

ELSEWEDY ELECTRIC Reports H1 2020 Results, Posting Revenues of EGP 20.1 bn; Net income of EGP 914.2 mn

H1 2020 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 20,118.3 million ▼ 7% y-o-y	EGP 2,300.4 million ▼ 35% y-o-y	EGP 1,623.4 million ▼ 40% y-o-y	EGP 914.2 million ▼ 52% 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 2020, reporting revenues of EGP 20,118.3 million, down 7% year-on-year. The company's net profit after minority interest fell by 52% to EGP 914.2 million, yielding a net profit margin of 4.5%.

Summary Income Statement

EGP (000)'s	Q2-2020	Q2-2019	% Change	H1-2020	H1-2019	% Change
Revenue	9,339,477	10,330,085	-9.6%	20,118,341	21,553,629	-6.7%
Gross Profit	1,102,094	1,751,526	-37.1%	2,300,374	3,561,111	-35.4%
Gross Profit Margin	11.8%	17.0%		11.4%	16.5%	
EBITDA	889,133	1,351,918	-34.2%	1,623,426	2,726,598	-40.5%
EBITDA Margin	9.5%	13.1%		8.1%	12.7%	
Net Income After Minority	514,165	930,860	-44.8%	914,243	1,888,082	-51.6%
Net Income After Minority Margin	5.5%	9.0%		4.5%	8.8%	

Financial Highlights

- **Revenues** declined by 6.7% y-o-y to EGP 20,118.3 million in H1 2020 on the back of decreasing revenues across all of ElSewedy's business segments, with the exception of turnkey projects and renewables.
- **Gross Profit** decreased by 35.4% y-o-y to EGP 2,300.4 million in H1 2020, yielding a gross profit margin of 11.4% against the 16.5% recorded one year previously.
- **SG&A** expense was up by 6.2% y-o-y, posting EGP 1,362.9 million in H1 2020.
- **EBITDA** contracted by 40.5% y-o-y, registering EGP 1,623.4 million in H1 2020, with the EBITDA margin booking 8.1% against 12.7% in H1 2019.
- **Net Profit after Minority Interest** recorded EGP 914.2 million in H1 2020, down by 51.6% y-o-y from the EGP 1,888.1 million posted one year previously. ElSewedy's net profit margin came in at 4.5% in H1 2020 versus 8.8% in H1 2019.
- ElSewedy recorded a **net cash** position of EGP 673.7 million as of 30 June 2020, down 12.4% year-to-date from EGP 769.0 million as at 31 December 2019.
- **Inventory** came in at EGP 7,976.1 million as at 30 June 2020, down by 12.8% from EGP 9,148.6 million recorded at the close of the previous year. **Accounts receivable** decreased by 12.4% during the six-month period to book EGP 10,983.1 million as at 30 June 2020, while **accounts payable** rose by 4.9% between year-end 2019 and 30 June 2020 to record EGP 4,128.9 million.

Note from Our CEO

With the unprecedented effects of COVID-19 changing the way many companies do their business, both in Egypt and globally, our main priority during the last four months was to maintain business continuity through controlling our operating expenses and overheads and continuing production with minimal disruption, all while ensuring the safety of our employees, their families, and our customers. With H1 2020 now behind us and the easing of social distancing measures in Egypt and across the globe since June, we look forward to maximizing our revenues through the ramp up of our business development activities, with a focus on turnkey projects in new promising markets and regions. Furnished with a strong project pipeline and a clearer timeline of deliverables, we look forward to executing our projects as scheduled. We are also exploring inorganic avenues for growth through the screening of accretive M&A opportunities with the objective enhance our footprint as well as our portfolio of products and services.

