

# Corporate Briefing

30-6-2017

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- **Group Overview**
- **Market Overview**
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# Group Overview

## ➤ Vision and Mission

### ✓ Building our vision

To be a world class local business building a better and sustainable future for all our stakeholders

### ✓ Building our mission

To create value in the building materials sector through the Innovative and sustainable use of natural resources for the benefit of our communities and clients.

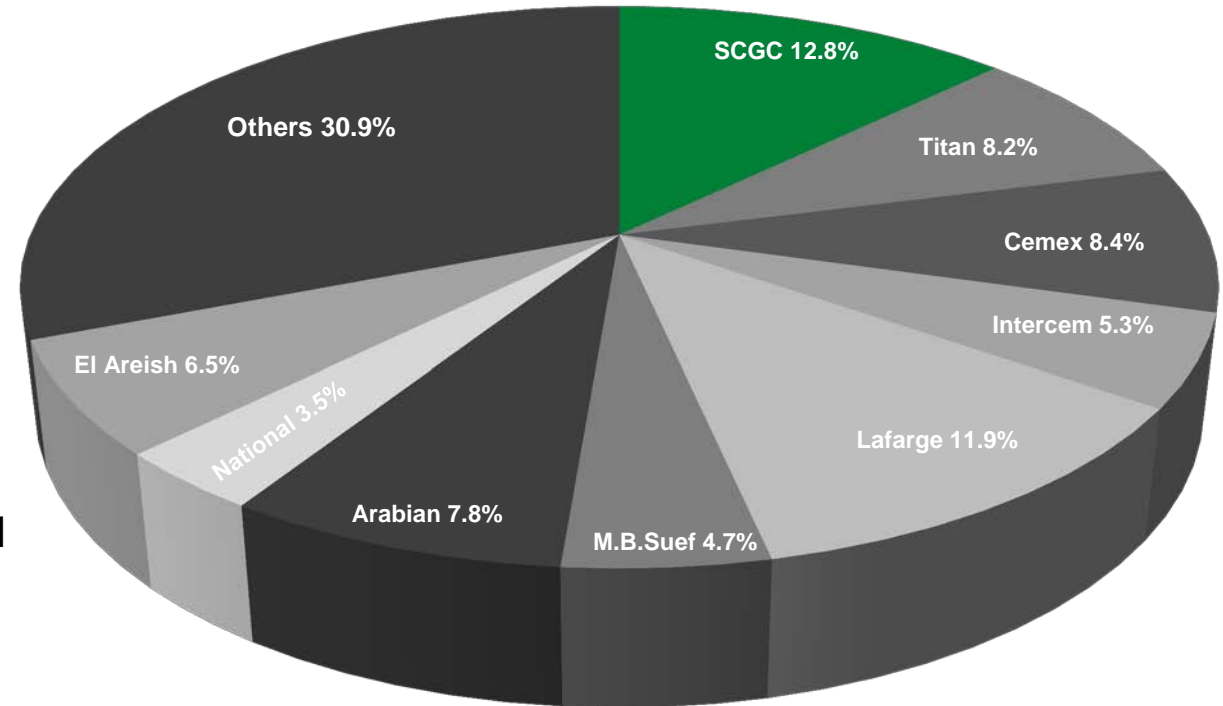


# Group Overview

## ➤ SCGC Group at a glance

- ✓ Egypt's cement market leader
- ✓ Part of the world's third largest global cement producer
- ✓ Total production capacity of more than 12M t/y cement
- ✓ 5 cement plants, 2 terminals, and 20 concrete batching units
- ✓ Strong commitment to Environment protection and social responsibility
- ✓ Total Revenues of EGP 6.146 bln and EBITDA of EGP 542 mln in 2016

