



# شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, August 29, 2023

To: EGX  
Disclosure Department

Dear Sir,

**Subject: Earnings Release for the Year Ended June 30,2023**

Kindly find attached Abu Qir Fertilizers Co. Earnings Release for the year ended June 30,2023.

Yours faithfully ,

Mr. Khaled Moustafa Sokkar

Head,  
Financial Affairs Sectors

Ms. Nervana Sabbah Oraby

General Manager,  
Investor Relations & Media



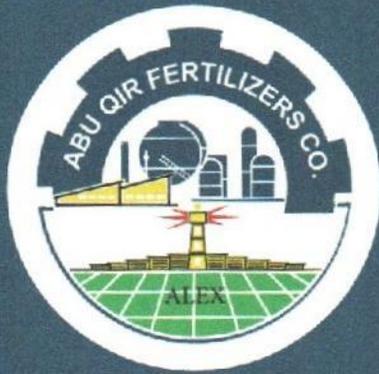
الشركة حاصلة على شهادات أيزو 9001 - أيزو 14001 - أيزو 18001 - أيزو 27001



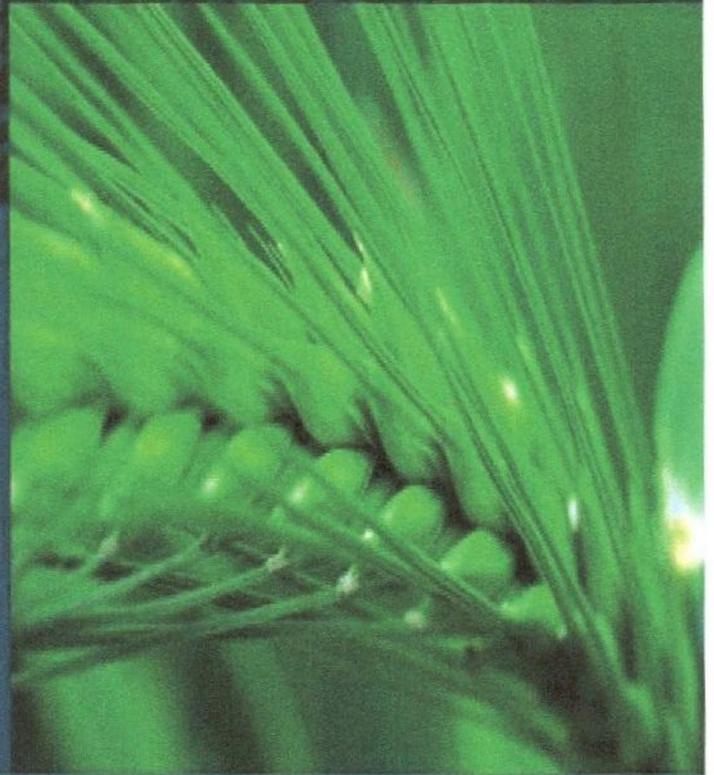
مكتب الأسكندرية: ٩٥ طريق ٢٦ يوليو - برج السلسلة  
تليفون: ٣/٤٨٧٩٩١١ - ٣/٤٨٤٧٢٢٩  
مكتب القاهرة: ٥ شارع شريف الصغير  
تليفون وفاكس: ٢/٢٣٩٣٤١٧٦

تليفون: ٣/٥٦٠٣٠٥٣ ( سبع خطوط )  
فاكس الإدارة: ٣/٥٦٠٣٠٣٢  
فاكس المشتريات: ٣/٥٦٠٣٠٤٦  
فاكس التسويق: ٣/٥٦٠٣٠٤٧  
E-mail:afc@abuqir.com

الإدارة والمصانع :  
الطابية - خط رشيد - إسكندرية  
كيس بريدي مخصص  
الرقم البريدي : ٢١٩١١  
www.abuqir.com



