

**Al Ezz Steel Rebars S.A.E.**

**FY 2008 Financial Results Presentation**

22 April 2009



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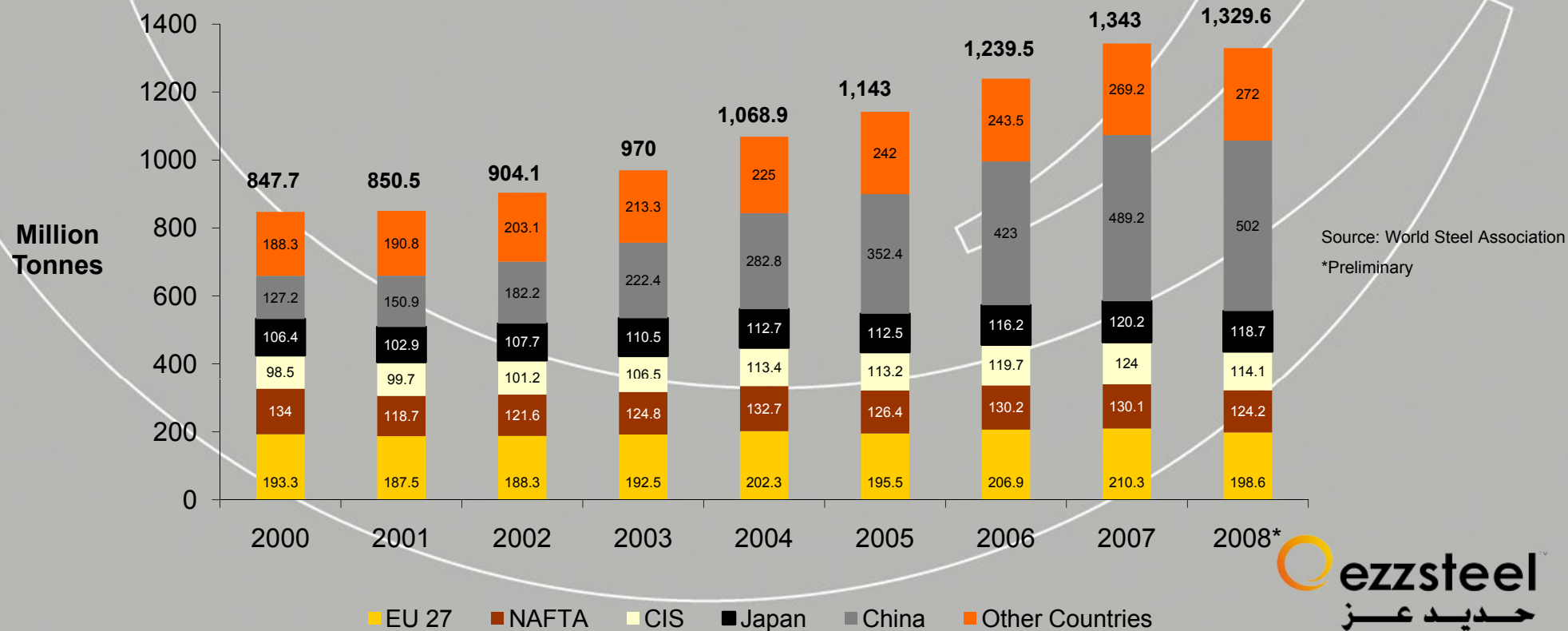
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# Key highlights

- 2008 was an exceptional year
  - First 9 months enjoyed record demand and prices
  - Last quarter experienced unprecedented decline in prices and volumes
- Ezzsteel enjoyed record sales and profitability in 2008 despite Q4 turbulence
- Strength of growing Egyptian market, where we are market leader
- Robust financial position
- Operational flexibility and technology allowed us to swiftly adapt to changing market conditions
- Continue to pursue our growth strategy to emerge even stronger

# Steel market overview

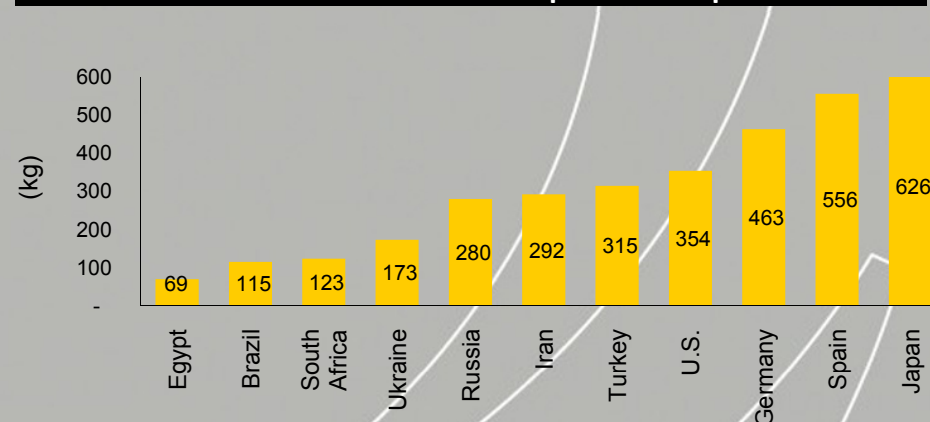
- Total world crude steel output rose strongly during the first nine months of 2008
- Widespread production curtailment during fourth quarter, in response to global economic downturn, lead to an overall 1.1 per cent decline for 2008
- This decline was most pronounced in developed economies



