



السويس للأسمنت
Suez Cement

Corporate Briefing



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- **Group Overview**
- **Market 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

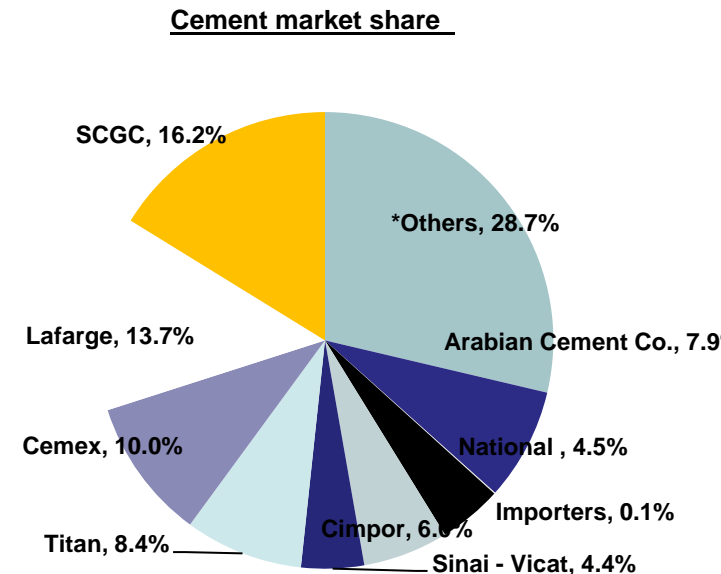
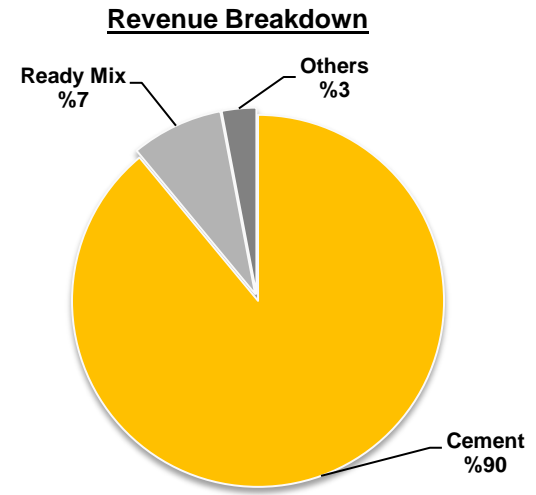
To create value in the building materials sector through the Innovative and sustainable use of natural resources for the benefit of our communities and clients.



Group Overview

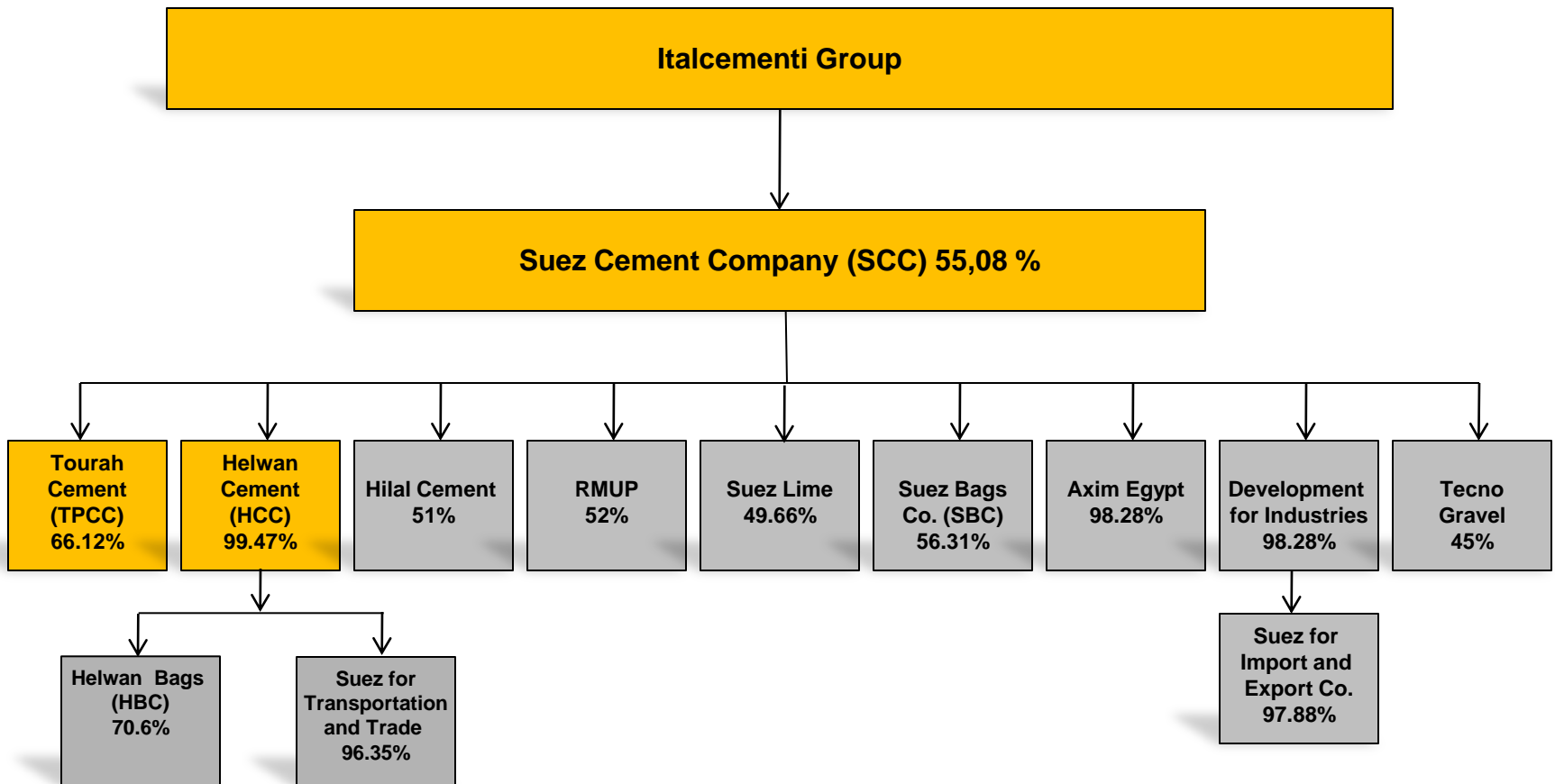
➤ SCgC Group at a glance

- ✓ 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 6.38bln in 2009 and EBITDA of EGP 2.149bln



Group Overview

➤ SCgC Group structure

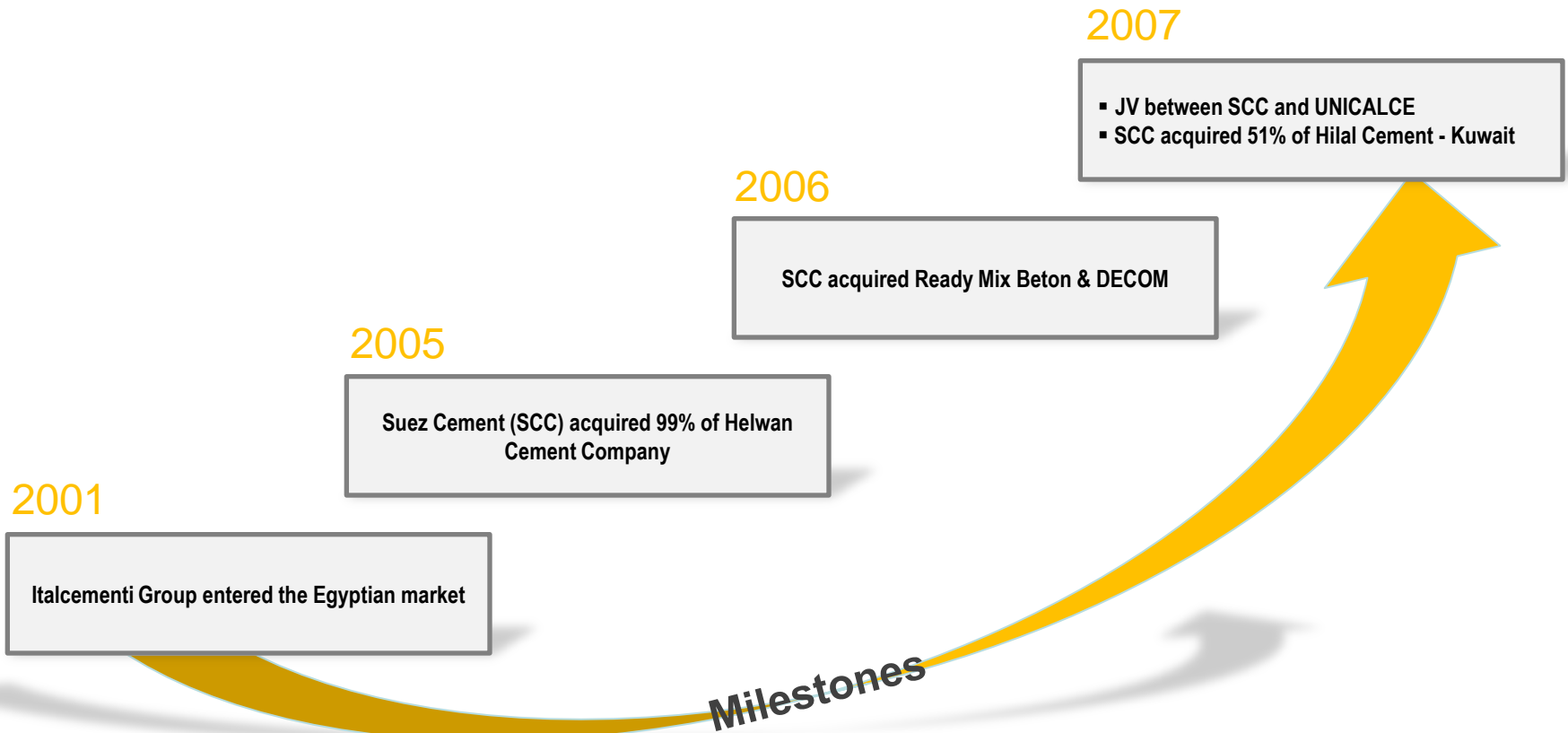


31 December 2012

Group Overview

➤ Key milestones

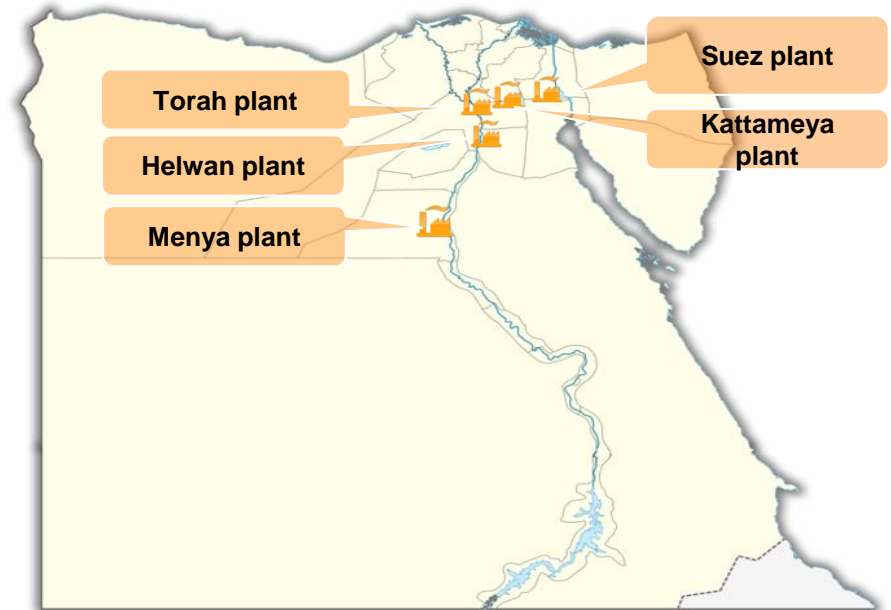
A successful expansion path...



