



# 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.

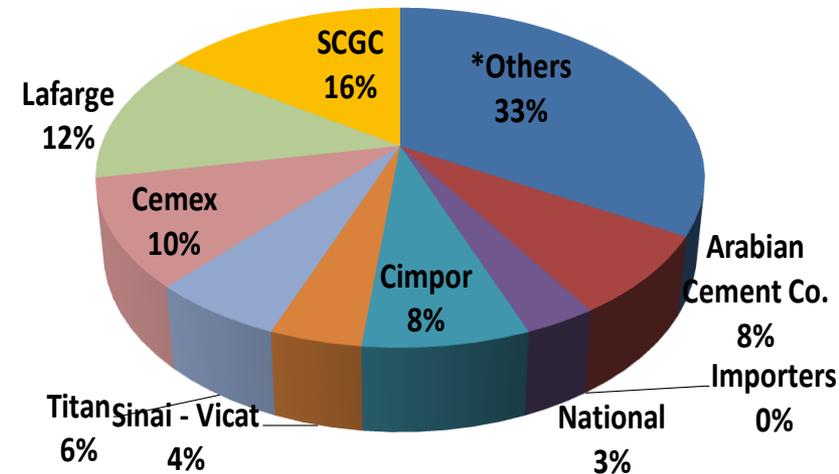
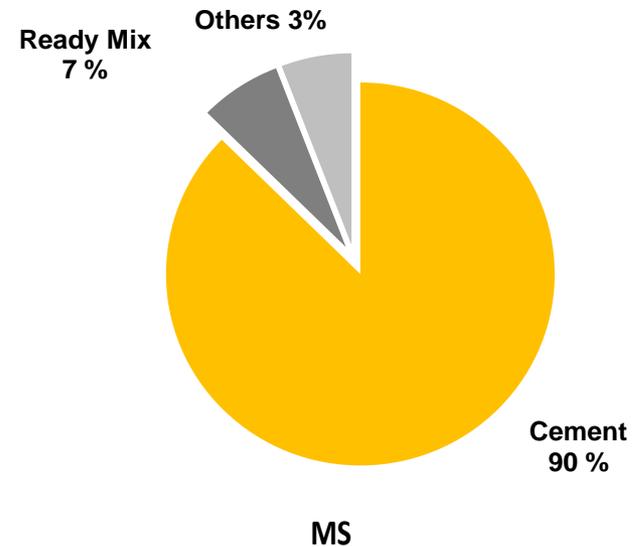


# Group Overview

## ➤ 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 6.152 bln in 2014 and EBITDA of EGP 1.154 bln

Revenue Breakdown



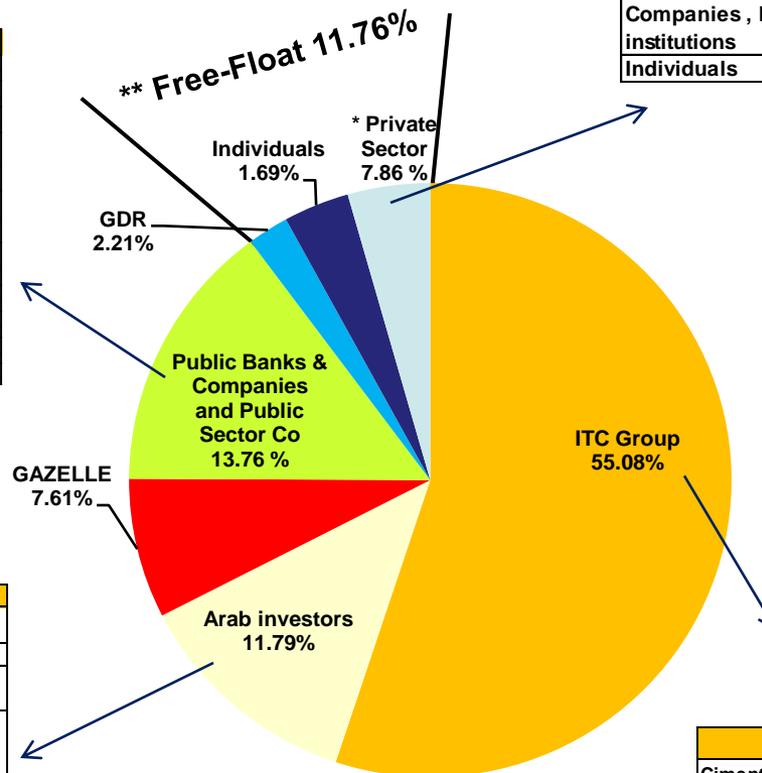
# Group Overview - Stock Market

## ➤ SCC Ownership Structure

Name	No. of Shares	%
Misr Capital Investments, SAE	5,517,148	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	114,839	0.06%

Name	No. of Shares	%
United Co. for Provendrs	2,816,815	1.55%
Abd Elkader Elmhedebe 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%
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	3,041,762	1.67%
Private Insurance Companies, Banks and institutions	11,261,579	6.19%
Individuals	3,067,803	1.69%



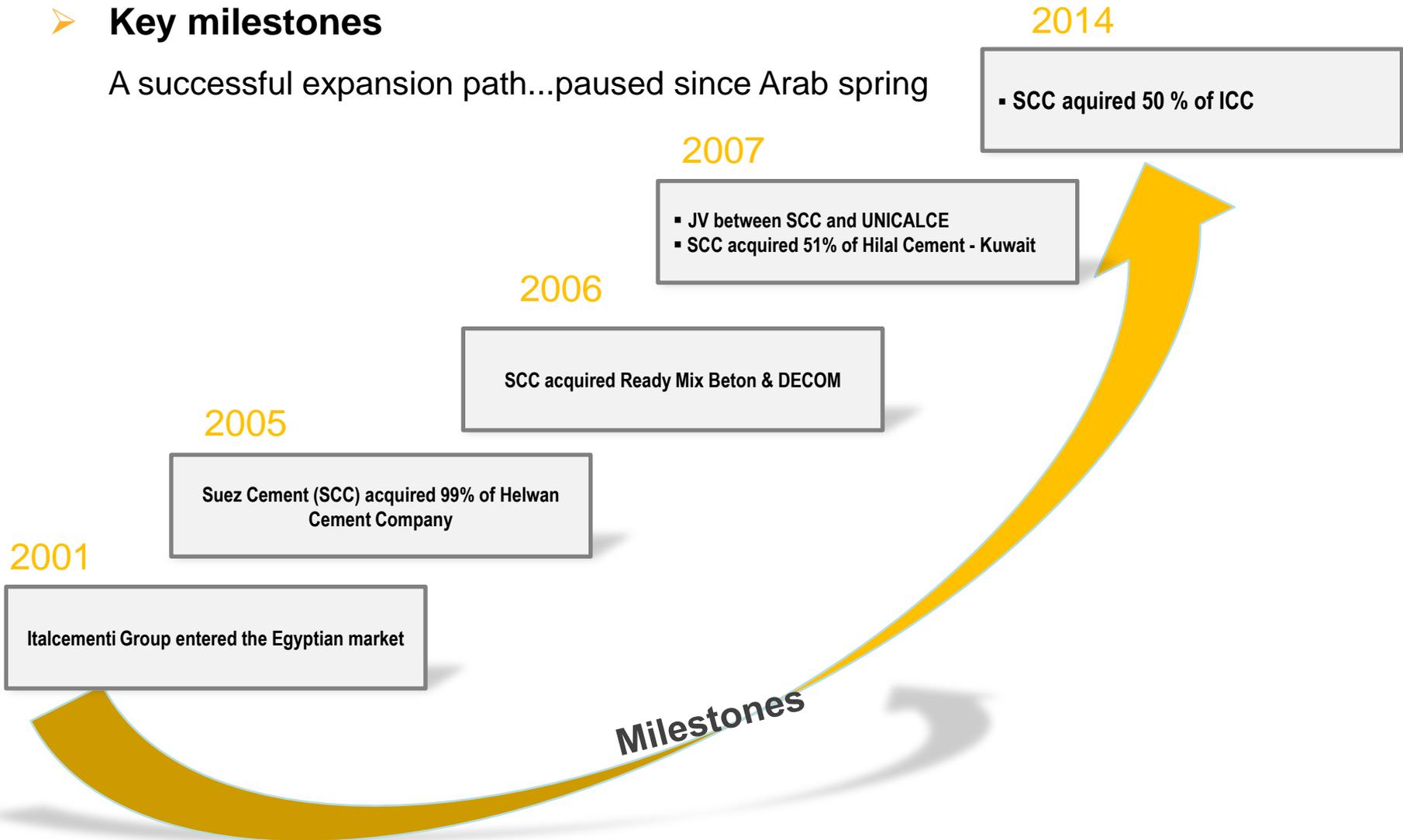
Name	No. of Share	%
Ciments Francies	22,485,545	12.36%
MENAF	47,373,830	26.05%
CIMENTS DU MAROC CIMAR	21,210,577	11.66%
TERCIM S A S	9,100,000	5.00%
Tourah Cement Company	1,132	0.001%

31 December 2014

# Group Overview

## ➤ Key milestones

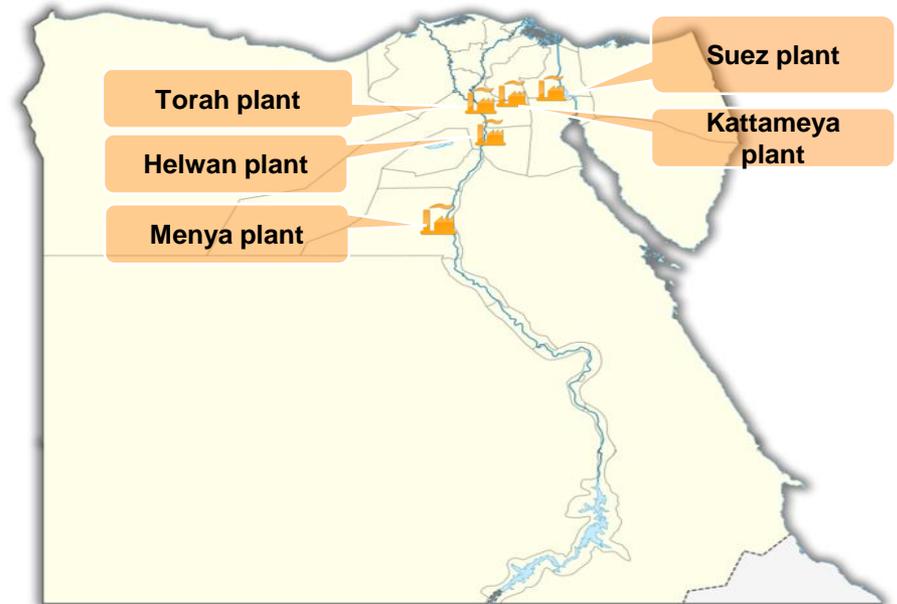
A successful expansion path...paused since Arab spring



