



Edita Food Industries Reports 1Q2016 Earnings

Operating margins sustained on the back of price point migration strategy; Bottom-line weighed down by FX losses owing to the EGP's devaluation

Highlights for 1Q2016

Revenues EGP 518.1 mn ▼ 2.0% y-o-y	Gross Profit EGP 205.7 mn ▲ 1.5% y-o-y
EBITDA EGP 114.8 mn ▲ 9.1% y-o-y	Net Profit After Minority EGP 32.7 mn ▼ 45.1% y-o-y

The discussion and analysis in this report are based on the IFRS statements. For comparison of the results to Egyptian Accounting Standards, please refer to the section "Egyptian Accounting Standards Reconciliation to IFRS."



1Q2016 at a Glance¹

- Revenues for the quarter came in at EGP 518.1 million, down 2.0% y-o-y, owing to lower capacity utilization at the cake line following the Twinkies upsizing. Cake line utilization was at 64% and accordingly segment revenues were down 15.3% y-o-y in 1Q2016. The Twinkies upsizing is a strategic step aimed at long-term margin protection.
- Gross profit came in at EGP 205.7 million, a 1.5% increase over 1Q2015, with gross profit margin at 39.7% compared to 38.3% in 1Q2015.
- EBITDA margin recorded 22.2%, up from 19.9% in 1Q2015 on the back of lower COGS/Sales ratio. Meanwhile, Edita maintained its level of SG&A, despite having undertaken several marketing campaigns to support the launch of new products, including Twinkies Extra as well as the new family-sized Bake Rolz pack.
- Net Profit after Tax and Minority Interest of EGP 32.7 million in 1Q2016, compared to EGP 59.5 million in 1Q2015. The drop in bottom line y-o-y is attributable to EGP 44.5 million in FX losses due to the devaluation of the Egyptian pound by 13.5% during the quarter.
- On the operational front Edita installed its new Strudel line with two SKUs launched to market end of March 2016 under the Molto brand, namely the Patte au Chocolat and the Patte au Agwa, at a higher price point of EGP 3 per pack.
- The new rusks line installed in December 2015 is now operational at full capacity utilization, and a new candy line in Beni Suef to commence operation by 2H2016.
- Edita's introduction of the new TODO Bomb SKU at the end of March 2016 successfully kicks off the roadmap to launch 11 new products under the production know-how and technical assistance agreement with Hostess Brands.
- First phase of new E08 factory under construction, scheduled for completion towards end of 2016, allowing production as early as 2017.

¹ It must be noted that based on our auditor's recommendation to adopt the IAS 19 accounting treatment for employees profit sharing, stipulating that amounts are to be booked quarterly on an accrual basis, Edita has recorded EGP 6.5 million in employees profit sharing in 1Q2016 based on the company's best estimate that total distributions in FY2016 will amount to EGP 26 million. This compares to EGP 22 million for FY2015 that were booked entirely during the first quarter of the year.





Results in a Nutshell

Edita Food Industries S.A.E. (EFID.CA on the Egyptian Exchange & EFIDq.L on the London Stock Exchange), a leader in the Egyptian packaged snack food market with dominating market shares in its core cake and croissant segments, announces its results for the first quarter of 2016, reporting revenues of EGP 518.1 million, down 2.0% y-o-y compared to EGP 528.9 million recorded in 1Q2015. Contributors to revenue continued to be weighed towards the cake and croissant segments at 50.5% and 33.0%, respectively, compared to 58.4% and 28.3% in the same period last year.

The decline in revenues was primarily driven by lower capacity utilization in Edita's cake segment - at 64% in 1Q2016 compared to 98% in 1Q2015 - following the company's delisting of the Twinkies SKU and the introduction of the higher-priced Twinkies Extra in September 2015. Said decrease is in line with the company's price-point migration strategy, a consequence of which is an overall short-term decline in volumes in return for higher margins over the long-term and enhanced profitability. This is clearly evident in the cake segment's performance, where despite a 15.3% decline in revenues y-o-y, gross profit margin stood at 43.4% in 1Q2016 compared to 38.7% in the same period last year.

In line with historical trends and being the dominant player in the cake segment, the company is leading the change in the market's pricing structure with smaller players grabbing market share in the lower price points. Market price points inevitably move up given the inflationary environment and as a means to sustain profit margins. Additionally, Edita's successful kick-off of the roadmap to introduce 11 new products, for which production know-how and technical assistance was acquired from Hostess Brands LLC, will see freed-up capacities in the cake segment following the Twinkies upsizing utilized to introduce new products at higher price points during the second quarter of 2016 and beyond.

It is also worth noting that, overall, the first quarter of the year witnessed a subdued market sentiment due to the devaluation of the Egyptian Pound, which was creating an overhang on the market and increased risk aversion, specifically from wholesalers. Furthermore, anecdotal evidence showed that wholesalers were diverting their share of wallet towards basic commodities in anticipation of inflationary pressures post devaluation. Despite this, save for the cake segment, revenues across all of Edita's other segments posted healthy growth rates in 1Q2016 with new capacities added at the croissant and rusks segments, both continuing to bear fruit with y-o-y growth recording 14.2% and 32.7%, respectively. Meanwhile, the wafers and candy segments also delivered strong growth of 7.4% and 21.9% y-o-y, respectively.

Edita's gross profit in 1Q2016 mirrored the decline in top-line posting EGP 205.7 million, up 1.5% over 1Q2015, with gross profit margin (GPM) improving to 39.7% compared to 38.3% in 1Q2015. It must be noted that based the recommendation of Edita's auditor to adopt the IAS 19 accounting treatment for employees profit sharing, stipulating that amounts are to be booked quarterly on an accrual basis as opposed to being booked entirely during the first quarter, Edita has recorded EGP 6.5 million in employees profit sharing in 1Q2016 based on the company's best estimate that total distributions in FY2016 will amount to EGP 26 million. This compares to EGP 22 million for FY2015 that were booked entirely during the first quarter of the year. Employees profit share is typically divided between cost of sales (Manufacturing Overheads), selling and distribution expenses, and general and administrative expenses and thus the change in accounting treatment had a direct effect on operating



