



ARABIAN CEMENT
العربية للأسمنت

Arabian Cement Company

FY 2019 Investors Presentation

Highlights



Contents

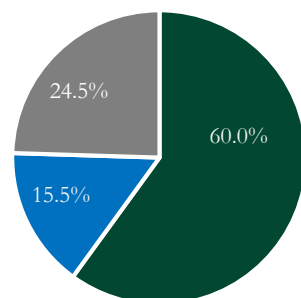
- Introduction to ACC.....4
- Period Highlights10
- Egyptian Cement Market12
- Sales Overview13
- COGS Overview15
- CAPEX Overview16
- Debt Status17
- Financials18

Introduction to ACC

ACC in a Snapshot

- The company operations started in 2008 and ACC is currently a leading cement producer. Majority owned by Cementos La Union (“CLU”), a Spanish cement player with operations in several countries such as Chile and Congo.
- ACC has two production lines with a total production capacity of 5.0 Mmpta, making it one of Egypt’s largest cement plants.
- ACC’s operations include the production of clinker, production and sale of high quality cement.
- The Company outsources its manufacturing through an operational management contract with FLSmidth.
- ACC has adopted and implemented quality, environment and safety management systems, complying with the requirements of the international standards ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- Through its dedicated sales and marketing teams the Company has managed to position its product amongst the market’s premium price brands.
- ACC pioneered shifting towards diversifying its sources of energy and will substitute 100% of its current energy requirements to use a mix of solid and alternative fuels.
- ACC has been also the first cement company in obtaining the Energy Management certificate ISO 50001:2011 at the beginning of 2016 and not obtained by any other Egyptian competitor yet.

FY 2019 Shareholding Structure



■ ARIDOS JATIVA ■ El Bourini Family ■ Free Float

Investment Highlights

Strong and Dynamic Management Team

New Strategically Located Facility with an Integrated Operation

Outsourcing the Production Process while Maintaining a Highly Qualified Internal Supervision Team

Better Positioned for Diversifying Energy Sources

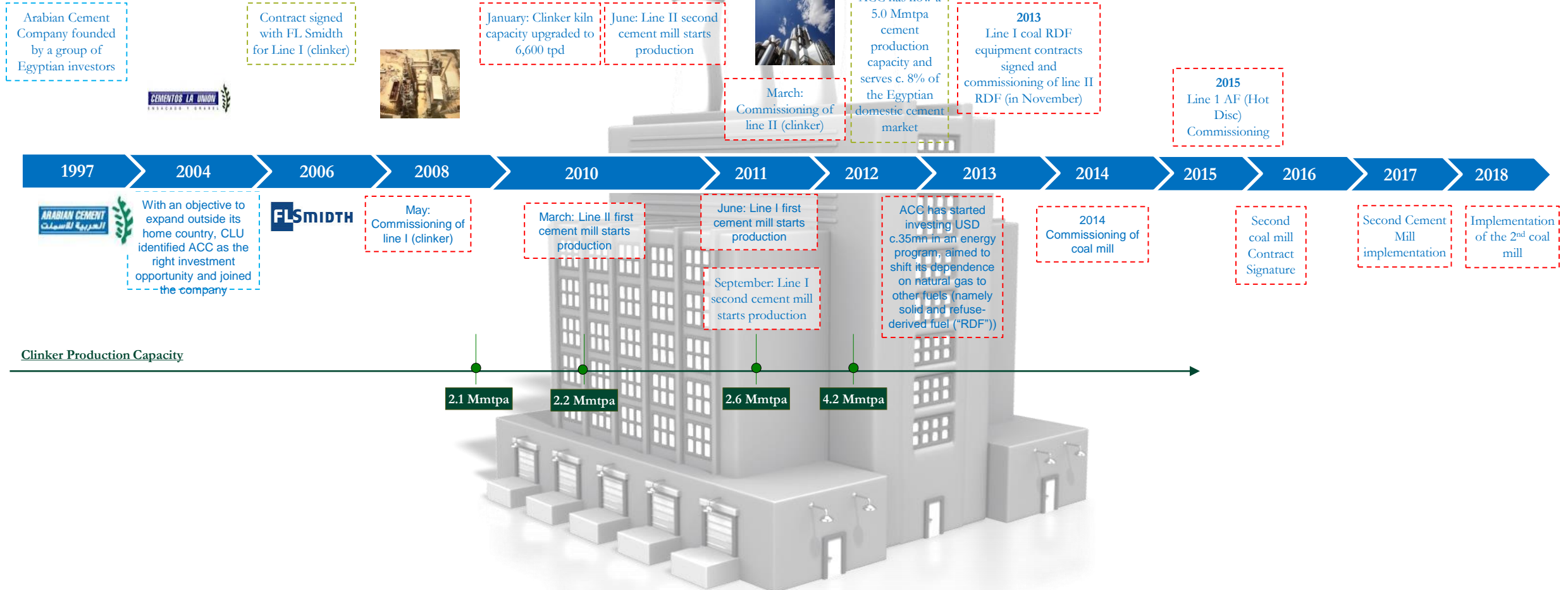
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

