

9M2020 EARNINGS RELEASE

Cairo, Egypt | 22 October 2020



Juhayna Food Industries Reports 9M2020 Earnings

Juhayna records a 32% y-o-y increase in net profit to 384mn in 9M20, and a 37% y-o-y increase to 152mn in 3Q20

9M20 Highlights

5,719mn Net Revenue ▼-1% YoY	1,894mn, 33.1% Gross Profit, margin ▲7% YoY, ▲2.6pps	940mn, 16.4% EBITDA, margin ▲8% YoY, ▲1.4pps
384mn, 6.7% Net Profit, margin ▲32% YoY, ▲1.7pps	1,022mn 30/9/2020 Net Debt ▼-42% YoY	1,100mn, 19.2% SG&A, % of Sales ▲2% YoY, ▲0.6pps YoY

3Q20 Highlights

2,039mn Net Revenue ▼-0% YoY	697mn, 34.2% Gross Profit, margin ▲13% YoY, ▲4.0pps	335mn, 16.4% EBITDA, margin ▲14% YoY, ▲2.0pps
152mn, 7.5% Net Profit, margin ▲37% YoY, ▲2.0pps	1,022mn 30/9/2020 Net Debt ▼-42% YoY	396mn, 19.4% SG&A, % of Sales ▲4% YoY, ▲0.8pps YoY

Revenue By Segment

EGP mn	3Q20	3Q19	% Change	9M20	9M19	% Change
Dairy	1,020	997	2%	2,881	2,769	4%
Fermented	502	448	12%	1,476	1,410	5%
Juice	435	464	-6%	1,049	1,171	-10%
Concentrates & Agri	38	69	-46%	177	258	-31%
3rd Party Distribution	45	63	-29%	136	184	-26%
Total	2,039	2,041	-0%	5,719	5,792	-1%

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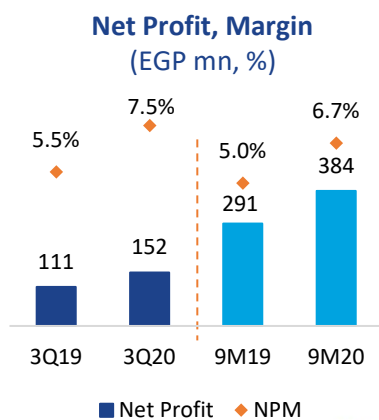
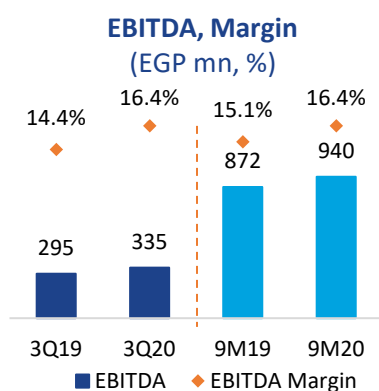
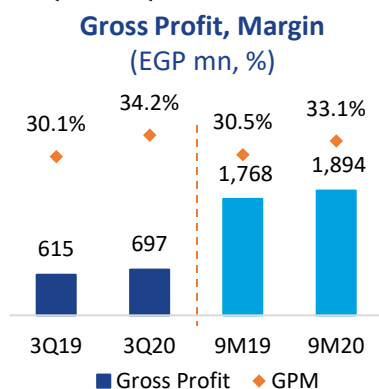
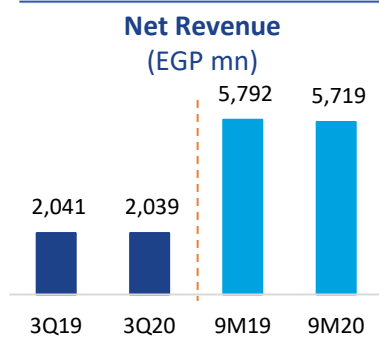
(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange, “Company”)), a leader in the Egyptian packaged dairy, yogurt and juice markets, announced today its consolidated results for the third quarter of 2020, reporting revenues of EGP 2.0bn in 3Q20, as growth in the dairy and fermented segments was offset by the declines in juice, concentrates and agriculture segments. It is worthy to note that juice sales are on an upward trajectory and improving each quarter as the market recovers. Revenues in 9M20 amounted to EGP 5.7bn, down a slight 1% y-o-y.

Gross profit margin reached 34.2% in 3Q20, recording an increase of 4.0pps y-o-y. For 9M20, gross profit margin increased by 2.6pps y-o-y to reach 33.1%. Margin expansion is a result of better deals / discounts negotiated with suppliers as the Company rolls on with its cost saving measures as well as EGP appreciation compared to the same period last year.

SG&A margin increased by 0.6pps to reach 19.2% in 9M20. And increased by 0.8pps in 3Q20, reaching 19.4%, due to increased consumer promotions to cater for weaker demand in some of the segments.

