

Q3 2019 Earnings Release

Revenue **Q3**

2.04B

6% ▲

Revenue **9M**

5.79B

7% ▲

Net Profit **Q3** 111M -8% ▼

EBITDA **Q3** 295M 0.8%▲

Net Profit **9M** 291M -19% ▼

EBITDA **9M** 873M -3% ▼



Sales

(Millions EGP)



Dairy



Yogurt



Juices



Concentrates



Agriculture



ARJU

Q3

1,001

6% ▲

448

14% ▲

464

6% ▲

66

-18% ▼

4

-70% ▼

59

2% ▲

9M

2,782

8% ▲

1,410

15% ▲

1,171

7% ▲

234

-22% ▼

24

-25% ▼

171

-3% ▼

RESULTS:

(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 third quarter of 2019, reporting a 7% year-on-year rise in total consolidated revenue to EGP 5,792 million. Net profit reached EGP 291 million during the 9M of 2019.

During the third quarter of 2019 consolidated revenues reached EGP 2,041 million, an increase of 6% compared to the same period last year. The net profit reached EGP 111 million.

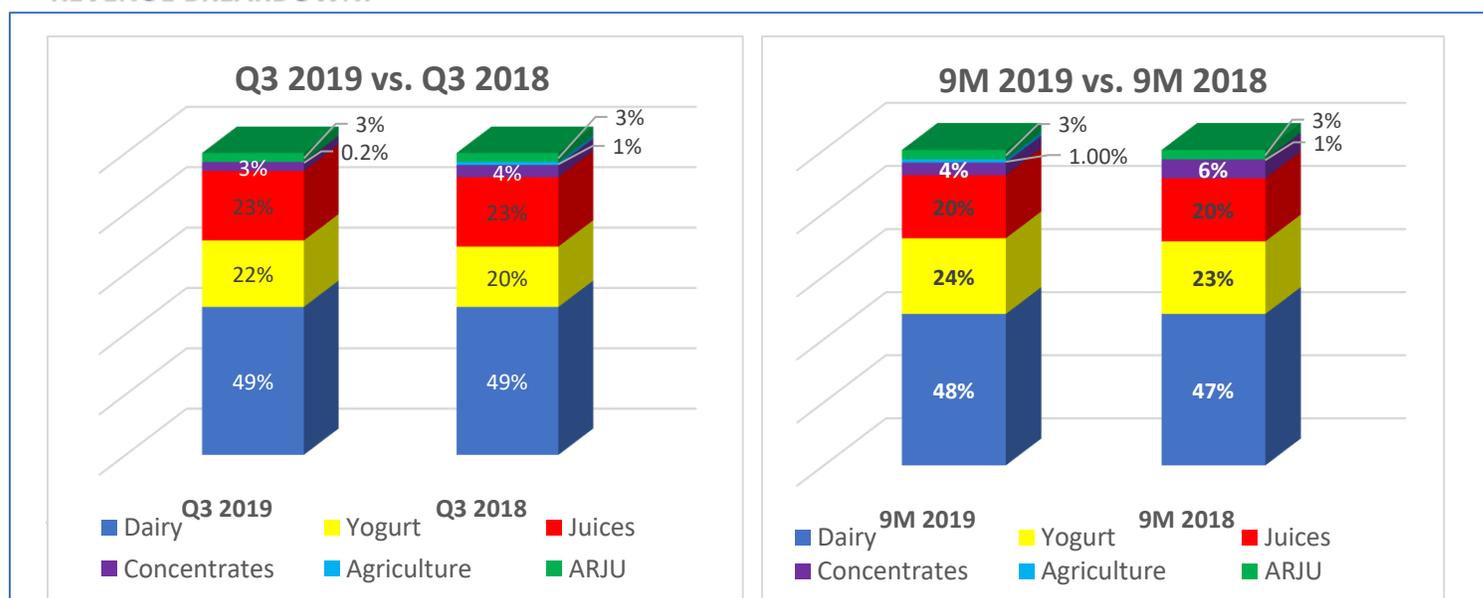
The highest contributors to the top line are the dairy and yogurt segments, representing 49% and 23% of revenues in 3Q19 as for 9M 19 dairy and yogurt also remained the highest contributor 48% and 24%, respectively.

