

ELSEWEDY ELECTRIC Reports FY 2018 Results Posting Revenues of EGP 42.5 billion and Net Profit of EGP 5.0 billion, Proposed Dividends of EGP 0.80 Per Share

FY 2018 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 42,490.6 million ▼ 1.0% y-o-y	EGP 7,199.2 million ▼ 20.4% y-o-y	EGP 6,060.4 million ▼ 22.3% y-o-y	EGP 4,992.6 million ▼ 21.6% y-o-y

Q4 2018 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 12,174.9 million ▲ 12.8% y-o-y	EGP 2,016.8 million ▼ 4.6% y-o-y	EGP 1,735.7 million ▼ 5.2% y-o-y	EGP 1,488.6 million ▼ 17.3% y-o-y

ELSEWEDY ELECTRIC (SWDY.CA on the Egyptian stock exchange), the Middle East and Africa's leading provider of Wires & Cables and Integrated Energy Solutions, announced today its consolidated financial results for the full-year ending 31 December 2018 recording revenues of EGP 42,490.6 million, representing a y-o-y contraction of 1.0%. Net profit after minority interest came in at EGP 4,992.6 million, yielding a net profit margin of 11.7%. On a quarterly basis, the company posted revenues of EGP 12,174.9 million, up by 12.8% y-o-y, filtering into net income after minority interest of EGP 1,488.6 million, representing a net profit margin of 12.2%.

Summary Income Statement

EGP (000)'s	Q4-2018	Q4-2017	% Change	FY 2018	FY 2017	% Change
Revenue	12,174,901	10,792,929	12.8%	42,490,563	42,911,113	-1.0%
Gross Profit	2,016,802	2,113,476	-4.6%	7,199,168	9,044,229	-20.4%
Gross Profit Margin	16.6%	19.6%		16.9%	21.1%	
EBITDA	1,735,723	1,830,799	-5.2%	6,060,448	7,802,307	-22.3%
EBITDA Margin	14.3%	17.0%		14.3%	18.2%	
Net Income After Minority	1,488,553	1,800,927	-17.3%	4,992,628	6,368,041	-21.6%
Net Income After Minority Margin	12.2%	16.7%		11.7%	14.8%	

Financial Highlights

- **Revenues** amounted to EGP 42,490.6 million for FY 2018, declining by 1.0% y-o-y on the back of decreasing revenues from turnkey projects, the second largest contributor to the company's top-line
- **Gross Profit** posted EGP 7,199.2 million during FY 2018, falling by 20.4% y-o-y in line with declines in gross profit from the wires and cables and the turnkey project segments, yielding a gross profit margin of 16.9%.
- **SG&A** expense for the full year came in at EGP 2,234.1 million, growing by 8.4% y-o-y.
- **EBITDA** for FY 2018 came in at EGP 6,060.4 million, down by 22.3% y-o-y while EBITDA recorded a 3.9 percentage-point margin contraction to 14.3% during the year.
- **Net Profit after Minority Interest** recorded EGP 4,992.6 million, down 21.6% y-o-y and representing an NPM of 11.7%.
- **Dividends** Elsewedy's board of directors have proposed dividends of EGP 0.80 per share
- **Net debt** posted negative EGP 12.0 million, turning net cash positive as at 31 December 2018, compared to a positive net debt level of EGP 931.1 million on 30 September 2018.
- **Inventories** increased by 7.6% q-o-q reaching EGP 9,334.1 million as of 31 December 2018. **Accounts receivable** grew by 5.9% q-o-q to post EGP 11,318.6 million by 31 December 2018. **Accounts payable** came in 23.5% higher q-o-q amounting to EGP 4,749.9 million as at 31 December 2018.

Note from Our CEO

2018 was a year of normalized growth for Elsewedy Electric as the effects from the EGP floatation have subsided. Throughout 2018, we have seen our markets stabilize and our core wires and cables business continue to anchor our growth while our younger segments, such as meters and transformers continue to unlock their substantial growth potential. While 2017 was exceptional in terms of financial and operational results, 2018 was a year where we adopted further efficiency measures that will better position us for future growth opportunities to ensuring sustainable value creation for Elsewedy's shareholders.