# Overview of domestic steel market

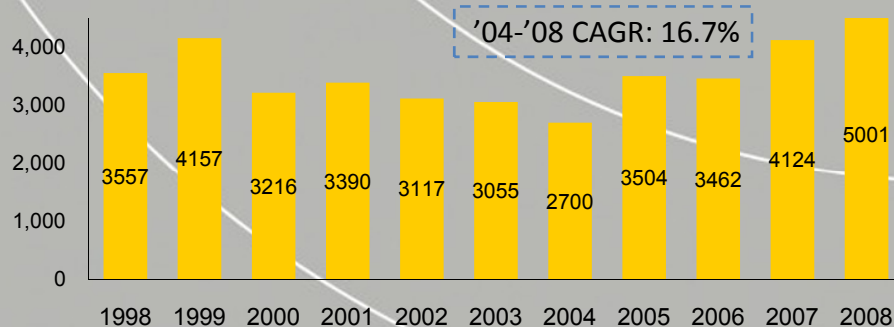
- Despite the global slowdown, local demand remains very strong, particularly in respect of private home building
- Government stimulus package includes large steel intensive infrastructure investments

2007 Finished Steel Consumption Per Capita



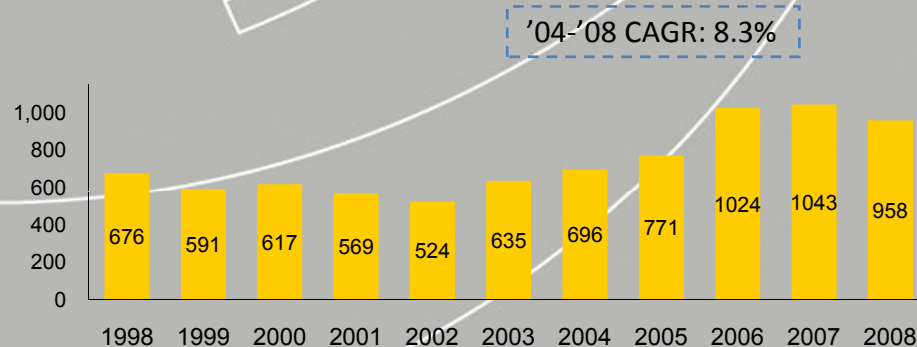
Source: World Steel Association

Local Consumption ('000 Tonnes) – Long Products



Source: Company estimates.

Local Consumption ('000 Tonnes) – Flat Products

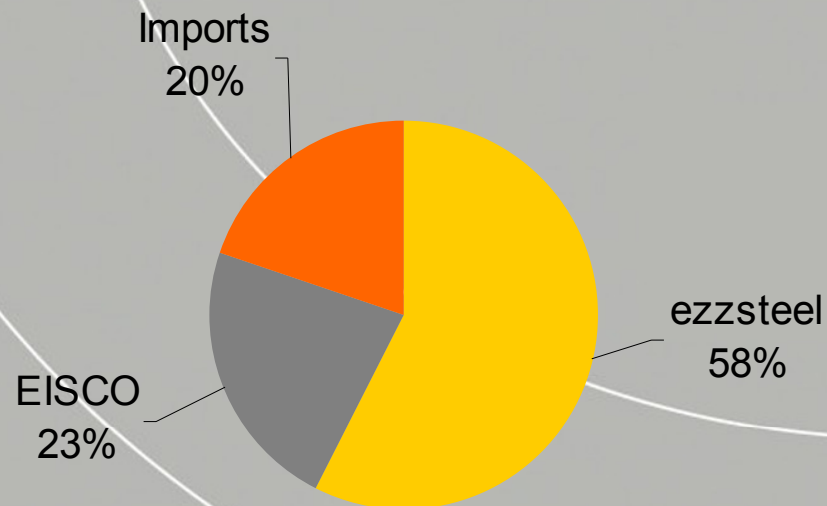


Source: Company estimates.