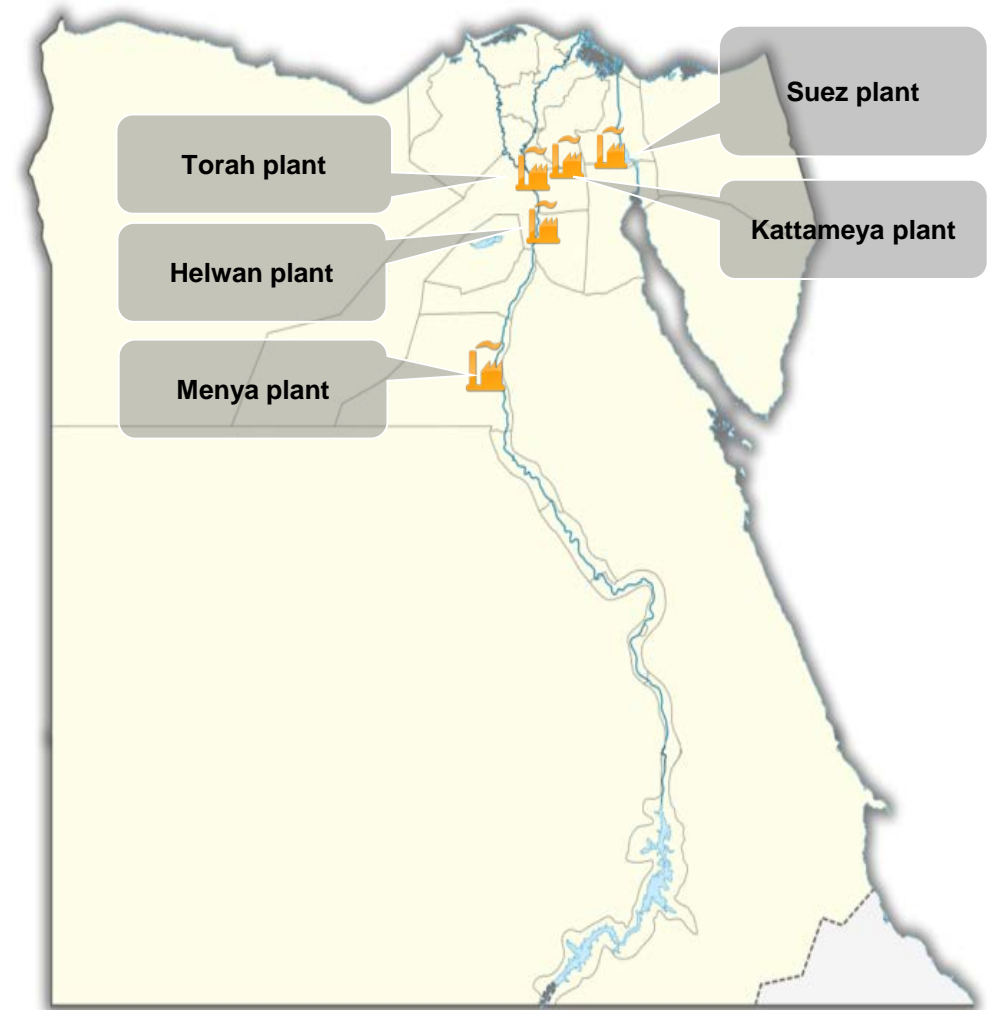
Grey market share YTD 9m 2017



# Group Overview

## ➤ SCgC Industrial network

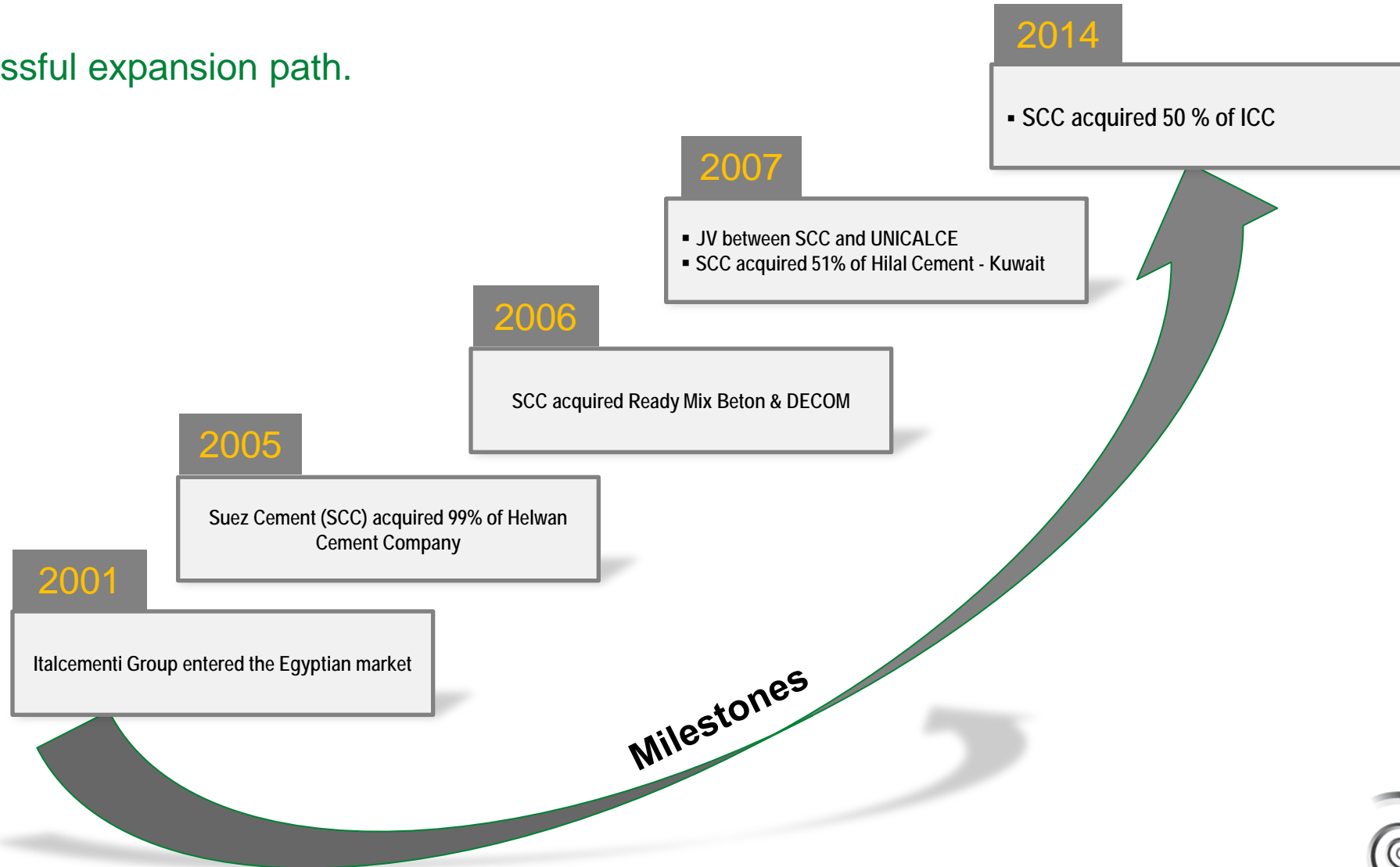
- ✓ 5 production facilities located in Helwan, Tourah, Kattameya, Suez and El Minya.
- ✓ Total production capacity of 12 million metric tons of cement.
