

Earnings Release: Elsewedy Electric Reports Consolidated Results for H1-2012 ended June 30th, 2012.

September 3rd, 2012

Cairo-Egypt.

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 the first half ended June 30st, 2012.

Q2 2012 versus Q1 2012

- Consolidated Revenues in Q2 2012 increased by 6% to reach EGP 3.67 billion versus EGP 3.46 billion in Q1 2012.
- Gross Profit in Q2 2012 increased by 14% to reach EGP 505 million versus EGP 442 million in Q1 2012, with overall gross profit margin improving to 14% in Q2 2012 versus 13% in Q1 2011.
- EBITDA in Q2 2012 increased by 12% to reach EGP 332 million versus EGP 297 million in Q1 2012.
- Net Profit after Minority declined by 68% to reach EGP 32 million during Q2 2012 versus EGP 98 million during Q1 2012 mainly on the back of foreign exchange losses incurred as a result of the 50% devaluation of the Sudanese Pound and other currencies.

Q2 2012 versus Q2 2011

- Consolidated Revenues in Q2 2012 decreased by 7% to reach EGP 3.7 billion versus EGP 3.9 billion in Q2 2011.
- Gross Profit in Q2 2012 decreased by 5% to reach EGP 505 million versus EGP 534 million in Q2 2011.
- EBITDA in Q2 2012 decreased by 17% to reach EGP 332million versus EGP 400 million in Q2 2011.
- Net Profit after Minority reached EGP 32 million during Q2 2012 versus EGP 161 million during Q1 2011.

H1 2012 versus H1 2011

- Consolidated Revenues decreased by 5% to reach EGP 7.1 billion for H1 2012, versus EGP 7.5 billion in H1 2011.
- Gross Profit decreased by 4% to reach EGP 947 million during H1 2012, versus EGP 982 million in H1 2011.
- EBITDA decreased by 15% to reach EGP 629 million in H1 2012, versus EGP 736 million in H1 2011.
- Net Profit after Minority Interest reached EGP 130 million in H1 2012 versus EGP 332 million for H1 2011.

Consolidated Results Highlights

EGP (000)'s	Q2-2012	Q1-2012	%	Q2-2011	%	H1-2012	H1-2011	%
Revenue	3,670,640	3,456,840	6%	3,933,125	-7%	7,127,481	7,486,492	-5%
Gross Profit	504,991	442,332	14%	534,032	-5%	947,323	982,229	-4%
Gross Profit Margin	14%	13%		14%		13%	13%	
EBITDA	331,995	297,211	12%	400,714	-17%	629,206	736,543	-15%
EBITDA Margin	9%	9%	5%	10%		9%	10%	
Net Income After Minority	31,642	98,340	-68%	160,645	-80%	129,983	331,953	-61%
Net Income After Minority Margin	1%	3%		4%		2%	4%	

Q2 2012 versus Q2 2011

- Revenues in Q1 2012 decreased by 7% to reach EGP 3.7 billion versus EGP 3.9 in Q2 2011. The Wire and Cable segment achieved revenues of EGP 2.8 billion in Q2 2012, 7% lower than Q2 2011. Turnkey Revenues in Q2 2012 were 17% lower than Q2 2011 reaching EGP 464 million. Meters revenues were 42% higher YoY, whilst transformers revenues were 19% lower. Electrical Products revenues were 16% lower YoY.
- Gross Profit declined by 5% to reach EGP 505 million in Q2 2012 versus EGP 534 million in Q2 2011. The Gross Profit in the Wire and Cable segment was 13% higher in Q2 2012 versus Q2 2011, (EGP 341 million versus EGP 302 million). Turnkey Gross Profit decreased by 56% in Q2 2012 to reach a Gross Profit of EGP 65 million versus EGP 146 million in Q2 2011. The Meters division achieved a 66% increase in gross profit in Q2 2012 versus Q2 2011 reaching EGP 57 million. The transformers division decreased 53% in Q2 2012 to reach EGP 11 million. Electrical products' gross profit reached EGP 32 million in Q2 2012, 11% higher than Q2 2011.
- EBITDA achieved in Q2 2012 stood at EGP 332 million, 17% lower than Q2 2011.

