

# ELSEWEDY ELECTRIC Reports Q1 2021 Results; Opens Year with Double-Digit Top- and Bottom-Line Growth

## Q1 2021 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 12,292.3 million ▲ 14% y-o-y	EGP 1,873.4 million ▲ 56% y-o-y	EGP 1,343.2 million ▲ 83% y-o-y	EGP 700.1 million ▲ 75% 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 2021, reporting revenues of EGP 12,292.3 million, up by 14.0% year-on-year (y-o-y). The company's net profit after minority interest recorded EGP 700.1 million, up by 75.0% y-o-y and representing a net profit margin of 5.7%.

## Summary Income Statement

EGP (000)'s	Q1-2021	Q1-2020	% Change
Revenue	12,292,258	10,778,864	14.0%
Gross Profit	1,873,395	1,198,280	56.3%
Gross Profit Margin	15.2%	11.1%	
EBITDA	1,343,222	734,293	82.9%
EBITDA Margin	10.9%	6.8%	
Net Income After Minority	700,070	400,078	75.0%
Net Income After Minority Margin	5.7%	3.7%	

## Financial Highlights

- **Revenues** recorded EGP 12,292.3 million in Q1 2021, increasing by 14.0% y-o-y. The quarter saw a broad-based revenue expansion across all business segments barring turnkey segments.
- **Gross Profit** rose by 56.3% y-o-y to EGP 1,873.4 million in Q1 2021, with the gross margin climbing by 4.1 percentage points to 15.2%.
- **SG&A** expense rose by 6.2% y-o-y to record EGP 768.5 million. As a percentage of revenues, SG&A fell to 6.3% in Q1 2021 from a level of 6.7% one year previously.
- **EBITDA** expanded by 82.9% y-o-y to EGP 1,343.2 million in Q1 2021, with the EBITDA margin climbing by 4.1 percentage points to record 10.9% versus 6.8% in Q1 2020.
- **Net Profit after Minority Interest** amounted to EGP 700.1 million in Q1 2021, up by 75.0% y-o-y from EGP 400.1 million in Q1 2020. The company's net profit margin increased to 5.7% from 3.7% over the same period.
- Elsewedy recorded a **net debt** position of EGP 1,339.5 million as at 31 March 2021 against a net cash position of EGP 562.5 million booked at 31 December 2020.
- **Inventory** came in at EGP 8,161.4 million as at 31 March 2021, up by 14.1% from the EGP 7,150.2 million booked as of 31 December 2020. **Accounts receivable** fell by 3.5% in the year-to-date (YTD) to book EGP 12,818.3 million as of 31 March 2021. **Accounts payable** decreased by 8.9% YTD to book EGP 5,221.1 million as of 31 March 2021.
- Elsewedy Electric's Board of Directors has approved the retirement of all **treasury stock**.

## Note from Our CEO

Elsewedy Electric has begun FY2021 very strongly. The company enjoyed double-digit revenue growth during Q1 2021, powered by strong performances across our business segments. We see a strong recovery in activity and price points across key sectors and have been able to leverage these developments to successfully implement the company's strategy and consolidate the diversification of its sales structure. Meanwhile, management is satisfied with the turnkey projects segment's start to the year. At the close of the quarter, we had a backlog of EGP 49.8 billion in the segment, ideally positioning us to benefit from recognition of turnkey revenue streams on a year-round basis. Double-digit growth was effectively filtered down to the bottom line during the period. If Q1 2021 is a good indication, then we are optimistic for the year as a whole and look forward to further rapid growth in revenues and profitability.

Management is strongly committed to Elsewedy's calibrated investment strategy. We aim to profitably and sustainably expand the company's footprint through targeted acquisitions that can quickly foster synergies across our operations and engender further efficiencies at all links of our value chain. Building on this strategy, we have marked a major milestone for Elsewedy with the acquisition of PT CG Power in Indonesia and Validus Engineering in Pakistan, both of which operate in the transformers segment. These acquisitions will more than double our transformers capacity to 30,000 MVA per annum while providing us with a bridgehead to the Southeast Asian and Australian markets.