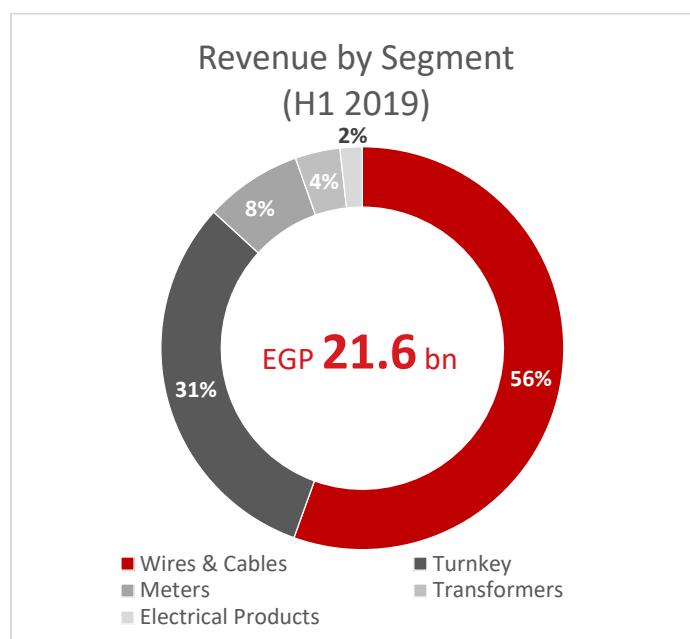
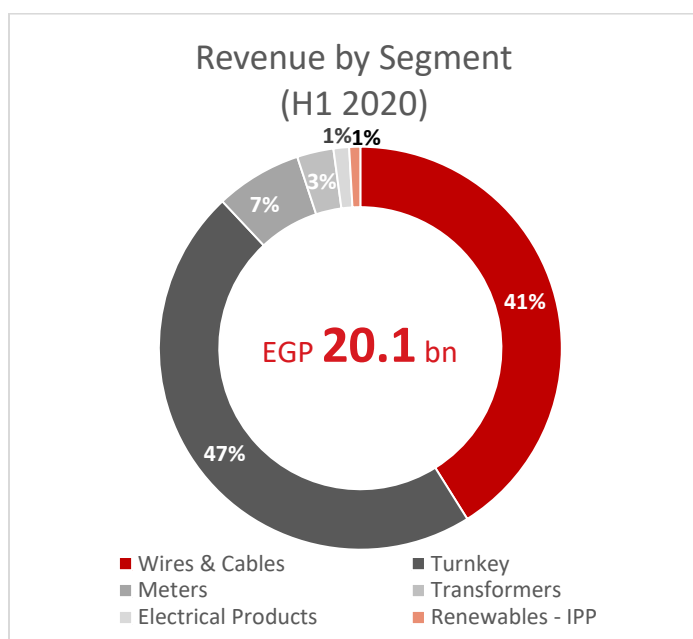
We cannot ignore the inevitable effect of COVID-19 on our financial results and are consistently refining and revising our full-year 2020 budget based on new developments as they come. With our recent adoption of the latest digital technologies expected to boost the Company's operational efficiencies, we will continue to focus on reducing our expenses, while ensuring the security of the employment and incomes of our workforce, and enhancing our supportive functions to be more flexible with the continuously changing environment. As we navigate these new challenging headwinds, we believe that the strategic initiatives we have taken to mitigate their operational and financial impacts, our business development activities and our solid liquidity position will see Elsewedy emerge on solid footing once the economy turns around.

Ahmed El Sewedy

Revenue Analysis by Segment

Elsewedy's wires and cables segment represented 41% of the company's consolidated top line for H1 2020, down from 56% for the first half of 2019. The top-line contribution from turnkey projects continues to rise rapidly, with the segment contributing 47% of the company's revenues in H1 2020 against 31% one year previously, displacing wires and cables as the company's primary revenue source. Meters and transformers saw their contributions decrease by one percentage point each between H1 2019 and H1 2020, recording 7% and 3%, respectively. Other electrical products remained the lowest contributor to the overall top line, generating 1.3% of consolidated revenues in H1 2020 (H1 2019: 1.8%). Elsewedy's newest business segment, renewables, contributed 0.9% of the overall top line in its first six months of full operations.

