

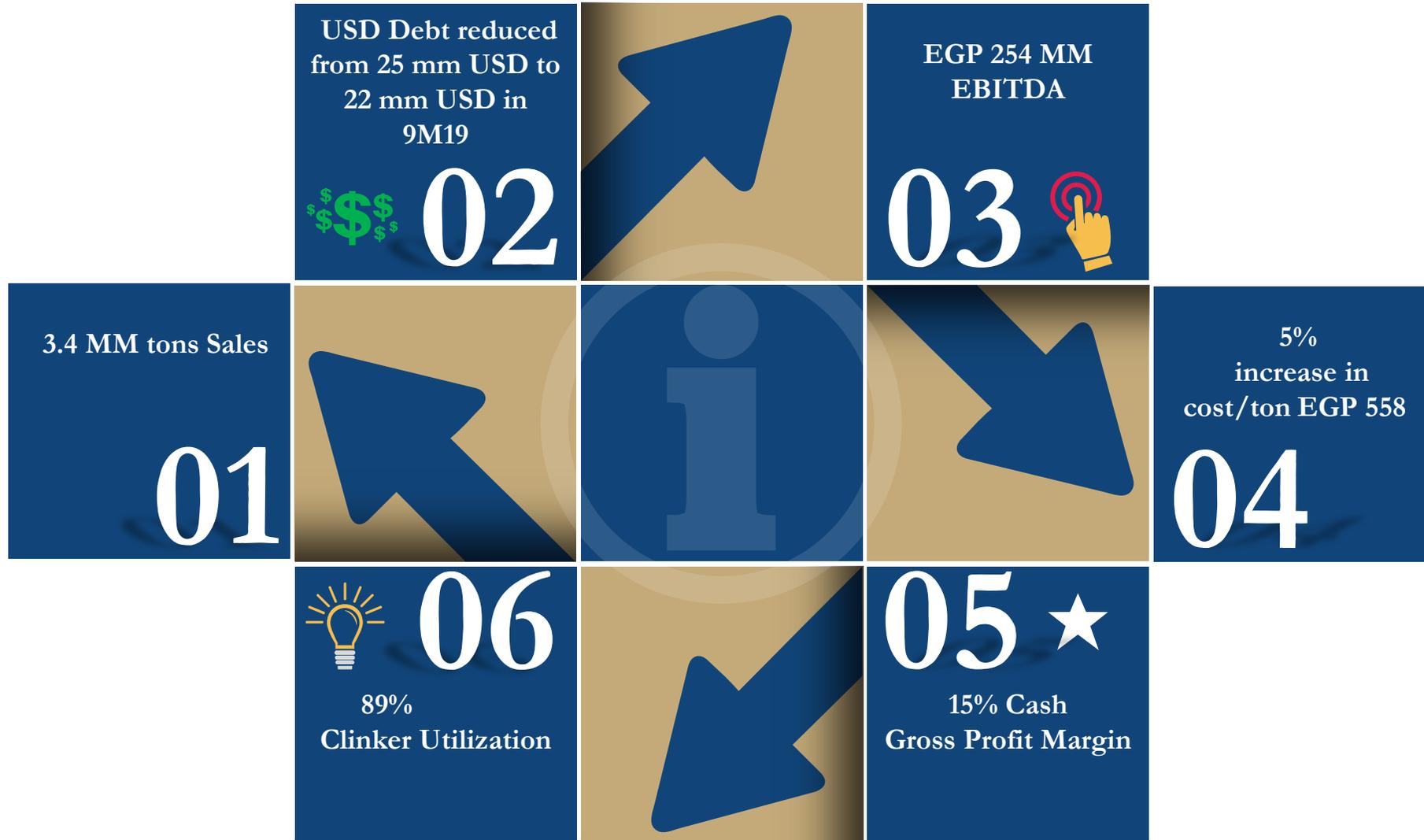


ARABIAN CEMENT
العربية للأسمنت

Arabian Cement Company

9M 2019 Investors Presentation

Highlights



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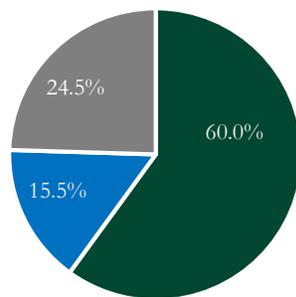
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Introduction to ACC

ACC in a Snapshot

- The company operations started in 2008 and ACC is currently a leading cement producer. Majority owned by Cementos La Union (“CLU”), a Spanish cement player with operations in several countries such as Chile and Congo.
- ACC has two production lines with a total production capacity of 5.0 Mmpta, making it one of Egypt’s largest cement plants.
- ACC’s operations include the production of clinker, production and sale of high quality cement.
- The Company outsources its manufacturing through an operational management contract with FLSmidth.
- ACC has adopted and implemented quality, environment and safety management systems, complying with the requirements of the international standards ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- Through its dedicated sales and marketing teams the Company has managed to position its product amongst the market’s premium price brands.
- ACC pioneered shifting towards diversifying its sources of energy and will substitute 100% of its current energy requirements to use a mix of solid and alternative fuels.
- ACC has been also the first cement company in obtaining the Energy Management certificate ISO 50001:2011 at the beginning of 2016 and not obtained by any other Egyptian competitor yet.

3Q2018 Shareholding Structure



■ ARIDOS JATIVA ■ El Bourini Family ■ Free Float

Investment Highlights

Strong and Dynamic Management Team

New Strategically Located Facility with an Integrated Operation

Outsourcing the Production Process while Maintaining a Highly Qualified Internal Supervision Team

