



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

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# Arabian Cement Company

1Q 2021 Investor Presentation

# Highlights

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# Contents

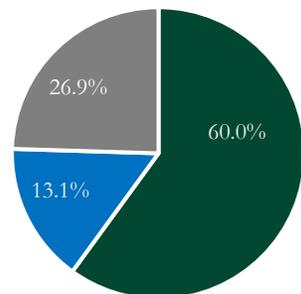
- Introduction to ACC.....4
- Period Highlights .....10
- Egyptian Cement Market .....11
- Sales Overview .....12
- COGS Overview .....14
- Debt Status .....15
- Financials .....16

# 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.

1Q 2021 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

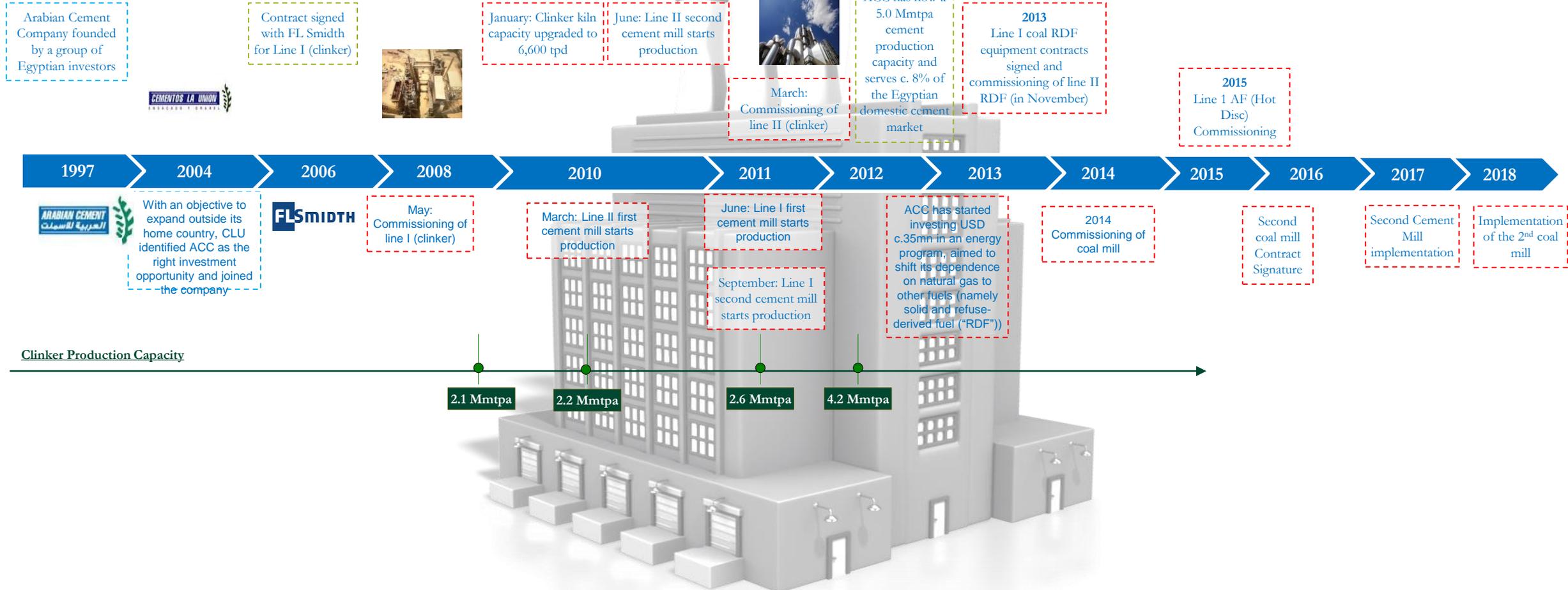
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

