

## Misr Cement – Qena (Reuters: MCQE.CA) – H1 2022 Earnings Release

“Growing consolidated Opt. EBITDA despite the decrease in sales volume impacted by the seasonal sales during the second quarter in addition to the booming raw material and energy prices, proving the success of the efficient cost control and inventory management strategies”

### Consolidated Highlights

Net Sales	Gross Profit	Opt. EBITDA	Net Profit	Parent Company
EGP 1,296m	EGP 220m	EGP 228m	EGP 86m	EGP 54m
<b>H1 2022 vs. H1 2021</b>				
1% ▲	≈	10% ▲	24% ▲	13% ▼
<b>Q2 2022 vs. Q2 2021</b>				
10% ▲	43% ▼	29% ▼	87% ▼	118% ▼

**Misr Cement - Qena (Reuters: MCQE.CA)**, listed in the Egyptian Stock Exchange EGX, announces today Aug 14<sup>th</sup>, 2022 its H1 2022 results.

Group’s net sales are amounted to EGP 1,296k in H1 2022 compared to EGP 1,285k in H1 2021, which shows an increase by 1%, Group’s net sales amounted to EGP 627m compared to EGP 572m in Q2 2021, which shows an increase by 10%.

Group’s local cement sales volumes amounted to 1,091k ton in H1 2022 compared to 1,821k ton in H1 2021, decreased by 40%, and amounted to 495k ton in Q2 2022 compared to 708k ton in Q2 2021 decreased by 30%, Impacted by “ECA” decision effective July 15<sup>th</sup>, 2021 regulates the local cement production to improve the cement industry economics. The export sales came in at 86k ton in H1 2022 compared to 169k ton in H1 2021, Decreased by 49%. Groups’ local cement sales amounted to 32k ton in Q2 2022 compared to 82k ton in Q2 2021, which shows a decrease by 61%

The enhanced cement prices along with the efficient cost control and inventory management strategies shielded against the drawback in sales volume. Led to achieve a gross profit amounted to EGP 220m in H1 2022 compared to EGP 221m in H1 2021 decreased by 0.4%. In Q2 2022, gross profit, is amounted to EGP 66m compared to EGP 116m in Q2 2021, decreased by 43% impacted by the seasonal sales during the second quarter of 2022

Gross Profit Margin came in at 17% in H1 2022 compared to 17% in H1 2021. Gross profit margin came in at 11% in Q2 2022 compared to 20% in Q2 2021

Opt. EBITDA boosted to EGP 228m in H1 2022 compared to EGP 208m in H1 2021, surged by 10%, Opt. EBITDA is amounted to EGP 72m compared to EGP 102m in Q2 2021, decreased by 29%.

Opt. EBITDA Margin came in at 18% in H1 2022 compared to 16% in H1 2021. Opt EBITDA Margin came in at 12% in Q2 2022 compared to 18% in Q2 2021.

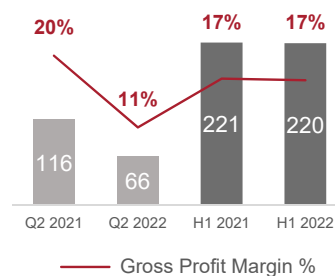
Group’s Net profit boosted to EGP 86m in H1 2022 compared to EGP 69m in H1 2021, Increased by 24%, Group’s net profit amounted to EGP 5m in Q2 2022 compared with EGP 38 in Q2 2021, which shows a decrease by 87%.

Attributable to parent company boosted to EGP 54m in H1 2022 compared to EGP 61m in H1 2021 decreased by 13%. Attribute to parent company amounted to EGP (6m) in Q2 2022 compared with EGP 32m in Q2 2021, which shows a decrease by 118%

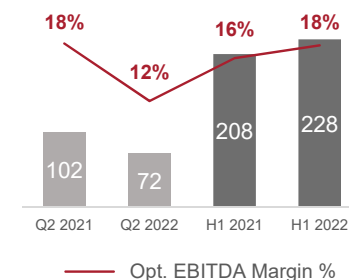
Group’s Net Cash Flow from Operations amounted dropped to EGP 123m in H1 2022 compared to EGP 270m in H1 2021, decreased by 54%.

Group’s Debt dropped to EGP 800m in H1 2022 compared to EGP 812m in FY 2021, decreased by 2%.

