

ELSEWEDY ELECTRIC Reports 9M 2020 Results, Booking Revenues of EGP 31.5 bn, Net Income of EGP 1.7 bn

9M 2020 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 31,470.0 million ▼ 9% y-o-y	EGP 4,301.7 million ▼ 19% y-o-y	EGP 3,220.9 million ▼ 21% y-o-y	EGP 1,731.8 million ▼ 36% 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 nine-month period ending 30 September 2020, reporting revenues of EGP 31,470.0 million, down 9% year-on-year. The company's net profit after minority interest fell by 36% year-on-year to EGP 1,731.8 million, yielding a net profit margin of 5.5%.

Summary Income Statement

EGP (000)'s	Q3-2020	Q3-2019	% Change	9M-2020	9M-2019	% Change
Revenue	11,351,663	12,992,866	-12.6%	31,470,004	34,546,495	-8.9%
Gross Profit	2,001,367	1,736,152	15.3%	4,301,741	5,297,264	-18.8%
Gross Profit Margin	17.6%	13.4%		13.7%	15.3%	
EBITDA	1,597,448	1,358,961	17.5%	3,220,873	4,081,467	-21.1%
EBITDA Margin	14.1%	10.5%		10.2%	11.8%	
Net Income After Minority	817,509	828,952	-1.4%	1,731,753	2,717,223	-36.3%
Net Income After Minority Margin	7.2%	6.4%		5.5%	7.9%	

Financial Highlights

- **Revenues** fell by 8.9% y-o-y to EGP 31,470.0 million in 9M 2020. Although revenues from the core wires and cables segment fell by 22.9% y-o-y, Elsewedy's turnkey projects segment grew at a double-digit rate of 10.0% y-o-y, contributing 46.5% of total revenues for the period.
- **Gross Profit** saw an 18.8% y-o-y decrease to 4,301.7 million in 9M 2020. The company's gross profit margin recorded 13.7% for 9M 2020 against 15.3% one year previously.
- **SG&A** expense for the nine-month period came in at EGP 2,052.9 million, up by 5.3% year-on-year.
- **EBITDA** posted a 21.1% y-o-y decrease to EGP 3,220.9 million in 9M 2020, yielding an EBITDA margin of 10.2% compared to 11.8% in 9M 2019.
- **Net Profit after Minority Interest** recorded EGP 1,731.8 million in 9M 2020 compared to EGP 2,717.2 million posted for the same period of the previous year, representing a y-o-y decline of 36.3%. Meanwhile, the net profit margin stood at 5.5% in 9M 2020 versus 7.9% in 9M 2019.
- Elsewedy recorded a **net cash** position of EGP 18.2 million as of 30 September 2020, down from a net cash position of EGP 673.7 million as at 30 June 2020 and EGP 769.0 million as at 31 December 2019.
- **Inventory** recorded EGP 7,025.8 million as at 30 September 2020, down by 11.9% from the EGP 7,976.1 million booked as at 30 June 2020. **Accounts receivable** grew by 7.7% during the period to book EGP 11,834.2 million as of 30 September 2020. **Accounts payable** fell by 0.3% between 30 June 2020 and 30 September 2020 to record EGP 4,116.8 million.

Note from Our CEO

As we approach the end of 2020, management at Elsewedy Electric is confident that the company will enjoy a strong close to the year. Following the national and global disruptions associated with COVID-19 during H1-2020, the third quarter has seen a strong recovery. Quarterly growth rates accelerated sharply across each of Elsewedy's business segments as we ramped up operations at all of the company's outstanding projects. Our strong pipeline of turnkey projects has proven crucial by locking in sustainable and recurring streams of revenue, with the turnkey segment enjoying double-digit growth year-on-year despite the global challenges posed in the year to date.

Looking forward, management remains as focused as ever on spurring business growth in a manner that creates sustainable value for the company's stakeholders. Our priority is to ensure that the company's future growth is both sustainable and profitable, and we are particularly active in rationalizing components of our cost base and refining operational processes through the adoption of the latest digital technologies. Meanwhile, management is satisfied with the degree of progress on several of the company's major projects, particularly our ground-breaking work on Tanzania's Rufiji Dam hydropower plant. Expected to be one of the largest dams in Africa, the 2,100 MW facility is on schedule as planned, and the works Elsewedy has executed to date have been more than up to international standards, while the associated collections have been solid.

