

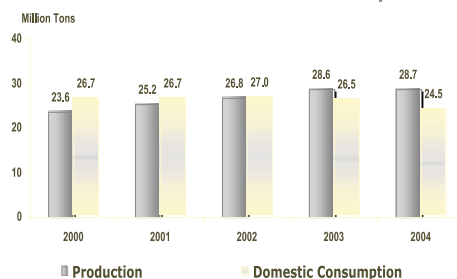


Cement Industry



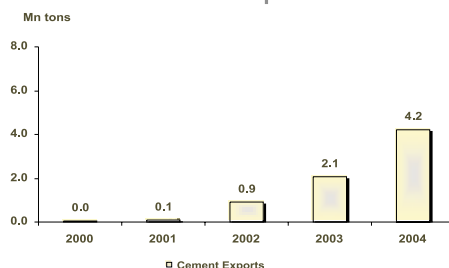
- Following implementation of the new mortgage law (law 148/2001) and the resulting boom in housing construction, the cement sector witnessed a surge in demand with Egyptian producers expanding output to capacity.
- The Egyptian cement industry consists of twelve players, with approximately 70% of capacity partially or wholly owned by global cement firms.
- In 2002, Egypt ranked 13th among the major cement producing countries. HC Brokerage has forecast that within the next few years Egypt will become one of the top five global exporters of cement.
- Egypt's production capacity has increased by almost 21% since 2001, reaching 36.2 million tons in 2004. Industry analysts estimate capacity will climb to 37.6 million tons in 2005.
- In 2004, production capacity in excess of domestic demand was 4.2 million tons, allowing exports to nearby markets representing 14.6% of total production.
- 58.7% of total Egyptian cement exports are clinker cement.
- The major export markets for Egyptian cement are Mediterranean countries in Europe, Arabian Gulf countries, and north and east Africa. Smaller quantities are exported to the east coast of the USA.
- As a result of low raw material costs and reliable, competitively priced energy, Egypt has significant cost advantages over other cement producing countries. In 2004, Egyptian export prices ranged between \$32/ton and \$36/ton, compared to average international cement prices of \$60 to \$70/ton.

Cement Production & Consumption



Source: Ministry of Foreign Trade and Industry, Feb 2005.

Cement Exports



Source: Ministry of Foreign Trade and Industry, Feb 2005.

Cement Export Prices



Source: Global Cement Review, MSDW, HC Brokerage 2003

Major multinational producers of cement are attracted to Egypt to take advantage of Egypt's abundant and accessible raw materials, reliable and competitively-priced energy, and low-cost, skilled labor. Moreover, cement plants in Egypt are close to European markets and Egypt's own fast-growing domestic markets.

