



للشركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, 05 September, 2022

To: EGX
Disclosure Department
Dear Sir,

Subject: FY 2021/2022 Earnings Release

Kindly find attached Abu Qir Fertilizers Co.'s Earnings Release for the FY2021/2022 (ending 30/06/2022) .

Yours faithfully ,

Mr. Khaled Moustafa Sokkar

Head,
Financial Affairs Sectors

Ms. Nervana Sabbah Oraby

General Manager,
Investor Relations & Media



الشركة حاصلة على شهادات أيزو 9001 - أيزو 14001 - أيزو 18001 - أيزو 27001



مكتب الأسكندرية : ٩٥ طريق ٢٦ يوليو - برج السلسلة
تليفون : ٠٢/٤٨٧٩٩١١ - ٠٢/٤٨٤٧٢٢٩
مكتب القاهرة : ٥ شارع شريف الصغير
تليفون وفاكس : ٠٢/٢٣٩٣٤١٧٦

تليفون : ٠٢/٥٦٠٣٠٥٣ (سبع خطوط)
فاكس الإدارة : ٠٢/٥٦٠٣٠٣٢
فاكس المشتريات : ٠٢/٥٦٠٣٠٤٦
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**Abu Qir Fertilizers &
Chemical Industries Co.**



FY 2021/2022 Earnings Release

(Ending 30 June 2022)

Alexandria - Egypt



Abu Qir Fertilizers & Chemical Industries Co. reports its FY 2021/2022 results ending 30 June, 2022

Abu Qir Fertilizers recorded strong FY 2021/2022 results with sales revenue reaching EGP16.3 billion up by 85% YoY with enhanced bottom-line profitability which grew by a strong 1.58x YoY to EGP 9 billion. Strong top-line / bottom-line growth in FY 2021/2022 was supported by commitment for the replacements, renovations and periodic maintenance of the company's plants in order to maintain continuous operation and driven by improved global and local sales prices among all products.

Key Highlights for FY 2021/2022



Financial Highlights - FY 2021/2022 - (EGP mn)



Engineer Abed Ezz El Regal, Chairman & Chief Executive Officer, commented on FY 2021/2022 Results:

Abu Qir Fertilizers Company was able to end the FY 2021/2022 with strong performance and outstanding financial results and the company was able to provide the necessary liquidity to maintain the continuity of the operation of plants, their maintenance and the implementation of planned periodic turnaround as well as the implementation of its ambitious plan to move forward in investment projects that will achieve a return on investment for our shareholders. Our focus this year was to be fully prepared for the digital future in all of the company's activities, as the digital project contract was designed with SAP International company, to apply an integrated digital system at Abu Qir Fertilizer Company, in which



the ERP system is integrated with the information management system in which the Co's activities is managed through a smart digital system that integrates all the data of different sectors of production, project management, maintenance, HSE, quality, finance, warehouses, procurement and marketing, which leads to speed and accuracy of decision-making based on data and immediate information, which positively affects the efficiency of operations and performance indicators.

In addition to the concern in clean energy projects and the transformation of pollutants into economic returns through the production of blue ammonia as one of the solutions to provide green energy and reduce carbon emissions, in line with the state's strategy for sustainable development.

As a result of the effort exerted in the field of rationalizing electrical energy, the company received this year the highest reward for the cumulative power factor from the Electricity Company. As well as received the CEM Insight Award for Leadership in Energy Management from the Clean Energy Ministerial.

To conclude, I would like to take this opportunity to emphasize the vision of the management of Abu Qir Fertilizers Company towards achieving strategic goals and commitment towards its shareholders by choosing the best opportunities to achieve economic savings or economic return to maximize shareholder returns, which we are always committed to.

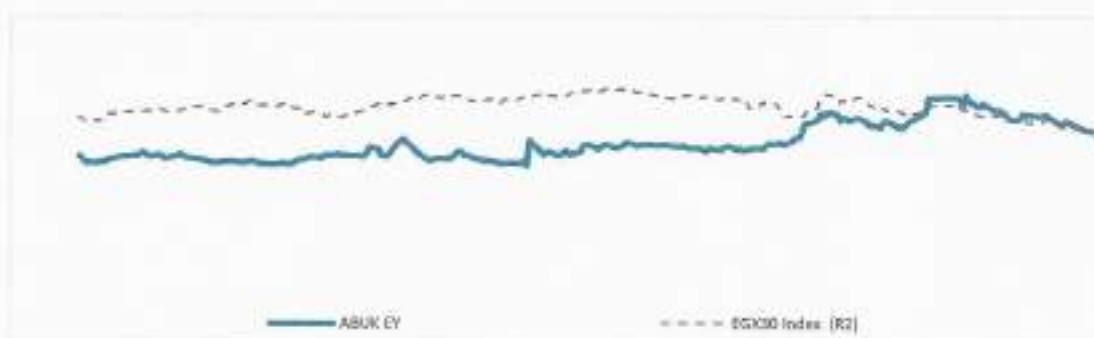
Financial and Operational Highlights - FY 2021/2022

