



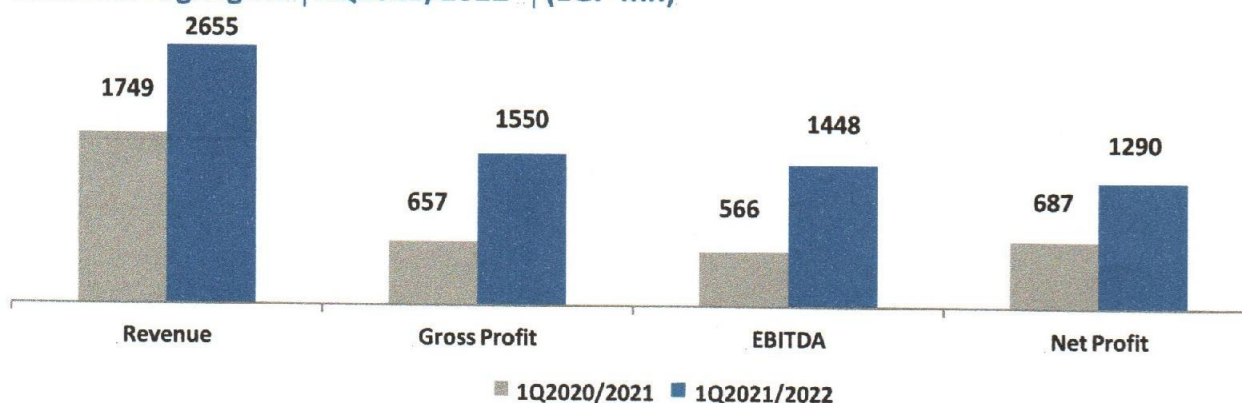
## Abu Qir Fertilizers & Chemical Industries Co. reports its 1Q2021/2022 results ending 30 September 2021

Abu Qir Fertilizers delivers strong results as top line climbs 52% y-o-y to reach EGP 2.7 billion in 1Q2021/2022 and volumes exceeding pre-COVID-19 levels with the bottom line rising by an impressive 88% y-o-y to EGP 1.3 billion. Strong top-line / bottom-line growth in 1Q2021/2022 was volume & price driven as well as continuous operation.

### Key Highlights for 1Q2021/2022



Financial Highlights | 1Q2021/2022 | (EGP mn)



### Chemist Saad Abou El Maaty, Chairman & Chief Executive Officer, commented on 1Q2021/2022 Results:

"I am very proud of our performance during the first quarter of the fiscal year 2021/2022, as we continue to maintain our growth targets; both operationally and financially reflecting the company's ability to sustain the improved profitability & growth rates.

The results of the first quarter of the current fiscal year 2021/2022 reflect the strong global nitrogen demand, favorable international urea prices and continued excellent performance by Abu Qir team which helped us deliver a nearly 52% y-o-y growth in revenue and 156% increase in EBITDA leading to an 88% increase in net profit reaching EGP 1.3 billion in 1Q2021/2022 from EGP 6.8 million same period one year previously.

The company continues to operate safely & efficiently across its network. As of September 30, 2021, the average recordable incident rate was 0 incidents per 2.8 million work hours, which is significantly better than industry benchmark.





We are well positioned to capitalize on the positive industry dynamics enabling us to invest in our future projects as well as our clean energy initiatives.

Our goal is to maintain operating continuity and achieve higher production levels, which will be reflected in operating costs reduction and increasing volumes, that will be translated into significant growth in revenues and achieving increased value for shareholders.

I would also like to take this opportunity to emphasize the continuity of our policy towards moving forward with the plan of investment projects inside and outside the company - announced before- as Abu Qir Fertilizers Company looks forward to what is in the interest of the shareholders, which we are always committed to.