Even as we enthusiastically embrace the accelerating recovery in operations, Elsewedy has not lost sight of the importance of preserving the health and safety of its employees, the company's greatest asset. We have instituted significant new measures at all Elsewedy offices, sites and at our headquarters with an eye to safeguarding our people, their families, and our customers. Efficiently combatting COVID-19 and preventing the spread of the disease is not only crucial to maintaining business continuity, but a duty for all responsible corporate actors.

Ahmed El Sewedy

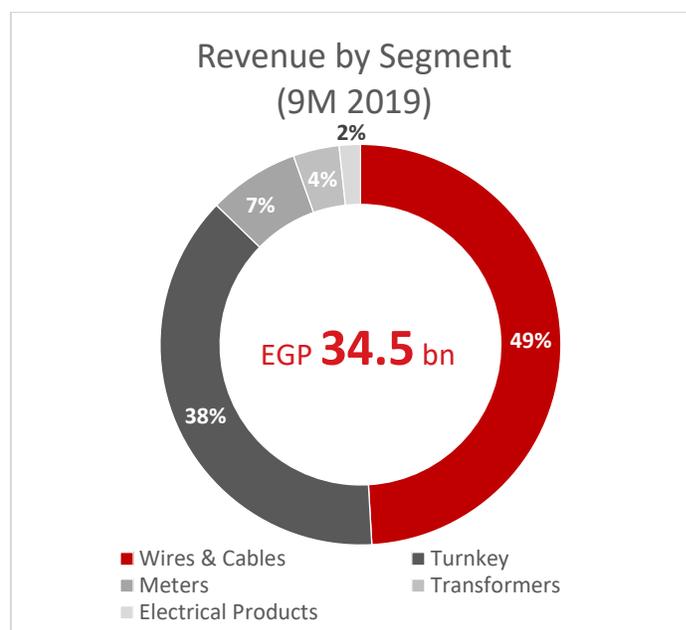
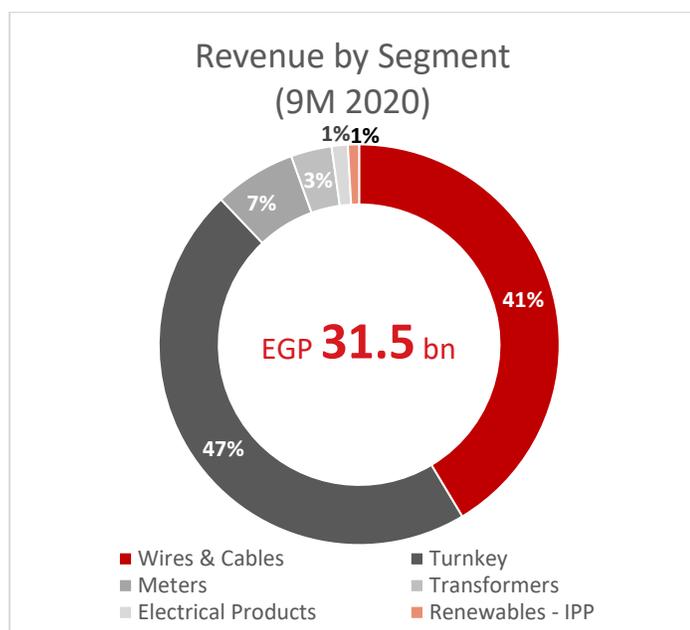
Revenue Analysis by Segment

Elsewedy's wires and cables business represented 41.4% of the company's consolidated top line for 9M 2020, down from 48.9% for the first nine months of 2019. Parallel to this decrease, the turnkey projects segment's top-line contribution jumped to 46.5% in 9M 2020 against 38.5% in 9M 2019 – an expansion of 8 percentage points. Turnkey projects displaced wires and cables as the company's primary revenue source for the first time in H1 2020.

