



9M 2020 Witnessed lower performance on the back of lower Cement prices.

Revenues
↓ EGP 1,872 mm

Cash Cost
↓ EGP 1,620 mm

Cash Gross Profit
↓ EGP 252 mm
13.5% Margin

EBITDA
↓ EGP 182 mm
9.7% Margin



Results in a Nutshell

23 November 2020| Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange),
a leading Egyptian cement producer reported its results for 3Q 2020.

The following is our comments for the 3Q 2020

Arabian cement company recorded sales revenue of EGP 592 million in 3Q 2020, with a minimal decline of 2 % q-o-q and 17% y-o-y. Our Rev/ton decreased by 8% recording EGP 559 versus EGP 608 in 2Q 2020, while decreased by 13% y-o-y.

ACC reported higher sales volume in 3Q 2020 recording 1,058K Tons compared to 989K Tons in 2Q 2020 which represents an increase of 7%, while declined by 4% y-o-y.

On a quarterly basis our cash cost dropped by 8% reaching EGP 555 million versus EGP 606 million in 3Q 2019. While our cash cost per ton decreased by 5% recording EGP 525 versus EGP 550 in the same comparable period last year.

Moreover, our cash cost per ton increased by 4% q-o-q, it was mainly due to a one-off limestone quarry fees increase that is related to the first nine months of the year and was reflected retrospectively on 3Q 2020 COGS only which inflated our cash cost, if we excluded the abovementioned effect it would have been almost flat q-o-q.

Fuel mix of 3Q 2020 was 49% Pet-coke, 43% Coal and 8% RDF.

Our company cash gross profit stood at EGP 37 million with cash gross profit margin of 6% in 3Q 2020.

EBITDA for the quarter came in at EGP 14 million with an EBITDA margin of 2.4%.

ACC reported negative bottom line of EGP 34.5 million.





The following is our comments for 9M 2020

ACC revenues for the 9M 2020 were down 17% versus 9M 2019 which came in at EGP 1,872 million. Sales prices dropped by 10% recording EGP 594 versus EGP 658 in 9M 2019, in terms of format our sales were 66% bagged, 26% bulk and 8% are exports.

Arabian cement cash cost decreased by 15% recording EGP 1,620 in 9M 2020 versus EGP 1,909 in 9M 2019, moreover the cash cost per ton decreased by 8% reaching EGP 514 versus EGP 558. Fuel mix for 9M 2020 was 60% Petcoke, 31% Coal and 9% RDF.

Our sales volume decreased by 8% reaching 3,152 K tons, which was mainly due to the Covid-19 epidemic and related restrictions including a nation-wide curfew, holy month of Ramadan and government decision of halting new buildings permits in capital.

Despite the Egyptian market declined by 6.8% in sales volumes, ACC managed to maintain its volumes and increase its market share up to 8.7% in 9M 2020.

Although the cement market is running at 54% utilization rate, ACC was able to reach 89% utilization rate in 9M 2020. ACC was able to maintain the strength in its leading position in the cement export market with a market share of 40% thanks to our cost efficiency strategy.

Accordingly, our cash gross profit dropped to EGP 252 million and EBITDA to EGP 182 million along with an EBITDA margin of 9.7%.

In addition to that, we successfully reduced our SG&A significantly by 17%, representing SG&A:Sales 3.9%.

The appreciation of the EGP against the USD in 9M 2020 was reflected in an FX gain of EGP 11.6 million.

Arabian cement is precisely repaying its debt, reducing its total outstanding debt by EGP 112 million to close the period with EGP 512 million y-o-y.

ACC recorded credit interest of EGP 61.9 million in 3Q 2020, compared to EGP 97 million in 3Q 2019 with a decline of 36% y-o-y.

Our P&L statement carried a negative bottom line of EGP 38.3 million in 9M 2020.



Outlook

After the lift of the construction ban in the capitals of the different Governorates towards the end of Q3, cement demand started to pick up gradually, and the prices did so as well. However, the worldwide countries lockdowns due to Covid-19 has meant a reduction of, both personal and material, mobility, which in turn, has meant a reduction of refineries activities with an impact of price hikes in petcoke prices and, in parallel, all other solid fuels like coal. So, the cost base is also going up almost muting the previously explained effect.

Looking ahead, we still have the same fundamentals in the market and, consequently, margins and profitability will remain pressured. It is not a secret that Government has been very active lately to find a solution to the industry to avoid more bankruptcies and its consequences, like the increase of unemployment, reduction of investments, etc... In ACC, we are confident we will keep performing better than the average of the industry in any scenario thanks to our lean operations and cost advantage.



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 3Q 2020



Key Indicators	Unit	3Q2020	3Q2019	Variance %	9M2020	9M2019	Variance %
Domestic Sales	K Tons	10,236	11,897	-14%	33,195	35,624	-7%
Export Sales	K Tons	274	353	-22%	647	824	-21%
Total Sales	K Tons	10,510	12,250	-14%	33,842	36,447	-7%
ACC Clinker Production	K Tons	888	929	-4%	2,735	2,802	-2%
ACC Clinker Utilization Rate	PCT	85%	88%	-4%	87%	89%	-2%
ACC Cement Production	K Tons	1,063	1,072	-1%	3,141	3,181	-1%
ACC Cement Utilization Rates	PCT	90%	91%	-1%	89%	90%	-1%
ACC Domestic Sales Volume	K Tons	972	940	3%	2,893	2,881	0%
ACC Exports Volume	K Tons	86	163	-47%	260	538	-52%
ACC Total Volumes	K Tons	1,058	1,103	-4%	3,152	3,420	-8%
Local Market Share	PCT	9.5%	7.9%	20%	8.7%	8.1%	8%
Total Market Share	PCT	10.1%	9.0%	12%	9.3%	9.4%	-1%
Revenues	MM.EGP	592	712	-17%	1,872	2,249	-17%
Rev/Ton	EGP	559	645	-13%	594	658	-10%
Cash Cost	MM.EGP	555	606	-8%	1,620	1,909	-15%
Cash Cost/Ton	EGP	525	550	-5%	514	558	-8%
EBITDA	MM.EGP	14	82	-83%	182	254	-29%
EBITDA/Ton	EGP	13	75	-82%	58	74	-22%
EBITDA Margin	PCT	2.4%	11.6%	-9.2%	9.7%	11.3%	-1.6%
Cash Gross Profit	MM.EGP	37	106	-65%	252	340	-26%
Cash Gross Profit Margin	PCT	6%	15%	-58%	13%	15%	-11%
COGS/Sales	PCT	94%	85%	9%	87%	85%	2%
SG&A	MM.EGP	23	23	-2%	72	86	-17%
SG&A/Sales	PCT	3.8%	3.2%	1%	3.9%	3.8%	0%
Exchange differences	MM.EGP	13	15	-12%	12	65	-82%
Depreciation & Amortization	MM.EGP	61	65	-6%	183	190	-4%
Net Profit	MM.EGP	-34	6	-693%	-38	33	-217%
Net Profit Margin	PCT	-6%	1%	-7%	-2%	1%	-3%
Outstanding Debt	MM.EGP	512	673	-24%	512	673	-24%
Debt/Equity		0.5	0.4	5%	0.5	0.4	5%