

Earnings Release: Elsewedy Electric Reports Consolidated Results for Full year 2013 ended December 31<sup>st</sup>, 2013.

April 1<sup>st</sup>, 2014

Cairo- Egypt.

**El Sewedy Electric Posts Full Year 2013 Normalized Net Profit after Minority of EGP 404 million, on Total Group Revenues of EGP 15.1 billion.**

Elsewedy Electric (SWDY.CA on the Egyptian stock exchange), the leading Wire & Cable and Integrated Energy Solution Provider in the Middle East and Africa, announced its consolidated financial results for full year 2013 ending December 31<sup>st</sup>, 2013.

**Q4 2013 versus Q4 2012**

- Consolidated revenues in Q4 2013 decreased by 5% to reach EGP 3.9 billion versus EGP 4.1 billion in Q4 2012.
- Gross profit in Q4 2013 decreased by 17% to reach EGP 388 million versus EGP 470 million in Q4 2012. The gross profit includes an impairment of inventory of EGP 57 million, mainly related to MTOI inventory (the Spanish wind turbine operations.)
- EBITDA in Q4 2013 decreased by 51% to reach EGP 102 million versus EGP 208 million in Q4 2012. Normalized Q4 2013 EBITDA stands at EGP 199 million
- Net loss after Minority reached EGP (-94) million during Q4 2013 versus EGP (-49) million during Q4 2012. Normalized net profit after minority stands at EGP 3 million as a result of total wind related impairments of EGP 96 million during Q4 2013.

**FY 2013 versus FY 2012**

- Consolidated revenues increased by 4% to reach EGP 15.1 billion for FY 2013, versus EGP 14.5 billion in FY 2012.
- Gross profit increased by 13% to reach EGP 2,065 million during FY 2013, versus EGP 1,832 million in FY 2012.
- EBITDA increased by 9% to reach EGP 1,182 million in FY 2013, versus EGP 1,085 million in FY 2012. Normalized EBITDA stands at EGP 1,395 million in FY 2013 after excluding one off impairments related to the wind of EGP 213 million.
- Net profit after Minority Interest decreased by 17% to reach EGP 96.5 million in FY 2013 versus EGP 116.5 million for FY 2012. Normalized net profit after minority interest stands at EGP 404 million as a result of one off impairments related to Syria of EGP 95 million and wind related impairments of EGP 213 million

## **Consolidated Results Highlights**

<b>LE (000)'s</b>	<b>Q4-2013</b>	<b>Q4-2012</b>	<b>% Change</b>	<b>FY-2013</b>	<b>FY-2012</b>	<b>% Change</b>
<b>Revenue</b>	<b>3,859,825</b>	<b>4,050,199</b>	<b>-5%</b>	<b>15,098,993</b>	<b>14,512,307</b>	<b>4%</b>
<b>Gross Profit</b>	<b>388,093</b>	<b>470,062</b>	<b>-17%</b>	<b>2,064,876</b>	<b>1,831,516</b>	<b>13%</b>
<b>Gross Profit Margin</b>	<b>10%</b>	<b>12%</b>		<b>14%</b>	<b>13%</b>	
<b>EBITDA</b>	<b>102,100</b>	<b>207,952</b>	<b>-51%</b>	<b>1,182,215</b>	<b>1,084,736</b>	<b>9%</b>
<b>EBITDA Margin</b>	<b>3%</b>	<b>5%</b>		<b>8%</b>	<b>7%</b>	
<b>Net Income After Minority</b>	<b>-93,792</b>	<b>-48,543</b>	<b>93%</b>	<b>96,502</b>	<b>116,541</b>	<b>-17%</b>
<b>Net Income After Minority Margin</b>	<b>NA</b>	<b>NA</b>		<b>1%</b>	<b>1%</b>	

