

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

“Increase in the net sales and the gross profit per ton; drop in the profits correlated to the downsized sales volumes; inflated energy and raw materials costs affected by the global political instability and its impact on the local economy in addition to the fluctuated foreign exchange rates”

“The Self - Operation savings mitigate the impact of the inflated costs, Surging Minya’s results and reducing the operation costs of Qena’s factory”

“A proposal to distribute a cash dividend for an amount of EGP 0.50 per share and distribution of 1share to each 3 original shares as stock Dividend to the shareholders of Misr Cement - Qena”

FY 2022, Consolidated Highlights

| Net Sales | Gross Profit | Opt. EBITDA | Net Profit | Parent Company |
|----------------------------|--------------|-------------|------------|----------------|
| EGP 2,816m | EGP 391m | EGP 389m | EGP 132m | EGP 96m |
| FY 2022 vs. FY 2021 | | | | |
| 11% ▲ | 19% ▼ | 12% ▼ | 24% ▼ | 34% ▼ |
| Q4 2022 vs. Q4 2021 | | | | |
| 34% ▲ | 13% ▼ | 9% ▼ | 34% ▼ | 15% ▼ |

Misr Cement - Qena (Reuters: MCQE.CA), listed in the Egyptian Stock Exchange EGX, announces today February 26th 2023 its FY 2022 results.

Group’s net sales increased to EGP 2,816m in FY 2022 compared to EGP 2,528m in FY 2021, increased by 11%. Group’s net sales increased to EGP 848m in Q4 2022 compared to EGP 632m in Q4 2021, increased by 34%.

Group’s local cement sales volumes amounted to 2.3m ton in FY 2022 compared to 3.0m ton in FY 2021, decreased by 25%, and amounted to 601k ton in Q4 2022 compared to 573k ton in Q4 2021, increased by 5%, impacted by “ECA” decision effective July 15th, 2021 regulates the local cement production to improve the cement industry economics. The export sales came in at 108k ton in FY 2022 compared to 235k ton in FY 2021, decreased by 54%. Groups’ export cement sales amounted to 7k ton in Q4 2022 compared to 27k ton in Q4 2021, decreased by 75%, affected by the political situation in Sudan.

Despite the drop in the profits correlated to the downsized sales volumes, inflated energy and raw materials costs affected by the global political instability and its impact on the local economy in addition to the fluctuated foreign exchange rates, the Gross profit came in at EGP 391m in FY 2022 compared to EGP 485m in FY 2021, decreased by 19%. In Q4 2022, Gross profit amounted to EGP 113m compared to EGP 129m in Q4 2021, decreased by 13%. Gross Profit Margin came in at 14% in FY 2022 compared to 19% in FY 2021. Gross profit margin came in at 13% in Q4 2022 compared to 20% in Q4 2021.

Opt. EBITDA came in at EGP 389m in FY 2022 compared to EGP 441m in FY 2021, decreased by 12%. Opt. EBITDA is amounted to EGP 107m in Q4 2022 compared to EGP 117m in Q4 2021, decreased by 9%. Opt. EBITDA Margin came in at 14% in FY 2022 compared to 17% in FY 2021. Opt EBITDA Margin came in at 13% in Q4 2022 compared to 19% in Q4 2021.

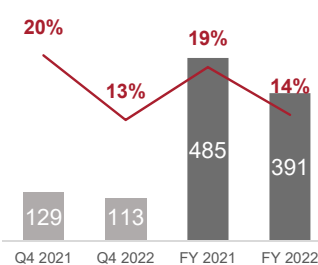
Despite the various challenges affected the performance, The Self - Operation savings mitigate the impact of the inflated costs, surging Minya’s results, reducing the operation costs of Qena’s factory. Accordingly, the Group’s Net profit came in at EGP132m in FY 2022 compared to EGP 174m in FY 2021, decreased by 24%. Group’s net profit amounted to EGP 34m in Q4 2022 compared to EGP 52 in Q4 2021, decreased by 34%.

Attributable to parent company came in at EGP 96m in FY 2022 compared to EGP 146m in FY 2021, decreased by 34%. Attribute to parent company is amounted to EGP 33m in Q4 2022 compared to EGP 39m in Q4 2021, decreased by 15%.

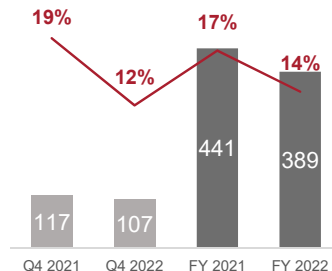
Getting rid of Group’s long-term debt by paying 2022 installments; accordingly, only 2023 installment are outstanding. Group’s debts increased to EGP 873m in FY 2022 compared to EGP 804m in FY 2021, increased by 9% due the increase in the bank facilities to meet the Group’s lack from raw materials, energy and strategic spare parts, which are significantly, impacted by the high inflation and foreign exchange rates.

