



# Corporate Briefing



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- **Group Overview**
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# Group Overview

# 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.



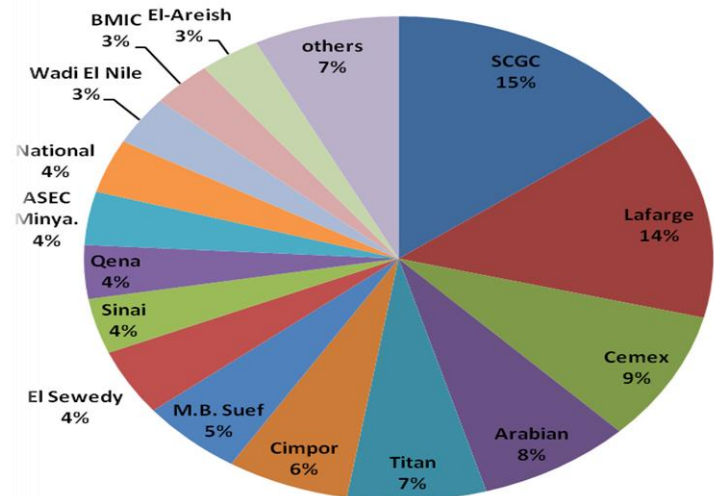
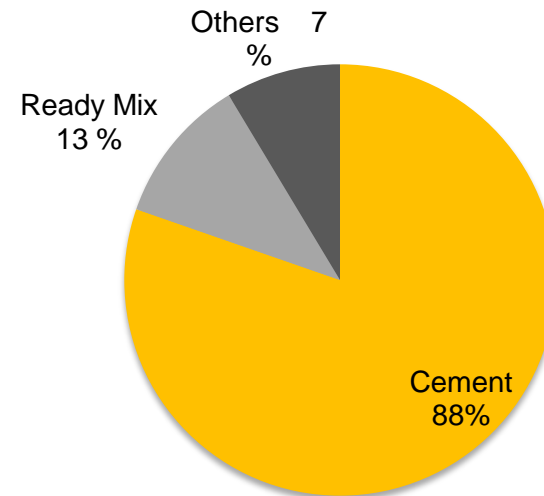


# Group Overview

## ➤ SCGC Group at a glance

- ✓ Egypt's cement market leader
- ✓ Part of the world's fifth 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 5.642 bln in 2015 and EBITDA of EGP 424 mln

Revenue Breakdown



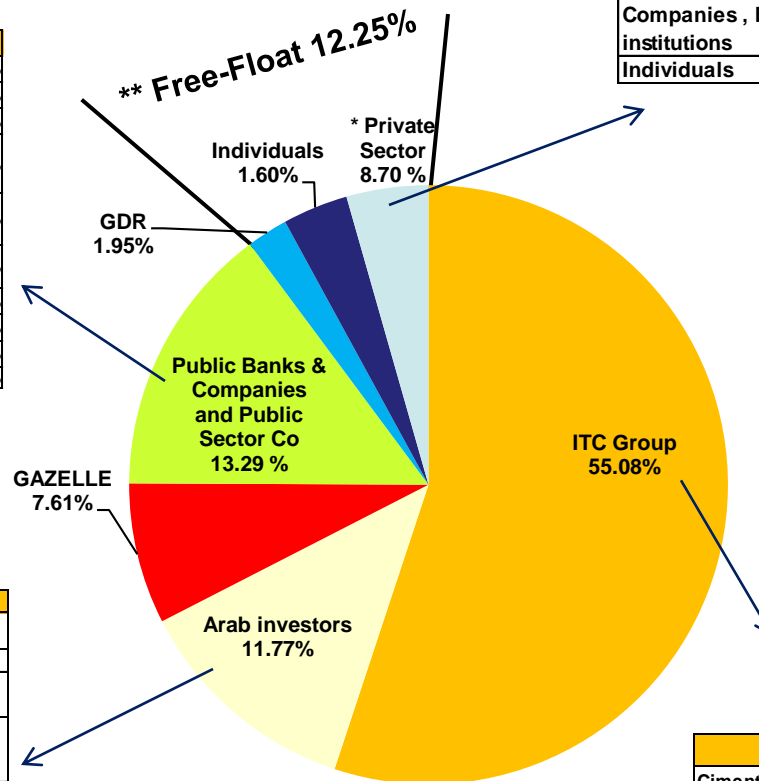
# Group Overview - Stock Market

## ➤ SCC Ownership Structure

Name	No. of Shares	%
Misr Capital Investments, SAE	4,675,198	2.57%
Nasser Social Bank, SAE	2,307,866	1.27%
Social insurance Funds for Public sector	1,905,528	1.05%
Social insurance Funds for Public business sector employees	1,916,709	1.05%
Metallurgical Industries Company	457,485	0.25%
Chemical Industries Company	1,039,037	0.57%
National Investment Bank	6,924,107	3.81%
National Cement Company SAE	3,967,055	2.18%
Misr insurance Co.	873,246	0.48%
Other Public Corporation & Banks	103,531	0.06%

Name	No. of Shares	%
United Co. for Provendrs	2,816,815	1.55%
Abd Elkader Elmhodedeb Co.	2,185,601	1.20%
Gulf International Trading & Real Estate Co. Ltd.	267,869	0.15%
abdul Monem Rashed Abdulrahman al rashed Co.	666,667	0.37%
Abd Elmenam Rashed Abd Elrahman	14,392,167	7.91%
International Trading and Contracting Co. Ltd.	864,330	0.48%
Samer ben Saleh Hossen Elkaaki	212,067	0.12%

Name	No. of Shares	%
Private Funds	7,429,382	4.09%
Private Insurance Companies, Banks and institutions	8,385,204	4.61%
Individuals	2,913,547	1.60%



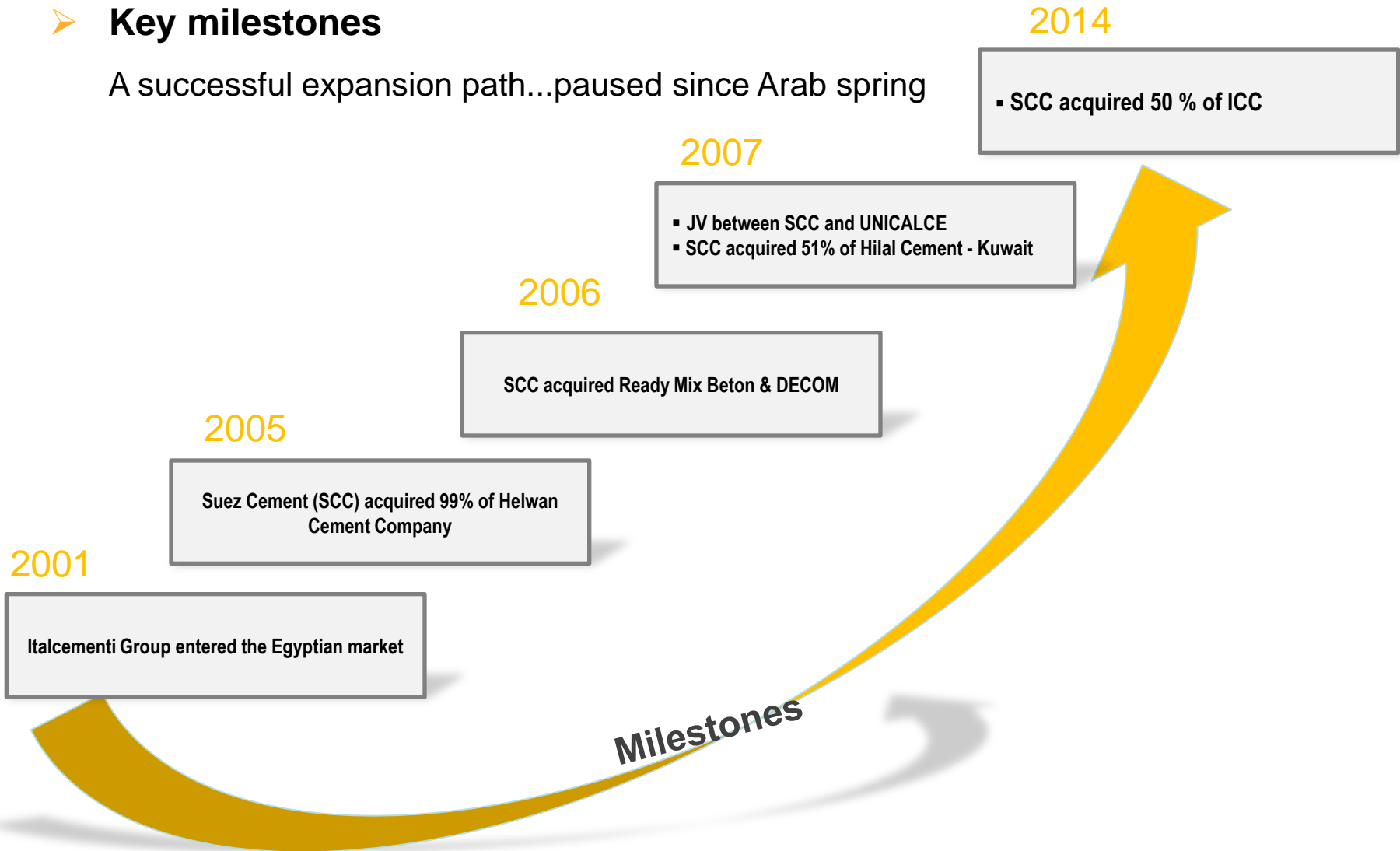
Name	No. of Share	%
Ciments Francies	22,485,545	12.36%
MENAF	47,373,830	26.05%
CIMENTS DU MAROC CIMAR	21,210,577	11.66%
TERCIM S A S	9,100,000	5.00%
Tourah Cement Company	1,132	0.001%

31 December 2015

# Group Overview

## ➤ Key milestones

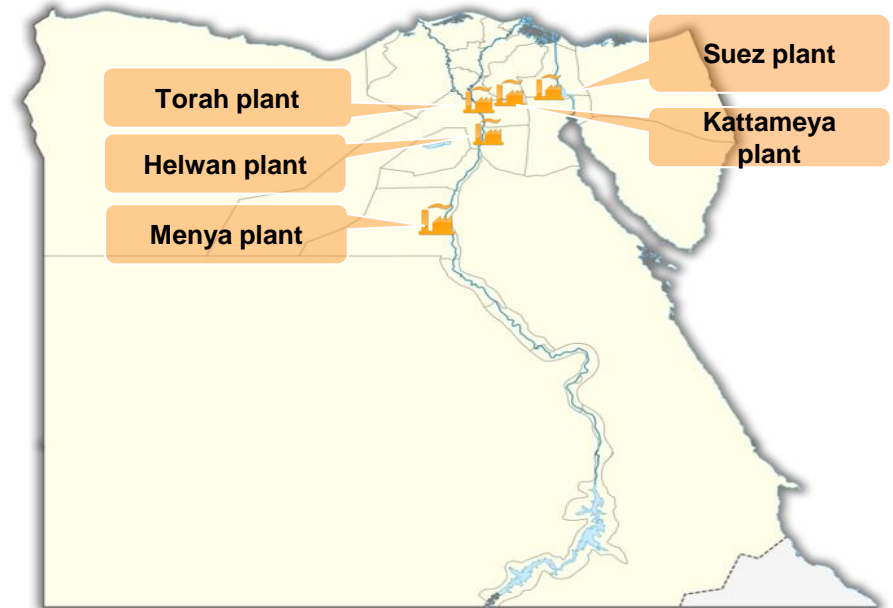
A successful expansion path...paused since Arab spring



