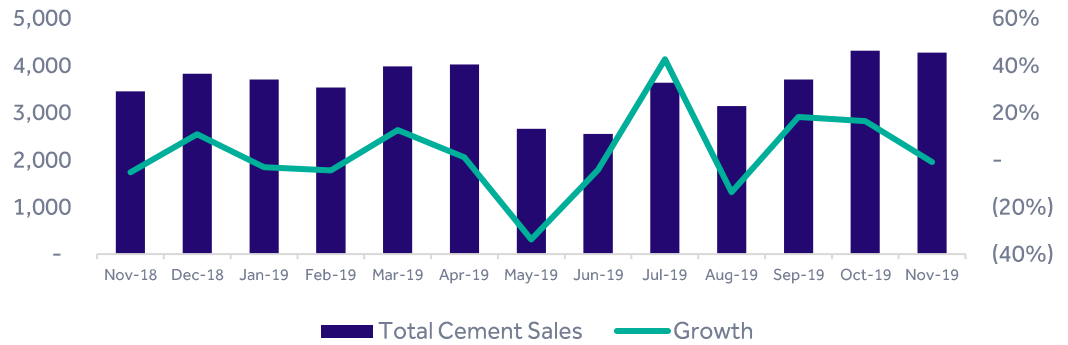


## ■ Total Cement Sales Rise+24% Y/Y

On a yearly basis the total sales for the Saudi Cement Sector jumped +24% to 4.3 million tons. However, total cement sales witnessed a minor -1% decline M/M. Pickup in demand reflects rising activity in projects, particularly mega projects as well as residential ones, which we expect to continue.

**Exhibit 1: Total Sales (000's tons)**

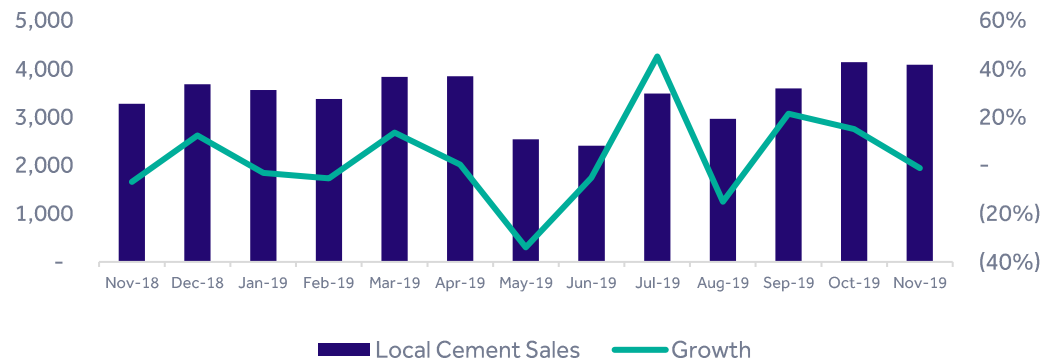


Source: Riyad Capital, Yamama Cement

## Local sales jump +25% Y/Y

Local cement sales increased to 4.1 million tons from 3.3 million tons in November 2018. Arabian Cement was the only producer reporting a decline in sales Y/Y while all other cement companies reported an increase, led by Northern Cement with a +271% Y/Y rise to 141K tons.

**Exhibit 2: Local Sales (000's tons)**



Source: Riyad Capital, Yamama Cement

## Local sales stable at 4.1 million tons M/M

On a monthly basis, local sales of the cement companies were stable at 4.1 million tons. Most producers in the sector witnessed a decrease in sales, except for six companies, led by Jouf Cement which posted an increase of +24% M/M to 112K tons.

