

Qalaa Holdings Reports FY/4Q 2016 Results*

Qalaa reports a Net Loss of EGP 4.1 billion in FY 2016 driven predominantly by total non-cash charges of c. EGP 3.5 billion related to FX losses and impairments following the devaluation of the Egyptian pound

Highlights Consolidated Income Statement**	
4Q 2016	
Revenues EGP 2,525.1 mn vs. EGP 1,7345.5 mn in 4Q15	
EBITDA EGP 120.5 mn vs. EGP 37.8 mn in 4Q15	Net Profit After Minority EGP (3,369.1) mn vs. EGP (889.4) mn in 4Q15
FY 2016	
Revenues EGP 7,848.8 mn vs. EGP 6,277.4 mn in FY15	
EBITDA EGP 442.2 mn vs. EGP 451.0 mn in FY15	Net Profit After Minority EGP (4,106.5) mn vs. EGP (1,148.2) mn in FY15
Highlights from Consolidated Balance Sheet as at 31 December, 2016	
Total Assets EGP 73,182.0 mn vs. EGP 36,978.2 mn in FY15	Total Equity EGP 16,470.5 mn vs. EGP 10,950.4 mn in FY15

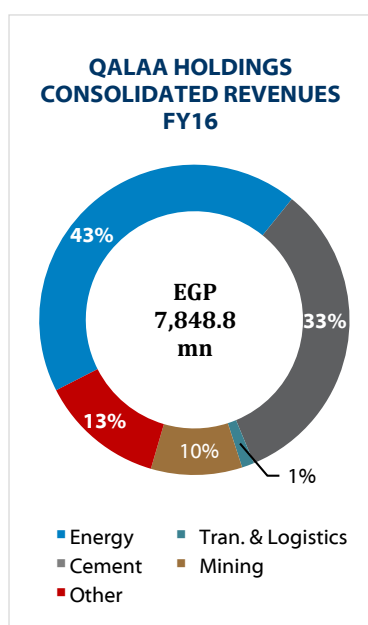
**Some of Qalaa Holdings' subsidiaries and platform companies prepare foreign currency-denominated financial statements depending on their operations and domicile. As such, when consolidating results of platform and holding companies on Qalaa's financials, the translation of foreign currency created substantial variances between standalone and consolidated statements, particularly following the float of the Egyptian Pound on 3 November 2016.*

*** To facilitate the comparison of y-o-y financial results, income statement figures for 2015 have been adjusted to reflect the divestment of ASEC Minya, ASEC Ready-Mix, Misr Cement Qena, Rashidi El-Mizan, RIS, Tanmeyah, and Mashreq by eliminating their figures from the consolidated results in addition to figures of investments held for sale starting 1Q16, including Africa Railways. Additionally, ASCOM's 2016 results were added to Qalaa's 2015 figures owing to ASCOM's income statement consolidation starting 3Q15.*

Financial & Operational Highlights

Qalaa Holdings, a leader in energy and infrastructure (CCAP.CA on the Egyptian Exchange, formerly Citadel Capital), released today its consolidated financial results for the year ending 31 December 2016, reporting a net loss after minority interest of EGP 4,106.5 million on revenues of EGP 7,848.8 million. On a quarterly basis, revenues posted EGP 2,525.1, up 45.6% y-o-y, with bottom-line losses recording EGP 3,369.1 million. Full-year and quarterly profitability were weighed down by FX losses totaling EGP 2,003.4 million in 4Q16 following the float of the Egyptian Pound in November 2016, a development that also drove up impairments and losses from discontinued operations.

Financial and operational highlights follow, as do management's comments and overviews of the performance of different business units. Full financials are now available for download at ir.qalaaholdings.com.



- **Total revenues in FY16 recorded EGP 7,848.8 million, up 25.0% y-o-y compared to FY15 adjusted figure of EGP 6,277.4. On a quarterly basis, revenues were up 45.6% y-o-y in 4Q16 to EGP 2,525.1 million.**

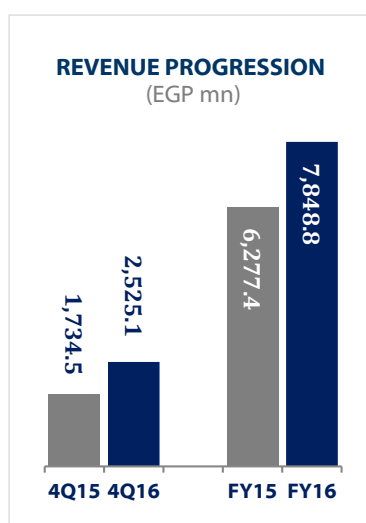
Comparative 2015 figures are adjusted to reflect the divestment of ASEC Minya, ASEC Ready Mix, MisrQena Cement, Rashidi El-Mizan, RIS, Tanmeyah, and Mashreq, eliminating the figures of divested companies in addition to figures for investments held for sale starting 1Q16, including Africa Railways. Additionally, ASCOM's 2016 results were added to Qalaa's 2015 figures owing to ASCOM's income statement consolidation starting 3Q15 for a more accurate comparison of y-o-y results.

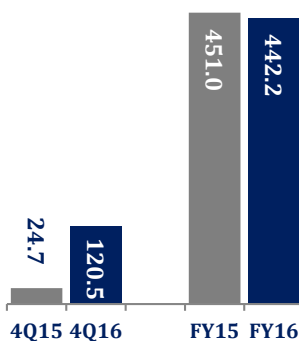
The largest contributors to revenue in FY16 continue to be the energy sector (43%) and the cement sector (33%). Meanwhile, following ASCOM's consolidation starting 3Q16, mining constituted 10% of revenues in FY16, up from 4% the previous year. On the other hand, transportation and logistics' contribution has decreased from 8% in FY15 to only 1% in FY16 on the back of management's decision to classify Rift Valley Railways as a discontinued operation on Qalaa's income statement and a liability held for sale on its balance sheet.

Revenue growth in FY16 was largely driven by platform company TAQA Arabia where it posted a 38% y-o-y growth in full-year revenues to EGP 3,214.5 million and contributing 56% to Qalaa top-line growth in absolute value. TAQA's top-line growth reflects both improved operational performance as well as the effect of translating the BVI parent company's USD denominated financials to EGP on Qalaa's consolidated statements following the float of the Egyptian Pound by the Central Bank of Egypt (CBE) in November 2016.

ASEC Holding subsidiaries ASEC Cement and ASEC Engineering also helped drive-up Qalaa's revenues in FY16, with the two platform companies contributing 23% to revenue growth in absolute terms. Improved performance came thanks to increased volumes at ASEC Cement's Sudan plant (Al-Takamol) and higher fees per ton at ASEC Engineering.

- **Share of associates' results recorded EGP 38.6 million in FY16 contributed primarily by ASEC Cement's Zahana Cement plant in Algeria.**
- **SG&A came in at EGP 927.2 million in FY16, up 12.5% y-o-y, and EGP 291.8 million in 4Q16, recording a 17.0% y-o-y increase. As a percentage of sales, however, SG&A inched down 130 bps to 11.8% in FY16 and 280 bps in 4Q16 to 11.6%.**



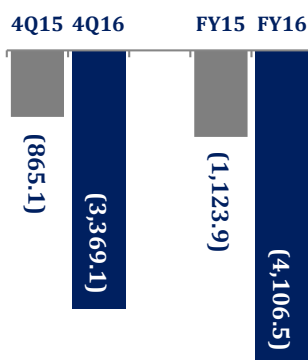
EBITDA PROGRESSION
(EGP mn)


- **At the EBITDA level Qalaa posted EGP 442.2 million in FY16, down only 2% y-o-y despite the significant pressures on its subsidiaries' cost base. Meanwhile, on a quarterly basis the company's EBITDA surged more than three-fold to EGP 120.5 million.**

The significant increase in 4Q16 EBITDA comes on the back of several factors, namely improved performance at energy plays TAQA Arabia and Tawazon during the quarter as well as lower one-off SG&A expenses. In 4Q15, the company had booked EGP 67.2 million in non-recurring SG&A — related to the advisory and legal fees for the multiple transactions concluded during the quarter — compared to EGP 21.1 million in 4Q16.

- **Qalaa recorded higher bank interest expense in FY16 at EGP 665.8 million, up 25.9% y-o-y. Similarly, third-party shareholder interest in FY16 posted a 22.8% y-o-y increase to EGP 97.3 million.**

Higher interest was largely driven by the CBE's float of the Egyptian Pound during 4Q16 and the subsequent interest rate hike, affecting Qalaa's standalone senior debt — booked at the holding level and totaling c.USD 240 million — and ASEC Holding's convertible bond. Bank interest expense recorded a 107.3% y-o-y increase in 4Q16 and a 69.1% q-o-q increase to EGP 249.4 million. Meanwhile, third-party shareholder interest increased 47.4% y-o-y in 4Q16 to EGP 28.9 million.

NET PROFIT PROGRESSION
(EGP mn)


- **Qalaa recorded a gain on sale of investments amounting to EGP 32.2 million in FY16, EGP 28.5 million of which were recorded in 4Q16 while EGP 3.6 million were netted out from gains and losses recorded in the preceding nine-month period.**

The fourth quarter gain was related to the sale of Ostool, a trucking business that was operating under Qalaa's transportation and logistics sector.

- **Impairments increased 112.6% y-o-y to EGP 1,463.5 million in FY16 and EGP 1,182.9 million in 4Q16, up 73.9% y-o-y.**

A total of EGP 568.0 million were related to asset impairments at Wafra, Qalaa's agriculture business in Sudan the financials of which are translated from USD to EGP on Qalaa's consolidated statements. Wafra's assets value was inflated following the float of the EGP, leading management to book an impairment of EGP 568.0 million owing to challenges the company faces related to the political and security situation in Sudan and South Sudan.

Additionally, an impairment of EGP 190 million was booked at Grandview on the back of a downward asset revaluation; a goodwill impairment of EGP 179 million at Nile Logistics; and EGP 178 million in impairments at ASEC Cement's Djelfa (Algeria Cement) related to goodwill and projects under construction.

