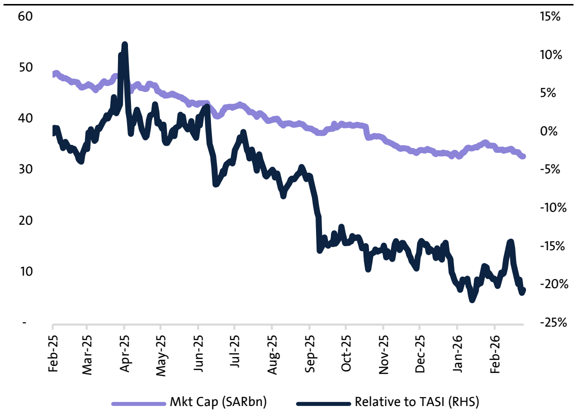
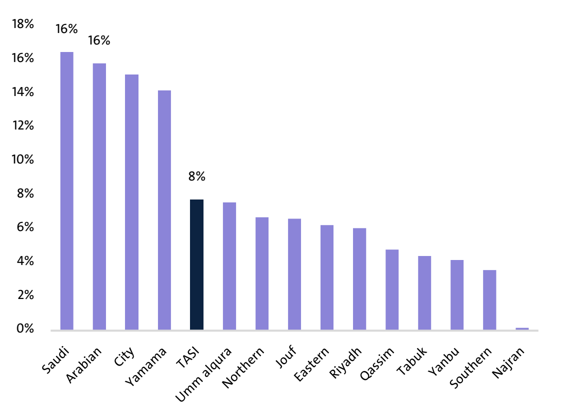
Mar-2026: Export sales recovered; local sales expectedly dragged

Cement Sector-YTD Performance vs TASI



Source: AC, Bloomberg

Stocks return from 52-week low



Source: AC, Bloomberg

Abdulrahman Yusef Alnafia
Research Analyst
aynafiai@alinmacapital.com

Muhammad Fawad Khan, CFA
Head of Research (Sell Side)
mfkqadri@alinmacapital.com

Alinma Capital Company
Al Anoud Tower 2, King Fahad Road,
Riyadh 11544, Kingdom of Saudi
Phone: 011 494 8899
Website: www.alinmacapital.com``````

KSA Cement Sector: Export sales recovered ; local sales expectedly dragged

Cement sales in Mar-26 sharply declined MoM, driven by a drop in local demand. Meanwhile, export sales managed to reverse the declining trend. Demand in Mar-26 was weighed down by mainly the reduced number of working days during the holy month of Ramadan and Eid al-Fitr vacation.

Total sales: 5% drop YTD observed

YTD, total sales have dropped by 5% in 1Q26. Umm Alqura (+36%), Eastern (+16%) and United (+16%) are the key outperformers in total sales. Total sales in Mar-26 declined 8% YoY to 3.7mn tons, the lowest monthly sales in seven years, reflecting a higher number of Eid holidays in the month of Mar.

Local sales: Yamama continues to lead the pack

Overall, local sales have dropped by 4% in 1Q26. Local sales in all regions have declined due to two reasons (i) seasonality, (ii) possible drag from geopolitical-related disruption, particularly in the Eastern region. Umm Alqura, United, Eastern and Yamama were the key outperformers, recording sales growth of 36%, 16%, 16% and 8%, respectively, in 1Q26. Local sales in Mar-26 came in at 3.4mn tons (-7% YoY, down 21% MoM). On MoM basis, all firms suffered a decline, with Qassim Cement being the least impacted (8% drop).

Exports: Changing dominance with Southern buckling the trend

Export sales in 1Q26 came in at 1.4mn tons, recording a sharp decline of 29% YTD. On MoM basis, export sales increased by 8% in Mar-26, arresting the monthly decline in sales observed over the past five months. Southern Cement made a strong comeback with sales growth of 109% YTD, taking its market share to 19% in overall exports. Exports for Yanbu and Saudi dropped by 46% and 37% YTD.