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

	Nov-18	Oct-19	Nov-19	Growth Y/Y	Growth M/M
Local Sales	3,272	4,131	4,080	25%	(1%)
Export Sales	178	184	192	5%	4%
<b>Total Cement Sales</b>	<b>3,450</b>	<b>4,315</b>	<b>4,272</b>	<b>24%</b>	<b>(1%)</b>

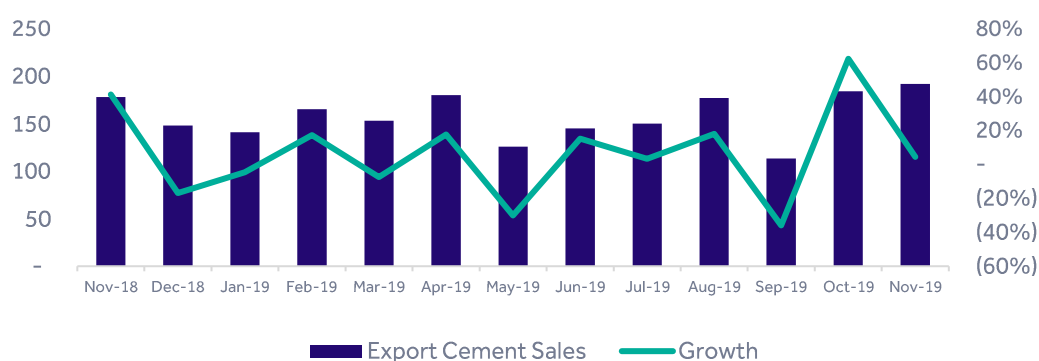
### Exports up +8% Y/Y

Exports increased to 192K tons by +8% Y/Y from 178K tons in November 2018. The increase was driven by a jump in exports by Najran Cement which reported rise of +155% from 21K tons to 18K tons.

### Exports touch 192K tons in November 2019

Exports witnessed a rise of +4% M/M. Seven companies were able to export a total of 192K tons of cement this month, topped by Saudi Cement with 51k tons. Yanbu's exports increased the most (+207% rise and 43K tons) followed by Najran Cement with (+33% increase and 28K tons).

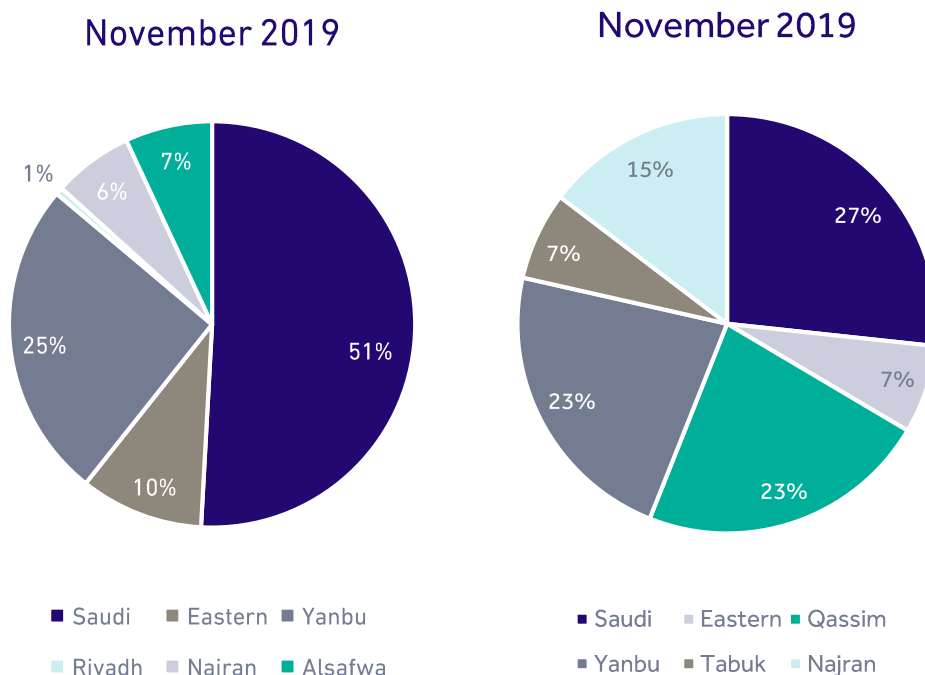
**Exhibit 3: Exports of Saudi Cement Sector (000's tons)**



Source: Riyadh Capital, Yamama Cement

Saudi Cement still dominates the export market in absolute terms at 27% of total followed by Yanbu Cement and Qassim Cement with 23% each.

