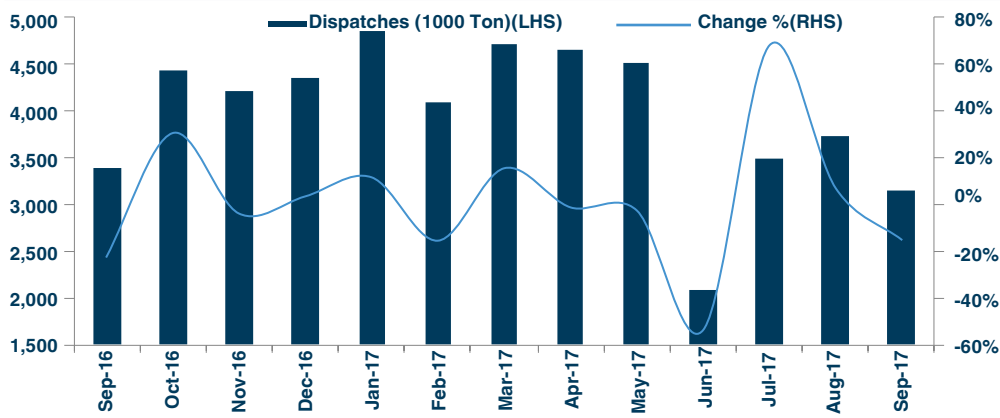


Cement dispatches: According to the data released by Yamamah Cement Co, cement dispatches for the month of September-2017 stood at 3.15mn tons, compared to 3.40mn tons in September-2016, depicting a decline of 7.38%YoY, and a decline of 15.47%MoM. We believe that the YoY decline is ascribed to the continued pressure on the sectors fundamentals, and the MoM decline is attributed to Hajj season and vacation. Clinker inventory continued to increase and stood at 34.74mn ton, depicting an increase of 30.5%YoY and 4.1%QoQ. For 9M-2017, cement dispatches stood at 35.25mn ton compared to 42.68mn ton in 9M-2016, depicting a decline of 17.4%YoY.

Change in Cement Dispatches

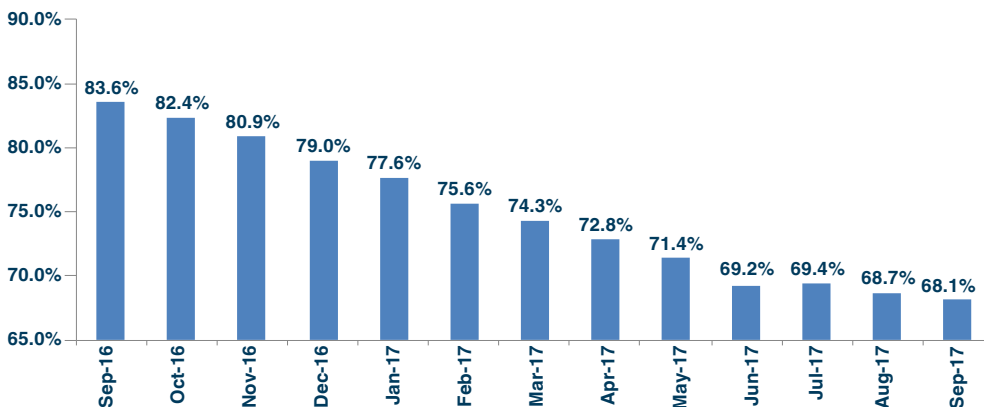
Source: Yamama Cement, AlJazira Capital



Cement dispatches declined by 15.47%MoM, standing at 3.15MT compared 3.72MT in August 2017.

Utilization Rate (TTM)

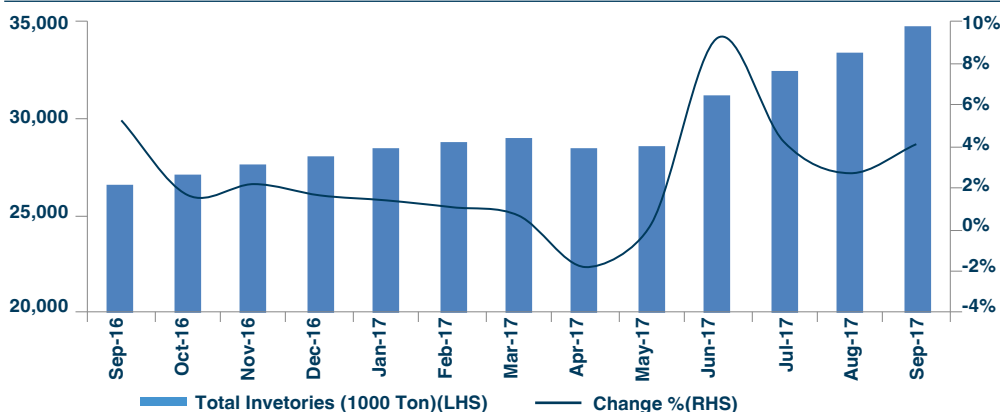
Source: Yamama Cement, AlJazira Capital



The total Utilization rate of Saudi cement sector declined to 68.1% in September 2017 compared to 83.6% in September 2016.

