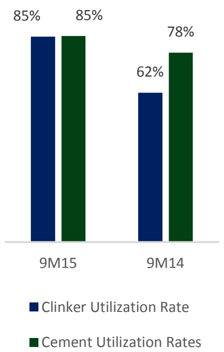
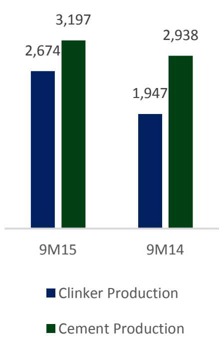
Arabian Cement Company Reports Sales Volume Growth in 9M15 but Lower Prices

9M15 witnessed lower performance on the back of lower cement prices.

Key Highlights of 9M15

9% Growth in Sales to 3.2 MM tons	37% Increase in clinker production	7% Reduction in cost/ton, EGP 329	EGP 536 MM EBITDA
85% Clinker Utilization	8.3% Market Share	31% EBITDA margin	21% increase in Net Profit





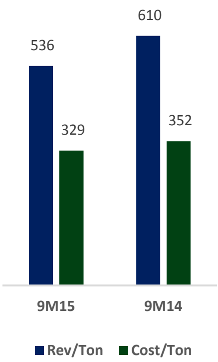
November 2015| Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), reported its results for 9M15. Revenues for the period declined 4% to EGP 1,711 MM, compared to EGP 1,788 MM in the same period of 2014. This is due to a 12% decline in prices, which was partially offset by a 9% increase on volume. Cost per ton stood at 329 EGP/ton less than the EGP352/ ton recorded in 9M14. The reason for the cost reduction is less imported clinker and higher energy efficiency. Meanwhile, cost/ton for 3Q15 declined 12% over 3Q14 recording EGP308/ton.

EBITDA stood at 536 MM, 10 % below the comparison period of 9M14 (EGP599 MM). Net Profit increased 21% y-o-y to EGP242 MM, a Net Profit Margin of 14 %.

Comments on the Period

Prices in 3Q15 were lower than the previous two quarters. Accordingly, the 9M15 average net price per ton after deducting transportation cost, taxes and incentives stood at EGP536/ ton, 12% lower than 9M14 of EGP610/ton.

Despite the insignificant market growth of 1% during 9M15 over 9M14, ACC still managed to increase its sales volume by 9% reaching 3.2 MM tons compared to 2.9 MM tons in 9M14,



with cement utilization rate of 85% compared to 78% in 9M14. Accordingly, market share increased from 7.7% in 9M14 to 8.3% in 9M15. This was mainly achieved through our own produced clinker, yet we still used 138 K tons of imported clinker, compared to 577k tons in 9M14.

In 9M15 the company is using as fuels the following energy mix : 77% coal/ petcoke, 15% diesel and 8% alternative fuels (AF). Since the beginning of the year, ACC managed to increase its use on AF from 5% up to 11% and on coal from 68% to 78% in September. With such, the company achieved clinker utilization of 85%, compared to 62% in 9M14. Clinker production was 3.2 MM tons clinker compared to 2.9 MM tons.
The company succeeded in reducing its cost/ton compared to other producers. For example, ACC cost/ton recorded 7% below Misr Cement- Qena (EGP23/ton) and 32% less than Suez Cement (EGP157/ton)

EBITDA declined by 10% Y-o-Y to EGP536 MM in 9M15, whereas EBITDA margin recorded 31% compared to 33% in 9M14.

As a result of the series of devaluations in the EGP against the USD, ACC recorded FX losses of EGP44 MM compared to EGP30 MM in 9M14. Besides, as per the recent adjustment in the income tax law resulting in a reduction of 7.5%p in the income tax from 30% to 22.5%. Therefore net profit stood at EGP242 MM, with a healthy 14% profit margin. Our balance sheet is becoming stronger with a 15% reduction in outstanding debt and a debt/equity ratio of 0.8 compared to 1.0 in 9M14.

Despite all the challenges that of 2015 from depressed prices, the use of some imported clinker and EGP devaluation against the USD, the company succeeded in operating at 85% cement utilization with lower costs and an increase in market share.

Outlook

Demand in 9M15 has seen a slight increase of 1% over 9M14 reaching 38.6 MM tons. We still believe that the Egyptian market holds strong potential growth based on the underlying fundamentals.
We forecast sales of 1.1 MM tons during the last quarter of the year. Prices have started to recover from yearly lows and we should see an average price above than that of 3Q15.
We don’t need to import or source clinker externally, however we still have a stock of 75k tons which we will use during the planned stoppage in November (2 weeks).

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.

Summary Performance

	9M15	9M14	Var	3Q15	3Q14	Var
National Consumption (000)	38,628	37,967	2%	12,242	13,095	-7%
National Production (000)	38,817	38,339	1%	12,344	13,241	-7%
Clinker Production (000)	2,674	1,947	37%	1,034	686	51%
Clinker Utilization Rate	85%	62%		98%	65%	
Cement Production (000)	3,197	2,938	9%	1,146	977	17%
Cement Utilization Rates	85%	78%		92%	78%	
Cement Sales Volume (000)	3,189	2,932	9%	1,145	972	18%
Market Share	8.3%	7.8%		9%	7%	
Revenues (MM)	**1,711**	**1,788**	-4%	**575**	**550**	5%
Rev/Ton	536	610	-12%	502	566	-11%
COGS (MM)	**1,051**	**1,033**	2%	**353**	**339**	4%
Cost/Ton	329	352	-7%	308	349	-12%
EBITDA (MM)	**537**	**599**	-10%	**181**	**172**	5%
EBITDA/Ton	168	204	-18%	158	177	-11%
EBITDA Margin	31%	33%		31%	31%	
Gross Profit (MM)	**605**	**706**	-14%	**204**	**193**	6%
Gross Profit Margin	35%	39%		36%	35%	
COGS/Sales	61%	58%		61%	62%	
SG&A (MM)	**68**	**77**	-11%	**21**	**22**	-5%
SG&A/Sales	4%	4%		4%	4%	
FX Loss (MM)	**44**	**30**	48%	**13**		3172%
Dep. & Amort. (MM)	**147**	**142**	3%	**50**	**49**	1%
Interest expenses (MM)	**66**	**71**	-7%	**22**	**22**	-1%
Profit Before Tax (MM)	**279**	**386**	-28%	**94**	**98**	-4%
Deferred tax (MM)	**24**	**85**	-72%	**-33**	**4**	-967%
Income Tax (MM)	**58**	**100**	-42%	**6**	**28**	-78%
Net Profit (MM)	**244**	**200**	22%	**121**	**67**	83%
Net Profit Margin	14%	11%		21%	12%	
Outstanding Debt (MM)	**1,068**	**1,281**	-17%			
Debt/Equity	0.8	1.0				

Based on standalone Financial Statements