

Earnings Release: El Sewedy Electric Reports Consolidated Results for H1-2011, ended June 30<sup>th</sup>, 2011.

August 23<sup>rd</sup>, 2011, Cairo-Egypt.

**El Sewedy Electric posts positive Revenue and EBITDA growth of 11% and 19% respectively in Q2 2011 versus Q1 2011. Net Income in Q2 2011 reached LE 161 million, 6% lower than Q1 2011.**

El Sewedy 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 the First Half ended June 30<sup>th</sup>, 2011.

**Q2 2011 versus Q1 2011**

- Consolidated Revenues increased by 11% to reach LE 3,933 million for Q2 2011, versus LE 3,553 in Q1 2011.
- Gross Profit increased by 19% to reach LE 534 million during Q2 2011, versus LE 448 million in Q1 2011.
- EBITDA increased by 19% to reach LE 401 million in Q2 2011, versus LE 336 million in Q1 2011.
- Net Profit after Minority Interest dropped 6% to reach LE 161 million in Q2 2011 versus LE 171 million for Q1 2011.

**H1 2011 versus H1 2010**

- Revenues in H1 2011 increased by 25% to reach LE 7.5 billion versus LE 5.9 billion in H1 2010, whilst Gross Profit slightly declined by 2% to reach LE 982 million in H1 2011 versus LE 1 billion in H1 2010.
- EBITDA for H1 2011 stood at LE 736 million, 7% lower than H1 2010. However adjusting H1 2010 EBITDA for the one-off gain of LE 73 million related to the partial sale of Qatar Cables, EBITDA during H1 2011 is actually 3% higher than H1 2010.
- Net Profit after Minority reached LE 331 million during H1 2011 versus LE 506 million during H1 2010.

## **Q2-2011 Consolidated Results Highlights**

<b>LE (000)'s</b>	<b>Q2-2011</b>	<b>Q1-2011</b>	<b>%</b>	<b>H1-2011</b>	<b>H1-2010</b>	<b>%</b>
<b>Revenue</b>	<b>3,933,125</b>	<b>3,553,367</b>	<b>11%</b>	<b>7,486,492</b>	<b>5,985,607</b>	<b>25%</b>
<b>Gross Profit</b>	<b>534,032</b>	<b>448,197</b>	<b>19%</b>	<b>982,229</b>	<b>1,005,503</b>	<b>-2%</b>
<b>Gross Profit Margin</b>	<b>14%</b>	<b>13%</b>		<b>13%</b>	<b>17%</b>	
<b>EBITDA</b>	<b>400,714</b>	<b>335,829</b>	<b>19%</b>	<b>736,543</b>	<b>788,054</b>	<b>-7%</b>
<b>EBITDA Margin</b>	<b>10%</b>	<b>9%</b>		<b>10%</b>	<b>13%</b>	
<b>Net Income After Minority</b>	<b>160,645</b>	<b>171,308</b>	<b>-6%</b>	<b>331,953</b>	<b>506,931</b>	<b>-35%</b>
<b>Net Income After Minority Margin</b>	<b>4%</b>	<b>5%</b>		<b>4%</b>	<b>8%</b>	

- The second quarter saw an improvement in the Company's overall operational results from the previous quarter in all of the Company's segments. Revenues and gross profit increased across the board, with the most marked improvement in gross profit during the second quarter of 2011 coming from the turnkey segment.
- The decline in Net Profit during Q2 2011 versus Q1 2011 is a combination of an increase in interest expense and an increase of foreign exchange losses. Net Interest expense increased to LE 72 million in Q2 2011 versus the previous quarter expense of LE 51 million. Foreign exchange loss during the quarter stood at LE 43 million versus the previous quarter gain of LE 12.7 million. Part of the foreign exchange loss is attributable to an order that was to be delivered to Libya and was priced in Euros. As the order was not sent due to the political situation in Libya, the standard material will most likely be sold in U.S. dollars and thus the difference in the Euro/USD exchange rate resulting in the loss. In addition the FX loss includes unrealized losses due to the appreciation of the Euro versus the USD.
- Revenues in H1 2011 increased by 25% to reach LE 7.5 billion versus LE 5.9 billion in H1 2010, whilst Gross Profit slightly declined by 2% to reach LE 982 million in H1 2011 versus LE 1 billion in H1 2010.
- The Gross Profit in the Wire and Cable segment was 16% lower in H1 2011 versus H1 2010, (LE 578 million versus LE 688 million) as a result of a 7% decline in cable volumes sold and a drop in gross profit per ton. However the other segments performed extremely well with the turnkey segment increasing 55% in H1 2011 to reach a Gross Profit of LE 240 million versus LE 155 million in H1 2010. The Meters division saw a significant increase, 60 % increase in gross profit in H1 2011 versus H1 2010 as well as the transformers division which increased 10% in H1 2011. Electrical products' Gross Profit reached LE51 million in H1 2011, 35% lower than H1 2010.
- EBITDA for H1 2011 stood at LE 737 million, 7% lower than H1 2010. However adjusting H1 2010 EBITDA for the one-off gain of LE 73 million related to the partial sale of Qatar Cables, EBITDA during H1 2011 is actually 3% higher than H1 2010.