Better Positioned for Diversifying Energy Sources

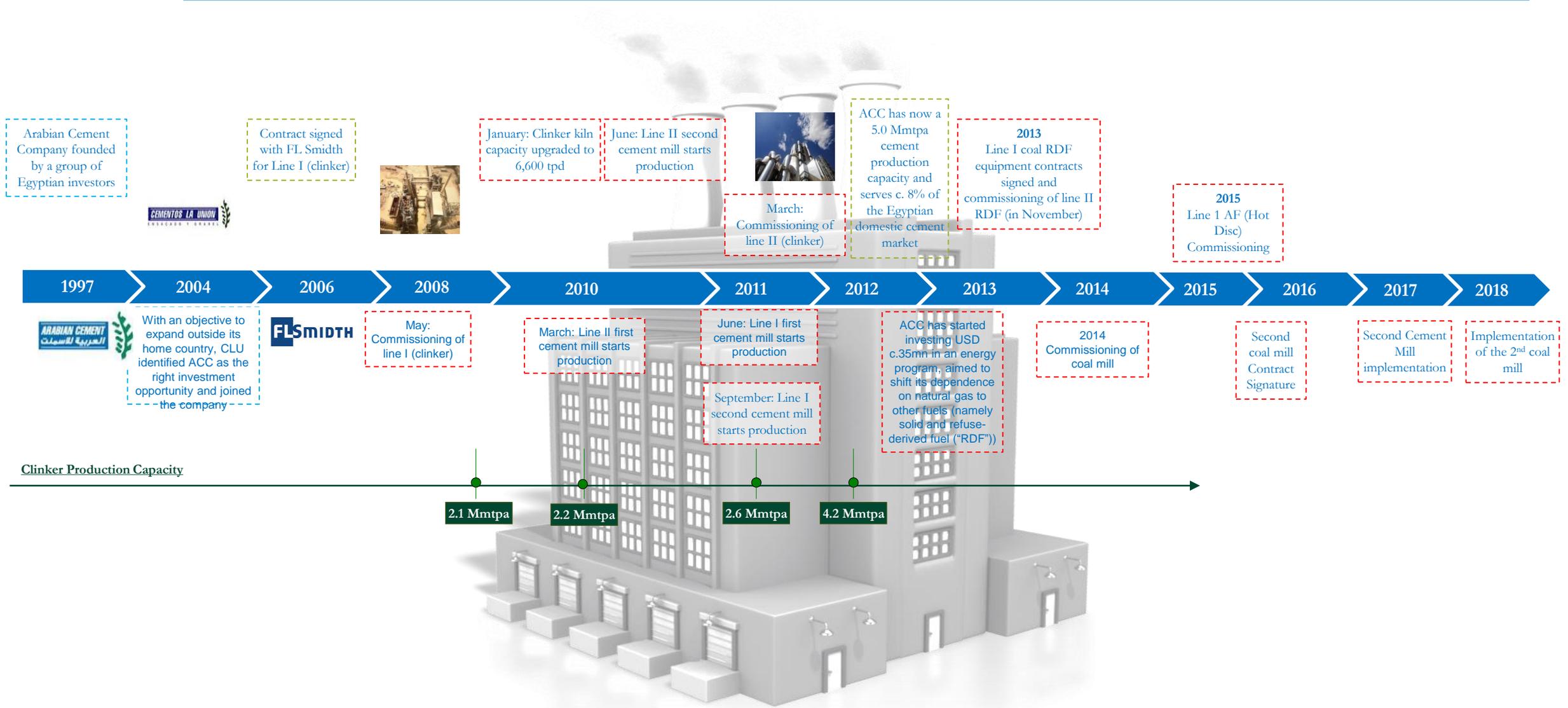
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

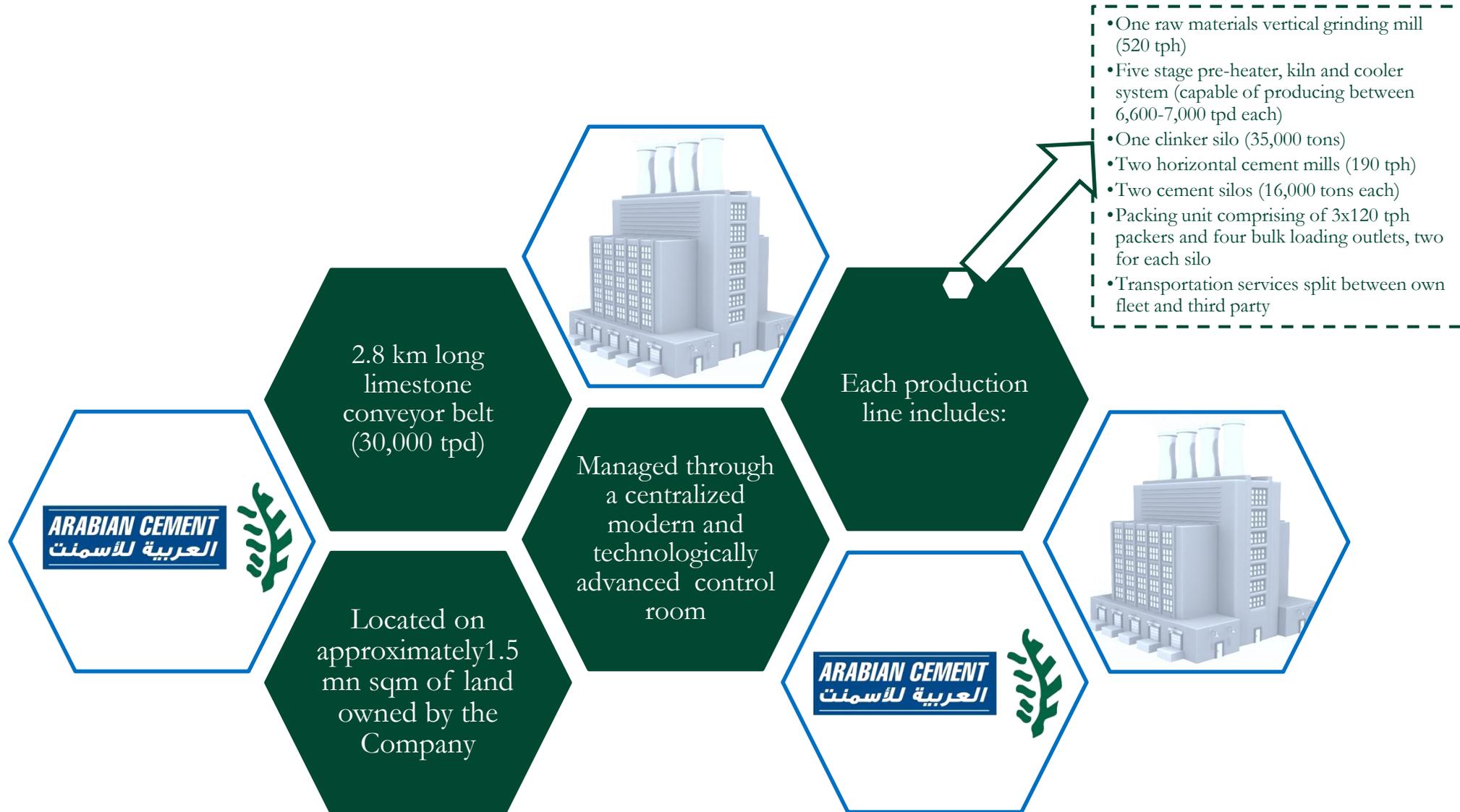
Introduction to ACC

Corporate Evolution



Introduction to ACC

Plant Information



Introduction to ACC

Executive Management Team



Sergio Alcantarilla

Chief Executive Officer



Mr. Alcantarilla is graduated from the Superior Industrial Engineering School in the University of Seville (Spain). He spent some time sharing his studies and Final Project, passed with Cum Laude, with works in different departments of the Engineering School, where he published articles related to energy generation with biomass in international magazines.
In 2002, he started his career in the cement industry and, since then, has participated practically in all fields of the business' technical side. After more than five years as Plant Manager in Spain, he moved to Egypt in 2009 to form part of the Company's Management, first as Plant Manager and later on, from mid-2012, as Chief Operation Officer. The Company's strengthening performance since the start of cement commercialization is a direct reflection of his passion for optimization and operational excellence. Mr. Alcantarilla participated actively in the preparation phase of Arabian Cement Company IPO.
In 2015, Mr. Alcantarilla was Executive MBA graduated, with honors, from the IE Business School, Madrid, and shortly after, in August 2016, became CEO of Arabian Cement Company.



