

Earnings Release: El Sewedy Electric Reports Consolidated Results for Q1-2014 ended March 31<sup>st</sup>, 2014.

June 9<sup>th</sup>, 2014

Cairo- Egypt.

**El Sewedy Electric Posts Q1 2014 Net Profit after Minority of EGP 105 million, on Total Group Revenues of EGP 4.3 Billion. Normalized Net Profit of EGP 215 Million.**

Elsewedy Electric (SWDY.CA on the Egyptian stock exchange), the leading Wire & Cable and Integrated Energy Solution Provider in the Middle East and Africa, announced its consolidated financial results for Q1 2014 ended March 31<sup>st</sup>, 2014.

**Q1 2014 versus Q1 2013**

- Consolidated revenues in Q1 2014 increased by 21% to reach EGP 4.3 billion versus EGP 3.6 billion in Q1 2013.
- Gross profit in Q1 2014 increased by 12% to reach EGP 613 million versus EGP 550 million in Q1 2013.
- EBITDA in Q1 2014 increased by 16% to reach EGP 340 million versus EGP 294 million in Q1 2013. Normalized Q1 2014 EBITDA stands at EGP 450 million.
- Net profit after Minority reached EGP 105 million during Q1 2014 versus EGP 62 million during Q1 2013. Normalized net profit after minority stands at EGP 215 million as a result of total impairments of EGP 110 million during Q1 2014 related to the Nigeria transformers factory (EGP 82 million) and the goodwill of the insulators factory (EGP 28 million.) The decision was taken to close the Nigeria factory until such time as the prospects in Nigeria improve for the transformers industry.

**Q1 2014 versus Q4 2013**

- Consolidated revenues increased by 13% to reach EGP 4.3 billion for Q1 2014, versus EGP 3.9 billion in Q4 2013.
- Gross profit increased by 58% to reach EGP 613 million during Q1 2014, versus EGP 388 million in Q4 2013.
- EBITDA increased by 233% to reach EGP 340 million in Q1 2014, versus EGP 102 million in Q4 2013.
- Net profit after Minority Interest reached EGP 105 million in Q1 2014 versus EGP (-94) million for Q4 2013.

• **Consolidated Results Highlights**

LE (000)'s	Q1-2014	Q1-2013	% Change	Q1-2014	Q4-2013	% Change
Revenue	4,342,902	3,598,151	21%	4,342,902	3,859,825	13%
Gross Profit	613,381	549,989	12%	613,381	388,093	58%
Gross Profit Margin	14%	15%		14%	10%	
EBITDA	340,444	293,592	16%	340,444	102,100	233%
EBITDA Margin	8%	8%		8%	3%	
Net Income After Minority	105,081	62,236	69%	105,081	-93,792	212%
Net Income After Minority Margin	2%	2%		2%	-2%	