- Net Profit after Minority reached LE 331 million during H1 2011 versus LE 506 million during H1 2010. The decline in the Net Income during H1 2011 versus H1 2010 was the result of several factors. Net Interest expense increased from LE 96 million in H1 2010 to reach LE 121 million in H1 2011, whilst foreign exchange losses amounted to LE 30 million in H1 2011 versus a gain of LE 15 million in H1 2010. In addition the Income Tax increased from H1 2010 mainly as a result of one of the Egyptian subsidiaries starting to pay taxes from the beginning of 2011.

Commenting on the Q2 2011 results, Ahmed El Sewedy C.E.O. of El Sewedy Electric stated:

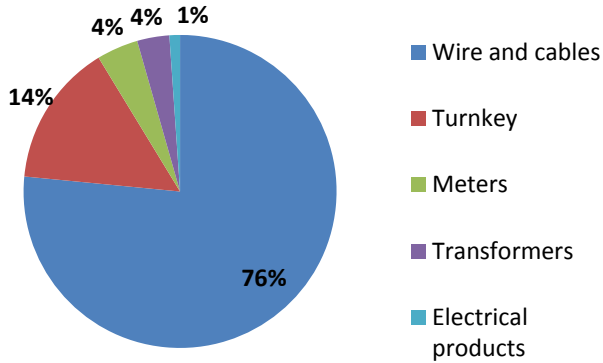
*“We have seen a marked improvement in most of the sectors in which we operate in versus the previous quarter and we expect the growth to continue further during the second half of 2011. Public sector spending is on track and governments are continuing to invest in electricity mainly in the Gulf, Syria, Egypt and Africa. Even with the political unrest in some of the markets which we operate in, spending in electricity is a must and governments will continue to spend in this sector.*

*Our strong presence in these markets allows us to leverage our position and play a key role in the electricity sector either by simply providing cables in certain areas or providing the complete solution in others. Even under the difficult conditions in the region, we were able to improve our performance in most of the key segments and we expect even further improvements to take effect during the latter half of the year.”*

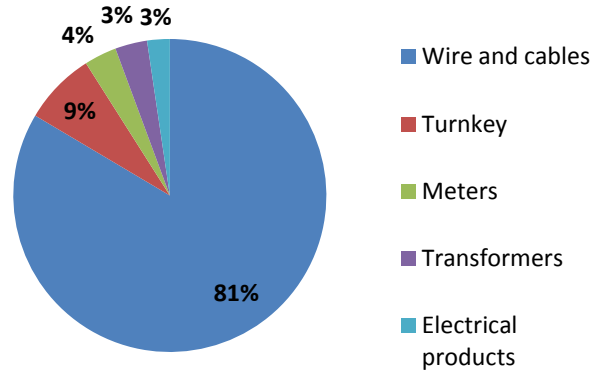
### **Summary of Revenues by Segment**

LE (000)'s	Q2-2011	Q1-2011	%	H1-2011	H1-2010	%
Wire & Cables	2,992,026	2,719,021	10%	5,711,047	4,872,542	17%
Turn Key Projects	556,937	525,015	6%	1,081,953	553,080	96%
Meters	159,978	152,347	5%	312,325	222,358	40%
Transformers	154,532	117,877	31%	272,409	186,418	46%
Other electrical products	69,651	39,107	78%	108,758	151,208	-28%
<b>Total</b>	<b>3,933,125</b>	<b>3,553,367</b>	<b>11%</b>	<b>7,486,492</b>	<b>5,985,607</b>	<b>25%</b>

