

ELSEWEDY ELECTRIC Reports 9M 2018 Results Posting Revenues of EGP 30.3 billion Yielding a Net Profit of EGP 3.5 billion

9M 2018 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 30,315.7 million ▼ 5.6% y-o-y	EGP 5,182.4 million ▼ 25.2% y-o-y	EGP 4,324.7 million ▼ 27.6% y-o-y	EGP 3,504.1 million ▼ 23.3% y-o-y

ELSEWEDY ELECTRIC (SWDY.CA on the Egyptian stock exchange), the Middle East and Africa's leading provider of Wires & Cables and Integrated Energy Solutions, reported today its consolidated financial results for the nine-month period ended 30 September, 2018, posting revenues of EGP 30,315.7, a drop of 5.6% year-on-year. Net profit after minority interest fell 23.3% year-on-year to EGP 3,504.1 million, representing a net profit margin of 11.6%.

Summary Income Statement

EGP (000)'s	Q3-2018	Q3-2017	% Change	9M 2018	9M 2017	% Change
Revenue	10,214,939	11,462,938	-10.9%	30,315,663	32,118,184	-5.6%
Gross Profit	1,777,951	2,260,264	-21.3%	5,182,367	6,930,753	-25.2%
Gross Profit Margin	17.4%	19.7%		17.1%	21.6%	
EBITDA	1,477,738	2,010,664	-27.6%	4,324,724	5,971,508	-27.6%
EBITDA Margin	14.5%	17.5%		14.3%	18.6%	
Net Income After Minority	1,129,564	1,556,764	-27.4%	3,504,075	4,567,114	-23.3%
Net Income After Minority Margin	11.1%	13.6%		11.6%	14.2%	

Financial Highlights

- **Revenues** stood at EGP 30,315.7 million in 9M 2018, a decline of 5.6% y-o-y, primarily due to decreasing revenues from turnkey projects.
- **Gross Profit** fell by a quarter year-on-year, posting EGP 5,182.4 million in 9M 2018, with an accompanying decline in the company's gross profit margin 4.5 percentage points to 17.1% during the period.
- **SG&A** expense increased slightly during 9M 2018, posting a 1.3% growth y-o-y to record EGP 1,543.1 million.
- **EBITDA** for the nine-month period came in at EGP 4,324.7 million, a slide of 27.6% y-o-y. The company's EBITDA margin decreased to 14.3% in 9M 2018 from 18.6% in 9M 2017.
- **Net Profit after Minority Interest** declined by 23.3% y-o-y to reach EGP 3,504.1 million. Elsewedy's net profit margin fell to 11.6% from 14.2% a year previously.

- **Net debt** fell by 35.5% quarter-on quarter to post EGP 931.1 million as at 30 September 2018 compared to EGP 1,443.6 million recorded on 30 June, 2018.
- **Inventories** rose 7.4% q-o-q to record EGP 8,677.2 million as of 30 September, 2018. **Accounts receivable** decreased by 8.5% q-o-q to post EGP 10,686.5 million by 30 September, 2018. **Accounts payable** grew 2.9% q-o-q to reach EGP 3,846.8 million as at 30 September, 2018.

Note from Our CEO

As we approach the final weeks of 2018, the team at Elsewedy Electric can begin to reflect on what has been a year of good progress for the company. The last nine months offered Elsewedy the opportunity to further cement our longstanding position as a regional leader in wires and cables and integrated energy solutions. The last nine months has been about putting each of our business segments on a more stable footing. Our core wires and cables business is providing the growth expected from a mature anchor segment as margins at our younger segments stabilize at normalized ranges. An exceptional 2017 did not lull us into complacency during 9M 2018, and we have worked hard to rationalize our operations and foster efficiencies in a manner that allows us to adapt to any market climate.

