



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

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# Arabian Cement Company

1Q 2022 Investor Presentation

# Highlights

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# Contents

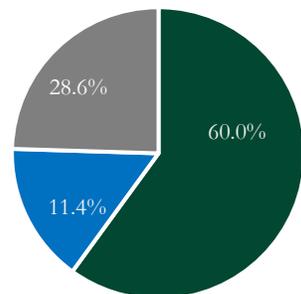
- Introduction to ACC.....4
- Period Highlights .....10
- Egyptian Cement Market .....11
- Sales Overview .....12
- COGS Overview .....14
- Debt Status .....15
- Financials .....16

# 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 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

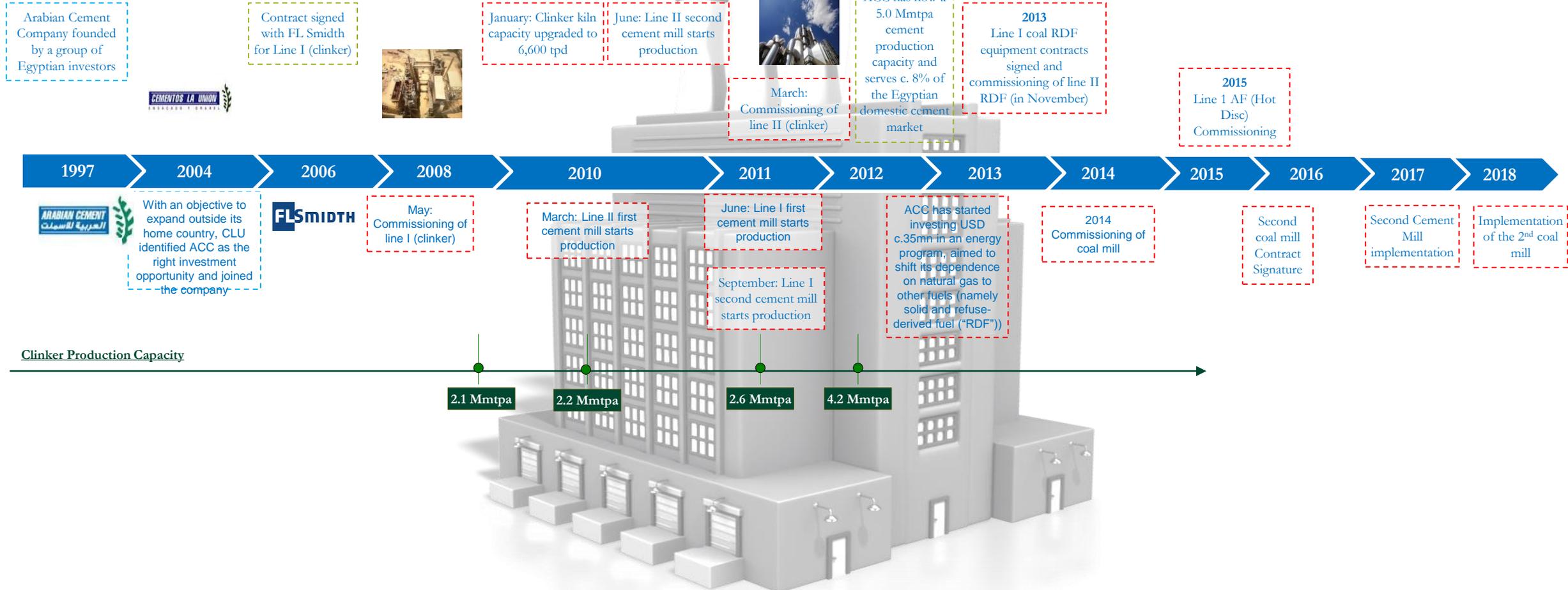
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

