

Misr Cement – Qena (Reuters: MCQE.CA) – H1 2023 Earnings Release

“Penetrating new export markets as well as the Group's self-operation for its plants in Qena and Minya enhanced the Net Sales by 47% and 9% for the Opt. EBITDA; the bottom line was impacted by the inflated financing expenses”

Consolidated Highlights

Net Sales	Gross Profit	Opt. EBITDA	Net Profit	Parent Company
EGP 1,901m	EGP 299m	EGP 249m	EGP 64m	EGP 44m
H1 2023 vs. H1 2022				
47% ▲	36% ▲	9% ▲	25% ▼	18% ▼
Q2 2023 vs. Q2 2022				
59% ▲	50% ▲	2% ▼	550% ▼	267% ▼

Misr Cement - Qena (Reuters: MCQE.CA), listed in the Egyptian Stock Exchange EGX, announces today Aug 14th, 2023 its H1 2023 results.

Group's net sales increased to EGP 1,901m in H1 2023 compared to EGP 1,296m in H1 2022, increased by 47%. In Q2 2023, Group's net sales increased to EGP 994 compared to EGP 627 in Q2 2022, increased by 59%.

Group's local cement sales volumes decreased to 1,064k ton in H1 2023 compared to 1,091k ton in H1 2022, decreased by 3%. In Q2 2023, group's local cement sales volumes increased to 510k compared to 495k ton in Q2 2022, increased by 3%. The export sales increased to 168k ton in H1 2023 compared to 86k ton in H1 2022, increased by 95%. In Q2 2023, the export sales increased to 149k ton compared to 32k ton in Q2 2022, increased by 360%, proving the success of the Group's efforts to expand its export activity by penetrating new markets as an alternative to the main export market, which is currently witnessing political turmoil.

The gross profit increased to EGP 299m in H1 2023 compared to EGP 220m in H1 2022, increased by 36%, In Q2 2023, gross profit, increased to EGP 100m compared to EGP 66m in Q2 2022, increased by 50%. Successfully proves Group's self – operation for its two Plants in Qena and Minya and mitigating the 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.

Gross profit margin decreased to 16% in H1 2023 compared to 17% in H1 2022. In Q2 2023, Gross profit margin decreased to 10% compared to 11% in Q2 2022.

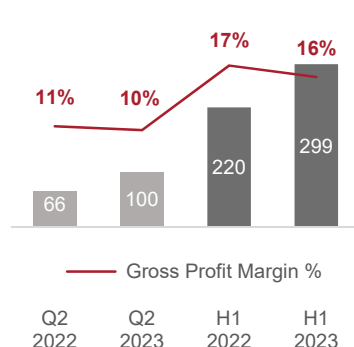
Opt. EBITDA increased to EGP 249m in H1 2023 compared to EGP 228m in H1 2022, increased by 9%. In Q2 2023, Opt. EBITDA decreased to EGP 71m compared to EGP 72m in Q2 2022, decreased by 2%.

Opt. EBITDA margin decreased to 13% in H1 2023 compared to 18% in H1 2022. In Q2 2023, Opt EBITDA margin decreased to 7% compared to 12% in Q2 2022.

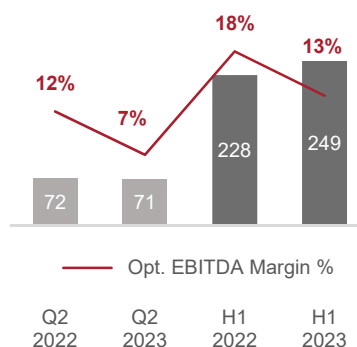
Group's net profit decreased to EGP 64m in H1 2023 compared to EGP 86m in H1 2022, decreased by 25%. In Q2 2023, Group's net profit decreased to EGP (22m) in Q2 2023 compared to EGP 5m in Q2 2022, decreased by 550%. Impacted by Q2 seasonality in addition to the inflated financing expenses to meet the Group's needs of raw materials, energy and strategic spare parts, which are significantly, affected by the high inflation and foreign exchange rates.

