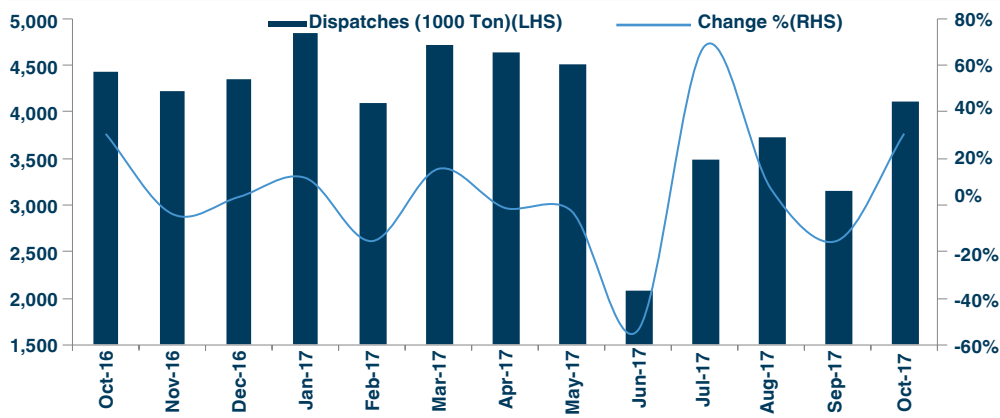


Cement dispatches: Cement dispatches for the month of October-2017 stood at 4.10mn tons, compared to 4.39mn tons in October-2016, depicting a decline of 6.58%YoY, and an increase of 30.37%MoM. We believe that the YoY decline is ascribed to the continued pressure on the sectors fundamentals, and the MoM increase is attributed to Hajj season in September. Clinker inventory continued to increase and stood at 35.12mn ton, depicting an increase of 29.7%YoY and 1.1%QoQ. For 10M-2017, cement dispatches stood at 39.35mn ton compared to 47.07mn ton in 10M-2016, depicting a decline of 16.4%YoY.

Change in Cement Dispatches

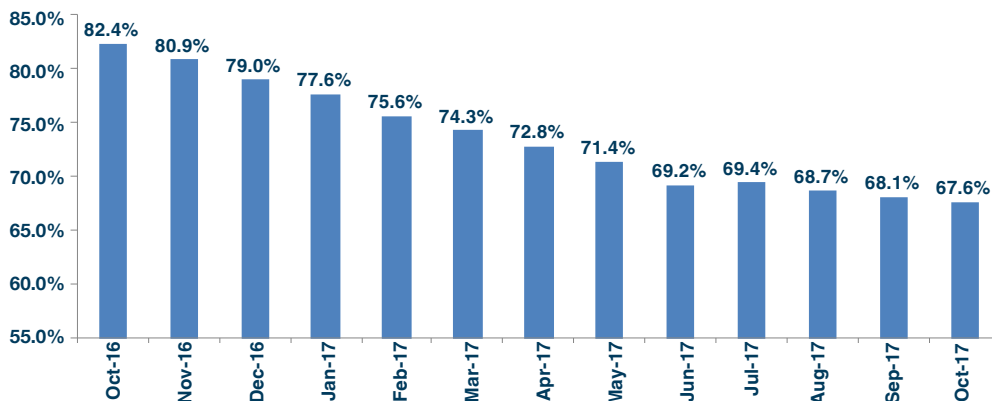
Source: Yamama Cement, AlJazira Capital



Cement dispatches increased by 30.37%MoM, standing at 4.10MT compared to 3.15MT in September 2017.

Utilization Rate (TTM)

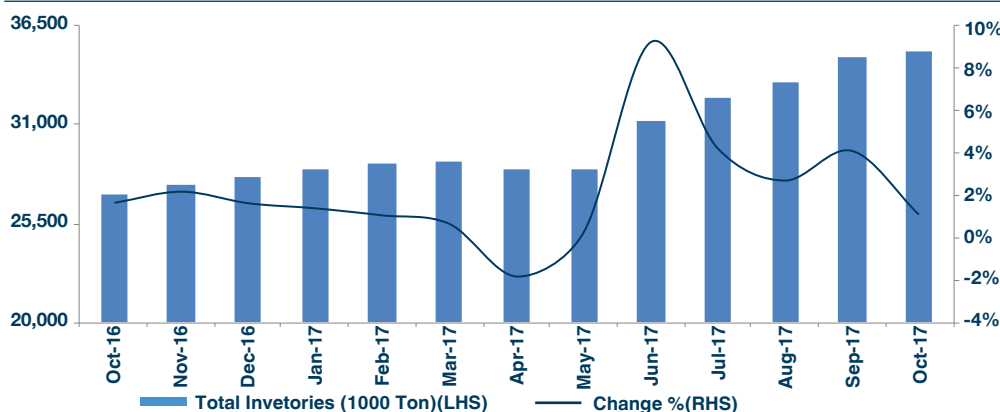
Source: Yamama Cement, AlJazira Capital



The total Utilization rate of Saudi cement sector declined to 67.6% in October 2017 compared to 82.4% in October 2016.