- ✓ Approximately 13 percent market share of grey cement.
- ✓ Approximately 25 percent market share of white cement.
- ✓ 15 Operating quarries.
- ✓ 8 kilns in operation.
- ✓ All plants are ISO 9002, ISO 14001 and OHSAS 18001 certified.



# Group Overview

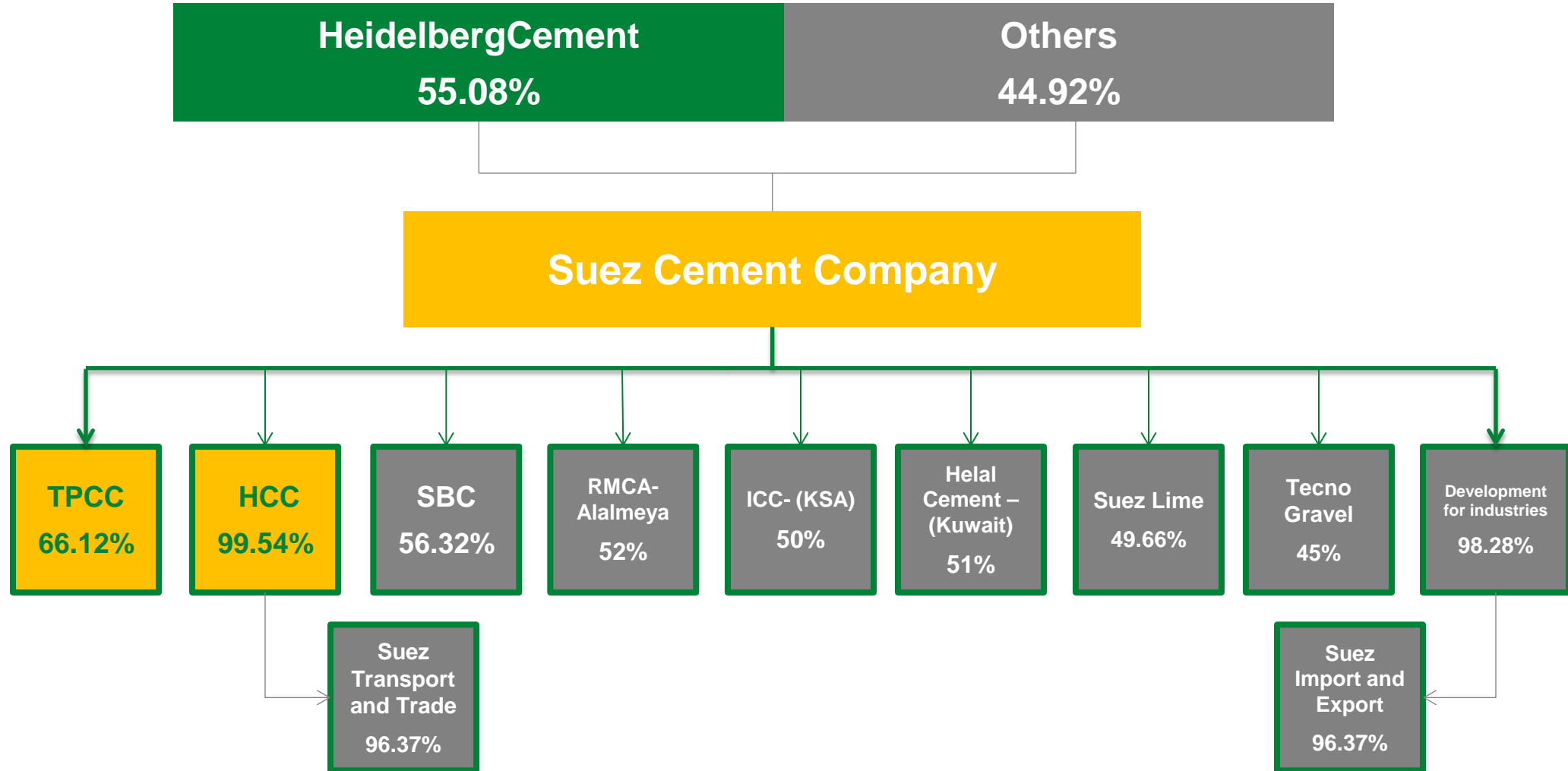
## ➤ Key milestones

- A successful expansion path.



