

## Qalaa Holdings Reports 2Q 2019 Results

- *ERC 100% operational as of September 2019, with 4Q19 set to be the first fully operational quarter;*
- *TAQA Solar launched operations in February 2019, booking c.EGP 66 million in revenues and EBITDA of c.EGP 60 million in 1H19;*
- *ACCM launched operations at its third calcium carbonate production line;*
- *Nile Logistics' new grain storage warehouse received its first shipment of grain in September 2019;*
- *Qalaa's consolidated results affected by weak performance at Al-Takamol Cement in Sudan due to political instability and currency devaluation during 2Q19;*
- *Barring cement, all of Qalaa's business segments enjoyed improved performance during the period.*

### 2Q 2019 Consolidated Income Statement Highlights

<b>Revenues</b> <b>EGP 3,491.0 mn</b> vs. EGP 3,219.4 mn in 2Q18	
<b>EBITDA</b> <b>EGP 255.8 mn</b> vs. EGP 377.3 mn in 2Q18	<b>Net Profit After Minority</b> <b>EGP (224.5) mn</b> vs. EGP 261.5 mn in 2Q18

### 1H 2019 Consolidated Income Statement Highlights

<b>Revenues</b> <b>EGP 6,931.7 mn</b> vs. EGP 6,256.3 mn in 1H18	
<b>EBITDA</b> <b>EGP 620.2 mn</b> vs. EGP 732.7 mn in 1H18	<b>Net Profit After Minority</b> <b>EGP (379.1) mn</b> vs. EGP 75.3 mn in 1H18

### Highlights from Consolidated Balance Sheet as at 30 June 2019

<b>Consolidated Assets</b> <b>EGP 85,912.6 mn</b> At current book value vs. EGP 88,801.0 mn in FY18	<b>Consolidated Bank Debt</b> <b>EGP 55,418.9 mn</b> Of which EGP 42,836.0 mn related to ERC
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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 quarter ended 30 June 2019, recording an 8% y-o-y climb in revenues to EGP 3,491.0 million. The rise was driven by solid top line performance at TAQA Arabia, where rapidly growing gas and power distribution volumes, rising CNG demand and a steady ramp-up of utilization rates at TAQA Solar's power plant delivered revenue growth of 33% y-o-y. On a six-month basis, Qalaa Holdings saw revenues grow 11% y-o-y to reach EGP 6,931.7 million in 1H19.

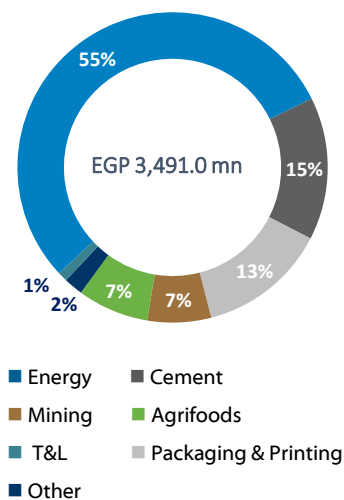
Qalaa's EBITDA declined by 32% y-o-y to record EGP 255.8 million during 2Q19 due to a decline at Sudan's Al-Takamol Cement, where political instability in the country and a significant devaluation of the Sudanese pound during 2Q19 saw revenues and EBITDA decline by 23% y-o-y and 92% y-o-y, respectively, in 2Q19. With cement prices in Sudan beginning to rise in August 2019 and exchange rate pressures easing, management expects Al-Takamol's results to reflect positively on Qalaa Holdings in the latter half of 2019. On a six-month basis, Qalaa Holdings' EBITDA fell by 15% y-o-y to EGP 620.2 million in 1H19. With the exception of cement, each of Qalaa's business segments posted improved results during the period.

Qalaa Holdings recorded a net loss after minority interest of EGP 224.5 million in 2Q19 versus a profit of EGP 261.5 million in 2Q18. It is worth noting that 2Q18 results included a non-cash gain of EGP 919.6 million related to the deconsolidation of Africa Railway's operational liabilities, as well as gains from acquisition and restructuring activities. For the six-month period, Qalaa recorded a bottom-line loss of EGP 379.1 million in 1H19.

Financial and operational highlights follow, as do management's comments and overview of the performance of different business units. Full financials are now available for download at [ir.qalaaholdings.com](http://ir.qalaaholdings.com).

## Financial and Operational Highlights

**QALAA HOLDINGS  
CONSOLIDATED REVENUES  
2Q19**



- **Qalaa booked consolidated revenues of EGP 3,491.0 million in 2Q19, a y-o-y increase of 8% driven by a rapid expansion at the Group's flagship energy subsidiary, TAQA Arabia, which reported y-o-y revenue growth of 33% in 2Q19.**

Consolidated top-line growth was further supported by positive performance at ASCOM, Qalaa's operational mining platform, where revenues climbed by 9% y-o-y in 2Q19. Meanwhile, ASEC Holding's top line grew by 2% y-o-y during 2Q19, despite the significant devaluation of the Sudanese pound and its translation effect on Al-Takamol Sudan's top-line. In SDG terms, Al-Takamol delivered a 112% y-o-y increase in revenues during 1H19, on the back of rising cement prices. Qalaa's transportation and logistics segment recorded strong 86% y-o-y increase in revenues for 2Q19, while the agrifoods sector recorded a 5% y-o-y revenue improvement. Strong performance across Qalaa's sectors was partly offset by a 10% y-o-y decline in printing and packaging revenues, driven by falling sales at subsidiary Uniboard.

The energy segment remained the largest contributor to Qalaa's consolidated revenues at 55%, followed by cement with a 15% contribution and packaging and printing at 13% in 2Q19.

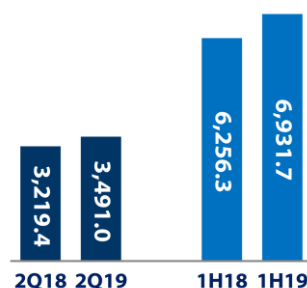
- **Qalaa's EBITDA fell 32% y-o-y to EGP 255.8 million in 2Q19.**

Declining EBITDA was primarily due to ASEC Holding's 85% y-o-y decrease in EBITDA in 2Q19. The cement holding company was affected primarily by its Sudanese subsidiary, Al Takamol Cement, where rising energy and feedstock costs as well as the devaluation of the Sudanese pound have severely affected profitability.

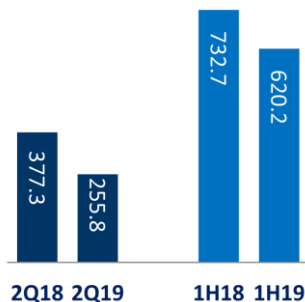
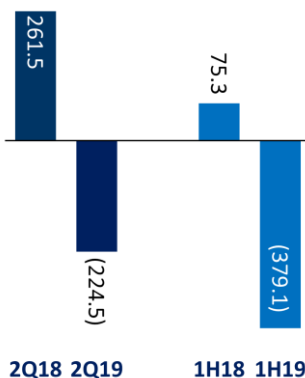
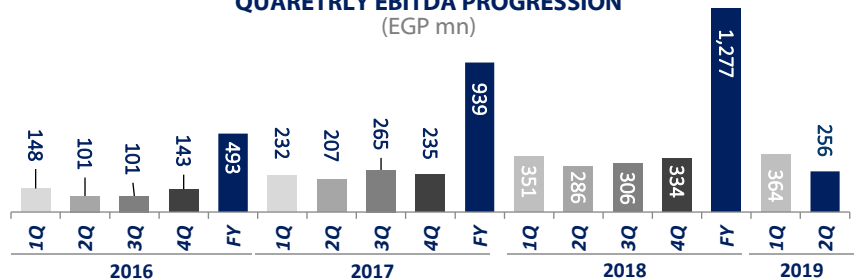
Nonetheless, TAQA Arabia generated EBITDA growth of 66% y-o-y on the back of rapidly rising connection volumes and a new contribution from TAQA's solar power plant in Benban, Aswan. Meanwhile, Qalaa's transportation and logistics platform returned to profitability at the EBITDA level, booking a healthy EGP 19.2 million for 2Q19.

Management expects EBITDA to return to the growth trajectory it has displayed since 2016, driven by the stabilization of the political and

**REVENUE PROGRESSION  
(EGP mn)**



financial situation in Sudan, a growing contribution by Nile Logistics with the launch of its grain storage warehouse as well as a larger contribution from TAQA's solar arm. Excluding contributions from ERC, Qalaa expects consolidated EBITDA to expand at a rate of between 25% and 35% in the years to FY2021.

**EBITDA PROGRESSION**  
(EGP mn)

**NET PROFIT PROGRESSION**  
(EGP mn)

**QUARTERLY EBITDA PROGRESSION**  
(EGP mn)


- **Bank interest expense recorded EGP 407.1 million in 2Q19, up 16% y-o-y versus the EGP 351.7 million booked in 2Q18.**

Consolidated interest expense increased as TAQA Solar began booking interest on its c.USD 55 million long-term facility from the International Finance Corporation (IFC). The facility has a 16-year tenor with an interest rate of 4.5% + 6m LIBOR. Amortization will run from July 2019 through to 2035.

- **Qalaa booked an FX gain amounting to EGP 222.6 million in 2Q19. The quarter's FX gain at the consolidated level was driven by the Egyptian pound's continued strengthening against the US dollar and its effect on Qalaa's USD-denominated debt.**

This increase was also in excess of an FX loss booked by mining subsidiary GlassRock, which is liable for euro-denominated debt. The euro strengthened against the dollar during the period.

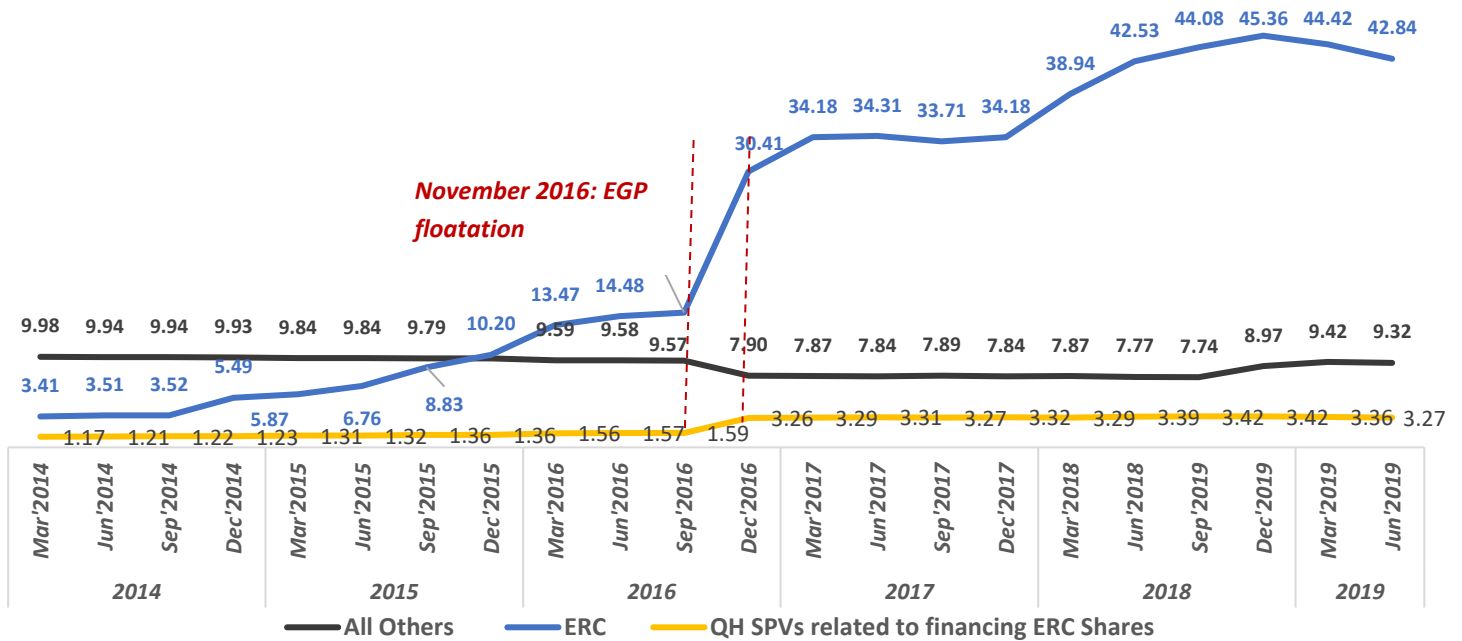
- **Qalaa Holdings booked a consolidated net loss after minority interest of EGP 224.5 million in 2Q19 against a net profit of EGP 261.5 million in the same quarter one year ago.**

It is worth noting that 2Q18 figures included a non-cash gain of EGP 919.6 million related to the deconsolidation of Africa Railway's operational liabilities as well as gains from acquisition and restructuring activities.