**Segment Analysis Q1 2014 versus Q1 2013**

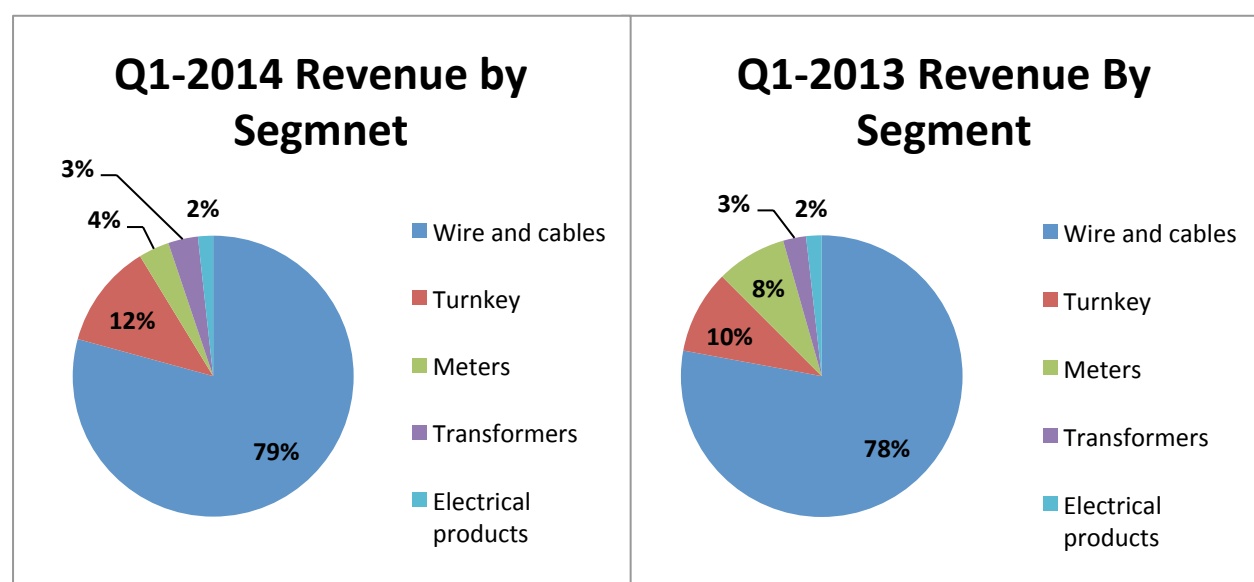
- Revenues in Q1 2014 increased by 21% to reach EGP 4.3 billion versus EGP 3.6 billion in Q1 2013. The Wire and Cable segment achieved revenues of EGP 3,442 million in Q1 2014, 23% higher than Q1 2013. Turnkey revenues in Q1 2014 were 52% higher than Q1 2013 reaching EGP 522 million. Meters revenues decreased by 47% reaching EGP 154 million. Whilst transformers revenues increased by 57% reaching EGP 149 million. Electrical Products revenues increased by 18% to reach EGP 76 million.
- Gross Profit increased by 12% to reach EGP 613 million in Q1 2014 versus EGP 550 million in Q1 2013. The gross profit in the Wire and Cable segment increased by 28% in Q1 2014 versus Q1 2013, (EGP 452 million versus EGP 354 million). Turnkey gross profit increased by 14% in Q1 2014 to reach EGP 77 million versus EGP 67 million in Q1 2013. The Meters division gross profit decreased by 43% in Q1 2014 to reach EGP 47 million whilst the transformers division gross profit decreased by 62% in Q1 2014 to reach EGP 8 million. Electrical products' gross profit increased by 19% in Q1 2014 to reach EGP 29 million.

**Segment Analysis Q1 2014 versus Q4 2013**

- Revenue during Q1 2014 increased by 13% versus Q4 2013 reaching EGP 4.3 billion. The Wire and Cables revenues increased by 17% to reach EGP 3,441 million. Turnkey revenues decreased by 16% during Q1 2014 reaching EGP 522 million. Transformers revenue increased by 140% during Q1 2014 reaching EGP 149 million, whilst Meters revenues decreased 10% to reach EGP 154 million. Electrical products' revenues increased by 8% to reach EGP 76 million.
- Gross profit during Q1 2014 witnessed a 58% increase to reach EGP 613 million. The Wire and Cables gross profit increased by 33% to reach EGP 452 million. Turnkey gross profit was 296% higher during Q1 2014 reaching EGP 77 million. Transformers gross profit decreased by 55% whilst meters gross profit increased by 13% to reach EGP 47 million.

