

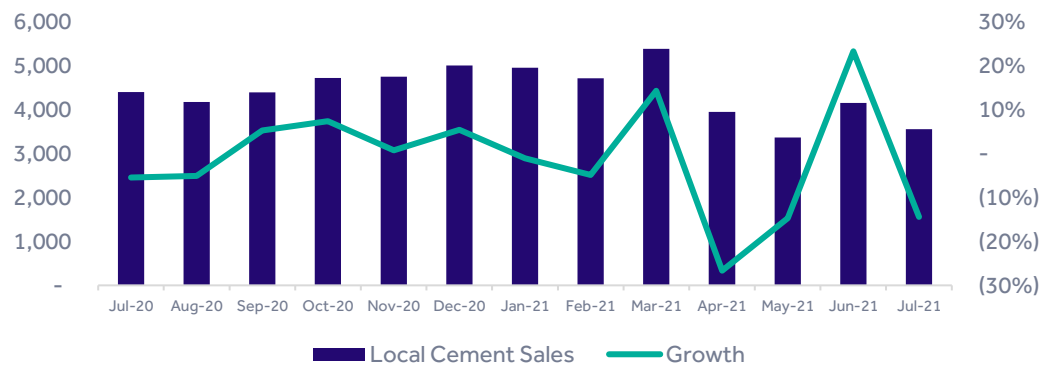
■ Total Sales Volume Decline -20% Y/Y

Total sales for the Saudi cement sector is down on both yearly and monthly basis by -20% and -15% respectively to 3.6 million tons, according to Yamama Cement's monthly bulletin for July 2021. All the companies in the sector recorded a decline in their local sales on a monthly basis, while only Eastern and Riyadh showed an increase in a yearly basis by +44% and +38% respectively. We believe the decline is mainly attributed to the higher prices of most construction materials in Saudi Arabia and summer season as well. Southern reported the highest decline in the sector by -35% Y/Y to 448K tons, while Alsafwa's sales reported the highest decline by -29% M/M to 135K tons.

Exports sales for the month fell on both yearly and monthly basis by -22% and -45% respectively to 94k tons compared to 170K tons in July 2020.

Exhibit 1: Local Sales (000's tons)

- Local sales declined by -19% Y/Y and by -14% M/M.



Source: Riyadh Capital, Yamama Cement

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

- Export sales fell on both yearly and monthly basis by -45% and -22% respectively.



Source: Riyadh Capital, Yamama Cement

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

	Jul - 20	Jun - 21	Jul - 21	Growth Y/Y	Growth M/M
Local Sales	4,400	4,152	3,555	(19%)	(14%)
Export Sales	170	120	94	(45%)	(22%)
Total Cement Sales	4,570	4,272	3,649	(20%)	(15%)

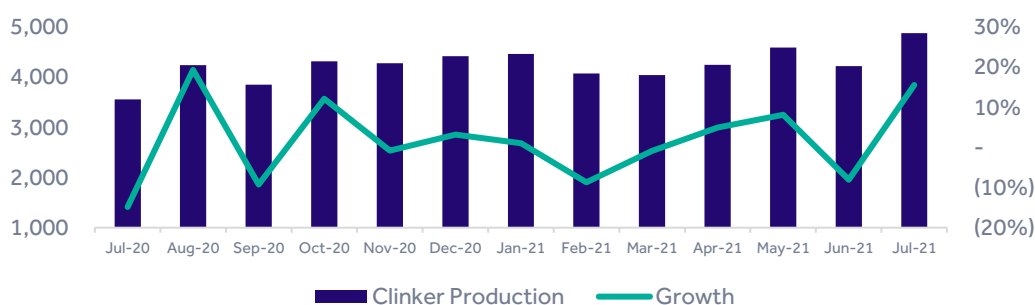
Clinker Production

The industry's clinker production rose by +37% Y/Y and by +16% M/M to reach 4.9 million tons in July 2021. Only Hail and Qassim recorded a decline in their Clinker production on a yearly basis by -5% and -4% respectively. On M/M, Qassim's clinker production recorded the highest decline by -12% to 284K tons followed by Southern's clinker production by -9% to 569K tons.

Clinker inventories for the month fell by -18% Y/Y but are up by +3% M/M to reach 33.9 million tons this month compared with 41.1 million tons in the same month last year.