- **Qalaa's consolidated debt excluding Egyptian Refining Company (ERC) and ERC-related debt as of 30 June 2019 stood at EGP 9.32 billion versus EGP 9.42 billion at 31 March 2019.**

ERC's debt declined to EGP 42.84 billion as at 30 June 2019 compared to EGP 44.42 billion at the close of the previous quarter, while Qalaa's SPVs had c.EGP 3.27 billion in debt related to financing ERC shares, down from EGP 3.36 billion as of 30 March 2019. The decrease in Qalaa Holdings' senior debt and ERC-related debt was due to the EGP's appreciation against the US dollar, with the EGP closing at 16.65 against the dollar on 30 June, versus 17.27 as at 31 March.

### Debt Progression (EGP bn)

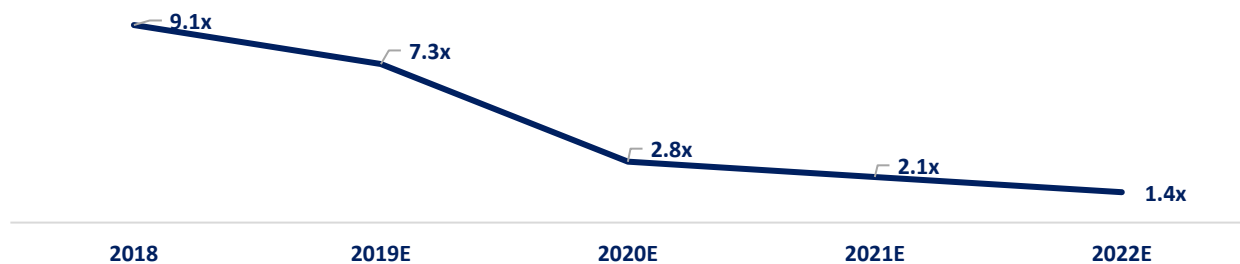


### NET DEBT TO EBITDA PROGRESSION (Expected)

Consolidated Figures in EGP bn	2018	2019E	2020E	2021E	2022E
EBITDA (existing companies)	1.3	1.5	2.0	2.5	3.0
ERC EBITDA*	-	-	17.0	17.0	17.0
Consolidated EBITDA	1.3	1.5	19.0	19.5	20.0
Net Debt	11.9	11.0	54.0	40.0	27.0
<b>Net Debt to EBITDA</b>	<b>9.1x</b>	<b>7.3x</b>	<b>2.8x</b>	<b>2.1x</b>	<b>1.4x</b>

The above figures may vary according to operating performances of various companies as well as exchange rate fluctuations. The below chart is meant to show a trend of the expected ratio and not exact figures.

### Net Debt to EBITDA (Expected)



\*ERC should begin generating EBITDA in 2019, however, the data assumes zero contribution.

## Management Comment

*"Qalaa has made important progress in leveraging the strengths of its restructured portfolio."*

"Halfway through 2019, Qalaa has made important progress in leveraging the strengths of its portfolio," **said Qalaa Holdings Chairman and Founder Ahmed Heikal**. "At TAQA Arabia, the company has entered a new growth phase driven by increased demand for grid-connected natural gas distribution as well as its expansion into renewable energy; growth avenues at the core of Egypt's energy policies. The successful launch of TAQA Solar's Benban Plant is already making strong contributions to consolidated revenue and EBITDA, and we continue to expand TAQA Gas' operations with negotiations to connect a number of new cities within our concession zone. Elsewhere, we continue to make impressive inroads into the growing market for compressed natural gas (CNG).

I am also pleased to report that as of September 2019 all units at our flagship Egyptian Refining Company have become operational with the commissioning of the facility's hydrocracker unit. ERC is currently seeing a steady ramp-up of utilization rates in the expectation of its first fully operational quarter in 4Q2019.

At our mining operations, ASCOM subsidiary ACCM has commenced production at its third calcium carbonate production line, which will provide the company with the efficiency and capacity needed to capture market opportunities and further enhance profitability. Finally, during September we inaugurated Nile Logistics' grain storage warehouse at the port of Nubareya, with a capacity of 100k tons per annum. These operational developments across Qalaa's subsidiaries have significantly strengthened our market position in the respective sectors, and we expect operational gains to drive a strong growth momentum over the coming period," said Heikal.

"With ERC on the cusp of its first fully operational quarter, Qalaa is on the threshold of a new chapter in its journey as a leader in energy and infrastructure," **said Hisham El-Khazindar, Qalaa Holdings' Co-Founder and Managing Director**. "We are confident that the strategic vision that has led us to this moment will continue to bear fruit for the Group's results, which are underpinned by solid fundamentals across our business segments. We see this robustness providing a solid hedge against changes in our external environment. To this end, Qalaa continues to implement efforts aimed at streamlining and repositioning our portfolio where we believe such a need exists, with an eye to generating profitable top line expansion across sectors.

Heading into the final quarter of the year, we see Qalaa's investments across its business segments and its portfolio delivering gradual improvement in the company's consolidated profitability over the coming period," El Khazindar concluded.

*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](http://ir.qalaaholdings.com)*

## Methods of Consolidation

<b>Fully Consolidated Companies</b>	Energy	 TAQA Arabia  Tawazon  Egyptian Refining Company
	Cement	 ASEC Holding
	Packaging and Printing	 National Printing (Grandview)
	Mining	 ASCOM
	Agrifoods	 Dina Farms
	Transportation & Logistics	 Nile Logistics
	Metallurgy	 United Foundries
<b>Equity Method Consolidated Companies (Share of Associates)</b>	Mining	 ASCOM Precious Metal (APM)
	Energy	Castrol Egypt (TAQA Marketing – British Petroleum JV)
	Publishing & Retail	 Tanweer

## Qalaa Holdings Consolidated Income Statement (in EGP mn)

	1Q 2019		2Q 2019		1H 2019		Restated <sup>Δ</sup>		As Previously Reported	
	1Q 2019	2Q 2019	2Q 2019	1H 2019	1Q 2018	2Q 2018	1Q 2018	2Q 2018	1Q 2018	1H 2018
Revenue	3,440.8	3,491.0	6,931.7	3,036.8	3,036.8	6,256.3	3,036.8	6,256.3	3,036.8	6,117.4
COS	(2,809.7)	(2,949.5)	(5,759.2)	(2,423.7)	(2,423.7)	(5,024.0)	(2,407.2)	(5,024.0)	(2,407.2)	(4,955.1)
<b>Gross Profit</b>	<b>631.1</b>	<b>541.5</b>	<b>1,172.6</b>	<b>613.1</b>	<b>613.1</b>	<b>1,232.3</b>	<b>629.7</b>	<b>532.6</b>	<b>629.7</b>	<b>1,162.3</b>
Advisory fee	-	-	-	-	-	-	-	-	-	-
Share in associates' results	0.3	(1.5)	(1.2)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
<b>Total Operating Profit</b>	<b>631.4</b>	<b>540.0</b>	<b>1,171.4</b>	<b>612.5</b>	<b>612.5</b>	<b>1,231.6</b>	<b>629.1</b>	<b>532.6</b>	<b>629.1</b>	<b>1,161.7</b>
SG&A	(273.5)	(285.6)	(559.0)	(262.5)	(262.5)	(524.2)	(261.7)	(269.0)	(261.7)	(556.1)
Other inc/exp-Net	11.0	9.8	20.8	10.7	10.7	30.2	10.7	193	10.7	30.0
<b>EBITDA before one-off charges</b>	<b>369.0</b>	<b>264.2</b>	<b>633.2</b>	<b>360.7</b>	<b>360.7</b>	<b>737.7</b>	<b>376.9</b>	<b>283.0</b>	<b>352.6</b>	<b>635.6</b>
SG&A (Non recurring)	(4.6)	(8.4)	(13.0)	(5.3)	(5.3)	(5.0)	0.3	3.2	(1.3)	1.9
<b>EBITDA</b>	<b>364.4</b>	<b>255.8</b>	<b>620.2</b>	<b>355.4</b>	<b>355.4</b>	<b>732.7</b>	<b>377.3</b>	<b>286.2</b>	<b>351.2</b>	<b>637.4</b>
Dep./Amort.	(123.0)	(132.9)	(255.9)	(111.8)	(111.8)	(278.6)	(166.8)	(110.5)	(111.8)	(222.3)
<b>EBIT</b>	<b>241.3</b>	<b>122.9</b>	<b>364.3</b>	<b>243.6</b>	<b>243.6</b>	<b>454.0</b>	<b>210.4</b>	<b>175.8</b>	<b>239.4</b>	<b>415.2</b>
Bank interest exp.	(374.9)	(382.8)	(757.7)	(308.3)	(308.3)	(613.6)	(305.3)	(305.3)	(308.3)	(613.6)
Bank PIK	(32.8)	(24.3)	(57.1)	-	-	(51.8)	(51.8)	-	-	(51.8)
Bank Fees (ERC - PIK)	(37.6)	3.3	(34.3)	(28.3)	(28.3)	(56.7)	(28.4)	(28.4)	(28.3)	(56.7)
3rd party Shareholder	(57.4)	(66.5)	(123.9)	(50.8)	(50.8)	(106.3)	(55.5)	(55.5)	(50.8)	(106.3)
Interest income	72.5	64.7	137.2	45.9	45.9	115.6	69.7	69.9	45.9	115.8
Lease payments	(8.6)	(3.7)	(12.3)	(5.3)	(5.3)	(10.1)	(4.8)	(1.1)	(1.1)	(2.2)
<b>EBT (before one-offs)</b>	<b>(197.5)</b>	<b>(286.3)</b>	<b>(483.8)</b>	<b>(103.1)</b>	<b>(103.1)</b>	<b>(268.8)</b>	<b>(165.7)</b>	<b>(196.5)</b>	<b>(103.1)</b>	<b>(299.6)</b>
Gain (Loss) on sale of investments	-	27.8	27.8	-	-	919.6	919.6	919.6	-	919.6
Impairments/write downs	(1.2)	0.3	(1.0)	93.1	93.1	83.8	(9.3)	93.1	93.1	83.8
Acquisitions and restructuring	(6.8)	(3.9)	(10.7)	-	-	106.9	106.9	-	-	345.3
Layoffs/Severances	(2.7)	(1.4)	(4.2)	(10.6)	(10.6)	(16.9)	(6.3)	(6.3)	(10.6)	(16.9)
CSR	(2.5)	(0.1)	(2.7)	(1.7)	(1.7)	(2.8)	(1.1)	(1.1)	(1.7)	(2.8)
Provisions	(67.4)	(126.9)	(194.3)	(74.3)	(74.3)	(566.3)	(492.0)	(492.0)	(74.3)	(566.3)
Discontinued operations *	(9.5)	(30.3)	(39.8)	(58.6)	(58.6)	(83.5)	(24.9)	(83.5)	(58.6)	(83.5)
Forex	181.7	222.6	404.3	40.1	40.1	(16.0)	(56.1)	(106.3)	37.6	(68.8)
<b>EBT</b>	<b>(105.9)</b>	<b>(198.4)</b>	<b>(304.4)</b>	<b>(115.2)</b>	<b>(115.2)</b>	<b>156.0</b>	<b>271.2</b>	<b>428.5</b>	<b>(117.7)</b>	<b>310.9</b>
Taxes	(65.5)	(79.8)	(145.3)	(68.3)	(68.3)	(82.6)	(14.3)	(11.3)	(66.3)	(77.6)
<b>NP/L Including Minority Share</b>	<b>(171.5)</b>	<b>(278.2)</b>	<b>(449.7)</b>	<b>(183.5)</b>	<b>(183.5)</b>	<b>73.4</b>	<b>256.9</b>	<b>417.2</b>	<b>(184.0)</b>	<b>233.3</b>
Minority Interest	(16.8)	(53.7)	(70.6)	2.7	2.7	(1.9)	(4.6)	(69.7)	2.7	(67.0)
<b>NP/L for the Period</b>	<b>(154.6)</b>	<b>(224.5)</b>	<b>(379.1)</b>	<b>(186.2)</b>	<b>(186.2)</b>	<b>75.3</b>	<b>261.5</b>	<b>486.9</b>	<b>(186.7)</b>	<b>300.2</b>

