Qalaa Holdings Reports FY/4Q2017 Results

Qalaa delivers top-line growth of 22% y-o-y to EGP 9.3 billion and EBITDA growth of 56% y-o-y to EGP 769.1 million in FY2017; bottom-line squeezed by one-time impairments

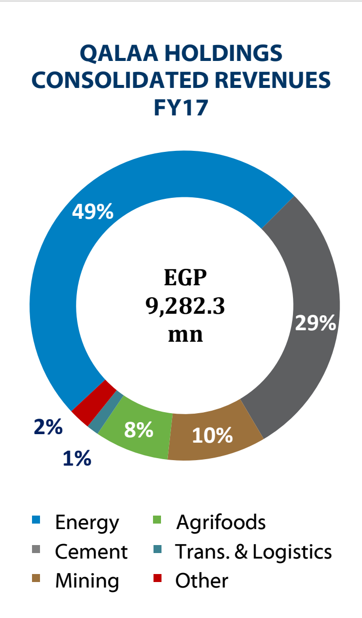
FY 2017 Consolidated Income Statement Highlights	
Revenues EGP 9,282.3 mn vs. EGP 7,620.0 mn in FY16	
EBITDA EGP 769.1 mn vs. EGP 492.6 mn in FY16	Net Profit After Minority EGP (4,714.0) mn vs. EGP (4,141.6) mn in FY16
Highlights from Consolidated Balance Sheet as at 31 December, 2017	
Total Assets EGP 73,092.2 mn vs. EGP 73,182.0 mn in FY16*	Total Equity EGP 10,257.7 mn vs. EGP 16,470.5 mn in FY16*

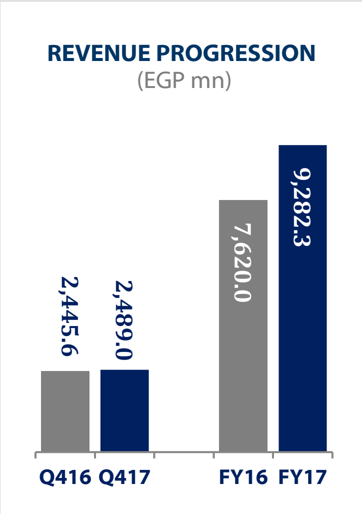
Financial and Operational Highlights

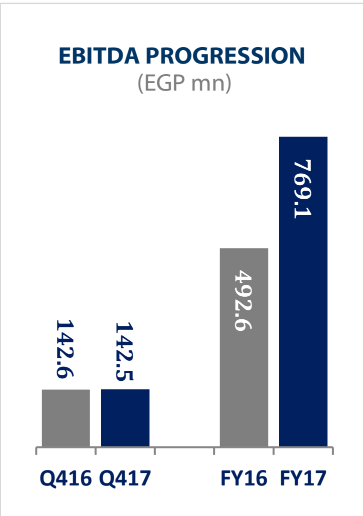
Qalaa Holdings, a leader in energy and infrastructure (CCAP.CA on the Egyptian Exchange, formerly Citadel Capital), released today its consolidated financial results for the year ending 31 December 2017, reporting revenues of EGP 9,282.3 million, up 22% y-o-y on the back of strong growth from its energy subsidiaries, TAQA Arabia and Tawazon, as well as ASCOM, its operational platform in the mining sector. Qalaa booked a net loss of EGP 4,714.0 million in FY2017 driven primarily by EGP 4,259.0 million in impairments booked during the year, which management expects to be the final round of significant impairments, as well as by EGP 434.1 million in losses from discontinued operations. On a quarterly basis, revenues grew by 2% y-o-y to EGP 2,489.0 million in 4Q17 while impairments and interest expenses weighed down Qalaa's bottom-line, resulting in a net loss of EGP 1,262.9 in 4Q17.

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 2016 figures as previously stated on Qalaa Holdings' consolidated balance sheet.*







- **Qalaa recorded total revenues of EGP 9,282.3 million in FY17, up 22% y-o-y from EGP 7,620.0 million in FY16. On a quarterly basis, total revenues grew by 2% y-o-y to EGP 2,489.0 million in 4Q17.**

  Qalaa's energy sector was the largest contributor to revenues in FY17 at 49% and was also the primary driver for revenue growth during the year at c.83% in absolute terms. The energy sector's performance came on the back of strong top-line gains by TAQA Arabia and Tawazon during the year.

  Revenue from the mining sector also witnessed impressive growth due to ASCOM's increased competitiveness in the wake of the Egyptian pound's float and the strong export positions of its subsidiaries ACCM and GlassRock. As a result, mining sector revenues grew by 28% y-o-y to EGP 954.2 million, representing a c.15% contribution to absolute revenue growth.

  ASEC Holdings, Qalaa's cement platform and its second-largest contributor to revenue after its energy sector (FY17 contribution: 29%), grew by a steady 4% y-o-y to post revenues of EGP 2,692.9 million in FY17, representing a c.8% contribution to absolute revenue growth during the year. Revenue growth for ASEC Holdings was primarily driven by a strong performance of ASEC Engineering and ASEC Cement's Sudan-based subsidiary, Al Takamol Cement, on the back of both volume and price growth.

- **Share in associates' results posted EGP 31.0 million, down 20% y-o-y as repeated plant stoppages led to weakened performance at ASEC Cement's Zahana Cement plant in Algeria in early 2017.**

  On a quarterly basis, however, share in associates' results recorded an 11% y-o-y increase to EGP 13.2 million in 4Q17, as Zahana Cement recovered from the technical difficulties it witnessed throughout the first couple of quarters in 2017.

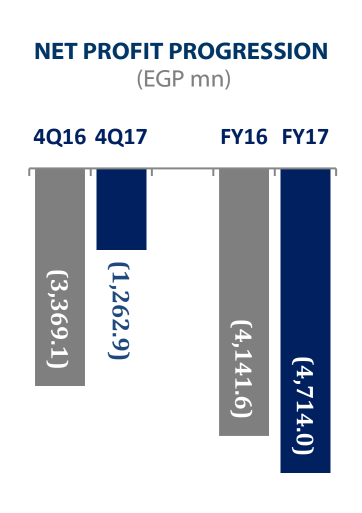
- **Qalaa recorded substantial growth at the EBITDA level to reach EGP 769.1 in FY17, up 56% y-o-y.**

  Mining, cement, and agrifoods sectors contributed the majority of absolute EBITDA growth during the year. EBITDA remained relatively flat in 4Q17 compared to 4Q16, contracting slightly by 0.1% y-o-y to EGP 142.5 million in 4Q17.

- **Bank interest expense increased by 49% y-o-y to EGP 995.5 million in FY17, primarily driven by the CBE's float of the Egyptian pound in November 2016 affecting USD-denominated debt booked primarily at the Qalaa Holdings level.**

  Bank interest expenses arising from the USD-denominated debt on the holding level recorded a significant increase post the float to hover at EGP 80-90 million per quarter.

- **Qalaa recorded a net gain from sale of investments of EGP 15.3 million in FY17** where losses on sale of investments during 3Q and 4Q17 of EGP 389.1 million were offset by a gain in sale of investments in 2Q17 of EGP 404.4 million related to the sale of ASEC Djelfa**.**



- **Impairments/write downs grew almost three-fold from EGP 1,461.8 million in FY16 to EGP 4,259.0 million.**

  Major impairments during FY17 included EGP 3,245.0 million booked for Africa Railways (RVR), an EGP 359.5 million impairment of receivables from the sale of AAC and AMC (subsidiaries of United Foundries), and EGP 489 million impairment associated with the sale of MENA Homes subsidiary, Bonyan (Designopolis Mall), for which an SPA was signed in April 2018. Management expects this to be the last round of significant impairments.

- **Provisions in FY17 amounted to EGP 272.5 million, with EGP 169.3 million in provisions recorded in 4Q17.**

  Provisions in the final quarter of the year mainly constituted EGP 115.0 million by Zahana Cement in Algeria as a penalty for not meeting specific KPIs agreed upon with the Algerian government.

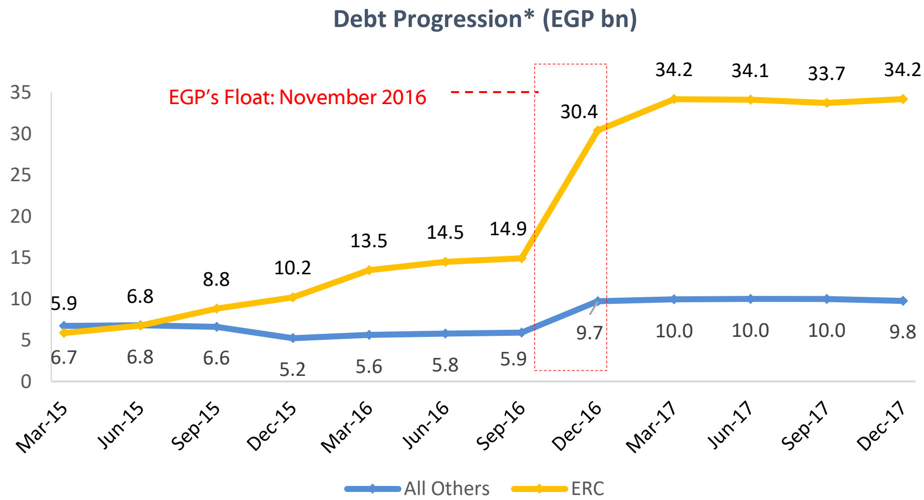
- **Losses from discontinued operations fell 51% y-o-y to EGP 434.1 million from EGP 883.6 million in FY16.**

  The EGP 434.1 million booked in FY17 consisted of EGP 68.4 million related to Mena Homes (Designopolis), EGP 224.0 million from Africa Railways (RVR), and EGP 59.7 million booked from Dina Farms' retail supermarket chain.