**H1-11 Revenue By Segment**



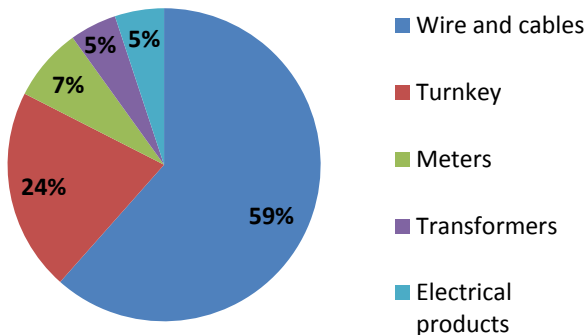
**H1-10 Revenue By Segment**



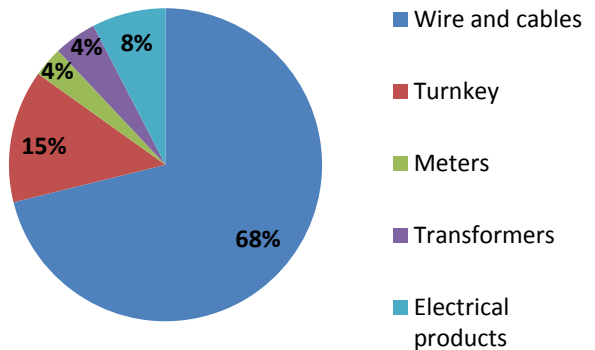
**Summary of Gross Profit by Segment**

LE (000)'s	Q2-2011	Q1-2011	%	H1-2011	H1-2010	%
Wire & Cables	301,779	275,855	9%	577,635	688,377	-16%
Turn Key Projects	146,228	93,886	56%	240,114	155,162	55%
Meters	34,223	34,007	1%	68,231	42,574	60%
Transformers	23,267	21,625	8%	44,893	40,639	10%
Other electrical products	28,534	22,823	25%	51,357	78,750	-35%
<b>Total</b>	<b>534,032</b>	<b>448,197</b>	<b>19%</b>	<b>982,229</b>	<b>1,005,503</b>	<b>-2%</b>

**H1-11 Gross Profit By Segment**



**H1-10 Gross Profit By Segment**



## **Wires & Cables Segment**

Wires & Cables segment revenues increased 10% to reach LE 2,992 million in Q2 2011 versus LE 2,719 million in Q1 2011. Gross profit in Q2 2011 increased 9% to reach LE 302 million versus LE 276 million in Q1 2011.

In terms of volumes, the segment sold 39,967 tons of cables in Q2 2011 versus 35,276 in Q1 2011, an increase of 13%. Gross profit per ton increased 2% in Q2 2011 to reach LE 5,616 per ton versus LE 5,510 during Q1 2011.

Even with the drop of Libya during Q2 2011, all of the Company's cables operations saw a marked improvement in volumes versus the previous quarter with the exception of Yemen. The new operations such as Qatar and KSA should start to contribute positively to this sector as well as further improvement in our other markets on the back of increased infrastructure spending/demand for electricity. Even with the political situations in Egypt and Syria, the governments are continuing to spend on electricity and we have seen a pickup in demand from the public sector in both these countries during the last quarter.

## **Wire & Cables Segment Financial Highlights**

	Q2-2011	Q1-2011	%	H1-2011	H1-2010	%
Revenues LE (000)'s	2,992,026	2,719,021	10%	5,711,047	4,872,542	17%
Gross Profit LE (000)'s	301,779	275,855	9%	577,635	688,377	-16%
Cables Sales Volumes ( tons)	39,967	35,276	13%	75,242	81,049	-7%
Cables Gross profit per ton LE	5,616	5,510	2%	5,566	6,341	-12%
Gross Profit Margin	10.1%	10.1%		10.1%	14.1%	

## **Turnkey Projects**

Our Turnkey and Contracting business continues to outperform this quarter with revenues increasing 6% to reach LE 557 million in Q2 2011 versus LE 525 million in Q1 2011. Gross profit in Q2 2011 was LE 146 million versus LE 94 million in Q1 2011, an increase of 56%. Gross Profit Margin improved to 26% in Q2 2011 versus 18% in Q1 2011.

Revenues in H1 2011 increased 96% to reach LE 1.1 billion versus LE 554 million in H1 2010, whilst Gross Profit increased 55% in H1 2011 to reach a Gross Profit of LE 240 million versus LE 155 million in H1 2010.