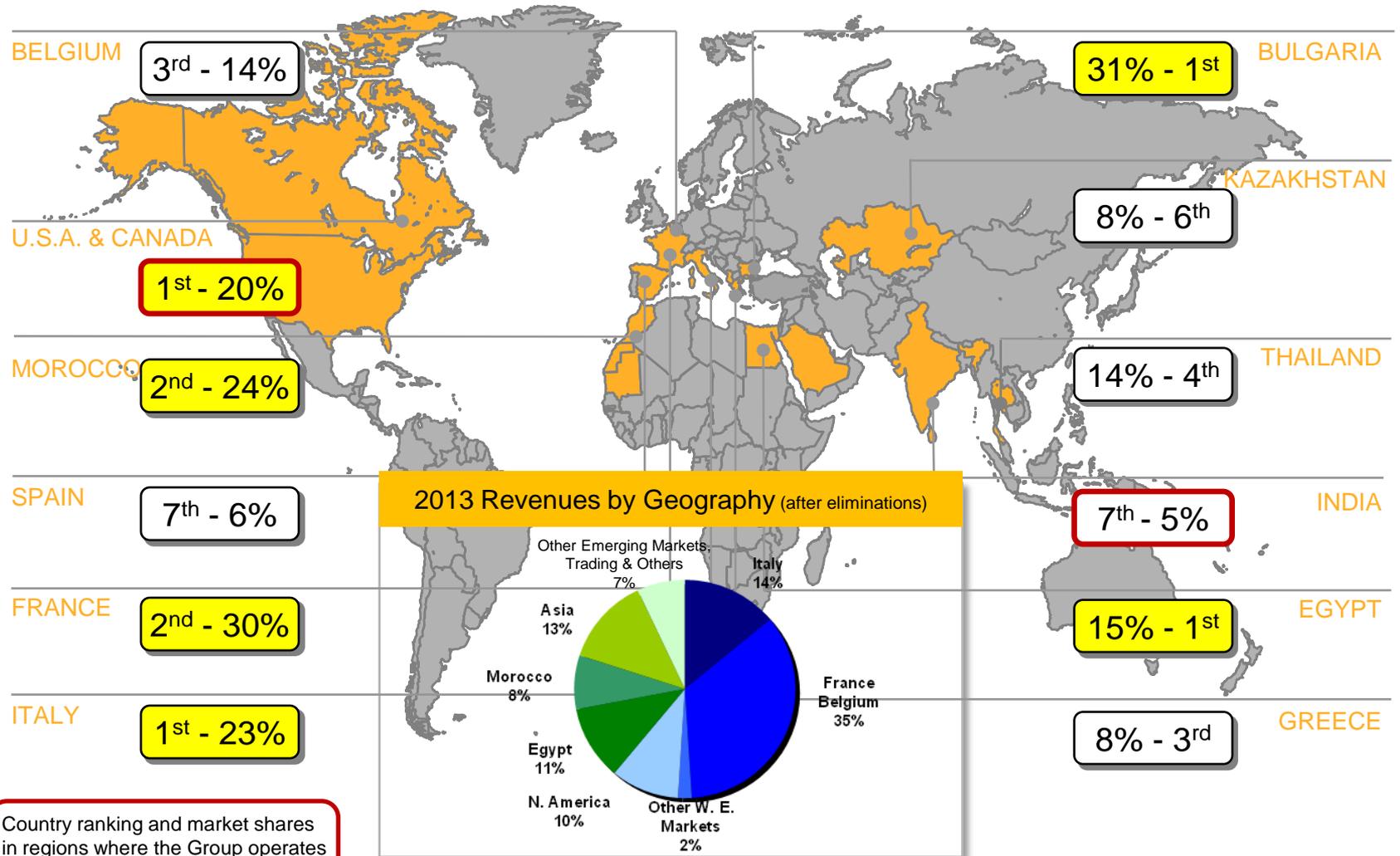
# Group Overview

## ➤ 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

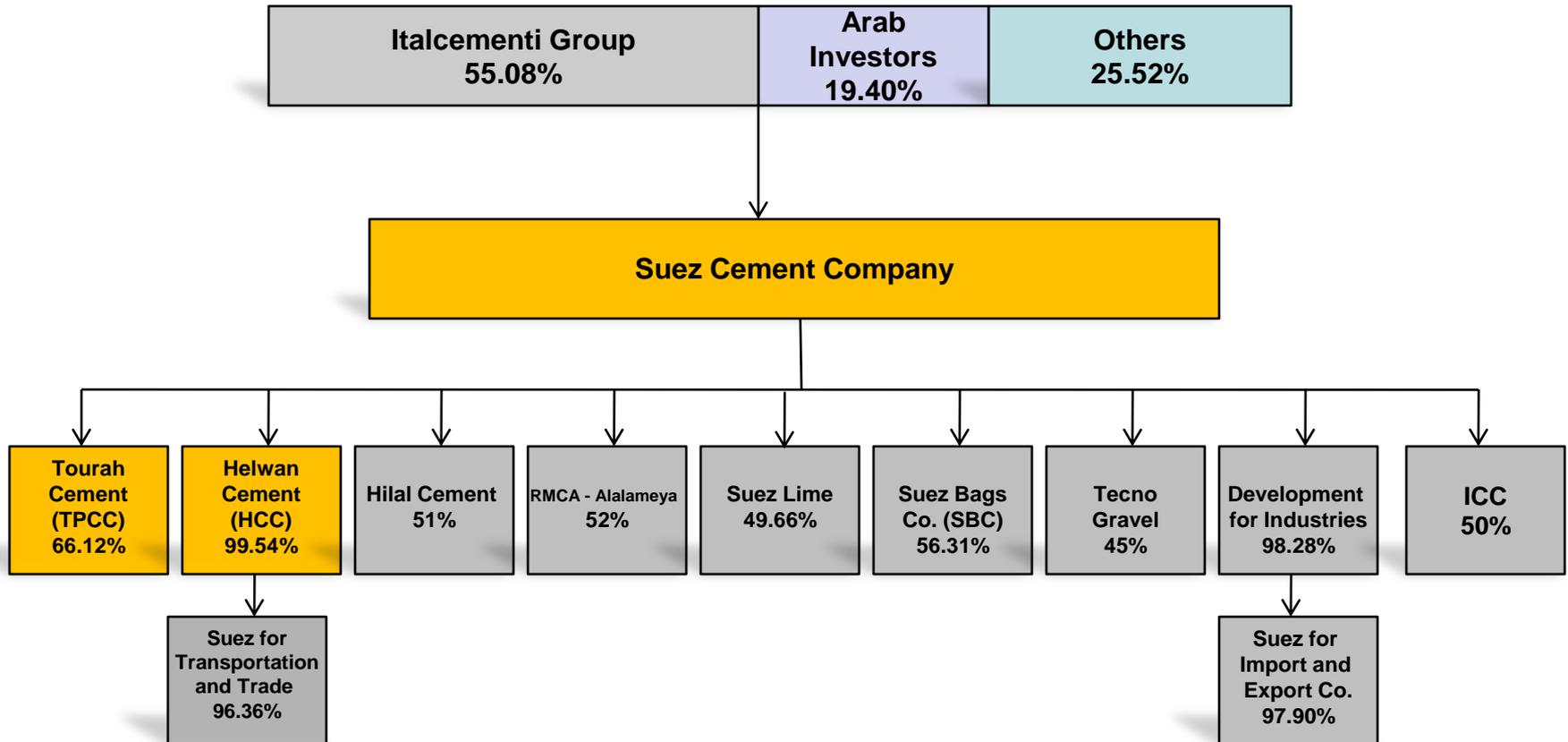


Country ranking and market shares in regions where the Group operates (Italcementi estimates)

Source: Italcementi estimates based on brokers' reports

# Group Overview

## ➤ SCgC Group structure

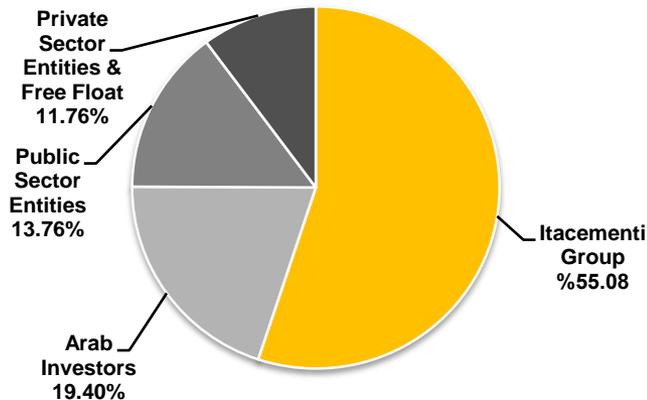


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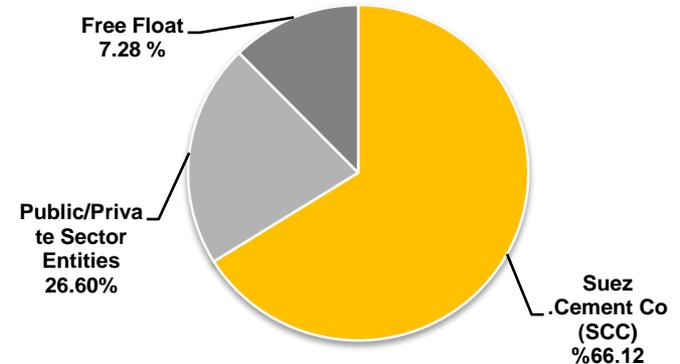
# Group Overview - Stock Market

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

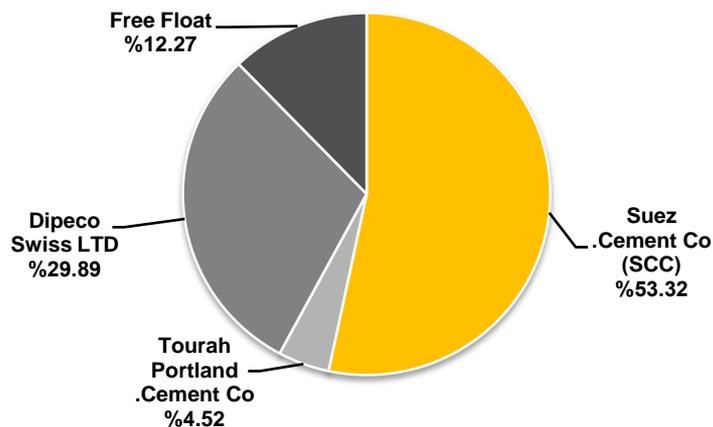
Suez Cement Company (181,856,507 shares)



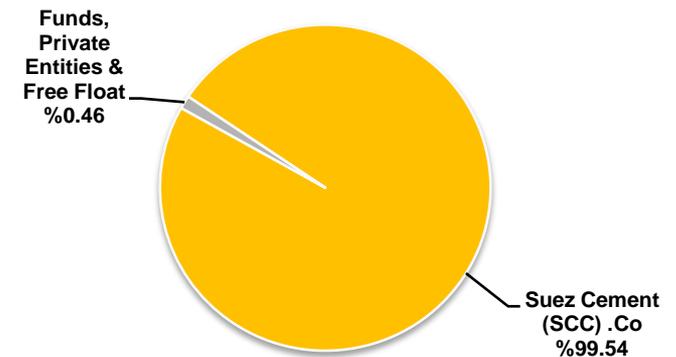
Tourah Portland Cement Company (71,524,200 shares)



Suez Bags Company (2,025,000 shares)