Valuation & Stock Prices Performance

The market cap of listed cement stocks is up 2% YTD, underperforming the 4% return of TASI in the same period. Valuation of the cement stocks remained low relative to regional peers. KSA cement stocks trade at 2026E P/E and P/BV of 17.9x/0.9x respectively at a discount of 12 to 20% respectively. We expect the recovery in realized prices to sustain with the stability in market share of big players.
firms suffered a decline, with Qassim Cement being the least impacted (8% drop).

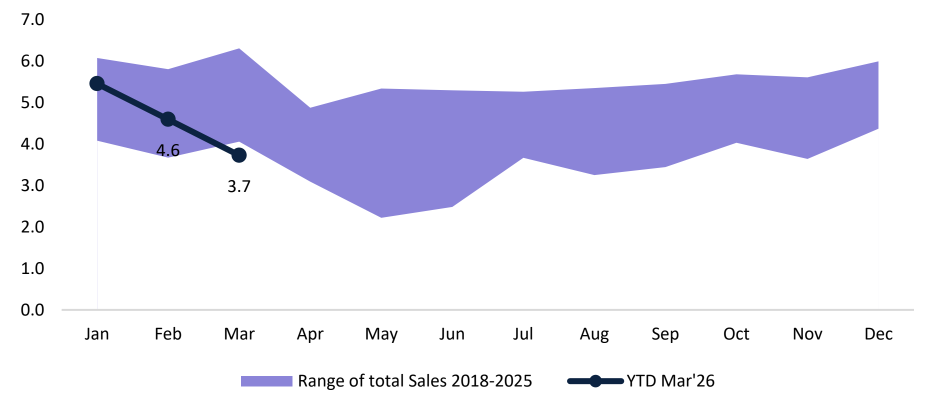
Cement-Total Sales

Total cement and clinker sales in Mar-26 declined by a sharp 19% MoM and 11% YoY to 3.7mn tons.

March included 23 days of which 19 days were in the holy month of Ramadan and 4 days Eid al-Fitr which reduced number of working days in the month compared to Feb-26 and explains the sharp drop in sales.

YTD, total sales have dropped by 8% in the 1Q26.

Total sales (Local + Exports, mn tons)

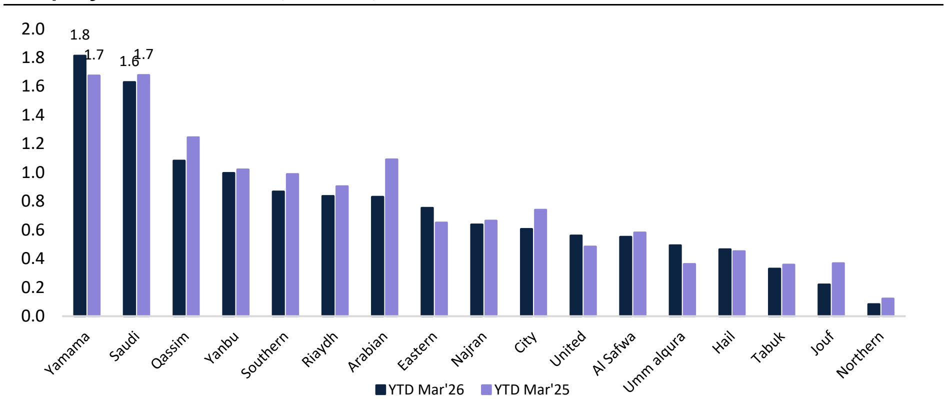


Source: AC

Yamama Cement maintained its industry-leading position with significant outperformance in local sales in 1Q26.

Monthly sales for Yamama Cement reached 1.8mn tons, as of Mar-26, up 9% YoY. Saudi Cement ranked 2nd, recording total sales of 1.6mn tons, down 3% compared to the previous year.

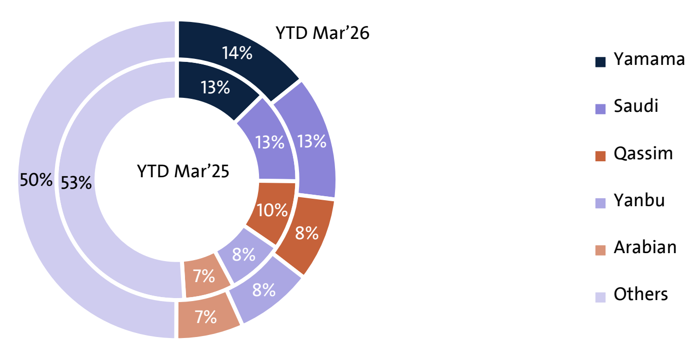
Company-wise total sales (mn tons)



Source: AC

Yamama Cement increased its market share (M/S) to 14% in 1Q26, supported by its strategic location and efficient production facilities.

