Qalaa Holdings Reports 2Q 2021 Results

- *Qalaa's consolidated revenues grew 37% year-on-year and recurring EBITDA increased by 105% y-o-y in 2Q21 as gradually improving refining margins reflected positively on ERC's performance;*
- *Excluding ERC, the Group delivered top line growth of 21% y-o-y and recurring EBITDA increased by 26% y-o-y in 2Q21, driven by positive performances across Qalaa's subsidiaries;*
- *TAQA Arabia benefitted from improved market conditions with growing power distribution volumes and increased household conversions in 2Q21, and increased its number of CNG filling stations to 23 during the period, which drove a near three-fold year-on-year increase in natural gas volumes sold for vehicles to 31.6 MCM in 1H21;*
- *National Printing capitalized on easing port restrictions with a marked improvement in exports volumes, and is reaping the rewards of its new state-of-the-art facility;*
- *Dina Farms continues to benefit from its facility enhancement initiatives;*
- *A key focus area over the next three years will be growing group-wide exports, leveraging the advantage offered to local manufacturers due to the rise in global logistics costs and working to counterbalance the concurrent increase in the price of raw material imports;*
- *Debt restructuring at Qalaa Holdings and ERC remains a top priority;*
- *Continuous adherence to health, safety, and business continuity measures to help manage risks related to COVID-19 and navigate upcoming period of uncertainty without layoffs.*

2Q 2021 Consolidated Income Statement Highlights	
Revenues EGP 10,178.3 mn vs. EGP 7,402.5 mn in 2Q20	
EBITDA* EGP 750.0 mn vs. EGP 366.6 mn in 2Q20	Net Loss After Minority EGP 401.5 mn vs. EGP 712.1 mn in 2Q20
2Q 2021 Consolidated Income Statement Highlights (Excluding ERC)	
Revenues EGP 4,164.0 mn vs. EGP 3,449.6 mn in 2Q20	
EBITDA* EGP 454.2 mn vs. EGP 360.4 mn in 2Q20	Net Loss After Minority EGP 258.3 mn vs. EGP 445.0 mn in 2Q20
Highlights from Consolidated Balance Sheet as at 30 June 2021	
Consolidated Assets EGP 83,148.6 mn At current book value vs. EGP 81,987.5 mn in FY20	Consolidated Debt EGP 61,311.1 mn Of which EGP 42,941.2 mn related to ERC

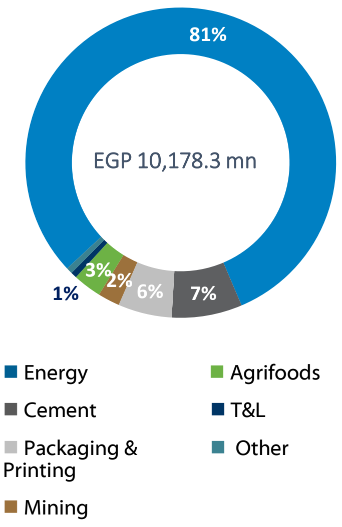
**Recurring EBITDA excludes one-off selling, general and administrative expenses*

Qalaa Holdings, a leader in energy and infrastructure (CCAP.CA on the Egyptian Exchange, formerly Citadel Capital), released today its consolidated financial results for the quarter ended 30 June 2021. Qalaa recorded a 37% y-o-y increase in revenues to EGP 10,178.3 million in 2Q21 and a 105% y-o-y increase in recurring EBITDA to EGP 750.0 million due to improving refining margins reflecting positively on ERC's performance during the period. It is worthy to note that ERC's margins, albeit significantly improved, remain at around 50% of their pre-COVID-19 levels. Excluding ERC, Qalaa's revenues were up by 21% y-o-y to EGP 4,164.0 million in 2Q21 and recurring EBITDA grew by 26% y-o-y to EGP 454.2 million during the same period. The Group's results excluding ERC were driven by improved performance across its subsidiaries. At its bottom-line, Qalaa booked a net loss of EGP 401.5 million in 2Q21 compared to a net loss of EGP 712.1 million in 2Q20.

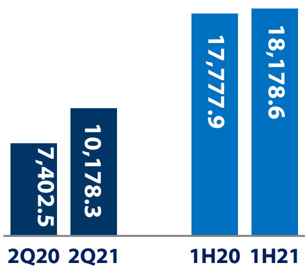
Financial and operational highlights follow, as do management's comments and overview of the performance of different business units. Full financials are now available for download at ir.qalaaholdings.com.

Financial and Operational Highlights

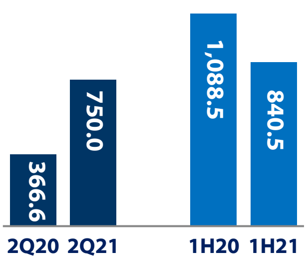
QALAA HOLDINGS CONSOLIDATED REVENUES 2Q21



REVENUE PROGRESSION
(EGP mn)



RECURRING EBITDA PROGRESSION
(EGP mn)



- **Qalaa's consolidated revenues grew 37% y-o-y to EGP 10,178.3 in 2Q21 on the back of improved refining margins reflecting positively on ERC's performance.**

  ERC's revenues increased by 52% y-o-y to of EGP 6,014.3 million in 2Q21, constituting 59% of Qalaa Holdings' top line for the period. ERC's performance came despite a 22-day production stoppage due to a scheduled maintenance in 2Q21.

- **Excluding ERC, Qalaa recorded a 21% y-o-y increase in revenues to EGP 4,164.0 million in 2Q21, driven by improved performances across its subsidiaries.**

  Revenue growth during the period was primarily driven by TAQA Arabia, which recorded a 27% y-o-y increase in revenues to EGP 2,184.8 million in 2Q21. TAQA Arabia's performance was supported by improved market conditions driving volume growth at TAQA Gas and TAQA Power.

  Meanwhile, Qalaa's top line growth was further supported by a 35% y-o-y revenue increase at National Printing in 2Q21 as it reaped the rewards of its new state-of-the-art facility at its El Baddar subsidiary. Additionally, improving export sales and an optimized pricing strategy at Uniboard reflected positively on National Printing's results during the period.

- **Qalaa recorded a 105% y-o-y increase in recurring EBITDA to EGP 750.0 million in 2Q21 despite a scheduled maintenance causing a 22-day operational stoppage at ERC during the period.**

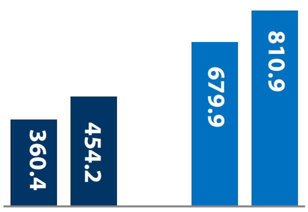
  It is worth noting that ERC returned to full operational capacity in 2Q21 and recorded an EBITDA of EGP 295.8 million compared to EGP 6.1 million in 2Q20 due to improving refining margins. While ERC's margins are significantly improving, they remain at c.50% of their pre-COVID-19 levels. ERC's technical management is contracted to the Egyptian Projects Operations and Maintenance company (EPROM), a wholly owned subsidiary of the Egyptian General Petroleum Corporation (EGPC).

- **Excluding ERC, Qalaa would record a recurring EBITDA increase of 26% y-o-y to EGP 454.2 million in 2Q21, driven by solid EBITDA performances at TAQA Arabia, Dina Farms, and ASEC Holding.**

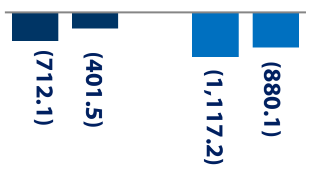
  Qalaa's EBITDA excluding ERC was primarily driven by a 40% y-o-y increase at TAQA Arabia's EBITDA in 2Q21, which was supported by growing household conversions at TAQA Gas. Additionally, increasing distribution volumes at TAQA Power as a result of the company's commencement of its Sixth October industrial zone substation reflected positively on profitability in 2Q21. Parallel to this, ASEC Holding's EBTIDA grew to EGP 92.8 million in 2Q21 from EGP 58.6 million in 2Q20 on the back of its successful cost reduction and restructuring efforts across its subsidiaries.

- **Selling, general and administrative expenses (SG&A) recorded EGP 521.4, up by 45% y-o-y in 2Q21, of which EGP 186.6 million are related to ERC.**

RECURRING EBITDA PROGRESSION (Excluding ERC)
(EGP mn)



NET PROFIT PROGRESSION
(EGP mn)



SG&A was also impacted by higher freight costs at ACCM as well as an increase in Al Takamol's SG&A, which grew by 80% y-o-y to EGP 29.1 million in 2Q21 due to the significant devaluation of the SDG relative to the dollar.

- **Depreciation and amortization expenses stood at EGP 1,086.6 million in 2Q21, compared to EGP 1,165.0 million in 2Q20.**

- **Bank interest expense recorded EGP 910.2 million in 2Q21 compared to EGP 1,032.4 million in 2Q20.**

  The decline in interest expense in 2Q21 was primarily driven by ERC, which booked an 18% y-o-y decline in interest expenses to EGP 576.8 due to the drop in LIBOR.