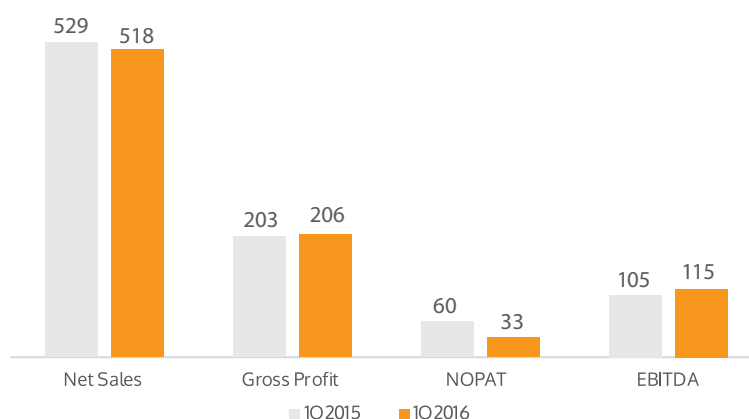


margins down the income statement. It is also worth noting that despite the weakening of the Egyptian pound and the related impact on imported directed materials, Edita was able to maintain a low cost ratio in 1Q2016, mainly owing to the company's focus on booking direct materials at favourable prices. This saw cost of sales (direct materials) come in at 45.2% of sales in 1Q2016 compared to 47.2% in the same period last year.

At the EBITDA level, the company posted a 9.1% increase from EGP 105.2 million in 1Q2015 to EGP 114.8 million in 1Q2016. Meanwhile, EBITDA margin came in at 22.2% compared to 19.9% last year, despite the aggressive marketing campaign to support the roll-out of new products as well as an overall decrease in top-line revenues.

Edita's Net Profit after Tax and Minority Interest came in at EGP 32.7 million in 1Q2016, compared to EGP 59.5 million in the same period last year. The decline in bottom-line is owing to FX losses of EGP 44.5 million during the quarter on the back of a 13.5% devaluation in the Egyptian Pound, which consequently led the company to revalue foreign currency based liabilities.

Snapshot of Results 1Q2016 (EGP million)



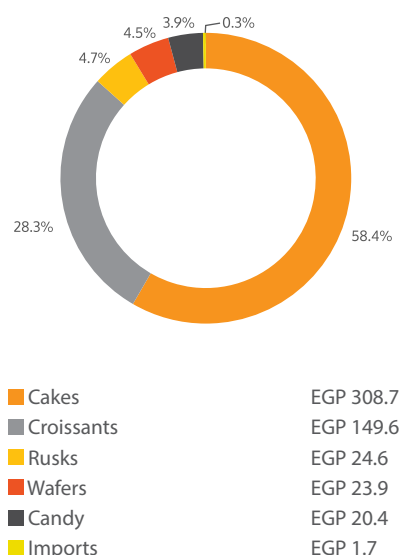
Summary Income Statement (EGP mn)

EGP mn	1Q2015	1Q2016	Y-o-Y Growth (%)
Revenue	528.9	518.1	-2.0%
Gross Profit	202.6	205.7	1.5%
% Margin	38.3%	39.7%	
EBITDA	105.2	114.8	9.1%
% Margin	19.9%	22.2%	
Net Profit	59.5	32.7	-45.1%
% Margin	11.2%	6.3%	

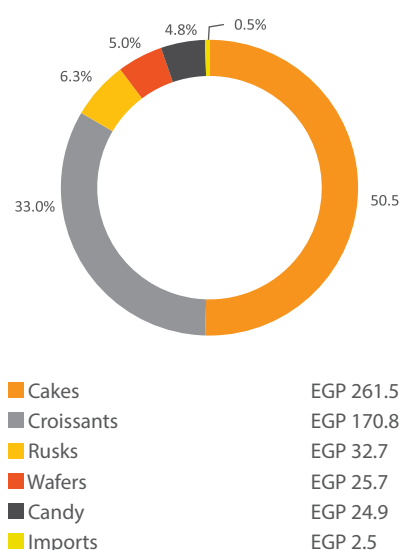




Segment Contribution
to Revenue 1Q2015 (EGP mn)

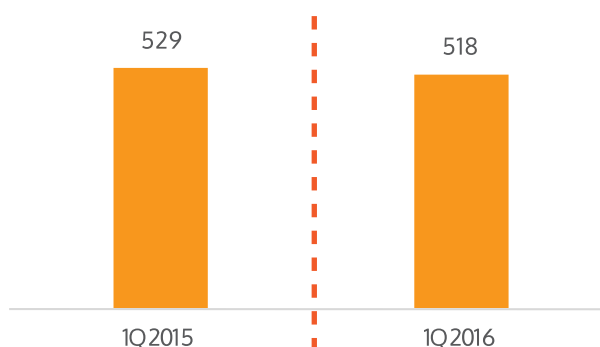


Segment Contribution
to Revenue 1Q2016 (EGP mn)



Revenues

Revenues Progression (in EGP million)



The first quarter of 2016 saw revenues decline by 2.0% over 1Q2015 to EGP 518.1 million, an expected reflection of Edita's price-point migration strategy with short-term volumes being sacrificed for longer-term profitability. The 2.0% y-o-y decline comes despite a 10.6% decrease in total volumes sold which stood at 24.9 thousand tons in 1Q2016 compared to 27.8 thousand tons in 1Q2015. Lower volumes were thus partially offset by an increase in Edita's price points across its product portfolio, standing at an average of EGP 0.78 in 1Q2016 compared to EGP 0.63 in the same period last year. In that regard, Edita is leading a major change in the market pricing structure, whereas the consumer gradually adapts to higher price points in the context of the current inflationary environment and weakening of the EGP.

The increase in average price points was led by the cakes segment following the delisting of the EGP 0.50 Twinkies SKU and its replacement with the Twinkies Extra at EGP 1 in September 2015. Average price point for the cake segment increased by 29% in 1Q2016 to EGP 0.68 compared to EGP 0.53 in 1Q2015. The uptick in prices, however, was offset by the planned reduction in utilization rates, standing at 64% for the segment during the quarter compared to 98% last year, with total cake volumes declining by 26.4% y-o-y to 12.7 thousand tons in 1Q2016 compared to 17.2 thousand tons in the same period last year. Accordingly, the total cake segment contributed 50.5% of total revenues in 1Q2016 down from 58.4% in 1Q2015. Overall, the cake segment's revenues decreased 15.3% over 1Q2015 levels to EGP 261.5 million.