Revenue from Elsewedy's wires and cables segment declined by 30.9% y-o-y to EGP 8,267.4 million in H1 2020. Meanwhile, revenue from turnkey projects climbed by 39.9% y-o-y to record EGP 9,436.3 million in H1 2020 against EGP 6,744.0 million one year previously. Revenue from meters fell by 17.2% y-o-y to record EGP 1,395.0 million, while transformers contracted by 24.0% y-o-y to EGP 589.4 million in H1 2020. Other electrical products saw revenues fall by 34.5% y-o-y, registering EGP 251.9 million for H1 2020. Elsewedy's renewables segment booked EGP 178.4 million for its first six months of operations.

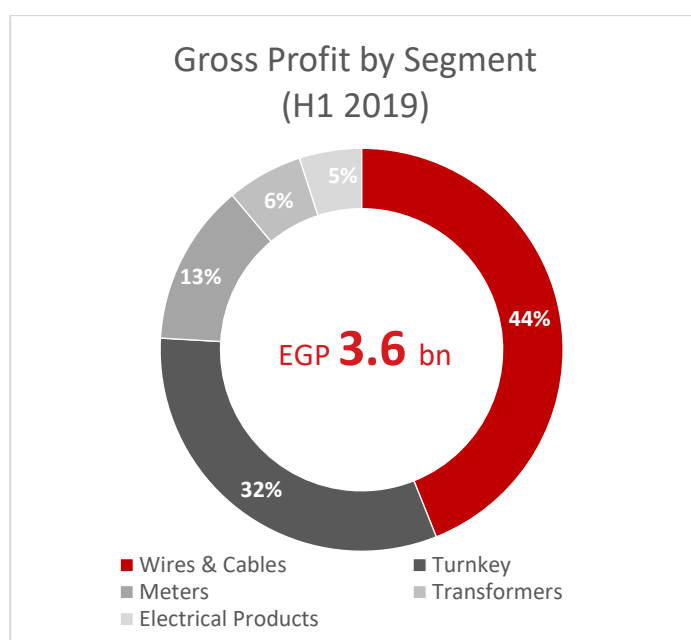
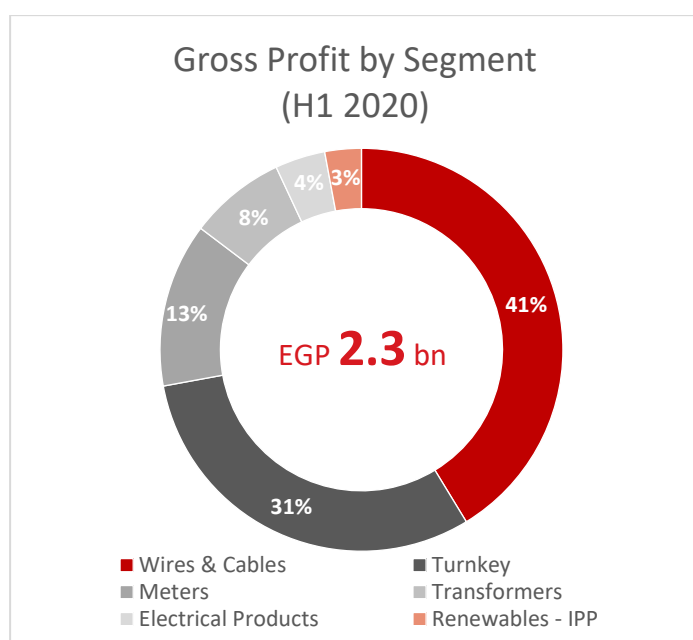


Summary of Revenues by Segment

EGP (000)'s	Q2-2020	Q2-2019	% Change	H1-2020	H1-2019	% Change
Wires & Cables	3,552,614	5,446,778	-34.8%	8,267,373	11,965,380	-30.9%
Turnkey Projects	4,501,059	3,543,591	27.0%	9,436,260	6,744,037	39.9%
Meters	748,720	870,555	-14.0%	1,394,976	1,684,288	-17.2%
Transformers	278,555	343,569	-18.9%	589,431	775,405	-24.0%
Electrical Products	102,146	125,591	-18.7%	251,880	384,520	-34.5%
Renewables – IPP	156,384	-	-	178,421	-	-
Total	9,339,477	10,330,085	-9.6%	20,118,341	21,553,629	-6.7%

