



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

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# Arabian Cement Company

9M 2022 Investor Presentation

# Highlights

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# Contents

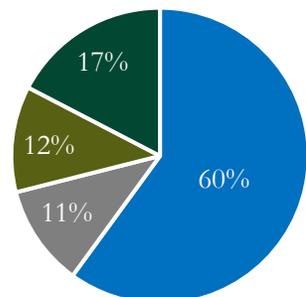
- Introduction to ACC.....4
- Period Highlights .....10
- Egyptian Cement Market .....11
- Sales Overview .....12
- COGS Overview .....14
- Debt Status .....15
- Financials .....16

# 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 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.

9M 2022 Shareholding Structure



■ Aridos Jativa ■ Sadek El Sewedy ■ 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

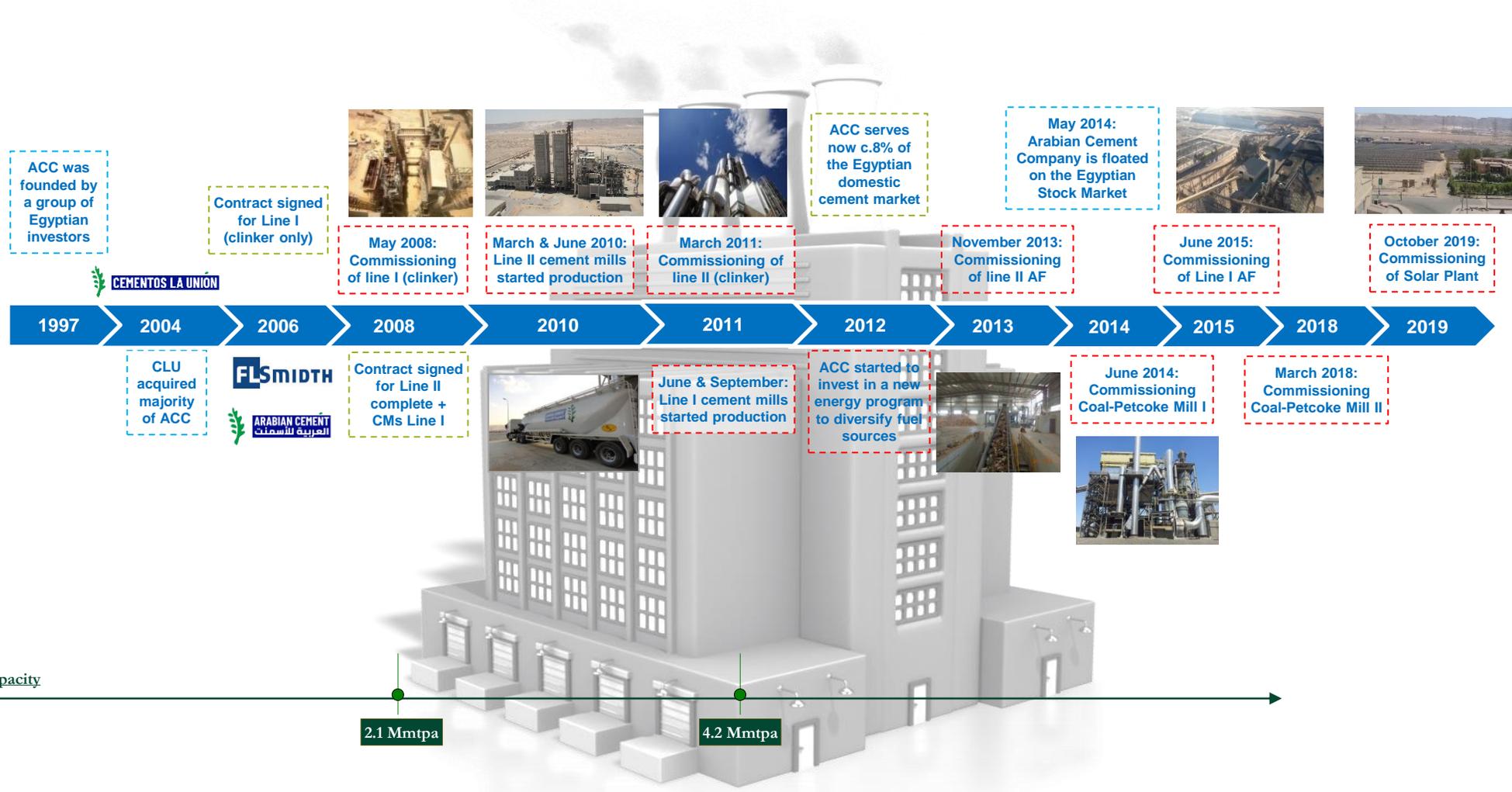
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