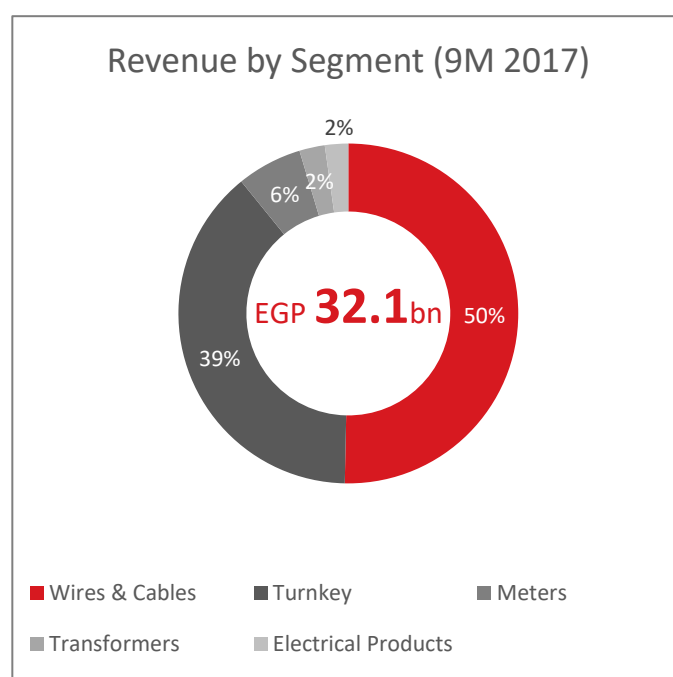
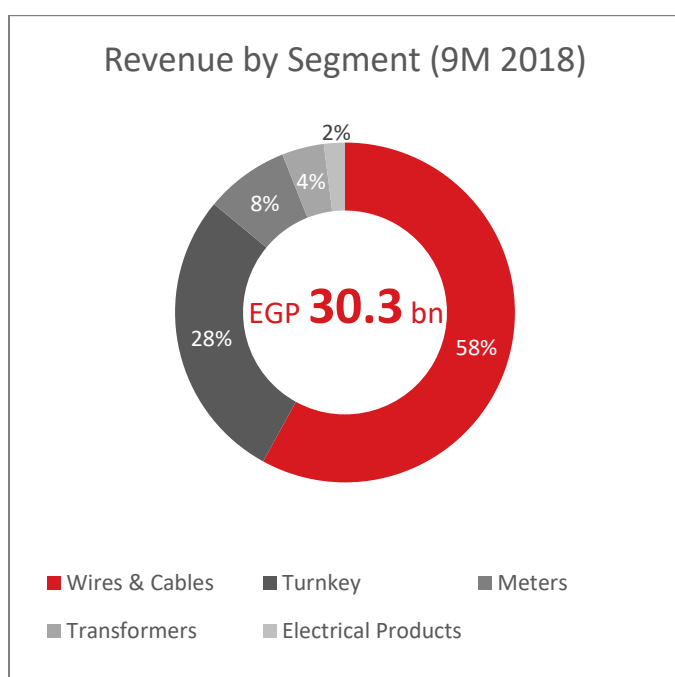
We have managed this re-orientation with an eye above all on ensuring sustainable value creation for Elsewedy's shareholders. The broad market fundamentals we face in our areas of operation bode well for our chances of meeting this objective. Demand for infrastructure investment continues to grow at a fast clip in the countries of the GCC as their governments seek to diversify away from hydrocarbons. Industrialization in the wider Middle East will ensure continued strong demand there as well, and Africa's emergence as an important component in global supply chains has led to a boom in infrastructure investment. Having secured our turnkey backlog for the coming two-and-a-half years, management is actively exploring the options for expansion, whether organically by extending our geographic reach, or through the synergies to be had by acquisitions. We expect that 2019 will be another successful chapter in our company's long history, with sustainable growth supported by the stabilizing efforts of the past nine months.

Ahmed El Sewedy

Revenue Analysis by Segment

Elsewedy's wires and cables business remains the company's core contributor to revenue, contributing 57.8% of total revenues during the first nine months of 2018, up from 50.3% during 9M 2017. Revenues from turnkey projects declined as a percentage of the total, falling to 28.2% in 9M 2018 from 38.8% in 9M 2017. Top-line contribution from meters grew slightly to 8.1% in 9M 2018 as against 6.2% in 9M 2017. The contribution from the transformers segment saw a similar increase, growing to 4.0% in 9M 2018 from 2.4% a year previously. Sales of other electrical products declined slightly as a percentage of total revenues, to 1.9% in 9M 2018 from 2.2% in 9M 2017

Revenues from Elsewedy's central wires and cables business continues to exhibit healthy growth, expanding at 8.4% y-o-y to post EGP 17,521.9 million in 9M 2018. Its turnkey projects segment contracted during the period, with revenues falling by 31.5% y-o-y to EGP 8,541.0 million in 9M 2018. Revenues from the meters segment grew significantly during the first nine months, posting a 22.8% y-o-y increase to post EGP 2,447.3 million for 9M 2018. The company's transformers segment was its fastest growing source of revenue in 9M18, jumping 57.5% y-o-y to record EGP 1,225.5 million during 9M 2018.

