



ACC Reports Net Profit of 159 Million for 9M2016 despite FX losses of 145 Million.

Key Income Statement Highlights of 9M2016

8% Increase in EBITDA EGP 578 MN	4% Decrease in SG&A EGP 65 MN	35% Decrease in Net Profit EGP159 MN	5% Reduction in cost/ton to EGP 329
7.0% Market share	10% Net Profit Margin	36% EBITDA Margin	FX loss EGP 145MN

Results in a Nutshell

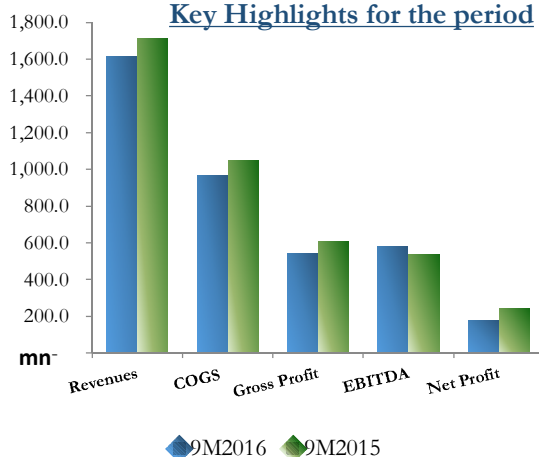
29 November 2016 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), a leading Egyptian cement producer, reported its results for 9M2016. Reporting revenues of EGP 1,613 million down a 6% y-o-y compared to EGP 1,711 million in the same period the last year, such decline is due to an increase in prices (2%) but decline in sold volumes (-8%).

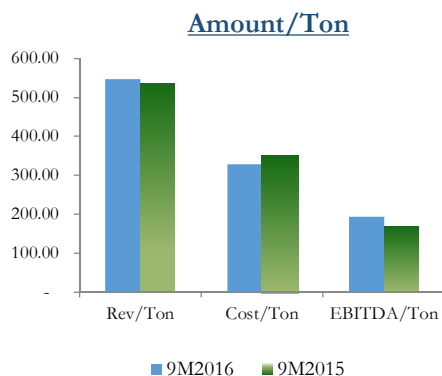
At the cost of goods sold (COGS) level, ACC incurred a decrease of 12% y-o-y in 9M2016 to EGP 969 million, leading to a COGS:Sales ratio of 60%, compared to 65% in 9M2015.

EBITDA for the 9M2016 increased a solid 8% y-o-y to EGP 578 million, with EBITDA margin rising to 36% compared to 31% in 9M2015. The improved EBITDA is owed partly to higher Rev/Ton and lower Cost/Ton. Also EBITDA/Ton reached EGP 196, 16% higher than the same period of last year.

The above figures are calculated according to the Egyptian Accounting standards (EAS), in which coal related FX is presented among the FX loss amount. If the FX loss incurred in sourcing currency for coal was included as COGS, ACC would have adjusted COGS of EGP 982 million, 11 % decrease y-o-y. Consequently, EBITDA would be adjusted to EGP 565 million resulting in an EBITDA margin of 35%.

Key Highlights for the period





Net Profit came in at EGP 159 million in 9M2016, down 35% y-o-y and with a net margin of 10% compared to 14% in 9M2015. The company's bottom line was reduced by higher FX losses. Worth noting that excluding the exchange rate losses, the company would have reported a net profit of 304 million.

Comments on the Period

EGP Million	9M2016	9M2015	Variance %
Revenues	1,613	1,711	-6%
<i>Rev/Ton</i>	<i>547</i>	<i>536</i>	<i>2%</i>
COGS	969	1,105	-12%
<i>Cost/Ton</i>	<i>329</i>	<i>347</i>	<i>-5%</i>
EBITDA	578	537	8%
<i>EBITDA/Ton</i>	<i>196</i>	<i>168</i>	<i>16%</i>
EBITDA Margin	36%	31%	
FX Loss	145	44	228%
Net Profit	159	244	-35%

Prices in 3Q2016 were EGP 544/ton, 42 EGP higher than the 2Q2016 price of EGP 502/ton. The 9M2016 average net price per ton stood at EGP547/ton, 2% higher than 9M2015 of EGP536/ton.

During 9M2016, ACC sold 2,946 million tons, representing a market share of 7.0%, compared to 9M2015 sales of 3,189 million tons. 9M2016 sales were divided in 1,326 million tons delivered and 1,620 million tons as ex-factory. In terms of format, 85 % was sold as bagged and 15% in bulk.

Regarding Cost of goods sold (COGS), ACC managed to reduce its cost/ton by 5% from EGP 347 in 9M2015 to EGP 329 in 9M2016. The cost reduction was mainly due to better energy mix by increasing the usage of RDF. The cost of fuel in clinker in 9M2015 was 135 EGP/ton which was decreased to 125 EGP/ton in 2016, a decrease of 7%.

Because of the reductions in fuel costs and in transportation costs, ACC saw improved results on the EBITDA level. EBITDA margin improved from 31% in 9M2015 to 36% in 9M2016.