### **Segment Analysis Q4 2013 versus Q4 2012**

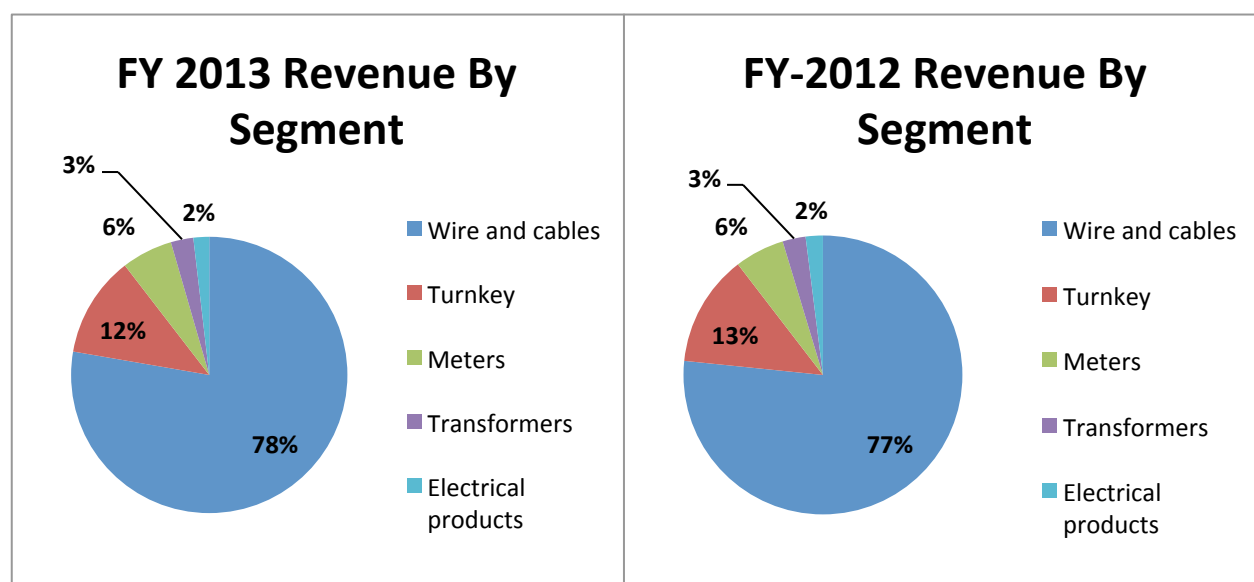
- Revenues in Q4 2013 decreased by 5% to reach EGP 3.9 billion versus EGP 4.1 billion in Q4 2012. The Wire and Cable segment achieved revenues of EGP 2,932 million in Q4 2013, 4% lower than Q4 2012. Turnkey revenues in Q4 2013 were 3% higher than Q4 2012 reaching EGP 624 million. Meters revenues decreased by 23% reaching EGP 171 million. Whilst transformers revenues decreased by 35% reaching EGP 62 million. Electrical Products revenues decreased by 5% to reach EGP 70 million.
- Gross Profit decreased by 17% to reach EGP 388 million in Q4 2013 versus EGP 470 million in Q4 2012. The gross profit in the Wire and Cable segment increased by 49% in Q4 2013 versus Q4 2012, (EGP 339 million versus EGP 228 million). Turnkey gross profit decreased by 86% in Q4 2013 to reach EGP 19 million versus EGP 136 million in Q4 2012. The Meters division gross profit decreased by 42% in Q4 2013 to reach EGP 42 million whilst the transformers division gross profit increased by 68% in Q4 2013 to reach EGP 18 million. Electrical products' gross profit reached EGP (-30) million in Q4 2013.

### **Segment Analysis FY 2013 versus FY 2012**

- Revenue during FY 2013 increased by 4% versus FY 2012 reaching EGP 15 billion. The Wire and Cables revenues increased by 6% to reach EGP 11,734 million. Turnkey revenues decreased by 5% during FY 2013 reaching EGP 1,787 million. Transformers revenue increased by 3% during FY 2013 reaching EGP 398 million, whilst Meters revenues increased 8% to reach EGP 902 million. Electrical products' revenues decreased by 4% to reach EGP 278 million.
- Gross profit during FY 2013 witnessed a 13% increase to reach EGP 2,065 million. The Wire and Cables gross profit increased by 34% to reach EGP 1,406 million. Turnkey gross profit was 35% lower during FY 2013 reaching EGP 253 million. Transformers gross profit increased 64% whilst meters gross profit increased by 15% to reach EGP 259 million. Electrical products' gross profit decreased by 51% to reach EGP 50 million.