- **Qalaa booked an FX gain of EGP 92.3 million in FY17 compared to an FX loss of EGP 2,028.1 million in FY16**, with previous year losses being driven by the Egyptian pound's float and its effect on USD-denominated debt.

- **Qalaa recorded a net loss after minority interest of EGP 4,714.0 million in FY17 compared to a net loss of EGP 4,141.6 million recorded in the previous year.**

- **Qalaa's consolidated debt excluding Egyptian Refining Company (ERC) reached EGP 9.78 billion as at 31 December 2017 compared to EGP 9.71 billion at 31 December 2016. ERC's total debt as at 31 December 2017 closed at EGP 34.18 billion, up from EGP 30.41 billion at 31 December 2016.**



**The Debt Progression chart excludes Africa Railways' debt.*

Management Comment

"Thanks to a prudent reform program, Egyptian businesses are benefiting from newly found competitiveness with Qalaa's platforms being no exception."

"Qalaa's full-year results reflect the ongoing transformation across our portfolio companies, with several platforms gearing-up for a new growth phase," said Qalaa Holdings Chairman and Founder Ahmed Heikal. "Solid operational performance saw us deliver a 22% increase in our top-line to EGP 9.3 billion as energy, mining, cement, and transportation plays continued to capitalize on the prevailing economic trends and turn new market dynamics into growth opportunities and into avenues to create shareholder value."

"Our energy businesses were successful in leveraging favorable policies to their benefit, with TAQA Arabia capturing the upside of energy subsidy reform and growing its marketing, distribution, and generation businesses, while Tawazon was quick to satisfy rising demand for alternative fuels. We're optimistic about growth prospects for both companies, where TAQA's new venture into solar power at the Benban Solar Park is earmarked to come onstream in 1H2019, with construction already underway and financing secured. Meanwhile, Tawazon is working to double its RDF production capacity with machinery already procured and commissioning expected by early 2019."

"We're also pleased to announce that Qalaa has reached a restructuring agreement for the Egyptian Refining Company with all stakeholders, including lenders, co-shareholders, and contractors to ensure timely project completion. Qalaa is currently exploring options to potentially increase its indirect ownership stake in this mega project, which will not only transform our company but is also a strategic asset for the Egyptian economy," Heikal added.

"Thanks to a courageous reform program, Egyptian businesses are benefiting from newly found competitiveness and Qalaa's platforms are now ideally positioned to deliver returns and capitalize on new market dynamics," said Qalaa Holdings Co-Founder and Managing Director Hisham El-Khazindar. "In parallel to growth at our energy plays, we are extracting value from ASCOM's strengthening position in export markets and expanding margins thanks to an EGP cost base. To that end, we are looking to expand production capacities by 60-70% at ASCOM's calcium carbonate operation, where the majority of output is exported, and we expect new capacities to come online by early 2020."

"Meanwhile, rising energy costs and an anticipated round of subsidy removal on diesel fuel will increasingly favor Nile Logistics and bring to light the advantages of river transport over conventional trucking. River transport presents a lower-priced and more efficient alternative for the transport of goods, and Nile Logistics is ideally positioned to capture the upside. Management is also actively building a comprehensive logistics services suite, including a new grain storage facility expected to commence operations in early 2019 and drive significant top- and bottom-line growth for Nile Logistics," El-Khazindar added.

"These favorable developments that have validated our investment thesis and are affecting all our portfolio companies, along with ERC's start of production which is earmarked for 2019, leave us confident that 2017 was an inflection point for Qalaa and that 2018 and beyond will witness further improvement in our financial results leading to a positive bottom-line in 2019. We also continue push forward with our portfolio restructuring strategy, whether through asset sales or initial public offerings, having exited our investment in garment manufacturer DICE through an IPO on the Egyptian Exchange, divested from ASEC Djelfa, and most recently, signed an SPA to exit Designopolis Mall through the sale of our stake in Bonyan in 2Q18," 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 Consolidate Companies	Energy	TAQA Arabia, tawazon, ERC
	Transportation & Logistics	NILE LOGISTICS
	Mining	ASCOM GEOLOGY & MINING
	Cement	اسيك القابضة asec holding
	Agrifoods	جذور Gozour, WAFRA
	Specialized Real Estate	BONYAN DEVELOPMENT AND TRADE
	Metallurgy	U.C.F. United Company For Foundries, اسيك UNITED
Equity Method Consolidated Companies (Share of Associates)	Mid-cap Buyouts	GRANDVIEW Investment Holdings Corp
	Media & Retail	تنوير

Qalaa Holdings Consolidated Income Statement (in EGP mn)

	Restated (1)					Restated (2)					As Previously Reported				
	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2017	1Q 2016	2Q 2016	3Q 2016	4Q 2016	FY 2016	1Q 2016	2Q 2016	3Q 2016	4Q 2016	FY 2016
Revenue	2,090.4	2,254.8	2,448.2	2,489.0	9,282.3	1,680.3	1,768.8	1,725.3	2,445.6	7,620.0	1,731.8	1,799.0	1,792.9	2,525.1	7,848.8
COS	(1,687.4)	(1,867.6)	(2,051.8)	(2,108.5)	(7,715.3)	(1,346.7)	(1,469.4)	(1,461.2)	(2,090.8)	(6,368.1)	(1,388.5)	(1,492.2)	(1,519.1)	(2,172.5)	(6,572.3)
Gross Profit	**403.1**	**387.2**	**396.4**	**380.4**	**1,567.1**	**333.6**	**299.4**	**264.1**	**354.8**	**1,251.9**	**343.3**	**306.8**	**273.8**	**352.6**	**1,276.5**
Advisory fee	4.7	2.9	(0.0)	(0.0)	7.5	2.4	2.6	2.6	4.7	12.4	2.4	2.6	2.6	4.7	12.4
Share in associates' results	(13.4)	15.4	15.8	13.2	31.0	14.1	3.8	8.9	11.9	38.6	14.1	3.8	8.9	11.9	38.6
Total Operating Profit	**394.3**	**405.4**	**412.2**	**393.7**	**1,605.6**	**350.0**	**305.8**	**275.6**	**371.4**	**1,302.9**	**359.8**	**313.2**	**285.3**	**369.2**	**1,327.5**
SG&A	(242.8)	(234.5)	(209.9)	(268.4)	(955.7)	(196.6)	(205.1)	(182.0)	(267.8)	(851.5)	(210.8)	(220.6)	(203.9)	(291.8)	(927.2)
Other inc/exp-Net	29.1	12.0	30.7	35.3	107.1	4.2	12.2	8.5	60.1	85.0	3.4	12.2	6.0	64.1	85.7
EBITDA before one-off charges	**180.6**	**182.9**	**233.0**	**160.5**	**756.9**	**157.6**	**113.0**	**102.1**	**163.7**	**536.4**	**152.4**	**104.8**	**87.3**	**141.5**	**486.1**
SG&A (Non recurring)	(4.7)	(1.8)	36.7	(18.0)	12.2	(9.2)	(11.9)	(1.6)	(21.1)	(43.8)	(9.2)	(11.9)	(1.6)	(21.1)	(43.8)
EBITDA	**175.9**	**181.1**	**269.6**	**142.5**	**769.1**	**148.4**	**101.1**	**100.5**	**142.6**	**492.6**	**143.2**	**92.9**	**85.7**	**120.5**	**442.2**
Dep./Amort.	(119.9)	(123.5)	(117.2)	(119.3)	(479.9)	(101.9)	(112.0)	(108.3)	(192.7)	(514.9)	(83.6)	(100.2)	(97.2)	(194.3)	(475.2)
EBIT	**56.0**	**57.6**	**152.5**	**23.3**	**289.2**	**46.5**	**(10.9)**	**(7.8)**	**(50.1)**	**(22.3)**	**59.6**	**(7.3)**	**(11.5)**	**(73.8)**	**(33.0)**
Bank interest exp.	(207.1)	(228.3)	(281.6)	(278.5)	(995.5)	(130.3)	(139.2)	(146.6)	(251.0)	(667.2)	(130.0)	(138.8)	(147.5)	(249.4)	(665.8)
Bank PIK - Bank Fees (ERC - PIK)	(71.5)	(49.7)	(47.4)	(50.8)	(219.4)	(18.1)	(4.0)	(16.7)	(30.2)	(69.1)	(18.1)	(4.0)	(16.7)	(30.2)	(69.1)
3rd party Shareholder	(55.1)	(54.3)	(51.4)	(49.0)	(209.8)	(23.0)	(22.5)	(23.0)	(28.9)	(97.3)	(0.5)	(44.9)	(23.0)	(28.9)	(97.3)
Interest income	25.3	34.9	93.8	48.6	202.6	21.0	22.5	32.8	41.7	117.9	21.0	22.5	33.0	41.5	118.0
Lease payments	(1.1)	(1.1)	(1.1)	(1.1)	(4.4)	(1.1)	(1.1)	(1.1)	(1.1)	(4.4)	(1.7)	(1.7)	(1.7)	(1.7)	(7.0)
EBT (before one-offs)	**(253.6)**	**(240.9)**	**(135.2)**	**(307.5)**	**(937.3)**	**(105.0)**	**(155.2)**	**(162.4)**	**(319.7)**	**(742.3)**	**(69.7)**	**(174.4)**	**(167.4)**	**(342.6)**	**(754.1)**
Gain (Loss) on sale of investments	-	404.4	(103.1)	(286.0)	15.3	19.5	(0.0)	(15.9)	28.5	32.2	19.5	(0.0)	(15.9)	28.5	32.2
Impairments/write downs	(17.2)	(3,153.5)	(9.0)	(1,079.4)	(4,259.0)	(5.0)	(256.0)	(17.9)	(1,182.9)	(1,461.8)	(5.0)	(256.0)	(19.6)	(1,182.9)	(1,463.5)
Restructuring consulting fees	-	-	-	(3.2)	(3.2)	(17.5)	(6.7)	(1.1)	(6.0)	(31.3)	(17.5)	(6.7)	(1.1)	(6.0)	(31.3)
Layoffs/Severances	(8.5)	(14.7)	(6.6)	(31.6)	(61.4)	(12.3)	(2.5)	(2.4)	(14.3)	(31.5)	(12.3)	(2.5)	(2.4)	(14.3)	(31.5)
CSR	(2.4)	(3.0)	(3.7)	(2.9)	(12.0)	(1.3)	(2.8)	(3.2)	(2.4)	(9.8)	(1.3)	(2.8)	(3.2)	(2.4)	(9.8)
Provisions	(39.5)	(17.5)	(46.2)	(169.3)	(272.5)	(25.9)	(20.6)	(35.0)	(184.4)	(265.9)	(25.9)	(20.6)	(35.0)	(184.4)	(265.9)
Discontinued operations *	(237.8)	(27.0)	(26.5)	(142.8)	(434.1)	(107.9)	(156.7)	(133.7)	(485.3)	(883.6)	(93.9)	(131.4)	(101.3)	(439.1)	(765.7)
Forex	61.1	(22.1)	(102.2)	155.4	92.3	(59.4)	(23.8)	33.5	(1,978.4)	(2,028.1)	(45.0)	(39.1)	19.9	(2,003.4)	(2,067.6)
EBT	**(497.8)**	**(3,074.4)**	**(432.5)**	**(1,867.3)**	**(5,871.9)**	**(314.9)**	**(624.3)**	**(338.2)**	**(4,144.8)**	**(5,422.3)**	**(251.1)**	**(633.6)**	**(326.0)**	**(4,146.5)**	**(5,357.2)**
Taxes	(48.6)	(3.4)	(32.2)	5.6	(78.7)	(37.2)	(19.3)	(15.5)	(148.0)	(220.0)	(41.8)	(22.5)	(16.3)	(146.3)	(226.7)
NP/L Including Minority Share	**(546.6)**	**(3,077.8)**	**(464.7)**	**(1,861.7)**	**(5,950.6)**	**(352.1)**	**(643.7)**	**(353.7)**	**(4,292.8)**	**(5,642.3)**	**(292.9)**	**(656.1)**	**(342.3)**	**(4,292.8)**	**(5,584.0)**
Minority Interest	(163.0)	(321.9)	(152.9)	(598.8)	(1,236.6)	(70.5)	(366.1)	(140.3)	(923.7)	(1,500.6)	(50.2)	(369.0)	(134.6)	(923.7)	(1,477.4)
NP/L for the Period	**(383.5)**	**(2,755.9)**	**(311.8)**	**(1,262.9)**	**(4,714.0)**	**(281.6)**	**(277.5)**	**(213.4)**	**(3,369.1)**	**(4,141.6)**	**(242.7)**	**(287.1)**	**(207.6)**	**(3,369.1)**	**(4,106.5)**

