

29 July 2020

MM Group for Industry and International Trade S.A.E (MTI) Reports 2Q2020 Results.

MM Group for industry and International Trade (MTI), today announced its Standalone and Consolidated results for the period ending 30 June 2020. The consolidated revenues in 1H20 decreased by 18.7% Y-o-Y to reach EGP 4.3 billion compared to EGP 5.3 billion in 1H19, and in 2Q20 the consolidated revenues decreased by 13.8% Y-o-Y and decreased by 5.5% Q-o-Q. while The standalone revenues in 1H20 decreased by 10.2% Y-o-Y to reach EGP 3.6 billion compared to EGP 3.9 billion in 1H19, and in 2Q20 the standalone revenues decreased by 4.2% Y-o-Y and decreased by 4.5% Q-o-Q.

Consolidated gross profit in 1H20 increased by 5.8% Y-o-Y to reach EGP 489 million compared to EGP 462 million in 1H19, and in 2Q20 the consolidated gross profit surged by 21.8% Y-o-Y while decreased by 6.6% Q-o-Q. while the standalone gross profit in 1H20 increased by 15% Y-o-Y to reach EGP 435 million compared to EGP 378 million in 1H19, and in 2Q20 the standalone gross profit surged by 34.1% Y-o-Y while decreased by 5.3% Q-o-Q.

Consolidated EBITDA in 1H20 decreased by 11.1% Y-o-Y to reach EGP 307 million compared to EGP 345 million in 1H19, and in 2Q20 the consolidated EBITDA decreased by 5.7% Y-o-Y and decreased by 11.6% Q-o-Q. while the standalone EBITDA in 1H20 increased by 1.4% Y-o-Y to reach EGP 283 million compared to EGP 279 million in 1H19, and in 2Q20 the standalone EBITDA increased by 6.8% Y-o-Y while decreased by 9.4% Q-o-Q.

Consolidated net profit in 1H20 decreased by 17.7% Y-o-Y to reach EGP 209 million compared to EGP 254 million in 1H19, mainly on lower contribution from Kanawat compared to the same period of last year, and in 2Q20 the consolidated net profit decreased by 13% Y-o-Y and decreased by 2.9% Q-o-Q. while the standalone net profit in 1H20 decreased by 1.9% Y-o-Y to reach EGP 205 million compared to EGP 209 million in 1H19, and in 2Q20 the standalone net profit decreased by 0.5% Y-o-Y and decreased by 7.3% Q-o-Q.

The non-banking financial services company Ebtikar revenues continued its upward trend, our 2 electronic payment platforms bee and masary combined showed a growth in transaction value of 10% Y-o-Y, Tamweel also showed a strong performance with its portfolio growth of 39% Y-o-Y, new loan originations growth of 28% and net interest income growth by 20%.

Consolidated Financial Highlights 2Q 2020

EGP mn	1H 2020	1H 2019	Y-o-Y
Revenues	4,343	5,345	(18.7)%
Gross Profit	489	462	5.8%
Gross Profit Margin	11.26%	8.65%	
EBITDA	307	345	(11.1)%
EBITDA Margin	7.06%	6.46%	
Net Income	209	254	(17.7)%
Net Income Margin	4.81%	4.74%	

Standalone Financial Highlights 2Q 2020

EGP mn	1H 2020	1H 2019	Y-o-Y
Revenues	3,577	3,981	(10.2)%
Gross Profit	435	378	15.0%
Gross Profit Margin	12.16%	9.50%	
EBITDA	283	279	1.4%
EBITDA Margin	7.92%	7.02%	
Net Income	205	209	(1.9)%
Net Income Margin	5.72%	5.24%	

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About MM Group for Industry and Trade S.A.E (MTI)

MTI is an Egyptian joint- stock company listed on the Egyptian Stock Exchange (Ticker: [MTIE.CA](#)). MTI is one of Egypt's largest distribution companies by geographic coverage with access to over 40,000 points of sale. MTI operates various business lines, including consumer electronics, telecommunication, automotive, seamless pipes, and tractors through partnerships with leading global brands including Samsung, Vodafone, Huawei, Range Rover, Jaguar, Maserati, Bentley, Carrier and Bosch.

