EK Holding 2Q25 Results Call

Monday, 18 August 2025

Ahmed	Good afternoon, ladies and gentlemen. We'd like to welcome you all to today's conference call for the Second Quarter 2025 for Egyptian Kuwaiti Holding. This is Ahmed Hazem speaking from EFG Hermes. We have with us on the line Mr. Jon Rokk, the Group Chief Executive Officer and Mr. Omar Nashaat, Investor Relations Director. Without further delay, I'd like to hand over the call to Omar. Omar, please go ahead.
Omar	Thank you. Good afternoon, everyone, and welcome to EKH's Second Quarter 2025 Results Conference call. I'm Omar, Head of Investor Relations at EKH, and I'd like to extend my thanks to Ahmed and the team at EFG for hosting today's discussion. As always, you can find our earnings pack online on our Investor Relations website, which if you have any follow up questions after the call, please feel free to reach out to me or Maryam. In a minute, we will be joined by Jon Rokk, our Group CEO, who will walk you through EKH's financial and operational performance during the first half of the year, share with us key milestones achieved on strategy and execution over the quarter, and provide an update on our guidance for the full year. After Jon's remark, we will open the floor for your questions, which Ahmed will moderate. With that, I hand over the floor to Jon.
Jon	Thank you, Omar, and welcome, everyone. I'm pleased that you have all had a chance to join us today on this earnings call. I'm now going to start, as Omar said, to talk about the first six months performance of this year. The performance I'm extremely happy with. We've had great progress on our transformation and as we move to our new strategy, we're now seeing some of the results bear fruit. Our financial performance was very positive as we overachieved when compared against our internal budget, completing important housekeeping initiatives and successfully launching our Saudi operations on time and to budget. We did see some of our businesses face some operational challenges, but overall, it was a very strong set of results that we're incredibly proud of. We achieved double-digit top line growth across most businesses, proving the business case and growth potential of our portfolio companies. In terms of a consolidated position for the group, total group revenue, which corresponds to our accounting revenue in addition to investment income and income from associates, grew 32% year on year to 397 million US dollars during the first six months. This strong performance reflects firmer pricing at AlexFert, robust volume growth at Sprea, NatEnergy, Kahraba and ONS, as well as healthy contributions from our diversified segment, further supported by sales under our divestment and balance sheet optimization program. Top line growth pushed up our gross profit 35% year on year, and EBITDA to 34% year on year, driven by economies of scale, disciplined cost control and a clear focus on high margin USD linked export sales. Both our gross and EBITDA margins grew by one percentage point year on year to 43% and 42%, respectively.

And our net profit also grew 1% year on year to $101 million in the first half of the year, representing a healthy 26% net margin. The actual growth, though, is much higher, because if we compare to 2024, those figures did include non-cash foreign exchange gains of $49 million versus actually a small foreign exchange loss of $5 million in the first half of the year. So, let's move on to performance from our key business segment, so I'll start with AlexFert.

So, with AlexFert, we had a 15-day gas supply interruption, which started on the 18th of May in the last quarter. The plant was able to resume operations at around 70% capacity until mid-June, at which point we experienced a second halt that lasted to the end of the quarter. The impact of the first gas supply disruption in May is already reflected in our Q2 results, wherein both volumes and revenues came in 23% lower than the previous quarter due to that impact. The impact of the latter cuts that took place towards the end of June will actually impact our Q3 performance given how we account for sales in AlexFert.

We utilized the downtime effectively. I said before, we learned a lot from last year's disruptions and we brought forward another piece of our maintenance capex program to mitigate the impact on future supply interruptions.

During this disruption, AlexFert’s revenues for the period and the second quarter both grew 11% year on year, underpinned by export sales as export urea prices increased 19% year on year, with an average close of $396 per ton during the first half of the year. On a year to date basis as well AlexFert’s gross profit and EBITDA grew by 17% and 15%, respectively, along with a 2 percentage point expansion in margins.

Net profit grew to $40.3 million in the first six months, which is an increase of 16% year on year, which clearly demonstrates the improvement in operating conditions compared to the summer of last year.

