

13 April 2023

Steppe Cement Ltd

Market update for the quarter ended 31 March 2023

In the first quarter of 2023, Steppe Cement Ltd ("Steppe Cement" or the "Company") sold 214,832 tonnes of cement for 4,938 million Tenge, compared to 281,968 tonnes of cement for 6,299 million Tenge in the first quarter of 2022, representing a decrease of 24% and 22% respectively.

The Kazakh cement market decreased by 13% in Q1 2023 over the corresponding quarter last year. Steppe Cement's market share decreased to 12.7% in the first quarter of 2023 from 13.7% in the first quarter of 2022. The decrease in shipments was against a backdrop of increased interest rates and logistical issues arising from an overloading of the rail network and the priority given to the transportation of coal for heating and power.

The average price for delivered cement in Q1 was 22,985 Tenge per tonne (ex-VAT) compared with 22,341 Tenge per tonne in 2022, an increase of 3%. The ex-factory price for the current quarter stood at 19,249 Tenge per tonne, compared to 19,006 Tenge per tonne in 2022, which represented a 1% increase.

Cement exports from Kazakhstan decreased by 20% from 2022, primarily due to reduced exports to Uzbekistan, while imports to Kazakhstan decreased from 7.1% to 4.1% of the market, mostly from Russia.

The Company currently estimates Kazakhstan's cement market demand will reduce to 10 to 10.5 million tonnes per annum, but there is a high degree of uncertainty regarding this due to the geopolitical situation.

There are no foreign exchange restrictions on the Kazakh banking operations and the Company remains able to pay interest and dividends abroad.

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

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