

Juhayna Releases Full-Year 2016 Earnings

FOURTH QUARTER 2016

REVENUE EGP 1,296 mn ▲ 15% Y-o-Y	GROSS PROFIT EGP 337 mn ▼ 14% Y-o-Y	EBIT EGP 66 mn ▼ 58% Y-o-Y	NET INCOME EGP (115) mn		
DAIRY EGP 691 mn ▲ 18% Y-o-Y	YOGURT EGP 252 mn ▼ 0.5% Y-o-Y	JUICE EGP 295 mn ▲ 21% Y-o-Y	CONCENTRATES EGP 14 mn ▲ 64% Y-o-Y	AGRICULTURE EGP 10 mn ▼ 58% Y-o-Y	ARJU EGP 34 mn

FULL YEAR 2016

REVENUE EGP 4,993 mn ▲ 18% Y-o-Y	GROSS PROFIT EGP 1,454 mn ▼ 2% Y-o-Y	EBIT EGP 453 mn ▼ 29% Y-o-Y	NET INCOME EGP 54 mn ▼ 81% Y-o-Y		
DAIRY EGP 2,435 mn ▲ 12% Y-o-Y	YOGURT EGP 1,176 mn ▲ 10% Y-o-Y	JUICE EGP 1,107 mn ▲ 33% Y-o-Y	CONCENTRATES EGP 102 mn ▲ 61% Y-o-Y	AGRICULTURE EGP 69 mn ▼ 11% Y-o-Y	ARJU EGP 105 mn

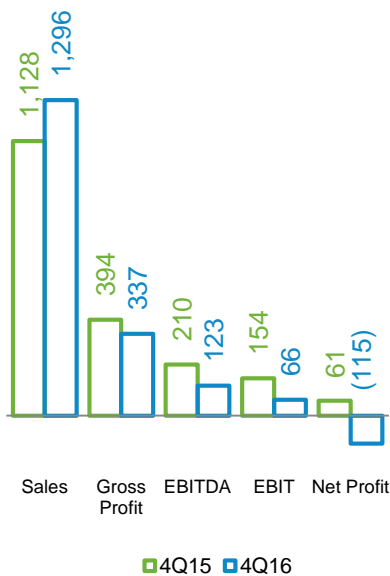
(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange), a leading Egyptian dairy, yogurt and juice manufacturer, announced today its consolidated results for the fourth quarter ending 31 December 2016, reporting revenues of EGP 1,296 million, up 15% year-on-year. Severe inflationary pressures on the company's cost base owing to the float of the Egyptian Pound on 3 November 2016 took a toll on bottom-line profitability, with the company turning a Net Loss of EGP 115 million in 4Q16 compared to a profit of EGP 61 million in the same period last year. On a full-year basis, Juhayna reported a Net Profit of EGP 54 million, down 81% y-o-y, on revenues of EGP 4,993 million, an 18% y-o-y growth, and translating into a Net Profit Margin of 1.1% (FY15: 6.6%).

Contributors to revenue in 4Q16 continued to be weighed toward the dairy segment at 53% (FY16: 49%), followed by juice at 23% (FY16: 22%) and 19% from yogurt (FY16: 23%). Meanwhile, revenue growth in the fourth quarter was driven primarily by higher juice sales which climbed 21% y-o-y to EGP 295 million (FY16: EGP 1,107 million, up 33%), as well as an improved performance at the company's dairy segment which recorded EGP 691 million in sales, up 18% y-o-y (FY16: EGP 2,435 million, up 12%).

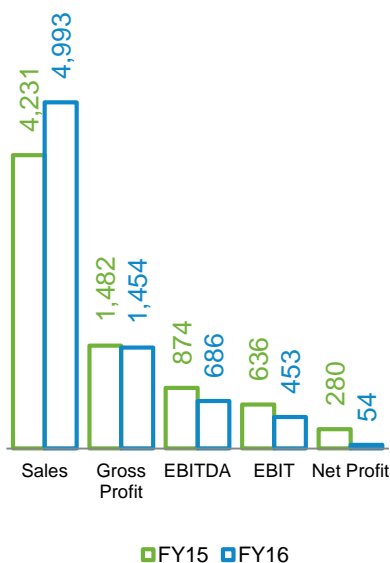
Highlights of Juhayna's financial and operational results along with management's commentary on performance in the quarter follow below. Drawn from the fact that Juhayna operates in a highly competitive environment, management believes that it is in the best interest of shareholders to suspend disclosure of detailed segment analysis information. Juhayna's full financials are available for download on the company's website: www.juhayna.com.