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



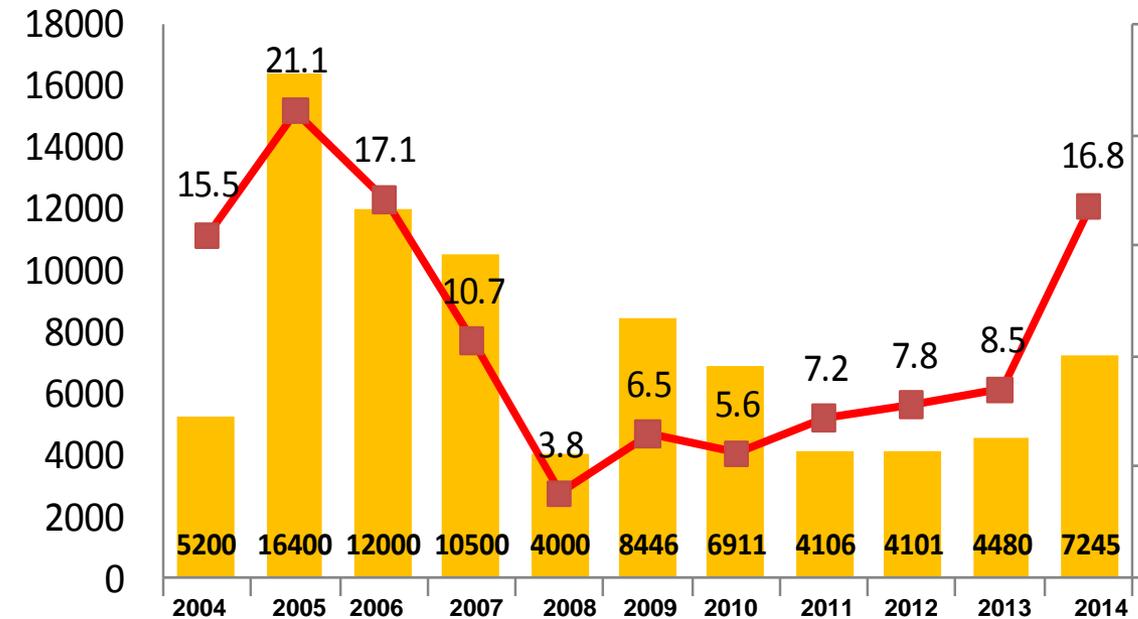
31 December 2014

# 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)	7,245
Closing Price (EGP)	39,84
52 WK High (EGP)	44.20
52 WK Low (EGP)	24.70
52 WK Avg. Volume	18,274
YTD Avg. Daily Value Traded (EGP)	674,263

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# Market Overview

# Market Overview

## ➤ Egypt Macroeconomic Outlook

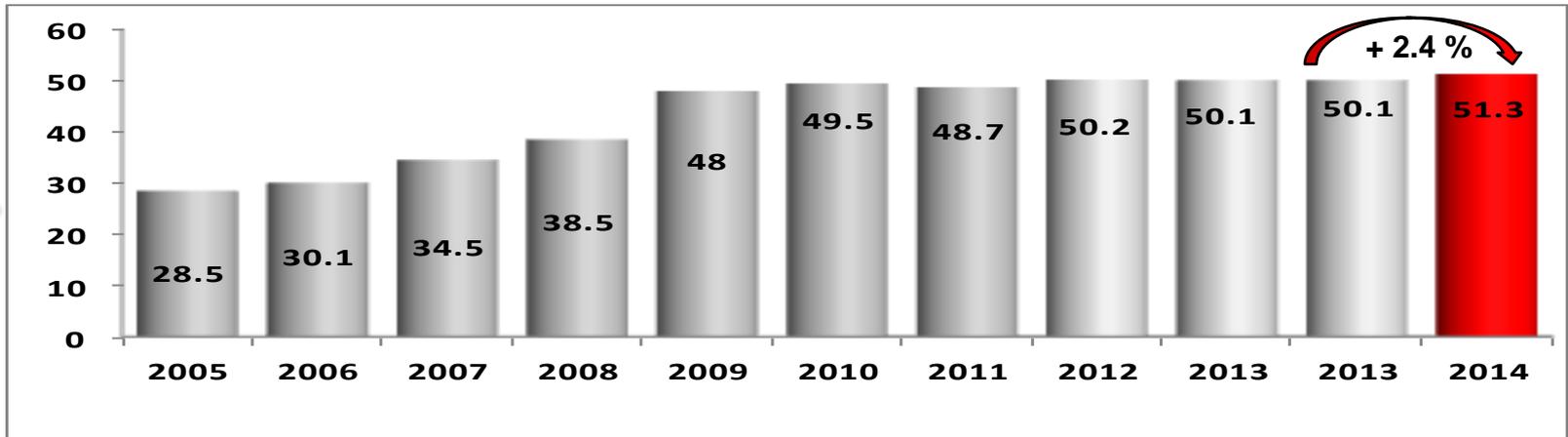
	2012e	2013f	2014f	2015f	2016f	2017f
	actual	actual	actual	actual	actual	actual
Population growth	80.7	82.2	83.4	84.7	86.0	87.3
Gross Domestic Product (% yoy)*	6.0	4.0	4.5	4.5	4.5	4.5
Gross Fixed Capital Formation (% yoy)	32.8	-3.7	10.9	16.1	16.6	17.3
Inflation rate %	7.2	9.5	10.1	10.1	10.0	9.5
Exchange rate (loc.Cur/€)	7.7	9.4	8.9	8.4	7.9	7.8
Exchange rate (loc.Cur/\$)	6.1	7.1	7.0	6.8	6.6	6.5
lending rate (% annual av.)	10.2	10.8	11.1	10.5	10.0	10
OPEC basket Price, US\$/bbl, ave	109.5	103.0	101.0	100.0	99.0	97.0
Construction industry, real growth, % y-o-y	15.7	11.4	13.2	3.7	3.3	5.0

5 years compounded annual growth rate

# Market Overview

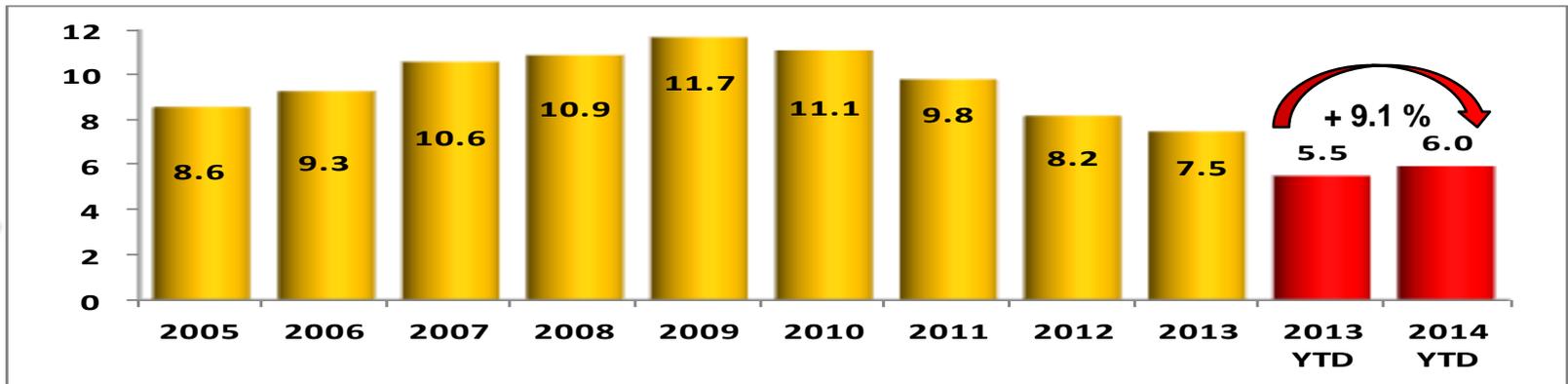
## ➤ Egypt Macroeconomic Outlook

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 85% of the total cement consumption**

## ☐ **Residential**

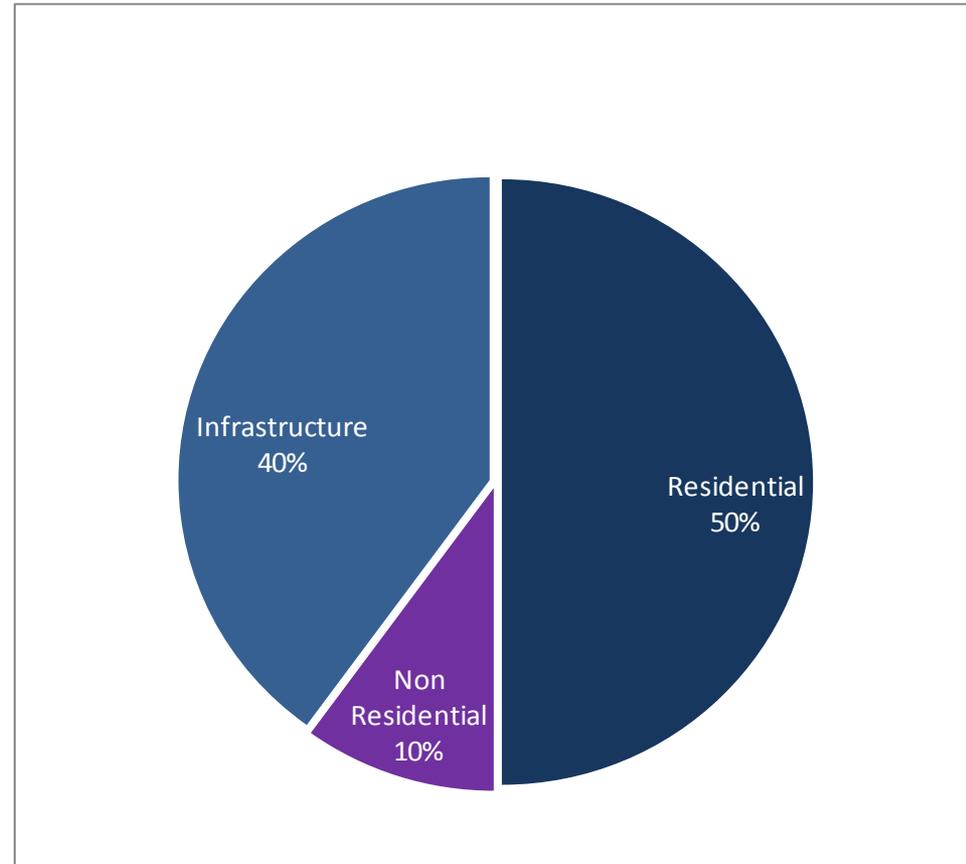
- ✓ Although the tough situation this segment still have Good perspectives in the short and medium term projects.

