



Arabian Cement Company increase its Market Share however low prices affects profitability negatively.

Key Income Statement Highlights of 1Q 2019

71% Decline in EBITDA EGP 78 MN	4.1% SG&A:Sales	97% Decline in Net Profit EGP 4 MN	18% Upsurge in cash cost/ton to EGP 573
8.4% Local Market share	1% Net Profit Margin	10% EBITDA Margin	FX gain in P&L EGP 24MN

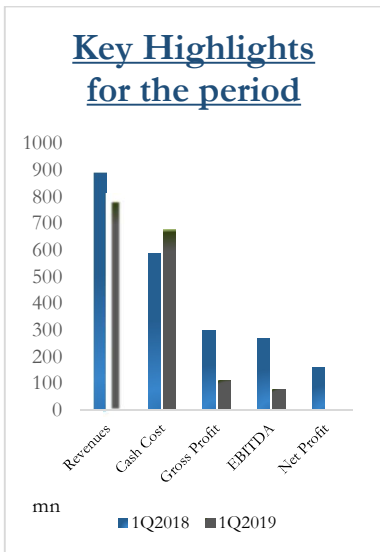
Results in a Nutshell

22 May, 2019 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), a leading Egyptian cement producer, reported its results for 1Q 2019.

1Q 2019

ACC reported a -11% y-o-y and flattish q-o-q revenues in 1Q 2019 recording EGP 789 million; the comparable quarter in 2018 saw EGP 890 million in revenue. Despite the local market demand declined by 6.6%, ACC was able to achieve local sales of 1,040K Tons for the quarter vs 1,078K Tons in 2018 (-3.5%), increasing its local market share from 8.1% to 8.4%. Revenue/ton decreased by 9% to reach an average of EGP 667/ton versus EGP 735/ton in the comparable period. During the quarter ACC was able to export 143K Tons of cement and clinker, vs 132 K Tons in 1Q2018, which represents 38% market share of the Egyptian export market. Our export sales contributed a 12% of the total sales volumes. In terms of format 69% of our sales were bagged, 25% was bulk, and the rest was clinker exported.

Key Highlights for the period





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Cash cost for the quarter increased by 15% y-o-y and was flat q-o-q to EGP 678 million, as a result of mainly the energy subsidy cut of mid 2018. Cash cost stood at EGP 573/ton, 18% higher than 1Q 2018 and 3% lower than 4Q 2018. Fuel mix of 1Q 2019 was 83% Coal and 17% RDF.

In 1Q 2019, there was a 63% y-o-y decline in gross profit (excluding depreciation and amortization) to EGP 111 million, with the gross margin of 14% compared to 34% in 1Q 2018. This was a result of the growing competitive environment especially after the 12 million tons clinker capacity Benisuef Plant coming on stream.

Accordingly, EBITDA for 1Q 2019 came in at EGP 78 million, a 71% decline compared to EGP 270 million in 1Q 2018, while the EBITDA margin recorded 10% compared to 30% in the comparable quarter.

The appreciation of the EGP against the USD during the quarter was reflected in an FX gain of EGP 24 million, mainly from the USD denominated debt and coal payables.

Net profit for 1Q 2019 recorded a significant 97% y-o-y decrease to EGP 4.2 million, with a net profit margin of 0.5% versus 18% in the comparable quarter last year.

Our total outstanding debt stands at USD 23.8 million and the EGP 331 million.

New CFO appointed to the Executive Management

During the BoD meeting held on April 14, our BoD accepted the resignation of Mr. Allan Hestbech and appointed Mr. Salvador Cabanas as a Chief Financial officer (CFO). Salvador is an Industrial Engineer holding an Executive MBA, who joined ACC as Chief Strategy Officer last October 2018.

Outlook

We expect that 2019 will be one of the toughest years in the industry and cement prices in the market will remain depressed, keeping gross margin per ton low, similar to this quarter. Only cost-efficient players will be able to keep their volumes and avoid or minimize losses in the bottom line, however, other players will either exit the market or keep posting significant losses.



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 has a capacity of 5MM tons of first quality cement, approximately 7% of Egypt's production capacity. ACC is held by Cementos La Union, a Spanish investor with 60% stake, 15.5% is held by El Bourini family and 24.5% is traded on the EGX.

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

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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 EGP

Key Indicators	Unit	1Q 2019	1Q 2018	Variance %
Domestic Sales	K Tons	12,427	13,313	-7%
Export Sales	K Tons	374	606	-38%
Total Sales	K Tons	12,802	13,919	-8%
ACC Clinker Production	K Tons	1,003	1,011	-1%
ACC Clinker Utilization Rate	PCT	96%	96%	-1%
ACC Cement Production	K Tons	1,098	1,145	-4%
ACC Cement Utilization Rates	PCT	93%	97%	-4%
ACC Domestic Sales Volume	K Tons	1,040	1,078	-4%
ACC Exports Volume	K Tons	143	132	9%
ACC Total Volumes	K Tons	1,183	1,210	-2%
Local Market Share	PCT	8.4%	8.1%	0%
Total Market Share	PCT	9.2%	8.7%	1%
Revenues	MM EGP	789	890	-11%
Rev/Ton	EGP/Ton	667	735	-9%
Cash Cost	MM EGP	678	589	15%
Cash Cost/Ton	EGP/Ton	573	487	18%
EBITDA	MM EGP	78	270	-71%
EBITDA/Ton	EGP/Ton	66	223	-70%
EBITDA Margin	PCT	10%	30%	-20%
Gross Profit	MM EGP	111	301	-63%
Gross Profit Margin	PCT	14%	34%	-20%
COGS/Sales	PCT	75%	66%	8%
SG&A	MM EGP	32	31	6%
SG&A/Sales	PCT	4%	3%	1%
Exchange differences	MM EGP	24	5	405%
Depreciation & Amortization	MM EGP	63	58	7%
Net Profit	MM EGP	4	161	-97%
Net Profit Margin	PCT	0.5%	18%	-18%
Outstanding Debt	MM EGP	743	977	-24%
Debt/Equity		0.6	0.7	