



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

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# Arabian Cement Company

2Q 2023 Investor Presentation

# Highlights



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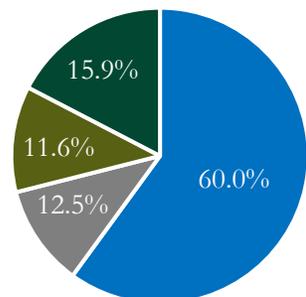
# Introduction to ACC



## 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 9001:2015, and ISO 14001:2015
- ACC has adopted and implemented Occupational Health And Safety Management System, complying with the requirements of the international standards ISO 45001:2018.
- 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 50001:2018 at the beginning of 2016

2Q 2023 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

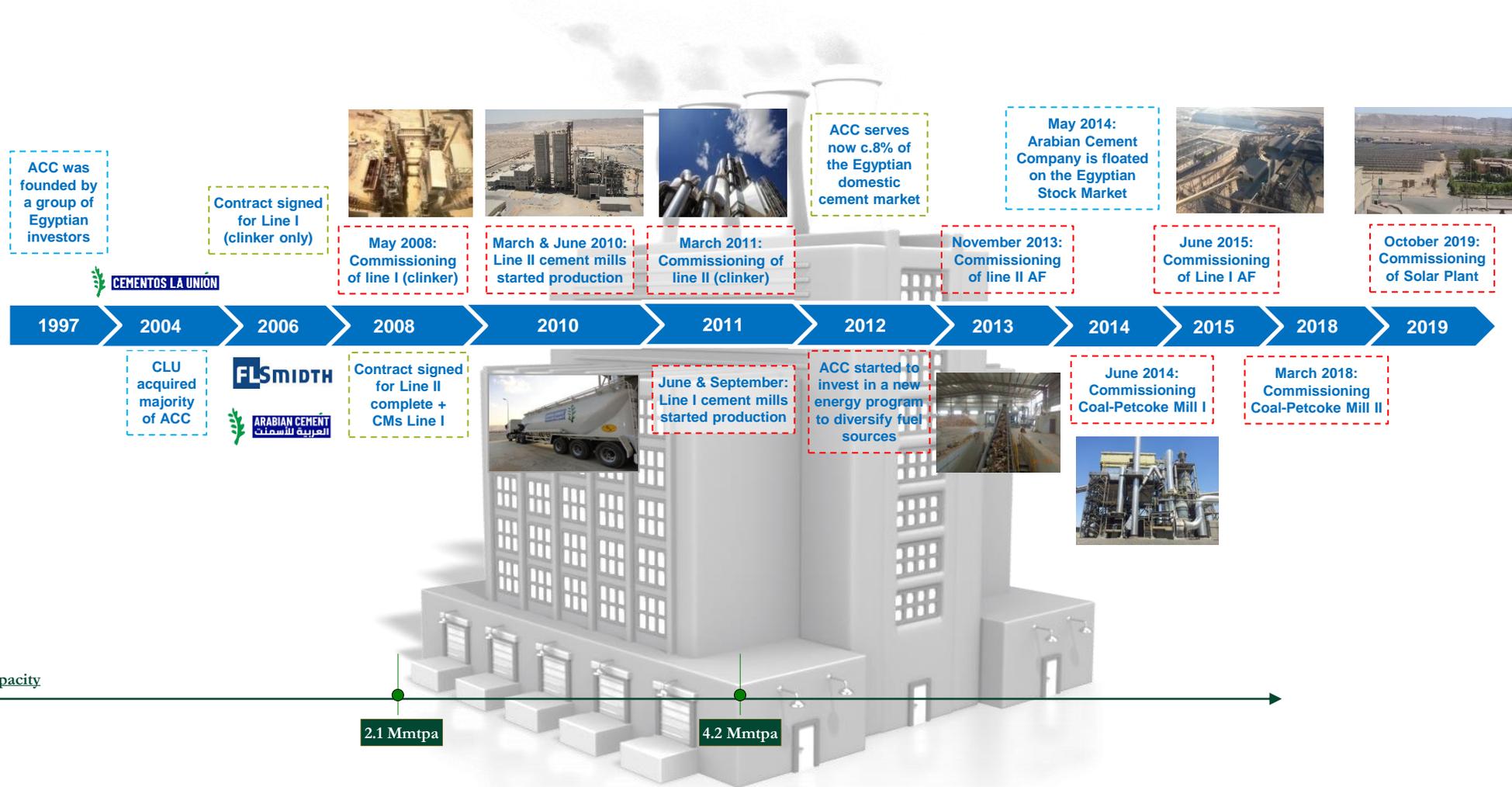
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

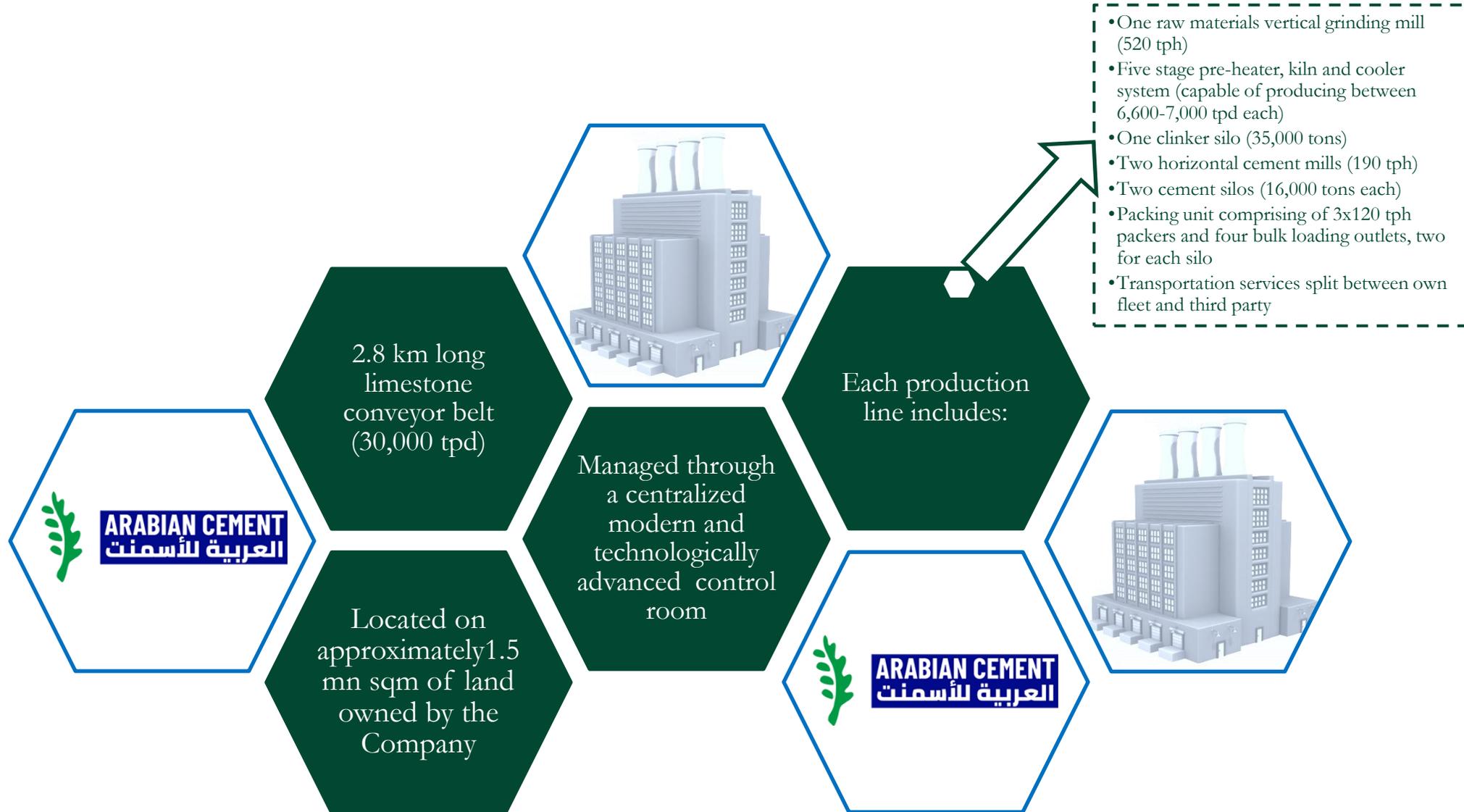
# Introduction to ACC

## Corporate Evolution



# Introduction to ACC

## Plant Information



# Introduction to ACC

## Executive Management Team



**Sergio Alcantarilla**

**Chief Executive Officer**

Mr. Alcantarilla is the Managing Director & Chief Executive Officer of Arabian Cement Company since 2016. With over 15 years of experience in the cement industry, Mr. Alcantarilla is responsible for strategically leading and managing ACC's operations and has participated in the preparation phase of the company's IPO listing. Mr. Alcantarilla first joined ACC in November 2009 as the Plant Manager and Member of the Management Committee. Before holding his current post, Mr. Alcantarilla was the Chief Operating Officer and Member of ACC's Executive Committee from June 2012 to August 2016, where he was responsible for managing the operations of the company's plant in El Ain El Shokhna in addition to handling ACC's projects and procurement departments.