- **Qalaa recorded an FX gain of EGP 54.9 million in 2Q21 due to the strengthening of the EGP against the USD and its effect on Qalaa's USD-denominated liabilities.**

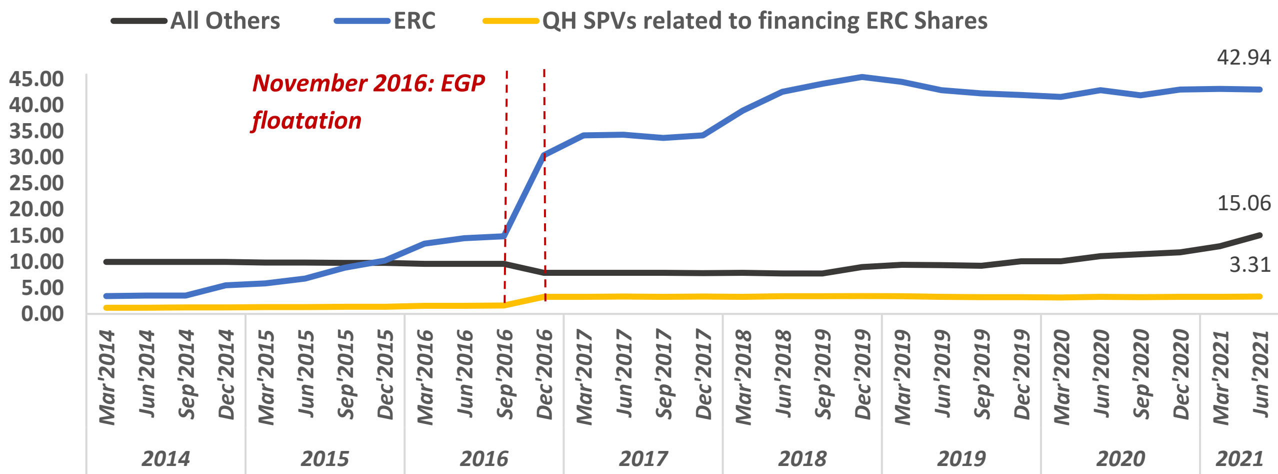
- **Qalaa Holdings recorded a consolidated net loss after minority interest of EGP 401.5 million in 2Q21 compared to a net loss of EGP 712.1 million in 2Q20.**

  Bottom line losses narrowed due to ERC's improved performance and gradual recovery in its refining margins in 2Q21, which have partially recovered from the impacts of COVID-19. Moreover, the Group's narrower losses in 2Q21 were driven by improved performances across its subsidiaries as they benefitted from ameliorating market conditions.

- **Qalaa's debt restructuring efforts at the holding level and at the few remaining subsidiaries are progressing and remain a top priority for Qalaa. Additionally, ERC's negotiations with its lenders for a full debt restructuring are underway.**

- **Qalaa's consolidated debt, excluding ERC and ERC-related debt, stood at EGP 15.06 billion as of 30 June 2021 compared to EGP 11.05 billion in the same period of the previous year. The increase was mainly driven by expansions at TAQA Arabia. Qalaa's USD senior debt stands at c. USD 211.8 million, with the EGP's strengthening against the USD decreasing the holding company's liabilities in EGP.**

Debt Progression (EGP bn)



Management Comment

"Qalaa's top line performance over the period showcases our ability to deploy effective growth and efficiency strategies even during the most testing times"

"I am very pleased with Qalaa's top line performance over the period, which showcases our ability to deploy effective growth and efficiency strategies even during the most testing times," **said Qalaa Holdings' Chairman and Founder Ahmed Heikal**. "Despite the lingering impact of COVID-19 across our markets, our platforms were able to capitalize on slowly improving market conditions and a gradually easing trade environment, with our consolidated top line delivering a 37% year-on-year increase in 2Q21. Our results came despite an operational stoppage at ERC and were driven by solid performances across our platform companies as well as successfully delivering on multiple operational initiatives during the period.

"At TAQA Arabia, with improved market conditions we captured the growing demand for our services and booked increased household natural gas conversions, delivered higher power distribution volumes and quickly began capitalizing on TAQA Power's newly inaugurated Sixth of October industrial zone substation. Moreover, we continued our expansion efforts across the compressed natural gas space and more than doubled our CNG stations to 23 in 1H21, with a plan to reach 42 stations by year-end. We are also ideally positioned to continue growing our household gas conversion business. Meanwhile, we are confident that its newly launched subsidiary, TAQA Water, will deliver tremendous value going forward as we look to expand the Group's presence across the water treatment solutions space.

"At National Printing and ASCOM, an improving international trade environment and easing port restrictions saw both companies deliver higher exports volumes during the period. Overall, the Group booked export proceeds of c. USD 22.7 million in 2Q21, while local foreign currency revenue recorded c. USD 392.5 million*. At Dina Farms, our comprehensive facility enhancement initiatives coupled with the successful launch of our new juice product line reflected positively on our performance in 2Q21. Furthermore, we capitalized on favorable cement prices in Sudan and delivered solid results at Al Takamol Cement, which supported ASEC Holding's performance during the period.

"It is important to note that the true value of Qalaa's performing assets is masked due to the adoption of international accounting standards, which account for assets at their historical cost and adjust for impairments, while not taking into consideration any revaluation adjustments," **added Heikal.**

"At ERC, despite a 22-day stoppage due to a scheduled maintenance in 2Q21, the refinery's revenues increased by 52% year-on-year on the back of recovering market conditions. Moreover, I would like to note that ERC's gross refining margin has gradually improved during the period but is currently hovering at around half of its pre-COVID-19 levels. We are hopeful to see further improvements at the refinery's margins once market conditions stabilize," **said Heikal.**

"Qalaa's recurring EBITDA excluding ERC grew by a solid 26% year-on-year in 2Q21. This comes despite significant increases in global freight costs and an unfavorable commodity cycle," **said Hisham El-Khazindar, Qalaa Holdings' Co-Founder and Managing Director**. "Improving profitability amidst these global challenges is testament to the strength of our operational efficiency, pricing, and cost reduction strategies, as well as our restructuring efforts across our platform

* *Local foreign currency of c. USD 392.5 million excludes Allmed.*

companies. Qalaa's EBITDA performance continues to be supported by strong contributions from TAQA Arabia, particularly by its power division following the commissioning of the new Six of October industrial substation. EBITDA performance was also supported by the successful restructuring at ASEC Holding, which recorded a 58% year-on-year increase to EGP 92.8 million in 2Q21. Finally, growing export and local volumes at National Printing and ASCOM also supported profitability for the period."

"On the debt restructuring front, we continue to make progress toward inking new agreements at the Qalaa Holding level and at ERC, which remain a top priority for us. In parallel, Qalaa will continue to make incremental investments in our portfolio companies with an eye to further unlock value across our extensive and diverse operations."

"Finally, management remains committed to upholding Qalaa's comprehensive health and safety measures to protect our c. 17,500 employees who are the key success driver, and we are hopeful that as market conditions continue to improve, and barring further material impacts from the pandemic, we will be able to close out the second half of 2021 on a positive note," **concluded El-Khazindar.**

Detailed overviews of the performance of operational companies in each of Qalaa's core industries follow; complete financials are available for download on ir.qalaaholdings.com

Methods of Consolidation

Fully Consolidated Companies	Energy	Egyptian Refining Company; TAQA Arabia
	Cement	ASEC Holding
	Packaging and Printing	National Printing (Grandview)
	Mining	ASCOM
	Agrifoods	ICDP & Dina Farms
	Transportation & Logistics	Nile Logistics; Nile Barges (Sudan)
	Metallurgy	United Foundries

Equity Method Consolidated Companies (Share of Associates)	Mining	ASCOM Precious Metal (APM - Ethiopia)
	Cement	Zahana Cement
	Energy	Castrol Egypt (TAQA Marketing – British Petroleum JV); Tawazon
	Publishing & Retail	Tanweer
	Healthcare	Allmed

Qalaa Holdings Consolidated Income Statement (in EGP mn)

