

Egypt Kuwait Holding Co. Releases 1Q 2022 Earnings Results

EKH closes 1Q 2022 achieving solid top and bottom-line y-o-y growth of 52% and 66% respectively, on the back of strong results across the board, accentuated by the surge in commodity prices achieving record bottom line of USD 71.1 million in 1Q 2022.

15 May 2022 | Cairo | Egypt Kuwait Holding Company (EKHO.CA and EKHOA.CA on the Egyptian Exchange and EKH.KW on Boursa Kuwait), one of the MENA region's leading investment companies, reported today its consolidated results for the first quarter ended 31 March 2022.

EKH recorded revenues of USD 291.2 million in 1Q22, up 52% in y-o-y terms owing to strong growth across all segments driven by favorable industry dynamics. EKH's gross profit margin increased from 41% in 1Q21 to 53% in 1Q22, while EBITDA margin climbed 11 percentage points y-o-y to 51%. Top line performance filtered down the income statement, with net profit increasing a substantial 115% y-o-y to USD 114.0 million in 1Q22, while attributable net income rose 66% y-o-y to record USD 71.1 million in 1Q22.

On a quarter-on-quarter basis, revenues rose by a solid 19% q-o-q to USD 291.2 million in 1Q22 driven largely by a strong 38% q-o-q increase in the Fertilizers and Petrochemicals segment's revenues during the quarter. The segment's top line growth came on the back of strong performances at both AlexFert and Sprea Misr. EKH's gross profit margin expanded eight percentage points q-o-q to 53% in 1Q22 and EBITDA margin grew by five percentage points q-o-q to 51% during the quarter. This improved profitability came on the back of the increase in the price of urea at Alex Fert and the improved profitability at Sprea. EKH's net profit grew by 117% q-o-q to record USD 114.0 million in 1Q22 with attributable net income rising by 97% q-o-q to reach USD 71.1 million in 1Q22.

Commenting on the Group's performance, EKH Chairman Mr. Loay Jassim Al-Kharafi said: "I am honored to have become the newly elected Chairman of EKH following my tenor as Vice Chairman since 2012, and as one of original founders. Despite having a long history with EKH, starting my chairmanship as the successor to, and caretaker of, the legacy left by our former chairman and founder Mr. Moataz Al Alfi is no small challenge. I look forward to maintaining the high bar of stewardship and vision of Mr. Al Alfi in his over two decades of service to the Group, and to working closely with and supporting the existing management team in delivering strong results and solid returns to shareholders."

"I am particularly pleased to be assuming the new role during EKH's strongest quarterly performance on record, a feat made possible by the exceptional team of executives and over 5,500 employees under the leadership of a well-seasoned Board of Directors. EKH's historic performance is also a factor of its solid portfolio of investments across various industries, which I believe is key to EKH's continued success. With an integrated presence across the entire energy value chain, from upstream exploration and production to downstream distribution and value-added industrial leadership, our Group has been able to capture the upside during bullish cycles and remain resilient in the face of challenging environments. I look forward to continue overseeing EKH's impressive growth both through organic growth of its portfolio companies and through increased value accretive investments," **said Al-Kharafi.**

EKH's Chief Executive Officer Mr. Sherif El-Zayat further added: "I would like to welcome our new Chairman Mr. Loay Jasim Al-Kharafi, one of EKH's founders and long-time Board members, and I look forward to working closely with him to drive EKH's future growth."

"I am very pleased with how strongly our Group has performed in 1Q22 having achieved record revenues of USD 291.2 million, and the highest level of attributable net profit on record of USD 71.1 million. This solid performance was driven by favorable industry dynamics allowing AlexFert to benefit from rising urea prices, and by Sprea Misr's ability to drive volume growth across most of its categories despite the passing of increased raw material prices. On that note, I am pleased to confirm that Sprea Misr's planned expansions are moving ahead as scheduled with no anticipated delays or setbacks on account of the prevailing market conditions. I am also pleased with the growth in our Energy and Energy-related segment, particularly with the increase in power distribution. Meanwhile, at ONS, the upstream natural gas production play has optimized the management of its wells and delivered high volumes at pricing levels at the cap of its pricing formula reflecting high oil prices."

As a team, we continue to do our best amid challenging market conditions to continue delivering value to our investors. We are also working on opportunities to expand our portfolio through value accretive investments that meet EKH's criteria of growth and profitability," **El-Zayat concluded.**

EKH's standalone and consolidated financial statements for the period ended 31 March 2022 and its full 1Q-2022 Earnings Release are available for download at ir.ekholding.com.

– Ends –

About EK Holding

Egypt Kuwait Holding Company (EKHO.CA and EKHOA.CA on the Egyptian Exchange and EKHK.KW on the Borsa Kuwait) is one of the MENA region's leading investment companies, with a portfolio of investments in five main sectors including fertilizers, petrochemicals, gas distribution and power generation and distribution, upstream gas production as well as insurance and non-banking financial services. Established in 1997 by a consortium of prominent Kuwaiti and Egyptian businessmen including our former Chairman, the late Nasser Al-Kharafi. EKH strives to continue delivering superior returns to its shareholders on the back of a solid portfolio of integrated investments and the determination of its capable management team.

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STOCK SYMBOL

Reuters

EKHO.CA, EKHOA.CA, EKHK.KW

Bloomberg

EKHO.EY, EKHOA.EY,

EKHOLDIN.KK

CAPITAL

Issued and Paid-In Capital: USD

281.7mn

Number of Shares: 1,126 million shares

Par Value: USD 0.25 per share

Forward-Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Egypt Kuwait Holding Company (EKH). Such statements involve known and unknown risks, uncertainties and other factors; undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of EKH may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of EKH is subject to risks and uncertainties.