Qalaa Holdings Reports 3Q 2018 Results

Qalaa Holdings revenues increase to EGP 3,278.7 million in 3Q18 representing a 40% year-on-year increase on the back of strong growth at TAQA Arabia and the consolidation of National Printing; EBITDA recorded a 43% increase to EGP 305.6 million and net profit stood at EGP 126.4 million

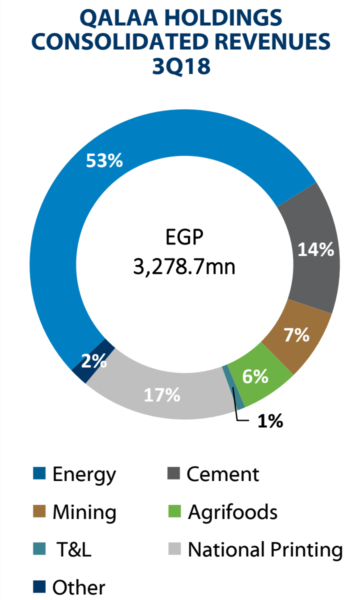
3Q 2018 Consolidated Income Statement Highlights	
Revenues EGP 3,278.7 mn vs. EGP 2,347.1 mn in 3Q17	
EBITDA EGP 305.6 mn vs. EGP 214.4 mn in 3Q17	Net Profit After Minority EGP 126.4 mn vs. EGP (311.8) mn in 3Q17
9M 2018 Consolidated Income Statement Highlights	
Revenues EGP 9,396.1 mn vs. EGP 6,448.2 mn in 9M17	
EBITDA EGP 943.0 mn vs. EGP 553.5 mn in 9M17	Net Profit After Minority EGP 426.6 mn vs. EGP (3,470.3) mn in 9M17
Highlights from Consolidated Balance Sheet as at 30 September 2018	
Total Assets EGP 87,624.1 mn vs. EGP 73,092.2 mn in FY17*	Total Equity EGP 12,806.9 mn vs. EGP 10,257.7 mn in FY17*

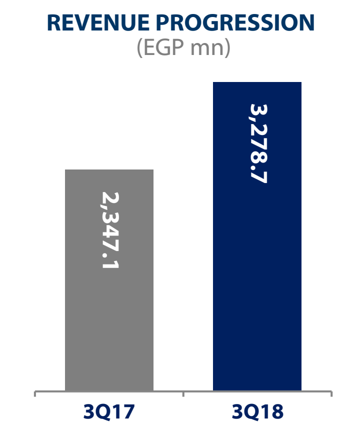
Financial and Operational Highlights

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 period ended 30th of September 2018, reporting strong 40% y-o-y ***revenue growth in 3Q18 to EGP 3,278.7 million*** on the back of strong results from its energy subsidiary, TAQA Arabia, and the consolidation of National Printing. ***EBITDA*** for the third quarter also posted a 43% y-o-y increase to ***EGP 305.6 million*** driven by its energy division and National Printing. The Group delivered a ***net profit of EGP 126.4 million in 3Q18*** versus a loss of EGP 311.8 million in 3Q17. On a nine-month basis, Qalaa recorded a 46% y-o-y increase in revenues to EGP 9,396.1 million, while its EBITDA reported a 70% y-o-y increase to EGP 943.0 million in 9M18. The Group reported a net profit of EGP 426.6 million in 9M18 compared to a net loss of EGP 3,470.3 million recorded in the same period of last year.

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.

* *FY 2017 figures as previously stated on Qalaa Holdings' consolidated balance sheet.*





- **The Group's consolidated top-line reported a 40% y-o-y increase in 3Q18 to EGP 3,278.7 million from EGP 2,347.1 million in 3Q17 on the back of strong results recorded by its energy subsidiary, TAQA Arabia, and the consolidation of National Printing.**

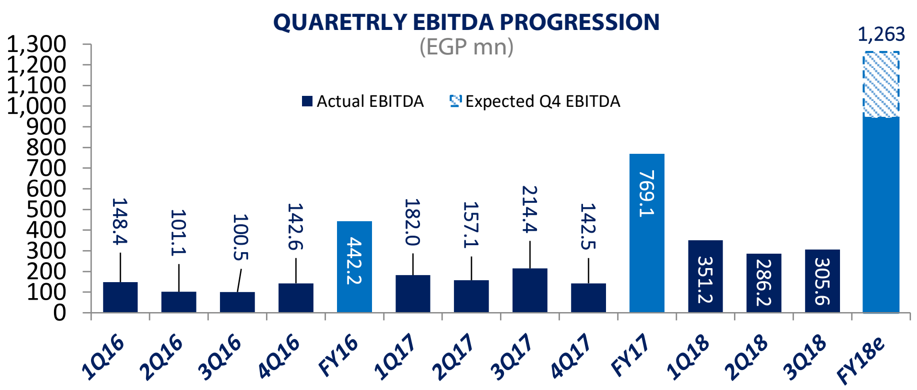
  TAQA Arabia and the consolidation of National Printing were the largest contributors to consolidated revenue growth in the third quarter of the year. Qalaa's energy division continued to make up the biggest share of consolidated revenues at 53% in 3Q18, with this quarter's growth in the segment being driven by a 39% y-o-y revenue increase reported by TAQA Arabia. Following the full consolidation of Qalaa's 48% owned subsidiary National Printing (Grandview) in 1Q18, the company's total revenues of EGP 572.2 million for the third quarter of the year were the largest contributor to Qalaa's consolidated top-line growth in 3Q18.

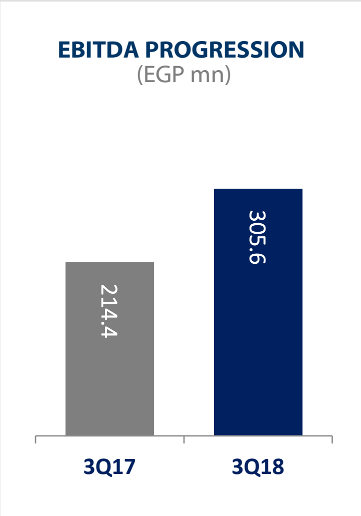
  The Group's mining division, which makes up 7% of consolidated revenues, reported a 33% y-o-y increase in revenues, which in turn contributed around 2% to consolidated revenue growth for the quarter. The Group's Transport and Logistics division also performed well during the third quarter with revenues increasing 82% y-o-y in 3Q18. Strong performance in these sectors was, however, offset by a contraction in the Group's cement division, which makes up 14% of consolidated revenues for the quarter and recorded a 20% y-o-y decline in revenues in 3Q18 driven by a 22% y-o-y decrease in ASEC cement's top-line.

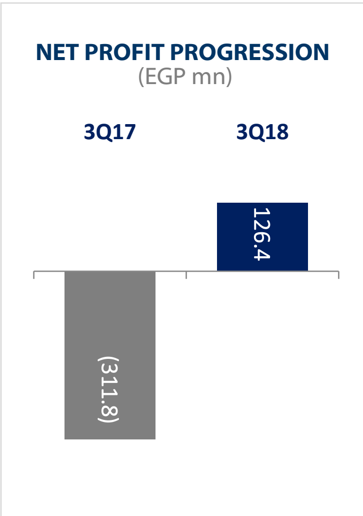
- **Total SG&A recorded EGP 280.0 million in 3Q18, including a non-recurring gain of EGP 19.4 million from Qalaa Holdings cement division.**

  The EGP 19.4 million non-recurring gain was booked by Al-Takamol Cement plant in Sudan as a result of insurance income received due to the continued stoppages of operations during 3Q18 as part of the plant's O&M contract.

- **Qalaa's EBITDA increased to EGP 305.6 million in 3Q18 from the EGP 214.4 million recorded in the same quarter of last year, representing a 43% y-o-y increase. The strong increase was driven by robust EBITDA growth year-on-year at TAQA Arabia and the consolidation of National Printing, which started in 1Q18.**







The Group's EBITDA growth for the third quarter of the year was driven by strong performances across Qalaa's portfolio, including TAQA Arabia, ASCOM, Dina Farms, Takamol, and ASEC Engineering. Additionally, the consolidation of National Printing also helped drive consolidated EBITDA growth, as the company contributed EGP 74.7 million to 3Q18 EBITDA. The Group's consolidated EBITDA has been growing steadily since 2016, with the Group expecting to close 2018 with a 4Q18 EBITDA of around EGP 320 million resulting in an annual consolidated EBITDA of around EGP 1.25 billion. Qalaa's management expects the Group's EBITDA to deliver growth rates of 35 to 40% over the coming two years excluding contributions from ERC.

- **Bank interest expense increased to EGP 324.3 million in 3Q18 from EGP 279.8 million recorded during the same quarter of last year, representing a 16% y-o-y increase.**

This quarter's year-on-year increase was largely driven by the consolidation of National Printing and its associated interest payments.

- **Following a further deconsolidation of Africa Railways' operational liabilities in both Kenya and Uganda, Qalaa booked a gain on sale on investment of EGP 252.6 million in 3Q18.**

Qalaa had previously mentioned that once it cedes control of Africa Railways, its liabilities would be deconsolidated and Qalaa would potentially book a substantial gain on its consolidated income statement. In line with this, Qalaa booked on its 2Q18 Income Statement a non-cash gain of EGP 919.6 million as a result of the deconsolidation of the company's operational liabilities (net of FX reserve & minority interest), followed by a second non-cash gain in 3Q18 of EGP 252.6 million. Qalaa expects another one-off non-cash gain during the coming months once a sale or liquidation takes place. (More details were published in the Group's 2Q18 Business Review)

- **Qalaa booked a consolidated impairment of EGP 67.6 million during the third quarter of 2018, with Grandview booking an impairment of EGP 69.5 million in 3Q18.**

During the quarter, Allmed, a subsidiary of Grandview, was reclassified from Share in Associates (consolidated under the equity method) to an Asset Held for Sale (booked at its fair value). Grandview now has an offer to sell Allmed, which resulted in an impairment of EGP 69.5 million based on its fair market value.