Change in Clinker Inventories

Source: Yamama Cement, AlJazira Capital

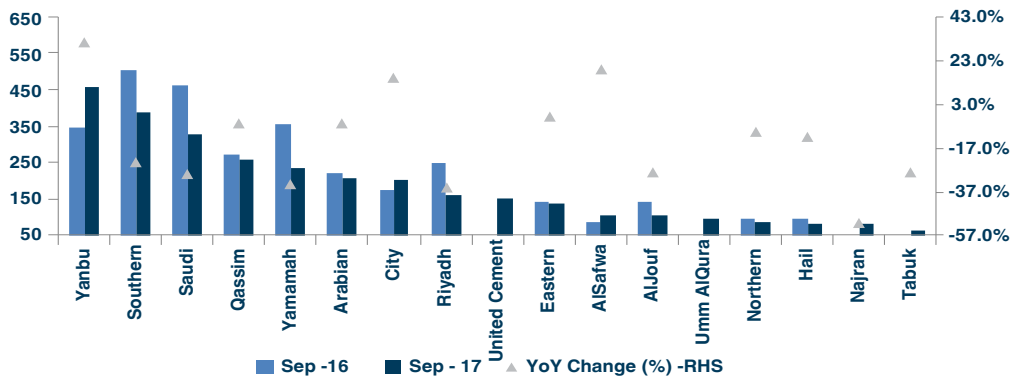


Clinker Inventories showed an increase of 4.1%MoM and stood at 34.74MT compared to 33.37MT in August 2017.

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Cement Dispatches for September 2017

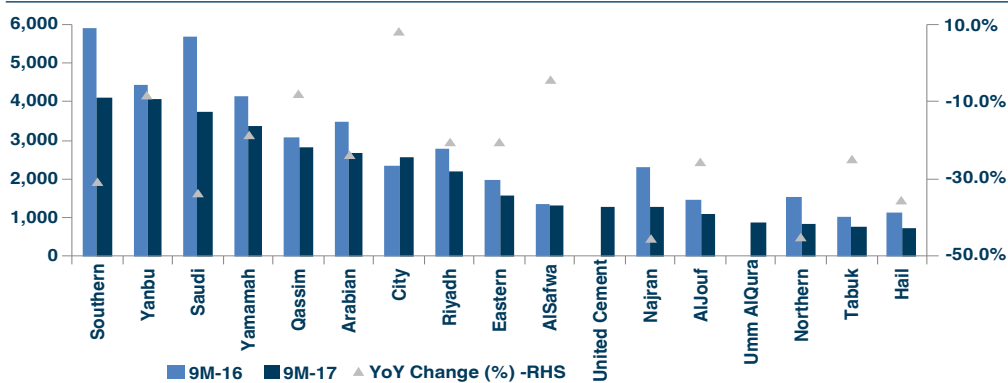
Source: Yamama Cement, AlJazira Capital



Yanbu cement showed the highest increase by 31.7%YoY, followed by AlSafwa Cement and City by 19.3%YoY and 15.4%YoY. While Najran cement declined the most by 51.5%YoY, followed by Riyadh cement and Yamama cement with decline of 34.8%YoY and 33.5%YoY, respectively.

Cement Dispatches for 9M-2017

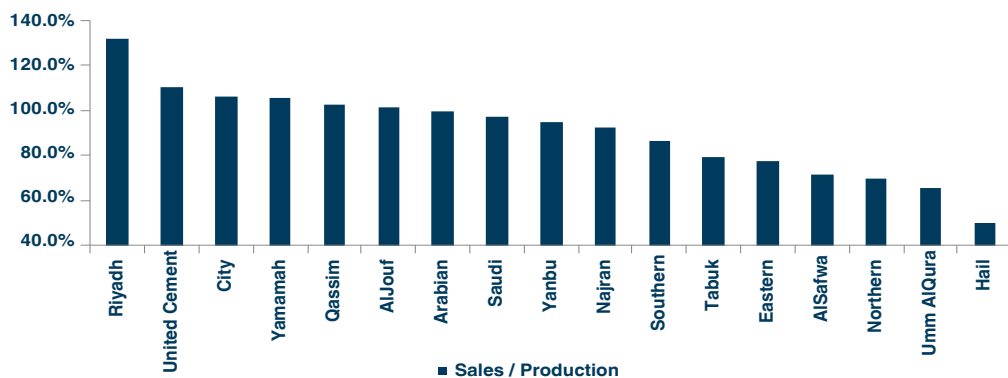
Source: Yamama Cement, AlJazira Capital



For 9M-2017, city cement were the only company to show a growth of 8.0%YoY. While Najran cement and Northern cement showed a decline of 45.3%YoY and 45.1%YoY respectively.

