

Qalaa Holdings Reports 2Q 2018 Results

Qalaa Holdings reports revenue growth of 39% year-on-year to EGP 3,133.1 million in 2Q18 on the back of strong operational performance; EBITDA posts an impressive 52% year-on-year increase to EGP 274.8 million

2Q 2018 Consolidated Income Statement Highlights	
Revenues EGP 3,133.1 mn vs. EGP 2,254.8 mn in 2Q17	
EBITDA EGP 274.8 mn vs. EGP 181.1 mn in 2Q17	Net Profit After Minority EGP 486.9mn vs. EGP (2,756.2) mn in 2Q17
1H 2018 Consolidated Income Statement Highlights	
Revenues EGP 6,216.6 mn vs. EGP 4,345.2 mn in 1H17	
EBITDA EGP 599.0 mn vs. EGP 357.0 mn in 1H17	Net Profit After Minority EGP 300.2 mn vs. EGP (3,158.6) mn in 1H17
Highlights from Consolidated Balance Sheet as at 30 June 2018	
Total Assets EGP 84,363.2 mn vs. EGP 73,092.2 mn in FY17*	Total Equity EGP 12,999.8 mn vs. EGP 10,257.7 mn in FY17*

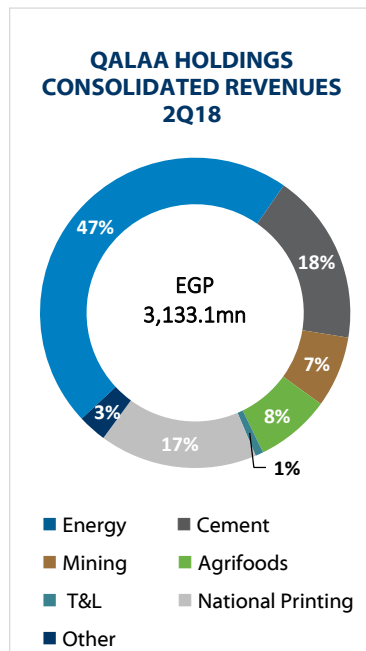
Financial and Operational Highlights

Qalaa Holdings, a leader in energy and infrastructure (CCAP.CA on the Egyptian Exchange, formerly Citadel Capital), released today its consolidated financial results for the second quarter ended 30 June 2018, reporting EBITDA growth of 52% y-o-y to EGP 274.8 million on revenues of EGP 3,133.1 million. The Group recorded a net profit of EGP 486.9 million in 2Q18, largely driven by an EGP 919.6 million non-cash gain from the deconsolidation of the operational liabilities (net of FX reserve & minority interest) under Africa Railways. This, however, is only a partial deconsolidation as Qalaa expects a second one-off non-cash gain of c. EGP 2.5 billion (related to the debt portion of Africa Railways) during the coming months once a sale or liquidation takes place. The deconsolidation comes after Qalaa had continued to carry Africa Railway's liabilities (totaling EGP 5.6 billion) on its consolidated financial statements following the 31 July 2017 ruling by the High Court of Kenya to terminate Africa Railways' concession to operate the Kenyan railways. The court ruling led Qalaa to record a significant impairment of EGP

*FY 2017 figures as previously stated on Qalaa Holdings' consolidated balance sheet.

3,245.0 million in its FY17 financials. On a six month basis, Qalaa's net profit came in at EGP 300.2 million on revenues of EGP 6,216.6 million in 1H18, up 43% y-o-y.

Financial and operational highlights follow, as do management's comments and overview of the performance of different business units. Full financials are now available for download at ir.qalaaholdings.com.

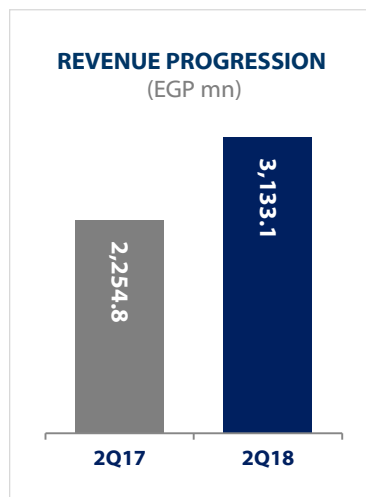


- **Total revenues in the second quarter of 2018 recorded a 39% y-o-y increase to EGP 3,133.1 million, up from EGP 2,254.8 million recorded in 2Q17.**

Qalaa's energy sector contributed 47% to consolidated revenues, continuing to hold the largest share. The company's energy division contributed 58% to Qalaa's consolidated revenue growth in 2Q18 on the back of a solid 52% y-o-y increase in the division's top-line as both TAQA Arabia and Tawazon posted strong quarterly performances.

On the other hand, ASEC Holding, Qalaa's cement platform and the second largest contributor to its consolidated revenue, saw a 19% y-o-y decline in its top line in 2Q18. This was largely driven by a slowdown at the company's construction and management businesses, which overcast Al Takamol Cement's 11% y-o-y revenue growth in 2Q18. The division's slow performance in the second quarter of this year was the biggest drag on Qalaa's consolidated quarterly revenue.

Following the full consolidation of Qalaa's 48% owned subsidiary, National Printing (previously Grandview), the company's total revenues of EGP 519.0 million helped drive Qalaa's consolidated top-line growth by c.59%.



- **Qalaa posted an impressive 52% y-o-y growth in EBITDA to EGP 274.8 million in 2Q18, on the back of growth in its energy division and the consolidation of National Printing, which started in 1Q18.**

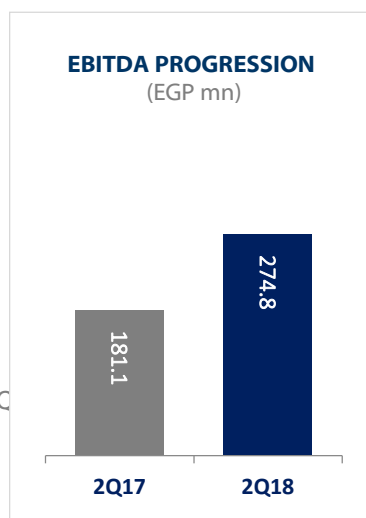
Qalaa's energy division was the biggest contributor to consolidated EBITDA at c.42% in 2Q18 and generated over 60% of EBITDA growth for the quarter. National Printing contributed EGP 53.5 million to 2Q18 EBITDA – or c.20% of total EBITDA – following the company's consolidation beginning 2018. EBITDA has grown steadily since 2016 and continues on the same trajectory during 2018, and Qalaa expects EBITDA to deliver growth rates of c.50-60% over the coming two years excluding contributions from ERC.

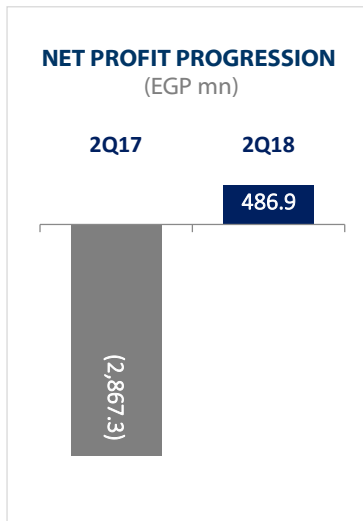
- **Bank interest expense saw a 35% y-o-y increase in 2Q18 to EGP 307.4 million, up from EGP 228.3 million in the same quarter of 2017.**

The increase was driven in large part by the consolidation of National Printing and its associated interest payments.

- **Qalaa Holdings booked a non-cash gain of EGP 919.6 million in 2Q18 as a result of the deconsolidation of Africa Railway's operational liabilities in Kenya & Uganda.**

Following the 31 July 2017 ruling by the High Court of Kenya to terminate Africa Railways' concession to operate the Kenyan railways, Qalaa recorded





a significant impairment of EGP 3,245.0 million in its FY17 financials. Nonetheless, Qalaa continued to carry Africa Railways' liabilities for a total of EGP 5.6 billion on its consolidated balance sheet. Qalaa had previously mentioned that once it cedes control of Africa Railways, these liabilities would be deconsolidated and Qalaa would potentially book a substantial gain on its consolidated income statement. In line with this, Qalaa booked on its 2Q18 Income Statement a non-cash gain of EGP 919.6 million as a result of the deconsolidation of the company's operational liabilities (net of FX reserve & minority interest). It is worth noting that this is a partial deconsolidation as Qalaa expects another one-off non-cash gain of c. EGP 2.5 billion (related to Africa Railway's debt obligations) during the coming months once a sale or liquidation takes place.

- **Qalaa booked a gain of EGP 345.4 million at the holding level in 2Q18 related to acquisition and restructuring activities.**

The gain was primarily generated from a differential of EGP 238.4 million between National Printing's consolidated book value and its fair market value as determined by an independent financial advisor. This calculation was performed during the consolidation of National Printing in the first quarter of 2018. Additionally, Qalaa booked a gain of EGP 106.9 million related to the purchase of a non-performing loan from its subsidiary, Nile Logistics, which was settled directly with the bank at a discount.

