



Arabian Cement Company

9M 2021 Investor Presentation

Highlights



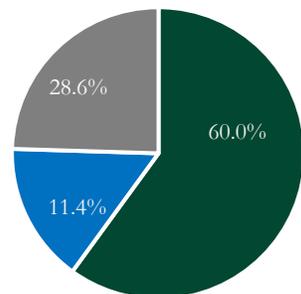
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ACC in a Snapshot

- 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.

3Q 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

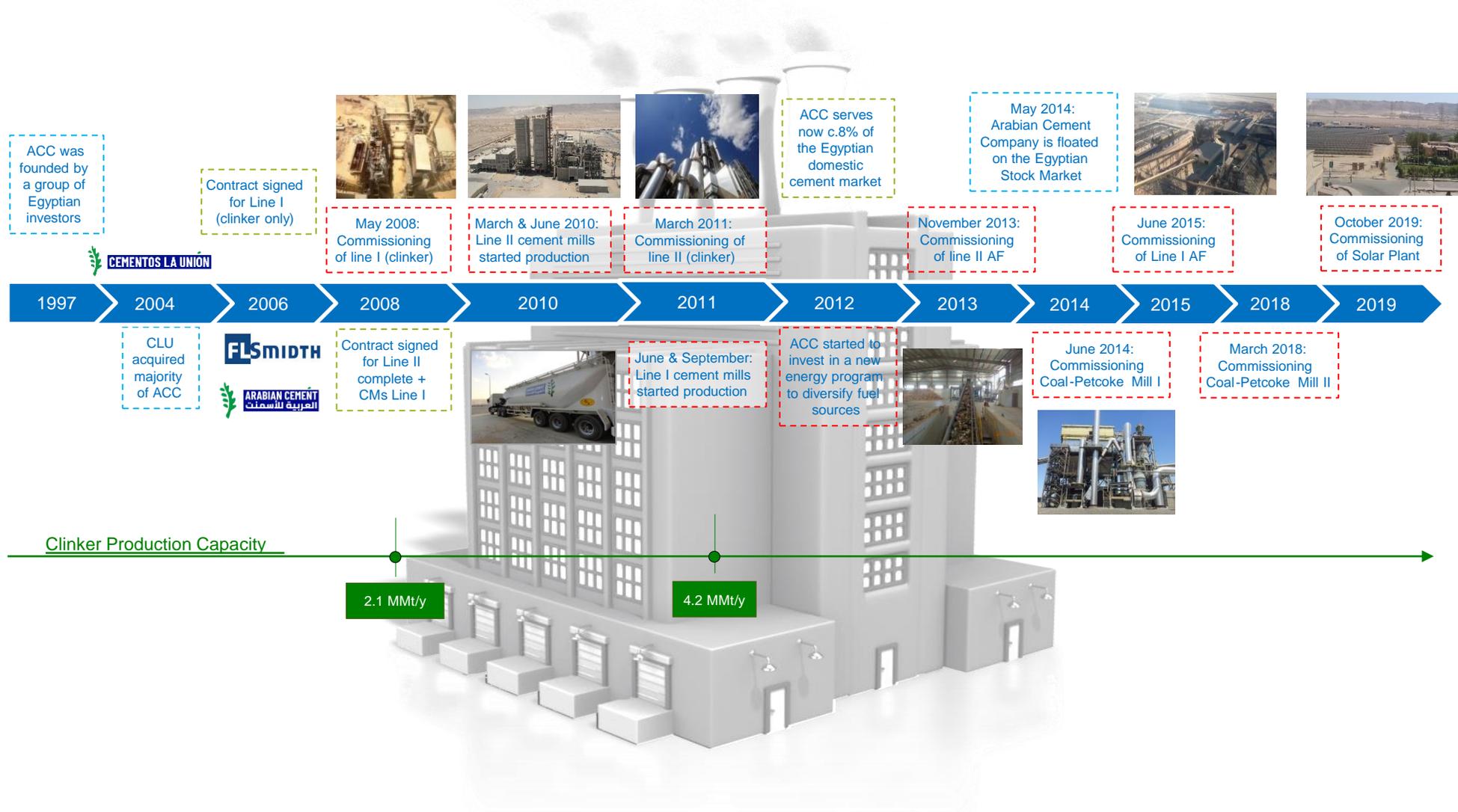
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

