

## EKH Reports Strong Revenue Growth, Enhanced Gross Margin as it Releases Q1 2014 Earnings

### Key Highlights of Q1 2014

**USD 22.9 mn**  
in Attributable Net Income

**USD 147.1 mn**  
in Revenues

**USD 66.5 mn**  
in Gross Profit

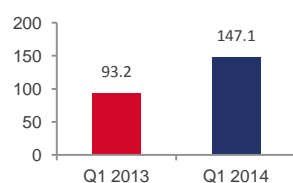
**45%**  
Gross Profit Margin

**USD 50.5 mn**  
in Operating Income

**34%**  
Operating Margin

**USD 37.5 mn**  
in Net Income

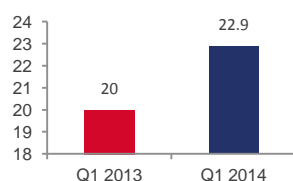
### Group Revenue (USD mn)



15 May, 2014 | Cairo | Egypt Kuwait Holding Company (EKHO.CA on the Egyptian Exchange and EKHOLDING on the Kuwaiti Exchange), one of the MENA region's leading investment companies, reported today its consolidated results for the first quarter 2014.

The company reported Attributable Net Income of US\$ 22.9 million in Q1 2014, a 14% year-on-year increase, on Consolidated Revenues of US\$ 147.1 million. Consolidated Revenues rose 57.9% year-on-year as all three primary lines of business reported improved performance in the quarter. Gross Profit was US\$ 66.5 million, a 66% increase over the same period of 2013, with a Gross Profit Margin of 45%.

### Attributable Net Income (USD mn)



“Broadly speaking, I am very pleased with our Q1 2014 financial performance, where improved bottom-line profitability was driven by operational improvements and not — as has historically been the case — the write-back of provisions. Barring exogenous shocks, we expect this performance to continue heading into the balance of 2014,” said EKH Chairman Moataz El-Alfi.

“Against this backdrop, we continue to deliver on expansion plans that are meeting with strong investor approval. Our US\$ 109 million share issuance, the proceeds from which are primarily earmarked for expansions in our Petrochemicals & Fertilizers segment, continues. We expect the first round to be c. 91% covered and look forward to closing the issuance in the third quarter,” El-Alfi noted.

In the first quarter of this year, EKH's Fertilizers and Petrochemicals segment (accounting for 53% of Group revenues) reports a 16% increase in Revenues and steady Gross Profits in spite of a significant increase in COGS in the first quarter of the year. Within Fertilizers, a solid top-line performance comes primarily on higher fertilizer volumes sold domestically, while the Petrochemicals sector reported an excellent first quarter performance, achieving its strongest-ever quarter in terms of top-line and bottom-line growth.

The Petrochemicals sector's new Formica line of business (added at Sprea in September 2013) reported a positive performance and Management anticipates a stronger contribution from this product line in the coming period. Furthermore, EKH expects that a second Formica line set to double production capacity to 1.8 million sheets per year should begin contributing to EKH's financials by the close of this year. Broadly speaking, Management views Sprea as likely to prove a strong driver of top- and bottom-line growth going forward.

Meanwhile, the Energy & Energy-Related segment (38% of Group revenues) reported more-than doubled revenue year-on-year to US\$ 55.8 million, and although COGS also doubled, Gross Profits reported a stellar 6x increase to US\$ 21.2 million. This excellent performance is attributable to a number of factors, including a full recovery at the Group's E&P facilities in South Sudan and a broadly stable operational environment in that key territory.

Energy & Energy-Related also reported a full recovery in the downstream natural gas business, with strong margins and a positive long-term outlook on the expansion of the Egyptian national grid as the government works to reform the national subsidy system as well as improve household access to piped-in natural gas as opposed to distribution via LPG cylinders. On the Electricity Distribution front, Management notes that persistent high demand heading into peak summer season in Cairo and Borg El-Arab may be counter-balanced by ongoing shortfalls in availability of natural gas.

Finally, the Diversified segment (9% of Group revenues) reported a strong 59% increase in Revenues to US\$ 13.4 million, driven in large part by the performance of a portfolio of investments managed by EKH at the corporate / standalone level. The Diversified segment's rising contribution to EKH's bottom line was largely driven by the strong performance of the Cement segment, which by virtue of its exceptional technology is presently producing at above its design capacity.

The Diversified sector includes strategic investments in cement production, telecommunications, infrastructure, cooling systems and insurance.

Among other recent developments, EKH's Board of Directors has approved exploration of the launch of a Level 1 Depositary Receipt Program to allow the company to potentially access new pockets of liquidity, particularly in the United States and Canadian markets that may be receptive to EKH's growth story.

"Finally, I am delighted to note that the Egyptian Hydrocarbon Corporation (EHC), our startup in the manufacture of mining-grade ammonium nitrate, is on track to start production by the end of this year. The plant, which is strategically located in Ain Sokhna south of the Suez Canal, will become one of two ammonium nitrate plants in Africa, the other being located in South Africa, and will cater to a global deficit market."

—Ends—

## About EK Holding

Egypt Kuwait Holding Company (EKHO.CA on the Egyptian Exchange and EKHOLDING on the Kuwaiti Exchange) is one of the MENA region's leading investment companies with a diversified portfolio of investments that spans the region in sectors that include fertilizers and petrochemicals, energy, cement production, insurance, information technology, transport and infrastructure. Established in 1997 by a consortium of prominent Kuwaiti and Egyptian businessmen including our former Chairman, the late Nasser Al-Kharafi, the company has flourished during the past decade as the countries of the Arab world began to liberalize their economies and open doors for private sector investments in strategic sectors that had once been off limits.

