FY2016 EARNINGS RELEASE

Cairo, Egypt | 28 February 2017

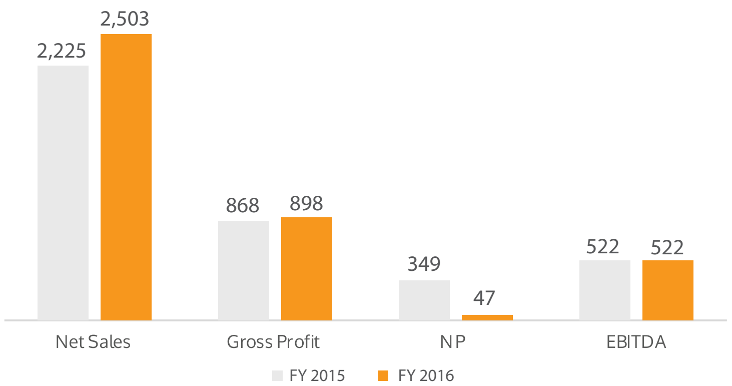
Edita Food Industries Reports FY2016 Earnings

Edita turns a solid quarter with top-line growing 27.1% in 4Q2016; full-year revenues rise 12.5% and operating margins remaining healthy despite unprecedented cost inflation, supported by the company's price point migration strategy

Highlights for FY2016

Revenues EGP **2,503.0** mn ▲**12.5%** y-o-y	**Gross Profit** EGP **898.3** mn ▲**3.6%** y-o-y
EBITDA EGP **521.8** mn **flat** y-o-y	**Net Profit** EGP **47.4** mn ▼**86.4%** y-o-y

Snapshot of Results FY2016 (EGP million)



Summary Income Statement (EGP mn)

EGP mn	4Q2015	4Q2016	Change	FY2015	FY2016	Change
Revenue	646.2	821.7	*27.1%*	2,225.4	2,502.9	*12.5%*
Gross Profit	273.4	288.7	5.6%	867.5	898.3	*3.6%*
% Margin	*42.3%*	*35.1%*		*39.0%*	*35.9%*	
EBITDA	190.2	179.9	-5.4%	521.9	521.8	*flat*
% Margin	*29.4%*	*21.9%*		*23.5%*	*20.8%*	
Net Profit	137.0	-72.1	*NA*	349.1	47.4	*-86.4%*
% Margin	*21.2%*	*-8.8%*		*15.7%*	*1.9%*	

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."

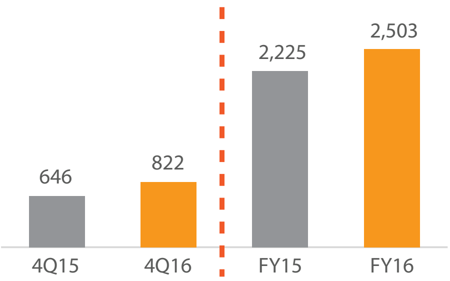
Results in a Nutshell

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 quarter ending 31 December 2016, reporting strong revenue growth of 27.1% year-on-year to EGP 821.7 million in 4Q2016. On a full-year basis, revenues climbed 12.5% y-o-y to EGP 2,503.0 million in FY2016.

Edita delivered strong double-digit revenue growth as management addressed unprecedented changes in the macroeconomic backdrop by rapidly and successfully rolling-out its price point migration strategy starting September 2015. The strategy allowed the company to stay ahead of macroeconomic challenges throughout the year and supported margins amid unprecedented inflationary pressures driven by the Egyptian government's structural reforms, including the introduction of a Value Added Tax (VAT), the float of the Egyptian Pound in November 2016 and the partial lifting of energy subsidies.

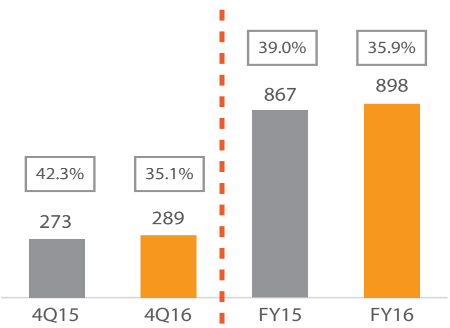
Edita's repricing strategy was initially indirect in nature, including the selective upsizing or downsizing of products as well as the launch of new products at higher price points. Starting 4Q2016, the strategy was accelerated with more aggressive direct price increases through which Edita raised prices in October 2016 of its Molto brand SKUs by c. 25-50% per pack followed by a 50% increase for most of its TODO range. In December 2016, management pushed similar price increases across the portfolio, including a second round for the croissants. Average selling price across all segments rose 28.3% y-o-y in FY2016 and 30.2% y-o-y in 4Q2016.

Revenues Progression
(EGP million)



Management's view is that the macro changes and resultant high-inflation environment present a unique opportunity to raise average prices. Total sales value accordingly rose even as volumes declined in the fourth quarter owing to temporary demand elasticity. Management will use production capacity freed by lower volumes on existing SKUs to introduce new, higher-margin products in 2017, including both Edita-developed products and others from its HTT portfolio. The company's uniquely differentiated business model, brand portfolio, marketing strength, R&D capacity and industrial operations know-how will allow it to aggressively position its product portfolio to preserve and enhance its market leadership, allowing it to capture the benefits of future economic growth.

Gross Profit Progression
(EGP million, % margin)



The **cake segment** turned-in a solid performance in 4Q2016, with sales rising 45.6% y-o-y and driving a very strong 27.1% y-o-y increase in Edita's top-line for the quarter (cakes contributed 55.0% of revenues in 4Q2016). The segment is the first to benefit from Edita's repricing strategy, with consumers having gradually accepted higher-priced products introduced beginning September 2015. This is underscored by a 13.4% y-o-y recovery in segment volumes during 4Q2016 after three consecutive quarters of decline. On a full year-basis, the cakes segment posted revenue growth of 7.2% y-o-y to EGP 1,292.6, contributing 51.6% of Edita's top-line in FY2016 (FY2015: 54.2%).

In the **croissant segment,** revenues rose 11.0% y-o-y in FY2016 to EGP 830.7 million with volumes remaining flat on a full-year basis. In 4Q2016, segment sales declined by 4.2% y-o-y, following the price increases implemented in October and December 2016. A short-term dip in volumes is an expected consequence of the company's repricing strategy in return for supporting margins and enhancing long-term profitability.

Meanwhile, the **rusks segment** continues to be buoyed by new capacities added in December 2015, recording sales growth of 89.9% y-o-y in FY2016 (4Q2016: 135.7%) driven by an 83.1% y-o-y increase in volumes (4Q2016: 95.9%). **Wafer** revenues were also up 15.4% y-o-y in FY2016 (4Q2016: 37.7%) while the **candy segment** recorded full-year growth of 13.6% y-o-y (4Q2016: 3.8%).

