ELSEWEDY ELECTRIC Reports Q1 2017 Results Posting a 108% Y-o-Y Increase in Revenues to EGP 9.8 billion; Top-line Gains Carried Down to the Bottom-line with Net Profit Recording a Two-fold Increase to EGP 1.5 billion in Q1 2017

Q1 2017 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 9,784.7 million	EGP 2,524.6 million	EGP 2,108.6 million	EGP 1,508.9 million
▲ 108.5% y-o-y	▲ 168.0% y-o-y	▲ 161.3% y-o-y	▲ 99.2% 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, 2017, reporting revenues of EGP 9,784.8 million, up 108.5% year-on-year. Revenue gains filtered down to the company's bottom-line with net profit after minority interest posting an almost two-fold increase to EGP 1,508.9 million, yielding a net profit margin of 15.4%.

Summary Income Statement

EGP (000)'s	Q1-2017	Q1-2016	*% Change*
Revenue	**9,784,772**	**4,693,419**	***108.5%***
Gross Profit	**2,524,560**	**942,283**	***168.0%***
Gross Profit Margin	***26.0%***	***20.1%***	
EBITDA	**2,108,619**	**806,844**	***161.3%***
EBITDA Margin	***21.6%***	***17.2%***	
Net Income After Minority	**1,508,945**	**757,509**	***99.2%***
Net Income After Minority Margin	***15.4%***	***16.1%***	

Financial Highlights

- **Revenues** increased 108.5% y-o-y to EGP 9,784.8 million in Q1 2017, with the company continuing to benefit from both organic growth, particularly at 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 168.0% y-o-y increase to EGP 2,524.6 million in Q1 2017, with an almost six percentage-point expansion in gross profit margin to 26.0%.

- **SG&A** for the quarter stood at EGP 508.8 million in Q1 2017, up 71.0% y-o-y. However, as a percentage of sales SG&A declined to 5.2% in Q1 2017 compared to 6.3% in the same period last year.
- **EBITDA** came in at EGP 2,108.6 million in Q1 2017, up an impressive 161.3% y-o-y and with an EBITDA margin of 21.6% compared to 17.2% in Q1 2016.
- **Net Profit after Minority Interest** recorded a 99.2% y-o-y increase in Q1 2017 to stand at EGP 1,508.9 million compared to the EGP 757.5 million posted in the same period last year. Meanwhile, net profit margin recorded 15.4% versus 16.1% last year as the company had booked an FX gain of EGP 267.0 million Q1 2016 compared to a gain of EGP 5.2 million in Q1 2017.
- **Net debt** as at 31 March, 2017 recorded EGP 3,823.2 million, up by 41.8% compared to the EGP 2,695.7 million posted on 31 December, 2016.
- **Inventory** continued to grow q-o-q, recording EGP 8,149.8 million as at 31 March, 2017, up 33.9% compared to the EGP 6,085.3 million carried at 31 December, 2016. Meanwhile, the company's **total account receivables** stood at EGP 21,177.5 million at the close of Q1 2017, up 22.0% q-o-q compared to the previous close of EGP 17,355.1 million. Similarly, **accounts payable** also recorded growth in-line with working capital components, posting EGP 17,661.3 million as at 31 March, 2017, up 31.4% versus year-end 2016 figure of EGP 13,444.7.

Note from Our CEO

We continued in the first quarter to build on the strong momentum we gained by capitalizing on the Egyptian government's economic reform program. The new macroeconomic picture has significantly enhanced our export competitiveness and is now providing a solid foundation on which to deliver double- and triple-digit growth on both the top- and bottom-lines. I am increasingly optimistic that we will be able to sustain this performance through year's end across the group's business lines.

As an export-driven and multi-country corporation, we are also continuously exploring opportunities to expand our footprint beyond our home market. The months ahead will see us push forward a regional and global expansion strategy to allow us to better capitalize on our price competitiveness and reputation for quality. This will include both growth in exports and entry to new markets for all our business segments across Africa, the GCC and Latin America.

In parallel, the year ahead will see us take concrete steps to further institutionalize our business. We are already working to develop our human resources department and have made significant investment in the automation of our finance function. To build a truly global business, we need to continue to adopt world-class corporate governance practices and will roll out several initiatives in the months ahead.