	1Q 2021	2Q 2021	1H 2021	1Q 2020	2Q 2020	1H 2020
Revenue	8,000.3	10,178.3	18,178.6	10,375.4	7,402.5	17,777.9
COS	(7,442.1)	(8,907.8)	(16,349.9)	(9,288.0)	(6,678.5)	(15,966.5)
Gross Profit	**558.2**	**1,270.5**	**1,828.7**	**1,087.4**	**724.0**	**1,811.4**
Advisory Fee	-	-	-	-	-	-
Total Operating Profit	**558.2**	**1,270.5**	**1,828.7**	**1,087.4**	**724.0**	**1,811.4**
SG&A	(478.7)	(521.4)	(1,000.1)	(368.6)	(360.7)	(729.3)
Other inc/exp-Net	10.9	1.0	11.9	3.0	3.3	6.4
EBITDA before one-off charges	**90.5**	**750.0**	**840.5**	**721.9**	**366.6**	**1,088.5**
SG&A (Non recurring)	22.8	(17.4)	5.5	21.8	(15.0)	6.8
EBITDA	**113.3**	**732.7**	**846.0**	**743.7**	**351.5**	**1,095.3**
Dep./Amort.	(1,068.4)	(1,086.6)	(2,155.0)	(667.7)	(1,165.0)	(1,832.7)
EBIT	**(955.1)**	**(353.9)**	**(1,309.1)**	**76.1**	**(813.4)**	**(737.4)**
Bank interest exp.	(851.4)	(910.2)	(1,761.6)	(1,039.5)	(1,032.4)	(2,072.0)
Other Finance Cost	49.0	113.1	162.1	-	-	-
Bank PIK	(32.9)	(34.7)	(67.6)	(32.6)	(26.4)	(59.1)
Bank Fees (ERC - PIK)	-	-	-	-	-	-
3rd party Shareholder	(80.2)	(84.7)	(164.9)	(74.3)	(79.7)	(154.1)
Interest income	92.8	136.8	229.6	104.6	98.0	202.6
Lease Payments	(34.3)	(38.6)	(72.9)	(32.7)	(13.7)	(46.3)
EBT (before one-offs)	**(1,812.1)**	**(1,172.3)**	**(2,984.4)**	**(998.5)**	**(1,867.6)**	**(2,866.1)**
Gain (Loss) on sale of investments	-	-	-	47.0	-	47.0
Impairments/write downs	(11.8)	1.4	(10.5)	(18.5)	(15.6)	(34.1)
Acquisitions and restructuring	1.2	(1.4)	(0.2)	(31.2)	(11.1)	(42.2)
Share in associates' results	9.0	(4.4)	4.6	(2.4)	2.0	(0.4)
CSR	(9.5)	(2.7)	(12.2)	(6.3)	(2.8)	(9.1)
Provisions	(107.0)	(107.6)	(214.6)	(108.3)	(96.8)	(205.1)
Discontinued operations *	-	-	-	(14.6)	(28.0)	(42.6)
Forex	17.4	54.9	72.2	150.4	(166.5)	(16.1)
EBT	**(1,912.8)**	**(1,232.2)**	**(3,145.0)**	**(982.5)**	**(2,186.4)**	**(3,168.9)**
Taxes	(42.3)	(50.1)	(92.4)	(600.6)	(315.3)	(915.9)
NP/L Including Minority Share	**(1,955.1)**	**(1,282.3)**	**(3,237.4)**	**(1,583.1)**	**(2,501.7)**	**(4,084.8)**
Minority Interest	(1,476.5)	(880.8)	(2,357.3)	(1,178.0)	(1,789.6)	(2,967.6)
NP/L for the Period	**(478.6)**	**(401.5)**	**(880.1)**	**(405.1)**	**(712.1)**	**(1,117.2)**

* Discontinued operations include:
(1) Assets included in 2019: Enjoy (Falcon, sold in 1Q20)
(2) Assets included in 2020: Tawazon

Qalaa Holdings Consolidated Income Statement by Sector for the three-month period ending 30 June 2021 (in EGP mn)

			Energy		Cement	T&L^	Mining	Agrifoods		Others				
	QH	SPVs	Orient	Silverstone	NDT	CCTO	ASCOM	Falcon	Wafra	Misc.*	Grandview	Elimination	2Q 2021	2Q 2020
Revenue	-	-	6,014.3	2,184.8	746.6	64.2	231.8	302.3	-	65.0	571.6	(2.3)	10,178.3	7,402.5
Cost of Sales	-	-	(5,531.9)	(1,893.1)	(603.5)	(29.1)	(149.0)	(215.2)	-	(53.0)	(435.2)	2.3	(8,907.8)	(6,678.5)
Gross Profit	**-**	**-**	**482.5**	**291.7**	**143.1**	**35.1**	**82.8**	**87.0**	**-**	**12.0**	**136.4**	**-**	**1,270.5**	**724.0**
Advisory fee	20.8	-	-	-	-	-	-	-	-	-	-	(20.8)	-	-
Total Operating Profit	**20.8**	**-**	**482.5**	**291.7**	**143.1**	**35.1**	**82.8**	**87.0**	**-**	**12.0**	**136.4**	**(20.8)**	**1,270.5**	**724.0**
SG&A	(43.5)	(5.3)	(186.6)	(61.5)	(53.3)	(13.2)	(68.5)	(43.4)	-	(8.1)	(55.1)	17.2	(521.4)	(360.7)
Other Income/Expenses (Net)	-	(0.2)	-	(2.5)	3.0	-	-	0.9	-	2.6	(1.9)	(1.0)	1.0	3.3
EBITDA (before one-offs)	**(22.7)**	**(5.5)**	**295.8**	**227.8**	**92.8**	**21.8**	**14.2**	**44.5**	**-**	**6.5**	**79.4**	**(4.6)**	**750.0**	**366.6**
Dividend Income	-	47.8	-	-	-	-	-	-	-	-	-	(47.8)	-	-
Non Recurring - Rev. & Costs	-	0.4	-	(3.2)	(5.1)	0.1	(4.5)	(6.8)	-	-	0.9	0.9	(17.4)	(15.0)
EBITDA	**(22.7)**	**42.8**	**295.8**	**224.6**	**87.6**	**21.9**	**9.7**	**37.7**	**-**	**6.5**	**80.3**	**(51.5)**	**732.7**	**351.5**
Depreciation & Amortization	(2.4)	-	(901.7)	(44.7)	(44.6)	(15.2)	(22.3)	(23.9)	-	(1.2)	(17.5)	(13.2)	(1,086.6)	(1,165.0)
EBIT	**(25.1)**	**42.8**	**(605.9)**	**179.9**	**43.1**	**6.6**	**(12.6)**	**13.8**	**-**	**5.3**	**62.8**	**(64.7)**	**(353.9)**	**(813.4)**
Interest Expense	(99.9)	(37.9)	(576.8)	(99.2)	(14.5)	(35.0)	(15.2)	(4.8)	-	(0.9)	(25.9)	-	(910.2)	(1,032.4)
Other Finance Cost	-	-	113.1	-	-	-	-	-	-	-	-	-	113.1	-
Bank PIK	-	(34.7)	-	-	-	-	-	-	-	-	-	-	(34.7)	(26.4)
Bank fees (ERC-PIK)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3rd Party Shareholder	-	(22.3)	(10.4)	-	(138.8)	(11.2)	-	-	-	(8.5)	-	106.6	(84.7)	(79.7)
Interest Income	68.6	26.1	-	133.6	2.1	0.1	3.7	0.2	-	-	2.3	(99.9)	136.8	98.0
Finance Lease Charges/ NPV LT	-	-	(14.0)	(9.7)	(0.2)	(5.8)	-	(7.1)	-	-	(1.7)	-	(38.6)	(13.7)
EBT (before one-offs)	**(56.4)**	**(26.1)**	**(1,094.0)**	**204.6**	**(108.4)**	**(45.4)**	**(24.1)**	**2.2**	**-**	**(4.1)**	**37.5**	**(58.0)**	**(1,172.3)**	**(1,867.6)**
Gain (Loss) on sale of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Impairments/Write-downs	(46.7)	77.7	8.1	(15.5)	(2.0)	(1.7)	11.3	0.0	-	0.9	0.0	(30.7)	1.4	(15.6)
Acquisitions and restructuring	(0.9)	-	-	-	(0.5)	-	-	-	-	-	-	-	(1.4)	(0.3)
Share in Associates' Results	-	-	-	-	(12.2)	-	10.8	-	-	-	-	(3.1)	(4.4)	-
Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	2.0
Layoffs/Severances	-	-	-	-	-	-	-	-	-	-	-	-	-	(10.8)
CSR	-	-	-	(1.0)	-	-	(1.8)	-	-	-	-	-	(2.7)	(2.8)
Provisions	-	(33.9)	-	(12.1)	(69.4)	7.0	(0.6)	(1.4)	-	7.0	(2.1)	(2.0)	(107.6)	(96.8)
Discontinued Operations **	-	-	-	-	-	-	-	-	-	-	-	-	-	(28.0)
FOREX	(0.8)	2.8	(0.7)	(1.6)	49.3	0.9	2.2	(0.6)	-	0.4	-	3.0	54.9	(166.5)
EBT	**(104.8)**	**20.5**	**(1,086.6)**	**174.4**	**(143.2)**	**(39.2)**	**(2.2)**	**0.2**	**-**	**4.1**	**35.5**	**(90.8)**	**(1,232.2)**	**(2,186.4)**
Taxes	(0.5)	-	(0.8)	(45.0)	(9.3)	-	-	(2.4)	-	0.1	6.5	1.4	(50.1)	(315.3)
Net P/L Before Minority Share	**(105.3)**	**20.5**	**(1,087.5)**	**129.3**	**(152.5)**	**(39.2)**	**(2.2)**	**(2.2)**	**-**	**4.2**	**42.0**	**(89.4)**	**(1,282.3)**	**(2,501.7)**
Minority Interest	-	-	(636.1)	37.6	48.9	(12.4)	(1.4)	-	-	-	31.0	(348.4)	(880.8)	(1,789.6)
Net Profit (Loss)	**(105.3)**	**20.5**	**(451.3)**	**91.7**	**(201.4)**	**(26.8)**	**(0.8)**	**(2.2)**	**-**	**4.2**	**11.0**	**259.0**	**(401.5)**	**(712.1)**

* Miscellaneous includes UCF & Sphinx Egypt.
** Discontinued operations include:
(1) Assets included in 2019, 2020: Zahana
(2) Assets included in 2019: Enjoy (Falcon, sold in 1Q20)

^ T&L represents Transportation & Logistics

Qalaa Holdings Consolidated Income Statement by Sector for the six-month period ending 30 June 2021 (in EGP mn)