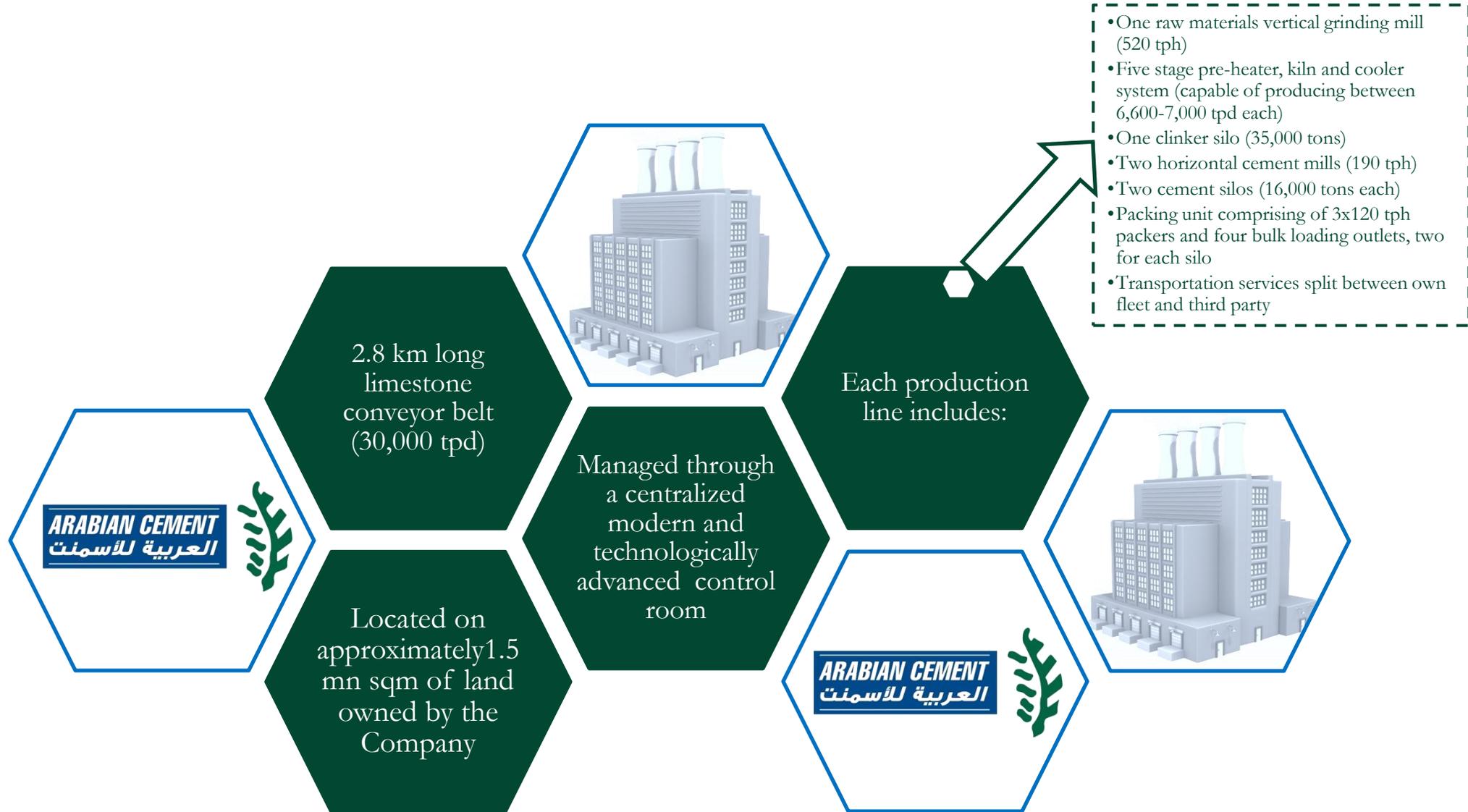
# Introduction to ACC

## 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.

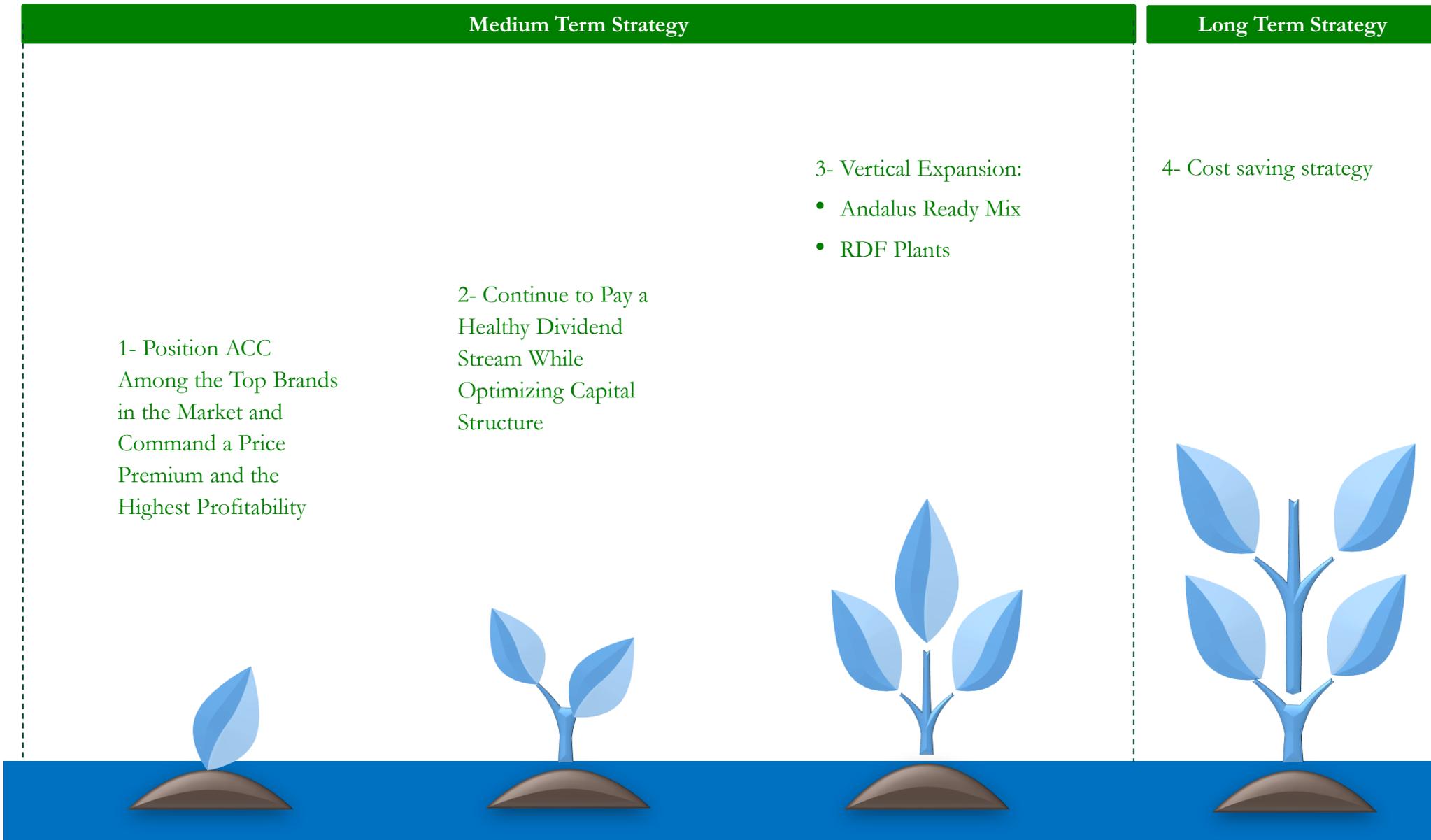


### Sameh Saleh

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



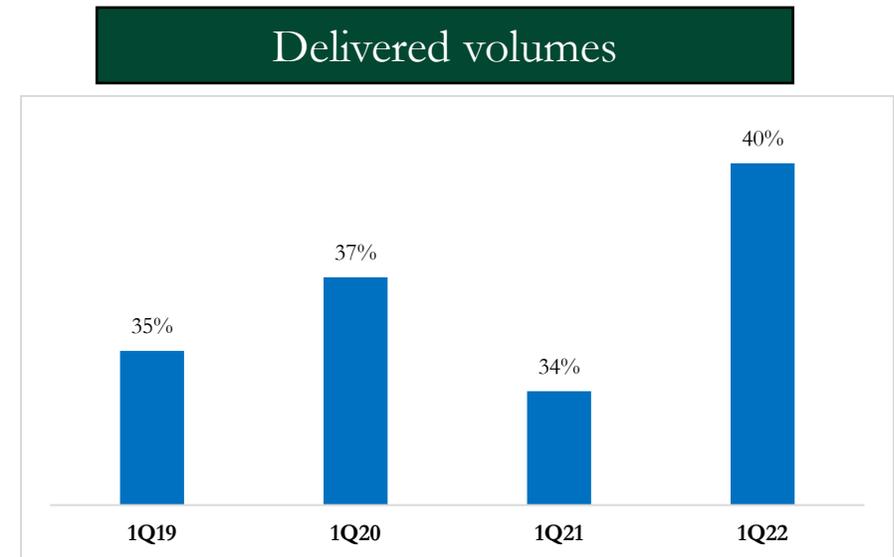
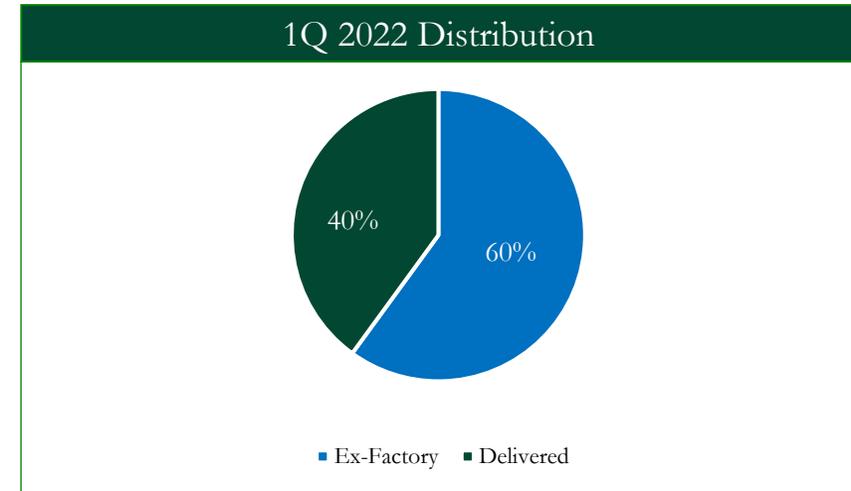
# Introduction to ACC

## Distribution Network Overview

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

### Express Wassal

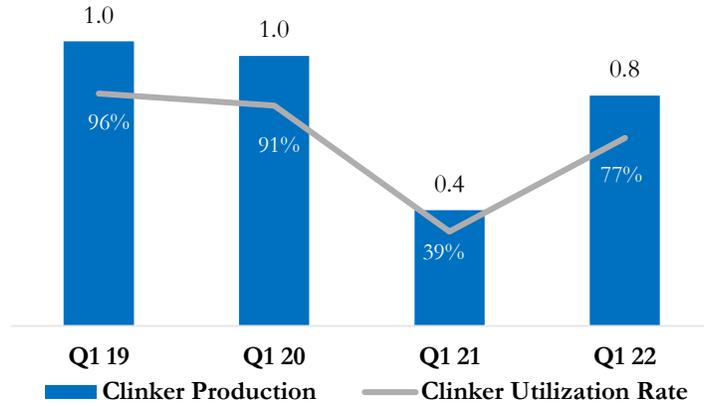
- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 25 trucks as well as by 3rd party business partners. Express Wassal was launched in 2011
- Express Wassal offers ACC a number of benefits such as;
  - Reducing ACC's dependency on external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



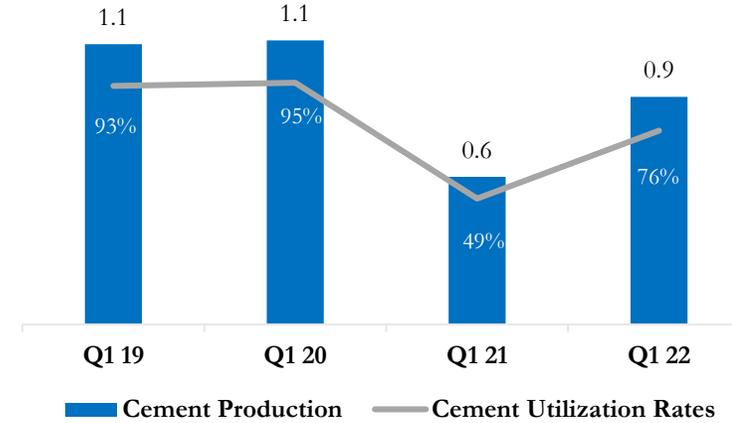
# Period Highlights (continued)

## Main KPIs

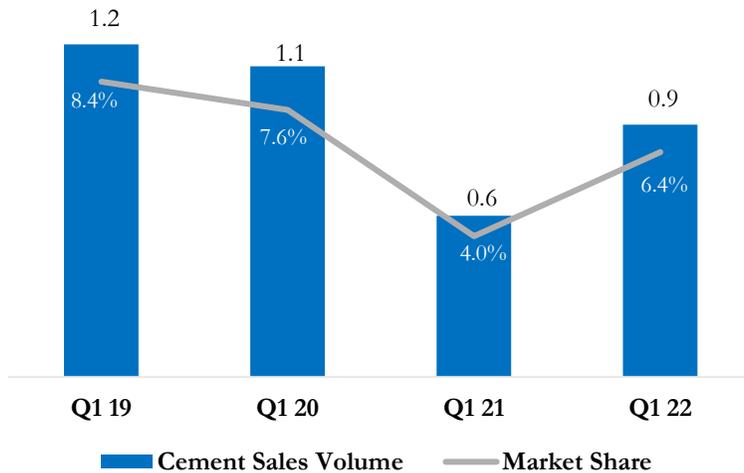
### Clinker Production (MN MT) and Utilization Rates