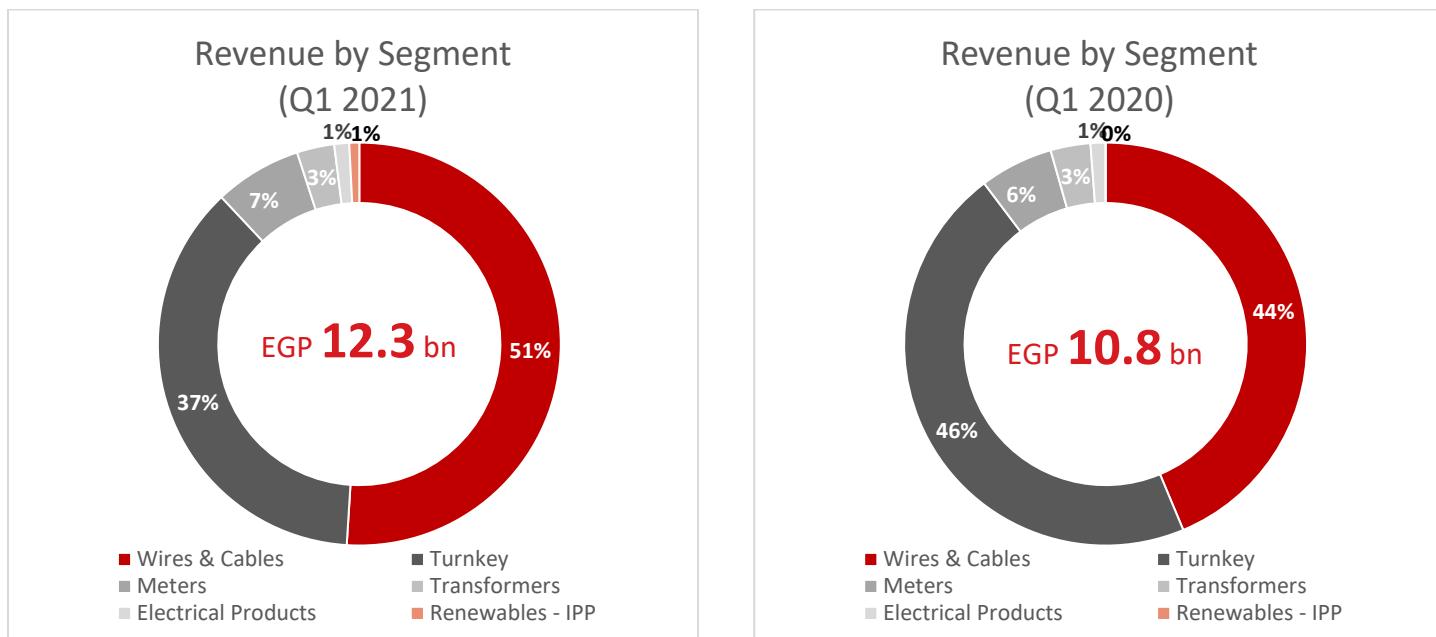
Moving forward, we will continue to diversify our portfolio by providing innovative, high-value products and infrastructure services that allow societies to develop in a sustainable and integrated manner. Elsewedy Electric will pursue the full range of avenues for growth, including organic pathways that play to the company's considerable competitive advantages and strategic strengths. In the meantime, we continue to scan the market for value-accretive investment opportunities, while maintaining our strong working capital position and a healthy, unlevered balance sheet that is not burdened by excess debt.

Ahmed El Sewedy

## Revenue Analysis by Segment

Elsewedy's wires and cables business was the largest contributor to total revenues during the first quarter of 2021, generating a top-line contribution of 51.2% against the share of 43.7% booked in Q1 2020. This increase came against a parallel decline in the contribution of Elsewedy's turnkey projects segment, which brought in 37.0% of revenues in Q1 2021 (Q1 2020: 45.8%), down by 8.8 percentage points y-o-y. Q1 2021 saw the contribution from the meters and transformers segments increase by 0.6 and 0.1 percentage points to record 6.6% and 3.0%, respectively, reflecting the absolute increase in revenues generated from both segments during the period. Other electrical products saw their top-line contribution remain stable at 1.4% for Q1 2021, while Elsewedy's renewables segment contributed 0.8% of consolidated revenues for the quarter, up by 0.6 percentage points from Q1 2020, the segment's first quarter of operations.