Change in Clinker Inventories

Source: Yamama Cement, AlJazira Capital

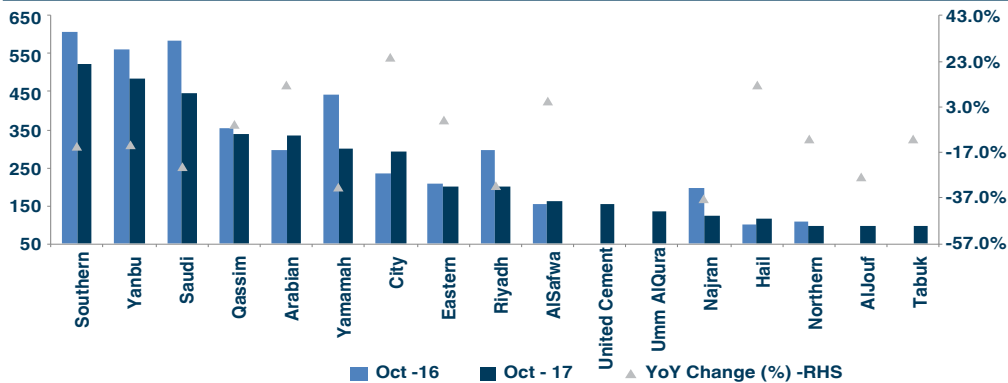


Clinker Inventories showed an increase of 1.1%MoM and stood at 35.12MT compared to 34.74MT in September 2017.

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Cement Dispatches for October 2017

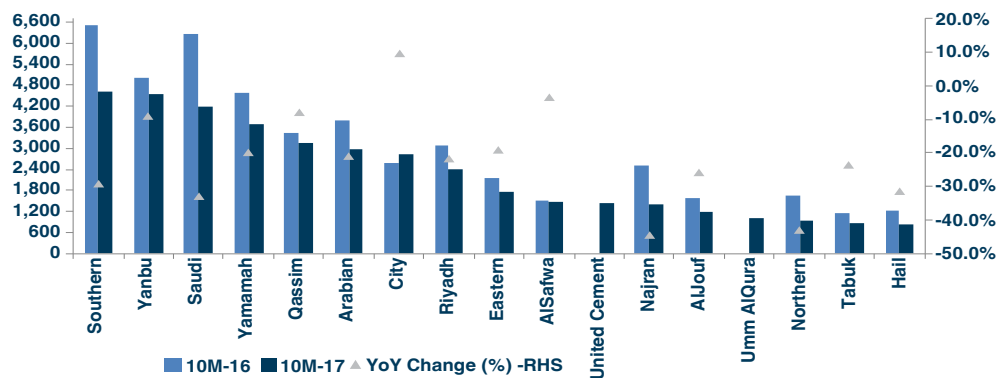
Source: Yamama Cement, AlJazira Capital



City cement showed the highest increase by 24.7%YoY, followed by Hail cement and Arabian cement by 12.7%YoY and 12.4%YoY. While Najran cement declined the most by 37.1%YoY, followed by Yamama cement and Riyadh cement with decline of 32.4%YoY and 31.9%YoY, respectively.

Cement Dispatches for 10M-2017

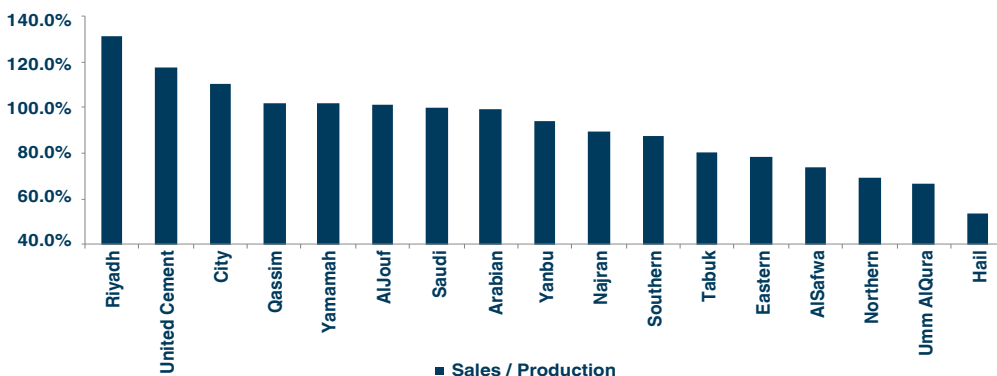
Source: Yamama Cement, AlJazira Capital



For 10M-2017, city cement was the only company to show growth (9.5%YoY). While Najran cement and Northern cement showed a decline of 44.7%YoY and 42.9%YoY respectively.