\* Discontinued operations include:

(1) Assets reclassified in 2018, 2019; Zahana and ARESCO

(2) Assets with zero results in 2019; Enjoy and Mom's Food (Gozour)

(3) Assets included in 2018; Africa Railways (deconsolidated in 2Q18), ESACO (sold in 4Q18), and Designopolis (Mena Home, sold in 2Q18)

^ Comparative figures restated to account for Takamol (Cement) hyperinflationary environment.

Also, as a result of control reassessment at Grandview, QH eliminated the EGP 237 mn gain booked in 2Q18 after consolidating the company at the beginning of 2018, whereby its financials are now consolidated retroactively pre-2018.



## Qalaa Holdings Consolidated Income Statement by Sector for the three-month period ended 30 June 2019 (in EGP mn)

	QH	SPVs	Energy			Cement	T&L^	Mining	Agrifoods				Elimination	2Q 2019
			Orient	Silverstone	Tawazon				Falcon	Wafra	Misc.*	Grandview		
Revenue	-	-	-	1805.4	100.8	519.6	67.0	231.6	259.3	-	39.9	468.1	(0.8)	3491.0
Cost of Sales	-	-	-	(1605.5)	(93.9)	(474.3)	(35.1)	(153.6)	(186.8)	-	(36.3)	(363.8)	-	(2949.5)
Gross Profit	-	-	-	199.8	6.9	45.3	31.8	78.0	72.5	-	3.7	104.3	(0.8)	541.5
Advisory fee	24.6	-	-	-	-	-	-	-	-	-	-	-	(24.6)	-
Share in Associates' Results	-	-	-	-	-	-	-	-	-	-	-	-	(1.5)	(1.5)
Total Operating Profit	24.6	-	-	199.8	6.9	45.3	31.8	78.0	72.5	-	3.7	104.3	(26.8)	540.0
SG&A	(53.4)	(1.6)	(24.6)	(48.5)	(8.4)	(33.1)	(13.4)	(55.5)	(30.9)	(0.6)	(6.5)	(35.3)	26.1	(285.6)
Other Income/Expenses (Net)	(0.2)	(0.5)	-	0.4	0.1	4.1	1.4	4.1	(6.2)	(0.1)	(0.3)	6.8	-	9.8
EBITDA (before one-offs)	(29.1)	(2.1)	(24.6)	151.7	(1.4)	16.3	19.9	26.6	35.4	(0.7)	(3.1)	75.8	(0.7)	264.2
Dividends Income	-	167.5	-	-	-	-	-	-	-	-	-	-	(167.5)	-
SG&A (Non recurring)	(3.0)	-	-	-	-	(3.2)	-	-	(2.2)	-	-	-	-	(8.4)
EBITDA	(32.1)	165.3	(24.6)	151.7	(1.4)	13.2	19.9	26.6	33.2	(0.7)	(3.1)	75.8	(168.2)	255.8
Depreciation & Amortization	(0.6)	0.1	(4.9)	(28.8)	(3.8)	(19.6)	(10.6)	(21.9)	(14.2)	-	(1.8)	(13.9)	(12.9)	(132.9)
EBIT	(32.7)	165.4	(29.4)	122.9	(5.2)	(6.4)	9.4	4.7	19.0	(0.7)	(5.0)	61.9	(181.1)	122.9
Bank Interest Expense	(108.3)	(36.6)	(4.7)	(69.0)	(2.0)	(54.0)	(37.7)	(13.1)	(10.5)	-	(7.2)	(39.6)	-	(382.8)
Bank PIK	-	(24.3)	-	-	-	-	-	-	-	-	-	-	-	(24.3)
Bank Fees (ERC-PIK)	-	-	3.3	-	-	-	-	-	-	-	-	-	-	3.3
3rd Party Shareholder	-	(21.1)	-	-	-	(118.8)	(20.0)	(0.7)	-	-	(1.9)	-	96.1	(66.5)
Interest Income	70.4	28.7	-	73.7	0.4	2.0	-	-	-	-	0.1	(2.4)	(108.3)	64.7
Lease Payments	-	-	-	-	-	-	-	-	(4.6)	-	-	0.9	-	(3.7)
EBT (before one-offs)	(70.6)	112.1	(30.9)	127.6	(6.7)	(177.1)	(48.3)	(9.1)	3.9	(0.7)	(14.0)	20.8	(193.3)	(286.3)
Gain (Loss) on Sale of Investments	-	(21.4)	-	-	-	2.6	-	-	48.9	-	-	-	(2.3)	27.8
Impairments/Write-downs	(52.6)	4.0	-	-	(0.1)	0.2	-	0.3	(0.1)	-	-	(0.1)	48.7	0.3
Restructuring Consulting Fees	(3.9)	-	-	-	-	-	-	-	-	-	-	-	-	(3.9)
Layoffs/Severances	(0.3)	-	-	-	-	(1.2)	-	-	-	-	-	-	-	(1.4)
CSR	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)
Provisions	(7.50)	(85.8)	-	(36.1)	(0.5)	(30.6)	-	31.5	-	-	-	2.1	-	(126.9)
Discontinued Operations **	-	-	-	-	-	20.2	-	-	(50.5)	-	0.0	-	-	(30.3)
FOREX	51.0	18.3	(15.3)	(5.8)	1.9	134.9	(2.5)	(10.3)	24.5	(2.0)	29.6	(1.7)	-	222.6
EBT	(84.0)	27.3	(46.2)	85.7	(5.5)	(51.1)	(50.8)	12.5	26.7	(2.6)	15.6	21.0	(147.0)	(198.4)
Taxes	0.0	0.0	0.0	(51.4)	(1.0)	(5.9)	-	0.2	(17.1)	-	(0.2)	(5.7)	1.3	(79.8)
Net P/L Before Minority Share	(84.0)	27.3	(46.2)	34.4	(6.5)	(57.0)	(50.8)	12.7	9.6	(2.6)	15.4	15.3	(145.7)	(278.2)
Minority Interest	-	-	(25.7)	17.1	(4.4)	(13.6)	(9.4)	(2.0)	-	(0.1)	0.0	8.2	(23.8)	(53.7)
Net Profit (Loss)	(84.0)	27.3	(20.6)	17.3	(2.1)	(43.4)	(41.4)	14.7	9.6	(2.5)	15.4	7.1	(121.9)	(224.5)

\* Miscellaneous includes UCF and Sphinx Egypt

\*\* Discontinued operations include:

- (1) Assets reclassified in 2018, 2019: Zahana and ARESKO
- (2) Assets with zero results in 2019: Enjoy and Mom's Food (Gozour)
- (3) Assets included in 2018: Africa Railways (deconsolidated in 2Q18), ESACO (sold in 4Q18), and Designopolis (Mena Home, sold in 2Q18).



