

ELSEWEDY ELECTRIC Reports Q1 2020 Results, Posting Slight Revenue Contraction and Decreases in EBITDA and Net Profit

Q1 2020 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 10,778.9 million ▼ 4.0% y-o-y	EGP 1,198.3 million ▼ 33.8% y-o-y	EGP 734.3 million ▼ 46.6% y-o-y	EGP 400.1 million ▼ 58.2% 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 quarter ending 31 March 2020, reporting revenues of EGP 10,778.8 million, down 4.0% year-on-year. The company's net profit after minority interest posted a 58.2% decrease to EGP 400.1 million, yielding a net profit margin of 3.7%.

Summary Income Statement

EGP (000)'s	Q1-2020	Q1-2019	% Change
Revenue	10,778,864	11,223,544	-4.0%
Gross Profit	1,198,280	1,809,586	-33.8%
Gross Profit Margin	11.1%	16.1%	
EBITDA	734,293	1,374,681	-46.5%
EBITDA Margin	6.8%	12.2%	
Net Income After Minority	400,079	957,222	-58.2%
Net Income After Minority Margin	3.7%	8.5%	

Financial Highlights

- **Revenues** recorded EGP 10,778.9 million in Q1 2020, decreasing by 4.0% year-on-year. The quarter a broad-based revenue decline across all business segments barring turnkey projects, which saw growth of 54.2% y-o-y and contributed the largest share of ElSewedy's consolidated top line in Q1 2020.
- **Gross Profit** fell by 33.8% y-o-y to EGP 1,198.3 million in Q1 2020, with the gross margin contracting by 5.0 percentage points to 11.1%.
- **SG&A** expense rose by 22.9% y-o-y to record EGP 729.1 million, reaching 6.8% as a percentage of sales as against 5.3% one year previously.
- **EBITDA** declined by 46.5% y-o-y to EGP 734.3 million in Q1 2020, with the EBITDA margin recording 6.8% versus 12.2% in Q1 2019.
- **Net Profit after Minority Interest** amounted to EGP 400.1 million in Q1 2020, down from EGP 957.2 million in Q1 2019. The company's net profit margin decreased to 3.7% from 8.5% over the same period.

- ElSewedy recorded a **net cash** position of EGP 2,370.2 million as at 31 March 2020 versus a net cash position of EGP 769.0 million as at 31 December 2019.
- **Inventory** came in at EGP 7,733.6 million as at 31 March 2020, down by 15.5% from EGP 9,148.6 million booked as at 31 December 2019. **Accounts receivable** fell by 3.0% y-o-y to EGP 12,160.0 million as of 31 March 2020. Meanwhile, **Accounts Payable** increased by 3.9% between 31 December 2019 and 31 March 2020 to record EGP 4,091.4 million.

Note from Our CEO

ElSewedy Electric faces a challenging start to the year. Our home market of Egypt, like countries across the globe, is dealing with the economic and public health fallout of the coronavirus (covid-19) pandemic. Performance at ElSewedy's primary business segments, including wires and cables and our turnkey projects vertical, tends to be highly correlated with the performance of Egypt's broader economy. Our solutions are provided to a broad range of national industries, from construction and real estate development to manufacturing. In recent years, ElSewedy has invested significant resources in developing the robustness of its business model. This investment is reflected in the rapid growth of our turnkey segment, a key source of recurring income, from which revenues grew by 54.2% y-o-y. Meanwhile, Q1 2020 saw the full consolidation of our new renewable energy segment. We have moved into the sector confident of the potential it holds for sustainable value creation as the world seeks to transition towards renewable energy. The segment has already gotten off to a strong start, with promising performance at ElSewedy's solar PV and wind energy projects during the period. We also continue explore opportunities for mergers and acquisitions that further burnish the company's value proposition and enhance its ability to operate competitively in unforeseen circumstances.

