



Finally, the government interfered the cement market and set capacity quotas

<b>Revenues</b> ↓ EGP 1,568 mm	<b>Cash Cost</b> ↓ EGP 1,311 mm
<b>Cash Gross Profit</b> ↑ EGP 257 mm 16% Margin	<b>EBITDA</b> ↑ EGP 206 mm 13% Margin





## Results in a Nutshell

**24<sup>th</sup> November 2021** | Cairo | **Arabian Cement Company (ARCC.CA on the Egyptian Exchange)**, a leading Egyptian cement producer reported its results for 3Q 2021.

## Cement market highlights

The Egyptian Competition Authority (ECA) has agreed on the 15<sup>th</sup> of July 2021 to allow cement manufacturers to set capacity quotas on all players in order to reduce the gap between supply and demand to stimulate local cement prices. ECA's decision will help us to increase our selling prices considerably to cover the set decline in our capacity.

## The following is our comments for the 3Q 2021

Arabian cement company recorded 8% increase y-o-y in its revenues for 3Q 2021 to EGP 642 million versus EGP 592 million in 3Q 2020, while it rose by 25% q-o-q. As the cement prices started to increase gradually after ECA's decision, our Rev/ton surged by 28% reaching EGP 718 y-o-y.

Our sales volume declined by 16% y-o-y reaching 894K tons which was mainly due to the slow season for cement of Muslim's feast in addition to the new quota implementation during the quarter.

Cash cost for the quarter stood at EGP 541 million in 3Q 2021 which represents a decline of 3% y-o-y. However, our cash cost per ton increased by 15% recording EGP 605 per ton, mainly on higher global fuel prices.

Fuel mix of 3Q 2021 was 34% Coal, 51% Pet-coke, 11% RDF and 4% Gas.

ACC recorded a cash gross profit of EGP 101 million in 3Q2021 which represents a 73% increase q-o-q, with a cash gross profit margin of 16% versus 6% in the same period last year. Rapid cash gross profit growth during 3Q 2021 was driven by better pricing.

EBITDA grew by 34% q-o-q in 3Q 2021, registering EGP 74 million and yielding an EBITDA margin of 11.5% compared to 2.3% in 3Q2020.

ACC recorded a negative bottom line of EGP 3.4 million versus EGP 34.5 million in the comparable period of 2020.

## The following is our comments for 9M 2021

ACC sales revenue for 9M 2021 stood at EGP 1,568 million, while the revenue per ton rose by 16% from EGP 594 to EGP 688 y-o-y.

ACC sales volume dropped by 28% reaching 2,281K tons compared to 3,152K tons in 3Q 2020 due to a technical problem that took place in the first quarter of the year which caused a stoppage in one of our production lines.

In terms of format 64% of our sales were bagged, 24% was bulk, and 14% clinker.

Our export sales increased by 12% recording 414K tons, which represents 18% of our total sales compared to 8% in the same period last year.

Total cash cost decreased by 19% y-o-y due to lower sales volume, recording EGP 1,311 million versus EGP 1,620 million y-o-y, while our cash cost per ton increased by 12% reaching EGP 575 per ton compared to EGP 514 per ton in 9M 2020.

Fuel mix of 9M 2021 was 52% Coal, 36% Pet-coke, 9% RDF and 3% Gas.

ACC cash gross profit stood at EGP 257 million with a 2% increase reaching 16% cash gross profit margin vs 13% in 9M 2020.

On a nine-month basis, EBITDA increased by 13% recording EGP 205 million including a partial insurance refund due to a stoppage in one of our production lines. EBITDA margin stood at 13.2% compared to 9.7% in the same period last year.

ACC's total outstanding debt was remarkably reduced by 19% y-o-y. The company's total loans reached EGP 414.4 million down from EGP 512.4 million y-o-y.

Our P&L statement carried a negative bottom line of EGP 24.5 million in 9M 2021.



## Outlook

National cement consumption has increased 7.6% YTD, which is in line with our initial forecast of a growth rate in cement consumption of about 6% to recover levels previous to the coronavirus. We still maintain this assumption.

Although fuel prices reached historical peaks never seen before, it looks like we are now in the downward trend. If we follow a parallelism between the fuel price hikes now and in the last global crisis, the financial one of 2008, we should see prices normalizing around the end of first quarter of 2022.

Moreover, after the Government intervention of the industry, via the ECA, the gap between offer and demand is not that high and prices are normalizing on a much healthier level for the industry. After a normal period of adjustment to the new situation, and having macroeconomic indicators in favor, our expectation is that cement consumption should continue growing gradually.





## 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, 11.4% is held by El Bourini family, and 28.6% 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	3Q2021	3Q2020	Variance %	9M2021	9M2020	Variance %
Domestic Sales	K Tons	11,931	10,236	17%	35,727	33,195	8%
Export Sales	K Tons	677	274	147%	1,918	647	197%
Total Sales	K Tons	12,609	10,510	20%	37,645	33,842	11%
ACC Clinker Production	K Tons	868	888	-2%	2,283	2,735	-17%
ACC Clinker Utilization Rate	PCT	83%	85%	-2%	72%	87%	-14%
ACC Cement Production	K Tons	718	1,063	-32%	1,963	3,141	-37%
ACC Cement Utilization Rates	PCT	61%	90%	-29%	56%	89%	-33%
ACC Domestic Sales Volume	K Tons	699	972	-28%	1,867	2,893	-35%
ACC Exports Volume	K Tons	195	86	126%	414	260	59%
ACC Total Volumes	K Tons	894	1,058	-16%	2,281	3,152	-28%
Cement Local Market Share	PCT	5.6%	9.5%	-3.9%	5.1%	8.7%	-3.6%
Total Cement Market Share	PCT	5.4%	10.1%	-4.7%	5.2%	9.3%	-4.1%
Revenues	MM.EGP	642	592	8%	1568	1872	-16%
Rev/Ton	EGP	718	559	28%	688	594	16%
Cash Cost	MM.EGP	541	555	-3%	1311	1620	-19%
Cash Cost/Ton	EGP	605	525	15%	575	514	12%
EBITDA	MM.EGP	74	14	431%	206	182	14%
EBITDA/Ton	EGP	82	13	529%	90	58	57%
EBITDA Margin	PCT	11.5%	2.3%	9.1%	13.2%	9.7%	3.5%
Cash Gross Profit	MM.EGP	101	37	176%	257	252	2%
Cash Gross Profit Margin	PCT	16%	6%	10%	16%	13%	3%
COGS/Sales	PCT	84%	94%	-10%	84%	87%	-3%
SG&A	MM.EGP	27	23	20%	76	71	7%
SG&A/Sales	PCT	4.3%	3.8%	0.5%	4.8%	3.8%	1%
Exchange differences	MM.EGP	-0.5	13	-103%	0.5	12	-96%
Depreciation & Amortization	MM.EGP	59	61	-3%	179	183	-2%
Net Profit	MM.EGP	-3	-34	90%	-25	-38	36%
Net Profit Margin	PCT	-1%	-6%	5%	-2%	-2%	0%
Outstanding Debt	MM.EGP	414	512	-19%	414	512	-19%
Debt/Equity		0.4	0.5	-5%	0.4	0.5	-5%