- Net Income after Minority reached EGP 32 million during Q2 2012 versus EGP 161 million during Q2 2011. The decline in the Net Income during Q2 2012 versus Q2 2011 was mainly due to the foreign exchange losses of EGP 101.6 million in addition to Net Interest expense increasing from EGP 71 million in Q2 2011 to reach EGP 107 million in Q2 2012. The main cause for the exceptional foreign exchange losses during the Second Quarter was a result of the 50% devaluation of the Sudanese Pound in addition to foreign exchange losses stemming from the weakness of the Syrian Pound and the Algerian Dinar in addition to a lesser extent the weakening of the Euro against the U.S. Dollar.

H1 2012 versus H1 2011

- Revenue during H1 2012 was 5% lower versus H1 2011, whilst the gross profit witnessed a 4% decrease. The Wire and Cables revenues decreased by 4 % to reach EGP 5.47 billion, whilst the gross profit remained flat. Turnkey revenues were 16% lower, whilst turnkey gross profit decreased by 25%. Transformers revenue was 15% lower during H1 2012 however the segment that over-performed was the meters revenues and gross profit, which increased 25% and 39% respectively.
- EBITDA during H1 2012 was 15% lower to reach EGP 629 million versus EGP 736 million.
- Net Profit after Minority reached EGP 130 million in H1 2012 versus 332 million in H1 2011.

Commenting on the Q2 2012 results, Ahmed El Sewedy C.E.O. of Elsewedy Electric stated:

“On an operational front we are better than the previous quarter. When compared to the same period in 2011 the segments that performed well were the wires and cables segment and most notably this quarter we saw impressive results in the meters segment.

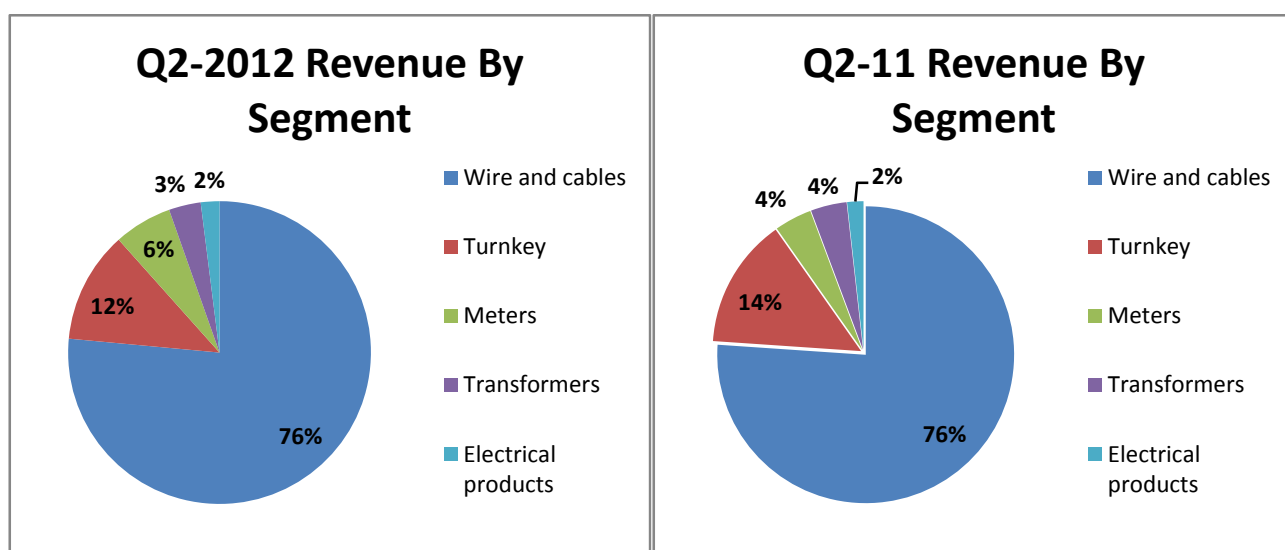
Our transformers segment underperformed this quarter due to the operations in Syria and Sudan, in addition to a squeeze on margins that we encountered on a specific export order to Africa from our Egyptian operations; however our Zambia factory witnessed a strong performance this quarter.

In 2011, even with the revolution in Egypt and other countries we still were selling on our strong order backlog. However, new orders were difficult to come by, given the lack of any political stability in the markets that we were operating in. We are beginning to see improvement in some of the markets in which we operate in most notably Egypt where the margins are beginning to improve and the volumes have started to pick up. Unfortunately the profitability this quarter was impacted negatively by foreign exchange losses mainly stemming from the sharp devaluation in Sudan in addition to a lesser degree a drop in some of the other currencies most notably the Syrian Pound, Algerian Dinar and Euro.