In terms of our outlook, AlexFert’s on the pricing front, conditions remain favorable. Export urea prices exceeded $400 per ton in June, and they rose further to approximately $476 per ton last month. With no significant global capacity additions expected and international demand remaining strong, bolted by recent Indian tenders, we do anticipate the supportive pricing environment will continue through to the remainder of the year.

On the domestic front, local fertilizer quotas, priced in Egyptian pounds and unchanged since the last currency devaluation are expected to see a price adjustment offering potential upside to local quota prices. We continue to monitor that space. In terms of natural gas feedstock, we expect it to become more available now as we're passing the peak of summer months and we enter the winter period where the country's gas demands are always less than the summer months.

Overall, we maintain a positive outlook on AlexFert, as we see both pricing dynamics and feedstock availability continuing to improve. At this point, we feel confident updating our earlier guidance to account for the gas interruptions during quarter two and improving availability during the third quarter. So, we now forecast that AlexFert contribution to our full year consolidated bottom line will be between 56 million and 59 million US dollars.

Okay, we'll now move on to our petrochemicals asset, Sprea. Sprea's management team continued to execute their market share expansion strategy during the second quarter, with sales coming in at just over $41.6 million, which is a very healthy 50% higher year on year in dollar terms and 60% higher year on year in Egyptian pound terms. Importantly, strong revenue growth generated at Sprea underscores the success of our push to capture additional market share through volume growth though we have seen some margin pressure this quarter due to higher input costs and competitive pricing that's part of that strategy as we look for additional market share.

Revenues dipped slightly quarter on quarter, but this is primarily because we had a particularly strong first quarter, which meant many customers entered quarter two with well stocked inventory levels. In terms of half year performance, Sprea booked revenues which grew 21% year on year in US dollar terms and 52% in EGP terms, which is a real testament to management's efforts in gaining market share, growing sales and developing a new strategy for the business. On margins, we witnessed the impact of higher import costs and the normalization from last year's exceptional trading conditions wherein margins benefited from favorable foreign exchange dynamics.

Gross profit for the six months came to just under $20 million with margins at 21%, which is tighter relative to our historical average and the first quarter, as increased raw material import costs weighed on profitability, and we moved to the new strategy to gain market share. EBITDA also moved in the same direction, ending the period at $17.8 million with a corresponding margin at 20%.

Moving on to net profit, Sprea recorded $8.4 million of profits during the second quarter, which is about 14% lower versus the previous quarter, mirroring the sequential dip in sales.

Looking ahead, the medium-term picture for Sprea remains encouraging. On the demand side, construction activity is picking up, and we're pushing ahead with market expansion, both here in Egypt and abroad. We have exports that are already climbing, accounting for roughly 21% of our total sales in quarter two, compared with 17% in quarter one, and we see further headroom as we try and increase our exports for Sprea.

Raw material import costs are also expected to revert to normalized run rates as the geopolitical situation improves and the EGP currency marginally strengthens. We're going to update our earlier full year profit guidance for Sprea from 1.8 billion to 1.9 billion Egyptian pounds, which is roughly from $36 million to $38 million US dollars to account for the currently elevated raw material costs.

In terms of NatEnergy, which we're going to talk about next, this groups together our natural gas distribution operations in Egypt. The second quarter was another strong one for the business, with revenues up 39% on a year on year dollar term basis, driven by higher installations and a greater number of connections to margin accretive households. The year-to-date period also shows significant growth, with revenues up 15% in dollar terms and 47% in EGP terms.

Profitability was particularly encouraging as our gross profits for the second quarter rose 66% year on year in dollar terms and 76% year on year in Egyptian pound terms, with gross margins expanding by five percentage points owing to the management's focus on maintaining robust profitability as our volumes grew. Even with slightly 7% lower sequential revenues, gross profits increased 19% quarter on quarter, with margins expanding by seven percentage points.

