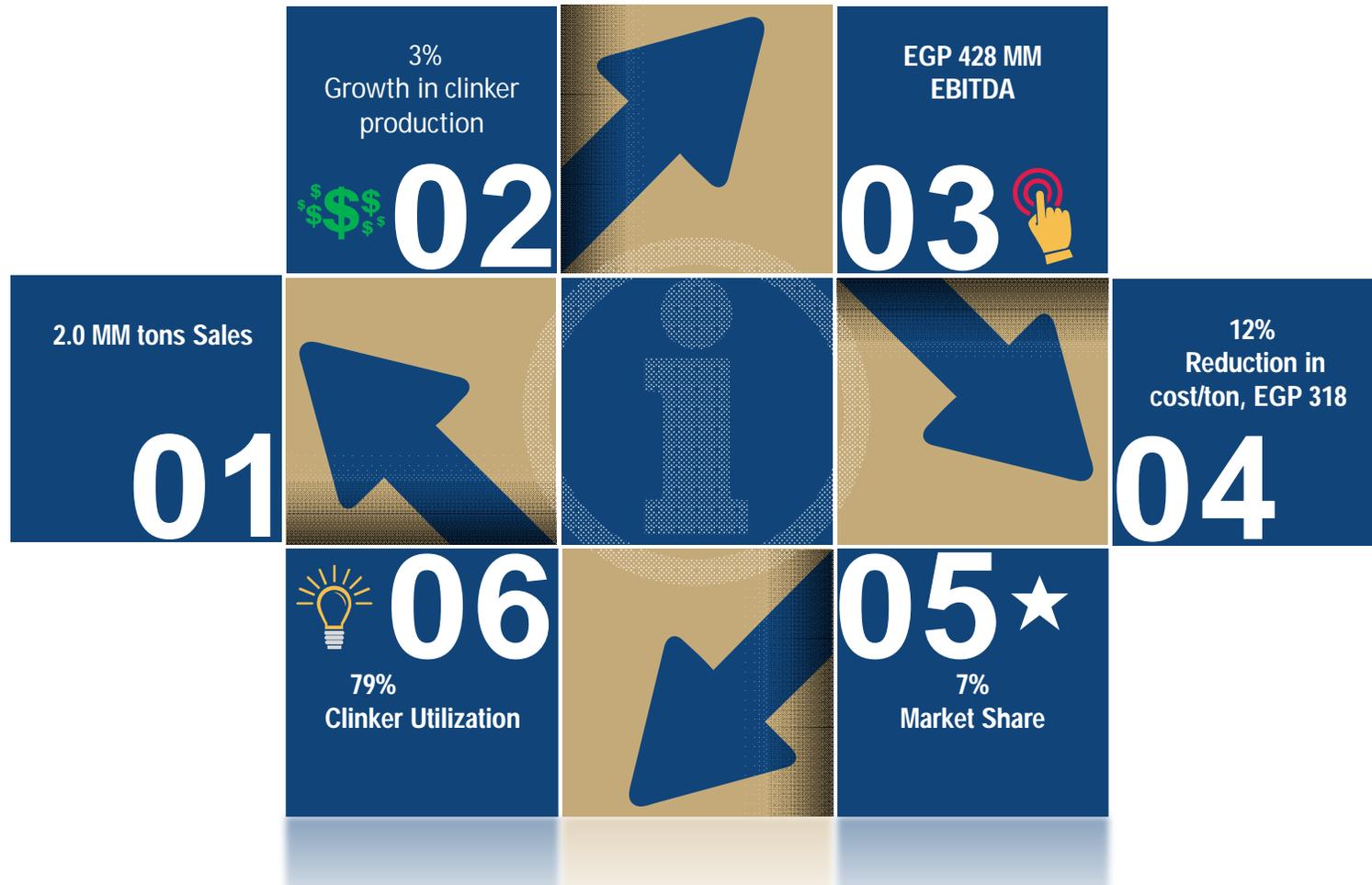




Arabian Cement Company

1H16 Investors Presentation

Highlights



Contents

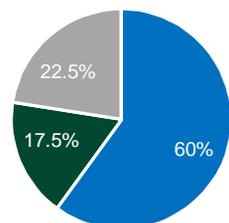
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Introduction to ACC

ACC in a Snapshot

- The company operations started 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 7% as of H1 2016.
- ACC’s operations include the production of clinker, production and sale of high quality cement.
- The Company outsources its manufacturing through an operational management contract with NLSupervision (“NLS”); a subsidiary of FLSmidth.
- 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 will substitute 100% of its current energy requirements to use a mix of solid and alternative fuels..
- In 1H16, ACC distributed 55% of its production through own channels, “Wassal”; delivery service.

