



# Corporate Briefing



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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.

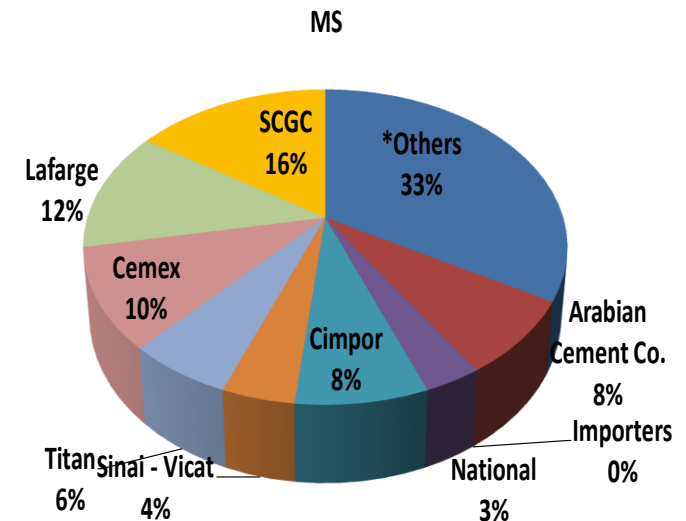
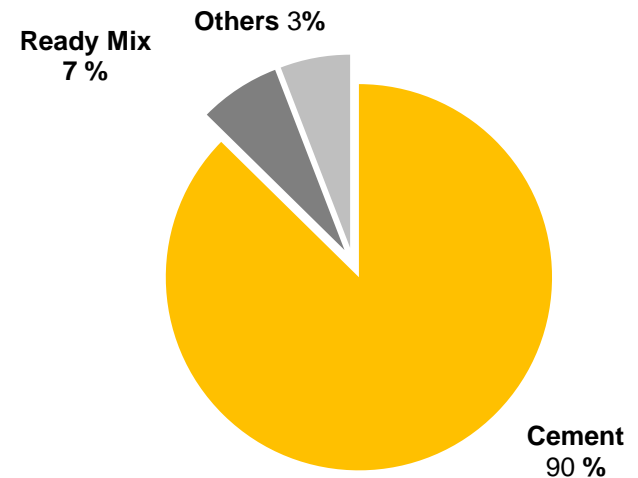


# Group Overview

## ➤ 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 5.049 bln in 2013 and EBITDA of EGP 1.061 bln

Revenue Breakdown



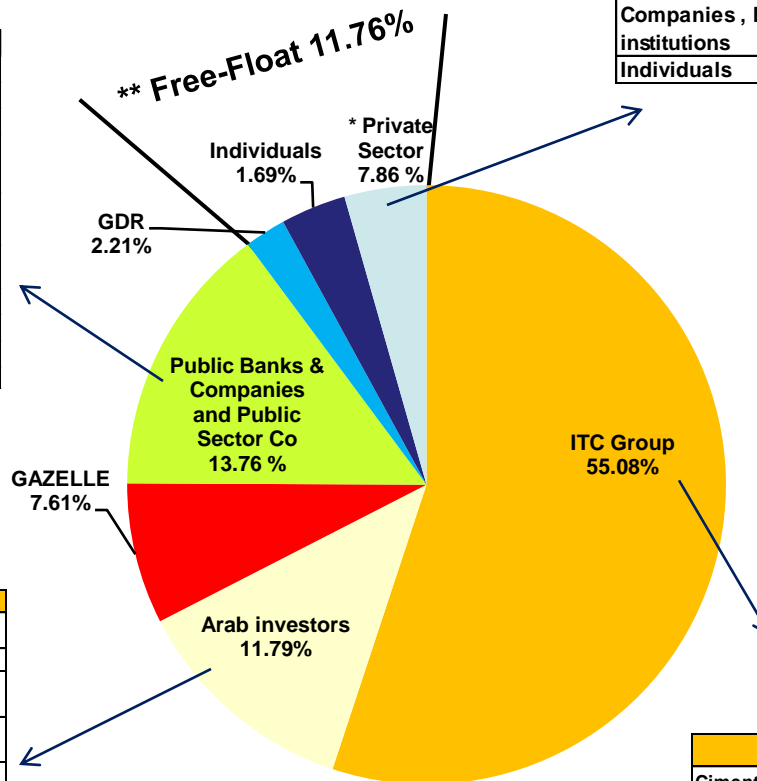
# Group Overview - Stock Market Q3 2014

## ➤ SCC Ownership Structure

Name	No. of Shares	%
Misr Capital Investments, SAE	5,517,648	3.03%
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	101,198	0.06%

Name	No. of Shares	%
United Co. for Provendrs	2,816,815	1.55%
Abd Elkader Elmhodeb Co.	2,185,601	1.20%
Gulf International Trading & Real Estate Co. Ltd.	297,869	0.16%
abdul Monem Rashed	666,667	0.37%
Abdulrahman al rashed Co.		
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	3,081,278	1.69%
Private Insurance Companies, Banks and institutions	11,226,810	6.17%
Individuals	2,933,456	1.69%

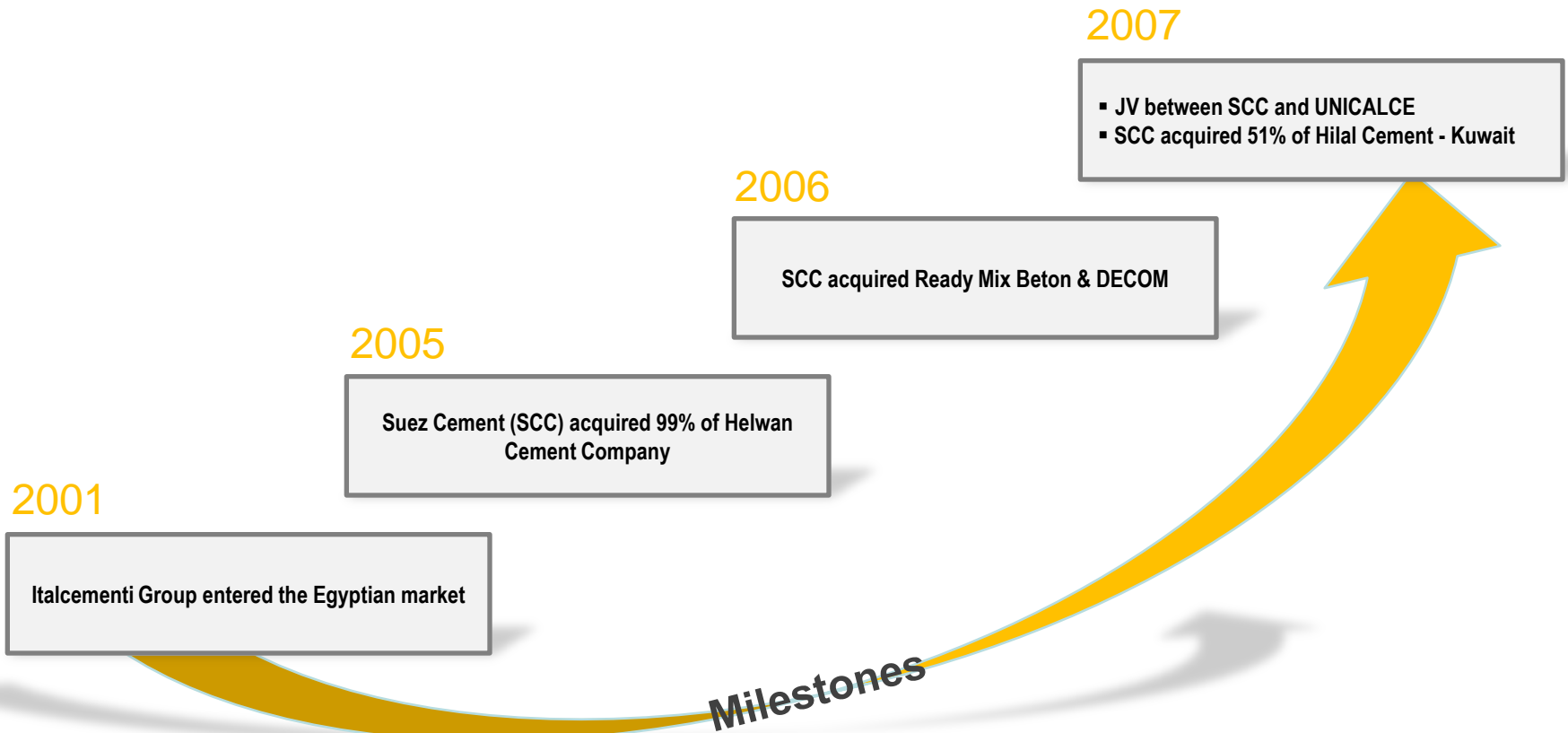


Name	No. of Share	%
Ciments Francies	22,485,545	12.36%
MENAF	47,373,830	26.05%
CIMENTS DU MAROC CIMAR	21,210,577	11.66%
TERCIM S A S	9,100,000	5.00%
Tourah Cement Company	1,132	0.00%

# Group Overview

## ➤ Key milestones

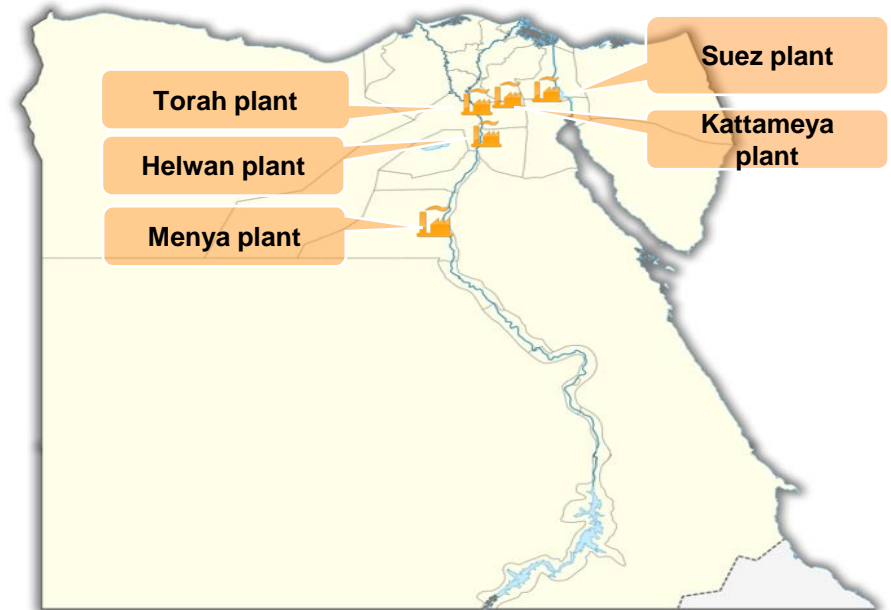
A successful expansion path...paused since Arab spring