**Abu Qir Fertilizers &  
Chemical Industries Co.**



# **Earnings Release FY 2022/2023**



**Alexandria - 29 August, 2023**



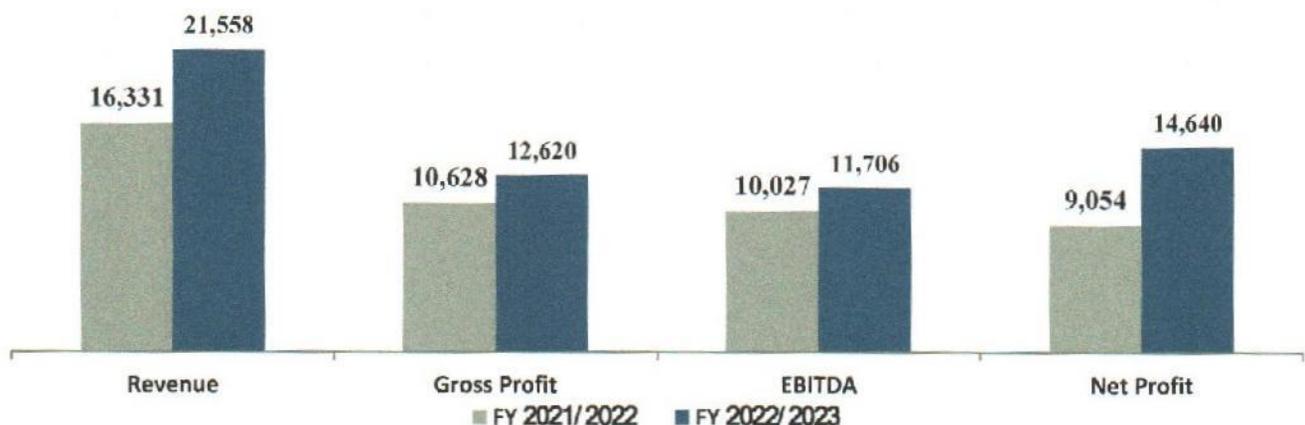
## Abu Qir Fertilizers & Chemical Industries Reports FY 2022/23 Earnings

Abu Qir Fertilizers delivers record-breaking results with a 32% increase in revenue reaching EGP 21.6 billion and 61.7% rise in net profit YoY to record EGP 14.6 billion. Net profit margin of 68%. Regionally, in FY 2022-23 export sales quantities of fertilizers and ammonia grew 8% YoY to record 1.26 million ton compared to 1.17 million ton recorded in FY 2021

### Key Highlights for FY 2022/23



Financial Highlights – FY 2022/23 (EGP mn)



### Engineer Abed Ezz El Regal, Chairman & Chief Executive Officer, commented on FY 2022/23 Results:

"Proud of the impressive results achieved for FY 2022-2023, which came as a result of the great efforts exerted by the company's teamwork to sustain leadership in the nitrogen fertilizers industry and which reflect the company's significant strengths and ability to capitalize on its diversified portfolio. Abu Qir Fertilizers continues to show momentum growth across both operational and financial fronts due to its clear strategy and efficient plants operation which enabled achieving the objectives and targets.

Revenue grew by 32% YoY in FY 2022/23 driven by the company's ability to maintain safe and efficient operational performance across all plants and units of ammonia, prilled and granular urea, and ammonium nitrate as well as net profit reached EGP 14.6 billion making up a net profit margin of 68%.

Abu Qir Fertilizers managed to sustain efficient operational cash flows, thanks to healthy operational performance and considering savings in terms of energy, natural gas, water and chemicals consumption despite inflationary pressures across some cost elements (increase in production cost as a result of EGP devaluation, increase in salaries as a result of adjustments made by the company to support its workers).



We continue executing our strategy for sustainable and safe continuous plant operation in an economical manner. In addition to raising plants efficiency and achieving higher production levels while applying highest HSE standards, as well as developing our financial performance through revenue growth and rationalizing expenses to give the company the flexibility to face more challenges while enhancing its value and maintain its leadership.

Abu Qir Fertilizers is looking forward to achieving sustainable growth for all its operations and plants through completing the company's environmental compliance plan, and its pioneering role towards ESG, in addition to accelerating the establishment of green energy projects and reducing carbon emissions.

