

Juhayna Releases Second Quarter 2017 Earnings

SECOND QUARTER 2017

REVENUE EGP 1,574 mn ▲ 18% Y-o-Y	GROSS PROFIT EGP 437 mn ▲ 16% Y-o-Y	EBIT EGP 133 mn ▲ 36% Y-o-Y	NET INCOME EGP 27 mn ▼ 9% Y-o-Y		
DAIRY EGP 662 mn ▲ 19% Y-o-Y	YOGURT EGP 436 mn ▲ 8% Y-o-Y	JUICE EGP 325 mn ▲ 15% Y-o-Y	CONCENTRATES EGP 69 mn ▲ 75% Y-o-Y	AGRICULTURE EGP 39 mn ▲ 60% Y-o-Y	ARJU EGP 43 mn ▲ 78% Y-o-Y

FIRST HALF 2017

REVENUE EGP 2,862 mn ▲ 17% Y-o-Y	GROSS PROFIT EGP 850 mn ▲ 15% Y-o-Y	EBIT EGP 294 mn ▲ 18% Y-o-Y	NET INCOME EGP 86 mn ▼ 22% Y-o-Y		
DAIRY EGP 1,276 mn ▲ 15% Y-o-Y	YOGURT EGP 687 mn ▲ 7% Y-o-Y	JUICE EGP 571 mn ▲ 10% Y-o-Y	CONCENTRATES EGP 203 mn ▲ 204% Y-o-Y	AGRICULTURE EGP 40 mn ▼ 26% Y-o-Y	ARJU EGP 83 mn ▲ 71% Y-o-Y

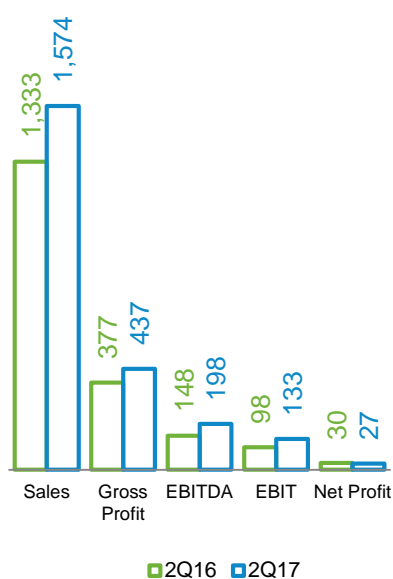
(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange), a leading Egyptian dairy, yogurt and juice manufacturer, announced today its consolidated results for the second quarter of 2017, reporting a 18% year-on-year rise in total revenue to EGP 1,574 million. Net income dropped 9% to EGP 27 million compared to EGP 30 million in the same period last year, translating into a net profit margin of 1.7% in 2Q17. On a first half basis, Juhayna reported a 17% increase in total consolidated revenue to EGP 2,862 million in 1H17 with net income standing at EGP 86 million, a 22% decrease compared to 1H16, while net profit margin also slid from 4.5% in 1H16 to 3% in 1H17.

The highest contributors to the top line remained the dairy and yogurt segments, representing 42% and 28% of revenues respectively in 2Q17 and 45% and 24%, respectively, in 1H17. Revenue growth during the first half was mainly driven by an increase in the dairy and juice segments' revenues, which climbed 15% and 10% y-o-y to EGP 1,276 million and EGP 571 million respectively in 1H17.

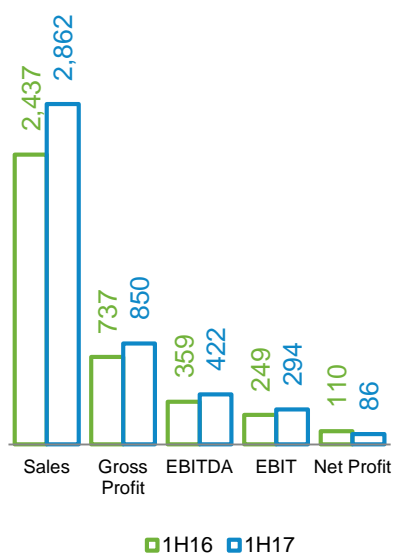
Highlights of Juhayna's financial and operational results along with management's commentary on performance in the quarter follow below. Drawn from the fact that Juhayna operates in a highly competitive environment, management believes that it is in the best interest of shareholders to suspend disclosure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

