

ELSEWEDY ELECTRIC Reports Q1 2022 Results; Records Solid Top-line Growth of 51.1% in the Face of Macroeconomic Turbulence

Q1 2022 Consolidated Financial Highlights

Revenues	Gross Profit	EBITDA	Net Profit after Minority
EGP 18,573 million ▲ 51.1% y-o-y	EGP 2,312 million ▲ 26.1% y-o-y	EGP 1,547 million ▲ 15.2% y-o-y	EGP 761 million ▲ 8.7% 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 period ending 31 March 2022, reporting revenues of EGP 18,573 million, up by 51.1% year-on-year (y-o-y). The company's net profit after minority interest was recorded at EGP 761 million, up by 8.7% y-o-y and representing a net profit margin of 4.1%.

Note from Our CEO

Performance for the year has started off strong and I am happy to report a resilient Q1 2022. The positive achievements of the first quarter are a testament to our adaptable business model and robust strategic planning capabilities. We maintain solid footing despite deepening global challenges to the economy and an ever-evolving international environment. Our efforts are anchored in effective management controls across our global footprint, exceptional governance functions and world-class systems, through which we have managed to successfully mitigate volatility in the Egyptian market this quarter. I consider our strategic efforts towards geographic and operational diversification as a major contributor to our ability to navigate the latest exchange rates' movement and its related effect on our financials.

Strategic planning is key to sustaining our business model's agility and ability to respond to global disruptions to supply chain. We focus on contingency planning, which enables us to stay the course and reinforce our dedication to the ambitious targets set for the year. I am confident in our ability to deliver on our growth plan for 2022, while reaffirming our conviction to expand our presence inside Egypt and abroad.

We value sustainability and it continues to be at the forefront of our business. It is mirrored in our operations, as well as our tireless efforts to safeguard the Group's long-term financial health. Management and I are committed to creating value for our shareholders through proactive planning and programs that will continue to boost returns going forward.

Ahmed El Sewedy

Summary Income Statement

EGP (000)'s	Q1-2022	Q1-2021	% Change
Revenue	18,573,314	12,292,258	51.1%
Wires & Cables	9,278,568	6,289,566	47.5%
Turnkey Projects	7,553,815	4,563,822	65.5%
Meters	800,305	809,513	-1.1%
Transformers	618,940	365,848	69.2%
Electrical Products	219,469	160,156	37.0%
Renewables – IPP	102,217	103,353	-1.1%
Gross Profit	2,311,578	1,833,395	26.1%
Wires & Cables	1,050,552	771,897	36.1%
Turnkey Projects	774,163	577,657	34.0%
Meters	216,031	245,798	-12.1%
Transformers	89,675	107,558	-16.6%
Electrical Products	120,425	74,977	60.6%
Renewables – IPP	60,732	55,507	9.4%
Gross Profit Margin	12.4%	14.9%	
EBITDA	1,547,293	1,343,222	15.2%
EBITDA Margin	8.3%	10.9%	
Net Income After Minority	760,867	700,070	8.7%
Net Income After Minority Margin	4.1%	5.7%	