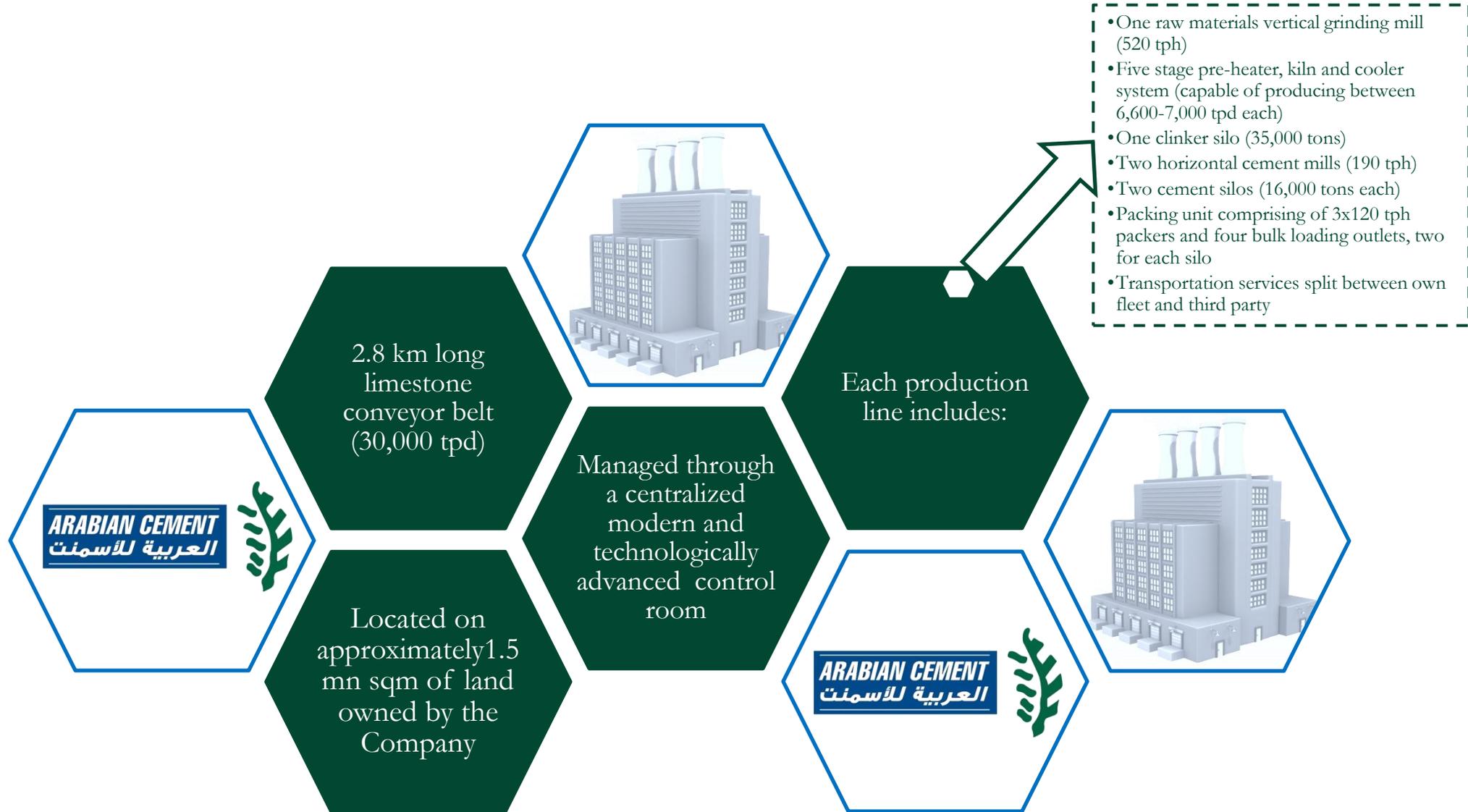
# Introduction to ACC

## 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

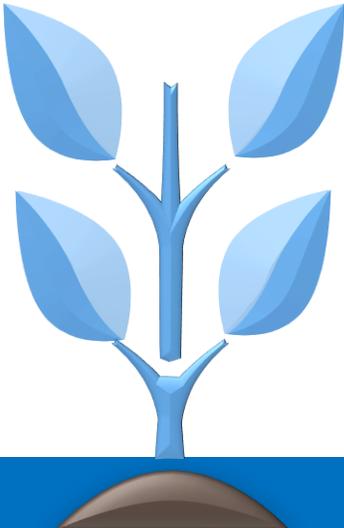
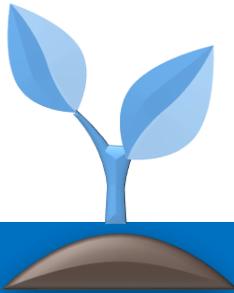
### Long Term Strategy

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



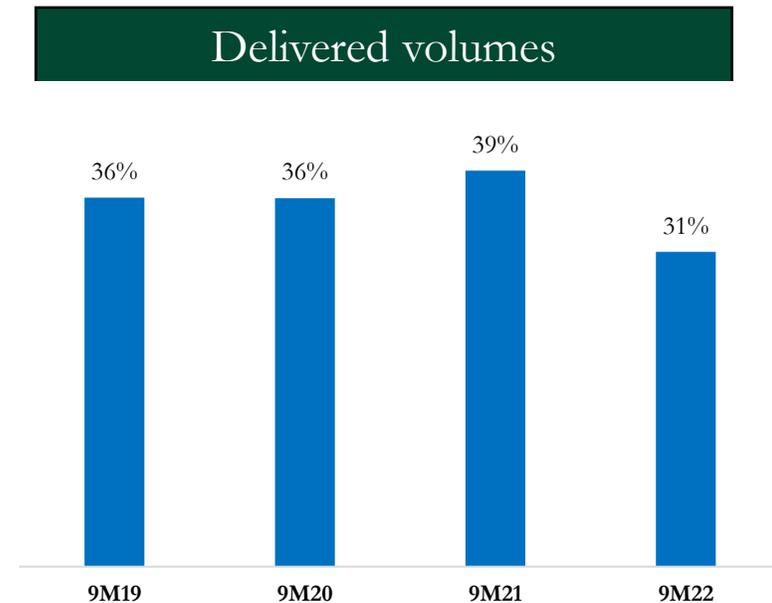
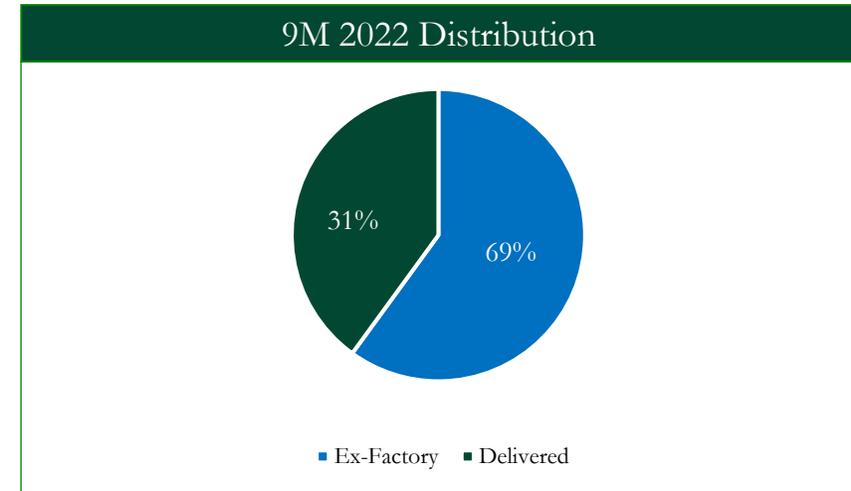
# Introduction to ACC

## Distribution Network Overview

- In 9M 2022 Arabian Cement distributed through direct Ex-Factory sales and Delivery.

