

ALWAYS THE FIRST CHOICE OF OUR PARTNERS

2018 ANNUAL REPORT



1979 1980 1981 1982 1983 1984 1985 1986 1987 1988
1989 1990 1991 1992 1993 1994 1995 1996 1997 1998
1999 2000 2001 2002 2003 2004 2005 2006 2007 2008
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018



Custodian of The Two Holy Mosques
King Salman Bin Abdulaziz Al Saud



His Royal Highness
Prince Mohammed Bin Salman Bin Abdulaziz Al Saud
Crown Prince & Deputy Prime Minister & Minister of Defense

KEY FIGURES 2018

<p>5.7 Clinker Production million tons</p>	<p>4.4 Local Cement Sales million tons</p>	<p>1.5 Clinker Export million tons</p>
<p>10% Market Share</p>	<p>654 Local Sales million SAR</p>	<p>113 Export Sales million SAR</p>
<p>143 Gross Profit million SAR</p>	<p>287 Operating EBZTDA million SAR</p>	<p>93 Net Profit million SAR</p>

**VICE CHAIRMAN STATMENT
CEO STATMENT**

Pages 7-8

40 SUCCSSEFUL YEARS

AT GALANCE

Page 15

MARKET OUTLOOK

Page 18

STRATEGY 2020

People development & engagement... Page 27

Cash & cost optimization ...Page 31

Products & volumes...Page 33

Assets utilization... Page 35

Sustainability & industrial automationPage 37

SAFETY AND ENVIRONMENT

Page 39

SOCIAL RESPONSIBILITY

Page 41

PERFORMANCE MANAGEMENT

Page 43

GOVERNANCE, RISK AND COMPLIANCE

Page 52

FINANCIAL INFORMATION

Consolidated Financial Statements Page 80

5-year-review Page 81

BOARD OF DIRECTORS



HRH Prince Abdulaziz bin Meshaal Al Saud
Chairman
Biography P73



Fahd Al Rajhi
Vice Chairman
Biography P73



Saeed Al-Esayi
Member
Biography P73



Mohammed Al-Khuraiji
Member
Biography P73



Turki Al-Mubarak
Member representing Public Investment Fund
Biography P74



Abdulaziz Al-Rajhi
Member
Biography P74



Dr. Ahmed Zugail
Member and CEO
Biography P73



Amin Al-Sunaidi
Member representing Public Pension Agency
Biography P73



Fahd Al Ajlan
Member representing General Organization for Social and Insurance
Biography P74



Ibrahim Al-Rashed
Member representing Social Development Bank
Biography P74



Riyadh Aba Al Khail
Member
Biography P74

VICE CHAIRMAN STATEMENT

2018 stood out as a unique year compared to earlier years, it was a year full of major challenges and rough turns as a result of the regional and global economic situation which impacted directly trade and industrial activities in the Saudi economy.

As usual YCC was prepared for these market challenges and capable to absorb its negative impacts, YCC was prepared by a proactive strategy that projected earlier the challenges and plotted the right mitigation action plans, that proved YCC managerial and technical capabilities in managing change effectively without negative impacts on industrial and commercial performance sustaining our customers' satisfaction.

YCC projected the current drop in demand and increase in clinker inventories driven by the slowdown in the construction market which is our mainstream customer and cement industry breathing lung forecasted as a natural temporarily result to the current kingdom economic situation during NTP and in line with 2030 vision.

The kingdom's Leadership is exerting all possible efforts to reform and boost kingdom's economy through the launch of mega projects that were announced in 2019 budget which elevated our hopes and cemented our expectations for another round prosperity and flourishing the local economy.

That said, we shouldn't overlook the fact of YCC commitment towards vision 2030 pillars in regards of saudisation and attracting Saudi talents and also our social responsibilities.

On behalf of my fellow board members, myself and if you allow me all the shareholders; I would like to subject special thanks and recognition for all YCC employees for their efforts and performance that was reflected in 2018 results; asking Allah that we have achieved results up to your expectations and satisfaction.

Last but not least; the board of directors subject special thanks and appreciation to the custodian of the two Holy mosques king Salman Ibn Abdelaziz Al Saud and His Royal Highness crown prince Mohamed bin Salman for their care, support and encouragement of national industrial sector.

Finally, on behalf of YCC board of directors, I am pleased to offer you YCC 2018 annual report ensuring you of our Keen interest in receiving your recommendations and feedback on our performance towards our common goal for better YCC and its prosperous future.

Best Regards

Vice Chairman
Fahd Al Rajhi

CEO STATEMENT

Saudi Cement Sector was a sold-out market until 2015 where market growth over the 10 years span starting 2006 was always on the positive growth with an average of 11%. Capacity increase rate was also continuously increasing at a similar pace with an average of 10.5% over the same period; starting 2016 in line with Oil Prices drop recording a 50% drop in the 2nd half of 2014 and another 50% drop over 2015 that impacted GDP and consequently demand dropped by almost 10% in 2016, 13% in 2017 and 15% in 2018.

The sector was shocked by transforming from a sold-out market to around 50% utilization in 2018 that resulted in major market pressures and fierce price wars; the market situation from 2016 and 2018 resulted in three main phenomena:

1. High Level Clinker Stocks
2. Some Companies started making losses
3. Some Companies started halting production (partially)

YCC as a market leader and always an example in leadership took the initiative in 2016 and adopted performance driven visionary leadership style. In 2016 YCC was the first company in the sector to include performance management and strategic planning in its organization with a team of experts fully dedicated for the implementation of a companywide cultural and operational transformation.

The results of 2018 were the fruit of that direction. YCC was the only profitable company in the western region which suffered the most in the fierce market price war. YCC was able to achieve that by maximizing production, decreasing cost to the international standards and exporting 50% of the kingdom clinker backed by its premium quality and competitive prices.

Through optimization, YCC maximized the use of industrial assets producing \approx 21,000 tons from its two lines with an increase of 16% over design capacity without any major investment and with high reliability that facilitated more than 10% savings in maintenance and spare parts cost while producing the highest quality clinker in the kingdom. YCC developed its optimization strategy in line with the kingdom vision of energy efficiency and CO₂ reduction achieving close to world standard energy utilization and emission levels supported by power generation through waste heat recovery system (WHR) and other industrial edge technology.

Through technological advancements, operational efficiency and talent development strategies; YCC achieved the highest level of effective saudisation and empowerment in supervisory and engineering levels; the Saudi workforce now represents 40% of the company workforce.






In 2019, YCC growth strategy is based on people, technology and sustainability with world class targets that will put YCC on the level of international cement players.

Best Regards

CEO & Board Member
Ahmed Zugail

40 SUCCESSFUL YEARS IN OPERATION

1979 1980 1981 1982 1983 1999 2000 2001 2002 2003
 1984 1985 1986 1987 1988 2004 2005 2006 2007 2008
 1989 1990 1991 1992 1993 2009 2010 2011 2012 2013
 1994 1995 1996 1997 1998 2014 2015 2016 2017 2018

1976	1980	1982	1984	1993	1997	2005	2011	2013	2016	2018
<p>Established as a joint stock company with a capital of SAR 700mn</p> 	<p>Commercial operation Lines 1 & 2 1500 t/d each</p> <ul style="list-style-type: none"> -Annual Production volume 1.28 MT line (Line 1-2-3) -Long dry process -Installed by KHD 	<p>Commercial operation Line 3. 1000 t/d</p>	<p>YCC was listed in Capital Market Authority (Code 3060)</p>	<p>Commercial operation line 4 7000 t/d Installed by KHD</p> 	<p>Capacity Upgrade Line 4 to 8500 t/d</p>	<p>Commercial operation Line 5 10000 t/d Installed by SINOMA</p> 	<p>Capital Increased from SAR 1050mn to SAR 1575mn through issuing 50% bonus shares</p>	<p>Capacity Boost through technical optimization Line 4 to 9000 t/d Line 5 to 12000 t/d</p>	<p>Lowest cash cost in KSA cement Sector Market leader in quality Market share 10%</p> <p>Corporate Identity change</p> 	<p>اسمنت ينبع Yanbu Cement</p>

Yanbu Cement Company 40 years in lines



Late HRH Prince Meshaal bin Abdulaziz Al Saud
Founder & Chairman
1976-2017



Mr. Suliman Al Rajhi
Founder & Vice Chairman
1976-2017



Mr. Abdel Raouf Abu Zinadah
Founder & Managing Director
1976-2017



Eng. Omar Beghafar
General Manager
1976-1984



Dr. Saud Islam
General Manager & Board Member
1984-2012

Yanbu Cement Company 40 years in lines



In 1999, HRH King Abdullah inaugurated Yanbu Cement fourth production line with a capacity of 7,000 tons of clinker per day, In the presence of HRH prince Meshal Ibn Abdulaziz YCC Chairman & Dr. Saud Islam YCC's then earlier CEO & Board Member. In the top photo Dr. Ahmed Zugail, the project manager at the time & the current CEO & Board member illustrating/explaining the project features.



We aim to generate one-third of our turnover from solutions with enhanced sustainability performance by 2030. We are committed to leading the way on CO2 reduction through the way we do businesses such as our new installation of waste heat recovery and implementation of Energy management system. We want to run our business in a sustainable way to limit our impact on the environment and improve the lives of our stakeholders.



AT A GLANCE



10

Cement Capacity
million tons



910

of employees



2

Production lines with total Clinker capacity of 21K tpd



4

Types of Cement



165 MWH

Power Generation Capacity



3

Certified Management Systems



35 MWH

Power Generation Capacity Through Waste Heat Recovery



6000

Training Man-hours



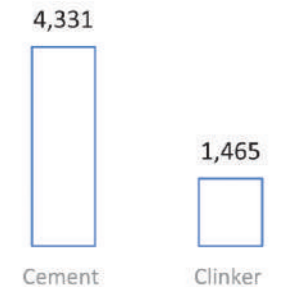
Housing Facility

AT A GLANCE

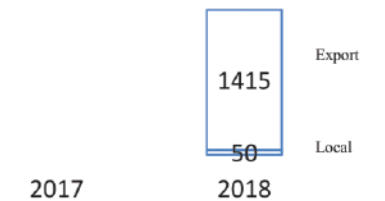
Profile

Yanbu Cement Company (YCC), a Saudi joint stock company, is one of the major cement manufacturers in the Kingdom of Saudi Arabia and the largest cement company in the Western Region with a total installed capacity above 7.0 million tons of clinker and cement dispatch capacity above 10.0 million tons per annum. Yanbu Cement is ranked as one of the top 50 companies in KSA with a paid-up capital of SR 1.575 billion. YCC manufacturing facilities are located at Ras Baridi, on the coast of the Red Sea, 70 KM north-west of the Commercial Port of Yanbu which considered as one of the most excellent geo commercial location in the Saudi Kingdom opened to the whole East & West Africa. YCC corporate office is located in Jeddah in the heart of western region closest to kingdom's most prominent economical activities. YCC strives to be the supplier of choice for our customers through developing innovative solutions; this is only achievable when we can supply the level of quality as required in the concrete applications that Strictly complying with all applicable standards & regulations requirements and meets the customer needs in terms of product performances, uniformity and services. YCC is committed to improve the quality of its products by strictly applying the highest level of quality standards as a first priority through implementation of the total & integrated quality management system and become certified with several international and national quality certificates through continuous improvement approach to facilitate the efficiency of production processes and the product quality. We strive to provide our customers with top-level technical assistance through highly professional technical services staff. We go the extra mile and provide value above and beyond fulfilling our customers' needs. YCC is committed to the kingdom energy efficiency plan to reserve national resources through commitment and surpassing Saudi Energy Efficiency program targets also YCC is committed to its leadership role as a role model in environmental friendly operations in line with the kingdom CO₂ emissions reduction targets committed in the Paris convention achieved through optimum industrial operations, technological advancement and energy effective solutions like waste heat recovery and innovative products like pozzolana and lime stone cements. YCC is highly committed towards the kingdom vision of saudisation through our talent management program targeting development and empowerment of our Saudi work force. YCC takes a role model approach towards social responsibility with a very generous yearly budget backed by our outstanding financial performance and effective cost reduction methodologies. People are always a high priority in YCC strategies through safety standards, optimum working conditions and continuous development of our working environment standards. YCC strategic management and industrial performance are based on the pillars of digitization, sustainability and continuous development in a challenging performance driven culture.