- **Qalaa reported acquisition and restructuring expenses of EGP 25.6 million primarily related to legal fees paid as part of Africa Railways' case during 3Q18.**

- **In the third quarter of the year, Qalaa's discontinued operations reported a gain of EGP 11.7 million.**

The gain from discontinued operations came after Qalaa classified Zahana Cement, ARESCO, and ESACO in the cement sector as discontinued operations given that all three companies are currently in the process of being sold. In November 2018, Qalaa announced the signing of a Memorandum of Understanding (MoU) between Groupe Industriel Des Ciments (GICA) and ASEC Cement which should see GICA purchase ASEC's shares in Zahana with the sale expected to be completed before June 2019. ASEC Cement has invested around USD 62 million in Zahana Cement Company.

- **Qalaa booked EGP 202.7 million as a provision reversal in 3Q18.**

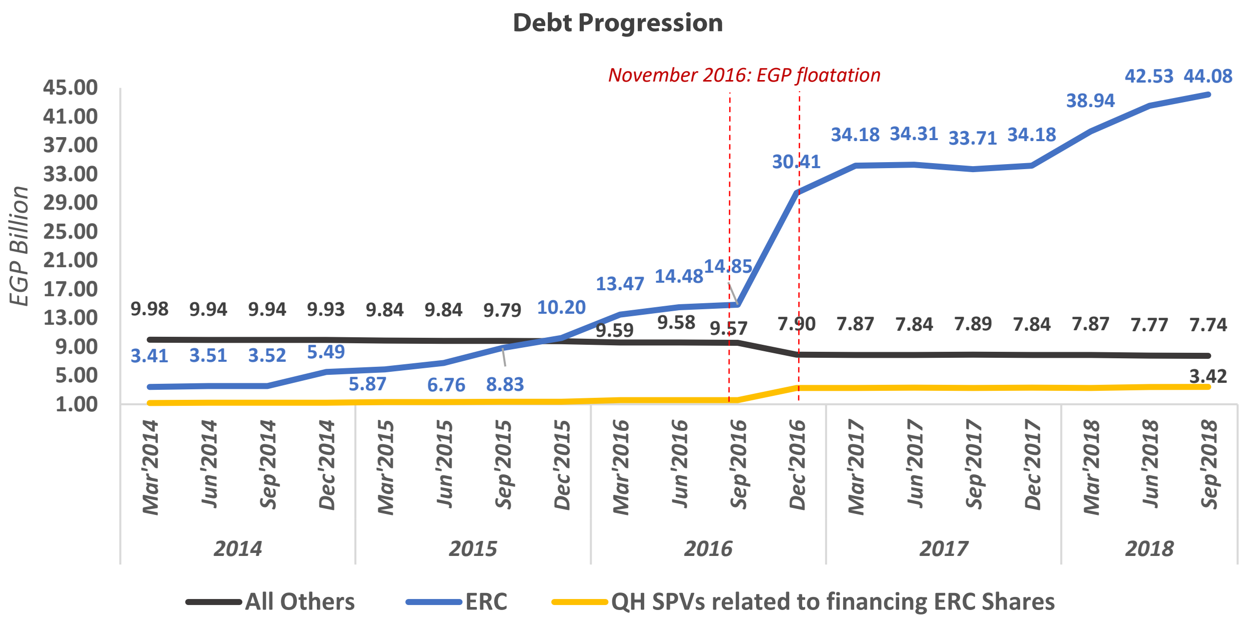
  The gain is partially a result of Qalaa's previously booked provision related to one of its share swap deals, which entailed a payment linked to Qalaa's share price. As the company's share price has steadily improved during the quarter and at the close of September 2018, the provision expensed has decreased and hence the recorded gain in 3Q18. Qalaa will continue to monitor the share performance in the coming quarter and will record further provisions or reversals accordingly.

- **Qalaa Holdings recorded a consolidated net profit of EGP 126.4 million in 3Q18 compared to the net loss of EGP 311.8 million reported in the same period of last year.**

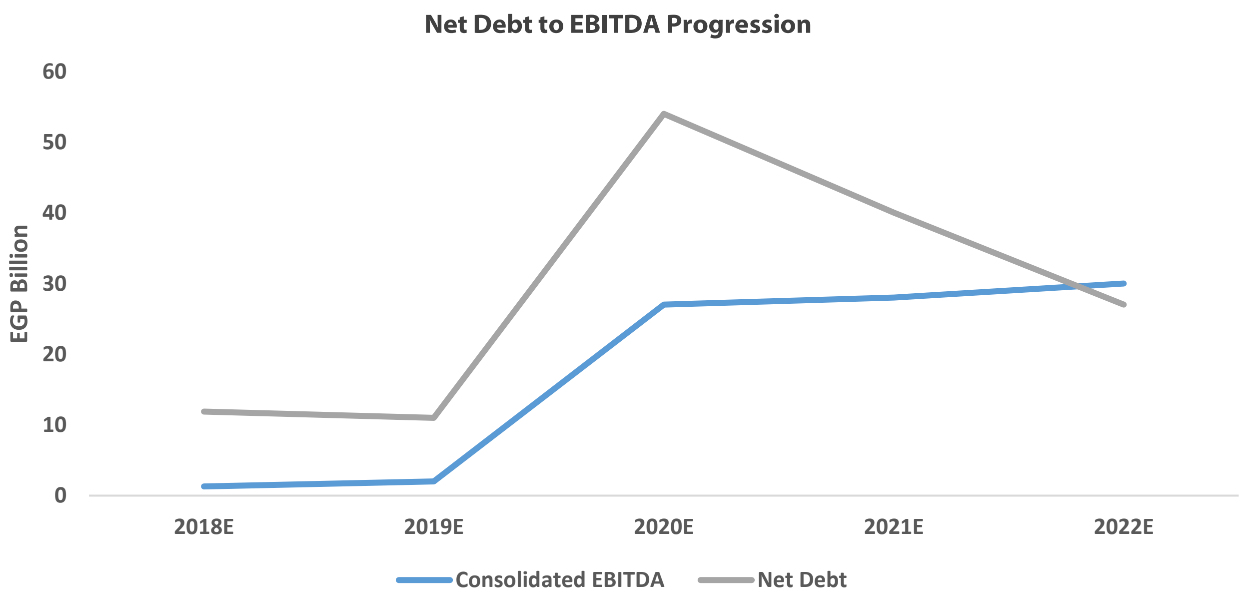
  Bottom-line profitability for the quarter was driven by non-cash gains related to a provision reversal related to one of Qalaa's share swap deals, as previously outlined, and a further deconsolidation of Africa Railway's operational liabilities.

- **Qalaa's consolidated debt excluding Egyptian Refining Company (ERC) and ERC-related debt as of 30 September 2018 stood at EGP 7.7 billion.**

  The increase in consolidated debt (excluding ERC and ERC-related debt) was mainly driven by TAQA Arabia's Gas and Marketing arms – where they raised their facilities by a combined amount of around EGP 225 million to fund more operations at both ends. Meanwhile, ERC's total debt as of 30 September 2018 increased to EGP 44.08 billion up from EGP 42.53 billion reported as of 30 June 2018, while Qalaa's SPVs debt related to financing ERC shares stood at c. EGP 3.4 billion (c. USD 191 million) as of 30 September 2018. The increase in ERC debt drove QH's total consolidated debt up to EGP 55.24 billion, with ERC making up c.80% of the total debt as of 30 September 2018.



Consolidated Figures in EGP Bn	2018E	2019E	2020E	2021E	2022E
Consolidated EBITDA	1.3	2	27	28	30
Net Debt	11.9	11	54	40	27
Net Debt to EBITDA	**9.1x**	**5.5x**	**2.0x**	**1.4x**	**0.9x**



Management Comment

"The Group will continue to focus on growing its large investments, while disposing of our underperforming companies and either disposing of or consolidating Qalaa's minority investments."

"Qalaa delivered a solid operational performance during the third quarter of 2018, building on the positive growth trajectory since the beginning of the year," said Qalaa Holdings Chairman and Founder Ahmed Heikal. "The Group's top line and EBITDA witnessed 40% and 43% year-on-year growth, respectively, while the partial deconsolidation of Africa Railways debt and a provision reversal helped drive bottom-line profitability for the quarter, with Qalaa's net profit recording EGP 126.4 million in 3Q18."

"Qalaa is actively working to deliver on its previously communicated growth strategy, driving operational expansion across its portfolio. At TAQA Arabia, we're expanding our geographic reach having added two new filling stations during the quarter bringing our total to 53 location across the nation with a few more expected to come online over the coming months. Meanwhile at our energy generation and distribution platforms, we are deriving higher value from a growing client base. Our expansion drive is part of a growth strategy that will see us deploy over EGP 8 billion in small incremental investments over the coming three years, including our ventures in solar energy and expansions across all current businesses. Meanwhile our transformational Egyptian Refining Company project is now nearly 99% complete. In recent weeks, ERC has tested and commissioned both Diesel and Naphtha hydro-treaters, both of which have come back showing positive results, and with all the refinery's utilities now functioning optimally," added Heikal.

"We are seeing increased contribution from our mining platform ASCOM and the recent consolidation of National Printing has added significant upside to both our top-line and EBITDA," said Hisham El-Khazindar, Qalaa Holdings' Co-Founder and Managing Director. "Our growth strategy will see us work to extract higher value from both companies as well as from our transportation and logistics arm which boasts potential growth owing to increasingly favorable market dynamics. We have also streamlined our portfolio and pushed through exits from discontinued operations that today no longer weigh on our bottom-line. In that regard, Qalaa has reclassified cement subsidiaries ARESCO & ESACO and Zahana Cement as discontinued operations in preparation for their divestment. In November 2018, ASEC Cement and Groupe Industriel Des Ciments (GICA), announced the signing of a MoU, which should see GICA purchase ASEC's shares in Zahana, with the deal expected to be completed by June 2019."