## Qalaa Holdings Consolidated Income Statement by Sector for the six-month period ended 30 June 2019 (in EGP mn)

	QH	SPVs	Energy			Cement	T&L^		Mining	Agrifoods			Others		Elimination	1H 2019
			Orient	Silverstone	Tawazon		NDT	CCTO		ASCOM	Falcon	Wafra	Misc.*	Grandview		
Revenue	-	-	-	3,484.6	255.4	1,044.1	114.8		502.8	472.1	0.1	99.4	960.7		(2.1)	6931.7
Cost of Sales	-	-	-	(3,118.4)	(189.3)	(876.8)	(65.9)		(337.2)	(327.9)	(0.1)	(88.6)	(755.1)		-	(5759.2)
Gross Profit	-	-	-	366.2	66.0	167.2	48.9		165.7	144.3	-	10.8	205.6		(2.1)	1172.6
Advisory fee	50.3	-	-	-	-	-	-	-	-	-	-	-	-		(50.3)	-
Share in Associates' Results	-	-	-	-	-	-	-	-	-	-	-	-	-		(1.2)	(1.2)
Total Operating Profit	50.3	-	-	366.2	66.0	167.2	48.9		165.7	144.3	-	10.8	205.6		(53.5)	1171.4
SG&A	(101.0)	(3.1)	(38.2)	(95.9)	(15.6)	(62.3)	(24.2)		(112.4)	(66.9)	(1.4)	(13.1)	(76.5)		51.6	(559.0)
Other Income/Expenses (Net)	(0.3)	(1.8)	-	1.4	0.3	7.5	1.4		4.7	0.1	(0.1)	(0.3)	7.8		-	20.8
EBITDA (before one-offs)	(51.0)	(4.9)	(38.2)	271.6	50.8	112.4	26.2		57.9	77.5	(1.5)	(2.6)	136.9		(1.9)	633.2
Dividends income	0.0	167.5	-	-	-	-	-	-	-	-	-	-	-		(167.5)	-
SG&A (Non recurring)	(3.9)	-	-	-	0.7	(3.2)	-	-	-	(5.3)	-	(1.3)	-		-	(13.0)
EBITDA	(54.9)	162.6	(38.2)	271.6	51.4	109.2	26.2		57.9	72.2	(1.5)	(3.9)	136.9		(169.4)	620.2
Depreciation & Amortization	(1.2)	-	(8.7)	(48.9)	(7.4)	(37.6)	(20.3)		(47.7)	(27.7)	-	(3.7)	(26.6)		(26.1)	(255.9)
EBIT	(56.1)	162.5	(46.9)	222.7	44.1	71.6	5.9		10.3	44.5	(1.5)	(7.6)	110.2		(195.5)	364.3
Bank Interest Expense	(216.8)	(86.9)	(4.7)	(112.7)	(4.1)	(107.6)	(73.2)		(28.6)	(21.3)	-	(15.9)	(85.8)		-	(757.7)
Bank PIK	-	(57.1)	-	-	-	-	-	-	-	-	-	-	-		-	(57.1)
Bank Fees (ERC-PIK)	-	-	(34.3)	-	-	-	-	-	-	-	-	-	-		-	(34.3)
3rd Party Shareholder	-	(42.6)	-	-	-	(240.6)	(39.3)		(2.8)	-	-	(3.2)	-		204.7	(123.9)
Interest Income	139.3	54.7	-	147.7	0.6	5.1	0.1		-	0.1	-	0.4	0.6		(211.5)	137.2
Lease Payments	-	-	-	-	-	-	-	-	-	(8.8)	-	-	(3.4)		-	(12.3)
EBT (before one-offs)	(133.6)	30.7	(86.0)	257.7	40.6	(271.5)	(106.6)		(21.1)	14.5	(1.5)	(26.3)	21.6		(202.3)	(483.8)
Gain (Loss) on Sale of Investments	-	(21.4)	-	-	-	2.6	-		-	48.9	-	-	-		(2.3)	27.8
Impairments/Write-downs	(94.9)	38.5	-	-	(1.7)	(3.5)	-		1.0	(3.6)	-	-	(0.1)		63.3	(1.0)
Acquisitions and Restructuring	(10.7)	-	-	-	-	-	-		-	-	-	-	-		-	(10.7)
Layoffs/Severances	(0.8)	-	-	-	-	(3.3)	-		-	-	-	-	-		-	(4.2)
CSR	(0.1)	-	-	(2.5)	-	-	-		-	-	-	-	-		-	(2.7)
Provisions	(15.0)	(98.6)	-	(61.2)	(8.6)	(30.9)	-		17.8	-	-	-	2.1		-	(194.3)
Discontinued Operations **	-	-	-	-	-	10.7	-		-	50.5	-	-	-		-	(39.8)
FOREX	103.6	14.4	(15.3)	(5.4)	3.6	228.9	(2.5)		4.5	21.4	(3.8)	55.9	(1.0)		-	404.3
EBT	(151.5)	(36.3)	(101.3)	188.6	34.0	(67.1)	(109.0)		2.2	30.7	(5.4)	29.6	22.6		(141.3)	(304.4)
Taxes	-	-	-	(88.1)	(9.6)	(18.3)	-		-	(21.0)	-	0.3	(11.2)		2.6	(145.3)
Net P/L Before Minority Share	(151.5)	(36.3)	(101.3)	100.5	24.4	(85.4)	(109.0)		2.2	9.7	(5.4)	29.9	11.4		(138.7)	(449.7)
Minority Interest	-	-	(37.6)	35.8	12.8	5.8	(23.6)		(2.4)	-	(0.1)	-	3.4		(64.8)	(70.6)
Net Profit (Loss)	(151.5)	(36.3)	(63.8)	64.7	11.5	(91.2)	(85.5)		4.6	9.7	(5.3)	29.9	8.0		(74.0)	(379.1)

\* Miscellaneous includes UCF and Sphinx Egypt

\*\* Discontinued operations include:

- (1) Assets reclassified in 2018, 2019: Zahana and ARESCO included in 2018 & 2017: Africa Railways & Designopolis (Mena Home)
- (2) Assets with zero results in 2018: Enjoy and Mom's Food (Gozour)
- (3) Assets included in 2018: Africa Railways (deconsolidated in 2018), ESACO (sold in 4Q18) and Designopolis (Mena Home, sold in 2Q18)

## Qalaa Holdings Consolidated Balance Sheet as at 30 June 2019 (in EGP mn)

	QH	Energy		Cement	T&L^	Mining	Agrifoods		Others		Aggregation	Eliminations/ SPVs	1H 2019	
		Tawazon		NDT	CCTO	ASCOM	Falcon	Wafra	Misc.*	Grandview				
		Orient	Silverstone											
Current Assets														
Trade and Other Receivables	2,111.5	221.5	2,374.5	177.6	1,749.8	93.9	404.0	123.2	-	401.9	417.2	8,075.1	(3,140.8)	4,934.3
Inventory	-	-	376.4	85.8	517.5	13.2	90.5	101.1	-	39.4	319.9	1,543.9	(0.0)	1,543.9
Assets Held For Sale	-	-	-	-	1,000.1	-	-	84.2	-	119.8	223.9	1,427.9	(108.5)	1,319.5
Cash and Cash Equivalents	2.22	2,102.5	1,741.7	49.2	79.2	14.6	12.0	9.4	-	7.7	99.4	4,118.0	30.0	4,148.0
Others	-	-	-	-	-	-	-	34.4	-	-	-	34.4	2.8	37.2
Total Current Assets	2,113.8	2,324.0	4,492.6	312.6	3,346.7	121.7	506.5	352.2	-	568.9	1,060.4	15,199.3	(3,216.5)	11,982.8
Non-Current Assets														
PP&E	35.3	64,940.8	760.2	112.6	955.5	654.6	876.9	679.2	-	29.6	872.6	69,917.4	603.5	70,520.8
Investments	8,125.3	-	0.8	-	3.7	-	142.4	-	-	-	-	8,272.2	(8,075.7)	196.5
Goodwill / Intangible assets	-	-	1,476.3	32.6	-	-	-	-	-	-	-	1,508.9	126.4	1,635.3
Others	1,635.4	753.6	152.9	-	338.0	-	-	323.7	-	-	-	3,203.6	(1,626.3)	1,577.3
Total Non-Current Assets	9,796.0	65,694.4	2,390.2	145.2	1,297.1	654.6	1,019.3	1,002.9	-	29.6	872.6	82,902.0	(8,972.2)	73,929.8
Total Assets	11,909.7	68,018.4	6,882.8	457.8	4,643.8	776.4	1,525.8	1,355.1	0.0	598.5	1,933.0	98,101.4	(12,188.7)	85,912.6
Shareholders' Equity														
Total Equity Holders of the Company	5,371.6	12,158.0	898.5	123.7	(3,985.6)	(708.2)	43.4	40.0	(1,171.7)	(359.9)	174.6	12,584.5	(19,317.1)	(6,732.6)
Minority Interest	-	10,453.7	473.6	102.9	1,111.5	(313.4)	(78.1)	-	(13.0)	11.5	235.2	11,983.9	8,637.3	20,621.2
Total Equity	5,371.6	22,611.7	1,372.1	226.6	(2,874.0)	(1,021.6)	(34.7)	40.0	(1,184.6)	(348.5)	409.8	24,568.4	(10,679.8)	13,888.6
Current Liabilities														
Borrowings	4,016.1	3,329.2	1,127.6	43.8	1,041.1	665.7	789.1	69.4	-	48.4	574.5	11,705.0	2,157.7	13,862.7
Trade and Other Payables	2,433.2	1,464.1	2,530.0	116.2	3,253.3	1,044.0	553.4	921.8	1,183.3	586.9	378.0	14,464.2	(1,581.9)	12,882.3
Provisions	88.3	-	357.7	52.4	351.1	23.0	32.5	19.0	1.4	18.2	55.8	999.5	374.6	1,374.1
Liabilities Held For Sale	-	-	-	-	546.7	-	-	130.9	-	0.5	-	678.0	0.8	678.9
Total Current Liabilities	6,537.7	4,793.3	4,015.2	212.3	5,192.2	1,732.8	1,375.0	1,141.1	1,184.7	654.1	1,008.3	27,846.7	951.2	28,797.9
Non-Current Liabilities														
Borrowings	-	39,506.8	1,278.4	-	1.9	-	135.5	137.0	-	-	365.7	41,425.2	131.1	41,556.2
Shareholder Loan	-	740.0	-	-	2,312.2	65.3	45.1	-	-	291.6	105.7	3,559.8	(2,651.3)	908.5
Long-Term Liabilities	0.4	366.7	217.1	18.9	11.5	-	4.9	37.0	-	1.3	43.5	701.2	60.2	761.4
Total Non-Current Liabilities	0.4	40,613.4	1,495.5	18.9	2,325.6	65.3	185.4	173.9	-	292.9	514.9	45,686.2	(2,460.1)	43,226.1
Total Liabilities	6,538.1	45,406.7	5,510.7	231.2	7,517.8	1,798.0	1,560.5	1,315.1	1,184.7	946.9	1,523.2	73,533.0	(1,508.9)	72,024.0
Total Equity and Liabilities	11,909.7	68,018.4	6,882.8	457.8	4,643.8	776.4	1,525.8	1,355.1	0.0	598.5	1,933.0	98,101.4	(12,188.7)	85,912.6

\*Miscellaneous includes UCF and Sphinx Egypt



## Sector Review: Energy

Qalaa Holdings' operational energy companies include TAQA Arabia (energy generation and distribution) and Tawazon (solid waste management). The greenfield Egyptian Refining Company (petroleum refining) is yet to begin full-fledged operations.



QH OWNERSHIP —  
c.13.14%

All project units are now operating (as of 12 September 2019) - with 4Q19 set to be the first fully operational quarter



**Egyptian Refining Company (ERC)** is building a USD 4.4 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 c.99.8% as of September 2019.

\*The remaining construction work pertains to work to be completed on the project's administrative building

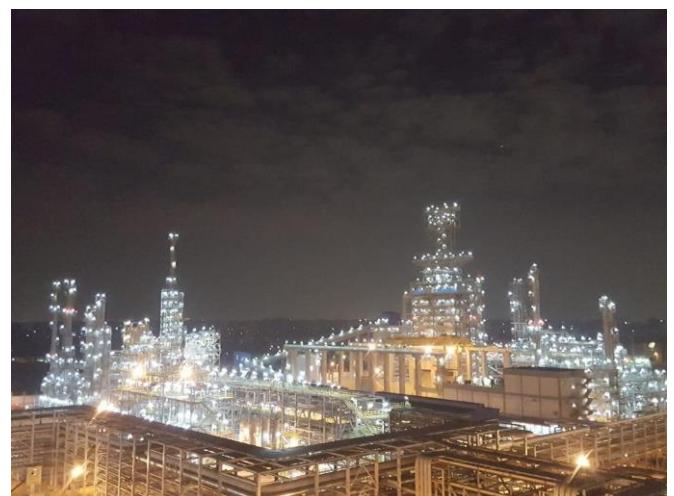




As of 12 September 2019, all of the plant's units have been successfully launched. Since trial operations began in early 2019 until 22 September, ERC has supplied the Egyptian General Petroleum Company (EGPC) with the following products as part of its testing and ramp up phase:

Product	LPG	Light Naphtha	Reformate	Diesel	Fuel Oil	Jet Fuel	Total
Quantity (tons)	5,689	80,086	145,735	418,262	244,423	2,236	<b>896,432</b>

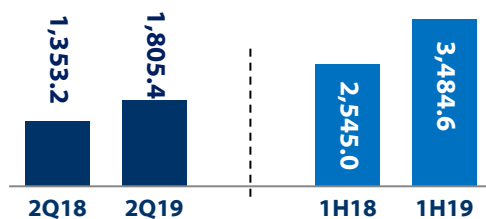
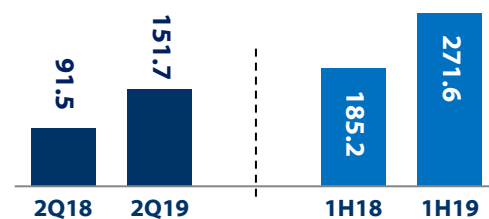
ERC has also sold c.370 tons of Sulphur and 35,000 tons of pet-coke directly to the market as at the end of August 2019.