Sales of Cement & Clinker 2018
Quantity in thousand tons



Clinker Sales 2018
Quantity in thousand tons clinker



Consolidated key Financial figures

	2018
Net Sales (million SAR)	767.1
Operating EBZTDA (million SAR)	286.7
Net Profit (million SAR)	93.2
Cash Dividends (SAR)	1

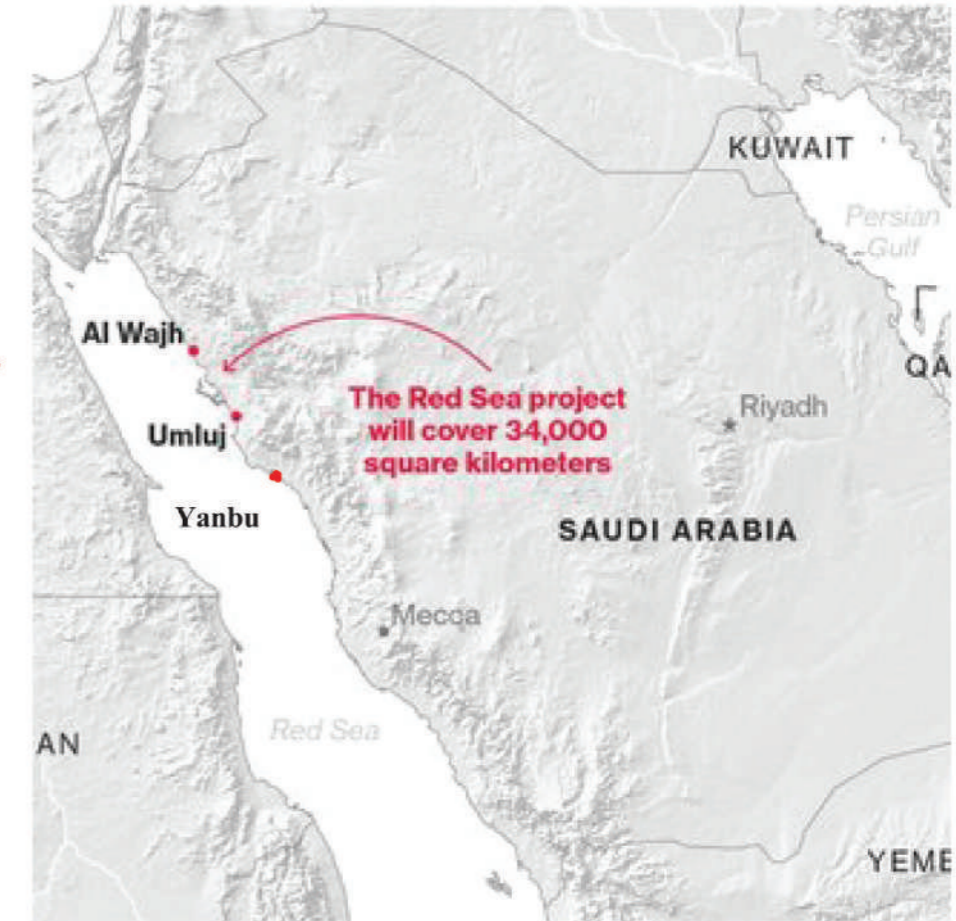
Industrial Performance 2018

	2018
Clinker Production (thousand ton)	5,720
Fatality	0
Saudization in %	40
No. Types of Cement	4
Kilns Utilization in %	79
Market Share in %	10
Kilns Reliability in %	86



YCC unique location on the red sea shore with access to export markets and new local development projects, YCC is well positioned reaching north and west of the kingdom and on the red sea coast with good reach for Africa east coast as well as west coast.

MARKET OUTLOOK



MARKET OUTLOOK

Kingdom of Saudi Arabia Cement Market: Overview

Cement is one of the elementary material components in the construction industry. Its massive scope of applications can only be equaled by the sheer number of regions that consider cement to be a primary construction material over others such as steel and wood.

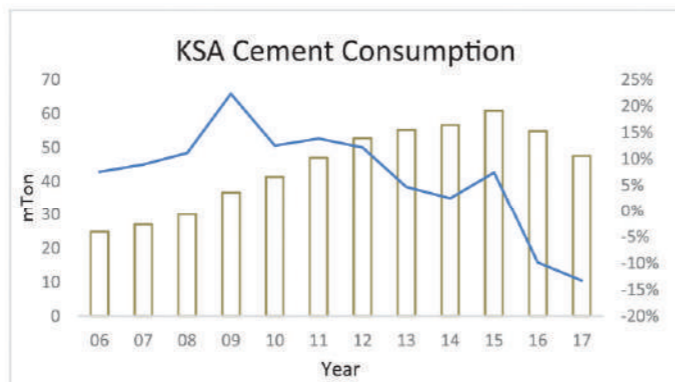
The Kingdom of Saudi Arabia cement market was expanding at a positive CAGR of 5.5% within the period from 2010 to 2015 in terms of value and is slated to touch US\$5.07 bn by the end of 2015. The market was largely propelled by the booming construction industry in the region, supplemented by the increasing rate of investments in residential construction projects.

The market trend has completely changed as result of the global financial crises and its impact on oil prices, resulting in negative impact on the kingdom GDP consequently on its ability to invest in construction project that resulted in continues shrinkage in cement market demand that is projected to end by 2020 when the market will resume positive CAGR forecast inline with 2030 vision.

Saudi Cement Sector was a sold-out market until 2015 where market growth over the 10 years span starting 2006 was always on the +ve sign with an avg. of 11%. The Capacity increase rate was also continuously increasing at a similar pace with an avg. 10.5% over the same period

Starting 2016 in line with Oil Prices drop recording a 50% drop in the 2nd half of 2014 and another 50% drop over 2015 that impacted GDP and consequently demand dropped by almost 10% in 2016, 13% in 2017 and 15% in 2018.

The sector was shocked by transforming from a sold-out market to below 50% utilization in 2018 that resulted in major market pressures and fierce price wars.



The market situation from 2016 and 2017 resulted in three main phenomena:

- High Level Clinker Stocks
- Some Companies started making losses
- Some Companies starts decreasing production

Based on the regional segmentation of Saudi Arabia cement market into Central, Eastern, Western, Northern, and Southern regions, the regions of West and Central Saudi Arabia have so far held the dominant demand for cement. This factor is attributed to the greater rate of infrastructure development in these regions, coupled with a greater demand for residential construction projects. The eastern and southern regions follow in terms of demand volume in the Kingdom of Saudi Arabia cement market. Northern Saudi Arabia currently holds a very low demand for cement.

Zoom on companies

Southern Province Cement SPC & Saudi Cement Company SCC enjoy a similar strong presence in a lower fragmented zone consequently they are capable to sustain higher volumes and avoid price pressures. Meanwhile Yamama cement and Yanbu cement

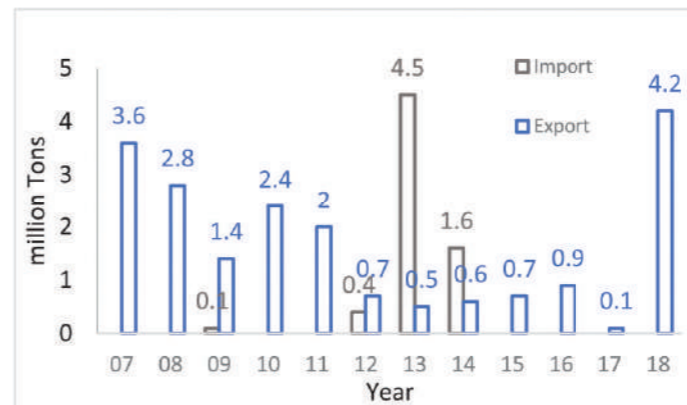


suffer a similar competition in a high fragmented western & Central region, consequently they are subject to price wars or market share pressures.

Zoom on export and Import

Total Saudi Market sales dropped from 47.225 Million Tons of cement in 2017 to 42.049 Million Tons in 2018 around 12.5 % drop in market.

- An export ban was placed in Saudi in 2008. During 2016, the export ban was lifted.
- However, Saudi authorities placed an export fee of US\$23-35/ton on exports.
- In February 2018 the tariff on export was removed.
- There are currently nine companies with export licenses.



Import and Export (No. in million ton)

Clinker export was an important alternative market which can improve company profitability and cash flow, and for clear picture of the export players in Saudi market we find that Saudi Cement which represents 60% of KSA cement Export in 2018, and Yanbu Cement represents 46% of KSA Clinker Export in 2018.

Zoom on Incremental Demand Projections

70% from the cement demand will concentrate in Northern and Western region and it will has positive affect in incremental annual demand in northern region around 5.2 MT which represent 48% of current capacity, NEOM city with USD 500bn investment will be the highest investment in the kingdom and King salman causeway with USD 5bn in the same region. In Western region the Incremental annual demand forecasted to be 4.6 MT which represent 22% of current capacity, Alfaisalia project ranked the second largest investment after NEOM city, third project will affect the cement demand in western region is MEIM-Renewable Energy with USD 50bn investment additional to Red sea project and Amala project. In central region the incremental annual demand expected to reach 0.4 MT with around 3% of current capacity by Mall of Saudi which in investment USD 3bn, Al widyan USD 3bn, Olympic village USD 2bn. finally in Eastern region the forecasted annual demand will be around 0.4 MT with 4% of current capacity and it will directly be affected by Dahrhan TOD project & Jubail - Mixed Feed Cracker with USD 6bn and USD 5bn investment respectively.

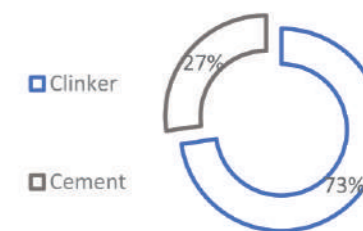
The medium-term fiscal Kingdom policy aims to:

- Reduce deficit rates
- Sustainability of public finances
- Developing support methods & social spending to raise efficiency.
- Modernize and develop infrastructure
- Stimulate financial sector development
- Develop productive and service sectors
- Add new activities to support economic growth and employment.

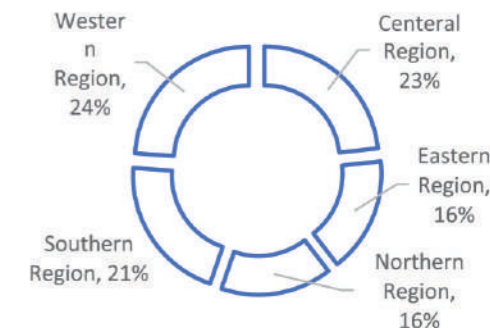
Quantity of Cement Sold (thousand tons) By region and company

Region	Company	2018	2017
Central Region	Yama Cement	3,885	4,242
	Qasim Cement	3,024	3,873
	City Cement	2,350	3,409
Eastern Region	Riyadh Cement	1,978	2,785
	Eastern Cement	2,092	2,208
Southern Region	Saudi Cement	5,191	5,062
	Najran Cement	1,588	1,769
Southern Region	Southern Cement	5,780	5,579
	Al Safwa Cement	1,612	1,753
	United Cement	1,519	1,743
Western Region	Yanbu Cement	4,331	5,328
	Arabian Cement	2,765	3,531
	Um Al Qura Cement	1,190	1,232
Northern Region	Jouf Cement	1,141	1,421
	Northern Cement	812	1,152
	Tabuk Cement	1,170	1,089
	Hael Cement	1,621	1,049
Total		42,049	47,225

Clinker and Cement export 2018



Market Distribution 2018



OUR STRATEGY: Building Sustainable Future



Line 05
Installed in year 2011

We are manufacture of choice for our clients. YCC new Strategy 2020, in line with our vision "to be our partner's first choice", aims to drive profitable growth and simplify the business to deliver resilient returns and attractive value to stakeholders.

The strategy is based on the six value drivers of partners satisfaction, people, cash & cost, products & volumes, assets utilization, sustainability and Industrial automation.

Through the value driver of partner's satisfaction. The new strategy will shift gears towards Partners of the top and bottom line over the next years. Over this period, the YCC commits to:

YCC will aim to capitalize on this underlying performance, seeking to deliver above-market performance. YCC will utilize its strong asset base to invest in its assets while being more selective in other investments. YCC will execute more aggressive strategies for its non-core activities as well as its existing strong Cement activities. YCC will focus on its expertise business segment, Products and people to take advantage of products and applications that are closer to the customer.

The value driver of Partners will create a cost disciplined operating model and a corporate-light structure. There will be a greater focus on export, with local markets growth. The business function of Performance & Strategy will allow YCC to improve its cost efficiency considerably while optimizing its human capital & indirect activities. This is expected to create a Sales, General & Administration (SG&A) cost saving.

The value driver of industrial automation looking forward for the V4.0 of the industrial automation as the targeted mod achievement

A strong performance culture will be created with simplified KPIs and new incentives that are fully aligned to YCC goals.

Profit and loss responsibility and accountability are implemented in YCC intends to close the performance gap to the best-in-class performers. Financial Strength will ensure disciplined value creation through maintaining a balance investment strategy.

The value driver People & Engagement further develops the values of trust and integrity, the commitment to Health & Safety and the desire to be at the forefront of sustainable organization with increased effective Saudization. We want to foster an entrepreneurial leadership style with sustainable growth of the company focusing on the long-term.

**OUR STRATEGY:
Building Sustainable
Future**



| 2018

OUR STRATEGY

**PEOPLE
DEVELOPMENT &
ENGAGEMENT**



In 2018 we focused on developing a stronger performance culture

Investing in developing current and future leaders & improve our effective Saudization .

**PRODUCTS &
VOLUMES**



Wide range of products with high quality standard and full volume capacity.

maintain our top-quality position in KSA and be ready for the expected incremental in cement and clinker demand locally and abroad.

**CASH & COST
OPTIMIZATION**



YCC is the lowest cash cost per ton cement producer in KSA, with high volume clinker export providing a good cash flow.

Keep our position in costing to stay No. 1, aiming to achieve highest profitability in KSA.

**SUSTAINABILITY &
INDUSTRIAL
AUTOMATION**



Enhanced projects executed this year improving burnability and now we are almost a fully automated plant.

Energy Management System implementation and Industry V4.0 are our sustainable targets to achieve sustainable operations

ASSETS UTILIZATION



Potential solutions positively affected asset life time and effective utilization in our major units.

Full Utilizations of our resources while concentrating on core business values and expansions to unlock our potential.



Strategic partnerships allow the company to expand and specialize without limitations. Instead of spending a lot of money and time perfecting a new thing, we prefer to perfect our own products and call in the experts for other tasks when needed. We are the manufacture of choice to our clients.

OUR STRATEGY: Building Sustainable Future

PEOPLE DEVELOPMENT & ENGAGEMENT

The company pays attention to its human resources and works to maintain them.

CASH & COST OPTIMIZATION

We will continue to systematically and rigorously manage our costs, leveraging scale and best practice.

PRODUCTS & VOLUMES

Commercial excellence begins with differentiated products and services through our industry-leading expertise.

ASSETS UTILIZATION

Maximizing our assets utilization and benefiting from our on-hand inventory and resources.