Sales / Production for 9M-2017

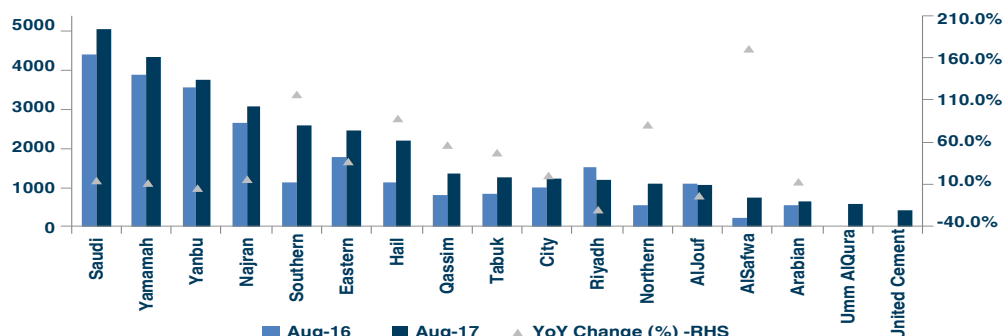
Source: Yamama Cement, AlJazira Capital



Riyadh cement and Untied cement showed the highest cement sales / clinker production ratio of 131.7% and 110.4% respectively. On the other hand, Hail cement and Umm AlQura cement showed a cement sales/ clinker production ratio of 50.0% and 65.8% respectively.

Clinker Inventories

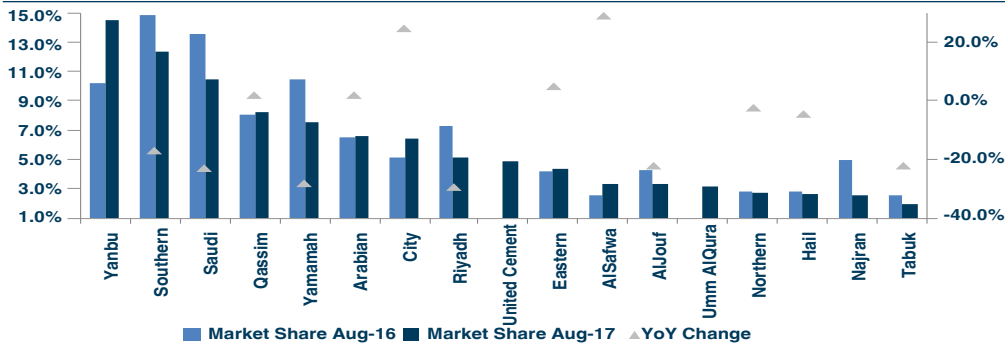
Source: Yamama Cement, AlJazira Capital



AlSafwa cement showed the highest increase of 171.5%YoY in its inventories level, followed by Southern cement which showed an increase of 116.6%YoY. On the other hand, Riyadh cement showed a decline of 19.2%YoY, followed by AlJouf cement with a decline of 3.6%YoY.

Market Share – September 2017

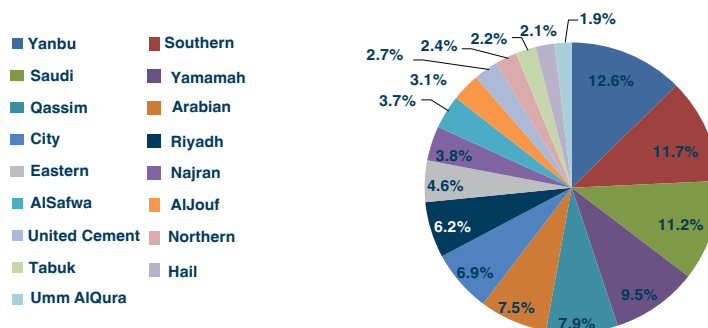
Source: Yamama Cement, AlJazira Capital



Yanbu and Southern cement recorded the highest market share in September 2017 of 14.5% and 12.3%, respectively. While Tabuk cement, recorded the lowest market share of 2.0%. Yanbu cement showed the highest increase in its market share from 10.2% to 14.5%, while Najran cement showed a decline in its market share standing at 2.6% from 4.9% in September 2016.

