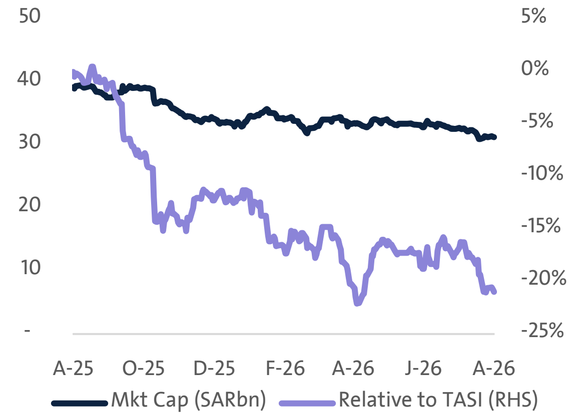
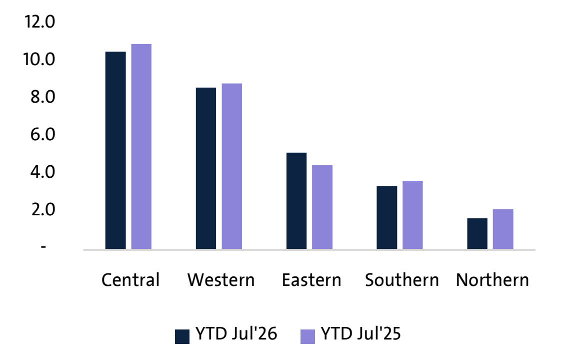
July-26: Local sales accelerates; exports rebounds

Cement Sector-YTD Performance vs TASI



Source: AC, Bloomberg

Cement Sector-YTD Regional Sales Performance (mnton)



Source: Yamama, AC

KSA Cement Sector: Demand improves MoM; Eastern region shines

Cement sales have further rebounded further in July 2026, driven directly by rising economic activity levels and higher construction demand. The increase in sales observed across all regions, particularly in the Eastern Region, which recorded a 40% MoM increase in sales. Export sales have rebounded despite ongoing geopolitical challenges. Clinker inventories remained elevated, with net realized prices exihibting varied trends. The central region is showing fresh signs of downside volatility.

Total sales: Local and Export Cement Sales Move Into Higher Gears

Total sales improved by 8% MoM in Jul-26, narrowing the YTD decline to 3%. The recovery was supported by strong performances from Umm Al Qura (+27%), Eastern (+25%), Qassim (+21%), and Yamama (+4%), all of which outpaced the sector average and contributed to overall industry volume growth. On a YoY basis, total sales dropped by 2% to 4.6mn tons in Jul-26. Despite an 8% MoM acceleration, cement sales still lagged behind the previous year's performance.

Local Sales: Yamama leads the market, Eastern shows massive growth

Overall, local sales improved by 6% MoM in Jul'26. Sales accelerated across most regions in July-26, led by the Eastern Region, which recorded the highest growth at 40% YoY. The increase was mainly driven by: (i) higher demand in the infrastructure sector, and (ii) an improved construction activity across key regions. Local sales in Jul-26 reached 29.5mn tons, down 2% YTD. On a monthly basis, almost all companies recorded higher sales volumes. Yamama outperformed its listed peers and posted significant growth of 16% MoM.

Exports: Sales rebounds MoM; Southern Cement stands out

Export sales rebounded with an 8% (MoM) increase, reaching 3.6 million tons YTD as of July 2026. Despite the recovery, exports remain down 23% YoY, highlighting ongoing pressure on outbound trade. On a corporate level, Southern Cement emerged as the standout performer— tripling its YTD export volumes and expanding its industry market share to 14%. Conversely, Yanbu Cement and Saudi Cement sustained their market dominance, despite experiencing market share contractions of 5% and 7% respectively YTD.

Valuation & Stock Price Performance

Listed cement stocks present deep value, trading at a 24% P/E discount to global peers while offering a resilient 6% dividend yield. This discount remains intact even though sector has underperformed TASI by 21%. The realized average prices have dropped by 7%, with the central region hit the hardest with a 10% QoQ decline. Prospects for relative stability in prices in future quarter remains high due to likely further uptick in local sales and increase in local freight cost, which may reduce the incentive for cement players to engage in dumping of inventories.