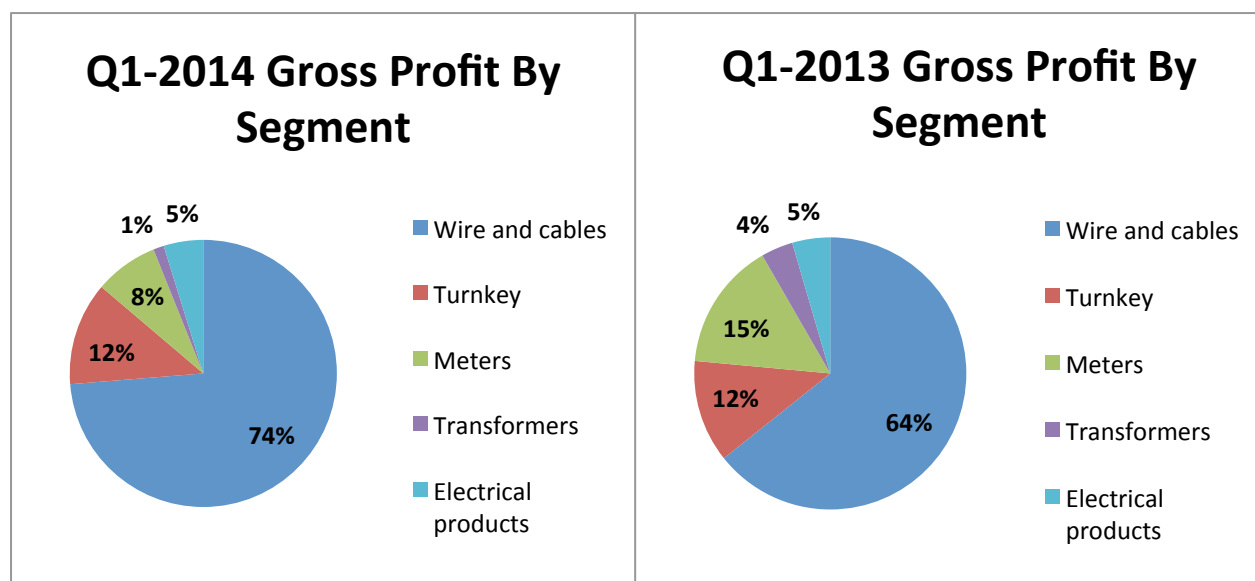
## Summary of Revenues by Segment

LE (000)'s	Q1-2014	Q1-2013	% Change	Q1-2014	Q4-2013	% Change
Wire & Cables	3,441,865	2,803,415	23%	3,441,865	2,932,492	17%
Turn Key Projects	522,484	344,827	52%	522,484	624,417	-16%
Meters	153,725	290,949	-47%	153,725	170,548	-10%
Transformers	149,182	94,747	57%	149,182	62,177	140%
Other electrical products	75,645	64,213	18%	75,645	70,190	8%
<b>Total</b>	<b>4,342,902</b>	<b>3,598,151</b>	<b>21%</b>	<b>4,342,902</b>	<b>3,859,825</b>	<b>13%</b>



## Summary of Gross Profit by Segment

LE (000)'s	Q1-2014	Q1-2013	% Change	Q1-2014	Q4-2013	% Change
Wire & Cables	452,129	353,577	28%	452,129	339,406	33%
Turn Key Projects	76,633	66,982	14%	76,633	19,349	296%
Meters	47,333	83,692	-43%	47,333	41,891	13%
Transformers	7,859	20,907	-62%	7,859	17,652	-55%
Other electrical products	29,428	24,833	19%	29,428	-30,205	NA
<b>Total</b>	<b>613,381</b>	<b>549,989</b>	<b>12%</b>	<b>613,381</b>	<b>388,093</b>	<b>58%</b>



## Wires & Cables Segment

Wires & Cables segment revenues increased by 23% to reach EGP 3,442 million in Q1 2014 versus EGP 2,803 million in Q1 2013. Gross profit in Q1 2014 increased by 28% to reach EGP 452 million versus EGP 353 million in Q1 2013. Gross profit margin reached 13.1% in Q1 2014 versus 12.6% in Q1 2013.

In terms of volumes, the segment sold 48,938 tons of cables in Q1 2014 versus 35,730 tons in Q1 2013, an increase of 37%. There was also a 37% improvement in gross profit per ton, which averaged EGP 7,509 in Q1 2014 versus EGP 5,474 in Q1 2013.

