



JUHAYNA RELEASES:

# Second Quarter 2013 Earnings

28 August 2013

## I. FINANCIAL HIGHLIGHTS

### Second Quarter 2013

Revenue of EGP 894 million	27% increase over 2Q12
Gross profit reached EGP 277 million	26% increase over 2Q12
EBIT reached EGP 140 million	35% increase over 2Q12
Net income excl one off-item reached EGP 101 million	33% increase over 2Q12
Foreign exchange valuation gains reached EGP 18 million	
Net income reached EGP 119 million	56% increase over 2Q12
Dairy sales grew 22% y-o-y to EGP 418 million	with a gross margin of 28%
Yogurt sales increased 17% y-o-y to EGP 231 million	with a gross margin of 34%
Juice sales increased 29% y-o-y EGP 180 million	with a gross margin of 34%
Concentrates sales grew 202% y-o-y to EGP 39 million	with a gross margin of 42%
Agriculture sales grew 98% y-o-y to EGP 26 million	with a gross margin of 17%

### First Half 2013

Revenue of EGP 1,611 million	27% increase over 2Q12
Gross profit reached EGP 504 million	36% increase over 2Q12
EBIT reached EGP 244 million	55% increase over 2Q12
Net income excl one off-item reached EGP 173 million	45% increase over 2Q12
Foreign exchange valuation gains reached EGP 42 million	
Net income reached EGP 215 million	80% increase over 2Q12
Dairy sales grew 22% y-o-y to EGP 785 million	with a gross margin of 29%
Yogurt sales increased 19% y-o-y to EGP 412 million	with a gross margin of 35%
Juice sales increased 29% y-o-y EGP 309 million	with a gross margin of 31%
Concentrates sales grew 270% y-o-y to EGP 65 million	with a gross margin of 41%
Agriculture sales grew 96% y-o-y to EGP 39 million	with a gross margin of 24%

**(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 2013, reporting net income of EGP 101 million on total consolidated revenues of EGP 894 million. This represents a 27% year- on-year surge in revenues and a 33% improvement in net income compared with the same quarter of 2012. Bottom line earnings were positively impacted by a one-off item foreign exchange valuation gains of EGP 18 million. Accordingly net income for the period amount to EGP 119 million.

For the first half of the year, the company accordingly reports net income of EGP 173 million (up 45% over the same period of 2012) on revenues of EGP 1,611 million (an increase of 27% over 1H2012). Foreign Exchange valuation gains for the first half reached EGP 42 million. Accordingly net income for the period amount to EGP 215 million.



Juhayna reports strong sales growth across all segments in the second quarter, led by a 29% surge in net juice sales. Contributing to bottom line growth was the focus on the nationwide roll-out of kiosks and point-of-sale refrigerators to drive brand awareness and sales, as well as the successful completion of a number CAPEX-intensive projects a major greenfield factory and investment in distribution infrastructure.

“In the context of considerable economic challenges our nation faced in the first half, I am very pleased to report both strong top and bottom line growth in 2Q2013,” said Juhayna Chairman and Chief Executive Officer Safwan Thabet. “We inaugurated our Egyfood yogurt plant in Assiut on schedule, boosting yogurt sales in Upper Egypt; we greatly expanded our distribution fleet; we launched a successful sales initiative in Cairo and Giza; and we opened three new distribution centers.

“While we expect headwinds to continue in the third quarter, we have nonetheless passed through the tumult of the past several weeks relatively unscathed, with no loss of life among our staff and no damage at all to key production facilities as a result of our rapid implementation of our nationwide security plan. Our staff continue to be the bedrock upon which this company is built,” Thabet concluded.

Highlights of Juhayna’s financial and operational results along with management’s commentary on performance in the quarter follow below. Full financials are available for download on the company’s website: [www.juhayna.com](http://www.juhayna.com).



