



# شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, 11 June, 2023

To: EGX  
Disclosure Department  
Dear Sir,

**Subject: Earnings Release for the nine-months period ended March 31, 2023**

Kindly find attached Abu Qir Fertilizers Co. Earnings Release for the nine-months period ended March 31, 2023.

Thank You.

Best Regards,

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 45001



مكتب الإسكندرية : 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  
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**Abu Qir Fertilizers &  
Chemical Industries Co.**



# **Earnings Release**

## **9M 2022/2023**

### **Nine-Months Period ending 31 March, 2023**

**Alexandria - 30 May, 2023**



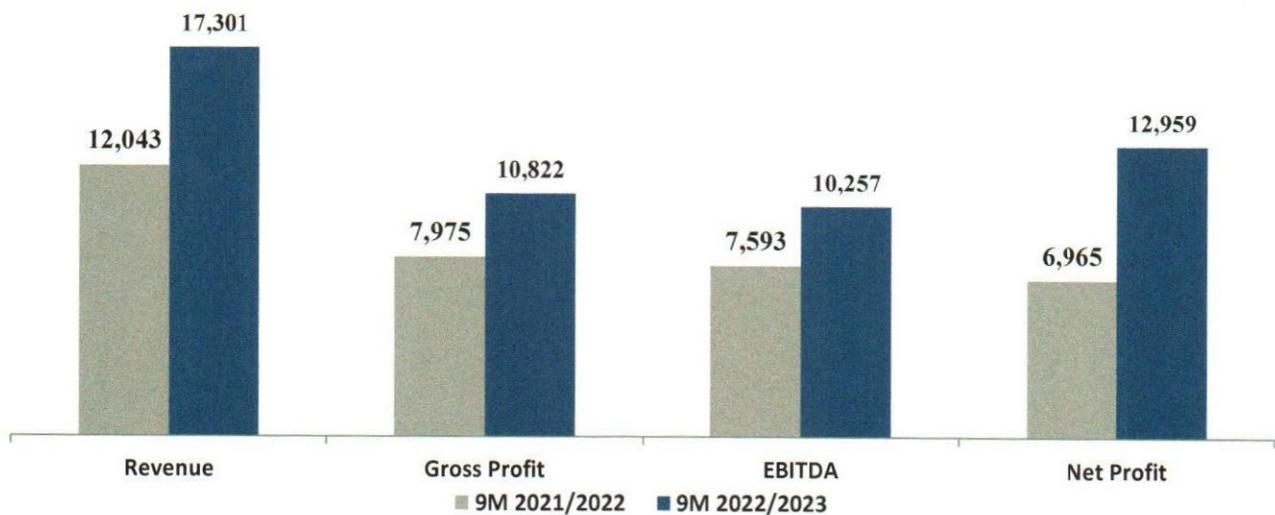
### Abu Qir Fertilizers & Chemical Industries Reports 9M 2022/23 Earnings

Abu Qir Fertilizers delivers record-breaking results with revenue crossing the EGP 17.3bn and more than 86% rise in net profit year-on-year to record - EGP 13bn with a vastly improved margin of 74.90% supported by continuous efficient plants operation, and driven by diversified product portfolio enabling the company maneuvering among its products, in addition to improved global and local sales prices among all products during the nine months period of FY 2022/23 compared to the same period of previous year, as well as flexible foreign exchange rate.

#### Key Highlights for 9M 2022/23



Financial Highlights – 9M 2022/23 (EGP mn)



#### Engineer Abed Ezz El Regal, Chairman & Chief Executive Officer, commented on 9M FY2022/23 Results:

"I'm proud of the resilience results Abu Qir Fertilizers is showing during the first nine months of FY2022/23 which reflect our solid stance in the turbulent operational environment.

Despite inflationary pressures witnessed, currency devaluation & Russian-Ukraine war effects on global supply chain disruption, the company's clear strategy and operational efficiency enabled it to achieve its targets, whereas revenue in 9M 2022/23 grows by 43.66% compared to similar period last year supported 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 - 13bn making up a net profit margin of 74.90%.

