Al Ezz Steel Rebars S.A.E.
FY 2008 Financial Results Presentation
22 April 2009
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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.

Source: World Steel Association
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.

**Local Consumption (‘000 Tonnes) – Long Products**

- Source: Company estimates.

**Local Consumption (‘000 Tonnes) – Flat Products**

- Source: Company estimates.

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**2007 Finished Steel Consumption Per Capita**

Domestic market share

**2008 flat products**

- Market size: 958k tonnes
- EISCO: 23%
- Ezzsteel: 58%
- Imports: 20%

**2008 long products**

- Market size: 5,001k tonnes
- Ezzsteel: 62.4%
- Others: 14.4%
- Makaby: 2.5%
- Bourieni: 2.7%
- Attal: 5.5%
- Beshay: 12.5%
Key highlights

**Production**
- 2007: 4,834 Tons
- 2008: 4,608 Tons

**Revenue**
- 2007: 16,159 EGP Millions
- 2008: 21,792 EGP Millions

**EBITDA**
- 2007: 3,991 EGP Millions
- 2008: 4,468 EGP Millions

**Net Income**
- 2007: 1,122 EGP Millions
- 2008: 1,223 EGP Millions
Full year 2008 production

- EZDK Long: 1,759 '000 Tonnes in 2007, 1,812 '000 Tonnes in 2008
- EZDK Flat: 775 '000 Tonnes in 2007, 695 '000 Tonnes in 2008
- ESR Long: 1,367 '000 Tonnes in 2007, 1,373 '000 Tonnes in 2008
- EFS Flat: 932 '000 Tonnes in 2007, 729 '000 Tonnes in 2008
Ezzsteel generates the largest portion of its revenues in its growing domestic market, where it enjoys a leading position.
### Full year 2008 revenues

<table>
<thead>
<tr>
<th>EGP Mn</th>
<th>ESR/ESM</th>
<th>EZDK</th>
<th>EFS</th>
<th>ezzsteel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long</td>
<td>6,565</td>
<td>8,302</td>
<td></td>
<td>14,867</td>
</tr>
<tr>
<td>Flat</td>
<td></td>
<td>3,145</td>
<td>3,633</td>
<td>6,778</td>
</tr>
<tr>
<td>Others</td>
<td>0.4</td>
<td>142</td>
<td>5</td>
<td>148</td>
</tr>
<tr>
<td>Total</td>
<td>6,565</td>
<td>11,589</td>
<td>3,638</td>
<td>21,792</td>
</tr>
</tbody>
</table>

Standalone Sales

<table>
<thead>
<tr>
<th>EGP Mn</th>
<th>ESR/ESM</th>
<th>EZDK</th>
<th>EFS</th>
<th>ezzsteel</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,566</td>
<td>11,639</td>
<td>3,848</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Full year cost breakdown

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>16,159</td>
<td>21,792</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>12,511</td>
<td>17,493</td>
</tr>
<tr>
<td><strong>COGS/Sales</strong></td>
<td>77%</td>
<td>80%</td>
</tr>
</tbody>
</table>

- **Raw Materials**
- **Energy**
- **Labour**
- **Depreciation & Overheads**
Profitability

Gross Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,648</td>
<td>4,299</td>
</tr>
</tbody>
</table>

EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,990</td>
<td>4,467</td>
</tr>
</tbody>
</table>
Profitability per tonne

- **Gross Profit Per Tonne**
  - 2007: 745 EGP
  - 2008: 929 EGP

- **EBITDA Per Tonne**
  - 2007: 815 EGP
  - 2008: 965 EGP
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 offsetting weaker export markets
- Healthy balance sheet with high levels of cash and low gearing
- Growth strategy to continue
Divisional Review: EZDK

**EZDK (Alexandria)**

**Sales:**

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value:</td>
<td>EGP 11.6 bn</td>
<td>EGP 8.8 bn</td>
<td>+33%</td>
</tr>
<tr>
<td>Volume:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long:</td>
<td>1,785 thousand</td>
<td>1,824 thousand</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Flat:</td>
<td>687 thousand</td>
<td>770 thousand</td>
<td>-10.8%</td>
</tr>
<tr>
<td>Exports as % of Sales:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long:</td>
<td>1%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Flat:</td>
<td>41%</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>EBITDA:</td>
<td>EGP 4.3bn</td>
<td>EGP 3.4bn</td>
<td>+26.8%</td>
</tr>
</tbody>
</table>

**Production:**

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Products:</td>
<td>1,811 thousand</td>
<td>1,759 thousand</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Flat Products:</td>
<td>694 thousand</td>
<td>775 thousand</td>
<td>-10.5%</td>
</tr>
<tr>
<td>Billets:</td>
<td>1,911 thousand</td>
<td>1,869 thousand</td>
<td>+2.2%</td>
</tr>
</tbody>
</table>

- 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**

<table>
<thead>
<tr>
<th>ESR/ESM (Sadat City &amp; 10th of Ramadan)</th>
<th>FY 2008</th>
<th>FY 2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value:</td>
<td>EGP 6.6 bn</td>
<td>EGP 4.5 bn</td>
<td>+44.7%</td>
</tr>
<tr>
<td>Volume:</td>
<td>1,381 thousand ton</td>
<td>1,394 thousand ton</td>
<td>-1%</td>
</tr>
<tr>
<td>Exports as % of Sales:</td>
<td>0%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>EBITDA:</td>
<td>EGP 148 mn</td>
<td>EGP 314 mn</td>
<td>-52.7%</td>
</tr>
<tr>
<td>Production:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Products:</td>
<td>1,373 thousand ton</td>
<td>1,367 thousand ton</td>
<td>+1%</td>
</tr>
<tr>
<td>Billets:</td>
<td>747 thousand ton</td>
<td>788 thousand ton</td>
<td>-5.1%</td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2007</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>EGP 3.6 bn</td>
<td>EGP 2.9 bn</td>
<td>+24.3%</td>
</tr>
<tr>
<td>Volume</td>
<td>770 thousand ton</td>
<td>891 thousand ton</td>
<td>-13.6%</td>
</tr>
<tr>
<td>Exports as % of Sales:</td>
<td>80%</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>EGP 21 mn</td>
<td>EGP 287 mn</td>
<td>-92.7%</td>
</tr>
<tr>
<td><strong>Production:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flat Products:</td>
<td>728 thousand ton</td>
<td>932 thousand ton</td>
<td>-21.9%</td>
</tr>
</tbody>
</table>

- 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 21st 2009
Relative share performance vs EGX30

52 week high: 35.12, 5 May 08
52 week low: 4.54, 9 Feb 09
Adjusted for rights issue, excluding dividends
Average daily volume: 2.2m

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