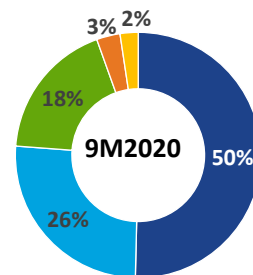
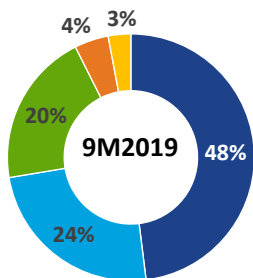
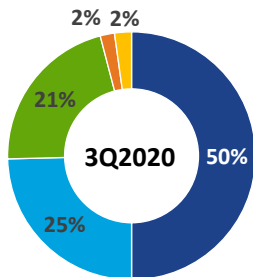
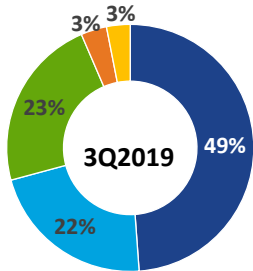
EBITDA for 3Q20 amounted to EGP 335mn, witnessing an increase of 14% y-o-y, while EBITDA margin has expanded by 2.0pps to reach 16.4%. 9M20 EBITDA increased to EGP 940mn, an 8% increase y-o-y, and EBITDA margin for the period expanded by 1.4pps to reach 16.4%.

Net profit in 3Q20 reached EGP 152mn, growing by 37% despite an inflated end of service bonus cost of EGP 28mn as the Company rolls on with rightsizing its workforce through strategic cuts. Net profit margin increased by 2.0pps to reach 7.5%, the highest level recorded since 2Q18. For 9M20, net profit amounted to EGP 384mn, realizing an increase of 32%, with net profit margin increasing by 1.7pps to reach 6.7%, driven by the lower financing costs due to decreased net debt levels (from EGP 1.8bn in 3Q19, to EGP 1.0bn in 3Q20) as well as lower cost of financing as the central bank of Egypt lowered the lending rate by 350bps.



**Revenue Breakdown
by Segment**

- Dairy
- Fermented
- Juice
- Concentrates & Agri
- 3rd Party Distribution



Chairman’s Note:

The Company achieved net sales of EGP 2bn in 3Q20 and EGP 5.7bn in 9M20, decreasing by a slight 1% y-o-y on the back of the Covid-19 pandemic. Net profit in 9M20 reached EGP 384mn, increasing by 32% y-o-y and EGP 152mn in 3Q20, achieving an increase of 37% y-o-y.

The Company was able to maintain its market shares across its different segments, and will keep monitoring consumer buying behavior, while innovation and product development remain to be the pillars of Juhayna’s strategy.

Safwan Thabet

Executive Chairman of the Board & CEO

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Consolidated Income Statement

(EGP '000)	9M 2020	9M 2019	3Q 2020	3Q 2019
Net sales	5,719,470	5,791,905	2,039,379	2,041,095
Cost of sales	(3,825,821)	(4,023,524)	(1,342,720)	(1,425,555)
Gross profit	1,893,649	1,768,381	696,659	615,540
Other operating income	17,995	57,859	3,392	24,514
Selling and Marketing expenses	(895,303)	(868,685)	(327,106)	(295,695)
General and administrative expenses	(189,961)	(198,810)	(63,751)	(81,479)
Other expenses	(102,746)	(67,155)	(34,593)	(25,054)
Board of directors' remuneration	(15,105)	(14,875)	(4,860)	(5,215)
Results from operating activities	708,529	676,715	269,742	232,611
Share in gain of company under joint control	(160)	3,679	(979)	714
Cost of the end of service	(43 526)	(10,712)	(28,132)	(386)
Net finance (expense)	(124,274)	(263,850)	(33,335)	(79 421)
Net profit before income tax	540,568	405,832	207,296	153,518
Income tax - current	(155,124)	(96,891)	(55,692)	(31,514)
Deferred tax	(1,698)	(17,941)	436	(10,645)
Net profit for the period	383,746	291,000	152,039	111,360
Distributed as follows				
Parent Company's share in profit	383,668	290,906	152,012	111,335
Non-controlling interest	78	94	28	24
	383,746	291,000	152,039	111,360