Gross Profit Analysis by Segment

Consolidated gross profit for the first half of 2020 came in at EGP 2,300.4 million, representing a decrease of 35.4% y-o-y from EGP 3,561.1 million recorded for H1 2019. Despite a contraction of 40.1% y-o-y in absolute terms, wires and cables continued to generate the majority of Elsewedy's consolidated gross profit, booking EGP 949.7 million in H1 2020 and contributing 41% of total gross profit for the period (H1 2019: 45%). Turnkey projects continued to narrow the gross profit contribution gap with wires and cables, booking EGP 709.2 million, down by 37.9% y-o-y and yielding 31% of Elsewedy's consolidated gross profit against 32% one year previously. The meters segment recorded a gross profit of EGP 303.2 million in H1 2020, down 33.0% y-o-y, with its contribution to total gross profit stable at 13% between both periods. The transformers segment booked a gross profit of EGP 178.3 million in H1 2020, down 17.5% y-o-y, with its contribution to consolidated gross profit climbing to 8% in H1 2020 from 6% in H1 2019. Meanwhile, gross profit from other electrical products fell by 44.0% y-o-y to EGP 92.6 million in H1 2020 and contributed 4% to total gross profit for the same period. Elsewedy's newly consolidated renewables segment booked a gross profit of EGP 67.4 million during H1 2020, representing 3% of total gross profit.



Summary of Gross Profit by Segment

EGP (000)'s	Q2-2020	Q2-2019	% Change	H1-2020	H1-2019	% Change
Wires & Cables	476,541	670,396	-28.9%	949,700	1,584,692	-40.1%
Turnkey Projects	297,821	660,616	-54.9%	709,177	1,142,259	-37.9%
Meters	163,453	252,834	-35.4%	303,240	452,671	-33.0%
Transformers	65,861	104,888	-37.2%	178,310	216,092	-17.5%
Electrical Products	47,777	62,791	-23.9%	92,594	165,397	-44.0%
Renewables – IPPs	50,642	-	-	67,352	-	-
Total	1,102,094	1,751,526	-37.1%	2,300,374	3,561,111	-35.4%

Segments Overview

Wires & Cables Segment

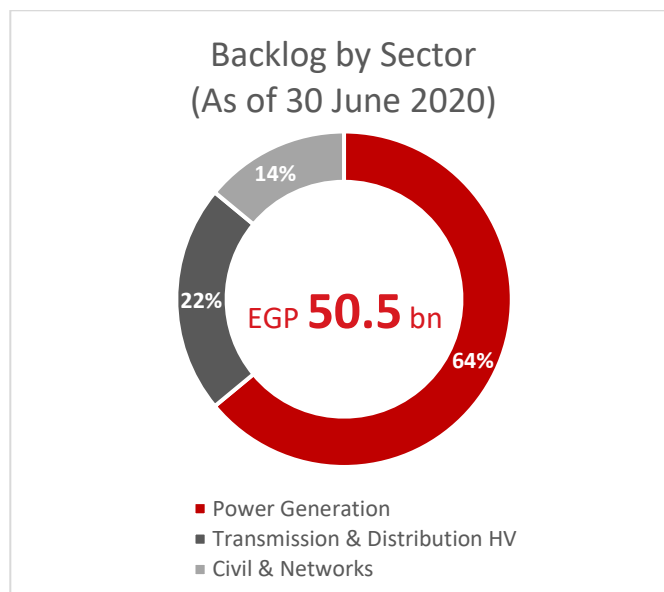
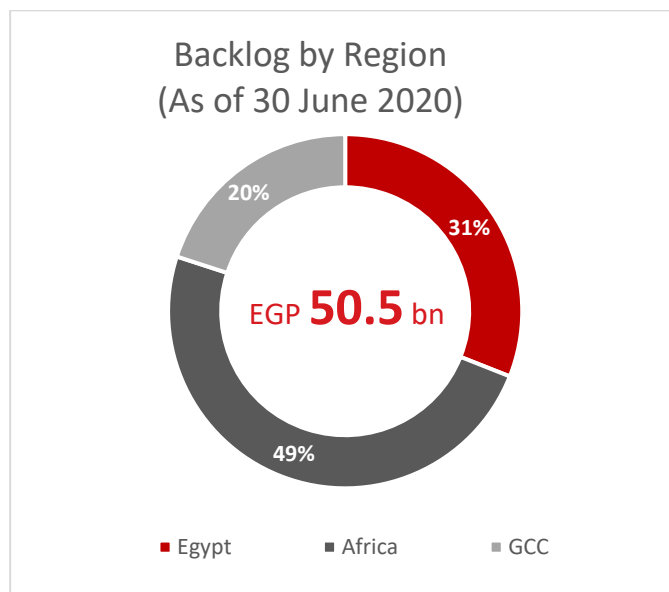
Revenue from wires & cables declined by 27.5% y-o-y to book EGP 12,425.0 million in H1 2020 against EGP 17,134.3 million one year previously. Pressure on the segment's top line was exerted both by a decrease in price points and a contraction in volumes, which fell by 14.5% y-o-y to record 56,185 tons in H1 2020. Gross profit from wires & cables fell by 40.1% y-o-y to record 949.7 million in H1 2020 against 1,584.7 million in H1 2019. Gross profit per ton decreased by 34.7% y-o-y, booking EGP 12,741 for H1 2020 versus EGP 19,521 in H1 2019.

