



ARABIAN CEMENT
العربية للأسمنت

Arabian Cement Company

1H 2022 Investor Presentation

Highlights



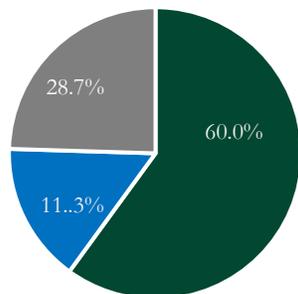
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ACC in a Snapshot

- 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 RHI.
- 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.

1H 2022 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

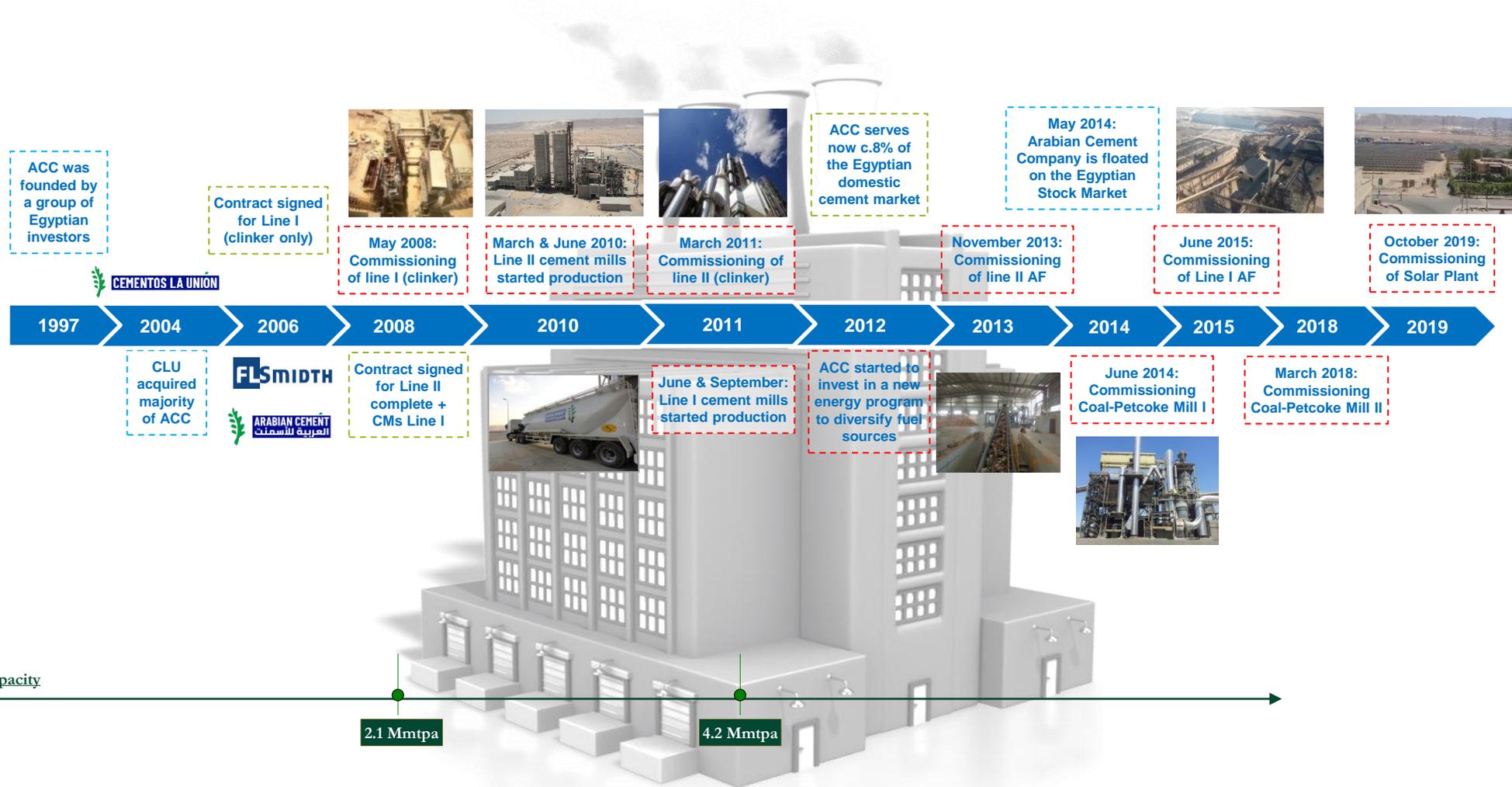
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

