Arabian Cement Company

FY14 Investors Presentation

April 2015

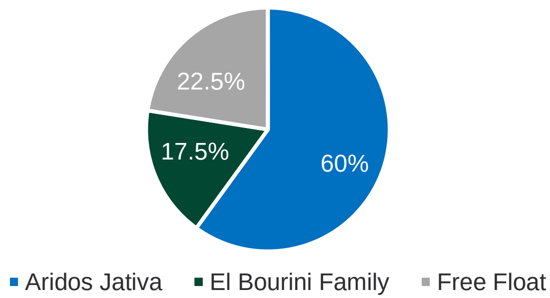
Contents

Introduction to ACC

ACC in a Snapshot

- The company started operations in 2008 and 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, with a market share of 8% as of FY14.
- ACC’s operations include the production of clinker and production and sale of high quality cement. Local sales represented almost 100% of total sales as of FY14.
- The Company outsources its manufacturing through several O&M contracts; Reliance Heavy Industries (“RHI”) for the operation of the quarry and cement production, in addition to an operational management contract with NLSupervision (“NLS”); a subsidiary of FLSmidth, for clinker production
- ACC has adopted and implemented quality and safety management systems, complying with the requirements of the international standards ISO 9001:2008 and OHSAS 18001:2007
- 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 is in the process of substituting almost 100% of its current energy requirements to use a mix of solid and alternative fuels by 2Q 2015.
- As of FY14, ACC distributed 43% of its production through own channels, “Wassal”; delivery service as well as its warehouse in Banha.

Shareholding Structure



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

1997

Arabian Cement Company founded by a group of Egyptian investors

2004

With an objective to expand outside its home country, CLU identified ACC as the right investment opportunity and joined the company

2006

Contract signed with FL Smidth for Line I (clinker)

2008

May: Commissioning of line I (clinker)

2010

January: Clinker kiln capacity upgraded to 6,600 tpd

June: Line II second cement mill starts production

March: Line II first cement mill starts production

2011

March: Commissioning of line II (clinker)

June: Line I first cement mill starts production

September: Line I second cement mill starts production

2012

ACC has now a 5.0 Mmtpa cement production capacity and serves c. 8% of the Egyptian domestic cement market

2013

2013
Line I coal RDF equipment contracts signed and commissioning of line II RDF (in November)

ACC has started investing USD c.35mn in an energy program, aimed to shift its dependence on natural gas to other fuels (namely solid and refuse-derived fuel ("RDF"))

2014

2014 Commissioning of coal mill and commissioning of line II RDF

2015

2015
Hot Disc

Clinker Production Capacity

2.1 Mmtpa

2.2 Mmtpa

2.6 Mmtpa

4.2 Mmtpa

Capacity Changes *Corporate Changes* *Others*

Introduction to ACC

Plant Information

2.8 km long limestone conveyor belt (30,000 tpd)

Located on approximately1.5 mn sqm of land owned by the Company

Managed through a centralized modern and technologically advanced control room

Each production line includes:

- One raw materials vertical grinding mill (520 tph)
- Five stage pre-heater, kiln and cooler system (capable of producing between 6,600-7,000 tpd each)
- One clinker silo (35,000 tons)
- Two horizontal cement mills (two per line) (190 tph)
- Two cement silos (16,000 tons each)
- Packing unit comprising of 3x120 tph packers and four bulk loading outlets, two for each silo
- One palletizer of 225 tph connected to the packing unit
- Transportation services split between own fleet and third party

Introduction to ACC

Executive Management Team

Jose María Magriña

Chief Executive Officer

Mr. Magriña's 20 years of professional experience stretches across several industries. He served as a management consultant at PWC, Deloitte and Accenture covering the gas, oil and construction industries for 9 years where he advised on strategy and operations for companies in various developed and developing countries. Joined ACC in 2005.

Tarek Talaat

Chief Commercial Officer

Joined in 2009, Mr Talaat has 21 years of experience of which 14 years are in the cement sector, through his previous positions as business development director of Titan Egypt. He also served as regional manager for Cementia Trading and Commercial Director of the Lafarge/Titan joint venture in Egypt

Allan Hestbech

Chief Financial Officer

Mr. Hestbech has 14 years of experience in the Egyptian cement industry. He joined ACC in 2014. Before joining ACC, Mr. Hestbech assumed the role of Financial Director of Sinai White Cement. He has experience in financial management of cement companies, including cost optimization, reduction of financial costs and working capital as well as the financial management of plant erection projects.

Sergio Alcantarilla

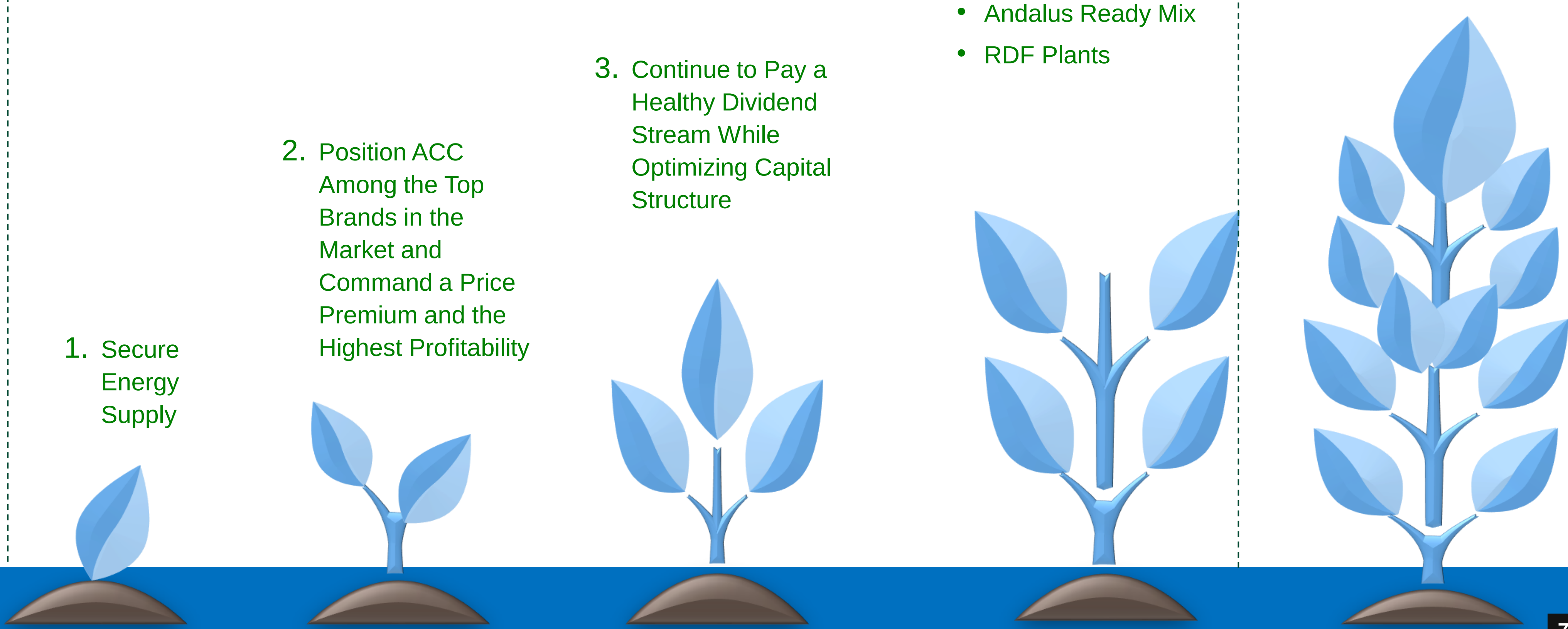
Chief Operations Officer

Mr. Alcantarilla has 12 years of experience in the cement industry where he participated in all the fields of the business' technical side such as projects of new cement plants, civil works, mechanical and electrical erection, com - missioning, production, maint., quality, process and cost optimization and improvement plans. He Joined ACC in 2009.

