Arabian Cement Company

FY15 Investors Presentation

May 2016

Highlights

01 — 3% Growth in Sales to 4.3 MM tons

02 — 35% Growth in clinker production

03 — EGP 669 MM EBITDA

04 — 9% Reduction in cost/ton, EGP 343

05 — 8% Market Share

06 — 84% Clinker Utilization

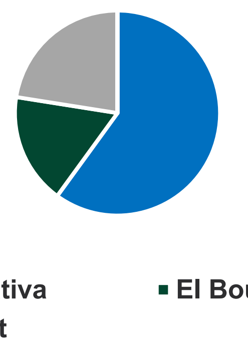
Contents

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 FY15.
- 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, for clinker production and cement.
- 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 2015, ACC distributed 55% of its production through own channels, "Wassal"; delivery service as well as its warehouses in Banha and Damanhour.

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

June: Line II second cement mill starts production

March: Line II first 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.

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

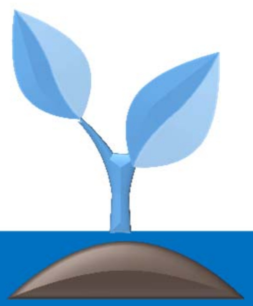
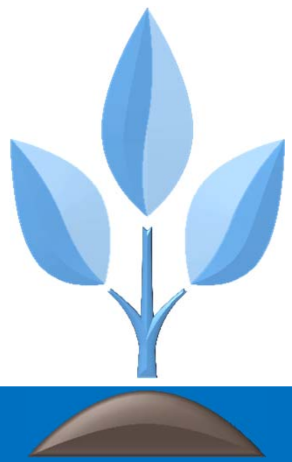
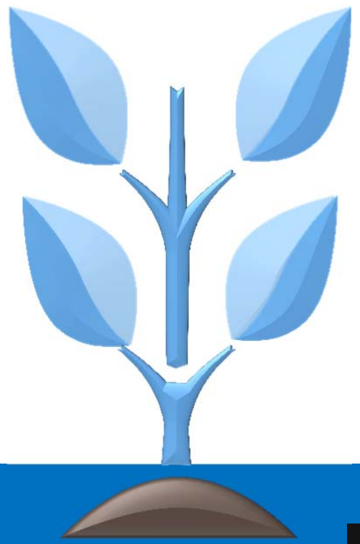
Chief Operations Officer

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

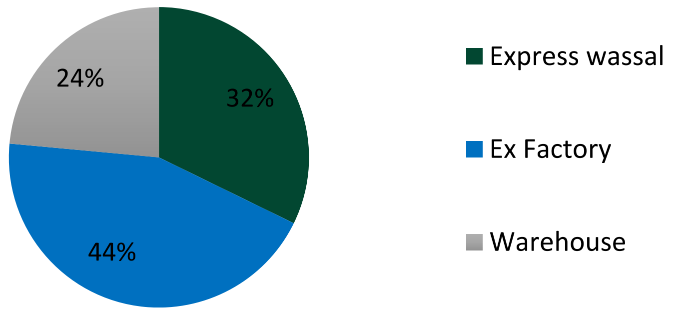





Introduction to ACC

Distribution Network Overview

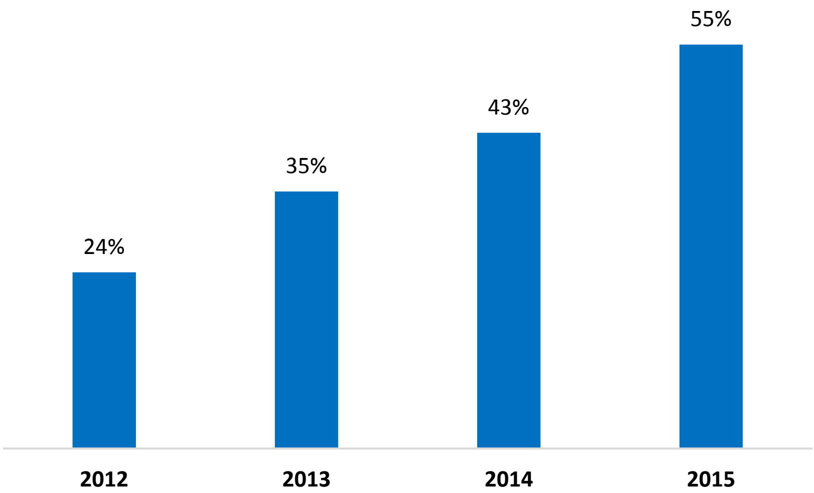
- In 2015 Arabian Cement distributed through direct Ex-Factory sales , Warehouses and Express wassal.

2015 Distribution



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



Period Highlights

Main Highlights

Economy

- The devaluation of the EGP which took place in January 2015 against the USD to 7.83 resulted in a FX loss for the company.
- In July 2015, The government announced the reduction of corporate income tax rate to be 22.5% compared to the previous 30%.
- Due to the fall in oil prices, the government was able to supply cement producers with sufficient quantities of fuel; HFO, Coal and petcoke.

Production

- ACC produced 3.5 MM MT of clinker in 2015 compared to 2.6 MM MT at the same period the previous year.
- The main reason for this 35% increase is the optimization of coal usage and availability of diesel and alternative fuels. Accordingly the company operated at 84% clinker utilization and compared to 62% in 2014.
- ACC operated at 85% cement utilization in 2015 compared to 83% in the same period last year.

