

2Q22 Earnings Release

Cairo, Egypt | 15 August 2022



Juhayna Food Industries Reports 2Q22 Earnings

Juhayna records a 1% y-o-y increase in net profit to 319mn, and a 26% y-o-y increase in net revenue to 5.2bn in 1H22

2Q22 Highlights

2,761mn Net Revenue ▲24% YoY	773mn, 28.0% Gross Profit, margin ▲8% YoY, ▼ -4.3pps	330mn, 12.0% EBITDA, margin ▼ -5% YoY, ▼ -3.7pps
175mn, 6.3% Net Profit, margin ▼ -10% YoY, ▼ -2.4pps	577mn 30/06/2022 Net Debt ▼ -18% YoY	525mn, 19.0% SG&A, % of Sales ▲20% YoY, ▼ -0.7pps YoY

1H22 Highlights

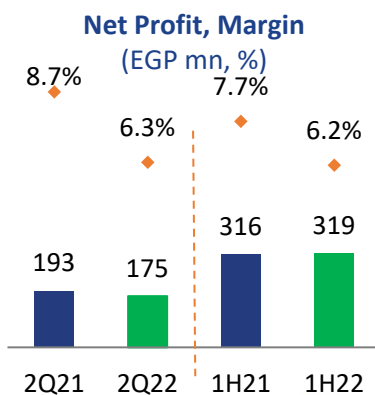
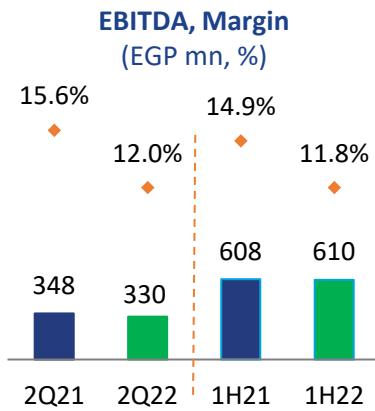
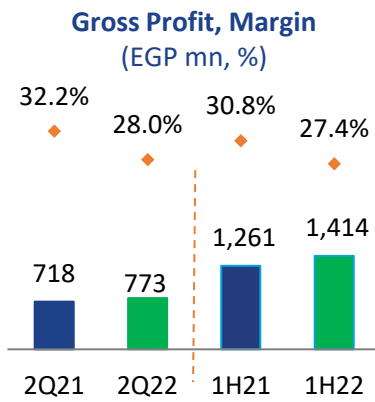
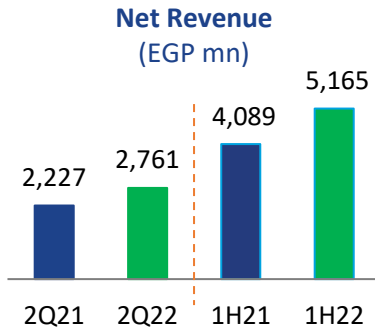
5,165mn Net Revenue ▲26% YoY	1,414mn, 27.4% Gross Profit, margin ▲12% YoY, ▼ -3.5pps	610mn, 11.8% EBITDA, margin ▼ -0.3% YoY, ▼ -3.1pps
319mn, 6.2% Net Profit, margin ▲1% YoY, ▼ -1.6pps	577mn 30/06/2022 Net Debt ▼ -18% YoY	975mn, 18.9% SG&A, % of Sales ▲23% YoY, ▼ -0.5pps YoY

Revenue By Segment

EGP mn	2Q22	2Q21	% Change	1H22	1H21	% Change
Dairy	1,284	941	36%	2,582	1,930	34%
Fermented	873	776	13%	1,458	1,231	18%
Juice	462	389	19%	844	700	21%
Concentrates & Agri	82	66	25%	147	112	31%
3rd Party Distribution	60	55	9%	134	115	16%
Total	2,761	2,227	24%	5,165	4,089	26%

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(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange, “Company”)), a leader in the Egyptian packaged dairy, yogurt and juice markets, announced its audited consolidated results for 1H22, reporting net revenues amounting to EGP 5.2bn, realizing a growth of 26%. In 2Q22, sales increased by 24% to reach 2.8bn. Impressive sales growth in 2Q22 was driven by healthy volume increases in the dairy and juice sectors, as well as price increases applied across our core segments, a testament to the robust post-pandemic consumer demand recovery.