- Continuous plants operation, (given that the company witnessed its annual maintenance shutdown through May 2022) which led to an increase in production volumes by 16% compared to production plan.
- Rapid growth in operating revenue by 85% YoY in FY 2021/2022 was driven by global surge in urea prices and higher local prices, with Abu Qir leveraging from the Company's diversified product portfolio and global demand.
- Despite the increase in natural gas cost supplied to the company at \$5.75/MMBTU starting 01/11/2021 instead of \$4.5/MMBTU, EBITDA increased by 1.91x YoY in FY2021/2022, which reflects the strong growth in the company's revenue.
- Higher margins in FY 2021/2022, as gross profit margin recorded 65%, EBITDA margin 61% and profit margin before taxes recorded at 71%.
- The company's bottom line expanded by a significant 1.58x YoY in FY 2021/2022 on the back of strong revenue growth with the net profit margin recording 55% .
- Maintaining market share in targeted markets due to diversified product portfolio and its quality while maintaining supplying government quota and covering local free market demand.
- 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 in FY 2021/2022 as well as revenues from investments in fertilizers companies
- Unchanged strategic priorities to deliver sustainable & diversified growth through its future expansion plan & investment projects.
- Finalizing the company's compliance plan and its leading role towards CSR & ESG.
- Starting the implementation of the ERP system, as part of the development plan to modernize the company's sectors with everything related to digitization and modern technological applications.



ABUK Stock Performance – FY 2021/2022

Date	Stock Price (EGP)	Trading Volume	Market Cap. (Billion EGP)	Total Trading Volume	Change
01/07/2021	19.21	416,872	24.2	254,131,052	+18.17%
30/06/2022	22.70	1,358,405	28.6		



- On June 30, 2022, the market value of the company reach EGP 29 billion up by 18% compared to EGP 24 billion recorded on July 01, 2021. Also, estimates of ABUK's Stock target price ranged from EGP 27 to EGP 42 (according to analysts' research notes).
- On April 28, 2022, ABUK share price hit EGP 30.01 (highest price since 2018).

(EGP mn)	4Q	4Q	%	FY	FY	%
	2021/2022	2020/2021	Change	2021/2022	2020/2021	Change
Revenue	4288	2535	69%	16331	8839	85%
Gross Profit	2652	1246	113%	10628	3907	172%
EBITDA	2434	1091	123%	10027	3448	191%
Profit before taxes	2704	1370	97%	11568	4318	168%
Net Profit	2090	1071	95%	9054	3516	158%
Earnings per Share (EGP)	1.37	0.71	93%	6	2.33	158%

% Margin

% Gross Profit Margin	62%	49%	13 pps	65%	44%	21 pps
% EBITDA Margin	57%	43%	14 pps	61%	39%	22 pps
% Profit before taxes Margin	63%	54%	9 pps	71%	49%	22 pps
% Net Profit Margin	49%	42%	7 pps	55%	40%	15 pps



Results in a Nutshell

Abu Qir Fertilizers Co. (ABUK.CA on the Egyptian Exchange), the leader nitrogen fertilizer manufacturer in Egypt & MENA, announced its results for the FY2021/2022 ended 30 June 2022, reporting sales revenue of EGP 16331 million, a climb of 58% YoY from the EGP8839 million recorded in FY2020/2021.

