

Misr Cement – Qena (Reuters: MCQE.CA) – 9M 2023 Earnings Release

“Despite prevailing economic challenges, 82% surge in Qena's net operating income, 44% boost in Group's revenues and commendable growth by 9% in the Opt. EBITDA as a result of the self-operation of the plants and new penetrated export markets. The bottom line was impacted by the inflated financing expenses”

Consolidated Highlights

Net Sales	Gross Profit	Opt. EBITDA	Net Profit	Parent Company
EGP 2,832m	EGP 373m	EGP 306m	EGP 22m	EGP 14m
9M 2023 vs. 9M 2022				
44% ▲	34% ▲	9% ▲	77% ▼	77% ▼

Misr Cement - Qena (Reuters: MCQE.CA), listed in the Egyptian Stock Exchange EGX, announces today November 13th, 2023 its 9M 2023 results.

Group's net sales increased to EGP 2.83b in 9M 2023 compared to EGP 1.97b in 9M 2022, increased by 44%. In Q3 2023, Group's net sales increased to EGP 931m compared to EGP 673m in Q3 2022, increased by 38%.

Group's local cement sales volumes came in at 1.6m ton in 9M 2023 compared to 1.7m ton in 9M 2022, decreased by 3%. In Q3 2023, group's local cement sales volumes came in at 555k compared to 575k ton in Q3 2022, decreased by 4%. The export sales increased to 168k ton in 9M 2023 compared to 101k ton in 9M 2022, increased by 66%, as a part 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 373m in 9M 2023 compared to EGP 278m in 9M 2022, increased by 34%. In Q3 2023, gross profit, increased to EGP 74m compared to EGP 58m in Q3 2022, increased by 27%. This successfully proves the 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 came in at 13% in 9M 2023 compared to 14% in 9M 2022. In Q3 2023, Gross profit margin came in at 8% compared to 9% in Q3 2022.

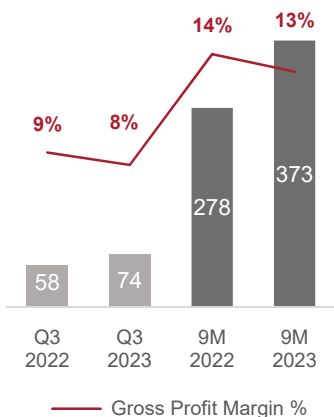
Opt. EBITDA increased to EGP 306m in 9M 2023 compared to EGP 282m in 9M 2022, increased by 9%. In Q3 2023, Opt. EBITDA increased to EGP 57m compared to EGP 54m in Q3 2022, increased by 5%.

Opt. EBITDA margin came in at 11% in 9M 2023 compared to 14% in 9M 2022. In Q3 2023, Opt EBITDA margin came in at 6% compared to 8% in Q3 2022.

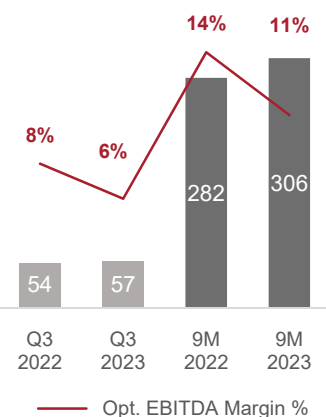
Group's net profit came in at EGP 22m in 9M 2023 compared to EGP 97m in 9M 2022, decreased by 77%. In Q3 2023, Group's net profit came in at EGP (42m) in Q3 2023 compared to EGP 11m in Q3 2022, decreased by 463%. This is due to the increasing financing expense and credit facilities the Group had to rely on to meet its needs for raw materials, energy and strategic spare parts in light of the significant rise in inflation and exchange rates as well as the increasing interest rates.