At the cost of goods (COGS) level, Edita incurred an 18.2% y-o-y increase in FY2016 driven by inflationary pressures following the economic reforms implemented over the course of the year. The float of the Egyptian pound had a direct impact on Edita's cost structure in 4Q2016, with COGS rising 42.9% y-o-y to EGP 532.9 million. (Please refer to the Costs of Goods Sold section of this report for a more detailed overview).

Despite these headwinds, Edita's gross profit grew 3.6% y-o-y to EGP 898.3 million in FY2016, with a healthy gross margin (GPM) of 35.9% compared to 39.0% in FY2015. Management maintained profitability with a mix of both price increases and cost-cutting initiatives.

Selling, General & Administrative (SG&A) expenses as a percentage of sales were effectively unchanged at 18.1% (EGP 452.6 million) on a full-year basis compared to 18.2% (EGP 405.5 million) in FY2015. This helped support Edita's EBITDA margin at 20.8% in FY2016 or EGP 521.8 million (FY2015: EGP 521.9 million, 23.5% margin). Edita's 4Q2016 EBITDA came in at EGP 179.9 million recording a margin of 21.9%.

Moving down the income statement, Edita recorded FX losses of EGP 298.5 million in FY2016, of which EGP 241.0 million were a consequence of the Egyptian pound's float and the consequent revaluation of the company's foreign-currency-denominated liabilities. These losses saw Net Profit (NP) for the year contract to EGP 47.4 with a margin of 1.9%. With the bulk of the company's FX losses being booked in 4Q2016 (EGP 227.0 million), Edita's bottom-line for the quarter came at a loss of EGP 72.1 million versus a profit of EGP 137.0 million in the same period last year.

On the operational front, Edita's CAPEX and investments in capacity expansion remain on track, with the newly commissioned candy line now fully operational. Additionally, Edita finalized contracts for its new wafer and cake lines set to begin production in 2H2017. Moreover, construction of the new E08 factory remains on track.

Edita is also successfully pushing forward with its regional expansion strategy and has already started capitalizing on the recently signed agreement with the Kingdom of Saudi Arabia's Khalifa A.Algosaibi Cold Stores to distribute Edita's HTT brands throughout KSA. Export sales to KSA in 4Q2016 grew more than five-fold compared to the same period last year. Overall, Edita's export revenues grew 66.4% y-o-y in 4Q2016 and contributed 8.8% of total sales (4Q2015: 6.4%).

Strategy Insight

Edita is heading into 2017 having successfully implemented a significant repricing strategy and rationalized its portfolio, positioning it to better capture the fundamentally positive outlook of the snack food market and lock-in future growth. The company will continue to preserve its competitive market position through capacity expansions and a sharp focus on product innovation.

A key pillar of Edita's forward looking strategy is to begin fully capitalizing on its in-house R&D capabilities alongside the new technical know-how acquired from Hostess to continuously roll out new products. In that regard, management views the strong demand witnessed for Edita's new and innovative croissant and cake products — including the TODO Brownies, TODO Bomb and Molto Pate — as a positive gauge of the company's success in delivering differentiated products that set it apart from the competition.

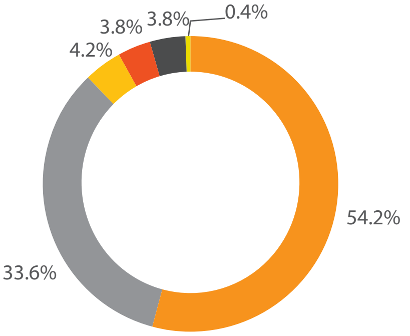
In parallel, Edita will leverage its strong brand equity among consumers and their increasing acceptance of premium, higher-priced value propositions as it seeks to optimize its portfolio and maximize profitability.

On the costs side, Edita's diversified cost structure and flexible business model allow it to implement cost-cutting initiatives, particularly with regards to reducing imported materials.

On the distribution front, Edita is pushing forward with its shift towards more retail channels as it seeks to improve its penetration rate and gain direct access to consumers. The strategy also has the added benefit of quicker acceptance of the higher price points from the retail channel as opposed to wholesalers.

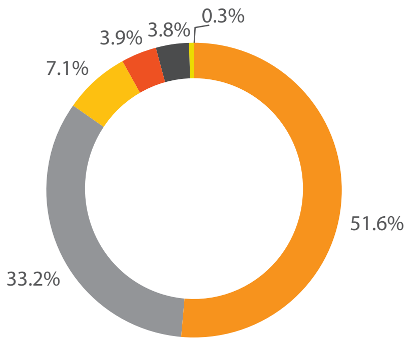
Edita's expansion to new markets is a strategic priority in 2017. Management is actively exploring new markets as it seeks to capitalize on Edita's distribution rights to 12 regional markets and to position the company as a multi-country player with a strong stream of export revenue. Implementation of our regional expansion drive may take the form of both organic growth opportunities (adding new distribution agreements similar to KSA or through direct, on-the-ground investment) as well as inorganic opportunities, both in expansion markets and in Egypt. The company is aggressively evaluating its current organizational structure and human resources base to be well-positioned for future growth.

Segment Contribution to Revenue FY2015 (EGP mn)



Cakes	EGP 1,205.2
Croissants	EGP 748.7
Rusks	EGP 94.2
Wafers	EGP 85.2
Candy	EGP 84.3
Imports	EGP 7.9

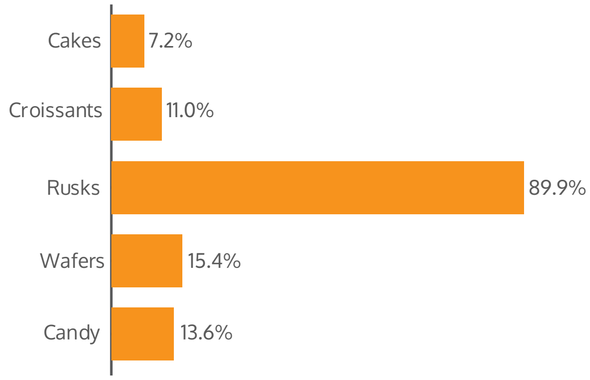
Segment Contribution to Revenue FY2016 (EGP mn)



Cakes	EGP 1,292.6
Croissants	EGP 830.7
Rusks	EGP 178.8
Wafers	EGP 98.3
Candy	EGP 95.8
Imports	EGP 6.8

