



Arabian Cement Company Reports Strong Top-Line Growth in 1Q 2022

Revenues

↑ EGP 1,020 mm

Cash Cost

↑ EGP 731 mm

Cash Gross Profit

↑ EGP 289 mm
28.4% Margin

EBITDA

↑ EGP 273 mm
26.8% Margin



Results in a Nutshell

25th May 2022| Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange),
a leading Egyptian cement producer reported its results for 1Q 2022.

The following are our comments for the 1Q 2022

Arabian cement company recorded a strong revenue growth of EGP 1,020 million in 1Q 2022, up 32% q-o-q. Our Rev/ton increased by 23% reaching EGP 889 versus EGP 722 at the same period last year. Our sales volume increased by 24% q-o-q reaching 1,148K tons versus 928K tons in 4Q 2021. In terms of format 47% of our sales were bagged, 31% was bulk, and 22% clinker. Export sales reached 156K tons in 1Q 2022 which represents 14% of our total sales.

ACC's Cash cost for the quarter stood at EGP 731 million, up 24 % q-o-q. while our cash cost per ton increased by 15% reaching EGP 637 per ton versus EGP 552 in the same period last year. Such increase is mainly attributed to the increase in global fuel prices.

ACC cash gross profit recorded EGP 289 million in 1Q2022 versus EGP 187 million in 4Q 2021, while cash gross profit margin stood at 28% versus 24% y-o-y.

SG&A for the period stood at EGP 32.2 million which represents a 3.1% SG&A to Sales compared to 5.1% in the same quarter last year.

Our EBITDA for the quarter came in at EGP 273 million versus EGP 78 million last year and yielding an EBITDA margin of 26.8% compared to 19.0 % in 1Q2021.

Net profit for the quarter stood at EGP 53 million versus a net loss of EGP 4 million in the comparable period in 2021, with a net profit margin of 5% in 1Q 2022. ACC incurred an EGP 51.1 million FX loss in 1Q2022 due to the devaluation of the Egyptian pound in March 2022.

ACC's total outstanding debt decreased by 16% y-o-y. The company's total loans reached EGP 388 million, which represents a debt-to-equity ratio of 0.34, down from EGP 463 million in the same period last year. Our interest expense was reduced by 19% recording EGP 14.4 million versus EGP 17.7 million in 1Q 2021.



Outlook

As we suggested at the closing of 2021, national cement consumption increased almost 5% in the 1Q2022 and we still believe that this will be the normality from now onwards. This 5% was the CAGR for the decade before the big Egyptian pound devaluation of 2016 and we should come back to it, in absence of other external significant disruption effects.

It is true that the external factor of the Russia-Ukraine war is affecting Egypt in many aspects, as well as the rest of the world. We had a 17% devaluation of the EGP towards the end of March as the most tangible effect. But the main effect is in the international fuel market (gas, coal, petcoke, petrol), which are reaching peaks never seen in the history. This is obviously affecting the costs, and consequently the selling prices, of all commodities, raw materials, transportation & services, everywhere.

Despite of all the above, the construction market and its fundamentals still indicates that consumption should keep growing. However, the risk of a very long conflict in Ukraine is there and the evolution of all sectors of the economy worldwide depends, up to a certain extent, on how things unleash in this respect.





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 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, 11.4% is held by El Bourini family, and 28.6% 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.arabiancementcompany.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.

Key Indicators	Unit	1Q 2022	1Q 2021	Variance%
Cement Domestic Sales	K Tons	13,298	12,688	5%
Cement Export Sales	K Tons	669	506	32%
Total Cement Sales	K Tons	13,967	13,194	6%
Clinker Export Sales	K Tons	1,674	145	1053%
Clinker local Sales	K Tons	137	0	
ACC Clinker Production	K Tons	811	408	99%
ACC Clinker Utilization Rate	PCT	77%	39%	38%
ACC Cement Production	K Tons	892	579	54%
ACC Cement Utilization Rates	PCT	76%	49%	27%
ACC Domestic Sales Volume	K Tons	855	509	68%
ACC Cement Exports Volume	K Tons	42	64	-34%
ACC Local Clinker Sales	K Tons	137	0	
ACC Export Clinker Sales	K Tons	114	0	
ACC Total Volumes	K Tons	1,147	573	100%
Local Market Share	PCT	6.4%	4.0%	2%
Revenues	MMEGP	1020	414	146%
Rev/Ton	EGP	889	722	23%
Cash Cost	MMEGP	731	317	131%
Cash Cost/Ton	EGP	637	552	15%
EBITDA	MMEGP	273	78	248%
EBITDA/Ton	EGP	238	137	74%
EBITDA Margin	PCT	27%	19%	8%
Cash Gross Profit	MMEGP	289	97	197%
Cash Gross Profit Margin	PCT	28%	24%	5%
COGS/Sales	PCT	72%	76%	-5%
SG&A	MMEGP	32	22	42%
SG&A/Sales	PCT	3.1%	5.4%	-2%
Exchange differences	MMEGP	-51	1	-6146%
Depreciation & Amortization	MMEGP	58	60	-2%
Net Profit	MMEGP	53	-4	-1316%
Net Profit Margin	PCT	5%	-1%	6%
Outstanding Debt	MMEGP	388	464	-16%
Debt/Equity		0.3	0.4	