



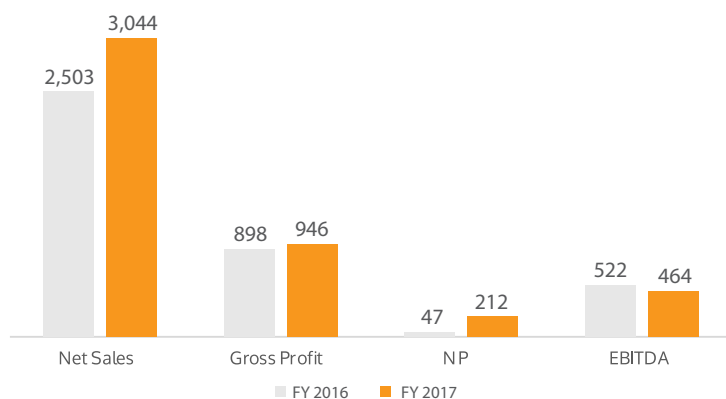
## Edita Food Industries Reports FY2017 Earnings

Revenues record a 21.6% year-on-year increase to EGP 3.0 billion while bottom line surges more than fourfold to EGP 212 million in FY2017. Volumes continue to exhibit a strong recovery driven by solid market fundamentals

### Highlights for FY2017

<b>Revenue</b> EGP 3,044.2 mn ▲ 21.6% y-o-y	<b>Gross Profit</b> EGP 945.8 mn ▲ 5.3% y-o-y
<b>EBITDA</b> EGP 464.4 mn ▼ 11.0% y-o-y	<b>Net Profit</b> EGP 212.0 mn ▲ 346.8% y-o-y

Snapshot of Results FY2017 (EGP million)



Summary Income Statement (EGP mn)

EGP mn	4Q2017	4Q2016	Change	FY2017	FY2016	Change
Revenue	958.0	821.7	16.6%	3,044.2	2,502.9	21.6%
Gross Profit	301.2	288.7	4.3%	945.8	898.3	5.3%
% Margin	31.4%	35.1%		31.1%	35.9%	
EBITDA	187.5	179.9	4.2%	464.4	521.8	-11.0%
% Margin	19.6%	21.9%		15.3%	20.8%	
Net Profit	106.6	-72.1	n/a	212.0	47.4	346.8%
% Margin	11.1%	-8.8%		7.0%	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."





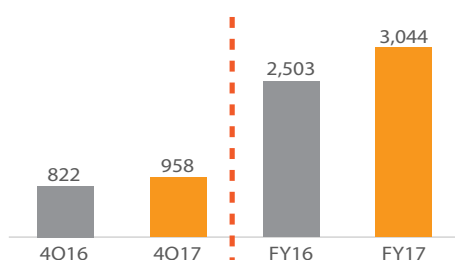
## Results in a Nutshell

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 year ending 31 December 2017, reporting a significant 346.8% y-o-y increase in net profit to EGP 212.0 million, with revenues crossing the three billion mark at EGP 3,044.2 million, up 21.6% y-o-y.

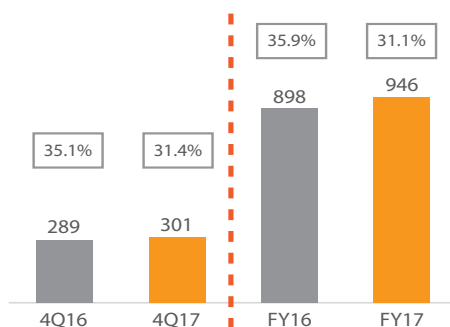
On a quarterly basis, Edita recorded a net profit of EGP 106.6 million (4Q2016: EGP -72.1 million) on revenues of EGP 958.0 million, up 16.6% y-o-y.

Edita's quarterly and full-year performance underscores its success in navigating a challenging operating environment and its ability to deploy responsive strategies and a defensive business model to continue delivering shareholder value. Amid a period characterized by severe inflationary pressures and consumers' diminishing purchasing power, Edita consistently delivered double-digit revenue growth owing to the early roll out of its pricing strategy. The company also supported profitability on the back of portfolio optimization and operational efficiency, and defended market share thanks to its price-point segmentation and strong distribution network that sees it cater to a wide income spectrum.

Revenue Progression  
(EGP million)



Gross Profit Progression  
(EGP million, % margin)



Year-on-year **revenue growth** continues to be driven by portfolio repricing, with the latest round of direct increases passed on in December 2016 post the devaluation of the Egyptian pound, and selective indirect increases implemented throughout the year and in 4Q2017. Overall, Edita's average price per pack in FY2017 increased 61.1% over the previous year, while volumes sold recorded 2.17 billion packs for the full year, down 24.5% y-o-y. It is worth mentioning that year-on-year volume contraction is decelerating, recording a 12.2% decline in 4Q2017 versus 15.0% in 3Q2017 and 38.5% in 2Q2017.

Meanwhile on a quarter-on-quarter basis, volumes continue to make a gradual recovery and are the main driver for revenue growth. Total packs sold across all segments recorded a 9.9% q-o-q increase in 4Q2017, which follows a 48.6% q-o-q increase recorded in 3Q2017. Average price per pack increased 4.7% q-o-q in 4Q2017 despite the roll-out of several new competitively priced products in the previous quarter, with the product mix continuing to be supported by higher-priced SKUs. Edita's average price per pack was up 32.8% y-o-y to EGP 1.39 during 4Q2017 compared to EGP 1.05 per pack in 4Q2016 and a pre repricing/devaluation level of EGP 0.80 per pack.