Shareholding Structure



■ Aridos Jativa ■ El Bourini Family ■ Free Float

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

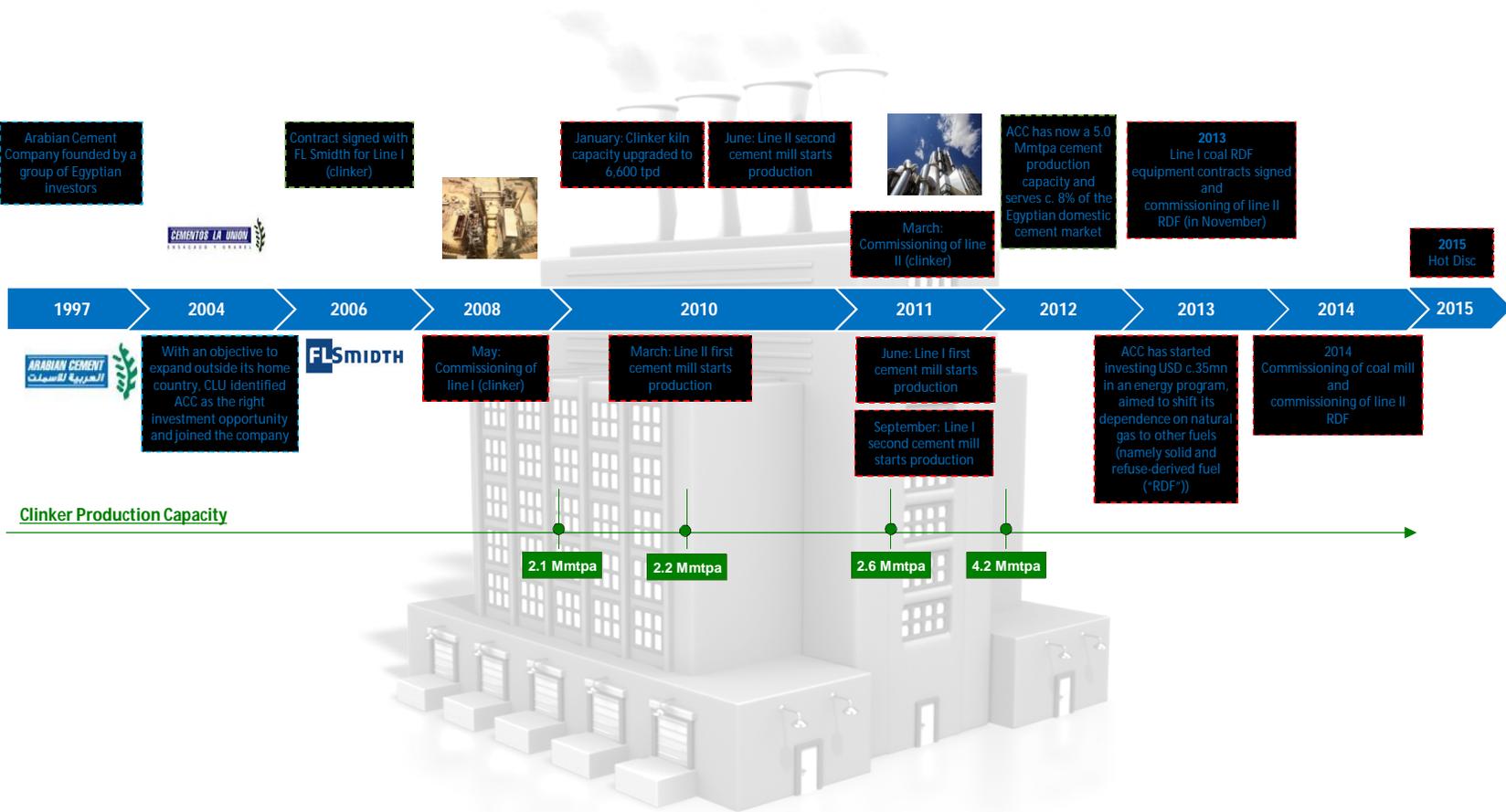
An Excellent Sales & Marketing Team

In-House Distribution Platform

Low Customer Concentration

Introduction to ACC

Corporate Evolution



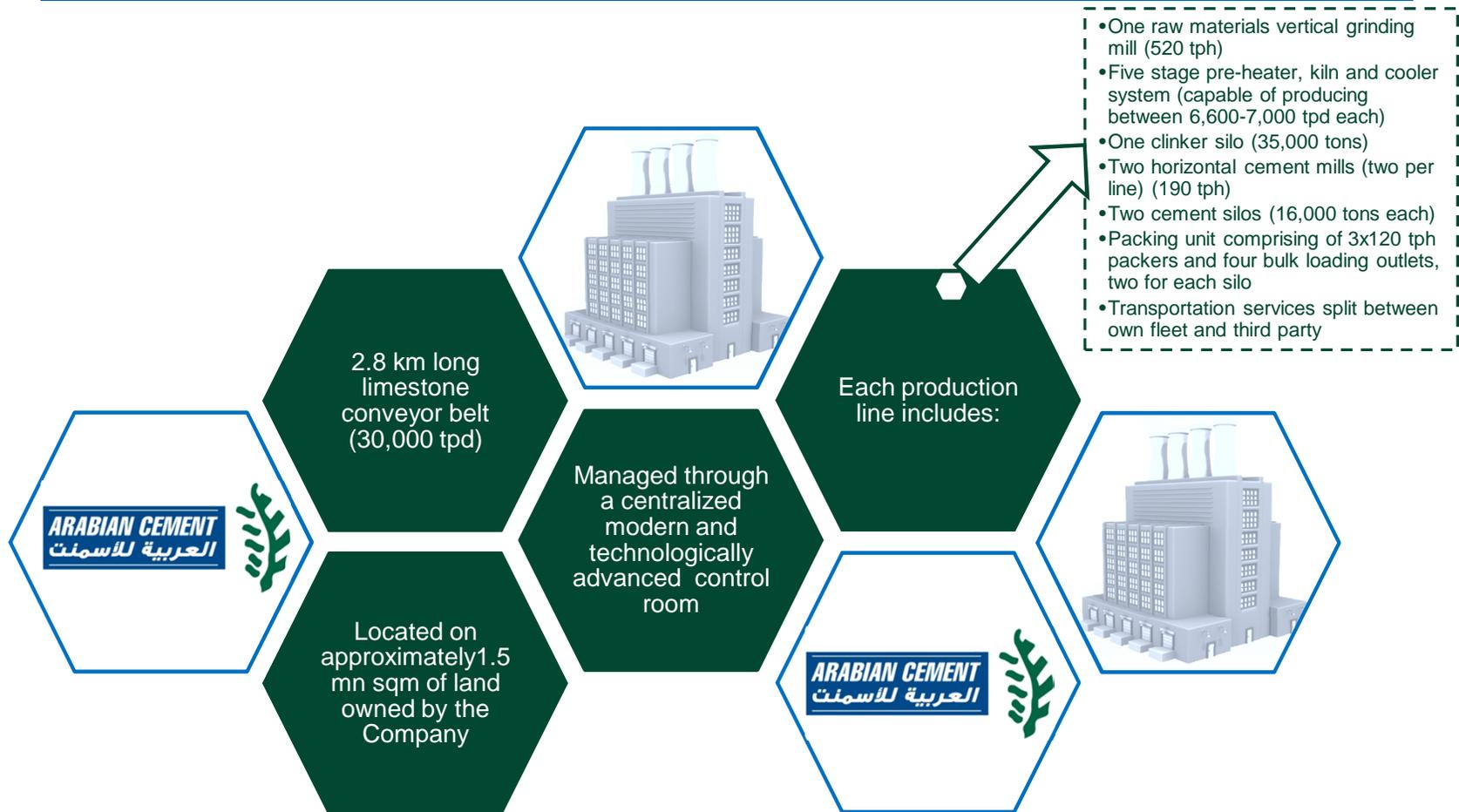
Capacity Changes

Corporate Changes

Others

Introduction to ACC

Plant Information



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.



Hasan Gabry

Chief Commercial Officer

Mr. Gabry is a graduate of the Faculty of Commerce - Ain Shams University - Cairo Egypt, year 1991, with 24 years of Commercial Experience, 11 of which are in the Cement Industry as a Senior Commercial Director. The Cement journey started with Lafarge Sudan, moving to ASEC Algeria, GFH Bahrain, Khalij Holding Qatar, and since 2009 with Arabian Cement Company 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

