

Egypt Kuwait Holding Co. Releases 1H 2022 Earnings Results

EKH continued to build on its strong start to the year and closed out the second quarter with record top and bottom-line results. Revenues increased 53% y-o-y in 2Q 2022 with an EBITDA margin of 53% and record-high attributable net profit of USD 72.4 million.

14 August 2022 | 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 June 2022.

EKH recorded revenues of USD 284.8 million in 2Q 2022, a strong 53% y-o-y increase. Revenue expansion was mainly driven by solid performances across the Fertilizers and Petrochemicals segment owing to favorable industry dynamics. EKH's Fertilizers and Petrochemicals segment delivered strong revenue growth of 86% y-o-y to USD 190.9 million in 2Q 2022 on account of the continued rally in urea prices at AlexFert, and higher volumes at Sprea Misr. Meanwhile, the Energy & Energy-Related segment recorded revenues of USD 46.9 million in 2Q 2022, inching down 5% y-o-y due to the devaluation of the EGP. EKH's top-line performance and improved operational efficiencies drove an eight percentage-point expansion in gross profit margin, while EBITDA margin was up nine percentage points, with both margins standing at 53% in 2Q 2022. EKH's attributable net income increased by 60% y-o-y to USD 72.4 million in 2Q 2022.

EKH's half-year performance followed a similar growth pattern as its quarterly results, with revenues growing 52% y-o-y to USD 576.0 million in 1H 2022. On a year-to-date basis, both gross profit margin and EBITDA margin rose by ten percentage points, standing at 53% and 52%, respectively in 1H 2022. EKH's attributable net income increased by 63% y-o-y to USD 143.4 million in 1H 2022.

Commenting on the Group's performance, EKH Chairman Mr. Loay Jassim Al-Kharafi said: "I am extremely pleased with EKH's record setting performance this quarter as the Company delivered its most profitable quarter to date, with bottom-line recording USD 72.4 million for 2Q 2022 and USD 143.4 million for H1 2022, up 63% y-o-y compared to last year's first half results. Our strong portfolio of investments continued to deliver despite the difficult macroeconomic conditions and unprecedented local and global challenges – including global supply chain issues, rising inflation, and the economic spillovers of the Russian-Ukraine conflict."

"I would like to sincerely thank EKH's team of executives and over 5,500 employees whose efforts, under the guidance and leadership of a highly experienced Board of Directors, enabled EKH to continue consolidating its position as a leading industrial and energy player in the market," **said Al-Kharafi.**

EKH's Chief Executive Officer Mr. Sherif El-Zayat further added: "Our Group's record-breaking performance was mostly driven by solid results at EKH's Fertilizers and Petrochemicals segment, where AlexFert continued to benefit from favorable urea prices and Sprea Misr achieved higher sales volumes in both the local and export markets."

"The quarter just ended also saw us make headway in our efforts to diversify EKH's portfolio and expand our footprint into financial services. On that front, Bedayti, our wholly-owned microfinance subsidiary which commenced operations in February 2022, is now serving clients through its 21 branches located across six governorates, with ambitious plans to expand its footprint. I am also pleased to announce that during the quarter we entered into a joint venture agreement with leading MDF German Producer Homann Holzwerkstoffe GmbH ("Homanit"). Hommanit acquired a 27% stake in our medium density fiberboard subsidiary Nile Wood, and also entered into a technical assistance agreement with EKH to support the startup of this milestone investment. Nile Wood is an import substitution play that is anticipated to replace one-third of Egypt's imports of medium fiber density board. Finally, we are continuing to move ahead as planned with Sprea's three expansions projects, including new formica sheets and SNF production lines expected to start operations in Q3 2022, as well as its new sulfuric acid factory is planned for Q4 2022," **El-Zayat said**

"We are continuing to work hard towards delivering the best possible results during a period of challenging market conditions in order to maximize value to our investors. We are also constantly on the lookout for new expansion opportunities and value accretive investments that fit in to EKH's vision," **El-Zayat concluded.**

EKH's standalone and consolidated financial statements for the period ended 30 June 2022 and its full 2Q 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 Boursa Kuwait) is one of the MENA region's leading investment companies, with a portfolio of investments in six 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.