Arabian Cement Company

1H15 Investors Presentation

August 2015

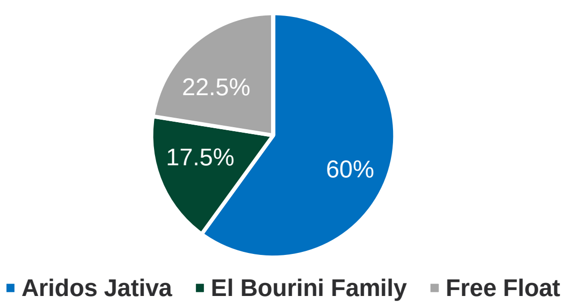
Contents

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 8% as of 1H15.
- ACC's operations include the production of clinker, production and sale of high quality cement. No exports were recorded in 1H15.
- The Company outsources its manufacturing through several O&M contracts; Reliance Heavy Industries ("RHI") for the operation of the quarry and cement production, in addition to an operational management contract with NLSupervision ("NLS"); a subsidiary of FLSmidth, for clinker production
- 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 has now substituted 100% of its energy requirements (except kiln start-ups) to use a mix of solid and alternative fuels.
- As of 1H15, ACC distributed 59% of its production through its own distribution network : Direct delivery (28%) , distribution center in Banha (19%) and the newly opened in warehouse at Damanhour (12%).

Shareholding Structure



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

1997
- Arabian Cement Company founded by a group of Egyptian investors

2004
- With an objective to expand outside its home country, CLU identified ACC as the right investment opportunity and joined the company

2006
- Contract signed with FL Smidth for Line I (clinker)

2008
- May: Commissioning of line I (clinker)

2010
- January: Clinker kiln capacity upgraded to 6,600 tpd
- March: Line II first cement mill starts production
- June: Line II second cement mill starts production

2011
- March: Commissioning of line II (clinker)
- June: Line I first cement mill starts production
- September: Line I second cement mill starts production

2012
- ACC has now a 5.0 Mmtpa cement production capacity and serves c. 8% of the Egyptian domestic cement market

2013
- **2013** Line I coal RDF equipment contracts signed and commissioning of line II RDF (in November)
- ACC has started investing USD c.35mn in an energy program, aimed to shift its dependence on natural gas to other fuels (namely solid and refuse-derived fuel ("RDF"))

2014
- 2014 Commissioning of coal mill and commissioning of line II RDF

2015
- **2015** Hot Disc

Clinker Production Capacity

2.1 Mmtpa → 2.2 Mmtpa → 2.6 Mmtpa → 4.2 Mmtpa

Capacity Changes *Corporate Changes* *Others*

Introduction to ACC

Plant Information

2.8 km long limestone conveyor belt (30,000 tpd)

Located on approximately1.5 mn sqm of land owned by the Company

Managed through a centralized modern and technologically advanced control room

Each production line includes:

- One raw materials vertical grinding mill (520 tph)
- Five stage pre-heater, kiln and cooler system (capable of producing between 6,600-7,000 tpd each)
- One clinker silo (35,000 tons)
- Two horizontal cement mills (two per line) (190 tph)
- Two cement silos (16,000 tons each)
- Packing unit comprising of 3x120 tph packers and four bulk loading outlets, two for each silo
- One palletizer of 225 tph connected to the packing unit
- Transportation services split between own fleet and third party

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.

Tarek Talaat

Chief Commercial Officer

Joined in 2009, Mr Talaat has 21 years of experience of which 14 years are in the cement sector, through his previous positions as business development director of Titan Egypt. He also served as regional manager for Cementia Trading and Commercial Director of the Lafarge/Titan joint venture 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, com - missioning, production, maint., quality, process and cost optimization and improvement plans. He Joined ACC in 2009.

Introduction to ACC

Our Strategy

Medium Term Strategy	Long Term Strategy

1. Secure Energy Supply
2. Position ACC Among the Top Brands in the Market and Command a Price Premium and the Highest Profitability
3. Continue to Pay a Healthy Dividend Stream While Optimizing Capital Structure
4. Vertical Expansion:
   - Andalus Ready Mix
   - RDF Plants
5. Expanding production in Egypt or abroad

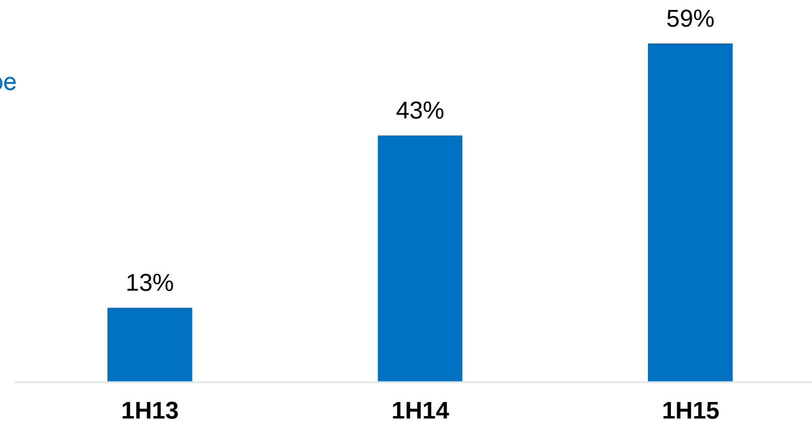
Introduction to ACC

Distribution Network Overview

❶ 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

Express Wassal & WH Volumes (% of Cement Dispatched)



❷ Warehouses

Warehouses Overview

- ACC is planning a wide warehouse infrastructure in various locations in order to ease delivery to merchants in addition to minimizing lead time
- ACC opened a warehouse in Banha in 2013 and opened another one in Damnhour in Q1 2015.

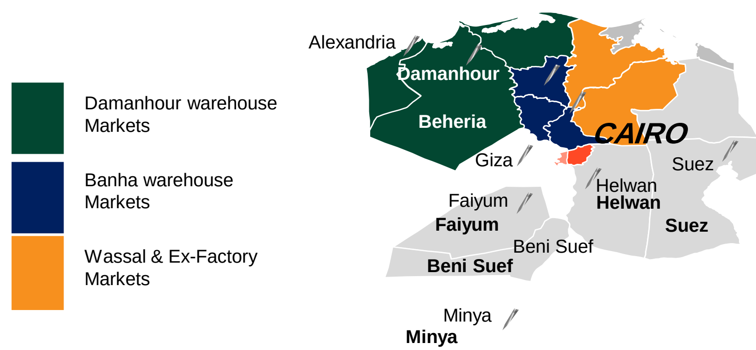
Benefits to ACC

- ☑ Proximity to customers
- ☑ Faster responses to market changes
- ☑ Ensure regional market share
- ☑ Price premium to ex - factory

Benefits to ACC's Customers

- ☑ Traders' will have shorter delivery time
- ☑ Traders' trucks will be more efficient by allowing them to make more delivery trips per day; i.e. more profitable
- ☑ Use of pallets allowing for faster loading time and less traffic

Warehouse Market Coverage



ACC is the only cement producer in Egypt with its own warehouse facilities. The facilities act as both a distribution hub (allowing product to be dispatched on demand to merchants) and a sales point

Period Highlights

Main Highlights

In early 1H15, the market witnessed a decline in prices then started to pickup in April and May, yet it declined again in June to April levels due to the low demand during the month of Ramadan.