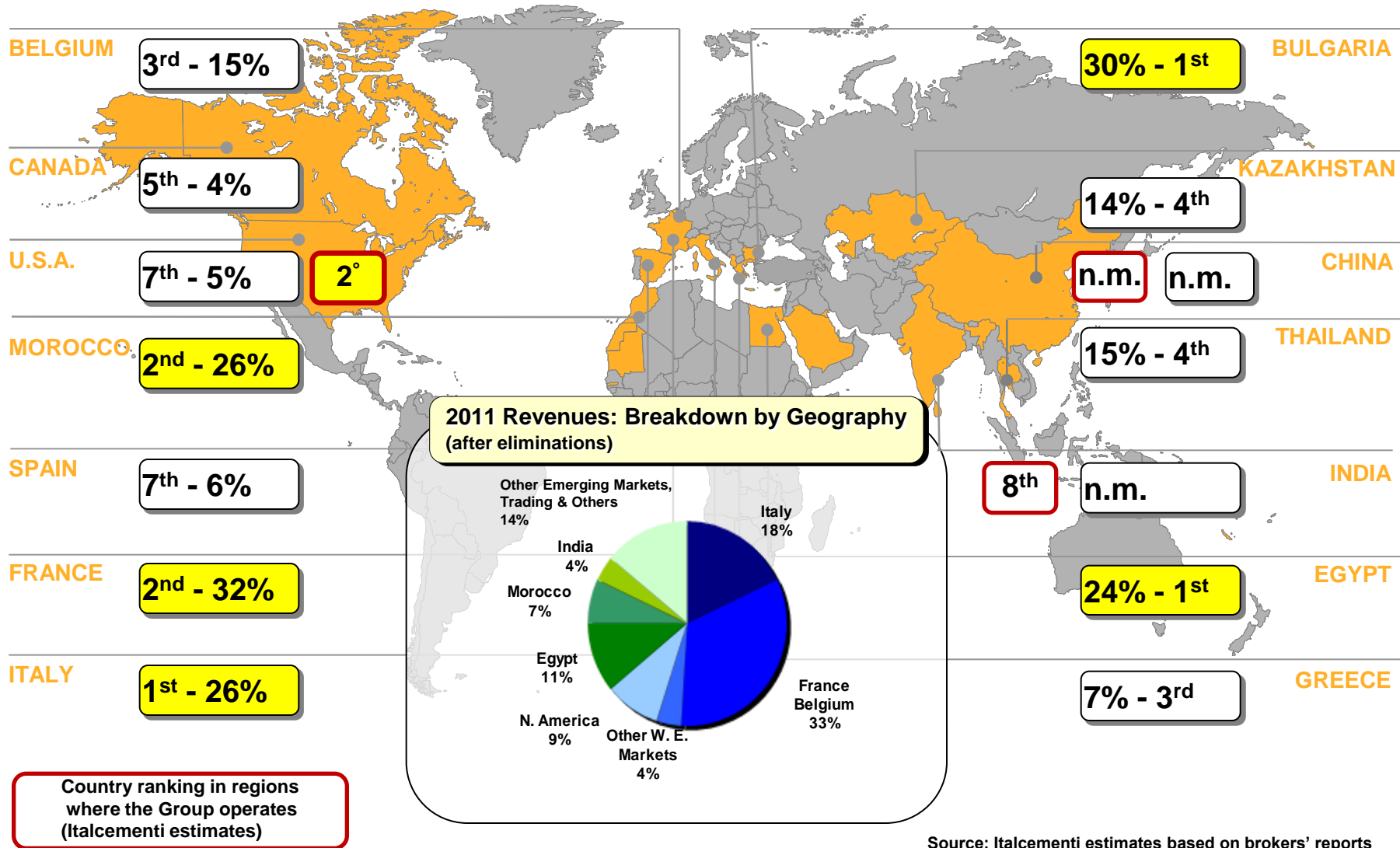
Group Overview

➤ 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 18 percent market share of grey cement.
- ✓ Approximately 28 percent market share of white cement.
- ✓ 15 Operating quarries.
- ✓ 10 kilns in operation.
- ✓ All plants are ISO 9002, ISO 14001 and OHSAS 18001 certified.



Group country rankings and market shares (2011 est.)



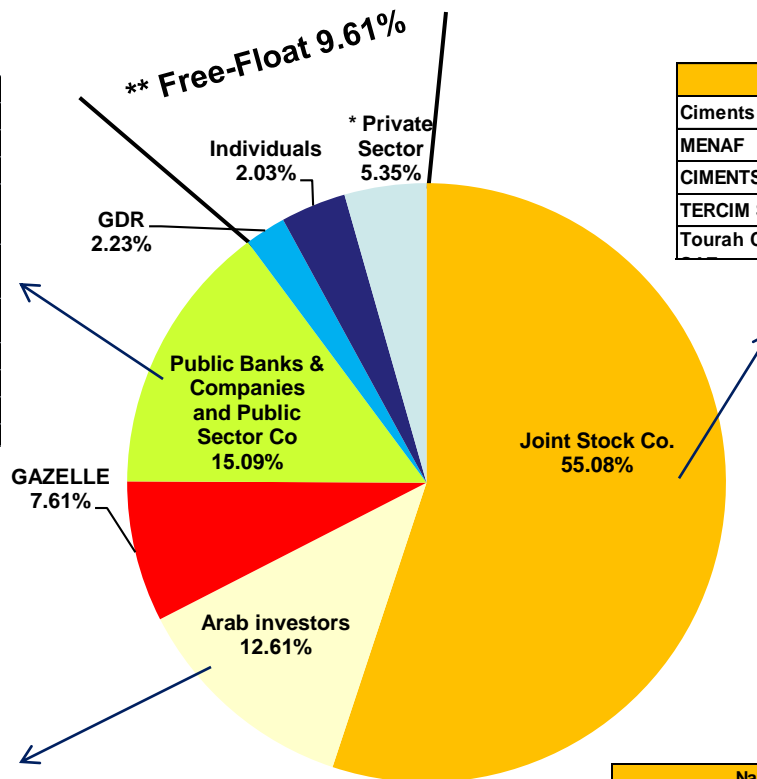
Source: Italcementi estimates based on brokers' reports

Group Overview - Stock Market

➤ SCC Ownership Structure

Name	No. of Shares	%
Misr Capital Investments, SAE	6,793,289	3.74%
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.	845,203	0.46%
Other Public Corporation & Banks	1,286,283	0.71%

Name	No. of Shares	%
United Co. for Provendrs	2,816,815	1.55%
Ibrahim Abd Allh Bonean Co.	1,428,400	0.79%
Abd Elkader Elmohedeb Co.	2,185,601	1.20%
Gulf International Trading & Real Estate Co. Ltd.	297,869	0.16%
abdul Monem Rashed Abdulrahman al rashed Co.	666,667	0.37%
Abd Elmenam Rashed Abd Elrahman	14,392,167	7.91%



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	0.00%

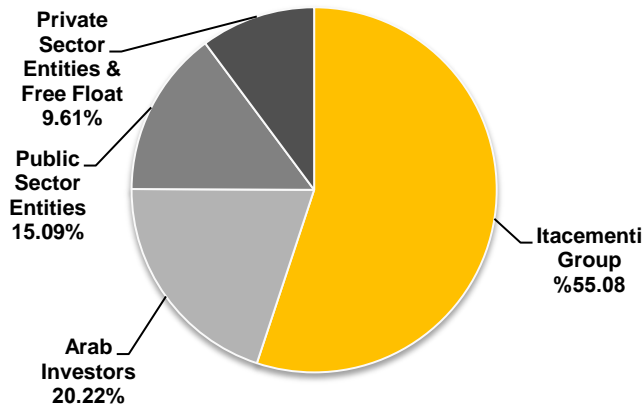
Name	No. of Shares	%
Private Funds	1,797,748	0.99%
Private Insurance Companies , Banks and institutions	7,938,126	4.37%
Individuals	3,526,861	1.94%

31 December 2012

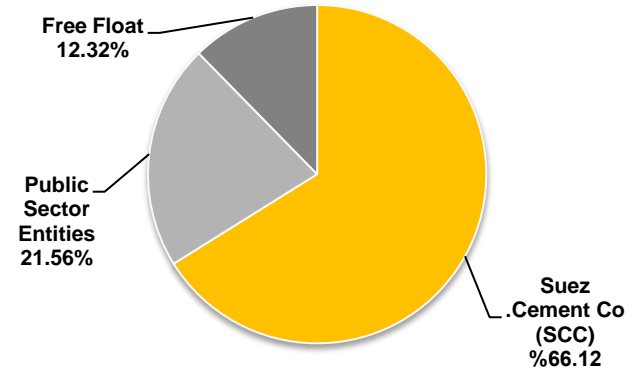
Group Overview - Stock Market

➤ 3 Companies are listed in the Egyptian Stock Market

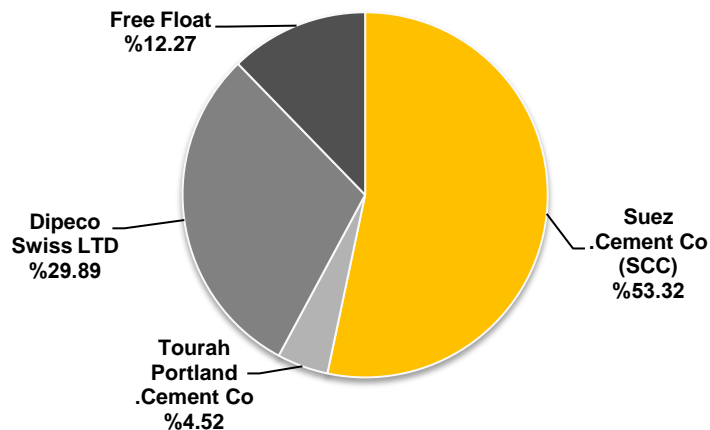
Suez Cement Company (181,856,507 shares)



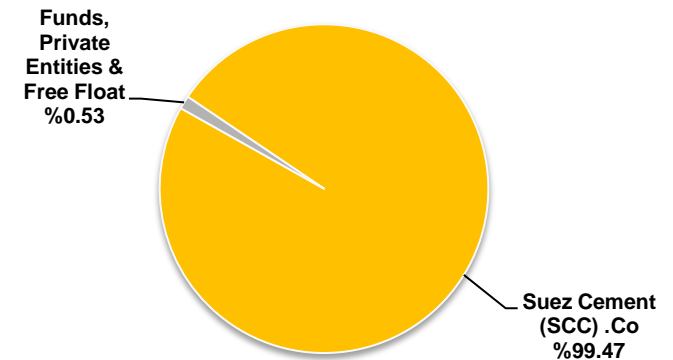
Tourah Portland Cement Company (71,524,200 shares)



Suez Bags Company (2,025,000 shares)



Helwan Cement Company (116,766,945 shares) (Not Listed)



