

ELSEWEDY ELECTRIC Reports H1 2019 Results Posting Revenues of EGP 21.5 billion; Turnkey Projects Continue Double-Digit Expansion.

H1 2019 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 21,553.6 million ▲ 7% y-o-y	EGP 3,561.1 million ▲ 5% y-o-y	EGP 2,726.6 million ▼ 4% y-o-y	EGP 1,888.1 million ▼ 20% y-o-y

ELSEWEDY ELECTRIC (SWDY.CA on the Egyptian stock exchange), the leading Wires & Cables and Integrated Energy Solution Provider in the Middle East and Africa, announces its consolidated financial results for the six-month period ending 30 June 2019, reporting revenues of EGP 21,553.6 million, up 7% year-on-year. The company's net profit after minority interest fell by 20% to EGP 1,888.1 million, yielding a net profit margin of 8.8%.

Summary Income Statement

EGP (000)'s	Q2-2019	Q2-2018	% Change	H1-2019	H1-2018	% Change
Revenue	10,330,085	10,119,130	2.1%	21,553,629	20,100,723	7.2%
Gross Profit	1,751,526	1,676,938	4.4%	3,561,111	3,404,416	4.6%
Gross Profit Margin	17.0%	16.6%		16.5%	16.9%	
EBITDA	1,351,918	1,290,182	4.8%	2,726,598	2,846,986	-4.2%
EBITDA Margin	13.1%	12.7%		12.7%	14.2%	
Net Income After Minority	930,860	972,028	-4.2%	1,888,082	2,374,511	-20.5%
Net Income After Minority Margin	9.0%	9.6%		8.8%	11.8%	

Financial Highlights

- **Revenues** rose 7.2% y-o-y to EGP 21,553.6 million in H1 2019. While wires and cables revenue remained largely unchanged year-on-year, overall top line growth was driven primarily by the turnkey projects segment, the second-largest contributor to revenue, which grew by 25.2% y-o-y.
- **Gross Profit** saw a 4.6% y-o-y increase to EGP 3,561.6 million in H1 2019. The company's gross profit margin remained steady, at a 16.5%-17.0% range between both periods.
- **SG&A** expense for the six-month period came in at EGP 1,283.0 million, up 24.2% year-on-year.
- **EBITDA** posted a 4.2% y-o-y decrease to EGP 2,726.6 million in H1 2019, yielding an EBITDA margin of 12.7% compared to 14.2% in H1 2018.

- **Net Profit after Minority Interest** recorded EGP 1,888.1 million in H1 2019 compared to EGP 2,374.5 million posted in the same period last year, representing a 20.5% decline y-o-y. Meanwhile, net profit margin stood at 8.8% in H1 2019 versus 11.8% in H1 2018.
- **Net debt** was once again net cash positive as at 30 June, 2019, amounting to EGP 629.4 million compared to EGP 12.0 million posted as at 31 December, 2018.
- **Inventory** grew by 2.9% year-to-date, posting EGP 9,607.6 million as of 30 June, 2019 compared to EGP 9,334.1 million as at 31 December, 2018. **Accounts receivable** grew by 15.1% during the same comparative period to record EGP 13,023.2 million as at 30 June, 2019. **Accounts Payable** fell by 16.4% between year-end 2018 and 30 June, 2019 to EGP 3,971.5 million.

Note from Our CEO

Halfway through 2019, Elsewedy Electric is well on its way to meeting the strategic objectives management has laid out for the year. Driven by our dynamic turnkey segment, Elsewedy's top line has continued to display solid growth, registering an expansion of 7% year-on-year to record EGP 21.6 billion during the first half of the year. Although the Company's bottom line for the first half of 2019 has declined on a year-to-date basis, this reflects base effects from the comparable period last year. Our core businesses continue to perform at a stable level and remain a strong basis for long-term, sustainable value creation.

Meanwhile, a number of highly promising developments took place during the period, with the potential to significantly widen the Company's geographic and operational footprint and further diversify its turnkey portfolio of offerings. Management recognizes the transformative potential of renewable energy sources and the major opportunity they present for utility providers able to efficiently capture the upside from their adoption. With an eye to making tangible headway in this space and to broadening the geographies from which we generate value, Elsewedy Electric has moved to acquire four companies in Greece - three wind and one hydro-electric energy company - for a total consideration of Euro 55 million from R.F. Energy S.A, a subsidiary of F.G Europe S.A. Additionally, we are happy to report the receipt of the 15% down payment for the construction of a hydroelectric dam and power station in Tanzania, a joint venture with the Arab Contractors.