Market Share TTM

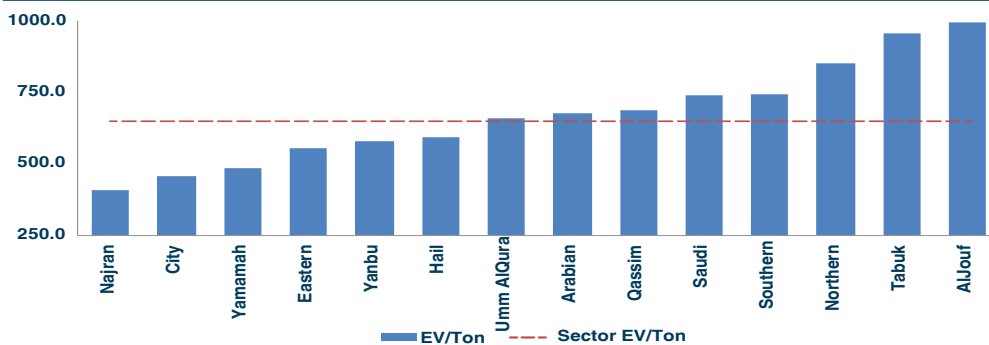
Source: Yamama Cement, AlJazira Capital



On TTM basis, Yanbu and Southern cement recorded the highest market share of 12.6% and 11.7% followed by Saudi cement with market share of 11.2%

EV / Ton (in '000 SAR)

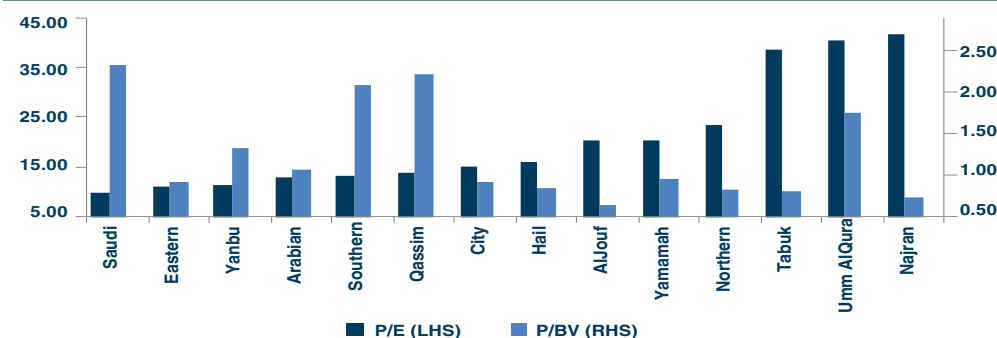
Source: Bloomberg, Yamama Cement, AlJazira Capital



AlJouf cement recorded the highest EV/Ton of SAR 998, followed by Tabuk cement with EV/Ton of SAR 959.3. On the other hand, Najran cement recorded the lowest EV/Ton of SAR 407.5.

P/E & P/BV

Source: TADAWUL, AlJazira Capital



Saudi Cement recorded the lowest P/E of 9.67x, followed by Eastern cement with P/E of 11.02x. On the other hand, Najran cement recorded the highest P/E of 41.69x. AlJouf cement recorded the lowest P/BV of 0.64x, while Saudi cement recorded the highest P/BV of 2.32x.

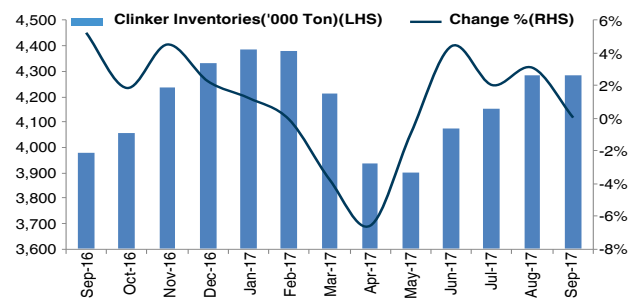
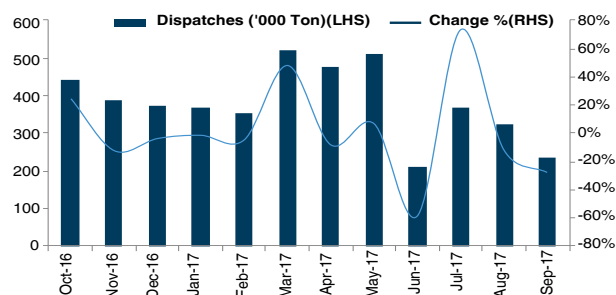
Company News & Events

