ELSEWEDY ELECTRIC Reports solid H1 2017 performance with a two-fold increase in revenues to EGP 20.7 billion and double-digit growth of net profit to EGP 3.0 billion; proposed dividend of EGP 8 per share

H1 2017 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 20,655.2 million ▲ 95.7% y-o-y	EGP 4,670.5 million ▲ 94.1% y-o-y	EGP 3,963.8 million ▲ 85.3% y-o-y	EGP 3,010.4 million ▲ 84.6% 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 six-month period ending 30 June, 2017, reporting revenues of EGP 20,655.2 million, up 95.7% year-on-year. Revenue gains filtered down to the company's bottom-line with net profit after minority interest posting strong double-digit growth to EGP 3,010.4 million, yielding a net profit margin of 14.6%.

Summary Income Statement

EGP (000)'s	Q2-2017	Q2-2016	% Change	H1-2017	H1-2016	% Change
Revenue	**10,870,475**	**5,860,253**	***85.49%***	**20,655,246**	**10,553,672**	***95.7%***
Gross Profit	**2,145,930**	**1,464,532**	***46.53%***	**4,670,490**	**2,406,815**	***94.1%***
Gross Profit Margin	***19.7%***	***25.0%***		***22.6%***	***22.8%***	
EBITDA	**1,855,179**	**1,332,490**	***39.23%***	**3,963,799**	**2,139,334**	***85.3%***
EBITDA Margin	***17.1%***	***22.7%***		***19.2%***	***20.3%***	
Net Income After Minority	**1,501,406**	**873,433**	***71.90%***	**3,010,351**	**1,630,942**	***84.6%***
Net Income After Minority Margin	***13.8%***	***14.9%***		***14.6%***	***15.5%***	

Financial Highlights

- **Revenue** increased by 95.7% y-o-y to EGP 20,655.2 million in H1 2017, mainly driven by its wires & cables and turnkey projects segments, as well as the translation into local currency of international and export revenues denominated in foreign currencies. The translation effect was particularly pronounced in the wake of the 3 November 2016 float of the Egyptian pound.
- **Gross Profit** recorded a 94.1% y-o-y increase to EGP 4,670.5 million in H1 2017, with a slight reduction in gross profit margin of less than 200 basis points.
- **SG&A** stood at EGP 1,181.1 million in H1 2017, representing 5.7% of sales compared to EGP 561.9 million in H1 2016, representing 5.3% of sales.
- **EBITDA** came in at EGP 3,963.8 million in H1 2017, up 85.3% y-o-y and with an EBITDA margin of 19.2% compared to 20.3% in H1 2016. This amount includes an impairment reversal of EGP 279.5 million following the

company's divestment from its Syrian-based holdings, including Elsewedy Cables-Syria, Elsewedy Electric-Syria and SedPlast Syria.

- **FX gains** increased by 68.6% y-o-y to EGP 325.2 million in H1 2017 and includes FX gains of EGP 214 million related to the company's divestment of its Syrian-based holdings.
- **Net Profit after Minority Interest** recorded an 84.6% y-o-y increase in H1 2017 to stand at EGP 3,010.4 million compared to the EGP 1,630.9 million posted in the same period last year. Meanwhile, net profit margin recorded 14.6% versus 15.5% last year.
- **Net debt** as at 30 June, 2017 stood at EGP 3,300.4 million, down by 13.7% q-o-q compared to the EGP 3,823.2 million posted on 31 March, 2017.
- **Inventory** fell slightly q-o-q, recording EGP 7,652.0 million as at 30 June, 2017, down 6.1% compared to the EGP 8,149.8 million carried at 31 March, 2017. Meanwhile, the company's total account receivables stood at EGP 12,351.2 million at the close of H1 2017, up 6.9% q-o-q compared to the previous close of EGP 11,555.2 million. Payables remained almost unchanged q-o-q, posting EGP 2,315.4 million as at 30 June, 2017, down 0.1% versus EGP 2,316.7 million as at 31 March, 2017.