# Group Overview

- Suez Cement group structure

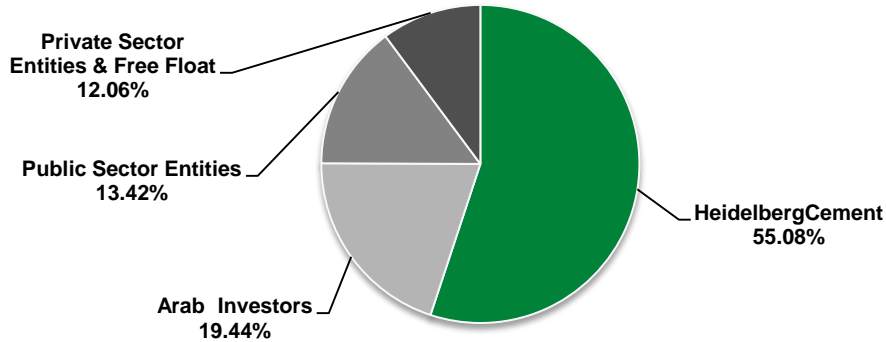




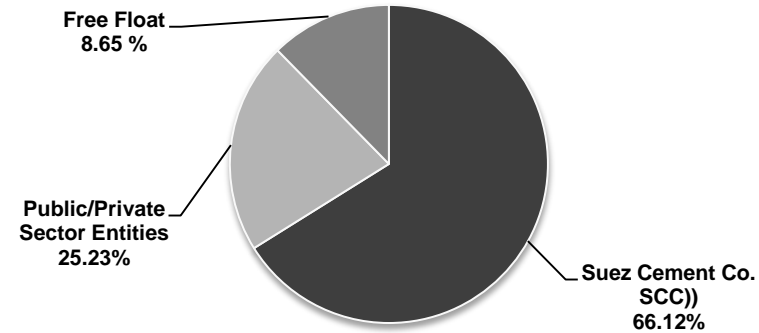
# Group Overview - Stock Market

## ➤ 3 Companies are listed in the Egyptian Stock Market

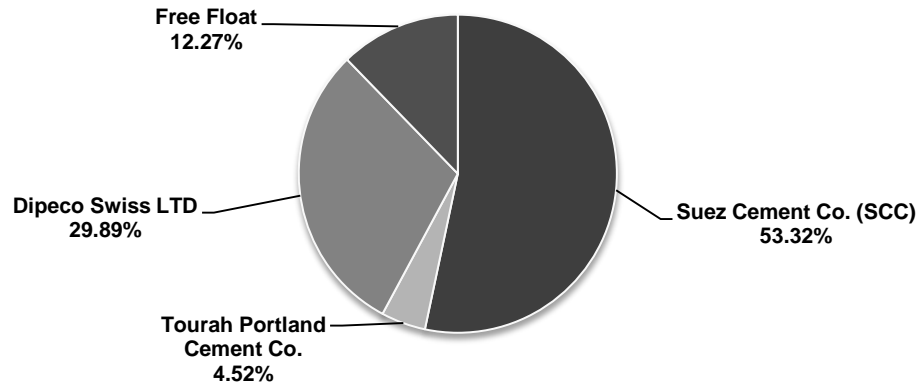
Suez Cement Company (181,856,507 shares)



Tourah Portland Cement Company (71,524,200 shares)



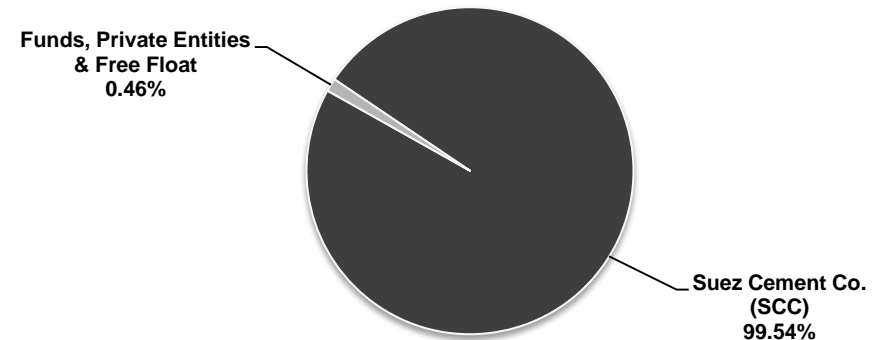
Suez Bags Company (10,935,000 shares)



Helwan Cement Company

( Not Listed )

( 116,691,231 shares )



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# Market Overview

## ➤ Egypt Macroeconomic Outlook

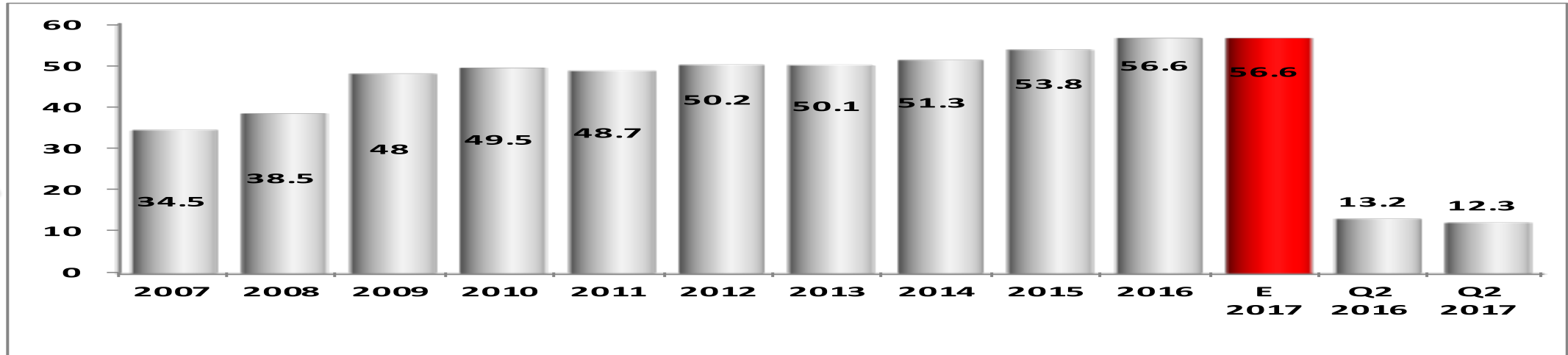
Macroeconomic Data	2017f	2018f	2019f	2020f	2021f	2022f	2023f	2024f	2025f	2026f
Nominal GDP, USDbn	183.6	219.9	254.1	277.2	300.2	322.7	344.7	361.7	377.7	399.9
Real GDP growth, % y-o-y	2.5	3.1	4.1	4.1	4.1	3.7	3.4	3.3	3.2	3.1
Population, mn	95.2	97.0	98.8	100.5	102.2	103.9	105.6	107.3	108.9	110.6
GDP per capita, USD	2,436	2,787	3,131	3,343	3,563	3,758	3,926	4,026	4,098	4,216
Consumer price inflation, % y-o-y, ave	23.6	13.8	11	9.5	9	8	7	6	5	5
Current account balance, % of GDP	-7.1	-5.2	-4.7	-4.4	-4.1	-3.8	-3.6	-3.5	-3.4	-3.3
Exchange rate EGP/USD, ave	18.57	18.75	19	20	21	22	23	24.25	25.5	26.5
Construction industry value, EGPbn	172.65	204.76	250.63	301.00	363.61	441.79	527.49	623.50	735.73	854.18
Construction Industry Value, Real Growth, % y-o-y	6.09	6.15	9.24	7.77	8.19	8.87	6.76	5.52	5.42	3.47
Construction Industry Value, % of GDP	5.1	5.0	5.3	5.6	5.9	6.4	6.9	7.3	7.9	8.3