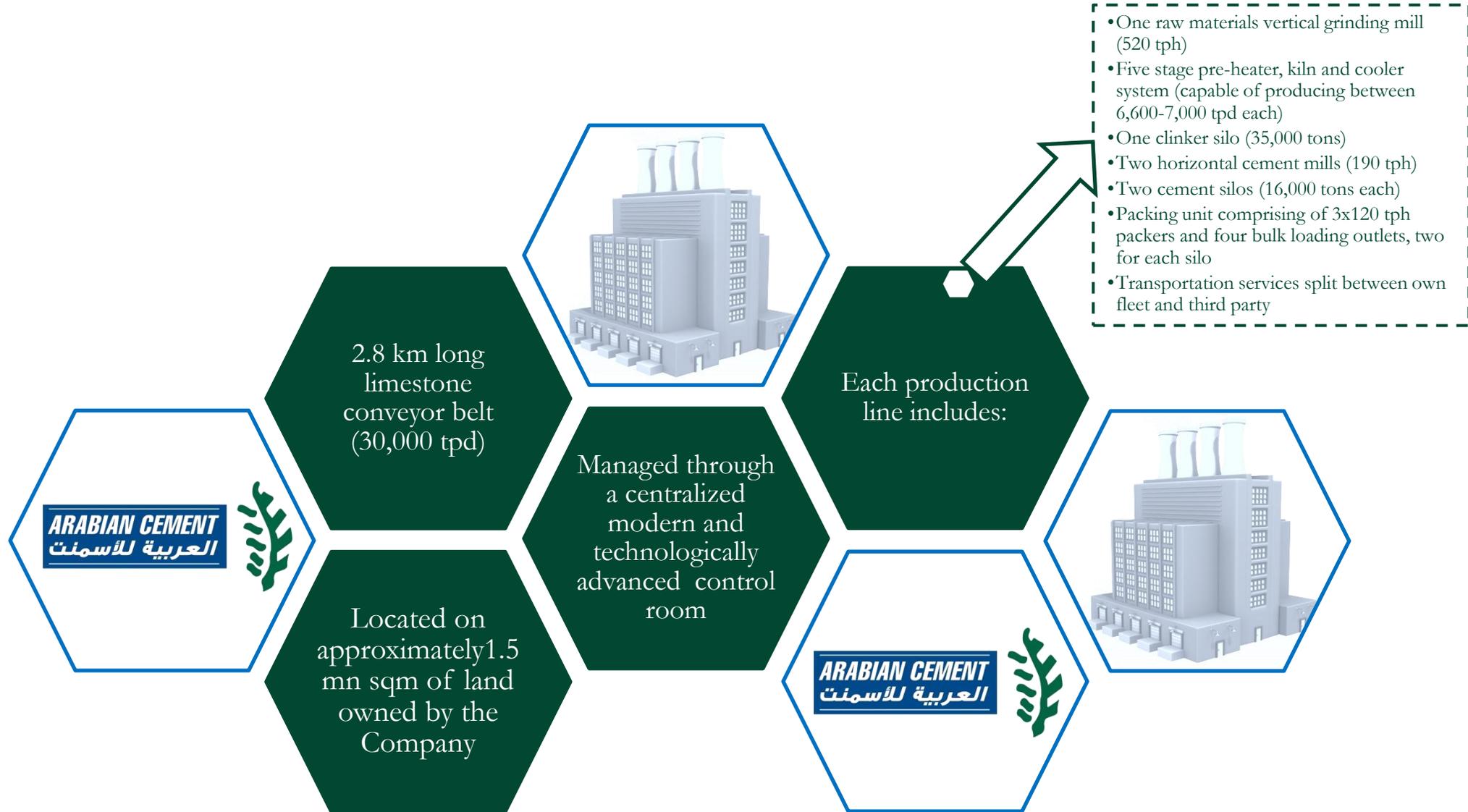
Introduction to ACC

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

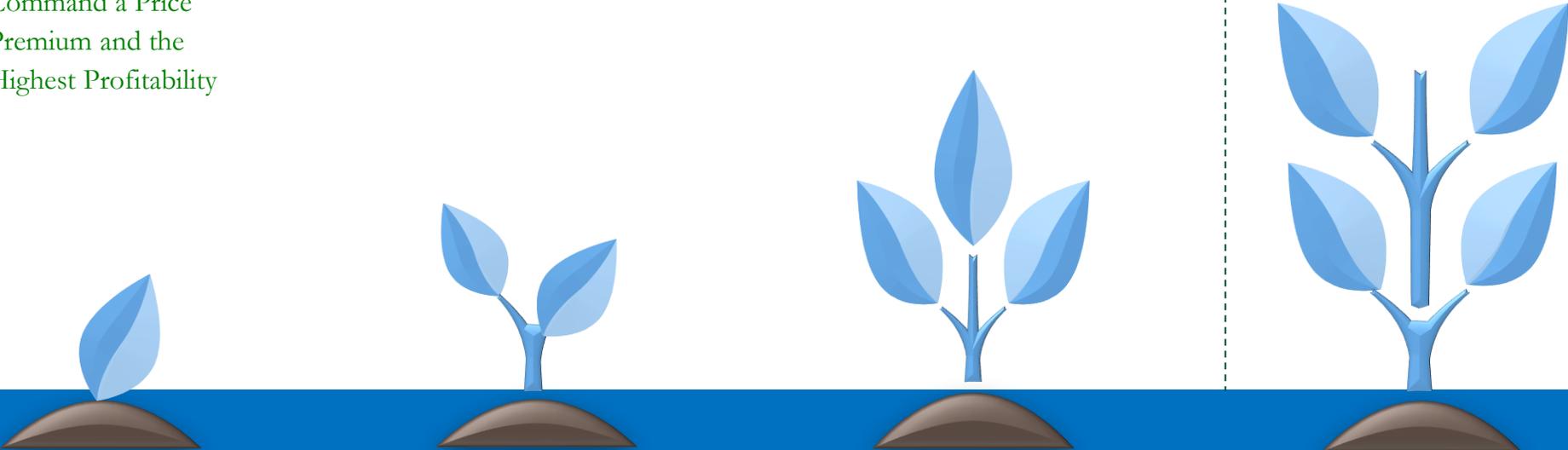
Long Term Strategy

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



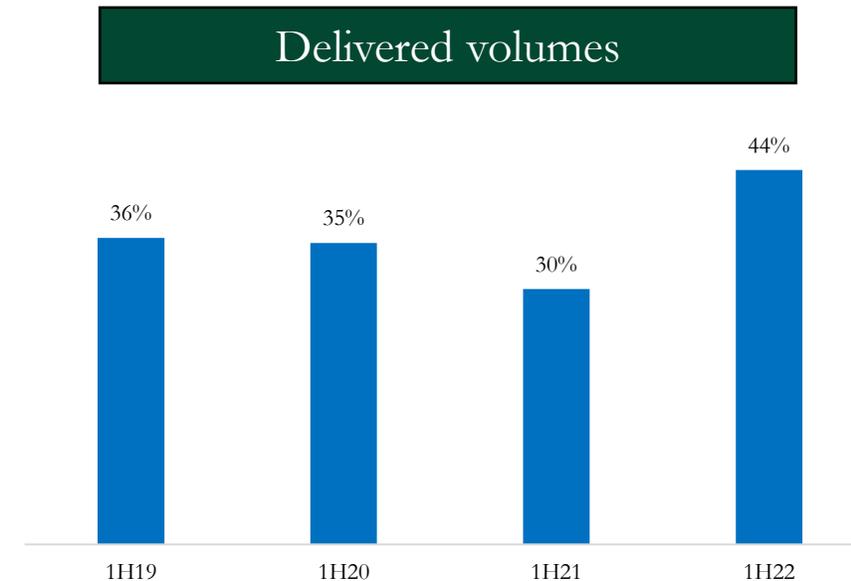
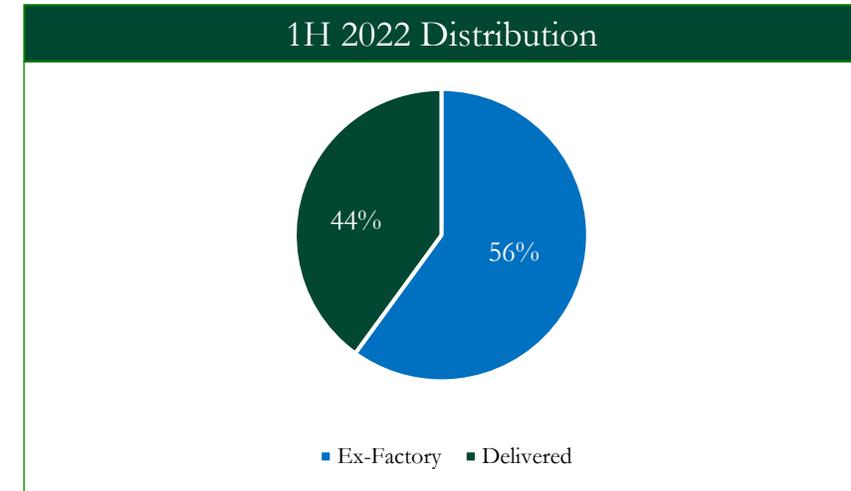