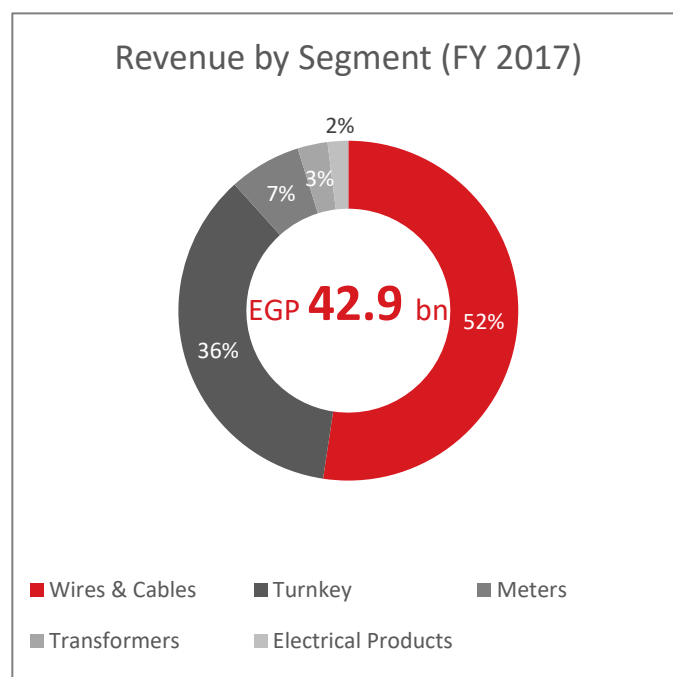
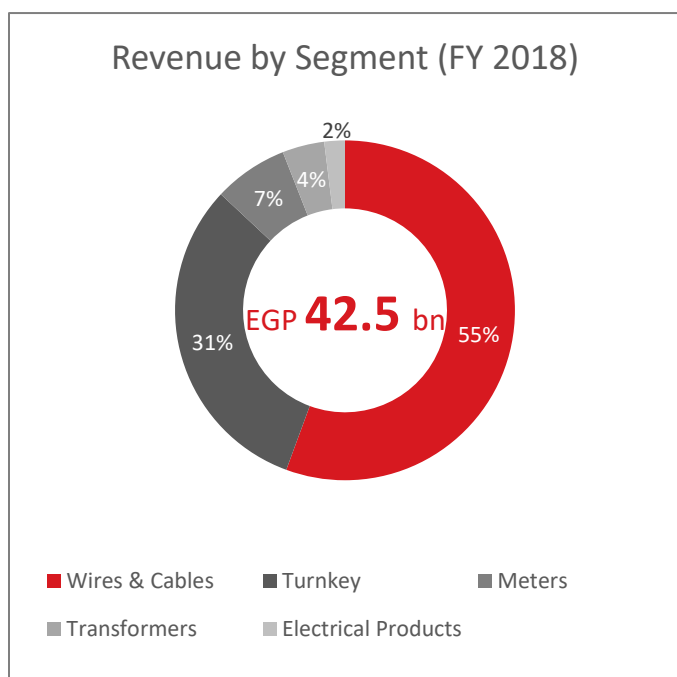
While our top-line for the full year saw a marginal decrease of 1% year on year, the last quarter saw us return to top-line growth with a 12.8% year on year growth in total revenues on the back of growth in our turnkey projects for the quarter. As demand for infrastructure investment continues to grow and as Africa is emerging as an important component in global supply chain, we are proud to be at the forefront of such challenging yet exciting frontiers. We are especially proud of our upcoming joint venture with The Arab Contractors in carrying out the USD 2.9 billion EPC contract for the Rufiji Hydropower Project in Tanzania which was awarded in December. While our turnkey backlog is secured for the coming two years, we remain active in engaging expansion opportunities, both organic or inorganic. As we welcome 2019, we look forward to build on our exceptional track record of success and to further push the boundaries of our capabilities.

Ahmed El Sewedy

Revenue Analysis by Segment

Elsewedy's wires and cables segment continues to be the main contributor of revenue, constituting 55.6% of total revenues for FY 2018, 3.2 percentage points higher than its contribution of 52.4% in FY 2017. Turnkey projects constituted 31.0% of total revenues FY 2018, down from 35.9% in FY 2017. Top-line contribution from the meters segment grew by 0.7 percentage point to 7.5% in FY 2018 while the transformers segment's contribution grew to 4.0% in FY 2018 from 2.9% a year previously. Sales of other electrical products declined marginally as a percentage of total revenues, to 1.9% in FY 2018 from 2.0% in FY 2017.