Edita is proactively launching a road map of new cake products using freed up capacity on the Twinkies lines at higher price points in 2016, bearing the fruit of the Hostess contract and the new technical know-how acquired. The TODO Bomb launched at the end of March 2016 at EGP 2, the highest price point within the cake segment compared to an average of EGP 0.9, is the first step of this road map and is in line with the company's strategy to provide the market with higher value offers while protecting margins and achieving profitable growth.

Meanwhile, revenues from the croissant segment grew 14.2% y-o-y to EGP 170.8 million in 1Q2016, mostly driven by the impact of the capacity additions of the two new Molto lines commissioned during March 2015 and April 2015. The croissant segment contributed 33.0% of Edita's revenues, up from 28.3% in 1Q2015. Edita's capacity of croissant





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production increased from 27.9 thousand tons to 52.0 thousand tons per annum during the first half of 2015. Total number of croissant packs sold grew to 189 million packs in 1Q2016 compared to 172 million during same period last year, while utilisation rates of the croissant production lines in 1Q2016 was at 89% compared to 100% capacity utilisation in 1Q2015 and 99% in 4Q2015. The decline in utilization rates is owing to the business's typical seasonality in the first quarter.

Sales of rusks are up a significant 32.7% in 1Q2016 over 1Q2015 levels to EGP 32.7 million. The strong growth is due to doubling the capacity of the rusks segment in December 2015 to 7.4 thousand tons per annum. Even with the capacity additions, the rusks segment continues to operate at full capacity utilisation post ramp-up phase initiated in December 2015, and thus unlocking the capacity constraint and evident unmet demand existing in the market. The rusks segment constituted 6.3% of total revenues for the quarter, up from 4.7% in 1Q2015.

Wafer sales during 1Q2016 grew 7.4% y-o-y to EGP 25.7 million. Capacity utilisation in the wafer segment remains at 97% driven by increased demand for the coated wafer, which constitutes c.80% of Edita's wafer sales. The wafer segment constituted 5.0% of total revenues for the quarter, up from 4.5% in 1Q2015.

Revenue from the candy segment grew by 21.9% over 1Q2015 levels to reach EGP 24.9 million, operating at an average utilization rate of 81% across the three lines, and down from 97% in 1Q2015. This relates to the capacity enhancements that increased total capacity in 2015. Soft candy capacity also increased after adding a new packaging machine.

Hereunder is the progression of blended factory prices for all product segments:

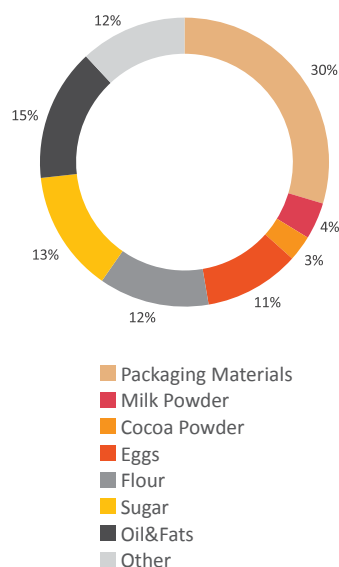
Average Factory Prices

EGP	1Q2015	1Q2016	% Change
Cakes	0.53	0.68	29.2%
Croissant	0.87	0.90	4.0%
Rusks	0.81	0.82	1.7%
Wafers	0.74	0.76	2.1%
Candy	1.10	1.38	25.6%
Average Edita	0.63	0.78	23.5%

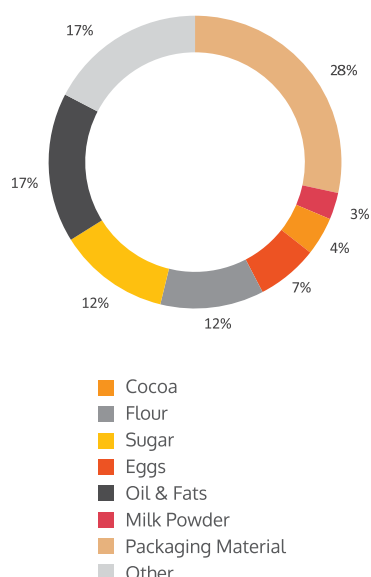




Direct Material Breakdown 1Q2015



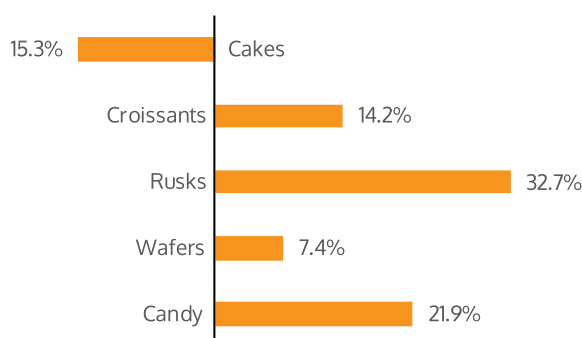
Direct Material Breakdown 1Q2016



Segment Revenues and Volumes Sold

	1Q2015			1Q2016		
	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Packs (millions)	Tons (000s)
Cakes	307	581	17.2	261	383	12.7
Croissant	149	172	7.8	171	189	8.8
Rusks	25	30	1.0	33	40	1.4
Wafers	25	33	0.9	26	34	0.9
Candy	20	19	0.9	25	18	1.1
Imports	2	-	-	3	-	-
Total	527	835	27.8	518	664	24.9

1Q2016 Revenue Growth by Segment (y-o-y)



Cost of Goods Sold²

In 1Q2016, the cost of goods sold decreased 4.3% over 1Q2015 levels to EGP 312.4 million, with a COGS/sales ratio of 60.3% compared to 61.7% in 1Q2015.

During 1Q2016, the cost of sales (direct materials) dropped by 6.2% y-o-y to EGP 233.9 million, owing to Edita's focus on booking ahead some of the 2016 direct materials at favourable prices. Edita managed to sustain a low cost ratio in 1Q2016 despite the weakening of the EGP and its impact on imported direct materials. Cost of direct materials/sales was 45.2% in 1Q2016, down from 47.2% in 1Q2015.