SUSTAINABILITY & INDUSTRIAL AUTOMATION

Our commitment to sustainability is a differentiating factor. We see it as a growing opportunity as well as a responsibility.



Yanbu cement company creates a set of strategic priorities and established sustainable value for all our stakeholders. Yanbu cement believe that our priorities should be customer focus, safety, cost leadership, man power productivity, and overall efficiency.



In 2018 we focused on developing a stronger performance culture and investing in developing current and future leaders.

PEOPLE DEVELOPMENT & ENGAGEMENT

The performance objectives of our employees are fully aligned with business goals. We all have clear areas of accountability and understanding of how our job impacts business results. Regular checks take place between employees and their line managers during the year in order to align execution and to allow managers to observe and develop their teams. Open, timely and constant feedback is key to a strong performance culture

PEOPLE DEVELOPMENT & ENGAGEMENT

In 2018 we focused on developing a stronger performance culture and investing in developing current and future leaders.

Our people strategy focuses foremost on developing a stronger performance culture. Leadership development We invest in developing current and future leaders. In 2018 we focused our leadership development through the enlargement of our Saudi youth engineer promotion, delegation and the empowerment programs support our Strategy 2020 – 'Building sustainable Future 'which will take place every year. In 2018, 20 of our top talents have been trained. Our training offer encompasses a range of training programs for our employees to build skills in areas including business, financial, Health & Safety, sales, products and solutions, operations. Performance and talent management, the performance objectives of our employees are fully aligned with business goals. We all have clear areas of accountability and understand how our job impacts business results. Regular checks take place between employees and their line managers during the year to align execution and to allow managers to observe and develop their teams. Open, timely and constant feedback is key to a strong performance culture. In terms of employee rewards, we simplified our global bonus scheme and focused objectives on the results which fit our goals. Our aim is to drive performance by assuring people are rewarded based on the performance of their own P&L. performance metrics have also been redesigned to better reflect the desired sustained performance of our business. In 2019 we are planning to complete our Talent Review & Succession Planning process. This process will allow us to identify talents in our organization and to better plan the succession of key roles. It also will help us to make the

right development decisions and identify where we need to improve our talent pipeline to ensure we have the right people for the business.

Human Resources

The company pays attention to its human resources and works to maintain them, support their job stability, improve and monitor their performance by effective programs through coordination between the human resources department and their various departments.

Strategic HR Transformation Project, the beginning has emerged from the level of our ambition and the growing gap in performance. A HR transformation strategic project to achieve our ambition with the support of the company Senior management and their convictions with the same degree of appreciation in top management has had a positive role in achieving better satisfaction. The philosophy of new human resources and its impact on Saudization. strengthen our human resources and we count on, fairness and respect values in the work environment, Improve the functional and social environment, Translate and embody company values. Development and enhancement of human resources and we count on, Development of functional skills, Consolidation and adoption of the company culture, and to publish it, Prepare the cadres to serve the company's strategy and support vision, mission and goals. Raise the performance efficiency and we count on, Training and increasing knowledge, learning and understanding programs for job skills and requirements, including the transfer of experience, Increase the degree of proficiency and quality when performing the work, Assure responsibility behavior, reliability, commitment, and job discipline, Planning for Substitution and Saudization and we count on, the

quality of Selection and headhunting, Headhunting of Excellent experiences and skills, Complementary relationship between human resources department and the practices of leaders and supervisors in various sectors of the company and their ability to build competencies.

Employment and Saudization programs

The company has paid great attention to Saudization programs and has set plans to empower national cadres and enhance their abilities to step up in the leadership and supervisory positions of the company while taking care to provide an attractive work environment for them.

Accordingly, the company in 2018 has approved a gradual Saudization plan to reach a Saudization rate of 70% of its employees as a national strategic goal by 2022. It has started to end the services of 58 expatriates and continues to do so.

Training and Development

The company goes on with its attention to the employees to enhance their abilities and skills by providing them with a specialized training programs in various technical, business , professional development, environmental and safety programs. The number of training days during 2018 was 5000 training man day

The plant located about 70 Km north of Yanbu at Ras Baridi on the Red Sea coast.

Maintain quality in our production, reliability in supply while caring for people and preserving environment within our horizon.



CASH & COST OPTIMIZATION

WE WILL CONTINUE TO SYSTEMATICALLY AND RIGOROUSLY MANAGE OUR COSTS, LEVERAGING SCALE AND BEST PRACTICE IN TIGHT COST MANAGEMENT

As we combine the skills and know-how of the best professionals in the business, we can reduce our costs and operate efficiently. Flexibility, agility, internal and external benchmarking and expertise close to our operations are key success factors to drive cost leadership.

On Raw Mix optimization, minimizing of usage of sand in our raw mix gives us the leverages of lower maintenance cos of the equipment due to less wear rates in addition to the tangible cost reduction of 1 SAR per ton raw mix during the whole year of 2017.

On fuel and energy costs, for example, Power cost and fuel cost through waste heat recovery and increased kilns capacity with a total cost reduction of 8 MSAR. This was achieved by technical experts working closely on our operations optimization. In 2019, where we anticipate energy prices will be up by some 10 percent, addressing fuel mix optimization and energy efficiency as well as the use of alternative fuels, will be a key area of focus to mitigate energy costs. operating in a traditionally capital-intensive industry.

Thanks to our expertise footprint with the already-installed capacity and our know-how in preventive maintenance and capacity optimization, we are successfully pursuing a lean capital spending strategy, significantly reducing our capital investment without hindering our ability to grow our business.

Our CAPEX and OPEX reduction strategy allow a total cost reduction of more than 30 MSAR.

YCC is on track and is building on the momentum of earnings and cash flow growth in 2018. We reaffirm our commitment to a solid investment grade rating.

Our potential to grow – benefiting from our best-in-class portfolio, operational leverage, ability to differentiate our offer,

and optimization of our cost base – underpins our 2022 targets. The result for shareholders are that, within our strict capital allocation, discipline, we will deliver significant cash returns.

Enhancing the procurement process through introducing tender's methodology leads to benefiting from our economies of scale, bargaining power of YCC against the suppliers let us to choose all our spares to be from European suppliers instead of local and Chinese suppliers with a better payment and offered terms with a total achieved savings of 3.4 MSAR.

The Process is affected directly, Filter bags, Refractory castable & anchors, Conveyor belts, Grinding media, Refractory bricks Steel plates, cast sleeve & flap valve castings, Cement mill liners

Immersion tube – dip tube, Cement mill castings and Hammers & bars are all now from top suppliers with higher reliability and longer lifetime.

Cost excellence is in the DNA of YCC organization and is essential to success in our industry.

Driven by our performance driven organization, we will use all the available levers to control and reduce our costs.



Through our performance driven organization, we will use all the available levers to control and reduce our costs

PRODUCTS & VOLUMES

One of the important objectives in our strategy is to maintain our top-quality position in KSA and be ready for the expected incremental in cement and clinker demand locally and abroad.



The company is committed to improve the quality of its products

“

Commercial excellence begins with differentiated products and services. With our industry-leading expertise, we expect to maintain our position as the leading innovator in our industry. We have an extensive innovation pipeline and are working on a number of significant and distinctive products focusing on sustainable solutions. To successfully differentiate and create a competitive advantage, we are strengthening collaboration with our partners. This is particularly relevant in infrastructure where we are building partnerships using our sectoral expertise, access to innovative solutions and world-class execution.

The benefits of our focus on commercial transformation, which differentiates our products and services in a competitive market, are increasingly evident across our business.

YCC became the supplier of choice for our customers and to develop innovative solutions for them, this is only achievable if we are able to supply the level of quality as required in the concrete applications that Strictly comply with all applicable standards & regulations requirements and Meeting the customer needs in terms of product performances, uniformity and services.

The company has committed to improve the quality of its products by strictly applying the highest level of quality standards as a first priority through implementation of the total & integrated quality management system and become certified with several international and national quality certificates through continuous improvement approach to facilitate the efficiency of production processes and the product quality.



The benefits of our focus on commercial excellence, which differentiates our products and services in a competitive market, are increasingly evident across our business.



ASSETS UTILIZATION



WE WILL OPTIMIZE OUR CURRENT ASSET BASE, BETTER LEVERAGING OUR INDUSTRIAL FOOTPRINT, REDUCING OUR CAPITAL EXPENDITURES AND EXPLORING NEW GROWTH OPPORTUNITIES WITH LOWER CAPITAL INTENSITY.

By optimizing our current assets, we are using the capacity we already have developed. We are on track to meet our targets of a cumulative capital expenditure of below 50 MSAR

We actively optimize our current asset base and promote an asset light mindset across our business. We Stopped our old lines operations as well as old power plant with the obsolete technology, whenever possible developing alternative logistics.

Offers to reduce capital expenditure, systematic debottlenecking and operational improvements at our plant are delivering significant benefits through increasing line 4 productivity to 9000 TPD and line 5 to 12000 TPD from 8200 and 10000 TPD respectively meanwhile reducing the heat consumption of both lines While Improving our clinker quality by Increasing C3S to more than 60 from average 53 with zero capital expenditure



Improve clinker quality by Increasing C3S to > 60 from avg. 53 (12% improvement)
Zero cost /investments

SUSTAINABILITY & INDUSTRIAL AUTOMATION



Our commitment to sustainability is a differentiating factor. We see it as a growing opportunity as well as a responsibility. Our development of new products and services is driven by our commitment to sustainability.

We aim to generate one-third of our turnover from solutions with enhanced sustainability performance by 2030. We are committed to leading the way on CO2 reduction through the way we do businesses such as our new installation of waste heat recovery and Implementation of Energy management system. We want to run our business in a sustainable way to limit our impact on the environment and improve the lives of our stakeholders.

We also want to differentiate Yanbu Cement company by leading the way in addressing the growing demand for sustainable solutions.

YCC has demonstrated its commitment to sustainable development over many years. Building on this heritage, in 2018 we identified sustainability as one of five strategic pillars. Sustainability actively supports our business Strategy and is a key driver of differentiation, revenue generation and value creation.

Industrial Automation – developing and adopting the digital solutions that support innovation, interconnectedness and bringing better solutions to our stakeholders is a key component of our success in the future.



HEALTH AND SAFETY



Safety 1st



Know Safety, No Pain
No Safety, Know Pain

OUR COMMITMENT IS TO GUARANTEE EVERY EMPLOYEE WORK IN SAFE ENVIRONMENT

Starting 2016 and as Part of the performance development approach YCC lunched safety management program. Where YCC is committed to guarantee every employee a safe work environment in October 2016 YCC full implementation safety management system and standards. The founding text of the company's Safety initiative, the new Health & Safety policy clearly states our ambition of making safety our top priority. Foundations of Safety Management Program is completed through following up the management commitment & employee involvement, work site analysis, hazard prevention and control, health & safety training commitment. Zero injury is our ultimate achievement.

The Health & Safety Engagement is intended to be a collective pledge that will guarantee every employee a safe work environment.
-Reduced or eliminated the injury frequency rate.

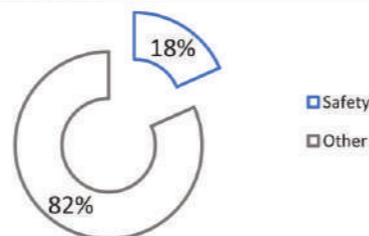
Though our safety management program YCC has set the following objectives and goals.

- Objectives**
- Annually reduce employee accidents and injuries until they stand at or near zero. (LTI=0)
 - -Help develop safe work habits and attitudes among employees.
 - Provide a channel of communication between employees and management

Goal
Full implementation to a Safety Management Program by end of 2018

NON-CONFORMITY REPORTS total plant

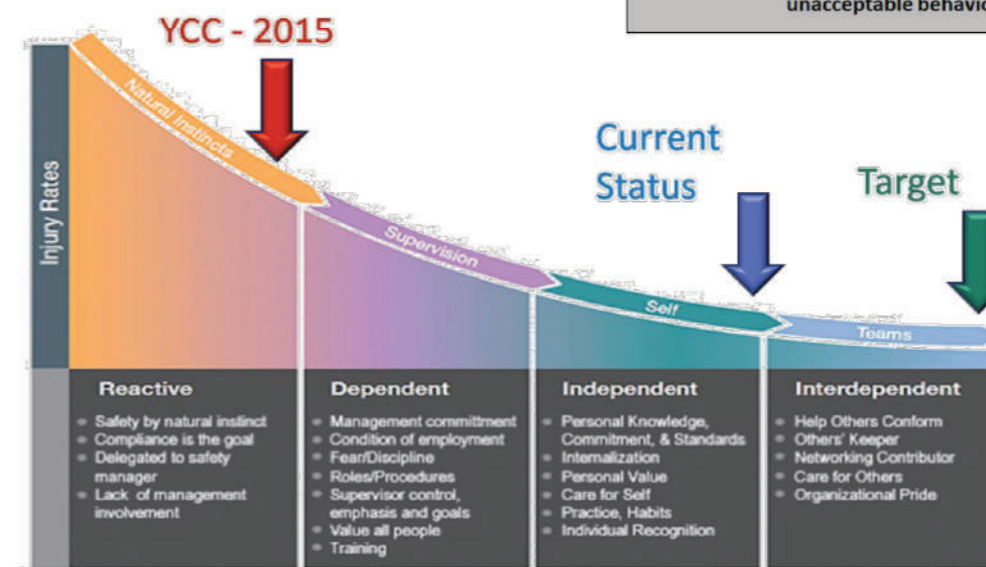
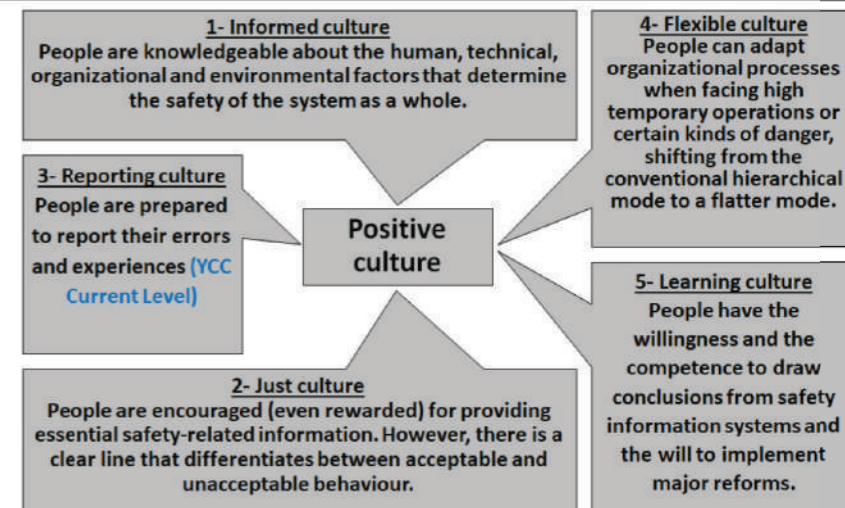
Number of NCR issued by Safety team vs. other plant teams reports



Safety figures 2018 vs.2017

	2018	2017
Fatal Injury	0	0
Lost time injury (LTI)	5	2
Medical injury (MI)	0	3
First aid (FA)	24	27
Near miss (NM)	5	3
Severity rate (SR)	0.07	0.09
Frequency rate (FR)	1.9	1.11

Safety Culture influence behaviors and commitment development



SOCIAL RESPONSIBILITY

YCC's track record of commitment to the welfare of its people, Neighbors and society unmatched in the cement sector. We are proud to hold this leadership position and dedicated to maintaining it.