Note from Our CEO

Elsewedy has repeatedly demonstrated its capacity to deliver positive results and consistent growth, even at the height of macroeconomic uncertainty. Our performance during the first half of 2017 wasn't any different - we nearly doubled our revenues without any significant impact on our profitability margins, and cemented our position as a leading provider of integrated energy solutions.

We are operating at a time during which regional demand for our services is at an all-time high. Population growth, increased pressure to develop adequate infrastructure and the growing desire to modernise the industrial and manufacturing sectors, is driving pent-up demand for power generation and distribution networks. With a reputation for quality and a solid foundation built on decades of experience, Elsewedy electric is ideally positioned to capture the upside. We are already seeing rapid growth in our turnkey business for generation capacities across our footprint, including the Gulf Cooperation Council (GCC), Middle East and African markets.

Meanwhile on the local front, a government-led push to rapidly develop the Egyptian power generation market will see us leverage our core wires and cables and turnkey competencies to extract higher value further up the chain. We are already delivering on-the-ground results, having recently signed an engineering, procurement and construction (EPC) contract with the Egyptian Electricity Transmission Company (EETC) for two 500 kV electricity transmission lines in Upper Egypt with a total length of 356 km. With the government maintaining a steady reform course, including the lifting of energy subsidies and recently approved natural gas act, we expect similar deregulatory measures in the transmission and distribution market and a multitude of potential investment opportunities.

Ultimately, we are aware that the key to our past achievements and future success lies in our people. Our market leadership and operational strategy are built on the continuous development of our human resources capacities. To that end, we are continually investing in core competencies through multiple development and cross-functional programs. We are also constantly on the lookout for talented professionals and specialized experts who can breathe new ideas and innovations into our organization.

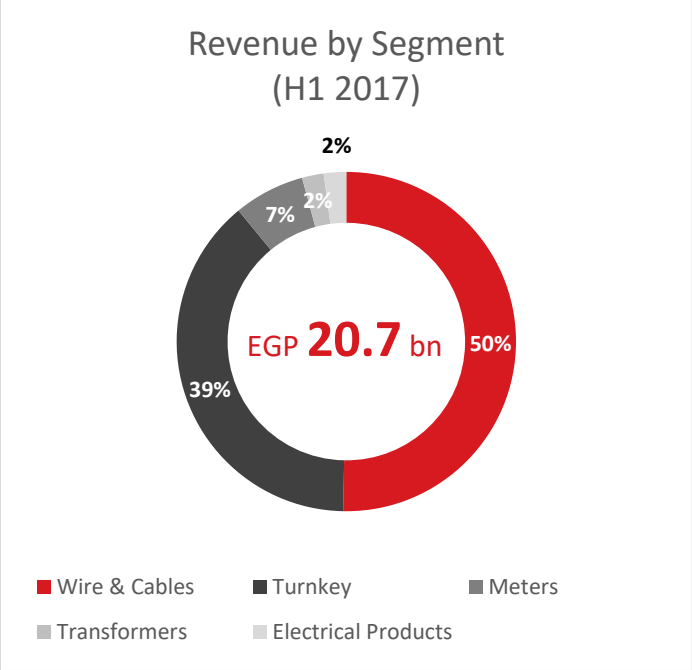
In parallel, we recognise our responsibility to the communities in which we do business and believe that the advancement of any society lies in the quality of its education. To this end, we have placed the provision of vocational training and education at the forefront of our CSR programs, and are actively investing in primary education and the Elsewedy Technical Academy to train the next generation of Egypt's skilled labour.