As of 31 August 2019, ERC has withdrawn USD 2,724 million from its facility totaling USD 2,887 million, with the c.USD 163 million balance earmarked for utilization during the coming months mostly to repay debt interest during construction (IDC).


**QALAA HOLDINGS OWNERSHIP — 55.9%**

Expanding distribution footprint and strengthening position in the renewable energy space

**Silverstone (TAQA Arabia Holding Co.)**
**Revenues**  
(EGP mn)

**Silverstone (TAQA Arabia Holding Co.)**
**EBITDA**  
(EGP mn)

**Segment Breakdown**

(EGP mn unless otherwise stated)	2Q18	2Q19	% chg	1H18	1H19	% chg
TAQA Arabia Gas Revenues	221.9	306.1	38%	468.4	658.6	41%
TAQA Arabia Gas EBITDA	51.0	57.4	12%	108.1	124.2	15%
TAQA Arabia Power Revenues	242.2	340.1	40%	435.1	603.5	39%
TAQA Arabia Power EBITDA	22.8	27.5	20%	41.0	46.0	12%
TAQA Arabia Solar Revenues	-	48.3	N/A	-	66.0	N/A
TAQA Arabia Solar EBITDA	(1.6)	43.7	N/A	(5.0)	59.6	N/A
TAQA Marketing Revenues	868.1	1,110.9	28%	1,620.5	2,156.5	33%
TAQA Marketing EBITDA	30.8	37.3	21%	53.6	65.0	21%

**TAQA Gas**

Revenue and EBITDA reported strong year-on-year growth as the number of converted customers increased 38% y-o-y to 35,241 households during the second quarter of 2019. Of these, 8,239 were infills (unsubsidized conversions), which typically generate higher profits and support margin expansion. In the first half of 2019, the number of connected households reached 78,113, leaving the company well-positioned to meet management's target of 150 thousand connections by year-end 2019. Total gas distributed in 2Q19 reached 1.6 BCM, a 39% increase y-o-y. During the quarter, revenues from industrial gas distribution increased by 32% y-o-y, while residential gas distribution revenues expanded 13% compared to the same quarter of 2018, driven by both an increase in the number of clients and a rise in natural gas commission rates.

As previously mentioned, the recent cuts to energy subsidies have resulted in a significant increase in gasoline prices in relation to compressed natural gas (CNG), in turn leading to higher CNG demand. As such, TAQA's management has set out plans to significantly expand the company's CNG station network across Egypt's governorates to capture this growth opportunity. The company aims to reach 20 operational stations by 2022. In parallel, management is also assessing potential projects which would see the company tap into the mobile CNG market. During the quarter, the

company also carried on negotiations with the Urban Development Authority to connect new cities within its concession areas, as well as with new industrial players. A number of new contracts have been signed during 2Q19.

**Total Gas Distributed (2Q19)**

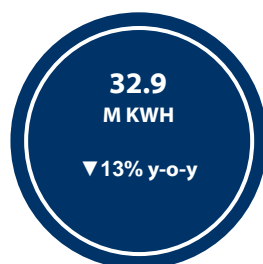

TAQA Gas Distribution Networks



TAQA Gas Pipe-Laying Works

**TAQA Power**

Revenues at TAQA Power rose by 40% y-o-y during the second quarter of 2019. Rapid top line growth was driven by a 21% expansion at the company's electricity distribution and trading segment, with the latter having distributed 44.5 M kW/hr in 2Q19 vs. only 1.8 M kW/hr in 2Q18. The significant growth is due to adding more clients and operating their power output more efficiently. Higher distribution levels helped offset a decline of 13% y-o-y in total power generated during the period, with one of the company's cement contracts expiring in 2Q2018. TAQA Power's top-line performance growth filtered down efficiently to profitability at the EBITDA level, which rose by a healthy 20% y-o-y. Management continues to pursue a solid pipeline of distribution projects that offer comprehensive and diversified exposure to the market's residential and commercial segments. To this end, in May 2019 TAQA finalized an operation and maintenance (O&M) agreement with Marakez, one of the region's largest real estate investors, to provide its services at the Mall of Tanta.

**Total Power Generated (2Q19)**

**Total Power Distributed (2Q19)**

**TAQA Solar**

Following a successful launch in February 2019 of operations at TAQA Solar's 50MW solar power plant in Benban, Aswan, TAQA has steadily ramped up utilization rates at the facility, rapidly realizing scale effects. The company



continues to study several small-to-medium scale industrial power generation projects ranging from 40MW to 150MW. Besides deepening TAQA's footprint in Egypt's renewables arena at a time when authorities are making a strong push to green the country's energy mix and private investment in the segment is growing, the division's expansion strategy will deliver recurring income streams that provide a measure of insulation from changes in the market environment.

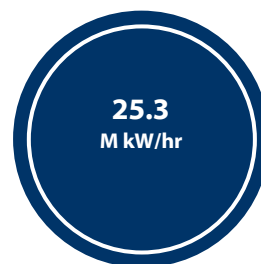


World Bank President visit at Benban Solar Plant, May 2019



TAQA's Solar PV Plant - Benban, Aswan

### Solar Energy Generated (2Q19)



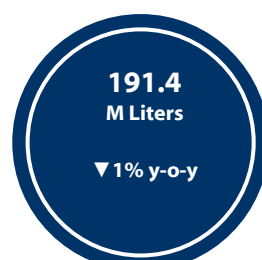
### TAQA Marketing

TAQA's marketing arm continued to grow rapidly during 2Q2019, with the top line climbing at 28% y-o-y. EBITDA recorded a y-o-y growth rate of 21% for the quarter. The company opened two new stations during 2Q2019, joining two opened during the previous quarter for a total of four stations added in the first half of 2019. TAQA Marketing now operates 58 stations across Egypt, of which 7 are CNG stations, and with another four stations awaiting operation permits. Meanwhile, TAQA has finalized an agreement to acquire the site of a fuel terminal in Alexandria, and will move to construct a storage and distribution facility to serve the city and the surrounding regions, expanding the division's operational footprint beyond its existing terminal at Suez.



TAQA Fueling Station

### Total Liquid Fuels Distributed (2Q19)



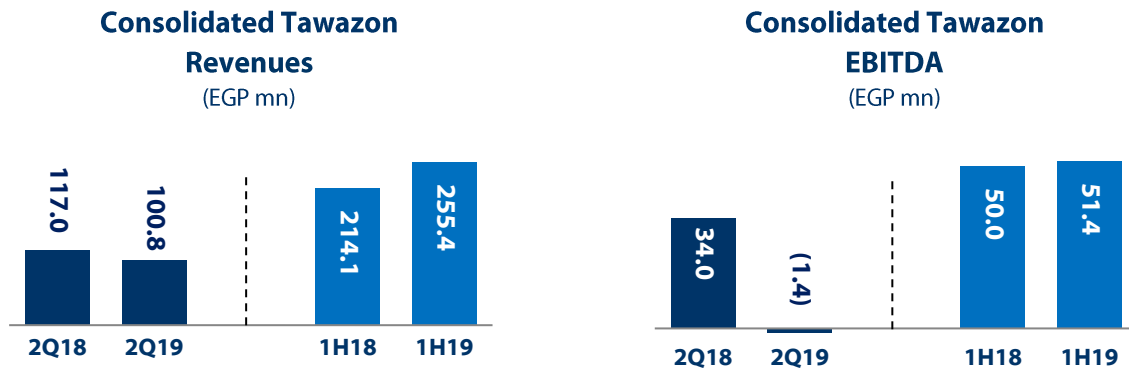
\* Of which seven are CNG stations.

### Filling Stations (2Q19)





Tawazon maintains solid top and bottom-line performance despite dip in 2Q19



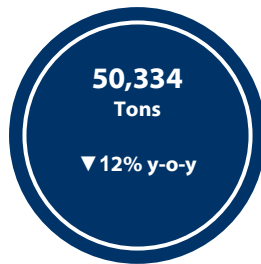
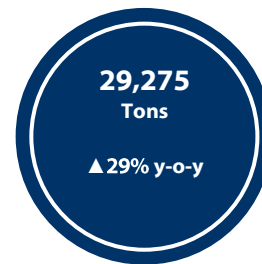
ECARU – RDF Production Facility

### Segment Breakdown

(EGP mn unless otherwise stated)	2Q18	2Q19	% chg	1H18	1H19	% chg
ECARU Revenues	75.9	83.8	10%	153.0	166.7	9%
ECARU EBITDA	8.1	9.3	15%	21.5	22.3	4%
ENTAG Egypt Revenues	0.9	6.2	N/A	3.8	8.2	N/A
ENTAG Egypt EBITDA	(2.6)	(1.8)	30%	(4.5)	(4.2)	8%
ENTAG Oman Revenues	41.3	11.0	-73%	61.1	81.1	33%
ENTAG Oman EBITDA	28.6	(8.9)	N/A	33.6	32.9	-2%

**ECARU**

The second quarter of 2019 saw ECARU's cement clients opt for increased RDF orders versus biomass, in turn driving the company's RDF volumes up by 12% y-o-y compared to a 29% y-o-y decline in biomass volumes. Nonetheless, ECARU's revenues grew by 10% y-o-y, with EBITDA climbing 15% during the period. Management continues to explore opportunities for expanding beyond the cement industry, which is currently experiencing a down trend, and is working to implement integration plans that will generate further value from the company's operations.

**Total Biomass Supplied - ECARU (2Q19)**

**Total RDF Supplied - ECARU (2Q19)**


ECARU RDF Production


**ENTAG**

Following the completion and recognition of the final portion of ENTAG Oman's project in the UAE during the first quarter of the year, the company had not replenished its backlog. This saw revenues decline by 73% y-o-y in 2Q19, with the company booking a loss at the EBITDA level of EGP 8.9 million during the quarter. Management remains in negotiations to expand the company's pipeline with a number of prospective clients in the UAE and the wider GCC. Additions to the company's backlog are expected to materialize by year-end 2019.



## Sector Review: Cement

Qalaa Holdings' operational cement platform company is ASEC Holding, which comprises cement manufacturing (ASEC Cement which has two production facilities: Al-Takamol Cement in Sudan and Zahana Cement Co. in Algeria which is under divestment); construction (ARESCO and ASEC Automation); and technical management (ASEC Engineering and ASENPRO).