Introduction to ACC

Our Strategy

Medium Term Strategy				Long Term Strategy
1. Secure Energy Supply	2. Position ACC Among the Top Brands in the Market and Command a Price Premium and the Highest Profitability	3. Continue to Pay a Healthy Dividend Stream While Optimizing Capital Structure	4. Vertical Expansion: • Andalus Ready Mix • RDF Plants	5. Expanding production in Egypt or abroad



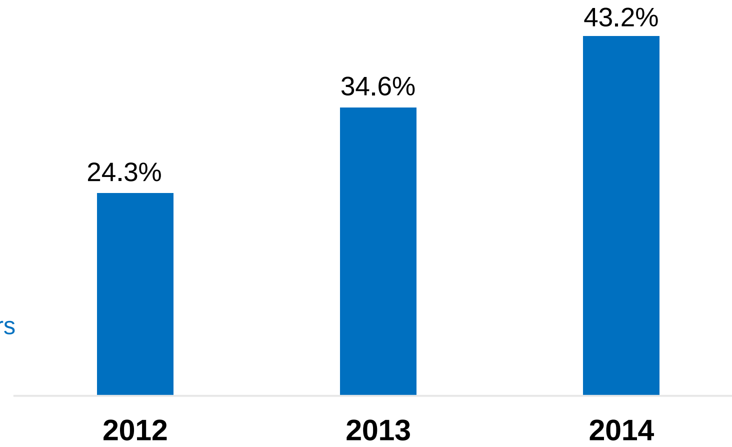
Introduction to ACC

Distribution Network Overview

1 Express Wassal

- Express Wassal is a full transportation service for bulk and/or bagged products provided by the company's fleet of 25 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
- ACC will expand its Express Wassal's hotline availability. Now operating extend working hours to 24 hours per day, 7 days a week.
- The additional availability is expected to further increase customer satisfaction as it allows them fast access to the Company's products at any time

Express Wassal & WH Volumes (% of Cement Dispatched)



2 Warehouses

Warehouses Overview

- ACC is planning a wide warehouse infrastructure in various locations in order to ease delivery to merchants in addition to minimizing lead time
- ACC opened a warehouse in Banha in 2013 and opened another one in Damnhour in Q1 2015.

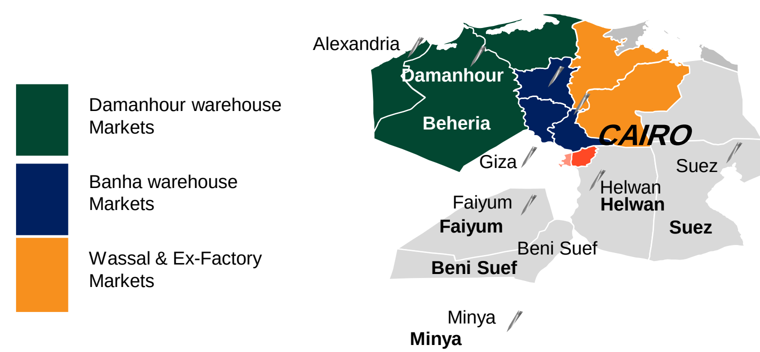
Benefits to ACC

- ☑ Proximity to customers
- ☑ Faster responses to market changes
- ☑ Ensure regional market share
- ☑ Price premium to ex - factory

Benefits to ACC's Customers

- ☑ Traders' will have shorter delivery time
- ☑ Traders' trucks will be more efficient by allowing them to make more delivery trips per day; i.e. more profitable
- ☑ Use of pallets allowing for faster loading time and less traffic

Warehouse Market Coverage



ACC is the only cement producer in Egypt with its own warehouse facilities. The facilities act as both a distribution hub (allowing product to be dispatched on demand to merchants) and a sales point

Period Highlights

Main Highlights

In November 2014, the BOD approved a JV with Cementos Relampago, a sister company, to establish a grinding facility in Brazil with a capacity of 230k tpa at an investment cost of EUR 23 mn, 50% of which will be financed through debt. ACC's share is 60%, contributing EUR7mn.

In July 2014, gas prices increased from USD6/mmbtu to USD8/mmbtu, in a move from the government to reduce the energy subsidies and encourage cement producers to resort to other sources of energy.

During Q2 2014, there was an amendment to the tax law in Egypt that resulted in a temporary increase on the tax rate by 5%.

This rendered the effective tax rate to become 30% as opposed to 25%. Yet, in early 2015, the government announced a reduction of the corporate income tax to be 22.5% starting 2015.

Production Highlights

- ACC produced 2.614 MM MT of clinker in FY 2014 compared to 3.244 MM MT at the same period the previous year.
- The main reason for this 20% decrease is the absolute absence of gas supply during most of April and part of May and intermittent cuts during the months of June-September, which continued till the end of the year.
- The gas shortages have also affected our capacity to finalize commissioning of our coal mill as we require a certain amount of gas to be able to operate effectively.

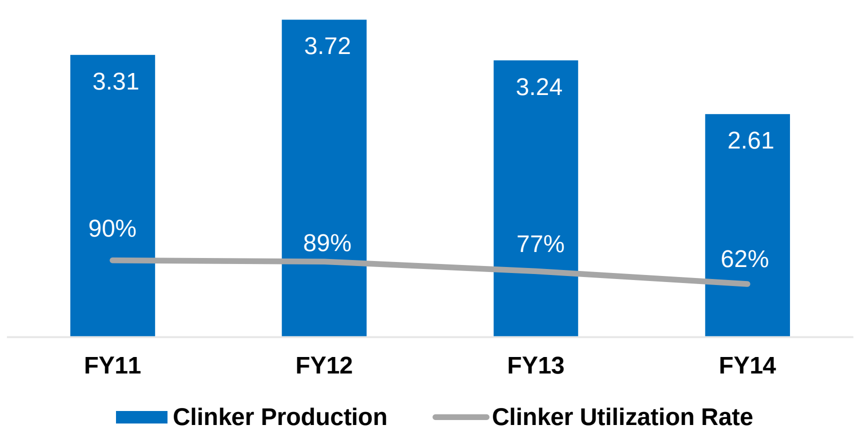
Coal Updates

- During May, the government took the decision to allow the use of coal for cement producers.
- ACC resumed the commissioning of the coal mill. Since then we have been producing with coal and RDF in production line 2.
- However, ACC still required gas to be able to run line 1 with the maximum coal capacity.
- Starting Jan. 2015, ACC operated at high utilization as we received sufficient amounts of diesel.