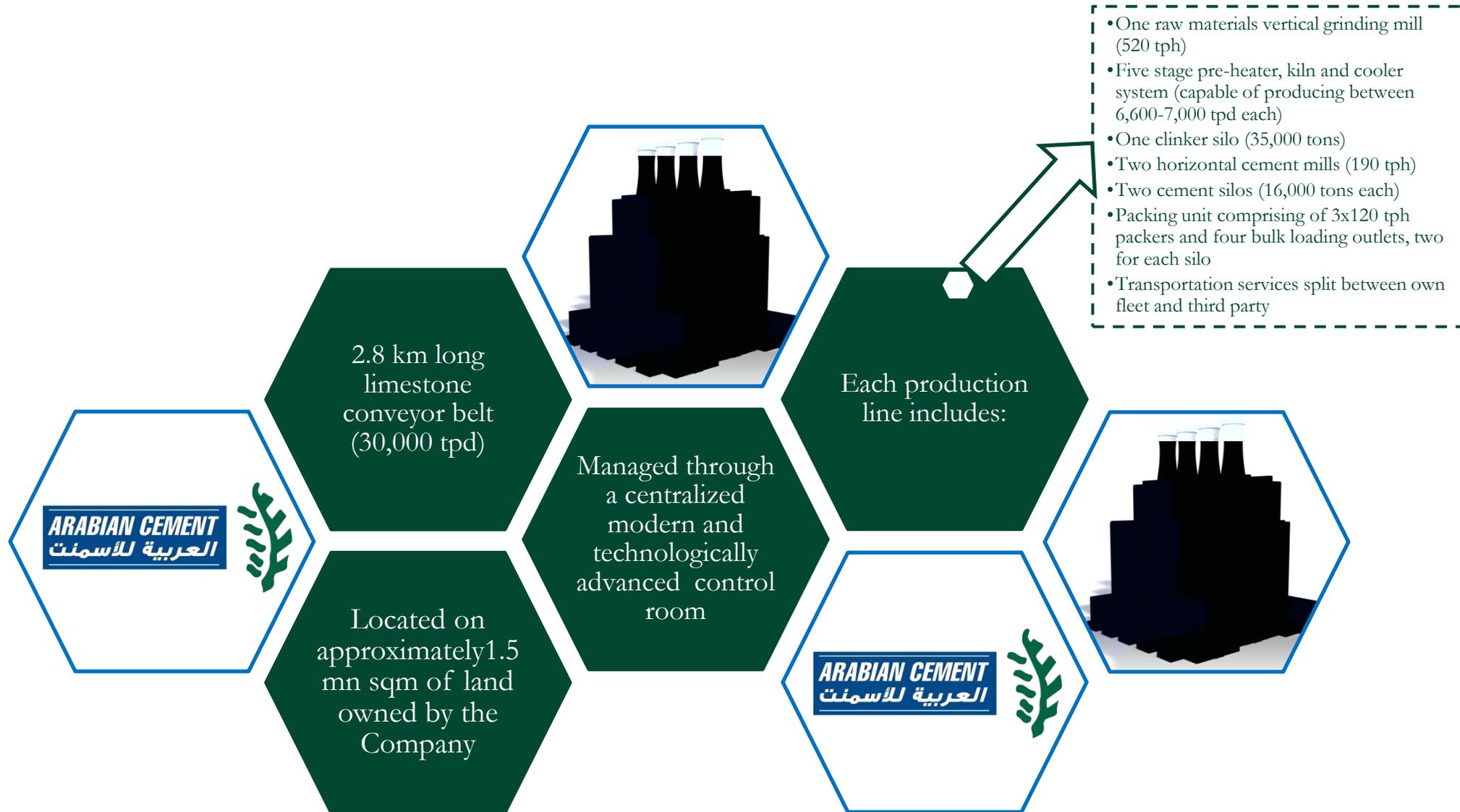
Introduction to ACC

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

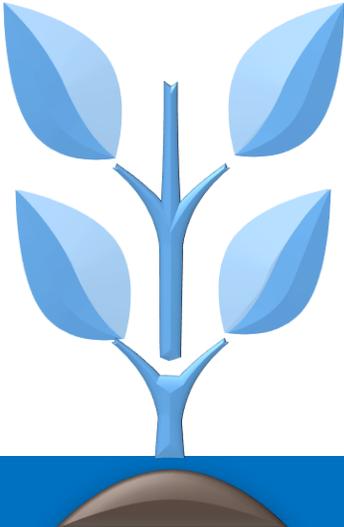
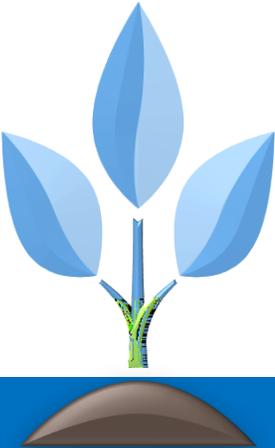
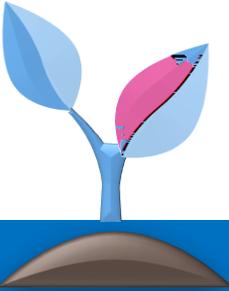
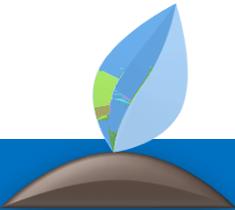
Long Term Strategy

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



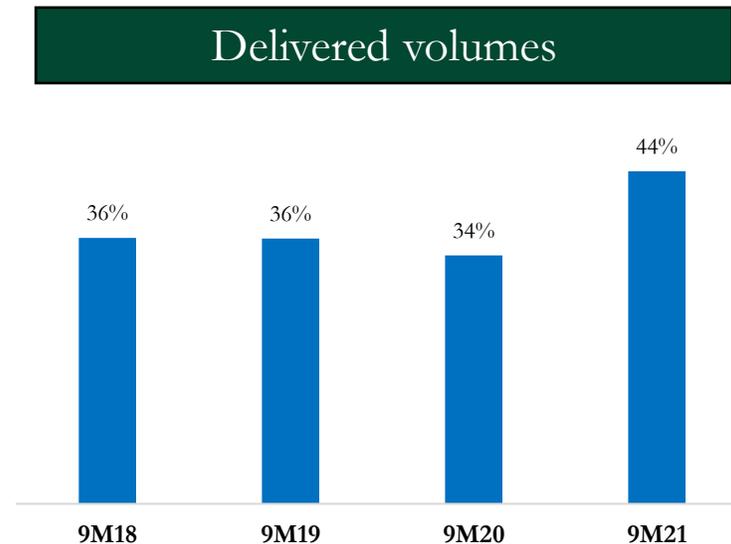
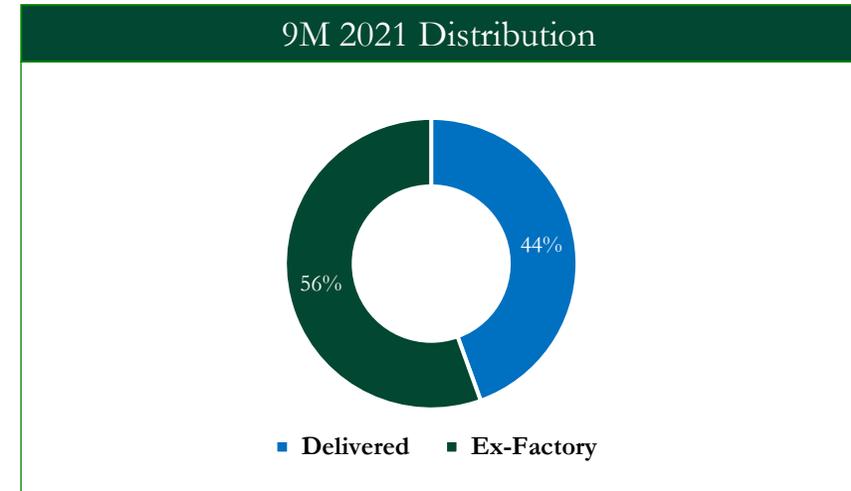
Introduction to ACC

Distribution Network Overview

- In 3Q 2020 Arabian Cement distributed through direct Ex-Factory sales and Delivery.