Source: BMI Egypt Country Risk Report Q2 2017

# Market Overview

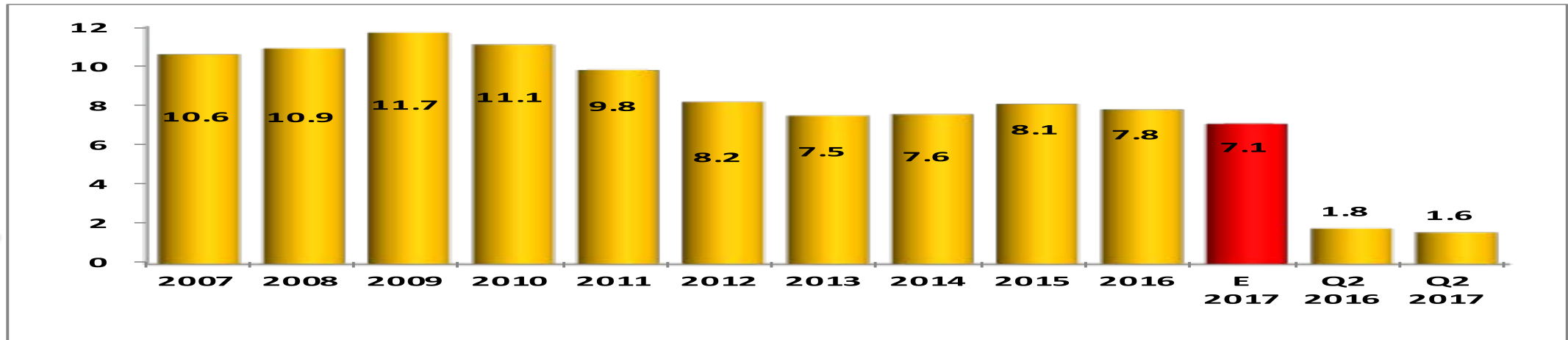
## ➤ Egypt Macroeconomic Outlook

Market Volumes\*  
M tons



SCGC MS %

SCGC Volumes  
M tons

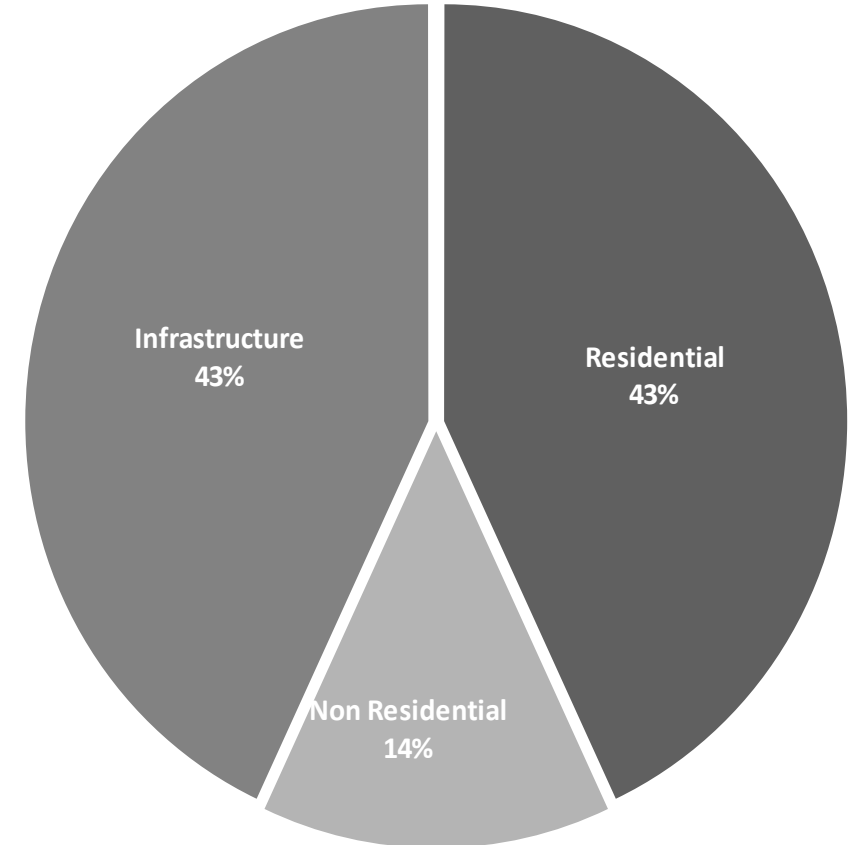


\*Source: Ministry of Investment

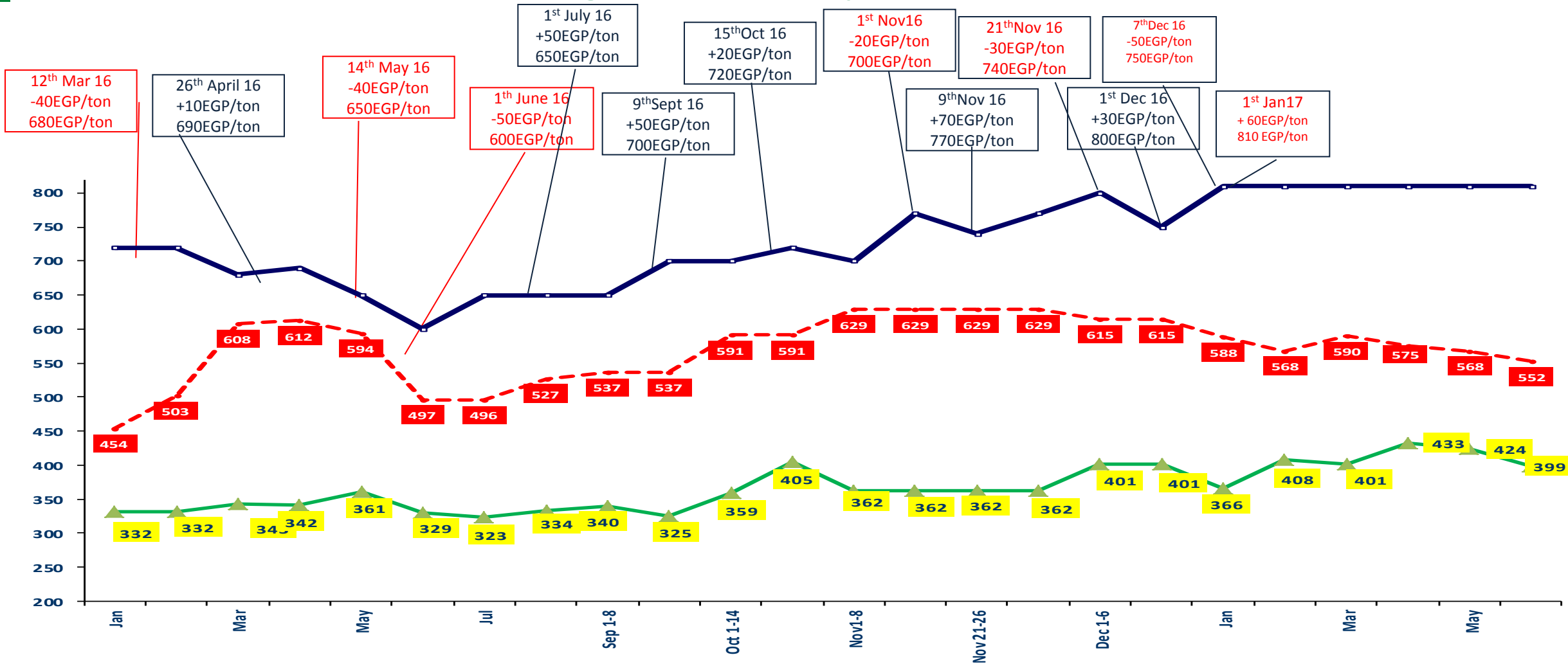
# Market Overview

- **The residential segment consumes more than 40% of the total cement consumption**
- ☐ **Residential**
  - ✓ Although the tough situation this segment still have Good perspectives in the short and medium term projects.
- ☐ **Non-residential**
  - ✓ Sharp drop expected in the tourism & industrial sectors due to the country political situation.
- ☐ **Infrastructure**
  - ✓ This segment has been strongly affected by the 25th of January revolution and the government instability.

## Cement Final Destination



# Evolution of SCGC OPC Bags Ex-works price (EGP/t)



- Exchange Rate in 30<sup>th</sup> Jun 2017 USD/EGP = 18.108985  
 - Avg Exchange rate in 2017 USD/EGP = 17.83953

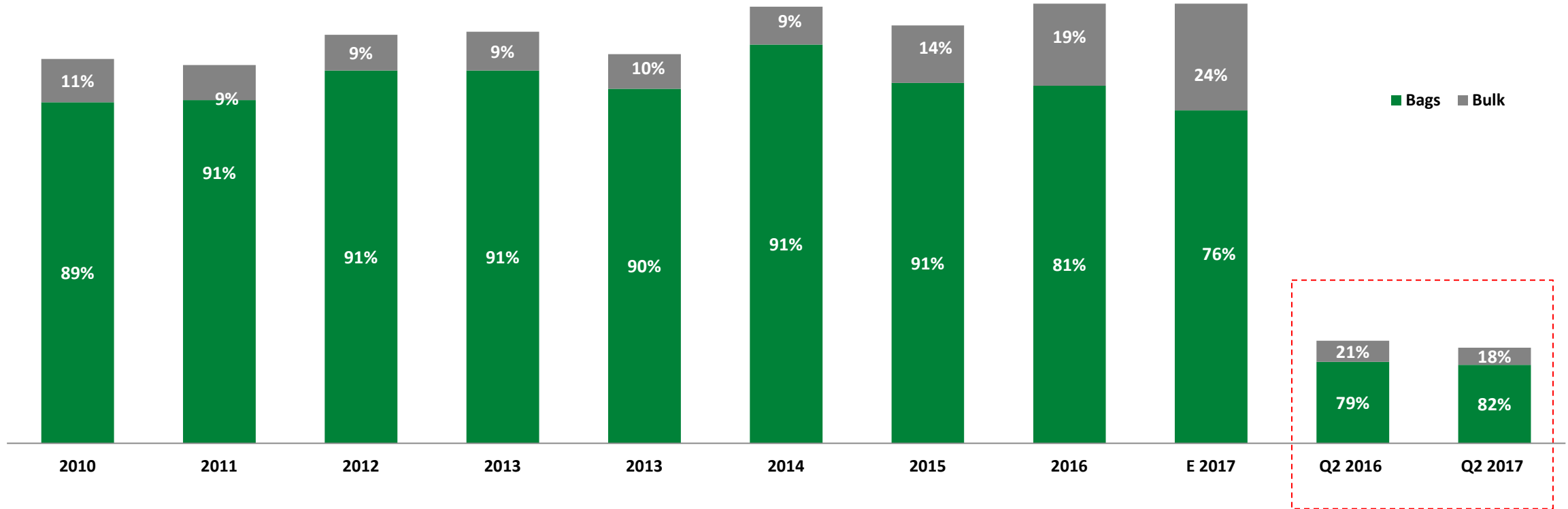
— Booking Price      - - - Average Price      — Variable Cost