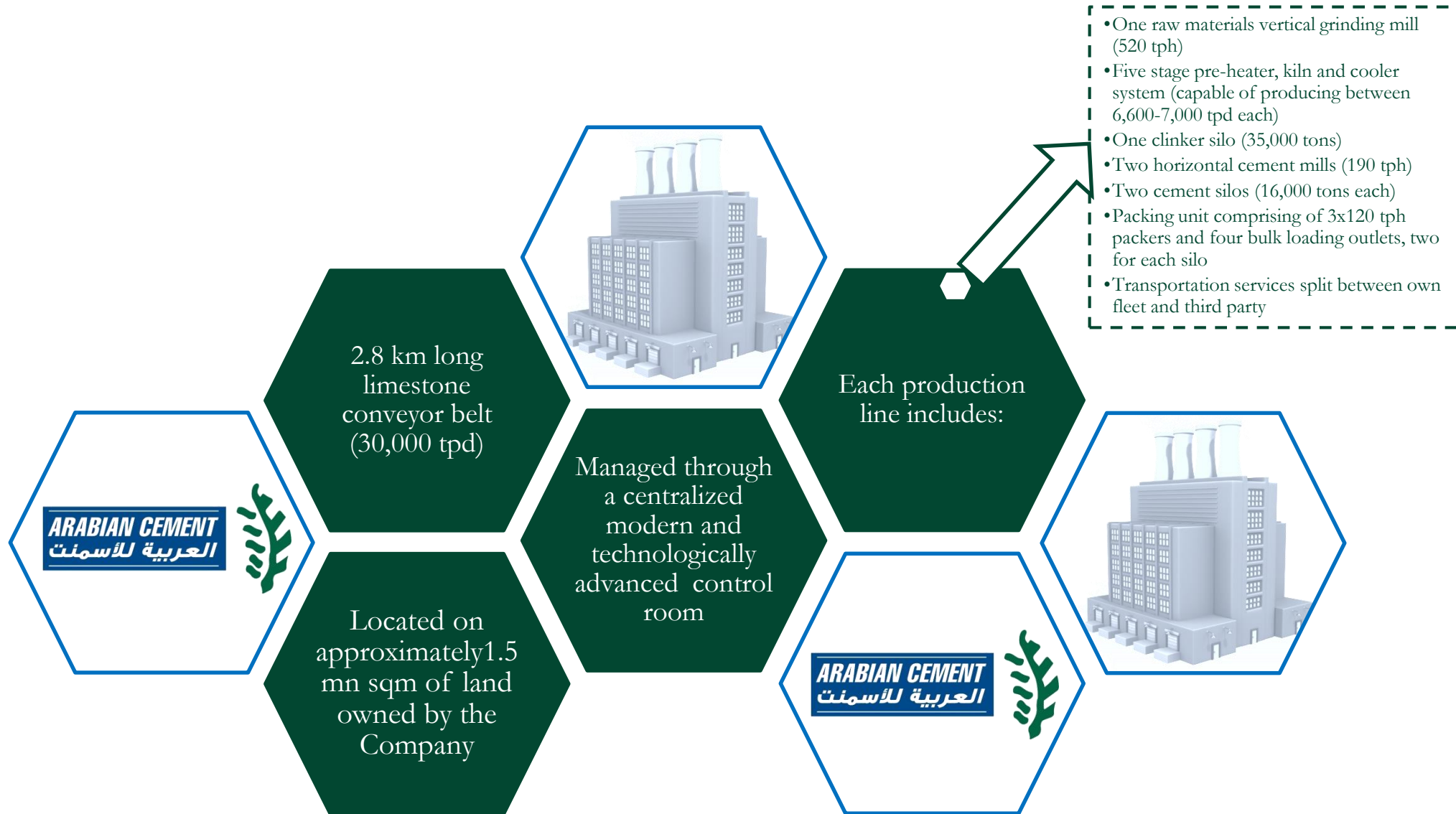
Introduction to ACC

Corporate Evolution



Introduction to ACC

Plant Information



Introduction to ACC

Executive Management Team



Sergio Alcantarilla

Chief Executive Officer



Mr. Alcantarilla is graduated from the Superior Industrial Engineering School in the University of Seville (Spain). He spent some time sharing his studies and Final Project, passed with Cum Laude, with works in different departments of the Engineering School, where he published articles related to energy generation with biomass in international magazines.
In 2002, he started his career in the cement industry and, since then, has participated practically in all fields of the business' technical side. After more than five years as Plant Manager in Spain, he moved to Egypt in 2009 to form part of the Company's Management, first as Plant Manager and later on, from mid-2012, as Chief Operation Officer. The Company's strengthening performance since the start of cement commercialization is a direct reflection of his passion for optimization and operational excellence. Mr. Alcantarilla participated actively in the preparation phase of Arabian Cement Company IPO.
In 2015, Mr. Alcantarilla was Executive MBA graduated, with honors, from the IE Business School, Madrid, and shortly after, in August 2016, became CEO of Arabian Cement Company.



Hasan Gabry

Chief Commercial Officer

Mr. Gabry is a graduate of the Faculty of Commerce - Ain Shams University - Cairo Egypt, year 1991, with 24 years of Commercial Experience, 11 of which are in the Cement Industry as a Senior Commercial Director. The Cement journey started with Lafarge Sudan, moving to ASEC Algeria, GFH Bahrain, Khalij Holding Qatar, and since 2009 with Arabian Cement Company in Egypt



Salvador Cabanas

Chief Financial Officer

Mr. Cabañas is a graduate of Industrial Engineering and Executive EMBA, both in Universidad Politécnica de Valencia, Spain. He joined ACC in October 2018 as a Chief Strategy Officer, shortly after, in May 2019 became CFO of Arabian Cement. He started his career in 2007 in a multinational company in the Water & Wastewater industry occupying different senior positions as Technical Director, Sales Director and Commercial Excellence Director of Europe within the Global Marketing and Strategy Department. Mr. Cabañas has led and implemented large projects in the areas of Customer Loyalty, Cost Optimization, Pricing Strategy and Sales & Operational Excellence across international teams.



Sameh Saleh

Chief Operations Officer

Mr. Saleh has 23 years of experience in the Egyptian cement industry. He joined ACC 2012 as Plant Manager. Prior to that he worked for RHI as ACC consultant for the construction of its green field project starting 2005 till 2012. In 2005 he was a member of ASEC group engineering division. Mr. Saleh has diversified cement industry experience portfolio (i.e. engineering, upgrades and turnkey project management). He graduated from faculty of engineering Cairo University 1992. later on, AUC Project management diploma 2009 and last but not least, AUC Executive Master of Business Administration EMBA 2016.

Our Strategy

Medium Term Strategy

Long Term Strategy

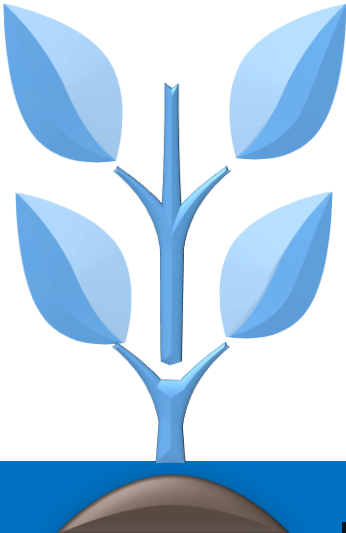
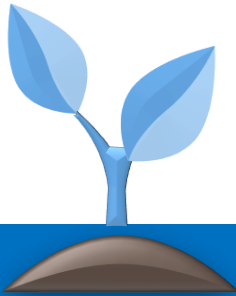
1- Position ACC Among the Top Brands in the Market and Command a Price Premium and the Highest Profitability

2- Continue to Pay a Healthy Dividend Stream While Optimizing Capital Structure

3- Vertical Expansion:

- Andalus Ready Mix
- RDF Plants

4- Cost saving strategy



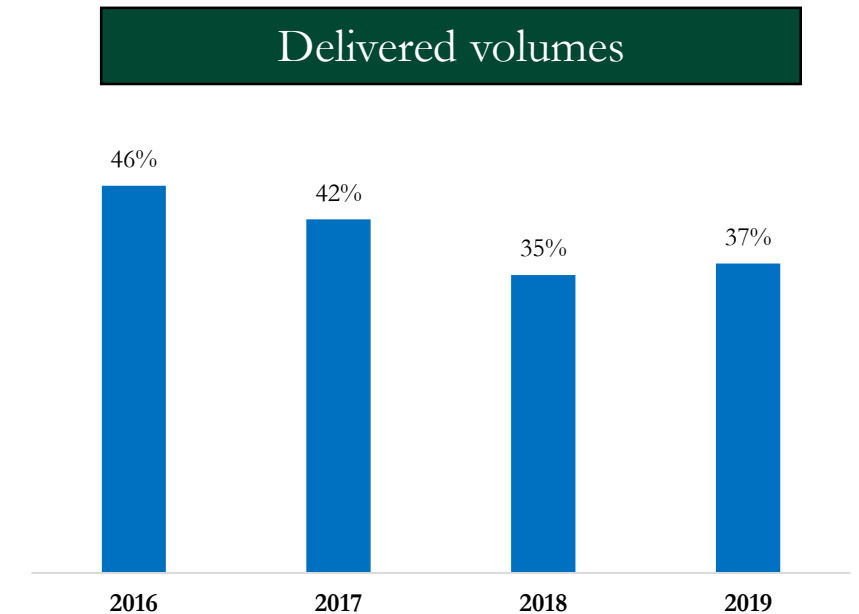
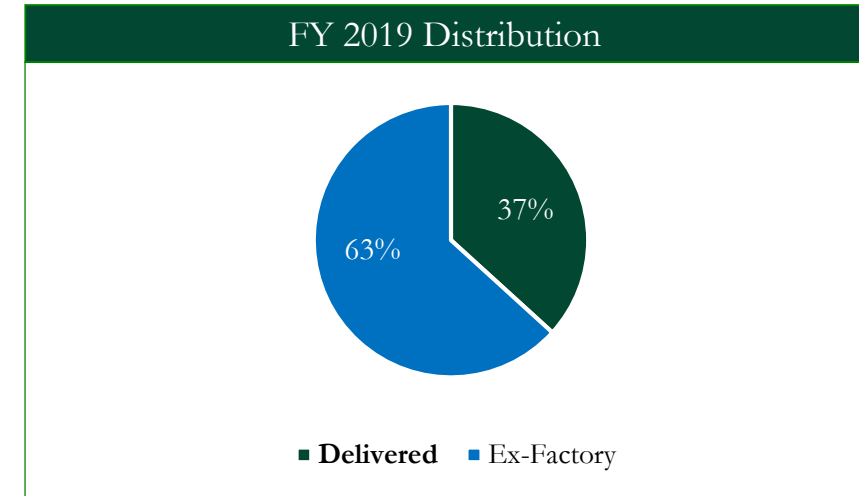
Introduction to ACC

Distribution Network Overview

- In FY 2019 Arabian Cement distributed through direct Ex-Factory sales and Delivery.

Express Wassal

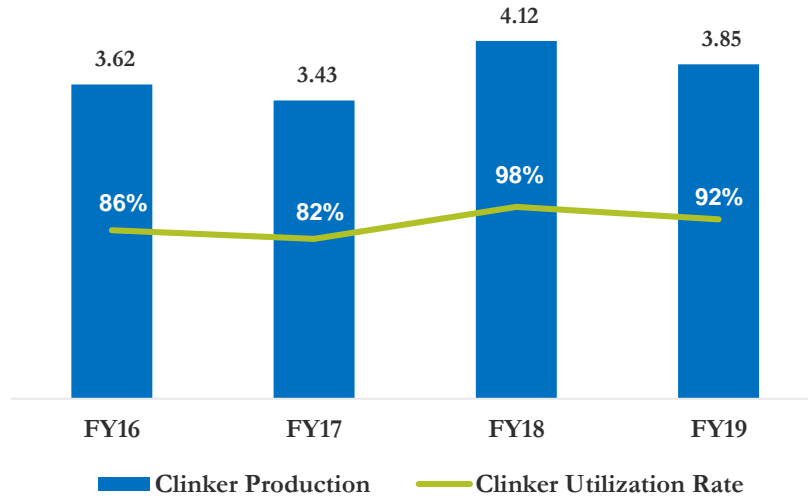
- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 25 trucks as well as by 3rd party business partners. Express Wassal was launched in 2011
- Express Wassal offers ACC a number of benefits such as;
 - Reducing ACC's dependency on external transport providers which is fragmented and can be unreliable
 - Controlling products flow to strategic markets
 - Ensuring price positioning in these markets
 - Penetrating high demand scattered markets
 - The Company's own fleet also provides it with insight with regards to the operational costs associated with transportation, allowing it to better gauge 3rd party transportation rates
- Now ACC operates its Express Wassal's hotline for 24 hours per day, 7 days a week.
- The additional availability has increased customer satisfaction as it allows them fast access to the Company's products at any time



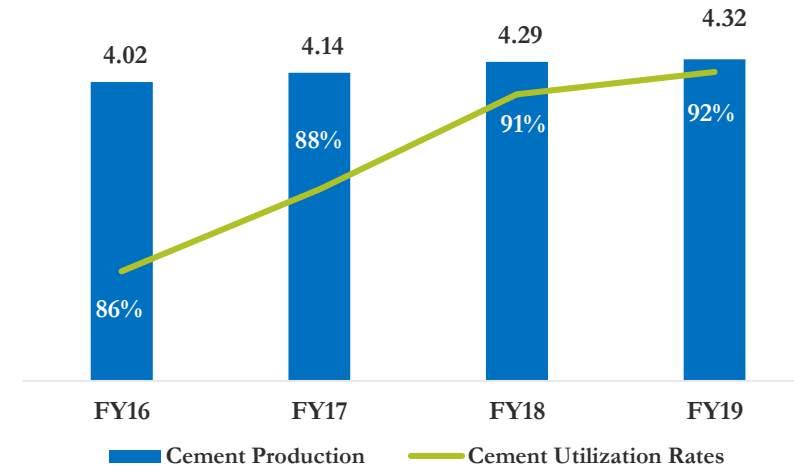
Period Highlights (continued)