### INVESTOR RELATIONS CONTACT

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### STOCK SYMBOL

EKHO.CA

### CAPITAL

*Issued and Paid-In Capital:* USD 209.8 mn  
*Number of Shares:* 839.3 million shares  
*Par Value:* USD 0.25 per share

14 Hassan Mohamed El-Razzaz St.  
(Previously Nawal St.)  
Dokki, Giza

Tel (Direct) : +20 2 333-633-00

#### SHAREHOLDER STRUCTURE

**13.9%** Al Khair National\*  
**5.0%** Sahel Investment & Dev.  
**4.2%** Gulf Cable & Electrical Industries  
**4.2%** Ali Al Ghanem Sons  
**9.1%** Others  
**63.6%** Free float

*\*Part of Al Kharafi Group*

#### Forward-Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Egypt Kuwait Holding Company (EKH). Such statements involve known and unknown risks, uncertainties and other factors; undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of EKH may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of EKH is subject to risks and uncertainties.

## Summary Income Statement

(in US \$)	1Q 2013	1Q 2014
<b>Energy &amp; Energy Related</b>		
Revenues	17,596,730	55,844,840
% Contribution	19%	38%
COGS	14,150,803	34,630,267
Gross Profit	3,445,927	21,214,573
% Margin	20%	38%
<b>Fertilizers &amp; Petrochemicals</b>		
Revenues	67,125,911	77,839,065
% Contribution	72%	53%
COGS	33,310,172	43,720,205
Gross Profit	33,815,739	34,118,860
% Margin	50%	44%
<b>Diversified</b>		
Revenues	8,426,302	13,413,826
% Contribution	9%	9%
COGS	5,521,612	2,216,637
Gross Profit	2,904,691	11,197,189
% Margin	34%	83%
<b>Total Revenues<sup>1</sup></b>	<b>93,148,943</b>	<b>147,097,731</b>
COGS	52,982,587	80,567,109
Gross Profit	40,166,356	66,530,622
% Margin	43%	45%
Selling Expenses	2,481,975	3,053,413
G&A	15,728,773	12,784,970
Gain (Loss) from Financial Assets	-	-
Net Provisions	(19,607,253)	198,772
Other Expenses	-	16,763
<b>Operating Income</b>	<b>41,562,861</b>	<b>50,476,704</b>
% Margin	45%	34%
Interest Net	(4,131,817)	(5,779,351)
FX Gain / Loss	1,027,803	440,804
Capital Gain	76,953	74,005
Other Income	376,209	(53,845)
<b>Net Income before Tax</b>	<b>38,912,009</b>	<b>45,158,317</b>
Income Tax	7,643,615	8,089,443
Differed Tax	(228,048)	(440,589)
<b>Net Income from Continued Operations</b>	<b>31,496,442</b>	<b>37,509,463</b>
Gain (Loss) from discontinued operations	(1,144,607)	-
<b>Net Income</b>	<b>30,351,835</b>	<b>37,509,463</b>
Non-Controlling Interest	10,326,380	14,608,813
<b>Attributable Net Income</b>	<b>20,025,455</b>	<b>22,900,650</b>

<sup>1</sup> Total revenues reported here differ from those in the company's Consolidated Financial Statements in that they specifically exclude the results of EKH's low-margin oil-trading business, which artificially skew margins if included.

## Summary Balance Sheet

(in US\$)	FY 2013	1Q 2014
Net Fixed Assets	283,193,576	278,325,574
E&P Assets and Projects under Execution	574,305,393	570,557,097
Investments in Associates	129,833,495	131,526,168
Investments Available for Sale	162,703,732	169,261,435
Other long-term Assets	147,582,325	136,477,320
<b>Total Long-Term Assets</b>	<b>1,297,618,521</b>	<b>1,286,147,594</b>
Cash	191,146,438	265,099,053
Investments for Trading	315,782,277	339,494,157
Total Receivables	257,062,350	232,968,586
Inventory	55,984,633	54,294,311
Due from EGPC	32,354,429	31,524,997
Other Assets	10,530,227	15,771,813
<b>Total Current Assets</b>	<b>862,860,354</b>	<b>939,152,917</b>
<b>Total Assets</b>	<b>2,160,478,875</b>	<b>2,225,300,511</b>
Bank Overdraft and STL	364,508,999	348,030,048
Due to Suppliers and Sub-Contractors	93,644,503	56,808,696
Due to EGPC	17,657,020	19,842,008
Provisions	34,769,614	34,691,120
Debtors and Other Credit Balances	194,619,064	275,260,626
<b>Total Current Liabilities</b>	<b>687,199,200</b>	<b>734,632,498</b>
Long-Term Loans	136,770,747	159,682,293
Other Long-Term Liabilities	6,785,452	6,686,118
Due to EGPC	400,285	97,309
Provisions	4,070,000	4,070,000
Deferred Tax Liability	335,442,76	33,087,031
<b>Total Long-Term Liabilities</b>	<b>181,570,760</b>	<b>203,622,751</b>
Paid-in Capital	209,823,656	209,823,656
Reserves	111,296,329	113,292,290
Fair Value Reserve	(113,822,987)	(115,874,288)
Retained Earnings	603,518,257	607,656,500
Translation Adjustments	(41,265,151)	(36,474,368)
<b>Parent's Shareholders' Equity</b>	<b>769,550,104</b>	<b>778,423,790</b>
Minority Interest	522,158,811	508,621,472
<b>Total Shareholders' Equity</b>	<b>1,291,708,915</b>	<b>1,287,045,262</b>
<b>Total SHE + Total Liabilities</b>	<b>2,160,478,875</b>	<b>2,225,300,511</b>