We are confident in the company's ability, through our distinguished and dedicated teamwork, to continue achieving our ambitious goals and further growth and development in a way that fulfills our responsibility towards maximizing the returns for our shareholders, which we are always committed to".

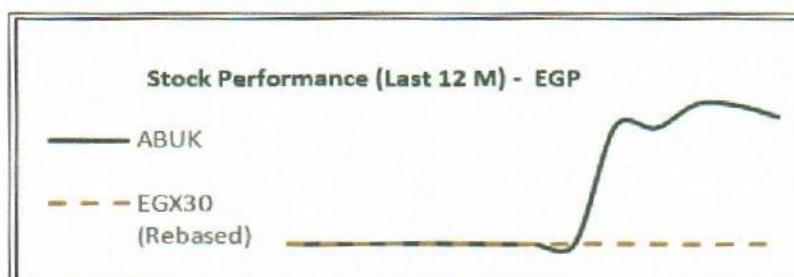
### **Financial and Operational Highlights - FY 2022/23**

- Stellar revenue growth in FY 2022-23 of 32% YoY, reaching EGP 21.6 billion, driven by higher volumes and better average selling prices.
- Continuous plants operation, which led to operating above 100% capacity utilization at year end.
- Abu Qir (3) plant (producing granular urea) continued its outstanding performance rising revenue nearly 46% YoY due to efficient operation and volume growth. Sales increased 15% YoY to reach 702k ton of urea granular, of which 670k ton were exported, contributing the largest share to Abu Qir's revenues.
- Revenue of Abu Qir (1) plant (producing prilled urea) grew 19% YoY, as well as Abu Qir (2) plant (producing Ammonium nitrate) grew 11% YoY due to the increasing average prices.
- Growth in revenue by 32% YoY in FY 2022/23 was driven by higher sales volume and rational marketing policy with Abu Qir leveraging from the Company's diversified product portfolio and maneuvering between products as well as higher fertilizers prices (export in EGP and local prices) and FX.
- Cost of sales increased 57% YoY in FY2022-23 due to surges in the prices of materials, as well as the natural gas cost (main feedstock) which contribute to greater % of the cost of sales in addition to increases in employees' salaries and wages.
- Gross profit increased by 19% YoY due to increase in revenue with a margin decline to 59% in FY2022-23 compared to 65% last year as a result of increases in COGS especially NG cost.
- SG&A as a percentage of revenue increased to 4.8% in FY2022-23 compared to 4.3% last year due to increases in Salaries, wages and benefits, Packing materials as well as other expenses.
- Despite the change in natural gas cost calculation supplied to the company to be according to a formula linked to international urea prices instead of a fixed cost of \$5.75/MMBTU starting 01/11/2021 and previously was at \$4.5/MMBTU (comparable period gas price), EBITDA increased by 16.75% YoY in FY 2022/23.
- Net profit increased by 61.70% YoY reaching EGP 14.6 billion in FY2022-23, with a margin of 68% compared to 55.44% last year reflecting robust performance and high operating leverage.
- Maintaining market share in targeted markets due to diversified product portfolio with highest quality while maintaining the Ministry of Agriculture quantities 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 profit from financial investments.
- Unchanged strategic priorities to deliver sustainable & diversified growth through its future expansion plan & investment projects.
- Finalizing the implementation of the ERP system (Go Live), as part of the development plan to modernize the company's sectors with all related to digital transformation and modern technological applications.



**ABUK Stock Performance – FY 2022/23**

Date	Stock Price (EGP)	Trading Volume	Market Cap. (EGP, Billion)	Total Trading Volume	Change
01/07/2022	21.82	443,383	27.5	315,555,784	+104%
30/06/2023	44.55	423,175	56.2		



- On June 30, 2023, the market value of the company reached EGP 56.2 billion up by 104% compared to EGP 27.5 billion recorded on July 01, 2022, this made Abu Qir Fertilizers, the second largest company in the Egyptian stock exchange in terms of market capitalization.