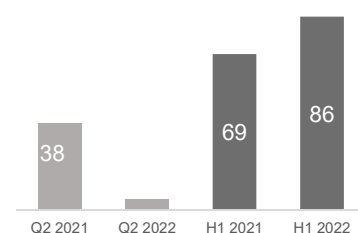
**Gross Profit (EGP) Million, Margin %**



**Opt. EBITDA (EGP) Million, Margin %**



**Net Profit (EGP) Million**



### On standalone level,

Qena's net sales are amounted to EGP 574m in H1 2022 compared to EGP 611m in H1 2021, which shows a decrease by 6%. In Q2 2022, net sales are amounted to EGP 265m compared to EGP 270m in Q2 2021, which shows a decrease by 2%.

Qena local cement sales volumes amounted to 496k ton in H1 2022 compared to 814k ton in H1 2021, decreased by 39%. Qena local cement sales amounted to 217k ton in Q2 2022 compared to 328k ton in Q2 2021 decreased by 34%

Qena export sales are amounted to 86k ton in H1 2022 compared to 169k ton in H1 2021, decreased by 49%. Qena export sales amounted to 32k ton in Q2 2022 compared to 82k ton in Q2 2021, which shows a decrease by 61%

Qena's Gross profit is amounted to EGP 84m in H1 2022 compared to EGP 118m in H1 2021. Which shows a decrease by 29%. Gross profit amounted to EGP 16m in Q2 2022 compared to EGP 60m in Q2 2021, which shows a decrease by 73%.

The Gross Profit Margin came in at 15% in H1 2022 compared to 19% in H1 2021. Gross profit margin amounted to 6% in Q2 2022 compared to 22% in Q2 2021.

Qena's Opt. EBITDA is amounted to EGP 84m H1 in H1 2022 compared to 104m in H1 2021, which shows a decrease by 19%. Opt EBITDA amounted to EGP 17m in Q2 2022 compared to 32m in Q2 2021, which shows a decrease by 46%.

Opt. EBITDA Margin came in at 15% in H1 2022 compared to 17% in H1 2021. Opt EBITDA Margin came in at 6% in Q2 2022 compared to 12% in Q2 2021.

Qena's Net Profit amounted to EGP 40m in H1 2022 compared to 47m in H1 2021, decreased by 15%. Net loss amounted to EGP (8m) in Q2 2022 compared with Net income of 19m in Q2 2021, which shows a decrease by 143%.

EPS came in at EGP 0.47 in H1 2022 compared to EGP 0.56 in H1 2021, decreased by 16%.

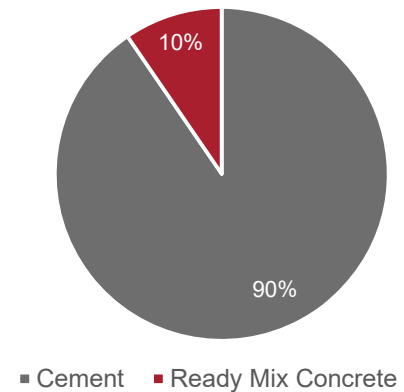
Qena's Net Cash Flow from Operations amounted to EGP 74m in H1 2022 compared to EGP 120m in H1 2021, which shows a decreased of 38%.

Qena's Debt amounted to EGP 279m in H1 2022 compared to EGP 291m in FY 2021, dropped by 4%.

### Operational Overview by Segment:

Volumes	H1 2022	H1 2021	Change (%)
Cement ( thousand ton)	1,177	1,990	(41%)
Ready Mix Concrete (thousand m <sup>3</sup> )	139	237	(41%)
<b>Net Sales (EGP million)</b>			
Cement	1,171	1,229	(5%)
Ready Mix Concrete	124	152	(19%)
<b>Opt. EBITDA (EGP million)</b>			
Cement	237	186	28%
Ready Mix Concrete	(5)	22	(121%)
<b>EBITDA Margin</b>			
Cement	20%	15%	34%
Ready Mix Concrete	(4%)	14%	(126%)

Group Sales Contribution



## Group Cement

Net sales came in at EGP 1,171m in H1 2022 compared to EGP 1,229m in H1 2021, which shows a decrease by 5%. In Q2 2022, net sales are amounted to EGP 553m compared to EGP 517m in Q2 2021, which shows a increase by 7%.

Sales volume including the export sales amounted to 1.2m ton in H1 2022 compared to 2.0m ton in H1 2021 which shows a decrease by 41%. Sales volume including export amounted to 528k ton in Q2 2022 compared to 790k ton in Q2 2021 which shows a decrease by 33%.

Gross Profit is amounted to EGP 232m in H1 2022 compared to EGP 204m in H1 2021, surged by 14%, Gross profit amounted to EGP 77m in Q2 2022 compared to EGP 107m in Q2 2021, decreased by 28%.