# Market Overview

## ➤ Evolution of OPC Bag – Bulk Ratio in the Egyptian Market

Bagged to Bulk Ratio



Source: internal market intelligence

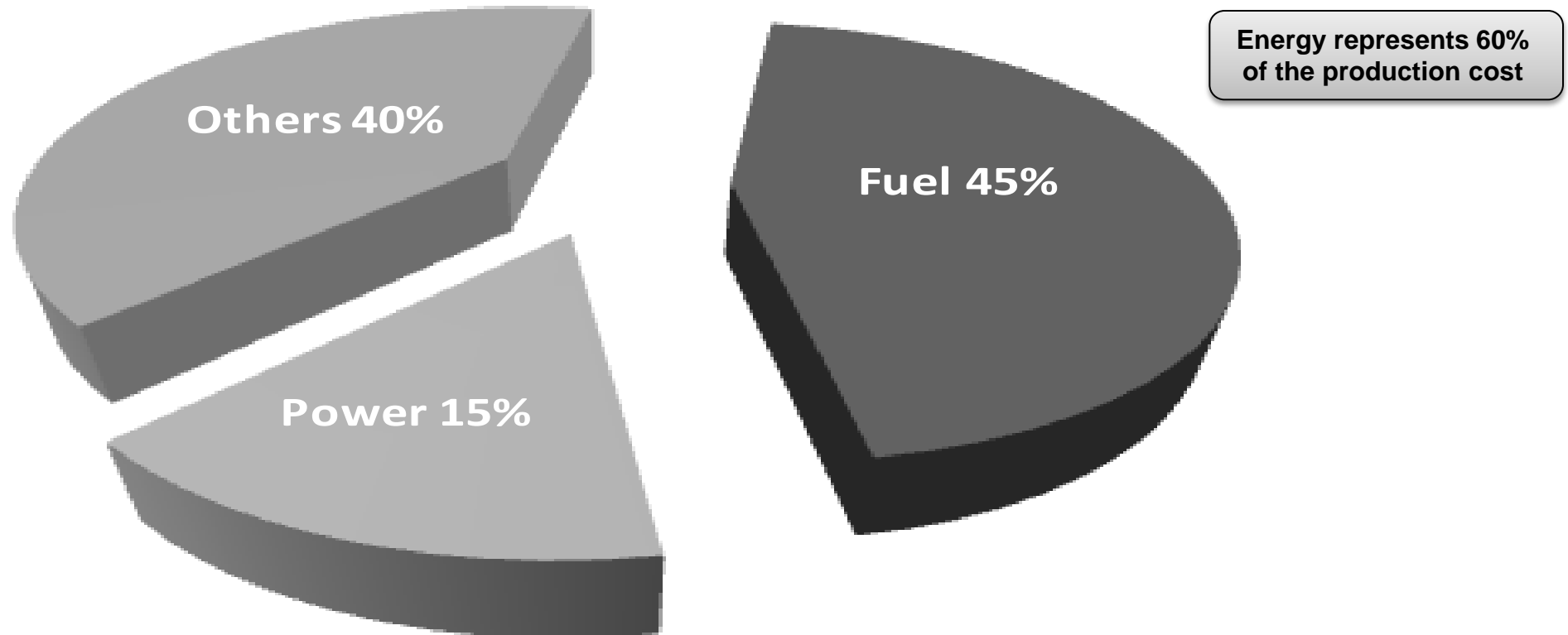
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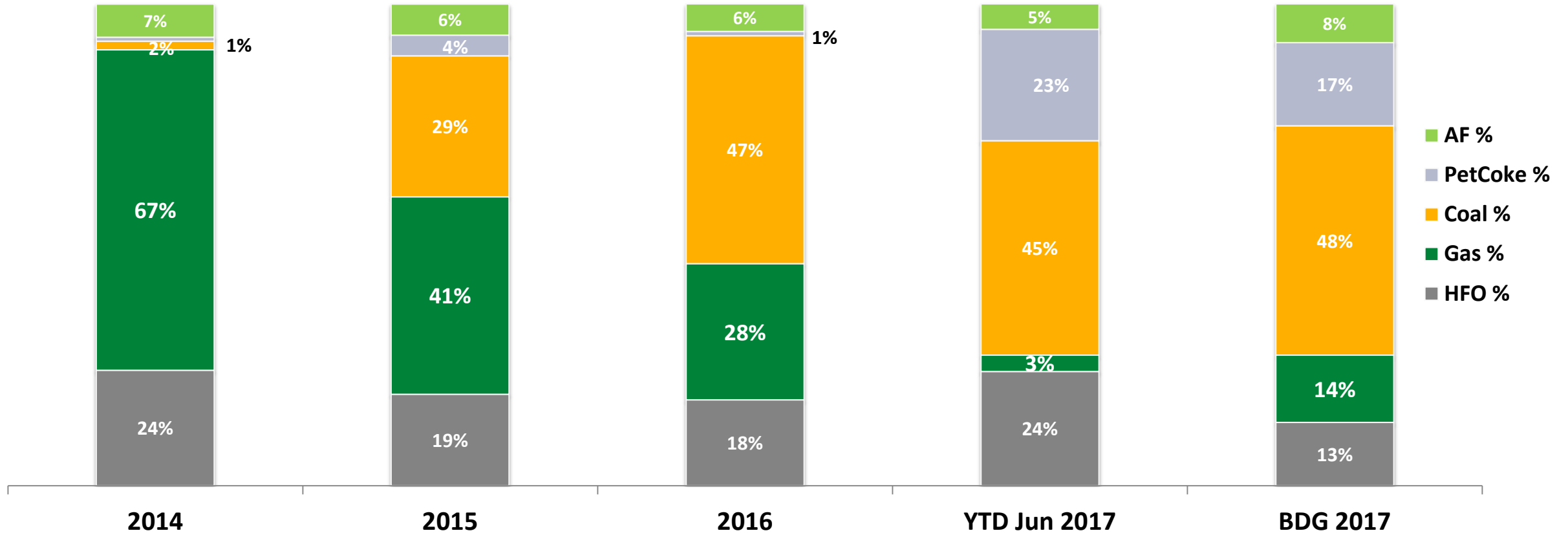
# Financial Highlights

➤ An increasingly energy intensive industry...



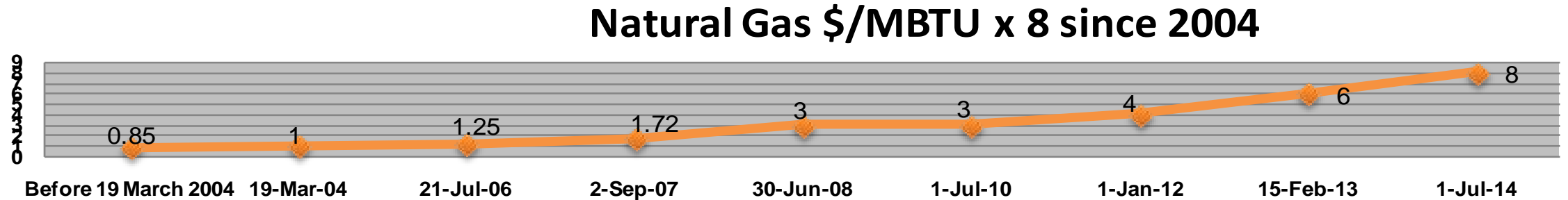
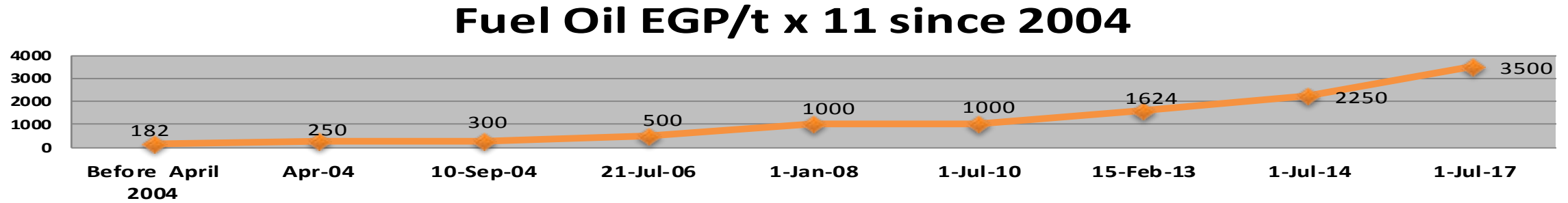
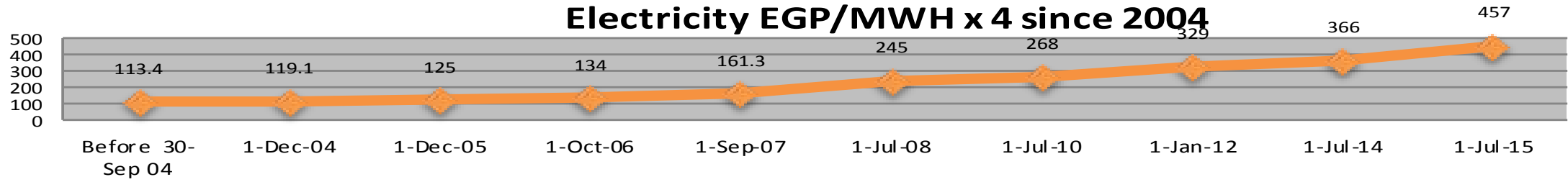
# Financial Highlights