Sales / Production for 10M-2017

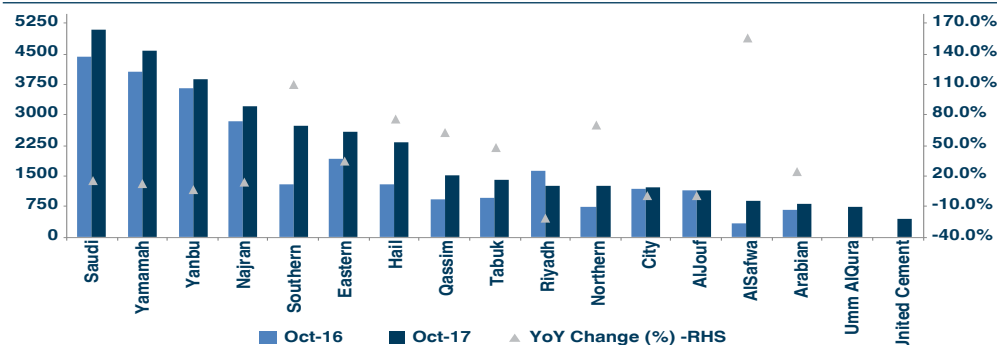
Source: Yamama Cement, AlJazira Capital



Riyadh cement and United cement showed the highest cement sales / clinker production ratio of 131.4% and 117.6% respectively. On the other hand, Hail cement and Umm AlQura cement showed a cement sales/ clinker production ratio of 53.6% and 66.9% respectively.

Clinker Inventories

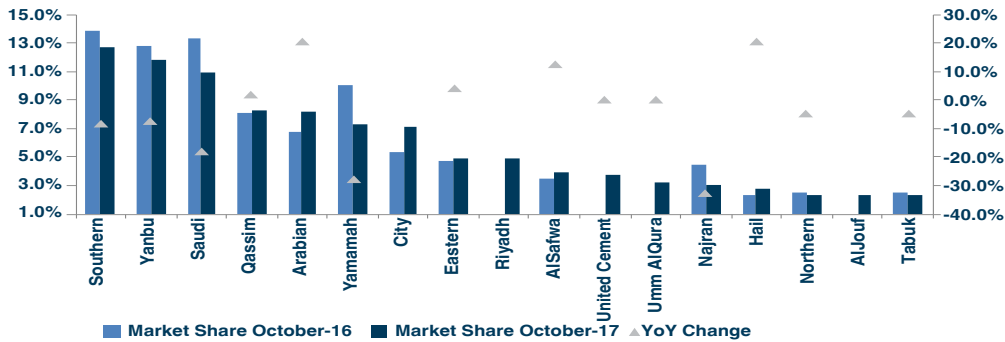
Source: Yamama Cement, AlJazira Capital



AlSafwa cement showed the highest increase of 155.6%YoY in its inventory level, followed by Southern cement which showed an increase of 110.6%YoY. On the other hand, Riyadh cement was the only company to show a decline in its inventories by 21.7%YoY.

Market Share – October 2017

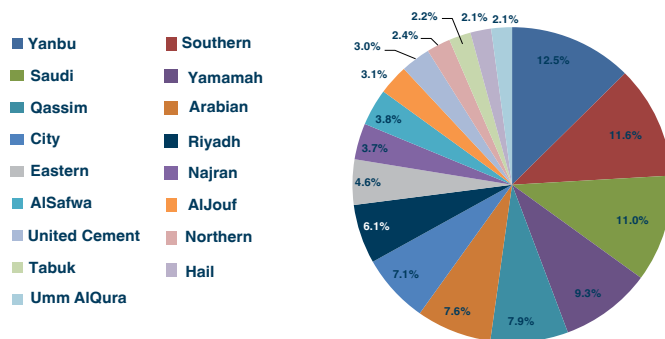
Source: Yamama Cement, AlJazira Capital



Southern and Yanbu cement recorded the highest market share, in October 2017, of 12.7% and 11.8%, respectively. While Tabuk cement, recorded the lowest market share of 2.4%. City cement showed the highest increase in its market share from 5.3% to 7.1%, while Najran cement showed a decline in its market share standing at 3.0% from 4.5% in October 2017.