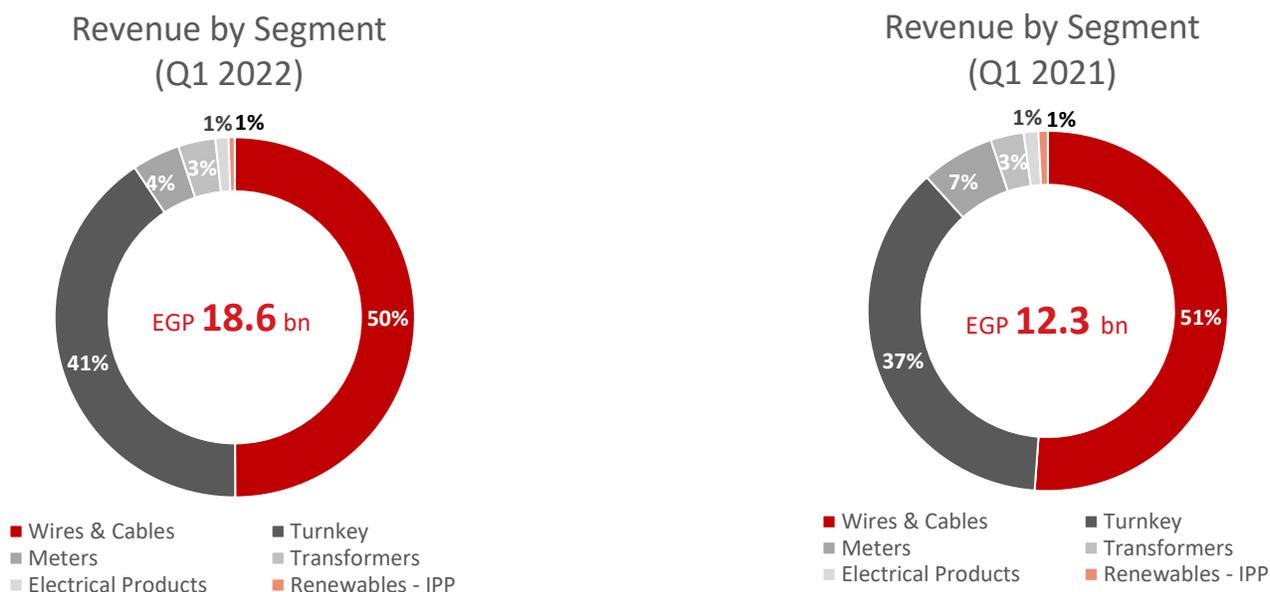
Financial and Operational Highlights

- **Revenues** grew by 51.1% y-o-y to EGP 18,573 million in Q1 2022 on the back of the strong performance delivered by Elsewedy's top contributing business segments. The climb in revenues was led by the growth of the company's turnkey projects and wires & cables segments, yielding results from the promising awards pipeline and responsive pricing measures to macroeconomic inflationary pressures.
- **Gross Profit** increased by 26.1% y-o-y to reach EGP 2,312 million in Q1 2022, reflecting the strong revenue trend, the impact of which was dampened by macroeconomic inflationary pressures.
- **SG&A** expenses reflected the impact of the recent domestic and global market challenges, increasing by 20.6% y-o-y, amounting to EGP 927 million, while improving as percentage of revenues at 5.0% compared to 6.3% in the previous year. The increase in SG&A was mainly driven by increased salaries associated with the consolidation of new acquisitions coupled with increased selling expenses and freight costs.
- **EBITDA** increased by 15.2% y-o-y to EGP 1,547 million in Q1 2022, while the EBITDA margin was 8.3% compared to 10.9% one year previously. The decline in EBITDA margin came on the heels of the rising cost pressures witnessed during the period, which tapered the growing EBITDA trend.
- **Net Income after Minority Interest** grew 8.7% y-o-y to EGP 761 million in Q1 2022, up from the net income of EGP 700 million posted in Q1 2020. Net profit margin came in at 4.1% in the first quarter of 2022 against 5.7% in the previous year.
- Elsewedy reported a **net debt** position of EGP 9,045 million as at 31 March 2022 compared to a net debt position of EGP 6,116 million booked at 31 December 2021. The increase, which was affected by forex to some extent, is part of contingency planning, deployed in an effort to curb delays in commodity deliveries and supply-chain disruptions that could negatively impact operations. This included raw material stocking, related advance payments, and the coverage of associated freight costs. Additionally, the financing was deployed towards strategic acquisitions.