Revenue from Elsewedy's wires and cables segment rose by 33.4% y-o-y to record EGP 6,289.6 million in Q1 2021. Turnkey project revenues fell by 7.9% y-o-y to book EGP 4,546.7 million in Q1 2021, while revenue from meters grew by 25.3% y-o-y to register EGP 809.5 million for the quarter. The transformers segment expanded by 17.7% y-o-y to book revenues of EGP 365.9 million in Q1 2021. Meanwhile, revenue from other electrical products was up by 18.4% y-o-y, recording EGP 177.2 million for the quarter. Elsewedy Electric's renewables segment booked revenues of EGP 103.4 million, up from the EGP 22.0 million recorded during the segment's first quarter of operations one year previously.



## Summary of Revenues by Segment

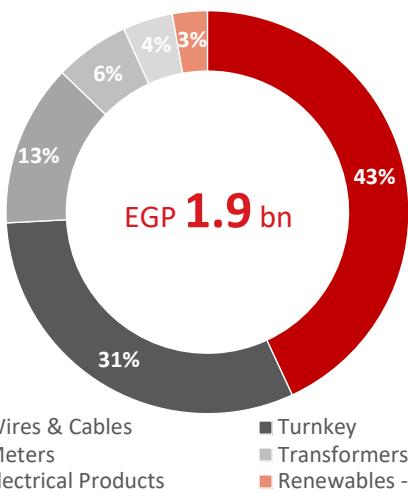
EGP (000)'s	Q1-2021	Q1-2020	% Change
<b>Wires &amp; Cables</b>	6,289,566	4,714,760	33.4%
<b>Turnkey Projects</b>	4,546,733	4,935,201	-7.9%
<b>Meters</b>	809,513	646,256	25.3%
<b>Transformers</b>	365,848	310,877	17.7%
<b>Electrical Products</b>	177,244	149,734	18.4%
<b>Renewables – IPP</b>	103,353	22,037	NA
<b>Total</b>	<b>12,292,258</b>	<b>10,778,864</b>	<b>14.0%</b>

## Gross Profit Analysis by Segment

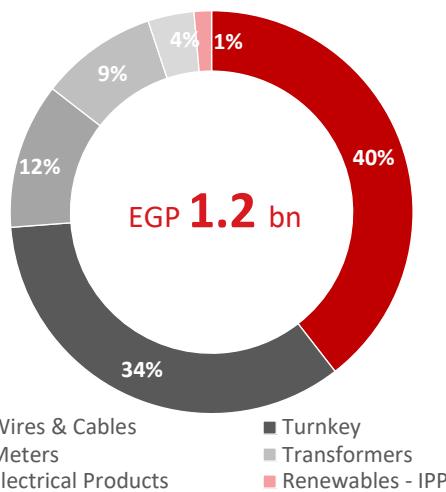
Consolidated gross profit registered EGP 1,873.4 million in Q1 2021, an increase of 56.3% y-o-y driven by the strong recovery in Elsewedy's top line during the period. Wires and cables generated a gross profit of EGP 811.9 million in Q1 2021, up by 71.6% y-o-y and representing a 43.3% contribution to company-level gross profit against 39.5% for the same quarter of the previous year. Turnkey projects booked a gross profit of EGP 574.1 million for Q1 2021, representing a y-o-y increase of 39.6% and accounting for 30.6% of consolidated gross profit compared to 34.3% one year previously.

Gross profit from meters was up by 75.8% to record EGP 245.8 million in Q1 2021, contributing 13.1% of company-level gross profit during the period versus 11.7% in Q1 2020. Transformers recorded a gross profit of EGP 107.6 million for Q1 2021, representing a y-o-y decrease of 4.3% and a diminished contribution to gross profit of 5.7% (Q1 2020: 9.4%). Meanwhile, other electrical products booked EGP 78.5 million in gross profit for Q1 2021, up by 75.2% y-o-y and contributing 4.2% of total gross profit. Elsewedy's renewables segment booked a gross profit of EGP 55.5 million for Q1 2021, up strongly from the figure of EGP 16.7 million recorded for Q1 2020 and representing 3.0% of the company's consolidated gross profit for the quarter (Q1 2020: 1.4%).