- **The company recorded provisions of EGP 265.9 million in FY16, with EGP 184.4 million being booked in 4Q16 alone.**

Provisions for doubtful receivables and other provisions recorded by TAQA Arabia contributed the lion's share to the consolidated figure, with the company recording EGP 174.5 million in provisions in FY16 and EGP 144.8 million in 4Q16.

- **Losses from discontinued operations posted EGP 765.7 million in FY16 of which c.63% (EGP 478.8 million) relate to Africa Railways and EGP 80 million from Mena Home (Designopolis mall).**

Higher losses from Africa Railways came as float of the Egyptian Pound in November 2016 inflated the company's foreign currency denominated

operational losses following their translation into EGP on Qalaa's financials. The railway company booked EGP 215.8 million in losses in 4Q16.

- **Overall the CBE's float of the Egyptian Pound on 3 November 2016 — which saw the EGP lose over 50% of its value to trade at a USD/EGP rate of 18.41 as of 31 December 2016 versus a pre-float rate of 8.79 — led to Qalaa recording total FX losses of EGP 2,067.5 million in FY16, of which EGP 2,003.4 million were booked in 4Q16.**

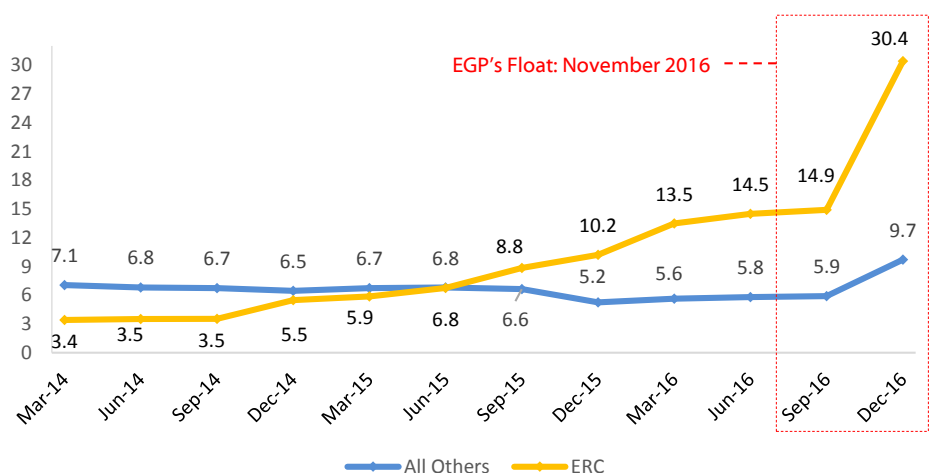
The losses are primarily owing to the revaluation of ASEC Holding's convertible bond which generated EGP 1,987.2 million in FX losses in 4Q16. The figure however, was partially offset by an FX gain at ASEC Cement, netting out a total FX loss at ASEC Holding of EGP 1,318.1 million in 4Q16 (FY16: EGP 1,462.0 million).

Meanwhile, an FX loss of EGP 772.9 million was booked at one of Qalaa's Special Purpose Vehicles (SPV) with USD denominated financials. The SPV had extended EGP denominated loans to subsidiaries booked as accounts receivables, leading to an FX loss following the EGP's devaluation and subsequent translation of the accounts into USD on the SPV's financials.

- **Qalaa recorded a Net Loss after Minority Interest of EGP 4,106.5 million in FY16 (4Q16: EGP 3,369.1 million) driven predominantly by the float of the EGP.**
- **The float of the EGP saw Qalaa's total consolidated debt excluding Egyptian Refining Company (ERC) reach EGP 9.71 billion as at 31 December 2016 versus EGP 5.9 billion at the close of 3Q16. The increase was driven by the revaluation of Qalaa's USD denominated senior debt as well as other foreign currency debt held primarily at ASCOM's subsidiaries.**

The float also drove ERC's debt value to EGP 30.41 billion as at 31 December 2016 compared to EGP 14.85 billion at 30 September 2016.

Debt Progression* (EGP bn)



*The Debt Progression chart excludes Africa Railways' debt balance owing to its reclassification as a liability held for sale starting 1Q16.

Management Comment:

"We are increasingly optimistic about the outlook for Egypt and with that the future of our company"

"Over the past 12 months Qalaa has made very significant strides toward reshaping its business model and positioning itself for future growth as the economy prepares to enjoy a good multi-year run," said Qalaa Holdings Chairman and Founder Ahmed Heikal. "Our top-line is already capturing the upside of the macroeconomic themes that are now coming to play with revenues up 25.0% y-o-y at the close of 2016."

"The steps taken by the Government of Egypt to fully embrace a reform program, including the float of the Egyptian Pound and the phase-out of energy subsidies, are exactly the policies we've been advocating for over a decade. And while the economic reform program has taken a short-term toll on bottom-line profitability for all businesses operating in Egypt, in the long haul it is set to benefit those who can deliver increased efficiency, exporters and producers of import substitutes, all of which are characteristics of our investment portfolio," Heikal added.

Qalaa Holdings controls exporters including ASCOM Carbonate and Chemicals Manufacturing and GlassRock; import substitutes particularly its USD 3.7 billion Egyptian Refining Company, which will curb by c. 50% Egypt's present-day diesel imports; plays on liberalization of energy markets, including TAQA Arabia, solid waste management company Tawazon and Nile Logistics which can deliver increased transportation efficiencies.

"Broadly speaking, we are increasingly optimistic about the outlook for Egypt and with that the future of our company. With the steady course on reforms, we see Qalaa starting to deliver sustainable profitability by 2018," said Heikal.

"Qalaa Holdings stands today as a very different company than it did a few short years ago," said Qalaa Holdings Co-Founder and Managing Director Hisham El-Khazindar. "We have continued to push forward with our divestment strategy as we seek to streamline and reshape our investments, concluding early this year exits from Tanmeyah and Misr Glass Manufacturing. This allowed us to deconsolidate and repay a portion of debt in 2016."

"Now with ERC making progress toward completion and production earmarked for 2018; with TAQA Arabia and other subsidiaries continuing to deliver healthy top- and bottom-line growth; and with the macro trends moving decisively in our favor and foreign exchange losses now behind us, we are increasingly confident in our proven winners and look forward to a transformative 2017 that will bring us closer to the point of profitability," El-Khazindar added.

Detailed overviews of the performance of operational companies in each of Qalaa's core industries follow; complete financials are available for download on ir.qalaaholdings.com

Methods of Consolidation

Fully Consolidate Companies	Energy	TAQA ENERGY	tawazeen	ERC
	Transportation & Logistics	NILE LOGISTICS		
	Mining	ASCOM GEOLOGY & MINING		
	Cement	السيك القبضة asec holding		
	Agrifoods	جذور Gozour	WAFRA	
	Specialized Real Estate	BONYAN DEVELOPMENT AND TRADE		
	Metallurgy	U.C.F. Company For Uranium السيك UNITED		
Equity Method Consolidated Companies (Share of Associates)	Mid-cap Buyouts	GRANDVIEW Investment Holdings Corp.		
	Media & Retail	مكتوب مكتوب		

Qalaa Holdings Consolidated Income Statement (in EGP mn)