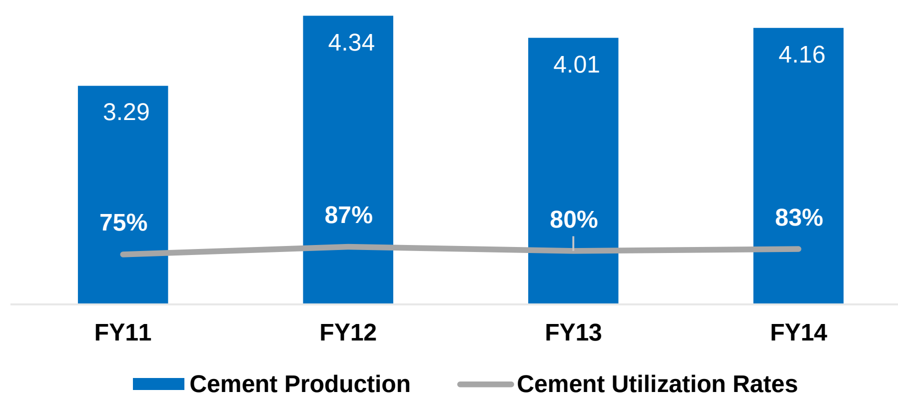
Period Highlights (continued)

Main KPIs

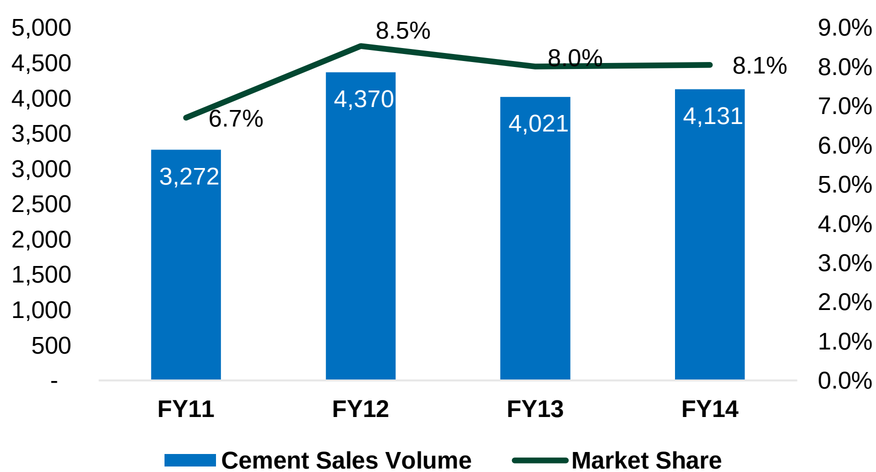
Clinker Production (MN MT) and Utilization Rates



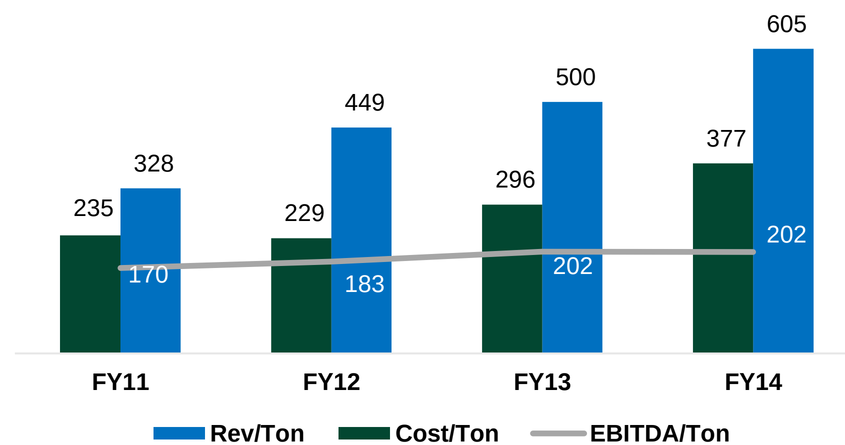
Cement Production and Utilization Rates



Sales and Market Share (MN MT)



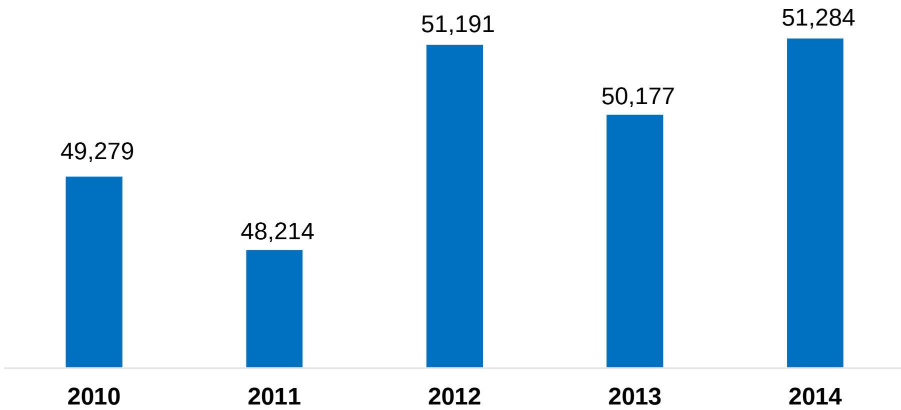
Revenues, COGS and EBITDA (EGP/ton)



Egyptian Cement Market

Demand and Supply Synopsis

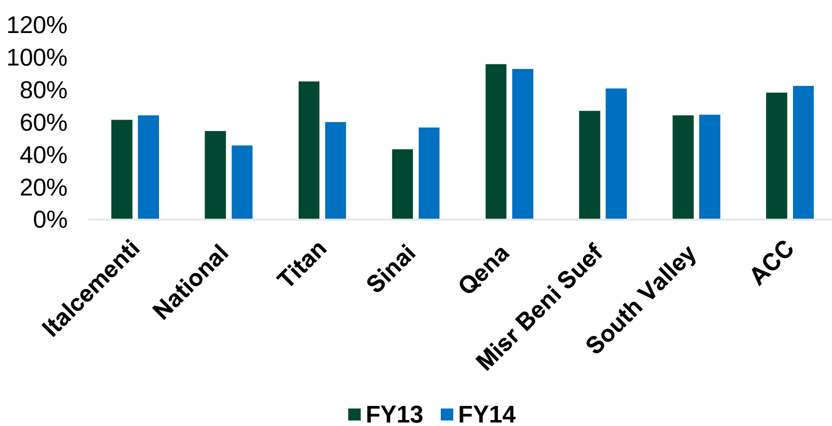
Domestic Consumption (MMT)