## TO OUR SHAREHOLDERS

I am particularly proud of our strong results in the second quarter of 2013, as we maintained the momentum of our growth story despite the political and economic headwinds our nation continues to face. As a consumer foods play, we continue to be somewhat insulated from economic shocks that have impacts on other industries. Strong revenue growth comes on the back of our recent investments in the growth of our distribution outlets and logistics operations.

Our investment in the future of our company continued in the quarter just ended, where we made headway in our efforts to ensure that our market coverage reaches all corners of Egypt with the inauguration in May our EGP 120 million Egyfood yogurt plant in Assiut. Juhayna made investments of EGP 436 million to finance expansion during the first half of the year, added to its distribution and sales fleet 220 new vehicles, and strengthened its human resources base through the appointment of 657 employees, engineers, technicians, and sales representatives over the same period.

Aside from these operational successes, I can report that the Egyptian Competition Protection Authority has issued a resolution of reconciliation wrapping up its lawsuit against the company. We have paid the fine required by law and have put this unfortunate incident behind us.

Looking forward to the second half and into next year, we will continue with our strategic expansion plans, which reflect the company's confidence in the Egyptian economy as a whole as well as our in our position in the nation's food industries sector.

**Safwan Thabet**  
Chairman & CEO

Figure 2: Group Consolidated Performance

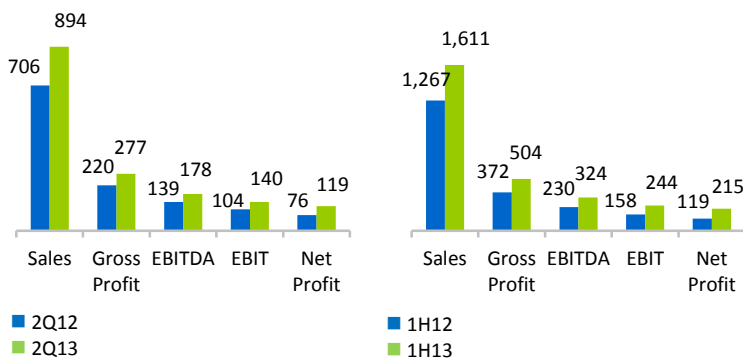
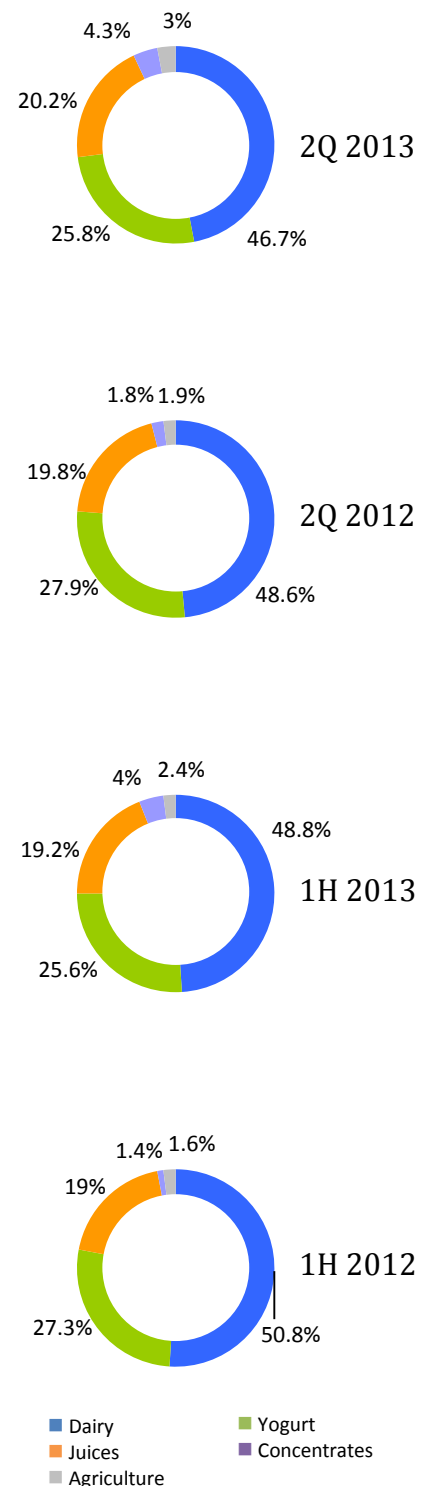