On a segment basis, revenue growth for the full year was largely driven by the cake segment, which recorded a 22.6% y-o-y increase in sales in FY2017 (contributing 53.9% to total growth in absolute terms), followed by wafers at 83.5% y-o-y, croissants 7.7% y-o-y, candy 58.7% y-o-y and rusks recording a 26.2% y-o-y sales increase. In 4Q2017, Edita's 16.6% increase in revenues was primarily driven by the croissant segment's strong recovery having recorded a 27.1% y-o-y increase in sales. Growth at the croissant segment was driven by both volume and price per pack increases in 4Q2017, recording 7.3% y-o-y and 18.4% y-o-y, respectively. Overall the segment contributed 48.9% in absolute terms to Edita's consolidated revenue growth in 4Q2017.

Edita recorded export sales of EGP 237.7 million in FY2017, up 32.1% y-o-y and contributing 7.8% to total sales compared to 7.2% last year.



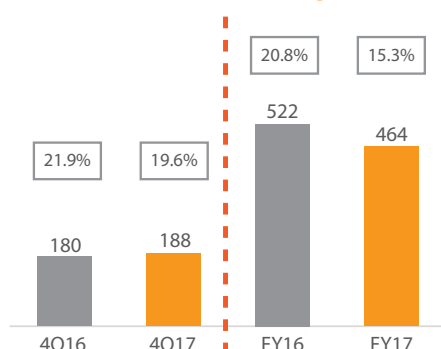


**Cost of goods sold (COGS)** recorded EGP 2,098.5 million in FY2017, up 30.8% y-o-y driven by higher cost of direct material at 54.6% of sales (FY2016: 49.8%). Manufacturing overheads (MOH) remained somewhat stable at 11.9% in FY2017 versus 11.7% in FY2016. Overall, Edita's COGS/Sales ratio recorded 68.9% in FY2017 compared to 64.1% in the previous year. On a quarterly basis, COGS came in at EGP 656.7 million in 4Q2017, up 23.2% y-o-y.

Edita's increased operational efficiency supported profitability despite unprecedented cost inflation in the wake of the government's economic reform program. Edita recorded a **gross profit** of EGP 945.8 million in FY2017, up 5.3% y-o-y and yielding a 31.1% GPM compared to 35.9% last year. In 4Q2017, GPM recorded a three-point improvement to 31.4% compared to 28.6% in 3Q2017. It is worth noting that overall margin support was buoyed by product mix optimization particularly in the cakes segment.

Edita's **selling, general and administrative (SG&A) expenses** came in at EGP 558.9 million in FY2017, up 23.5% y-o-y yet remaining stable as a percentage of sales at 18.4% (FY2016: 18.1%). In 4Q2017, SG&A stood at EGP 132.3 million or 13.8% of sales compared to 16.2% in 4Q2016, owing to Edita's front loading of advertising and marketing spend during 2017.

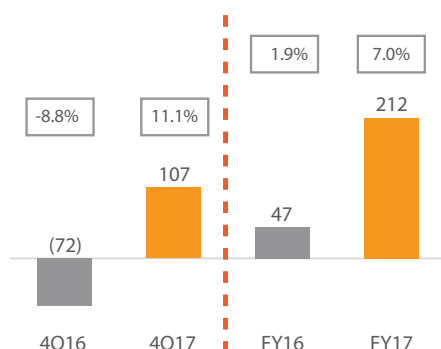
**EBITDA Progression**  
(EGP million, % margin)



**EBITDA** posted EGP 464.4 million in FY2017, down 11.0% y-o-y and yielding an EBITDA margin of 15.3%. EBITDA for the quarter recorded EGP 187.5 million in 4Q2017, up 4.2% y-o-y and delivering an EBITDA margin of 19.6% compared to 21.9% in the comparable period.

Edita recorded a strong 346.8% y-o-y increase in net profit to EGP 212.0 million in FY2017, with a net profit margin of 7.0% versus the 1.9% recorded in FY2016. The strong growth comes on the back of losses recorded in 4Q2016 of EGP 72.1 million, versus a profit of EGP 106.6 million in 4Q2017, with comparable period losses being primarily driven by high FX expenses following the float of the Egyptian Pound in November 2016. It is also worth noting that net profit growth comes despite higher interest expenses in the wake of tightening monetary policies by the Central Bank of Egypt.

**Net Profit Progression**  
(EGP million, % margin)



On the **operational front**, Edita launched several new products in FY2017 including the Freska Fingers (EGP 3/pack) and Freska Bites (EGP 5/pack) in July 2017, the first products to be produced in Edita's newly commissioned E08 factory. Meanwhile, in October 2017 Edita launched the new TODO Donuts (EGP 5/pack), the first mass-produced packaged donut in Egypt, produced on the second commissioned line at E08. Edita later marked its first launch in 2018 with the introduction of the TODO Mini Muffins (EGP 5/pack) in vanilla and chocolate variations. The muffins are Edita's newest innovation and a differentiated product that will help stimulate demand and capture higher value. To that end, Edita continues to invest in R&D with the company having inaugurated a new innovation center to further develop its R&D capabilities which form the cornerstone of its growth strategy.

## Strategy Insight

Heading into 2018, Edita will continue pushing on its strategy to accelerate volume recovery through two primary avenues of: 1) rolling out innovative and differentiated products to stimulate demand and extract higher value from key segments and 2) cater to the mass market and defend market share through competitive products across the price





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spectrum to achieve optimum price-point segmentation. Management will also focus on margin recovery post the inflationary and devaluation-related shocks, targeting increased portfolio optimization in terms of product mix, maintain an emphasis on indirect price increases in 2018 and pushing through cost-cutting initiatives.

On the regional expansion front, Edita signed a memorandum of understanding to form a joint venture (JV) with Morocco's Dislog Group, a leading local distributor with over 65,000 distribution channels across the kingdom. Commercial operations will begin in early 2018 with exports of Edita's products to Morocco, while the second stage will entail the establishment of a state-of-the-art manufacturing facility in 2019 with an initial investment of c.USD 10 million. The JV falls in-line with Edita's strategy to expand into fast-growing, emerging markets with large consumer bases and significant growth potential.

