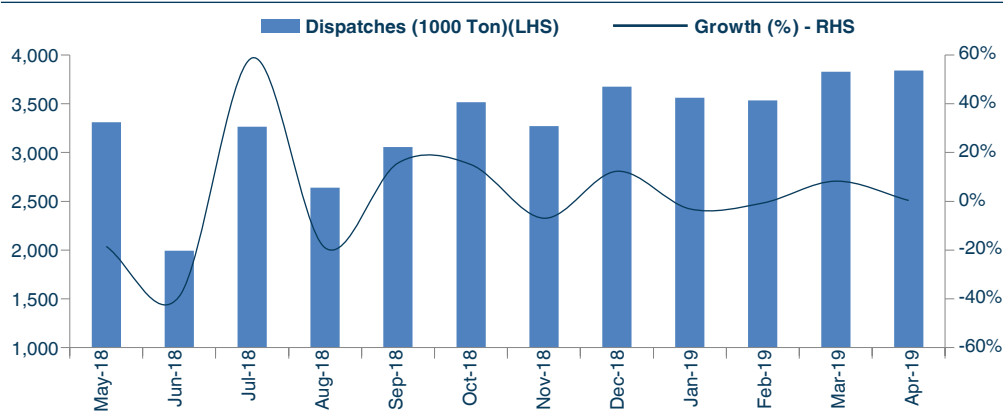


Cement dispatches: Cement and clinker dispatches for the month of Apr-19 stood at 4.67mn tons (including exports), compared to 4.53mn tons in Apr-18, depicting an increase of 3.1%Y/Y primarily driven by exports. Clinker inventories stood at 40.65mn tons during Apr-19; showing an increase of 15.0%Y/Y whereas it declined by 2.0% on M/M basis. For 4M-19, dispatches stood at 17.97mn tons (including exports) compared to 16.57mn tons in 4M-18, depicting an increase of 8.5%Y/Y. Local dispatches for 4M-19 stood at 14.69mn tons compared to 15.99mn tons in 4M-18 depicting a decrease of 8.1%Y/Y. Sales / clinker production ratio stood at 134% during Apr-19, where Yanbu cement registered the highest ratio at 248.7%.

Change in Cement Dispatches (Domestic Sales)

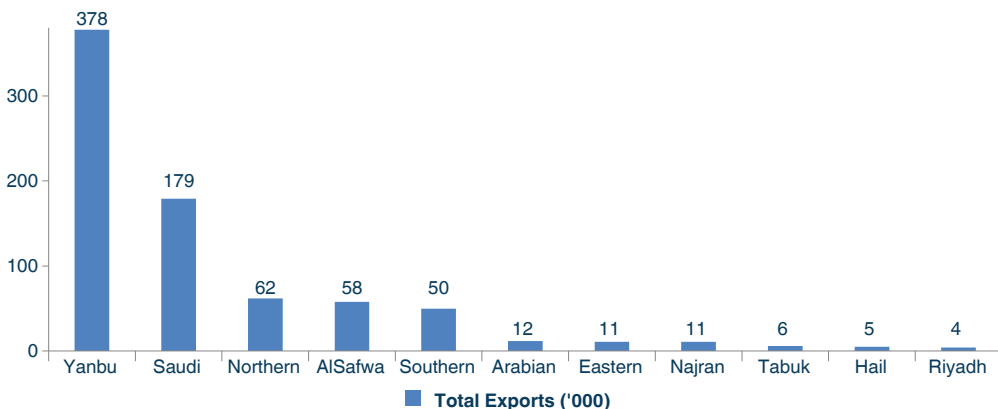
Source: Yamama Cement, AlJazira Capital



Domestic cement dispatches showed a decline of 3.3% Y/Y. While on monthly basis, cement dispatches showed an increase of 0.3%.