			Energy		Cement	T&L^	Mining	Agrifoods		Others			
	QH	SPVs	Orient	Silverstone	NDT	CCTO	ASCOM	Falcon	Wafra	Misc.*	Grandview	Elimination	1H 2021
Revenue	-	-	10,133.6	4,235.0	1,430.4	113.0	467.8	555.3	-	132.6	1,113.9	(2.9)	18,178.6
Cost of Sales	-	-	(9,759.8)	(3,728.8)	(1,153.3)	(52.4)	(307.9)	(406.8)	-	(108.8)	(835.0)	2.9	(16,349.9)
Gross Profit	**-**	**-**	**373.8**	**506.2**	**277.1**	**60.6**	**159.9**	**148.5**	**-**	**23.8**	**278.9**	**-**	**1,828.7**
Advisory fee	41.6	-	-	-	-	-	-	-	-	-	-	(41.6)	-
Total Operating Profit	**41.6**	**-**	**373.8**	**506.2**	**277.1**	**60.6**	**159.9**	**148.5**	**-**	**23.8**	**278.9**	**(41.6)**	**1,828.7**
SG&A	(96.7)	(6.3)	(344.2)	(122.8)	(101.4)	(26.9)	(132.5)	(84.8)	-	(15.4)	(105.1)	36.1	(1,000.1)
Other Income/Expenses (Net)	-	(0.5)	-	(2.6)	3.0	-	-	0.9	-	8.9	2.2	-	11.9
EBITDA (before one-offs)	**(55.1)**	**(6.8)**	**29.6**	**380.8**	**178.7**	**33.6**	**27.4**	**64.6**	**-**	**17.2**	**176.0**	**(5.5)**	**840.5**
Dividend Income	-	100.4	-	-	-	-	-	-	-	-	-	(100.4)	-
Non Recurring - Rev. & Costs	-	2.1	-	(6.7)	(5.1)	16.6	7.6	(10.7)	-	-	0.9	0.9	5.5
EBITDA	**(55.1)**	**95.8**	**29.6**	**374.1**	**173.6**	**50.2**	**34.9**	**53.8**	**-**	**17.2**	**176.8**	**(105.0)**	**846.0**
Depreciation & Amortization	(4.7)	-	(1,806.8)	(83.8)	(72.4)	(30.9)	(44.8)	(47.6)	-	(2.4)	(35.1)	(26.5)	(2,155.0)
EBIT	**(59.8)**	**95.8**	**(1,777.2)**	**290.3**	**101.2**	**19.3**	**(9.8)**	**6.2**	**-**	**14.8**	**141.7**	**(131.5)**	**(1,309.1)**
Interest Expense	(196.5)	(75.6)	(1,127.7)	(168.8)	(29.5)	(63.3)	(36.2)	(10.9)	-	(1.8)	(51.4)	-	(1,761.6)
Other Finance Cost	-	-	162.1	-	-	-	-	-	-	-	-	-	162.1
Bank PIK	-	(67.6)	-	-	-	-	-	-	-	-	-	-	(67.6)
Bank fees (ERC-PIK)	-	-	-	-	-	-	-	-	-	-	-	-	-
3rd Party Shareholder	-	(36.9)	(23.7)	-	(276.4)	(29.2)	-	-	-	(17.0)	-	218.3	(164.9)
Interest Income	136.4	69.0	-	219.5	4.0	0.1	3.7	0.3	-	-	2.3	(205.6)	229.6
Finance Lease Charges/ NPV LT assets	-	-	(27.8)	(19.2)	(0.4)	(11.5)	-	(10.9)	-	-	(3.1)	-	(72.9)
EBT (before one-offs)	**(119.9)**	**(15.2)**	**(2,794.4)**	**321.8**	**(201.2)**	**(84.5)**	**(42.4)**	**(15.4)**	**-**	**(3.9)**	**89.6**	**(118.8)**	**(2,984.4)**
Gain (Loss) on sale of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairments/Write-downs	(93.4)	(14.8)	16.0	(27.4)	(5.7)	(1.8)	11.1	(2.2)	-	(2.8)	(1.6)	112.0	(10.5)
Acquisitions and restructuring	(2.7)	-	-	-	(0.5)	-	3.0	-	-	-	-	-	(0.2)
Share in Associates' Results	-	-	-	-	(3.7)	-	14.6	-	-	-	-	(6.3)	4.6
Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Layoffs/Severances	-	-	-	-	-	-	-	-	-	-	-	-	-
CSR	(0.3)	-	-	(10.2)	-	-	(1.8)	-	-	-	-	-	(12.2)
Provisions	-	(51.6)	-	(42.0)	(122.1)	6.8	(1.0)	(1.4)	-	6.8	(5.3)	(4.9)	(214.6)
Discontinued Operations **	-	-	-	-	-	-	-	-	-	-	-	-	-
FOREX	22.0	(13.2)	(2.8)	(0.4)	76.6	2.5	(15.9)	(0.5)	-	1.9	-	2.0	72.2
EBT	**(194.3)**	**(94.8)**	**(2,781.1)**	**241.7**	**(256.6)**	**(76.9)**	**(32.3)**	**(19.5)**	**-**	**2.0**	**82.7**	**(15.9)**	**(3,145.0)**
Taxes	(0.7)	-	(1.6)	(71.9)	(13.7)	-	-	(0.6)	-	0.1	(6.8)	2.8	(92.4)
Net P/L Before Minority Share	**(195.0)**	**(94.8)**	**(2,782.8)**	**169.9**	**(270.3)**	**(76.9)**	**(32.3)**	**(20.1)**	**-**	**2.0**	**76.0**	**(13.2)**	**(3,237.4)**
Minority Interest	-	-	(1,629.9)	53.7	95.7	(23.4)	(4.8)	-)	-	-	57.8	(906.5)	(2,357.3)
Net Profit (Loss)	**(195.0)**	**(94.8)**	**(1,152.9)**	**116.2**	**(366.0)**	**(53.6)**	**(27.5)**	**(20.1)**	**-**	**2.0**	**18.2**	**893.3**	**(880.1)**

* Miscellaneous includes UCF & Sphinx Egypt.
** Discontinued operations include:
(1) Assets included in 2019, 2020: Zahana
(2) Assets included in 2019: Enjoy (Falcon, sold in 1Q20)

^ T&L represents Transportation & Logistics

Qalaa Holdings Consolidated Balance Sheet as at 30 June 2021 (in EGP mn)