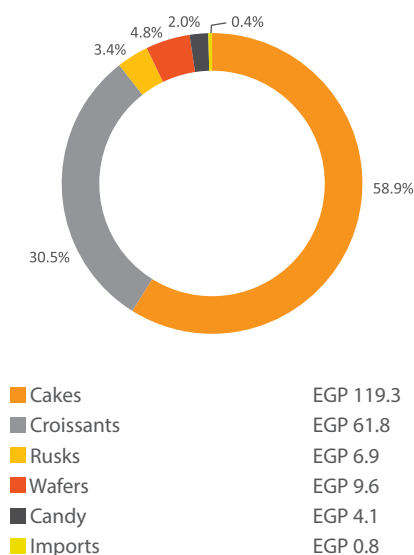
Manufacturing overheads (MOH) dropped 5.6% y-o-y in 1Q2016. The drop comes on the back of a change in accounting treatment for employees' profit share, with EGP 2.6 million booked as profit share related to MOH. Meanwhile, the quarter also witnessed the usual increase in wages and salaries, as well as an increase in electricity and additional costs related to machinery maintenance.

² Breakdowns within this section are derived from the company's management report.

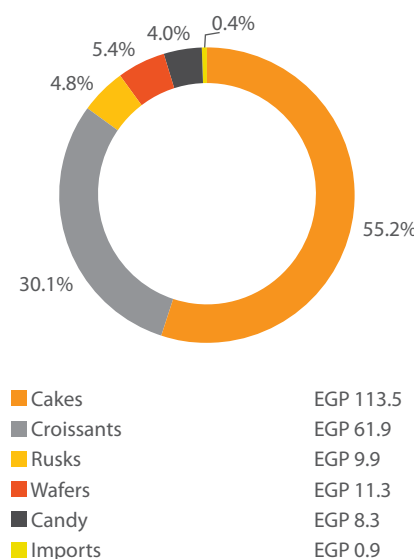




Contribution to Gross Profit by Product Segment 1Q2015 (EGP mn)

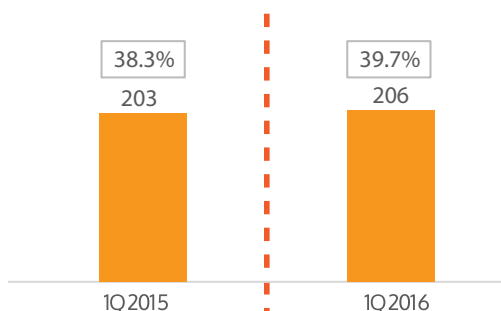


Contribution to Gross Profit by Product Segment 1Q2016 (EGP mn)



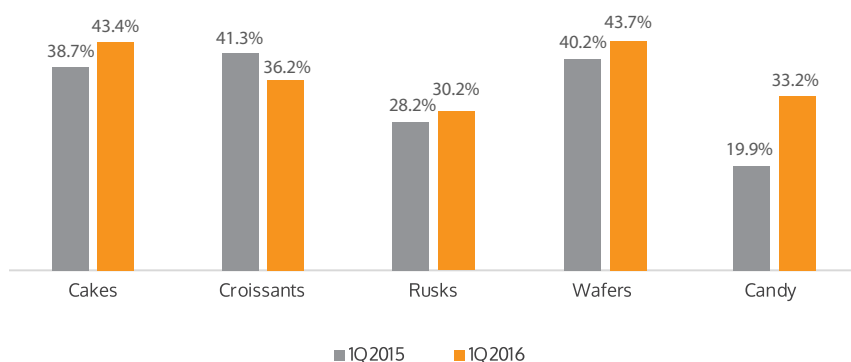
Gross Profit

Gross Profit Progression (EGP million, % margin)



1Q2016 gross profit increased 1.5% compared to the same quarter last year while gross profit margin improved to 39.7% (compared to 38.3% in 1Q2015). Edita's core cake and croissant product segments remain the main contributors to the company's gross profit. During 1Q2016 the cake and croissant segments' contribution to gross profit was EGP 175.4 million, constituting 85.3% of the total gross profit compared to 89.4% in 1Q2015.

Gross Profit Margin by Product Segment



Gross profit of the cake segment amounted to EGP 113.5 million, a 4.8% decline y-o-y. Despite the decline in segment value mirroring the overall decrease in revenue, the segment saw a strong expansion in gross profit margin to 43.4% in 1Q2016 compared to 38.7% in 1Q2015. The main driver continues to be the doubling of the Twinkies price per pack to EGP 1 from EGP 0.50.

Gross profit of the croissant segment amounted to EGP 61.9 million, remaining flat y-o-y, while gross profit margin recorded 36.2% in 1Q2016, down from 41.3% in 1Q2015. Lower gross profit is due to the product mix being skewed towards lower margin products where risk averse wholesalers have directed a larger share of their wallets to faster moving croissant SKUs. The squeeze in margins thus reflects the impact of the change in product mix within the segment, where the Mini Molto (lower margin croissant) had a heavier weight relative to higher margin croissants such as the XXL Molto. Additionally, the segment was also affected by the impact of seasonality during the first quarter.





Meanwhile, the rusks segment's gross profit grew by 42.3% y-o-y to EGP 9.9 million thanks to increased capacities that led to a 33% rise in segment revenues during the quarter. Gross profit margin was up to 30.2%, up from 28.2% in 1Q2015 despite the ramp-up of the new line, owing to cost-efficiency initiatives and production enhancements undertaken during the quarter.

The wafers gross profit margin also saw an improvement to 43.7%, up from 40.2% in 1Q2015. Gross profit grew by 16.6% to EGP 11.3 million in 1Q2016.

The gross profit margin in the candy segment surged to a record 33.2% in 1Q2016, compared to 19.9% in 1Q2015, growing by 104.1% in absolute terms. This comes on the back of overcoming technical difficulties at the end of 2014 and as capacity enhancements were introduced to the production lines. Additionally, a new packaging machine was introduced to existing line which enhanced cost-efficiency.