# Domestic market share

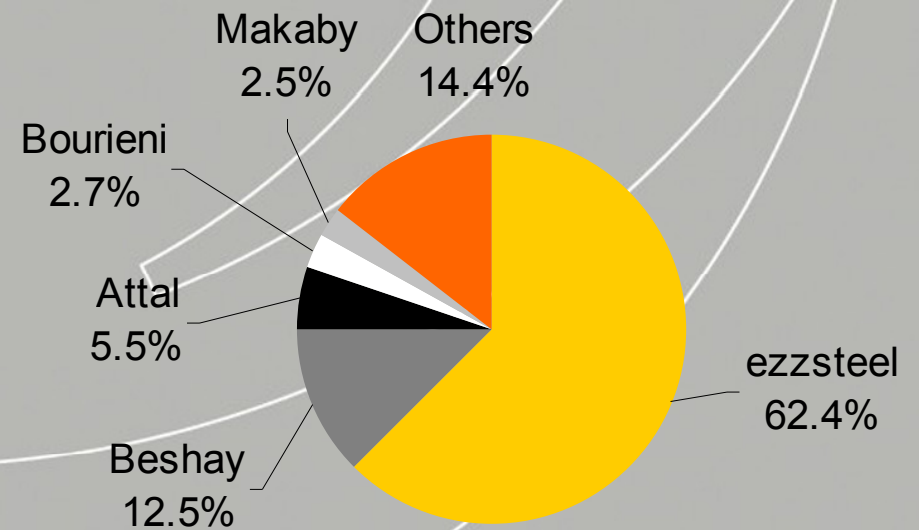
## 2008 flat products

Market size: 958k tonnes



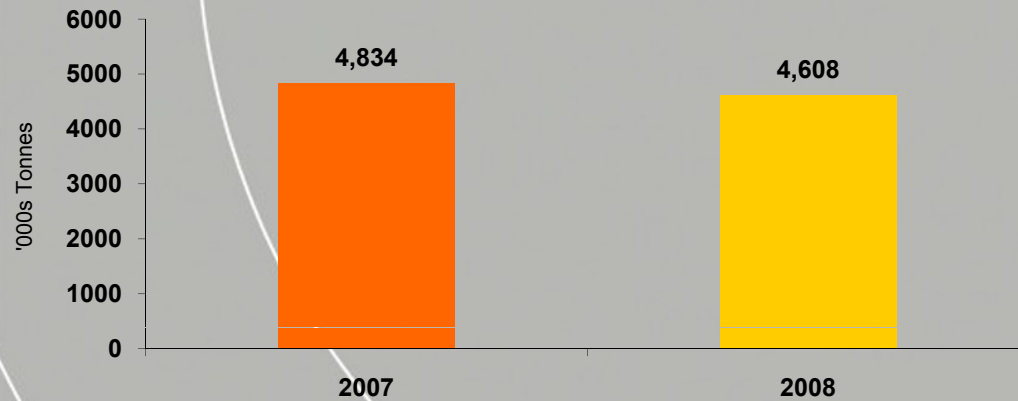
## 2008 long products

Market size: 5,001k tonnes

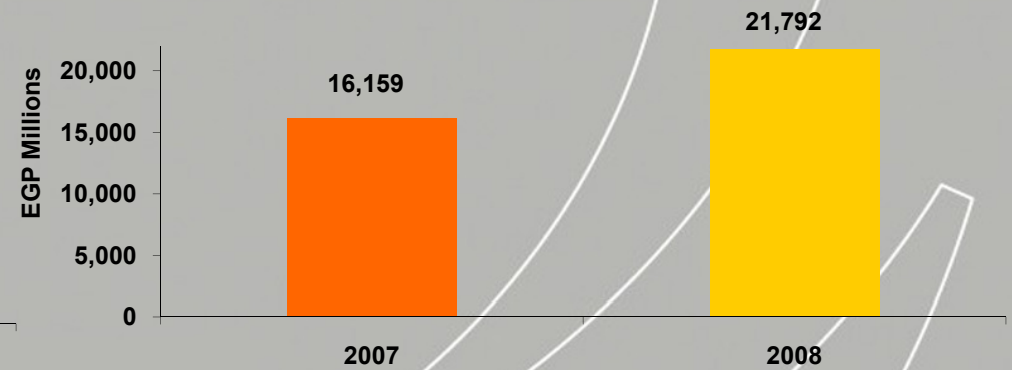


# Key highlights

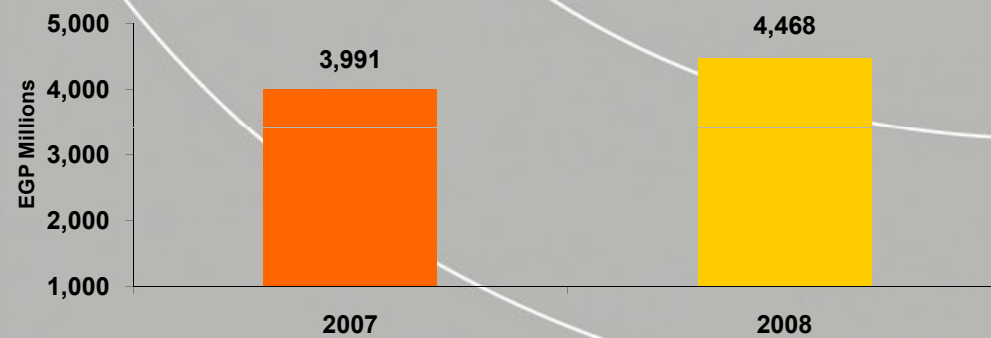
## Production



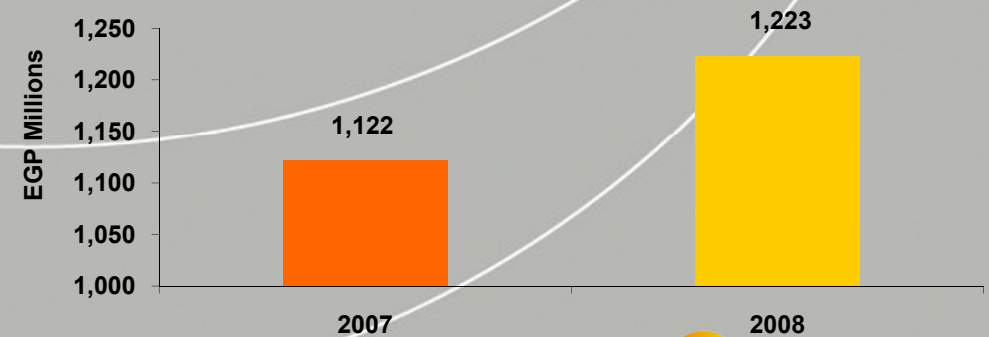
## Revenue



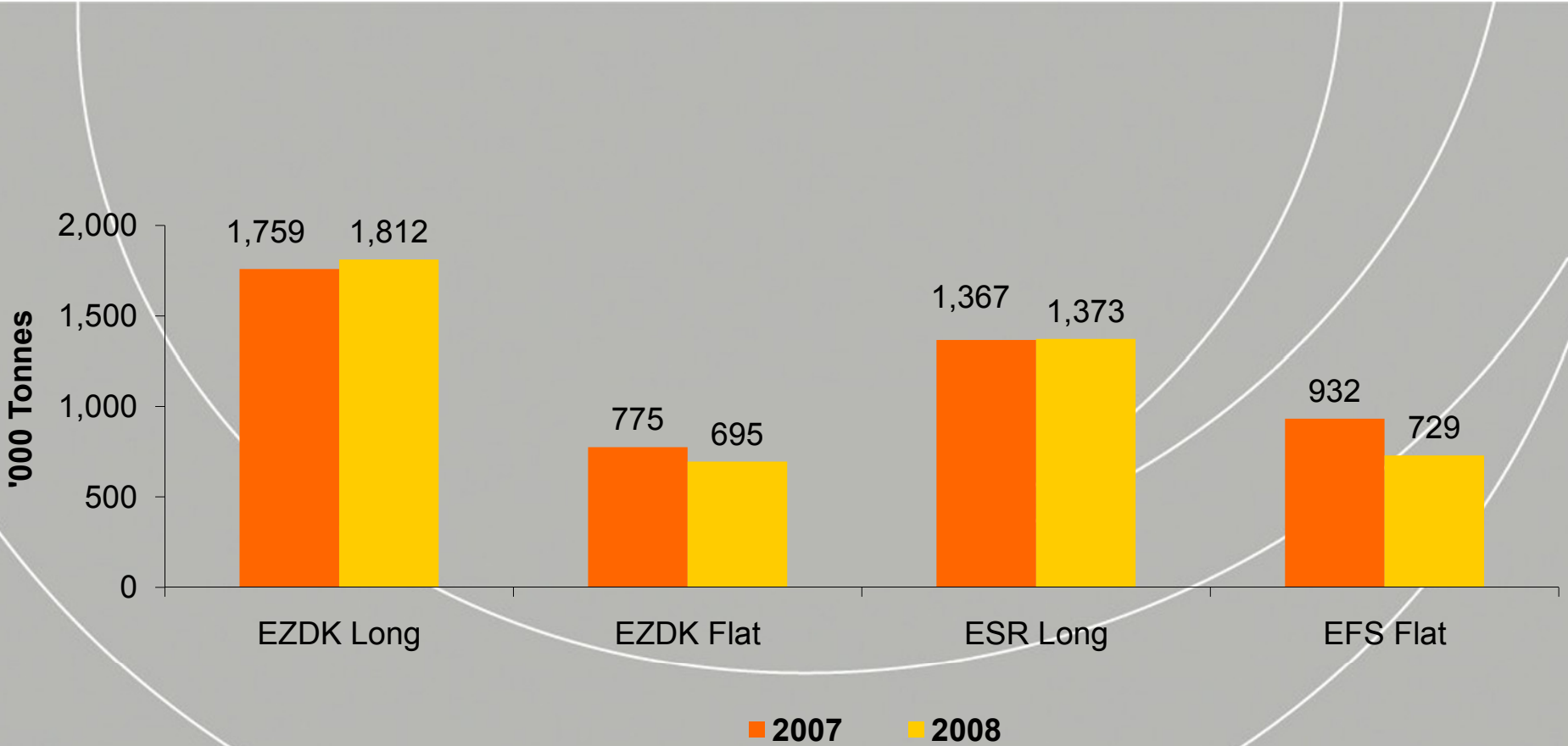
## EBITDA



## Net Income



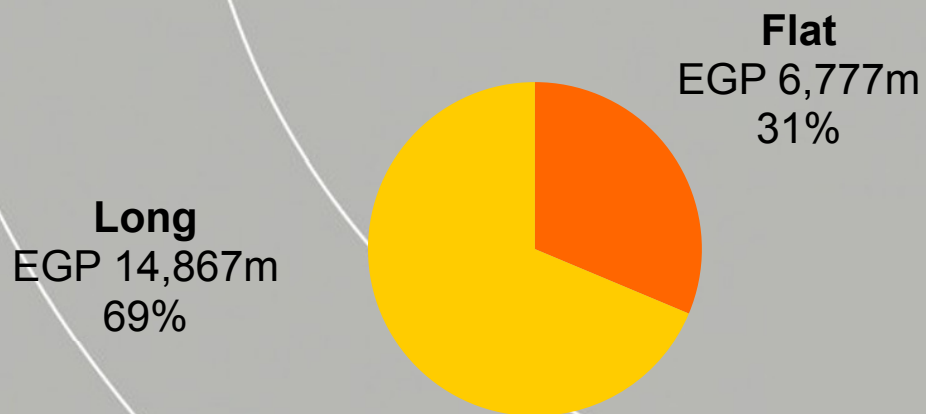