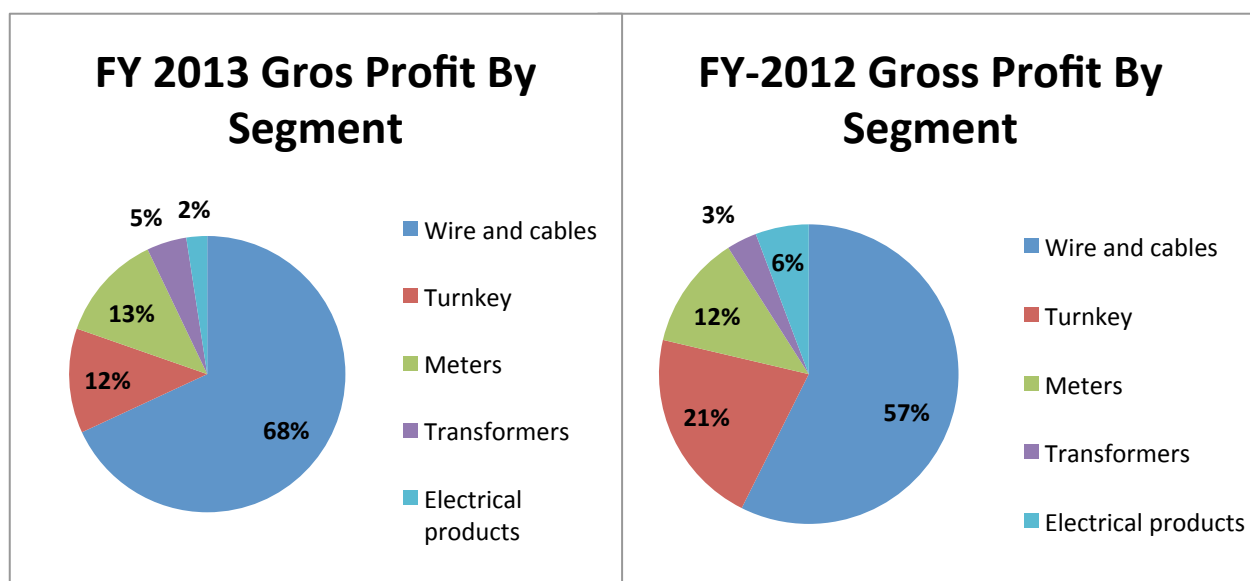
### Summary of Revenues by Segment

LE (000)'s	Q4-2013	Q4-2012	% Change	FY-2013	FY-2012	% Change
Wire & Cables	2,932,492	3,050,628	-4%	11,733,986	11,118,284	6%
Turn Key Projects	624,417	607,082	3%	1,786,625	1,880,070	-5%
Meters	170,548	222,856	-23%	901,987	836,843	8%
Transformers	62,177	95,715	-35%	398,024	388,235	3%
Other electrical products	70,190	73,917	-5%	278,371	288,875	-4%
<b>Total</b>	<b>3,859,825</b>	<b>4,050,199</b>	<b>-5%</b>	<b>15,098,993</b>	<b>14,512,307</b>	<b>4%</b>



### Summary of Gross Profit by Segment

LE (000)'s	Q4-2013	Q4-2012	% Change	FY-2013	FY-2012	% Change
Wire & Cables	339,406	227,709	49%	1,405,938	1,052,799	34%
Turn Key Projects	19,349	135,679	-86%	253,104	391,660	-35%
Meters	41,891	72,831	-42%	259,196	225,915	15%
Transformers	17,652	10,481	68%	96,383	58,770	64%
Other electrical products	-30,205	23,362	-229%	50,254	102,371	-51%
<b>Total</b>	<b>388,093</b>	<b>470,062</b>	<b>-17%</b>	<b>2,064,876</b>	<b>1,831,516</b>	<b>13%</b>



### Wires & Cables Segment

Wires & Cables segment revenues increased by 6% to reach EGP 11,734 million in FY 2013 versus EGP 11,118 million in FY 2012. Gross profit in FY 2013 increased by 33% to reach EGP 1,406 million versus EGP 1,056 million in FY 2012. Gross profit margin increased by 27% to reach 12%.

