



**ARABIAN CEMENT**  
**العربية للأسمنت**

---

# Arabian Cement Company

1H 2021 Investor Presentation

# Highlights

---



# Contents

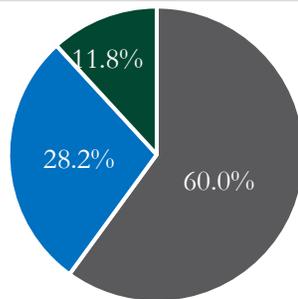
- Introduction to ACC.....4
- Period Highlights .....10
- Egyptian Cement Market .....11
- Sales Overview .....12
- COGS Overview .....14
- Debt Status .....15
- Financials .....16

# 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.

2Q 2021 Shareholding Structure



▪ Aridos Jativa    ▪ Free Float    ▪ El Bourini Family

## 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

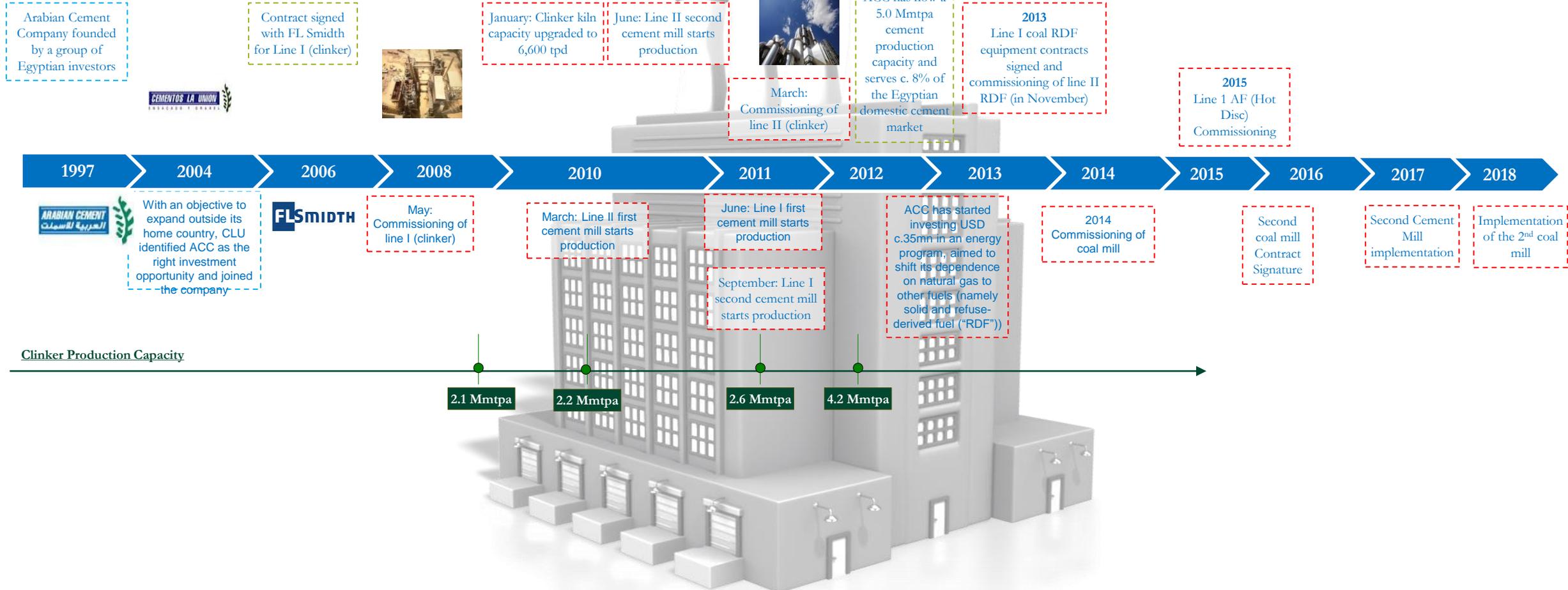
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