EBITDA followed suit, delivering parallel growth in terms of both currencies and posting a 20% quarter on quarter increase with margins of eight percentage points sequentially. Our net profit also saw a sharp uplift, rising 35% year on year in dollar terms in the second quarter. This was driven by a combination of strong top line growth, improved operating profitability and higher interest income. On a sequential basis, our net profit grew 17% supported by wider margins, stronger interest income and lighter provisions. This ultimately brought the NatEnergy businesses net profit to 10.7 million US dollars for the first half of the year, which represents an impressive growth compared to the $20.6 million we booked during the first six months of 2024, which had included nearly $14 million though in foreign exchange gains.

So, looking ahead, we remain confident of Nat Energy's trajectory. We expect blended margins to benefit from a number of favorable dynamics, including the potential connection price hikes that we might be able to leverage, revisions to government-set commissioning fees and continued growth in margin accretive household connections. We are also expanding our presence in high potential residential zones, which will further strengthen the blended margins and enhance revenue mix.

So, when we take all that into account and the strong start to the year, we're going to update our initial full year net profit guidance from 950 million Egyptian pounds to 1.5 billion Egyptian pounds, which translates to around 19 million to 20 million US dollars.

Moving on to Kahraba, which we've now started to report separately, Kahraba maintained its strong momentum from the first quarter, and second quarter revenues were up 32% year on year in Egyptian pound terms and 25% in US dollar terms, supported by strong momentum in our electricity distribution business. Distributed volumes showcased impressive growth, rising 36% compared to the second quarter of last year. Sequentially, revenues landed 7% higher reflecting continued industrial demand within our concession areas and sustained momentum within the business.

Gross profit surged 40% year on year in Egyptian pound terms and 32% in dollar terms during the second quarter of the year, supported by higher electricity tariffs vis-à-vis 2024. This drove a 1% percentage expansion in gross profit margins to 16%, despite a 24% increase in cost due to the higher natural gas prices we had to absorb.

EBITDA followed similar trends, rising 37% year on year in Egyptian pounds and 29% in dollar terms, with margins expanding by one percentage point to 18%. Net profit was 3% lower year on year in Egyptian terms, with margins down 4 percentage points to 11%, largely due to higher foreign exchange losses booked during the quarter compared to foreign exchange gains in quarter two of last year. On a sequential basis, however, margins improved by two percentage points owing to the lower provisions which were then offset by the foreign exchange impact.

So, in terms of our outlook at the half year point, Kahraba’s net profit stood at a profit of 2.93 million US dollars, which, together with the current growth momentum, gives us confidence regarding that business' ability to deliver north of 400 million Egyptian pounds, or slightly above 8 million US dollars in net profit for the full year.

Looking ahead, we're currently investing in a second substation within the 10th of Ramadan concession area to support rising demand as the industrial activity in that zone continues to accelerate, which we will leverage to benefit from that increase. This investment serves part of our broader strategy to secure additional strategic concessions, both in terms of the 10th of Ramadan concession area as well as in other high potential areas to strengthen our long-term growth trajectory.

So, moving on to ONS in the oil and gas sector, the second quarter marked a strong improvement for the business, with revenues up 24% year on year and 17% quarter on quarter, to land at $16.8 million. The sequential improvement was partly due to the results of the favorable base effect given that the first quarter had been impacted by our planned shutdown for pipeline repairs and turbine replacement. Both of these were completed to plan in February.

In terms of year to date performance, our revenues have grown 9% year on year to reach $31.2 million supported by higher production following the reopening of old shut-in wells and the ramp up of two new wells that came online by the end of last year. Our profitability strengthened in tandem to those revenues, gross profit rose 16% year on year and 31% quarter on quarter to $9.52 million driven by higher volumes coupled with a stable cost base. Gross margins expanded by 6 percentage points sequentially to stand at 57% in line with the company's historical average.

Our EBITDA rose 29% both year on year and quarter on quarter to $14.5 million with margins climbing a healthy 8 percentage points quarter on quarter and 3 percentage points year on year, to 86%. Our net profit closed the quarter at $8.84 million, up 16% year on year and 36% quarter on quarter, in line with the trends observed across gross and operating profitability. So, for the first half of 2025, the net profit stood at $15.3 million, largely in line, or just a couple of percentage points below what we achieved last year, despite the maintenance activities and shutdown that we had in February.