Introduction to ACC

Distribution Network Overview

- In 1H 2022 Arabian Cement distributed through direct Ex-Factory sales and Delivery.

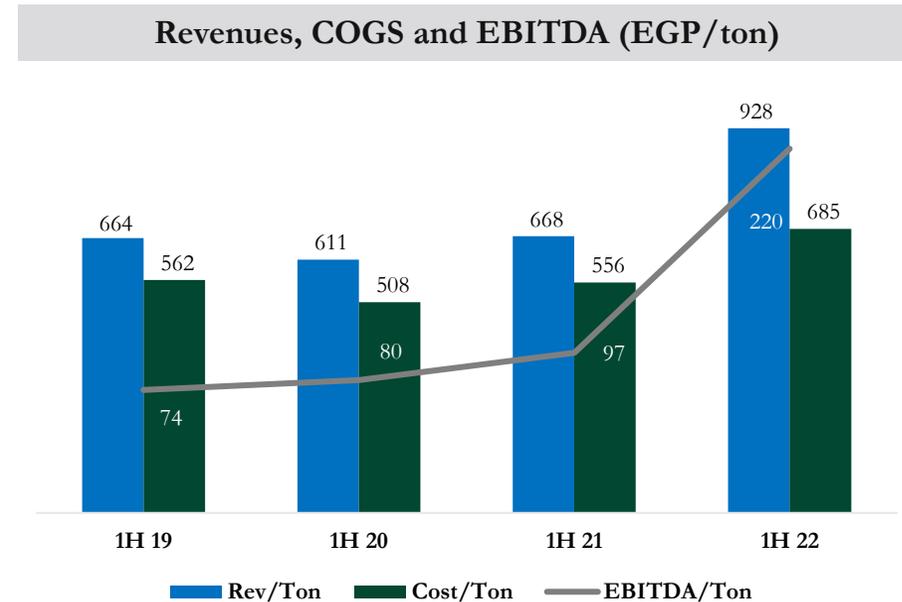
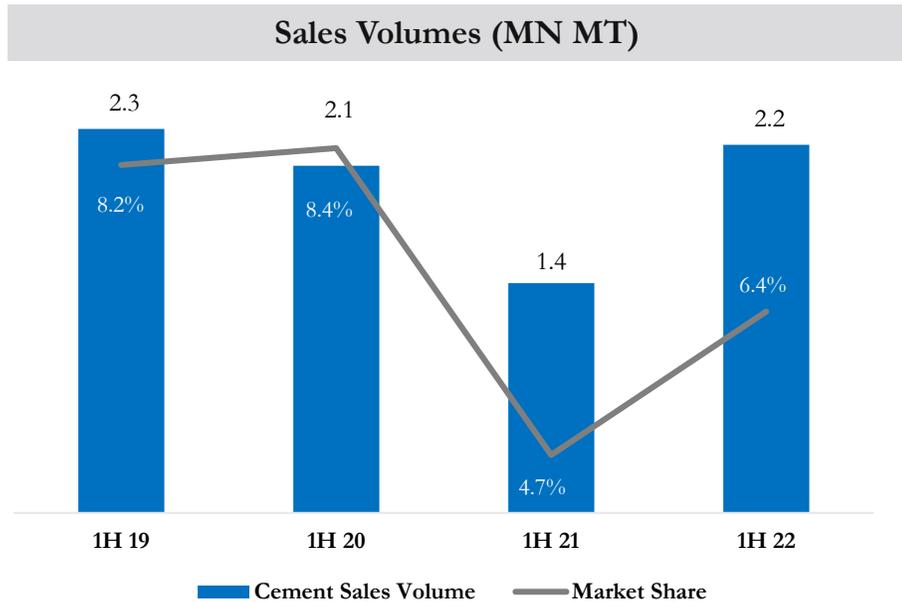
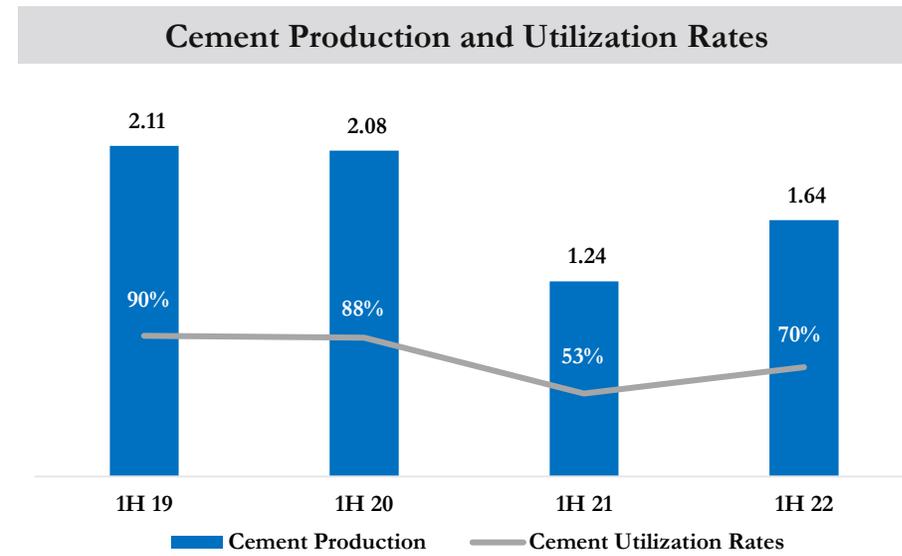
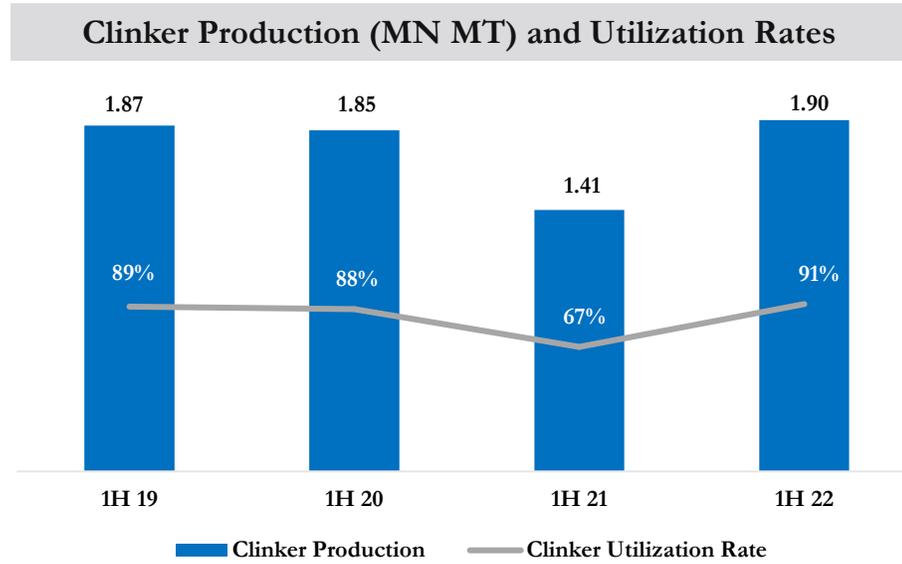
Express Wassal

- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 28 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)

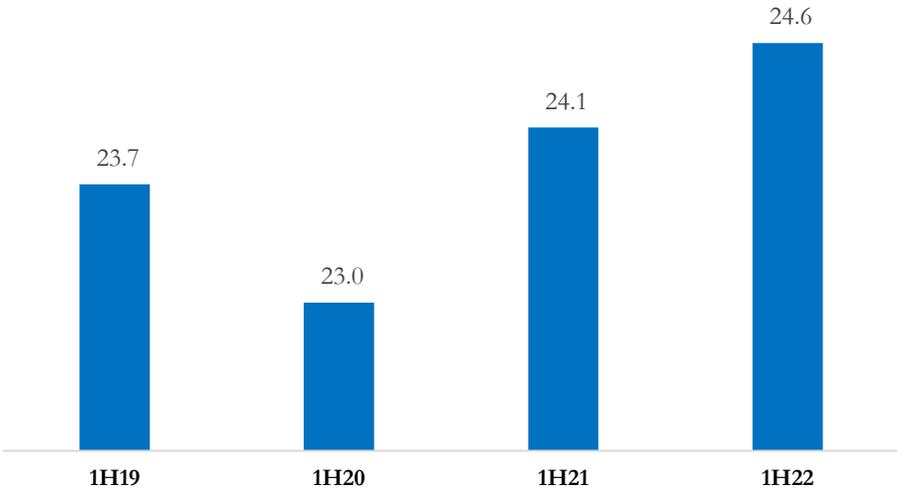
Main KPIs



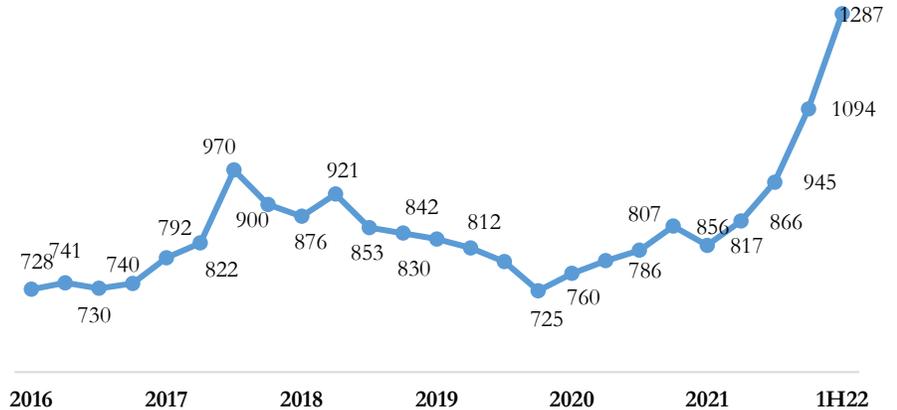
Egyptian Cement Market

Demand and Supply Synopsis

Domestic Consumption (MMT)



