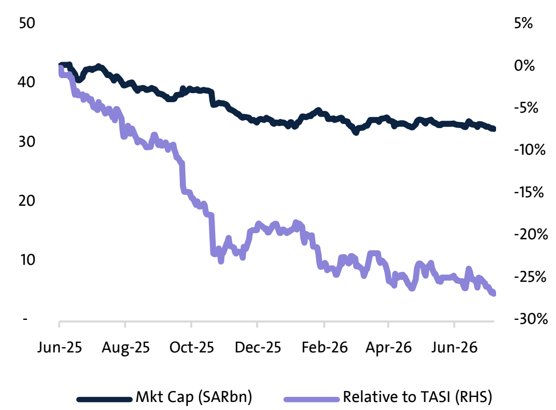
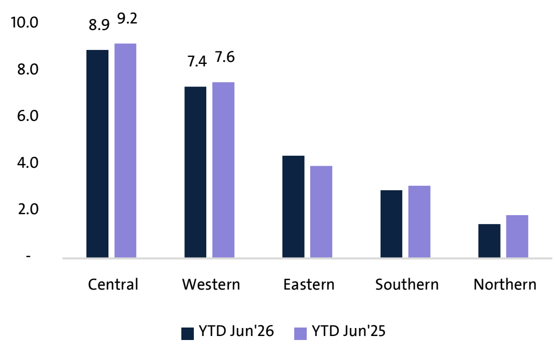
June-26: Local sales rebounded; exports remained a drag

Cement Sector-YTD Performance vs TASI



Source: AC, Bloomberg

Cement Sector-YTD Regional Sales Performance (mnton)



Source: Yamama, AC

KSA Cement Sector: Demand improved MoM; Western region shines

Cement sales rebounded in June 2026, mainly due to a return to normal activity levels and higher construction activity. Demand improved across all regions, particularly in the Western Region, which recorded a 12% MoM increase in sales. Export sales declined during the month, reversing some of the earlier-year improvement. While clinker inventories remain elevated, net realized prices continue to show signs of improvement, suggesting a more stable pricing environment than late 2Q and 3Q last year.

Total sales: Nominal recovery due to drag from exports

Total sales improved by 3% MoM in Jun-26, narrowing the YTD decline to 2%. The recovery was supported by strong performances from Umm Al Qura (+34%), Qassim (+27%), Eastern (+20%), and Yamama (+7%), all of which outpaced the sector and contributed to overall industry volume growth. On a YoY basis, total sales rose 9% to 4.3mn tons in Jun-26, driven by stronger local demand, normalized working days, and a pickup in construction activity following the Eid Al Adha holiday slowdown.

Local Sales: Yamama drives leadership, Arabian drives MoM growth

Overall, local sales improved by 5% MoM in Jun'26. Sales rebounded across most regions in June-26, led by the Western Region, which recorded the highest growth at 12% YoY. The increase was mainly driven by (i) return to normal working days, and (ii) a improved in construction activity across key regions. Local sales in Jun-26 reached 4.2mn tons, up 10% YoY. On a monthly basis, almost all companies recorded higher sales volumes. Arabian outperformed its peers and posted significant growth of 32% MoM.

Exports: Sales drop MoM; Southern Cement stood out

Export sales reached 3.1mn tons in YTD Jun'26, down 23% YoY, reflecting continued pressure on export activity. In Jun'26, export volumes declined 36% YoY. Southern Cement stood out as the strongest performer, with export sales rising 3x more YTD Jun'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 Jun'26.

Valuation & Stock Prices Performance

The market cap of listed cement stocks is down 1% YTD, underperforming TASI by 4% in the same period. Valuation of the cement P/E stocks is at 31% discount relative to peers in other markets. We expect cement prices to remain stable for now given stable market shares among major players. Stable prices , coupled with QoQ, local sales jump of 2%, should allow cement companies to post reltively stable profitability sequentially in 2Q26.