"In the upcoming year, the Group will continue to focus on growing its core subsidiaries, while continuing to divest from its non-core businesses and disposing or consolidating Qalaa's minority investments. Solid growth trajectories across Qalaa's divisions, multiple operational improvements throughout 2018, the imminent start of production at ERC and completing the clean-up of the Group's financials leave us confident that the coming quarters will gradually bring Qalaa back to operational profitability and allow us to create new value for our shareholders," 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

Methods of Consolidation

Fully Consolidated Companies	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 Frontiers
Equity Method Consolidated Companies (Share of Associates)	Mining	ASCOM Precious Metal (APM)
	Energy	Castrol Egypt (TAQA Marketing – British Petroleum JV)
	Publishing & Retail	Tanweer

Qalaa Holdings Consolidated Income Statement (in EGP mn)

					Restated (1)				As Previously Reported			
	1Q 2018	2Q 2018	3Q 2018	9M 2018	1Q 2017	2Q 2017	3Q 2017	9M 2017	1Q 2017	2Q 2017	3Q 2017	9M 2017
Revenue	3,036.8	3,080.6	3,278.7	9,396.1	1,996.7	2,104.4	2,347.1	6,448.2	2,114.6	2,282.0	2,469.7	6,866.4
COGS	(2,407.2)	(2,547.9)	(2,708.6)	(7,663.7)	(1,603.2)	(1,732.6)	(1,976.1)	(5,311.9)	(1,707.9)	(1,893.2)	(2,071.7)	(5,672.8)
Gross Profit	**629.7**	**532.6**	**570.1**	**1,732.4**	**393.5**	**371.8**	**371.0**	**1,136.3**	**406.7**	**388.9**	**398.0**	**1,193.6**
Advisory fee	-	-	-	-	4.7	2.9	(0.0)	7.5	4.7	2.9	(0.0)	7.5
Share in associates' results	(0.6)	(0.0)	(0.6)	(1.2)	0.2	(1.3)	(2.5)	(3.7)	(13.4)	15.4	15.8	17.8
Total Operating Profit	**629.1**	**532.6**	**569.6**	**1,731.3**	**398.4**	**373.3**	**368.4**	**1,140.1**	**398.0**	**407.1**	**413.8**	**1,218.9**
SG&A	(287.2)	(269.0)	(299.4)	(855.6)	(237.2)	(226.3)	(206.1)	(669.6)	(257.1)	(249.5)	(225.6)	(732.2)
Other inc/exp-Net	10.7	19.3	16.0	46.0	25.5	12.0	15.4	52.9	29.6	11.6	28.7	70.0
EBITDA before one-off charges	**352.6**	**283.0**	**286.2**	**921.7**	**186.7**	**158.9**	**177.7**	**523.4**	**170.4**	**169.3**	**217.0**	**556.7**
SG&A (Non recurring)	(1.3)	3.2	19.4	21.3	(4.7)	(1.8)	36.7	30.2	(4.7)	(1.8)	36.7	30.2
EBITDA	**351.2**	**286.2**	**305.6**	**943.0**	**182.0**	**157.1**	**214.4**	**553.5**	**165.7**	**167.4**	**253.6**	**586.8**
Dep./Amort.	(111.8)	(110.5)	(107.1)	(329.4)	(116.2)	(116.9)	(112.2)	(345.3)	(122.0)	(125.5)	(118.9)	(366.4)
EBIT	**239.4**	**175.8**	**198.4**	**613.6**	**65.8**	**40.2**	**102.2**	**208.2**	**43.8**	**42.0**	**134.7**	**220.4**
Bank interest exp.	(308.3)	(305.3)	(324.3)	(937.8)	(205.3)	(226.7)	(279.8)	(711.7)	(207.1)	(228.3)	(281.6)	(717.0)
Bank PIK - Bank Fees (ERC - PIK)	(28.3)	(80.2)	(54.7)	(163.1)	(71.5)	(49.7)	(47.5)	(168.6)	(71.5)	(49.7)	(47.5)	(168.6)
3rd party Shareholder	(50.8)	(55.5)	(65.6)	(171.9)	(55.1)	(54.3)	(51.4)	(160.8)	(55.1)	(54.3)	(51.4)	(160.8)
Interest income	45.9	69.9	71.7	187.5	25.3	34.9	93.8	154.0	25.3	34.9	93.8	154.0
Lease payments	(1.1)	(1.1)	(8.6)	(10.8)	(1.1)	(1.1)	(1.1)	(3.3)	(1.1)	(1.1)	(1.1)	(3.3)
EBT (before one-offs)	**(103.1)**	**(196.5)**	**(182.9)**	**(482.6)**	**(241.9)**	**(256.6)**	**(183.7)**	**(682.2)**	**(265.8)**	**(256.5)**	**(153.0)**	**(675.4)**
Gain (Loss) on sale of investments	-	919.6	252.6	1,172.2	-	404.4	(103.1)	301.3	-	404.4	(103.1)	301.3
Impairments/write downs	93.1	(9.3)	(67.6)	16.2	(66.6)	(3,154.6)	(9.5)	(3,230.7)	(17.2)	(3,153.5)	(9.0)	(3,179.6)
Restructuring consulting fees	-	345.3	(25.6)	319.7	-	-	-	-	-	-	-	-
Layoffs/Severances	(10.6)	(6.3)	(12.8)	(29.7)	(8.5)	(14.7)	(6.6)	(29.8)	(8.5)	(14.7)	(6.6)	(29.8)
CSR	(1.7)	(1.1)	(0.8)	(3.6)	(2.4)	(3.0)	(3.7)	(9.1)	(2.4)	(3.0)	(3.7)	(9.1)
Provisions	(74.3)	(492.0)	202.7	(363.6)	(34.9)	(12.7)	(41.5)	(89.1)	(39.5)	(17.5)	(46.2)	(103.2)
Discontinued operations *	(58.6)	(24.9)	11.7	(71.8)	(254.8)	(13.8)	14.5	(254.1)	(225.6)	(11.7)	(6.9)	(244.2)
Forex	37.6	(106.3)	(15.8)	(84.6)	61.9	(23.2)	(98.6)	(59.9)	61.1	(22.0)	(101.4)	(62.3)
EBT	**(117.7)**	**428.5**	**161.4**	**472.3**	**(547.3)**	**(3,074.3)**	**(432.2)**	**(4,053.7)**	**(498.0)**	**(3,074.5)**	**(429.8)**	**(4,002.3)**
Taxes	(66.3)	(11.3)	(96.3)	(173.9)	(48.7)	(3.8)	(32.5)	(85.0)	(48.6)	(3.4)	(34.8)	(86.9)
NP/L Including Minority Share	**(184.0)**	**417.2**	**65.1**	**298.4**	**(595.9)**	**(3,078.1)**	**(464.7)**	**(4,138.7)**	**(546.6)**	**(3,078.0)**	**(464.7)**	**(4,089.2)**
Minority Interest	2.7	(69.7)	(61.2)	(128.2)	(193.5)	(321.9)	(152.9)	(668.3)	(163.0)	(321.9)	(152.9)	(637.8)
NP/L for the Period	**(186.7)**	**486.9**	**126.4**	**426.6**	**(402.4)**	**(2,756.2)**	**(311.8)**	**(3,470.3)**	**(383.5)**	**(2,756.1)**	**(311.7)**	**(3,451.4)**

1) Comparative figures restated to account for impairment of ASCOM's investment in Algeria (Lazerg). In addition, figures were restated to reclassify Arab Company for Trade and Service (DF Retail), Zahana, ESACO, and ARESCO as discontinued operations.

* Discontinued operations include:
(1) Assets included in 2017 & 2018: Africa Railways and Designopolis (Mena Home)
(2) Assets with zero results in 2018: Enjoy and Mom's Food (Gozour)
(3) Assets reclassfied in 2018: ESACO, Zahana, and ARESCO

Qalaa Holdings Consolidated Income Statement by Sector for the three-month period ended 30 September 2018 (in EGP mn)