1) Revenues for the first three quarters of 2017 were restated to account for the sale of ACST (Dina Farms retail supemarket chain) in 4Q17, with its results being booked as discontinued operations.
2) Comparative figures restated to retroactively account for ASEC Holding's shareholder loan interest for 1Q 2016, as well as the reclassification of ESACO from discontinued to continued operations.
In addition, figures were restated to recognize higher Dep. & Amort. for ASCOM and TAQA Tangible & Intangibles resultant from assets revaluation following the purchase price allocation.

* Discontinued operations include:
(1) Assets included in 2016 & 2017: Africa Railways, Djelfa (ASEC Holding) and Designopolis (Mena Home)
(2) Assets with zero results in 2017: Enjoy and Mom's Food (Gozour)
(3) Comparative figures include assets reclassified and sold in 2016: Mashreq & Tanmeyah
(4) New assets classified in 2017: TAQA Solar Energy reserve

Qalaa Holdings Consolidated Income Statement by Sector for the three-month period ending 31 December 2017 (in EGP mn)

			Energy			Cement	T&L^	Mining	Agrifoods		Others		
	QH	SPVs	ERC	TAQA	Tawazon	ASEC Holding	Nile Logistics	ASCOM	Gozour	Wafra	Misc.^^	Elimination	4Q 2017
Revenue	-	-	-	1,234.3	98.0	653.1	35.6	233.2	139.1	(1.4)	97.2	-	2,489.0
Cost of Sales	-	-	-	(1,116.8)	(103.4)	(517.0)	(28.6)	(178.1)	(94.0)	0.3	(70.9)	-	(2,108.5)
Gross Profit	**-**	**-**	**-**	**117.5**	**(5.5)**	**136.1**	**6.9**	**55.1**	**45.1**	**(1.1)**	**26.3**	**-**	**380.4**
Advisory fee	29.0	-	-	-	-	-	-	-	-	-	-	(29.0)	-
Share in Associates' Results	-	-	-	-	-	8.8	-	-	-	-	-	4.4	13.2
Total Operating Profit	**29.0**	**4.8**	**-**	**117.5**	**(5.5)**	**144.9**	**6.9**	**55.1**	**45.1**	**(1.1)**	**26.3**	**(24.6)**	**393.7**
SG&A	(59.7)	(14.2)	(17.7)	(25.1)	(7.7)	(68.6)	(11.3)	(46.3)	(39.1)	(5.4)	(10.1)	36.9	(268.4)
Other Income/Expenses (Net)	-	2.8	-	(10.3)	1.1	9.3	(0.7)	21.8	3.2	7.3	0.8	-	35.3
EBITDA (before one-offs)	**(30.7)**	**(11.4)**	**(17.7)**	**82.1**	**(12.1)**	**85.6**	**(5.0)**	**30.7**	**9.2**	**0.8**	**17.0**	**12.3**	**160.5**
SG&A (Non recurring)	(4.6)	(0.1)	-	-	-	(6.3)	-	(7.0)	-	-	-	-	(18.0)
EBITDA	**(35.4)**	**(11.5)**	**(17.7)**	**82.1**	**(12.1)**	**79.3**	**(5.0)**	**23.7**	**9.2**	**0.8**	**17.0**	**12.3**	**142.5**
Depreciation & Amortization	(0.6)	-	(6.6)	(17.4)	(3.3)	(17.2)	(9.6)	(29.4)	(10.9)	(0.2)	(2.9)	(21.2)	(119.3)
EBIT	**(36.0)**	**(11.5)**	**(24.3)**	**64.7**	**(15.5)**	**62.1**	**(14.6)**	**(5.7)**	**(1.7)**	**0.6**	**14.1**	**(9.0)**	**23.3**
Bank Interest Expense	(93.2)	(27.5)	-	(26.2)	(1.4)	(54.2)	(47.7)	(15.5)	(7.9)	-	(5.0)	-	(278.5)
Bank PIK - Bank Fees (ERC-PIK)	-	(22.5)	(28.3)	-	-	-	-	-	-	-	-	-	(50.8)
3rd Party Shareholder	-	(67.0)	-	-	-	(109.6)	(8.6)	(2.3)	-	-	(9.1)	147.6	(49.0)
Interest Income	70.7	70.1	1.8	58.3	-	2.3	-	-	0.4	-	-	(155.0)	48.6
Lease Payments	-	-	-	-	-	-	(1.1)	-	-	-	-	-	(1.1)
EBT (before one-offs)	**(58.5)**	**(58.4)**	**(50.9)**	**96.8**	**(16.9)**	**(99.3)**	**(71.9)**	**(23.5)**	**(9.2)**	**0.6**	**-**	**(16.4)**	**(307.5)**
Gain (Loss) on Sale of Investments	-	-	-	1.3	-	(508.6)	-	(3.6)	64.5	-	-	160.4	(286.0)
Impairments/Write-downs	(258.2)	(14,988.0)	-	17.6	(2.8)	(10.7)	-	0.7	(23.9)	-	(454.8)	14,640.9	(1,079.4)
Layoffs/Severances	(3.2)	-	-	(1.6)	-	(9.5)	-	-	(17.3)	-	-	-	(31.6)
CSR	(1.4)	-	-	(1.5)	-	-	-	-	-	-	-	-	(2.9)
Provisions	-	(6.4)	-	(9.7)	(4.5)	(129.9)	(16.7)	(0.7)	(0.4)	-	(1.1)	-	(169.3)
Discontinued Operations **	-	-	-	-	-	(75.9)	-	-	(12.6)	-	(65.6)	11.3	(142.8)
FOREX	90.5	(26.6)	(0.3)	49.7	(0.4)	(34.4)	0.1	5.1	58.6	(4.4)	5.1	12.4	155.4
EBT	**(233.8)**	**(15,079.4)**	**(51.1)**	**152.6**	**(24.6)**	**(868.4)**	**(88.5)**	**(22.0)**	**59.5**	**(3.8)**	**(516.3)**	**14,808.6**	**(1,867.3)**
Taxes	-	-	-	(72.0)	1.1	69.4	0.1	0.7	1.0	-	0.5	4.8	5.6
Net P/L Before Minority Share	**(233.9)**	**(15,079.4)**	**(51.1)**	**80.6**	**(23.5)**	**(799.0)**	**(88.4)**	**(21.3)**	**60.5**	**(3.8)**	**(515.8)**	**14,813.4**	**(1,861.7)**
Minority Interest	-	-	(11.9)	17.6	(12.4)	(234.6)	(27.0)	(1.9)	-	(0.2)	-	(328.3)	(598.8)
Net Profit (Loss)	**(233.9)**	**(15,079.4)**	**(39.2)**	**63.1**	**(11.2)**	**(564.4)**	**(61.4)**	**(19.4)**	**60.5**	**(3.6)**	**(515.8)**	**15,141.7**	**(1,262.9)**

