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Suez Cement
Italcementi Group

Press Release

SCGC Reports Q4 Results as at 31 December 2015

SCGC's Q4 2015 results at a glance

MEGP	4Q 2015	4Q 2014
CONSOLIDATED REVENUES	1,599	1,539
RECURRING EBITDA	52	300
NET PROFIT AFTER NON-CONTROLLING INTEREST	-128	141

Consolidated Jan-December 2015 results at a glance

MEGP	FY 2015	FY 2014
CONSOLIDATED REVENUES	5,642	6,152
RECURRING EBITDA	424	1,154
NET PROFIT AFTER NON-CONTROLLING INTEREST	-60	500

Cairo, February 10, 2016 – Today Suez Cement Group of Companies' (SCGC's) Board of Directors approved the consolidated financial report for the fourth quarter and full year of 2015.

A much improved energy availability, driven by coal utilization and more steady supply of mazot, allowed Egyptian cement industry to boost its clinker production +23% in the fourth quarter, as compared to the prior year, cumulating to a 22.5% gain year to date (12 months). During this period the market demand experienced a solid growth (14% for the quarter, 4.8% for the twelve months) which combined with a steep reduction in exports was not sufficient to prevent a marked oversupply of cement products in the domestic market, causing prices to decline.

In Q4, despite the strong demand and a balanced supply and demand situation, the selling prices didn't keep pace and further declined by around 3% vs prior quarter, cumulating to -15 % year on year .

Simultaneously, traditional energy prices have been increasing sharply (30%), with the implementation of the subsidy lifting program by the government.

In this overall challenging conditions, SCGC was able to maintain its market leadership but saw its sales volumes decline as it tried to defend its pricing. Exports to regional markets, such as Libya and Yemen, remained limited because of political and economic instability.

SCGC reported a 4% increase in revenues for the fourth quarter of the year versus the same period in 2014, while revenues declined by 8% for the twelve months compared to same period in 2014.

The company continued to implement aggressively its action plans to improve internal efficiencies and modify its energy mix with two plants now fully converted to coal and waste, both fuels representing almost 40% of the total needs. The resulting 90-100 EGP/t cost improvement in the plants converted to coal from prior year proved unfortunately insufficient to offset the impact from pricing, energy price and cost of labor increases.

As a result, SCGC's EBITDA and net profits after non-controlling interest dropped significantly as detailed in the table above, closing FY2015 with a net loss of 60 millions EGP.

Outlook

SCGC maintains its optimistic outlook on cement production and sales in 2016 and onwards as the fundamentals are still good for the construction sector. However recent tightening measures on consumer credit and imports are expected to have a negative impact on economic growth which is premature to evaluate.

Egypt will move forward with the implementation of several large national projects under the auspices of government stimulation initiatives designed to boost demand for cement across the country. Implementation actually started even if some projects move slower than anticipated in a context when foreign currency issues may also be perceived negatively by foreign investors which participation will be critical.

SCGC is currently preparing for the implementation of coal conversion projects at the Helwan and Tourah Plants over the next two years similar to those already completed at the Kattameya and Suez Plants. SCGC's energy diversification program is focused on increasing the use of waste-derived fuels, petroleum coke, coal and renewable energy in order to prevent fluctuating natural gas and mazut prices from negatively impacting the Company's bottom line. SCGC anticipates that its innovative energy program will continue to improve the Company's manufacturing capacity and decrease operational and production overhead. The launch of coal and petroleum coke energy generation goes hand in hand with SCGC's focus on reducing its environmental impact through the implementation of state-of-the-art dust filter technology and streamlined manufacturing processes. SCGC is also working to better serve domestic customers by shifting its strategy to service-oriented targets through customer satisfaction surveys, tailor-made product offerings, distribution centers, an SCGC customer call center and awareness sessions with customers about cement quality, technical assistance and partnerships with leading cement consultants and academic institutions.

Suez Cement on the internet: www.suezcement.com.eg

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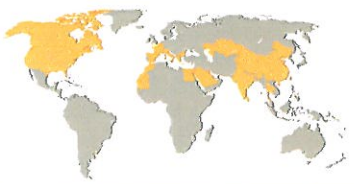
About Suez Cement Group of Companies

With an industrial network of five production facilities in Suez, Kattameya, Tourah, Helwan and El Minya, Suez Cement Group of Companies (SCGC) is one of the largest cement producers in Egypt. The company has a long-standing history in the market, but that has not stopped it from launching new brands and products to meet changing market needs.
SCGC is home to more than 3,000 employees who participate in ongoing training and advancement programs. The group has comprehensive safety and environmental policies, which ensure employees, can enjoy a safe and sustainable working environment. Communities where SCGC plants operate also benefit from the Company's CSR and environmental protection activities. Furthermore, SCGC cement has made some of Egypt's most famous landmarks possible. SCGC's plans for the future involve implementing best practices in terms of serving market needs and customer demands.



Italcementi Group is one of the world's leading cement producers, with a strong focus on innovation and sustainable construction materials. The Group companies combine the experience, know-how and cultures of **22** countries in **4** continents, through an industrial network of **46** cement plants, **12** grinding centers, **6** trading terminals, **417** concrete batching units and a workforce of **about 18,000 people**. In **2014**, Italcementi Group consolidated sales totaled **more than 4.1** billion euro.