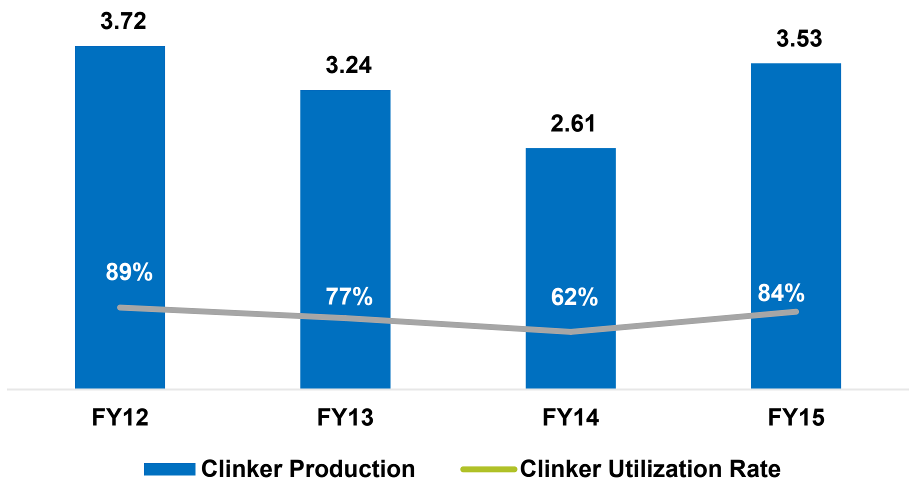
Energy

- Starting Jan. 2015, 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 company was successful in installing the hot disc for the burning of alternative fuels. With the hot disc, ACC aims to substitute up to 30% of its energy needs.
- With the current installations in place, ACC expects to operate at the maximum clinker utilization rate in 2016.

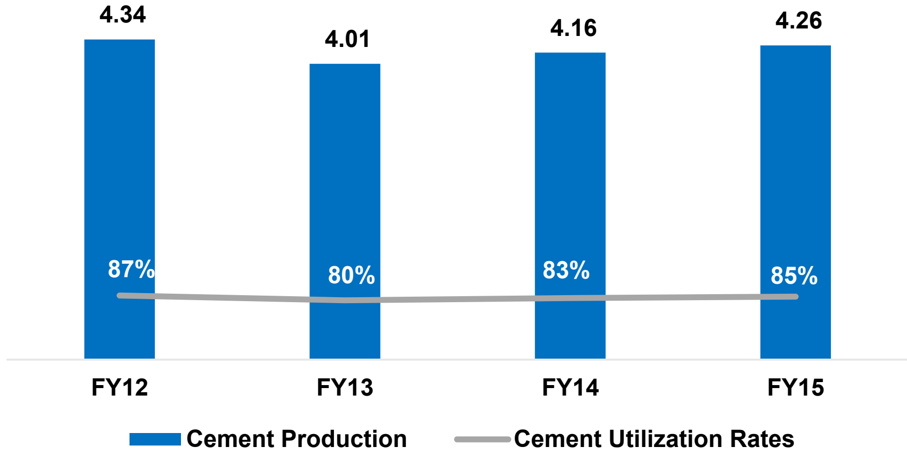
Period Highlights (continued)

Main KPIs

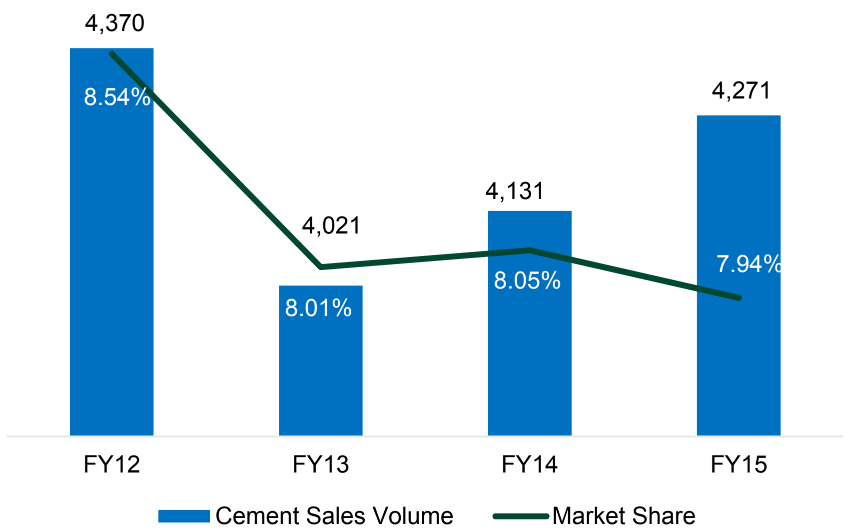
Clinker Production (MN MT) and Utilization Rates



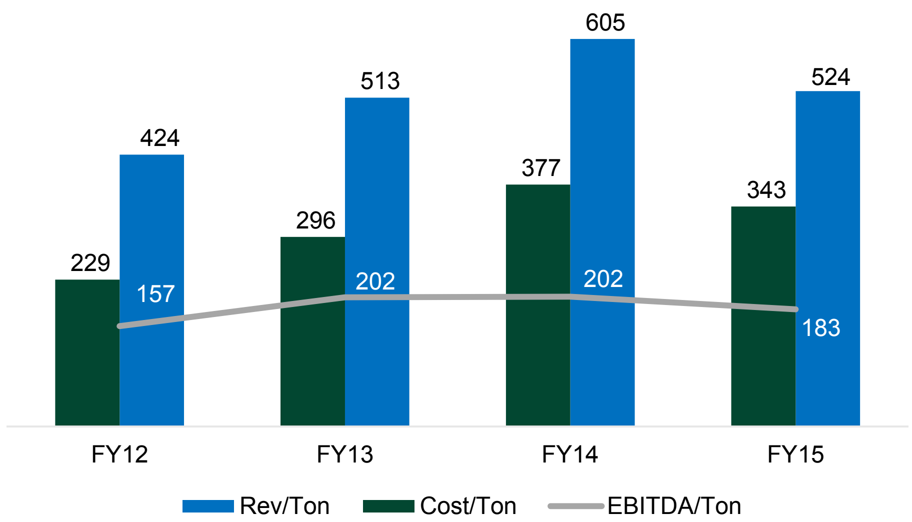
Cement Production and Utilization Rates



Sales and Market Share (MN MT)



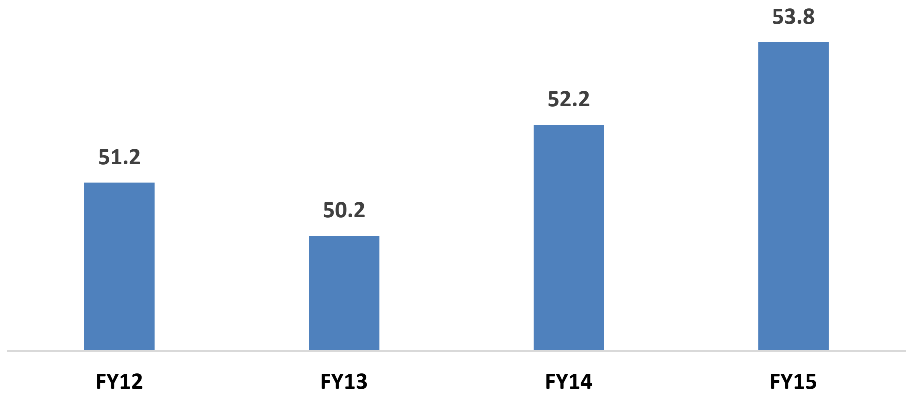
Revenues, COGS and EBITDA (EGP/ton)