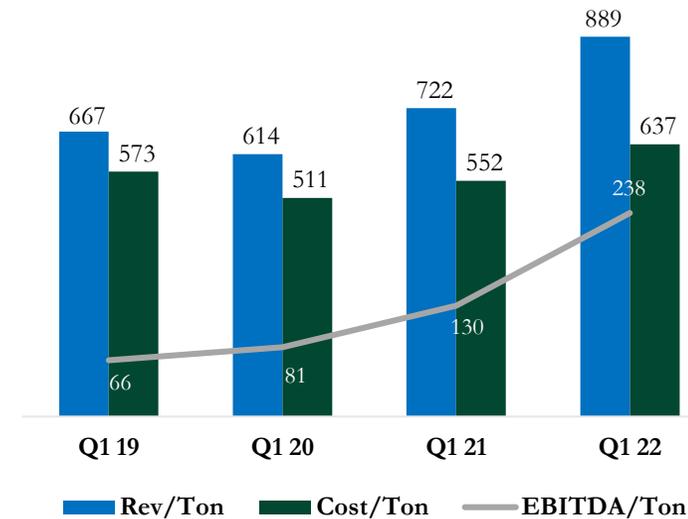
### Cement Production and Utilization Rates



### Sales Volumes (MN MT)



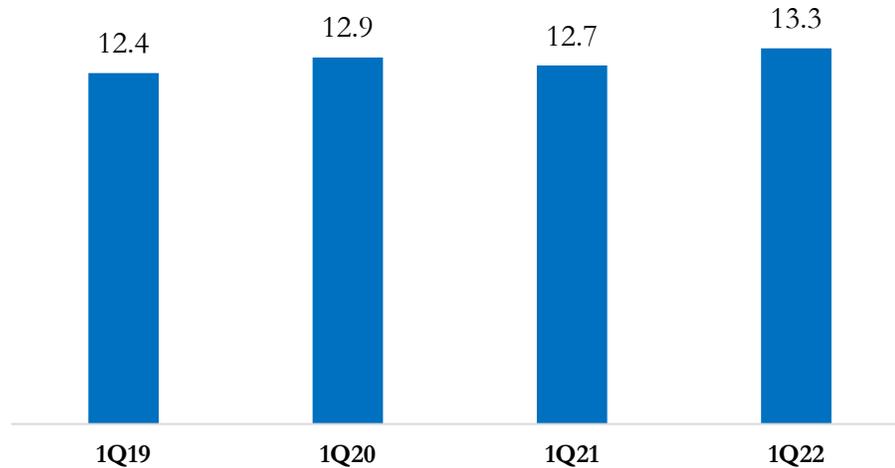
### Revenues, COGS and EBITDA (EGP/ton)



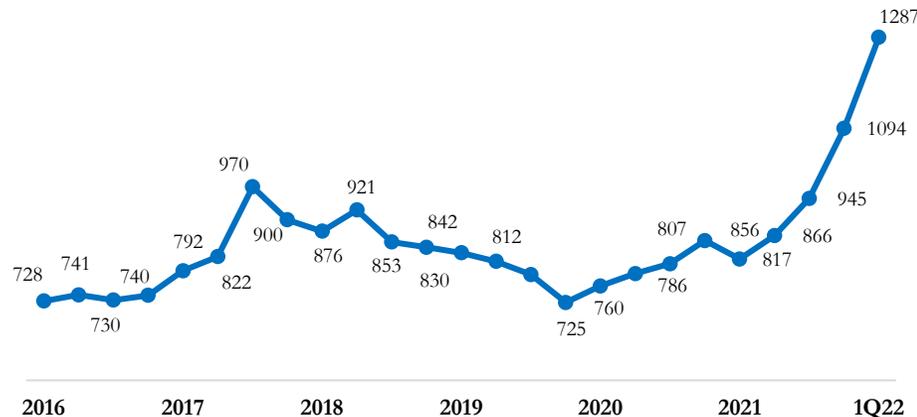
# Egyptian Cement Market

## Demand and Supply Synopsis

Domestic Consumption (MMT)



Average Market Retail Prices (EGP/ton)



Egyptian Market Overview

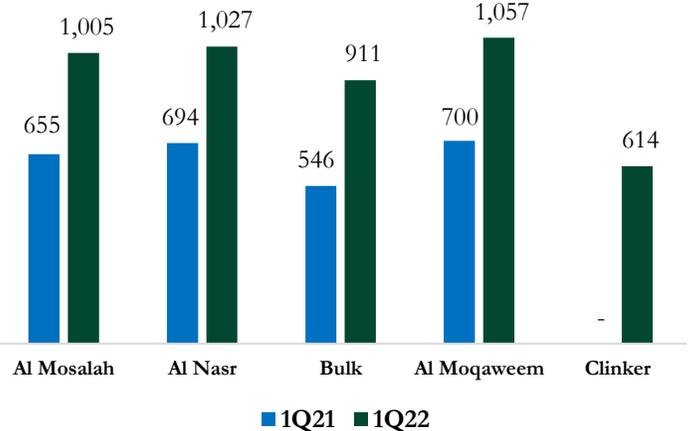
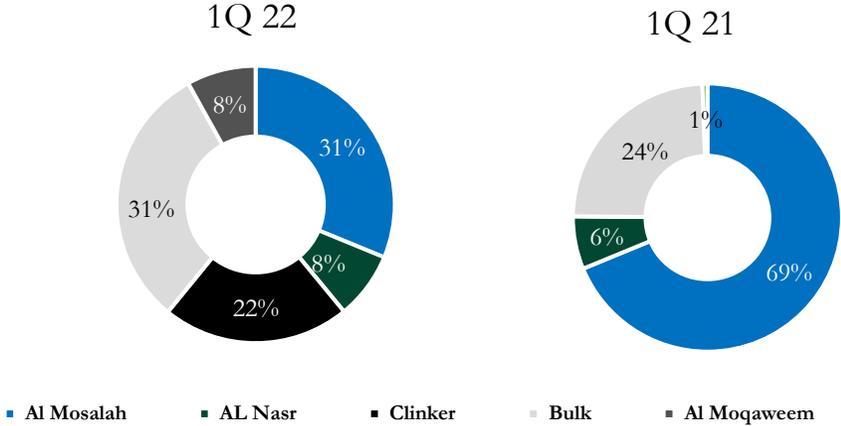
- Fast growing population and low urbanization rates will ensure residential housing demand in the near future.
- Cement market has demonstrated to be quite resilient over several political and economical crisis. Even the 100% devaluation of the Egyptian Pound in 2016 has affected cement consumption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

