

ELSEWEDY ELECTRIC Reports Q1 2019 Results Posting Double-Digit Growth in its Top Line to EGP 11.2 billion; Enhanced Contribution from Turnkey Projects

Q1 2019 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 11,223.5 million ▲ 12% y-o-y	EGP 1,809.6 million ▲ 5% y-o-y	EGP 1,374.7 million ▼ 12% y-o-y	EGP 957.2 million ▼ 32% y-o-y

ELSEWEDY ELECTRIC (SWDY.CA on the Egyptian stock exchange), the leading Wires & Cables and Integrated Energy Solution Provider in the Middle East and Africa, announces its consolidated financial results for the quarter ending 31 March, 2019, reporting revenues of EGP 11,223.5 million, up 12% year-on-year. The company's net profit after minority interest posted a 32% decrease to EGP 957.2 million, yielding a net profit margin of 8.5%.

Summary Income Statement

EGP (000)'s	Q1-2019	Q1-2018	% Change
Revenue	11,223,544	9,981,594	12%
Gross Profit	1,809,586	1,727,478	5%
<i>Gross Profit Margin</i>	16.1%	17.3%	
EBITDA	1,374.7	1,556.2	-12%
<i>EBITDA Margin</i>	12.2%	15.6%	
Net Income After Minority	957.2	1,402.5	-32%
<i>Net Income After Minority Margin</i>	8.5%	14.1%	

Financial Highlights

- **Revenues** returned to growth, increasing by 12% y-o-y to reach EGP 11,223,544 in Q1 2019. Top-line expansion was driven by the company's turnkey projects segment, whose revenues grew by 33% y-o-y. The company continues to enjoy steady growth at its core wires and cables segment, despite its declining contribution to total revenue.
- **Gross Profit** rose by 5% y-o-y to record EGP 1,809.6 million in Q1 2019, representing a decline of the gross profit margin by 1.2 percentage points to 16.1%.
- **SG&A** expense climbed by 15% y-o-y to EGP 593.0 million during the quarter, while SG&A as a percentage of sales grew marginally to 5.3% from 5.2% one year previously.

- **EBITDA** declined by 12% y-o-y to EGP 1,374.7 million in Q1 2019, with the EBITDA margin coming in at 12.2% versus 15.6% in Q1 2018 on the back of growing operating expenses and declining income from investments and other operating income, in addition to the 1.2 percentage-point fall in the gross profit margin during the period.
- **Net Profit after Minority Interest** amounted to EGP 957.2 million in Q1 2019, down from EGP 1,402.5 million one year previously. The company's net profit margin declined to 8.5% from 14.1% over the same period.
- **Net debt** remained net cash positive from the comparative period, decreasing further to negative EGP 531.1 million as at 31 March, 2019 from negative 12.0 million as at December 31, 2018.
- **Inventory** recorded EGP 8,703.2 million as at 31 March, 2019, down by 7% from EGP 9,334.1 million carried at 31 December, 2018. **Accounts receivable** increased by 17% q-o-q to register EGP 13,272.7 million as at 31 March, 2019, while **accounts payable** declined by 15% q-o-q to post EGP 4,048.4 million at the close of Q1 2019.

Note from Our CEO

The first quarter of 2019 saw Elsewedy Electric return to steady top-line growth after three consecutive quarters of contracting revenue during 2018, a year of normalization for the Company. Revenues expanded at a double-digit rate during the period, with the growth encompassing most of the Company's business segments and leaving us with a solid, diversified platform from which to pursue accelerated organic growth in the quarters ahead. Cost optimization and widening Elsewedy's geographic footprint will be management's priority for the remainder of the year and will be the engine driving Elsewedy Electric's ability to create value for its stakeholders in as sustainable a manner as possible.