- **Inventory** came in at EGP 15,451 million as at 31 March 2022, up by 16% from EGP 13,321 million at year-end 2021. The increase in inventory was driven by supply chain disruption mitigation efforts.
- **Accounts receivable** booked EGP 19,370 million as at 31 March 2022, an increase of 28.8% compared to year-end 2021, while **accounts payable** grew by 19.6% between year-end 2021 and Q1 2022, to reach EGP 10,379 million. This reflects the company's efforts to strengthen its working capital, as it continues to increase its operational current asset base to curb potential supply-chain disruptions, and bolster balance sheet liquidity.

Financial and Operational Review

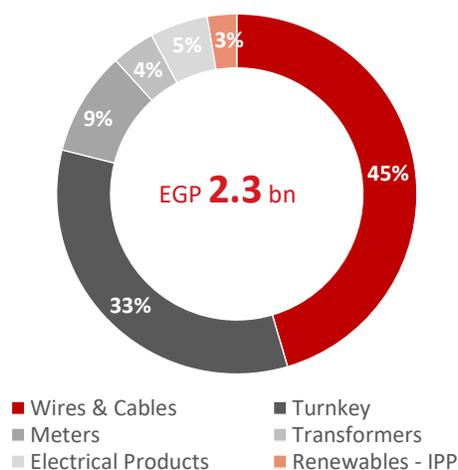
Revenues grew by 51.1% y-o-y to EGP 18,573 million in Q1 2022 on the back of the strong growth in Elsewedy's turnkey projects and the solid performance of the wires and cables segment.



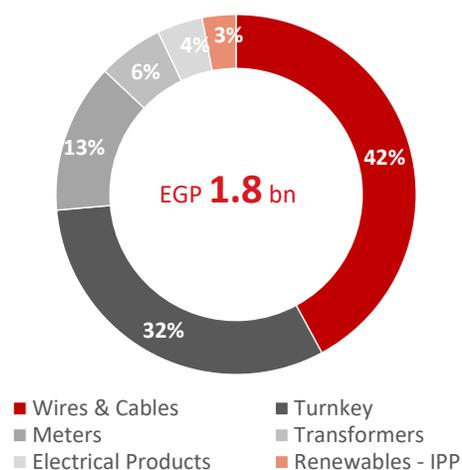
- **Wires and cables** segment contributed 50% to consolidated revenues, remaining Elsewedy's largest top-line contributor and growing 47.5% y-o-y to EGP 9,279 million.
- **Turnkey projects** brought in 41%, increasing by 65.5% y-o-y to reach revenues of EGP 7,554 million and a record backlog of EGP 73 billion.
- **Meters** segment contributed 4% driven by the adverse impact of raw material shortages and supply chain challenges that have lingered from 2021, which caused revenues to drop by 1.1% y-o-y to EGP 800 million.
- **Transformers** segment reported a contribution of 3%, growing by 69.2% y-o-y to reach revenues of EGP 619 million. The substantial increase in top-line comes from the proceeds of the strategic acquisitions and investments that were concluded in 2021.
- **Other electrical products** recorded a contribution of 1%, increasing by 37% y-o-y at EGP 219 million.
- **Renewables** segment generated 1% of consolidated revenues for the period, reflecting a slight decline of 1.1% to reach EGP 102 million, affected by seasonality.

Gross Profit increased by 26.1% y-o-y to reach EGP 2,312 million in Q1 2022, supported by the strong growth in the wires and cables segment and turnkey projects. **Consolidated gross profit margin** decreased to 12.4% against the 14.9% recorded in Q1 2021, as a result of the decline in gross margins mainly from the wires and cables and turnkey segments, accompanied by the lower profitability of the meters and transformers segments.