Cement and Clinker Exports (YTD)

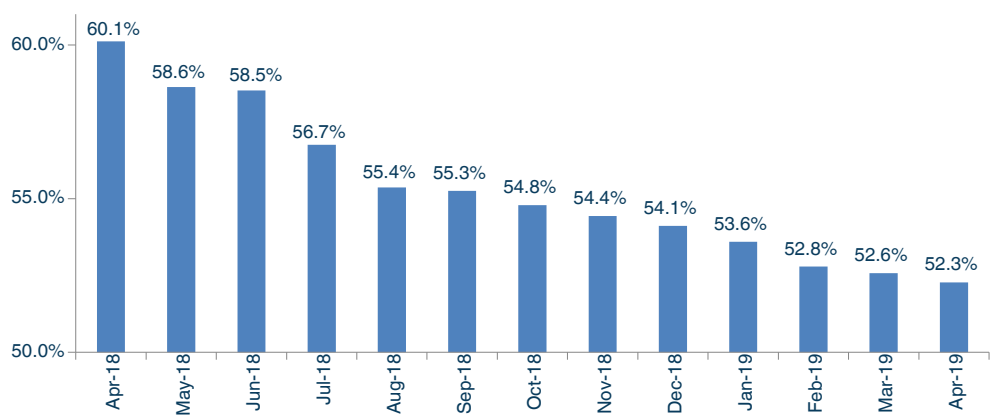
Source: Yamama Cement, AlJazira Capital



Cement and clinker exports stood at 776K tons in Apr -19.

Utilization Rate (TTM)

Source: Yamama Cement, AlJazira Capital



The total utilization rate of Saudi cement sector declined to 52.3% in Apr-19 compared to 60.1% in Apr-18.

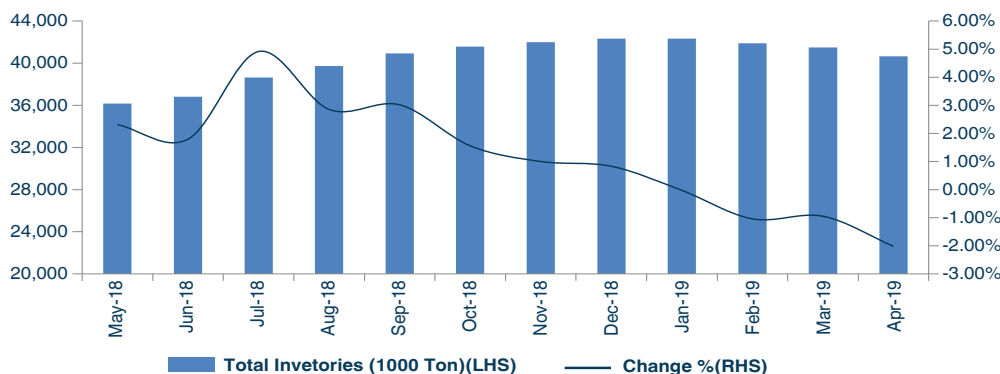
AJC Research

+966 11 2256250

ajc_research@Aljaziracapital.com.sa

Change in Clinker Inventories

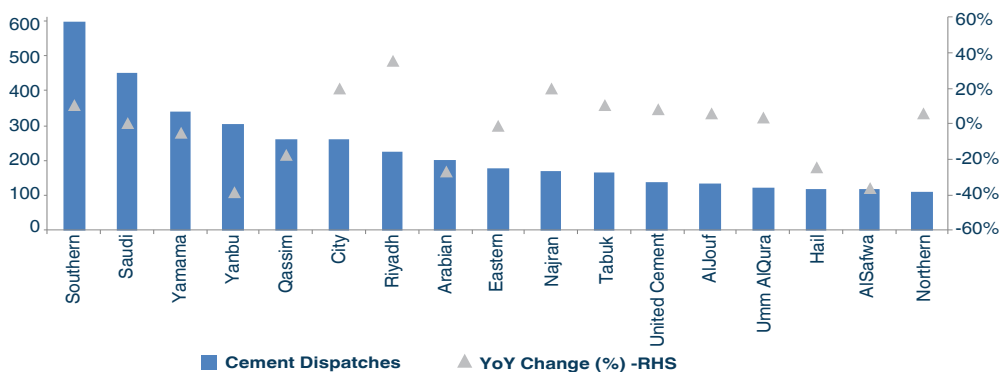
Source: Yamama Cement, AlJazira Capital



During Apr-19, clinker Inventories stood at 40.65mn tons recording an increase of 15.0% Y/Y, while declined by 2.0% on M/M basis.

