



ARABIAN CEMENT
العربية للأسمنت

Arabian Cement Company

1H 2020 Investor Presentation

Highlights



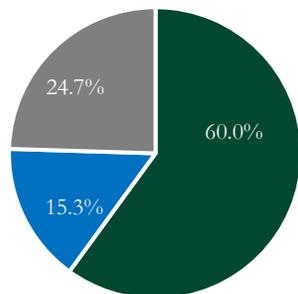
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ACC in a Snapshot

- 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.

2Q 2020 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

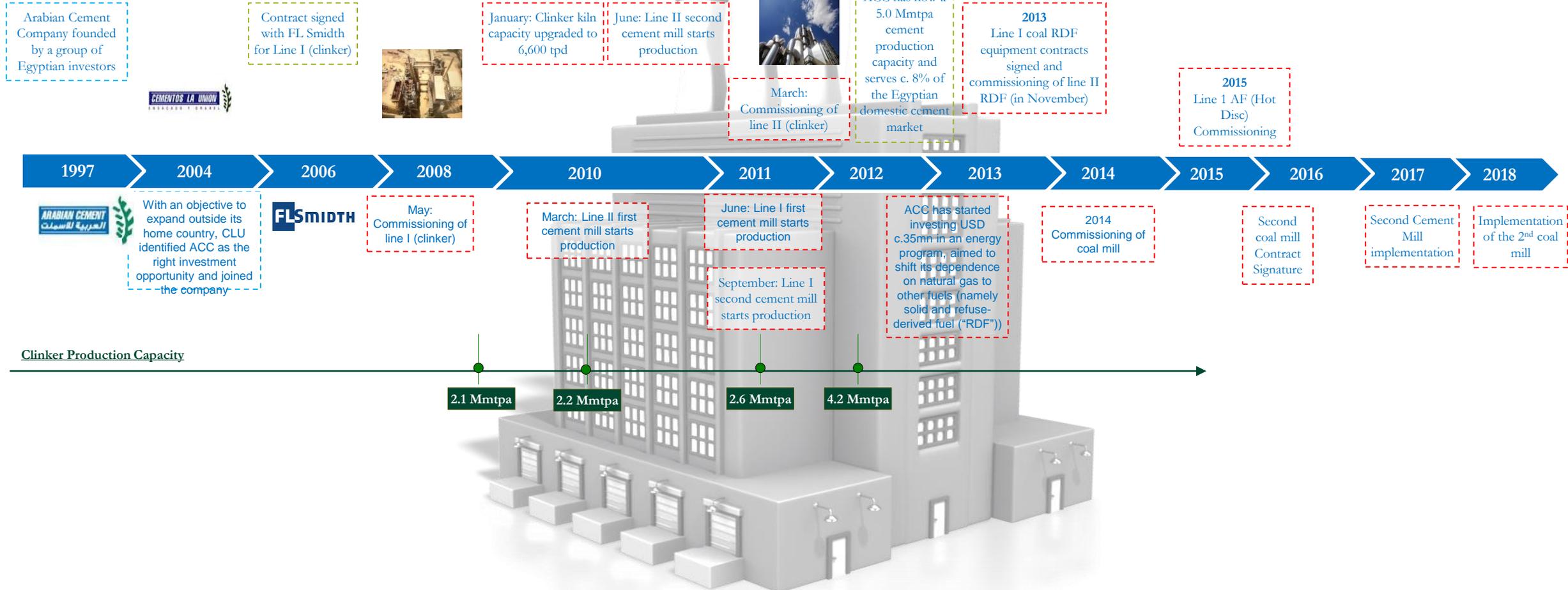
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