Gross Profit by Segment
(Q1 2022)



Gross Profit by Segment
(Q1 2021)



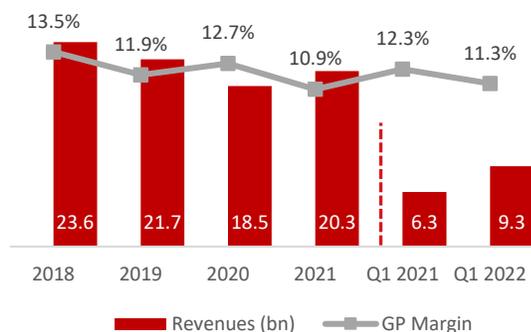
- **Wires and cables** was the segment with the largest contribution to consolidated gross profit at 45% with a gross profit of EGP 1,051 million, reflecting a y-o-y increase of 36.1%. The hike in the segment's revenues came as a result of the company's responsive pricing measures to macroeconomic inflationary pressures, paired with a 2.1% increase in volumes sold.
- **Turnkey projects** was the second largest contributor at 33%, increasing by 34% y-o-y to EGP 774 million.
- **Meters** segment generated a gross profit of EGP 216 million (-12.1% vs Q1 2021), with a contribution of 9%
- **Transformers** segment recorded a gross profit of EGP 90 million (-16.6% y-o-y vs Q1 2021) with a gross profit contribution of 4%
- **Other electrical products'** gross profit grew to EGP 120 million (+60.6% vs Q1 2021) and yielded a contribution to consolidated gross profit of 5%
- **Renewables** segment's gross profits amounted to EGP 61 million, representing a 3% contribution to total gross profit

Segment Review

Wires and Cables

	Q1-2022	Q1-2021	% Change
Revenues Before Intercompany Sales (EGP 000's)	11,816,899	8,255,490	43.1%
Revenues After Intercompany Sales (EGP 000's)	9,278,568	6,289,566	47.5%
Gross Profit (EGP 000's)	1,050,552	771,897	36.1%
GP Margin Before Intercompany Sales	8.9%	9.4%	
GP Margin After Intercompany Sales	11.3%	12.3%	
Cables Sales Volumes (Tons)	35,383	34,672	2.1%
Cables Gross profit per ton (EGP)	18,808	15,119	24.4%

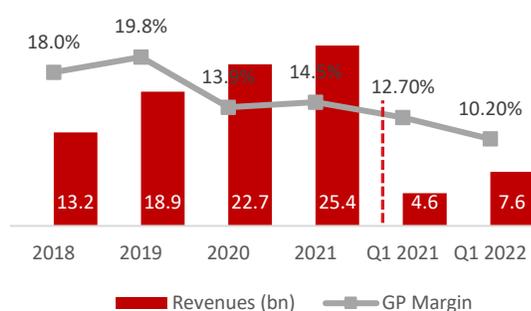
Wires & Cables Revenue and Profitability



- Sales volumes recorded an aggregate of 35,383 tons (+2.1% y-o-y vs Q1 2021). The revenue increase was driven by responsive pricing measures to macroeconomic inflationary pressures and paired with a 2.1% increase in volumes.
- Revenues generated from the Wires and Cables segment amounted to EGP 9.3 billion, reflecting an increase of 47.5% from the EGP 6.3 billion registered at Q1 2021.
- The segment's gross profit increased by 36.1% y-o-y, amounting to EGP 1.1 billion at the end of Q1 2022, despite the increase in costs witnessed during the period.
- The segment's gross profit margin declined in the first quarter of 2022 to 11.3% compared to the strong base margin of 12.3% one year previously. The contraction was further influenced by a lower margin customer and product mix for the quarter coupled with exports effect, which is normally associated with lower margins.