Cement Dispatches for Apr-19 (Domestic Sales)

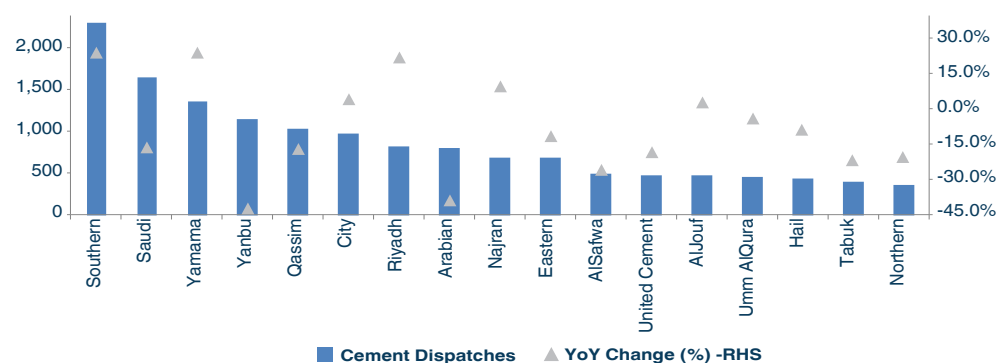
Source: Yamama Cement, AlJazira Capital



Riyadh and Najran cement recorded the highest increase in dispatches of 35.5%Y/Y and 20.0%Y/Y, respectively. On the other hand, Yanbu cement showed the highest decline of 38.3%Y/Y, followed by AlSafwa cement with decline of 36.2%Y/Y.

Cement Dispatches for 4M-2019 (Domestic Sales)

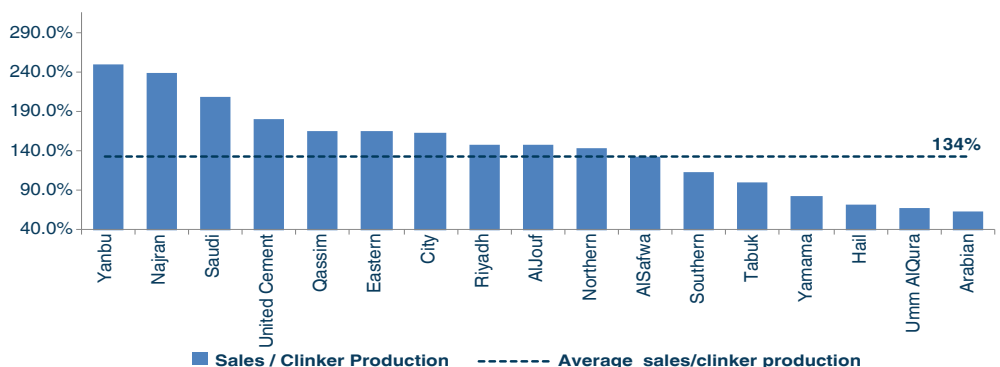
Source: Yamama Cement, AlJazira Capital



For 4M-19, Southern cement showed the highest increase of 24.3%, followed by Yamama cement with increase of 23.8%. While Yanbu cement and Arabian cement showed a decline of 42.3% Y/Y and 38.6% Y/Y respectively.