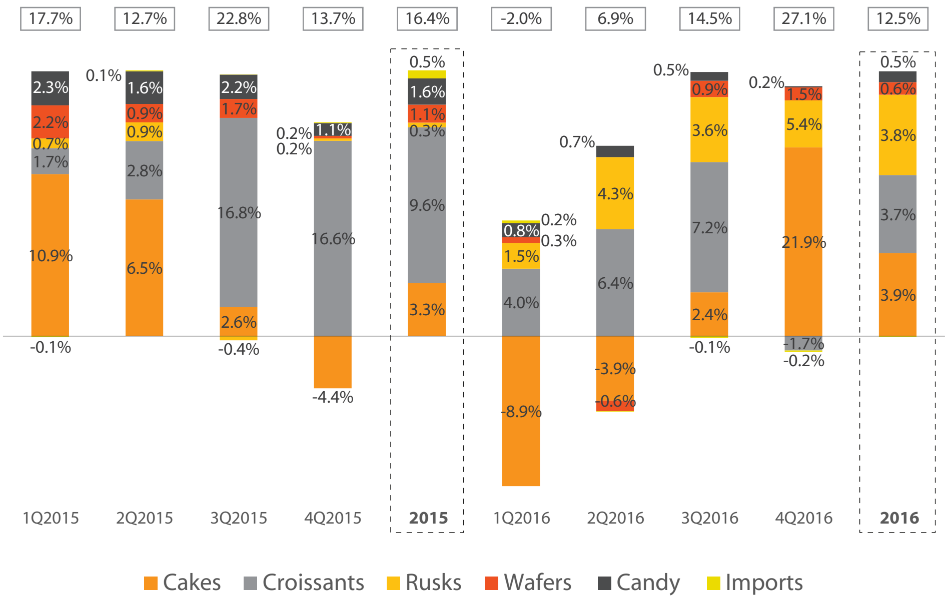
Overview of Segment Performance

FY2016 Revenue Growth by Segment (y-o-y)



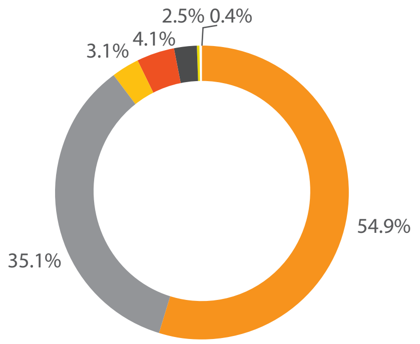
Revenue growth in FY2016 was equally driven by Edita's cakes (7.2%), croissants (11.0%) and rusks (89.9%) segments and recording 31.5%, 29.5% and 30.5% of total FY2016 growth in absolute terms, respectively. On a quarterly basis, strong revenue growth of 27.1% y-o-y in 4Q2016 was thanks to a solid performance at the cakes segment which posted a 45.6% y-o-y increase in 4Q2016 revenues.

Segment Contribution to Growth



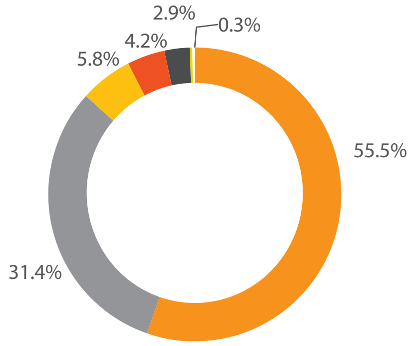
Across its five segments, Edita sold a total of 109.4 thousand tons in FY2016, a 4.5% decline compared to the 114.6 thousand tons sold in FY2015. Meanwhile, Edita's average factory price points across its portfolio climbed c.28.3% y-o-y to EGP 0.87 per pack, driven primarily by the Twinkies upsizing in the cakes segment as well as the launch of new higher priced and more premium offerings across all segments. On a quarterly basis, the company sold a total of 30.3 thousand tons in 4Q2016, down 3.3% y-o-y compared

Segment Contribution to Gross profit FY2015 (EGP mn)



Cakes	EGP 475.9
Croissants	EGP 304.1
Rusks	EGP 26.7
Wafers	EGP 35.9
Candy	EGP 21.3
Imports	EGP 3.6

Segment Contribution to Gross profit FY2016 (EGP mn)



Cakes	EGP 498.4
Croissants	EGP 282.0
Rusks	EGP 52.3
Wafers	EGP 37.5
Candy	EGP 25.8
Imports	EGP 2.3

to the 31.3 thousand tons sold in 4Q2015. The recent direct price increases implemented in 4Q2016 across all segments saw Edita's average factory prices increase 30.2% y-o-y during the quarter to EGP 1.05 per pack.

Average Factory Price Per Pack

EGP	4Q2015	4Q2016	Change	FY2015	FY2016	Change
Cakes	0.71	0.95	33.7%	0.57	0.78	37.3%
Croissant	0.91	1.27	39.2%	0.88	1.00	13.9%
Rusks	0.79	0.95	19.4%	0.80	0.86	6.7%
Wafers	0.74	0.93	26.6%	0.74	0.81	9.7%
Candy	1.34	1.91	43.0%	1.19	1.65	38.9%
Average Edita	**0.80**	**1.05**	**30.2%**	**0.68**	**0.87**	**28.3%**

Total Segment Revenues and Volumes Sold (4Q vs. 4Q)

	4Q2015			4Q2016		
	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Packs (millions)	Tons (000s)
Cakes	310	438	15.0	452	477	17.0
Croissant	257	281	13.2	246	193	9.1
Rusks	26	33	1.1	61	64	2.1
Wafers	26	35	0.9	35	38	1.0
Candy	26	19	1.1	27	14	1.1
Imports	2	-	-	1	-	-
Total	**646**	**805**	**31.3**	**822**	**786**	**30.3**

Total Segment Revenues and Volumes Sold (FY vs. FY)

	FY2015			FY2016		
	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Packs (millions)	Tons (000s)
Cakes	1,205	2,127	65.1	1,293	1,661	56.2
Croissant	749	850	38.9	831	828	38.9
Rusks	94	117	3.9	179	208	7.1
Wafers	85	115	3.1	98	121	3.3
Candy	84	71	3.7	96	58	4.0
Imports	8	-	-	7	-	-
Total	**2,225**	**3,281**	**114.6**	**2,503**	**2,877**	**109.4**

In FY2016, Edita was successful in supporting its gross profit closing the year with a GPM of 35.9% compared to the 39.0% recorded in FY2015 despite the severe pressures on its cost base. GPM in 4Q2016 stood at 35.1% (4Q2015: 42.3%).