## Grey Clinker Fuel Mix



# Financial Highlights

➤ Fuel prices increased by more than 50% since Feb 2013



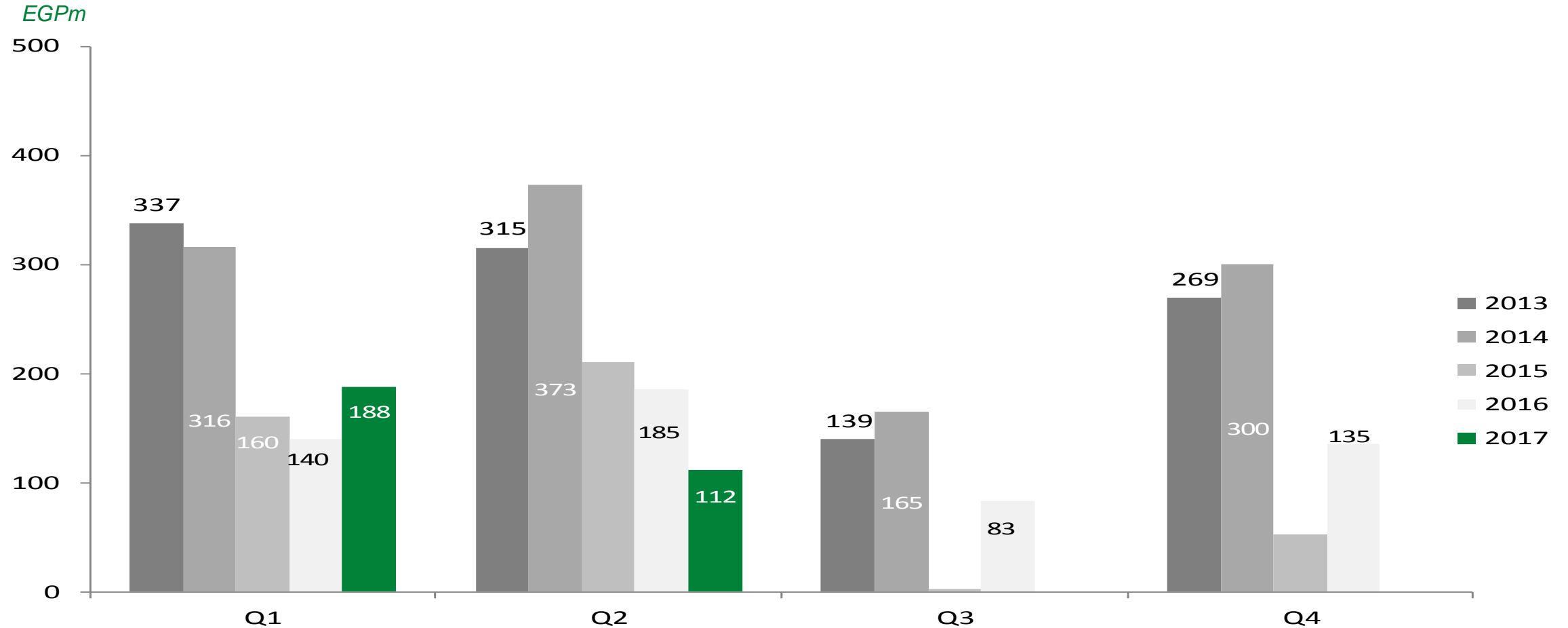
# Financial Highlights

## YTD June 2017 key results (Consolidated)

	Q2 2017	Q2 2016	Var. 2017-2016		Ytd. Jun. 2017	Ytd. Jun. 2016	Var. 2017-2016	
			Var.	%Var.			Var.	%Var.
<i>Kt</i>								
Volume sold (Cement + Clinker)	1,779	1,895	(116)	-6.1%	3,496	4,379	(883)	-20.2%
Domestic	1,589	1,841	(252)	-13.7%	3,276	4,312	(1,036)	-24.0%
Export	190	53	137	255.5%	220	67	153	227.5%
<i>EGPm</i>								
Revenue	1,649	1,433	216	15.1%	3,228	3,040	188	6.2%
Margin on Variable Cost	381	514	(133)	-25.9%	904	1,028	(124)	-12.1%
% of revenue	23.1%	35.9%	(12.8) p.p.		28.0%	33.8%	(5.8) p.p.	
EBITDA - recurring	112	185	(73)	-39.4%	300	325	(25)	-7.7%
% of revenue	6.8%	12.9%	(6.1) p.p.		9.3%	10.7%	(1.4) p.p.	
EBIT	(25)	69	(94)	-135.7%	28	89	(62)	-69.1%
% of revenue	-1.5%	4.8%	(6.3) p.p.		0.9%	2.9%	(2.1) p.p.	
Net Profit	(93)	49	(143)	-289.1%	(52)	54	(106)	-196.6%
Cash Flow from operations	44	166	(122)	-73.7%	220	289	(69)	-23.8%
					30.06.17	31.12.16	Var.	% Var.
Net Financial Position - NFP					182	624	(443)	-70.9%
Operating Working Capital - OWC					836	838	(1)	-0.2%

