

Juhayna Releases Second Quarter 2015 Earnings

SECOND QUARTER 2015

REVENUE EGP 1,101 mn ▲ 16% Y-o-Y	GROSS PROFIT EGP 385 mn ▲ 49% Y-o-Y	EBIT EGP 161 mn ▲ 126% Y-o-Y	NET INCOME EGP 65 mn ▲ 64% Y-o-Y	
DAIRY EGP 528 mn ▲ 15% Y-o-Y	YOGURT EGP 316 mn ▲ 20% Y-o-Y	JUICE EGP 200 mn ▲ 11% Y-o-Y	CONCENTRATES EGP 26 mn ▲ 2% Y-o-Y	AGRICULTURE EGP 31 mn ▲ 49% Y-o-Y

FIRST HALF 2015

REVENUE EGP 1,967 mn ▲ 12% Y-o-Y	GROSS PROFIT EGP 671 mn ▲ 41% Y-o-Y	EBIT EGP 291 mn ▲ 95% Y-o-Y	NET INCOME EGP 130 mn ▲ 57% Y-o-Y	
DAIRY EGP 1,016 mn ▲ 14% Y-o-Y	YOGURT EGP 517 mn ▲ 13% Y-o-Y	JUICE EGP 346 mn ▲ 3% Y-o-Y	CONCENTRATES EGP 42 mn ▼ 11% Y-o-Y	AGRICULTURE EGP 47 mn ▲ 30% Y-o-Y

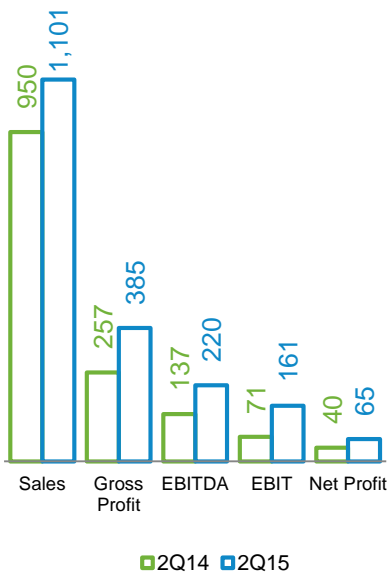
(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange), a leading Egyptian dairy, yogurt and juice manufacturer, announced today its consolidated results for the second quarter of 2015, reporting a 16% year-on-year rise in total consolidated revenue to EGP 1,101 million. Net income saw a significant improvement of 64% to EGP 65 million compared to EGP 40 million in the same period last year. Meanwhile, net profit margin improved two percentage points to 6% in 2Q15. On a first half basis, Juhayna reported a 12% increase in total consolidated revenue to EGP 1,967 million in 1H15 with net income standing at EGP 130 million, an impressive 57% y-o-y increase compared to 1H14, while net profit margin also improved two percentage points to 7% in 1H15.

The highest contributors to the top-line remained the dairy and yogurt segments, representing 48% and 29%, respectively, in 2Q15, and 52% and 26%, respectively, of consolidated revenues in 1H15. Revenue growth during the first half was mainly driven by an increase in the dairy segment's revenues, which climbed 14% y-o-y to EGP 1,016 million in 1H15, contributing over 61% to the group's y-o-y increase in total consolidated revenues during the period.

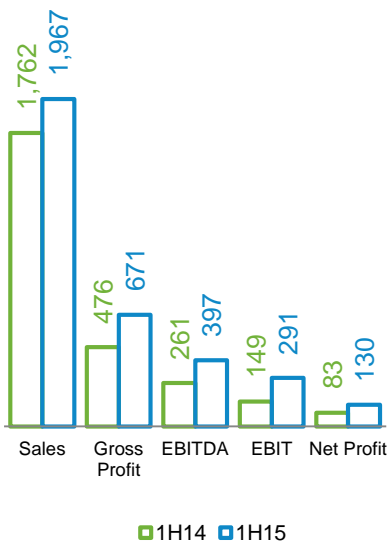
A continued drop in raw material prices to normal levels saw Gross Profit Margins improve by eight percentage points in 2Q15 to 35% and seven percentage points in 1H15 to 34%. Consequently, top-line gains were carried down the income statement with Gross Profit, EBITDA and EBIT recording growth of 41%, 52% and 95%, respectively, in 1H15.