**Maged Ismail**

**Chief Operations Officer**

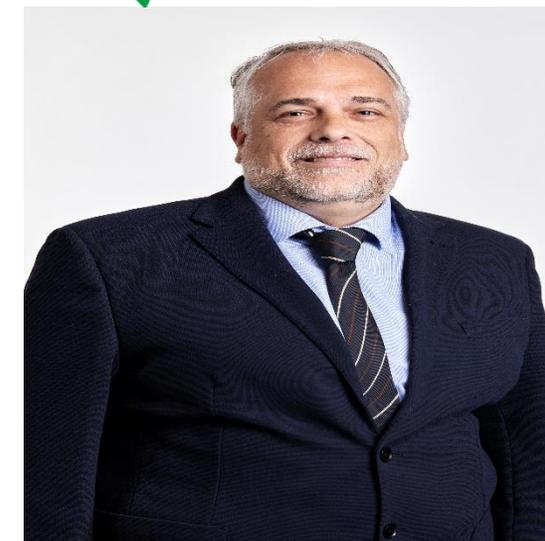
Mr. Ismail is the Chief Operations Officer of Arabian Cement Company. With over 20 years of progressive and extensive experience in the cement industry, he oversees ACC's business operations as well as the execution of the business plan in alignment with the overall business model and corporate goals. Over the course of his career, Mr. Ismail has gained diverse experience in well-established multinational organizations within the cement industry with a focus on process optimization, operation and production management, as well as participating in the design, installation, commissioning, and upgrading of Greenfield projects in Egypt and the MENA region.



**Adel El Badawy**

**Chief Sales Officer**

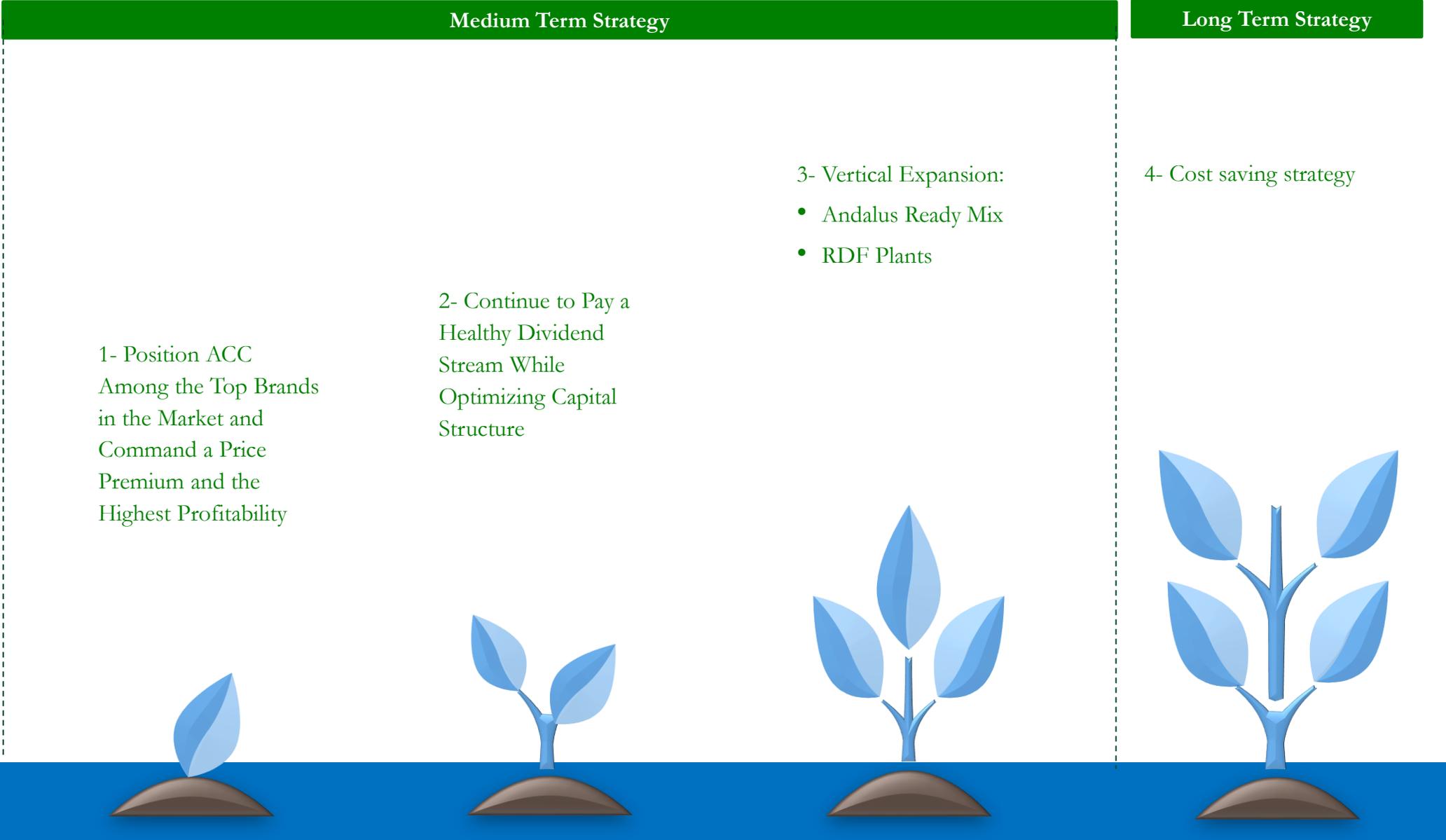
Mr. El Badawy is the Sales & Marketing Director at ACC responsible for managing and achieving the company's sales volume and revenues in addition to structuring and delivering short and long terms sales plans and annual budgets. In his role, he successfully expanded export opportunities of new markets in Europe, USA, and Latin America. Prior to his current role, Mr. El Badawy was the bagged cement sales manager at ACC handling the development of the annual sales plan for bagged cement products, implementing sales budget and overseeing the sales process and business execution in addition to identifying potential prospects to acquire new customers. He joined ACC in 2008 as the Clinker Sales Manager.



**Arturo Gallart**

**Chief Financial Officer**

Mr. ARTURO is the Chief Financial Officer for ACC. Mr. ARTURO has over 20 years of experience in Global Strategic Financial Planning and Analysis in multinational corporations and start-up companies, leading teams in multi-cultural environments across Europe, USA and MENA. Mr. ARTURO has a proven experience in managing major projects, risk analysis, cash-flow forecasting and analysis and allocating resources to achieve profits and business goals. Prior to his role at ACC, Mr. ARTURO has led and implemented large projects as CFO of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, FCC GROUP.



# Introduction to ACC

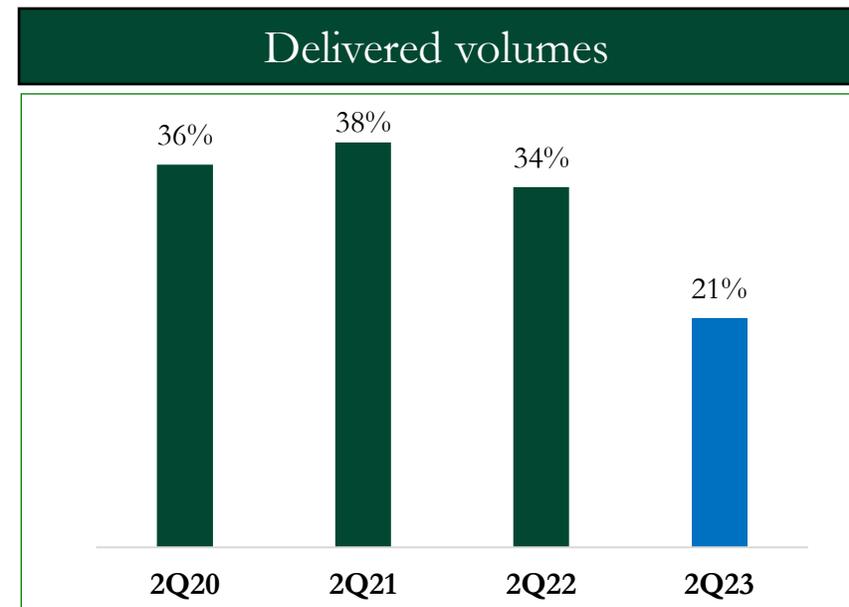
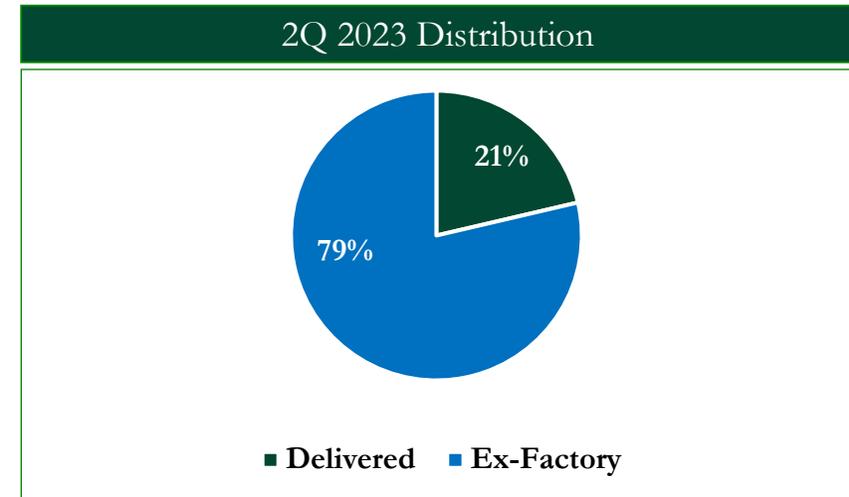
## Distribution Network Overview