Main KPIs

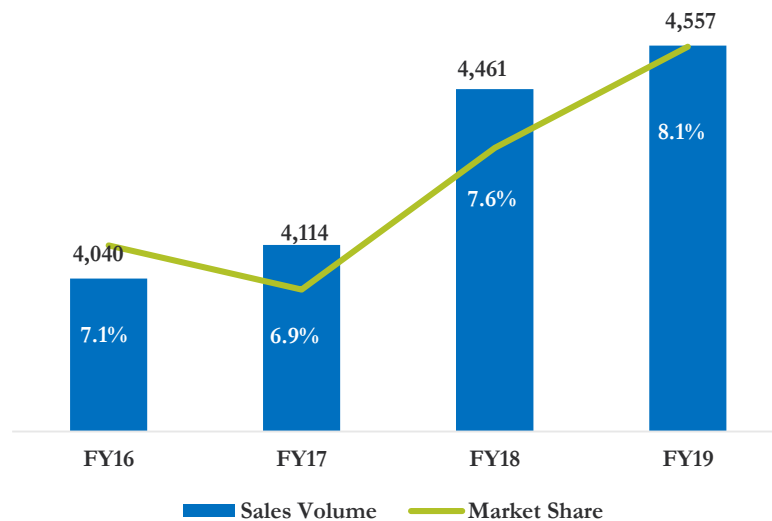
Clinker Production (MN MT) and Utilization Rates



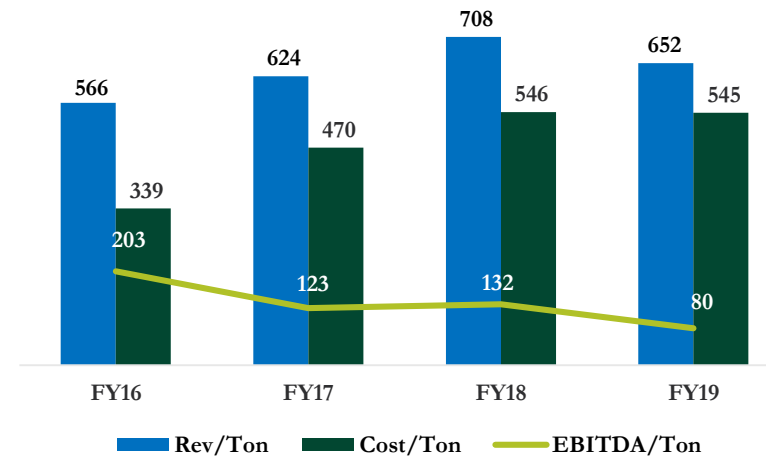
Cement Production and Utilization Rates



Sales Volumes (MN MT)



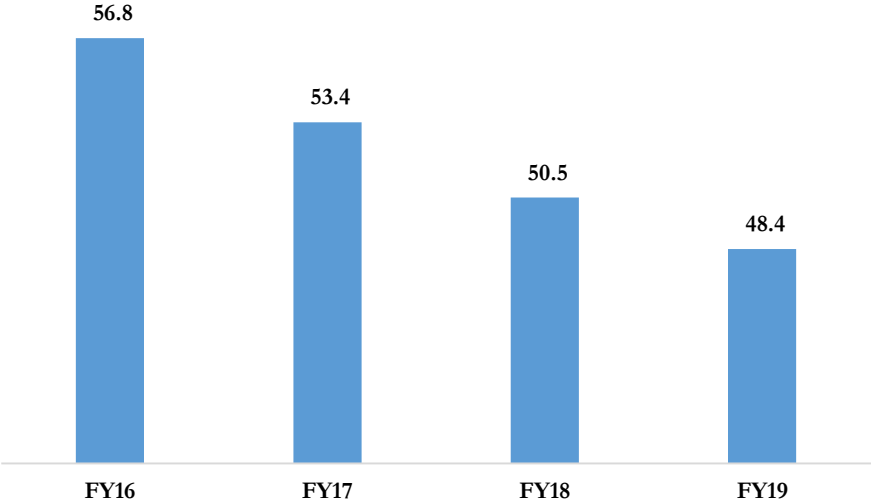
Revenues, COGS and EBITDA (EGP/ton)



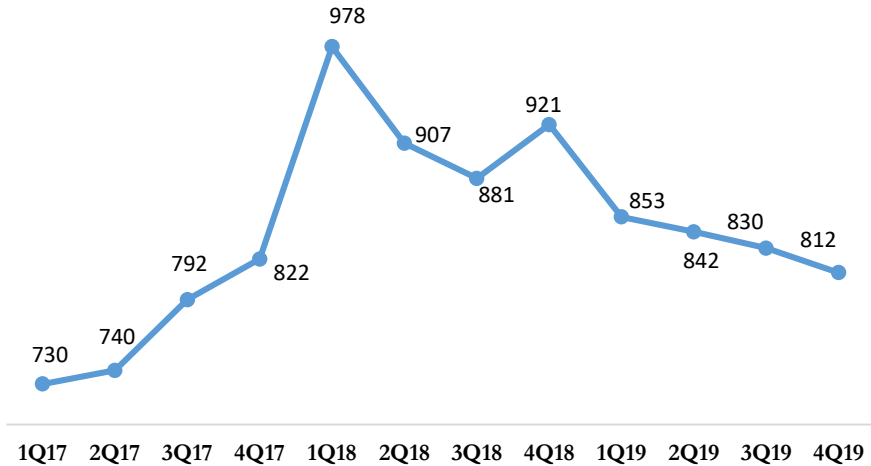
Egyptian Cement Market

Demand and Supply Synopsis

Domestic Consumption (MMT)



Average Market Retail Prices (EGP/ton)