Group’s Net Cash Flow from Operations decreased to EGP 146m in FY 2022 compared to EGP 400m in FY 2021, decreased by 64%.

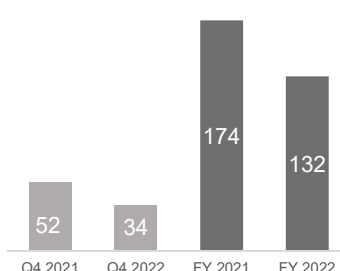
Gross Profit (EGP) Million, Margin %



Opt. EBITDA (EGP) Million, Margin %



Net Profit (EGP) Million



On standalone level,

“Qena’s factory self - operation mitigate the impact of the inflated costs and recording a positive results for Q4 2022”

Qena’s net sales increased to EGP 1,264m in FY 2022 compared to EGP 1,245m in FY 2021, increased by 2%. In Q4 2022, net sales are amounted to EGP 369m compared to EGP 310m in Q4 2021, increased by 19%.

Qena local cement sales volumes amounted to 1,043k ton in FY 2022 compared to 1,374k ton in FY 2021, decreased by 24%. Qena local cement sales amounted to 276k ton in Q4 2022 compared to 262k ton in Q4 2021, increased by 5%

Qena export sales are amounted to 107k ton in FY 2022 compared to 235k ton in FY 2021, decreased by 55%. Qena export sales amounted to 5k ton in Q4 2022 compared to 27k ton in Q4 2021, decreased by 80%.

Qena’s Gross profit is amounted to EGP 166m in FY 2022 compared to EGP 241m in FY 2021, decreased by 31%. Gross profit amounted to EGP 63m in Q4 2022 compared to EGP 49m in Q4 2021, increased by 30% due to Qena’s Factory self-operation that mitigate the impact of the inflated costs.

The Gross Profit Margin came in at 13% in FY 2022 compared to 19% in FY 2021. Gross profit margin amounted to 17% in Q4 2022 compared to 16% in Q4 2021.

Qena’s Opt. EBITDA is amounted to EGP 157m in FY 2022 compared to 211m in FY 2021, decreased by 26%. Opt EBITDA amounted to EGP 57m in Q4 2022 compared to 42m in Q4 2021, increased by 35%.

Opt. EBITDA Margin came in at 12% in FY 2022 compared to 17% in FY 2021. Opt EBITDA Margin came in at 15% in Q4 2022 compared to 14% in Q4 2021.

Qena’s Net Profit amounted to EGP 76m in FY 2022 compared to 94m in FY 2021, decreased by 19%. Net profit amounted to EGP 24m in Q4 2022 compared to 13m in Q4 2021, surged by 85%.

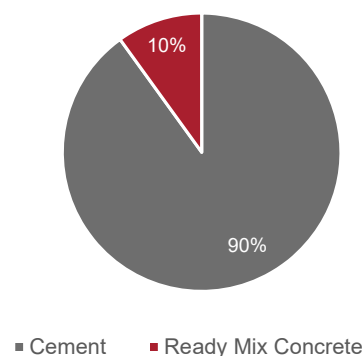
A proposal to distribute a cash dividend for an amount of EGP 0.50 per share to Qena’s shareholders for the year 2022, same to last year despite the drawback of EPS which came in at EGP 0.92 in FY 2022 compared to EGP 1.12 in FY 2021, decreased by 18%.

Qena’s Net Cash Flow from Operations decreased to EGP 66m in FY 2022 compared to EGP 214m in FY 2021, decreased by 69%.

Settlement of Company’s long-term debt by paying 2022 installments, accordingly, only 2023 installment are outstanding. Qena’s Debt increased to EGP 317m in FY 2022 compared to EGP 291m in FY 2021, increased by 9% due the increase in the bank facilities to meet the company’s lack from raw materials, energy and strategic spare parts, which are significantly, impacted by the high inflation and foreign exchange rates.

| Operational Overview by Segment | FY 2022 | FY 2021 | Change (%) |
|---|---------|---------|------------|
| Volumes | | | |
| Cement (million ton) | 2.4 | *3.6 | (34%) |
| Ready Mix Concrete (thousand m ³) | 300 | 416 | (28%) |
| Net Sales (EGP million) | | | |
| Cement | 2,612 | 2,355 | 11% |
| Ready Mix Concrete | 289 | 295 | (2%) |
| Opt. EBITDA (EGP million) | | | |
| Cement | 391 | 416 | (6%) |
| Ready Mix Concrete | 5 | 32 | (84%) |
| EBITDA Margin | | | |
| Cement | 15% | 18% | (15%) |
| Ready Mix Concrete | 2% | 11% | (83%) |

Group Sales Contribution



*Cement sales for FY 2021 include clinker sales.

Group Cement

Net sales increased to EGP 2,612 in FY 2022 compared to EGP 2,355m in FY 2021, increased by 11%. In Q4 2022, net sales are amounted to EGP 785m compared to EGP 573m in Q4 2021, increased by 37%.