		Energy		Cement	T&L^	Mining	Agrifoods		Others					
	QH	Orient	Silverstone	NDT	CCTO	ASCOM	Falcon	Wafra	Misc.*	Grandview	1H 2021 Aggregation	Eliminations/ SPVs	1H 2021	FY 2020
Current Assets														
Trade and Other Receivables	2,012.2	1,096.5	1,651.5	1,840.9	94.4	339.3	121.4	-	444.9	639.2	8,240.5	(2,791.5)	5,448.9	5,755.8
Inventory	-	1,201.7	456.4	1,004.7	10.8	83.7	116.1	-	35.7	385.7	3,294.7	-	3,294.7	2,650.3
Assets Held For Sale	-	-	-	5.7	-	-	-	-	117.8	22.4	145.9	(111.0)	34.9	35.1
Cash and Cash Equivalents	14.6	560.0	5,226.6	84.3	20.8	24.3	9.4	-	11.2	234.2	6,185.4	54.9	6,240.3	3,904.3
Others	-	-	-	0.0	-	-	5.7	-	-	-	5.7	7.5	13.3	18.2
Total Current Assets	**2,026.9**	**2,858.3**	**7,334.5**	**2,935.6**	**126.0**	**447.4**	**252.5**	**-**	**609.6**	**1,281.6**	**17,872.2**	**(2,840.0)**	**15,032.2**	**12,363.7**
Non-Current Assets														
PP&E	9.6	57,210.7	2,688.8	1,726.9	780.4	724.7	758.5	-	45.0	1,088.4	65,033.1	546.2	65,579.3	67,096.8
Investments	5,547.0	-	52.1	351.2	-	135.0	-	-	4.9	100.8	6,191.0	(5,579.7)	611.3	610.4
Goodwill / Intangible assets	18.7	273.1	412.5	-	-	0.4	-	-	-	-	704.7	77.2	781.9	782.8
Others	4,088.7	39.5	273.1	339.4	-	-	439.8	-	-	61.5	5,242.1	(4,098.1)	1,144.0	1,133.8
Total Non-Current Assets	**9,663.9**	**57,523.4**	**3,426.5**	**2,417.5**	**780.4**	**860.1**	**1,198.3**	**-**	**49.9**	**1,250.8**	**77,170.9**	**(9,054.4)**	**68,116.5**	**69,623.8**
Total Assets	**11,690.8**	**60,381.7**	**10,761.0**	**5,353.1**	**906.4**	**1,307.5**	**1,450.8**	**-**	**659.5**	**2,532.4**	**95,043.1**	**(11,894.5)**	**83,148.6**	**81,987.5**
Shareholders' Equity														
Total Equity Holders of the Company	**4,477.4**	**6,293.5**	**1,014.5**	**(5,560.1)**	**(938.2)**	**(33.8)**	**53.8**	**(1,101.3)**	**(409.5)**	**100.2**	**3,896.5**	**(15,014.7)**	**(11,118.1)**	**(10,191.8)**
Minority Interest	-	4,372.3	555.1	1,584.8	(436.0)	(84.4)	-	(12.9)	11.5	375.1	6,365.5	4,011.2	10,376.7	12,533.5
Total Equity	**4,477.4**	**10,665.9**	**1,569.6**	**(3,975.3)**	**(1,374.1)**	**(118.2)**	**53.8**	**(1,114.2)**	**(398.0)**	**475.4**	**10,262.1**	**(11,003.4)**	**(741.4)**	**2,341.8**
Current Liabilities														
Borrowings	5,463.7	35,200.0	4,001.6	1,141.7	949.8	170.8	82.0	-	51.6	938.0	47,999.2	2,795.2	50,794.4	47,788.6
Trade and Other Payables	1,589.8	4,758.6	2,660.5	1,910.6	99.0	423.8	984.9	1,113.0	633.1	498.0	14,671.3	(560.0)	14,111.3	13,336.0
Shareholder Loan	-	316.1	-	2,351.3	949.8	-	-	-	131.8	-	3,748.9	(949.8)	2,799.2	2,675.5
Provisions	159.6	-	242.7	1,228.2	23.9	27.6	28.5	1.2	13.4	65.5	1,790.5	429.4	2,219.9	2,109.0
Liabilities Held For Sale	-	-	-	0.2	-	-	-	-	0.7	-	1.0	0.8	1.8	1.8
Total Current Liabilities	**7,213.1**	**40,274.7**	**6,904.8**	**6,632.1**	**2,022.5**	**622.2**	**1,095.4**	**1,114.2**	**830.5**	**1,501.4**	**68,210.9**	**1,715.6**	**69,926.5**	**65,910.9**
Non-Current Liabilities														
Borrowings	-	7,741.2	1,508.2	-	-	771.7	91.3	-	-	404.3	10,516.7	-	10,516.7	10,227.9
Shareholder Loan	-	574.7	-	2,683.1	140.7	-	-	-	226.5	84.0	3,709.0	(2,649.4)	1,059.7	1,040.6
Long-Term Liabilities	0.3	1,125.3	778.5	13.1	117.3	31.7	210.4	-	0.5	67.3	2,344.4	42.7	2,387.1	2,466.3
Total Non-Current Liabilities	**0.3**	**9,441.1**	**2,286.7**	**2,696.3**	**258.0**	**803.5**	**301.7**	**-**	**226.9**	**555.6**	**16,570.2**	**(2,606.7)**	**13,963.5**	**13,734.9**
Total Liabilities	**7,213.4**	**49,715.8**	**9,191.4**	**9,328.4**	**2,280.5**	**1,425.7**	**1,397.1**	**1,114.2**	**1,057.5**	**2,057.0**	**84,781.0**	**(891.0)**	**83,890.0**	**79,645.7**
Total Equity and Liabilities	**11,690.8**	**60,381.7**	**10,761.0**	**5,353.1**	**906.4**	**1,307.5**	**1,450.8**	**-**	**659.5**	**2,532.4**	**95,043.1**	**(11,894.5)**	**83,148.6**	**81,987.5**

* Miscellaneous includes UCF & Sphinx Egypt.
^ T&L represents Transportation & Logistics

Sector Review: Energy

Qalaa Holdings' operational energy companies include the Egyptian Refining Company (petroleum refining) and TAQA Arabia (energy generation and distribution).

QH OWNERSHIP — c.13.1%

In 1H21 ERC refined total feedstock of c. 1,609.0 thousand tons, including 1,471.6 thousand tons of atmospheric residue along with gasoil, naphtha and natural gas for hydraulic power unit (HPU) of c. 137.4 thousand tons. During the same period, ERC supplied c. 1,394.2 thousand tons of refined product to the Egyptian General Petroleum Corporation (EGPC), and approximately c.183.9 thousand tons of pet coke and 30.7 thousand tons of Sulphur to key cement and fertilizer players, respectively.

Product	LPG	Light Naphtha	Reformate	Fuel Oil	Jet Fuel	Diesel	*Total Supplied to EGPC*
2Q20 (tons)	27,092	75,758	124,298	125,364	3,257	650,518	***1,006,288***
2Q21 (tons)	23,306	46,392	99,213	97,507	28,356	422,316	***717,092***
Change	*-14%*	*-39%*	*-20%*	*-22%*	*771%*	*-35%*	***-29%***
1H20 (tons)	59,219	150,211	241,249	244,338	147,633	1,189,530	***2,032,180***
1H21 (tons)	42,842	95,035	181,319	219,942	28,356	756,234	***1,323,729***
Change	*-28%*	*-37%*	*-25%*	*-10%*	*-81%*	*-36%*	***-35%***

ERC's revenues grew by 52% y-o-y to EGP 6,014.3 million in 2Q21, while EBITDA recorded EGP 295.8 million during the same period compared to 6.1 million in 2Q20. ERC's results were supported by improved refining margins reflecting positively on the refinery's performance during the period and come despite a 22-day production stoppage due to a scheduled maintenance in 2Q21.

On a six-month basis, ERC recorded a 6% y-o-y decline in revenues to EGP 10,331 million in 1H21. These results reflect a modest decline considering the material number of stoppages and slowdowns at the refinery during the period. ERC witnessed production stoppages and slowdowns for a total of 71 days in 1H21, including a 29-day stoppage and a 20-day production slowdown during 1Q21 on account of operational difficulties, followed by a scheduled maintenance in 2Q21 leading to another 22-day production stoppage.

It is worthy to note that the refinery has returned to full operational capacity. Moreover, despite the refinery's gross refining margin having recently improved to c. USD 1.5 million per day, it is still around half of its pre-COVID-19 levels. Management expects further improvement in the refinery's margins once market conditions stabilize.

It is worth noting that ERC's technical management is contracted to the Egyptian Projects Operations and Maintenance company (EPROM), a wholly owned subsidiary of the Egyptian General Petroleum Corporation (EGPC). ERC's negotiations with its lenders for a full debt restructuring are underway

QALAA HOLDINGS OWNERSHIP — c.55.9%

TAQA Arabia's revenue grew by 27% y-o-y to EGP 2,184.8 million in 2Q21 and EBITDA increased by 40% y-o-y to EGP 227.8 million during the same period. The company's strong performance reflects improved market conditions driving higher power distribution volumes by TAQA Power and volume growth at TAQA Gas as well as increased household natural gas conversions.

Key Performance Indicators

	Units	2Q20	2Q21	*% chg*	1H20	1H21	*% chg*
TAQA Arabia Gas Revenues	**(EGP mn)**	**361.9**	**452.4**	***25%***	**801.7**	**876.9**	***9%***
TAQA Arabia Gas EBITDA	**(EGP mn)**	**68.6**	**94.5**	***38%***	**175.0**	**190.3**	***9%***
Household Connections	#	32,992	38,416	*16%*	72,117	77,417	*7%*
Cumulative Industrial Clients	#	251	280	*12%*	251	280	*12%*
Total Gas Distributed	BCM	1.6	1.9	*16%*	3.3	3.8	*16%*
Master Gas CNG Stations	#	10	23	*130%*	10	23	*130%*
TAQA Arabia Power Revenues*	**(EGP mn)**	**301.4**	**443.0**	***47%***	**623.7**	**795.9**	***28%***
TAQA Arabia Power EBITDA*	**(EGP mn)**	**70.7**	**106.9**	***51%***	**122.9**	**149.2**	***21%***
Total Power Generated	M KWH	188	278	*48%*	399	506	*27%*
Total Power Distributed	M KWH	26	24	*-9%*	53	48	*-10%*
Solar Energy Generated	M KWH	44	44	*-1%*	79	79	*0%*
TAQA Marketing Revenues	**(EGP mn)**	**1,057.2**	**1,300.8**	***23%***	**2,283.4**	**2,585.3**	***13%***
TAQA Marketing EBITDA	**(EGP mn)**	**34.2**	**42.9**	***26%***	**69.9**	**78.0**	***12%***
Total Liquid Fuels Distributed	LTR	153,171	183,386	*20%*	328,515	366,999	*12%*
Filling Stations	#	56	59	*5%*	56	59	*5%*

** Includes distribution, conventional generation, and renewable generation*

Note: The EBITDA figures in the table above are pre-consolidation.

TAQA Gas

TAQA Gas' revenues grew by 25% y-o-y to EGP 452.4 million and EBITDA increased by 38% y-o-y to EGP 94.5 million in 2Q21. The results were driven by a 16% y-o-y increase in gas volumes distributed during the period to 1.9 BCM. The company connected a total of 38,416 households in 2Q21, up 16.4% y-o-y, which came despite a 1% y-o-y decline in infill clients to 10,997 during the period. Lower infill volumes reflect the impacts of COVID-19 in 2Q21. It is worthy to note that TAQA Gas' total household connections exceeded 1.4 million in 1H21. Moreover, the company added 10 new industrial clients, bringing the total to 280 in 2Q21 compared to 270 in 1Q21.