Cakes

The **cake segment posted revenues** of EGP 1,292.6 million in FY2016, contributing the lion's share to Edita's top-line at 51.6% and posting y-o-y growth of 7.2%. Segment performance for the full year was buoyed by a strong performance during 4Q2016 where the early roll out of price increases coupled with a rebound in total volumes sold pushed sales up by an impressive 45.6% y-o-y.

As consumers gradually accepted Edita's more premium offerings, cake volumes reversed the downward trend witnessed over the course of the previous three quarters closing 4Q2016 up 13.4% y-o-y, a testament to the success of Edita's price point migration strategy. The segment sold a total of 56.2 thousand tons in FY2016, down 13.7% y-o-y.

Overall, cake prices increased 37.3% y-o-y in FY2016 and 33.7% y-o-y during the fourth quarter of the year. The early migration of the cake portfolio to more premium, higher priced products helped support margins, constantly staying ahead of inflationary pressures and rising costs of direct materials. The **segment recorded gross profit** of EGP 498.4 million during FY2016, up 4.7% y-o-y and with a full-year GPM of 38.6% compared to 39.5% in FY2015. However, following the float of the Egyptian Pound in November 2016 and the consequent sharp increase in materials cost, GPM for the quarter declined to 34.9% compared to 43.8% in 4Q2015.

It is worth noting that the cake segment's new innovations introduced during FY2016, namely the TODO Bomb, Twinkies Icing and TODO Brownies have exceeded expectations and allowed Edita to maintain its position as the market leader with a 56.6% market share as of December 2016.

Croissant

In FY2016, the **croissant segment revenues** posted EGP 830.7 million, contributing some 33.2% of Edita's top-line and recording an 11.0% y-o-y growth. Segment growth maintained an upward momentum during the first nine months of 2016 driven by 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. Starting 4Q2016, management applied direct price increases by c.25-50% on most croissant SKUs in October 2016 and again in December 2016, which saw volumes slowdown by 31.1% in 4Q2016 with segment revenues declining 4.2% y-o-y for the quarter. Average croissant segment prices increased by 13.9% y-o-y in FY2016 and 39.2% y-o-y in 4Q2016.

At the **gross profit level**, the EGP's weakening throughout 9M2016 and its subsequent float in 4Q2016 applied downward pressure on the segment's GPM owing to the high FX component in the croissant's raw material blend. In FY2016 the segment posted a gross profit of EGP 282.0 million, down 7.3% y-o-y and with a GPM of 33.9% versus 40.6% in FY2015. Following the price increases implemented in 4Q2016, croissant segment GPM began to make a recovery reaching 37.4%, the first q-o-q increase in margins (3Q2016: 30.0%).

Rusk

Rusk revenues posted an impressive 89.9% y-o-y growth in FY2016 to EGP 178.8 million, contributing 7.1% to Edita's top-line compared to 4.2% in FY2015. The segment continued to capitalize on new capacities added in December 2015 which doubled output to 7.4 thousand tons per annum and saw volumes sold increase 83.1% y-o-y in FY2016. On a quarterly basis, revenues came in at EGP 61.1 million in 4Q2016 recording growth of 135.7% y-o-y. The strong growth in the fourth quarter is owing to a continued increase in volumes (up 95.9% y-o-y) despite a wave of price increases implemented in December 2016, evident of strong unmet demand in the market.

Strong top-line performance was mirrored at the **gross profit level** which came in at EGP 52.3 million in FY2016, up 95.6% y-o-y and with a GPM of 29.2% versus 28.4% in FY2015. Price increases rolled out at the end of the year saw GPM expand to 30.2% in 4Q2016 up from 24.5% the previous quarter and compared to 28.6% in the same period last year.

Wafers

Revenues from the wafer segment increased by 15.4% y-o-y in FY2016 to EGP 98.3 million and contributing 3.9% to Edita's revenues versus 3.8% in FY2015. Following a post seasonality volume recovery in 3Q2016, revenue growth in the last quarter of the year was largely price driven, with sales posting a 37.7% y-o-y growth in 4Q2016. Overall the segment sold a total of 3.3 thousand tons in FY2016, up 5.1% y-o-y. Edita is currently in the process of commissioning a new wafers line set to begin production in 2017.

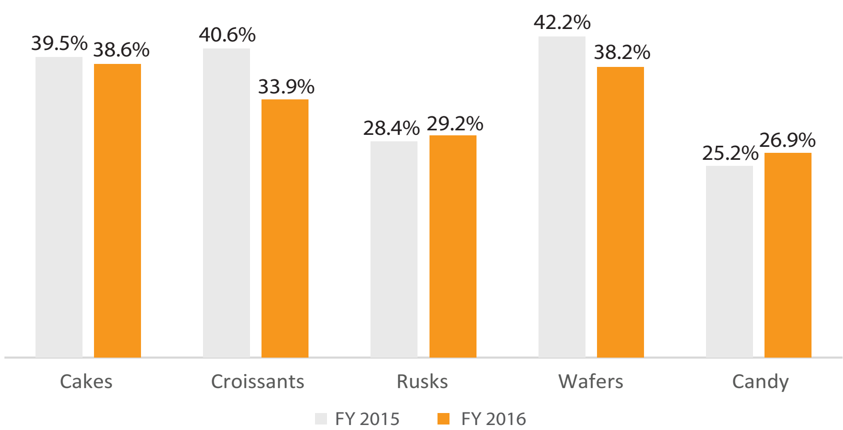
Gross profit for the segment recorded EGP 37.5 million in FY2016, up 4.5% y-o-y and with a GPM of 38.2% compared to 42.2% in FY2015. Gross profitability was weighed down by higher costs as is the case across all of Edita's segments. Nevertheless, GPM in 4Q2016 marked a slight improvement q-o-q recording 35.0% versus 33.7% in 3Q2016 on the back of price increases implemented in December 2016.

Candy

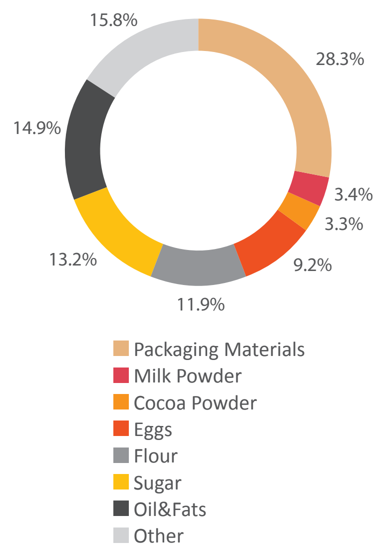
Candy segment revenues in FY2016 came in at EGP 95.8 million, a 13.6% y-o-y increase with contribution to Edita's revenues remaining unchanged at 3.8%. Segment growth for the year was largely volume driven where Edita sold a total of 4.0 thousand tons in FY2016, up 9.8% y-o-y. On a quarterly basis, price increases implemented in December 2016 saw volumes decline 3.8% y-o-y with sales growth slowing down by 3.8% y-o-y in 4Q2016.