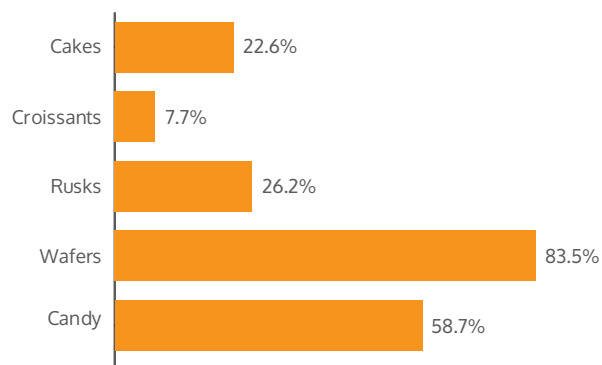
Overall, Edita's long-term strategy remains intact where in addition to product innovation and regional expansion, the company is actively exploring new revenue streams where it can leverage the strength of its distribution network and, capitalize on its strong brand equity to maintain its market leadership position.





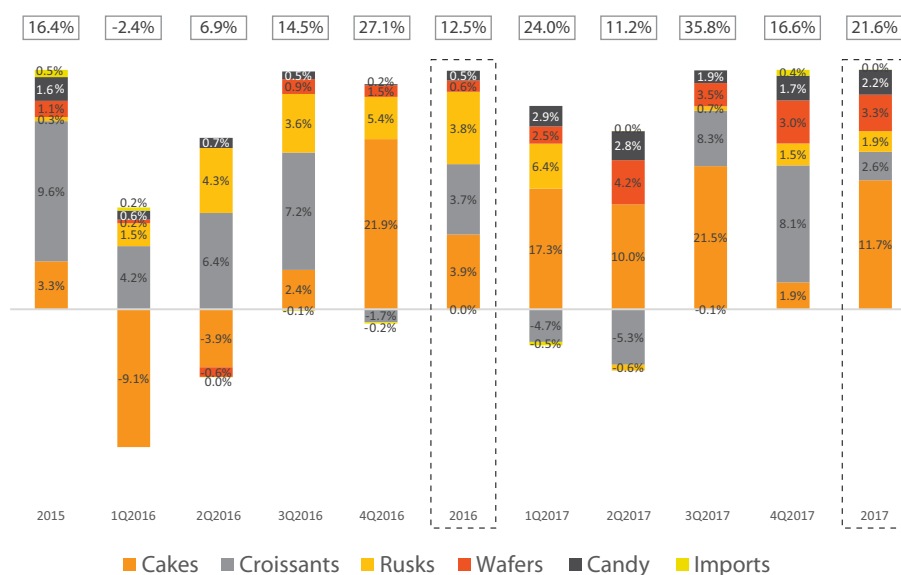
## Overview of Segment Performance

### FY2017 Revenue Growth by Segment (y-o-y)



The cake segment was the primary contributor to growth in FY2017, where its revenue share of 52.0% and y-o-y growth of 22.6% saw it contribute 53.9% to consolidated growth in absolute terms. Edita's smaller segments are also increasingly contributing to revenue growth, with wafers following cakes and contributing c.15.2% of total growth. In 4Q2017, the croissant segment was the largest contributor to revenue growth, reflecting a strong recovery in volumes despite initially being the most impacted segment by the repricing in December 2016. A 27.1% y-o-y increase in the croissant segment's sales saw it contribute 48.9% to consolidated revenue growth in absolute terms. Meanwhile, the wafer segment recorded the fastest y-o-y sales growth in 4Q2017 at 69.0%, contributing 17.9% to total revenue growth.

### Weighted Growth Breakdown



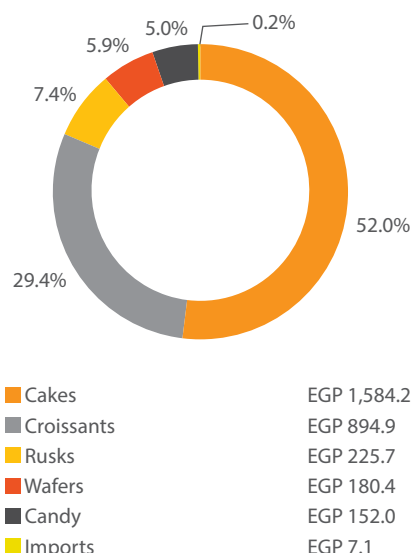




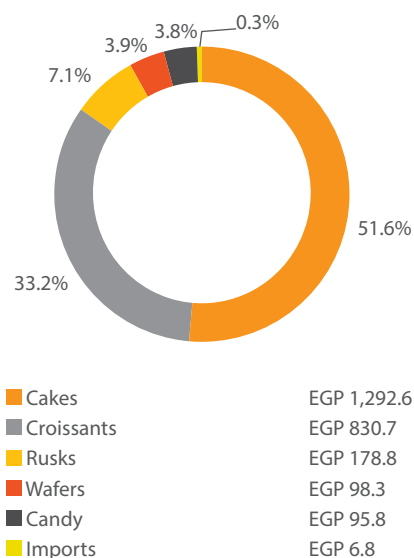
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Segment Contribution  
to Revenue FY2017 (EGP mn)



Segment Contribution  
to Revenue FY2016 (EGP mn)



Overall, Edita's revenue growth in FY2017 was price-driven with average price per pack increasing 61.1% y-o-y to EGP 1.40, while total volumes were down 24.5% y-o-y to 2.17 billion packs. Average price per pack increased 32.8% y-o-y to EGP 1.39 in 4Q2017, offsetting an 12.2% y-o-y decline in total packs sold to 690 million. Quarter-on-quarter growth continues to be driven by the gradual recovery in volumes, with number of packs sold up 9.9% quarter-on-quarter and year-on-year declines decelerating.