Wires & Cables Segment Financial Highlights

	Q2-2020	Q2-2019	% Change	H1-2020	H1-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	5,191,111	7,869,230	-34.0%	12,424,961	17,134,259	-27.5%
Revenues After Intercompany Sales (EGP 000's)	3,552,614	5,446,778	-34.8%	8,267,373	11,965,380	-30.9%
Gross Profit (EGP 000's)	476,541	670,396	-28.9%	949,700	1,584,692	-40.1%
GP Margin Before Intercompany Sales	9.2%	8.5%		7.6%	9.2%	
GP Margin After Intercompany Sale	13.4%	12.3%		11.5%	13.2%	
Cables Sales Volumes (Tons)	23,252	32,618	-28.7%	56,185	65,715	-14.5%
Cables Gross profit per ton (EGP)	13,248	16,522	-19.8%	12,741	19,521	-34.7%

Turnkey Projects

Revenues from the turnkey projects segment posted EGP 9,436.3 million in H1 2020, up by 39.9% y-o-y from EGP 6,744.0 million in H1 2019.



The segment's contribution to the company's total revenue grew to 47% in H1 2020 compared to 31% in the same period last year. Backlog in the segment stood at EGP 50.5 billion for H1 2020, down from EGP 53.3 billion recorded in H1 2019. Gross profit from the segment came in at EGP 709.2 million in H1 2020, down 37.9% y-o-y and yielding a GPM of 7.5% versus 16.9% in H1 2019.

Meters Segment

H1 2020 saw the meters segment contract by 17.2% y-o-y, with revenues booking EGP 1,395.0 million against EGP 1,684.3 million in H1 2019. Meters contributed 7% to Elsewedy's total revenue, with volumes sold down by 36.8% y-o-y to record 1,388.9 meters versus 2,196.7 million meters sold in H1 2019. Gross profit from the segment posted 303.2 million in H1 2020, down 33.0% y-o-y and yielding a GPM of 21.7% against the 26.9% booked in H1 2019. Gross profit per meter was EGP 218, up 5.9% y-o-y from EGP 206 one year previously.

**Meters Backlog
(As of 30 June 2020)**

EUR **46** mn

Meters Segment Financial Highlights

	Q2-2020	Q2-2019	% Change	H1-2020	H1-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	846,704	908,262	-6.8%	1,577,263	1,964,273	-19.7%
Revenues After Intercompany Sales (EGP 000's)	748,720	870,555	-14.0%	1,394,976	1,684,288	-17.2%
Gross Profit (EGP 000's)	163,453	252,834	-35.4%	303,240	452,671	-33.0%
GP Margin Before Intercompany Sales	19.3%	27.8%		19.2%	23.0%	
GP Margin After Intercompany Sale	21.8%	29.0%		21.7%	26.9%	
Sales Volumes (meters)	1,165,997	1,198,811	-2.7%	1,388,938	2,196,671	-36.8%
Gross profit per meter (EGP)	140	211	-33.5%	218	206	5.9%

