

July 11, 2021

SAUDI CEMENT SECTOR

Monthly Report – June 2021

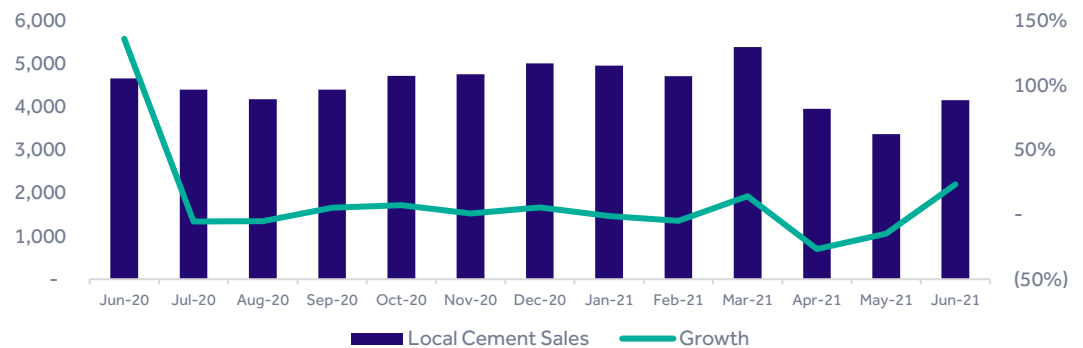
Local Sales Volume rises +12% Y/Y for 1H

On a yearly basis, total sales for the Saudi cement sector are down by -10% to 4.3 million tons but up +22% on a monthly basis, according to Yamama Cement's monthly bulletin for June 2021. Only Riyadh Cement Company, Eastern and Alsafwa in the sector showed an increase in their local sales compared with June 2020, while all the companies in the sector showed an increase in their local sales M/M, on back of higher sales after the holy month of Ramadan and Eid al-Fitr. Within our coverage universe, Southern has the highest sales in the sector at 511K tons (-29% Y/Y, +20% M/M) followed by Saudi with 421K tons (-13% Y/Y, +18% M/M), Qassim at 406K tons (-7% Y/Y, +22% M/M) and Yanbu with 387K tons (-1% Y/Y, +17% M/M). Meanwhile, Yamama sales fell by -25% Y/Y but were up by +48% M/M to 337K tons. Riyadh sales jumped by +47% Y/Y to 299K tons.

Exports sales for the month are up by +41% on a yearly basis but down by -18% on a monthly basis to 120k tons compared to 85K tons in June 2020.

Exhibit 1: Local Sales (000's tons)

- Local sales declined by -11% Y/Y but up by +23% M/M.



Source: Riyadh Capital, Yamama Cement

Exhibit 2: Exports of Saudi Cement Sector (000's tons)

- Export sales up by +41% Y/Y but fell by -18% M/M to 120K tons.



Source: Riyadh Capital, Yamama Cement

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

	Jun - 20	May - 21	Jun - 21	Growth Y/Y	Growth M/M
Local Sales	4,654	3,368	4,152	(11%)	23%
Export Sales	85	147	120	41%	(18%)
Total Cement Sales	4,739	3,515	4,272	(10%)	22%

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Clinker Production

The industry's clinker production rose by +1% on a yearly basis but fell by -8% M/M to reach 4.2 million tons in June 2021. The production levels were mixed between the companies in the sector. Hail's clinker production recorded the highest decline by -60% Y/Y and -61% M/M to 68K tons followed by Umm Al Qura's clinker production by -25% Y/Y and -27% M/M to 128K tons.

Clinker inventories for the month fell by -22% Y/Y and by -1% M/M after two months of rising to reach 32.9 million tons this month compared with 42.2 million tons in the same month last year.