Express Wassal

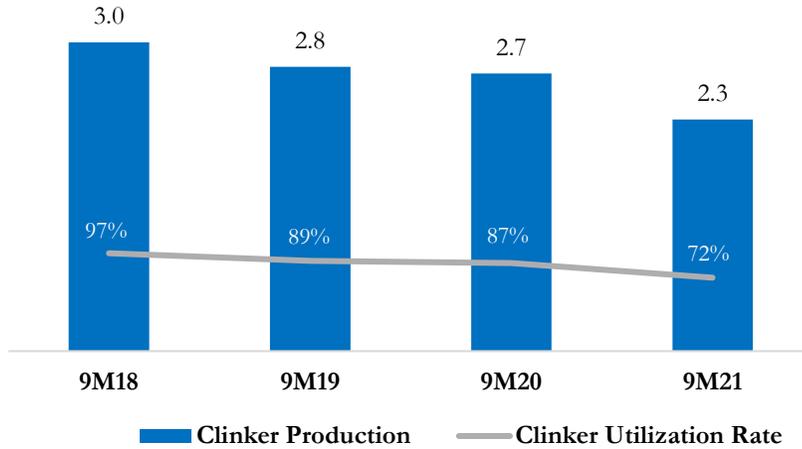
- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 25 trucks as well as by 3rd party business partners. Express Wassal was launched in 2011
- Express Wassal offers ACC a number of benefits such as;
 - Reducing ACC's dependency on external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



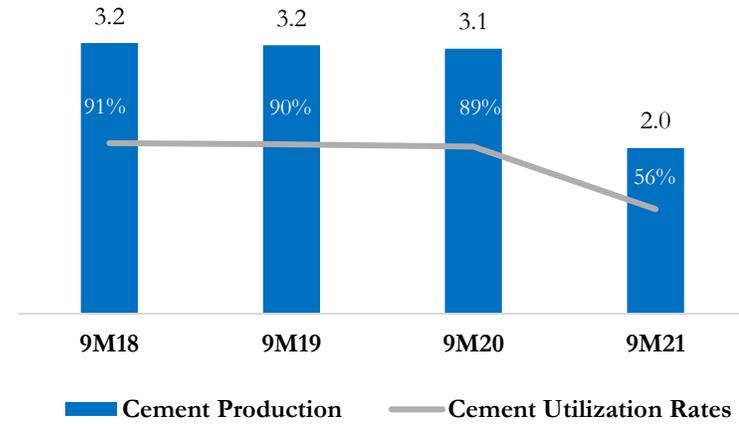
Period Highlights (continued)

Main KPIs

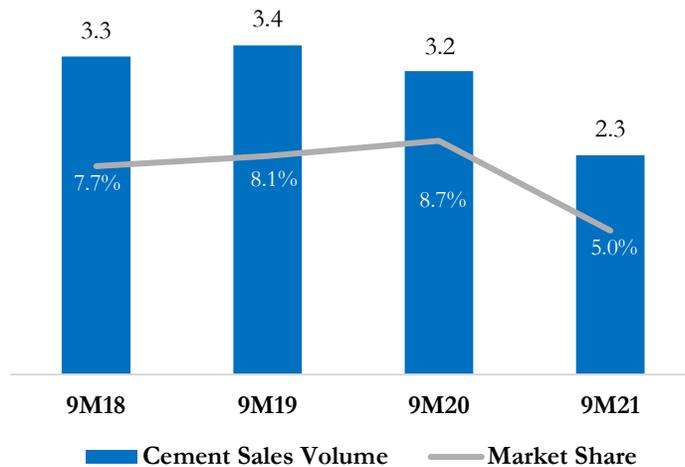
Clinker Production (MN MT) and Utilization Rates



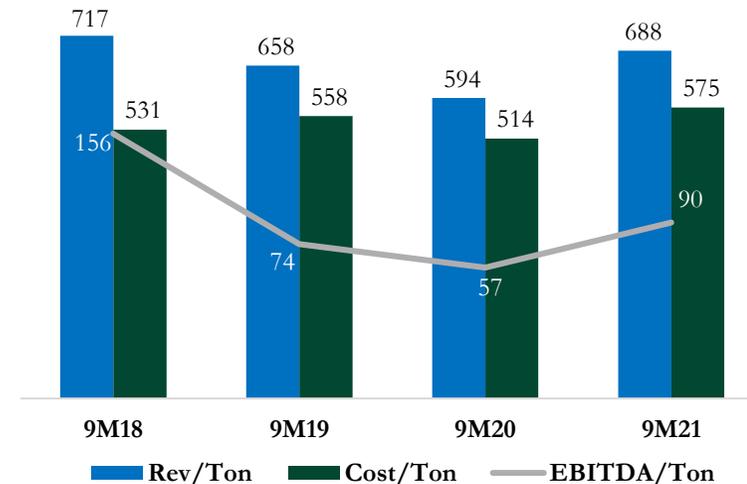
Cement Production and Utilization Rates



Sales Volumes (MN MT)