			Energy			Cement	T&L^	Mining	Agrifoods		Others			
	QH	SPVs	ERC	TAQA	Tawazon	ASEC Holding	Nile Logistics	ASCOM	Gozour	Wafra	Misc.^^	Grandview*	Elimination	3Q 2018
Revenue	-	-	-	1,668.9	58.2	452.2	44.3	238.8	183.5	0.4	60.3	572.2	-	3,278.7
Cost of Sales	-	-	-	(1,529.2)	(54.2)	(316.1)	(30.6)	(162.4)	(132.4)	(0.1)	(49.4)	(434.3)	-	(2,708.6)
Gross Profit	**-**	**-**	**-**	**139.6**	**4.1**	**136.1**	**13.8**	**76.4**	**51.1**	**0.2**	**10.9**	**137.9**	**-**	**570.1**
Advisory fee	26.4	-	-	-	-	-	-	-	-	-	-	-	(26.4)	-
Share in Associates' Results	-	-	-	-	-	0.0	-	-	-	-	-	-	(0.6)	(0.6)
Total Operating Profit	**26.4**	**-**	**-**	**139.6**	**4.1**	**136.1**	**13.8**	**76.4**	**51.1**	**0.2**	**10.9**	**137.9**	**(26.9)**	**569.6**
SG&A	(51.3)	(2.1)	(11.9)	(45.6)	(5.3)	(39.6)	(12.5)	(55.0)	(38.6)	(1.2)	(6.9)	(54.2)	24.8	(299.4)
Other Income/Expenses (Net)	-	(1.6)	0.0	9.2	0.5	7.5	0.2	8.9	0.3	(0.0)	(0.1)	(9.0)	-	16.0
EBITDA (before one-offs)	**(25.0)**	**(3.7)**	**(11.8)**	**103.3**	**(0.7)**	**104.1**	**1.5**	**30.3**	**12.8**	**(1.0)**	**3.9**	**74.7**	**(2.2)**	**286.2**
	-	0.3	-	-	-	-	-	-	-	-	-	-	(0.3)	-
SG&A (Non recurring)	(2.3)	(0.1)	-	-	-	21.7	-	-	0.1	-	-	-	-	19.4
EBITDA	**(27.2)**	**(3.5)**	**(11.8)**	**103.3**	**(0.7)**	**125.8**	**1.5**	**30.3**	**12.9**	**(1.0)**	**3.9**	**74.7**	**(2.5)**	**305.6**
Depreciation & Amortization	(0.6)	(0.0)	(2.2)	(14.6)	(3.4)	(8.5)	(9.7)	(28.8)	(11.8)	(0.0)	(2.1)	(9.2)	(16.2)	(107.1)
EBIT	**(27.8)**	**(3.5)**	**(14.0)**	**88.7**	**(4.1)**	**117.3**	**(8.2)**	**1.5**	**1.1**	**(1.0)**	**1.8**	**65.5**	**(18.7)**	**198.4**
Bank Interest Expense	(105.2)	(52.0)	-	(24.0)	(1.7)	(50.5)	(22.4)	(17.0)	(5.2)	-	(1.6)	(44.8)	-	(324.3)
Bank PIK - Bank Fees (ERC-PIK)	-	(26.1)	(28.6)	-	-	-	-	-	-	-	-		-	(54.6)
3rd Party Shareholder	-	(73.3)		-	-	(114.1)	(18.9)	(2.3)	-	-	(10.7)	-	153.9	(65.6)
Interest Income	66.4	73.1	14.5	65.6	-	2.4	0.0	-	0.2	-	0.3	3.0	(153.9)	71.7
Lease Payments	-	-	-	-	-	-	(1.1)	-	-	-	-	(7.5)	-	(8.6)
EBT (before one-offs)	**(66.6)**	**(81.8)**	**(28.1)**	**130.2**	**(5.8)**	**(45.0)**	**(50.5)**	**(17.9)**	**(4.0)**	**(1.0)**	**(10.2)**	**16.3**	**(18.7)**	**(182.9)**
Gain (Loss) on Sale of Investments	-	(23.7)	-	-	-	-	-	-	-	-	-	-	276.3	252.6
Impairments/Write-downs	-	(69.5)	-	-	(4.7)	(1.6)	-	1.5	(0.2)	-	(0.0)	(69.5)	76.5	(67.6)
Layoffs/Severances	(3.5)	-	-	-	-	(9.3)	-	-	-	-	-	-	-	(12.8)
CSR	(0.3)	-	-	(0.5)	-	-	-	-	-	-	-	-	-	(0.8)
Provisions	-	222.2	-	(17.9)	2.1	(2.7)	-	(0.4)	0.2	-	(0.6)	(0.3)	-	202.7
Discontinued Operations **	-	-	-	-	-	11.7	-	-	-	-	-	-	0.0	11.7
FOREX	1.3	1.9	(0.4)	(0.8)	(0.3)	(14.2)	(0.0)	(5.3)	2.3	0.0	(0.2)	(0.1)	-	(15.8)
EBT	**(75.4)**	**29.8**	**(28.5)**	**111.0**	**(8.7)**	**(61.1)**	**(50.5)**	**(22.0)**	**(1.7)**	**(1.0)**	**(11.0)**	**(53.6)**	**334.1**	**161.4**
Taxes	0.1	-	-	(43.8)	(2.3)	(33.6)	-	0.2	(1.6)	-	0.1	(19.1)	3.6	(96.3)
Net P/L Before Minority Share	**(75.3)**	**29.8**	**(28.5)**	**67.2**	**(11.0)**	**(94.7)**	**(50.5)**	**(21.8)**	**(3.3)**	**(1.0)**	**(10.8)**	**(72.7)**	**337.7**	**65.1**
Minority Interest	-	-	0.4	16.5	(5.8)	24.6	(19.6)	(1.7)	0.0	(0.1)	-	4.3	(79.8)	(61.2)
Net Profit (Loss)	**(75.3)**	**29.8**	**(28.9)**	**50.7**	**(5.2)**	**(119.3)**	**(30.9)**	**(20.1)**	**(3.3)**	**(0.9)**	**(10.8)**	**(77.0)**	**417.5**	**126.4**

* Starting 1Q 2018 QH started to consolidate National Printing (Grandview).

** Discontinued operations include:
(1) Assets included in 2017 & 2018: Africa Railways and Designopolis (Mena Home)
(2) Assets with zero results in 2018: Enjoy and Mom's Food (Gozour)
(3) Assets reclassfied in 2018: ESACO, Zahana, and ARESCO

^ T&L represents Transportation & Logistics
^^ Miscellaneous includes United Foundries, Designopolis (Mena Home), Crondall, Sphinx Egypt, Mashreq, Africa Railways

Qalaa Holdings Consolidated Income Statement by Sector for the nine-month period ended 30 September 2018 (in EGP mn)

			Energy			Cement	T&L^	Mining	Agrifoods		Others			
	QH	SPVs	ERC	TAQA	Tawazon	ASEC Holding	Nile Logistics	ASCOM	Gozour	Wafra	Misc.^^	Grandview*	Elimination	9M 2018
Revenue	-	-	-	4,213.8	272.3	1,643.5	106.1	682.6	628.5	1.2	236.4	1,611.7	-	9,396.1
Cost of Sales	-	-	-	(3,806.1)	(204.4)	(1,157.6)	(83.6)	(474.0)	(463.4)	(0.4)	(184.0)	(1,290.2)	-	(7,663.7)
Gross Profit	**-**	**-**	**-**	**407.7**	**68.0**	**485.9**	**22.5**	**208.6**	**165.1**	**0.8**	**52.4**	**321.5**	**-**	**1,732.4**
Advisory fee	79.6	-	-	-	-	-	-	-	-	-	-	-	(79.6)	-
Share in Associates' Results	-	-	-	-	-	-	-	-	-	-	-	-	(1.2)	(1.2)
Total Operating Profit	**79.6**	**-**	**-**	**407.7**	**68.0**	**485.9**	**22.5**	**208.6**	**165.1**	**0.8**	**52.4**	**321.5**	**(80.8)**	**1,731.3**
SG&A	(140.1)	(4.2)	(38.3)	(131.3)	(20.1)	(140.7)	(35.3)	(156.6)	(113.2)	(3.3)	(26.8)	(120.5)	74.8	(855.6)
Other Income/Expenses (Net)	-	4.4	0.0	12.1	1.4	9.6	1.0	24.2	(0.5)	(0.0)	(0.8)	(5.4)	-	46.0
EBITDA (before one-offs)	**(60.5)**	**0.1**	**(38.2)**	**288.5**	**49.3**	**354.8**	**(11.8)**	**76.2**	**51.5**	**(2.5)**	**24.8**	**195.5**	**(5.9)**	**921.7**
Dividend Income	-	136.8	-	-	-	-	-	-	-	-	-	-	(136.8)	-
SG&A (Non recurring)	(4.8)	(31.7)	-	-	-	21.7	-	-	31.7	-	-	4.4	-	21.3
EBITDA	**(65.3)**	**105.3**	**(38.2)**	**288.5**	**49.3**	**376.5**	**(11.8)**	**76.2**	**83.2**	**(2.5)**	**24.8**	**199.9**	**(142.7)**	**943.0**
Depreciation & Amortization	(1.7)	(0.1)	(6.3)	(45.2)	(10.1)	(29.1)	(29.0)	(85.7)	(34.8)	(0.0)	(6.3)	(32.4)	(48.7)	(329.4)
EBIT	**(67.0)**	**105.2**	**(44.5)**	**243.3**	**39.2**	**347.4**	**(40.8)**	**(9.6)**	**48.3**	**(2.6)**	**18.5**	**167.6**	**(191.4)**	**613.6**
Bank Interest Expense	(315.0)	(128.6)	-	(69.2)	(4.8)	(143.1)	(79.1)	(46.9)	(19.1)	-	(6.1)	(126.0)	-	(937.8)
Bank PIK - Bank Fees (ERC-PIK)	-	(77.9)	(85.2)	-	-	-	-	-	-	-	-	-	-	(163.1)
3rd Party Shareholder	-	(185.7)	-	-	-	(339.6)	(42.3)	(6.9)	-	-	(33.7)	-	436.3	(171.9)
Interest Income	206.4	196.0	28.4	185.1	-	9.8	0.1	-	1.0	-	1.1	3.4	(443.8)	187.5
Lease Payments	-	-	-	-	-	-	(3.3)	-	-	-	-	(7.5)	-	(10.8)
EBT (before one-offs)	**(175.6)**	**(91.0)**	**(101.3)**	**359.2**	**34.4**	**(125.5)**	**(165.4)**	**(63.4)**	**30.2**	**(2.6)**	**(20.2)**	**37.5**	**(198.9)**	**(482.6)**
Gain (Loss) on Sale of Investments	-	(23.6)	-	-	-	-	-	-	-	-	(381.5)	-	1,577.2	1,172.2
Impairments/Write-downs	(3.0)	232.4	-	-	(4.8)	(6.9)	-	5.0	(5.7)	-	(0.7)	(69.5)	(130.5)	16.2
Acquisitions, Legal and Restructuring	100.7	(19.3)	-	-	-	-	-	-	-	-	-	-	238.4	319.7
Layoffs/Severances	(10.4)	-	-	-	-	(19.3)	-	-	-	-	-	-	-	(29.7)
CSR	(0.8)	-	-	(2.8)	-	-	-	-	-	-	-	-	-	(3.6)
Provisions	-	(229.7)	-	(86.9)	(7.1)	(24.7)	-	(11.7)	(0.1)	-	(2.2)	(0.3)	-	(363.6)
Discontinued Operations **	-	-	-	-	-	(45.5)	-	-	-	-	(37.7)	-	11.4	(71.8)
FOREX	11.5	(1.8)	(2.2)	(1.1)	(1.1)	(119.3)	(0.1)	38.7	2.7	(2.8)	(9.7)	0.6	-	(84.6)
EBT	**(77.6)**	**(133.0)**	**(103.5)**	**268.3**	**21.4**	**(341.2)**	**(165.5)**	**(31.4)**	**27.1**	**(5.4)**	**(451.9)**	**(32.7)**	**1,497.6**	**472.3**
Taxes	(0.0)	-	-	(107.6)	(9.0)	(26.3)	-	0.2	(8.2)	-	1.2	(35.2)	10.9	(173.9)
Net P/L Before Minority Share	**(77.6)**	**(133.0)**	**(103.5)**	**160.8**	**12.5**	**(367.4)**	**(165.5)**	**(31.2)**	**18.9**	**(5.4)**	**(450.7)**	**(67.9)**	**1,508.6**	**298.4**
Minority Interest	-	-	(8.9)	45.2	7.7	152.9	(58.0)	(7.1)	0.0	(0.4)	-	5.8	(265.3)	(128.2)
Net Profit (Loss)	**(77.6)**	**(133.0)**	**(94.6)**	**115.6**	**4.7**	**(520.3)**	**(107.5)**	**(24.1)**	**18.9**	**(5.0)**	**(450.7)**	**(73.7)**	**1,773.9**	**426.6**

* Starting 1Q 2018 QH started to consolidate National Printing (Grandview).