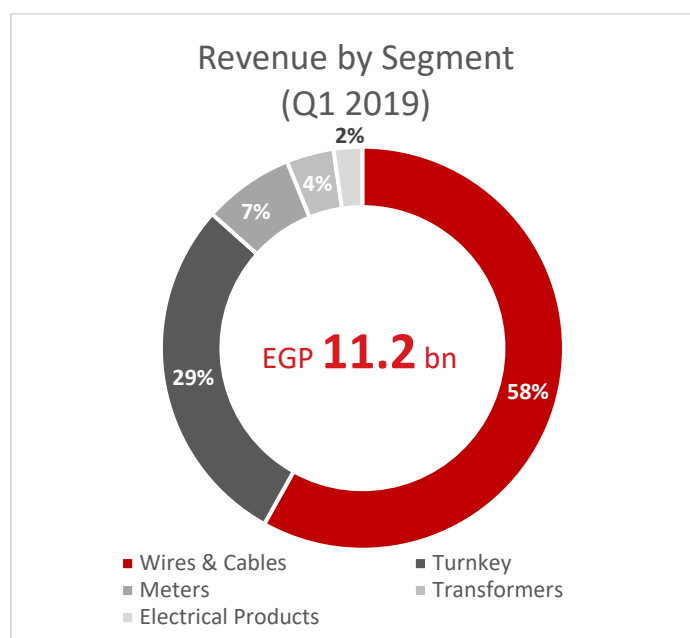
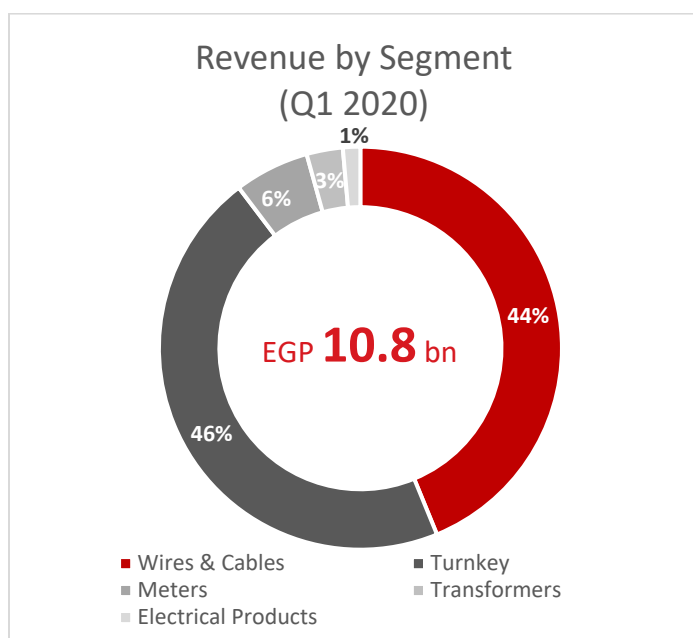
Management at ElSewedy is working diligently to control the company's operational expenses and overheads at this time. To this end, we have doubled down on our long-term objective of fully modernizing ElSewedy's operational platforms by adopting the latest digital technologies, which has boosted operational efficiency and instilled a culture of nimbleness that will serve us well in the weeks and months ahead. Meanwhile, ElSewedy is highly active in exploring opportunities to stimulate a rapid recovery in sales. Meanwhile, thanks to a solid liquidity position, management is fully confident of ElSewedy Electric's ability to meet any and all upcoming obligations. The strength of our balance sheet affords us room for flexibility and will be key in seeing us through these turbulent times. We have striven to keep our talented team fully intact, recognizing that their abilities will be key in allowing ElSewedy to stage as rapid a recovery as possible from the current circumstances. Our investment in technology has allowed many employees to work productively and safely from home during this period. Guaranteeing the health and safety of ElSewedy's employees remains management's top priority in the weeks and months ahead.

Ahmed El Sewedy

Revenue Analysis by Segment

Following several years of continuous growth, in Q1 2020 ElSewedy's turnkey projects vertical for the first time generated the bulk of the company's top line, contributing 45.8% of consolidated revenues for the period against 28.5% one year previously. Wires and cables, the company's flagship business segment, saw its contribution to total revenue decrease by 24.7% y-o-y to reach 43.7% for Q1 2020. Meters generated 6.0% of total revenues in Q1 2020 (Q1 2019: 7.3%), while the contribution from transformers came in at 2.9% (Q1 2019: 3.8%). Other electrical products contributed 1.4% of the consolidated top line in Q1 2020, down from 2.3% one year previously. Meanwhile, ElSewedy's newly consolidated renewables segment contributed 0.2% of total revenues for its inaugural quarter.