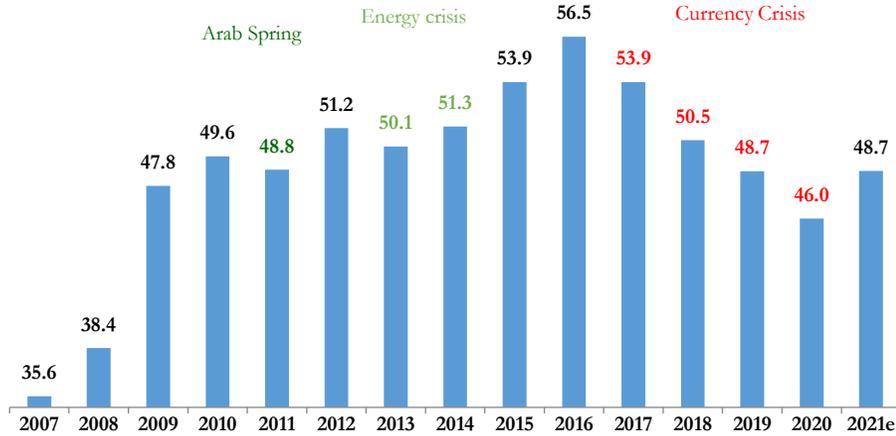
Revenues, COGS and EBITDA (EGP/ton)



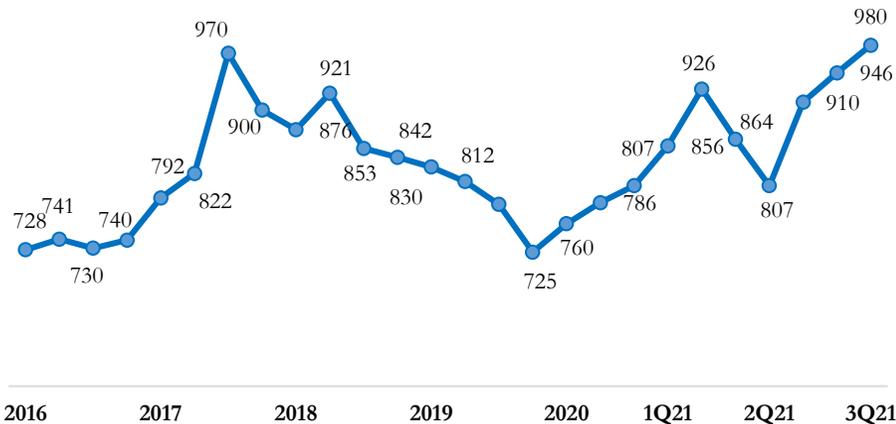
Egyptian Cement Market

Demand and Supply Synopsis

Domestic Consumption (MMT)



Average Market Retail Prices (EGP/ton)



Egyptian Market Overview

- Fast growing population and low urbanization rates will ensure residential housing demand in the near future.

- Cement market has demonstrated to be quite resilient over several political and economical crisis. Even the 100% devaluation of the Egyptian Pound in 2016 has affected cement consumption only by less than 20% in 4 years (Covid Pandemic included).

- Existing infrastructure requires constant maintenance and repair due to insufficient quality and high usage.

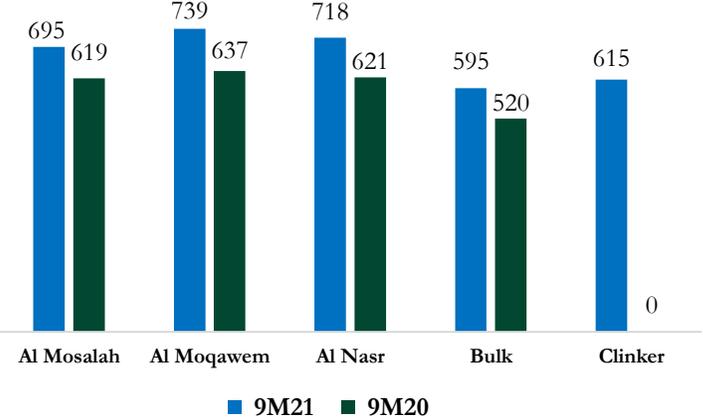
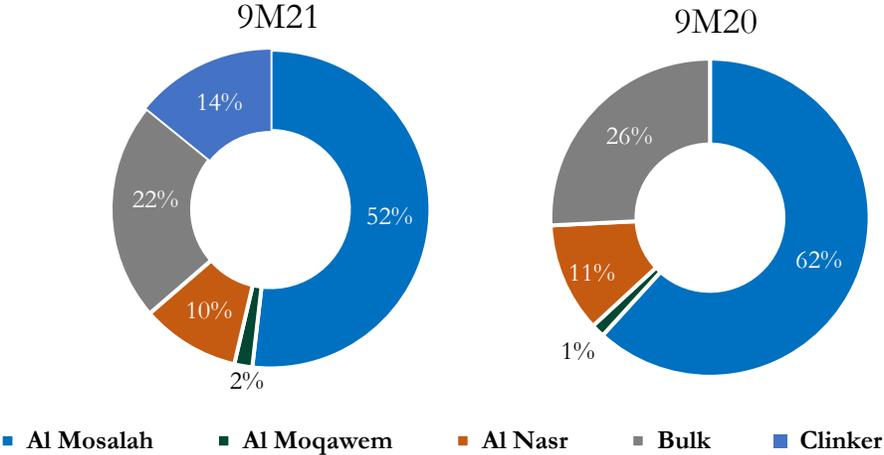
- Government keeps focusing on investing in infrastructure projects like the New Administrative Capital, New Suez Canal Free Zones, Monorail, Metro, High Speed train, roads, bridges, ports, etc... Construction is definitely one of the major pillars of the economic development.