	Actual					Restated (1) (2)					As Previously Reported				
	1Q 2016	2Q 2016	3Q 2016	4Q 2016	FY 2016	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015
Revenue	1,731.8	1,799.0	1,792.9	2,525.1	7,848.8	1,441.0	1,620.5	1,481.3	1,734.5	6,277.4	1,947.5	2,086.8	2,051.2	2,129.1	8,214.6
COS	(1,388.5)	(1,492.2)	(1,519.1)	(2,172.5)	(6,572.3)	(1,126.5)	(1,284.8)	(1,220.5)	(1,341.2)	(4,973.0)	(1,473.1)	(1,591.0)	(1,607.1)	(1,659.9)	(6,331.1)
Gross Profit	343.3	306.8	273.8	352.6	1,276.5	314.5	335.8	260.8	393.3	1,304.4	474.5	495.7	444.1	469.2	1,883.5
Advisory fee	2.4	2.6	2.6	4.7	12.4	3.2	3.2	3.6	3.6	13.6	3.2	3.2	3.6	3.6	13.6
Share in associates' results	14.1	3.8	8.9	11.9	38.6	7.1	21.6	18.6	1.9	49.2	34.8	44.8	18.5	9.0	107.0
Total Operating Profit	359.8	313.2	285.3	369.2	1,327.5	324.7	360.6	283.0	398.8	1,367.1	512.4	543.7	466.2	481.8	2,004.1
SG&A	(210.8)	(220.6)	(203.9)	(291.8)	(927.2)	(188.2)	(202.5)	(184.4)	(249.3)	(824.5)	(241.2)	(249.4)	(266.3)	(289.3)	(1,046.2)
Other inc/exp-Net	3.4	12.2	6.0	64.1	85.7	10.8	(4.4)	24.2	(44.5)	(14.0)	2.7	(2.7)	24.7	(43.2)	(18.6)
EBITDA before one-off charges	152.4	104.8	87.3	141.5	486.1	147.3	153.6	122.7	105.0	528.6	273.8	291.6	224.5	149.3	939.3
SG&A (Non recurring)	(9.2)	(11.9)	(1.6)	(21.1)	(43.8)	(2.5)	2.0	(9.9)	(67.2)	(77.5)	2.0	(2.3)	(10.0)	(81.7)	(92.0)
EBITDA	143.2	92.9	85.7	120.5	442.2	144.8	155.6	112.9	37.8	451.0	275.8	289.3	214.5	67.6	847.2
Dep./Amort.	(83.6)	(100.2)	(97.2)	(194.3)	(475.2)	(87.5)	(90.6)	(97.7)	(146.6)	(422.3)	(105.5)	(90.6)	(120.8)	(120.0)	(436.9)
EBIT	59.6	(7.3)	(11.5)	(73.8)	(33.0)	57.3	65.0	15.2	(108.8)	28.7	170.3	198.7	93.7	(52.4)	410.3
Bank interest exp.	(130.0)	(138.8)	(147.5)	(249.4)	(665.8)	(116.9)	(140.7)	(150.9)	(120.3)	(528.9)	(165.8)	(185.9)	(214.4)	(163.5)	(729.6)
Bank PIK - Bank Fees (ERC - PIK)	(18.1)	(4.0)	(16.7)	(30.2)	(69.1)	(16.4)	(15.5)	(16.6)	(16.7)	(65.1)	(35.7)	(35.8)	(33.9)	(39.2)	(144.5)
3rd party Shareholder	(0.5)	(44.9)	(23.0)	(28.9)	(97.3)	(1.7)	(37.9)	(20.1)	(19.6)	(79.3)	(1.9)	(1.8)	(1.0)	(0.6)	(5.2)
Interest income	21.0	22.5	33.0	41.5	118.0	18.7	13.7	27.4	17.9	77.7	21.4	16.4	31.2	18.9	87.9
Lease payments	(1.7)	(1.7)	(1.7)	(1.7)	(7.0)	(2.8)	(2.8)	(2.8)	(2.8)	(11.0)	(3.4)	(3.8)	(3.7)	(2.8)	(13.6)
EBT (before one-offs)	(69.7)	(174.4)	(167.4)	(342.6)	(754.1)	(61.7)	(118.1)	(147.7)	(250.4)	(577.9)	(15.1)	(12.1)	(128.0)	(239.5)	(394.7)
Gain (Loss) on sale of investments	19.5	(0.0)	(15.9)	28.5	32.2	(10.5)	67.5	33.1	551.2	641.4	(10.5)	67.5	33.1	528.1	618.3
Impairments/write downs	(5.0)	(256.0)	(19.6)	(1,182.9)	(1,463.5)	(5.4)	0.0	(3.1)	(680.0)	(688.5)	(4.1)	(2.0)	(2.3)	(678.5)	(687.0)
Restructuring consulting fees	(17.5)	(6.7)	(1.1)	(6.0)	(31.3)	-	-	-	-	-	-	-	-	-	-
Layoffs/Severances	(12.3)	(2.5)	(2.4)	(14.3)	(31.5)	(1.7)	-	-	(1.5)	(3.2)	(9.4)	(0.5)	(2.1)	(9.5)	(21.5)
Negative Goodwill	-	-	-	-	-	-	115.8	-	-	115.8	-	-	-	-	-
CSR	(1.3)	(2.8)	(3.2)	(2.4)	(9.8)	(3.6)	(3.3)	(3.4)	0.5	(9.8)	(6.4)	(6.2)	(4.2)	0.5	(16.3)
Provisions	(25.9)	(20.6)	(35.0)	(184.4)	(265.9)	(14.2)	(22.4)	(30.7)	(101.1)	(168.4)	(13.8)	(22.9)	(37.7)	(97.0)	(171.4)
Discontinued operations *	(93.9)	(131.4)	(101.3)	(439.1)	(765.7)	(73.4)	(23.6)	(84.5)	(251.1)	(432.6)	(58.6)	(43.9)	(18.0)	(99.5)	(220.0)
Forex	(45.0)	(39.1)	19.9	(2,003.4)	(2,067.5)	(25.9)	(18.2)	7.9	(80.2)	(116.3)	(53.1)	(10.1)	(29.5)	(83.2)	(175.9)
EBT	(251.1)	(633.6)	(326.0)	(4,146.5)	(5,357.2)	(196.4)	(2.2)	(228.2)	(812.7)	(1,239.5)	(170.9)	(30.2)	(188.8)	(678.6)	(1,068.4)
Taxes	(41.8)	(22.5)	(16.3)	(146.3)	(226.7)	(24.6)	(30.2)	(1.8)	35.6	(21.0)	(41.2)	(59.1)	(17.4)	(39.5)	(157.2)
NP/L Including Minority Share	(292.9)	(656.0)	(342.3)	(4,292.8)	(5,583.9)	(220.9)	(32.4)	(230.0)	(777.1)	(1,260.5)	(212.0)	(89.3)	(206.2)	(718.1)	(1,225.6)
Minority Interest	(50.2)	(369.0)	(134.6)	(923.7)	(1,477.4)	(101.9)	(28.4)	(94.3)	112.3	(112.3)	(99.9)	(4.6)	(80.6)	115.0	(70.1)
NP/L for the Period	(242.7)	(287.0)	(207.6)	(3,369.1)	(4,106.5)	(119.1)	(4.0)	(135.7)	(889.4)	(1,148.2)	(112.2)	(84.7)	(125.5)	(833.1)	(1,155.5)

1) Comparative figures restated to conform with the current period presentation. Restatements are for sold companies - ASEC Minya, ASEEC Ready-Mix (ASEC Cement), Rashidi Al-Mizan & Rashidi for Integrated Foods (Gozour), Tannayah Microfinance, and Mashreq (Ledmore) - in addition to investments held for sale: Africa Railways (RVR).

2) Qalaa Holdings increased its stake in ASCOM as of June 2015. Accordingly, we include ASCOM 1Q2016 & 2Q2016 results to the comparative periods for reasonable comparison.

* Discontinued operations include:

- (1) Assets included in 2015 & 2016: Enjoy, Djelfa (ASEC Holding), & Designopolis (Mena Home)
- (2) Assets sold in 2016 and with zero results in 2016: El-Aguizy, Misrireen, Mom's Food (Gozour)
- (3) Assets Reclassified and sold in 2016: Mashreq & Tannayah
- (4) Assets that are held for sale in 2016: Africa Railways (RVR)

Qalaa Holdings Consolidated Income Statement by Sector for the period ending 31 December 2016 (in EGP mn)

	QH	SPVs	Energy			Cement ASEC Holding	T&L [^]		Mining ASCOSM	Agrifoods		Others	Elimination	FY 2016
			ERC	TAQA	Tawazon		Nile Logistics			Gozour	Wafra	Misc. ^{^^}		
Revenue	-	-	-	3,214.6	184.8	2,584.4	100.6	746.1	-	849.3	1.6	167.4	-	7,848.8
Cost of Sales	-	-	-	(2,811.5)	(158.6)	(2,173.5)	(77.5)	(602.9)	-	(640.6)	(0.6)	(107.1)	-	(6,572.3)
Gross Profit	-	-	-	403.0	26.2	410.9	23.2	143.2	-	208.7	1.0	60.2	-	1,276.5
Advisory fee	89.7	20.9	-	-	-	-	-	-	-	-	-	-	(98.2)	12.4
Share in Associates' Results	-	-	-	-	-	41.6	3.5	-	-	-	-	-	(6.5)	38.6
Total Operating Profit	89.7	20.9	-	403.0	26.2	452.5	26.7	143.2	-	208.7	1.0	60.2	(104.8)	1,327.5
SG&A	(171.9)	(63.5)	(28.1)	(134.1)	(11.0)	(233.7)	(41.7)	(123.1)	(20.3)	(188.0)	(0.4)	(20.3)	88.7	(927.2)
Other Income/Expenses (Net)	1.7	(11.5)	-	8.1	12.2	47.7	(2.5)	19.6	-	(6.5)	4.8	-	12.0	85.7
EBITDA (before one-offs)	(80.5)	(54.1)	(28.1)	277.0	27.4	266.5	(17.5)	39.8	-	14.2	5.4	40.0	(4.1)	486.1
SG&A (Non recurring)	(29.0)	(2.5)	-	-	-	(12.4)	-	-	-	-	-	-	-	(43.8)
EBITDA	(109.4)	(56.6)	(28.1)	277.0	27.4	254.2	(17.5)	39.8	-	14.2	5.4	40.0	(4.1)	442.2
Depreciation & Amortization	(2.1)	-	(0.4)	(53.6)	(11.7)	(90.2)	(38.6)	(103.5)	(12.0)	(61.5)	(15.8)	(12.0)	(85.7)	(475.2)
EBIT	(111.5)	(56.6)	(28.5)	223.4	15.7	164.0	(56.1)	(63.8)	-	(47.4)	(10.3)	28.0	(89.8)	(33.0)
Bank Interest Expense	(216.8)	(68.2)	-	(60.0)	(2.8)	(143.9)	(82.1)	(42.5)	(14.5)	(32.2)	(2.9)	(14.5)	-	(665.8)
Bank PIK - Bank Fees (ERC-PIK)	-	(41.9)	(27.2)	-	-	-	-	-	-	-	-	-	-	(69.1)
3rd Party Shareholder	-	(149.0)	-	-	-	(227.7)	(19.1)	(5.7)	(20.0)	-	-	-	324.1	(97.3)
Interest Income	155.7	138.0	3.1	131.6	-	6.1	0.2	-	14.6	0.4	9.0	14.6	(340.9)	118.0
Lease Payments	-	-	-	-	-	-	(4.4)	-	-	(2.5)	-	-	-	(7.0)
EBT (before one-offs)	(172.6)	(177.6)	(52.6)	295.0	12.9	(201.5)	(161.6)	(111.9)	8.1	(81.6)	(4.1)	8.1	(106.5)	(754.1)
Gain (Loss) on Sale of Investments	-	183.0	-	-	-	-	16.9	-	-	17.8	-	-	(185.6)	32.2
Impairments/Write-downs	(1,961.3)	(6,916.3)	-	(3.5)	(0.6)	(68.0)	-	(3.1)	-	(5.1)	(568.0)	-	8,062.3	(1,463.5)
Restructuring Consulting Fees	(27.0)	-	-	(4.3)	-	-	-	-	-	-	-	-	-	(31.3)
Layoffs/Severances	(10.8)	(2.0)	-	(3.7)	-	(15.1)	-	-	-	-	-	-	-	(31.5)
CSR	(5.4)	-	-	(4.4)	-	-	-	-	-	-	-	-	-	(9.8)
Provisions	(1.5)	(25.9)	-	(174.5)	(2.7)	(39.6)	(1.9)	(3.2)	-	(12.5)	-	-	-	(265.9)
Discontinued Operations **	-	-	-	-	-	(2.9)	-	-	(4.1)	(131.6)	-	(657.5)	26.3	(765.7)
FOREX	174.0	(773.0)	(24.1)	52.4	(25.3)	(1,462.0)	(7.0)	(13.8)	-	(6.6)	34.9	(278.1)	260.9	(2,067.5)
EBT	(2,004.6)	(7,711.8)	(76.6)	157.0	(15.8)	(1,789.0)	(153.5)	(132.0)	(931.6)	(219.5)	(537.2)	(931.6)	8,057.4	(5,357.2)
Taxes	0.3	(8.0)	-	(81.8)	1.1	(140.4)	(4.8)	(4.9)	1.6	(8.4)	-	-	18.6	(226.7)
Net P/L Before Minority Share	(2,004.3)	(7,719.8)	(76.6)	75.2	(14.7)	(1,929.4)	(158.2)	(137.0)	(930.0)	(227.9)	(537.2)	(930.0)	8,076.0	(5,583.9)
Minority Interest	-	-	(25.0)	46.3	(5.4)	(55.5)	(67.6)	(5.3)	(4.5)	(0.0)	(28.5)	(4.5)	(1,331.9)	(1,477.4)
Net Profit (Loss)	(2,004.3)	(7,719.8)	(51.6)	28.9	(9.3)	(1,873.9)	(90.6)	(131.7)	(925.5)	(227.9)	(508.7)	(925.5)	9,407.9	(4,106.5)