** Discontinued operations include:
(1) Assets included in 2016 & 2017: Africa Railways and Designopolis (Mena Home)
(2) Assets with zero results in 2017: Djelfa (ASEC Holding), Enjoy and Mom's Food (Gozour)
(3) New assets classified in 2017: TAQA Solar reserve

^ 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 year ending 31 December 2017 (in EGP mn)

			Energy			Cement	T&L^	Mining	Agrifoods		Others		
	QH	SPVs	ERC	TAQA	Tawazon	ASEC Holding	Nile Logistics	ASCOM	Gozour	Wafra	Misc.^^	Elimination	FY 2017
Revenue	-	-	-	4,143.5	444.4	2,692.9	117.8	954.2	712.7	4.6	212.2	-	9,282.3
Cost of Sales	-	-	-	(3,736.5)	(360.0)	(2,181.9)	(94.2)	(686.4)	(508.5)	(2.8)	(145.0)	-	(7,715.3)
Gross Profit	-	-	-	**407.0**	**84.4**	**511.0**	**23.7**	**267.8**	**204.2**	**1.8**	**67.2**	-	**1,567.1**
Advisory fee	116.2	14.7	-	-	-	-	-	-	-	-	-	(123.4)	7.5
Share in Associates' Results	-	-	-	-	-	30.3	-	-	-	-	-	0.7	31.0
Total Operating Profit	**116.2**	**14.7**	-	**407.0**	**84.4**	**541.3**	**23.7**	**267.8**	**204.2**	**1.8**	**67.2**	**(122.7)**	**1,605.6**
SG&A	(194.3)	(42.7)	(46.3)	(132.9)	(25.7)	(237.9)	(44.2)	(178.0)	(133.3)	(16.1)	(28.1)	123.7	(955.7)
Other Income/Expenses (Net)	-	4.4	0.3	(2.0)	3.6	24.7	5.0	47.5	2.6	19.1	1.9	-	107.1
EBITDA (before one-offs)	**(78.0)**	**(23.6)**	**(46.1)**	**272.1**	**62.3**	**328.1**	**(15.5)**	**137.4**	**73.5**	**4.9**	**41.1**	**1.0**	**756.9**
Dividend Income	-	16.8	-	-	-	-	-	-	-	-	-	(16.8)	-
SG&A (Non recurring)	(12.2)	37.7	-	-	-	(6.3)	-	(7.0)	-	-	-	-	12.2
EBITDA	**(90.3)**	**642.3**	**(46.1)**	**272.1**	**62.3**	**321.8**	**(15.5)**	**130.4**	**73.5**	**4.9**	**41.1**	**(627.2)**	**769.1**
Depreciation & Amortization	(2.2)	(0.1)	(8.4)	(53.2)	(12.9)	(73.9)	(38.7)	(149.6)	(44.2)	(0.2)	(11.6)	(85.0)	(479.9)
EBIT	**(92.5)**	**642.2**	**(54.5)**	**218.9**	**49.4**	**247.8**	**(54.2)**	**(19.2)**	**29.3**	**4.7**	**29.4**	**(712.2)**	**289.2**
Bank Interest Expense	(329.2)	(172.7)	-	(75.1)	(6.2)	(195.6)	(103.1)	(62.8)	(30.6)	-	(20.1)	-	(995.5)
Bank PIK - Bank Fees (ERC-PIK)	-	(80.7)	(138.7)	-	-		-	-	-	-	-	-	(219.4)
3rd Party Shareholder	-	(239.0)	-	-	-	(435.6)	(32.4)	(9.0)	-	-	(36.4)	542.6	(209.8)
Interest Income	266.0	245.9	13.3	208.3	-	3.2	0.1	-	0.5	-	36.1	(570.8)	202.6
Lease Payments	-	-	-	-	-	-	(4.4)	-	-	-			(4.4)
EBT (before one-offs)	**(155.7)**	**395.7**	**(179.9)**	**352.1**	**43.3**	**(380.2)**	**(194.0)**	**(91.1)**	**(0.8)**	**4.7**	**9.0**	**(740.5)**	**(937.3)**
Gain (Loss) on Sale of Investments	-	(12.0)	-	1.3	-	(105.6)	-	(105.3)	64.5	-	(1.1)	173.4	15.3
Impairments/Write-downs	(258.2)	(15,082.2)	-	17.6	(2.9)	(16.9)	-	(0.6)	(47.0)	-	(3,605.5)	14,736.7	(4,259.0)
Restructing consulting fees	(3.2)	-	-	-	-	-	-	-		-	-	-	(3.2)
Layoffs/Severances	(11.5)	-	-	(5.1)	-	(27.5)	-	-	(17.3)	-	-	-	(61.4)
CSR	(5.5)	-	-	(6.5)	-	-	-	-		-	-	-	(12.0)
Provisions	-	(24.9)	-	(64.3)	(4.5)	(155.9)	(17.2)	(3.4)	(0.5)	-	(1.8)	-	(272.5)
Discontinued Operations **	-	-	-	4.7	-	(86.1)	-	-	(59.7)	-	(336.3)	43.4	(434.1)
FOREX	(17.6)	100.0	(8.5)	47.5	(1.0)	(84.4)	23.1	(68.5)	57.8	(7.0)	50.9	-	92.3
EBT	**(451.7)**	**(14,623.4)**	**(188.3)**	**347.3**	**34.9**	**(856.7)**	**(188.0)**	**(268.9)**	**(3.0)**	**(2.3)**	**(3,884.8)**	**14,213.1**	**(5,871.9)**
Taxes	(0.6)	-	-	(142.8)	(10.0)	42.3	0.1	(1.5)	(8.9)		1.8	41.0	(78.7)
Net P/L Before Minority Share	**(452.3)**	**(14,623.4)**	**(188.3)**	**204.5**	**24.9**	**(814.4)**	**(188.0)**	**(270.3)**	**(12.0)**	**(2.3)**	**(3,883.1)**	**14,254.1**	**(5,950.6)**
Minority Interest	-	-	(25.6)	53.3	13.8	(138.3)	(47.3)	(16.8)	-	(0.7)	-	(1,075.2)	(1,236.6)
Net Profit (Loss)	**(452.3)**	**(14,623.4)**	**(162.8)**	**151.1**	**11.1**	**(676.1)**	**(140.7)**	**(253.6)**	**(12.0)**	**(1.6)**	**(3,883.1)**	**15,329.3**	**(4,714.0)**

** Discontinued operations include:
(1) Assets included in 2016 & 2017: Africa Railways and Designopolis (Mena Home)
(2) Assets with zero results in 2017: Djelfa (ASEC Holding), Enjoy and Mom's Food (Gozour)
(3) Comparative includes assets reclassified and sold in 2016: Mashreq & Tanmeyah

^ 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 31 December 2017 (in EGP mn)