In terms of volumes, the segment sold 159,079 tons of cables in FY 2013 versus 162,537 tons in FY 2012. There was a 32% improvement in gross profit per ton, which averaged EGP 6,497 in FY 2013 versus EGP 4,933 in FY 2012.

Whilst volumes in the Egyptian operations were 11% lower in FY 2013 versus FY 2012, the Algerian operations continued to see a pick-up, with volumes increasing 18% in FY 2013 versus FY 2012. Volumes in KSA were 13% higher in FY 2013 versus FY 2012. All the other cables operations witnessed double-digit growth in volumes with the exception of the Qatar operations in which volumes increased by 8%.

### Wire & Cables Segment Financial Highlights

	Q4-2013	Q4-2012	% Change	FY-2013	FY-2012	% Change
Revenues EGP (000)'s	2,932,492	3,050,628	-4%	11,733,986	11,118,284	6%
Gross Profit EGP (000)'s	339,406	227,709	49%	1,405,938	1,052,799	34%
Cables Sales Volumes (tons)	40,585	44,732	-9%	159,079	162,537	-2%
Cables Sales Volumes (Tons) Proportionate*	36,039	41,166	-12%	144,363	148,915	-3%
Cables Gross profit per ton EGP	7,163	3,307	117%	6,497	4,933	32%
Gross Profit Margin	11.6%	7.5%		12.0%	9.5%	

\*includes the proportionate tonnage for Doha Cables

## **Turnkey Projects**

Turnkey revenues witnessed a 5% decrease, reaching EGP 1,787 million in FY 2013 versus EGP 1,880 million during FY 2012. Gross profit also decreased by 35% to reach EGP 253 million in FY 2013 versus EGP 392 million in FY 2012.

The main reason for the significant decline in gross profit for the turnkey was due to cost overruns mainly resulting from delays in project executions out of the control of the Company.

Turnkey backlog as of December 31<sup>st</sup>, 2013 stands at EGP 4.1 billion. Of the backlog Egypt represents 22%, Sub Saharan Africa 22% and the GCC and Middle East 51%.

## **Meters Segment**

Revenues from the meters segment increased by 8% in FY 2013 versus FY 2012 to reach EGP 902 million versus EGP 837 million in FY 2012 while gross profit increased by 15% to reach EGP 259 million in FY 2013 versus 226 million in FY 2012.

Even though there was a reduction in the number of meters sold, the change in product and market mix resulted in the gross profit margin improvement to reach 28.7% in FY 2013 versus 27% in FY 2012.

Meters backlog as of December 31<sup>st</sup>, 2013 stands at Euros 13 million.

## **Meters Segment Financial Highlights**

	Q4-2013	Q4-2012	% Change	FY-2013	FY-2012	% Change
Revenues EGP (000)'s	170,548	222,856	-23%	901,987	836,843	8%
Gross Profit EGP (000)'s	41,891	72,831	-42%	259,196	225,915	15%
Sales Volumes (meters)	492,593	749,872	-34%	2,675,002	3,647,329	-27%
Gross profit per meter EGP	94	98	-3%	97	62	56%
Gross Profit Margin	24.6%	32.7%		28.7%	27.0%	

## **Transformers Segment**

Revenues from the transformers segment increased 3% in FY 2013 versus FY 2012 to reach EGP 398 million, whilst gross profit increased by 60% to reach EGP 96 million in FY 2013.

All the transformers operations performed well during FY 2013 versus FY 2012 with the overall gross profit margin also improving to reach 24.2% during FY 2013 versus 15.5% in FY 2012. The strongest performance in this segment was from the Egyptian operations in which both revenues and gross profit witnessed double-digit growth, as was the case for both Zambia and Sudan.

As at December 31<sup>st</sup>, 2013 the backlog in the transformers segment stood at USD 55 million.

## **Transformers Segment Financial Highlights**

	Q4-2013	Q4-2012	% Change	FY-2013	FY-2012	% Change
Revenues EGP (000)'s	62,177	95,715	-35%	398,024	388,235	3%
Gross Profit EGP (000)'s	17,652	10,481	68%	96,383	58,770	64%
Sales Volumes (MVA)	378	669	-43%	3,658	3,332	10%
Gross profit per MVA EGP	46,667	17,711	163%	26,347	18,074	46%
Gross Profit Margin	28.4%	11.0%		24.2%	15.1%	

## **Other Electrical Products**

Revenues from the Electrical products segment decreased by 4% in FY 2013 versus FY 2012, to reach EGP 278 million, while gross profit decreased by 51 % to reach EGP 50 million. The main reason for the decline in gross profit was due to the increase in COGS of EGP 51 million related to slow moving inventory in MTOI (the Spanish wind turbine operations.)