In this context, YCC believes in promoting the concept of partnership with governmental and social organizations. From many activities executed this year one stands out for the first time to clean the surrounding environment. In coordination with municipality, YCC rendered its resources for the collection of damaged tires spreader over the vicmiy area of the plant along the natural highway and its branch road which spord the beautiful desert environment. Almost 150 tons of tires were collected and stored inside the factory for future use in our kilns as an effort towards energy substitution.

A perfect example of its continued support for the welfare, the company denoted the cost of medical insurance policy prince sultan ibn Abdelaziz for the children with special needs for the third year consequently this support was greatly appreciated by the families of the children and the management of the center.



The company provided contributions and sponsorships to several charities and government entities,

- Receiving illness cases from the surrounding areas and villages in our clinic inside the plant to be examined by our doctors and given the possible treatment.
- Quantities of cement for many charitable societies of in Madinah province.
- sponsorship of various governmental and civil activities in Yanbu area.
- Offering cooperative training for college students from various universities.



PERFORMANCE MANAGEMENT

Yanbu cement company established a set of strategic priorities and create sustainable value for all our stakeholders. Yanbu cement believe that our priorities should be customer focus, safety, cost leadership, man power productivity, and overall efficiency.



PERFORMANCE MANAGEMENT

In 2018 the market was very competitive in terms of price wars as well as the decline in demand in Kingdom by 13% had a clear impact on the decline of sales of the company last year by 21%. The company market shares of the domestic market fell by 2% to be 10% of the domestic market

Total Sales in KSA
(Tons)

42 M

YCC Market
Share in KSA
(%)

10.04

Percentage of
Western Region
Sales in KSA (%)

27.2

YCC Market
Share in Western
Region (%)

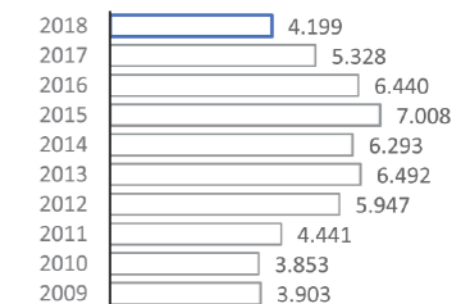
37.4

In 2018, most of YCC production is sold locally, while export of clinker and cement started in April.

Our local market strategy was to sell cement mainly in the western region. The company's sales policy is based on direct sales to its customers, merchants, and consumers from the plant which is located at Ras Al-Baredi, 70 km north of Yanbu Al-Bahr. The company has no other outlets. Our main concentration in Jeddah, Makkah and Al Madinah by dispatching all our products followed in rank Yanbu market. Cement Sales decreased by 21% comparing with 2017 due to low demand. This has negatively affected the market share by 2% to finalize 2018 by 10.04%.

Our sales are classified into bagged and bulk cement the objective to maximize the percentage of cement bulk achieving 62% by end of 2018. The wide range of cement types is one of the advantages and strong points in YCC providing us with the ability to have a good market penetration in the western region

YCC Local Cement Sold
In thousand ton



PERFORMANCE MANAGEMENT

continued



Clinker production (Tons)

5.7 M

Clinker Stock (Tons)

4.4 M

Power Generation (MWH)

674 M

Waste Heat Recovery Substitution (%)

14

Cement Strength (MPa)

54

2018 was one of the toughest years in the Kingdom in terms of cement demand, All the cement companies suffered the same, negative impact on profitability. Yanbu Cement had to move on several axes, such as facing the lack of demand for cement through the contracting of export the clinker reached 1.5 million tons sold in 2018. This has helped greatly reducing costs and creating liquidity to improve operating activities. The Clinker stock increased gradually through the last 5 years. the strategic vision for building stock was direction at that time in the country. This vision provides good opportunity to have the ability to export clinker outside the kingdom with no effect in local market.

In mid of 2016 the management decided to stop operating the three old kilns which were installed in 1979 and 1982. The capacity of Kiln # 04 which were installed and start production in 1998 was increased in two phases, first in 2005 from 7000 t/d "the design capacity" to 8500 t/d, second in 2016 without any Capital expenses to 9000 t/d. The same improvement in kiln # 05 which was installed and started production in 2009, increased capacity from 10000 t/d to 12000 t/d.

YCC generate its own power, in 2018 the power generation reached to 674 million MWH supported by 15 engines and 2 waste heat recovery turbine generators.

The clinker on hand reached to around 4.412 M tons , Clinker Production decreased by 2% comparing with 2017 producing 5.72 million tons versus 5.794 million tons in 2017.

Clinker quality standards became a higher priority objective should be followed to fulfil the export requirements Nonetheless YCC was able in 2018 to deliver the requested quantity from the clinker production to the cement grinding and clinker sales.

14% of our Self power Production is generated through Waste Heat Recovery, Targeting 20% by 2020.

Clinker Production In (Thousand tons)

2018	5.720
2017	5.794
2016	5.711
2015	6.510
2014	6.503
2013	5.888
2012	5.380
2011	3.116
2010	3.652
2009	3.613

Clinker Stock In (Thousand tons)

2018	4.414
2017	4.128
2016	3.035
2015	3.191
2014	2.948
2013	1.700
2012	0.600
2011	0.300
2010	1.000
2009	0.700



Lime Stone belt
3.0 KM distance from Limestone Quarry
Proven reserves life is 39 years



GOVERNANCE, RISK AND COMPLIANCE

YANBU CEMENT OPERATES IN A CONSTANTLY EVOLVING ENVIRONMENT, WHICH EXPOSES THE COMPANY TO DIFFERENT EXTERNAL, OPERATIONAL AND FINANCIAL RISKS.

Risk management process
Risk identification and analysis
Risk mitigation
Monitor & Reporting
Verification & Remediation
Roles & responsibilities

Types of Risk

Market risk
Commission rate risk
Currency exchange rate risk
Credit risk
Liquidity risk
Capital risk management

RISK MANAGMNET

The Governance, Risk & Compliance Committee the Board of Directors oversees Yanbu Cement risk management and Internal Control related risks.

Yanbu Cement operates in a constantly evolving environment, which exposes the Group to different external, operational and financial risks. In order to ensure the sustainability of our business development and to meet our targets, we make continuous efforts to prevent and control the risks which we are exposed to. A comprehensive risk management and Internal Control framework is deployed throughout the company, with appropriate governance and tools. Through this process we identify, assess, mitigate and monitor the Group's overall risk exposure. Our goal is to incorporate risk thinking into all strategic decision-making, reducing the likelihood and impact of potential adverse events, ensuring compliance with laws & regulations and ensuring the deployment of our Internal Control system in every activity where we operate. Our analyses consider environmental, sustainability, market, industrial, operational, financial, legal, compliance and reputational risks, whether under our control or not.

Risk management process	The risk management process is structured around several coordinated approaches conducted within YCC and it is subjected to continuous improvement. It includes a bottom-up and top-down risk assessments. These assessments are used as a basis for the company risk matrix, which will be updated every year and submitted to and analyzed by the Executive Committee and the Audit Committee.
Risk identification and analysis	management assesses and evaluates the potential impact and likelihood of the key risks which could have a material adverse effect on the current or future operation of the business. The risk horizon includes long-term strategic risks and also short- to medium-term business risks. The impact and likelihood are assessed for the current level (i.e., prior to implementation of mitigation actions/ controls) and for the target level (i.e., residual significance and likelihood after implementing mitigation actions/ controls).
Risk mitigation	actions and/or controls are defined by the management to mitigate the key risks identified. Risk transfer through insurance solutions and the Internal Control system form an integral part of risk management to mitigate the identified risks.

RISK MANAGMNET

Continued

Monitor & Reporting	regular progress on the actions/controls are followed up by risk leads and reported to the Audit committee through the Yanbu Cement Risk Management tool., progress on mitigating actions, controls and overall risk exposure is reported to the Audit Committee and other executive committees.
Verification & Remediation	Internal Audit performs independent assessments of the effectiveness of mitigating actions and controls and on the effectiveness of Internal Control and on the risk assessment process. The annual audit plan drawn up by Internal Audit consultancy and approved by the Audit Committee takes into account the various analyses described above. Implementation of this plan and the summary of work presented to the Yanbu cement Executive Committee and Audit Committee lead to more in-depth analyses in certain areas and contribute to the continuous risk identification process
Roles & responsibilities	Yanbu Cement established a clear organization structure to ensure the implementation of the risk management and internal control system, following the governance, policies and framework defined by the Board of Directors. This organization is built on the concept of three lines of defense. Under the first line of defense, operational management has ownership, responsibility and accountability for identifying, assessing, managing and mitigating risks.

A risk lead is appointed in every department where we operate to support departmental management with the yearly risk assessment process, to coordinate activities with other assurance functions, especially the Internal Control and Compliance, and to monitor mitigation actions. The second line of defense consists of functions such as Legal, Compliance, Sustainable Development, Internal Control, Risk Management, Security and Health & Safety. These functions monitor and facilitate the implementation of effective risk management processes and Internal controls by operational management. The objective is to ensure the first line of defense is properly designed and operating as intended. The second line of defense also assists in the development of policies, processes and controls to mitigate risks and issues. The third line of defense is formed by Yanbu Cement Internal Audit Consultant As an independent function, it provides assurance to the Board of Directors and Executive Committee on the effectiveness of the first and second lines of defense and on governance, risk management and internal controls. Through the Audit Committee the Board of Directors oversees Yanbu Cement risk management and Internal Control related risks. The Audit Committee mandate includes the review of compliance and risk management processes and review of management's and internal audit reports on the effectiveness of internal control systems and on the performance of the annual risk assessment process. This list is not exhaustive and represents the principal risks and uncertainties faced by Yanbu Cement at the time of 2018 annual report preparation. Other risks may emerge in the future and/or the ones stated here may become less relevant.

RISK MANAGMNET*Continued*

Market risk	Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices. Market prices include the following risk types: commission rate risk, currency risk, credit risk and liquidity risk. Financial instruments that are affected by market risk are term loans as well as derivative financial instruments.
Commission rate risk	Commission rate risk is the risk that commission rate fluctuations will affect future profitability or fair value of financial instruments. The Group is not exposed to commission rate risk on its assets and liabilities on which commission is received, including term loans, as the Group manages commission risk by entering into variable commission swap agreements with a local commercial bank (note 12).
Currency exchange rate risk	Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Group is exposed to fluctuations in foreign exchange rates during its normal course of business. The Group has not conducted any significant transactions other than the Saudi Riyal, the US Dollar and the Euro during the year and the Group manages currency risk by entering into currency swap agreements with a local commercial bank (note 12).
Credit risk	Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group acts to reduce credit risk with respect to customers by setting credit limits for each customer, monitoring existing receivables and obtaining bank letters of guarantee against the credit limit of key customers. The balance of the five largest customers accounts for 69% of the outstanding balance of outstanding receivables as at 31 December 2018 (31 December 2017 78%). The Group has a credit risk of concentration of sales with a limited number of customers, where sales to the largest 5 customers amounted to 92% of the total sales of the Group for the year ended 31 December 2018. The management believes that credit risk is limited as the Group has letters of guarantee the bank covers balances due from most customers and the Group has long relationships and has good accounts with these customers.

RISK MANAGMNET*Continued*

Liquidity risk	Liquidity risk is the risk that the Group will not be able to meet its liabilities for financial liabilities as they fall due. Liquidity needs are monitored on a monthly basis and management ensures that sufficient funds are available to meet any liabilities as they arise. Through the management of the Group's business and credit facilities, including credit facility agreements to meet future liabilities. . The Group's current financial liabilities of SAR 310 million as of 31 December 2018 (31 December 2017) amounted to SAR 284.50 million. of trade payables, financial derivatives and the current portion of term loans, short term borrowings, dividends payable, zakat and income tax payable. In practice, all these financial liabilities are expected to be repaid within 12 months of the consolidated statement of financial position date and the Group expects to have sufficient funds to do that
Capital risk management	For the purpose of managing the Group's capital risk, capital consists of capital, retained earnings and statutory reserve attributable to the shareholders of the Parent Company. The main objective of capital management is to maximize shareholders' equity. The Group manages and adjusts the capital structure in light of changes in economic conditions and the requirements of financial commitments. In order to maintain or adjust the capital structure, the Group may adjust dividends to shareholders or issue new shares. The Group monitors capital using a borrowing rate that represents net loans divided by total loans and capital. The Group does not have a capital structure with specific objectives or rates to be achieved in connection with capital risk management. The Group's overall strategy remains the same as last year. The Group's capital structure consists of net debt (Murabaha financing for cash and cash equivalents) and equity (consisting of capital, statutory reserve and retained earnings).