Other Operating Expenses

Based on management accounts, operating expenses are divided into Selling and Distribution Expenses (S&D), Advertising and Marketing Expenses (A&M) and General and Administrative Expenses (G&A). Total expenses reached EGP 107.2 million³ in 1Q2016, down 0.6% from 1Q2015 levels, constituting 20.7% of revenues compared to 20.4% in the same period last year.

Selling and distribution expenses were down 9.3% y-o-y for the quarter to EGP 41.5 million, comprising 8.0% of revenue in 1Q2016 from (8.7% of revenue) in 1Q2015. S&D expenses include EGP 1.7 million related to employees' profit share. Edita also opened a new distribution centre during 1Q2016 bringing the total to 21 distribution centres to date.

A&M expenses increased by 41.1% over 1Q2015 levels to EGP 27.7 million and constituted 5.3% of revenues. During the 1Q2016, advertising and marketing spending was focused on supporting the new Twinkies Extra launches and the Bake Rolz Family mainly through above-the-line advertising in preparation for the new capacity that entered end of 2015.

G&A expenses were down 10.4% over 1Q2015 to EGP 38.0 million, constituting 7.3% of revenues. Staff profit share booked EGP 2.2 million for the quarter, in addition to an increased headcount and the usual 10% annual increase in salaries. Additionally, Edita has contributed to an initiative called "Proudly made in Egypt" with a EGP 1.5 million campaign, encouraging the local industry in Egypt.

Profits from operations were up 1.1% for the first quarter of 2016 to EGP 87.6 million, with a margin of 16.9% compared to 16.4% in 1Q2015. It is worth noting again that staff profit share of EGP 6.5 million was divided between MOH, S&D and G&A.

Interest expense in 1Q2016 totalled EGP 10.6 million, up from EGP 4.6 million in 1Q2015, as the company's debt increased in line with Edita's strategy to finance its expansions, equally through debt and the company's own resources. On the other hand, interest income increased to EGP 8.4 million in 1Q2016 from EGP 6.6 million a year earlier.

³ SG&A breakdown is derived from the company's management accounts to ensure an accurate depiction of each of Edita's expenses and how they reflect on the business.



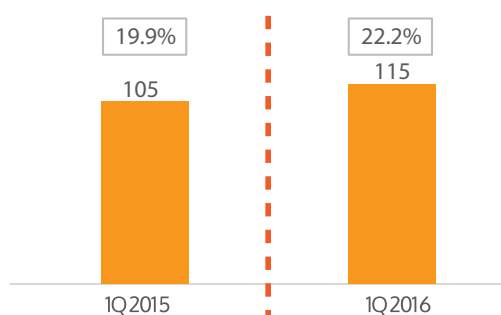


Over 1Q2016, Edita booked an FX loss of EGP 44.5 million, mainly as a result of a re-valuation of liabilities in foreign currencies after the devaluation of the EGP. Said liabilities include an overdraft facility extended to finance CAPEX related to the new candy line (EGP 23 million), payables related to direct materials (EGP 5.4 million) and settlement of other foreign currency denominated liabilities during the period (EGP 12 million).

EBITDA

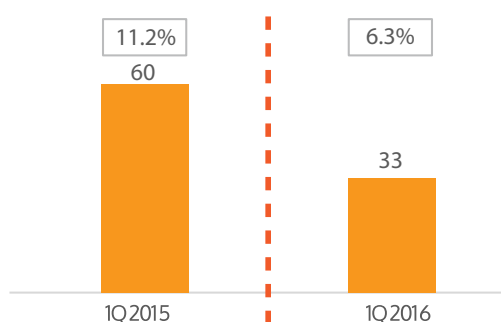
EBITDA increased by 9.1% y-o-y to EGP 114.8 million in 1Q2016 with a margin of 22.2% compared to 19.9%. The improved margin is owing to a contained cost of sales, S&D and G&A expenses despite the increased spend on advertising and marketing. Additionally, the change in accounting treatment for employees profit share saw the line item decrease from EGP 22 million in 1Q2015 to EGP 6.5 million in 1Q2016⁴.

EBITDA Progression (EGP million, % margin)



Net Earnings

NOPAT Progression (EGP million, % margin)



Net Profit After Tax and Minority Interest for 1Q2016 decreased 45.1% from 1Q2015 levels to EGP 32.7 million which translates into a net profit margin of 6.3% compared to 11.2%. The sharp decline in the bottom line is owing to FX losses of EGP 44.5 million during the quarter on the back of a 13.5% devaluation in the Egyptian Pound. This consequently led the company to revalue foreign currency based liabilities, namely an overdraft facility to finance CAPEX related to the new candy line.

⁴ It must be noted that based on our auditor's recommendation, Edita adopted IAS 19 accounting treatment for employees profit sharing, stipulating that amounts are to be booked quarterly on an accrual basis instead of booking the full year amount during the first quarter only.





Balance Sheet

Total assets amounted to EGP 2.1 billion at the end of March 2016. Property, Plant & Equipment increased to EGP 1.26 billion from EGP 1.14 billion in 2015 and include the extension of the E07 plant materialized in 2015 and the delivery of the new lines that were completed in 1Q2016. Projects Under Construction decreased to EGP 65.0 million from EGP 156.0 million as at December 2015 balance sheet following the delivery and installation of the Strudel line.

Total CAPEX for 1Q2016 reached EGP 48.7 million, of which EGP 10.7 million was the residual of the Strudel line (total cost EGP 44 million) as well as EGP 2.0 million related to the new rusks line installed in December 2015. EGP 1 million was spent on the construction of Hub A in Factory E08. Additionally, total maintenance CAPEX amounted to EGP 25.4 million.

Edita continued to maintain a healthy Cash & Cash Equivalents and Treasury Bills with a balance of EGP 407.7 million as at the end of March 2016, constituting 21.7% of the company's total assets.

On Working Capital components, inventory levels continue to reflect Edita's policy of maintaining inventory coverage of all direct materials, one-month's-worth of sales for locally-sourced material and up to three months of imported material, with an average of 0.77 months during 1Q2016. The inventory of finished goods remained at an average of 2.1 days for the 2015. Trade Receivables increased to EGP 12.2 million in March 2016 from EGP 7.0 million in 2015, reflecting Edita's continued cash sales policy (in excess of 97% of sales continue to be conducted on a cash basis). Trade & Other Payables decreased to EGP 187.7 from EGP 251.1 million as of end of December 2015, as Edita was able to secure better payment terms (c.50 days) with several of its key suppliers.

