

SCGC reports an 18% boost in EBITDA for Q2 2014

SCGC's Q2 2014 results at a glance

- **CONSOLIDATED REVENUES:** 1.719 MILLION EGP (1.302 MILLION EGP in Q2 2013)
- **RECURRING EBITDA:** 373 MILLION EGP (315 MILLION EGP in Q2 2013)
- **NET PROFITS AFTER NON-CONTROLLING INTEREST:** 142 MILLION EGP (168 MILLION EGP in Q2 2013)

Consolidated Jan-June 2014 results at a glance

- **CONSOLIDATED REVENUES:** 3.171 MILLION EGP (2.575 MILLION EGP in 2013).
- **RECURRING EBITDA:** 689 MILLION EGP (653 MILLION EGP in 2013).
- **NET PROFIT AFTER NON-CONTROLLING INTEREST:** 312 MILLION EGP (389 MILLION EGP in 2013).

Cairo – July 21, 2014. Today Suez Cement Group of Companies' (SCGC`s) Board of Directors approved the firm's consolidated financial report for the first half of 2014 (January-June).

Despite difficult market conditions, SCGC maintained its market leadership. The group reported a 32% increase in revenues for the second quarter of the year versus the same period in 2013. Furthermore, earnings before interest, tax and depreciation (EBITDA) jumped 18%. However, net profits after non-controlling interest fell by 15%, mainly due to higher corporate income taxes.

Meanwhile, SCGC`s consolidated revenues for the first six months of the year increased 23% year-on-year, while recurring EBITDA was 6% higher versus 2013. Both positive trends were thanks to company-wide efforts to control costs and preserve jobs.

In less positive news, higher corporate income taxes coupled with an absence of foreign exchange gains were responsible for a 20% drop in net profits after non-controlling interest.

Statistics show demand for grey cement grew slowly at just 1% in H1 2014 versus the first six months of last year. During the same period, overall production capacity was down 55% due to ongoing energy supply challenges. In order to meet market demand, SCGC was forced to import clinker, which resulted in a sharp surge in operational costs. A shortage of cement availability also resulted in market-price adjustments. That being said, the company`s recent investment in energy efficient processes and waste-fuel production have begun to pay off, mitigating the need for some importing activities.

SCGC 2014 outlook

Market demand grew moderately for the first half of 2014. The gains, however, have been moderate because almost every sector has been negatively affected by the country's political transition, particularly in H1 2014. Moving forward, SCGC believes the construction industry's recovery will attract new investment and help boost economic output. The company also predicts that newfound government stability and the announcement of several large national projects will boost Egyptian demand for cement.

Power cuts and fuel shortages are likely to remain major issues for cement producers as the summer continues. Fuel and energy shortages will prolong challenges to meeting cement production targets, meaning SCGC will still be required to import more cement than usual until it can adequately boost power generation through alternative means.

SCGC remains focused on investing in energy-efficient initiatives and environmentally sound programs. This includes developing alternative fuel strategies that incorporate waste-derived fuels and coal, which will shift the company's energy mix and improve its production capabilities by reducing SCGC's dependence on natural gas and mazut.

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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.

Name	Phone	E-Mail
Mohamed Ibrahim	+202 2706 8588	M.ibrahim3@suezcem.com