While revenues from wires and cables segment expanded by 5.1% y-o-y to record EGP 23,614.3 million during FY 2018, turnkey projects' revenue contracted by 14.6% y-o-y to EGP 13,172.2 million in FY 2018, resulting in a slight contraction in total revenue. Revenues from the transformers segment saw the highest growth during the period, recording a 37.0% y-o-y increase to EGP 1,680.9 in FY 2018 while meters grew more conservatively at 8.7% y-o-y to post EGP 3,199.9 million during the year. Revenue from other electrical products fell slightly by 2.1% y-o-y to EGP 823.4 million in FY 2018.

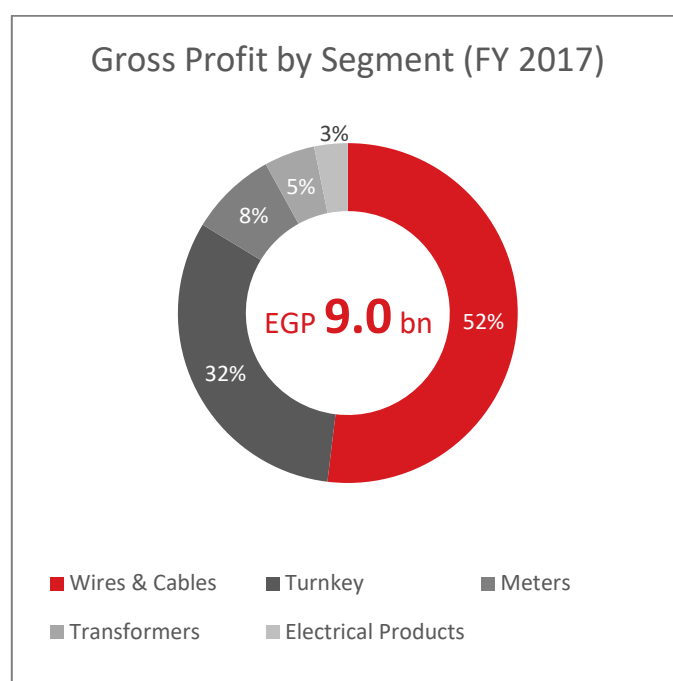
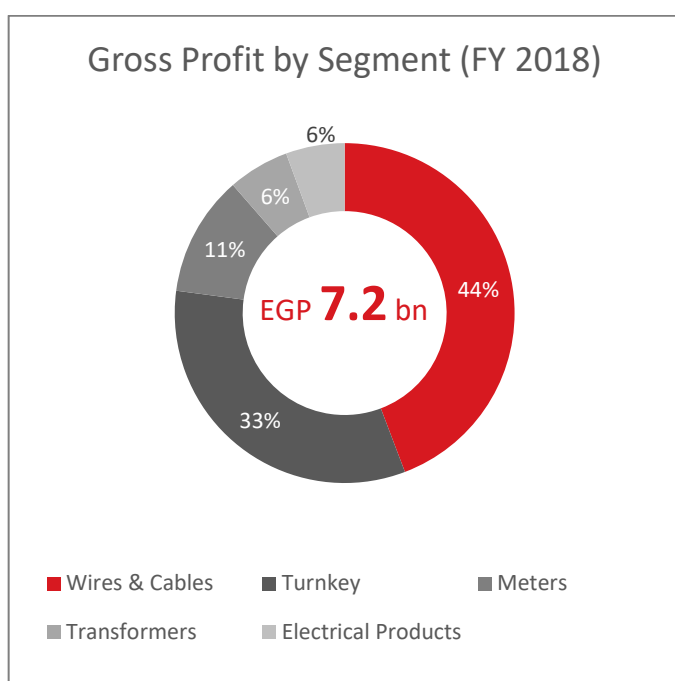