		Energy			Cement	T&L^	Mining	Agrifoods						
	QH	ERC	TAQA Arabia	Tawazon	ASEC Holding	Nile Logisics	ASCOM	Gozour	Wafra	Misc.^^	FY 2017 Aggregation	Eliminations/ SPVs	FY 2017	FY 2016
Current Assets														
Trade and Other Receivables	1,715.6	29.3	1,397.4	220.6	2,460.1	71.1	401.3	149.7	-	416.9	6,861.9	(2,951.9)	3,909.9	3,131.2
Inventory	-	-	276.4	39.7	609.0	17.4	104.1	126.2	-	45.3	1,218.2	(0.0)	1,218.2	1,174.2
Assets Held For Sale	-	-	-	-	5.8	-	-	86.6	-	640.4	732.8	(115.6)	617.2	6,631.4
Cash and Cash Equivalents	79.4	567.3	1,352.7	13.1	264.5	2.5	16.7	7.7	0.2	14.7	2,318.9	34.6	2,353.5	2,837.0
Others	-	-	-	-	81.2	-	-	6.8	-	-	88.0	4.6	92.6	77.3
Total Current Assets	**1,795.0**	**596.5**	**3,026.5**	**273.4**	**3,420.6**	**91.0**	**522.1**	**377.0**	**0.2**	**1,117.3**	**11,219.7**	**(3,028.4)**	**8,191.4**	**13,851.2**
Non-Current Assets														
PP&E	36.5	55,647.2	645.6	89.1	775.5	697.7	1,044.7	704.6	-	37.1	59,678.1	667.2	60,345.2	53,878.8
Investments	8,269.6	-	0.7	-	451.9	-	143.8	-	-	-	8,866.0	(7,655.6)	1,210.4	1,301.2
Goodwill / Intangible assets	-	-	409.3	32.6	5.1	-	32.4	-	-	-	479.4	549.4	1,028.8	1,657.8
Others	2,022.7	1,899.5	33.3	-	23.2	-		359.7	-	-	4,338.5	(2,022.1)	2,316.4	2,493.0
Total Non-Current Assets	**10,328.8**	**57,546.7**	**1,088.9**	**121.7**	**1,255.8**	**697.7**	**1,220.9**	**1,064.4**	**-**	**37.1**	**73,362.0**	**(8,461.2)**	**64,900.8**	**59,330.8**
Total Assets	**12,123.8**	**58,143.2**	**4,115.3**	**395.1**	**4,676.4**	**788.7**	**1,743.1**	**1,441.4**	**0.2**	**1,154.4**	**84,581.7**	**(11,489.5)**	**73,092.2**	**73,182.0**
Shareholders' Equity														
Total Equity Holders of the Company	**5,889.4**	**14,423.3**	**1,081.1**	**95.5**	**(3,348.2)**	**(473.2)**	**192.9**	**172.3**	**(1,242.8)**	**(6,339.8)**	**10,450.4**	**(16,890.1)**	**(6,439.6)**	**186.7**
Minority Interest	-	7,739.5	469.6	61.7	961.6	(194.7)	(48.1)	(0.0)	(12.5)	(0.8)	8,976.5	7,720.9	16,697.4	16,283.7
Total Equity	**5,889.4**	**22,162.8**	**1,550.7**	**157.2**	**(2,386.6)**	**(667.9)**	**144.8**	**172.3**	**(1,255.3)**	**(6,340.5)**	**19,426.9**	**(9,169.2)**	**10,257.7**	**16,470.5**
Current Liabilities														
Borrowings	4,279.0	-	126.0	43.2	843.9	235.0	886.3	69.2	-	4,220.5	10,703.2	1,864.4	12,567.6	5,793.5
Trade and Other Payables	1,901.9	1,773.0	1,606.1	134.4	3,321.0	734.4	481.3	938.8	1,253.9	1,773.9	13,918.7	(1,801.7)	12,117.0	9,099.8
Provisions	53.5		297.1	51.0	372.9	16.6	27.5	19.8	1.6	13.2	853.1	29.9	883.0	681.5
Liabilities Held For Sale	-	-	-	-	255.0	-		133.2	-	938.9	1,327.1	(384.3)	942.8	5,912.3
Total Current Liabilities	**6,234.4**	**1,773.0**	**2,029.2**	**228.6**	**4,792.8**	**986.0**	**1,395.2**	**1,160.9**	**1,255.5**	**6,946.5**	**26,802.1**	**(291.7)**	**26,510.4**	**21,487.1**
Non-Current Liabilities														
Borrowings	-	34,175.2	337.1	-	49.6	366.3	39.6	72.4	-	-	35,040.2	563.3	35,603.5	34,234.3
Shareholder Loan	-	-	-	-	2,113.7	104.3	153.4	-	-	546.3	2,917.7	(2,880.8)	36.9	47.4
Long-Term Liabilities	-	32.2	198.3	9.3	106.8	-	10.2	35.8	-	2.2	394.7	288.9	683.6	942.7
Total Non-Current Liabilities	**-**	**34,207.4**	**535.4**	**9.3**	**2,270.1**	**470.6**	**203.1**	**108.2**	**-**	**548.5**	**38,352.7**	**(2,028.6)**	**36,324.1**	**35,224.4**
Total Liabilities	**6,234.4**	**35,980.4**	**2,564.7**	**237.9**	**7,063.0**	**1,456.6**	**1,598.3**	**1,269.2**	**1,255.5**	**7,495.0**	**65,154.8**	**(2,320.3)**	**62,834.5**	**56,711.6**
Total Equity and Liabilities	**12,123.8**	**58,143.2**	**4,115.3**	**395.1**	**4,676.4**	**788.7**	**1,743.1**	**1,441.4**	**0.2**	**1,154.4**	**84,581.7**	**(11,489.5)**	**73,092.2**	**73,182.0**

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

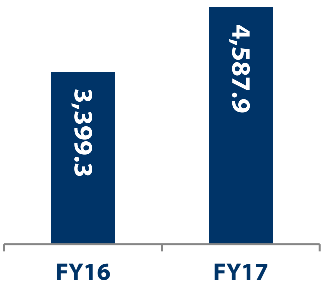
Sector Review: Energy

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

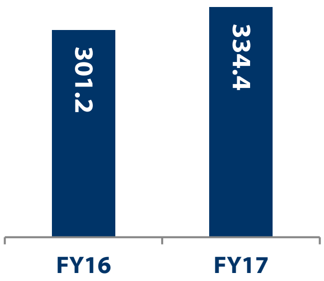
Operational and Financial Performance

Revenues from the energy sector recorded a strong 35% y-o-y increase in FY17 to EGP 4,587.9 million, constituting the bulk of Qalaa's consolidated top-line at 49%. Improved performance was driven by TAQA Arabia and Tawazon with both companies recording solid top-line gains during the year. Meanwhile, at the EBITDA level, the division posted an 11% y-o-y increase to EGP 334.4 million in FY17, supported by a more than twofold increase of Tawazon's EBITDA for the year. On a quarterly basis, segment revenues came in 8% higher y-o-y in FY17 at EGP 1,332.2 million, while EBITDA contracted by 35% y-o-y in 4Q17 to EGP 69.9 million, weighed down by lower contributions from TAQA Arabia and 4Q17 losses at Tawazon subsidiary ENTAG.

Energy Revenues*
(EGP mn)



Energy EBITDA*
(EGP mn)



(EGP mn unless otherwise stated)	4Q16	4Q17	% chg	FY16	FY17	% chg
TAQA Arabia Revenues	1,174.2	1,234.3	*5%*	3,214.5	4,143.5	*29%*
TAQA Arabia EBITDA	95.6	82.1	*(14%)*	277.0	272.1	*(2%)*
Tawazon Revenues	56.3	98.0	*74%*	184.8	444.4	*140%*
Tawazon EBITDA	12.0	(12.1)	*n/a*	24.2	62.3	*123%*

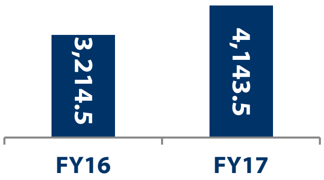
* Energy revenues and EBITDA are aggregate figures, representing the simple summation of TAQA Arabia and Tawazon's figures, as these are the only two operational companies within the Energy sector.

QALAA HOLDINGS OWNERSHIP — 60.92%

TAQA Arabia grows revenue 29% year-on-year to EGP 4,587.9 million in FY17

TAQA Arabia, Egypt's leading independent energy company, reported revenues of EGP 4,4143.5 million in FY17, up a solid 29% y-o-y, with revenue growth being supported by all of the company's operating arms, including power, gas, and marketing. Revenues in the fourth quarter came in at EGP 1,234.3 million in 4Q17, up 5% y-o-y, again supported by all divisions. TAQA Arabia's full-year EBITDA remained relatively flat at EGP 272.1 million in FY17 compared to EGP 277.0 million in the previous year. Meanwhile, EBITDA contraction at the company's power division in 4Q17 led to a 14% y-o-y decline in TAQA Arabia's consolidated EBITDA in the fourth quarter of the year to stand at EGP 82.1 million.

Consolidated TAQA Arabia Revenues
(EGP mn)



Consolidated TAQA Arabia EBITDA
(EGP mn)

TAQA Marketing continued to be the primary contributor to TAQA Arabia's revenues at 61%, recording a 57% y-o-y increase to EGP 2,622.6 million in FY17. The division's revenue growth for the year was driven by higher prices for fuel products in-line with the Egyptian government's gradual lifting of energy subsidies, with the latest round implemented in June 2017 and subsequent rounds expected in the coming fiscal year. Meanwhile, sales of fuel products (diesel and gasoline) remained largely stable at 794 million liters in FY17 compared to 805 million liters in FY16, while total lube sales stood at 4,411 tons at year-end versus 4,353 in the previous year. TAQA Marketing's revenues in 4Q17 came in at EGP 757.0 million, up 53% y-o-y. Stable volumes along with higher prices saw TAQA Marketing deliver margin improvements at the EBITDA level, which came in almost twofold higher in FY17 at EGP 107.3 million compared to EGP 58.5 million in FY16. On a quarterly basis, the division's EBITDA recorded a 59% y-o-y increase to EGP 26.6 million in 4Q17. As at 31 December 2017, TAQA Marketing operated 49 filling stations, having brought online only three new stations during the year, with the roll-out of additional stations delayed due to late government permits. It is worth noting that the division completed construction on an additional six new stations, which once operational upon receipt of said permits, will be in-line with management's plan of adding 7 new stations a year.

TAQA Gas recorded revenue growth of 25% y-o-y to EGP 775.9 million in FY17, with improved performance supported by the resumption of government installations in 4Q17, which followed an upward revision in installation fees to EGP 3,500 per client, and an increased focus on customer service installations (infill clients) during the year. TAQA Gas connected a total of 71,621 clients in FY17, down 32% y-o-y; however, a total of 19,354 higher-margin infill clients were contracted in FY17 compared to only 11,909 in FY16. This consequently helped the gas division to slightly inch up its EBITDA in FY17. The division's improved performance was also supported by higher proceeds from gas distribution which stood at 4.3 BCM in FY17, up 20% y-o-y on the back of increased natural gas imports and a seasonal hike in demand for power generation. TAQA Gas revenues in 4Q17 stood at EGP 252.9 million, up 31% y-o-y, while the division's EBITDA posted a strong 54% y-o-y increase to EGP 58.9 million. The cumulative number of connected domestic households stood at 897,998 clients as at 31 December 2017, up 9% y-o-y. The company is anticipating strong growth in the sector over the coming years from new exploration findings coming on stream coupled with liberalization in the gas market and increased participation from the private sector.

Revenues from TAQA Power came in at EGP 745.0 million in FY17, up 40% y-o-y with growth being driven by a 14% increase in total power distributed as well as higher electricity prices. Revenue growth was more pronounced in the fourth quarter of the year, during which the division recoded an uptick in both power distributed and generated, and posted revenues of EGP 224.4 million in 4Q17, up a solid 58% y-o-y. Higher generation in the fourth quarter, by 9% y-o-y, was driven by a rebound in the tourism sector, with management having extended its contract with a hotel in Marsa Alam into 2023 and collected all past dues of c.EGP 4 million. Management continues to exert efforts to diversify its revenue base and explore opportunities in new business lines, including energy efficiency, such as the design and implementation of energy-saving solutions and/or projects, and “waste to energy” services, such as power generation using agricultural and municipal waste. TAQA is also making progress on its solar power project at the Benban Solar Park, with financing secured and construction already underway, and the project being earmarked to come onstream in 1H2019.