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Consolidated Balance Sheet

(EGP '000)	9M 2020	FY 2019
Assets		
Non-current assets		
Property, plant and equipment	3,138,241	3,292,284
Projects under construction	164,867	97,358
Plant wealth - productive	16,126	12,516
Plant wealth – not productive	20,785	15,865
Biological wealth	203,643	195,122
Investments under joint control (equity)	14,704	14,864
Goodwill	97,093	97,093
Right to use assets	48,056	-
Other - long term asset	734	740
Non-current assets	3,704,251	3,725,842
Current assets		
Investments held for sale		
Biological assets - Feeding Sector	3,117	13,948
Biological assets - Existing Agriculture	9,801	17,214
PPE held for sale	4,484	6,243
Inventories	919,945	1,043,418
Trade and other receivables	493,219	414,144
Due from related parties	4	-
Cash at banks and on hand	101,709	96,718
Current assets	1,532,278	1,591,684
Total assets	5,236,529	5,317,526
Equity		
Issued and paid up capital	941,405	941,405
Legal reserve	616,672	594,086
General reserve - issuance premium	330,920	330,920
Retained earnings	968,902	859,988
Total equity attributable to the shareholders of the parent company	2,857,899	2,726,399
Non-controlling interest	685	640
Total equity	2,858,584	2,727,039
Non-current liabilities		
Long - term loans	494,593	692,547
Other non current liabilities	6,997	22,964
Lease contract liabilities - non current portion	114,667	87,202
Operating lease contract liabilities - non current portion	-	-
Deferred tax liabilities	277,607	275,909
Non-current liabilities	893,865	1,078,622
Current liabilities		
Provision for claims	3,952	16,474
Bank Credit facilities	283,756	398,940
Creditors and other credit balances	765,617	695,896
Income tax payable	149,725	103,663
Due to related parties	-	422
Lease contract liabilities- current portion	24,970	11,597
Operating lease contract liabilities- current portion	-	-
Loans-current portion	256,060	284,872
Current liabilities	1,484,080	1,511,865
Total liabilities	2,377,945	2,590,487
Total equity and total liabilities	5,236,529	5,317,526

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Consolidated Cash Flow

(EGP '000)	9M 2020	9M 2019
Cash flows from operating activities		
Net profit for the period before income tax and minority interest in profits	540,568	405,832
Adjustments for:		
PPE depreciation	215,486	201,638
Capital losses	22,819	(8,922)
Amortization of asset right of use	6	6
Amortization of animal wealth	19,280	14,081
Amortization of plant wealth (productive)	709	301
Impairment of Fixed assets (Reverse)	-	-
Biological write down (Reverse)	(2,890)	-
Change in Investments under joint control	160	(3,679)
Impairment of trade and other receivables(Reverse)	-	(1,380)
Impairment of trade and other receivables	5,177	3,684
Impairment of right to use assets	11,191	-
Interest of right to use assets	4,063	-
Impairment of the Inventory	-	1,832
Inventory write down (reverse)	(2,070)	-
Provision for claims formed	10,800	4,376
Herd births	(10,510)	(11,342)
Herd capitalized	(53,781)	-
Losses from selling cows	16,319	6,996
Losses from calves death	715	3,196
Losses from calves sales	-	-
Foreign exchange (losses) / gain	(372)	5,666
Credit interests	(14,398)	(10,997)
Finance interests & expenses	134,982	269,181
	898,254	880,468
Collected credit interests	14,398	10,997
Finance interest & expenses paid	(134,982)	(269,181)
Changes in:		
Inventories	128,280	(158,728)
Biological assets- fattening the flock	-	(68,659)
Capitalization of breeding the herd	-	(9,892)
Biological assets- Exiting Agriculture	7,412	(59,376)
Trade and other receivables	(77,221)	3,174
Due to related parties	(4)	139,480
Creditors & other credit balances	58,861	-
Due from related parties	(422)	(50,928)
Dividends paid to employees	(63,921)	(58,049)
Income tax paid	(109,062)	1,446
Sales tax on capital goods -paid	(5,107)	(1,188)
Impairment of trade and other receivables used	(7,032)	(8,697)
Impairment in inventories used	(2,737)	(7,585)
Provision for claims used	(23,323)	-
Impairment in fixed asset usage	(12,393)	-
Net cash flows result from/ (used in) operating activities	671,003	343,283
Cash flows from investing activities		
Acquisition of PPE & projects under construction	(206,398)	(213,718)
Compensation of calves death	3,878	3,176
Proceeds from sale of PPE	68,779	38,803
Acquisition of plant and animal wealth	(24,331)	(27,760)
Proceeds from the compensation of calves death	-	-
Proceeds from the sale of plant and animal wealth	44,389	26,395
Net cash flows (used in) investing activities	(113,682)	(173,104)
Cash flows from financing activities		
Collection proceeds from overdraft & credit facility	(115,184)	(195,935)
Payment for Bank long term loans	(22,472)	(16,089)
Payment of financial lease contract liabilities	(226,765)	271,515
Dividends paid to shareholders	(188,281)	(188,281)
Decrease in non-controlling interest	-	(115)
Net cash flows from financing activities	(552,702)	(128,905)
Change in cash & cash equivalents during the period	4,619	41,274
The effect of foreign exchange difference	372	(5,666)
Cash & cash equivalents at 1 January	96,718	30,404
Cash & cash equivalents at 30 September	101,709	66,011

About Juhayna Food Industries

Juhayna Food Industries is a leading Egypt-based manufacturer specialized in the production, processing and packaging of dairy, juice, yogurt and cooking products.

Since its founding in 1983, it has secured a frontrunner position in Egypt and has expanded its presence, through exports, to international markets, a feat made possible through its firm commitment to delivering a wide range of high-quality, healthy, and safe products that have become trusted household names.

Today, with four fully operational facilities, a vast network of distribution centers serving more than 136,000 retail outlets nationwide, and a 500-feddan, fully-owned dairy farm covering a sizeable portion of the company's raw milk needs, Juhayna continues to raise the benchmark for premium quality Egyptian manufactured products.

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

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