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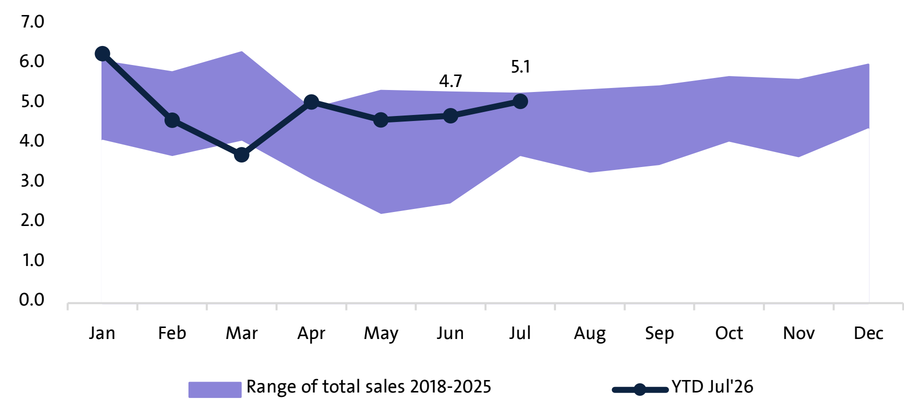
Cement-Total Sales

Total cement and clinker sales in Jul-26 improved by 8% MoM, suggesting stronger demand momentum and providing a solid foundation for further growth.

The recovery in sales growth in July norrowed the YTD sales decline to 3%, with cumulative sales reaching 34.0mn tons.

Total sales (Local + Exports, mn tons)

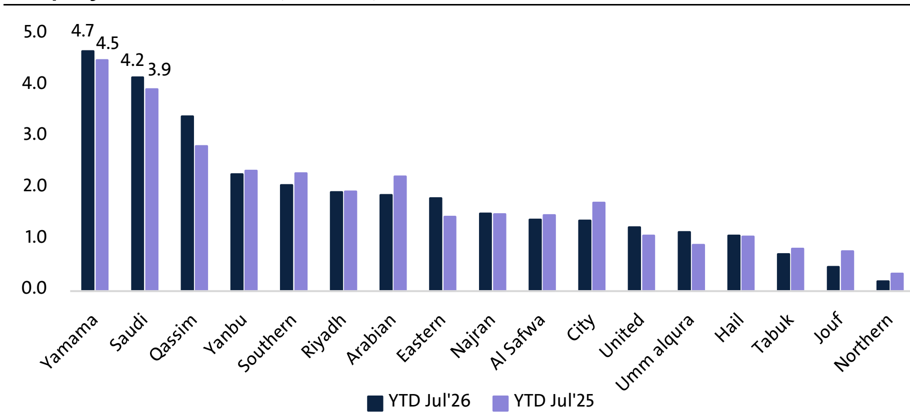


Source: AC

Yamama Cement maintained its industry-leading position, outperforming peers in total sales during YTD Jul-26.

Monthly sales for Yamama Cement reached 4.7mn tons, as of Jul-26, up 4% YTD. Saudi Cement ranked 2nd, recording total sales of 4.2mn tons, Up 6% compared to the previous year. Riyadh Cement maintained its YoY sales.

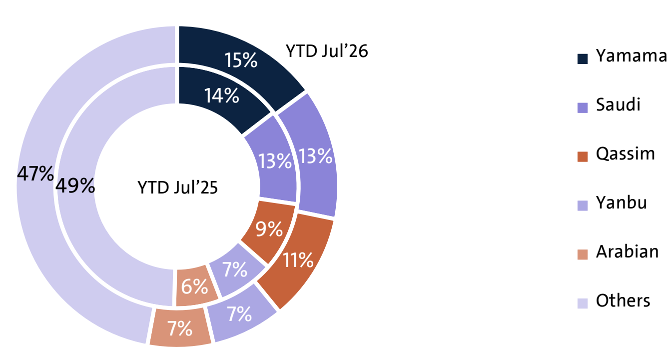
Company-wise total sales (mn tons)



Source: AC

Yamama Cement led the market with 15% share in YTD July 2026, gaining 100bps market share (M/S). The company's strategic location and efficient facilities drove its overall success, while Saudi Cement ranked second with 13% M/S from strong export sales.