Sales Overview

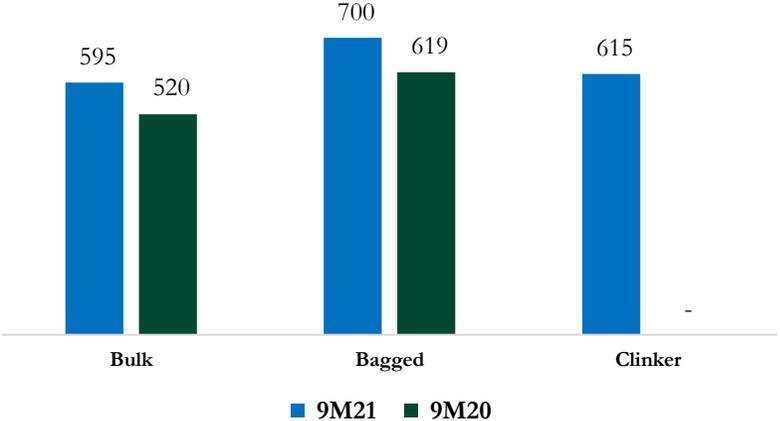
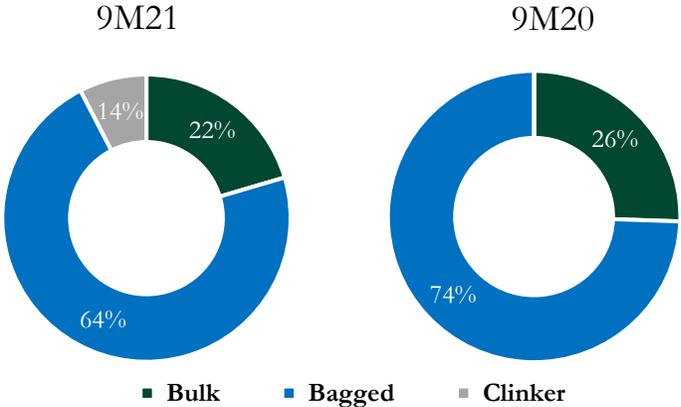
Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
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Breakdown by Brand



Breakdown by Type

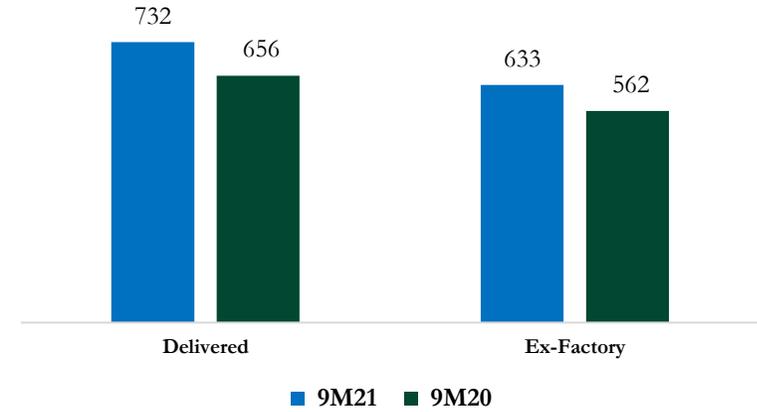
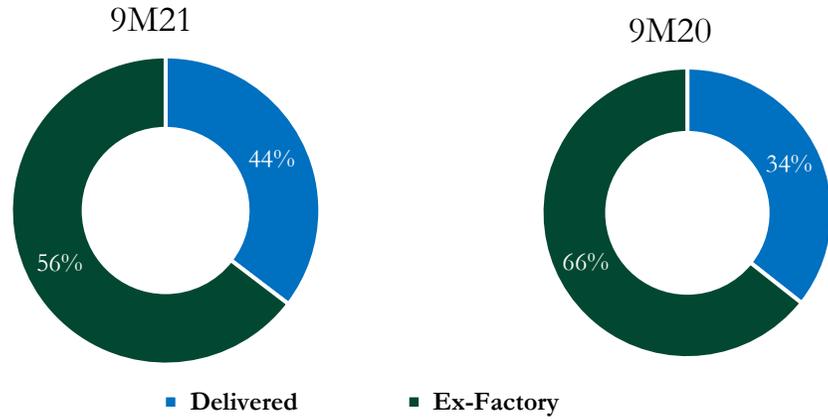


Sales Overview

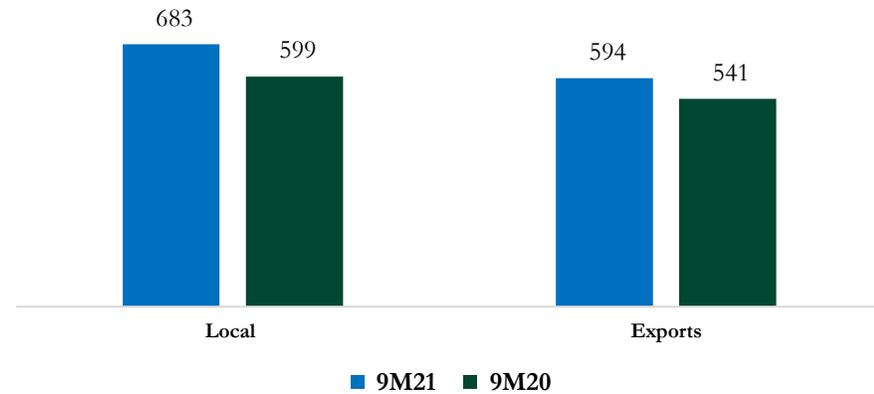
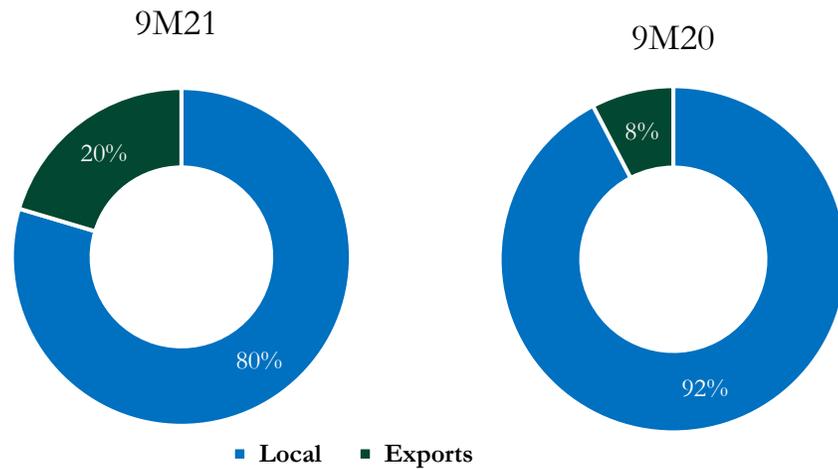
Quantities Breakdown

