

## **Steppe Cement Ltd**

### **Market Update for the Third Quarter ended 30 September 2015**

Third quarter 2015 revenue of KZT 7,770 million was higher than revenue of KZT 7,652 million achieved in the corresponding quarter in 2014. For the 9 months ended 30 September 2015, Steppe Cement Ltd (“Steppe Cement”) recorded revenue of KZT 16,047 million compared to KZT 16,778 million in the corresponding 9 month period in 2014, representing a 4% decrease.

A sales volume of 630,329 tonnes was achieved during the third quarter, an 8% increase from the third quarter of 2014. For the first 9 months of 2015, the sales volume increased by 4% to 1,347,983 tonnes from 1,291,888 tonnes in the corresponding 9 month period in 2014.

Average price (ex-VAT) for delivered cement was KZT 11,905 per tonne in the first 9 months compared to KZT 12,987 per tonne in the corresponding period in 2014. For the 9 months, ex-factory price stood at KZT 10,168 per tonne.

Given the significant variation in the foreign exchange rates during the quarter, the company does not make reference to the USD equivalent of the ex-factory price. As an indication, the foreign exchange rate between USD and KZT was 270:1 on 30 September 2015, compared to 182:1 on 30 September 2014.

For the first 9 months of 2015, the cement market in Kazakhstan increased by 14% compared to the corresponding period in 2014, while imports remained unchanged at 13% of the total consumption. Steppe Cement revises upwards its estimate of the cement market for 2015 to 9.5 million tonnes, with Steppe Cement’s market share at 18%.

As updated previously, the operating subsidiaries of Central Asia Cement JSC and Karcement JSC signed on 19 June 2015 a loan agreement of KZT 2.188 billion with Halyk Bank JSC on terms subsidized under government programs at 6% interest rate per annum.

As at 12 Oct 2015, Central Asia Cement JSC has drawn down KZT 500 million for working capital under this loan facility. Central Asia Cement JSC and Karcement JSC have contracted KZT 983 million with suppliers for capital investment, of which KZT 217 million has been drawn down.

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