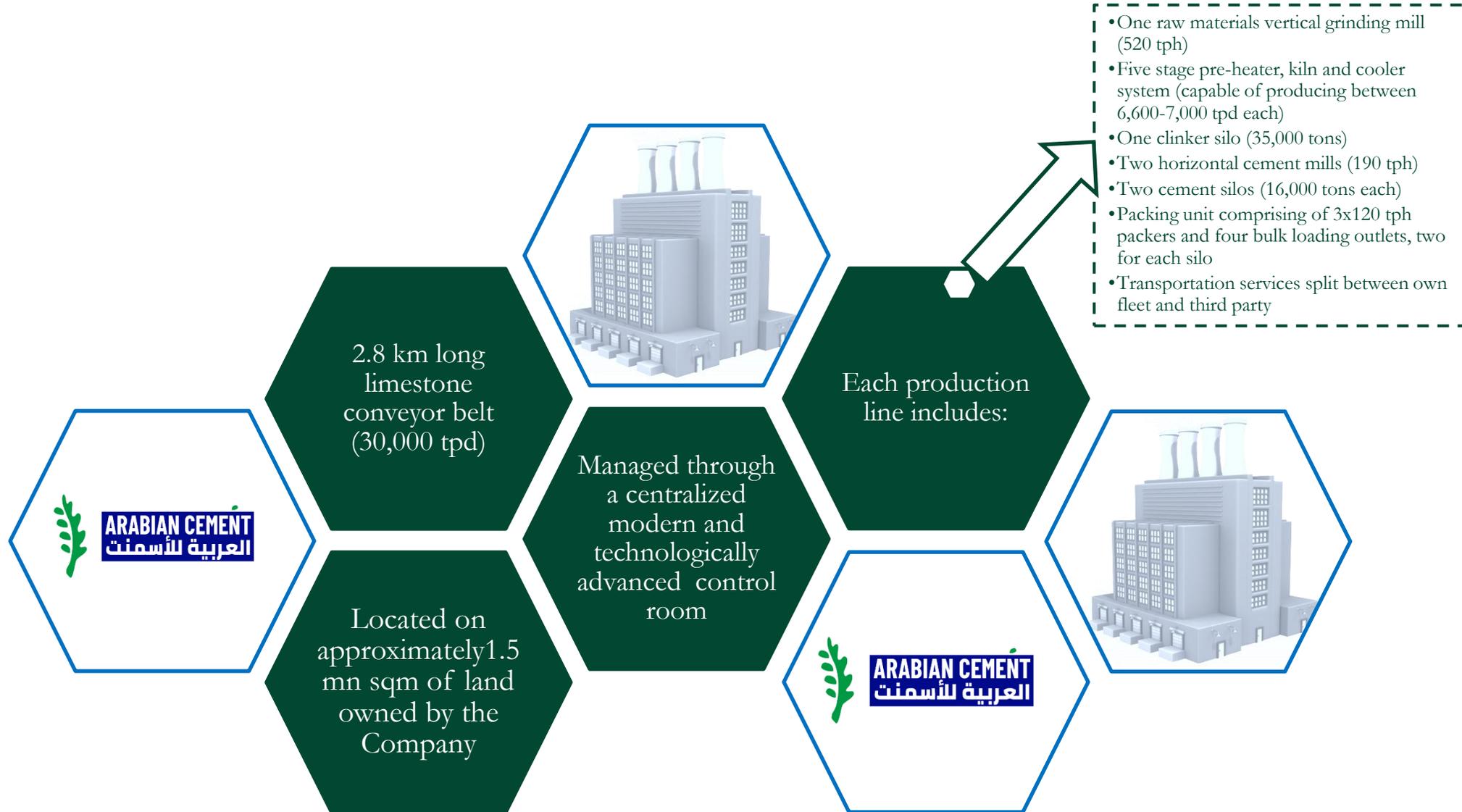
# Introduction to ACC

## 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

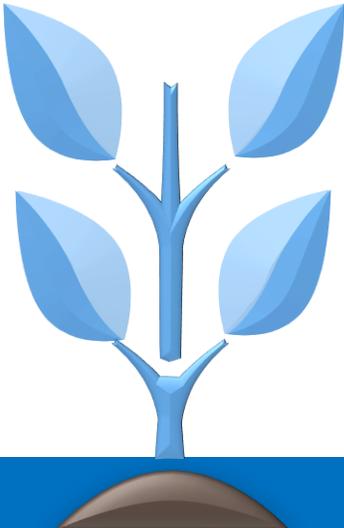
### Long Term Strategy

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



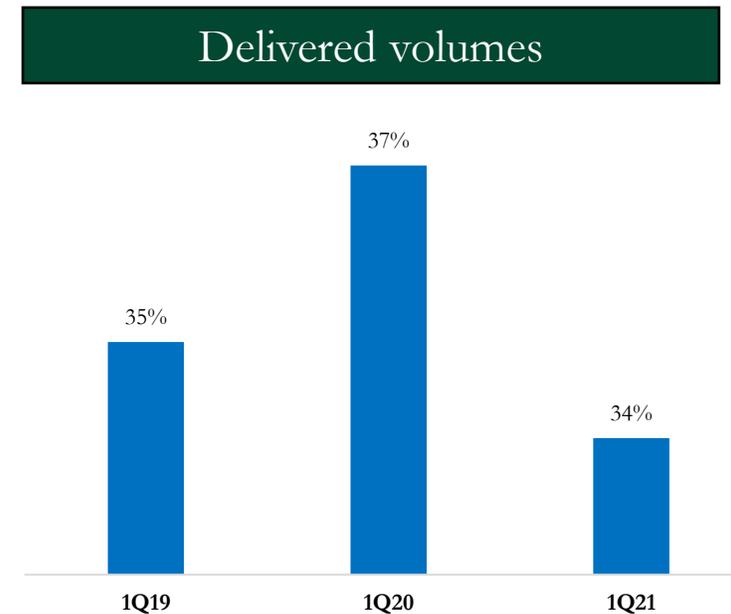
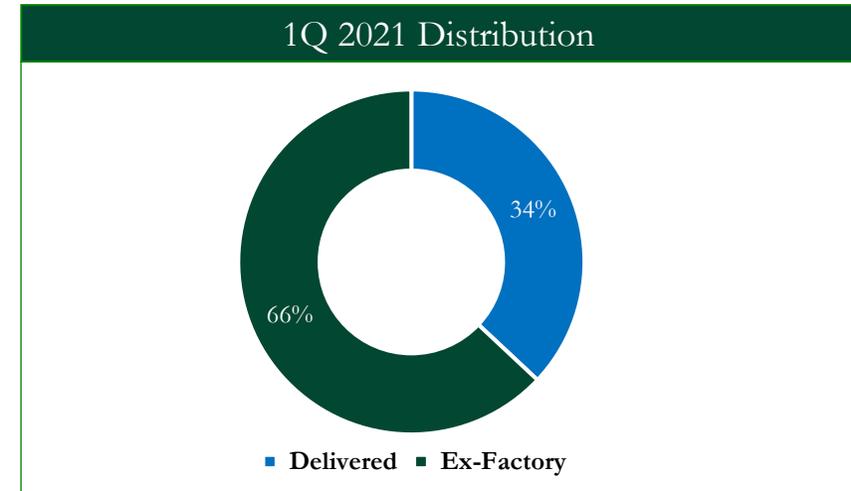
# Introduction to ACC

## Distribution Network Overview

- In 1Q 2021 Arabian Cement distributed through direct Ex-Factory sales and Delivery.

### Express Wassal

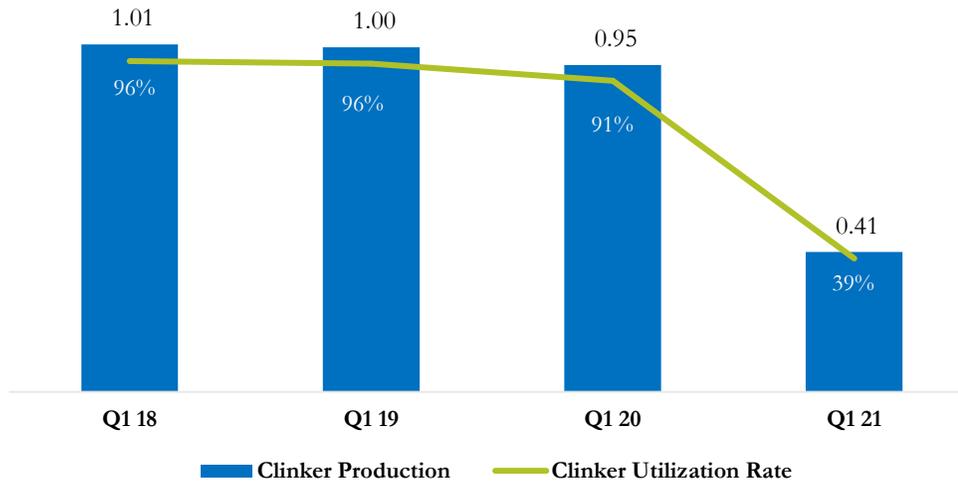
- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 25 trucks as well as by 3rd party business partners. Express Wassal was launched in 2011
- Express Wassal offers ACC a number of benefits such as;
  - Reducing ACC's dependency on external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