Average Market Retail Prices (EGP/ton)



Egyptian Market Overview

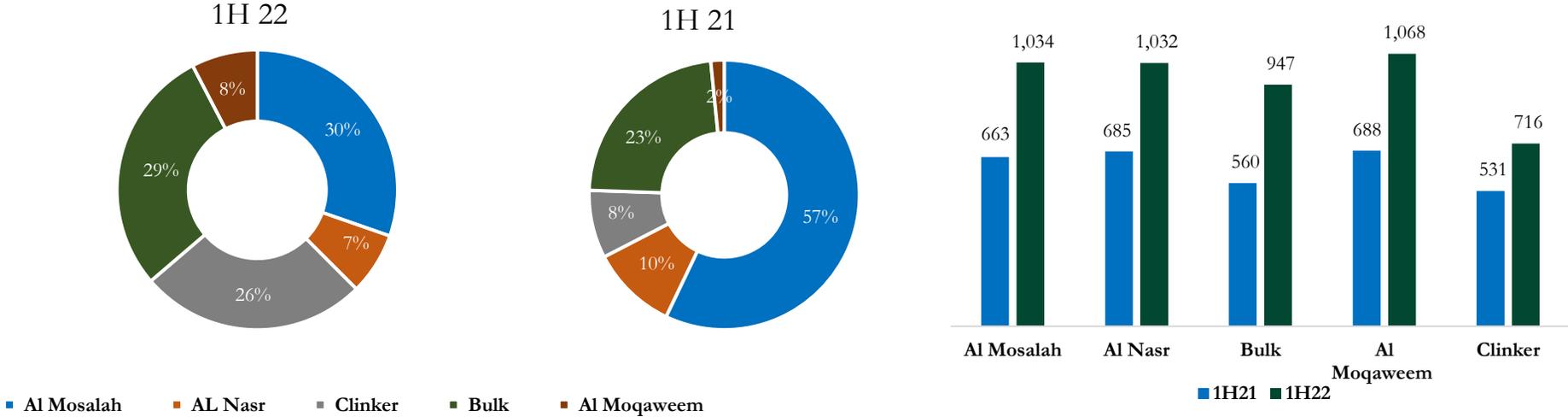
- Fast growing population and low urbanization rates will ensure residential housing demand in the near future.
- Cement market has demonstrated to be quite resilient over several political and economical crisis. Even the 100% devaluation of the Egyptian Pound in 2016 has affected cement consumption 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

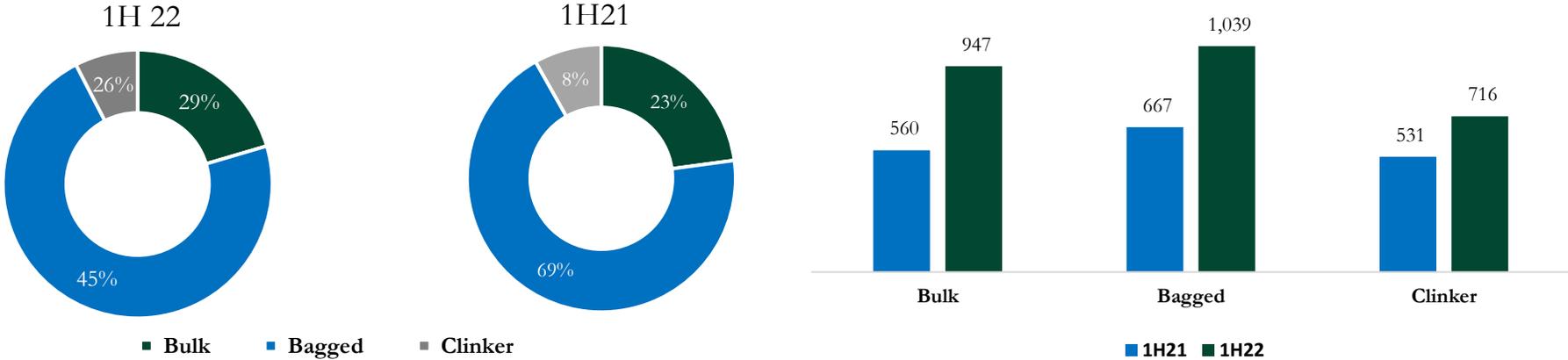
Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
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Breakdown by Brand



Breakdown by Type



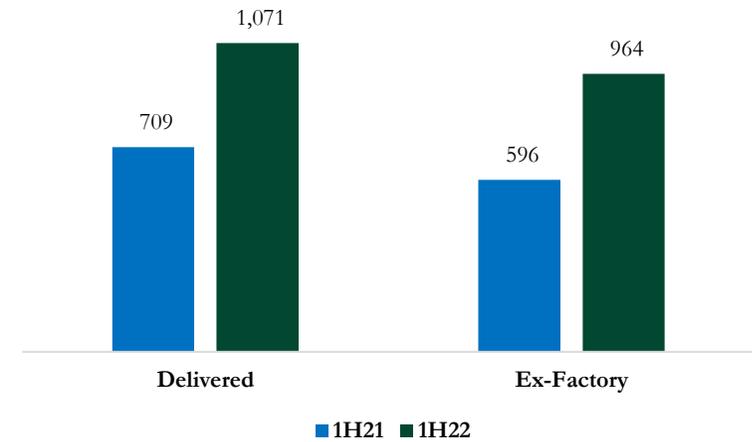
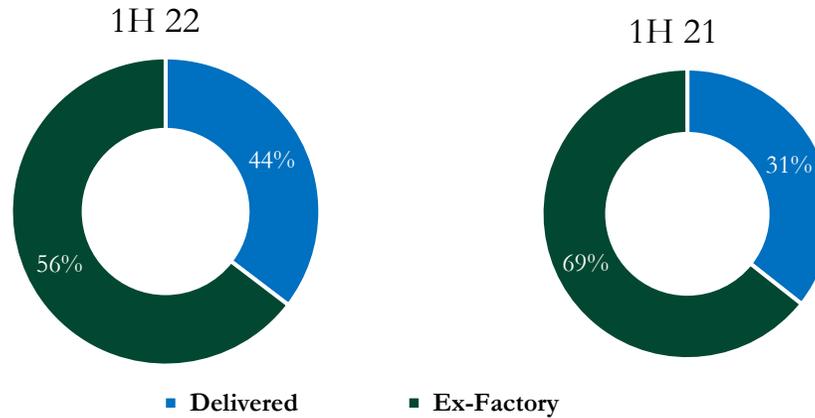
Sales Overview