** Discontinued operations include:

- (1) Assets included in 2015 & 2016: Enjoy, Djelfa (ASEC Holding), & Designopolis (Mena Home)
- (2) Assets sold in 2016 and with zero results in 2016: El-Aguizy, Misreen, Mom's Food (Gozour)
- (3) Assets Reclassified and sold in 2016: Mashreq & Tanmeyah
- (4) Assets that are held for sale in 2016: Africa Railways (RVR)

[^] T&L represents Transportation & Logistics

^{^^} Miscellaneous includes United Foundries, Designopolis (Mena Home), Crondall, Sphinx Egypt, Mashreq, Africa Railways & Tanmeyah

Qalaa Holdings Consolidated Balance Sheet as at 31 December 2016 (in EGP mn)

	Energy			Cement		T&L [^]		Mining		Agrifoods		Misc. ^{^^}	FY 2016 Aggregation	Eliminations/ SPVs	FY 2016	FY 2015
	ERC	TAQA Arabia	Tawazon	ASEC Holding	Nile Logistics	ASCOM	Gozour	Wafra								
Current Assets																
Trade and Other Receivables	1,561.7	135.7	1,164.9	150.7	1,917.4	52.6	348.2	197.5	-	525.7			6,054.2	(2,923.0)	3,131.2	3,131.6
Inventory	-	-	227.9	47.7	646.4	21.5	98.7	88.7	-	43.4			1,174.2	-	1,174.2	1,016.8
Assets Held For Sale	-	-	-	-	1,941.6	-	-	86.6	-	4,003.8			6,032.0	599.4	6,631.4	2,473.5
Cash and Cash Equivalents	5.6	1,586.1	1,096.5	5.0	98.6	3.9	23.2	9.1	0.8	1.5			2,830.4	6.6	2,837.0	3,353.0
Others	-	-	-	-	68.8	-	-	7.3	-	-			76.0	1.2	77.3	76.6
Total Current Assets	1,567.2	1,721.8	2,489.2	203.4	4,672.7	78.0	470.1	389.2	0.8	4,574.4			16,166.9	(2,315.7)	13,851.2	10,051.5
Non-Current Assets																
PP&E	28.4	48,725.3	551.0	91.9	1,088.2	691.3	1,204.1	754.5	-	47.7			53,182.4	696.4	53,878.8	22,053.2
Investments	8,747.7	-	0.7	-	437.2	-	0.2	-	-	3.3			9,189.1	(7,887.8)	1,301.2	1,035.3
Goodwill / Intangible assets	-	-	408.4	32.6	4.5	-	607.3	-	-	-			1,052.8	605.0	1,657.8	2,514.9
Others	1,609.1	1,944.2	29.0	1.0	32.8	-	-	266.5	-	220.5			4,103.0	(1,610.0)	2,493.0	1,323.2
Total Non-Current Assets	10,385.2	50,669.5	989.1	125.5	1,562.7	691.3	1,811.6	1,021.0	-	271.5			67,527.3	(8,196.5)	59,330.8	26,926.7
Total Assets	11,952.4	52,391.3	3,478.3	328.9	6,235.4	769.3	2,281.7	1,410.2	0.8	4,845.8			83,694.2	(10,512.1)	73,182.0	36,978.2
Shareholders' Equity																
Total Equity Holders of the Company	6,428.0	14,848.5	989.6	85.0	(2,403.4)	(336.5)	673.4	213.2	(1,306.9)	(2,529.9)			16,661.0	(16,474.3)	186.7	2,797.9
Minority Interest	-	5,921.7	343.9	44.8	1,541.9	(150.2)	(38.5)	-	6.7	(0.5)			7,669.8	8,613.9	16,283.7	8,152.5
Total Equity	6,428.0	20,770.2	1,333.5	129.8	(861.4)	(486.6)	634.9	213.2	(1,300.2)	(2,530.5)			24,330.8	(7,860.4)	16,470.5	10,950.4
Current Liabilities																
Borrowings	3,357.1	-	242.9	35.6	377.2	528.9	281.8	46.9	19.6	75.8			4,965.8	827.7	5,793.5	3,441.8
Trade and Other Payables	1,110.0	1,016.3	1,257.5	99.2	3,344.7	576.4	560.2	632.6	1,272.4	693.9			10,563.2	(1,463.4)	9,099.8	6,396.1
Provisions	53.9	-	245.2	45.7	229.2	9.1	24.2	25.9	4.5	14.0			651.7	29.9	681.5	620.5
Liabilities Held For Sale	-	-	-	-	287.4	-	-	343.7	-	6,045.2			6,676.3	(764.0)	5,912.3	1,013.4
Total Current Liabilities	4,521.0	1,016.3	1,745.7	180.5	4,238.5	1,114.4	866.2	1,049.1	1,296.5	6,828.8			22,857.0	(1,369.9)	21,487.1	11,471.8
Non-Current Liabilities																
Borrowings	1,003.3	30,408.7	184.3	-	651.0	-	618.5	104.6	4.6	2.3			32,977.2	1,257.1	34,234.3	13,671.8
Shareholder Loan	-	-	-	-	2,069.1	141.6	155.3	-	-	541.0			2,906.9	(2,859.5)	47.4	24.5
Long-Term Liabilities	-	196.1	214.9	18.6	138.2	-	6.8	43.4	-	4.2			622.2	320.5	942.7	859.7
Total Non-Current Liabilities	1,003.3	30,604.8	399.2	18.6	2,858.3	141.6	780.5	147.9	4.6	547.5			36,506.4	(1,281.9)	35,224.4	14,556.0
Total Liabilities	5,524.4	31,621.1	2,144.8	199.1	7,096.8	1,255.9	1,646.7	1,197.1	1,301.1	7,376.3			59,363.3	(2,651.8)	56,711.6	26,027.8
Total Equity and Liabilities	11,952.4	52,391.3	3,478.3	328.9	6,235.4	769.3	2,281.7	1,410.2	0.8	4,845.8			83,694.2	(10,512.1)	73,182.0	36,978.2

[^] T&L represents Transportation & Logistics

^{^^} Miscellaneous includes Mashreq, Africa Railways, United Foundries, Designopolis (Mena Home), Crondall, & Sphinx Egypt.



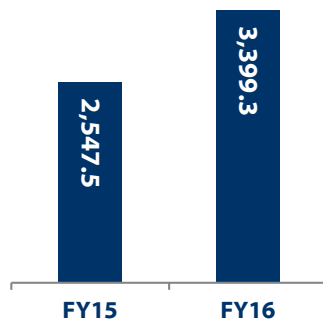
Sector Review: Energy

Qalaa Holdings' operational Energy companies include TAQA Arabia (energy generation and distribution) and Tawazon (solid waste management). Pre-operational Greenfields include Egyptian Refining Company (petroleum refining).

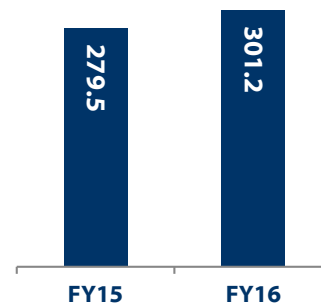
Operational and Financial Performance

Revenues from the energy division came in at EGP 3,399.3 million in FY16, up 33% y-o-y driven by improved performance at TAQA Arabia's marketing and gas divisions. EBITDA for the full year recorded growth of 8% y-o-y in 2016 to EGP 301.2 versus EGP 279.5 million in FY15. On a quarterly basis, revenue growth was more pronounced recording a 78% y-o-y surge to EGP 1,230.5 million in 4Q16, while EBITDA turned a solid 45% y-o-y increase to EGP 107.7 million compared to 4Q15 figure of EGP 74.2 million.

Energy Revenues¹
(EGP mn)



Energy EBITDA¹
(EGP mn)



(EGP mn unless otherwise stated)	4Q15	4Q16	% chg	FY15	FY16	% chg
TAQA Arabia Revenues	618.5	1,174.2	90%	2,331.8	3,214.5	38%
TAQA Arabia EBITDA	60.0	95.6	59%	249.4	277.0	11%
Tawazon Revenues	72.0	56.3	(22%)	215.7	184.8	(14%)
Tawazon EBITDA	14.2	12.0	(15%)	30.1	24.2	(20%)

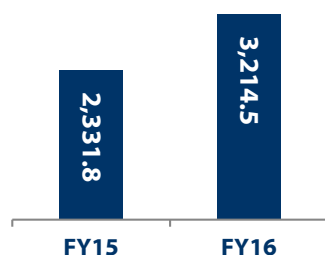
¹ Energy revenues and EBITDA are aggregate figures, representing the simple summation of TAQA Arabia and Tawazon's figures, as these are the only two operational companies within the Energy sector.


