SCGC Reports Improved Quarterly & Year-on-Year Revenues in 2016

Q4 2016 results at a glance

MEGP	4Q 2016	4Q 2015
CONSOLIDATED REVENUES	1,773	1,599
RECURRING EBITDA	135	52
NET PROFIT AFTER NON-CONTROLLING INTEREST	-522	-128

Consolidated Jan-December 2016 results at a glance

MEGP	FY 2016	FY 2015
CONSOLIDATED REVENUES	6,146	5,642
RECURRING EBITDA	542	424
NET PROFIT AFTER NON-CONTROLLING INTEREST	-528	-60

Cairo, February 28, 2017 – Today, Suez Cement Group of Companies' (SCGC's) Board of Directors approved the consolidated financial reports for the year and Q4 2016.

Growth in Egypt's cement market fell 1.3% between September and December of last year after recovering in Q3. However, demand for cement increased 5.2% in 2016 versus the same period in 2015.

Furthermore, cement prices continued to improve in Q4, following the previous quarter's upward trend. Overall, prices in Q4 rose 25% as compared to Q4 2015. On average, cement prices climbed an aggregate 7% year-on-year versus 2015.

SCGC maintained its market share and position as an industry leader during the period. Although sales volumes decreased 18.9% in Q4 2016, revenues jumped 11% thanks to higher product pricing. SCGC's export sales for 2016 declined 3% in comparison to last year.

In a similar vein, the Company's consolidated revenues increased 11% in Q4 in comparison to Q4 2015. SCGC's annual consolidated revenues rose 9% for the year as well.

The following factors – improved sales, rising cement prices and SCGC's aggressive strategies to improve internal efficiencies and diversify the Company's energy mix – resulted in almost 28% EBITDA growth for 2016 in comparision to last year's figures.

That being said, SCGC still reported a net loss of EGP 528 million after non-controlling interest due to significant pressure from the devaluation of the Egyptian pound and one off expenses.

Outlook

Looking forward, SCGC maintains a cautious outlook on cement production and sales for 2017 and onwards since Egypt's construction sector still embodies strong core fundamentals, but is going through a period of volatility and change. Recent measures to further restrict consumer credit and imports are expected to have a negative impact on economic growth overall. The continued shortage in foreign currency, which has not yet improved despite ongoing regulatory efforts, may worsen the country's economic prospects in the near future.

Management believes Egypt will still move forward with implementation of several large national projects under the auspices of government stimulation initiatives designed to maintain demand for cement, but production capacity oustrips current demand and thas likely to be the tone of 2017. Construction has begun on some projects, but other initiatives have faced slower than anticipated launches due to economic uncertainty and financing restrictions.

SCGC is currently on track to implement its coal energy conversion project at the Helwan Plant, which is expected to be completed by mid-2017. SCGC's energy diversification program is focused on increasing the use of waste-derived fuels, petroleum coke, coal and renewable energy in order to prevent fluctuating natural gas and mazut prices from negatively impacting the Company's bottom line. SCGC anticipates that its innovative energy program will continue to improve the Company's manufacturing capacity as well as decrease operational and production overhead. The launch of coal and petroleum coke energy generation goes hand in hand with SCGC's focus on reducing its environmental impact through the implementation of state-of-the-art dust filter technology and streamlined manufacturing processes.

SCGC is also working to better serve domestic customers by shifting its strategy to service-oriented targets through customer satisfaction surveys, tailor-made product offerings, distribution centers, SCGC customer call centers, cement quality awareness sessions with customers and comprehensive technical assistance in addition to partnerships with leading cement consultants and academic institutions.

Suez Cement on the internet: www.suezcement.com.eg

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About Suez Cement Group of Companies (SCGC)

With an industrial network of five production facilities in Suez, Kattameya, Tourah, Helwan and El Minya, Suez Cement Group of Companies (SCGC) is one of the largest cement producers in Egypt. On 1 July 2016, SCGC became a part of HeidelbergCement Group.

SCGC has a long-standing history in the market, but that has not stopped it from launching new brands and products to meet changing market needs. SCGC is home to more than 3,000 employees who participate in ongoing training and advancement programs. The group has comprehensive safety and environmental policies, which ensure employees can enjoy a safe and sustainable working environment. Communities where SCGC plants operate also benefit from the Company's CSR and environmental protection activities. Furthermore, SCGC cement has made some of Egypt's most famous landmarks possible. SCGC's plans for the future involve implementing best practices in terms of serving market needs and customer demands.