- In 2Q 2023 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

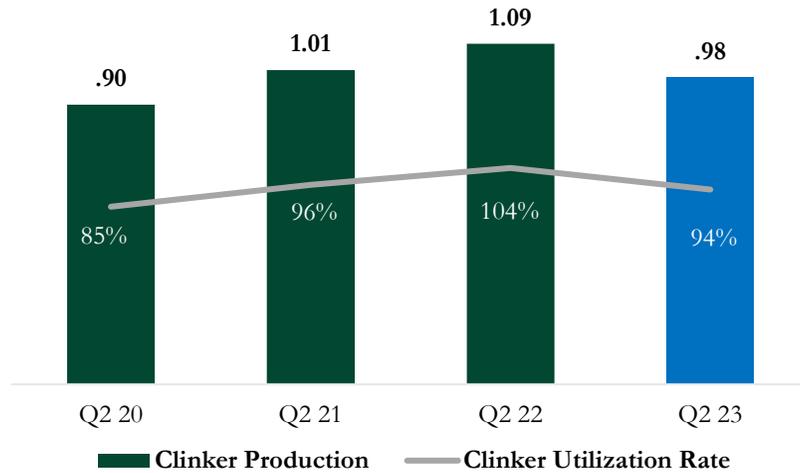


# ACC Quarter Performance

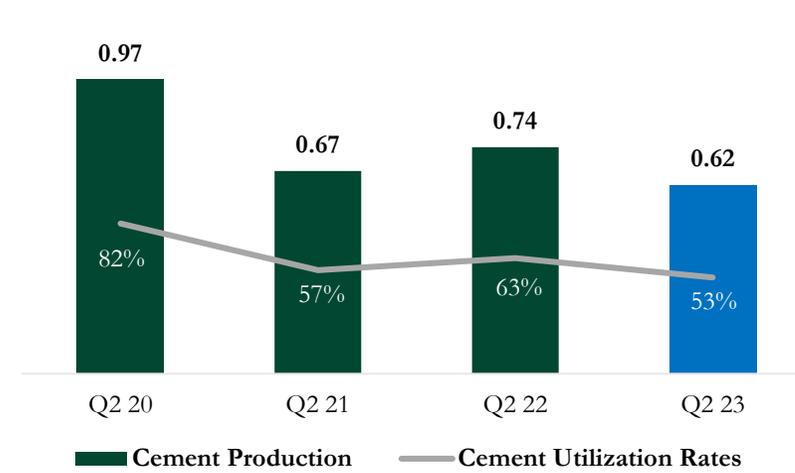
Main KPIs



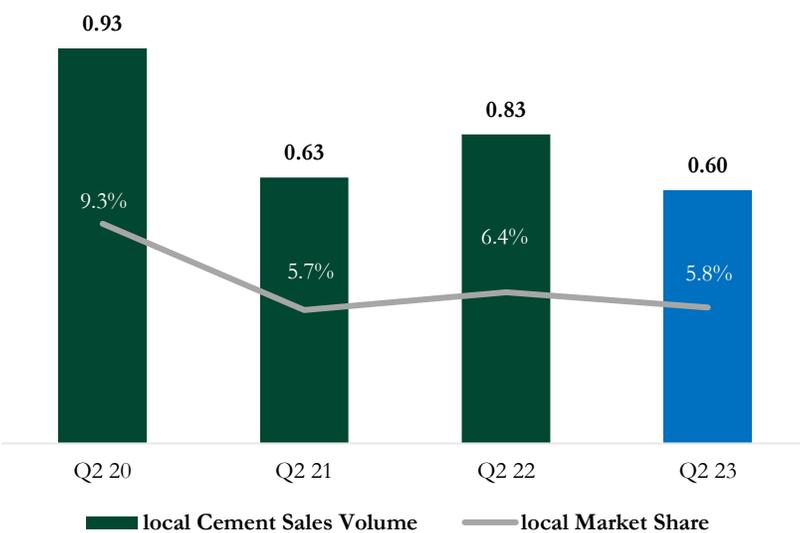
Clinker Production (MM Tons) and Utilization Rates



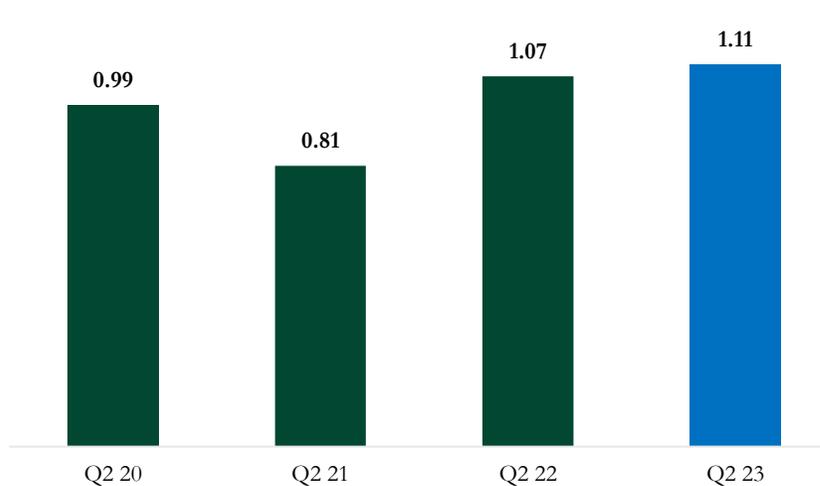
Cement Production (MM Tons) and Utilization Rates



Local Cement Sales Volumes (MM Tons)



Total Sales Volumes (MM Tons)

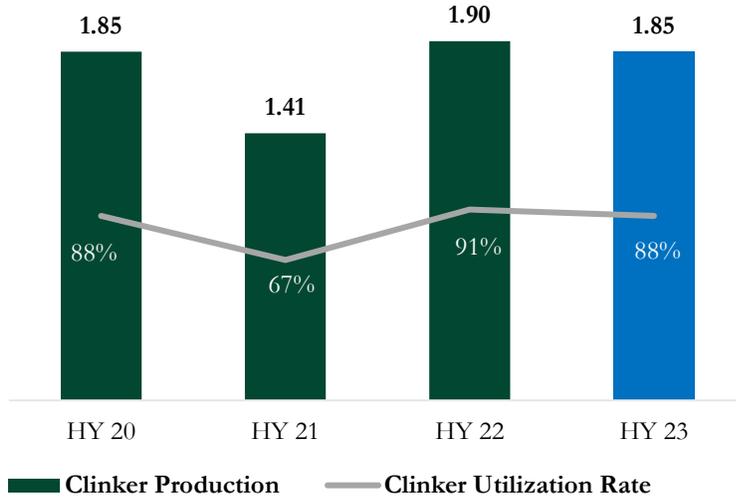


# ACC Half Year Performance

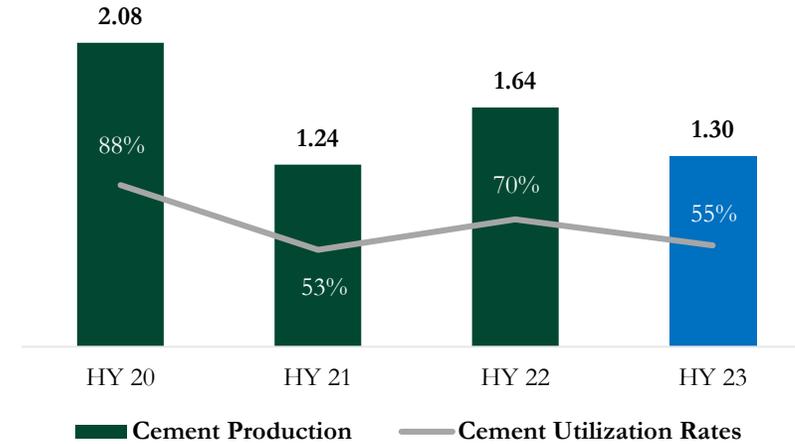


## Main KPIs

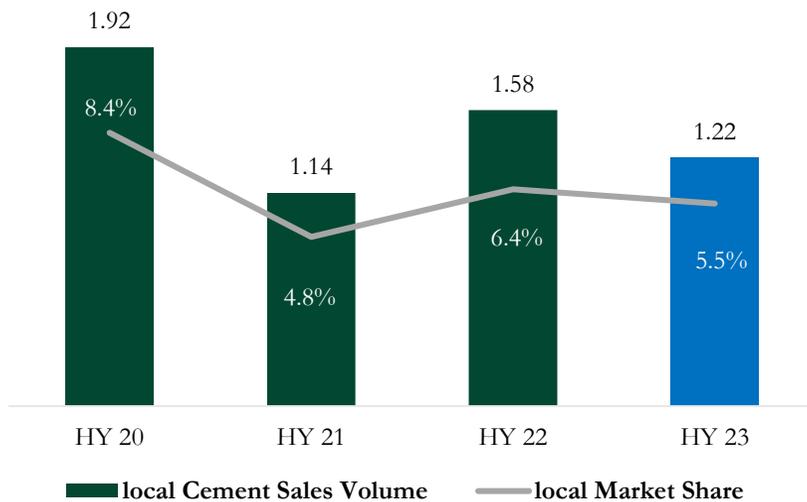
### Clinker Production (MM Tons) and Utilization Rates