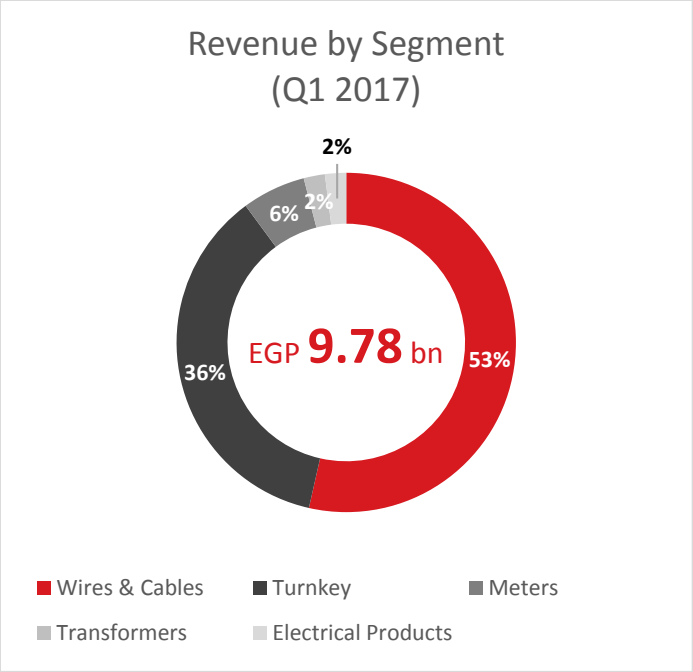
I cannot think of a more exciting time to be in our business and transacting across our footprint. Heading into the second half of the year, we will continue to deliver sustainable long-term growth and generate superior risk-adjusted returns for our shareholders.

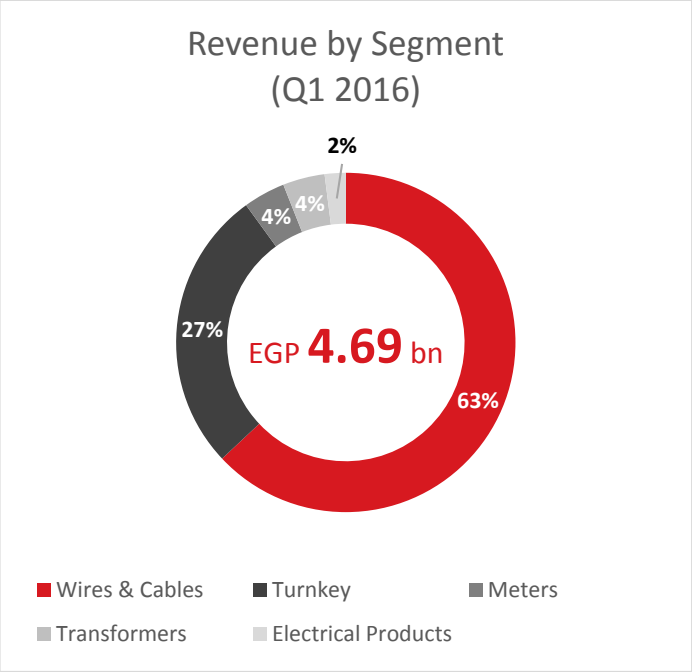
Ahmed El Sewedy

Revenue Analysis by Segment

The largest contributors to revenues in Q1 2017 continued to be weighed toward the wires & cables segment at 53.0% (Q1 2016: 63.2%) and the turnkey projects segment at 36.3% (Q1 2016: 26.7%). Revenues from the meters contributed 6.4% to the company's top-line in Q1 2017 (Q1 2016: 4.3%), the transformers at 2.1% (Q1 2016: 4.0%), while other electrical products remained somewhat unchanged at 2.0%.

Revenue growth in the first quarter of 2017 was equally driven by the wires & cables, up 75.0% y-o-y to EGP 5,184.1 million, and the turnkey projects segment which climbed 183.0% y-o-y to EGP 3,548.6 million; with each segment contributing 44.0% and 45.0% to total revenue growth in absolute terms. Meanwhile, the meters segment turned a solid 212.1% y-o-y growth in sales to EGP 624.7 million in Q1 2017, while other electrical products recorded 165.4% y-o-y increase to EGP 225.7 million. The transformers segment recorded the slowest growth in Q1 2017, rising only 6.1% y-o-y to EGP 201.6 million.