GROUP CONSOLIDATED PERFORMANCE

2Q17 vs. 2Q16



1H17 vs. 1H16



TO OUR SHAREHOLDERS

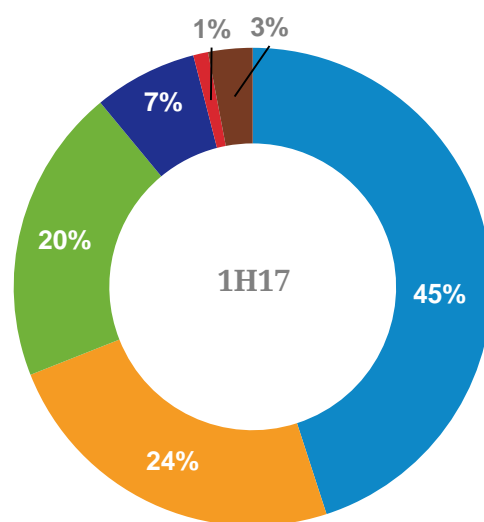
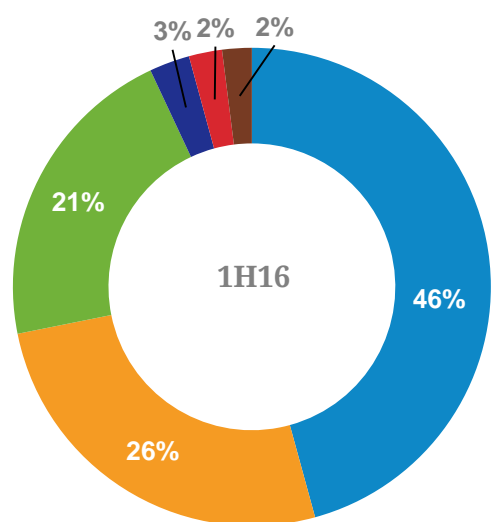
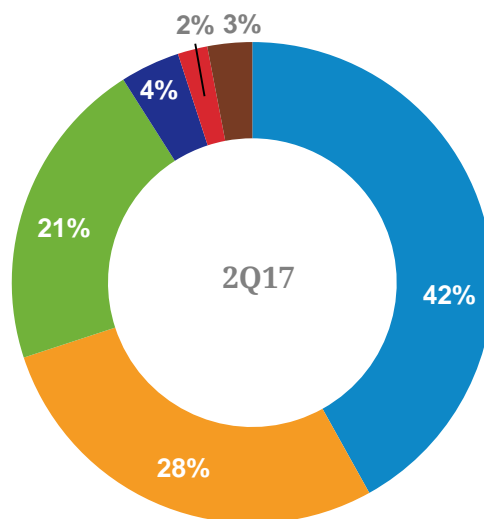
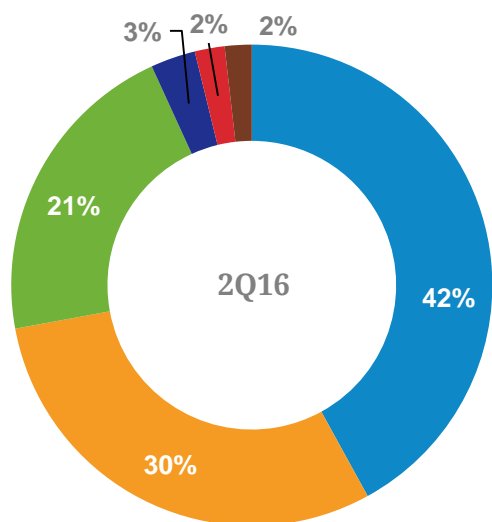
As we continue to face a challenging economic environment with an inflation rate at almost 30% and purchase power that has not yet fully recovered. We were able to record in the first half of 2017 a 17% revenue growth y-o-y to reach EGP 2.862 million with a gross profit margin of 29.7% and a net profit of 3%.