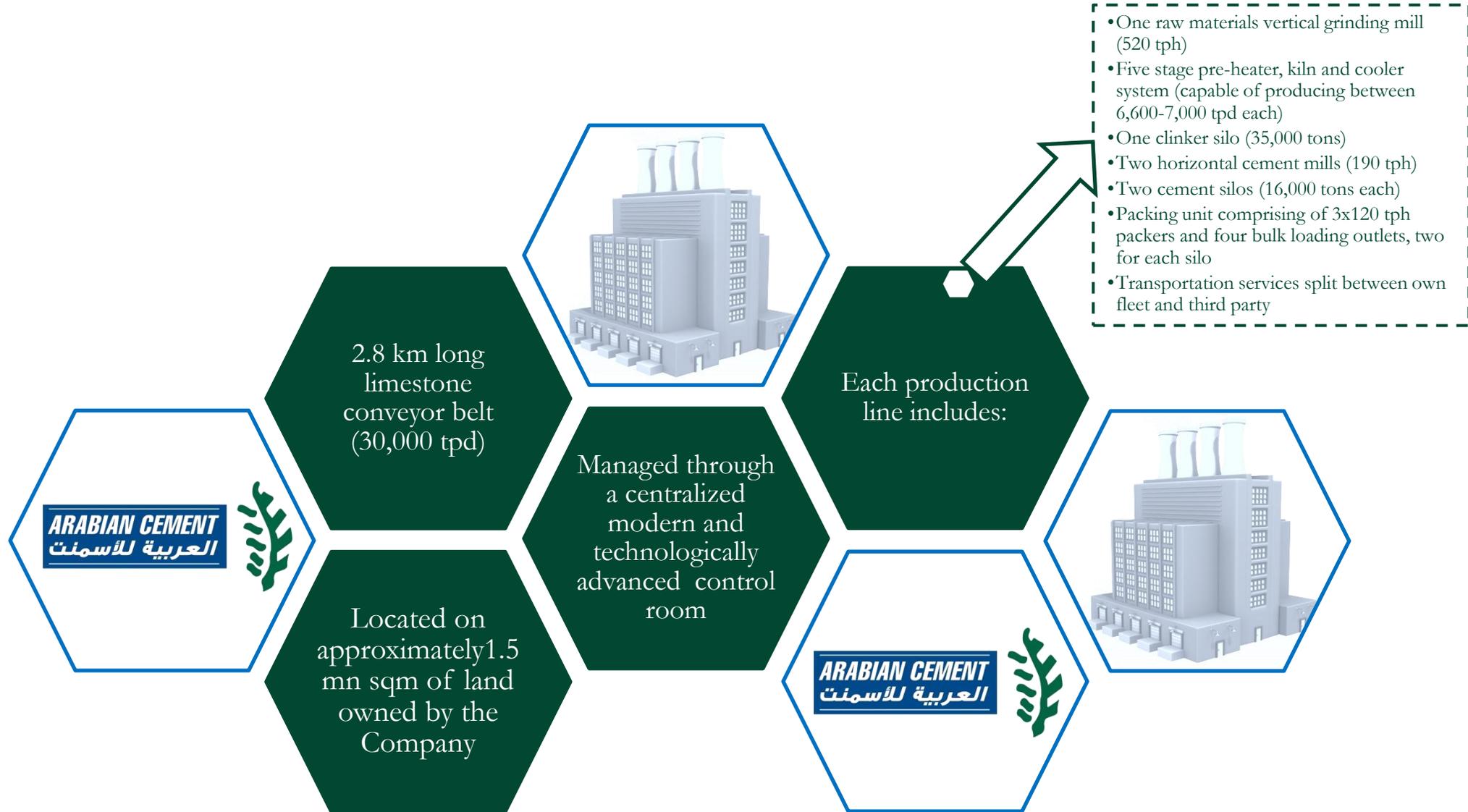
Introduction to ACC

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

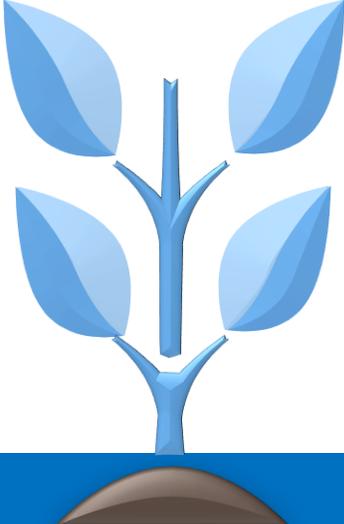
Long Term Strategy

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



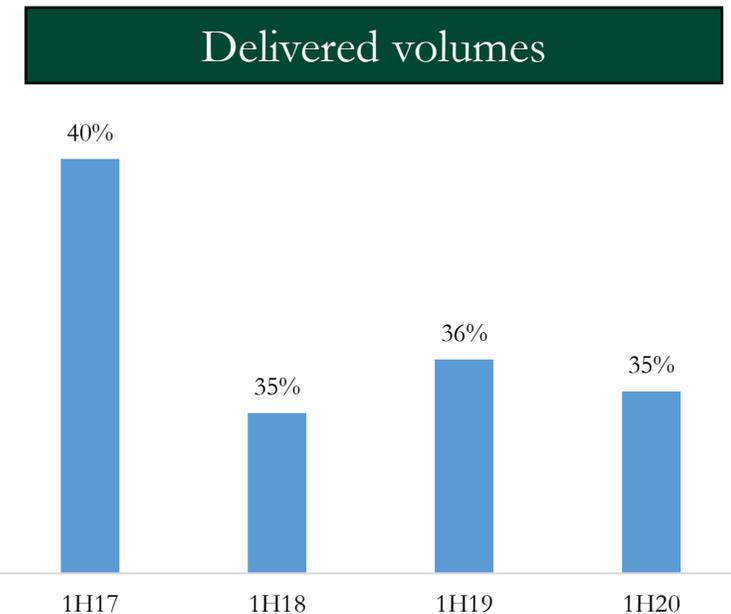
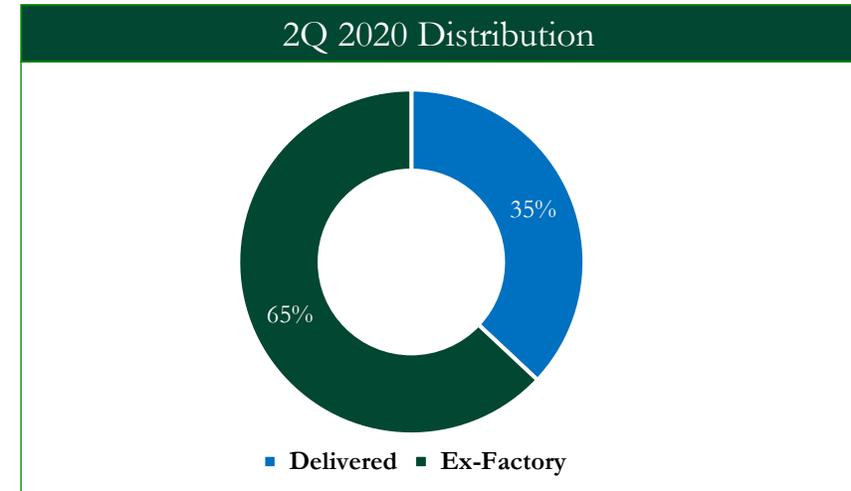
Introduction to ACC

Distribution Network Overview

- In 2Q 2020 Arabian Cement distributed through direct Ex-Factory sales and Delivery.