Revenue from ElSewedy's wires and cables segment declined by 27.7% y-o-y to record EGP 4,714.8 million in Q1 2020. Turnkey project revenues rose by 54.2% y-o-y to reach EGP 4,935.2 million in Q1 2020. Revenue from meters declined by 20.6% y-o-y to register EGP 646.3 million in Q1 2020, while the transformers segment contracted by 28.0% y-o-y to book revenues of EGP 310.9. Revenue from other electrical products was down by 42.2% y-o-y, recording EGP 149.7 million for the quarter. ElSewedy Electric's newly consolidated renewables segment booked revenues of EGP 22.0 million for its inaugural quarter.

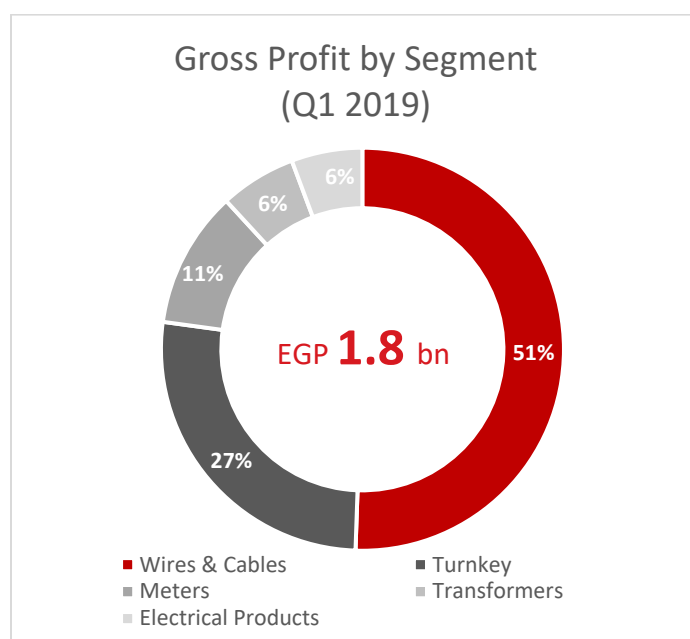
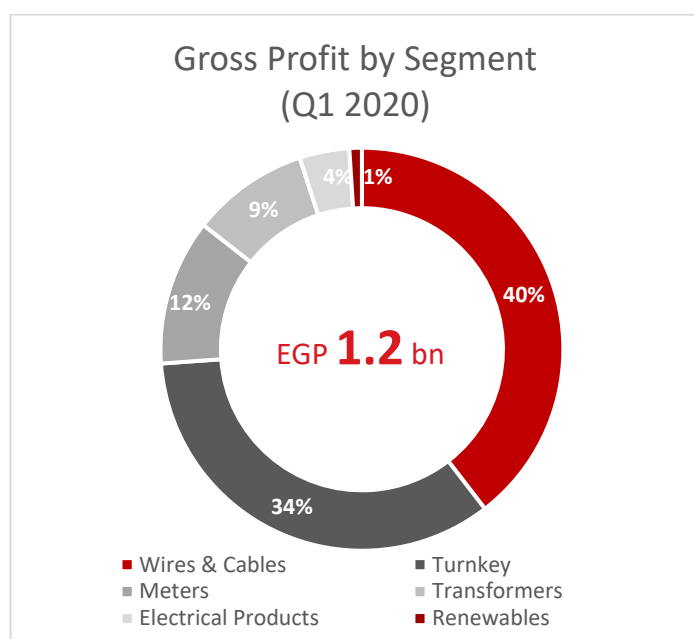


Summary of Revenues by Segment

EGP (000)'s	Q1-2020	Q1-2019	% Change
Wires & Cables	4,714,760	6,518,601	-27.7%
Turnkey Projects	4,935,201	3,200,446	54.2%
Meters	646,256	813,732	-20.6%
Transformers	310,877	431,836	-28.0%
Electrical Products	149,734	258,929	-42.2%
Renewables – IPPs	22,037	-	-
Total	10,778,864	11,223,544	-4.0%

