

Steppe Cement Ltd
14 April 2015

Market update for the quarter ended 31 March 2015

In the first quarter of 2015, Steppe Cement Ltd (“Steppe Cement” or the “Company”) sold 192,884 tonnes of cement for 2,277 million Tenge, compared to 198,607 tonnes of cement for 2,486 million Tenge in the first quarter of 2014, representing a decrease of 3% and 8% respectively.

The cement market in Kazakhstan during 1Q 2015 increased by 8% over the corresponding quarter last year. The market share of Steppe Cement decreased from 17% in the first quarter of 2014 to 15% in the first quarter of 2015.

Cement imports increased by 25,000 tonnes despite the new factory operating in West Kazakhstan while exports of cement from Kazakhstan decreased by 50,000 tonnes.

The average price for the current quarter for delivered cement was 11,804 Tenge per tonne (ex VAT) compared with 12,516 Tenge per tonne in the corresponding quarter of 2014.

The ex-factory price for the quarter decreased by 3% to 9,956 Tenge per tonne from 10,243 Tenge per tonne in 1Q 2014.

The relative strength of the Kazakh Tenge against the ruble, has forced the local producers to lower prices to maintain market share. Steppe Cement chose in the first quarter not to compete aggressively for market share and we will review the strategy monthly depending on macroeconomic circumstances and competition.

Although the market recorded a volume increase in the first quarter, due partly to good weather conditions, the Company estimates Kazakhstan’s cement market to remain at 8.5 million tonnes for 2015, unchanged from 2014.

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