GROUP CONSOLIDATED PERFORMANCE

2Q15 vs. 2Q14



1H15 vs. 1H14



TO OUR SHAREHOLDERS

As the holy month of Ramadan comes to a close — a period of high demand for Juhayna, specifically yogurt — the company’s financial performance continued to post strong results for the second quarter of 2015, with our three main business segments recording double digit year-on-year growth. The improved top-line performance is increasingly being carried down our income statement as margins continued to improve, with our pre-tax earnings recording a more than two-fold y-o-y increase on both a three and six month basis.

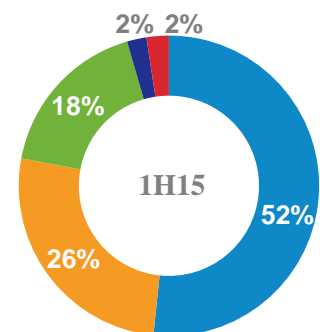
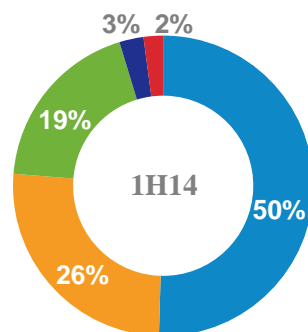
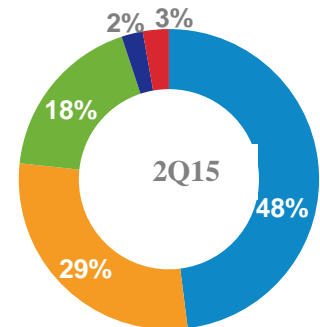
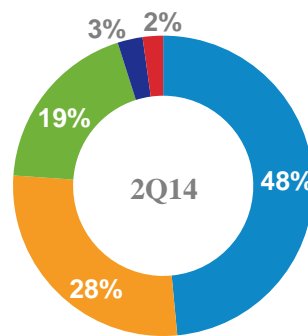
On an operational level, our efforts for increased vertical integration and improved operational efficiency were most recently advanced with the opening of two new distribution centers in Giza and Minya governorates, bringing Juhayana’s total number of distribution centers to 28 nationwide. Meanwhile, the arrival of our first batch of 650 German Holstein cows marked a significant milestone for our dairy farm and helps ensure the quality of our products.

On that note, Juhayna’s recently announced joint venture with European dairy cooperative Arla Foods will further our ability to diversify our product range and help us maintain our promise of providing customers with none other than the best.

The loyalty of our customers has always driven us forward, and we are confident it will continue to do so as we move into the future and towards greater success, maximizing value for our shareholders while simultaneously helping grow and support the Egyptian economy.

Safwan Thabet, Chairman & CEO

REVENUE BREAKDOWN



■ Dairy ■ Yogurt ■ Juices ■ Concentrates ■ Agriculture



I. SEGMENT ANALYSIS

A. LOCAL SALES

Net Sales by Segment (EGP mn)

	2Q15	2Q14	Change	1H15	1H14	Change
Dairy	515	434	19%	988	849	16%
Yogurt	316	262	20%	517	456	13%
Juice	196	173	13%	337	323	4%
Concentrates	8	7	17%	12	19	(37%)
Agriculture	31	21	49%	47	36	30%
Total	1,065	897	19%	1,901	1,684	13%

1. DAIRY SEGMENT

Dairy Segment Sales & Gross Profit (EGP mn)

	2Q15	2Q14	Change	1H15	1H14	Change
Net Sales	515	434	19%	988	849	16%
Gross Profit	167	107	57%	314	217	45%
Gross Profit Margin	33%	25%	8pp	32%	26%	6pp

2. YOGURT SEGMENT

Yogurt Segment Sales & Gross Profit (EGP mn)