Market Share TTM

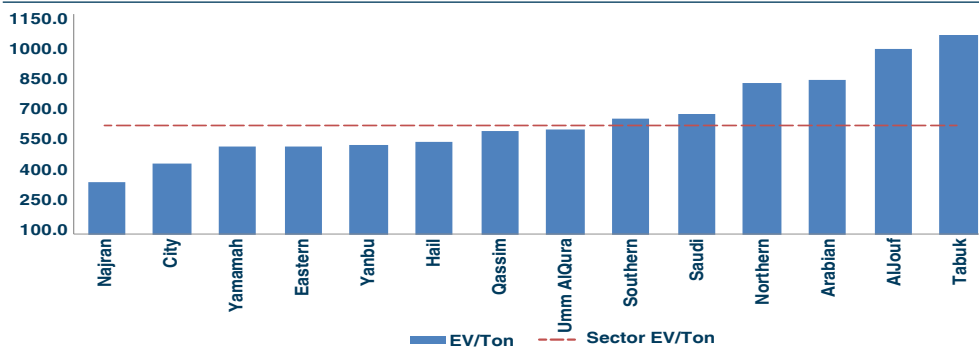
Source: Yamama Cement, AlJazira Capital



On TTM basis, Yanbu and Southern cement recorded the highest market share of 12.5% and 11.6% followed by Saudi cement with market share of 11.0%

EV / Ton (in '000 SAR)

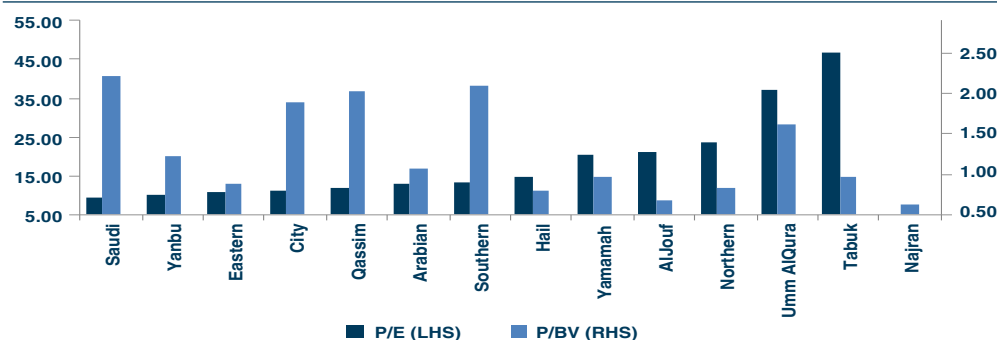
Source: Bloomberg, Yamama Cement, AlJazira Capital



Tabuk cement recorded the highest EV/Ton of SAR 1095.0, followed by AlJouf cement with EV/Ton of SAR 1027.0. On the other hand, Najran cement recorded the lowest EV/Ton of SAR 362.2.

P/E & P/BV

Source: TADAWUL, AlJazira Capital



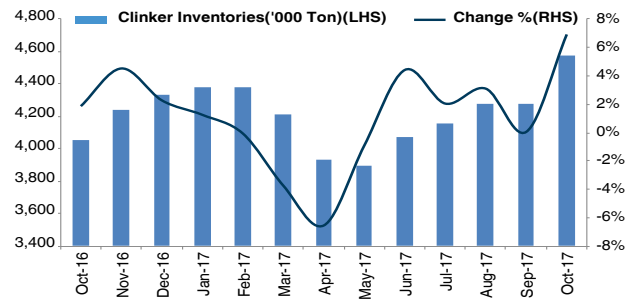
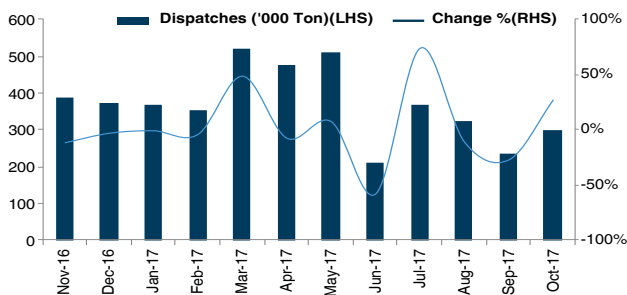
Saudi Cement recorded the lowest P/E of 9.26x, followed by Yanbu cement with P/E of 10.17x. On the other hand, Najran cement recorded the highest P/E of 259.6. Najran cement recorded the lowest P/BV of 0.63x, while Saudi cement recorded the highest P/BV of 2.22x.

