



Misr Cement – Qena (Reuters: MCQE.CA) – H1 2021 Earnings Release

Healthy Growing Cash Flow, Second Quarter Positive Profitability Margins Across all Business Segments, Bottom-line More than Double

Consolidated Highlights

Net Sales	Gross Profit	Opt. EBITDA	Net Profit “Parent Company”	Net Cash Flow “Operations”
EGP 1,285m	EGP 221m	EGP 208m	EGP 61m	EGP 270m
▼ 4.5% YoY	▲ 0.5% YoY	▼ 3.6% YoY	▲ 17.4% YoY	▲ 176.3% YoY
▲ 7.9% QoQ	▲ 28.0% QoQ	▲ 28.1% QoQ	▲ 125.2% QoQ	▲ 604.1% QoQ

Misr Cement - Qena (Reuters: MCQE.CA), listed in the Egyptian Stock Exchange EGX, announces today August 11th 2021 its H1 2021 results.

Group’s local cement sales volumes amounted to 1.8m ton in H1 2021 compared with 2m ton in H1 2020, and amounted to 0.71m ton in Q2 2021 compared with 0.75m ton in Q2 2020. Proofing the success of Group’s strategy to expand the international sales, export sales volumes amounted to 169k ton in H1 2021 compared with 41k ton in H1 2020, surged by 316% YoY, and amounted to 82k ton in Q2 2021 compared with 31k ton in Q2 2020, surged by 163% QoQ.

Group’s net sales amounted to EGP 1,285m in H1 2021 compared with EGP 1,346m in H1 2020, decreased by 4.5% YoY, while amounted to EGP 572m in Q2 2021 compared with EGP 530m in Q2 2020, increased by 7.9% QoQ.

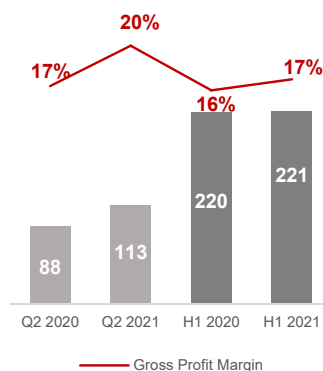
The efficient cost control and purchasing strategies maintained H1 2021 Group’s gross profit on the same level of the last year, recording EGP 221m compared with EGP 220m in H1 2020, and boosted to EGP 113m in Q2 2021 compared with EGP 88m in Q2 2020, increased by 28.0% QoQ. H1 2021 Gross profit margin came in at 17.2% compared with 16.4% in H1 2020, and came in at 19.8% in Q2 2021 compared with 16.7% in Q2 2020.

Group’s Opt. EBITDA amounted to EGP 208m in H1 2021 compared with 216m in H1 2020, decreased by 3.7% YoY, while amounted to EGP 102m in Q2 2021 compared with 79m in Q2 2020, increased by 28.1% QoQ. H1 2021 Opt. EBITDA margin came in at 16.2% compared with 16.0% in H1 2020, and came in at 17.8% in Q2 2021 compared with 14.9% in Q2 2020.

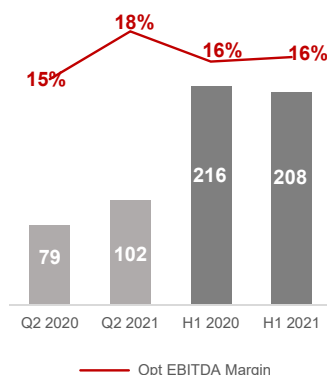
Group’s Net profit amounted to EGP 69m in H1 2021 compared with 63m in H1 2020, increased by 9.2% YoY, and amounted to EGP 38m in Q2 2021 compared with 17m in Q2 2020, boosted by 129.3% QoQ. Attributable to parent company amounted to EGP 61m in H1 2021 compared with EGP 52m in H1 2020, increased by 17.4% YoY, and amounted to EGP 32m in Q2 2021 compared with EGP 14m in Q2 2020, surged by 125.2% QoQ.