Market Share of total cement sales comparison (%)



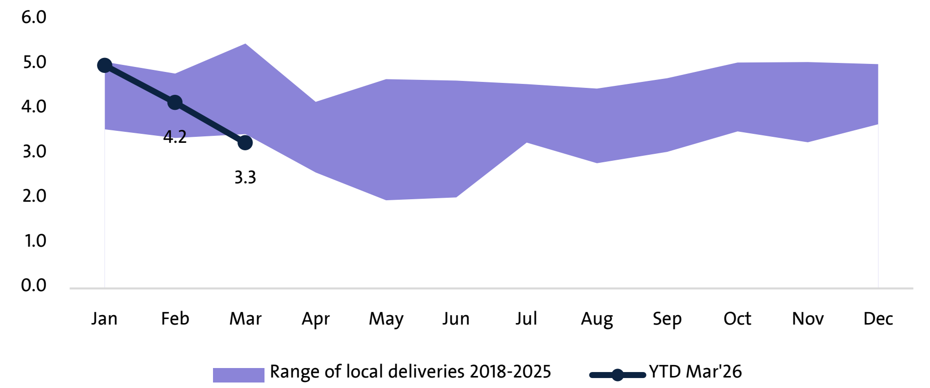
Source: AC

Cement-Local Sales

Local cement sales (mn tons)

Local sales recorded a decline of 21% MoM in Mar-26, to reach 3.3mn tons, primarily due to the Holy Month of Ramadan and Eid al-Fitr which reduced working days overall.

YTD, local sales have slipped by modest 4% YoY.



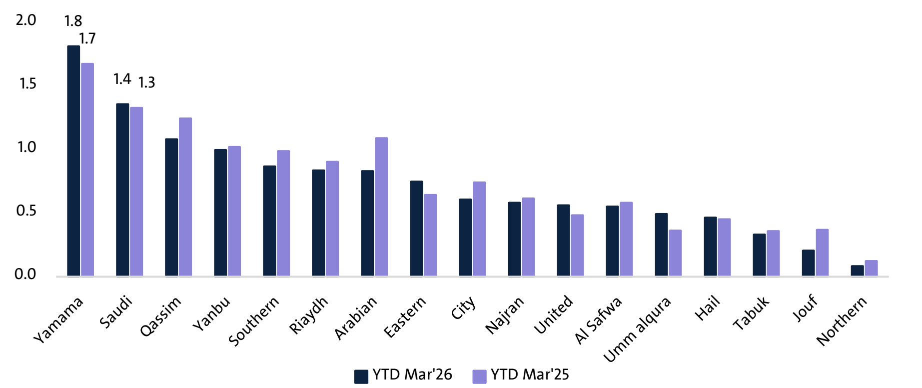
Source: AC

Company-wise local sales (mn tons)

Yamama Cement recorded an increase of 0.1 mn tons in local sales YTD as against the drop of 0.6mn in overall local sales in the same period.

Local sales for Yamama and Saudi Cement grew by 8% and 2% YoY in YTD Mar’26 respectively.

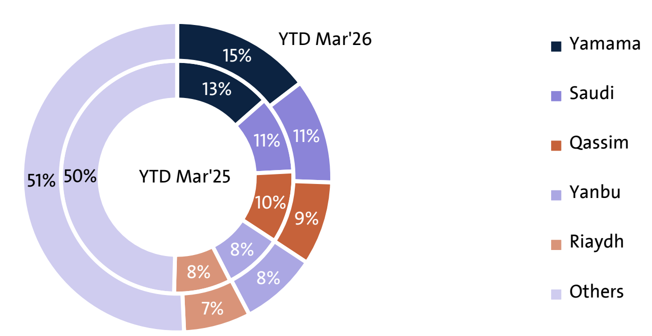
Most of the companies recorded YoY decrease in local sales YTD, inline with broader trend in industry’s local sales.