Hasan Gabry

Chief Commercial Officer

Mr. Gabry is a graduate of the Faculty of Commerce - Ain Shams University - Cairo Egypt, year 1991, with 24 years of Commercial Experience, 11 of which are in the Cement Industry as a Senior Commercial Director. The Cement journey started with Lafarge Sudan, moving to ASEC Algeria, GFH Bahrain, Khalij Holding Qatar, and since 2009 with Arabian Cement Company in Egypt



Salvador Cabanas

Chief Financial Officer

Mr. Cabañas is a graduate of Industrial Engineering and Executive EMBA, both in Universidad Politécnica de Valencia, Spain. He joined ACC in October 2018 as a Chief Strategy Officer, shortly after, in May 2019 became CFO of Arabian Cement. He started his career in 2007 in a multinational company in the Water & Wastewater industry occupying different senior positions as Technical Director, Sales Director and Commercial Excellence Director of Europe within the Global Marketing and Strategy Department. Mr. Cabañas has led and implemented large projects in the areas of Customer Loyalty, Cost Optimization, Pricing Strategy and Sales & Operational Excellence across international teams.



Sameh Saleh

Chief Operations Officer

Mr. Saleh has 23 years of experience in the Egyptian cement industry. He joined ACC 2012 as Plant Manager. Prior to that he worked for RHI as ACC consultant for the construction of its green field project starting 2005 till 2012. In 2005 he was a member of ASEC group engineering division. Mr. Saleh has diversified cement industry experience portfolio (i.e. engineering, upgrades and turnkey project management). He graduated from faculty of engineering Cairo University 1992. later on, AUC Project management diploma 2009 and last but not least, AUC Executive Master of Business Administration EMBA 2016.

Our Strategy

Medium Term Strategy

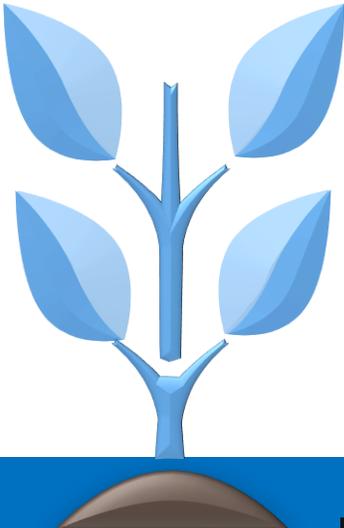
Long Term Strategy

1- Position ACC Among the Top Brands in the Market and Command a Price Premium and the Highest Profitability

2- Continue to Pay a Healthy Dividend Stream While Optimizing Capital Structure

3- Vertical Expansion:
• Andalus Ready Mix
• RDF Plants

4- Cost saving strategy



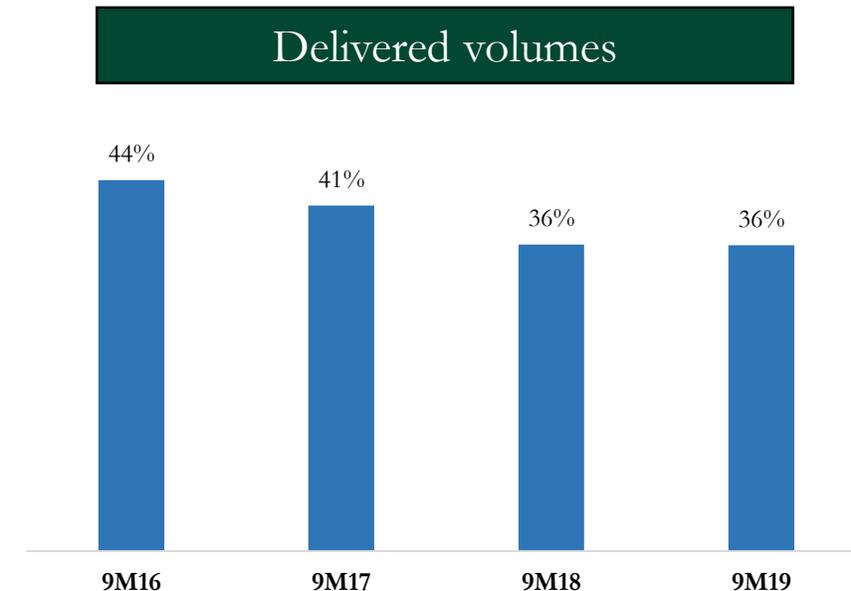
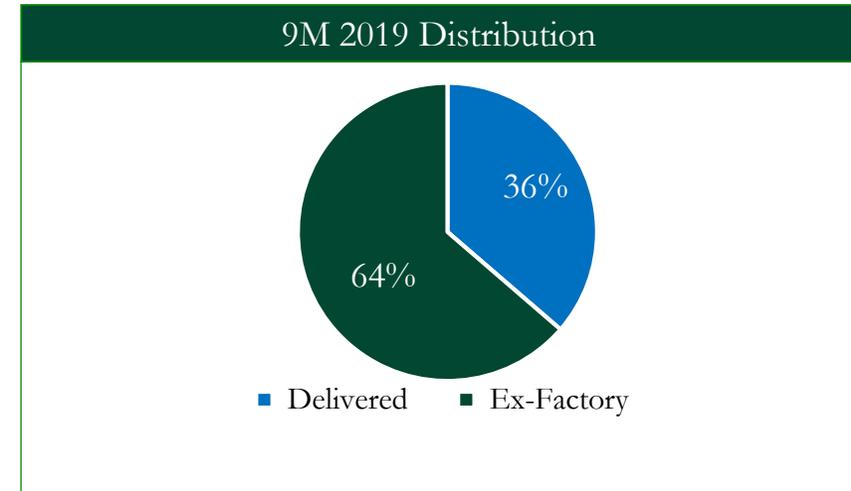
Introduction to ACC

Distribution Network Overview

- In 9M 2019 Arabian Cement distributed through direct Ex-Factory sales and Delivery.

Express Wassal

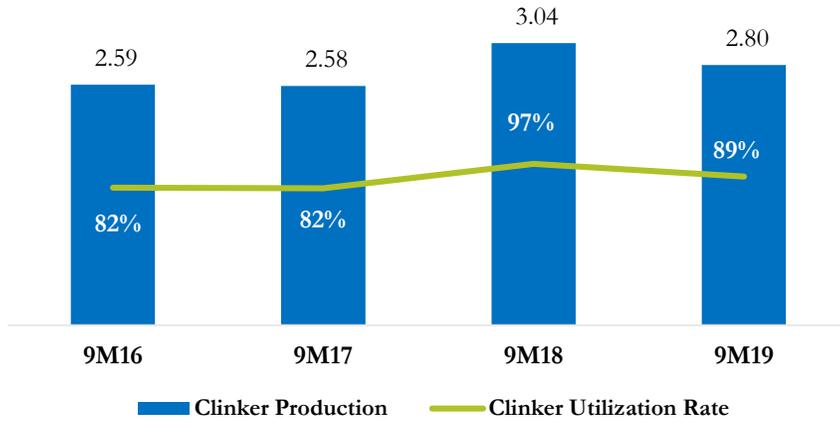
- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 25 trucks as well as by 3rd party business partners. Express Wassal was launched in 2011
- Express Wassal offers ACC a number of benefits such as;
 - Reducing ACC's dependency on external transport providers which is fragmented and can be unreliable
 - Controlling products flow to strategic markets
 - Ensuring price positioning in these markets
 - Penetrating high demand scattered markets
 - The Company's own fleet also provides it with insight with regards to the operational costs associated with transportation, allowing it to better gauge 3rd party transportation rates
- Now ACC operates its Express Wassal's hotline for 24 hours per day, 7 days a week.
- The additional availability has increased customer satisfaction as it allows them fast access to the Company's products at any time