QH OWNERSHIP — 62.5%

TAQA Arabia reports an almost two-fold year-on-year increase in 4Q16 revenues to EGP 1,174.2 million

TAQA Arabia, Egypt's leading independent energy company, reported revenues of EGP 3,214.5 million in FY16, up 38% y-o-y on the back of strong performances by its gas and marketing arms, with EBITDA recording an 11% y-o-y increase to EGP 277.0 million. On a quarterly basis, revenues were up 90% y-o-y to EGP 1,174.2 million in while EBITDA recorded EGP 95.6 million, a 59% y-o-y.

**Consolidated TAQA Arabia
Revenues**
(EGP mn)



**Consolidated TAQA Arabia
EBITDA**
(EGP mn)



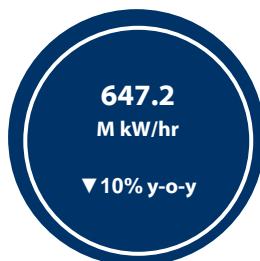
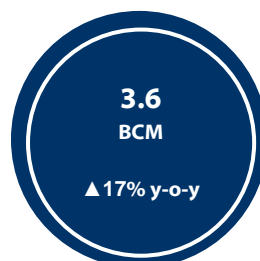
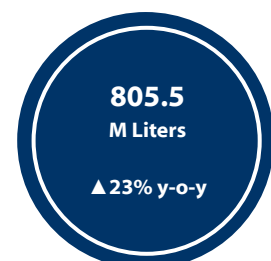
Constituting the lion's share of revenues, TAQA Marketing turned a top-line of EGP 1,667.7 million in FY16, up 31% y-o-y. The division's EBITDA also recorded a marked improvement rising 42% y-o-y in FY16 to EGP 58.5 million. Total sales volumes across all products were higher in FY16 even as prices increased post the float of the Egyptian Pound in November 2016 and the partial lifting of energy subsidies that followed. Overall, sales of refined fuel products (diesel and gasoline) increased 23% y-o-y in FY16 to 805 million liters (4Q16: 202.7 million liters, up 11%), while lube volumes jumped 26% y-o-y to 4,353 tons in FY16 (4Q16: 1,667 tons, up 52%). On a quarterly basis, the division posted revenues of EGP 494.0 million in 4Q16, up 39% y-o-y, with EBITDA rising 43% y-o-y in 4Q16 to EGP 16.7 million. It is worth noting that the government increased TAQA's fee on its product sales, leading to margin expansion which took effect starting 1Q17 and thus has not affected 4Q16 results. TAQA inaugurated four new filling stations in FY16 with a plan to add seven more in 2017.

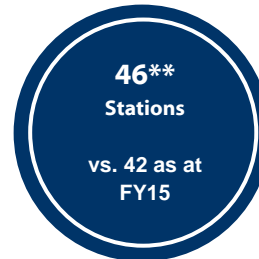
Meanwhile, TAQA Gas recorded a solid 22% increase in revenues to EGP 622.3 million in FY16 (4Q16: EGP 193.6 million, up 50%), with EBITDA for the year recording EGP 117.9 million, up 10% y-o-y (4Q16: 38.2 million, up 36%). The division's improved performance comes on the back of a 17% y-o-y increase in gas distribution volumes to 3.6 BCM in FY16 versus 3.1 BCM the previous year, driven by higher volumes supplied to industrial clients in the fertilizer sector. On a quarterly basis, the division distributed 1.0 BCM in 4Q16, up 20% y-o-y, with 25,455 new customers converted, up 15% y-o-y. The company's total accumulated number of domestic gas converted customers reached 826,100 clients, implying a c.14% market share. Additionally, the company added six new industrial clients reaching a total of 176 factories.

TAQA Power's revenues were 4% higher y-o-y in FY16 at EGP 531.1 million, while on a quarterly basis the division posted revenues of EGP 142.2 million in 4Q16, up 6% y-o-y. Improved revenues, however, did not filter to the

EBITDA level as the company's business continues to be affected by the current recession in Egypt's tourism sector, specifically in the Nabq (Sharm El-Sheikh) touristic zone. Total power distribution to these higher-margin areas has significantly decreased, leading to a 28% y-o-y drop in distribution to 340.9 M kW/hr in FY16. Overall, the Nabq area's total power consumption declined by 40% y-o-y in FY16, a trend that is likely to continue in 2017. As such, management is exploring opportunities to diversify into new business lines, including energy efficiency — the provision of a broad range of services such as the design and implementation of energy saving solutions and/or projects — and "waste to energy" services such as power generation using agricultural and municipal waste.

TAQA Arabia Subsidiaries (EGP mn)	4Q15	4Q16	% chg	FY15	FY16	% chg
TAQA Arabia Power Revenues	134.8	142.4	6%	513.3	532.1	4%
TAQA Arabia Power EBITDA	27.4	20.0	(27%)	116.2	91.4	(21%)
TAQA Arabia Gas Revenues	129.1	193.6	50%	511.7	622.3	22%
TAQA Arabia Gas EBITDA	28.1	38.2	36%	107.3	117.9	10%
TAQA Marketing Revenues	355.2	494.0	39%	1,276.3	1,667.7	31%
TAQA Marketing EBITDA	11.7	16.7	43%	41.3	58.5	42%

Total Power Generated & Distributed* (FY16)

Total Gas Distributed (FY16)

Total Liquid Fuels Distributed (FY16)

Gas Construction (FY16)

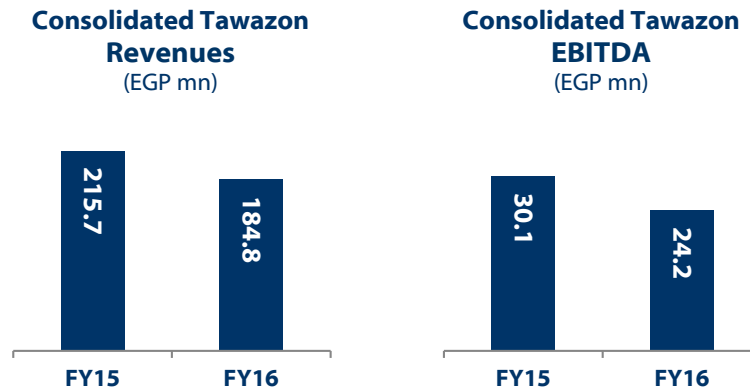
Filling Stations (FY16)


*Of the total, 52.7% is distributed while the remainder is generated.

** Of which seven are CNG stations.

Tawazon reports FY16 revenues of EGP 184.4 million, down 14% year-on-year

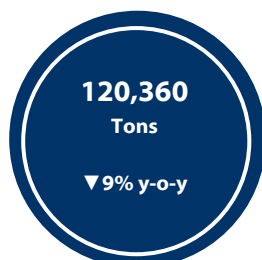
Tawazon, Qalaa Holdings' solid waste management subsidiary, recorded a 14% y-o-y decline in revenues to EGP 184.4 million in FY16, partly on the back of a one-off gain recorded by **ECARU** in the fourth quarter of 2015, as well as muted performance by **ENTAG** during 2016 due to a lack of new turnkey projects. On a quarterly basis, Tawazon posted revenues of EGP 56.3 million, down 22% y-o-y. Meanwhile, the company's EBITDA stood at EGP 24.2 million in FY16, down 20% y-o-y, and EGP 12.0 million in 4Q16, a 15% y-o-y decline, also affected by the one-off gain recorded in the comparable period.



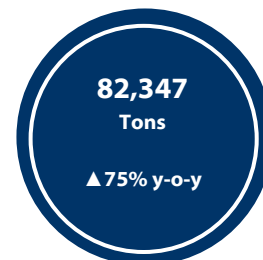
ECARU saw revenues inch up 3% y-o-y in FY16 to EGP 175.0 million, while on a quarterly basis the company reported a 10% y-o-y drop in revenues to EGP 54.8 million. However, factoring out the EGP 10.8 million one-off gain on inflation recorded in 4Q15 — related to the tipping fee of Municipal Solid Waste (MSW) for 2011, 2012, 2014 and 2015 — the company's top-line would record a 9% y-o-y increase in 4Q16 and a 10% increase for the full year. The adjusted growth was driven by a number of factors, including a 75% y-o-y increase in RDF volumes to 82 thousand tons in FY16, in turn driving RDF revenues up almost two-fold to EGP 39 million, as well as higher MSW fees received during the year amounting to EGP 49.9 million on the back of both higher tonnage and prices per ton. ECARU's biomass supply continues to be weighed down by the suspension of activity at one of the company's largest clients, with total tonnage declining 9% y-o-y to 120 thousand tons in FY16. This, in addition to the one-off gain recorded in 4Q15, saw the company's EBITDA decline 54% and 31% in 4Q16 and FY16, respectively.

Meanwhile, **ENTAG** reported revenues of EGP 13.9 million in FY16, down 74% y-o-y, and EGP 2.0 million for 4Q16, a drop of 83% over 4Q15 figure of 12.3 million. The decline in revenues comes as ENTAG's scope of work during FY16 did not match that of the previous year. In FY15, the company had been contracted for the design and construction of a sanitary landfill in Oman (EGP 22.3 million), completed rehabilitation and upgrade works for several clients across Africa and supplied equipment to sister-company ECARU. Comparably, FY16 activity was limited to residual rehabilitation work and EGP 4 million in supplied equipment to ECARU.

Total Biomass Supplied (FY16)



Total RDF Supplied (FY16)





QH OWNERSHIP —
17.9%

ERC reaches overall construction progress of 94.1% as of May 2017



Egyptian Refining Company (ERC) is building a US\$ 3.7 billion Greenfield petroleum refinery in the Greater Cairo Area (GCA); the consortium of GS Engineering & Construction Corp and Mitsui & Co Ltd, acting as the contractor for the project, took full receipt of the project site in early 2014 with overall completion progress standing at 94.1% as of May 2017.