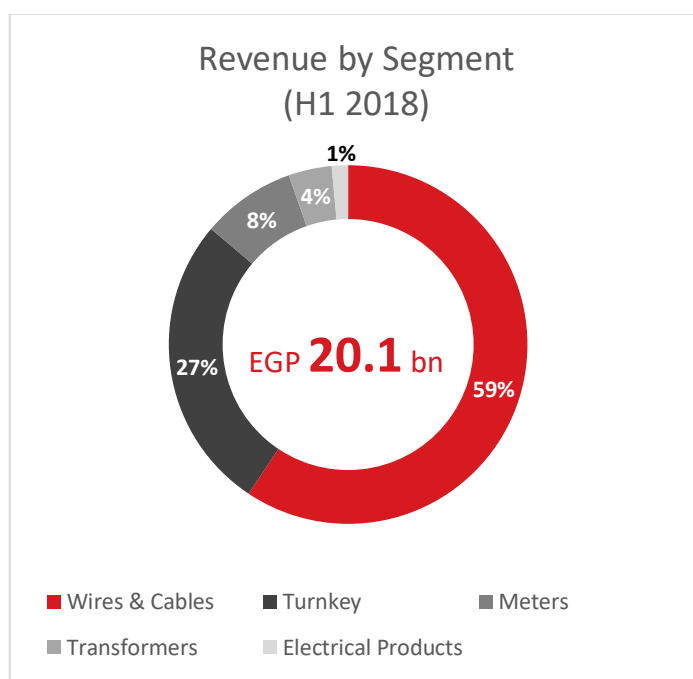
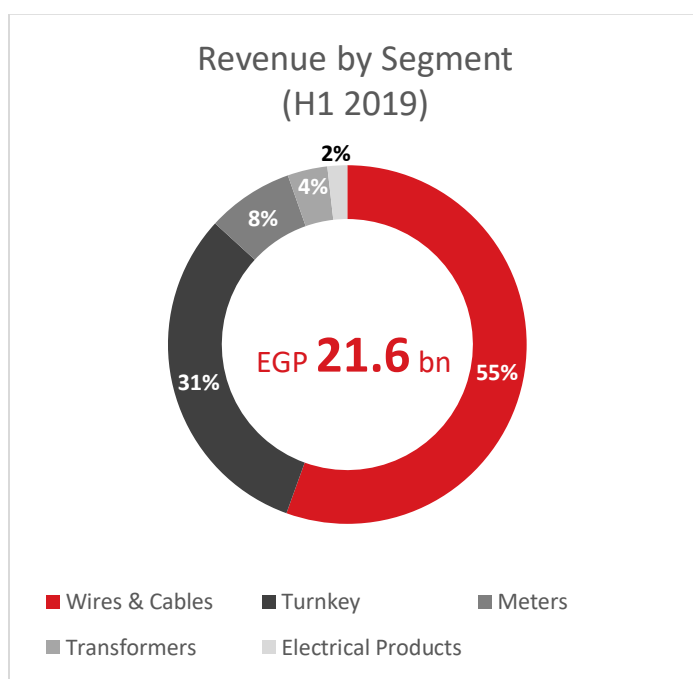
In a further boost to our turnkey segment, we have successfully secured EGP 2.69 billion of transmission and distribution projects, in line with efforts to capture the growing demand for EPC projects across emerging markets in both MENA and Sub Saharan Africa. This is testament to the continued trust our clients place in Elsewedy and we look forward to leveraging our reputation and extensive experience to secure more lucrative turnkey projects across the Middle East and Africa going forward.

Ahmed El Sewedy

Revenue Analysis by Segment

El Sewedy's wires and cables business remained the biggest contributor to total revenues during the first half of 2019, standing at 56% (H1 2018: 59%) and recording a 3.8 percentage-point contraction from its contribution in H1 2018. This decrease came against a parallel surge in the contribution of the turnkey projects segment, which brought in 31% of revenues in H1 2019 (H1 2018: 27%), up 4.5 percentage points. The contribution from the meters and transformers segments decreased by 0.7 and 0.3 percentage points in H1 2019 to 8% and 4%, respectively on the back of absolute declines in revenue generated from both segments between H1 2018 and H1 2019. Other electrical products saw their contribution rise by 0.3 percentage points to 1.8% in H1 2019 (H1 2018: 1.5%) and remained the lowest contributor to overall revenue.

