

Egypt Kuwait Holding Co. Releases 1Q 2024 Earnings Results

EKH strategic investments continue to bear fruit with the Group recording a top-line of USD 193.0 million in 1Q 2024, demonstrating solid profitability with gross profit margin and EBITDA margin recording 44% and 40%, respectively; attributable net income reached USD 62.6 million, supported by resilient performance and growth across the business.

15 May 2024 | 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 2024.

EKH recorded revenues of USD 193.0 million in 1Q 2024, primarily impacted by the softness in urea prices globally following the all-time peak reached in 2022, as well as the devaluation of the EGP towards the end of the quarter. Despite the volatile operating conditions, EKH's profitability reflects continued resilience, with gross profit and EBITDA margins standing at 44% and 40%, respectively. Net profit closed at USD 71.9 million, resulting in a net profit margin of 37%, while EKH's attributable net income rose by 4.3% year-over-year to USD 62.6 million.

Supported by EKH's solid performance and strong cashflows, the company distributed a dividend of USD six cents per share to shareholders in April 2024, affirming the company's unwavering commitment to delivering sustainable value to shareholders. EKH has successfully distributed over USD 67 million in dividends in FY 2023 and approximately USD 800 million since inception.

Commenting on the Group's performance, EKH Chairman, Loay Jassim Al-Kharafi said: "During the first quarter of the year, we continued to reap the rewards of the strategic investments we've diligently made over the past year, aimed at diversifying, and strengthening our portfolio. We worked meticulously to grow our earnings, despite challenging macroeconomic conditions, building a solid base for the rest of the year and reiterating EKH's resilience and ability to deliver superior returns."

"In 2024, we will focus on directing our main efforts towards exploring expansion opportunities in regional markets and venturing into new and diverse sectors. Our goal remains to foster sustainable growth and optimize revenue streams in foreign currencies. Concurrently, our team remains unwavering in its commitment to enhancing profitability. With steadfast confidence in our new executive management, we plan on capitalizing on these achievements to propel the company along its growth trajectory."

Commenting on the Group's performance, EKH CEO, Jon Rokk: "I am pleased to report on EKH's performance during my first quarter as Company CEO. During 1Q 2024, the Company achieved revenues of USD 193 million, accompanied by a gross profit margin of 44%. This resulted in a notable y-o-y increase of 4.3% in net profit attributable to the Company, reaching USD 62.6 million."

"Our strategic investments in Fertilizers and Petrochemicals front have ensured resilience and yielded positive results despite challenges such as global urea price volatility and the EGP devaluation. Specifically, investments in Sprea Misr have opened up lucrative opportunities, driven by increased production capacities in the existing production lines and the operation of new production lines. Meanwhile, at AlexFert, revenues are gradually rebounding following peaks in urea prices, with our increased ownership of 75.33% significantly enhancing USD-denominated revenues."

"In the Energy and Energy-Related segment, ONS has showcased robust performance driven by expansion efforts, including enlarging our concession area to 440 km² and drilling two new wells. Meanwhile, NatEnergy's downstream natural gas distribution subsidiaries have prioritized expanding household installations, while Kahraba continued to reap the rewards of our new concession awarded in 2022 for the 10th of Ramadan South Industrial Developers Zone, effectively doubling its distribution volumes y-o-y."

"In our Insurance & Diversified segment, Delta Insurance's growth has offset the adverse effects of EGP devaluation, while Bedayti, our microfinance subsidiary, has experienced rapid growth since its establishment, with revenues up by 32% y-o-y and net profit up by 18% y-o-y in the 1Q 2024."

"Lastly, I am pleased to add that we are working hard to ensure that our Nilewood production facility, a joint venture with renowned German MDF producer Holzwerkstoffe GmbH, is on track to commence operations, marking growth and diversifying revenue streams as well as positively impacting our bottom line."

"As we move forward into 2024, our primary focus remains on executing growth initiatives to enhance scale and create value for our stakeholders while also exploring opportunities for regional expansion and diversification into new sectors, all with the aim of driving growth and resilience across our business."

EKH's standalone and consolidated financial statements and full earnings release for the period ended 31 March 2024 are available for download at 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 that 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.