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

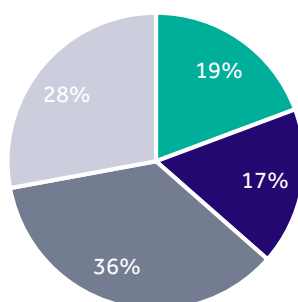
- Clinker production rose by +37% Y/Y and by +16% M/M.



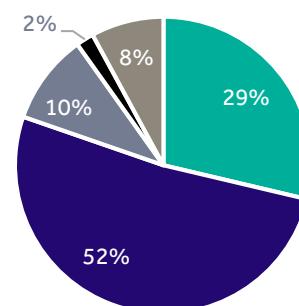
Source: Riyadh Capital, Yamama Cement

Exhibit 4: Clinker Exports by Companies (%)

July 2020



July 2021



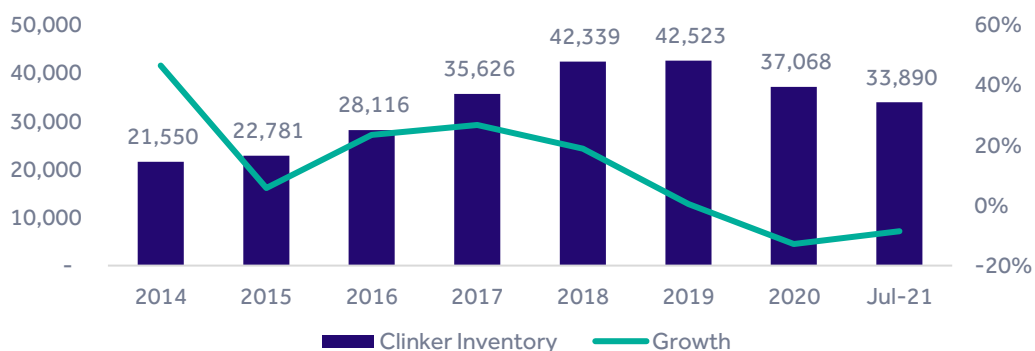
■ Saudi ■ Yanbu ■ Southern ■ Alsafwa

■ Saudi ■ Yanbu ■ Arabian ■ Jof ■ Northern

Source: Riyadh Capital, Yamama Cement

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

- Clinker Inventories declined by -18% Y/Y but up by +3% M/M.

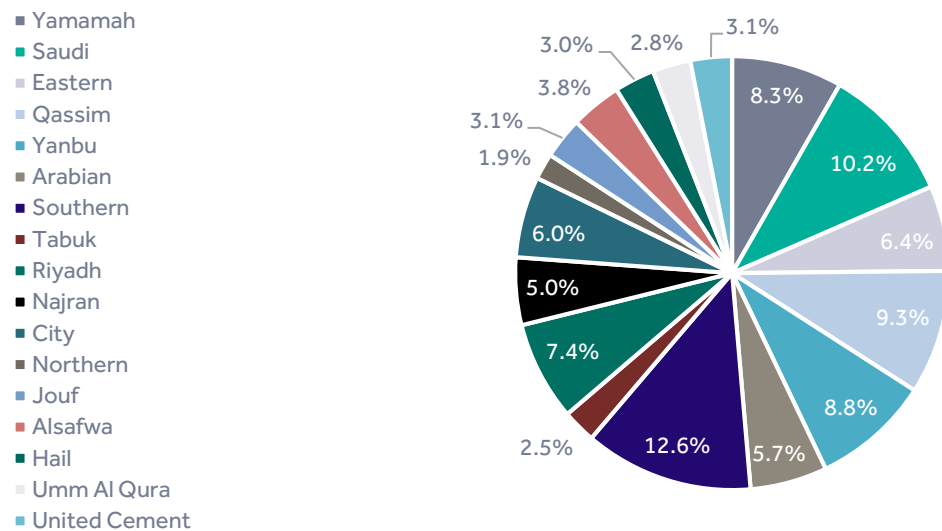


Source: Riyadh Capital, Yamama Cement

Southern Cement leads market share

Southern Cement Co. continues to lead the market share to stand at 12.6% in July 2021 followed by Saudi Cement Co. with a market share of 10.2%.

Exhibit 6: Market Share for July 2021



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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