GOVERNANCE

BOARD OF DIRECTORS MEETING

According to Article 16 of Part Four of the Articles of Association, the Board of Directors is composed of 11 members appointed by the Ordinary General Assembly. The following table shows the Board members, their classification and the attendance record of each member. Their meetings reached (6) meetings during 2018.

The first board of directors meeting was attended on 03/02/2018 by the former representative of the Social Development Bank, Dr. Abdullah Abdulrahman Al-Namla. Then, the representative of the Social Development Bank was changed to be Mr. Ibrahim Hamad Al-Rashed as the successor to Dr. Abdullah Al-Namla in accordance with their letter dated (19/03/2018 - 02/07/ 1439H) and the Board of Directors Resolution No. (13) Dated (22/03/2018- 05/07/1439 H) to the General Assembly.

Main functions of the Board:

- Approve the strategic directions, the company's main objectives and supervise implementation of the same.
- Establish internal controls systems and supervise it.
- Establish a corporate governance system.
- Establish clear and specific policies, procedures and criteria for membership.
- Establish a clear policy to organize the relationship with stakeholders in order to protect and preserve their rights.
- Establish policies and procedures that ensure that the company respects the rules and regulations of shareholders, creditors and other stakeholders through several committees.

Name	Designation	Class.	Attendance Record						Total
			first	second	Third	Fourth	Fifth	Sixth	
			17/05/1439 03/02/2018	25/06/1439 13/03/2018	29/07/1439 15/04/2018	27/09/1439 12/06/2018	18/02/1440 27/10/2018	10/04/1440 17/12/2018	
HRH Prince Abdulaziz bin Meshaal bin Abdulaziz	Chairman	Independent	-	-	-	-	-	-	-
Fahd Al Rajhi	Vice Chairman	Non-executive	attend	attend	attend	attend	attend	attend	6
Mohammed Al-Khuraiji	Member	Independent	attend	attend	attend	attend	attend	attend	6
Saeed Al-Esayi	Member	independent	-	attend	attend	attend	attend	attend	5
Fahd Al Ajlan (Public Pension Agency representative)	Member	Non-executive	attend	attend	attend	attend	attend	attend	6
Ibrahim Hamd Al-Rashed (Social Development Bank representative)	Member	Independent	*-	attend	attend	attend	attend	attend	5
Amin Al-Sunaidi (Public Pension Agency)	Member	Independent	attend	attend	attend	attend	attend	attend	6
Riyad Al Khail	Member	Independent	attend	attend	attend	attend	attend	attend	6
Turki Al-Mubarak (Public Investment Fund representative)	Member	Non-executive	attend	attend	attend	attend	attend	attend	6
Abdulaziz Al-Rajhi	Member	Non-executive	attend	attend	attend	attend	attend	attend	6
Dr. Ahmed Zugail	Board Member & CEO	Executive	attend	attend	attend	attend	attend	attend	6

BOARD OF DIRECTORS COMMITTEES

The membership of the committees shall not exceed three years from the date of commencement of each session of the Board of Directors.

FIRST: THE EXECUTIVE COMMITTEE

The Executive Committee is composed of the Board Members Board. The Committee held 6 meetings during the year 2018. This committee shall exercise all powers and assume the duties of the Board of Directors in relation to achieve compatibility between the Company's strategic plans and operational objectives and prepare recommendations to the Board of Directors. In terms of operational priorities and financial, administrative and marketing planning with periodic reports on their practices of the powers delegated to the Board of Directors.

Name	Description	Classification	Attendance Record						Total
			First	Second	Third	Fourth	Fifth	Sixth	
			07/07/1439 24/03/2018	20/08/1439 06/05/2018	03/09/1439 19/05/2018	27/09/1439 12/06/2018	28/02/1440 06/11/2018	19/04/1440 26/12/2018	
Saeed Al-Esayi	Chairman	Independent	attend	attend	attend	attend	attend	attend	6
Mohammed Al-Khuraiji	Member	Independent	attend	attend	attend	attend	attend	attend	6
Dr. Ahmed Zugail	Member	Executive	attend	attend	attend	attend	attend	attend	6
Riyad Al Khail	Member	Independent	attend	attend	attend	attend	attend	attend	6
Ibrahim Al-Rashed	Member	Independent	*-	-	attend	attend	attend	-	3

SECOND: AUDIT COMMITTEE

The Audit Committee consists of four Board members (Non-executive members) as well as an external member. Their meetings reached (9) meetings during 2018:

Its functions and responsibilities are as follows:

The Audit Committee is responsible for monitoring the company's business and verifying the integrity of its financial statements and internal control systems. In particular, the functions of the Committee include:

Financial reports

Study the annual financial statements of the company before presenting them to the Board of Directors and giving its opinion and recommendations in order to ensure their integrity, fairness and transparency.

Give the technical opinion, at the request of the Board of Directors, whether the Board of Directors' report and the financial statements of the Company are fair, balanced and understandable and include information that allows shareholders and investors to assess the financial position, performance, business model and strategy.

Study any important or unusual issue in the financial reports.

Investigate thoroughly any matters raised by the Company's CFO or the Compliance Officer of the Company or the Chartered Accountant.

Check accounting estimates on core issues in the financial reports.

Prepare regular reports to the Board of Directors on the activities of the Audit Committee and related issues and recommendations.

Internal Audit

Approve the internal audit charter.

Study and review the internal control systems, financial, information security and risk management in the company.

Study the internal audit reports and following up the implementation of corrective measures for the notes contained therein.

Supervise the performance and activities of the internal auditor and the internal audit department in the company, to check the availability of the necessary resources and their effectiveness in the performance of the tasks entitled to them.

Recommend the appointment or dismissal of the Internal Audit Manager or the Internal Auditor to the Board of Directors and propose to reward him.

Approve the annual plan of the internal audit department and review any changes that may occur, and linking the plan with the annual performance evaluation.

Review the annual budget of the Internal Audit Department with the Internal Audit manager, and the organizational structure and the adequacy of management resources.

Evaluate the performance of the Internal Audit Manager at least once a year.

A separate meeting is held on a regular basis with the Internal Audit Manager to discuss any special matters with the Audit Committee or the Internal Audit Manager believed that it should be discussed in particular and confidential.

Ensure that the Internal Audit Department complies with the standards of the Institute of Internal Auditors.

Auditor

Recommend the nomination and dismissal of auditors, determine their fees and evaluating their performance after verifying their independence the Board of Directors, review the scope of their work and the terms of their contract.

Check the independence, objectivity, fairness and the effectiveness of the auditor, taking into account relevant rules and standards.

Review the company's auditor plan and his tasks, and verify that he does not submit technical or administrative works that are outside the scope of the audit work, and provide their views thereon.

Answer the inquiries of the company's auditor.

Study the auditor's report and his observations on the financial statements and follow up on what was taken on them.

Review the company's policies and procedures with the company's management, auditors, and internal audit department and ensure the adequacy and effectiveness of the applied financial accounting principles.

Provide a communication line between the Internal Audit Department, the Auditor and the Board of Directors.

The scope of the auditor and internal audit department shall understand the internal audit financial reporting system and review the important results and recommendations reports together with departments' responses.

Review updates on existing policies and procedures taken by management.

Review the annual financial statements before submitting to the Board of Directors and express his opinion and recommendations regarding this.

Provide regular reports to the Board of Directors for any issues related to the quality or integrity of the Company's financial statements and how far the Company's compliance with legal and regulatory requirements and the Auditor's performance and independence are evaluated.

Information Technology control

The Audit Committee, Senior Management, Auditor and the Internal Audit Department shall ensure the following:

Effectiveness of control systems of the company's information system.

SECOND: AUDIT COMMITTEE

continued

Any relevant results and recommendations by the Auditor and the Internal Audit Department together with the management responses, including the agreed timetable for the implementation of recommendations on controls, including risk reduction related to those key controls.

The efficiency and adequacy of management information systems of the company and other IT systems.

The Audit Committee, the Internal Audit Department and the Auditor should coordinate audit efforts to ensure full coverage of the system of controls and key areas of risk related to information technology.

Risk Management

Supervise and strengthen the risk management framework.

Identify and monitor the Company's principal risks, assess its management and align risk management activities with the Company's overall objectives and policies.

Make sure that risks are measured wisely.

Approve risk management policies and procedures that define minimum monitoring and control, set limits and identify risks, and identify reporting requirements from management's point of view.

Receive annual reports from the internal auditor on the implementation of the company's risk management policies and procedures and make recommendations for change in case of any problems with management or internal audit methodologies.

Provide administrative control to follow up the required administrative procedures and include analysis of future risks and long-term look in various destinations.

Conduct an annual assessment of the Company's business strategies and risk-based plans.

Discuss the policies in relation to risk assessment and risk management that the Company may have and review the steps taken by the Company's management to monitor and control exposure to financial risks.

Review and assess the risks of key activities regularly.

Review any legal claims against the company.

Review the company continuity action plan.

Compliance assurance:

Review the results of the regulatory bodies' reports and verify that the company has taken the necessary procedures.

Check the company's compliance with relevant regulations and policies.

Review the contracts and transactions, which proposed to operate by the Company with the related parties and submit their views thereon to the Board of Directors.

Raise such matters, as it considers necessary for action to be taken by the Board of Directors and to make recommendations on actions to be taken.

Name	Description	Class.	Attendance Record									Total
			First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	
			19/04/1439 06/01/2018	24/06/1439 12/03/2018	29/07/1439 15/04/2018	20/08/143 9 06/05/201 8	05/11/143 9 18/07/201 8	26/11/143 9 07/08/201 8	03/01/144 0 13/09/201 8	18/02/144 0 27/10/201 8	04/04/144 0 11/12/201 8	9
Fahd Al Ajlan	Cahirman	Non-executive	attend	attend	attend	attend	attend	attend	attend	attend	attend	9
	Member											
Amin Al-Sunaidi		Independent	attend	attend	attend	attend	attend	attend	-	attend	attend	8
	Member											
Abdulaziz Al-Rajhi		Non-executive	-	attend	attend	-	-	-	-	attend	attend	4
	Member											
Turki Al-Mubarak		Non-executive	attend	attend	attend	attend	attend	attend	attend	attend	attend	9
	Member											
Aziz Al-Qahtani		Independent external Member	attend	attend	attend	attend	attend	attend	attend	attend	attend	9

THIRD: NOMINATIONS AND REMUNERATION COMMITTEE

The Nominations and Remuneration Committee consists of four Board members. The Nomination and Remuneration Committee held 6 meetings during 2018.

The committee responsibilities and functions are outlined as follow:

- Supervise the nomination process of Board members, committees and executive management and identify qualified individuals for membership of the Board of Directors according to the approved policies.
- Recommend candidates for membership to the Board of Directors.
- Supervise all matters relating to the remuneration and wages of the board members, its committees and executive management.
- Supervise succession plans for key positions (i.e. CEO and CFO).
- Recommend how to evaluate the board members and its committees to the Board of Directors.
- Recommend to update policies relating to membership of the Board of Directors to the Board of Directors.
- Point to the Board of Directors with the total annual bonuses and salary adjustments for all employees of the company.

Name	Description	Classification	Attendance Record						Total
			First	Second	Third	Fourth	Fifth	Sixth	
			16/05/1439 02/02/2018	20/08/1439 06/05/2018	27/09/1439 12/06/2018	21/10/1439 05/07/2018	05/01/1440 15/09/2018	10/04/1440 17/12/2018	
Mohammed Al-Khuraji	Chairman	Independent	attend	attend	attend	attend	attend	attend	6
Turki Al-Mubarak	Member	Non-executive	attend	attend	attend	attend	attend	attend	6
Riyad Aba Al Khail	Member	Independent	attend	attend	attend	attend	attend	attend	6
Abdulaziz Al-Rajhi	Member	Non-executive	attend	-	attend	-	attend	attend	4

FOURTH: RISK MANAGEMENT, GOVERNANCE AND COMPLIANCE COMMITTEE

The Risk Management, Governance and Compliance Committee is composed of Board members. The Risk Management, Governance and Compliance Committee held 5 meetings during 2018. The name of the Committee has been changed from the Risk Management Committee to the Risk Management, Governance and Compliance Committee on (15/ 04 /2018 - 29/ 07 / 1439H), with the approval of the Board of Directors at its sixth meeting of fourteenth session.

The committee responsibilities and functions are outlined as follow:

- Make a comprehensive risk management strategy and policies commensurate with the nature and size of the company's activities, and verify the implementation, review and update based on the internal and external variables of the company.
- Identify and maintain an acceptable level of risk to which the Company may be exposed and ensure that the Company does not exceed it.
- Ensure the viability of the company continuation, proceed its activity successfully, and identify the risks that threaten its continuation during the next twelve months coming.
- Supervise the company's risk management system and evaluate the effectiveness of systems and identifying mechanisms for measuring and monitoring risks that the company may be exposed to determine its shortcomings.
- Re-evaluate the company's ability to take risks and exposure to them regularly through stress testing.
- Prepare detailed risk exposure reports and proposed steps to manage these risks and submit them to the Board of Directors.
- Provide recommendations about risk management issues to the Board of Directors.
- Ensure the availability of resources and adequate systems for risk management.
- Review the organizational structure of risk management and make recommendations before it is approved by the Board of Directors.
- Check the independence of risk management staff from activities that may result to exposure the Company to risks.
- Ensure that risk management staff understand the risks surrounding the company and work to increase awareness of the risk culture.
- Review the issues raised by the Audit Committee that may affect the Company's risk management.