Quantities Breakdown

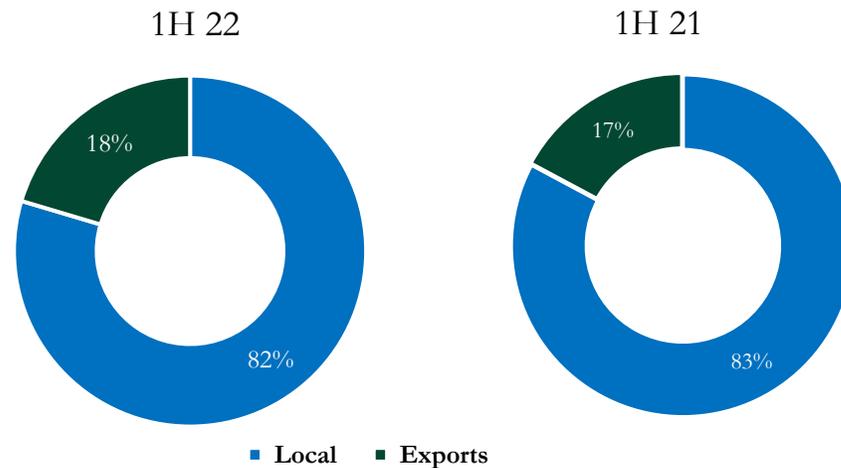
Quantities Breakdown

Prices (EGP/ton)

Breakdown by Point of Sale



Breakdown by Market

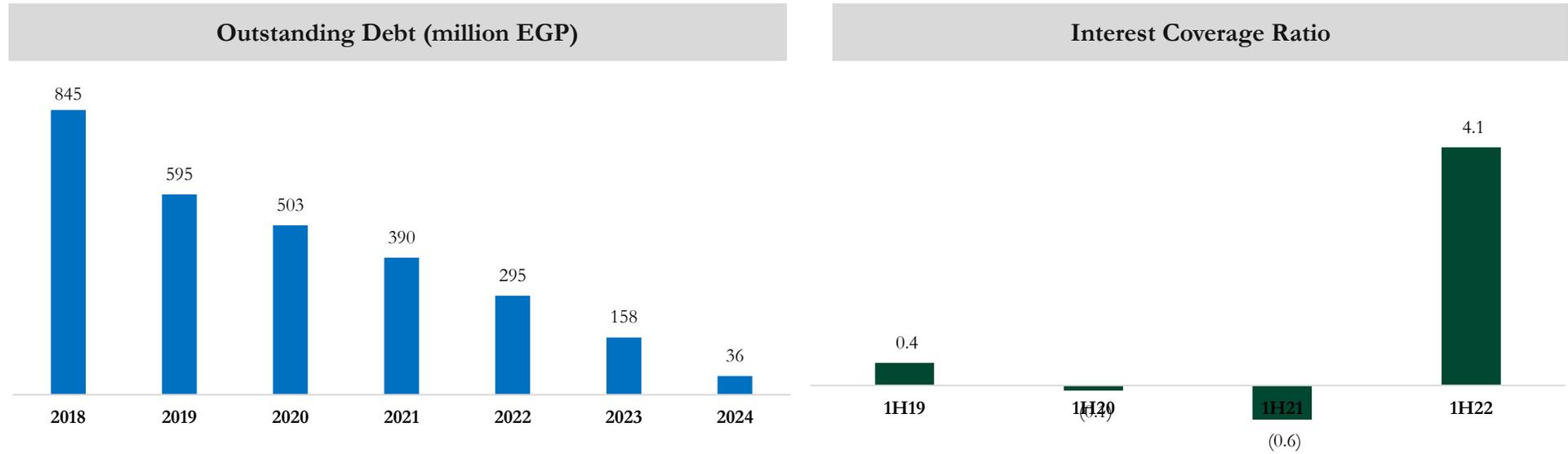


ACC Cost Advantages

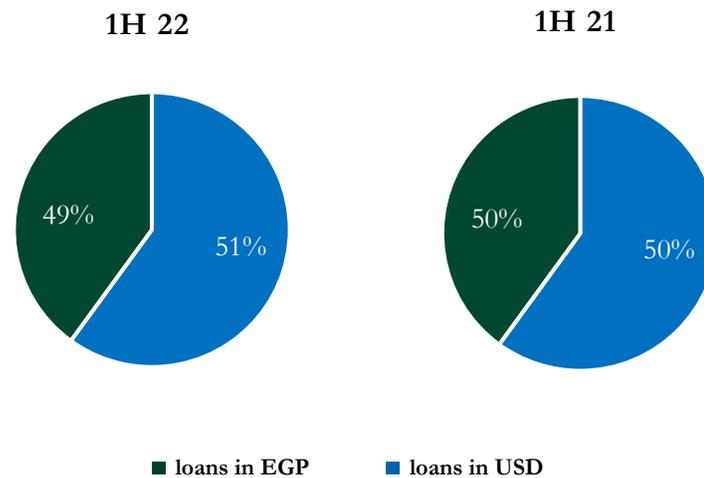
- ACC is always working on controlling its cash cost/ton. After the operation of our second coal mill in 2Q2018, the company was able to get rid of the diesel input, depending only on coal, pet-coke and RDF.
- ACC has the capability to use different types of fuels , yet we will always try to keep our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