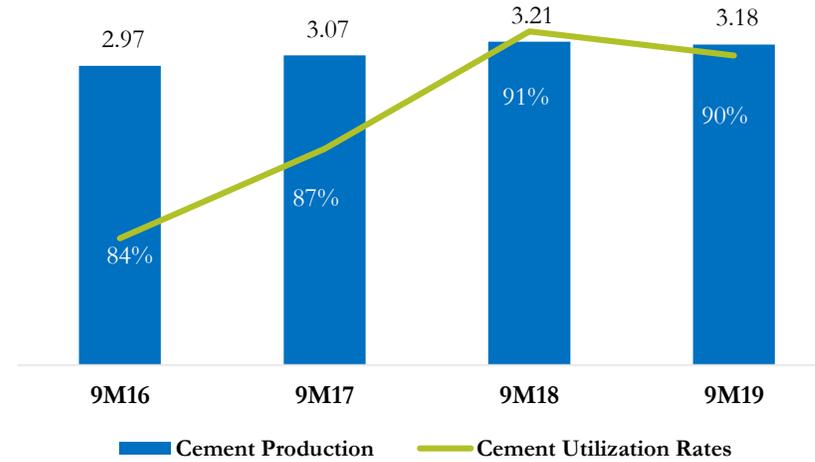
Period Highlights (continued)

Main KPIs

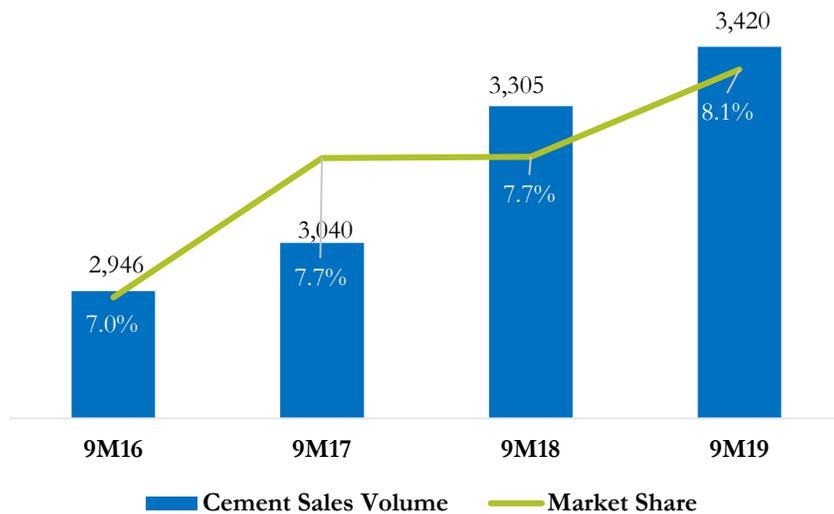
Clinker Production (MN MT) and Utilization Rates



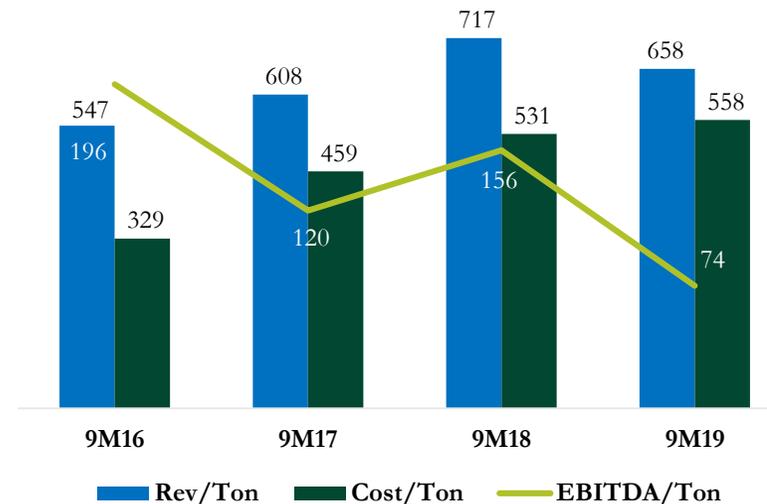
Cement Production and Utilization Rates



Sales Volumes (MN MT)



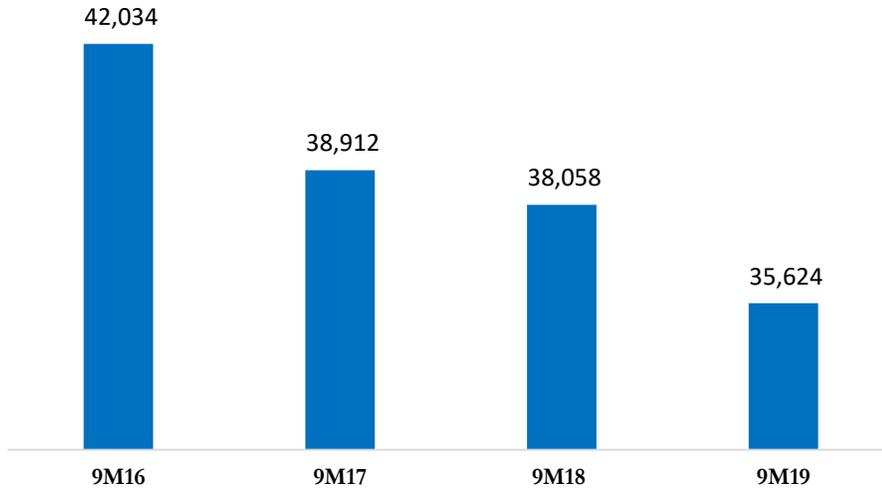
Revenues, COGS and EBITDA (EGP/ton)



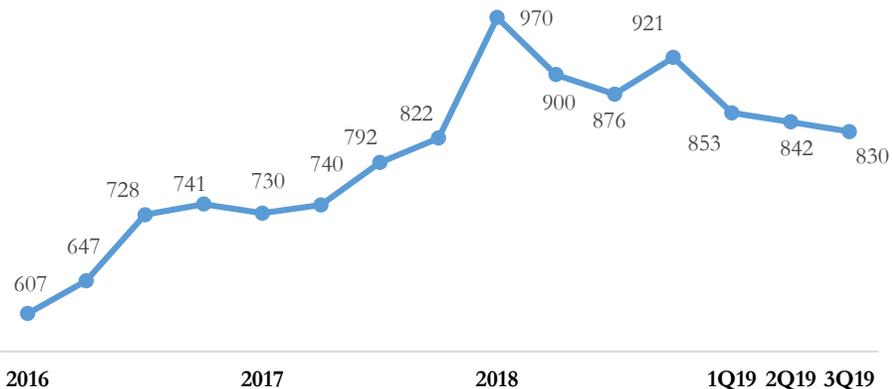
Egyptian Cement Market

Demand and Supply Synopsis

Domestic Consumption (MMT)



Average Market Retail Prices (EGP/ton)



Egyptian Market Overview

•The Egyptian market consumption for 9M2019 declined by 6.4% compared to the same period last year. According to our expectations, the market will likely drop by 5% in FY 2019 to close the year with around 48 million tons.