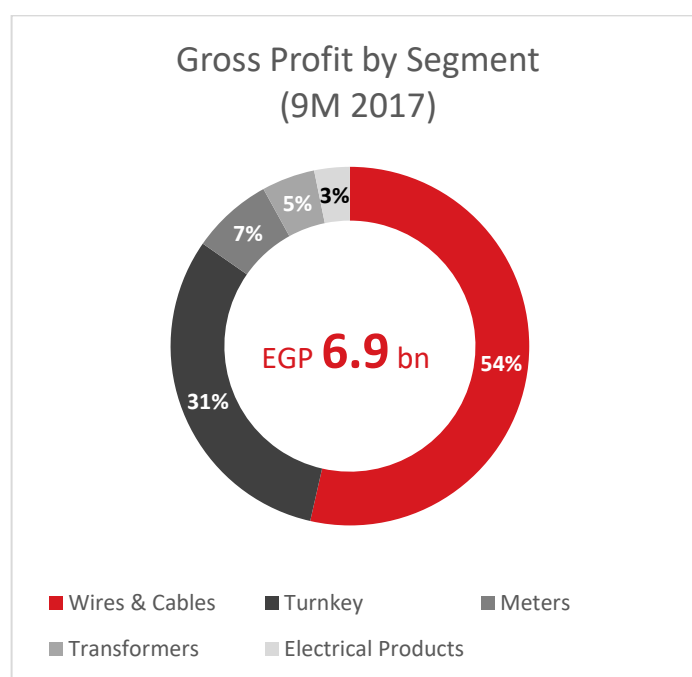
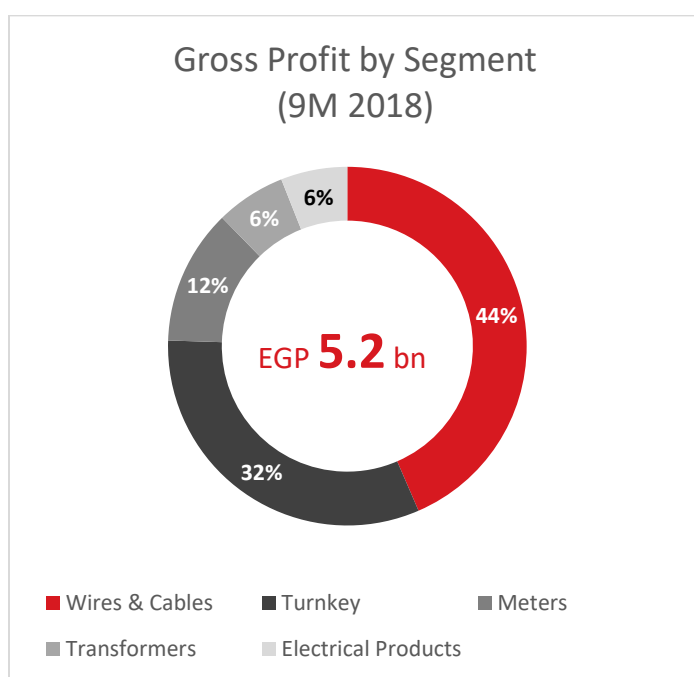


Summary of Revenues by Segment

EGP (000)'s	Q3-2018	Q3-2017	% Change	9M-2018	9M-2017	% Change
Wires & Cables	5,589,740	5,776,905	-3.2%	17,521,852	16,165,503	8.4%
Turnkey Projects	3,156,028	4,465,516	-29.3%	8,541,033	12,468,471	-31.5%
Meters	741,314	597,406	24.1%	2,447,303	1,992,893	22.8%
Transformers	442,656	350,850	26.2%	1,225,453	777,898	57.5%
Electrical Products	285,201	272,261	4.8%	580,022	713,419	-18.7%
Total	10,214,939	11,462,938	-10.9%	30,315,663	32,118,184	-5.6%