### Express Wassal

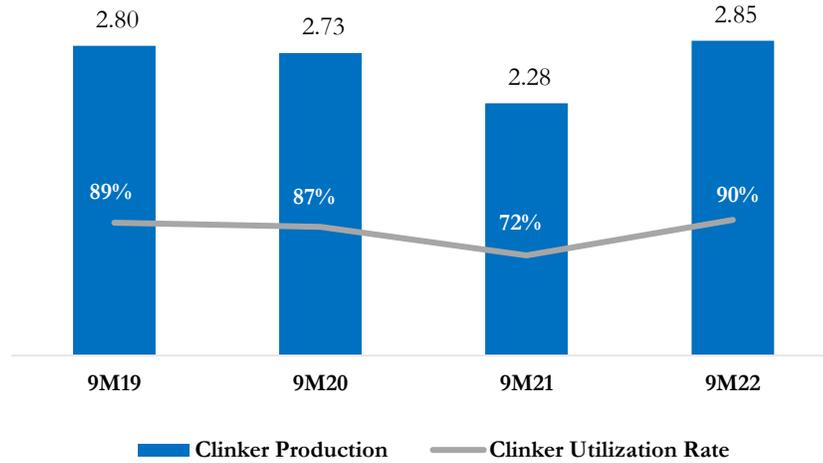
- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 28 trucks as well as by 3rd party business partners. Express Wassal was launched in 2011
- Express Wassal offers ACC a number of benefits such as;
  - Reducing ACC's dependency on external 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



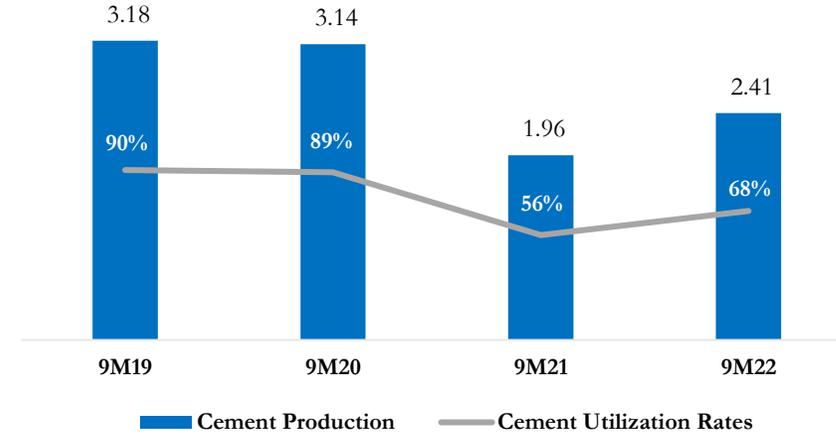
# Period Highlights (continued)

## Main KPIs

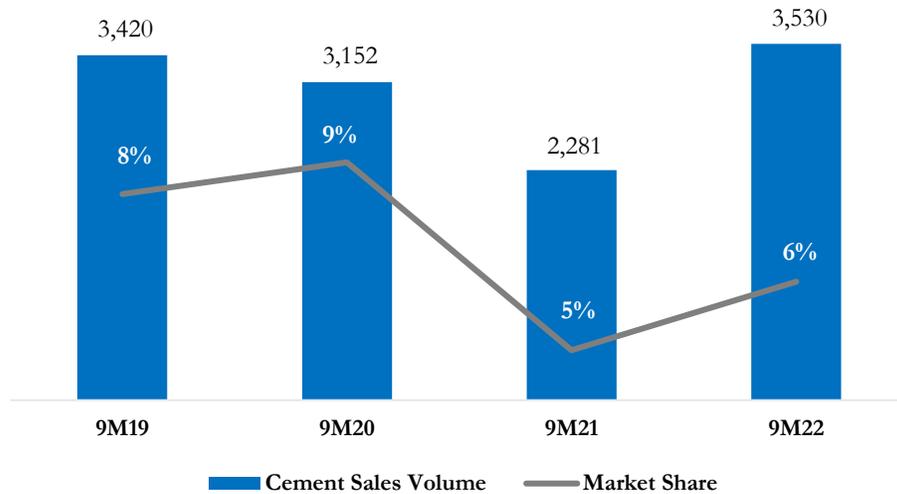
### Clinker Production (MN MT) and Utilization Rates