# 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.

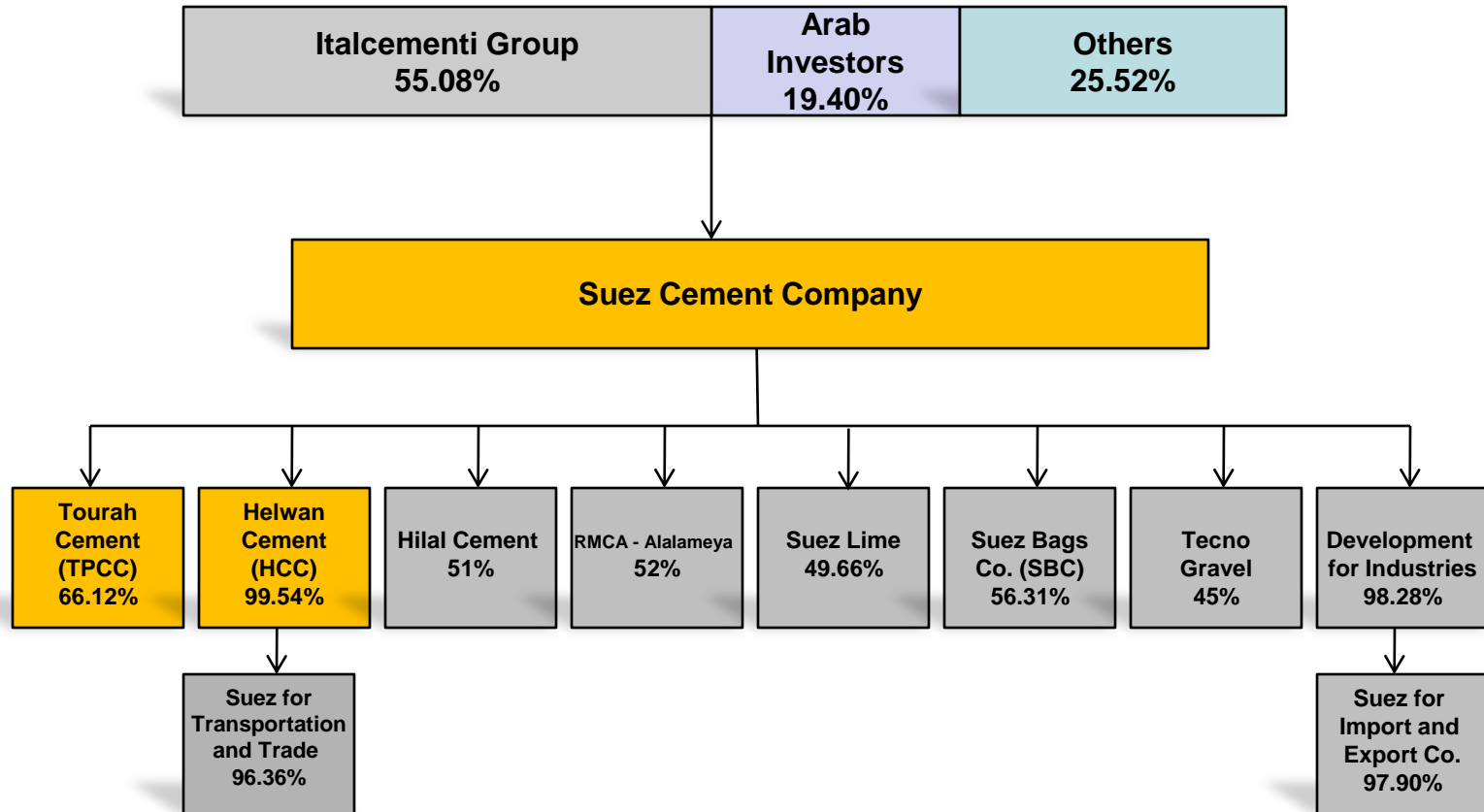






# Group Overview

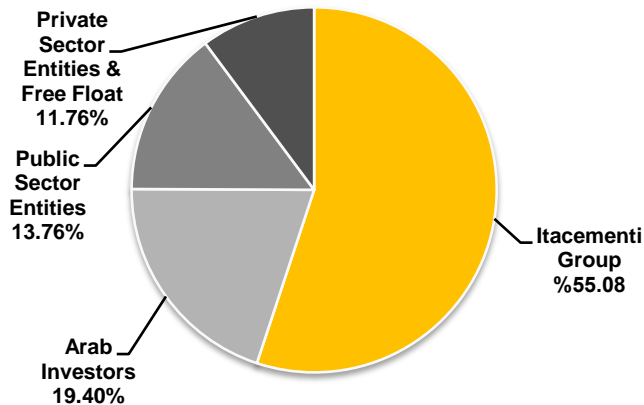
## ➤ SCgC Group structure



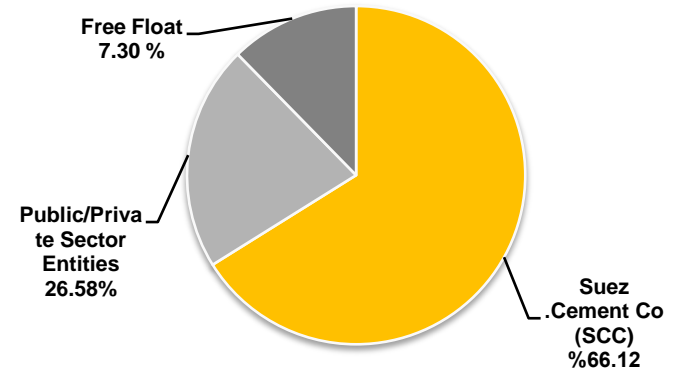
# Group Overview - Stock Market Q3 2014

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

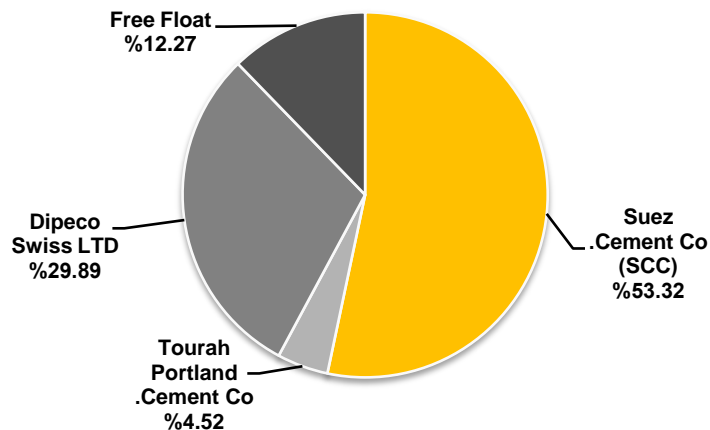
**Suez Cement Company (181,856,507 shares)**



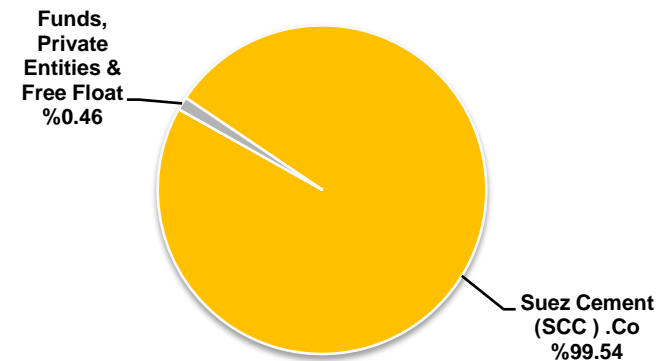
**Tourah Portland Cement Company (71,524,200 shares)**



**Suez Bags Company (2,025,000 shares)**



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



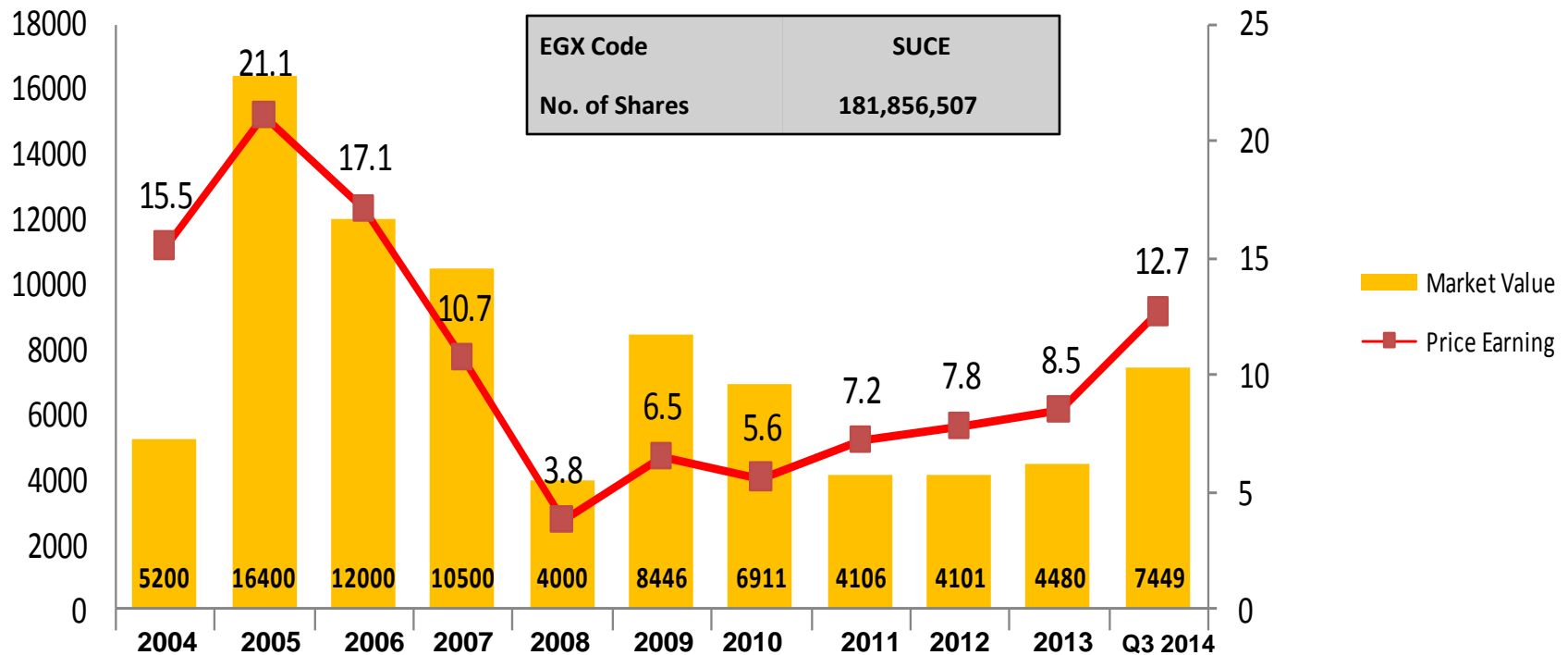
# Group Overview - Stock Market

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

Suez Cement ( In M EGP )

