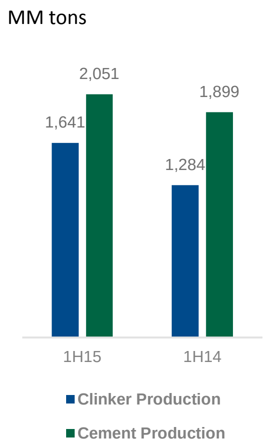
ARABIAN CEMENT COMPANY
Earnings Release 1H15

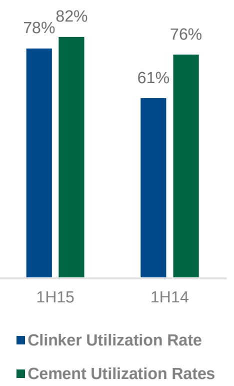
Arabian Cement Company Reports Sales Volume Growth in 1H15 but Lower Prices

1H15 witnessed lower performance on the back of lower cement prices.

Key Highlights of 1H15

8% growth in Sales to 2.04 MM tons	28% increase in clinker production	9% decline in Rev/ton to EGP 556	EGP 356 MM EBITDA
1% decline in Revenues to EGP 1,135 MM	0% change in cost/ton, EGP 360	31% EBITDA margin	15% increase in Net Profit





September 2015| Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), reported its results for 1H15. Revenues for the period slightly declined 1% to EGP1,135 MM, compared to EGP1,146 MM in the same period of 2014, on the back of a 9% decline in prices, which was partially offset by an 8% increase on volume. Costs per ton stood at 360 EGP/ton with no change compared to 2014. Savings on the back of lower imported clinker and energy efficiencies were offset by the increase in the price of electricity as well as more volume transported to further destinations.

EBITDA stood at 356 MM, 15% below than the comparison period of 1H14 (EGP415 MM). Profit Before Tax declined 26% compared to 1H14 reaching EGP184 MM. Net Profit increased 15% y-o-y to EGP123 MM, a Net Profit Margin of 11%.

Comments on the Period

During 1H15 market prices fluctuated from January (EGP651/ton[1]) to a minimum in February of EGP613/ton, rebounding thereafter from March till June ending at EGP620/ton. Accordingly, the 1H15 average net price per ton after deducting transportation cost, taxes and incentives stood at EGP556/ ton, 9% lower than 1H14 of EGP608/ton.

Despite the temporary stoppage in one of the lines for the installation of the hot disc which enables the company to use more of alternative fuels, ACC still managed to increase its sales volume by 8% reaching 2.04 MM tons compared to 1.89 MM tons in 1H14, with utilization rate of 82% compared to 76% in 1H14. That was achieved although we only used 138 K tons of imported clinker inventory, compared to 340k tons in 1H14.

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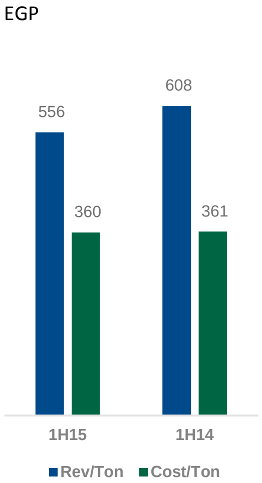

However, savings from less imported clinker (EGP60/ton on blended basis) were offset mainly by an increase in transportation volumes (1,173k tons in 1H compared to 833k tons in1H14)which led to an increase of overall distance travelled by our trucks (5.1 MM kms in 1H15 for transported units compared to 3.9 MM kms in 1H14). Additionally an increase in electricity costs of 36% also added to additional cost. The reason for this 40% increase in transported quantities is that we have maximized our sales through our Damanhour (227 K vs 0 in 1H14) and Banha warehouses (388 K vs 244 K in 1H14). Such warehouses are at 260 kms and 160 Kms from factory respectively.

Very similar to 1H14, in 1H15 the company did not receive any gas supplies. However, was self-sufficient with coal, alternative fuels and diesel provided by the government. So with the energy mix of 73% coal/ petcoke, 20% diesel and 7% alternative fuels (AF), the company achieved clinker utilization of 78% (2.051 MM tons clinker compared to 1.899 MM tons).

EBITDA declined by 15% Y-o-Y to EGP356 MM in 1H15, whereas EBITDA margin recorded 31% compared to 36% in 1H14.