** Discontinued operations include:
(1) Assets included in 2017 & 2018: Africa Railways and Designopolis (Mena Home)
(2) Assets with zero results in 2018: Enjoy and Mom's Food (Gozour)
(3) Assets reclassfied in 2018: ESACO, Zahana, and ARESCO

^ T&L represents Transportation & Logistics

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

Qalaa Holdings Consolidated Balance Sheet as at 30 September 2018 (in EGP mn)

		Energy			Cement	T&L^	Mining	Agrifoods		Others					
	QH	ERC	TAQA Arabia	Tawazon	ASEC Holding	Nile Logisics	ASCOM	Gozour	Wafra	Misc.^^	Grandview*	9M 2018 Aggregation	Eliminations/ SPVs	9M 2018	FY 2017
Current Assets															
Trade and Other Receivables	2,246.3	103.7	1,796.9	186.9	1,613.3	114.8	454.9	130.1	-	423.3	573.7	7,643.6	(3,284.9)	4,358.7	3,909.9
Inventory	-	-	305.8	64.3	428.5	15.8	102.7	98.2	-	56.8	365.9	1,437.9	-	1,437.9	1,218.2
Assets Held For Sale	-	-	-	-	956.1	-	-	86.6	-	128.5	219.4	1,390.5	(116.3)	1,274.2	617.2
Cash and Cash Equivalents	43.6	5,548.1	1,685.4	16.5	112.0	4.3	11.3	7.0	0.0	14.7	74.1	7,517.0	32.9	7,549.9	2,353.5
Others	-		42.1	-	0.0	-	-	13.4	-	-	-	55.5	3.1	58.6	92.6
Total Current Assets	**2,289.9**	**5,651.7**	**3,830.1**	**267.6**	**3,109.9**	**134.9**	**568.8**	**335.3**	**0.0**	**623.2**	**1,233.1**	**18,044.6**	**(3,365.3)**	**14,679.3**	**8,191.4**
Non-Current Assets															
PP&E	36.6	62,584.2	1,007.7	87.5	405.9	676.1	959.5	701.7	-	35.3	776.5	67,271.1	645.6	67,916.7	60,345.2
Investments	8,119.9	0.1	10.6	-	7.8	-	143.7	-	-	-	17.7	8,299.7	(8,069.9)	229.8	1,210.4
Goodwill / Intangible assets	-	-	407.8	32.6	4.2	-	-	-	-	-	-	444.6	947.9	1,392.5	1,028.8
Others	1,863.4	2,415.2	96.7	-	489.2	-	-	290.3	-	0.0	101.7	5,256.6	(1,850.8)	3,405.8	2,316.4
Total Non-Current Assets	**10,019.9**	**64,999.5**	**1,522.8**	**120.1**	**907.0**	**676.1**	**1,103.2**	**992.0**	**-**	**35.3**	**895.9**	**81,272.0**	**(8,327.2)**	**72,944.8**	**64,900.8**
Total Assets	**12,309.8**	**70,651.3**	**5,353.0**	**387.7**	**4,016.9**	**811.0**	**1,672.1**	**1,327.4**	**0.0**	**658.5**	**2,129.0**	**99,316.6**	**(11,692.5)**	**87,624.1**	**73,092.2**
Shareholders' Equity															
Total Equity Holders of the Company	**5,663.1**	**15,215.7**	**1,083.8**	**100.4**	**(3,963.0)**	**(598.2)**	**107.1**	**27.4**	**(1,250.5)**	**(6,388.1)**	**293.1**	**10,290.8**	**(16,480.9)**	**(6,190.1)**	**(6,451.7)**
Minority Interest	-	9,526.4	481.6	69.6	697.1	(254.3)	(70.1)	(0.0)	(12.9)	11.4	221.5	10,670.4	8,326.7	18,997.0	16,709.4
Total Equity	**5,663.1**	**24,742.1**	**1,565.4**	**170.0**	**(3,265.9)**	**(852.5)**	**37.0**	**27.4**	**(1,263.4)**	**(6,376.6)**	**514.6**	**20,961.1**	**(8,154.2)**	**12,806.9**	**10,257.7**
Current Liabilities													-		
Borrowings	4,305.6	1,292.0	426.3	41.2	930.8	202.5	891.1	55.6	-	50.7	616.6	8,812.2	1,954.4	10,766.6	12,567.6
Trade and Other Payables	2,289.0	1,716.3	2,342.3	112.0	2,964.1	983.1	555.6	1,008.5	1,262.2	1,810.7	454.2	15,497.9	(2,326.3)	13,171.6	12,117.0
Provisions	52.1	-	368.4	56.4	241.7	16.3	28.3	17.3	1.3	15.2	93.0	890.1	62.6	952.8	883.0
Liabilities Held For Sale	-	-	-		813.0	-	-	132.6	-	4,595.7	-	5,541.3	(1,024.7)	4,516.6	942.8
Total Current Liabilities	**6,646.7**	**3,008.3**	**3,136.9**	**209.7**	**4,949.6**	**1,201.9**	**1,474.9**	**1,214.0**	**1,263.4**	**6,472.4**	**1,163.8**	**30,741.6**	**(1,334.0)**	**29,407.6**	**26,510.4**
Non-Current Liabilities															
Borrowings	-	42,790.4	408.7	-	8.1	356.6	-	48.3	-	-	271.2	43,883.2	587.2	44,470.4	35,603.5
Shareholder Loan	-	-	-	-	2,288.9	105.0	154.8	-	-	561.8	101.7	3,212.1	(3,082.3)	129.8	36.9
Long-Term Liabilities	-	110.5	242.0	8.1	36.2	-	5.3	37.7	-	1.0	77.8	518.6	290.8	809.4	683.6
Total Non-Current Liabilities	**-**	**42,900.9**	**650.7**	**8.1**	**2,333.2**	**461.6**	**160.2**	**85.9**	**-**	**562.8**	**450.6**	**47,613.9**	**(2,204.3)**	**45,409.6**	**36,324.1**
Total Liabilities	**6,646.7**	**45,909.1**	**3,787.6**	**217.8**	**7,282.8**	**1,663.5**	**1,635.1**	**1,299.9**	**1,263.4**	**7,035.2**	**1,614.4**	**78,355.5**	**(3,538.3)**	**74,817.2**	**62,834.5**
Total Equity and Liabilities	**12,309.8**	**70,651.3**	**5,353.0**	**387.7**	**4,016.9**	**811.0**	**1,672.1**	**1,327.4**	**0.0**	**658.5**	**2,129.0**	**99,316.6**	**(11,692.5)**	**87,624.1**	**73,092.2**

*Starting 1Q 2018 QH started to consolidate National Printing (Grandview).

^ T&L represents Transportation & Logistics
^^ Miscellaneous includes Mashreq, Africa Railways, United Foundries, Designopolis (Mena Home), Crondall, & Sphinx Egypt.

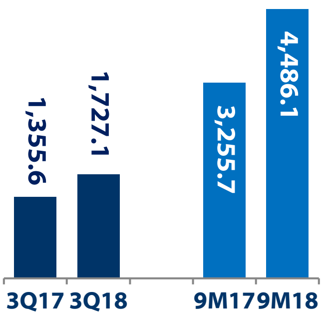
Sector Review: Energy

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

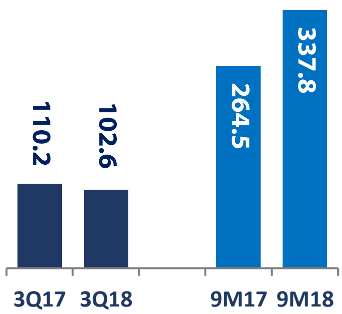
Operational and Financial Performance

Qalaa Holdings' energy division reported a 27% y-o-y increase in revenues to EGP 1,727.1 million from the EGP 1,355.6 million reported in the same quarter of last year. Growth in the division's top line was driven by a 39% y-o-y increase in TAQA Arabia's revenue for the quarter which increased to EGP 1,668.9 million from EGP 1,198.7 million recorded in 3Q17. The division's EBITDA witnessed a 7% y-o-y decrease in 3Q18 to EGP 102.6 million from the EGP 110.2 million recorded in the same quarter of last year. The decrease came on the back of the negative EBITDA of EGP 0.7 million reported by Tawazon, which fell from EGP 42.3 million recorded in the same period of last year. This fall more than offset a robust 52% y-o-y increase in TAQA Arabia's EBITDA to EGP 103.3 million for the third quarter of 2018. On a nine-month basis, Qalaa's energy division booked a 38% y-o-y top-line increase to EGP 4,486.1 million while the segment's EBITDA increased 28% y-o-y to EGP 337.8 million in 9M18.

Energy Revenues* (EGP mn)



Energy EBITDA* (EGP mn)



(EGP mn unless otherwise stated)	3Q17	3Q18	% chg	9M17	9M18	% chg
TAQA Arabia Revenues	1,198.7	1,668.9	*39%*	2,909.2	4,213.8	*45%*
TAQA Arabia EBITDA	67.9	103.3	*52%*	190.0	288.5	*52%*
Tawazon Revenues	156.8	58.2	*(63%)*	346.4	272.3	*-21%*
Tawazon EBITDA	42.3	(0.7)	*N/A*	74.5	49.3	*(34%)*

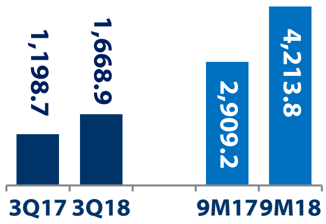
* Energy revenues and EBITDA are aggregate figures, representing the simple summation of TAQA Arabia and Tawazon's figures as these are the only two operational companies within the Energy sector.

QALAA HOLDINGS OWNERSHIP — 60.9%

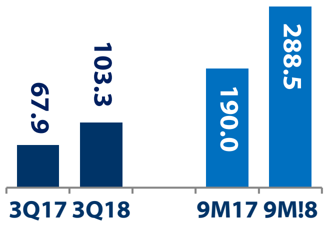
TAQA Arabia posts a 52% year-on-year EBITDA growth to EGP 103.3 million in 3Q18

TAQA Arabia, Egypt's leading independent energy company, reported revenues of EGP 1,668.9 million in 3Q18, up 39% y-o-y. EBITDA grew at a higher rate of 52% y-o-y to EGP 103.3 million during the same period. Top line growth was driven by all three of TAQA Arabia's subsidiaries, which posted solid double-digit growth 3Q18. On a nine-month basis, TAQA Arabia's revenues recorded 45% y-o-y growth to EGP 4,213.8 million, while EBITDA rose by 52% y-o-y to EGP 288.5 million. All three of TAQA Arabia's subsidiaries reported y-o-y increases in both revenues and EBITDA during the nine-month period, with the company's gas division posting an impressive 168% y-o-y rise in EBITDA in 9M18.