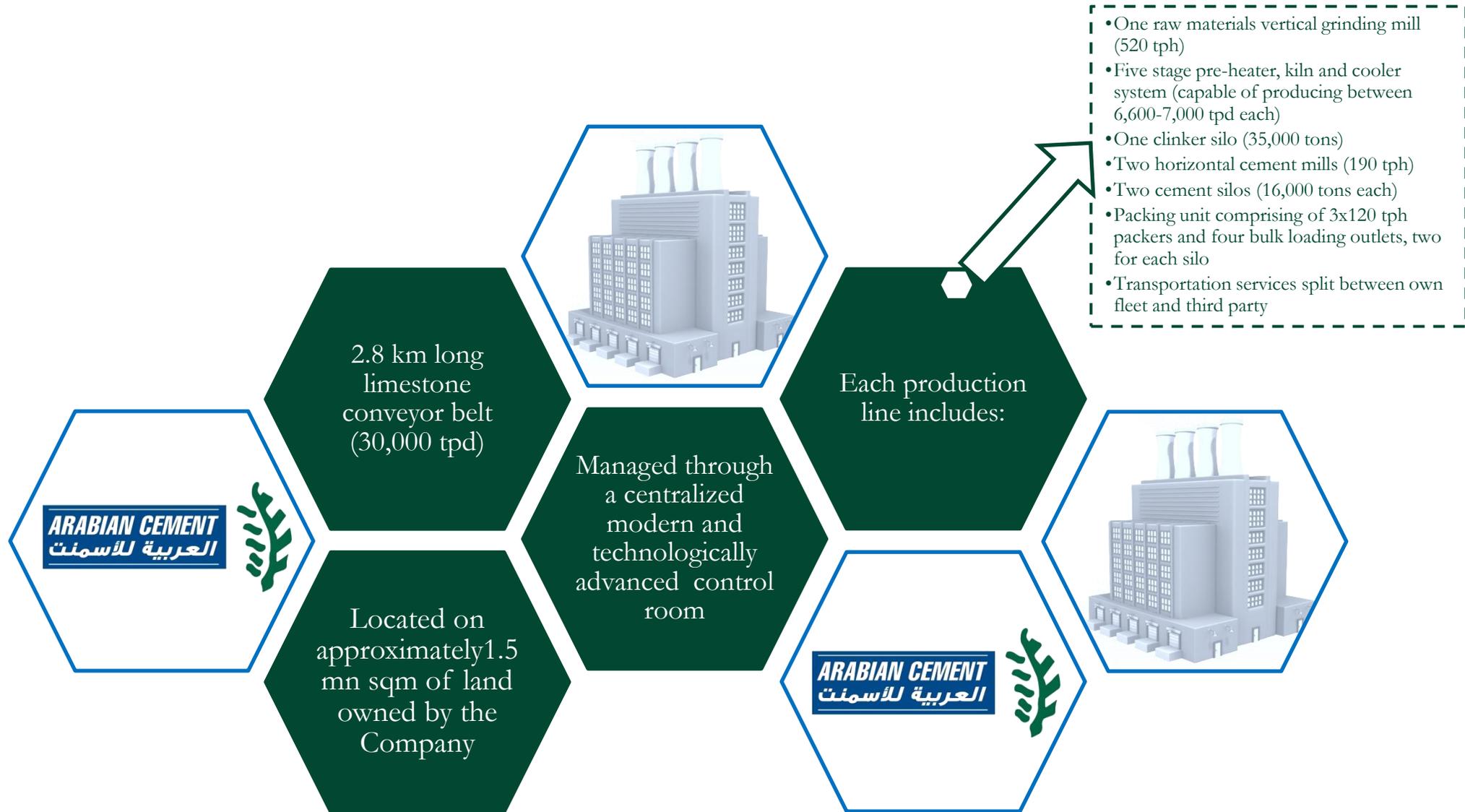
# Introduction to ACC

## 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.

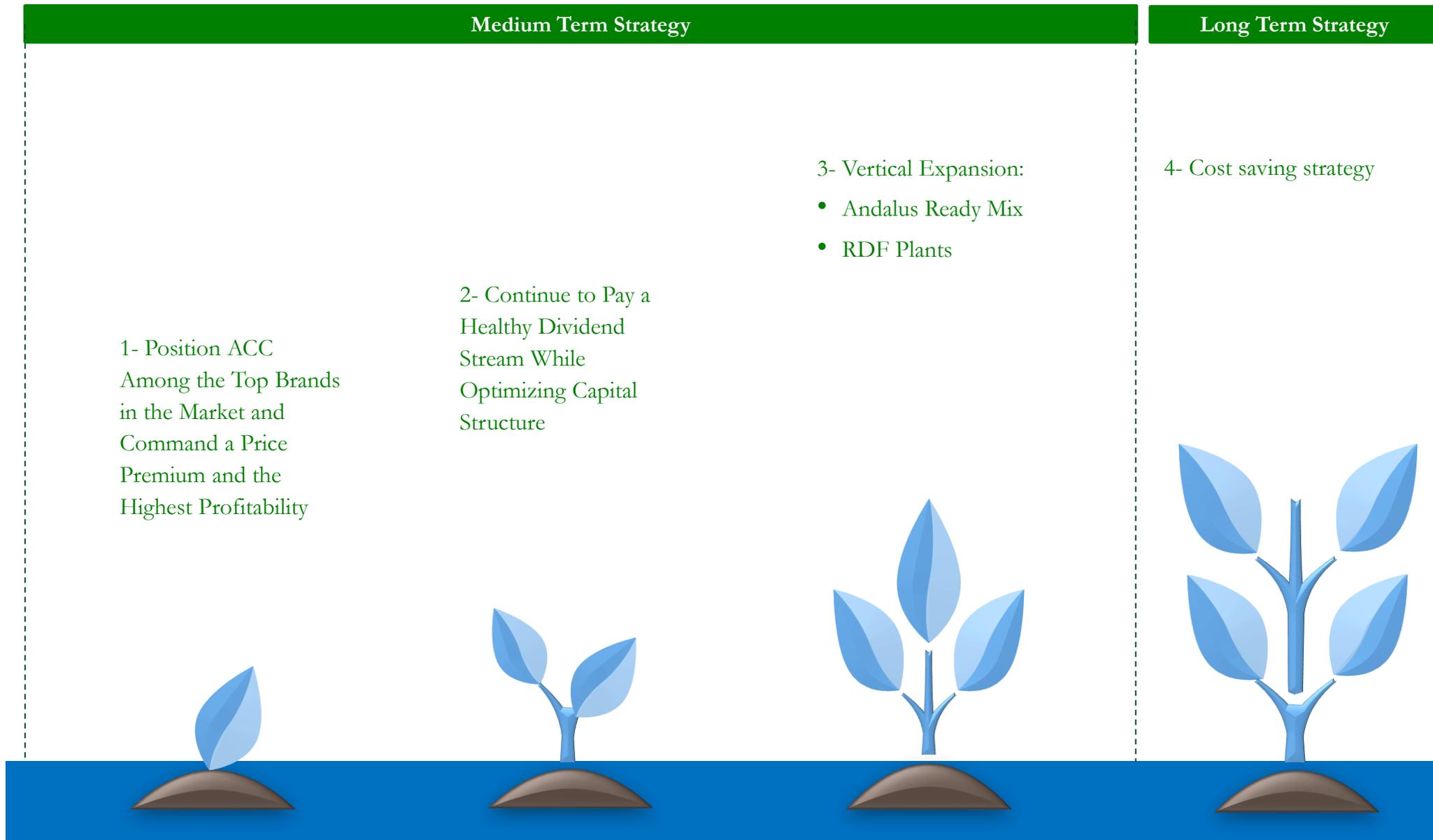


### Sameh Saleh

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



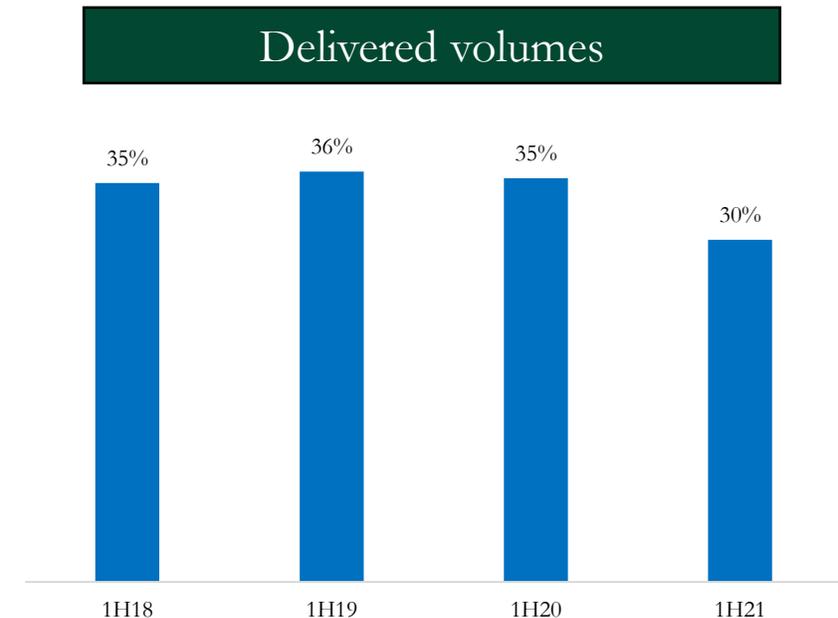
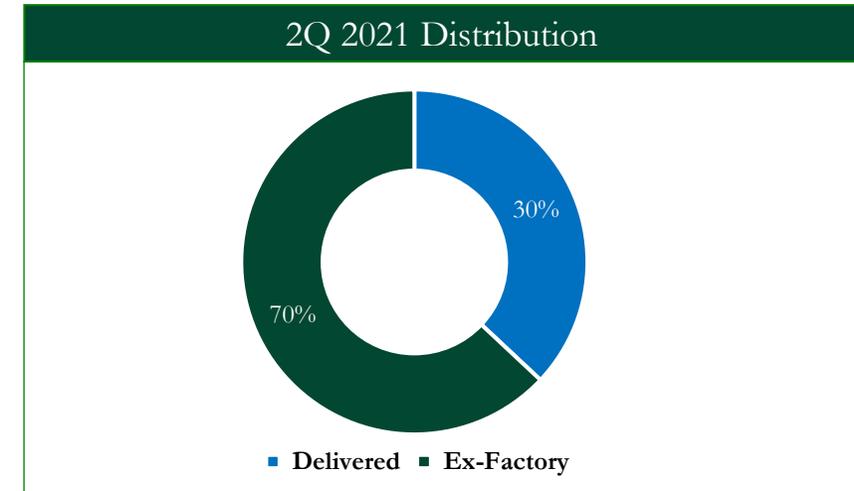
# Introduction to ACC