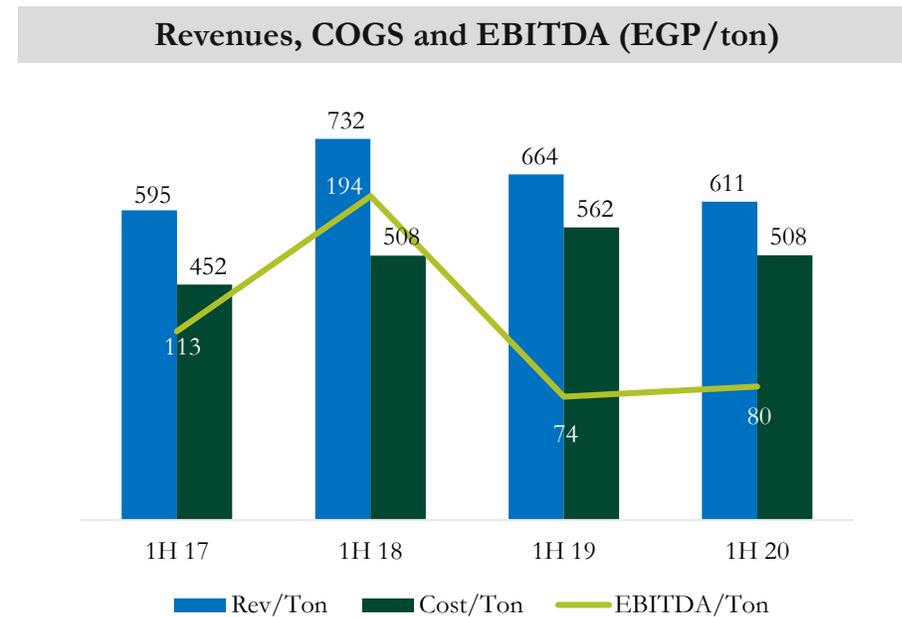
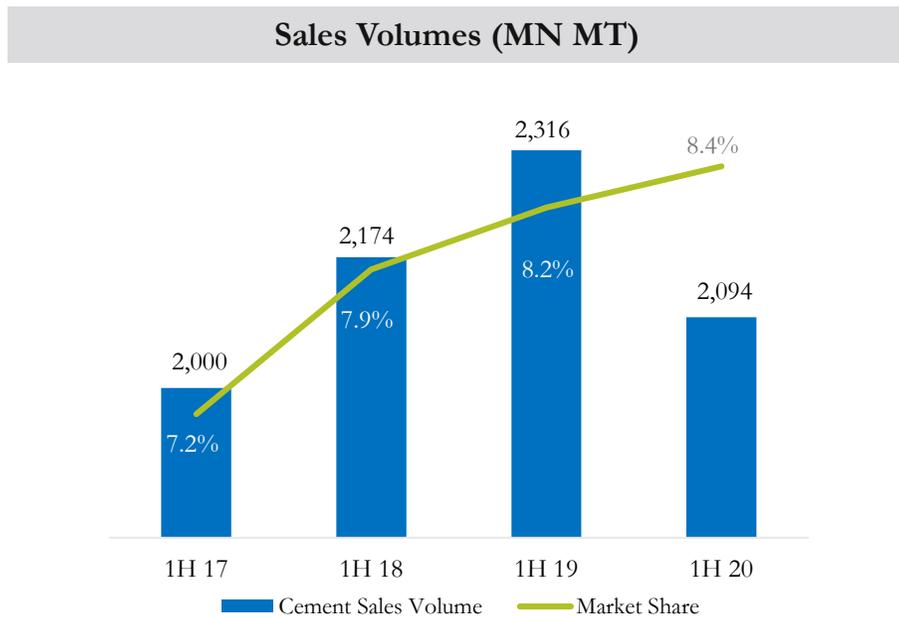
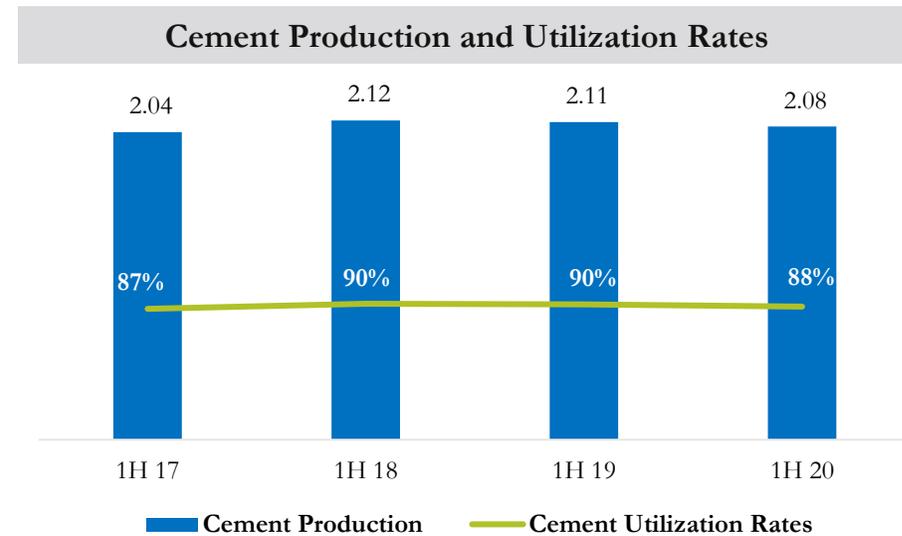
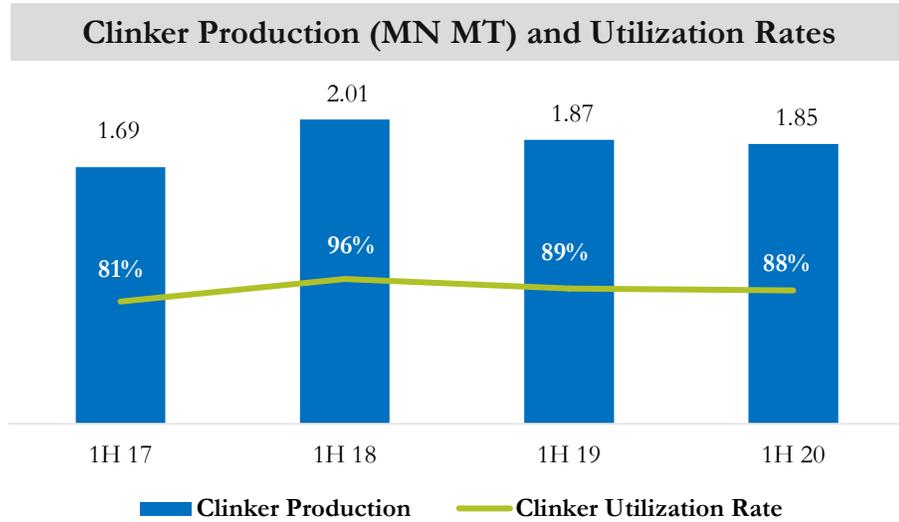
Express Wassal

- 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)

