



Edita Food Industries Reports a 17.3% Y-o-Y Growth in Revenues to EGP 528.9 million¹ as it Releases 1Q2015 Earnings

An excellent quarter for Edita, continued strong growth in revenue, expanding distribution network and new capacities coming online backed by increased consumer awareness and a growing institutional shareholder base.

Cairo, 13 May 2015

Edita Food Industries S.A.E. (EFID.CA on the Egyptian Exchange and EFIDq.L on the London Stock Exchange), a leader in the Egyptian packaged snack food market with number-one market shares in its core cake and croissant segments, announced today its results for the first quarter of 2015 reporting Revenues of EGP 528.9 million, a 17.3% increase over 1Q2014 figure of EGP 451 million. Net Profit after Tax came in at EGP 59.5 million in 1Q2015.

The largest contributors to Revenues were the cakes (58%) and croissants (28%) generating EGP 309 million and EGP 150 million respectively. All product segments contributed to the growth with sales of cakes increasing 18.5% over 1Q2014 levels while rusk sales climbed 15.8% to EGP 25 million in 1Q2015, both on the back of increased utilizations as Edita enlists more effective production planning and line enhancements that increased production capacities.

Also a contributor to Revenue growth was the overall increase of the average selling price per SKU. As a result of Edita's continued re-engineering of its portfolio mix, and the launch of larger sized SKUs and the delisting of the smaller SKUs, the average selling price per SKU for the portfolio as a whole increased 1.6% over 1Q2014 levels to EGP 0.63 per SKU.

Commenting on the quarter's performance, **Edita Chairman and Managing Director Hani Berzi** said: "It is with pleasure that I report to you increases to our Revenue, Gross Profit and Net Profit after Tax in the first quarter of this year. In addition to growing our key performance indicators, we also used 1Q to lay the groundwork for our very-well received IPO, started up the extension at our E07 Factory towards the end of March 2015, where two new lines came into production—one for Cakes and one for Croissants—added two new distribution centers, locked in favorable raw materials prices and launch a new SAP module. In short, the first quarter of this year has been one of outstanding accomplishments."

In 1Q2015 Gross Profit increased 22.8% over 1Q2014 levels to EGP 202.6 million, achieving a Gross Profit Margin of 38.3% up from 36.6% a year earlier. In addition to the constant and continuous control of our production costs, a major contributor to margin improvement is the portfolio product mix which in 1Q2015 was more skewed to the larger higher margin SKUs as compared to 1Q2014.

Gross profit margins increased across all product segments as capacity utilizations increased over 1Q2014 levels, the launch of new SKUs at higher price points and as the technical difficulties within the candy lines were overcome.

In 1Q2015 A&M expenses increased almost three-fold over 1Q2014 levels to EGP 19.6 million (3.7% of revenue) as Edita launched its first corporate campaign linking all its successful brands to the Company in addition to the product

¹ Based on IFRS audited financial statements



campaigns. Meanwhile, taxes paid during 1Q2015 increased to EGP 34.5 million up from EGP 25.2 million in 1Q2014 both due to the increased business Y-o-Y as well as the increase in the tax rate introduced in the second half of 2014.

Net Profit after Tax increased slightly from 1Q2014 levels to EGP 59.5 million in 1Q2015 with a margin of 11.2% down from 13.5% in 1Q2014. The decreased margin comes on the back of a higher tax rate effective in 1H14, in addition to the company incurring costs associated with new lines coming online in 1Q15 whose production output had not yet made an impact on revenues during the quarter.

Commenting on the company's outlook, **Hani Berzi** said: "We are particularly optimistic about the remainder of this year as new production capacities added during 1Q2014 and in early 2Q2015 reach peak utilizations. All signs point to strong demand from Egypt's recovering consumer markets and improved prospects in key export markets, bolstered by our new brands and products. Likewise, we anticipate fairly steady costs and the continued expansion of production capacities and distribution network. I am looking forward to reporting on our progress going forward."

After the end of the quarter, Edita signed two contracts with Hostess Brands LLC relating to the extension of territory for the HTT brands to include 12 additional countries across the MENA region and the acquisition of knowhow and technical assistance to 11 additional cake products from Hostess Brands LLC across the expanded region. Prior to that, a new SKU, Todo Hazelnut, was introduced in 1Q15 bringing the total SKUs to 68 at the end of the quarter.

In addition, a new Croissant line came into production on April 22, 2015 adding a further 17.2 thousand tons/annum to our production capacity.

—Ends—

About Edita Food Industries S.A.E.

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 the 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 1Q2015, the Company derived c.94% of its revenue from Egypt and c.6% from over 11 regional export markets. Learn more at ir.edita.com.eg.

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