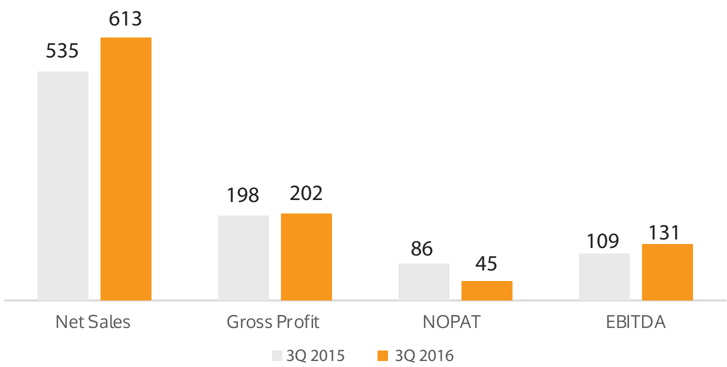
Edita Food Industries Reports 3Q2016 Earnings

Revenues record a solid 14.5% y-o-y growth to EGP 613.0 million driven by both volume and price increases. Margins remain healthy despite an inflationary operating environment and increasing cost pressures.

Highlights for 3Q2016

Revenues	Gross Profit
EGP **613.0** mn ▲**14.5%** y-o-y	EGP **201.7** mn ▲**2.0%** y-o-y
EBITDA	**Net Profit After Minority**
EGP **130.8** mn ▲**19.7%** y-o-y	EGP **45.2** mn ▼**47.2%** y-o-y

Snapshot of Results 3Q2016 (EGP million)



Summary Income Statement (EGP mn)

EGP mn	3Q2015	3Q2016	Change	9M2015	9M2016	Change
Revenue	535.4	613.0	*14.5%*	1,579.1	1,681.3	*6.5%*
Gross Profit	197.8	201.7	2.0%	594.0	609.5	*2.6%*
% Margin	*36.9%*	*32.9%*		*37.6%*	*36.3%*	
EBITDA	109.2	130.8	*19.7%*	331.7	341.9	*3.1%*
% Margin	*20.4%*	*21.3%*		*21.0%*	*20.3%*	
Net Profit	85.7	45.2	*-47.2%*	212.1	119.5	*-43.6%*
% Margin	*16.0%*	*7.4%*		*13.4%*	*7.1%*	

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."

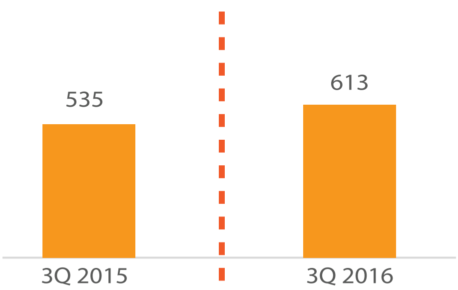
Results in a Nutshell

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, announced today its results for the third quarter of 2016 reporting revenues of EGP 613.0 million, up a solid 14.5% y-o-y compared to EGP 535.4 million in the same period last year. Contributors to revenue continued to be weighed towards the cake and croissant segments at 49.6% and 37.2%, respectively, compared to 54.3% and 35.4% in 3Q2015.

On a nine month basis, Edita posted revenues of EGP 1,681.3 million in 9M2016, up 6.5% y-o-y compared to 9M2015 figure of EGP 1,579.1 million.

Top-line growth is reflective of the strong demand for Edita's products across all segments, as well as the gradual recovery in the cake segment's volumes amid growing consumer acceptance of the higher-priced, upsized Twinkies Extra introduced in 4Q2015. Notably, our product portfolio posted important market share gains in the croissant, cakes and rusks segments throughout the first eight months of the year.

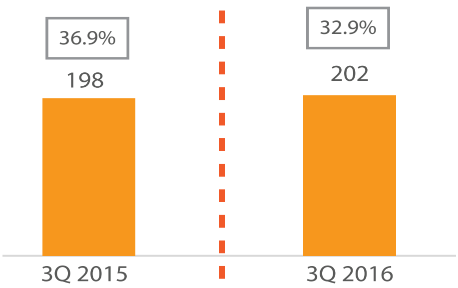
Revenues Progression
(EGP million)



Revenue growth in the third quarter was strongest in the croissant (up 20.4% y-o-y), rusks (up 89.3%) and wafer (up 38.3%) segments. The croissant and rusks segments were buoyed by new capacities added in 2015 and the launch of the strudel line in March of this year. Notably, cake segment revenues reversed the trend of the past three quarters, closing 3Q2016 some 4.4% higher as consumers gradually adapt to new pricing. Meanwhile, candy segment revenues were up 13.2% y-o-y in 3Q2016.

Despite the uptick in sales, Edita is facing pressure on its cost base. At the cost of goods sold (COGS) level, Edita incurred an increase of 21.8% y-o-y in 3Q2016 to EGP 411.2 million, leading to a COGS:Sales ratio of 67.1%, compared to 63.1% in 3Q2015. The uptick in costs is owed primarily to the impact that the weakening EGP has on Edita's direct materials bill, and rising prices of major local commodities. Edita's direct materials bill was also impacted by the implementation of the VAT system, under which all of its input costs are no longer tax deductible except for the candy segment, contrary to the previous sales tax system. (Please refer to the Costs of Goods Sold section of this report for a detailed overview of the VAT's impact on Edita's income statement.)

Gross Profit Progression
(EGP million, % margin)



The company's ability to pass on some price increases to its consumers, facilitated by the overall inflationary environment, saw Edita grow its Gross Profit to EGP 201.7 million in 3Q2016, up 2.0% y-o-y. Edita's price point migration strategy, in addition to several cost-cutting initiatives, helped limit the effect of cost increases on the company's Gross Profit Margin (GPM), which stood at 32.9% in 3Q2016 versus 36.9% in the same period last year. On a nine-month basis, GPM stood at 36.3% in 9M2016 versus 37.6% in 9M2015.

Against this macro backdrop and in view of the Government of Egypt's planned structural reforms, Edita continues to actively assess its pricing strategy across its product portfolio with the aim of supporting margins and defending market share. In October 2016, Edita raised prices for most of its Molto brand SKUs by c. 25-50% per pack, the first direct price increase since the company began implementing its pricing strategy. For the past year, our pricing strategy has mainly focused on indirect price increases including the selective upsizing or downsizing of products as well as the launch of new products at higher price points. Management is currently committed to supporting margins through indirect and, when necessary, direct price increases.

Moving down the income statement, EBITDA for the third quarter increased a solid 19.7% y-o-y to EGP 130.8 million, with EBITDA margin rising to 21.3% compared to 20.4% in 3Q2015. The improved EBITDA is owed partly to lower advertising expenses, standing at EGP 5.2 million versus EGP 24.7 million in 3Q2015, as the company incurred the bulk of its 2016 budget for marketing expenses during 1H2016. Overall, operating profit recorded a marked improvement to stand at EGP 103.8 million in 3Q2016, up 18.4% y-o-y.