In terms of our outlook, looking ahead, ONS is well positioned to deliver on our targets for this year, underpinned by stable production volumes from recently commissioned wells and enhanced operational efficiency. We are updating our guidance slightly to account for the maintenance led production interruption from 28 million to 30 million US dollars. The second quarter marked a significant milestone where we had the official ratification by President el Sisi of the 10-year extension to our concession agreement. This ensures long term operational stability and growth prospects for the concession.

Okay, I'll now move on to the non-banking financial services and diversified segments. So let's look at non-banking financial services first. In the first half of the year, we delivered exceptional growth. Revenues grew to $96.7 million and the growth was driven by several key transactions under our portfolio as we optimized that balance sheet and our new strategy. So, it included the sale of our shield gas business in the UAE, which generated $2.68 million, we received proceeds of $32.5 million from the sale of our sovereign bonds, and we also gained an extra $8 million from the partial sale of our Ad Astra investment. Together, these corporate actions demonstrate, in a tangible way, that the results of our strategy, by focusing and unlocking value from our non-core assets, is delivering benefits to our bottom line.

Within our insurance holdings, Mohandes delivered net profit growth of 21% year on year for the first half of 2025, and our micro finance arm, Bedayti, also posted strong results with attributable net profit up 42% year on year to 41.9 million Egyptian pounds, a testament to its resilience and continued growth in spite of the higher interest rate environment that it's been operating in.

A key development during the quarter was the progress made on our planned divestment of Delta Insurance. Following the signing of the sale management agreement and the subsequent offer from Wafa Assurance to acquire 100% of Delta's shares, the asset has now been classified as held for sale. So as a result, we cease to recognize our share of Delta's profits in the consolidated income statement in line with accounting standards. We expect that transaction to close next quarter.

Finally, our Lebanese bond sale, which generated a one-off gain of $32.5 million provides another clear example of our balance sheet optimization in action, as these bonds have been fully written down in prior years.

In terms of guidance, we now expect this segment, which also includes the holding company's interest costs, to contribute between $9 million and $10 million profit to our bottom line at the end of this year. This will be mainly gains from divestment and balance sheet optimization, as well as the holding companies financing expenses and startup costs in our Nilewood MDF business.

So, when we put all this together in terms of all our key businesses and our total view for 2025, we now can give you some guidance that we believe our consolidated net profit will end the year between 156 million and 166 million US dollars. This would represent an impressive year on year growth in real terms of 47% on the lower end of our guidance and 57% on the higher end of our guidance as the $163 million we ended up reporting last year included, as many of you all know, $57 million of foreign exchange gains and other non-cash items. I'm confident that with the dedication and hard work of all our teams and people across all our businesses, we will be able to achieve these ambitious targets and ensure we deliver value for our shareholders.

In terms of strategic developments, let me just give you a little bit of an update on some of the key ones. I'm going to start with Nilewood, as we do have some really good news to report about our business. After the challenges over the last couple of years in terms of building that plant and getting it operational, we successfully produced its first MDF board in June. Since then, the plant has continued to be tested and commissioned with daily production targets being met. This is a really significant milestone, which now gives us confidence that we will be able to achieve commercial operations during the fourth quarter of the year and start generating some cash out of that business this year. Once operational, this state of the art facility will serve our strategic objectives of growing hard currency export revenues from our Egypt based operations.

Moving on to operations in Saudi Arabia, again, I'm pleased to report that we're in full swing, having officially started supplying natural gas to our industrial customers on the 9th of July. I'm pleased to report that this project was delivered on time and to budget, an achievement which speaks to the strength of our on-the-ground execution capabilities when we expand in overseas territories. This business is based in Dammam, and the project sits at the heart of Modon's fourth natural gas-powered industrial hub in the Kingdom. Its strategic location aligns perfectly with Saudi Arabia's Strategic Energy Transition to replace liquid hydrocarbons as an energy source with cleaner natural gas, while enabling the Kingdom's planned expansion of total industrial capacity.