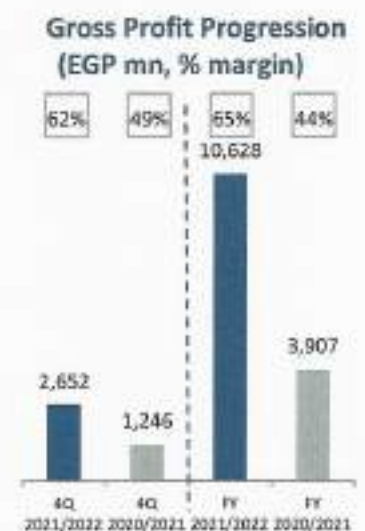
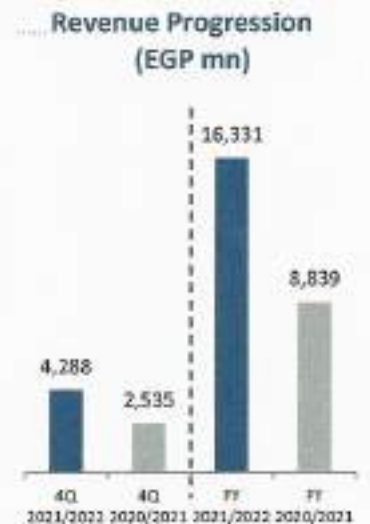
Strong top-line growth in FY 2021/2022 was driven by better urea prices, owing to Abu Qir's continuous plant operation (except for Abu Qir 3 maintenance shutdown), resulting in achieving the production plan up by 16% over the plan and a decrease of 2% compared to last year moreover achieving the marketing plan up by 10% over the plan and a decrease of 6% compared to last year as a result of Abu Qir 3 maintenance shutdown as well as the increase in inventory of urea to seize the best opportunities to benefit from high prices in light of the recovery of the nitrogen fertilizer market and better average prices 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 as well as the company's ability to reduce its operating cost and engender cost efficiencies.

Abu Qir reported a gross profit of EGP 10628 million in FY2021/2022, up by 1.72x YoY versus FY 2020/2021 supported by strong revenue despite higher COGS to yield a gross profit margin of 65% versus the 44% recorded in previous year.

The increase in total SG&A expense was driven by growth in export expenses as well as increase periodical increments, depreciation and other miscellaneous expenses.

EBITDA rose by 2.22x YoY to EGP 7,593 million versus EGP 2,357 million recorded for the same period last year.

Abu Qir's EBITDA increase to EGP10027 million as well as EBITDA margin recorded 61% for FY2021/2022 compared to 39% recorded in FY 2020/2021.





Net profit reached EGP 9054 million in FY 2021/2022, up by 158x YoY from EGP 3516 million recorded in FY2020/2021.

The company's net profit margin recorded 55% 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 realizing foreign currency exchange gains as well as well managed financial portfolio.

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 EGP294 million in 30/06/2022 compared to EGP 379 million in 30/06/2021, including investing expenditures of EGP 118 million (in advance payments and letter of credits) compared to EGP 112 million in 30/06/2021.

Total shareholders' equity reported EGP 17806 million in 30/06/2022 up to 113% increase compared to EGP 8361 million in 30/06/2021.

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.

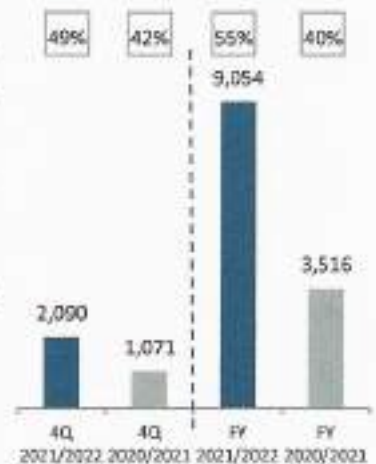
For more information, please refer to the supplementary notes attached to the Financial Statements as of March 31, 2022.

Overview of Segment Performance

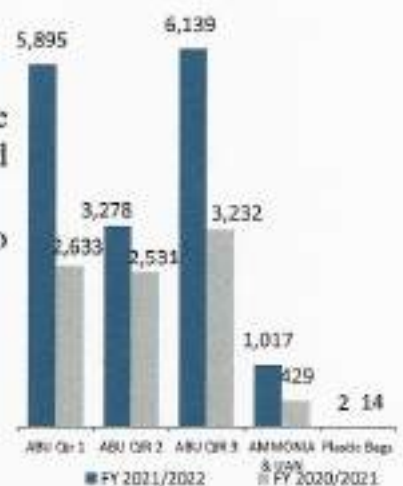
Comparison of FY2021/2022 to FY2020/2021

- Sales volume of Prilled Urea decreased by 3% in FY2021/2022 compared to FY2020/2021 due to increase in urea inventory for the sake of seizing the best opportunities to benefit from high urea prices while sales value increased by 126% due to higher average selling prices (export, local free market & local quota) as well as higher dollar exchange rate.
- Ammonium Nitrate sales volume increased by 1% in FY2021/2022 compared to FY2020/2021 as well as sales value increased up by 29% due to volume increase as well as higher average local prices (subsidized & free).
- Sales volume of Granular Urea decreased by 14% in FY2021/2022 compared to FY2020/2021 due to plant maintenance shutdown while sales value increased by 90% due to higher average selling prices (export, local free market & local quota) as well as higher dollar exchange rate.
- Ammonia sales value increased by 156% in FY2021/2022 compared to FY2020/2021 driven by better prices & market demand dynamics and UAN sales volume decreased by 82% driven by operating economics & production preference to achieve high profitability.