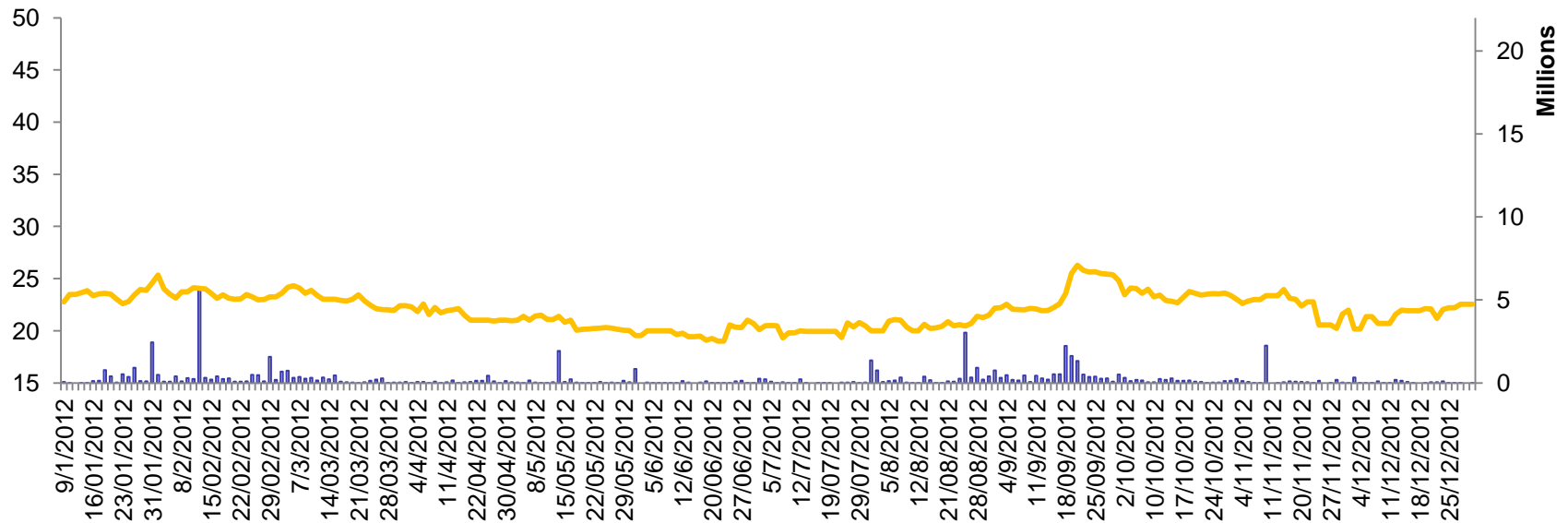
31 December 2012

Group Overview - Stock Market

➤ Suez Cement Company Share Price Performance

Suez Cement 2011/2012

Market Cap (EGP million)	4,101
Close Price (EGP)	22.55
52 WK High (EGP)	27.29
52 WK Low (EGP)	18.51
52 WK Avg. Volume	10,870
YTD Avg. Daily Value Traded (EGP)	246,852

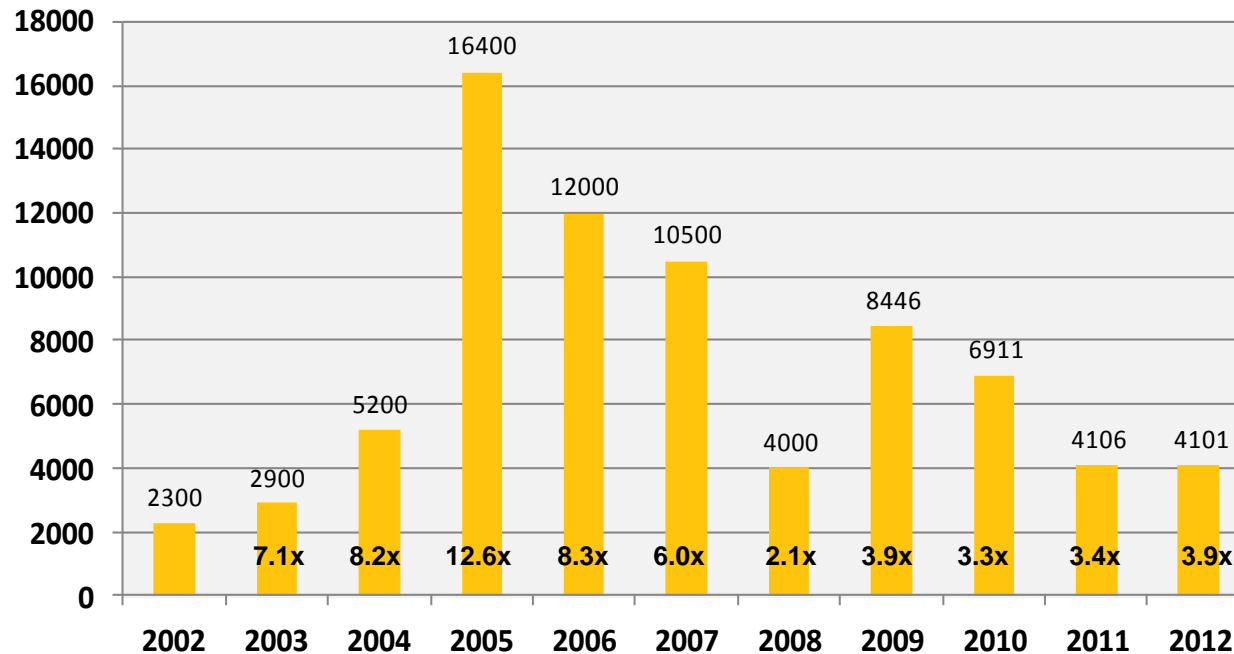


31 December 2012

Group Overview - Stock Market

➤ Market Capitalization : strong decline in EBITDA multiple

Suez Cement (In M EGP)



31 December, 2012

Market Overview

Market Overview

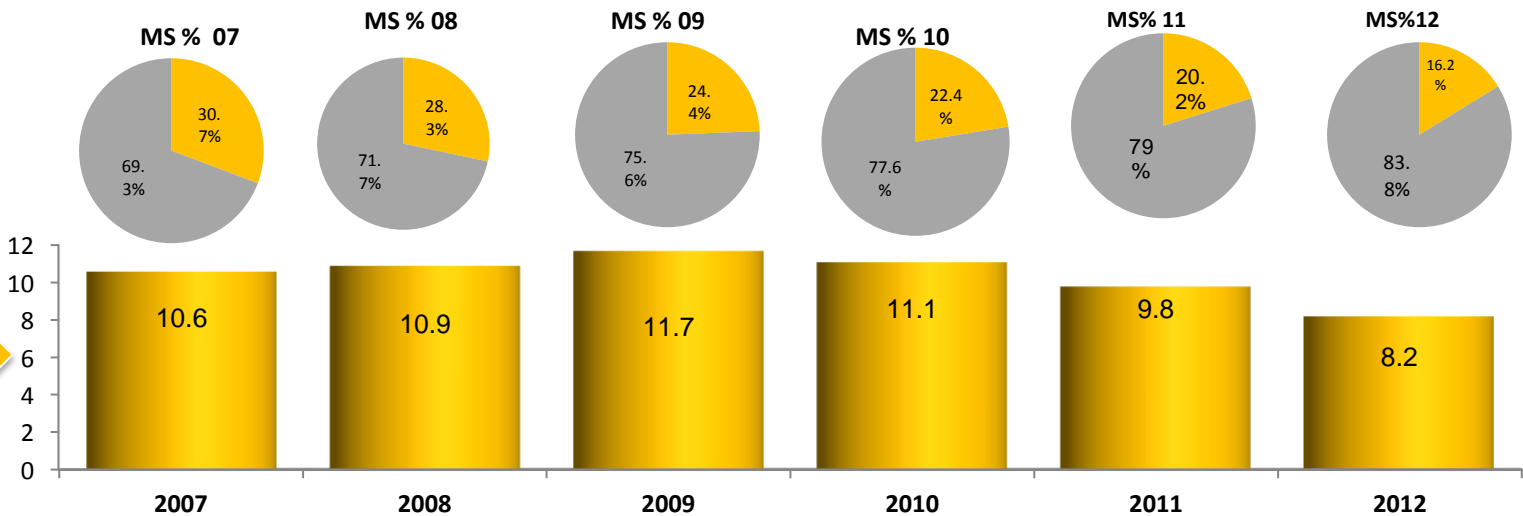
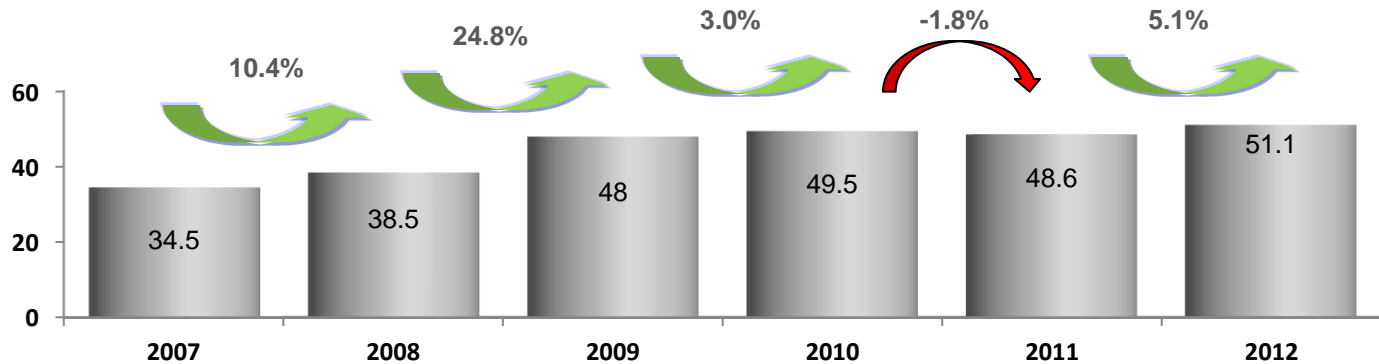
➤ Egypt Macroeconomic Outlook

	2008	2009	2010	2011	2012	2013	2014	09-14 CAGR a)
	actual	actual	actual	actual				
Population growthth (%)	1.8	1.8	1.6	1.6	1.8	1.8	1.8	0.0%
Gross Domestic Product (% yoy)*	6.0	4.0	4.5	4.5	4.5	4.5	4.5	2.4%
Gross Fixed Capital Formation (% yoy)	32.8	-3.7	10.9	16.1	16.6	17.3	18.1	
Inflation (% annual av.)	18.3	11.0	8.0	7.0	6.0	6.0	6.0	-11.4%
Exchange rate (loc.Cur/€)	8.0	7.8	7.8	8.3	9.0	8.1	7.5	-0.8%
Exchange rate (loc.Cur/\$)	5.4	5.6	5.5	5.9	8.4	7.8	7.4	5.7%
lending rate (% annual av.)	12.3	11.6	9.6	8.8	7.0	5.5	5.0	-15.5%
OPEC basket Price, US\$/bbl, ave	94.1	59.0	83.0	101.9	99.4	93.2	93.2	9.6%
Construction (% yoy)	11.9	11.4	13.2	4.1	-6.0	6.7	5.9	-12.3%

5 years compounded annual growth rate – Source: Business Monitor International (a

Market Overview

➤ Egypt Macroeconomic Outlook



CAGR: Compound Annual Growth Rate

*Source: Ministry of Investment

Market Overview

- **The residential segment consumes more than 57% of the total cement consumption**