Consolidated TAQA Arabia Revenues
(EGP mn)



Consolidated TAQA Arabia EBITDA
(EGP mn)



TAQA Arabia's marketing division continued to contribute the lion's share of revenue growth for the company, posting a 36% y-o-y rise in revenues to EGP 1,083.6 million in 3Q18. Strong top line performance for TAQA Arabia's marketing division came on the back of higher petroleum product prices which offset a drop in fuel and lube sales of 7% and 35% to 183 million liters and 823 tons, respectively during the quarter. Revenue growth drove the 33% y-o-y rise in the division's EBITDA which increased to EGP 44.0 million in 3Q18 from EGP 33.1 million in 3Q17. During the quarter, TAQA's marketing division brought two new filling stations online bringing the total to 46 locations which, combined with the seven compressed natural gas (CNG) stations, bring the total number of stations to 53 as at 30th September 2018 compared to the 49 operational stations by the end of the third quarter of last year.

TAQA Gas reported a 51% y-o-y rise in revenues to EGP 232.3 million in 3Q18 from EGP 154.3 million in 3Q17. During the quarter, TAQA Gas connected 22,060 households, bringing the cumulative total of converted households to of c. 976 thousand, and distributed 1.2 BCM of gas in 3Q18, a 6% y-o-y rise compared to the third quarter of 2017. Exceptional EBITDA growth of 80% y-o-y in 3Q18 to EGP 51.8 million was driven by a combination of top-line growth and the installation of higher-margin infill units during the period, with EBITDA margin doubling between 3Q17 and 3Q18 from 12% to 24%.

TAQA Power recorded revenues of EGP 373.9 million in 3Q18, up by 51% y-o-y on the back of higher electricity prices and a 12% y-o-y increase in total power distributed during the quarter. During 3Q18, the division posted a 12% y-o-y increase in EBITDA to EGP 22.9 million, despite a 64% y-o-y decrease in the total power generated. The fall in power generated was primarily driven by the conclusion of a cement plant contract, which has not been renewed due to the plant's connection to the national electricity grid. The associated generators have now been decommissioned as the management team is in the process of identifying their next project site.

TAQA's Management remains committed to exploring new opportunities to diversify the division's operations and enter new lines of business. Opportunities being assessed include possible projects in the energy efficiency sector, which involve the design and implementation of energy saving solutions, and "waste to energy" services such as power generation using agricultural and municipal waste. During the quarter, TAQA continued to make progress on its 50MW solar power project at the Benban Solar Park. The project's total cost is c. EGP 1.35 billion and has been financed through a package from five International Developmental Funding (IDF) Institutions, led by the International Finance Corporation (IFC). With operations expected to commence in early 2019, the project is expected to generate annual revenues of c.USD 11 million.

(EGP mn unless otherwise stated)	3Q17	3Q18	% chg	9M17	9M18	% chg
TAQA Arabia Power Revenues	247.6	373.9	*51%*	520.6	809.0	*55%*
TAQA Arabia Power EBITDA	20.5	22.9	*12%*	63.5	63.9	*1%*
TAQA Arabia Gas Revenues	154.3	232.3	*51%*	523.0	700.7	*34%*
TAQA Arabia Gas EBITDA	28.8	51.8	*80%*	62.2	166.8	*168%*
TAQA Marketing Revenues	796.9	1,083.6	*36%*	1,865.6	2,704.1	*45%*
TAQA Marketing EBITDA	33.1	44.0	*33%*	80.8	97.6	*21%*

Total Power Generated & Distributed* (3Q18)

178.3*
M kW/hr
▼15% y-o-y

Total Gas Distributed (3Q18)

1.2
BCM
▲6% y-o-y

Total Liquid Fuels Distributed (3Q18)

183.0
M Liters
▼7% y-o-y

Filling Stations (3Q18)

53**
Stations
vs. 49 as at FY17

*Of the total, 85.1% is distributed while the remainder is generated.
** Of which seven are CNG stations.

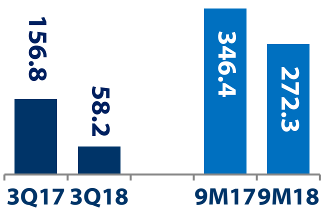
tawazon

QALAA HOLDINGS OWNERSHIP — 68.1%

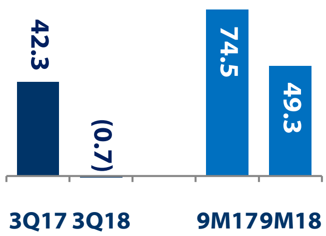
Tawazon records a 63% y-o-y contraction in revenue to EGP 58.2 million in 3Q18

Tawazon, Qalaa Holdings' solid waste management subsidiary, recorded revenues of EGP 58.2 million in 3Q18, down 63% y-o-y from EGP 156.8 million in 3Q17, with the reduction in the company's top-line attributed to a fall in revenues at both of its subsidiaries, **ECARU** and **ENTAG**. Tawazon's EBITDA came in at a loss of EGP 0.7 million in 3Q18, down from EGP 42.3 million in 3Q17. In the first nine months of the year, Tawazon's EBITDA fell by 34% on a y-o-y basis to EGP 49.3 million, while revenues fell by 21% y-o-y to EGP 272.3 million during the same period due to the company's performance during the quarter.

Consolidated Tawazon Revenues
(EGP mn)



Consolidated Tawazon EBITDA
(EGP mn)



ECARU revenues saw a 20% y-o-y drop in the third quarter of 2018 to EGP 57.8 million on the back of a 40% fall in biomass supplied to c. 34 thousand tons and a 51% fall in RDF supplied to c.11 thousand tons. The fall in the division's top-line trickled down to the company's EBITDA, which fell by 45% y-o-y to EGP 6.0 million in 3Q18. The significant drop in biomass and RDF production recorded during the period was primarily due to a slowdown in cement production across the nation. The cement sector in Egypt, which has been traditionally oversupplied by an average of 35 to 40%, saw an additional 12 million tons of added capacity come online in July 2018, leaving the local cement business moderately stagnant over the quarter. However, a rebound in cement production began in November 2018 which is expected to boost RDF and biomass supply in the coming quarter with revenue and EBTIDA growth expected to remain positive by year-end.

ENTAG's consolidated revenues recorded EGP 0.2 million in 3Q18, down from EGP 85.5 million recorded in 3Q17 due to a slowdown in its operations in Egypt, Oman and the UAE. The fall in ENTAG's revenue drove consolidated EBITDA down to negative EGP 16.3 million in 3Q18, from EGP 30.8 million in 3Q17. Despite the slowdown in operations during the period, work has picked up at the start of 4Q18, with healthy profits expected to be realized by year-end.

Total Biomass Supplied (3Q18)

33,740
Tons
▼40% y-o-y

Total RDF Supplied (3Q18)

10,848
Tons
▼51% y-o-y

ERC

QH OWNERSHIP — c.17%

ERC reaches overall construction progress of c.98.8% as of December 2018

ERC's construction site in Greater Cairo

Egyptian Refining Company (ERC) is building a USD 4.3 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.98.8% as of December 2018.

ERC's construction site in Greater Cairo

ERC's construction site in Greater Cairo

As of November 2018, ERC has withdrawn USD 2,529 million from its extended facility totaling USD 2,887 million, with the c.USD 358 million balance earmarked for utilization during the coming period.

The following areas have been commissioned: the Plant Air System, the Instrument Air System, the Demineralized Water System, the Cooling Water System, and the Fire Fighting System – these essentially make up all the required utilities at the plant. Recently, the Diesel and Naphtha Hydro-treaters were tested and commissioned.

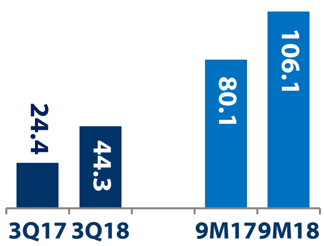
Sector Review: Transportation & Logistics

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

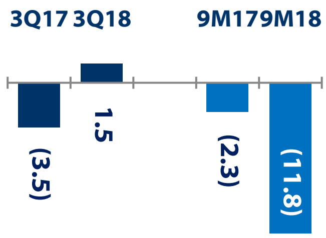
QH OWNERSHIP — 67.6%

Nile Logistics records strong 82% y-o-y growth in revenues to EGP 44.3 million in 3Q18

Revenues
(EGP mn)



EBITDA
(EGP mn)



Operational and Financial Performance

Nile Logistics delivered exceptional top-line growth during the quarter of 82% y-o-y in 3Q18 to EGP 44.3 million, up from EGP 24.4 million recorded in 3Q17. The quarter's strong revenue growth was driven by both the company's South Sudanese and Egyptian divisions, with the latter benefitting from a ramp-up in operations at the company's Inland Container Depot at Nubareya combined with a pick-up in coal handling activity during 3Q18. On a nine-month basis, the company recorded revenues of EGO 106.1 million, up by 32% compared to the same period last year and driven largely by the USD 1.2 million revenue generated by the company's South Sudanese division.

On the EBITDA level, Nile Logistics turned a profit of EGP 1.5 million in 3Q18 compared to a loss of EGP 3.5 million in 3Q17. This was primarily driven by the continued trips in South Sudan during the quarter, which have a relatively high EBITDA margin at around 70%.

Nile Logistics' operations in Egypt reported a 48% y-o-y rise in revenues in 3Q18, to EGP 33.4 million from EGP 22.6 million recorded in the same quarter of last year. This came on the back of strong results reported by Nile Logistics' stevedoring operations which handled 275 thousand tons in 3Q18, representing an 88% y-o-y increase compared to the third quarter of last year. Coal at the Alexandria and Nubareya ports represented the full volume handled by stevedoring operations during the quarter. Nonetheless, the division's EBITDA decreased during the quarter with the company just breaking even during the third quarter. On a nine-month basis, revenues from the company's Egyptian operations increased by 3% y-o-y to EGP 85.1 million, with the division reporting a negative EBITDA of EGP 7.2 million, down from a positive EGP 8.3 million reported during the same period last year. This came on the back of a 7% fall in tons handled during the first nine months of 2018 by Nile Logistics' stevedoring operations in Egypt, which fell to 631 thousand tons from 678 thousand tons handled during the third quarter of last year.