Group’s Debt amounted to EGP 906m compared with EGP 1,048m in FY 2020, decreased by 13.6%.

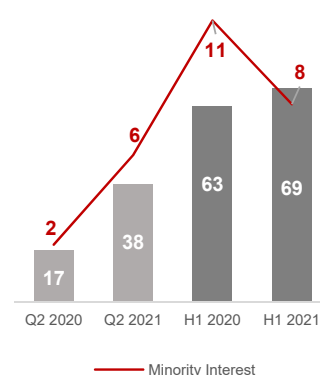
Gross Profit (EGP Million), Margin %



Opt. EBITDA (EGP Million), Margin %



Net Profit, Minority interest (EGP Million)





On standalone level, Qena's cement sales volume including the exportation in H1 2021 amounted to 0.98m ton compared with 0.91m ton in H1 2020, increased by 7.7% YoY, and amounted to 0.41m ton in Q2 2021 compared with 0.37m ton in Q2 2020, increased by 10.6% QoQ. Export sales volumes amounted to 169k ton in H1 2021 compared with 41k ton in H1 2020, surged by 316 % YoY, and amounted to 82k ton in Q2 2021 compared with 31k ton in Q2 2020, surged by 163% QoQ.

Export Sales activities maintain Qena's H1 2021 net sales on last year's level recording EGP 611m compared with EGP 613m in H1 2020. In Q2 2021 sales amounted to EGP 270m compared with EGP 250m in Q2 2020 , increased by 7.9% QoQ.

Qena's gross profit amounted to EGP 118m in H1 2021 compared with EGP 104m in H1 2020, increased by 13.70% YoY, and amounted to EGP 60m in Q2 2021 compared with EGP 45m in Q2 2020, increased by 35.3% QoQ. The gross profit margin came in at 19.3% in H1 2021 compared with 16.9% in H1 2020, and came in at 22.4% in Q2 2021 compared with 17.9% in Q2 2020.

Qena's Opt.EBITDA amounted to EGP 105m in H1 2021 compared with 96m in H1 2020, increased by 9.9% YoY, and amounted to EGP 51m in Q2 2021 compared with 37m in Q2 2020, increased by 38.3% QoQ. The EBITDA margin came in at 17.2% in H1 2021 compared with 15.6% in H1 2020, and came in at 18.7% in Q2 2021 compared with 14.6% in Q2 2020.

CBE initiative to cut the interest rates, company's efforts to expand its local and international sales accompanied with implementation of a very efficient cost control and purchasing strategies led to achieve net profit of EGP 47m in H1 2021 compared with EGP 42m in H1 2020, increased by 11.0% YoY, and achieve EGP 19m in Q2 2021 compared with EGP 9m in Q2 2020 increased by 118.1% QoQ.

EBS came in at EGP 0.56 in H1 2021 compared with EGP 0.52 in H1 2020, increased by 7.7% YoY, and came in at EGP 0.25 in Q2 2021 compared with EGP 0.13 in Q2 2020, increased by 92.3% QoQ.

Qena's Debt amounted to EGP 359m in H1 2021 compared with EGP 445m in FY 2020, decreased by 19.3%

“We are pleased to announce Misr Cement - Qena First Half 2021 results, challenges continue its impact on the local cement sales volumes as a result of the expanded gap between the demand and the supply, and heavy competition.

Focusing on the export sales, implementing efficient selling, cost control and purchasing strategies, we were able to meet these challenges, regularly pay our debt and maintain our profitability.