TAQA Arabia Subsidiaries (EGP mn)	4Q16	4Q17	*% chg*	FY16	FY17	*% chg*
TAQA Arabia Power Revenues	142.4	224.4	*58%*	532.1	745.0	*40%*
TAQA Arabia Power EBITDA	20.0	18.8	*(6%)*	91.4	82.3	*(10%)*
TAQA Arabia Gas Revenues	193.6	252.9	*31%*	622.3	775.9	*25%*
TAQA Arabia Gas EBITDA	38.2	58.9	*54%*	117.9	121.1	*3%*
TAQA Marketing Revenues	494.0	757.0	*53%*	1,667.7	2,622.6	*57%*
TAQA Marketing EBITDA	16.7	26.6	*59%*	58.5	107.3	*84%*

Total Power Generated & Distributed* (FY17)

679.7*
M kW/hr
▲4% y-o-y

Total Gas Distributed (FY17)

4.3
BCM
▲20% y-o-y

Total Liquid Fuels Distributed (FY17)

794.3
M Liters
▼1% y-o-y

Filling Stations (FY17)

49**
Stations
vs. 45 as at FY16

*Of the total, 57.3% is distributed while the remainder is generated.

** Of which seven are CNG stations.

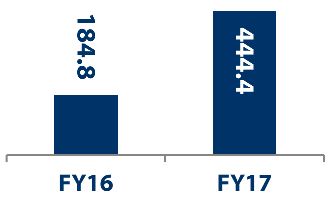
tawazon

QALAA HOLDINGS OWNERSHIP — 68.1%

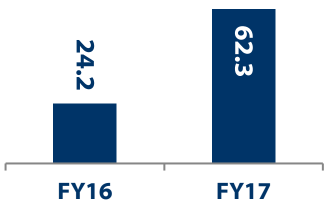
Tawazon posts 140% year-on-year revenue increase to EGP 444.4 million in FY17

Tawazon, Qalaa Holdings' solid waste management subsidiary, closed the year with a robust set of results, recording revenues of EGP 444.4 million, up an impressive 140% y-o-y, while company EBITDA came in 123% higher y-o-y at EGP 62.3 million. Strong performance comes on the back of solid operational results from subsidiaries **ECARU** and **ENTAG**, with each company contributing to both revenues and EBITDA growth. Meanwhile on a quarterly basis, Tawazon posted revenues of EGP 98.0 million, up 74% y-o-y, while EBITDA came in at negative EGP 12.1 million on the back of ENTAG's contract completions in Egypt and Oman.

Consolidated Tawazon
Revenues
(EGP mn)



Consolidated Tawazon
EBITDA
(EGP mn)

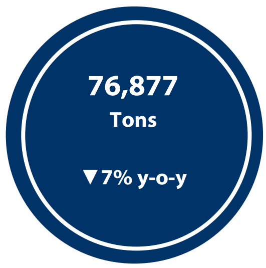


ECARU's revenues came in at EGP 288.4 million in FY17, up 65% y-o-y as the company continued to capitalize on higher demand for alternative fuels —primarily biomass— and its ability to pass on price increases in the prevailing inflationary environment. Total biomass volumes sold were up twofold to 240,628 tons in FY17, while sales of Refuse-Derived Fuel (RDF) inched down 7% y-o-y to 76,877 tons. The decline in RDF sales is due to a terminated client contract in 2Q17 as well as to several cement factories going offline during the year. Top-line growth was filtered to EBITDA which came in at EGP 43.3 million in FY17, up a significant 85% y-o-y. On a quarterly basis, ECARU recorded revenues of EGP 77.1 million in 4Q17, up 41% y-o-y with total biomass and RDF volumes sold up 55% and 9% y-o-y, respectively. Management reiterates its optimism with regards to the alternative fuels sector and ECARU's current growth trajectory, particularly with the phase-out of energy subsidies for conventional fuels and the continued issuance of new cement manufacturing licenses. To that end, ECARU is working to double its RDF production capacity from the current 80-100k tons per annum by the beginning of 2019, with procurement of machinery already completed and delivery expected by year-end.

ENTAG recorded an almost 12x increase in revenues to EGP 163.7 million in FY17 between its Egyptian and Omani operations, with the latter constituting the bulk at EGP 136.4 million. The company's performance slowed down in the fourth quarter as commissioned contracts were completed in both Egypt and Oman, with revenues coming in at a combined EGP 23.6 million, while EBITDA posted losses of EGP 29.8 million owing to fixed outlays. Nonetheless, contributions from ENTAG Oman throughout the year led consolidated EBITDA for the full-year to record EGP 11.5 million in FY17 versus EGP 2.2 million in FY16. Following the completion of ENTAG Oman's first contract in 3Q17, the company's second contract is pending approvals from the Omani government.

Total Biomass Supplied (FY17)

Total RDF Supplied (FY17)



QH OWNERSHIP — c.17%

ERC reaches overall construction progress of 96.9% as of April 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 96.9% as of April 2018.


ERC's construction site in Greater Cairo


ERC's construction site in Greater Cairo

As of April 2018, ERC has withdrawn USD 2,357.6 million from its extended facility totaling USD 2,887 million, with the c.USD 530 million balance earmarked for utilization during 2018.

Sector Review: Transportation and Logistics

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

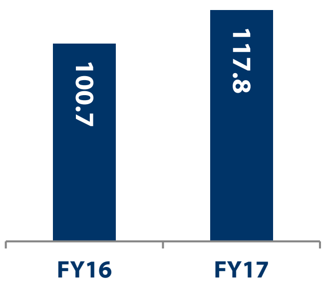
Operational and Financial Performance

Nile Logistics exhibited healthy growth in FY17 with consolidated revenues increasing by 17% y-o-y to EGP 117.8 million from EGP 100.7 million in FY16 on the back of improved pricing of stevedoring services and increasing contributions from the company's Inland Container Depot. Meanwhile, 4Q17 revenues came in at EGP 35.6 million, remaining somewhat stable compared to the EGP 35.4 million in the same period last year. Outsourcing costs for storage capacity, coupled with an increase in maintenance fees, continued to weigh down on profitability, with FY17 EBITDA posting negative EGP 15.5 million. EBITDA was also affected by a halt in operations at Nile Barges Sudan; however, the company completed maintenance work and recommissioned one of its barges into service, which generated USD 410 thousand in revenues and USD 290 thousand in EBITDA during the last quarter of the year. Losses at the EBITDA level narrowed significantly in 4Q17 to EGP 5.0 million versus EGP 11.8 million in 4Q16. Losses in 4Q17 were largely attributed to advisory fees of EGP 4.8 million booked in the company's selling, general, and administrative costs. Nile Logistics' standalone company NMT, which represents its operations in Egypt, booked revenues of 110.5 million in FY17, up 56% y-o-y, yielding an EBITDA of EGP 7.7 million.

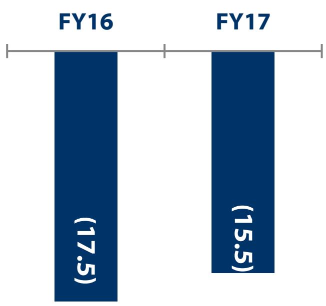
QALAA HOLDINGS OWNERSHIP — 67.6%

Nile Logistics records a 17% y-o-y increase in revenues to EGP 117.8 million in FY17

Revenues (EGP mn)



EBITDA (EGP mn)



Nile Logistics' stevedoring operations recorded an all-time record of c.920 thousand tons handled in FY17, representing a y-o-y increase of 6% from c.870 thousand tons handled in FY16. Almost all volume handled constituted coal cargo, with the exception of only 7 thousand tons of corn. 4Q17 volumes reached 242 thousand tons, up 25% y-o-y from 193 thousand tons in 4Q16, highlighting the ongoing success of the company's phased maintenance plan for both stevedoring and river transportation barges to increase its operational efficiency. The Inland Container Depot, launched in August 2016, continued to ramp up its operations, generating revenues of EGP 8.4 million in 4Q17, more than double its average quarterly revenues of c.EGP 3 million. Growth during the quarter was attributed to the introduction of refrigerated container ("reefer") services in October 2017.

In recent months, Nile Logistics has been successful in capitalizing on demand diverted to river transport as a lower-priced alternative in the wake of rising trucking rates caused by the removal of energy subsidies. Nile Logistics has already signed a contract with the General Company for Silos & Storage (GCSS) to transport grain from Alexandria Port to its silos, and the company has completed multiple trips during the second half of 2017. Meanwhile, as part of its initiative to drive down expenses through the elimination of third-party profit margins on storage facilities, Nile Logistics has successfully completed its fund raising for the construction of a grain storage warehouse on its Nubareya land. Construction on the warehouse has commenced with a total storage capacity of 100-120k tons and operations scheduled to begin in early 2019. The company is also currently finalizing offtake storage agreements with one of the largest international grain and commodities traders. Nile Logistics will continue to drive growth by diversifying its services to offer a one-stop shop in the transportation and logistics segment. The company will also expand its transportation, handling, and storage capacity to drive its operations forward and capture the anticipated growth in demand within the industry.