Gross Profit Analysis by Segment

Consolidated gross profit for the first nine months of 2018 came in at EGP 5,182.4 million, down 25.2% decline from EGP 6,930.8 million posted during 9M 2017. The decline in overall gross profitability was largely a consequence of a fall in gross profit from the wires and cables segment. Gross profit from this core segment, which formed 43.5% of total gross profit in 9M 2018, fell 39.3% during the period to EGP 2,253.0 million. Turnkey projects brought in a gross profit of EGP 1,659.0 million during 9M18, down by 23.1% from 9M 17 and composing 32.0% of total gross profit. The meters segment saw its gross profit increase by one-quarter year-on-year, recording EGP 632.3 million in 9M 2018. Meters contributed 12.2% of total gross profit in 9M 2018, up from 7.3% in 9M17 and representing the largest increase in contribution among the company's segments. Gross profit from transformers stood at EGP 329.0 million in 9M18, a slight decrease of 1.6% y-o-y on its level from the same period last year, representing an increased contribution of 6.3% to total gross profit. Other electrical products recorded a gross profit of EGP 309.2 million, the largest y-o-y increase for any segment at 39.5%, and saw its contribution to total gross profit inch up to 6.0%.



Summary of Gross Profit by Segment

EGP (000)'s	Q3-2018	Q3-2017	% Change	9M-2018	9M-2017	% Change
Wires & Cables	653,696	938,903	-30.4%	2,252,957	3,709,941	-39.3%
Turnkey Projects	691,361	941,962	-26.6%	1,658,987	2,157,790	-23.1%
Meters	178,984	148,923	20.2%	632,297	507,205	24.7%
Transformers	130,774	120,973	8.1%	328,947	334,177	-1.6%
Electrical Products	123,136	109,503	12.4%	309,179	221,640	39.5%
Total	1,777,951	2,260,264	-21.3%	5,182,367	6,930,753	-25.2%

Segments Overview

Wires & Cables Segment

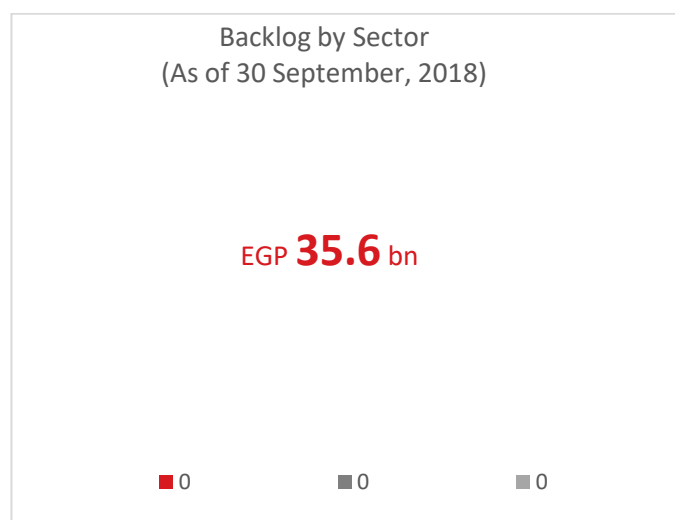
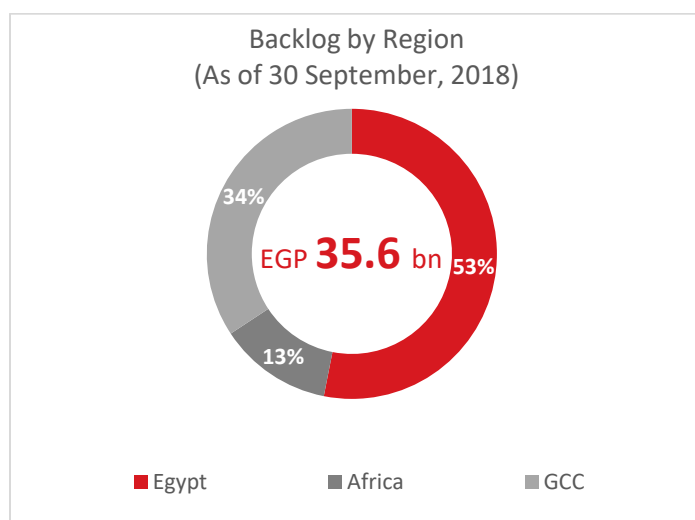
Elsewedy's primary wires & cables segment recorded revenues of EGP 17,521.9 million during 9M 2018, up 8% y-o-y from EGP 16,165.5 million in 9M 2017. The increase was steered entirely by upward movement in prices, with volumes sold growing only marginally from 89,379 tons in 9M 2017 to 89,681 tons in 9M 2018. Gross profit from the segment fell 39% y-o-y, posting EGP 2,253.0 for 9M 2018. This came as gross profit per ton contracted by 35% during the period, returning to a normalized level of EGP 18,560 per ton in 9M 2018. The segment's gross profit margin stood at a commensurately reduced 12.9% for 9M 2018, having stood at 22.9% during the same period last year.