Summary of Revenues by Segment

EGP (000)'s	Q4-2018	Q4-2017	% Change	FY 2018	FY 2017	% Change
Wires & Cables	6,092,407	6,310,389	-3.5%	23,614,260	22,475,892	5.1%
Turnkey Projects	4,631,155	2,953,931	56.8%	13,172,188	15,422,403	-14.6%
Meters	752,567	952,088	-21.0%	3,199,870	2,944,981	8.7%
Transformers	455,411	448,746	1.5%	1,680,864	1,226,644	37.0%
Electrical Products	243,360	127,774	90.5%	823,381	841,193	-2.1%
Total	12,174,901	10,792,929	12.8%	42,490,563	42,911,113	-1.0%

Gross Profit Analysis by Segment

Consolidated gross profit for FY 2018 came in at EGP 7,199.2 million, down by 20.4% y-o-y. The overall decline in gross profit was mainly attributed to the fall in gross profit from the wires and cables segment, the largest contributor to FY 2018 gross profit at 44.2%. Gross profit for the wires and cables segment fell by 32.7% y-o-y to EGP 3,183.9 million. A fall in gross profit from turnkey projects also contributed to the decline in total gross profit, coming in at EGP 2,366.8 million in FY2018, and representing a 16.4% y-o-y decrease and composing 32.9% of total gross profit. The meters segment saw its gross profit increase by 9.6% y-o-y, recording EGP 826.0 million in FY 2018 and contributing 11.5% of total gross profit for the year, a 3.1 percentage point increase over last year's contribution. Gross profit from the transformers segment amounted to EGP 419.8 million for FY 2018, a decrease of 4.7% y-o-y and a contribution of 5.8% to total gross profit during the year. Other electrical products logged the largest growth of 38.9% y-o-y to EGP 402.7 million, and saw its contribution increase by 2.4 percentage points to 5.6% in FY 2018.



Summary of Gross Profit by Segment

EGP (000)'s	Q4-2018	Q4-2017	% Change	FY 2018	FY 2017	% Change
Wires & Cables	930,943	1,017,520	-8.5%	3,183,900	4,727,461	-32.7%
Turnkey Projects	707,802	674,834	4.9%	2,366,789	2,832,624	-16.4%
Meters	193,704	246,458	-21.4%	826,000	753,664	9.6%
Transformers	90,861	106,423	-14.6%	419,808	440,600	-4.7%
Electrical Products	93,491	68,241	37.0%	402,671	289,880	38.9%
Total	2,016,802	2,113,476	-4.6%	7,199,168	9,044,229	-20.4%

Segments Overview

Wires & Cables Segment

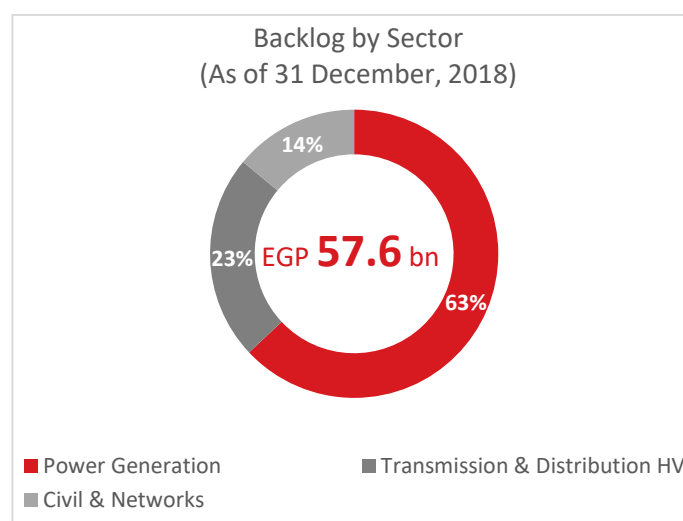
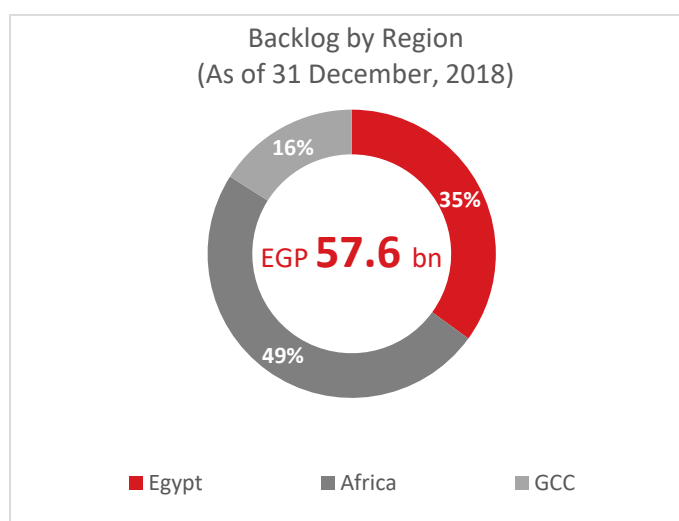
Elsewedy's primary wires & cables segment recorded revenues of EGP 23,614.3 million during FY 2018, representing a 5.1% increase y-o-y. Volumes sold during the year grew marginally by 1.2% y-o-y to 123,564 tons in FY 2018 from 122,082 tons during FY 2017. The segment's gross profit for the year fell by 32.7% y-o-y, posting EGP 3,183.9 million, in-line with a 29.7% y-o-y drop in gross profit per ton to a normalized level of EGP 19,108 per ton. The resulting gross profit margin for the segment fell to 13.5% for FY 2018, after recording 21.0% in FY 2017.