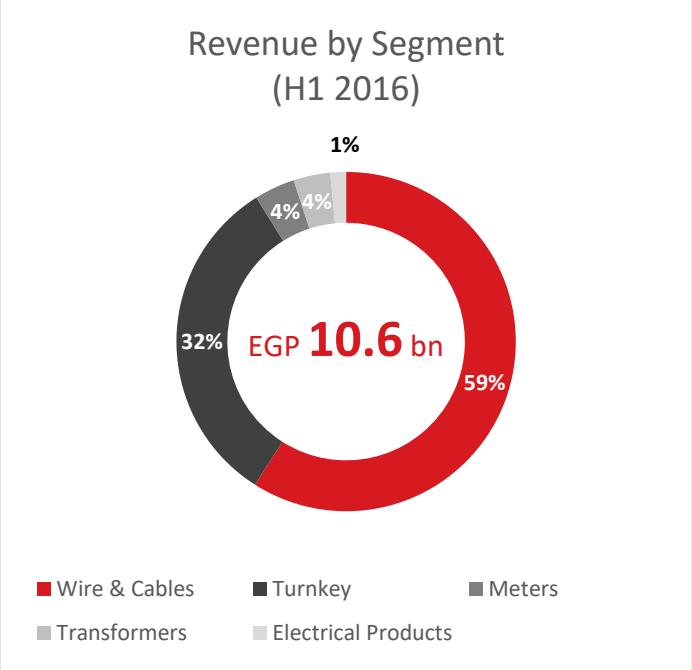
Ahmed El Sewedy

Revenue Analysis by Segment

The wires & cables segment was the largest contributor to total revenue at 50.3% (H1 2016: 59.0%) followed by the turnkey projects segment, at 38.7% of total revenue (H1 2016: 32.1%). Meters, Transformers and Electrical Products collectively contributed 11.0% of revenue (H1 2016: 8.9%) with meters contributing 6.8% (H1 2016: 3.9%), transformers contributing 2.1% (H1 2016: 3.5%) and Electrical Products moving down one place and contributing the least to total revenue at 2.1% of revenue (H1 2016: 1.5%).

Revenue growth in the first half of 2017 was dominated by the turnkey projects segment, which grew by 136.2% y-o-y to reach EGP 8,003.0 million and contributing 45.7% to total revenue growth in absolute terms. Wires & cables followed closely, recording a y-o-y growth of 66.8% to EGP 10,388.6 million and contributing 41.2% of total revenue growth in absolute terms. Meters recorded the highest y-o-y growth at 240.7% to EGP 1,395.5 million, translating to a contribution of 9.8% to absolute growth. Meanwhile, the other electrical products segment turned a solid 179.4% y-o-y growth in sales to EGP 441.2 million. The transformers segment recorded the slowest growth in H1 2017, rising 15.5% y-o-y to EGP 427.0 million.