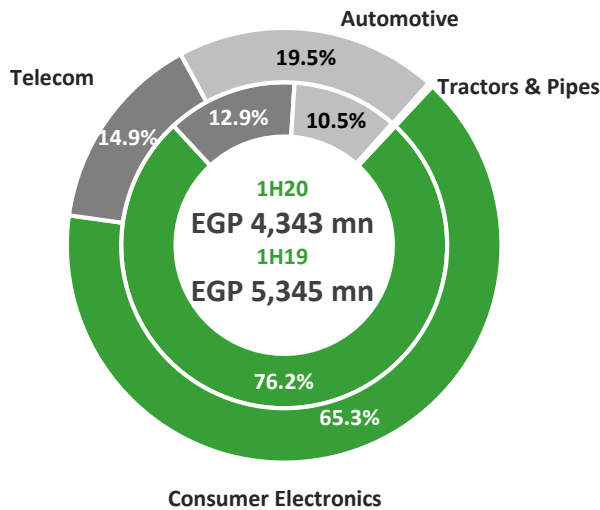
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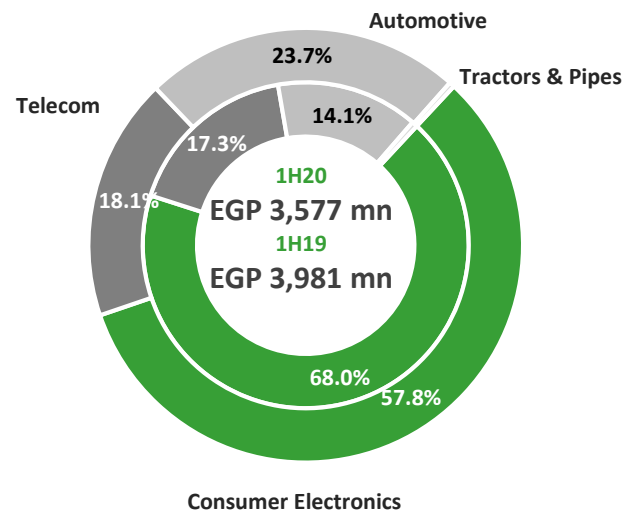
Group Operational Performance

Revenue Breakdown by Line of Business

1H20 Consolidated Revenue Breakdown by LoB | %

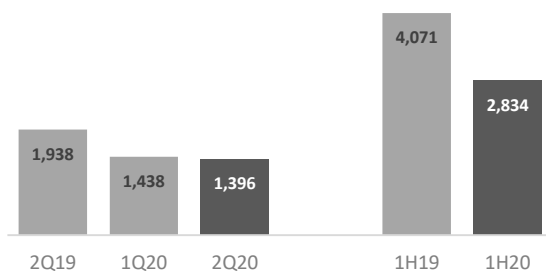


1H20 Standalone Revenue Breakdown by LoB | %

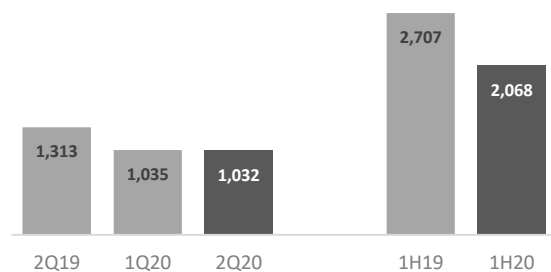


- Consumer Electronics line of business which represents 64.3% of the consolidated revenues in 1H20, decreased by 30.4% Y-o-Y to reach EGP 2.8 billion compared to EGP 4.1 billion in 1H19, and in 2Q20 the consolidated revenues decreased by 28% Y-o-Y and decreased by 3% Q-o-Q and the standalone revenues in 1H20 declined by 23.6% Y-o-Y to reach EGP 2.1 billion compared to EGP 2.7 in 1H19, and in 2Q20 the standalone revenues decreased by 21.4% Y-o-Y and decreased by 0.2% Q-o-Q. The decline was mainly on the back of the consequent implementation of containment measures by the Egyptian government to control the spread of the Covid-19 that started by end of March till the end of June, including a nation-wide night-time curfew and the closure of the retail shops at 5pm in addition to the full closure of the retail shops for almost 10 days during the Eid vacation. The mobile segment still representing the major contributor with 78% of total consolidated consumer electronics revenues in 1H20 and the remaining 22% was coming from the home appliances segment.