Market Cap

P/ER



30 Sep 2014



# Market Overview

# Market Overview

## ➤ Egypt Macroeconomic Outlook

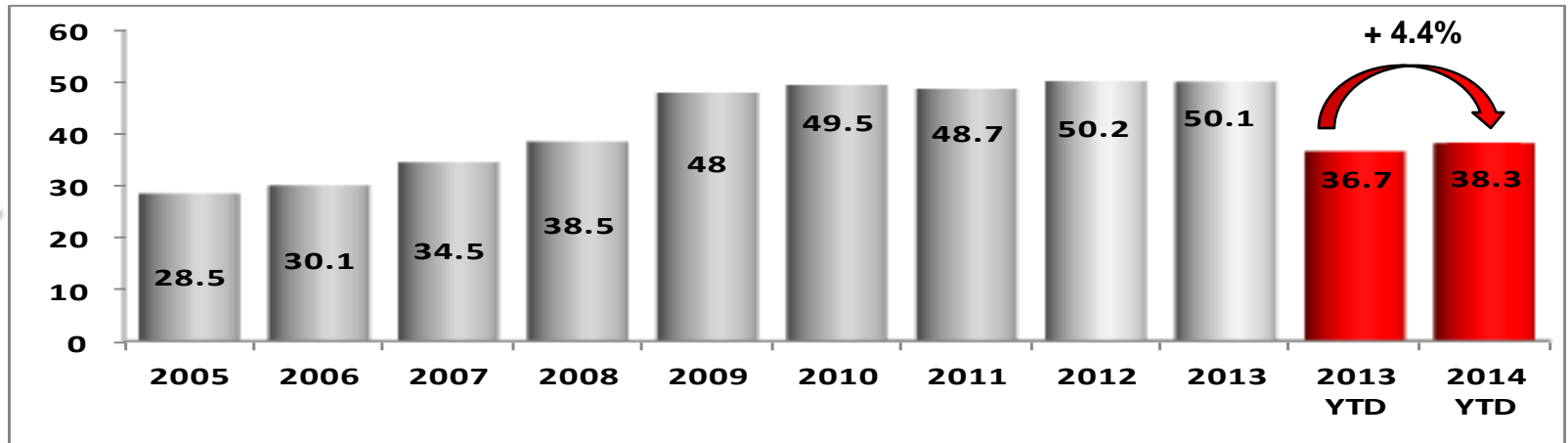
	2008	2009	2010	2011	2012	2013	2014	09-14
	actual	actual	actual	actual	actual	actual	actual	CAGR a)
Population growthth (%)	78.3	79.7	81.1	82.5	80.7	82.1	83.4	0.9%
Gross Domestic Product (% yoy)*	6.0	4.0	4.5	4.5	4.5	4.5	4.5	2.4%
Gross Fixed Capital Formation (% yoy)	32.8	-3.7	10.9	16.1	15.0	15.6	16.4	
Inflation (% annual av.)	17.6	15.7	11.7	10.1	7.2	9.5	10.0	-8.6%
Exchange rate (loc.Cur/€)	8.0	7.8	7.8	5.9	7.7	9.1	9.5	4.0%
Exchange rate (loc.Cur/\$)	5.4	5.6	5.5	8.5	6.1	6.9	7.3	5.4%
lending rate (% annual av.)	12.3	11.6	9.6	8.8	10.2	9.8	9.4	-4.1%
OPEC basket Price, US\$/bbl, ave	94.1	59.0	83.0	101.9	109.5	105.9	101.0	11.4%
Construction (% yoy)	15.7	11.4	13.2	3.7	3.3	5.9	3.6	-20.6%

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

# Market Overview

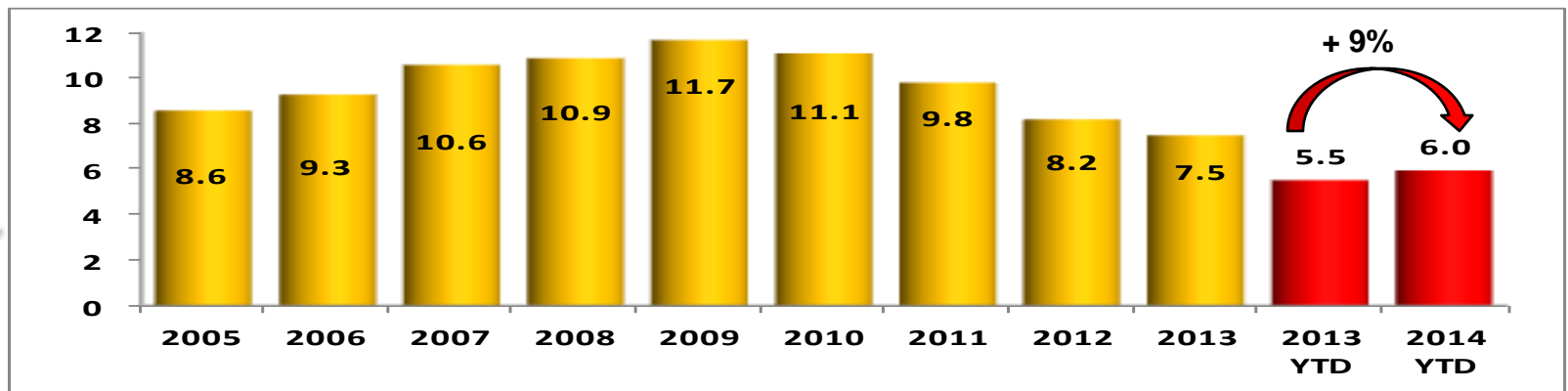
## ➤ Egypt Macroeconomic Outlook

Market Volumes\*  
M tons



SCGC MS %

SCGC Volumes  
M tons



CAGR: Compound Annual Growth Rate

\*Source: Ministry of Investment

# Market Overview

- **The residential segment consumes more than 65% of the total cement consumption**

## ☐ Residential

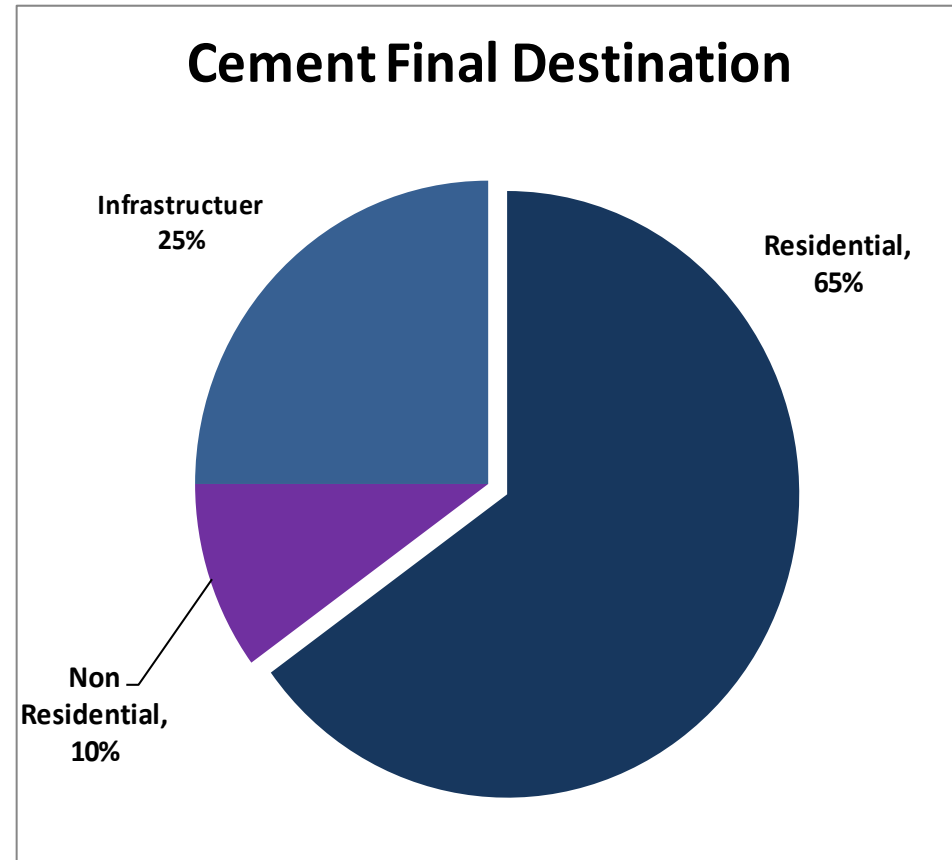
- ✓ Although the tough situation this segment still have Good perspectives in the short and medium term projects.

## ☐ 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.





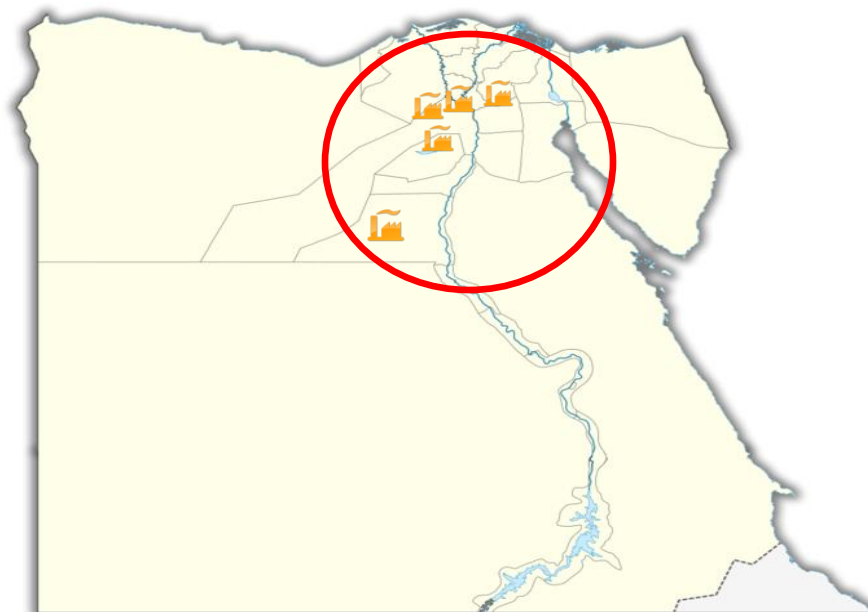
# Market Overview

- More than 60% of total domestic cement consumption is concentrated in Greater Cairo & Delta

- ✓ Cement dispatch/ region

	Market % of Total	SCGC MS%
Greater Cairo	25%	52%
Delta	35%	26%
Upper Egypt	16%	3%
Others	21%	9%