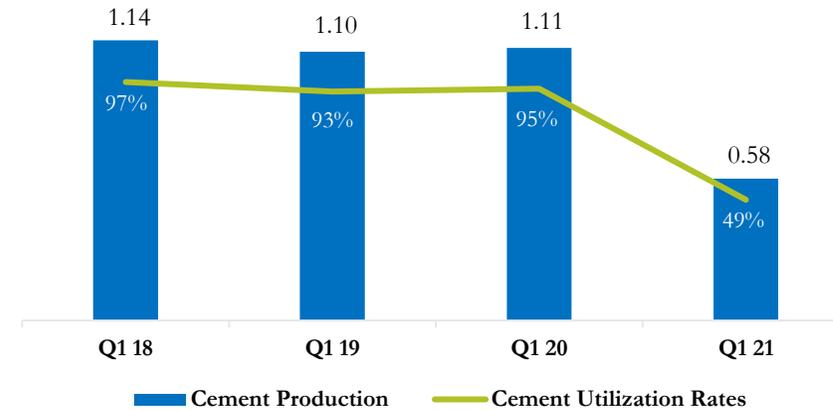
# Period Highlights (continued)

## Main KPIs

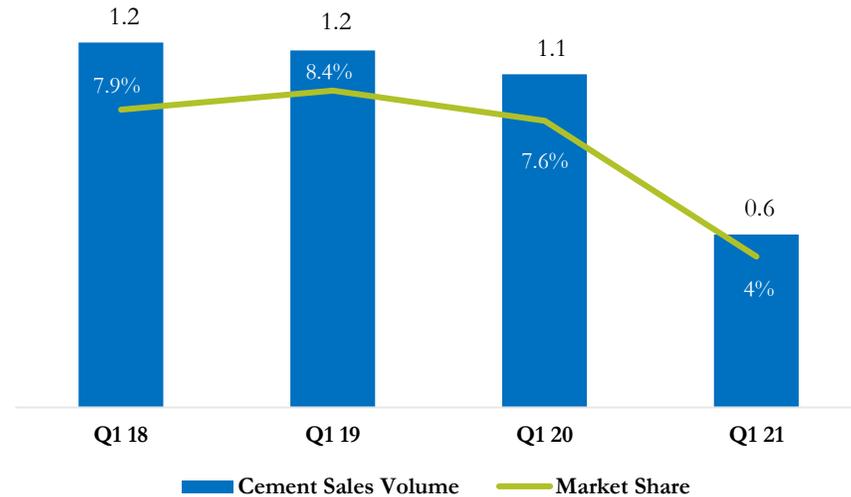
### Clinker Production (MN MT) and Utilization Rates



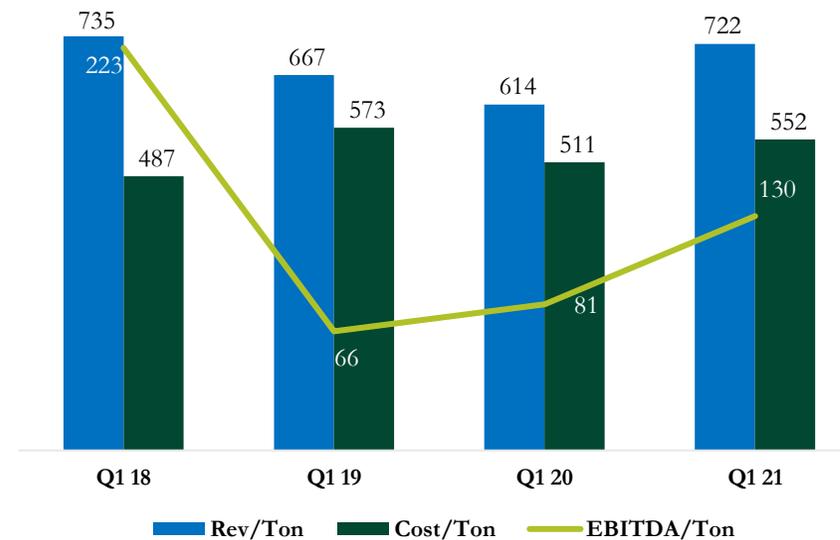
### Cement Production and Utilization Rates



### Sales Volumes (MN MT)



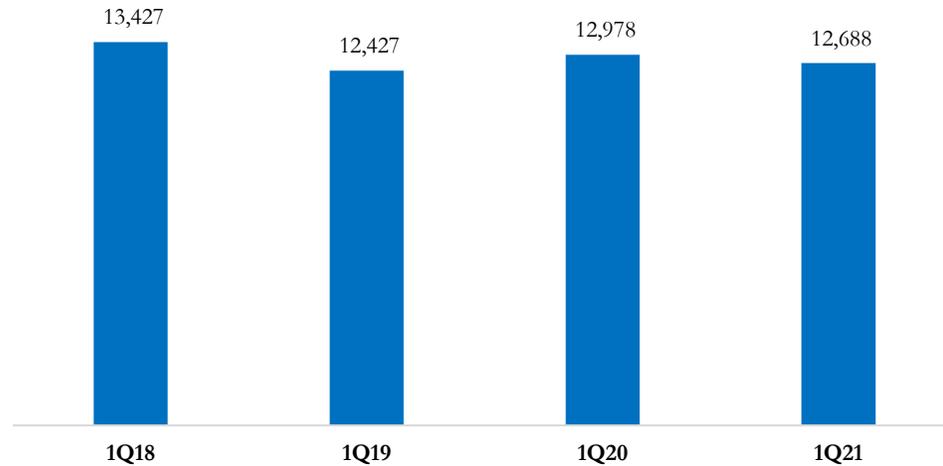
### Revenues, COGS and EBITDA (EGP/ton)