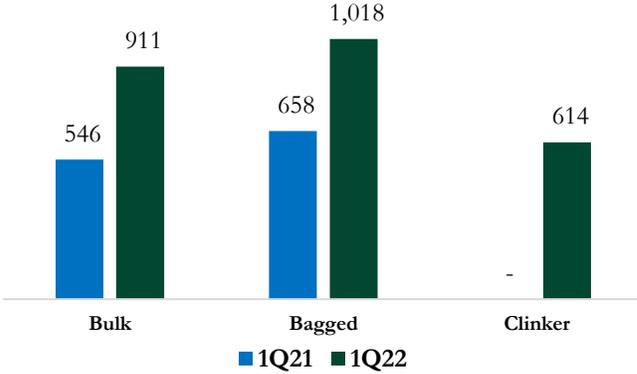
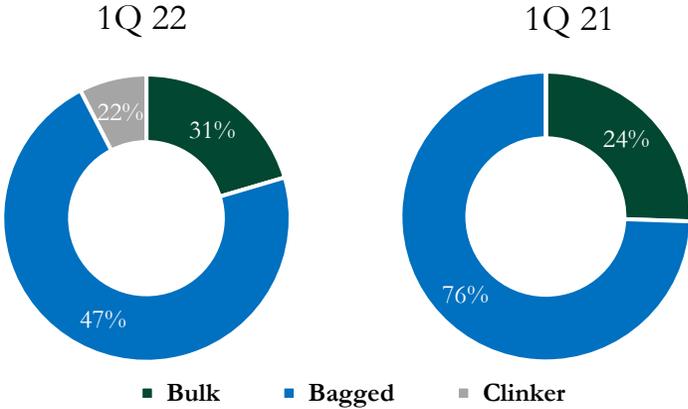
## Quantities Breakdown

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



### Breakdown by Type



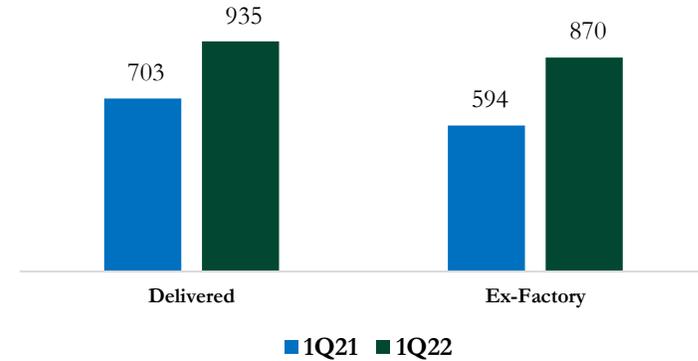
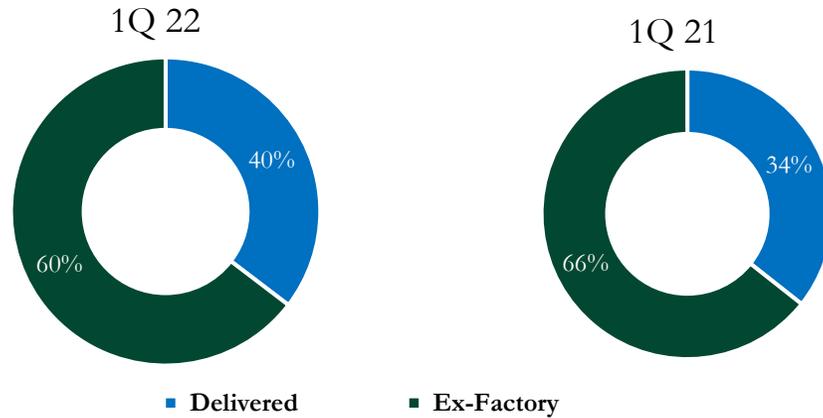
# Sales Overview