# Full year 2008 production



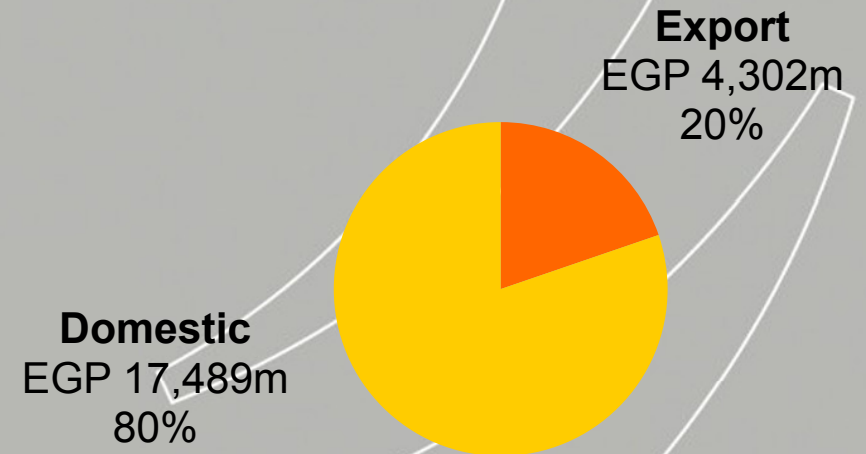


# 2008 sales breakdown

## By product



## By market



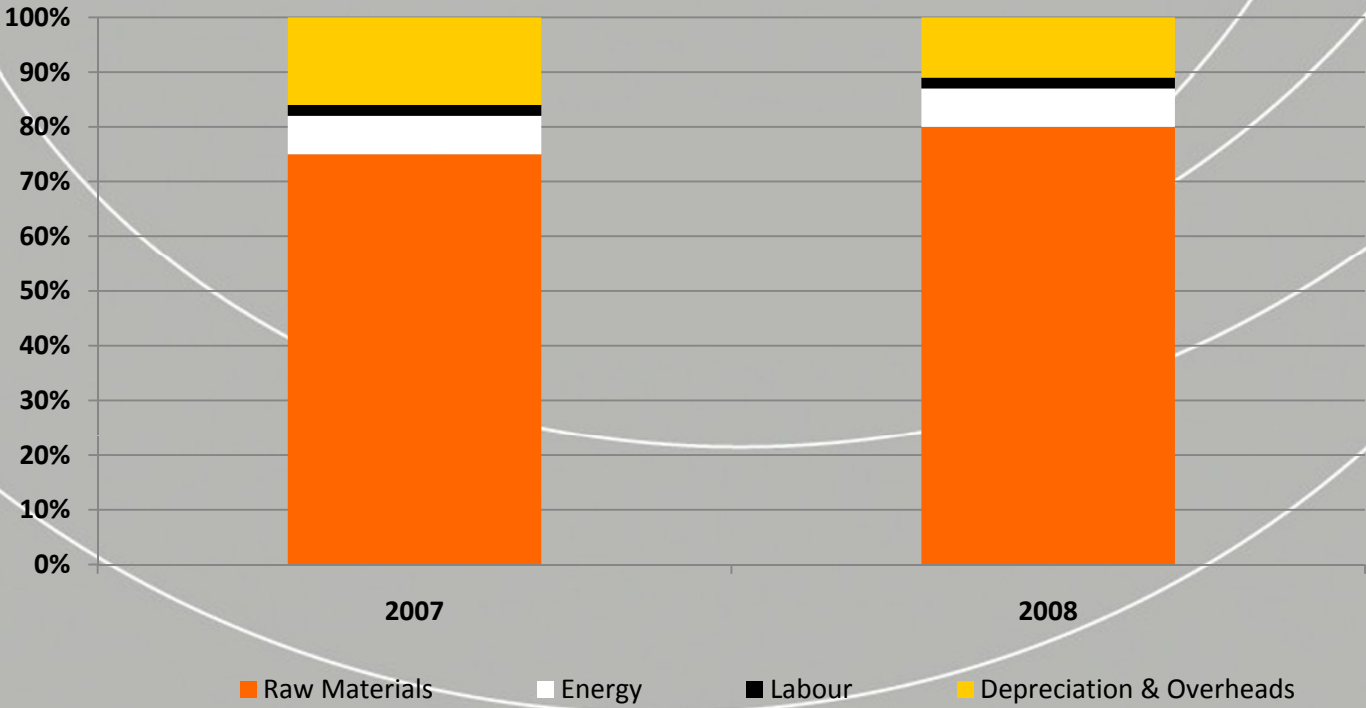
○ Ezzsteel generates the largest portion of its revenues in its growing domestic market, where it enjoys a leading position

# Full year 2008 revenues

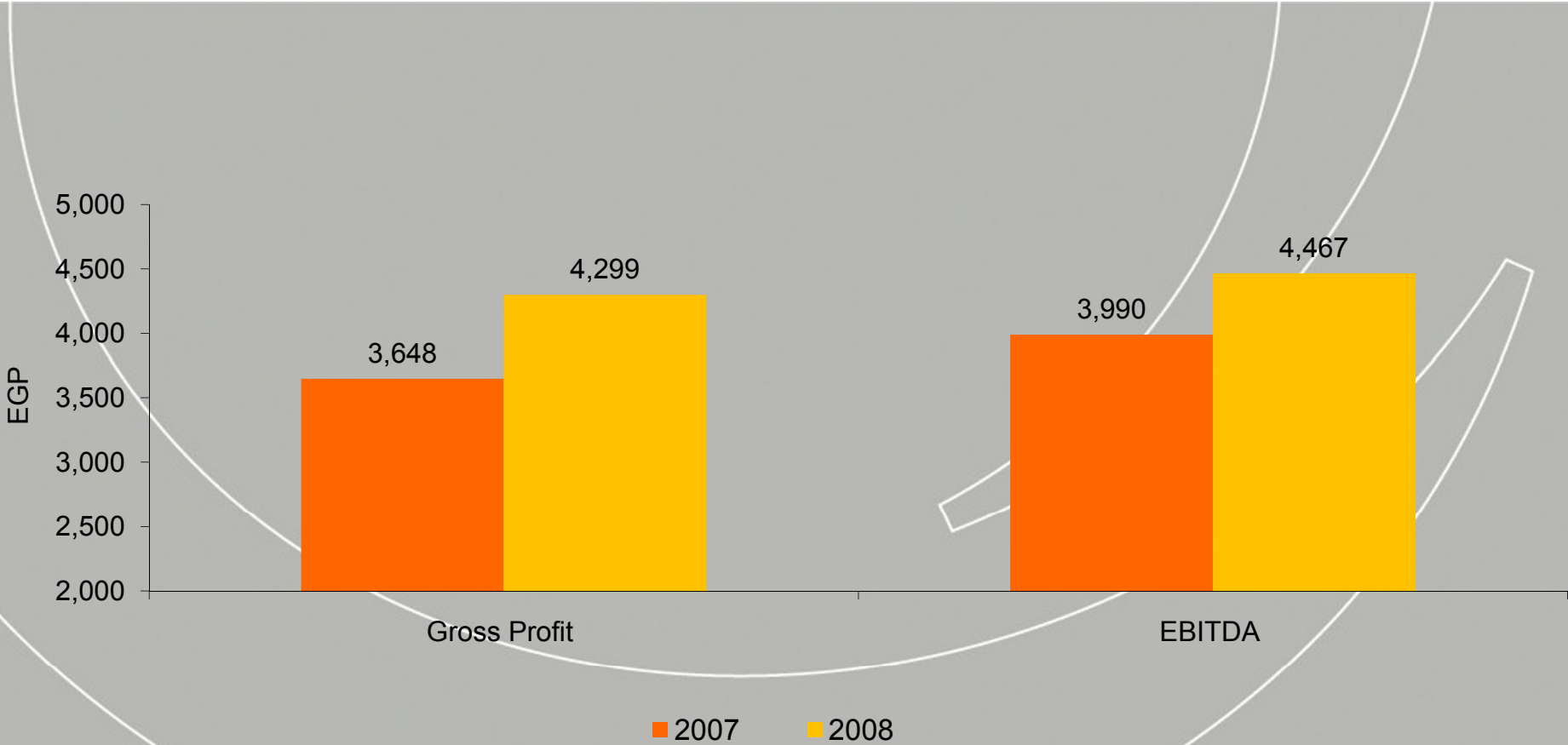
| Consolidated revenues |              |               |              |               |
|-----------------------|--------------|---------------|--------------|---------------|
| EGP Mn                | ESR/ESM      | EZDK          | EFS          | ezzsteel      |
| Long                  | 6,565        | 8,302         |              | 14,867        |
| Flat                  |              | 3,145         | 3,633        | 6,778         |
| Others                | 0.4          | 142           | 5            | 148           |
| <b>Total</b>          | <b>6,565</b> | <b>11,589</b> | <b>3,638</b> | <b>21,792</b> |
| Standalone Sales      | 6,566        | 11,639        | 3,848        |               |

