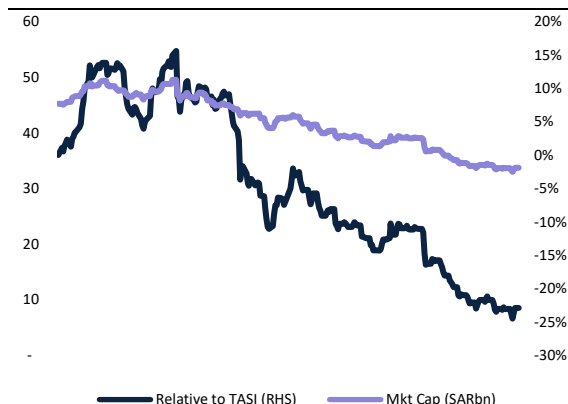


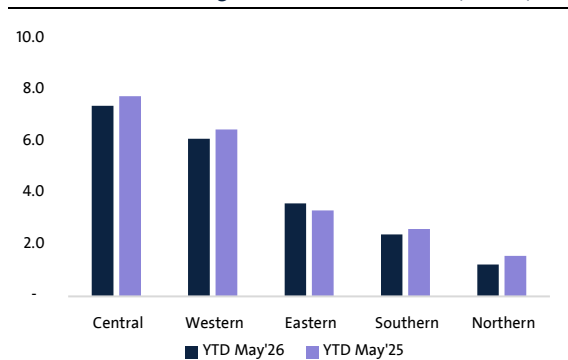
May-26: Demand softened but remains above historical average levels

Cement Sector-YTD Performance vs TASI



Source: AC, Bloomberg

Cement Sector-YTD Regional Sales Performance (mnton)



Source: Yamama, AC

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KSA Cement Sector: Demand softened, but remains inline with historical average

Cement sales expectedly declined in May 2026 a mainly due to reduced number of working days, along with slower construction activity. Demand weakened across all regions except the Eastern Region, which recorded an 8% increase in sales. Export sales also declined during the month, reversing part of the improvement seen earlier in the year. While clinker inventories remain elevated, net realized prices continue showing signs of improvement, suggesting a more stable pricing environment compared to late 2Q and 3Q last year.

Total sales: dropped MoM; still elevated

Total sales declined by 3% YTD May'26. Despite the overall decline in sales, Qassim (+33%), Umm Al Qura (+30%), Eastern (+19%), and Yamama (+5%) outperformed the sector and helped support industry volumes. In May'26, total sales fell 14% YoY to 4.6mn tons, mainly due to weaker local demand, fewer working days, and slower construction activity during the Eid Al Adha holiday period.

Local Sales: Yamama Leads Volumes, Umm Al Qura Leads Growth

Overall, local sales declined by 5% YTD May'26. Sales across most regions weakened in May-26, with the Eastern Region being the only exception. The decline was mainly driven by (i) the Eid Al Adha holiday and fewer working days, and (ii) a slowdown in construction activity across key regions. Despite the weaker market, Umm Al Qura, Eastern, and United were the key outperformers, recording YTD sales growth of 30%, 19%, and 18% respectively. Adjusting for the holidays, local sales are up 12% MoM. Local sales in May-26 reached 4.0mn tons, down 14% YoY and 9% MoM. On a monthly basis, almost all companies recorded lower sales volumes, while Umm Al Qura was the only producer to post growth, with sales increasing by more than 8% MoM.

