



Juhayna Releases Second Quarter 2014 Earnings

SECOND QUARTER 2014

Financial Results

REVENUE EGP 950 mn ▲6%	GROSS PROFIT EGP 257 mn ▼7%	EBIT EGP 71 mn ▼49%	NET INCOME EGP 40 mn ▼67%
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Sales Results

DAIRY EGP 461 mn ▲10%	YOGURT EGP 262 mn ▲14%	JUICE EGP 181 mn ▲0.25%	CONCENTRATES EGP 25 mn ▼34%	AGRICULTURE EGP 21 mn ▼20%
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FIRST HALF 2014

Financial Results

REVENUE EGP 1,762 mn ▲9%	GROSS PROFIT EGP 476 mn ▼6%	EBIT EGP 149 mn ▼39%	NET INCOME EGP 83 mn ▼61%
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Sales Results

DAIRY EGP 889 mn ▲13%	YOGURT EGP 456 mn ▲10%	JUICE EGP 335 mn ▲8%	CONCENTRATES EGP 47 mn ▼28%	AGRICULTURE EGP 36 mn ▼6%
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(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 2014, reporting a 6% year-on-year rise in total consolidated revenue to EGP 950 million, while net income of EGP 40 million was a 67% decline from the same period of last year.

In the six months ending 30 June 2014, the company accordingly reports net income of EGP 83 million (down 61% over the same period of 2013) on revenues of EGP 1,726 million (an increase of 9% over 1H13).

Juhayna reports sales growth across key dairy (sales up 10% in EGP terms) and yoghurt (sales up 14% in EGP terms) segments in the second quarter. The 6% rise in total sales was outpaced in 2Q14 by a nearly 12% surge in cost of goods sold, largely on the back of rising raw materials prices, which saw the company's gross margin slip 4 percentage points year-on-year to 27%. Juhayna continued throughout the second quarter to pass along incremental price rises to the market on the back of stronger pricing power.



Also weighing on the company's bottom line in 2Q2014 were a 32% increase in total Selling and Distribution spending (both on costs associated with upcoming product launches and support for existing SKUs, with the latter not having been a feature of spending in the same quarter last year); end-of-service benefits totaling EGP 19 million under the company's restructuring program, which aims in part to improve efficiency; and a 19% rise in finance costs .

Finally, management notes that as part of the Group's ongoing restructuring and efficiency program, all operational assets have been transferred to El-Masreya Dairy and Juice Company (El-Masreya) with effect as of 1 April 2014. The transfer will unify all production, monitoring and oversight activities under a single entity rather than two, facilitating workflow and generating additional long-term efficiencies.

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.



TO OUR SHAREHOLDERS

Juhayna’s bottom line in the second quarter sagged under pressure as we continued to face escalating raw materials prices (particularly that of milk) while passing prices rises on to the market only in a gradual manner. This has had a predictable impact on both margins and profitability, the redress of which remains a top priority for the company going forward.

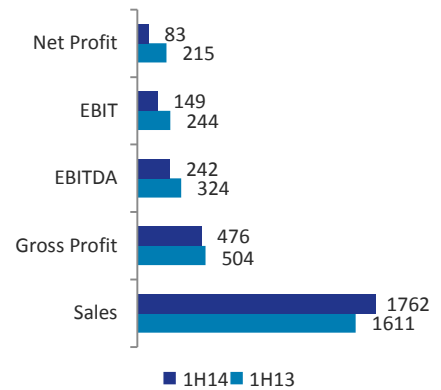
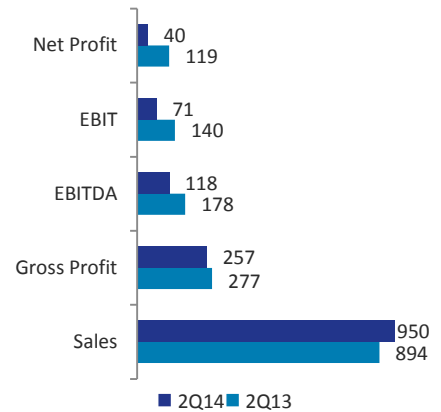
Against this backdrop, management has pressed forward with a sustained investment program that has built on the success of the 2013 program with an additional EGP 283 million in spending in the first half of 2014. The first half of this year has so far seen us partially launch our Egyfood yogurt plant in sixth of October city in anticipation of rising demand during the Summer months and Ramadan, while opening an additional three distribution centers (split between Qena, Alexandria and Shabramant in Giza.

Moreover, we have increased Juhayna’s paid-up capital to EGP 941 million from EGP 706 million, with the full EGP 235 million in additional capital being financed from the company’s profits and retained earnings. We believe that these developments speak directly to the strongly positive view on our company and our economy despite the challenges of growing a business amid the current conditions.