Egyptian Cement Market

Demand and Supply Synopsis

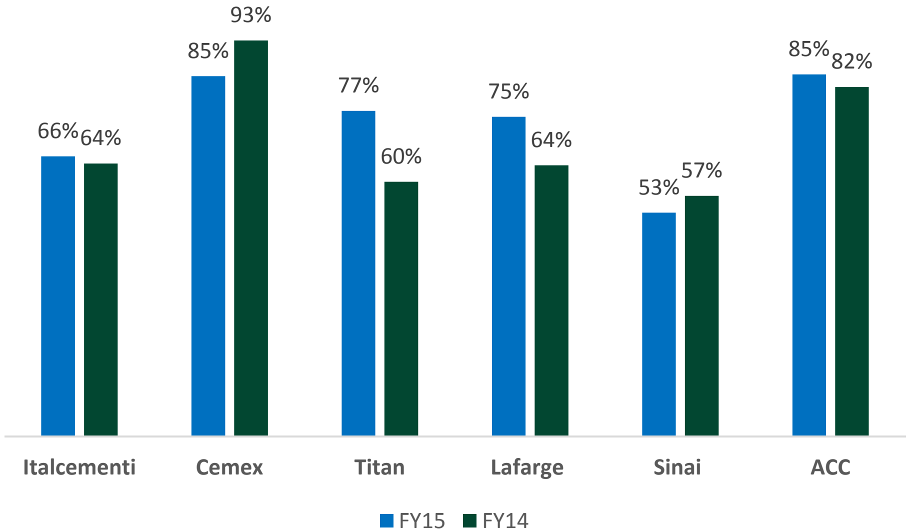
Domestic Consumption (MMT)



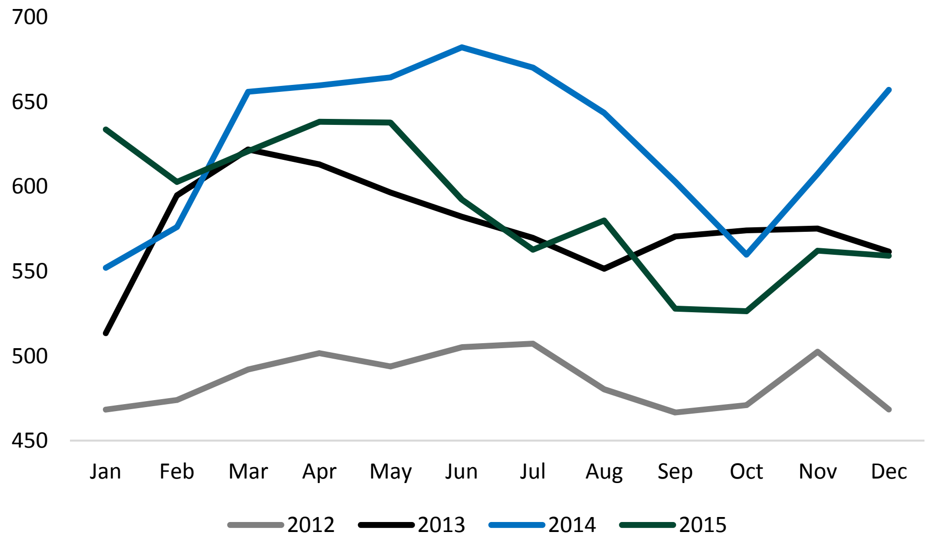
Egyptian Market Overview

- The market is primarily 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. Our strategy during 2016 will be to maintain our premium price position, favoring profitability over volumes.

Domestic Capacity Utilization



Average Market Retail Prices (EGP/ton)