## **Net Debt**

Net debt as of December 31<sup>st</sup>, 2013 declined significantly to reach EGP 3,894 million versus EGP 5,043 million as of September 30<sup>th</sup>, 2013. The main reason for the decrease in net debt was a result of a decrease in accounts receivable, which reached EGP 4.2 billion as of December 31<sup>st</sup>, 2013 (101 DOH) versus EGP 4.7 billion as of September 30<sup>th</sup> (113 DOH). Inventory reached EGP 3.7 billion as of December 31<sup>st</sup> (104 DOH) down from EGP 3.8 billion as of September 30<sup>th</sup> (106 DOH). Payables reached EGP 1.3 billion as of December 31<sup>st</sup> 2013 (37 DOH) versus EGP 1.0 billion as of September 30<sup>th</sup> (28 DOH) to. Total cash conversion cycle decreased to 168 days as of December 31<sup>st</sup> 2013 versus 191 days as of September 30<sup>th</sup>.

## **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.

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**El Sewedy Electric**  
**Consolidated Financial Statements**  
**Income Statement**

L.E	Q4-2012	Q4-2013	FY-2012	FY-2013
<b>Sales</b>				
Wires & Cables	3,050,628,461	2,932,492,115	11,118,283,671	11,733,985,741
Electrical Products	392,487,744	302,915,762	1,513,953,044	1,578,382,507
Turnkey Projects	607,082,389	624,417,134	1,880,070,432	1,786,624,669
<b>Total Sales</b>	<b>4,050,198,594</b>	<b>3,859,825,011</b>	<b>14,512,307,147</b>	<b>15,098,992,917</b>
<b>COGS</b>	<b>(3,577,011,781)</b>	<b>(3,414,489,673)</b>	<b>(12,672,143,938)</b>	<b>(12,976,874,645)</b>
Impairment In Inventory	(3,125,067)	(57,242,378)	(8,647,286)	(57,242,378)
<b>Gross Profit</b>	<b>470,061,746</b>	<b>388,092,960</b>	<b>1,831,515,923</b>	<b>2,064,875,894</b>
<b>Gross Profit Margin</b>	<b>11.6%</b>	<b>10.1%</b>	<b>12.6%</b>	<b>13.7%</b>
SG & A	(301,333,150)	(304,255,548)	(973,720,780)	(1,062,912,959)
Other Operating Income	34,478,750	31,077,459	63,496,005	78,416,335
Other Operating Expense	(80,371,010)	(116,522,929)	(176,088,208)	(285,337,064)
<b>Other Operating Income/ (Expenses)</b>	<b>(45,892,259)</b>	<b>(85,445,470)</b>	<b>(112,592,204)</b>	<b>(206,920,729)</b>
<b>EBITDA</b>	<b>207,951,598</b>	<b>102,099,754</b>	<b>1,084,735,660</b>	<b>1,182,215,144</b>
<b>EBITDA Margin</b>	<b>5.1%</b>	<b>2.6%</b>	<b>7.5%</b>	<b>7.8%</b>
Depreciation & Amortization	(85,115,260)	(103,707,811)	(339,532,720)	(387,172,938)
Fx Gain / ( Loss)	(3,250,834)	32,099,455	(96,847,851)	(11,390,697)
Provisions	(39,463,923)	(16,296,823)	(41,617,456)	(132,744,721)
<b>EBIT</b>	<b>80,121,581</b>	<b>14,194,575</b>	<b>606,737,632</b>	<b>650,906,787</b>
Interest Expense	(93,585,471)	(112,748,797)	(426,460,972)	(434,721,035)
Interest Income	1,708,877	9,802,994	48,048,786	24,417,366
<b>Interest Income / (Expenses)</b>	<b>(91,876,594)</b>	<b>(102,945,803)</b>	<b>(378,412,186)</b>	<b>(410,303,669)</b>
<b>EBT</b>	<b>(11,755,012)</b>	<b>(88,751,228)</b>	<b>228,325,446</b>	<b>240,603,118</b>
Tax	(21,406,855)	(2,393,024)	(82,389,733)	(106,074,477)
<b>Net Income</b>	<b>(33,161,867)</b>	<b>(91,144,252)</b>	<b>145,935,713</b>	<b>134,528,641</b>
Minority Interest	(15,381,411)	(2,647,754)	(29,394,891)	(38,026,848)
<b>Net Income After Minority Interest</b>	<b>(48,543,278)</b>	<b>(93,792,006)</b>	<b>116,540,822</b>	<b>96,501,795</b>