Net Profit after Tax and Minority Interest (NPAT) came in at EGP 45.2 million in 3Q2016, down 47.2% y-o-y and with a net margin of 7.4% compared to 16.0% in 3Q2015. The company's bottom line was weighed down by higher FX losses, increased provisions and higher interest expenses. On a nine month basis, Edita posted NPAT of EGP 119.5 million in 9M2016, down 43.6% y-o-y and with a margin of 7.1% versus 13.4% in 9M2015.

On the operational front, Edita pushed forward with its investment and capacity expansion having contracted a new wafer line in 2016 which is set to begin production in 2017, began commissioning of the new candy line and is finalizing a contract for a new cake line set to begin production by 2H2017 and that will produce one of the HTT acquired brands. Moreover, construction of phase one of the new E08 factory remains on track with phase two recently contracted.

Edita also successfully launched its TODO Brownies cake in August 2016 at EGP 3 per pack, the highest price point within the cake segment. This marks yet another milestone — following the launch of TODO Bomb in 1Q2016 and Twinkies Icing in 2Q2016 — in the company's roadmap to launching new and premium higher-priced cake products using freed up capacity on the Twinkies lines with initial sales exceeding company forecasts. This process will also allow the company to begin making use of the new brands and technical know-how acquired from Hostess alongside its in-house R&D activities.

The quarter just ended also saw the company's regional expansion strategy gain traction, where in September 2016, Edita announced the signing of an agreement with the Kingdom of Saudi Arabia's (KSA) Khalifa A.Algosaibi Cold Stores (KACS) that will see the latter distribute Edita's Hoho's, Twinkies and Tiger Tail (HTT) brands throughout KSA. The company continues to study new markets to grow and mitigate foreign currency challenges.

Strategy Insight

Despite the current lack of visibility affecting most companies in Egypt, Edita remains fundamentally positive in its outlook on the snack food market, which has seen our market share grow in 3Q2016 across segments despite a challenging climate and the implementation of our price-point migration strategy. Continued market growth and our high production-line utilisation rates across our portfolio bear this optimism out.

However, as part of management's ongoing effort to navigate an external environment characterized by challenges such as weakening currency, rising costs and the potential impact of the structural reforms now being contemplated by the Egyptian government, Edita is taking a series of measures to mitigate potential risks.

Edita will continue in this respect to assess pricing across SKUs and to optimise its portfolio so as to maximize profitability while defending market share. Management notes that while the macro-climate sees us faced with inflationary pressure, historical trends suggest that an inflationary environment does permit the easier pass-through of price increases throughout the lifecycle of our products. Moreover, Edita's average price point per pack rose at a CAGR of 8.6% over the past five years in a significantly lower-inflation environment.

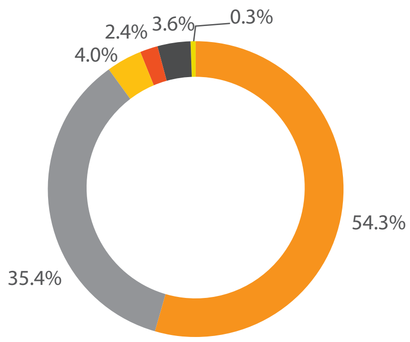
Additionally, management is implementing cost-cutting initiatives, as the company benefits from a diversified cost structure and a relatively flexible business model.

We similarly see opportunities to enhance the efficiency of our distribution network and to improve our national penetration rate, particularly as we look for opportunities presented by our move toward a retail sales strategy. Additionally, we are rolling out programs to optimise the efficiency of our industrial operations.

Management also believes it is appropriate to press forward with its investment plan to ensure Edita has the future capacity installed to protect and capture market growth once economic recovery gains traction. Our goal is simple: To remain substantially ahead of the market.

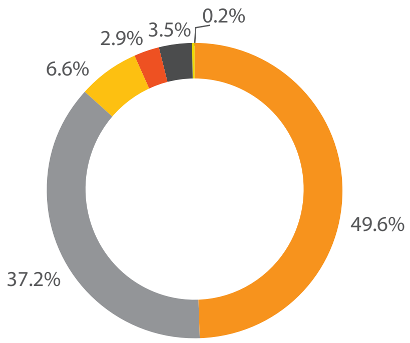
Similarly, regional expansion is currently one of Edita's strategic priorities, strengthening our position as a multi-country player while mitigating against foreign currency limitations. The company is actively exploring and diversifying into new markets, including our recently announced distribution agreement in Saudi Arabia.

Segment Contribution to Revenue 3Q2015 (EGP mn)



Cakes	EGP 290.9
Croissants	EGP 189.3
Rusks	EGP 21.5
Wafers	EGP 12.7
Candy	EGP 19.2
Imports	EGP 1.9

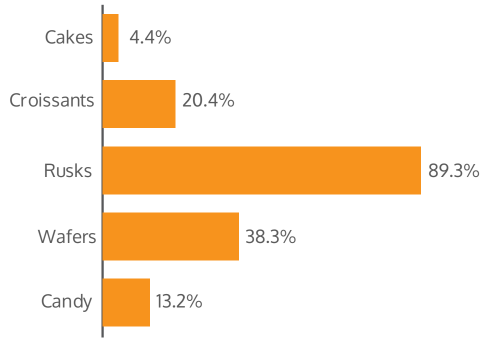
Segment Contribution to Revenue 3Q2016 (EGP mn)



Cakes	EGP 303.8
Croissants	EGP 227.9
Rusks	EGP 40.7
Wafers	EGP 17.6
Candy	EGP 21.7
Imports	EGP 1.3

Overview of Segment Performance

3Q2016 Revenue Growth by Segment (y-o-y)



Revenue growth in 3Q2016 was driven by Edita's croissant, rusks and wafer segments growing at 20.4%, 89.3% and 38.3% y-o-y, respectively. Growth across the three segments comes largely on the back of a 23.3% y-o-y increase in tons sold during 3Q2016. Meanwhile, the cake segment reversed the decline in revenues in the three preceding quarters, posting y-o-y growth of 4.4% in for the current quarter - where a 14.9% y-o-y decline in volumes in 3Q2016 was partially offset by the segment's y-o-y increase in average prices. For the nine month period, slower revenue growth of 6.5% y-o-y in 9M2016 was a result of reduced cake volumes somewhat offsetting volume growth at the croissant and rusks segments.