Gross Profit Analysis by Segment

Consolidated gross profit registered EGP 1,198.3 million in Q1 2020, a decrease of 33.8% y-o-y driven by the deterioration in ElSewedy's top line during the quarter. Wires and cables generated a gross profit of EGP 473.2 million in Q1 2020, representing a 39.5% contribution to company-level gross profit, down from 50.5% during the same quarter last year. Turnkey projects booked a gross profit of EGP 411.4 million for Q1 2020, accounting for 34.3% of consolidated gross profit compared to 26.6% one year previously. Gross profit from meters was down by 30.0% to record EGP 139.8 million in Q1 2020, contributing 11.7% of company-level gross profit during the period versus 11.0% in Q1 2019. Transformers recorded a gross profit of EGP 112.5 million for Q1 2020, representing a y-o-y increase of 1.1% and an enhanced contribution to gross profit of 9.4% (Q1 2019: 6.1%). Meanwhile, other electrical products booked EGP 44.8 million in gross profit for Q1 2020, down by 56.3% year-on-year, and contributed 3.7% to total gross profit. ElSewedy's newly consolidated renewables segment booked a gross profit of EGP 16.7 million during Q1 2020.



Summary of Gross Profit by Segment

EGP (000)'s	Q1-2020	Q1-2019	% Change
Wires & Cables	473,159	914,296	-48.2%
Turnkey Projects	411,356	481,643	-14.6%
Meters	139,787	199,836	-30.0%
Transformers	112,450	111,204	1.1%
Electrical Products	44,817	102,606	-56.3%
Renewables – IPPs	16,710	-	-
Total	1,198,280	1,809,586	-33.8%

Segments Overview

Wires & Cables Segment

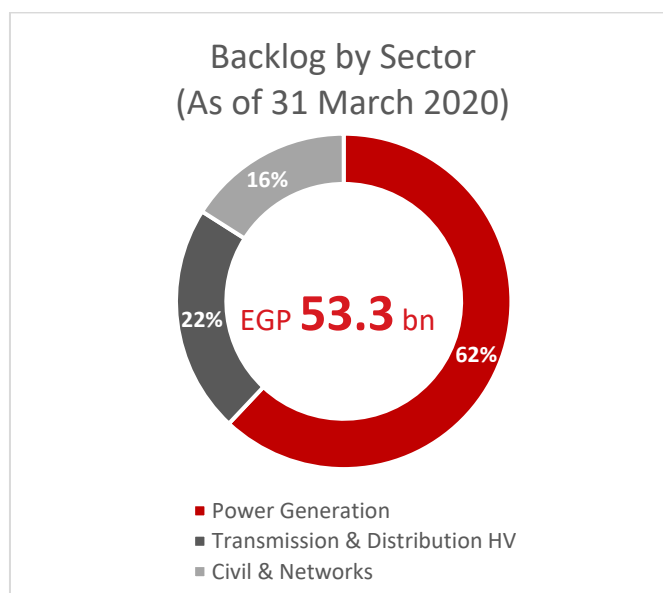
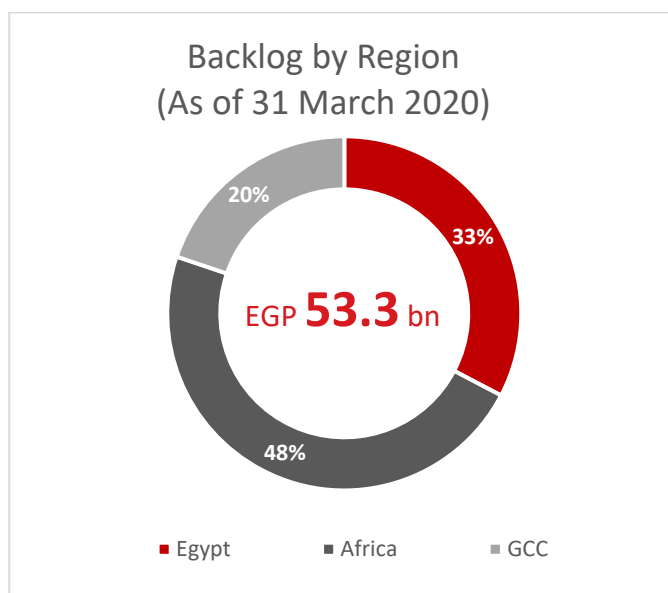
Revenue from wires & cables recorded EGP 4,714.8 million in Q1 2020, representing a decrease of 27.7% year-on-year. The fall in revenues were largely price driven, although volumes sold were also down by 0.5% year-on-year to 32,933 tons in Q1 2020 from 33,097 tons in Q1 2019. Gross profit from wires & cables decreased by 48.2% year-on-year on the back of a 44.9% decrease in gross profit per ton, which fell to EGP 12,383 in Q1 2020 from EGP 22,477 in Q1 2019. The segment booked a gross profit margin of 10.0% in Q1 2020, down from 14.0% during the same quarter of the previous year.

