

14 April 2020

Steppe Cement Ltd

Market update for the quarter ended 31 March 2020

In the first quarter of 2020, Steppe Cement Ltd ("Steppe Cement" or the "Company") sold 235,896 tonnes of cement for 4,003 million Tenge, compared to 266,393 tonnes of cement for 4,455 million Tenge in the first quarter of 2019, representing a decrease of 11% and 10% respectively as the Company decided to maintain pricing over volumes in Q1 while in the previous quarters volumes had been maintained over pricing.

The Kazakh cement market in Q1 2020 increased by 15% over the corresponding quarter last year.

Steppe Cement's market share decreased to 13.3% in the first quarter of 2020 from 17.4% in the first quarter of 2019.

The average price for delivered cement in Q1 was 16,970 Tenge per tonne (ex VAT) compared with 16,723 Tenge per tonne in the corresponding quarter of 2019, an increase of 1%. Prices have been maintained this winter at the same level as last year.

The ex-factory price for the current quarter stood at 13,149 Tenge per tonne, compared to 13,614 Tenge per tonne in 1Q 2019, a decrease of 3%. The higher transport tariffs and rental expenses were due to increased sales in markets further from the factory and lower sales volumes to defray these costs.

Exports from Kazakhstan have increased by 34% from 2019 but it is difficult to have visibility over the output in the coming months.

The Company estimates Kazakhstan's cement market demand will decrease due to the uncertainty of oil market and negative effects from Covid-19. We continue to operate the factory at capacity and we do not anticipate any liquidity problems, as we have more than USD 6 million in cash, sufficient clinker in store, credit lines from the main banks in Kazakhstan and we are postponing principal debt payment where possible.

Steppe Cement's AIM nominated adviser and broker is RFC Ambrian Limited.

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