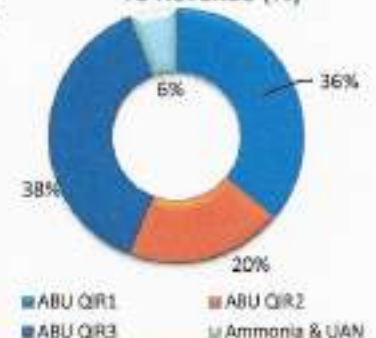
Net Profit Progression (EGP mn, % Margin)



Revenue Growth by Segment (EGP mn)



Segment Contribution To Revenue (%)





Overview of Sectors Performance

Production Sectors

The company continues to operate safely & efficiently across its sectors. In FY2021/2022, the production sectors succeeded in achieving the production plan for the company's plants, with an increase of 16% over plan and a decrease of 2% compared to last year due to Abu Qir 3 plant maintenance shutdown in May 2022 as well as plant maintenance activities for the sake of continuous operation and reducing operating costs.

Maintenance Sectors

The company successfully pursued the planning & implementation of maintenance plans which impacted on higher utilization rates & continuous operation. Scheduled Maintenance Plan is as follows:

Abu Qir (1)	Abu Qir (2)	Abu Qir (3)
End of FY 2022/2023	September 2023	Performed in May 2022

Marketing Sectors

The company succeeded in marketing its products locally and internationally during the FY ended 30/06/2022, where the number of export clients reached 40 clients from different countries all over the world and the export markets diversified to include 24 countries in addition to expanding the local free market customer to about 61 clients.

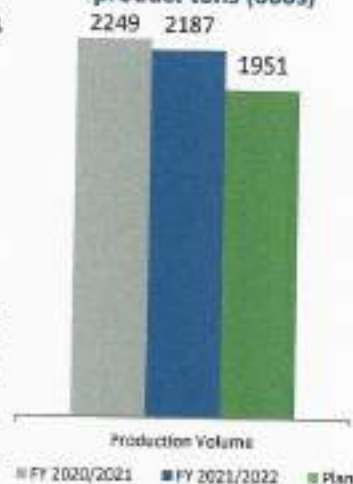
Procurement Sectors

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 focus on maximizing local manufacturing as possible.

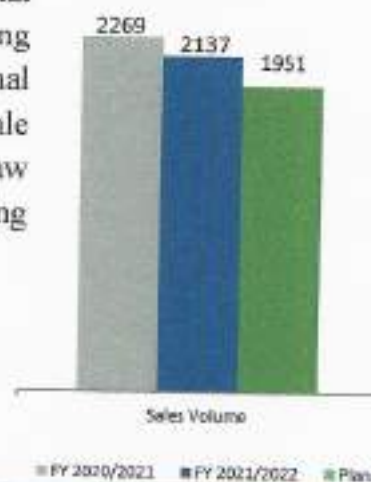
Segment Contribution To Growth Profit (%)



Production Volume product tons (000s)



Sales Volume Product tons (000s)





Financial Overview

Abu Qir's management achieved gains through good planning in 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 was assigned to the National Bank of Kuwait (NBK) in addition to contacting The Egyptian Environmental Affairs Agency (EPAPIII) to finance part of the needed loan.

In parallel, Abu Qir completed the refurbishment of its upgraded invoicing infrastructure putting the Company in full compliance with the government of Egypt's recently imposed regulations on electronic invoicing, making Abu Qir one of the leading companies to complete the transition within the prescribed timeframe.

Human Resource

Abu Qir's average number of employees reached 2642 employees on 30 June 2022, compared to 2686 employees 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. In parallel, Abu Qir continued to invest in its human capabilities through launching the Middle Management Leadership Development Program.

Strategy Insights

Abu Qir Fertilizers 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 keen to update the feasibility studies of its projects assigned to high qualified consultants in accordance with international & local updates.