### Financial and Operational Highlights | 1Q2021/2022

- Continuous plants operation, which led to an increase in production volumes by 1% compared to the same period of the previous year.
- Rapid growth in revenues by 52% y-o-y in 1Q2021/2022 was driven by higher volumes as well as global surge in urea prices, with Abu Qir leveraging from the Company's diversified product portfolio and global demand.
- Volumes for 1Q2021/2022 continued to exceed pre-COVID-19 levels registered in 1Q2019/2020, supported by the increase in global demand for nitrogen fertilizers due to their importance to global food security.
- Higher margins in 1Q2021/2022, as gross profit margin recorded 58.40%, EBITDA margin 54.54% and net profit margin recorded at 48.57%.
- Maintaining market share in all targeted markets due to diversified product portfolio and its quality while maintaining supplying government quota.
- Well managed cash portfolio for the sake of generating profit and with the ability for financing the equity proportion in future projects.
- Achieving foreign currency exchange gains compared to foreign currency exchange losses in Q12020/2021.
- Unchanged strategic priorities to deliver sustainable & diversified growth through its future expansion plan & investment projects.

Summary Income Statement (EGP mn)	1Q2021/2022	1Q2020/2021	% Change
Revenue	2655	1749	52%
Gross Profit	1550	657	136%
EBITDA	1448	566	156%
Profit before taxes	1664	743	124%
Net Profit	1290	687	88%
Earnings per Share (EGP)	0.86	0.46	88%
<b>% Margin</b>			
% Gross Profit Margin	58.40%	37.56%	55.46%
% EBITDA Margin	54.54%	32.39%	68.38%
% Profit before taxes Margin	62.70%	42.48%	47.56%
% Net Profit Margin	48.57%	39.26%	23.70%





## Results in a Nutshell

Abu Qir Fertilizers Co. (ABUK.CA on the Egyptian Exchange), the leader nitrogen fertilizer manufacturer in Egypt & MENA, today announced results for its first quarter ended 30 September 2021, reporting revenues of EGP 2655 million, up by 52% from the EGP 1749 million recorded in the same quarter last year. Net profit recorded EGP 1290 million in 1Q2021/2022, an increase of 88% from the EGP 687 million reported for 1Q2020/2021.

Strong top-line growth during 1Q2021/2022 was driven by volumes sold and better pricing owing to Abu Qir's continuous plant operation at full utilization rates, realizing production & sales plan up by 1% & 3% respectively from 3Q2020/2021, as well as the strategy adopted by the company's management to grow revenues through diversifying its product range and maneuvering among target markets to achieve the highest profitability through the recovery in the nitrogen fertilizer market and global surge in urea prices.

First quarter 2021/2022 results continued exceed pre-COVID-19 levels. Sales volumes for 1Q2021/2022 were up by 2% from the figure recorded in 1Q2019/2020 which indicates Abu Qir's strength, solidity and agility to adapt to changes and even overcome their impact. Revenue increased by 34% during 1Q2021/2022 compared to the same period in the fiscal year 2019/2020.

Abu Qir reported a gross profit of EGP 1550 million in 1Q2021/2022, up by 136% versus 1Q2020/2021 to yield a gross profit margin of 58.40% versus the 37.56% recorded in same period of previous year.

Abu Qir's gross profit margin was impacted by revenues growth despite of increase in COGS.

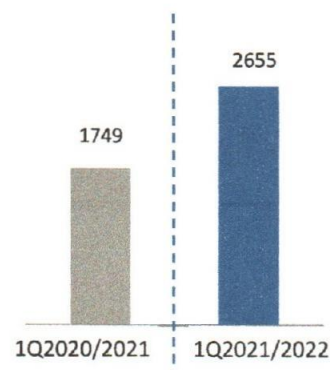
The company's total SG&A expense decreased to 5% as a percentage of sales in 1Q2021/2022 against 7% in the same quarter last year, driven by a stronger top-line and Abu Qir's ability to engender cost efficiencies at each level of SG&A.

Total SG&A recorded EGP 129 million for 1Q2021/2022, an increase of 7% y-o-y driven by growth in export expenses as well as increase periodical increments, depreciation and other miscellaneous expenses.