## Distribution Network Overview

- In 2Q 2021 Arabian Cement distributed through direct Ex-Factory sales and Delivery.

### Express Wassal

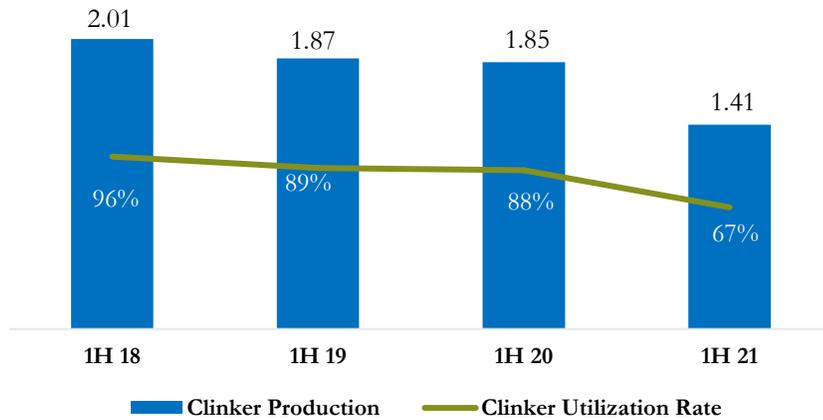
- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 25 trucks as well as by 3rd party business partners. Express Wassal was launched in 2011
- Express Wassal offers ACC a number of benefits such as;
  - Reducing ACC's dependency on external 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



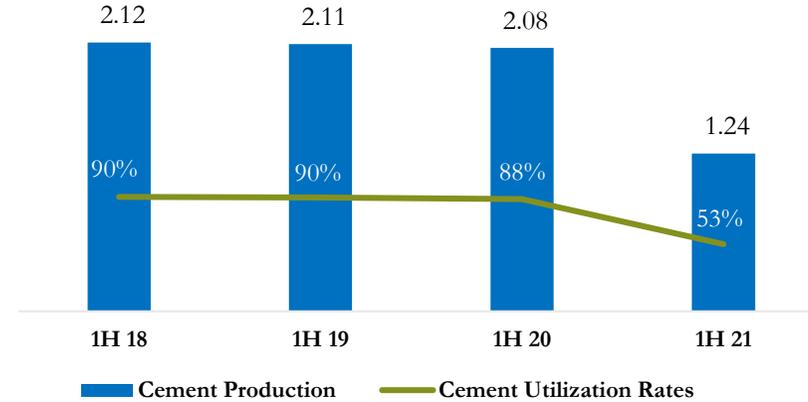
# Period Highlights (continued)

## Main KPIs

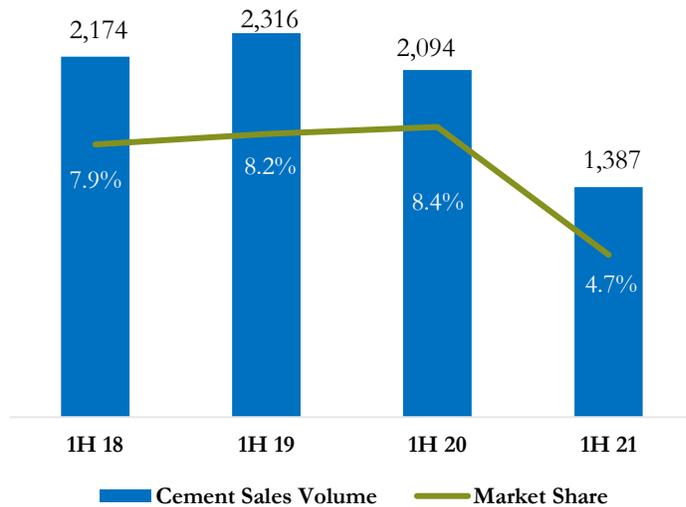
**Clinker Production (MN MT) and Utilization Rates**



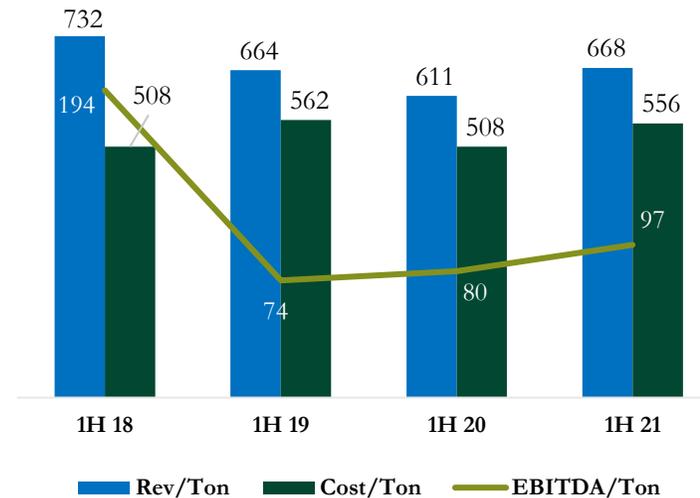
**Cement Production and Utilization Rates**



**Sales Volumes (MN MT)**



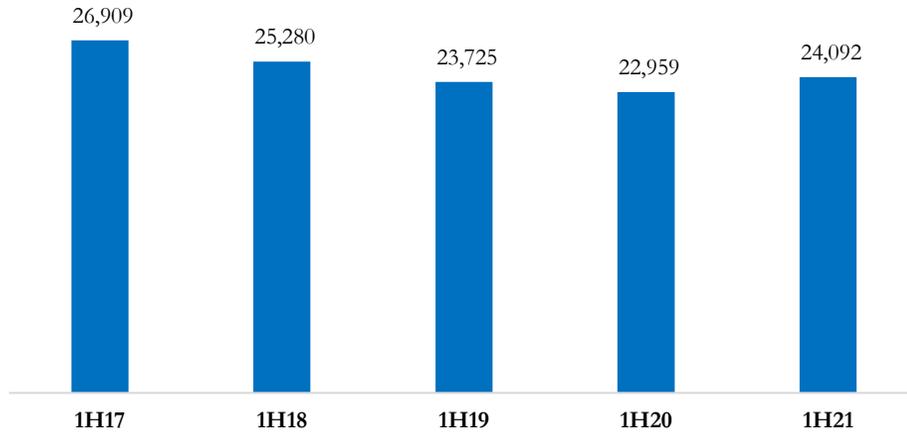
**Revenues, COGS and EBITDA (EGP/ton)**



# Egyptian Cement Market

## Demand and Supply Synopsis

Domestic Consumption (MMT)