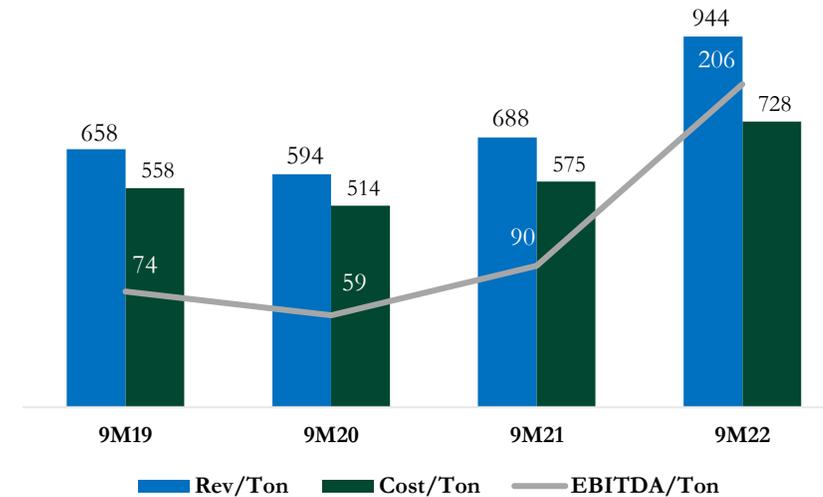
### Cement Production and Utilization Rates



### Sales Volumes (MN MT)



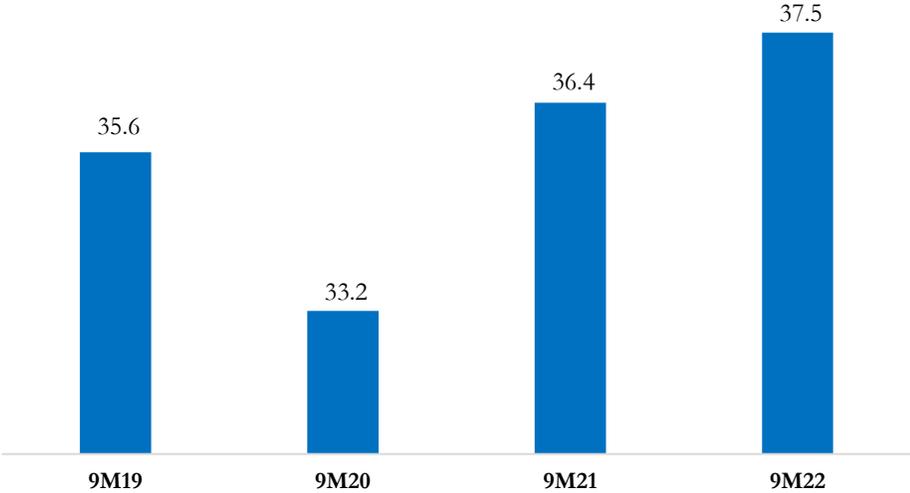
### Revenues, COGS and EBITDA (EGP/ton)



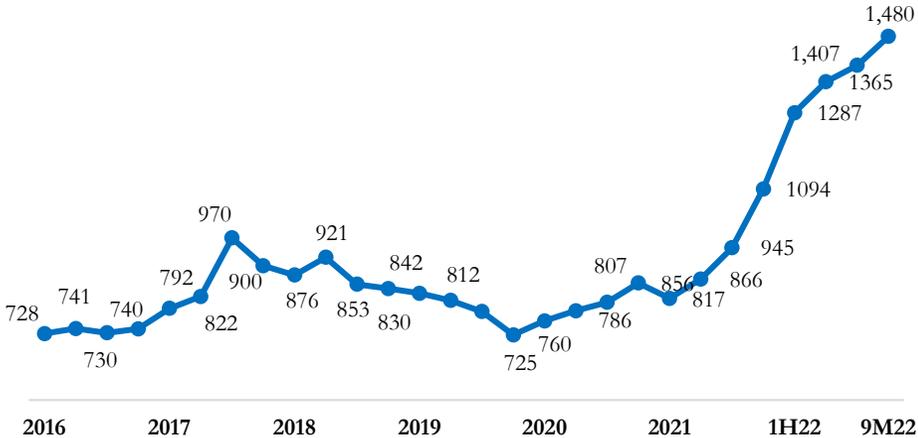
# Egyptian Cement Market

## Demand and Supply Synopsis

**Domestic Consumption (MMT)**



**Average Market Retail Prices (EGP/ton)**



**Egyptian Market Overview**

Although the increase in cement consumption YTD has been only 3%, the running 12 months accumulated cement consumption increase has been 5.2%, almost matching with the 12 months of the cement quota system implemented by the Government of Egypt, via the Egyptian Competition Authority for the first time on 15<sup>th</sup> July 2021.

The international fuel market (Coal-Petcoke) has continue booming all through the first half of the year exploring unknown price levels. The uncertainty, considering also the Russia-Ukraine war, is extreme and there is not much visibility about how the different markets will react. All this is adding pressure to the Egyptian Pound, which is gradually losing value monthly after its 17% devaluation of the first quarter. Inflation is also picking up like in the rest of the world. Obviously, this is affecting costs and selling prices of all commodities, raw materials, transportation & services.

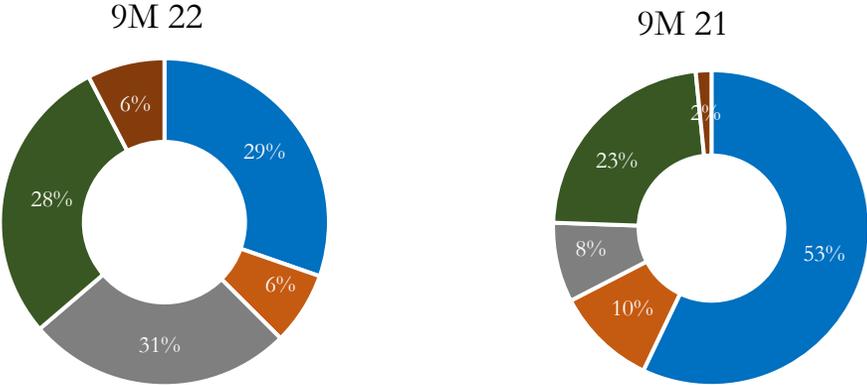
Despite of all the above, the construction market and its fundamentals still indicates that consumption should keep growing. However, the risks associated with the conflict in Ukraine and its international implications still persists and have to be monitored closely.