### Average Factory Price Per Pack

EGP	4Q2017	4Q2016	Change	FY2017	FY2016	Change
Cakes	1.21	0.95	28.0%	1.25	0.78	61.3%
Croissant	1.51	1.27	18.4%	1.51	1.00	50.4%
Rusks	1.64	0.95	73.1%	1.68	0.86	95.6%
Wafers	1.77	0.93	89.7%	1.67	0.81	105.6%
Candy	2.10	1.91	9.6%	2.07	1.65	25.4%
<b>Average Edita</b>	<b>1.39</b>	<b>1.05</b>	<b>32.8%</b>	<b>1.40</b>	<b>0.87</b>	<b>61.1%</b>

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

	4Q2017			4Q2016		
	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Packs (millions)	Tons (000s)
Cakes	467	385	11.7	452	477	17.0
Croissant	312	207	8.9	246	193	9.1
Rusks	74	45	1.8	61	65	2.1
Wafers	60	34	1.0	35	38	1.0
Candy	41	20	0.9	27	14	0.9
Imports	4	0	-	1	-	-
<b>Total</b>	<b>958</b>	<b>690</b>	<b>24.4</b>	<b>822</b>	<b>786</b>	<b>30.2</b>

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

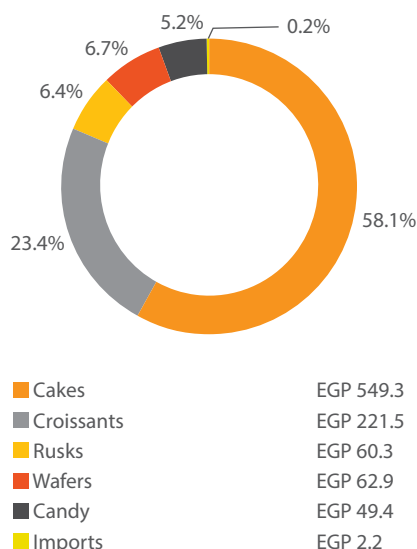
	FY2017			FY2016		
	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Packs (millions)	Tons (000s)
Cakes	1,584	1,263	39.5	1,293	1,661	56.2
Croissant	895	593	25.2	831	828	38.9
Rusks	226	134	5.7	179	208	7.1
Wafers	180	108	3.1	98	121	3.3
Candy	152	74	3.4	96	58	4.0
Imports	7	0.2	-	7	-	-
<b>Total</b>	<b>3,044</b>	<b>2,172</b>	<b>76.9</b>	<b>2,503</b>	<b>2,877</b>	<b>109.4</b>

Gross profit margin performance varied year-on-year across the different segments, while on a q-o-q basis all segments recorded GPM improvements in 4Q2017. Edita's gross profit in FY2017 recorded EGP 945.8 million, up 5.3% y-o-y and with a GPM of 31.1% versus 35.9% in FY2016. Gross profit growth during the year was primarily driven by the cake segment followed by the wafers and candy.

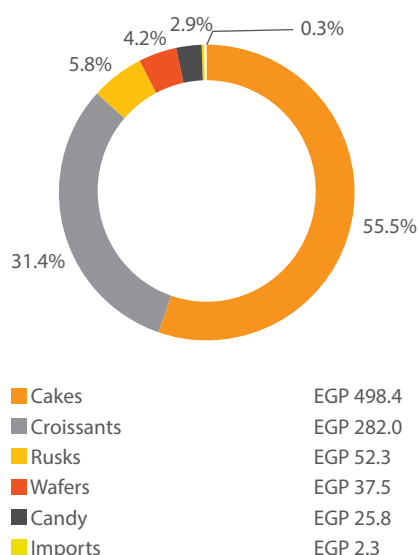




Segment Contribution  
to Gross profit FY2017 (EGP mn)



Segment Contribution  
to Gross profit FY2016 (EGP mn)



## Cakes

The cakes segment was the largest contributor to revenues on both a full year and quarterly basis. Cake sales recorded growth of 22.6% y-o-y to EGP 1,584.2 million in FY2017, constituting c.52.0% of Edita's total revenue. Total volumes sold during the year stood at 1.26 billion packs, down 24.0% y-o-y in FY2017, while average price per pack recorded EGP 1.25, up 61.3% y-o-y. In 4Q2017, sales growth recorded 3.4% y-o-y to EGP 467.0 million, where a 28.0% y-o-y increase in average price per pack to EGP 1.21 somewhat neutralized a 19.2% y-o-y decline in volumes sold to 385 million packs. Sales volume continues to make a gradual recovery quarter-on-quarter with total packs sold up 5.5% in 4Q2017, supported by the introduction of more competitive products.

Cakes were also the largest contributor to gross profit in FY2017 at 58.1%, and the segment was the largest contributor to Edita's gross profit growth in the year. The **cake segment's gross profit** stood at EGP 549.3 million in FY2017 or 10.2% higher y-o-y and posting a GPM of 34.7% versus 38.6% in FY2016. In 4Q2017, gross profit recorded EGP 165.4 million in 4Q2017, up 4.8% y-o-y and with a GPM of 35.4% compared to 34.9% in the same period last year.

## Croissant

Croissant segment continued on the recovery trajectory witnessed in 3Q2017 with volumes making both quarter-on-quarter as well as year-on-year gains in 4Q2017. Overall, the segment's full-year performance saw it post **revenues** of EGP 894.9 million in FY2017, up 7.7% y-o-y and contributing the second largest share to revenues at c. 29.4%. Average price per pack was up 50.4% y-o-y while full-year volumes declined 28.4% to 593 million packs. Meanwhile in 4Q2017, total packs sold during the quarter were up 7.3% y-o-y, recovering back to the previous year's levels following a period of downward pressure in the wake of consecutive price increase during the final months of 2016. Volumes were also up 4.8% quarter-on-quarter in 4Q2017. The segment's average price per pack was up 18.4% y-o-y and 6.9% q-o-q in 4Q2017 even as Edita introduced the EGP 1 Molto variations. In 4Q2017, the croissant segment posted revenues of EGP 312.5 million, up 27.1% y-o-y. As of December 2017, Edita remained the leader in the croissant segment with a market share of 60.9%.