In 1H22, GPM decreased by 3.5pps y-o-y to reach 27.4%. While in 2Q22, GPM decreased by 4.3pps to reach 28.0%. The margin contraction witnessed in 1H22 was a result of the continuous global increase in raw material (mainly raw milk) and packaging material prices, challenging global supply chain disruptions and devaluation of the Egyptian pound by c.20%.

SG&A margin decreased by 0.5% y-o-y to reach 18.9% in 1H22. In 2Q22 SG&A margin decreased by 0.7% to reach 19.0% as marketing spending was maintained, to support the launch of Juhayna’s new Drinkable Flavored Greek Yogurt. In 1H22 EBITDA margin in 1H22 decreased by 0.3pps to reach 11.8%. While in 2Q22 EBITDA margin decreased by 3.7% to reach 12.0%

For 1H22, net profit amounted to EGP319mn, increasing by 1% and NPM decreased by 1.6% to reach 6.2%. As for 2Q22, net profit decreased by 10% to reach EGP175mn and NPM decreased by 2.4% to reach 6.3%. The Company’s cost optimization strategy, vertical integration and deleveraging efforts, supported our bottom line, and helped ease the losses made on the gross profit level.

Announcements / Segment Launch

Launch of Drinkable Flavored Greek Yogurt range – April 2022

Drinkable Flavored Greek Yogurt was selected as Juhayna's next innovative venture due to its alignment with Juhayna's mission to introduce healthy varieties to the market. The product was launched in April 2022, in collaboration with Juhayna's research and development team and is representative of the healthy and high-quality innovations that Juhayna seeks to deliver, as the range is made up of 3 different flavors at 250gm per bottle.

With life returning back to normal and people going back to the streets, it made sense to introduce a quick, on-the-go drinkable Greek yogurt product. The success of the Greek Yogurt range granted the company to start working on the launch of the Drinkable Flavored Greek Yogurt range, which constitutes of 3 different flavors – Pineapple & Peach, Mixed Berries & Oats, and Passion Fruit. The range was well received by the market and has been a great success, helping grow the Greek Yogurt market.

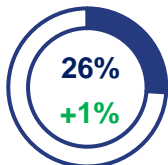


1H22 Volume Market Shares (y-o-y change pps)

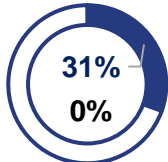
Plain Milk



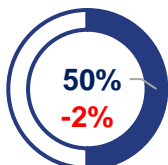
Juice



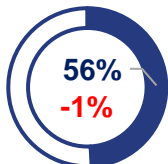
Spoonable Yogurt



Drinkable Yogurt



Flavored Milk



CEO's Note

I am happy to report that Juhayna witnessed a strong start to 2022, as we continued to drive impressive growth across our segments while effectively maneuvering global challenges faced.

Juhayna's sales continued to show impressive growth amid the high inflationary period and decreasing consumer purchasing power. Sales growth was mainly driven by the notable volume growth in the dairy and juice sectors, growing by more than 20% y-o-y in 1H22, as well as the price increases applied throughout the first six months of the year, across our core segments. Leading to an impressive net revenue growth of 26% y-o-y in 1H22.

Looking ahead, we remain committed to delivering exceptional value to our shareholders, and wider communities, and drive solid growth across our business. We are without a doubt faced with difficult operating conditions both globally and locally. On the global front, the world economy is still coming to grips with the long-term economic spill overs of the pandemic and the impact of the ongoing Russia-Ukraine war. Meanwhile, on the home front we have been witnessing double-digit inflation and a c.20% devaluation of the Egyptian Pound versus the US Dollar. Despite this, we are confident that our proven track record in navigating similar turbulent times and the strong mitigation frameworks we have in place provide abundant protection across our operations. With various cost saving initiatives introduced and led by our supply chain and finance teams in 1H22, improving efficiency across our factories while providing significant savings for the company.

Product innovations have played a massive part in Juhayna's success throughout the years and will continue to contribute to our long-term growth, as we continue to offer premium high-margin innovations to the local market every year. Drinkable Flavored Greek Yogurt, launched April 2022, was selected as Juhayna's next innovative venture due to its alignment with Juhayna's mission to introduce healthy varieties to the market.

The Company's net profit grew by 1% to reach 319mn in 1H22. Net profit margin was affected by the contraction on the GPM level, as a result of the hike in raw material prices and EGP devaluation. Net debt reached EGP577mn, due to the strategic inventory build-up as a result of the uncertainty tied to supply chain disruptions. However, net debt has still decreased by 14% y-o-y.