Volumes in the Egyptian operations were 46% higher in Q1 2014 versus Q1 2013 with the main increase coming from exports, mainly to the Gulf in addition to a pickup in local sales. The Algerian operations continued to improve, with volumes increasing 8% in Q1 2014 versus Q1 2013. Volumes in KSA and Qatar both witnessed double-digit growth y-o-y.

## Wire & Cables Segment Financial Highlights

	Q1-2014	Q1-2013	% Change	Q1-2014	Q4-2013	% Change
Revenues EGP (000)'s	3,441,865	2,803,415	23%	3,441,865	2,932,492	17%
Gross Profit EGP (000)'s	452,129	353,577	28%	452,129	339,406	33%
Cables Sales Volumes (tons)	48,938	35,730	37%	48,938	40,585	21%
Cables Sales Volumes ( Tons) Proportionate*	44,668	32,832	36%	44,668	36,039	24%
Cables Gross profit per ton EGP	7,509	5,474	37%	7,509	7,163	5%
Gross Profit Margin	13.1%	12.6%		13.1%	11.6%	

*\*includes the proportionate tonnage for Doha Cables*

## **Turnkey Projects**

Turnkey revenues witnessed a 52% increase, reaching EGP 522 million in Q1 2014 versus EGP 345 million during Q1 2013. The main reason for the revenue increase was from the strong contribution of the power generation project in Iraq. Gross profit also increased by 14% to reach EGP 77 million in Q1 2014 versus EGP 67 million in Q1 2013.

Turnkey backlog as of March 31<sup>st</sup>, 2014 stands at EGP 4.1 billion. Of the backlog Egypt represents 23%, Sub Saharan Africa 20% and the GCC and Middle East 54%.

## **Meters Segment**

Revenues from the meters segment decreased by 47% in Q1 2014 versus Q1 2013 to reach EGP 154 million versus EGP 291 million in Q1 2013. Gross profit decreased by 43% to reach EGP 47 million in Q1 2014 versus 84 million in Q1 2013. The reason for the decline in revenues was due to the fact that we had significant deliveries to the Netherlands in Q1 2013, which was actually double the normal quantity.

Meters backlog as of March 31<sup>st</sup>, 2014 stands at Euros 13.6 million.

## **Meters Segment Financial Highlights**

	Q1-2014	Q1-2013	% Change	Q1-2014	Q4-2013	% Change
Revenues EGP (000)'s	153,725	290,949	-47%	153,725	170,548	-10%
Gross Profit EGP (000)'s	47,333	83,692	-43%	47,333	41,891	13%
Sales Volumes (meters)	451,309	726,211	-38%	451,309	492,593	-8%
Gross profit per meter EGP	105	115	-9%	105	94	11%
Gross Profit Margin	30.8%	28.8%		30.8%	24.6%	

## **Transformers Segment**

Revenues from the transformers segment increased 57% in Q1 2014 versus Q1 2013 to reach EGP 149 million, whilst gross profit decreased by 62% to reach EGP 8 million in Q1 2014, due to the impairment of EGP 27.9 million of inventory related to the Nigeria operations which directly impacted the COGS.

The strongest performance in this segment was from the Egyptian operations in which both revenues and gross profit witnessed double-digit growth, as was the case for Sudan. Revenues in Zambia were flat y-o-y.

As at March 31<sup>st</sup>, 2014 the backlog in the transformers segment stood at USD 42 million.

## **Transformers Segment Financial Highlights**

	Q1-2014	Q1-2013	% Change	Q1-2014	Q4-2013	% Change
Revenues EGP (000)'s	149,182	94,747	57%	149,182	62,177	140%
Gross Profit EGP (000)'s	7,859	20,907	-62%	7,859	17,652	-55%
Sales Volumes (MVA)	1,168	992	18%	1,168	378	209%
Gross profit per MVA EGP	6,726	21,069	-68%	6,726	46,667	-86%
Gross Profit Margin	5.3%	22.1%		5.3%	28.4%	

## **Other Electrical Products**

Revenues from the Electrical products segment increased by 18% in Q1 2014 versus Q1 2013, to reach EGP 76 million, while gross profit increased by 19 % to reach EGP 29 million.