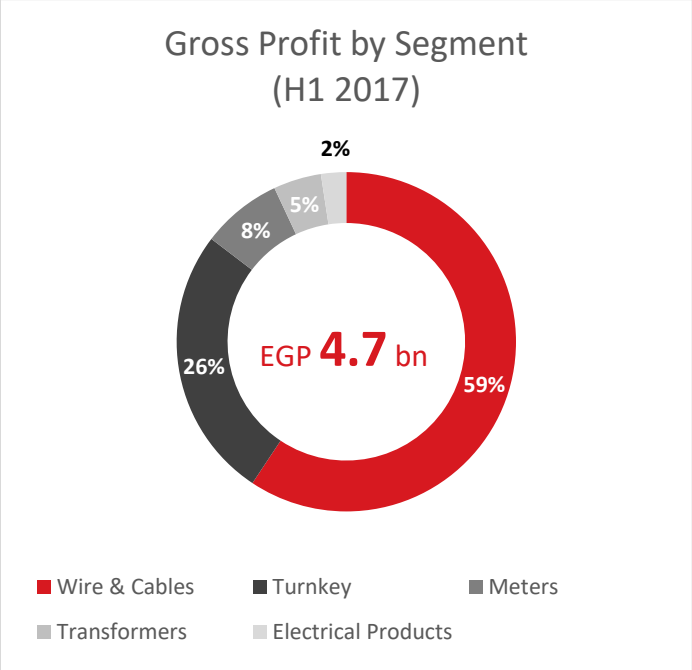
Summary of Revenues by Segment

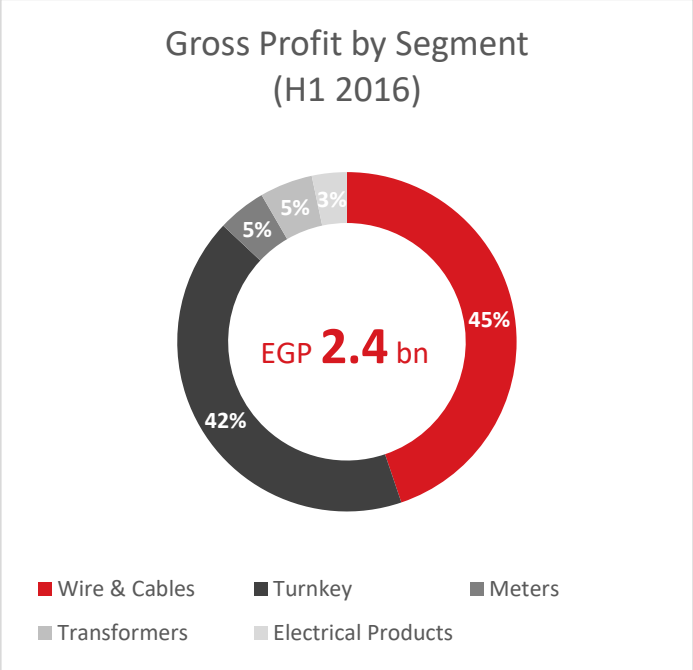
EGP (000)'s	Q2-2017	Q2-2016	% Change	H1-2017	H1-2016	% Change
Wires & Cables	5,204,489	3,263,890	*59.5%*	10,388,598	6,228,041	*66.8%*
Turn Key Projects	4,454,385	2,134,361	*108.7%*	8,002,956	3,388,339	*136.2%*
Meters	770,742	209,361	*268.1%*	1,395,487	409,548	*240.7%*
Transformers	225,407	179,777	*25.4%*	427,048	369,842	*15.5%*
Other Electrical Products	215,451	72,864	*195.7%*	441,158	157,903	*179.4%*
Total	**10,870,475**	**5,860,253**	**85.5%**	**20,655,246**	**10,553,672**	**95.7%**

Gross Profit Analysis by Segment

Gross profit for the six-month period ending 30 June, 2017 stood at EGP 4,670.5 million, representing a y-o-y growth of 94.1%. Growth was primarily driven by the Wires & Cables segment, which recorded a 157.0% y-o-y growth and contributed 74.8% to gross profit growth in absolute terms. The company's gross profit margin (GPM) stood at 22.6% in H1 2017 compared to 22.8% in H1 2016, representing a contraction of less than 200 basis points.

Both wires & cables and the transformers segment experienced margin expansion at 9.4 and 17.0 percentage points respectively. However, the transformers segment's low contribution to total revenue (H1 2017: 2.1%) translated into minimal impact of its GPM growth and was offset by decreasing margins in the company's other business segments. Meanwhile, GPM for the turnkey segment recorded 15.2% compared to 30.0% in H1 2016. Gross profit from meters came in at EGP 358.3 million, up 222.0% y-o-y and contributing 7.7% to the company's total gross profit in H1 2017. Meanwhile, the other electrical products segment booked a gross profit of EGP 112.1 million, a 39.9% y-o-y increase, despite incurring the highest GPM contraction of 25.3 percentage points to 25.4%.