Source: AC

Market share of local cement sales comparison (%)

Yamama Cement increased its M/S in local sales at 15% in YTD Mar’26 vs 13% in YTD Mar’25. while Saudi maintained its M/S at 11%.



Source: AC

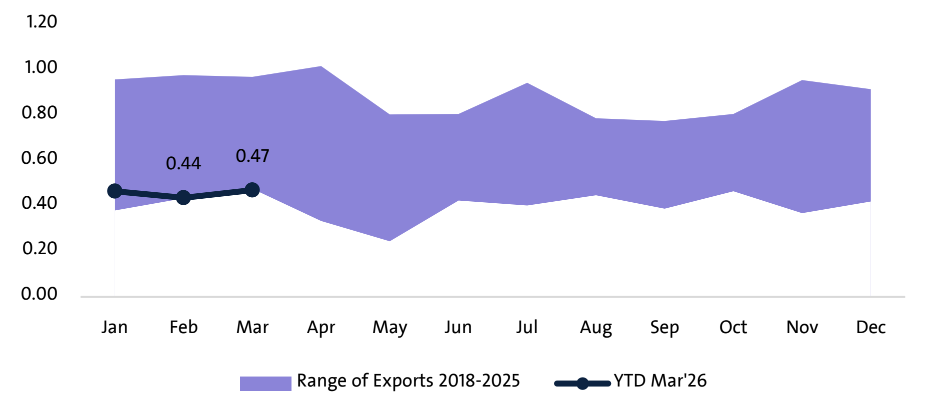
Cement-Exports

Export sales have buckled the declining trend seen in the past five months and recorded a healthy recovery of 8% MoM in Mar-26. However, YTD, export volumes are down by 24%.

Export activity has softened, pressured by lower margins in the wake of higher fuel prices and robust local demand.

Exports are around 10% of total industry sales in Mar-26 (13% in Mar-25). Clinker represents 80% of exports.

Export sales (mn tons)

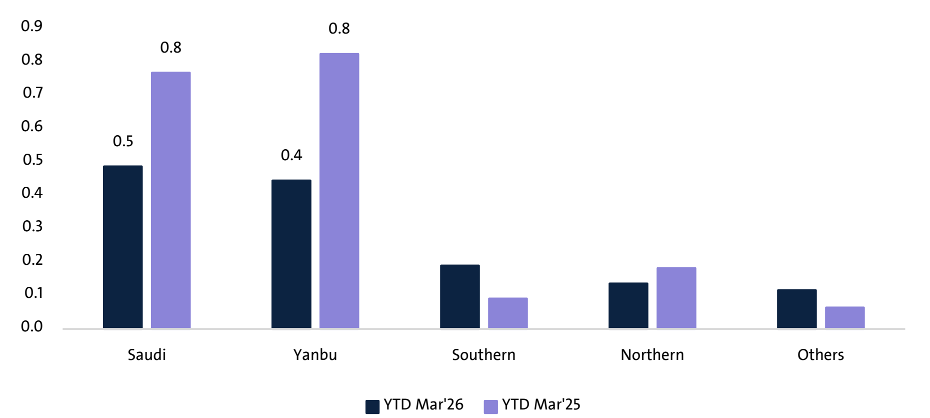


Source: AC

Saudi Cement's exports reached 0.5mn tons YTD Mar'26, down by 37% YoY, while exports for Yanbu Cement dropped to 0.4mn tons (vs 0.8mn tons).

Southern Cement outperformed the industry trend and doubled its sales YoY.