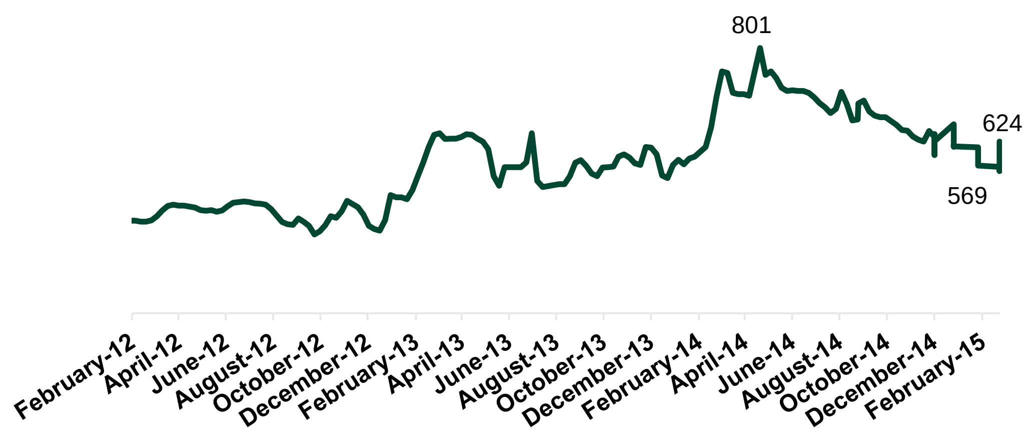
Egyptian Market Overview

- The Egyptian cement market is primarily driven by local consumption, which has been relatively stable over the past few years despite ongoing political and economic unrest.
- Egypt's residential housing demand is expected to continue to be driven by its fast growing population and high marriage rates, ensuring a consistent demand for housing.
- Egypt suffers from low levels of spending on infrastructure and the quality of the infrastructure is relatively low and requires constant maintenance and repair.
- The government is now focusing on stimulating the housing and infrastructure spending as they are one of the major pillars of the economic development.
- Several infrastructure and housing projects have been announced such as the New Suez Canal, 1 million housing units of Arabtech, and others.

Domestic Capacity Utilization



Average Retail Prices (EGP/ton)

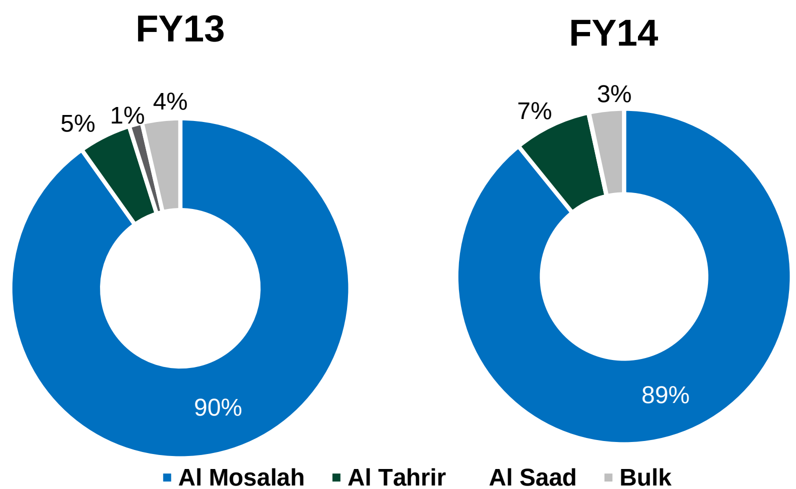


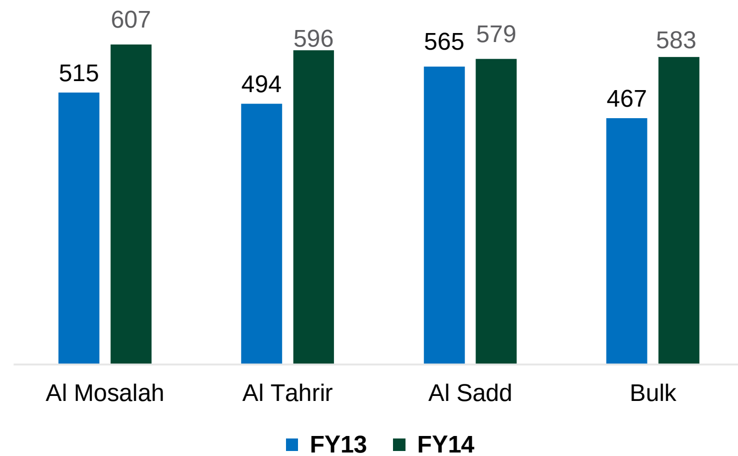
Sales Overview

Quantities Breakdown

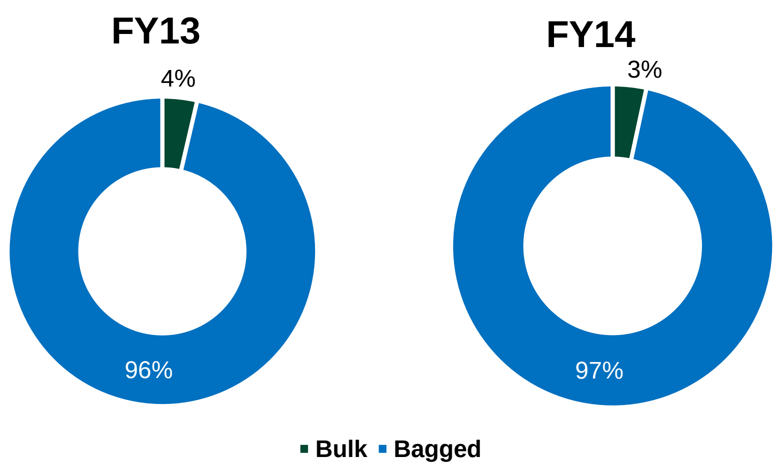
Quantities Breakdown	Prices (EGP/ton)