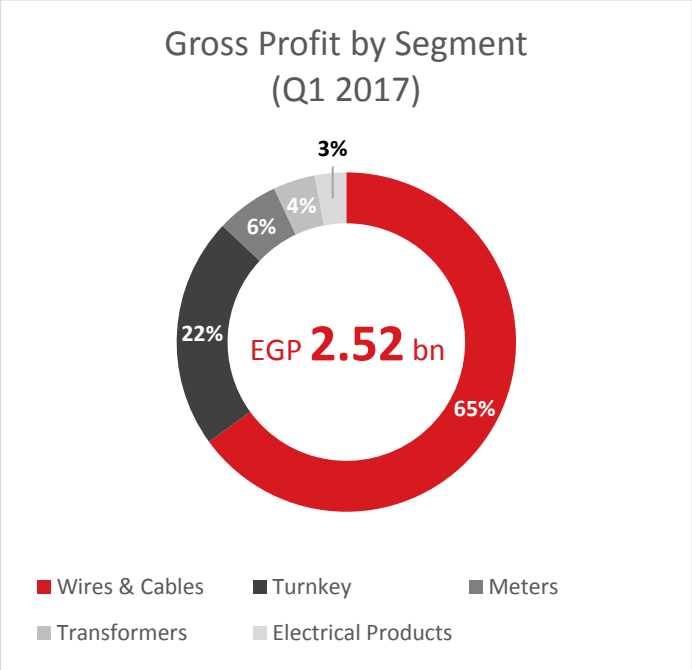
Summary of Revenues by Segment

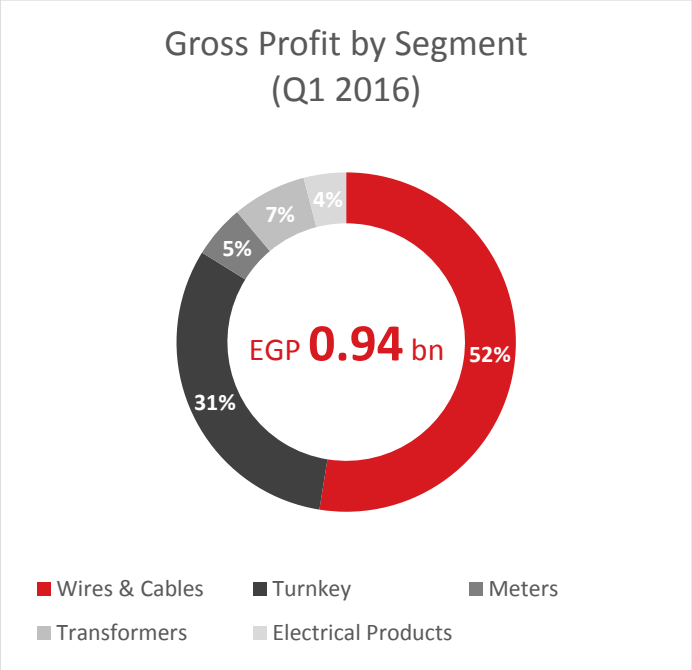
EGP (000)'s	Q1-2017	Q1-2016	Change
Wires & Cables	5,184,109	2,964,151	*74.9%*
Turn Key Projects	3,548,571	1,253,978	*183.0%*
Meters	624,744	200,187	*212.1%*
Transformers	201,641	190,065	*6.1%*
Other Electrical Products	225,706	85,039	*165.4%*
Total	**9,784,772**	**4,693,419**	***108.5%***

Gross Profit Analysis by Segment

Gross profit for the quarter stood at EGP 2,524.6 million in Q1 2017, up 168.0% y-o-y, with growth being driven primarily by the wires & cables segment which recorded a 234.2% y-o-y increase and contributed 73.0% to the company's gross profit growth in absolute terms. Gross profit margin (GPM) for the company expanded 5.7 percentage points in Q1 2017 to record 25.8% compared to 20.1% in the same quarter last year.

Margin expansion was predominantly owing to improved profitability at the wires & cables segment having posted a gross profit of EGP 1,645.9 million and yielded a GPM of 31.7%, up 15.1 percentage points compared to Q1 2016. The turnkey projects segment was the second largest contributor to gross profit at 22.2%, recording EGP 561.5 million in Q1 2017 (up 92.0% y-o-y) and contributing 17.0% to gross profit growth in absolute terms. GPM for the turnkey segment recorded 16.0% compared to 23.0% in Q1 2016. Gross profit from meters came in at EGP 139.6 million, up 170.6% y-o-y and contributing 5.5% to the company's total gross profit in Q1 2017. Meanwhile, the transformers segment booked a gross profit of EGP 106.5 million, a 65.0% y-o-y increase, with a GPM expansion of 18.9 percentage points to 52.8%.