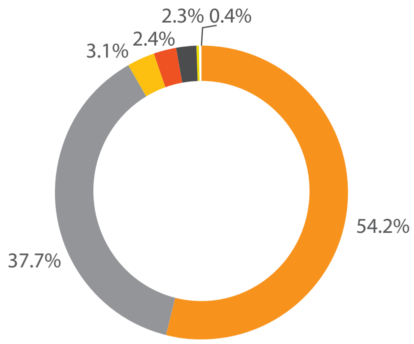
Across its five segments, Edita sold a total of 28.6 thousand tons in 3Q2016, inching up 1.1% compared to the 28.3 thousand tons sold in 3Q2015. Meanwhile, Edita's average factory price points across its portfolio climbed c.28.1% y-o-y to EGP 0.83 per pack, driven primarily by the Twinkies upsizing in the cakes segment as well as the launch of new higher priced offerings across all segments. On a nine months basis, the company sold a total of 79.1 thousand tons in 9M2016, down 5.0% y-o-y compared to the 83.3 thousand tons sold in 9M2015. On the other hand, Edita's average factory prices increased 26.1% y-o-y in 9M2016 to EGP 0.80 per pack.

At the gross profit level, Edita's responsiveness to the rapidly changing macroeconomic environment and the early rollout of its pricing strategy in September 2015 partially offset the pressures on its cost base, including the weakening EGP, higher commodity prices and the implementation of the VAT system. In 3Q2016, GPM stood at 32.9% versus 36.9% in 3Q2015. Over the nine month period, GPM stood at 36.3% in 9M2016 versus 37.6% in the same period last year. Edita's GPM was also supported by the uptick in the cakes segment's GPM which helped offset the squeeze in its other segments.

Average Factory Price Per Pack

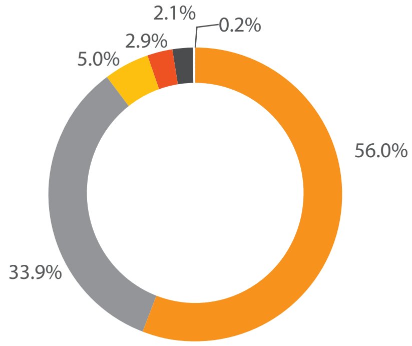
EGP	3Q2015	3Q2016	Change	9M2015	9M2016	Change
Cakes	0.53	0.75	40.6%	0.53	0.71	34.0%
Croissant	0.87	0.93	7.2%	0.86	0.92	6.6%
Rusks	0.81	0.81	0.0%	0.81	0.82	1.2%
Wafers	0.75	0.77	2.7%	0.74	0.76	2.1%
Candy	1.17	1.70	45.3%	1.13	1.56	38.4%
Average Edita	**0.65**	**0.83**	**28.1%**	**0.64**	**0.80**	**26.1%**

Segment Contribution to Gross profit 3Q2015 (EGP mn)



Cakes	EGP 107.1
Croissants	EGP 74.5
Rusks	EGP 6.1
Wafers	EGP 4.7
Candy	EGP 4.6
Imports	EGP 0.8

Segment Contribution to Gross profit 3Q2016 (EGP mn)



Cakes	EGP 112.9
Croissants	EGP 68.4
Rusks	EGP 10.0
Wafers	EGP 5.9
Candy	EGP 4.2
Imports	EGP 0.4

Total Segment Revenues and Volumes Sold (3Q vs. 3Q)

	3Q2015			3Q2016		
	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Packs (millions)	Tons (000s)
Cakes	291	548	16.2	304	407	13.8
Croissant	189	219	9.9	228	246	11.5
Rusks	22	27	0.9	41	51	1.7
Wafers	13	17	0.5	18	23	0.6
Candy	19	16	0.8	22	13	0.9
Imports	2	-	-	1	-	-
Total	**535**	**827**	**28.3**	**613**	**739**	**28.6**

Total Segment Revenues and Volumes Sold (9M vs. 9M)

	9M2015			9M2016		
	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Packs (millions)	Tons (000s)
Cakes	895	1,690	50.1	841	1,185	39.2
Croissant	492	570	25.7	585	635	29.8
Rusks	68	84	2.8	118	144	5.0
Wafers	59	80	2.2	63	83	2.3
Candy	58	52	2.6	69	44	3.0
Imports	6	-	-	6	-	-
Total	**1,579**	**2,476**	**83.3**	**1,681**	**2,091**	**79.1**

Cakes

Total **segment revenues** turned a positive 4.4% y-o-y growth to EGP 303.8 million in 3Q2016, following three consecutive quarters of decline in cake revenues. Growth during the quarter was driven by price increases offsetting reduced volumes which came in 14.9% y-o-y lower in 3Q2016 at 13.8 thousand tons.

It is worth noting that segment volumes are gradually recovering - total tons sold climbed 8.7% q-o-q - as consumers are now more accepting of the higher priced propositions. In addition to the replacement of Twinkies with the higher priced, upsized Twinkies Extra in September 2015, the company launched a roadmap of new products, including the launch of the TODO Bomb in 1Q2016 as well as the Twinkies Icing in 2Q2016, both of which are priced at EGP 2 per pack, in addition to the launch of the TODO Brownies in 3Q2016 at EGP 3 per pack, the highest price point within the cake segment compared to an average of EGP 0.91 per pack.

Meanwhile, on a nine months basis, cake revenues declined 6.0% y-o-y in 9M2016 to EGP 840.9 million, compared to the 9M2015 figure of EGP 895.0 million, owing to demand elasticity post the Twinkies upsizing. Edita sold a total of 39.2 thousand tons of cake in 9M2016, down 21.8% y-o-y.

The company's strategy to provide the market with higher value offers helped support margins with the cake segment's **gross profit** increasing by 5.6% y-o-y to EGP 112.9 million in 3Q2016. GPM consequently inched up to 37.2% versus the 36.8% achieved in 3Q2015 and despite the rising costs of direct materials. In 9M2016, GPM for the cake segment stood at 40.5% compared to 38.0% in 9M2015. Overall, the uptick in the cake segment's GPM helped support Edita's GPM given the weight of cakes in revenues and gross profit.

Croissant

In 3Q2016, the **croissant segment revenues** posted EGP 227.9 million, up 20.4% y-o-y, and contributing the second biggest share to Edita's revenues following the cake segment at 37.2% compared to 35.4% in 3Q2015. Revenue growth was largely volume driven on the back of capacity additions to the new Molto lines commissioned in March and April 2015 as well as the introduction of the new Molto Pate SKU following the commissioning of the segment's new strudel line in March 2016. Edita sold a total of 11.5 thousand tons of croissant in 3Q2016, up 16.3% y-o-y compared to the 9.9 thousand tons sold in 3Q2015.

The segment's performance in 9M2016 somewhat mirrored its third quarter performance with revenues climbing 18.8% y-o-y to EGP 584.8 million. Meanwhile, croissant segment volumes grew by 15.9% y-o-y to 29.8 thousand tons in 9M2016.