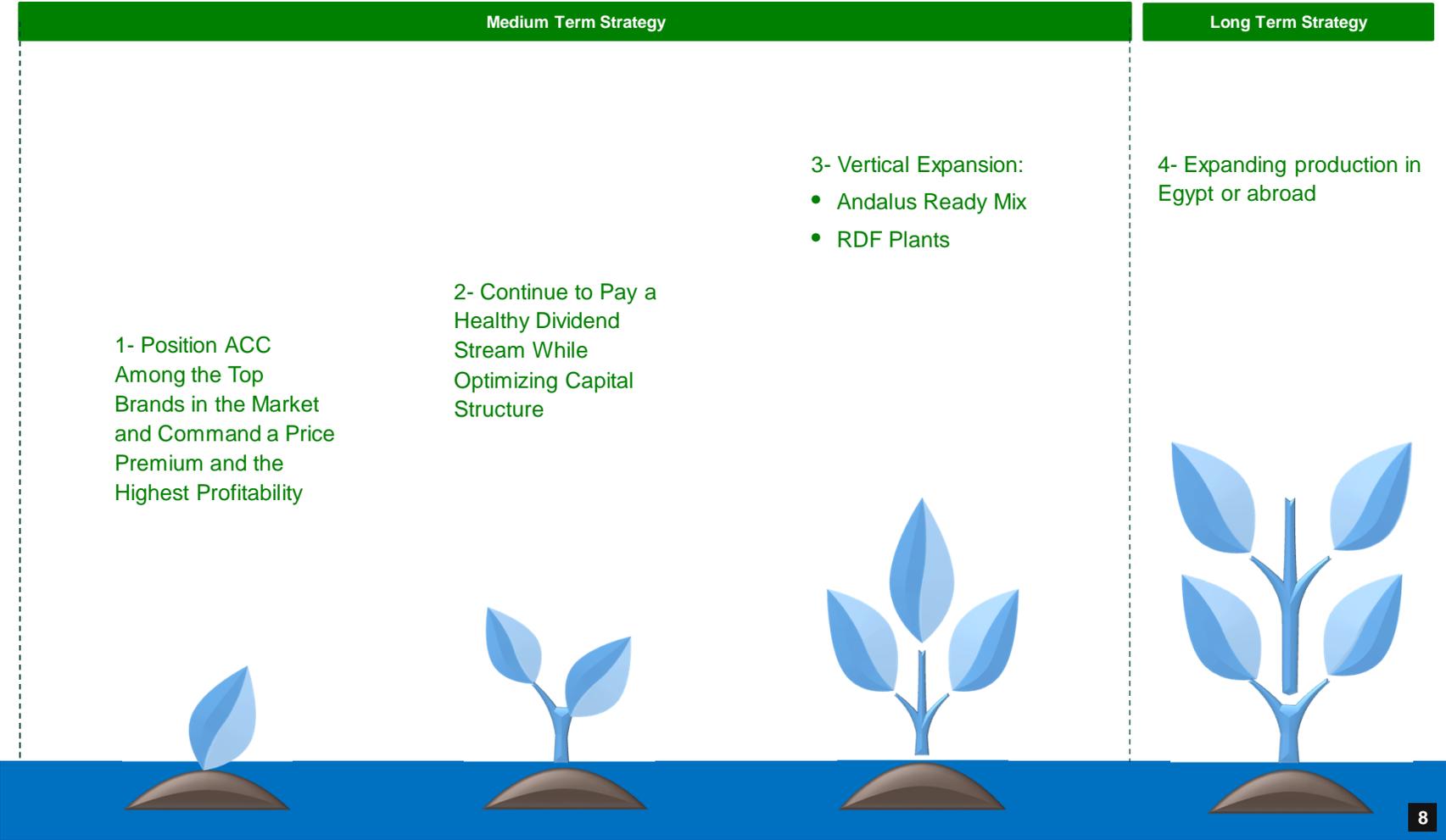
Chief Operations Officer

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, commissioning, production, maint., quality, process and cost optimization and improvement plans. He Joined ACC in 2009.

Introduction to ACC



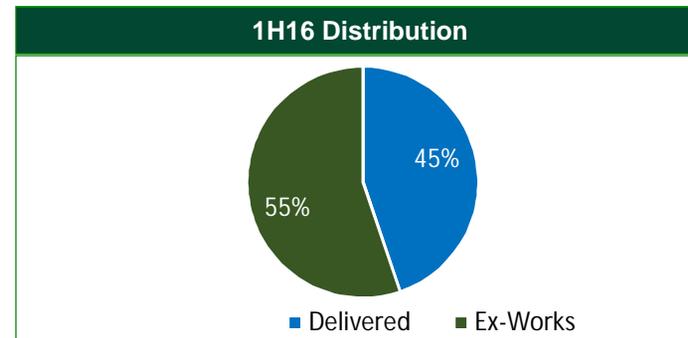
Our Strategy



Introduction to ACC

Distribution Network Overview

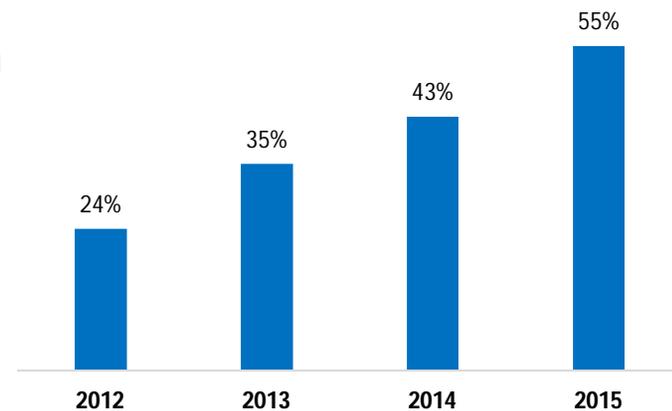
- In 1H 2016 Arabian Cement distributed through direct Ex-Factory sales , Express wassal and Delivery.



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
- Now ACC operates its Express Wassal's hotline for 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

Ex-Works volumes



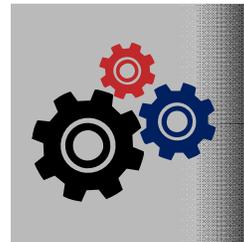
Period Highlights

Main Highlights



Economy

- The CBE allowed the official exchange rate to weaken in mid-March from 7.83 to 8.88 as pressures on external accounts intensified
- The parallel market rate was 12.5 EGP at end of Q2 2016.



Production

- ACC produced 1.7 MM MT of clinker in 1H16 compared to 1.6 MM MT at the same period the previous year.
- ACC operated at 81% clinker utilization in 1H16 compared to 78% in the same period last year.



Energy

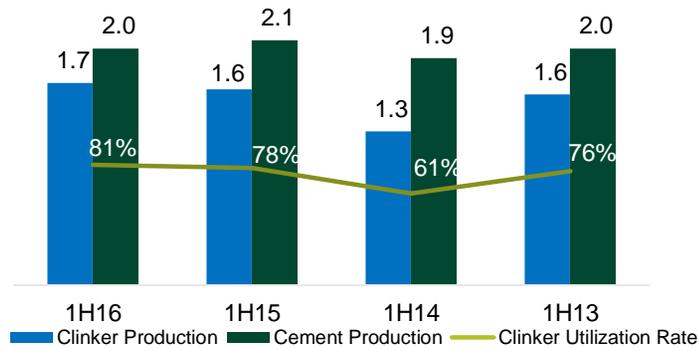
- ACC was able to run its maximum coal capacity for both lines. on the back of the availability of diesel and AF as a complimentary source of fuel.
- The fuel mix in H1 2016 was 74% Coal, 11% Alternative Fuel and 15% Diesel.
- With the current installations in place, ACC expects to operate at the maximum clinker utilization rate in 2016.