Wires & Cables Segment Financial Highlights

	Q3-2018	Q3-2017	% Change	9M-2018	9M-2017	% Change
Revenues Before Intercompany Sales (EGP 000's)	8,684,541	8,409,618	3%	26,673,459	24,516,034	9%
Revenues After Intercompany Sales (EGP 000's)	5,589,740	5,776,905	-3%	17,521,852	16,165,503	8%
Gross Profit (EGP 000's)	653,696	938,903	-30%	2,252,957	3,709,941	-39%
GP Margin Before Intercompany Sales	7.5%	11.2%		8.4%	15.1%	
GP Margin After Intercompany Sale	11.7%	16.3%		12.9%	22.9%	
Sales Volumes (Tons)	26,530	26,895	-1%	89,681	89,379	0%
Gross profit per ton (EGP)	17,326	26,653	-35%	18,560	28,718	-35%

Turnkey Projects

Turnkey projects generated revenues of EGP 8,541.0 million during 9M 2018, a 31.5% decline from the EGP 12,468.5 million posted during 9M 2017.



Revenues from turnkey projects declined as a percentage of Elsewedy's consolidated top-line, falling to 28.2% in 9M 2018 from 38.8% in 9M 2017. Backlog in the segment stood at EGP 35.6 billion on 30 September, 2018, up from its level of EGP 34.5 billion as at 30 June, 2018. Gross profit from turnkey projects declined by 23.1% y-o-y to record EGP 1,659.0 million. The segment's gross profit margin expanded to 19.4% in 9M 2018, having stood at 17.3% in 9M 2017.

Meters Segment

Revenues from the meters segment expanded at an impressive rate during the period, growing 23% y-o-y to post EGP 2,447.3 in 9M 2018 against the EGP 1,992.9 million recorded in 9M 2017. This represented 8.1% of Elsewedy's total top-line in 9M 2018, up from 6.2% in the same period last year. As in wires and cables, growth in the segment was buoyed exclusively by higher prices, with volumes sold growing just 1% y-o-y to 2,852,362 meters during 9M 2018. Gross profit from meters grew more rapidly than revenues from the segment, climbing 25% y-o-y to reach EGP 632.3 million in 9M18 on the back of an increase in gross profit per meter to EGP 222 from EGP 180 in 9M 2017.

Meters Backlog (As of 30 September, 2018)

EUR **104** mn

Meters Segment Financial Highlights

	Q3-2018	Q3-2017	% Change	9M-2018	9M-2017	% Change
Revenues Before Intercompany Sales (EGP 000's)	809,874	636,742	27%	2,644,069	2,088,431	27%
Revenues After Intercompany Sales (EGP 000's)	741,314	597,406	24%	2,447,303	1,992,893	23%
Gross Profit (EGP 000's)	178,984	148,923	20%	632,297	507,205	25%
GP Margin Before Intercompany Sales	22.1%	23.4%		23.9%	24.3%	
GP Margin After Intercompany Sale	24.1%	24.9%		25.8%	25.5%	
Sales Volumes (meters)	964,989	709,785	36%	2,852,362	2,822,291	1%
Gross profit per meter (EGP)	185	210	-12%	222	180	23%

