



## Decreased production and sales, higher selling prices.

1Q 2021 witnessed lower performance on the back of the stoppage of one of our production lines

<b>Revenues</b> ↓ EGP 414 mm	<b>Cash Cost</b> ↓ EGP 317 mm
<b>Cash Gross Profit</b> ↓ EGP 97 mm 24% Margin	<b>EBITDA</b> ↓ EGP 75 mm 18.1%





## Results in a Nutshell

24 May 2021| Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange),  
a leading Egyptian cement producer reported its results for 1Q 2021.

### The following is our comments for the 1Q 2021

Arabian cement company recorded revenues of EGP 414 million compared to EGP 679 million in 1Q 2020, down 23%, 39% q-o-q and y-o-y, respectively. Our total Rev/ton for the period was EGP 722, while our cement Rev/ton is EGP 628 inclined by 8% q-o-q and 2% y-o-y, and the difference is mainly on the back of a favorable one-off settlement with our previous O&M partner FLS.

Cash cost for the quarter decreased by 44% y-o-y amounting EGP 317 million. Our cash cost per ton stood at EGP 552, 8% higher than 1Q 2020. The fuel mix of 1Q 2021 was 97% Petcoke and 3% RDF.

ACC sales volume declined by 48% y-o-y recording 573K Tons compared to 1,105K Tons in the same period last year. This was primarily a result of a technical problem that caused a stoppage in one of our production lines which negatively affected our revenue and cash cost. Respectively, our market share decreased to 4%. In terms of format our sales volume was 65% bagged, 23% bulk and 11% Export.

Consequently, the company's cash gross profit came in at EGP 97 million with a gross profit margin of 24%, higher than the comparable period by 7%.

EBITDA for the quarter stood at EGP 75 million vs EGP 90 million in the same period last year, with an EBITDA margin of 18% vs 13% y-o-y.

SG&A came in at EGP 22 million in 1Q 2021 with a decrease of 4% y-o-y, while SG&A as a percentage of sales reached 5.4%.

Although ACC reported a negative bottom line of EGP 4 million in 1Q 2021, yet we still believe that this quarter was much better than the previous one in terms of selling prices.

On March 31, 2021, our outstanding debt balance was EGP 463 million vs EGP 561 million in the same period last year, which represents 17% decline y-o-y. Our outstanding debt break down was 52% USD and 48% EGP.



## Outlook

National cement consumption in this Q1 of 2021 was slightly higher than in 2019, before corona era (+2%). This goes in line with our forecast of recovering annual cement consumption previous to corona, which would mean a 6% increase in cement consumption versus 2020. We still maintain this assumption.

Cost wise speaking, the side effects of Covid-19 pandemic are still pushing costs upwards. Petcoke is in maximum prices in more than a decade and coal is following the same trend. Moreover, freight prices are extremely high. Consequently, it is normal that cement prices grow as there are no more margin on the producers' side to keep absorbing extra costs.

On another side, we, as the rest of the industry, are waiting for the Government intervention of the industry, limiting the production and setting quotas to be able to achieve a fair market price, which should happen sometime in the coming weeks and would mean the solution to all cement players problems including ACC, if well implemented obviously.





## 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 26.9% 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](http://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	1Q 2021	1Q 2020	Variance %
Domestic Sales	K Tons	12,688	12,978	-2%
Export Sales	K Tons	506	232	118%
Total Sales	K Tons	13,194	13,210	0%
ACC Clinker Production	K Tons	408	951	-57%
ACC Clinker Utilization Rate	PCT	39%	91%	-52%
ACC Cement Production	K Tons	579	1,113	-48%
ACC Cement Utilization Rates	PCT	49%	95%	-46%
ACC Domestic Sales Volume	K Tons	509	989	-49%
ACC Cement Exports Volume	K Tons	64	115	-44%
ACC Total Volumes	K Tons	573	1,105	-48%
Local Market Share	PCT	4.0%	7.6%	-3.6%
Total Market Share	PCT	4.3%	8.4%	-4.1%
Revenues	MM.EGP	414	679	-39%
Rev/Ton	EGP	722	614	18%
Cash Cost	MM.EGP	317	565	-44%
Cash Cost/Ton	EGP	552	511	8%
EBITDA	MM.EGP	75	90	-16%
EBITDA/Ton	EGP	131	81	62%
EBITDA Margin	PCT	18.1%	13.2%	4.9%
Cash Gross Profit	MM.EGP	97	114	-14%
Cash Gross Profit Margin	PCT	24%	17%	7%
COGS/Sales	PCT	76%	83%	-7%
SG&A	MM.EGP	22	23	-4%
SG&A/Sales	PCT	5.4%	3.4%	2%
Exchange differences	MM.EGP	1	15	-94%
Depreciation & Amortization	MM.EGP	60	62	-4%
Net Profit	MM.EGP	-4	16	-127%
Net Profit Margin	PCT	-1%	2%	-3%
Outstanding Debt	MM.EGP	464	561	-17%
Debt/Equity		0.4	0.5	