Period Highlights (continued)

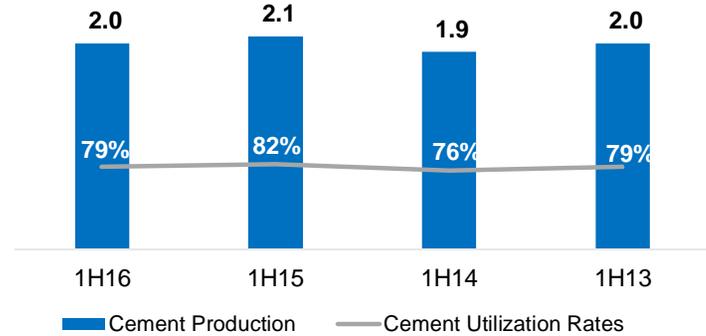


Main KPIs

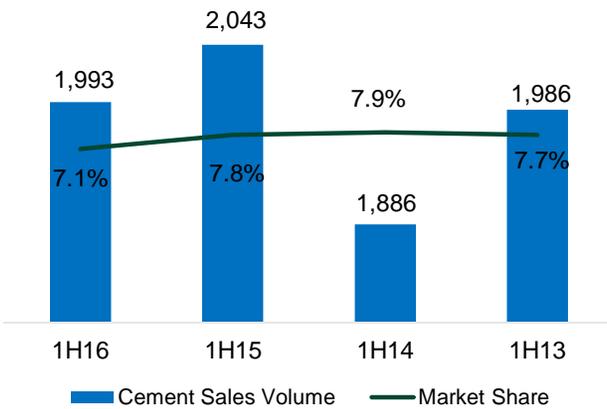
Clinker Production (MN MT) and Utilization Rates



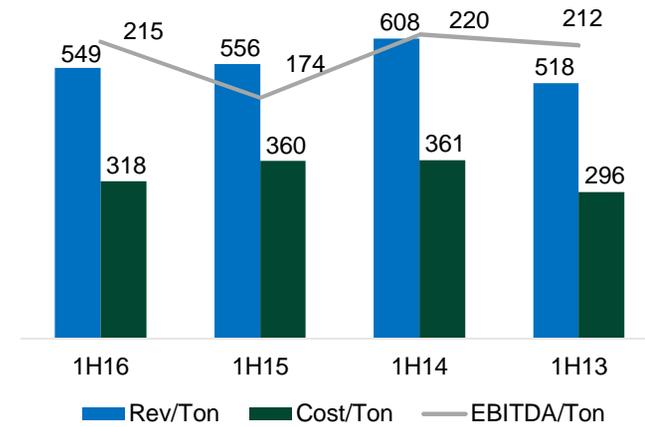
Cement Production and Utilization Rates



Sales and Market Share (MN MT)



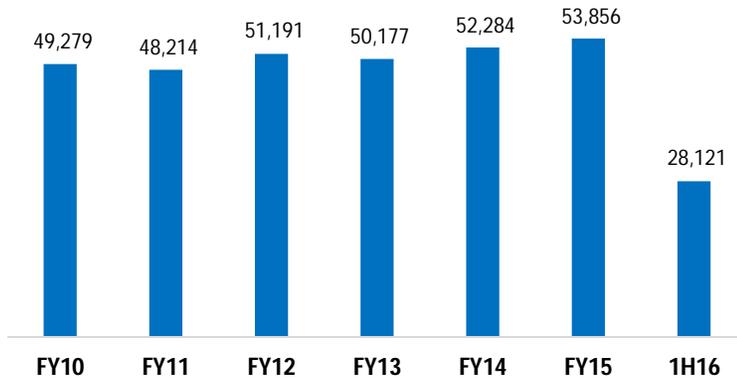
Revenues, COGS and EBITDA (EGP/ton)



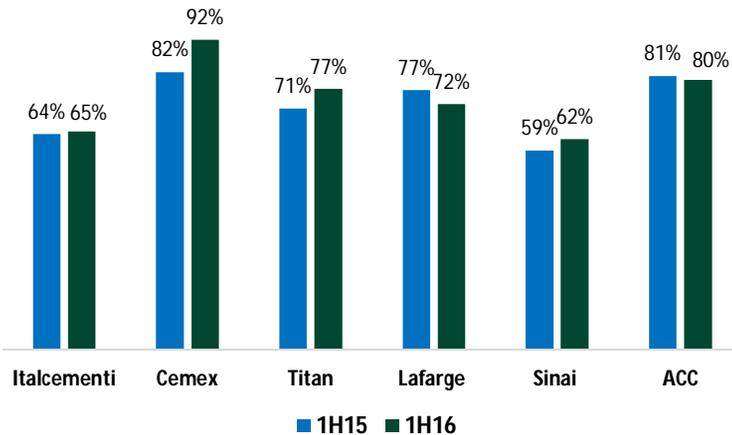
Egyptian Cement Market

Demand and Supply Synopsis

Domestic Consumption (MMT)