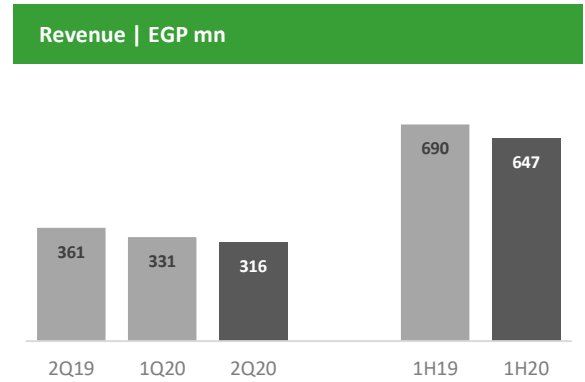
Consolidated Revenue | EGP mn



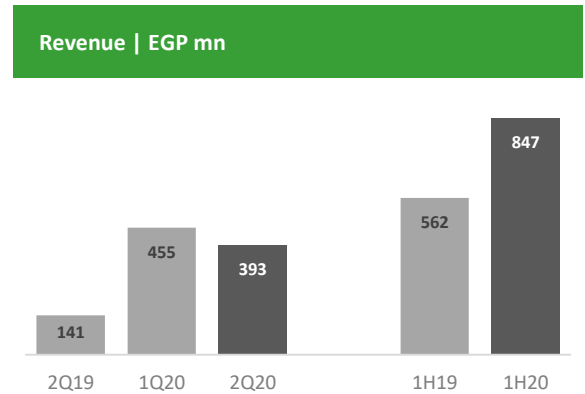
Standalone Revenue | EGP mn



- The telecom line of business which represents 14.9% of the consolidated revenues in 1H20, showed a decrease in revenues by 6.2% Y-o-Y to reach EGP 647 million compared to EGP 690 million in 1H19, and in 2Q20 the revenues decreased by 12.3% Y-o-Y and decreased by 4.3% Q-o-Q mainly coming from shifting the demand from the scratch cards toward the electronic payments platform.



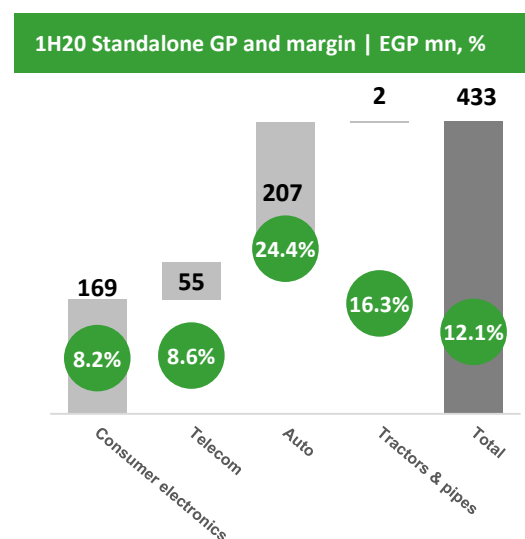
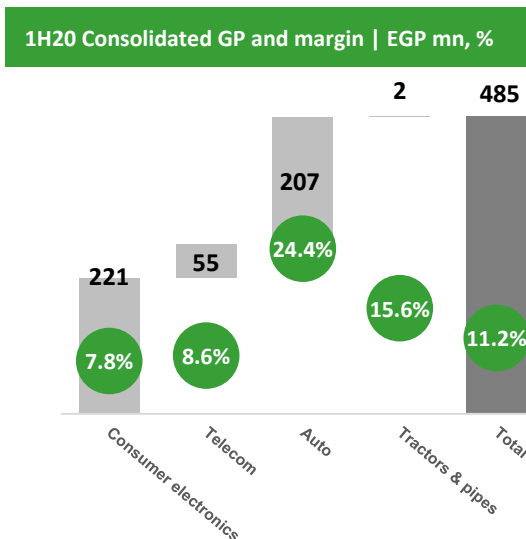
- The automotive line of Business which represents 19.5% of the consolidated revenues in 1H20, continued its strong performance where the revenues increased by 50.7% Y-o-Y to reach EGP 847 million compared to EGP 562 million in 1H19. While in 2Q20 the revenues surged by 178.2% Y-o-Y. During 1H20, the sales volume increased by 96.4% Y-o-Y to reach 538 cars compared to 274 cars in 1H19 and in 2Q20 the sales volumes increased by 218.4% Y-o-Y to reach 242 cars.