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.

KEY PERFORMANCE INDICATORS:

<u>Q3 2019</u>		
	EGP mn	Change %
Dairy	1,001	6%
Yogurt	448	14%
Juice	464	6%
Concentrates	66	-18%
Agriculture	4	-70%
ARJU	59	2%
Revenues	2,041	6%
Gross Profit	615	15%
EBIT	233	2%
Net Income	111	-8%
<u>9M 2019</u>		
	EGP mn	Change %
Dairy	2,782	8%
Yogurt	1,410	15%
Juice	1,171	7%
Concentrates	234	-22%
Agriculture	24	-25%
ARJU	171	-3%
Revenues	5,792	7%
Gross Profit	1,768	11%
EBIT	677	-1%
Net Income	291	-19%

REVENUE BREAKDOWN:



MANAGEMENT'S NOTE:

Juhayna achieved EGP 2 Billion in sales during the third quarter of 2019, recording 6% revenue growth, which proves the company's ability to sustain its leadership in both dairy and juice markets, despite all the challenges that still exists in the market. Consumer purchasing power is our biggest challenge, the slow recovery remains to be a hurdle limiting the market's growth.

Juhayna has attained 384 Million in profits in the first 9 months, compared to last year's 360 Million during the same period. However, due to end of tax exemption period for some of the subsidiaries as well as applying the new healthcare insurance fees, the net profit reflected in our financial statements was negatively affected by 93 Million, to become a total of 291 Million.

The company's efficient management of its working capital resulted in decreasing the inventory levels and the debt. 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)	9M 2019	9M 2018
Net Sales	5,791,905	5,411,277
Cost of Sales	(4,023,524)	(3,820,706)
Gross Profit	1,768,380	1,590,570
<i>Gross Profit Margin</i>	<i>30.5%</i>	<i>29.3%</i>
Other Income	57,859	67,631
Sales & Distribution Expenses	(868,685)	(717,303)
General & Administrative Expenses	(198,810)	(182,992)
Other (Expenses)	(67,154)	(65,954)
Board of Directors Remuneration	(14,875)	(9,745)
Results from Operating Activities	676,714	682,205
EBITDA	873,192	903,574
<i>EBITDA Margin</i>	<i>15.1%</i>	<i>16.7%</i>
The Holding Company's Share in Profit in the (losses) of Companies Under Joint Control	3,679	900
End of Service Remuneration	(10,712)	(7,923)
Financing Income & Financing Expenses	(263,850)	(266,838)
Net Profit Before Tax	405,831	408,344
Income Tax	(96,891)	(42,355)
Deferred Tax	(17,940)	(8,453)
Net Profit	291,000	357,534

II. CONSOLIDATED BALANCE SHEET

('000 EGP)	9M 2019	FY 2018
Property, plant and equipment (net)	3,205,208	3,162,909
Projects under construction	136,311	192,170
Plant wealth	12,616	12,753
Plant wealth - under preparation	13,049	3,392
Biological wealth	187,255	143,126
Investments under joint control (equity)	12,254	8,575
Other - long term assets	742	748
Goodwill	97,092	97,093
Non-current Assets	3,664,53	3,620,766
Biological assets- Feeding	20,580	20,616
Biological assets- Agriculture	24,498	14,606
Assets Held For Sale	13,145	17,388
Inventories	1,220,466	1,054,873
Trade and other receivables (net)	542,445	484,185
Cash and cash equivalents	66,011	30,404
Current Assets	1,887,147	1,622,072
Total Assets	5,551,679	5,242,838
Issued and Paid up Capital	941,405	941,405
Legal Reserve	577,785	554,015
General Reserve – Insurance Premium	330,920	330,920
Retained Earnings	838,525	810,339
Total Equity Attributable to the Shareholders of the Parent Company	2,688,636	2,636,680
Non Controlling Interest	713	993
Total Equity	2,689,349	2,637,673
Non-Current loans	832,065	609,854
Other Non-Current liabilities	20,861	19,415
Financial Lease	120,869	140,811
Deferred tax liabilities	262,866	244,926
Non-Current Liabilities	1,236,662	1,015,006
Provisions	13,178	16,388
Banks – Overdraft	19,318	15,571
Banks – Credit Facilities	519,369	719,052
Creditors and Other Credit Balances	675,028	531,697
Income Tax Payable	89,978	51,137
Due to Related Parties	3,957	783
Non-Current loans – Current Portion	304,835	255,532
Current Liabilities	1,625,667	1,590,159
Total Liabilities	2,862,329	2,605,165
Total Equity & Total Liabilities	5,551,679	5,242,838