During 1H 2015, the minister of finance announced the reduction of corporate income tax rate to be 22.5% compared to the previous 30%. Yet, the law enforcing such rate has not been published.

Towards the end of January 2015, the CBE took the decision to devaluate the EGP, accordingly the rate reached EGP7.83 for 1 USD by the end of July.

In August, the IDA decided to postpone the issuance of any new cement licenses until more in depth studies are conducted to access the real need for additional capacities.

Production Highlights

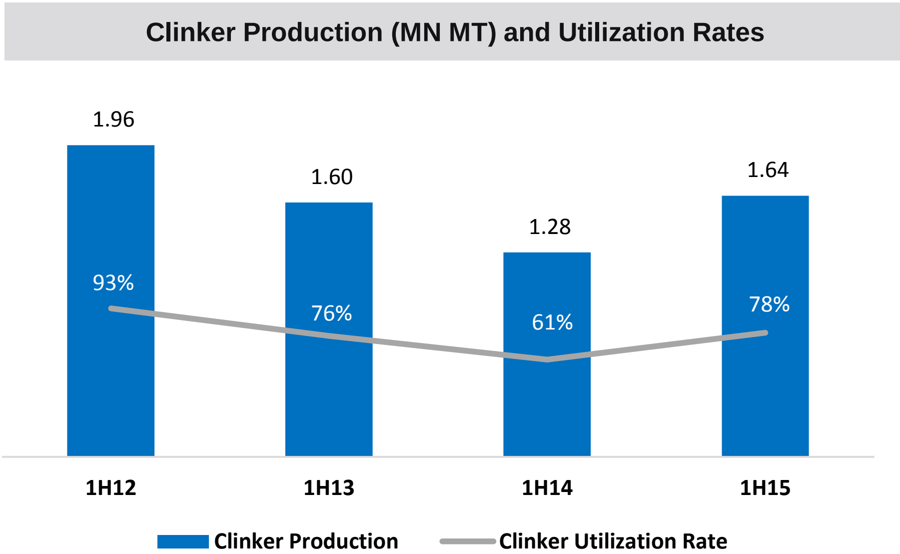
- ACC produced 1.64 MM MT of clinker in 1H 2015 compared to 1.28 MM MT at the same period the previous year.
- The main reason for this 28% increase is the optimization of coal usage and availability of diesel. Accordingly the company operated at 78% clinker utilization
- ACC operated at 82% cement utilization in 1H15 compared to 76% in the same period last year.

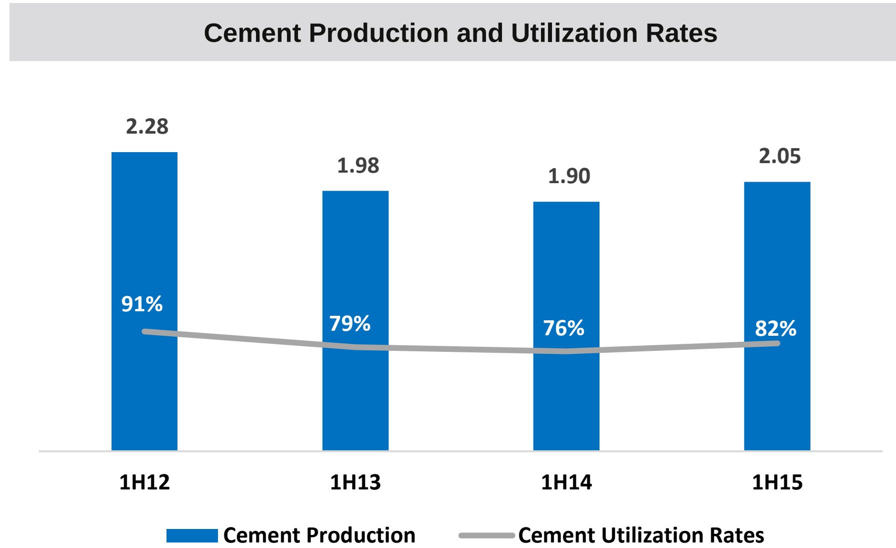
Coal & AF Updates

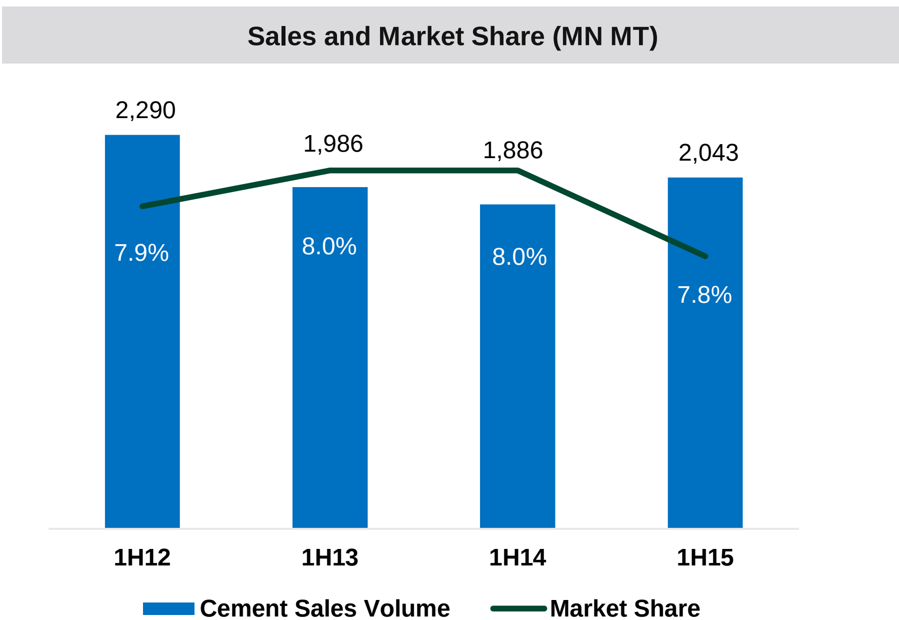
- ACC's coal mill is in operations since late May 2014, whereas the hot disc began operations in June 2015.
- Starting Jan. 2015, ACC was able to run its maximum coal capacity for both lines on the back of the availability of diesel as a complimentary source of fuel.
- With the current installations in place, ACC expects to operate at clinker utilization rate above 90% for 2H15.