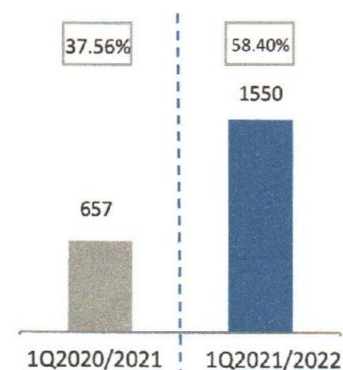
EBITDA rose by 156% y-o-y to EGP 1448 million versus EGP 566 million recorded for the same quarter last year.

Abu Qir's EBITDA margin recorded 54.54% for 1Q2021/2022 compared to 32.39% recorded in 1Q2020/2021.

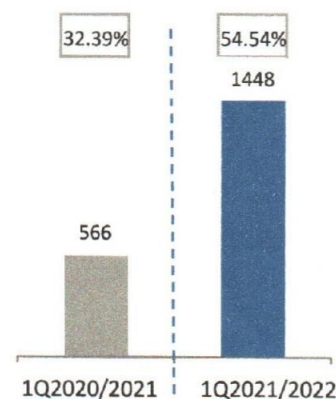
### Revenue Progression (EGP Million)



### Gross Profit Progression (EGP Million, % margin)



### EBITDA Progression (EGP Million, % margin)





Net profit reached EGP 1290 million in 1Q2021/2022, up by 88% y-o-y from EGP 687 million recorded in 1Q2020/2021.

The company's net profit margin recorded 48.57% driven by increasing returns of cash investments for the current period compared to the similar period as a result of the increase in cash investments and an increase in foreign currency exchange gains.

On the other hand, the income tax increased compared to the same period of the previous year as a result of the increase in the net profit before tax, as well as the settlement of tax differences, the increase in the tax of bills and deferred taxes, and the reduction of the tax for the similar period with tax adjustments related to Form 9(A) withholding.

## Balance Sheet

The company reported total project under construction of EGP 405 million in 30/09/2021 compared to EGP 233 million in 30/09/2020, including investing expenditures of EGP 135 million in advance payments and letter of credits compared to EGP 102 million in 30/09/2020.

Total shareholders' equity reported EGP 8644 million in 30/09/2021 up to 56% increase compared to EGP 5531 million in 30/09/2020.

## Amendments by the new Egyptian Accounting Standards

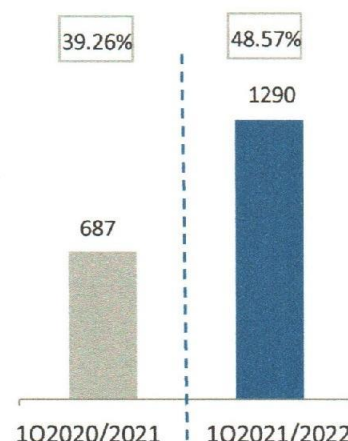
Starting from July 01, 2021 the new Egyptian accounting standards were applied by the decree No. (69) of 2019 of the Minister of Investment and International Cooperation. For more information, please refer to the supplementary notes attached to the Financial Statements as of September 30, 2021.

## Overview of Segment Performance

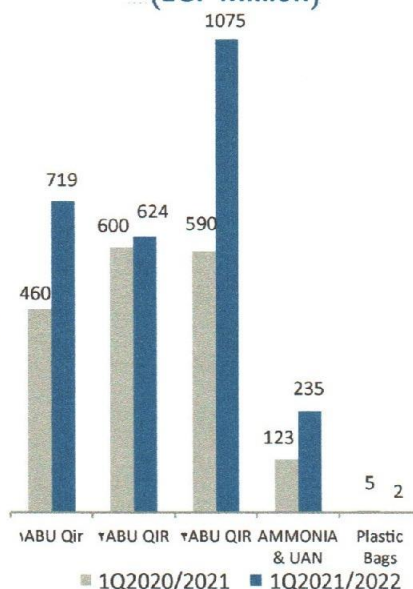
Comparison of 2021/2022 to 2020/2021 first three months periods:

- Prilled Urea sales volume decreased by 6% in 1Q2021/2022 compared to 1Q2020/2021 and sales value increased by 57% due to higher average selling prices (export & local free market).
- Ammonium Nitrate sales volume increased by 5% in 1Q2021/2022 compared to 1Q2020/2021 as well as sales value up by 4% due to volume increase as well as higher average local free market prices.
- Granular Urea sales volume increased by 9% in 1Q2021/2022 compared to 1Q2020/2021 and sales value increased by 82% due to volume increase as well as higher average selling prices (export & local free market).
- UAN sales value increased in 1Q2021/2022 compared to 1Q2020/2021 driven by market demand dynamics and Ammonia sales volume decreased driven by operating economics, as the yield of solid fertilizers is much better.

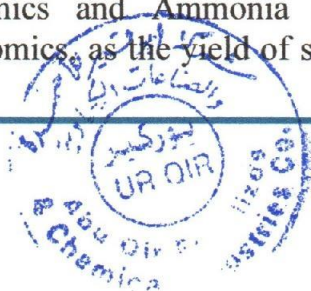
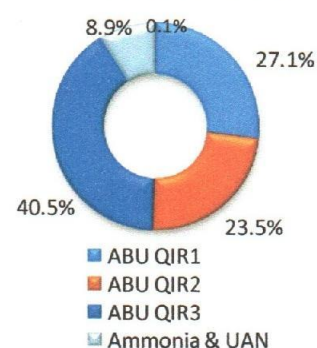
**Net Profit Progression  
(EGP Million, % Margin)**



**Revenue Growth by Segment  
(EGP Million)**



**Segment Contribution  
To Revenue (%)**





## Operations Overview

The company continues to operate safely & efficiently across its sectors. During 1Q2021/2022, the production sectors succeeded in achieving the production plan for the company's plants, with an increase of 15% over planned and an increase of 1% over the corresponding period. This reflects the impact of the highest level of maintenance activity (continuous replacement and renewal plans for plants and facilities) resulting in the continuity of operation, in addition to high qualified, skilled workers as well as the safe and economical operation of plants, which had the effect of improving operational economics and reducing operating costs.

## Marketing Overview

The company succeeded in marketing all its products domestically and internationally during the period ending on 30/09/2021, where the number of export clients reached 40 clients from different countries all over the world and the export markets diversified to include 12 countries in addition to expanding the local free market customer to about 50 clients.

## Financial Overview

The company's management was able to reduce the challenges caused by the interest rates cut and foreign currency exchange and even achieving gains through good planning for managing the company's financial portfolio.

On the financing side, the company succeeded in enhancing its benefit from the low interest rates in Egypt through a loan to finance the planned expansions of the project to raise the production capacity of the Abu Qir plant(3), the financing of which was assigned to the National Bank of Kuwait. The company is also working on benefiting from the initiative of the Central Bank to support Egyptian companies during the crisis of the spread of the COVID-19 pandemic outbreak.

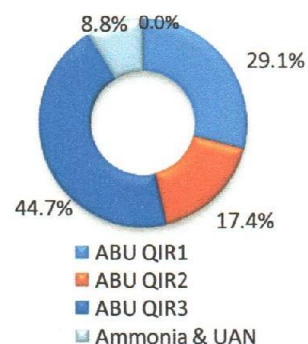
## Procurement

The procurement sectors continue to focus on maximizing operational efficiency as well as enhancing the cost structure by employing strong relationship with broad and diversified base of local and international suppliers, in addition to maximizing their benefits from large scale economics in order to secure the plants needs of equipment and raw materials at competitive prices. Abu Qir continues to benefit from the rise in the EGP value and its impact on the improvement of the cost structure.

