



Juhayna Releases 9M 2018 Earnings

(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange), a leading Egyptian dairy, yogurt and juice manufacturer, announced today its consolidated results for the third quarter ending 30 September 2018, reporting a 14.6% y-o-y increase in revenues to EGP 1.9 billion. Net profit for the quarter recorded EGP 120 million in 3Q18.

On a year-to-date basis, Juhayna booked revenues of EGP 5.4 billion in 9M18, up 19% y-o-y. Net profit for the nine-month period came in at EGP 359.5 million,

Juhayna’s dairy and juice segments were the highest contributors to total consolidated revenue, recording shares of 49% and 23%, respectively in 3Q18. On a nine-month basis, the dairy and yogurt segments made the greatest contributions at 48% and 23%, respectively.

Highlights of Juhayna’s financial and operational results along with management’s commentary on performance in the quarter follow below. Drawn from the fact that Juhayna operates in a highly competitive environment, management believes that it is in the best interest of shareholders to suspend disclosure of detailed segment analysis information. Juhayna’s full financials are available for download on the company’s website: www.juhayna.com.

Key Performance Indicators

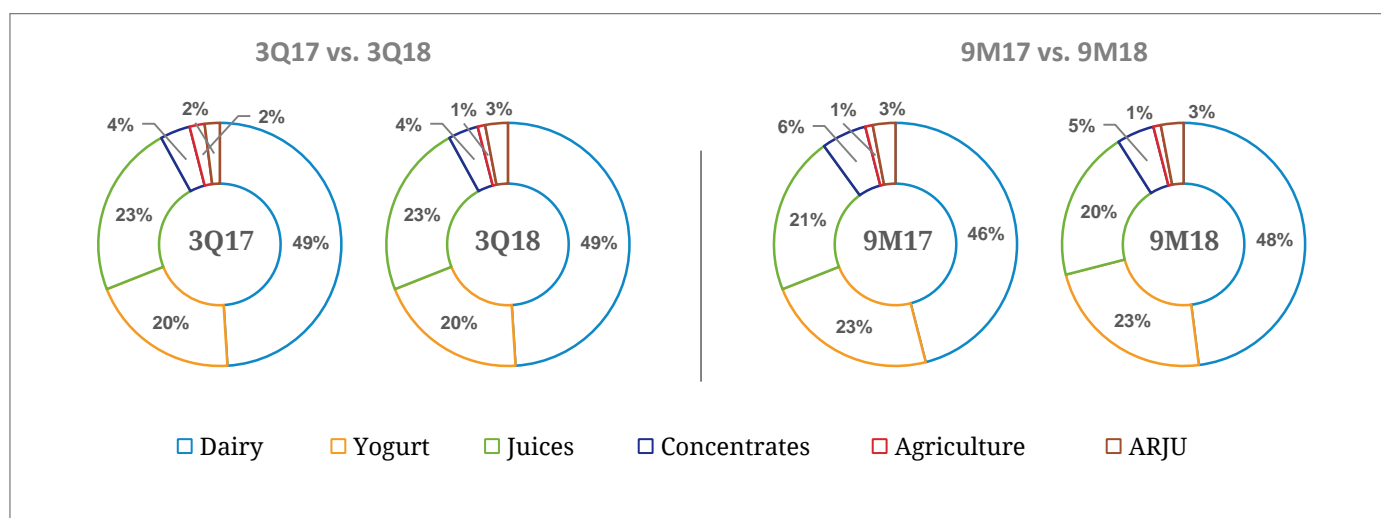
3Q18

	EGP mn	Change %
Dairy	948	14.9%
Yougurt	394	17.3%
Juice	438	12.8%
Concentrates	80	6.5%
Agriculture	12	-53%
ARJU	58	70.6%
Revenues	1,930	14.6%

9M18

	EGP mn	Change %
Dairy	2,582	22.9%
Yougurt	1,225	19.8%
Juice	1,095	14.1%
Concentrates	298	7.3%
Agriculture	32	-52.4%
ARJU	179	52.6%
Revenues	5,411	19.0%