# Group Overview

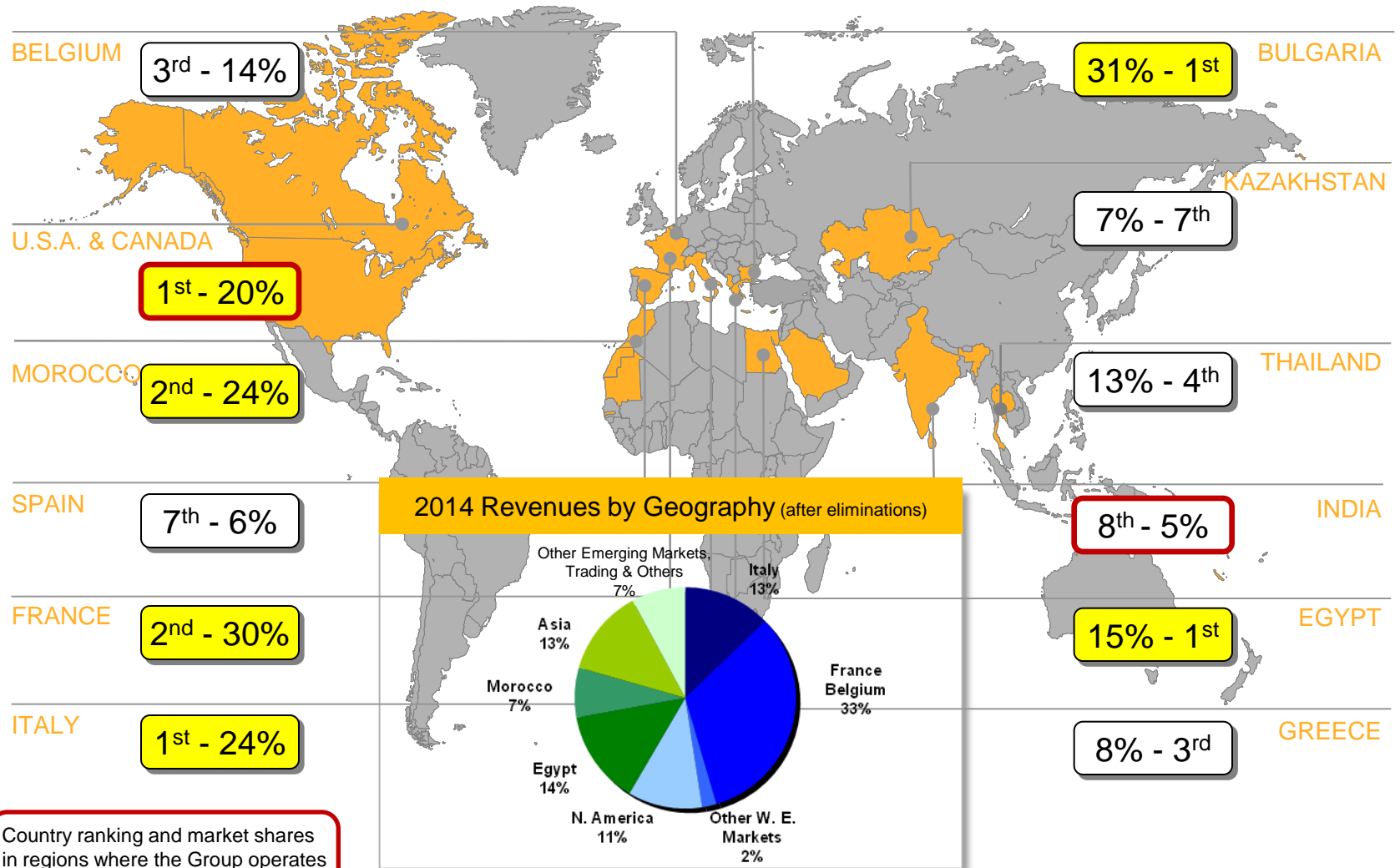
## ➤ SCgC Industrial network

- ✓ 5 production facilities located in Helwan, Tourah, Kattameya, Suez and El Minya.
- ✓ Total production capacity of 12 million metric tons of cement.
- ✓ Approximately 15 percent market share of grey cement.
- ✓ Approximately 26 percent market share of white cement.
- ✓ 15 Operating quarries.
- ✓ 8 kilns in operation.
- ✓ All plants are ISO 9002, ISO 14001 and OHSAS 18001 certified.





# Country rankings and market shares

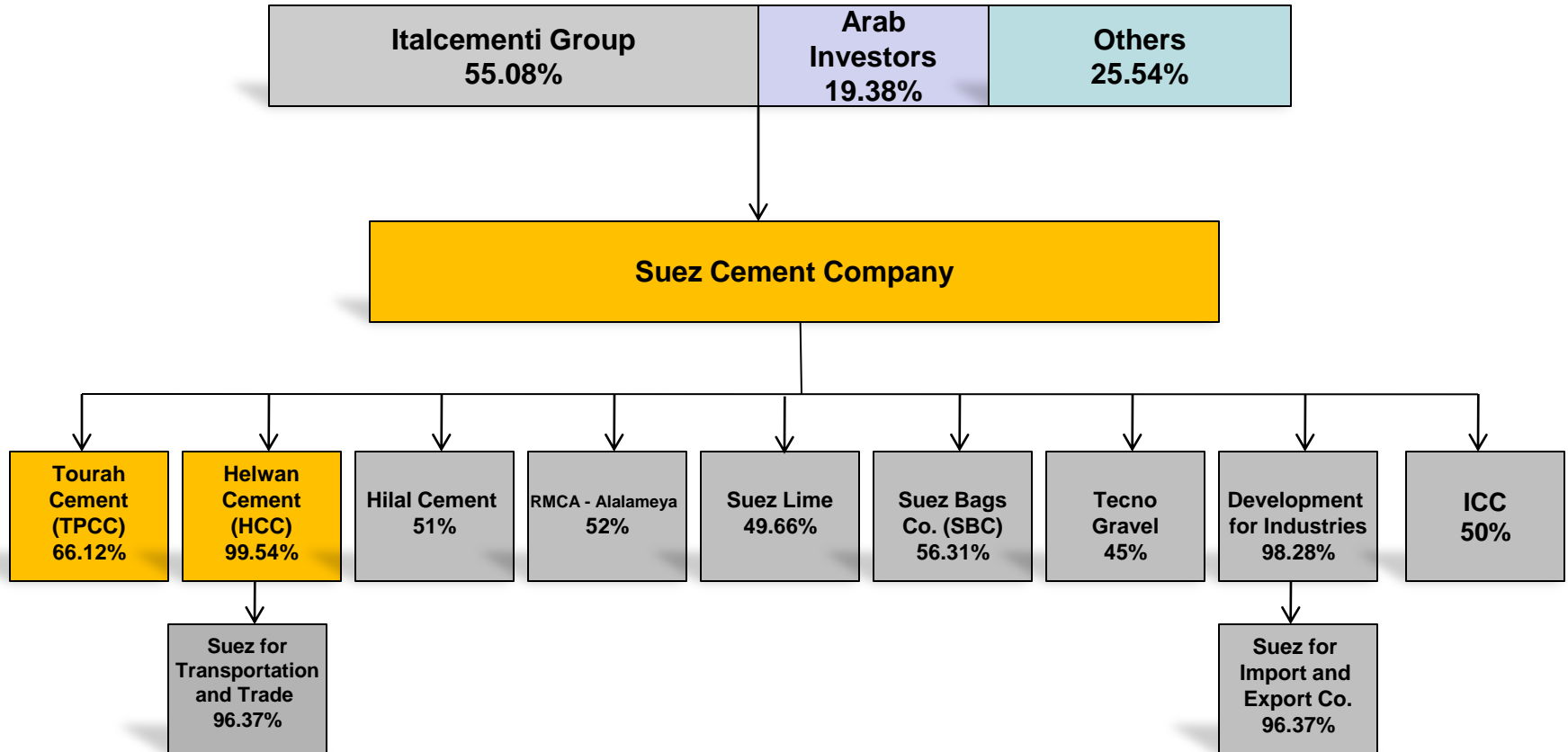


Country ranking and market shares in regions where the Group operates (Italcementi estimates)

Source: Italcementi estimates based on brokers' reports

# Group Overview

## ➤ SCgC Group structure



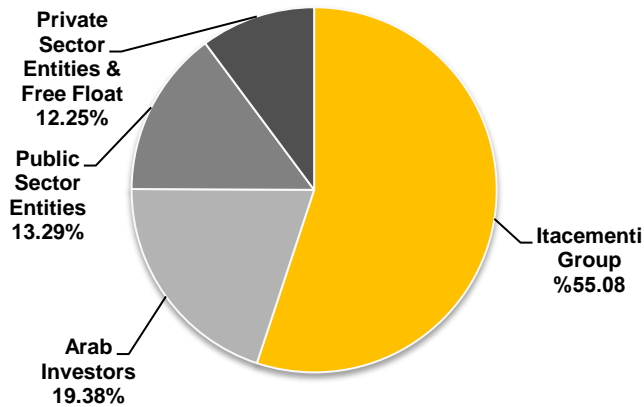
- The aforementioned structure includes SCC direct and indirect ownership.

31 Dec 2015

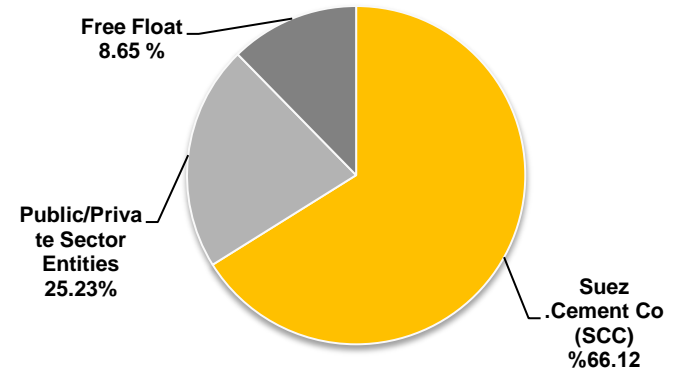
# Group Overview - Stock Market

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

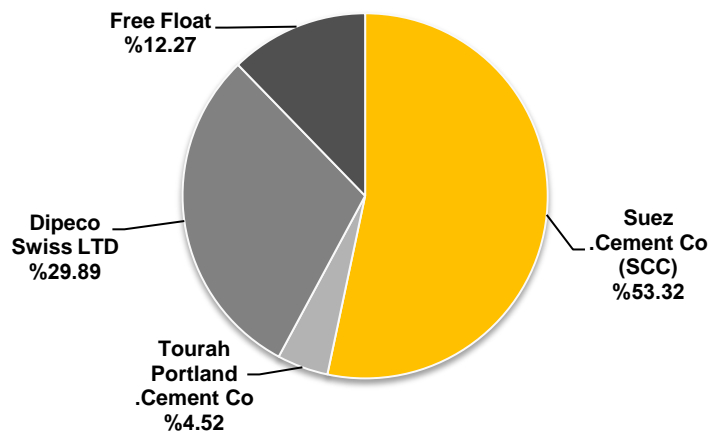
Suez Cement Company (181,856,507 shares)



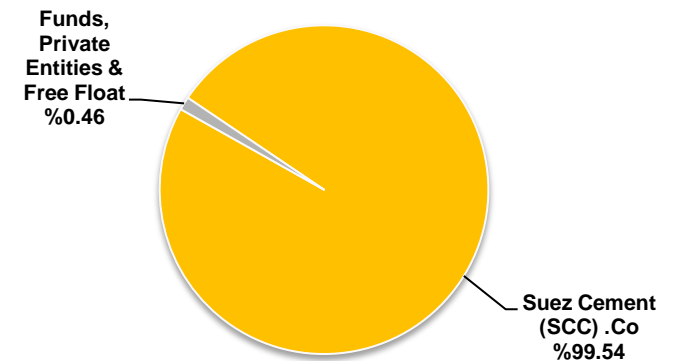
Tourah Portland Cement Company (71,524,200 shares)



Suez Bags Company (2,187,000 shares)



Helwan Cement Company (116,691,231 shares) (Not Listed)