Cement Domestic Capacity Utilization



Egyptian Market Overview

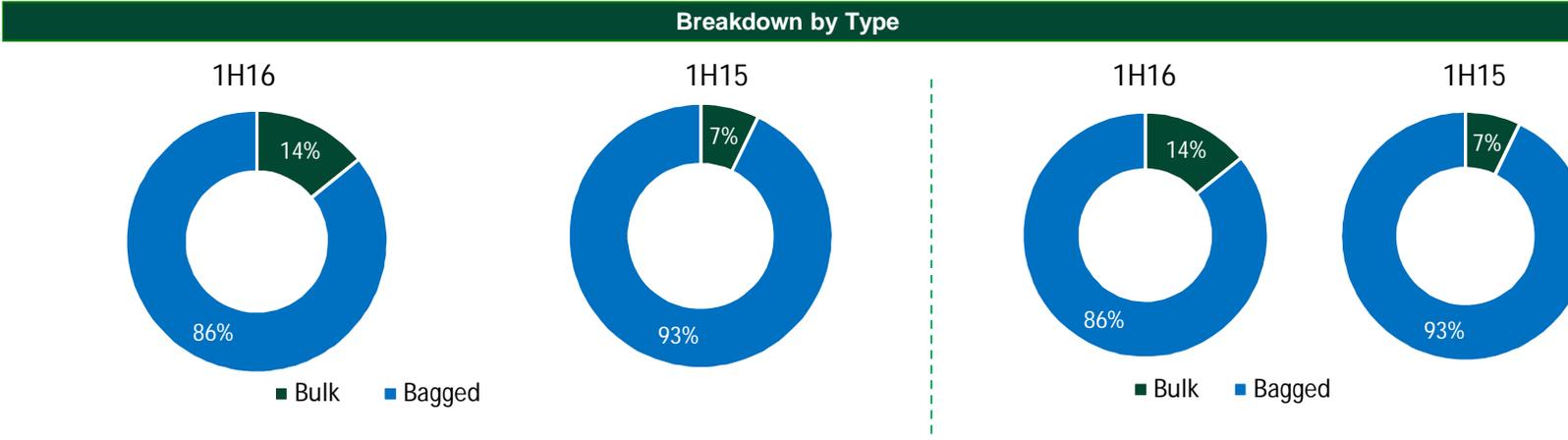
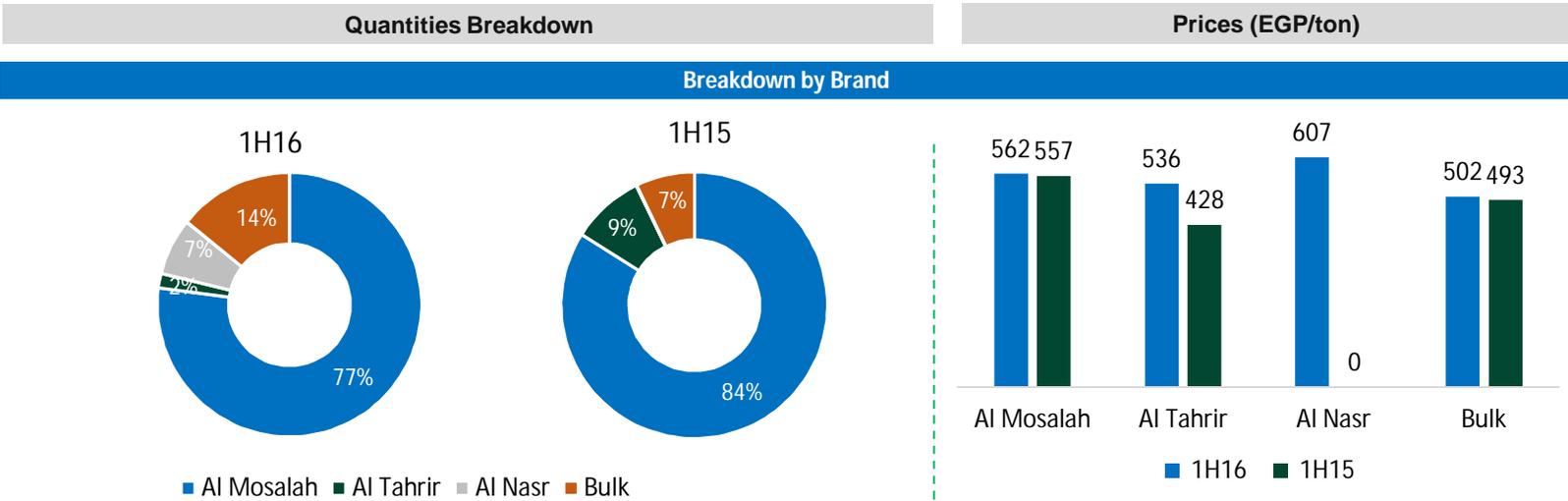
- The market is driven by local consumption, which has been relatively stable over the past few years despite political and economic unrest.
- Residential housing demand is expected to continue to be driven by its growing population and marriage rates, ensuring a consistent demand.
- Egypt suffers from 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.
- 2016 has started on solid footing, with increasing demand. Prices have also recovered at the end of March and increased further in Q2. Q1 average net price was 526 EGP/Ton and Q2 average 573 EGP/Ton. Our strategy during 2016 will be to maintain our premium price position, favoring profitability over volumes.

Average Market Retail Prices (EGP/ton)