- **In 2Q18, Qalaa's discontinued operations booked a loss of only EGP 0.7 million after the company had disposed of all its discontinued assets.**

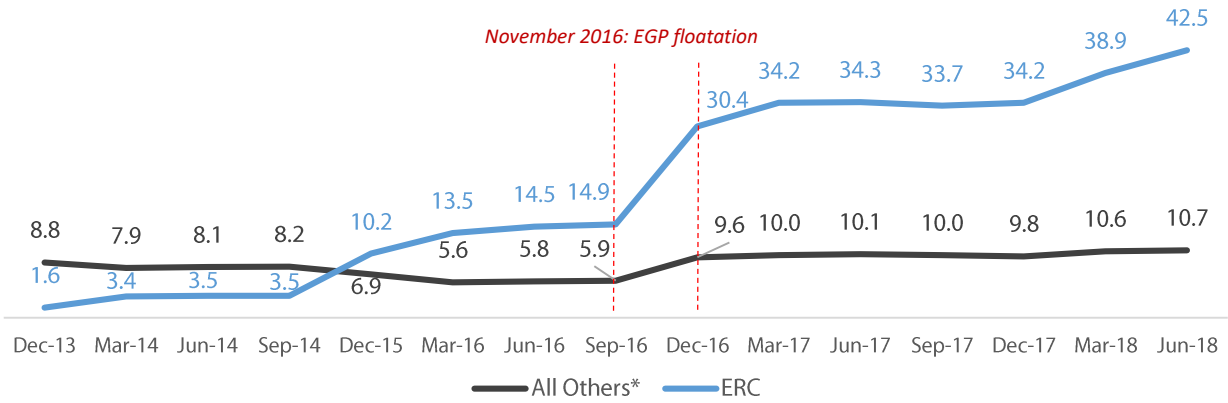
Losses from discontinued operations were considered one of the major pullbacks - alongside interest expenses - on Qalaa's bottom-line. The company is now on the right track to return to operational profitability in the near-term.

- **Qalaa booked FX losses of EGP 108.7 million in 2Q18 on the back of ASEC Holding's convertible bond, which suffered following a slip in the EGP/USD rate during 2Q18, and Al Takamol's foreign-currency debt, which increased following a devaluation of the Sudanese Pound.**
- **Qalaa reported a consolidated net profit of EGP 486.9 million in 2Q18 compared to the net loss of EGP 2,756.2 million reported in the second quarter of 2017.**

Bottom-line profitability was supported by the non-cash gain related to the deconsolidation of Africa Railway's operational liabilities as well as gains from acquisition and restructuring activities.

- **Qalaa's consolidated debt excluding Egyptian Refining Company (ERC) as of 30 June 2018 saw a marginal increase to EGP 10.72 billion from the EGP 10.56 billion reported as 31 March 2018. Meanwhile, ERC's total debt as of 30 June 2018 increased to EGP 42.53 billion up from EGP 38.94 billion reported as of 31 March 2018. This drove QH's total consolidated debt up to EGP 53.24 billion, with ERC making up c.80% of the total debt as of 30 June 2018.**

Debt Progression



Management Comment

"Our results in the second quarter reflect our ongoing efforts to streamline and optimize our portfolio with the company beginning to harvest the merits of its strategy."

"I am very pleased with our company's performance in the second quarter and first half of 2018," said Qalaa Holdings Chairman and Founder Ahmed Heikal. "Our core energy and infrastructure subsidiaries continue to deliver operational growth as they capitalize on favorable market dynamics. Strong revenue growth saw Qalaa report a solid 52% increase in its EBITDA for 2Q18, with bottom-line profitability buoyed as gains from restructuring efforts offset interest expenses carried at the holding and subsidiary levels."














"As we bring our company closer to the cusp of sustainable operational profitability, we are actively gearing up for the next growth phase across our subsidiaries. At TAQA Arabia, we have earmarked c. EGP 8 billion in investments over the coming three years that will see us accelerate the company's distribution reach with more filling stations, diversify into renewable energy with our pilot solar project in Benban and expand our exposure to conventional energy through investments in coal-fired power plants. Qalaa is also looking to increase its ownership in the Egyptian Refining Company's transformative project which is now 98% complete. Meanwhile, new capacities for RDF production at Tawazon have already been procured and commissioning is expected by 2019. Said investments alongside similar ventures in our mining and logistics platforms will see Qalaa continue to deliver on this growth momentum and cement its position as an African leader in energy and infrastructure," Heikal added.

"Our results in the second quarter reflect our ongoing efforts to streamline and optimize our portfolio with the company beginning to harvest the merits of its strategy," said Hisham El-Khazindar, Qalaa Holding's Co-Founder and Managing Director. "Our decision to bring National Printing into the fold is already seeing it make significant top- and bottom-line contributions, while efforts to clean-up our portfolio and shed discontinued operations has paid off as the account reports almost zero losses in 2Q18."

"Meanwhile, as previously communicated we have booked an expected non-cash gain on the partial deconsolidation of Africa Railways nearing EGP 1 billion. We are actively exploring avenues to sell or liquidate the company and trigger the complete deconsolidation of its debt obligation which should result in a further gain of c. EGP 2.5 billion in the coming months. Together said gains will help offset the effect of a related impairment of EGP 3.2 billion booked in FY17, and consequently strengthen our financial position as we head into the next growth phase for Qalaa," El-Khazindar concluded.

Detailed overviews of the performance of operational companies in each of Qalaa's core industries follow; complete financials are available for download on ir.qalaaholdings.com

Methods of Consolidation

Fully Consolidated Companies	Energy	  
	Transportation & Logistics	
	Mining	
	Cement	
	Agrifoods	 
	Publishing	
	Metallurgy	 
Equity Method Consolidated Companies (Share of Associates)	Cement	
	Media & Retail	

Qalaa Holdings Consolidated Income Statement (in EGP mn)

				Restated (1)			As Previously Reported		
	1Q 2018	2Q 2018	1H 2018	1Q 2017	2Q 2017	1H 2017	1Q 2017	2Q 2017	1H 2017
Revenue	3,083.5	3,133.1	6,216.6	2,090.4	2,254.8	4,345.2	2,114.6	2,282.0	4,396.7
COS	(2,473.2)	(2,616.0)	(5,089.2)	(1,687.4)	(1,867.6)	(3,555.0)	(1,707.9)	(1,893.2)	(3,601.1)
Gross Profit	610.3	517.1	1,127.3	403.1	387.2	790.2	406.7	388.9	795.6
Advisory fee	-	-	-	4.7	2.9	7.5	4.7	2.9	7.5
Share in associates' results	(3.5)	5.4	1.9	(13.4)	15.4	2.0	(13.4)	15.4	2.0
Total Operating Profit	606.8	522.5	1,129.3	394.3	405.4	799.7	398.0	407.1	805.1
SG&A	(293.8)	(273.5)	(567.3)	(242.8)	(234.5)	(477.3)	(257.1)	(249.5)	(506.6)
Other inc/exp-Net	12.6	22.6	35.1	29.1	12.0	41.0	29.6	11.6	41.2
EBITDA before one-off charges	325.5	271.6	597.1	180.6	182.9	363.5	170.4	169.3	339.7
SG&A (Non recurring)	(1.3)	3.2	1.9	(4.7)	(1.8)	(6.5)	(4.7)	(1.8)	(6.5)
EBITDA	324.2	274.8	599.0	175.9	181.1	357.0	165.7	167.4	333.2
Dep./Amort.	(116.2)	(112.3)	(228.5)	(119.9)	(123.5)	(243.5)	(122.0)	(125.5)	(247.5)
EBIT	208.0	162.5	370.5	56.0	57.5	113.5	43.8	42.0	85.7
Bank interest exp.	(311.0)	(307.4)	(618.4)	(207.1)	(228.3)	(435.4)	(207.1)	(228.3)	(435.4)
Bank PIK - Bank Fees (ERC - PIK)	(28.3)	(80.2)	(108.5)	(71.5)	(49.7)	(121.2)	(71.5)	(49.7)	(121.2)
3rd party Shareholder	(50.8)	(55.5)	(106.3)	(55.1)	(54.3)	(109.4)	(55.1)	(54.3)	(109.4)
Interest income	45.9	69.9	115.8	25.3	34.9	60.2	25.3	34.9	60.2
Lease payments	(1.1)	(1.1)	(2.2)	(1.1)	(1.1)	(2.2)	(1.1)	(1.1)	(2.2)
EBT (before one-offs)	(137.2)	(211.9)	(349.1)	(253.6)	(240.9)	(494.6)	(265.8)	(256.5)	(522.4)
Gain (Loss) on sale of investments	-	919.6	919.6	-	404.4	404.4	-	404.4	404.4
Impairments/write downs	93.1	(8.3)	84.8	(66.6)	(3,153.5)	(3,220.1)	(17.2)	(3,153.5)	(3,170.6)
Restructuring consulting fees	-	345.3	345.3	-	-	-	-	-	-
Layoffs/Severances	(10.6)	(6.3)	(16.9)	(8.5)	(14.7)	(23.3)	(8.5)	(14.7)	(23.3)
CSR	(1.7)	(1.1)	(2.8)	(2.4)	(3.0)	(5.4)	(2.4)	(3.0)	(5.4)
Provisions	(78.9)	(498.9)	(577.8)	(39.5)	(17.5)	(57.0)	(39.5)	(17.5)	(57.0)
Discontinued operations *	(25.6)	(0.7)	(26.3)	(237.8)	(27.3)	(265.1)	(225.6)	(11.7)	(237.3)
Forex	43.3	(108.7)	(65.4)	61.1	(22.1)	39.0	61.1	(22.0)	39.1
EBT	(117.6)	429.0	311.4	(547.3)	(3,074.6)	(3,622.0)	(498.0)	(3,074.5)	(3,572.5)
Taxes	(66.4)	(11.8)	(78.2)	(48.6)	(3.4)	(52.0)	(48.6)	(3.4)	(52.0)
NP/L Including Minority Share	(184.0)	417.2	233.3	(595.9)	(3,078.1)	(3,674.0)	(546.6)	(3,078.0)	(3,624.5)
Minority Interest	2.7	(69.7)	(67.0)	(193.5)	(321.9)	(515.4)	(163.0)	(321.9)	(484.9)
NP/L for the Period	(186.7)	486.9	300.2	(402.4)	(2,756.2)	(3,158.6)	(383.5)	(2,756.1)	(3,139.6)

1) Comparative figures restated to account for the impairment of ASCOM's investment in Algeria (Lazerg). In addition, figures were restated to reclass Arab Company for Trade and Service (Retail) as discontinued operations.