SG&A spending of 68m in 9M2015 declined 4% to EGP 65 million in 9M 2016. The main reason was lower general logistics costs due to optimization of the distribution network. SG&A/sales ratio stood at 4%.

Our FX losses stood at EGP 145 million in 9M2016 compared to EGP 44 million in 9M2015, mainly because of exchanging dollars at a higher rate than the official bank rate.

During 2016, our total outstanding debt was remarkably reduced. The USD portion dropped from USD 65.7 million to USD 53.7 million, after repaying USD 12 million. ACC is planning to close the current year 2016 with USD debt balance of USD 44 million. Also, the company repaid part of its EGP debt to reduce its balance from EGP 506 million to EGP 435 million.

Outlook

Management is confident that the Egyptian market offers significant growth potential and guardedly optimistic that the country is on course for a continuation of economic growth, political stability and a steady security environment.

Demand in 9M2016 has seen an increase of 8.5% over 9M2015 reaching 42.2 million tons. Particularly July and August have seen strong volume increase. We will still focus on maximizing EBITDA, selling at a premium and maintaining a competitive cost structure.



About Arabian Cement Company

Arabian Cement Company (ACC) was first established in 1997 by a group of Egyptian entrepreneurs, who aspired to establish a leading Egyptian cement company. The cement factory is located in the Suez Governorate.

It has a capacity of 5MM tons of first quality cement, approximately 7% of Egypt's production capacity. ACC is held by Cementos La Union, a Spanish investor with 60% stake, 17.5% is held by El Bourini family and 22.5% is traded on the EGX.

Its brand "Al Mosallah" enjoys undisputed prestige and is considered among the best cements produced in Egypt. For further information, please refer to www.arabiancement.com

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Forward-Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Arabian Cement Company (ACC). Such statements involve known and unknown risks, uncertainties and other factors; undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of ACC may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of ACC is subject to risks and uncertainties.

Summary Performance EGP

Description	Unit	9M2016	9M2015	Variance %	FY15	FY14	Variance %
National Consumption	K Tons	42,179	38,877	8.5%	53,800	52,234	3.0%
ACC Cement Utilization Rates	PCT	79.1%	85.2%		85%	83%	
ACC Cement Sales Volume	K Tons	2,946	3,189	-7.6%	4,271	4,130	3.4%
ACC Market Share	PCT	7.0%	8.2%		7.9%	7.9%	
Revenues	K EGP	1,612,542	1,710,554	-5.7%	2,236,128	2,498,734	-10.5%
Rev/Ton	EGP	547	536	2.0%	524	605	-13.5%
COGS Inc. Overheads	K EGP	969,421	1,105,402	-12.3%	1,466,358	1,458,936	0.5%
Cost/Ton	EGP	329	347	-5.1%	343	353	-2.8%
EBITDA	K EGP	577,779	537,203	7.6%	676,879	833,336	-18.8%
EBITDA/Ton	EGP	196	168	16.4%	158	202	-21.5%
EBITDA Margin	PCT	35.8%	31.4%		30.3%	33.4%	
Gross Profit	K EGP	643,121	605,152	6.3%	769,770	749,148	2.8%
Gross Profit Margin	PCT	39.9%	35.4%		34.4%	30.0%	
COGS/Sales	PCT	60.1%	64.6%		65.6%	58.4%	
SG&A	K EGP	65,342	67,949	-3.8%	92,890	106,483	-12.8%
SG&A/Sales	PCT	4.1%	4.0%		4.2%	4.3%	
FX Loss	K EGP	145,052	44,210	228.1%	44,004	25,856	70.2%
Depreciation & Amortization	K EGP	148,986	146,804	1.5%	196,521	290,650	-32.4%
Interest expenses	K EGP	63,820	64,645	-1.3%	89,545	94,561	-5.3%
Profit Before Tax	K EGP	212,664	278,541	-23.7%	339,089	522,181	-35.1%
Deferred tax	K EGP	-3,057	23,554	-113.0%	-21,911	14,128	-255.1%
Income Tax	K EGP	50,601	58,096	-12.9%	71,556	134,923	-47.0%
Net Profit	K EGP	159,005	243,998	-34.8%	289,443	373,131	-22.4%
Net Profit Margin	PCT	9.9%	14.3%		12.9%	14.9%	
Outstanding Debt	K EGP	953,056	1,073,814	-11.2%	1,050,702	1,200,242	-12.5%
Equity	K EGP	1,335,745	1,336,198	0.0%	1,381,643	1,295,117	6.7%
Debt/Equity		0.7	0.8		0.8	0.9	
Transportation Cost	K EGP	66,482	97,355	-31.7%	21,303	38,507	-44.7%
Cash Cost Exc. Overheads	K EGP	847,390	953,268	-11.1%	1,426,459	1,411,283	1.1%
Cash cost/Ton Exc. Overheads	EGP	288	299	-3.8%	334	342	-2.3%
Transportation Cost/Ton	EGP	50	52	-2.7%	49	56	-12.1%
Total Volume Transported	K Tons	1,327	1,890	-29.8%	434	690	-37.0%