Exports: Export sales drop MoM; Southern Cement stood out

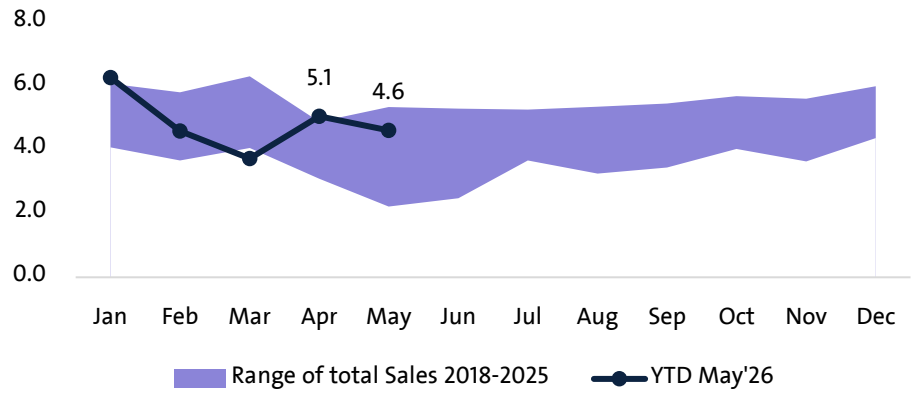
Export sales reached 2.6mn tons in YTD May'26, down 21% YoY, reflecting continued pressure on export activity. In May'26, export volumes declined 9% MoM. Southern Cement stood out as the strongest performer, with export sales rising 224% YTD May'26 and its share of total industry exports increasing to 11%. Meanwhile, Yanbu Cement and Saudi Cement remained the dominant exporters with modest declines in export market share by 3% each YTD May'26.

Valuation & Stock Prices Performance

The market cap of listed cement stocks is down 12% YTD, underperforming TASI by 8% in the same period. Valuation of the cement stocks is at par relative to regional peers. We expect cement prices to remain stable for now given stable market shares among major players.

Cement-Total Sales

Total sales (Local + Exports, mn tons)



Source: AC

Total cement and clinker sales in May-26 declined by 9% MoM and 13% YoY, following the Eid Al Adha period and the reduced number of normal working days.

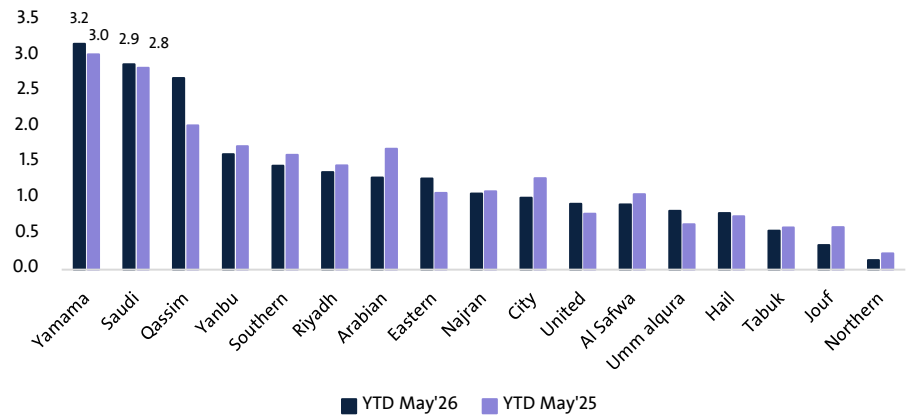
The weaker May performance widened the YTD sales decline to 4%, with cumulative sales reaching 24.3mn tons.

Despite the decline, sales remain above historical averages, suggesting the weakness may be temporary.

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

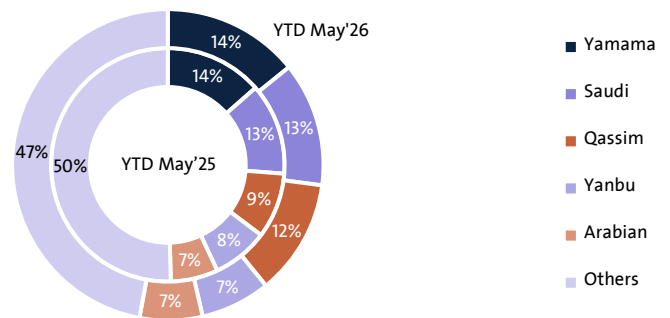
Monthly sales for Yamama Cement reached 3.2mn tons, as of May-26, up 5% YTD. Saudi Cement ranked 2nd, recording total sales of 2.9mn tons, Up 2% compared to the previous year.

