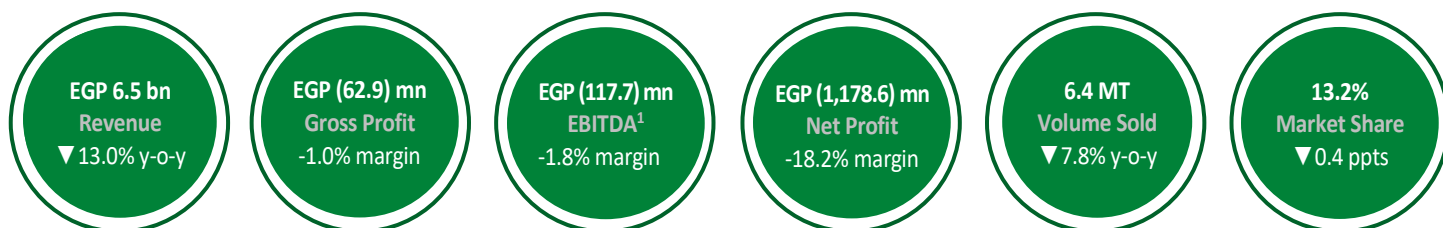


Suez Cement Announces Consolidated Results for FY 2019

Oversupply in the cement market has pushed down prices further in FY 2019, resulting in a 13.0% year-on-year contraction in the Group's top line to EGP 6.5 billion; Net losses in FY 2019 to record EGP 1.2 billion mainly due to additional restructuring one off expenses and impairments due to closure of Tora plant

FY 2019 At a Glance



(05 March 2020 – Cairo) The Suez Cement Group of Companies (“Suez Cement” or the “Group”, SUCE on the Egyptian Exchange), Egypt’s leading producer of cement, announces its results for the full year ended 31 December 2019, reporting revenues of EGP 6,461.1 million in FY 2019, down 13.0% year-on-year. The Group incurred Gross Losses of EGP 62.9 million compared to Gross Profit of EGP 625.6 million in FY 2018, this downturn is attributable to lower selling prices in the first place, and additionally higher cost of production. Losses on Gross Profit level trickled down to a net loss of EGP 1,178.6 million in FY 2019 compared to a higher net loss of EGP 1,318.3 million in FY 2018, which included EGP 1,540.5 million Goodwill impairment. On a quarterly basis, revenues came in at EGP 1,550.6 million in Q4 2019, down 12.0% year-on-year, while net losses recorded EGP 451.2 million in Q4 2019 compared to a net loss of EGP 1,653.5 million Q4 2018. Worth noting, during the second half of 2019 Gross Profit have witnessed a significant recovery from a negative value of EGP 63.6 million to almost breakeven in Q3 2019 then slight profit in Q4 2019, thanks to an improvement in the direct cost of production and the effect of the logistical optimization after the closure of Tora.

Summary Income Statement (EGP mn)	4Q19	4Q18	% Change	FY19	FY18	% Change
Revenue	1,550.6	1,762.0	-12.0%	6,461.1	7,428.4	-13.0%
Gross profit	1.1	75.0	-98.6%	(62.9)	625.6	N/M
GP%	0.1%	4.3%	-	-1.0%	8.4%	-
EBITDA ¹	(109.1)	9.9	N/M	(117.7)	734	N/M
EBITDA margin	-7.0%	0.6%	-	-2.9%	9.9%	-
Net profit	(683.0)	(1,478.8)	-53.8%	(1,178.6)	(1,318.3)	10%
Net profit margin	-44.1%	-83.9%	-	-18.2%	-17.7%	-

“2019 was perhaps the worst year the cement industry has witnessed in its recent years, deepening the downturn of Egypt’s cement sector as excessive oversupply and very intense competition, coupled with a continuous slowdown in demand for cement during the last 3 years have put the industry into an official recession. Nevertheless, in the absence of a solution to the current excessive oversupply, we do not see any significant change from the current climate. However, our group, after completing the restructure, has improved our cost base and we expect our results in 2020 to improve compared to previous periods.