Transformers Segment

Elsewedy's fastest-growing segment remains transformers, from which revenues climbed 58% y-o-y to EGP 1,225.5 million during 9M 2018. This growth was built on a 40% y-o-y expansion in volumes sold, which jumped to 5,580 MVA in 9M 2018 from 3,990 MVA during the same period last year. The segment saw a minor decline in gross profit, which fell 2% y-o-y to post EGP 329.0 million. The first nine months of 2018 saw the segment's gross profit margin contract to 26.8% from 43.0% in 9M 2017, a regression to the segment's normalized GPM range.

Transformers Backlog (As of 30 September, 2018)

USD **97** mn

Transformers Segment Financial Highlights

	Q3-2018	Q3-2017	% Change	9M-2018	9M-2017	% Change
Revenues Before Intercompany Sales (EGP 000's)	513,555	369,919	39%	1,376,660	938,032	47%
Revenues After Intercompany Sales (EGP 000's)	442,656	350,850	26%	1,225,453	777,898	58%
Gross Profit (EGP 000's)	130,774	120,973	8%	328,947	334,177	-2%
GP Margin Before Intercompany Sales	25.5%	32.7%		23.9%	35.6%	
GP Margin After Intercompany Sale	29.5%	34.5%		26.8%	43.0%	
Sales Volumes (MVA)	1,867	1,683	11%	5,580	3,990	40%
Gross profit per MVA (EGP)	69,814	71,860	-3%	58,947	83,750	-30%

Other Electrical Products

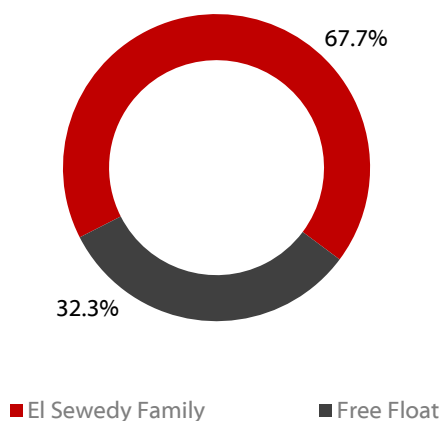
Revenues from sales of other electrical products fell 18.7% y-o-y to post EGP 580.0 million in 9M18. The segment's gross profit grew at a rapid 39.5% y-o-y during the period, recording EGP 309.2 million on the back of a 22 percentage-point growth in the segment's gross margin to 53.3% in 9M 2018 compared to 31.1% in 9M 2017.

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 10,000 employees working at 30 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 30 September, 2018)



Share Information*

SWDY.CA on the EGX

Number of Shares	2,184,180,000
Share Price (30 Sep 2018)	EGP 17.56
Market Cap (30 Sep 2018)	EGP 38.4 bn

**On 27 September 2018, Elsewedy Electric implemented a ten-for-one stock split which brought the number of shares to 2.18 billion from 218.4 and reduced the par value of the stock to EGP 1.0 from EGP 10.0.*

Investor Relations Contact Information:

Mr. Tarek Yehia, Investor Relations Manager

Email: tarek.yehia@elsewedy.com

Address: Plot 27, 1st District, 5th Settlement, New Cairo.

