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Yamama Cement to commission new 12,500 tpd clinker line in 3Q26

Last Price: SAR 25.4 | Consensus Target Price: SAR 30.3 | YoY Performance: -26.7%

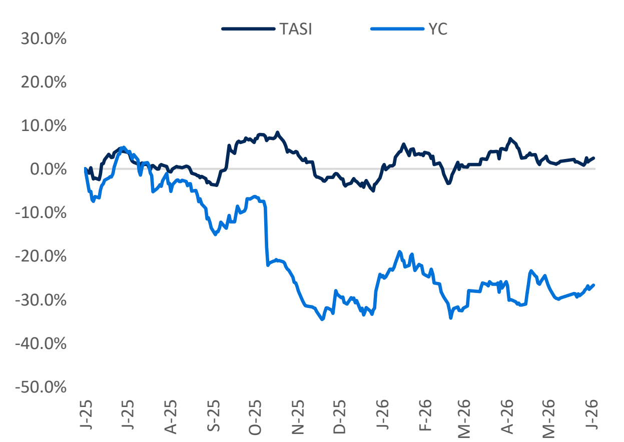
Yamama Cement announced that commercial operations of its third production line (formerly Line 7) will commence on July 1, 2026. The line will add 12,500 tons per day (tpd) of clinker capacity at the company's Al-Halal North plant in Al-Kharj following the completion of a SAR 830 mn relocation project from its legacy Riyadh facility. Trial operations commenced in March 2026, with commercial production scheduled to begin at the start of 3Q26.

We highlight that the company currently operates with a capacity of 20,000 tpd, implying a 63% increase in total capacity following the commissioning of the new line. Yamama is already the Kingdom's largest cement producer by domestic sales volumes and continues to outperform the broader market. Local cement sales reached 3.1 mn tons in 5M26, up 4.9% YoY, compared with a 4.6% YoY decline in industry domestic cement sales. Consequently, the company's domestic market share expanded to 15.3% in 5M26 from 13.8% in 5M25.

That said, the capacity addition comes at a time when industry clinker inventories remain elevated at 44.74 mn tons. Yamama's clinker inventory stood at 5.49 mn tons at end-May 2026, the highest in the sector. As a result, the new line may place additional pressure on inventory levels in the near term unless domestic demand improves meaningfully. While the commissioning is strategically positive and strengthens Yamama's long-term growth potential, the pace at which the additional capacity translates into earnings growth will depend on the recovery of domestic cement demand and the industry's ability to absorb excess clinker inventories.

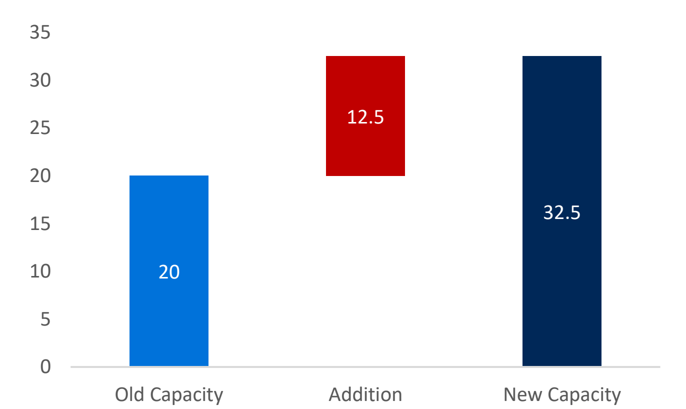
Yamama's share price has declined 26.7% YoY, underperforming the TASI, which gained 2.4% over the same period. The stock currently trades at a 2026f P/E of 11.8x and offers a consensus-implied upside of 19.2%, based on a target price of SAR 30.3/share.

Relative price chart



Source: Tadawul, anbc research

Production capacity (000' TPD)



Source: Company financials, anbc research

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