**Gross Profit by Segment  
(Q1 2021)**



**Gross Profit by Segment  
(Q1 2020)**



## Summary of Gross Profit by Segment

EGP (000)'s	Q1-2021	Q1-2020	% Change
<b>Wires &amp; Cables</b>	811,897	473,159	71.6%
<b>Turnkey Projects</b>	574,129	411,356	39.6%
<b>Meters</b>	245,798	139,787	75.8%
<b>Transformers</b>	107,558	112,450	-4.3%
<b>Electrical Products</b>	78,505	44,817	75.2%
<b>Renewables – IPPs</b>	55,507	16,710	NA
<b>Total</b>	<b>1,873,395</b>	<b>1,198,280</b>	<b>56.3%</b>

## Segments Overview

### Wires & Cables Segment

Revenue from wires & cables recorded EGP 6,289.6 million in Q1 2021, representing an increase of 33.4% y-o-y. Revenue growth was driven largely by price increases, although volumes sold were also up by 5.3% y-o-y, recording 34,672 tons in Q1 2021 against 32,933 tons in Q1 2020. Gross profit from wires & cables increased by 71.6% y-o-y on the back of a 22.1% increase in gross profit per ton, which rose to EGP 15,119 in Q1 2021 from EGP 12,383 in Q1 2020. The segment booked a gross profit margin of 12.9% in Q1 2021, up from the 10.0% booked for the same quarter of the previous year.

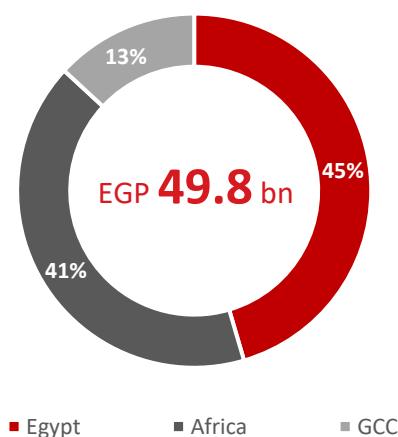
### Wires & Cables Segment Financial Highlights

	Q1-2021	Q1-2020	% Change
Revenues Before Intercompany Sales (EGP 000's)	8,255,490	7,233,850	14.1%
Revenues After Intercompany Sales (EGP 000's)	6,289,566	4,714,760	33.4%
Gross Profit (EGP 000's)	811,897	473,159	71.6%
GP Margin Before Intercompany Sales	9.8%	6.5%	
GP Margin After Intercompany Sale	12.9%	10.0%	
Cables Sales Volumes (Tons)	34,672	32,933	5.3%
Cables Gross profit per ton (EGP)	15,119	12,383	22.1%

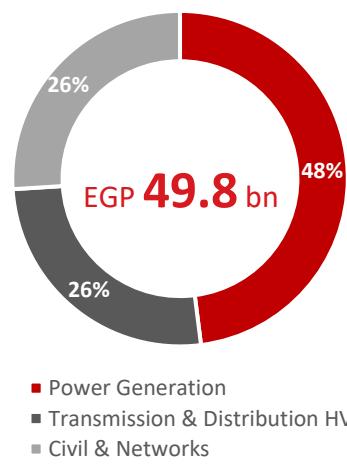
### Turnkey Projects

Revenue from turnkey projects recorded EGP 4,546.7 million in Q1 2021, down by 7.9% y-o-y from EGP 4,935.2 million in Q1 2020.

Backlog by Region  
(As of 31 March 2021)



Backlog by Sector  
(As of 31 March 2021)



Turnkey projects contributed 37.0% of the company's consolidated revenues in Q1 2021, down from 45.8% one year previously. Backlog in the segment stood at EGP 49.8 billion for Q1 2021, down from the EGP 53.3 billion recorded in Q1 2020. Gross profit from the segment recorded EGP 574.1 million in Q1 2021, an increase of 39.6% y-o-y, while the segment's gross profit margin rose by 4.3 percentage points to record 12.6% for the quarter.