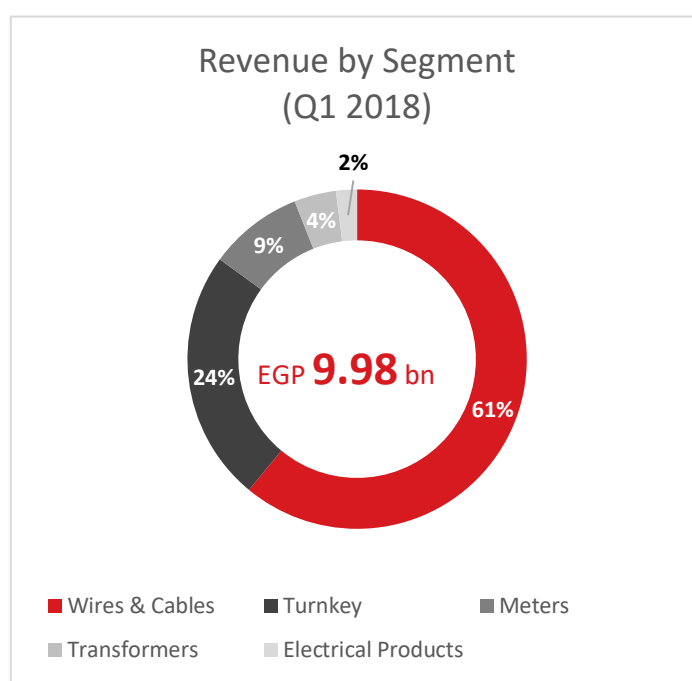
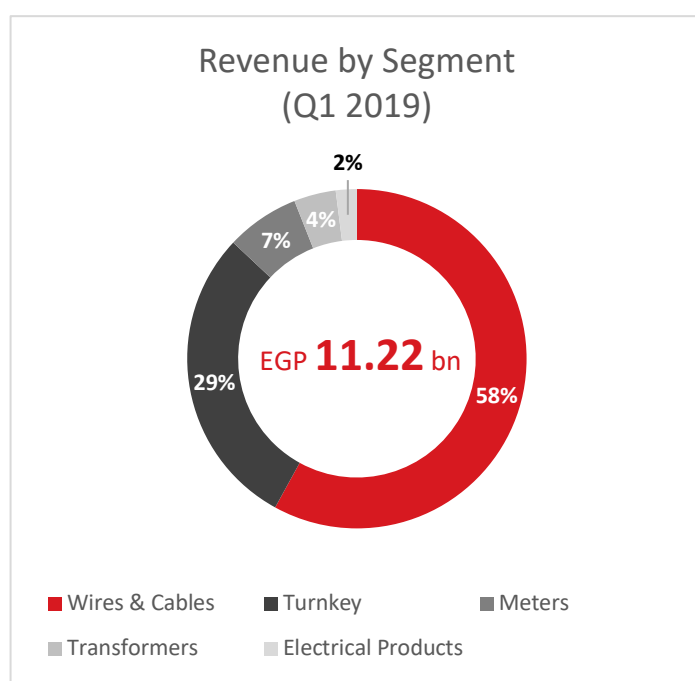
The Company's widening horizons promise to make 2019 a year of important progress. The quarter just ended leaves us with promising indications from our turnkey projects segment, which expanded at 33% year-on-year. This is an area where we are aggressively moving to deepen our international footprint, particularly across the rest of Africa, in the neighbouring GCC and in Asia. In a development that signifies our reputation for competitiveness and the high degree of trust we have laboured to build in international markets, Elsewedy Electric, in a consortium with Mitsubishi Hitachi Power Systems, has been awarded a contract to build a USD 550 million combined cycle power plant in the Emirate of Sharjah, United Arab Emirates. Al Layyah power plant is the second project we have been awarded in the UAE, joining the USD 300 million Aweer power plant which Elsewedy is currently constructing in the country. Further afield, we have completed registration of our Tanzanian joint venture with the Arab Contractors, the contract for which was signed at year-end 2018. Elsewedy Electric is on track and currently in the process mobilizing its assets and people for the construction of a hydroelectric dam and power station in Tanzania. We will continue doing our utmost to ensure that we efficiently capture a portion of the rising demand for infrastructure and power generation services in the emerging economies of the Middle East, Asia and Africa.

Ahmed El Sewedy

Revenue Analysis by Segment

Elsewedy Electric's flagship wires and cables segment generated the bulk of total revenues in the year to Q1 2019, contributing 58.1% to the company's top line (Q1 2018: 61.3%). Revenues from the turnkey projects segment saw their contribution to the top line climb during the period, recording 28.5% (Q1 2018: 24.1%). Meters generated 7.3% of total revenues in Q1 2019 (Q1 2018: 8.9%), while the contribution from transformers fell marginally to reach 3.8% (Q1 2018: 4.0%). Other electrical products brought in 2.3% of total revenues in Q1 2019, up from 1.7% one year previously.