# Full year cost breakdown

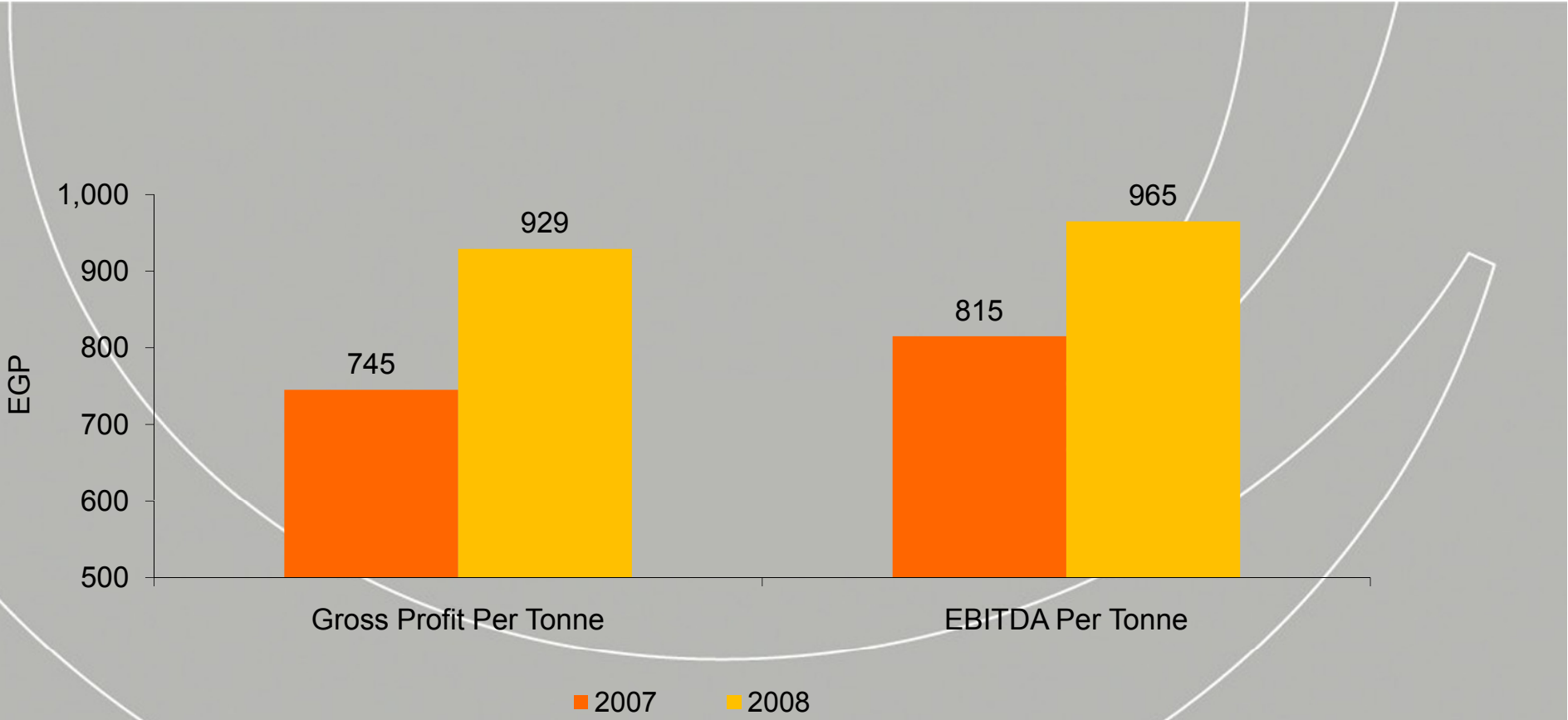
| EGP Mn            | 2007       | 2008       |
|-------------------|------------|------------|
| Sales             | 16,159     | 21,792     |
| COGS              | 12,511     | 17,493     |
| <b>COGS/Sales</b> | <b>77%</b> | <b>80%</b> |



# Profitability



# Profitability per tonne



# Robust balance sheet

- Successful completion of the EGP1.1 billion bond issue in June
- Capital increase of EGP1.8 billion by way of a rights issue in September
- Stake in EZDK increased from 50.28% to 53.24%
- Cash on hand at the end of the period amounted to EGP 4.1 billion
- ezzsteel's net debt at end of the period was EGP 3.6 billion
- Conservative gearing levels:
  - Net Debt / Equity = 0.5x
  - Net Debt / EBITDA = 0.8x