* Discontinued operations include:

- (1) Assets included in 2018 & 2017: Africa Railways & Designopolis (Mena Home)
- (2) Assets with zero results in 2018: Enjoy and Mom's Food (Gozour)

Qalaa Holdings Consolidated Income Statement by Sector for the three-month period ended 30 June 2018 (in EGP mn)

	QH	SPVs	Energy			Cement	T&L [^] Nile Logistics	Mining	Agrifoods		Others		Elimination	2Q 2018
			ERC	TAQA	Tawazon	ASEC Holding		ASCOM	Gozour	Wafra	Misc. ^{^^}	National Printing*		
Revenue	-	-	-	1,353.2	117.0	563.9	36.1	213.4	246.3	0.04	84.2	518.9	-	3,133.1
Cost of Sales	-	-	-	(1,218.5)	(74.0)	(444.9)	(27.7)	(148.7)	(192.2)	0.1	(65.7)	(444.4)	-	(2,616.0)
Gross Profit	-	-	-	134.7	43.0	119.0	8.3	64.7	54.0	0.1	18.5	74.6	-	517.1
Advisory fee	26.3	-	-	-	-	-	-	-	-	-	-	-	(26.3)	-
Share in Associates' Results	-	-	-	-	-	5.4	-	-	-	-	-	-	-	5.4
Total Operating Profit	26.3	-	-	134.7	43.0	124.4	8.3	64.7	54.0	0.1	18.5	74.6	(26.3)	522.5
SG&A	(47.3)	(0.3)	(8.9)	(45.2)	(9.4)	(50.4)	(11.6)	(53.0)	(33.7)	(1.0)	(9.9)	(29.6)	27.0	(273.5)
Other Income/Expenses (Net)	-	0.3	-	2.0	0.4	3.4	0.3	9.3	1.0	(0.01)	1.8	4.1	-	22.6
EBITDA (before one-offs)	(21.0)	(0.0)	(8.9)	91.5	34.0	77.4	(3.0)	21.1	21.3	(0.9)	10.4	49.1	0.6	271.6
Dividends Income	-	91.1	-	-	-	-	-	-	-	-	-	-	(91.1)	-
SG&A (Non recurring)	(1.2)	(31.6)	-	-	-	-	-	-	31.6	-	-	4.4	-	3.2
EBITDA	(22.2)	59.5	(8.9)	91.5	34.0	77.4	(3.0)	21.1	52.9	(0.9)	10.4	53.5	(90.5)	274.8
Depreciation & Amortization	(0.5)	(0.0)	(2.1)	(14.8)	(3.4)	(11.4)	(9.3)	(27.3)	(11.4)	(0.01)	(2.2)	(13.7)	(16.2)	(112.3)
EBIT	(22.8)	59.5	(11.0)	76.7	30.6	66.0	(12.3)	(6.2)	41.5	(0.9)	8.3	39.9	(106.7)	162.5
Bank Interest Expense	(103.3)	(44.9)	-	(22.3)	(1.6)	(47.7)	(26.5)	(13.2)	(6.3)	-	0.1	(41.8)	-	(307.4)
Bank PIK - Bank Fees (ERC-PIK)	-	(51.8)	(28.4)	-	-	-	-	-	-	-	-	-	-	(80.2)
3rd Party Shareholder	-	(49.3)	-	-	-	(113.8)	(11.9)	(2.3)	-	-	(13.6)	-	135.3	(55.5)
Interest Income	66.6	54.7	11.9	67.7	-	3.2	0.1	-	0.3	-	0.4	0.4	(135.3)	69.9
Lease Payments	-	-	-	-	-	-	(1.1)	-	-	-	-	-	-	(1.1)
EBT (before one-offs)	(59.4)	(31.8)	(27.6)	122.0	29.1	(92.4)	(51.7)	(21.8)	35.5	(0.9)	(4.8)	(1.5)	(106.7)	(211.9)
Gain (Loss) on Sale of Investments	-	0.1	-	-	-	-	-	-	-	-	(381.5)	-	1,301.0	919.6
Impairments/Write-downs	(3.0)	101.5	-	-	(0.0)	(4.3)	-	3.9	(5.2)	-	(0.7)	-	(100.5)	(8.3)
Restructuring Consulting Fees	106.9	-	-	-	-	-	-	-	-	-	-	-	238.4	345.3
Layoffs/Severances	(3.4)	-	-	-	-	(2.9)	-	-	-	-	-	-	-	(6.3)
CSR	-	-	-	(1.1)	-	-	-	-	-	-	-	-	-	(1.1)
Provisions	-	(401.9)	-	(50.4)	(9.1)	(23.7)	-	(11.0)	(0.1)	-	(1.6)	(1.0)	-	(498.9)
Discontinued Operations **	-	-	-	-	-	-	-	-	-	-	(0.7)	-	0.0	(0.7)
FOREX	20.1	(3.1)	(0.3)	0.8	(0.2)	(99.7)	(0.1)	34.4	(47.6)	(0.6)	(13.2)	0.8	-	(108.7)
EBT	61.1	(335.2)	(27.8)	71.4	19.8	(222.9)	(51.8)	5.5	(17.5)	(1.4)	(402.5)	(1.8)	1,332.2	429.0
Taxes	(0.1)	-	-	(26.3)	(4.0)	25.6	-	0.3	(2.4)	-	0.6	(9.1)	3.6	(11.8)
Net P/L Before Minority Share	61.0	(335.2)	(27.8)	45.1	15.8	(197.4)	(51.8)	5.7	(19.9)	(1.4)	(401.9)	(10.9)	1,335.8	417.2
Minority Interest	-	-	0.9	14.8	9.5	35.8	(21.2)	(1.8)	0.0	(0.1)	0.0	(6.5)	(101.0)	(69.7)
Net Profit (Loss)	61.0	(335.2)	(28.8)	30.3	6.3	(233.2)	(30.6)	7.5	(19.9)	(1.3)	(401.9)	(4.3)	1,436.8	486.9

* Starting 1Q 2018 QH started to consolidate National Printing.

** Discontinued operations include:

(1) Assets included in 2018 & 2017: Africa Railways & Designopolis (Mena Home)

(2) Assets with zero results in 2018: Enjoy and Mom's Food (Gozour)

[^] T&L represents Transportation & Logistics

^{^^} Miscellaneous includes United Frontiers, Designopolis (Mena Home), Crondall, Sphinx Egypt, Mashreq & Africa Railways

Qalaa Holdings Consolidated Income Statement by Sector for the six-month period ended 30 June 2018 (in EGP mn)

	QH	SPVs	Energy			Cement	T&L [^] Nile Logistics	Mining	Agrifoods		Others		Elimination	1H 2018
			ERC	TAQA	Tawazon	ASEC Holding		ASCUM	Gozour	Wafra	Misc. ^{^^}	National Printing*		
Revenue	-	-	-	2,545.0	214.1	1,290.4	61.8	443.8	445.0	0.8	176.2	1,039.5	-	6,216.6
Cost of Sales	-	-	-	(2,276.9)	(150.2)	(975.6)	(53.0)	(311.7)	(331.0)	(0.3)	(134.6)	(855.9)	-	(5,089.2)
Gross Profit	-	-	-	268.1	63.9	314.8	8.8	132.2	114.0	0.6	41.6	183.6	-	1,127.3
Advisory fee	53.2	-	-	-	-	-	-	-	-	-	-	-	(53.2)	-
Share in Associates' Results	-	-	-	-	-	2.5	-	-	-	-	-	-	(0.6)	1.9
Total Operating Profit	53.2	-	-	268.1	63.9	317.3	8.8	132.2	114.0	0.6	41.6	183.6	(53.8)	1,129.3
SG&A	(88.8)	(2.1)	(26.4)	(85.8)	(14.8)	(112.3)	(22.8)	(101.6)	(74.5)	(2.1)	(20.0)	(66.3)	50.1	(567.3)
Other Income/Expenses (Net)	-	6.0	-	2.9	0.9	7.2	0.7	15.4	(0.8)	(0.0)	(0.7)	3.6	-	35.1
EBITDA (before one-offs)	(35.5)	3.8	(26.4)	185.2	50.0	212.2	(13.3)	45.9	38.7	(1.5)	20.9	120.8	(3.7)	597.1
Dividends income	-	136.5	-	-	-	-	-	-	-	-	-	-	(136.5)	-
SG&A (Non recurring)	(2.5)	(31.6)	-	-	-	-	-	-	31.6	-	-	4.4	-	1.9
EBITDA	(38.1)	108.8	(26.4)	185.2	50.0	212.2	(13.3)	45.9	70.3	(1.5)	20.9	125.2	(140.3)	599.0
Depreciation & Amortization	(1.1)	(0.1)	(4.1)	(30.6)	(6.7)	(26.8)	(19.3)	(57.0)	(23.0)	(0.0)	(4.2)	(23.2)	(32.5)	(228.5)
EBIT	(39.2)	108.7	(30.5)	154.6	43.3	185.4	(32.6)	(11.0)	47.3	(1.6)	16.8	102.1	(172.7)	370.5
Bank Interest Expense	(209.8)	(76.6)	-	(45.2)	(3.1)	(97.4)	(56.8)	(29.9)	(13.9)	-	(4.5)	(81.3)	-	(618.4)
Bank PIK - Bank Fees (ERC-PIK)	-	(51.8)	(56.7)	-	-	-	-	-	-	-	-	-	-	(108.5)
3rd Party Shareholder	-	(112.4)	-	-	-	(225.4)	(23.4)	(4.6)	-	-	(23.0)	-	282.4	(106.3)
Interest Income	140.0	122.9	14.0	119.5	-	7.4	0.1	-	0.8	-	0.8	0.4	(290.0)	115.8
Lease Payments	-	-	-	-	-	-	(2.2)	-	-	-	-	-	-	(2.2)
EBT (before one-offs)	(109.0)	(9.1)	(73.2)	228.9	40.2	(130.0)	(114.9)	(45.5)	34.2	(1.6)	(10.0)	21.2	(180.3)	(349.1)
Gain (Loss) on Sale of Investments	-	0.1	-	-	-	-	-	-	-	-	(381.5)	-	1,301.0	919.6
Impairments/Write-downs	(3.0)	301.8	-	-	(0.0)	(4.3)	-	3.4	(5.5)	-	(0.7)	-	(207.0)	84.8
Acquisitions and Restructuring	106.9	-	-	-	-	-	-	-	-	-	-	-	238.4	345.3
Layoffs/Severances	(6.9)	-	-	-	-	(10.0)	-	-	-	-	-	-	-	(16.9)
CSR	(0.5)	-	-	(2.3)	-	-	-	-	-	-	-	-	-	(2.8)
Provisions	-	(451.9)	-	(69.0)	(9.1)	(33.6)	-	(11.3)	(0.3)	-	(1.6)	(1.0)	-	(577.8)
Discontinued Operations **	-	-	-	-	-	-	-	-	-	-	(37.7)	-	11.4	(26.3)
FOREX	10.2	(3.7)	(1.8)	(0.3)	(0.8)	(101.7)	(0.0)	44.0	0.3	(2.8)	(9.5)	0.8	-	(65.4)
EBT	(2.2)	(162.7)	(75.1)	157.3	30.2	(279.5)	(114.9)	(9.4)	28.8	(4.4)	(440.9)	20.9	1,163.5	311.4
Taxes	(0.1)	-	-	(63.8)	(6.7)	6.7	-	0.0	(6.6)	-	1.0	(16.1)	7.3	(78.2)
Net P/L Before Minority Share	(2.4)	(162.7)	(75.1)	93.5	23.5	(272.8)	(114.9)	(9.4)	22.2	(4.4)	(439.9)	4.8	1,170.8	233.3
Minority Interest	-	-	(9.3)	28.7	13.5	128.3	(38.4)	(5.5)	0.0	(0.3)	-	1.6	(185.5)	(67.0)
Net Profit (Loss)	(2.4)	(162.7)	(65.7)	64.9	9.9	(401.0)	(76.6)	(3.9)	22.2	(4.1)	(439.9)	3.2	1,356.4	300.2