**Exhibit 4: Cement Exports by Companies (%)**



Source: Riyadh Capital, Yamama Cement

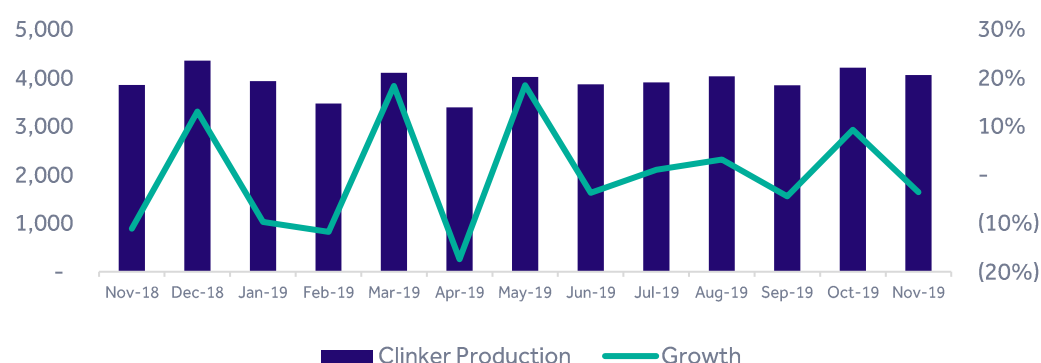
### Clinker production higher Y/Y

The industry's clinker production increased by +5% Y/Y from 3.9 million tons in November 2018 to 4.1 million tons last month. However, six companies declined their production levels in the industry led by Arabian Cement with -51% Y/Y decrease to 164K tons last month.

### Clinker production declined M/M

Clinker production decreased by -4% M/M from 4.2 million tons in October 2019 to 4.1 million tons in the preceding month. The decrease was driven by Yanbu Cement which reported decline of -62% from 571K tons to 217K tons followed by Najran Cement with -27% to 152K tons last month.

**Exhibit 5: Clinker Production of Saudi Cement Sector (000's tons)**

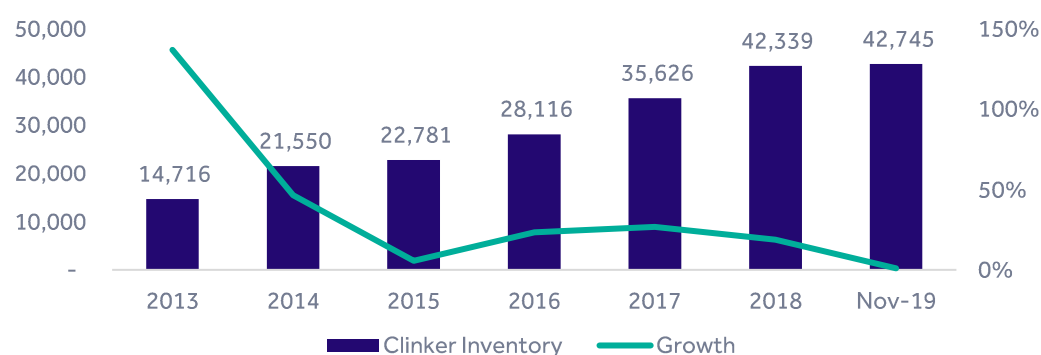


Source: Riyad Capital, Yamama Cement

### Inventories at 42.7 mln tons

Clinker inventories reached 42.7 million tons in November 2019, up by +2% Y/Y. However, clinker inventories were down -1% M/M from 43.1 million tons in October 2019 to 42.7 million tons. This is the third consecutive month that we have seen a decline in inventories, which bodes well for the sector.

