



Edita Food Industries Reports Strong Revenue Growth and Margin Expansion in 4Q2015 Earnings

Edita achieves record growth in earnings with an EBITDA margin of 29.4% in 4Q2015

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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 with number-one market shares in its core cake and croissant segments, announces its results for the fourth quarter of 2015, reporting revenues of EGP 646.2 million, up 13.7% y-o-y compared to 4Q2014. On a full year basis, Edita recorded revenues of EGP 2,225.3 million, up 16.0% from the FY2014 figure of EGP 1,918.5 million. Revenue growth was primarily volume driven by the croissant segment which saw two new production lines commissioned during the first half of 2015.

Meanwhile, average price increases in the cake segment also supported margins for the year where on September 27, 2015, Edita launched Twinkies Extra, an upsized Twinkies product at EGP 1 per pack, and delisted Twinkies (sold at 50 piasters). Net Profit after Tax and Minority Interest stood at EGP 136.9 million in 4Q2015, up 32.7% y-o-y, with a margin of 21.2% compared to 18.2% in 4Q2014. On a full year basis, Edita posted a bottom line of EGP 349.1, up 31.3% y-o-y, with a 1.8 percent points increase in margin to 15.7%

Commenting on the year's performance, **Edita Chairman and Managing Director Eng. Hani Berzi** said: "2015 was truly a transformative year for Edita, having begun the year laying the groundwork for our very successful IPO in April. On the business front, we delivered Revenue, Gross Profit and Net Profit growth every quarter of the year while also expanding our margins thanks to tight operational management and the introduction of new products."

Added **Berzi**: "Among the building blocks of our strategy that we built-out in 2015 were significant investments in new production capacity (which rose 35.3% to 136,800 tons per annum) as well as finalizing with Hostess Brands LLC an agreement to extend our territory for the HTT brands and to acquire know-how and technical assistance to 11 additional products. Our goal is simple: To consolidate our position as the leader in the packaged snack food market in Egypt while pursuing high-potential export markets. "

Edita completed the extension of its E07 Factory, which hosted the two new croissant lines with a total capacity of 24.4 thousand tons per annum as well as the new cake line with a capacity of 7.6 thousand tons per annum. Additionally, the new rusks line which doubled the segment's capacity to 7.4 thousand tons per annum was installed in December 2015, with product-to-market in February 2016.



In 4Q2015, the cost of goods sold increased 8.5% over 4Q2014 levels to EGP 372.8 million, resulting in a COGS/sales ratio of 57.7%, down from 60.0% in 4Q2014. During 4Q2015, the cost of sales (direct materials) grew by 7.9% y-o-y to EGP 293.5 million, at a rate below revenue growth thanks to the general decline in global commodity prices as well as Edita's efforts to book direct materials at favorable prices. On a full year basis, COGS/Sales ratio was down to 61.0% in FY2015 compared to 62.4% the previous year.

At the EBITDA level, the company posted EGP 190.2 million in 4Q2015, up 32.4% y-o-y, with an EBITDA margin of 29.4% versus 25.3% in 4Q2014. Margin improvement in the quarter is owed to Edita's successful price point migration with the launch of Molto Mix (EGP 2) and Twinkies Extra (EGP 1) during the third quarter of the year beginning to bear fruit in 4Q2015. Margins were also buoyed by a global decline in commodity prices. EBITDA for the full year came in at EGP 521.9 million, up 12.7% compared to FY2014, with EBITDA margin sustained at a healthy 23.5% compared to 24.1% the previous year.

Edita continues to maintain close to 100% brand awareness in its core markets, namely the croissant and cake segments, while Edita's wafer awareness currently stands at 81%. 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, we are confident in our ability to maintain the strong operational performance we delivered in 2015, especially as the coming year will be the first in which we have the full benefit of our new production capacity and newly launched products. We anticipate continued growth in our key indicators and further expansion of our margins in light of our successful price point migration of some 10% during the previous quarters. Going forward, Edita will continue to add new capacity, having recently secured a 55,000 square-meter plot of land located at the Zamil Polaris Industrial Complex in Sixth of October that will house our new E08 factory. In parallel, we will keep a careful eye on operational efficiency to ensure top-line growth filters down to the bottom line, maximizing shareholder value in the process."

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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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