III. CONSOLIDATED CASH FLOWS

	9M 2019	9M 2018
('000 EGP)		
Cash Flows from Operating Activities		
Net Profit for the Period Before Income Tax & Minority Interest in Profits	405,831	408,344
Adjustments for:		
PPE' depreciation	201,637	207,474
Capital gain	(8,922)	(16,554)
Amortization of right to -use land	6	6
Amortization of animal wealth	14,081	10,550
Amortization of plant wealth	301	299
Impairment of trade and other receivables- Reverse	(1,380)	
Impairment of trade and other receivables	3,683	1,620
Amortization of Biological assets		289
Plant wealth (non productive)		(1,230)
Impairment in Fixed Assets		13,459
Change in Investments under joint control	(3,679)	(900)
Impairment in inventories	1,831	13,664
Provision for claims formed	4,375	8,700
Herd births	(11,342)	(10,112)
losses from selling cows	6,996	724
losses from calves death	3,196	1,184
Foreign exchange gain	5,666	4,017
Credit interests	(10,996)	(12,090)
Finance interests & expenses	269,180	274,911
	880,468	904,359
Collected time deposits interests	10,996	12,090
Interest finance expenses paid	(269,180)	(274,911)
Changes in:		
Inventories	(158,728)	(191,505)
Biological assets- Feeding Sector		(15,138)
Biological assets- Existing Agriculture	(9,891)	(209)
Herd Capitalized Expenses	(68,658)	(36,754)
Trade and other receivables	(59,375)	(150,983)
Creditors & other credit balances	139,479	133,979
Due from related parties		(18,552)
Due To related parties	3,174	(2,826)
Dividends paid to employees	(50,927)	(21,021)
Income tax paid	(58,049)	(11,877)
sales tax on capital goods -paid	1,446	
Impairment of trade and other receivables	(1,187)	
Provision for claims used	(7,585)	(185)
Net cash flows generated from (used in)from operating activities	343,283	326,463
Cash Flow from Investing Activities		
Acquisition of PPE & projects under construction	(213,718)	(172,980)
Proceeds from sale of PPE	38,803	51,922
Compensation of calves death	3,176	1,991
Acquisition of plant and animal wealth	(27,759)	(1,181)
Proceeds from the sale of plant and animal wealth	26,394	10,297
Net Cash Flows (Used In) Investing Activities	(173,104)	(109,949)
Cash Flow (used in) Financing Activities		
Proceeds from bank credit facilities	(195,934)	35,413
Payments in lease installments	(16,089)	(11,210)
Collection/(payments) proceeds from banks	271,514	(152,183)
Dividends paid to share holders	(188,281)	(94,140)
Decrease in non-controlling interest	(115,051)	40
Net cash flows (used in) generated from financing activities	(128,904)	(222,081)
Decrease (Increase) in Cash & Cash Equivalents during the Period	41,274	(5,568)
The effect of foreign exchange difference	(5,666)	(711)
Cash & Cash Equivalents as at 1 January	30,403	65,072
Cash & Cash Equivalents as at 31 December	66,011	58,792

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

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