☐ Residential

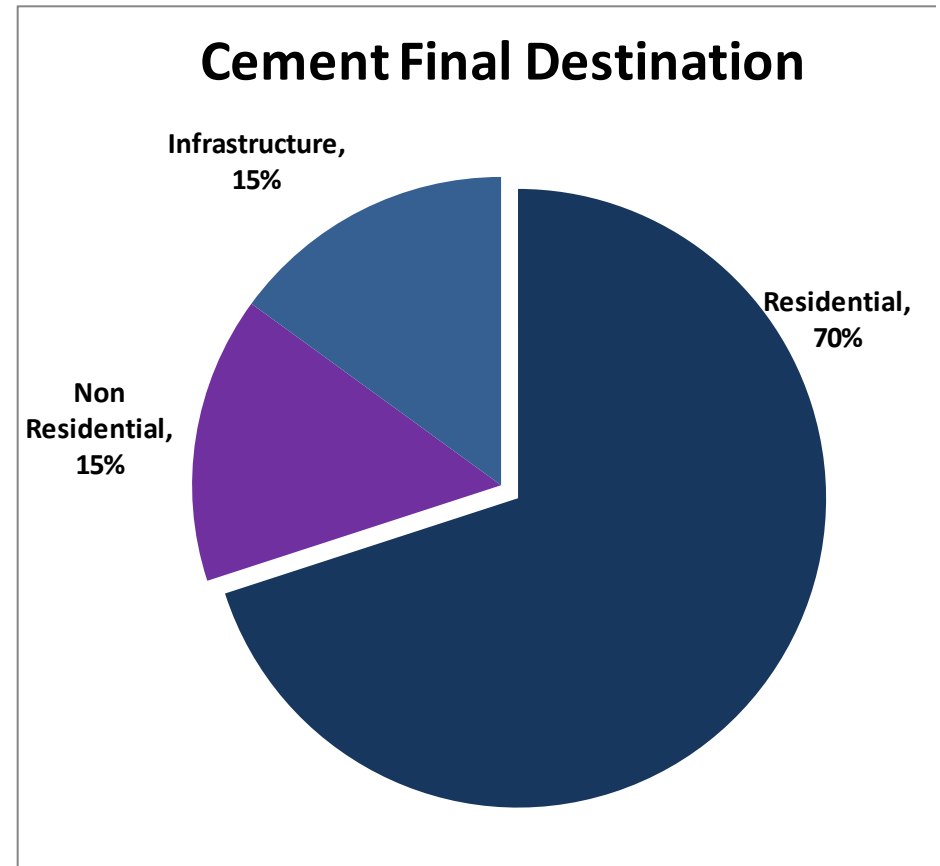
- ✓ Although the tough situation this segment still have Good perspectives in the short and medium term projects.

☐ 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.



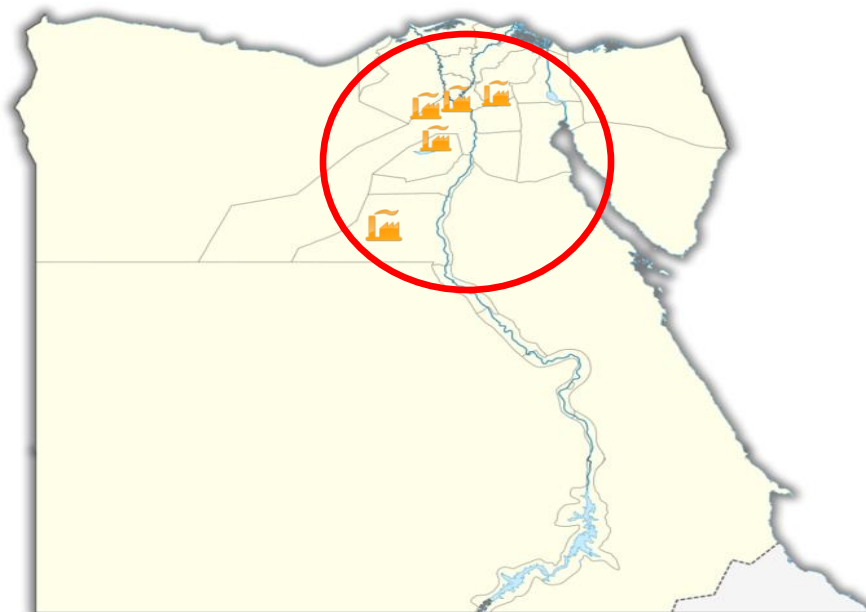
Market Overview

- **Around 60% of total domestic cement consumption is concentrated in Greater Cairo & Delta**

- ✓ **Cement dispatch/ region**

	Market % of Total	SCGC MS%
Greater Cairo	32%	59%
Delta	25%	30%
Upper Egypt	11%	1 %
Others	32%	10%

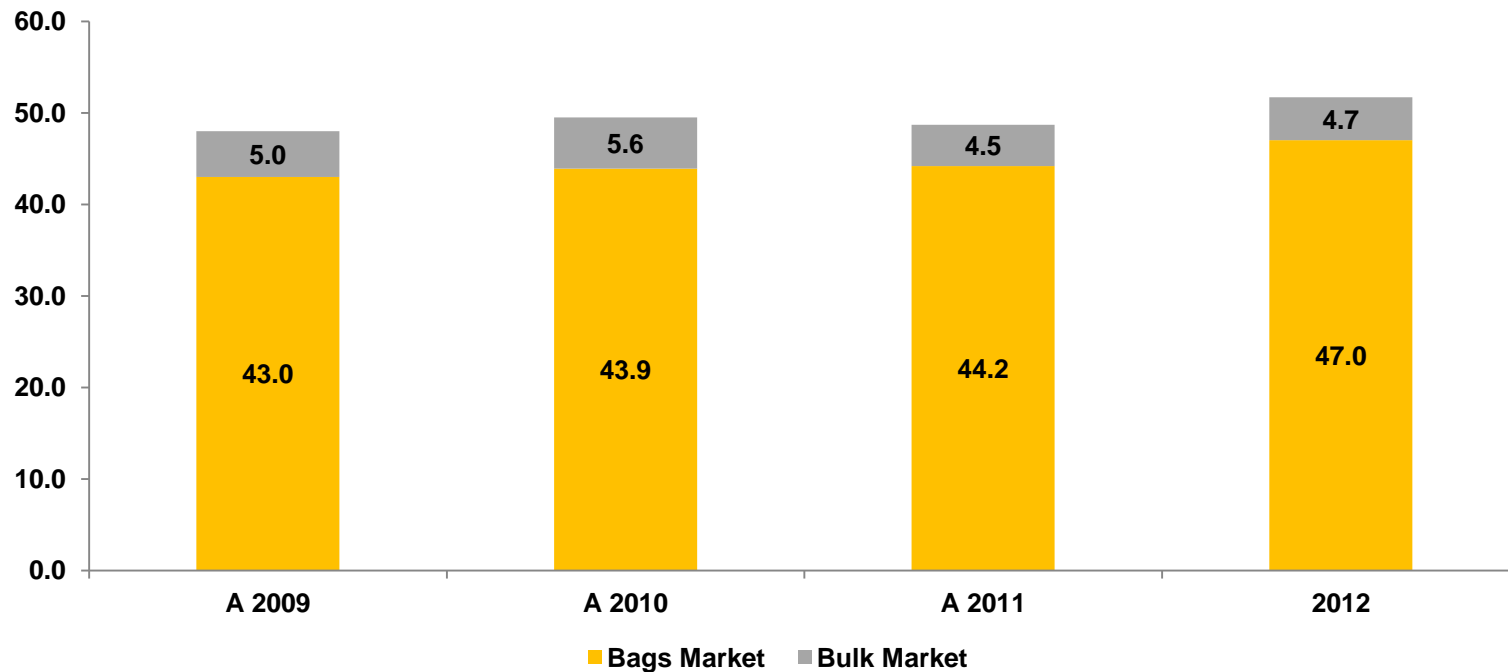
- Population 2010*: 89.5 million
- Growth rate (2011-2012)*: 1.9%
- Age profile (CAPMAS** – May2008):
 - ✓ 0 – 4 10.6%
 - ✓ 5 – 14 21.1%
 - ✓ 15 – 44 49.8%
 - ✓ 45 – 60 12.4%
 - ✓ +60 6.1%