# Sales Overview

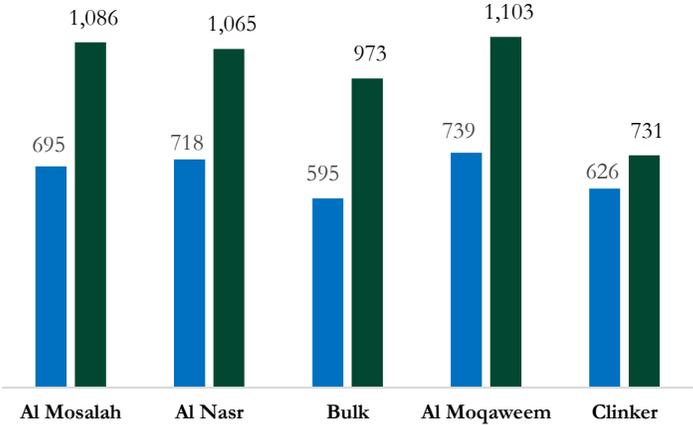
## Quantities Breakdown

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

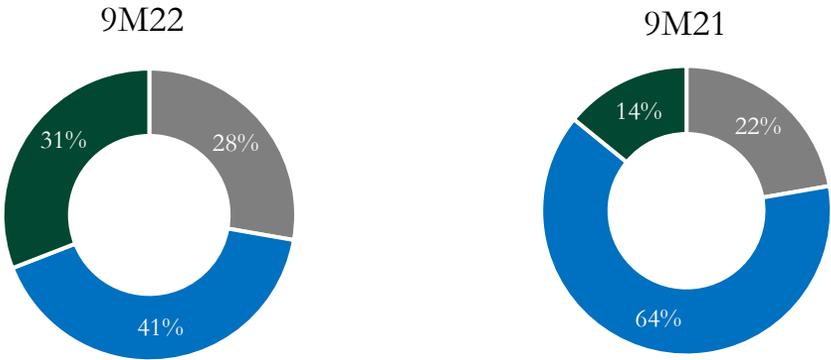


■ Al Mosalah ■ AL Nasr ■ Clinker ■ Bulk ■ Al Moqawem

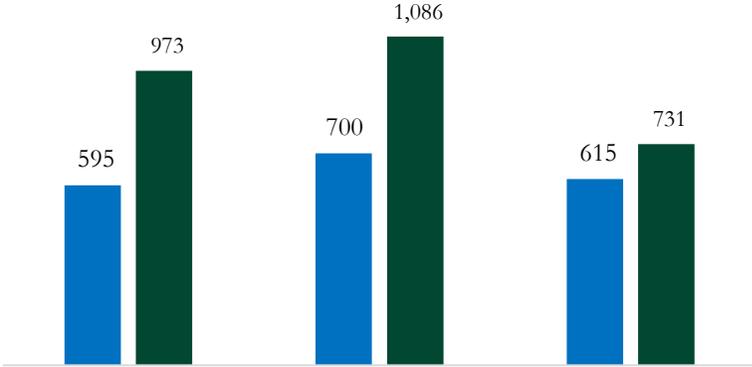


■ 9M 21 ■ 9M 22

### Breakdown by Type



■ Bulk ■ Bagged ■ Clinker



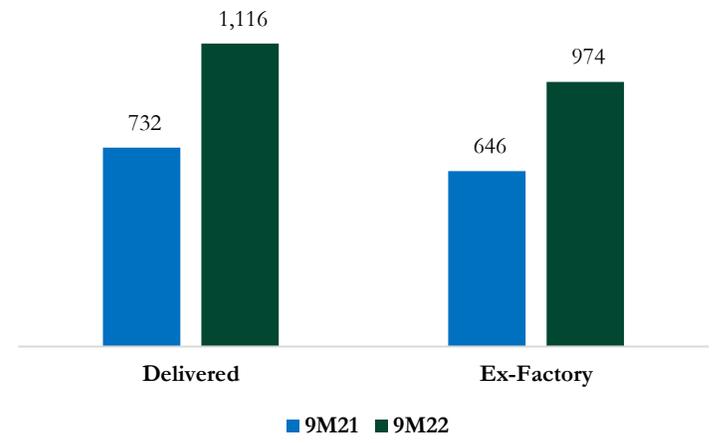
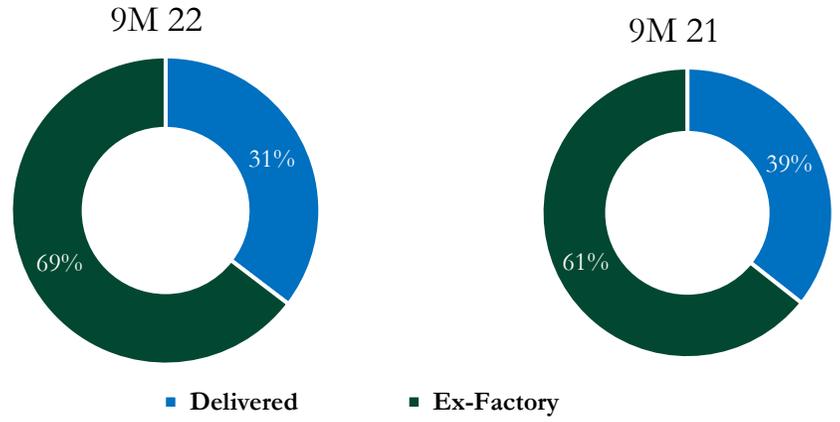
■ 9M 21 ■ 9M 22