* Starting 1Q 2018 QH started to consolidate National Printing

** Discontinued operations include:

(1) Assets included in 2018 & 2017: Africa Railways & Designopolis (Mena Home)

(2) Assets with zero results in 2018: Enjoy and Mom's Food (Gozour)

[^] T&L represents Transportation & Logistics

^{^^} Miscellaneous includes United Frontiers, Designopolis (Mena Home), Crondall, Sphinx Egypt, Mashreq & Africa Railways

Qalaa Holdings Consolidated Balance Sheet as at 30 June 2018 (in EGP mn)

		Energy			Cement	T&L [^]	Mining	Agrifoods		Others					
	QH	ERC	TAQA Arabia	Tawazon	ASEC Holding	Nile Logistics	ASCOM	Gozour	Wafra	Misc. ^{^^}	National Printing*	1H 2018 Aggregation	Eliminations/SPVs	1H 2018	FY 2017
Current Assets															
Trade and Other Receivables	2,126.6	74.6	1,620.1	199.2	2,293.0	100.0	410.3	82.6	-	440.0	499.9	7,846.2	(3,224.6)	4,621.6	3,909.9
Inventory	-	-	243.0	76.1	521.7	15.7	102.3	93.2	-	40.4	358.1	1,450.4	-	1,450.4	1,218.2
Assets Held For Sale	-	-	-	-	-	-	-	86.6	-	128.3	-	214.9	(116.2)	98.7	617.2
Cash and Cash Equivalents	176.5	4,665.5	1,207.9	34.2	130.2	20.1	11.4	12.4	0.03	13.3	116.2	6,387.8	33.7	6,421.5	2,353.5
Others	-	-	48.2	-	0.0	-	-	7.9	-	-	-	56.2	4.7	60.9	92.6
Total Current Assets	2,303.2	4,740.1	3,119.3	309.5	2,945.0	135.8	524.0	282.7	0.03	621.9	974.2	15,955.6	(3,302.4)	12,653.2	8,191.4
Non-Current Assets															
PP&E	36.0	61,168.4	778.6	88.7	582.1	681.9	986.4	701.1	-	36.6	774.5	65,834.1	652.9	66,487.1	60,345.2
Investments	8,119.9	-	0.8	-	451.5	-	143.7	-	-	-	307.4	9,023.3	(8,034.6)	988.7	1,210.4
Goodwill / Intangible assets	-	-	408.6	32.6	5.1	-	-	-	-	-	-	446.3	956.9	1,403.2	1,028.8
Others	1,821.6	2,309.9	48.4	-	32.8	-	-	276.4	-	0.02	100.6	4,589.7	(1,758.5)	2,831.1	2,316.4
Total Non-Current Assets	9,977.5	63,478.3	1,236.3	121.3	1,071.5	681.9	1,130.0	977.5	-	36.7	1,182.6	79,893.4	(8,183.4)	71,710.0	64,900.8
Total Assets	12,280.7	68,218.4	4,355.6	430.8	4,016.5	817.6	1,654.0	1,260.2	0.03	658.6	2,156.7	95,849.0	(11,485.8)	84,363.2	73,092.2
Shareholders' Equity															
Total Equity Holders of the Company	5,738.4	15,189.9	1,036.5	105.6	(3,835.3)	(559.1)	125.8	32.4	(1,248.4)	(6,737.1)	352.3	10,564.9	(16,567.4)	(6,002.5)	(6,451.7)
Minority Interest	-	9,485.3	465.8	75.3	699.0	(234.4)	(68.4)	(0.01)	(12.8)	11.4	211.7	10,632.9	8,369.4	19,002.2	16,709.4
Total Equity	5,738.4	24,675.1	1,502.3	181.0	(3,136.3)	(793.5)	57.4	32.3	(1,261.2)	(6,361.7)	564.0	21,197.8	(8,198.0)	12,999.8	10,257.7
Current Liabilities															
Borrowings	4,300.8	-	250.8	64.0	933.4	170.9	900.7	55.2	-	55.3	588.6	11,503.5	1,827.6	9,245.6	12,567.6
Trade and Other Payables	2,188.0	925.1	1,670.3	121.4	3,266.2	962.7	507.7	926.8	1,260.0	1,811.5	535.7	14,175.3	(2,508.0)	11,667.4	12,117.0
Provisions	53.5	-	359.5	57.1	383.1	16.6	27.9	18.1	1.3	14.7	109.5	1,041.1	217.1	1,258.1	883.0
Liabilities Held For Sale	-	-	-	-	255.0	-	-	134.5	-	4,580.2	-	785.8	(650.0)	4,221.3	942.8
Total Current Liabilities	6,542.2	925.1	2,280.7	242.4	4,837.7	1,150.2	1,436.2	1,134.5	1,261.2	6,461.7	1,233.7	27,505.7	(1,113.3)	26,392.4	26,510.4
Non-Current Liabilities															
Borrowings	-	42,527.5	359.1	-	36.8	356.1	-	56.3	-	-	257.3	43,592.9	558.5	44,151.4	35,603.5
Shareholder Loan	-	-	-	-	2,225.6	104.8	154.8	-	-	557.4	101.7	3,144.4	(3,014.9)	129.6	36.9
Long-Term Liabilities	-	90.7	213.6	7.4	52.7	-	5.5	37.0	-	1.2	-	408.1	282.0	690.1	683.6
Total Non-Current Liabilities	-	42,618.2	572.7	7.4	2,315.1	460.9	160.4	93.3	-	558.6	359.0	47,145.5	(2,174.4)	44,971.1	36,324.1
Total Liabilities	6,542.2	43,543.2	2,853.4	249.8	7,152.8	1,611.1	1,596.6	1,227.8	1,261.2	7,020.3	1,592.7	74,651.2	(3,287.7)	71,363.4	62,834.5
Total Equity and Liabilities	12,280.7	68,218.4	4,355.6	430.8	4,016.5	817.6	1,654.0	1,260.2	0.03	658.6	2,156.7	95,849.0	(11,485.8)	84,363.2	73,092.2

* Starting 1Q 2018 QH started to consolidate National Printing.

[^] T&L represents Transportation & Logistics

^{^^} Miscellaneous includes United Frontiers, Designopolis (Mena Home), Crondall , Sphinx Egypt, Mashreq & Africa Railways



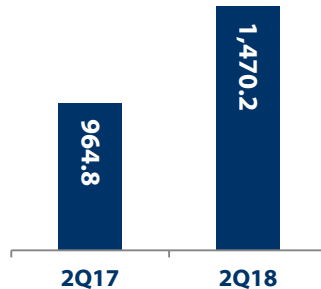
Sector Review: Energy

Qalaa Holdings' operational energy companies include TAQA Arabia (energy generation and distribution) and Tawazon (solid waste management). The greenfield Egyptian Refining Company (petroleum refining) has yet to begin operations.

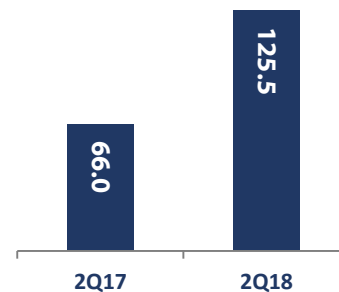
Operational and Financial Performance

The energy division saw an exceptional 90% y-o-y EBITDA growth reaching EGP 125.5 million in 2Q18 from EGP 66.0 million recorded in the same period last year. This came on the back of solid 52% y-o-y revenue growth to EGP 1,470.2 million in 2Q18 from EGP 964.8 million in the same period last year. Both TAQA Arabia and Tawazon reported strong revenue and EBITDA growth during the quarter, which combined with the strong first quarter performance, saw the energy division post revenue growth of 45% in the first six months of 2018, while EBITDA grew by 52% y-o-y to EGP 235.2 million in 1H18.