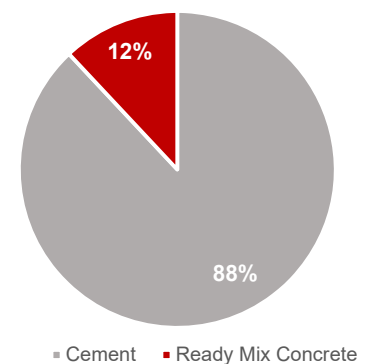
In addition to our efforts, we hope that the intervene of the Egyptian Competition Authority (ECA) to support the cement industry as well as the resumption of building activity, will lead to achieve better profitability levels in the future.”

Said, Eng. Tarek Talaat - The Managing Director

Operational Overview by Segment:

Volumes	1H 2021	1H 2020	%Change
Cement (million ton)	1.9	2.0	(0.3)
Ready Mix Concrete (m ³)	228	169	34.9
Net Sales (EGP million)			
Cement	1,133	1,225	(7.5)
Ready Mix Concrete	152	121	25.8
Opt. EBITDA (EGP million)			
Cement	186	200	(6.6)
Ready Mix Concrete	22	16	33.1
EBITDA Margin (%)			
Cement	15.2	15.5	(1.6)
Ready Mix Concrete	14.4	13.6	5.8

Group Sales Contribution





Cement Segment, sales volume including the exportation amounted to 1.9m ton in H1 2021 compared with 2.0m ton in H1 2020, and amounted to 0.8m ton in Q2 2021 same to Q2 2020 volume.

Lower average cement price in Q1 2021 led to record net sales of EGP 1,133m in H1 2021 compared with EGP 1,225m in H1 2020, with price recovery during Q2 2021, the net sales became EGP 498m compared with EGP 480m in Q2 2020.

Gross profit amounted to EGP 202m in H1 2021 compared with EGP 206m in H1 2020, decreased by 2.0% YoY, and amounted to EGP 113m in Q2 2021 compared with EGP 88m in Q2 2020, increased by 22.7% QoQ. The gross profit margin came in at 17.8% in H1 2021 compared with 16.8% in H1 2020, and came in at 21.0% in Q2 2021 compared with 17.7% in Q2 2020.

Opt.EBITDA amounted to EGP 186m in H1 2021 compared with 200m in H1 2020, decreased by 6.6% YoY, and amounted to EGP 92m in Q2 2021 compared with 74m in Q2 2020, increased by 24.0% QoQ. The EBITDA margin came in at 16.4% in H1 2021 compared with 16.3% in H1 2020, and came in at 18.4% in Q2 2021 compared with 15.4% in Q2 2020.

Net profit amounted to EGP 58m in H1 2021 compared with EGP 55m in H1 2020, increased by 5.6% YoY, while amounted to EGP 34m in Q2 2021 compared with EGP 14m in Q2 2020, surged by 135.3% QoQ.

Ready Mix Concrete Segment, sales amounted to 228 m³ in H1 2021 compared with 169 m³ in H1 2020, increased by 35% YoY, and amounted to 115 m³ in Q2 2021 compared with 71 m³ in Q2 2020, increased by 62% QoQ.

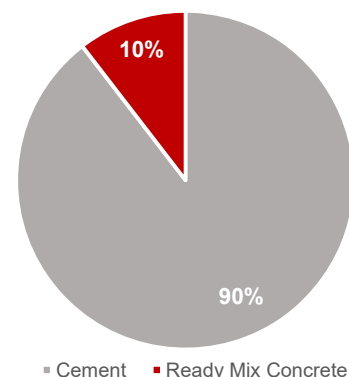
Net sales amounted to EGP 152m in H1 2021 compared with EGP 121m in H1 2020 increased by 25.8% YoY, and amounted to EGP 74m in Q2 2021 compared with EGP 50m in Q2 2020, increased by 47.4% QoQ.

Gross Profit amounted to EGP 19m in H1 2021 compared with EGP 14m in H1 2020, increased by 34.7% YoY, and amounted to EGP 9m in Q2 2021 compared with EGP 3m in Q2 2020, surged by 165.4% QoQ. The gross profit margin came in at 12.4% in H1 2021 compared with 11.6% in H1 2020, and came in at 11.9% in Q2 2021 compared with 6.6% in Q2 2020.