Wires & Cables Segment Financial Highlights

	Q4-2018	Q4-2017	% Change	FY 2018	FY 2017	% Change
Revenues Before Intercompany Sales (EGP 000's)	10,042,987	10,000,634	0.4%	36,716,446	34,516,668	6.4%
Revenues After Intercompany Sales (EGP 000's)	6,092,407	6,310,389	-3.5%	23,614,260	22,475,892	5.1%
Gross Profit (EGP 000's)	930,943	1,017,520	-8.5%	3,183,900	4,727,461	-32.7%
GP Margin Before Intercompany Sales	9.3%	10.2%		8.7%	13.7%	
GP Margin After Intercompany Sale	15.3%	16.1%		13.5%	21.0%	
Sales Volumes (Tons)	33,883	32,703	3.6%	123,564	122,082	1.2%
Gross profit per ton (EGP)	20,560	23,042	-10.8%	19,108	27,198	-29.7%

Turnkey Projects

Turnkey projects revenues amounted to EGP 13,172.2 million during FY 2018, declining by 14.6% y-o-y compared to EGP 15,422.4 million posted in FY 2017, while backlog grew by 92% year-on-year to EGP 57.6 billion as at 31 December 2018.



The contribution of turnkey projects to the company's consolidated top-line fell to 31.0% in FY 2018 from 35.9% in FY 2017. The segment's backlog stood at EGP 57.6 billion as at 31 December 2018, up by an exceptional 61.8% quarter-on-quarter from EGP 35.6 billion as at EGP 57.6 billion. Gross profit for the year came in at EGP 2,366.8 million representing a 16.4% decline y-o-y. The segment yielded a GPM of 18.0% in FY 2018 compared to 18.4% recorded in FY 2017.

Meters Segment

Revenues from meters expanded by 8.7% y-o-y recording EGP 3,199.9 during FY 2018 compared to FY 2017 revenue of EGP 2,945.0 million. The segment contributed 7.5% of Elsewedy's total top-line in FY 2018, up from 6.9% during the same period last year. Growth for the segment was driven by higher prices, while volumes sold contracted by 3.7% y-o-y to 3,640,554 meters as at year-end 2018. The segment's gross profit grew by 9.6% y-o-y to EGP 826.0 million in FY 2018 on the back of a 13.9% y-o-y increase in gross profit per meter to EGP 227 in FY 2018 from EGP 199 in FY 2017.

Meters Backlog
(As of 31 December 2018)

EUR **95** MN

Meters Segment Financial Highlights

	Q4-2018	Q4-2017	% Change	FY 2018	FY 2017	% Change
Revenues Before Intercompany Sales (EGP 000's)	838,244	1,234,689	-32.1%	3,482,313	3,323,121	4.8%
Revenues After Intercompany Sales (EGP 000's)	752,567	952,088	-21.0%	3,199,870	2,944,981	8.7%
Gross Profit (EGP 000's)	193,704	246,458	-21.4%	826,000	753,664	9.6%
GP Margin Before Intercompany Sales	23.1%	20.0%		23.7%	22.7%	
GP Margin After Intercompany Sale	25.7%	25.9%		25.8%	25.6%	
Sales Volumes (meters)	788,192	960,009	-17.9%	3,640,554	3,782,300	-3.7%
Gross profit per meter (EGP)	246	257	-4.3%	227	199	13.9%