Company Name	Date of Announcement	Corporate Event & Announcement
Arabian Cement	04-10-2017	Arabian Cement Co. has started preliminary merger talks with AlSafwa Cement Co. They signed a one-month exclusivity agreement stopping them from discussing the merger with any other party.
AlJouf Cement	02-10-2017	Al Jouf Cement Co. signed on Monday a memorandum of understanding with Saudi Industrial Export Co. to export its cement products outside the Kingdom.
Arabian Cement	25-09-2017	Arabian Cement Co.'s board of directors recommended an exceptional cash dividend of SAR 2.0/share from retained earnings of the fiscal year 2017.
Northern Cement	16-08-2017	Northern Region Cement Co. has received a cement export license, valid for one year, from Saudi Arabia's Ministry of Commerce and Investment.
Arabian Cement	08-08-2017	Arabian Cement's board of directors has recommended cash dividend of SAR 1.00 per share for 1H-2017.
AlJouf Cement	17-07-2017	Al-Jouf Cement announced the results of the General Assembly meeting on 17-07-2017, where the company approved the recommendation to increase the company's capital from SAR 1.3bn to SAR 1.43bn by 10% by transferring SAR 130mn of retained earnings. The number of shares before the increase is 130mn shares. An increase of 13mn shares through the granting of bonus shares at a rate of one share per ten shares.
Southern Cement	10-07-2017	Southern Cement's board of directors has recommended cash dividend of SAR 1.00 per share for 1H-2017.
Qassim Cement	05-07-2017	Qassim Cement's board of directors has recommended cash dividend of SAR 0.65 per share for 2Q-2017.
Yanbu Cement	02-07-2017	Yanbu Cement's board of directors has recommended cash dividend of SAR 0.75 per share for 1H- 2017.
Tabuk Cement	22-06-2017	Tabuk cement announced that it started the commercial production for its second production line, but both production lines cannot be running together due to lack of fuel allocation.

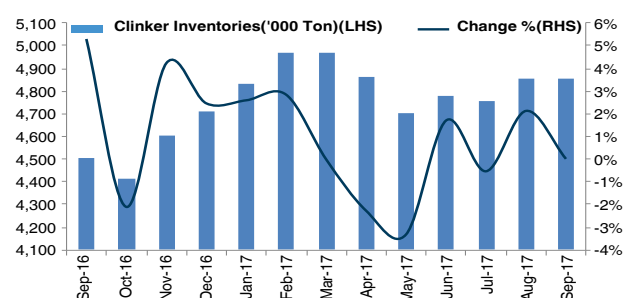
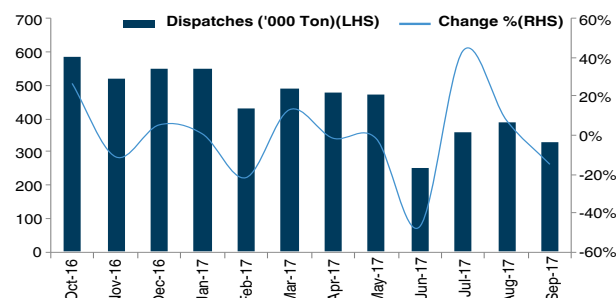
Source: The Saudi Stock Exchange - Tadawul

Dispatches & Change

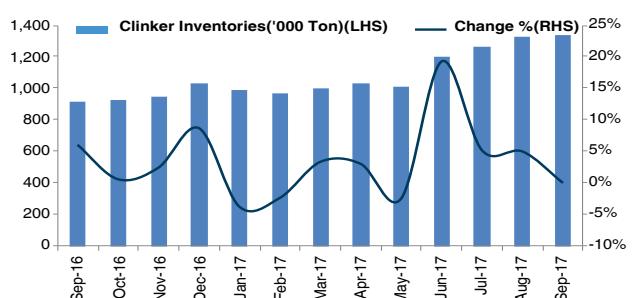
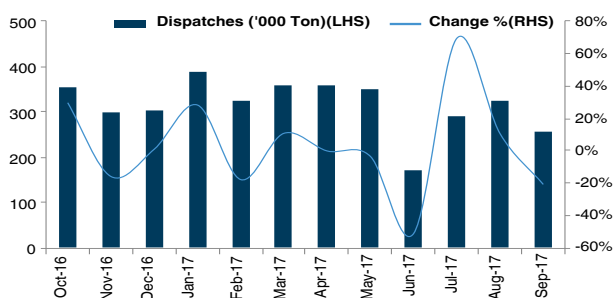
Yamaha Cement



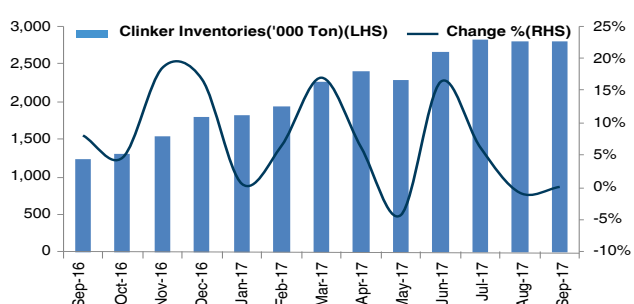
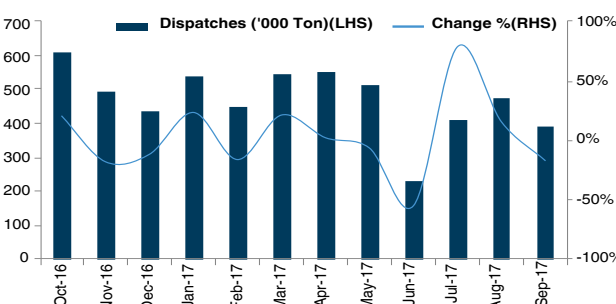
Saudi Cement Co