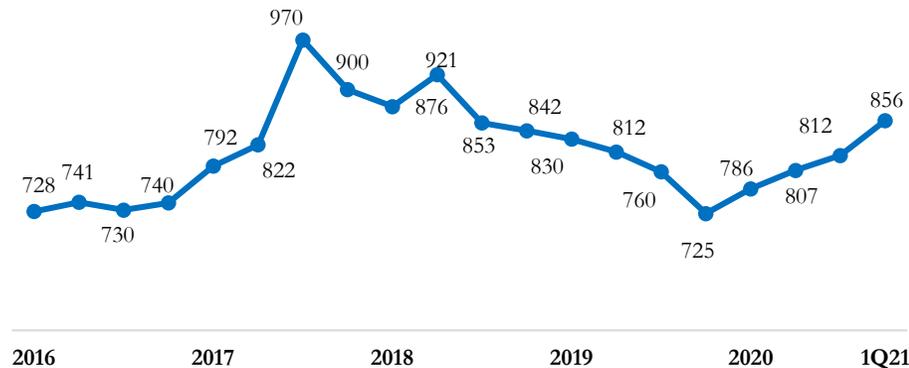
# Egyptian Cement Market

## Demand and Supply Synopsis

Domestic Consumption (MMT)



Average Market Retail Prices (EGP/ton)



Egyptian Market Overview

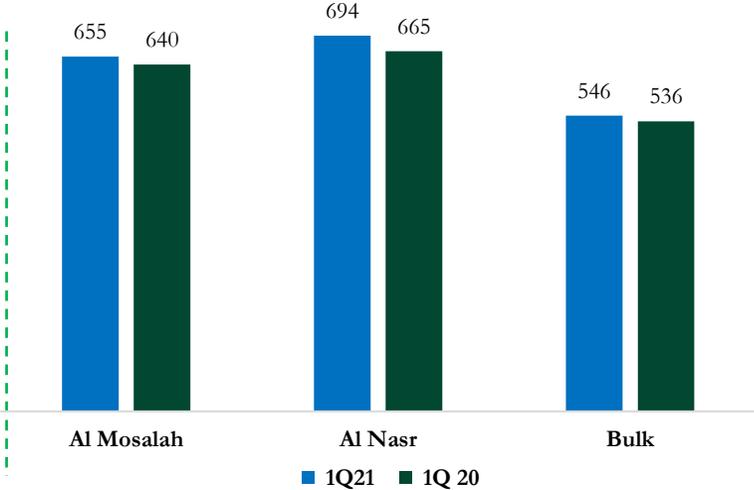
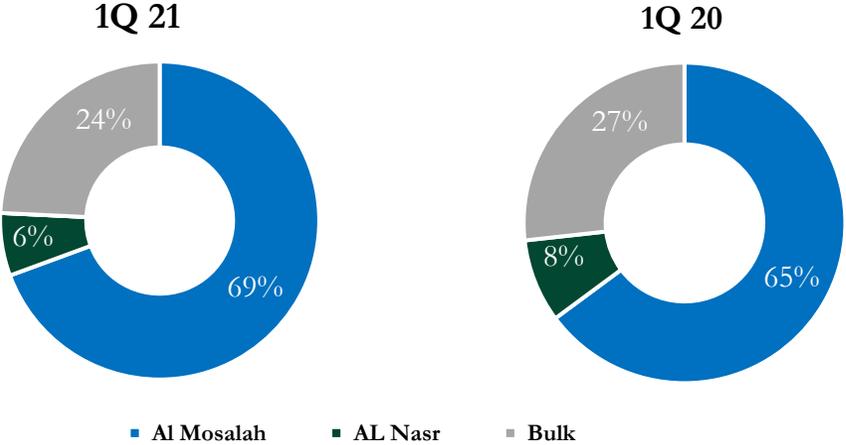
- The Egyptian market consumption for 1Q 2021 declined by 2.2% compared to the same period last year.
- After 2020 and going foreword, the market is expected to start growing as the GDP per capita in USD terms is at the same level of pre-floatation. Moreover, CBE is easing the interest rate which will 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

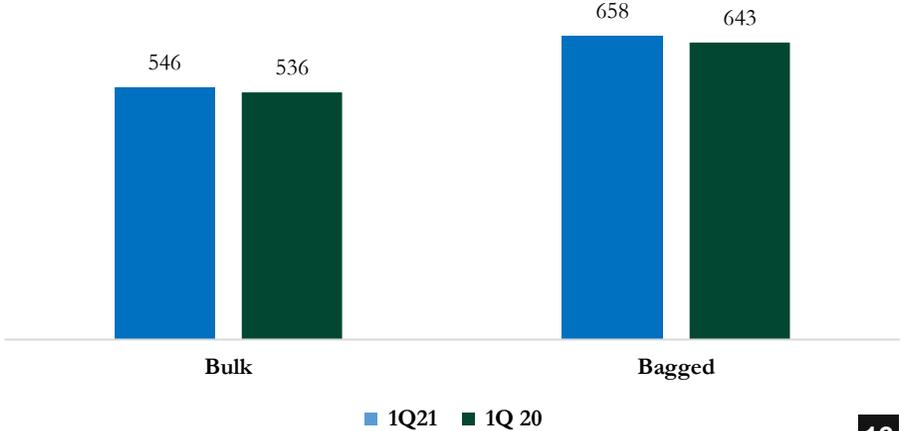
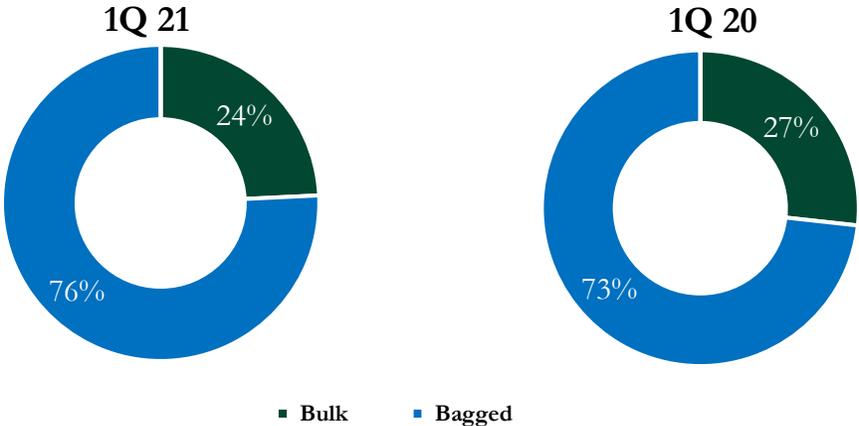
## Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
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### Breakdown by Brand