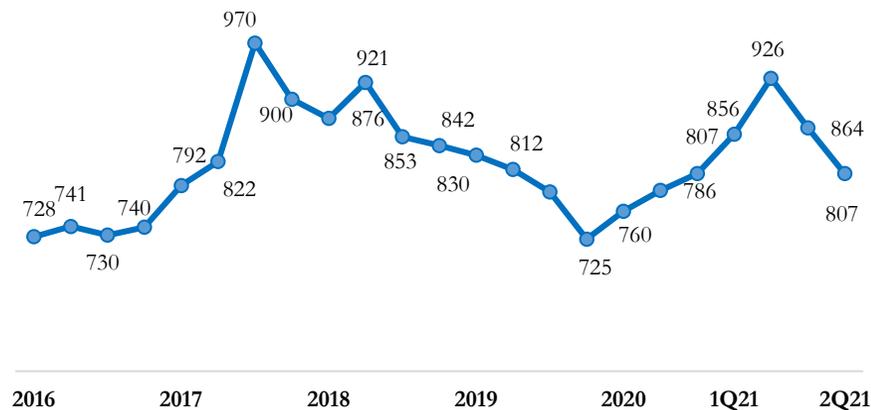


Egyptian Market Overview

National cement consumption in this 1H of 2021 was slightly higher than in 2019, before corona era (+5%). This goes in line with our forecast of recovering annual cement consumption previous to corona, which would mean a 6% increase in cement consumption versus 2020. We still maintain this assumption.

Cost wise speaking, the side effects of Covid-19 pandemic are still pushing costs upwards. Petcoke is in maximum prices in more than a decade and coal is following the same trend. Moreover, freight prices are extremely high. Consequently, it is normal that cement prices grow as there are no more margin on the producers' side to keep absorbing extra costs.

Average Market Retail Prices (EGP/ton)

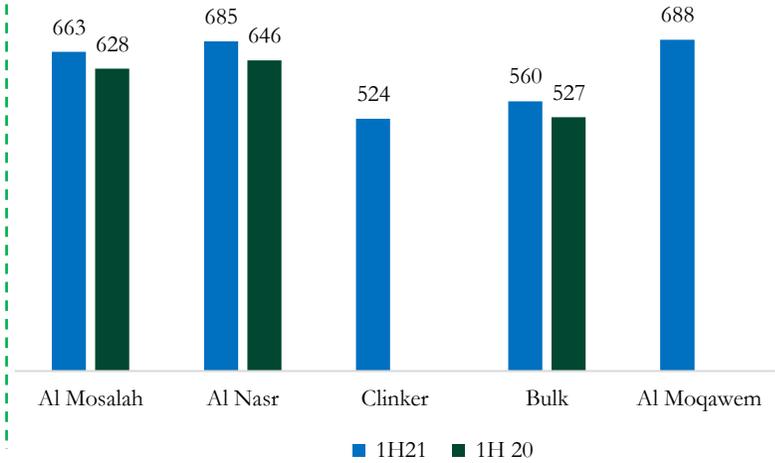
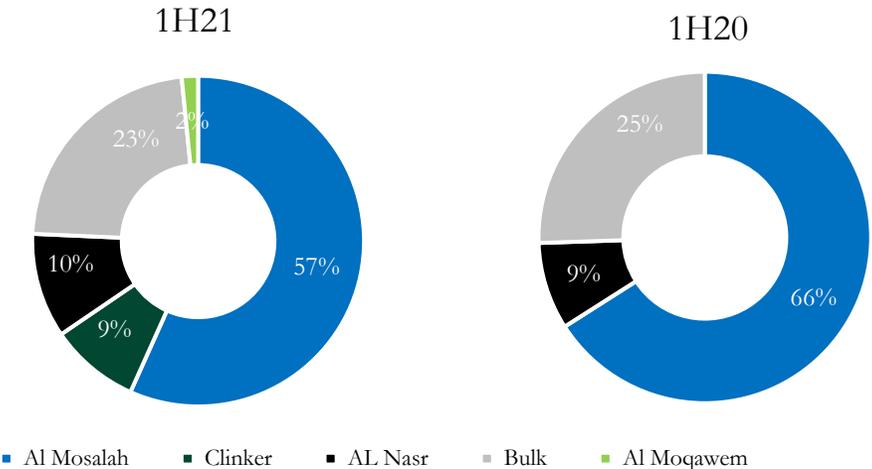


# Sales Overview

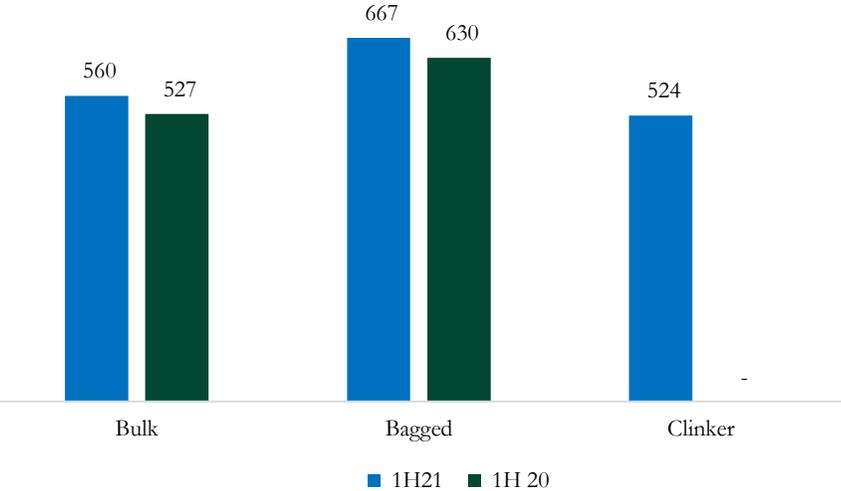
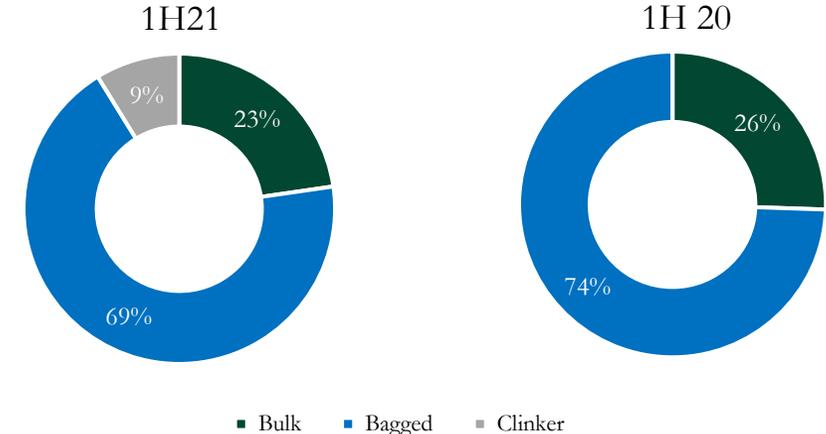
## Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
----------------------	------------------