**Summary Income Statement**

(EGP mn)	FY 2022/23	FY 2021/22	% Change	4Q 2022/23	4Q 2021/22	% Change
Revenue	21,558	16,331	32.01%	4,257	4,288	-0.72%
Gross Profit	12,620	10,628	18.74%	1,797	2,652	-32.24%
EBITDA	11,706	10,027	16.74%	1,449	2,434	-40.47%
Profit before taxes	18,511	11,568	60.02%	2,107	2,704	-22.08%
Net Profit after taxes	14,640	9,054	61.70%	1,682	2,090	-19.52%
Earnings per Share (EGP)	9.69	6.01	61.23%	1.11	1.37	-18.98%

**% Margin**

Gross Profit Margin	58.54%	65.08%	-6.54 pps	42.22%	61.86%	-19.64 pps
EBITDA Margin	54.30%	61.40%	-7.1 pps	34.04%	56.76%	-22.72 pps
Net Profit Margin	67.91%	55.44%	12.47 pps	39.50%	48.74%	-9.24 pps



**Results in a Nutshell**

Abu Qir Fertilizers Co. (ABUK.CA on the Egyptian Exchange), the leading nitrogen fertilizer producer in Egypt & MENA, announced its results for FY 2022/23 (year ended 30 June, 2023), reporting sales revenue of EGP 21.56 billion, (+32% YoY) from EGP 16.33 billion recorded in FY2021/22 and net profit after taxes recorded EGP 14.64 billion (+61.70% YoY) with net profit margin reaching 67.91% compared to 55.44% recorded last year.

Multiple factors contributed to the phenomenal performance delivered in FY2022/23 including continuous plant operation efficiently and better fertilizers average prices as well as the strategy adopted by the company's management to grow revenue through diversifying its product range and maneuvering among target markets to achieve the highest profitability as well as reaching new markets. In addition, the company benefited from the gradual depreciation in the EGP on the financial results.

Cost of goods sold recorded EGP 8.94 billion (+56.72% YoY) as a result of applying the new natural gas pricing formula as well as utilities cost, salaries and change in inventory level.

Abu Qir reported a gross profit of EGP 12.62 billion, up by 18.74% YoY supported by strong revenue despite higher COGS.

Gross profit margin for the year recorded 58.54% versus the 65.08% recorded in FY2021/22 due to higher COGS.

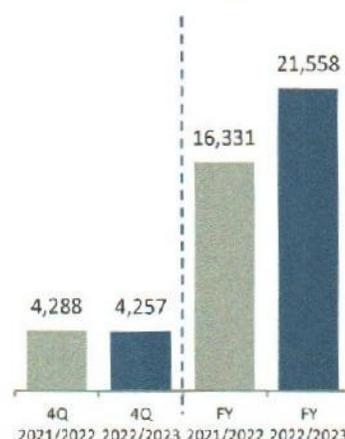
The increase in total SG&A expense was driven by growth in export expenses as well as increase periodical increments, and other miscellaneous expenses.

Abu Qir's EBITDA increase to EGP 11.7 billion and EBITDA margin recorded 54.30% for FY2022/23.

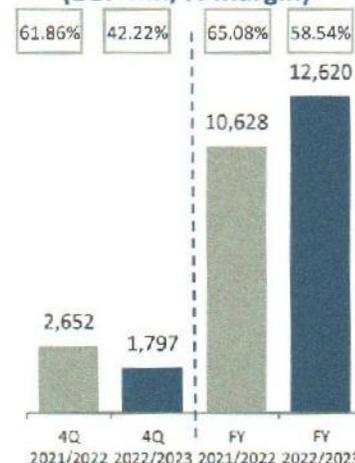
Interest expenses decreased as a result of the termination of credit facilities previously obtained by the company from National Bank of Kuwait which was used to pay natural gas withdrawals and other government payments, and it was fully repaid during the period.

Return on Investments in both Alexfert and Helwan Fertilizers Co. recorded EGP 983 million compared to EGP 431 million recorded last year represented in Abu Qir's share in dividends for year 2022.