Meanwhile, 9M 2020 saw the contribution from the meters and transformers segments decrease by 0.7 and 0.4 percentage points to record 6.6% and 3.3%, respectively. The other electrical products segment saw its contribution fall by 30 basis points to 1.3% in 9M 2020 versus 1.7% in 9M 2019. In its first nine months of full operations, Elsewedy's new renewables segment contributed 0.9% of the overall top line.

Revenue from Elsewedy's wires and cables segment fell by 22.9% y-o-y to EGP 13,012.9 million in 9M 2020, while revenues from the turnkey projects segment recorded double-digit growth of 10.0% y-o-y to book EGP 14,626.8 million in 9M 2020 against EGP 13,297.0 million one year previously.

Revenue from meters decreased by 17.7% y-o-y to book EGP 2,072.9 million in 9M 2020. Transformers followed suit, with segment revenues declining by 17.5% y-o-y to EGP 1,053.1 million in 9M 2020. Meanwhile, revenue from other electrical products contracted by 26.4% y-o-y, recording EGP 423.3 million for 9M 2020. Elsewedy's renewables segment booked EGP 280.9 million for 9M 2020.



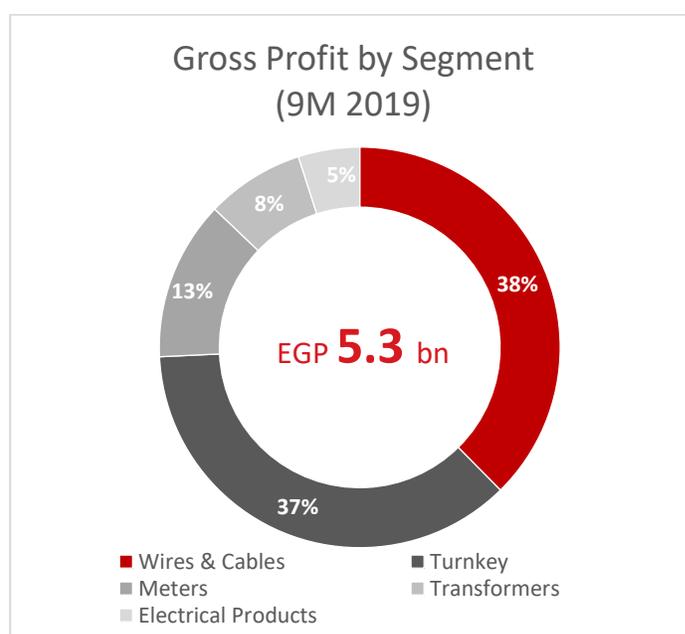
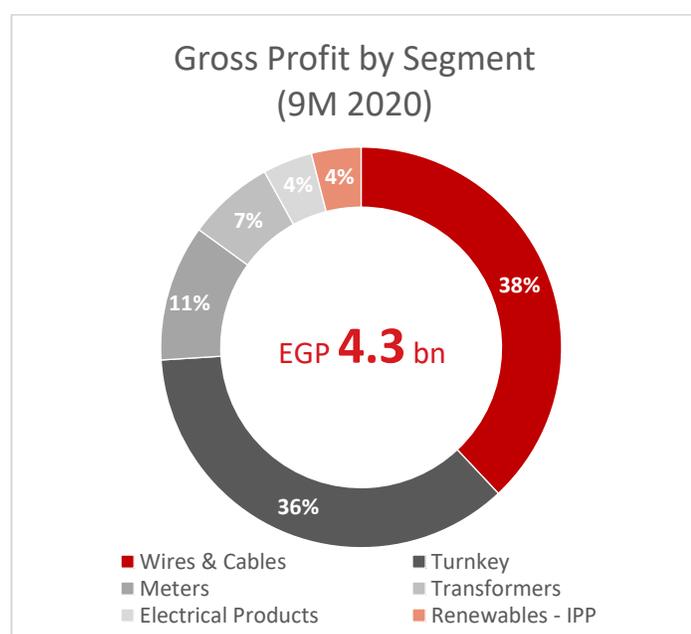
Summary of Revenues by Segment