•After 2019 and going forward, the market is expected to start growing as the GDP per capital in USD terms is at the same level of pre-floatation. Moreover, CBE is easing the interest rate which will lead to more investments.

•Residential housing demand is expected to continue to be driven by its growing population and marriage rates, ensuring a consistent demand in one of the most populous countries.

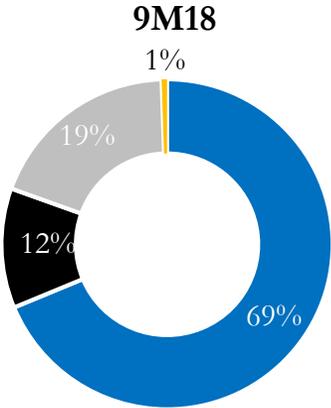
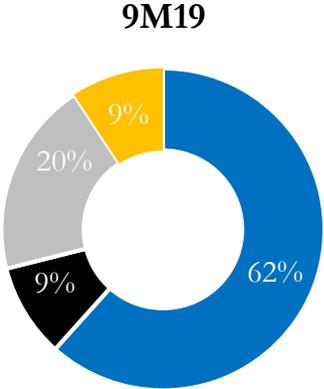
•Government is working on some mega projects like the new capital city, enhancing roads and rail infrastructure, and restructuring the energy sector.

Sales Overview

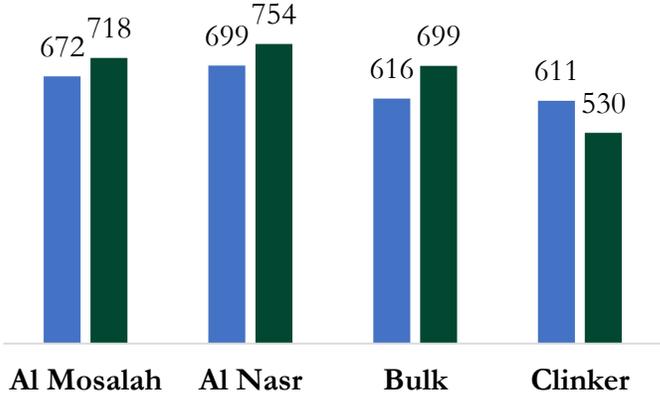
Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
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Breakdown by Brand

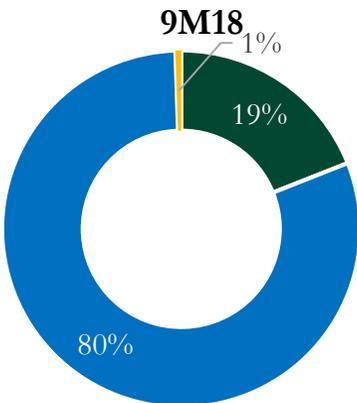
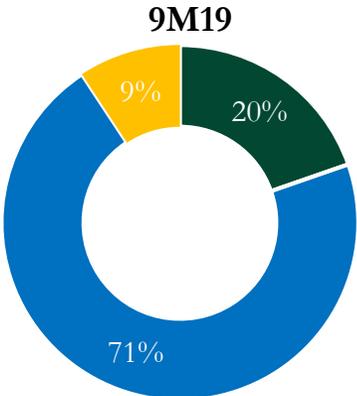


■ Al Mosalah ■ Al Nasr ■ Bulk ■ Clinker

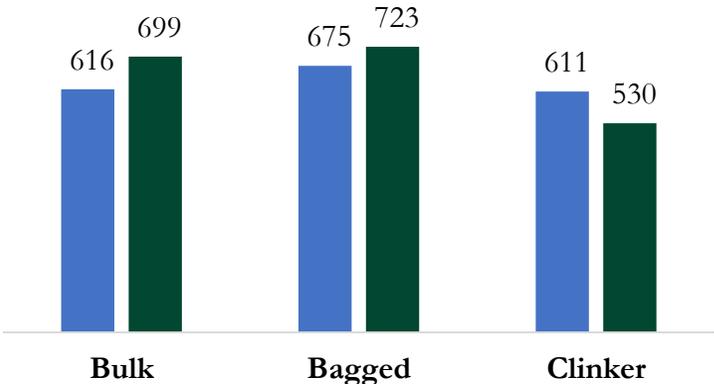


■ 9M19 ■ 9M18

Breakdown by Type



■ Bulk ■ Bagged ■ Clinker



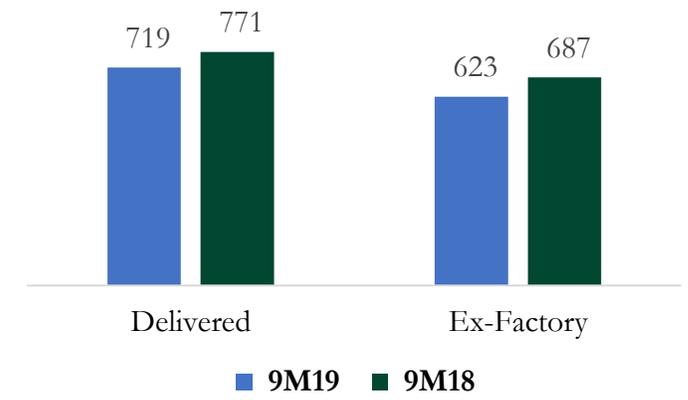
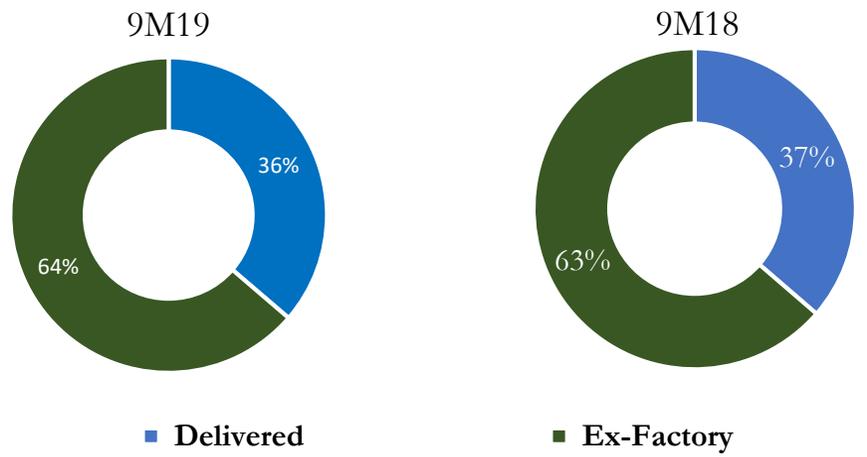
■ 9M19 ■ 9M18