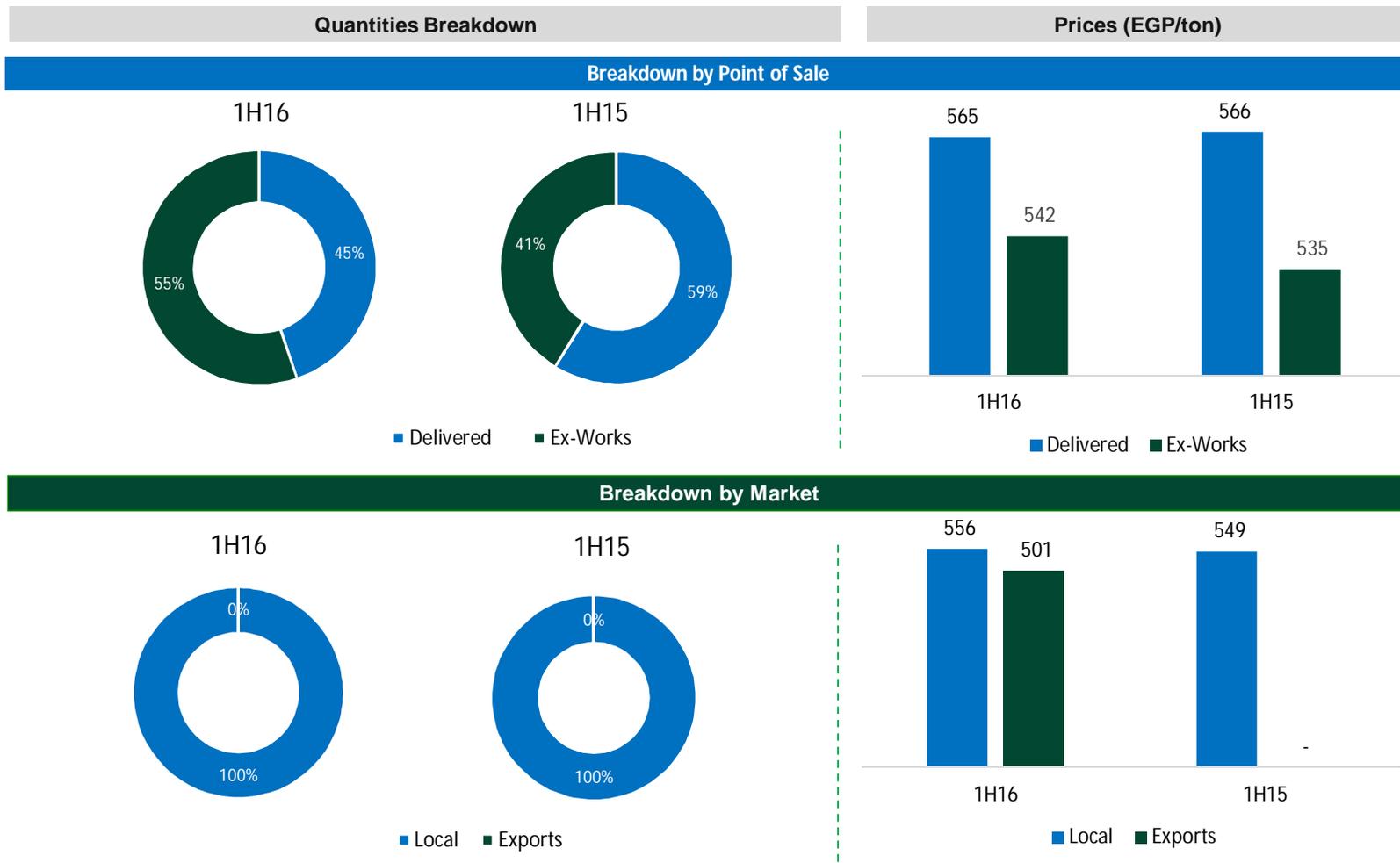
Sales Overview

Quantities Breakdown



Sales Overview

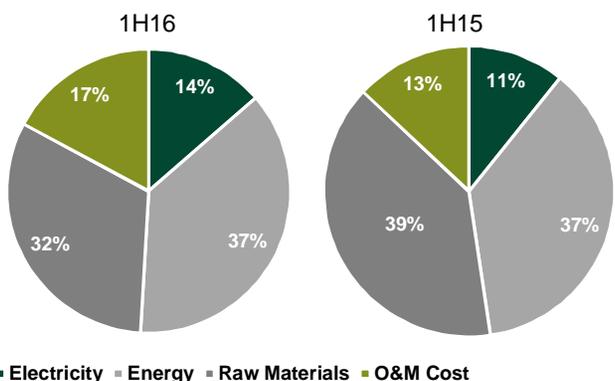
Quantities Breakdown



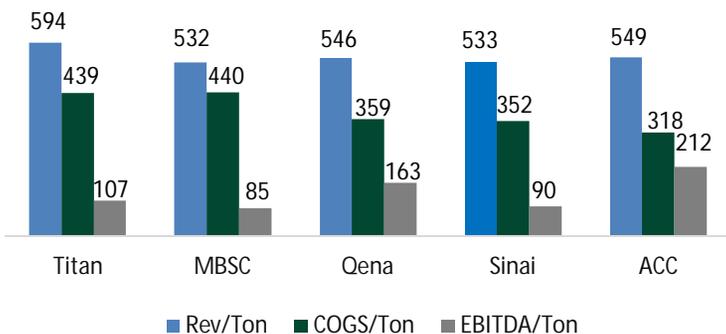
COGS Overview

COGS and ACC Cost Advantages

COGS Breakdown

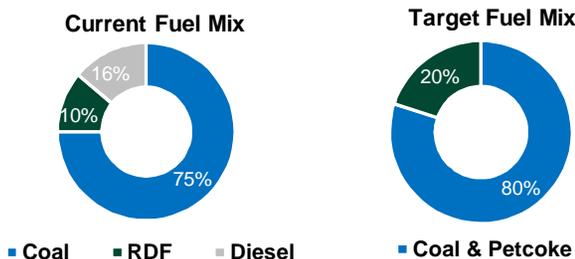


ACC & Competition (EGP/ton)



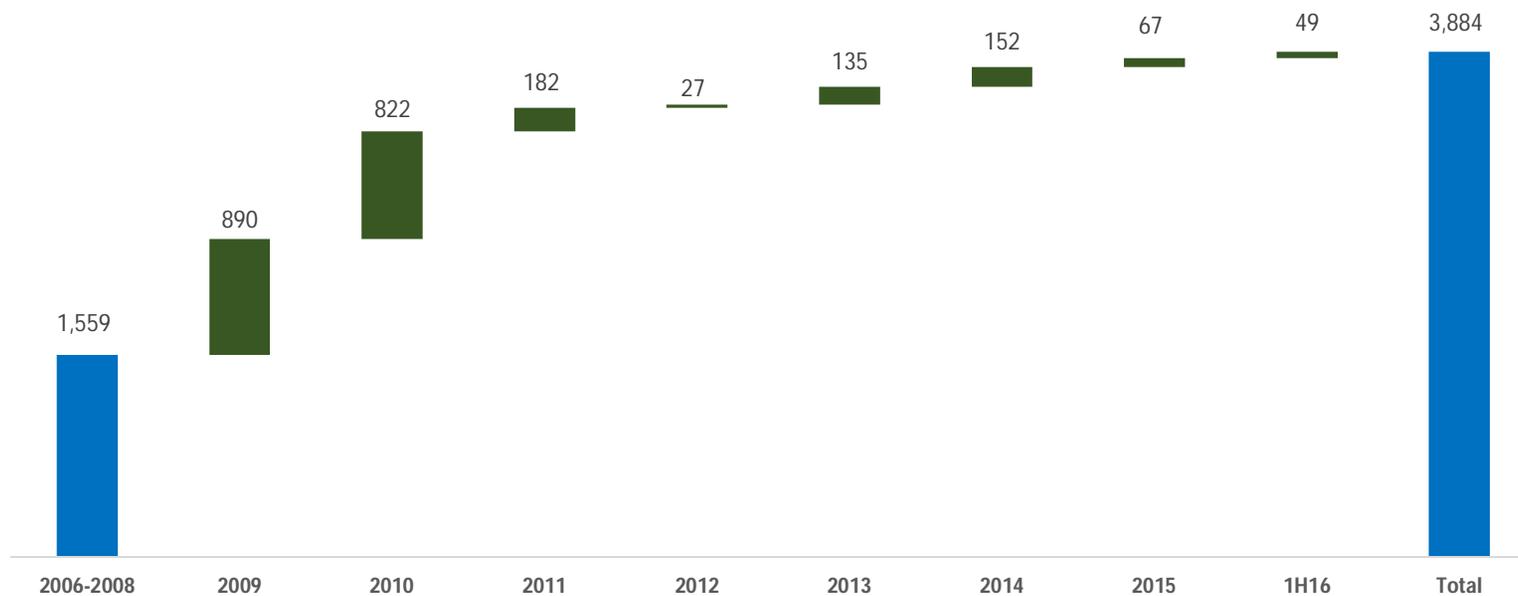
ACC Cost Advantages

- ACC moved ahead of other industry players with embarking on alternative energy investments with aims to offer the ability to substitute up to 100% of its energy needs.
- RDF:**
 - The Company started using RDF in November 2013.
 - During 1H16, the company used RDF to generate between 10% of its energy requirements. Starting June 2015 the company started commissioning the hot disc operations to enable using a higher percentage of Alternative fuels.
- Coal:**
 - The company now has the technical capability to substitute 70% of energy needs through coal and 30% 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.
 - Over the coming year, the company will invest in a second coal mill. This will enable the use of both Petcoke and Coal. Further, it will reduce the need for using diesel when one mill is under maintenance.