Sales / Clinker Production for Apr-19

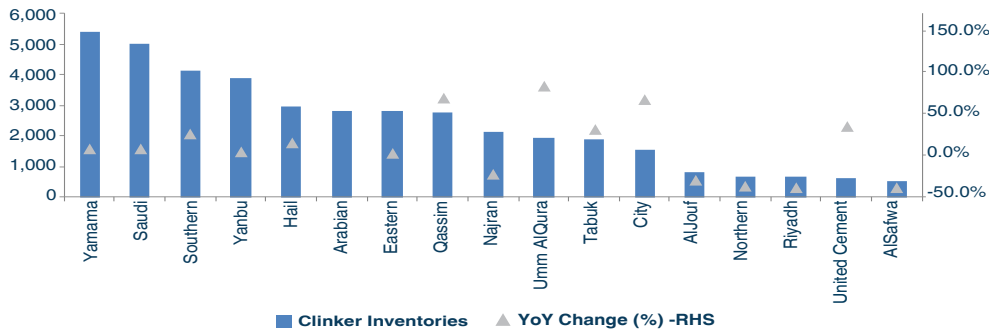
Source: Yamama Cement, AlJazira Capital



Yanbu cement and Najran cement showed the highest sales / clinker production ratio of 248.7% and 238.7% respectively. On the other hand, Arabian cement and Umm AlQura cement showed a sales/ clinker production ratio of 62.1% and 67.2% respectively.

Clinker Inventories

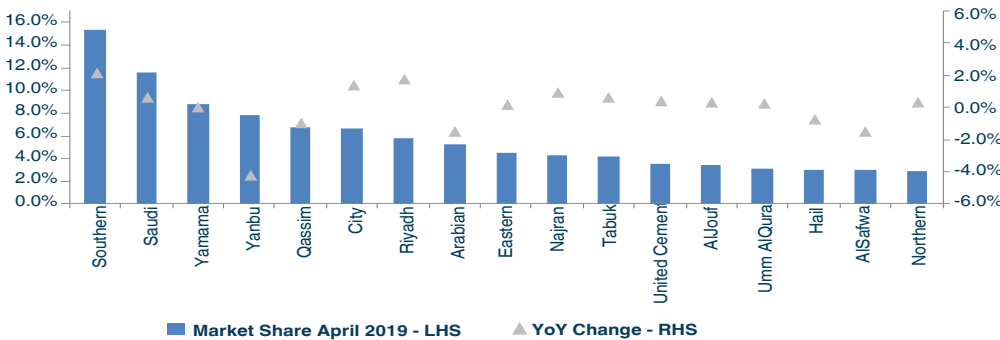
Source: Yamama Cement, AlJazira Capital



Riyadh and AlSafwa cement had a decline in the inventory level by 39.5%Y/Y. On the other hand, Arabian cement showed the highest increase of 225.9%Y/Y in its inventory level, followed by Umm AlQura cement which showed an increase of 83.7%Y/Y.

Market Share – Apr-19 (Domestic Sales)

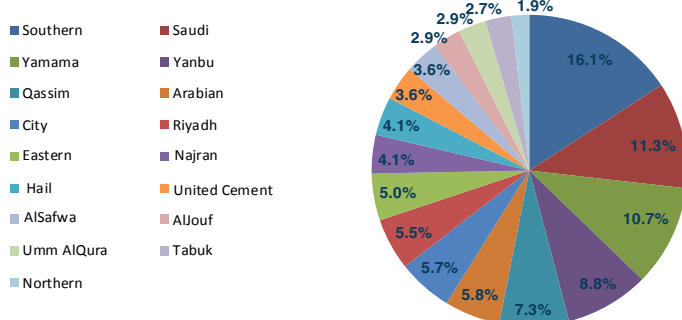
Source: Yamama Cement, AlJazira Capital



Southern and Saudi cement recorded the highest market share in Apr-19, of 15.3% and 11.6%, respectively. While Northern and Hail cement, recorded the lowest market share of 2.9% and 3.0% respectively. Southern cement increased its market share from 13.2% to 15.3%, while Yanbu cement market share declined from 12.1% to 7.9%.