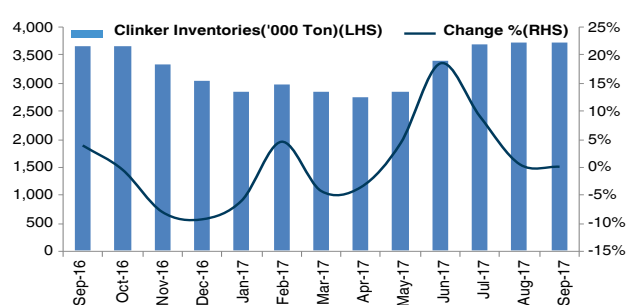
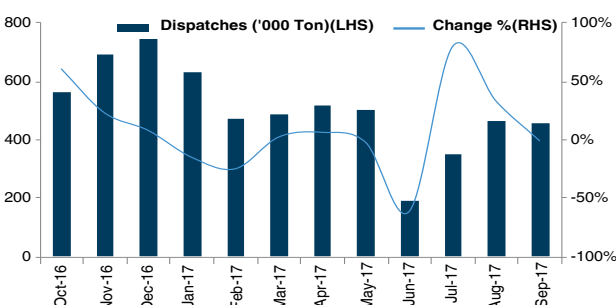
Qassim Cement



Southern Cement

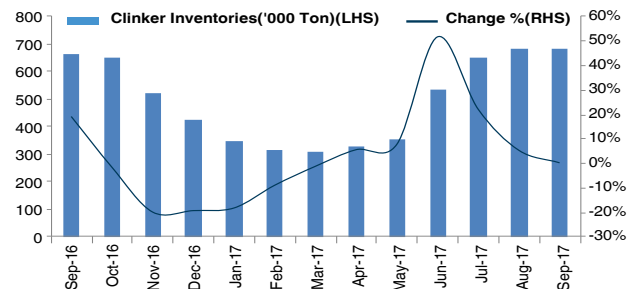
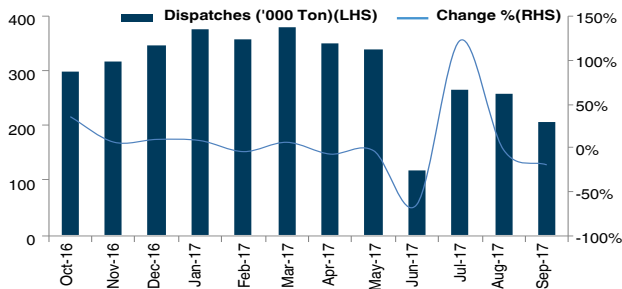


Yanbu Cement

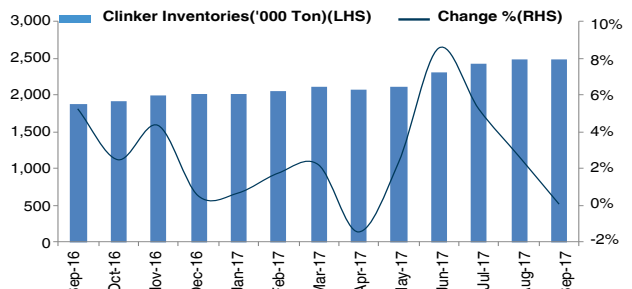
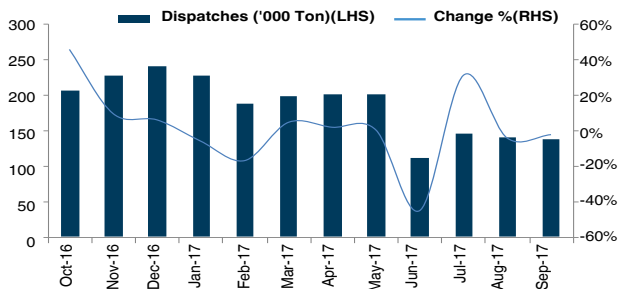


Dispatches & Change

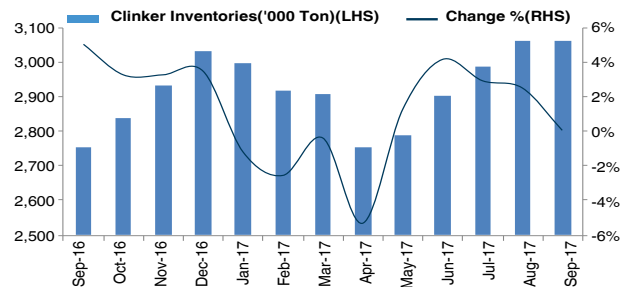
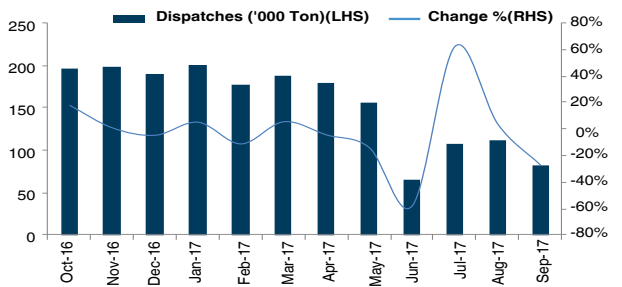
Arabian Cement