### Breakdown by Brand



### Breakdown by Type

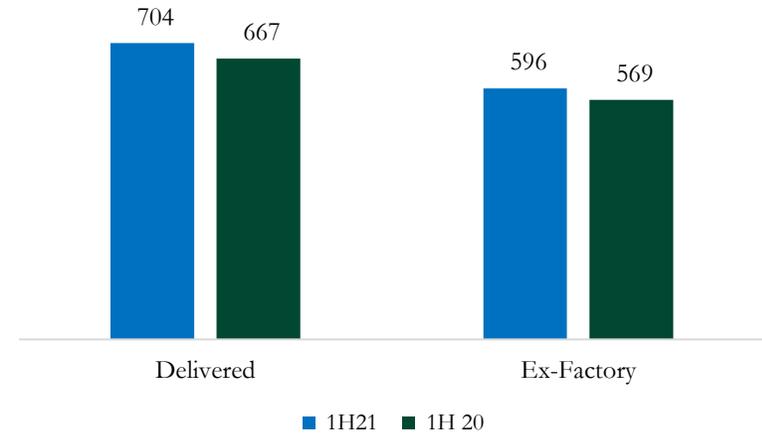
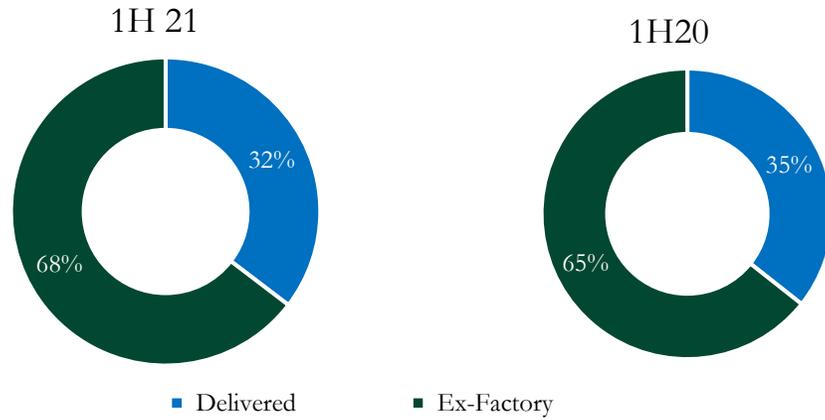


# Sales Overview

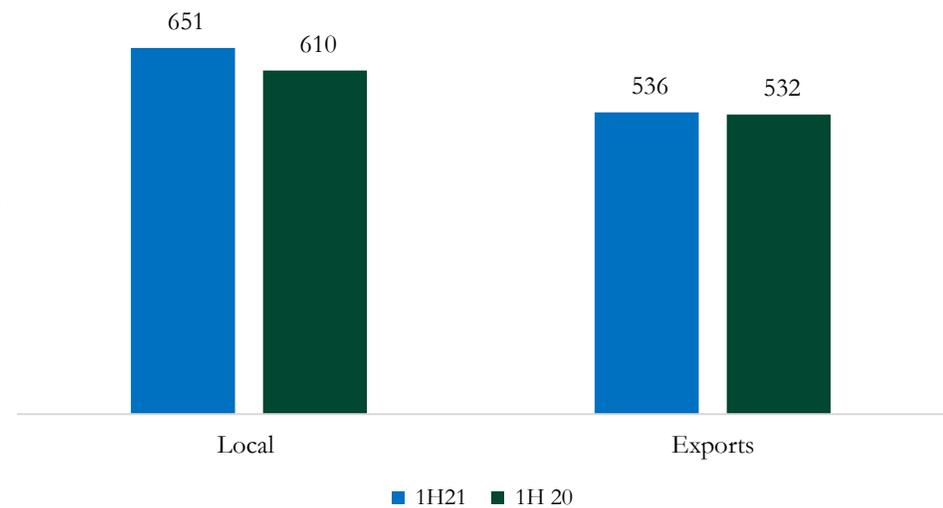
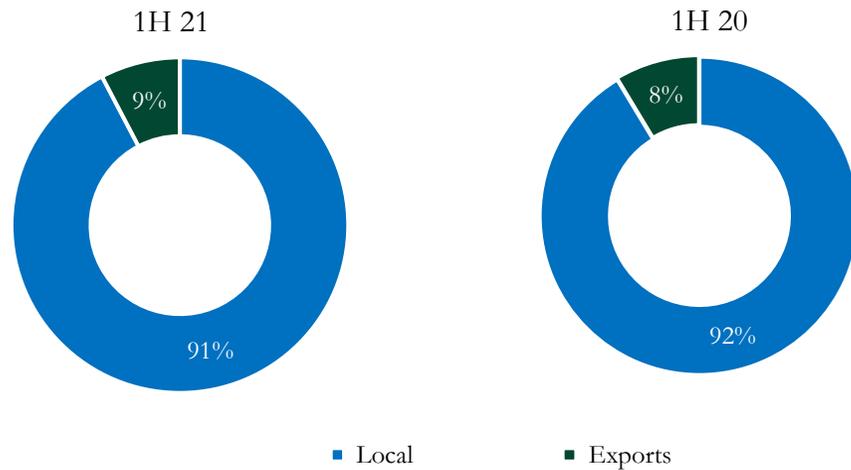
## Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
----------------------	------------------