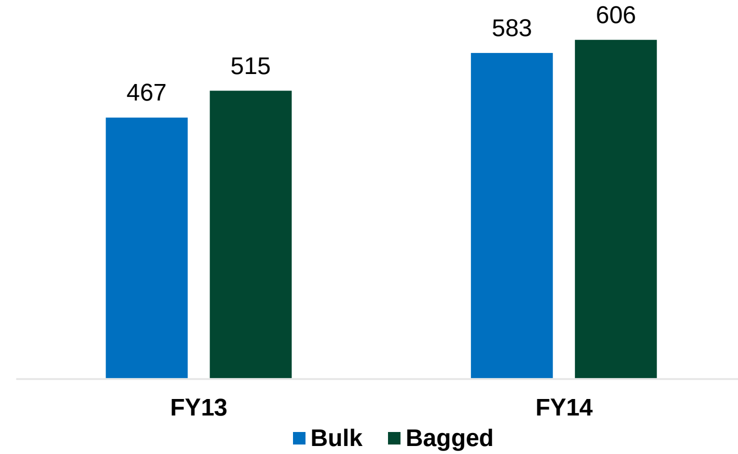
Breakdown by Brand





Breakdown by Type



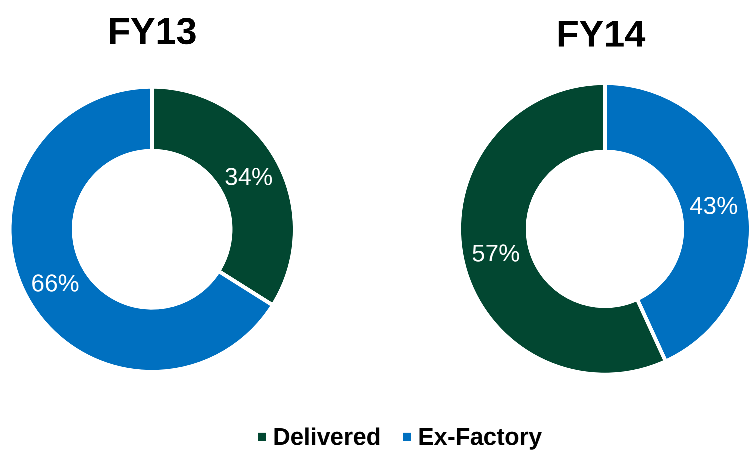


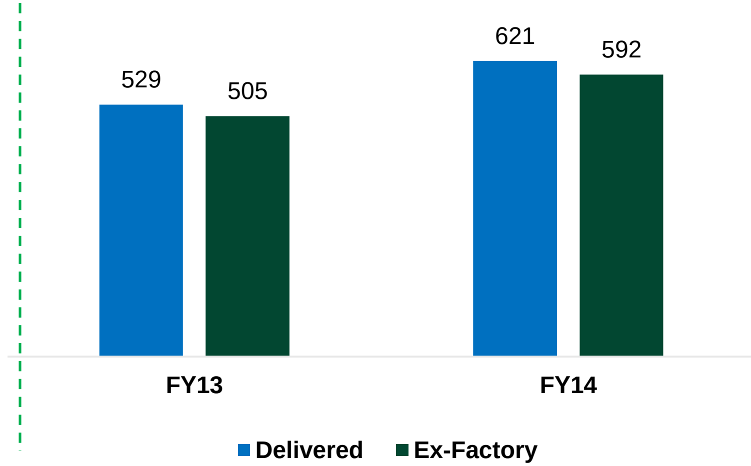
Sales Overview

Quantities Breakdown

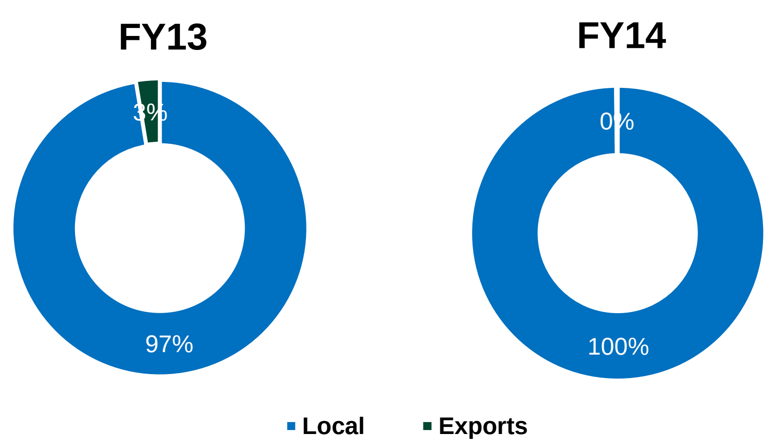
Quantities Breakdown	Prices (EGP/ton)

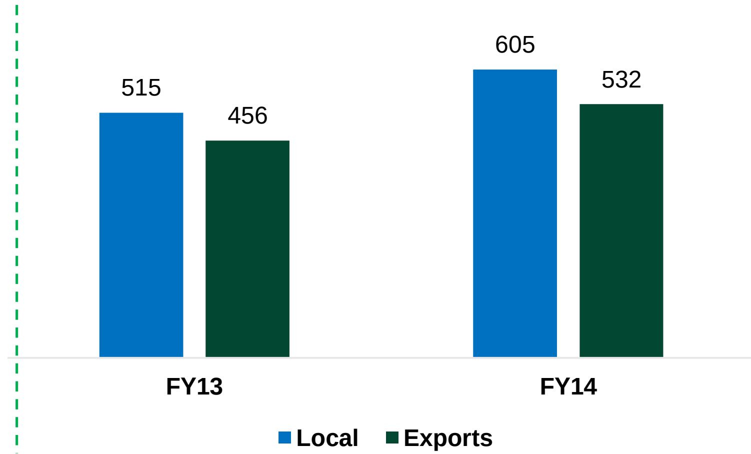
Breakdown by Point of Sale





Breakdown by Market

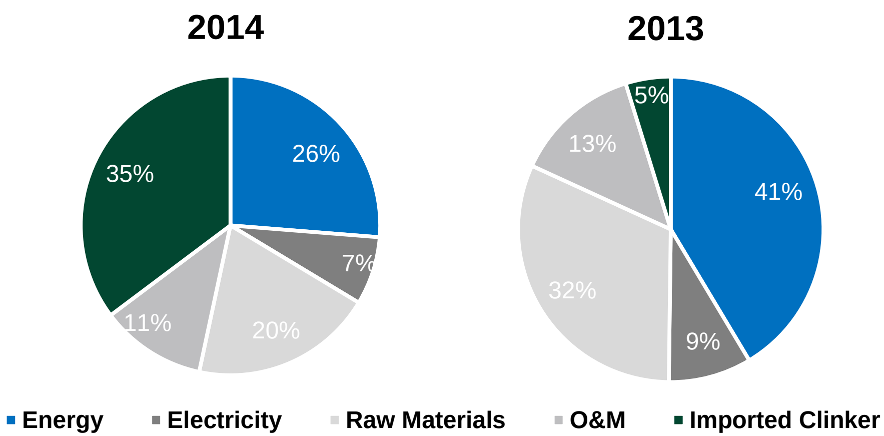




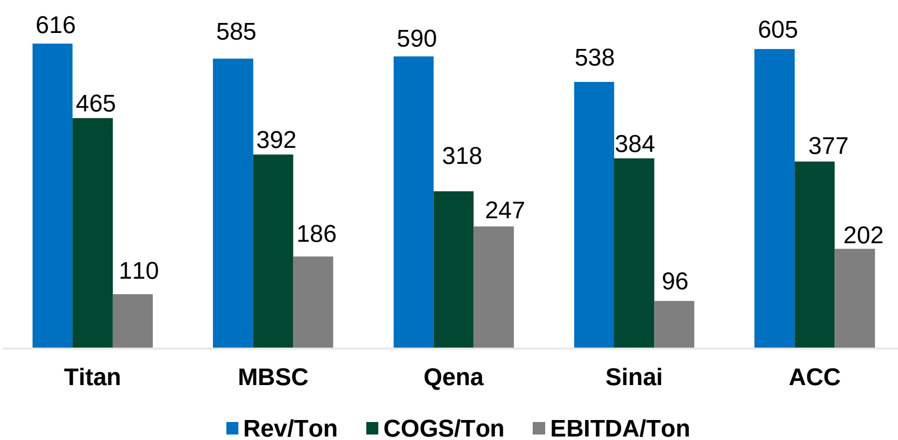
COGS Overview

COGS and ACC Cost Advantages

COGS Breakdown

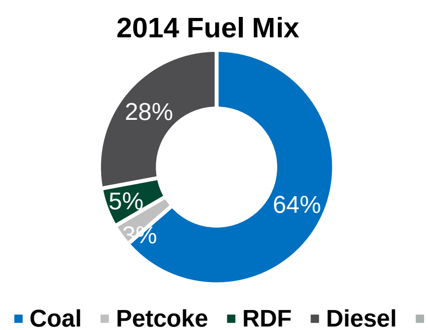


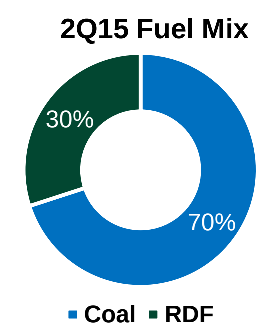
ACC & Competition (EGP/ton)



