



Arabian cement company Reports Strong Bottom-Line Y-o-Y Growth in 1H 2018.

Key Income Statement Highlights of 1H2018

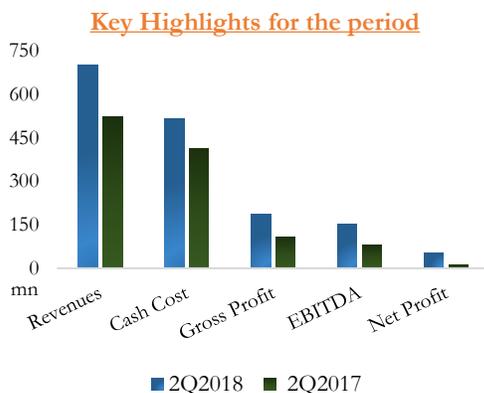
87% Upsurge in EBITDA EGP 423 MN	4.0% SG&A: Sales	199% Increase in Net Profit EGP 213 MN	12% Increase in cash cost/ton to EGP 508
31% Gross Profit margin	13% Net Profit Margin	27% EBITDA Margin	FX loss in P&L EGP 3.7 MN

Results in a Nutshell

28 August, 2018 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), a leading Egyptian cement producer, reported its results for 2Q2018.

2Q2018

Our 2nd quarter for 2018 came in with top line of EGP 702 million, representing an upsurge of 34% compared to 2Q2017. Sales were boosted by 9% y-o-y increase in volumes and 23% y-o-y increase in prices. ACC recorded an average Rev/ton of EGP 728/ton versus EGP 590/ton in the same period last year. It's worthy to mention that our sales level could have been higher, but it was limited by seasonality. ACC still captures the leading position in the exports market with a contribution of 40% of the total market's exports. Exports represented 10% of our total sales volumes for the quarter. In terms of format 81% of our volumes were bagged and the rest in bulk.



ACC was able to minimize the increase in COGS after implementing the second coal mill, eliminating the contribution of diesel in its fuel mix and adding higher percentage of RDF. Thus, the company achieved only 15% y-o-y increase in cash cost/ton to come in at EGP 535/ton compared to EGP 466/ton in the same period last year. This increase is attributable to the inflation in raw materials' prices as well as the up-surging international coal prices. Total cash cost for the period stood at EGP 516 million.



Our COGS: Sales ratio dropped by 5% y-o-y reaching 74% for the quarter. The company had a fuel mix of 86% coal and 14% RDF for the quarter.

The growing sales as well as the limited increase in COGS resulted in a hiking gross profit of EGP 186 million, 70% higher than 2Q2017, with gross profit margin of 26%.

EBITDA came in at EGP 153 million achieving 93% increase y-o-y with higher EBITDA margin of 22%. The company recorded EBITDA/ton of EGP 158 versus EGP 90 in the comparable period. Our SG&A: sales ratio dropped from 5.8% in 2Q2017 to 4.7%. Our bottom line hiked from EGP 12 million in the same period last year to EGP 52 million with 5% increase in net profit margin to reach 7% for the period.

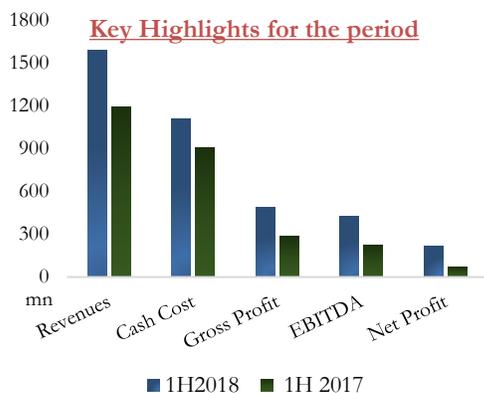
1H2018

The first half of the year was a profitable one in which our revenues noticeably went up by 34% y-o-y to reach the level of EGP 1,591 million with an average net price of EGP 732/ton. Sales were also enhanced by higher volumes that increased by 9% compared to the same period last year. The Egyptian cement market experienced almost flattish volumes y-o-y. Over 1H2018, ACC was the strongest player in the market when it comes to exports as it represented 45% of the market's total cement exports.