Wires & Cables Segment Financial Highlights

	Q1-2020	Q1-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	7,233,850	9,265,029	-21.9%
Revenues After Intercompany Sales (EGP 000's)	4,714,760	6,518,601	-27.7%
Gross Profit (EGP 000's)	473,159	914,296	-48.2%
GP Margin Before Intercompany Sales	6.5%	9.9%	
GP Margin After Intercompany Sale	10.0%	14.0%	
Cables Sales Volumes (Tons)	32,933	33,097	-0.5%
Cables Gross profit per ton (EGP)	12,383	22,477	-44.9%

Turnkey Projects

Revenues from turnkey projects recorded EGP 4,935.2 million in Q1 2020, up by 54.2% y-o-y from EGP 3,200.5 million in Q1 2019.



Continued growth in the segment saw its contribution to the company's total revenue reach 45.8% in Q1 2020 compared to 28.5% one year previously. Backlog in the segment stood at EGP 53.3 billion for Q1 2020, down from the EGP 64.0 billion recorded in Q1 2019. Gross profit from the segment recorded EGP 411.4 million in Q1 2020, a decrease of 14.6% y-o-y, while the segment's gross profit margin declined by 6.7 percentage points to record 8.3% for the quarter.

Meters Segment

Revenues from the meters segment declined by 20.6% y-o-y, recording EGP 646.3 million. This decrease was driven by a contraction in prices. Despite volume sold climbing by 21.9% y-o-y to record 1,216,787 meters in Q1 2020, gross profit per meter fell by 42.6% y-o-y to EGP 115 against EGP 200 one year previously. The segment's backlog stood at EUR 46 million as at Q1 2020.

**Meters Backlog
(As of 31 March 2020)**

EUR **46** mn

Meters Segment Financial Highlights

	Q1-2020	Q1-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	730,558	910,226	-19.7%
Revenues After Intercompany Sales (EGP 000's)	646,256	813,732	-20.6%
Gross Profit (EGP 000's)	139,787	199,836	-30.0%
GP Margin Before Intercompany Sales	19.1%	22.0%	
GP Margin After Intercompany Sale	21.6%	24.6%	
Sales Volumes (meters)	1,216,787	997,860	21.9%
Gross profit per meter (EGP)	115	200	-42.6%

Transformers Segment

Revenue from the transformers segment declined by 28.0% y-o-y to book EGP 310.9 million in Q1 2020. This decrease came on the back of contracting price points, with volumes climbing 1.4% y-o-y to 2,320 MVA. Gross profit per MVA fell by 0.2% y-o-y to EGP 48,460 in Q1 2020. Nevertheless, segmental gross profit was up by 1.1% y-o-y to record EGP 112.5 million for the quarter, yielding a 10.4 percentage point y-o-y improvement in the GPM to 36.2% for the period.

**Transformers Backlog
(As of 31 March 2020)**

USD **80** mn

Transformers Segment Financial Highlights

	Q1-2020	Q1-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	431,231	502,668	-14.2%
Revenues After Intercompany Sales (EGP 000's)	310,877	431,836	-28.0%
Gross Profit (EGP 000's)	112,450	111,204	1.1%
GP Margin Before Intercompany Sales	26.1%	22.1%	
GP Margin After Intercompany Sale	36.2%	25.8%	
Sales Volumes (MVA)	2,320	2,289	1.4%
Gross profit per MVA (EGP)	48,460	48,572	-0.2%

Other Electrical Products

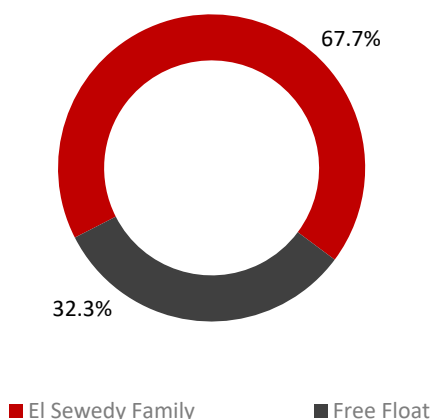
Revenue from the other electrical products came in at EGP 149.7 million, representing a decrease of 42.2% year-on-year. The segment's gross profit fell by 56.3% year-on-year to record EGP 44.8 million with its corresponding GPM down by 9.7 percentage points to 29.9% during the same period.