CAPEX Overview

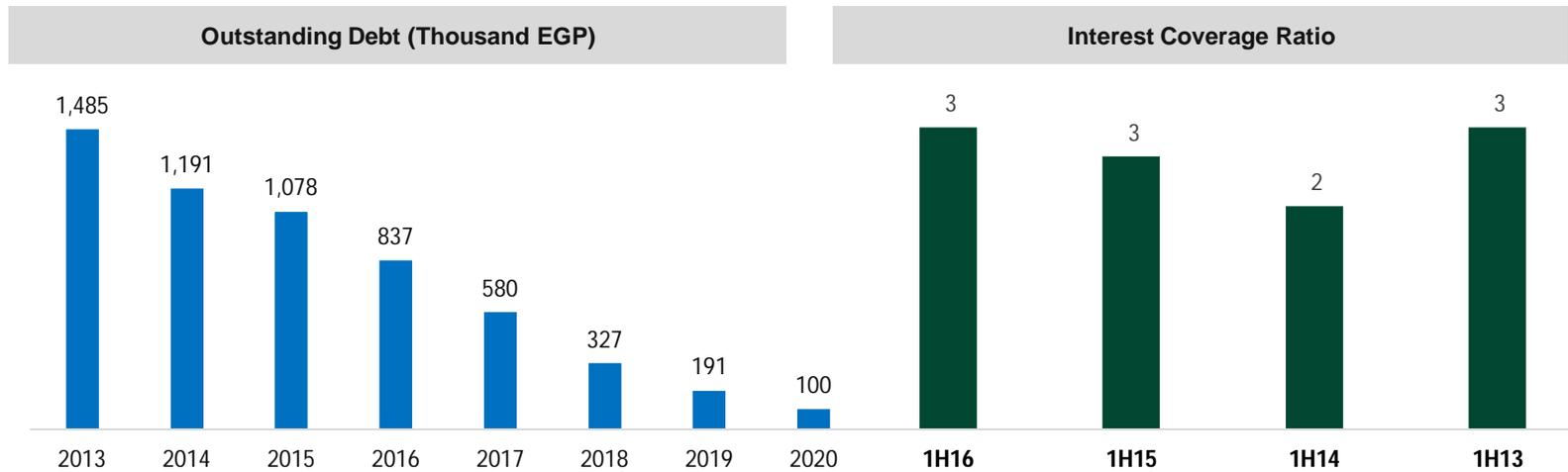
CAPEX (MN EGP)



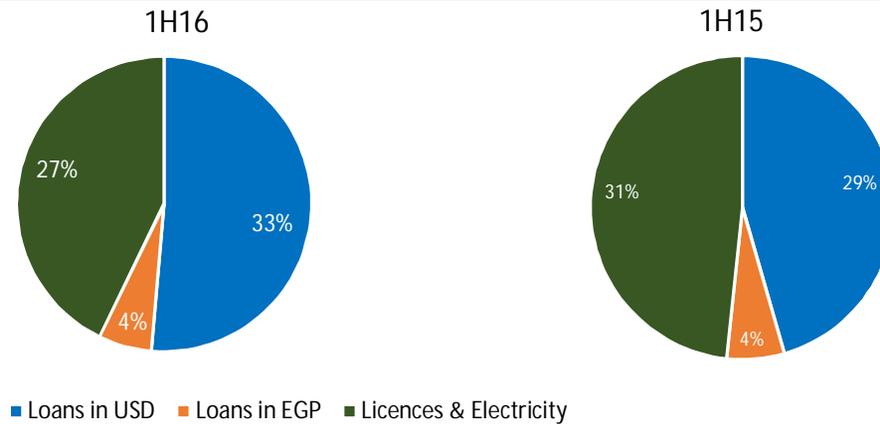
- The company paid EGP49 mn during 1H16 for HOT DISC completion and maintenance CAPEX.
- Total CAPEX for 2016 is around the same as 2015. the amount will be spent on cost saving projects for the By-pass dust dosing in cement mills and replacing line 1 air lifts with bucket elevator project.
- Another EGP18mn for environmental requirements of air monitors. And EGP20mn for strategic spare parts.

Debt

Outstanding Debt & Debt Structure



Loans Structure (EGP vs. USD)

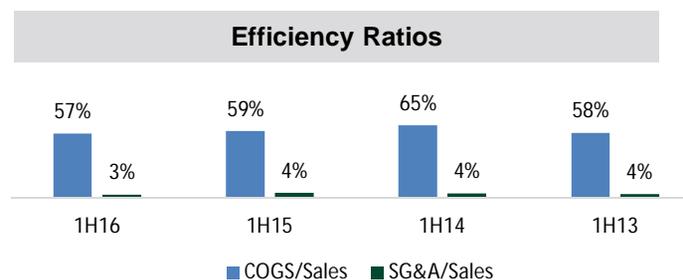
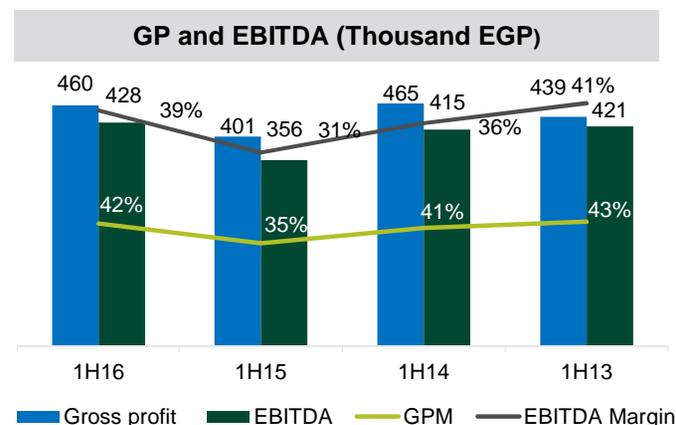


1H16 Financials Review

Income Statement

- Revenues declined 4% in 1H16 compared 1H15.
- Cost/ton declined by 12% to EGP318 in 1H16 due to reduced transportation costs and a reduction in the usage of imported clinker
- SG&A margin stood at 4% similar to 1H15.

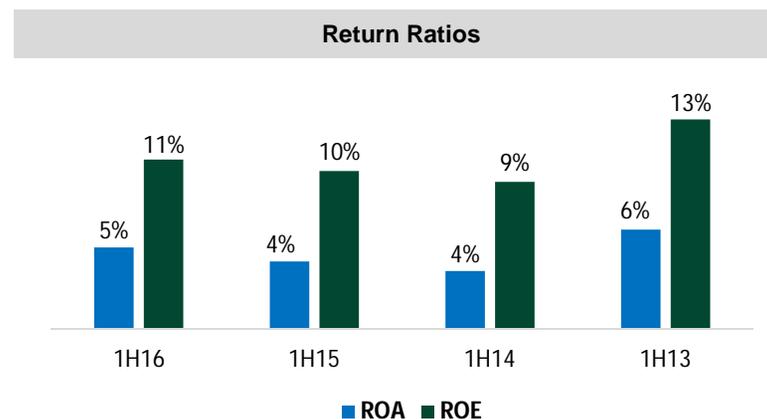
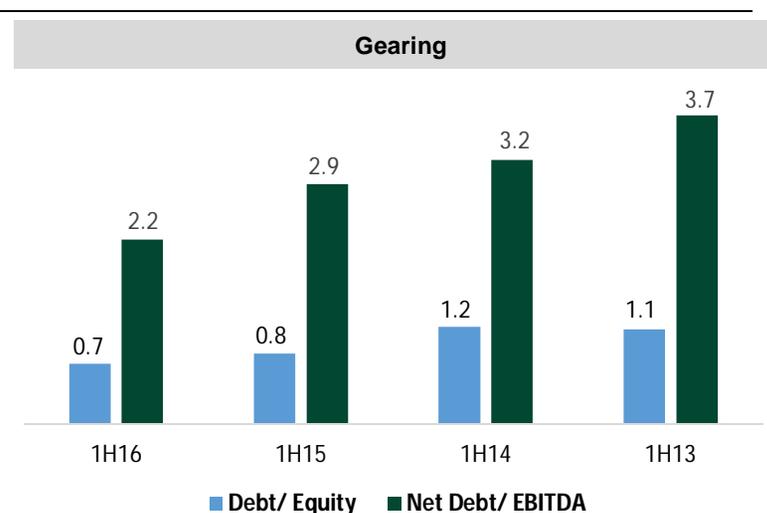
MN EGP	1H16	1H15	1H14	1H13
Revenue	1,094	1,135	1,146	1,028
Cost of goods sold	633	735	681	589
Gross profit	460	401	465	439
GPM	42%	35%	41%	43%
SG&A Expenses	39	47	50	31
Other income	6	2		13
EBITDA	428	356	415	421
EBITDA Margin	39%	31%	36%	41%
Depreciation & Amortization	99	97	94	93
EBIT	330	259	320	328
EBIT Margin	30%	23%	28%	32%
Foreign exchange	103	31	25	74
Loan interest expense	13	14	18	31
Operating license interest expense	23	23	23	23
Electricity agreement interest expense	6	6	6	6
Long-term notes payables	1	2	1	0
Interest income	0	0	0	0
Finance cost, net	44	44	47	60
Net profit before tax	186	184	249	194
PBT Margin	17%	16%	22%	19%
Deferred tax	2	10	74	10
Income tax expense	42	52	68	
Net profit	143	123	107	185
NPM	13%	11%	9%	18%