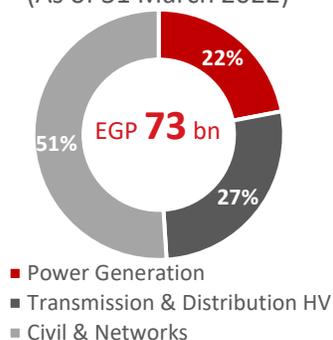
Turnkey Projects and Awards

Turnkey Revenue and Profitability

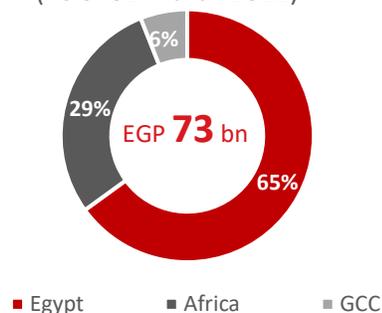


- Turnkey projects contributed 41% to aggregate revenues and increased 65.5% y-o-y to reach EGP 7.6 billion in Q1 2022 following the completion of civil and infrastructure projects.
- Backlog amounted to an all-time-high of EGP 73 billion in Q1 2022 driven by new project awards coupled with forex effects.
- Gross profit for the period stood at EGP 774 million (+34% vs 1Q 2021), becoming the second-largest contributing segment at 33%. The segment's gross profit margin came in at 10.2% (-2.5 pp vs Q1 2021), in line with the industry average.

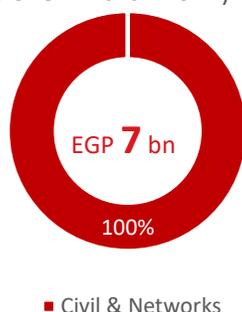
Backlog by Sector
(As of 31 March 2022)



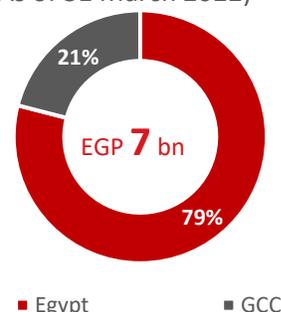
Backlog by Region
(As of 31 March 2022)



Awards by Sector
(As of 31 March 2022)



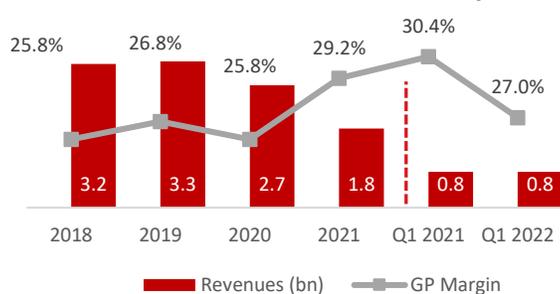
Awards by Region
(As of 31 March 2022)



Meters

	Q1-2022	Q1-2021	% Change
Revenues Before Intercompany Sales (EGP 000's)	1,070,084	916,156	16.8%
Revenues After Intercompany Sales (EGP 000's)	800,305	809,513	-1.1%
Gross Profit (EGP 000's)	216,031	245,798	-12.1%
GP Margin Before Intercompany Sales	20.2%	26.8%	
GP Margin After Intercompany Sale	27.0%	30.4%	
Sales Volumes (meters)	1,026,825	1,130,901	-9.2%
Gross profit per meter (EGP)	210	217	-3.2%

Meters Revenue and Profitability



- The meters segment contributed 4% to Elsewedy's consolidated top-line and declined by 1.1% y-o-y to EGP 800 million, on the back of the 9.2% decrease in sales volumes witnessed in Q1 2022.
- The segment generated a gross profit of EGP 216 million (-12.1% y-o-y vs Q1 2021), driven by slower sales, rising costs related to the ship shortages and increased freight costs incurred by the company during the period.

**Meters Backlog
(As of 31 March 2022)**

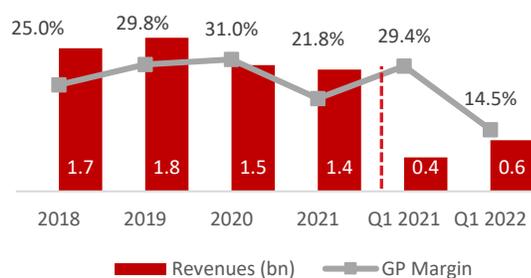
EUR **199** mn

- While the shortages of raw materials and marine cargo carriers still remain an issue, Elsewedy has developed and set in motion a risk mitigation plan, which involves existing product redesigns, and placing larger orders in advance from suppliers.
- Gross profit per meter decreased to EGP 210 (-3.2% y-o-y) despite of the prices increase, with a gross profit margin of 27%.
- Backlog recorded EUR 199 million at the end of March 2022, compared to the backlog of EUR 152 million at year-end 2021 (vs EUR 79 million in Q1 2021).