Attributable to parent company came in at EGP 14m in 9M 2023 compared to EGP 63m in 9M 2022, decreased by 77%. In Q3 2023, attribute to parent company came in at EGP (29m) compared to EGP 9m in Q3 2022, decreased by 402%

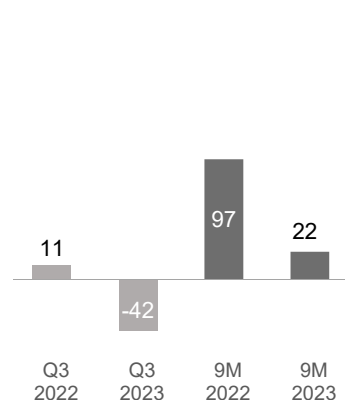
Gross Profit (EGP) Million, Margin %



Opt. EBITDA (EGP) Million, Margin %



Net Profit (EGP) Million



On standalone level,

Qena's net sales increased to EGP 1,152m in 9M 2023 compared to EGP 894m in 9M 2022, increased by 29%. In Q3 2023, net sales increased to EGP 415m compared to EGP 321m in Q3 2022, increased by 29%.

Qena local cement sales volumes came in at 738k ton in 9M 2023 compared to 767k ton in 9M 2022, decreased by 4%. In Q3 2023, Qena local cement sales volumes came in at 259k ton compared to 271k ton in Q3 2022 decreased by 4%. Qena export sales came in at 19k ton in 9M 2023 compared to 101k ton in 9M 2022, decreased by 81%.

Qena's gross profit increased to EGP 168m in 9M 2023 compared to EGP 103m in 9M 2022, increased by 63%. In Q3 2023 Gross profit increased to EGP 51m compared to EGP 19m in Q3 2022, increased by 165%.

The gross profit margin increased to 15% in 9M 2023 compared to 11% in 9M 2022. In Q3 2023, gross profit margin increased to 12% compared to 6% in Q3 2022.

Qena's Opt. EBITDA increased to EGP 122m in 9M 2023 compared to 100m in 9M 2022, increased by 22%. In Q3 2023, Opt. EBITDA increased to EGP 36m compared to 16m in Q3 2022, increased by 123%.

Opt. EBITDA margin remained to 11% in 9M 2023 compared to 11% in 9M 2022. In Q3 2023, Opt. EBITDA margin increased to 9% compared to 5% in Q3 2022.

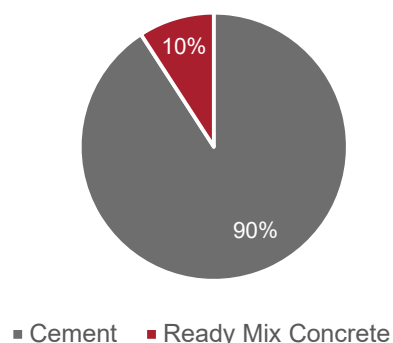
Qena's net profit came in at EGP 37m in 9M 2023 compared to 52m in 9M 2022, decreased by 30%. In Q3 2023, net profit came in at EGP (3m) compared to 12m in Q3 2022, decreased by 124%.

EPS came in at EGP 0.46 in 9M 2023 compared to EGP 0.62 in 9M 2023, decreased by 26%.

Operational Overview by Segment:

Volumes	9M 2023	9M 2022	Change (%)
Cement (thousand ton)	1,786	1,768	1%
Ready Mix Concrete (thousand m ³)	204	217	(6%)
Net Sales (EGP million)			
Cement	2,674	1,827	46%
Ready Mix Concrete	246	201	23%
Opt. EBITDA (EGP million)			
Cement	302	291	4%
Ready Mix Concrete	7	(0.4)	1,953%
EBITDA Margin			
Cement	11%	16%	(29%)
Ready Mix Concrete	3%	(0.2%)	1,609%

Group Sales Contribution



Group Cement

Net sales increased to EGP 2.67b in 9M 2023 compared to EGP 1.83b in 9M 2022, increased by 46%. In Q3 2023, net sales increased to EGP 878m compared to EGP 656m in Q3 2022, increased by 34%.

Sales volume including the export sales came in at 1.8m ton in 9M 2023 compared to 1.8m ton in 9M 2022 increased by 1%. In Q3 2023, sales volume including export came in at 555k ton compared to 591k ton in Q3 2022 decreased by 6%.