At the **gross profit** level, the segment was impacted by the high FX component in the croissant's raw material blend, where the weakening EGP applied downward pressure on the segment's GPM which stood at 30.0% in 3Q2016 versus 39.3% in 3Q2015. Gross profit from the croissant segment came in at EGP 68.4 million, down by 8.1% y-o-y. In 9M2016, croissant gross profit stood at EGP 190.0 million with a GPM of 32.5% versus 9M2015 figure of EGP 192.9 million and a GPM of 39.2%.

Management has thus opted to directly raise prices on most of Edita's Molto brand SKUs by c.50 piasters per pack effective October 2016. The moves marks Edita's first direct price increase as opposed to its primary focus on indirect price increases including the selective upsizing or downsizing of products as well as the launch of new products at higher price points.

Rusk

Rusk segment revenues posted EGP 40.7 million in 3Q2016, up an impressive 89.3% y-o-y and now constituting 6.6% of Edita's revenues versus 4.0% in the same quarter last year. The growth in revenues comes on the back of doubling the segment's capacity to 7.4 thousand tons per annum as of December 2015. The rusks segment continues to operate at full capacity utilisation post ramp-up phase, unlocking the capacity constraint and evident unmet demand existing in the market.

On a nine-month basis, the segment posted revenues of EGP 117.7 million, up 72.5% y-o-y in 9M2016, also owing to capacity additions. The segment sold a total of 5.0 thousand tons in 9M2016 compared to 2.8 thousand tons in 9M2015.

Top-line growth filtered down to the **segment's gross profit** which came in at EGP 10.0 million in 3Q2016, up 64.8% y-o-y. Nevertheless, higher raw materials costs owing to the overall inflationary environment saw GPM for the segment stand at 24.5% in 3Q2016 versus 28.1% in 3Q2015. On a nine months basis, gross profit for the rusks segment posted EGP 33.9 million, up 75.5% y-o-y and with a GPM of 28.8% versus 28.3% in the same period last year.

Wafers

Revenues from the wafer segment increased by 38.3% y-o-y in 3Q2016 to EGP 17.6 million and contributing 2.9% to Edita's revenues versus 2.4% in 3Q2015. Revenue growth during the quarter was largely volume driven where the segment sold a total of 0.6 thousand tons in 3Q2016, up 34.1% y-o-y.

For the nine month period, the wafer segment posted revenues of EGP 62.9 million in 9M2016, an increase of 5.7% y-o-y. Volumes sold as of September 2016 stood at 2.3 thousand tons, up 3.4% y-o-y compared to the 2.2 thousand tons sold in 9M2015.

Meanwhile, the **segment's gross profit** posted EGP 5.9 million in 3Q2016, up 26.7% y-o-y compared to the same period last year. As is the case across all of Edita's segments, GPM inched down on the back of higher costs coming in at 33.7% in 3Q2016 compared to 36.7% in 3Q2015. Gross profit for the nine month period came in at EGP 25.1 million in 9M2016, remaining somewhat flat compared to the EGP 24.9 million posted in 9M2015. GPM meanwhile inched down to 39.9% in 9M2016 versus 41.9% in the same period last year.

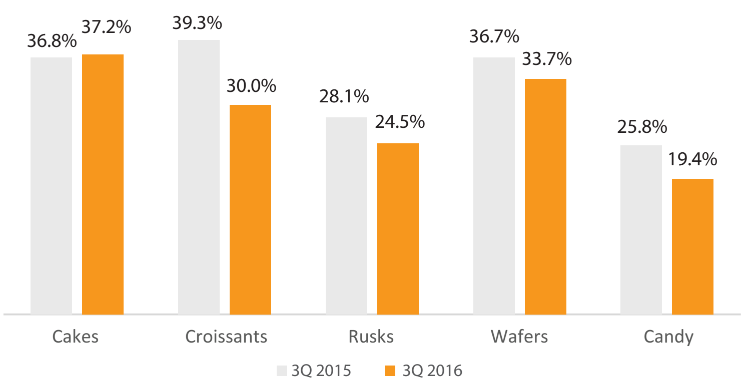
Candy

Candy segment revenues came in at EGP 21.7 million in 3Q2016, a 13.2% y-o-y increase and contributing 3.5% of Edita's revenues compared to 3.6% in the same period last year. The increase in revenues mirrors the segments uptick in volumes by 13.7% y-o-y to 0.9 thousand tons in 3Q2016.

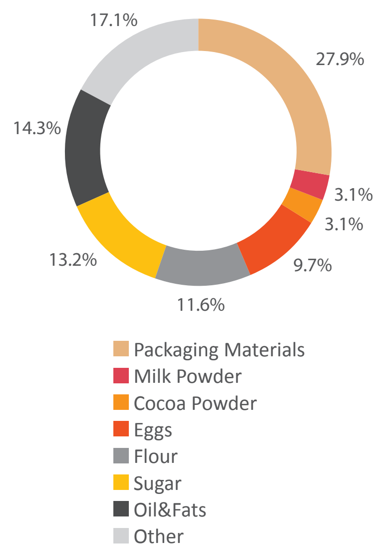
Meanwhile, on a nine month basis the candy segment posted revenues of EGP 68.9 million, up 18.0% y-o-y versus the EGP 58.4 million posted in 9M2015. Total candy sold during the period stood at 3.0 thousand tons, up 15.7% y-o-y.

The candy **segment's gross profit** declined by 14.9% y-o-y in 3Q2016 to EGP 4.2 million, with a GPM of 19.4% versus 25.8% in 3Q2015. The segment was impacted by the new VAT system, where it now incurs a higher tax rate at 13% compared to the 10% previously applied under the old Sales Tax system, in addition to the overall increase in direct materials cost. 9M2016 gross profit recorded EGP 17.9 million, up 25.8% y-o-y and with a GPM of 25.9 % versus 24.3% in 9M2015.

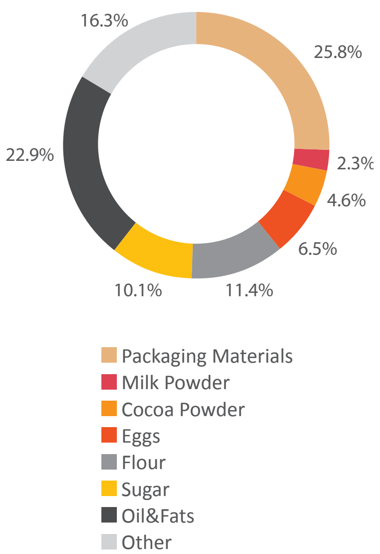
Gross Profit Margin by Product Segment



Direct Material Breakdown 3Q2015



Direct Material Breakdown 3Q2016



Costs of Goods Sold[1]

Edita's cost base is facing significant pressures owing to several factors, namely the continued weakening of the EGP and its consequent effect on its raw materials bill, the implementation of the new VAT system and the prevailing inflationary environment at the macro level. Said factors saw Edita's COGS level increase at 21.8% y-o-y in 3Q2016 to EGP 411.2 million. Pitted against revenue growth during the same period of 14.5% y-o-y, Edita's COGS/Sales ratio increased by four percentage points to 67.1% in 3Q2016 versus 63.1% in the same period last year.