Croissant's gross profitability continues to be affected by the float of the Egyptian pound and its effect on the high FX component in the croissants' raw material blend. **Gross profit** from the segment came in at EGP 221.5 million in FY2017, down 21.4% y-o-y and recording a GPM of 24.8%. On a quarterly basis, gross profit recorded EGP 79.6 million in 4Q2017, down 13.5% y-o-y and contributing 26.4% to consolidated gross profit during the quarter. The segment's GPM stood at 25.5% in 4Q2017 versus 37.4% in the same period last year, however, continuing to record quarter-on-quarter improvements compared to the 24.4% posted in 3Q2017 and 21.6% in 2Q2017.

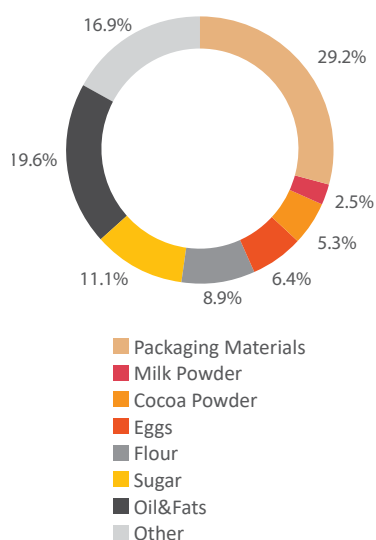
## Rusks

**Revenues** from the rusks segment were up 26.2% y-o-y to EGP 225.7 million in FY2017, with average price per pack increasing 95.6% y-o-y and total pack sold down 35.5% y-o-y. In 4Q2017, rusks posted a solid 20.4% y-o-y increase in revenues to EGP 73.6 million, with growth being price-driven on the back of a 73.1% y-o-y increase in average price per pack to EGP 1.64. Rusk volumes sold declined 30.4% y-o-y in 4Q2017, however, volumes have picked up significantly versus 3Q2017 climbing 68.0% q-o-q. Edita's market share continue





Direct Material Breakdown FY2017



to grow in this fast growing segment, commanding a 44.4% share as of December 2017 up from 41.9% in the same period last year.

The rusks segment's **gross profit** stood at EGP 60.3 million in FY2017, up 15.4% y-o-y and with a GPM of 26.7% versus 29.2% in FY2016. In 4Q2017, gross profit recorded a 25.5% y-o-y increase to EGP 23.1 million, posting a GPM improvement to 31.4% compared to the 30.2% recorded in 4Q2016.

## Wafers

The wafers segment continued to be the fastest growing segment, posting sales of EGP 180.4 million in FY2017, up 83.5% y-o-y. Segment growth was price-driven with average price per pack up 105.6% y-o-y in FY2017 to EGP 1.67, in-turn helping support Edita's overall average price per pack across its portfolio. Wafer volumes declined 10.7% y-o-y to 108 million pack in FY2017, however, are making a marked recovery quarter-on-quarter posting a 52.6% q-o-q increase in 4Q2017 supported by the newly launched Freska Bites and Freska Fingers. Edita's market share in the wafer segment continues to grow, capturing 11.0% as at December 2017, up from 7.8% in the same period last year.

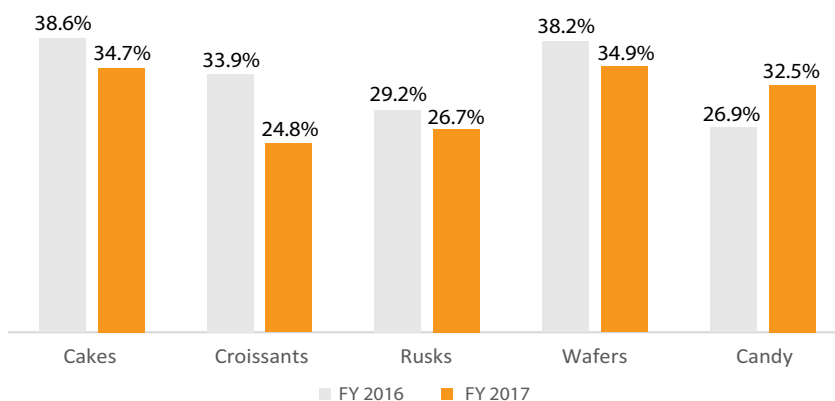
**Gross profit** in FY2017 came in at EGP 62.9 million, up 67.7% y-o-y with a GPM of 34.9% compared to 38.2% in FY2016. Gross profit for the quarter recorded a strong 56.0% y-o-y increase to EGP 19.3 million, with a GPM of 32.3% in 4Q2017 compared to 35.0% in 4Q2016.

## Candy

**Revenues** from the candy segment posted EGP 152.0 million in FY2017, up 58.7% y-o-y with the segment delivering both volume and price growth at 26.5% y-o-y and 25.4% y-o-y, respectively. In 4Q2017, candy sales recorded EGP 41.0 million, up 52.8% y-o-y. Edita holds a market-leading position in the candy segment with a market share of 15.7% as of December 2017 compared to 12.7% in the same period last year.

The candy continued to record impressive growth at the **gross profit** level posting EGP 49.4 million in FY2017, up an 91.8% y-o-y and with an almost six-point expansion in GPM to 32.5%. In 4Q2017 gross profit was up 60.0% y-o-y to EGP 12.7 million, with GPM inching up to 30.9% compared to 29.5% in 4Q2016.