Sales volume including export sales amounted to 2.4m ton in FY 2022 compared to 3.6m ton, including clinker sales, in FY 2021, decreased by 34%. Sales volume including export amounted to 608k ton in Q4 2022 compared to 772k ton, including clinker sales, in Q4 2021, decreased by 21%.

Gross Profit amounted to EGP 398m in FY 2022 compared to EGP 454m in FY 2021, decreased by 12%, Gross profit amounted to EGP 108m in Q4 2022 compared to EGP 120m in Q4 2021, decreased by 10%.

The Gross Profit Margin reached 15% in FY 2022 compared to 19% in FY 2021. Gross profit margin came in at 14% in Q4 2022 compared to 21% in Q4 2021.

Opt. EBITDA amounted to EGP 391m in FY 2022 compared to 416m in FY 2021, decreased by 7%. Opt EBITDA amounted to EGP 100m in Q4 2022 compared to EGP 108m in Q4 2021, decreased by 6%.

The EBITDA margin reached 15% in FY 2022 compared to 18% in FY 2021. Opt EBITDA Margin came in at 13% in Q4 2022 compared to 19% in Q4 2021.

Net profit increased to EGP 163m in FY 2022 compared to EGP 164m in FY 2021, Net profit amounted to EGP 26m in Q4 2022 compared to EGP 46m in Q4 2021, decreased by 44%.

Group Ready Mix Concrete

Net sales amounted to EGP 289m in FY 2022 compared to EGP 295m in FY 2021, decreased by 2%. Net sales amounted to EGP 88m in Q4 2022 compared to EGP 72m in Q4 2021, increased by 23%

Sales volume are amounted to 300k m³ in FY 2022 compared to 416k m³ in FY 2021, decreased by 28%. Sales volume amounted to 83k m³ in Q4 2022 compared to 81k m³ in Q4 2021, increased by 2%.

Gross Profit amounted to EGP (2m) in FY 2022 compared to Gross Profit of EGP 30m in FY 2021, dropped by 107%. Gross Profit amounted to EGP 3m in Q4 2022 compared to EGP 8m in Q4 2021, decreased by 59%.

The Gross Profit margin came in at (0.7%) in FY 2022 compared to gross profit margin of 10% in FY 2021. Gross profit came in at 4% in Q4 2022 compared to gross profit margin of 10% in Q4 2021.

Opt. EBITDA amounted to EGP 4m in FY 2022 compared to 32m in FY 2021, dropped by 86%. Opt EBITDA amounted to EGP 5m in Q4 2022 compared to 6m in Q4 2021.

The EBITDA margin came in at 2% in FY 2022 compared to 11% in FY 2021, EBITDA Margin came in at 6% in Q4 2022 compared to 8% in Q4 2021.

Net Profit came in at EGP (10m) in FY 2022 compared to EGP 14m in FY 2021, dropped by 170%. Net Profit amounted to EGP 4m in Q4 2022 compared to EGP 2m in Q4 2021, increased by 110%.

Summary Consolidated Results (Rounded to EGP Million):

| Income Statement | FY 2022 | FY 2021 | Q4 2022 | Q4 2021 |
|-------------------------|----------------|----------------|----------------|----------------|
| Net Sales | 2,816 | 2,528 | 848 | 632 |
| Gross profit | 391 | 485 | 113 | 129 |
| Gross Profit Margin | 14% | 19% | 13% | 20% |
| Opt. EBITDA | 389 | 441 | 107 | 117 |
| Opt. EBITDA Margin | 14% | 17% | 13% | 19% |
| EBT | 163 | 210 | 43 | 55 |
| Net profit | 132 | 174 | 34 | 52 |
| Parent Company | 96 | 146 | 33 | 39 |
| Minority Interest | 35 | 28 | 2 | 13 |

| Balance Sheet | FY 2022 | FY 2021 |
|---|----------------|----------------|
| Current Assets | 1,605 | 819 |
| Non-current Assets | 2,825 | 2,917 |
| Total Assets | 4,430 | 3,736 |
| Current Liabilities | 2,124 | 1,223 |
| Non-current Liabilities | 358 | 609 |
| Total Liabilities | 2,482 | 1,831 |
| Shareholders' Equity | 1,949 | 1,904 |
| Total Liabilities & Shareholders' Equity | 4,430 | 3,736 |

| Cash Flow | FY 2022 | FY 2021 |
|--|----------------|----------------|
| Net cash generated from operating activities | 146 | 400 |
| Net cash generated from investing activities | (15) | (18) |
| Net cash used in financing activities | (82) | (368) |
| Cash and cash equivalents at the end of the period | 148 | 96 |

END

About the Company

Misr Cement-Qena established in 1997 as a joint stock company with a capital of EGP 720m 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 2.2m ton per annum, and 99.9% of Misr Cement Beton (formerly 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 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.

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