Abu Qir Fertilizers was able to maintain efficient operational cash flows, thanks to healthy operational performance 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).

As always, we look forward to maintain 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.

With the plan in place to face further challenging operating environment, we are confident that we are fulfilling our responsibility to all stakeholders. As always, we will have the best interests of all of our shareholders in mind if and when we need to make any investment related decisions".

### **Financial and Operational Highlights - 9M 2022/23**

- Continuous plants operation, which led to an increase in production volumes by 18% compared to production plan.
- Growth in operating revenue by 43.66% YoY in 9M 2022/23 was driven by rational marketing policy with Abu Qir leveraging from the Company's diversified product portfolio and maneuvering between products as well as better urea prices and higher local fertilizers prices.
- 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 35.08% YoY in 9M 2022/23, which reflects the strong growth in the company's revenue.
- The company's bottom line expanded by 86.07% YoY in 9M 2022/23 on the back of strong revenue growth with the net profit margin recording 74.90% .
- 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 returns and with the ability for financing the equity proportion in future projects.
- 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.
- Finalizing the implementation of the ERP system, 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 – 9M 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	247,604,362	+101%
31/03/2023	43.81	2,039,701	55.3		



- On March 31, 2023, the market value of the company reached EGP 55.3 billion up by 101% compared to EGP 27.5 billion recorded on July 01, 2022.

**Summary Income Statement**

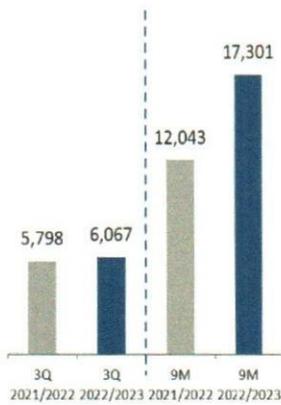
(EGP mn)	9M 2022/23	9M 2021/22	% Change	3Q 2022/23	3Q 2021/22	% Change
Revenue	17301	12043	43.66%	6067	5798	4.64%
Gross Profit	10822	7975	35.70%	3549	4070	-12.81%
EBITDA	10257	7593	35.08%	3320	3911	-15.11%
Profit before taxes	16403	8864	85.05%	7139	4748	50.35%
Net Profit after taxes	12959	6965	86.07%	5724	3761	52.19%
Earnings per Share (EGP)	8.58	4.63	85.31%	3.79	2.50	51.60%

**% Margin**

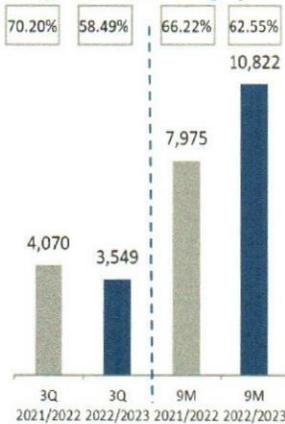
Gross Profit Margin	62.55%	66.22%	-3.67 pps	58.49%	70.20%	-11.71 pps
EBITDA Margin	59.28%	63.05%	-3.76 pps	54.72%	67.45%	-12.73 pps
Net Profit Margin	74.90%	57.83%	17.07 pps	94.36%	64.88%	29.48 pps



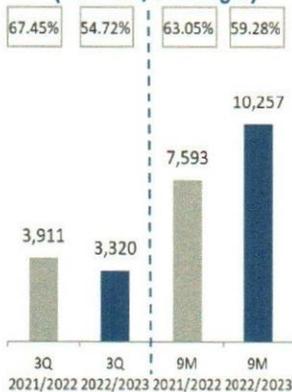
**Revenue Progression  
(EGP mn)**



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



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



**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 9M FY2022/23 (nine months period ended 31 March 2023), reporting sales revenue of EGP 17.3bn, (+43.66% YoY) from EGP 12bn recorded in 9M FY 2021/22 and net profit after taxes recorded EGP 13bn (+86.07% YoY) with net profit margin reaching 74.90% compared to 57.83% recorded for similar period last year.