### Breakdown by Point of Sale



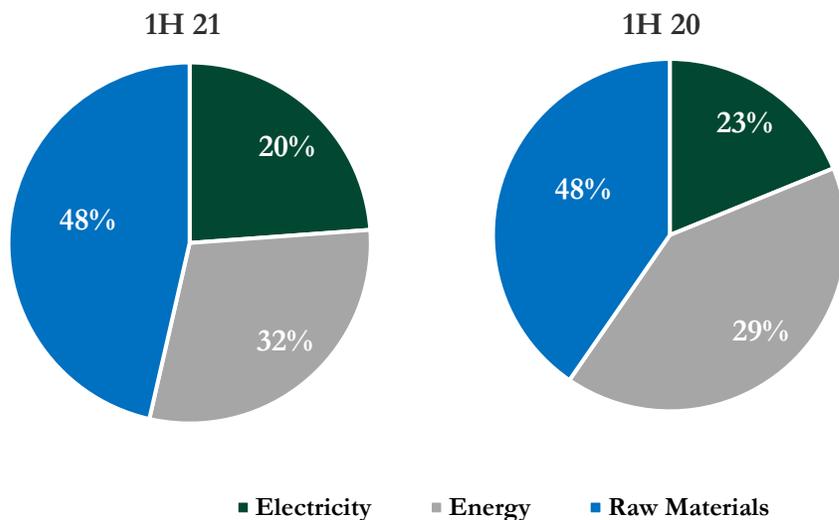
### Breakdown by Market



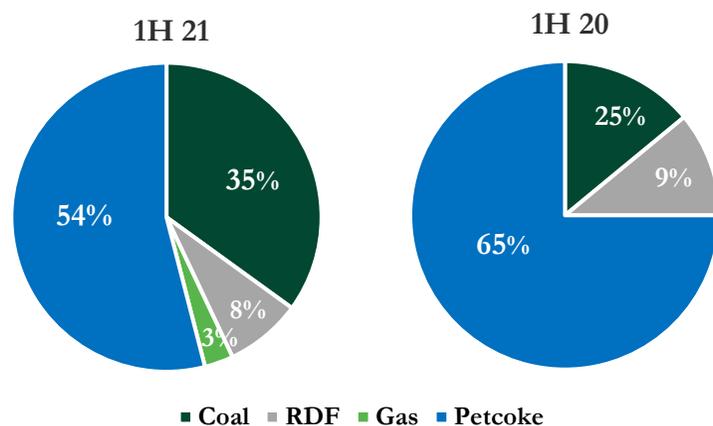
# COGS Overview

## COGS and ACC Cost Advantages

### COGS Breakdown



### Fuel Mix

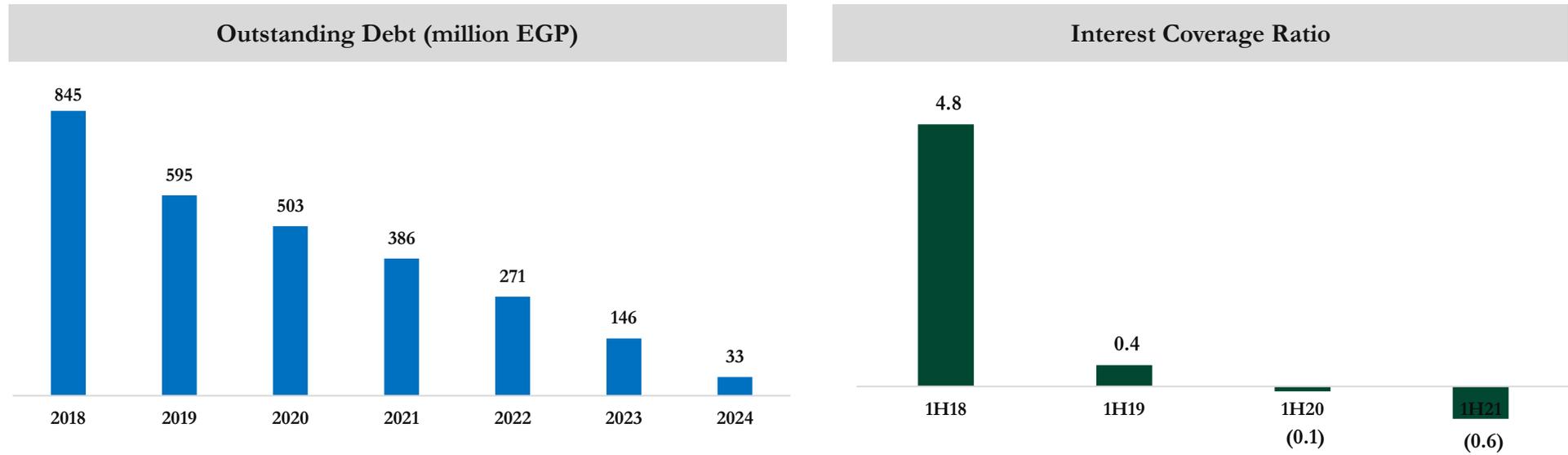


### ACC Cost Advantages

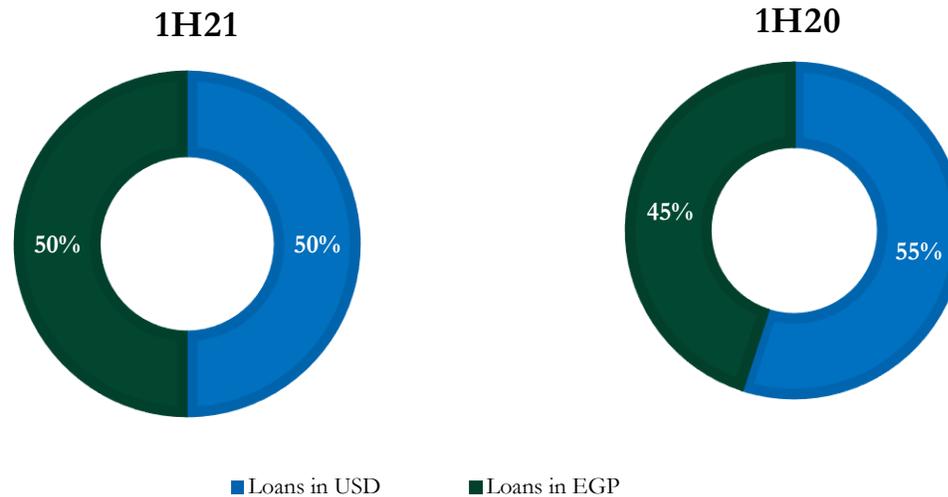
- ACC is always working on controlling its cash cost/ton. After the operation of our second coal mill in 2Q2018, the company was able to get rid of the diesel input, depending only on coal, pet-coke and RDF.
- ACC has the capability to use different types of fuels , yet we will always try to keep our 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)