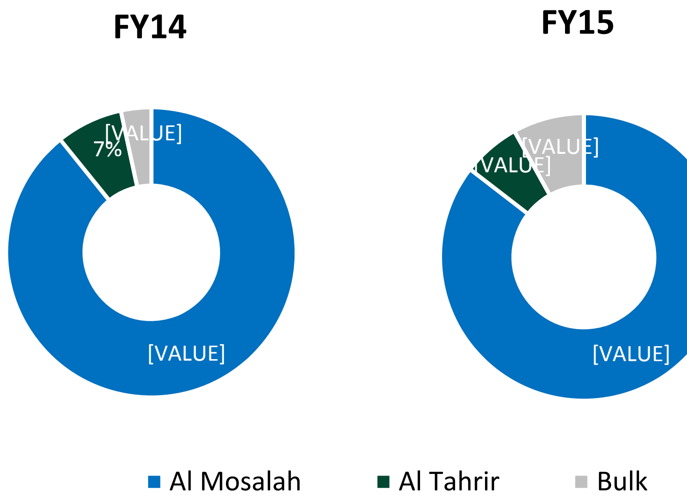


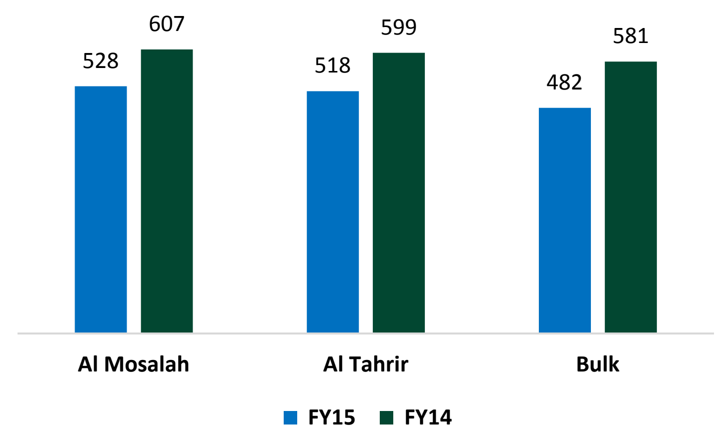
Sales Overview

Quantities Breakdown

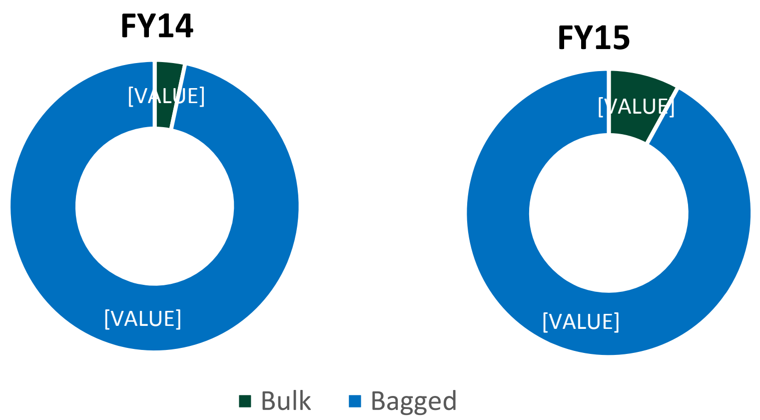
Quantities Breakdown	Prices (EGP/ton)

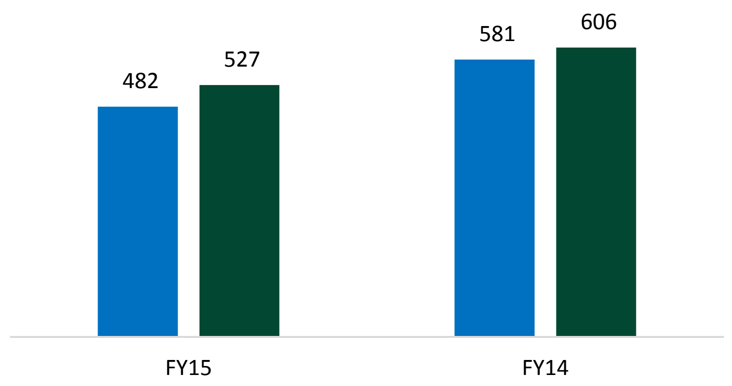
Breakdown by Brand





Breakdown by Type



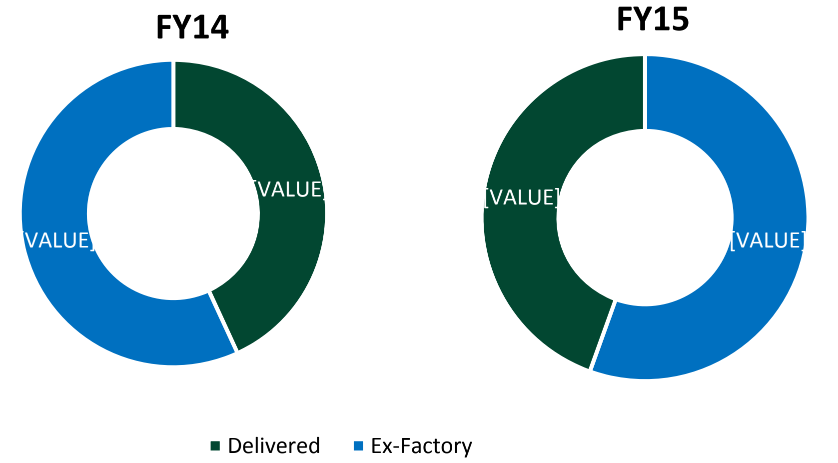


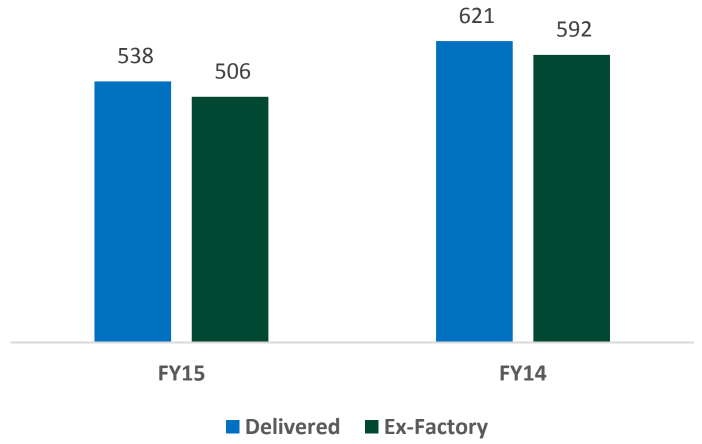
Sales Overview

Quantities Breakdown

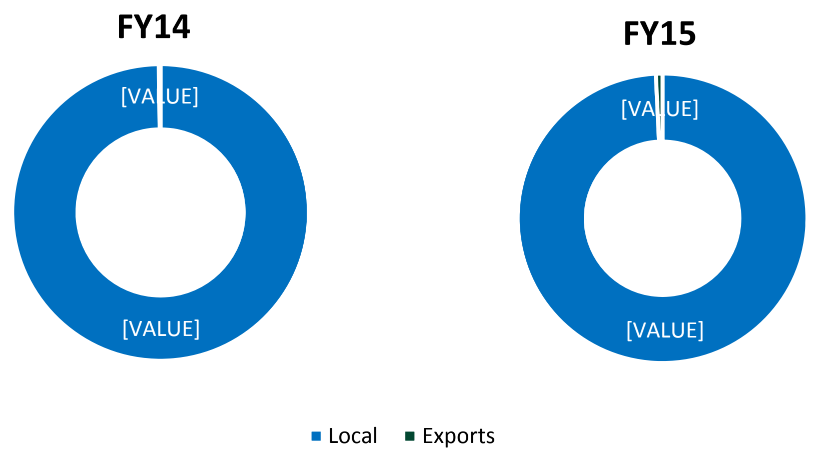
Quantities Breakdown	Prices (EGP/ton)

