

ACC Reports an impressive EBITDA of EGP 243 MM in Q4 2016; 74% increase Y-o-Y.

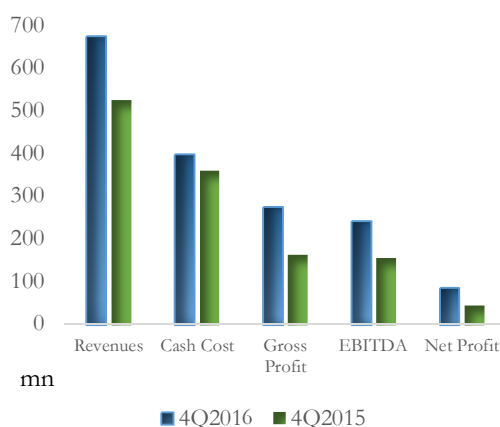
Key Income Statement Highlights of Fiscal Year 2016

21% Increase in EBITDA EGP 820 MN	7% Increase in SG&A EGP 99 MN	15% Decrease in Net Profit EGP 245 MN	1% Reduction in cash cost/ton to EGP 339
7.1% Market share	11% Net Profit Margin	36% EBITDA Margin	FX loss in P&L EGP 246MN

Results in a Nutshell

30 March, 2017 | Cairo | Arabian Cement Company (ARCC.CA on the Egyptian Exchange), a leading Egyptian cement producer, reported its results for fiscal year 2016.

Key Highlights for the period



Q4 2016

Q4 2016 was a fruitful quarter in which ACC boosted its revenues by 28% y-o-y. Volumes increased slightly by 1% higher than Q4 2015, however prices went up from EGP 486/t to EGP 617/t, a 27% y-o-y increase, which supported our revenues to reach EGP 675 million for the period. In terms of format 81% of our sales were bagged the rest in bulk.

Cash cost for Q4 2016 increased by 10% y-o-y as a result of the normal inflation force to reach EGP 398 million with cost/ton of EGP 364, 9% up y-o-y.

As a result of an improved sales level in Q4 2016 and despite the increase in COGS, gross profit excluding depreciation for the period was substantially enhanced to EGP 277 million, 68% increase y-o-y. Gross profit margin stood at 41% in the period versus 31% in 2015's 4th quarter.

Another worthy point to mention is the 74% y-o-y increase in our Q4 EBITDA. It reached EGP 243 million, with margin of 36%, compared to EGP 140 million in Q4 2015 with lower margin of 27%. SG&A/Sales ratio stood at 5% almost the same as comparable period.

Fiscal Year 2016

ACC reported revenues of EGP 2,287 million, a 2% y-o-y increase compared to EGP 2,236 million for last year 2015, despite the fact that volumes in 2016 were slightly lower than previous year. This was driven mainly by higher prices dominating the whole year that reached an average net price of EGP 566/ton; 8% higher than 2015.

During 2016, ACC sold 4.04 million tons, representing a market share of 7.1%, compared to 2015 sales of 4.27 million tons. The company was subjected to a one-off technical problem in 2016 that lowered its volumes by 6% y-o-y. 54% of FY 2016 sales were through ex-factory and the rest were delivered. In terms of format, 84 % were sold as bagged and 16% in bulk.

At the Cash Cost level, ACC managed to reduce its Cash Cost/ton by 1% to EGP 339/t . Reduction was mainly due to better fuel mix of 73% Coal, 16% Diesel and 11% RDF versus 73% Coal, 19% Diesel and 8% RDF and selling 8% more bulk cement in 2016 compared to 2015.

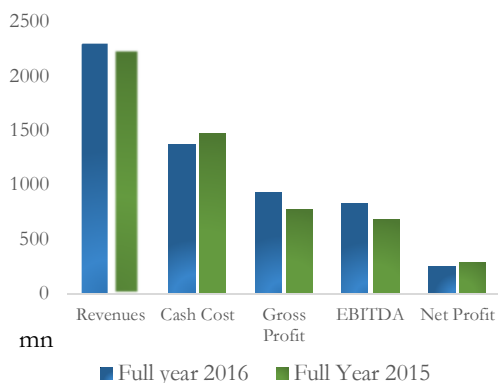
EBITDA significantly increased by 21% y-o-y from EGP 677 million in 2015 to EGP 820 million in 2016, with EBITDA margin rising to 36% compared to 30% in 2015. The improved EBITDA is owed mainly to the higher prices and minor y-o-y increase in SG&A of 7%. Also, EBITDA/Ton reached EGP 203, 28% higher than the same period of last year.