ACC Cost Advantages

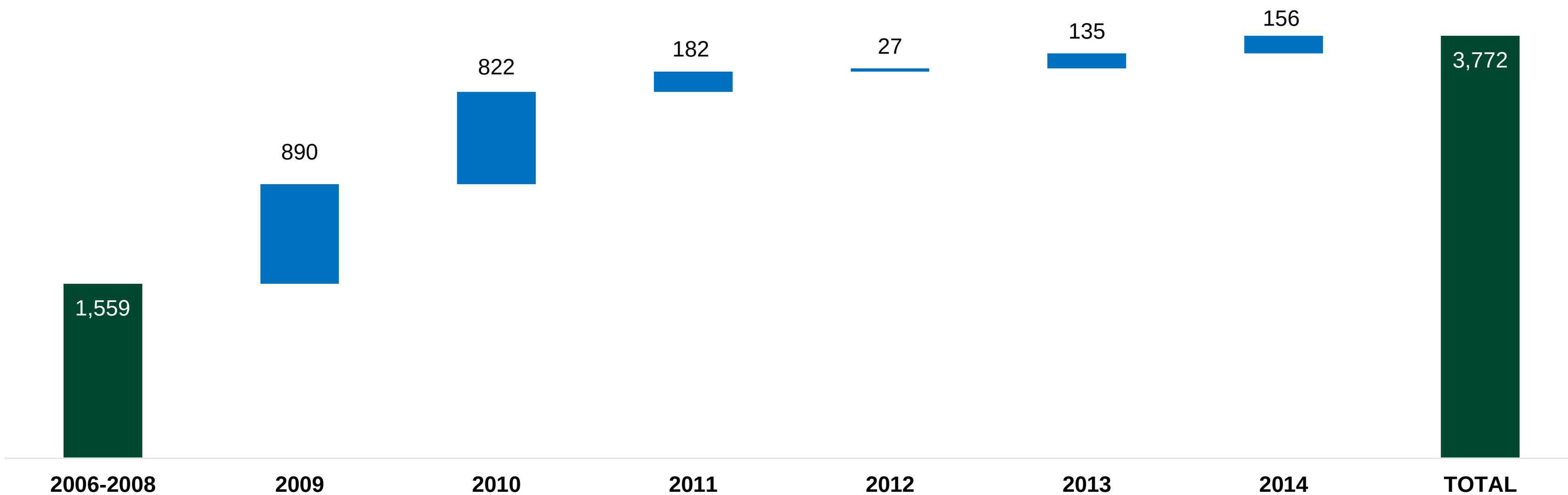
- Moving ahead of other industry players, ACC has embarked on an alternative energy investment with aims to offer ACC the ability to substitute up to 100% of its energy needs by end of Q2 2015.
- **RDF:**
  - The Company started using RDF in November 2013.
  - Currently the company uses RDF to generate 10% of its energy requirements, to reach 30% by end of Q2 2015 when the 2nd RDF line is fully operational.
  - Other than ACC, Italcementi, Cemex and Lafarge are currently using RDF to generate part of their energy needs.
- **Coal:**
  - The company now has the technical capability to substitute 70% of energy needs through coal and 10% through RDF.
  - Coal is imported from Dekhiela port in Alexandria, Sokhna port has not been permitted to import coal yet. Imports are coming through Adabeya port as well.
  - Currently Lafarge, Italcementi and Titan are substituting part of their energy requirements through coal. Others are in the process of contracting and installing the necessary equipment to start using coal.





CAPEX Overview

CAPEX (BN EGP)

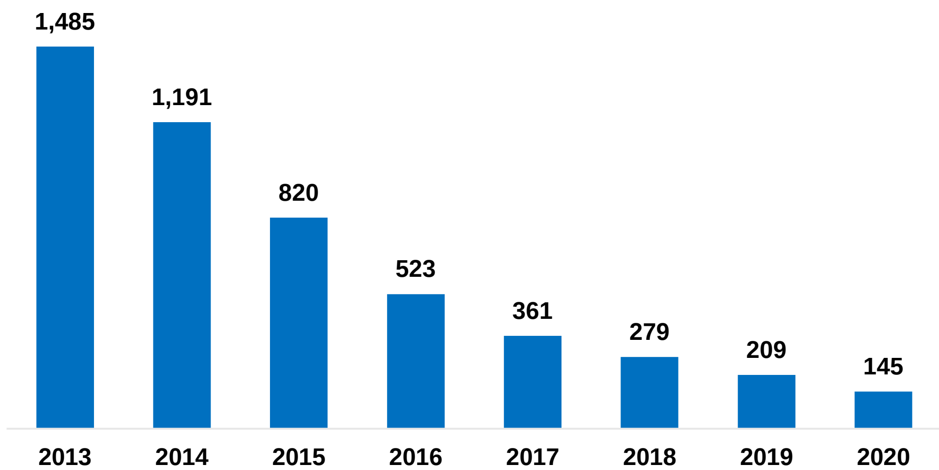


- The company has paid EGP 146 mn for CAPEX during 2014 mainly for the coal and hot disc projects related to the transformation to using coal and Refuse Derived Fuel as the main sources of energy.
- The new coal dosing system which will enable the use of coal in line 1. After the completion of the project at end of Q2 2015, coal can be used in preheater and kiln of both lines, which will prevent disruptions in any of the lines in the event of gas supply cuts.
- The hot disc project will allow the use of refuse as fuel in kiln line 1. After completion at end of Q2 2015, the company will be able to gradually increase the use of **refuse** up to a maximum of 30% of the fuel used in the entire plant. In 2015 the company is expected to pay around 25m EGP for the remaining part of the hot disc project. In addition to 58m for general additions.
- Maintenance CAPEX is included in the O&M fees per ton that the company pays.

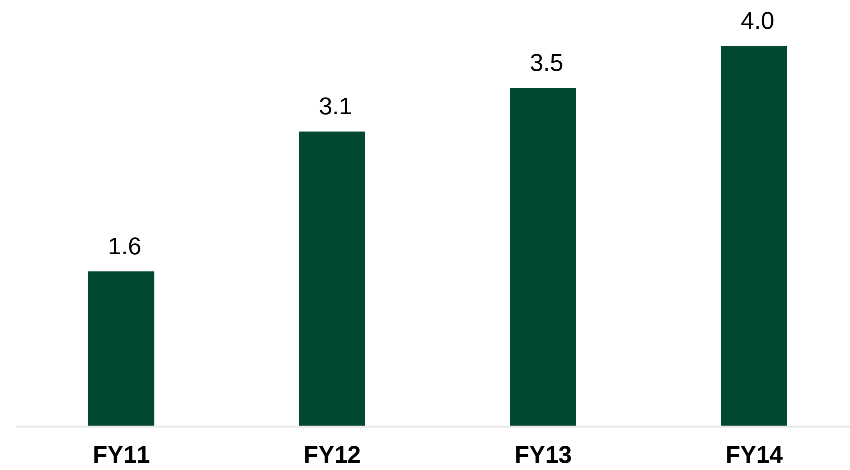
Debt

Outstanding Debt & Debt Structure

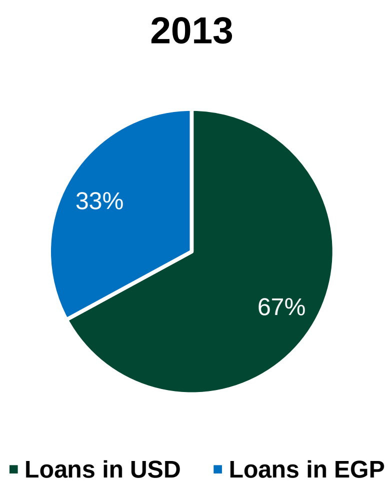
Outstanding Debt (Thousand EGP)