Summary of Gross Profit by Segment

EGP (000)'s	Q1-2017	Q1-2016	Change
Wires & Cables	1,645,910	492,450	*234.2%*
Turn Key Projects	561,527	292,476	*92.0%*
Meters	139,596	51,582	*170.6%*
Transformers	106,482	64,519	*65.0%*
Other Electrical Products	71,045	41,256	*72.2%*
Total	**2,524,560**	**942,283**	***168.0%***

Segments Overview

Wires & Cables Segment

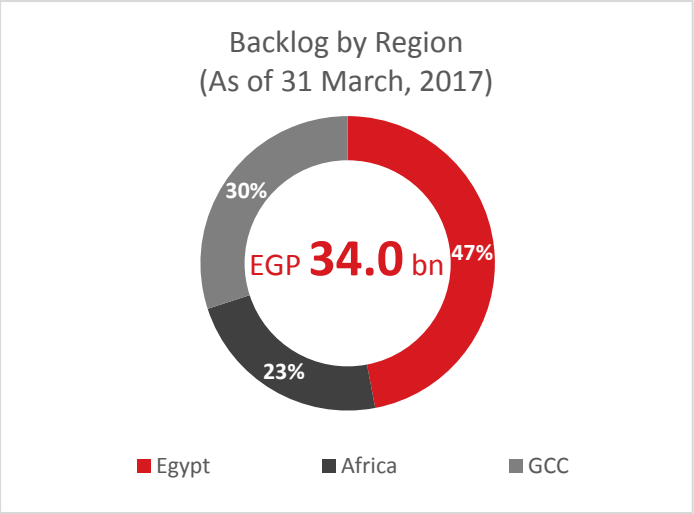
Revenues from the wires & cables segment stood at EGP 5,184.1 million in Q1 2017, up 75.0% y-o-y with revenue growth being predominantly price-driven. The segment's sales volume declined 23.6% y-o-y with a total of 33,027 tons sold in Q1 2017 compared to 43,220 in the same period last year. The wires & cables segment witnessed a marked improvement in gross profit that outpaced revenue growth, recording a 234.2% y-o-y increase in Q1 2017 to EGP 1,645.9 million. Gross profit growth came as the segment significantly expanded margins, with gross profit per ton witnessing a four-fold increase to EGP 30,890 in Q1 2017 versus EGP 7,506 in Q1 2016. The segment recorded a GPM of 31.7% in Q1 2017, an expansion of over 15 percentage points, and contributed 65.2% to the company's total gross profit compared to 52.3% in the same period last year.

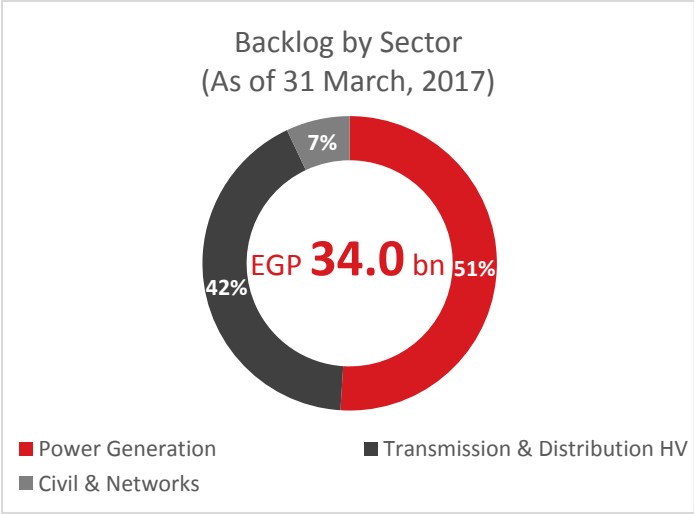
Wires & Cables Segment Financial Highlights

	Q1-2017	Q1-2016	Change
Revenues Before Intercompany Sales (EGP 000's)	**8,193,236**	**4,598,137**	***78%***
Revenues After Intercompany Sales (EGP 000's)	**5,184,109**	**2,964,151**	***75%***
Gross Profit (EGP 000's)	**1,645,910**	**492,450**	***234%***
GP Margin Before Intercompany Sales	*20.1%*	*10.7%*	
GP Margin After Intercompany Sale	*31.7%*	*16.6%*	
Cables Sales Volumes (Tons)	**33,027**	**43,220**	***-24%***
Cables Gross profit per ton (EGP)	30,890	7,506	*312%*

Turnkey Projects

The turnkey projects segment continues to record impressive growth period-on-period, posting revenues of EGP 3,548.6 million in Q1 2017, up 183.0% y-o-y.





