



ezzsteel Business Update

Cairo, 9 February 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 business update given the current situation in Egypt.

- As far as can be ascertained, following recent unrest in Egypt, all of ezzsteel's 7,000 employees are safe and uninjured.
- ezzsteel's plants are operating and have not suffered any physical damage. The plants are not currently operating at full capacity due to the logistical impact of the government imposed curfew and disruption of communications. As with many surrounding shops and buildings in the Mohandessin area in Cairo, one of ezzsteel's corporate offices has been looted and damaged. This is the only damage that the company's facilities have sustained to date. The building is fully insured and after the successful relocation of the corporate team, the Company is already fully operational.
- The company confirms that, among a number of other Egyptian public figures and leading businessmen, Mr. Ahmed Ezz, ezzsteel's Chairman and major shareholder, has been directed by the Egyptian authorities to remain in Egypt. This measure, which is strictly personal to Mr. Ezz, does not affect the operation of the company. Mr. Ezz is currently in Cairo. He will respond to any charges which may be brought against him in the proper judicial forum.
- Regarding the recent Parliamentary elections in Egypt, the unsubstantiated allegations of corruption and election rigging levelled against Mr. Ezz by some members of the opposition parties and conveyed by the media are strongly denied and are prejudicial to his reputation as an individual, a business man and a public figure in Egypt.
- To refute unsubstantiated allegations of corruption conveyed by some media, the company states the following factual evidence:

- ezzsteel was founded in 1994 and listed on the Cairo and Alexandria Stock Exchange in 1999. EZDK was acquired in 1999 - before Mr. Ezz joined the Secretariat of the NDP and became a Member of Parliament towards the end of 2000.
- ezzsteel businesses have been funded through equity increases, debt securities and a combination of commercial loans contracted with foreign and Egyptian banks. Loans from State-owned banks represent no more than 20% of current total company funding and were all made at prevailing market rates and in full transparency to the Egyptian Stock Exchange and Monetary Authorities.
- ezzsteel is a majority shareholder in EZDK (formerly ANSDK), a company listed on the Egyptian Stock Exchange, along with public sector companies (who own approximately 45% of EZDK) and stock market investors. EZDK was established between Egyptian public sector companies, global development agencies (including the IFC and African Development Bank) and Japanese corporate enterprises. EZDK was never privatised; ezzsteel did not acquire any shares from the public sector companies but invested directly in EZDK in 1999 following a capital increase. The company subsequently increased its equity participation through the acquisition of shares from foreign shareholders. Those acquisitions were funded through internal cashflows, equity contribution, commercial loans and debt securities issued on the Egyptian Stock Exchange. The public sector shares in EZDK still remain held by State-owned entities, which have benefited from capital appreciation and dividend distributions over the years. The value of EZDK shares – including those owned by public sector companies - has increased substantially post-acquisition. This evidences that the ezzsteel-EZDK strategic alliance has in fact directly benefited public wealth.
- To refute unsubstantiated allegations quoted in the press about ezzsteel enjoying a monopoly in the Egyptian steel market, the company states the following factual evidence:
 - Any allegation of monopoly is strongly denied. ezzsteel is not a monopoly but a leading producer in Egypt where it operates in a free market and competes fairly with other Egyptian steel producers and foreign importers (imports of steel products into Egypt are facilitated by the absence of any customs tariff or trade barriers).
 - In July 2006, the Egyptian Competition Authority - an independent body under the authority of the Prime Minister - launched an investigation into the extent of compliance by Egyptian steel producers – including ezzsteel - with the provisions of the Competition Law. A thorough investigation was pursued by the Authority starting from mid-2006. In January 2009, the Authority published its conclusions and found that there had been no abuse of a dominant position by ezzsteel, nor any breach by the company of the Competition Law.

- All business operations of ezzsteel are fully transparent and are compliant with Egyptian laws and regulations including the Securities Listing Rules of the Egyptian Stock Exchange, the Capital Market Law, the Competition Law, the Anti-Money Laundering Law and the Code of Corporate Governance.

Further information will be announced in due course.

For further information:

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

Capital MS&L

Nick Bastin	+ 44 20 7307 5330	+ 44 7931 500 066
Supriya Mathur	+ 44 20 7307 5347	+ 44 7725 952 314

About ezzsteel

ezzsteel (*formerly: Al Ezz Steel Rebars*) 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 2009, the Company produced 3.3 million tonnes of long products (typically used in construction) and 1.0 million tonnes of flat products (typically used in consumer / industrial goods). ezzsteel's customer base is geographically diversified, with flat products 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.