All of ERC's heavy/major equipment has been installed at the construction site. Out of ERC's extended facility totaling USD 2.5 billion, c.USD 1.8 billion has been withdrawn with the USD 700 million balance earmarked for utilization during 2017 and 2018.



Sector Review: Transportation & Logistics

Qalaa Holdings' operational Transportation & Logistics companies include Nile Logistics (seaport services in Egypt as well as river transportation in Egypt and South Sudan)

Operational and Financial Performance

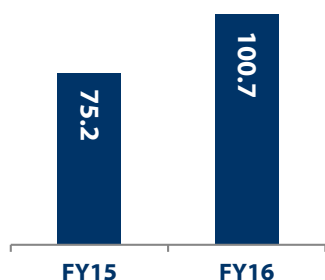
Nile Logistics consolidated revenues stood at EGP 35.4 million in 4Q16, an impressive 76% y-o-y increase despite the prevailing market challenges that weighed on import levels during the year. Full year revenues came in at EGP 100.7 million in FY16, up 34% y-o-y. Improved top-line performance was supported by the company's ability to pass-on price increases averaging 15-20% across all functions, including inland container depot, stevedoring and feeder services (container transshipment). Meanwhile, the company's EBITDA recorded a negative EGP 17.5 million in FY16 the bulk of which (EGP 11.8 million) was booked in 4Q16. The decline in EBITDA follows the divestment of trucking subsidiary Ostool and consequent exclusion of its profits from the share of associates' line above the EBITDA. The divestment saw the company record a gain on sale of assets of c. EGP 17 million.



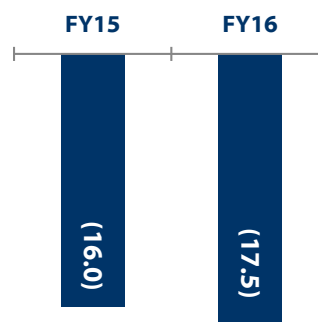
QH OWNERSHIP — 67.6%

Nile Logistics reports a 76% year-on-year surge in 4Q16 revenues to EGP 35.4 million

Revenues (EGP mn)



EBITDA (EGP mn)



Nile Logistics' stevedoring operations handled a total of 870 thousand tons in FY16 versus 795 thousand tons the previous year, a 9.4% y-o-y increase. Higher volumes were supported by the commencement of operations at Adabeya port in June 2015, which helped offset the overall decline in market activity on the back of foreign currency shortage and its effect on imports. Improved performance also comes despite the suspension of operations at Nubareya land for a number of months in order to finalize preparations for the Inland Container Depot.

Launched at the end of August 2016, the Inland Container Depot has been ramping up operations and delivering encouraging results. Revenue contribution during only one month of operation in 3Q16 recorded c.EGP 631 thousand, while 4Q16 revenues were c.EGP 3 million and have since increased by 40% q-o-q posting c.EGP 4.2 million in 1Q17.

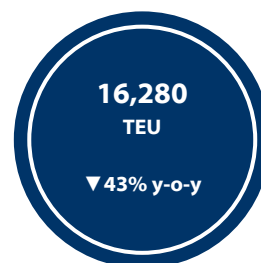
Meanwhile, the company's feeder services at Port Said continued to be affected by depressed import levels due to foreign currency shortages and its consequent effect on transshipment volumes. As such, total number of containers handled stood at 16,280 TEUs in FY16, a 43% y-o-y decline despite the operation booking an all-time one-month high of 4,335 TEUs in January 2016. It is worth noting, however, that volumes have been recovering to historical averages of c.2,000 TEUs per month starting 2017.

Management continues to make progress toward diversifying its client base across both the feeder service and stevedoring operations, with a particular emphasis on the latter which is heavily dependent on cement related cargo such as coal (68% of total volumes in FY16). Meanwhile, Nile Logistics is poised to benefit from the anticipated subsidy removal on petroleum products, including diesel fuel, with trucking rates expected to increase significantly and providing a competitive advantage to river transport in Egypt. In that regard, the company has recently inked a new three-year contract to transport grains from Alexandria port to the company's silos at attractive rates. The new contract is projected to have a contribution margin of 50% once operations commence in May 2017.

Stevedoring Tons Handled (FY16)



Container Transshipment (FY16)





Sector Review: Mining

Qalaa Holdings' operational platform in the Mining sector is ASCOM, which includes operating companies ASCOM (as standalone and leading provider of quarrying services), ASCOM for Chemicals and Carbonates Manufacturing (ACCM), ASCOM Precious Metals (APM) and GlassRock. Starting 2Q15, ASCOM's balance sheet was fully consolidated with Qalaa Holdings, while the consolidation of its income statement took effect starting 3Q15.

Operational and Financial Performance

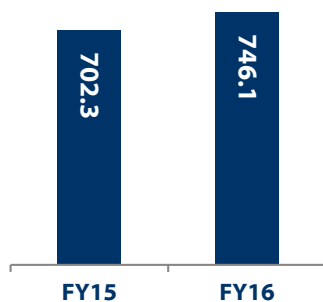
ASCOM's consolidated revenues increased 6% y-o-y in FY16 to EGP 746.1 million while 4Q16 top-line posted a solid 54% y-o-y increase to EGP 252.5 million. Meanwhile the company's EBITDA declined 23% y-o-y in FY16, recording EGP 39.8 million on the back of lower contributions from Egypt's quarrying operations. On a quarterly basis, EBITDA posted EGP 21.7 million, down 60% y-o-y.



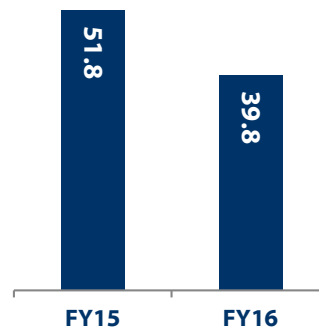
QH OWNERSHIP — 54.7%

ASCOM revenues record 54% year-on-year growth in 4Q16 to EGP 21.7 million

ASCOM Consolidated Revenues
(EGP mn)



ASCOM Consolidated EBITDA
(EGP mn)



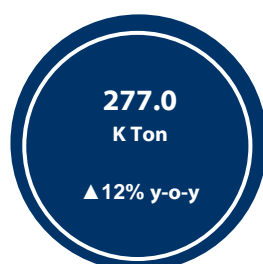
ASCOM Subsidiaries (EGP mn unless otherwise stated)	4Q15	4Q16	% chg	FY15	FY16	%chg
ACCM Revenues (in USD mn)	4.3	3.9	(10%)	18.5	19.1	3%
ACCM EBITDA (in USD mn)	0.1	1.1	High	2.2	4.2	92%
GlassRock Revenues (in USD mn)	0.8	1.7	128%	4.9	5.9	22%
GlassRock EBITDA (in USD mn)	(0.4)	(0.1)	(81%)	(1.6)	(1.0)	(36%)
Egypt Quarrying Revenues	84.9	104.1	23%	398.6	375.0	(6%)
Egypt Quarrying EBITDA	2.8	2.6	(4%)	25.9	14.2	(45%)
Other Quarry Management Revenues - ex Egypt*	24.6	55.3	125%	147.6	153.7	4%
Other Quarry Management EBITDA - ex Egypt*	(14.7)	1.2	n/a	38.1	15.7	(59%)

ACCM posted revenues of USD 19.1 million in FY16, up 3% y-o-y while EBITDA marked a significant y-o-y improvement rising almost two-fold to USD 4.2 million in FY16. Improved EBITDA comes as ACCM is able to capitalize on the float of the Egyptian Pound with the majority of its production being exported in foreign currency while its cost base is in EGP, providing room for margin expansion. On a quarterly basis, EBITDA surged more than 15 times to USD 1.1 million in 4Q16 from USD 0.1 million in the same period last year. EBITDA growth came despite a 10% y-o-y decline in 4Q16 revenues to USD 3.9 million. Meanwhile, ACCM sold a total of 277 thousand tons in FY16, up 12% y-o-y on the back of higher sales to export markets, particularly in the GCC region and South Africa.

GlassRock turned a solid performance in FY16 as the company recorded higher export sales on the back of its increased competitiveness — particularly following the float — and strengthened its position in the local market as an import-substitute play. Top-line came in at USD 5.9 million in FY16, with enhanced margins narrowing the companying EBITDA losses to USD 1.0 million from USD 1.6 million the previous year. Total volumes sold in FY16 stood at 6.2 thousand tons, up 36% y-o-y owing to increased utilization rates and higher sales.

ASCOM's **Egypt Quarrying** revenues meanwhile posted a 6% y-o-y decline in FY16 to EGP 375.0 million as the company's largest and highest margin contract expired in FY15. Lower revenues came despite a 4% y-o-y increase in volumes — 31.5 million tons in FY16 — and drove EBITDA down 45% y-o-y to EGP 14.2 million for the full year.

ACCM Volumes Sold (FY16)



Egypt Quarrying Business Volumes Sold (FY16)



Cement Sector Review



Sector Review: Cement

Qalaa Holdings' operational Cement platform company is ASEC Holding, which includes cement manufacturing (ASEC Cement with production facilities: Al-Takamol Cement in Sudan; Zahana Cement Co. and Djelfa (under construction and divested in May 2017) in Algeria; construction (ARESCO, ASEC Automation) and technical management (ASEC Engineering and ASENPRO).