Market Share of total cement sales comparison (%)



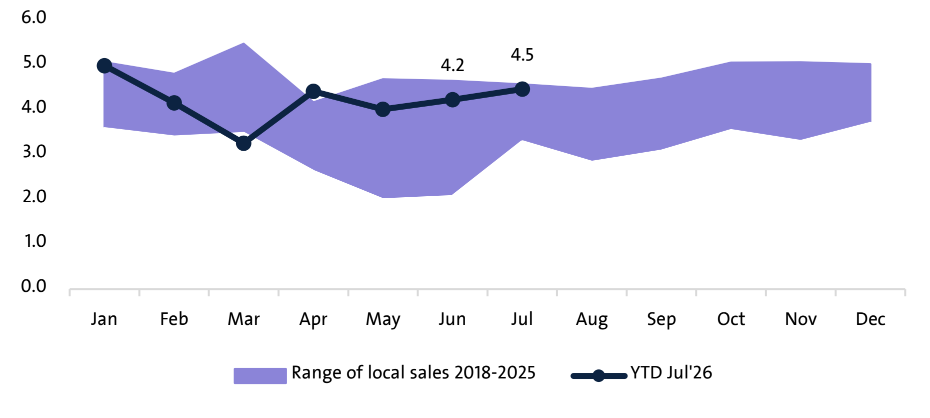
Source: AC

Cement-Local Sales

Local cement sales (mn tons)

Local sales increased by 6% MoM in Jul-26 to 4.5mn tons, as all regions recorded recovery in demand. Consequently, YTD decine in sales shrank to 2% YoY vs 3% in the first half 2026.

The eastern region drove local sales performance, posting the highest growth among all regions at 40% YoY.



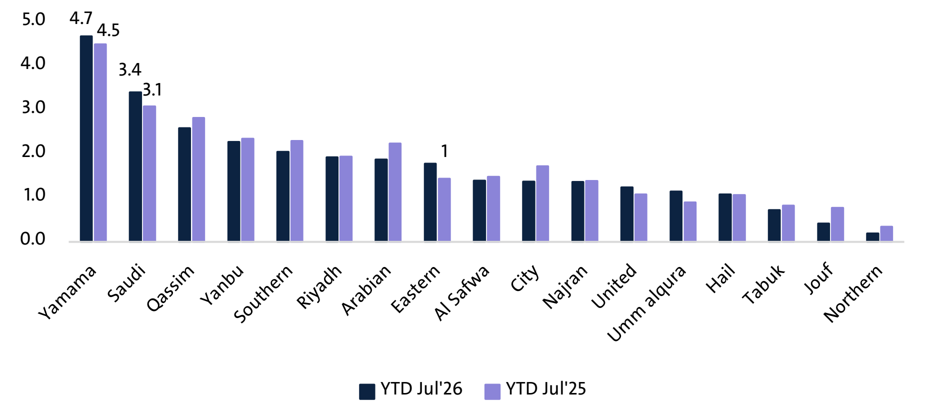
Source: AC

Company-wise local sales (mn tons)

Yamama Cement grew its local sales by over 0.2 million tons, even though total market sales dropped by 0.7 million tons.

While most companies faced lower sales due to weak market demand, the Eastern region performed exceptionally well.

On a monthly basis, regional growth was led by Saudi Cement and Eastern Cement, which increased their local sales by 32% and 60% YoY, respectively.