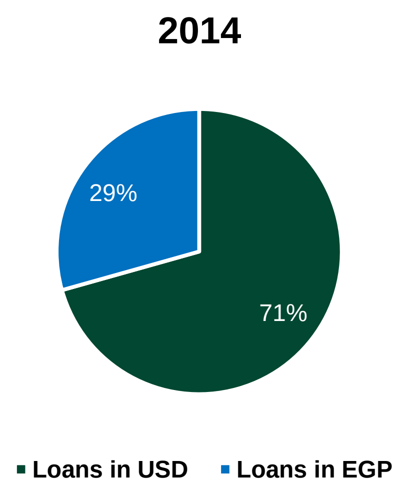


Interest Coverage Ratio



Loans Structure (EGP vs. USD)





FY14 Financials Review

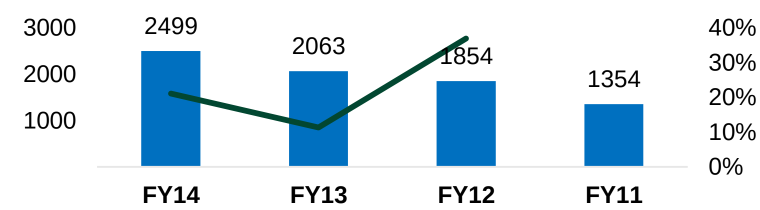
Income Statement

- ACC average prices increased by 18% compared to the previous period, with a 3% increase in volumes, thus pushing cement revenues 21% up.
- Cost per ton increased by 28%, driven mainly by the use of imported clinker.
- G&A increased due to an increase in advertising expenses and the one-off IPO fees.
- The amendment of the tax law in Egypt that resulted in an increase of the tax rate by 5%. Accordingly, income tax expense increased by the additional 5%.

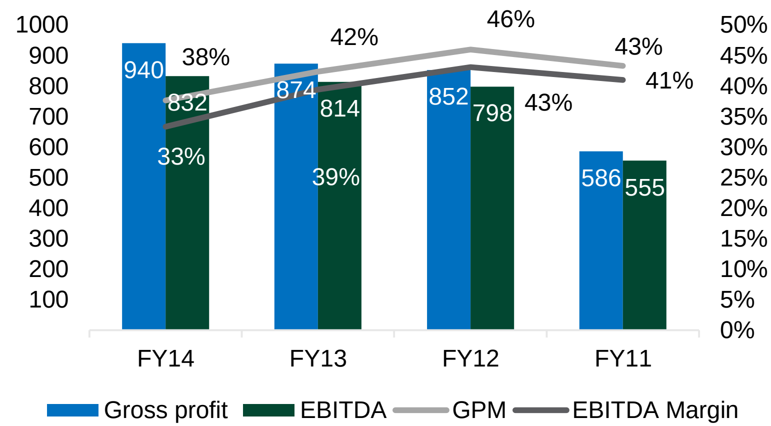
MN EGP	2014	2013	2012	2011
Revenue	**2,499**	**2,064**	**1,854**	**1,354**
Cost of goods sold	-1,559	-1,190	-1,001	-768
Gross profit	**940**	**874**	**852**	**586**
GPM	*38%*	*42%*	*46%*	*43%*
SG&A Expenses	-109	-74	-60	-34
Other income	1	14	6	3
EBITDA	**832**	**814**	**798**	**555**
EBITDA Margin	*33%*	*39%*	*43%*	*41%*
Depreciation & Amortization	-191	-188	-186	-124
EBIT	**642**	**626**	**613**	**431**
EBIT Margin	*26%*	*30%*	*33%*	*32%*
Foreign exchange	-26	-69	-40	-40
Loan interest expense	-36	-62	-75	-37
Operating license interest expense	-45	-45	-45	-45
Electricity agreement interest expense	-12	-12	-12	-12
Long-term notes payables	-1			
Interest income	0.8	1	3	1
Finance cost, net	-120	-187	-169	-133
Net profit before tax	**522**	**439**	**443**	**298**
PBT Margin	*21%*	*21%*	*24%*	*22%*
Deferred tax	-14	-20	-44	-148
Income tax expense	-135			
Net profit	**373**	**419**	**399**	**151**
NPM	*15%*	*20%*	*22%*	*11%*

2011 figures are not directly comparable to 2012-2013 figures since the two production lines were only fully operational in 2012 and2013; prior to that ACC sold clinker only in 2009 and sold part of its production in 2010 and 2011 as clinker

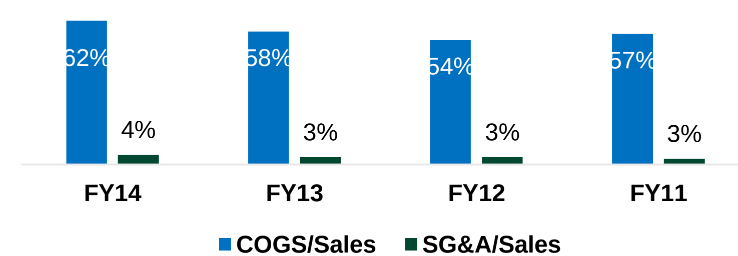
Revenues (Thousand EGP)



GP and EBITDA (Thousand EGP)



