



Arabian cement company Reports Sales Volume Growth in 3Q18 but Lower Prices and Cost increase.

Key Income Statement Highlights of 9M2018			
42% decrease in EBITDA EGP 516 MN	4.1% SG&A: Sales	28% Increase in Net Profit EGP 215 MN	16% Increase in cash cost/ton to EGP 531
26% Gross Profit margin	9% Net Profit Margin	22% EBITDA Margin	FX loss in P&L EGP 4.7 MN

Results in a Nutshell

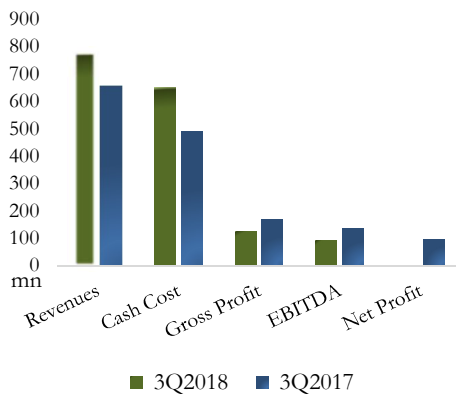
28 August, 2018 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), a leading Egyptian cement producer, reported its results for 2Q2018.

3Q2018

ACC reported a top line of EGP 778 million, representing 18% increase y-o-y. This came on the back of 9% upsurge in sales volumes with the same percentage increase in rev/ton, recording EGP 688/ton versus EGP 632/ton in 3Q2017. The company recorded higher volumes of 1,130K despite the feast holiday. Exports' contribution went up by 3% y-o-y to represent 14% of our total volumes for the quarter. ACC exports level was boosted by 40% compared to the same period last year. In terms of format 79% of our volumes were bagged and the rest in bulk.

Total cash cost came in at EGP 651 million with cash cost/ton of EGP 576/ton, 22% higher than the comparable period. This remarkable upsurge is attributable to the partial lifting of electricity subsidy, an increase of EGP 20/ton in clay tax, and the elevated diesel prices that affected our transportation costs. The drawback of lower subsidized diesel prices was limited by our second coal mill that allowed the company to eliminate the contribution of diesel in its fuel mix, depending mainly on coal and RDF. 3Q2018 had a fuel mix of 86% coal and 14% RDF.

Key Highlights for the period





Although our rev/ton is growing, we couldn't pass on the total increase in cost to our consumers resulting in lower gross profit of EGP 126 million, 25% lower than 3Q2017. Gross profit margin went down by 9% y-o-y as well to 16% for the quarter. The oversupply market condition is the main obstacle that limited our margins as prices couldn't go higher.

Coming to our EBITDA, it was deteriorated by 32% y-o-y to come in at EGP 93 million with lower EBITDA margin of 12%. SG&A: sales ratio dropped from 4.7% in 3Q2017 to 4.2%. The quarter resulted in a bottom line of EGP 2 million.

9M2018

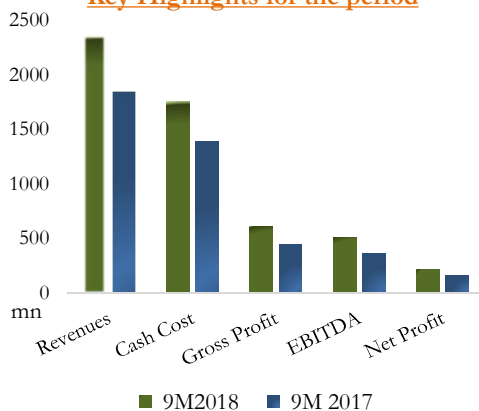
For the nine months period, our revenues came in at EGP 2,369 million, 28% higher than 9M 2017. Rev/ton increased by 18% y-o-y to record an average of EGP 717 for the period. Revenues were also supported by higher volumes that went up by 9% over the 2 comparable periods to reach 3,305 K. ACC exports level went higher by 33% y-o-y elevating its contribution from 10% to 12% of our total volumes.

Our income statement carried a total cash cost of EGP 1,756 million, with an average cash cost/ton of EGP 531/ton. Cash cost/ton of the period went 16% higher than the same period last year. Fuel mix for 9M2018 stood at 84% coal, 14% RDF and 2% diesel.

Accumulated gross profit hiked by 35% y-o-y and came in at EGP 613 million recording a gross profit margin of 26%. EBITDA increased as well by 42% which resulted in an EBITDA margin of 22%. EBITDA/ton stood at EGP 156/ton, 30% upsurge compared to 9M2017. ACC reported a total net profit of EGP 215 million for 9M2018 versus EGP 168 million in the comparable period with the same net profit margin of 9%.

The company is punctually repaying its debt, reducing its total outstanding debt by EGP 323 million to close the period with EGP 943 million. USD debt balance went down by 6 million YTD to come in at USD 25 million by the end of the period.

Key Highlights for the period





Outlook

4Q2018 is expected to be flat q-o-q in terms of volumes and prices. FY 2018 will have an estimated EBITDA margin of 19%. It's worthy to mention that the oversupply market conditions will constrict our margins over the coming periods.

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, 15.5% is held by El Bourini family, and 24.5% 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	3Q2018	3Q2017	Variance %	9M2018	9M2017	Variance %
ACC Clinker Production	K Tons	1,033	885	17%	3,040	2,578	18%
ACC Clinker Utilization Rate	PCT	98%	84%	14%	97%	82%	15%
ACC Cement Production	K Tons	1,089	1,031	6%	3,209	3,072	4%
ACC Cement Utilization Rates	PCT	93%	88%	5%	91%	87%	4%
ACC Domestic Sales Volume	K Tons	977	930	5%	2,918	2,751	6%
ACC Exports Volume	K Tons	154	109.9	40%	384	289	33%
ACC Total Volumes	K Tons	1,130	1,040	9%	3,305	3,040	9%
Revenues	MM EGP	778	658	18%	2,369	1,847	28%
Rev/Ton	EGP	688	632	9%	717	608	18%
Cash Cost	MM EGP	651	490	33%	1,756	1,394	26%
Cash Cost/Ton	EGP	576	471	22%	531	459	16%
EBITDA	MM EGP	93	137	-32%	516	364	42%
EBITDA/Ton	EGP	83	132	-37%	156	120	30%
EBITDA Margin	PCT	12%	21%	-9%	22%	20%	2%
Gross Profit	MM EGP	126	168	-25%	613	453	35%
Gross Profit Margin	PCT	16%	26%	-9%	26%	25%	1%
COGS/Sales	PCT	84%	74%	9%	74%	75%	-1%
SG&A	MM EGP	33	31	7%	97	89	9%
SG&A/Sales	PCT	4%	5%	0%	4%	5%	-1%
Exchange differences	MM EGP	-1	18	105%	-5	33	114%
Depreciation & Amortization	MM EGP	63	59	7%	183	175	4%
Net Profit	MM EGP	2	96	-98%	215	168	28%
Net Profit Margin	PCT	0%	15%	-14%	9%	9%	0%
Outstanding Debt	MM EGP	943	1,220	-23%	943	1,220	-23%
Debt/Equity		0.6	0.8	-20%	0.6	0.8	-20%