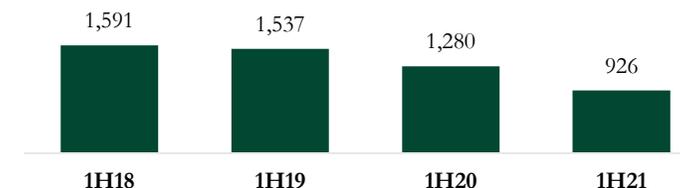


# 1H 2021 Financials Review

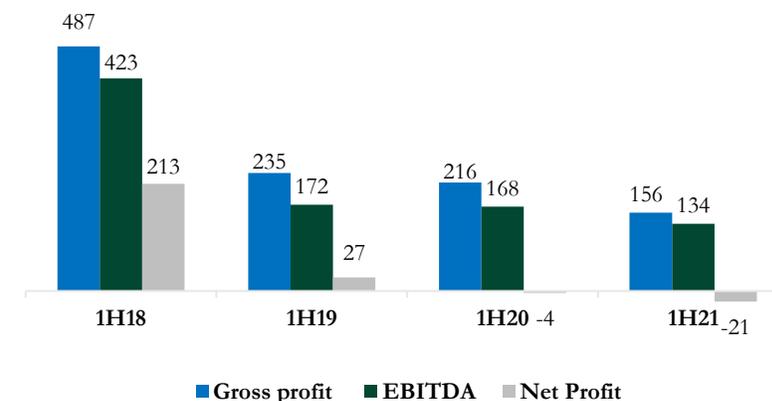
## Income Statement

	1H18	1H19	1H20	1H21
Revenue	1,591	1,537	1,280	926
Cost of goods sold	1,105	1,302	1,064	771
<b>Gross profit</b>	<b>487</b>	<b>235</b>	<b>216</b>	<b>156</b>
<b>GPM</b>	<b>31%</b>	<b>15%</b>	<b>17%</b>	<b>17%</b>
SG&A Expenses	64	63	48	48
Insurance Refund	0	0	0	27
<b>EBITDA</b>	<b>423</b>	<b>172</b>	<b>168</b>	<b>134</b>
<b>EBITDA Margin</b>	<b>27%</b>	<b>11%</b>	<b>13%</b>	<b>14%</b>
Other income	2	-1	1	-1
Depreciation & Amortization	120	126	124	121
<b>EBIT</b>	<b>305</b>	<b>44</b>	<b>45</b>	<b>13</b>
<b>EBIT Margin</b>	<b>19%</b>	<b>3%</b>	<b>4%</b>	<b>1%</b>
Foreign exchange	4	-50	2	1
Loss/gain on disposal of PPE			.1	
Finance cost, net	45	69	43	36
<b>Net Profit Before Tax</b>	<b>257</b>	<b>26</b>	<b>.6</b>	<b>-22.1</b>
<b>NPBT Margin</b>	<b>16%</b>	<b>2%</b>	<b>0%</b>	<b>-2%</b>
Deferred tax	5	-1		
Income tax expense	38		4	-1
<b>Net Profit</b>	<b>213</b>	<b>27</b>	<b>-4</b>	<b>-21</b>
<b>NPM</b>	<b>13%</b>	<b>2%</b>	<b>0%</b>	<b>-2%</b>

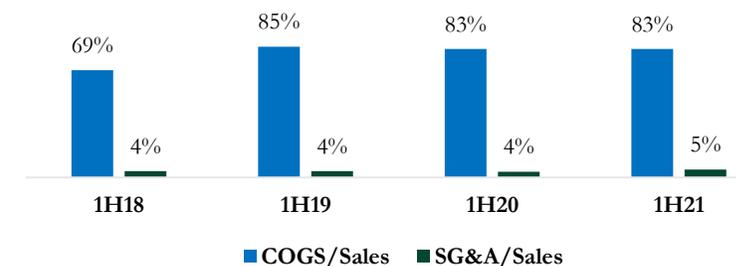
### Revenues (Thousand EGP)