Along with TAQA Gas' strong gas distribution and construction business where the company holds a leading market position, TAQA Gas is also ideally positioned to capture growth in the CNG field serving off-grid clients through a growing network of CNG filling stations and mobile CNG units. On this front, TAQA Gas increased its number of CNG filling stations by two during 2Q21 from 1Q21 and reached a total of 23 stations at the close of the period, which led to a near three-fold year-on-year increase in natural gas volumes sold for vehicles to 31.6 MCM in 1H21. Looking ahead, the company is aiming to reach a total of 42 stations by the end of 2021. Moreover, TAQA Gas converted 909 gasoline-powered vehicles in 2Q21, reaching a total of 1,980 year-to-date and is targeting to convert a total of 4,000 gasoline-powered vehicles by the end of the year. Additionally, Master Gas, a subsidiary of TAQA Gas, inked an agreement with Ostool Transport to convert its 250-truck fleet from diesel to a mix of diesel and CNG during the coming period.

TAQA Power

TAQA Power delivered a 41% y-o-y increase in total distribution and generation volumes to 302 M KWH, which drove a 47% y-o-y increase in revenues to EGP 443.0 million in 2Q21. The company's performance during the period was supported by improving market conditions driving growth in TAQA Power's number of industrial and household clients served by 23% y-o-y and 17% y-o-y, respectively, as of 30 June 2021. On the profitability front, TAQA Power delivered a 41% y-o-y increase in gross profit to EGP 119.3 million in 2Q21 primarily due to the 48% y-o-y increase in distribution volumes. The increase in distribution in volumes was primarily driven by TAQA Power's commencement of its Sixth October industrial zone substation and was further supported by improved market conditions with increased activity in malls and commercial areas.

TAQA Solar

TAQA's renewable energy arm, TAQA Solar, with its 65MW solar power plant in Benban, Aswan delivered a largely flat performance and generated EGP 48.9 million in revenue in 2Q21. Looking ahead, TAQA Solar aims to capture value from the government's plan of generating 20% of the country's energy from renewable sources by 2022 and doubling that by 2035.

TAQA Marketing

TAQA Marketing recorded a 20% y-o-y increase in diesel and gasoline volumes sold in 2Q21 driven by improved market conditions during the period. Consequently, the division's revenues increased by 23% y-o-y to EGP 1,300.8 million in 2Q21. The company's top line growth was supported by the growing number of stations converting their gasoline pumps from the lower-end Octane 80 to the higher end Octane 95. This trend is anticipated to continue and should bode well for the petroleum arm's performance and margins going forward. Looking ahead, the company is planning to open seven more stations to reach a total of 63 by the end of 2021.

TAQA Water

TAQA Water was established as a subsidiary of TAQA Arabia in March 2021 and boasts an experienced team in the water treatment industry. The company aims to develop a variety of water treatment solutions to serve the industrial, agricultural, touristic, and real estate sectors. The company is focused on investing, designing, constructing, automating, installing, and operating reliable, cost-effective and smart water solution systems using the latest energy-saving technology and utilizing a wide range of contractual models.

Sector Review: Cement

Qalaa Holdings' operational cement platform company is ASEC Holding, which comprises cement manufacturing (ASEC Cement that has two production facilities: Al-Takamol Cement in Sudan and Zahana Cement Co. in Algeria); construction (ARESCO and ASEC Automation); and technical management (ASEC Engineering and ASENPRO).

QALAA HOLDINGS OWNERSHIP — c.69.3%

Revenues at ASEC Holding declined 5% y-o-y to EGP 746.6 million in 2Q21, however, EBITDA increased by 49% y-o-y to EGP 92.8 million in 2Q21 on the back of ASEC Holding's successful cost reduction and restructuring efforts across its subsidiaries. Moreover, management is making significant headways in its complete debt restructuring at ASEC Holding and is optimistic that its efforts will yield a stronger balance sheet, healthier financial/leverage ratios and improved profitability going forward.

Key Performance Indicators

	Units	2Q20	2Q21	*% chg*	1H20	1H21	*% chg*
ASEC Cement Con. Rev	**(EGP mn)**	**548.2**	**531.9**	***-3%***	**785.0**	**979.1**	***25%***
ASEC Cement Con. EBITDA	**(EGP mn)**	**69.6**	**83.8**	***20%***	**94.2**	**184.0**	***95%***
Al-Takamol Cement Revenues	(SDG mn)	3,162.0	10,745.8	*240%*	4,916.1	18,572.9	*278%*
Al-Takamol Cement EBITDA	(SDG mn)	630.5	1,954.8	*210%*	870.1	3,279.3	*277%*
Al-Takamol Volumes	MTPA	1,503.9	1,532.7	*2%*	1,318.2	1,451.8	*10%*
Zahana Cement Revenues	(EGP mn)	58.0	119.4	*106%*	132.3	259.1	*96%*
Zahana Cement EBITDA	(EGP mn)	9.5	28.3	*197%*	16.5	96.4	*486%*
Zahana Volumes	KTPA	81.3	159.3	96%	172.3	363.2	111%
ARESCO Revenues	(EGP mn)	39.9	51.3	*29%*	140.6	131.4	*-7%*
ARESCO EBITDA	(EGP mn)	(0.2)	4.9	*N/A*	17.1	11.6	*-32%*
ARESCO Backlog	(EGP mn)	403.2	214.5	*-47%*	403.2	214.5	*-47%*
ASEC Engineering Revenues	(EGP mn)	195.5	158.3	*-19%*	398.2	317.0	*-20%*
ASEC Engineering EBITDA	(EGP mn)	(2.5)	7.8	*N/A*	(1.0)	7.0	*131%*
ASEC Engineering Managed Production	MTons	2.4	2.0	*-16%*	4.7	3.7	*-20%*

ASEC Cement

Owing to the hyperinflationary environment in Sudan, Al Takamol's local auditors opted to implement the accounting principle of applying the market spot rate for the Sudanese pound when translating the year end financials to Egyptian pound, as opposed to applying the average rate for the period. The EGP/SDG rate was significantly volatile over the course of the period and consequently impacted the company's top line when reflected in EGP terms. Al Takamol's figures are thus presented in SDG to provide a more accurate representation of the company's performance excluding the impacts of hyperinflationary adjustments.

Al Takamol Cement delivered strong top line growth in 2Q21, recording SDG 10.7 billion compared to EGP 3.2 billion in 2Q20. Revenue growth was due to a significant increase in average cement prices, where the average price per ton increased to SDG 42,691/ton in 2Q21 from SDG 7,751/ton in 2Q20, driven by the devaluation of the Sudanese pound. Higher prices were also driven by a widening demand gap as local producers faced issues with fuel and spare parts, causing an interruption in local supply. In terms of profitability, Al Takamol's EBITDA surged to SDG 1,954.8 million in 2Q21 compared to SDG 630.5 million in 2Q20 due to improved cost efficiencies and lower cost of electricity per ton of cement produced during the period.

At Zahana Cement, its newly commissioned line drove a 96% y-o-y increase in cement volumes to 159 thousand tons in 2Q21, consequently driving revenues up by 106% y-o-y to EGP 119.4 million during the period. Zahana's EBTIDA grew nearly three-fold to EGP 28.3 million driven by increased efficiency in energy and spare part consumption as the company relied completely on its new line to produce its SRC (Sulphate-Resistant Cement) and OPC (Ordinary Portland Cement) volumes in 2Q21. It is worth noting that Zahana has decommissioned its old production line due to its high operational costs. Moreover, the new plant will begin recognizing interest expense relating to a credit facility Zahana Cement had secured to finance the new line over the course of 2021.

ASEC Engineering

ASEC Engineering's managed clinker production declined by 16% y-o-y to 2.0 million tons in 2Q21 due to the termination of multiple operational contracts. Operations were further pressured by multiple technical issues that led to temporary production stoppages at various key client sites during the period. Consequently, revenues declined by 19% y-o-y to EGP 158.3 million in 2Q21. However, ASEC Engineering managed to record a positive EBITDA of EGP 7.8 million in 2Q21 compared to a negative EBITDA of EGP 2.5 million in 2Q20 due to management's comprehensive cost reduction efforts during the period.

Management has been working to geographically diversify ASEC Engineering's client base and is looking to penetrate new markets, including Iraq, South Africa, and Libya to offset the negative performance of the cement industry in Egypt. It is worthy to note that 32% of ASEC Engineering's revenues are generated from international contracts.

ARESCO

As a result of an underperforming cement market in Egypt, ARESCO has transitioned from being dependent on the cement industry contracts to a mainstream contracting company and has successfully landed several construction contracts.

ASEC Automation

ASEC Automation's revenues grew by 24% y-o-y to EGP 37.1 million in 2Q21 and booked healthy gross margins. The improved results came on the back of newly awarded contracts from non-cement clients, including MEP, panels, solar, and industrial contracts valued at EGP 9.7 million in 2Q21. Moreover, ASEC Automation managed to significantly reduce its overall costs and delivered a positive EBITDA of EGP 2.1 million in 2Q21. It is worthy to note that ASEC Automation landed new contracts valued at c. EGP 42.5 million in 3Q21 and reached a total backlog of c. EGP 73.5 million as of early September 2021.

Sector Review: Packaging & Printing

Through its subsidiary National Printing Company, Qalaa Holdings has invested in the printing and packaging sector with investments of over USD 60 million to date.