## ☐ **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.



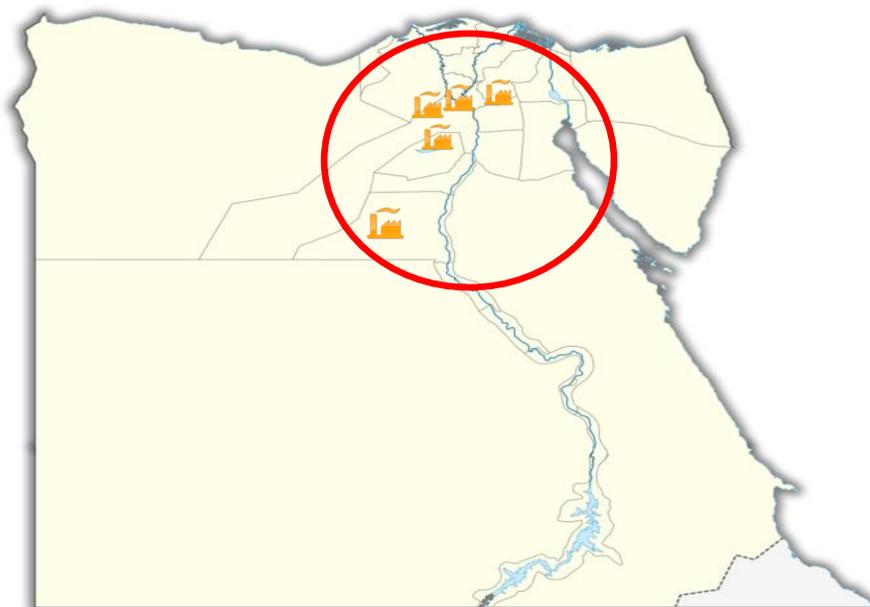
# Market Overview

- More than 60% of 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	18%	3%
Others	22%	19%

- 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%

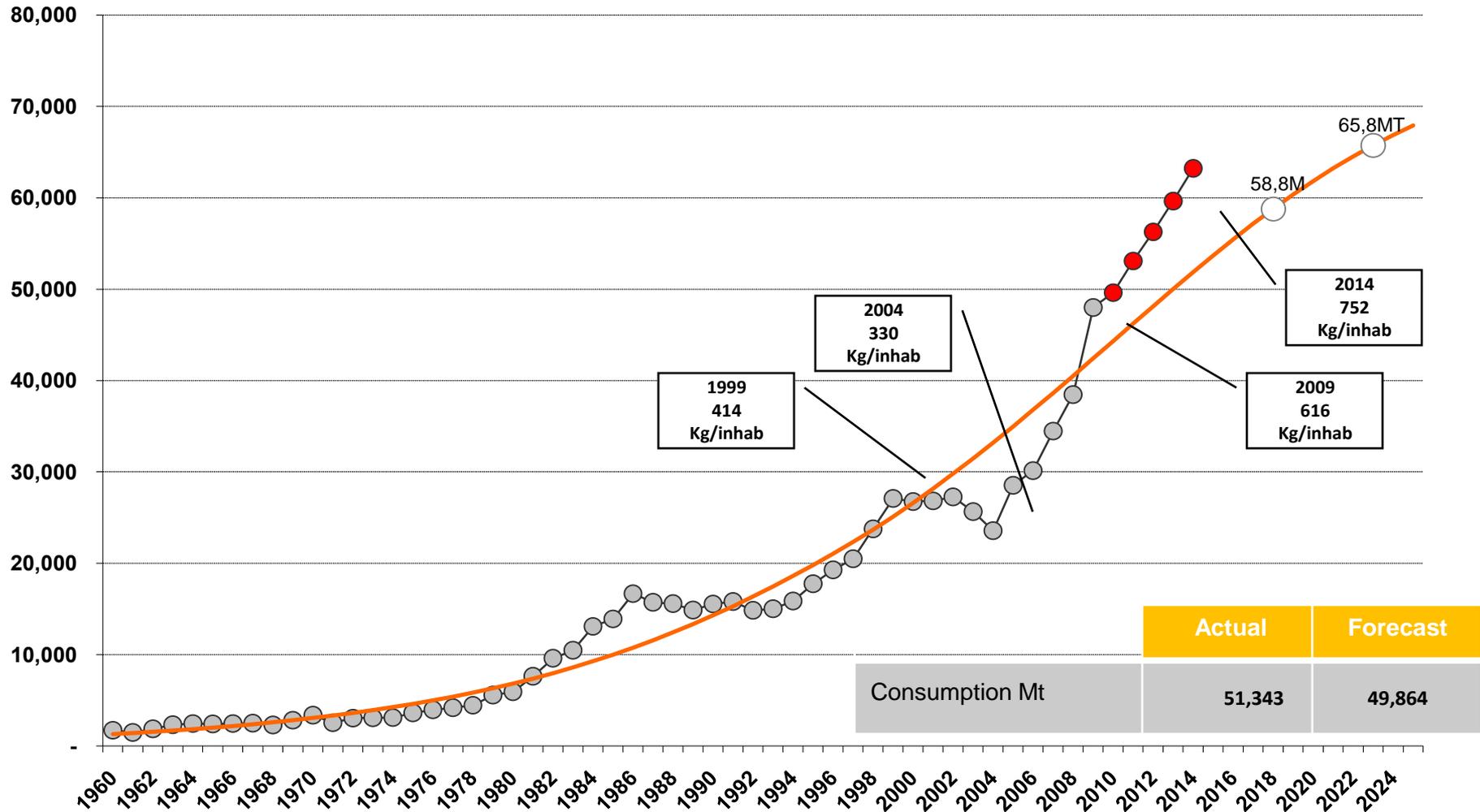


\*\*CAPMAS: Central Agency for Public Mobilization And Statistics  
- Source: Business Monitor International Data referred to 2009

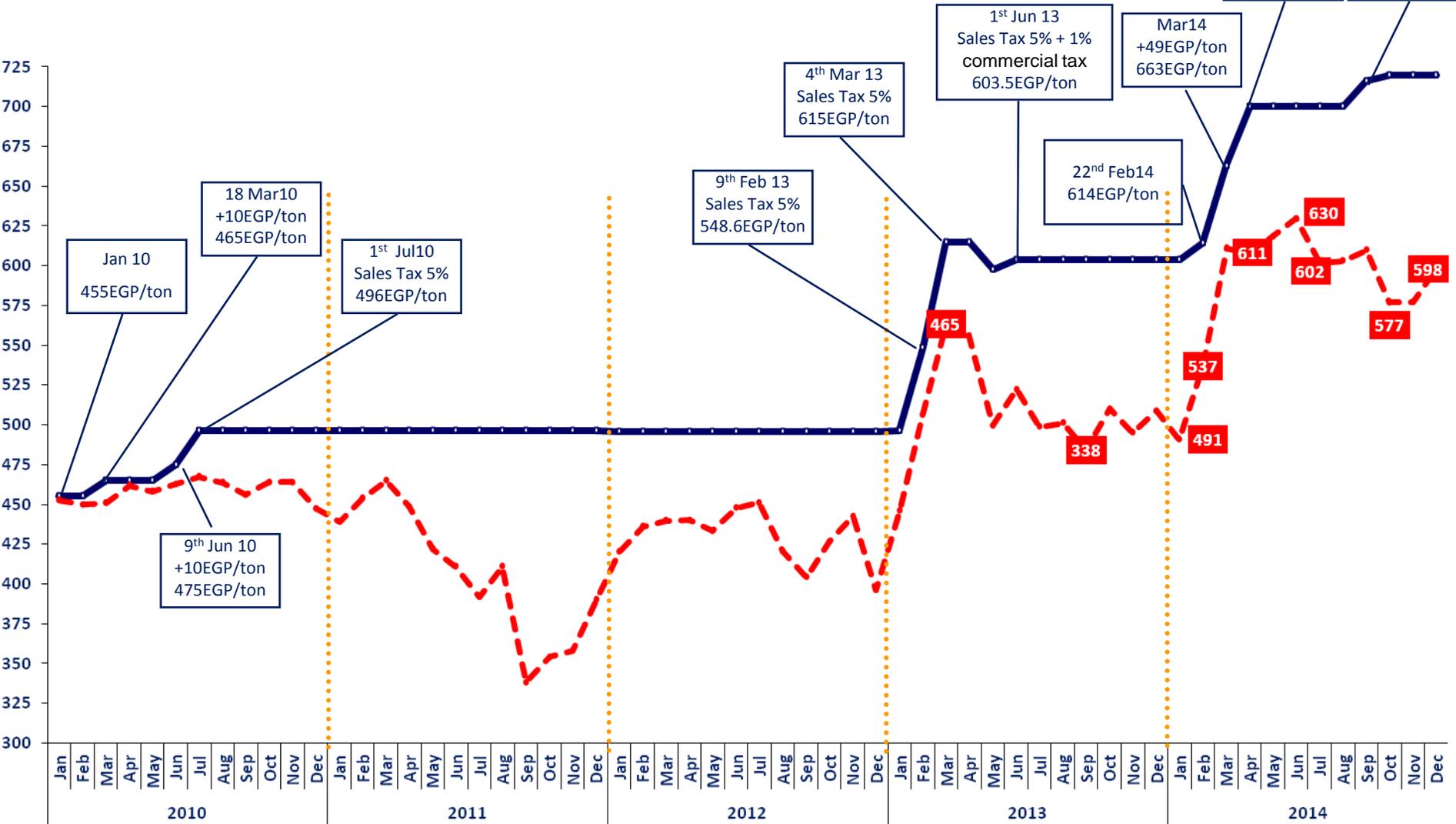
# Market Overview

## ➤ Egypt Grey Cement Market

### Structural Demand (Mt)



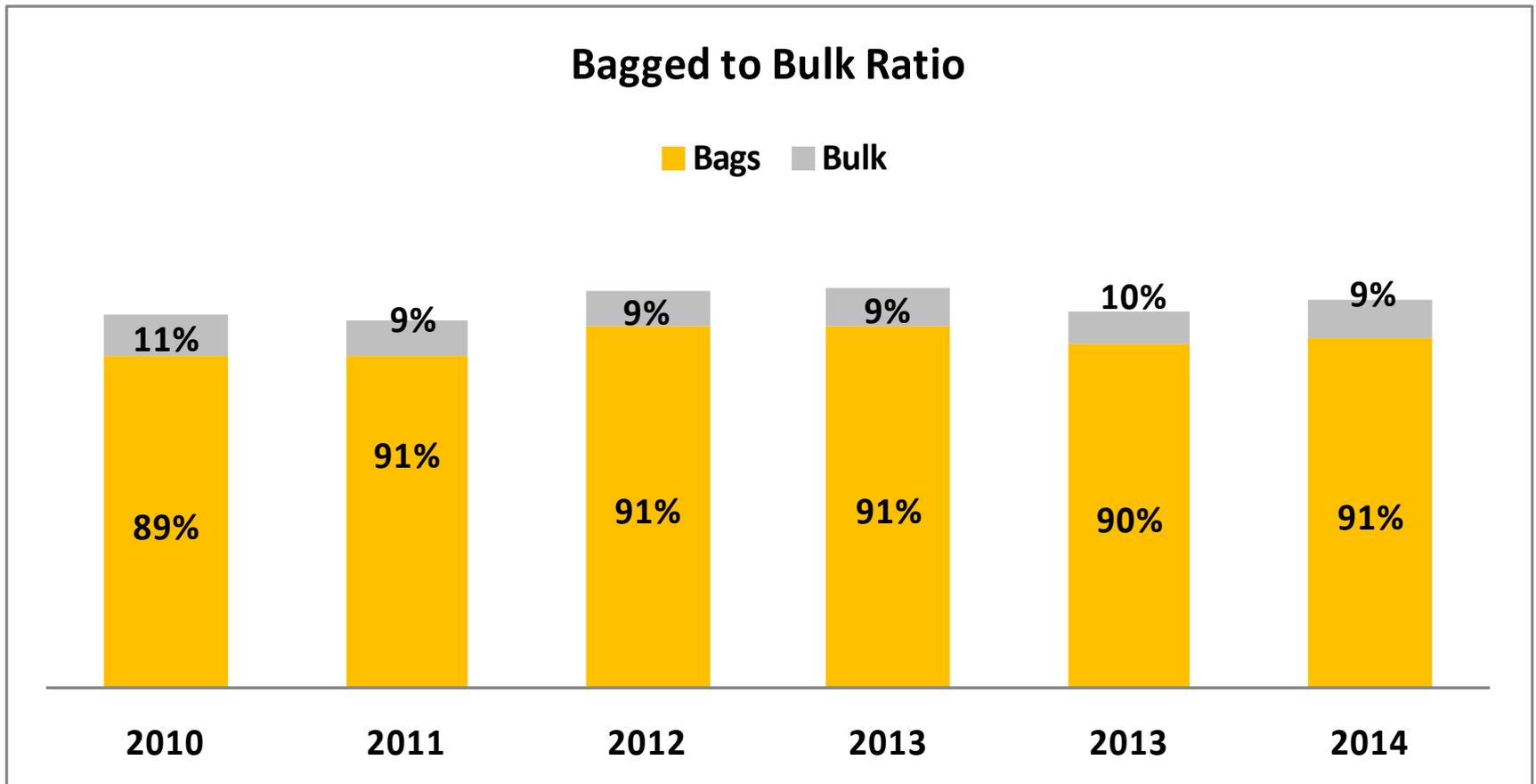
# Evolution of SCGC OPC Bags Ex-works price (EGP/t)