### Meters Segment

Revenues from the meters segment rose by 25.3% y-o-y, recording EGP 809.5 million. Volumes sold declined by 7.1% y-o-y to record 1,130,901 meters in Q1 2021. Gross profit per meter expanded by 89.2% y-o-y to book EGP 217 against EGP 115 one year previously. Meanwhile, the segment's backlog recorded EUR 79 million at the close of Q1 2021, up from EUR 46 million in Q1 2020.

**Meters Backlog**  
(As of 31 March 2021)

EUR **79** mn

### Meters Segment Financial Highlights

	Q1-2021	Q1-2020	% Change
Revenues Before Intercompany Sales (EGP 000's)	916,156	730,558	25.4%
Revenues After Intercompany Sales (EGP 000's)	809,513	646,256	25.3%
Gross Profit (EGP 000's)	245,798	139,787	75.8%
GP Margin Before Intercompany Sales	26.8%	19.1%	
GP Margin After Intercompany Sale	30.4%	21.6%	
Sales Volumes (meters)	1,130,901	1,216,787	-7.1%
Gross profit per meter (EGP)	217	115	89.2%

### Transformers Segment

Revenue from the transformers segment increased by 17.7% y-o-y in Q1 2021 to book EGP 365.9 million. Volumes contracted by 14.8% y-o-y to 1,977 MVA in Q1 2021. Gross profit per MVA rose by 12.3% y-o-y to EGP 54,419 million in Q1 2021. Segmental gross profit was down by 4.3% y-o-y to record EGP 107.6 million for the quarter. Backlog at the segment booked USD 70 million at the close of Q1 2021 against USD 80 million one year previously.

**Transformers Backlog**  
(As of 31 March 2021)

USD **70** mn

### Transformers Segment Financial Highlights

	Q1-2021	Q1-2020	% Change
Revenues Before Intercompany Sales (EGP 000's)	408,800	431,231	-5.2%
Revenues After Intercompany Sales (EGP 000's)	365,848	310,877	17.7%
Gross Profit (EGP 000's)	107,558	112,450	-4.3%
GP Margin Before Intercompany Sales	26.3%	26.1%	
GP Margin After Intercompany Sale	29.4%	36.2%	
Sales Volumes (MVA)	1,977	2,320	-14.8%
Gross profit per MVA (EGP)	54,419	48,460	12.3%

### Electrical Products

Revenue from electrical products recorded an increase of 18.4% y-o-y, booking EGP 177.2 million in Q1 2021, with segmental gross profit growing by 75.2% y-o-y to record EGP 78.5 million, yielding a GPM of 44.3%.

### Renewables - IPPs

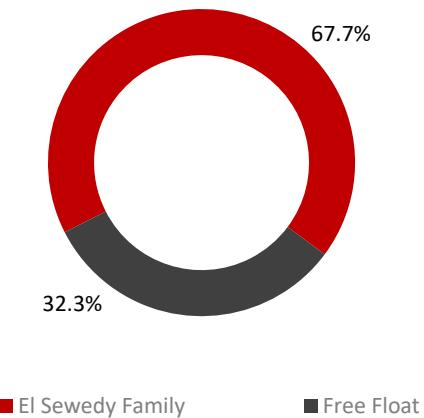
Elsewedy's renewable energy segment comprises the company's investments in solar PV power plants in Benban, Aswan, as well as 3 wind energy companies and a hydroelectric energy company in Greece, both acquired in 2019. The segment recorded revenues EGP 103.4 million in Q1 2021, generating a gross profit of EGP 55.5 million and yielding a GP margin of 53.7% 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 15,000 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](http://www.elsewedyelectric.com)

### Shareholders Structure

(as at 31 March 2021)