Tel: +202 27599700 – 701

Fax: +202 27599731

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	Q3-2018	Q3-2017	Change	9M-2018	9M-2017	Change
Sales						
Wires & Cables	5,589,739,950	5,776,905,118		17,521,852,288	16,165,503,086	
Electrical Products	1,469,170,977	1,220,517,261		4,252,777,591	3,484,209,842	
Turnkey Projects	3,156,028,443	4,465,515,574		8,541,032,695	12,468,471,135	
Total Sales	10,214,939,370	11,462,937,953	-11%	30,315,662,575	32,118,184,063	-6%
COGS	(8,436,988,585)	(9,202,674,385)		(25,133,295,986)	(25,187,430,934)	
Gross Profit	1,777,950,785	2,260,263,568	-21%	5,182,366,589	6,930,753,129	-25%
Gross Profit Margin	17.4%	19.7%	-12%	17.1%	21.6%	-21%
SG&A	(510,092,838)	(342,062,233)		(1,543,053,897)	(1,523,154,803)	
Other Operating Income	112,117,075	62,685,545		241,924,314	432,305,706	
Other Operating Expense	(188,577,828)	(281,290,677)		(471,764,323)	(709,349,564)	
Income from Investments	120,624,318	153,096,766		439,399,910	414,868,220	
EBITDA	1,477,738,003	2,010,664,344	-27%	4,324,724,383	5,971,507,695	-28%
EBITDA Margin	14.5%	17.5%	-18%	14.3%	18.6%	-23%
Depreciation & Amortization	(165,716,491)	(157,971,375)		(475,851,790)	(426,085,007)	
FX Gain / (Loss)	1,341,641	(213,451,474)		(76,805,365)	111,749,298	
EBIT	1,313,363,153	1,639,241,495	-20%	3,772,067,228	5,657,171,986	-33%
Interest Expense	(87,598,264)	(74,908,474)		(260,442,729)	(396,277,007)	
Interest Income	243,907,674	338,032,680		895,007,220	422,077,861	
Interest Income / (Expenses)	156,309,410	263,124,206		634,564,491	25,800,854	
EBT	1,469,672,563	1,902,365,701	-23%	4,406,631,719	5,682,972,840	-22%
Tax	(306,578,212)	(323,328,804)		(828,166,413)	(1,050,258,266)	
Net Income	1,163,094,351	1,579,036,897	-26%	3,578,465,306	4,632,714,574	-23%
Minority Interest	(33,529,823)	(22,273,174)		(74,390,071)	(65,600,248)	
Net Income After Minority Interest	1,129,564,528	1,556,763,723	-27%	3,504,075,235	4,567,114,326	-23%

Consolidated Balance Sheet

EGP	31-12-17	30-06-18	30-09-18
Assets			
Long Term Assets			
Fixed Assets	4,723,555,823	5,312,335,521	5,660,854,277
Investments	1,243,216,097	989,906,563	1,176,318,779
Other Long Term Assets & Good will	654,890,203	397,904,475	369,784,982
Other Long Term Receivables	3,486,374,869	2,748,765,669	2,820,199,698
Total Long Term Assets	10,108,036,992	9,448,912,228	10,027,157,736
Current Assets			
Inventories	7,818,948,364	8,080,384,194	8,677,174,839
Receivables	12,006,589,372	11,684,127,314	10,686,502,701
Other Debit balance	2,872,604,585	5,384,436,260	6,123,249,802
Due from Related Parties	548,573,297	514,519,221	450,752,273
Cash & Cash Equivalents	9,072,732,756	9,976,768,882	8,351,279,894
Total Current Assets	32,319,448,374	35,640,235,871	34,288,959,509
Total Assets	42,427,485,367	45,089,148,099	44,316,117,245
Liabilities			
Current Liabilities			
Bank Overdraft & Short Term loans	8,390,195,283	10,368,068,927	9,188,917,556
Accounts Payable	3,139,495,170	3,737,190,074	3,846,789,307
Other Credit balance	13,247,452,036	13,004,701,526	13,018,387,647
Due to Affiliates	371,383,820	366,956,821	293,455,547
Provisions	1,030,717,996	1,096,723,349	1,095,823,004
Total Current Liabilities	26,179,244,305	28,573,640,697	27,443,373,061
Equity			
Issued and Paid Capital	2,184,180,000	2,184,180,000	2,184,180,000
Retained Earnings	9,429,130,905	9,449,705,432	10,397,994,017
Others	1,899,112,874	1,905,680,462	1,899,792,507
Total Parent's Shareholders' Equity	13,512,423,779	13,539,565,894	14,481,966,524
Minority Interest	643,304,985	570,571,012	616,596,074
Total Equity	14,155,728,764	14,110,136,906	15,098,562,598
Long Term Liabilities			
Long Term Loans	1,179,333,318	1,052,259,896	93,473,591
Other Long Term Liabilities	913,178,979	1,353,110,600	1,680,707,995
Total Long Term Liabilities	2,092,512,297	2,405,370,496	1,774,181,586
Total Liabilities & Equity	42,427,485,367	45,089,148,099	44,316,117,245