- The tractors and pipes line of business which represents 0.3% of the consolidated revenues in 1H20, decreased by 31.7% Y-o-Y to reach EGP 15 million compared to EGP 22 million in 1H19.

Gross Profit Breakdown by Line of Business

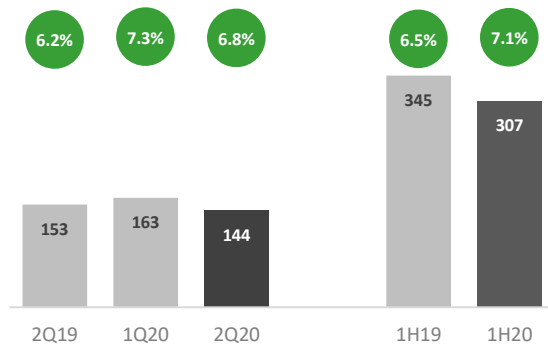
- Consolidated gross profit in 1H20 increased by 5.8% Y-o-Y to reach EGP 489 million compared to EGP 462 million in 1H19, and in 2Q20 the consolidated gross profit surged by 21.8% Y-o-Y while decreased by 6.6% Q-o-Q. while the standalone gross profit in 1H20 increased by 15% Y-o-Y to reach EGP 435 million compared to EGP 378 million in 1H19, and in 2Q20 the standalone gross profit surged by 34.1% Y-o-Y while decreased by 5.3% Q-o-Q.



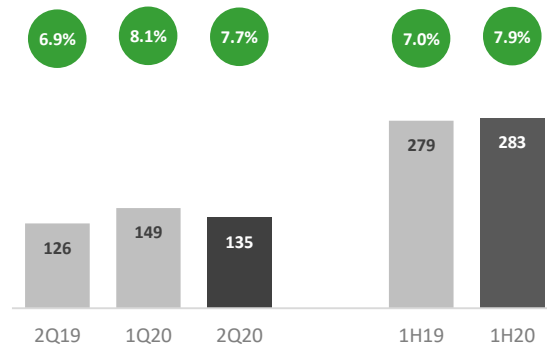
Earnings before Interest Tax Depreciation and Amortization

- Consolidated EBITDA in 1H20 decreased by 11.1% Y-o-Y to reach EGP 307 million compared to EGP 345 million in 1H19, and in 2Q20 the consolidated EBITDA decreased by 5.7% Y-o-Y and decreased by 11.6% Q-o-Q. while the standalone EBITDA in 1H20 increased by 1.4% Y-o-Y to reach EGP 283 million compared to EGP 279 million in 1H19, and in 2Q20 the standalone EBITDA increased by 6.8% Y-o-Y while decreased by 9.4% Q-o-Q.

