

# Oct-25: Demand exhibited continued strong momentum

#### KSA Cement Sector: Demand exhibited continued strong momentum

2025 is turning out to be a happening period for KSA's cement sector. The demand dynamics remained favourable; however, the sector's price performance was restrained by pressure on realized prices and cost increases. Interestingly, the valuation of KSA's listed stock remained at par with the valuations of regional.

Total sales: Strong momentum in 10M25: A fresh monthly record in October Total sales sustained a strong momentum in 10M 2025 with 14% cumulative growth driven by strong project demand, particularly in the central region, demand in retail and exports. Total cement sales in Oct-25 grew to a fresh new monthly high of 5.2mn ton, up 8% MoM and 7% YoY. Yamama Cement (+46%), Saudi (+18%) and Arabian Cement (+18%) are the key outperformers during 10M25.

#### Local sales: Yamama Cement stole the show

Local sales in Oct-25 have risen by 8% MoM, a new record high, translating into 10M25 sales of 44.5mn, up 12%. Yamama Cement has clearly stolen the show with 45% growth in 10M25 (accounting for 45% growth in total local sales in 10M26), reflecting its significant exposure Mega and Giga projects under the Vision 2030. The medium-term outlook for demand is encouraging. Yamama Cement expects cement demand to grow by another 10% in 2026, following estimated 13% growth in 2025 and 4% growth in 2024. Infrastructure development to support a number of high-profile international events and sustained growth in the housing segment will likely support medium-term sales growth.

#### Exports: Strong growth in 10M25; A soft patch in sales in October

Exports sales in 10M25 have reached 6.6mn ton recording 26% increase YTD. The monthly trend in sales reflects a sharp drop by 25% MoM due to lower clinker exports. Yanbu Cement (+257% in 10M25) and Saudi Cement (-18% in 10M25) maintained their dominance in the market, leveraging their scale and strategic port access.

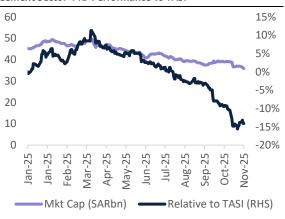
#### Realized prices in 3Q25: varying regional trends

Realized prices in 3Q25 exhibited varying regional trends, supporting the argument the price competition among the key players is more skewed in the central region. Yamama Cement recorded the lowest realized prices among the sample of six largest producers. Saudi Cement, on the other hand, has recorded a significantly above-average realized price driven by long-term contracts with large industrial firms and sticky client base.

#### **Valuation & Stock Prices Performance**

Cement stocks have recorded a significant 13-34% drop YTD, translating into a steep 14% underperformance of the sector against TASI. The sector's underperformance reflects weak investor sentiment, given the below-expected earnings print for 3Q for most of the companies and likely downgrades in future earnings estimates, the fears of broader price war and continuation of significant inventory overhang. The KSA Cement sector's P/E valuation of 13.4 is hovering close to global peers.

#### **Cement Sector-YTD Performance vs TASI**



Source: AC. Bloomberg

Major Cement Stocks: 3Q Earnings Performance (SARmn)

Stock	Period	Earnings	Estimate	difference	
Arabian	3Q25	65.5	20	221%	
Yanbu	3Q25	28.3	17	68%	
Eastern	3Q25	36.0	47	(23%)	
Saudi	3Q25	53.2	84	(36%)	
Yamama	3Q25	35.9	110	(67%)	
Najran	3Q25	3.1	10	(70%)	

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Total cement and clinker sales came in at 5.6mn tons in Oct-25, setting a new record for monthly sales for the month of Oct.

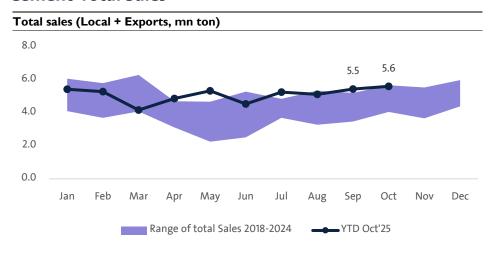
Total sales have reached 51mn ton in 10M25 recording an impressive 14% YoY.

Yamama Cement has moved to the top position with significant outperformance in local sales 10M25.

YTD sales for Yamama Cement reached 6.2mn tons as of October 2025, up 27% YoY. Saudi Cement ranked 2<sup>nd</sup>, recording total sales of 5.2 million tons over the same period.