Energy Revenues*
(EGP mn)



Energy EBITDA*
(EGP mn)



(EGP mn unless otherwise stated)	2Q17	2Q18	% chg	1H17	1H18	% chg
TAQA Arabia Revenues	868.4	1,353.2	56%	1,710.5	2,545.0	49%
TAQA Arabia EBITDA	51.9	91.5	76%	122.1	185.2	52%
Tawazon Revenues	96.4	117.0	21%	189.6	214.0	13%
Tawazon EBITDA	14.2	34.0	140%	32.2	50.0	55%

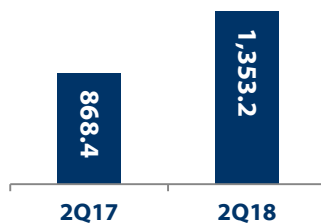
* Energy revenues and EBITDA are aggregate figures, representing the simple summation of TAQA Arabia and Tawazon's figures, as these are the only two operational companies within the Energy sector.


QALAA HOLDINGS OWNERSHIP — 60.9%

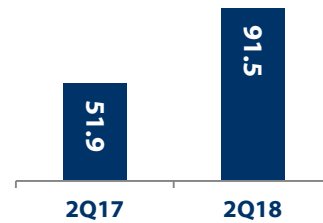
TAQA Arabia records EBITDA growth of 76% year-on-year to EGP 91.5 million in 2Q18

TAQA Arabia, Egypt's leading independent energy company, recorded revenues of EGP 1,353.2 million in 2Q18, up 56% y-o-y. The increase came on the back of robust revenue growth from all three subsidiaries, and in particular the company's marketing division, which saw its revenues grow by 62% y-o-y in the second quarter of 2018. Strong revenue results underpinned the impressive 76% y-o-y growth of TAQA Arabia's EBITDA, which increased to EGP 91.5 million in 2Q18 from EGP 51.9 million in 2Q17. On a six-month basis, TAQA Arabia reported a 49% y-o-y increase in revenues to EGP 2,545.0 million, which drove the 52% y-o-y growth in the company's EBITDA to EGP 185.2 million.

**Consolidated TAQA Arabia
Revenues**
(EGP mn)



**Consolidated TAQA Arabia
EBITDA**
(EGP mn)



The biggest driver of TAQA Arabia's revenue growth was the company's marketing division which was also the largest contributor to total revenue at 64% in 2Q18. The division recorded a strong 62% y-o-y increase in revenues to EGP 868.1 million in 2Q18. Revenue growth continued to be price-driven as fuel products saw further price increases on the back of an ongoing phase-out of energy subsidies by the Egyptian government, with the latest round implemented in June 2018. The quarter saw sales of fuel products (diesel and gasoline) decrease 5% y-o-y to c.194 million liters, while total lube sales stood at 944 tons, a 4% y-o-y increase. The company continued to make steady progress in bringing the six new filling stations online, with a three receiving permits and becoming fully operational in June 2018 and the remaining three expected to receive permits over the course of 2H18. The new additions bring the total number of operational stations up to 44 filling stations (gasoline/diesel), which combined with the 7 compressed natural gas stations (CNG) bring the total up to 51 stations as of June 2018. Meanwhile on the business development front, TAQA Arabia has recently entered into a joint venture (JV) with Castrol, a subsidiary of British Petroleum (BP), with a paid-in capital of EGP 20 million. TAQA will hold a 49% stake in the new venture, which will be incorporated under the name Castrol Egypt Lubricants .A.A., and will manufacture and distribute Castrol's extensive range of manual and automatic transmission fluids, chain lubricants and brake fluids. TAQA Arabia will maintain its long-standing position as the sole distributor of Castrol's products across Egypt.

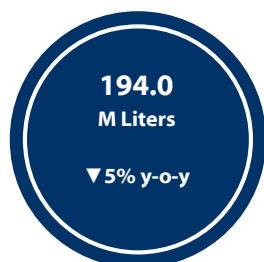
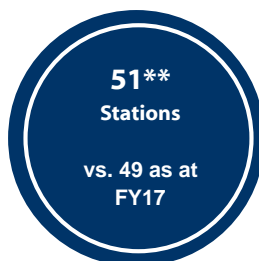
TAQA Gas recorded a 33% y-o-y increase in revenues to EGP 221.9 million in the second quarter of 2018. The increase was mainly driven by upward revisions in installation fees by the government at the end of 2017 from EGP 2,500 per client to EGP 3,500 per client, as well as a significant rise in customer service installations (infill clients). TAQA Arabia installed some 5,156 higher-margin infill units in the second quarter of 2018 compared to just 2,950 clients during the same period last year, leading to an impressive fourfold increase in EBITDA to EGP 57.9 million in 2Q18. As of June 2018, TAQA Gas successfully connected a cumulative total of c. 954 thousand households, and distributed 1.2 BCM of gas in 2Q18 which represents a 10% increase compared to the second quarter of 2017.

Higher electricity prices and a 26% y-o-y rise in total power distributed helped drive the solid 64% y-o-y growth in TAQA Power's revenues to EGP 242.2 million in the second quarter of 2018. The division's EBITDA also saw an 18% y-o-y rise to EGP 22.8 million in 2Q18 from EGP 19.4 million in 2Q17. The increase came despite the 29% fall in total power generated in the second quarter of 2018 compared to the same period last year, which resulted from the conclusion of a cement plant contract. With the plant now connected to the national electricity grid, TAQA power has dismantled the generators and relocated them to a new project site which is expected to begin operations later this year.

TAQA's Management team reiterates its commitment to exploring opportunities for diversification into new business lines, including energy efficiency — the provision of a broad range of services such as the design and implementation of energy saving solutions and/or projects — and "waste-to-energy" services such as power generation using agricultural and municipal waste. TAQA continues to make steady progress on its 50MW solar power project at the Benban Solar Park. The total cost of the project is expected to be c. EGP 1.35 billion. The company has been able to secure a financing package from five international developmental funding institutions with the International Finance Corporation (IFC) as the lead lender. The project is expected to be fully operational by the beginning of 2019, and should generate annual revenues of c. USD 11 million.

Total Power Generated & Distributed* (2Q18)

Total Gas Distributed (2Q18)

Total Liquid Fuels Distributed (2Q18)

Filling Stations (2Q18)


*Of the total, 74.8% is distributed while the remainder is generated.

** Of which seven are CNG stations.

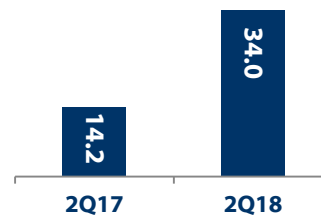
Tawazon records strong y-o-y EBITDA growth of 140% to EGP 34.0 million in 2Q18

Tawazon, Qalaa Holdings' solid waste management subsidiary, recorded revenues of EGP 117.0 million in 2Q18, representing a 21% y-o-y rise. The company's top-line growth was driven by strong increases in ENTAG Oman revenues which grew by 130% in 2Q18. Tawazon's EBITDA came in at EGP 34.0 million during the second quarter of 2018, representing a remarkable 140% y-o-y growth and driven primarily by a fivefold increase in ENTAG Oman's EBITDA. In the first six months of 2018, Tawazon recorded a 13% y-o-y growth in revenues to EGP 214.0 million while the company's EBITDA increased 55% y-o-y to EGP 50.0 million.

**Consolidated Tawazon
Revenues**
(EGP mn)



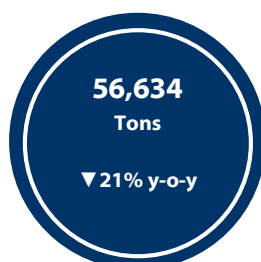
**Consolidated Tawazon
EBITDA**
(EGP mn)



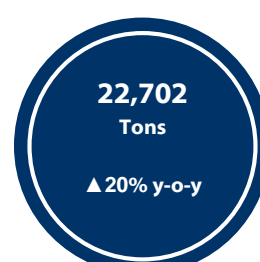
ECARU revenues came in at EGP 75.9 million in 2Q18, representing a slight 5% y-o-y increase which comes despite a 21% y-o-y fall in biomass volumes sold. ECARU sold a total of 56k biomass tons in 2Q18 compared to 72k tons in the same period last year, with the decrease coming due to a stoppage at one of ECARU's cement plant clients that has been undergoing technical upgrades since the beginning of the year. Meanwhile, RDF volumes recorded a 20% y-o-y increase in 2Q18 to 22.7k tons on the back of increased demand from cement plants. On a six-month basis, ECARU's revenues increased to EGP 153.0 million, representing a 10% rise, while the company's EBITDA saw a marginal 1% y-o-y decrease to EGP 21.5 million in 1H18.

ENTAG's consolidated revenues posted strong year-on-year growth of 62% to EGP 41.6 million driven primarily by a 130% y-o-y growth in ENTAG Oman's revenues to EGP 40.8 million in 2Q18. The company's consolidated EBITDA increased over fourfold to EGP 21.5 million in 2Q18 as ENTAG Oman recorded more than a fivefold increase in EBITDA to EGP 24.1 million in 2Q18 from EGP 4.6 million in 2Q17. On the other hand, the company saw a drop in its operations in Egypt, as revenues fell to c. EGP 1 million during the second quarter of 2018 compared to EGP 8 million recorded during the same period last year. The decline was driven by the completion of ENTAG's contracts in the country, with the continued payment of fixed costs leading to a loss at the EBITDA level. The company's consolidated revenues on a six-month basis showed an 18% y-o-y growth to EGP 64.4 million, while its consolidated EBITDA recorded a y-o-y 133% growth to EGP 24.5 million in 1H18.

Total Biomass Supplied (2Q18)



Total RDF Supplied (2Q18)





QH OWNERSHIP —
c.17%

ERC reaches overall construction progress of c.98.0% as of July 2018



Egyptian Refining Company (ERC) is building a USD 4.3 billion greenfield petroleum refinery in the Greater Cairo Area (GCA); the consortium of GS Engineering & Construction Corp and Mitsui & Co Ltd, acting as the contractor for the project, took full receipt of the project site in early 2014 with overall completion progress standing at c.98.0% as of July 2018.