Revenue Breakdown





MANAGEMENT COMMENT

As we approach the final months of the year, it is increasingly apparent that Juhayna has successfully delivered on its strategic objective of driving sales growth and protecting profitability. Our results for the quarter saw us deliver a 15% year-on-year increase in 3Q2018 revenues and a 19% growth on a year-to-date basis for 9M2018. This robust performance is driven first and foremost by Juhayna's strong brand equity that has allowed the company to maintain its leading position despite operating in an increasingly competitive environment. Furthermore, following a period that was characterized by diminishing purchasing power, our continued focus on stimulating demand through increased marketing and promotional activities is today seeing us recapture a larger share of consumers' wallets.

Parallel to driving top-line growth, Juhayna's tight rein on operating expenses – including keeping inventory levels in tune with market dynamics, maintaining an efficient workforce, limiting debt and debt servicing expenses and driving overall operational efficiencies – saw us extract higher value from our operations with a more than twofold increase in our bottom-line for nine-month period to EGP 359.5 million, yielding a net profit margin of 6.6%.

Our outlook for the remainder of the year see us recording strong full-year growth in-line with our targets as well as robust profitability. We look forward to reporting to you here on a full-year that is sure to reflect Juhayna's strategic success and management's dexterity in driving growth and maximizing value to all our stakeholders.



I. CONSOLIDATED INCOME STATEMENT

(EGP '000)	9M18	9M17
Net Sales	5,411,277	4,545,846
Cost of Sales	(3,820,707)	(3,192,559)
Gross Profit	1,590,571	1,353,288
<i>Gross Profit Margin</i>	29%	30%
Other Income	78,346	60,051
Sales & Distribution Expenses	(732,653)	(747,668)
General & Administrative Expenses	(201,137)	(142,615)
Other (Expenses)	(69,002)	(31,868)
Board of Directors Remuneration	(9,745)	(1,025)
Results from Operating Activities	656,380	499,162
EBITDA	885	684
<i>EBITDA Margin</i>	16%	15%
The Holding Company's Share in Profit in the (losses) of Companies Under Joint Control	900	(3,732)
End of Service Remuneration	(7,924)	(31,015)
Financing Income & Financing Expenses	(241,324)	(284,645)
Net Profit Before Tax	408,033	179,771
Previous years Tax differences	(410)	-
Income Tax	(35,949)	(9,928)
Investment Tax	(5,996)	(6,047)
Deferred Tax	(6,188)	(12,931)
Net Profit	359,489	150,865



II. CONSOLIDATED BALANCE SHEET

('000 EGP)	9M18	FY17
Property, plant and equipment (net)	3,103,567	3,235,369
Projects under construction	144,487	94,866
Plant wealth	12,853	13,152
Plant wealth - under preparation	3,146	1,915
Biological wealth	130,889	107,590
Investments under joint control (equity)	8,095	7,195
Other - long term assets	751	757
Other - long term - debit balances	7,734	8,626
Goodwill	97,093	97,093
Non-current Assets	3,508,613	3,566,563
Biological Assets - Feeding Sector	22,533	7,684
Biological Assets – Existing Agriculture	9,067	8,857
Assets held for sale	18,996	-
Inventory	1,009,846	832,005
Customers and other receivables (net)	569,084	418,404
Due from related parties	18,552	-
Cash and cash equivalents	78,139	85,736
Current Assets	1,726,217	1,352,686
Total Assets	5,234,831	4,919,249
Issued and Paid up Capital	941,405	941,405
Legal Reserve	533,336	518,994
General Reserve – Insurance Premium	330,920	330,920
R/E	395,561	336,169
Total Comprehensive Income for the Period	359,212	188,735
Total Equity Attributable to the Shareholders of the Parent Company	2,560,433	2,316,223
Non Controlling Interest	898	857
Total Equity	2,561,332	2,317,081
Non-Current loans	676,103	765,386
Other Non-Current liabilities	21,319	30,635
Deferred revenues	83,440	94,155
Deferred tax liabilities	237,908	231,720
Non-Current Liabilities	1,018,770	1,121,897
Provisions	16,813	8,299
Banks – Overdraft	19,347	20,664
Short-term loan/Credit Facility	554,065	518,652
Creditors and Other Credit Balances	773,293	599,791
Income Tax	38,634	14,562
Due to Related Parties	-	2,827
Non-Current loans – Current Portion	252,577	315,477
Current Liabilities	1,654,729	1,480,271
Total Liabilities	2,673,499	2,602,168
Total Equity & Total Liabilities	5,234,831	4,919,249