Transformers Segment

Revenue from the transformers contracted by 24.0% y-o-y in H1 2020, recording EGP 589.4 million. Volumes fell by 12.7% y-o-y to 3,624 MVA in H1 2020. Gross profit recorded a decrease of 17.5% y-o-y 178.3 million in H1 2020, down from EGP 216.1 million in H1 2019, while the segment's gross profit per MVA fell by 5.5% y-o-y to register EGP 49,198.

**Transformers Backlog
(As of 30 June 2020)**

USD **76.5** mn

Transformers Segment Financial Highlights

	Q2-2020	Q2-2019	% Change	H1-2020	H1-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	361,972	425,130	-14.9%	793,203	927,799	-14.5%
Revenues After Intercompany Sales (EGP 000's)	278,555	343,569	-18.9%	589,431	775,405	-24.0%
Gross Profit (EGP 000's)	65,861	104,888	-37.2%	178,310	216,092	-17.5%
GP Margin Before Intercompany Sales	18.2%	24.7%		22.5%	23.3%	
GP Margin After Intercompany Sale	23.6%	30.5%		30.3%	27.9%	
Sales Volumes (MVA)	1,304	1,863	-30.0%	3,624	4,153	-12.7%
Gross profit per MVA (EGP)	50,511	56,294	-10.3%	49,198	52,037	-5.5%

Other Electrical Products

Revenue from other electrical products recorded a decrease of 34.5% y-o-y, booking EGP 251.9 million in H1 2020, while gross profit declined by 44.0% y-o-y over the same period to record EGP 92.6 million, representing a segmental GPM of 36.8%.

Renewables - IPPs

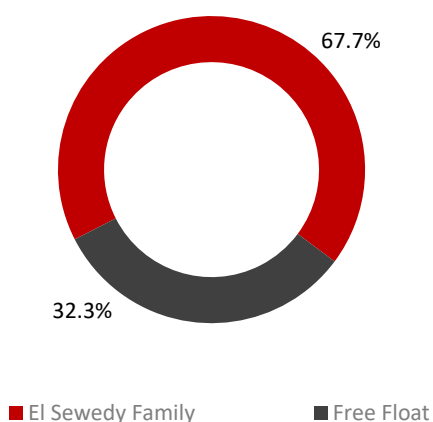
Elsewedy is pleased to announce the full consolidation of its renewable energy segment, comprising of its investments in solar PV power plants in Benban, Aswan, and 3 wind and 1 hydroelectric energy companies in Greece, both acquired in 2019. The segment recorded EGP 178.4 million in H1 2020, and generated a gross profit of EGP 67.4 million, yielding a GP margin of 37.7% during the period.

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 30 June 2020)