Summary of Gross Profit by Segment

EGP (000)'s	Q2-2017	Q2-2016	% Change	H1-2017	H1-2016	% Change
Wires & Cables	1,125,128	585,833	*92.1%*	2,771,038	1,078,283	*157.0%*
Turn Key Projects	654,301	723,010	*-9.5%*	1,215,828	1,015,486	*19.7%*
Meters	218,687	59,697	*266.3%*	358,283	111,279	*222.0%*
Transformers	106,723	57,102	*86.9%*	213,204	121,621	*75.3%*
Other Electrical Products	41,091	38,890	*5.7%*	112,136	80,146	*39.9%*
Total	**2,145,930**	**1,464,532**	**46.5%**	**4,670,490**	**2,406,815**	**94.1%**

Segments Overview

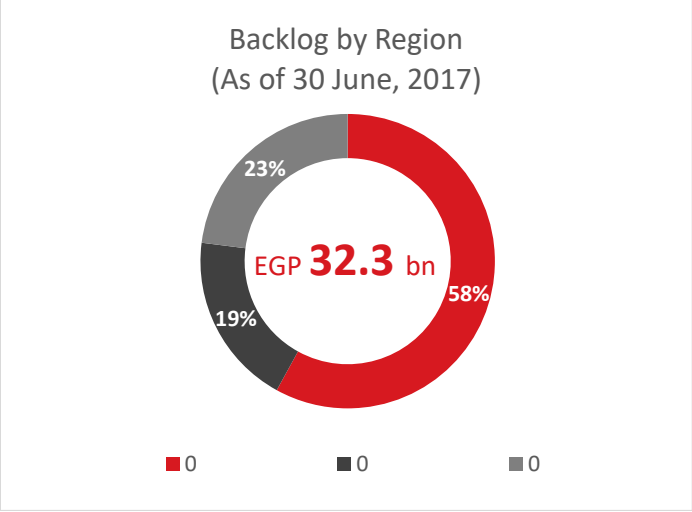
Wires & Cables Segment

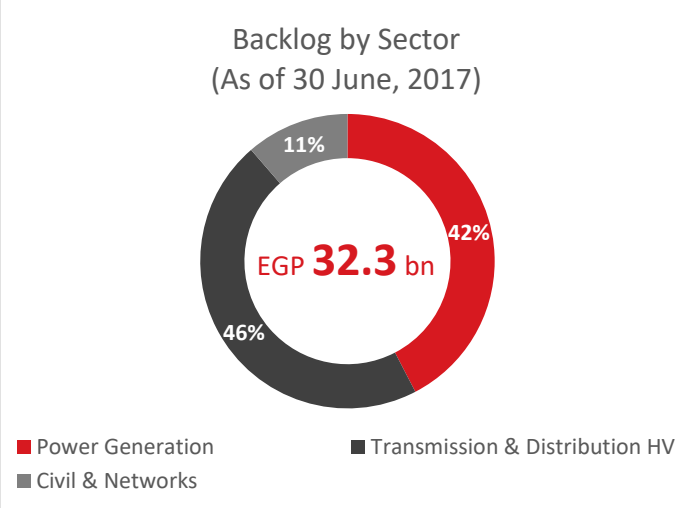
Revenues from the wires & cables segment stood at EGP 10,388.6 million in H1 2017, up 66.8% y-o-y with revenue growth being predominantly price-driven. The segment's sales volume declined 27.7% y-o-y with a total of 62,485 tons sold in H1 2017 compared to 86,428 tons in the same period last year. The wires & cables segment witnessed a marked improvement in gross profit that outpaced revenue growth, recording a 157.0% y-o-y increase in H1 2017 to EGP 2,771.0 million. Gross profit growth came as the segment significantly expanded margins, with gross profit per ton witnessing an almost four-fold increase to EGP 29,607 in H1 2017 versus EGP 8,531 in H1 2016. The segment recorded a GPM of 26.7% in H1 2017, an expansion of 9.4 percentage points, and contributed 59.3% to the company's total gross profit compared to 44.8% in the same period last year.