As a one-off treatment, ACC reported a reversed interest expense of EGP 74 million on its 2016 P&L attributed to the Industrial Development Authority debt for the operating license as the company used to record an overestimated interest expense.

Net Profit for 2016 stood at EGP 245 million, down 15% y-o-y and with a net margin of 11% compared to 13% in 2015. The Egyptian pound devaluation that took place in 2016 was the main force that drove down our net profit considering our foreign currency debt. ACC carried EGP 246 million exchange rate losses on its 2016 income statement vs. EGP 44 million in 2015. Because of the exceptional accounting standards, ACC was allowed to reallocate EGP 378 million FX losses related to the foreign debt from or income statement to our balance sheet capitalizing it as fixed assets. Another EGP 130 million of FX losses related to the coal payable balance were also recorded in other comprehensive income lowering our equity.

Worth noting that excluding the exchange rate losses, the company would have reported a net profit of EGP 491 million.

Key Highlights for the period





Throughout 2016, our total outstanding debt was remarkably reduced. The company was able to repay a substantial amount of USD 21 million from its USD loan and drop its balance from USD 65 million to USD 44 million by end of 2016. Also, the company repaid part of its EGP debt to reduce its balance from EGP 551 million to EGP 394 million.

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.

Demand in 2016 has seen an increase of 5 % over 2015 reaching 56.7 million tons. Post floatation, we believe that in 2017 export market will witness a remarkable increase. We will still focus on maximizing EBITDA, selling at a premium and maintaining a competitive cost structure.

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, 2% Mena Building Material investment and 22.5% 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

For further information, please contact: IR@accg.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 EGP

Key Indicators	Unit	Q4 2016	Q4 2015	Variance %	FY16	FY15	Variance %
National Sales	K Tons	14,461	15,473	-7%	56,755	54,101	5%
ACC Clinker Production	K Tons	1,029	860	20%	3,620	3,534	2%
ACC Clinker Utilization Rate	PCT	98%	82%		86%	84%	
ACC Cement Production	K Tons	1,052	1,063	-1%	4,019	4,260	-6%
ACC Cement Utilization Rates	PCT	90%	90%		86%	91%	
ACC Cement Sales Volume	K Tons	1,093	1,083	1%	4,040	4,271	-5%
Market Share	PCT	7.5%	7.1%		7.1%	7.9%	
Revenues	K EGP	674,767	525,574	28%	2,287,315	2,236,128	2%
Rev/Ton	EGP	617	486	27%	566	524	8%
Cash Cost	K EGP	398,150	360,956	10%	1,367,571	1,466,358	-7%
Cash Cost/Ton	EGP	364	333	9%	339	343	-1%
EBITDA	K EGP	242,519	139,676	74%	820,298	676,879	21%
EBITDA/Ton	EGP	222	129	72%	203	158	28%
EBITDA Margin	PCT	36%	27%		36%	30%	
Gross Profit	K EGP	276,616	164,618	68%	919,744	769,770	19%
Gross Profit Margin	PCT	41%	31%		40%	34%	
COGS/Sales	PCT	59%	69%		60%	66%	
SG&A	K EGP	34,104	24,941	37%	99,446	92,890	7%
SG&A/Sales	PCT	5%	5%		4%	4%	
FX Loss	K EGP	100,485	-205	-49009%	245,536	44,004	458%
Depreciation & Amortization	K EGP	55,344	49,716	11%	204,330	196,521	4%
Profit Before Tax	K EGP	157,036	60,548	159%	369,700	339,089	9%
Deferred tax	K EGP	12,720	-45,464	-128%	9,663	-21,911	-144%
Income Tax	K EGP	64,419	13,460	379%	115,020	71,556	61%
Net Profit	K EGP	86,010	45,445	89%	245,015	289,443	-15%
Net Profit Margin	PCT	13%	9%		11%	13%	
Outstanding Debt	K EGP	1,244,278	1,052,416	18%	1,244,278	1,052,416	18%
Equity	K EGP	1,281,832	1,371,995	-7%	1,281,832	1,371,995	-7%
Debt/Equity		1.0	0.8		1.0	0.8	
Cash Cost Exc. Overheads	K EGP	378,107	346,086	9%	1,225,498	1,299,354	-6%
Cash Cost Exc. Overheads/Ton	EGP	346	320	8%	303	304	0%
Total Volume Transported	K Tons	492	498	-1%	1,819	1,687	8%