Multiple factors contributed to the phenomenal performance delivered in 9M 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 6.5bn in 9M FY2022/23 (+59.26% YoY) as a result of applying the new natural gas pricing formula as well as increases in utilities cost, salaries and change in inventory level.

Abu Qir reported a gross profit of EGP 10.8bn in 9M FY2022/23, up by 35.70% YoY supported by strong revenue despite higher COGS.

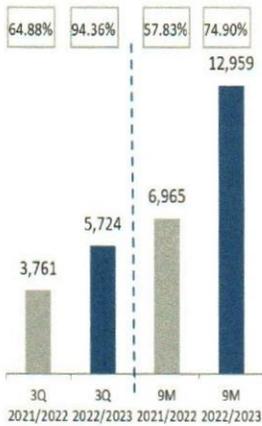
Gross profit margin for the period recorded 62.55% versus the 66.22% recorded in 9M FY2021/22.

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 10.3bn as well as EBITDA margin recorded 59.28% for 9M FY2022/23 compared to 63.05% recorded in 9M FY2021/22. Return on Investments in Alexfert and Helwan Fertilizers Co. recorded EGP 983 million compared to EGP 431 million recorded last year represented in Abu Qir's share in its



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



Net profit reached EGP 13bn in 9M FY2022/23, up by 86.07% YoY from EGP 7bn recorded in 9M FY2021/22

The company's net profit margin recorded 74.90% compared to 57.83% driven by increasing sales revenue as well as returns of cash investments for the current period compared to the similar period 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 increase compared to 9M 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.

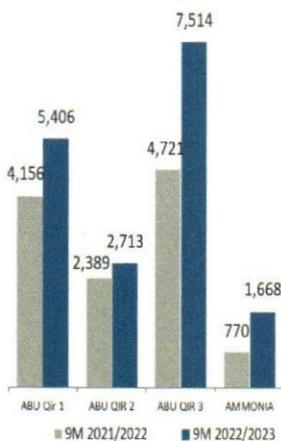
**Balance Sheet**

The company reported total projects under construction of EGP 368 mn in 31/03/2023 compared to EGP 505 mn in 31/03/2022, including investing expenditures of EGP 171 mn (in advance payments and letter of credits) compared to EGP 161 mn in 31/03/2022.

Total shareholders' equity reported EGP 28 bn in 31/03/2023 up by 81% increase compared to EGP 16 bn in 31/03/2022.

For more information, please refer to the supplementary notes attached to the Financial Statements as of March 31, 2023.

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



**Overview of Segment Performance in 9M 2022/2023**

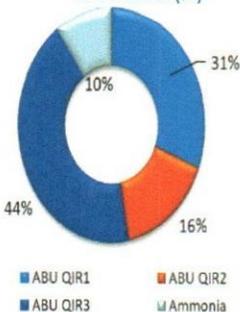
- In 9M FY2022/23, sales volume of Prilled Urea decreased by 4% compared to 9M FY2021/22 for the sake of seizing the best sales opportunity, while sales value increased by 31% due to higher average selling prices (export, local free market & Ministry of Agriculture) as well as EGP devaluation.

- Sales volume of Ammonium Nitrate decreased by 9% in 9M FY2022/23 compared to 9M FY2021/22 however sales value rose up by 14% due to higher average local prices (Ministry of Agriculture & free market).

- Sales volume of Granular Urea rose by 5% in 9M FY2022/23 compared to 9M FY2021/22. Moreover, sales value increased by 59% due to higher average selling prices (export, local free market & Ministry of Agriculture) as well as EGP devaluation.

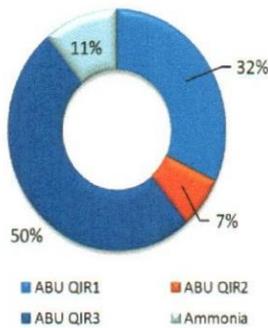
- Ammonia sales value increased by 117% in 9M FY2022/23 compared to similar period last year driven by higher sales volume.