Wires & Cables Segment Financial Highlights

	Q2-2017	Q2-2016	Change	H1-2017	H1-2016	Change
Revenues Before Intercompany Sales (EGP 000's)	**7,913,181**	**4,627,153**	***71%***	**16,106,417**	**9,225,290**	***75%***
Revenues After Intercompany Sales (EGP 000's)	**5,204,489**	**3,263,890**	***59%***	**10,388,598**	**6,228,041**	***67%***
Gross Profit (EGP 000's)	**1,125,128**	**585,833**	***92%***	**2,771,038**	**1,078,283**	***157%***
GP Margin Before Intercompany Sales	*14.2%*	*12.7%*		*17.2%*	*11.7%*	
GP Margin After Intercompany Sales	*21.6%*	*17.9%*		*26.7%*	*17.3%*	
Cables Sales Volumes (Tons)	**29,458**	**43,209**	***-32%***	**62,485**	**86,428**	***-28%***
Cables Gross profit per ton (EGP)	28,169	9,557	*195%*	29,607	8,531	*247%*

Turnkey Projects





The turnkey projects segment was the main driver of the company's top-line growth and continues to record impressive growth period-on-period, posting revenues of EGP 8,003.0 million in H1 2017, up 136.2% y-o-y.

The segment's share in revenue contribution is steadily increasing, standing at 38.7% in H1 2017 compared to 32.1% during the same period last year, and was the largest contributor to the company's revenue growth in absolute terms in H1 2017 at 45.7%. Improved performance is due to the company's ability to grow its backlog, standing at EGP 32.3

billion the majority of which is from overseas projects denominated in foreign currency. Gross profit from the segment reached EGP 1,215.8 million in H1 2017, up 19.7% y-o-y, and with a GPM of 15.2% versus 30.0% in H1 2016.

Meters Segment

The meters segment recorded the highest growth in H1 2017 climbing 240.7% y-o-y in H1 2017 to EGP 1,395.5 million, and contributing 6.8% to total revenues for the period (H1 2016: 3.9%) and 9.8% to total revenue growth in absolute terms. Segment growth was driven by both price and volume, with total sales standing at 2,096,706 meters in H1 2017 compared to the 1,543,008 meters sold in H1 2016. Gross profit mirrored revenue growth and recorded a 222.0% y-o-y increase in H1 2017 to EGP 358.3 million, yielding a GPM of 25.7%. Gross profit per meter was EGP 171, up 139.3% y-o-y compared to the EGP 71 in H1 2016.

Meters Backlog (As of 30 June, 2017)

EUR 112 mn

Meters Segment Financial Highlights

	Q2-2017	Q2-2016	Change	H1-2017	H1-2016	Change
Revenues Before Intercompany Sales (EGP 000's)	**797,485**	**216,164**	***269%***	**1,451,690**	**419,005**	***246%***
Revenues After Intercompany Sale (EGP 000's)	**770,742**	**209,361**	***268%***	**1,395,487**	**409,548**	***241%***
Gross Profit (EGP 000's)	**218,687**	**59,697**	***266%***	**358,283**	**111,279**	***222%***
GP Margin Before Intercompany Sales	*27.4%*	*27.6%*		*24.7%*	*26.6%*	
GP Margin After Intercompany Sales	*28.4%*	*28.5%*		*25.7%*	*27.2%*	
Sales Volume (Meters)	**1,141,209**	**779,171**	***46%***	**2,096,706**	**1,543,008**	***36%***
Gross profit per meter (EGP)	189	75	*151%*	171	71	*139%*

Transformers Segment

Revenues from the transformers segment grew 15.5% y-o-y in H1 2017 to EGP 427.0 million as higher prices offset a 19.2% y-o-y decline in volumes. At the gross profit level, growth outpaced revenues posting a 75.3% y-o-y increase to EGP 213.2 million in H1 2017 on the back of a 17 percentage-point expansion in GPM to 49.9%.