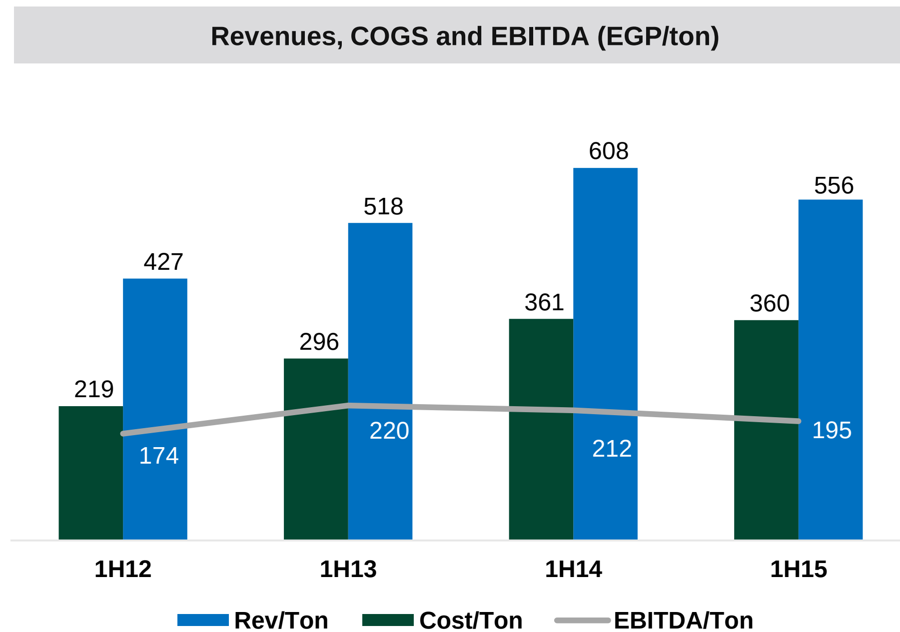
Period Highlights (continued)

Main KPIs





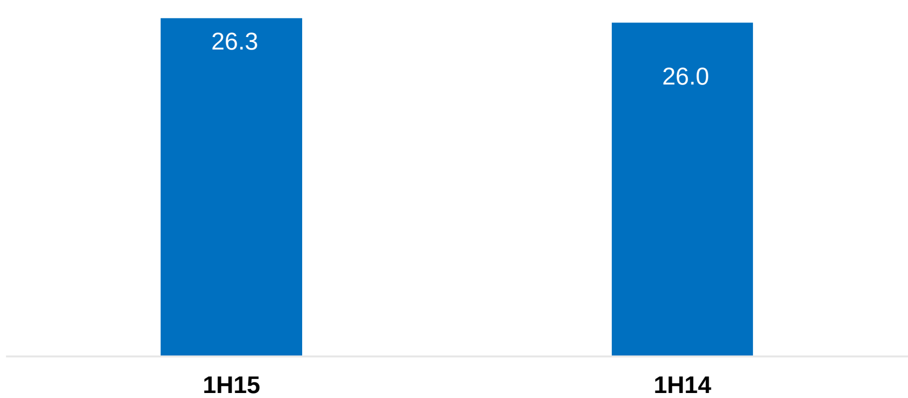




Egyptian Cement Market

Demand and Supply Synopsis

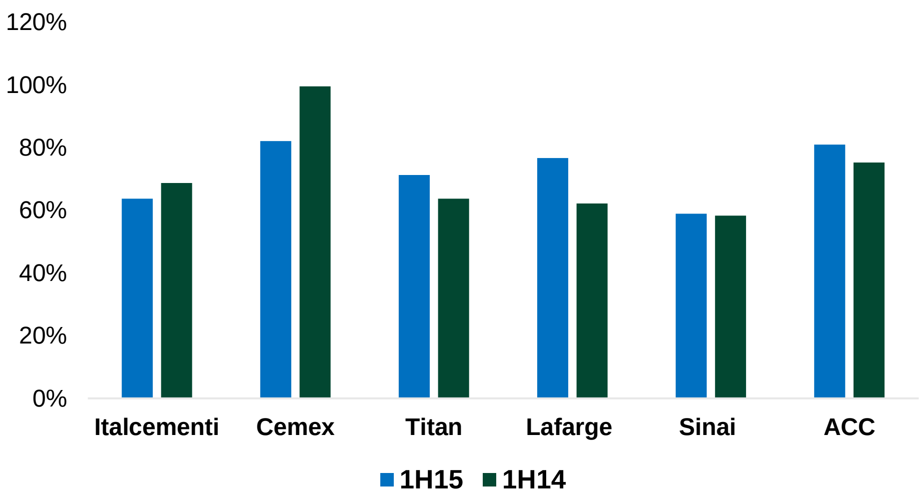
Domestic Consumption (MMT)



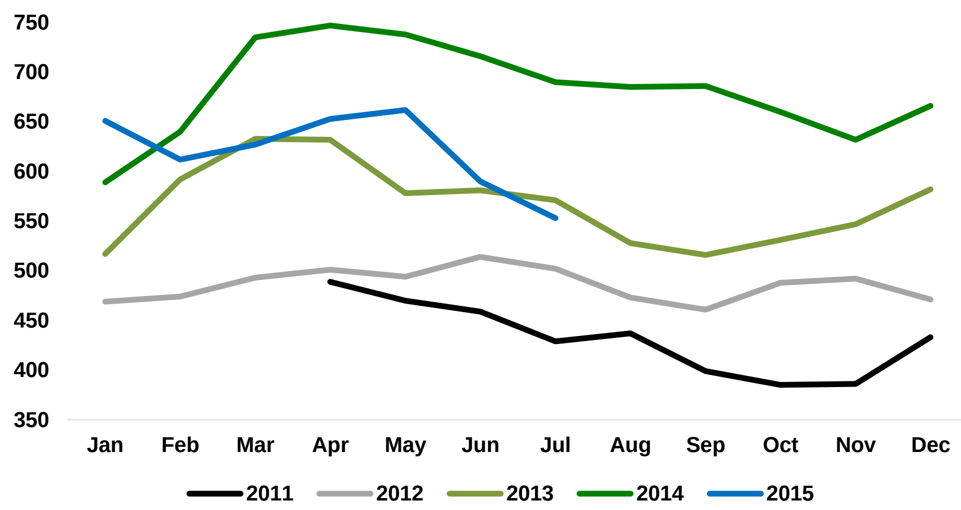
Egyptian Market Overview

- The Egyptian cement market is primarily driven by local consumption, which has been relatively stable over the past few years despite ongoing political and economic unrest.
- Egypt's residential housing demand is expected to continue to be driven by its fast growing population and high marriage rates, ensuring a consistent demand for housing.
- 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.
- The market will benefit greatly form the infrastructure and housing projects announced during the EEDC. Yet, delays in the implementation such projects would definitely have its effect on the expected growth in demand.