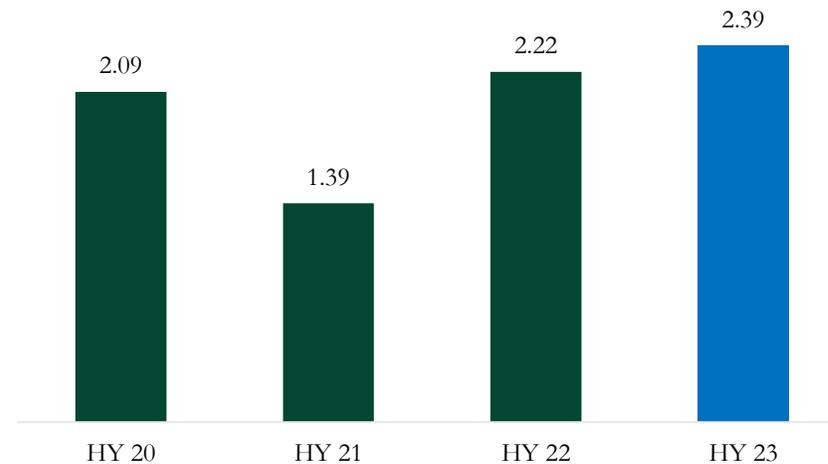
### Cement Production (MM Tons) and Utilization Rates



### Local Cement Sales Volumes (MM Tons)



### Total Sales Volumes (MM Tons)

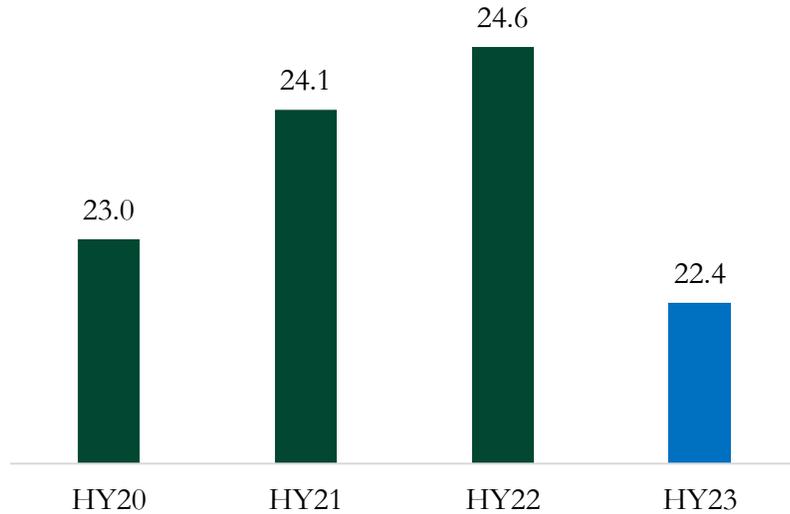


# Egyptian Cement Market

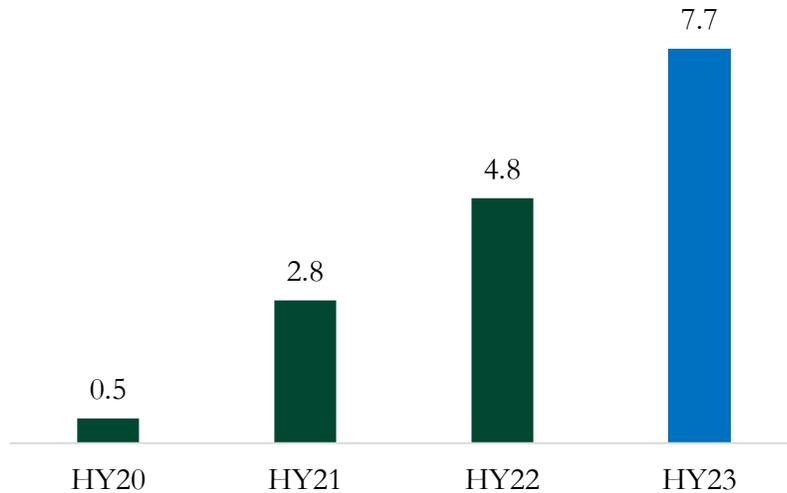
## Demand and Supply Synopsis



### Domestic Sales (MM Tons)



### Export Sales (MM Tons)



### Outlook

As expected, no major events in the economic front happened during Q2 of this year considering that both most important Muslim Feast fell in this quarter (Ramadan in April and Eid El Adha in June). Accordingly, the previous comments of Q1 related to lack of hard currency availability, historical high inflation records, supply chain shocks, lack of liquidity attracted by the high interest rates, etc... are still valid. The country is still working in several fronts to bring stability to its economy.

In this environment, local cement consumption is reaching values not seen since 2008. That's why we focus very much on exports as a medium to long term strategy, as we see the economic fundamentals will take time to have a significant change that will affect the playground. We can also see this trend at national level, where total exports (clinker + cement) increased an amazing 61% versus 2022, which was already an excellent year of records in exports. We can now say that Egypt is positioning itself as a strong competitor in the global export market.

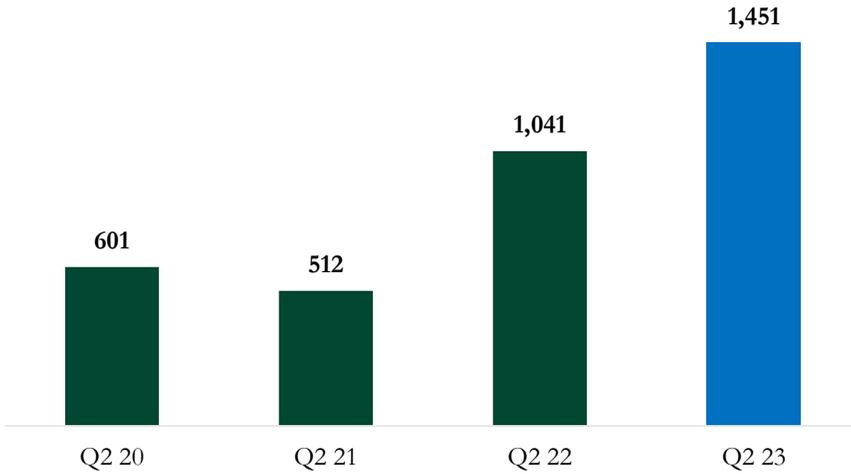
With the international fuel market (coal-petcoke) having a much more stable dynamic and in absence of big Feasts, we hope that the rest of 2023 will see an improvement in the industry performance, although local cement demand will remain weak until the economic challenges mentioned before start to be resolved.

# Period Highlights

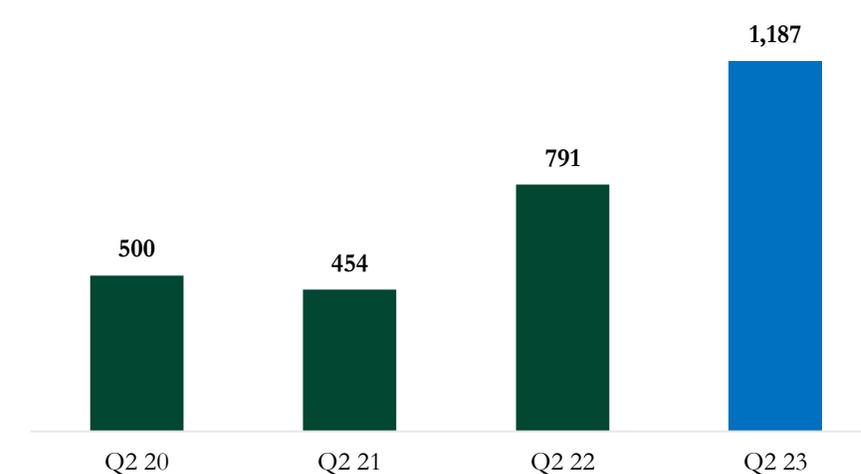
Main KPIs



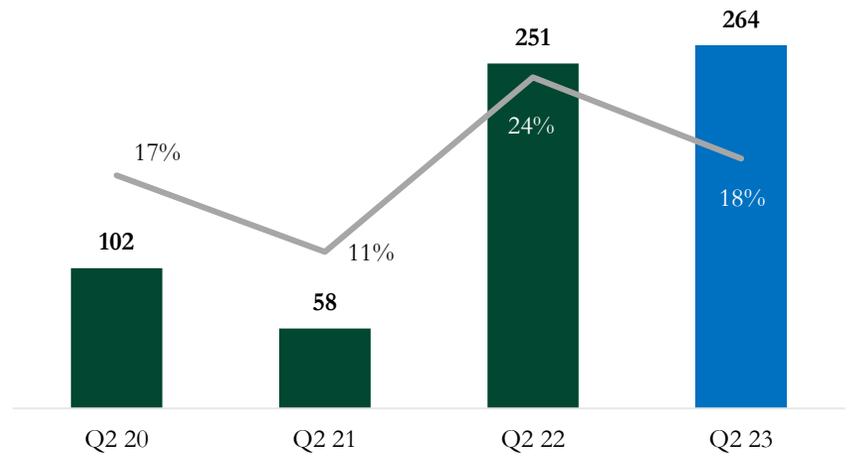
Revenues (MM EGP)