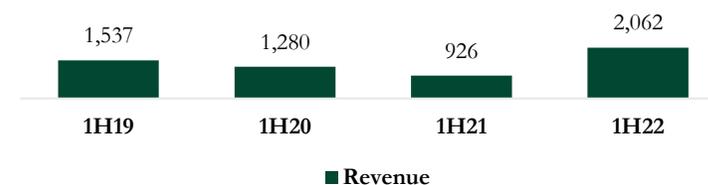


1H 2022 Financials Review

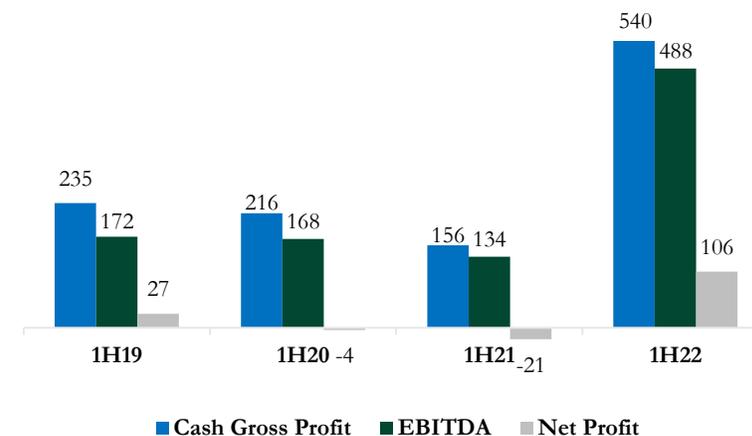
Income Statement

MN EGP	1H19	1H20	1H21	1H22
Revenue	1,537	1,280	926	2,062
Cost of goods sold	1,302	1,064	771	1,522
Gross profit	235	216	156	540
GPM	15%	17%	17%	26%
SG&A Expenses	63	48	48	68
Insurance Refund	0	0	27	16
EBITDA	172	168	134	488
EBITDA Margin	11%	13%	14%	24%
Other income	-1	1	-1	1
Depreciation & Amortization	126	124	121	116
EBIT	44	45	13	373
EBIT Margin	3%	4%	1%	18%
Foreign exchange	-50	2	1	-64
Provisions		.1		91.3
Finance cost, net	69	43	36	26
Net Profit Before Tax	26	.6	-22.1	191.0
NPBT Margin	2%	0%	-2%	9%
Deferred tax	-1			97
Income tax expense		4	-1	-12
Net Profit	27	-4	-21	106
NPM	2%	0%	-2%	5%

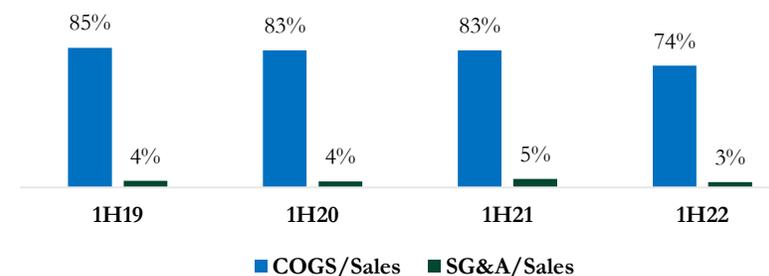
Revenues (Thousand EGP)



GP, EBITDA & Net Profit (Thousand EGP)