Group CEO

Income Statement Highlights

- **Revenues** stood at EGP 6,461.1 million in FY 2019, down 13.0% year-on-year from EGP 7,428.4 million recorded in FY 2018. The Group's falling top line was a consequence of the widening supply gap in the cement market, which has been bringing down the market price of cement and clinker. Similarly, Q4 2019 revenues fell by 12.0% year-on-year to EGP 1,550.6 million.
- Suez Cement recorded a **gross loss** of EGP 62.9 million in FY 2019 versus a gross profit of EGP 625.6 million in FY 2018 driven by significantly lower prices coupled with higher input costs on the back of further energy subsidy cuts and Egypt's currency float. These higher production costs, paired with lower revenues, caused a loss at the gross margin level of -1.0% in FY 2019.
- **General and administrative expense**; despite the inflationary environment the Group managed to maintain the same level of General and administrative expenses as it came in at EGP 521.8 million in FY 2019 including EGP 50.5 million one-off restructuring cost, without which the total General and administrative expenses would have reached EGP 472 million compared with EGP 474 million in FY 2018.
- Suez Cement booked a negative **EBITDA** of EGP 117.7 million in FY 2019, compared to a positive EBITDA of EGP 734 million in FY 2018, with its margin further dampened on account of decreasing selling prices and increasing operating expenses.
- **Net loss** came in at EGP 1,178.6 million in FY 2019 compared to a net loss of EGP 1,318.3 million in FY 2018 on the back of higher gains from discontinued operations, a lower deferred tax expense incurred in FY 2019, and most significantly, Goodwill impairment of EGP 1,540.5 million occurred in FY 2018.

Summary Balance Sheet (EGP mn)	31 Dec 19	31 Dec 18	% Change
Total Assets	8,036.9	9,205.7	-12.7%
Current Assets	3,395.3	3,701.8	-8.3%
Noncurrent Assets	4,641.6	5,089.7	-8.8%
Total Liabilities	5,373.4	5,176.5	3.8%
Current Liabilities	4,912.9	4,645.2	5.8%
Noncurrent Liabilities	460.4	468.5	-1.7%
Total Shareholders' Equity	2,663.6	4,029.3	-33.9%
Total Liabilities & Shareholders' Equity	8,036.9	9,205.7	-12.7%
Net Working Capital	71.3	(660.9)	n/a
Net Fixed Assets	3,337.1	3,395.7	-1.7%
Net Debt	857.9	(277.3)	n/a

Balance Sheet Highlights

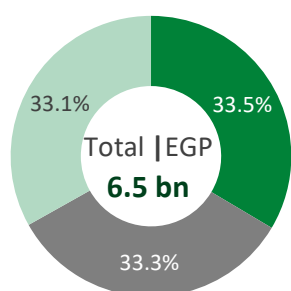
- **CAPEX** outlays in FY 2019 amounted to EGP 254.8 million, down 39.3% year-on-year from EGP 419.7 million invested during FY 2018. The bulk of the Group's CAPEX outlay for the period went primarily to projects already under construction.
- **Net debt** came to EGP 857.9 million as of 31 December 2019 compared to a net cash level of EGP 277.3 million one year ago.

Operational Highlights

- Suez Cement maintained its position an industry leader in Egypt's grey cement market, recording a **market share** of 13.2% in FY 2019, down just 0.4 percentage points year-on-year.
- **Consolidated volumes of cement and clinker sold** fell by 7.8% year-on-year to 6.44 million in FY 2019 from 6.98 million in the previous year, in-line with the total drop in the market.
- **Employee headcount** stood at c1.4 thousand by 2019 year-end.



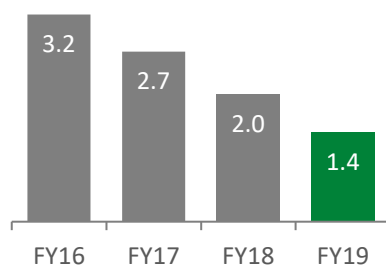
Revenue Contribution (%) | FY19



■ Suez ■ Helwan ■ Other

* Includes Tourah & Ready-mix subsidiaries and others *

Employee Headcount In thousands



CEO's Note

2019 was perhaps the worst year the cement industry has witnessed in its recent years, deepening the downturn of Egypt's cement sector as excessive oversupply and very intense competition, coupled with a continuous slowdown in demand for cement during the last 3 years have put the industry into an official recession. Cement sold was down by 5% year-on-year to 48.8 million tons, same level as year's 2011, similarly, prices fell to historical lows in 2019 dropping by around 8.5% year-on-year, underpinned by a production surplus of c35 million tons by year-end. Against this backdrop, revenues for Suez Cement came in at EGP 6.5 billion in 2019, down 13.0% year-on-year which trickled down to a net loss for the fifth consecutive year, with margins further dampened by cEGP 447 million costs attributed to the restructuring process that took place during 2019, as well as cEGP 178 million one-off impairments.