Revenue from El Sewedy's wires and cables segment grew slightly, by 0.3% y-o-y to EGP 11,965.4 million in H1 2019. Revenues from the turnkey projects segment jumped by 25.2% y-o-y from EGP 5,385.0 million in H1 2018 to EGP 6,744.0 million in H1 2019. Revenue from meters contracted marginally in H1 2019, falling by 1.3% y-o-y to reach EGP 1,684.2 million. Transformers followed suit, with a minor contraction of 0.9% y-o-y to EGP 775.4 million in H1 2019. Meanwhile, other electrical products exhibited the fastest rate of growth for any segment with revenues climbing 30.4% y-o-y to reach EGP 384.5 million in H1 2019.

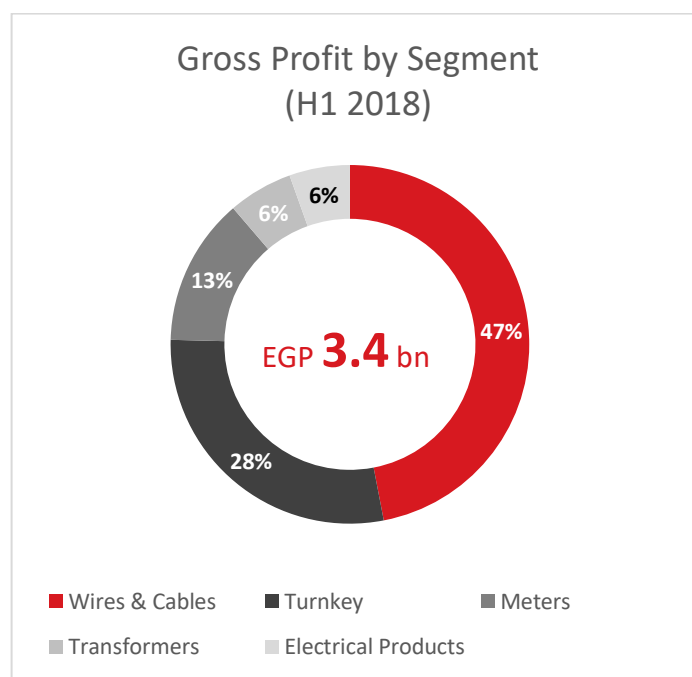
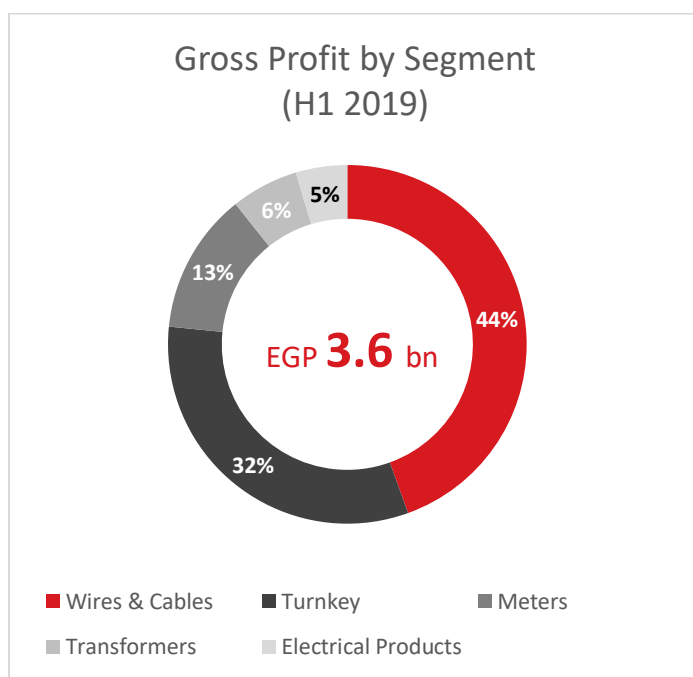