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

Market Overview

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

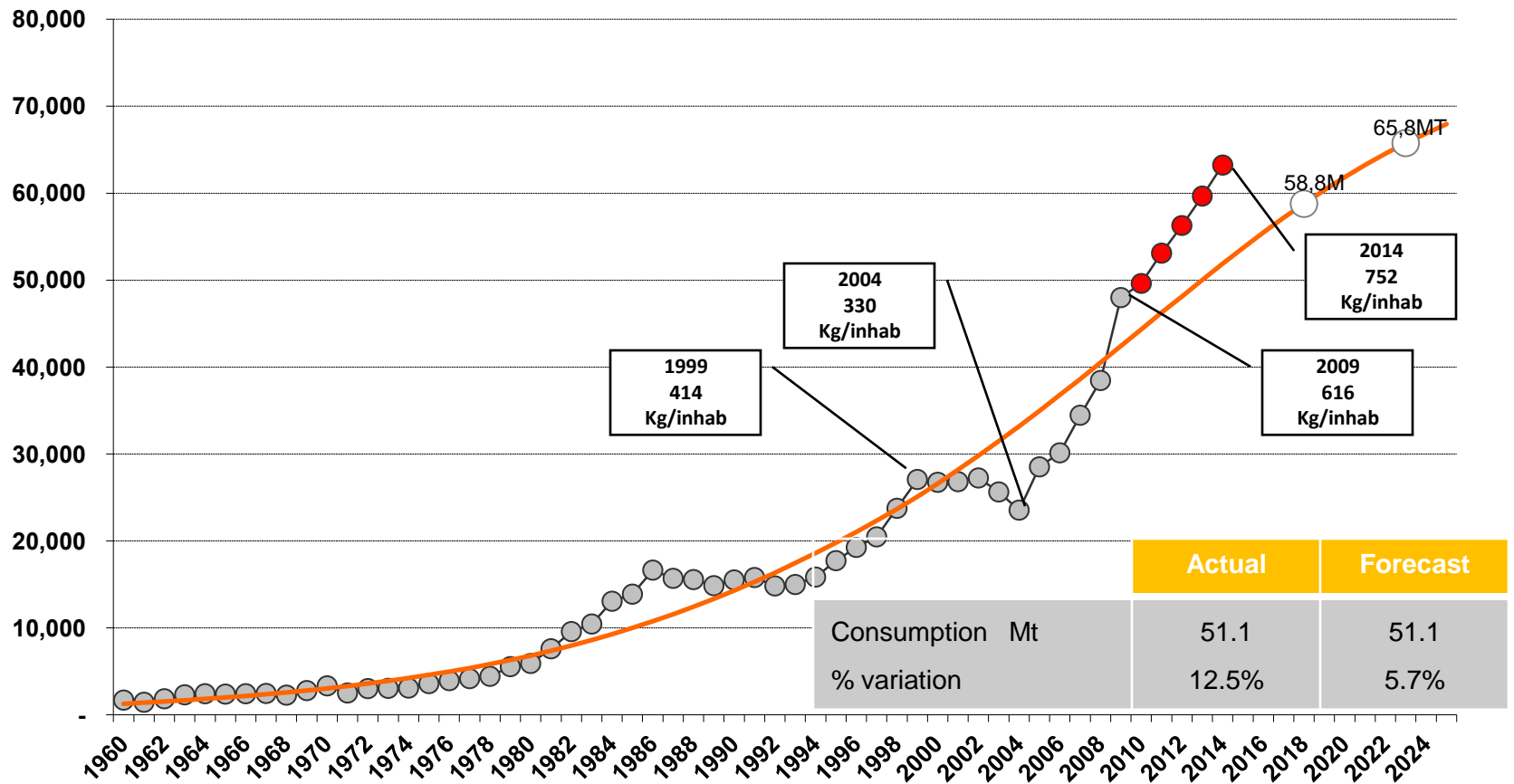


Source: internal market intelligence

Market Overview

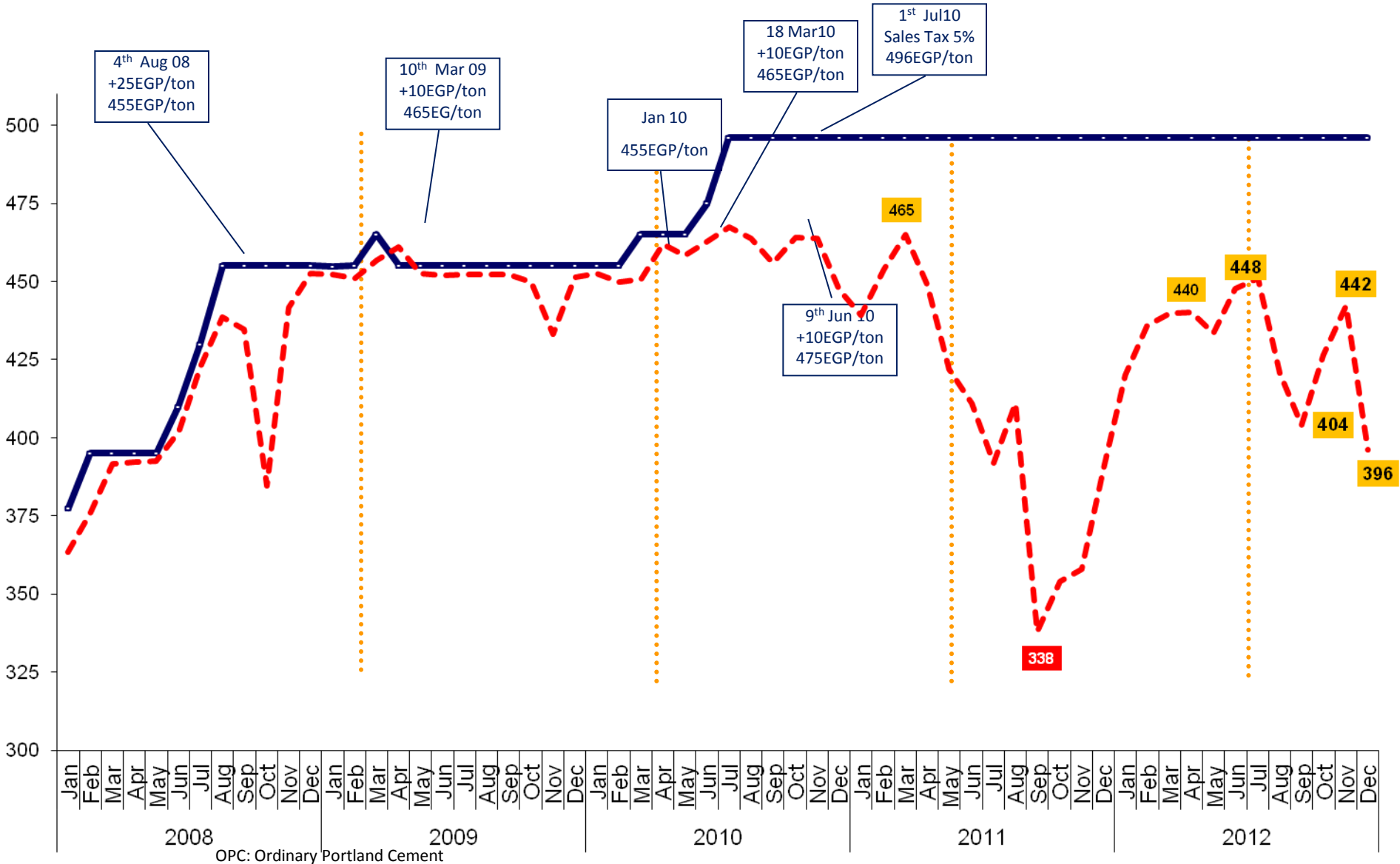
➤ Egypt Grey Cement Market

Structural Demand (Mt)



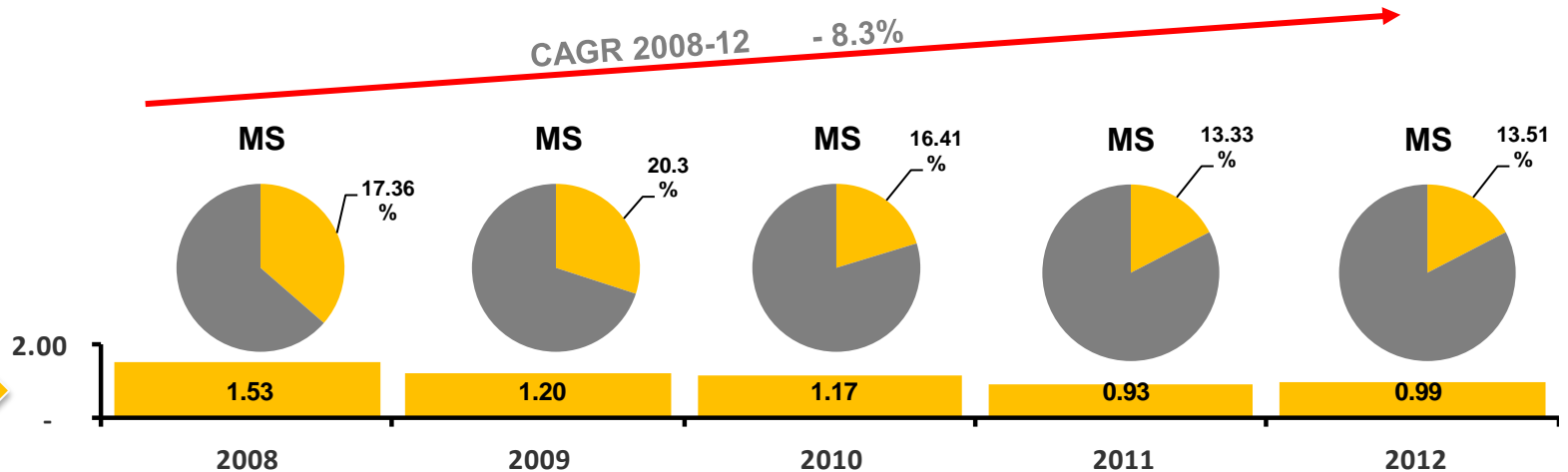
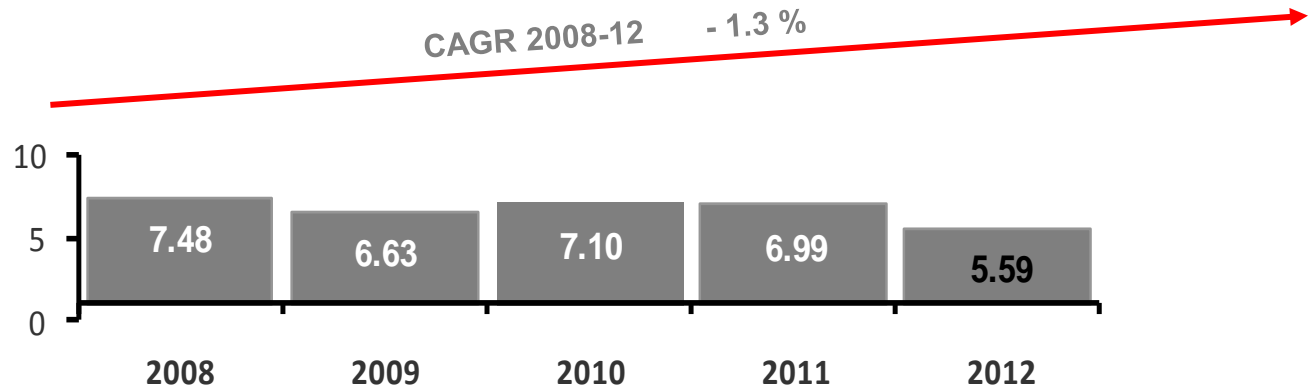
a) 2004-2009 Compound Annual Growth Rate %
 b) 2009-2014 Compound Annual Growth Rate %

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



Market Overview

- The RMC market recorded - 1.3% CAGR over the last 5 years



*Source: Internal market intelligence



Investment Highlights

Investment Highlights

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

- ✓ Italcementi Group is the world's fifth largest cement producer with an annual production capacity of approximately 70 million tons of cement.
- ✓ The Parent Company, Italcementi S.p.A., is one of Italy's ten largest industrial companies and is included in S&P/MIB Index of the Italian Stock Exchange.
- ✓ Italcementi Group's companies combine the expertise, know-how and cultures of 22 countries in 4 Continents boasting an industrial network of 59 cement plants, 15 grinding centers, 5 terminals, 92 aggregates quarries and 373 concrete batching units.
In 2009, the Group had sales amounting to almost 5 billion Euro.
- ✓ As a member of the World Business Council for Sustainable Development (WBCSD) Italcementi Group has signed the Cement Sustainability Initiative's Agenda for Action, the first formal commitment that binds a number of world cement industry leaders to an action plan that aims at satisfying present-day needs at the same time as safeguarding the requirements of future generations.
- ✓ To further confirm its commitment on these issues, the Group has taken over the co-Chairmanship of the Cement Sustainability Initiative for the period 2006-2007.

World class management team

Technical Know-how, R&D, and industry knowledge

Strong corporate governance

Highest operating, control & risk management standards

Global industrial and distribution network

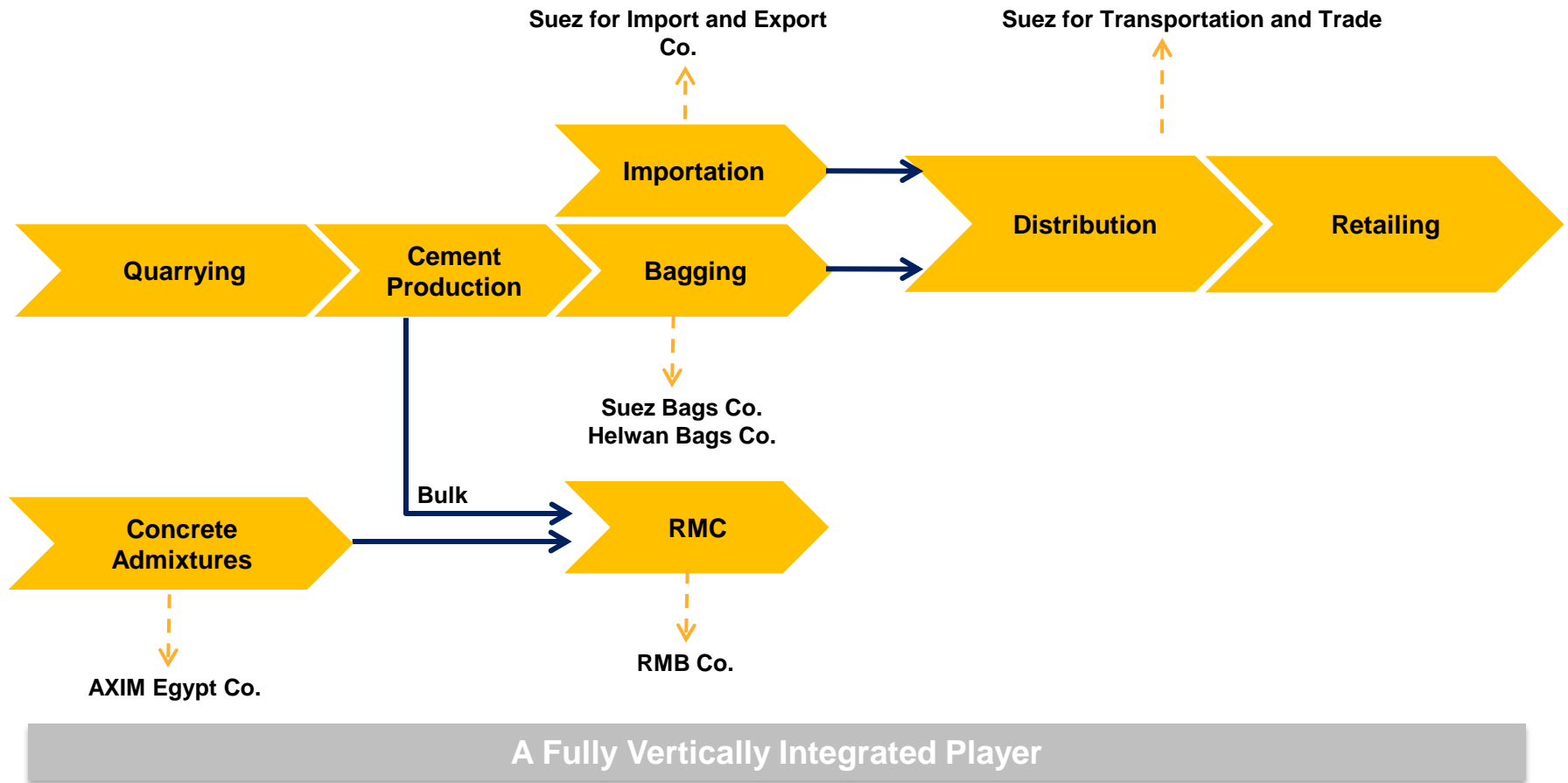
World class Health, Safety and Environment standards