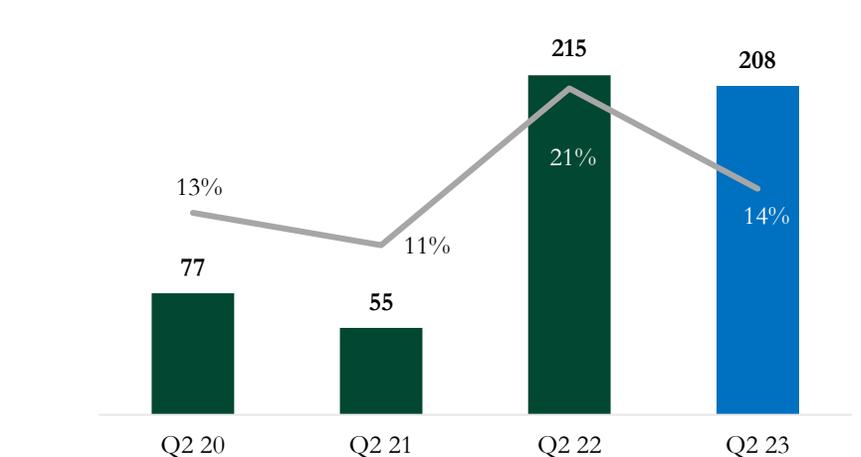
Cash Cost (MM EGP)



Cash Gross Profit (MM EGP)



EBITDA (MM EGP)



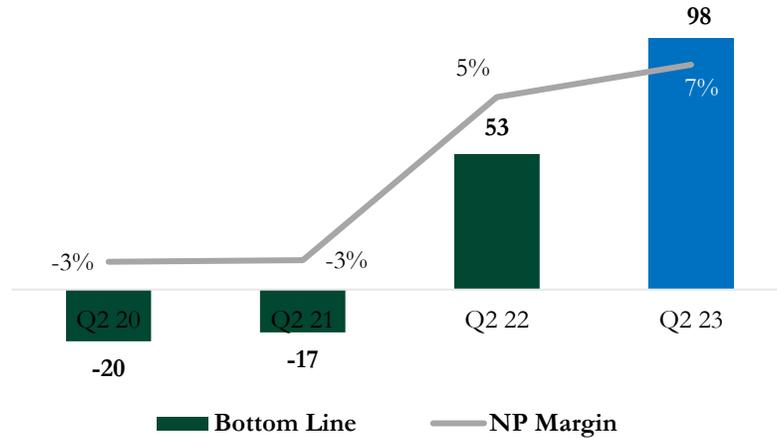
■ Cash Gross profit — GPM

■ EBITDA — EBITDA Margin

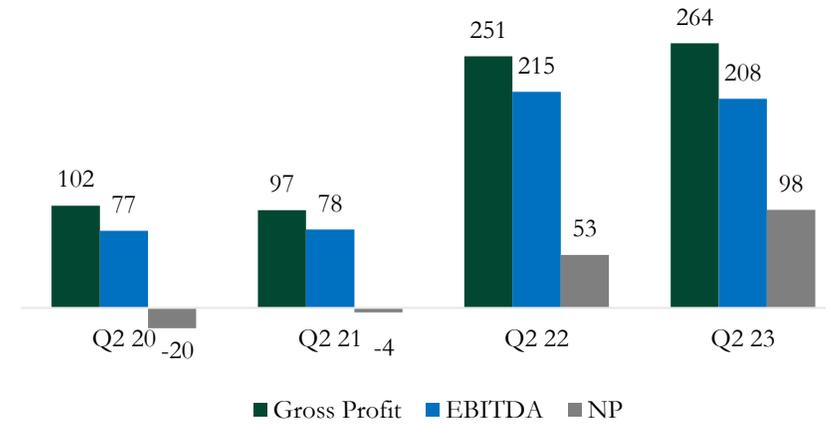
# Period Highlights (continued)

## Main KPIs

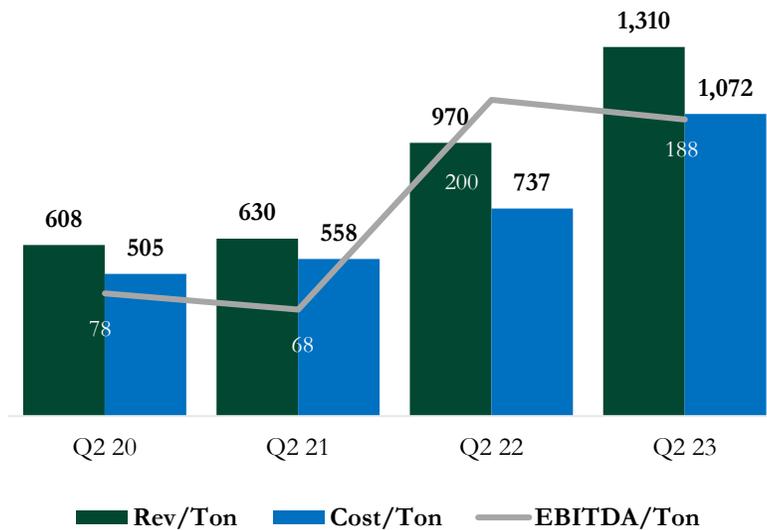
### Bottom Line (MM EGP)



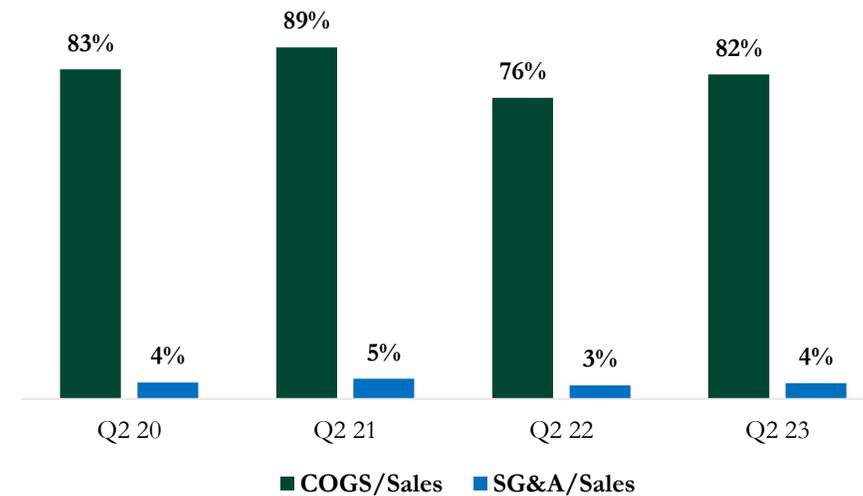
### GP, EBITDA & Net Profit (MM EGP)