Figure 1: Revenue Breakdown





## II. SEGMENT ANALYSIS

### A. LOCAL SALES

#### Net Sales by Segment (EGP mn)

	2Q12	2Q13	Change	1H12	1H13	Change
Dairy	315	375	19%	594	731	23%
Yogurt	197	231	17%	346	412	19%
Juice	137	176	29%	233	301	29%
Concentrates	5	10	102%	8	15	86%
Agriculture	13	26	98%	20	39	96%
Total	667	818	23%	1,201	1,499	25%

#### 1. DAIRY SEGMENT

#### Dairy Segment Sales & Gross Profit (EGP mn)

	2Q12	2Q13	Change	1H12	1H13	Change
Sales (Ton)	45,215	51,088	13%	86,191	101,229	17%
Net Sales	315	375	19%	594	731	23%
Gross Profit	96	107	11%	170	216	27%
Gross Profit Margin	30%	28%	(2 pp)	29%	30%	1 pp

#### 2. YOGURT SEGMENT

#### Yogurt Segment Sales & Gross Profit (EGP mn)

	2Q12	2Q13	Change	1H12	1H13	Change
Sales (Ton)	18,872	20,986	11%	33,140	38,071	15%
Net Sales	197	231	17%	346	412	19%
Gross Profit	71	78	11%	122	146	20%
Gross Profit Margin	36%	34%	(2 pp)	35%	35%	-

#### 3. JUICE SEGMENT

#### Juice Segment Sales & Gross Profit (EGP mn)

	2Q12	2Q13	Change	1H12	1H13	Change
Sales (Ton)	21,010	25,858	23%	36,391	45,235	24%
Net Sales	137	176	29%	233	301	29%
Gross Profit	46	61	32%	69	93	36%
Gross Profit Margin	34%	34%	-	29%	31%	2 pp



#### 4. CONCENTRATES SEGMENT

The concentrate segment represents significant importance to Juhayna, where more than 50% of its production is being used in juice manufacturing by the company, while the surplus is being sold either to third parties or exported to Arab countries. Concentrate sales during 2Q13 (excluding sales to Juhayna) reported a y-o-y growth of 102%, with profit margin reaching 40% during the same period.

##### Concentrates Segment Sales & Gross Profit (EGP mn)

	2Q12	2Q13	Change	1H12	1H13	Change
Sales (Ton)	443	807	82%	682	1,320	94%
Net Sales	5	10	102%	8	15	86%
Gross Profit	1	4	177%	2	6	155%
Gross Profit Margin	29%	40%	11 pp	28%	38%	10 pp

#### 5. AGRICULTURAL SEGMENT

##### Agricultural Segment Sales & Gross Profit (EGP mn)

	2Q12	2Q13	Change	1H12	1H13	Change
Sales(Ton)	14,135	24,878	76%	22,867	33,299	46%
Net Sales	13	26	98%	20	39	96%
Gross Profit	0	5	1,069%	2	9	491%
Gross Profit Margin	3%	17%	14 pp	8%	24%	16 pp

#### B. EXPORT SALES

Export sales reports 91% y-o-y growth in 2Q13, driven by concentrates, with gross profit margin rising to 31% during the period.