# Commitment to growth strategy

- ezzsteel's expansion to continue
  - Vertical integration
  - Capacity expansion
- Prioritisation of projects to ensure optimal economic returns
- Ultimate objective is to ensure that EZDK's performance is replicated at all other business units

# Outlook

- Volumes
  - Local demand remains very strong, in particular private home building and infrastructure projects
  - Government stimulus package expected to support demand for long products
  - Flat steel exports remain ezzsteel's only exposure to weak global markets
- Prices
  - Domestic prices linked to global finished steel prices
  - Raw material prices move in line with finished steel prices

**Expect to continue to outperform the global steel sector**



# Summary

- Record sales and profitability
- Buoyant local market demand for long product off setting weaker export markets
- Healthy balance sheet with high levels of cash and low gearing
- Growth strategy to continue

**Q&A**



# Divisional Review: EZDK

## EZDK (Alexandria) Sales:

|                        | FY 2008            | FY 2007            | % change |
|------------------------|--------------------|--------------------|----------|
| Value:                 | EGP 11.6 bn        | EGP 8.8 bn         | +33%     |
| Volume:                |                    |                    |          |
| Long:                  | 1,785 thousand ton | 1,824 thousand ton | -2.1%    |
| Flat:                  | 687 thousand ton   | 770 thousand ton   | -10.8%   |
| Exports as % of Sales: |                    |                    |          |
| Long:                  | 1%                 | 10%                |          |
| Flat:                  | 41%                | 47%                |          |
| EBITDA:                | EGP 4.3bn          | EGP 3.4bn          | +26.8%   |
| Production:            |                    |                    |          |
| Long Products:         | 1,811 thousand ton | 1,759 thousand ton | +3.0%    |
| Flat Products:         | 694 thousand ton   | 775 thousand ton   | -10.5%   |
| Billets:               | 1,911 thousand ton | 1,869 thousand ton | +2.2%    |

- Egypt's largest steel complex
- Capable of long and flat production to international standards, including thin gauge flat steel
- Privately operated port that can dock ships of up to 150,000 dwt - few other producers have this benefit
- DRI for internal meltshop use is supplied by the plant's MIDREX direct reduction units

# Divisional Review: ESR / ESM

## ESR/ESM ( Sadat City & 10<sup>th</sup> of Ramadan)

### Sales:

|                        | FY 2008            | FY 2007            | % change |
|------------------------|--------------------|--------------------|----------|
| Value:                 | EGP 6.6 bn         | EGP 4.5 bn         | +44.7%   |
| Volume:                | 1,381 thousand ton | 1,394 thousand ton | -1%      |
| Exports as % of Sales: | 0%                 | 8%                 |          |
| EBITDA:                | EGP 148 mn         | EGP 314mn          | -52.7%   |

### Production:

|                |                    |                    |       |
|----------------|--------------------|--------------------|-------|
| Long Products: | 1,373 thousand ton | 1,367 thousand ton | +1%   |
| Billets:       | 747 thousand ton   | 788 thousand ton   | -5.1% |

- Mini-mill in the strategic location of Sadat City, commissioned in 1995
- Capacity to produce 1.4 million tonnes of long products per year
- Also operate a plant at the 10th Ramadan, which comprises of rolling mill and wire mesh factory

# Divisional Review: EFS

## EFS (Suez)

### Sales:

|                        | FY 2008          | FY 2007          | % change |
|------------------------|------------------|------------------|----------|
| Value:                 | EGP 3.6 bn       | EGP 2.9 bn       | +24.3%   |
| Volume:                | 770 thousand ton | 891 thousand ton | -13.6%   |
| Exports as % of Sales: | 80%              | 71%              |          |
| EBITDA:                | EGP 21mn         | EGP 287 mn       | -92.7%   |

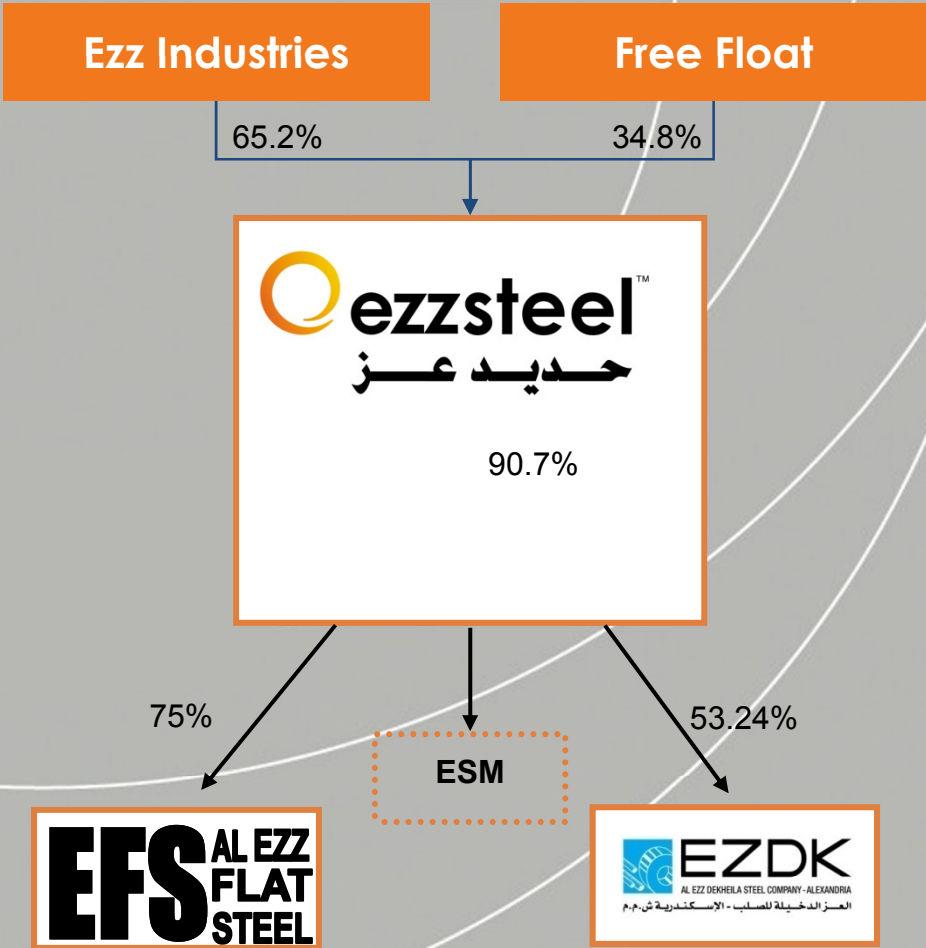
### Production:

