



Arabian cement to report a Net Loss for the first time.

Revenues ↓ EGP 2,410 mm	Cash Cost ↓ EGP 2,109 mm
Cash Gross Profit ↓ EGP 302 mm 13% Margin	EBITDA ↓ EGP 183 mm 7.6% Margin



Results in a Nutshell

18 March 2021 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange),
a leading Egyptian cement producer reported its results for 4Q 2020.

The following is our comments for the 4Q 2020.

Arabian cement company reported a decrease in revenues by 9% q-o-q reaching EGP 539 million, yet our Rev/ton increased by 4% recording EGP 582 versus EGP 559 in 3Q 2020, while decreased by 8 % y-o-y.

On a quarterly basis our cash cost dropped by 15% reaching EGP 489 million versus EGP 555 million, while our cash cost per ton stood at EGP 529 which is almost flat q-o-q.

Our sales volume decreased by 13% which was mainly due to a technical problem resulted in the stoppage of one of our production lines.

Consequently, the company's cash gross profit increased by 35% q-o-q to come in at EGP 50 with cash gross profit margin of 9%.

Sales, general and administrative expenses stood at EGP 47 million versus EGP 43 million y-o-y and as a percentage to sales is 9%.

EBITDA for the quarter came in at EGP 3 million compared to EGP 14 million in 3Q 2020, while the EBITDA margin stood at 0.5%. This drop was due to a one-off expense amounting EGP 15.8 million related to the net present value cost of the settlement of gas consumption difference with City Gas.

ACC recorded a negative bottom-line of EGP 78 million in 4Q2020.



The following is our comments for FY 2020.

Arabian Cement Company top line for the full year 2020 came in at EGP 2,410 million with a 19% decline y-o-y. which was mainly due to the Covid-19 epidemic related restrictions and government decision of halting new buildings permits in the capitals. Moreover, our technical problem in one of our production lines that took place in 4Q 2020. Furthermore, our revenue per ton recorded EGP 591 vs EGP 652 the same period last year, which represents a drop of 9%.

ACC cash cost decreased by 15% y-o-y which stood at EGP 2,109 million, while our cash cost per ton declined by 5% y-o-y which came in at EGP 517.

Fuel mix of FY 2020 was 63% Pet-coke, 28% Coal and 9% RDF vs. 35% Pet-coke 50% Coal and 15% RDF in FY 2019.

Although the cement sector is still suffering from oversupply dynamics, ACC was able to make positive EBITDA, which stood at EGP 183 million with an EBITDA margin of 7.6%.

Even though the cement market is running at 56% utilization rate, ACC was able to reach 86%. The company sales volume declined by 11% and reached 4,078 million tons with a flat market share of 8.1%. In terms of format our sales were 66% bagged, 25% bulk and 9% are exports.

Our SG&A had a slight decline by EGP 2 million which represents almost 2% reduction y-o-y, with SG&A: Sales 4.9%.

ACC was able to reduce its outstanding debt by 18% recording EGP 487 million versus EGP 594 million y-o-y and accordingly our interest expense was reduced by 41%.

ACC recorded FX gain of EGP 12 million.

Net loss for the full year is EGP 116 million.





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 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, 13.1% is held by El Bourini family, and 26.8% 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.arabiancementcompany.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.

Key Indicators	Unit	4Q20	4Q19	Variance %	FY20	FY19	Variance %
Domestic Sales	K Tons	12,760	12,825	-1%	45,955	48,448	-5%
Export Sales	K Tons	522	296	76%	1,168	1,120	4%
Total Sales	K Tons	13,282	13,121	1%	47,123	49,568	-5%
ACC Clinker Production	K Tons	502	1,051	-52%	3,237	3,853	-16%
ACC Clinker Utilization Rate	PCT	48%	100%	-52%	77%	92%	-15%
ACC Cement Production	K Tons	928	1,142	-19%	4,069	4,322	-6%
ACC Cement Utilization Rates	PCT	79%	97%	-18%	87%	92%	-5%
ACC Domestic Sales Volume	K Tons	821	1,062	-23%	3,714	3,944	-6%
ACC Exports Volume	K Tons	104	76	38%	364	614	-41%
ACC Total Volumes	K Tons	925	1,137	-19%	4,078	4,557	-11%
Local Market Share	PCT	6.4%	8.3%	-2%	8.1%	8.1%	0%
Revenues	K EGP	539	722	-25%	2410	2972	-19%
Rev/Ton	EGP	582	635	-8%	591	652	-9%
Cash Cost	K EGP	489	578	-15%	2109	2487	-15%
Cash Cost/Ton	EGP	529	508	4%	517	546	-5%
EBITDA	K EGP	3	101	-97%	183	364	-50%
EBITDA/Ton	EGP	3	89	-97%	45	80	-44%
EBITDA Margin	PCT	0.5%	14.0%	-14%	7.6%	12.2%	-5%
Gross Profit	K EGP	50	144	-66%	302	485	-38%
Gross Profit Margin	PCT	9%	20%	-11%	13%	16%	-4%
COGS/Sales	PCT	91%	80%	11%	87%	84%	4%
SG&A	K EGP	47	43	8%	119	121	-1%
SG&A/Sales	PCT	9%	6%	3%	5%	4%	1%
Exchange differences	K EGP	1	1	-29%	12	66	-81%
Depreciation & Amortization	K EGP	61	66	-7%	247	257	-4%
Net Profit	K EGP	-78	-2	3042%	-116	30	-486%
Net Profit Margin	PCT	-14%	0%	-14%	-5%	1%	-6%
Outstanding Debt	MM EGP	487	595	-18%	487	595	-18%
Debt/Equity		0.5	0.5		0.5	0.5	