OPC: Ordinary Portland Cement

# Market Overview

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



Source: internal market intelligence



# Investment Highlights

# Investment Highlights

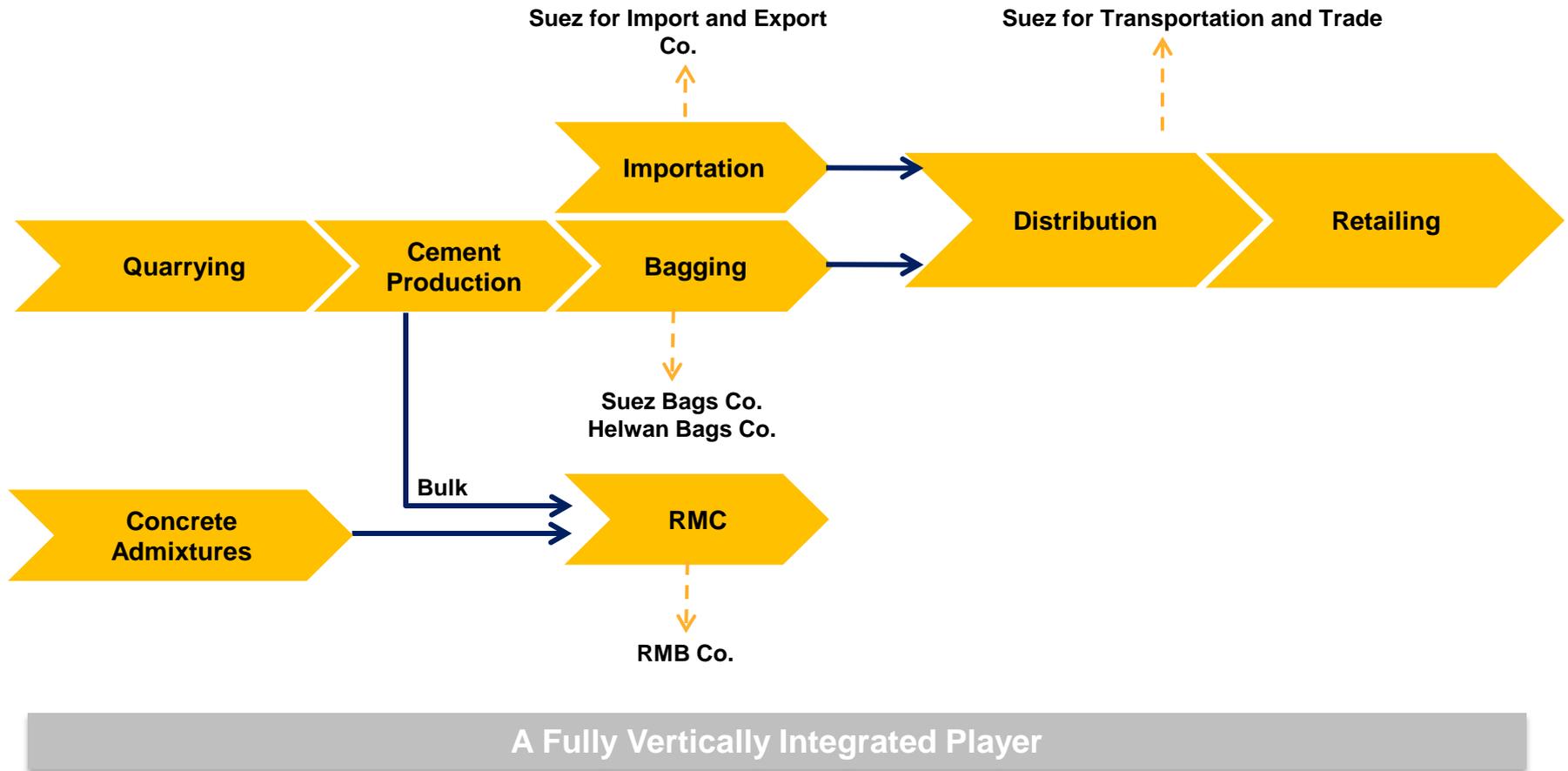
- **Being part of a global player, SCgC has an immediate access to worldwide best practices**