## Gross Profit Margin by Product Segment



<sup>1</sup> Breakdowns within this section are derived from the company's management report.







## Balance Sheet

As at 31 December 2017, Edita's total assets stood at EGP 2.7 billion, with property, plant and equipment (PP&E) including projects under construction constituting the bulk at EGP 1.9 billion. It is worth noting that the projects under construction balance declined significantly to EGP 43.2 million at year-end 2017 compared to the EGP 462.5 million recorded at 30 September 2017 as construction works on Edita's E08 facility are completed.

Edita's CAPEX outlay during FY2017 totalled EGP 572.9 million, of which EGP 276.5 million relate to construction works at the new E08 plant and EGP 8.8 million for E15's new hall. Expenditures to buy new machinery stood at EGP 184.9 million, including EGP 102.3 million for the new wafer line installed in E08 and EGP 80.3 million for Edita's new donut line.

Cash & cash equivalents including treasury bills stood at EGP 216.6 million as at 31 December 2017, constituting 8% of the company's total assets. Edita's trade receivables recorded EGP 16.6 million at year-end 2017, reflecting the company's continued cash sales policy (97% of sales continue to be conducted on a cash basis). Meanwhile, trade and other payables recorded EGP 400.4 million at 31 December 2017. Additionally, inventory days on hand declined significantly from 66.2 days as of December 2016 to 40.6 days as of December 2017.

Total loans and borrowings stood at EGP 923.1 million at year end compared to EGP 914.5 million as at 31 December 2016. Net debt stood at EGP 706.5 million compared to EGP 631.9 million last year. Total shareholders' equity stood at EGP 1.21 billion as at 31 December 2017.

## 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. Also, EAS and IFRS differ in the calculation of EBITDA. In FY2017, EGP 15.3 million in FX losses were added to the EBITDA while EGP 4.4 million related to gains on the sale of fixed assets were deducted. Moreover, a profit share deduction of EGP 31.1 million was made, bringing total EAS to IFRS adjustments on EBITDA to EGP 20.3 million. A reconciliation between Edita's financial statements in EAS with the IFRS-based financial statements for FY2017 is provided in the table below.





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in EGP mn*	FY2017 EAS	Adjustment	FY2017 IFRS
<b>Net Sales</b>	<b>3,044.2</b>	-	<b>3,044.2</b>
COGS (excluding MOH)	1,736.3	-	1,736.3
MOH	349.7	12.4	362.1
Total COGS	2,086.0	12.4	2,098.5
<b>Gross Profit</b>	<b>958.2</b>	<b>(12.4)</b>	<b>945.8</b>
<i>Gross Profit Margin</i>	<i>31.5%</i>		<i>31.1%</i>
Selling & Distribution Exp.	222.8	8.1	230.9
Advertising & Marketing Exp.	134.1	-	134.1
General & Admin. Exp.	183.2	10.6	193.8
Other Operational Exp.	38.9	-	38.9
<b>Profit from Operations</b>	<b>379.1</b>	<b>(31.1)</b>	<b>348.0</b>
<i>Profit from Operations Margin</i>	<i>12.5%</i>		<i>11.4%</i>
<b>Profit Before Income Tax</b>	<b>302.9</b>	<b>(31.1)</b>	<b>271.8</b>
Income Tax Expense	59.8	-	59.8
<b>Net Profit After Tax</b>	<b>243.0</b>	<b>(31.1)</b>	<b>212.0</b>
<i>Net Profit After Tax Margin</i>	<i>8.0%</i>		<i>7.0%</i>
<b>EBITDA</b>	<b>484.6</b>	<b>(20.3)</b>	<b>464.4</b>
<i>EBITDA Margin</i>	<i>15.9%</i>		<i>15.3%</i>

\*Figures are based on management accounts for better disclosure on expenses breakdown

### Market Developments

Egypt's snack food market continued to grow in the face of the challenging environment and despite record-high inflation and its affect on consumers' purchasing power. For the twelve-month period ending December 2017, snack food market segments where Edita operates recorded a 19.1% y-o-y growth to EGP 16.6 billion compared to the EGP 13.9 billion recorded last year, driven primarily by repricing across the market.

Edita's core cake segment continued to record strong growth, standing at EGP 2,509 million year in December 2017 or 27.1% higher than last year. Edita commands a market leader position in the segment, capturing a 57.1% share as at December 2017 thanks to its continuous rollout of new innovations and differentiated products.

The croissant segment recorded growth of 6.2% y-o-y closing the twelve-month period at EGP 1,137 million compared to the EGP 1,071 million in December 2016. Edita's market share as of December 2017 inched up to 60.9% compared to 60.4% in previous reporting period on October 2017, however, declining from 70.9% in December 2016.

Rusks continued to be the fastest growing segment in the snack food market, posting y-o-y growth of 69.8% as of December 2017 to EGP 737 million. Constituting 7.1% of the salty snacks segment, versus 5.1% in the same period last year, this underserved rusks segment has been quick to absorb Edita's expanded capacity, with the company's market share steadily increasing from 41.9% in December 2016 to 44.4% as of December 2017.

The wafer segment stood at EGP 1,959 million in December 2017, up 5.4% y-o-y with Edita's Freska brand capturing 11.0% of the market during the same period compared to 7.8% in December 2016. Meanwhile, the candy segment swiftly recovered with the total sector standing at EGP 673 million in December 2017, up 18.7% compared to the same period last year. Edita is the market leader in the segment with a 15.7% share.