EGP (000)'s	Q3-2020	Q3-2019	% Change	9M-2020	9M-2019	% Change
Wires & Cables	4,745,542	4,913,466	-3.4%	13,012,915	16,878,845	-22.9%
Turnkey Projects	5,190,556	6,552,938	-20.8%	14,626,815	13,296,975	10.0%
Meters	677,916	835,538	-18.9%	2,072,892	2,519,826	-17.7%
Transformers	463,693	500,348	-7.3%	1,053,124	1,275,752	-17.5%
Electrical Products	171,429	190,576	-10.0%	423,309	575,096	-26.4%
Renewables – IPP	102,528	-	-	280,949	-	-
Total	11,351,663	12,992,866	-12.6%	31,470,004	34,546,495	-8.9%

Gross Profit Analysis by Segment

Consolidated gross profit for 9M 2020 amounted to EGP 4,301.7 million, representing a y-o-y decrease of 18.8% from its 9M 2019 level of EGP 5,297.3 million. At 37.9%, Elsewedy's wires and cables segment remains the company's single largest generator of gross profitability, although the segment's margin of dominance has declined compared to previous periods: gross profit from wires and cables contracted by 19.8% y-o-y to record EGP 1,630.0 million for 9M 2020. The turnkey projects segment contributed 36.2% of Elsewedy's consolidated gross profit in 9M 2020, with the segment's gross profit declining by 20.8% y-o-y to book EGP 1,559.2 million against 1,969.0 one year previously.

The meters segment recorded a gross profit of EGP 483.7 million in 9M 2020, down by 26.9% y-o-y, with its contribution to total gross profit down by 1.3 percentage points to 11.2%. The period saw gross profit from the transformers segment decrease by 25.9% y-o-y to EGP 293.8 million, contributing 6.8% of consolidated gross profit in 9M 2020 versus 7.5% one year previously. Meanwhile, gross profit from other electrical products fell by 27.4% y-o-y to EGP 172.9 million in 9M 2020 and contributed 4.0% of total gross profit for the period. Elsewedy's newly consolidated renewables segment booked a gross profit of EGP 162.2 million during 9M 2020, representing 3.8% of total gross profit.



Summary of Gross Profit by Segment

EGP (000)'s	Q3-2020	Q3-2019	% Change	9M-2020	9M-2019	% Change
Wires & Cables	680,264	446,808	52.2%	1,629,964	2,031,500	-19.8%
Turnkey Projects	849,996	826,765	2.8%	1,559,173	1,969,024	-20.8%
Meters	180,469	209,297	-13.8%	483,710	661,967	-26.9%
Transformers	115,511	180,528	-36.0%	293,822	396,621	-25.9%
Electrical Products	80,285	72,754	10.4%	172,880	238,151	-27.4%
Renewables – IPPs	94,840	-	-	162,192	-	-
Total	2,001,367	1,736,152	15.3%	4,301,741	5,297,264	-18.8%

Segments Overview

Wires & Cables Segment

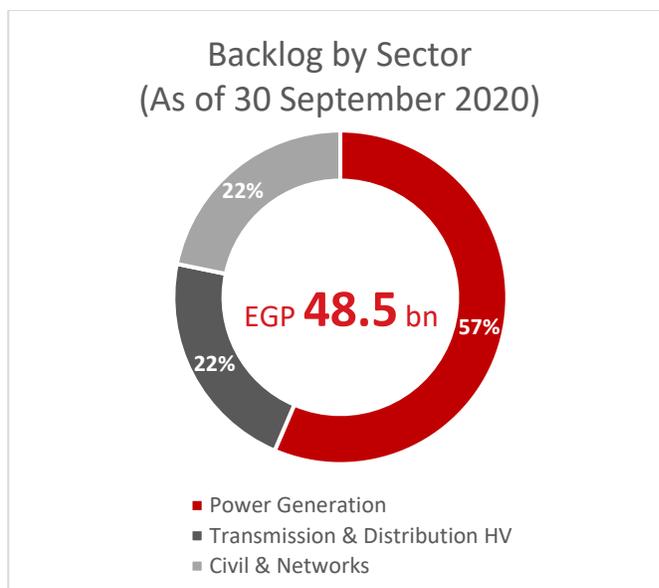
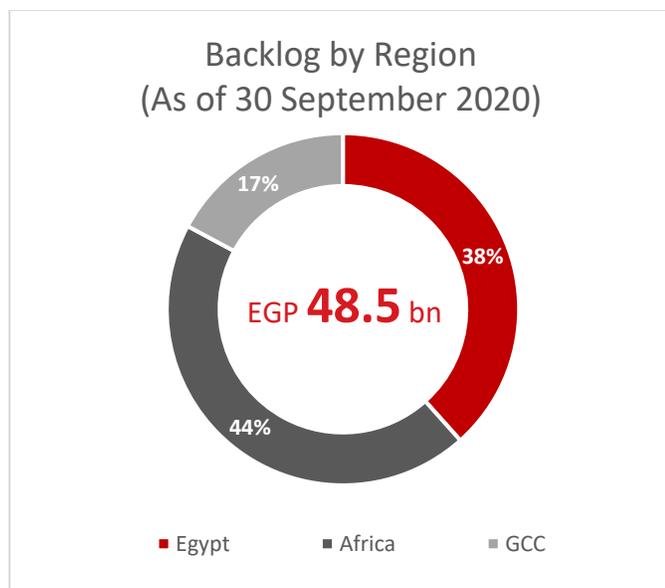
Revenue from wires & cables fell by 22.9% y-o-y in 9M 2020, recording EGP 13,012.9 million. Volumes sold contracted by 9.1% y-o-y to 87,706 tons in 9M 2020. Gross profit from wires & cables fell by 19.8% y-o-y to record EGP 1,630.0 million in 9M 2020, while gross profit per ton decreased by 21.9% y-o-y to EGP 13,325, down from EGP 17,051 in 9M 2019.