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



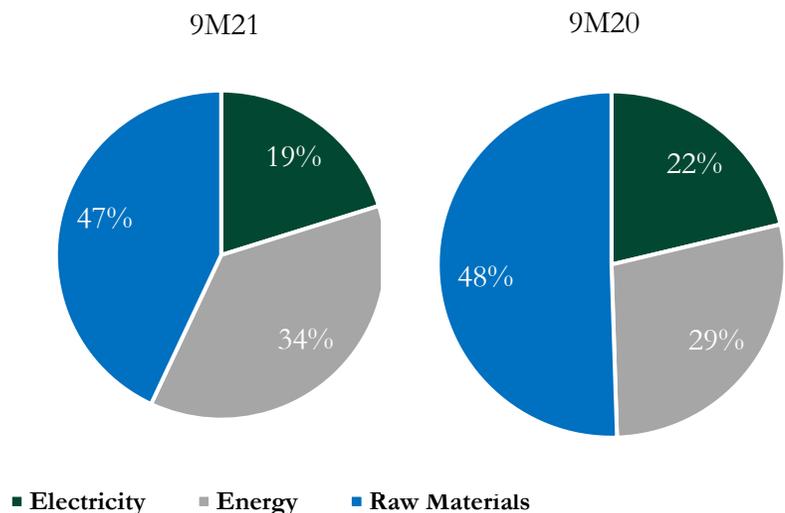
Breakdown by Market



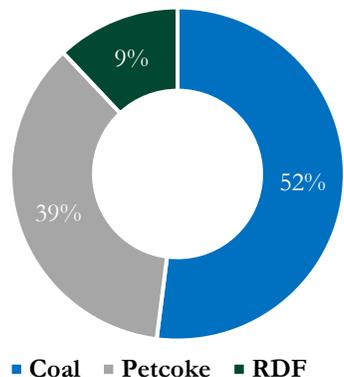
COGS Overview

COGS and ACC Cost Advantages

COGS Breakdown



Fuel Mix

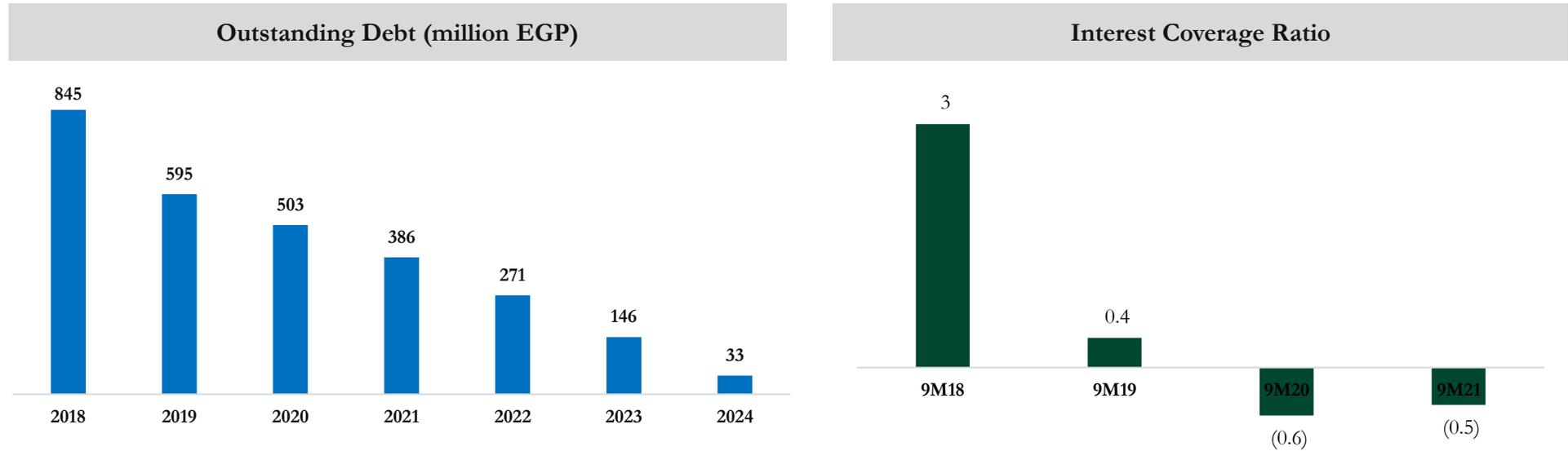


ACC Cost Advantages

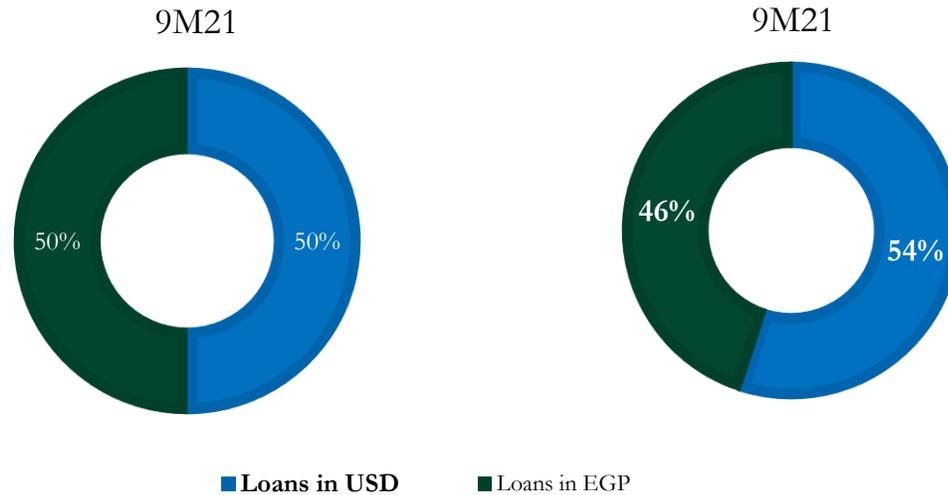
- ACC is always working on controlling its cash cost/ton. After the operation of our second coal mill in 2Q2018, the company was able to get rid of the diesel input, depending only on coal, pet-coke and RDF.
- ACC has the capability to use different types of fuels , yet we will always try to keep our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