# Sales Overview

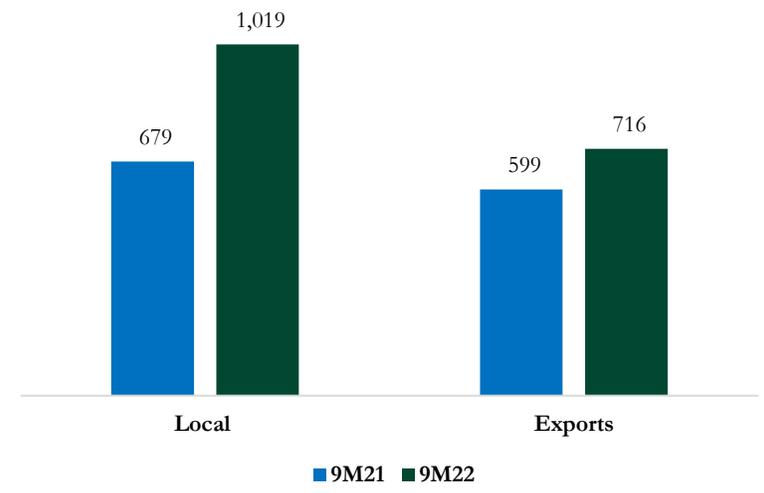
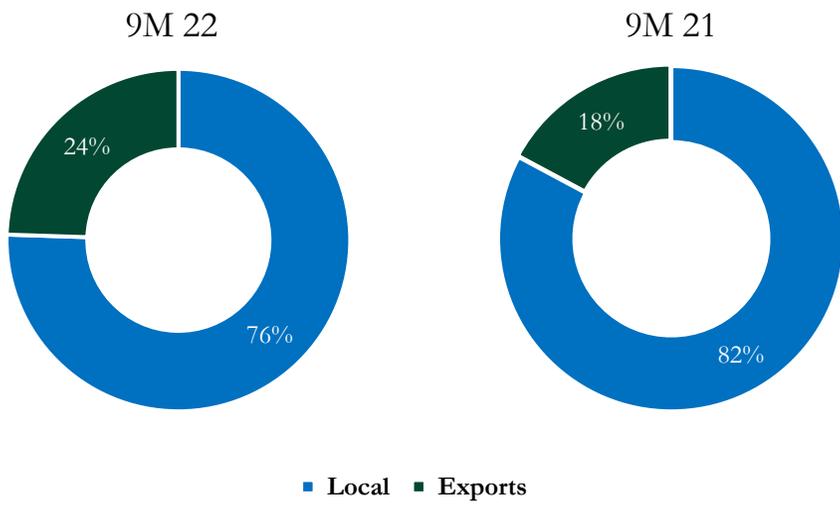
## Quantities Breakdown

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



### Breakdown by Market

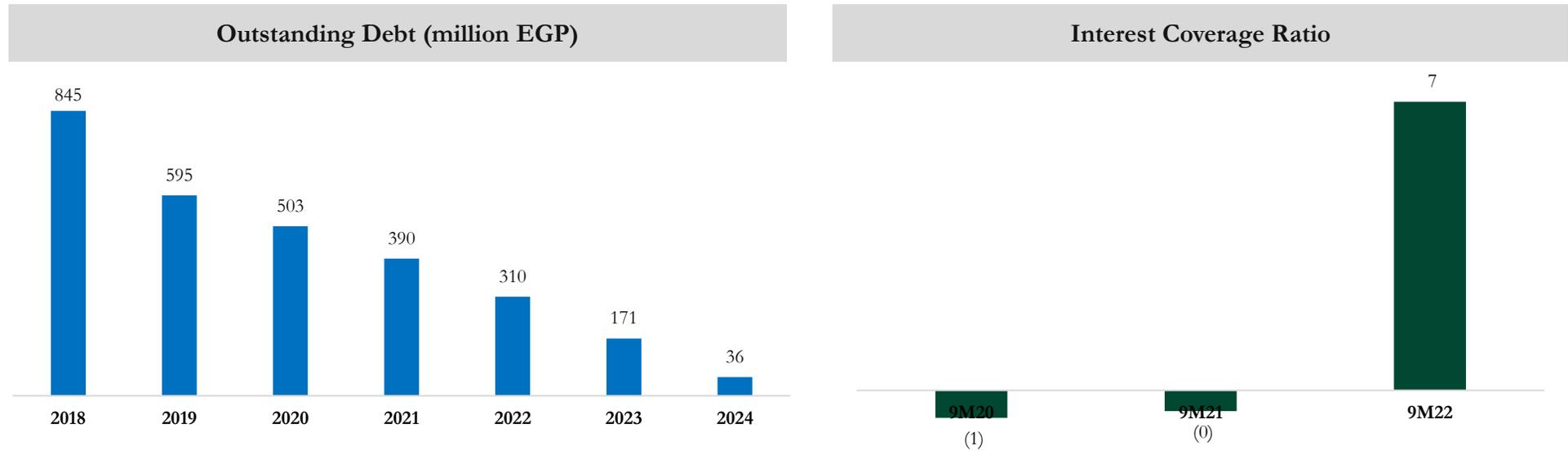


### ACC Cost Advantages

- 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)