3Q-2017 Earnings for Cement Companies (mn)

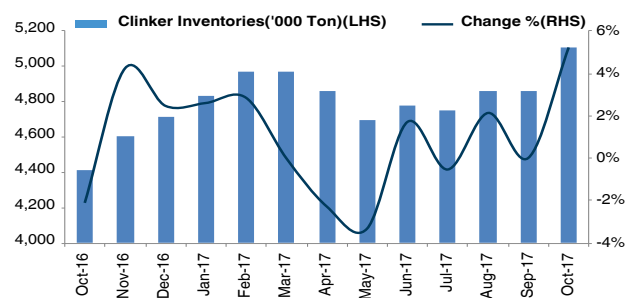
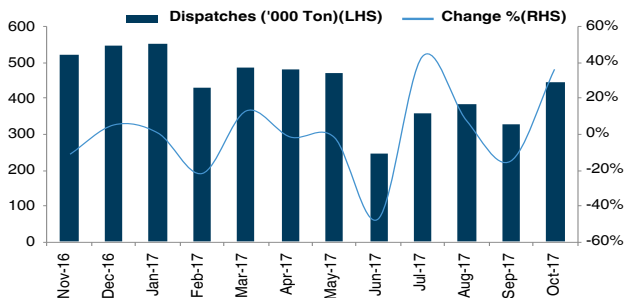
Company	Q3-2016	Q3-2017	Change(%)	9M-2016	9M-2017	Change (%)
Saudi Cement	202.28	87.35	-56.8%	714.31	346.00	-51.56%
Yamama Cement	29.15	56.31	-48.22%	323.06	92.14	-71.48
Southern Cement	57.16	173.56	-67.07%	724.74	256.67	-64.58%
Arabian Cement	97.17	29.51	-69.63%	463.76	165.69	-64.27
Yanbu Cement	92.06	17.97	-80.48%	421.98	222.72	-47.22%
Eastern Cement	42.00	14.00	-66.67%	176.00	99.00	-43.75%
Qassim Cement	51.24	69.45	-26.22%	317.15	184.60	-41.80%
City Cement	32.91	19.24	-41.54%	170.39	69.45	-59.24%
Najran Cement	15.62	-17.06	-	110.83	-10.07	-
Northern Cement	30.09	12.51	-58.43%	121.66	37.25	-69.38%
Umm AlQura	-4.28	5.11	-	-12.28	30.59	-
Hail Cement	19.31	0.65	-96.63%	78.45	11.59	-85.23%
AlJouf Cement	14.90	5.84	-60.80%	62.36	32.65	-47.64%
Tabuk Cement	7.85	-12.20	-	50.23	-2.23	-
Total	687.46	462.24	-32.76	3772.64	1536.05	-58.74%

Dispatches & Change

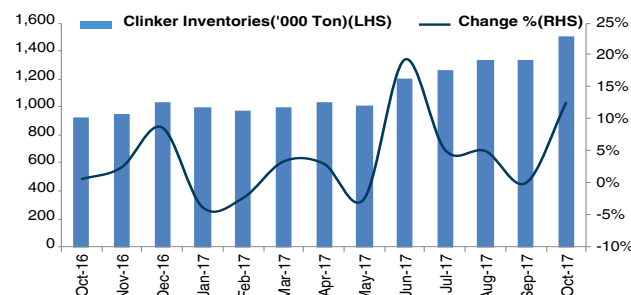
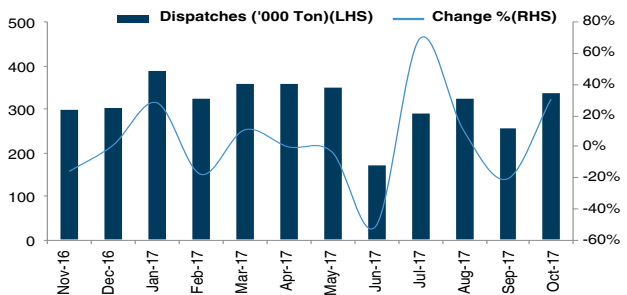
Yamaha Cement



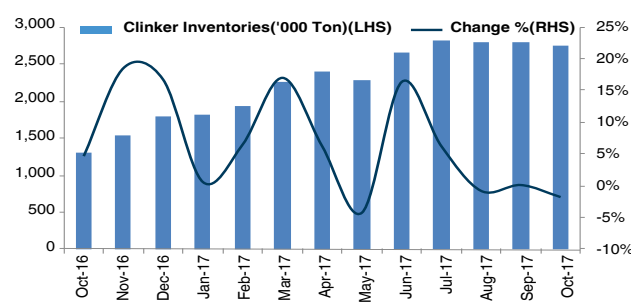
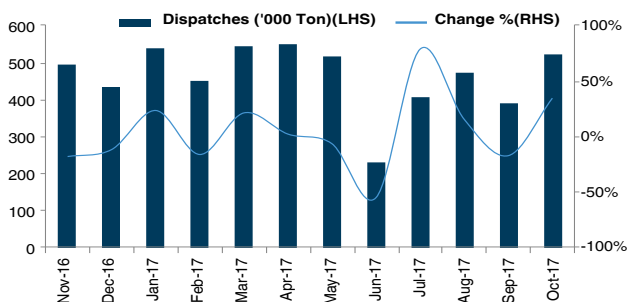
Saudi Cement Co