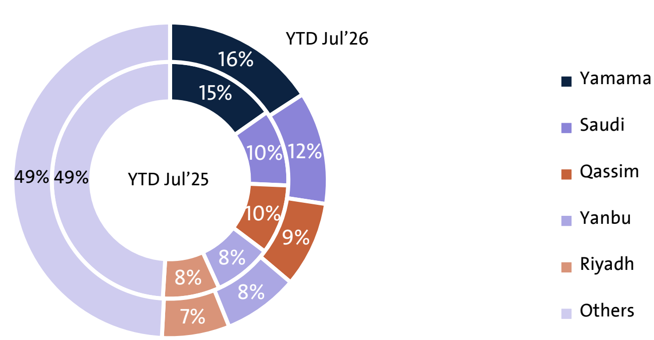


Source: AC

Market share of local cement sales comparison (%)

Yamama Cement expanded its local market share to 16% in YTD July 2026, up from 15% the previous year.

Similarly, Saudi Cement captured an additional 2% M/S, raising its local sales market share to 12% during the same period.



Source: AC

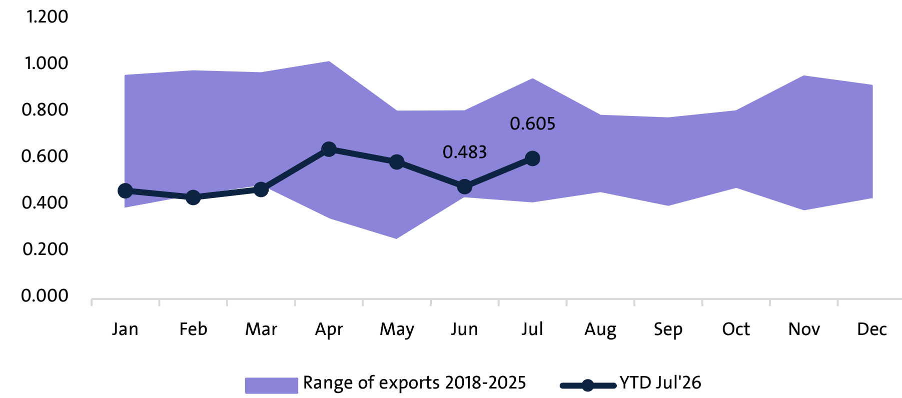
Cement-Exports

Export sales rebounded by 25% MoM in Jul-26, bringing YTD decline in export volumes to 23%.

Lower export margins, combined with higher freight costs due to geopolitical events have dragged down export volumes

Exports represented 11% of total industry sales, with clinker accounting for nearly 80% of total exports.

Export sales (mn tons)

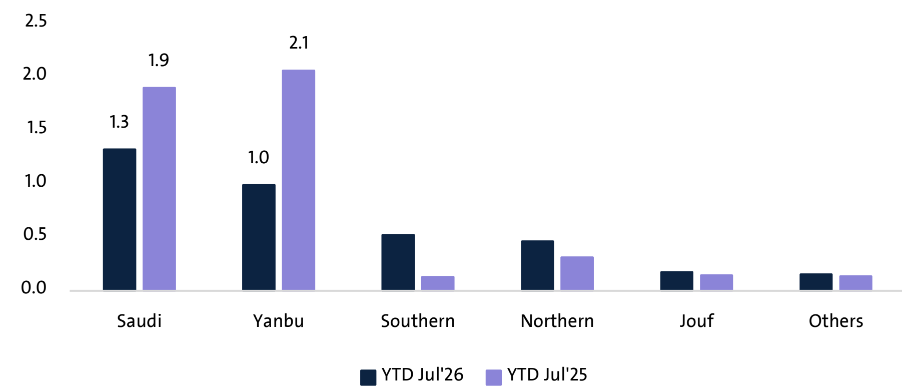


Source: AC

Saudi Cement's exports reached 1.3mn tons in YTD Jul-26, declining 30% YoY. Similarly, Yanbu Cement's exports fell to 1.0mn tons (vs. 2.1mn tons), contributing to a 23% decline in total export sales (vs YTD Jul-25).

Meanwhile, Southern Province Cement outperformed the broader trend, with exports increasing by 3x YoY.