**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
- ❑ 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)

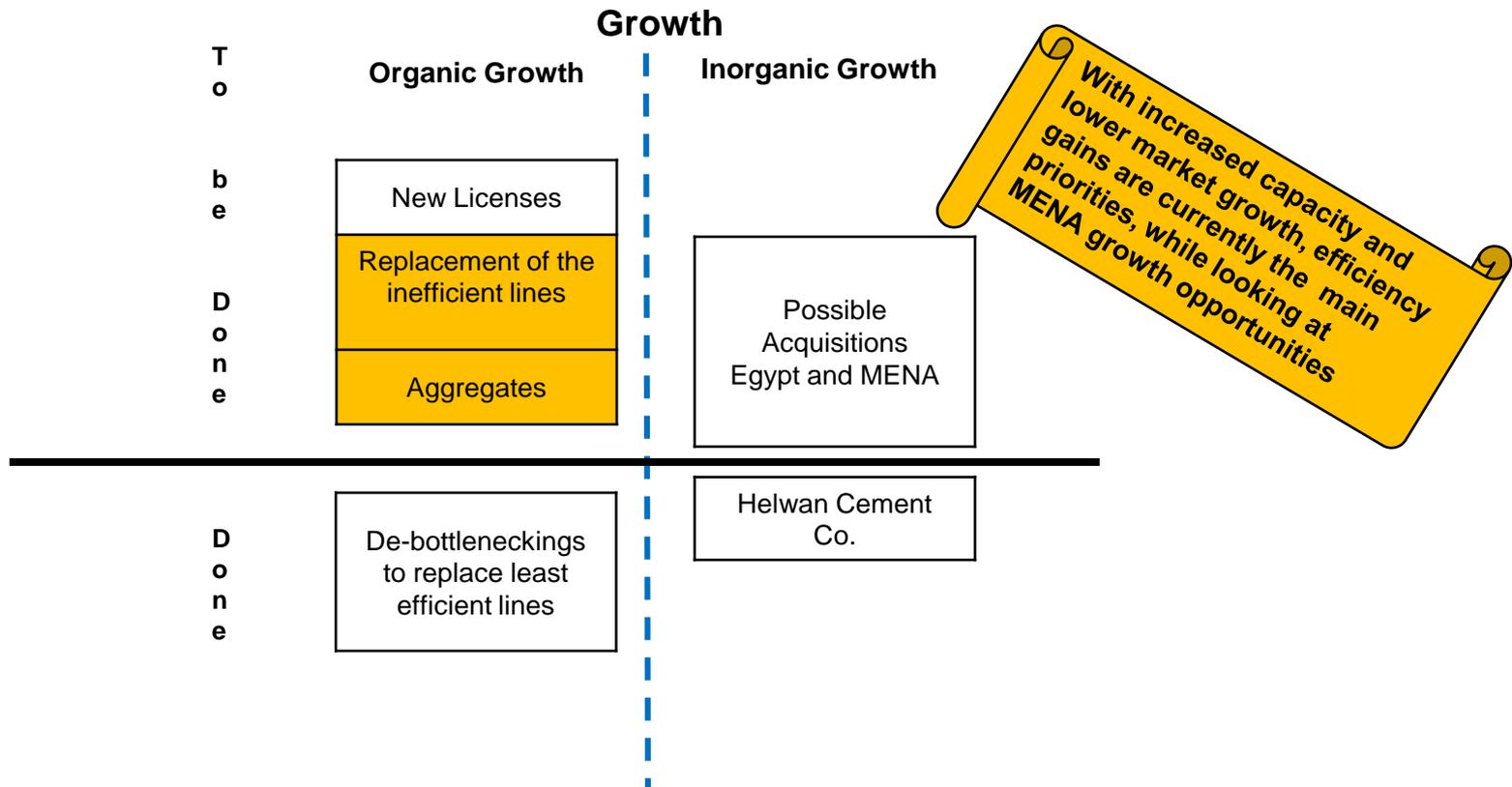
## ➤ Sustainability

- ✓ 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

	2012	2013	2014
Volumes (MT)	8.3	7.5	8.4
EBITDA/ton (EGP)	110	120	138

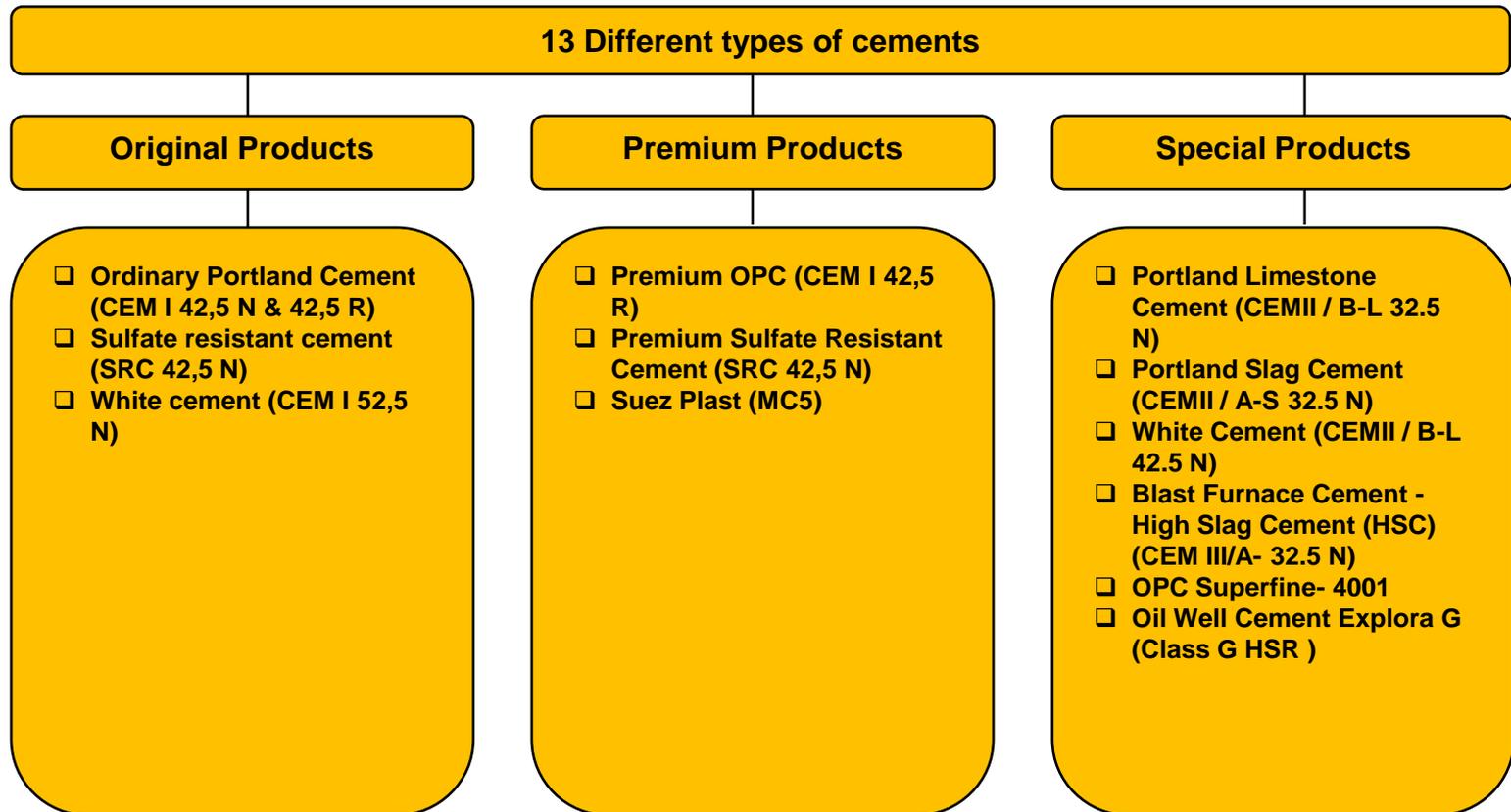
# Investment Highlights

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



# Investment Highlights

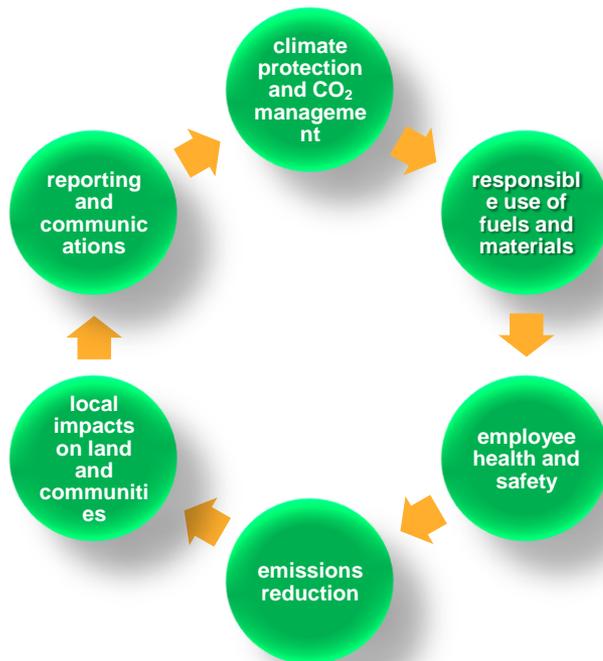
- As a Business-Level strategy, SCgC implements a differentiation strategy in its marketing approach that provides value to customers and is worth a premium price



# 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 – Q4

- In October 2014 the company renewed its partnership with the Don Bosco Technical Institute in Cairo with an annual contribution of €100,000. The objective of the program is to promote technical and vocational education. The partnership started in 2006 with the upgrade of Don Bosco's infrastructure and facilities as well as the development of new programs. Graduates of Don Bosco are well known and in demand throughout the industrial sector for their excellent training and professional skills. SCGC has hired more than 25 graduates from the program and provided on-the-job training for another 170 participants as well as summer internship opportunities.
- In November 2014 SCGC partnered with CARE Egypt NGO to upgrade five primary and secondary schools in Minya Governorate. The project "*Improving Learning Environment through Community Engagement*" aims to raise awareness among school management, teachers and students on the importance of preserving and sustaining educational infrastructure and resources.
- In November 2014, SCGC sponsored the International Conference on "*Responsive Urbanism in Informal Areas*" organized by The Department of Architecture at the Faculty of Engineering - Cairo University (CUFE), jointly with the Ministry of Urban Renewal and Informal Settlements, and UN-Habitat under the auspices of the Prime Minister. The conference aimed at raising new approaches for the effective interaction in informal settlements through the use of innovative solutions, the use of building materials, renewable resources and other aspects.

# Social Initiatives for 2014 – Q4

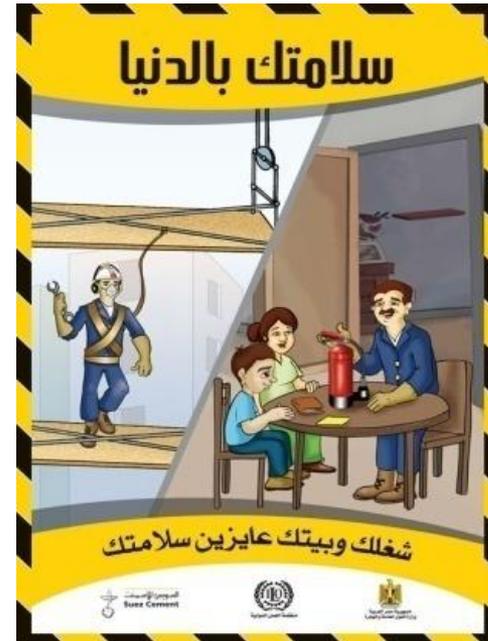
- Finally, SCGC was one of the sponsors of the Revival of the Egyptian Museum Initiative that was launched on December 15, 2014 in the presence of Eng. Ibrahim Mahlab, the Prime Minister of Egypt, Prof. Dr. Mamdouh Eldamaty, the Minister of Antiquities, and Prof. Dr. Galal Said, the Governor of Cairo. The Revival of the Egyptian Museum Initiative is a collaboration between private and public sectors, institutions, experts and volunteers. SCGC has sponsored the rehabilitation works in the East Wing of the Tutankhamun Gallery.
- In recognition of its strong commitment to sustainable development, SCGC's CSR program was recognized as one of the top 10 in Egypt by the Federation of Egyptian Industries (FEI).
- 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.



Evolution of Frequency of Accidents<sup>1</sup> (2009 – 2014)

	2009	2010	2011	2012	2013	2014
Employees	2.7	2.5	4.1	2.4	1.2	2.66
Contractors	3.1	2.2	2.1	1.8	3.3	1.05

# 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



**Group of Companies**  
Suez Cement  
Italcementi Group

**القائمة**  
Suez Cement  
Italcementi Group

**القائمة**  
Suez Cement  
Italcementi Group

**القائمة**  
Suez Cement  
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

Caïro, October 2011



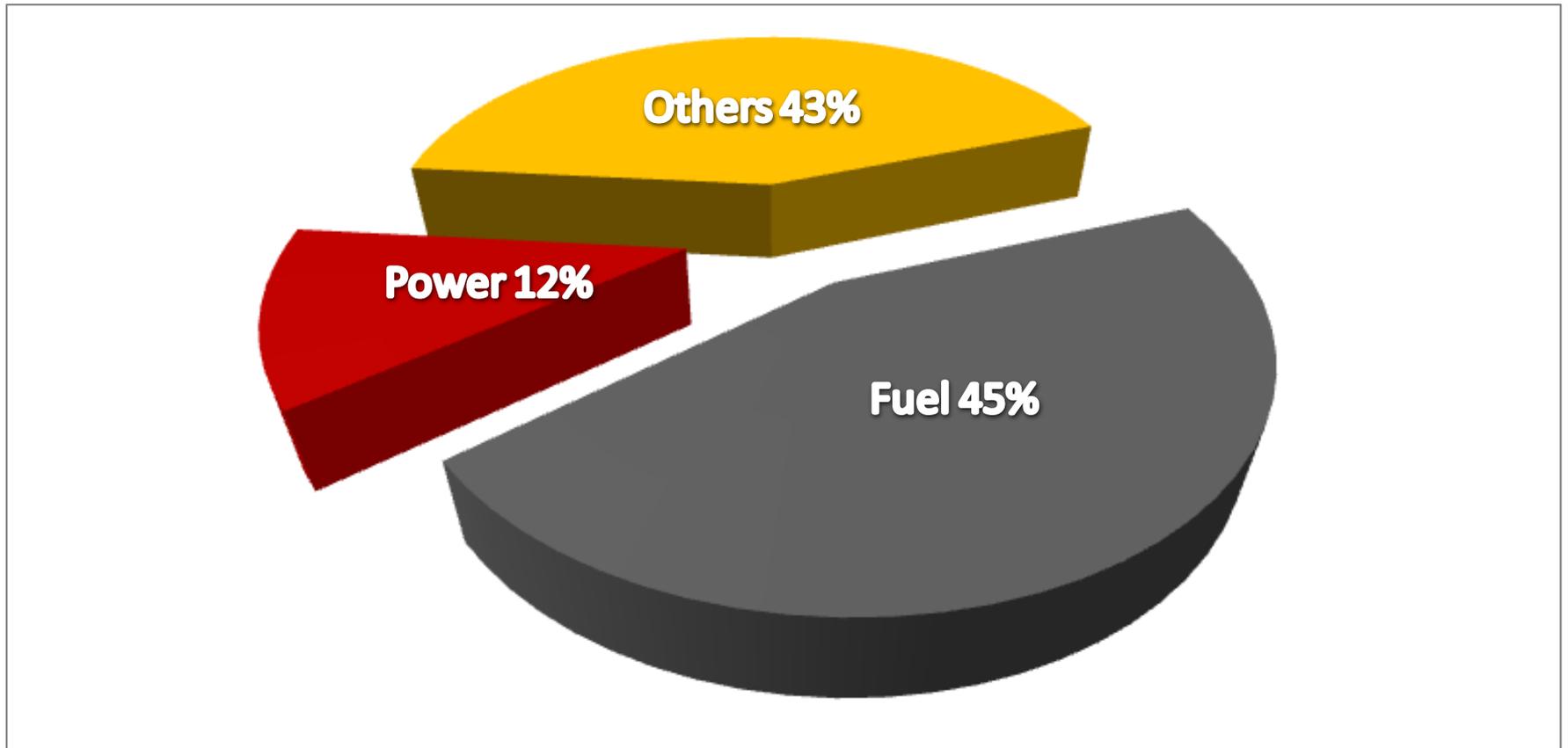
Suez Cement group of Companies' Charter of Values is inspired by fundamental international reference standards such as the United Nations' Universal Declaration of Human Rights, the International Labor Organization codes standards and the SA 8000 standard. Suez Cement group of Companies' Charter of Values 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 57 %  
of the production cost**

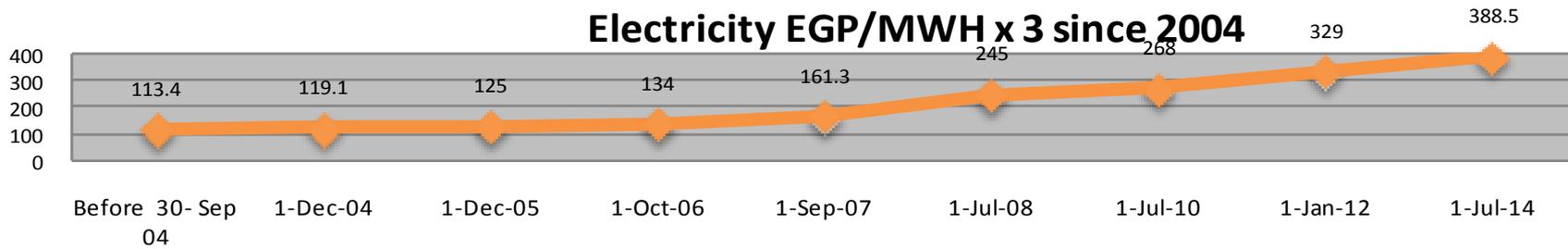
December 2014 SCgC Cost Breakdown

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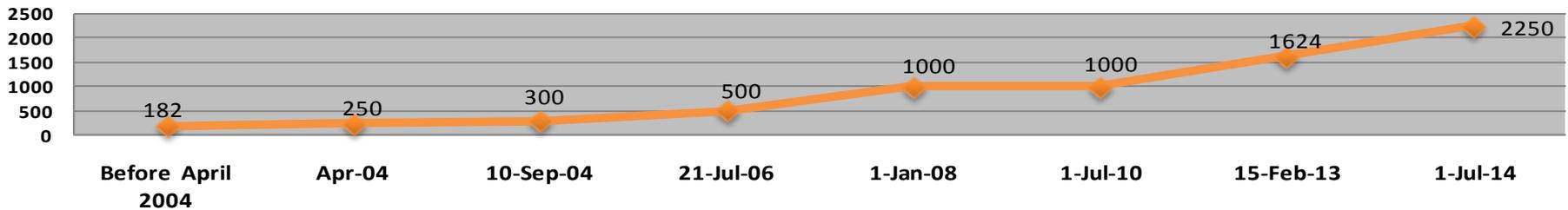
# Financial Highlights