Market Share TTM

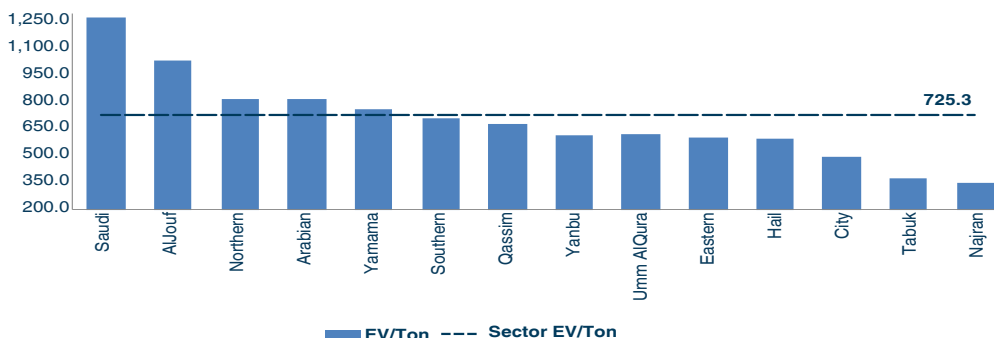
Source: Yamama Cement, AlJazira Capital



On TTM basis, Southern and Saudi cement recorded the highest market share of 16.1% and 11.3%, respectively. followed by Yamama cement with market share of 10.7%.

EV / Ton (SAR)

Source: Bloomberg, Yamama Cement, AlJazira Capital



Saudi cement recorded the highest EV/Ton of SAR 1,279.1, followed by AlJouf cement with EV/Ton of SAR 1,033.0. Whereas Najran cement recorded the lowest EV/Ton of SAR 353.8.

RESEARCH DIVISION

Head of Research
Talha Nazar
+966 11 2256250
t.nazar@aljaziracapital.com.sa

Senior Analyst
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

Analyst
Abdulrahman Al-Mashal
+966 11 2256374
A.Almashal@Aljaziracapital.com.sa

BROKERAGE AND INVESTMENT CENTERS DIVISION

General Manager – Brokerage Services & sales
Alaa Al-Yousef
+966 11 2256060
a.yousef@aljaziracapital.com.sa

AGM-Head of international and institutional brokerage
Luay Jawad Al-Motawa
+966 11 2256277
lalmutawa@aljaziracapital.com.sa

AGM-Head of Qassim & Eastern Province
Abdullah Al-Rahit
+966 16 3617547
aalrahit@aljaziracapital.com.sa

AGM-Head of Sales And Investment Centers
Central Region, & acting head Western and Southern Region Investment Centers
Sultan Ibrahim AL-Mutawa
+966 11 2256364
s.almutawa@aljaziracapital.com.sa

RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

- Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
- 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.
- 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.
- 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.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of stocks, bonds, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. The investor might get an amount less than the amount invested in some cases. Some stocks or securities maybe, by nature, of low volume/trades or may become like that unexpectedly in special circumstances and this might increase the risk on the investor. Some fees might be levied on some investments in securities. This report has been written by professional employees in Al-Jazira Capital, and they undertake that neither them, nor their wives or children hold positions directly in any listed shares or securities contained in this report during the time of publication of this report, however, The authors and/or their wives/children of this document may own securities in funds open to the public that invest in the securities mentioned in this document as part of a diversified portfolio over which they have no discretion. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. Funds managed by Al-Jazira Capital and its subsidiaries for third parties may own the securities that are the subject of this document. Al-Jazira Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking division of Al-Jazira Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. One or more of Al-Jazira Capital board members or executive managers could be also a board member or member of the executive management at the company or companies mentioned in this report, or their associated companies. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.

Asset Management | Brokerage | Corporate Finance | Custody | Advisory

Head Office: King Fahad Road, P.O. Box: 20438, Riyadh 11455, Saudi Arabia. Tel: 011 2256000 - Fax: 011 2256068