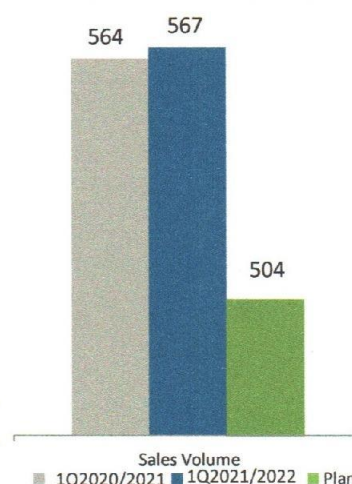
## Human Resource

Abu Qir's average number of employees reached 2660 employees on 30 September 2021, compared to 2709 employees on same period last year, which reflects the company's commitment to maintain appropriate levels of employment in accordance with the operational efficiency rates. In parallel, some workers are rehabilitated for other jobs according to work needs, thus achieving maximum benefit from employment and improving performance.

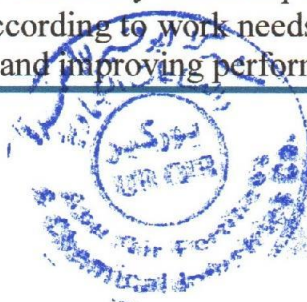
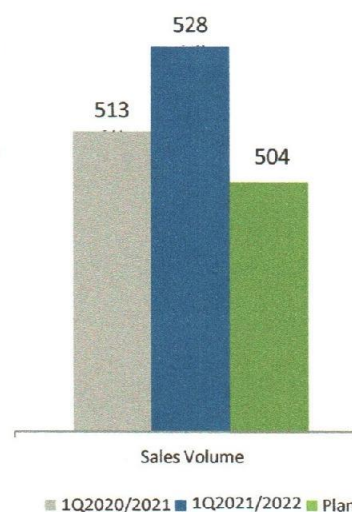
Segment Contribution  
To Growth Profit (%)



Production Volume  
product tons (000s)



Sales Volume  
Product tons (000s)





## Strategy Insights

As Abu Qir enters the first quarter of the year 2021/2022, its strategic priorities remain unchanged. The company continues working to deliver sustainable and diversified growth, while focusing on mitigating the impact of international & domestic updates to achieve its long term targets. Meanwhile, the Company is assigning its consultants to update the feasibility studies of its projects in accordance with international & local updates.

### (1) Methanol and Ammonia Project

- Contribution in a project to produce one million tons/year of methanol and 400,000 tons/year of ammonia (first stage), to be established in the Suez Canal Economic Zone in Ain Sukhna, at an investment cost of about 1.6 billion dollars, with the participation of Abu Qir Fertilizers Company and Helwan Fertilizers Company with 35% each and Al-Ahly Capital Holding Company with 30%. Where a shareholder agreement contract was signed and the project company name was changed to become "The International Company for Methanol and Its Derivatives - An Egyptian Joint Stock Company (under establishment). The incorporation procedures are being completed after all shareholders have paid 10% of the company's issued capital of twenty million (20,000,000) US dollars, and the technical offers of the project management contractor PMC are currently being studied. In parallel, the evaluation of the financial advisor's offer to arrange the necessary funding for the project who's financing is planned by 70% bank loans and 30% equity is underway. Pre-qualification documents for the EPC contractor have been received and are being evaluated.

### (2) Abu Qir (3) Expansion Project

- Investing about 80-100 million US dollars through a loan that will be arranged by the National Bank of Kuwait - Egypt to execute the expansion of Abu Qir (3) Plant to raise the production capacity from 1925 tons/day to 2370 tons /day of Urea Granular, where the PDP studies and the initial engineering designs have been completed, the invitation to bid has been issued to EPC contractors, and the bid opening date is mid-January 2022.

### (3) The project planned to be established on Rakta Land

- The preparation of marketing and economic feasibility studies and the selection of the best scenarios for the establishment of the project are underway, through Nexant Company, and the study is expected to be finalized by December 2021. In parallel, the acquisition procedures of the project land owned by the Egyptian General Petroleum Corporation (formerly Rakta Land), are underway.

### (4) Al-Wadi for Phosphate Industries and Fertilizers "WAPHCO"

- ABUK holds 10% stake.

### (5) Investment in the largest complex for the production of Phosphoric Acid

- ABUK owns 9.5% stake in Abu Tartour Phosphoric Acid Company.