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



### Efficiency Ratios

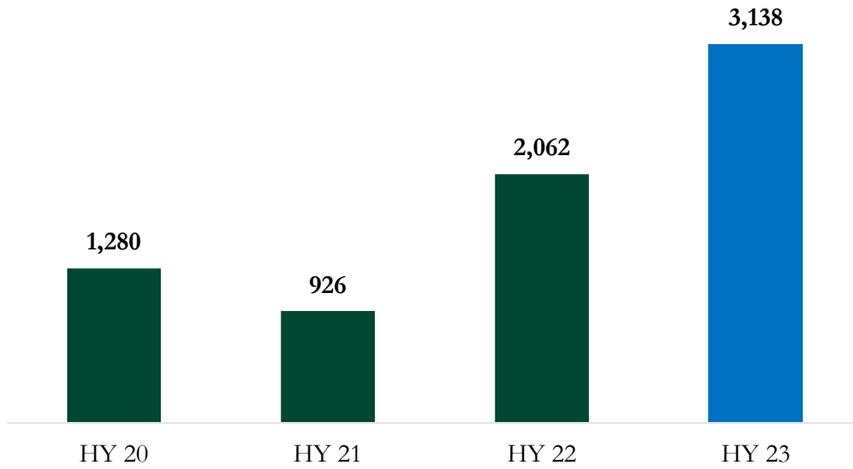


# Half Year Highlights

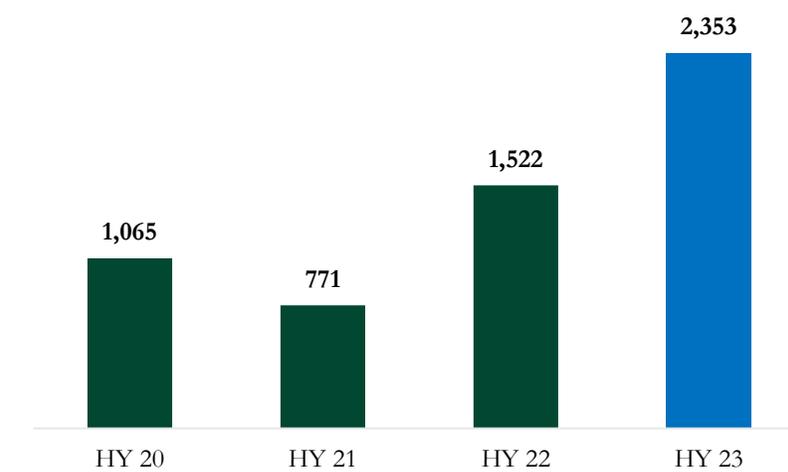
Main KPIs



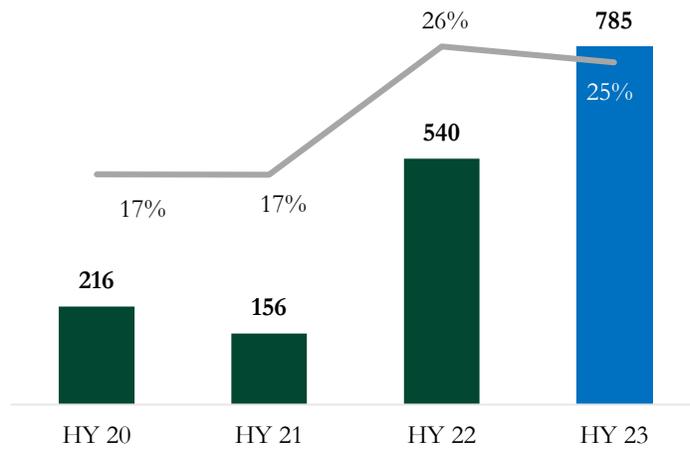
Revenues (MM EGP)



Cash Cost (MM EGP)

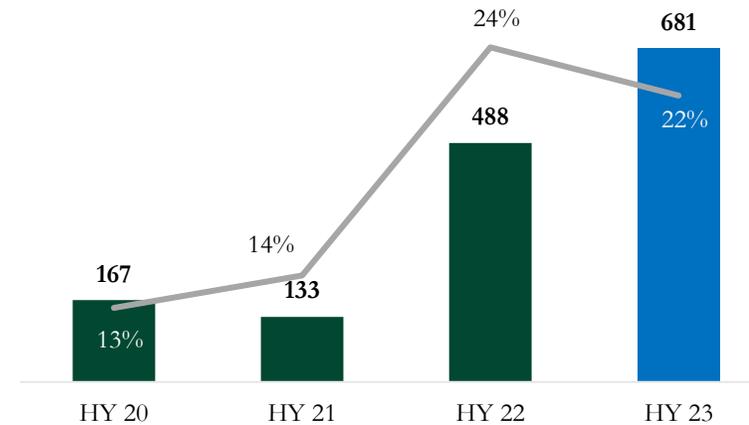


Cash Gross Profit (MM EGP)



Cash Gross profit — GPM

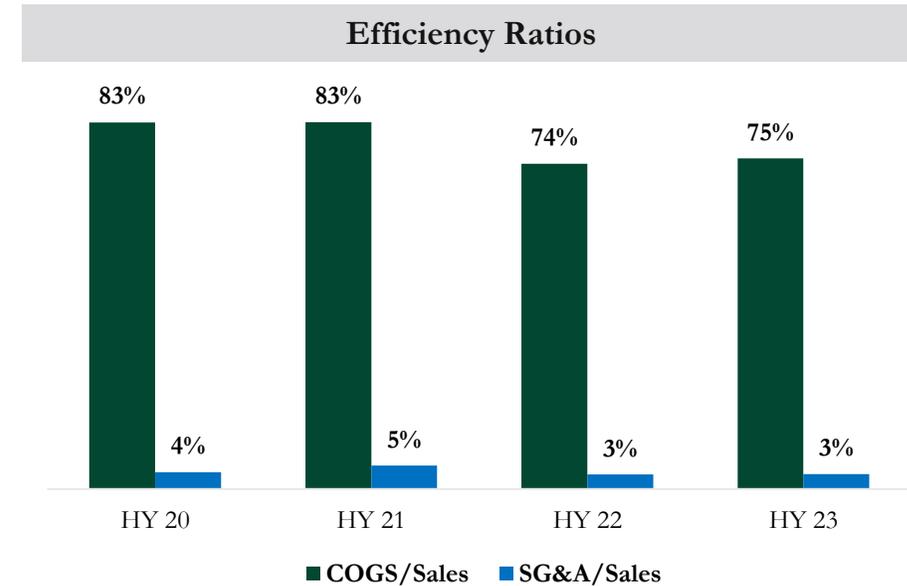
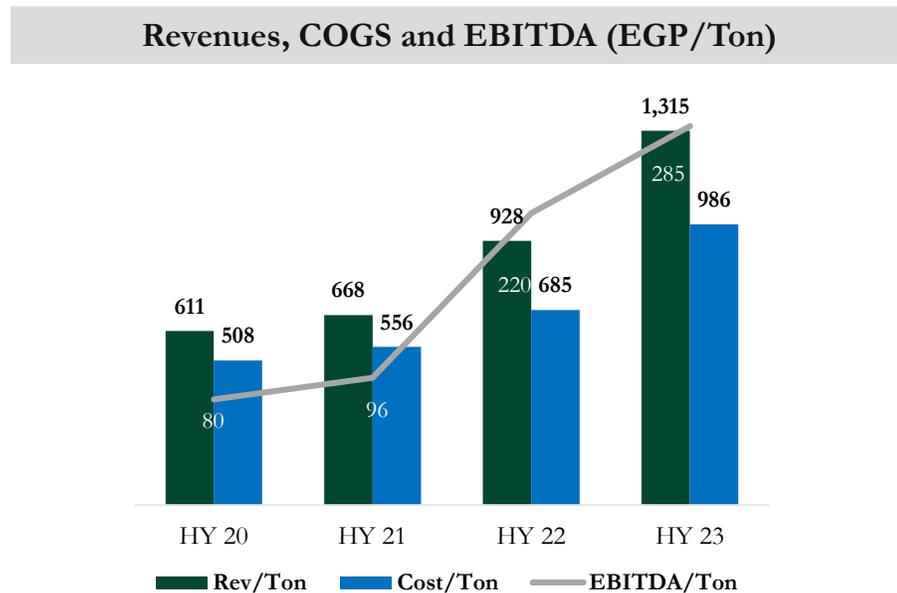
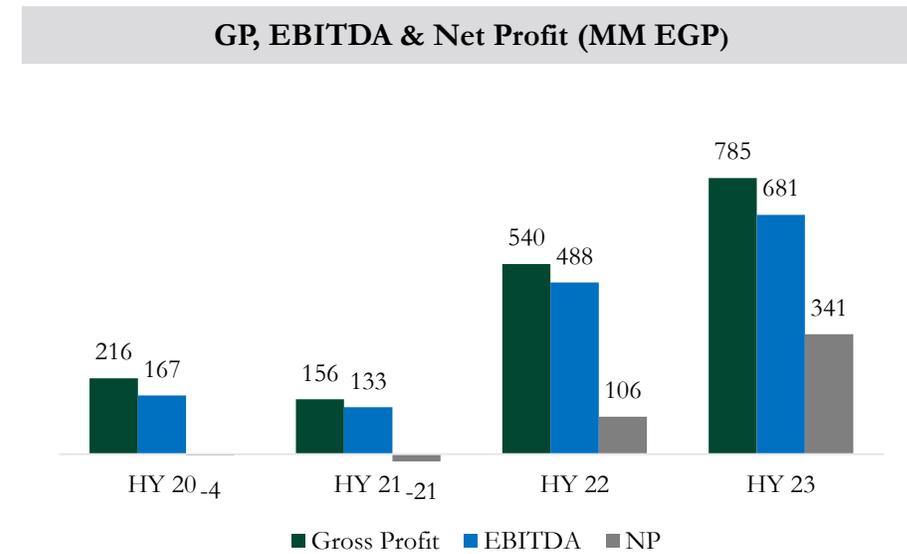
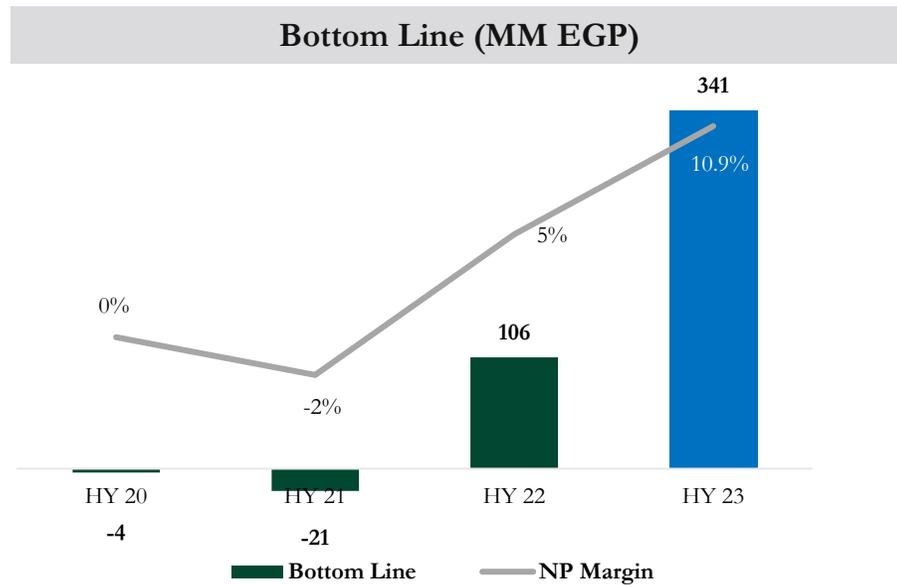
EBITDA (MM EGP)