Egyptian Market Overview

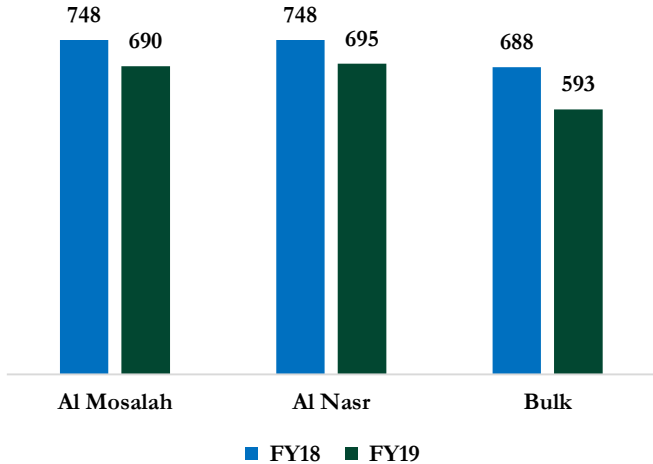
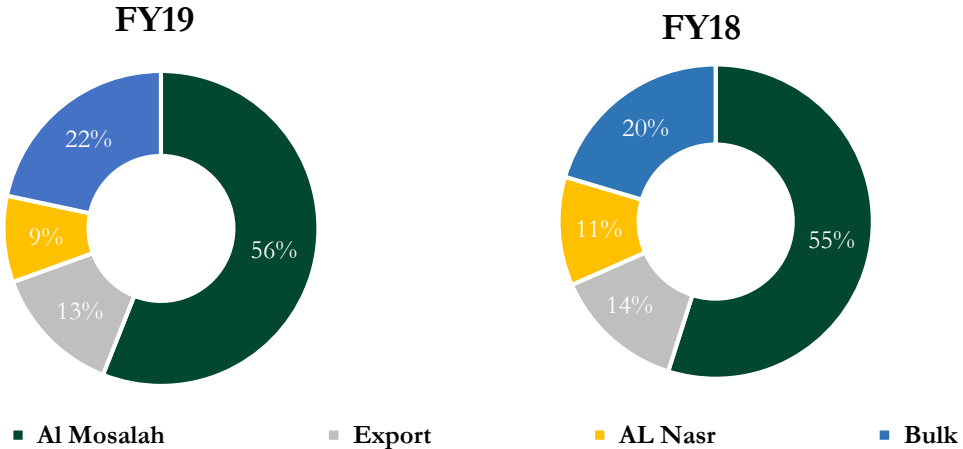
- The Egyptian market consumption for FY 2019 declined by 4% compared to the same period last year.
- After 2019 and going foreword, the market is expected to start growing as the GDP per capita in USD terms is at the same level of pre-floatation. Moreover, CBE is easing the interest rate which will lead to more investments.
- Residential housing demand is expected to continue to be driven by its growing population and marriage rates, ensuring a consistent demand in one of the most populous countries.
- Government is working on some mega projects like the new capital city, enhancing roads and rail infrastructure, and restructuring the energy sector.

Sales Overview

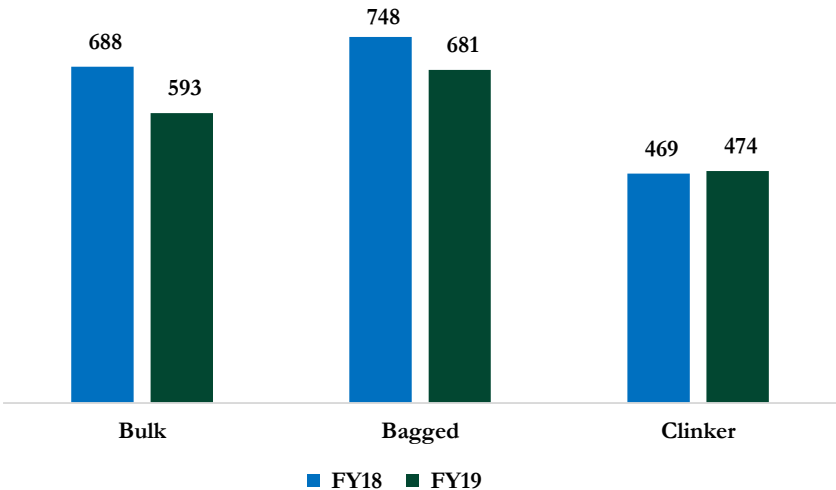
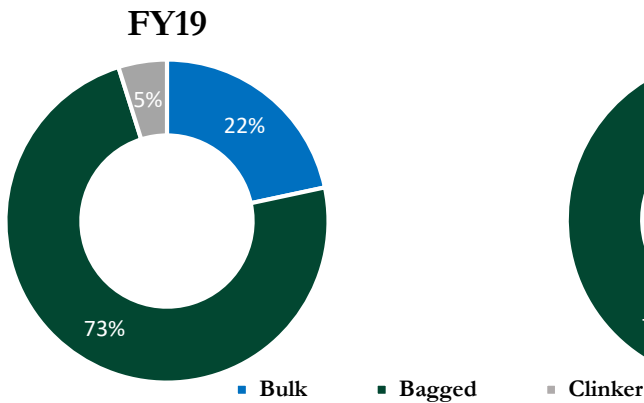
Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
----------------------	------------------

Breakdown by Brand



Breakdown by Type



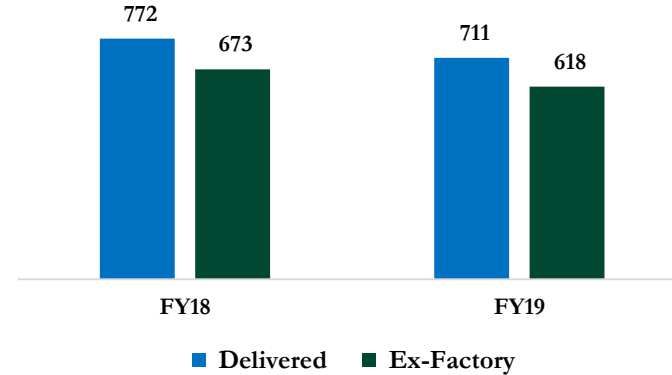
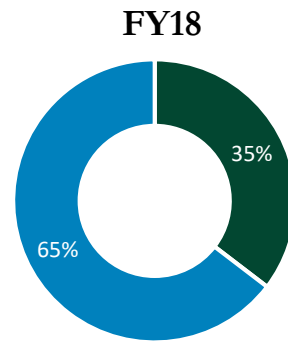
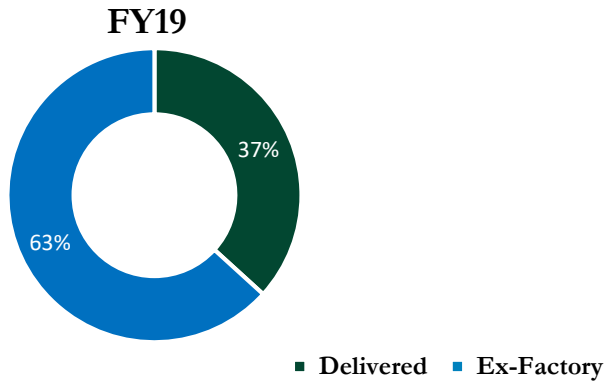
Sales Overview

