



Margins are still depressed on the back of low prices and high costs.

Revenues	Cash Cost
↓ EGP 926 mm	↓ EGP 771 mm
Cash Gross Profit	EBITDA
↓ EGP 156 mm	↓ EGP 133 mm
17% Margin	14.4% Margin



Results in a Nutshell

24 August 2021| Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange),
a leading Egyptian cement producer reported its results for 2Q 2021.

The following is our comments for the 2Q 2021

Arabian cement recorded a 15% y-o-y decrease in its revenues for 2Q 2021 to EGP 512 million on the back of lower sales volume by 18% recording 814K tons due to the company strategy in trying to achieve better selling prices, which stood at EGP 630 per ton versus EGP 608 per ton in the same period last year. While our revenues increased by 24% q-o-q.

Cash cost for the quarter stood at EGP 454 million in 2Q 2021 which represents a decline of 9% versus EGP 500 million y-o-y, which is due to the lower sales volume. Nevertheless, our cash cost per ton increased by 11% recording EGP 558 per ton. This was a result of the huge increase in coal and petcoke global prices since the start of the pandemic.

Fuel mix of 2Q 2021 was 49% Coal , 38% Pet-coke, 10% RDF and 3% Gas.

ACC's cash gross profit recorded EGP 58 million in 2Q2021, with a cash gross profit margin of 11% versus 17% in the same period last year. The decrease in cash gross profit was driven by higher cash cost per ton and lower sales volume.

EBITDA for the quarter including insurance refund due to the stoppage in one of our production lines recorded EGP 55 million in 2Q2021 with an EBITDA margin of 10.7% compared to 12.9% in 2Q2020.

Net loss for the period recorded EGP 16.7 million versus a net loss of EGP 20 million in the comparable period of 2020.



The following is our comments for 1st Half of 2021

On a six-month basis, ACC recorded revenues of EGP 926 million in 1H 2021, down 28 % versus last year. This was primarily a result of a technical problem that caused a stoppage in one of our production lines during first quarter of the current year, furthermore the company strategy in trying to achieve better selling prices, while the revenue per ton increased by 9% from EGP 611 to EGP 668 y-o-y.

In 1H 2021, ACC sold a total of 1,387K Tons, down 34% y-o-y. In terms of format 60% of our sales were bagged, 22% bulk, and the rest were export.

Total cash cost waned by 28% y-o-y recording EGP 771 million on the back of lower sales volume. Our cash cost per ton increased by 9% reaching EGP 556 per ton compared to EGP 508 per ton in 1H 2020 which was mainly due to the increase in the coal and petcoke global prices mentioned before.

Fuel mix for 1H 2021 was 54% Pet-coke, 35% Coal , 8% RDF and 3% Gas.

Although our cash gross profit declined by 28% recording EGP 156 million in 1H 2021, meanwhile ACC was able to maintain a flat gross profit margin of 17% y-o-y.

SG&A expenses for the first half stood at EGP 48.3 million compared to EGP 47.8 in 1H 2020. As a percentage of sales, SG&A recorded 5.2% in 1H 2021.

On a six-month basis, EBITDA for the quarter including a partial insurance refund due to the stoppage in one of our production lines recorded EGP 133 million down from EGP 168 million with an EBITDA margin of 14.4% compared to 13.1% in the same period last year.

The company recorded net interest expense of EGP 36 million in 1H 2021, compared to EGP 43 million in 1H 2020, reducing our finance cost by 17%.

ACC's total outstanding debt was remarkably reduced on y-o-y basis. The company's total loans recorded EGP 441.2 million as of 30 June 2021, down from EGP 543.8 million as of 30 June 2020 which represents a 19% reduction. Our outstanding debt break down was 50% USD and 50% EGP in 1H 2021.

Our P&L statement carried a negative bottom line of EGP 21 million in 1H 2021 compared to EGP 4 million in the same period last year.



Outlook

National cement consumption in the first half of 2021 has been not only higher than in the first half of 2020 by 5%, but also higher than in the first half of 2019 by 1%. This is, still, going in line with our initial forecast of a growth rate in cement consumption of about 6% to recover levels previous to the coronavirus. We still maintain this assumption.

Unfortunately, in the cost side we are having a major hit with the prices of coal and petcoke reaching levels not seen since the international financial crisis of 2008. Both fuel prices are today more than 4 times higher than before corona era. So, all our efforts to increase margins have gone to the fuel bills.

On the positive side, finally the Government intervene the market on the 15th of July 2021 by settling a domestic sales quota to each cement player in function of its official capacity, number of clinker lines and age of the plant. With this intervention, it should be possible to gain pricing gradually until we reach healthy levels for all the industry.



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, 11.8% is held by El Bourini family, and 28.2% 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	1H 2021	1H 2020	Variance %	2Q 2021	1Q 2020	Variance %
Domestic Cement Sales	K Tons	24,092	22,959	5%	11,405	9,981	14%
Export cement Sales	K Tons	853	373	129%	347	141	147%
Clinker Export sales	K Tons	2,020	95		1,490	95	
Total cement and clinker Sales	K Tons	26,966	23,427	15%	13,242	10,217	30%
ACC Clinker Production	K Tons	1,415	1,847	-23%	1,007	896	12%
ACC Clinker Utilization Rate	PCT	67%	88%	-21%	96%	85%	11%
ACC Cement Production	K Tons	1,245	2,078	-40%	666	965	-31%
ACC Cement Utilization Rates	PCT	53%	88%	-35%	57%	82%	-25%
ACC Domestic Cement Sales Volume	K Tons	1,137	1,920	-41%	628	931	-33%
ACC Clinker Sales Volume	K Tons	122			122		
ACC Cement Exports Volume	K Tons	129	174	-26%	64	58	10%
ACC Total Volumes	K Tons	1,387	2,094	-34%	814	989	-18%
Local Market Share	PCT	4.7%	8.4%	-4%	5.5%	9.3%	-4%
Total Market Share	PCT	5.1%	8.9%	-4%	6.1%	9.7%	-4%
Revenues	MM EGP	926	1280	-28%	512	601	-15%
Rev/Ton	EGP	668	611	9%	630	608	4%
Cash Cost	MM EGP	771	1065	-28%	454	500	-9%
Cash Cost/Ton	EGP	556	508	9%	558	505	11%
EBITDA	MM EGP	133	168	-20%	55	77	-29%
EBITDA/Ton	EGP	96	80	20%	68	78	-14%
EBITDA Margin	PCT	14.4%	13.1%	1%	10.7%	12.9%	-2%
Cash Gross Profit	MM EGP	156	216	-28%	58	102	-43%
Cash Gross Profit Margin	PCT	17%	17%	0%	11%	17%	-6%
COGS/Sales	PCT	83%	83%	0%	89%	83%	6%
SG&A	MM EGP	48.3	47.8	1%	26	24	6%
SG&A/Sales	PCT	5.2%	3.7%	1%	5.1%	4.1%	1%
Exchange differences	MM EGP	1	-2	-160%	0	-16	-101%
Depreciation & Amortization	MM EGP	121	124	-2%	60	61	-1%
Net Profit	MM EGP	-21	-4	457%	-17	-20	-17%
Net Profit Margin	PCT	-2%	0%	-2%	-3%	-3%	0%
Outstanding Debt	MM EGP	441	544	-19%	441	544	-19%
Debt/Equity		0.4	0.5		0.4	0.5	