

(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 2019, reporting a 8% year-on-year rise in total consolidated revenue to EGP 3,751 million. Net profit reached EGP 180 million during the first half of 2019.

During the second quarter of 2019 consolidated revenues reached EGP 2,017 million, an increase of 4.5% compared to the same period last year. The net profit reached EGP 108 million.

The highest contributors to the top line are the dairy and yogurt segments, representing 43% and 30% of revenues in 2Q19 as for H1 19 dairy and yogurt also remained the highest contributor 47% and 26%, respectively.

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.



MANAGEMENT COMMENT

Juhayna was able to sustain its market leadership in both the Dairy products and the Juice market in Egypt. We were able to achieve EGP2 Billion in Sales, recording 4.5% revenue growth during the Second Quarter of 2019 and leading Juhayna to realize a Net profit of EGP108 Million during the period. These results were achieved despite a lower than expected market growth rates and purchasing power that have not yet recovered to their normal levels.

We will keep monitoring consumer buying behavior, while Innovation and product development remain to be the pillars of Juhayna's strategy to maintain its leadership across all product categories.



I. CONSOLIDATED INCOME STATEMENT

(EGP '000)	H1 2019	H1 2018
Net Sales	3,750,810	3,481,666
Cost of Sales	(2,597,969)	(2,424,267)
Gross Profit	1,152,841	1,057,398
<i>Gross Profit Margin</i>	30.7%	30.4%
Other Income	35,795	51,958
Sales & Distribution Expenses	(572,991)	(477,849)
General & Administrative Expenses	(117,331)	(106,842)
Other (Expenses)	(44,550)	(63,234)
Board of Directors Remuneration	(9,660)	(6,640)
Results from Operating Activities	444,104	454,790
EBITDA	577,052	610,090
<i>EBITDA Margin</i>	15.4%	17.5%
The Holding Company's Share in Profit in the (losses) of Companies Under Joint Control	2,965	941
End of Service Remuneration	(10,327)	(6,055)
Financing Income & Financing Expenses	(184,429)	(176,727)
Net Profit Before Tax	252,313	272,949
Previous years Tax differences		
Income Tax	(65,377)	(29,076)
Deferred Tax	(7,296)	(5,455)
Net Profit	179,640	238,419

II. CONSOLIDATED BALANCE SHEET

('000 EGP)	H1 2019	FY 2018
Property, plant and equipment (net)	3,189,269	3,162,909
Projects under construction	127,719	192,170
Plant wealth	12,718	12,753
Plant wealth - under preparation	6,348	3,392
Biological wealth	178,263	143,126
Investments under joint control (equity)	11,540	8,575
Other - long term assets	745	749
Goodwill	97,093	97,093
Non-current Assets	3,623,695	3,620,766
Biological assets-	15,787	20,616
Biological assets- Agriculture	10,312	14,606
Inventories	13,725	17,388
Assets Held For Sale	1,452,156	1,054,873
Trade and other receivables (net)	533,501	484,185
Cash and cash equivalents	128,219	30,404
Current Assets	2,153,699	1,622,072
Total Assets	5,777,394	5,242,838
Issued and Paid up Capital	941,405	941,405
Legal Reserve	577,786	554,015
General Reserve – Insurance Premium	330,920	330,920
Retained Earnings	727,190	810,344
Total Equity Attributable to the Shareholders of the Parent Company	2,577,302	2,636,684
Non Controlling Interest	688	989
Total Equity	2,577,990	2,637,673
Non-Current loans	505,170	609,854
Other Non-Current liabilities	15,152	19,415
Deferred revenues	131,516	140,811
Deferred tax liabilities	252,222	244,926
Non-Current Liabilities	904,059	1,015,006
Provisions	11,501	16,388
Banks – Overdraft	24,371	15,571
Banks – Credit Facilities	1,268,926	719,052
Creditors and Other Credit Balances	675,018	531,697
Income Tax	58,465	51,137
Due to Related Parties	12,479	783
Non-Curent loans – Current Portion	244,586	255,532
Current Liabilities	2,295,345	1,590,159
Total Liabilities	3,199,404	2,605,165
Total Equity & Total Liabilities	5,777,394	5,242,838