##### Export Sales & Gross Profit (EGP mn)

	2Q12	2Q13	Change	1H13	1H12	Change
Sales(Ton)	6,863	8,024	17%	11,788	13,994	19%
Net Sales	40	76	91%	66	112	69%
Gross Profit	6	23	271%	7	35	366%
Gross Profit Margin	16%	31%	15 pp	11%	31%	20 pp



### III. CONSOLIDATED INCOME STATEMENT

(Million EGP)	2Q13	2Q12	1H13	1H12
Net Sales	894	706	1,611	1,267
Cost of Sales	(617)	(486)	(1,106)	(896)
<b>Gross Profit</b>	<b>277</b>	<b>220</b>	<b>504</b>	<b>372</b>
<b>Gross Profit Margin</b>	<b>31%</b>	<b>31%</b>	<b>31%</b>	<b>29%</b>
Sales & Distribution Expenses	(106)	(91)	(192)	(161)
General & Administrative Expenses	(33)	(30)	(62)	(55)
Other Income (Expenses)	2	4	(6)	2
<b>Operational Results</b>	<b>140</b>	<b>104</b>	<b>244</b>	<b>158</b>
EBITDA	178	137	324	230
EBITDA Margin	20%	19%	20%	18%
Parent Company's Share in Associate's Net Income	1	0	1	1
Financing Income (Expenses)	(7)	(16)	3	(28)
<b>Profit Before Income Tax</b>	<b>134</b>	<b>88</b>	<b>249</b>	<b>131</b>
Taxes Differences from Previous Years	0.4	0.0	0.4	1.7
Income Tax	(9)	(10)	(26)	(14)
Deferred Tax	(6)	(2)	(8)	0
<b>Net Profit</b>	<b>119</b>	<b>76</b>	<b>215</b>	<b>119</b>

#### COMMENTING ON 2Q 13 RESULTS

- The company reported a gross profit of EGP277 million with a y-o-y growth of 26% and a gross profit margin of 31%. The growth was driven largely by 27% sales growth in addition to cost saving techniques; all of which impacted the EGP 101 million.
- Bottom-line earnings impacted by a one-off item foreign exchange valuation gains of EGP 18 million. Accordingly, net income for the period amount to EGP 119 million.



#### IV. CONSOLIDATED BALANCE SHEET

(Million EGP)	1H13	FY12
Property, Plant and Equipment	1,537	1,480
Projects Under Construction	920	531
Agricultural Resources	41	30
Investment in Equity – Accounted Investees	44	43
Other Long Term Debit Balances	1	1
Goodwill	97	97
<b>Non-current Assets</b>	<b>2,640</b>	<b>2,181</b>
Assets Held for Sale	1	1
Inventories	741	348
Trade and Other Receivables	215	145
Due From Related Parties	3	1
Treasury Bonds	119	240
Cash and Cash Equivalents	307	530
<b>Current Assets</b>	<b>1,385</b>	<b>1,264</b>
Provisions	17	12
Banks – Overdraft	8	13
Banks – Credit Facilities	813	351
Short Term Loans	15	32
Creditors and Other Credit Balances	280	237
Income Tax	0	43
Due to Related Parties		
Long-Term Loans – Current Portions	207	152
<b>Current Liabilities</b>	<b>1,339</b>	<b>840</b>
<b>Working Capital</b>	<b>46</b>	<b>424</b>
<b>Total Invested Funds</b>	<b>2,686</b>	<b>2,605</b>
These Investments are Financed as Follows:		
Issued and Paid up Capital	706	706
Legal Reserve	407	402
General Reserve – Insurance Premium	331	331
Retained Earnings	392	237
Treasury Stocks	-	-
Net Profit for the Period	215	313
Total Equity Attributed to the Shareholders of	2,050	1,988
Non Controlling Interest	1	1
<b>Total Equity</b>	<b>2,051</b>	<b>1,989</b>
Long Term Loans	530	526
Other Long Term Liabilities	39	32
Deferred Revenues	6	7
Deferred Tax Liabilities	60	52
<b>Non-Current Liabilities</b>	<b>635</b>	<b>617</b>
<b>Shareholder's Equity and Non-Current</b>	<b>2,686</b>	<b>2,605</b>



## 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 26 sales and distribution centers. The company presently has paid-in capital of EGP 706 million and a work force of 4,533 employees.

## 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.

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