As of July 2018, ERC has withdrawn USD 2,524 million from its extended facility totaling USD 2,887 million, with the c.USD 364 million balance earmarked for utilization during 4Q18.

Trial runs have started in the following areas: the Plant Air System, the Instrument Air System, the Demineralized Water System, the Cooling Water System, and the Fire Fighting System.



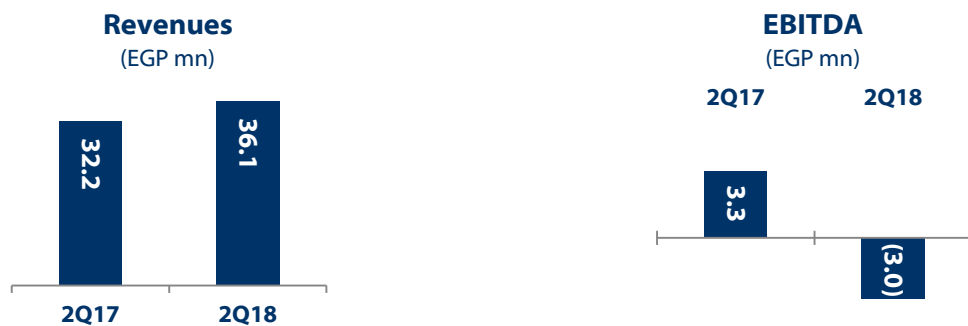
Sector Review: Transportation & Logistics

Qalaa Holdings' operational Transportation & Logistics companies include Nile Logistics (seaport services in Egypt as well as river transportation in Egypt and South Sudan)



QH OWNERSHIP — 67.6%

Nile Logistics records a 12% y-o-y growth in revenues to EGP 36.1 million in 2Q18



Operational and Financial Performance

Nile Logistics posted revenues of EGP 36.1 million during the second quarter of 2018, up by 12% y-o-y from EGP 32.2 million recorded in the same quarter of last year. Top-line growth was largely driven by increased revenues from its operations in South Sudan, which booked revenues of USD 567 thousand as Nile Barges completed its second trip since the beginning of the year. In Egypt, the company's revenues saw a 27% y-o-y decrease as a fall in stevedoring operations was only partially offset by the continued ramp-up in operations of the company's Inland Container Depot at Nubareya. On a six-month basis, Nile Logistics' consolidated revenues increased 11% y-o-y to EGP 61.8 million from EGP 55.8 million recorded in 1H17, with the rise in revenues from the company's South Sudan operations having offset the fall in revenues from its operations in Egypt.

On the EBITDA side, Nile Logistics reported a negative EGP 3.0 million in 2Q18 compared to a positive EGP 3.3 million recorded over the same period in 2017. This comes despite its operations in South Sudan reporting a significant increase in its EBITDA and breaking even over the period to USD 351 thousand in 2Q18, up from an EBITDA loss of USD 162 thousand recorded in 2Q17. The fall in the consolidated EBITDA was driven by advisory fees paid to its parent company, Qalaa Holdings, during the period. It is important to note that these fees are canceled out on the consolidated level for Qalaa, since the latter has a majority ownership. EBITDA for Nile Logistics was also weighed down the 27% y-o-y fall in Egypt revenues, which the country's EBITDA consequently turning a negative EGP 3.6 million in 2Q18 compared to a gain of EGP 3.6 million in the same period last year. On a six-month basis, the company's consolidated EBITDA fell to EGP -13.3 million in 1H18 from EGP 1.1 million in 1H17.

Nile Logistics' operations in Egypt recorded a 27% y-o-y fall in quarterly revenues to EGP 26.0 million in 2Q18 from EGP 35.6 million in 2Q17. The decrease was largely driven by a fall in Nile Logistics' stevedoring operations which handled

158k tons during the second quarter of 2018, representing a decrease year-on-year of 53% compared to the 336k tons handled in 2Q17. This fall was only partially offset by the more than threefold y-o-y revenue increase of the company's Inland Container Depot at Nubareya which increased to EGP 11.6 million during 2Q18 up from EGP 3.7 million in 2Q17. The fall in the company's stevedoring operation is, however, in line with normal market volatility and the company has already served 153k tons in July and August alone, suggesting rather stable volumes for 2018 as a whole. During the period, the full volume of coal handled by Nile Logistics' stevedoring operations was located at the Alexandria and Nubareya ports. In the first six months of 2018, Nile Logistics' operations in Egypt saw a 13% y-o-y fall in revenues to EGP 51.8 million in 1H18 from EGP 59.7 million in 1H17. Similarly, the division posted a negative EBITDA of EGP 7.2 million in 1H18 from a positive EGP 3.7 million recorded in 1H17.

On the business side, Nile Logistics continued its efforts to leverage the ongoing phasing out of energy subsidies in Egypt, with river transport continuing to offer an attractive, lower-priced alternative in light of rising trucking rates. Based on its three-year contract signed in 2017 with the General Company for Silos & Storage (GCSS), the company continued to transport grain from Alexandria port to its silos, completing several trips during the quarter. With the anticipated rise in industry demand, several initiatives have been put in place to ensure the company is well-positioned to capture potential new business and help drive up top line. These include fleet/equipment additions and maintenance, expanded storage capacity and a more comprehensive offering of transportation and logistics services. To this end, construction of the grain storage warehouse in Nubareya is well underway, with the objective of bringing a greater share of the company's storage function in-house and eliminating third-party profit margins on storage facilities. The facility will have a capacity of 100-120k tons when completed and is expected to be fully operational around year-end 2018. Furthermore, Nile Logistics also finalized an offtake storage agreement with one of the largest international grain and commodities traders, which will utilize a volume of 350k per annum on a take-or-pay basis.

Stevedoring Tons Handled (2Q18)





Sector Review: Mining

Qalaa Holdings' operational platform in the mining sector is ASCOM, which includes operating companies ASCOM (the leading provider of quarrying services), ASCOM for Chemicals & Carbonates Manufacturing (ACCM), GlassRock, and ASCOM Precious Metals (which is consolidated under the equity method as a share of associates' results).

Operational and Financial Performance

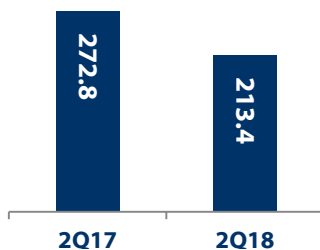
ASCOM's consolidated revenues declined 22% y-o-y to post EGP 213.4 in 2Q18. This is due primarily to a general decline in sales at ASCOM's quarrying businesses in countries beyond Egypt. ASCOM's EBITDA fell by half in 2Q18, recording EGP 21.1 million due to subdued top-line performance. On a half-yearly basis, ASCOM saw its revenues decline 18% y-o-y to EGP 443.8 million in 1H18 from EGP 541.5 million in 1H17. EBITDA contracted by 50% over the same period to EGP 45.9 million in 1H18 from EGP 91.4 million.



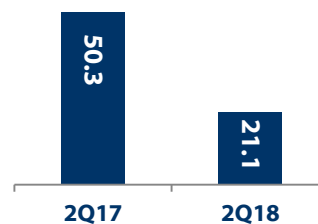
QALAA HOLDINGS OWNERSHIP — 54.7%

ASCOM revenue records 22% year-on-year decrease in 2Q18 to EGP 213.4 million

ASCOM Consolidated Revenues
(EGP mn)



ASCOM Consolidated EBITDA
(EGP mn)



ASCOM Subsidiaries (EGP mn unless otherwise stated)	2Q17	2Q18	% chg	1H17	1H18	% chg
ACCM Revenues (in USD mn)	3.9	5.3	37%	8.6	10.2	19%
ACCM EBITDA (in USD mn)	1.1	1.8	62%	2.8	2.8	(2%)
GlassRock Revenues (in USD mn)	0.7	1.9	167%	2.8	4.4	56%
GlassRock EBITDA (in USD mn)	(0.3)	0.1	N/A	(0.5)	-	N/A
Egypt Quarrying Revenues	99.2	82.1	(17%)	218.1	177.8	(18%)
Egypt Quarrying EBITDA	6.6	1.6	(75%)	21.8	11.4	(48%)
Other Quarry Management Revenues - ex Egypt*	37.7	2.4	(94%)	84.0	16.7	(80%)

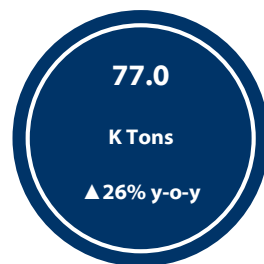
Other Quarry Management EBITDA - ex Egypt*	0.9	(11.3)	N/A	6.8	(12.1)	N/A
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ACCM revenues grew 37% to USD 5.3 million in 2Q18 from USD 3.9 million in 2Q17, with a pickup in export markets and a rally in prices leading to a 26% year-on-year rise in volumes sold to 77,000 tons. Meanwhile, the company's EBITDA expanded by 62% year-on-year to post USD 1.8 million in 2Q18. ACCM's revenues also grew by 19% y-o-y to USD 10.2 million in 1H18, up from USD 8.6 million in 1H17. EBITDA remained stable at around USD 2.8 million over the same period.

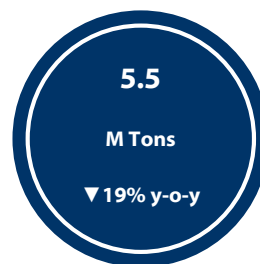
GlassRock reported remarkable top-line growth of 167% y-o-y to USD 1.9 million in 2Q18 against USD 0.7 million in 2Q17. GlassRock continued to leverage its enhanced competitiveness in export markets and the efficiency of its production processes, with total volumes sold more than tripling year-on-year to 2,700 tons in 2Q18. The resultant growth in revenues has helped GlassRock breakeven at the EBITDA level, which recorded USD 0.1 million in 2Q18 compared to a negative EBITDA of USD 0.3 million in 2Q17. 1H18 saw GlassRock's revenues grow by 56% y-o-y to USD 4.4 million from USD 2.8 million in 1H17. This top-line expansion has allowed GlassRock to also breakeven at the EBITDA-level on a half-yearly basis.