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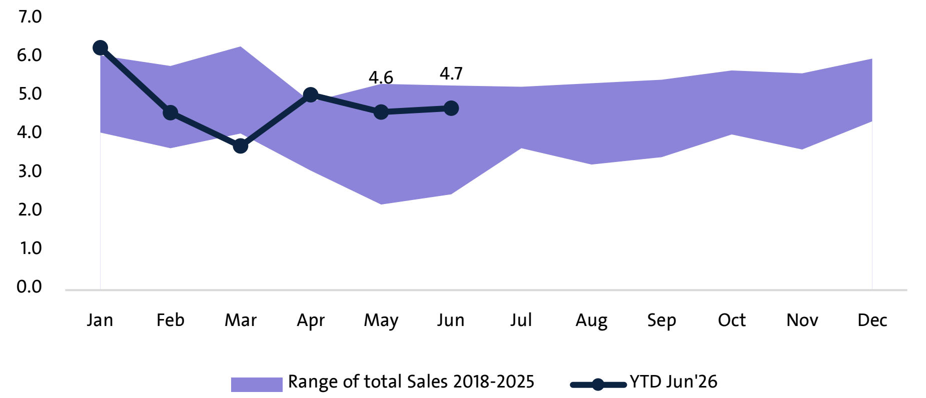
Cement-Total Sales

Total cement and clinker sales in Jun-26 improved by 2% MoM and 4% YoY, suggesting stronger demand momentum and providing a solid foundation for further growth.

The recvory in sales growth in June norrowed the YTD sales decline to 2%, with cumulative sales reaching 28.9mn tons.

Total sales (Local + Exports, mn tons)

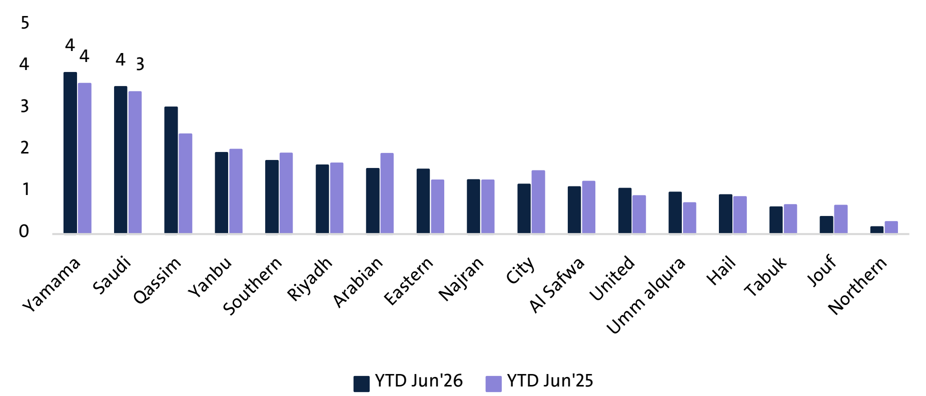


Source: AC

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

Monthly sales for Yamama Cement reached 3.9mn tons, as of Jun-26, up 7% YTD. Saudi Cement ranked 2nd, recording total sales of 3.5mn tons, Up 3% compared to the previous year.

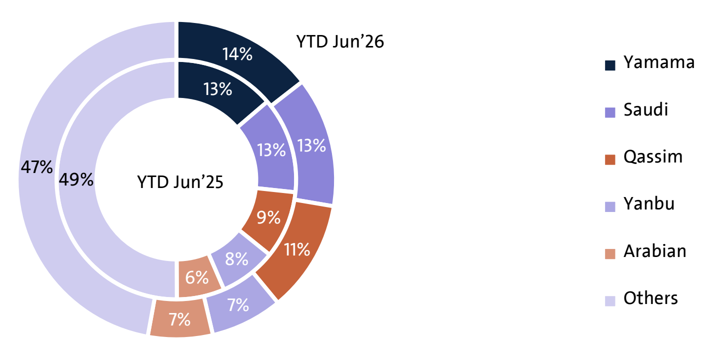
Company-wise total sales (mn tons)



Source: AC

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

Market Share of total cement sales comparison (%)