Italcementi Group

Investment Highlights

➤ Attractive Business Model



Investment Highlights

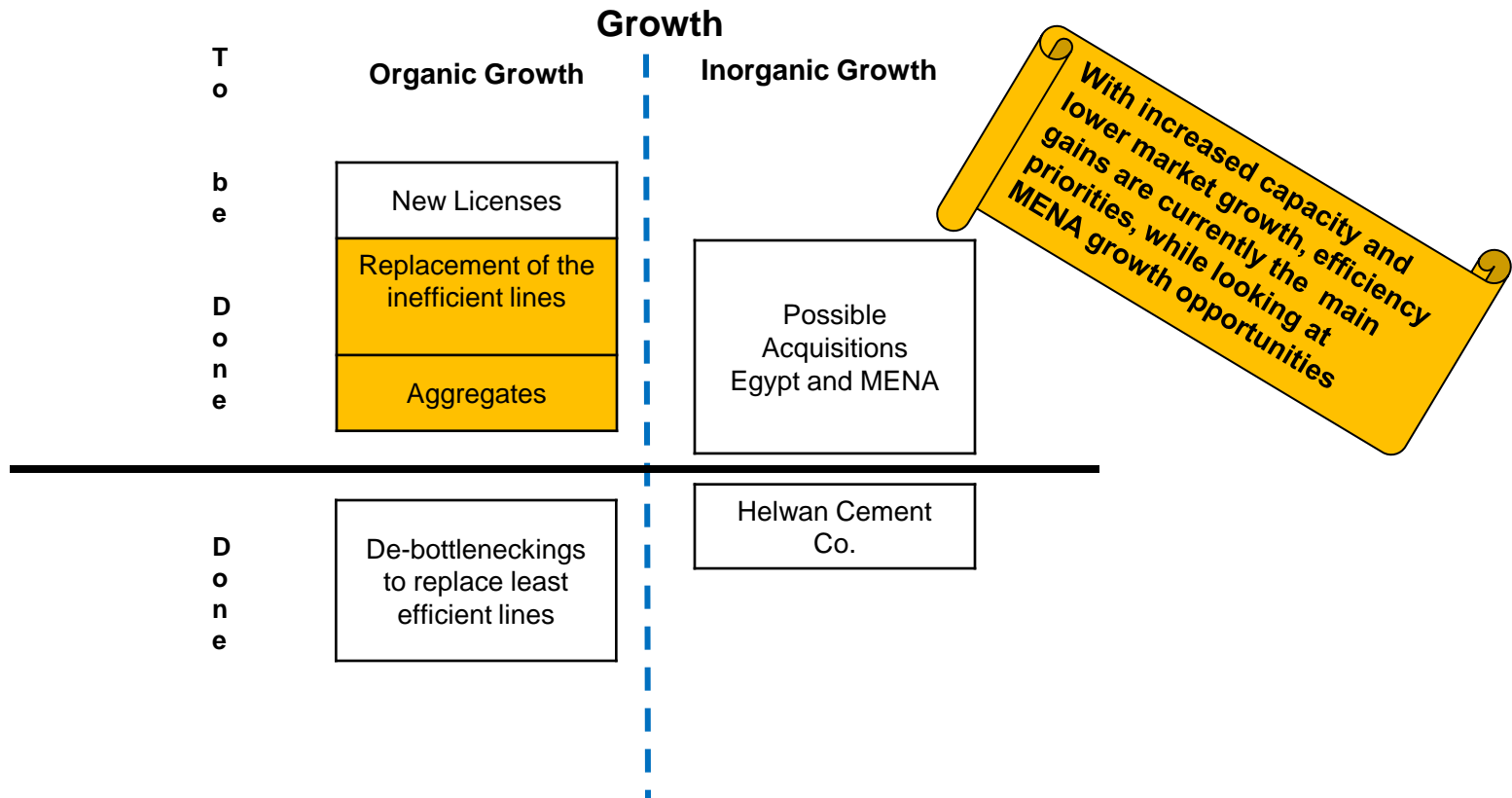
➤ Operational Efficiencies in the pipeline

- ❑ De-bottlenecking first , then installing state-of-the art kiln and mill production lines replacing the less efficient ones
- ❑ Switching from gas and fuel towards coal and pet coke, widely used in most countries, to lessen the impact of unavoidable energy subsidies lifting.
- ❑ 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 4-10% on the cost of fuel.



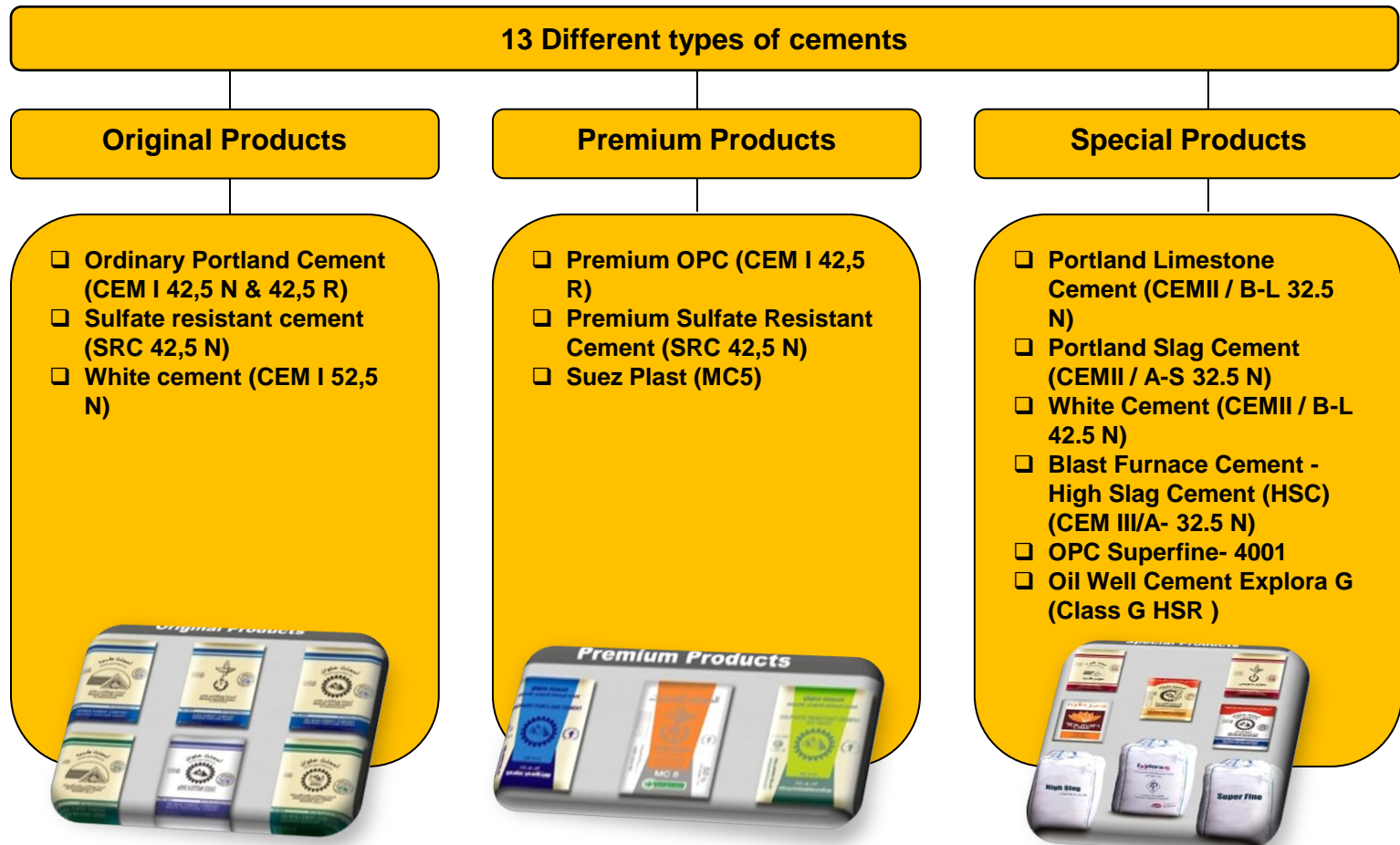
Investment Highlights

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



Investment Highlights

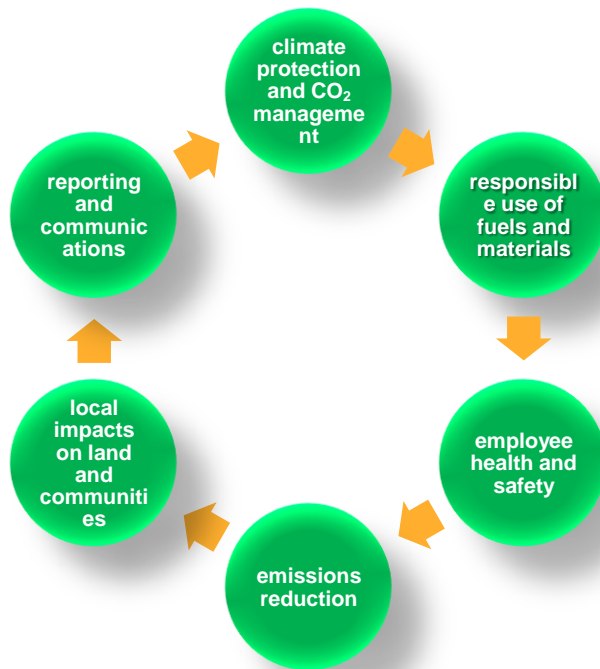
- As a Business-Level strategy, SCgC implements a differentiation strategy in its marketing approach that provides value to customers and is worth a premium price



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	150 – 200 to decrease to 10-20
Tourah	150 – 200 to decrease to 10-20
Kattamiyah	60 – 100
Suez	80 – 100
Minya	100 – 150 to decrease to 50-100

Investment Highlights - Sustainable Development

➤ Our quality and environmental key achievements

Environmental

- Shifting from fuel to natural gas in Helwan and Tourah plants.
- 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 2012

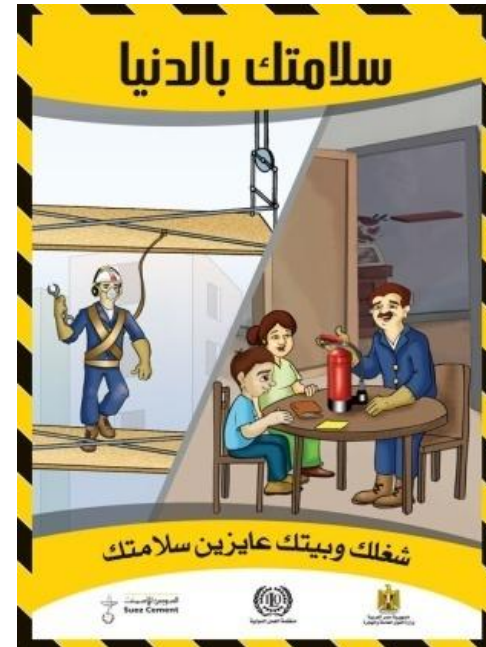
- Suez Cement Group Development Project with Helwan and Suez Universities will provide assistance and training of students to help develop critical skills needed to raise their competitive edge in the job market after graduation, in addition to other support that will enhance the learning environment for both students and professors.
- 9000 meals in Charity Tents and distribution of 1500 Ramadan bags.
- “Adopt a School” project in cooperation with Injaz NGO to develop students, teachers and parents skills.
- Fellowship Fund to support one Science and Engineering Master’s student every two years from Helwan, Tourah ,Minya or Suez University at the American University in Cairo.
- Cooperation with Don Bosco Technical Institute to pay student fees and develop educational programs.
- Donation to 57357 Children Cancer Hospital
- Helwan and Tourah School revamping
- Cement donations
- Ongoing implementation of the program “For the Smile of our children in Helwan and Tourah districts” in cooperation with the National Council for Childhood and Motherhood for Tourah and Helwan districts



Investment Highlights - Sustainable Development

➤ Commitment to Safety

- Adopting the “**Zero Accident**” brings together all the necessary programmers required to establish a consistent Safety management system.