### Breakdown by Type



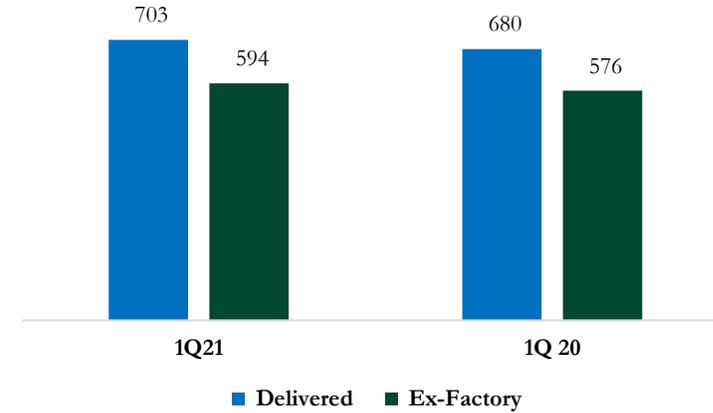
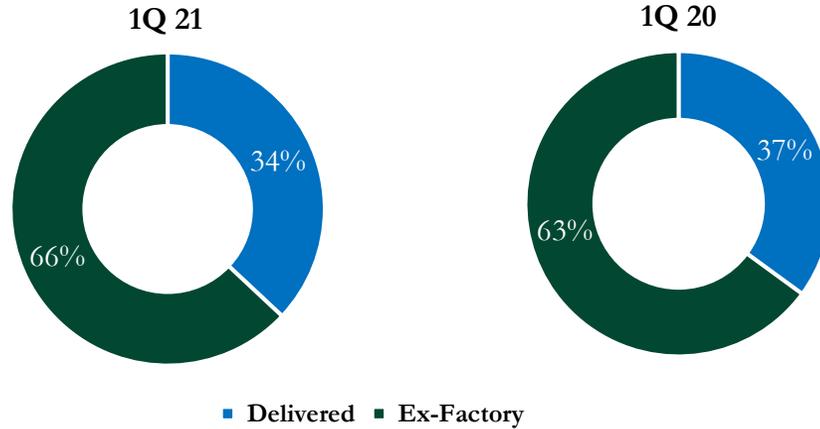
# Sales Overview

## Quantities Breakdown

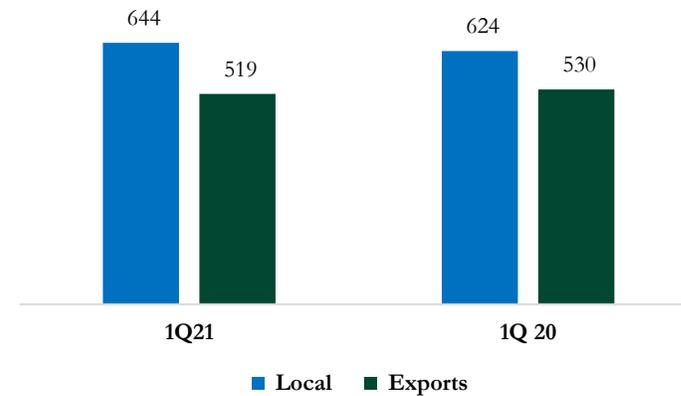
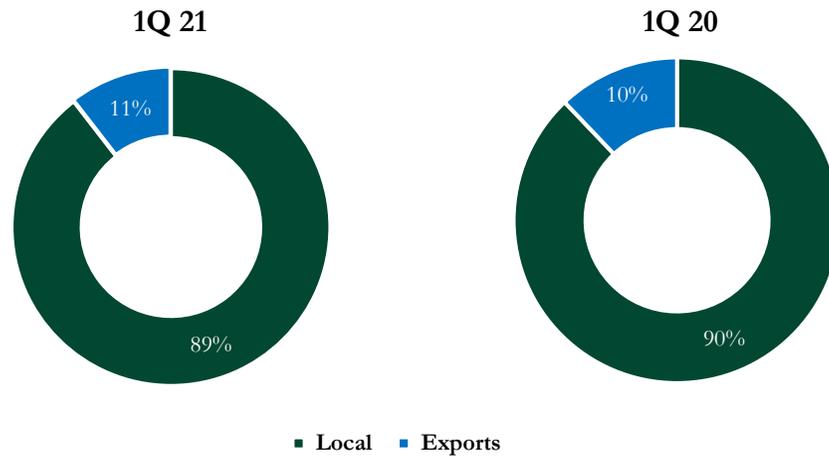
Quantities Breakdown

Prices (EGP/ton)