Quantities Breakdown

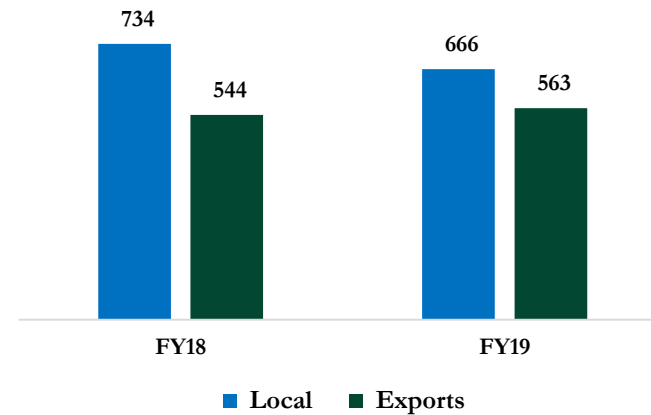
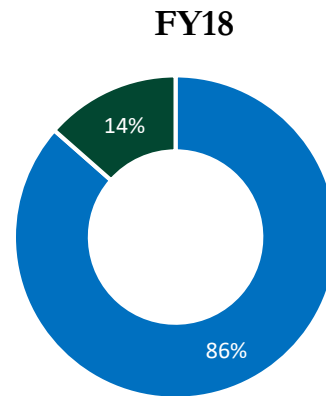
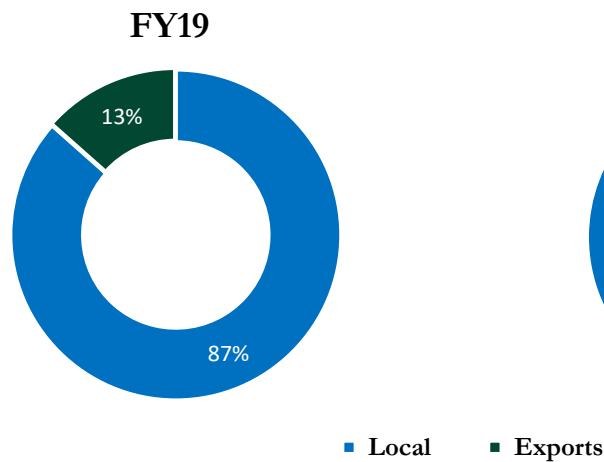
Quantities Breakdown

Prices (EGP/ton)

Breakdown by Point of Sale



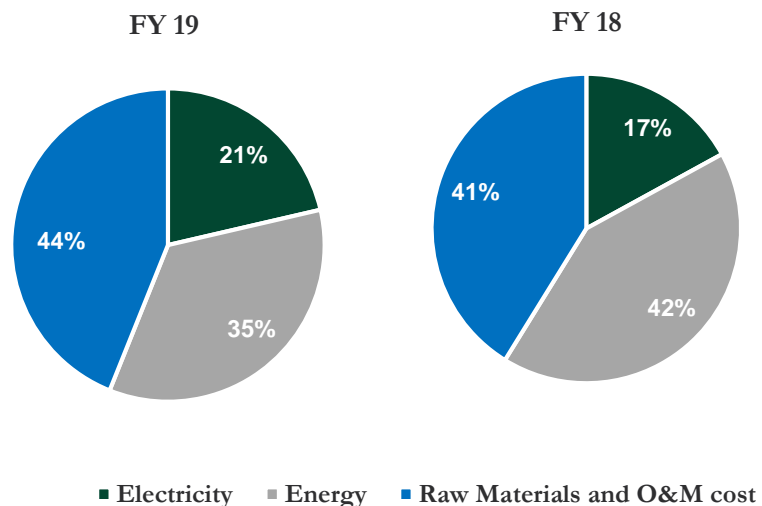
Breakdown by Market



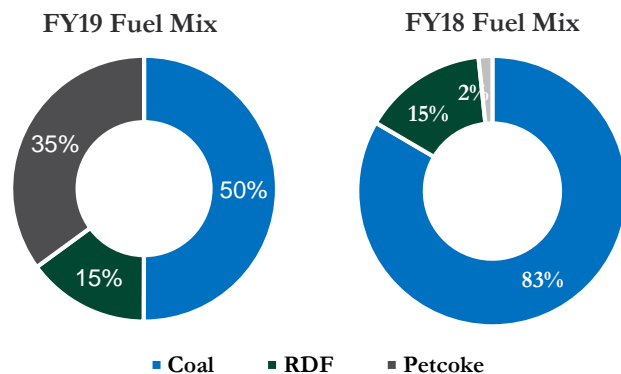
COGS Overview

COGS and ACC Cost Advantages

COGS Breakdown



Fuel Mix

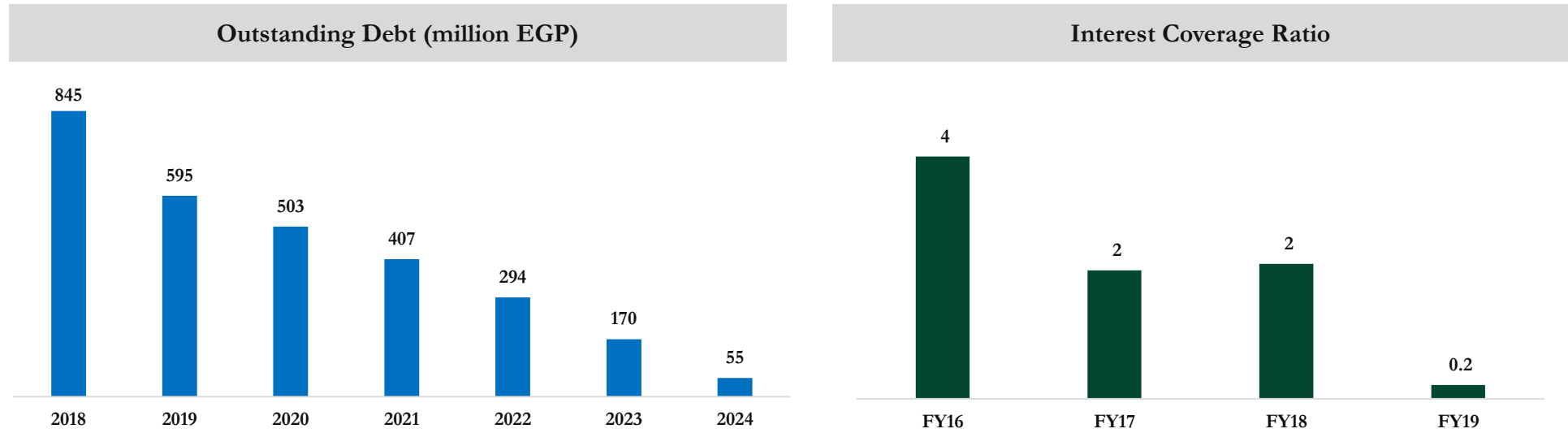


ACC Cost Advantages

- ACC is always working on controlling its cash cost/ton. After the operation of our second coal mill in 2Q2018, the company was able to get rid of the diesel input, depending only on coal, pet-coke and RDF.
- ACC has the capability to use different types of fuels , yet we will always try to keep our leading position as a cost-efficient player by using the suitable fuel mix.
- **RDF:**
 - ACC started using RDF in November 2013 in Line II.
 - Starting June 2015 the company started commissioning the hot disc to enable using a higher percentage of Alternative fuels in Line I, and in the total factory.
 - ACC is founding another sister company 'Evolve' to source part of its RDF needs.
- **Coal:**
 - After the implementation of the second coal mill, the company has the technical capability to substitute > 100% of energy needs through coal.
- **Pet-coke :**
 - ACC was able to source 70%-80% of its coal needs through local pet-coke which will give us a competitive edge among our competitors and will reduce our cash cost per ton.