Consolidated EBITDA & Margin | EGP mn, %



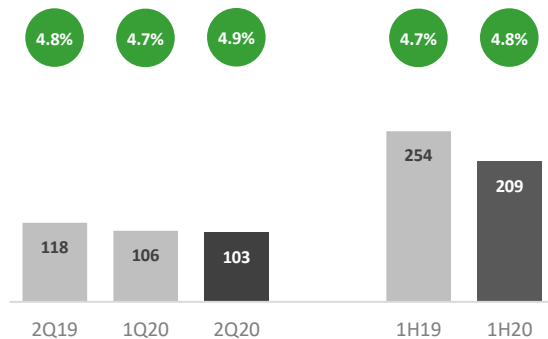
Standalone EBITDA & Margin | EGP mn, %



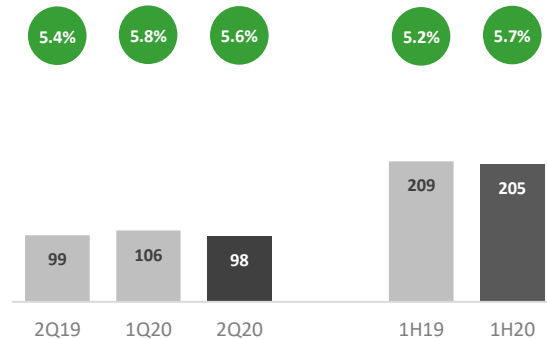
Net Profit

- Consolidated net profit in 1H20 decreased by 17.7% Y-o-Y to reach EGP 209 million compared to EGP 254 million in 1H19, mainly on lower contribution from Kanawat compared to the same period of last year, and in 2Q20 the consolidated net profit decreased by 13% Y-o-Y and decreased by 2.9% Q-o-Q. while the standalone net profit in 1H20 decreased by 1.9% Y-o-Y to reach EGP 205 million compared to EGP 209 million in 1H19, and in 2Q20 the standalone net profit decreased by 0.5% Y-o-Y and decreased by 7.3% Q-o-Q.

Consolidated Net Profit & Margin | EGP mn, %

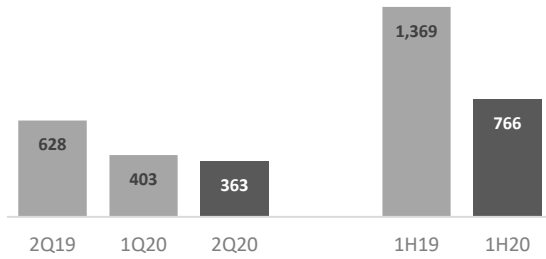


Standalone Net Profit & Margin | EGP mn, %

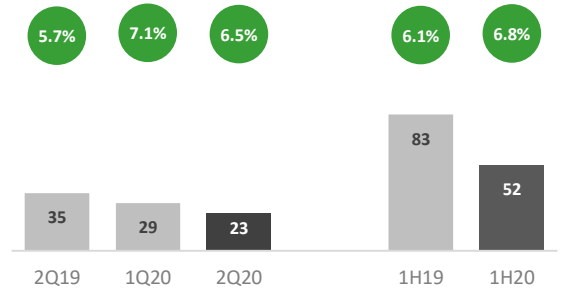


Kanawat Operational Performance

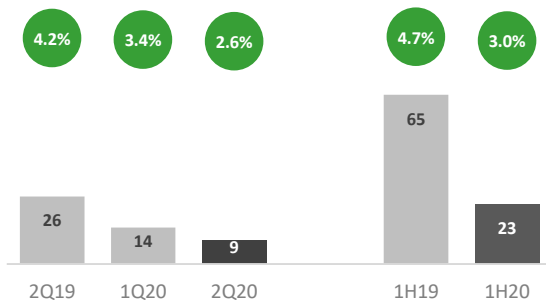
Revenue | EGP mn



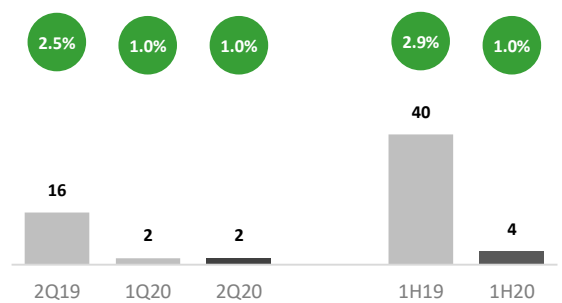
Gross Profit & Margin | EGP mns, %



EBITDA & Margin | EGP mns, %



Net Profit & Margin | EGP mns, %



- Kanawat revenues in 1H20, decreased by 44% Y-o-Y to reach EGP 766 million compared to EGP 1.3 billion in 1H19. The decline was mainly on the back of the delay in introducing any new product for both Mobile brands Samsung and Nokia in the local market, in light of the COVID-19 pandemic and the consequent implementation of containment measures by the Egyptian government including a nation-wide night-time curfew and the closure of the retail shops at 5pm in addition to the full closure of the retail shops for almost 10 days during the Eid vacation. The mobile segment still representing the major contributor with 95% of total revenues in 1H20 and the remaining 5% was coming from the Retail and home appliances segment.