Summary of Revenues by Segment

EGP (000)'s	Q2-2019	Q2-2018	% Change	H1-2019	H1-2018	% Change
Wires & Cables	5,446,778	5,817,213	-6.4%	11,965,380	11,932,112	0.3%
Turnkey Projects	3,543,591	2,979,029	19.0%	6,744,037	5,385,004	25.2%
Meters	870,555	817,151	6.5%	1,684,288	1,705,989	-1.3%
Transformers	343,569	380,584	-9.7%	775,405	782,797	-0.9%
Electrical Products	125,591	125,152	0.4%	384,520	294,820	30.4%
Total	10,330,085	10,119,130	2.1%	21,553,629	20,100,723	7.2%

Gross Profit Analysis by Segment

Consolidated gross profit for the first half of 2019 came to EGP 3,561.1 million, representing a 4.6% y-o-y increase from its H1 2018 figure of EGP 3,404.4 million. Wires and cables generated the lion's share of gross profit, despite its 0.9% y-o-y contraction to EGP 1,584.7 million. The contribution gap between wires & cables and turnkey projects narrowed considerably due to a 2.5 percentage-point contraction in the contribution of wires and cables to 44% and a 3.7 percentage-point expansion in the contribution of turnkey projects to 32% of overall gross profit. This represented an 18.0% y-o-y growth in gross profit for the turnkey projects segment's to EGP 1,142.3 million in H1 2019. The meters segment recorded a gross profit of EGP 452.7 million in H1 2019, down 0.1% y-o-y, with its contribution to total gross profit stable at 13% between both periods. The transformers segment booked a gross profit of EGP 216.1 million in H1 2019, up 9.0% y-o-y, with its contribution to consolidated gross profit also stable between H1 2018 and H1 2019 at 6%. Meanwhile, gross profit from other electrical products fell by 11.1% y-o-y to EGP 165.4 million in H1 2019 and contributed 5% to total gross profit during the period.



Summary of Gross Profit by Segment

EGP (000)'s	Q2-2019	Q2-2018	% Change	H1-2019	H1-2018	% Change
Wires & Cables	670,396	718,285	-6.7%	1,584,692	1,599,261	-0.9%
Turnkey Projects	660,616	536,954	23.0%	1,142,259	967,626	18.0%
Meters	252,834	230,275	9.8%	452,671	453,312	-0.1%
Transformers	104,888	91,396	14.8%	216,092	198,173	9.0%
Electrical Products	62,791	100,028	-37.2%	165,397	186,043	-11.1%
Total	1,751,526	1,676,938	4.4%	3,561,111	3,404,416	4.6%

Segments Overview

Wires & Cables Segment

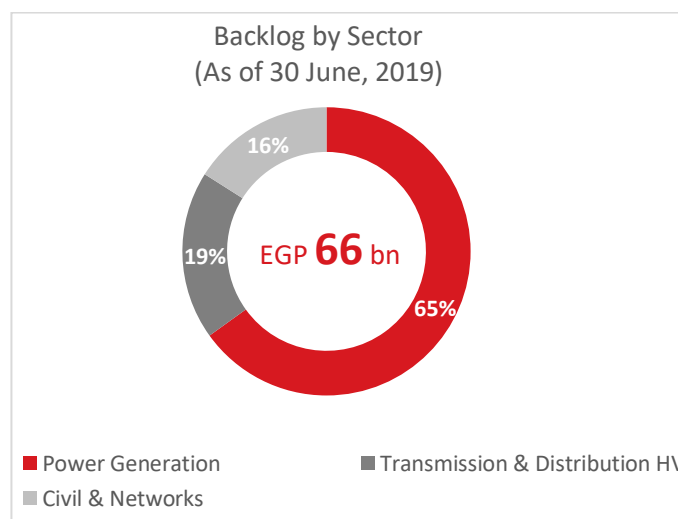
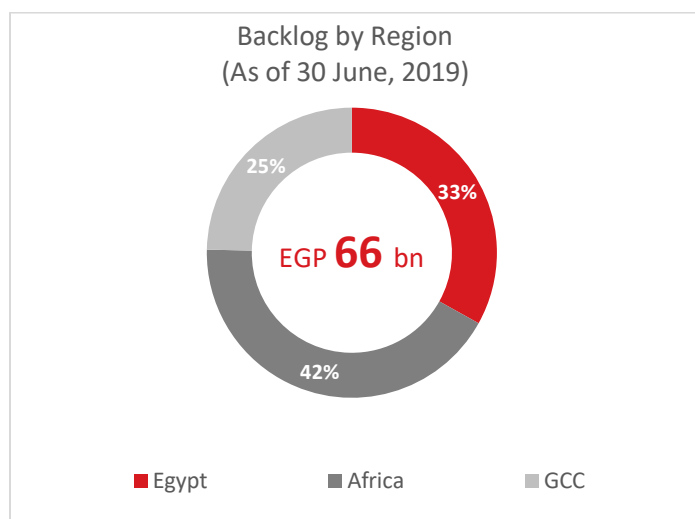
Revenue from wires & cables grew marginally between H1 2018 and H1 2019, up by 0.3% y-o-y to EGP 11,965.4 million in H1 2019. Despite volume growth of 4.1% y-o-y to 65,715 tons in H1 2019, lower pricing caused overall revenue to remain relatively flat between both periods. Gross profit from wires & cables fell by 0.9% y-o-y to record EGP 1,584.7 million in H1 2019. Gross profit per ton slightly increased by 2.3% y-o-y, to EGP 19,521 in H1 2019 up from EGP 19,078 in H1 2018.