Wires & Cables Segment Financial Highlights

	Q3-2020	Q3-2019	% Change	9M-2020	9M-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	7,002,825	7,067,411	-0.9%	19,427,786	24,201,669	-19.7%
Revenues After Intercompany Sales (EGP 000's)	4,745,542	4,913,466	-3.4%	13,012,915	16,878,845	-22.9%
Gross Profit (EGP 000's)	680,264	446,808	52.2%	1,629,964	2,031,500	-19.8%
GP Margin Before Intercompany Sales	9.7%	6.3%		8.4%	8.4%	
GP Margin After Intercompany Sale	14.3%	9.1%		12.5%	12.0%	
Cables Sales Volumes (Tons)	31,521	30,788	2.4%	87,706	96,504	-9.1%
Cables Gross profit per ton (EGP)	14,367	11,780	22.0%	13,325	17,051	-21.9%

Turnkey Projects

Revenues from the turnkey projects segment posted EGP 14,626.8 million in 9M 2020, up by 10.0% y-o-y from EGP 13,297.0 million in 9M 2019.



The segment's contribution to the company's total revenue grew to 46.5% in 9M 2020 compared to 38.5% in the same period last year. Elsewedy's backlog of turnkey projects stood at EGP 48.5 billion as at 30 September 2020, down from EGP 50.5 billion as at 30 June 2020. Gross profit from the segment recorded EGP 1,559.2 million in 9M 2020, down 20.8% y-o-y and yielding a GPM of 10.7% versus 14.8% in 9M 2019.

Meters Segment

Revenues from the meters segment declined by 17.7% y-o-y in 9M 2020, booking EGP 2,072.9 million against EGP 2,519.8 million in 9M 2019. Meters contributed 6.6% to Elsewedy's total revenue in 9M 2020, with volumes sold expanding by 43.8% y-o-y to record 4,403.7 thousand meters versus 3,062.4 thousand one year previously. Gross profit from the segment decreased by 26.9% y-o-y, recording EGP 483.7 million and yielding a GPM of 23.3%. Gross profit per meter stood at EGP 110, down by 49.2% y-o-y from EGP 216 in 9M 2019.