GROUP CONSOLIDATED PERFORMANCE

4Q16 vs. 4Q15



FY16 vs. FY15



TO OUR SHAREHOLDERS

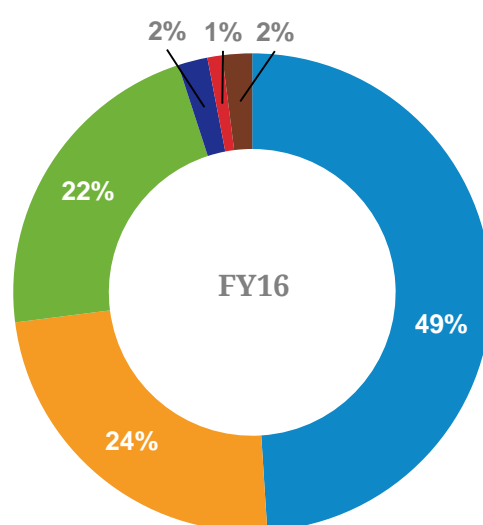
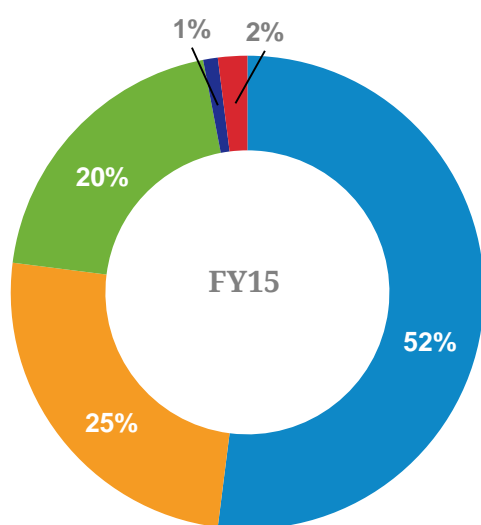
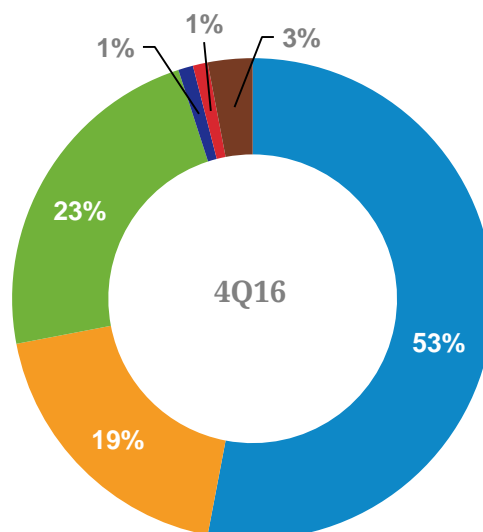
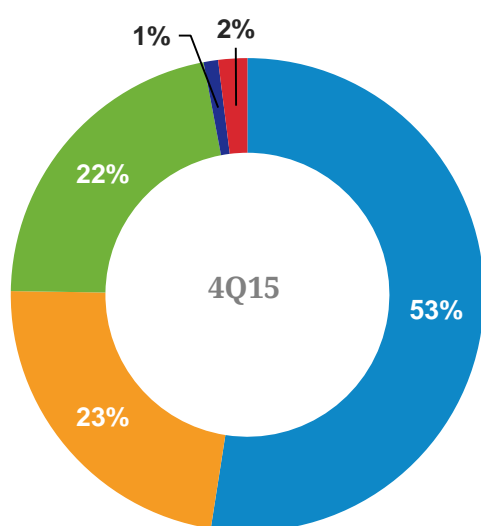
The year just ended witnessed macroeconomic challenges that were unprecedented, from limited foreign currency supply and the weakening of the Egyptian Pound, to its subsequent float in November 2016, the implementation of a new value-added tax (VAT) regime, higher interest rates and the partial lifting of energy subsidies. Juhayna, like all other businesses operating in Egypt today, saw its performance affected by an increasingly inflationary environment and a decline in consumers' purchasing power.