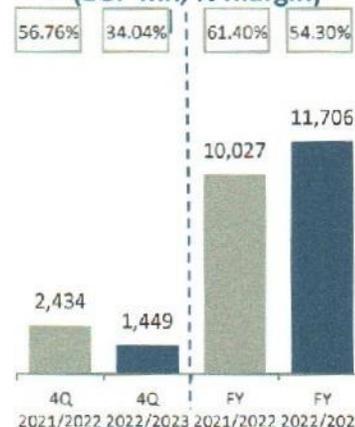
**Revenue Progression (EGP mn)**



**Gross Profit Progression (EGP mn, % margin)**



**EBITDA Progression (EGP mn, % margin)**





Net profit reached EGP 14.6 billion in FY2022/23, up by 61.7% YoY from EGP 9 billion recorded in FY2021/22

The company's net profit margin recorded 67.91% compared to 55.44% driven by increasing sales revenue as well as returns of cash investments for the FY 2022/2023 compared to last year due to well managed financial portfolio and realizing FX gains as well as investment return in Alexfert & Helwan Co.

On the other hand, the income tax increased compared to FY2021/22 as a result of increase in net profit before tax, as well as the settlement of tax differences, and increase in tax on treasury bills.

### Balance Sheet

The company reported total projects under construction of EGP 397 million in 30/06/2023 compared to EGP 294 million in 30/06/2022, including investing expenditures of EGP 233 million (in advance payments and letter of credits) compared to EGP 118 million in 30/06/2022.

Total shareholders' equity reported EGP 29 billion in 30/06/2023 up by 65% increase compared to EGP 18 billion in 30/06/2022.

For more information, please refer to the supplementary notes attached to the Financial Statements as of June 30, 2023.

### Overview of Segment Performance in FY 2022/23

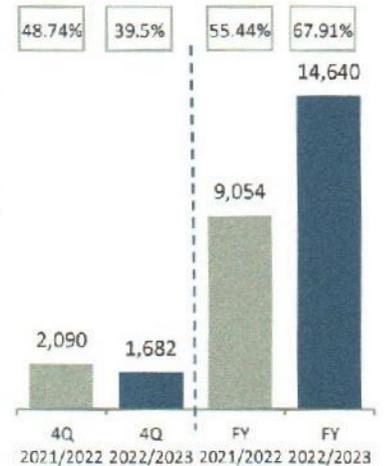
- In FY2022/23, sales volume of Prilled Urea decreased by 2% compared to FY2021/22 for the sake of seizing the best sales opportunity, while sales value increased by 19% due to higher average selling prices (export in EGP, local free market & Ministry of Agriculture) as well as EGP devaluation.

- Sales volume of Ammonium Nitrate decreased by 6% in FY2022/23 compared FY2021/22 however sales value rose up by 12% due to higher average local prices (Ministry of Agriculture & local free market).

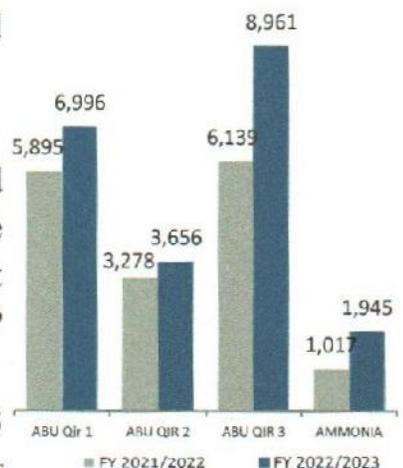
- Sales volume of Granular Urea rose by 15% in FY2022/23 compared to FY2021/22. Moreover, sales value increased by 46% due increases in sales volume in addition to higher average selling prices (export in EGP, local free market & Ministry of Agriculture) as well as EGP devaluation.

- Ammonia sales value increased by 92% in FY2022/23 compared to last year driven by higher sales volume and higher average selling prices (export, local free market).