Name	Description	Classification	Attendance Record					Total
			First	Second	Third	Fourth	Fifth	
			1439/05/16 2018/02/02	1439/06/24 2018/03/12	1439/08/20 2018/05/06	1439/11/05 2018/07/18	1440/04/04 2018/12/11	
Amin Al-Sunaidi	Chairman	Independent	attend	attend	attend	attend	attend	5
Fahd Al Ajlan	Member	Non-Executive	attend	attend	attend	attend	attend	5
Abdulaziz Al-Rajhi	Member	Non-Executive	attend	attend	-	-	attend	3
Turki Al-Mubarak	Member	Non-Executive	attend	attend	attend	attend	attend	5
Ahmed Zugail	Member	Executive	*-	attend	attend	attend	attend	4

* Dr. Ahmed Zugail has been joined to the Committee on (03 / 02 / 2018 - 17 / 5 / 1439 H) under the approval of the Board of Directors at its fourth meeting of fourteenth session.

BOARD OF DIRECTORS REMUNERATION

The Board of Directors confirms that the Chairman and the board members do not receive any remuneration or financial privileges other than those stipulated in the Ministry of Commerce's decree No. 1071 in 1412H. On (13/ 04 / 1439 H to 31 / 12 / 2017) the board approved the policy of bonuses and compensations of the board members, and members of board committees.

Name	Fixed Allowance						Virial Allowance					End of service bonus	Total	Expense Allowance	
	Certain Amount	Attendance Allowance	Total attendance	In-kind benefits	Technical administrative and consulting work	Bonus of Chairman,	Total	percentage of profits	Periodic Bonus	Short - term incentive plans	Long - term incentive plans				Shares awarded (value)
First: Independent Members															
HRH Prince Abdulaziz bin Meshaal Al Saud	200.000	-					200.000							200.000	
Amin Al-Sunaidi	200.000	15.000					215.000							215.000	36.370
Abdullah Al Namla (Representative of the Social Development Bank)*	50.000	3.000					53.000							53.000	3.307
Ibrahim Hamd Al-Rashed (Representative of Social Development Bank)	150.000	12.000					162.000							162.000	21.152
Riyad Aba Al Khayl	200.000	15.000					215.000							215.000	36.377
Saeed Al-Esayi	200.000	12.000					212.000							212.000	
Mohammed Al-Khuraji	200.000	15.000					215.000							215.000	
Total	1.200.000	72.000					1.272.298							1.272.298	97.206
Second: Non-Executive Members															
Fahd Al Rajhi	200.000	15.000					215.000							215.000	16.535
Abdulaziz Al-Rajhi	200.000	15.000					215.000							215.000	23.149
Fahd Al Ajlan (representative of General Organization for Social Insurance (GOSI))	200.000	15.000					215.000							215.000	39.677
Turki Al Mubarak (Representative of Public Investment Fund)	200.000	15.000					215.000							215.000	46.781
Total	800.000	60.000					860.000							860.000	126.142
Third: Executive Members															
Dr. Ahmed Zugail	200.000	15.000					215.000							215.000	

*The former representative of the Social Development Bank, Dr. Abdullah Abdulrahman Al-Namla has attended the first meeting of the Board on 03 / 02 / 2018 . Then, the representative of the Social Development Bank was changed to be Mr. Ibrahim Al-Rashed as the successor to Dr. Abdullah Al-Namla in accordance with their letter dated (19 / 03 / 2018 - 02 / 07 / 1439 H), The Board of Directors Resolution No. (13) dated (22 / 03 / 2018 - 05 / 07 / 1439 H) then the general assembly.

REMUNERATION AND ALLOWANCES OF COMMITTEES

Name	Fixed Bonus	Sessions attendance allowance	Total
Audit Committee members			
Fahd Al Ajlan. (Representative of General Organization for Social Insurance (GOSI))	100.000	27.000	124.000
Amin Al-Sunaidi – (Representative of Public Pension Agency)	100.000	24.000	124.000
Fahd Al Rajhi	100.000	12.000	112.000
Turki Al-Mubarak (Representative of Public Investment Fund)	100.000	27.000	127.000
Aziz Al-Qahtani*	100.000	27.000	127.000
Total	500.000	117.000	617.000

Name	Fixed Bonus	Sessions attendance allowance	Total
Nomination and Remuneration Committee Members			
Mohammed Al-Khuraiji	70.000	18.000	88.000
Turki Al-Mubarak Representative of Public Investment Fund	70.000	18.000	88.000
Riyad Aba Al Khail	70.000	18.000	88.000
Abdulaziz Al-Rajhi	70.000	12.000	68.000
Total	280.000	66.000	332.000

Name	Fixed Bonus	Sessions attendance allowance	Total
Executive Committee Members			
Saeed Al-Esayi	70,000	18,000	88,000
Mohammed Al-Khuraiji	70,000	18,000	88,000
Dr. Ahmed Zugail	70,000	18,000	88,000
Ibrahim Hamd Al-Rashed Representative of Social Development Bank	70,000	9,000	61,500
Riyad Al Khail	70,000	18,000	88,000
Total	350.000	78.000	428.000

Name	Fixed Bonus	Sessions attendance allowance	Total
Risk Management, Governance and Compliance Committee			
Amin Al-Sunaidi	70,000	15,000	85,000
Fahd Al Ajlan	70,000	15,000	85,000
Abdulaziz Al-Rajhi	70,000	9,000	61,500
Turki Al-Mubarak	70,000	15,000	85,000
Dr. Ahmed Zugail	61,496	9,000	82,000
Total	341.496	63,000	404.496

* An expenditure allowance was paid to a member of the Audit Committee of SR 29,756

Statement	Five of the top executives who have received the highest compensation and bonuses Including CEO and CFO (2018)	Five of the top executives who have received the highest compensation and bonuses Including DG and CFO (2017)
Salaries	3,702,000	3,626,958
Allowances	1,084,000	1,066,486
Annual bonuses	747,000	1,550,082
Stimulus plans	-----	-----
Any other kind of compensation and benefits paid on a monthly or yearly	-----	-----
Total	5,533,000	6,243,526

REMUNERATION & BONUS OF FIVE SENIORS EXECUTIVES

GENERAL ASSEMBLIES

Name	Description	Classification	Attendance Records	
			Ordinary (39) 29 / 07 / 1439 15 / 04 / 2018	Total
HRH Prince Abdulaziz bin Meshaal Al Saud	Chairman	Independent	-	-
Fahd Al Rajhi	Vice Chairman	Non-executive	Attend	1
Mohammed Al-Khuraiji	Member	Independent	Attend	1
Saeed Al-Esayi	Member	Independent	Attend	1
Fahd AlAjlan - General Organization for Social Insurance (GOSI)	Member	Non-executive	Attend	1
Ibrahim Al-Rashed (Social Development Bank)	Member	Independent	Attend	1
Amin Al-Sunaidi – (Public Pension Agency)	Member	Independent	Attend	1
Riyad Aba Al Khail	Member	Independent	Attend	1
Turki Al-Mubarak (Public Investment Fund)	Member	Non-executive	Attend	1
Abdulaziz Al-Rajhi	Member	Non-executive	Attend	1
Dr. Ahmed Zugail	Member and CEO	Executive	Attend	1

NUMBER OF COMPANY REQUESTS FOR SHAREHOLDERS RECORDS, THEIR DATES AND REASONS

No. of Company Requests for Shareholders Records	Request Date	Request Reason
1	15 / 04 / 2018	Dividends distribution G. Assembly
2	17 / 04 / 2018	Profits for the second half of 2017
3	17 / 10 / 2018	Profits for the first half of 2018

RESULTS FOR THE ANNUAL REVIEW OF CONTROL MEASURES AND PROCEDURES OF THE INTERNAL AUDIT.

PricewaterhouseCoopers (PWC) was contracted to perform internal audit functions. That will be in partnership with the company departments' team to provide assurance and consulting services for the company's various operations included in the internal audit plan based on the risks and approved by the Audit Committee for the fiscal year ended on 31 / 12 / 2018. Based on the results of the internal audit and the reports submitted thereon to the Board of Directors, whether by the external or internal auditor; the Board confirms that it has not brought to its attention any matters that make it believes that there is a material deficiency requires disclosure regarding the integrity of the financial and administrative systems and related to the preparation of lists and financial reports. The Board also confirms that the control systems operate efficiently and effectively and that all the observations and recommendations submitted had been taken into considerations.

GOVERNANCE REGULATIONS ADAPTATION STATUS

Yanbu Cement is committed to the Corporate Governance Regulation to protect the interests of the Company and all related parties. The Company is currently implementing all the items of the Corporate Governance Regulations except for some of the non-binding guidelines mentioned below.

Number of Article and clause in accordance with the Corporate Governance Regulations	Partially Applied	Not Applied	Reasons for non-application
<p>Article 41:</p> <p>A. The Board of Directors shall (upon the proposal of the Nomination Committee) establish the necessary mechanisms to evaluate the performance of the Board, its members and committees and the executive management annually, through appropriate performance indicators related to the extent of achieving the Company's strategic objectives, quality of risk management and adequacy of internal control systems. Also, determines strengths, weaknesses, and proposes addressing them in accordance with the company's interests.</p> <p>B. Performance appraisal procedures must be written, clear, and disclosed to the Board of Directors and the persons concerned to the evaluation.</p> <p>C. The performance appraisal should include the skills and experiences of the Board, identifying weaknesses and strengths in it, while working to address weaknesses in possible ways such as the nomination of professional competencies that can develop the performance of the Board. Performance appraisal should also include the working mechanisms evaluation of the Board in general.</p> <p>D. The individual evaluation of the Board members shall take into account the active participation of the member and his obligation to perform his duties and responsibilities, including attendance at meetings of the Board and its committees and allocate time for it.</p> <p>E. The Board of Directors shall make the necessary arrangements to get a competent third-party evaluation for its performance every three years.</p> <p>F) Non-executive directors shall assess the performance of the Chairman after taking the views of the Executive Members - without the Chairman attend the discussion for this purpose - specifying the strengths and weaknesses and propose the addressing in accordance with the Company's interest.</p>	✓		Non-Binding guideline
<p>Article Fifty-Four:</p> <p>B. The Chairman of the Audit Committee shall be an independent member</p>		✓	Non-Binding guideline
<p>Article Seventy-eight</p> <p>The Internal Audit Unit or Department prepares a written public report and submits it to the Board of Directors and the Audit Committee on audits conducted during the fiscal year and compares them with the approved plan; and indicates the reasons for any deviation from the plan (if any) during the quarter following to the end of the concerned fiscal year.</p>		✓	Non-Binding guideline

GOVERNANCE REGULATIONS ADAPTATION STATUS

Continued

Number of Article and clause in accordance with the Corporate Governance Regulations	Partially Applied	Not Applied	Reasons for non-application
<p>Article Eighty-three</p> <p>The Board of Directors shall establish clear and written policies and procedures to regulate the relationship with stakeholders in order to protect and preserve their rights, Including, in particular, the following:</p> <ol style="list-style-type: none"> How to compensate stakeholders when their rights are determined by regulations or are protected by contracts. How to settle complaints or disputes that may arise between the company and stakeholders. How to build good relationships with customers and suppliers and keep their information confidential. The rules of professional conduct for managers and employees in the company to conform to the professional and ethical standards and regulate the relationship between them and stakeholders. The Board of Directors shall establish mechanisms to monitor and comply with the implementation of these Rules. Social contribution of the company. Ensure that the Company deals with the Board of Directors and related parties in accordance with the terms and conditions followed with Stakeholders without any discrimination or preference. Stakeholder gets information about their activities in a manner that enables them to perform their functions, and the information shall be correct, adequate, timely and on a regular basis. Dealing with employees in accordance with the principles of justice, equality and non-discrimination. 		✓	Non-Binding guideline
<p>Article Eighty-five:</p> <p>The Company shall make programs to develop and motivate the participation and performance of the employees, including in particular the following:</p> <ol style="list-style-type: none"> Form committees or specialized workshops to listen to the views of the employees and discuss them about issues and subjects to make decisions. Programs to give shares for employees in the company or a share of the profits earned by the retirement programs, and the establishment of an independent fund to spend on those programs. Establish social institutions for employees in the company. 		✓	Non-Binding guideline
<p>Article Eighty-seven:</p> <p>The General Assembly shall – (upon the proposal of the Board of Directors)- establish a policy to ensure a balance between its objectives and the objectives, which the society aspires to achieve; in order to develop the social and economic conditions of society.</p>		✓	Non-Binding guideline
<p>Article Ninety-three</p> <p>A- The Board of Directors shall comply with the following:</p> <p>Clause No.4. the required details of bonus and compensation paid to each of the following:</p> <ol style="list-style-type: none"> The Board members. Five senior executives who received the highest bonus from the company, including CEO and CFO. The Committee members. 		✓	Paragraph A, C was applied, and paragraph B was not applied as a Non-Binding guideline until 1/1/2020

DIVIDENDS DISTRIBUTION POLICY

According to Article 48 of the Company's Articles of Association, net profits are distributed after deducting all general expenses and other costs as follows:

1. Save 10% of the net profits to form a statutory reserve. The General Assembly may suspend this reserve when the said reserve reaches half of the capital.
2. The rest will then be distributed to the shareholders equivalent to 5% of the paid capital.
3. The bonus of Board Members is 10% of the rest.
4. The rest shall be distributed as an additional share to shareholders.