III. CONSOLIDATED CASH FLOW

	9M18	9M17
(‘000 EGP)		
Cash Flows from Operating Activities		
Net Profit for the Period Before Income Tax & Minority Interest in Profits	359,489	179,771
Adjustments for:		
PPE' depreciation	206,335	196,621
Capital gain	(16,554)	(12,628)
Amortization of animal wealth	10,551	9,075
Amortization of plant wealth	300	298
Biological assets impairment	290	-
Plant wealth under preparation	(1,231)	-
Fixed assets impairment	13,459	-
Change in investments under cash control	(900)	3,732
Impairment trade and other receivables	1,621	1,868
Capital Gain Deferred	(10,715)	-
Impairment in inventories	13,664	-
Reversal of Impairment in inventories	-	(849)
Provision of claims	8,700	120
Financial lease installments	21,879	(21,016)
Herd births	(10,112)	(8,480)
Herd capitalized expenses	(36,755)	(24,324)
losses from selling cows	724	-
Compensation for calves death	1,185	101
Foreign exchange gain	4,017	1,374
Credit interests	(12,091)	6,702
Finance interests & expenses	249,398	289,445
	803,253	650,438
Collected time deposits interests	12,091	6,702
Interest finance expenses paid	(249,398)	(288,019)
Changes in:		
Inventories	(191,506)	311,284
Biological assets – feeding	(15,139)	-
Biological assets - existing	(210)	7,161
Trade and other receivables	(152,301)	(111,171)
Due from related parties	(18,553)	(636)
Creditors & other credit balances	184,803	(130,391)
Due to related parties	(2,827)	(14,100)
Dividends paid to employees	(21,021)	(15,187)
Income Tax Paid	(11,877)	-
Provisions for claim used	(186)	(7,436)
Net cash flows generated from (used in)from operating activities	337,131,634	408,645
Cash Flow from Investing Activities		
Acquisition of PPE & projects under construction	(172,981)	(159,021)
Proceeds from sale of PPE	51,922	63,279
Acquisition of plant and animal wealth	(1,181)	(1,359)
Proceeds from the sale of plant and animal wealth	12,290	8,048
Net Cash Flows (Used In) Investing Activities	(109,950)	(89,053)
Cash Flow (used in) Financing Activities		
Proceeds from bank loans and overdraft	35,413	(67,777)
Payments in lease installments - sales and lease back	(21,879)	(21,016)
Proceeds from loans	(152,184)	(97,441)
Dividends paid to share holders	(94,141)	-
Decrease in non-controlling interest	40	(148)
Net cash flows (used in)generated from financing activities	(232,750)	(186,383)
Change in cash & cash equivalents during the period	(5,568)	133,210
The effect of foreign exchange difference	(712)	(27,634)
Cash & Cash Equivalents as at 1 January	65,073	104,560
Cash & Cash Equivalents as at 30 SEP	58,793	210,136



ABOUT JUHAYNA FOOD INDUSTRIES

Juhayna Food Industries is a leading producer and distributor of milk, juice and yogurt products. The company was established in 1983 by Safwan Thabet along with a number of other founders with paid-in capital of EGP 1.3 million. Production began in 1987 with a total production capacity of 35 tons per day and total sales of EGP 2.4 million. The company has since grown to become the most popular household name in the sector across Egypt.

FORWARD-LOOKING STATEMENTS

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Juhayna Food Industries. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes “targets” or “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “seek,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Juhayna Food Industries may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Juhayna Food Industries is subject to risks and uncertainties