Revenues from the wires and cables segment grew by 7% y-o-y to record EGP 6,518.6 million in Q1 2019. Despite its continued primacy in the company's top line, growth in wires and cables was subdued relative to the company's other business segments. Turnkey project revenues rose by 33% y-o-y to reach EGP 3,200.4 million in Q1 2019. Rapid growth in the segment comes after a 32% y-o-y decline in revenues in Q1 2018. Revenue from meters declined by 8% y-o-y to register EGP 813.7 million in Q1 2019, while the transformers segment expanded by 7% y-o-y to generate revenues of 431.8 million during the quarter. Other electrical products, while contributing the lowest to total revenue, saw the most rapid rate of growth during the period, recording an expansion of 52.6% y-o-y to book EGP 258.9 million in Q1 2019.

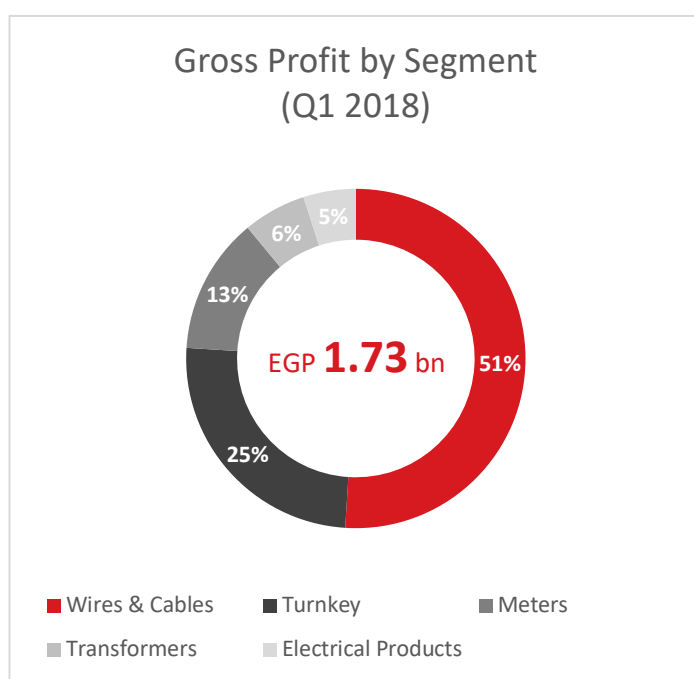
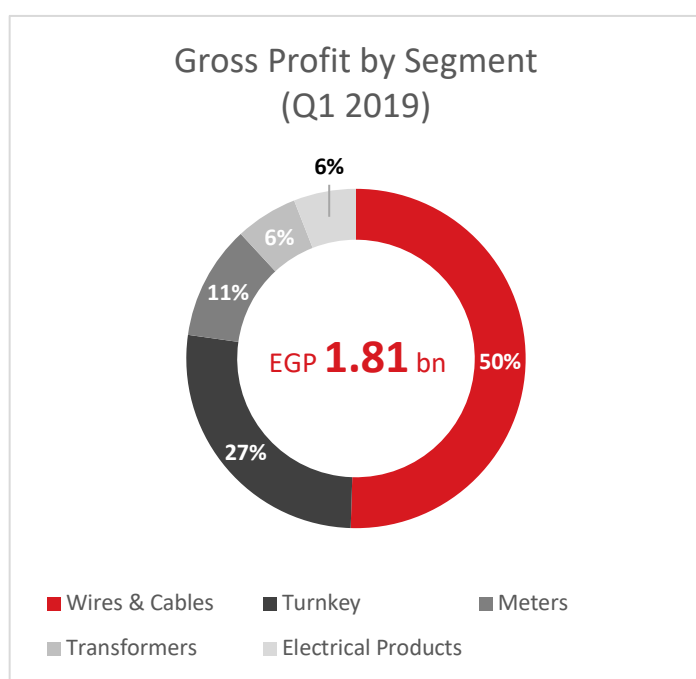


Summary of Revenues by Segment

EGP (000)'s	Q1-2019	Q1-2018	Change
Wires & Cables	6,518,601	6,114,900	6.6%
Turnkey Projects	3,200,446	2,405,975	33.0%
Meters	813,732	888,838	-8.4%
Transformers	431,836	402,213	7.4%
Other Electrical Products	258,929	169,668	52.6%
Total	11,223,544	9,981,594	12.4%

Gross Profit Analysis by Segment

Gross profit amounted to EGP 1,809.6 million in Q1 2019, an increase of 4.8% y-o-y driven primarily by the return to growth at the company's turnkey projects segment. Wires and cables generated a gross profit of EGP 914.3 million in Q1 2019, representing a contribution to company-level gross profit of 51%, unchanged from the same quarter last year. Turnkey projects booked a gross profit of EGP 481.6 million for Q1 2019, accounting for 27% of gross profit during the quarter compared to 25% one year previously. Gross profit from meters was down by 10.4% y-o-y to record EGP 199.8 million in Q1 2019, mirroring revenues from the segment and contributing 11% of company-level gross profit during the quarter versus 13% in Q1 2018. Transformers recorded a gross profit of EGP 111.2 million for Q1 2019, representing a y-o-y increase of 4% and an unchanged contribution to total gross profit of 6%.