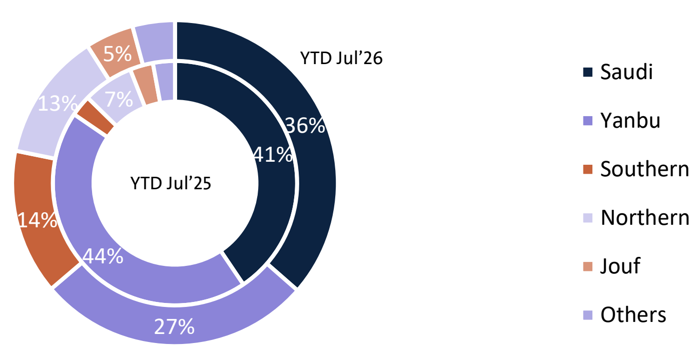
Export sales company-wise (mn tons)



Source: AC

Southern Cement's export market share substantially increased to 14% in YTD Jul'26, while Saudi Cement and Yanbu Cement saw their M/S in exports decline to 36% and 27%, respectively.

Market share of total cement exports comparison (%)

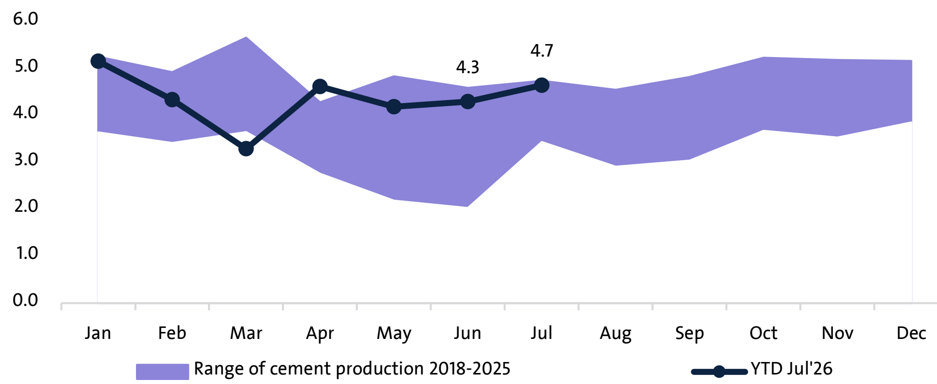


Source: AC

Cement: Production, Inventory & Realized Prices

Cement production increased to 4.7mn tons in Jul-26, reflecting improving demand momentum.

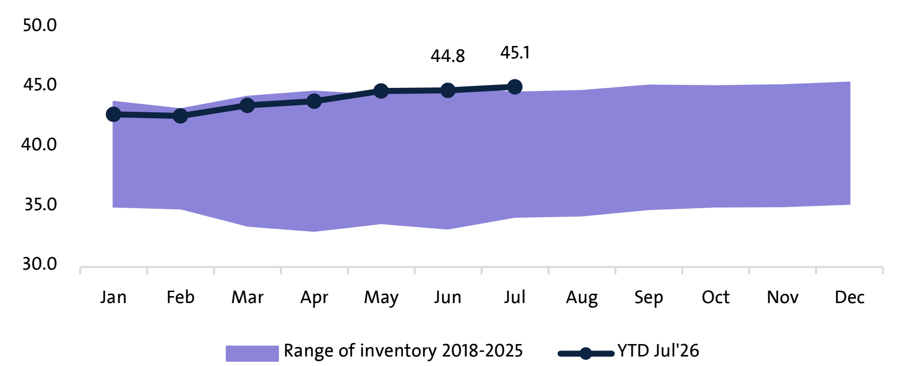
Cement production (mn tons)



Source: AC

Clinker inventories was recorded at one of the highest levels at 45mn tons.