The Current Portion of Long-Term Liabilities decreased to EGP 128.9 from EGP 145.2 million as at the year-end 2015 and Long-Term Loans increased to EGP 362.6 from EGP 346.2 million at the end of 2015. Edita continues to finance its expansions partially with cash resources and partially in debt.

Total Shareholders' Equity stood at EGP 1.11 billion as at the end of March 2016.

Egyptian Accounting Standards Reconciliation to IFRS

The main differences found in Edita's financial statements between EAS and IFRS are due to several factors. First of all, the IFRS requires that employees' profit sharing be expensed, while the Egyptian Accounting Standards treat them as a distribution and hence do not include them within the income statement. Also, FX gains and losses as well as gains and losses on FX transactions in the calculation of EBITDA are treated differently. In 1Q2016, net employee profit sharing paid was EGP 6.5 million. Additionally, EGP 44.5 million of adjustments to EBITDA came from the FX losses and EGP 0.13 million from gain on sale of assets. Moreover, additional adjustments included one-off expenses amounting to EGP 1.5 million in relation to the company's donation to the "Proudly Made in Egypt" initiative to support the Egyptian Industrial Sector. Hereunder is the reconciliation between Edita's financial statements in EAS with the IFRS-based financial statements for 1Q2016.





1Q2016 EARNINGS RELEASE

Cairo, Egypt | 12 May 2016

in EGP mn	1Q2016 EAS	Adjustment	1Q2016 IFRS
Net Sales	518.1		518.1
COGS (excluding M.O.H)*	(249.0)		(249.0)
M.O.H	(60.8)	(2.6)	(63.4)
Gross Profit	208.3	(2.6)	205.7
<i>Gross Profit Margin</i>	<i>40.2%</i>		<i>38.4%</i>
Selling & Distribution Exp.*	(39.8)	(1.7)	(41.5)
Advertising & Marketing Exp.*	(27.7)		(27.7)
General & Admin. Exp.*	(35.8)	(2.2)	(38.0)
Other Operational Exp.	(10.9)		(10.9)
Profit from Operations	94.1	(6.5)	87.6
<i>Profit from Operations Margin</i>	<i>18.2%</i>		<i>16.9%</i>
Net Financing Cost	(2.2)		(2.2)
Profit Before Income Tax	49.4	(6.5)	42.9
Income Tax Expense	(10.2)		(10.2)
Net Profit After Tax	39.2	(6.5)	32.7
<i>Net Profit After Tax Margin</i>	<i>7.6%</i>		<i>6.7%</i>
EBITDA	75.4	39.4	114.8
<i>EBITDA Margin</i>	<i>14.5%</i>		<i>22.2%</i>

* It must be noted that based on our auditor's recommendation, Edita adopted IAS 19 accounting treatment for employees profit sharing, stipulating that amounts are to be booked quarterly on an accrual basis instead of booking the full year amount during the first quarter only. SG&A breakdown and Other Operational Expenses are derived from the company's management accounts.

Market Developments

In general, market sentiment during the beginning of the year was relatively weak due to higher risk aversion for higher price points from wholesalers ahead of the devaluation of the pound and uncertain macro environment. Additionally, wholesalers' share of wallet was skewed towards basic commodities in anticipation of increase in prices. However, despite the challenging macro environment in Egypt, the snack food market continued to grow across all segments in the first 2 months of the year (latest data points available from AC Nielsen are shown in the table on page 12).

The packaged croissant market is one of the fastest-growing segments within the snack food industry, increasing by 59.6% compared to the same period last year to EGP 187 million in 1Q2016. Edita is successfully capturing this growth, supported by the 87% increase in the company's croissant capacity additions in 2015. For the first 2 months of the year, Edita increased its dominant market share to 69.5% compared to 67.8% in FY2015, according to AC Nielsen Retail Audits.

In Jan-Feb2016, the cake segment grew by 12.4% to EGP 309 million compared to the first 2 months of 2015. Edita's market share in the cake segment declined to 56.3% in 2M2016 from 63.6% for the full year of 2015. The loss in market share is owed to lower production volumes on the Twinkies lines in 1Q2016, as well as increased competition from local producers. The decline in Twinkies volumes is in line with management expect-





tations given the elasticity of demand post the Twinkies upsizing (doubling the price from EGP 0.5 to EGP 1.0) amid a relatively weaker sentiment in the market. In line with historical trends and being the dominant player in the cake segment, the company is leading the change in the market's pricing structure with smaller players grabbing market share in the lower price points. Market price points inevitably move up given the inflationary environment and as a means to sustain profits.

In the medium to long term, management believes the sector has strong potential as penetration rates continue to rise in addition to the frequency of consumption among consumers, as the market adjusts to inflationary pressures and higher price points. Moreover, on the short term Edita is sacrificing losing volumes (and therefore losing market share temporarily in lower price points segments) on the basis of ensuring long-term profitability. At the end of 1Q2016, Edita had launched its rollout plan of new, more premium cake products developed through the newly-acquired technical know-how for 11 new products from Hostess.

The wafer market size grew by 15.1% in 2M2016 to EGP 316 million compared to same period last year. Edita continues to gain market share by leveraging its competitive advantage within a fragmented market, with a current market share of 7.2%.

The rusks segment grew a significant 27% in 2M2016 to EGP 56.6 million, representing 4.3% of the salty snack segment (dominated by potato chips). Edita's market share stood at 34% up from 29% in the same period last year. Nonetheless, in February 2016, the company doubled its capacity after the commencement of the new line which was installed in December 2015. This is expected to create a de-bottleneck effect in the rusks sales and effectively enable the company to regain market share.