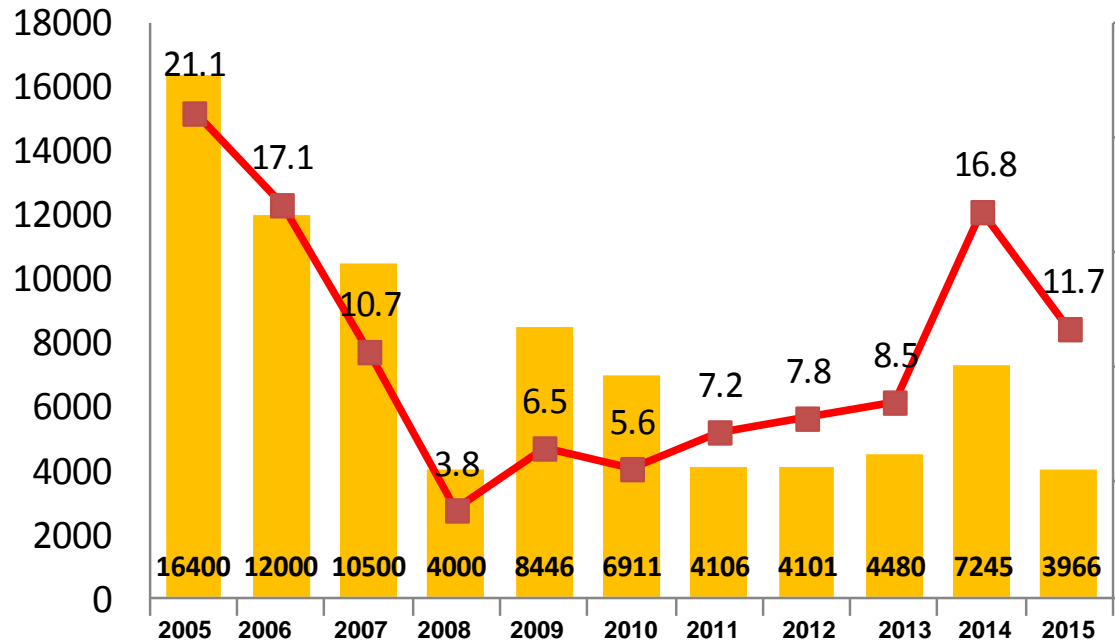
31 December 2015

# Group Overview - Stock Market

➤ Strong decline in **Price/Earning** multiple which started to bounce back

Suez Cement ( In M EGP )

Market Cap



P/ER

EGX Code	SUCE
No. of Shares	181,856,507

Market Value  
Price Earning

Market Cap (EGP million)	3,966
Closing Price (EGP)	21,81
52 WK High (EGP)	42.50
52 WK Low (EGP)	20
52 WK Avg. Volume	25,755
YTD Avg. Daily Value Traded (EGP)	893,035

31 December 2015

# Market Overview



<b>EGYPT</b>	<b>2014</b>	<b>Outlook 2+10</b>		<i>Bdgt '16</i>
		<b>2015</b>	<b>2016</b>	<b>2016</b>
GDP	4.3	4.0 <sup>e</sup>	3.0	4.3
Construction value added	10.1	8.0 <sup>e</sup>	4.5	7.0
Inflation	10.1	10.4	<b>12.0</b>	9.0
Exchange rate (local currency/€, level) <sup>C</sup>	9.42	8.55	<b>9.67</b>	8.75
Exchange rate (local currency/\$, level) <sup>A</sup>	7.09	7.71	<b>8.95</b>	8.10
Short-term interest rate (T-bills 3 months)	11.0	11.3	<b>12.5</b>	11.5

*(yoy % changes, unless otherwise specified) <sup>e</sup>: estimate; C: cross rate; A: anchor rate*

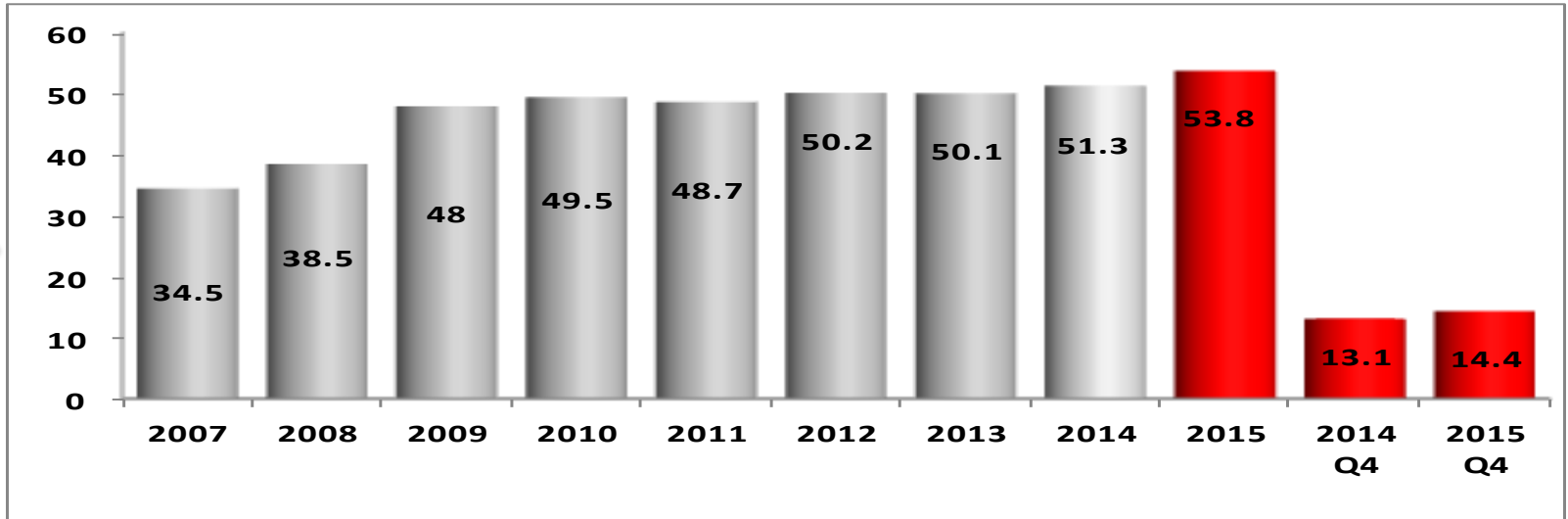
On March 14<sup>th</sup>, Egypt Central Bank decided to devalue the pound announcing it would adopt a more flexible exchange regime in an effort to ease a foreign reserve shortage which is dramatically hurting the economy. The move had been largely expected by analysts although the timing and size of the devaluation surprised on the upside (about 13%) given the Bank's traditional reluctance to devalue for fear of sparking inflation.



# Market Overview

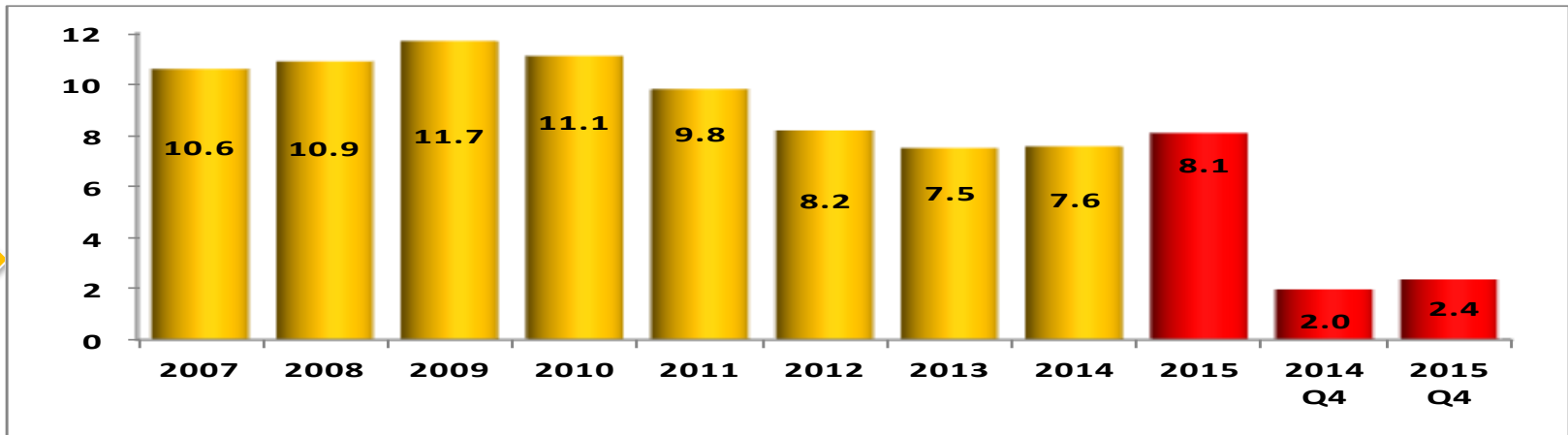
## ➤ Egypt Macroeconomic Outlook

Market Volumes\*  
M tons



SCGC MS %

SCGC Volumes  
M tons



\*Source: Ministry of Investment

# Market Overview

- **The residential segment consumes more than 85% of the total cement consumption**

## ☐ **Residential**

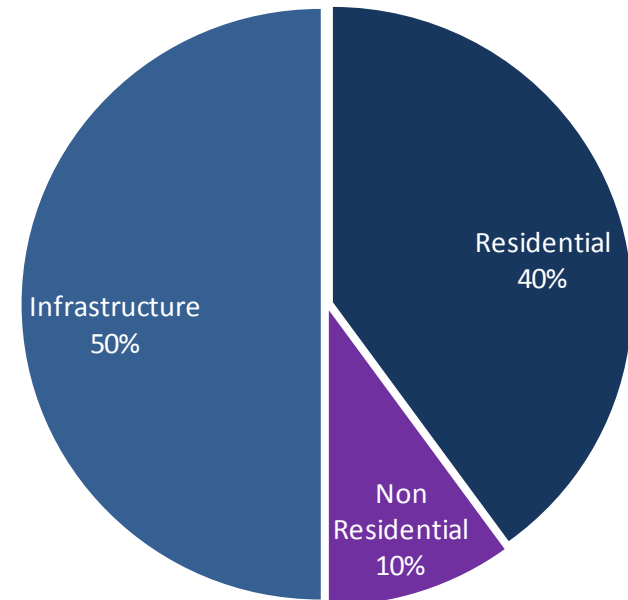
- ✓ Although the tough situation this segment still have Good perspectives in the short and medium term projects.

## ☐ **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 25<sup>th</sup> of January revolution and the government instability.



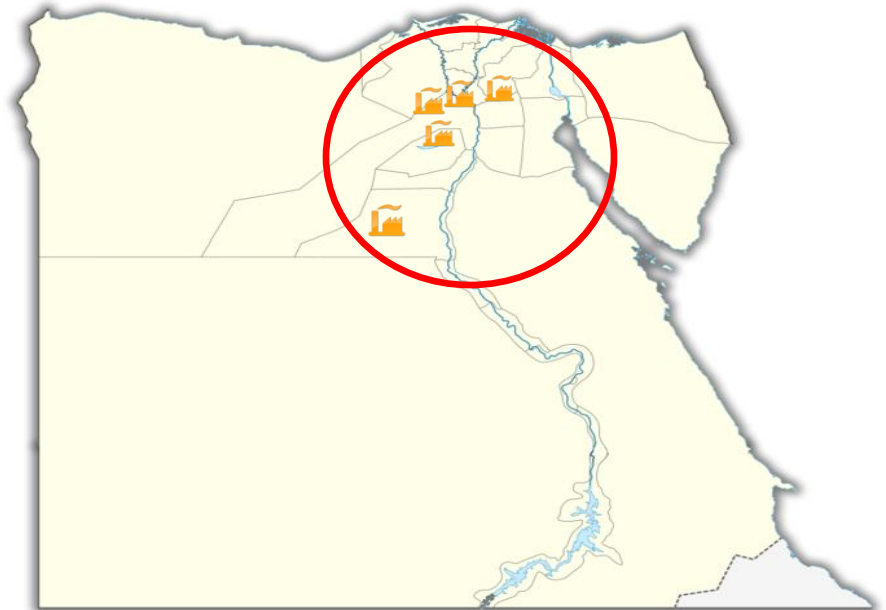
# Market Overview

- **More than 60% of Egypt's cement consumption is concentrated in Greater Cairo & Delta**

- ✓ **Cement dispatch/ region**

	% from Market	SCGC MS%
Greater Cairo	29%	32%
Delta	35%	36%
Upper Egypt	20%	0.5%
Others	16%	31.5%

- Population 2014\*: 84.6 million
- Growth rate (2011-2013)\*: 1.9%
- Age profile (CAPMAS\*\* – May2014):
  - ✓ 0 – 4      10.6%
  - ✓ 5 – 14     21.1%
  - ✓ 15 – 44    49.8%
  - ✓ 45 – 60    12.4%
  - ✓ +60        6.1%

