

Egypt Kuwait Holding Co. Releases 9M 2022 Earnings Results

EKH continued to deliver solid results in 9M 2022 with top-line growing 44% y-o-y to USD 849.0 million; EKH's EBITDA margin recorded 51% and attributable net income reached USD 207.1 million. EKH's strong performance was mainly backed by the Group's Fertilizers & Petrochemicals segment.

13 November 2022 | Cairo | Egypt Kuwait Holding Company (EKHO.CA and EKHOA.CA on the Egyptian Exchange and EKHK.KW on Boursa Kuwait), one of the MENA region's leading investment companies, reported today its consolidated results for the quarter ended 30 September 2022.

During 9M 2022, EKH recorded revenues of USD 849.0 million, a solid 44% y-o-y increase largely driven by strong performances across the Fertilizers and Petrochemicals segment. The segment's performance was supported by improved commodity pricing across both AlexFert and Sprea compared to their levels in the first nine months of 2021. EKH's growing top-line drove a nine percentage-point expansion in gross profit margin to 53% in 9M 2022 and an eight percentage-points expansion in EBITDA to 51% in 9M 2022. The revenue increase, gross profit and EBITDA expansion trickled down to EKH's attributable net income, which increased 54% y-o-y in 9M 2022 to USD 207.1 million.

During 3Q 2022, revenues rose 29% y-o-y to USD 273.0 million reflecting solid results at the Fertilizers and Petrochemicals segment. Gross profit margin grew by six percentage-points y-o-y in 3Q 2022 to 51%, while EBITDA margin expanded three percentage-points y-o-y to 49% during the same period. EKH's attributable net income grew 36% y-o-y to USD 63.6 million in 3Q 2022, reflecting a net income margin of 23.3%.

Commenting on the Group's performance, EKH Chairman Mr. Loay Jassim Al-Kharafi said: "I am pleased with EKH's solid performance recorded this quarter and for the nine months of 2022. Our top line results for the nine-month period reached a record USD 849 million reflecting an impressive 44% increase y-o-y. Our profitability remained strong with EBITDA margin registering 51% for 9M 2022 and net income recording USD 312.1 million with attributable net income reaching a record USD 207.1 million. Over the past nine months, our portfolio of investments continued delivering commendable results despite a challenging operational environment on both the domestic and global fronts, with hurdles that included continued global supply chain issues and rising inflation."

"I look forward to continue overseeing EKH's growth, whether it be through the organic growth of our portfolio companies, or through value accretive investments. On that note, I would like to thank EKH's team of executives and employees, whose efforts continue to allow us to grow and with whom I am confident that our group will continue to expand and prosper," **said Al-Kharafi.**

EKH's Chief Executive Officer Mr. Sherif El-Zayat further added: "I am pleased with the strong performance delivered over the past nine months reflected in a 44% increase in our top-line figures to USD 849.0 million. I am proud to report that the EKH continued to deliver strong levels of profitability, with EBITDA reaching 51% for the nine months of 2022, having sustained its level north of 45% for the fifth consecutive quarter. Our results were largely driven by the Fertilizers and Petrochemicals segment, owing to improved urea prices which have remained above their average historical levels, as well as higher commodity prices which Sprea was able to pass through to its customers."

"On the new investments front, Sprea's new formica and SNF production lines are now operational, and we expect the new sulfuric acid production line to begin operations in 4Q 2022. We also expect our new medium-density fiberboard production venture, Nile Wood, to come online during 2Q 2023. Furthermore, Kahraba's additional 20 MW generation capacity is expected to come online in 2Q 2023," **El-Zayat added.**

"EKH's strong results year-to-date are a testament to its resilience in the face of adversity, with the Group successfully overcoming challenging domestic and global conditions, including supply chain disruptions and raw material shortages. On that front, it is worth highlighting that c. 75% of EKH's revenues and net profit are either based in or linked to USD, including ONS's USD-equivalent revenues, AlexFert's export sales, and the commodity-linked pricing of Sprea's products. Additionally, revenues of NatEnergy and the insurance sector adjust to foreign exchange fluctuations, albeit with a lag. This makes EKH largely immune to foreign exchange movements," **El-Zayat concluded.**

EKH's standalone and consolidated financial statements for the period ended 30 September 2022 and its full 3Q 2022 Earnings Release are available for download at ir.ekholding.com.

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About EK Holding

Egypt Kuwait Holding Company (EKHO.CA and EKHOA.CA on the Egyptian Exchange and EKHK.KW on the Boursa Kuwait) is one of the MENA region's leading investment companies, with a portfolio of investments in six main sectors including fertilizers, petrochemicals, gas distribution and power generation and distribution, upstream gas production as well as insurance and non-banking financial services. Established in 1997, EKH strives to continue delivering superior returns to its shareholders on the back of a solid portfolio of integrated investments and the determination of its capable management team.

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STOCK SYMBOL

Reuters
EKHO.CA, EKHOA.CA, EKHK.KW

Bloomberg
EKHO.EY, EKHOA.EY,
EKHOLDIN.KK

CAPITAL

Issued and Paid-In Capital: USD
281.7mn

Number of Shares: 1,126 million shares

Par Value: USD 0.25 per share

Forward-Looking Statements

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