## **Net Debt**

Net debt as of March 31<sup>st</sup>, 2014 declined significantly to reach EGP 3,185 million versus EGP 3,894 million as of December 31<sup>st</sup>, 2013. The main reason for the decrease in net debt was a result of a decrease in Inventory, which reached EGP 3.2 billion as of March 31<sup>st</sup>, 2014 (85 DOH) versus EGP 3.7 billion as of December 31<sup>st</sup> (104 DOH). Account receivables reached EGP 5.7 billion as of March 31<sup>st</sup> (132 DOH) up from EGP 5.4 billion as of December 31<sup>st</sup> (130 DOH). Payables reached EGP 3.5 billion as of March 31<sup>st</sup> 2014 (92 DOH) versus EGP 3.1 billion as of December 31<sup>st</sup> (87 DOH). Total cash conversion cycle decreased to 126 DOH as of March 31<sup>st</sup> 2014 versus 146 DOH as of December 31<sup>st</sup> 2014.

## **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.

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**El Sewedy Electric**  
**Consolidated Financial Statements**  
**Income Statement**

<b>L.E</b>	<b>Q1-2013</b>	<b>Q1-2014</b>	<b>Q4-2013</b>	<b>Q1-2014</b>
<b>Sales</b>				
Wires & Cables	2,803,414,810	3,458,092,351	2,932,492,115	3,458,092,351
Electrical Products	449,909,175	362,325,049	302,915,762	362,325,049
Turnkey Projects	344,826,606	522,484,128	624,417,134	522,484,128
<b>Total Sales</b>	<b>3,598,150,591</b>	<b>4,342,901,528</b>	<b>3,859,825,011</b>	<b>4,342,901,528</b>
<b>COGS</b>	<b>(3,048,161,376)</b>	<b>(3,729,520,956)</b>	<b>(3,471,732,051)</b>	<b>(3,729,520,956)</b>
<b>Gross Profit</b>	<b>549,989,215</b>	<b>613,380,572</b>	<b>388,092,960</b>	<b>613,380,572</b>
<b>Gross Profit Margin</b>	<b>15.3%</b>	<b>14.1%</b>	<b>10.1%</b>	<b>14.1%</b>
SG & A	(230,721,905)	(283,884,440)	(304,255,548)	(283,884,440)
Other Operating Income	14,145,977	25,632,708	31,077,459	25,632,708
Other Operating Expense	(128,866,424)	(106,880,351)	(116,522,929)	(106,880,351)
<b>Other Operating Income/ (Expenses)</b>	<b>(114,720,447)</b>	<b>(81,247,643)</b>	<b>(85,445,470)</b>	<b>(81,247,643)</b>
<b>EBITDA</b>	<b>293,592,058</b>	<b>340,444,064</b>	<b>102,099,754</b>	<b>340,444,064</b>
<b>EBITDA Margin</b>	<b>8.2%</b>	<b>7.8%</b>	<b>2.6%</b>	<b>7.8%</b>
Depreciation & Amortization	(89,045,195)	(92,195,575)	(103,707,811)	(92,195,575)
Fx Gain / ( Loss)	(7,469,283)	12,226,441	32,099,455	12,226,441
Provisions	(4,774,546)	(38,338,950)	(16,296,823)	(38,338,950)
<b>EBIT</b>	<b>192,303,034</b>	<b>222,135,980</b>	<b>14,194,575</b>	<b>222,135,980</b>
Interest Expense	(89,725,146)	(67,850,043)	(112,748,797)	(67,850,043)
Interest Income	5,724,418	9,006,818	9,802,994	9,006,818
<b>Interest Income / (Expenses)</b>	<b>(84,000,728)</b>	<b>(58,843,226)</b>	<b>(102,945,803)</b>	<b>(58,843,226)</b>
<b>EBT</b>	<b>108,302,306</b>	<b>163,292,754</b>	<b>(88,751,228)</b>	<b>163,292,754</b>
Tax	(33,446,982)	(36,768,232)	(2,393,024)	(36,768,232)
<b>Net Income</b>	<b>74,855,324</b>	<b>126,524,523</b>	<b>(91,144,252)</b>	<b>126,524,523</b>
Minority Interest	(12,619,488)	(21,443,043)	(2,647,754)	(21,443,043)
<b>Net Income After Minority Interest</b>	<b>62,235,836</b>	<b>105,081,480</b>	<b>(93,792,006)</b>	<b>105,081,480</b>