Attributable to parent company decreased to EGP 44m in H1 2023 compared to EGP 54m in H1 2022, decreased by 18%. In Q2 2023, attribute to parent company decreased to EGP (22m) compared with EGP (6m) in Q2 2022, decreased by 267%

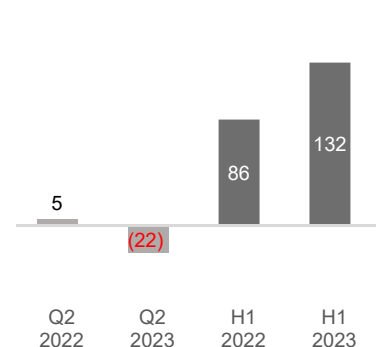
Gross Profit (EGP) Million, Margin %



Opt. EBITDA (EGP) Million, Margin %



Net Profit (EGP) Million



On standalone level,

Qena's net sales increased to EGP 737m in H1 2023 compared to EGP 574m in H1 2022, increased by 29%. In Q2 2023, net sales increased to EGP 344m compared to EGP 265m in Q2 2022, increased by 30%.

Qena local cement sales volumes decreased to 480k ton in H1 2023 compared to 496k ton in H1 2022, decreased by 3%. In Q2 2023, Qena local cement sales volumes increased to 230k ton compared to 217k ton in Q2 2022 increased by 6%. Qena export sales decreased to 19k ton in H1 2023 compared to 86k ton in H1 2022, decreased by 78%. In Q2 2023, Qena export sales decreased to 3k ton compared to 32k ton in Q2 2022, decreased by 91%.

Qena's gross profit increased to EGP 117m in H1 2023 compared to EGP 84m in H1 2022, increased by 40%. In Q2 2023 Gross profit increased to EGP 31m compared to EGP 16m in Q2 2022, increased by 88%.

The gross profit margin increased to 16% in H1 2023 compared to 15% in H1 2022. In Q2 2023, gross profit margin increased to 9% compared to 6% in Q2 2022.

Qena's Opt. EBITDA increased to EGP 86m in H1 2023 compared to 84m in H1 2022, increased by 2%. In Q2 2023, Opt. EBITDA decreased to EGP 11m compared to 17m in Q2 2022, decreased by 34%.

Opt. EBITDA margin decreased to 12% in H1 2023 compared to 15% in H1 2022. In Q2 2023, Opt. EBITDA margin decreased to 3% compared to 6% in Q2 2022.

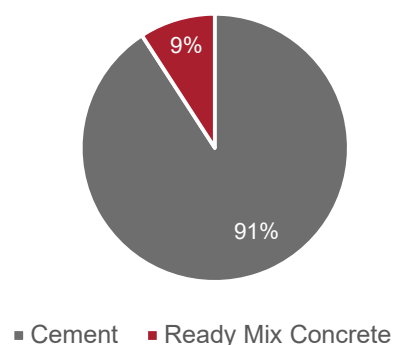
Qena's net profit came in at EGP 40m in H1 2023 compared to 40m in H1 2022. In Q2 2023, net profit decreased to EGP (17m) to (8m) in Q2 2022, decreased by 105%.

EPS increased to EGP 0.50 in H1 2023 compared to EGP 0.48 in H1 2023, increased by 4%.

Operational Overview by Segment:

Volumes	H1 2023	H1 2022	Change (%)
Cement (thousand ton)	1,231	1,177	5%
Ready Mix Concrete (thousand m ³)	150	139	8%
Net Sales (EGP million)			
Cement	1,796	1,171	53%
Ready Mix Concrete	181	124	46%
Opt. EBITDA (EGP million)			
Cement	239	237	1%
Ready Mix Concrete	10	(5)	326%
EBITDA Margin			
Cement	13%	20%	(34%)
Ready Mix Concrete	6%	(4%)	254%

Group Sales Contribution



Group Cement

Net sales increased to EGP 1,796m in H1 2023 compared to EGP 1,171m in H1 2022, increased by 53%. In Q2 2023, net sales increased to EGP 944m compared to EGP 553 in Q2 2022, increased by 71%.

