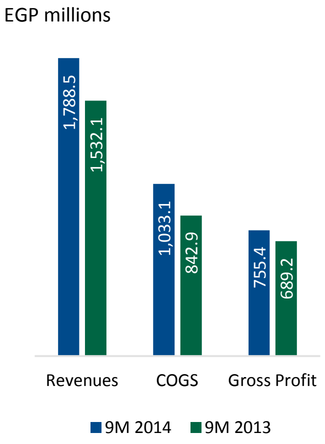
Arabian Cement Company Reports Strong Top-Line Growth in 9M 2014

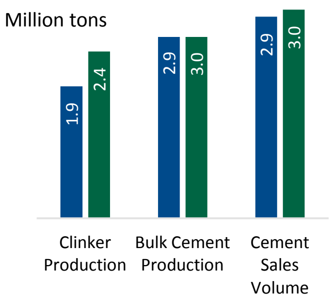
Leading Egyptian cement producer reports strong operational performance despite pressure caused by the nation-wide energy shortage, launch of operations using alternative fuels

Key Income Statement Highlights of 9M 2014

17% rise in Revenues to EGP 1,788.5 mn	10% growth in Gross Profits to EGP 755.4 mn	3% decrease in EBITDA to EGP 598.8 mn	11% Net Profit Margin
19% increase in revenues/ton to EGP 610	25% increase in cost/ton to EGP 352	-1% decrease in EBITDA/ton to EGP 204	4% ratio of SG&A : Sales

Key Comparatives





20 November 2014 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), a leading Egyptian cement producer, reported today its consolidated results for the first nine months of 2014. Revenues in the period rose 17% to EGP 1,788.5 million as compared to EGP 1,532.1 million in 9M 2013, on what management believes are early signs of recovery in both the economic and security situation in Egypt.

Net Profit dropped 35% y-o-y to EGP 200.4 million, while Net Profit Margin was down 9 ppt to 11% on the combined impact of the expiration of the company's tax-exempt status — ACC is now taxed at the newly increased corporate rate of 30% — and non-recurring expenses associated with ACC's listing earlier this year on the Egyptian Exchange.

Comments from the Chief Executive Officer, Mr. Jose Maria Magrina

"Despite the impact of challenges including fuel scarcity, I am pleased with both our operational and financial performances in the first nine months of the year, even as we suffered some erosion of our bottom line due to the planned expiration of our tax-exempt status and of charges related to our IPO.

"The greatest challenge we have faced in the first nine months of the year has been that of energy availability. Our production and utilization rates have been adversely impacted by the ongoing fuel shortage, although both are now on the rise following our successful conversion of our facilities to run on alternative fuels.

"Fuel shortages in the first nine months of the year led to a 20% y-o-y drop in clinker production and a 62% utilization rate of those facilities as compared to 9M 2013. Similarly, we are reporting today a 2% drop in bulk cement production (with a 78% utilization rate). Despite these challenges, rising market demand and our aggressive marketing efforts combined to allow us to pass along many of the price rises to consumers; revenues per ton have accordingly risen 19% y-o-y.

"This has, of course, had an impact on our gross margins, as COGS have risen with our need to import clinker to meet market demand. Gross margins accordingly eased 3 percentage points to 42% compared with 9M13.

"The top-line increases have yet to filter down to the EBITDA and Net Profit levels, unfortunately, as increased expenses, FX pressures and a new national tax regime put downward pressure on those line items.

"Our May 2014 initial public offering was not only the first-such listing in Egypt in the years since the 2011 Revolution, but also remarkably well-received, at 18.5x over-subscribed. Non-recurring fees associated with the IPO, amounting to some EGP 23.8 million, combined with an aggressive marketing campaign saw SG&A spending surge 74% year-on-year in 9M14 to EGP 76.6 million. While management will work to minimize one-off SG&A expenditures going forward, the ratio of SG&A to sales in 9M14 is nevertheless a comfortable 4%.

"Together, these factors saw EBITDA ease 3% y-o-y to EGP 598.8 million in 9M 2014. EBITDA margin also dropped, but remains at a very healthy 33%. As noted previously, our tax-exempt status has expired and we are now corporate income tax at the increased corporate rate of 30%, with the result being the company having incurred total income tax expenses of EGP 185.3 million in 9M14 against EGP 15.4 million in the same period last year. This, together with the decreased EBITDA results and ongoing foreign exchange expenses, led to a 35% y-o-y drop in our net profit to EGP 200.4 million, while net profit margin registered at 11% in the period.