Operational and Financial Performance

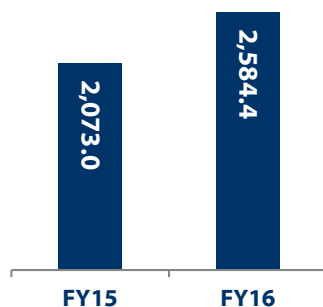
The Cement sector includes three divisions: Cement, Construction and Management. ASEC Holding reported revenues of EGP 2,584.4 million in FY16, up 25% y-o-y on the back of better performance at Sudan's Al-Takamol Cement and ASEC Engineering. Top-line improvement, however, was not reflecting on ASEC Holding's EBITDA which declined 12% y-o-y in FY16 to EGP 254.2 million. Technical difficulties at both Al-Takamol Cement and Zahana Cement led to increased overheads and consequently hampered EBITDA growth. It is worth noting that during 2015, Qalaa reduced its exposure to the cement industry, with ASEC Cement concluding the sale of its stake in business unit Misr Cement Qena in a deal valued at c. EGP 700 million, as well as exiting ASEC Minya and ASEC Ready-Mix in a c. EGP 1 billion deal. Additionally, 3Q16 saw the reclassification of ESACO as a discontinued operation on ASEC Holding's financials.



QH OWNERSHIP — 69.2%

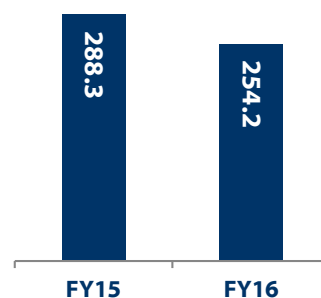
ASEC Holding Consolidated Revenues

(EGP mn)



ASEC Holding Consolidated EBITDA

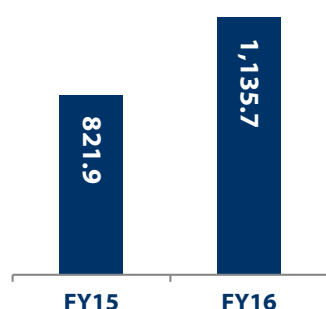
(EGP mn)



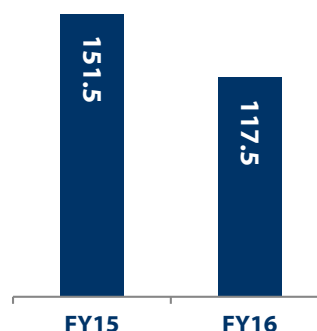

ASEC HOLDING OWNERSHIP — 59.9%

ASEC Cement reports revenue growth of 38% year-on-year in FY16 to EGP 1,135.7 million

ASEC Cement Revenues
(EGP mn)



ASEC Cement EBITDA
(EGP mn)



For the sake of a more accurate gauge of **ASEC Cement's** financial and operational performance, FY15 figures are adjusted to reflect Qalaa's reduced exposure to the cement industry following its exits from ASEC Minya, ASEC Ready Mix and Misr Cement Qena during the second half of 2015. ASEC Cement's financials are thus comprised only of Al-Takamol Cement in Sudan and Zahana in Algeria, with the latter being reflected in the Share of Associates' results. ASEC Cement recorded revenues of EGP 1,135.7 million in FY16, a 38% y-o-y increase driven by higher volumes at both Al-Takamol Cement and Zahana Cement. On a quarterly basis, revenue growth was more pronounced posting an increase of 56% y-o-y in 4Q16 to EGP 340.7 million. However, higher maintenance and overhead costs at both cement plants saw the ASEC Cement's EBITDA record a 22% y-o-y decline in FY16 to EGP 117.5 million.

At Sudan's **Al-Takamol Cement**, total volumes sold increased 7% y-o-y to 815 thousand tons in FY16, in turn driving revenues up by 14% y-o-y to EGP 1,135.7 million. Full-year growth in volumes comes despite a 16% y-o-y decline in 4Q16 volumes as the plant grappled with fuel interruptions that began in the third quarter of 2016 and carried through to November. Additionally, Al-Takamol had faced difficulty in sourcing spare parts locally which led to frequent stoppages throughout the year. These operational difficulties prevented the company from reaching maximum utilization — leading to lost opportunity of capturing a larger market share amidst a growing Sudanese cement market — while also adversely affecting operational efficiency and profitability. Al-Takamol's EBITDA in FY16 recorded EGP 132.6 million, down 40% y-o-y, while on a quarterly basis EBITDA turned a negative EGP 8.0 million in 4Q16.

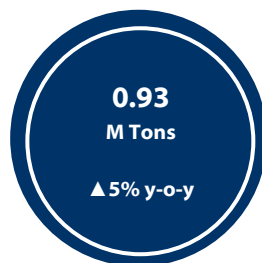
Management notes, however, that ATCC has been receiving its fuel requirements in full since the end of November 2016, with production volumes steadily increasing and closing December 2016 at over 100 thousand tons. The company is targeting total production of close to one million tons in FY17 provided there are no major technical problems or fuel interruptions. It is also worth noting that work is progressing on the plant's coal mill that, once operational by 2H18, should allow ATCC to fully satisfy its fuel needs from coal/pet coke.

Zahana Cement revenues inched up 2% y-o-y to EGP 504.1 million in FY16 despite the effects of a major overhaul implemented in April 2016 and its subsequent complications throughout the year. Zahana sold a total of 903 thousand tons during the year, up 5% y-o-y over FY15, however, ability to maintain output came at a higher cost of production as the company sourced some 20 thousand tons of clinker to offset production stoppages. Increased production costs as well as higher overheads owing to repeated technical difficulties applied downward pressure on the company's EBITDA which came in 30% lower y-o-y at EGP 156.4 million in FY16. Meanwhile, EUR 315 million in financing for Zahana's new production line — representing 90% of the total cost of c.EUR 350 million — has been secured as of January 2017, with an equity commitment by ASEC Cement amounting to EUR 10.5 million.

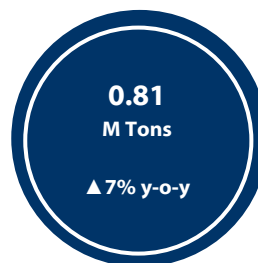
ASEC Cement Subsidiaries (EGP mn)	4Q15	4Q16	% chg	FY15	FY16	% chg
Al-Takamol Cement Co. Revenues	261.2	265.8	2%	993.1	1,135.7	14%
Al-Takamol Cement Co EBITDA	44.5	(15.6)	(135%)	222.2	132.6	(40%)
Zahana (Algeria) Revenues*	160.1	132.8	(17%)	495.4	504.1	2%
Zahana (Algeria) EBITDA*	73.4	32.4	56%	223.3	156.4	(30%)

* Zahana is consolidated using the equity method (share of associates)

Total Sales Volume (Zahana) (FY16)

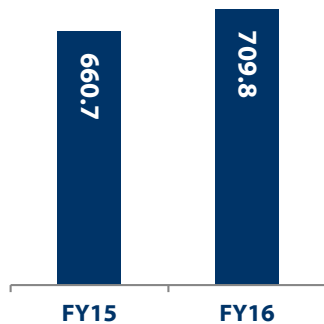


Total Sales Volume (Al-Takamol) (FY16)

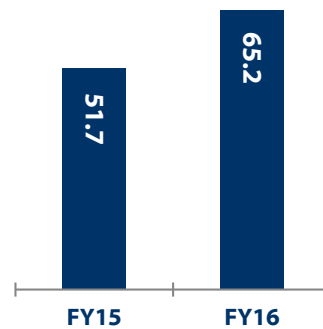


ASEC Engineering EBITDA climbs a solid 26% year-on-year to EGP 65.2 million; revenues up 7% year-on-year in FY16

ASEC Engineering Revenues
(EGP mn)

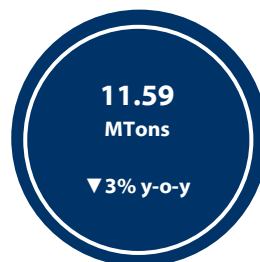


ASEC Engineering EBITDA
(EGP mn)



ASEC Engineering's total managed capacity declined by 3% y-o-y in FY16 to 11.6 million tons, where two of the company's clients faced repeated stoppages on the back of technical problems as well as security and logistics issues in the Sinai area. Nonetheless, an 8% hike in production fees allowed the company to offset lower capacities, turning revenues of EGP 709.8 million in FY16, up 7% y-o-y. Top-line growth filtered down the income statement with EBITDA climbing 26% y-o-y to EGP 65.2 million as the company maintained its G&A expenses at FY15 levels. Consequently, EBITDA margin for the year expanded six points to 14% in FY16, a level that management intends on sustaining and improving in the coming years.

Managed Clinker Production
(FY16)

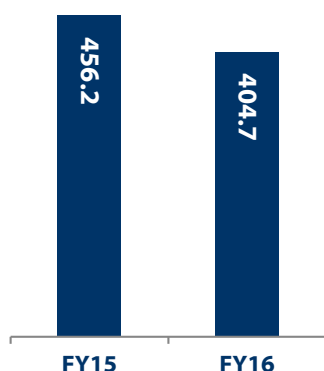




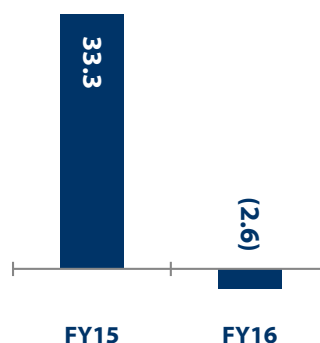
ASEC HOLDING OWNERSHIP — 99.9%

ARESCO revenues decrease 11% year-on-year in FY16 to EGP 404.7 million

ARESCO Revenues
(EGP mn)

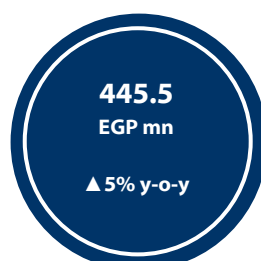


ARESCO EBITDA
(EGP mn)



ARESCO's full-year revenues for 2016 came in 11% lower y-o-y at EGP 404.7 million partly on the back of accounting treatments for the company's foreign currency denominated contracts. A significant portion of FY16 revenues was thus recorded as an FX gain owing to the wide gap between official foreign currency rates and those at which contracts are actually implemented. Additionally, cost overruns at two of the company's projects took a heavy toll on EBITDA, closing the year at a negative EGP 2.6 million compared to EGP 33.3 million in FY15. ARESCO's backlog meanwhile grew by 5% y-o-y to EGP 445.5 million at year-end 2016 as management successfully secured new contacts worth c. EGP 175 million.