Domestic Capacity Utilization



Average Market Retail Prices in Cairo (EGP/ton)

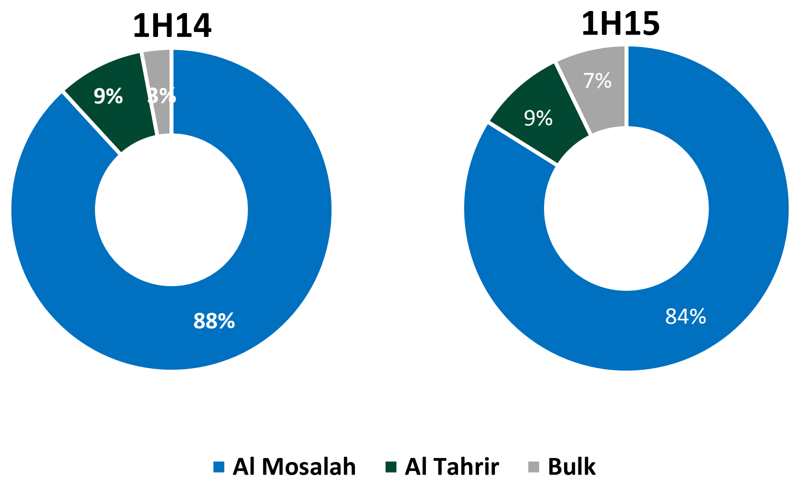


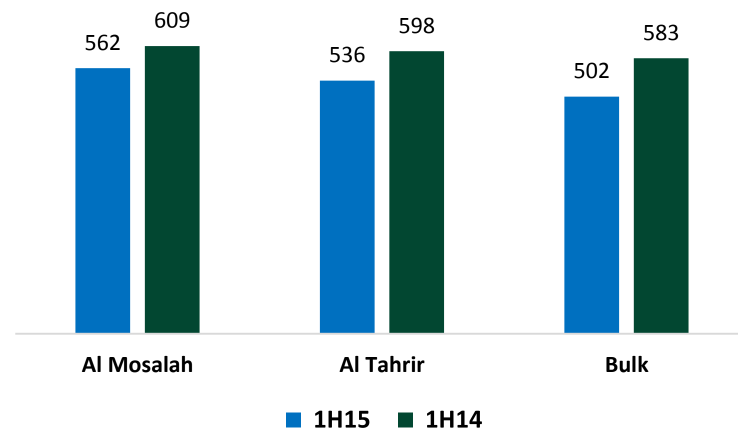
Sales Overview

Quantities Breakdown

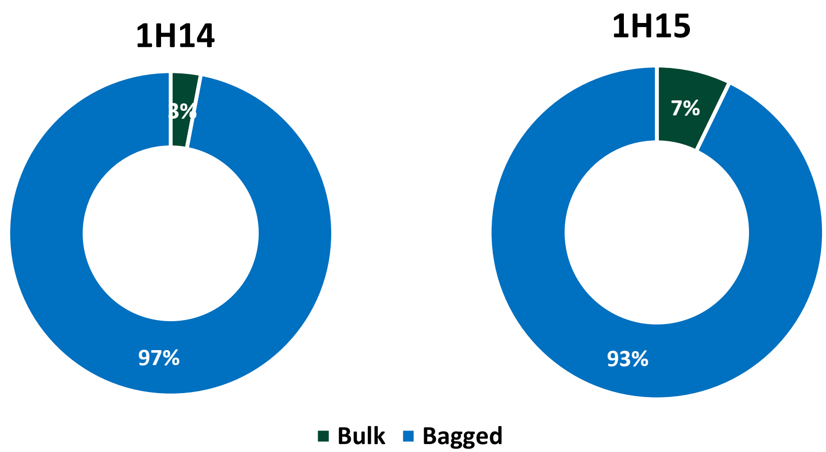
Quantities Breakdown	Prices (EGP/ton)