Our entry into Dammam's natural gas distribution sector is very timely, with ARAMCO having invested 10 billion US dollars to expand its master gas system, which entails a larger gas supply, new regions being connected to the gas distribution grid, and growing demand from power plants and industries, creating really strong opportunities for us in the Kingdom. Today, our pipeline network spans more than 22 kilometers, it's installed to serve 10 million square meters of developed land and an initial capacity of 25 million standard cubic feet per day. We have a 35-year concession, and this project therefore secures long term, predictable cash flows, while providing a scalable platform for growth.

Notably, this is the first industrial city in Modon to operate under the Build Own Operate Transfer model for the gas distribution grid. And we're extremely proud that we are Modon's partner of choice for this project, and we are confident in our ability to leverage this success story to select opportunities for further growth, not only with them, but at other industrial cities within the Kingdom.

The hub itself is poised for considerable growth with total developed areas set to rise from 10 million to 49 million square meters, ensuring significant upside as tenant demand grows across the key industrial sectors. We're exceptionally well positioned to capitalize on this opportunity, given the infrastructure and space to scale up capacity to over 70 million standard cubic feet per day as demand accelerates. At present, following our opening, we serve 6 factories, a figure that we expect to rise to 14 as we connect more by the end of the year, delivering around 6.2 million standard cubic feet per day. By the end of 2026, we anticipate to double that, serving over 30 factories as more of them align and we expect 12 million standard cubic feet per day to be supplied. This launch is not just about gas supply. It's about fueling industrial competitiveness, deepening our footprint in the GCC and reinforcing our transformation into a world class global investment company.

So, moving on to our other international expansion project, which we've talked about this year, which is our project in the UK. This project marks an important milestone as our first investment outside the MENA region, effectively broadening our global footprint and increasing our foreign currency revenues. This project will position EKH at an early stage into a scalable clean energy venture with significant long-term potential, both within the UK and also other international markets of our choice. It's a greenfield opportunity, but with a relatively short 14 month build time, which means we should start contributing to our P&L in quarter four of next year. We're confident that with our technical capabilities and operational expertise and proven track record, we can deliver lasting value on this project.

In the last quarter, we've been working very hard on the transaction to close it, and I'm actually delighted to confirm that we succeeded in financial close on Thursday of last week. Therefore, we are planning to share full details of this project in the upcoming week.

Lastly, we continue to optimize our asset base through a disciplined divestment program. We remain focused on unlocking value by monetizing non-core and underperforming assets, ensuring our capital is channeled to opportunities with the highest return potential. We've made good headway on our planned exit from Delta Insurance with the process progressing on schedule and expected to close in the second half of this year, subject to the regulatory approvals that are being currently undertaken. This transaction underscores our commitment to capital recycling by redeploying proceeds into higher return opportunities, reducing exposure to Egyptian pound revenues and reinforcing our long-term value creation strategy.

In line with the strategy, as I've just said, we've completed the sale of our UAE-based subsidiary Shield Gas in quarter one and over the first half of the year, we realized those $32.5 million from the sovereign government funds that I mentioned earlier.

Before I conclude, I want to now move on to a highlight in our transformational mileage for our group. I reported last time that we're in the process of rebranding our business, and I'm pleased to confirm that we are now in the final stages of completing our corporate rebrand with the board calling for a general assembly meeting to officially approve changing our name. We will be changing our name from Egypt Kuwait Holding to Valmore Holding. This rebrand is more than just a name change. It marks our evolution into a broader, more global positioned investment group. The name Valmore, derived from value and more, embodies both our purpose and ambition. It reflects our commitment to continue to create value while exceeding expectations.

The official reveal of the new identity to the public and media, along with our new mission and vision, will be delivered in quarter four of this year, following the general assembly votes and regulatory approvals. The launch of Valmore Holding will serve as a platform to share our vision, strategy and ambitions with key stakeholders, partners and the wider investment community across both markets.