## FY2017 EARNINGS RELEASE

Cairo, Egypt | 26 February 2018



### Selected Segments of the Snack Food Market in Egypt

Segment	FY2017 (EGP mn)	FY2016 (EGP mn)	% Change
Cake	2,509	1,974	27.1%
Croissant	1,137	1,071	6.2%
Salty Snacks	10,385	8,516	22.0%
Rusks*	737	434	69.8%
Wafer	1,959	1,859	5.4%
Candy	673	567	18.7%
<b>Total</b>	<b>16,663</b>	<b>13,986</b>	<b>19.1%</b>

\* Rusk market is 7.1% of total salty snacks

Source: AC Nielsen Retail Audits

		Market Position	FY2017 Market Share	FY2016 Market Share	Av. Consumer Price (EGP / US\$) <sup>1</sup>	Brands
89% of FY2017 Revenue	Cakes	#1	57.1%	57.9%	1.60 / 0.09	Todo
	Croissants	#1	60.9%	70.9%	1.87 / 0.11	Molto
	Rusks	#2	44.4%	41.9%	2.11 / 0.12	Bake Roiz
	Wafers	#3	11.0%	7.8%	2.11 / 0.12	Freskal
	Candy	#1	15.7%	12.7%	3.92 / 0.22	Minix

Source: AC Nielsen Retail Audit, IPSOS December 2017

1. Average prices as of YTD November 2017. US\$/EGP of 17.72 as of 29 November 2017 (CBE).

## Marketing

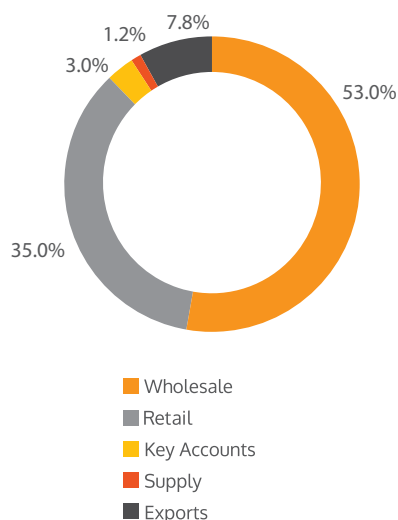
Edita's marketing efforts in FY2017 were primarily focused on supporting the company's portfolio optimization strategy and new product launches. Marketing venues included several above-the-line advertising, activities to increase product awareness as well as social and online media campaigns. With Edita front loading the bulk of its advertisements expenses in early 2017, efforts in 4Q2017 were more focused on below-the-line channels including trade marketing.

Edita launched an intensive advertising campaign during the first half of the year, to support newly launched products including Freska Bites, which followed the segment's rebranding campaign and the introduction of new flavor variations as well as the earlier launch of Freska Fingers. Edita also launched several new products across the price spectrum during the year to help achieve optimal price-point segmentation and leveraging its strong distribution network to increase geographic penetration and defend market share. In the first months of 2018 Edita also launched a rebranding campaign for the Molto segment supported by both below and above the line advertising.

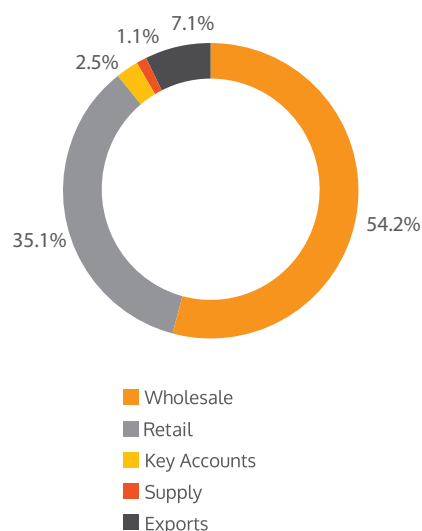




Revenue Contribution by Distribution Channel FY 2017



Revenue Contribution by Distribution Channel FY 2016



Going forward, Edita will favour more indirect price increases given the aggressive wave of direct hikes implemented in 4Q2016 across the portfolio and in-line with consumers' increasing acceptance to new price-points and adjustment to inflation. Meanwhile, the company will continue to capitalize on its superior R&D capability and strong brand equity to drive demand growth and open up new market areas previously unserved and characterized by having a high growth potential.

## Development of Edita's Average Consumer Price by Product Segment

	11M2017	11M2016	Change (%)
Cake	1.60	1.13	41.6%
Croissant	1.87	1.69	10.7%
Rusks	2.11	1.05	101.0%
Wafer	2.11	1.00	111.0%
Candy	3.92	3.39	15.6%
<b>Total</b>	<b>1.81</b>	<b>1.28</b>	<b>41.4%</b>

## Sales & Distribution<sup>3</sup>

Edita's sales and distribution strategy is anchored by two primary pillars: 1) targeting increased revenue contribution from retail channels and traditional points of sale as a means to improve the company's market access and allow for more flexibility and; 2) pushing through better price-point segmentation based on geographic distribution and income levels to achieve portfolio optimization. Ultimately Edita aims to leverage the breadth of its distribution network to extract maximum value for all segments. As of 31 December 2017, Edita's distribution network covered 21 centres across the country serving over 66,851 customers and operating a fleet of 603 distribution vans and 1,081 sales representatives.

Gross sales from Edita's wholesale channels recorded EGP 1,616.0 million in FY2017 (4Q2017: EGP 532.8 million), up 19.2% y-o-y and contributing 53.0% to total sales, down from 54.2% in FY2016. Growth from the wholesale channel is in-line with Edita's overall growth and was also supported by the introduction of new lower priced products. Nonetheless, Edita's sales strategy continues to focus on growing the more resilient retail channels, which recorded EGP 1,064.9 million in FY2017 (4Q2017: EGP 300.9 million), up 21.6% y-o-y and maintaining its share of total sales at 35.0% y-o-y. Key accounts revenue (modern trade) recorded the fastest growth at 48.6% y-o-y in FY2017 to EGP 91.4 million (4Q2017: EGP 28.2 million). Together supply and key accounts contributed 4.2% of total gross sales in FY2017 compared to 3.6% in the same period last year.