Transformers Segment

The transformers segment was the highest growing segment in the company with revenues recording an impressive 37.0% y-o-y growth to EGP 1,680.9 million. Top-line growth for the segment came on the back of a 30.8% y-o-y increase in volumes to 8,406 MVA in FY 2018 from 6,425 MVA in FY 2017. Despite this, gross profit declined by 4.7% y-o-y to post EGP 419.8 million in FY 2018 due to a 27.2 y-o-y decline in gross profit per MVA to EGP 49,941.

Transformers Backlog
(As of 31 December 2018)

USD **90** MN

Transformers Segment Financial Highlights

	Q4-2018	Q4-2017	% Change	FY 2018	FY 2017	% Change
Revenues Before Intercompany Sales (EGP 000's)	517,480	529,459	-2.3%	1,894,139	1,467,491	29.1%
Revenues After Intercompany Sales (EGP 000's)	455,411	448,746	1.5%	1,680,864	1,226,644	37.0%
Gross Profit (EGP 000's)	90,861	106,423	-14.6%	419,808	440,600	-4.7%
GP Margin Before Intercompany Sales	17.6%	20.1%		22.2%	30.0%	
GP Margin After Intercompany Sale	20.0%	23.7%		25.0%	35.9%	
Sales Volumes (MVA)	2,826	2,435	16.1%	8,406	6,425	30.8%
Gross profit per MVA (EGP)	32,155	43,709	-26.4%	49,941	68,576	-27.2%

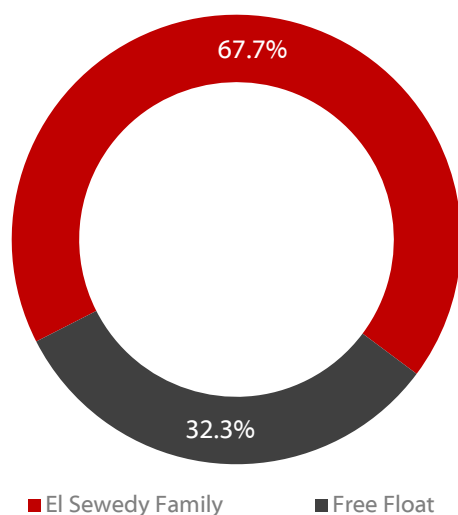
Other Electrical Products

Revenues from sales of other electrical products declined by a modest 2.1% y-o-y to post EGP 823.4 million in FY 2018. Despite top-line contraction, the segment's gross profit grew at an exceptional 38.9% y-o-y, recording EGP 402.7 million in FY 2018 on the back of a 14.4 percentage-point growth in its GPM to 48.9% in FY 2018 from 34.5% in FY 2017.

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 25 production facilities in 9 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 31 December 2018)



Share Information*

SWDY.CA on the EGX

Number of Shares	2,184,180,000
Share Price (31 Dec 2018)	EGP 18.04
Market Cap (31 Dec 2018)	EGP 39.04 bn

**On 27 September 2018, Elsewedy Electric implemented a ten-for-one stock split which brought the number of shares to 2.18 billion from 218.4 and reduced the par value of the stock to EGP 1.0 from EGP 10.0.*