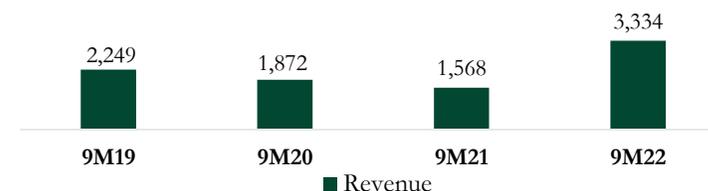
■ Debt in USD ■ Debt in EGP

# 9M 2022 Financials Review

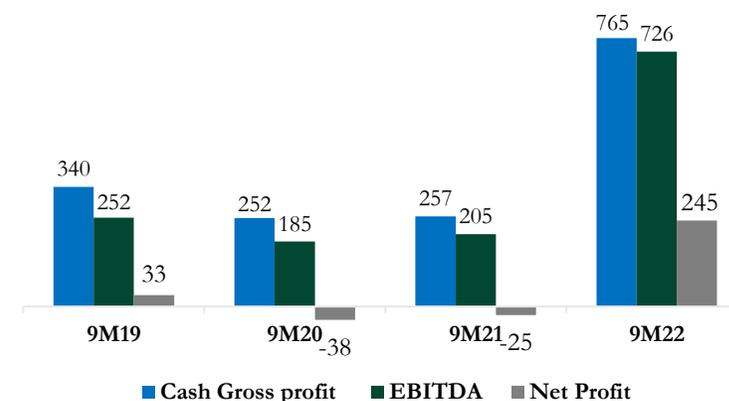
## Income Statement

MN EGP	9M19	9M20	9M21	9M22
Revenue	2,249	1,872	1,568	3,334
Cost of goods sold	1909	1620	1311	2569
<b>Cash Gross profit</b>	<b>340</b>	<b>252</b>	<b>257</b>	<b>765</b>
<b>GP Margin</b>	<b>15%</b>	<b>13%</b>	<b>16%</b>	<b>23%</b>
SG&A Expenses	90	73	78	114
Other income	2	6	27	75
<b>EBITDA</b>	<b>252</b>	<b>185</b>	<b>205</b>	<b>726</b>
<b>EBITDA Margin</b>	<b>11%</b>	<b>10%</b>	<b>13%</b>	<b>22%</b>
Provisions				91
Depreciation & Amortization	190	183	179	175
<b>EBIT</b>	<b>62</b>	<b>2</b>	<b>26</b>	<b>459</b>
<b>EBIT Margin</b>	<b>3%</b>	<b>0%</b>	<b>2%</b>	<b>14%</b>
Foreign exchange	65	12	0	-82
Finance cost, net	95	61	52	37
<b>Net Profit Before Tax</b>	<b>32</b>	<b>-48</b>	<b>-25</b>	<b>340</b>
<b>NPBT Margin</b>	<b>1%</b>	<b>-3%</b>	<b>-2%</b>	<b>10%</b>
Deferred tax	-1	-12	-13	-30
Income tax expense		3	13	125
<b>Net Profit</b>	<b>33</b>	<b>-38</b>	<b>-25</b>	<b>245</b>
<b>NPM</b>	<b>1%</b>	<b>-2%</b>	<b>-2%</b>	<b>7%</b>