We are continuing our efforts to improve the operations further and we have managed to improve the cash to cash cycle and thus reduce our net debt further this quarter.”

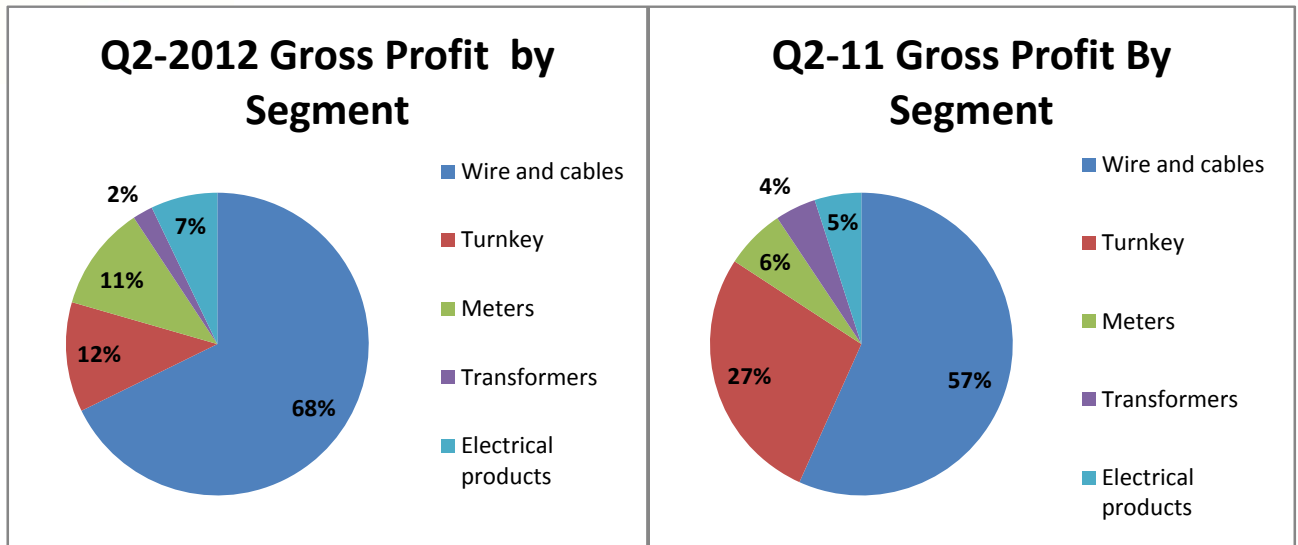
Summary of Revenues by Segment

LE (000)'s	Q2-2012	Q2-2011	%	H1-2012	H1-2011	%
Wire & Cables	2,795,389	2,992,026	-7%	5,473,022	5,711,047	-4%
Turn Key Projects	464,103	556,937	-17%	909,175	1,081,953	-16%
Meters	227,583	159,978	42%	390,565	312,325	25%
Transformers	124,951	154,532	-19%	232,722	272,409	-15%
Other electrical products	58,615	69,651	-16%	121,996	108,758	12%
Total	3,670,640	3,933,125	-7%	7,127,481	7,486,492	-5%



Summary of Gross Profit by Segment

LE (000)'s	Q2-2012	Q2-2011	%	H1-2012	H1-2011	%
Wire & Cables	341,084	301,779	13%	575,220	577,635	0%
Turn Key Projects	64,542	146,228	-56%	180,911	240,114	-25%
Meters	56,762	34,223	66%	94,651	68,231	39%
Transformers	10,938	23,267	-53%	39,629	44,893	-12%
Other electrical products	31,665	28,534	11%	56,912	51,357	11%
Total	504,991	534,032	-5%	947,323	982,229	-4%



Wires & Cables Segment

Wires & Cables segment revenues decreased by 7% to reach EGP 2,795 million in Q2 2012 versus EGP 2,992 million in Q2 2011. Gross profit in Q2 2012 however increased by 13% to reach EGP 341 million versus EGP 302 million in Q2 2011.

In terms of volumes, the segment sold 41,841 tons of cables in Q2 2012 versus 41,645 tons in Q2 2011. Volumes increased 9% during H1 2012 versus H1 2011. The operations in Qatar, Saudi Arabia and Algeria were the main contributors to the growth in volumes during the first half. The largest decline in volumes in H1 2012 was from the Syrian operations, which incurred a reduction in volumes of approximately 45%. The Egyptian operations saw a slight drop in volumes of approximately 4% in H1 2012 versus H1 2011.

