



Edita Food Industries Reports Strong Growth in Revenues and Net Profit in 3Q2015 Earnings

Emphasis on operational delivery allows Egypt's leading producer of packaged snack foods to deliver strong 3Q2015 results while building out its platform for long-term growth.

Cairo, 12 November 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 third quarter of 2015, reporting revenues of EGP 535.4 million, a 20.5% increase over the same quarter last year. Net profit after tax climbed 163.0% to EGP 85.7 million.

Growth came across the company's portfolio of segments and brands despite continuing economic challenges in Egypt unrelated to Edita and its core market. Notable was significant growth in the croissant segment and the very successful launch of new and premium products as management adjusted product mix to enhance margins, which together offset slower growth in the overall cake segment on the market in general.

Against that backdrop, the largest contributors to 3Q2015 revenues were cakes (54.3%) and croissants (35.4%), with combined sales of c. EGP 480.2 million.

Commenting on the quarter's performance and the outlook for the year, **Edita Chairman and Managing Director Eng. Hani Berzi** said: "The third quarter of 2015 underscored that we can deliver both top- and bottom-line growth through tight operational management and the introduction of new products while, simultaneously, making important progress on initiatives that are key to the long-term growth platform we are building."

Added **Berzi**: "As we did last quarter, we continued to deliver improvements in both production mix and average factory prices while also introducing Molto Mix — a new, premium croissant product that has proven to be very successful and that will positively impact our margins. We also increased our average selling prices and margins through the introduction of the upsized Twinkies Extra, the effect of which will reflect on our performance in 4Q2015. In parallel, we project we will begin commissioning of two new production lines in late this year and early next year as we continue to emphasize long-term growth."

Edita expects to begin commissioning of its new rusk line at its E07 factory in the second half of December 2015. The company will commission its new strudel line starting in mid-1Q2016. Moreover, excavation work on its E08 factory near completion, with the new factory building scheduled to be complete by the end of 2016.

On the cost side, 3Q2015 saw a general increase in expenses on the operational level in line with Company's growth path. Gross profit margins, however, rose to a healthy 36.9% compared to 35.4% in the same quarter of last year. SG&A costs also rose during the quarter as Edita earmarked additional spending for advertising to support new capacity and new products. The company also prepared for the start of operations at three new distribution centers to help support the network of more than 63,000 distribution points Edita currently serves nationwide.



Management's emphasis on both new and higher-margin products (which included the retiring of the Twinkies SKU, the introduction of Twinkies Extra and the new Molto Mix premium croissant) comes as Edita sees its current cake portfolio approaching maturity. A number of new product introductions in the category will follow starting in 2016, some of them in-house creations and others based on new products for which Edita has obtained know-how under the recent agreement with Hostess Brands. Edita's market share in the cakes segment increased slightly quarter-on-quarter. By comparison, management sees continued growth potential in the croissant segment, where a nearly 6 ppt increase in contribution to total revenues came on the back of the increased capacity as well as better utilization of croissant lines, particularly on those that began operations in the first half of the year.

Edita continues to maintain 100% brand awareness in its core markets, namely the croissant and cake segments. Wafer awareness continues to improve, reaching 86%. Meanwhile, the candy segment is also becoming a key contributor to Edita's revenues, with the expansion of the Mimix brand across Egypt setting the stage for the addition of the new line.

In conclusion, **Berzi** said: "Looking into 2016, although we may be facing continued turbulence in the economy at large and again signal downside risk from the presently unclear foreign exchange situation and the potential for inflation. We have the brand awareness, product mix, marketing know-how, flexibility in our industrial operations and management depth we need not just to continue to deliver results in the near term, but to build out a robust platform for sustainable growth in what we remain convinced is the most exciting consumer market in the Middle East and North Africa."

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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 13 regional export markets. Learn more at ir.edita.com.eg.

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