Selected Segments of the Snack Food Market in Egypt (2M2016)

Segment	2015 (EGP mn)	2016 (EGP mn)	% change
Salty Snack**	1,073	1,318	22.8%
Cakes	275	309	12.4%
Wafers	275	316	15.1%
Croissant	117	187	59.6%
Candy	97	110	13.1%
Total Market	1,837	2,240	21.9%

** Rusk market is 4.3% of total salty snacks

Source: AC Nielsen Retail Audits





		Market Position	Market Share ⁴	Relative Market Share ¹	Av. Consumer Price (EGP / US\$ ²)	Brands	Brand Awareness ³
89.7% of 1Q2016 Revenue	Cakes	#1	56.3%	8.3x	0.90 / 0.10	Todo	97%
	Croissants	#1	69.5%	3.3x	1.16 / 0.13	Molto	100%
	Rusks	#2	34.0%	0.5x	1.03 / 0.12	Bake Rols	88%
	Wafers	#4	7.3%	0.3x	1.00 / 0.11	Freska	81%
	Candy	#3	12.2%	0.9x	2.57 / 0.29	Mimzy	NA

Source: AC Nielsen Retail Audit, IPSOS February 2016

1. Relative market share calculated as Edita's market share divided by market share of largest competitor.

2. US\$/EGP of 8.88 as of 31 March 2016 (CBE).

3. Brand awareness measures the share of respondents that were familiar with the brand in aided, spontaneous consumer surveys. Figures are as of October 2015.

4. Market share data reflecting February 2016

Marketing

The Marketing Department has successfully launched the rollout of the newly acquired Hostess products with the TODO Bomb, at the end of March 2016, which is a higher value proposition at a consumer price of EGP 2 - the highest price point within Edita's cake segment. Further portfolio strengthening steps to higher value products took place during the quarter with the launch of 2 SKUs of the Molto Patte (produced on the Strudel line) in March 2016 at a consumer price of EGP 3. In total, Edita currently has 73 SKUs under production.

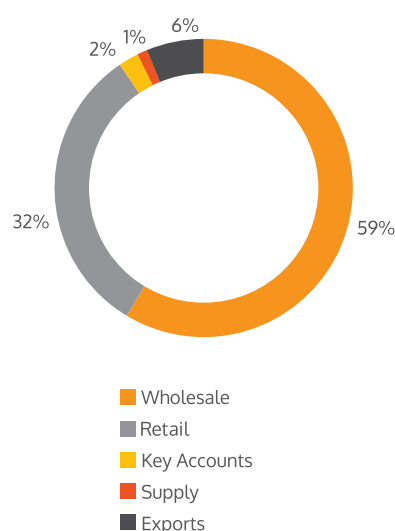
It is worth noting that with its new launches, Edita is leading the whole market structure to higher price points amid high inflationary pressures, although temporarily losing market share on low price points segments. Moreover, more premium products improve and expand the size of the market for the higher price points. Based on historical trends the market gradually follows and adapts to higher price points; however, wholesalers by nature are more risk-averse than retailers to adapt to higher price points. As part of Edita's sales and marketing strategy, no incentives were given for the new products in order to create real demand and increase the product pull which builds higher product equity on the longer term.

In addition to continued focus on increasing point of sale and visibility, the Marketing Department continues to support the new capacities and products introduced through advertising in order to ensure enduring brand loyalty across all segments. Edita has intensified its advertising campaigns in the first quarter of 2016 to support the Twinkies Extra after the upsizing in 2015. A new Bake Rols advertising campaign was introduced after the operation of the new line as well as the launch of the family-sized pack, above the line, which is the first time in years. We maintained close to 100% brand awareness in our core markets, namely the croissant and cake segments. Wafer and rusks brand awareness continues to improve, reaching 81% and 88% respectively, as per the latest data available.

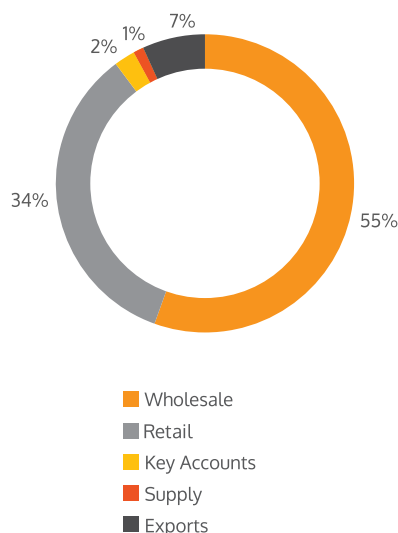




Revenue Contribution by Distribution Channel 1Q2015



Revenue Contribution by Distribution Channel 1Q2016



Development of Average Consumer Price by Product Segment

	1Q2015	1Q2016	Growth(%)
Cake	0.69	0.90	30.4%
Croissant	1.06	1.16	9.4%
Rusks	1.00	1.03	3.0%
Wafer	1.00	1.00	0.0%
Candy	1.80	2.57	42.8%
Total	0.82	1.03	25.6%

Sales & Distribution⁵

During 1Q2016, Edita's sales by channel of distribution continue to reflect the company's strategy of increasing revenues through the retail and traditional sales points of sale versus wholesale distribution, while simultaneously growing sales through all sales channels.

Gross sales through wholesale in 1Q2016 declined by 7.9% y-o-y to EGP 303 million and contributed 55% of total revenues, compared to 59% over the same period last year. Gross sales through retail and traditional trade on the other hand grew by 6.0% y-o-y to EGP 187.0 million and constituted 34% of total revenues compared to 32% in 1Q2015. Revenue emanating from supply and key accounts (modern trade) remained at the same levels as the previous year and collectively contributed approximately 3% of total revenue. By the end of 1Q2016, the total number of customers that Edita catered to directly increased to 65,005 points of sale, up from 63,722 a year earlier, reflecting the company's strategy of expanding its proprietary distribution network across Egypt.

Revenues from exports markets are starting to gain a higher share of Edita's overall revenues in line with the company's strategy to open new markets, with the aim to expand presence in the region as well as increase revenues in foreign currency. In 1Q2016, exports constituted 7% of total revenues or EGP 37 million in gross sales, up from 6% of revenues in 1Q2015. During the quarter Edita exported to 14 countries, including the West Bank, Libya, Palestine, Jordan, Iraq, Lebanon, Syria, Oman, KSA, Kuwait and Sudan, while expanding into new markets, namely UAE and Bahrain. Moreover, Edita's focus on the expanded territories to the GCC for the HTT brands is starting to bear fruit.