DIVIDENDS DISTRIBUTION RECOMMENDATIONS

1. The Board of Directors proposes to recommend to the General Assembly the distribution of the net profits achieved by the company as at 31/12/2018 which amounted to 318,032,888 riyals. According to Article 48 of the Articles of Association of the Company, profits are distributed after deduction of expenses and Zakat is deducted as follows

Profits Distribution	Saudi Riyals
Net profit for the year after deduction of Zakat	92.281
5% of the paid-up capital is deducted	(78.750)
Balance	13.531
Add retained earnings	832.849
Balance	846.380
Additional share of 5% of the paid-up capital is deducted	(78.750)
The balance moves to the next year	767.630

dividend	Rate	Sum (SR/share)	Total
First Half	% 5	0.50	78,750,000
Second Half	%5	0.50	78,750,000
Total	%10	1	157,500,000

DISTRIBUTIONS STATEMENT OF 2018 PROFIT

THE BOARD OF DIRECTORS PROPOSALS TO THE GENERAL ASSEMBLY

The Board of Directors of Yanbu Cement Company is pleased to invite shareholders to attend the 40th Annual General Meeting (the first meeting), which will be held by the will of God at 6.30 pm on Monday, 7 Shawwal 1440H (corresponding to 10 June 2019).

To vote on the following agenda items:

1. A vote on the Board of Directors' report for the financial year ended 31/12/2018.
2. The voting on the financial statements for the financial year ended 31/12/2018.
3. A vote on the auditors' report on the financial statements for the fiscal year ended 31/12/2018.
4. The voting on the appointment of the auditor of the company from among the candidates on the recommendation of the Audit Committee to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2019 and the first half of the fiscal year 2020 and determine the fees. (Facility).
5. Voting on the recommendation of the Board of Directors to pay dividends for the second half of 2018 at (50) riyals per share and 50% of the capital with a total amount of SR 78,740,000. The entitlement to profits for shareholders on the day of the General Assembly and registered with the Company's records at the Depository Center at the end of the second trading day follows Meeting of the General Assembly, knowing that the date of disbursement of profits for the second half of 2018 will be announced later.
6. Voting on the amount paid (SR 0.50) and 5% semi-annual dividends for the first half of 2018 on 04/11/2018 with a total amount of SR 78,740,000.
7. The voting on the disbursement of the amount of (2,200,000) two million two hundred thousand riyals to the members of the Board of Directors (200,000) two hundred thousand riyals per member for the fiscal year ending 31/12/2018 (attached).
8. Vote on discharge of directors for the financial year ending 31/12/2018.
9. To vote on the Board of Directors' mandate to distribute semi-annual or quarterly dividends for the fiscal year 2019 in accordance with the regulatory regulations and procedures issued in implementation of the Companies Regulations of Listed Shareholding Companies.
10. Voting on the participation of the Chairman of Yanbu Cement Company His Royal Highness Prince Abdulaziz bin Meshal Al Saud in the work of a competitor to the company by heading to the Board of Directors of the City Cement Company.

BOARD OF DIRECTORS

BOARD OF DIRECTORS REPRESENTATIONS

The Board of Directors confirms and acknowledges that: No one who has the right to vote informs the Company of his ownership percentage or any interest during 2018.

Board Members	Number of Shares as of 01/01/2018		Net Change During 2018		Total Shares and the range of ownership 31/12/2018	
	No of Shares	%	No of Shares	%	No of Shares	%
HRH Prince Abdulaziz bin Meshal bin Abdulaziz	376626	0.23%	-----	-----	376,626	0.23%
Fahd Al Rajhi	1500	0.00095 %	---	---	1.500	0.00095
Mohammed Al-Khuraji	9.138	0.006%	---	---	9.138	0.006%
Saeed Al-Esayi	113.750	0.072 %	---	---	113.750	0.072%
Riyad Al Khail	10000	0.0063 %	---	---	1.0000	0.0063%
Abdulaziz Al-Rajhi	1000	0.00063%	---	---	1.000	0.00063%
Dr. Ahmed Zugail	15.000	0.0095 %	---	---	15.000	0.0095
General Organization for Social and Insurance	19.492.271	12.37 %	---	---	19.492.271	12.37 %
Public Pension Agency	2.671.080	1.7 %	---	---	2.671.080	1.7 %
Public Investment Fund	15.750.000	10 %	---	---	15.750.000	10 %
Social Development Bank	700.000	0.44 %	---	---	700.000	0.44 %

OUR BOARD AND THE COMMITTEES' MEMBERS CURRENT, PREVIOUS POSITIONS, QUALIFICATIONS AND EXPERIENCE.

HRH Prince Abdulaziz bin Meshaal bin Abdulaziz

Current position:
Chairman

Education:
Bachelor degree

Experience:
Chairman of City Cement Company, Chairman of Al Jouf Agricultural Development Company, Board Member of Yanbu Cement Company

Fahd Al Rajhi
Current position:
Vice Chairman

Education:
Bachelor of Science in Industrial Management (King Fahd University of Petroleum and Minerals), 1983.

Experience:
Vice Chairman of National Industries Company and Managing Director. (Closed Joint Stock Company), Founder and Board Member of Alrajhi Ekhwan Company (Closed Joint Stock Company), Board Member of Al Watania Poultry Company (Closed Joint Stock Company), Founder and Board Member of Saudi International Petrochemical Company (Sipchem), Founder and Vice Chairman of SGN, Founder and Chairman of Bischoff & Klein Middle East (B & K), Board Member of Musharaka capital company, a former board member of the Saudi Investment Group For industrial. (A public joint stock company) and a former board member of the Saudi Cement Company (a public joint stock company)

Saeed Al-Esayi.

Current position:
Member

Previous position:
Board Member of Sahara Petrochemical Company

Education:
Bachelor of Science in Management and Industrial Engineering - Miami University.

Experience:
Member of Chamber of Commerce, Jeddah (Automotive Committee), former Board Member of Sanad Insurance Company and Al Rajhi Bank and the chairman of the executive committee.

Mohammed Al-Khurajji

Current position:
Member
And Chairman of Al Khurajji Holding Group

Previous position:
Chairman of the International Center for Trading and Contracting

Education:
Bachelor of Law from Cairo University in 1973, Diploma in Marketing from the World Marketing Institute, Marketing Management Certificate from the Global Marketing Institute, Cambridge (USA) 1976. Diploma in Change Management from Harvard University in 2000.

Experience:
Membership of a number of joint stock companies and Executive Committees.
Chairman of remuneration and bonus committee and member of the executive committee

Dr. Ahmed Zugail

Current position:
Member
CEO of Yanbu Cement Company

Previous position:
CEO of Najran Cement Company

Education:
PhD in mineral economics, Colorado School of Mines, Colorado, Colorado, USA 1991. Bachelor of Science in Mining Engineering, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia 1984.

Experience:
CEO of Yanbu Cement Company.
CEO of Najran Cement Company.
Assistant to DG for Technical Affairs and Projects - Yanbu Cement.
Planning Specialist, Strategic Planning Department, Saudi Aramco. Professor of Finance and Economics, Faculty of Industrial Management, King Fahd University of Petroleum and Minerals, Dhahran. Member of the executive committee and Governance, Risk and compliance committee

Amin Al-Sunaidi

Current position:
Member
Designate General Manager of Financial Investment

Previous position:
Investment Specialist Supervisor

Education:
Master of Business Management

Experience:
Work in the banking sector at Riyadh Bank. Managing the investment of companies and stocks in the financial investment Dept. Executive Committee Member and Audit Committee member of Yanbu Cement Company.

Fahd Al Ajan

Current position:

Member
General Manager of Planning and Development (Social Insurance).

Previous position:
Investment Specialist Supervisor

Education:
Bachelor of Mathematics, College of Science, King Saud University, Saudi Arabia in 2000. Higher Diploma in Actuarial Sciences, Muhanna Institute of Actuarial Sciences in collaboration with the British Actuary in 2003, Master of Actuarial and Financial Sciences, University of Curtin, Australia in 2011

Experience:
financial analysis, statistical, actuarial and strategic planning. Member of the Risk Management Committee and the Audit Committee of Yanbu Cement Company

Abdulaziz Al-Rajhi

Current position:

Member
Businessman

Previous position:
Businessman

Education:
Bachelor of Science in Financial Management (Prince Sultan University).

Experience:
Founder and Board Member of Al Rajhi Investment Holding Company. Founder and board member of Raj Real Estate Company in addition to managing some private businesses. Member of Audit committee and member of Governance, Risk and Compliance committee and member of remuneration and bonus committee of Yanbu cement company.

Turki Al-Mubarak

Current position:

Member
Businessman

Previous position:
Businessman

Education:
Bachelor of Financial Accounting.

Experience:
Samba Financial Group - Investment Section / Mam Industrial Group
Member of Audit committee and member of Governance, Risk and Compliance committee and member of remuneration and bonus committee of Yanbu cement company.

Riyad Aba Al Khail

Current position:

Member
General Manager of Licensing at the General Investment Authority

Previous position:
General Manager of Investment Monitoring at the General Investment Authority

Education:
Electrical Engineering (King Saud University), Higher Diploma (Cambridge University).

Experience:
Project Management Consultant, Saudi Industrial Development Fund. Supervisor of the Financial Audit Project for Foreign Establishments licensed by the General Investment Authority. Director of Riyadh Center for Investors Services. Member of the Licensing Committee of the General Investment Authority. Representative of the General Investment Authority in the Customs Exemptions Committee. Member of the Executive committee and member of remuneration and Bobonus committee of Yanbu cement company.

Ibrahim Hamd Al-Rashed

Current position:

Member
General Manager of Social Development Bank

Previous position:
General Manager of Retail Banking at Al Rajhi Bank

Education:
Bachelor of Computer Science (King Saud University), Master of Computer Science (Florida Institute of Technology).

Experience:
General Manager of E-Transaction Center (Yusr). General Manager of Technical Transformation at Al Rajhi Bank. General Manager of the Social Development Bank. Member of the Executive committee of Yanbu Cement Company.

Aziz Al-Qahtani

Current position:

Independent member in the Audit Committee
Vice President of Internal Audit in Petroleum, Chemical and Mining Company

Previous position:
(Saudi Aramco, STC and Nadeo)

Education:
Master and Bachelor of Accounting, King Fahd University of Petroleum and Minerals.

Experiences:
Vice President for Internal Audit Petroleum, Chemical and Mining Company. Executive Director of Internal Audit at Saudi Research and Marketing Group. Executive Director of Internal Audit at NADEC. Audit Director at STC. Internal Auditor at Saudi Aramco.

COMPANIES IN WHICH YCC BOARD MEMBER IS A MEMBER OF ITS CURRENT AND FORMER BOARDS OF DIRECTORS

Member Name	Names of companies which the board member is a member of its current boards	IN/OUTSIDE KINGDOM	Legal Entity	companies which the board member was a member of its boards	IN/OUTSIDE KINGDOM	Legal Entity
HRH Prince Abdulaziz bin Meshaal bin Abdulaziz	Al - Jouf Agricultural Development Company	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A
	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A
	CITY CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A
Fahd Al Rajhi	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	Saudi Cement	INSIDE KINGDOM	Listed Joint-stock
	Sipchem Company	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A
	Alrajhi Ekhwan Group	INSIDE KINGDOM	Closed Joint-stock CO.	N/A	N/A	N/A
	WATANIA INDUSTRIAL COMPANY	INSIDE KINGDOM	Closed Joint-stock CO.	N/A	N/A	N/A
	Musharaka capital company	INSIDE KINGDOM	Closed Joint-stock CO.	N/A	N/A	N/A
	Saudi German Co. For Nonwoven Products	INSIDE KINGDOM	Ltd	N/A	N/A	N/A
	Bischoff & Klein (B & K)	INSIDE KINGDOM	Ltd	N/A	N/A	N/A
	Al Watania Poultry Company	INSIDE KINGDOM	Closed Joint-stock CO.	N/A	N/A	N/A
	Sipchem Company	INSIDE KINGDOM	Ltd	N/A	N/A	N/A
	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	United Motors	INSIDE KINGDOM	Not Listed
Saeed Al-Esayi	Alesayi Trading Est	INSIDE KINGDOM	Not Listed	Sanad Insurance	INSIDE KINGDOM	Listed Joint-stock
	Sahara Petrochemical Company	INSIDE KINGDOM	Listed Joint-stock CO.	Al Rajhi Bank	INSIDE KINGDOM	Listed Joint-stock
	Omar Qasim Al Isayi Group Co. Ltd.	INSIDE KINGDOM	Not Listed	N/A	N/A	N/A
	Omar Al Isayi & Partners Co	INSIDE KINGDOM	Not Listed	N/A	N/A	N/A

COMPANIES IN WHICH YCC BOARD MEMBER IS A MEMBER OF ITS CURRENT AND FORMER BOARDS OF DIRECTORS OR EXECUTIVES

continued

Member Name	Names of companies which the board member is a member of its current boards or its directors	IN/OUTSIDE KINGDOM	Legal Entity	Names of companies which the board member was a member of its current boards or its directors	IN/OUTSIDE KINGDOM	Legal Entity	
Mohammed Al-Khurajji	El-khereiji Holding Group	INSIDE KINGDOM	Ltd	World Trading & Contracting Center	INSIDE KINGDOM	Ltd	
	Abdullah El-khereiji Real Estate Company	INSIDE KINGDOM	Ltd	Mecca International Market	INSIDE KINGDOM	Ltd	
	Medical Supplies and Services CO. LTD	INSIDE KINGDOM	Ltd	Global Environmental Management Services	INSIDE KINGDOM	Ltd	
	El-khereiji CO	INSIDE KINGDOM	Closed Joint-stock CO.	Jeddah Holding Company	INSIDE KINGDOM	Ltd	
	Dar Al-Maal Al Islami	OUTSIDE KINGDOM	Ltd	AMN CO.	INSIDE KINGDOM	Ltd	
	Care International	OUTSIDE KINGDOM	Ltd	FAISAL Bank for Investment	OUTSIDE KINGDOM	Ltd	
	Ithmaar bank	OUTSIDE KINGDOM	Listed Joint-stock CO.	Tihama CO.	OUTSIDE KINGDOM	Joint-stock CO.	
	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	Edira Company	OUTSIDE KINGDOM	Joint-stock CO.	
	Dr. Ahmed Zugail	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	Najran Cement Company	INSIDE KINGDOM	Joint-stock CO.
	Amin Al-Sunaidi	International Diol Company	INSIDE KINGDOM	Not Listed	N/A	N/A	N/A
YANBU CEMENT COMPANY		INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A	
Fahd Al Ajlan	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A	
	Al Rajhi United Holding Company	INSIDE KINGDOM	Closed Joint-stock CO.	N/A	N/A	N/A	
	Raj Real Estate Company	INSIDE KINGDOM	Ltd	N/A	N/A	N/A	
Abdulaziz Al-Rajhi	Alfa Group	INSIDE KINGDOM	Ltd	N/A	N/A	N/A	
	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A	
Turki Al-Mubarak	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A	
Riyad Al Khail	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A	
Ibrahim Al-Rashed	YANBU CEMENT COMPANY	INSIDE KINGDOM	Listed Joint-stock CO.	N/A	N/A	N/A	

OUR THE EXECUTIVE MANAGEMENT AND THEIR CURRENT AND PREVIOUS POSITIONS, QUALIFICATIONS AND EXPERIENCE:

Walid Baghdadi

Current position:

Assistant to CEO for Supply Chain

Previous position:

Manager of Contracts Management (King Abdullah Economic City)

Education:

PhD in commercial law.