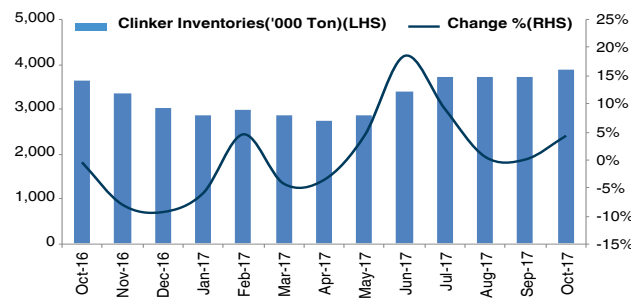
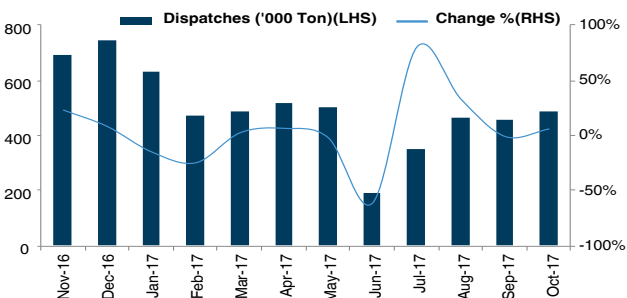
Qassim Cement



Southern Cement

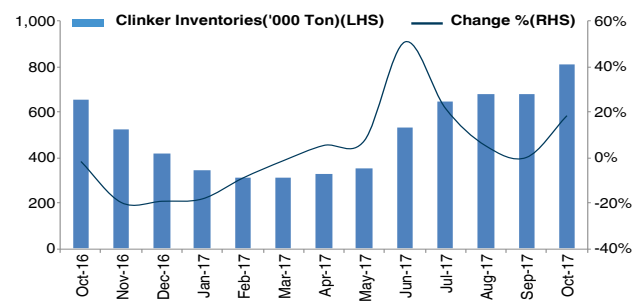
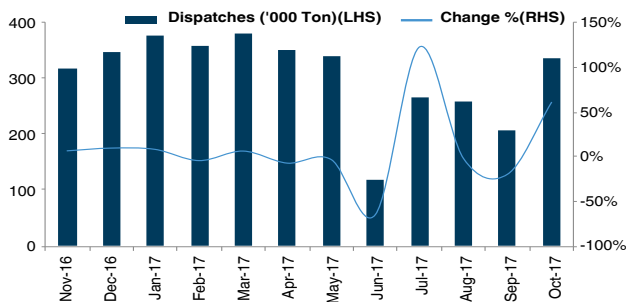


Yanbu Cement

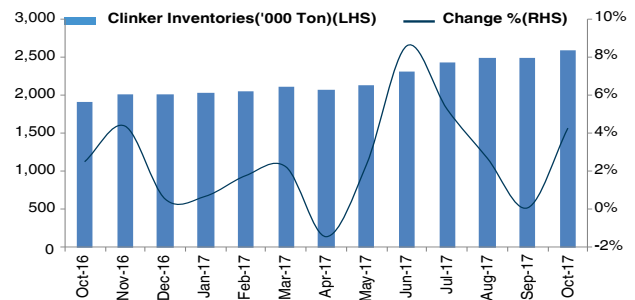
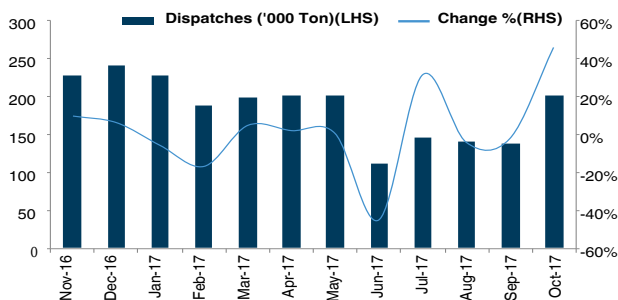


Dispatches & Change

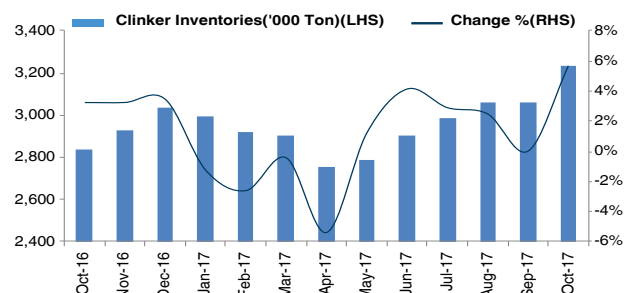
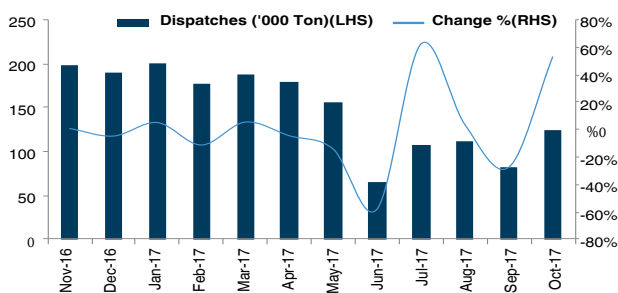
Arabian Cement