On a nine months basis, Edita's COGS posted EGP 1,071.7 million in 9M2016, up 8.8% y-o-y and yielding a COGS/Sales ratio of 63.7% versus 62.4% in 9M2015.

Constituting the lion's share of COGS at 77.8%, Edita's cost of direct materials grew 23.9% y-o-y in 3Q2016 to EGP 319.9 million and constituted 52.2% of sales versus 48.2% in the same period last year. In 9M2016, cost of direct materials grew 7.8% y-o-y to EGP 814.3 million and constituted 48.4% of sales versus 47.8% in 9M2015. The increase was primarily a factor of the EGP's weakening and its effect on prices of locally sourced materials with an FX component, an overall rise in commodity prices and the implementation of the VAT system.

The replacement of Egypt's sales tax regime in early September by a value-added tax (VAT) will have noticeable impact on Edita's cost structure that will flow down our income statement. Under the previous sales tax system, we charged and remitted a 5% sales tax on all segments save candy, where sales tax was levied at 10%. At the same time, taxes paid by Edita on production inputs were tax-deductible.

Under the VAT system, we must charge and remit to the state a 5% tax on all segments with the exception of our candies segment, which is subject to the standard VAT rate. This 5% tax is referred to in the VAT legislation as a "schedule" tax as it is maintained on a separate schedule of levies where rates vary from the standard rate. The standard rate (also referred to in Egypt as the baseline rate) for the VAT is presently 13%, rising to 14% in the second year of the tax's implementation.

The key change under the VAT system is in the tax treatment of our cost inputs where all cost inputs invoiced by our suppliers are no longer tax deductible, with the exception again being the candy segment where inputs continue to be tax deductible.

As a result, the VAT regime has directly inflated COGS and had an impact on our income statement. The VAT system came into effect on 8 September; our results for the third quarter accordingly reflect 21 days of the new system.

Moreover, Manufacturing Overheads (MOH), which constituted the second largest share of COGS, grew by 11.5% y-o-y to EGP 74.3 million, driven by a rise in salaries and wages and the implementation of adjustments on the cakes line in August 2016 to support the launch of TODO Brownies. As a percentage of sales, however, MOH inched down to 12.1% in 3Q2016 versus 12.4% in the same period last year.

[1] Breakdowns within this section are derived from the company's management report.

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 in 3Q2016 reached EGP 88.9 million, down by 12.9% compared to 3Q2015 levels. Meanwhile, total SG&A[2], which include administrative depreciation, came in at EGP 97.9 million in 3Q2016, amounting to 16.0% of revenues versus 20.6% in 3Q2015. On a nine months basis, SG&A stood at 348.8 million, up 7.2 % y-o-y.

S&D expenses recorded EGP 47.1 million in 3Q2016, up 9.8% y-o-y and constituting 7.7% of revenues, remaining somewhat flat compared to the 8.0% in 3Q2015. The increase during the quarter is owing to the periodic increase in wages and salaries. In 9M2016, S&D expenses climbed 3.6% y-o-y to EGP 133.4 million compared to EGP 128.8 million booked in 9M2015.

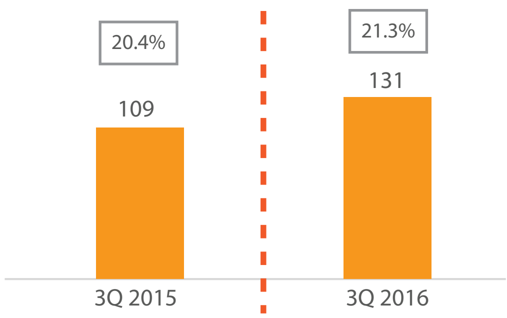
Meanwhile, A&M expenses witnessed a sharp decline to EGP 5.2 million in 3Q2016, constituting only 0.9% of revenues and by down 78.7% y-o-y compared to the EGP 24.7 million in 3Q2015. The decrease is owing to Edita having incurred the bulk of its marketing budget during 1H2016 which it utilized to support the rollout of new products during the first half of the year. A&M expenses booked EGP 69.7 million in 9M2016, up by 11.3% y-o-y.

G&A expenses increased by 6.0% y-o-y in 3Q2016 to EGP 36.6 million mainly due to increases in the company's renewal fees for its software and information technology licenses as well as incurring some residual IPO related expenses. However, as a percentage of sales G&A expenses declined slightly to 6.0% in 3Q2016 versus 6.5% in the same period last year. On a nine months basis, G&A expenses came 6.3% higher at EGP 116.3 million in 9M2016 versus the same period last year.

Edita's profit from operations came in at EGP 103.8 million in 3Q2016, an increase of 18.4% y-o-y, and recording a margin of 16.9% of revenues. Profit from operations, however, recorded a slight 3.0% y-o-y decrease to EGP 260.7 million in 9M2016.

EBITDA

EBITDA Progression (EGP million, % margin)



[2] 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.

At the EBITDA level, Edita posted EGP 130.8 million in 3Q2016, up by 19.7% y-o-y compared to 3Q2015 figure of EGP 109.2 million, while EBITDA margin inched up almost one percentage point to 21.3% compared to 20.4% in 3Q2015. As mentioned above, reduced A&M expenses owing to the company incurring the bulk of its marketing budget in 1H2016 factored in Edita's improved EBITDA margin.

On a nine month basis, EBITDA stood at EGP 341.9 million in 9M2016, up 3.1% y-o-y compared to the EGP 331.7 million recorded in the same period last year. EBITDA margin meanwhile stood at 20.3% in 9M2016 versus 21.0% in 9M2015.