Total Construction Backlog
(as at December 2016)



Sectors Under Divestment: Agrifoods

Agrifoods companies consolidated under parent company Gozour (multicategory agriculture and consumer foods) include Dina Farms, ICDP (Dina Farms' fresh dairy producer) and ACST (Dina Farms supermarket chain).

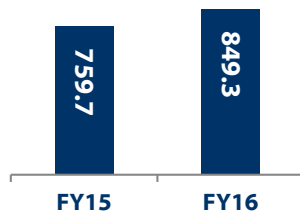
In the wake of management's decision to divest its agrifoods assets, Qalaa has concluded several exits from platform companies operating under Gozour during 2015, including the sale of Sudan's Rashidi for Integrated Solutions, Egyptian confectioner Rashidi El-Mizan (REM) and the divestment of its full 100% holding in Misr October for Food Industries (El-Misrieen). Additionally, Gozour has also divested its 100% holding in milk and juice producer, Enjoy as well as packing and exporting company, El-Aguizy International.



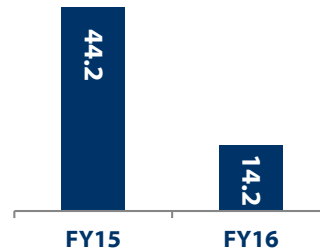
QH OWNERSHIP — 54.9%

Gozour records a 42% year-on-year increase in 4Q16 revenues to EGP 242.9 million

Consolidated Gozour Revenues
(EGP mn)



Consolidated Gozour EBITDA
(EGP mn)



Gozour's consolidated revenues in 4Q16 posted a 42% y-o-y increase to EGP 242.9 million, while EBITDA recorded EGP 2.3 million compared to a negative EGP 26.7 million in 4Q15. Improved profitability was driven by better performance at both Dina Farms and ICDP during the quarter. On a full-year basis, revenues from the agriculture and consumer foods play came in at EGP 849.3 million, up 12% y-o-y, however, operational disruptions at Dina Farms and Dina Farms Supermarket pulled back EBITDA 68% y-o-y to EGP 14.2 million in FY16.

Gozour Subsidiaries (EGP mn)	4Q15	4Q16	% chg	FY15	FY16	% chg
Dina Farms Revenues	79.7	102.2	28%	383.6	424.2	11%
Dina Farms EBITDA	26.2	27.0	3%	112.7	83.7	(26%)
ICDP Revenues (Fresh Dairy producer)	34.8	41.6	20%	135.8	155.3	14%
ICDP EBITDA	5.0	5.3	7%	22.0	22.8	4%
ACST Revenues (Retail Supermarkets)	62.5	51.5	(18%)	263.7	229.2	(13%)
ACST EBITDA	(25.3)	(22.4)	(12%)	(20.2)	(42.0)	(108%)

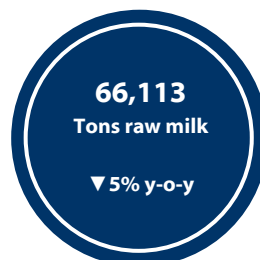
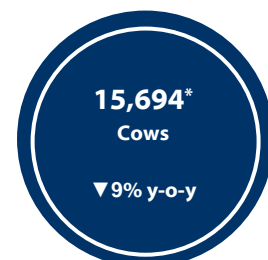
- Dina Farms** faced headwinds during FY16 which disrupted the company's operations and hindered its ability to filter down top-line growth to its EBITDA. Despite recording revenue growth of 11% y-o-y in FY16 to EGP 424.2 million the company's EBITDA declined 26% y-o-y in the full-year. Among the challenges faced during the year was decreased demand for raw milk by packaged milk producers, who preferred skimmed milk powder (SMP) for its lower price. Consequently, Dina Farms had to powder c.2,300 tons of milk which is sold at a 50% discount compared to raw milk prices. Additionally, corn silage inventory fell short during the year on the back of insufficient stocking in FY15, leading to a decline in milk production which carried through to the beginning of 4Q16. This also pressured the company's cash flow as it sought to source silage off-season. Conditions, however, began to improve in 4Q16 with milk production picking up and the company having managed to pass-on price increases in the wake of the overall inflationary environment following the float of the Egyptian Pound. Overall, raw milk prices increased from an average of EGP 4 per kg to EGP 5.15 per kg, up nearly 30% y-o-y compared to FY15. Improved operational conditions have already begun to reflect on the company's performance, with Dina Farms' result for the quarter showing a 28% y-o-y increase in revenues to EGP 102.2 million and EBITDA inching up 3% y-o-y to EGP 27.0 million.

Management is also pushing forward with plans to expand its land area as it seeks to achieve full self-sufficiency for its silage needs (corn & barley) while targeting 50% self-sufficiency for the farm's other feedstock requirements. Dina Farm's strategy in 2017 will also see it complete the installation of cooling systems in five different milking parlors; build a central feeding unit to minimize costs; better utilize the company's asset base, including ramping up cultivation density supported by digging out three new wells; and diversify its client base to reduce concentration risk.

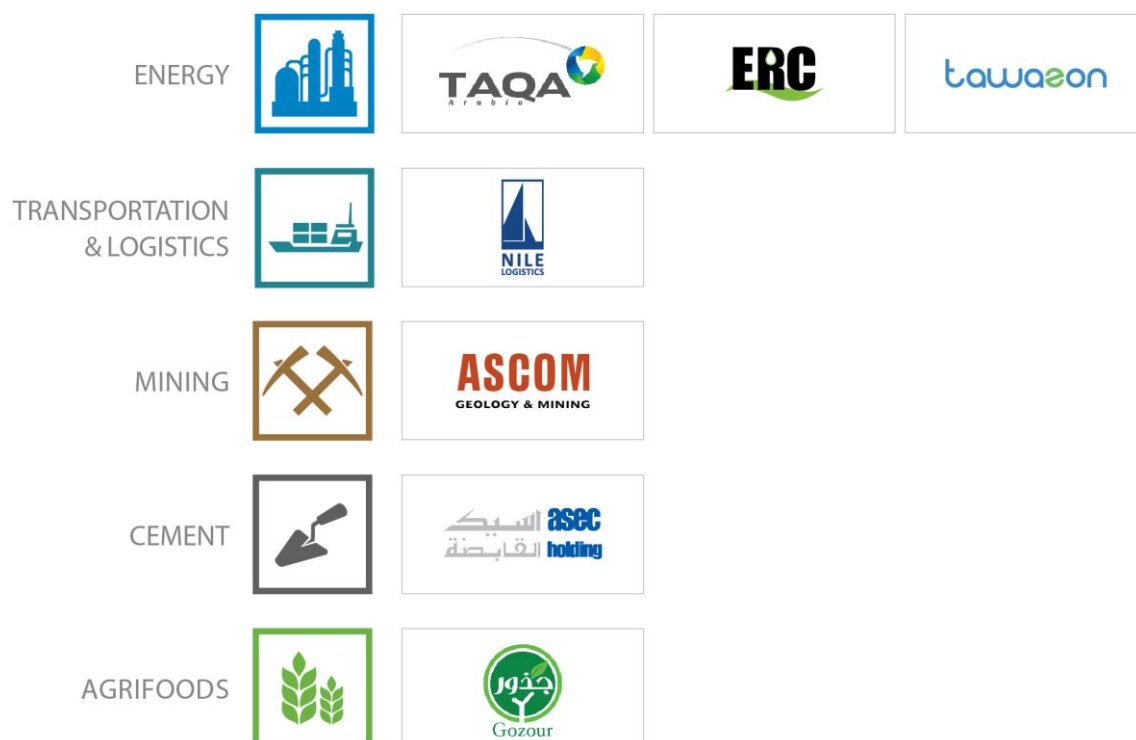
- ICDP**, which markets Dina Farms' fresh dairy produce, turned a solid performance in both the full year and the fourth quarter of 2016. Revenues recorded EGP 155.3 million in FY16, up 14% y-o-y while on a quarterly basis top-line grew 20% y-o-y in 4Q16 to EGP 41.6 million. Growth was driven by higher volumes with total SKUs sold climbing 8% y-o-y to 14.6 thousand tons in FY16, helping push EBITDA up 4% y-o-y in FY16 to EGP22.8 million (4Q16: EGP 5.3 million, up 7%). ICDP continues to expand its cheese production capacity, reaching 6% of total sales in 4Q16 versus 1% in the same period last year. Meanwhile, ICDP continues to hold almost 70% of the fresh (pasteurized) milk market — which constitutes 80% of the company's total sales — ahead of competitors Lactel and Labanita.

ICDP Sales (FY16)

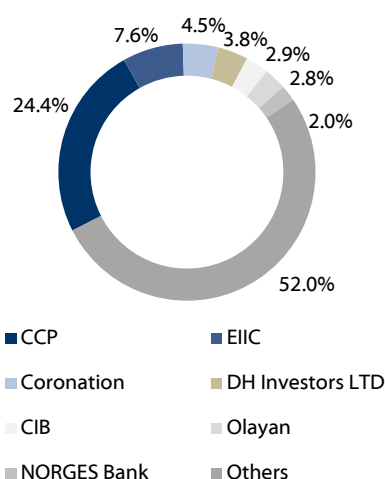
Dina Farms fresh dairy producer


Dina Farms Sales (FY16)

Dina Farms Total Herd (FY16)


* Of which 7,464 are milking cows


SHAREHOLDER STRUCTURE

(as at 31 March, 2017)


CCAP.CA on the EGX

Number of Shares	1,820,000,000
Of which Preferred	401,738,649
Of which Common	1,418,261,351
Paid-in Capital	EGP 9.1 billion

Forward Looking Statements

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Qalaa Holdings. Such statements involve known and unknown risks, uncertainties and other factors, and 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 Qalaa Holdings may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Qalaa Holdings is subject to risks and uncertainties.

CCAP.CA on the Egyptian Stock Exchange
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