



Arabian Cement Company Reports a record bottom-line in Q1 2018 of EGP 161 Million VS EGP 59 Million in Q1 2017.

Key Income Statement Highlights of Q1 2018

83% Increase in EBITDA EGP 270 MN	3.5% SG&A: Sales ratio	172% Upsurge in Net Profit EGP 161 MN	10% Increase in cash cost/ton to EGP 487
8% Market share	18% Net Profit Margin	30% EBITDA Margin	FX Gain in P&L EGP 5MN

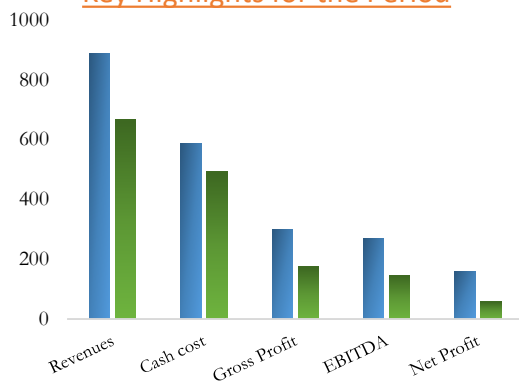
Results in a Nutshell

17 May 2018 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), a leading Egyptian cement producer, reported its results for Q1 2018.

Q1 2018

Q1 was a strong kickoff for 2018; ACC reported total revenues of EGP 890 mn which is 33% higher than the same period last year and 24% upsurge q-o-q. The company recorded an average revenue/ton of EGP 735 for the quarter, 23% increase y-o-y, and 10% q-o-q. Revenues were also enhanced by higher sales volumes that stood at 1.21 mn tons including Clinker sales versus 1.12mn tons in 1Q2017. ACC local sales volumes went up by 8% y-o-y, however the domestic market volumes increased by 3.2%. Exports contributed by 11% of our volumes with 13% increase compared to 1Q2017. In terms of format, our total volumes were 72% bagged, 24% bulk and 5% clinker.

Key Highlights for the Period



Our cash cost/ton increased rationally by 10% in comparison to 1Q2017 to reach EGP 487/ton. This resulted in a total cash cost of EGP 589 mn, 20% higher than the comparable period. Although diesel and electricity prices went up during 2017, ACC was able to minimize their effect on its cash cost by achieving better fuel mix of 80% coal, 14% RDF and 6% diesel. It's worthy to mention that the company was able to reduce its cash cost/ton by 3% q-o-q.



The up-surge in prices and the limited increase in cash cost resulted in a gross profit of EGP 301 mn, 72% higher than 1Q2017, with a gross profit margin of 34%. Consequently, EBITDA level went up by 83% y-o-y from EGP 147 mn to EGP 270 mn, attaining an EBITDA margin of 30% for the quarter. On a q-o-q basis, EBITDA margin grew from 20% to 30%. SG&A: sales stood at 3.5%, compared to 4.2% in 1Q2017.

The quarter's bottom line came in at EGP 161 mn versus EGP 59 mn in the same period last year, recording a net profit margin of 18%, 9% higher than the comparable period and 11% higher than 4Q2017.

The company is repaying its debts punctually. Our USD loan was reduced by USD 2 mn over the quarter to reach a balance of USD 29 mn at the end of the period. Also, the EGP debt balance, excluding overdraft, closed at EGP 410 mn after repaying EGP 17 mn throughout the period. The company paid a substantial amount during the quarter to reduce its credit facility balance from EGP 291 mn to EGP 48 mn.

Outlook

As the Government is processing its program of fuel subsidy removal, ACC started operating its second coal mill to achieve a fuel mix of 86% coal and 14% RDF, eliminating the contribution of diesel. This will help the company to control its cost/ton and preserve its cost advantage position in the market.

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	1Q 2018	1Q 2017	Variance %
Domestic Sales	K Tons	13,427	13,012	3.2%
Export Sales	K Tons	606	372	62.9%
Total Sales	K Tons	14,034	13,384	4.9%
ACC Clinker Production	K Tons	1,011	898	13%
ACC Clinker Utilization Rate	PCT	96%	85%	11%
ACC Cement Production	K Tons	1,145	1,141	0%
ACC Cement Utilization Rates	PCT	97%	97%	0%
ACC Domestic Sales Volume	K Tons	1,078	998	8%
ACC Exports Volume	K Tons	132	117	13%
ACC Total Volumes	K Tons	1,210	1,115	8%
Local Market Share	PCT	8.0%	7.7%	+0.4%
Total Market Share	PCT	8.6%	8.3%	+0.3%
Revenues	MM EGP	890	668	33%
Rev/Ton	EGP	735	599	23%
Cash Cost	MM EGP	589	492	20%
Cash Cost/Ton	EGP	487	441	10%
EBITDA	MM EGP	270	147	83%
EBITDA/Ton	EGP	223	132	69%
EBITDA Margin	PCT	30%	22%	8%
Gross Profit	MM EGP	301	175	72%
Gross Profit Margin	PCT	34%	26%	8%
COGS/Sales	PCT	66%	74%	-8%
SG&A	MM EGP	31	28	10%
SG&A/Sales	PCT	3.5%	4.2%	-0.7%
Exchange differences	MM EGP	5	10	-52%
Depreciation & Amortization	MM EGP	58	58	1.1%
Net Profit	MM EGP	161	59	172%
Net Profit Margin	PCT	18%	9%	9%
Outstanding Debt	MM EGP	962	1261	-24%
Debt/Equity		0.66	0.93	