Growth in the **candy segment's gross profit** outpaced revenue growth and recorded a 21.1% y-o-y increase to EGP 25.8 million, yielding a GPM of 26.9% versus 25.2% in FY2015. The improvement in profitability comes despite the impact of the new VAT system in addition to the overall increase in direct materials cost. GPM in 4Q2016 stood at 29.5% compared to 28.6% in the same period last year.

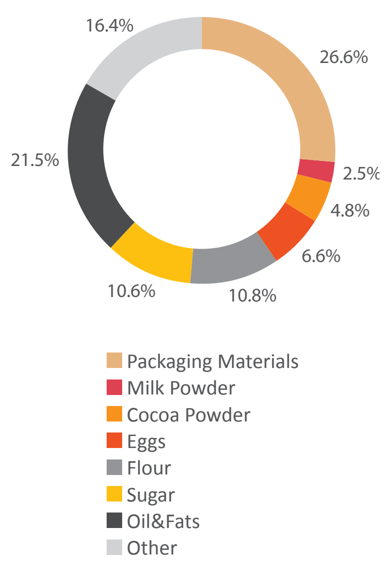
Gross Profit Margin by Product Segment



Direct Material Breakdown FY2015



Direct Material Breakdown FY2016



Costs of Goods Sold[1]

In FY2016 Edita's cost base faced significant pressures on the back of several factors, namely the weakening and subsequent float of the Egyptian Pound; the implementation of the new VAT system (Edita's input costs are no longer tax deductible as was the case under the old Sales Tax system); and the prevailing inflationary environment at the macro level. These pressures had a direct effect on the majority of Edita's cost structure, leading COGS to reach EGP 1,604.6 million in FY2016, up 18.2% y-o-y and with a COGS/Sales ratio of 64.1% compared to 61.0% in FY2015.

On a quarterly basis, the effect of the Central Bank's decision to float the Egyptian Pound in November 2016 had a more profound effect on Edita's raw materials bill in 4Q2016, with COGS rising 42.9% y-o-y to EGP 532.9 million compared to EGP 372.8 million in the same period last year. Consequently, Edita's COGS/Sales ratio inched up 7.2 percentage points to 64.9% in 4Q2016 compared to 57.7% in the same period last year.

Standing at 77.6% of COGS, Edita's cost of direct materials grew 18.8% y-o-y in FY2016 to EGP 1,245.8 million and constituted 49.8% of sales versus 47.1% in FY2015. In 4Q2016, cost of direct materials grew 47.0% y-o-y and constituted 81.0% of COGS (4Q2015: 78.7%) and 52.5% of sales (4Q2015: 45.4%).

Constituting the second largest share of COGS, Manufacturing Overheads (MOH) were affected by a rise in salaries and wages and grew 12.9% y-o-y to EGP 293.5. As a percentage of sales, however, MOH were maintained at 11.7% in FY2016. On a quarterly basis, MOH increased 25.9% y-o-y to EGP 83.9 million.

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). In FY2016, total expenses amounted to EGP 452.6 million, an 11.6% y-o-y increase and constituting 18.1% of revenues, in line with FY2015 levels.[2]

S&D expenses recorded EGP 190.3 million in FY2016, up from EGP 180.7 million the previous year and posted an S&D/Sales ratio of 7.6%. On a quarterly basis, S&D expenses recorded EGP 57.0 million in 4Q2016, up 9.6% y-o-y.

Meanwhile, A&M expenses witnessed a 17.6% y-o-y increase in FY2016 to EGP 97.0 million, however, remained somewhat flat as a percent of revenues at 3.9% versus 3.7% in FY2015. In 4Q2016, A&M expenses came in at EGP 27.2 million compared to EGP 19.8 million in the same period last year.

G&A expenses recorded EGP 165.3 million in FY2016, up 16.1% y-o-y and constituting 6.6% of full-year revenues. On a quarterly basis, G&A came in 48.6% higher than 4Q2015 at EGP 49.0 million. As a percentage of sales, G&A constituted 6.0% in 4Q2016, up almost one percentage point compared to the 5.1% recorded in 4Q2015.

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

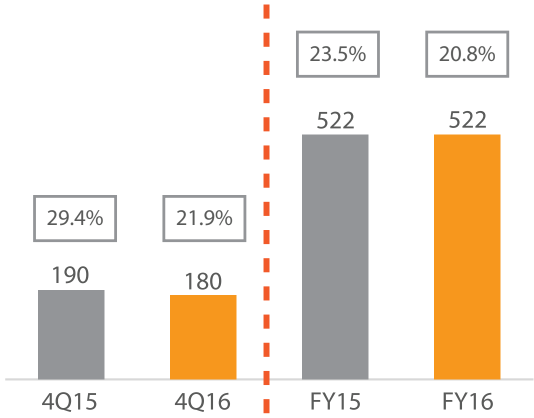
[2] SG&A breakdown is derived from the company's management accounts to ensure an accurate depiction of each of Edita's expenses and how they reflect on the business.

Edita's profit from operations recorded EGP 407.3 million in FY2016, a 5.0% decline compared to the EGP 428.7 million posted last year and with a margin of 16.3%. In 4Q2016, profit from operations came in at EGP 146.6 million, down 8.4% versus the same period last year.

EBITDA

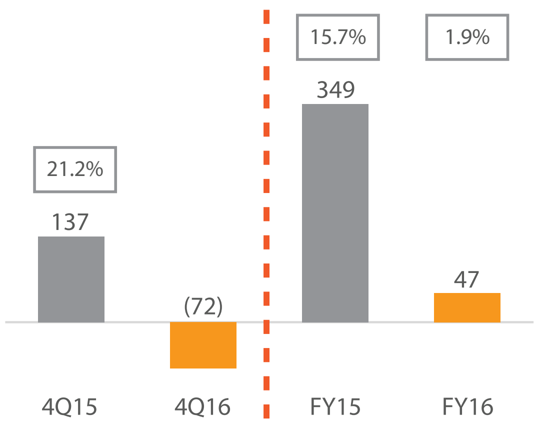
EBITDA in FY2016 posted EGP 521.8 million, a flat performance compared to the EGP 521.9 million recorded the previous year and comes despite the inflationary pressures on the company's direct materials cost. EBITDA margin recorded 20.8% compared to the 23.5% achieved in FY2015. Edita's full-year EBITDA levels were supported by its ability to maintain SG&A/Sales at 18.2% versus 18.1% in FY2015. Meanwhile on a quarterly basis, EBITDA recorded EGP 179.9 million, down 5.4% y-o-y and with a margin of 21.9% compared to 29.4% in 4Q2015.