Evolution of Frequency of Accidents ¹ (2005 – 2012)								
	2005	2006	2007	2008	2009	2010	2011	2012
Employees	31.23	5.2	2.6	1.9	2.9	2.5	4.1	2.4
Contractors	54.50	4.8	3.0	2.7	3.2	2.2	2.1	1.8

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.


Roberto Colaninno
Managing Director

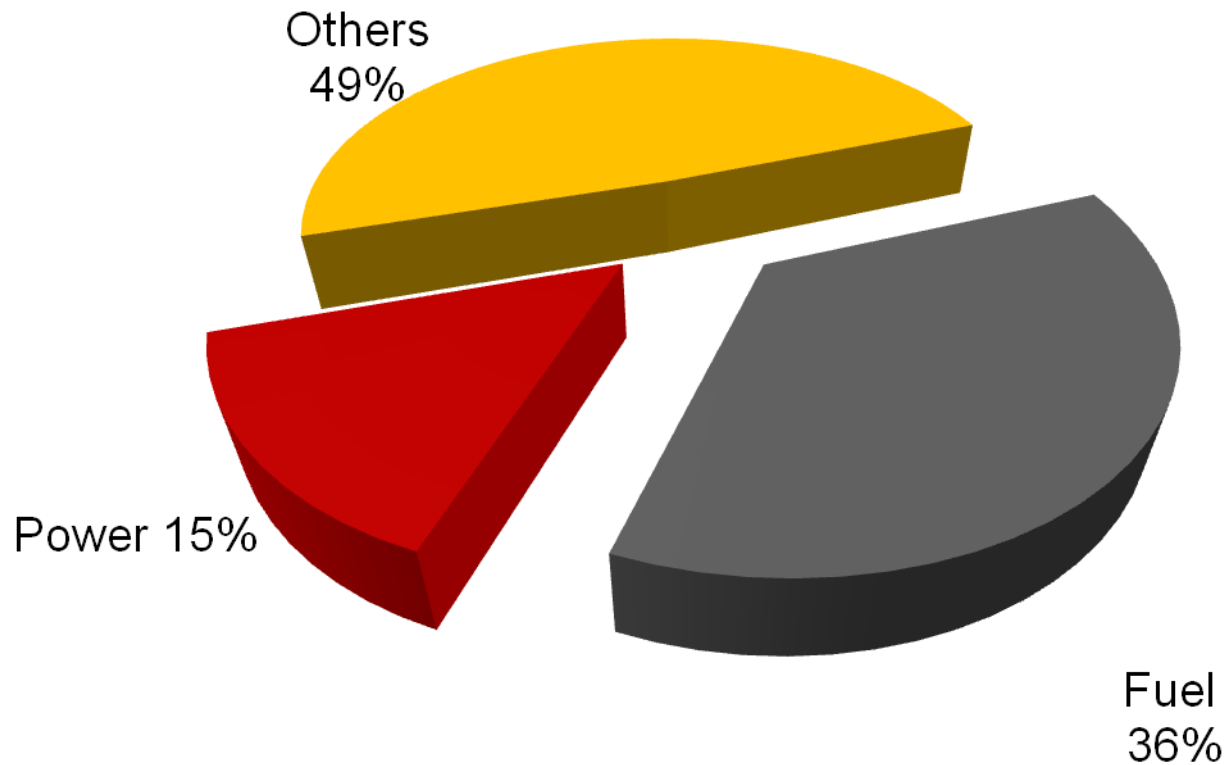
Cairo, January 2007

Italcementi Group's Charter of Values is inspired by fundamental international reference standards such as the United Nations' Universal Declaration of Human Rights, the International Labor Organization standards and the UN Global Compact. Italcementi Group's Charter of Values is based on the main governance codes 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 Dialog.

Financial Highlights

Financial Highlights

➤ An energy intensive industry...



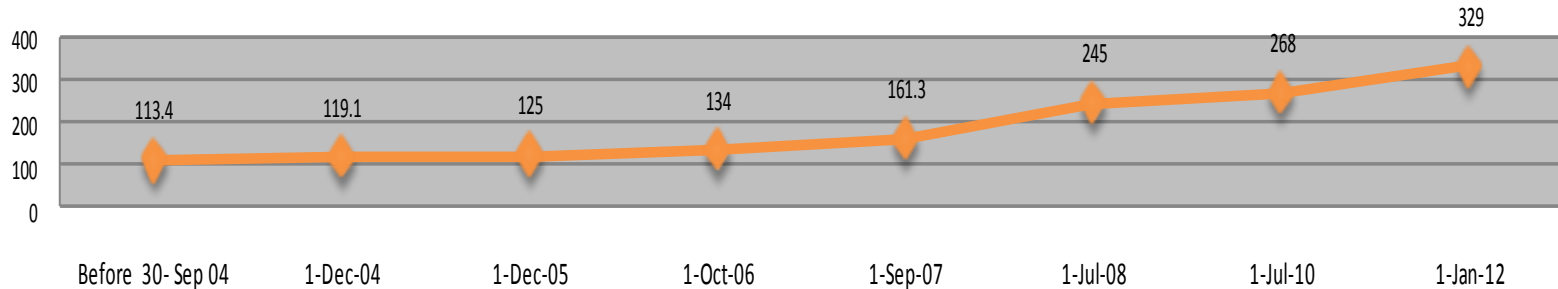
Energy represents 51 %
of the production cost

December 2012 SCgC cost breakdown

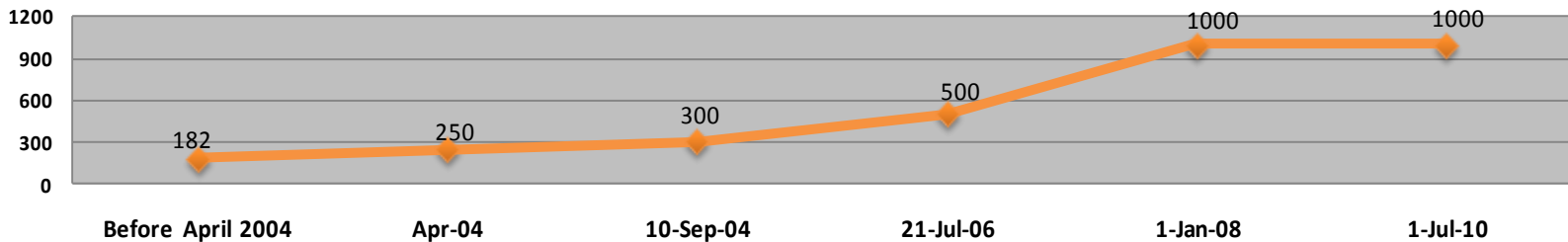
Financial Highlights

- Electricity and Gas prices increased as of January 2012...

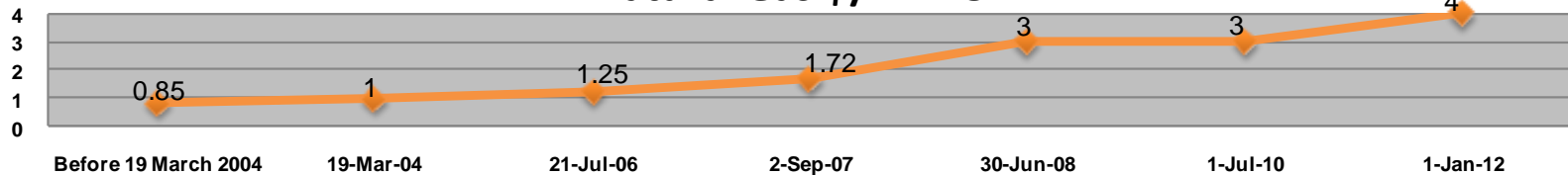
Electricity EGP/MWH



Fuel Oil EGP/t



Natural Gas \$/MBTU



2012 Q4 key results (Consolidated)

	Q 4 2012	Q 4 2011	Var. 2012-2011		Ytd. Dec. 2012	Ytd. Dec. 2011	Var. 2012-2011	
			Var.	%Var.			Var.	%Var.
<i>Kt</i>								
Volume sold (Cement + Clinker)	2,482	2,540	(58)	-2.3%	9,632	10,151	(518)	-5.1%
Domestic	2,352	2,472	(120)	-4.9%	9,103	9,922	(819)	-8.3%
Export	130	69	62	89.5%	529	228	301	131.8%
<i>EGPm</i>								
Revenue	1,188	1,062	126	11.9%	4,597	4,820	(223)	-4.6%
EBITDA - recurring	242	153	89	58.2%	1,051	1,199	(148)	-12.4%
% of revenue	20.4%	14.4%	6.0 p.p.		22.9%	24.9%	(2.0) p.p.	
EBIT	153	52	101	192.4%	702	837	(135)	-16.2%
% of revenue	12.9%	4.9%	7.9 p.p.		15.3%	17.4%	(2.1) p.p.	
Net Profit	137	54	82	151.4%	592	676	(84)	-12.4%
Cash Flow from operations	226	155	71	45.7%	940	1,037	(97)	-9.3%
					31.12.12	31.12.11	Var.	% Var.
Net Financial Position - NFP					1,528	1,338	190	14.2%
Operating Working Capital - OWC					386	611	(225)	-36.8%

Financial Highlights

MEGP	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012
Revenues	5,542	6,380	6,152	4,820	4,597
EBITDA - recurring	1,863	2,155	2,120	1,199	1,051
<i>% on revenues</i>	33.6%	33.7%	34.4%	24.9%	22.9%
EBIT	1,558	1,838	1,705	837	702
<i>% on revenues</i>	28.1%	28.8%	27.7%	17.4%	15.3%
Net Profit (Group Share)	1,041	1300	1,236	568	524
<i>% on revenues</i>	18.8%	20.4%	20.1%	11.7%	11.3%