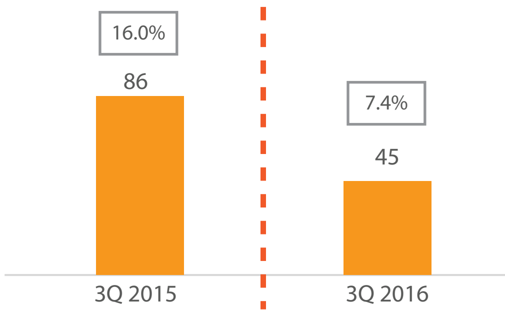
Net Earnings

Net Profit after Tax and Minority Interest (NPAT) recorded EGP 45.2 million in 3Q2016, down 47.2% y-o-y and with a net margin of 7.4% compared 16.0% in 3Q2015. The weakening of EGP saw Edita book FX losses of EGP 24.0 million in 3Q2016, compared to EGP 4.1 million in the same period last year. As noted in our 2Q2016 earnings release, management intends to continue booking FX provisions of EGP 3.0 million on a monthly basis until year end, with 3Q2016 provisions standing at a total of EGP 10.6 million (9M2016: EGP 17.2 million) compared to EGP 1.2 million in 3Q2015 (9M2015: EGP 4.2 million) . Additionally, the company's interest on medium-term loans increased by 34.3% y-o-y to EGP 12.7 million as the company continues to finance its expansion plan through both equity and leverage.

It is worth noting that during 3Q2015 Edita booked a tax reversal of EGP 23.9 million owing to the issuance of the new tax law during the quarter that brought down the corporate tax rate to 22.5% from 30% retroactive January 1, 2015. Factoring out this one-time gain, Edita's 3Q2015 NPAT would stand at EGP 61.8 million with an 11.5% margin.

On a nine month basis, Edita posted NPAT of EGP 119.5 million in 9M2016, down 43.6% y-o-y from the 212.1 million posted in the same period last year. NPAT margin recorded 7.1% versus 13.4% in 9M2015. Edita's 9M2015 NPAT adjusted for the one-time tax reversal would stand at EGP 188.2 million, with a margin of 11.9%.

NPAT Progression (EGP million, % margin)



Balance Sheet

Total assets amounted to EGP 2.2 billion at the end of September 2016, with Property, Plant & Equipment (PP&E) booking EGP 1.4 billion, up from EGP 1.3 billion in 2015, and includes projects under construction of EGP 153.8 million. PP&E includes the E07 plant extension that materialized in 2015 in addition to the new lines that were completed during the first quarter of the year.

Total CAPEX reached EGP 256.2 million in 9M2016, of which EGP 69.7 million were related to the construction of Hub A of the new E08 plant in addition to EGP 21.7 million for the new hall in E15. Additionally, EGP 10.7 million was the residual of the Strudel line (total cost EGP 44 million) and EGP 2.0 million related to the residual cost of the rusks line installed in December 2015. Moreover, in 3Q2016, Edita signed a contract to purchase a plot of land on which it plans to implement its Keystone Project that aims to enhance the efficiency and quality of the production process and also help protect the recipe and know-how confidentiality of Edita's products. As at September 2016, Edita booked CAPEX of EGP 17.7 million in relation to the project. Edita's CAPEX year to date also includes EGP 9.3 million in the form of advances to suppliers for the new wafer line that will be installed in E08 in 2017.

Edita continued to maintain a healthy Cash & Cash Equivalents balance of EGP 338.1 million as at the end of September 2016, constituting 15.4% of the company's total assets. With regards to Working Capital components, Edita continues to implement its policy of maintaining inventory coverage of one-month's-worth of sales for locally-sourced materials and up to three months of imported materials, with an average of 0.75 months during 3Q2016. Meanwhile, finished goods inventory averaged 2.2 days for 3Q2016. Trade and Other Receivables booked EGP 118.0 million in 9M2016, up from EGP 67.8 million in FY2015, however, Edita continues to adopt a cash sales policy (in excess of 97% of sales continue to be conducted on a cash basis). Trade & Other Payables posted a decrease to EGP 235.1 million as at September 2016, down from EGP 255.3 million as at December 2015.

Edita's Current Portion of Long-Term Liabilities decreased to EGP 103.8 million as at September 2016, down from EGP 145.2 million as at year-end 2015. Meanwhile, Long-Term Loans increased to EGP 393.5 million compared to 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 1.22 billion as at the end of September 2016.

Overall, Edita maintains a strong and financially solvent capital structure with a net debt position of EGP 264.4 million and a Net Debt/Equity ratio of 21.6%, providing the company with solid grounds from which to invest in expansion plans and future growth.

Egyptian Accounting Standards Reconciliation to IFRS

The main difference between Edita's EAS and IFRS financial statements is the treatment of employees' profit share. Under the IFRS system, employees' profit sharing are expensed, while the Egyptian Accounting Standards treat them as a distribution and hence do not include them within the income statement.

Gains and losses on FX transactions in the calculation of EBITDA are also treated differently. In 9M2016, EGP 71.5 million in FX losses were added to EBITDA while EGP 0.970 million related to gains on sale of fixed assets were deducted. Moreover, additional adjustments included one-off expenses in relation to the company's EGP 2.5 million donation to "Proudly made in Egypt" initiative to support the Egyptian industrial sector, a profit share deduction of EGP 19.5 million, as well as FX provisions of EGP 12.0 million addition, bringing total adjustments to EBITDA to EGP 65.6 million. Hereunder is the reconciliation between Edita's financial statements in EAS with the IFRS-based financial statements for 9M2016.

in EGP	9M2016 EAS	Adjustment	9M2016 IFRS
Net Sales	**1,681,266,706**		**1,681,266,706**
COGS (excluding M.O.H)	862,231,063		862,231,063
M.O.H	201,714,665		209,514,665
Total COGS	1,063,945,728	7,800,000	1,071,745,728
Gross Profit	**617,320,978**	**(7,800,000)**	**609,520,978**
Gross Profit Margin	*36.7%*		*36.3%*
Selling & Distribution Exp.	128,266,050	5,100,000	133,366,050
Advertising & Marketing Exp.	69,713,206	-	69,713,206
General & Admin. Exp.	109,718,349	6,600,000	116,318,349
Other Operational Exp.	29,389,971	-	29,389,971
Profit from Operations	**280,233,403**	**(19,500,000)**	**260,733,403**
Profit from Operations Margin	*16.7%*		*15.5%*
Profit Before Income Tax	**182,149,478**	**(19,500,000)**	**162,649,478**
Income Tax Expense	43,133,086	-	43,133,086
Net Profit After Tax	**139,016,392**	**(19,500,000)**	**119,516,392**
Net Profit After Tax Margin	*8.3%*		*7.1%*
EBITDA	**276,307,581**	**65,590,558**	**341,898,139**
EBITDA Margin	*16.4%*		*20.3%*

Market Developments

Despite the ongoing economic challenges in 2016, the snack food market is witnessing continuous growth. Between January and August, the market grew 8.9% y-o-y to EGP 8.2 billion (latest data available from AC Nielsen as at August 2016).

The packaged croissants segment remains the most booming segment within the snack food industry, growing by 20.3% in 8M2016 over the same period last year to reach EGP 648.3 million. Edita successfully captured the growth during this eight-month period, increasing its market share by 3.3 points to 69.9% from 66.6% in August last year. This was mainly driven by the 87% croissant capacity increase added in 2015 and the new strudel line (Molto Pate) in March 2016, in addition to the brand new value propositions offered to the Egyptian consumer.