Wires & Cables Segment Financial Highlights

	Q2-2019	Q2-2018	% Change	H1-2019	H1-2018	% Change
Revenues Before Intercompany Sales (EGP 000's)	7,869,230	8,599,789	-8.5%	17,134,259	17,988,919	-4.8%
Revenues After Intercompany Sales (EGP 000's)	5,446,778	5,817,213	-6.4%	11,965,380	11,932,112	0.3%
Gross Profit (EGP 000's)	670,396	718,285	-6.7%	1,584,692	1,599,261	-0.9%
GP Margin Before Intercompany Sales	8.5%	8.4%		9.2%	8.9%	
GP Margin After Intercompany Sale	12.3%	12.3%		13.2%	13.4%	
Cables Sales Volumes (Tons)	32,618	29,420	10.9%	65,715	63,151	4.1%
Cables Gross profit per ton (EGP)	16,522	17,280	-4.4%	19,521	19,078	2.3%

Turnkey Projects

Revenues from the turnkey projects segment posted EGP 6,744.0 million in H1 2019, up by 25.2% y-o-y from EGP 5,385.0 million in H1 2018.



The segment's contribution to the company's total revenue grew to 31% in H1 2019 compared to 27% in the same period last year, with an expansion of its backlog to EGP 66 billion as of 30 June 2019 from EGP 64 billion as of 31 March 2019. Gross profit from the segment recorded EGP 1,142.3 million in H1 2019, up 18.0% y-o-y and yielding a GPM of 16.9% versus 18.0% in H1 2018.

Meters Segment

H1 2019 saw the meters segment contract slightly, with segment revenues falling by 1.3% y-o-y to reach EGP 1,684.2 million from EGP 1,706.0 million in H1 2018. Meters contributed 8% to El Sewedy's total revenue, with volumes sold increasing 16% y-o-y to record 2,196,671 meters versus 1,887,373 meters sold in H1 2018. Gross profit from the segment remained the same y-o-y, recording EGP 452.6 million and yielding a GPM of 26.9%. Gross profit per meter was EGP 206, down 14% y-o-y compared to EGP 240 in H1 2018.

Meters Backlog
(As of 30 June, 2019)

EUR **79** mn

Meters Segment Financial Highlights

	Q2-2019	Q2-2018	% Change	H1-2019	H1-2018	% Change
Revenues Before Intercompany Sales (EGP 000's)	908,262	868,677	4.6%	1,964,273	1,834,194	7.1%
Revenues After Intercompany Sales (EGP 000's)	870,555	817,151	6.5%	1,684,288	1,705,989	-1.3%
Gross Profit (EGP 000's)	252,834	230,275	9.8%	452,671	453,312	-0.1%
GP Margin Before Intercompany Sales	27.8%	26.5%		23.0%	24.7%	
GP Margin After Intercompany Sale	29.0%	28.2%		26.9%	26.6%	
Sales Volumes (meters)	1,198,811	967,203	23.9%	2,196,671	1,887,373	16.4%
Gross profit per meter (EGP)	211	238	-11.4%	206	240	-14.2%

Transformers Segment

Transformers revenues contracted slightly as well y-o-y in H1 2019, by 0.9% y-o-y to EGP 775.4 million. Volumes rose 11.8% y-o-y to 4,153 MVA in H1 2019. Gross profit recorded an increase of 9.0% y-o-y to EGP 216.1 million in H1 2019, up from EGP 198.7 million in H1 2018, while the segment's gross profit per MVA fell slightly by 2.7% y-o-y to EGP 52,037.