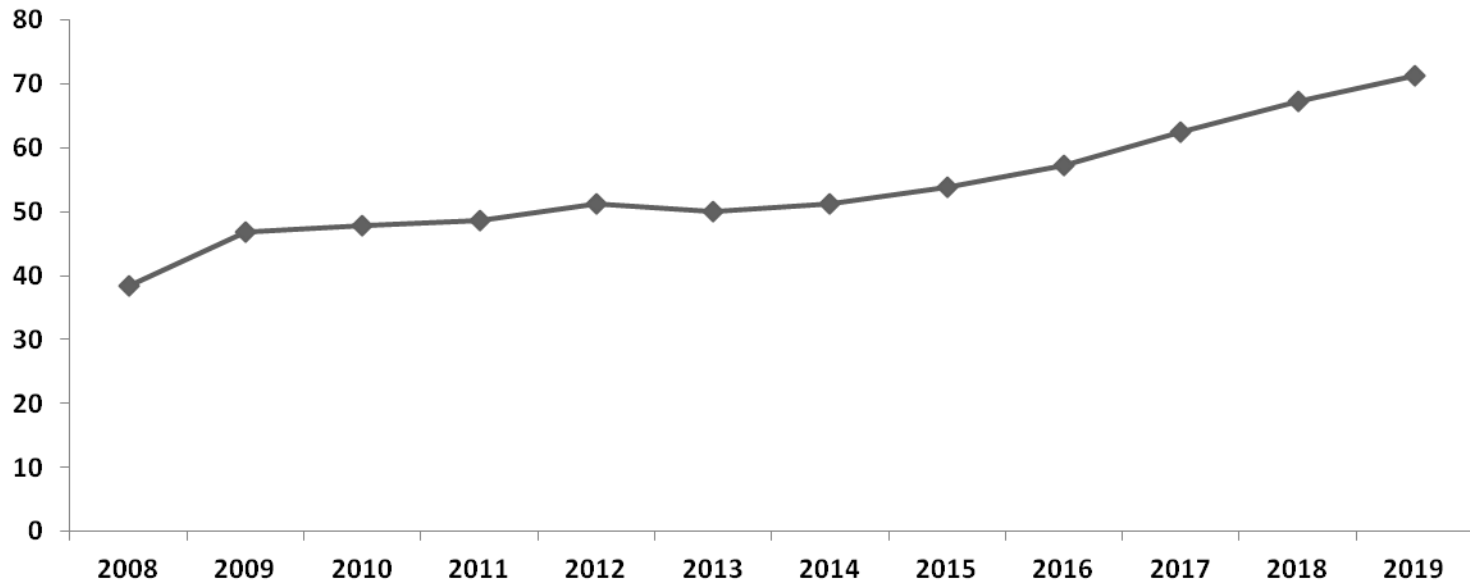


\*\*CAPMAS: Central Agency for Public Mobilization And Statistics  
 - Source: Business Monitor International Data referred to 2009

# Market Overview

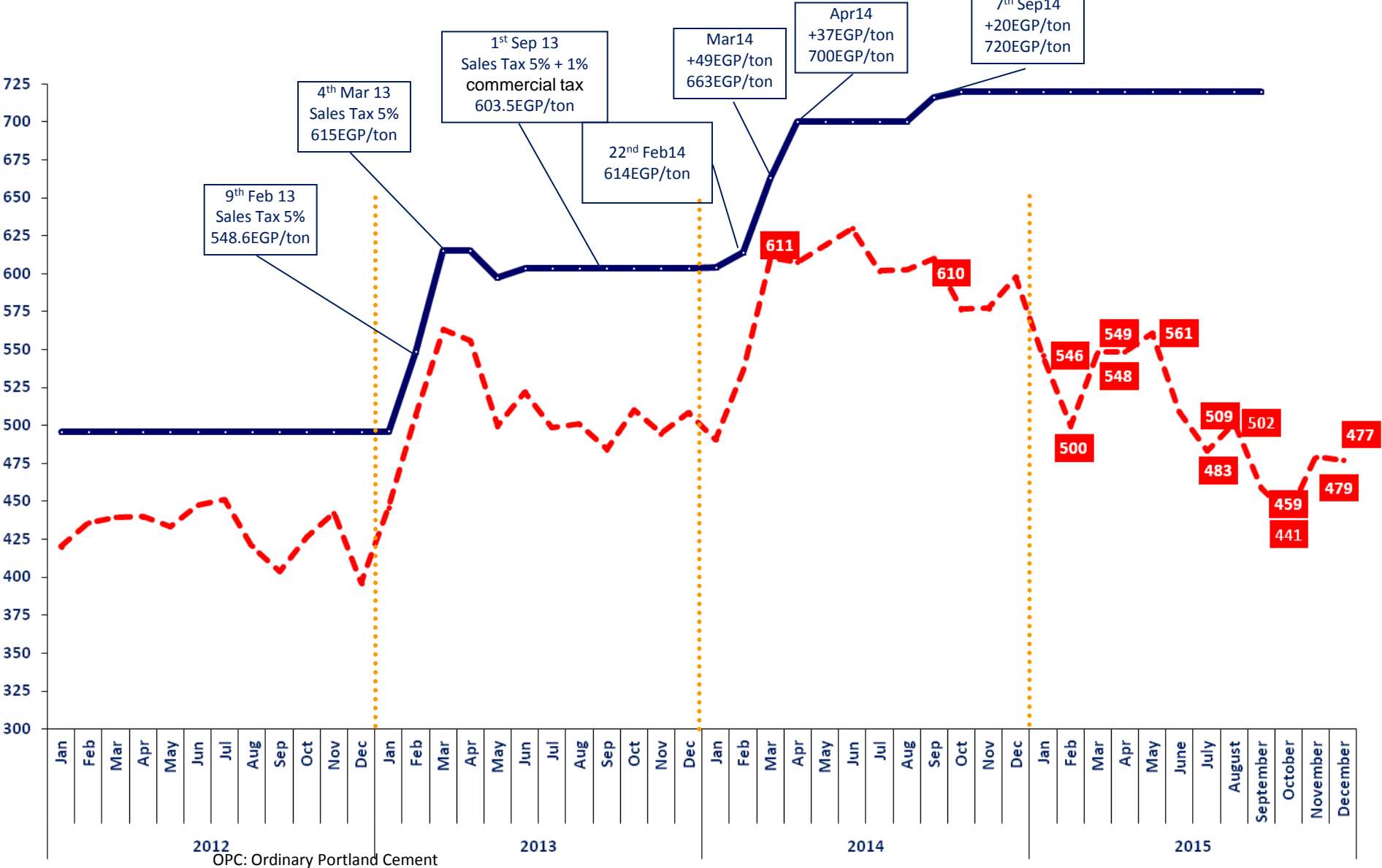
## ➤ Egypt Grey Cement Market

Structural Demand (Mt)



	2015	2015 Forecast
Consumption Mt	53,806	53,871

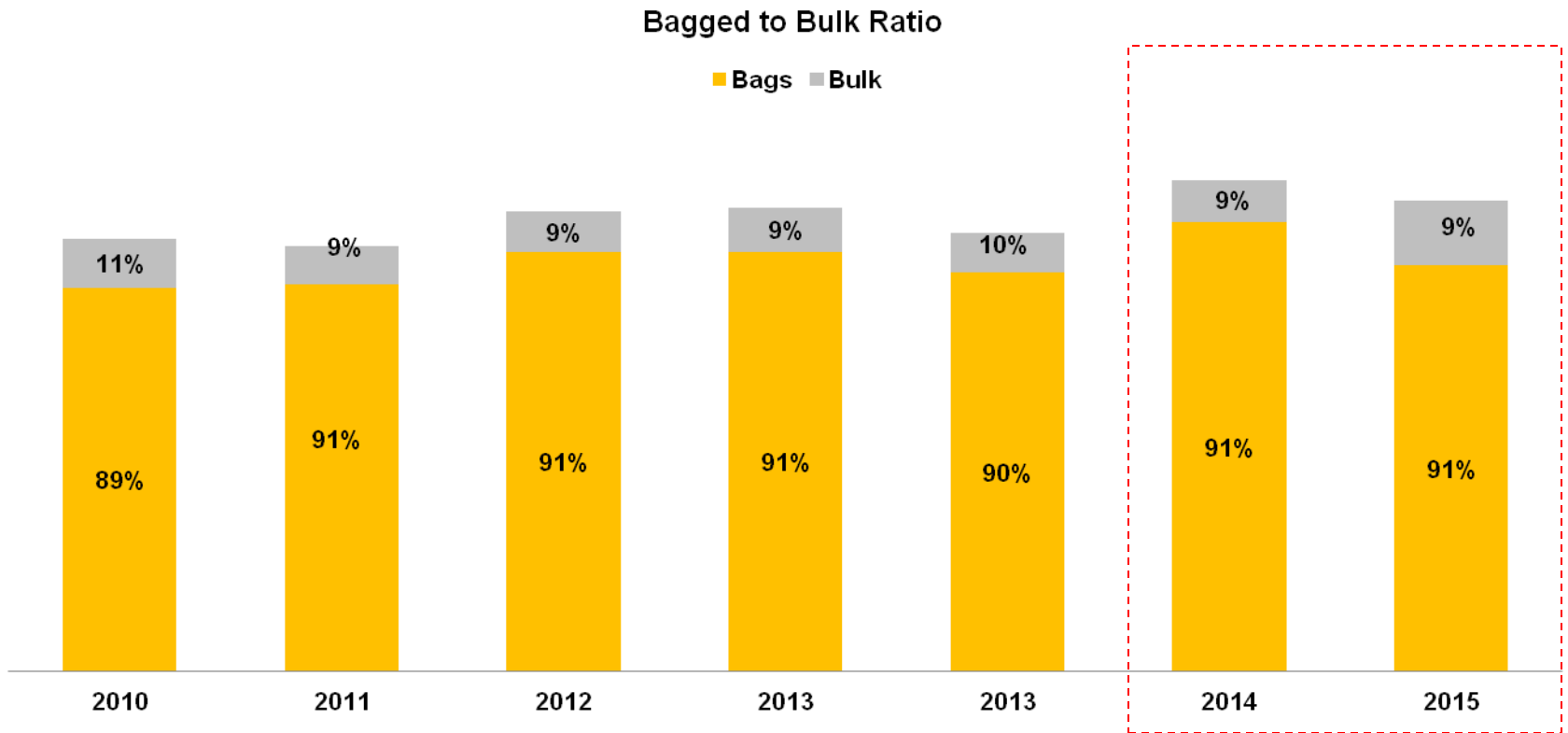
# Evolution of SCGC OPC Bags Ex-works price (EGP/t)