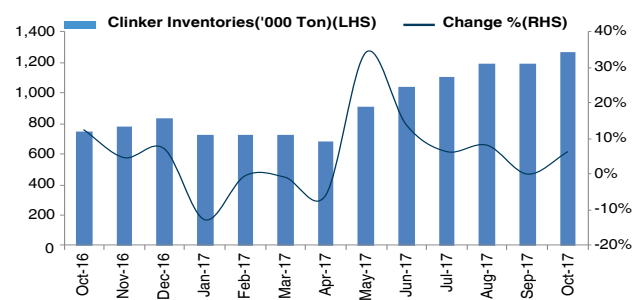
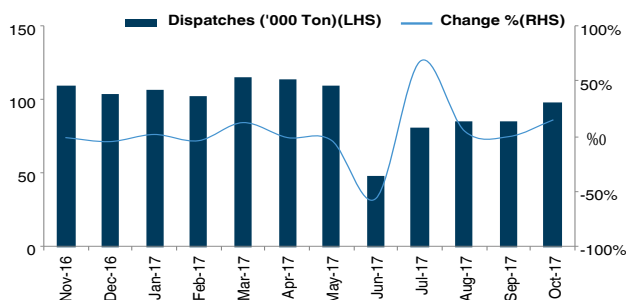
Eastern Cement Co



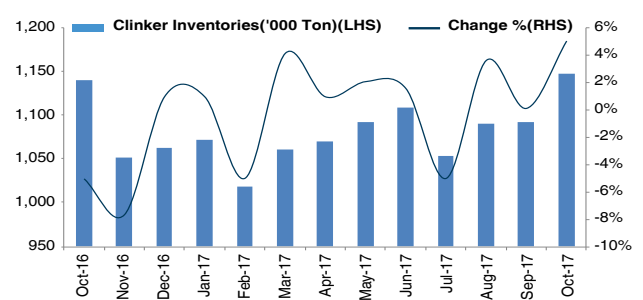
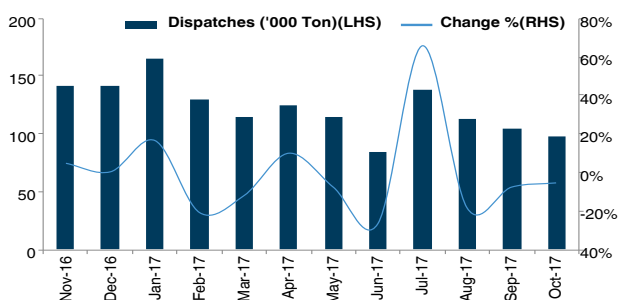
Najran Cement



Northern Cement

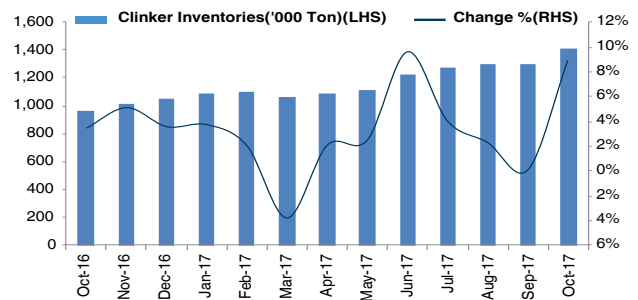
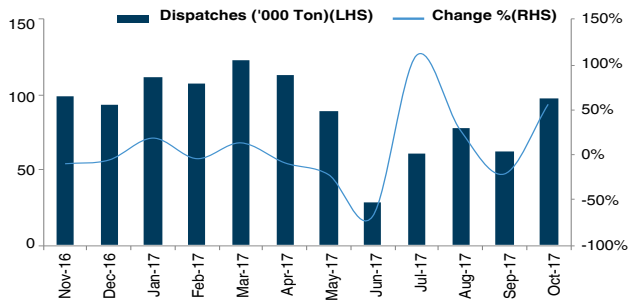


