

8 October 2013
Steppe Cement Ltd

Market Update for the Third Quarter ended 30 September 2013

Third quarter 2013 revenue of KZT 7,235 million was marginally higher than revenue of KZT 7,233 million achieved in the corresponding quarter in 2012. For the 9 months ended 30 September 2013, Steppe Cement Ltd (“Steppe Cement”) recorded revenue of KZT 15,399 million compared to KZT 14,961 million in the corresponding 9 month period in 2012, representing a 3% improvement.

Steppe Cement achieved a sales volume of 501,412 tonnes during the third quarter, a 3% decrease from the third quarter of 2012. For the first 9 months of 2013, the sales volume decreased by 6% to 1,065,852 tonnes from 1,134,271 tonnes in the corresponding period in 2012, but the Company expects to recover some of the lost volumes during the last quarter of the year, entering October with 35,000 more tonnes in stock as compared to 2012.

Average price (ex-VAT) for delivered cement was KZT 14,448 per tonne in the first 9 months compared to KZT 13,190 per tonne in the corresponding period in 2012. For the 9 months to September 2013, the ex-factory price stood at KZT 12,268 per tonne representing USD80 per tonne based on the current exchange rate.

For the first 9 months of 2013, the cement market in Kazakhstan increased by 14% compared to the corresponding period in 2012, while imports increased from 14% to 19% of the total consumption. Steppe Cement’s market share has decreased to 16% from 20% in the corresponding 9 month period in 2012. The Company is forecasting a 17% market share for the full year 2013 and expects to start recovering market share in 2014.

Steppe Cement has revised its estimate of the cement market for 2013 from 7.7 million tonnes to 8 million tonnes.

Line number 5 refurbishment is progressing according to plan with commissioning of the limestone crusher, kiln, cooler and preheater starting in October. Raw mills and coal mill will be commissioned in November.

The Company's Nominated Adviser is RFC Ambrian Limited.
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