Company-wise total sales (mn tons)



Source: AC

Market Share of total cement sales comparison (%)



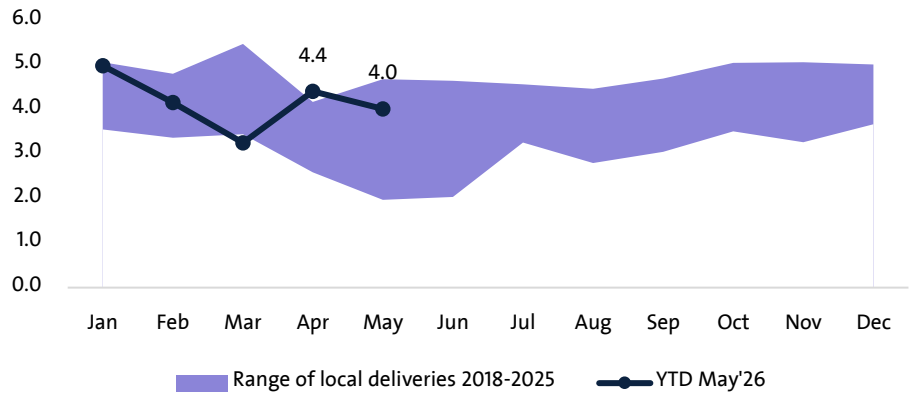
Source: AC

Yamama Cement maintained its market share at 14% in YTD May-26, driven by its strategic location and efficient production facilities. Meanwhile, Saudi Cement remained second with a 13% market share, benefiting from export sales.

Cement-Local Sales

Local sales declined by 9% MoM in May-26 to 4.0mn tons, as all regions recorded weaker demand. Consequently, YTD sales were down 5% YoY, although the Eastern Region remained resilient, posting the only growth among all regions at 8% YoY.

Local cement sales (mn tons)



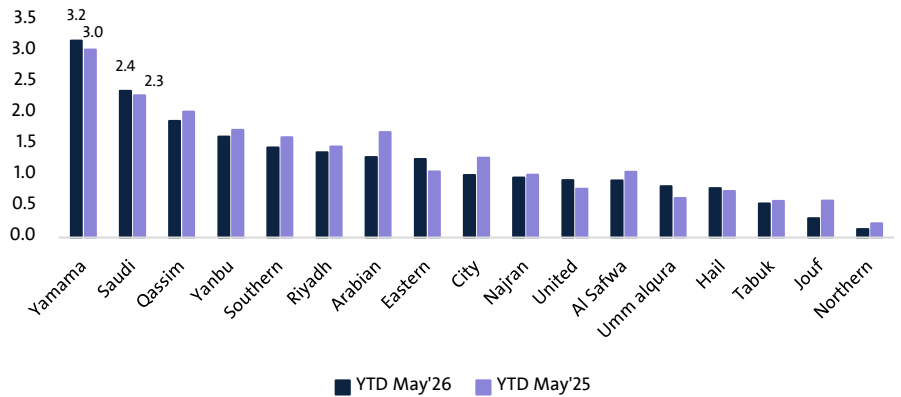
Source: AC

Yamama Cement recorded an increase of more than 0.2 mn tons in local sales YTD as against the drop of over 1.0mn in overall local sales in the same period.

Local sales for Yamama and Saudi Cement grew by 5% and 3% YoY in YTD May'26 respectively.

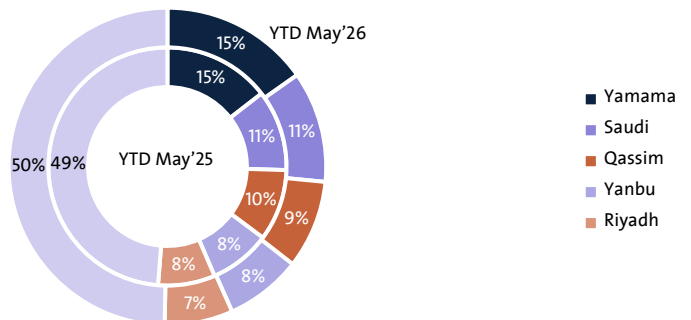
Most companies recorded lower local sales volumes YoY, inline with broader trend in industry's local sales.

Company-wise local sales (mn tons)



Source: AC

Market share of local cement sales comparison (%)



Source: AC

Yamama Cement maintained its M/S in local sales at 15% in YTD May'26. Along with Saudi cement keeping its M/S at 11%.