### Breakdown by Point of Sale



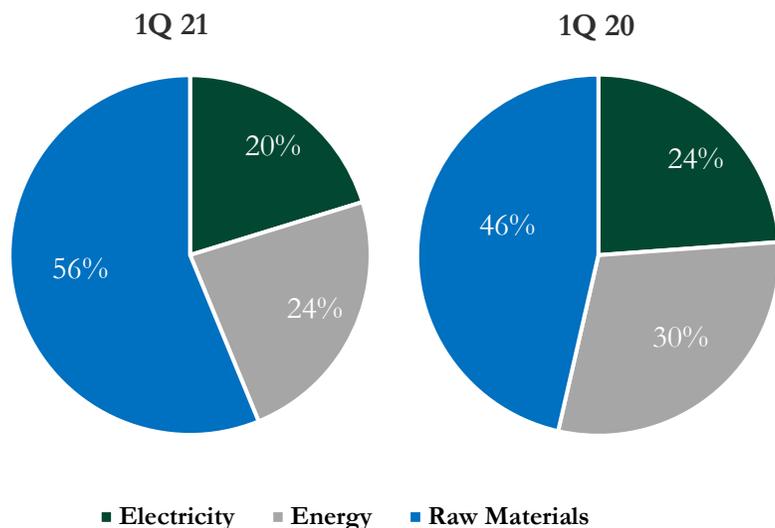
### Breakdown by Market



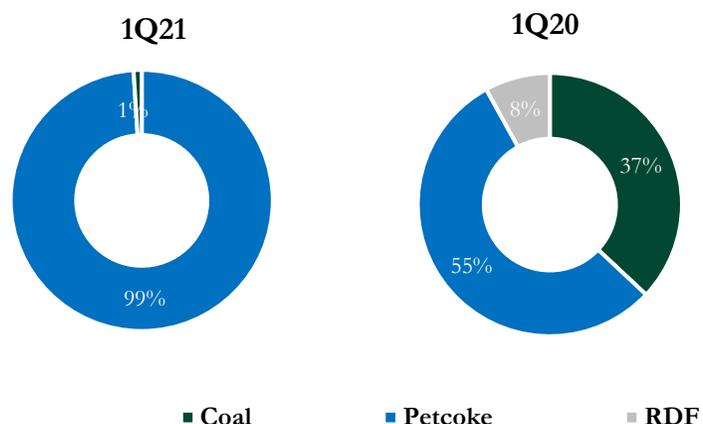
# COGS Overview

## COGS and ACC Cost Advantages

### COGS Breakdown



### Fuel Mix

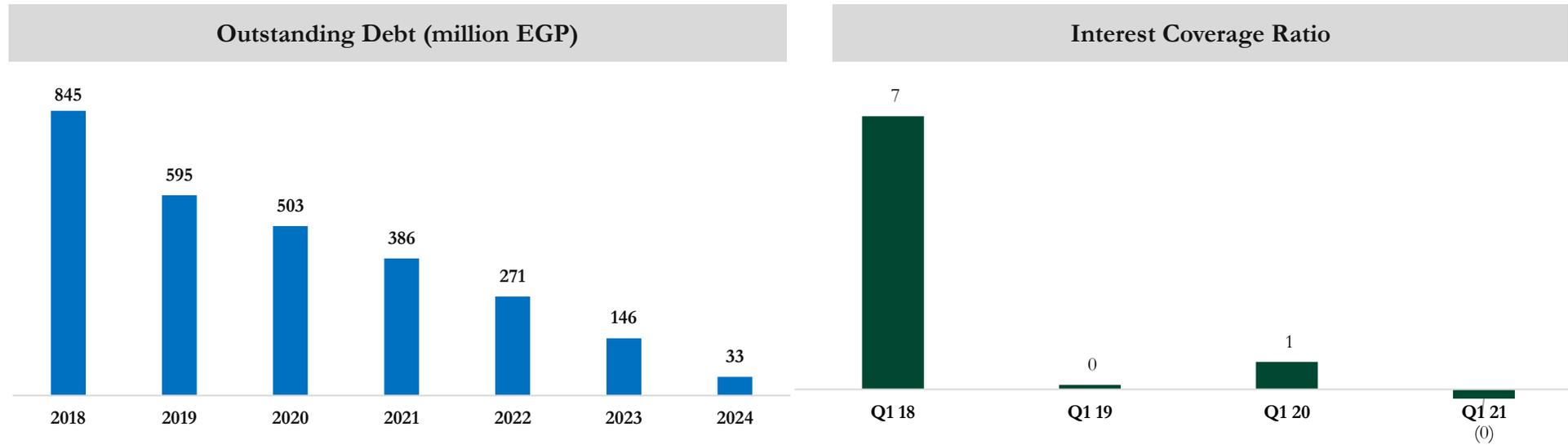


### ACC Cost Advantages

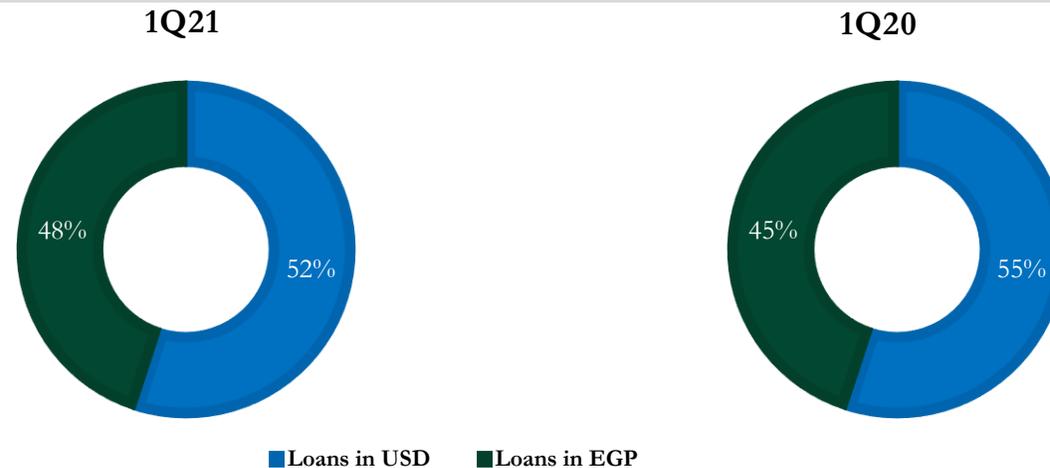
- ACC is always working on controlling its cash cost/ton. After the operation of our second coal mill in 2Q2018, the company was able to get rid of the diesel input, depending only on coal, pet-coke and RDF.
- ACC has the capability to use different types of fuels , yet we will always try to keep our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