Meters Backlog (As of 30 September 2020)

EUR **74.0** mn

Meters Segment Financial Highlights

	Q3-2020	Q3-2019	% Change	9M-2020	9M-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	769,589	872,892	-11.8%	2,346,851	2,837,165	-17.3%
Revenues After Intercompany Sales (EGP 000's)	677,916	835,538	-18.9%	2,072,892	2,519,826	-17.7%
Gross Profit (EGP 000's)	180,469	209,297	-13.8%	483,710	661,967	-26.9%
GP Margin Before Intercompany Sales	23.5%	24.0%		20.6%	23.3%	
GP Margin After Intercompany Sale	26.6%	25.0%		23.3%	26.3%	
Sales Volumes (meters)	2,020,892	865,692	133.4%	4,403,676	3,062,363	43.8%
Gross profit per meter (EGP)	89	242	-63.1%	110	216	-49.2%

Transformers Segment

Revenue from the transformers segment decreased by 17.5% y-o-y in 9M 2020 to book EGP 1,053.1 million, with volumes contracting by 12.1% y-o-y to 6,323 MVA in 9M 2020. Gross profit recorded a decrease of 25.9% y-o-y to EGP 293.8 million in 9M 2020, down from EGP 396.6 million in 9M 2019. The segment's gross profit per MVA fell by 15.7% y-o-y to EGP 46,470.

Transformers Backlog (As of 30 September 2020)

USD **58.5** mn

Transformers Segment Financial Highlights

	Q3-2020	Q3-2019	% Change	9M-2020	9M-2019	% Change
Revenues Before Intercompany Sales (EGP 000's)	496,370	542,159	-8.4%	1,289,573	1,469,957	-12.3%
Revenues After Intercompany Sales (EGP 000's)	463,693	500,348	-7.3%	1,053,124	1,275,752	-17.5%
Gross Profit (EGP 000's)	115,511	180,528	-36.0%	293,822	396,621	-25.9%
GP Margin Before Intercompany Sales	23.3%	33.3%		22.8%	27.0%	
GP Margin After Intercompany Sale	24.9%	36.1%		27.9%	31.1%	
Sales Volumes (MVA)	2,699	3,040	-11.2%	6,323	7,193	-12.1%
Gross profit per MVA (EGP)	42,805	59,380	-27.9%	46,470	55,141	-15.7%

Other Electrical Products

Revenue from other electrical products recorded a decrease of 26.4% y-o-y, booking EGP 423.3 million in 9M 2020, with segmental gross profit declining by 27.4% y-o-y over the same period to record EGP 172.9 million, yielding a GPM of 40.8%.

Renewables - IPPs

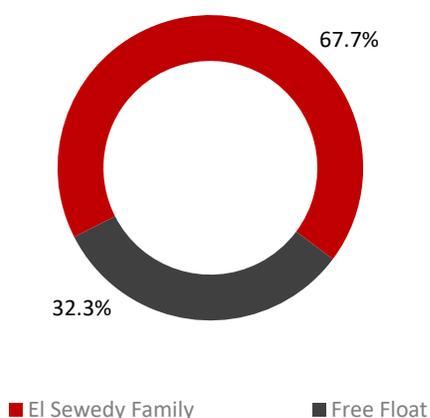
Elsewedy has fully consolidated its renewable energy segment, comprising its investments in solar PV power plants in Benban, Aswan, as well as 3 wind energy companies and a hydroelectric energy company in Greece, both acquired in 2019. The segment recorded revenues EGP 280.9 million in 9M 2020, generating a gross profit of EGP 162.2 million and yielding a GP margin of 57.7% 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 September 2020)