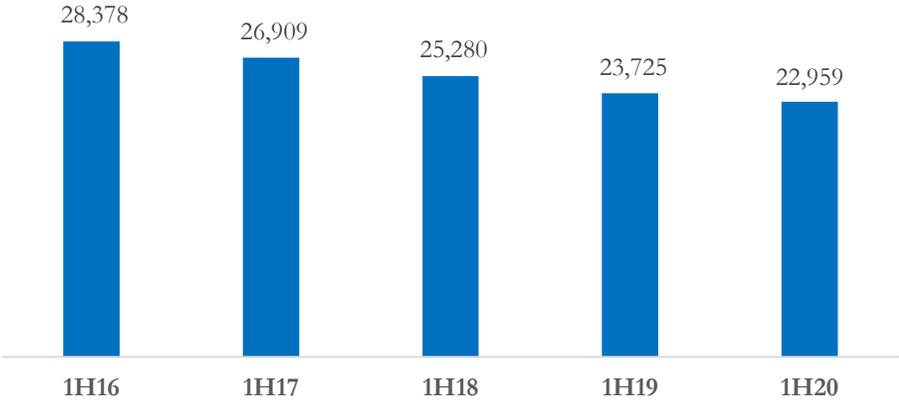
Main KPIs



Egyptian Cement Market

Demand and Supply Synopsis

Domestic Consumption (MMT)



Average Market Retail Prices (EGP/ton)



Egyptian Market Overview

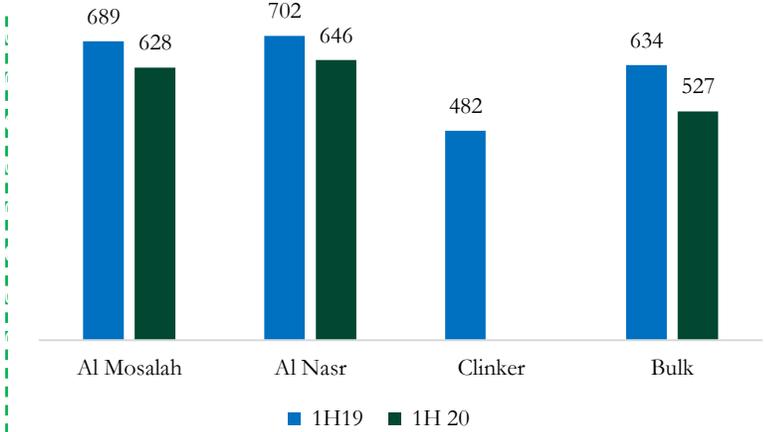
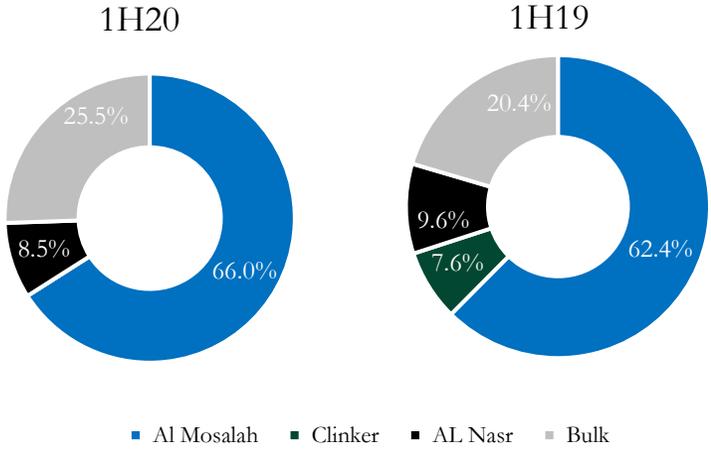
- The Egyptian market consumption for 1H 2020 inclined by 3.2% compared to the same period last year.
- 1Q started well the year but, afterwards, with the COVID 19 crisis, we lost visibility about the near future. It is difficult to judge because we also had Ramadan in 2Q and we don't know how much of the lost demand will be recovered yet.
- 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

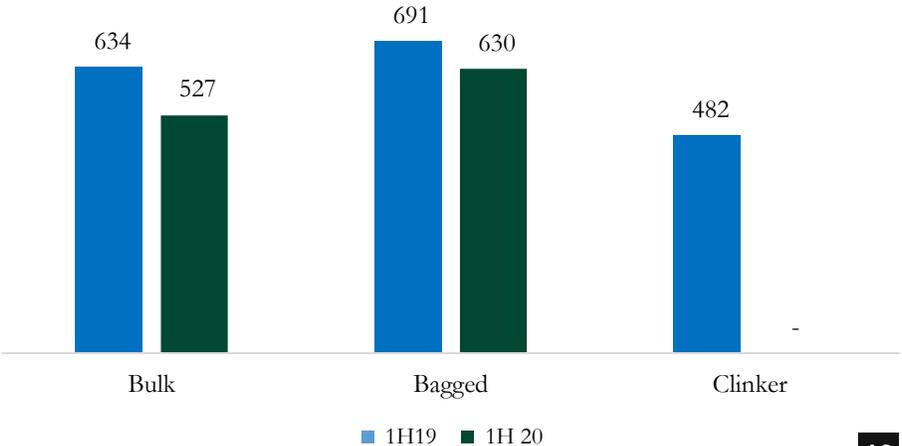
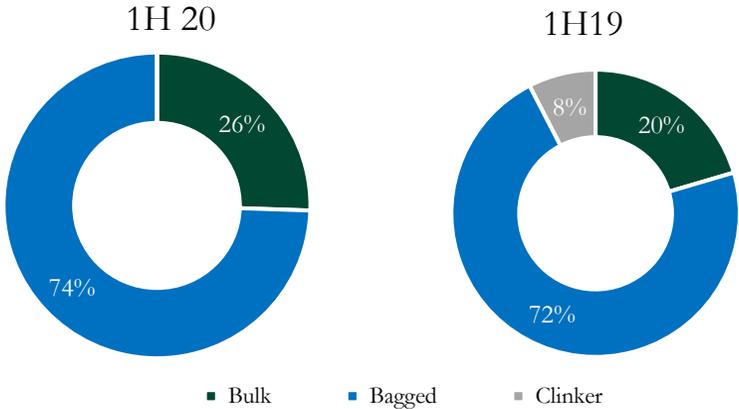
Quantities Breakdown

Quantities Breakdown	Prices (EGP/ton)
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Breakdown by Brand