The segment's share in revenue contribution is steadily increasing standing at 36.3% in Q1 2017 compared to 26.7% in the same quarter last year, and was the largest contributor to the company's revenue growth in absolute terms in Q1 2017 at 45.0%. Improved performance is thanks to the company's ability to grow its backlog, standing at EGP 34.0 billion

the majority of which is from overseas projects denominated in foreign currency. Gross profit from the segment recorded EGP 561.5 million in Q1 2017, up 92.0% y-o-y, and with a GPM of 16.0% versus 23.0% in Q1 2016.

Meters Segment

The meters segment recorded the fastest growth in Q1 2017 climbing 212.1% y-o-y in Q1 2017 to EGP 624.7 million, and contributing 6.4% to total revenues for the quarter (Q1 2016: 4.3%) and 8.3% to total revenue growth in absolute terms. Segment growth was driven by both price and volume, with total sales standing at 955,497 meters in Q1 2017 compared to the 763,837 meters sold in Q1 2016. Gross profit mirrored revenue growth and recorded a 171.0% y-o-y increase in Q1 2017 to EGP 139.6 million, yielding a GPM of 22.3%. Gross profit per meter was EGP 146, up 116.0% y-o-y compared to the EGP 68 in Q1 2016.

Meters Backlog (As of 31 March, 2017)

EUR 119 mn

Meters Segment Financial Highlights

	Q1-2017	Q1-2016	Change
Revenues Before Intercompany Sales (EGP 000's)	**654,205**	**202,841**	***223%***
Revenues After Intercompany Sales (EGP 000's)	**624,744**	**200,187**	***212%***
Gross Profit (EGP 000's)	**139,596**	**51,582**	***171%***
GP Margin Before Intercompany Sales	*21.3%*	*25.4%*	
GP Margin After Intercompany Sale	*22.3%*	*25.8%*	
Sales Volumes (meters)	**955,497**	**763,837**	***25%***
Gross profit per meter (EGP)	146	68	*116%*

Transformers Segment

Revenues from the transformers segment grew 6.1% y-o-y in Q1 2017 to EGP 201.6 million as higher prices offset a 28.8% y-o-y decline in volumes. At the gross profit level, growth outpaced revenues posting a 65.0% y-o-y increase to EGP 106.5 million in Q1 2017 on the back of an almost 19 percentage-point expansion in GPM to 52.8%.

Transformers Backlog (As of 31 March, 2017)

USD 49 mn

Transformers Segment Financial Highlights

	Q1-2017	Q1-2016	Change
Revenues Before Intercompany Sales (EGP 000's)	**268,702**	**192,610**	***40%***
Revenues After Intercompany Sales (EGP 000's)	**201,641**	**190,065**	***6%***
Gross Profit (EGP 000's)	**106,482**	**64,519**	***65%***
GP Margin Before Intercompany Sales	*39.6%*	*33.5%*	
GP Margin After Intercompany Sale	*52.8%*	*33.9%*	
Sales Volumes (MVA)	**1,145**	**1,607**	***-29%***
Gross profit per MVA (EGP)	92,997	40,138	*132%*

Other Electrical Products

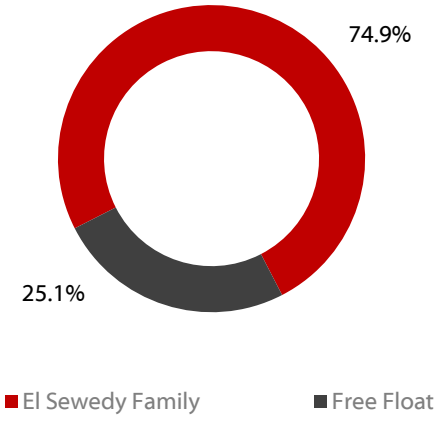
The other electrical products segment recorded revenues of EGP 225.7 million in Q1 2017, up 165.4% y-o-y, with gross profit growing 72.2% y-o-y to EGP 71.0 million.