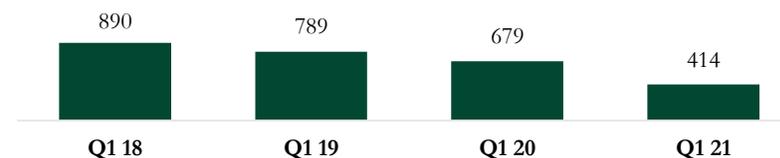
■ Loans in USD ■ Loans in EGP

# 1Q 2021 Financials Review

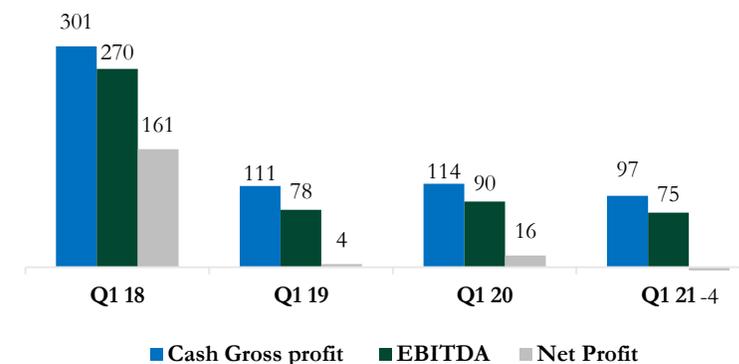
## Income Statement

	Q1 18	Q1 19	Q1 20	Q1 21
Revenue	890	789	679	414
Cost of goods sold	589	678	565	317
<b>Cash Gross profit</b>	<b>301</b>	<b>111</b>	<b>114</b>	<b>97</b>
<b>GPM</b>	<b>34%</b>	<b>14%</b>	<b>17%</b>	<b>24%</b>
SG&A Expenses	31	32	24	23
<b>EBITDA</b>	<b>270</b>	<b>78</b>	<b>90</b>	<b>75</b>
<b>EBITDA Margin</b>	<b>30%</b>	<b>10%</b>	<b>13%</b>	<b>18%</b>
Other income	1			3
Depreciation & Amortization	58	63	62	60
<b>EBIT</b>	<b>213</b>	<b>16</b>	<b>27</b>	<b>18</b>
<b>EBIT Margin</b>	<b>24%</b>	<b>2%</b>	<b>4%</b>	<b>4%</b>
Foreign exchange	5	24	15	1
Loss/gain on disposal of PPE				
Finance cost, net	22	36	22	18
<b>Net Profit Before Tax</b>	<b>196</b>	<b>4</b>	<b>20</b>	<b>1</b>
<b>NPBT Margin</b>	<b>22%</b>	<b>0%</b>	<b>3%</b>	<b>0%</b>
Deferred tax			-3	-4
Income tax expense	34	.1	7	10
<b>Net Profit</b>	<b>161</b>	<b>4</b>	<b>16</b>	<b>-4</b>
<b>NPM</b>	<b>18%</b>	<b>0.5%</b>	<b>2.4%</b>	<b>-1.1%</b>

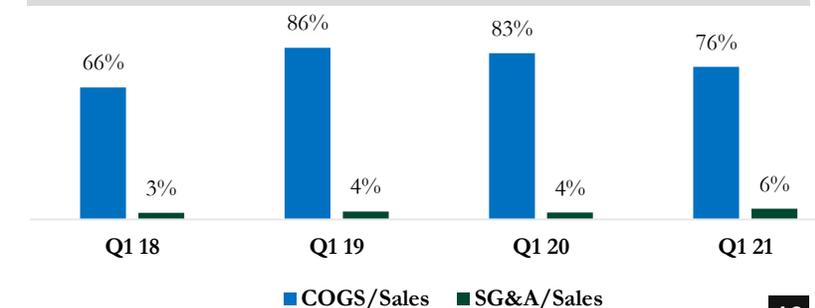
### Revenues (Thousand EGP)



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



### Efficiency Ratios

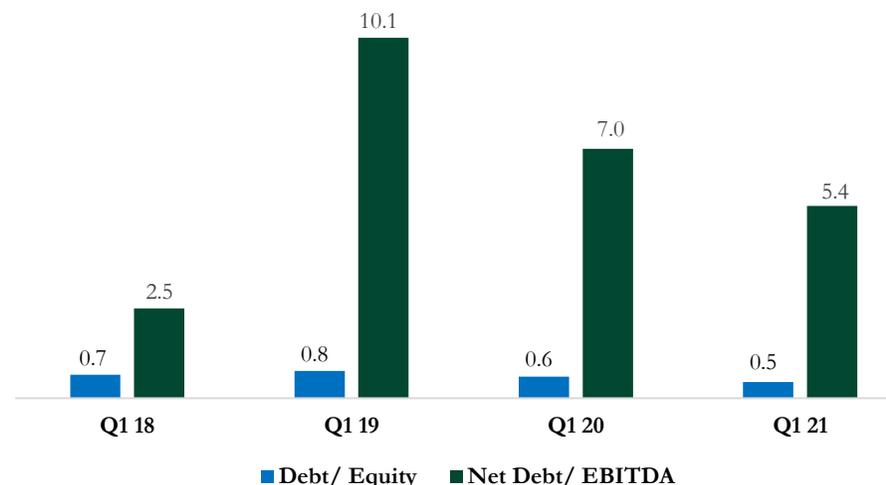


# 1Q 2021 Financials Review

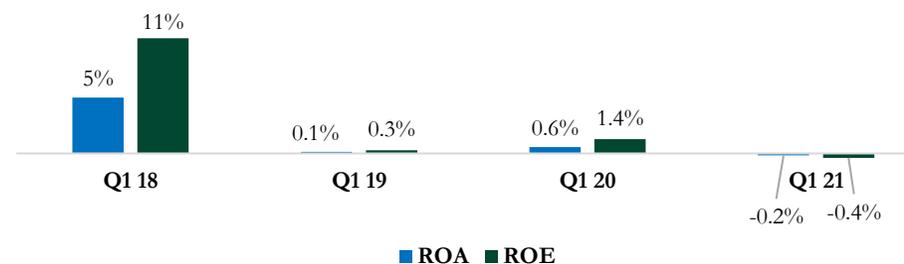
## Balance Sheet

MN EGP	Q1 18	Q1 19	Q1 20	Q1 21
<b>Assets</b>				
<b>Non-current Assets</b>				
Property plant and equipment, net	2,319	2,421	2,329	2,125
Projects under construction	284	97	4	7
Intangible assets	384	333	283	244
Investment in subsidiaries	37	37	47	47
Payments under long-term investment		10		
<b>Total Non-current Assets</b>	<b>3,024</b>	<b>2,898</b>	<b>2,665</b>	<b>2,424</b>
<b>Current Assets</b>				
Inventory	216	255	185	124
Debtors and other debit balances	139	133	148	131
Due from related parties	10	26	19	20
Cash and bank balances	116	141	97	71
<b>Total Current Assets</b>	<b>481</b>	<b>554</b>	<b>450</b>	<b>347</b>
<b>Total Assets</b>	<b>3,506</b>	<b>3,452</b>	<b>3,115</b>	<b>2,771</b>
<b>Current Liabilities</b>				
Provisions	16	11	12	18
Current tax liabilities	34		21	10
Trade payables and other credit balances	685	751	823	906
Due to related parties	4	5	8	5
Borrowings - short term portions	163	342	261	104
Short-term liabilities	167	82		
<b>Total Current Liabilities</b>	<b>1,069</b>	<b>1,189</b>	<b>1,124</b>	<b>1,042</b>
<b>Net (Deficit) Surplus in Working Capital</b>	<b>-588</b>	<b>-635</b>	<b>-674</b>	<b>-695</b>
<b>Total Invested Funds</b>	<b>2,437</b>	<b>2,263</b>	<b>1,991</b>	<b>1,729</b>
<b>Represented in:</b>				
<b>Equity</b>				
Paid up capital	757	757	757	757
Legal reserve	210	255	255	258
Retained earnings	498	316	180	26
<b>Total Equity</b>	<b>1,465</b>	<b>1,328</b>	<b>1,192</b>	<b>1,041</b>
<b>Non-current Liabilities</b>				
Borrowings - long term portions	567	584	465	360
Deferred income tax liability	336	343	334	318
Long-term liabilities	68	8		10
<b>Total Non-current Liabilities</b>	<b>971</b>	<b>935</b>	<b>798</b>	<b>688</b>
<b>Total Equity and Liabilities</b>	<b>3,506</b>	<b>3,452</b>	<b>3,115</b>	<b>2,771</b>