OPC: Ordinary Portland Cement

# Market Overview

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



Source: internal market intelligence



# Investment Highlights

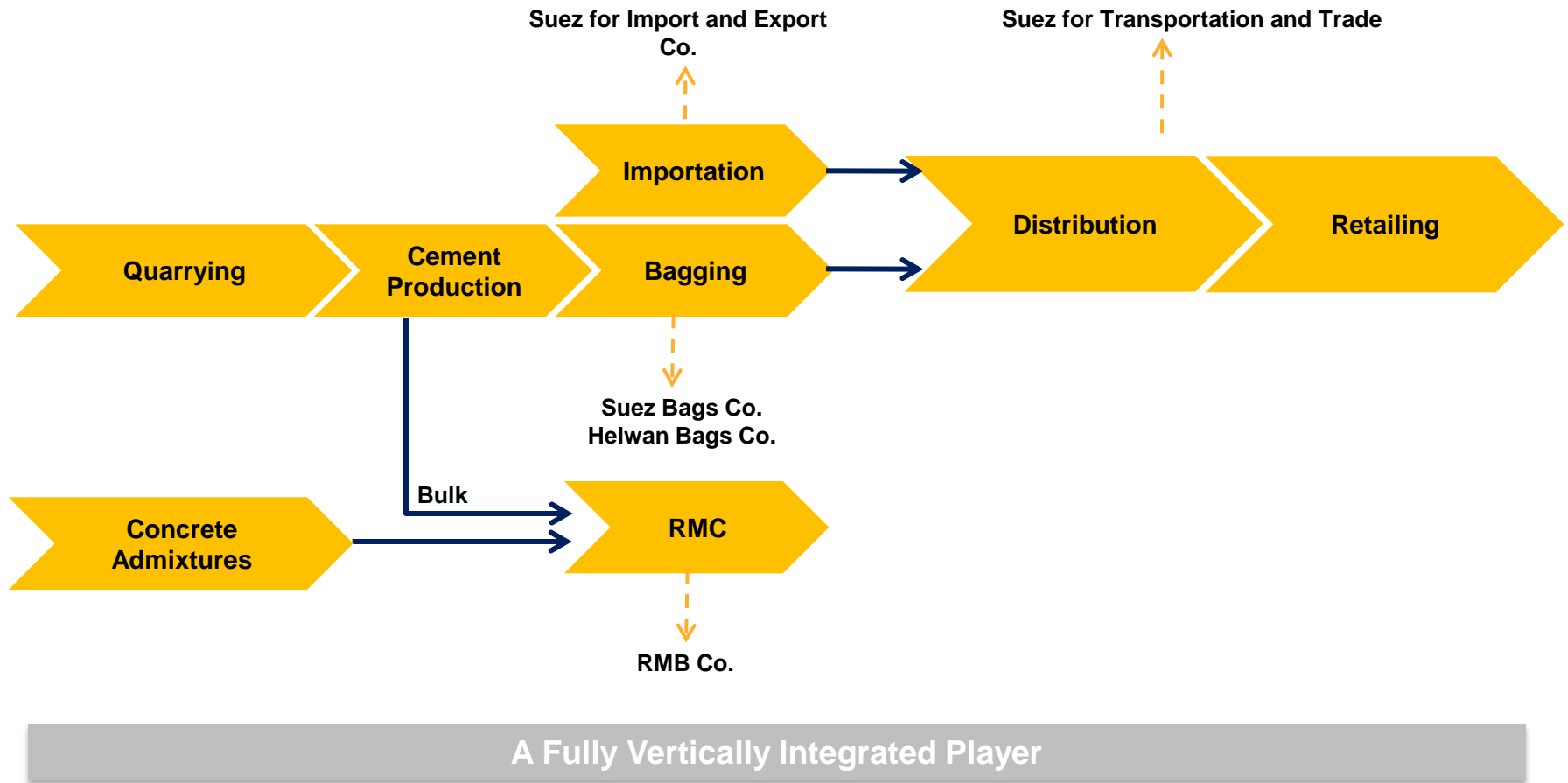
# Investment Highlights

- **Being part of a global player, SCgC has an immediate access to worldwide best practices**



# Investment Highlights

## ➤ Attractive Business Model



# Investment Highlights

## ➤ Operational Efficiencies in the pipeline

- ❑ Installing state-of-the-art kiln and mill production lines replacing the less efficient ones
- ❑ Expanding the use of Coal (instead of Gas/Fuel Oil) at all Group plants.
- ❑ Decreasing the clinker ratio in cement production through the use of alternative raw materials can result in saving energy and reducing the emissions, while maintaining the same quality and improving performance.
- ❑ Using alternative fuels can achieve a saving of 1 – 4% on the cost of fuel.



# Suez Cement Mid Term Plan

## ➤ Improving Market conditions

- ✓ Market recovery from 48 to 60 Million Tons (25%)
- ✓ Limited capacity addition anticipated (5 to 6%)  
=> **Capacity utilization should increase from mid 70s to mid 90s**

## ➤ Implementing fuel flexibility strategy

- ✓ Coal and Petcoke to release gas & fuel oil as main fuels .
- ✓ Waste companies processing development.
- ✓ Wind farm project to supply 30 to 40% of power needs.  
=> **existing capacity could be mobilized at an energy cost close to current levels (investments underway)**

# Suez Cement Mid Term Plan

## ➤ Efficiency gains

- ✓ Energy consumption optimization (wet kilns decommissioned, waste heat recovery...)
- ✓ Headcount progressive alignment to industry benchmark (850 employees to retire through 2020)

## ➤ Sustainability

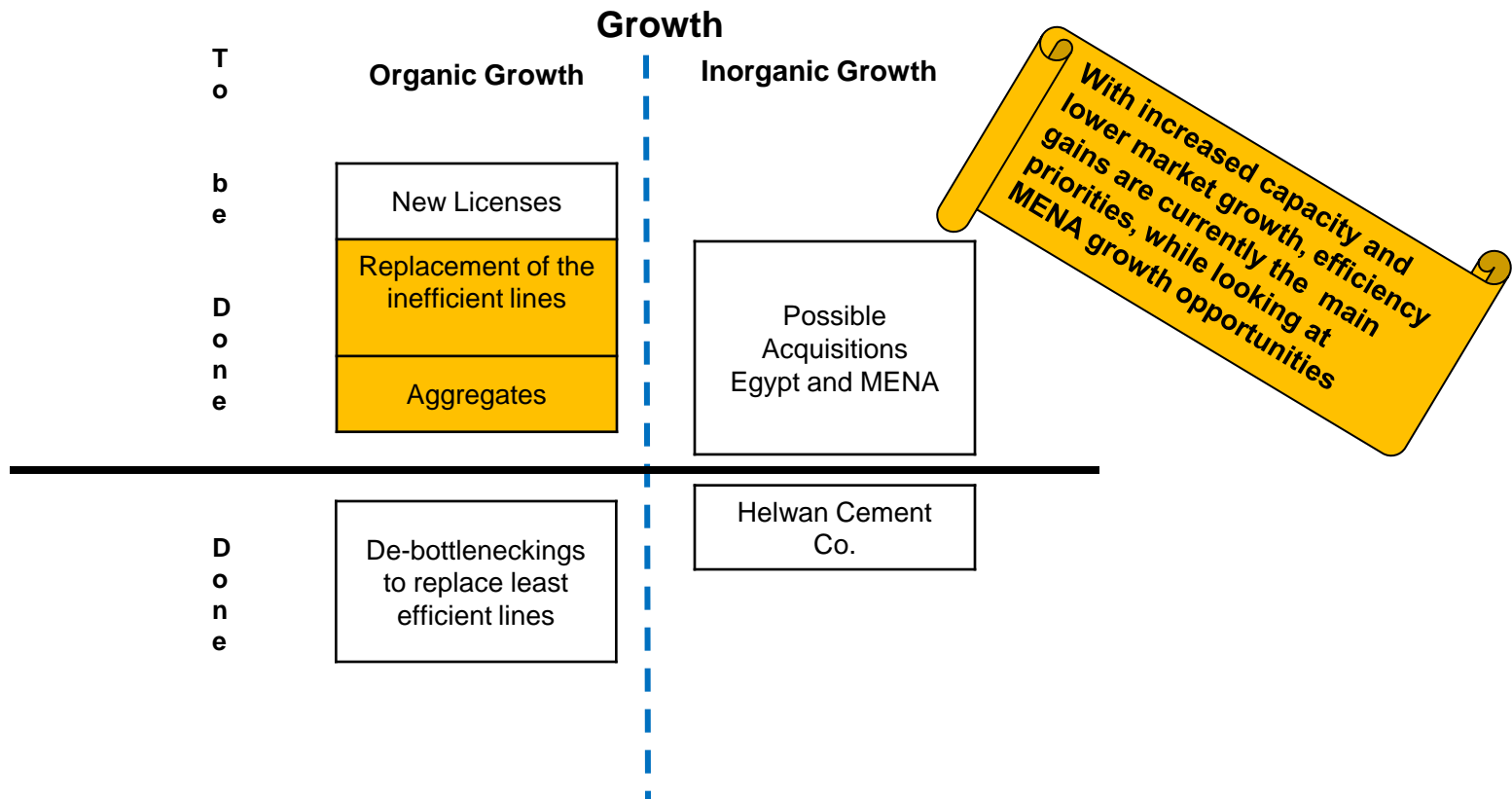
- ✓ Energy strategy to mitigate CO2 emissions from coal usage.
- ✓ Development of new products in cement and ready mix
- ✓ Continued corporate social responsibility programs focused on education and health

	2013	2014	2015
Volumes (MT)	7.5	8.4	8.6
EBITDA/ton (EGP)	120	138	49



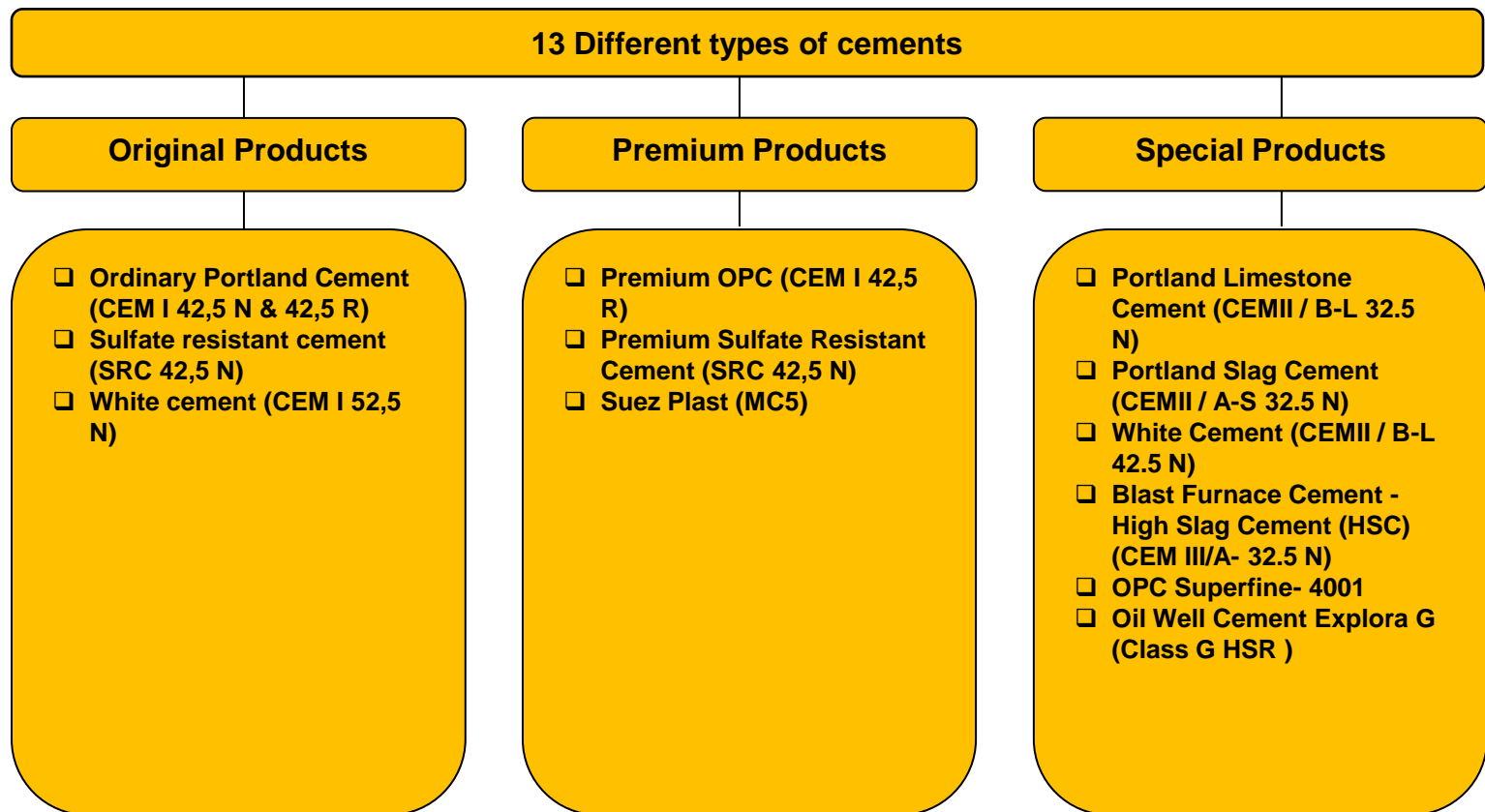
# Investment Highlights

- SCC considers both organic and inorganic growth to increase the production capacity



# Investment Highlights

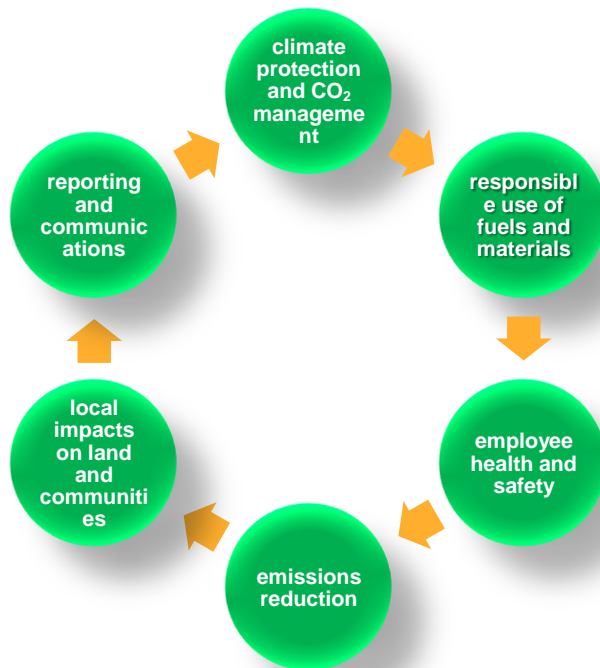
- As a Business-Level strategy, SCgC implements a differentiation strategy in its marketing approach that provides value to customers and is worth a premium price