Transformers Backlog
(As of 30 June, 2019)

USD **106** mn

Transformers Segment Financial Highlights

	Q2-2019	Q2-2018	% Change	H1-2019	H1-2018	% Change
Revenues Before Intercompany Sales (EGP 000's)	425,130	403,875	5.3%	927,799	863,105	7.5%
Revenues After Intercompany Sales (EGP 000's)	343,569	380,584	-9.7%	775,405	782,797	-0.9%
Gross Profit (EGP 000's)	104,888	91,396	14.8%	216,092	198,173	9.0%
GP Margin Before Intercompany Sales	24.7%	22.6%		23.3%	23.0%	
GP Margin After Intercompany Sale	30.5%	24.0%		27.9%	25.3%	
Sales Volumes (MVA)	1,863	1,872	-0.5%	4,153	3,713	11.8%
Gross profit per MVA (EGP)	56,294	49,043	14.8%	52,037	53,481	-2.7%

Other Electrical Products

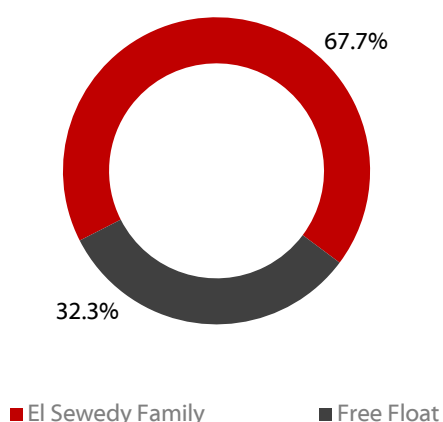
Revenues from sales of other electrical products recorded an impressive increase of 30.4% y-o-y, reaching EGP 384.5 million in H1 2019, while gross profit fell 11.1% during the same period to record EGP 165.4 million, representing a GPM of 43.0%.

About Elsewedy Electric

Established in 1938 by the Elsewedy family, Elsewedy Electric has since grown to become a regional and tactically global integrated cables and electrical products manufacturer and a turn-key services provider with more than 14,000 employees working at 22 production facilities in 15 countries. Structured to face the challenges of the world's fastest growing markets and the complexity of the critical electricity industry, Elsewedy Electric capitalizes on its deep product and sector specialization and unprecedented insight into local markets. www.elsewedyelectric.com

Shareholders Structure

(as at 30 June, 2019)



Share Information

SWDY.CA on the EGX

Number of Shares 2,184,180,000

Share Price (30 Jun 2019) EGP 14.0

Market Cap (30 Jun 2019) EGP 31.45 bn

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Forward-looking Statements

This document may contain certain forward-looking statements relating to the company's business. These may be identified in part through the use of forward-looking terminology such as "will", "planned", "expected" and "forecast". Any such statements reflect the current views of the company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance, decisions or achievements of the company to be materially different from any future results that may be expressed or implied by such forward-looking statements.