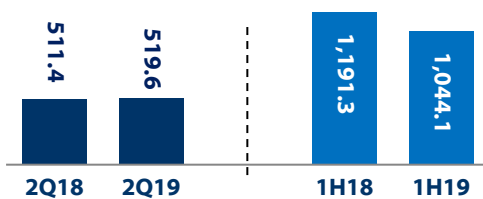
## Operational and Financial Performance



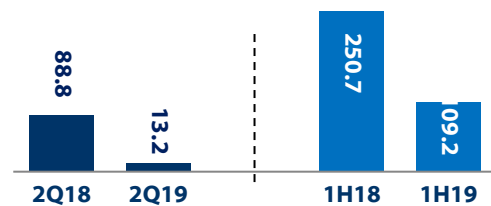
**QALAA HOLDINGS OWNERSHIP — 69.3%**

ASEC Holding's consolidated revenues grew 2% y-o-y in 2Q19

**ASEC Holding Consolidated Revenues**  
(EGP mn)



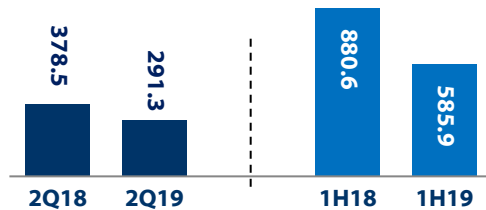
**ASEC Holding Consolidated EBITDA**  
(EGP mn)



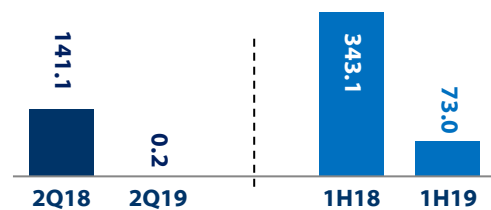
ASEC Cement disposed of all its cement production companies in Egypt back in 2015 and currently maintains ownership of Zahana Cement in Algeria (owned 35% by ASEC Cement) and Al Takamol in Sudan (owned 51% by ASEC Cement), with the former currently under a sale process. Furthermore, after ESACO's disposal, ASEC Holding's management is now seeking to dispose most of the cement service companies at the right valuations.


**QALAA HOLDINGS OWNERSHIP — 51.8%<sup>^</sup>**

**ASEC Cement Revenues**  
(EGP mn)



**ASEC Cement EBITDA**  
(EGP mn)



ASEC Cement Subsidiaries (EGP mn)	2Q18	2Q19	% chg	1H18	1H19	% chg
<b>Al Takamol Cement Revenues</b>	378.6	291.3	-23%	880.6	585.9	-33%
<b>Al Takamol Cement EBITDA</b>	140.9	11.0	-92%	360.1	94.8	-74%
<b>Zahana (Algeria) Revenues*</b>	143.9	145.7	1%	304.2	311.9	3%
<b>Zahana (Algeria) EBITDA*</b>	41.1	45.7	11%	75.1	27.9	-63%

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

Al Takamol's top line declined by 33% y-o-y in 1H19, with the decrease stemming largely from the significant devaluation of the Sudanese pound and its effects during the period. In SDG terms, the company's revenues climbed by 112% y-o-y during 1H19, with rising cement prices offsetting the effects of declining production volumes. However, currency translation into EGP resulted in a steep top-line contraction due to the devaluation. Meanwhile, EBITDA dropped 74% y-o-y during the period. Al Takamol's profitability was affected by a significant increase in the cost of energy inputs: 1H19 has seen fuel costs rise by 233% y-o-y in SDG terms, severely affecting EBITDA since other variable costs were up by 178% y-o-y in 1H19 in SDG terms.

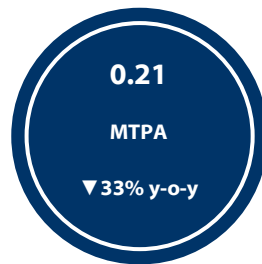


*Al-Takamol Cement Factory*

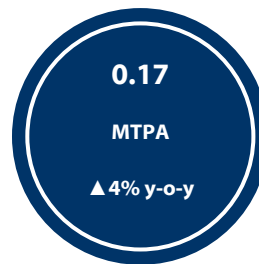
<sup>^</sup> QH has a direct ownership in ASEC Cement of 10% and ASEC Holding owns 59.9% of ASEC Cement. Therefore, QH owns an effective stake of 51.8% in ASEC Cement.

Management is confident that the Sudanese market retains a healthy fundamental profile and that a rise in operational capacity will allow the company to capture the upside as the political scene regains normalcy and demand and input dynamics normalize. Cement prices in Sudan began to rise in August 2019, while exchange rate pressures eased somewhat, boding well for the company's financial performance during the third quarter of 2019.

**Al-Takamol Total Sales Volume  
(2Q19)**

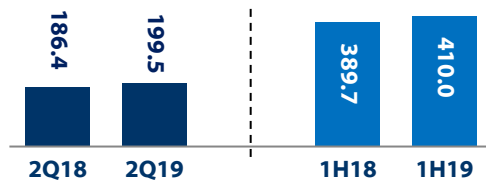


**Zahana Total Sales Volume  
(2Q19)**

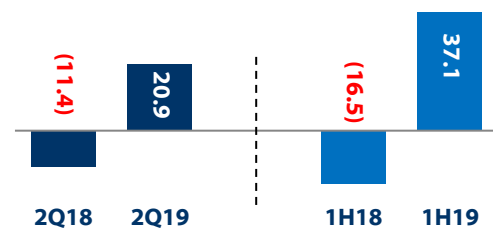


ASEC Engineering reports EBITDA of EGP 20.9 million, up from the negative EGP 11.4 million reported in 2Q18

**ASEC Engineering Revenues**  
(EGP mn)

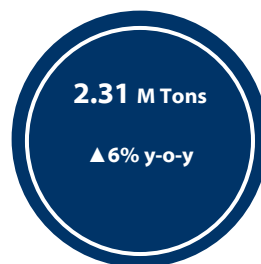


**ASEC Engineering EBITDA**  
(EGP mn)



ASEC Engineering saw managed clinker production rise by 6% y-o-y during 2Q19 to reach 2.31 MT, driving solid growth in the top line and EBITDA. On a six-month basis, managed clinker volumes were up 11% y-o-y to record 4.88 MT for 1H19. It is worth noting that ASEC Engineering has recently finalized negotiations for two international contracts and is in the advanced stages of negotiation for a further three. These contracts will see the company considerably grow its top line and enhance its profitability over the coming period.

**Managed Clinker Production**  
(2Q19)





## Sector Review: Packaging & Printing

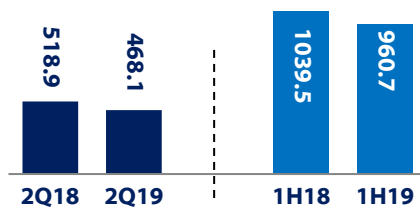
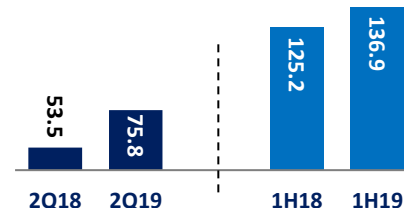
Through its subsidiary National Printing Company, Qalaa Holdings has invested in the printing and packaging sector with investments of over USD 60 million to date. National Printing Company stands today as one of the largest producers of its kind in Egypt


**QALAA HOLDINGS OWNERSHIP – 26%**

## Building Capacity in Packaging and Printing

National Printing stands today as one of the largest producers of packaging and printing products in Egypt. Following the strategic acquisitions of Shorouk for Modern Printing and Packaging (“Shorouk”) in 2006 and El Baddar for Packages (“Baddar”) in 2007, National Printing has been able to diversify its product range by introducing corrugated cartons and various types of boxes to its product range. National Printing was established in 2006 under Qalaa’s small and mid-cap investments company “Grandview”. Qalaa Holdings has an effective stake of 48% in Grandview, which owns c.53% of National Printing.

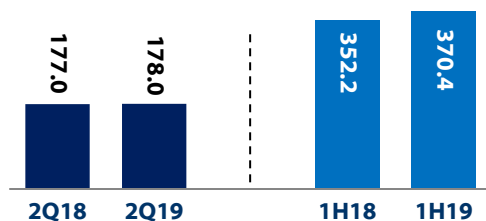
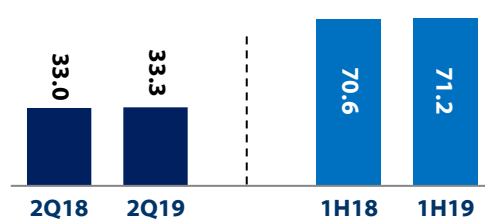
National Printing’s two subsidiaries, Shorouk and Baddar are owned 90% and 100%, respectively. The company also maintains an effective ownership of 46.4% in Uniboard, a 90% owned subsidiary of Shorouk which produces duplex boards using wastepaper. Shorouk also operates an 85%-owned subsidiary called Windsor, which manufactures sheeter, single facers, flexos and chemical additives. Windsor generates around 65% of its revenues from sales to Shorouk, playing an important role in the company’s wider value-adding chain.

**Grandview (National Printing Holding Co.)**
**Revenues\***  
(EGP mn)

**Grandview (National Printing Holding Co.)**
**EBITDA<sup>1</sup>**  
(EGP mn)


(EGP mn unless otherwise stated)	2Q18	2Q19	% chg	1H18	1H19	% chg
Modern Shorouk Printing & Packaging Revenues	177.0	178.0	1%	352.2	370.4	5%
Modern Shorouk Printing & Packaging EBITDA	33.0	33.3	1%	70.6	71.2	1%
El Baddar Revenues	87.0	93.9	8%	200.1	191.7	-4%
El Baddar EBITDA	3.0	10.0	N/A	14.4	18.5	29%
Uniboard Revenues	245.0	220.0	-10%	509.5	447.9	-12%
Uniboard EBITDA	10.0	28.9	N/A	31.9	41.7	31%

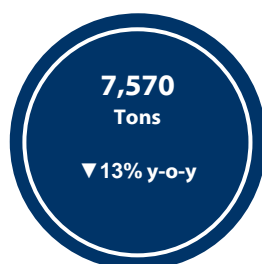
<sup>1</sup> The consolidated figures of Grandview used in the chart are statutory figures consolidated by QH.

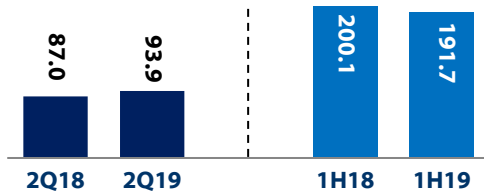
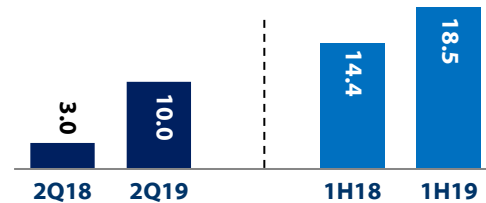



**NATIONAL PRINTING OWNERSHIP — 90%**
**Shorouk Revenues**  
(EGP mn)

**Shorouk EBITDA**  
(EGP mn)

*Shorouk Printing – Duplex and Laminated Carton Production*

Shorouk operates three main production lines used for laminating, cutting, folding, gluing and printing. Its current production capacity is around 50 thousand tons per annum broken down between folded boxes (50%), laminated packages (40%), and books (10%). Revenue is mainly generated from large multinationals in the consumer goods, pharmaceuticals and paper sectors - with over 20% of revenues generated from exports.

Shorouk's top line expanded by just 1% y-o-y to reach EGP 178.0 million in 2Q19. This increase in revenues came despite a y-o-y decline of 13% in volumes produced during the period. Similarly, EBITDA inched up 1% y-o-y to book EGP 33.3 million versus EGP 33.0 million in the second quarter of 2018.