### Share Information

#### SWDY.CA on the EGX

Number of Shares	2,184,180,000
Share Price (31 March 2021)	EGP 9.02
Market Cap (31 March 2021)	EGP 19.7 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	Q1-2021	Q1-2020
<b>Sales</b>		
Wires & Cables	6,289,566,234	4,714,759,727
Electrical Products	1,352,605,302	1,106,866,395
Turnkey Projects	4,650,086,060	4,957,237,952
<b>Total Sales</b>	<b>12,292,257,597</b>	<b>10,778,864,074</b>
COGS	(10,418,863,088)	(9,580,584,477)
<b>Gross Profit</b>	<b>1,873,394,509</b>	<b>1,198,279,597</b>
<b>Gross Profit Margin</b>	<b>15.2%</b>	<b>11.1%</b>
SG&A	(768,459,764)	(723,463,527)
Other Operating Income	76,308,461	90,150,422
Other Operating Expense	(165,369,332)	(101,480,301)
Income from Investments	58,771,812	82,131,030
<b>EBITDA</b>	<b>1,343,221,811</b>	<b>734,293,207</b>
<b>EBITDA Margin</b>	<b>10.9%</b>	<b>6.8%</b>
Depreciation & Amortization	(268,576,125)	(188,675,985)
FX Gain / (Loss)	16,703,369	(56,167,496)
<b>EBIT</b>	<b>1,091,349,054</b>	<b>489,449,726</b>
Interest Expense	(137,083,989)	(65,842,005)
Interest Income	73,427,222	178,962,803
Interest Income / (Expenses)	(63,656,767)	113,120,799
<b>EBT</b>	<b>1,027,692,287</b>	<b>602,570,525</b>
Tax	(258,198,989)	(138,875,413)
<b>Net Income</b>	<b>769,493,298</b>	<b>463,695,112</b>
Minority Interest	(69,423,530)	(63,616,626)
<b>Net Income After Minority Interest</b>	<b>700,069,768</b>	<b>400,078,486</b>
<b>Net Income Margin</b>	<b>5.7%</b>	<b>3.7%</b>

**Consolidated Balance Sheet**

EGP	31/12/2020	31/03/2021
<b>Long Term Assets</b>		
Fixed Assets & Goodwill	8,814,664,639	8,885,393,252
Investments	1,524,731,301	1,580,844,648
Other long-term Assets	436,434,058	360,992,174
Other long-term Receivables	2,186,475,382	2,390,809,167
<b>Total Long-term Assets</b>	<b>12,962,305,380</b>	<b>13,218,039,241</b>
<b>Current Assets</b>		
Inventories	7,150,239,877	8,161,350,856
Receivables	13,283,549,306	12,818,325,008
Other Debit balance	10,080,567,226	11,122,563,375
Due from Related Parties	645,776,969	858,343,324
Cash & Cash Equivalents	10,811,687,255	10,312,098,182
<b>Total Current Assets</b>	<b>41,971,820,633</b>	<b>43,272,680,745</b>
<b>Total Assets</b>	<b>54,934,126,013</b>	<b>56,490,719,986</b>
<b>Current Liabilities</b>		
Bank Overdraft & Short-term loans	8,268,089,866	9,742,403,024
Accounts Payable	5,733,816,805	5,221,104,284
Other Credit balance	16,783,796,474	17,777,716,052
Due to Affiliates	588,944,840	491,655,595
Provisions	1,497,155,181	1,534,941,527
<b>Total Current Liabilities</b>	<b>32,871,803,166</b>	<b>34,767,820,481</b>
Issued and Paid Capital	2,184,180,000	2,184,180,000
Retained Earnings	13,209,556,135	12,904,089,360
Others	1,628,194,204	1,551,248,250
<b>Total Parent's Shareholders' Equity</b>	<b>17,021,930,339</b>	<b>16,639,517,610</b>
Minority Interest	869,033,193	834,014,962
<b>Total Equity</b>	<b>17,890,963,532</b>	<b>17,473,532,572</b>
Long-term Loans	1,981,093,136	1,909,237,174
Other long-term Liabilities	2,190,266,176	2,340,129,758
<b>Total Long-term Liabilities</b>	<b>4,171,359,312</b>	<b>4,249,366,931</b>
<b>Total Liabilities &amp; Equity</b>	<b>54,934,126,013</b>	<b>56,490,719,986</b>