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 31 March 2020)



Share Information

SWDY.CA on the EGX

Number of Shares 2,184,180,000

Share Price (31 March 2020) EGP 7.04

Market Cap (31 March 2020) EGP 15.4 bn

Investor Relations Contact Information:

Mr. Tarek Yehia, Senior Investor Relations Manager

Email: tarek.yehia@elsewedy.com

Address: Plot 27, 1st district, 5th settlement, New Cairo.

Tel: +202 27599700 – 701

Fax: +202 27599731

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	Q1-2020	Q1-2019	Change
Sales			
Wires & Cables	4,714,759,727	6,518,601,212	
Electrical Products	1,106,866,395	1,504,496,965	
Turnkey Projects	4,957,237,952	3,200,445,859	
Total Sales	10,778,864,074	11,223,544,036	-4.0%
COGS	(9,580,584,477)	(9,413,958,453)	
Gross Profit	1,198,279,597	1,809,585,583	-33.8%
Gross Profit Margin	11.1%	16.1%	
SG&A	(723,463,527)	(593,049,509)	
Other Operating Income	90,150,422	31,130,538	
Other Operating Expense	(101,480,301)	(135,688,082)	
Income from Investments	82,131,030	91,629,119	
EBITDA	734,293,207	1,374,680,484	-46.6%
EBITDA Margin	6.8%	12.2%	
Depreciation & Amortization	(188,675,985)	(171,072,835)	
FX Gain / (Loss)	(56,167,496)	(14,810,727)	
EBIT	489,449,726	1,188,796,922	-58.8%
Interest Expense	(65,842,005)	(102,423,393)	
Interest Income	178,962,803	227,703,563	
Interest Income / (Expenses)	113,120,799	125,280,170	
EBT	602,570,525	1,314,077,092	-54.1%
Tax	(138,857,413)	(318,570,776)	
Net Income	463,695,112	995,506,316	-53.4%
Minority Interest	(63,616,626)	(38,284,617)	
Net Income After Minority Interest	400,078,486	957,221,699	-58.2%
Net Income Margin	3.7%	8.5%	

Consolidated Balance Sheet

EGP	31/12/2019	31/03/2020
Long Term Assets		
Fixed Assets	8,450,827,455	8,505,939,319
Investments	1,315,136,986	1,420,564,211
Other long-term Assets & Good will	743,639,294	736,490,313
Other long-term Receivables	2,526,349,912	2,450,429,528
Total Long-term Assets	13,035,953,647	13,113,423,370
Current Assets		
Inventories	9,148,634,900	7,733,547,519
Receivables	12,536,743,336	12,159,964,029
Other Debit balance	8,426,353,668	9,186,146,832
Due from Related Parties	693,528,592	618,466,735
Cash & Cash Equivalents	9,556,478,691	9,934,990,575
Total Current Assets	40,361,739,187	39,633,115,690
Total Assets	53,397,692,834	52,746,539,060
Current Liabilities		
Bank Overdraft & Short-term loans	6,774,718,608	5,663,362,753
Accounts Payable	3,936,191,619	4,091,405,650
Other Credit balance	19,125,746,474	19,355,641,105
Due to Affiliates	539,618,140	2,330,942,301
Provisions	1,484,492,493	1,455,660,072
Total Current Liabilities	31,860,767,335	32,897,011,881
Issued and Paid Capital	2,184,180,000	2,184,180,000
Retained Earnings	13,012,401,531	11,331,907,681
Others	1,519,936,116	1,542,492,756
Total Parent's Shareholders' Equity	16,716,517,647	15,058,580,437
Minority Interest	582,004,359	659,755,323
Total Equity	17,298,522,006	15,718,335,760
Long-term Loans	2,012,744,882	1,901,468,636
Other long-term Liabilities	2,225,658,611	2,229,722,783
Total Long-term Liabilities	4,238,403,493	4,131,191,419
Total Liabilities & Equity	53,397,692,834	52,746,539,060