# Investment Highlights - Sustainable Development

## ➤ Vision

- ✓ SCgC is aware of the importance of its social role and promotes a socially responsible behavior among all of its employees.
- ✓ The Company believes that Sustainable Development, as a combination of economic prosperity, environmental protection and social responsibility, is the basis of its own future.
- ✓ Six key areas have been identified because of their significant contribution to the realization of a sustainable future:



# Investment Highlights - Sustainable Development

## ➤ Commitment to Environment Protection

### ➤ We are committed to:

- ✓ Constantly monitor each of our sites to reduce and prevent any possible effect on the environment.
- ✓ Optimize the use of non-renewable resources in our production processes
- ✓ Enforce the best environmental standards, with a new wave of investment to reduce dust emissions (2012-2014).
- ✓ Promote friendly and professional environmental practices to all our staff

Plant	Yearly Avg Dust Emission
Helwan (2013-2014)	150 – 200 to decrease to 10-20
Tourah(2012-2014)	150 – 200 to decrease to 10-20
Kattamiyah(2014)	60 – 100 to decrease below 50
Suez(2014)	80 – 100 to decrease below 50
Minya(2014)	100 – 150 to decrease to 50-100

# Investment Highlights - Sustainable Development

## ➤ Our quality and environmental key achievements

### Environmental

- Establishing new Coal mills in Kattameya and Suez.
- Utilizing agricultural wastes, sewage sludge's
- Recycling of bypass dust
- concealment of historical bypass dust
- Pollution abatement and emission control
- Upgrading existing environmental management system.
- EPAP Implementation
- All plants are ISO 14001/2004 certified

### Quality

- The ISO 14001 approach is based on three steps:
- compliance with all applicable standards;
- prevention of potential environmental impacts;
- continuous improvement of performance.

# Investment Highlights - Sustainable Development

## ➤ Social initiatives

- Our efforts have been focused on:
  - ✓ Safety in the workplace and industrial hygiene;
  - ✓ Direct and indirect local employment according to the requirements of its activity;
  - ✓ Responsible restructuring;
  - ✓ Assessment of employee satisfaction;
  - ✓ Training and skills development;
  - ✓ Interaction with local communities;
  - ✓ Co-operation with clients and suppliers.





# Social Initiatives for 2015 – Q4

- The Association for the Development and Enhancement of Women (ADEW), in cooperation with Helwan Cement Company (HCC) and Tourah Portland Cement Company (TPCC), kicked off the “Madrasti 2” (My School) project at a special conference that took place on October 27 at Helwan plant. The event showcased the project's overarching goal to improve education infrastructure for over 3,000 students living in Kafr El-Elw and Torah, two neighborhoods in the Helwan Governorate. This is the second initiative SCGC has sponsored in cooperation with ADEW.
- In the framework of the project it was held in Helwan on December 16th the first meeting of the Committee that will follow up the upgrading activities. Aim of the established Committee is to find and ensure sustainable solutions to maintain the works developed at the schools. The involvement and active participation of community members and youth can guarantee results in the long term because of the sense of ownership and responsibility towards the local initiatives carried out for the benefit of the community and their children. The Committee is composed of representatives of Ministry of Education, of Helwan and Tourah districts, of the schools, of the board of Trustees and of both the cement companies.
- Suez Cement celebrated a major milestone with its longtime education partner, the Don Bosco Institute on December 15th with the announcement that it has hired 20 graduates from the school's engineering program and signed a new partnership agreement with the Don Bosco. SCGC planned a special event to mark the occasion with several key guests from the Ministry of Education, the Ministry of Manpower and other governmental officials. SCGC began working closely with the Don Bosco Institute in 2006 in hopes of supporting youth employment and reversing a skills mismatch in the local labor market.

# Social Initiatives for 2015 – Q4

- During last November, Takatof Association dedicated 3 days to Suez local community in the renovated Omar Ibn El Khattab school, conducting ophthalmological outreach and old age Cataract in coordination with El Maghraby optics and a Sports Activities day under the slogan “a school without violence”. In the same framework, Takatof Association organized a fun day for the students of the school to celebrate the winner of “Cleanest Class” competition.
- Cement donations

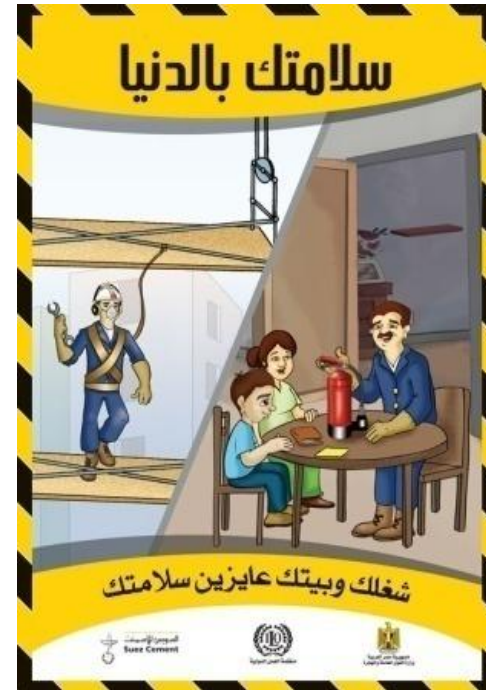


# Investment Highlights - Sustainable Development

## ➤ Commitment to Safety

➤ Adopting the “**Zero Accident**” brings together all the necessary programmes required to establish a consistent Safety management system :

- PPE
- Working at heights
- LOTO
- Confined Space
- CSI Driving Code of Conduct
- Inspection visits ...



Evolution of Frequency of Accidents<sup>1</sup> (2010 – 2015)

	2010	2011	2012	2013	2014	2015
Employees	2.5	4.1	2.4	1.2	2.7	1.1
Contractors	2.2	2.1	1.8	3.3	1.1	0.8

# Investment Highlights - Sustainable Development

## ➤ Corporate Governance

- ✓ Committed to efficiency, transparency and appropriate management
- ✓ Standing for business ethics and creation of value
- ✓ A well defined decision making structure
- ✓ Adopting consistent system of policies and procedures which comply with local legislations and best practices.
- ✓ In 2007, we introduced our Charter of Values, setting out the fundamental principles of the Suez Cement's engagements in Corporate Governance and the goals of the Group's Sustainable Development strategy











### Charter of values

This Charter of Values for Italcementi Group states the basic principles underlying the Group's governance model. It is the point where the personal ethics of each employee and those of the company come together in placing the individual as the basis of corporate development.

The Charter of Values does not replace or overlap the Codes of Governance which have already been approved by Italcementi and which are now fully in effect. Indeed, it summarizes and strengthens the general principles contained in these Codes. It is the framework document outlining the commitments made by the company and by the women and men belonging to the Group.

This document containing Italcementi Group's general principles of ethics is designed to guide staff in their behavior with clients, institutions and public administrations, competitors, shareholders, suppliers, markets and non-governmental organizations representing the many interests generated by the Group's business.

The Charter of Values states our commitment in respect of the following principles:

- ① **honesty, fairness, integrity, transparency and mutual respect** in managing the company and in its relations with stakeholders and markets;
- ② **dialogue and listening to community needs** in order to create value and widespread opportunities;
- ③ **protecting the individual** by valuing diversity and cultural identity, professional growth and safety at work;
- ④ **safeguarding of the environment** by pursuing the harmonious integration of each industrial plant with its landscape and developing innovative technologies to save natural resources and use renewable energy sources;
- ⑤ promoting innovation aimed at **industrial growth and sustainable development**.

The Charter of Values is distributed to all Group employees and is shared by the entire organization that will play an active role in its implementation, integration or revision.

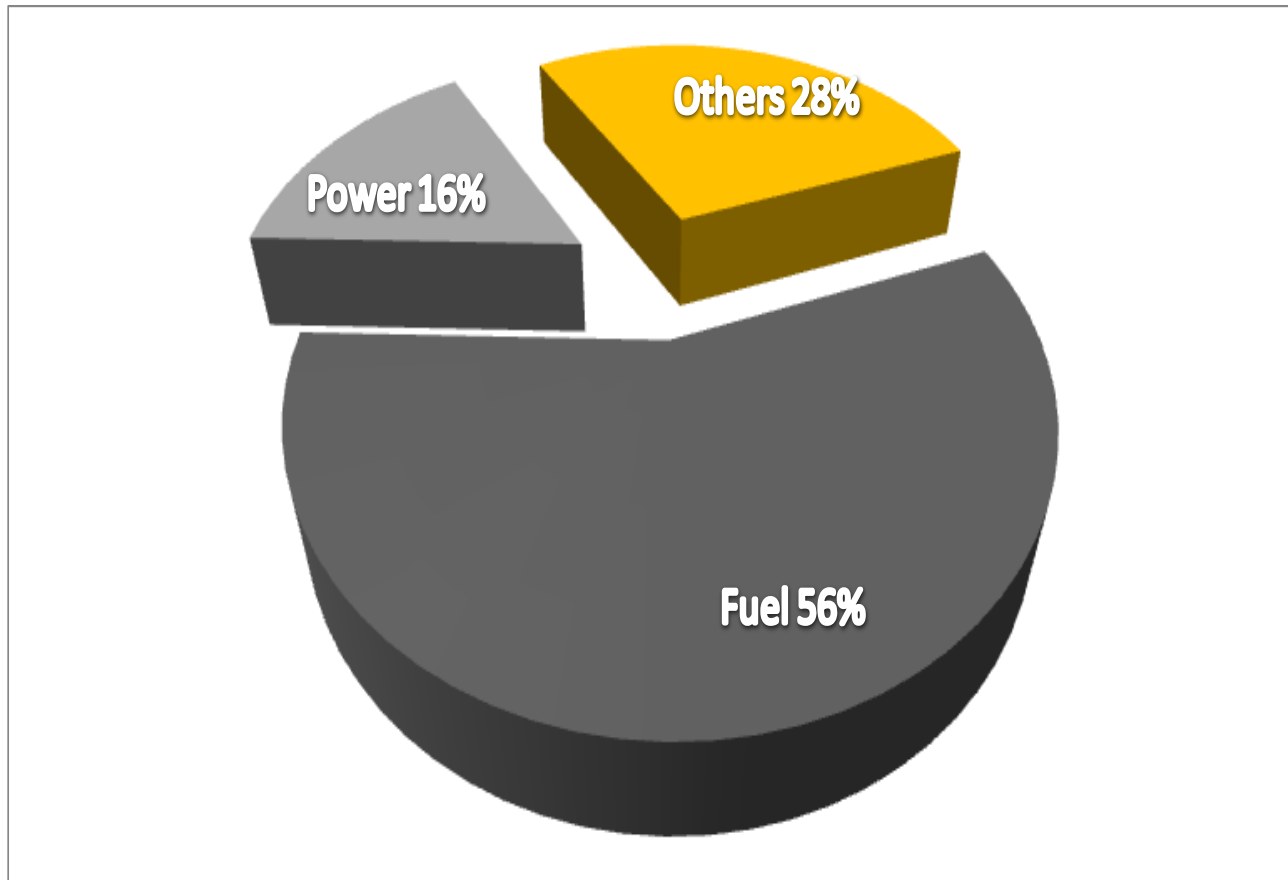
**Bruno Carré**  
 Managing Director  


Suez Cement group of Companies' Charter of Values is inspired by fundamental international reference standards such as the United Nations' Universal Declaration of Human Rights, the International Labor Organization codes standards and the SA 8000 standard. Suez Cement group of Companies' Charter of Values is based on the main government and regulations drawn up by the Group over the last few years, in particular the Code of Conduct, the Code of Ethics and the Code of Conduct (Internal Dialogue).

# Financial Highlights

# Financial Highlights

- An increasingly energy intensive industry...