1H16 Financials Review

Balance Sheet

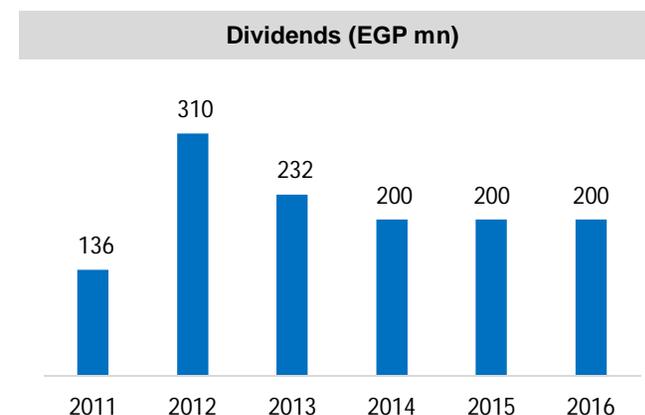
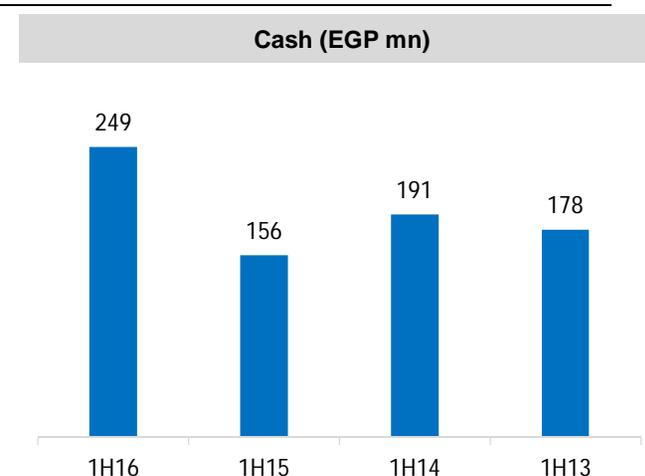
MN EGP	1H16	1H15	1H14	1H13
Assets				
Non-current Assets				
Property plant and equipment, net	2,477	2,597	2,618	2,268
Projects under construction	138	123	123	14
Intangible assets	98	120	143	624
Investment in subsidiaries	21	9	9	9
Payments under long-term investment	0	0	0	0
Total Non-current Assets	2,734	2,850	2,894	2,915
Current Assets				
Inventory	169	204	137	74
Debtors and other debit balances	68	57	92	488
Due from related parties	8	16	18	17
Cash and bank balances	249	156	191	178
Total Current Assets	493	433	437	756
Current Liabilities				
Provisions	16	8	8	1
Current tax liabilities		52	68	0
Trade payables and other credit balances	483	437	317	271
Due to related parties	6	3	5	0
Borrowings - short term portions	312	269	338	341
Short-term liabilities	74	82	69	127
Total Current Liabilities	890	851	806	740
Net (Deficit) Surplus in Working Capital	-397	-418	-369	17
Total Invested Funds	2,337	2,432	2,524	2,931
Represented in:				
Equity				
Paid up capital	757	757	757	757
Legal reserve	185	156	130	77
Retained earnings	377	301	243	544
Total Equity	1,320	1,215	1,131	1,378
Non-current Liabilities				
Borrowings - long term portions	321	413	449	709
Deferred income tax liability	331	361	411	327
Long-term liabilities	366	443	533	517
Total Non-current Liabilities	1,018	1,217	1,393	1,553
Total Equity and Non-current Liabilities	2,337	2,432	2,524	2,931



1H16 Financials Review

Cash Flow Statement

MN EGP	1H16	1H15	1H14	1H13
Cash flows from operating activities				
Net profit before tax	186	183	249	194
Interest income	-7	-1	-0.4	-1
Interest expense	40	44	47	60
Depreciation expense	87	86	83	68
Amortization of intangible assets	11	11	11	25
Gain from sale of property plant and equipment	0	0	0	0
Dividends from joint venture	0	-0.1	0	0
Provision	69	29	0	0
Changes in working capital	0	0	1	0
Debtors and other debit balances	387	351	391	346
Inventory, net	-12	-12	-44	-99
Trade payables and other credit balances	1	-3	-41	-7
Due from related parties	-153	-71	7	-25
Tax paid	7	1	-0.4	-6
Due to related parties	-67	-132	-1	0
Net cash from operating activities	-1	-3	3	-1
Cash flows from investing activities	162	132	314	209
Proceeds from dividends from joint venture				
Proceeds from sale of assets	0	0	0	0
Interest income	0	0	-5	0
Purchase of property, plant and equipment	7	1	0.4	1
Additions in projects under construction	-4	-7	0	-5
Payments under long-term investments	-14	-36	-34	-12
Net cash flows used in investing activities	0	-0.1	0	0
Cash flows from financing activities	-11	-42	-33	-16
Payments of license liability	-47	-39	-44	-33
Payments of borrowings	-46	-49	-71	-84
Interest paid	-49	-46	-64	-60
Dividends paid	-126	-23	-63	0
Proceeds from bank overdraft		95	0	0
Net cash flows from financing activities	-268	-62	-243	-177
Net increase (decrease) in cash and cash equivalents	-116	0	33	17
Cash and cash equivalents at beginning of the period	365	156	158	161
Cash and cash equivalents at end of the period	249	156	191	178





For more Information Please Contact:

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www.arabiancementcompany.com