Stevedoring Tons Handled (FY17)

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

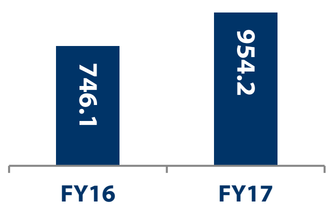
ASCOM recorded EGP 954.2 million in consolidated revenues for FY17, up 28% y-o-y driven primarily by increased foreign currency proceeds and its subsidiaries' increased competitiveness in the wake of the Egyptian pound's float. Revenue growth was also supported by improved performance at the company's Egyptian quarrying operations. At the EBITDA level, ASCOM posted a significant 228% y-o-y increase in FY17 to EGP 130.4 million, again supported by foreign currency proceeds against an EGP-denominated cost base. On a quarterly basis, revenues fell by 8% y-o-y to EGP 233.2 million in 4Q17 on the back of lower contributions from quarrying operations in both local and regional markets. Nonetheless, EBITDA in 4Q17 posted a 9% y-o-y increase to EGP 23.7 million in 4Q17.

ASCOM GEOLOGY & MINING

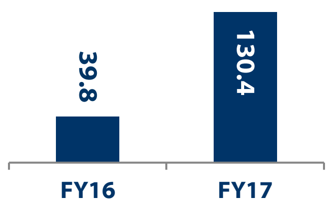
QALAA HOLDINGS OWNERSHIP — 54.7%

ASCOM EBITDA records 228% year-on-year increase in FY17 to EGP 954.2 million

ASCOM Consolidated Revenues
(EGP mn)



ASCOM Consolidated EBITDA
(EGP mn)



ASCOM Subsidiaries (EGP mn unless otherwise stated)	4Q16	4Q17	% chg	FY16	FY17	% chg
ACCM Revenues (in USD mn)	3.9	4.6	18%	19.1	17.5	-9%
ACCM EBITDA (in USD mn)	1.1	1.2	9%	4.2	5.1	22%
GlassRock Revenues (in USD mn)	1.7	2.4	36%	5.9	6.8	14%
GlassRock EBITDA (in USD mn)	(0.1)	-	n/a	(1.0)	(0.6)	(41%)
Egypt Quarrying Revenues	104.1	99.1	5%	375.0	418.5	12%
Egypt Quarrying EBITDA	2.6	(2.7)	n/a	14.2	26.1	84%
Other Quarry Management Revenues (ex Egypt)	55.3	15.7	(72%)	153.7	106.8	(31%)
Other Quarry Management EBITDA (ex Egypt)	1.2	(5.4)	n/a	15.7	(0.9)	n/a

ACCM recorded revenues of USD 17.5 million in FY17, down 9% y-o-y versus USD 19.1 million in FY16 on the back of lower volumes during the year. The company sold a total of 264.1 thousand tons in FY17, 5% lower than total volumes in the previous year. On a quarterly basis, however, total volumes sold recorded an 11% y-o-y gain, leading to an 18% y-o-y increases in ACCM revenues to USD 4.6 million in 4Q17. Meanwhile, higher export sales saw the company post EBITDA gains for both the fourth quarter and full-year results, recording USD 1.2 million in 4Q17 (+9% y-o-y) and USD 5.1 million in FY17 (+22% y-o-y).

GlassRock recorded healthy revenue growth of 14% y-o-y to USD 6.8 million as the company leveraged its increased competitiveness in the export market and drove volumes up. Total volumes sold in FY17 stood at 8.8 thousand tons, up a solid 41% y-o-y. The company also delivered revenue growth on a quarterly basis, posting USD 2.4 million in 4Q17 or 36% higher than the USD 1.7 million recorded in 4Q16. Improved top-line performance is helping narrow EBITDA losses, which contracted 41% y-o-y to negative USD 0.6 million in FY17, with the company breaking even at the EBITDA level in 4Q17.

At ASCOM's **Egypt Quarrying** operation, revenues posted EGP 418.5 million in FY17, up 12% y-o-y from EGP 375.0 million in FY16, despite the 16% y-o-y decrease in volumes sold during the year at 26.6 million tons. Growth was thus price-driven, with the company passing on increases in energy prices following the partial lifting of energy subsidies during the year. Consequently, EBITDA for the year showed an impressive 84% y-o-y increase to EGP 26.1 million in FY17. On a quarterly basis, revenues decreased 5% y-o-y to EGP 99.1 million in 4Q17, with security challenges in the Sinai resulting in intermittent stoppages at cement plants in that area, leading to a 63% y-o-y decline in total volumes sold to 3.3 million tons in 4Q17.

ACCM Volumes Sold (FY17)

264.1
K Tons
▼ 5% y-o-y

Egypt Quarrying Business Volumes Sold (FY17)

26.6
M Tons
▼ 16% y-o-y

Sector Review: Cement

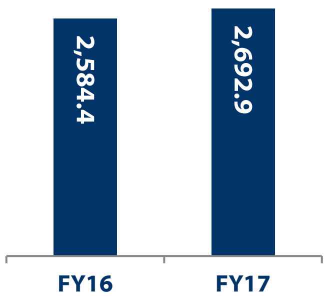
Qalaa Holdings' operational cement platform company is ASEC Holding, which comprises cement manufacturing (ASEC Cement which has two production facilities: Al-Takamol Cement in Sudan and Zahana Cement Co. in Algeria); construction (ARESCO and ASEC Automation); and technical management (ASEC Engineering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

Operational and Financial Performance

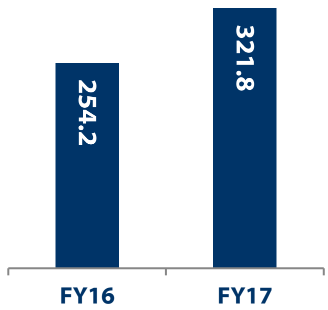
ASEC Holding's consolidated revenues were EGP 2,692.9 million in FY17, up 4% y-o-y and constituting 29% of Qalaa's total consolidated revenues for the year. Revenue growth was primarily driven by a strong performance at ASEC Engineering, which posted a solid 25% y-o-y top-line increase. Meanwhile, ASEC Cement subsidiaries Al-Takamol Cement and Zahana Cement overcame operational pull backs faced during the year, recording revenue growth of 19% and 65% y-o-y in 4Q17, respectively. ASEC Cement closed with an almost flat full-year performance with revenues of EGP 1,102.3 million in FY17 versus EGP 1,135.7 million in the previous year. At the EBITDA level, ASEC Holding recorded a 27% y-o-y increase in FY17 to EGP 321.8 million. EBITDA growth for the year was dual-driven by contributions from ASEC Cement and ARESCO. On a quarterly basis, ASEC Holding's EBITDA was up a significant 71% in 4Q17 to EGP 79.3 million.

QALAA HOLDINGS OWNERSHIP — 69.2%

ASEC Holding Consolidated Revenues
(EGP mn)

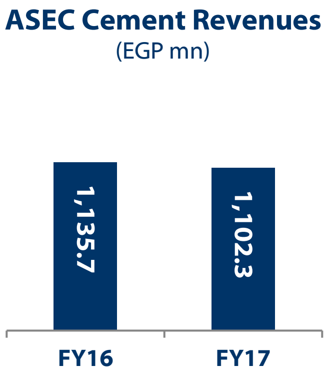


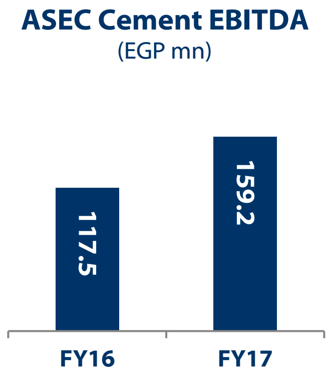
ASEC Holding Consolidated EBITDA
(EGP mn)



ASEC HOLDING OWNERSHIP — 59.9%

ASEC Cement increased EBITDA a solid 35% year-on-year to EGP 159.2 million in FY17





ASEC Cement's top-line performance remained somewhat flat in FY17, closing the year down 3% y-o-y to EGP 1,102.3 million. Nonetheless, the company's EBITDA recorded a solid 35% y-o-y increase to EGP 159.2 million in FY17, buoyed primarily by strong EBITDA growth at Al-Takamol Cement in Sudan. Meanwhile on a quarterly basis, revenues from ASEC Cement came in at EGP 279.8 million in 4Q17, down 18% y-o-y, while EBITDA booked EGP 73.9 million for the same period, reversing the negative EGP 8.0 million recorded in 4Q16.

Revenues from Sudan's **Al-Takamol Cement** reached EGP 1,106.7 million in FY17, up 25% y-o-y, with revenue growth being driven by both volume and prices. Total volumes sold during the year stood at c.840 thousand tons in FY17, up 4% y-o-y, where a 24% increase in the final quarter of the year helped offset the slump in volumes witnessed at the beginning of the year. Top-line growth was positively reflected on the company's EBITDA which recorded an impressive 118% y-o-y increase to EGP 197.0 million in FY17, with the majority having been generated in 4Q17 during which EBITDA was EGP 92.3 million. The company's strong performance in the fourth quarter comes on the back of higher operational efficiency and uninterrupted energy supply following the plant's connection to the national electricity grid in August 2017. It is also worth noting that cement prices have witnessed a sharp upward trend since the beginning of 2018 despite currency devaluation, and that Al-Takamol made market-share gains on the back of stoppages at a main competitor's plant. The company recorded volumes of c.265 thousand tons at the close of 1Q18, with full-year production volumes expected to reach at least c.1 million tons.

Meanwhile Algeria's **Zahana Cement** recovered from the technical difficulties that it witnessed up until 3Q17, with 4Q17 revenues posting a 65% y-o-y increase to EGP 219.0 million, resulting in a flat performance for the full year at EGP 739.3 million in FY17, down only 2% y-o-y. Total volumes sold during the year stood at c.790 thousand tons, down 15% y-o-y, while volumes sold in 4Q17 were flat at c.230 thousand tons. Zahana Cement recorded a 10% y-o-y decrease in EBITDA to EGP 178.9 million in FY17, while on a quarterly basis the company posted an 18% y-o-y increase in EBITDA to EGP 54.8 million.