	2Q15	2Q14	Change	1H15	1H14	Change
Net Sales	316	262	20%	517	456	13%
Gross Profit	150	87	73%	237	148	61%
Gross Profit Margin	47%	33%	14pp	46%	32%	14pp

3. JUICE SEGMENT

Juice Segment Sales & Gross Profit (EGP mn)

	2Q15	2Q14	Change	1H15	1H14	Change
Net Sales	196	173	13%	337	323	4%
Gross Profit	60	53	13%	102	92	12%
Gross Profit Margin	31%	30%	1pp	30%	28%	2pp

4. CONCENTRATES SEGMENT

Concentrates Segment Sales & Gross Profit (EGP mn)

	2Q15	2Q14	Change	1H15	1H14	Change
Net Sales	8	7	17%	12	19	(37%)
Gross Profit	6	3	86%	7	7	(2%)
Gross Profit Margin	77%	48%	29pp	58%	37%	21pp

5. AGRICULTURAL SEGMENT

Agricultural Segment Sales & Gross Profit (EGP mn)

	2Q15	2Q14	Change	1H15	1H14	Change
Net Sales	31	21	49%	47	36	30%
Gross Profit	(7)	(2)	324%	(5)	(1)	477%
Gross Profit Margin	(22%)	(8%)	-	(10%)	(2%)	-

B. EXPORT SALES

Export Sales & Gross Profit (EGP mn)

	2Q15	2Q14	Change	1H15	1H14	Change
Net Sales	36	53	(32%)	66	79	(16%)
Gross Profit	9	10	(14%)	15	13	14%
Gross Profit Margin	24%	19%	5pp	23%	17%	6pp

II. CONSOLIDATED INCOME STATEMENT

(EGP '000)	2Q15	2Q14	1H15	1H14
Net Sales	1,100,925	949,998	1,967,450	1,762,185
Cost of Sales	(716,393)	(692,523)	(1,296,017)	(1,286,556)
Gross Profit	384,532	257,475	671,432	475,629
<i>Gross Profit Margin</i>	35%	27%	34%	27%
Other Income	6,567	6,944	9,705	10,188
Sales & Distribution Expenses	(171,272)	(139,527)	(292,727)	(244,202)
General & Administrative Expenses	(38,099)	(27,098)	(69,650)	(61,521)
Other (Expenses)	(12,162)	(7,525)	(18,058)	(11,137)
Board of Directors Remuneration	(245)	(220)	(550)	(650)
Results from Operating Activities	169,321	90,049	300,151	168,307
EBITDA	220,011	136,843	396,711	260,892
<i>EBITDA Margin</i>	20%	14%	20%	15%
Parent Company's Share in Associate's Net Income	-	1,407	-	1,407
End of Service Remuneration	(8,484)	(19,029)	(9,503)	(19,029)
Financing Expenses	(52,300)	(27,552)	(81,104)	(48,878)
Net Profit Before Tax	108,537	44,874	209,545	101,806
Tax Differences from Previous Periods	130	601	229	601
Income Tax	(15,780)	(6,316)	(37,203)	(17,041)
Investment Tax Revenues	(4,099)	-	(4,099)	-
Deferred Tax	(23,577)	660	(38,097)	(2,362)
Net Profit	65,212	39,820	130,377	83,005