**Shorouk Total Volumes Sold**  
(2Q19)


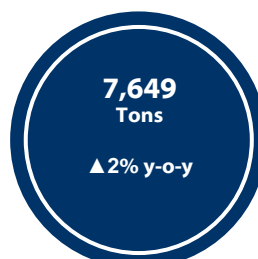

**NATIONAL PRINTING OWNERSHIP — 100%**
**El Baddar Revenues**  
(EGP mn)

**El Baddar EBITDA**  
(EGP mn)


El Baddar – Corrugated Sheet Production



El Baddar manufactures corrugated sheets and boxes, which are popular for added value traits like their strength, durability, lightness, recyclability, and cost-effectiveness, hence, corrugated boxes are used for the shipping of a variety of items. Also, due to the quality and safety of packaging items in corrugated boxes, they are widely used in the food industry. El Baddar's revenues come mainly from food and beverage packaging companies, which represents almost 50% of its top line. With a current production capacity of 45 thousand TPA, the company holds nearly 10% of total market share.

El Baddar's revenues came in at EGP 93.9 million during 2Q19, an increase of 8% y-o-y from the EGP 87.0 million registered in 2Q18. The company's growth was both volume and price-driven, with total volumes sold up by 2% y-o-y during the period. El Baddar's EBITDA grew rapidly in 2Q19, reaching EGP 10.0 million against 3.0 million recorded one year previously.

**Corrugated Sheets/Boxes  
Volumes Sold (2Q19)**


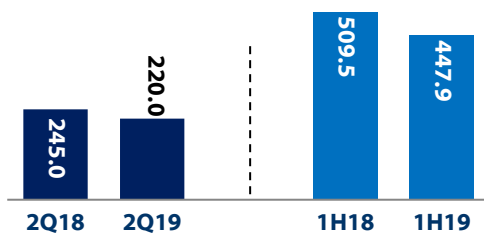
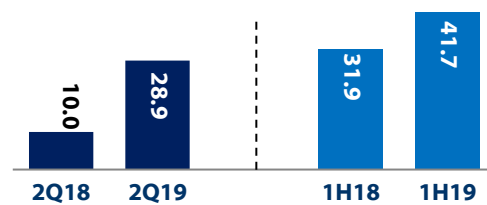

**NATIONAL PRINTING EFFECTIVE OWNERSHIP — 46.4%**

Uniboard is a Greenfield project that aims to capitalize on domestic wastepaper as one of the main raw materials in the production of duplex boards. The company has a nominal manufacturing capacity of 135,000 tons per annum (TPA) and operates in a market with estimated annual demand of c.200,000 TPA. Currently there is one local competitor with a total capacity of 25,000 TPA, with the balance being satisfied through imports from Europe and Saudi Arabia.

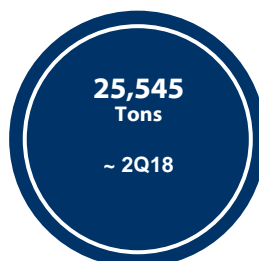
Uniboard adds to the value chain of National Printing group as its products serve as the main raw material for Shorouk, allowing the latter to replace imported duplex with local production and mitigate foreign currency risk. Uniboard sales are currently focused on the local market with small volumes exported to China and Turkey which accounted for 8% of total sales in FY18.



Uniboard – Duplex Board Production

**Uniboard Revenues**  
(EGP mn)

**Uniboard EBITDA**  
(EGP mn)


Uniboard recorded revenues of EGP 220.0 million in 2Q19, representing a decline of 10% from the EGP 245.0 million booked one year previously. Volumes sold were nearly constant at their level from 2Q18. Despite a declining top line, Uniboard saw enhanced profitability at the EBITDA level, which rose rapidly to EGP 28.9 million in the second quarter of 2019 from EGP 10.0 million in 2Q18.

**Duplex Board  
Volumes Sold (2Q19)**




## Sector Review: Mining

Qalaa Holdings' operational platform in the mining sector is ASCOM, which includes operating companies ASCOM (the leading provider of quarrying services), ASCOM for Chemicals & Carbonates Manufacturing (ACCM), GlassRock, and ASCOM Precious Metals (which is consolidated under the equity method as a share of associates' results).

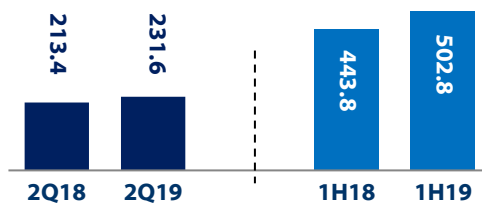


**QALAA HOLDINGS OWNERSHIP — 54.7%**

## ASCOM's subsidiary ACCM commenced operations of its third production line

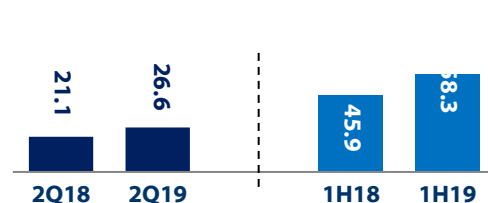
### ASCOM Consolidated Revenues

(EGP mn)



### ASCOM Consolidated EBITDA

(EGP mn)



From quarrying for the cement industry to manufacturing world-class technical calcium carbonate and environmentally friendly building materials, Qalaa Holdings' approach to investing in the mining sector focuses on covering the entire value chain, helping developing nations extract value from their natural resources.

ASCOM's activities and operations include:

- Quarry management, precious metals mining, and quarrying for the cement industry.
- Production of world-class ground technical calcium carbonate (ASCOM Calcium Carbonate "ACCM").
- Production of insulation materials: Rockwool and Glasswool (GlassRock).
- A gold concession in Ethiopia at the prefeasibility study phase with significant proven shallow reserves (APM).

ASCOM enjoyed solid top line growth during the second quarter of 2019, with similarly strong performance at the EBITDA level driven by improved performance at its subsidiaries.

ASCOM Subsidiaries (EGP mn unless otherwise stated)	2Q18	2Q19	% chg	1H18	1H19	% chg
ACCM Revenues (in USD mn)	5.3	6.4	20%	10.2	12.7	25%
ACCM EBITDA (in USD mn)	1.8	1.3	-28%	2.8	2.5	-10%
GlassRock Revenues (in USD mn)	1.9	1.9	-2%	4.4	4.9	13%
GlassRock EBITDA (in USD mn)	0.1	(0.1)	N/A	-	0.4	N/A
Egypt Quarrying Revenues	82.1	92.4	13%	177.8	200.5	13%
Egypt Quarrying EBITDA	1.6	3.2	98%	11.4	6.3	-44%
Other Quarry Management Revenues – ex Egypt*	2.4	-	N/A	16.7	-	N/A
Other Quarry Management EBITDA – ex Egypt*	(11.3)	(0.7)	(94%)	(12.1)	(1.3)	(89%)



## ACCM

The company booked a top line of USD 6.4 million in 2Q19, representing an increase of 20% y-o-y. Rapid revenue growth was driven by intensive capacity utilization during the period, which saw ACCM's volumes sold reach c.83k tons, up 8% y-o-y. However, rising costs inflation, including higher electricity prices following the latest round of subsidy phase-out as well as the rising shipping and raw material costs, among others affected ACCM's profitability at the EBITDA level, which declined by 28% y-o-y for 2Q19. Additionally, the EGP's appreciation against the US dollar during the period further pressured profitability given that the company exports approximately 85% of its production.

ACCM's third production line came to completion during 2Q19 and began operating during the third quarter. With the company's two existing lines operating at full capacity, the addition of c.100k TPA with ACCM's third line is expected to provide a tangible boost to the company's revenues and enhance its profitability over the second half of 2019. Meanwhile, management has developed a sales optimization tool which now allows the company to find the optimal market allocation across Egypt and ACCM's export markets based on each individual country's characteristics such as profitability, demand, domestic sales and potential market size, among other factors. Finally, ACCM is studying the viability and timing of passing on rising input costs to consumers with the aim of improving profitability while at the same time sustaining production volumes and utilization rates.



ASCOM – Calcium Carbonate Facility



ASCOM – Technical Calcium Carbonate

## GlassRock

GlassRock reported a 2% y-o-y decrease in its top line during 2Q19, a modest decline considering the 35% drop in volume sold to 1.8k tons during the period which the company offset with improved pricing. The temporary fall in total volumes was due to delayed orders during the period, which have since been processed during the third quarter of the year. It should be noted that GlassRock's construction clients continue to operate in an industry which forms a core contributor to Egypt's domestic economy. Moving forward, further subsidy phase-outs and the consequent increase in energy prices are expected to incentivize developers to abide by the insulation requirements listed in construction codes, driving demand for GlassRock's products. Management is also focused on venturing into new high-growth segments of its Egyptian market and further expanding its regional geographic footprint. The company continues to target export sales above the 50% mark of revenue before year-end 2019. Meanwhile, progress is being made in the implementation of a cost optimization plan and raising capacity utilization rates with an eye to expanding total production at the company's facility.



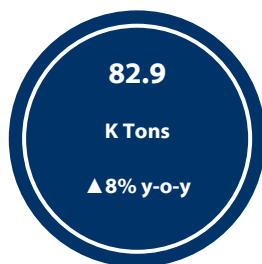
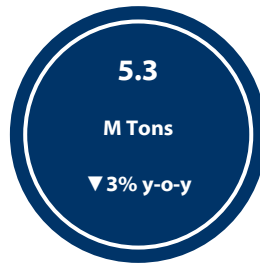
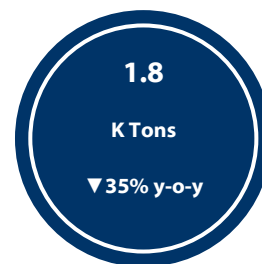
GlassRock – Insulation Materials

**Egypt Quarrying (ASCOM mining)**

ASCOM's mining operations is heavily dependent on the cement industry with around 90% of its revenues generated from quarrying for cement clients. ASCOM's operating environment is becoming increasingly challenging due to the down trend in the Egyptian cement industry, characterized by oversupply and fierce market competition. Nevertheless, despite the drop in volumes sold in 2Q19 by 3% y-o-y, the company's revenues and EBITDA in 2Q19 rose by 13% and a stellar 98%, respectively.



ASCOM – Egypt Quarrying Operation

**ACCM Volumes Sold  
(2Q19)**

**Egypt Quarrying  
Volumes Sold (2Q19)**

**GlassRock Volumes  
Sold (2Q19)**




## Sector Review: Agrifoods

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

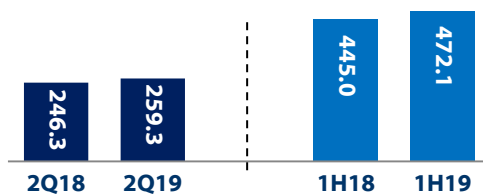


**QALAA HOLDINGS OWNERSHIP — 54.9%**

Gozour records a 5% y-o-y growth in 2Q19 revenues to EGP 259.3 million

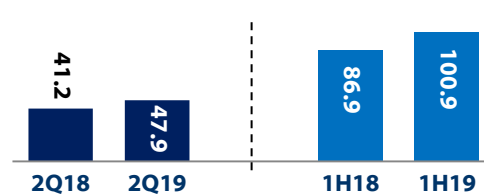
### Consolidated Gozour Revenues

(EGP mn)



### Consolidated Gozour EBITDA

(EGP mn)



**Gozour (Dina Farms Holding Co)** recorded a 5% y-o-y increase in 2Q19 revenues to EGP 259.3 million, driven by positive performance at its subsidiaries with both Dina Farms and ICDP delivering top-line growth during the quarter.