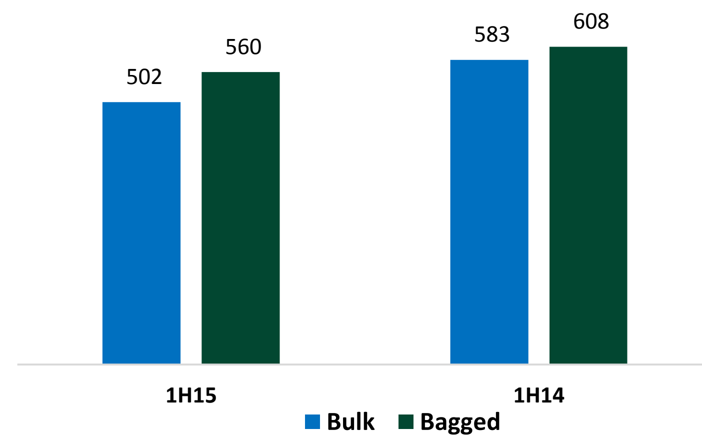
Breakdown by Brand





Breakdown by Type



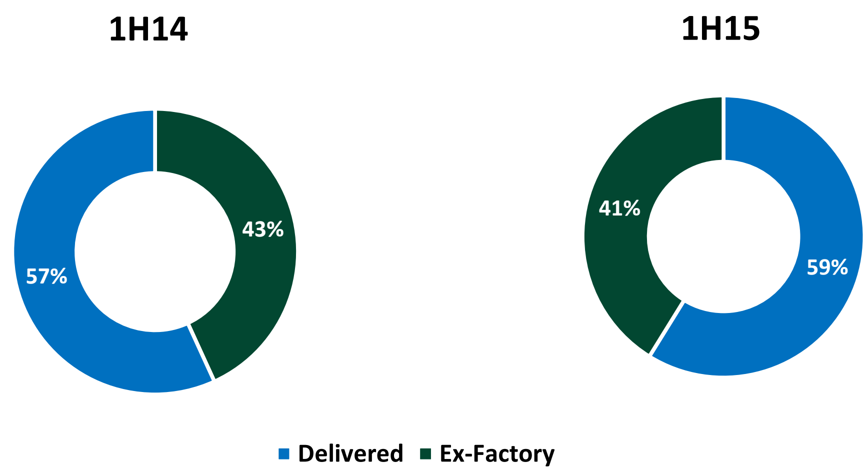


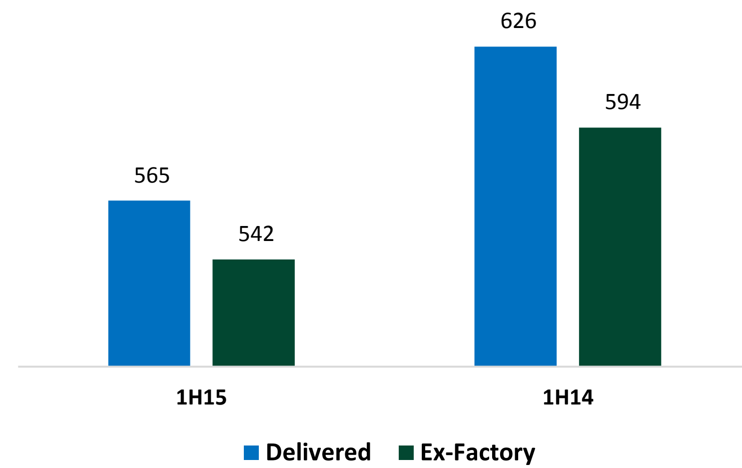
Sales Overview

Quantities Breakdown

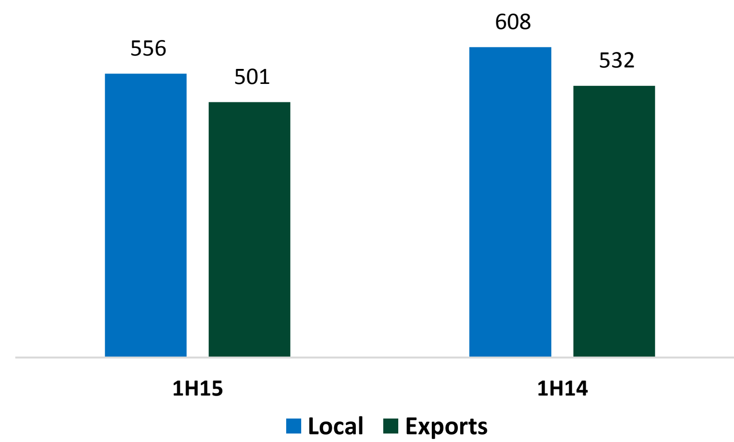
Quantities Breakdown	Prices (EGP/ton)

Breakdown by Point of Sale





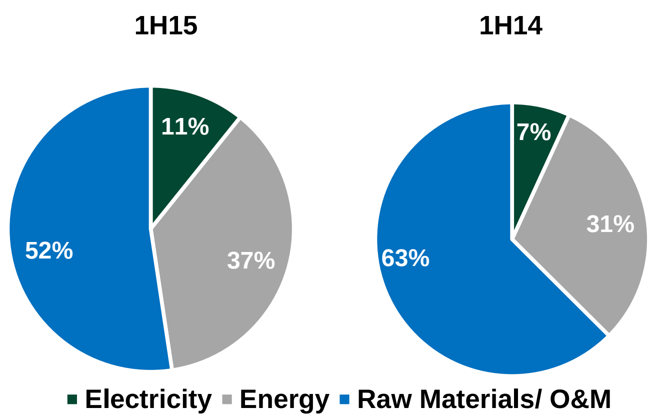
Breakdown by Market



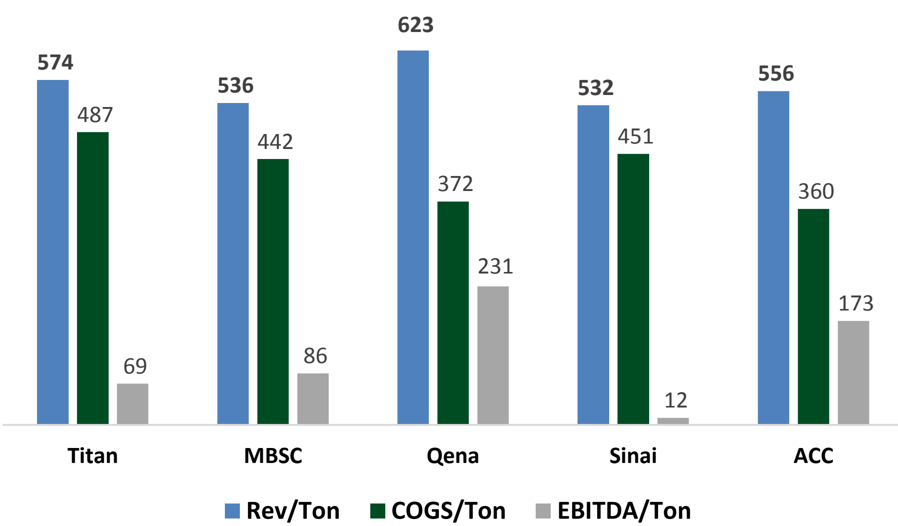
COGS Overview

COGS and ACC Cost Advantages

COGS Breakdown

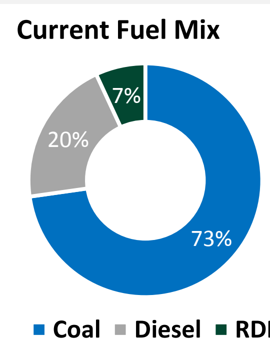


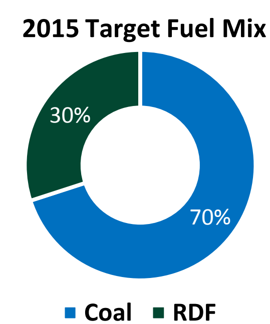
ACC & Competition (EGP/ton)