Debt

Outstanding Debt & Debt Structure



Debt Structure (EGP vs. USD)



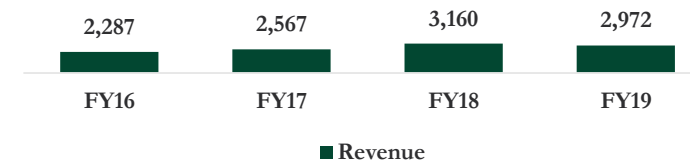
■ loans in EGP ■ loans in USD

FY19 Financials Review

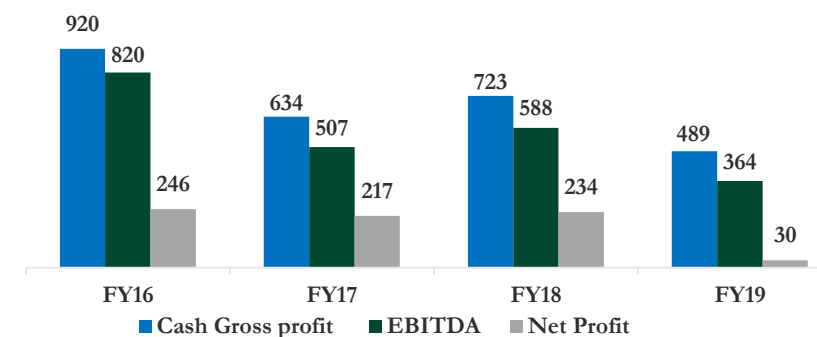
Income Statement

	FY16	FY17	FY18	FY19
Revenue	2,287	2,567	3,160	2,972
Cost of goods sold	1,368	1,933	2,437	2,482
Cash Gross profit	920	634	723	489
GPM	40%	25%	23%	16%
SG&A Expenses	99	127	135	125
EBITDA	820	507	588	364
EBITDA Margin	36%	20%	19%	12%
Other income	14	-6	10	1
Depreciation & Amortization	204	235	248	261
EBIT	630	266	350	104
EBIT Margin	28%	10%	11%	3%
Foreign exchange	-246	31	-4	66
Loss/gain on disposal of PPE	-7			.0
Finance cost, net	7	103	106	133
Net Profit Before Tax	370	194	241	37
NPBT Margin	16%	8%	8%	1%
Deferred tax	10	-3	7	
Income tax expense	115	-21		7
Net Profit	246	217	234	30
NPM	11%	8%	7%	1%

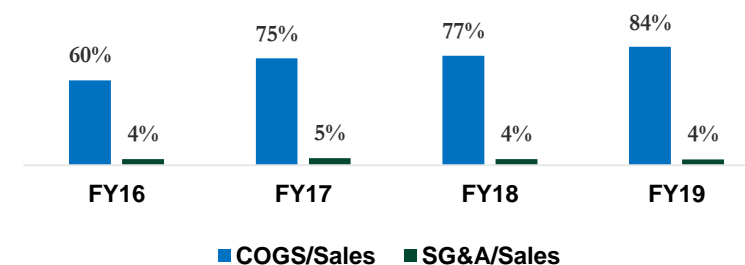
Revenues (Thousand EGP)



GP, EBITDA & Net Profit (Thousand EGP)



