



Despite the Covid-19 pandemic, ACC achieved 9.3% market share in 2Q 2020

Revenues	Cash Cost
↓ EGP 1,280 mm	↓ EGP 1,065 mm
Cash Gross Profit	EBITDA
↓ EGP 216 mm	↓ EGP 168 mm
17% Margin	13.1% Margin



Results in a Nutshell

01 September 2020| Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange),
a leading Egyptian cement producer reported its results for 2Q 2020.

The following is our comments for the 2Q 2020

Arabian cement company recorded sales revenue of EGP 601 million in 2Q 2020, down by 11% versus 1Q 2020. Our Rev/ton decreased by 1% recording EGP 608 versus EGP 614 in 1Q 2020, while decreased by 8% y-o-y.

ACC reported lower sales volume in 2Q 2020 recording 989K Tons compared to 1,105K Tons in 1Q 2020 which represents a drop of 10% q-o-q and 13% y-o-y. Which was mainly due to the Covid-19 epidemic and related restrictions including a nation-wide curfew, holy month of Ramadan and the government decision of halting new building permits in capitals.

On a quarterly basis our cash cost dropped by 20% reaching EGP 500 million versus EGP 624 million in 2Q 2019, while dropped by 12% q-o-q. Our cash cost per ton stood at EGP 505 versus EGP 551 which represents 8% decline y-o-y. This continuous improvement was mainly due to the fuels market prices decline since over a year ago and our optimization of the fuel mix.

Fuel mix of 2Q 2020 was 75% Pet-coke, 14% Coal and 11% RDF.

Our company cash gross profit stood at EGP 102 million with cash gross profit margin of 17%, similar to year 2019.

EBITDA for the quarter came in at EGP 77 million compared to EGP 93 million in 2Q 2019 with an EBITDA margin of 12.9% and 12.5%, respectively. Although our revenue per ton dropped by 8%, ACC was able to slightly improve the EBITDA margin thanks to our savings in both COGS and SG&A.

ACC reported negative bottom line of EGP 20 million impacted by FX loss of EGP 16.1 million (due to the depreciation of the Egyptian pound during the quarter) which resulted in core losses of EGP 3.9 million.



The following is our comments for 1st Half of 2020

ACC sales revenue for 1H 2020 stood at EGP 1,280 million, while the revenue per ton declined by 8% from EGP 664 to EGP 611 y-o-y.

Although the national domestic sales volume declined by 3.2% in 1H 2020, ACC drop was only 1.1% and, thus, was able to increase its local market share from 8.2% to 8.4% y-o-y. Egypt cement export sales volume dropped by 20.6%, however ACC drop only 13% and, consequently, was able to increase our export market share by 4.4% recording 46.6% y-o-y. In terms of format 66% of our sales were bagged, 26% was bulk, and the rest were export.

Even though the cement market is running at 56% utilization rate, ACC was able to reach 88%.

Total cash cost decreased by 18% y-o-y recording EGP 1,065 million and cost per ton decreased by 10% to reach EGP 508 per ton compared to EGP 562 per ton in 1H 2019.

Fuel mix for 1H 2020 was 65% Petcoke, 25% coal and 10% RDF.

ACC cash gross profit stood at EGP 216 million with a 2% margin increase reaching 17% cash gross profit margin vs 15% in the comparable period.

The company successfully reduced its SG&A expenses 25% recording EGP 48 million vs EGP 63 million with an SG&A:Sales of 3.7% compared to 4.1% in the comparable period.

On a six-month basis, EBITDA stood at EGP 168 million down from 171 MMEGP with EBITDA margin of 13.1% compared to 11.1% in the same period last year.

The company recorded credit interest of EGP 43 million in 2Q 2020, compared to EGP 69 million in 2Q 2019, a decline of 38% as the Central Bank of Egypt started the easing cycle of interest rates by reducing a total of 4.5% during 2019 to stimulate the economy and the decline in the Libor rate helped to achieve this saving.

ACC's total outstanding debt was remarkably reduced on y-o-y basis. The company's total loans and borrowings, excluding credit facility, recorded EGP 543.8 million as of 30 June 2020, down from EGP 666.5 million as of 30 June 2019 which represents a 18% decline.

Our P&L statement carried a negative bottom line of EGP 3.8 million in 1H 2020.



Outlook

2020 is being an extremely challenging year for all sectors worldwide and, obviously, the cement industry in Egypt is not an exception. Though, compared with other sectors and/or countries, we can say that the impact of Covid-19 has been quite limited and manageable. Obviously, this is partially due to the already previously deteriorated scenario.

Looking ahead, as a broad view, we still see the same fundamentals in the market. Consequently, margins and profitability will remain pressured while the market conditions don't change. In ACC we are confident we will keep performing better than the rest of the industry and achieving sustainability in this difficult environment. This is thanks to the efforts exerted, since few years ago, to make operations as lean as possible, achieving the industry cost leadership, which is our competitive advantage versus other competitors.



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, 15.3% is held by El Bourini family, and 24.7% 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.

ARABIAN CEMENT COMPANY
Earnings Release 2Q 2020



Key Indicators	Unit	2Q 2020	2Q 2019	Variance %	1H 2020	1H 2019	Variance %
Domestic Sales	K Tons	9,981	11,299	-12%	22,959	23,727	-3%
Export Sales	K Tons	141	376	-63%	373	470	-21%
Total Sales	K Tons	10,122	11,675	-13%	23,332	24,197	-4%
ACC Clinker Production	K Tons	896	870	3%	1,847	1,873	-1%
ACC Clinker Utilization Rate	PCT	85%	83%	2%	88%	89%	-1%
ACC Cement Production	K Tons	965	1,010	-4%	2,078	2,109	-1%
ACC Cement Utilization Rates	PCT	82%	86%	-4%	88%	90%	-1%
ACC Domestic Sales Volume	K Tons	931	902	3%	1,920	1,942	-1%
ACC Exports Volume	K Tons	58	232	-75%	174	375	-54%
ACC Total Volumes	K Tons	989	1,133	-13%	2,094	2,316	-10%
Local Market Share	PCT	9.3%	8.0%	1%	8.4%	8.2%	0%
Total Market Share	PCT	9.8%	9.7%	0%	9.0%	9.6%	-1%
Revenues	MM EGP	601	748	-20%	1280	1537	-17%
Rev/Ton	EGP	608	660	-8%	611	664	-8%
Cash Cost	MM EGP	500	624	-20%	1065	1302	-18%
Cash Cost/Ton	EGP	505	551	-8%	508	562	-10%
EBITDA	MM EGP	77	93	-17%	168	171	-2%
EBITDA/Ton	EGP	78	82	-5%	80	74	9%
EBITDA Margin	PCT	12.9%	12.5%	0%	13.1%	11.1%	2%
Cash Gross Profit	MM EGP	102	124	-18%	216	235	-8%
Cash Gross Profit Margin	PCT	17%	17%	0%	17%	15%	2%
COGS/Sales	PCT	83%	83%	0%	83%	85%	-2%
SG&A	MM EGP	24	31	-20%	48	63	-24%
SG&A/Sales	PCT	4.1%	4.1%	0%	3.7%	4.1%	0%
Exchange differences	MM EGP	-16	26	-161%	-2	50	-103%
Depreciation & Amortization	MM EGP	61	63	-4%	124	126	-2%
Net Profit	MM EGP	-20	23	-189%	-4	27	-114%
Net Profit Margin	PCT	-3%	3%	-6%	-3%	3%	-6%
Outstanding Debt	MM EGP	544	669	-19%	544	669	-19%
Debt/Equity		0.5	0.6		0.5	0.6	