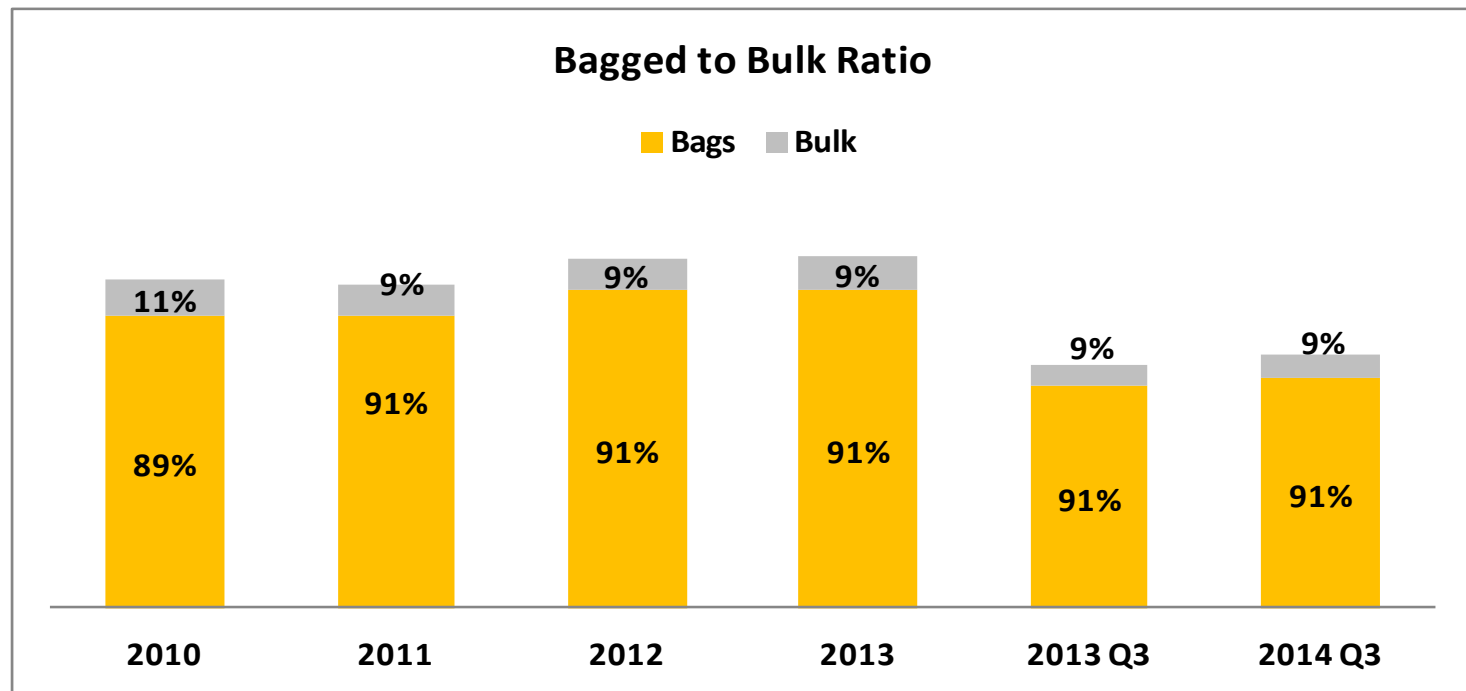
- Population 2013\*: 83.6 million
- Growth rate (2011-2013)\*: 1.9%
- Age profile (CAPMAS\*\* – May2013):
  - ✓ 0 – 4      10.6%
  - ✓ 5 – 14     21.1%
  - ✓ 15 – 44    49.8%
  - ✓ 45 – 60    12.4%
  - ✓ +60        6.1%



\*\*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



# Investment Highlights

# Investment Highlights

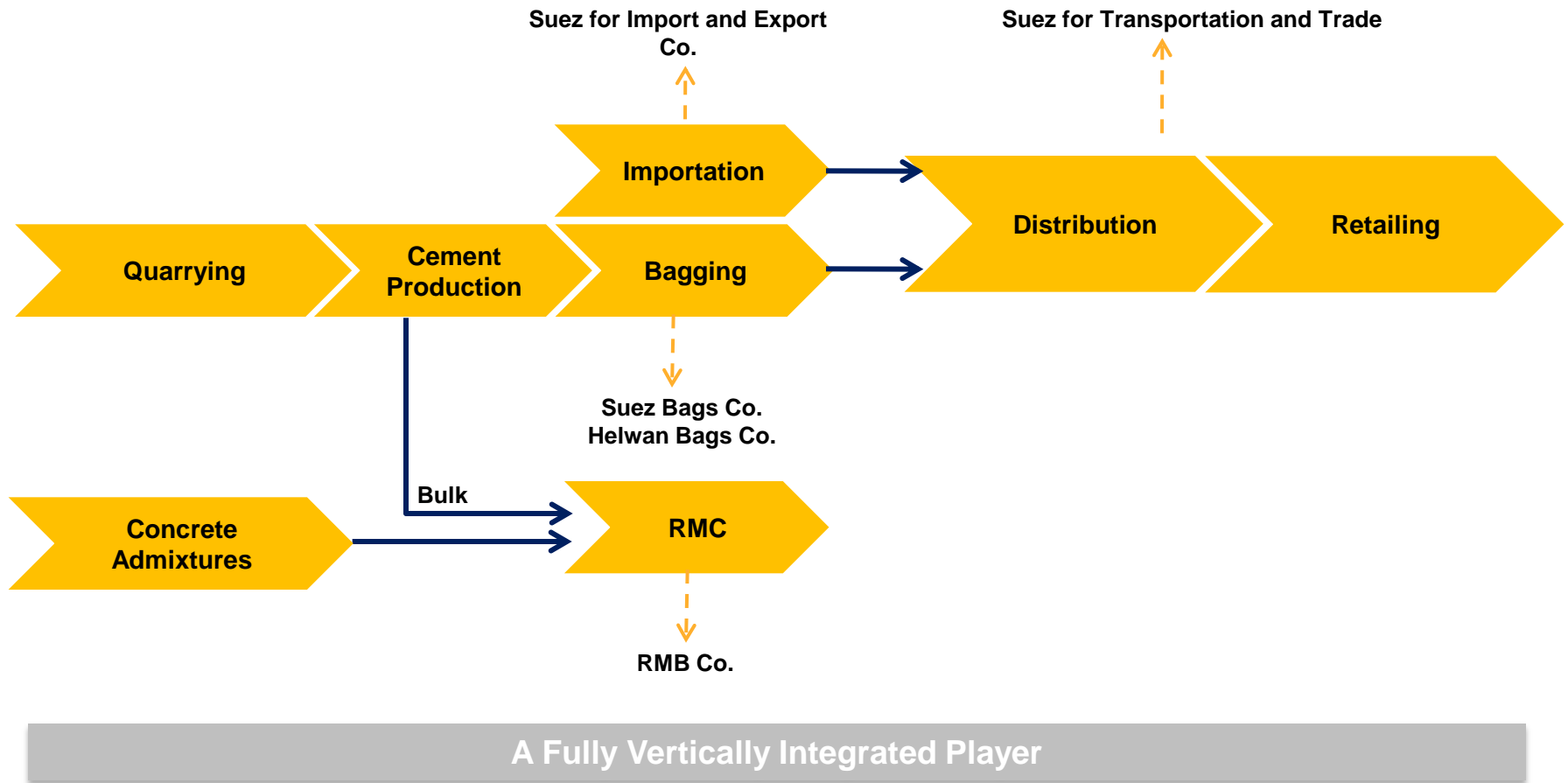
- **Being part of a global player, SCgC has an immediate access to worldwide best practices**



**Italcementi Group**

# Investment Highlights

## ➤ Attractive Business Model



# Investment Highlights

## ➤ Operational Efficiencies in the pipeline

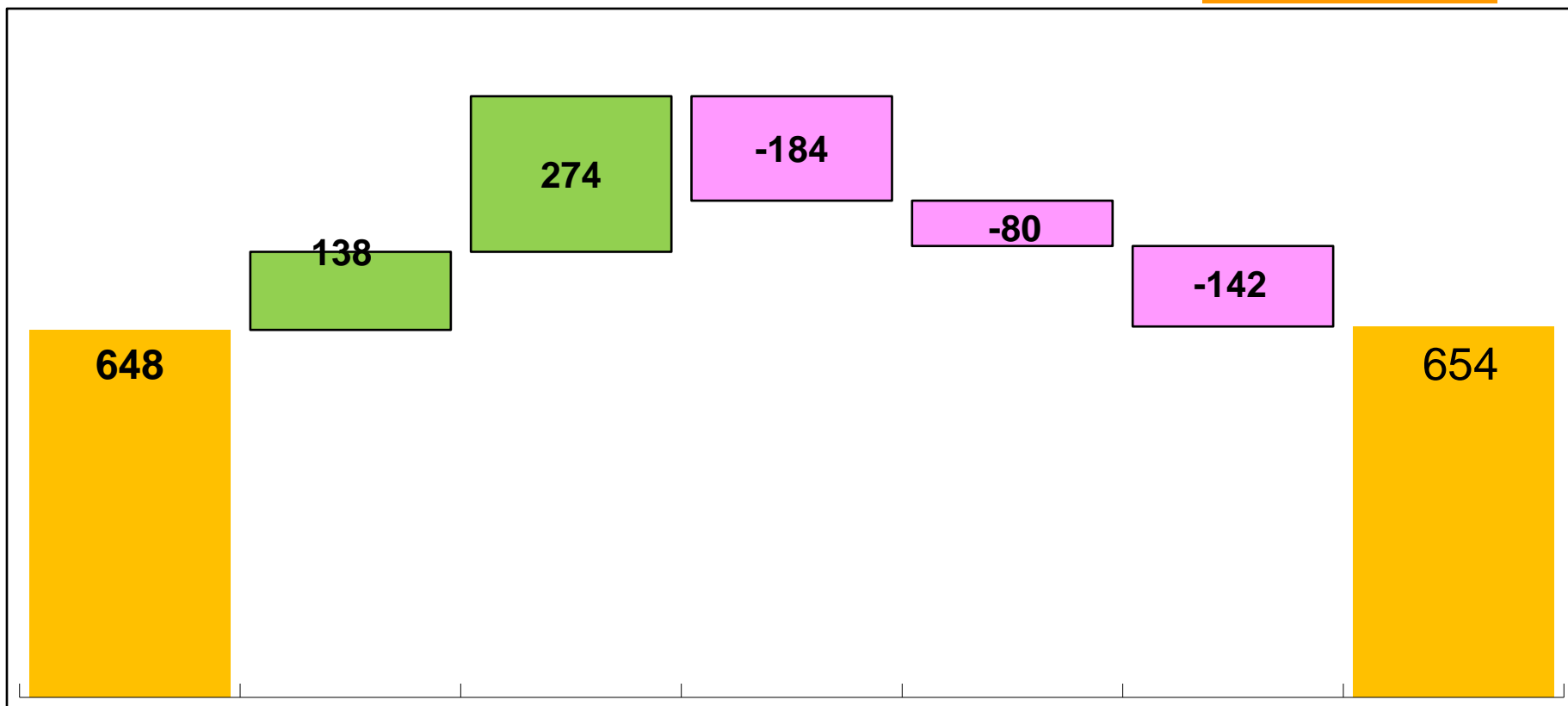
- ❑ Installing state-of-the-art kiln and mill production lines replacing the less efficient ones
- ❑ Starting to use Coal instead of Gas.
- ❑ Decreasing the clinker ratio in cement production through the use of alternative raw materials can result in saving energy and reducing the emissions, while maintaining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