### Revenues (Thousand EGP)



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



### Efficiency Ratios

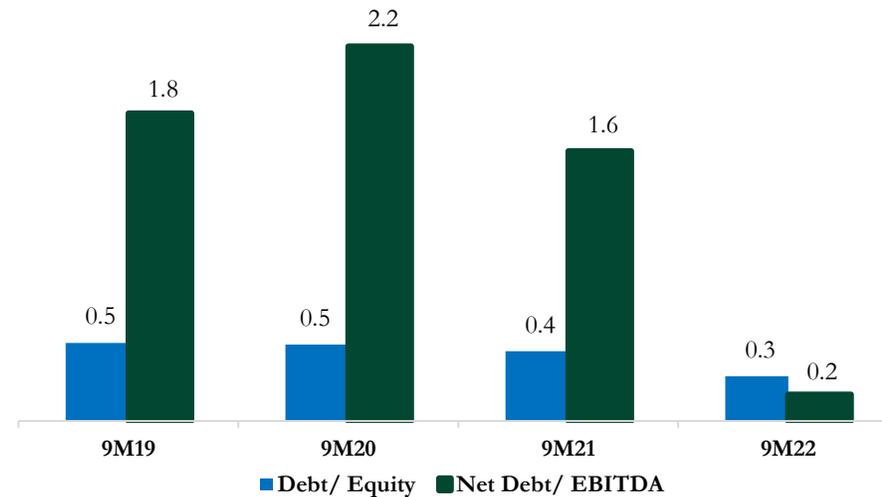


# 9M 2022 Financials Review

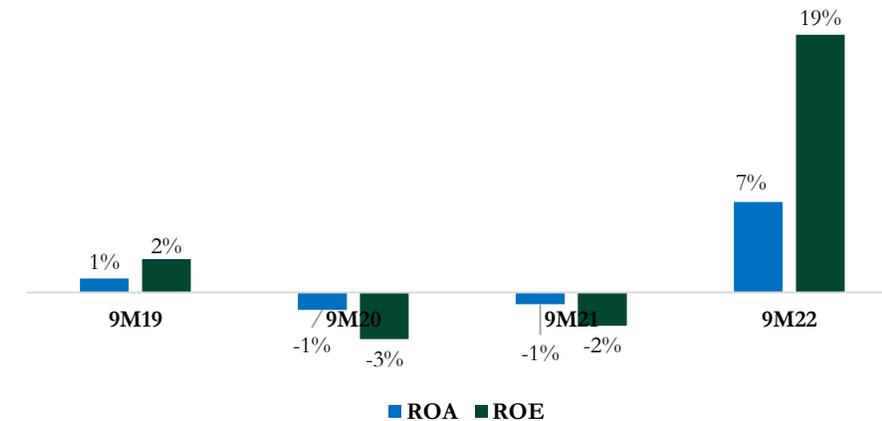
## Balance Sheet

MN EGP	9M19	9M20	9M21	9M22
<b>Assets</b>				
<b>Non-current Assets</b>				
Property plant and equipment, net	2,399	2,227	2,026	1,856
Projects under construction	35	7	7	4
Intangible assets	308	264	227	198
Right of use				13
Investment in subsidiaries	47	47	47	47
Investment in joint venture	.1	.1	.1	.1
<b>Total Non-current Assets</b>	<b>2,790</b>	<b>2,545</b>	<b>2,307</b>	<b>2,119</b>
<b>Current Assets</b>				
Inventory	180	189	285	650
Trade receivables		27		290
Debtors and other debit balances	98	123	139	430
Due from related parties	17	21	88	18
Cash and bank balances	168	103	95	233
<b>Total Current Assets</b>	<b>463</b>	<b>462</b>	<b>607</b>	<b>1,620</b>
<b>Total Assets</b>	<b>3,252</b>	<b>3,007</b>	<b>2,914</b>	<b>3,740</b>
<b>Current Liabilities</b>				
Trade and notes payable	668	473	620	1,098
Credit facilities	49	338	333	341
Current income tax payable		3	13	125
Current portion of long-term borrowings	90	94	112	139
Current portion of long-term liabilities	16	3		
Lease liability				10
Creditors and other credit balances	189	211	169	185
Due to related parties	6	3	8	
Provisions	13	11	18	53
<b>Total Current Liabilities</b>	<b>1,031</b>	<b>1,136</b>	<b>1,273</b>	<b>1,951</b>
<b>Equity</b>				
Paid up capital	757	757	757	757
Legal reserve	255	258	258	260
Retained earnings	345	116	6	293
<b>Total Equity</b>	<b>1,357</b>	<b>1,131</b>	<b>1,021</b>	<b>1,311</b>
<b>Non-current Liabilities</b>				
Borrowings - long term portions	519	415	303	197
Deferred income tax liability	342	325	308	270
Long-term liabilities	3		8	10
<b>Total Non-current Liabilities</b>	<b>864</b>	<b>740</b>	<b>619</b>	<b>478</b>
<b>Total Equity and Liabilities</b>	<b>3,252</b>	<b>3,007</b>	<b>2,914</b>	<b>3,740</b>

### Gearing



### Return Ratios

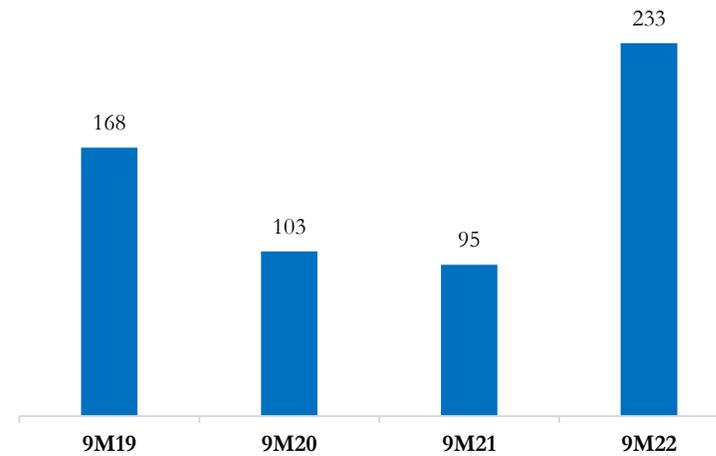


# 9M 2022 Financials Review

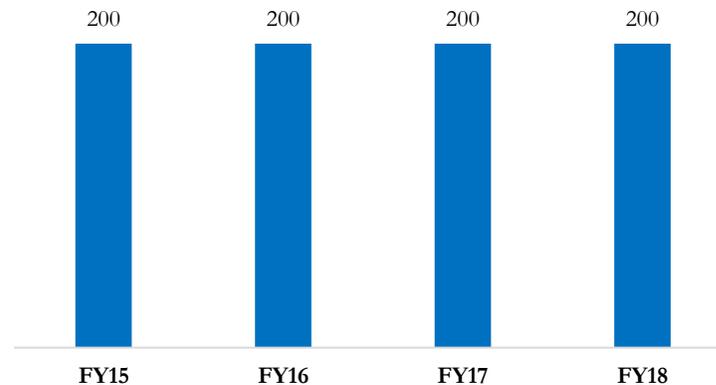
## Cash Flow Statement

MN EGP	9M19	9M20	9M21	9M22
<b>Cash flows from operating activities</b>				
Net profit before tax	32	-48	-25	340
Interest income	-1	-1	-2	-2
Interest expense	97	62	52	39
Depreciation expense	153	154	153	152
Amortization of intangible assets	38	31	28	21
Amortization of right of use				4
Unrealized Foreign exchange differences	-34	-3		33
Provision	4	1	1	91
Debtors and other debit balances	2	-32	-15	-291
Inventory, net	102	-33	-115	-287
Trade payables and other credit balances	136	-218	168	450
Due from related parties	4	-4	-65	
Increase in trade receivables				-278
Interest/Tax paid				
Due to related parties	-1	-6	5	-10
Provisions used		-2		-63
<b>Cash flows generated by operations</b>	<b>531</b>	<b>-98</b>	<b>186</b>	<b>199</b>
Interest paid	-91	-72	-52	-38
Income tax paid				-42
<b>Net Cash flows generated by operations</b>	<b>440</b>	<b>-171</b>	<b>133</b>	<b>119</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of assets	.2	.2	.0	.0
Interest income	1	1		2
Purchase of property, plant and equipment	-30	-1	-3	-14
Additions in projects under construction	-3	-3		
<b>Net cash flows used in investing activities</b>	<b>-32</b>	<b>-3</b>	<b>-3</b>	<b>-12</b>
<b>Cash flows from financing activities</b>				
Payments of other liability	-118	-9	-1	-1
Payments of borrowings	-55	-70	-72	-84
Dividends paid	-7	-7	-7	101
Proceeds from bank overdraft	-225	276	-8	-7
<b>Net cash flows from financing activities</b>	<b>-405</b>	<b>190</b>	<b>-87</b>	<b>8</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3</b>	<b>17</b>	<b>43</b>	<b>116</b>
Cash and cash equivalents at beginning of the year	165	86	52	117
<b>Cash and cash equivalents at end of the period</b>	<b>168</b>	<b>103</b>	<b>95</b>	<b>233</b>

Cash (EGP mn)



Dividends (EGP mn)



# Future Ready



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

**For more Information Please Contact:**

Karim Naguib – Budgeting & Investor Relations Manager

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

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