Clinker inventory (mn tons)

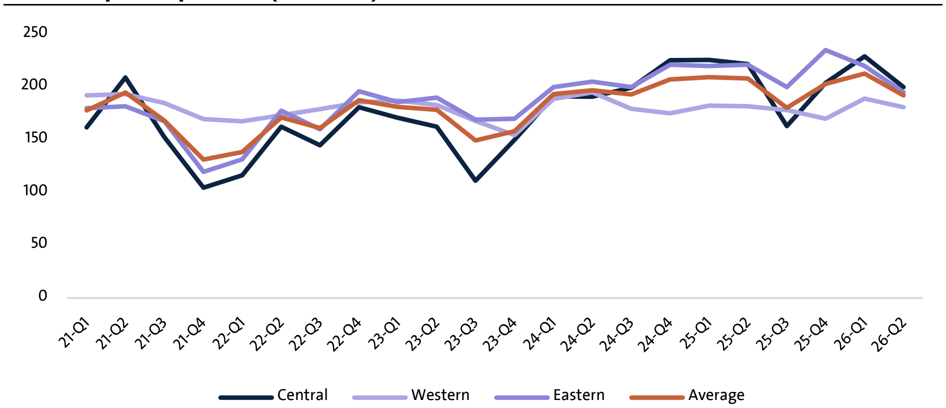


Source: AC

Average realized cement prices recorded at SAR180/ton in 2Q26, down 7% compared to 1Q26 levels.

This drop was driven by intense pricing pressure in the Central Region, which saw drop in price by 10%.

Realized prices per ton (SAR/ton)*

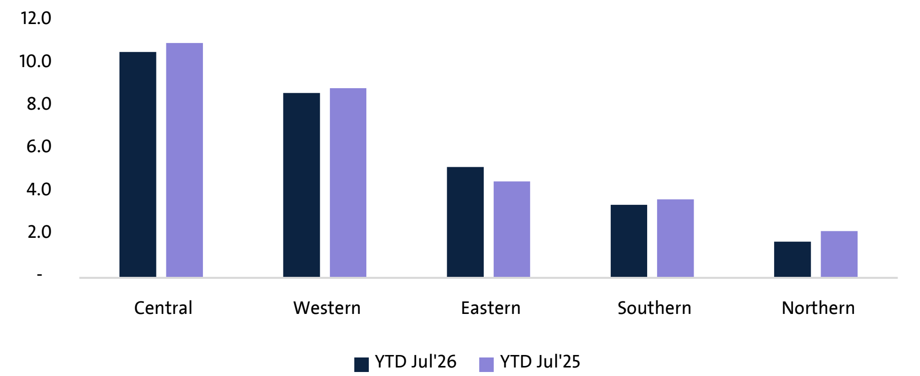


*Primarily based on available 2Q accounts Source: AC

Cement: Regional Cement Deliveries

The Central Region remained the Kingdom's largest consumption region for cement, with over 10.6mn tons of deliveries in YTD Jul-26. Demand in the Central Region declined by 4% YoY. In contrast, the Eastern Region was the only market to record growth, with cement deliveries increasing by 15% YoY.

Regional Cement Deliveries (mn tons)



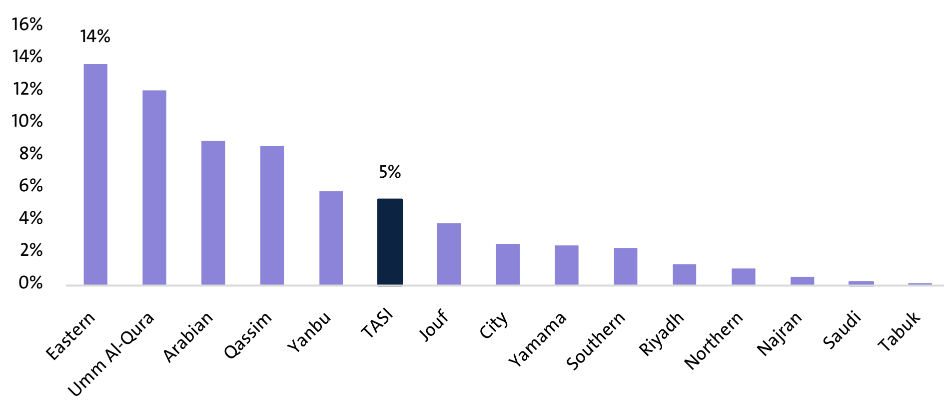
Source: AC

Stock performance

Cement stocks have rebounded from their 52-week lows. Eastern and Umm Al-Qura have outperformed the TASI, while Saudi & Tabuk remain near their lowest levels and have yet to show a recovery.