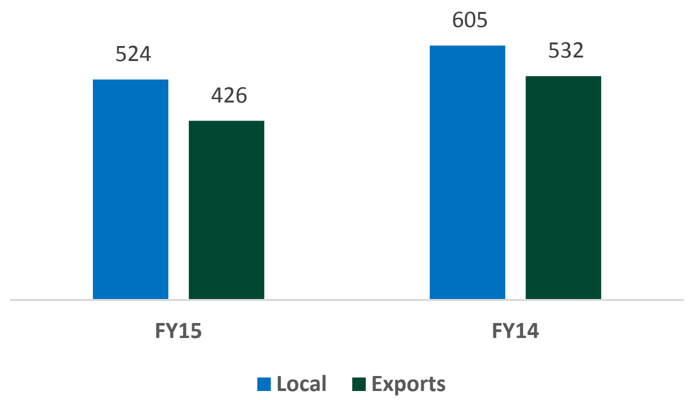
Breakdown by Point of Sale





Breakdown by Market

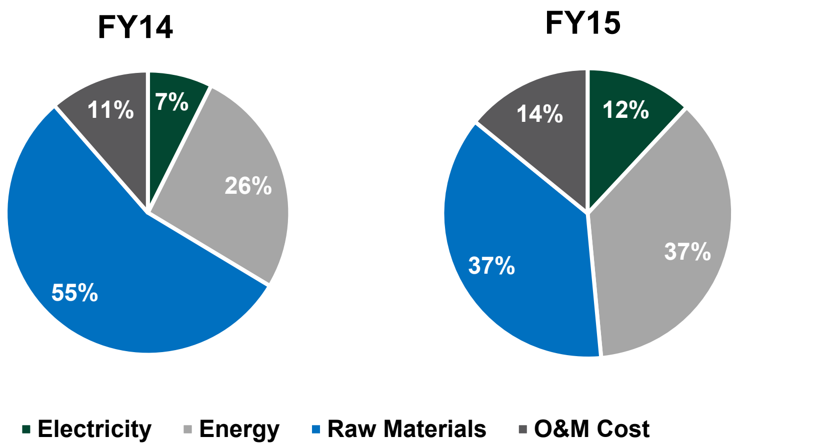




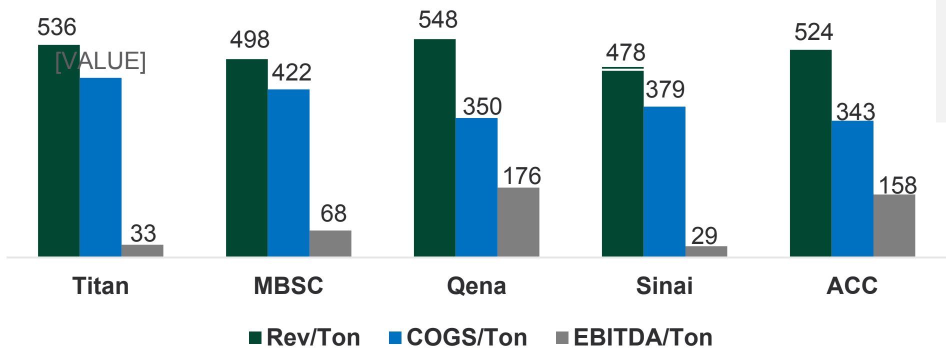
COGS Overview

COGS and ACC Cost Advantages

COGS Breakdown

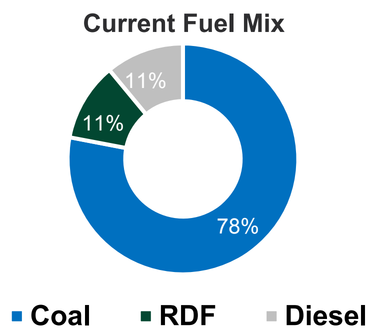


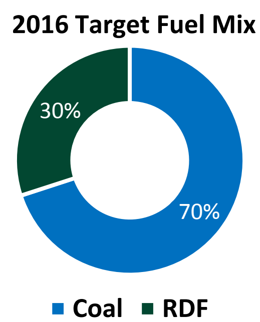
ACC & Competition (EGP/ton)



ACC Cost Advantages

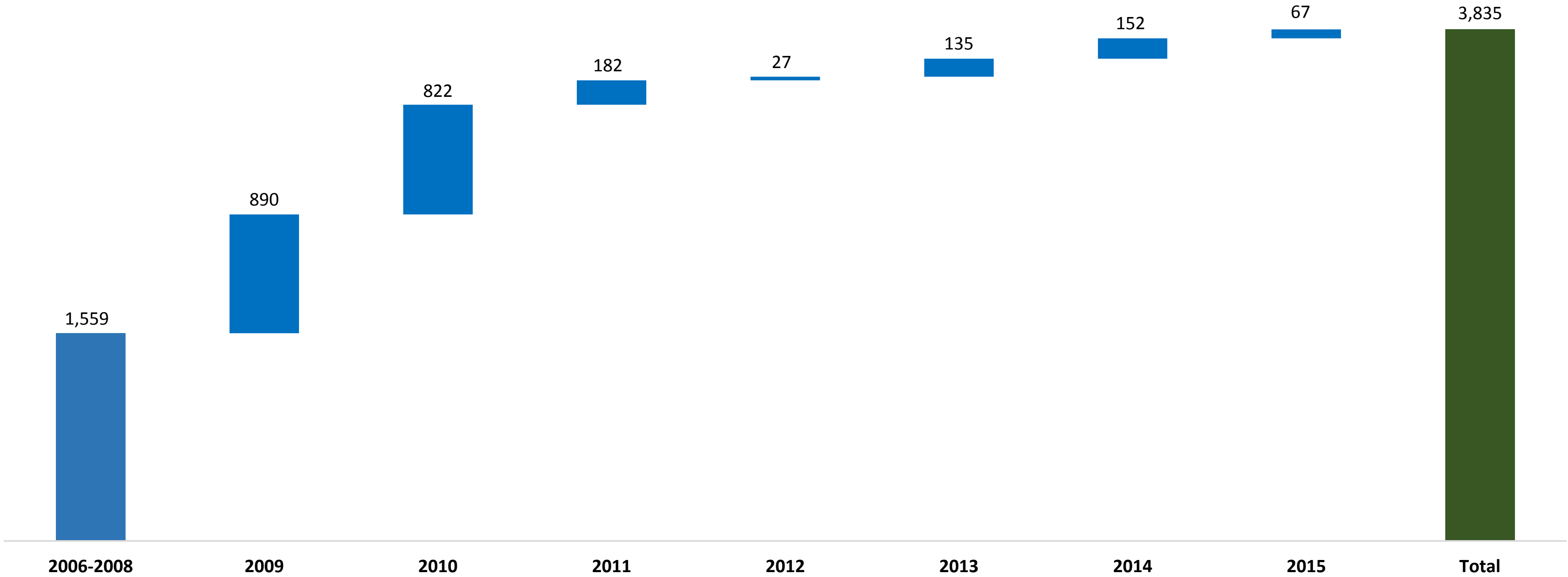
- ACC moved ahead of other industry players with embarking on alternative energy investments with aims to offer the ability to substitute up to 100% of its energy needs.
- **RDF:**
  - The Company started using RDF in November 2013.
  - During 1H15, the company used RDF to generate between 7-10% of its energy requirements. Starting June 2015 the company started commissioinig 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 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.
  - 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)