Efficiency Ratios

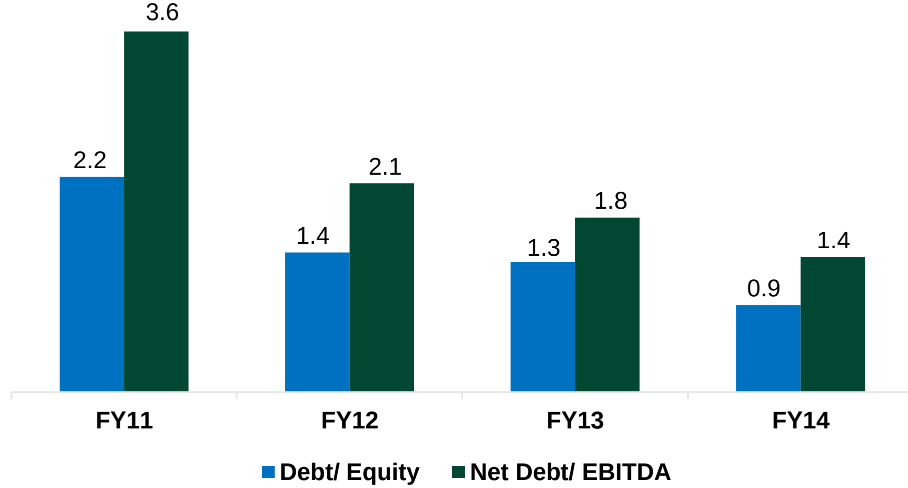


FY14 Financials Review

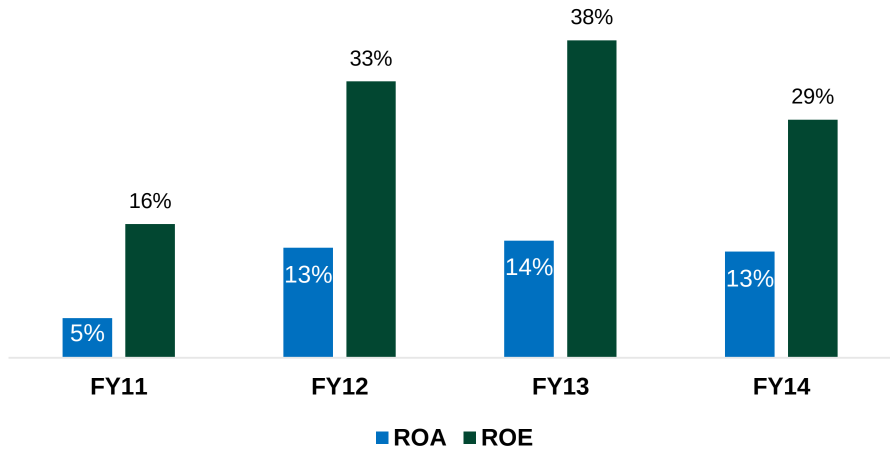
Balance Sheet

MN EGP	2014	2013	2012	2011
Assets				
Non-current Assets				
Property plant and equipment, net	2,665	2,647	2,796	2,928
Projects under construction	98	138	9	12
Intangible assets	132	154	177	199
Investment in subsidiaries	9	9	9	
Payments under long-term investment				
Total Non-current Assets	**2,905**	**2,949**	**2,991**	**3,140**
Current Assets				
Inventory	201	96	67	63
Debtors and other debit balances	48	47	336	254
Due from related parties	17	17	11	6
Cash and bank balances	156	158	161	101
Total Current Assets	**423**	**318**	**575**	**423**
Current Liabilities				
Provisions	9	7	1	1
Current tax liabilities	135	1		
Trade payables and other credit balances	324	326	242	208
Due to related parties	6	2	1	1
Borrowings - short term portions	294	338	347	320
Short-term liabilities	69	69	127	127
Total Current Liabilities	**837**	**743**	**717**	656
Net (Deficit) Surplus in Working Capital	**-414**	**-425**	**-143**	**-233**
Total Invested Funds	**2,490**	**2,524**	**2,848**	**2,907**
Represented in:				
Equity				
Paid up capital	757	757	757	757
Legal reserve	129	119	77	37
Retained earnings	408	213	359	136
Net profit for the period				
Total Equity	**1,295**	**1,089**	**1,194**	**930**
Non-current Liabilities				
Borrowings - long term portions	342	521	788	1,083
Deferred income tax liability	351	337	317	273
Long-term liabilities	503	577	550	621
Total Non-current Liabilities	**1,195**	**1,434**	**1,655**	**1,977**
Total Equity and Non-current Liabilities	**2,490**	**2,524**	**2,848**	**2,907**

Gearing



Return Ratios

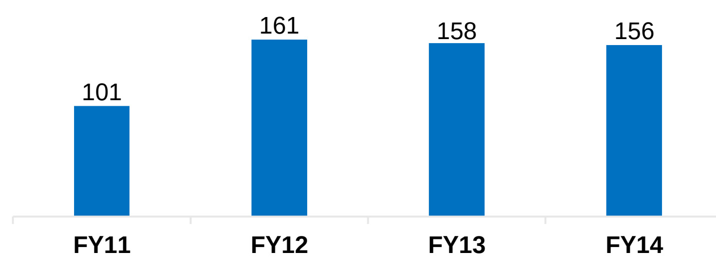


FY14 Financials Review

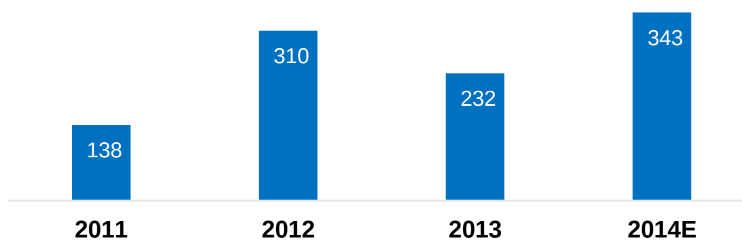
Cash Flow Statement

MN EGP	2014	2013	2012	2011
Cash flows from operating activities				
Net profit before tax	**522**	**439**	**443**	**298**
Interest income	-1	-1	-3	-1
Interest expense	95	120	132	94
Depreciation expense	168	165	163	107
Amortization of intangible assets	23	23	23	16
Gain from sale of property plant and equipment			1	
Provision	2	6		
Changes in working capital	809	751	760	515
Debtors and other debit balances	-1	3	-19	62
Inventory, net	-105	-29	-4	-10
Trade payables and other credit balances	31	21	50	27
Due from related parties	-0.1	-7	-5	
Tax paid	-0.1			
Due to related parties	3	1	-1	-21
Net cash from operating activities	**736**	**740**	**781**	**572**
Cash flows from investing activities				
Interest income	1	1	3	1
Purchase of property, plant and equipment	-23	-9	-8	-38
Additions in projects under construction	-124	-80	-21	-166
Payments under long-term investments			-9	
Net cash flows used in investing activities	**146**	**-88**	**-35**	**-203**
Cash flows from financing activities				
Payments of license liability	-74	-68	-87	
Payments of borrowings	-223	-276	-268	-176
Interest paid	-95	-120	-132	-90
Dividends paid	-201	-192	-198	-102
Net cash flows from financing activities	**592**	**-656**	**-685**	**-369**
Net increase (decrease) in cash and cash equivalents	**-2**	**-3**	**60**	**1**
Cash and cash equivalents at beginning of the year	158	**161**	**101**	**100**
Cash and cash equivalents at end of the period	**156**	**158**	**161**	**101**

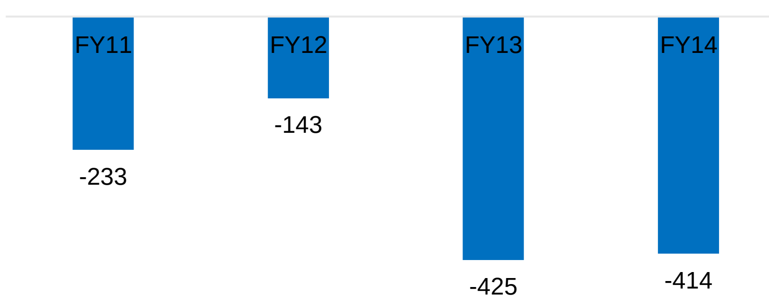
Cash (EGP mn)



Dividends (EGP mn)



Working Capital (EGP mn)



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