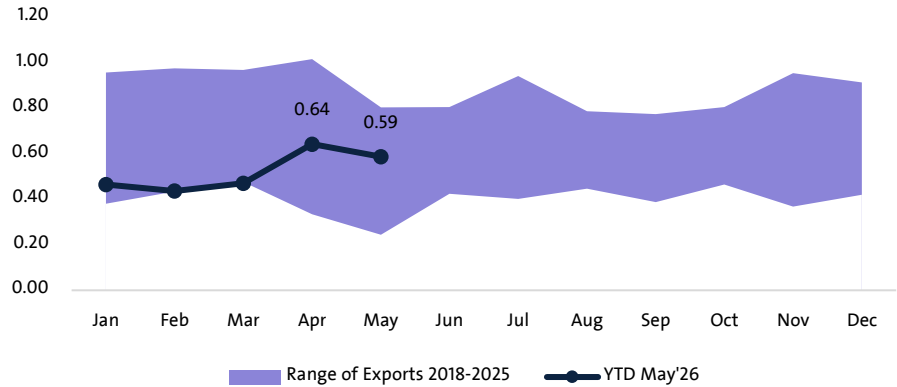
Cement-Exports

Export sales declined by 9% MoM in May-26, with YTD export volumes down 21% YoY.

Lower export margins, higher fuel costs, stronger local demand, and disruptions around the Strait of Hormuz continued to weigh on export activity.

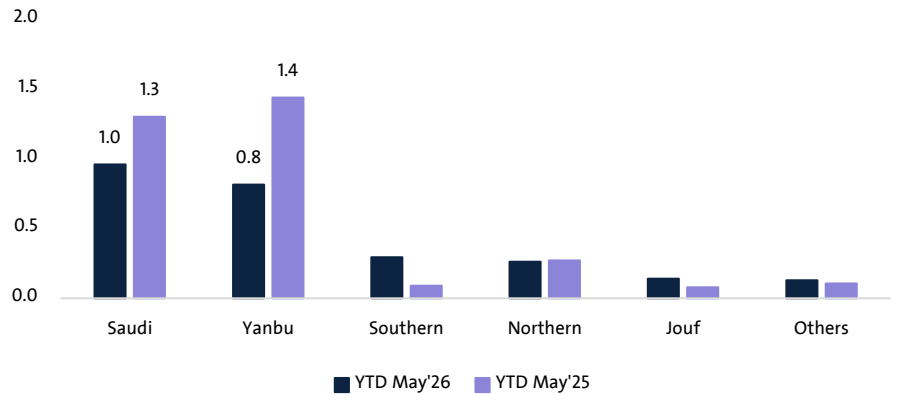
Exports represented 11% of total industry sales, with clinker accounting for nearly 75% of total exports.

Export sales (mn tons)



Source: AC

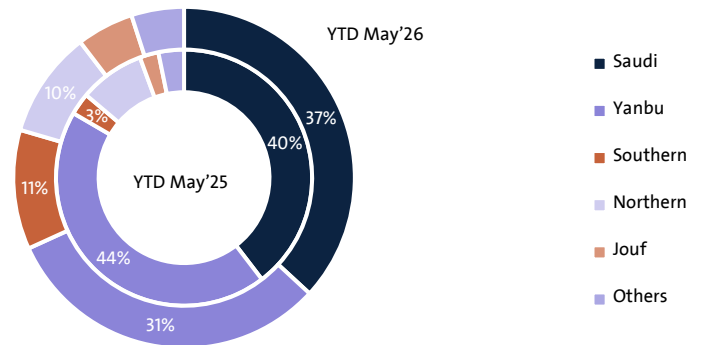
Export sales company-wise (mn tons)



Source: AC

Market share of total cement exports comparison (%)

Southern Cement's export market share substantially increased to 11% in YTD May'26, while Saudi Cement and Yanbu Cement saw their M/S in exports declining to 37% and 31%, respectively.