**Energy represents 72 %  
of the production cost**

December 2015 SCGC Cost Breakdown

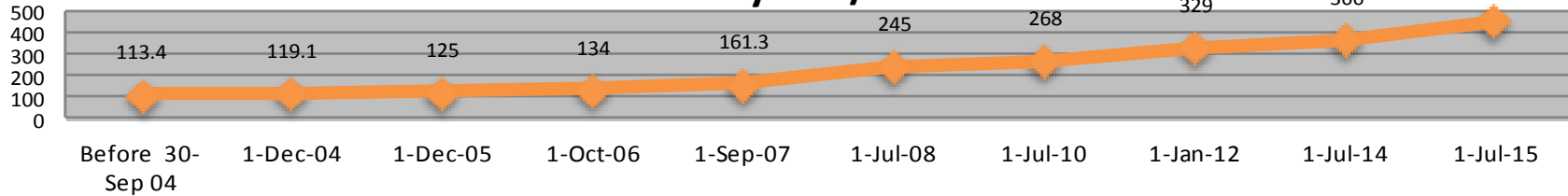
31 December 2015



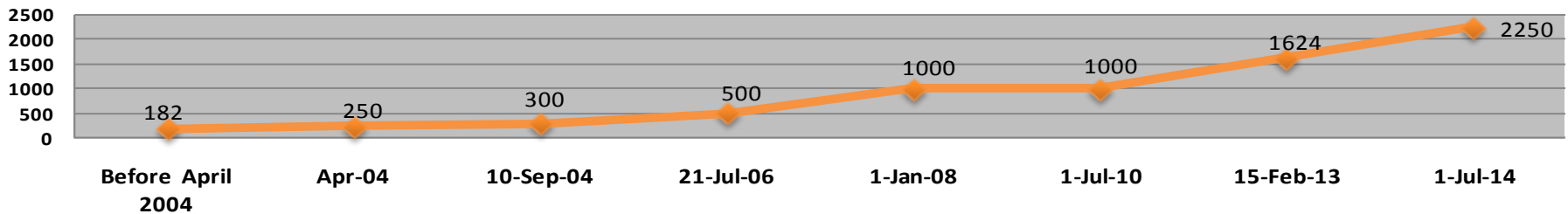
# Financial Highlights

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

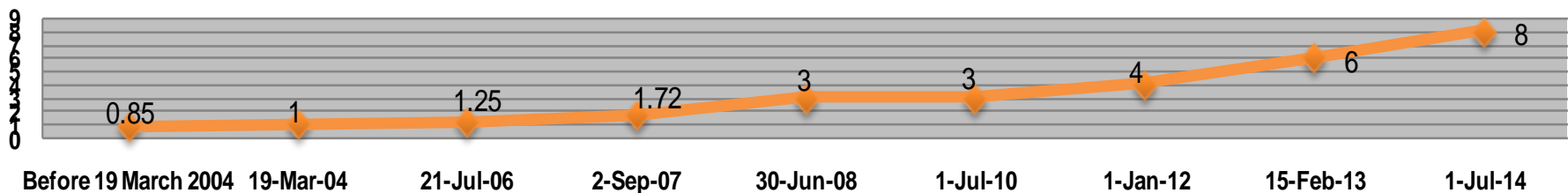
### Electricity EGP/MWH x 4 since 2004



### Fuel Oil EGP/t x 9 since 2004



### Natural Gas \$/MBTU x 8 since 2004



# YTD December 2015 key results (Consolidated)

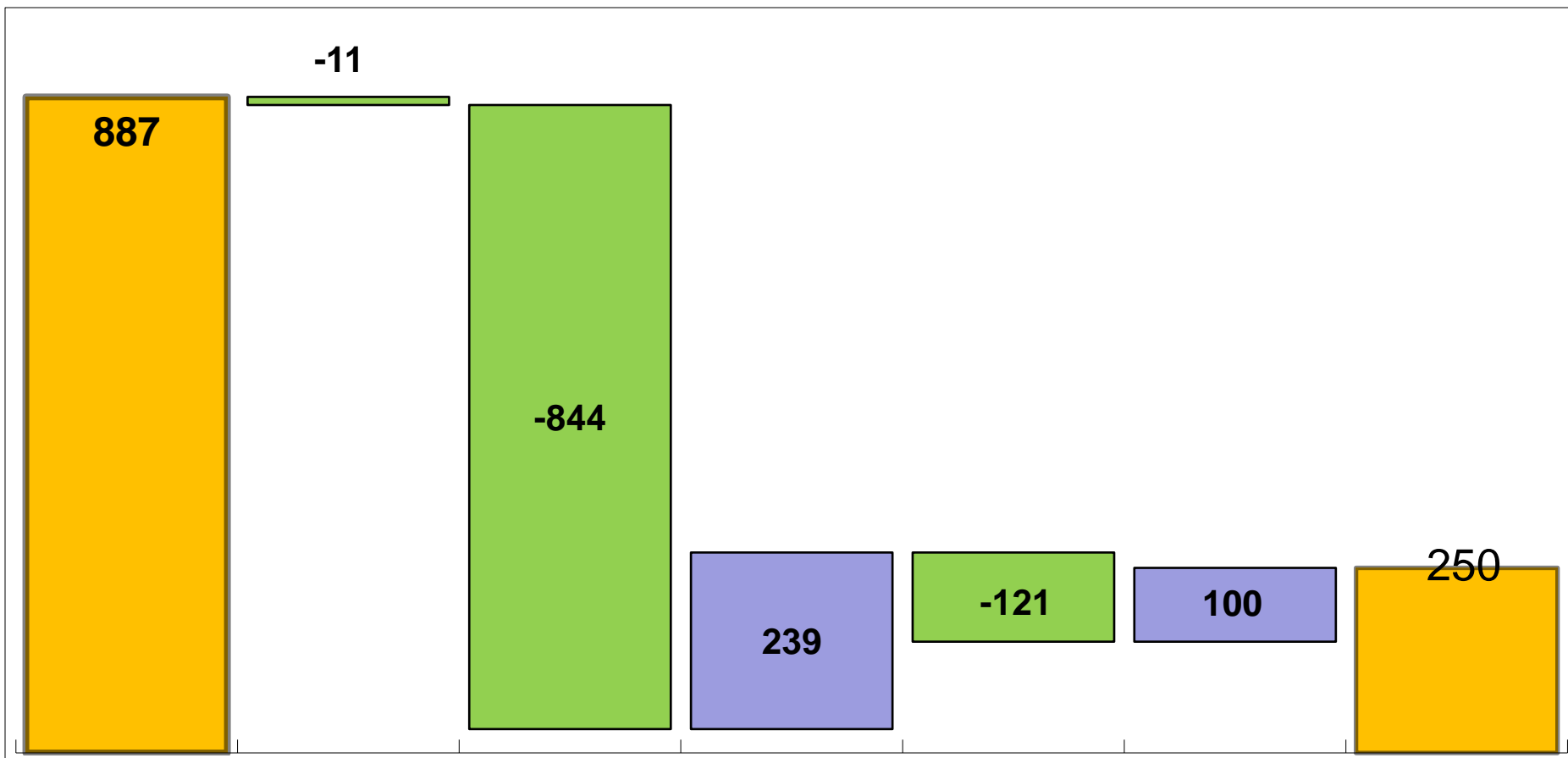
	Q4 2015	Q4 2014	Var. 2015-2014		Ytd. Dec. 2015	Ytd. Dec. 2014	Var. 2015-2014	
			Var.	%Var.			Var.	%Var.
<i>Kt</i>								
Volume sold (Cement + Clinker)	2,619	2,055	564	27.4%	8,593	8,376	217	2.6%
Domestic	2,564	1,995	568	28.5%	8,454	8,037	417	5.2%
Export	55	60	-4	-7.1%	139	339	-200	-59.0%
<i>EGPm</i>								
Revenue	1,599	1,539	61	3.9%	5,642	6,162	-510	-8.3%
EBITDA - recurring	52	300	-247	-82.5%	424	1,164	-730	-63.3%
% of revenue	3.3%	19.5%	(16.2) p.p.		7.5%	18.8%	(11.2) p.p.	
Non recurring items ( EOS)	-61	0	-61	n.s	-61	0	-61	n.s
EBIT	-126	181	-307	-169.6%	-101	705	-806	-114.3%
% of revenue	-7.9%	11.8%	(19.6) p.p.		-1.8%	11.5%	(13.3) p.p.	
Net Profit	-152	162	-313	-193.8%	-104	526	-630	-119.7%
Cash Flow from operations	-34	281	-315	-112.1%	361	974	-614	-63.0%
					31.12.15	31.12.14	Var.	% Var.
Net Financial Position - NFP					662	1,413	-751	-53.1%
Operating Working Capital - OWC					354	230	125	54.4%



# YTD Dec 2015 GOP Bridge

In Millions of local currency

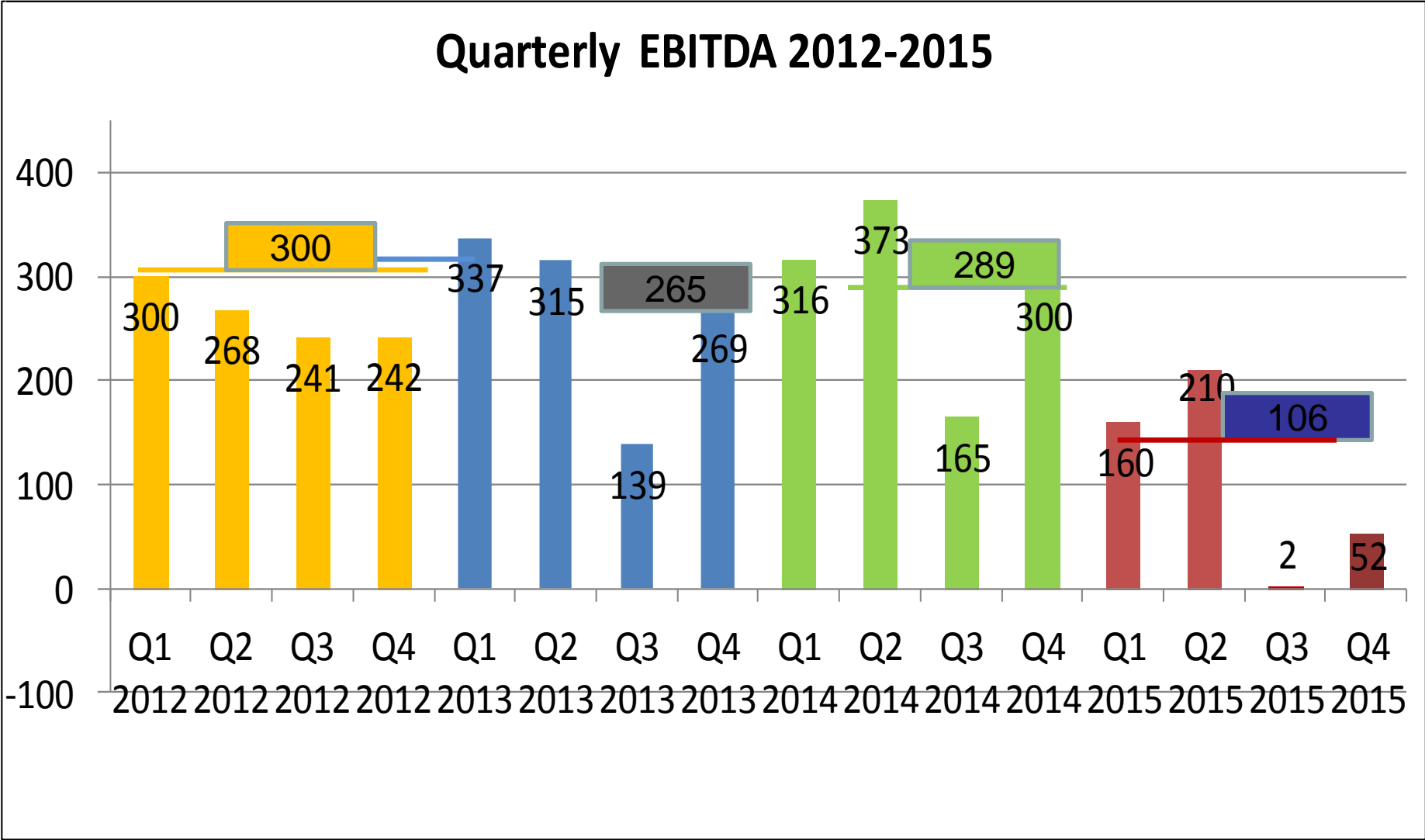
Cement



PY	Volume	Price - VC	Clinker purchase	Fixed cost inflation	Efficiencies	Ac 15
887	-11	-844	239	-121	100	250