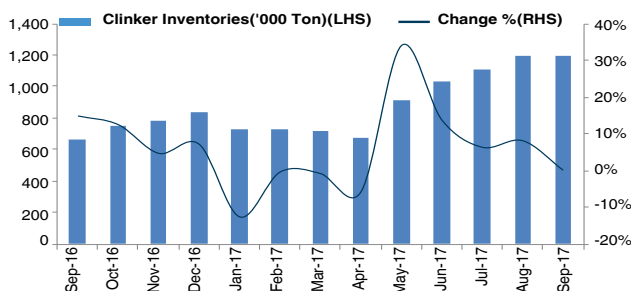
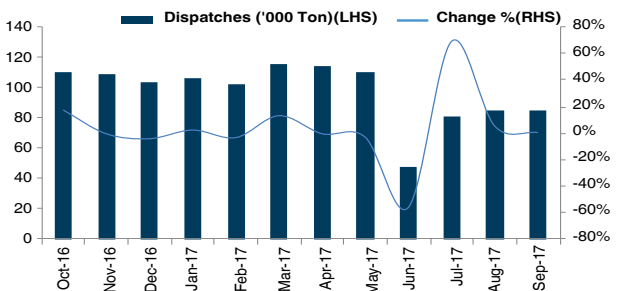
Eastern Cement Co



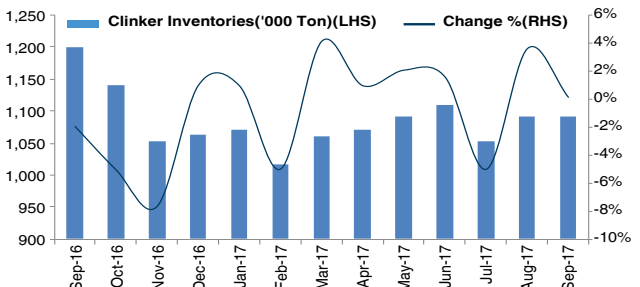
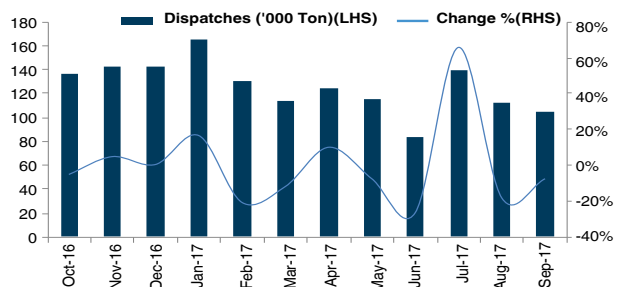
Najran Cement



Northern Cement

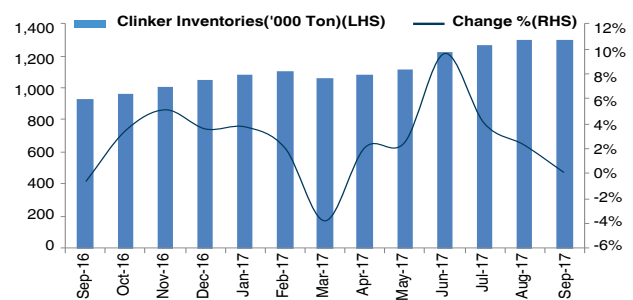
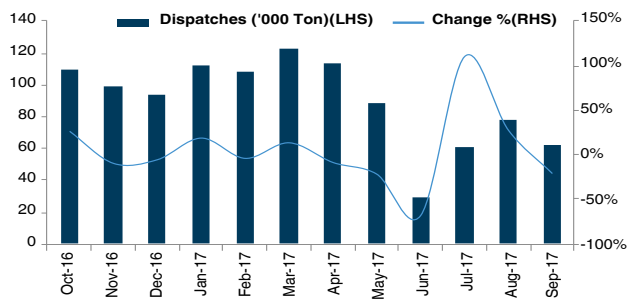