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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	Q4-2018	Q4-2017	Change	FY 2018	FY 2017	Change
Sales						
Wires & Cables	6,092,407,476	6,310,388,978		23,614,259,765	22,475,892,064	
Electrical Products	1,451,337,925	1,528,608,368		5,704,115,516	5,012,818,210	
Turnkey Projects	4,631,155,374	2,953,931,487		13,172,188,069	15,422,402,622	
Total Sales	12,174,900,775	10,792,928,833	-13%	42,490,563,350	42,911,112,896	-1%
COGS	(10,158,099,188)	(8,679,453,308)		(35,291,395,175)	(33,866,884,242)	
Gross Profit	2,016,801,587	2,113,475,525	-5%	7,199,168,175	9,044,228,654	-20%
Gross Profit Margin	16.6%	19.6%		16.9%	21.1%	
SG&A	(691,079,730)	(537,757,318)		(2,234,133,627)	(2,060,912,121)	
Other Operating Income	172,830,034	58,723,417		414,754,348	491,029,123	
Other Operating Expense	(112,969,401)	(212,826,792)		(584,733,724)	(922,176,356)	
Income from Investments	176,898,583	287,064,038		616,298,493	701,932,258	
EBITDA	1,735,723,195	1,830,798,897	-5%	6,060,447,575	7,802,306,592	-22%
EBITDA Margin	14.3%	17.0%		14.3%	18.2%	
Depreciation & Amortization	(173,242,121)	(122,120,027)		(649,093,910)	(548,205,034)	
FX Gain / (Loss)	(39,368,396)	86,492,784		(116,173,761)	198,242,082	
EBIT	1,523,112,678	1,795,171,654	-15%	5,295,179,904	7,452,343,640	-29%
Interest Expense	(96,516,462)	(116,099,559)		(356,959,191)	(512,376,566)	
Interest Income	235,352,368	308,451,819		1,130,359,587	730,529,680	
Interest Income / (Expenses)	138,835,906	192,352,260		773,400,396	218,153,114	
EBT	1,661,948,584	1,987,523,914	-16%	6,068,580,300	7,670,496,754	-21%
Tax	(129,979,063)	(133,680,393)		(958,145,476)	(1,183,938,659)	
Net Income	1,531,969,521	1,853,843,521	-17%	5,110,434,824	6,486,558,095	-21%
Minority Interest	(43,416,885)	(52,916,600)		(117,806,954)	(118,516,848)	
Net Income After Minority Interest	1,488,552,636	1,800,926,921	-17%	4,992,627,870	6,368,041,247	-22%

Consolidated Balance Sheet

EGP	31-12-17	30-09-18	31-12-18
Assets			
Long Term Assets			
Fixed Assets	4,723,555,823	5,660,854,277	5,842,598,123
Investments	1,243,216,097	1,176,318,779	1,337,379,690
Other Long Term Assets & Good will	654,890,203	369,784,982	302,558,414
Other Long Term Receivables	3,486,374,869	2,820,199,698	2,430,070,435
Total Long Term Assets	10,108,036,992	10,027,157,736	9,912,606,662
Current Assets			
Inventories	7,818,948,364	8,677,174,839	9,334,088,479
Receivables	12,006,589,372	10,686,502,701	11,318,561,524
Other Debit balance	2,872,604,585	6,123,249,802	6,394,477,999
Due from Related Parties	548,573,297	450,752,273	483,068,527
Cash & Cash Equivalents	9,072,732,756	8,351,279,894	8,685,415,249
Total Current Assets	32,319,448,375	34,288,959,509	36,215,611,778
Total Assets	42,427,485,367	44,316,117,245	46,128,218,440
Liabilities			
Current Liabilities			
Bank Overdraft & Short Term loans	8,390,195,283	9,188,917,556	8,422,374,380
Accounts Payable	3,139,495,170	3,846,789,307	4,749,888,548
Other Credit balance	13,247,452,036	13,018,387,647	13,409,603,894
Due to Affiliates	371,383,820	293,455,547	356,209,224
Provisions	1,030,717,996	1,095,823,004	992,157,162
Total Current Liabilities	26,179,244,306	27,443,373,061	27,930,233,207
Equity			
Issued and Paid Capital	2,184,180,000	2,184,180,000	2,184,180,000
Retained Earnings	9,429,130,905	10,397,994,017	11,601,298,507
Others	1,899,112,874	1,899,792,507	1,835,766,332
Total Parent's Shareholders' Equity	13,512,423,779	14,481,966,524	15,621,244,839
Minority Interest	643,304,985	616,596,074	516,570,863
Total Equity	14,155,728,764	15,098,562,598	16,137,815,702
Long Term Loans	1,179,333,318	93,473,591	251,035,810
Other Long Term Liabilities	913,178,979	1,680,707,995	1,809,133,721
Total Long Term Liabilities	2,092,512,297	1,774,181,586	2,060,169,531
Total Liabilities & Equity	42,427,485,367	44,316,117,245	46,128,218,440