The Gross Profit Margin came in at 20% in H1 2022 compared to 17% in H1 2021. Gross profit margin came in at 14% in Q2 2022 compared to 21% in Q2 2021.

Opt.EBITDA amounted to EGP 237m in H1 2022 compared to 186m in H1 2021, increased by 28%. Opt EBITDA amounted to EGP 81m in Q2 2022 compared to EGP 72m in Q2 2021, increased by 12%.

The EBITDA margin came in at 20% in H1 2022 compared to 15% in H1 2021. Opt EBITDA Margin came in at 15% in Q2 2022 compared to 14% in Q2 2021.

Net profit is amounted to EGP 121m in H1 2022 compared to EGP 66m in H1 2021, which shows a boost by 82%, Net profit amounted to EGP 19m in Q2 2022 compared to EGP 34m in Q2 2021, decreased by 44%.

## Group Ready Mix Concrete

Net sales amounted to EGP 124m in H1 2022 compared to EGP 152m in H1 2021 decreased by 19%. Net sales amounted to EGP 55m in Q2 2022 compared to EGP 73m in Q2 2021, which shows a decrease by 25%

Sales volume are amounted to 139k m<sup>3</sup> in H1 2022 compared to 237k m<sup>3</sup> in H1 2021, dropped by 41%. Sales volume amounted to 61 km<sup>3</sup> in Q2 2022 compared to 118 km<sup>3</sup> in Q2 2021, decreased by 48%.

Gross Profit amounted to EGP (8m) in H1 2022 compared to Gross Profit of EGP 19m in H1 2021, dropped by 141%; Gross profit amounted to EGP (7m) in Q2 2022 compared to EGP 9m in Q2 2021, which shows a decrease of 182%.

The gross loss margin came in at 6% in H1 2022 compared to gross profit margin of 12% in H1 2021. Gross loss came in at (13%) in Q2 2022 compared to 12% in Q2 2021

Opt.EBITDA amounted to EGP (5m) in H1 2022 compared to 22m in H1 2021, dropped by 121%, Opt EBITDA amounted to EGP (5m) in Q2 2022 compared to 10m in Q2 2021, decreased by 151%.

The EBITDA margin came in at (4%) in H1 2022 compared to 14% in H1 2021, EBITDA Margin came in at (9%) in Q2 2022 compared to 14% in Q2 2021

Net loss came in at EGP (14m) in H1 2022 compared to net profit of EGP 11m in H1 2021, dropped by 231%. Net loss amounted to EGP (10m) in Q2 2022 compared to EGP 4m in Q2 2021, decrease by 326%.

### Summary Consolidated Results (Rounded to EGP Million):

Income Statement	H1 2022	H1 2021	Q2 2022	Q2 2021
Net Sales	1,296	1,285	627	572
Gross profit	220	221	66	116
Gross Profit Margin	17%	17%	11%	20%
Opt. EBITDA	228	208	72	102
Opt. EBITDA Margin	18%	16%	12%	18%
EBT	101	89	7	48
Net profit	86	69	5	38
Parent Company	54	61	(6)	32
Minority Interest	32	8	11	6

Balance Sheet	H1 2022	FY 2021
Current Assets	1,190	820
Non-current Assets	2,847	2,917
<b>Total Assets</b>	<b>4,037</b>	<b>3,736</b>
Current Liabilities	1,634	1,223
Non-current Liabilities	478	609
<b>Total Liabilities</b>	<b>2,111</b>	<b>1,832</b>
<b>Shareholders' Equity</b>	<b>1,925</b>	<b>1,904</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>4,037</b>	<b>3,736</b>

Cash Flow	H1 2022	H1 2021
Net cash generated from operating activities	123	270
Net cash generated from investing activities	(5)	(5)
Net cash used in financing activities	(74)	(200)
Cash and cash equivalents at the end of the period	148	147

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### About the Company

Misr Cement-Qena 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 acquiring 60.36% of in Misr Cement Minya (formerly Minya Portland Cement) capital - with a plant capacity of 2.2 million ton per annum, and 99.9% of Misr Cement Beton (formerly ASECO Ready Mix) capital - with a plant capacity of 500K m<sup>3</sup> per annum ready-mix concrete, through nine production facilities

### Disclaimer

This communication may contain forward-looking statements and information related to Misr Cement – Qena that 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.

### Investor Relations Manager

**Moaz Shakra**

[ir@misrcementgroup.com](mailto:ir@misrcementgroup.com)