ACC Cost Advantages

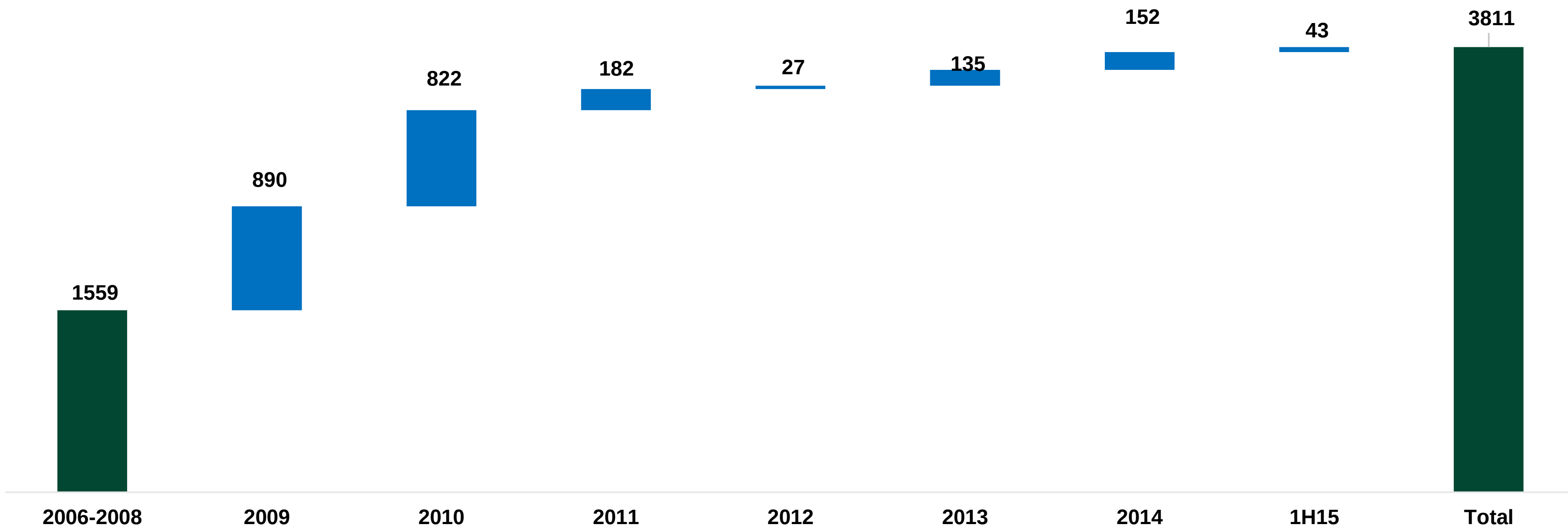
- ACC moved ahead of other industry players with embarking on alternative energy investments and is now able to get its energy needs from coal and RDF.
- **RDF:**
  - The Company started using RDF in November 2013.
  - During 1H15, the company used RDF to generate between 7-10% of its energy requirements. Starting June 2015 the company started commissioning the hot disc operations to enable using alternative fuels of up to 30% of the total energy needs.
  - Other than ACC, Italcementi, Cemex and Lafarge are currently using RDF to generate part of their energy needs.
- **Coal:**
  - The company now has the technical capability to substitute 70% of energy needs through coal and 10% 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.
  - Currently Lafarge, Italcementi and Titan are substituting part of their energy requirements through coal. Others are in the process of contracting and installing the necessary equipment to start using coal.





CAPEX Overview

CAPEX (MN EGP)



- The company paid EGP43 mn during 1H15 for the completion of the coal mill and hot disc projects in addition to the addition of the new warehouse in Danamhour and other few infrastructure works.

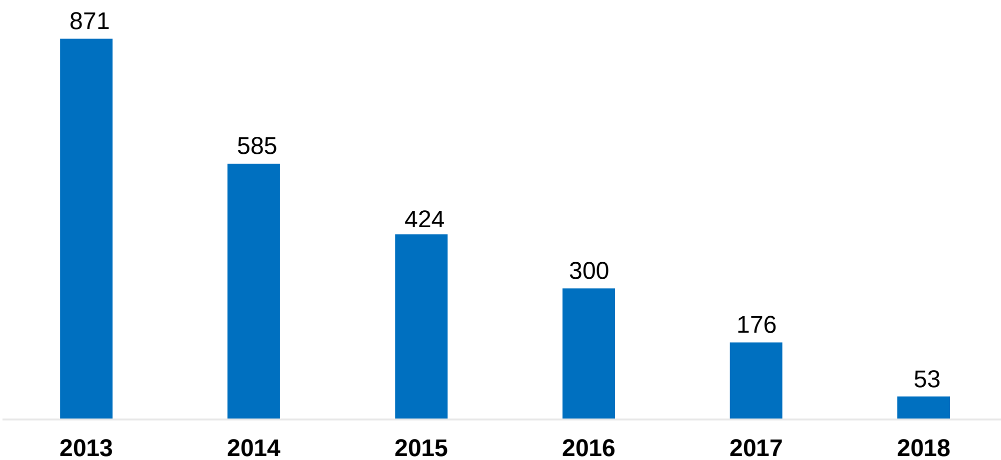
- Brazil capital increase is on the way with paying EUR6 mn between 2H15 and 1H16. Operations expected to commence in 2H16

- ACC is considering debottlenecking (small incremental capacity additions), energy optimization and energy efficiency projects.

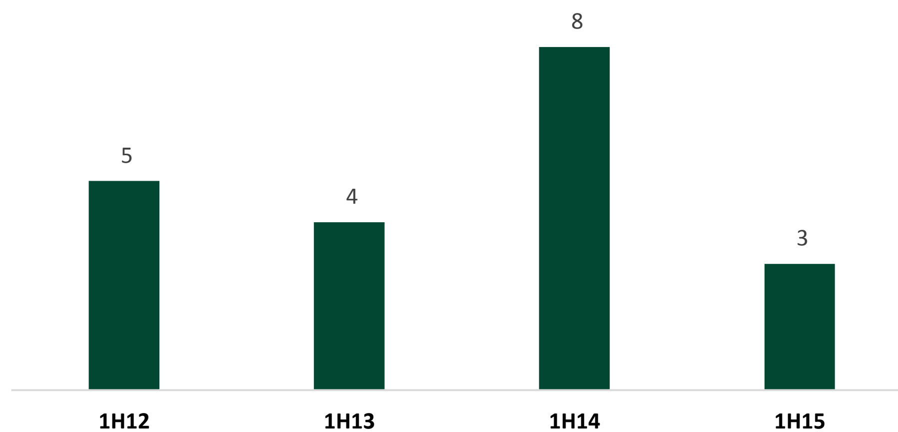
Debt

Outstanding Debt & Debt Structure

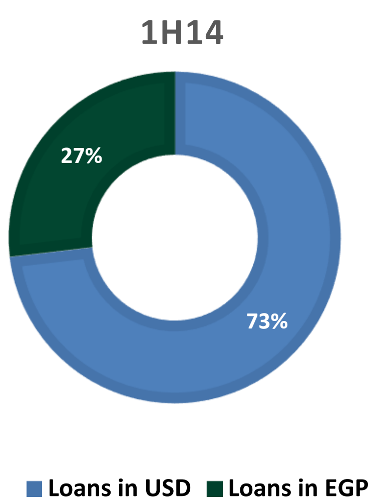
Outstanding Debt (Thousand EGP)