**El Sewedy Electric  
Consolidated Financial Statements  
Balance Sheet**

<b>L.E</b>	<b>30-06-13</b>	<b>30-09-13</b>	<b>31-12-13</b>	<b>31-03-14</b>
<b>Assets</b>				
Fixed Assets	3,358,368,622	3,325,582,966	3,350,493,168	3,302,369,051
Investments	43,239,305	42,012,611	22,973,473	23,444,082
Other long term Assets & Good will	185,069,992	215,694,694	201,841,704	187,974,896
<b>Total Long term Assets</b>	<b>3,586,677,919</b>	<b>3,583,290,272</b>	<b>3,575,308,346</b>	<b>3,513,788,029</b>
Inventories	3,807,180,410	3,831,372,842	3,699,178,762	3,203,412,162
Receivables	4,387,118,943	4,734,005,601	4,180,729,048	4,456,290,141
Other Debt balance	1,165,586,370	1,179,658,678	1,182,227,888	1,294,962,293
Due from Related Parties	157,266,933	184,365,872	192,873,358	203,985,677
Cash & Cash Equivalents	1,970,685,322	1,089,202,564	1,528,874,240	1,578,909,178
<b>Total Current Assets</b>	<b>11,487,837,978</b>	<b>11,018,605,557</b>	<b>10,783,883,296</b>	<b>10,737,559,450</b>
Bank Overdraft & Short Term loans	6,101,105,802	5,663,254,153	4,918,073,216	4,405,409,388
Accounts Payable	1,099,626,442	1,017,209,604	1,315,833,852	1,452,074,148
Other Credit balance	1,505,575,828	1,595,326,699	1,789,747,011	1,997,647,735
Due to Affiliates	156,043,663	122,702,682	172,680,187	176,283,261
Provisions	196,395,067	199,993,577	219,829,699	248,730,882
<b>Total Current Liabilities</b>	<b>9,058,746,802</b>	<b>8,598,486,715</b>	<b>8,416,163,964</b>	<b>8,280,145,415</b>
<b>Working Capital</b>	<b>2,429,091,176</b>	<b>2,420,118,842</b>	<b>2,367,719,332</b>	<b>2,457,414,035</b>
<b>Total Investments</b>	<b>6,015,769,094</b>	<b>6,003,409,114</b>	<b>5,943,027,677</b>	<b>5,971,202,064</b>
Issued and Paid Capital	2,234,180,000	2,234,180,000	2,234,180,000	2,234,180,000
Retained Earnings	1,911,914,858	1,910,225,095	1,900,996,805	1,988,833,580
Net Profit of the year	144,112,794	190,293,798	96,501,795	105,081,480
Others	1,013,525,746	1,014,657,204	1,055,361,465	1,115,363,652
<b>Total Equity</b>	<b>5,303,733,398</b>	<b>5,349,356,097</b>	<b>5,287,040,065</b>	<b>5,443,458,712</b>
Long Term Loans	512,157,256	469,361,178	504,689,446	358,972,469
Other long term Liabilities	199,878,445	184,691,844	151,298,168	168,770,884
<b>Total long term Liabilities</b>	<b>712,035,701</b>	<b>654,053,021</b>	<b>655,987,614</b>	<b>527,743,353</b>
<b>Total long term Liabilities &amp; Equity</b>	<b>6,015,769,095</b>	<b>6,003,409,114</b>	<b>5,943,027,676</b>	<b>5,971,202,061</b>