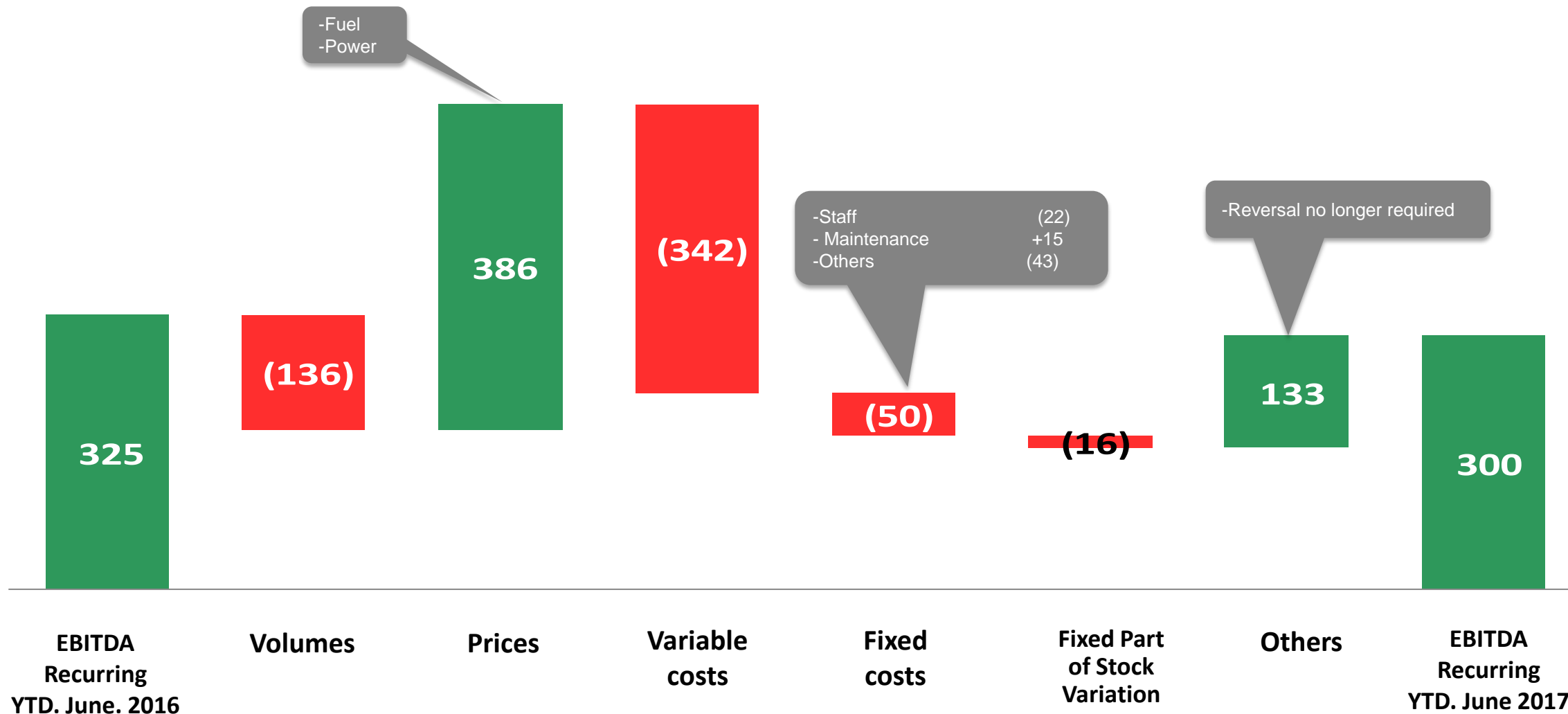
# Financial Highlights

## EBITDA Evolution (Consolidated)



# Financial Highlights

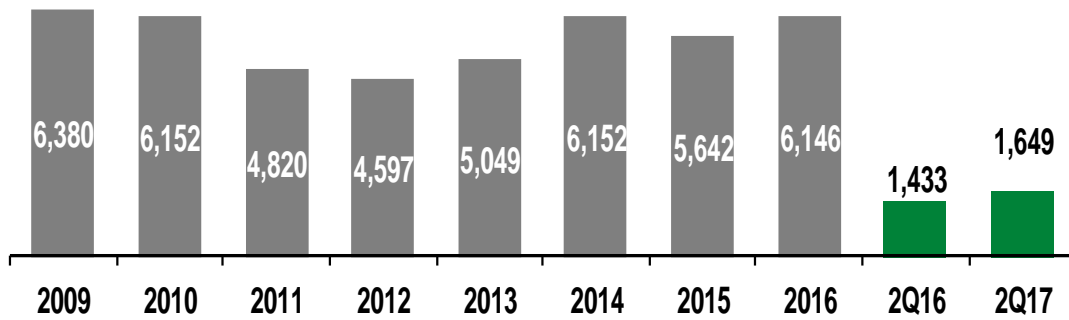
EGPm YTD June 2017 recurring EBITDA (Consolidated):



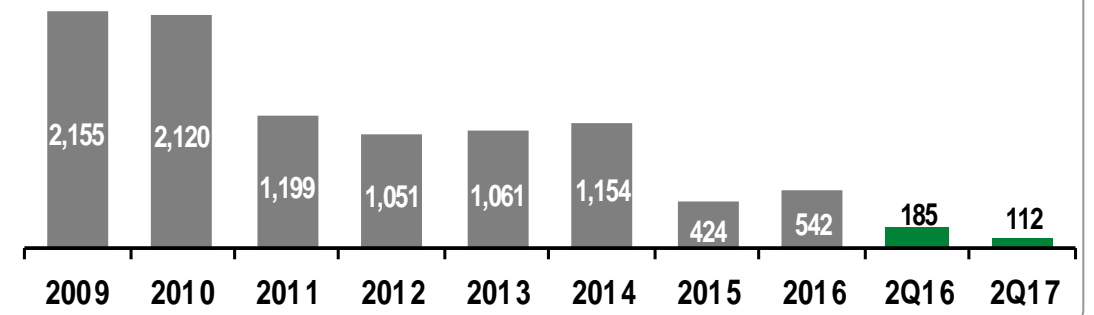
# Financial Highlights

Key Historical Financials : current environment heavily impacting results

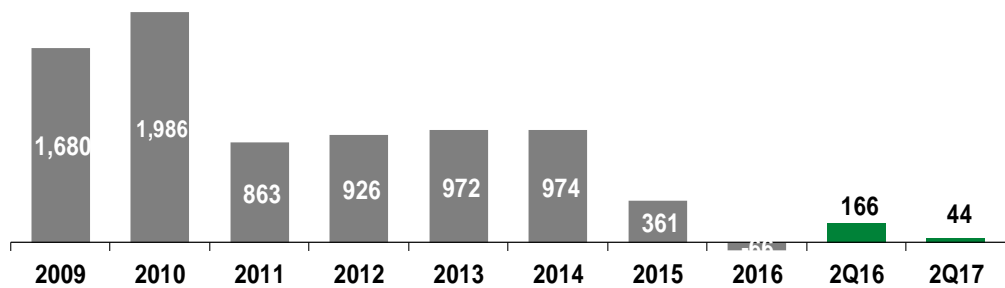
Revenue (EGPm)



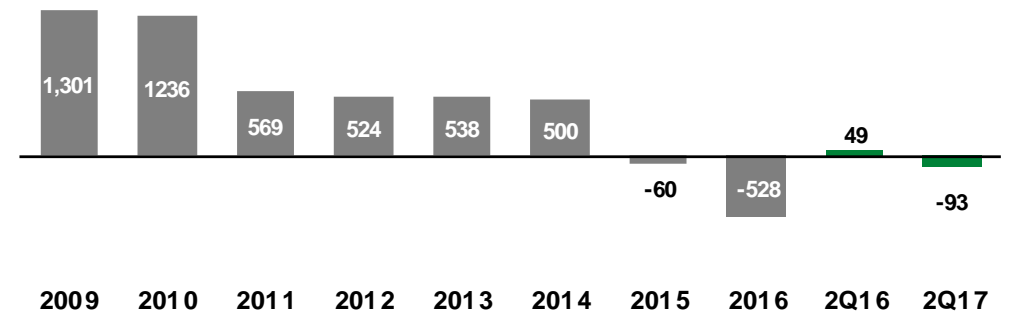
Rec. EBITDA (EGPm)



Cash Flow (EGPm)



Net Income (EGPm)



# Financial Highlights

## ➤ Main Historical Acquisitions and Capex

Year	Company	Share	Value
2005	Helwan Cement Co.	98.7%	EGP 3.4bln
10/2006	RMB + RMBE	52%	EGP 81M
8/2007	Hilal Cement (Kuwait)	51%	EGP 262M