NBFIs Operational Performance

Electronic Payments

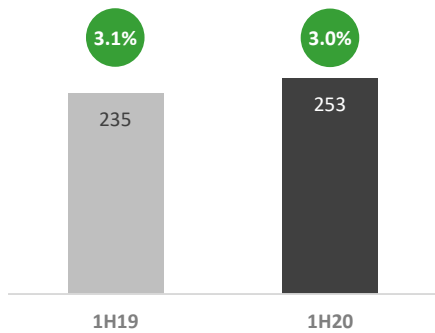
Transactions Value | EGP Bn



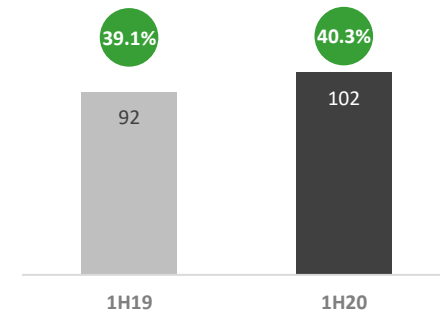
Avg. Daily Transactions Value | EGP mn



Revenue & Commission | EGP mn, %



Gross Profit & Margin | EGP mn, %



- Our 2 electronic payment platforms bee and masary combined showed a growth in transaction value of 10% Y-o-Y to reach 8.4 billion EGP in 1H20 compared to 7.6 billion in 1H19. In 1H20 the gross profit margin showed a slight improvement compared to 1H19.

Vitas Misr

+66M
Disbursed
Loans in EGP

+2300
Number of
Active Loans

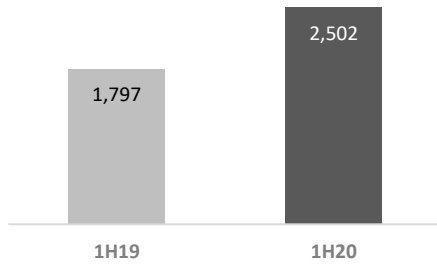
+28k
Average Ticket
Size in EGP

+39M
Net
Outstanding
Portfolio in EGP

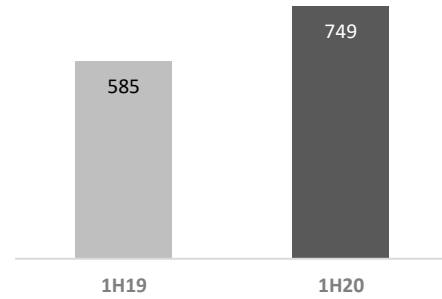
- The lockdowns and the curfews that were imposed during the 2Q20, has affected the growth of the loan originations.

Tamweel

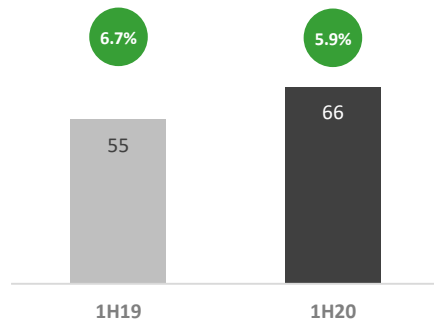
Total Portfolio Size | EGP mn



New Loan Originations | EGP mn



Net Interest Income & Margin | EGP mn, %



- Tamweel showed a strong performance with its portfolio growth of 39% Y-o-Y, new loan originations growth of 28% and net interest income growth by 20%.

Consolidated Balance Sheet

EGP 000'	1H 2020	FY 2019
Assets		
Cash and Cash equivalents	179,899	149,381
Current Assets	2,015,333	2,182,558
Fixed Assets	494,881	480,617
Total Assets	2,690,113	2,812,556
Liabilities & Equity		
Bank overdrafts	213,455	280,314
Current Liabilities	800,756	997,294
Non-Current Liabilities	278	1,165
Minority Interest	105,578	104,206
Net Worth	1,675,624	1,533,782
Total Liabilities & Equity	2,690,113	2,812,556

Standalone Balance Sheet

EGP 000'	1H 2020	FY 2019
Assets		
Cash and Cash equivalents	168,796	135,706
Current Assets	1,457,565	1,554,840
Fixed Assets	574,876	566,063
Total Assets	2,201,237	2,256,610
Liabilities & Equity		
Bank overdrafts	83,961	185,751
Current Liabilities	704,695	791,662
Non-Current Liabilities	0	663
Net Worth	1,412,581	1,278,533
Total Liabilities & Equity	2,201,237	2,256,610