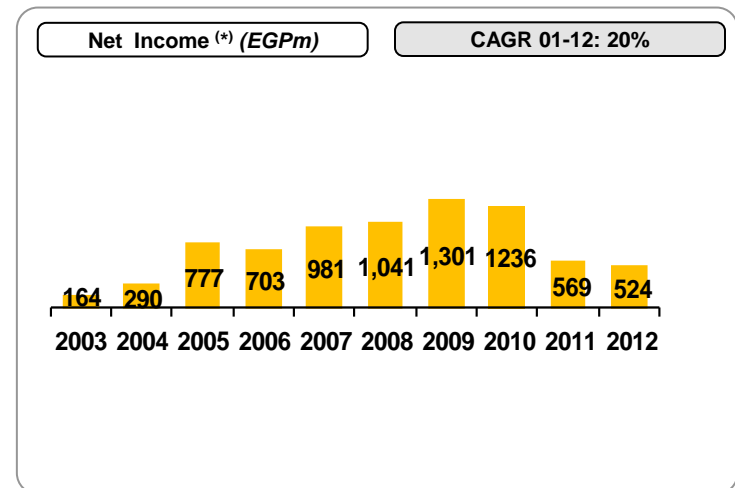
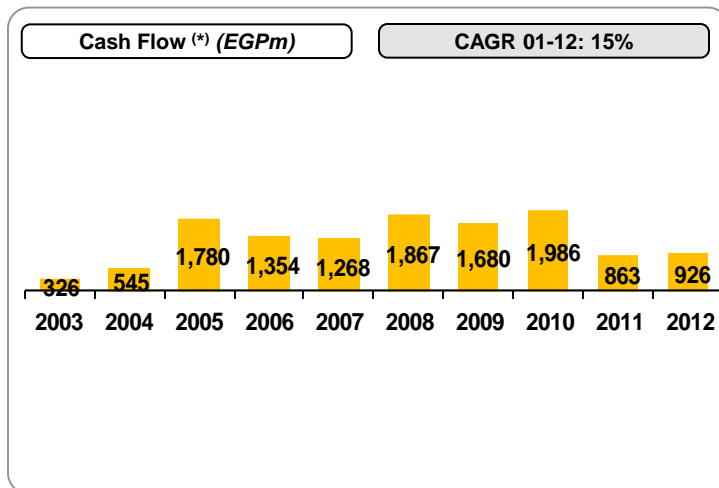
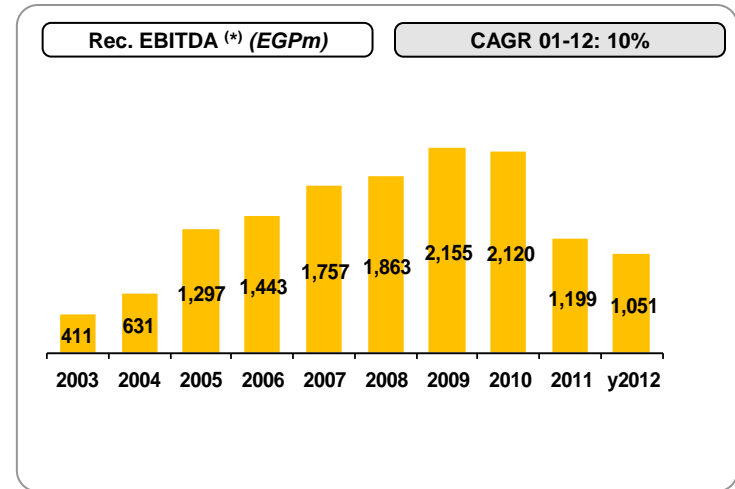
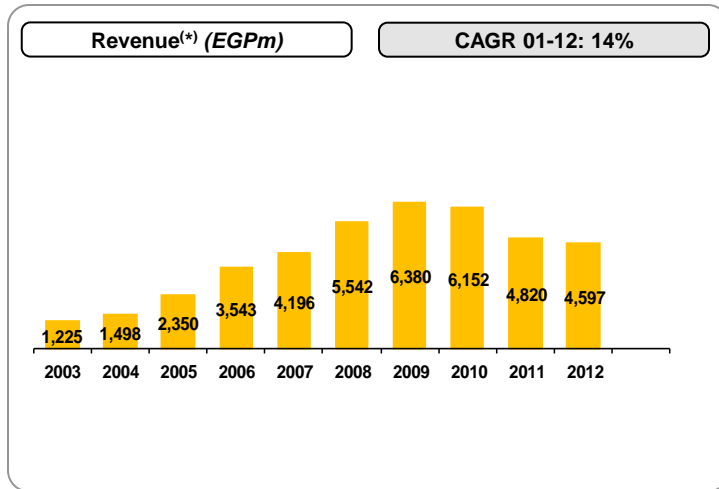
Financial Highlights

➤ Strong equity structure with growing accumulation of cash

MEGP	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012
Total L-T Assets	6853	6723	6742	6703	6654
Inventory	944	863	952	998	804
Account Receivables	184	199	243	247	268
Cash and Cash Equivalents	1001	1486	1758	1448	1622
Total Current Assets	2432	2899	3299	2957	3029
Total Assets	9285	9622	10041	9661	9683
S-T Debt	329	22	13	0	-
Cp of L-T Loan	234	230	8	24	37
Cp of L-T liabilities	14	12	12	4	-
Total Current Liabilities	2162	1807	1805	1609	1684
L-T Loan	261	8	34	81	57
Total Equity	6695	7624	8039	7771	7756
Total Liabilities & Equity	9285	9622	10041	9661	9683
Net Debt(Cash) Position	(163)	(1214)	(1670)	(1338)	(1528)
Net Debt(Cash) / EBITDA	NS	NS	NS	NS	NS
Net Debt(Cash) / Equity	NS	NS	NS	NS	NS
FCF**	1182	1365	1326	477	777

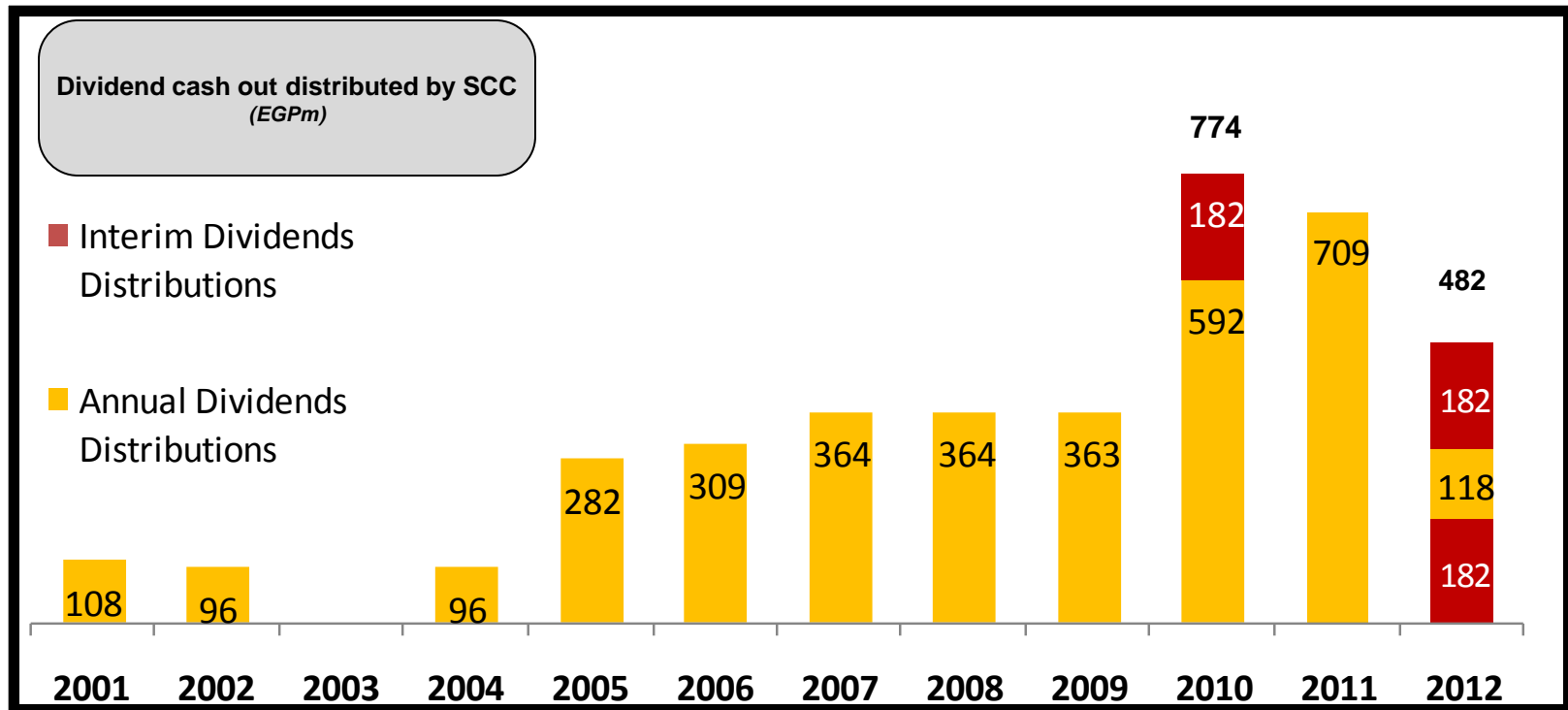
Financial Highlights

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



Financial Highlights

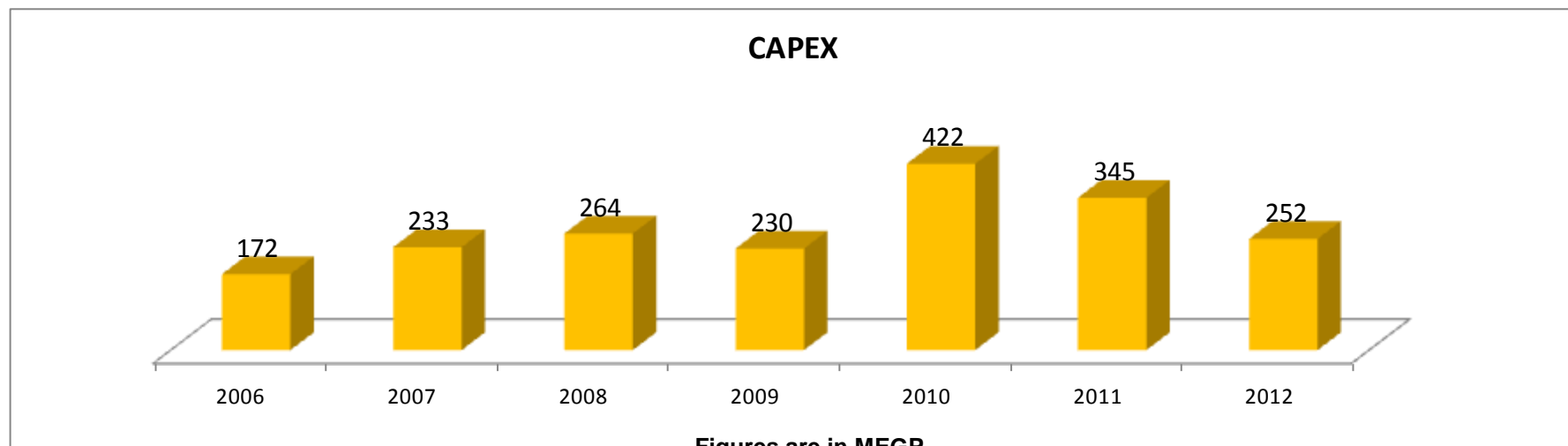
- More than 3,6BN EGP dividend pay out since 2005



Financial Highlights

➤ Main Historical Acquisitions and Capex

Year	Company	Share	Value
2005	Helwan Cement Co.	98.7%	EGP3.4bln
10/2006	RMB + RMBE	52%	EGP81M
8/2007	Hilal Cement (Kuwait)	51%	EGP262M



31 December 2012

Financial Highlights

- **As a result, SCC enjoys a strong capital structure and cash generating ability which allow the Company the possibility of considering any financially and strategically attractive growth opportunity both domestically and within the region.**

Financial Highlights

