السويس للأسمنت
Suez Cement
Italcementi Group

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SCGC Reports 3% Decrease in Revenues inQ1 2015

SCGC's Q1 2015 results at a glance

- **CONSOLIDATED REVENUES:** 1.403 MILLION EGP (1.452 MILLION EGP in Q1 2014)
- **RECURRING EBITDA:** 160 MILLION EGP (316 MILLION EGP in Q1 2014)
- **NET PROFITS AFTER NON-CONTROLLING INTEREST:** 58 MILLION EGP (169 MILLION EGP in Q1 2014)

Cairo, April 29, 2015 – Today Suez Cement Group of Companies' (SCGC's) Board of Directors approved the consolidated financial report for the first quarter of 2015 (January-March 2014).

Despite challenging conditions, SCGC was able to maintain its market leadership. However, unforeseen pressures on the construction sector as a whole depressed overall demand for cement products. This, combined with higher energy costs , negatively impacted SCGC's earning potential.

The Company saw revenues decline 3% in the first three months of the year versus the same period in 2014. Meanwhile, earnings before interest, tax and depreciation (EBITDA) fell by 49%, mainly due to rising fuel prices resulting in a sharp drop (66%) in net profits.

Egypt's domestic demand for grey cement fell 1.7%, prompting SCGC's sales to decrease 2.4% as they were further impacted by a strike action taking place at the Suez plant and interruption in quarrying operations at Helwan plant. Both issues have been solved.

SCGC is forecasting a more solid performance in the next few quarters following breakthrough announcements in the Company's energy diversification program. SCGC is proud to say that the coal conversion projects at the Kattameya and Suez Plants have been completed. Management is predicting significant cost savings will be felt in the near future, thereby improving SCGC's margins and mitigating the effect higher energy prices have on the firm in general. The Company is set to begin implementing similar coal power projects at the Tourah and Helwan Plants over the next two years.

SCGC is working to better serve domestic needs by shifting its strategy to service-oriented goals through customer satisfaction surveys, tailor-made offerings, best practice sharing between subsidiaries, an SCGC customer call center, awareness sessions with customers about cement quality, technical assistance and partnerships with major cement consultants and leading universities.

SCGC 2015 outlook

Although a labor dispute has been affecting Torah plant operations in the month of April and the plant operations had to be interrupted temporarily as employees safety, product quality and equipment maintenance could not be controlled properly by the management, SCGC maintains its positive view for the full year as it believes the construction industry will witness a resurgence that will attract new investment following optimistic presentations at the Economic Development Conference (EEDC) held in Sharm El Sheikh on 13-15 of March 2015.

This is in addition to overarching economic growth expected from the economy thanks to Egypt's return to political stability and the future implementation of several large national projects. SCGC expects that these factors and more will converge to boost demand for cement across the country.

However, power cuts and fuel shortages are likely to remain major issues for cement producers. Fuel and energy shortages will also prolong challenges to meeting cement production targets. As stated above, SCGC's plans to diversify its energy mix with waste, petroleum coke and coal are underway in order to prevent energy issues from affecting the Company's bottom line adversely. The firm anticipates that its energy program will gradually improve its manufacturing capacity utilization and have a positive impact on the cost of production.

The launch of coal and petroleum coke energy production 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. The recent closure of Tourah old plant facilities combined with improvements in Torah new plant is a clear illustration of this strategy.

SCGC remains focused on investing in energy efficient initiatives and environmentally sound programs. This includes developing alternative fuel strategies that incorporate waste-derived fuels and coal, which will shift the company's energy mix and reduce SCGC's dependence on natural gas and mazut.

SUEZ CEMENT ON THE INTERNET: www.suezcement.com.eg

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About Suez Cement Group of Companies

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. The company 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.

Italcementi Group is one of the world's leading cement producers, with a strong focus on innovation and sustainable construction materials. The Group companies combine the experience, know-how and cultures of **22** countries in **4** continents, through an industrial network of **46** cement plants, **12** grinding centers, **6** trading terminals, **417** concrete batching units and a workforce of **about 18,000 people**. In **2014,** Italcementi Group consolidated sales totaled **more than 4.1** billion euro.