Breakdown by Type

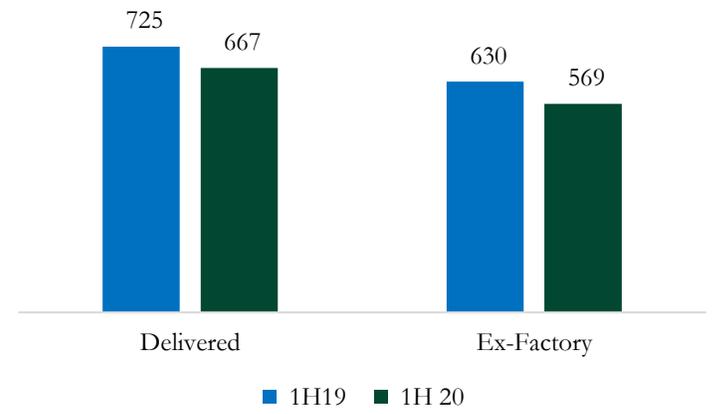
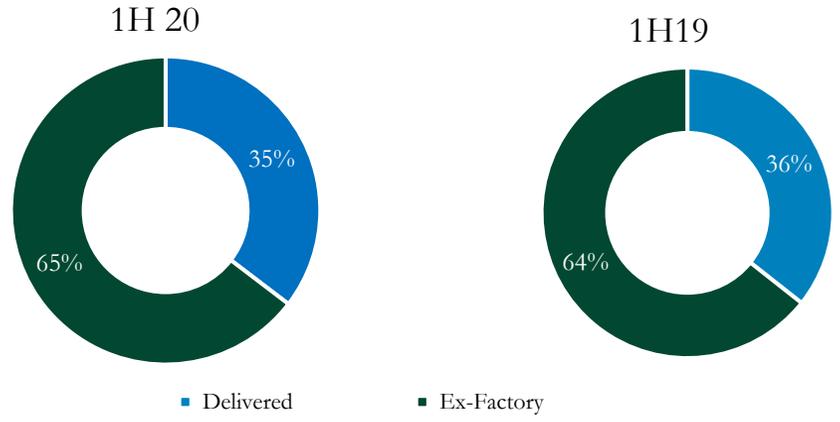


Sales Overview

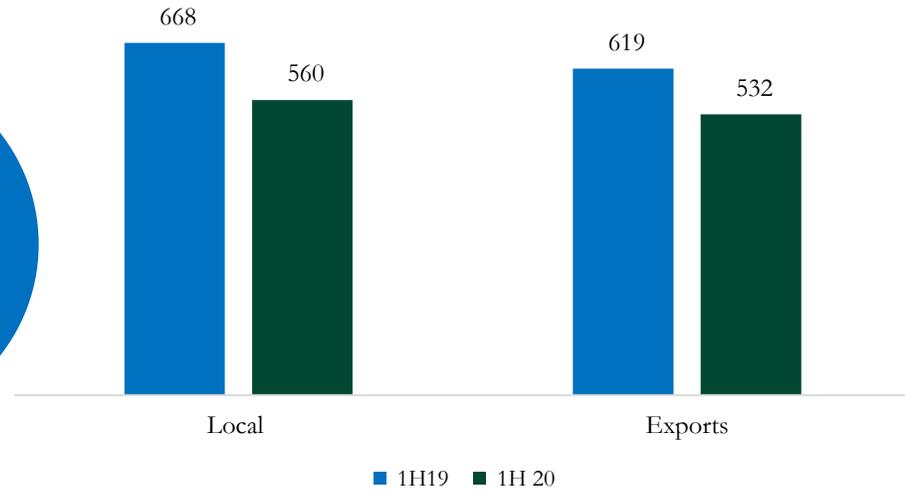
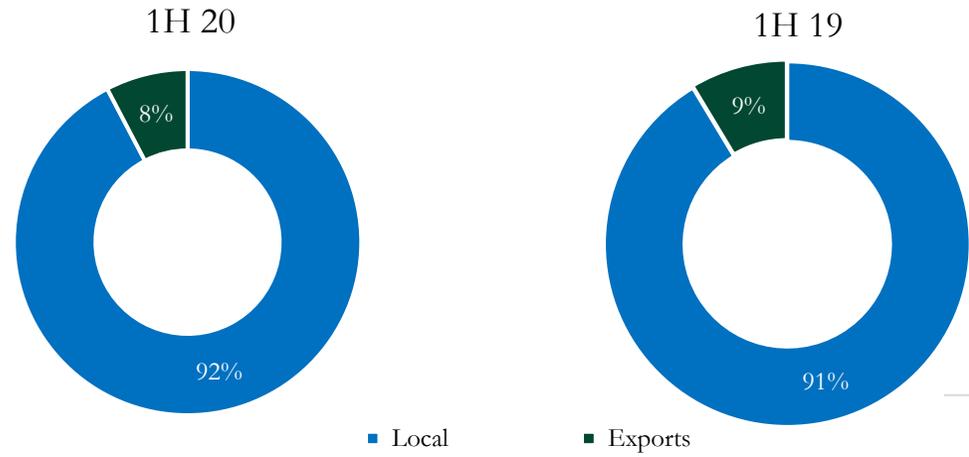
Quantities Breakdown