Summary of Gross Profit by Segment

EGP (000)'s	Q1-2019	Q1-2018	Change
Wires & Cables	914,296	880,976	3.8%
Turnkey Projects	481,643	430,672	11.8%
Meters	199,836	223,037	-10.4%
Transformers	111,204	106,777	4.1%
Other Electrical Products	102,606	86,015	19.3%
Total	1,809,586	1,727,478	4.8%

Segments Overview

Wires & Cables Segment

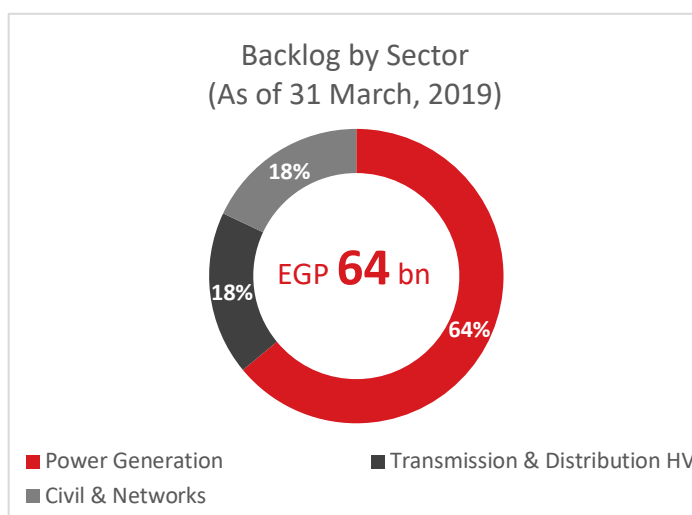
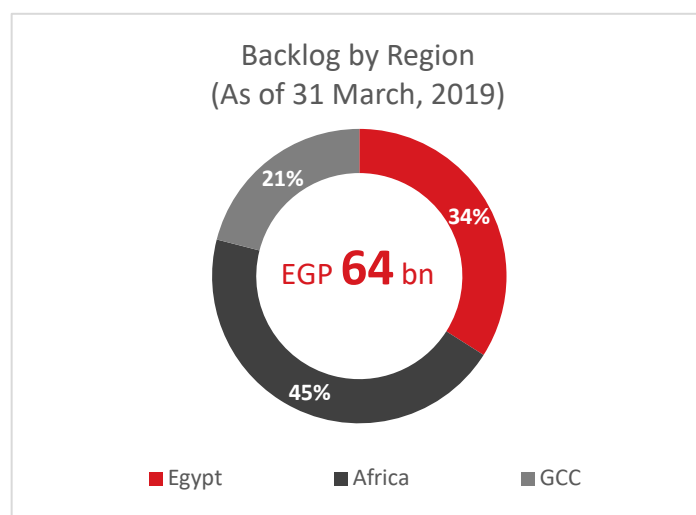
Wires & cables generated revenues of EGP 6,518.6 million in Q1 2019, up by 7% y-o-y. Segment growth was driven entirely by price during the period, with sales volumes declining by 2% y-o-y to record 33,097 tons in Q1 2019 versus 33,731 tons one year previously. Gross profit from the segment came in at EGP 914.3 million during the quarter, up by 4% y-o-y from EGP 881.0 Q1 2018. Having fallen to normalized levels over the previous quarters, gross profit per ton climbed steadily by 9% y-o-y to record EGP 22,477 in Q1 2019 (Q1 2018: 20,647). The segment booked a gross profit margin of 14.0% in Q1 2019, down from 14.4% during the same quarter of the previous year. Gross profit from the wires & cables segment constituted 51% of company-level gross profit in Q1 2019, a level unchanged from Q1 2018.