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 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 31 March, 2017)



Share Information

SWDY.CA on the EGX	
Number of Shares	223,418,000
Share Price (31 Mar 2017)	EGP 86.00
Market Cap (31 Mar 2017)	EGP 19.2 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	Q1-2017	Q1-2016	Change
Sales			
Wires & Cables	5,184,109,015	2,964,150,579	*75%*
Electrical Products	1,052,091,655	475,290,771	*121%*
Turnkey Projects	3,548,570,913	1,253,977,731	*183%*
Total Sales	**9,784,771,583**	**4,693,419,081**	***108%***
COGS	(7,260,211,959)	(3,751,136,261)	
Gross Profit	**2,524,559,624**	**942,282,820**	***168%***
Gross Profit Margin	**25.8%**	**20.1%**	
SG&A	(508,762,907)	(297,926,105)	*71%*
Other Operating Income	38,176,888	29,063,808	
Other Operating Expense	(185,005,136)	(19,855,381)	
Income from Investments	112,234,557	58,830,895	
EBITDA	**2,108,619,958**	**806,843,881**	***161%***
EBITDA Margin	**21.6%**	**17.2%**	
Depreciation & Amortization	(127,416,932)	(94,447,844)	
FX Gain / (Loss)	5,235,815	267,046,762	
EBIT	**1,986,438,841**	**979,442,799**	***103%***
Interest Expense	(171,517,397)	(65,366,924)	*162%*
Interest Income	50,982,967	30,964,403	*65%*
Interest Income / (Expenses)	**(120,534,430)**	**(34,402,521)**	***682%***
EBT	**1,865,904,411**	**945,040,278**	***97%***
Tax	(327,161,143)	(177,313,124)	
Net Income	**1,538,743,268**	**767,727,154**	***100%***
Minority Interest	(29,798,734)	(10,218,011)	
Net Income After Minority Interest	**1,508,944,534**	**757,509,143**	***99%***

Consolidated Balance Sheet

EGP	31-03-16	31-12-16	31-03-17
Assets			
Long Term Assets			
Fixed Assets	3,083,627,528	4,358,661,645	4,532,986,896
Investments	565,849,323	1,276,350,446	1,388,384,558
Other long term Assets & Good will	100,283,703	277,204,873	339,049,973
Other Long Term Receivables	2,820,152,799	3,867,394,013	3,579,786,132
Total Long term Assets	**6,569,913,353**	**9,779,610,977**	**9,840,207,559**
Current Assets			
Inventories	3,507,116,023	6,085,344,359	8,149,806,566
Receivables	5,192,039,210	10,428,542,123	11,555,170,133
Other Debit balance	1,978,747,681	3,059,174,357	6,042,509,183
Due from Related Parties	1,007,649,906	663,680,218	622,880,715
Cash & Cash Equivalents	3,468,415,947	8,522,476,523	7,431,012,479
Total Current Assets	**15,153,968,767**	**28,759,217,580**	**33,801,379,076**
Total Assets	**21,723,882,120**	**38,538,828,557**	**43,641,586,635**
Liabilities			
Current Liabilities			
Bank Overdraft & Short Term loans	7,000,204,020	9,797,606,073	9,792,251,887
Accounts Payable	1,225,100,748	3,140,412,300	2,316,692,835
Other Credit balance	5,308,333,849	10,304,328,520	15,344,648,569
Due to Affiliates	191,135,123	376,577,012	370,345,456
Provisions	304,274,694	1,179,508,175	1,180,176,445
Total Current Liabilities	**14,029,048,434**	**24,798,432,080**	**29,004,115,192**
Equity			
Issued and Paid Capital	2,234,180,000	2,234,180,000	2,234,180,000
Retained Earnings	4,229,349,103	6,589,888,570	7,159,376,983
Others	444,551,632	2,160,994,632	2,333,800,958
Total Parent's Shareholders' Equity	**6,908,080,735**	**10,985,063,202**	**11,727,357,941**
Minority Interest	294,966,649	584,496,934	589,288,544
Total Equity	**7,203,047,384**	**11,569,560,136**	**12,316,646,485**
Long Term Loans	149,712,185	1,420,570,790	1,462,004,889
Other long term Liabilities	342,074,117	750,265,551	858,820,069
Total long term Liabilities	**491,786,302**	**2,170,836,341**	**2,320,824,958**
Total Liabilities & Equity	**21,723,882,120**	**38,538,828,557**	**43,641,586,635**