While the company was able to turn an 18% y-o-y increase in revenues to EGP 4.9 billion in FY16, inflationary pressures on our cost base by some 50% coupled with a product nature that allows only for the gradual pass-on of price. Meanwhile, the weakening of the EGP on the parallel market prior to its float saw the company cost increase by EGP 260 million due to the FX rate differential and a FX loss of EGP 47 million as a result of post float revaluation of foreign currency denominated liabilities. Consequently, Juhayna's bottom-line declined by 80.8% y-o-y in FY16 to EGP 53.7 million.

Heading into 2017, our efforts to restore profitability will be driven by pushing through increased operational efficiencies at our factories, increasing reliance on domestically produced raw materials and by maintaining a tight rein on expenses. Management has also taken the strategic decision to see to completion any ongoing projects and postpone new investments especially after having undergone an aggressive expansion program during FY16 with a total CAPEX outlay of EGP 513 million. Juhayna had also managed to secure EGP 212 million in financing packages from HSBC and QNB. Our investment efforts during the last year saw us add seven new filling lines to our juice, dairy and yogurt segments, increase our total herd size that now produces c.12% of the company's raw milk needs and enhance the company's logistics and distribution capabilities.

The current headwinds are not new to Juhayna, and we have time and again proven our ability to navigate challenging economic environments thanks to our decades-long experience and to our talented and dedicated team. I remain confident in the solid foundations on which our company is built, and look forward to capturing the upside of the Government of Egypt's economic reform program as we embark on a new chapter of value-creation for all our stakeholders.

Safwan Thabet, Chairman & CEO



■ Dairy
 ■ Yogurt
 ■ Juices
 ■ Concentrates
 ■ Agriculture
 ■ ARJU

I. CONSOLIDATED INCOME STATEMENT



FY 2016 Earnings Release

9 March 2017

(EGP '000)	FY16	FY15
Net Sales	4,992,858	4,231,162
Cost of Sales	(3,538,392)	(2,749,358)
Gross Profit	1,454,466	1,481,803
<i>Gross Profit Margin</i>	<i>29%</i>	<i>35%</i>
Other Income	62,489	18,029
Sales & Distribution Expenses	(838,839)	(655,110)
General & Administrative Expenses	(174,957)	(145,936)
Other (Expenses)	(38,074)	(51,975)
Board of Directors Remuneration	(12,020)	(11,180)
Results from Operating Activities	453,065	635,631
EBITDA	685,817	874,116
<i>EBITDA Margin</i>	<i>14%</i>	<i>21%</i>
The Holding Company's Share in Profit of Companies Under Joint Control	(3,062)	-
Revenue of Investments Available for Sale	5,571	-
End of Service Remuneration	(4,819)	(10,670)
Financing Income & Financing Expenses	(302,005)	(174,561)
Net Profit Before Tax	148,749	450,399
Tax Differences from Previous Periods	6,273	231
Income Tax	(36,800)	(72,340)
Investment Tax	(12,496)	(18,596)
Deferred Tax	(52,074)	(79,761)
Net Profit	53,652	279,933
	<i>1%</i>	<i>7%</i>



II. CONSOLIDATED BALANCE SHEET

(EGP '000)	FY16	FY15
Property, Plant and Equipment	3,066,251	2,761,272
Projects Under Construction	383,210	430,870
Plant Wealth	13,469	-
Plant Wealth in Progress	3,956	14,304
Animal Wealth	87,892	40,066
Payment Under Investment Accounts	-	10,150
Investment in Companies Under Joint Control (Equity)	7,088	-
Long-Term Assets	765	774
Other Long Term Debit Balances	9,816	-
Goodwill	97,093	97,093
Non-current Assets	3,669,540	3,354,529
Investments Held for Sale	-	50,929
Biological Assets	17,280	33,021
Inventories	1,325,879	573,856
Trade and Other Receivables	353,019	188,010
Cash and Cash Equivalents	129,591	794,918
Current Assets	1,825,769	1,640,734
Total Assets	5,495,310	4,995,263
Issued and Paid up Capital	941,405	941,405
Legal Reserve	497,246	467,347
General Reserve – Insurance Premium	330,920	330,920
Retained Earnings	478,308	418,147
Total Comprehensive Income for the Period / Year After Periodic Dividends	43,524	264,307
Total Equity Attributed to the Shareholders of the Parent Company	2,291,404	2,422,127
Non-Controlling Interest	757	819
Total Equity	2,292,161	2,422,945
Long Term Loans	803,789	1,013,338
Other Long Term Liabilities	47,701	69,841
Deferred Revenues	108,442	15,560
Deferred Tax Liabilities	206,673	154,599
Non-Current Liabilities	1,166,605	1,253,338
Provisions	9,428	11,960
Banks – Overdraft	25,031	32,443
Banks – Credit Facilities	1,049,804	637,074
Creditors and Other Credit Balances	612,869	317,813
Income Tax	34,483	72,340
Due to Related Parties	14,178	-
Long-Term Loans – Current Portion	290,749	247,349
Current Liabilities	2,036,543	1,318,980
Total Liabilities	3,203,149	2,572,317
Total Equity & Total Liabilities	5,495,310	4,995,263