Despite all these challenges we have faced in the second quarter, we increased our revenues by 18% to reach EGP 1,574 million. We also reached a gross profit of EGP 437 million with a gross profit margin of 28%. The drop compared to the previous quarter is due to promotions and discounts to clients and consumers to stimulate the market in this transitional period. We reached a net profit of EGP 27 million and a net profit margin of 1.7% for 2Q2017 compared to a margin of 2.2% y-o-y. This decrease is the effect of an increase in interest rate of 2%.

To overcome the current situation, we took the decision to slash down expenses to the minimum, continuing on enhancing our operational efficiencies, pushing to optimize our sales and improving our liquidity position. We believe the benefit of our strategies will come to effects by the last quarter of this year.

We look forward to building on our previous successes and to further solidify our ability to meet consumer demand and create shareholder value even amidst the challenges facing the Egyptian economy

Safwan Thabet, Chairman & CEO



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

I. CONSOLIDATED INCOME STATEMENT

('000 EGP)	1H17	1H16	% Change
Net Sales	2,862,038	2,437,217	17%
Cost of Sales	(2,012,342)	(1,700,181)	18%
Gross Profit	849,696	737,036	15%
<i>Gross Profit Margin</i>	30%	30%	
Other Income	40,083	35,820	12%
Sales & Distribution Expenses	(485,374)	(404,065)	20%
General & Administrative Expenses	(92,689)	(103,513)	-10%
Other (Expenses)	(17,194)	(15,811)	9%
Board of Directors Remuneration	(640)	(590)	8%
Results from Operating Activities	293,882	248,877	18%
EBITDA	422,087	359,177	18%
<i>EBITDA Margin</i>	15%	15%	
The Holding Company's Share in Profit of Companies Under Joint Control	(2,199)	(609)	261%
Revenue of Investments Available for Sale	-	5,571	-100%
End of Service Remuneration	(8,975)	(2,058)	336%
Financing Income & Financing Expenses	(183,564)	(96,869)	89%
Net Profit Before Tax	99,144	154,911	-36%
Tax Differences from Previous Periods	-	3,956	-100%
Income Tax	(3,231)	(17,007)	-81%
Investment Tax	(6,047)	(4,998)	21%
Deferred Tax	(4,321)	(26,616)	-84%
Net Profit	84,546	110,246	-22%

II. CONSOLIDATED BALANCE SHEET

('000 EGP)	1H17	FY16
Property, Plant and Equipment	3,001,668	3,066,251
Projects Under Construction	430,938	383,210
Plant Wealth	13,271	13,469
Plant wealth - under preparation	3,813	3,956
Animal Wealth	95,526	87,892
Investment in Companies Under Joint Control (Equity)	4,889	7,088
Other - long term assets	761	765
Other Long Term Debit Balances	9,221	9,816
Goodwill	97,093	97,093
Non-current Assets	3,657,180	3,669,540
Biological Assets	18,056	17,280
Inventories	1,424,142	1,325,879
Trade and Other Receivables	456,581	353,019
Cash and Cash Equivalents	153,201	129,591
Current Assets	2,051,980	1,825,769
Total Assets	5,709,160	5,495,310
Issued and Paid up Capital	941,405	941,405
Legal Reserve	510,327	497,246
General Reserve – Insurance Premium	330,920	330,920
Retained Earnings	336,175	478,308
Total Comprehensive Income for the Period / Year After Periodic Dividends	85,429	43,524
Total Equity Attributed to the Shareholders of the Parent Company	2,204,258	2,291,404
Non Controlling Interest	726	757
Total Equity	2,204,984	2,292,161
Long Term Loans	775,588	803,789
Other Long Term Liabilities	39,028	47,701
Deferred Revenues	101,299	108,442
Deferred Tax Liabilities	210,994	206,673
Non-Current Liabilities	1,129,909	1,166,605
Provisions	5,587	9,428
Banks – Overdraft	64,431	25,031
Banks – Credit Facilities	1,245,043	1,049,804
Creditors and Other Credit Balances	749,436	612,869
Income Tax	924	34,483
Due to Related Parties	9,931	14,178
Long-Term Loans – Current Portion	301,914	290,749
Current Liabilities	2,377,267	2,036,543
Total Liabilities	3,504,176	3,203,149
Total Equity & Total Liabilities	5,709,160	5,495,310