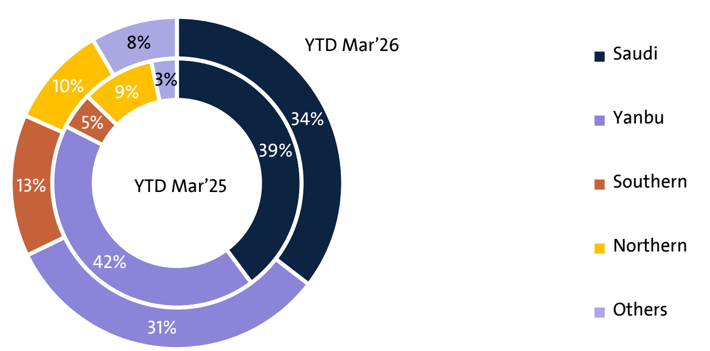
Export sales company-wise (mn tons)



Source: AC

Southern Cement has more than doubled its M/S in exports in 1Q26 to 13% while M/S for Saudi and Yanbu has dropped to 34% and 31%.

Market share of total cement exports comparison (%)

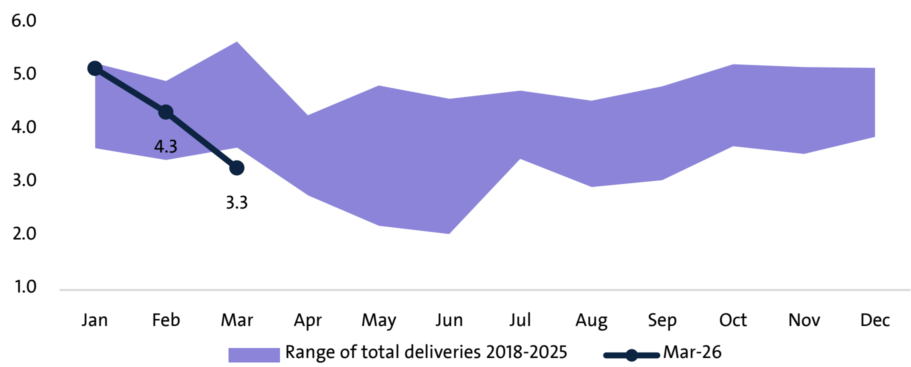


Source: AC

Cement: Production, Inventory & Realized Prices

Cement production dropped to 3.3mn tons in Mar-26, in line with the drop in demand in March

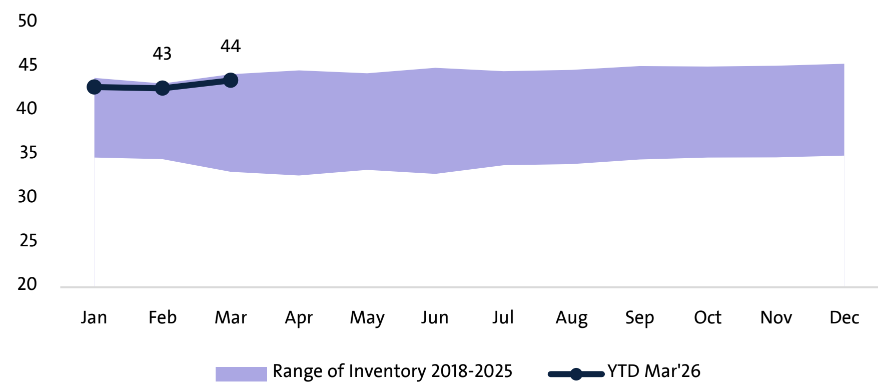
Cement production (mn tons)



Source: AC

Clinker inventories in Mar-26 have slightly increased MoM. However, inventory levels have decreased slightly by 2% YoY due to lower production to sales ratio.

Clinker inventory (mn tons)

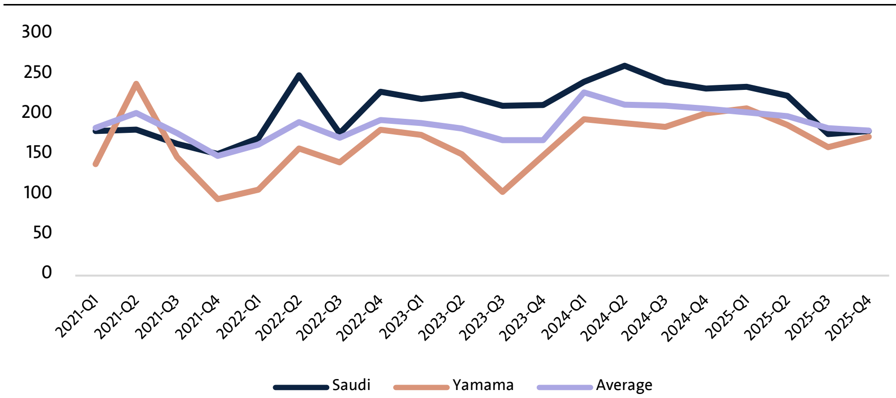


Source: AC

The average local cement prices came in at SAR 182/ton, in 4Q with slight relief in pricing pressure QoQ. Realized prices in 4Q25 varied from region to region.