NATIONAL PRINTING

QALAA HOLDINGS OWNERSHIP – c. 27%

National Printing stands today as one of the largest producers of packaging and printing products in Egypt. Through its subsidiaries, namely Shorouk and El Baddar, National Printing has been able to diversify and expand its product range, including corrugated cartons and various types of boxes. Meanwhile Uniboard produces duplex boards using wastepaper, and Windsor manufactures sheeter, single facers, flexos and chemical additives. Windsor generates a large part of its revenues from sales to Shorouk, playing an important role in the company's wider value-adding chain.

Key Performance Indicators

	Units	2Q20	2Q21	*% chg*	1H20	1H21	*% chg*
Shorouk for Modern Printing & Packaging Revenues	(EGP mn)	186.4	176.5	*-5%*	375.4	358.9	*-4%*
Shorouk for Modern Printing & Packaging EBITDA	(EGP mn)	44.7	22.8	*-49%*	88.8	51.7	*-42%*
Shorouk for Modern Printing & Packaging Volumes	(Tons)	7,598	6,578	*-13%*	15,640	14,346	*-8%*
Uniboard Revenues	(EGP mn)	243.0	317.9	*31%*	463.9	612.4	*32%*
Uniboard EBITDA	(EGP mn)	37.9	52.8	*39%*	78.5	104.0	*32%*
Uniboard Duplex Board Volumes	(Tons)	29,538	30,761	*4%*	60,499	64,774	*7%*
El Baddar Revenues	(EGP mn)	57.1	111.4	*95%*	110.8	208.9	*89%*
El Baddar EBITDA	(EGP mn)	5.3	5.8	*9%*	7.7	16.7	*117%*
El Baddar Corrugated Sheets Volumes	(Tons)	5,351	8,226	*54%*	10,548	16,554	*57%*

Shorouk for Modern Printing & Packaging

The company booked a 13% y-o-y decline in volumes to 6,578 tons in 2Q21 due to the challenging market conditions coupled with supply chain disruptions that hindered Shorouk's ability to source adequate supplies. Consequently, Shorouk's revenues declined by 5% y-o-y to EGP 176.5 million in 2Q21. The challenging external environment primarily impacted Shorouk's local sales which fell 16% y-o-y to 4,774 tons, resulting in an 11% y-o-y decline in local revenues to EGP 126.0 million in 2Q21. However, slower local sales were partially offset by a 21% y-o-y increase in export sales, which accounted for 29% of Shorouk's revenue in 2Q21. In terms of profitability, an increase in paper costs pressured Shorouk's EBITDA, which declined by 49% y-o-y to EGP 22.8 million in 2Q21.

Uniboard

Uniboard's revenues increased by 31% y-o-y to EGP 317.9 million in 2Q21 driven by a 4% y-o-y increase in volumes to 30,761 tons during the same period. Volume growth was primarily driven by a 19% y-o-y increase in exports sales to 9,946 tons, which generated revenues of EGP 96.0 million in 2Q21. Meanwhile, despite a 2% y-o-y decline in local volume sales to 20,845 tons in 2Q21, management's optimal pricing strategy drove a 57% y-o-y increase in revenues from local sales to EGP 221.0 million during the period. Uniboard implemented a 23% price increase during the period to offset the increase in raw material costs – primarily paper – resulting in a 39% y-o-y increase in EBITDA to EGP 52.8 million in 2Q21. It is worth noting that raw material contributes 72% of Uniboard's total variable cost.

El Baddar

El Baddar's revenues increased by 95% y-o-y to EGP 111.4 million in 2Q21 as the company capitalized on its new state-of-the-art facility, which was fully operational during period. It is worthy to note that El Baddar could have potentially achieved an additional c. 30% increase in revenues generated in 2Q21 had it not been for the limited availability of craft paper – an essential input in El Baddar's manufacturing process – due to the impact of COVID-19 on the supply chain. In terms of profitability, the cost savings realized following the plant's operational ramp-up supported El Baddar's EBITDA, which grew to EGP 5.8 million in 2Q21 compared to EGP 5.3 million in 2Q20.

Windsor

Windsor is a debt-free factory specialized in the production of paper packaging and chemical additives and has recently gained a sizable share in the manufacturing of paper cups and boxes. The company's main products are paper cups, corrugated board, sheeting, lamination, and chemicals. Windsor's clients include global renowned companies including Unilever, Coca-Cola, and PepsiCo. In 2Q21, revenues increased by 23% y-o-y to EGP 14.0 million, however, a significant increase in raw material costs impacted EBITDA, which stood at EGP 4.0 million during the period. Looking ahead, the industry is anticipated to benefit from the expected government regulations prohibiting the use of plastic boxes in the packaging of food items.

Sector Review: Mining

Qalaa Holdings' operational platform in the mining sector is ASCOM, which includes operating companies ASCOM, ASCOM for Chemicals & Carbonates Manufacturing (ACCM), GlassRock, and ASCOM Precious Metals (which is consolidated under the equity method as a share of associates' results).

ASCOM GEOLOGY & MINING

QALAA HOLDINGS OWNERSHIP — c.54%

ASCOM's revenues grew by 46% y-o-y to EGP 231.8 million in 2Q21 driven by increased export volumes at ACCM and GlassRock.

Key Performance Indicators

	Units	2Q20	2Q21	*% chg*	1H20	1H21	*% chg*
ACCM Revenues	(USD mn)	3.4	8.5	*152%*	9.0	15.7	*75%*
ACCM EBITDA	(USD mn)	(0.1)	1.1	*N/A*	0.3	2.3	*666%*
GlassRock Revenues	(USD mn)	1.3	1.7	*37%*	3.5	4.2	*20%*
GlassRock EBITDA	(USD k)	38.9	466.7	*N/A*	41.8	161.8	*287%*
Egypt Quarrying Revenues	(EGP mn)	84.5	73.5	*-13%*	182.8	155.2	*-15%*
Egypt Quarrying EBITDA	(EGP mn)	8.1	3.1	*-62%*	18.4	6.5	*-65%*
Other Quarry Management Revenues – ex Egypt	(EGP mn)	6.5	0.0	*-100%*	6.9	0.0	*-100%*
Other Quarry Management EBITDA – ex Egypt	(EGP mn)	(0.3)	(0.2)	*41%*	(0.3)	(0.2)	*25%*

ACCM

ACCM's performance in 2Q21 reflects a sustained recovery as the company ramped up operations to full capacity and grew exports substantially following the easing of port restrictions. ACCM's exports grew by 137% y-o-y to 64,497 tons in 2Q21 compared to 27,239 tons in 2Q20. Overall, ACCM's total sales volumes increased by 42% y-o-y to 179,750 tons in 2Q21, consequently driving a 152% y-o-y increase in revenue to USD 8.5 million in 2Q21 compared to USD 3.4 million in 2Q20. ACCM revenues were further supported by a 29% y-o-y increase in average price per ton to c. USD 86.7 in 2Q21 compared to c. USD 67.0 per ton in 2Q20.

Management's strategic decision to adjust the average price per ton in 2Q21 was aimed at offsetting the significant hikes in two key variable cost components, namely global freight costs and the cost of stearic acid. Global freight costs nearly doubled at several destinations in 2Q21, consequently causing a rise in ACCM's variable costs as it operates on a CIF basis. Moreover, a 40% y-o-y increase in stearic acid prices – a chemical component used in the milling process – to USD 1,260 per ton in 2Q21 further attributed to the increase in ACCM's variable costs. Despite the increases in variable costs, management's pricing strategy was successful and supported a six-fold year-on-year increase at ACCM's EBITDA to USD 1.1 million in 2Q21.

Going forward, whilst ACCM will continue to capitalize on growing exports and the recovery across regional markets, management will remain cognizant of the impacts on ACCM's variable costs due to volatile global market conditions and will monitor developments accordingly. Parallel to this, management plans to push ahead with its sales channel diversification strategy as well as adding more production lines during the coming years. This will allow the company to expand its capacity as well as penetrate new local and international markets, hence meeting its planned growth targets. Additionally, increased contribution from local markets will act as a hedge against foreign exchange risk and allow ACCM to benefit from the local market's greater working capital dynamics, improved cashflow and healthy margins.

GlassRock

GlassRock's sales volumes grew by 15% y-o-y to 3,909 tons due to recovering local and export sales in 2Q21. GlassRock managed to penetrate new international markets and successfully grew export sales by 105% y-o-y to USD 315.6 thousand in 2Q21, driven primarily by a four-fold year-on-year increase in glass wool sales to USD 147.6 thousand during the period. Parallel to this, GlassRock's local sales growth was similarly driven by a 207% y-o-y increase in rock wool sales to USD 1.0 million in 2Q21. On the profitability front, GlassRock's EBITDA turned positive to USD 466.7 thousand in 2Q21 compared to negative USD 38.9 thousand in 2Q20.

It is worthy to note that management's debt restructuring efforts were successful and saw the company sign new payment terms with its lenders. The restructuring should have a positive impact on GlassRock's profitability going forward.