Share Information

SWDY.CA on the EGX

Number of Shares	2,184,180,000
Share Price (30 June 2020)	EGP 6.63
Market Cap (31 March 2020)	EGP 14.5 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	Q2-2020	Q2-2019	Change	H1-2020	H1-2019	Change
Sales						
Wires & Cables	3,552,613,665	5,446,778,484		8,267,373,392	11,965,379,696	
Electrical Products	1,129,420,359	1,339,715,452		2,236,286,754	2,844,212,417	
Turnkey Projects	4,657,442,720	3,543,590,880		9,614,680,672	6,744,036,739	
Total Sales	9,339,476,744	10,330,084,816	-9.6%	20,118,340,818	21,553,628,853	-6.7%
COGS	(8,237,382,693)	(8,578,559,130)		(17,817,967,171)	(17,992,517,584)	
Gross Profit	1,102,094,051	1,751,525,686	-37.1%	2,300,373,647	3,561,111,269	-35.4%
Gross Profit Margin	11.8%	17.0%		11.4%	16.5%	
SG&A	(639,440,459)	(689,997,781)		(1,362,903,986)	(1,283,047,290)	
Other Operating Income	98,297,296	24,219,046		188,447,719	55,349,584	
Other Operating Expense	(55,307,785)	(15,835,409)		(156,788,086)	(151,523,491)	
Income from Investments	84,963,189	101,322,696		167,094,219	192,951,815	
EBITDA	889,132,563	1,351,917,712	-34.2%	1,623,425,770	2,726,598,196	-40.5%
EBITDA Margin	9.5%	13.1%		8.1%	12.7%	
Depreciation & Amortization	(298,526,272)	(180,683,474)		(487,202,257)	(351,756,309)	
FX Gain / (Loss)	116,681,276	(62,306,479)		60,513,780	(77,117,206)	
EBIT	707,287,567	1,108,927,759	-36.2%	1,196,737,293	2,297,724,681	-47.9%
Interest Expense	(147,465,900)	(121,705,463)		(213,307,905)	(224,128,856)	
Interest Income	138,584,519	192,871,331		317,547,322	420,574,894	
Interest Income / (Expenses)	(8,881,381)	71,165,868		104,239,418	196,446,038	
EBT	698,406,186	1,180,093,627	-40.8%	1,300,976,710	2,494,170,719	-47.8%
Tax	(136,138,425)	(222,247,656)		(275,013,838)	(540,818,432)	
Net Income	562,267,761	957,845,971	-41.3%	1,025,962,872	1,953,352,287	-47.5%
Minority Interest	(48,102,900)	(26,985,504)		(111,719,526)	(65,270,121)	
Net Income After Minority Interest	514,164,861	930,860,467	-44.8%	914,243,346	1,888,082,166	-51.6%
Net Income Margin	5.5%	9.0%		4.5%	8.8%	

Consolidated Balance Sheet

EGP	31/12/2019	31/03/2020	30/06/2020
Long Term Assets			
Fixed Assets	8,450,827,455	8,505,939,319	8,431,117,032
Investments	1,315,136,986	1,420,564,211	1,511,821,538
Other long-term Assets & Good will	743,639,294	736,490,313	664,769,631
Other long-term Receivables	2,526,349,912	2,450,429,528	2,776,898,742
Total Long-term Assets	13,035,953,647	13,113,423,370	13,384,606,943
Current Assets			
Inventories	9,148,634,900	7,733,547,519	7,976,064,330
Receivables	12,536,743,336	12,159,964,029	10,983,140,542
Other Debit balance	8,426,353,668	9,186,146,832	8,694,038,613
Due from Related Parties	693,528,592	618,466,735	691,930,668
Cash & Cash Equivalents	9,556,478,691	9,934,990,575	10,561,827,110
Total Current Assets	40,361,739,187	39,633,115,690	38,907,001,263
Total Assets	53,397,692,834	52,746,539,060	52,291,608,206
Current Liabilities			
Bank Overdraft & Short-term loans	6,774,718,608	5,663,362,753	8,028,547,830
Accounts Payable	3,936,191,619	4,091,405,650	4,128,943,811
Other Credit balance	19,125,746,474	19,355,641,105	18,751,341,413
Due to Affiliates	539,618,140	2,330,942,301	556,158,142
Provisions	1,484,492,493	1,455,660,072	1,337,112,568
Total Current Liabilities	31,860,767,335	32,897,011,881	32,802,103,764
Issued and Paid Capital	2,184,180,000	2,184,180,000	2,184,180,000
Retained Earnings	13,012,401,531	11,331,907,681	11,153,123,017
Others	1,519,936,116	1,542,492,756	1,571,544,497
Total Parent's Shareholders' Equity	16,716,517,647	15,058,580,437	14,908,847,514
Minority Interest	582,004,359	659,755,323	643,468,199
Total Equity	17,298,522,006	15,718,335,760	15,552,315,713
Long-term Loans	2,012,744,882	1,901,468,636	1,859,573,821
Other long-term Liabilities	2,225,658,611	2,229,722,783	2,077,614,908
Total Long-term Liabilities	4,238,403,493	4,131,191,419	3,937,188,729
Total Liabilities & Equity	53,397,692,834	52,746,539,060	52,291,608,206