TASI has rebounded by 5% from its 52 weeks low.

Cement stocks returns from 52-week low



Source: AC

Cement- Stock Valuation & Performance

Cement: Relative Valuation

Stock name	Country	Market Cap	Price	P/E		P/BV		D/Y		EV/EBITDA	
		SARm	Local	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
Qassim Cement	KSA	40.5	44.9	17.8	16.6	1.7	1.7	5.0%	5.2%	10.4	13.0
Saudi Cement	KSA	28.0	30.0	13.1	12.9	2.4	2.4	7.3%	8.1%	9.1	8.3
Southern Cement	KSA	19.0	19.3		36.4	1.0	0.9	3.3%	3.6%	26.8	24.9
Yamama Cement	KSA	22.6	24.6	10.5	10.4	1.0	1.0	4.5%	4.2%	10.2	10.8
Yanbu Cement	KSA	13.9	15.3	23.5	15.5	0.9	1.0	8.5%	7.9%	7.9	8.5
Northern Cement	KSA	6.6	6.7	12.4	11.4	0.9	0.9	6.8%	7.5%	6.7	6.6
Riyadh Cement	KSA	22.0	22.6	10.7	10.3	1.7	1.5	7.0%	5.0%	8.4	7.8
Eastern Cement	KSA	22.0	26.1	8.2	8.5	1.0	0.8	5.3%	5.7%	5.2	4.1
KSA Market mean		**2449.0**	**16.9**	**12.4**	**12.7**	**1.2**	**1.1**	**6.1%**	**5.9%**	**8.6**	**8.2**
UltraTech	IND	139,501	11,835	34.8	32.8	3.9	3.5	1.1%	1.1%	17.8	18.0
Anhui Conch	CNY	33,981	18	11.3	10.0	0.5	0.5	4.7%	5.5%	3.7	3.3
Siam Cement	THA	34,810	259	24.4	19.7	0.8	0.8	2.2%	2.5%	12.8	11.8
Holcim Maroc	MAR	16,589	1,770	18.0	16.1	NM	NM	5.7%	6.2%	9.2	8.2
GCC, S.A.B.	MEX	14,369	200	12.5	11.2	1.5	1.4	1.0%	8.6%	7.1	6.5
Qatar Cement	QAT	1,846	3	11.4	10.7	0.6	0.6	9.1%	10.5%	5.7	5.7
Titan Cement	BEL	17,505	51	11.5	10.3	2.0	1.8	2.5%	2.9%	6.9	6.2
Oyak Cement	TUR	8,411	21	14.5	14.4	1.9	1.9	NM	NM	7.5	7.6
Ambuja Cement	IND	41,724	422	64.9	33.0	1.6	1.5	2.4%	0.5%	15.8	15.0
Mean			**18.0**	**16.3**	**14.4**	**1.1**	**1.1**	**2.2%**	**1.9%**	**7.7**	**7.2**

Source: Bloomberg

Analyst Certification:

We, Abdulrahman Yusef Alnafia and Muhammad Fawad Khan, the author/s of this report, hereby certify that: (i) views expressed in this report reflect the Research Analysts' personal views about all of the securities and (ii) no part of any of compensation of the author/s was, is, or will be directly or indirectly related to the specific recommendations or views expressed by in this report.

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Alinma Capital Company (AC) follows a three-tier rating system based on total return methodology as per the following details

>+15% Total Return: Stocks with +15% expected total return (including dividend yield) over the next 12 months are classified as Buy.

5-15%: Stocks with total return between 5-15% can be classified as Buy or Neutral.

>-5%<+5% total return: Stocks with total return between -5% and +5 % can be classified as Neutral or Underperform

Underperform-Stocks which are expected to have <-5% total return

Not Covered: AC has not assigned any rating on the stock

Coverage Suspended: AC has temporarily suspended the coverage of the stock either in compliance with local regulation or other considerations

Price data for the listed securities is based on 12 Aug. 26.

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