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

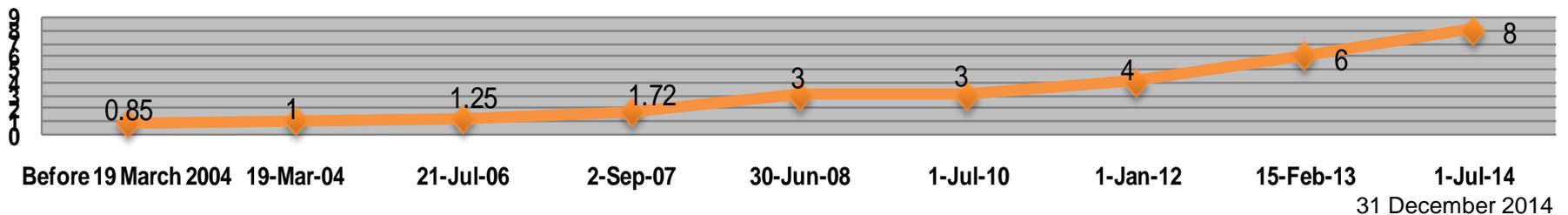
### Electricity EGP/MWH x 3 since 2004



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



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



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## YTD December 2014 key results (Consolidated)

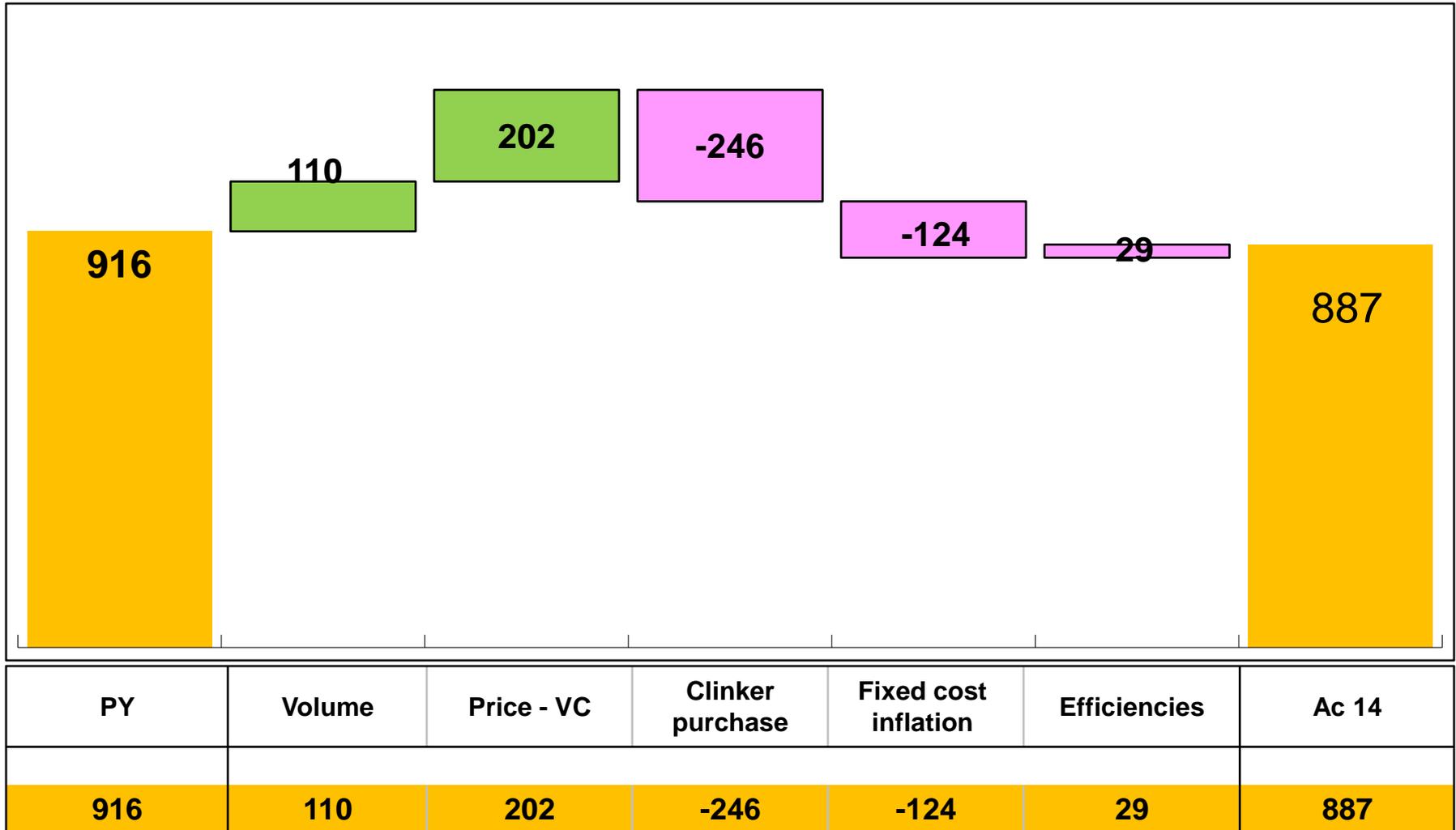
Q4 sales slightly down as compared with a very strong Q4 2013. For the full year, sales are up strongly (+21.8%) from volumes (+5.5%) and pricing, translating to an 8.8% gain in EBITDA; costs were strongly impacted by the energy price increases and severe energy shortage which demanded to import large quantities of clinker. Very low OWC confirmed.

	Q 4 2014	Q 4 2013	Var. 2014-2013		Ytd. Dec. 2014	Ytd. Dec. 2013	Var. 2014-2013	
			Var.	%Var.			Var.	%Var.
<i>Kt</i>								
Volume sold (Cement + Clinker)	2,055	2,157	-102	-4.7%	8,376	7,939	437	5.5%
Domestic	1,995	2,073	-78	-3.7%	8,037	7,690	348	4.5%
Export	60	84	-25	-29.3%	339	249	90	36.0%
<i>EGPm</i>								
Revenue	1,539	1,501	37	2.5%	6,152	5,049	1,102	21.8%
EBITDA - recurring	300	269	31	11.5%	1,154	1,061	93	8.8%
% of revenue	19.5%	17.9%	1.6 p.p.		18.8%	21.0%	(2.3) p.p.	
EBIT	181	163	18	11.2%	705	681	24	3.5%
% of revenue	11.8%	10.8%	0.9 p.p.		11.5%	13.5%	(2.0) p.p.	
Net Profit	149	125	24	18.9%	519	592	-73.29	-12.4%
Cash Flow from operations	268	232	36	15.7%	967	972	-4	-0.4%
					31.12.14	31.12.13	Var.	% Var.
Net Financial Position - NFP					1,413	1,704	-291	-17.1%
Operating Working Capital - OWC					230	328	-98	-30.0%

31 December 2014

## 2014 YTD FY GOP Variance

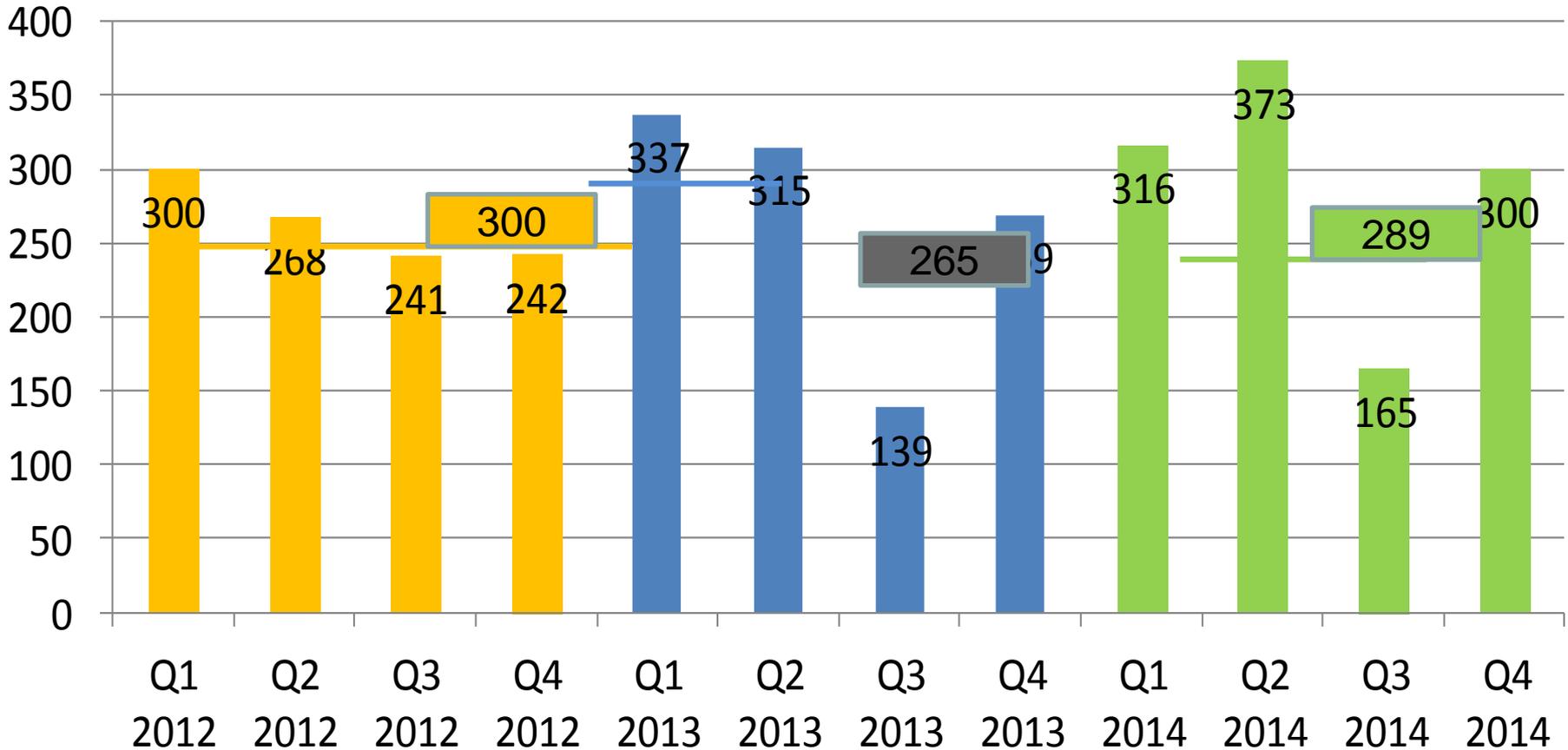
- Price increase and implementation of energy efficiency programs partially mitigated the effect of Clinker purchase and energy price increases.