### Gearing



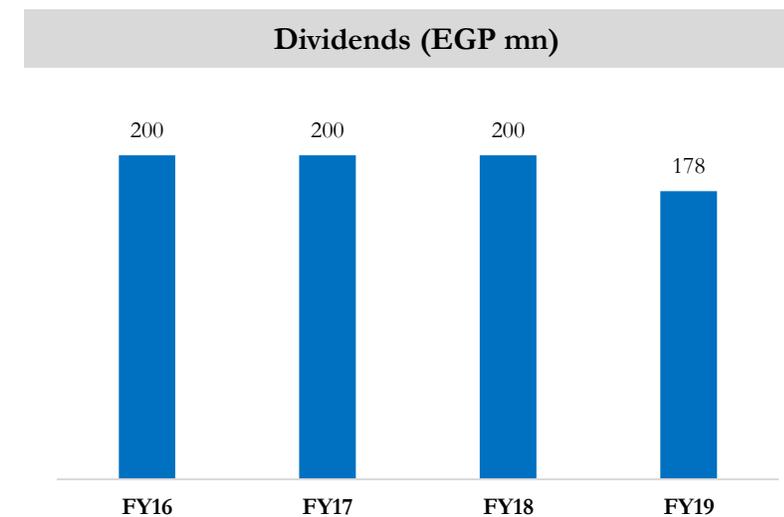
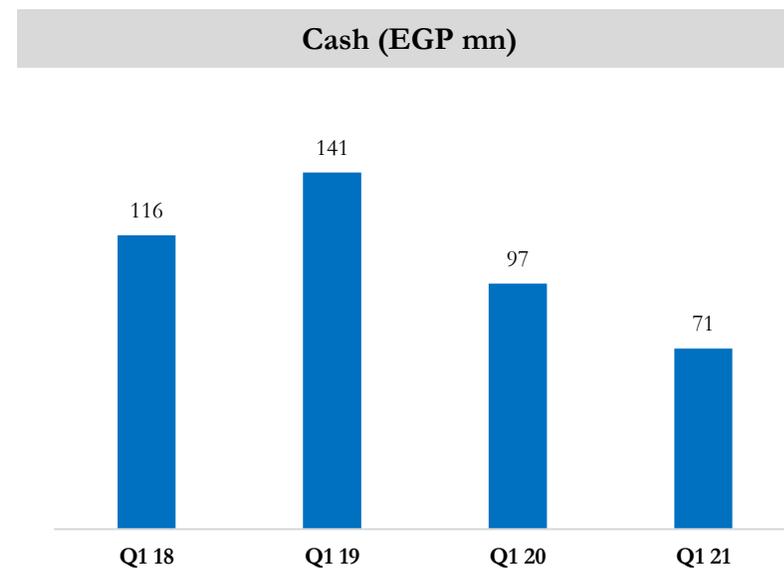
### Return Ratios



# 1Q 2021 Financials Review

## Cash Flow Statement

MN EGP	Q1 18	Q1 19	Q1 20	Q1 21
<b>Cash flows from operating activities</b>				
Net profit before tax	195.7	3.9	20.2	1.1
Interest income	-0.2	-0.4	-0.6	-0.1
Interest expense	21.5	35.8	22.5	17.8
Depreciation expense	45.9	50.0	51.3	50.5
Amortization of intangible assets	12.5	12.5	11.4	9.6
Gain from sale of property plant and equipment	0.0	0.0	-0.1	0.0
Foreign exchange (gain)/losses differences	-3.5	-12.4	-6.1	-0.5
Dividends from joint venture	0.0	0.0	0.0	0.0
Provision	-0.2	-0.9	0.4	0.4
<b>Changes in working capital</b>	<b>271.8</b>	<b>88.5</b>	<b>99.0</b>	<b>78.9</b>
Debtors and other debit balances	-21.0	9.1	0.0	0.0
Inventory, net	-0.6	27.5	-29.5	45.5
Trade payables and other credit balances	97.2	-44.8	-80.4	-52.5
Due from related parties	-0.8	-6.0	-2.5	2.5
Decrease in trade receivables	0.0	29.5	-17.8	-46.4
Due to related parties	-4.1	-2.5	-0.4	1.1
<b>Net cash from operating activities</b>	<b>342.4</b>	<b>101.4</b>	<b>-31.6</b>	<b>29.1</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of assets	0.0	0.0	0.2	0.0
Interest income	0.2	0.4	0.6	0.1
Purchase of property, plant and equipment	-7.5	-13.9	-0.9	-0.3
Additions in projects under construction	-36.2	-0.9	-0.6	0.0
Payments under long-term investments	0.0	0.0	0.0	0.0
<b>Net cash flows used in investing activities</b>	<b>-43.5</b>	<b>-14.3</b>	<b>-0.7</b>	<b>-0.2</b>
<b>Cash flows from financing activities</b>				
Payments of license liability	-28.4	-60.6	-4.7	-1.7
Payments of borrowings	-15.5	-18.1	-22.6	-22.2
Interest paid	-14.0	-24.7	-31.9	-18.0
Dividends paid	0.0	-7.2	0.0	0.0
Proceeds from bank overdraft	-242.4	-0.8	102.0	32.4
<b>Net cash flows from financing activities</b>	<b>-300.3</b>	<b>-111.5</b>	<b>42.8</b>	<b>-9.4</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-1.4</b>	<b>-24.4</b>	<b>10.6</b>	<b>19.4</b>
Cash and cash equivalents at beginning of the year	117.2	164.9	86.2	51.7
<b>Cash and cash equivalents at end of the period</b>	<b>116</b>	<b>141</b>	<b>97</b>	<b>71</b>



# Future Ready



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

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

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