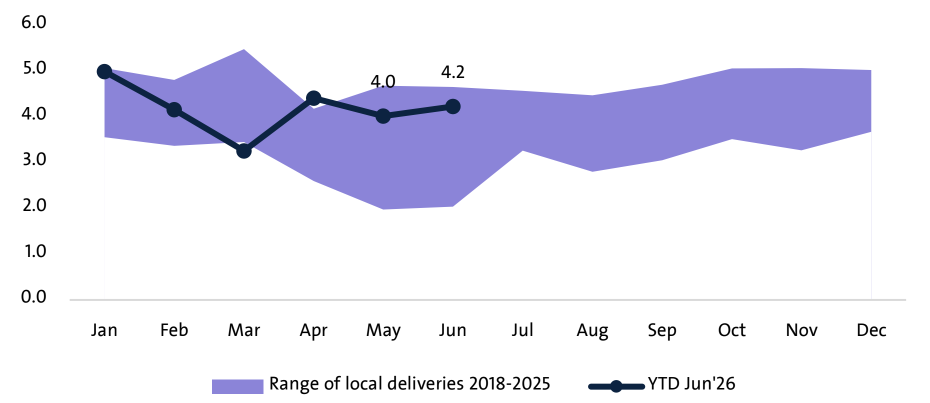
Source: AC

Cement-Local Sales

Local sales increased by 5% MoM in Jun-26 to 4.2mn tons, as all regions recorded recovery in demand. Consequently, YTD decine in sales shrank to 2% YoY vs 3% in the fist five months.

The Western region drove the growth local sales performance, posting the highest growth among all regions at 12% YoY.

Local cement sales (mn tons)



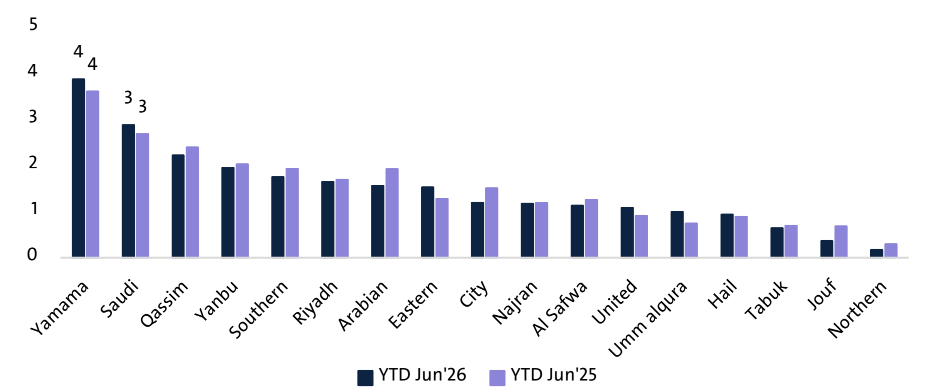
Source: AC

Yamama Cement recorded an increase of more than 0.3 mn tons in local sales YTD as against the drop of over 0.6mn in overall local sales in the same period.

Local sales for Yamama and Saudi Cement grew equally by 7% YoY in YTD Jun'26.

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

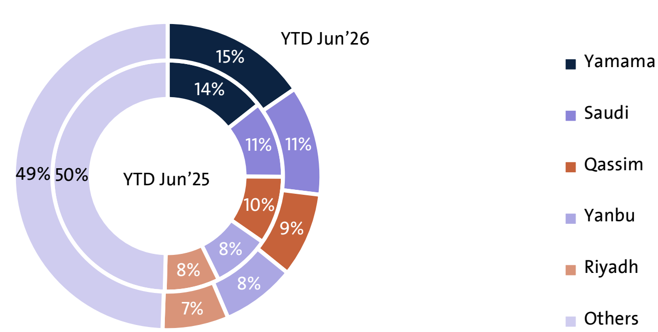
Company-wise local sales (mn tons)



Source: AC

Yamama Cement increased its M/S in local sales at 15% in YTD Jun'26 vs 14% in the first six months last year.

Market share of local cement sales comparison (%)



Source: AC

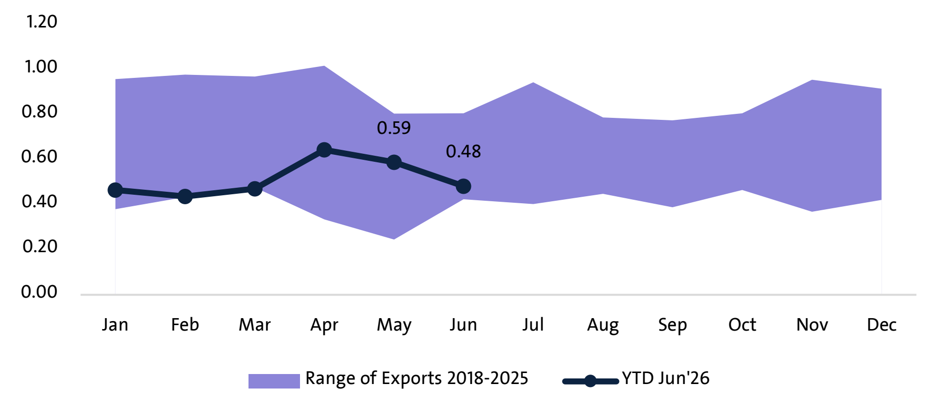
Cement-Exports

Export sales declined by 23% MoM in Jun-26. YTD export volumes are down 23% YoY.