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



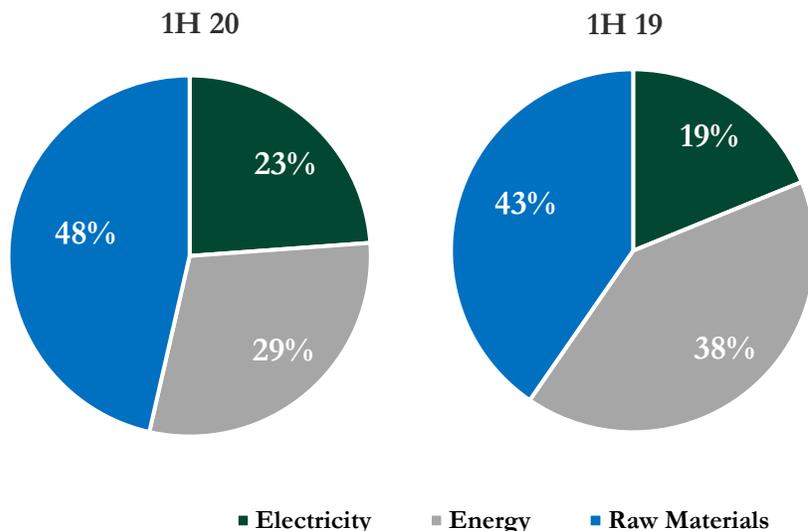
Breakdown by Market



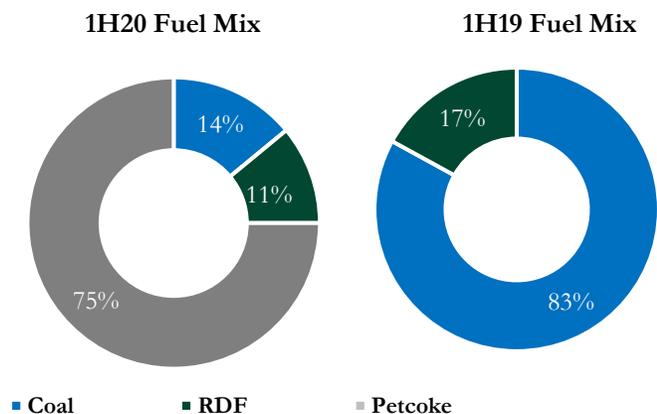
COGS Overview

COGS and ACC Cost Advantages

COGS Breakdown



Fuel Mix

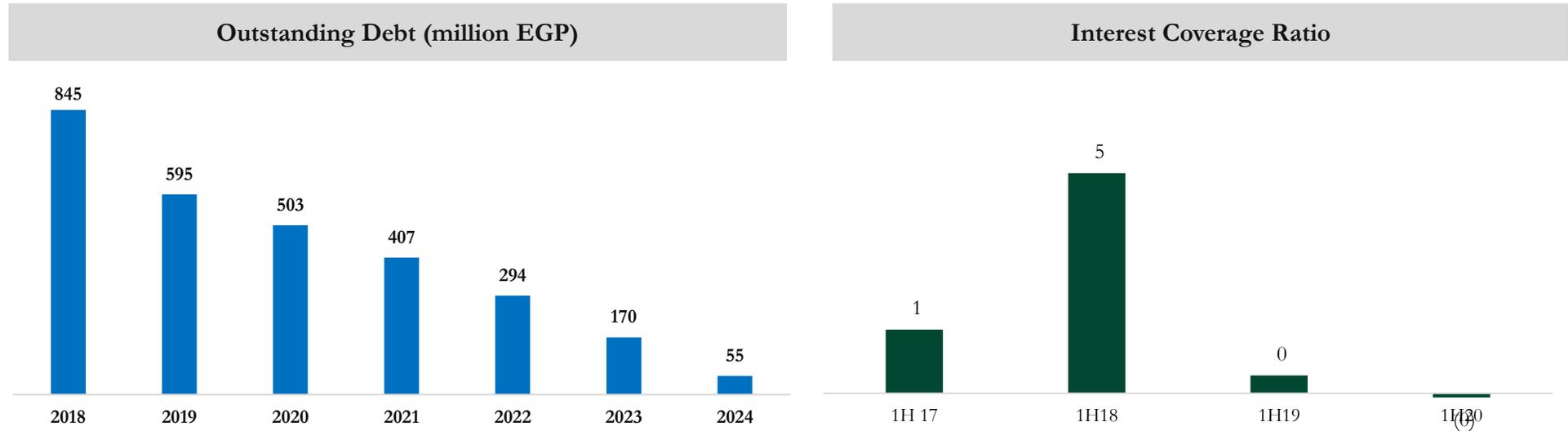


ACC Cost Advantages

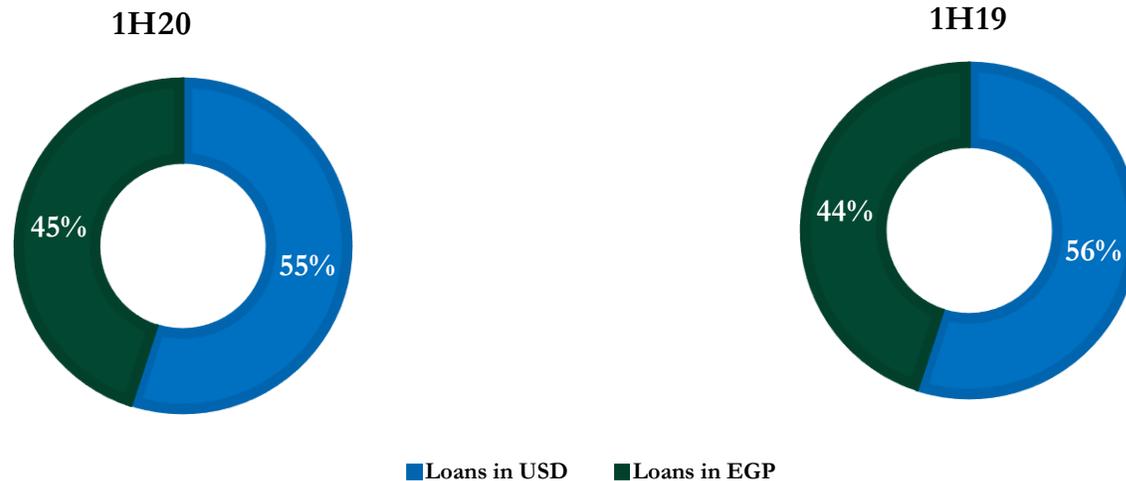
- ACC is always working on controlling its cash cost/ton. After the operation of our second coal mill in 2Q2018, the company was able to get rid of the diesel input, depending only on coal, pet-coke and RDF.
- ACC has the capability to use different types of fuels , yet we will always try to keep our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