Our current name, Egypt Kuwait Holding, has served us really well, and it defined our footprint and operations. But with our investments now including the GCC and Europe, and our ambitions to grow in other geographies, Valmore Holding offers a stronger, more versatile identity that resonates globally, aligns with our long-term growth strategy, and supports our positioning as a world-class investment company.

Looking ahead, this new identity will build on our strong foundation, reinforce our plans for growth and international expansion and reflect our ambition to transform into a leading global investment powerhouse. With Valmore, we are not only honoring our legacy, but we're also signaling our bold vision for the future.

So, I hope you all found that interesting. It covers my prepared presentation, and I'll now hand back to Ahmed and happy to field any questions. Thank you.

Ahmed	Thank you, Jon. Appreciate the presentation. So as a reminder for everyone, you can use the raise hand function, and we can unmute your mic to ask your questions, or you can send your questions in the Q&A box.
Omar	Just a quick disclaimer, we will be answering very few questions on the UK investment today before we do our official disclosure in a few weeks, as Jon said. So, just to save everyone time.
Ahmed	Got it. Thank you, Omar. So, just checking, I don't think we have any questions in the Q&A box. Maybe to get the ball rolling and ask a quick question from my end, what's the dividend policy going to be going forward, given that you're obviously going to be investing some capex into the UK in the next couple of years? Are you going to basically restrict dividends for 2025 or 2026?
Jon	Every time I'm asked that question, to be fair, I answer in the same way that I can't commit exclusively now what the dividend policy will be for this year, but I am committed to using our cash in a balanced way. We know we need to recognize and reward shareholders for the faith that they've put in us, they expect that, and we also need capital, obviously, to deliver our growth story. I always see it as a balance, and I know I'm tasked with trying to increase shareholder return. So ultimately, we will take a view when we get to the end of the year, we will look at our cash commitments for 2026 and we'll look at ways to reward and increase, if we can, any returns to the shareholders.
Ahmed	Thank you, Jon. And just checking. Everyone, you can use the raise hand function or you can send your questions in the Q&A box. We have a question coming from Mohammed Sharif, “How will the proceeds of the sale of the assets be utilized here?” I think he's probably referring to Delta being the more sizable one.
Jon	I mean, what we've tried to do in the last year is recognize that we needed to increase and deliver some new investments. So, as I mentioned, we've just done the financial close of the UK opportunity. So clearly, our proceeds are there to fund expansion into new capital projects, and also at the end of the year dividends in some way.
Ahmed	Thank you. We have a question coming from Mahetab Nail. “Can you give us more detail on the first-year contribution from the Saudi operations in terms of revenues and margins and whether the budgeted capex for this expansion has been fully deployed?” And if I were to follow up with a question on that question, “Will it be consolidated under NatEnergy, or are you spinning it off into its own entity, at least from a reporting perspective?”
Jon	So firstly, we have deployed most of the capital. That project was delivered on time and to our budget. As a startup, and as we ramp up the customers, we don't expect positive cash flows this year, but we do expect them next year. So, like with any startup, there are some overhead costs that will mitigate early revenues, but as we get into next year, that will start contributing towards the business. In terms of our reporting and an entity, it's separate. We are putting in place a new strategy for Saudi Arabia. As I said, this is the first of hopefully other growth opportunities, and therefore the way we structure and report our operations in Saudi will be different from NatEnergy.

Ahmed Perfect. I think it was also asking on revenue and margin guidance on that Saudi operation. Can you share some, Jon, please?

Jon As we just started, literally two or three weeks ago, it's too early to say, but I'm happy to provide some guidance of that in the next earnings call, because the businesses will have been operating a few months and we'll have better visibility.

Ahmed Thank you. Thank you. So, our next question comes from Hana Sultan. "At AlexFert, we saw a 23% sequential decline in AlexFert volumes in the quarter on natural gas and feedstock availability issues. When would we start to see a recovery? Do you expect these natural gas supply disruptions to persist into the third quarter and fourth quarter of 2025?"