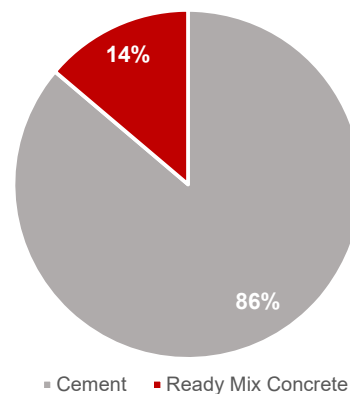
Opt.EBITDA amounted to EGP 22m in H1 2021 compared with 16m in H1 2020, increased by 33.1% YoY, and amounted to EGP 10m in Q2 2021 compared with 6m in Q2 2020, increased by 82.5% QoQ. The EBITDA margin came in at 14.4% in H1 2021 compared with 13.6% in H1 2020, and came in at 13.8% in Q2 2021 compared with 11.1% in Q2 2020.

Net profit amounted to EGP 11m in H1 2021 compared with EGP 8m in H1 2020, increased by 34.8% YoY, and amounted to EGP 4m in Q2 2021 compared with EGP 2m in Q2 2020, surged by 89.8% QoQ.

Group Opt. EBITDA Contribution



Group Net Income Contribution





Summary Consolidated Results:

Income Statement Rounded to EGP Million	H1 2021	H1 2020	Q2 2021	Q2 2020
Net Sales	1,285	1,346	572	530
Gross profit	221	220	113	88
Gross Profit Margin (%)	17.2	16.4	19.8	16.7
Opt. EBITDA	208	216	102	79
Opt. EBITDA Margin (%)	16.2	16.0	17.8	14.9
EBT	89	80	48	23
Net profit	69	63	38	17
Parent Company	61	52	32	14
Minority Interest	8	11	6	2

Balance Sheet Rounded to EGP Million	1H 2021	FY 2020
Current Assets	1,068	918
Noncurrent Assets	2,969	3,034
Total Assets	4,037	3,952
Current Liabilities	1,323	1,308
Noncurrent Liabilities	891	866
Total Liabilities	2,214	2,173
Shareholders' Equity	1,823	1,779
Total Liabilities & Shareholders' Equity	4,037	3,952

Cash Flow Rounded to EGP Million	H1 2021	H1 2020
Net cash generated from operating activities	270	98
Net cash generated from investing activities	(5)	6
Net cash used in financing activities	(200)	(134)
Cash and cash equivalents at the end of the period	147	150

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About the Group

Misr Cement-Qena group is a leading group of cement and building materials manufacturing companies in Egypt, comprised of; Misr Cement-Qena, Minya Portland Cement and ASECO Ready Mix. The group of companies have a highly competitive domestic and regional export portfolio.

Misr Cement-Qena was established in 1997 as a joint stock company with a capital of EGP 720 million and a capacity of 2 million tons per annum. The company acquired 60.43% of in Minya Portland Cement capital - with a plant capacity of 2 million ton per annum, and 99.9% of ASECO Ready Mix capital - with a plant capacity of 500K m³ per annum ready-mix concrete, through nine production facilities

Disclaimer

This communication may contain forward looking statements and information related to Misr Cement – Qena which reflect the current view and/or expectations of the company and the company's management in respect of the company's performance, activities, and future events. Such forward looking statements include, among other, statements that may predict, forecast, signify or imply future results performance or achievements, and may contain word such as "believe" "understands", "anticipates", "expects", "estimates", "intends", "it is likely" or other terms of expression with similar meaning. These statements are subject to a number of risks, uncertainties and assumptions. The company cautions the reader that certain relevant factors might be the cause for actual results to differ from the plans, goals, expectations estimates and intentions expressed in this communication.

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