Wires & Cables Segment Financial Highlights

	Q1-2019	Q1-2018	Change
Revenues Before Intercompany Sales (EGP 000's)	9,265,029	9,389,129	-1%
Revenues After Intercompany Sales (EGP 000's)	6,518,601	6,114,899	7%
Gross Profit (EGP 000's)	914,296	880,976	4%
GP Margin Before Intercompany Sales	9.9%	9.4%	
GP Margin After Intercompany Sale	14.0%	14.4%	
Cables Sales Volumes (Tons)	33,097	33,731	-2%
Cables Gross profit per ton (EGP)	22,477	20,647	9%

Turnkey Projects

Turnkey projects recorded revenues of EGP 3,200.4 million in Q1 2019, up by 33.0% y-o-y.



Growth in the segment saw its contribution to total revenues climb to 28.5% in Q1 2019, up from 24.1% in Q1 2018. Backlog in the segment stood at EGP 64 billion for Q1 2019, an increase from the EGP 58 billion recorded during the previous quarter and the EGP 36 billion booked for Q1 2018. Gross profit from turnkey projects amounted to EGP 481.6 billion in Q1 2019, an increase of 12% y-o-y, while the segment's gross profit margin normalized by 2.9 percentage-points to 15.0%.

Meters Segment

Revenues from the meters segment declined by 8% y-o-y in Q1 2019, recording EGP 813.7 million. This constituted 7.3% of total quarterly revenues (Q1 2018: 8.9%). The decline in revenues came despite an increase in sales volumes over the period: 997,860 meters were sold in Q1 2019, up by 8% y-o-y from 920,170 meters sold in Q1 2018. Gross profit declined to EGP 199.8 million, down by 10% from the figure recorded in Q1 2018 and yielding a GPM of 24.6%. Gross profit per meter stood at EGP 200 for the quarter, a decline of 17% from the EGP 242 recorded one year previously.

**Meters Backlog
(As of 31 March, 2019)**

EUR **94** mn

Meters Segment Financial Highlights

	Q1-2019	Q1-2018	Change
Revenues Before Intercompany Sales (EGP 000's)	910,226	965,517	-6%
Revenues After Intercompany Sales (EGP 000's)	813,732	888,838	-8%
Gross Profit (EGP 000's)	199,836	223,037	-10%
GP Margin Before Intercompany Sales	22.0%	23.1%	
GP Margin After Intercompany Sale	24.6%	25.1%	
Sales Volumes (meters)	997,860	920,170	8%
Gross profit per meter (EGP)	200	242	-17%

Transformers Segment

Revenue from the Transformers segment expanded by 7% y-o-y to book EGP 431.8 million in Q1 2019. Segment growth was driven by a mix of price and volume factors, with volumes sold up by 3% y-o-y to 1,902 MVA. Gross profit from the segment climbed by 4% y-o-y to record EGP 111.2 million for the quarter, while the GPM declined by 0.7 percentage points during the period to record 25.8%.

**Transformers Backlog
(As of 31 March, 2019)**

USD **81** mn

Transformers Segment Financial Highlights

	Q1-2019	Q1-2018	Change
Revenues Before Intercompany Sales (EGP 000's)	502,668	459,230	10%
Revenues After Intercompany Sales (EGP 000's)	431,836	402,213	7%
Gross Profit (EGP 000's)	111,204	106,777	4%
GP Margin Before Intercompany Sales	22.1%	23.3%	
GP Margin After Intercompany Sale	25.8%	26.5%	
Sales Volumes (MVA)	1,902	1,841	3%
Gross profit per MVA (EGP)	48,572	57,993	-16%

Other Electrical Products

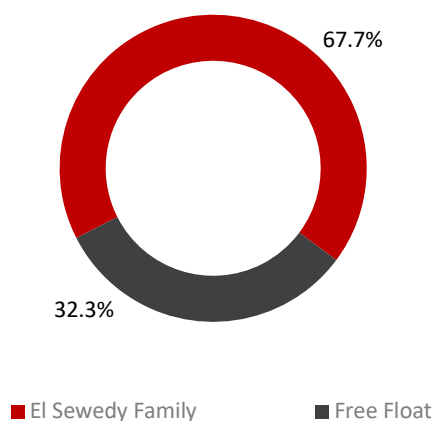
The other electrical products segment recorded revenues of EGP 258.9 million in Q1 2019, growing at a rapid 53% y-o-y and yielding a gross profit of EGP 102.6 million, up 19% and representing a GPM of 39.6%.