EBITDA Progression (EGP million, % margin)



Net Earnings

NP Progression (EGP million, % margin)



Net Profit recorded EGP 47.4 million in FY2016, down 86.4% y-o-y and with a net margin of 1.9% compared to 15.7% in FY2015.

The sharp decline in bottom-line is primarily owing to one-time FX losses booked during the year amounting to EGP 298.5 million (FY2015: gain of EGP 1.4 million), of which EGP 241.0 million were a result of the Egyptian Pound's float and the consequent revaluation of foreign currency denominated liabilities.

The bulk of Edita's FX losses during the year were booked in 4Q2016 (EGP 227.0 million) which eroded the quarter's profitability turning a net loss of EGP 72.1 million in 4Q2016 versus a profit of EGP 137.0 million in the same period last year.

Balance Sheet

As at the year ended 31 December 2016, Edita's total assets amounted to EGP 2.4 billion with Property, Plant and Equipment (PP&E) recording EGP 1.3 billion and projects under construction posting EGP 163.1 million.

Total CAPEX in FY2016 reached EGP 402.0 million, of which EGP 118.2 million were related to the construction of Hall A of the new E08 plant and EGP 28.5 million for the new hall in E15. Edita also booked EGP 17.9 million related to land and infrastructure cost of its Keystone Project, which aims to enhance the efficiency and quality of Edita's production processes and protect the confidentiality of its recipes and know-how. Additionally, Edita booked residual CAPEX related to the Strudel line installed in the beginning of FY2016 of EGP 10.7 million (total cost EGP 44 million) as well as EGP 2.0 million related to the residual cost of the rusks line installed in December 2015. Meanwhile CAPEX for new lollipop line commissioned in November 2016 amounted to EGP 46.6 million while CAPEX related to the new wafer and cakes lines earmarked for installation in 2017 at the new E08 factory booked EGP 64.7 million.

Cash & Cash Equivalents continue to be maintained at healthy levels closing the year at EGP 282.6 million as at 31 December 2016 and constituting 11.6% 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 for imported materials. Days on hand averaged 1.1 month during 4Q2016, slightly higher than previous quarters as utilization rates declined post the price increases. Meanwhile finished goods inventory averaged 2.9 days for 4Q2016.

Trade and other receivables booked EGP 196.7 million in FY2016 compared to EGP 67.8 million in the previous year. The sharp increase is reflective of flexible terms extended to suppliers as a means of providing them with temporary support in the light of the current pressures. Edita, however, continues to adopt a cash sales policy with 97% of sales conducted on a cash basis. Trade and other payables closed at EGP 260.4 million in FY2016, almost equal to last year's amount of EGP 255.2 million.

Edita's Current Portion of Long-Term Liabilities amounted to EGP 146.2 million as at year-end 2016, slightly higher than FY2015 figure of EGP 145.2 million. Meanwhile, Long-Term Loans increased to EGP 527.8 million in FY2016 compared to EGP 346.2 million last year. Total Shareholders' Equity stood at EGP 1.15 billion as at 31 December 2016. Edita's net debt position stood at EGP 631.9 million.

Egyptian Accounting Standards Reconciliation to IFRS

Edita's EAS and IFRS financial statements differ in the treatment of employees' profit share which is expensed under the IFRS while the EAS accounts for them as a distribution and are thus not included on the income statement.

Additionally, EAS and IFRS differ in the calculation of EBITDA. In FY2016 EGP 298.5 million in FX losses were added to the EBITDA while EGP 3.9 million related to gains on sale of fixed assets were deducted. Other adjustments included a one-off expense of EGP 2.5 million related to the company's donation to the "Proudly made in Egypt" initiative which supports the Egyptian industrial sector, and a profit share deduction of EGP 26.0 million bringing the total EAS to IFRS adjustments on EBITDA to EGP 271.1 million. Additionally, EGP 94.7 in FX losses were not originally included in the EAS statements and thus net EBITDA adjustments stood at EGP 176.4 million.

A reconciliation between Edita's financial statements in EAS with the IFRS-based financial statements for FY2016 is provided in the table below.

in EGP mn	FY2016 EAS	Adjustment	FY2016 IFRS
Net Sales	**2,502.9**		**2,502.9**
COGS (excluding M.O.H)	1,311.2		1,311.2
M.O.H	283.1		293.5
Total COGS	1,594.2	10.4	1,604.6
Gross Profit	**908.7**	**(10.4)**	**898.3**
Gross Profit Margin	*36.3%*		*35.9%*
Selling & Distribution Exp.	183.5	6.8	190.3
Advertising & Marketing Exp.	97.0	-	97.0
General & Admin. Exp.	156.5	8.8	165.3
Other Operational Exp.	38.4	-	38.4
Profit from Operations	**433.3**	**(26.0)**	**407.3**
Profit from Operations Margin	*17.3%*		*16.3%*
Profit Before Income Tax	**213.1**	**(120.7)**	**92.3**
Income Tax Expense	44.9	-	44.9
Net Profit	**168.2**	**(120.7)**	**47.4**
Net Profit	*6.6%*		*1.9%*
EBITDA	**345.4**	**176.4**	**521.8**
EBITDA Margin	*13.8%*		*20.8%*

Market Developments

As of December 2016, the snack food market grew by 9.5% y-o-y to EGP 18.0 billion (latest data available from AC Nielsen as at December 2016), a strong performance despite the economic challenges that characterized 2016.

The croissants segment was the fastest growing segment recording y-o-y growth of 21.4% to EGP 1.0 billion. Thanks to Edita's capacity expansions in this vital segment - 87% croissant capacity increase added in 2015 and the new strudel line (Molto Pate) in March 2016 - and to new value propositions offered to the Egyptian consumer, the company successfully captured the segment's growth and increased its market share to 68.3% in December 2016, up from 67.8% last year.

As of December 2016, the cake segment also recorded growth of 11.5% y-o-y to EGP 1.8 billion. Edita continues to regain market share in this core segment (56.6%) following the Twinkies upsizing in September 2015 and the witnessed elasticity in demand. The strategic decision to upsize the Twinkies SKU and roll out new and innovative products at higher price points places Edita at the lead of pushing a change in the market's pricing structure.

Representing 5.2% of the salty snacks market that is dominated by potato chips, the rusks segment grew by a solid 13.9% y-o-y to EGP 390.1 million. Edita's market share in this fast growing segment stood at 41.5% in December 2016, up from 37.2% in 2015. Edita's rusk sales were buoyed by the company's doubling of its production capacity in late 2015, with volumes sold rising more than two-fold despite the increase in prices, evidence of unserved demand in the market.