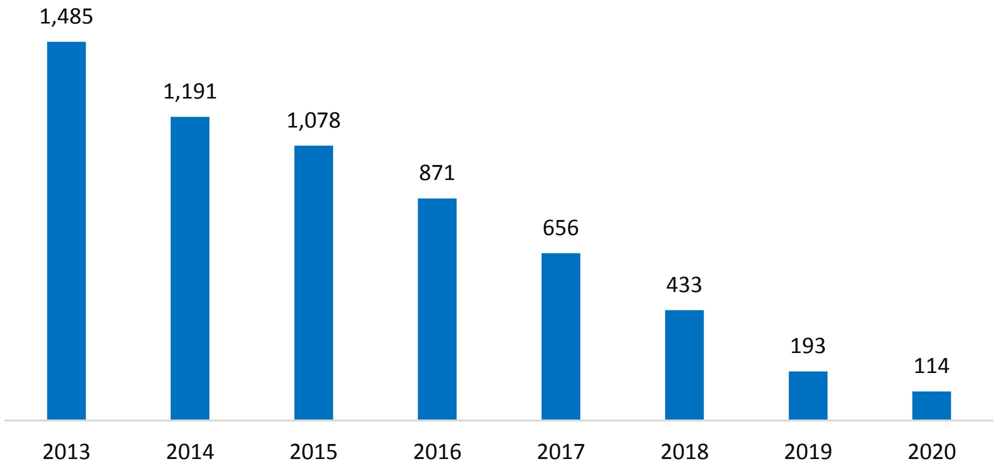


- The company paid EGP67 mn during FY15 for the completion of the hot disc projects in addition to the addition to cost optimizations in operations and logistics.
- Total CAPEX for 2016 is around the same as 2015. the amount will be spent on cost saving projects for the By-pass dust dosing in cement 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.

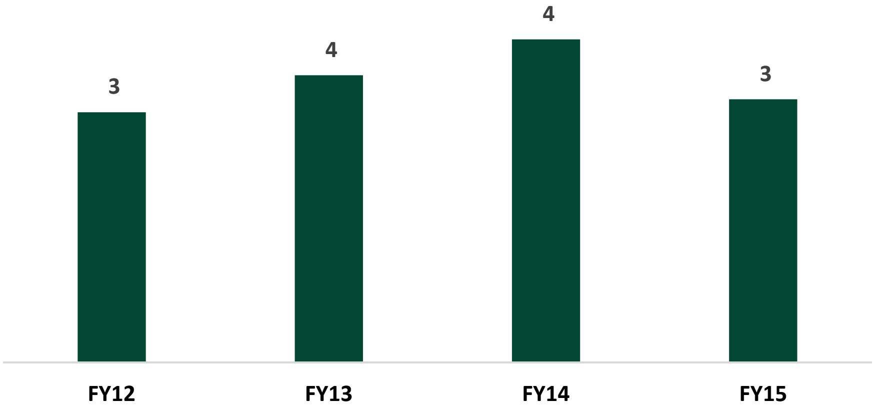
Debt

Outstanding Debt & Debt Structure

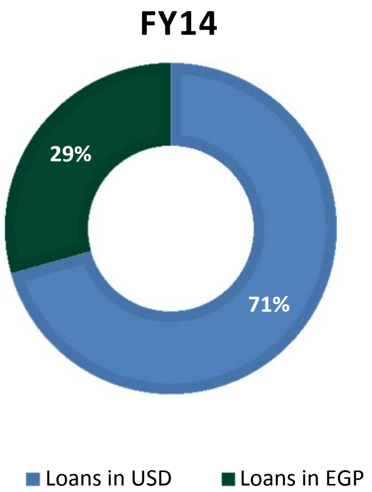
Outstanding Debt (Thousand EGP)

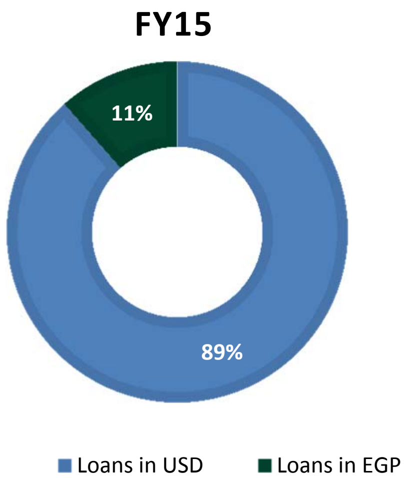


Interest Coverage Ratio



Loans Structure (EGP vs. USD)