Sales volume including the export sales increased to 1.2m ton in H1 2023 compared to 1.2m ton in H1 2022 increased by 5%. In Q2 2023, sales volume including export increased to 659k ton compared to 528k ton in Q2 2022 increased by 25%.

Gross profit increased to EGP 288m in H1 2023 compared to EGP 232m in H1 2022, increased by 24%. In Q2 2023, gross profit increased to EGP 96m compared to EGP 77m in Q2 2022, increased by 24%.

The gross profit margin decreased to 16% in H1 2023 compared to 20% in H1 2022. In Q2 2023, gross profit margin decreased to 10% compared to 14% in Q2 2022.

Opt.EBITDA increased to EGP 239m in H1 2023 compared to 237m in H1 2023, increased by 1%. In Q2 2023, Opt EBITDA decreased to EGP 66m compared to EGP 81m in Q2 2022, decreased by 18%.

The Opt. EBITDA margin decreased to 13% in H1 2023 compared to 20% in H1 2022. In Q2 2023, Opt EBITDA margin decreased to 7% in Q2 2023 compared to 15% in Q2 2022.

Net profit decreased to EGP 90m in H1 2023 compared to EGP 120m in H1 2022, decreased by 25%. In Q2 2023, net profit decreased to EGP (17m) compared to EGP 18m in Q2 2022, decreased by 191%.

Group Ready Mix Concrete

Net sales increased to EGP 181m in H1 2023 compared to EGP 124m in H1 2022 increased by 46%. In Q2 2023, net sales increased to EGP 84m compared to EGP 55m in Q2 2022, increased of 52%

Sales volume increased to 150k m³ in H1 2023 compared to 139k m³ in H1 2022, increased by 8%. In Q2 2023, sales volume increased to 68k m³ compared to 61k m³ in Q2 2022, increased by 12%.

Gross profit increased to EGP 8m in H1 2023 compared to EGP (8m) in H1 2022, increased by 203%. In Q2 2023, gross profit increased to EGP 1m compared to EGP (7m) in Q2 2022, increased by 112%.

The gross profit margin increased to 4% in H1 2023 compared to gross profit margin of (6%) in H1 2022. In Q2 2023, gross profit margin increased to 1% compared to (13%) in Q2 2022.

Opt. EBITDA increased to EGP 10m in H1 2023 compared to (5m) in H1 2022, increased by 326%, In Q2 2023, Opt. EBITDA increased to EGP 2m compared to (5m) in Q2 2022, increased by 134%.

The Opt. EBITDA margin increased to 6% in H1 2023 compared to (4%) in H1 2022. In Q2 2023, Opt. EBITDA margin increased to 2% compared to (9%) in Q2 2022.

Net profit increased to EGP 305k in H1 2023 compared to net profit of EGP (14m) in H1 2022, increased by 102%. In Q2 2023, net profit increased to EGP (2m) compared to EGP (10m) in Q2 2022, increased by 77%.

Summary Consolidated Results (Rounded to EGP Million):

Income Statement	H1 2023	H1 2022	Q2 2023	Q2 2022
Net Sales	1,901	1,296	994	627
Gross profit	299	220	100	66
Gross Profit Margin	16%	17%	10%	11%
Opt. EBITDA	249	228	71	72
Opt. EBITDA Margin	13%	18%	7%	12%
EBT	86	101	(23)	7
Net profit	64	86	(22)	5
Parent Company	44	54	(22)	(6)
Minority Interest	20	32	0	11

Balance Sheet	H1 2023	FY 2022
Current Assets	2,288	1,605
Non-current Assets	2,766	2,825
Total Assets	5,054	4,430
Current Liabilities	2,440	2,124
Non-current Liabilities	687	357
Total Liabilities	3,127	2,481
Shareholders' Equity	1,927	1,948
Total Liabilities & Shareholders' Equity	5,054	4,430

Cash Flow	H1 2023	H1 2022
Net cash generated from operating activities	(22)	123
Net cash generated from investing activities	(26)	(5)
Net cash used in financing activities	137	(74)
Cash and cash equivalents at the end of the period	239	148

END

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 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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