Sales Overview

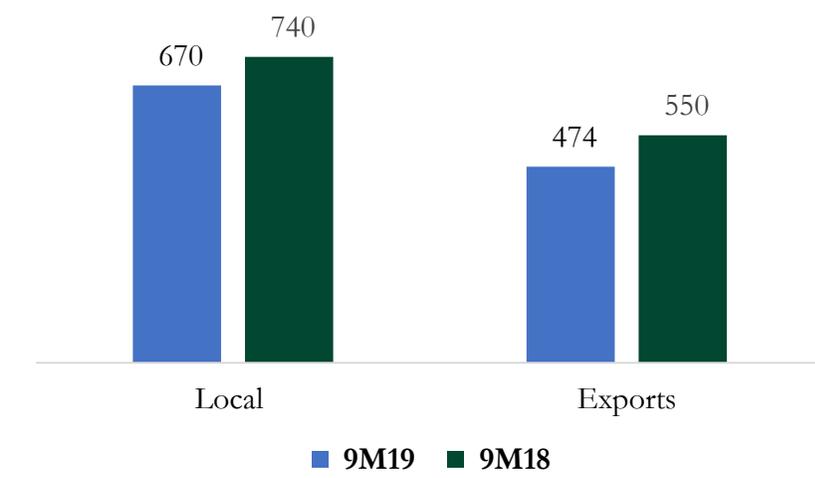
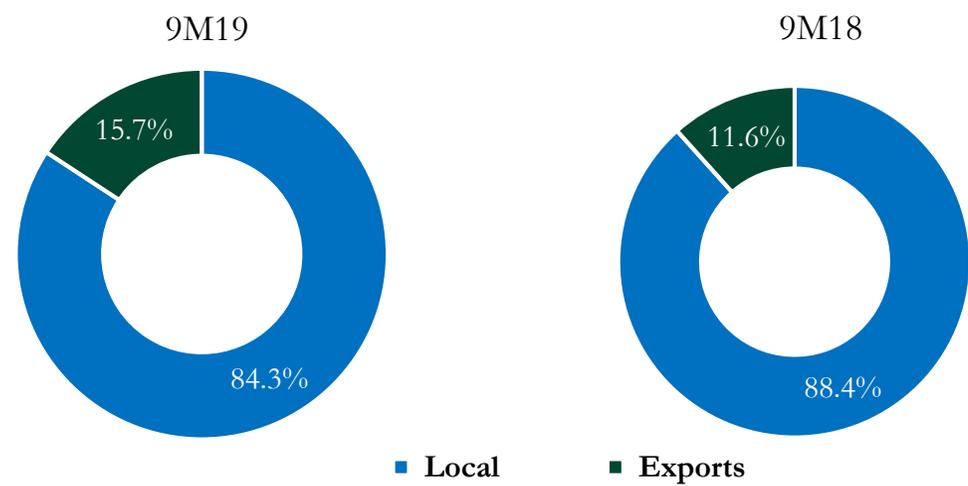
Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
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Breakdown by Point of Sale