The first eight months of 2016 saw Edita's core cake segment inch up 3.2% y-o-y to EGP 1.2 billion. After the Twinkies upsizing in September 2015, Edita's cake market share initially dropped on the back of lower volumes and increased competition from local producers bottoming at 55.6% in April 2016. However, Edita is currently witnessing gradual recovery in cake volumes and starting to regain some of its market share, reaching 56.2% in August. The strategic decision to upsize the Twinkies SKU – necessary to support healthy margins in an increasingly inflationary environment – is leading a change in the market's pricing structure, with the competition already starting to follow suit and some market players introducing new products at higher price points.

The rusks segment also grew by a significant 10.0% y-o-y in 8M2016, and represents 5.0% of the salty snack market, dominated mainly by potato chips. Edita's market share is currently 40.8% in 8M2016, a notable hike from 35.9% in the same period last year. The company doubled its rusks capacity in December 2015, creating a de-bottleneck effect in rusks sales and enabling the company to continue capturing a larger share of the underserved market.

Edita's share of the wafer market stood at 7.3%, making it the fourth biggest player in the wafer market in Egypt.

Selected Segments of the Snack Food Market in Egypt (8M2016)

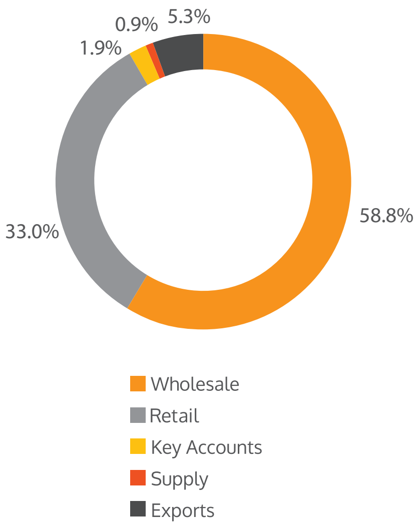
Segment	8M2015 (EGP mn)	8M2016 (EGP mn)	*% Change*
Cake	1,121	1,157	3.2%
Croissant	539	648	20.3%
Salty Snacks	4,477	5,022	12.2%
Rusks*	228	251	10.0%
Wafer	1,191	1,152	-3.2%
Candy**	-	-	-
Total Market	**7,556**	**8,231**	**8.9%**

* Rusk market is 5.0% of total salty snacks
** Eight month data for the candy segment is currently not available as the research sample is being restructured. In 1H2016, the candy market's size stood at EGP 308.6 million.
Source: AC Nielsen Retail Audits

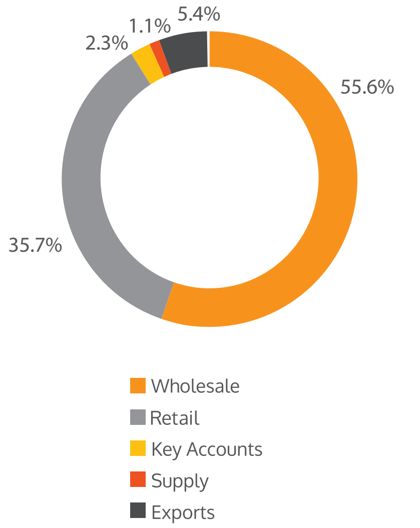
		Market Position	Market Share[4]	Relative Market Share[1]	Av. Consumer Price (EGP / US$[2])	Brands	Brand Awareness[3]
93% of Revenue	Cakes	#1	56.2%	4.2x	0.91 / 0.10		99%
93% of Revenue	Croissants	#1	69.9%	3.6x	1.18 / 0.13		100%
93% of Revenue	Rusks	#2	40.8%	0.7x	1.04 / 0.12		83%
	Wafers	#4	7.3%	0.2x	1.00 / 0.11		91%
	Candy	#2	11.4%	0.5x	3.07 / 0.35		NA

Source: AC Nielsen Retail Audit, IPSOS August 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 September 2016 (CBE).
3. Brand awareness measures the share of respondents that were familiar with the brand in aided, spontaneous consumer surveys.
4. Market Share data reflecting 8M2016

Revenue Contribution by Distribution Channel 3Q2015



Revenue Contribution by Distribution Channel 3Q2016



Marketing

Edita is currently undergoing a process of portfolio rationalization, moving its entire portfolio of products to higher price points. The moves comes in line with an overall trend in the FMCG market where large players are increasing their consumer prices to mitigate against the macro economic challenges including a general increase in costs across the board, a weaker Egyptian Pound, and the VAT.

Edita's marketing strategy remains to offer the market premium, innovated, and differentiated products at higher price points. Our pipeline of new offerings consists of products developed in-house as well as others developed through the newly-acquired know-how for 11 new products from Hostess Brand LLC. In 3Q2016, Edita penetrated a new greenfield market in the cake segment with the introduction of TODO Brownies, the first packaged mass distribution of such product, and priced at EGP 3, a completely new price point in the cake segment. The launch is part of Edita's roadmap of rolling out new products on the freed-up cake line capacity following the retirement of the Twinkies SKU. Additionally, Edita is constantly studying new offerings in order to open up new avenues in this thriving market, offering consumers a differentiated variety of products.

In 3Q2016, the company witnessed consumer behaviour changing towards more acceptance of the higher price points. The new products launched since the beginning of 2016 are receiving positive consumer feedback and are generally exceeding the company's internal forecasts.

The marketing department is continuously supporting the new product launches through intensive advertising campaigns in order to increase their visibility and raise awareness. Edita launched new TV ads on channels with the highest viewership and advertised its latest launches on billboards.

Development of Average Consumer Price by Product Segment

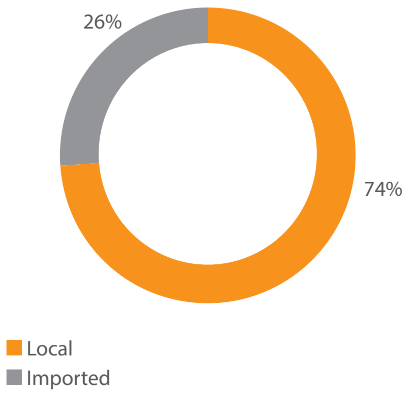
	3Q2015	3Q2016	Change (%)
Cake	0.69	0.91	31.9%
Croissant	1.06	1.18	11.3%
Rusks	1.00	1.04	4.0%
Wafer	1.00	1.00	0.0%
Candy	2.05	3.07	49.8%
Total	0.84	1.05	25.0%

Sales & Distribution[3]

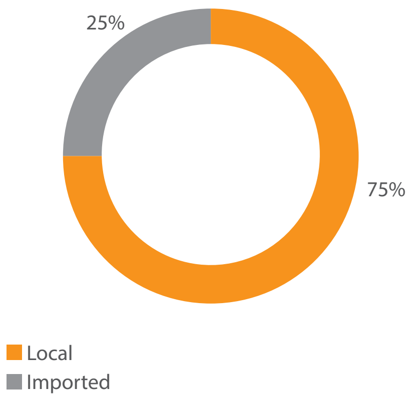
Edita's continues to adopt its strategy of increasing revenues through the retail and traditional points of sale versus wholesale distribution. This strategy allows Edita to better control the market in addition to having the added benefit of quicker acceptance of the higher price points from the retail channel as opposed to wholesalers. In order to do so, the company is investing in its sales force, with 3Q2016 already seeing an increase in the number of distribution vans to 577 and distribution centres to 21.