# Q3 2014 GOP Variance

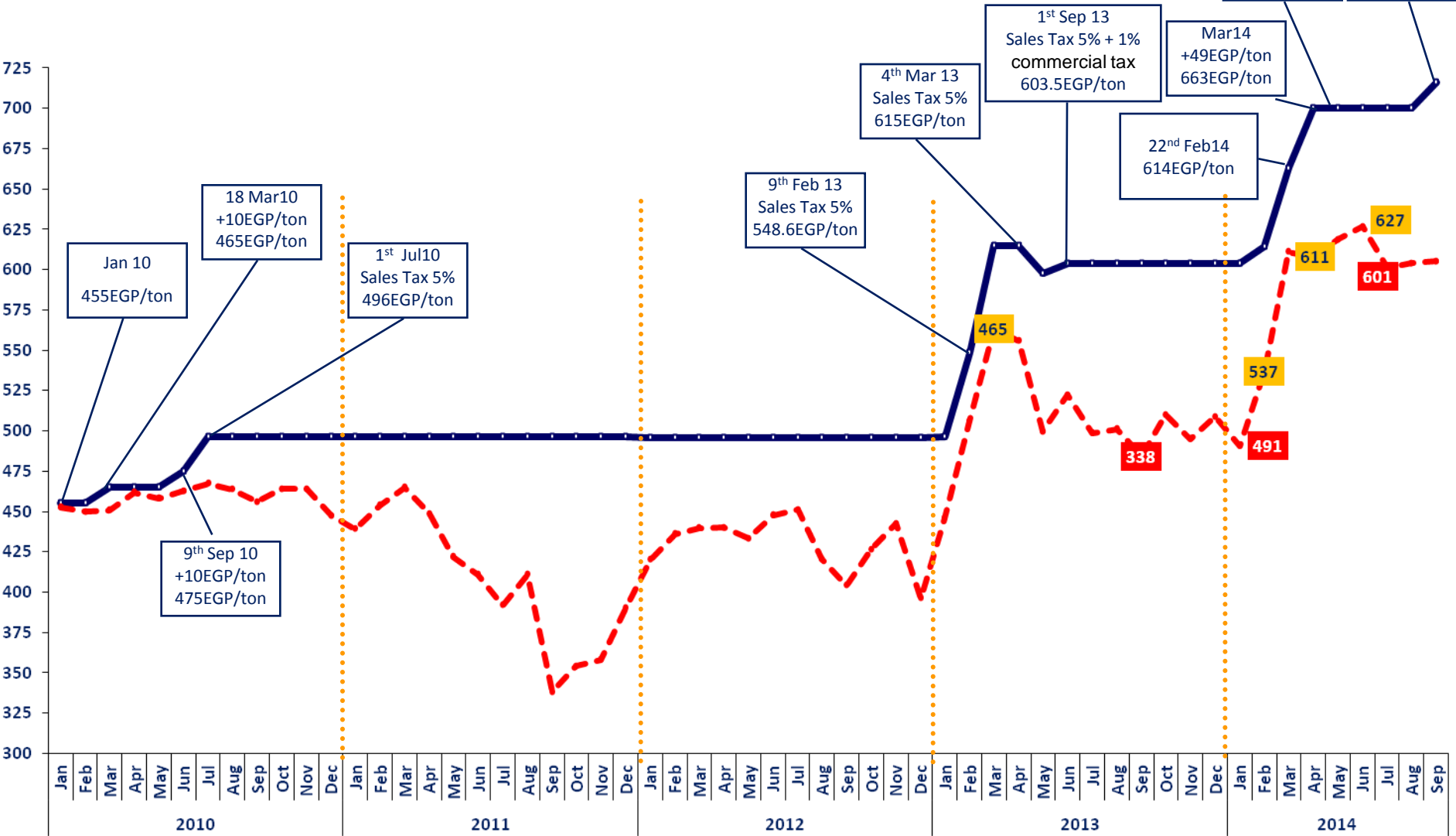
In Millions of local currency

YTD Sep Cement



PY	Volume	Price - VC	Clinker purchase	Fixed cost inflation	Efficiencies	Ac 14
648	138	274	-184	-80	-142	655