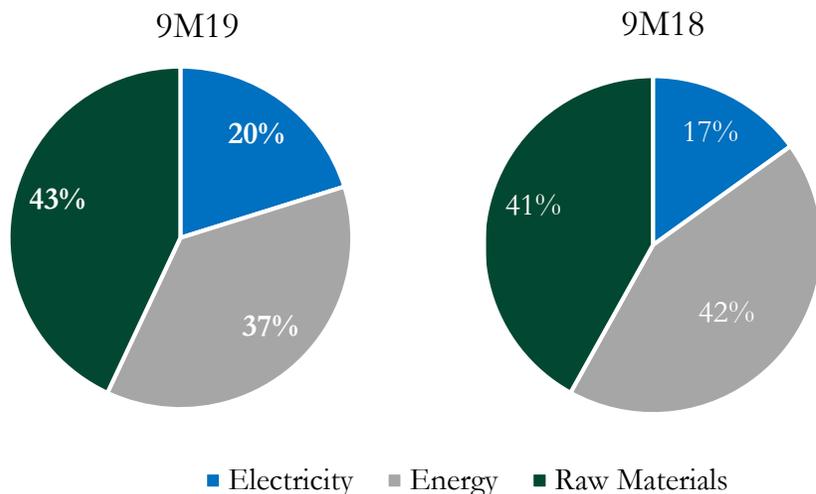
Breakdown by Market



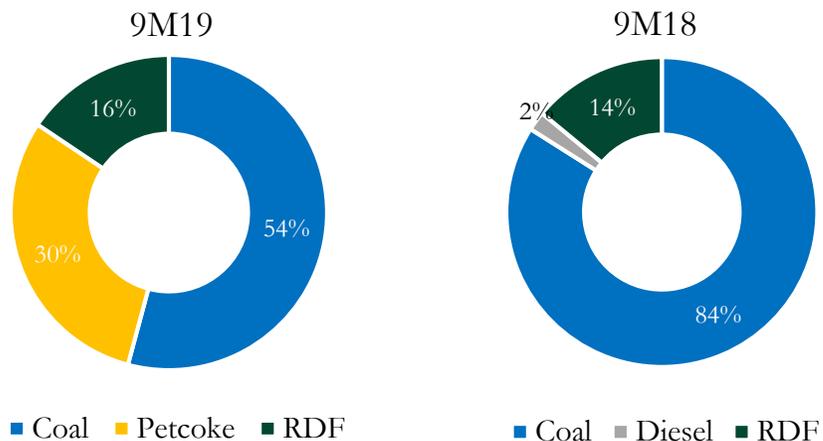
COGS Overview

COGS and ACC Cost Advantages

COGS Breakdown



Fuel Mix

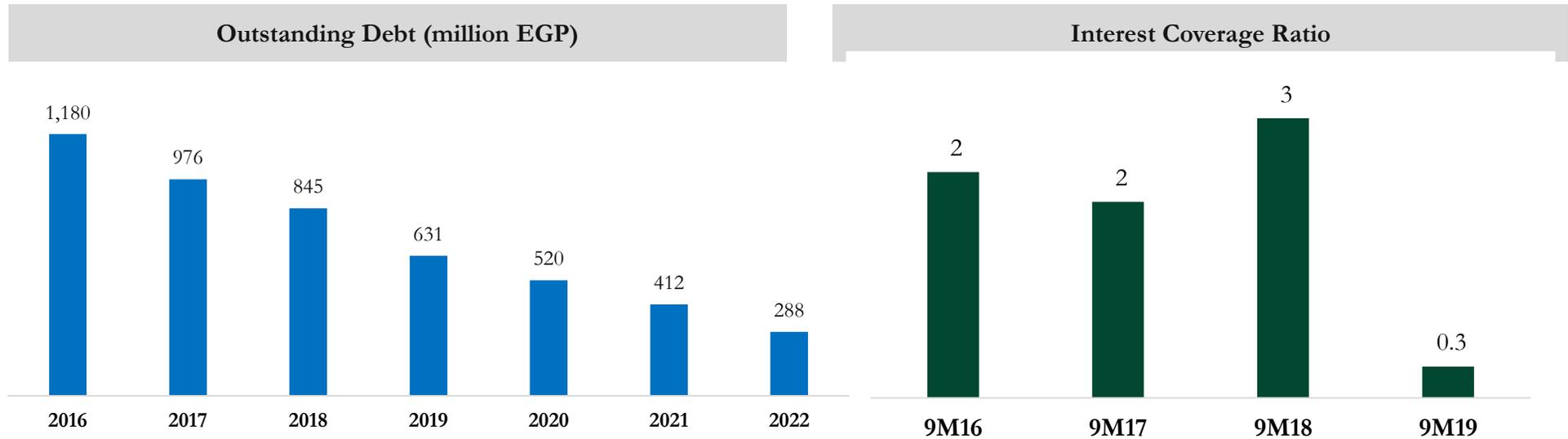


ACC Cost Advantages

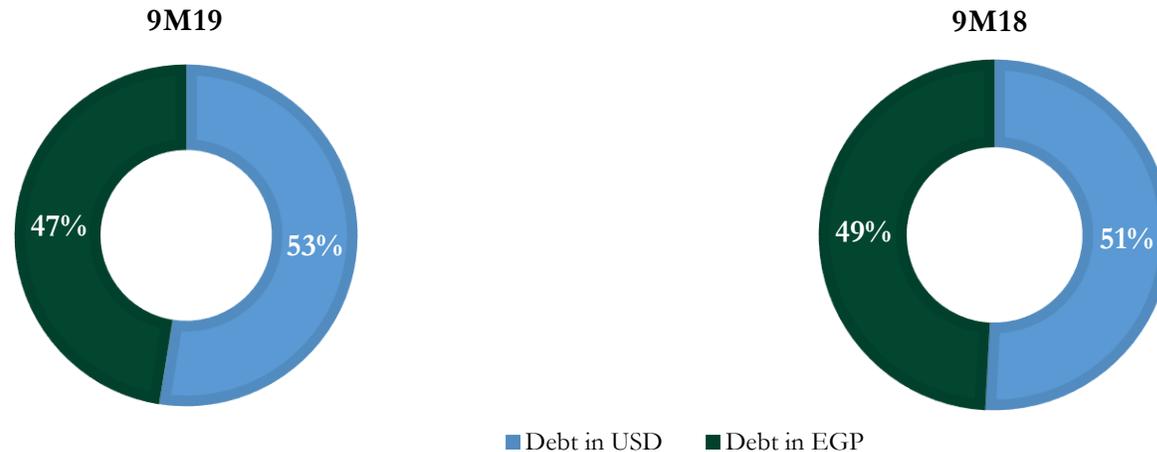
- ACC is always working on controlling its cash cost/ton. After the operation of our second coal mill in 2Q2018, the company was able to get rid of the diesel input, depending only on coal, pet-coke and RDF.
- ACC has the capability to use different types of fuels , yet we will always try to keep our leading position as a cost-efficient player by using the suitable fuel mix.
- **RDF:**
 - ACC started using RDF in November 2013 in Line II.
 - Starting June 2015 the company started commissioning the hot disc to enable using a higher percentage of Alternative fuels in Line I, and in the total factory.
 - ACC is founding another sister company ‘Evolve’ to source part of its RDF needs.
- **Coal:**
 - After the implementation of the second coal mill, the company has the technical capability to substitute > 100% of energy needs through coal.
- **Pet-coke :**
 - ACC was able to source 70%-80% of its coal needs through local pet-coke which will give us a competitive edge among our competitors and will reduce our cash cost per ton.

Debt

Outstanding Debt & Debt Structure



Debt Structure (EGP vs. USD)

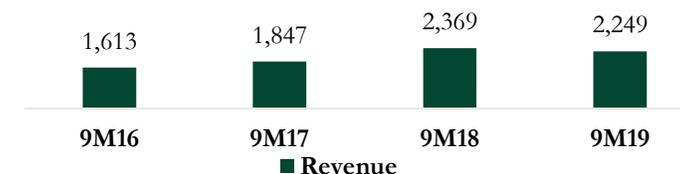


9M19 Financials Review

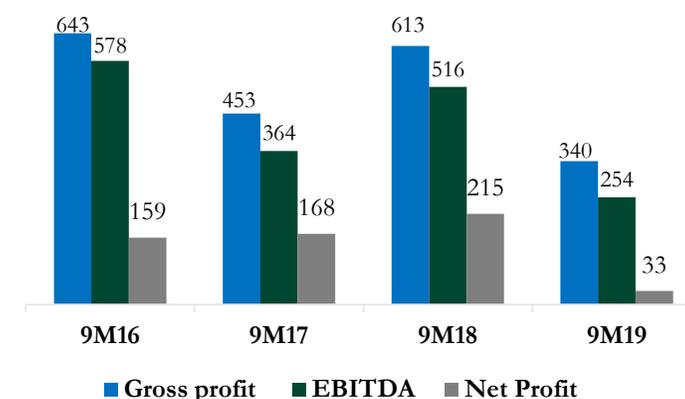
Income Statement

	9M16	9M17	9M18	9M19
Revenue	1,613	1,847	2,369	2,249
Growth	-6%	15%	28%	-5%
Cost of goods sold	969	1394	1756	1909
Gross profit	643	453	613	340
GPM	40%	25%	26%	15%
SG&A Expenses	65	89	97	86
Provisions	-16	-8	-5	-4
Other income	9	6	4	2
EBITDA	578	364	516	254
EBITDA Margin	36%	20%	22%	11%
Depreciation & Amortization	149	175	183	190
EBIT	423	187	333	62
EBIT Margin	26%	10%	14%	3%
Foreign exchange	145	-33	5	-65
Finance cost, net	65	79	71	95
Net Profit Before Tax	213	141	257	32
NPBT Margin	13%	8%	11%	1%
Deferred tax	3	-1	8	-1
Income tax expense	51	-25	34	
Net Profit	159	168	215	33
NPM	10%	9%	9%	1%

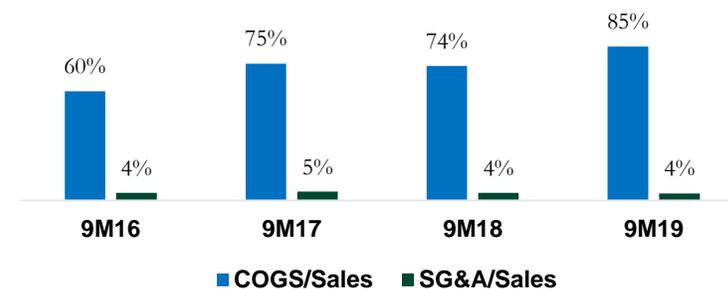
Revenues (Thousand EGP)



GP, EBITDA & Net Profit (Thousand EGP)