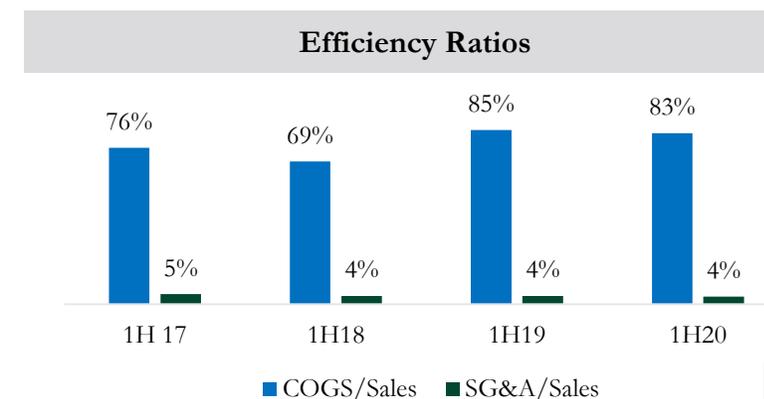
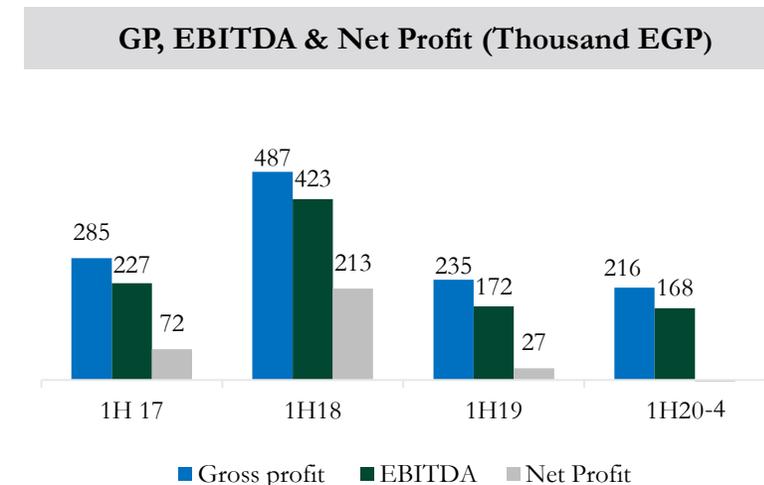
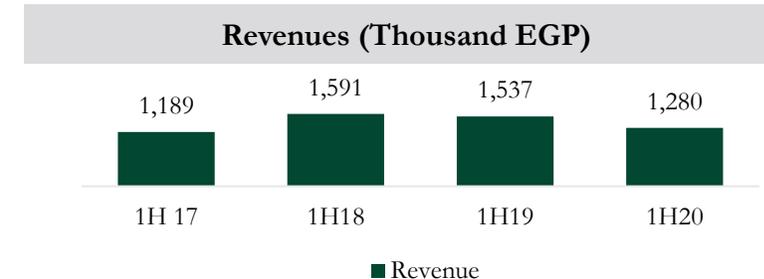
Debt Structure (EGP vs. USD)



1H 2020 Financials Review

Income Statement

	1H 17	1H18	1H19	1H20
Revenue	1,189	1,591	1,537	1,280
Cost of goods sold	905	1,105	1,302	1,064
Cash Gross profit	285	487	235	216
GPM	24%	31%	15%	17%
SG&A Expenses	58	64	63	48
EBITDA	227	423	172	168
EBITDA Margin	19%	27%	11%	13%
Other income	-5	2	-1	1
Depreciation & Amortization	116	120	126	124
EBIT	105	305	44	45
EBIT Margin	9%	19%	3%	4%
Foreign exchange	-16	4	-50	2
Loss/gain on disposal of PPE				.1
Finance cost, net	52	45	69	43
Net Profit Before Tax	69	257	26	.6
NPBT Margin	6%	16%	2%	0%
Deferred tax	-1	5	-1	-7
Income tax expense	-1	38		12
Net Profit	72	213	27	-4
NPM	6%	13%	2%	0%