Efficiency Ratios

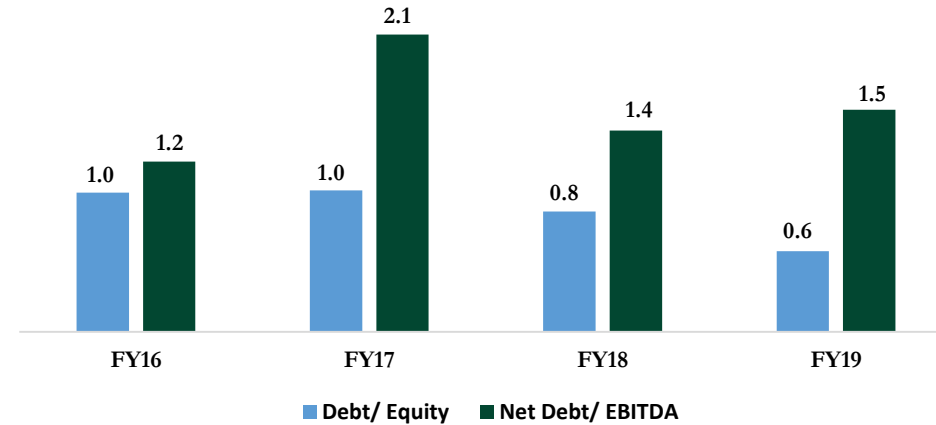


FY19 Financials Review

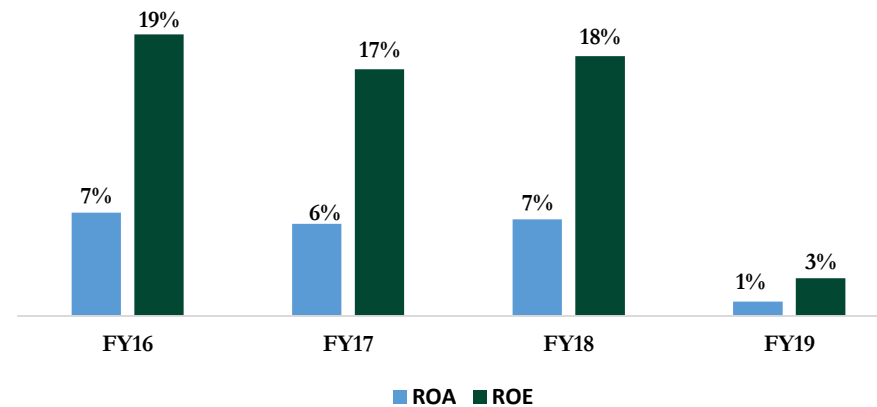
Balance Sheet

	FY16	FY17	FY18	FY19
Assets				
Non-current Assets				
Property plant and equipment, net	2,877	2,356	2,457	2,380
Projects under construction	18	249	96	4
Intangible assets	87	396	345	295
Investment in subsidiaries	21	38	48	48
Total Non-current Assets	3,003	3,039	2,946	2,726
Current Assets				
Inventory	276	253	282	156
Debtors and other debit balances	103	78	169	104
Due from related parties	13	9	20	17
Cash and bank balances	130	117	165	86
Total Current Assets	523	457	637	363
Total Assets	3,526	3,496	3,583	3,089
Current Liabilities				
Provisions	9	16	10	12
Current tax liabilities	116			13
Trade payables and other credit balances	518	559	784	886
Due to related parties	8	8	7	8
Borrowings - short term portions	436	458	351	152
Short-term liabilities	146	114	125	12
Total Current Liabilities	1,235	1,155	1,277	1,084
Net (Deficit) Surplus in Working Capital	-712	-698	-641	-721
Total Invested Funds	2,291	2,342	2,306	2,005
Equity				
Paid up capital	757	757	757	757
Legal reserve	185	210	231	255
Retained earnings	350	337	342	164
Total Equity	1,292	1,305	1,331	1,176
Non-current Liabilities				
Borrowings - long term portions	464	601	619	492
Deferred income tax liability	339	336	343	337
Long-term liabilities	196	100	12	
Total Non-current Liabilities	998	1,037	975	829
Total Equity and Liabilities	3,526	3,496	3,583	3,089

Gearing



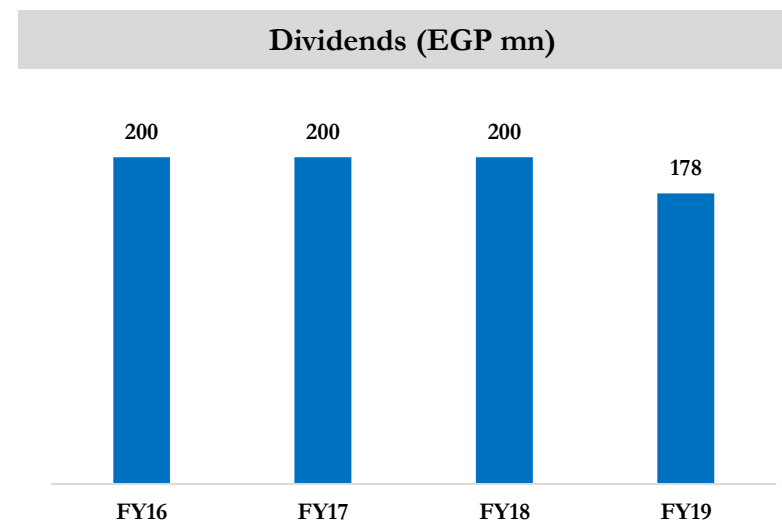
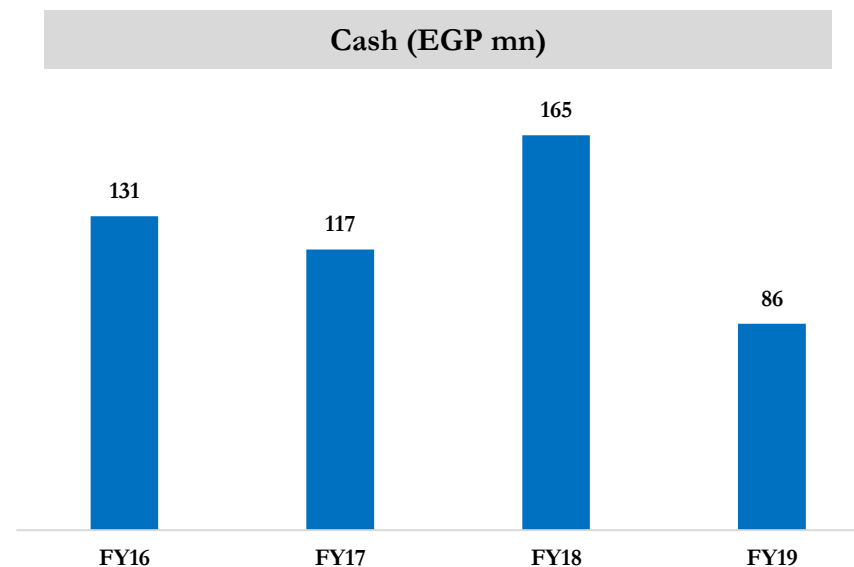
Return Ratios



FY19 Financials Review

Cash Flow Statement

MN EGP	FY16	FY17	FY18	FY19
Cash flows from operating activities				
Net profit before tax	370	194	241	37
Interest income	-7	-5	-4	-4
Interest expense	-40	-9	5	3
Depreciation expense	182	184	197	206
Amortization of intangible assets	23	51	51	51
Gain from sale of property plant and equipment	7	0		0
Dividends from joint venture	0	0		
Net Foreign exchange (Profit) / loss	33	-22		-37
Provision	-8	7	-6	2
Changes in working capital	561	399	484	258
Debtors and other debit balances	-33	23	-22	-4
Inventory, net	-112	24	-53	126
Trade payables and other credit balances	-5	56	146	169
Due from related parties	1	4	-11	4
Tax paid	-67	-94		
Due to related parties	44	-1	-1	1
Net cash from operating activities	389	411	543	553
Cash flows from investing activities				
Proceeds from dividends from joint venture	0	0		
Proceeds from sale of assets	7	0		0
Interest income	7	5	4	4
Purchase of property, plant and equipment	-13	-13	-25	-33
Additions in projects under construction	-22	-242	-96	-3
Payments under long-term investments	0	-16	-10	
Net cash flows used in investing activities	-21	-267	-127	-33
Cash flows from financing activities				
Payments of license liability	-104	-135	-70	-125
Payments of borrowings	-270	-45	-72	-78
Interest paid				
Dividends paid	-205	-205	-207	-185
Proceeds from bank overdraft	64	226	-17	-212
Net cash flows from financing activities	-515	-159	-366	-600
Net increase (decrease) in cash and cash equivalents	-234	-13	48	-79
Cash and cash equivalents at beginning of the year	365	131	117	165
Cash and cash equivalents at end of the period	131	117	165	86



Future Ready



ARABIAN CEMENT
العربية للأسمنت

For more Information Please Contact:

Karim Naguib –Budgeting & Investor Relations Manager

Mirna Abd El Nour-Financial Planning Analyst

IR@arabiancementcompany.com

www.arabiancementcompany.com