|                |                  |                  |        |
|----------------|------------------|------------------|--------|
| Flat Products: | 728 thousand ton | 932 thousand ton | -21.9% |
|----------------|------------------|------------------|--------|

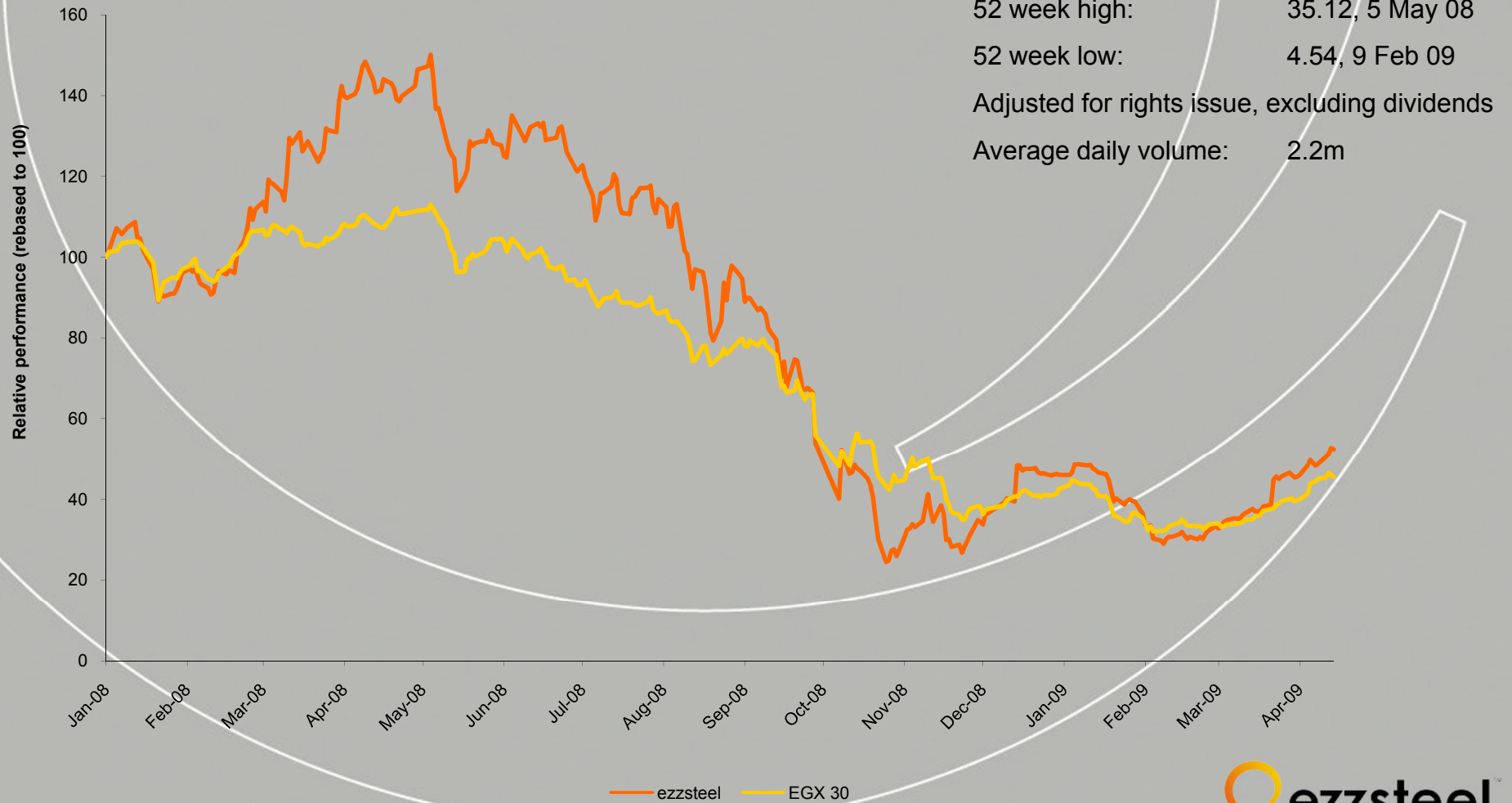
- Ownership in EFS increased to 75% in 2007
- One of the few producers in the world to operate thin slab casting technology, to produce thin gauges of steel sheets with a minimum thickness of 1mm

# ezzsteel at a Glance

- The largest steel producer in the Middle East and Africa with a total actual capacity of 5.3mn tonnes per annum
- 3.1mn tonnes of long products
- 2.2mn tonnes of flat products
- ezzsteel is listed on the EGX and the LSE (through a GDR program) and has a market capitalisation of EGP 5.0bn as at April 21<sup>st</sup> 2009



# Relative share performance vs EGX30



23 \* Share price includes dividends (not reinvested): EGP 2.00 on 15 Dec 2008 and EGP 1.30 on 23 March 2009