[3] Revenue by distribution channel refers to gross sales

Imported vesus local direct material
3Q2015



Imported vesus local direct material
3Q2016



In 3Q2016, gross sales from wholesale rose by 6.6% y-o-y to EGP 352.3 million, while sales from retail rose a striking 22.0% to EGP 226.0 million. Sales from retail and traditional sales channels comprised 35.7% of total sales, up from 33.0% in 3Q2015. Meanwhile, revenues from supply and key accounts (modern trade) saw a minor increase during the third quarter of 2016, together contributing 3.4% of total revenue. The number of customers catered to in 3Q2016 increased to 66,542 - up from 63,131 in the same period last year - highlighting the company's successful strategy of expanding its proprietary distribution network across the country.

Edita continues to focus on its regional presence, continuously seeking opportunities to expand its footprint to new export markets across the MENA region as well as Sub-Saharan Africa. The company's push for export growth supports its aim to establish a leading position in the packaged snack food market both locally and regionally, in addition to mitigating against foreign currency limitations in the Egyptian market. In October 2016, the company announced the signing of an agreement with the Kingdom of Saudi Arabia's (KSA) Khalifa A. Algosaibi Cold Stores (KACS) that will see the latter distribute Edita's HTT brands throughout the KSA. The agreement will extend Edita's direct presence on the ground to the second biggest consumer market in the MENA region, acting as a key driver of export growth. Revenues from exports increased by 13.8% y-o-y in 3Q2016, reaching EGP 34.1 million and contributing 5.4% of total revenues. Palestine, the West Bank, and Libya continue to be Edita's largest export markets, constituting 66% of total exports.

Supply Chain

Edita's supply chain department's priorities continue to be maximizing operational efficiency and minimizing costs. The weakening EGP is putting pressure on Edita's cost base particularly for its imported materials as well as on locally sourced materials that are paid in EGP but have an FX component such as oils and fats. Furthermore, the company is constantly diversifying its supplier base in order to ensure continuous availability of raw materials needed at favourable prices. Management of direct materials contracts, given the foreign currency supply limitations, was a key priority for the supply chain department during the quarter. However, the company inventory management policy remains intact as to one month for local materials and three months for imported materials.

The cost of imported direct materials slightly decreased to 25% of total direct materials costs in 3Q2016 compared to 26% in 3Q2015.

Raw materials remain the largest constituent of the direct material bill, accounting for 74.2% of the total direct materials costs in 3Q2016, followed by packaging materials, accounting for 25.8% of direct costs.

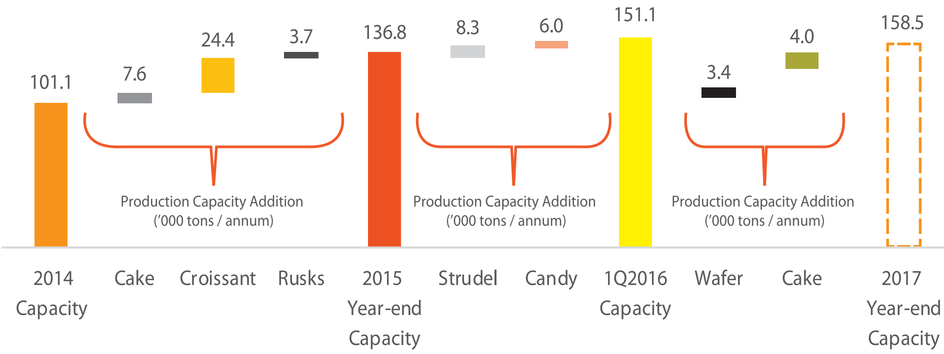
Industrial Operations

Developments on the industrial operations front were geared to support Edita's expansion plans as well as enhance and optimise the existing production processes. In that regard, the company has contracted a new wafer line in 2016 which is set to begin production in 2017; began commissioning of the new candy line in ECI with the startup phase expected to take place in 4Q2016 and; is finalizing a contract for a new cake line set to begin production by 2H2017. Moreover, construction of phase one of the new E08 factory remains on track with phase two recently contracted.

Edita also implemented modifications on the company's existing Twinkies line to accommodate the launch of new products using freed up capacities post the upsizing, In 3Q2016, Edita launched the new TODO Brownies in the cake segment, developed by our in-house R&D and is the first mass-produced packaged brownie with a competitive shelf life.

On the research and development side, the new lab in factory E07 is up and running with ongoing research on cost cutting possibilities given the flexibility and diversity of Edita's inputs, all while ensuring quality control. Additionally, Edita will continue to utilize its R&D capabilities to develop in-house offering and compliment its roadmap of launching new products for which technical know-how has been acquired from Hostess LLC.

Production Capacity Additions in 2014 - 2016



Human Resources

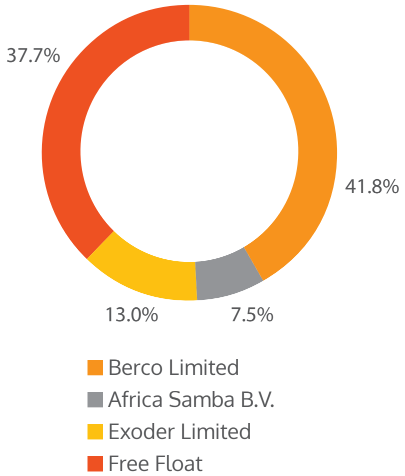
Believing that human capital is the main driving force behind the success of any company, Edita's human resource strategy is focused on driving high performing teams and empowering its employees.

Edita is dedicated to the growth and development of its 5,680 employees, exemplified in its very low employee turnover YTD for white and blue collars standing at 8.6%.

In 3Q2016, the company started working with two labour outsourcing companies for entry-level labour in branches in order to maintain diverse sources for labour and better maintain required skill levels.

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 labour.

Shareholder Structure as of 3Q2016



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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 confectionary/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.