As for the Gross profit per ton there was a marked improvement in Q2 2012 reaching EGP 7,072 per ton versus EGP 5,616 per ton in Q2 2011 and EGP 4,000 in Q1 2012. Whilst a significant part of the increase in gross profit per ton is due to improved fundamentals in some of the markets in which we operate in, most notably Saudi Arabia, part of the increase is also resulting from metal accounting.

As of June 30th, 2012 our cables backlog reached 76,000 tons geographically diversified in the Gulf, Egypt, Europe, Africa and the Middle East.

Wire & Cables Segment Financial Highlights

	Q2-2012	Q2-2011	%	H1-2012	H1-2011	%
Revenues EGP (000)'s	2,795,389	2,992,026	-7%	5,473,022	5,711,047	-4%
Gross Profit EGP (000)'s	341,084	301,779	13%	575,220	577,635	0%
Cables Sales Volumes (tons)	41,841	41,645	0%	83,486	76,921	9%
Cables Gross profit per ton EGP	7,072	5,616	26%	5,608	5,566	1%
Gross Profit Margin	12.2%	10.1%		10.5%	10.1%	

Turnkey Projects

Whilst the turnkey and contracting business witnessed a 17% decline in revenues during Q2 2012 versus Q2 2011, gross profit decreased 56% to reach EGP 64 million in Q2 2012. The main reason for the drop in revenues is specific to this quarter where existing projects are closing and new projects have not yet fully come into effect. On a positive note HV cable sales more than doubled in H1 2012 versus H1 2011.

Backlog as of June 30th, 2012 stands at EGP 4.5 billion, The backlog number includes projects in Egypt, GCC, Middle East and Africa for power generation, distribution and transmission lines.

Meters Segment

Revenues from the meters segment surged by 42% in Q2 2012 versus Q2 2011 to reach EGP 228 million versus EGP 160 million in Q2 2011. Gross profit increased 66% to reach EGP 57 million in Q2 2012. The increase is backed up by increase in sales volume of 56%. The Company remains strong in most of the European markets in addition to several markets in the MENA region.

Gross profit margin improved to 24.9% in Q2 2012 versus 21.4% in Q2 2011. The improvement in gross profit margin is a combination of a revenue shift to markets with better profitability, in addition to the Company selling more system meters which command a higher margin than the simple meters.

Meters Segment Financial Highlights

	Q2-2012	Q2-2011	%	H1-2012	H1-2011	%
Revenues EGP (000)'s	227,583	159,978	42%	390,565	312,325	25%
Gross Profit EGP (000)'s	56,762	34,223	66%	94,651	68,231	39%
Sales Volumes (meters)	1,033,432	660,813	56%	2,050,782	1,385,063	48%
Gross profit per meter EGP	55	52	6%	46	49	-6%
Gross Profit Margin	24.9%	21.4%		24.2%	21.8%	

Transformers Segment

Revenues from the transformers segment decreased 19% in Q2 2012 versus Q2 2011 to reach EGP 125 million whilst gross profit decreased by 53% to reach EGP 11 million.

The main contributor to the underperformance of this segment during Q2 2012 was from the Sudanese operations. As the decision was taken not to continue to sell in local currency, volumes fell dramatically which also impacted the margins. The Nigerian operations also had a drop in volumes in H1 2012 versus H1 2011. However on a positive note in this sector the Zambian operations performed very well with strong growth in volumes during H1 2012 in addition to improved margins.

As at June 30th2012 the backlog in the transformers segment stood at USD 64 million.

Transformers Segment Financial Highlights

	Q2-2012	Q2-2011	%	H1-2012	H1-2011	%
Revenues EGP (000)'s	124,951	154,532	-19%	232,722	272,409	-15%
Gross Profit EGP (000)'s	10,938	23,267	-53%	39,629	44,893	-12%
Sales Volumes (MVA)	1,136	1,676	-32%	2,080	2,623	-21%
Gross profit per MVA EGP	9,628	13,813	-30%	16,641	17,080	-3%
Gross Profit Margin	8.8%	15.1%		17.0%	16.5%	

Other Electrical Products

Revenues from the Electrical products segment decreased by 16% in Q2 2012 versus Q2 2011, to reach EGP 59 million, whilst gross profit increased by 11% to reach EGP 32 million.

Net Debt

Net debt decreased by 4% on June 30th, 2012 to reach EGP 4,140 million versus EGP 4,332 as of March 31st, 2012. The reason for the reduction in debt is as a result of improving the working capital cycle.

