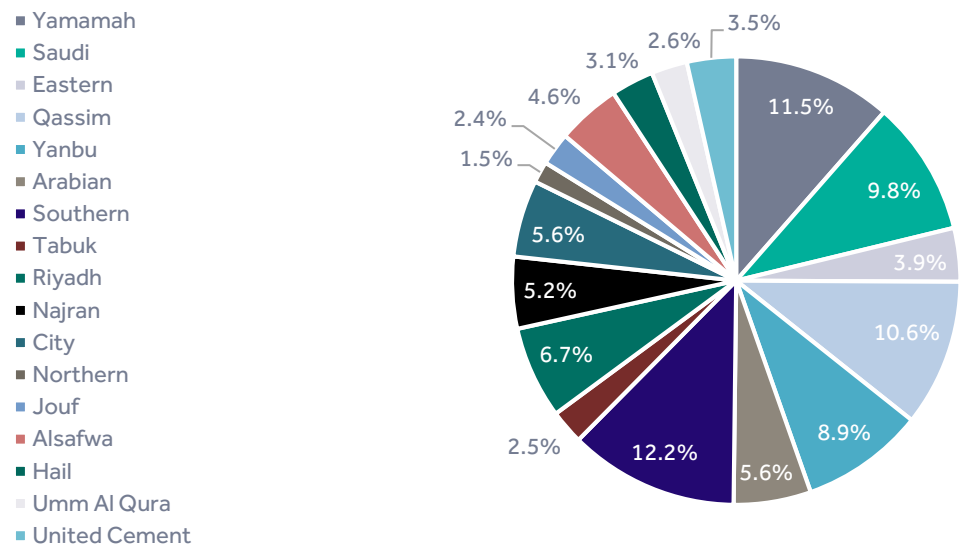


Source: Riyad Capital, Yamama Cement

### Southern Cement leads market share

Southern Cement Co. continues to lead the market share to stand at 12.2% in September 2021 while Yamama Cement Co. with a market share of 11.5% managed to become 2nd after a long time.

### Exhibit 6: Market Share for September 2021



Source: Riyad Capital, Yamama Cement

## ■ Stock Rating

| Buy  | Neutral  | Sell                                    | Not Rated                |
|--|--|---|--------------------------|
| Expected Total Return<br>Greater than +15% | Expected Total Return<br>between -15% and +15% | Expected Total Return<br>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](mailto:research@riyadcapital.com)

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