



ezzsteel Business Update

Cairo, 18 September 2011 – ezzsteel (*formerly: Al Ezz Steel Rebars S.A.E.*) (EGX: ESRS; London Stock Exchange: AEZD), the largest independent producer of steel in the MENA region, today gave the following update after the verdict issued in relation to the case known as the “Steel Licenses Case” on the 15th of September 2011.

The Egyptian Court convicted Mr. Amr Assal (The former head of the Industrial Development Authority) and Eng. Ahmed Ezz (founder and former Chairman of ezzsteel) and sentenced them to ten years in prison and fined them jointly 660 million Egyptian Pounds. The Court also sentenced Mr. Rachid Mohamed Rachid, the former Minister of Industry and Trade, to 15 years in prison and fined him one billion 414 million Egyptian Pounds.

The Court also annulled all disputed licenses that were granted to various Egyptian steel producers in 2008 under the same conditions. These include the two expansion licenses issued to ezzsteel’s subsidiaries, Ezz Rolling Mills and Ezz Flat Steel, as well as the licenses issued to the Egyptian Sponge Iron & Steel Company – Beshay, the Suez Steel Company and the Tiba Steel Company. The Court rejected all civil claims that were filed by various individuals and entities claiming damages against the defendants.

Mr. Ezz declared that he is innocent from any criminal wrongdoing and he will appeal this ruling with confidence that justice will prevail.

Regarding the annulment of the licenses under the above judgment, ezzsteel would like to clarify that these licenses do not impact its current operating facilities. However, the annulment of the licenses is expected to have a direct and indirect impact on the future growth plans of the company and its subsidiaries, relating to the construction of Direct Reduced Iron (DRI) modules and additional meltshop facilities in Sokhna-Suez, the licenses for which were granted in 2008.

As a consequence, the company is undertaking the following actions:

- Studying all available legal options and taking the necessary steps to counter the impact of the above judgment.
- Reviewing all investments not yet under construction to determine which projects should be suspended given the prevailing economic conditions at the time.
- Taking the necessary steps to ensure the completion of the DRI project at Ezz Rolling Mills. The total investment for this project amounts to more than 2.6 Billion Egyptian Pounds out of which 1.7 billion Egyptian pounds has already been disbursed. Approximately 50% of the disbursed amounts were financed through internal cash flows and a capital increase at ERM, with the remaining 50 percent financed through bank loans.

ezzsteel believes that the completion of the DRI project that is under construction is in the interest of all stakeholders, including employees, customers, financial institutions, investors and others.

Ends

For further information:

Ezzsteel	Tel	Mobile
Kamel Galal	+ 20 2 3762 2144	+ 20 10 539 5499

Capital MS&L		
Nick Bastin	+ 44 20 7307 5330	+ 44 7931 500 066

About ezzsteel

ezzsteel (*formerly: Al Ezz Steel Rebars S.A.E.*) is the largest independent steel producer in the Middle East and North Africa, and the Egyptian market leader, with a total actual capacity of 5.8 million tonnes of finished steel.

In 2010, the Company produced 3.4 million tonnes of long products (typically used in construction) and 1.5 million tonnes of flat products (typically used in consumer / industrial goods). ezzsteel's customer base is geographically diversified, with flat products mainly directed to export markets, whereas long products are sold in the domestic market. More than 50 per cent of its plants are less than 10 years old, using the latest in modern steel making technology.