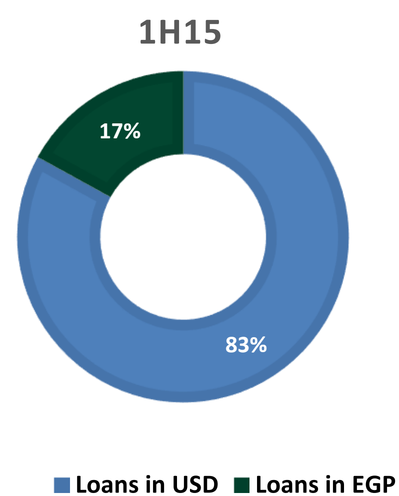


Interest Coverage Ratio



Loans Structure (EGP vs. USD)





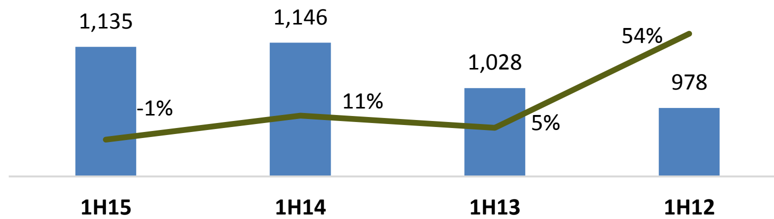
1H15 Financials Review

Income Statement

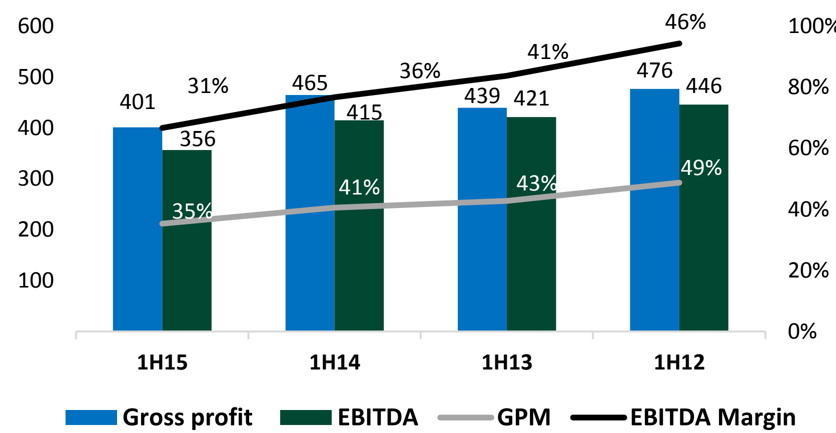
- Revenues declined 1% in 1H15 compared 1H14.
- Cost per ton recorded EGP360/ton on the back of higher transportation cost, imported clinker and higher electricity prices.
- SG&A margin stood at 4% similar to 1H14.
- FX losses incurred on the back of the CBE's decision to devaluate the EGP against the USD to reach EGP7.83.
- Taxes still calculated on the 30% base. Waiting for the law to apply the 22.5% announced by the government.

MN EGP	1H15	1H14	1H13	1H12
Revenue	**1,135**	**1,146**	**1,028**	**978**
Cost of goods sold	*735*	681	589	501
Gross profit	**401**	**465**	**439**	**476**
GPM	***35%***	***41%***	***43%***	***49%***
SG&A Expenses	*47*	50	31	31
Other income	*2*	0	13	0
EBITDA	**356**	**415**	**421**	**446**
EBITDA Margin	***31%***	***36%***	***41%***	***46%***
Depreciation & Amortization	*97*	94	93	89
EBIT	**259**	**320**	**328**	**357**
EBIT Margin	*23%*	*28%*	*32%*	*36%*
Foreign exchange	31	25	74	8
Loan interest expense	14	18	31	42
Operating license interest expense	23	23	23	23
Electricity agreement interest expense	6	6	6	6
Long-term notes payables	2	1	0	0
Interest income	0	0	0	0
Finance cost, net	44	47	60	79
Net profit before tax	**184**	**249**	**194**	**278**
PBT Margin	*16%*	*22%*	*19%*	*28%*
Deferred tax	10	74	10	23
Income tax expense	52	68	0	0
Net profit	**123**	**107**	**185**	**255**
NPM	*11%*	*9%*	*18%*	*26%*

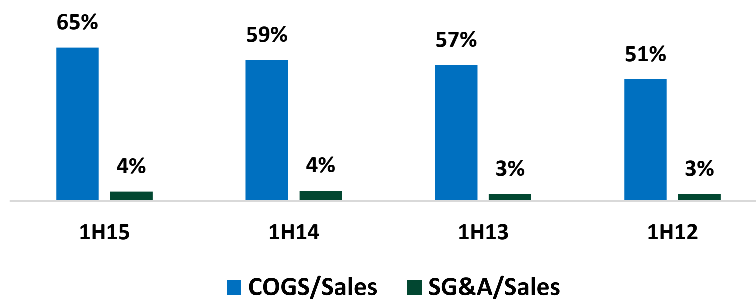
Revenues (Thousand EGP)



GP and EBITDA (Thousand EGP)