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	Q1-2012	Q2-2012	Q2-2011	H1-2012	H1-2011
Sales					
Wires & Cables	2,677,633,419	2,795,388,794	2,992,025,994	5,473,022,213	5,711,047,471
Electrical Products	334,135,035	411,148,529	384,161,791	745,283,564	693,492,195
Turnkey Projects	445,071,677	464,103,121	556,937,455	909,174,798	1,081,952,827
Total Sales	3,456,840,131	3,670,640,444	3,933,125,240	7,127,480,575	7,486,492,493
COGS	(3,014,507,779)	(3,165,649,310)	(3,399,093,129)	(6,180,157,089)	(6,504,263,027)
Gross Profit	442,332,352	504,991,134	534,032,111	947,323,486	982,229,466
Gross Profit Margin	12.8%	13.8%	13.6%	13.3%	13.1%
SG & A	(230,854,012)	(214,400,186)	(224,405,708)	(445,254,198)	(432,158,725)
Other Operating Income/ (Expenses)	2,009,902	(39,268,506)	7,311,695	(37,258,604)	19,655,276
EBITDA	297,211,444	331,994,870	400,714,223	629,206,314	736,543,472
EBITDA Margin	8.6%	9.0%	10.2%	8.8%	9.8%
Depreciation	(83,723,202)	(80,672,428)	(83,776,126)	(164,395,630)	(166,817,455)
Fx Gain / (Loss)	9,604,813	(101,638,787)	(42,990,481)	(92,033,974)	(30,314,455)
Provisions	(6,319)	(642,552)	(998,200)	(648,871)	(2,681,536)
EBIT	223,086,736	149,041,103	272,949,417	372,127,839	536,730,026
Interest Expense	(103,061,709)	(119,347,958)	(88,165,611)	(222,409,667)	(149,884,736)
Interest Income	17,018,173	12,805,264	16,890,605	29,823,437	28,193,774
EBT	137,043,199	42,498,409	201,674,411	179,541,608	415,039,065
Tax	(34,320,738)	(11,927,350)	(32,136,832)	(46,248,088)	(62,744,285)
Net Income	102,722,461	30,571,059	169,537,579	133,293,520	352,294,779
Minority Interest	(4,382,088)	1,071,085	(8,892,293)	(3,311,003)	(20,341,834)
Net Income After Minority Interest	98,340,373	31,642,144	160,645,287	129,982,517	331,952,945

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

L.E	31-12-11	31-03-12	30-06-12
Assets			
Fixed Assets	3,735,735,534	3,673,473,888	3,555,322,921
Investments	27,478,241	27,292,219	26,619,945
Other long term Assets & Good will	468,230,878	504,897,247	413,460,984
Total Long term Assets	4,231,444,654	4,205,663,353	3,995,403,851
Inventories	3,553,646,798	3,649,065,217	3,705,809,976
Receivables	3,781,383,718	3,839,123,470	3,754,346,943
Other Debt balance	609,349,649	610,579,098	620,805,692
Due from Related Parties	155,894,444	222,564,118	145,972,764
Cash & Cash Equivalents	1,643,903,765	1,460,540,430	1,240,131,190
Total Current Assets	9,744,178,374	9,781,872,333	9,467,066,565
Bank Overdraft & Short Term loans	4,983,195,040	5,054,168,183	4,699,263,557
Accounts Payable	1,123,731,595	980,453,711	1,162,114,298
Other Credit balance	981,133,610	1,096,525,979	1,270,112,459
Due to Affiliates	240,460,510	241,839,370	155,087,596
Provisions	49,138,467	41,416,273	46,754,148
Total Current Liabilities	7,377,659,222	7,414,403,516	7,333,332,057
Working Capital	2,366,519,152	2,367,468,817	2,133,734,507
Total Investments	6,597,963,806	6,573,132,170	6,129,138,358
Issued and Paid Capital	2,234,180,000	2,234,180,000	2,234,180,000
Retained Earnings	1,798,989,948	2,303,006,914	2,062,099,038
Net Profit of the year	509,118,697	98,340,373	129,982,517
Others	1,032,196,982	989,631,480	824,478,635
Total Equity	5,574,485,627	5,625,158,767	5,250,740,191
Long Term Loans	825,370,085	738,679,591	681,190,475
Other long term Liabilities	198,108,091	209,293,813	197,207,690
Total long term Liabilities	1,023,478,176	947,973,404	878,398,165
Total long term Liabilities & Equity	6,597,963,803	6,573,132,171	6,129,138,356