AlJouf Cement

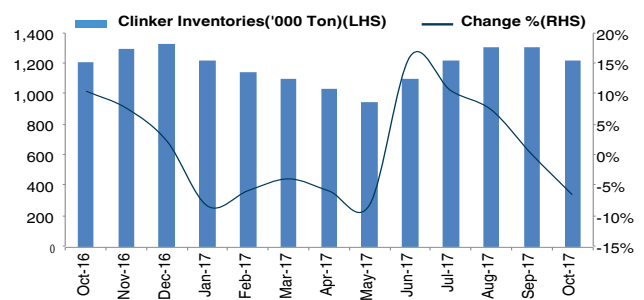
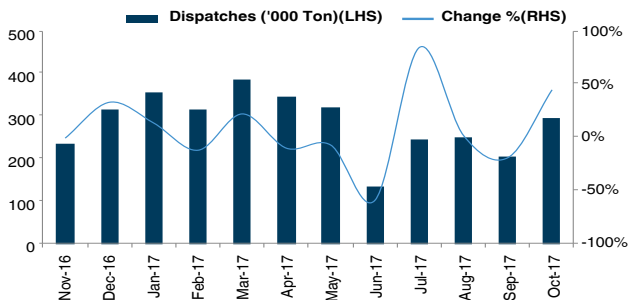


Dispatches & Change

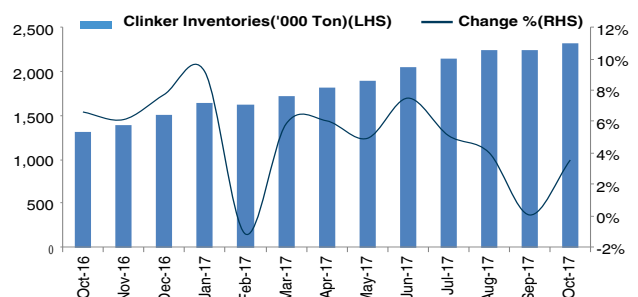
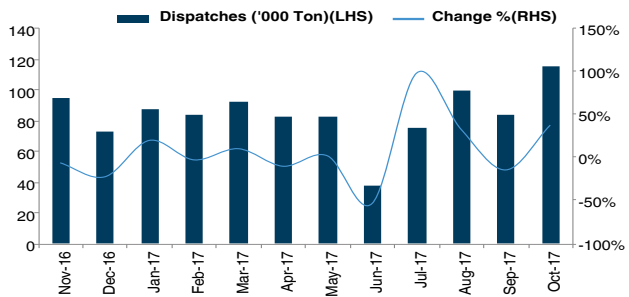
Tabuk Cement



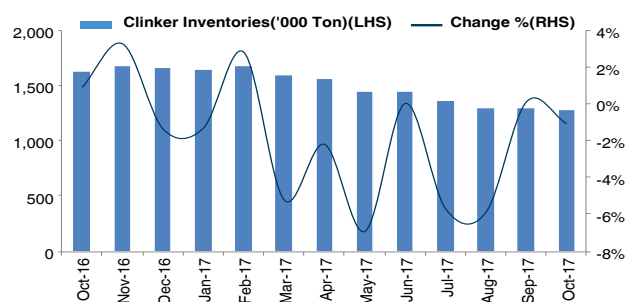
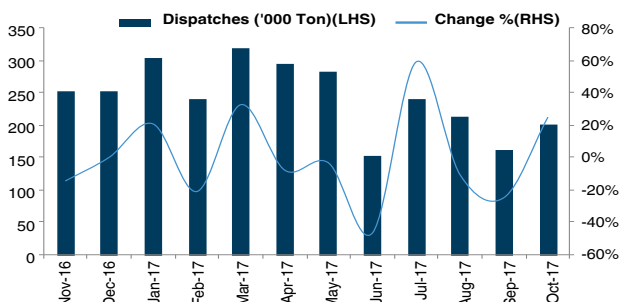
City Cement Co



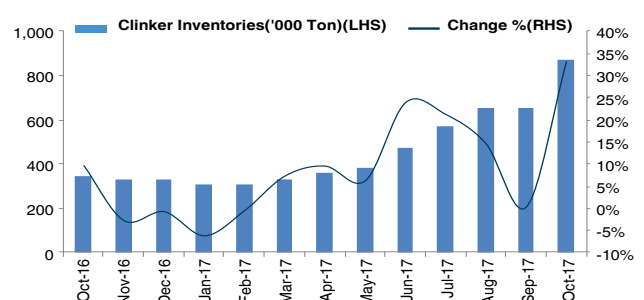
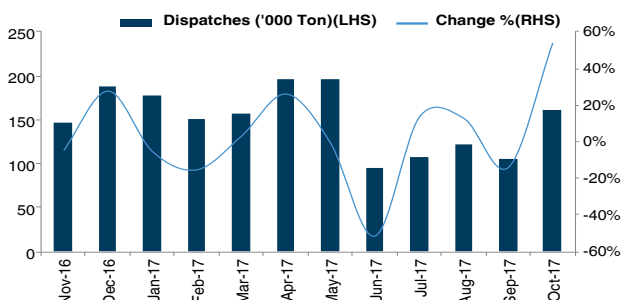
Hail Cement



Riyadh Cement



Safwa Cement



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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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