ACC recorded FX losses of EGP31MM compared to EGP25 MM in 1H14 after the CBE's decision to devaluate the EGP against the USD to reach EGP7.53 in January. Accordingly, ACC achieved a net profit of EGP123 MM, with a healthy 11% profit margin. Our Balance Sheet, meanwhile, is still strong, with a 19% reduction in outstanding debt and a debt/ equity ratio of 0.9 compared to 1.2 in 1H14.

Overall, ACC witnessed a tough period mainly based on unexpected lower prices as well as the use of imported clinker during the extended stoppage for line 1 due to the delay in the hot disc commissioning. Also the EGP devaluation against the USD had its effect on the income statement. Yet, on the operational side, ACC succeeded in operating at above 80% cement capacity and increased sales volume and market share compared to 1H14.

Outlook

Demand in 1H15 has seen a slight increase of 1% over 1H14 reaching 26.2 MM tons. We still believe that the Egyptian market holds strong potential growth based on the underlying fundamentals. After the full commissioning of the hot disk, we would expect increased clinker utilization and lower energy costs which would reflect on the top line as well as COGS. We are not going to import any further clinker, however we still have a stock of 75k tons of which we will use during the planned stoppage in November (2 weeks).

We forecast sales of 2.4 MM tons during the second half of the year. While is difficult to predict the general trend of prices, we are seeing some recovery in key governorates, as well as increased activity from Army and Big Developers. With such information in hand we can estimate that prices should remain on the same level or above of those seen in average during the first half of the year.

Going forward, we expect to reach an energy cost of USD5/GJ coming from USD5.7/GJ in 1H15, which should translate in a reduction of cost for own produced clinker of 17 EGP/Ton Clinker compared to H1 2015.

About Arabian Cement Company

Arabian Cement Company (ACC) was first established in 1997 by a group of Egyptian entrepreneurs, who aspired to establish a leading Egyptian cement company. The cement factory is located in the Suez Governorate.

It produces 5MM tons of first quality cement, approximately 10% of Egypt's production. ACC is a joint venture between Cementos La Union, a Spanish investor With 60% stake, and the remaining 17.5% is held by El Bourini family and 22.5% is the size of the free float.

Its brand "Al Mosallah" enjoys undisputed prestige and is considered among the best cements produced in Egypt. For further information, please refer to www.arabiancement.com

For further information, please contact: IR@acceg.com

Forward-Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Arabian Cement Company (ACC). Such statements involve known and unknown risks, uncertainties and other factors; undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of ACC may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of ACC is subject to risks and uncertainties.

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Summary Performance (in EGP)

	1H15	1H14	Variance
National Consumption	**26,386,080**	**25,988,650**	1%
National Production	**26,562,690**	**24,308,678**	9%
Clinker Production	1,640,581	1,284,412	28%
Clinker Utilization Rate	***78%***	***61%***	
Cement Production	2,050,582	1,898,902	8%
Cement Utilization Rates	*82%*	*76%*	
Cement Sales Volume	**2,043,241**	**1,886,195**	8%
Market Share	**8%**	**7%**	
Revenues	**1,135,407,621**	**1,146,129,523**	-1%
Rev/Ton	*556*	*608*	-9%
COGS	**734,593,210**	**681,300,564**	8%
Cost/Ton	*360*	*361*	0%
EBITDA	**356,149,174**	**415,429,312**	-15%
EBITDA/Ton	*174*	*220*	-22%
EBITDA Margin	*31%*	*36%*	
Gross Profit	**303,557,175**	**370,557,175**	-18%
Gross Profit Margin	*27%*	*32%*	
COGS/Sales	*65%*	*59%*	
SG&A	**45,831,391**	**50,131,513**	-5%
SG&A/Sales	*4%*	*4%*	
FX Loss	30,950,224	25,130,756	23%
Depreciation & Amortization	97,257,236	94,205,853	3%
Interest expenses	43,859,183	47,004,031	-7%
Profit Before Tax	**184,366,698**	**248,722,739**	-27%
Deferred tax	9,853,726	73,659,079	-87%
Income Tax	51,953,814	68,387,635	-25%
Net Profit	**122,559,158**	**106,676,025**	14%
Net Profit Margin	*11%*	*9%*	
Outstanding Debt	1,103,880,644	1,361,201,412	-19%
Debt/Equity	*0.9*	*1.2*	

Based on standalone Financial Statements