Edita Food Industries Reports FY2018 Earnings

Edita delivers a strong 24.1% increase in FY2018 revenues to EGP 3.8 billion as volumes continue to grow along with improved profitability; net profit for the year was up 43.3% to EGP 303.7 million; First launch in Morocco with flagship wafer brand, Freska

Cairo, 26 February 2019

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 ended 31 December 2018, reporting revenues of EGP 3,776.4 million, up 24.1% y-o-y. Net profit for the year recorded a strong 43.3% y-o-y increase to EGP 303.7 million in FY2018.

On a quarterly basis, Edita's revenues were up 13.2% y-o-y to EGP 1,084.1 million in 4Q2018, while net profit for the quarter was EGP 128.3 million, up 20.4% y-o-y.

Commenting on the year's performance, Edita Chairman and Managing Director Eng. Hani Berzi said: "Edita's strong performance for the year was driven by our strategy to capture growing demand with a tailored product mix suited for today's market dynamics. The results are clear with volumes fast recovering to levels seen only before the devaluation of the Egyptian pound, yet at higher price points and with a better product mix that is now delivering both growth and improved profitability. We were also particularly successful in extracting higher value, while simultaneously defending our market share in an increasingly competitive environment thanks to Edita's strong brand equity, innovative approach and unique product offerings."

Key pillars of Edita's strategy during the year included a focus on growing volumes by enhancing its product portfolio, including reconfigurations and new launches, as well as leveraging its extensive distribution network to achieve better market segmentation. In parallel, management also focused on cost minimization and operational efficiency initiatives. Management's efforts delivered tangible results, with total volumes sold up 20.3% y-o-y in FY2018 along with stronger profitability compared to the previous year.

Meanwhile, Edita maintained its market-leading position in its core segments as per the latest data available for December 2018. The company remains the leader in the cake segment with a market share of 53.0%, and continued to recapture a larger share of the croissant segment at 64.0% as of December 2018. Meanwhile, Edita also maintained a leading position in the candy market with a 9.8% market share as of December 2018, while in the fast-growing rusks segment, Edita held a number two position with a market share of 41.4% as of December 2018. Finally, Edita's market share in the wafers segment stood at 11.2% during the same period.

On a regional level, Edita's gross export sales for the full-year 2018 were up 33.0% y-o-y to EGP 315.9 million, constituting 8.3% of total revenues. The growth in export sales is in line with the company's strategy to pursue regional expansion as a key pillar of long-term growth.

"Our efforts to build a portfolio of products optimized for today's market along with our timely investments in future capacities, leave us heading into 2019 with the necessary tools to continue driving our growth trajectory and deliver long-term, sustainable value. Our key focus going forward is to effectively utilize the space afforded by our new E08 facility and invest in new production lines that will allow us to meet the growing market demand for our products. In parallel, Edita will screen for opportunities where it can leverage its brand name and distribution reach to enter into new market segments," said Berzi.

"We are also working to grow our footprint across fast-growing regional markets as we aim to diversify our revenue base and increase contribution from export and overseas operations. We are particularly optimistic about our joint-venture in Morocco where we have recently finalized our company's registration and are taking concrete steps to establish our first overseas manufacturing facility. This follows the successful launch of our Freska brand in the market through exports, with cake product launches soon to follow. Our strategy for Morocco will see us capture the strong domestic demand in this very attractive market by replicating our proven business model of innovation through research and development, manufacturing excellence, and marketing and distribution strength that has seen us succeed in Egypt."

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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 as well as in candy, a number-two market position in rusks and a growing market position in the wafers segment. In FY2018, the Company derived c.91.7% of its revenue from Egypt and c.8.3% from regional export markets. Learn more at ir.edita.com.eg.

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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.

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