"Our Balance Sheet, meanwhile, is quite strong, with a 15% reduction in outstanding debt and an improvement in debt : equity ratio to 1.05.

"In sum: So far this year, Arabian Cement Company has faced and overcome operational challenges posed by the nationwide energy crisis that have hobbled others in our industry; executed the first IPO in Egypt since the 2011 Revolution;

outfitted our facilities to operate using alternative fuels; and absorbed the impact on our earnings caused by an unfavorable FX climate and the expiration of our tax exempt status. While doing this, we laid the groundwork for the early Q1 2015 launch of a joint venture with Cementos Relampago, an affiliate of Cementos La Union (our majority shareholder), to establish a cement grinding facility in Northwest Brazil. In short, it has been a very busy nine months for ACC.

"I look forward to reporting more here in the period to come on the development of our overseas operations and the ongoing enhancement of operations in our home market of Egypt."

Recent Corporate Developments

Expansion into Brazil

In early November 2014, Arabian Cement Company announced that the Board of Directors has unanimously approved a joint venture with Cementos Relampago, an affiliate of Cementos La Union (ACC's majority shareholder), to establish a cement grinding facility in Northwest Brazil with a total production capacity of 230,000 tons per year. Total investment in the new project is approximately EUR 23 million, 50% of which will be financed with the remaining provided as paid-in capital. ACC's contribution is EUR 7 million, representing 60% of the total paid-in capital.

Outlook

Management is confident that the Egyptian market offers significant growth potential and guardedly optimistic that the country is on course for a continuation of economic growth, political stability and a steady security environment. Stability of this form, coupled with ongoing GCC-backed infrastructure spending and early signs of a return of corporate investment, sees Management anticipating improved performance in 2015, particularly as our conversion to alternative energy is nearing completion. ACC's energy mix at time of disclosure was 21% natural gas, 4% refuse-derived fuel (RDF), 4% petcoke, 1% diesel with the balance (70%) being coal. Management is targeting a mix of 30% RDF and 70% coal for FY15.

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 produces five million tons of first quality cement, approximately 10% of Egypt's production. The company is a joint venture between Cementos La Union, a Spanish investor holding the majority of shares, and a group of Egyptian investors.
Its brand "Al Mussallah" enjoys undisputed prestige and is considered among the best cements produced in Egypt. For further information, please refer to www.arabiancement.com

For further information, please contact: IR@acceg.com

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 (in EGP)

	9M14	9M13	Variance
Clinker Production	*1,946,872*	*2,418,742*	*(20%)*
Utilization Rate	*62%*	*77%*	*(20%)*
Cement Sales Volume	*2,931,602*	*2,991,315*	*(2%)*
Bulk cement production	*2,937,704*	*2,989,336*	*(2%)*
Cement Utilization Rates	*78%*	*80%*	*(2%)*
Revenues	**1,788,455,089**	**1,532,122,503**	**17%**
Rev/ton	*610*	*512*	*19%*
COGS	**(1,033,097,555)**	**(842,897,656)**	**23%**
Cost/ton	*352*	*282*	*25%*
Gross Profit	**755,357,534**	**689,224,847**	**10%**
Gross Profit Margin	*42%*	*45%*	*(5%)*
COGS/Sales	*58%*	*55%*	
EBITDA	**598,791,578**	**617,096,018**	**(3%)**
EBITDA/ton	*204*	*206*	*(1%)*
EBITDA Margin	*33%*	*40%*	*(17%)*
SG&A	**(76,548,336)**	**(43,876,111)**	**74%**
SG&A/Sales	*4%*	*3%*	
FX loss	(29,822,001)	(63,151,600)	(53%)
Depreciation & Amortization	(142,245,502)	(140,401,274)	1%
Interest expenses	(70,968,668)	(88,761,325)	(20%)
Deferred tax	**(85,292,375)**	**(15,429,106)**	**453%**
Income tax	**(100,031,491)**	**-**	**-**
Net Profit	**200,431,541**	**309,352,712**	**(35%)**
Net Profit Margin	*11%*	*20%*	*(44%)*
Outstanding Debt	1,281,358,905	1,504,644,878	(15%)
Debt/ Equity	*1.05*	*1.38*	*(24%)*

Based on standalone Financial Statements