Jon No, as I said, as we're now moving towards the end of the summer, in the next four or five weeks, we know that the pressure on the country's gas supplies diminishes, so we're not expecting any significant impact to the business from a gas supply perspective.

Ahmed Thank you. We'll give a last chance for people to raise their hand or send the questions in the Q&A box. We have a raised hand from Eric Renander. Eric, please ensure that you're unmuted locally and ask your question. Hello, Eric, can you please ensure that you are unmuted? Eric just lowered his hand. Maybe we'll give it a minute. Maybe Eric is going to come back again.

Eric Hi, thank you. Jon, can you give us some thoughts on the Sprea chemical business, because the decline in margins? It sounds like the plan is to grow the market share and grow the revenues, but are things stable here? I mean, because I'd hate to be growing revenues and just losing profitability to do it. But anyways, maybe give us some guidance on that, because it just seemed weird that you were wanting to push so hard on it when it looks like the profitability is really falling.

Jon Yes. So the business, the management of the business, when we were putting the budget together last year, put an argument that they wanted to really defend their position in the market in Egypt, and we know that competition is increasing, we know that the government is building their own facility. So, management wanted to gain market share, believing that if they gained market share, that would be better to defend than losing to the competition. So as part of their plan, it was embedded that they would increase revenues by way of decreasing their margins with some products.

There was also cost pressure, which obviously we hadn't accounted for, as methanol became expensive. And our imported raw materials also became more expensive in Sprea because of shipping disruptions.

Is it stable? Well, we're meeting the targets in terms of what the business had planned. We should see more increase in revenues as the year goes on. As I said earlier, we're also delivering an increase in exports, and we're seeing quite strong demand here in Egypt as certain sectors in the economy improve. So, if you compare last year with this year, without that context, it looks as though we have a problem with the business, but the majority of the performance has been in line with the plan that we set.

Eric	Jon, did you say the government is building a competing facility to this? I didn't realize that. Could you give a little more color on that?
Jon	Sure, they're building a plant where there'll be a couple of products that compete with ours. So, it's not a like for like, and we expect that plant to be operational within 12 to 18 months.
Ahmed	We have a question from Mahetab. “Has the offer price on Delta Insurance been announced, and what is the offer price?”
Jon	I believe it has been announced, but with the FRA only.
Ahmed	Maybe I can follow up with a question on Eric's part, on Eric's question on Sprea. So, we've been following, obviously, Sprea for years and years now, and over the past, let's say, decade or so, Sprea has been very solid and basically very good at passing on higher raw material prices to its customers. So, what I'm hearing from you, Jon, is that basically, there's been a strategic shift within the management itself, saying that you're willing to accept some of that cost pressure and swallow some of that cost pressure in order to gain market share. Am I reading it correctly?
Jon	Exactly that, yes.
Ahmed	Okay. But ultimately, when the market settles, when the market share is gained, Sprea will be passing on that cost pressure again to the customers?
Jon	No, I think as their confidence grows in terms of how we reached the optimum market share, then the strategy lies in throwing back some of that lost margin as we gain confidence and security from those customer relationships. But we will show growth on an absolute basis.
Ahmed	And basically, again, as a follow up on that chemical plant that is competing with some of Sprea’s products, which products exactly are they competing with? Because I know that Sprea has like a product list of like 20 to 30 products. It's a very wide product list.
Jon	Look, Omar is happy to deal with that question offline and give you a bit more detail about the government plant and the actual projects, so we can provide that offline.
Ahmed	Okay, thank you. Let's give it one last chance for questions to come in. I don't see any hands raised or questions in the Q&A box. Okay, I guess with that, Jon, back to you for any closing remarks.
Jon	No, look just to thank everyone for your time. Thank you, Ahmed and everyone at EFG for hosting the call. As ever, the team's here to answer any questions that might come in offline, and I look forward to catching up with everyone in three months.
Ahmed	Perfect. Thank you, Jon. Thank you, Omar. And thank you everyone who attended. This now concludes the call. You may now disconnect.