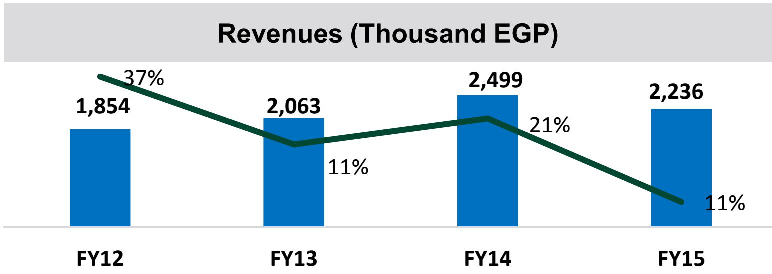


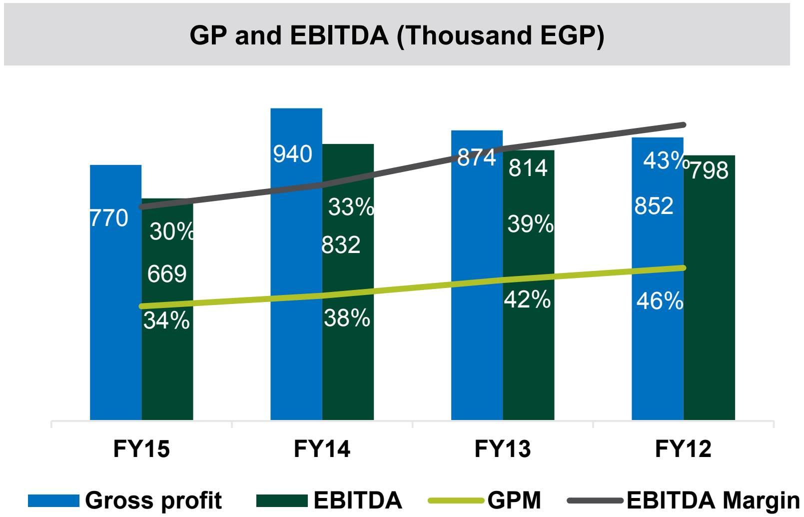
FY15 Financials Review

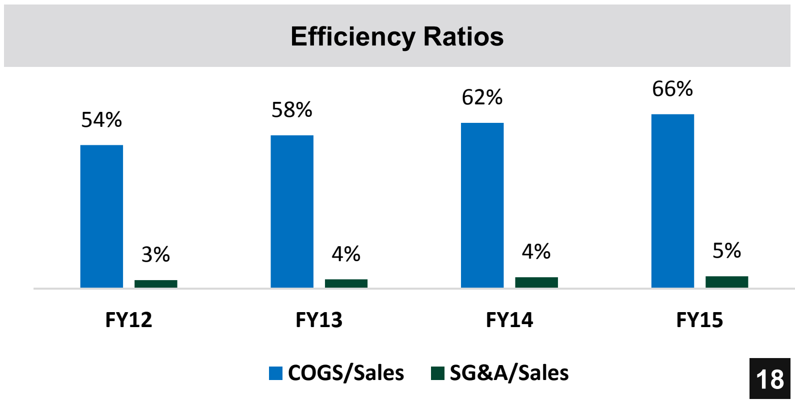
Income Statement

- Revenues declined 11% in 2015 compared 2014.
- Cost/ton declined by 9% to EGP343 in 2015 due to utilization of the solid fuels mill, successful installation of equipment for the AF, cost optimizations in operations and logistics and lower consumption of imported clinker.
- SG&A margin stood at 4% similar to FY14.
- FX losses incurred on the back of the CBE's decision to devaluate the EGP against the USD to reach EGP7.83.
- Taxes is calculated on the 22.5% base.

MN EGP	FY15	FY14	FY13	FY12
Revenue	**2,236**	**2,499**	**2,064**	**1,854**
Cost of goods sold	-1,466	-1,559	-1,190	-1,001
Gross profit	**770**	**940**	**874**	**852**
GPM	***34%***	*38%*	*42%*	*46%*
SG&A Expenses	-106	-109	-74	-60
Other income	5	1	14	6
EBITDA	**669**	**833**	**814**	**798**
EBITDA Margin	**30%**	33%	39%	43%
Depreciation & Amortization	-197	-191	-188	-186
EBIT	**472**	**642**	**626**	**613**
EBIT Margin	*21%*	*26%*	*30%*	*33%*
Foreign exchange	-44	-26	-69	-40
Loan interest expense	-26	-36	-62	-75
Operating license interest expense	-45	-45	-45	-45
Electricity agreement interest expense	-12	-12	-12	-12
Long-term notes payables	-6	-1		
Interest income	0	0.8	1	3
Finance cost, net	**-133**	**-120**	**-187**	**-169**
Net profit before tax	**339**	**522**	**439**	**443**
PBT Margin	*15%*	*21%*	*21%*	*24%*
Deferred tax	22	-14	-20	-44
Income tax expense	-72	-135		
Net profit	**289**	**373**	**419**	**399**
NPM	*13%*	*15%*	*20%*	*22%*