## Quantities Breakdown

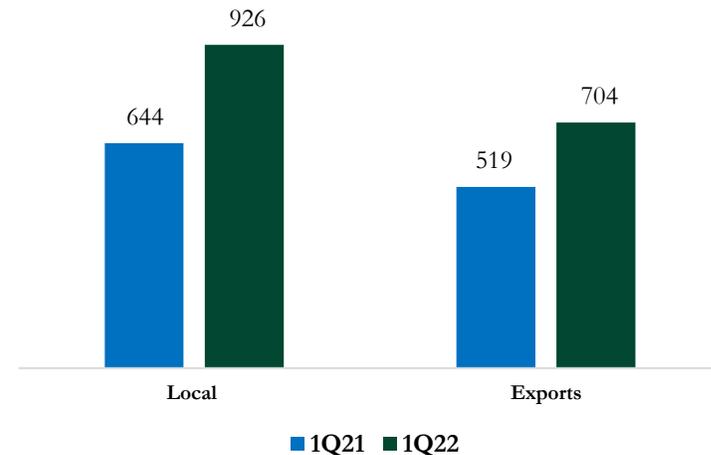
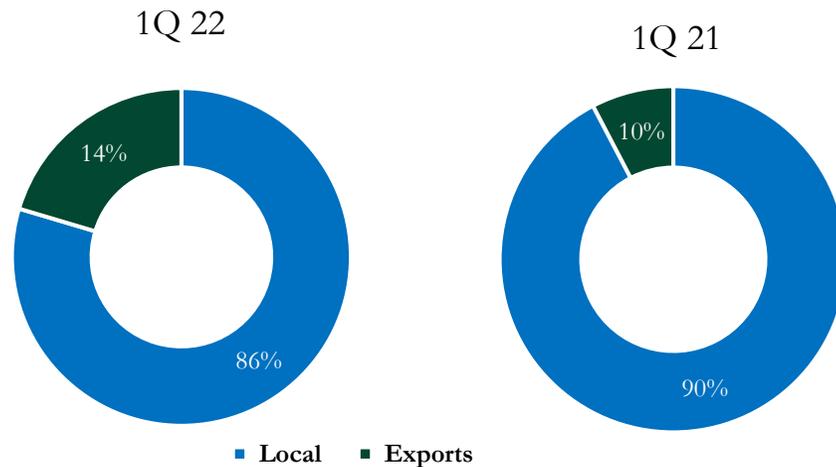
### Quantities Breakdown

### Prices (EGP/ton)

### Breakdown by Point of Sale



### Breakdown by Market

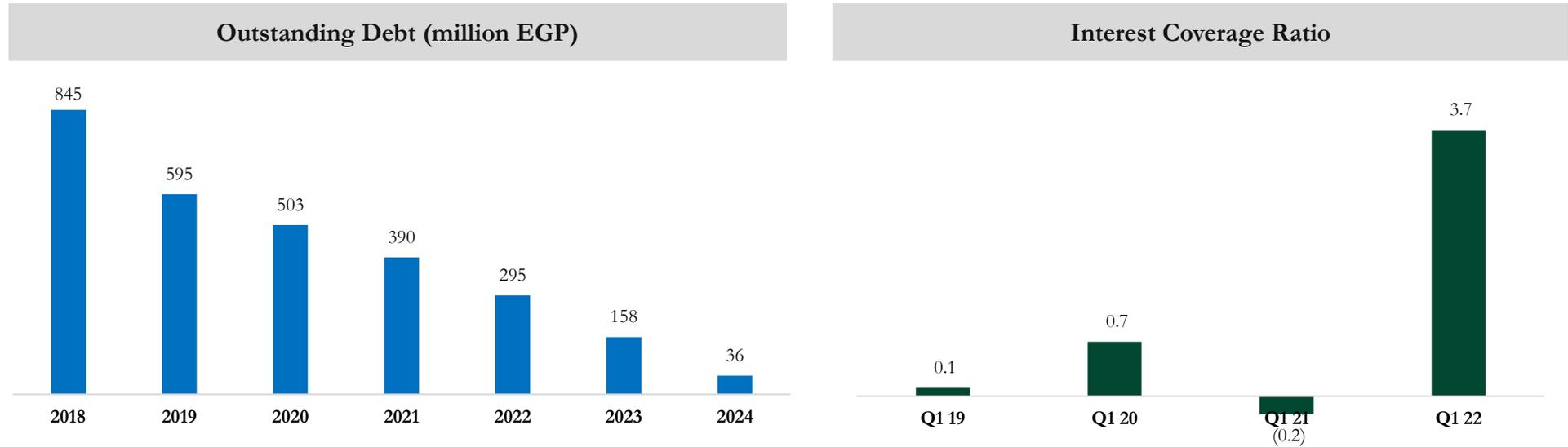


### ACC Cost Advantages

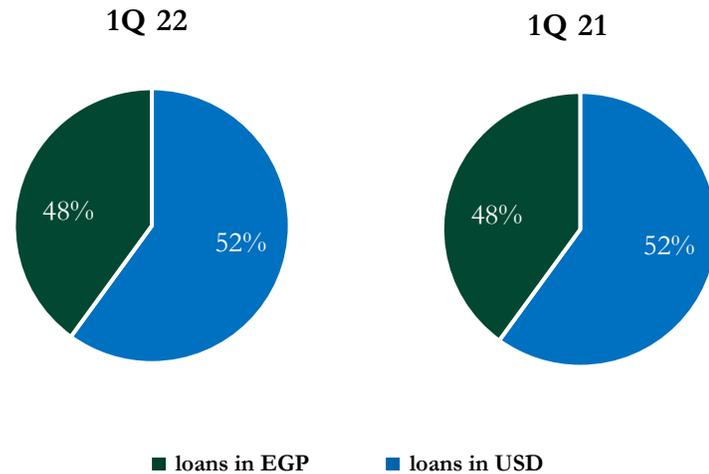
- ACC is always working on controlling its cash cost/ton. After the operation of our second coal mill in 2Q2018, the company was able to get rid of the diesel input, depending only on coal, pet-coke and RDF.
- ACC has the capability to use different types of fuels , yet we will always try to keep our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