Transformers Backlog (As of 3O June, 2017)

USD 48 mn

Transformers Segment Financial Highlights

	Q2-2017	Q2-2016	Change	H1-2017	H1-2016	Change
Revenues Before Intercompany Sales (EGP 000's)	**299,411**	**181,505**	***65%***	**568,113**	**374,115**	***52%***
Revenues After Intercompany Sales (EGP 000's)	**225,407**	**179,777**	***25%***	**427,048**	**369,842**	***15%***
Gross Profit (EGP 000's)	**106,723**	**57,102**	***87%***	**213,204**	**121,621**	***75%***
GP Margin Before Intercompany Sales	*35.6%*	*31.5%*		*37.5%*	*32.5%*	
GP Margin After Intercompany Sales	*47.3%*	*31.8%*		*49.9%*	*32.9%*	
Sales Volumes (MVA)	**1,162**	**1,246**	***-7%***	**2,307**	**2,854**	***-19%***
Gross profit per MVA (EGP)	91,867	45,893	*100%*	92,428	42,734	*116%*

Other Electrical Products

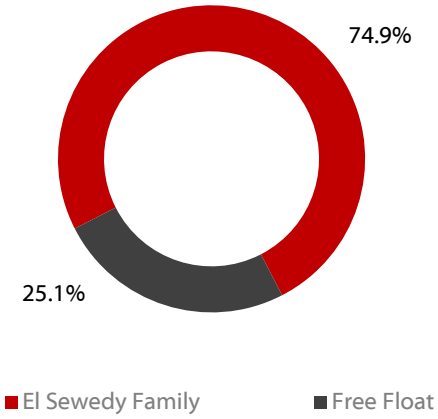
The other electrical products segment recorded revenues of EGP 441.2 million in H1 2017, up 179.4% y-o-y, with gross profit growing 39.9% y-o-y to EGP 112.1 million.

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 12,000 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 June, 2017)



Share Information

SWDY.CA on the EGX	
Number of Shares	218,418,000
Share Price (30 June 2017)	EGP 93.93
Market Cap (30 June 2017)	EGP 20.5 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	Q2-2017	Q2-2016	Change	H1-2017	H1-2016	Change
Sales						
Wires & Cables	5,204,488,953	3,263,890,146	*59%*	10,388,597,968	6,228,040,725	*67%*
Electrical Products	1,211,600,925	462,001,807	*162%*	2,263,692,580	937,292,578	*142%*
Turnkey Projects	4,454,384,648	2,134,361,078	*109%*	8,002,955,561	3,388,338,809	*136%*
Total Sales	**10,870,474,526**	**5,860,253,031**	***85%***	**20,655,246,109**	**10,553,672,112**	***96%***
COGS	(8,724,544,590)	(4,395,720,660)	*98%*	(15,984,756,549)	(8,146,856,921)	*96%*
Gross Profit	**2,145,929,936**	**1,464,532,371**	***47%***	**4,670,489,560**	**2,406,815,191**	***94%***
Gross Profit Margin	**19.74%**	**24.99%**		**22.61%**	**22.81%**	
SG&A	(672,329,663)	(264,023,061)	*155%*	(1,181,092,570)	(561,949,166)	*110%*
Other Operating Income	331,443,273	37,714,817		369,620,161	66,778,625	
Other Operating Expense	(243,053,751)	(70,899,036)		(428,058,887)	(90,754,417)	
Income from Investments	149,536,897	85,955,829		261,771,454	144,786,724	
EBITDA	**1,855,178,956**	**1,332,490,108**	***39%***	**3,963,798,914**	**2,139,333,989**	***85%***
EBITDA Margin	**17.07%**	**22.74%**		**19.19%**	**20.27%**	
Depreciation & Amortization	(143,652,264)	(79,209,188)		(271,069,196)	(173,657,032)	
FX Gain / (Loss)	319,964,957	(74,208,097)		325,200,772	192,838,665	
EBIT	**2,031,491,649**	**1,179,072,823**	***72%***	**4,017,930,490**	**2,158,515,622**	***86%***
Interest Expense	(149,851,136)	(103,276,982)	*45%*	(321,368,533)	(168,643,906)	*91%*
Interest Income	33,062,214	33,417,841	*-1%*	84,045,181	64,382,244	*31%*
Interest Income / (Expenses)	**(116,788,922)**	**(69,859,141)**	**67%**	**(237,323,352)**	**(104,261,662)**	**128%**
EBT	**1,914,702,727**	**1,109,213,682**	**73%**	**3,780,607,138**	**2,054,253,960**	**84%**
Tax	(399,768,319)	(216,173,295)		(726,929,462)	(393,486,419)	
Net Income	**1,514,934,408**	**893,040,387**	**70%**	**3,053,677,676**	**1,660,767,541**	**84%**
Minority Interest	(13,528,340)	(19,607,413)		(43,327,074)	(29,825,424)	
Net Income After Minority Interest	**1,501,406,068**	**873,432,974**	**72%**	**3,010,350,602**	**1,630,942,117**	**85%**