EBITDA — EBITDA Margin

# Half Year Highlights (continued)

## Main KPIs



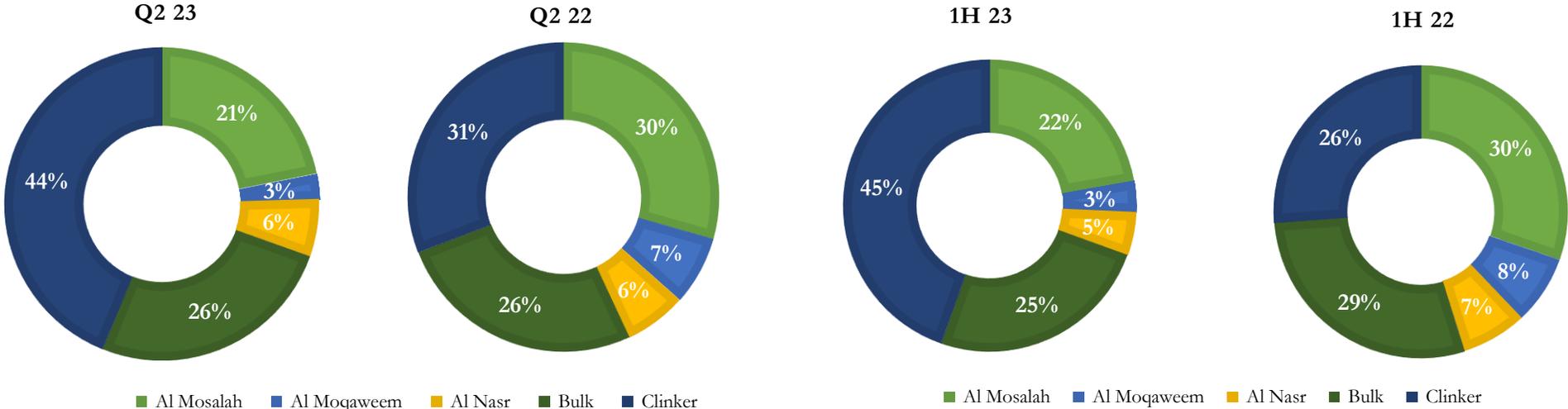
# Sales Overview



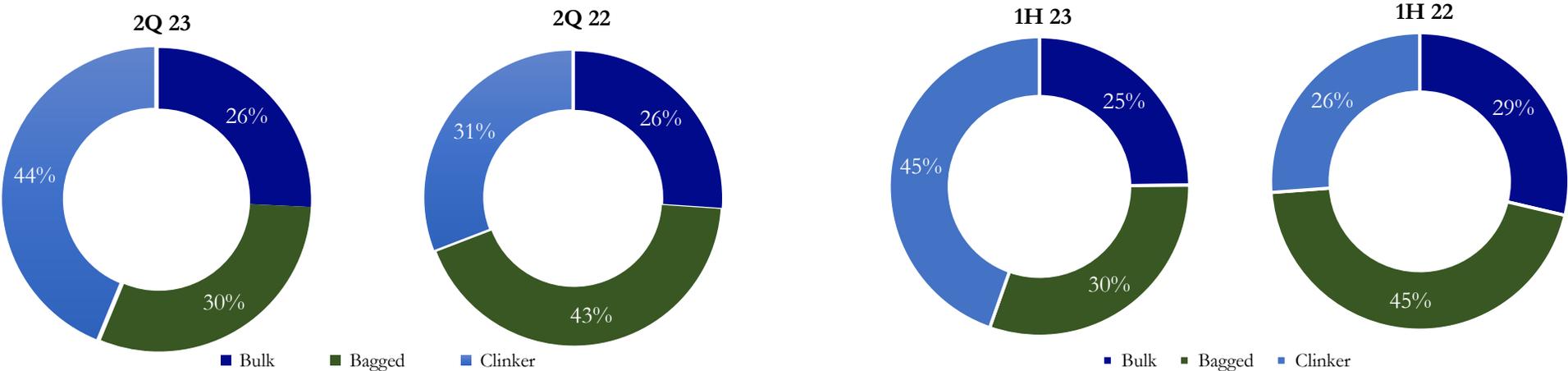
## Quantities Breakdown

### Quantities Breakdown

#### Breakdown by Brand



#### Breakdown by Type

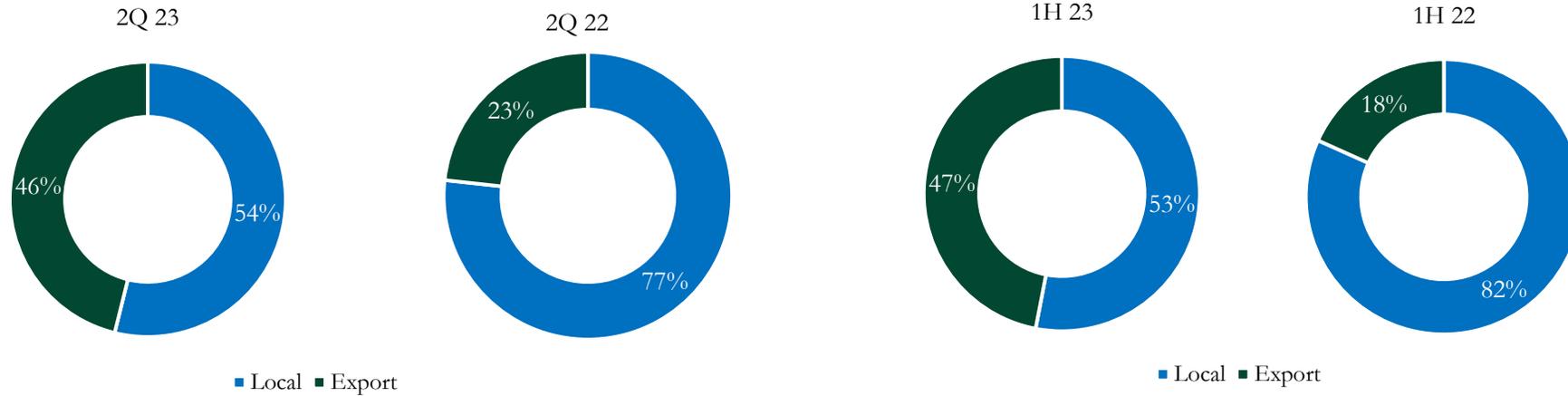


# Sales Overview

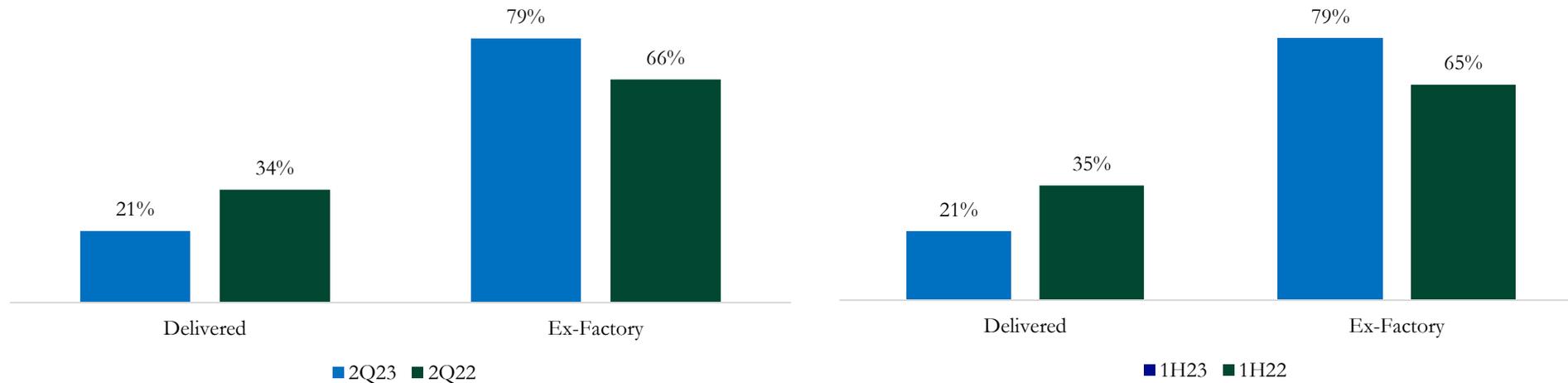
## Quantities Breakdown

### Quantities Breakdown

#### Breakdown by Market

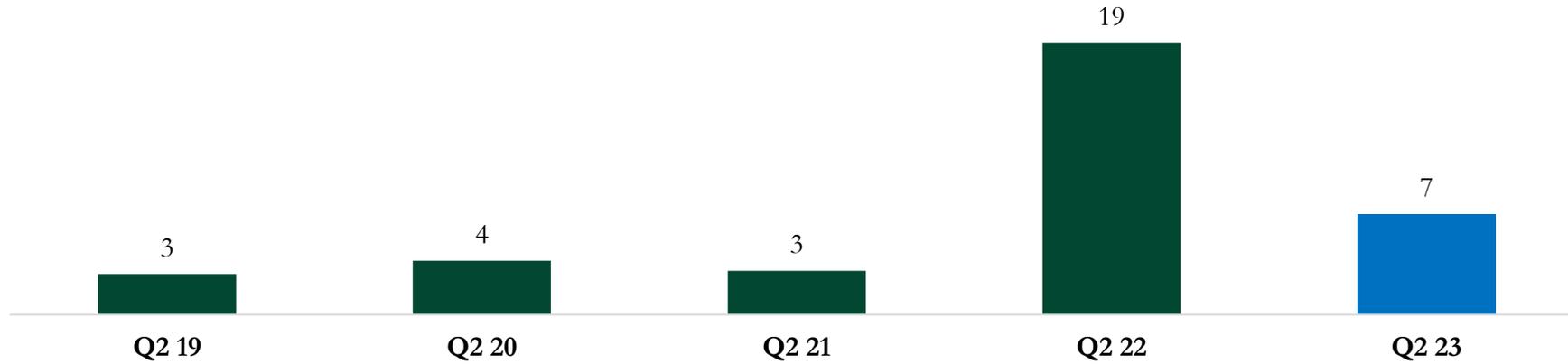


#### Breakdown by Point of Sale



# Outstanding Debt Status

### Interest Coverage Ratio



### Debt Structure (EGP vs. USD)



■ USD Loan ■ EGP Loan

# HY 2023 Financial Statements

## 1H 2023 Income Statement



Amounts MN EGP	HY 20	HY 21	HY 22	HY 23
Revenue	1,280	926	2,062	3,138
Cost of goods sold	1,065	771	1,522	2,353
<b>Cash Gross profit</b>	<b>216</b>	<b>156</b>	<b>540</b>	<b>785</b>
<i>GPM</i>	<i>17%</i>	<i>17%</i>	<i>26%</i>	<i>25%</i>
SG&A Expenses	49	49	68	108
Other income	1	27	16	3
<b>EBITDA</b>	<b>167</b>	<b>133</b>	<b>488</b>	<b>681</b>
<i>EBITDA Margin</i>	<i>13%</i>	<i>14%</i>	<i>24%</i>	<i>22%</i>
Provisions	1	1	91	6
Depreciation & Amortization	122	120	116	118
<b>EBIT</b>	<b>44</b>	<b>12</b>	<b>280</b>	<b>557</b>
<i>EBIT Margin</i>	<i>3%</i>	<i>1%</i>	<i>14%</i>	<i>18%</i>
Foreign exchange	-2	1	-64	-105
Interest Income	1		1	17
Finance cost, net	43	36	26	55
<b>Net Profit Before Tax</b>	<b>1</b>	<b>-22</b>	<b>191</b>	<b>415</b>
NPBT Margin	0%	-2%	9%	13%
Deferred tax	-7	-8	-12	-23
Income tax expense	12	7	97	97
<b>Net Profit</b>	<b>-4</b>	<b>-21</b>	<b>106</b>	<b>341</b>
<i>Net Profit Margin</i>	<i>-0.3%</i>	<i>-2.3%</i>	<i>5.1%</i>	<i>10.9%</i>

# 2Q 2023 Financial Statements

## 2Q2023 Income Statement



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Amounts MN EGP	Q2 20	Q2 21	Q2 22	Q2 23
Revenue	601	512	1,041	1,451
Cost of goods sold	500	454	791	1,187
<b>Cash Gross profit</b>	<b>102</b>	<b>58</b>	<b>251</b>	<b>264</b>
<i>GPM</i>	<i>17%</i>	<i>11%</i>	<i>24%</i>	<i>18%</i>
SG&A Expenses	25	26	36	58
Other income		23		3
<b>EBITDA</b>	<b>77</b>	<b>55</b>	<b>215</b>	<b>208</b>
<i>EBITDA Margin</i>	<i>13%</i>	<i>11%</i>	<i>21%</i>	<i>14%</i>
Provisions			45	3
Depreciation & Amortization	60	60	58	59
<b>EBIT</b>	<b>17</b>	<b>-6</b>	<b>112</b>	<b>146</b>
<i>EBIT Margin</i>	<i>3%</i>	<i>-1%</i>	<i>11%</i>	<i>10%</i>
Foreign exchange	-16		-13	-1
Interest Income			1	9
Finance cost, net	20	18	11	30
<b>Net Profit Before Tax</b>	<b>-20</b>	<b>-23</b>	<b>88</b>	<b>124</b>
NPBT Margin	-3%	-5%	8%	9%
Deferred tax	-4	-4	-6	1
Income tax expense	4	-2	42	26
<b>Net Profit</b>	<b>-20</b>	<b>-17</b>	<b>53</b>	<b>98</b>
<i>Net Profit Margin</i>	<i>-3.3%</i>	<i>-3.3%</i>	<i>5.1%</i>	<i>6.7%</i>

# 2Q 2023 Financial Statements



## Balance Sheet

Amounts in MN EGP	HY 20	HY 21	HY 22	HY 23
<b>Assets</b>				
<b><u>Non-current Assets</u></b>				
Property plant and equipment, net	2,278	2,075	1,896	1,722
Projects under construction	7	7	3	4
Intangible assets	274	235	205	177
Right of use			15	15
Investment in subsidiaries	48	48	48	48
<b>Total Non-current Assets</b>	<b>2,606</b>	<b>2,363</b>	<b>2,168</b>	<b>1,966</b>
<b><u>Current Assets</u></b>				