**El Sewedy Electric  
Consolidated Financial Statements  
Balance Sheet**

<b>L.E</b>	<b>31-03-13</b>	<b>30-06-13</b>	<b>30-09-13</b>	<b>31-12-13</b>
<b>Assets</b>				
Fixed Assets	3,425,573,028	3,358,368,622	3,325,582,966	3,350,493,168
Investments	21,909,413	43,239,305	42,012,611	22,973,473
Other long term Assets & Good will	193,179,400	185,069,992	215,694,694	201,841,704
<b>Total Long term Assets</b>	<b>3,640,661,841</b>	<b>3,586,677,919</b>	<b>3,583,290,272</b>	<b>3,575,308,346</b>
Inventories	3,492,459,663	3,807,180,410	3,831,372,842	3,699,178,762
Receivables	4,252,340,834	4,387,118,943	4,734,005,601	4,180,729,048
Other Debt balance	1,159,565,203	1,165,586,370	1,179,658,678	1,182,227,888
Due from Related Parties	240,501,256	157,266,933	184,365,872	192,873,358
Cash & Cash Equivalents	1,715,332,488	1,970,685,322	1,089,202,564	1,528,874,240
<b>Total Current Assets</b>	<b>10,860,199,445</b>	<b>11,487,837,978</b>	<b>11,018,605,557</b>	<b>10,783,883,296</b>
Bank Overdraft & Short Term loans	5,084,563,356	6,101,105,802	5,663,254,153	4,918,073,216
Accounts Payable	1,339,779,354	1,099,626,442	1,017,209,604	1,315,833,852
Other Credit balance	1,663,424,065	1,505,575,828	1,595,326,699	1,789,747,011
Due to Affiliates	165,953,120	156,043,663	122,702,682	172,680,187
Provisions	93,517,627	196,395,067	199,993,577	219,829,699
<b>Total Current Liabilities</b>	<b>8,347,237,521</b>	<b>9,058,746,802</b>	<b>8,598,486,715</b>	<b>8,416,163,964</b>
<b>Working Capital</b>	<b>2,512,961,923</b>	<b>2,429,091,176</b>	<b>2,420,118,842</b>	<b>2,367,719,332</b>
<b>Total Investments</b>	<b>6,153,623,765</b>	<b>6,015,769,094</b>	<b>6,003,409,114</b>	<b>5,943,027,677</b>
Issued and Paid Capital	2,234,180,000	2,234,180,000	2,234,180,000	2,234,180,000
Retained Earnings	2,092,884,049	1,911,914,858	1,910,225,095	1,900,996,805
Net Profit of the year	62,235,836	144,112,794	190,293,798	96,501,795
Others	965,465,227	1,013,525,746	1,014,657,204	1,055,361,465
<b>Total Equity</b>	<b>5,354,765,112</b>	<b>5,303,733,398</b>	<b>5,349,356,097</b>	<b>5,287,040,065</b>
Long Term Loans	591,403,894	512,157,256	469,361,178	504,689,446
Other long term Liabilities	207,454,758	199,878,445	184,691,844	151,298,168
<b>Total long term Liabilities</b>	<b>798,858,652</b>	<b>712,035,701</b>	<b>654,053,021</b>	<b>655,987,614</b>
<b>Total long term Liabilities &amp; Equity</b>	<b>6,153,623,765</b>	<b>6,015,769,095</b>	<b>6,003,409,114</b>	<b>5,943,027,675</b>