AlJouf Cement

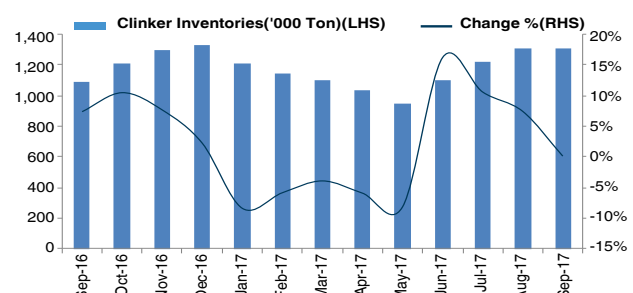
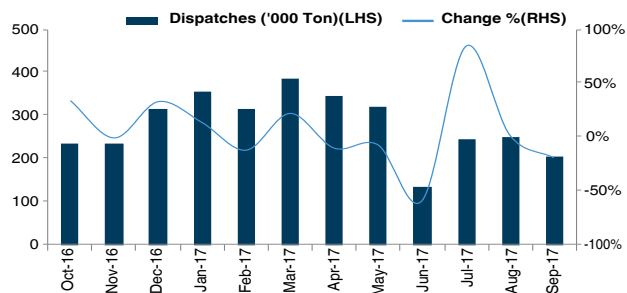


Dispatches & Change

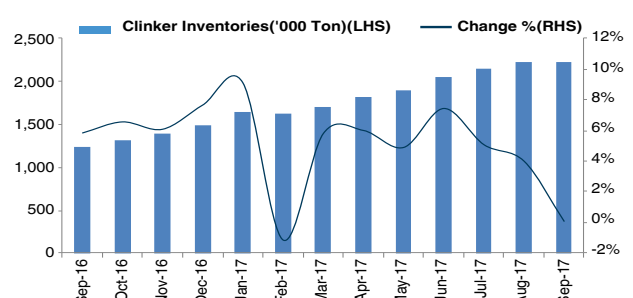
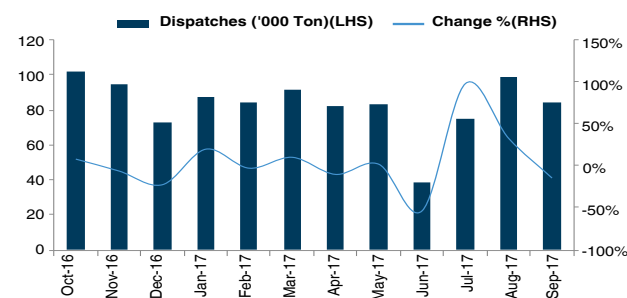
Tabuk Cement



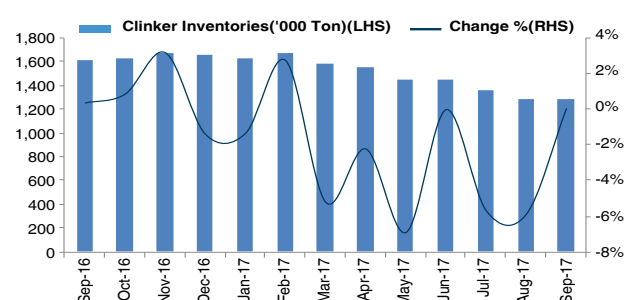
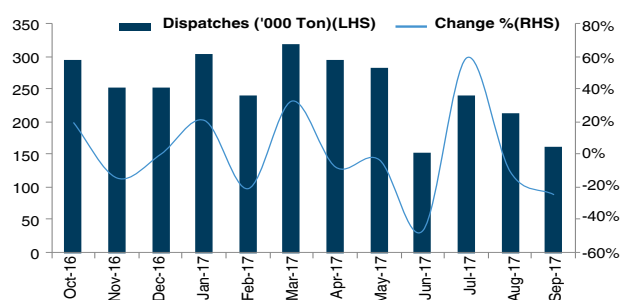
City Cement Co



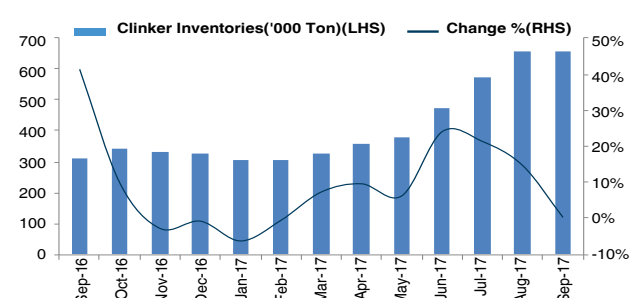
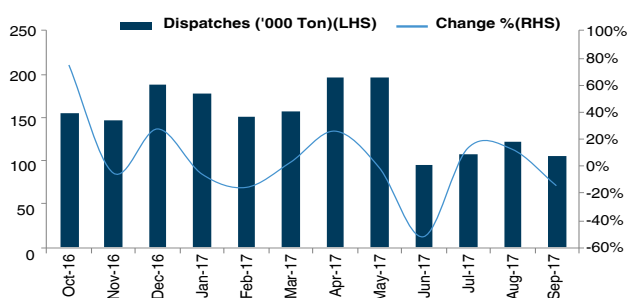
Hail Cement



Riyadh Cement



Safwa Cement



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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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