Efficiency Ratios

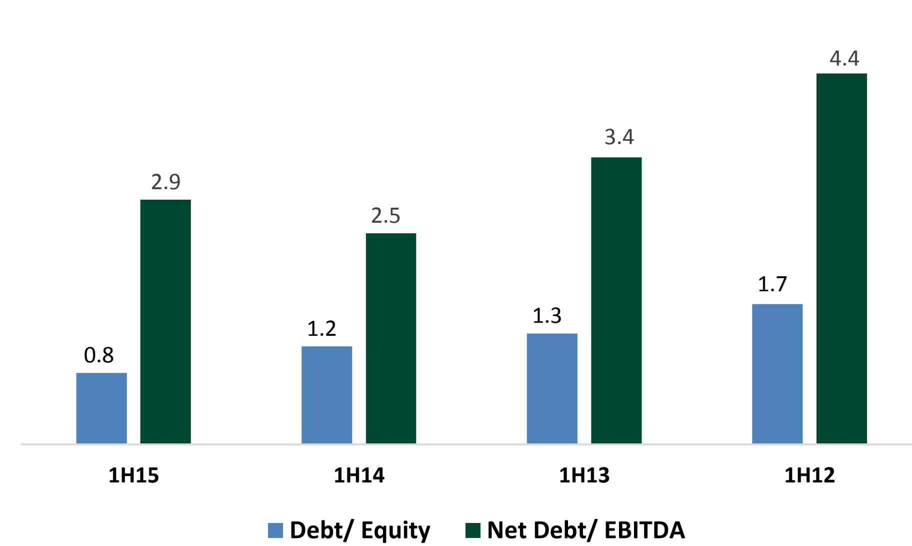


1H15 Financials Review

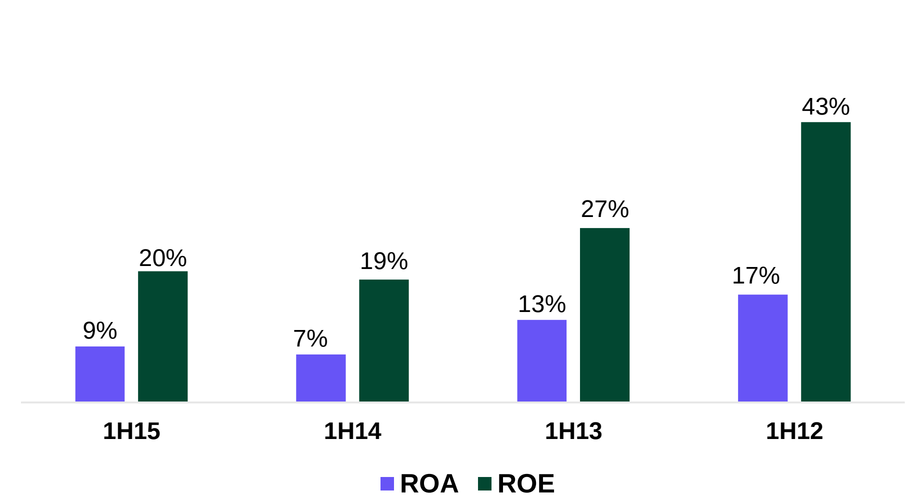
Balance Sheet

MN EGP	1H15	1H14	1H13
Assets			
Non-current Assets			
Property plant and equipment, net	2,597	2,618	2,268
Projects under construction	123	123	14
Intangible assets	120	143	624
Investment in subsidiaries	9	9	9
Payments under long-term investment	0	0	0
Total Non-current Assets	**2,850**	**2,894**	**2,915**
Current Assets			
Inventory	204	137	74
Debtors and other debit balances	57	92	488
Due from related parties	16	18	17
Cash and bank balances	156	191	178
Total Current Assets	**433**	**437**	**756**
Current Liabilities			
Provisions	8	8	1
Current tax liabilities	52	68	0
Bank Overdraft	95		
Trade payables and other credit balances	437	317	271
Due to related parties	3	5	0
Borrowings - short term portions	174	338	341
Short-term liabilities	82	69	127
Total Current Liabilities	**851**	**806**	**740**
Net (Deficit) Surplus in Working Capital	**-418**	**-369**	**17**
Total Invested Funds	**2,432**	**2,524**	**2,931**
Represented in:			
Equity			
Paid up capital	757	757	757
Legal reserve	156	130	77
Retained earnings	301	243	544
Total Equity	**1,215**	**1,131**	**1,378**
Non-current Liabilities			
Borrowings - long term portions	413	449	709
Deferred income tax liability	361	411	327
Long-term liabilities	443	533	517
Total Non-current Liabilities	**1,217**	**1,393**	**1,553**
Total Equity and Non-current Liabilities	**2,432**	**2,524**	**2,931**

Gearing



Return Ratios

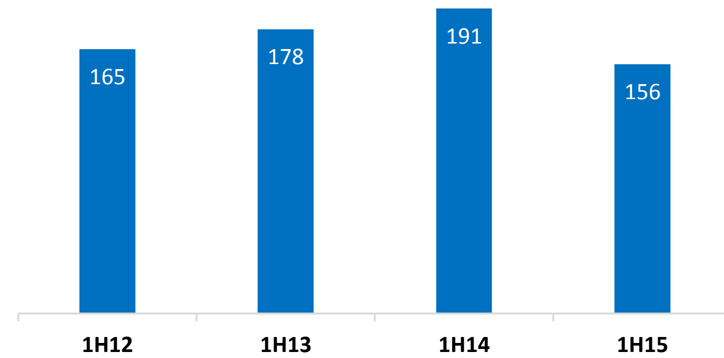


1H15 Financials Review

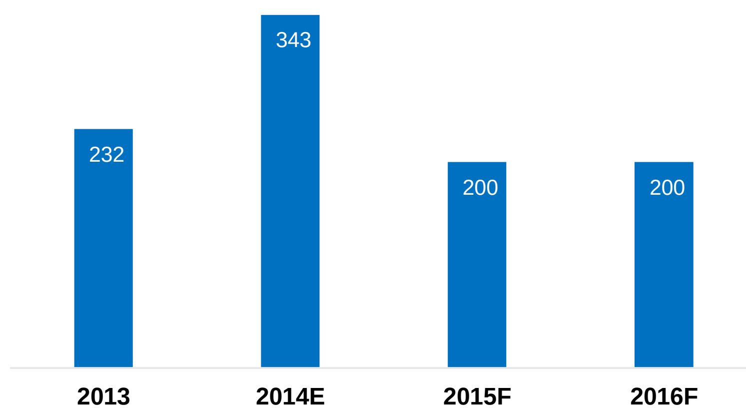
Cash Flow Statement

MN EGP	1H15	1H14	1H13	1H12
Cash flows from operating activities				
Net profit before tax	183	249	194	278
Interest income	-1	0	-1	-2
Interest expense	44	47	60	71
Depreciation expense	86	83	68	80
Amortization of intangible assets	11	11	25	11
Gain from sale of property plant and equipment	0	0	0	0
Dividends from joint venture	0	0	0	0
Provision	0	1	0	0
Changes in working capital	322	391	346	439
Debtors and other debit balances	-12	-44	-99	-98
Inventory, net	-3	-41	-7	7
Trade payables and other credit balances	-71	7	-25	0
Due from related parties	1	0	-6	-8
Tax paid	-132	-1	0	0
Due to related parties	-3	3	-1	-1
Net cash from operating activities	**103**	**314**	**209**	**338**
Cash flows from investing activities				
Proceeds from dividends from joint venture	0	0	0	0
Proceeds from sale of assets	0	-5	0	0
Interest income	1	0	1	2
Purchase of property, plant and equipment	-7	0	-5	-4
Additions in projects under construction	-36	-34	-12	-14
Payments under long-term investments	0	0	0	-9
Net cash flows used in investing activities	**-42**	**-33**	**-16**	**-26**
Cash flows from financing activities				
Payments of license liability	-39	-44	-33	-48
Payments of borrowings	-49	-71	-84	-142
Interest paid	-46	-64	-60	-58
Dividends paid	-23	-63	0	0
Proceeds from bank overdraft	95	0	0	0
Net cash flows from financing activities	**-62**	**-243**	**-177**	**-248**
Net increase (decrease) in cash and cash equivalents	**0**	**33**	**17**	**64**
Cash and cash equivalents at beginning of the year	**156**	**158**	**161**	**101**
Cash and cash equivalents at end of the period	**156**	**191**	**178**	**165**

Cash (EGP mn)



Dividends (EGP mn)



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