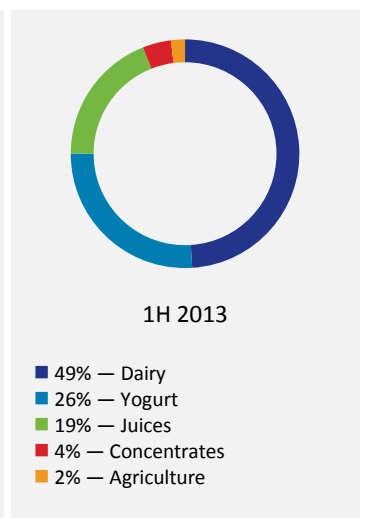
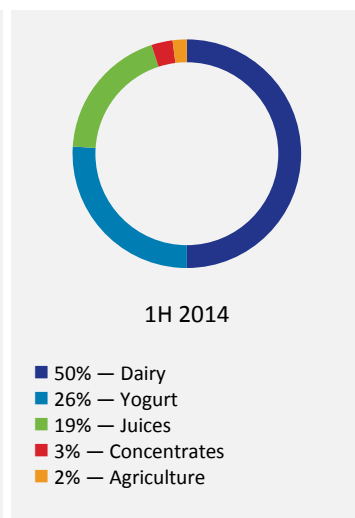
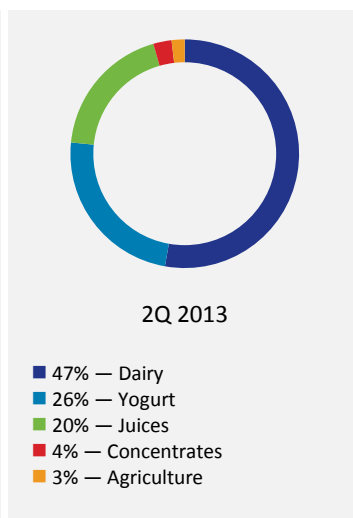
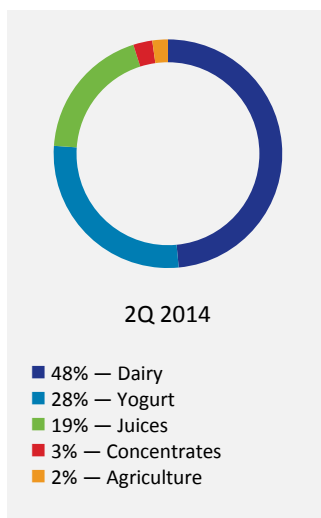
We are confident in the management team’s abilities; in the strength of our brand and product portfolio; and in the fundamental soundness of the Egyptian consumer market and the macroeconomic and structural reforms now unfolding at the national level.

Safwan Thabet, Chairman & CEO

GROUP CONSOLIDATED PERFORMANCE



REVENUE BREAKDOWN





I. SEGMENT ANALYSIS

A. LOCAL SALES

Net Sales by Segment (EGP mn)

	2Q14	2Q13	Change	1H14	1H13	Change
Dairy	434	375	16%	849	731	16%
Yogurt	262	231	14%	456	412	10%
Juice	173	176	-2%	323	301	7%
Concentrates	7	10	-27%	19	15	27%
Agriculture	21	26	-20%	36	39	-6%
Total	897	818	10%	1,684	1,499	12%

1. DAIRY SEGMENT

Dairy Segment Sales & Gross Profit (EGP mn)

	2Q14	2Q13	Change	1H14	1H13	Change
Sales (Ton)	53,735	51,088	5%	107,572	101,229	6%
Net Sales	434	375	16%	849	731	16%
Gross Profit	107	107	0%	217	216	0%
Gross Profit Margin	25%	28%	(3pp)	26%	30%	(4pp)

2. YOGURT SEGMENT

Yogurt Segment Sales & Gross Profit (EGP mn)

	2Q14	2Q13	Change	1H14	1H13	Change
Sales (Ton)	21,066	20,986	0%	36,934	38,071	-3%
Net Sales	262	231	14%	456	412	10%
Gross Profit	87	78	11%	148	146	1%
Gross Profit Margin	33%	34%	(1pp)	32%	35%	(3pp)

3. JUICE SEGMENT

Juice Segment Sales & Gross Profit (EGP mn)

	2Q14	2Q13	Change	1H14	1H13	Change
Sales (Ton)	23,451	25,858	-9%	46,363	45,235	2%
Net Sales	173	176	-2%	323	301	7%
Gross Profit	53	61	-13%	92	93	-2%
Gross Profit Margin	30%	34%	(4pp)	28%	31%	(3pp)