We sold 6.44 million tons of cement and clinker in 2019 compared to 6.98 million tons in 2018, representing a decrease of 8% year-on-year, in line with the total drop in market's demand. The continuous drop in individual purchasing power, has led to fewer private contracting projects, accompanied by the slowdown in Government's and mega projects have in turn caused an inevitable fall in the demand for cement. Macroeconomic policy changes have directly impacted the cement industry over the last half-decade, with fast growing input prices on the back of continuously decreasing fuel and electricity subsidies and the EGP float in November 2016. These factors, alongside the 2019 imposition of a tax on the limestone used in the manufacture of cement and a new real estate tax imposed on factories, have increased our production costs by almost three-fold and put significant pressure on our margins. Despite these cost pressures, during the last quarter of 2019 we have successfully reduced our variable expenses by 11% year-on-year and narrowed our net losses significantly to EGP 945.6 million in 2019, including, as mentioned above, cEGP 447 million one-off costs related to the restructuring process and cEGP 178 million one-off impairments, compared to EGP 1,318.3 million in 2018.

While some believe that the solution to the problem is to grow export activity through incentives, the transportation cost for cement is exceptionally high due to its weight. Moreover, like Egypt, these neighboring markets have been experiencing a domestic production surplus and are screening markets to export to, with the advantage of their cost of production resulting in exporting their cement at approximately USD12/ton lower than their Egyptian counterparts, Egyptian cement has very limited export opportunities.

We expect the market to remain challenging in 2020 as the new capacities added to the market in the past two years continues to put downward pressure on an already uneconomical cement sector. Moreover, the current inflationary environment from energy price hikes has put further pressure on margins. On the positive side, interest rate cuts in 2019 should translate into increased private and government sector investments, which may see a recovery in the demand for cement over the medium to long term. However, in the absence of

a solution to the current excessive oversupply of cement we do not see any significant change from the current climate.

Despite these ongoing difficulties, our market share recorded 13.2% in 2019, enabling Suez Cement to maintain its leading position within Egypt’s cement space and positioning it for significant gains once the market recovers.

However, our group, after completing the restructure, has improved our cost base and we expect our results in 2020 to improve compared to previous periods.

Jose Maria Magrina

Group CEO

About Suez Cement

The Suez Cement Group of Companies (“Suez Cement” or the Group, SUCE on the Egyptian Exchange), is Egypt’s leading producer of cement. Since 1977, Suez Cement has manufactured and distributed the highest quality cement, aggregates and ready-mix concrete, and its products have been used to build some of Egypt’s most recognizable landmarks. With a web of subsidiaries spanning Suez, Kattameya, Tourah and Helwan, Suez Cement’s industrial network affords it a degree of national exposure unmatched by competitors for its comprehensiveness and longevity. The Group’s 1,500 professionals pursue continuous innovation, providing customers at home and abroad with a suite of services that differentiates the Group’s offering. Suez Cement is majority owned by the Heidelberg Cement Group, making it part of a family of organizations that represents one of the world’s largest building materials companies.

Share Information

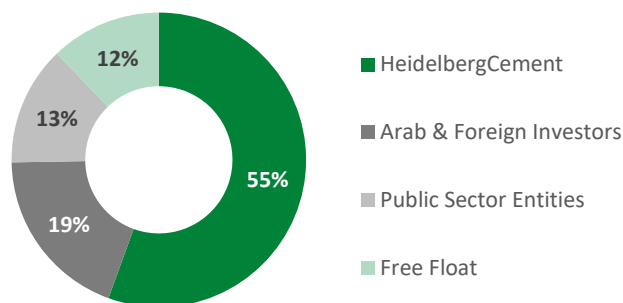
SUCE on the Egyptian Exchange
Listed: 8 August 1983
Shares Outstanding: 181,856,507

Investor Relations Contact Information

Mr. Ahmed Morshedy
 Director of Investor Relations
Email: a.morshedy@suezcem.com
Tel: +202 25222377
Fax: +202 25222044

Shareholder Structure

(as at 31 December 2019)





Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management’s (“Management”) current views of future events, are based on Management’s assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations in prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management’s ability to timely and accurately identify future risks to our business and manage the risks mentioned above.