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

Exports represented 11% of total industry sales, with clinker accounting for nearly 80% of total exports.

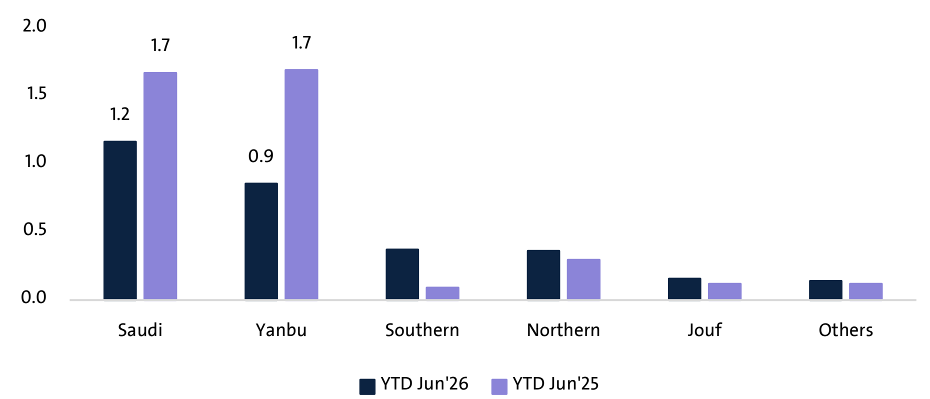
Export sales (mn tons)



Source: AC

Saudi Cement's exports reached 1.2mn tons in YTD Jun-26, declining 30% YoY. Similarly, Yanbu Cement's exports fell to 0.9mn tons (vs. 1.7mn tons), contributing to a 21% decline in total export sales (vs YTD Jun-25). Meanwhile, Southern Province Cement outperformed the broader trend, with exports increasing by +3x YoY.

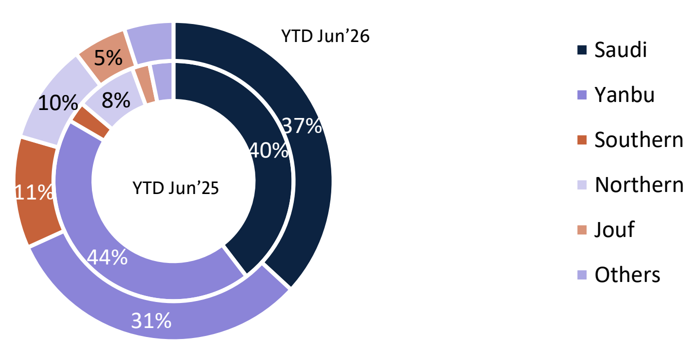
Export sales company-wise (mn tons)



Source: AC

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

Market share of total cement exports comparison (%)

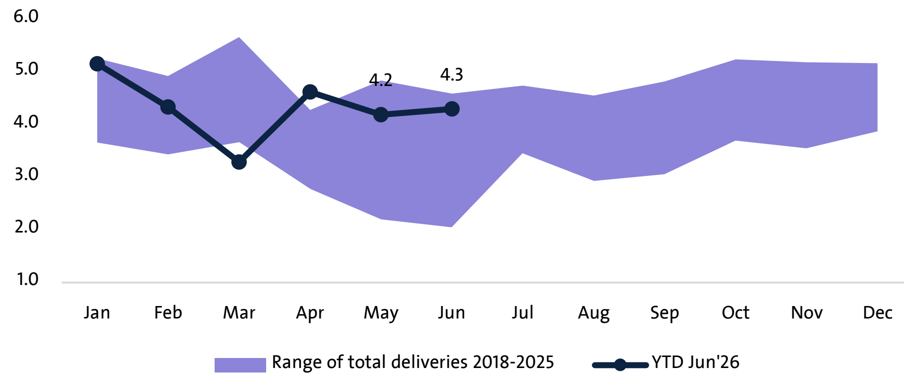


Source: AC

Cement: Production, Inventory & Realized Prices

Cement production increased to 4.3mn tons in Jun-26, reflecting improving demand momentum.