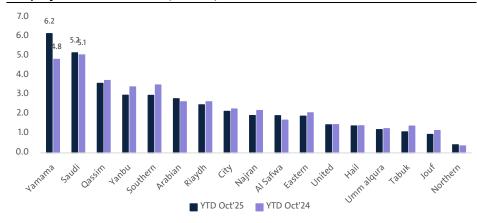
Yamama Cement holds the highest market share at 15%, up 3% YoY, supported by its strategic location in the central region—close to major Mega and Giga projects—and its highly efficient production facilities that enhance competitiveness and supply reliability.

## **Cement-Total Sales**



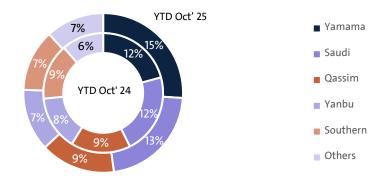
Source: AC

#### Company-wise YTD total sales (mn tons)



Source: AC

#### Market Share of total cement sales comparison (%)





Local sales set a new monthly high in Oct-25 with 9% YoY and 7% MoM growth to 5.1mn ton.

In 10M25, local cement sales have increased by 12% YoY to 44.5mn ton.

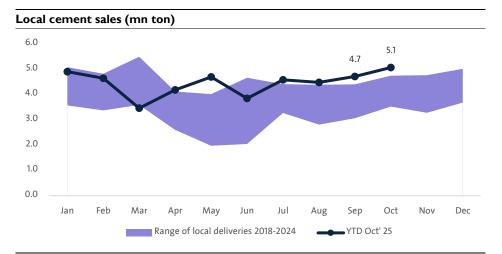
Yamama Cement has recorded the highest sales growth with an increase of 2.2 million tons, allowing the company to further strengthen its leadership in local sales. Saudi Cement stayed in second place.

12 companies recorded YTD local sales growth as of October 2025, indicating solid sector performance.

Yamama Cement increased its market share in local sales to 16% on YTD basis.

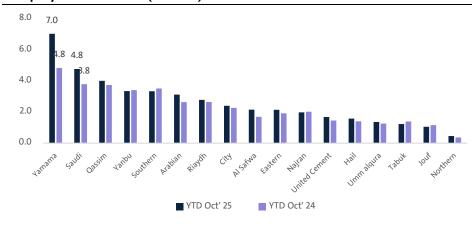
Focusing on the central region with active Mega and Giga projects allowed the company to leverage its location advantage and comfortably outperformed its peers.

#### **Cement-Local Sales**



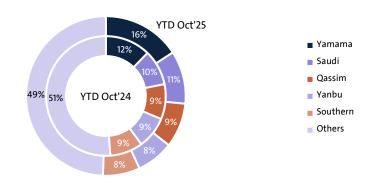
Source: AC

#### Company-wise local sales (mn tons)



Source: AC

#### Market share of local cement sales comparison (%)





Total exports sales have trended down in Oct-25 compared to the historical range, reaching 0.56mn ton. Exports are around 13% of total industry sales. Clinker represents 80% of exports.

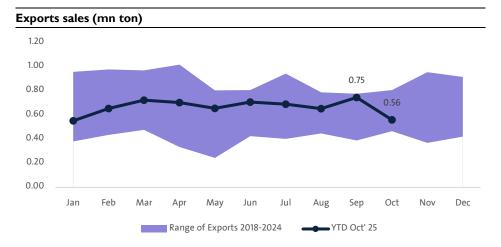
YTD, exports have increased by 26% in 10M2026.

Yanbu Cement's exports surged to over 2.9m tons YTD Oct '25 (vs. 0.8m last year), while Saudi Cement's exports held steady at 2.6m tons. Both Yanbu and Saudi continue dominating the export market.

Both Yanbu Cement and Saudi Cement have demonstrated strong export performance (YTD), collectively dominating the export market.

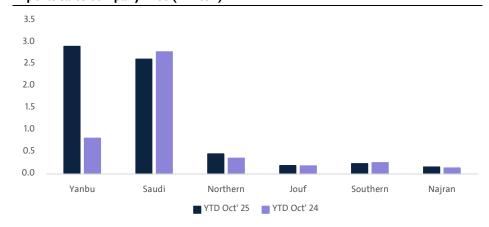
Together, the two companies account for approximately 80% of total cement exports.

## **Cement-Exports**



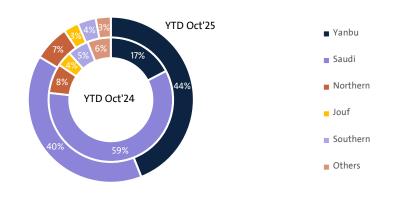
Source: AC

#### Exports sales company-wise (mn ton)



Source: AC

#### Market share of total cement exports comparison (%)





Cement production in Oct-2025 surpassed historical levels, reaching 5.2mn tons, in line with an increase in local sales and export demand.

