



Edita Food Industries Reports 3Q2017 Earnings

Strong volume-recovery quarter-on-quarter as consumers adapt to Edita's portfolio optimization; revenues record a solid 36% year-on-year growth to EGP 832 million in 3Q2017; bottom-line up a significant 47% year-on-year.

Cairo, 12 November 2017

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 30 September 2017, reporting strong bottom-line growth of 47.4% y-o-y on revenues of EGP 832.2 million, up 35.8% y-o-y.

On a year-to-date basis, Edita recorded revenues of EGP 2,086.3 million in 9M2017, up 24.1% y-o-y, while net profit came in at EGP 105.4 million in the same period.

Edita's results for the third quarter of 2017 reflect the turnaround in the macroeconomic environment and mark an important recovery from the multifaceted impact of the Egyptian government's structural reform program. Strong revenue growth came as consumers have now adjusted to the recent inflationary pressures and are increasingly accepting of Edita's portfolio optimization.

Commenting on the quarter's performance, **Edita Chairman and Managing Director Eng. Hani Berzi** said: "Our success in navigating the challenging environment during the past year is thanks to Edita's responsive strategy and our defensive business model. We were particularly successful in absorbing inflationary shocks arising from the reform program and delivering consistent top-line growth while defending our market share. With the economy and consumer sentiment now turning the corner, we believe the worst is behind and we have remerged with better visibility and a restructured product portfolio that targets optimum price-point segmentation."

Since the rollout of Edita's repricing strategy in September 2015, the company has successfully structured its portfolio in a manner that now sees it extract higher-value through innovation and simultaneously serve a consumer base that spans a wide income spectrum. Among Edita's latest product launches are the competitive one-pound Molto and Hohos variations, as well as innovative, high-end offerings such as the TODO Brownies and most recently the TODO Donut.

"With the recent recovery in volumes, and as sales continue to grow across all our segments, we are increasingly confident in the merits of our strategic choices. The strength of our strategy and brand equity is also reflected in Edita's ability to defend and grow its market share," Berzi added.

As of August 2017, the most recent period for which industry sales data is available, Edita had defended and expanded its market share across its segments. Cakes maintained a 57.2% market share, rusks expanded to 45.9%, wafers grew to 10.6%, and candy maintained its lead at 17.8% of the market.



Meanwhile, Edita remains the leader in the croissant category with a market share of 60.4% as of August 2017.

Edita also continues to make headway in its regional expansion plans, with total exports during 3Q2017 recording a 101.9% y-o-y increase compared to 3Q2016 and a 91.6% q-o-q rise over 2Q2017.

Edita's ability to grow its product portfolio with innovative offerings and continue serving consumers across the price spectrum is supported by its commitment to research and development and continued investment in capacity expansion. The company recently inaugurated its new, state-of-the-art E08 factory which is set to house 11 new lines on a built-up area of 36,000 sqm. As of October 2017, the factory's first two lines for wafer and donuts were already commissioned and are in commercial production.

"This new state-of-the-art facility will give Edita the space needed to continue rolling out new and differentiated products and is one of the engines of our growth in the coming period," said Berzi.

Edita's top-line growth filtered down to gross profit where the company's ability to control overheads allowed it to partially offset increases in cost of sales. Accordingly, gross profit rose 18.0% y-o-y to EGP 238.1 million in the third quarter of 2017. On a year-to-date basis, gross profit recorded a 5.7% y-o-y improvement to EGP 644.5 million in 9M2017, with a GPM of 30.9%.

Edita was able to deliver strong bottom-line growth during the quarter, recording a net profit of EGP 66.7 million in 3Q2017, up 47.4% y-o-y. On a nine-month basis, net profit came in at EGP 105.4 million for 9M2017 compared to EGP 119.5 million in the same period last year.

"Our primary focus in the coming period will be to accelerate the recovery momentum and continue driving volumes and sales upward," said Berzi. "Meanwhile, our long-term strategy remains intact. We will continue to emphasize product innovation to stimulate demand and extract value from key segments while also catering to the mass market and defend market share. We will maintain a tight control of expenses to support profitability and we're pushing forward with exports and regional expansion. Management is also actively exploring new revenue streams to leverage the strength of Edita's distribution network," Berzi concluded.

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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 3Q2017, the Company derived c.92% of its revenue from Egypt and c.8% from regional export markets. Learn more at ir.edita.com.eg.

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