On the business development front, Nile Logistics has been successful in capitalizing on the phase-out of energy subsidies which the Egyptian government has been carrying out over the last few years. This has allowed river transport to emerge as a lower-priced and thus more attractive alternative in the wake of rising trucking rates. On top of this, the company finalized a deal with the General Company for Silos & Storage (GCSS) to transport grain from Alexandria's Port to GCSS' silos. To date, the company has already completed several trips as part of this deal. Fleet additions and maintenance, expanded storage capacity, and a more comprehensive offering of transportation and logistics services form the cornerstones of Nile Logistics' growth strategy and are expected to help stimulate operational activity and capture the anticipated rise in industry demand, and thus driving the company's top- and bottom-line growth. Construction of the grain storage warehouse in Nubareya is well underway, with the objective of bringing a greater share of the company's storage function in-house and eliminating third-party profit margins on storage facilities. Once fully constructed, the facility will have a capacity of 100-120k tons, and is expected to come online in 1H2019.

Stevedoring Tons Handled
(3Q18)

275
K Ton

▲88% y-o-y

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).

Operational and Financial Performance

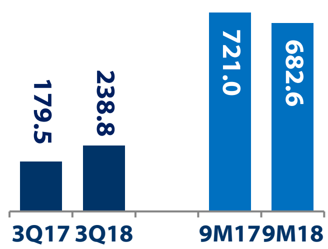
ASCOM's consolidated EBITDA posted a 99% y-o-y growth in 3Q18 to EGP 30.3 million on consolidated revenues of EGP 238.8 million over the same period, up by 33% y-o-y. Growth was driven by a combination of top- line growth and operational improvements at ACCM and GlassRock. On a nine-month basis, ASCOM's consolidated revenue and EBITDA fell by 5% and 29% y-o-y, respectively in 9M18 as falling quarrying revenues during the period outweighed this quarter's strong results.

ASCOM GEOLOGY & MINING

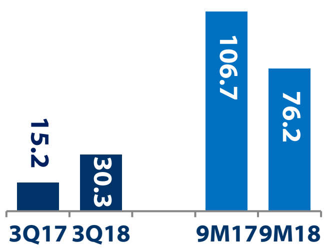
QALAA HOLDINGS OWNERSHIP — 54.7%

ASCOM reports exceptional 99% y-o-y growth in EBITDA to EGP 30.3 million in 3Q18

ASCOM Consolidated Revenues
(EGP mn)



ASCOM Consolidated EBITDA
(EGP mn)



ASCOM Subsidiaries (EGP mn unless otherwise stated)	3Q17	3Q18	% chg	9M17	9M18	% chg
ACCM Revenues (in USD mn)	4.3	5.4	*26%*	12.9	15.6	*21%*
ACCM EBITDA (in USD mn)	1.1	1.2	*14%*	3.9	4.0	*3%*
GlassRock Revenues (in USD mn)	1.6	2.8	*68%*	4.4	7.1	*61%*
GlassRock EBITDA (in USD mn)	(0.1)	0.2	*N/A*	(0.6)	0.3	*N/A*
Egypt Quarrying Revenues	101.3	92.2	*(9%)*	319.4	270.0	*(15%)*
Egypt Quarrying EBITDA	7.0	6.5	*(8%)*	28.8	17.8	*(38%)*
Other Quarry Management Revenues - ex Egypt*	7.1	(6.7)	*N/A*	91.1	10.0	*(89%)*
Other Quarry Management EBITDA - ex Egypt*	(2.2)	(0.5)	*(76%)*	4.6	(12.7)	*N/A*

ACCM revenues were up 26% y-o-y to USD 5.4 million in 3Q18 from USD 4.3 million recorded in the third quarter of last year. Revenue growth was driven by a pickup in demand from both local and export markets which led to a 14% y-o-y increase in volumes sold to 73 thousand in 3Q18. The company's EBITDA was also up 14% y-o-y to USD 1.2 million compared to the USD 1.1 million recorded in 3Q17. In the first nine months of 2018, ACCM reported revenues of USD 15.6, a 21% y-o-y rise compared to the same period last year, and an EBITDA of USD 4.0 million, representing a 3% y-o-y increase compared to 9M17.

GlassRock continued to post strong results during the third quarter of 2018 as the company's revenues grew 68% y-o-y to USD 2.8 million, up from USD 1.6 million reported in 3Q17. During the quarter, GlassRock continued to leverage its increased competitiveness in its export markets, with volumes sold recording 2.1 thousand tons, up 4% compared to the same period of last year. Although volumes sold increased only marginally in 3Q18, the company's cost-conscious strategy during the period led to enhanced efficiencies in its production process, with EBITDA turning a profit during the period of USD 0.2 million compared to a loss of EGP 0.1 million in 3Q17. In 9M18, GlassRock revenues increased 61% y-o-y to USD 7.1 million from USD 4.4 million recorded in the first nine months of 2017. In the same period, GlassRock's EBITDA came in at USD 0.3 million, up from the negative EBITDA of USD 0.6 million recorded in 9M17.

At ASCOM's **Egypt Quarrying** operation, revenues saw a 9% y-o-y decrease to EGP 92.2 million in the third quarter of 2018. The decline in revenues was largely due to a 33% y-o-y fall in volumes sold to 5.9 million tons on the back of intermittent stoppages at cement plants in Sinai over the quarter due to security challenges. Similarly, EBITDA fell by 8% y-o-y to EGP 6.5 million in 3Q18, down from EGP 7.0 million recorded in 3Q17. On a nine-month basis, both revenues and EBITDA were down by 15% and 38%, respectively. Revenues fell to EGP 270.0 million from the EGP 319.4 million recorded in 9M17, while EBITDA decreased to EGP 17.8 million from the EGP 28.8 million recorded during the same period last year.

ACCM Volumes Sold (3Q18) | **Egypt Quarrying Business Volumes Sold (3Q18)** | **GlassRock Volumes Sold (3Q18)**

Sector Review: Cement

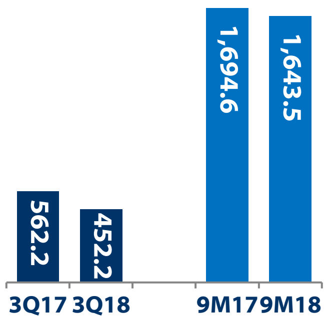
Qalaa Holdings' operational cement platform company is ASEC Holding, which comprises cement manufacturing (ASEC Cement which has two production facilities: Al-Takamol Cement in Sudan and Zahana Cement Co. in Algeria which is under divestment); construction (ARESCO and ASEC Automation); and technical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

Operational and Financial Performance

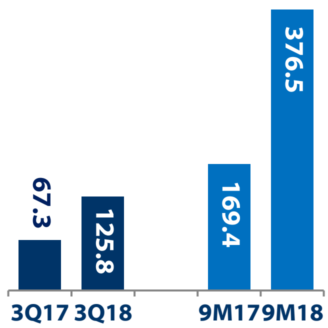
ASEC Holdings' consolidated revenues decreased by 20% y-o-y in the third quarter of 2018, coming in at EGP 452.2 million compared to the EGP 562.2 million recorded in 3Q17. Despite this, a 154% y-o-y growth in ASEC Engineering's EBITDA for the quarter, helped drive the 87% y-o-y consolidated EBITDA growth for 3Q18. This represented a more than two-fold growth in ASEC Holdings' EBITDA margin from 12% to 28% during the period. On a nine-month basis, ASEC Holdings witnessed a 3% y-o-y decline in revenues to EGP 1,643.5 million in 9M18, while the company's consolidated EBITDA recorded a strong 122% y-o-y increase to EGP 376.5 million in 9M18. It is important to note that as of 3Q18, results of ASEC Holdings subsidiaries that are currently under sale, including Zahana Cement in Algeria, ARESCO and ESACO, were re-allocated to Discontinued Operations on the income statement and booked below the EBITDA line at the consolidated level.

QALAA HOLDINGS OWNERSHIP — 69.2%

ASEC Holding Consolidated Revenues
(EGP mn)



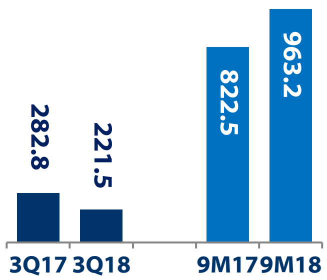
ASEC Holding Consolidated EBITDA
(EGP mn)



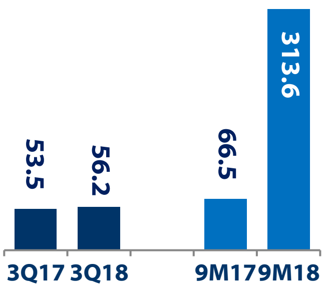
ASEC HOLDING OWNERSHIP — 59.9%

ASEC Cement witnessed a 22% year-on-year fall in revenues to EGP 221.5 million in 3Q18

ASEC Cement Revenues
(EGP mn)



ASEC Cement EBITDA
(EGP mn)



ASEC Cement reported a 22% y-o-y fall in revenues during the third quarter of 2018 to EGP 221.5 million in 3Q18 from EGP 282.8 million recorded in the same quarter of last year. Despite the quarter's decline in revenues, continued improvement at Al-Takamol Cement's operations in Sudan combined with favorable selling prices, helped drive the company's ASEC Cement's EBITDA up 5% y-o-y to EGP 56.2 million in 3Q18 compared to EGP 53.5 million recorded in 3Q17. On a nine-month basis, revenues witnessed a 17% y-o-y rise to EGP 963.2 million from EGP 822.5 million recorded in 9M17, while the company's EBITDA grew 372% y-o-y to EGP 313.6 million in the first nine months of 2018.