Share Information

SWDY.CA on the EGX

Number of Shares	2,184,180,000
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Share Price (30 September 2020)	EGP 6.86
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Market Cap (30 September 2020)	EGP 15.0 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	Q3-2020	Q3-2019	Change	9M-2020	9M-2019	Change
Sales						
Wires & Cables	4,745,541,887	4,913,465,631		13,012,915,279	16,878,845,327	
Electrical Products	1,313,037,887	1,526,462,246		3,549,324,641	4,370,674,663	
Turnkey Projects	5,293,083,539	6,552,938,343		14,907,764,211	13,296,975,082	
Total Sales	11,351,663,313	12,992,866,220	-12.6%	31,470,004,131	34,546,495,073	-8.9%
COGS	(9,350,296,444)	(11,256,713,949)		(27,168,263,615)	(29,249,231,533)	
Gross Profit	2,001,366,868	1,736,152,271	15.3%	4,301,740,516	5,297,263,540	-18.8%
Gross Profit Margin	17.6%	13.4%		13.7%	15.3%	
SG&A	(689,970,402)	(666,712,238)		(2,052,874,389)	(1,949,515,947)	
Other Operating Income	179,036,058	311,089,220		367,483,776	366,438,804	
Other Operating Expense	(178,951,486)	(323,952,469)		(335,739,572)	(475,475,960)	
Income from Investments	77,261,962	102,659,591		244,356,181	295,611,406	
EBITDA	1,597,447,498	1,358,961,181	17.5%	3,220,873,266	4,081,466,932	-21.1%
EBITDA Margin	14.1%	10.5%		10.2%	11.8%	
Depreciation & Amortization	(208,704,497)	(199,724,806)		(695,906,754)	(547,145,090)	
FX Gain / (Loss)	(98,363,683)	(95,762,514)		(37,849,903)	(172,879,720)	
EBIT	1,290,379,318	1,063,473,861	21.3%	2,487,116,609	3,361,442,122	-26.0%
Interest Expense	(173,143,776)	(106,582,302)		(386,451,681)	(330,711,158)	
Interest Income	95,123,395	152,077,705		412,670,716	572,652,599	
Interest Income / (Expenses)	(78,020,382)	45,495,404		26,219,035	241,941,441	
EBT	1,212,358,936	1,108,969,265	9.3%	2,513,335,644	3,603,383,563	-30.3%
Tax	(302,916,351)	(277,373,216)		(577,930,187)	(818,246,454)	
Net Income	909,442,585	831,596,049	9.4%	1,935,405,458	2,785,137,109	-30.5%
Minority Interest	(91,933,265)	(2,643,576)		(203,652,791)	(67,913,696)	
Net Income After Minority Interest	817,509,320	828,952,473	-1.4%	1,731,752,667	2,717,223,414	-36.3%
Net Income Margin	7.2%	6.4%		5.5%	7.9%	

Consolidated Balance Sheet

EGP	31/12/2019	30/06/2020	30/09/2020
Long Term Assets			
Fixed Assets	8,450,827,455	8,431,117,032	8,548,326,210
Investments	1,315,136,986	1,511,821,538	1,372,175,402
Other long-term Assets & Good will	743,639,294	664,769,631	566,676,405
Other long-term Receivables	2,526,349,912	2,776,898,742	2,333,226,629
Total Long-term Assets	13,035,953,647	13,384,606,943	12,820,404,646
Current Assets			
Inventories	9,148,634,900	7,976,064,330	7,025,787,669
Receivables	12,536,743,336	10,983,140,542	11,834,247,668
Other Debit balance	8,426,353,668	8,694,038,613	9,404,641,915
Due from Related Parties	693,528,592	691,930,668	635,428,462
Cash & Cash Equivalents	9,556,478,691	10,561,827,110	10,064,866,214
Total Current Assets	40,361,739,187	38,907,001,263	38,964,971,928
Total Assets	53,397,692,834	52,291,608,206	51,785,376,574
Current Liabilities			
Bank Overdraft & Short-term loans	6,774,718,608	8,028,547,830	8,276,419,737
Accounts Payable	3,936,191,619	4,128,943,811	4,116,762,995
Other Credit balance	19,125,746,474	18,751,341,413	16,988,931,320
Due to Affiliates	539,618,140	556,158,142	731,910,623
Provisions	1,484,492,493	1,337,112,568	1,307,336,285
Total Current Liabilities	31,860,767,335	32,802,103,764	31,421,360,960
Issued and Paid Capital	2,184,180,000	2,184,180,000	2,184,180,000
Retained Earnings	13,012,401,531	11,153,123,017	12,001,253,189
Others	1,519,936,116	1,571,544,497	1,509,834,422
Total Parent's Shareholders' Equity	16,716,517,647	14,908,847,514	15,695,267,611
Minority Interest	582,004,359	643,468,199	745,678,116
Total Equity	17,298,522,006	15,552,315,713	16,440,945,727
Long-term Loans	2,012,744,882	1,859,573,821	1,770,223,250
Other long-term Liabilities	2,225,658,611	2,077,614,908	2,152,846,637
Total Long-term Liabilities	4,238,403,493	3,937,188,729	3,923,069,887
Total Liabilities & Equity	53,397,692,834	52,291,608,206	51,785,376,574