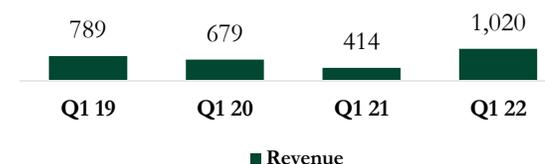


# 1Q 2022 Financials Review

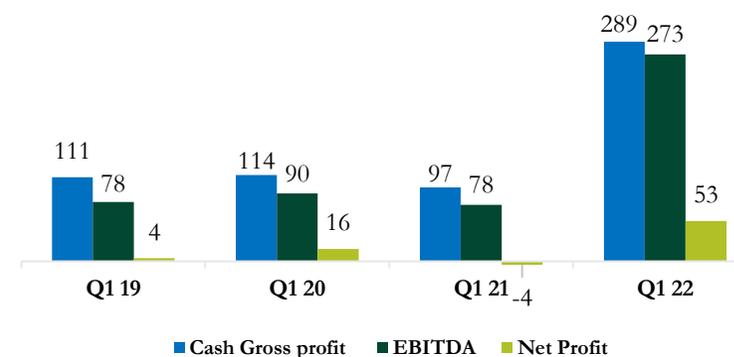
## Income Statement

MN EGP	Q1 19	Q1 20	Q1 21	Q1 22
Revenue	789	679	414	1,020
Cost of goods sold	678	565	317	731
<b>Cash Gross profit</b>	<b>111</b>	<b>114</b>	<b>97</b>	<b>289</b>
<b>GPM</b>	<b>14%</b>	<b>17%</b>	<b>24%</b>	<b>28%</b>
SG&A Expenses	32	24	23	32
Other income			3	16
<b>EBITDA</b>	<b>78</b>	<b>90</b>	<b>78</b>	<b>273</b>
<b>EBITDA Margin</b>	<b>10%</b>	<b>13%</b>	<b>19%</b>	<b>27%</b>
Provisions				47
Depreciation & Amortization	63	62	60	58
<b>EBIT</b>	<b>16</b>	<b>27</b>	<b>18</b>	<b>168</b>
<b>EBIT Margin</b>	<b>2%</b>	<b>4%</b>	<b>4%</b>	<b>17%</b>
Foreign exchange	24	15	1	-51
Finance cost, net	36	22	18	14
<b>Net Profit Before Tax</b>	<b>4</b>	<b>20</b>	<b>1</b>	<b>103</b>
<b>NPBT Margin</b>	<b>0%</b>	<b>3%</b>	<b>0%</b>	<b>10%</b>
Deferred tax		-3	-4	-5
Income tax expense	.1	7	10	55
<b>Net Profit</b>	<b>4</b>	<b>16</b>	<b>-4</b>	<b>53</b>
<b>NPM</b>	<b>0.5%</b>	<b>2.4%</b>	<b>-1.1%</b>	<b>5.2%</b>

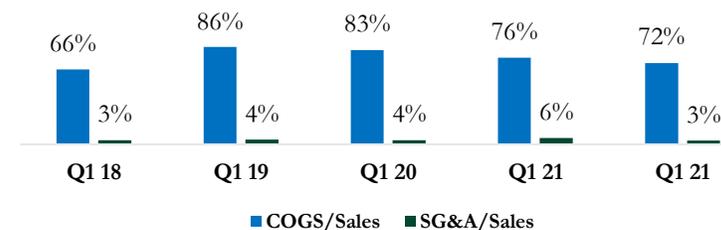
### Revenues (Thousand EGP)



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



### Efficiency Ratios

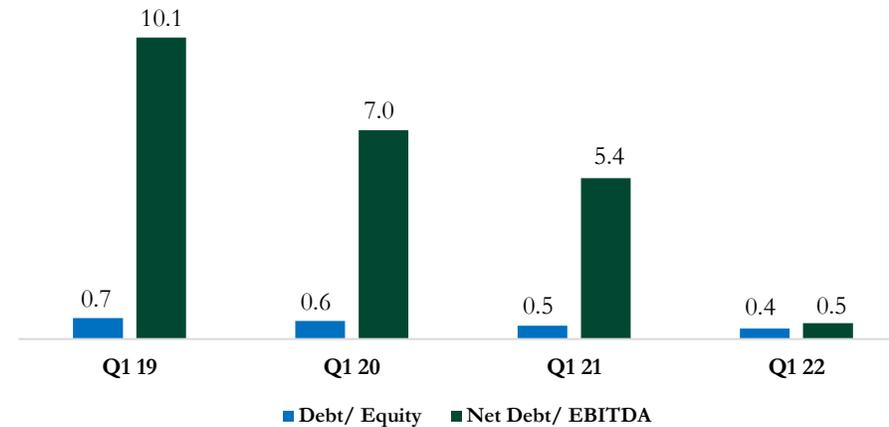


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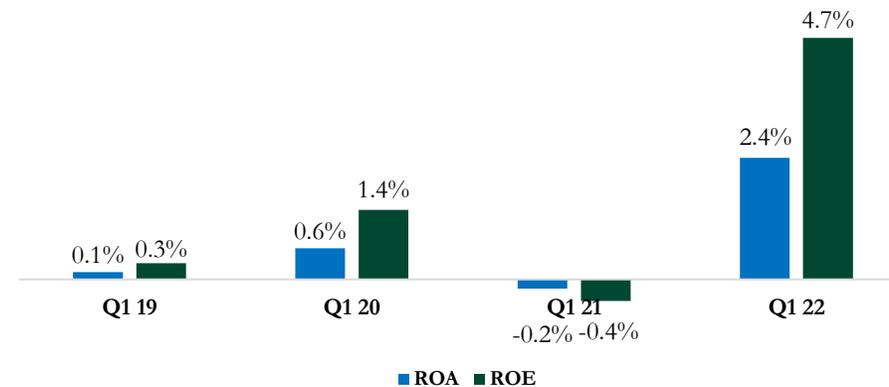
## Balance Sheet