**Segment Contribution To Revenue (%)**

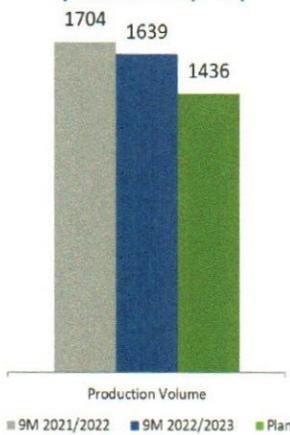




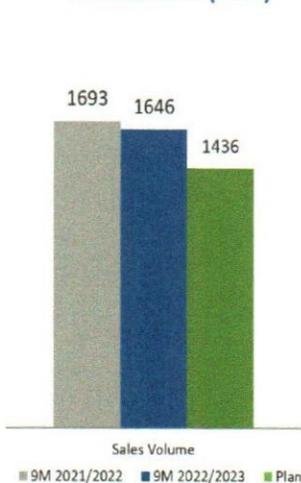
Segment Contribution To Growth Profit (%)



Production Volume product tons (000s)



Sales Volume Product tons (000s)



## Overview of Sectors Performance

### Production Sectors

The company continues to operate safely & efficiently across all sectors. In 9M FY2022/23, production sectors succeeded in achieving the production plan for the company's plants, with an increase of 18% over plan & a decrease of 4% compared to 9M 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 9M FY2022/23, where the number of export clients reached 40 clients across the globe 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 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.

### 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.

### Human Resource

Abu Qir's average number of employees reached 2585 employees on 31/03/2023, compared to 2646 employees in similar 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. 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) 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

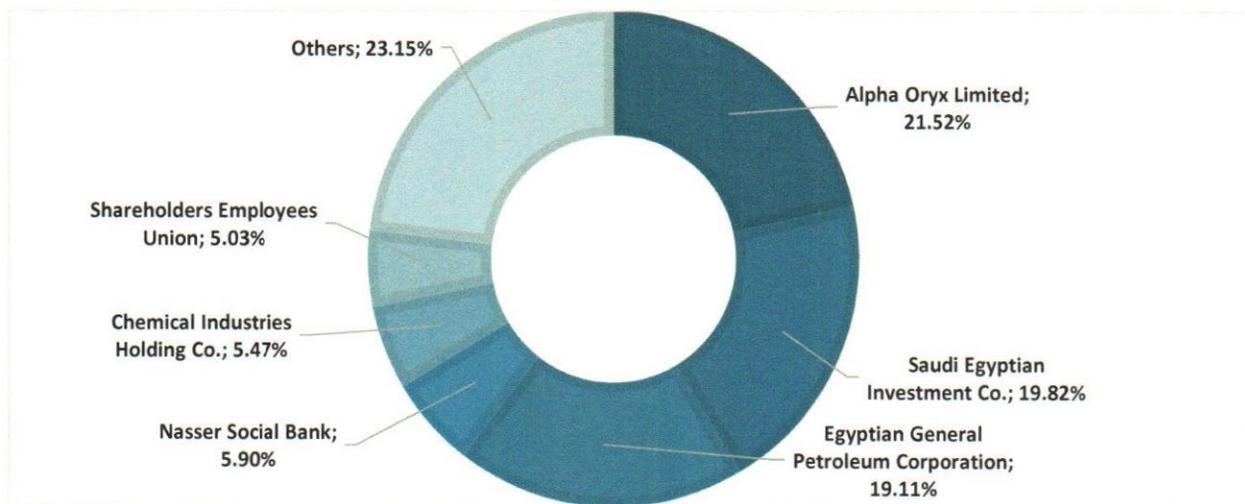
ABUK was established in 1976. It is one of the largest companies specialized in manufacturing of all types of nitrogen and chemical fertilizers, and related materials necessary for their manufacture, packaging, buying, selling and trading within the Arab Republic of Egypt, or abroad. The company has 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 31 March, 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:

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