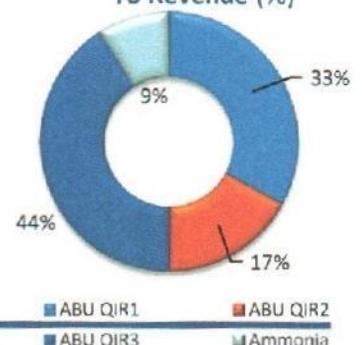
**Net Profit Progression (EGP mn, % Margin)**



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



**Segment Contribution To Revenue (%)**





## Overview of Sectors Performance

### Production Sectors

The company continues to operate safely & efficiently across all sectors. In FY 2022/23, the production sectors succeeded in achieving the production plan, with an increase of 15% over plan and a decrease of 1% compared to FY2021/22 due to plant maintenance activities for the sake of continuous operation and reducing cost.

### Maintenance Sectors

Maintenance Sectors successfully pursued the planning & implementation of maintenance plans which impacted on higher utilization rates & continuous plant operation.

The planned overhaul dates for Abu Qir (1) and Abu Qir (2) plants are being reconsidered in light of the delivery of imported equipment and supplies.

### Marketing Sectors

The company succeeded in marketing its products locally and internationally during FY2022/23, where the number of export clients reached 40 clients across the globe and the export markets diversified to include 31 countries in addition to expanding the local free market customer to about 61 clients.

### Financial Overview

Abu Qir's management achieved FX gains through well planned financial portfolio. Moreover, achieving returns from its financial investments in treasury bills, deposits, etc..

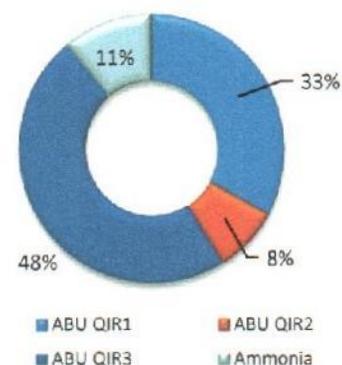
### Procurement Sectors

The procurement sectors continue to focus on 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.

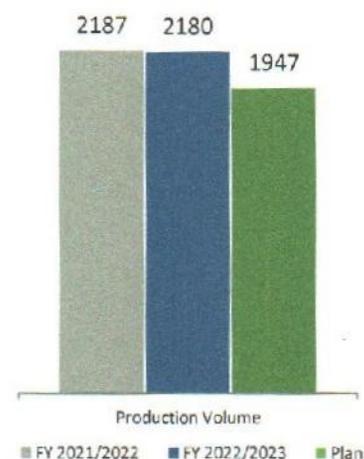
### Human Resource

Abu Qir's average number of employees reached 2577 employees on 30/06/2023, compared to 2642 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.

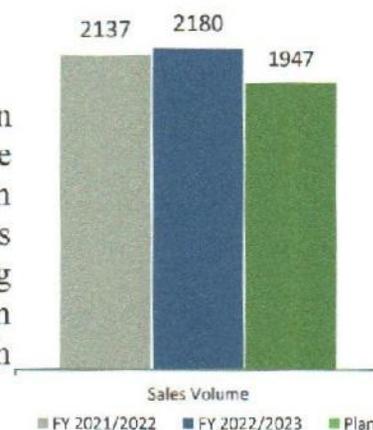
Segment Contribution To Growth Profit (%)



Production Volume product tons (000s)



Sales Volume Product tons (000s)





## **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) CO<sub>2</sub> Emissions Reduction and Abu Qir (3) Urea Expansion and raising the production capacity of Abu Qir plant (1)**

Alternatives for the project's new scope are being studied for the sake of being more economical in terms of investment and operational cost and less in terms of implementation time in addition to achieve the highest return by adding new products in line with global trends.

### **(2) North Abu Qir for Agri-Nutrients Company**

A new project with a production capacity of 2,400 tons per day of ammonium nitrate, 1200 tons per day of ammonia and 1,830 tons per day of nitric acid to be established on the land plot owned by the Egyptian General Petroleum Corporation (formerly Rakta land) with an authorized capital of EGP 10 billion and paid-up capital of EGP 1 billion, at an estimated investment cost of USD1.2 billion planned to be financed through 70% debt and 30% equity.