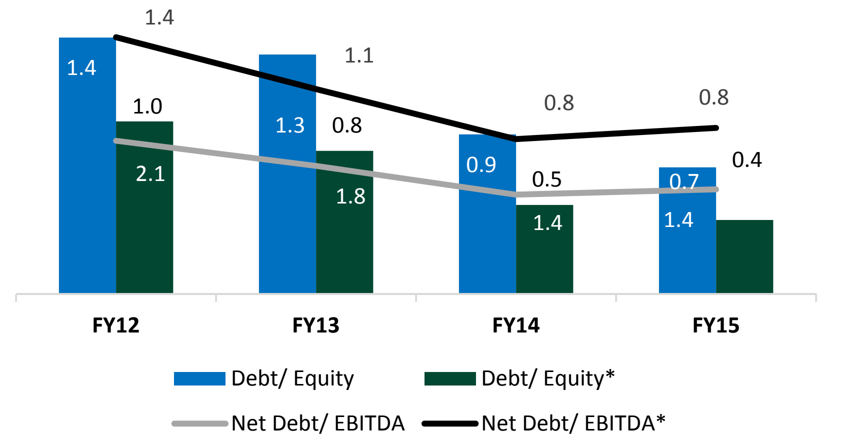


FY15 Financials Review

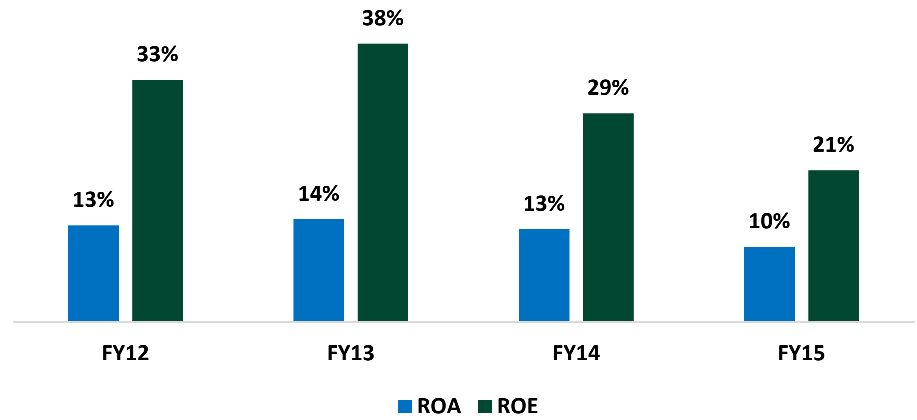
Balance Sheet

MN EGP	FY15	FY14	FY13
Assets			
Non-current Assets			
Property plant and equipment, net	2,534	2,665	2,647
Projects under construction	125	98	138
Intangible assets	109	132	154
Investment in subsidiaries	21	9	9
Payments under long-term investment			
Total Non-current Assets	**2,789**	**2,905**	**2,949**
Current Assets			
Inventory	196	201	96
Debtors and other debit balances	59	48	47
Due from related parties	15	17	17
Cash and bank balances	365	156	158
Total Current Assets	**634**	**423**	**318**
Current Liabilities			
Provisions	16	9	7
Current tax liabilities	72	135	1
Borrowings-Current Portion	522	324	326
Trade payables and other credit balances	52	6	2
Due to related parties	206	294	338
Borrowings - short term portions	86	69	69
Short-term liabilities	**955**	**837**	**743**
Total Current Liabilities	**-320**	**-414**	**-425**
Net (Deficit) Surplus in Working Capital	**2,469**	**2,490**	**2,524**
Total Invested Funds			
Represented in:			
Equity			
Paid up capital	757	757	757
Legal reserve	156	129	119
Retained earnings	468	408	213
Total Equity	**1,382**	**1,295**	**1,089**
Non-current Liabilities			
Borrowings - long term portions	358	342	521
Deferred income tax liability	329	351	337
Long-term liabilities	400	503	577
Total Non-current Liabilities	**1,087**	**1,195**	**1,434**
Total Equity and Non-current Liabilities	**2,469**	**2,490**	**2,524**

Gearing



Return Ratios

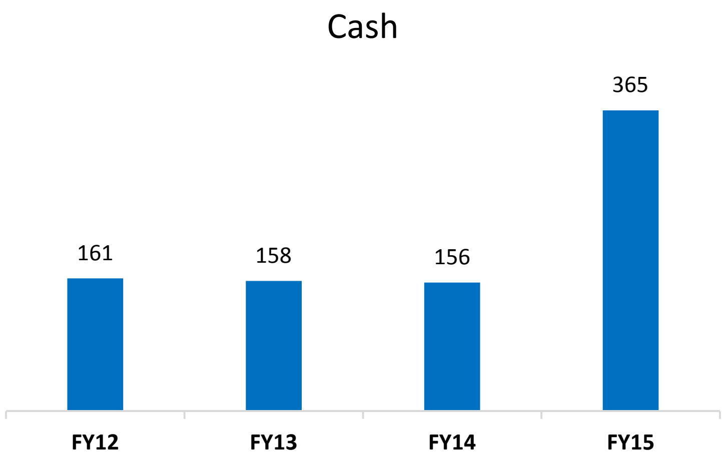


FY15 Financials Review

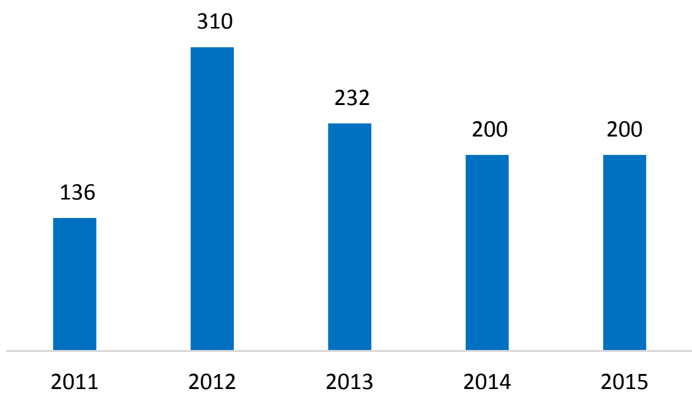
Cash Flow Statement

MN EGP	FY15	FY14	FY13	FY12
Cash flows from operating activities				
Net profit before tax	339	522	439	443
Interest income	-3	-1	-1	-3
Interest expense	131	95	120	132
Depreciation expense	174	168	165	163
Amortization of intangible assets	23	23	23	23
Gain from sale of property plant and equipment	0	0	0	1
Dividends from joint venture	0	0	0	0
Provision	7	2	6	0
Changes in working capital	**671**	**809**	**752**	**759**
Debtors and other debit balances	-11	-1	3	-19
Inventory, net	5	-105	-29	-4
Trade payables and other credit balances	177	31	21	50
Due from related parties	2	0	-7	-5
Tax paid	-131	0		
Due to related parties	1	3	1	-1
Net cash from operating activities	**713**	**737**	**741**	**780**
Cash flows from investing activities				
Provceeds from dividends from joint venture	0.1	0	0	0
Proceeds from sale of assets	0.2	0	0	0
Interest income	3	1	1	3
Purchase of property, plant and equipment	-16	-23	-9	-8
Additions in projects under construction	-53	-124	-80	-21
Payments under long-term investments	-11.9	0	0	0
Net cash flows used in investing activities	**-78**	**-146**	**-88**	**-26**
Cash flows from financing activities				
Payments of license liability	-78	-74	-68	-87
Payments of borrowings	-114	-223	-276	-268
Interest paid	-78	-95	-120	-132
Dividends paid	-157	-201	-192	-198
Proceeds from bank overdraft	0	0	0	0
Net cash flows from financing activities	**-427**	**-593**	**-656**	**-685**
Net increase (decrease) in cash and cash equivalents	209	-2	-3	69
Cash and cash equivalents at beginning of the year	156	158	161	101
Cash and cash equivalents at end of the period	**365**	**156**	**158**	**170**

Cash (EGP mn)



Dividends (EGP mn)



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