Efficiency Ratios

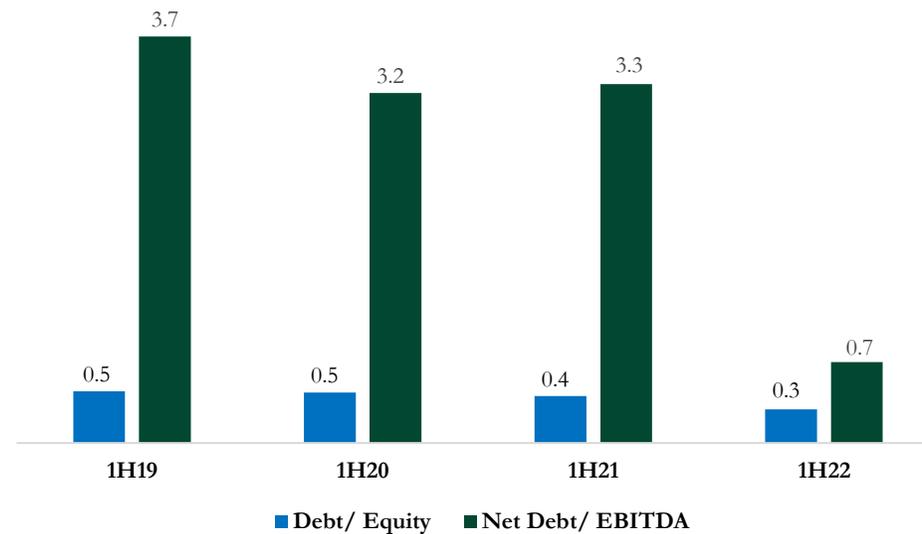


1H 2022 Financials Review

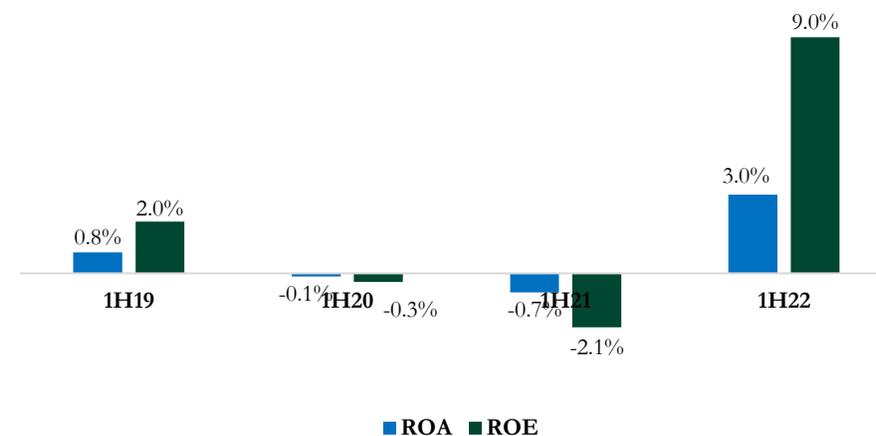
Balance Sheet

MN EGP	1H19	1H20	1H21	1H22
Assets				
Non-current Assets				
Property plant and equipment, net	2,435	2,278	2,075	1,896
Projects under construction	43	7	7	3
Intangible assets	320	274	235	220
Investment in subsidiaries	48	48	47	47
Investment in joint venture			.1	.1
Total Non-current Assets	2,846	2,606	2,363	2,168
Current Assets				
Inventory	223	227	256	740
Debtors and other debit balances	146	147	188	323
Due from related parties	31	21	19	17
Cash and bank balances	84	94	91	258
Total Current Assets	485	488	554	1,338
Total Assets	3,331	3,095	2,917	3,505
Current Liabilities				
Provisions	13	12	18	95
Lease liability				11
Credit facilities	166	300	311	117
Current tax liabilities		12	7	97
Trade payables and other credit balances	784	724	763	1,350
Due to related parties	9	7	27	2
Current portion of long term borrowings	86	91	109	133
Short-term liabilities	26	5		
Total Current Liabilities	1,083	1,152	1,236	1,804
Total Invested Funds	2,247	1,943	1,681	1,702
Represented in:				
Equity				
Paid up capital	757	757	757	757
Legal reserve	255	258	258	260
Retained earnings	338	150	10	154
Total Equity	1,351	1,165	1,025	1,172
Non-current Liabilities				
Notes Payable			10	6
Borrowings - long term portions	549	448	332	230
Deferred income tax liability	342	330	314	288
Lease liability	5			6
Total Non-current Liabilities	897	777	656	530
Total Equity and Liabilities	3,331	3,095	2,917	3,505

Gearing



Return Ratios

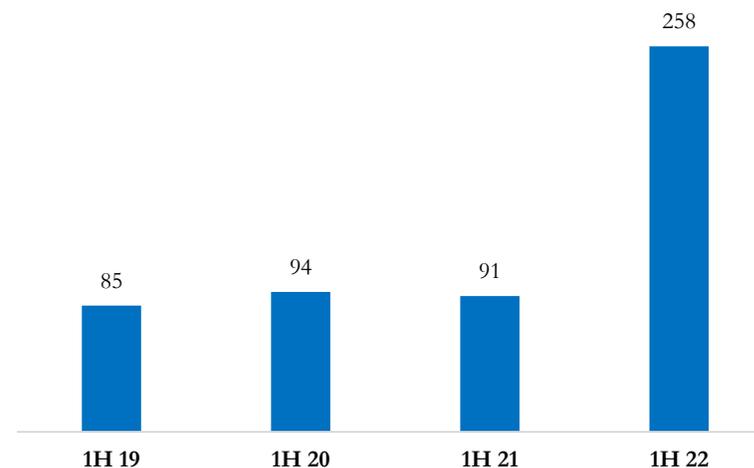


1H 2022 Financials Review

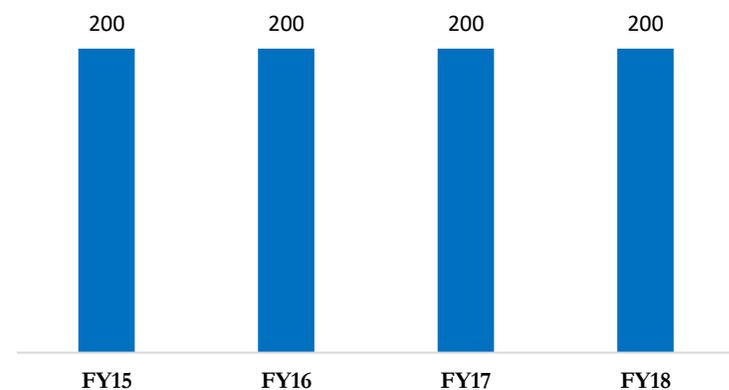
Cash Flow Statement

MN EGP	1H 19	1H 20	1H 21	1H 22
Cash flows from operating activities				
Net profit before tax	26	1	-22	191
Interest income	-1	-1	-0.1	-0.9
Interest expense	69	43	36	26
Depreciation expense	101	102	102	101
Amortization of intangible assets	25	21	19	17
Foreign exchange (gain)/losses differences	-26	1	-1	30
Provision	3	1	1	70
Changes in working capital	197	168	134	434
Debtors and other debit balances	-4	-20	-32	-113
Decrease in trade receivables	27	-36	-31	-82
Inventory, net	59	-71	-86	-377
Trade payables and other credit balances				
Due from related parties	-11	-4	4	1
Credit balances	-55	-18	0.2	138.3
Increase (decrease) in trade payables	48	-134	144	380
Interest paid	-62	-53	-36	-25
Income tax Paid				-19
Due to related parties	2	-1	24	-9
Net cash from operating activities	201	-169	121	329
Cash flows from investing activities				
Interest income	1	1	0.1	0.9
Purchase of property, plant and equipment	-23	-1	-0.5	-2.7
Additions in projects under construction	-3	-3		
Net cash flows used in investing activities	-25	-3	-0.3	-1.8
Cash flows from financing activities				
Payments of license liability	-105	-7	-1	
Payments of borrowings	-36	-45	-44	-55
Dividends paid	-7	-7	-7	-7
Payments of credit facilities	-108	238	-29	-124
Net cash flows from financing activities	-257	179	-81	-186
Net increase (decrease) in cash and cash equivalents	-80	8	39	141
Cash and cash equivalents at beginning of the year	165	86	52	117
Cash and cash equivalents at end of the period	85	94	91	258

Cash (EGP mn)



Dividends (EGP mn)



Future Ready



ARABIAN CEMENT
العربية للأسمنت

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