

## Juhayna Food Industries Reports FY20 Earnings

*Juhayna records a 30% y-o-y increase in net profit to 428mn in FY20, and a 19% y-o-y increase to 45mn in 4Q20*

### FY20 Highlights

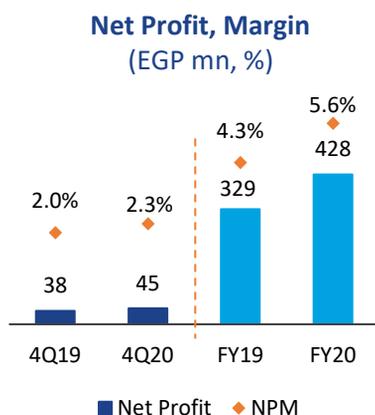
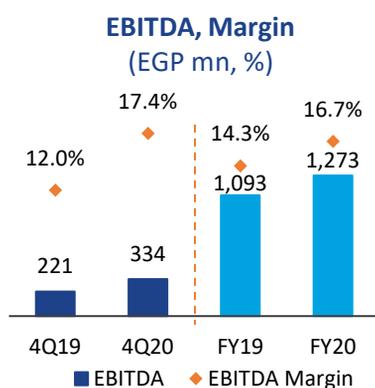
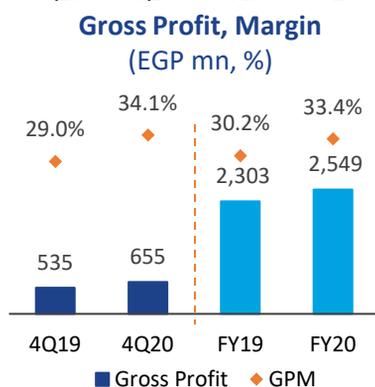
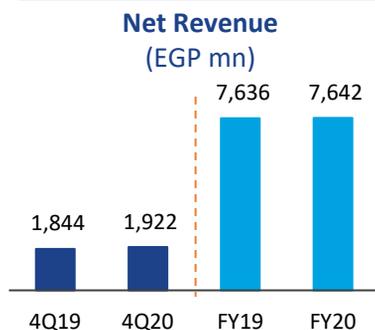
<b>7,642mn</b> Net Revenue ▲0.1% YoY	<b>2,549mn, 33.4%</b> Gross Profit, margin ▲11% YoY, ▲3.2pps	<b>1,273mn, 16.7%</b> EBITDA, margin ▲16% YoY, ▲2.3pps
<b>428mn, 5.6%</b> Net Profit, margin ▲30% YoY, ▲1.3pps	<b>781mn</b> 31/12/2020 Net Debt ▼-43% YoY	<b>1,497mn, 19.6%</b> SG&A, % of Sales ▲3% YoY, ▲0.5pps YoY

### 4Q20 Highlights

<b>1,922mn</b> Net Revenue ▲4% YoY	<b>655mn, 34.1%</b> Gross Profit, margin ▲22% YoY, ▲5.1pps	<b>334mn, 17.4%</b> EBITDA, margin ▲51% YoY, ▲5.4pps
<b>45mn, 2.3%</b> Net Profit, margin ▲19% YoY, ▲0.3pps	<b>781mn</b> 31/12/2020 Net Debt ▼-43% YoY	<b>396mn, 20.6%</b> SG&A, % of Sales ▲5% YoY, ▲0.2pps YoY

#### Revenue By Segment

EGP mn	4Q20	4Q19	% Change	FY20	FY19	% Change
Dairy	1,021	990	3%	3,902	3,760	4%
Fermented	482	401	20%	1,958	1,811	8%
Juice	342	354	-4%	1,391	1,526	-9%
Concentrates & Agri	25	29	-14%	202	287	-30%
3rd Party Distribution	52	68	-23%	189	252	-25%
<b>Total</b>	<b>1,922</b>	<b>1,844</b>	<b>4%</b>	<b>7,642</b>	<b>7,636</b>	<b>0.1%</b>



(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange, “Company”), a leader in the Egyptian packaged dairy, yogurt and juice markets, announced today its audited consolidated results for FY20, reporting revenues amounting to EGP 7.6bn, with flat growth, as growth in the dairy and fermented segments was offset by the declines in juice, concentrates and agriculture segments. 4Q20 revenues amounted to EGP 1.9bn in 4Q20, recording top-line growth of 4%, led by a 20% increase in yoghurt sales.

In FY20, gross profit margin increased by 3.2pps y-o-y to reach 33.4%. Gross profit margin reached 34.1% in 4Q20, recording an increase of 5.1pps y-o-y. Margin expansion is a result of larger contribution from the high-margin yoghurt segment, better cost control as the Company rolls on with its cost saving measures, as well as EGP appreciation compared to the same period last year.