Backlog as of June 30<sup>th</sup>, 2011 is approximately LE 3.6 billion, with more than 70% outside of Egypt. The projects outside of Egypt mainly include Cameroon, Zambia and Ghana for power generation, distribution and transmission lines.

## Meters Segment

Revenues from the meters segment reached LE 160 million in Q2 2011 versus LE 152 million in Q1 2011. Gross profit remains at the same level of LE 34 Million in Q2 2011. However, compared to H1 2010, gross profit increased 60% to reach LE 68 million in H1 2011. Our main markets in this segment continue to be Germany, 21%, Netherlands 11%, Poland 9%, Finland 6%, other Europe 23% and others 30% as a percentage of total revenues during Q2 2011. Backlog as at June 30<sup>th</sup> 2011 stood at Euros 13 million.

The rollout from mechanical meters to system meters has been delayed in Europe as a consequence of the financial crisis that has impacted a lot of countries. We still remain optimistic that this rollout will occur and we are also focusing on growing our market share into Africa and the Middle East.

## Meters Segment Financial Highlights

	Q2-2011	Q1-2011	%	H1-2011	H1-2010	%
Revenues LE (000)'s	159,978	152,347	5%	312,325	222,358	40%
Gross Profit LE (000)'s	34,223	34,007	1%	68,231	42,574	60%
Sales Volumes ( meters)	660,813	724,250	-9%	1,385,063	1,074,536	29%
Gross profit per meter LE	52	47	10%	49	40	24%
Gross Profit Margin	21.4%	22.3%		21.8%	19.1%	

## Transformers Segment

Revenues from the transformers segment increased by 31% to reach LE 155 million during Q2 2011 versus LE 118 million in Q1 2011. Gross profit in Q2 2011 was LE 23.2 million versus LE 21.6 million in Q1 2011, an increase of 8%.

During H1 2011, Gross Profit increased 10% to reach LE 45 million versus 41 million in H1 2010. Egypt has begun to contribute significantly to this sector in addition to a continued positive performance in Sudan and Nigeria. The operation in Syria underperformed as a result of cancelled orders to Libya, however the factory in Syria has recently been awarded new tenders to supply transformers which should have a positive impact during the second half of the year.

As at June 30<sup>th</sup> 2011 our backlog in the transformers segment stood at LE 450 million, with approximately 55% coming from outside of Egypt.

## **Transformers Segment Financial Highlights**

	Q2-2011	Q1-2011	%	H1-2011	H1-2010	%
Revenues LE (000)'s	154,532	117,877	31%	272,409	186,418	46%
Gross Profit LE (000)'s	23,267	21,625	8%	44,893	40,639	10%
Sales Volumes ( MVA)	1,676	947	77%	2,623	1,654	59%
Gross profit per MVA LE	13,813	22,863	-40%	17,080	24,564	-30%
Gross Profit Margin	15.1%	18.3%		16.5%	21.8%	

## **Other Electrical Products**

Revenues from the Electrical products segment increased by 78% to reach LE 70 million during Q2 2011 versus LE 39 million in Q1 2011. Gross profit in Q2 2011 was LE 29 million versus LE 23 million in Q1 2011, an increase of 25%

## **Net Debt**

Net debt increased by 5% on June 30<sup>th</sup>, 2011 to reach 5,216 million versus 4,955 as of March 31<sup>st</sup>, 2011 due to the increase in working capital. The Company is actively pursuing ways of reducing this figure through a reduction in the cash cycle, mainly by reducing Inventory DOH as well as Receivables DOH.

## **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.

## **Investor Relations contact Information:**

Mr. Ahmed El Homosani , Investor Relations Director  
 Email : [a.homosani@elsewedy.com](mailto:a.homosani@elsewedy.com)  
 Address : Plot 27 , 1<sup>st</sup> district , 5<sup>th</sup> settlement , New Cairo  
 Tel. +202 27599700 – 701  
 Fax +202 27599746

