



ezzsteel statement

Cairo, 12 March 2013 – ezzsteel (EGX: ESRS; London Stock Exchange: AEZD), the largest independent producer of steel in the MENA region, today commented on the recent court decision in the Dekheila (EZDK) case regarding Eng. Ahmed Ezz, the founder and main shareholder of ezzsteel (“the Company”).

The Company states and re-affirms that:

- The decision is not final and Eng. Ahmed Ezz and other convicted individuals have denied all charges and will appeal the decision;
- It is the company’s view that Al-Ezz Dekheila Steel Company (“EZDK”) is a private sector company established under Investment and Free Zones Laws;
- The Company has never acquired EZDK shares from the public sector and the Egyptian State has always maintained its minority shareholding in EZDK;
- The Egyptian State has received around 14 billion Egyptian pounds in derived benefits since the Company acquired its shareholding in EZDK.

ezzsteel assures the Egyptian Stock Exchange, where its primary public listing is maintained, and its stakeholders, that the recent court decision is not final and an appeal will be lodged by Eng. Ahmed Ezz and the other individuals.

ezzsteel remains the main shareholder in EZDK and confirms that the Company’s financial position is sound and sustained. The decision will not affect any of the Company’s future investment plans nor does it affect its ongoing operations. ezzsteel will proceed with its original investment plans which will enhance the operational performance of the business, create more job opportunities and increase Egyptian exports bringing foreign currencies into the country.

With regard to the allegation concerning the Company’s investment in EZDK, the company assures its investors, and the broader market, that the investment in EZDK occurred in 1999, and was not conducted under any privatisation programme undertaken by the Egyptian government at that time. EZDK was at the time of the acquisition, and remains, a private sector company established under the Investment and Free Zones Law No. 43 of year 1974 as further amended. The Company has never acquired any state owned shares in EZDK. The public sector shareholding at the time of the acquisition was of 6.2 million shares of the total issued capital and it still holds substantially the same number of shares.

ezzsteel re-affirms to its stakeholders that its shareholding in EZDK was acquired partially through a capital increase in EZDK and the other portion was purchased from the employees' shareholders union (a private sector entity subject to Capital Market Law No. 95 of 1992), a Japanese consortium, the International Financial Corporation(IFC) and the African Development Bank, who were all shareholders in EZDK prior to the Company's initial investment in EZDK.

ezzsteel confirms that its acquisition of a majority ownership in EZDK was conducted under the supervision and with the approval of the Egyptian Central Auditing Organization, the Egyptian Investment Authority, the Egyptian Stock Exchange, and other relevant administrative authorities and regulators. Moreover, the price of the shares bought by the Company in 1999 was both higher than the market price for EZDK's shares on the exchange at that time, and at a higher price than shares bought from foreign investors and other international organizations.

During the last thirteen years, whilst EZDK has been under the majority ownership of ezzsteel, the Egyptian State received derived benefits from EZDK of approximately 14 billion Egyptian pounds. As illustrated below, the Company's view is that the public sector wealth was maximised following the acquisition:

- Dividend distributions to the public sector shareholders reached nearly 4.4 billion Egyptian pounds over the period from 2000 to 2011;
- The market value of the shares owned by public sector shareholders post acquisition increased by nearly 4 billion Egyptian pounds over the period from 2000 to 2011 (based on EZDK's share closing price on 26 January 2011); and
- EZDK paid approximately 5.4 billion Egyptian pounds in taxes and levies to the Egyptian tax authorities during the same period.

ezzsteel further believes that the Egyptian State will continue to benefit annually for more than half of the profits generated by EZDK in the form of taxes and duties paid to the government and dividends distributed to the public sector shareholders.

The partnership with EZDK led to the creation of a prime Egyptian economic conglomerate, which became the largest industrial exporter in Egypt (apart from the petroleum sector), with total exports of nearly 5 billion US dollars over the last 10 years representing almost 5% of total Egyptian exports during the same period.

The partnership with EZDK will continue to yield a positive benefit on the Egyptian economy, investors and public sector shareholders of EZDK.

ezzsteel is an independent legal entity, and operates according to highest standards of corporate governance. All business operations of ezzsteel are fully transparent and are compliant with all

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.

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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 2011, the Company produced 3.6 million tonnes of long products (typically used in construction) and 1 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.