Inventory	227	256	740	652
Trade Receivables	36	31	94	331
Debtors and other debit balances	111	157	229	238
Due from related parties	21	19	17	13
Cash and bank balances	94	91	258	523
<b>Total Current Assets</b>	<b>488</b>	<b>554</b>	<b>1,338</b>	<b>1,758</b>
<b>Total Assets</b>	<b>3,095</b>	<b>2,917</b>	<b>3,505</b>	<b>3,724</b>
<b><u>Current Liabilities</u></b>				
Provisions	12	18	95	65
Current tax liabilities	12	7	97	97
Trade payables and other credit balances	724	763	1,350	1,312
Due to related parties	7	27	2	2
Credit Facilities	300	311	117	199
Borrowings - short term portions	96	109	133	196
Lease Liability			11	8
<b>Total Current Liabilities</b>	<b>1,152</b>	<b>1,236</b>	<b>1,804</b>	<b>1,879</b>
<b><u>Equity</u></b>				
Paid up capital	757	757	757	757
Legal reserve	258	258	260	295
Retained earnings	150	10	154	440
<b>Total Equity</b>	<b>1,165</b>	<b>1,025</b>	<b>1,172</b>	<b>1,492</b>
<b><u>Non-current Liabilities</u></b>				
Borrowings - long term portions	448	332	230	100
Deferred income tax liability	330	314	288	242
Lease Liability			6	8
Notes Payable		10	6	3
<b>Total Non-Current Liabilities</b>	<b>777</b>	<b>656</b>	<b>530</b>	<b>352</b>
<b>Total Equity and Liabilities</b>	<b>3,095</b>	<b>2,917</b>	<b>3,505</b>	<b>3,724</b>

# 2Q 2023 Financial Statements

## Cash Flow Statement



Amounts in MN EGP	HY 20	HY 21	HY 22	HY 23
<b>Cash flows from operating activities</b>				
Net profit before tax	1	-22	191	415
Interest income	-1		-1	-17
Finance Cost	43	36	26	55
Depreciation expense	102	102	101	102
Amortization of intangible assets	21	19	14	14
Amortization of right of use assets			3	3
Foreign exchange (gain)/losses differences	1	-1	30	34
Provision	1	1	91	6
<b>Changes in working capital</b>	168	134	455	611
Debtors and other debit balances	-20	-32	-113	-32
Change in Inventory	-71	-86	-377	-37
Trade payables and other credit balances	-152	144	518	199
Due from related parties	-4	4	1	-1
Current Income Tax Paid			-19	-188
Increase/ Decrease in trade receivables	-36	-31	-103	-283
Due to related parties	-1	24	-9	
Interest Paid	-53	-36	-25	-54
<b>Net cash from operating activities</b>	-169	121	329	215
<b>Cash flows from investing activities</b>				
Interest income	1		1	17
Purchase of property, plant and equipment	-4		-3	-14
<b>Net cash flows used in investing activities</b>	-3		-2	3
<b>Cash flows from financing activities</b>				
Payments of borrowings	-45	-45	-55	-79
Dividends paid	-7	-7	-7	-250
Payment of finance lease liability	-7		-1	-3
Proceeds from credit facility	238	-29	-124	-161
<b>Net cash flows from financing activities</b>	179	-81	-186	-493
<b>Net increase (decrease) in cash and cash equivalents</b>	8	39	141	-275
Cash and cash equivalents at beginning of the year	86	52	117	798
<b>Cash and cash equivalents at end of the period</b>	94	91	258	523



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**For more Information Please Contact:**

Karim Naguib – Head of Budgeting & Investor Relations

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

Nourhan Elakkad –Budgeting & Investor Relations Analyst

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

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