# GOP Evolution (Consolidated)

EGPm



# Financial Highlights

MEGP	2011	2012	2013	2014	2015
Revenues	4,820	4,597	5,049	6,152	5,642
EBITDA - recurring	1,199	1,051	1,061	1,154	424
<i>% on revenues</i>	<i>24.9%</i>	<i>22.9%</i>	<i>21.0%</i>	<i>18.8%</i>	<i>7.5%</i>
EBIT	837	702	681	705	- 101
<i>% on revenues</i>	<i>17.4%</i>	<i>15.3%</i>	<i>13.5%</i>	<i>11.5%</i>	<i>-1.8%</i>
Net Profit ( Group Share)	568	524	538	500	- 60
<i>% on revenues</i>	<i>20.1%</i>	<i>11.7%</i>	<i>11.4%</i>	<i>8.12%</i>	<i>-1%</i>

# Financial Highlights

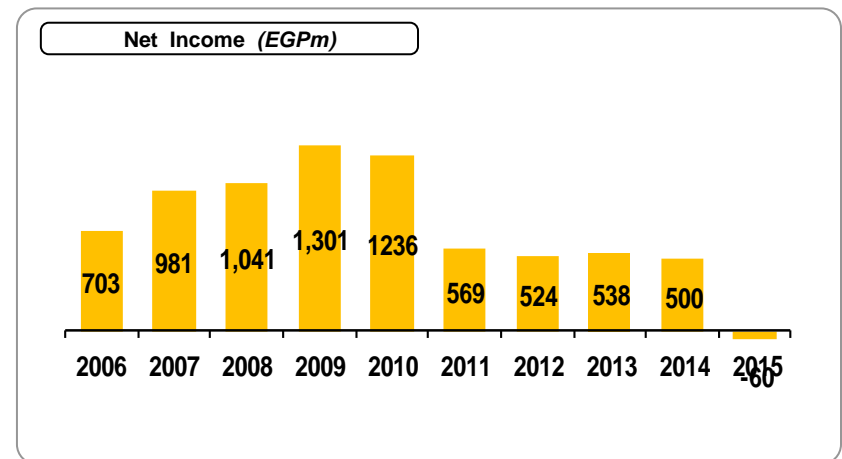
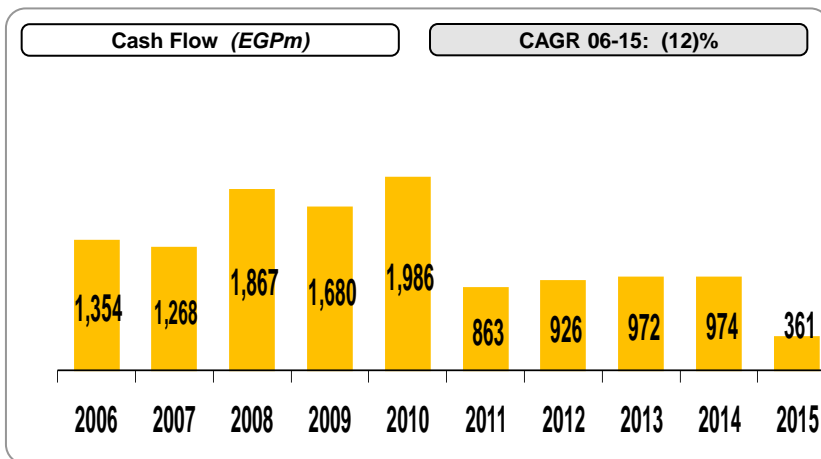
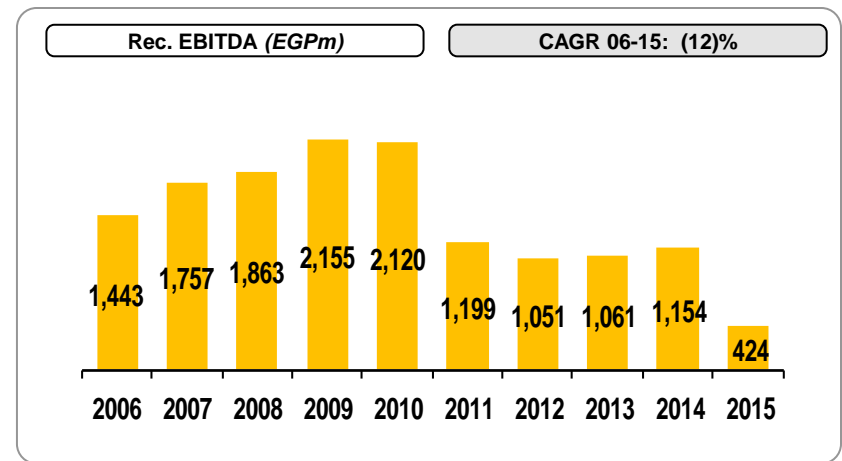
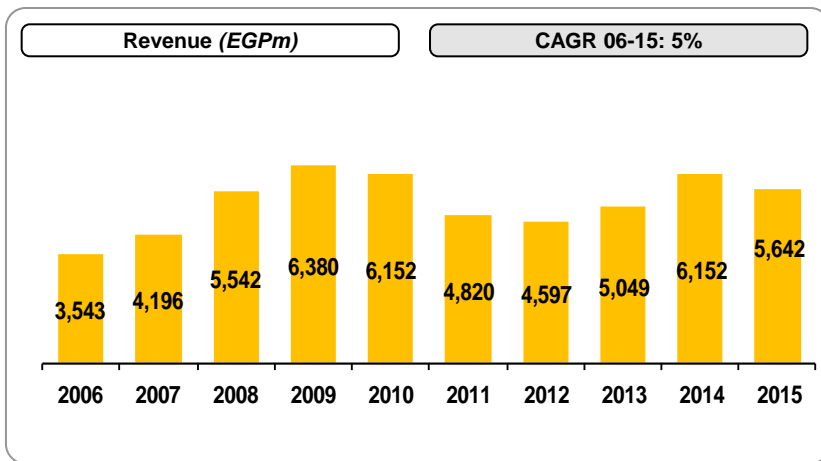
## ➤ Strong equity structure with growing accumulation of cash

MEGP	2011	2012	2013	2014	2015
Total L-T Assets	6703	6654	6,842	7,238	7,108
Inventory	998	804	844	1,194	1,251
Account Receivables	247	268	204	220	233
Cash and Cash Equivalents	1448	1622	1814	1,626	1,060
Total Current Assets	2957	3029	3127	3488	2915
<b>Total Assets</b>	<b>9661</b>	<b>9683</b>	<b>9969</b>	<b>10,726</b>	<b>10,023</b>
S-T Debt	0	-	3	67	252
Cp of L-T Loan	24	37	52	-	-
Cp of L-T liabilities	4	-	-	-	-
Total Current Liabilities	1609	1684	1747	2,402	2,296
L-T Loan	81	57	58	147	147
Total Equity	7771	7756	7928	7,861	7,222
<b>Total Liabilities &amp; Equity</b>	<b>9661</b>	<b>9683</b>	<b>9969</b>	<b>10,726</b>	<b>10,023</b>
Net Debt( Cash) Position	(1338)	(1528)	(1704)	(1413)	(662)
Net Debt( Cash) / EBITDA	NS	NS	NS	NS	NS
Net Debt( Cash) / Equity	NS	NS	NS	NS	NS
FCF**	490	777	656	265	-216

\*\* FCF Defined as CF-capex

# Financial Highlights

Key Historical Financials : current environment heavily impacting results but cash flow generation has been somehow resilient.



# Financial Highlights

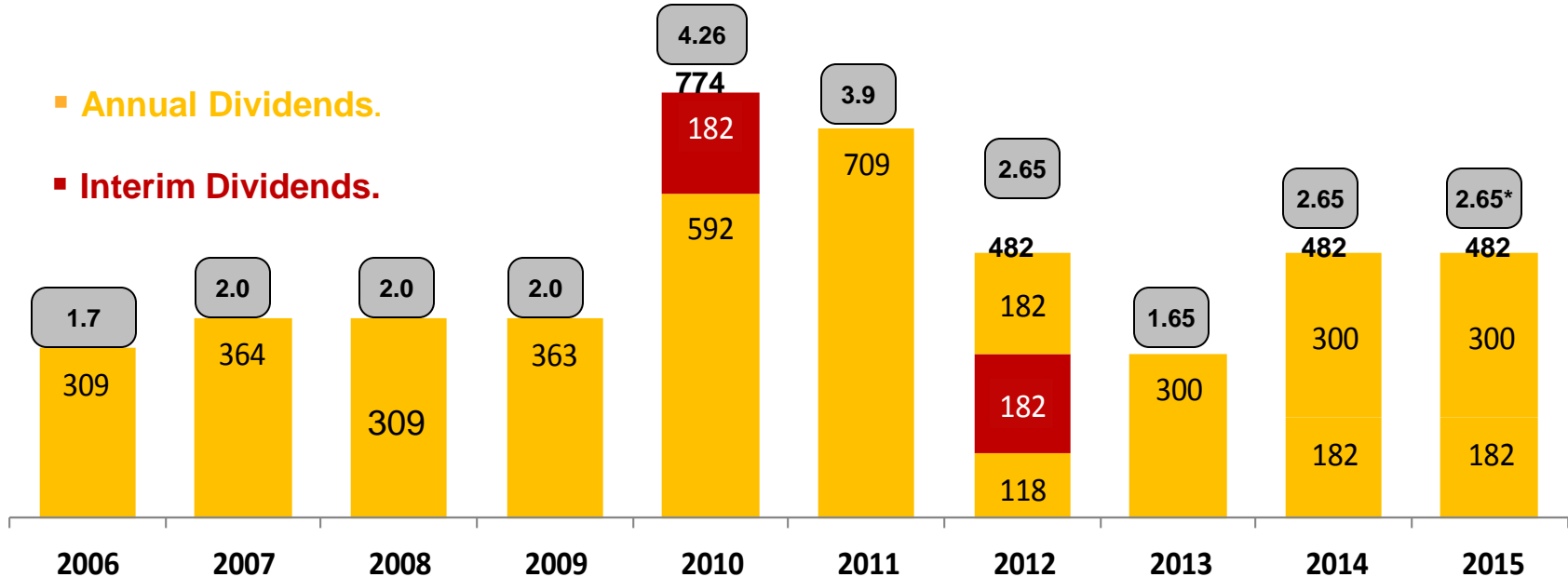
➤ More than EGP 4.5 BN dividend pay out since 2006

Dividend distributed by SCC (EGPm)

Dividend per Share (EGP/Share)

▪ Annual Dividends.

▪ Interim Dividends.



• Starting from 2006 the number of Capital Shares has been increased from (64M) up to (181M)

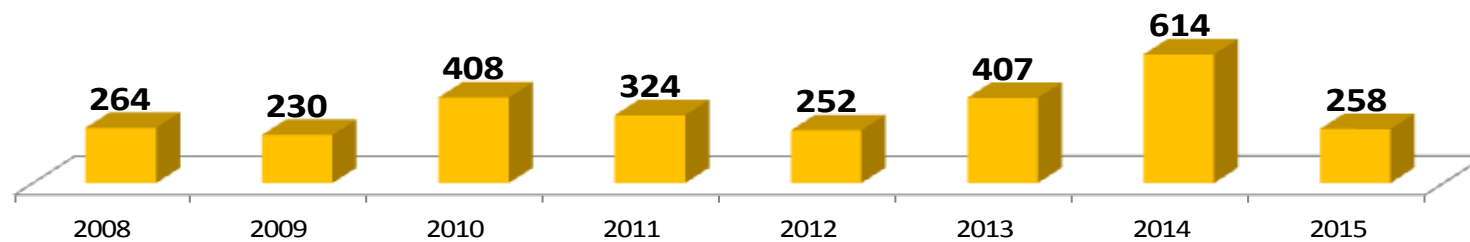
• \* 2014 Dividends first tranche paid in April 2015 (1 EGP/share) – Second tranche paid in September 2015 (1.65 EGP/share)

# 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

## CAPEX



Figures are in MEGP