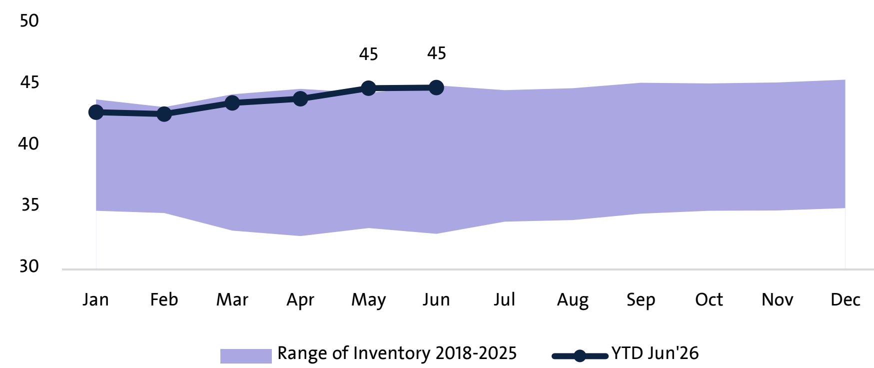
Cement production (mn tons)



Source: AC

Clinker inventories remained one of the highest levels at 45mn tons, despite a balanced production-to-sales ratio of 0.9.

Clinker inventory (mn tons)

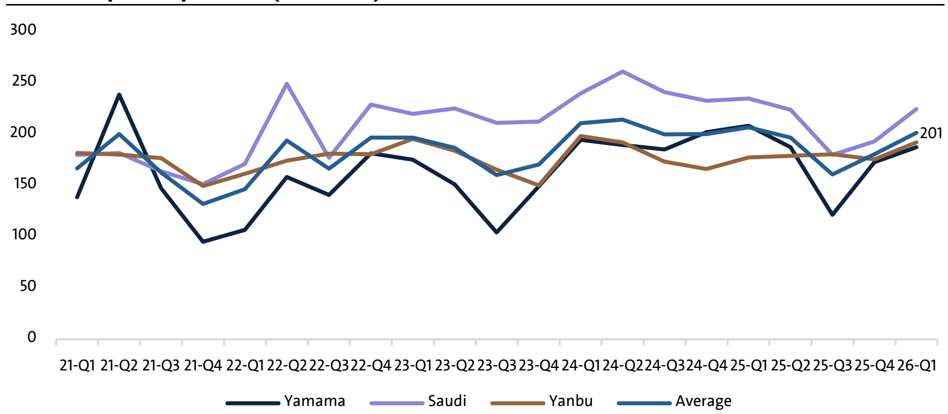


Source: AC

Average realized cement prices reached SAR 201/ton in 1Q26, reflecting a stronger recovery following pricing pressure seen in in 2Q25 and 3Q25. Realized prices during 1Q26 continued to vary across regions.

The QoQ recovery in prices was driven by easing competitive pressure, particularly in the central region.

Realized prices per ton (SAR/ton)*

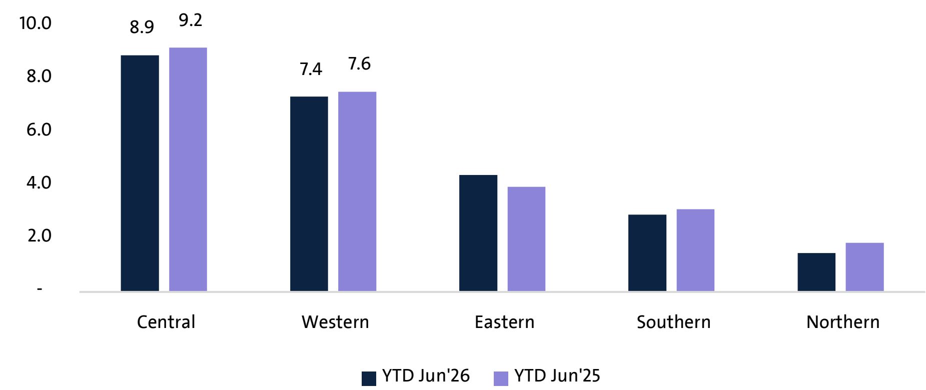


*Primarily based on available 1Q accounts Source: AC

Cement: Regional Cement Deliveries

The Central Region remained the Kingdom's largest cement market, with over 8.9mn tons of deliveries in YTD Jun-26. Despite this, demand declined by 3% YoY. In contrast, the Eastern Region was the only market to record growth, with cement deliveries increasing by 11% YoY.