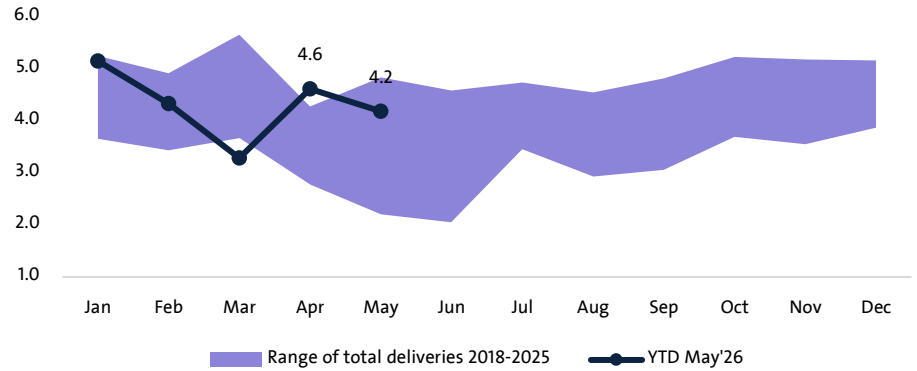


Source: AC

Cement: Production, Inventory & Realized Prices

Cement production (mn tons)

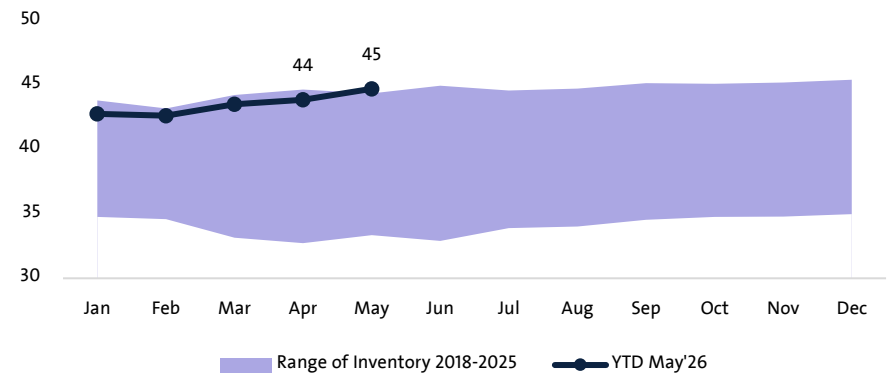
Cement production declined to 4.2mn tons in May-26 amid softer demand, although production levels remained above historical averages.



Source: AC

Clinker inventory (mn tons)

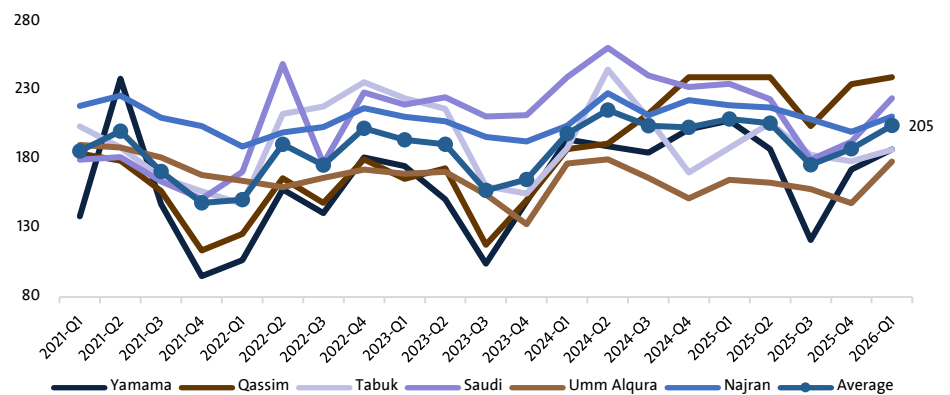
Clinker inventories increased MoM to 45mn tons in May'26 effecting a balanced production-to-sales ratio at 0.9



Source: AC

Realized prices per ton (SAR/ton)*

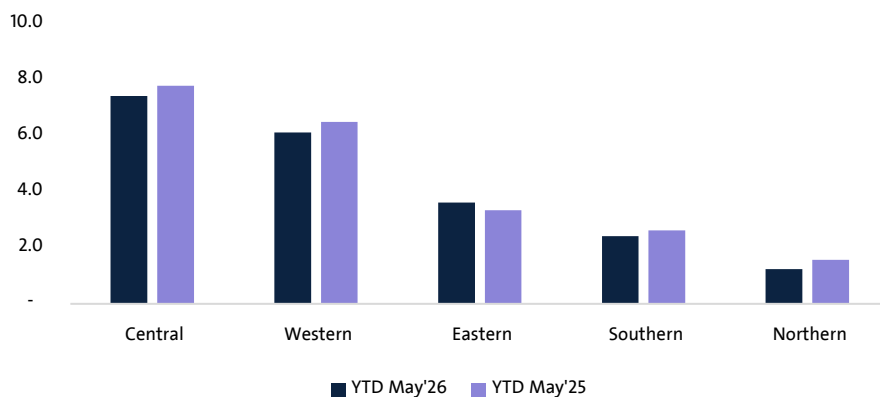
Average realized cement prices reached SAR 205/ton in 1Q26, reflecting a stronger recovery following pricing pressure seen 2Q25 and 3Q25. Realized prices during 1Q26 continued to vary across regions.