Transformers

	Q1-2022	Q1-2021	% Change
Revenues Before Intercompany Sales (EGP 000's)	705,019	408,800	72.5%
Revenues After Intercompany Sales (EGP 000's)	618,940	365,848	69.2%
Gross Profit (EGP 000's)	89,675	107,558	-16.6%
GP Margin Before Intercompany Sales	12.7%	26.3%	
GP Margin After Intercompany Sale	14.5%	29.4%	
Sales Volumes (MVA)	3,001	1,977	51.8%
Gross profit per MVA (EGP)	29,886	54,419	-45.1%

Transformers Revenue and Profitability



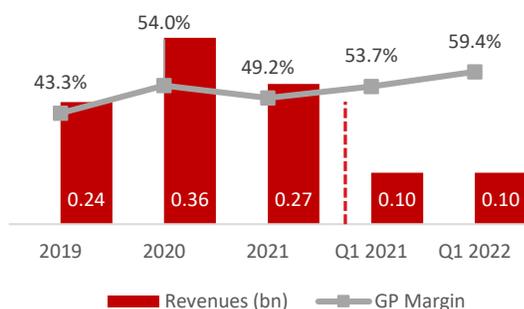
**Transformers Backlog
(As of 31 March 2022)**

USD **141** mn

- The transformers segment reported a revenue contribution of 3%, climbing by 69.2% y-o-y to record EGP 619 million, as a result of higher volumes sold during the period, which reached 3,001 MVA (+51.8% vs Q1 2021). The increase in volumes sold came in the hands of the consolidation of the newly made acquisitions outside of Egypt, and the solid performance in the local market.
- The restructuring costs related to the company's acquisitions in Indonesia and Pakistan, accompanied by the slowdown in the Algerian market added pressure to the segment's profitability and gross profit margin in Q1 2022.
- Backlog recorded for the transformers segment amounted to USD 141 million at 31 March 2022, up from the USD 119 million at year-end 2021 (vs USD 70 million in Q1 2021).

Renewables - IPPs

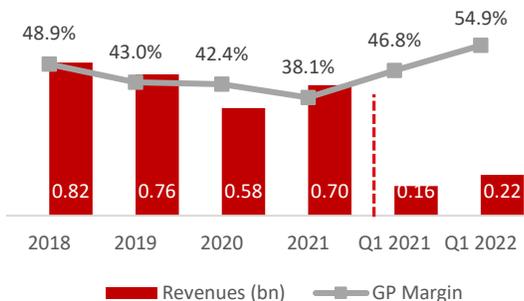
Renewables Revenue and Profitability



- The renewables segment generated 1% of Elsewedy’s consolidated revenues for the period, as a result of the anticipated impact of seasonality. Revenues for the segment decreased by 1.1% to record EGP 102 million.
- At the end of the first quarter of 2022, gross profits stood at EGP 61 million, representing a 3% contribution to total gross profit. On a margin basis, gross profit margin for the segment recorded 59.4%, on the back of the 9.4% increase in the segment’s gross profit.

Other Electrical Products

Other Electrical Products Revenue and Profitability



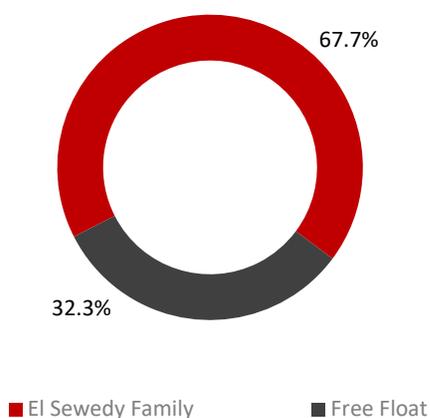
- The other electrical products segment recorded a contribution of 1% to Elsewedy’s consolidated revenues. The segment recorded a y-o-y increase of 37% in revenues to reach EGP 219 million.
- The segment’s gross profit grew to EGP 120 million (+60.6% vs Q1 2021) and yielded a contribution to consolidated gross profit of 5%. Gross profit margin for the segment came in at 54.9% at the end of 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