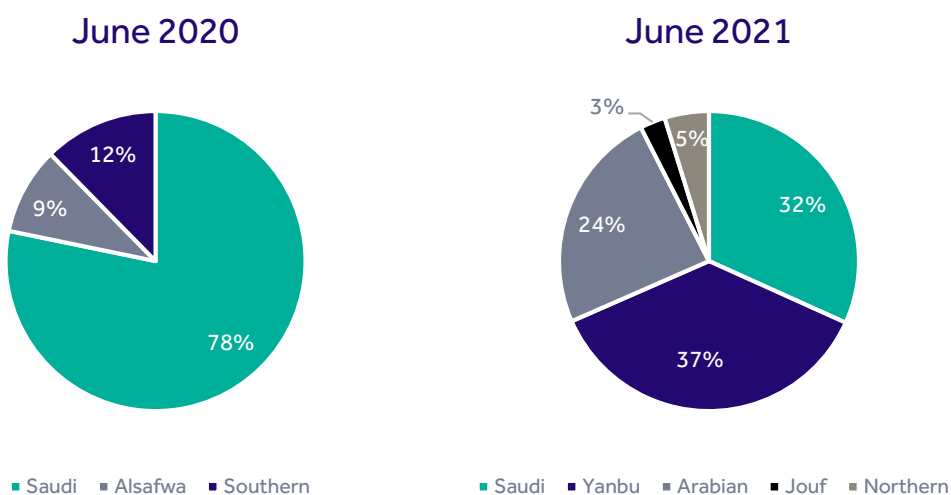
Exhibit 3: Clinker Production of Saudi Cement Sector (000's tons)

- Clinker production rose by +1% Y/Y but was down by -8% M/M.



Source: Riyad Capital, Yamama Cement

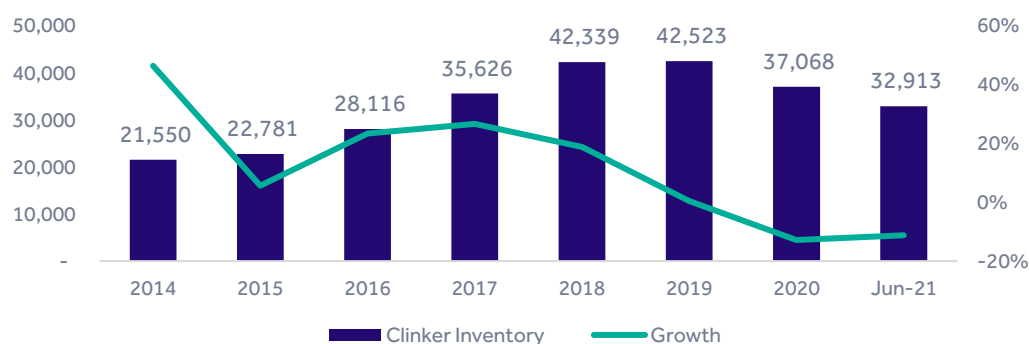
Exhibit 4: Clinker Exports by Companies (%)



Source: Riyad Capital, Yamama Cement

Exhibit 5: Clinker Inventory Levels (000's tons)

- Clinker Inventories fell on both yearly and monthly basis by -22% and -1% respectively.

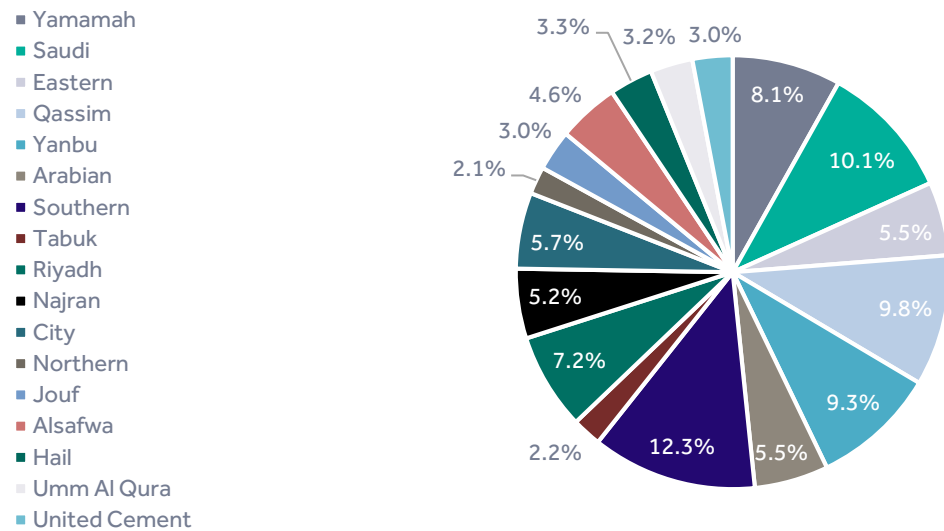


Source: Riyad Capital, Yamama Cement

Southern Cement leads market share

Southern Cement Co. continues to lead the market share to stand at 12.3% in June 2021 followed by Saudi Cement Co. with a market share of 10.1%. For the 1H2021, Southern managed to lead the market share at 13.3%.

Exhibit 6: Market Share for June 2021



Source: Riyad 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
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