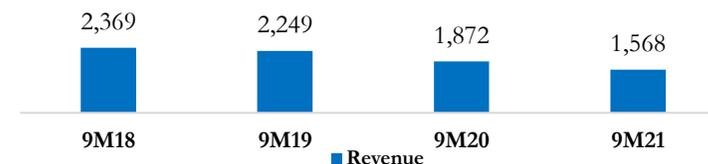


9M 2021 Financials Review

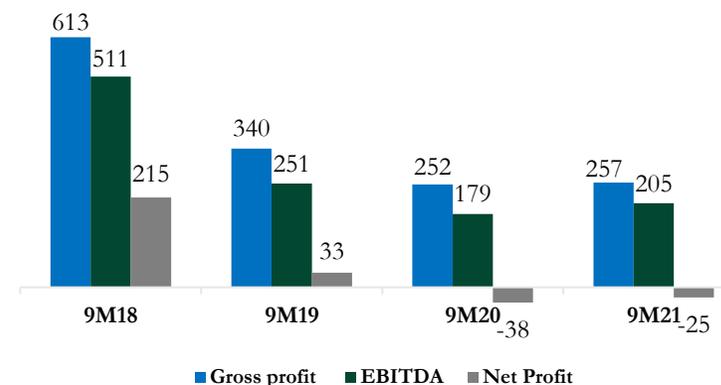
Income Statement

	9M18	9M19	9M20	9M21
Revenue	2,369	2,249	1,872	1,568
Growth	28%	-5%	-17%	-16%
Cost of goods sold	1756	1909	1620	1311
Gross profit	613	340	252	257
GPM	26%	15%	13%	16%
SG&A Expenses	102	90	73	78
Insurance Refund				27
EBITDA	511	251	179	205
EBITDA Margin	22%	11%	10%	13%
Other income	4	2	6	
Depreciation & Amortization	183	190	183	179
EBIT	333	62	2	27
EBIT Margin	14%	3%	0%	2%
Foreign exchange	5	-65	-12	0
Finance cost, net	71	95	61	52
Net Profit Before Tax	257	32	-48	-25
NPBT Margin	11%	1%	-3%	-2%
Deferred tax	8	-1	-12	-13
Income tax expense	34		3	13
Net Profit	215	33	-38	-25
NPM	9%	1%	-2%	-2%

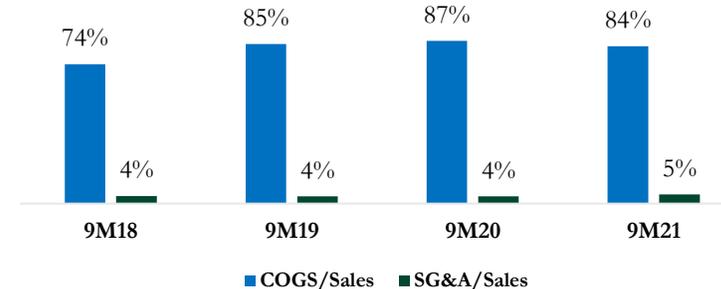
Revenues (Thousand EGP)



GP, EBITDA & Net Profit (Thousand EGP)