## ABUK Stock Performance - 1Q2021/2022

Date	Stock Price (EGP)	Trading Volume	Market Cap. (Million EGP)	Total Trading Volume in Q1	Change
01/07/2021	19.21	416,872	24,240	36,558,544	+3.49%
30/09/2021	19.88	135,845	25,086		





### About Abu Qir Fertilizers and Chemical Industries Company

ABUK was established in 1979. It is the largest company specialized in manufacturing of all types of nitrogen and chemical fertilizers, and related materials necessary for their manufacture, packaging, buying, selling and trading within the Arab Republic of Egypt, or abroad. The company has three factories for the production of ammonia, prilled and granular urea, ammonium nitrate, a unit for the production of liquid fertilizer, in addition to a factory for the production of plastic bags.

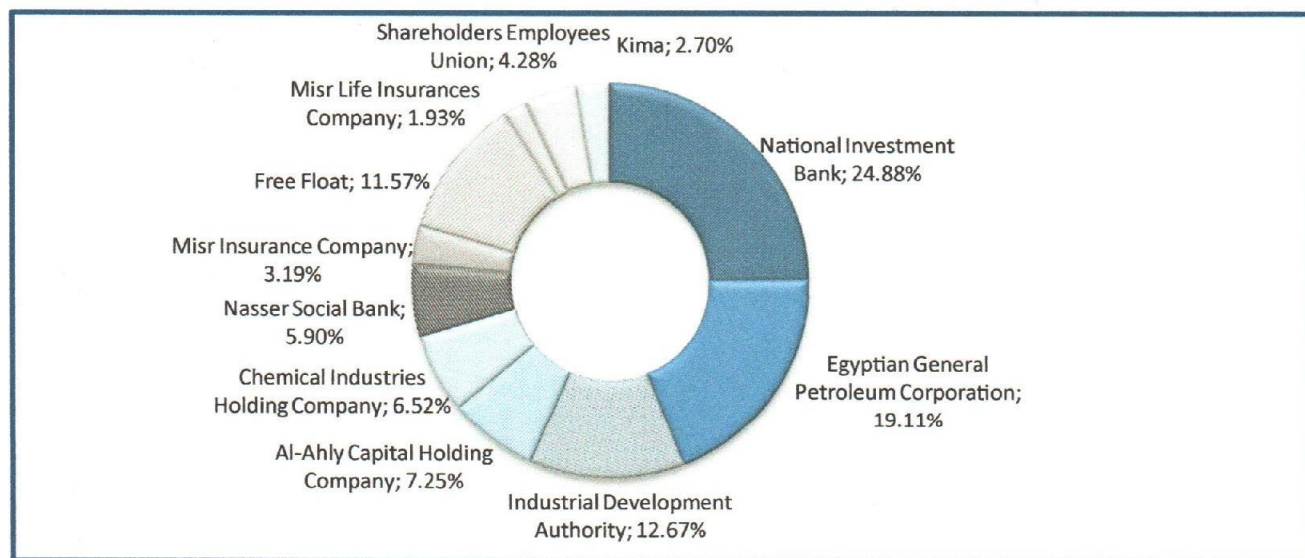
This is in addition to its long history of supporting the Egyptian farmer, through which it was able to maintain its leadership in the nitrogen fertilizer market, not only through its diverse and high-quality fertilizer offerings, but also through its support to the farmer in how to preserve and sustain the soil and achieve maximum benefit from the Fertilization process by contributing to agricultural expansion in cooperation with the Ministry of Agriculture.

### Abu Qir Fertilizers Company owns stakes in the following companies:

- Alexandria Fertilizers Company (15%)
- Helwan Fertilizers Company (17%)
- Al Wadi Company for Phosphate Industries and Fertilizers (10%)
- Abu Tartur Company for Phosphoric Acid (9,5%) "Under establishment"
- Al-Alamia for Methanol and its derivatives (35%) "Under establishment"

For more information, please visit the company's website: <http://abuqir.net/investors/brief>

### Shareholders Structure as of 30 September 2021



To view the complete financial statements and the related disclosures of ABUK, you can download the list from our website <http://abuqir.net/investors/financial>

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