Experience:

Long experience in cement industry and real estate development (business development, corporate management, project management, contracting, consulting, contract management, sales & marketing and procurement) Supervision of the implementation of contracts which covering (Tenders - Negotiations - Contract management - Reducing risk for contracts and liabilities on the company).

Mostafa Sutih

Current position:

Assistant to CEO for HR and Communication

Previous position:

Human Resources and Administrative Manager

Education:

PhD degree from Faculty of Business Studies – Business Administration Department - Sudan University of Science and Technology - Human Resources Management 2005.

Experience:

Assistant to CEO for HR and Communication, at YCC. Human Resources and Administrative Manager at YCC, Human Resources and Administration Manager at Arab Cement Company. Human Resources and Administrative Manager at Northern Region Cement Company. Assistant of Administrative Manager at YCC. Administrative Supervisor at Saudi airlines Catering. Former member at the faculty Business Administration (CBA) in Jeddah. Certified Consultant in Management Consulting from the Ministry of Commerce (License to practice the profession). Member of Arab Business Administration Association. Writer in the field of management.

Kiran Badkar

Current position:

Assistant to CEO for Plant Operations

Previous position:

Technical operations Manager

Education:

Mechanical Engineering, 1985 from Faculty of Engineering, Gulbarga University (India), Diploma in Computer Programming and Applications, 1993 from Annamalai University (India).

Experience:

Assistant to CEO for Plant Operations (YCC). Deputy Plant Manager at Najran Cement Company. Project Manager at Itmad Company for Heavy Industries, Cairo. (Maintenance Manager), (project Manager) at Titan-Lafarge Cement Company. (Maintenance Manager) (Deputy Plant Manager at ACC Cement Alexandria. (Maintenance Manager), (Vice Plant Manager) at YCC. Vice Plant Manager ACC Cement.

Amin Albukhari

Current position:

Assistant to CEO for Financial

Previous position:

CFO

Education:

Master of Science in Accounting from Stetson University (DeLand, USA) in 2007.

Bachelor of Accounting, King Fahd University of Petroleum and Minerals, 2004.

Experience:

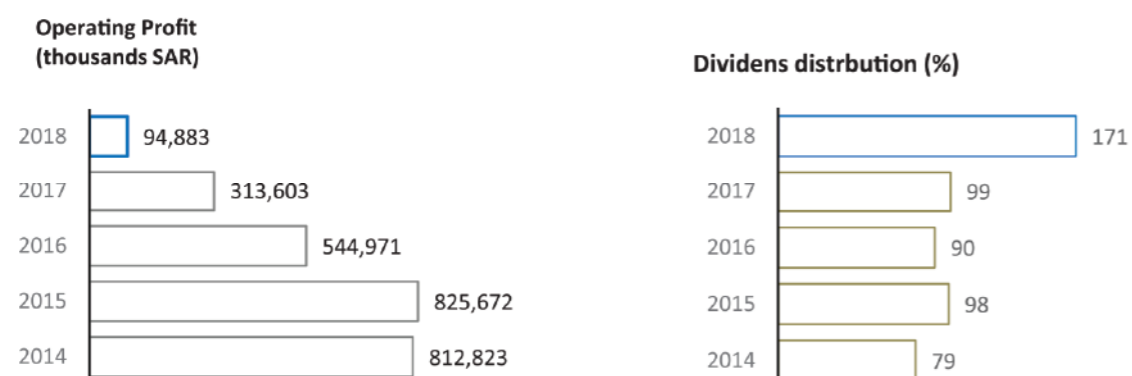
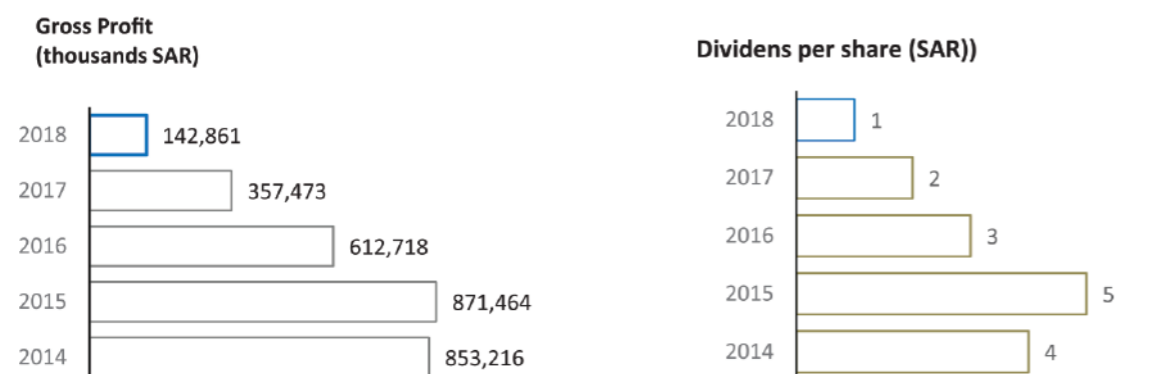
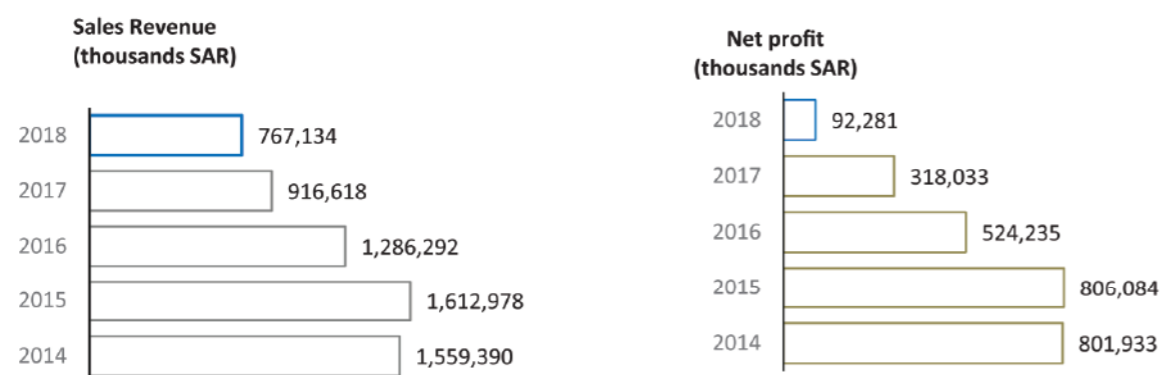
Assistant to CEO for Finance at YCC. CFO at Savola Foods Company. CFO and Operations Officer at Methak Investment Holding Company. Planning Specialist at King Abdullah University of Science and Technology. Financial Controller at National Commercial Bank. Auditor at PricewaterhouseCoopers Cooper PWC



FINANCIAL INFORMATION

FINANCIAL INFORMATION

The decrease in demand and the fierce competition faced by the company had a significant impact on decrease in the average selling price and sales volumes, which led to a decrease in FY 2018 revenues by SR 149.484 million (16%) compared to FY 2017.



The capital structure as the end of the year as follows:

Details	December 31, 2018	December 31, 2017
	Saudi Riyal	Saudi Riyal
Total Liabilities	493,395,048	518,409,165
Less: Cash and Cash Equivalent	(51,453,074)	(97,900,131)
Net debt	441,941,974	420,509,034
Total equity	3,240,937,311	3,423,994,290
Net debt to equity rate(%)	14%	12%

Consolidated Financial Statements

Balance Sheet

Amount in Thousand SAR

YCC 5 years Review	International Standards	International Standards	International Standards	Saudi Standards	Saudi Standards
	2018	2017	2016	2015	2014
Current Assets	845,949	891,726	825,233	1,060,437	1,057,126
Current Liabilities	(310,007)	(284,534)	(302,903)	(256,344)	(447,667)
Working Capital	535,942	607,192	522,330	804,093	609,459
Fixed Assets	2,888,383	3,050,678	3,196,836	3,106,371	3,187,186
Total Assets	3,734,332	3,942,404	4,022,069	4,166,808	4,244,312
Current Liabilities	310,007	284,534	302,903	256,344	447,667
Long Term Loans	116,75	168,639	120,999	101,139	168,247
Other Liabilities	66,638	65,237	59,482	74,189	65,672
Total Liabilities	493,395	518,409	483,384	431,672	681,586
Paid Capital	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000
Reserves and Retained Earnings	1,633,880	1,817,224	1,932,316	2,128,404	1,954,521
Minority Rights	32,057	31,77	31,369	31,732	33,205
Shareholders' Equity	3,240,937	3,423,994	3,538,685	3,735,136	3,562,726
Total Liabilities and Equity	3,734,332	3,942,404	4,022,069	4,166,808	4,244,312

FINANCIAL RESULTS

Income statement 5 years review

Details (Thousands SAR)	International Standards	International Standards	Saudi Standards	Saudi Standards	Saudi Standards
	2018	2017	2016	2015	2014
Total Net Sales	767,133	916,618	1,286,292	1,612,978	1,559,390
Cost of Sales	(624,272)	(559,145)	(673,574)	(741,514)	(706,174)
Gross Profit	142,861	357,473	612,718	871,464	853,216
Other Revenue	15,959	23,098	7,331	3,558	21,944
Marketing and Administrative expenses	(47,978)	(43,870)	(67,747)	(45,792)	(40,394)
Other Expenses	(8,807)	(6,255)	(11,334)	(7,671)	(11,092)
Total Expenses	(56,785)	(50,125)	(79,081)	(53,463)	(51,486)
Net Profit Before Zakat	102,035	330,446	540,968	821,559	823,674
Zakat	(8,815)	(9,936)	(14,338)	(15,475)	(21,742)
Net Profit	93,220	320,509	526,630	806,084	801,933
Re-measuring the Commitment of Employee Benefits	1,118	(875)	(1,414)	-	-
Net Income	94,338	319,634	525,216	806,084	801,933
Shareholders of the Parent Company	92,281	318,033	524,235		
Non-Controlling Interests	2,057	1,601	981		
Net Income for the Parent Company	92,281	318,033	524,235	806,084	801,933
Proposed Cash Dividend	(78,750)	(118,125)	(157,500)	(236,250)	(236,250)
Balance	13,531	199,908	366,735	569,834	565,683
Retained Earnings Opening Balance	1,029,724	1,144,816	1,340,904	1,167,020	918,358
Cash Dividends Distributed for the Previous Year	(196,875)	(315,000)	(562,823)	(393,750)	(315,000)
Other Distributions	-	-	-	(2,200)	(2,200)
Retained Earnings Closing Balance	832,849	829,816	778,081	771,070	601,338

FINANCIAL RESULTS

Income Statement Changes

Statement	2018	2017	Changes		Reasons
			Amount	Percentage	
Sales	767,133	916,618	(149,485)	(16%)	Decreased quantity and value of sales
Cost of Sales	(624,272)	(559,227)	65,045	(12%)	
Gross Profit	142,861	357,473	(214,612)	(60%)	Low sales quantity and value
Marketing and Administrative Expenses	(47,978)	(43,870)	4,108	9%	
Operating Profit	94,883	313,603	(218,720)	(70%)	Low sales revenue
Non-Operating Expenses	(8,807)	(6,255)	2,552	41%	
Other Revenues	15,959	23,098	(7,139)	31%	Inventory adjustments on raw materials
Zakat	(8,815)	(9,936)	(1,121)	(11%)	Low Zakat due to low profit
Net Income	93,220	320,510	(227,290)	(71%)	Low sales revenue
Re-measuring the Commitment of Employee Benefits	1,118	(0,875)	1,119	-	
Net Comprehensive Income	94,338	319,634	(225,296)	(70%)	
Non-controlling Interest	2,057	1,601			



Jeddah Address: See on Map Here

Head Office P.O.Box 5330 Jeddah 21422 Saudi Arabia
Tel:(966 12) 6531555 Fax:(966 12) 6531420

Yanbu Address:

Yanbu Office P.O.Box 467 Yanbu Saudi Arabia
Tel:(966 14) 3225222 Fax:(966 14) 3223612