4. CONCENTRATES SEGMENT

Concentrates Segment Sales & Gross Profit (EGP mn)

	2Q14	2Q13	Change	1H14	1H13	Change
Sales (Ton)	532	807	-34%	1,369	1,320	4%
Net Sales	7	10	-27%	19	15	27%
Gross Profit	3	4	-12%	7	6	23%
Gross Profit Margin	48%	40%	8pp	37%	38%	(1pp)



5. AGRICULTURAL SEGMENT

Agricultural Segment Sales & Gross Profit (EGP mn)

	2Q14	2Q13	Change	1H14	1H13	Change
Sales (Ton)	23,187	24,878	-7%	30,994	33,299	-7%
Net Sales	21	26	-20%	36	39	-6%
Gross Profit	(2)	5	-137%	(1)	9	-109%
Gross Profit Margin	-8%	17%		-2%	24%	

B. EXPORT SALES

Export Sales & Gross Profit (EGP mn)

	2Q14	2Q13	Change	1H14	1H13	Change
Sales (Ton)	7,057	8,024	-12%	10,767	12,297	-12%
Net Sales	53	76	-31%	79	112	-30%
Gross Profit	10	23	-57%	13	35	-61%
Gross Profit Margin	19%	31%	(12pp)	17%	31%	(14pp)



II. CONSOLIDATED INCOME STATEMENT

(EGP mn)	2Q14	2Q13	1H14	1H13
Net Sales	950	894	1,762	1,611
Cost of Sales	(693)	(617)	(1,287)	(1,106)
Gross Profit	257	277	476	504
Gross Profit Margin	27%	31%	27%	31%
Other Income	7	13	10	18
Sales & Distribution Expenses	(140)	(106)	(244)	(192)
General & Administrative Expenses	(27)	(33)	(62)	(62)
Other (Expenses)	(8)	(12)	(11)	(24)
Board of Directors Remuneration	(0.2)	(0.1)	(0.7)	(0.4)
Results from Operating Activities	90	140	168	244
EBITDA	118	178	242	324
EBITDA Margin	12%	20%	14%	20%
Parent Company's Share in Associate's Net Income	1.4	0.7	1.4	1.4
End of Service Remuneration	(19)	0	(19)	0
Financing Income (including FX gain)	8	23	21	55
Financing Expense	(36)	(30)	(70)	(52)
Profit Before Income Tax	45	134	102	249
Tax differences from previous periods	1	0	1	0
Income Tax	(6)	(9)	(17)	(26)
Deferred Tax	1	(6)	(2)	(8)
Net Profit	40	119	83	215



III. CONSOLIDATED BALANCE SHEET

(EGP '000)	1H14	FY13
Property, Plant and Equipment	1,731,261	1,698,981
Projects Under Construction	1,282,331	1,071,427
Agricultural Resources	51,927	48,088
Investment in Equity – Accounted Investees	49,048	47,658
Other Long Term Debit Balances	786	790
Goodwill	97,093	97,093
Non-current Assets	3,212,446	2,964,038
Inventories	737,080	616,190
Trade and Other Receivables	276,599	190,497
Due From Related Parties	964	785
Cash and Cash Equivalents	429,502	575,933
Current Assets	1,444,144	1,383,405
Provisions	9,076	10,090
Banks – Overdraft	43,803	17,509
Banks – Credit Facilities	893,813	765,244
Short Term Loans	16,000	10,000
Creditors and Other Credit Balances	254,663	243,344
Income Tax	0	48,762
Long-Term Loans – Current Portions	236,221	256,895
Current Liabilities	1,453,577	1,351,845
Working Capital	(9,432)	31,560
Total Invested Funds	3,203,014	2,995,597
These Investments are Financed as Follows:		
Issued and Paid up Capital	941,405	706,054
Legal Reserve	425,541	421,792
General Reserve – Insurance Premium	330,920	330,920
Retained Earnings	416,325	391,834
Net Profit for the Period after periodic dividends	82,958	313,080
Total Equity Attributed to the Shareholders of the Parent Company	2,197,150	2,163,681
Non-Controlling Interest	629	639
Total Equity	2,197,779	2,164,320
Long Term Loans	841,703	675,112
Other Long Term Liabilities	89,870	83,996
Deferred Revenues	4,346	5,216
Deferred Tax Liabilities	69,315	66,953
Non-Current Liabilities	1,005,234	831,277
Shareholder's Equity and Non-Current Liabilities	3,203,014	2,995,597



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 941 million and a work force of more than 4,000 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.