Egypt Quarrying (ASCOM mining)

ASCOM's mining operations are heavily dependent on the cement industry, with around 90% of its revenues generated from quarrying for cement clients. ASCOM faced an increasingly challenging operating environment due to sustained pressure on Egypt's cement industry, characterized by oversupply and fierce market competition, resulting in a 13% y-o-y decline in sales to EGP 73.5 million in 2Q21. However, management has been focusing on adjusting contracts and adopting the minimum take criteria as well as renewing other contracts to be on a take-or-pay basis to cover the costs incurred when markets are not performing well. ASCOM mining recorded a 62% y-o-y decline in EBITDA to EGP 3.1 million in 2Q21. Profitability was impacted by maintenance works on the company's equipment during the period, which pushed it to depend on costly equipment rentals.

Sector Review: Agrifoods

Agrifoods companies consolidated under parent company Dina Farms Holding co. (multicategory agriculture and consumer foods) include Dina Farms and ICDP (Dina Farms' fresh dairy producer).

QALAA HOLDINGS OWNERSHIP — c.54.9%

Dina Farms Holding Co. recorded a 20% y-o-y increase in revenues to EGP 302.3 million in 2Q21 driven by solid results at Dina Farms and ICDP. EBITDA grew by 33% y-o-y to EGP 44.5 million in 2Q21 driven by a substantial improvement in ICDP's EBITDA profitability.

Key Performance Indicators

	Units	2Q20	2Q21	% chg	1H20	1H21	% chg
Dina Farms Revenues	(EGP mn)	213.8	243.9	*14%*	393.7	448.0	*14%*
Dina Farms EBITDA	(EGP mn)	47.3	48.1	*2%*	94.8	76.9	*-19%*
Dina Farms Raw Milk Sales/Milking Cow Ratio	Tons/Milking Cow	3.0	2.9	*-5%*	6.2	5.8	*-6%*
ICDP Revenues	(EGP mn)	57.6	92.7	*61%*	113.7	176.6	*55%*
ICDP EBITDA	(EGP mn)	1.3	7.2	*471%*	2.4	9.5	*305%*
ICDP SKU Volumes Sold	(Tons)	2,927.0	4,186.0	*43%*	5,889.0	7,698.0	*31%*

Dina Farms reaped the rewards of its facility enhancement initiatives, which improved overall operations across its divisions and drove a 14% y-o-y increase in revenues to EGP 243.9 million in 2Q21. Overall, Dina Fams' total milk volume sales in 2Q21 were c. 20,212 tons, down 5% y-o-y. However, revenue was unaffected thanks to a 6% year-on-year increase in prices which reached EGP 7.6/liter in 2Q21 compared to EGP 6.9/liter in 2Q20. Overall, the livestock division's revenues increased by 11% y-o-y to EGP 167.7 million in 2Q21. Meanwhile, the agriculture division's revenues increased by 33% y-o-y in 2Q21 on the back of increased fruit exports to Europe and the Middle East due to easing COVID-19 restrictions. Moreover, the division's performance was further supported by the successful decision to increase the parsley cultivation area by 59% y-o-y to 350 feddans in 2Q21, as well as enhanced parsley yields which reached 19.0 tons per feddan in 2Q21 compared to 14.5 tons per feddan in 2Q20. Looking ahead, the division is on its way to launch a drying line and management is optimistic about its contributions to the division's performance going forward. At the retail division, revenue declined by 8% y-o-y to EGP 14.8 million in 2Q21, however, on a year-to-date basis revenue were up 7% y-o-y to EGP 26.1 million in 1H21.

Dina Farms recorded an EBITDA of EGP 48.1 million in 2Q21, up by 2% y-o-y despite higher costs of key components of cattle feed, including corn and soya. Feed costs have shown signs of improvement in 2Q21, and management anticipates increased profitability at Dina Farms going forward costs continue to stabilize.

ICDP's total SKU volumes grew by 43% y-o-y to 4,186.0 tons in 2Q21 driven by the low-base effect relating to the company's new juice production line, which only began operations in mid-April 2020 versus a full three months of operations in 2Q21. Additionally, ICDP's volume performance was further supported by improved market conditions reflecting positively on the HORECA sector (i.e. hotels, restaurants, and cafés). Consequently, revenues increased by 61% y-o-y to EGP 92.7 million in 2Q21. Moreover, the company's newly launched juice products delivered healthy margins and drove a 471% y-o-y increase in ICDP's EBITDA to EGP 7.2 million in 2Q21. The company's profitability was further supported by a decline in sales returns to 4.1% in 1H21, down from 5.3% in 1H20.

Looking ahead, management is aiming to generate increased value from its new juice product segment, which is anticipated to continue supporting profitability. Moreover, management is planning a ramp up in production at ICDP's yogurt line to enhance capacities and bolster the company's future performance.

Sector Review: Transportation & Logistics

Qalaa Holdings' operational Transportation & Logistics companies include Nile Logistics (seaport services in Egypt as well as river transportation in Egypt and South Sudan)

QALAA HOLDINGS OWNERSHIP — 67.6%

CCTO is the holding company that owns Nile Logistics and consolidates its operations in Egypt and Sudan. The company's revenues fell by 10% y-o-y to EGP 64.2 million in 2Q21, while EBITDA declined by 22% y-o-y to EGP 21.8 million. The company's results were impacted by the governmental expansion works at the Alexandria port, which caused a drop in anchorage area capacity for the period.

Key Performance Indicators

	Units	2Q20	2Q21	*% chg*	1H20	1H21	*% chg*
Nile Logistics Revenues	(EGP mn)	62.4	58.9	*-6%*	134.7	104.7	*-22%*
Nile Logistics EBITDA	(EGP mn)	26.1	23.9	*-9%*	61.0	39.8	*-35%*
Nile Logistics Coal / Pet Coke Tons Handled	(000's Tons)	143.5	318.2	*122%*	513.5	428.0	*-17%*
Nile Logistics Twenty-Foot Equivalent Handled	(TEU)	20,280	22,037	*9%*	39,661	40,893	*3%*
Nile Barges Revenues (South Sudan)	(USD mn)	0.7	0.3	*-56%*	1.6	0.5	*-70%*
Nile Barges EBITDA (South Sudan)	(USD mn)	0.5	0.2	*-67%*	1.2	0.3	*-77%*

Nile Logistics (Egypt)
At Nile Logistics, maintenance works at the canal locks and consequent closures led to a 33% y-o-y decrease in vessel traffic – down to eight vessels – and resulted in a 6% y-o-y decrease in Nile Logistics' revenues to EGP 58.9 million in 2Q21. This was further impacted by the governmental expansion works at the Alexandria port, causing a drop in anchorage area capacity for the period. Consequently, lower volumes drove a 9% y-o-y decline in EBITDA to EGP 23.9 million in 2Q21. It is worthy to note that the Alexandria port expansion project will continue until the end of 2021.

In 2Q21, the company's stevedoring operations handled 318,170 tons of coal/pet coke, reflecting a 122% y-o-y increase compared 2Q20. Parallel to this, the grain storage warehouse booked a 17% y-o-y decline in grains handled to 87,170 tons in 2Q21. Similarly, Tanash's coal storage yard recorded a 28% y-o-y decrease to 94,610 tons handled in 2Q21.

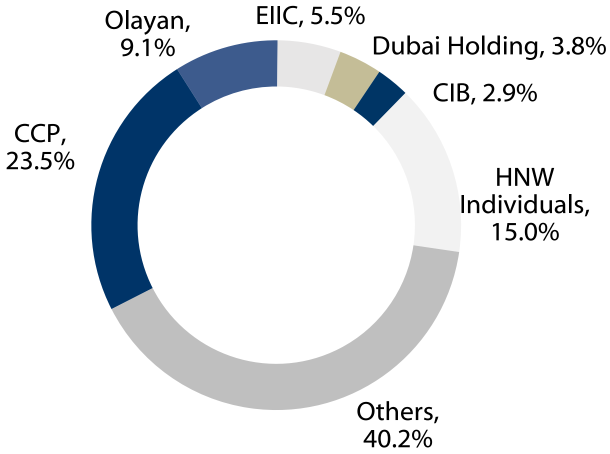
Volumes at the company's inland container depot inched up 9% y-o-y to 22,037 Twenty-foot Equivalent Units (TEUs), however, revenues declined by 16% y-o-y to EGP 13.2 million in 2Q21. The decline was due to higher turnover, which led to lower storage and power days, noting that storage days are accounted for following a seven-day grace period.

Nile Barges (Sudan)
Nile Barges' operations in Sudan focuses on the transportation of food products under the auspices of the World Food Program (WFP). The company is currently using only one pusher and expects to begin operating two more by the end of 2021, signaling the full operation of Nile Barges' entire fleet.

Nile Barges completed two trips using the existing pusher in 2Q21 – on par with 2Q20 – with a plan to complete five more trips by the end of 2021. However, due to shorter trips and price reductions in 2Q21, revenues declined by 56% y-o-y to USD 293 thousand during the period. Meanwhile, the reduction in prices pressured Nile Barges' EBITDA, which fell by 67% y-o-y to USD 165 thousand in 2Q21.

SHAREHOLDER STRUCTURE

(as at 30 June 2021)



SHARE INFORMATION

CCAP.CA on the EGX	
Number of Shares	1,820,000,000
Of which Preferred	401,738,649
Of which Common	1,418,261,351
Paid-in Capital	EGP 9.1 bn

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