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



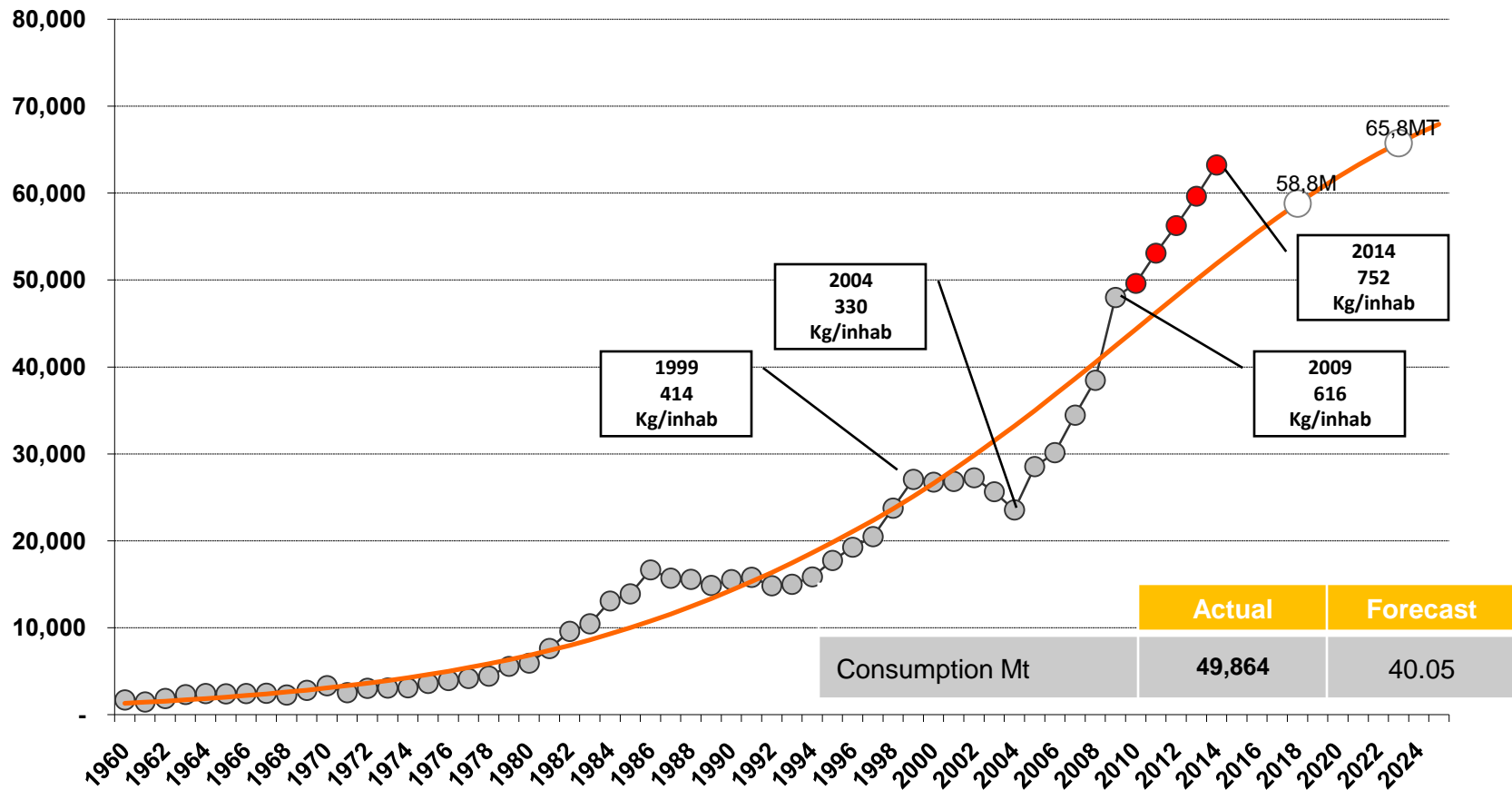
OPC: Ordinary Portland Cement



# Market Overview

## ➤ Egypt Grey Cement Market

### Structural Demand (Mt)



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

# 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)

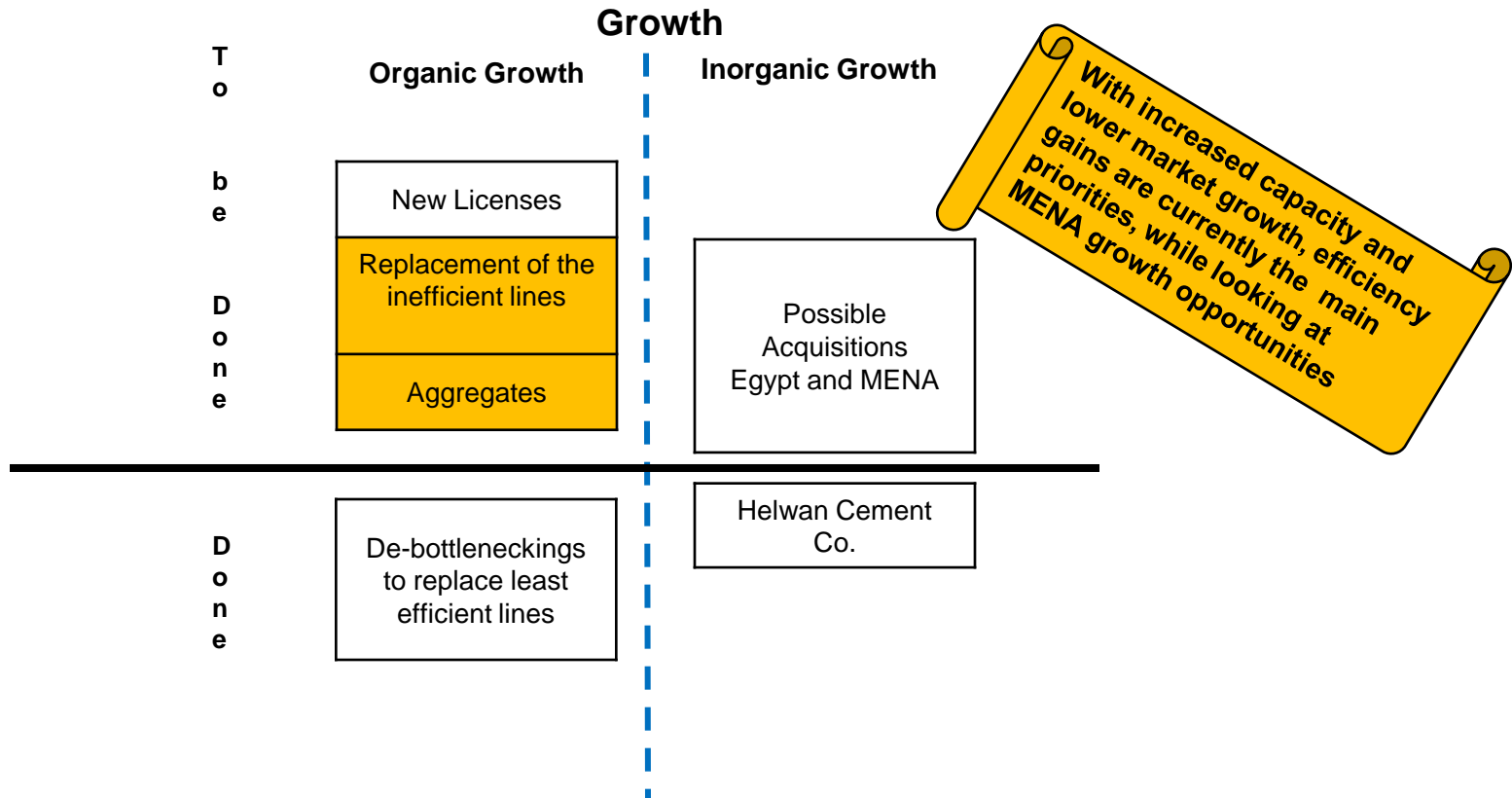
## ➤ Sustainability

- ✓ 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

	2012	2013	Mid Term
Volumes (MT)	8.3	7.5	10.0
EBITDA/ton (EGP)	110	120	160

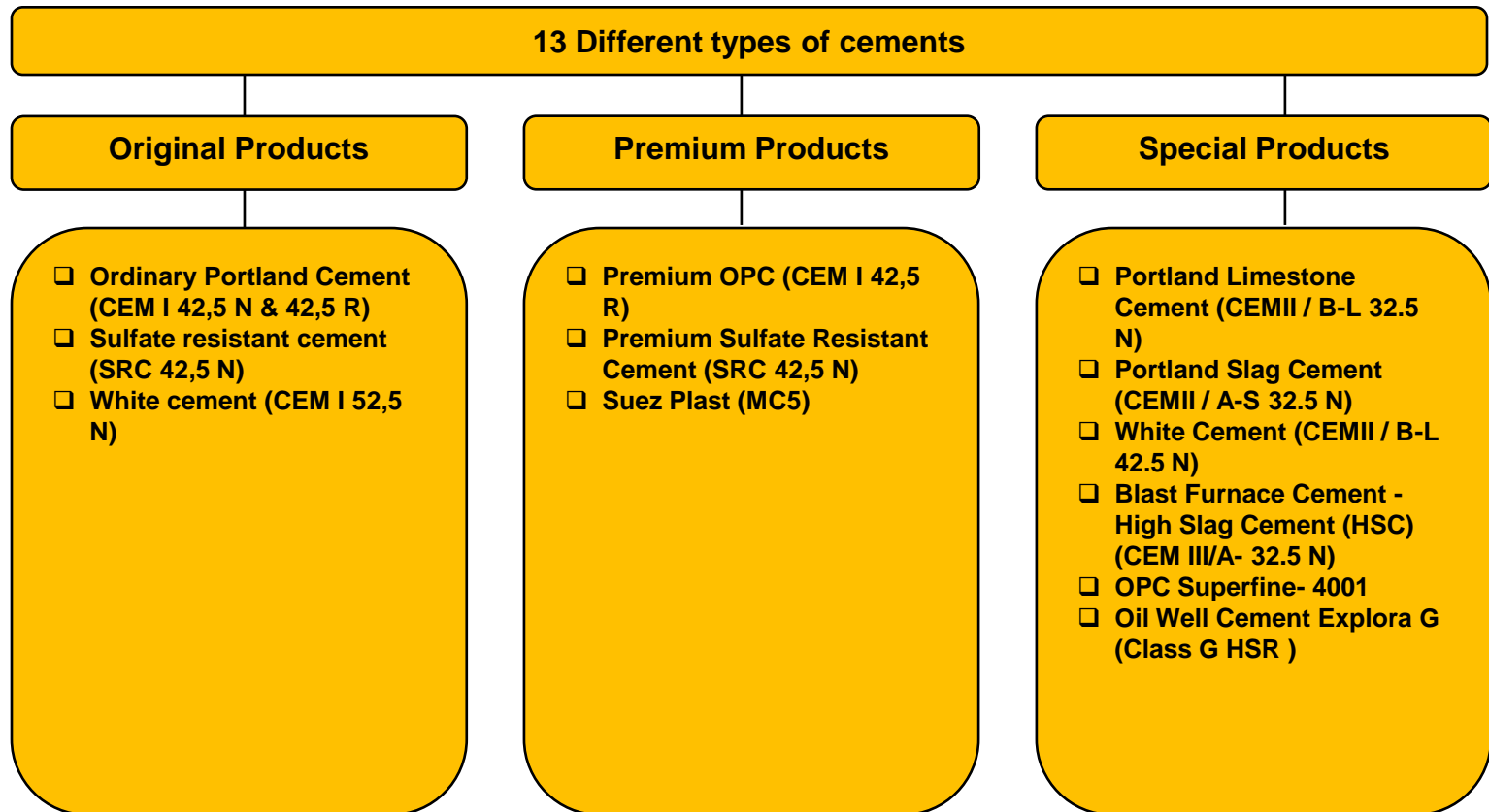
# Investment Highlights

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



# Investment Highlights

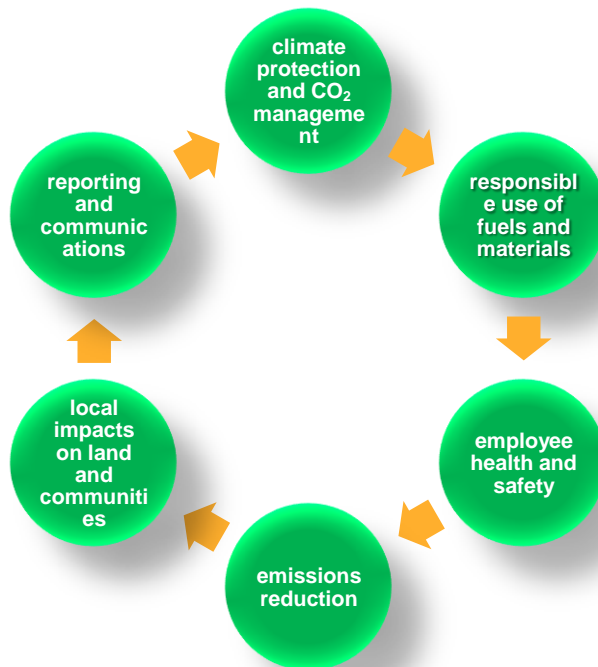
- As a Business-Level strategy, SCgC implements a differentiation strategy in its marketing approach that provides value to customers and is worth a premium price



# 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.



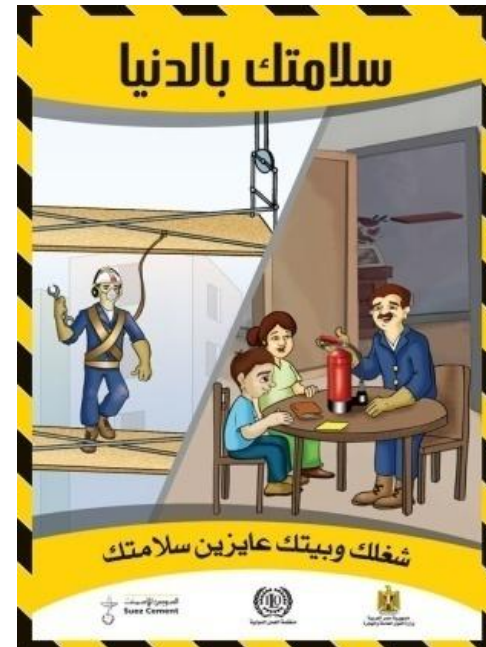
# Social Initiatives for 2014 – Q3

- Suez Cement Company has decided to take part in the initiative “Revival of the Egyptian Museum” presented by the Environmental Quality International (EQI), one of Egypt’s leading firms in environmental and management development consulting, which promotes socio-economic development in a way that respects the region’s natural heritage and protects its rich cultural legacy. Suez Cement is supporting the restoration of Hall 30 of the Egyptian Museum.
- Suez Cement partnered with Takatof Association for Development for the rehabilitation and upgrade of Omar Ibn Khattab Preparatory school for boys in Kafr Selim in Suez Governorate. The development project seeks to provide the students and the teachers with a modern and learning environment, conducive to academic success. The work will be completed in the first semester of 2015. Omar Ibn El Khattab Preparatory School for Boys is owned by the Ministry of Education and consists of 2 buildings. The school consists of 29 classrooms, 24 of which are used and the remaining 5 are closed as they are in need of maintenance and restoration. The activity rooms lack equipment and the playground is an old style dirt yard. The renovation works will target total 788 students as beneficiaries.
- The Company also supported Charity activities during the holy Eid al Adha distributing meat to the poor people of the local community.
- Cement donations

# 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 <sup>1</sup> (2009 – 2013)							
	2009	2010	2011	2012	2013	Q3 2013	Q3 2014
Employees	2.7	2.5	4.1	2.4	1.2	1.0	2.2
Contractors	3.1	2.2	2.1	1.8	3.3	3.2	1.9

# 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






الجمهورية العربية السورية Suez Cement  
الجمهورية اللبنانية Toussaint Cement  
الجمهورية الإيطالية Italcementi Group  
الجمهورية الجزائرية Suez Baggs Italcementi Group

### 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  


Cairo, October 2011

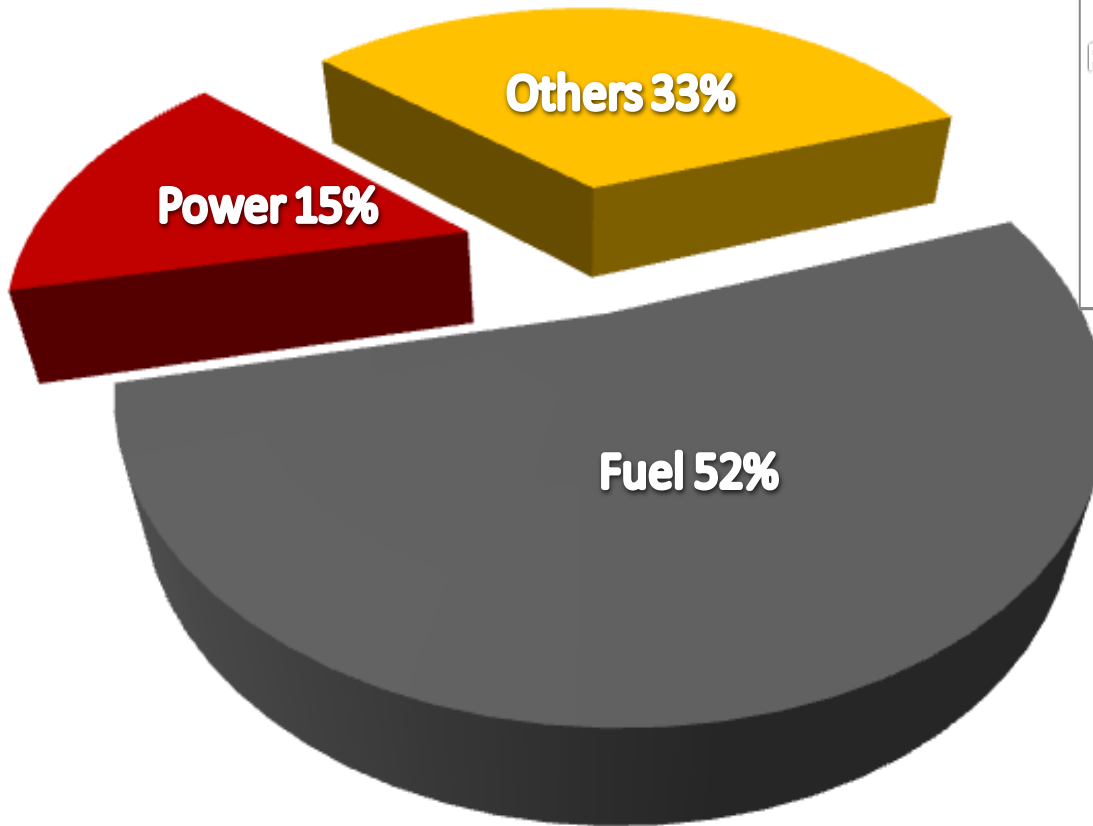
Suez Cement group of Companies' Charter of Values is inspired by fundamental international references, standards such as the United Nations' Universal Declaration of Human Rights, the International Labor Organization charter standards and the SA 8000 standard. Suez Cement group of Companies' Charter of Values is based on the main governments 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 (Industrial Dealings).



# Financial Highlights

# Financial Highlights

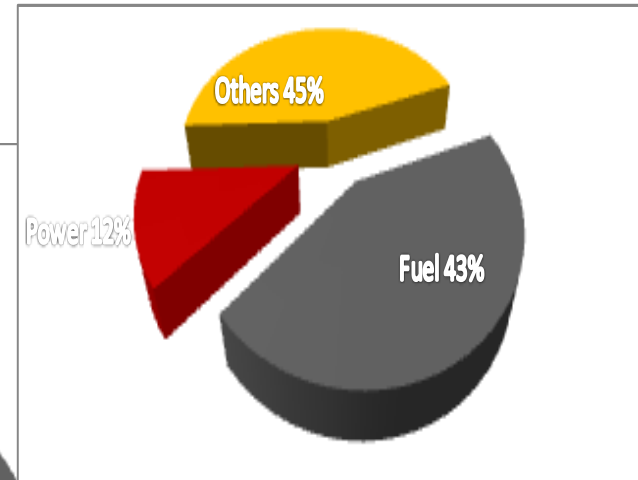
➤ An increasingly energy intensive industry...