	Q1 19	Q1 20	Q1 21	Q1 22
<b>Assets</b>				
<b>Non-current Assets</b>				
Property plant and equipment, net	2,421	2,329	2,125	1,945
Projects under construction	97	4	7	3
Intangible assets	333	283	244	212
Right of use				16
Investment in subsidiaries	37	47	47	47
Payments under long-term investment	10			
<b>Total Non-current Assets</b>	<b>2,898</b>	<b>2,665</b>	<b>2,424</b>	<b>2,224</b>
<b>Current Assets</b>				
Inventory	255	185	124	299
Debtors and other debit balances	133	148	131	251
Due from related parties	26	19	20	55
Cash and bank balances	141	97	71	248
<b>Total Current Assets</b>	<b>554</b>	<b>450</b>	<b>347</b>	<b>853</b>
<b>Total Assets</b>	<b>3,452</b>	<b>3,115</b>	<b>2,771</b>	<b>3,077</b>
<b>Current Liabilities</b>				
Provisions	11	12	18	50
Current tax liabilities		21	10	97
Trade payables and other credit balances	832	823	906	1,103
Due to related parties	5	8	5	2
Borrowings - short term portions	342	261	104	128
Lease Liability				10
<b>Total Current Liabilities</b>	<b>1,189</b>	<b>1,124</b>	<b>1,042</b>	<b>1,390</b>
<b>Equity</b>				
Paid up capital	757	757	757	757
Legal reserve	255	255	258	260
Retained earnings	316	180	26	101
<b>Total Equity</b>	<b>1,328</b>	<b>1,192</b>	<b>1,041</b>	<b>1,119</b>
<b>Non-current Liabilities</b>				
Borrowings - long term portions	584	465	360	260
Deferred income tax liability	343	334	318	294
Lease Liability				6
Long-term liabilities	8		10	7
<b>Total Non-current Liabilities</b>	<b>935</b>	<b>798</b>	<b>688</b>	<b>567</b>
<b>Total Equity and Liabilities</b>	<b>3,452</b>	<b>3,115</b>	<b>2,771</b>	<b>3,077</b>

## Gearing



## Return Ratios

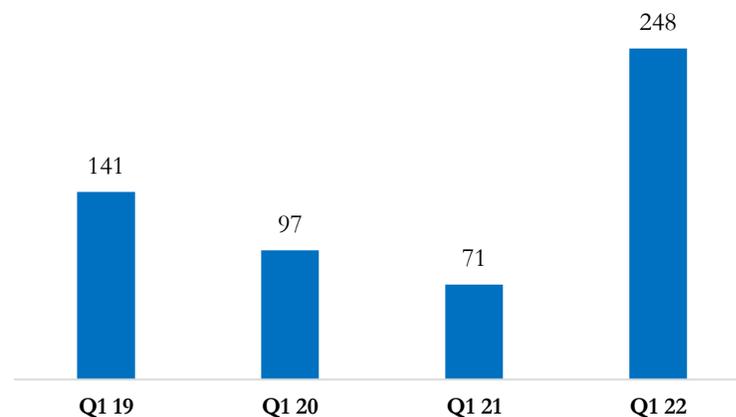


# 1Q 2022 Financials Review

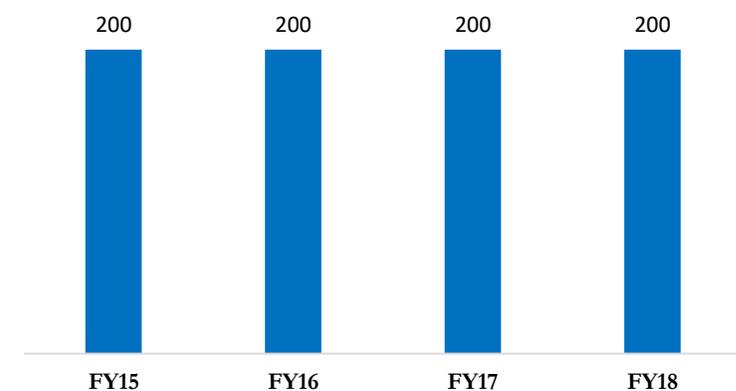
## Cash Flow Statement

	Q1 19	Q1 20	Q1 21	Q1 22
<b>Cash flows from operating activities</b>				
Net profit before tax	3.9	20.2	1.1	102.9
Interest income	-0.4	-0.6	-0.1	-0.1
Interest expense	35.8	22.5	17.8	14.5
Depreciation expense	50.0	51.3	50.5	50.1
Amortization of intangible assets	12.5	11.4	9.6	6.9
Amortization of right of use assets				1.4
Gain from sale of property plant and equipment	0.0	-0.1	0.0	0.0
Foreign exchange (gain)/losses differences	-12.4	-6.1	-0.5	28.3
Provision	-0.9	0.4	0.4	25.7
<b>Changes in working capital</b>	<b>88.5</b>	<b>99.0</b>	<b>78.9</b>	<b>229.6</b>
Debtors and other debit balances	9.1	0.0	0.0	
Inventory, net	27.5	-29.5	45.5	64.1
Trade payables and other credit balances	-44.8	-80.4	-52.5	163.2
Due from related parties	-6.0	-2.5	2.5	-37.3
Decrease in trade receivables	29.5	-17.8	-46.4	-30.3
Due to related parties	-2.5	-0.4	1.1	-8.7
<b>Net cash from operating activities</b>	<b>101.4</b>	<b>-31.6</b>	<b>29.1</b>	<b>380.6</b>
<b>Cash flows from investing activities</b>				
Interest income	0.4	0.6	0.1	0.1
Purchase of property, plant and equipment	-13.9	-0.9	-0.3	-0.6
Additions in projects under construction	-0.9	-0.6	0.0	0.0
<b>Net cash flows used in investing activities</b>	<b>-14.3</b>	<b>-0.9</b>	<b>-0.2</b>	<b>-0.5</b>
<b>Cash flows from financing activities</b>				
Payments of license liability	-60.6	-4.7	-1.7	0.0
Payments of borrowings	-18.1	-22.6	-22.2	-27.3
Interest paid	-24.7	-31.9	-18.0	0.0
Dividends paid	-7.2	0.0	0.0	-6.9
Payment of finance lease liability	0.0	0.0	0.0	-0.6
Proceeds from credit facility	-0.8	102.0	32.4	-200.2
<b>Net cash flows from financing activities</b>	<b>-111.5</b>	<b>42.8</b>	<b>-9.4</b>	<b>-235.1</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-24.4</b>	<b>10.6</b>	<b>19.4</b>	<b>130.9</b>
Cash and cash equivalents at beginning of the year	164.9	86.2	51.7	117.3
<b>Cash and cash equivalents at end of the period</b>	<b>141</b>	<b>97</b>	<b>71</b>	<b>248</b>

Cash (EGP mn)



Dividends (EGP mn)



# 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)