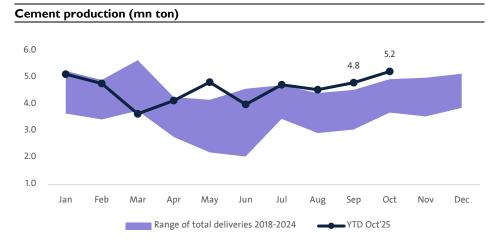
Clinker inventories increased slightly by 2% YoY; however, inventory levels have been on a declining trend since summer 2025. The ongoing reduction in inventory buildup reflects healthy market dynamics, suggesting a better balance between production and demand.

The average local cement prices came in at SAR 177/ton, with slight downward pressure QoQ. Realized prices in 3Q25 varied from region to region.

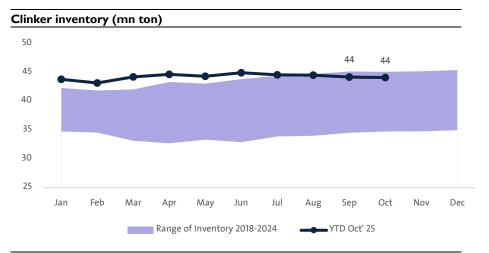
Realized prices for producers in the eastern region hovered above the industry average.

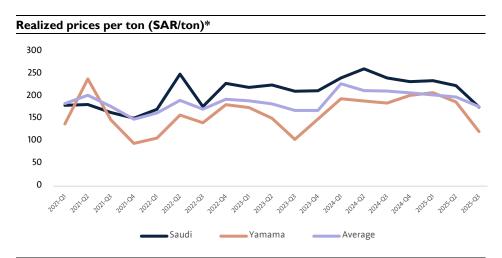
Realized prices in the central region, Yamama Cement in particular, stayed below average given the heavy competition in the central region.

## **Cement: Produciton, Inventory & Realized Prices**



Source: AC





<sup>\*</sup>Primarily based on available 3Q accounts Source: AC



## **Cement- Stock Valuation & Performance**

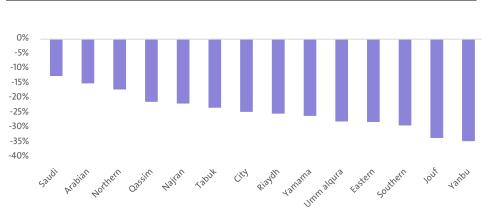
Cement: Relative Valuation												
Stock name	Country		Market Cap	P/E		P/BV		D/Y		EV/EBITDA		
			SARm	Local	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Qassim Cem	ent	KSA	4,632	41.8	16.5	14.0	1.7	1.6	6%	7%	9.1	8.5
Saudi Cemer	nt	KSA	5,713	37.3	14.0	12.8	2.5	2.5	6%	6%	9.1	9.1
Southern Ce	ment	KSA	3,382	24.2	31.2	17.6	1.0	1.0	6%	4%	8.4	8.4
Yamama Cer	ment	KSA	5,176	25.6	10.0	9.9	1.1	1.0	4%	5%	11.0	11.0
Yanbu Ceme	nt	KSA	2,498	15.9	26.0	19.2	1.0	1.0	8%	6%	7.9	7.9
Northern Cei	ment	KSA	1,408	7.8	25.6	23.1	0.6	0.6	6%	4%	13.6	13.6
Najran Ceme	ent	KSA	1,214	7.1	28.2	24.3	0.6	0.6	No-Div	No-Div	7.5	7.5
Eastern Cem	ent	KSA	2,279	26.5	8.8	8.3	0.9	0.9	16%	15%	4.9	4.5
KSA Market mean		2,459.1	16.0	16.3	14.2	1.0	0.9	6%	6%	8.3	8.1	
Qatar Cemer	nt	QAT	2,209	3.0	13.4	13.4	0.7	0.7	9%	9%	8.9	8.9
Gulf Cement		UAE	373	0.9	-8.8	-8.8	0.7	0.7	No-Div	No-Div	16.4	16.4
Arabian Cem	nent	EGY	1,407	48.0	12.0	15.6	6.1	7.8	1%	1%	6.5	8.5
Dangote Cen	nent	NGA	29,727	665.0	17.5	22.1	4.0	5.1	6%	5%	7.9	9.6
Mean			1,675.9	1724.1	6.4	18.3	16.2	1.0	1.0	3.7%	3.1%	8.4

Source: Bloomberg

## **Stock performance**

Stock performance Year to Date

Cement stocks have recorded a significant drop YTD, reflecting weak market sentiment due to a drop in realized prices despite growth in demand.





## **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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>+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+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 November 10, 2025.

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