Both Abu Qir Fertilizers and Egyptian General Petroleum Corporation (EGPC) will hold a 45% stake in the new company. Meanwhile, the Egyptian Holding Company for Petrochemicals "ECHEM" will own the remaining 10%.

HE Engineer Tarek El-Molla, Egypt's Minister of Petroleum and Mineral Resources, chaired the founding assembly of the new company, and laid the foundation stone for North Abu Qir Agri-Nutrients Company.

Noting that, in parallel, progress is being made in all the implementation steps of the project, including selecting a list of qualified general contractors, defining a list of licensors for the project units, preparing ITB to be tendered to the list of qualified general contractors, and preparing an environmental impact assessment study for the project, ... etc.

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

- ABUK holds 10% stake.

### **(4) 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 1976. It is one of the largest companies 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 plants 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.

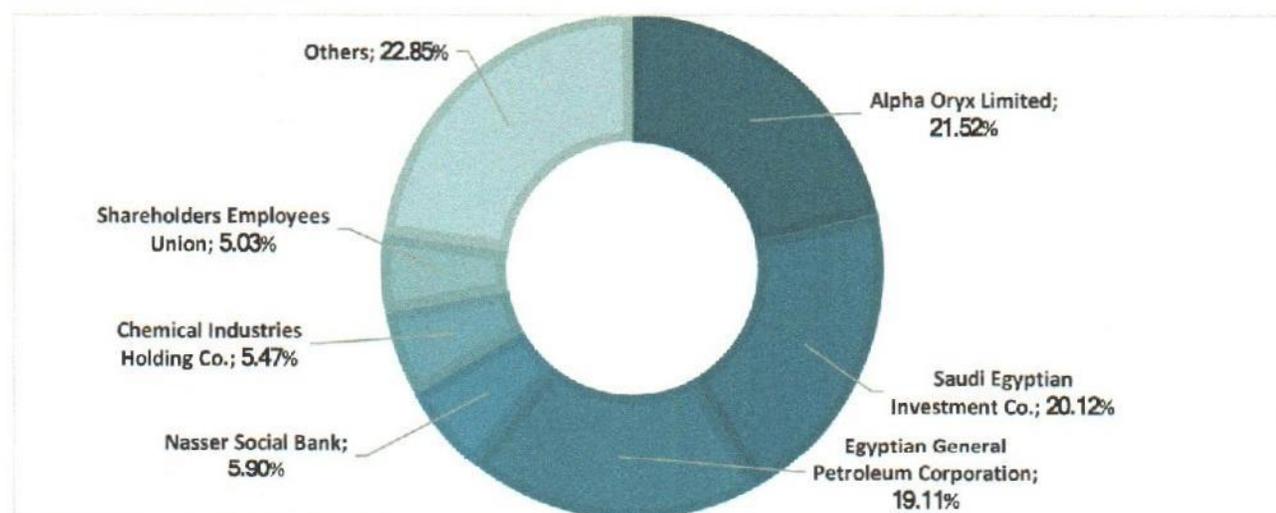
This is in addition to its long history of supporting the Egyptian farmer, through which it was able to maintain its leadership in the nitrogen fertilizer market, not only through its diverse and high-quality fertilizer offerings, but also through its support to the farmer in how to preserve and sustain 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%)
- North Abu Qir for Agri-Nutrients (45%)

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

### Shareholders Structure as of 30 June, 2023



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>

### For inquiries and contact:

**Accountant / Khaled Sokkar** - Head, Financial Sectors

Email: [khaled.sokkar@abuqir.com](mailto:khaled.sokkar@abuqir.com)

**Accountant / Nervana Oraby** - General Manager, Investor Relations and Media

Email: [nervana.sabbah@abuqir.com](mailto:nervana.sabbah@abuqir.com)