ASEC Cement Subsidiaries (EGP mn)	4Q16	4Q17	*% chg*	FY16	FY17	*% chg*
Al-Takamol Cement Revenues	265.8	315.9	*19%*	888.7	1,106.7	*25%*
Al-Takamol Cement EBITDA	(15.6)	92.3	*n/a*	90.5	197.0	*118%*
Zahana (Algeria) Revenues*	132.8	219.0	*65%*	752.8	739.3	*(2%)*
Zahana (Algeria) EBITDA*	46.4	54.8	*18%*	199.0	178.9	*(10%)*

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

Al-Takamol Total Sales Volume (FY17)

0.84
M Tons
▲4% y-o-y

Zahana Total Sales Volume (FY17)

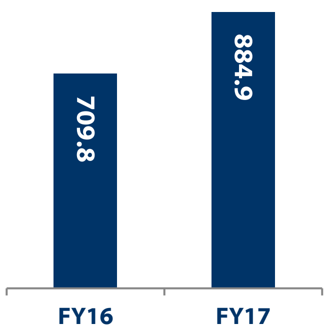
0.79
M Tons
▼15% y-o-y

asec اسيك ENGINEERING & MANAGEMENT

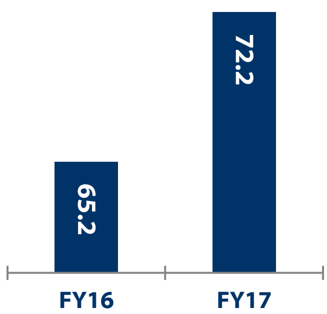
ASEC HOLDING OWNERSHIP — 99.9%

ASEC Engineering recorded a 54% year-on-year increase in 4Q17 EBITDA to EGP 21.5 million

ASEC Engineering Revenues
(EGP mn)

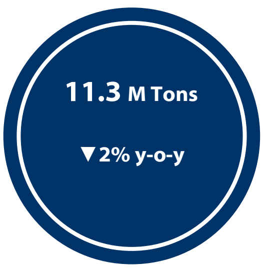


ASEC Engineering EBITDA
(EGP mn)



ASEC Engineering reported revenues of EGP 884.9 million in FY17, up 25% y-o-y on the back of a hike in production fees. Total managed capacity closed the year down 2% to 11.3 million tons in FY17. Meanwhile, revenues of EGP 223.5 million were recorded in 4Q17, up 7% y-o-y despite a similar decline in managed capacity during the quarter, with growth being supported again by higher fees and a focus on preventative maintenance with an effective technical support function. Meanwhile, consistent fuel supply and kiln availability across all projects helped drive up profitability, with the company recording a solid 54% y-o-y increase in EBITDA in 4Q17 to EGP 21.5 million and closing the full-year 11% up at EGP 72.2 million in FY17.

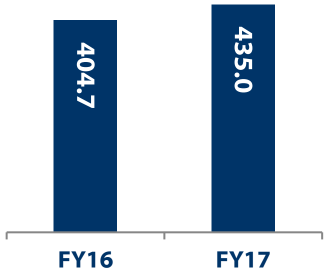
Managed Clinker Production
(FY17)



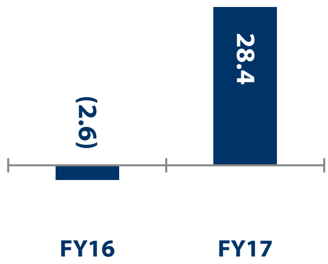
ASEC HOLDING OWNERSHIP — 99.9%

ARESCO reports a 7% year-on-year increase in revenues to EGP 435.0 million in FY17

ARESCO Revenues
(EGP mn)



ARESCO EBITDA
(EGP mn)
7



ARESCO recorded revenue growth of 7% y-o-y in FY17 to EGP 435.0 million, with improved top-line performance driven by implementation of the company's projects and an increased contribution from higher-margin steel fabrication contracts. ARESCO's EBITDA thus reversed the previous year's negative EGP 2.6 million and closed 2017 in the black at EGP 28.4 million. Completion of the company's contracts saw revenue generation during the fourth quarter decline 23% y-o-y to EGP 90.1 million, with ARESO's backlog closing the year at EGP 159.8 million versus EGP 445.5 million in FY16. ARESCO is aiming to aggressively grow its backlog with several new contracts in the pipeline.

Total Construction Backlog
(as at Sept. 2017)

159.8
EGP mn
▼ 64% y-o-y

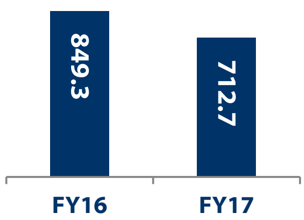
Sector Review: Agrifoods

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

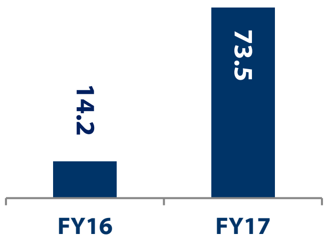
QALAA HOLDINGS OWNERSHIP — 54.9%

Gozour records a 419% year-on-year increase in FY17 EBITDA to EGP 73.5 million

Consolidated Gozour Revenues
(EGP mn)



Consolidated Gozour EBITDA
(EGP mn)



Gozour recorded consolidated revenues of EGP 712.7 in FY17, down 16% y-o-y on the back of weak operational performance at Dina Farms' retail supermarkets subsidiary, ACST. On a quarterly basis, consolidated revenues came in at EGP 242.9 million in 4Q17, representing a 31% decrease y-o-y. Conversely, EBITDA grew by 419% y-o-y to 73.5 million in FY17 on the back of strong operational efficiencies at Dina Farms' raw milk production. EBITDA during 4Q17 mirrored full-year performance and posted a threefold increase over 4Q16 to EGP 9.4 million in 4Q17. 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)	4Q16	4Q17	% chg	FY16	FY17	% chg
Dina Farms Revenues	102.2	124.6	*22%*	424.2	609.7	*44%*
Dina Farms EBITDA	27.0	25.3	*-6%*	83.7	146.6	*75%*
ICDP Revenues	41.6	48.6	*17%*	155.3	181.6	*17%*
ICDP EBITDA	5.3	7.8	*45%*	22.8	9.1	*-60%*

Dina Farms recorded strong results in FY17, with revenues increasing by 44% y-o-y to EGP 609.7 million in FY17 on the back of healthy growth in the production of raw milk. Despite a national outbreak of cattle fever during the third quarter of 2017, total raw milk production increased by 19% y-o-y to 78.4 thousand tons in FY17. In 4Q17, revenues also grew 22% y-o-y to EGP 124.6 million, where an increase in raw milk prices offset a 2% decline in raw milk sold during the quarter. While the company's 4Q17 EBITDA decreased by 6% y-o-y to EGP 25.3 million, EBITDA exhibited exceptional growth in FY17, increasing by 75% y-o-y to EGP 146.6 million in FY17 from EGP 83.7 million in FY16. Full-year EBITDA growth comes despite an increase in feedstock prices throughout the year, with Dina Farms working to offset that cost through increased self-sufficiency. Dina Farms' inhouse-planted feedstock reached c.120k tons in FY17 versus c.70k tons in FY16 and satisfying c.80% of the company's consumption with the balance sourced locally. Dina Farms is currently in the process of identifying external land locations with better fertility to cultivate up to 2,000 acres of corn silage as animal feedstock.

ICDP, which markets Dina Farms' fresh dairy produce, closed the year with a 17% y-o-y growth in revenues to EGP 181.6 million in FY17. Revenue growth was price-driven, with volumes declining 11% y-o-y to 13.0 thousand tons on the back of an overall slowdown in the juice and milk markets. The fourth quarter of the year saw ICDP record a similar 17% y-o-y increase in revenues to EGP 48.6 million despite a 10% y-o-y drop in volumes sold. The company posted a 5% y-o-y increase in 4Q17 EBITDA to EGP 7.8 million; however, lower volumes throughout the year weighed down full-year profitability, with EBITDA posting a 60% y-o-y decline to EGP 9.1 million in FY17.

Dina Farms Sales (FY17)

78,453
Tons raw milk
▲19% y-o-y

Dina Farms Total Herd (as at year-end 2017)

15,192*
Cows
▼3% y-o-y

* Of which 6,680 are milking cows

ICDP Sales (FY17)

Dina Farms' fresh dairy producer

13,017
SKUs in Tons
▼11% y-o-y

ENERGY

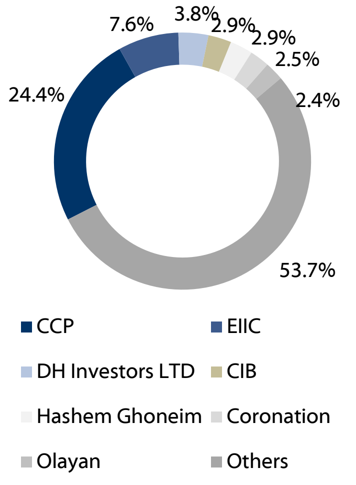
TRANSPORTATION & LOGISTICS

MINING

CEMENT

AGRIFOODS

SHAREHOLDER STRUCTURE
(as at March 2018)



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

Forward Looking Statements

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions, and beliefs of Qalaa Holdings. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes “targets” or “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “seek,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Qalaa Holdings may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Qalaa Holdings is subject to risks and uncertainties.

CCAP.CA on the Egyptian Stock Exchange	
Investor Relations Contacts	
Mr. Amr El-Kadi Head of Investor Relations akadi@qalaaholdings.com Tel: +20 2 2791-4440 Fax: +20 2 2791-4448	Mr. Tamer Darwish Investor Relations Manager tdarwish@qalaaholdings.com Tel: +20 2 2791 4440 Fax: +20 2 2791-4448