



Arabian Cement Reports a Significant Y-o-Y EBITDA growth.

Key Financial Highlights in 1Q 2023

Revenue	Cash Gross Profit	EBITDA	Net Profit
EGP 1,687 mn	EGP 522 mn	EGP 472 mn	EGP 243 mn
▲ 65% y-o-y	▲ 80% y-o-y 31% Margin	▲ 73% y-o-y 28% Margin	▲ 356% y-o-y 14% Margin



Results in a Nutshell

May 2023 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange),
a leading Egyptian cement producer reported its results for 1Q2023.

The following are our comments for the 1Q2023.

Arabian cement recorded a significant y-o-y revenue growth of 65% amounting EGP 1,687 million compared to EGP 1,020 million in 1Q2022. Local revenues represented 57% of total sales, down from 90% in the same quarter last year, while Export revenues showed 43%, up from 10% in 1Q2022. Our Rev/ton surged by 48% y-o-y reaching EGP 1,319 compared to EGP 889 in 1Q2022 and up 12% q-o-q.

On the volume front, our total Sales volume increased by 11%, recording 1,279K tons versus 1,148K tons in 1Q2022. In terms of format, 31% was Bagged cement, 24% Bulk cement and 45% clinker.

ACC witnessed a remarkable change in its sales mix in 1Q2023, moving toward increasing the export sales which represented 48% (16.2% export market share) of our total sales volumes compared to 14% in the same period last year which was mainly to source most of our needs of foreign currency.

Cash cost for the quarter stood at EGP 1,165 million in 1Q2023 versus EGP 731 million in 1Q2022. Nevertheless, our y-o-y cash cost per ton increased by 43% on the back of the increase of fuel prices globally in addition to the inflationary environment locally, reaching EGP 911 per ton compared to EGP 637 in the same period last year and 12% q-o-q.

Although the challenging environment, ACC was able to pass on the increase in cost to the customers which resulted to a slight increase in our Cash Gross profit margin that stood at 31% compared to 28% in the same period last year and flat q-o-q, while Cash Gross profit recorded EGP 522 million in 1Q2023.

SG&A for 1Q2023 stood at EGP 50 million with SG&A to Sales ratio of 3.0% compared to 3.1% in 1Q2022.

EBITDA for the quarter stood at EGP 472 million in 1Q2023 with an EBITDA margin of 28.0%, up compared to 26.8% in 1Q2022.

ACC recorded a foreign exchange loss of EGP 104 million in 1Q2023 compared to EGP 51 million in 1Q2022 on the back of the Egyptian pound devaluation.

ACC's bottom line recorded an important y-o-y increase recording EGP 243 million compared to EGP 53 million in 1Q2022 with a Net Profit margin of 14% compared to 5% in the same quarter last year.

As a result of the hike in the interest rates and the EGP devaluation, our credit interest increased from EGP 14 million in 1Q2022 to EGP 25 million in 1Q2023.

ACC's total outstanding debt was reduced on a y-o-y basis. The company's total loans and borrowings stood at EGP 342 million as of 31 March 2023, down from EGP 388 million as of 31 March 2022 which represents a 12% decline.



Outlook

As we predicted in our 2022 closing remarks, the year 2023 has started with a significant contraction of the local cement demand. The reasons behind this are external to the cement sector itself, some of them being: lack of hard currency availability, historical high inflation records, supply chain shocks, lack of liquidity attracted by the high interest rates, etc... The country is going through a process supervised by the IMF to bring stability to its economic condition and once the plan is in place, things will start to improve and stabilize.

In the meantime, exports became even more important as before. At national level, cement exports increased 18% Q-o-Q and clinker exports increased 78% Q-o-Q, being Arabian Cement Company one of the main drivers of this positive change, which is helping to position Egypt as a strong competitor in the global export market.

The international fuel market (coal-petcoke), which experienced a great correction in the second half of 2022, continued its correction during the first quarter of 2023, reaching now values prior to the Russia-Ukraine war. This is helping very much to limit the impact in risen costs driven as well by the inflation affecting all other raw materials and general expenses.

Our resiliency, fast maneuvering capacity and market positioning still allow us to keep beating the industry and taking advantage in stressed situations. So, we are confident we will have some good results even at the toughest economical circumstances.

Financial KPI	Unit	1Q2023	1Q2022	Y-o-Y Variance %	4Q 2022	Q-o-Q Variance %
Local Revenues	MM EGP	963	918	5%	1,084	-11%
Export Revenues	MM EGP	724	102	609%	131	452%
Total Revenues	MM EGP	1,687	1,020	65%	1,215	39%
Rev/Ton	EGP	1,319	889	48%	1,178	12%
Cash Cost	MM EGP	1,165	731	59%	840	39%
Cash Cost/Ton	EGP	911	637	43%	815	12%
Cash Gross Profit	MM EGP	522	289	80%	375	39%
Cash Gross Profit Margin	PCT	31%	28%	3%	31%	0%
EBITDA	MM EGP	472	273	73%	366	29%
EBITDA/Ton	EGP	369	238	55%	355	4%
EBITDA Margin	PCT	28%	27%	1%	30%	-2%
COGS/Sales	PCT	69%	72%	-3%	69%	0%
SG&A	MM EGP	50	32	54%	37	33%
SG&A/Sales	PCT	3.0%	3.2%	0%	3.1%	0%
FX Loss	MM EGP	104	51	104%	110	-5%
D&A	MM EGP	58	58	1%	62	-6%
Net Profit	MM EGP	243	53	356%	98	148%
Net Profit Margin	PCT	14%	5%	9%	8%	6%
Outstanding Debt	MM EGP	342	388	-12%	341	0%

Sales volumes	Unit	1Q2023	1Q2022	Y-o-Y Variance %	4Q 2022	Q-o-Q Variance %
Local Sales Volume	K Tons	669	991	-32%	893	-25%
Cement Exports Volume	K Tons	74	42	74%	6	1158%
Clinker Export volume	K Tons	536	114	371%	132	306%
Total Volumes	K Tons	1,279	1,148	11%	1,031	24%

Production Indicators	Unit	1Q2023	1Q2022	Y-o-Y Variance %	4Q 2022	Q-o-Q Variance %
Clinker Production	K Tons	862	811	6%	959	-10%
Clinker Utilization Rate	PCT	82%	77%	5%	91%	-9%
Cement Production	K Tons	684	892	-23%	842	-19%
Cement Utilization Rate	PCT	58%	76%	-18%	72%	-13%

Market Overview	Unit	1Q2023	1Q2022	Y-o-Y Variance %	4Q 2022	Q-o-Q Variance %
Cement Domestic Sales	K Tons	12,066	13,298	-9%	13,733	-12%
Clinker Export Sales	K Tons	2,992	1,674	79%	1,534	95%
Cement Export Sales	K Tons	789	669	18%	702	12%
Total Export Sales	K Tons	3,781	2,343	61%	2,236	69%

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, 12.5% held by Sadek El Sewedy, 11.6% is held by El Bourini family, and 15.9% 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

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