About Elsewedy Electric

Established in 1938 by the Elsewedy family, Elsewedy Electric has since grown to become a regional and tactically global integrated cables and electrical products manufacturer and a turn-key services provider with more than 14,000 employees working at 22 production facilities in 15 countries. Structured to face the challenges of the world's fastest growing markets and the complexity of the critical electricity industry, Elsewedy Electric capitalizes on its deep product and sector specialization and unprecedented insight into local markets. www.elsewedyelectric.com

Shareholders Structure

(as at 31 March, 2019)



Share Information

SWDY.CA on the EGX

Number of Shares	2,184,180,000
Share Price (31 Mar 2019)	EGP 15.75
Market Cap (31 Mar 2019)	EGP 34.4 bn

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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.

Consolidated Income Statement

EGP	Q1-2019	Q1-2018	Change
Sales			
Wires & Cables	6,518,601,212	6,114,899,301	
Electrical Products	1,504,496,965	1,460,719,074	
Turnkey Projects	3,200,445,859	2,405,975,133	
Total Sales	11,223,544,036	9,981,593,507	12%
COGS	(9,413,958,453)	(8,254,115,428)	
Gross Profit	1,809,585,583	1,727,478,079	5%
Gross Profit Margin	16.1%	17.3%	
SG&A	(593,049,509)	(515,265,098)	
Other Operating Income	31,130,538	85,434,481	
Other Operating Expense	(135,688,082)	(47,579,567)	
Income from Investments	91,629,119	152,868,669	
EBITDA	1,374,680,484	1,556,242,562	-12%
EBITDA Margin	12.2%	15.6%	
Depreciation & Amortization	(171,072,835)	(153,305,998)	
FX Gain / (Loss)	(14,810,727)	61,493,066	
EBIT	1,188,796,922	1,464,429,630	-19%
Interest Expense	(102,423,393)	(93,852,206)	
Interest Income	227,703,563	323,353,272	
Interest Income / (Expenses)	125,280,170	229,501,066	
EBT	1,314,077,092	1,693,930,696	-22%
Tax	(318,570,776)	(262,401,027)	
Net Income	995,506,316	1,431,529,669	
Minority Interest	(38,284,617)	(29,047,182)	
Net Income After Minority Interest	957,221,699	1,402,482,487	-32%

Consolidated Balance Sheet

EGP	31-03-18	31-12-18	31-03-19
Assets			
Long Term Assets			
Fixed Assets	4,760,318,407	5,842,598,123	5,952,750,656
Investments	1,381,984,175	1,337,379,690	1,374,810,177
Other long term Assets & Good will	632,408,421	302,558,414	323,030,842
Other Long Term Receivables	3,078,935,576	2,430,070,435	1,982,647,537
Total Long term Assets	9,853,646,579	9,912,606,662	9,633,239,212
Current Assets			
Inventories	7,880,297,469	9,334,088,479	8,703,231,497
Receivables	10,915,311,395	11,318,561,524	13,272,677,998
Other Debit balance	5,083,865,300	6,394,477,999	6,999,216,244
Due from Related Parties	643,903,628	483,068,527	543,478,811
Cash & Cash Equivalents	9,740,137,674	8,685,415,249	8,242,997,811
Total Current Assets	34,263,515,466	36,215,611,778	37,761,602,361
Total Assets	44,117,162,045	46,128,218,440	47,394,841,573
Liabilities			
Current Liabilities			
Bank Overdraft & Short Term loans	9,172,936,508	8,422,374,380	7,307,794,913
Accounts Payable	3,700,516,567	4,749,888,548	4,048,399,640
Other Credit balance	12,262,331,545	13,409,603,894	15,718,146,122
Due to Affiliates	432,989,636	356,209,224	336,731,274
Provisions	1,030,384,048	992,157,162	1,259,454,792
Total Current Liabilities	26,599,158,304	27,930,233,207	28,670,526,741
Equity			
Issued and Paid Capital	2,184,180,000	2,184,180,000	2,184,180,000
Retained Earnings	10,716,794,923	11,601,298,507	12,335,069,479
Others	1,818,787,854	1,835,766,332	1,708,940,860
Total Parent's Shareholders' Equity	14,719,762,777	15,621,244,839	16,228,190,339
Minority Interest	557,986,800	516,570,863	547,780,997
Total Equity	15,277,749,577	16,137,815,701	16,775,971,336
Long Term Loans	936,273,816	251,035,810	404,108,366
Other long term Liabilities	1,303,980,347	1,809,133,722	1,544,235,130
Total long term Liabilities	2,240,254,164	2,060,169,532	1,948,343,496
Total Liabilities & Equity	44,117,162,045	46,128,218,440	47,394,841,573