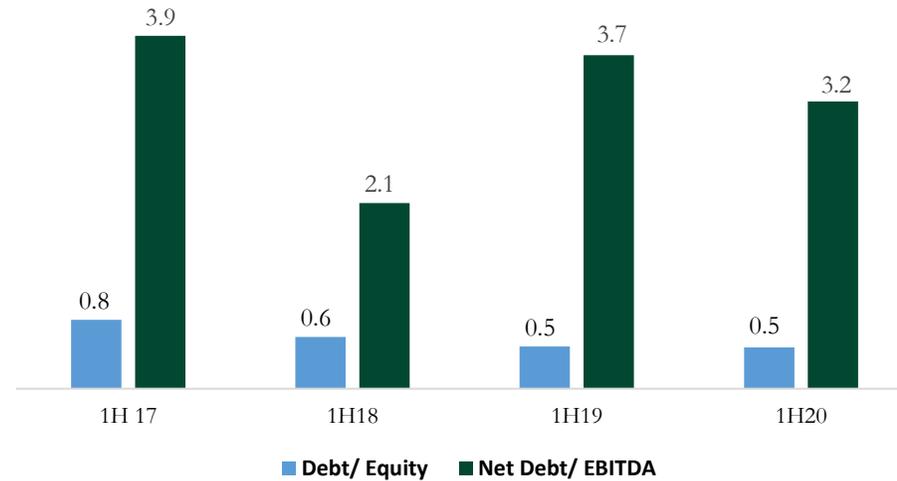


1H 2020 Financials Review

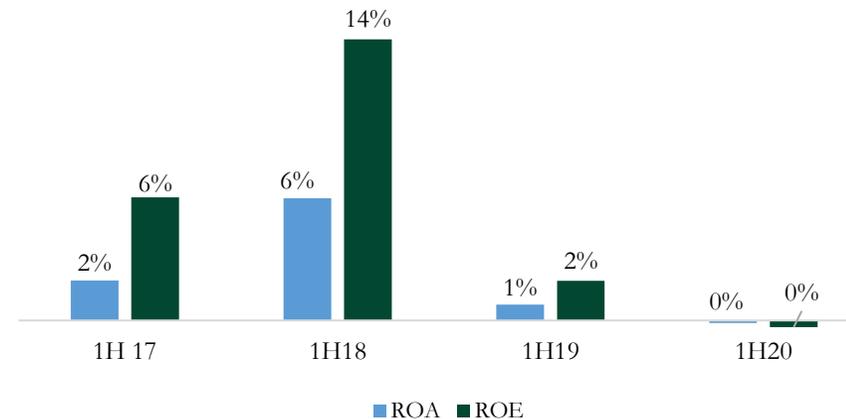
Balance Sheet

MN EGP	1H 17	1H 18	1H 19	1H 20
Assets				
Non-current Assets				
Property plant and equipment, net	2,779	2,539	2,435	2,278
Projects under construction	122	66	43	7
Intangible assets	75	371	320	274
Investment in subsidiaries	21	38	48	48
Total Non-current Assets	2,997	3,013	2,846	2,606
Current Assets				
Inventory	355	250	223	227
Debtors and other debit balances	94	82	146	147
Due from related parties	13	11	31	21
Cash and bank balances	103	121	84	94
Total Current Assets	565	465	485	488
Total Assets	3,563	3,478	3,331	3,095
Current Liabilities				
Provisions	11	16	13	12
Dividends Payable	201			
Bank overdraft		79	166	300
Current tax liabilities	21	38		12
Trade payables and other credit balances	765	601	784	724
Due to related parties	6	3	9	7
Borrowings - short term portions	312	261	86	91
Short-term liabilities	158	7	26	5
Total Current Liabilities	1,474	1,006	1,083	1,152
Net (Deficit) Surplus in Working Capital	-909	-541	-598	-663
Total Invested Funds	2,088	2,472	2,247	1,943
Equity				
Paid up capital	757	757	757	757
Legal reserve	210	231	255	258
Retained earnings	192	523	338	150
Total Equity	1,159	1,511	1,351	1,165
Non-current Liabilities				
Notes Payable	11	3		
Borrowings - long term portions	436	557	549	448
Deferred income tax liability	338	341	342	330
Long-term liabilities	145	59	5	
Total Non-current Liabilities	930	961	897	777
Total Equity and Liabilities	3,563	3,478	3,331	3,095

Gearing



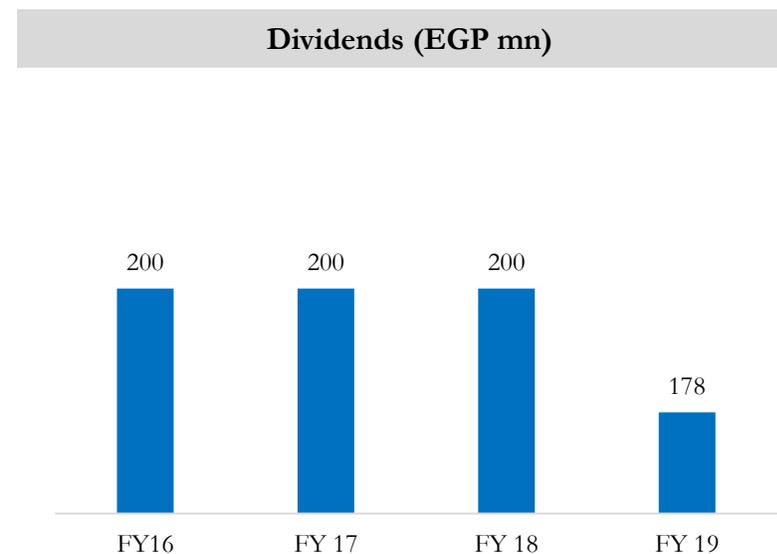
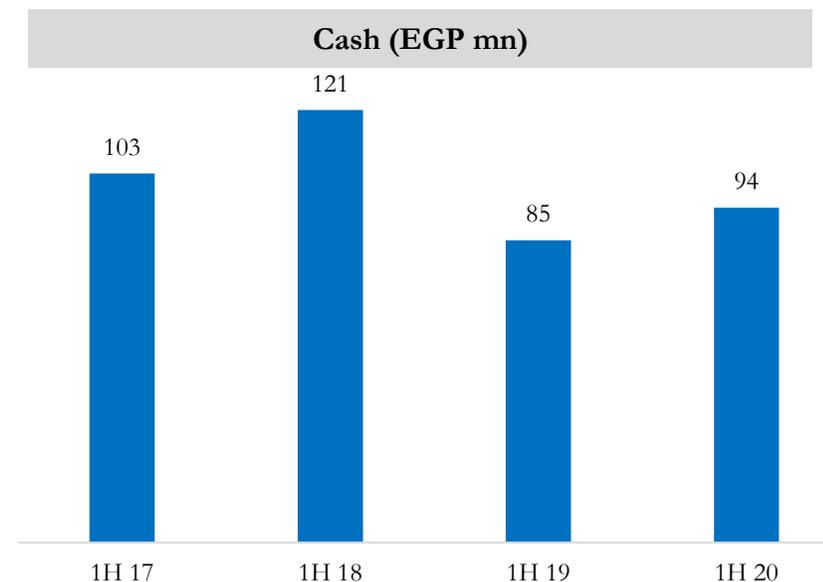
Return Ratios



1H 2020 Financials Review

Cash Flow Statement

MN EGP	1H 17	1H 18	1H 19	1H 20
Cash flows from operating activities				
Net profit before tax	69	257	26	1
Interest income	0	-1	-1	-1
Interest expense	52	45	69	43
Depreciation expense	105	94	101	102
Amortization of intangible assets	11	25	25	21
Foreign exchange (gain)/losses differences	-12	3	-26	1
Dividends from joint venture	0	0		
Provision	2	0	3	1
Changes in working capital	227	423	197	168
Debtors and other debit balances	9	-5	-4	-20
Decrease in trade receivables			27	-36
Inventory, net	-79	-15	59	-71
Trade payables and other credit balances	54	31		
Due from related parties	1	-2	-11	-4
Credit balances			-55	-18
Increase (decrease) in trade payables			48	-134
Interest paid	-149	-30	-62	-53
Due to related parties	-2	-5	2	-1
Net cash from operating activities	60	398	201	-169
Cash flows from investing activities				
Interest income	0	1	1	1
Purchase of property, plant and equipment	-7	-10	-23	-1
Additions in projects under construction	-82	-66	-3	-3
Net cash flows used in investing activities	-89	-75	-25	-3
Cash flows from financing activities				
Payments of license liability	-51	-57	-105	-7
Payments of borrowings	-76	-45	-36	-45
Interest paid	0	0		
Dividends paid	-4	-6	-7	-7
Proceeds from bank overdraft	132	-211	-108	238
Net cash flows from financing activities	1	-319	-257	179
Net increase (decrease) in cash and cash equivalents	-27	4	-80	8
Cash and cash equivalents at beginning of the year	130	117	165	86
Cash and cash equivalents at end of the period	103	121	85	94



Future Ready



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العربية للأسمنت

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