III. CONSOLIDATED BALANCE SHEET

(EGP '000)	1H15	FY14
Property, Plant and Equipment	2,818,523	2,094,365
Projects Under Construction	400,075	1,067,146
Agricultural Resources	14,028	26,422
Animal Wealth	15,294	-
Investment in Equity – Accounted Investees	50,929	50,929
Other Long Term Debit Balances	778	782
Goodwill	97,093	97,093
Non-current Assets	3,396,720	3,336,738
Inventories	755,341	557,524
Trade and Other Receivables	217,369	194,757
Due From Related Parties	289	816
Cash and Cash Equivalents	429,407	425,167
Current Assets	1,402,406	1,178,264
Provisions	11,644	8,571
Banks – Overdraft	11,256	17,198
Banks – Credit Facilities	1,100,713	742,348
Short Term Loans	-	16,000
Creditors and Other Credit Balances	342,588	272,772
Income Tax	-	50,481
Long-Term Loans – Current Portions	247,335	254,163
Current Liabilities	1,713,536	1,361,533
Working Capital	(311,130)	(183,269)
Total Invested Funds	3,085,590	3,153,468
These Investments are Financed as Follows:		
Issued and Paid up Capital	941,405	941,405
Legal Reserve	451,205	435,554
General Reserve – Insurance Premium	330,920	330,920
Retained Earnings	418,830	414,263
Net Profit for the Period after Periodic Dividends	130,330	161,551
Total Equity Attributed to the Shareholders of the Parent Company	2,272,691	2,283,693
Non Controlling Interest	741	762
Total Equity	2,273,432	2,284,455
Long Term Loans	622,427	705,696
Other Long Term Liabilities	74,190	85,003
Deferred Revenues	2,608	3,477
Deferred Tax Liabilities	112,934	74,837
Non-Current Liabilities	812,158	869,013
Shareholder's Equity and Non-Current Liabilities	3,085,590	3,153,468

IV. CONSOLIDATED CASH FLOW

(EGP '000)	1H15	1H14
Cash Flows from Operating Activities		
Net Profit for the Period Before Income Tax & Minority Interest in Profits	209,545	101,806
Adjustments for:		
Fixed Assets' Depreciation	98,419	90,703
Capital Gains (Losses)	(1,926)	476
Change in Equity Accounted Investments	-	(1,390)
Impairment in Trade & Other Receivables	1,149	-
Impairment in Inventories	2,792	4,295
Provisions for Claims Filed	4,618	-
Financial Lease Installments	6,051	6,051
Credit Interests	(5,398)	(4,807)
Finance Interests & Expenses	93,308	70,065
	408,558	267,197
Collected Deposits Interests	5,390	4,807
Paid Finance Interests & Expenses	(90,776)	(69,643)
Change in:		
Inventories	(200,609)	(125,184)
Trade & Other Receivables	(19,182)	(81,900)
Due from Related Parties	526	(179)
Change in Creditors & Other Credit Balances	(38,826)	(68,430)
Dividend Paid to Employees	(19,427)	(30,406)
Provisions for Claims Used	(1,545)	(1,014)
Net Cash Flows from Operating Activities	44,109	(104,750)
Cash Flow from Investing Activities		
Acquisition of Fixed Assets & Projects Under Construction	(157,950)	(334,566)
Proceeds from Sale of Fixed Assets	4,370	204
Proceeds from Acquisition of Animal Wealth	(16,963)	(8,041)
Net Cash Flows (Used In) Investing Activities	(170,543)	(342,403)
Cash Flow from Financing Activities		
Proceeds from Bank Credit Facilities	358,365	128,569
Proceeds from Bank Loans	(106,097)	151,916
Proceeds for Lease Installments-Sale with the Right of Release	(6,051)	(6,051)
Dividend Paid to Shareholders	(109,536)	-
Increase/Decrease in Minority Interest	(67)	(10)
Net Cash Flows from Financing Activities	136,614	274,424
Increase (Decrease) in Cash & Cash Equivalents during the Period	10,181	(172,729)
Cash & Cash Equivalents as at 1 January	402,916	553,374
Cash & Cash Equivalents as at 31 March	413,096	380,645



ABOUT JUHAYNA FOOD INDUSTRIES

Juhayna Food Industries a leading producer and distributor of milk, juice and yogurt products. The company was established in 1983 by Safwan Thabet along with a number of other founders with paid-in capital of EGP 1.3 million. Production began in 1987 with a total production capacity of 35 tons per day and total sales of EGP 2.4 million. The company has since grown to become the most popular household name in the sector across Egypt. Today, Juhayna owns seven plants in addition to 28 sales and distribution centers and a fleet size of over 1000 vans and trucks. The company presently has paid-in capital of EGP 941 million and a work force of more than 4,000 employees.

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FORWARD-LOOKING STATEMENTS

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