III. CONSOLIDATED CASH FLOW

(EGP '000)

	FY16	FY15
Cash Flows From Operating Activities		
Net Profit For The Period Before Income Tax & Minority Interest In Profits	148,749	450,399
Adjustments For:		
Fixed Assets' Depreciation	234,494	204,275
Capital Gain	(7,582)	(2,907)
Profit Form Sale Of Investments Held For Sale	(5,571)	-
Impairment In Fixed Assets	-	13,215
Change In Investments In Equity Accounted Investees	(7,088)	-
Change in Biological Assets	-	-
Impairment In Trade And Other Receivables	2,286	2,018
Reversal of Impairment in Trade And Other Receivables	(61)	-
Impairment In Inventories	94	12,866
Reversal Of Impairment In Inventories	(42)	-
Provision For Claims	3,569	8,968
Financial Lease Installments	21,905	12,101
Amortization Of Animal Wealth	6,652	673
Herd Births	(13,397)	(2,889)
Herd Capitalized Expenses	(17,877)	(4,485)
Losses From Selling Cows	2,035	221
Losses From Calves Death	1,436	316
Foreign Exchange Currency	(47,189)	7,588
Credit Interests	(16,558)	(14,265)
Finance Interests & Expenses	271,374	196,144
	577,228	884,240
Collected Time Deposits Interests	16,558	14,212
Interest Finance Expenses Paid	(269,878)	(195,316)
Changes In:		
Inventories	(752,076)	(61,786)
Biological Assets	15,742	(433)
Trade & Other Receivables	(177,042)	9,844
Due From Related Parties	-	816
Change In Creditors & Other Credit Balances	203,364	(38,319)
Due To Related Parties	14,178	-
Deferred Revenue	-	13,821
Dividend Paid To Employees	(25,068)	(22,336)
Provisions For Claims Used	(6,101)	(5,579)
Net Cash Flows Used In Operating Activities	(403,093)	599,164
Cash Flow From Investing Activities		
Acquisition Of Fixed Assets & Projects Under Construction	(516,180)	(353,470)
Proceeds From Sale Of Fixed Assets	31,949	108,257
Acquisition Of Animal Wealth	(35,094)	(34,550)
Proceeds From Animal Wealth	5,298	-
Proceeds From Sale Of Investments Held For Sale	56,500	(10,150)
Net Cash Flows (Used In) Investing Activities	(457,527)	(289,913)
Cash Flow (Used In) Financing Activities		
Proceeds From Bank Credit Facilities	412,730	(105,274)
Payments of Bank Loans	(166,150)	284,829
Payments For Lease Installments - Sales And Lease Back	(21,905)	(12,101)
Proceeds From Finance Lease - Sale And Lease Back	105,964	-
Dividend Paid To Shareholders	(141,211)	(109,536)
(Decrease) In Minority Interest	(197)	(47)
Net Cash Flows From Financing Activities	189,232	57,871
(Decrease) In Cash & Cash Equivalents During The Period	(671,388)	367,122
Foreign Exchange Currency	13,473	(7,563)
Cash & Cash Equivalents As At 1 January	762,475	402,916
Cash & Cash Equivalents As At 31 December	104,560	762,475



ABOUT JUHAYNA FOOD INDUSTRIES

Juhayna Food Industries is 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 32 sales and distribution centers and a fleet size of over 1,200 vans and trucks. The company presently has paid-in capital of EGP 941 million and a workforce of more than 5,000 employees.

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FORWARD-LOOKING STATEMENTS

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Juhayna Food Industries. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes “targets” or “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “seek,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Juhayna Food Industries may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Juhayna Food Industries is subject to risks and uncertainties.