Edita's share of the EGP 1.7 billion wafer market stood at 7.3%, making it the fourth biggest player in Egypt. Meanwhile, the candy market size recorded EGP 542.9 million with Edita's market share gradually growing to reach 12.5% as of December 2016.

Selected Segments of the Snack Food Market in Egypt

Segment	FY2015 (EGP mn)	FY2016 (EGP mn)	*% Change*
Cake	1,584	1, 766	11.5%
Croissant	828	1,004	21.4%
Salty Snacks	6,589	7,503	13.9%
*Rusks**	*343*	*390*	*13.9%*
Wafer	1,711	1,702	-0.5%
Candy	577	543	-5.9%
Total Market**	**16,434**	**18,001**	**9.5%**

* Rusk market is c.5.2% of total salty snacks

** Total market includes the biscuits, chocolates and gum segments.

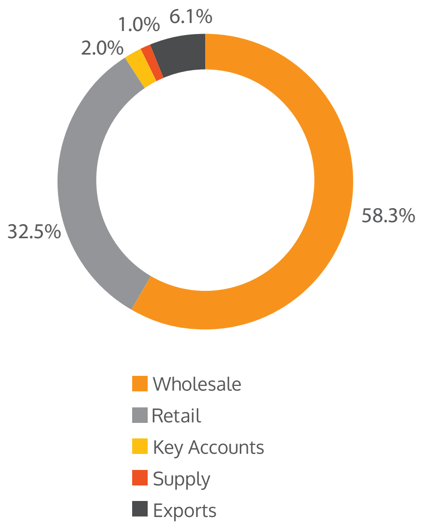
Source: AC Nielsen Retail Audits

		Market Position	FY2016 Market Share	FY2015 Market Share	Av. Consumer Price (EGP / US$[1])	Brands
92% of FY2016 Revenue	Cakes	#1	56.6%	63.6%	0.97 / 0.05	
	Croissants	#1	68.3%	67.8%	1.28 / 0.07	
	Rusks	#2	41.5%	37.2%	1.08 / 0.06	
	Wafers	#4	7.3%	7.7%	1.05 / 0.06	
	Candy	#2	12.5%	NA	3.37 / 0.18	

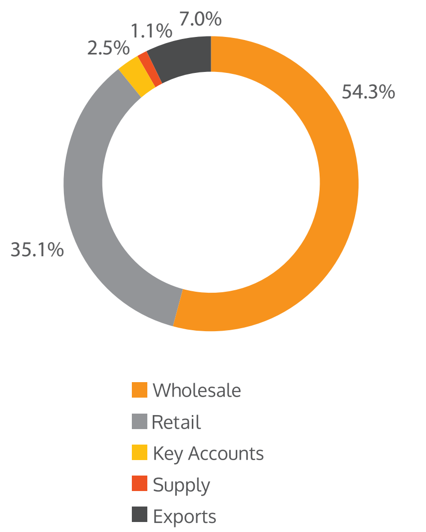
Source: AC Nielsen Retail Audit, IPSOS December 2016

1. US$/EGP of 18.41 as of 31 December 2016 (CBE).

Revenue Contribution by Distribution Channel FY2015



Revenue Contribution by Distribution Channel FY2016



Marketing

Edita closed FY2016 having carried out a process of complete price restructuring across its product portfolio, moving its products to higher price points. This price point migration strategy was kicked-off in response to the prevailing macroeconomic developments.

The cornerstone of Edita's marketing strategy is to leverage its R&D capabilities alongside the acquired technical know-how acquired from Hostess LLC to continue offering the market with more premium, innovative and differentiated products such as the recently launched TODO Brownies — the first packaged and mass distributed product of its kind. The strategy allows Edita to open up new market areas previously unserved and characterized by having a high growth potential. Overall, Edita's newly launched products are positively received across the market with consumer behaviour becoming increasingly accepting of higher price points given the inflationary environment, a factor also supported by Edita's brand equity and ability to deliver value products.

In that regard, the marketing department is continuously working on strengthening Edita's brand equity through intensive advertising campaigns, increasing product visibility and raising awareness among consumers. Throughout 2016, Edita launched new TV ads on channels with high viewership and advertised its launches on billboards across Egypt.

Development of Average Consumer Price by Product Segment

	FY2015	FY2016	Change (%)
Cake	0.74	0.97	31.1%
Croissant	1.13	1.28	13.5%
Rusks	1.00	1.08	8.0%
Wafer	1.00	1.05	5.0%
Candy	2.18	3.37	54.4%
Total	**0.89**	**1.12**	**25.8%**

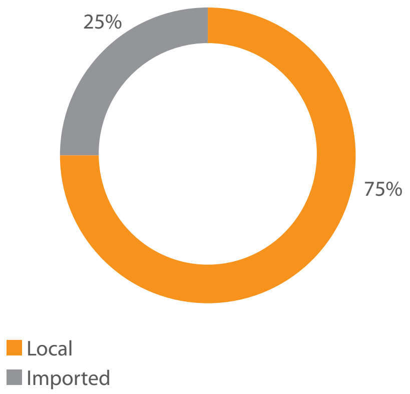
Sales & Distribution[3]

Optimising Edita's distribution channels mix is one of the company's key strategic priorities and is geared toward generating more sales from retail and traditional points of sale versus wholesale distribution. Increasing direct access to retail channels provides Edita with a more accurate market pulse and allows it to quickly react to its changing dynamics. Additionally, retail channels have proven to be quicker than wholesale when it comes to accepting higher price points.

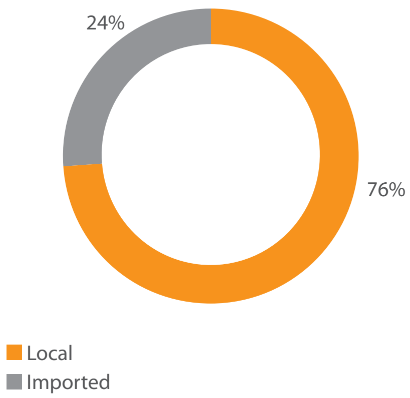
In 2016, on-the-ground efforts to support this strategy included increasing the number of distribution vans to 577, compared to 544 in 2015, with 21 distribution centres serving customers across the country and thus improving Edita's penetration rate. Said measures are already being reflected on Edita's sales and distribution mix with 4Q2016 sales from retail distribution recording 35.9% of sales, up from 34.0% in 4Q2015. Overall sales from retail channels posted EGP 294.8 million in 4Q2016, up 27.8% y-o-y (FY2016: EGP 903.9 million, up 19.1%) while wholesale channels generated EGP 418.2 million, an increase of 9.7% y-o-y (FY2016: EGP 1,400.3 million, up 2.9%). Meanwhile, revenues from supply and key accounts (modern trade) together contributed 4.3% of total revenue, up from 3.2% in the same period last year.