**Exhibit 6: Clinker Inventory Levels (000's tons)**



Source: Riyad Capital, Yamama Cement

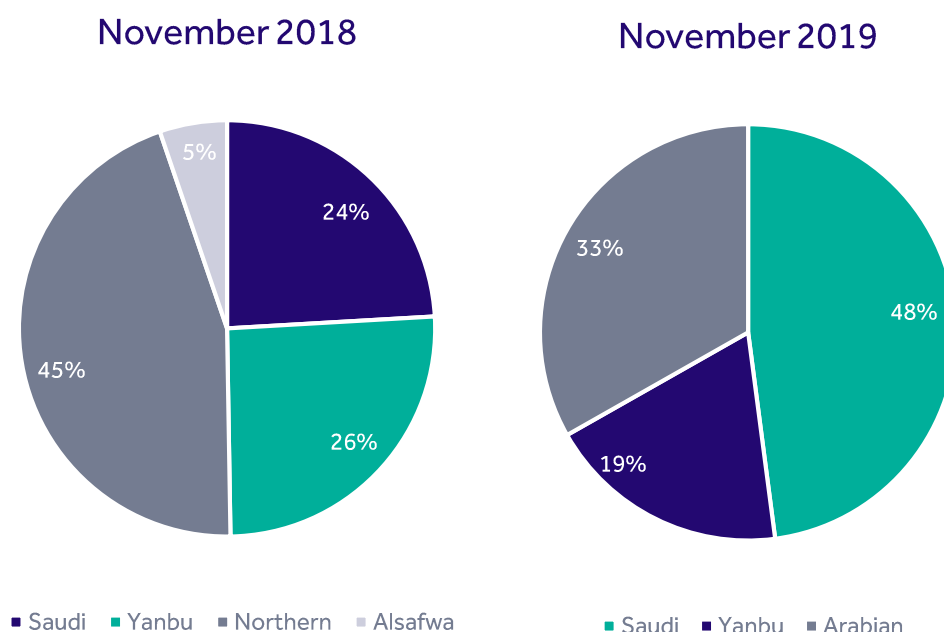
### Clinker exports rise +39% Y/Y...

Clinker exports increased by +39% Y/Y to 265K tons from 191K tons in November 2018. Saudi Cement increased its clinker exports by +176% to 127K tons this month.

### ...but down -23% M/M

On the other hand, clinker exports were lower on a monthly basis by -23% from 346K tons in October 2019. Only three companies exported clinker in November 2019 led by Saudi Cement with 127K tons, followed by Arabian Cement at 88K tons.

**Exhibit 7: Clinker Exports by Companies (%)**

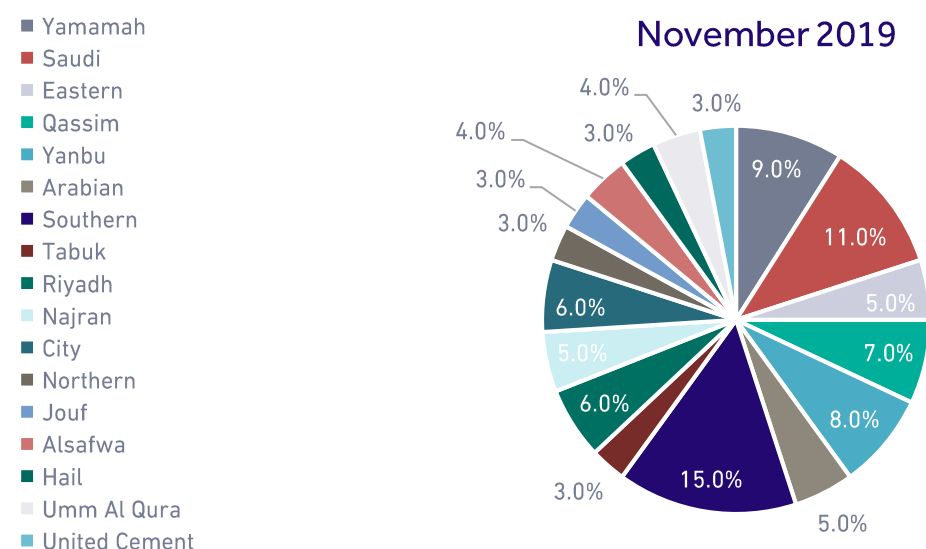


Source: Riyadh Capital, Yamama Cement

### Southern Cement dominates market share

Southern Cement continues to dominate the Cement Sector with a stable market share of 15%, followed by Saudi Cement with a market share of 11%.

**Exhibit 8: Market Share for November 2019**



Source: Riyadh 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](mailto:research@riyadcapital.com)

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