Sales from export channels recorded a solid 32.1% y-o-y increase to EGP 237.7 million in FY2017, contributing 7.8% to total sales compared to 7.2% last year. Meanwhile on a quarterly basis, exports recorded EGP 86.1 million in 4Q2017, up 18.6% y-o-y and with contribution to total sales standing at 9.0%, up from 8.8% in 4Q2016.

## Supply Chain

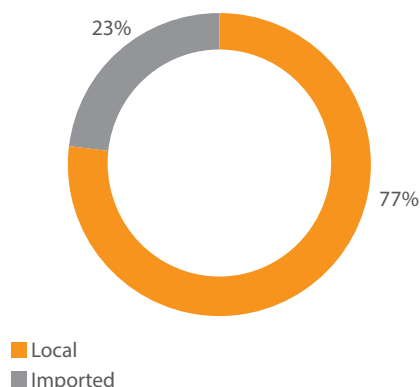
The supply chain department continues to place operational efficiency and cost controls as its primary focus, extracting favourable prices for raw materials compared to the market. The de-

<sup>3</sup> Revenue by distribution channel refers to gross sales

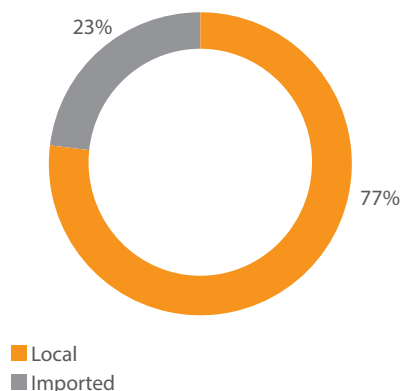




Imported vs. local direct material  
FY 2017



Imported vs. local direct material  
FY 2016



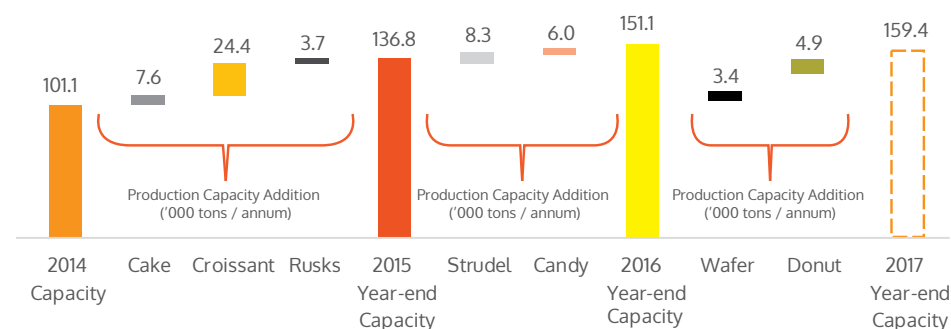
partment is also exploring opportunities to localize raw materials and reduce the need for foreign currency. Imported direct materials stood at 23% in FY2017, in line with FY2016 figures, while on a quarterly basis imported direct materials recorded 28% of total costs in 4Q2017, up from 21% in the same quarter last year. The largest constituent of Edita's direct materials bill in 4Q2017 was raw materials at 70% while packaging materials recorded the balance of 30%.

## Industrial Operations

Edita's milestone development in FY2017 was the inauguration of its new E08 factory in July 2017. The E08 facility is Edita's fifth factory and is set to house 11 new lines, two of which have already been installed and are in commercial production, including the new wafer line (July 2017) and the new donut line (October 2017). The E08 facility will allow the company to expand its current product offering through launching new variants of existing products. E08 will also provide the space to fully capitalize on the company's R&D capabilities and its new R&D center to continue rolling-out new innovative and differentiated offerings as part of Edita's strategy to create new categories in the snack food market.

New product launches during the year included Edita's Freska Fingers, Freska Bites and TODO Donuts, all of which are produced at E08, while freed-up cake capacities at other facilities allowed for the launch of the new variations of existing products. Edita's latest launch in February 2018 was the company's first muffin product the TODO Mini Muffins - Vanilla & Chocolate, manufactured on existing lines.

## Production Capacity Additions in 2014 - 2017<sup>4</sup>



<sup>4</sup> Production capacity refers to theoretical capacity at the time of purchasing the line. Actual capacity may differ according to changes in average weight per pack.

## Human Resources

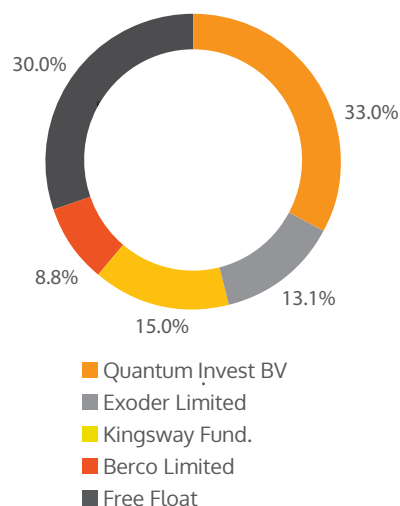
Edita's total headcount as at 31 December 2017 stood at 6,018 employees compared to 5,788 at year-end 2016. Edita views its human resources as its primary driver for success and aims to continuously help improve their quality of life and well-being. To that end, the company continues to invest in training programs to benefit its employees and accelerate their career development. Edita is also mindful of the inflationary pressures that prevailed during the last year and accordingly has executed several pay increases throughout the year, with average wages and salaries up by 23% in FY2017. Edita's dedication to its employees is clearly reflected in their job-satisfaction rates, with average turnover across both blue and white collar employees at only 2.3% in FY2017.







Shareholder Structure as of 4Q2017



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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 FY2017, the Company derived c. 92% of its revenue from Egypt and c. 8% from regional export markets. Learn more at [ir.edita.com.eg](http://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.