Gross profit increased to EGP 364m in 9M 2023 compared to EGP 290m in 9M 2022, increased by 26%. In Q3 2023, gross profit increased to EGP 76m compared to EGP 58m in Q3 2022, increased by 32%.

The gross profit margin came in at 14% in 9M 2023 compared to 16% in 9M 2022. In Q3 2023, gross profit margin remained 9% compared to 9% in Q3 2022.

Opt. EBITDA increased to EGP 302m in 9M 2023 compared to 291m in 9M 2023, increased by 4%. In Q3 2023, Opt. EBITDA increased to EGP 63m compared to EGP 54m in Q3 2022, increased by 16%.

The Opt. EBITDA margin came in at 11% in 9M 2023 compared to 16% in 9M 2022. In Q3 2023, Opt. EBITDA margin came in at 7% in Q3 2023 compared to 8% in Q3 2022.

Net profit came in at EGP 56m in 9M 2023 compared to EGP 137m in 9M 2022, decreased by 59%. In Q3 2023, net profit came in at EGP (34m) compared to EGP 17m in Q3 2022, decreased by 296%.

Group Ready Mix Concrete

Net sales increased to EGP 246m in 9M 2023 compared to EGP 201m in 9M 2022 increased by 23%. In Q3 2023, net sales came in at EGP 66m compared to EGP 77m in Q3 2022, decreased by 15%

Sales volume came in at 204k m³ in 9M 2023 compared to 217k m³ in 9M 2022, decreased by 6%. In Q3 2023, sales volume came in at 54k m³ compared to 78k m³ in Q3 2022, decreased by 31%.

Gross profit increased to EGP 3m in 9M 2023 compared to EGP (5m) in 9M 2022, increased by 162%. In Q3 2023, gross profit came in at EGP (5m) compared to EGP 2m in Q3 2022, decreased by 288%.

The gross profit margin increased to 1% in 9M 2023 compared to gross profit margin of (3%) in 9M 2022. In Q3 2023, gross profit margin came in at (7%) compared to 3% in Q3 2022.

Opt. EBITDA increased to EGP 7m in 9M 2023 compared to (0.4m) in 9M 2022. In Q3 2023, Opt. EBITDA came in at EGP (3m) compared to 4m in Q3 2022, decreased by 174%.

The Opt. EBITDA margin increased to 3% in 9M 2023 compared to (0.2%) in 9M 2022. In Q3 2023, Opt. EBITDA margin came in at (5%) compared to 6% in Q3 2022.

Net profit increased to EGP (7m) in 9M 2023 compared to EGP (15m) in 9M 2022, increased by 51%. In Q3 2023, net profit came in at EGP (8m) compared to EGP (1m) in Q3 2022, decreased by 621%.

Summary Consolidated Results (Rounded to EGP Million):

Income Statement	9M 2023	9M 2022	Q3 2023	Q3 2022
Net Sales	2,832	1,968	931	673
Gross profit	373	278	74	58
Gross Profit Margin	13%	14%	8%	9%
Opt. EBITDA	306	282	57	54
Opt. EBITDA Margin	11%	14%	6%	8%
EBT	42	120	(45)	18
Net profit	22	97	(42)	11
Parent Company	14	63	(29)	10
Minority Interest	8	34	(13)	1

Balance Sheet	9M 2023	FY 2022
Current Assets	2,074	1,605
Non-current Assets	2,838	2,825
Total Assets	4,912	4,430
Current Liabilities	2,267	2,124
Non-current Liabilities	760	358
Total Liabilities	3,027	2,482
Shareholders' Equity	1,885	1,948
Total Liabilities & Shareholders' Equity	4,912	4,430

Cash Flow	9M 2023	9M 2022
Net cash generated from operating activities	43	274
Net cash generated from investing activities	(135)	(8)
Net cash used in financing activities	49	(172)
Cash and cash equivalents at the end of the period	106	199

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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