[3] Revenue by distribution channel refers to gross sales

Imported vesus local direct material FY2015



Imported vesus local direct material FY2016



The number of customers catered to in 4Q2016 increased to 67,389 - up from 64,514 in the same period last year - highlighting the company's successful strategy of expanding its proprietary distribution network across the country.

In addition to cementing its lead in the local snack food market, a core pillar of Edita's forward looking strategy is to establish a leading regional position, and thus management is actively seeking opportunities to expand Edita's footprint to new export markets across the region. Edita intends to fully capitalize on its distribution rights to 12 regional markets, already having expanded its presence in the Kingdom of Saudi Arabia - the region's second largest market by population - with the signing of an agreement with Khalifa A. Algosaibi Cold Stores (KACS) to distribute Edita's HTT brands throughout the KSA. The newly signed agreement in October 2016 is already yielding positive results with export sales to the KSA in 4Q2016 growing more than five-fold compared to the same period last year. Overall, export revenues recorded a 26.1% y-o-y growth in FY2016 to EGP 179.9 million (4Q2016: EGP 72.6 million, up 66.4%) and constituted 7.1% of total revenues (4Q2016: 8.8%). Key export markets include Iraq and Palestine which together constituted 59.7% of total exports in FY2016.

Edita's strategic drive to position itself as a multi-country player with a strong stream of export revenue may take the form of both organic growth opportunities (adding new distribution agreements similar to KSA or through direct, on-the-ground investment) as well as inorganic opportunities.

Supply Chain

Price hikes across the majority of Edita's inputs have presented the supply chain department with challenges as it sought to maximize operational efficiency and minimize costs. Imported material costs and those of locally sourced materials paid in EGP with an FX component have been directly affected by the float, while short supply of 100% locally sourced materials has also seen prices reach an all-time high.

Nevertheless, the company's good relations with its supplier base ensured a stable supply of raw materials and at relatively favourable prices. The company's inventory management policy remains intact as to one month for local materials and three months for imported materials, maintaining efficient inventory levels in line with utilization rates over the course of the year.

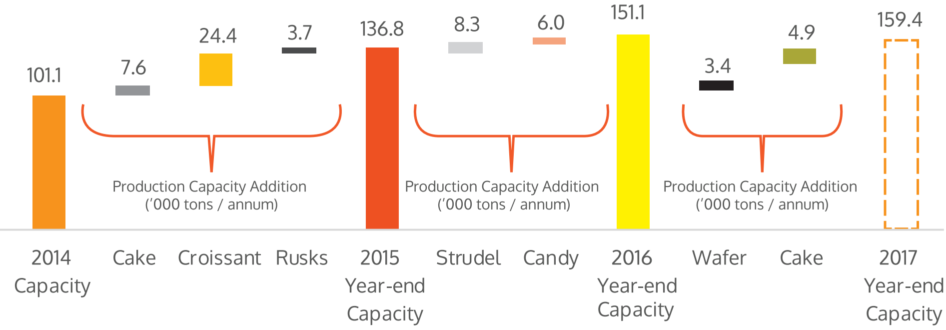
In 4Q2016, the cost of imported direct materials was 21% of total direct materials costs (FY2016: 24%) compared to 28% in 4Q2015 (FY2015: 25%). Raw materials remain the largest constituent of the direct materials bill, accounting for 74.1% of the total direct materials cost in 4Q2016 (FY2016: 73.4%), followed by packaging materials which accounted for 25.9% of costs (FY2016: 26.6%).

Industrial Operations

Edita undertook several developments on the industrial operations front during FY2016 that were geared to support the company's expansion drive as well as enhance and optimise the existing production processes. In that regard, the company commissioned a new Strudel line in March 2016 with a nameplate capacity of 8.3 thousand tons; installed a new 6.0 thousand tons per annum candy line in Beni Suef's ECI factory with production commencing in November 2016, and finalized contracts for new wafer and cake lines set to begin production in 2017. The new lines are to be housed at the company's new E08 factory where construction remains on track. 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.

Edita also places great importance on research and development activities, viewing innovation as a key pillar of its growth strategy going forward. Edita will continue to utilize its R&D capabilities to develop in-house offerings and complement its roadmap of launching new products for which technical know-how has been acquired from Hostess LLC. In that regard, the company has already brought online a new lab in the E07 factory with ongoing research on cost cutting possibilities given the flexibility and diversity of Edita's inputs. Additionally, the R&D department plays a key role in Edita's drive to localize some of its imported materials in order to reduce the company's need for foreign currency, all while ensuring quality control.

Production Capacity Additions in 2014 - 2016



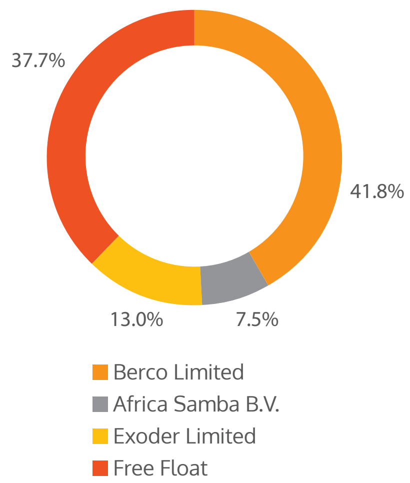
Human Resources

Edita continues to view its human capital as the driving force behind its success and thus its human resource strategy is focused on driving high performing teams and empowering employees. As part of its dedication to the well-being of its 5,680 employees, Edita has taken into consideration the current inflationary pressures and has rolled out benefits schemes and higher salary raises. Edita prides itself on its very low employee turnover in 4Q2016 for white and blue collars standing at 1.6%.

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. Edita has also contracted two labour outsourcing companies for entry-level labour, affording the company higher flexibility to react to movements in utilization rates.

The company also continues to implement the highly successful Edita Management Training Program (EMTP) which enrols fresh graduates from top universities into a company-wide departmental rotation, gearing them up for managerial positions upon graduation from the program.

Shareholder Structure as of 4Q2016



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 FY2016, 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.

Investor Contacts

Ms. Menna Shams El Din
Investor Relations & Business Development Director

T: +202 3851-6464
M: +2010 0 154 2428
menna.shamseldin@edita.com.eg

Ms. Yasmine Ghobrial
Senior Investor Relations Specialist

T: +202 3851-6464
M: +2012 2 756 3935
yasmine.ghobrial@edita.com.eg