III. CONSOLIDATED CASH FLOW

	1H17	1H16
('000 EGP)		
Cash Flows from Operating Activities		
Net Profit for the Period Before Income Tax & Minority Interest in Profits	99,144	154,911
Adjustments for:		
Fixed Assets' Depreciation	130,591	113,512
Capital Gains (Losses)	(1,152)	(2,603)
Amortization of Animal Wealth	5,819	2,305
Amortization of Productive Plant Wealth	199	-
Gain on Sale of Investment	-	(5,571)
Change in Equity Accounted Investments	2,199	(9,541)
Impairment in Trade & Other Receivables	1,868	-
Reversal of Impairments in Inventories	(849)	(42)
Provisions for Claims Formed	17	-
Financial Lease Installments	13,696	9,133
Herd Births	(4,129)	(4,286)
Herd Capitalized Expenses	(14,401)	(6,572)
Losses from Sales of Livestock	-	819
Profit compensation livestock death	(214)	-
Losses from Deaths of Livestock	534	554
Foreign Exchange	40	(11,003)
Credit Interests	(3,905)	(12,319)
Finance Interests & Expenses	187,429	119,803
	416,886	349,100
Collected Deposits Interests	3,905	11,905
Paid Finance Interests & Expenses	(182,292)	(113,306)
Change in:		
Inventories	(97,414)	(409,010)
Biological Assets	2,526	16,479
Trade & Other Receivables	(104,830)	(180,835)
Change in Creditors & Other Credit Balances	(71,499)	55,803
Due to Related Parties	(4,248)	1,618
Dividend Paid to Employees	(3,493)	(21,931)
Provisions for Claims Used	(3,858)	(5,283)
Net Cash Flows used in Operating Activities	(44,316)	(295,460)
Cash Flow from Investing Activities		
Acquisition of Fixed Assets & Projects Under Construction	(123,171)	(256,722)
Proceeds from Sale of Fixed Assets	10,587	12,414
Proceeds from Acquisition of Animal Wealth	(3,160)	(13,061)
Proceeds from Animal Wealth	4,756	2,729
Proceeds from Sale Investment held for Sale	-	56,500
Net Cash Flows (Used In) Investing Activities	(110,988)	(198,139)
Cash Flow (used in) Financing Activities		
(Payments) Proceeds from Bank Credit Facilities	195,239	177,586
Proceeds from Bank Loans	(17,035)	(121,175)
Payments for Lease Installments - Sales & Lease Back	(13,696)	(9,133)
Proceeds from Finance Lease -Sales & Lease Back	-	105,964
Dividend Paid to Shareholders	-	(141,211)
(Decrease) in Minority Interest	(147)	(198)
Net Cash Flows from Financing Activities	164,361	11,834
(Decrease) in Cash & Cash Equivalents during the Period	9,057	(481,766)
Foreign Exchange	(24,847)	1,504
Cash & Cash Equivalents as at 1 January	104,560	762,475
Cash & Cash Equivalents as at 30 June	88,770	282,213

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 1,000 vans and trucks. The company presently has paid-in capital of EGP 941 million and a workforce of more than 5,000 employees.

CONTACTS

Karim Sheir
Head of Investor Relations
karim.sheir@juhayna.com

Tel: +20 (0)2 3828 6417

Fax: +20 (0)2 3828 6567

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.