# Financial Highlights

EGPm

## Quarterly EBITDA 2012-2014



31 December 2014

# Financial Highlights

MEGP	2010	2011	2012	2013	2014
Revenues	6,152	4,820	4,597	5,049	6,152
EBITDA - recurring	2,120	1,199	1,051	1,061	1,154
<i>% on revenues</i>	34.4%	24.9%	22.9%	21.0%	18.8%
EBIT	1,705	837	702	681	705
<i>% on revenues</i>	27.7%	17.4%	15.3%	13.5%	11.5%
Net Profit ( Group Share)	1,236	568	524	538	493
<i>% on revenues</i>	20.1%	11.7%	11.4%	10.7%	8.0%

31 December 2014

# Financial Highlights

## ➤ Strong equity structure with growing accumulation of cash

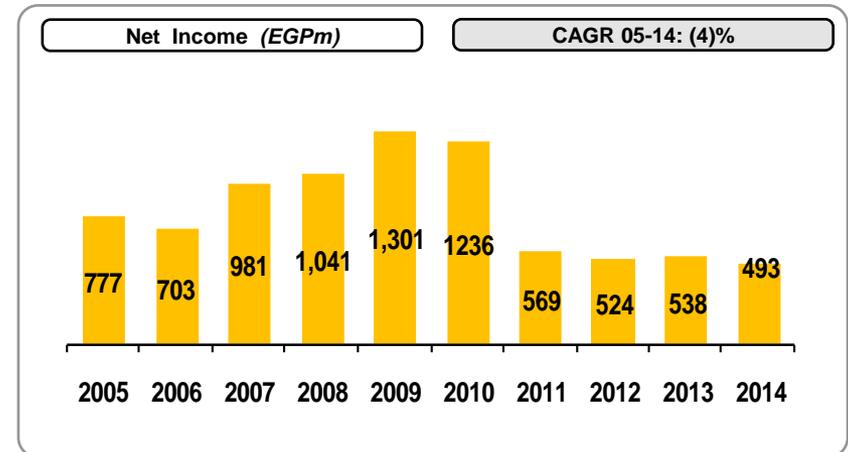
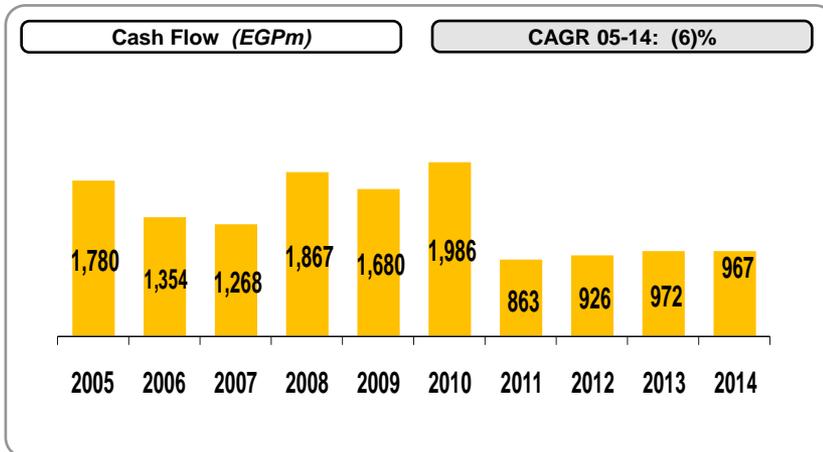
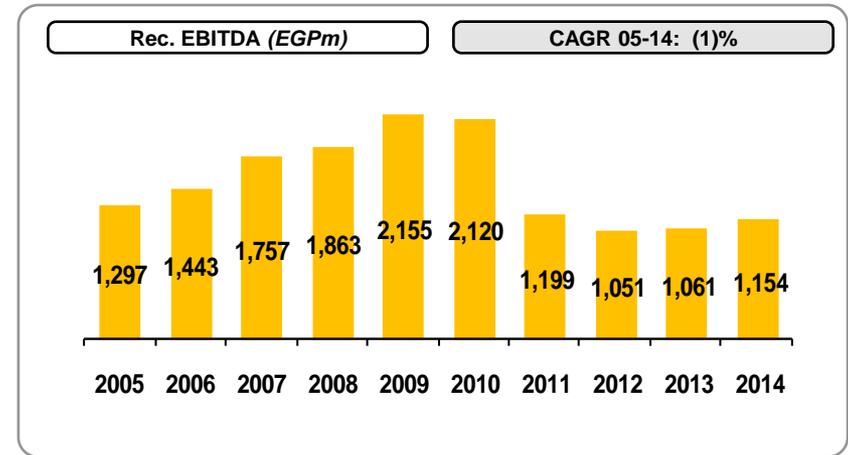
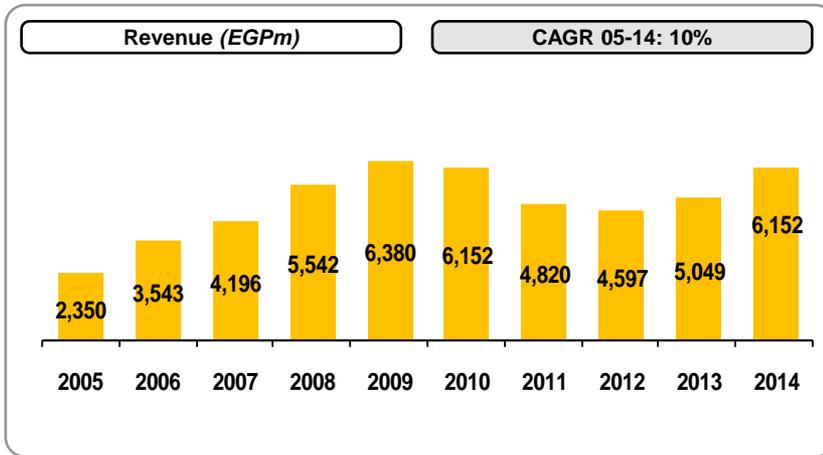
MEGP	2010	2011	2012	2013	2014
Total L-T Assets	6742	6703	6654	6,842	7,277
Inventory	952	998	804	844	1,194
Account Receivables	243	247	268	204	220
Cash and Cash Equivalents	1758	1448	1622	1814	1,626
Total Current Assets	3299	2957	3029	3127	3488
<b>Total Assets</b>	<b>10041</b>	<b>9661</b>	<b>9683</b>	<b>9969</b>	<b>10765</b>
S-T Debt	13	0	-	3	67
Cp of L-T Loan	8	24	37	52	-
Cp of L-T liabilities	12	4	-	-	-
Total Current Liabilities	1805	1609	1684	1747	2,439
L-T Loan	34	81	57	58	147
Total Equity	8039	7771	7756	7928	7,865
<b>Total Liabilities &amp; Equity</b>	<b>10041</b>	<b>9661</b>	<b>9683</b>	<b>9969</b>	<b>10765</b>
Net Debt( Cash) Position	(1670)	(1338)	(1528)	(1704)	(1413)
Net Debt( Cash) / EBITDA	NS	NS	NS	NS	NS
Net Debt( Cash) / Equity	NS	NS	NS	NS	NS
FCF**	1326	490	777	656	504

\*\* 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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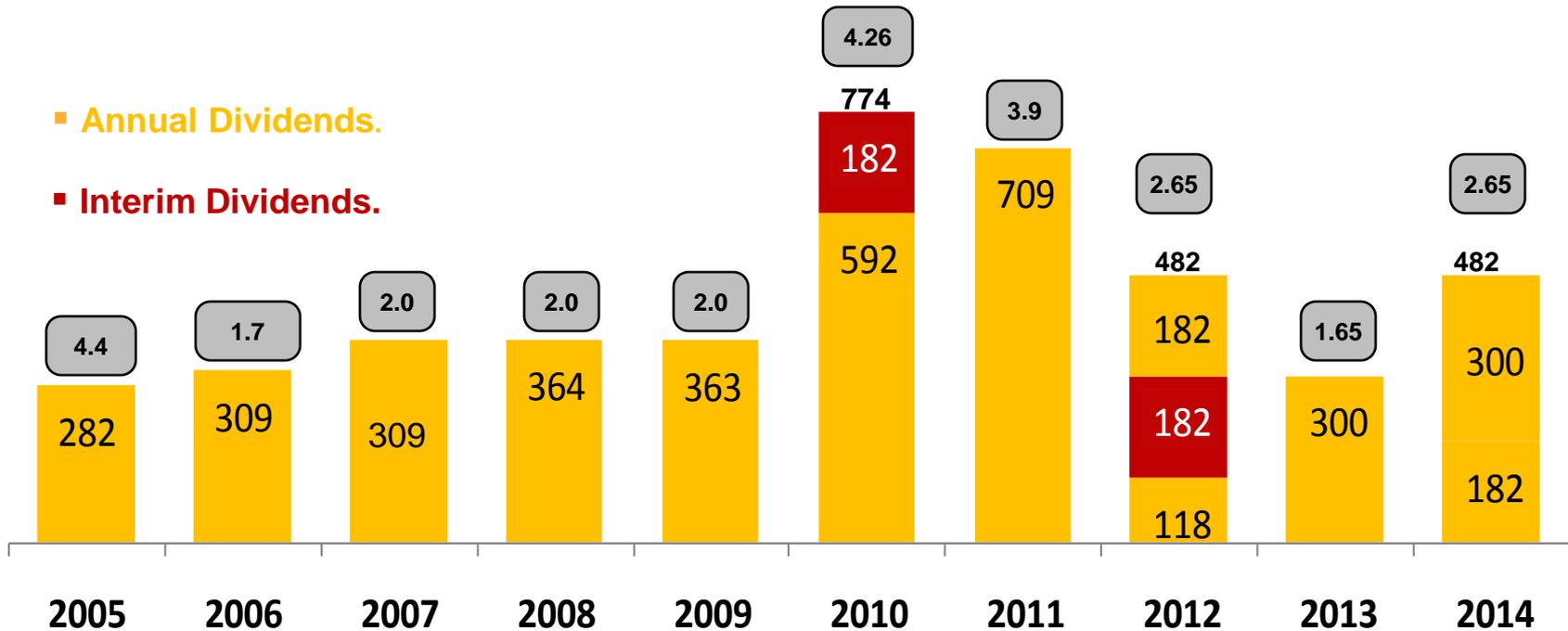
➤ More than EGP 4 BN dividend pay out since 2005

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)

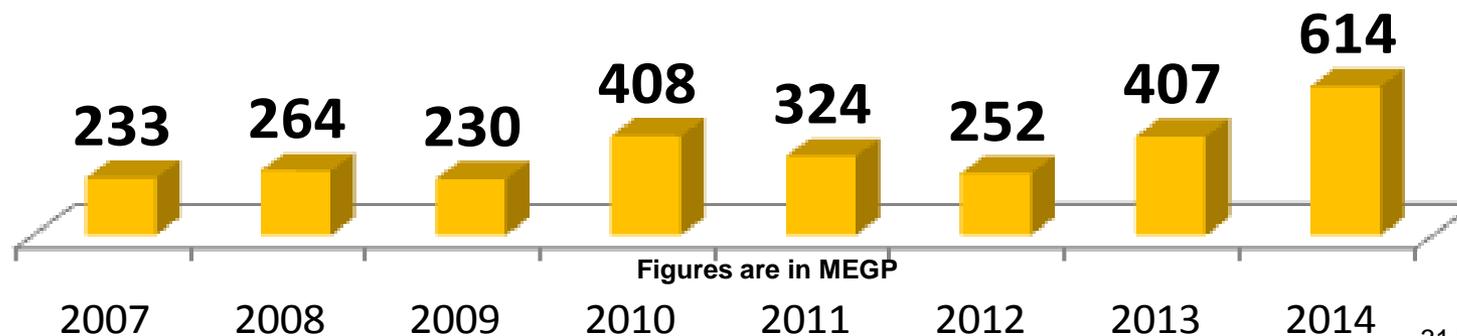
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# Financial Highlights

## ➤ Main Historical Acquisitions and Capex

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

## CAPEX



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