**(1) Methanol and Ammonia Project**

- Mega complex, operated by “the International Company for Methanol and its Derivatives” that will produce one million tons/year of methanol and 400,000 tons/year of ammonia (first phase), to be established in Suez Canal Economic Zone in Ain Sukhna, at an investment cost of about \$1.6 billion. The joint stock company is owned by Abu Qir Fertilizers Company (35%) and Helwan Fertilizers Company (35%) and Al-Ahly Capital Holding Company (30%). The land contract has been signed with The Suez Canal Economic Zone (SCZone) for an area of 2 million square meters, a contract also was signed with Al-Ahly Capital Holding Company to be assigned as a financial advisor to arrange the necessary financing for the project, which is planned to be financed by 70% debt and 30% equity. In parallel, the economic and market feasibility study for the project is being updated in light of local and global updates. Currently, the PMC contract is being finalized.

(2) Abu Qir (3) Expansion Project

- Investing about \$80-100 million through a loan that will be arranged by the National Bank of Kuwait – Egypt (NBK), 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 technical study is undergone.

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

- The updated marketing and economic feasibility studies performed by Nexant (Advisor & Consulting Co.) has been received.

Accordingly, the company’s board of directors agreed to proceed with establishing a project at an investment cost of about USD1.2 billion to establish an ammonia production plant with a production capacity of 1200 tons/day and a nitric acid plant with a production capacity 1,830 tons / day and a plant to produce granulated ammonium nitrate with a production capacity of 2,400 tons / day on the land owned by the Egyptian General Petroleum Corporation (formerly Rakta Company land), on which the project is intended to be established. It is planned to finance the project by 70% debt and 30% equity joint between Abu Qir Fertilizers Company and the Egyptian General Petroleum Corporation, and others.

(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.



About Abu Qir Fertilizers and Chemical Industries Company

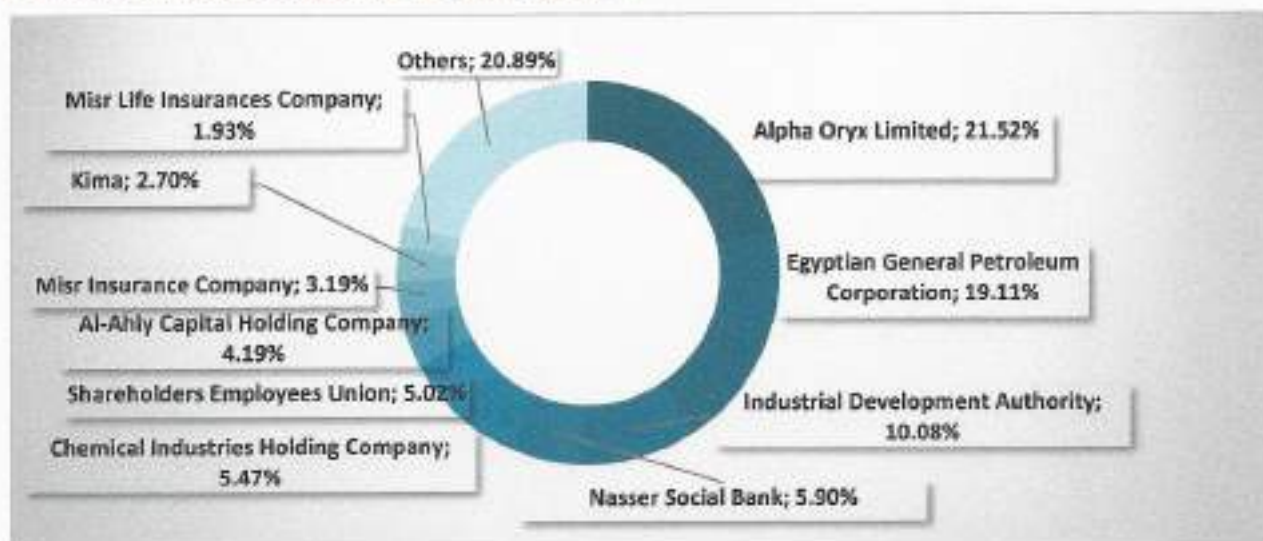
ABUK was established in 1979. It is the largest company specialized in manufacturing of all types of nitrogen and chemical fertilizers, and related materials necessary for their manufacture, packaging, buying, selling and trading within the Arab Republic of Egypt, or abroad. The company has three factories 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%)
- The International Company for Methanol and its Derivatives (35%)

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

Shareholders Structure as of 30 June, 2022



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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