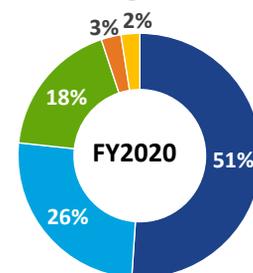
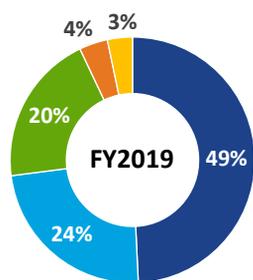
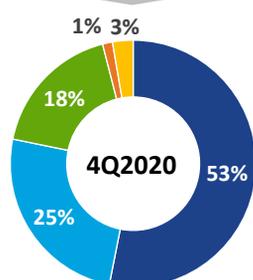
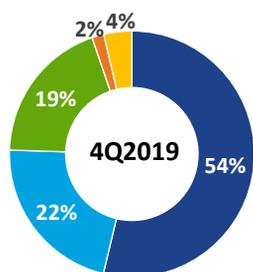
SG&A margin increased by 0.5pps to reach 19.6% in FY20. And increased by 0.2pps in 4Q20, reaching 20.6%, due to increased consumer promotions to cater for weaker demand in some of the segments.

FY20 EBITDA increased to EGP 1,273mn, a 16% increase y-o-y, and EBITDA margin for the period expanded by 2.3pps to reach 16.7%. EBITDA for 4Q20 amounted to EGP 334mn, witnessing an increase of 51% y-o-y, while EBITDA margin has expanded by 5.4pps to reach 17.4%.

For FY20, net profit amounted to EGP 428mn, realizing an increase of 30% despite a capital loss of EGP 35mn due to the sale of unutilized agricultural assets and reduction of agricultural land, with net profit margin increasing by 1.3pps to reach 5.6%. Net profit in 4Q20 reached EGP 45mn, growing by 19%. Net profit margin increased by 0.3pps to reach 2.3%, driven by the Company’s ongoing cost saving measures, the lower financing costs due to decreased net debt levels (from EGP 1.4bn in FY19, to EGP 781mn in FY20) as well as lower cost of financing as the central bank of Egypt lowered the lending rates

**Revenue Breakdown  
by Segment**

- Dairy
- Fermented
- Juice
- Concentrates & Agri
- 3<sup>rd</sup> Party Distribution



**Chairman’s Note**

Juhayna delivers stable revenue and improving profitability despite the challenges posed by COVID-19.

2020 was an incredibly challenging year for businesses all over the world as the outbreak of COVID-19 and the roll out of restrictive measures to curb its spread impacted all aspects of companies’ operations. Despite these obstacles, Juhayna’s diversified product portfolio, flexible business model and prompt response to the crisis, saw the company deliver revenues of EGP 7.6bn for the year, largely unchanged from last year.

Throughout the year, Juhayna’s unmatched ability to swiftly respond to changing market dynamics saw the company retain, and in multiple cases grow, its market shares across key product segments. More specifically, throughout 2020 Juhayna successfully maintained its market leadership in the milk segment, and grew its market share in the plain yogurt, juice, and flavored milk subsegments. This is particularly impressive when considering the growing competition the company has been facing across its portfolio in recent years.

Rolling out innovative high-margin products continues to be a top priority for Juhayna. During the first quarter of the year Juhayna launched its Greek Yogurt (4 SKUs with different fat contents sized at 180gm). In November, Juhayna capitalized on the growing popularity of its new segment by introducing 3 more SKUs at 105gm.

The company signed an agreement with A. M. S. Baeshen & Co. for the distribution of Rabea Tea products across Egypt, which kicked off in 3Q20. In the future, the Company will look to secure similar deals as the company works to diversify, strengthen, and regulate this new revenue stream.

Further down the income statement, Juhayna’s multi-year cost control strategy coupled with the strengthening of the Egyptian Pound during 2020, and lower financing costs due to decreased net debt levels as well as lower cost of financing as the central bank of Egypt lowered the lending rates saw the company deliver growth with margin enhancements at all levels of profitability.

Overall, the company maintains a strong financial position, with a liquid balance sheet thanks to its strict cost control measures, increased dependance on locally produced raw materials, coupled with a continued focus on efficient working capital management. Throughout 2020 the company continued to maintain a tight rein on Capex outlays which decreased to EGP 290mn for the year.