Energy represents 67 % of the production cost

December 2013 SCgC Cost Breakdown

Sep 2014 SCgC Cost Breakdown

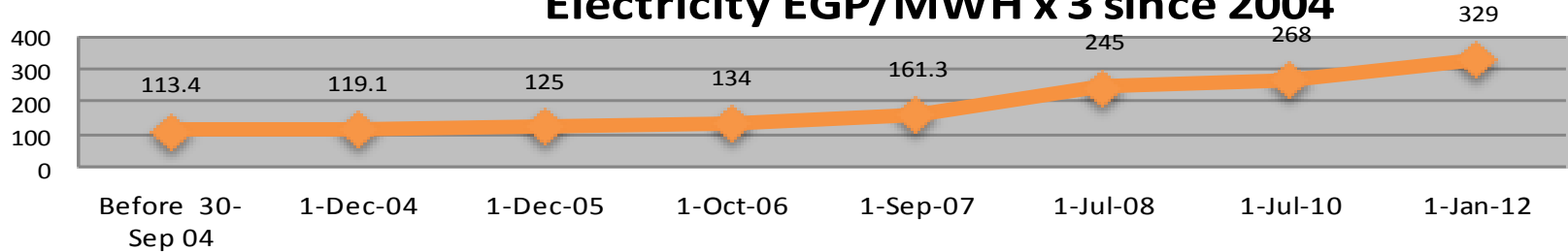


Energy represents 55 % of the production cost

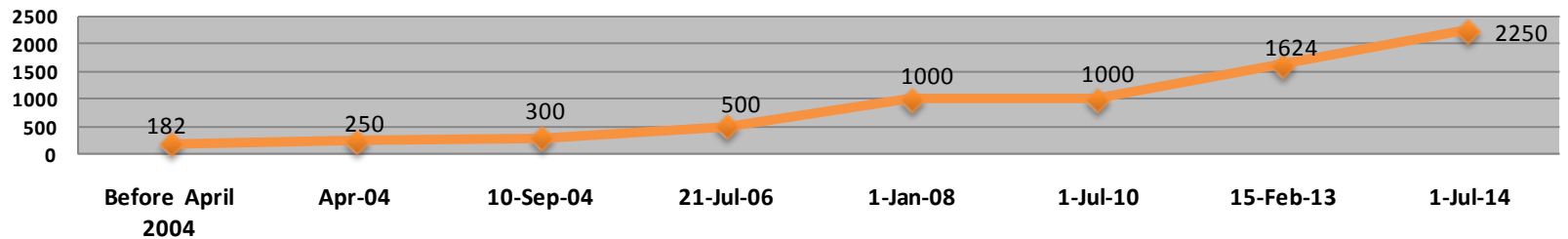
# Financial Highlights

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

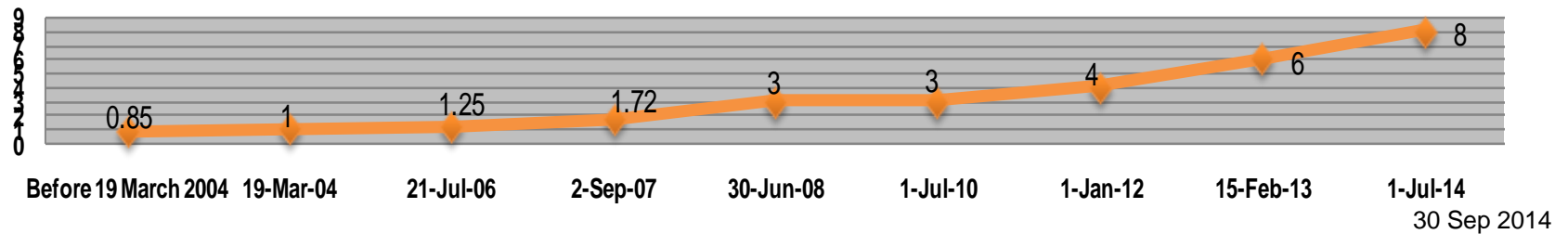
### Electricity EGP/MWH x 3 since 2004



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



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



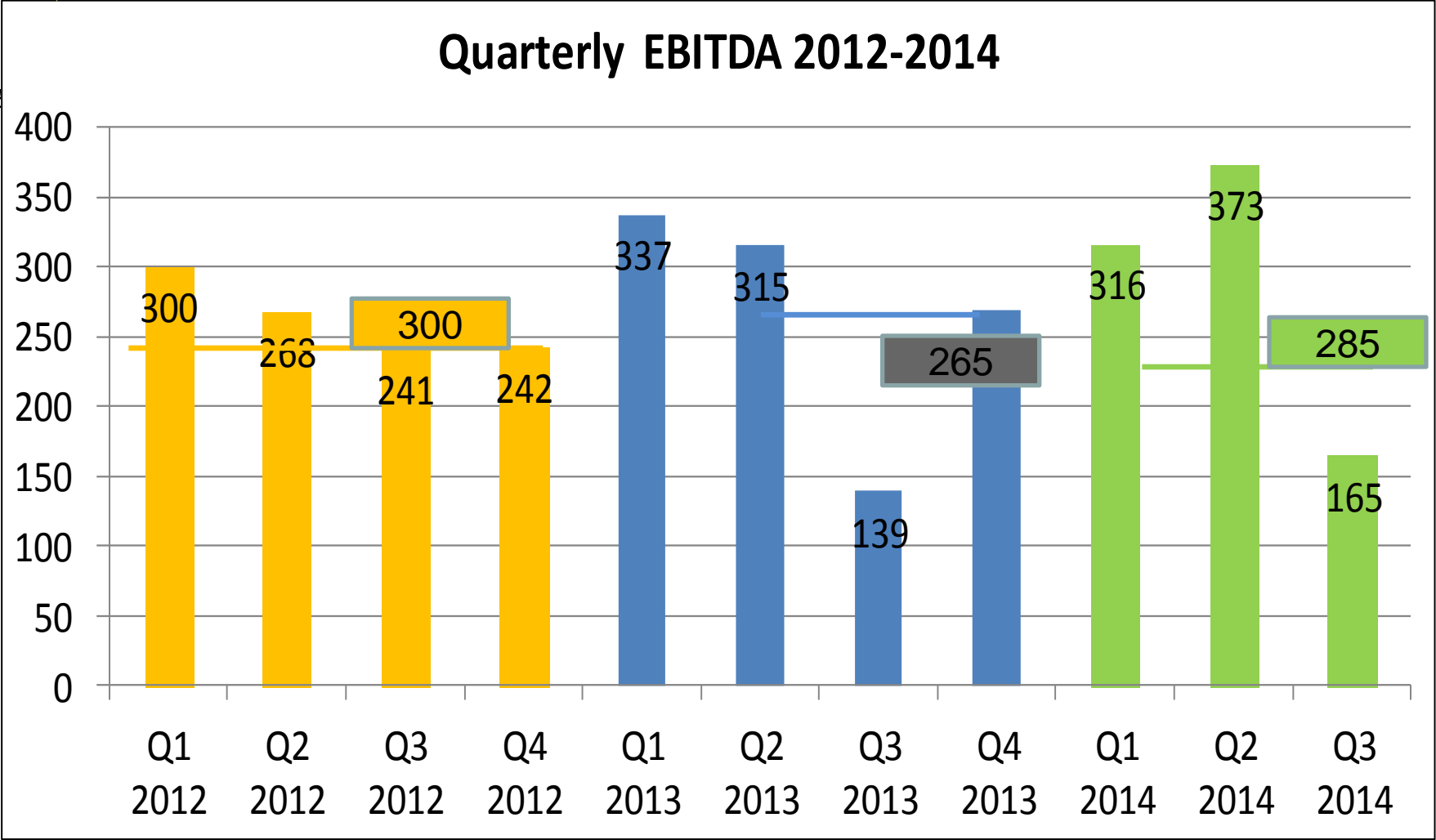
## YTD September 2014 key results (Consolidated)

The strong rebound in sales (+48%) in Q3 translated to more modest gains in EBITDA (+18.3%) as costs were strongly impacted by the still very severe energy shortage which demanded to import large quantities of clinker. YTD Sales are up a solid 30% and EBITDA 7.8% , stable at 135 EGP/t.

	Q 3 2014	Q 3 2013	Var. 2014-2013		Ytd. Sep. 2014	Ytd. Sep. 2013	Var. 2014-2013	
			Var.	%Var.			Var.	%Var.
<i>Kt</i>								
Volume sold (Cement + Clinker)	1,978	1,626	352	21.6%	6,321	5,781	539	9.3%
Domestic	1,939	1,589	350	22.0%	6,042	5,616	425	7.6%
Export	39	37	2	4.9%	279	165	114	69.3%
<i>EGPm</i>								
Revenue	1,442	973	469	48.2%	4,613	3,548	1,065	30.0%
EBITDA - recurring	165	139	25	18.3%	854	792	62	7.8%
% of revenue	11.4%	14.3%	(2.9) p.p.		18.5%	22.3%	(3.8) p.p.	
EBIT	49	53	-4	-7.6%	524	519	6	1.1%
% of revenue	3.4%	5.4%	(2.0) p.p.		11.4%	14.6%	(3.3) p.p.	
Net Profit	47	36	11	32.0%	370	467	-97.01	-20.8%
Cash Flow from operations	163	122	41	33.4%	699	740	-41	-5.5%
					30.09.14	31.12.13	Var.	% Var.
Net Financial Position - NFP					1,210	1,704	-494	-29.0%
Operating Working Capital - OWC					230	328	-98	-29.8%



# GOP Evolution (Consolidated)



# Financial Highlights

MEGP	2010	2011	2012	2013	Sep 2013	Sep 2014
Revenues	6,152	4,820	4,597	5,049	3,548	4,613
EBITDA - recurring	2,120	1,199	1,051	1,061	792	854
<i>% on revenues</i>	<i>34.4%</i>	<i>24.9%</i>	<i>22.9%</i>	<i>21.0%</i>	<i>22.3%</i>	<i>18.5%</i>
EBIT	1,705	837	702	681	519	524
<i>% on revenues</i>	<i>27.7%</i>	<i>17.4%</i>	<i>15.3%</i>	<i>13.5%</i>	<i>14.6%</i>	<i>11.4%</i>
Net Profit ( Group Share)	1,236	568	524	538	426	364
<i>% on revenues</i>	<i>20.1%</i>	<i>11.7%</i>	<i>11.4%</i>	<i>10.7%</i>	<i>12%</i>	<i>7.9%</i>