Supply Chain

The Supply Chain Department strategy continues to track global commodity prices in order to maximize Edita's operational efficiency by locking in prices of direct materials at attractive levels. Indeed, the supply chain department managed to leverage on stable commodity prices during the quarter and has booked several raw materials at competitive prices including milk powder till year-end. In 1Q2016, the supply chain department secured an average of 7% lower prices compared to what was budgeted for most of the major direct materials which has reflected on the cost of sales.

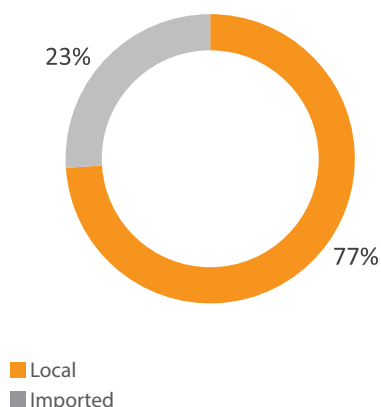
Management of foreign currency requirements was a key priority for the supply chain department during the quarter as procedures imposed by the government had increased importation process lead time. However the company's inventory management policy

⁵ Revenue by distribution channel refers to gross sales





Imported versus local direct material
1Q2015

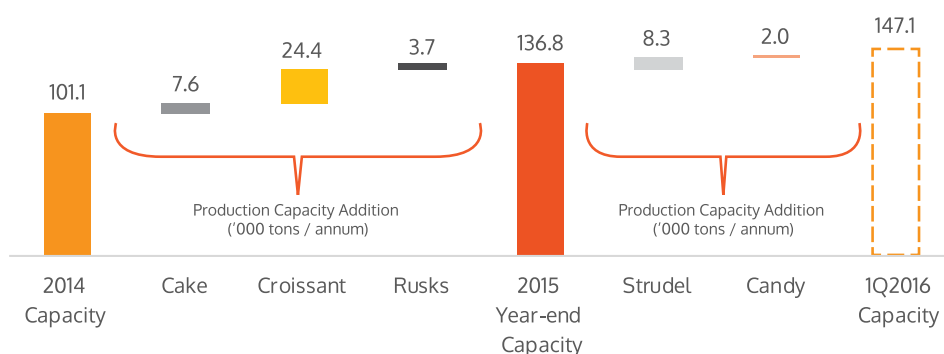


remains intact as to 1 month for local materials and 3 months for imported materials. Due to the weakening of the EGP, imported direct materials constituted 27% of total direct costs in 1Q2016 compared to 23% in 1Q2015. Raw materials remain the largest constituent of the direct material bill, accounting for 72% of the total direct material costs in 1Q2016 versus packaging materials that accounted for 28% of direct costs.

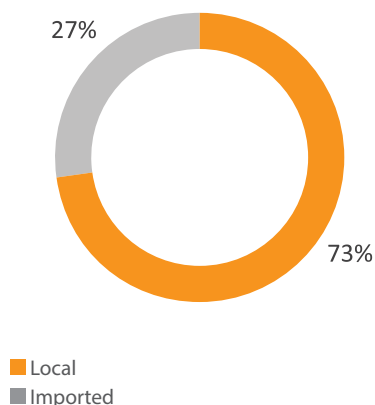
Industrial Operations

During 1Q2016, the industrial operations department focus was on two main projects: first of which is the Bake Rolz line in E07 plant with a capacity of 3.7 thousand tons per annum. The new line was up and running by January. The snag list and ramp-up for the line was completed by April 2016. Secondly, The new Strudel line started up successfully in March with a capacity of 8.3 thousand tons per annum, and currently operating at 85% of its capacity. Edita also introduced Molto pate produced on the new strudel line in E07 plant, put into market with two variances: date paste as well as chocolate. Further developments include the accommodation of new new cake product launches utilizing the freed up capacity on the Twinkies lines. Furthermore, Edita started producing the new TODO Bomb during the last week of March, one of the 11 products resulting from acquired technical know-how from Hostess.

Production Capacity Additions in 2014 - 1Q2016



Imported versus local direct material
1Q2016



Human Resources

Believing that human capital is the main driving force behind the success of any company, Edita's human resource strategy is focused on driving high performing teams and empowering its employees.

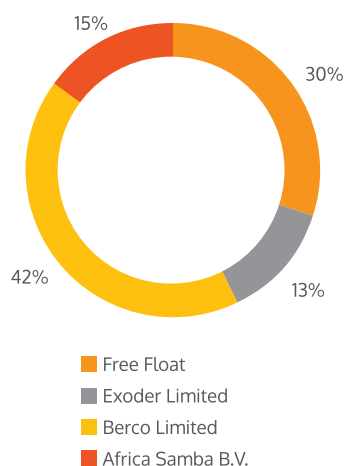
Edita is dedicated to the growth and development of its 5,549 employees, exemplified in its very low employee turnover in 1Q2016, which did not exceed 1%.

A new program was launched during 1Q2016, to identify high potential employees to be set on a tailored development and empowerment program. While Edita continues to give a priority on retaining and developing skilled labour, the company continues to push for automation in industrial operations as part of its cost-efficiency program, as well as to minimize the need for unskilled labor.





Shareholder Structure as of 1Q2016



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About Edita Food Industries

Edita, founded in 1996 and headquartered in Egypt, is a leader in the growing Egyptian packaged snack-food market. The Company manufactures, markets and distributes a range of branded baked snack products including packaged cakes, croissants, rusks (baked wheat) and wafers as well as selected confectionery/candy products. The Company's local brand portfolio includes household names such as Todo, Molto, Bake Rolz, Bake Stix, Freska and MiMix. The Company also has exclusive ownership of the international HTT brands Twinkies, Hoho's and Tiger Tail in Egypt, Libya, Jordan, Palestine, Morocco, Algeria, Tunisia, Syria, Lebanon, Iraq, Bahrain, Oman, the UAE, Kuwait, Qatar and Saudi Arabia, and is party to a technical assistance and know-how agreement to manufacture 11 additional HTT brands across its territories. The Company holds strong number-one market positions in its core cake and croissant segments, a number-two market position in rusks and growing market positions in the wafers and candy segments. In 1Q2016, the Company derived c. 93% of its revenue from Egypt and c. 7% from over 14 regional export markets. Learn more at ir.edita.com.eg

Forward Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Company.

Forward-looking statements reflect the current views of the Company's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Company's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Company's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