Sudan's **Al-Takamol Cement** reported y-o-y revenue growth of 1% to EGP 301.1 million. The company's top-line growth was driven solely by the continued increase in prices per ton, which more than offset a drop in its sales volume of 19% y-o-y to c.170 thousand tons. During the quarter, the company addressed technical issues that caused reduced production at Al-Takamol during July and August, with the company returning to its pre-July production rate as of September 2018. EBITDA witnessed a strong 46% y-o-y increased to EGP 99.1 million during the third quarter of the year, up from EGP 67.8 million recorded in 3Q17. On a nine-month basis, revenues were up 18% y-o-y to EGP 963.2 million, while EBITDA recorded a 223% y-o-y growth to EGP 347.9 million in 3Q18.

Algeria's **Zahana Cement** reported a y-o-y revenue decrease of 30% to EGP 152.2 million in 3Q18, down from EGP 218.2 million recorded in 3Q17. The fall in the company's top-line was largely driven by a decrease in volumes sold, which fell by 27% y-o-y to c.160 thousand tons, down from c.230 thousand tons sold during the third quarter of 2017. The company's EBITDA decreased by 44% y-o-y during 3Q18 to EGP 43.9 million, from EGP 77.8 million recorded in 3Q17. In the first nine months of the year, the company's revenues were down 13% y-o-y to EGP 456.3 million, while EBITDA was down 5% y-o-y to EGP 119.0 million. It is important to note that prior to 3Q18, Zahana's results were consolidated under Share of Associates. However, with Zahana Cement currently held for sale, its results have been re-classified under Discontinued Operations starting 3Q18, with its year-to-date results also restated to reflect the company's results under discontinued operations. In November 2018, Qalaa announced the signing of a Memorandum of Understanding (MoU) between Groupe Industriel Des Ciments (GICA) and ASEC Cement which should see GICA purchase ASEC's shares in Zahana. The sale is expected to be completed by June 2019 subject to the mutual agreement on the fair market value of the shares and the completion of conditions precedent. Zahana has also made significant progress in the construction of its new production line. The new production line is expected to inject and additional 1.6 million TPA of capacity, and is expected to come online in early 2020.

ASEC Cement Subsidiaries (EGP mn)	3Q17	3Q18	% chg	9M17	9M18	% chg
Al-Takamol Cement Revenues	298.9	301.1	*1%*	814.6	963.2	*18%*
Al-Takamol Cement EBITDA	67.8	99.1	*46%*	107.9	347.9	*223%*
Zahana (Algeria) Revenues*	218.2	152.2	*(30%)*	527.1	456.3	*(13%)*
Zahana (Algeria) EBITDA*	77.8	43.9	*(44%)*	125.8	119.0	*(5%)*

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

Al-Takamol Total Sales Volume (3Q18)

170
K Tons
▼19% y-o-y

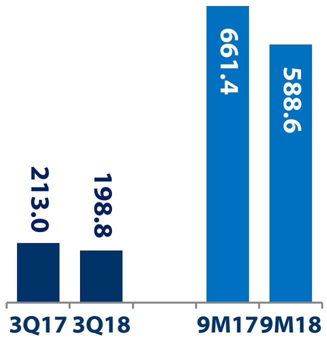
Zahana Total Sales Volume (3Q18)

160
K Tons
▼27% y-o-y

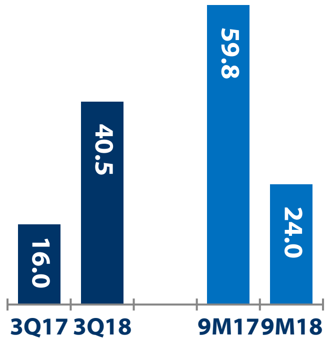
ASEC HOLDING OWNERSHIP — 99.9%

ASEC Engineering reports a 154%year-on-year increase in EBITDA to EGP 40.5 million in 3Q18

ASEC Engineering Revenues
(EGP mn)

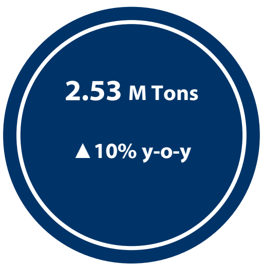


ASEC Engineering EBITDA
(EGP mn)



ASEC Engineering reported revenues of EGP 198.8 million in the third quarter of 2018, down 7% y-o-y from EGP 213.0 million recorded during the same period of last year. During the quarter, some ASEC Engineering clients continued to experience stoppages as part of a more general slowdown across the entire Egyptian cement market. Nonetheless, total managed capacity for the quarter witnessed a 10% y-o-y rise to 2.53 million tons, up from 2.31 million tons managed in 3Q17. During the quarter, ASEC Engineering benefitted from a rise in selling prices which helped drive the company's EBITDA up 154% to EGP 40.5 million, from EGP 16.0 million recorded in 3Q17. In the first nine months of 2018, revenues fell by 11% y-o-y to EGP 588.6 million, while EBITDA decreased by 60% y-o-y to EGP 24.0 million.

Managed Clinker Production
(3Q18)



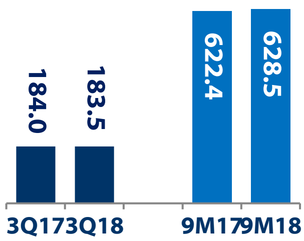
Sector Review: Agrifoods

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

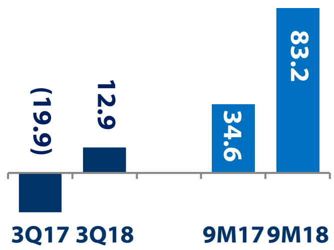
QALAA HOLDINGS OWNERSHIP — 54.9%

Gozour records positive EBITDA of EGP 12.9 million in 3Q18 compared to the negative EGP 19.9 million recorded in 3Q17

Consolidated Gozour Revenues
(EGP mn)



Consolidated Gozour EBITDA
(EGP mn)



Gozour reported a positive EBITDA of EGP 12.9 million in the third quarter of 2018 compared to a negative EBITDA of EGP 19.9 million reported in the same quarter of last year. The strong improvement in the company's EBITDA came on the back of a new diversified and higher-priced product offering at ICDP combined with an improved efficiency at both its subsidiaries. Gozour consolidated revenues for the quarter came in broadly flat during 3Q18 at EGP 183.5 million compared to the EGP 184.0 million recorded in the same quarter of last year. Revenues saw little y-o-y change despite a fall in both milk and SKUs sales for the quarter compared to 3Q17. On a nine-month basis, revenues witnessed a 1% y-o-y increase to EGP 628.5 million compared to the same period of last year, while EBITDA recorded a 140% y-o-y increase to EGP 83.2 million in 3Q17.

It is worth noting that Qalaa divested its stake in ACST (Dina Farms supermarket chain) at the end of 2017 with the transaction proceeds being fully utilized in settling some of ACST's liabilities.

Gozour Subsidiaries (EGP mn)	3Q17	3Q18	% chg	9M17	9M18	% chg
Dina Farms Revenues	128.0	147.6	*15%*	485.1	509.1	*5%*
Dina Farms EBITDA	16.8	32.5	*94%*	126.5	109.7	*(13%)*
ICDP Revenues (Fresh Dairy producer)	46.4	50.8	*9%*	133.0	156.6	*18%*
ICDP EBITDA	(1.3)	2.5	*N/A*	1.4	12.6	*813%*

- **Dina Farms** reported a 15% y-o-y increase in revenues to EGP 147.6 million in 3Q18, compared to the EGP 128.0 million recorded in 3Q17. The increase was driven by a pickup in the agriculture segment combined with higher milk prices, which more than outweighed the marginal 2% y-o-y drop in milk sales for the quarter. Strong revenue growth helped drive EBITDA up to EGP 32.5 million for the quarter, representing a 94% y-o-y increase compared to the EGP 16.8 million recorded in the third quarter of last year. On a nine-month basis, revenues were up 5% y-o-y to EGP 509.1 million while EBITDA witnessed a 13% y-o-y decline to EGP 109.7 million in 3Q18 compared to the same period of last year.

- **ICDP**, which markets Dina Farms' fresh dairy produce, witnessed an increase in revenues to EGP 50.8 million in 3Q18 up from the EGP 46.4 million recorded in 3Q17, representing a y-o-y increase of 9%. The increase in revenues came amidst a general slowdown in the market which resulted in a 10%y-o-y decline in SKU volumes sold to 3 thousand tons. On the back of this quarter's revenue growth, the subsidiary's EBITDA turned positive to EGP 2.5 million in 3Q18 compared to last year's negative EBITDA of EGP 1.3 million on the back of higher prices and a new and diversified product offering. In the first nine months of the year, the company's revenues reported an 18% y-o-y increase to EGP 156.6 million, while EBITDA recorded a 183% y-o-y increase to EGP 12.6 million in 9M18.

Dina Farms Sales (3Q18)

16,448
Tons raw milk
▼2% y-o-y

Dina Farms Total Herd (as at 30 September 2018)

15,328*
Cows
▲7% y-o-y

* Of which 6,667 are milking cows

ICDP Sales (3Q18)

Dina Farms' fresh dairy producer

3,014
SKUs in Tons
▼10% y-o-y

ENERGY

CEMENT

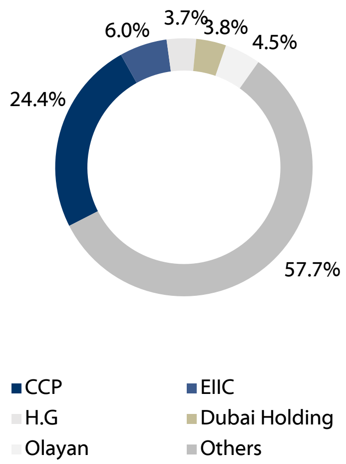
MINING

AGRIFOODS

TRANSPORTATION & LOGISTICS

SHAREHOLDER STRUCTURE

(as at 30 Nov 2018)



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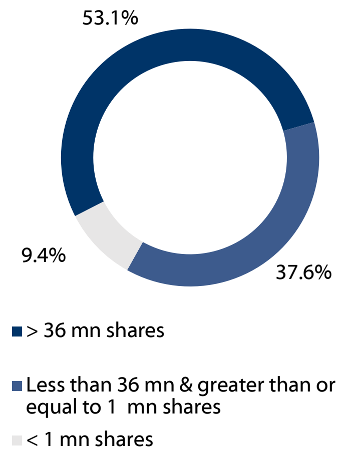

SHARE INFORMATION

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

INVESTOR RELATIONS CONTACTS

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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.