### GP, EBITDA & Net Profit (Thousand EGP)



### Efficiency Ratios

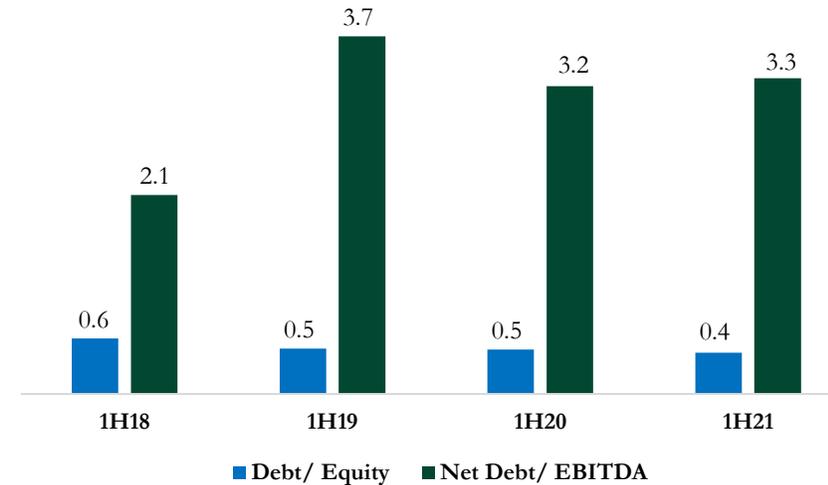


# 1H 2021 Financials Review

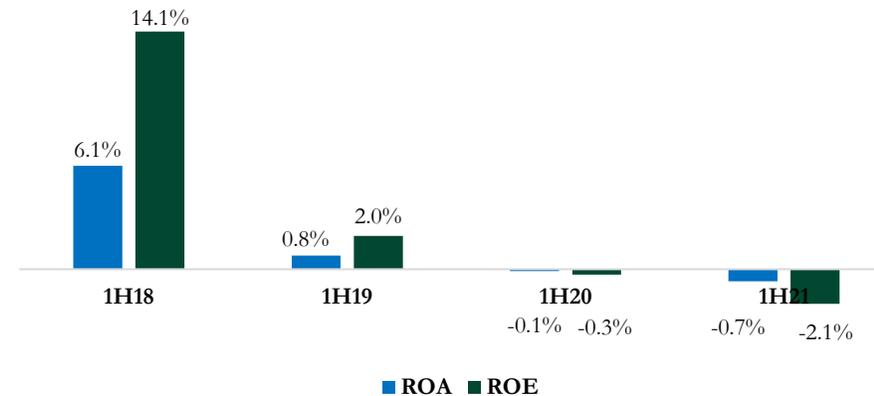
## Balance Sheet

MN EGP	1H18	1H19	1H20	1H21
<b>Assets</b>	-			
<b>Non-current Assets</b>				
Property plant and equipment, net	2,539	2,435	2,278	2,075
Projects under construction	66	43	7	7
Intangible assets	371	320	274	235
Investment in subsidiaries	38	48	48	47
Investment in joint venture				.1
<b>Total Non-current Assets</b>	<b>3,013</b>	<b>2,846</b>	<b>2,606</b>	<b>2,363</b>
<b>Current Assets</b>	-	-	-	-
Inventory	250	223	227	256
Debtors and other debit balances	82	146	147	188
Due from related parties	11	31	21	19
Cash and bank balances	121	84	94	91
<b>Total Current Assets</b>	<b>465</b>	<b>485</b>	<b>488</b>	<b>554</b>
<b>Total Assets</b>	<b>3,478</b>	<b>3,331</b>	<b>3,095</b>	<b>2,917</b>
<b>Current Liabilities</b>	-			
Provisions	16	13	12	18
Bank overdraft	79	166	300	311
Current tax liabilities	38		12	7
Trade payables and other credit balances	601	784	724	763
Due to related parties	3	9	7	27
Borrowings - short term portions	261	86	91	109
Short-term liabilities	7	26	5	
<b>Total Current Liabilities</b>	<b>1,006</b>	<b>1,083</b>	<b>1,152</b>	<b>1,236</b>
<b>Net (Deficit) Surplus in Working Capital</b>	<b>-541</b>	<b>-598</b>	<b>-663</b>	<b>-683</b>
<b>Total Invested Funds</b>	<b>2,472</b>	<b>2,247</b>	<b>1,943</b>	<b>1,681</b>
<b>Equity</b>	-			
Paid up capital	757	757	757	757
Legal reserve	231	255	258	258
Retained earnings	523	338	150	10
<b>Total Equity</b>	<b>1,511</b>	<b>1,351</b>	<b>1,165</b>	<b>1,025</b>
<b>Non-current Liabilities</b>	-	-	-	-
Notes Payable	3			10
Borrowings - long term portions	557	549	448	332
Deferred income tax liability	341	342	330	314
Long-term liabilities	59	5		
<b>Total Non-current Liabilities</b>	<b>961</b>	<b>897</b>	<b>777</b>	<b>656</b>
<b>Total Equity and Liabilities</b>	<b>3,478</b>	<b>3,331</b>	<b>3,095</b>	<b>2,917</b>

### Gearing



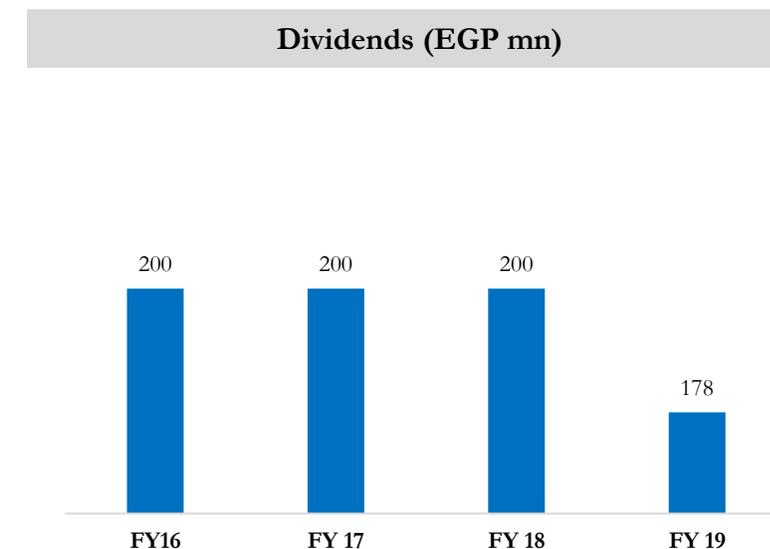
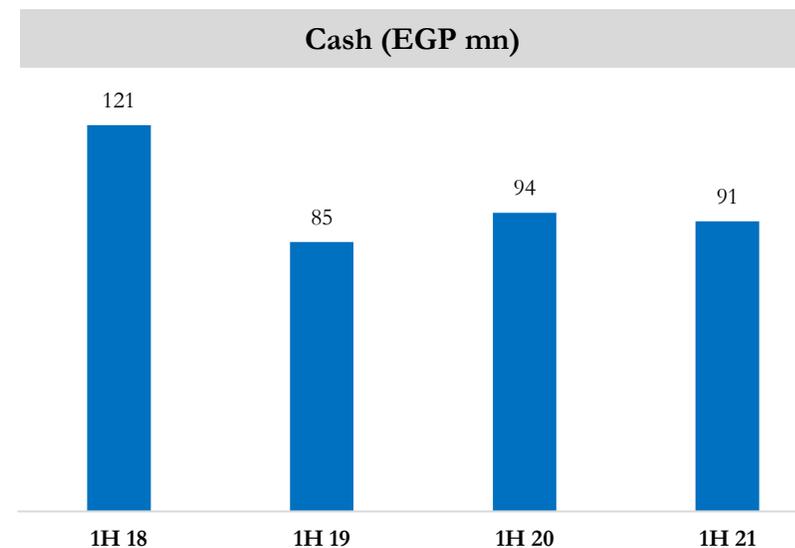
### Return Ratios



# 1H 2021 Financials Review

## Cash Flow Statement

MN EGP	1H 17	1H 18	1H 19	1H 20
<b>Cash flows from operating activities</b>				
Net profit before tax	257	26	1	-22
Interest income	-1	-1	-1	-0.1
Interest expense	45	69	43	36
Depreciation expense	94	101	102	102
Amortization of intangible assets	25	25	21	19
Gain from sale of property plant and equipment	0		0	
Foreign exchange (gain)/losses differences	3	-26	1	-1
Dividends from joint venture	0			
Provision	0	3	1	1
<b>Changes in working capital</b>	<b>423</b>	<b>197</b>	<b>168</b>	<b>134</b>
Debtors and other debit balances	-5	-4	-20	-32
Decrease in trade receivables		27	-36	-31
Inventory, net	-15	59	-71	-86
Trade payables and other credit balances	31			
Due from related parties	-2	-11	-4	4
Credit balances		-55	-18	0.2
Increase (decrease) in trade payables		48	-134	144
Interest paid	-30	-62	-53	-36
Due to related parties	-5	2	-1	24
<b>Net cash from operating activities</b>	<b>398</b>	<b>201</b>	<b>-169</b>	<b>121</b>
<b>Cash flows from investing activities</b>				
Proceeds from dividends from joint venture	0			
Proceeds from sale of assets	0		0.2	
Interest income	1	1	1	0.1
Purchase of property, plant and equipment	-10	-23	-1	-0.5
Additions in projects under construction	-66	-3	-3	
Payments under long-term investments	0			
<b>Net cash flows used in investing activities</b>	<b>-75</b>	<b>-25</b>	<b>-3</b>	<b>-0.3</b>
<b>Cash flows from financing activities</b>				
Payments of license liability	-57	-105	-7	-1
Payments of borrowings	-45	-36	-45	-44
Interest paid	0			
Dividends paid	-6	-7	-7	-7
Proceeds from bank overdraft	-211	-108	238	-29
<b>Net cash flows from financing activities</b>	<b>-319</b>	<b>-257</b>	<b>179</b>	<b>-81</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4</b>	<b>-80</b>	<b>8</b>	<b>39</b>
Cash and cash equivalents at beginning of the year	117	165	86	52
<b>Cash and cash equivalents at end of the period</b>	<b>121</b>	<b>85</b>	<b>94</b>	<b>91</b>



# Future Ready



**ARABIAN CEMENT**  
**العربية للأسمنت**

## **For more Information Please Contact:**

Karim Naguib –Budgeting & Investor Relations Manager

Mirna Abd El Nour-Financial Planning Analyst

[IR@arabiancementcompany.com](mailto:IR@arabiancementcompany.com)

[www.arabiancementcompany.com](http://www.arabiancementcompany.com)