III. CONSOLIDATED CASH FLOW

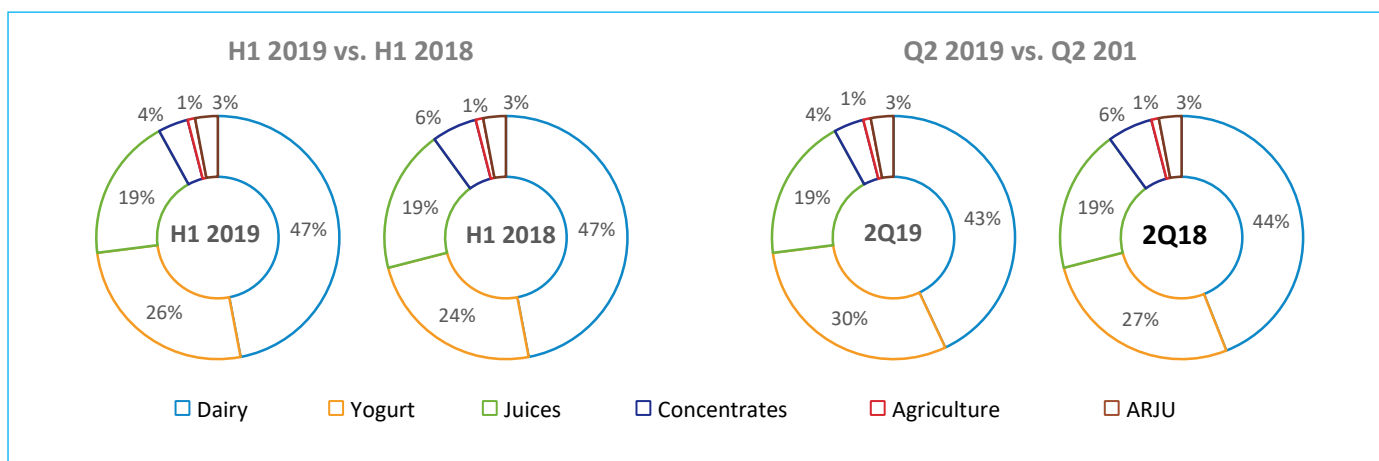
	H1 2019	FY 2018
('000 EGP)		
Cash Flows from Operating Activities		
Net Profit for the Period Before Income Tax & Minority Interest in Profits	252,313	272,949
Adjustments for:		
PPE' depreciation	133,816	138,150
Capital gain	2,450	(16,720)
Amortization of right to -use land	4	-
Amortization of animal wealth	8,712	7,034
Amortization of plant wealth	200	200
Provision no longer required	(1,380)	-
Plant wealth (non productive)	-	(710)
Impairment in Assets	-	13,459
Change in Investments under joint control	(2,965)	(941)
Impairment of trade and other receivables	3,684	1,621
Impairment in inventories	-	13,664
Provision for claims formed	361	8,700
Herd births	(7,289)	(5,075)
Herd capitalized expenses	(44,350)	(24,587)
losses from selling cows	4,582	686
losses from calves death	4,076	854
Foreign exchange gain	32,271	3,729
Credit interests	(6,217)	(9,530)
Finance interests & expenses	158,375	182,528
	538,642	586,011
Collected time deposits interests	6,217	9,530
Interest finance expenses paid	(158,375)	(182,528)
Changes in:		
Inventories	(397,283)	(391,586)
Biological assets- Existing Agricul	4,294	(6,562)
Trade and other receivables	(52,999)	(138,242)
change in creditors & other credit balances	143,296	213,651
Due to related parties	11,696	(18,213)
Dividends paid to employees	(50,928)	(21,021)
Income tax paid	(58,049)	(11,877)
sales tax on capital goods -paid	(4,263)	-
Provision for claims used	(3,868)	(310)
Net cash flows generated from (used in)from operating activities	(21,620)	38,820
Cash Flow from Investing Activities		
Acquisition of PPE & projects under construction	(115,652)	(151,647)
Proceeds from sale of PPE	21,139	36,563
payment for acquisition of plant and animal wealth	(21,059)	-
Proceeds from the sale of plant and animal wealth	21,899	4,119
Net Cash Flows (Used In) Investing Activities	(93,673)	(110,965)
Cash Flow (used in) Financing Activities		
Proceeds from bank credit facilities	549,874	284,982
Payments in lease installments	(9,295)	(6,985)
Payments from bank loans	(115,630)	(54,239)
Dividends paid to share holders	(188,281)	(94,107)
Decrease in non-controlling interest	(89)	(43)
Net cash flows (used in)generated from financing activities	236,579	129,607
Decrease (Increase) in Cash & Cash Equivalents during the Period	121,286	57,462
The effect of foreign exchange difference	(32,271)	(3,729)
Cash & Cash Equivalents as at 1 January	14,832	65,073
Cash & Cash Equivalents as at 31 December	103,848	118,806

Key Performance Indicators

	<u>Q2 2019</u>	
	EGP mn	Change %
Dairy	863	3%
Yogurt	607	18%
Juice	387	4%
Concentrates	84	-30%
Agriculture	9	-11%
ARJU	67	-8%
Revenues	2,017	5%
Gross Profit	650	10%
EBIT	245	-6%
Net Income	108	-31%

	<u>H1 2019</u>	
	EGP mn	Change %
Dairy	1,771	8%
Yogurt	961	16%
Juice	707	8%
Concentrates	168	-23%
Agriculture	20	5%
ARJU	122	1%
Revenues	3,751	8%
Gross Profit	1,153	9%
EBIT	444	-2%
Net Income	180	-25%

Revenue Breakdown:



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.

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