Regional Cement Deliveries (mn tons)



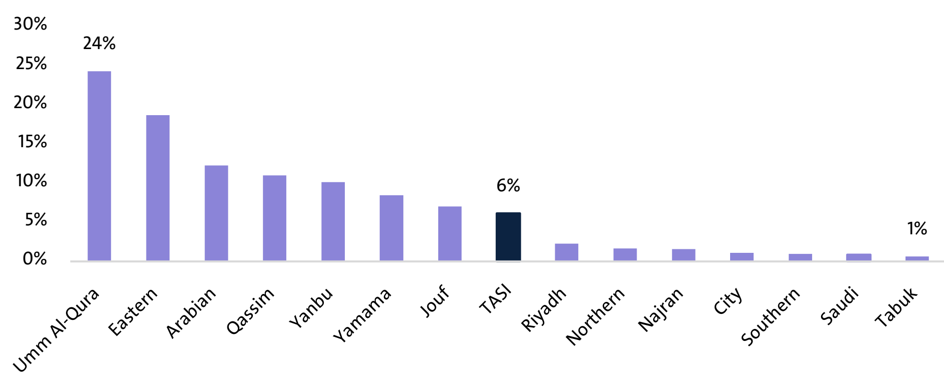
Source: AC

Stock performance

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

From the past 52 weeks low, TASI has rebounded by 6%

Cement stocks returns from 52-week low



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	4,928	44.9	17.8	16.6	1.7	1.7	5.0%	5.2%	10.4	13.0
Saudi Cement	KSA	4,596	30.0	13.1	12.9	2.4	2.4	7.3%	8.1%	9.1	8.3
Southern Cement	KSA	2,701	19.3		36.4	1.0	0.9	3.3%	3.6%	26.8	24.9
Yamama Cement	KSA	4,984	24.6	10.5	10.4	1.0	1.0	4.5%	4.2%	10.2	10.8
Yanbu Cement	KSA	2,411	15.3	23.5	15.5	0.9	1.0	8.5%	7.9%	7.9	8.5
Northern Cement	KSA	1,199	6.7	12.4	11.4	0.9	0.9	6.8%	7.5%	6.7	6.6
Riyadh Cement	KSA	2,706	22.6	10.7	10.3	1.7	1.5	7.0%	5.0%	8.4	7.8
Eastern Cement	KSA	2,243	26.1	8.2	8.5	1.0	0.8	20.3%	14.7%	5.2	4.1
KSA Market mean		**2618.0**	**17.9**	**12.4**	**12.7**	**1.2**	**1.1**	**6.1%**	**5.9%**	**8.6**	**8.2**
UltraTech	IND	136,012	11,539	34.8	32.8	3.9	3.5	1.1%	1.1%	17.8	18.0
Anhui Conch	CNY	32,599	17	11.3	10.0	0.5	0.5	4.7%	5.5%	3.7	3.3
Siam Cement	THA	32,256	240	24.4	19.7	0.8	0.8	2.2%	2.5%	12.8	11.8
Holcim Maroc	MAR	22,916	2,445	18.0	16.1	NM	NM	5.7%	6.2%	9.2	8.2
GCC, S.A.B.	MEX	14,804	206	12.5	11.2	1.5	1.4	1.0%	8.6%	7.1	6.5
Qatar Cement	QAT	1,873	3	11.4	10.7	0.6	0.6	9.1%	10.5%	5.7	5.7
Titan Cement	BEL	17,266	51	11.5	10.3	2.0	1.8	2.5%	2.9%	6.9	6.2
Oyak Cement	TUR	8,073	21	14.5	14.4	1.9	1.9	NM	NM	7.5	7.6
Ambuja Cement	IND	42,812	433	64.9	33.0	1.6	1.5	2.4%	0.5%	15.8	15.0
Mean		**9790.8**	**18.0**	**16.3**	**14.4**	**1.1**	**1.1**	**2.2%**	**1.9%**	**7.7**	**7.2**

Source: Bloomberg

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) follows a three-tier rating system based on total return methodology as per the 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% and +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 Jun 2026.

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