

## Egypt Kuwait Holding Co. Releases 1Q 2023 Earnings Results

*EKH is poised to reap the benefits of a string of new investments despite normalizing urea prices. The Group reported top-line figures of USD 224.9 million in 1Q23, recording solid profitability with gross profit margin and EBITDA margin reaching 48% and 45%, respectively; meanwhile net income recorded USD 71.1 million and attributable net income recorded USD 60.0 million, a 42% and a 77% increase, respectively compared to 4Q22.*

15 May 2023 | Cairo | Egypt Kuwait Holding Company (EKHO.CA and EKHOA.CA on the Egyptian Exchange and EKHK.KW on Boursa Kuwait), one of the MENA region's leading investment companies, reported today its consolidated results for the quarter ended 31 March 2023.

EKH recorded revenues of USD 224.9 million in 1Q23 mainly driven by the normalization of urea export prices which decreased from an average of USD 685 per ton in 1Q22 to an average of USD 467 per ton in 1Q23. With regards to profitability, EKH's gross profit margin and EBITDA margins recorded 48% and 45% respectively in 1Q23. The profitability levels recorded remain above historical average levels for the first quarter of each of the past three years. Gross profit margin averaged 43% in the first quarter of 2020, 2021, and 2022, while EBITDA margin averaged 43% during the same period. Bottom-line results were impacted by the normalization of urea prices in addition to the devaluation of the EGP, partially cushioned by positive results at Sprea. Net income recorded USD 71.1 million in 1Q23, while EKH's attributable net income stood at USD 60.0 million at the close of the quarter.

On a quarter-on-quarter basis, margins remained resilient despite comparatively lower revenues of USD 224.9 million in 1Q23 vs. USD 255.3 million in 4Q22. The Group's profitability improved during the quarter, translating into a gross profit margin jump from 32% in 4Q22 to 48% in 1Q23, while EBITDA margin expanded by 12 percentage points quarter-on-quarter to 45% during the quarter. Improved profitability in 1Q23 came largely on the back of Sprea's ability to pass on price increases to its customers, its newly commissioned production lines ramping up to almost full capacity, the increased infill revenues and increased power generation levels, as well as the decrease in local currency denominated operating costs. EKH achieved solid quarter-on-quarter bottom-line expansion during 1Q23. Net profit recorded at the end of the quarter was USD 71.1 million, up 42% q-o-q, while attributable net income rose 77% q-o-q and stood at USD 60.0 in 1Q23.

**Commenting on the Group's performance, EKH Chairman Mr. Loay Jassim Al-Kharafi said:** "I am pleased with the resilience that EKH has shown in the face of ever-changing global market dynamics. We continue to set our gaze to the future and are well-prepared to reap the benefits of the expansions at our portfolio companies. This quarter, the positive impact of the commissioning of the new production lines at Sprea including the new formica line, the new sulfuric acid plant, and the 3<sup>rd</sup> SNF production line, has started coming to fruition. Further expansions are also underway, including liquid and powder glue production lines, the 4<sup>th</sup> liquid SNF production line as well as our powder SNF facilities, all of which are scheduled to begin operations in 2023. These developments, together with the start of production at the MDF facility and the expansions at the power generation and distribution front are expected to contribute positively to the growth of our operations going forward. Our commitment to maximizing shareholder value is evidenced by the strategic decision to increase our indirect ownership stake in AlexFert, a transaction which was completed at an accretive multiple and contributes to increasing the proportion of our USD-denominated revenue and cashflow streams. On the back of the exceptional results achieved in 2022, we have made a generous dividend distribution of USD 0.11 per share, representing a dividend payout ratio of 51%. I would like to extend my gratitude to our 6,500-strong team who support our forward-thinking executive management operating under the stewardship of the Board of Directors. Our continued success rests on their tireless efforts and dedication."

**EKH's Chief Executive Officer Mr. Sherif El-Zayat further added:** "I am proud of the Group's achievements during the first quarter of the new year. The Group recorded revenues of USD 224.9 million in 1Q23, and our net profit was up 42% in q-o-q terms, rising to USD 71.1 million, with our attributable income increasing by 77% q-o-q to reach USD 60 million. We were also successful in achieving strong profitability, as gross profit and EBITDA margins across the Group reached 48% and 45%, respectively, up significantly from the 32% and 33% respective gross profit and EBITDA margins recorded during the previous quarter. We are working diligently on enhancing our future growth prospects and are proud to see that the positive results from our recently commissioned investments have already started to materialize. Sprea Misr's formica sheet factory which has doubled its production capacity from 3 million sheets per annum to 6 million sheets per annum is already exhibiting a capacity utilization rate of 75%, enabling the Group to export formica sheets to over 10 different countries. Moreover, the third SNF production line which started production in Q4 2022 is also operating at 76% capacity. Meanwhile, the newly commissioned sulfuric acid plant is now running at 97% capacity. In 1Q 2023, we inaugurated our 4<sup>th</sup> SNF production line and are working on further capacity additions at our powder and liquid glue this quarter, as well as the powder SNF facility, all of which are scheduled to come onstream later on in 2023. As we embark on the year ahead, I am confident in our team's ability to continue delivering on our growth strategy, while simultaneously seizing opportunities for optimizing and expanding our investment portfolio."

EKH's standalone and consolidated financial statements for the period ended 31 March 2023 are available for download at [ir.ekholding.com](http://ir.ekholding.com)

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## About EK Holding

Egypt Kuwait Holding Company (EKHO.CA and EKHOA.CA on the Egyptian Exchange and EKHK.KW on the Boursa Kuwait) is one of the MENA region's leading investment companies, with a portfolio of investments the spans the region 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, 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.