Consolidated Balance Sheet

EGP	31-12-16	31-03-17	30-06-17
Assets			
Long Term Assets			
Fixed Assets	4,358,661,645	4,532,986,896	4,621,992,447
Investments	1,276,350,446	1,388,384,558	1,052,783,777
Other long term Assets & Good will	277,204,873	339,049,973	319,075,537
Other Long Term Receivables	3,867,394,013	3,579,786,132	2,931,864,427
Total Long term Assets	**9,779,610,977**	**9,840,207,559**	**8,925,716,188**
Current Assets			
Inventories	6,085,344,359	8,149,806,566	7,651,985,807
Receivables	10,428,542,123	11,555,170,133	12,351,178,445
Other Debit balance	3,059,174,357	6,042,509,183	3,043,834,598
Due from Related Parties	663,680,218	622,880,715	1,081,395,203
Cash & Cash Equivalents	8,522,476,523	7,431,012,479	6,619,564,911
Total Current Assets	**28,759,217,580**	**33,801,379,076**	**30,747,958,964**
Total Assets	**38,538,828,557**	**43,641,586,635**	**39,673,675,152**
Liabilities			
Current Liabilities			
Bank Overdraft & Short Term loans	9,797,606,073	9,792,251,887	8,341,447,545
Accounts Payable	3,140,412,300	2,316,692,835	2,315,407,275
Other Credit balance	10,304,328,520	15,344,648,569	11,615,420,480
Due to Affiliates	376,577,012	370,345,456	480,940,053
Provisions	1,179,508,175	1,180,176,445	1,168,938,021
Total Current Liabilities	**24,798,432,080**	**29,004,115,192**	**23,922,153,374**
Equity			
Issued and Paid Capital	2,234,180,000	2,234,180,000	2,184,180,000
Retained Earnings	6,589,888,570	7,159,376,983	8,255,788,025
Others	2,160,994,632	2,333,800,958	2,294,195,341
Total Parent's Shareholders' Equity	**10,985,063,202**	**11,727,357,941**	**12,734,163,366**
Minority Interest	584,496,934	589,288,544	596,684,094
Total Equity	**11,569,560,136**	**12,316,646,485**	**13,330,847,460**
Long Term Loans	1,420,570,790	1,462,004,889	1,578,488,655
Other long term Liabilities	750,265,551	858,820,069	842,185,663
Total long term Liabilities	**2,170,836,341**	**2,320,824,958**	**2,420,674,318**
Total Liabilities & Equity	**38,538,828,557**	**43,641,586,635**	**39,673,675,152**