Gozour Subsidiaries (EGP mn)	2Q18	2Q19	% chg	1H18	1H19	% chg
Dina Farms Revenues	191.9	203.6	6%	361.5	369.0	2%
Dina Farms EBITDA	37.5	44.5	19%	77.2	92.5	20%
ICDP Revenues (Fresh Dairy producer)	53.2	57.6	8%	105.8	117.8	11%
ICDP EBITDA	3.8	3.2	-16%	10.1	8.2	-19%

**Dina Farms** delivered a 6% y-o-y increase in revenue during the quarter on account of improved performance at its agriculture and dairy segments. The company continued to reap the benefits of falling feedstock costs owing to a global decrease in commodity prices, leading to a strong 19% y-o-y increase in EBITDA in 2Q19. Dina Farms' total herd reached c.15.5 thousand cows at the close of 2Q19, up from c.14.5 thousand at the end of the same quarter last year. The increase was fully attributed to newborns. Total raw milk sold was up 1% y-o-y to reach c.20 thousand tons sold in 2Q19. The company continues to invest in improving milk production, including installing curtains and cooling systems at its milking stations starting from the beginning of 2019. The productivity-enhancing drive is expected to continue over the coming years and will substantially improve the company's performance once completed.



Meanwhile, the company continues to push forward with its efforts to improve the performance of Dina Farms' agriculture segment, including the replacement of aging grape trees with new seedlings, and coding the company's grapes and mango produce for export purposes.



*Dina Farms*

**ICDP**, which markets Dina Farms' dairy products, recorded revenues of EGP 57.6 million in 2Q19, up 8% y-o-y. Total volumes sold inched down 1% y-o-y to c.3.2 thousand tons across all SKUs during 2Q19. ICDP continued to be affected by higher raw materials costs, which are yet to be fully reflected on the company's end-pricing. This saw EBITDA decline 16% y-o-y to EGP 3.2 million in 2Q19. ICDP plans to steadily grow its selling prices to fully compensate the growth of raw material costs in the coming period.



*ICDP – Milk Production Line*

### Dina Farms Sales (2Q19)



### Dina Farms Total Herd (as at 30 June 2019)



\* Of which 7,333 are milking cows

### ICDP Sales (2Q19)

Dina Farms' fresh dairy producer





## 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)



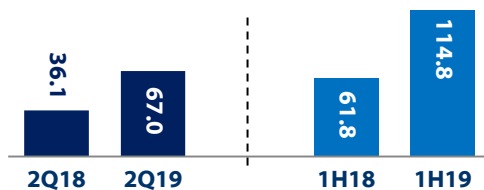
**QALAA HOLDINGS OWNERSHIP — 67.6%**

## Nile Logistics returns to profitability at the EBITDA level

### CCTO (Nile Logistics Holding Co.)

#### Revenues

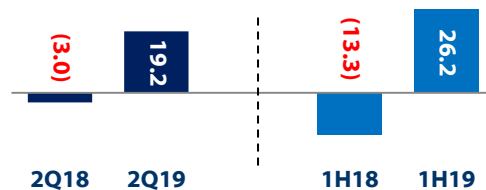
(EGP mn)



### CCTO (Nile Logistics Holding Co.)

#### EBITDA

(EGP mn)



Consolidated revenues continued to grow at a rapid rate, climbing 122% y-o-y to reach EGP 59.0 million in 2Q19. Nile Logistics returned to profitability at the EBITDA level in 2Q19, booking EGP 19.2 million during the period against a loss of EGP 3.3 million one year previously. Improved profitability was driven by strong performance at the company's Egyptian and South Sudanese subsidiaries owing to a marked improvement in operational efficiencies. This positive trajectory is expected to continue through 2019 and will be further supported by the launch of Nile Logistics' grain storage warehouse that took place earlier this month (Sep 2019).

### Nile Logistics (Egypt)

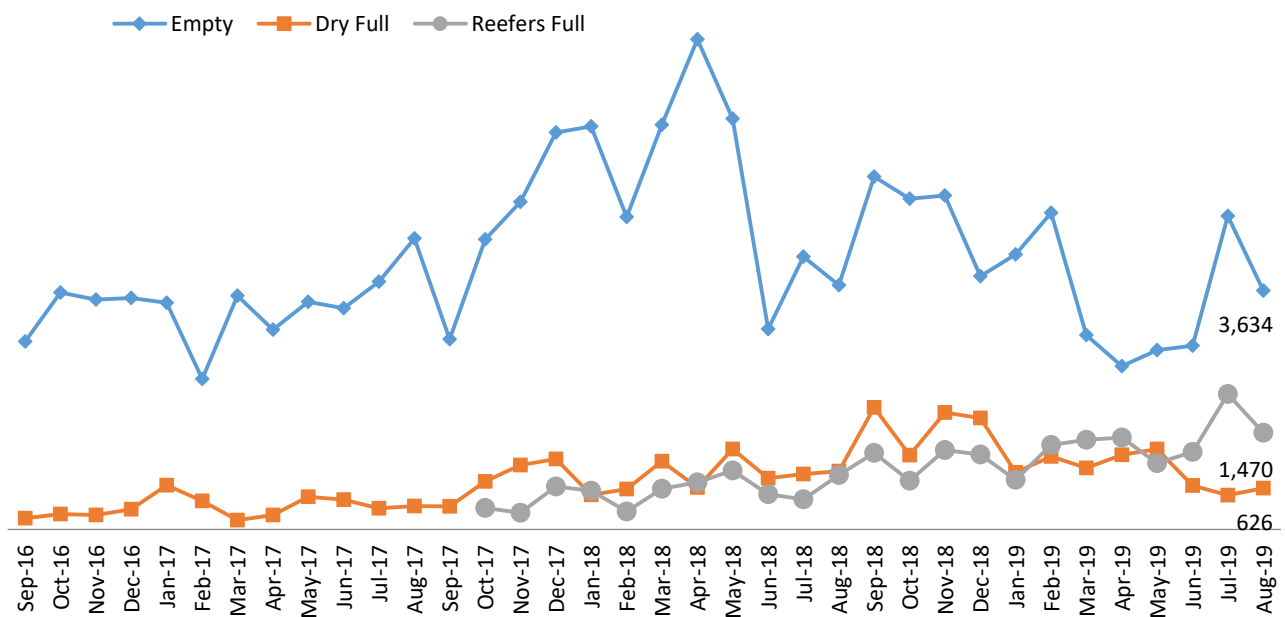
Currently, Nile Logistics maintains operations in Egypt in four main sectors:

- Coal handling and storage in Alexandria, with 483 thousand tons of coal handled in 2Q19.
- Container handling and storage in Alexandria (Inland Container Depot), with operations including the handling of empty, full, and reefer containers for perishable goods.
- Grain handling and storage in Alexandria with a capacity of 100-120 thousand tons. Operations commenced in early Sep 2019.
- River transport, which offers a more efficient mode of shipping goods in the country and provides lucrative pipeline opportunities. The company is currently refurbishing seven 50m self-propelled barges, which will join the 16 barges currently in operation.

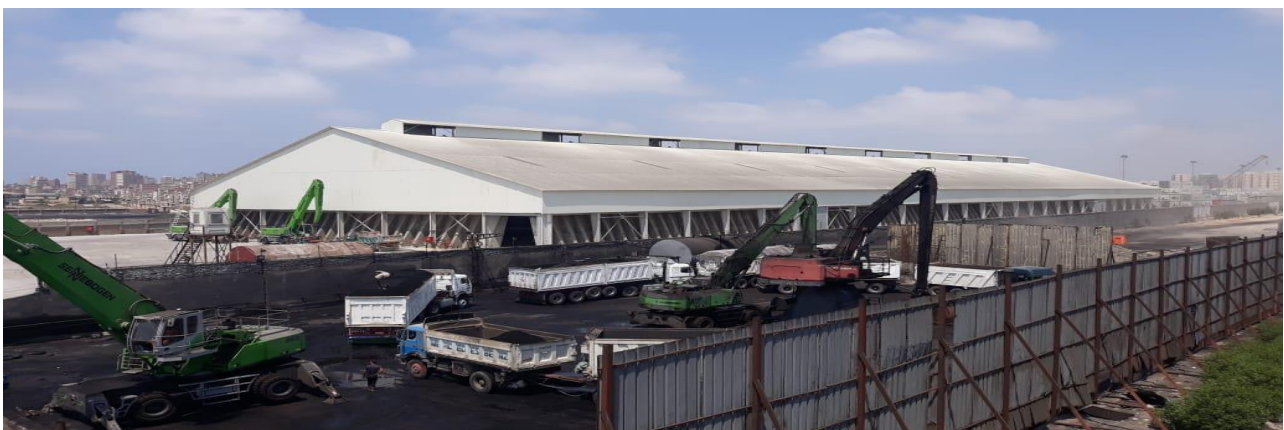
Nile Logistics saw several positive operational developments during the quarter. Construction on the company's new grain storage warehouse at Nubareya Port came to completion during 2Q19, with handling and storage of its first grain shipment having begun in early September 2019.

At the company's Inland Containers Depot, operations have been progressing efficiently and volumes are steadily increasing in line with management expectations. Revenues recorded EGP 28 million in 1H19 against EGP 22 million one year previously, representing an increase of 28% y-o-y. The below chart displays a monthly graph of the number of Twenty Foot Equivalent Units (TEUs) by type at the Inland Container Depot, located in Nubareya, Alexandria, since the launch of the business in September 2016.

**Inland Container Depot Operations – Gate In (TEUs)**



Meanwhile, the company is rapidly regaining its competitive edge in the stevedoring market at Alexandria, thanks to an increasingly in-house operation with minimal outsourcing to third parties.



*Grain Storage Warehouse, Nubareya Port*



Nile Logistics Storage Facilities Near Alexandria Port

#### Stevedoring Tons Handled – Alexandria (2Q19)

















#### Nile Barges (Sudan)

As at 2Q19, Nile Barges operations in Sudan focused on the transportation of food products under the auspices of the World Food Program (WFP). The company currently operates using one pusher, with a second currently undergoing refurbishment and expected to commence operations by the end of January 2020. On an annual basis, Nile Barges aims to successfully complete between four to five trips using the existing pusher, with average revenue per trip standing at USD 550 thousand and total cost per trip averaging USD 150 thousand.

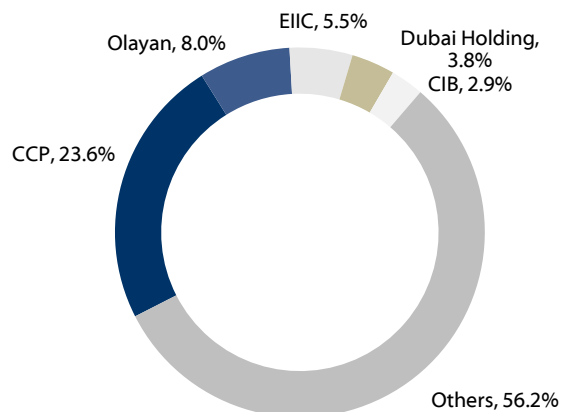
The company recorded a top line of USD 510 thousand during 2Q19, transporting 1,586 tons of food items and 695 CBM of nonfood items during the period to yield an EBITDA of USD 350,000. Nile Barges expects to undertake its third trip of 2019 during September.



ENERGY				
CEMENT				
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MINING				
AGRIFOODS				
TRANSPORTATION & LOGISTICS				

## SHAREHOLDER STRUCTURE

(as at 30 June 2019)



## SHARE INFORMATION

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 bn

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