**El Sewedy Electric**  
**Consolidated Financial statements**  
**Income statement**

<b>000's L.E</b>	<b>Q2-10</b>	<b>Q1-11</b>	<b>Q2-11</b>	<b>H1-2010</b>	<b>H1-2011</b>
<b>Sales</b>					
Wires & Cables	2,422,639	2,719,021	2,992,026	4,872,542	5,711,047
Electrical Products	296,067	309,330	384,162	559,984	693,492
Turnkey Projects	333,390	525,015	556,937	553,080	1,081,953
<b>Total Sales</b>	<b>3,052,096</b>	<b>3,553,367</b>	<b>3,933,125</b>	<b>5,985,607</b>	<b>7,486,492</b>
COGS	(2,536,240)	(3,105,170)	(3,399,093)	(4,980,104)	(6,504,263)
<b>Gross Profit</b>	<b>515,856</b>	<b>448,197</b>	<b>534,032</b>	<b>1,005,503</b>	<b>982,229</b>
<b>Gross Profit Margin</b>	16.9%	12.6%	13.6%	16.8%	13.1%
SG & A	(219,521)	(207,753)	(224,406)	(416,166)	(432,159)
Other Operating Income	86,637	25,308	21,847	99,132	47,155
Other Operating Expenses	(6,839)	(12,965)	(14,535)	(32,071)	(27,500)
<b>EBITDA</b>	<b>446,265</b>	<b>335,829</b>	<b>400,714</b>	<b>788,054</b>	<b>736,543</b>
<b>EBITDA Margin</b>	14.6%	9.5%	10.2%	13.2%	9.8%
Depreciation	(70,132)	(83,041)	(83,776)	(131,656)	(166,817)
Fx Gain	(30,715)	12,676	(42,990)	15,533	(30,314)
Provisions	5,950	(1,683)	(998)	1,070	(2,682)
<b>EBIT</b>	<b>351,367</b>	<b>263,781</b>	<b>272,949</b>	<b>673,000</b>	<b>536,730</b>
Interest Expense	(65,960)	(61,719)	(88,166)	(118,499)	(149,885)
Interest Income	12,274	11,303	16,891	22,800	28,194
<b>EBT</b>	<b>297,682</b>	<b>213,365</b>	<b>201,674</b>	<b>577,301</b>	<b>415,039</b>
Tax	(27,565)	(30,607)	(32,137)	(41,204)	(62,744)
<b>Net Income</b>	<b>270,117</b>	<b>182,757</b>	<b>169,538</b>	<b>536,098</b>	<b>352,295</b>
Minority Interest	(13,953)	(11,450)	(8,892)	(29,167)	(20,342)
<b>Net Income After Minority Interest</b>	<b>256,164</b>	<b>171,308</b>	<b>160,645</b>	<b>506,931</b>	<b>331,953</b>



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

<b>000's L.E</b>	<b>31-12-2010</b>	<b>31-03-2011</b>	<b>30-06-2011</b>
<b>Assets</b>			
Fixed Assets	3,814,071	3,855,693	3,842,855
Investments	25,753	24,577	25,849
Other long term Assets & Good will	437,335	479,191	480,608
<b>Total Long term Assets</b>	<b>4,277,159</b>	<b>4,359,462</b>	<b>4,349,313</b>
Inventories	3,699,614	4,096,724	4,273,051
Receivables	3,549,771	3,803,308	3,488,802
Other Debt balance	565,198	579,973	670,944
Due from Related Parties	283,312	294,124	314,499
Cash & Cash Equivalents	1,569,112	1,469,084	1,318,892
<b>Total Current Assets</b>	<b>9,667,007</b>	<b>10,243,213</b>	<b>10,066,188</b>
Bank Overdraft & Short Term loans	4,765,411	5,418,423	5,576,712
Accounts Payable	1,165,755	1,135,530	824,344
Other Credit balance	1,150,350	1,055,655	1,130,214
Due to Affiliates	156,313	138,408	168,104
Provisions	71,806	72,617	73,753
<b>Total Current Liabilities</b>	<b>7,309,634</b>	<b>7,820,633</b>	<b>7,773,127</b>
<b>Working Capital</b>	<b>2,357,373</b>	<b>2,422,580</b>	<b>2,293,061</b>
<b>Total Investments</b>	<b>6,634,532</b>	<b>6,782,042</b>	<b>6,642,374</b>
Minority Interest	422,478	422,657	422,657
Parent's Shareholder Equity	4,918,834	5,130,963	5,053,355
<b>Total Equity</b>	<b>5,341,312</b>	<b>5,553,620</b>	<b>5,476,012</b>
Long Term Loans	1,073,036	1,006,586	958,775
Other long term Liabilities	220,184	221,836	207,588
<b>Total long term Liabilities</b>	<b>1,293,220</b>	<b>1,228,422</b>	<b>1,166,362</b>
<b>Total long term Liabilities &amp; Equity</b>	<b>6,634,532</b>	<b>6,782,042</b>	<b>6,642,374</b>