The company reached an average cash cost/ton of EGP 508 recording 12% higher cost/ton than 1H2017. Total cash cost went higher by 22% y-o-y to EGP 1,105 million backed by higher sales volumes. Fuel mix for 1H2018 stood at 83% coal, 14% RDF and 3% diesel.

Consequently, our gross profit and EBITDA for the period hiked by more than 70% and came in at EGP 487 and EGP 423 million respectively. The company recorded an EBITDA/ton of EGP 194, 72% higher than the same period last year.

ACC reported an accumulated net profit of EGP 213 million for 1H2018 compared to EGP 71 million for 1H2017. Our profit was endorsed by 1Q2018 significant results that contributed by EGP 161 million net profit. This was driven mainly by the high sales volumes of 1,210K tones for the quarter. Net profit margin of 1H2018 stood at 13%, 7% higher than 1H2017.





Throughout the period, the company was able to drop its total debt balance by 24% from EGP 1,267 million to EGP 957 million. The USD loan was reduced from USD 31 million to USD 28 million by the end of the period.

Outlook

In 2H2018, ACC is expected to record slightly higher volumes than 1H2018. However, prices are expected to be slightly lower than the first half and COGS is estimated to be 15% higher. For this reason, we expect to see 2018 EBITDA approximately 25% above 2017 at EGP 640 million. Our net profit guidance for 2018 is 250m Egyptian pounds, which is 16% higher than the 2017 result.

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 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, 15.3% is held by El Bourini family, and 24.7% 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.arabiancement.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.

Summary Performance EGP

Key Indicators	Unit	2Q2018	2Q2017	Variance %	1H2018	1H2017	Variance %
ACC Clinker Production	K Tons	996	796	25%	2,007	1,694	18%
ACC Clinker Utilization Rate	PCT	95%	76%	19%	95.6%	81%	15%
ACC Cement Production	K Tons	975	900	8%	2,120	2,041	4%
ACC Cement Utilization Rates	PCT	83%	77%	6%	90%	87%	3%
ACC Domestic Sales Volume	K Tons	865.8	821.7	5%	1,944	1,820	7%
ACC Exports Volume	K Tons	98.5	62.8	57%	230	180	28%
ACC Total Volumes	K Tons	964	884.5	9%	2,174	2,000	9%
Revenues	MM EGP	702	522	34%	1591	1189	34%
Rev/Ton	EGP	728	590	23%	732	595	23%
Cash Cost	MM EGP	516	412	25%	1105	905	22%
Cash Cost/Ton	EGP	535	466	15%	508	452	12%
EBITDA	MM EGP	153	79	93%	423	227	87%
EBITDA/Ton	EGP	158	90	77%	194	113	72%
EBITDA Margin	PCT	22%	15%	7%	27%	19%	8%
Gross Profit	MM EGP	186	109	70%	487	285	71%
Gross Profit Margin	PCT	26%	21%	5%	31%	24%	7%
COGS/Sales	PCT	74%	79%	-5%	69%	76%	-7%
SG&A	MM EGP	33	30	9%	64	58	10%
SG&A/Sales	PCT	4.7%	5.8%	-1%	4.0%	4.9%	-1%
Exchange differences	MM EGP	-9	-6	46%	-4	-16	-76%
Depreciation & Amortization	MM EGP	61	58	5%	120	116	3%
Net Profit	MM EGP	52	12	322%	213	71	199%
Net Profit Margin	PCT	7%	2%	5%	13%	6%	7%
Outstanding Debt	MM EGP	957	1237	-23%	957	1237	-23%
Debt/Equity		0.6	1.1	-43%	0.6	1.1	-43%