Shareholders Structure

(as at 31 March 2022)



Share Information

SWDY.CA on the EGX

Number of Shares	2,184,180,000
Share Price (31 March 2022)	EGP 8.26
Market Cap (31 March 2022)	EGP 18.04 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	Q1-2022	Q1-2021	% Change
Sales			
Wires & Cables	9,278,568,164	6,289,566,234	47.5%
Electrical Products	1,638,713,327	1,335,517,103	22.7%
Turnkey Projects	7,656,032,590	4,667,174,260	64.0%
Total Sales	18,573,314,080	12,292,257,597	51.1%
COGS	(16,261,736,399)	(10,458,863,088)	
Gross Profit	2,311,577,681	1,833,394,509	26.1%
Gross Profit Margin	12.4%	14.9%	
SG&A	(926,749,148)	(768,459,764)	20.6%
Other Operating Income	84,712,667	76,308,461	
Other Operating Expense	(261,594,109)	(125,369,332)	
Income from Investments	27,909,862	58,771,812	
EBITDA	1,547,292,560	1,343,221,811	15.2%
EBITDA Margin	8.3%	10.9%	
Depreciation & Amortization	(311,435,607)	(268,576,125)	
FX Gain / (Loss)	1,918,479	16,703,369	
EBIT	1,237,775,432	1,091,349,055	13.4%
Interest Expense	(238,210,808)	(137,083,989)	73.8%
Interest Income	110,242,847	73,427,222	50.1%
Interest Income / (Expenses)	(127,967,961)	(63,656,767)	
EBT	1,109,807,471	1,027,692,288	8.0%
Tax	(281,598,922)	(258,198,989)	
Net Income	828,208,549	769,493,299	7.6%
Minority Interest	(67,341,197)	(69,423,530)	
Net Income After Minority Interest	760,867,352	700,069,769	8.7%
Net Income Margin	4.1%	5.7%	

Consolidated Balance Sheet

EGP	31/12/2021	31/3/2022
Long Term Assets		
Fixed Assets & Goodwill	10,175,908	11,450,626
Investments	2,151,957	2,429,549
Other long-term Assets	262,401	335,135
Other long-term Receivables	1,202,254	1,051,325
Total Long-term Assets	13,792,520	15,266,635
Current Assets		
Inventories	13,320,681	15,451,448
Receivables	15,043,336	19,369,787
Other Debit balance	12,518,534	14,583,289
Due from Related Parties	1,175,912	1,143,318
Cash & Cash Equivalents	11,842,589	12,069,018
Total Current Assets	53,901,053	62,616,860
Total Assets	67,693,572	77,883,494
Current Liabilities		
Bank Overdraft & Short-term loans	15,032,239	18,208,506
Accounts Payable	8,678,197	10,378,903
Other Credit balance	16,185,005	20,053,034
Due to Affiliates	546,964	803,755
Provisions	1,960,889	2,135,581
Total Current Liabilities	42,403,294	51,579,779
Issued and Paid Capital	2,184,180	2,184,180
Retained Earnings	16,504,539	17,131,293
Others	422,340	948,909
Total Parent's Shareholders' Equity	19,111,059	20,264,382
Minority Interest	1,094,835	1,188,690
Total Equity	20,205,894	21,453,072
Long-term Loans	2,926,294	2,905,858
Other long-term Liabilities	2,158,090	1,944,785
Total Long-term Liabilities	5,084,384	4,850,643
Total Liabilities & Equity	67,693,572	77,883,494