At ASCOM's **Egypt Quarrying** operation, revenues fell 17% y-o-y to EGP 82.1 million in 2Q18 compared to EGP 99.2 million in 2Q17. Slower revenues were driven by decreased volumes which recorded 5.5 million tons in 2Q18, down 19% y-o-y. The company's cement clients in the Sinai area continued to face intermittent stoppages on the back of security challenges. 2Q18 saw EBITDA fall by 75% y-o-y to EGP 1.6 million. Revenues contracted by 18% on a half-yearly basis, recording EGP 177.8 million in 1H18 compared to EGP 218.1 million at the same period last year. EBITDA roughly halved over the same period, falling to EGP 11.4 million in 1H18 from EGP 21.8 million in 1H17.

ACCM Volumes Sold (2Q18)



Egypt Quarrying Business Volumes Sold (2Q18)





Sector Review: Cement

Qalaa Holdings' operational cement platform company is ASEC Holding, which comprises cement manufacturing (ASEC Cement which has two production facilities: Al-Takamol Cement in Sudan and Zahana Cement Co. in Algeria); construction (ARESCO and ASEC Automation); and technical management (ASEC Engineering and ASENPRO).

Operational and Financial Performance

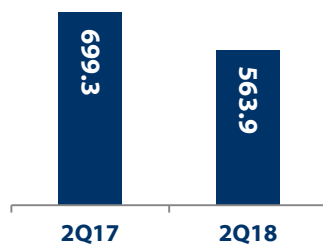
ASEC Holding's consolidated revenues recorded EGP 563.9 million in 2Q18, a year-on-year decline of 19%. However, improved operating margins at ASEC Cement has led to consolidated EBITDA growth of 17% y-o-y to EGP 77.4 million in 2Q18. ASEC Cement was this quarter's standout performer, delivering strong revenue growth thanks to expanded production from its Al-Takamol facility, which has enjoyed favorable selling prices and a stable operating environment. ASEC Holding's revenues recorded EGP 1,290.4 million in 1H18, contracting 6% y-o-y. However, 1H18 saw EBITDA expand 81% to EGP 212.2 million from EGP 117.3 million in 1H17.



QALAA HOLDINGS OWNERSHIP — 69.2%

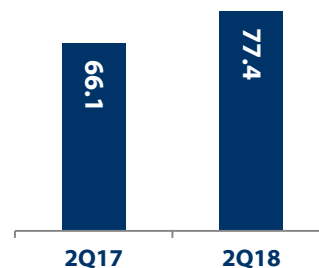
ASEC Holding Consolidated Revenues

(EGP mn)



ASEC Holding Consolidated EBITDA

(EGP mn)

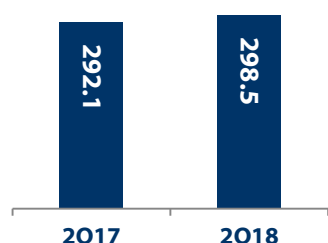




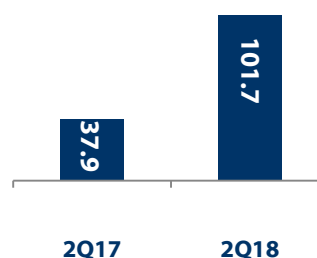
ASEC HOLDING OWNERSHIP — 59.9%

ASEC Cement records impressive EBITDA growth of 168% to EGP 101.7 million in 2Q18.

ASEC Cement Revenues
(EGP mn)



ASEC Cement EBITDA
(EGP mn)



ASEC Cement posted revenues of EGP 298.5 million in 2Q18, remaining stable against the EGP 292.1 million posted during the same quarter last year. Despite top-line growth of only 2%, sustained improvement at Al-Takamol cement in Sudan and favorable selling prices have driven a marked expansion in EBITDA, which grew at a rapid 168% y-o-y to record EGP 101.7 million in 2Q18 against EGP 37.9 million in 2Q17. On a half-yearly basis, revenues grew 37% to EGP 741.7 million in 1H18 from EGP 539.7 million in 1H17. The company delivered a similarly robust performance at the EBITDA level, posting an EBITDA of EGP 264.8 million in 1H18 against EGP 13.4 million in 1H17.

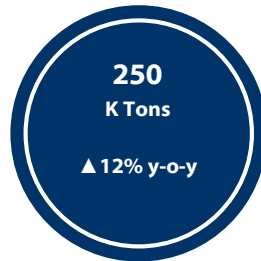
Sudan's **Al-Takamol Cement** saw revenues grow 11% y-o-y to EGP 298.4 million in 2Q18 from EGP 269.3 million in 2Q17. Growth was spurred by increases in both volume and price with Al-Takamol's total volume sold standing at c.250 thousand tons for 2Q18, up 12% y-o-y. This top-line expansion has enhanced core profitability of Al-Takamol's operations, as evidenced by a y-o-y tripling of EBITDA to EGP 98.5 million in 2Q18 from EGP 32.7 million in 2Q17. This exceptional performance comes as cement prices have increased substantially since early 2018, despite an aggressive devaluation of the Sudanese pound. Al-Takamol has also been able to expand its share of the market, helped by stoppages at competing plants. It is worth noting that technical drawbacks at Al-Takamol led to reduced production in the months of July and August, and that the company has addressed these issues in a prompt manner and expects a return to the pre-July momentum during September 2018. On a half-yearly basis, volumes sold grew by 26% y-o-y to reach c.530 thousand tons for 1H18, driving a top-line expansion of 28% to EGP 662.1 million. This same period has seen EBITDA expand to EGP 248.8 million from EGP 40.0 million. Output is projected to attain an all-time high production by year-end 2018, having recorded 840 thousand tons in FY17.

Algeria's **Zahana Cement** has seen a y-o-y top-line contraction of 23% to EGP 143.9 million in 2Q18 against EGP 186.8 million in the same period last year. EBITDA saw a corresponding fall of 41% to EGP 41.1 million in 2Q18 from EGP 69.2 million in 2Q17. Technical difficulties in 2Q18 and a prolonged revamp at one of its kilns has led to a 21% y-o-y drop in Zahana's production to 160 thousand tons. On a half-yearly basis, Zahana's revenues declined slightly to EGP 304.2 million from EGP 308.9 million, while EBITDA was up 57% to EGP 75.1 million in 1H18 from EGP 47.9 million in the same period last year. The facility's output of 340 thousand tons in 1H18 is largely unchanged from its level in 1H17. Zahana has made significant progress in the construction of its new production line, which will inject additional capacity of 1.6 million TPA and is expected to come online by early 2020.

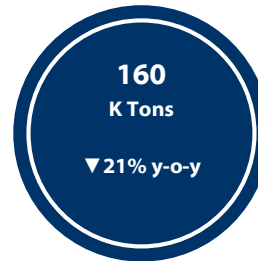
ASEC Cement Subsidiaries (EGP mn)	2Q17	2Q18	% chg	1H17	1H18	% chg
Al-Takamol Cement Revenues	269.3	298.4	11%	515.8	662.1	28%
Al-Takamol Cement EBITDA	32.7	98.5	201%	40.0	248.8	521%
Zahana (Algeria) Revenues*	186.8	143.9	(23%)	308.9	304.2	(2%)
Zahana (Algeria) EBITDA*	69.2	41.1	(41%)	47.9	75.1	57%

* Zahana is consolidated using the equity method (share of associates)

Al-Takamol Total Sales Volume (2Q18)

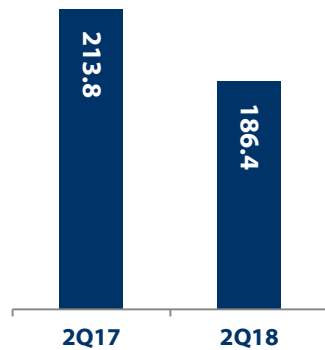


Zahana Total Sales Volume (2Q18)

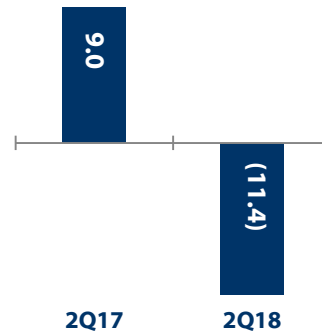


ASEC Engineering records a 13% year-on-year decline in 2Q18 revenues to EGP 186.4 million

ASEC Engineering Revenues
(EGP mn)

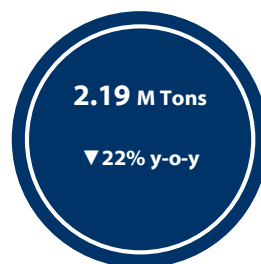


ASEC Engineering EBITDA
(EGP mn)



ASEC Engineering revenues stood at EGP 186.4 million in 2Q18, down 13% y-o-y. A number of ASEC Engineering's clients have been experiencing stoppages amidst a general slowdown in the wider cement market. Total managed capacity fell 22% y-o-y, standing at 2.19 million tons in 2Q18. Slowing demand and downward pressure on selling prices have taken a toll on the company's EBITDA, which posted a loss of EGP 11.4 million for the quarter compared to a positive EBITDA of EGP 9.0 million in the same quarter last year. 1H18 has seen ASEC Engineering's revenues drop 13% to EGP 389.7 million from EGP 448.4 million in 1H17. EBITDA came in at a loss of EGP 16.5 million for 1H18, having stood at EGP 43.8 million in 1H17.

