

Egypt Kuwait Holding Co. Releases FY 2023 Earnings Results

EKH closed FY2023 with revenues of USD 801 million, driven by strategic investments aimed at expanding capacities, strengthening product and service portfolio, and improving vertical integration.

25 February 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 year ended 31 December 2023.

EKH closed FY2023 with revenues of USD 801.1 million, surpassing pre-Ukraine war historical averages. Profitability remained robust in FY23, with gross profit reaching USD 357.5 million and a 45% margin, well above historical averages. EBITDA recorded USD 359.2 million, implying an EBITDA margin of 45%. EKH closed the year with a net profit margin returning to normalised levels at 27%. Attributable net income for the year amounted to at USD 179.2 million.

On a quarterly basis, EKH reported revenues of 212.6 million, marking a 6% increase over the previous quarter. This growth was propelled by a 26% increase in NatEnergy's revenues, translated into USD, and an improvement in urea prices at AlexFert compared to the lows observed in 1H23. Profitability remained resilient, ending the quarter with a 43% gross profit margin. EBITDA for the quarter reached 95.2 million in 4Q23, reflecting an EBITDA margin of 45%, aligning with historical averages. EKH's net income for the quarter demonstrated resilience, standing at 49.6 million in 4Q23, with a net income margin of 23%, consistent with the 24% recorded in 3Q23. Attributable net income for 4Q23 totaled USD 42.6 million in 4Q23, exhibiting an 18% increase quarter-on-quarter from the USD 36.1 million reported in 3Q23.

Commenting on the Group's performance, EKH Chairman Mr. Loay Jassim Al-Kharafi said: "In the face of formidable global challenges, I am pleased to announce that EKH has showcased remarkable resilience and strong performance in 2023. Our revenues for the year stood at an impressive USD 801 million, complemented by solid profitability with a gross profit margin of 45% and an EBITDA of 45%. Additionally, our net profit margin stood at 27%, resulting in an attributable net income of USD 179 million.

In 2023, EKH strategically invested USD over 250 million, reinforcing our commitment to sustained growth and diversification. Our initiatives included bolstering our product and service portfolio, pursuing opportunities in new markets, and enhancing vertical integration. Additionally, we increased our stake in AlexFert to boost export sales and secure higher USD-denominated revenues.

As we reflect on our accomplishments in 2023, I wish to express sincere gratitude to Sherif El Zayat, our outgoing CEO, who has been an integral part of our success over the years. Sherif's insights and expertise have had impactful contributions that positively influenced our business and financial performance during his tenure. We wish him the best of luck in his future endeavors. I also wish to welcome Jon Rökk as our new CEO, who was meticulously selected for his distinguished leadership roles in various multinational companies across Europe, the Middle East, and North Africa. With expertise spanning multiple sectors, including oil & gas, petrochemicals, infrastructure, and nuclear power, Jon aligns seamlessly with the diverse business areas of EKH and our ambitions for expansion and growth. Under his leadership, we are confident that EKH will continue to thrive and reach new heights.

Looking forward, our strategy emphasizes integration, diversification, and resilience. Specifically, our focus is on expanding exports, enhancing foreign currency streams, and growing our regional presence to drive growth and add resilience to our business, aligning with our long-term strategy for sustainability and enhanced shareholder returns.

In line with our commitment, we are pleased to propose a dividend distribution of USD six cents per share to our esteemed shareholders at the upcoming general assembly, supported by our robust operational performance, healthy cash flows, and a resilient balance sheet." **Al-Kharafi said.**

On the Fertilizers and Petrochemicals front, EKH doubled formica sheets production, inaugurated a new SNF factory, and launched a state-of-the-art sulfuric acid facility, contributing to feedstock for the Group's portfolio products. At AlexFert, EKH increased ownership to over 75%, enhancing USD-denominated revenues.

In the Energy and Energy-Related Segment, NatEnergy's subsidiaries expanded installations, connecting over two million households. Meanwhile, at Kahraba, NatEnergy's power distribution and generation subsidiary, the company's successive investments over the years have increased power generation capacity to 135 MW, while on the distribution front, capacity has already passed 350 MW as of 2024, with plans for further expansion to 645 MW by 2030.

At ONS, the company's strategic plan to optimize reserve management, extend well-life, and enhance production efficiency has borne fruit. ONS expanded the concession area by 140 km2, totaling 440 km2. With a USD 70 million capex for Phase-3B (2023 to Q1 2024), two new wells (ATON1 + KSE2) have been drilled in the new extension area using WH platforms, ensuring the continuation of the company's operational success.

Finally, the significant contributions of Delta Insurance and Mohandes Insurance teams have played a pivotal role in ensuring the resilient performance of the companies amidst a challenging operating environment. Additionally, EKH's microfinance subsidiary, Bedyati, consistently maintained a robust bottom line.

Furthermore, the management is pleased to highlight the upcoming commencement of operations at the Nile Wood production facility in 2024, a joint venture with Homann Holzwerkstoffe GmbH that enhances the group's strategic positioning.

EKH's standalone and consolidated financial statements and full earnings release for the period ended 31 December 2023 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.