The recovery in prices QoQ is due to ease in competitive pressure, particularly in the central region. We expect to see further recovery in prices in future months.

Realized prices per ton (SAR/ton)*



*Primarily based on available 3Q accounts 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	4,731	42.9	15.3	12.8	1.7	1.7	5.0%	4.6%	10.4	13.0
Saudi Cement	KSA	5,370	35.0	13.6	12.5	2.4	2.4	7.3%	5.9%	9.9	8.9
Southern Cement	KSA	3,000	21.5	41.8	33.6	1.0	1.0	3.3%	2.4%	26.8	14.0
Yamama Cement	KSA	4,900	24.3	11.4	12.8	1.0	0.9	4.5%	4.2%	10.2	9.5
Yanbu Cement	KSA	2,277	14.5	19.8	15.0	0.9	0.9	8.5%	5.0%	8.3	8.8
Northern Cement	KSA	1,260	7.0	22.0	12.3	0.6	0.6	3.5%	4.1%	13.3	13.2
Najran Cement	KSA	1,025	6.1	18.4	15.8	0.5	0.5	NM	NM	8.2	7.9
Eastern Cement	KSA	1,990	23.2	8.2	8.3	1.0	0.8	20.3%	14.7%	5.2	4.1
KSA Market mean		**2,194**	**14.3**	**17.4**	**16.8**	**0.9**	**1.0**	**5.3%**	**4.5%**	**9.5**	**8.6**
Qatar Cement	QAT	1,931	2.9	11.4	10.7	0.7	0.6	9.1%	10.0%	5.7	5.7
Gulf Cement	UAE	378	0.9	NM	NM	0.7	0.7	NM	NM	16.4	16.6
Arabian Cement	EGY	1,432	49.0	5.1	5.6	6.3	5.6	0.7%	1.0%	6.5	3.7
OYAK Cement	TUR	10,260	25.56	2.0	1.5	1.9	1.9	NM	NM	7.5	7.6
Mean		**1,010**	**2.6**	**6.1**	**5.9**	**1.1**	**1.1**	**1.3%**	**1.0%**	**5.9**	**6.2**

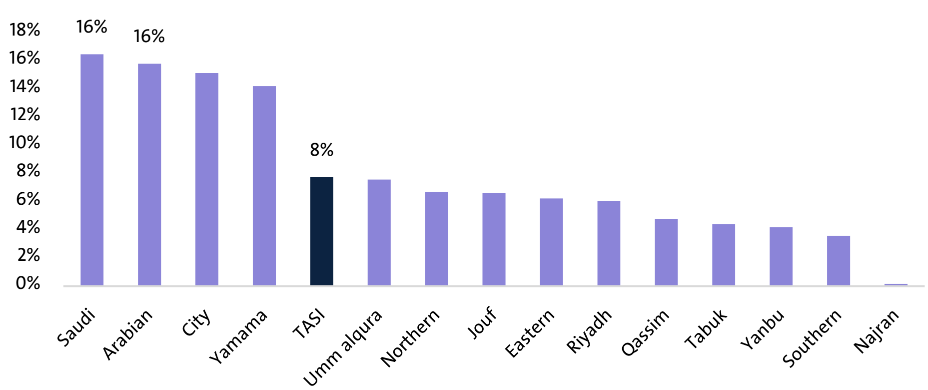
Source: Bloomberg

Stock performance

Cement stocks have rebounded from their 52-week lows. Saudi Cement and Arabian Cement have outperformed the TASI, while Najran Cement remains near its lowest levels and has 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.

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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 15 April 2026.

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