Looking ahead, management is confident that the strong fundamentals underpinning Juhayna’s market coupled with the steady recovery in demand witnessed across the company’s full product roster will help drive a return to its historic growth trajectory in the coming year.

**Mohamed Al Dogheim**

**Chairman of the Board of Directors**

## Income Statement:

	31/12/2020	31/12/2019
	L.E.	L.E.
Net sales	7 641 854 109	7 635 856 497
Cost of sales	(5 092 839 603)	(5 332 731 977)
<b>Gross profit</b>	<b>2 549 014 506</b>	<b>2 303 124 520</b>
Other operating income	45 914 514	66 087 378
Selling and Marketing expenses	(1 230 189 865)	(1 194 793 398)
General and administrative expenses	(252 842 375)	(243 861 934)
Other expenses	(218 615 019)	(97 456 291)
Board of directors remuneration	(11 875 000)	(19 975 000)
<b>Results from operating activities</b>	<b>881 406 761</b>	<b>813 125 275</b>
Share in the gain of company under joint control	( 392 442)	6 289 154
Cost of the end of service	( 43 982 598)	( 14 235 734)
Net finance (expense)	( 161 212 082)	( 321 612 257)
<b>Net profit before income tax</b>	<b>675 819 639</b>	<b>483 566 438</b>
Income tax - current	( 236 359 147)	( 123 821 670)
Deferred tax	( 10 972 590)	( 30 983 653)
<b>Net profit for the period</b>	<b>428 487 902</b>	<b>328 761 115</b>
Distributed as follows		
Parent Company's share in profit	428 376 245	328 676 436
Non-controlling interest	111 657	84 679
	<b>428 487 902</b>	<b>328 761 115</b>
Earning per share for the period (L.E /share )	<b>0.46</b>	<b>0.35</b>

## **Balance Sheet:**

	31/12/2020	31/12/2019
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3 147 991 528	3 292 283 938
Projects under construction	160 673 699	97 358 181
Plant wealth - productive	16 486 823	12 515 921
Plant wealth – not productive	22 187 917	15 864 959
Biological wealth	196 167 984	195 121 514
Investments under joint control (equity)	14 471 707	14 864 149
Goodwill	97 092 890	97 092 890
Right to use assets	44 325 662	-
Other - long term asset	732 144	740 417
<b>Non-current assets</b>	<b>3 700 130 354</b>	<b>3 725 841 969</b>
<b>Current assets</b>		
Biological assets - Feeding Sector	48 501	13 948 353
Biological assets - Existing Agriculture	12 242 286	17 213 765
PPE held for sale	6 636 111	6 243 248
Inventories	873 968 773	1 043 417 616
Trade and other receivables	360 164 022	414 143 667
Cash at banks and on hand	182 542 538	96 717 667
<b>Current assets</b>	<b>1 435 602 231</b>	<b>1 591 684 316</b>
<b>Total assets</b>	<b>5 135 732 585</b>	<b>5 317 526 285</b>
<b>Equity</b>		
Issued and paid up capital	941 405 082	941 405 082
Legal reserve	637 021 531	594 085 534
General reserve - issuance premium	330 920 428	330 920 428
Retained earnings	993 211 902	859 988 077
<b>Total equity attributable to the shareholders of the parent company</b>	<b>2 902 558 943</b>	<b>2 726 399 121</b>
<b>Non-controlling interest</b>	<b>714 909</b>	<b>640 370</b>
<b>Total equity</b>	<b>2 903 273 852</b>	<b>2 727 039 491</b>
<b>Non-current liabilities</b>		
Long - term loans	270 774 821	692 546 563
Other non current liabilities	18 208 729	22 964 303
Lease contract liabilities - non current portion	108 412 444	87 201 810
Deferred tax liabilities	286 882 065	275 909 475
<b>Non-current liabilities</b>	<b>684 278 059</b>	<b>1 078 622 151</b>
<b>Current liabilities</b>		
Provision for claims	50 854 882	16 474 211
Bank credit facilities	276 599 740	398 940 324
Creditors and other credit balances	674 165 586	695 896 186
Income tax payable	192 929 560	103 663 033
Due to related parties	-	421 867
Lease contract liabilities- current portion	23 736 357	11 597 450
Loans-current portion	329 894 549	284 871 572
<b>Current liabilities</b>	<b>1 548 180 674</b>	<b>1 511 864 643</b>
<b>Total liabilities</b>	<b>2 232 458 733</b>	<b>2 590 486 794</b>
<b>Total equity and total liabilities</b>	<b>5 135 732 585</b>	<b>5 317 526 285</b>