Consolidated Income Statement

EGP	Q2-2019	Q2-2018	Change	H1-2019	H1-2018	Change
Sales						
Wires & Cables	5,446,778,484	5,817,213,038		11,965,379,696	11,932,112,338	
Electrical Products	1,339,715,452	1,322,887,540		2,844,212,417	2,783,606,614	
Turnkey Projects	3,543,590,880	2,979,029,120		6,744,036,739	5,385,004,252	
Total Sales	10,330,084,816	10,119,129,698	2.1%	21,553,628,853	20,100,723,205	7.2%
COGS	(8,578,559,130)	(8,442,191,973)		(17,992,517,584)	(16,696,307,401)	
Gross Profit	1,751,525,686	1,676,937,725	4.4%	3,561,111,269	3,404,415,804	4.6%
Gross Profit Margin	17.0%	16.6%		16.5%	16.9%	
SG&A	(689,997,781)	(517,695,961)		(1,283,047,290)	(1,032,961,059)	
Other Operating Income	24,219,046	36,046,095		55,349,584	121,480,576	
Other Operating Expense	(15,835,409)	(227,280,266)		(151,523,491)	(274,859,833)	
Income from Investments	101,322,696	165,906,923		192,951,815	318,775,592	
EBITDA	1,351,917,712	1,290,181,528	4.8%	2,726,598,196	2,846,986,379	-4.2%
EBITDA Margin	13.1%	12.7%		12.7%	14.2%	
Depreciation & Amortization	(180,683,474)	(156,267,012)		(351,756,309)	(310,135,299)	
FX Gain / (Loss)	(62,306,479)	(139,640,072)		(77,117,206)	(78,147,006)	
EBIT	1,108,927,759	994,274,444	11.5%	2,297,724,681	2,458,704,074	-6.5%
Interest Expense	(121,705,463)	(78,992,259)		(224,128,856)	(172,844,465)	
Interest Income	192,871,331	327,746,275		420,574,894	651,099,547	
Interest Income / (Expenses)	71,165,868	248,754,016		196,446,038	478,255,082	
EBT	1,180,093,627	1,243,028,460	-5.1%	2,494,170,719	2,936,959,156	-15.1%
Tax	(222,247,656)	(259,187,174)		(540,818,432)	(521,588,201)	
Net Income	957,845,971	983,841,286	-2.6%	1,953,352,287	2,415,370,955	-19.1%
Minority Interest	(26,985,504)	(11,813,063)		(65,270,121)	(40,860,245)	
Net Income After Minority Interest	930,860,467	972,028,223	-4.2%	1,888,082,166	2,374,510,710	-20.5%
Net Income Margin	9.0%	9.6%		8.8%	11.8%	

Consolidated Balance Sheet

EGP	30-06-18	31-12-18	31-03-19	30-06-19
Long Term Assets				
Fixed Assets	5,312,335,521	5,842,598,123	5,952,750,656	6,147,491,105
Investments	989,906,563	1,337,379,690	1,374,810,177	2,149,413,769
Other long-term Assets & Good will	397,904,475	302,558,414	323,030,842	325,873,312
Other long-term Receivables	2,748,765,669	2,430,070,435	1,982,647,537	1,640,815,191
Total Long-term Assets	9,448,912,228	9,912,606,662	9,633,239,212	10,263,593,375
Current Assets				
Inventories	8,080,384,194	9,334,088,479	8,703,231,497	9,607,615,051
Receivables	11,684,127,314	11,318,561,524	13,272,677,998	13,023,173,488
Other Debit balance	5,384,436,260	6,394,477,999	6,999,216,244	7,007,335,559
Due from Related Parties	514,519,221	483,068,527	543,478,811	731,891,446
Cash & Cash Equivalents	9,976,768,882	8,685,415,249	8,242,997,811	9,742,196,214
Total Current Assets	35,640,235,871	36,215,611,778	37,761,602,361	40,112,211,758
Total Assets	45,089,148,099	46,128,218,440	47,394,841,573	50,375,805,133
Current Liabilities				
Bank Overdraft & Short-term loans	10,368,068,927	8,422,374,380	7,307,794,913	7,941,712,132
Accounts Payable	3,737,190,074	4,749,888,548	4,048,399,640	3,971,502,930
Other Credit balance	13,004,701,526	13,409,603,894	15,718,146,122	18,720,380,446
Due to Affiliates	366,956,821	356,209,224	336,731,274	478,603,817
Provisions	1,096,723,349	992,157,162	1,259,454,792	1,311,845,524
Total Current Liabilities	28,573,640,697	27,930,233,207	28,670,526,741	32,424,044,849
Issued and Paid Capital	2,184,180,000	2,184,180,000	2,184,180,000	2,184,180,000
Retained Earnings	9,449,705,432	11,601,298,507	12,335,069,479	10,823,932,431
Others	1,905,680,462	1,835,766,332	1,708,940,860	1,655,911,109
Total Parent's Shareholders' Equity	13,539,565,894	15,621,244,839	16,228,190,339	14,664,023,541
Minority Interest	570,571,012	516,570,863	547,780,997	527,392,763
Total Equity	14,110,136,906	16,137,815,701	16,775,971,336	15,191,416,303
Long-term Loans	1,052,259,896	251,035,810	404,108,366	1,171,070,950
Other long-term Liabilities	1,353,110,600	1,809,133,722	1,544,235,130	1,589,273,030
Total Long-term Liabilities	2,405,370,496	2,060,169,532	1,948,343,496	2,760,343,981
Total Liabilities & Equity	45,089,148,099	46,128,218,440	47,394,841,573	50,375,805,133