Managed Clinker Production
(2Q18)

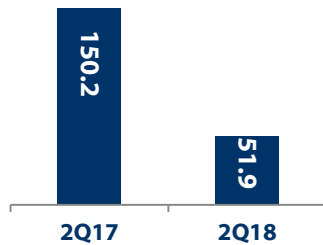




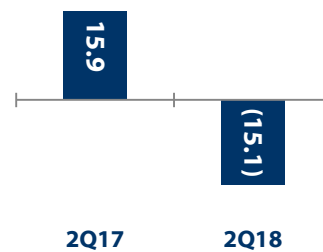
ASEC HOLDING OWNERSHIP — 99.9%

ARESCO revenues decline 65% year-on-year to EGP 51.9 million in 2Q18

ARESCO Revenues
(EGP mn)



ARESCO EBITDA
(EGP mn)



ARESCO's revenues fell by 65% y-o-y in 2Q18 to EGP 51.9 million. This decline comes as ARESCO has already completed most of its contracts, finalizing projects faster than signing contracts for new ones. ARESCO's construction backlog of EGP 138.2 million in 2Q18 stands at half its level from the previous year. Consequently, EBITDA registered a loss of EGP 15.1 million in 2Q18, compared to a gain of EGP 15.9 million during the same quarter last year. On a half-year basis, the company posted revenues of EGP 97.7 in 1H18, down 60% y-o-y from EGP 243.5 million posted in 1H17. 1H18 saw ARESCO sustain a loss at the EBITDA level of EGP 34.0 million, compared to a positive EBITDA of EGP 24.0 posted in 1H17. The company is aiming to boost its construction backlog, with several new contracts already in the pipeline.

Total Construction Backlog
(as at June 2018)





Sector Review: Agrifoods

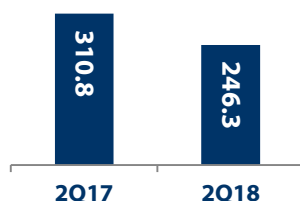
Agrifoods companies consolidated under parent company Gozour (multicategory agriculture and consumer foods) include Dina Farms and ICDP (Dina Farms' fresh dairy producer).



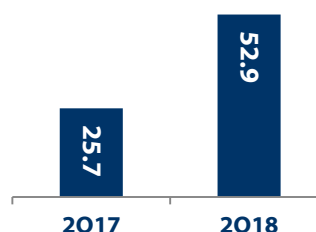
QALAA HOLDINGS OWNERSHIP — 54.9%

Gozour records a 106% y-o-y growth in EBITDA to EGP 52.9 million in 2Q18

Consolidated Gozour Revenues
(EGP mn)



Consolidated Gozour EBITDA
(EGP mn)



Gozour's consolidated revenues saw a y-o-y decline of 21% during the second quarter of 2018 to EGP 246.3 million from EGP 310.8 million in 2Q17 on the back of decreased agricultural sales at Dina Farms. On the other hand, consolidated EBITDA saw a remarkable 106% growth in 2Q18 compared to the same quarter last year, rising to EGP 52.9 million from EGP 25.7 million due to new higher-priced, diversified offerings at ICDP. On a six-month basis, consolidated revenues saw a 2% y-o-y rise to EGP 445.0 million from EGP 438.4 million, while consolidated EBITDA increased by 29% y-o-y to EGP 70.3 million in 1H18 from EGP 54.6 million in 1H17.

It is worth noting that Qalaa divested its stake in ACST (Dina Farms supermarket chain) at the end of 2017 with the transaction proceeds being fully utilized in settling some of ACST's liabilities.

Gozour Subsidiaries (EGP mn)	2Q17	2Q18	% chg	1H17	1H18	% chg
Dina Farms Revenues	198.5	191.9	(3%)	357.1	361.5	1%
Dina Farms EBITDA	58.3	37.5	(36%)	104.5	77.3	(26%)
ICDP Revenues (Fresh Dairy producer)	45.8	53.2	16%	86.6	105.8	22%
ICDP EBITDA	0.8	3.8	363%	2.7	10.1	278%

- Dina Farms** witnessed a 3% y-o-y drop in revenues to EGP 191.9 million in 2Q18 from EGP 198.5 million in the same quarter last year. This came on the back of a weaker performance in its agriculture segment due

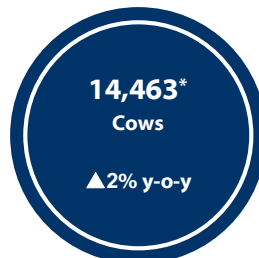
to a disease hitting the quarter's crop, combined and a decrease in raw milk production in line with the management's strategy to control supply during the winter and ramp-up production during the summer in order to take advantage of the latter season's typically low supply and higher prices. This resulted in a 7% y-o-y drop in raw milk sold to 19.9 thousand tons during 2Q18 from 21.5 thousand tons sold during the same quarter a year ago. Management is confident that the second half of 2018 will witness stronger results for Dina Farms. During the quarter, the company's EBITDA margin was weighed down by high feedstock prices, resulting in decreasing EBITDA of 36% y-o-y to EGP 37.5 million in 2Q18. On a six-month basis, Dina Farms revenues grew by 1% y-o-y to EGP 361.5 million while the company's EBITDA witnessed a 26% y-o-y decline to EGP 77.3 million.

- ICDP, which markets Dina Farms' fresh dairy produce, recorded an increase in revenues to EGP 53.2 million in the second quarter of 2018, up by 16% y-o-y from EGP 45.8 million in 2Q17. Growth came despite an overall slowdown in the juice and milk markets which resulted in a marginal decrease in SKUs volumes sold of 3% y-o-y to 3.2 thousand tons. The division's EBITDA grew more than fourfold to EGP 3.8 million in 2Q18 on the back of significantly expanded margins which were driven by higher prices and new diversified product offerings. In the first six months of 2018, the division's revenue increased by 22% y-o-y to EGP 105.8 million. Similarly, the division's EBITDA saw an impressive nearly threefold increase y-o-y to EGP 10.1 million from EGP 2.7 million in 1H17.

Dina Farms Sales (2Q18)



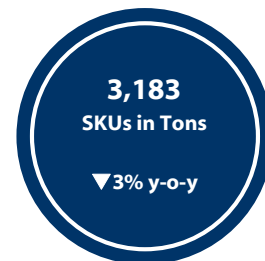
Dina Farms Total Herd (as at 30 June 2018)

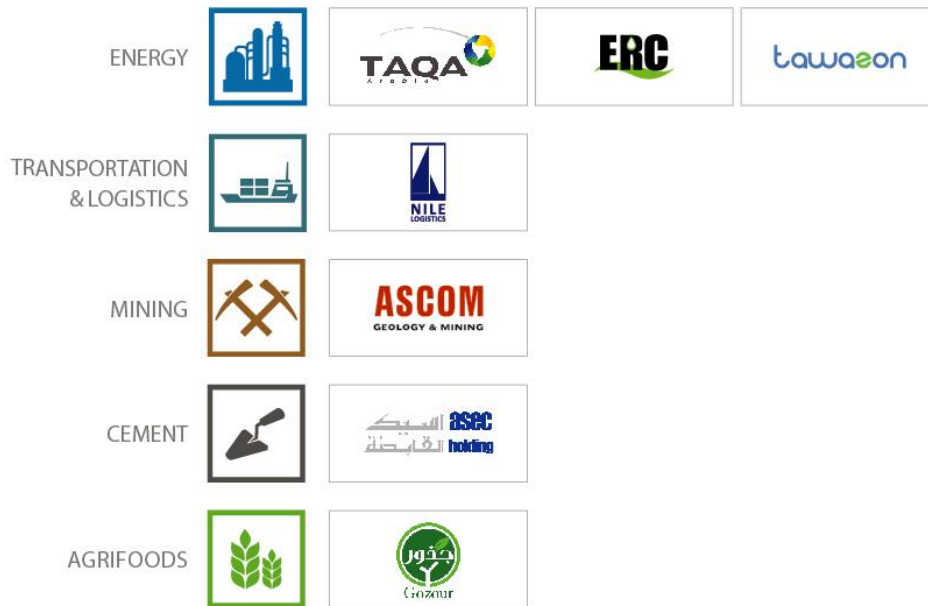


* Of which 7,116 are milking cows

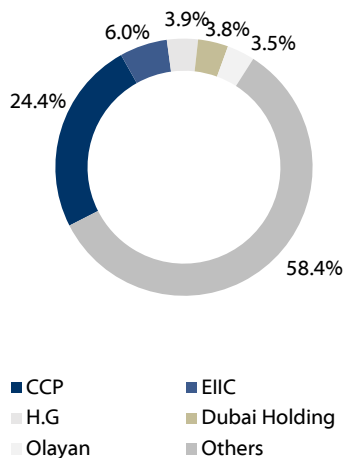
ICDP Sales (2Q18)

Dina Farms' fresh dairy producer

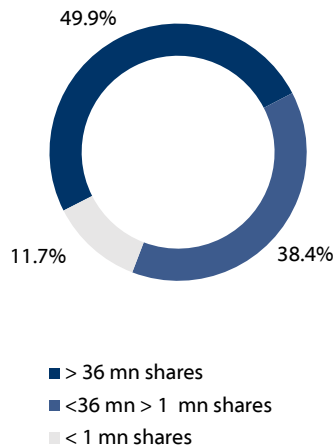



SHAREHOLDER STRUCTURE

(as at 31 Aug 2018)


SHAREHOLDER STRUCTURE

(as at 31 Aug 2018)


SHARE INFORMATION

CCAP.CA on the EGX

Number of Shares	1,820,000,000
Of which Preferred	401,738,649
Of which Common	1,418,261,351
Paid-in Capital	EGP 9.1 bn

INVESTOR RELATIONS CONTACTS

Mr. Amr El-Kadi
Head of Investor Relations
akadi@qalaaholdings.com
Tel: +20 2 2791-4440
Fax: +20 2 2791-4448

Mr. Tamer Darwish
Investor Relations Manager
tdarwish@qalaaholdings.com
Tel: +20 2 2791 4440
Fax: +20 2 2791-4448

Forward Looking Statements

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions, and beliefs of Qalaa Holdings. Such statements involve known and unknown risks, uncertainties and other factors, and 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 Qalaa Holdings may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Qalaa Holdings is subject to risks and uncertainties.