Efficiency Ratios

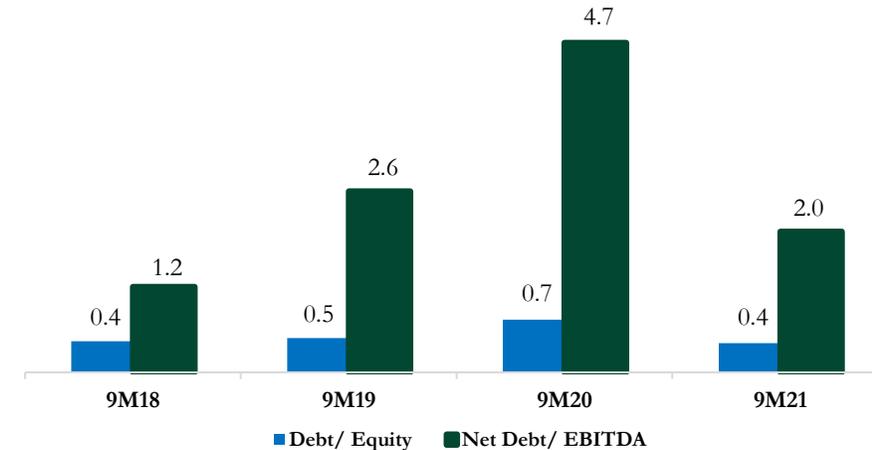


9M 2021 Financials Review

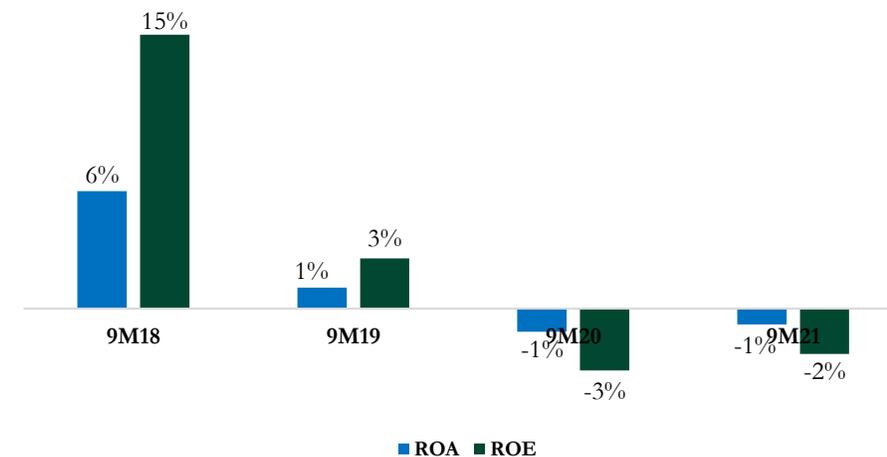
Balance Sheet

	9M18	9M19	9M20	9M21
Assets				
Non-current Assets				
Property plant and equipment, net	2,501	2,399	2,227	2,026
Projects under construction	86	35	7	7
Intangible assets	358	308	264	227
Investment in subsidiaries	37	47	47	47
Investment in joint venture	.1	.1	.1	.1
Total Non-current Assets	2,984	2,790	2,545	2,307
Current Assets				
Inventory	214	180	189	285
Trade receivables			27	
Debtors and other debit balances	81	98	123	139
Due from related parties	11	17	21	88
Cash and bank balances	238	168	103	95
Total Current Assets	544	463	462	607
Total Assets	3,528	3,252	3,007	2,914
Current Liabilities				
Provisions	18	13	11	18
Current tax liabilities	34		3	13
Trade payables and other credit balances	768	857	684	789
Due to related parties	3	6	3	8
Borrowings - short term portions	103	139	433	112
Short-term liabilities	174	16	3	333
Total Current Liabilities	1,100	1,031	1,136	1,273
Net (Deficit) Surplus in Working Capital	-556	-569	-674	-666
Equity				
Paid up capital	757	757	757	757
Legal reserve	231	255	258	258
Retained earnings	524	345	116	6
Total Equity	1,513	1,357	1,131	1,021
Non-current Liabilities				
Borrowings - long term portions	528	519	415	303
Deferred income tax liability	343	342	325	308
Long-term liabilities	43	3		8
Total Non-current Liabilities	914	864	740	619
Total Equity and Liabilities	3,528	3,252	3,007	2,914

Gearing



Return Ratios

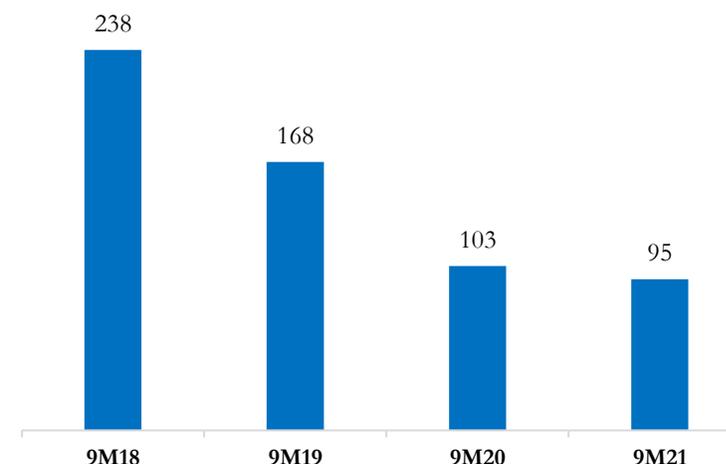


9M 2021 Financials Review

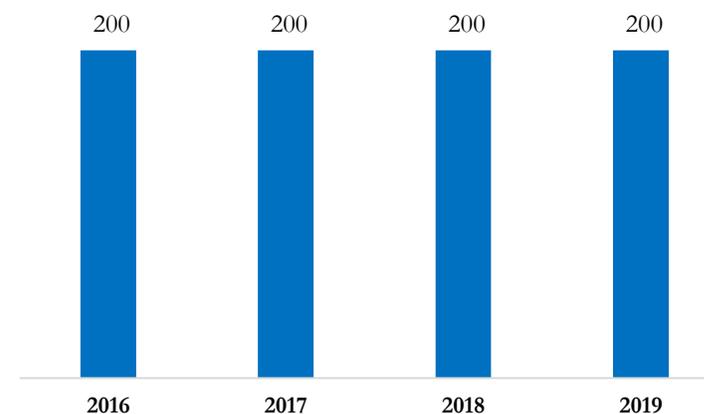
Cash Flow Statement

MN EGP	9M18	9M19	9M20	9M21
Cash flows from operating activities				
Net profit before tax	257	32	-48	-25
Interest income	-1	-1	-1	-2
Interest expense	71	97	62	52
Depreciation expense	145	153	154	153
Amortization of intangible assets	38	38	31	28
Gain from sale of property plant and equipment	0			
Foreign exchange (gain)/losses differences	5	-34	-3	
Provision	2	4	-1	1
Changes in working capital	516	288	195	208
Debtors and other debit balances	-3	2	-32	-15
Inventory, net	17	102	-33	-115
Trade payables and other credit balances	103.0	136	-218	168
Due from related parties	-1	4	-4	-65
Interest/Tax paid	-68	-91	-72	-52
Due to related parties	-5	-1	-6	5
Net cash from operating activities	560	440	-171	133
Cash flows from investing activities				
Proceeds from sale of assets	0	.2	.2	.0
Interest income	1	1	1	
Purchase of property, plant and equipment	-20	-30	-1	-3
Additions in projects under construction	-87	-3	-3	
Net cash flows used in investing activities	-105	-32	-3	-3
Cash flows from financing activities				
Payments of other liability	-62	-118	-9	-1
Payments of borrowings	-79	-55	-70	-72
Dividends paid	-6	-7	-7	-7
Proceeds from bank overdraft	-188	-225	276	-8
Net cash flows from financing activities	-335	-405	190	-87
Net increase (decrease) in cash and cash equivalents	121	3	17	43
Cash and cash equivalents at beginning of the year	117	165	86	52
Cash and cash equivalents at end of the period	238	168	103	95

Cash (EGP mn)



Dividends (EGP mn)



Future Ready



ARABIAN CEMENT
العربية للأسمنت

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