السويس للأسمنت
Suez Cement
Italcementi Group

Press Release

SCGC reports 11.5% boost in EBITDA for Q4 2014

SCGC's Q4 2014 results at a glance

CONSOLIDATED REVENUES: 1.539 MILLION EGP (1.501 MILLION EGP in Q4 2013)

RECURRING EBITDA: 300 MILLION EGP (269 MILLION EGP in Q4 2013)

NET PROFIT AFTER NON-CONTROLLING INTEREST: 129 MILLION EGP (112 MILLION EGP in Q4 2013)

Consolidated January- December 2014 results at a glance

CONSOLIDATED REVENUES: 6.152 MILLION EGP (5.049 MILLION EGP in 2013)

RECURRING EBITDA: 1.154 MILLION EGP (1.061 MILLION EGP in 2013)

NET PROFIT AFTER NON-CONTROLLING INTEREST: 493MILLION EGP (538 MILLION EGP in 2013)

Cairo – February 25, 2014. Today Suez Cement Group of Companies' (SCGC's) Board of Directors approved the firm's consolidated financial report for the fourth quarter and full year of 2014.

With improved market conditions, SCGC leveraged its market leadership with a slight increase in revenues (2.5% during the fourth quarter of the year versus the same period in 2013) and progress in earnings before interest, tax and depreciation (EBITDA), which gained 11.5%. Furthermore, net profit after non-controlling interest increased 15.2% during the same period.

On the whole, SCGC's sales increased 22% in 2014, while recurring EBITDA improved 8.8% compared to 2013 figures. But, higher corporate income taxes coupled with an absence of foreign exchange gains were responsible for an 8.4% drop in net profit after non-controlling interest.

It should be noted that EBITDA gains were also driven by the company's downstream activities in transportation and ready mix cements as well as SCGC's paper bags subsidiary, which saw an EBITDA increase of 26.5%. Cement accounted for a gain of 6.3%.

The strong revenue performance was largely due to cement price increases due to an unprecedented surge in production costs and product shortages. Overall, clinker production decreased as a result of severe energy supply issues that impacted each of SCGC's plants and subsidiaries differently. The Tourah operation felt the greatest pressure from expensive clincker imports that were necessary to satisfy Egypt's growing demand.

In addition, SCGC was negatively affected by energy costs (gas, mazut and electricity) that rose between 25% and 35% in 2014. The company did not let these economic pressures, including a 40% drop in industrial production capacity, impact their employment rates or benefits packages. This was partially due to SCGC's commitment to the implementation of energy efficient processes throughout the five plants as well as further emphasis and utilization of alternative fuels, which helped mitigate the drop in production as well as limit the impact from growing clinker imports. The group will go ahead with the deployment of coal power at all five plants over the next two years, a factor that is also expected to put a stop to some importing activities.

SCGC 2015 outlook

Moving forward, SCGC believes the construction industry's recovery will continue to attract new investment. This is in addition to positive economic growth thanks to Egypt's new found government 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 said before, SCGC's plans to diversify its energy mix with waste, petroleum coke and coal are underway. In September 2014 the operational test run for coal started at the Kattameya plant, with a similar program launching at the Suez facility in December. The company anticipates that this will gradually improve the firm's 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 1 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 improve its production capabilities by reducing SCGC's dependence on natural gas and mazut.

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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.

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