



ACC Reports strong results in 1H 2022 driven by increase sales volume and prices

Revenues

↑ EGP 2,062 mm

Cash Cost

↑ EGP 1,522 mm

Cash Gross Profit

↑ EGP 540 mm

26% Margin

EBITDA

↑ EGP 488 mm

24% Margin



Results in a Nutshell

August 2022 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange),
a leading Egyptian cement producer reported its results for 2Q 2022.

The following is our comments for the 2Q 2022

Arabian cement doubled its revenue to EGP 1,041 million in 2Q 2022 versus EGP 512 million in 2Q 2021, while up 2% q-o-q. Strong revenue performance was driven by both sales volume and prices.

ACC recorded a solid 32% increase in total sales volume recording 1,073K tons in 2Q 2022 compared to 814K tons in the same period last year yet declined by 6% q-o-q which was mainly due to seasonality. Our Rev/ton surged by 54% y-o-y reaching EGP 970 and 9% q-o-q.

Cash cost for the quarter stood at EGP 791 million in 2Q 2022 higher 17% versus EGP 675 million in 1Q 2022. Nevertheless, our cash cost per ton increased by 32% recording EGP 737 per ton compared to EGP 558 in the same period last year. The Cash cost increase attributed to higher global fuel and freight prices.

ACC's Cash Gross profit recorded EGP 251 million in 2Q2022, while Cash Gross profit margin stood at 24% compared to 11% in the same period last year.

EBITDA for quarter recorded EGP 215 million in 2Q2022 with an EBITDA margin of 20.7% compared to 10.7% in 2Q2021.

ACC's Net profit recorded EGP 53 million versus a net loss of EGP 17 million in the comparable period of 2021, while remained almost flat q-o-q. Net profit margin for the quarter recorded 5.1%.



The following is our comments for 1st Half of 2022

Arabian cement recorded revenues of EGP 2,062 million, up 123% from the comparable period of last year. Our Rev/Ton stood at EGP 928, up 39% y-o-y.

On the volume front, our total Sales volume reached 2,221K tons versus 1,387K tons in 1H 2021. In terms of format, 45% was Bagged cement, 29% Bulk cement and the rest is clinker. ACC was able to increase its Export sales by 69% in 1H 2022 y-o-y recording 406K Tons compared to 241K Tons in 1H 2021.

Total cash cost for the first half of 2022 came in at EGP 1,522 versus EGP 771 million in the same period last year, while our cash cost per ton increased by 23% reaching EGP 685 versus EGP 556 in 1H 2021.

ACC cash gross profit stood at EGP 540 million with a 26% margin versus 17% in the comparable period.

On a six-month basis, EBITDA stood at EGP 488 million up from EGP 133 million with EBITDA margin of 23.7% compared to 14.4% in the same period last year.

The company recorded credit interest of EGP 26 million in 2Q 2022, compared to EGP 36 million in 2Q 2021, down 28% from last year.

ACC recorded a foreign exchange loss of EGP 64 million in 1H 2022 compared to foreign exchange gain of EGP 1 million in 1H 2021. The figure reflects FX losses on the back of the Egyptian pound devaluation.

ACC's total outstanding debt was remarkably reduced on y-o-y basis. The company's total loans and borrowings, excluding credit facility stood at EGP 362.6 million as of 30 June 2022, down from EGP 441.3 million as of 30 June 2021 which represents a 18% decline.

Net Profit recorded EGP 103 million compared to net loss of EGP 21 million in 1H 2021. Net Profit margin for the first half of the year recorded 5.1%.

Outlook

Although the increase in cement consumption YTD has been only 2%, the running 12 months accumulated cement consumption increase has been 5.7%, almost matching with the 12 months of the cement quota system implemented by the Government of Egypt, via the Egyptian Competition Authority for the first time on 15th July 2021.

The international fuel market (coal-petcoke) has continue booming all through the first half of the year exploring unknown price levels. The uncertainty, considering also the Russia-Ukraine war, is extreme and there is not much visibility about how the different markets will react. All this is adding pressure to the Egyptian Pound, which is gradually losing value monthly after its 17% devaluation of the first quarter. Inflation is also picking up like in the rest of the world. Obviously, this is affecting costs and selling prices of all commodities, raw materials, transportation & services.

Despite of all the above, the construction market and its fundamentals still indicates that consumption should keep growing. However, the risks associated with the conflict in Ukraine and its international implications still persists and have to be monitored closely.



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, 11.6% is held by El Bourini family, and 28.4% 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 2022	1H 2021	Variance %	2Q 2022	2Q 2021	Variance %
Cement Domestic Sales	K Tons	24,639	24,091	2%	11,341	11,405	-1%
Cement Export Sales	K Tons	1,298	787	65%	629	347	81%
Total Cement Sales	K Tons	25,937	24,879	4%	11,970	11,752	2%
Clinker Export Sales	K Tons	3,514	2,020	74%	1,840	1,490	23%
Clinker local Sales	K Tons	774	188	311%	373	87	329%
ACC Clinker Production	K Tons	1,903	1,415	34%	1,091	1,007	8%
ACC Clinker Utilization Rate	PCT	91%	67%	23%	78%	72%	6%
ACC Cement Production	K Tons	1,636	1,245	31%	744	666	12%
ACC Cement Utilization Rates	PCT	70%	53%	17%	47%	42%	5%
ACC Domestic Cement Sales Volume	K Tons	1,584	1,137	39%	750	628	20%
ACC Cement Exports Volume	K Tons	56	129	-57%	13	64	-80%
ACC Local Clinker Sales	K Tons	231	9	2354%	73	9	677%
ACC Export Clinker Sales	K Tons	350	112	212%	237	112	111%
ACC Total Volumes	K Tons	2,221	1,387	60%	1,073	814	32%
Local Market Share	PCT	6.4%	4.7%	2%	6.6%	5.5%	1%
Revenues	MM EGP	2062	926	123%	1041	512	103%
Rev/Ton	EGP	928	668	39%	970	630	54%
Cash Cost	MM EGP	1522	771	97%	791	454	74%
Cash Cost/Ton	EGP	685	556	23%	737	558	32%
EBITDA	MM EGP	488	133	265%	215	55	291%
EBITDA/Ton	EGP	220	96	128%	200	68	196%
EBITDA Margin	PCT	24%	14%	9%	21%	11%	10%
Cash Gross Profit	MM EGP	540	156	247%	251	58	330%
Cash Gross Profit Margin	PCT	26%	17%	9%	24%	11%	13%
COGS/Sales	PCT	74%	83%	-9%	76%	89%	-13%
SG&A	MM EGP	68	49	38%	36	26	38%
SG&A/Sales	PCT	3.3%	5.3%	-2%	3.5%	5.2%	-2%
Exchange differences	MM EGP	64	1		-13	0	
Depreciation & Amortization	MM EGP	117	120	-2%	59	60	-2%
Net Profit/Loss	MM EGP	106	-21		53	-17	
Net Profit Margin	PCT	5%	-2%		5%	-3%	
Outstanding Debt	MM EGP	363	441	-18%	363	441	-18%
Debt/Equity		0.3	0.4		0.3	0.4	