*Primarily based on available 1Q accounts Source: AC

Cement: Regional Cement Deliveries

Regional Cement Deliveries (mn tons)



The Central Region remained the Kingdom's largest cement market, with over 7.4mn tons of deliveries in YTD May-26. Despite this, demand declined by 5% YoY. In contrast, the Eastern Region was the only market to record growth, with cement deliveries increasing by 8% YoY.

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
Qassim Cement	KSA	4,779	44.4	19.9	17.8	1.7	1.7	5.0%	4.6%	10.4	13.0
Saudi Cement	KSA	5,058	31.5	13.3	12.9	2.4	2.4	7.3%	8.0%	9.1	8.4
Southern Cement	KSA	2,957	20.2	NM	33.6	1.0	0.9	3.3%	3.6%	26.8	24.9
Yamama Cement	KSA	5,196	25.1	10.3	10.4	1.0	1.0	4.5%	4.3%	10.2	10.7
Yanbu Cement	KSA	2,369	16.6	24.9	19.0	0.9	1.0	8.5%	7.4%	7.9	9.0
Arabian Cement	KSA	2,251	22.5	12.4	11.4	0.9	0.9	6.8%	7.5%	6.7	6.6
Riyadh Cement	KSA	2,666	22.2	12.6	11.5	1.7	1.5	7.0%	5.0%	8.4	7.8
Eastern Cement	KSA	2,120	25.5	8.2	8.5	1.0	0.8	20.3%	14.7%	5.2	4.1
KSA Market mean		3052.6	24.1	12.4	12.7	1.2	1.1	6.1%	5.9%	8.6	8.2
Qatar Cement	QAT	1,889	2.8	11.4	10.7	0.6	0.6	9.1%	10.5%	5.7	5.7
Gulf Cement	UAE	431	1.0	NM	NM	0.7	0.7	NM	NM	16.6	16.6
Titan Cement	BEL	15,973	48.0	11.5	10.3	2.0	1.8	2.5%	2.9%	6.9	6.2
OYAK Cement	TUR	1,801	20.8	14.5	14.4	1.9	1.9	NM	NM	7.5	7.6
Mean		1154.2	2.9	12.5	11.8	1.0	1.0	3.9%	4.5%	7.78	7.6

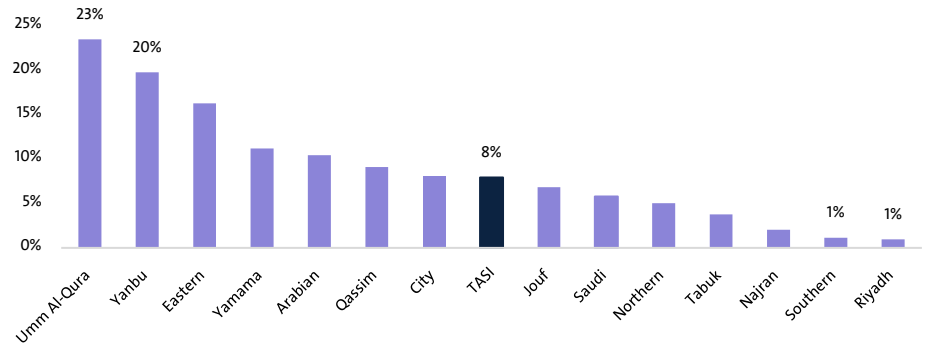
Source: Bloomberg

Stock performance

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

From the past 52 weeks low, TASI has rebounded by 8%

Cement stocks returns from 52-week low



Source: AC

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.

Rating Methodology

Alinma Capital Company (AC) follow a three-tier rating system based on total return methodology as per 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+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 5 May 2026.

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