## Cash Flow Statement:

	31/12/2020	31/12/2019
	L.E	L.E
<b>Cash flows from operating activities</b>		
Net profit for the period before income tax and minority interest in profits	675 819 639	483 566 438
<b>Adjustments for:</b>		
PPE depreciation	286 329 918	270 172 158
Capital losses	16 516 151	(10 167 110)
Amortization of asset right of use	8 273	8 271
Amortization of animal wealth	26 583 250	19 864 058
Amortization of plant wealth ( productive)	471 063	402 151
Biological Impairment Assets	289 588	-
Impairment of Fixed assets and Project under construction	24 920 137	4 890 000
Biological write down (Reverse)	(3 179 588)	-
Change in Investments under joint control	392 442	(6 289 154)
Impairment of trade receivables(Reverse)	(1 653 387)	-
Impairment of trade and other receivables	21 691 583	4 249 210
Impairment of the Inventory	11 955 299	-
Inventory write down (reverse)	(2 645 192)	-
Provision for claims formed	58 490 324	7 528 379
Herd birth	(15 249 100)	(15 868 900)
Herd capitalization	(68 520 036)	(98 752 108)
Loss from selling and death of animal wealth	24 318 172	17 070 107
Foreign exchange (losses) / gain	2 660 103	5 432 830
Credit interests	(14 366 296)	(14 309 318)
Finance interests & expenses	178 238 481	330 488 745
	<b>1 223 834 735</b>	<b>998 285 757</b>
Collected credit interests	14 330 263	14 309 318
Finance interest & expenses paid	(178 238 481)	(330 488 745)
<b>Changes in:</b>		
Inventories	163 189 072	20 152 176
Biological assets- Exiting Agriculture	14 214 138	(2 607 594)
Trade and other receivables	36 203 699	70 195 109
Due to related parties		( 361 061)
Creditors & other credit balances	(21 730 600)	193 964 583
Due from related parties	( 421 867)	-
Dividends paid to employees	(63 972 525)	(50 927 506)
Income tax paid	(147 056 588)	(71 295 469)
Sales tax on capital goods –paid	(4 755 574)	(7 310 566)
Impairment of trade and other receivables used	(2 262 250)	(4 402 582)
Impairment in inventories used	(3 050 336)	(8 696 612)
Provision for claims used	(24 109 653)	(7 441 952)
Provision for impairment for fixed assets and projects under construction	(23 162 696)	-
<b>Net cash flows result from/ (used in) operating activities</b>	<b>982 617 875</b>	<b>813 374 856</b>
<b>Cash flows from investing activities</b>		
Acquisition of PPE & projects under construction	(304 490 090)	(330 928 237)
Proceeds from sale of PPE	80 863 472	45 503 919
Acquisition of plant and animal wealth	(35 098 267)	(30 531 290)
Proceeds from the sale of plant and animal wealth	63 701 782	47 362 471
<b>Net cash flows (used in) investing activities</b>	<b>(195 786 415)</b>	<b>(268 593 137)</b>
<b>Cash flows from financing activities</b>		
Collection proceeds from overdraft & credit facility	(122 340 584)	(341 422 015)
Payment for Bank long term loans	(10 976 121)	(60 916 729)
Payment of financial lease contract liabilities	(376 748 765)	112 032 195
Dividends paid to shareholders	(188 281 016)	(188 281 016)
Decrease in non-controlling interest	-	( 186 611)
<b>Net cash flows from financing activities</b>	<b>(698 346 486)</b>	<b>(478 774 176)</b>
Change in cash & cash equivalents during the period	88 484 974	66 007 543
The effect of foreign exchange difference	(2 660 103)	(5 432 830)
<b>Cash &amp; cash equivalents at 1 January</b>	<b>96 717 667</b>	<b>36 142 954</b>
<b>Cash &amp; cash equivalents at 30 December</b>	<b>182 542 538</b>	<b>96 717 667</b>

# FY20 Earnings Release

Cairo, Egypt | 16 September 2021



## About Juhayna Food Industries

Juhayna Food Industries is a leading Egypt-based manufacturer specialized in the production, processing and packaging of dairy, juice, yogurt and cooking products.

Since its founding in 1983, it has secured a frontrunner position in Egypt and has expanded its presence, through exports, to international markets, a feat made possible through its firm commitment to delivering a wide range of high-quality, healthy, and safe products that have become trusted household names.

Today, with four fully operational facilities, a vast network of distribution centers serving more than 136,000 retail outlets nationwide, and a 500-feddan, fully-owned dairy farm covering a sizeable portion of the company's raw milk needs, Juhayna continues to raise the benchmark for premium quality Egyptian manufactured products.

## 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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