# Financial Highlights

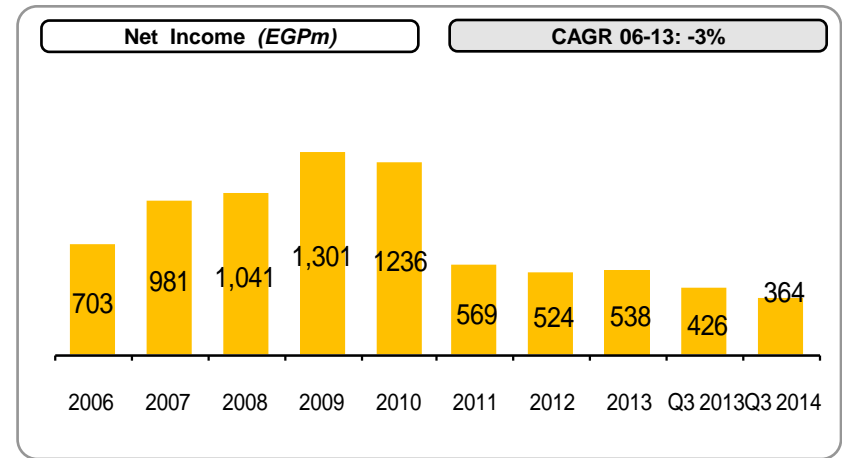
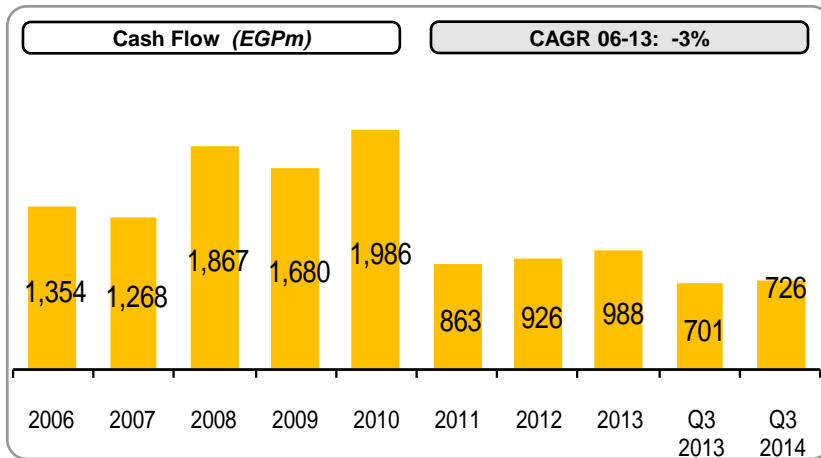
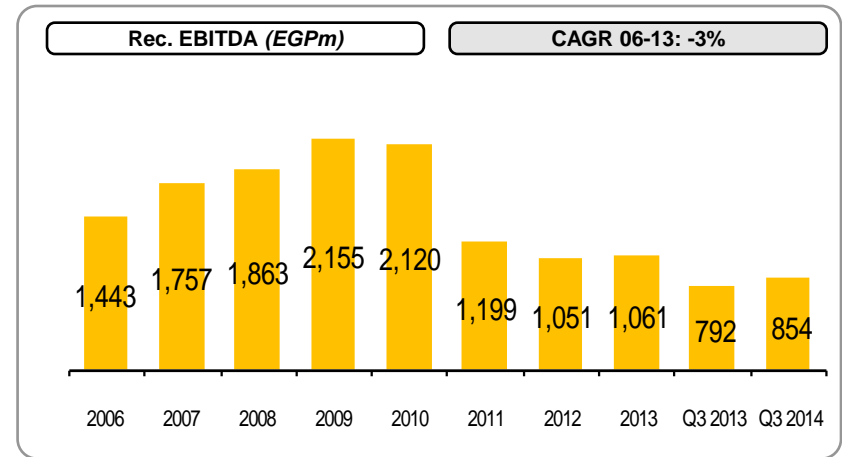
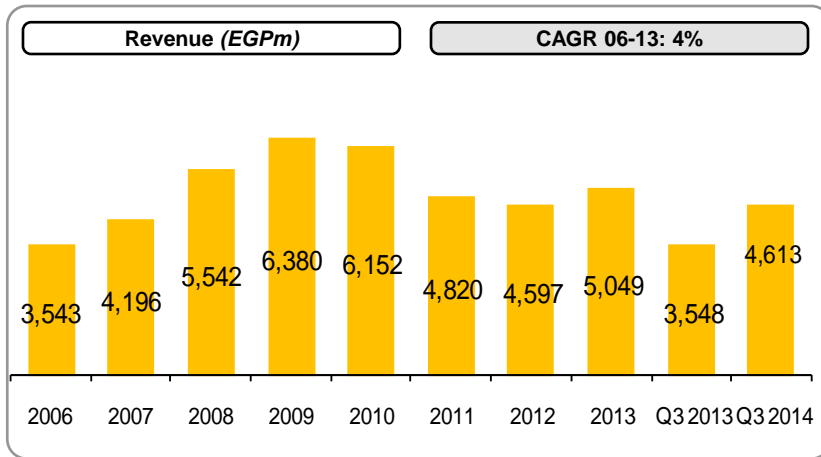
➤ Strong equity structure with growing accumulation of cash

MEGP	2010	Dec 2011	Dec 2012	2013	Sep 2013	Sep 2014
Total L-T Assets	6742	6703	6654	6,842	6628	7193
Inventory	952	998	804	844	920	974
Account Receivables	243	247	268	204	210	176
Cash and Cash Equivalents	1758	1448	1622	1817	1474	1482
Total Current Assets	3299	2957	3029	3129	2930	3097
<b>Total Assets</b>	<b>10041</b>	<b>9661</b>	<b>9683</b>	<b>9971</b>	<b>9557</b>	<b>10290</b>
S-T Debt	13	0	-	3	-	6
Cp of L-T Loan	8	24	37	52	35	41
Cp of L-T liabilities	12	4	-	-	-	-
Total Current Liabilities	1805	1609	1684	1747	1561	2095
L-T Loan	34	81	57	58	37	224
Total Equity	8039	7771	7756	7930	7776	7681
<b>Total Liabilities &amp; Equity</b>	<b>10041</b>	<b>9661</b>	<b>9683</b>	<b>9971</b>	<b>9557</b>	<b>10290</b>
Net Debt( Cash) Position	(1670)	(1338)	(1528)	(1704)	(1402)	(1210)
Net Debt( Cash) / EBITDA	NS	NS	NS	NS	NS	NS
Net Debt( Cash) / Equity	NS	NS	NS	NS	NS	NS
FCF**	1326	490	777	656	260	138

\*\* FCF Defined as CFO-capex

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



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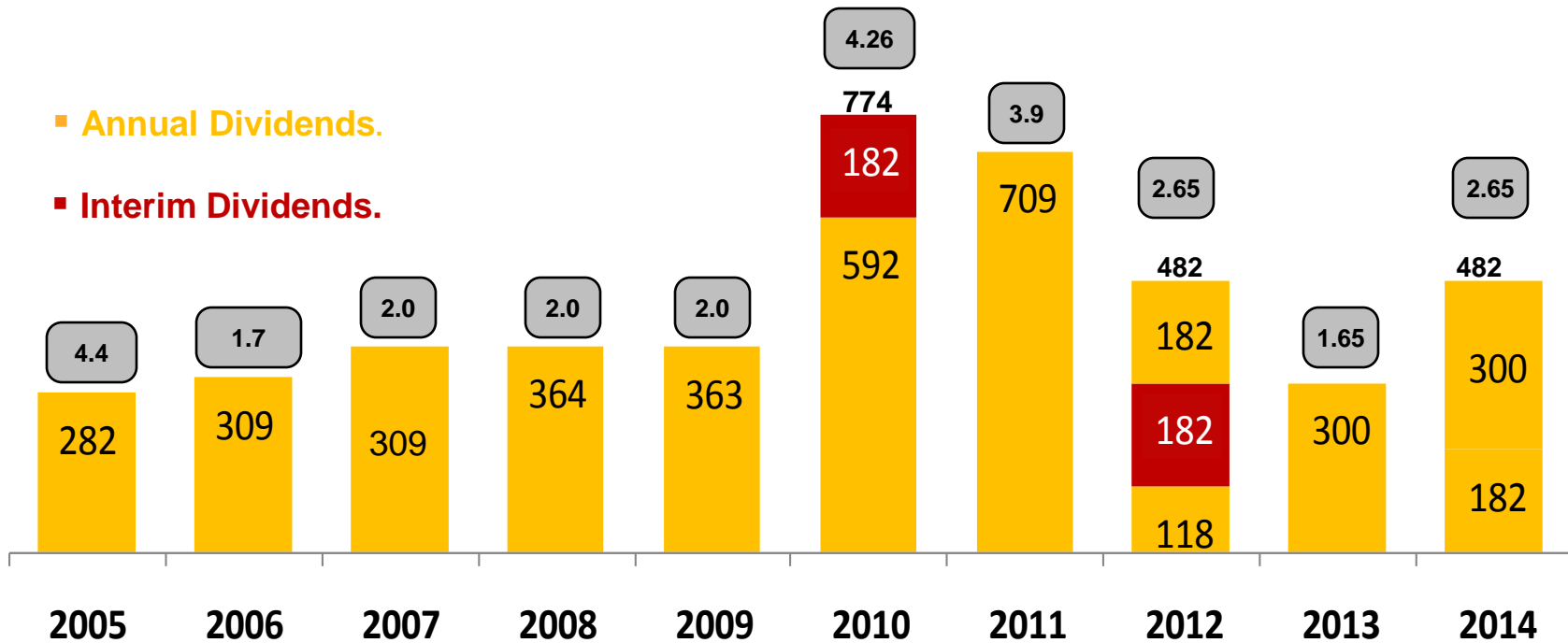
➤ More than EGP 4 BN dividend pay out since 2005

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)

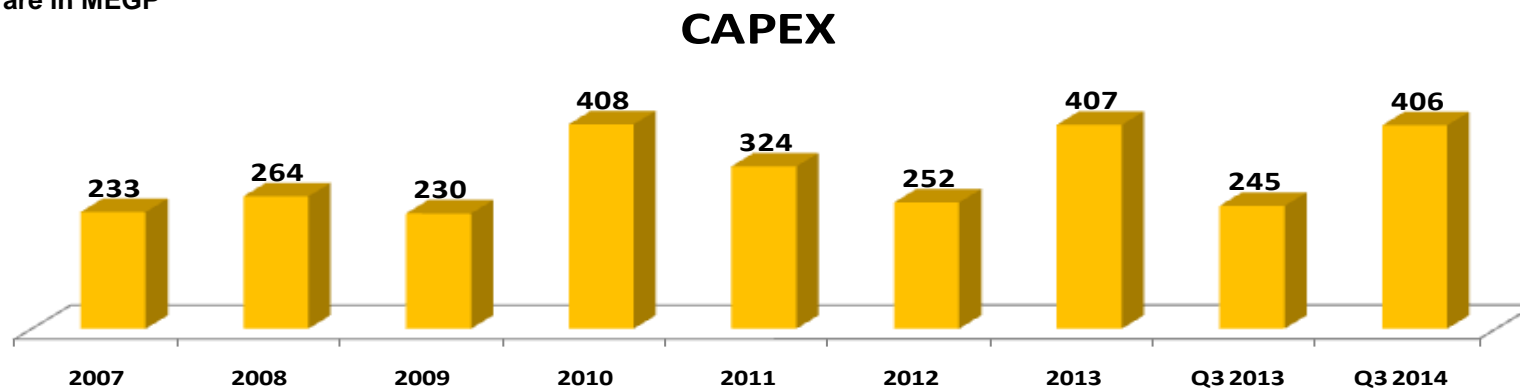
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# Financial Highlights

## ➤ Main Historical Acquisitions and CAPEX

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

Figures are in MEGP



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