Efficiency Ratios

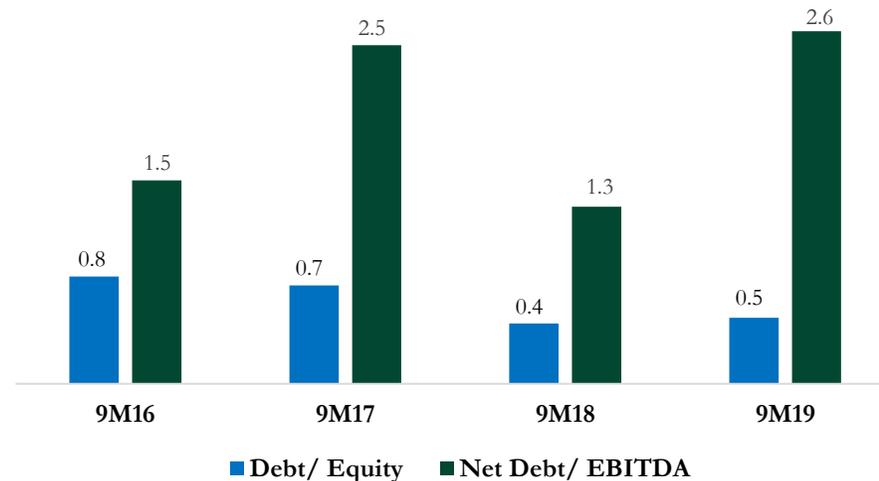


9M19 Financials Review

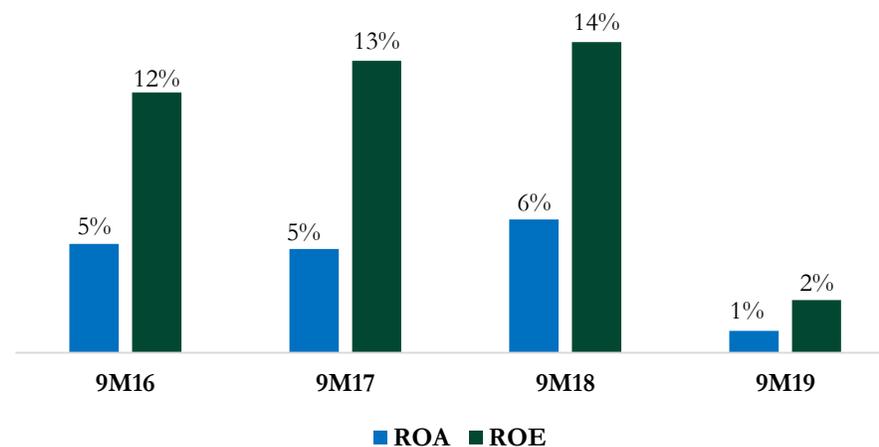
Balance Sheet

	9M16	9M17	9M18	9M19
Assets				
Non-current Assets				
Property plant and equipment, net	2,447	2,727	2,501	2,399
Projects under construction	122	201	86	35
Intangible assets	92	70	358	308
Investment in subsidiaries	21	38	38	38
Payments under long-term investment				10
Total Non-current Assets	2,683	3,036	2,984	2,790
Current Assets				
Inventory	165	303	214	180
Debtors and other debit balances	88	71	81	98
Due from related parties	10	12	11	17
Cash and bank balances	245	106	238	168
Total Current Assets	508	491	544	463
Total Assets	3,191	3,527	3,528	3,252
Current Liabilities				
Provisions	31	12	18	13
Current tax liabilities	52		34	
Trade payables and other credit balances	483	668	768	857
Due to related parties	4	5	3	6
Borrowings - short term portions	237	295	103	139
Short-term liabilities	86	342	174	16
Total Current Liabilities	893	1,322	1,100	1,031
Net (Deficit) Surplus in Working Capital	-385	-830	-556	-569
Equity				
Paid up capital	757	757	757	757
Legal reserve	185	210	231	255
Retained earnings	393	288	524	345
Total Equity	1,336	1,255	1,513	1,357
Non-current Liabilities				
Borrowings - long term portions	281	487	528	519
Deferred income tax liability	332	337	343	342
Long-term liabilities	348	127	43	3
Total Non-current Liabilities	962	951	914	864
Total Equity and Liabilities	3,191	3,527	3,528	3,252

Gearing



Return Ratios

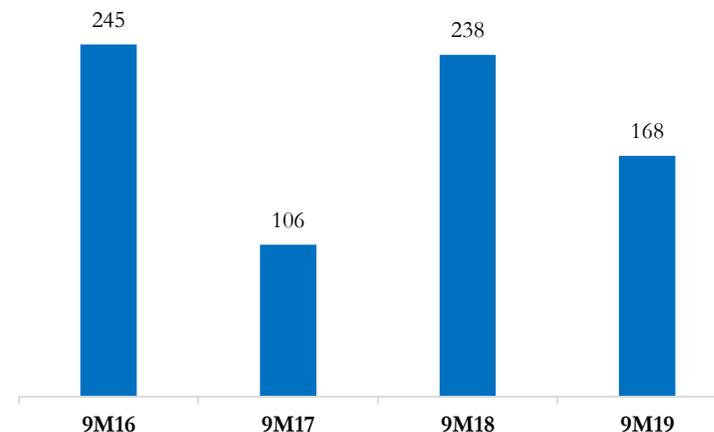


9M19 Financials Review

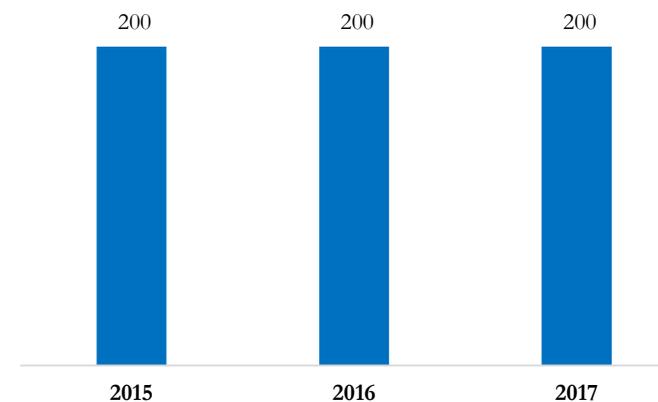
Cash Flow Statement

MN EGP	9M16	9M17	9M18	9M19
Cash flows from operating activities				
Net profit before tax	213	141	257	32
Interest income	-7	-4	-1	-1
Interest expense	65	79	71	97
Depreciation expense	140	159	145	153
Amortization of intangible assets	17	17	38	38
Gain from sale of property plant and equipment	-2	0	0	
Foreign exchange (gain)/losses differences	69	-19	5	-34
Dividends from joint venture	0	0		
Provision	15	3	2	4
Changes in working capital	509	375	516	288
Debtors and other debit balances	-31	32	-3	2
Inventory, net	5	-27	17	102
Trade payables and other credit balances	-114	-23.0	103.0	136
Due from related parties	4	2	-1	4
Interest/Tax paid	-112	-185	-68	-91
Due to related parties	-2	-3.4	-5	-1
Net cash from operating activities	260	170	560	440
Cash flows from investing activities				
Proceeds from dividends from joint venture	0.0	0	0	
Proceeds from sale of assets	5.7	0	0	
Interest income	7	4	1	1
Purchase of property, plant and equipment	-10	-9	-20	-30
Payments for acquiring investments in sub		-16		
Additions in projects under construction	-17	-165	-87	-3
Payments under long-term investments	-0.2	0	0	
Net cash flows used in investing activities	-15	-186	-105	-32
Cash flows from financing activities				
Payments of license liability	-75	-92	-62	-118
Payments of borrowings	-115	-36	-79	-55
Interest paid			0	
Dividends paid	-175	-4.5	-6	-7
Proceeds from bank overdraft		124	-188	-225
Net cash flows from financing activities	-365	-9	-335	-405
Net increase (decrease) in cash and cash equivalents	-119	-24	121	3
Cash and cash equivalents at beginning of the year	365	130.4	117	165
Cash and cash equivalents at end of the period	245	106	238	168

Cash (EGP mn)



Dividends (EGP mn)



Future Ready



ARABIAN CEMENT
العربية للأسمنت

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