

SOCIETE LIBANAISE DES CIMENTS BLANCS
BOARD OF DIRECTORS REPORT
ACTIVITY AND RESULTS AT 31 DECEMBER 2022

Dear Shareholders,

Pursuant to Article 48 of the by-laws, we meet in the General assembly in order to present a report on the situation of the Company during the year 2022 and submit the financial statements for the year 2022.

Commercial Situation

Ton	2020	2021	2022
Liban	28 621	38 560	33 462
Export	218	292	193
Total	28 839	38 852	33 655

The local market of white cement decreased by 13.4 % compared to 2021. Consequently, sales dropped to 33 655 tons against 38 852 tons in 2021. On the other hand, higher selling prices based on new pricing scheme set by the ministry of industry as of July 2022, led to increase the net sales during 2022.

Production

Following the lower market demand, the production of white cement was lower than 2021 by 5.3%. Clinker production was slightly higher than 2021.

The cost of production increased compared to the previous year due higher energy cost (coal and fuel oil), and higher electrical energy cost during the last quarter of 2022 due to shortage of the electricity from the grid that was replaced by rented generators.

In addition, raw material purchases (such as kaolin) and other costs (such as quarry cost and wear parts) have led to a further cost increase.

During October 2022, SLCB imported 7,000 Tons of white clinker from Algeria in order to reduce the risk of shortage of product, due to continuous electricity cuts in summer.

Production in 2021 is as follows:

(tons)	2021	2022
Production clinker	19 020	19 772
Production ciment	37 166	35 207

Net income as at 31/12/2022

The results show a total comprehensive income of 32.093 Billion LBP in 2022 against 10.534 billion in 2021, an increase of 205 % in LBP.

	2022	2021
	000 LBP	000 LBP
Sale of goods	151 638 543	42 198 781
Production cost of goods sold	(109 209 057)	(22 167 933)
GROSS PROFIT	42 429 486	20 030 848
Distribution and selling cost	(7 785 834)	(3 147 175)
Administrative expenses	(7 257 337)	(2 574 572)
Other expenses	20 792	(408 057)
Net financial income	11 558 104	321 295
PROFIT BEFORE TAX	38 965 211	14 222 339
Income tax expense	(6 564 951)	(2 430 000)
Re-measurement gain on defined plan	(307 202)	(1 257 948)
TOTAL COMPEHENSIVE INCOME	32 093 058	10 534 391

FOR THE YEAR

Gross profit margin reached 27.9% in 2022 compared to 47.5% in 2021. The higher net sales and the lower clinker factor compensated the negative fuel mix impact and the electrical energy cost, and contributed positively to the gross profit. The net profit amounted to 32 400 Billion LBP.

The Board proposes not to distribute dividends during 2023.

Distributable income:

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Profit of the year	32 400 260
Allocation of legal reserve	-
Retained earnings current year	20 971 493
Available for distribution	53 371 753
Distributable income	-

Equity:

Capital +premium	13 502 656
Statutory reserve	4 500 000
Revaluation Reserve	4 010 692
Re-measurement of DBO	(933 333)
Retained earnings	53 371 753
Total Equity	74 451 768

The Board of Directors proposes to nominate Ernest and Young as auditors for the accounts of the company for the year ending 31.12.2023.

02 August 2023
For the Board of Directors
Chairman