Finally, we are also delighted to announce that during our annual general meeting held on 29 June 2022, shareholders approved the distribution of a dividend of EGP 329 million in aggregate in respect of the financial year ended 31 December 2021. Our ability to reward shareholders even during such difficult times demonstrates our business' strong cash-generating abilities and our unwavering confidence in its future growth potential and in the solid fundamentals of our industry.

Niels Thomsen

Chief Executive Officer

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Income Statement

	1H22	1H21	2Q22	2Q21
Net sales	5,164,567,216	4,088,552,758	2,761,133,770	2,226,863,636
Cost of sales	(3,750,110,709)	(2,827,872,753)	(1,988,495,067)	(1,508,798,543)
Gross profit	1,414,456,507	1,260,680,005	772,638,703	718,065,093
Other operating income	59,731,238	18,245,160	29,189,525	7,419,293
Selling and Marketing expenses	(821,545,075)	(657,235,356)	(445,882,810)	(375,988,123)
General and administrative expenses	(153,290,864)	(133,275,705)	(78,871,392)	(63,013,238)
Other expenses	(59,974,355)	(44,153,515)	(38,081,021)	(21,031,727)
Results from operating activities	439,377,451	444,260,589	238,993,005	265,451,298
Share in profit /Loss of a company under joint control	487,923	421,307	254,471	421,307
Net finance (expense)	(24,569,883)	(42,076,806)	(11,560,506)	(19,855,963)
Net profit before income tax	415,295,491	402,605,090	227,686,970	246,016,642
Current income tax	(98,732,401)	(87,458,885)	(55,367,937)	(50,569,761)
Deferred tax	2,386,301	1,065,320	2,210,653	(2,381,010)
Net profit for the period	318,949,391	316,211,525	174,529,686	193,065,871
Distributed as follows				
Parent Company's share in profit	318,848,694	316,108,017	174,467,901	193,001,984
Non-controlling interest	100,697	103,508	61,785	63,887
	318,949,391	316,211,525	174,529,686	193,065,871
Earning per share for the period (L.E /share)	0.34	0.34	0.19	0.21

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Balance Sheet

	6/30/2022	12/31/2021
Property, plant and equipment	3,042,190,011	3,164,789,327
Projects under construction	120,490,679	73,964,179
Plant wealth - productive	25,670,580	26,073,857
Plant wealth – not productive	29,778,476	23,679,027
Biological wealth	194,323,660	196,194,420
Investments under joint control (equity)	15,604,766	15,116,843
Right to use assets	54,573,535	61,583,843
Goodwill	97,092,890	97,092,890
Other - long term asset	719,736	723,872
Non-current assets	3,580,444,333	3,659,218,258
Biological assets - Existing Agriculture	14,058,180	10,571,729
PPE held for sale	1,102,363	1,607,427
Inventories	1,446,900,895	879,266,088
Trade and other receivables	560,198,600	456,020,949
Cash at banks and on hand	457,384,727	453,015,330
Due from related party	386,623	2,966
Biological assets - Feeding Sector	298,920	46,173
Current assets	2,480,330,308	1,800,530,662
Total assets	6,060,774,641	5,459,748,920
Issued and paid-up capital	941,405,082	941,405,082
Legal reserve	709,602,342	688,879,026
General reserve - issuance premium	330,920,428	330,920,428
Retained earnings	1,109,033,045	1,206,348,929
Total equity attributable to the shareholders of the parent company	3,090,960,897	3,167,553,465
Non-controlling interest	839,262	762,819
Total equity	3,091,800,159	3,168,316,284
Long - term loans	140,647,586	262,359,916
Lease contract liabilities - non current portion	96,820,314	109,066,326
Deferred tax liabilities	297,521,860	299,908,161
Other non current liabilities	473,079	482,730
Non-current liabilities	535,462,839	671,817,133
Provisions	85,814,989	70,078,923
Bank credit facilities	705,297,881	273,230,763
Creditors and other credit balances	1,393,914,642	928,212,428
Income tax payable	96,799,075	180,249,503
Lease contract liabilities- current portion	28,175,104	28,324,136
Loans-current portion	123,509,952	139,519,750
Current liabilities	2,433,511,643	1,619,615,503
Total liabilities	2,968,974,482	2,291,432,636
Total equity and total liabilities	6,060,774,641	5,459,748,920

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Cash Flow Statement

	1H22	1H21
Cash flows from operating activities		
Net profit for the period before income tax and minority interest in profits	415,295,491	402,605,090
Adjustments for:		
PPE depreciation	155,839,199	142,751,512
Capital loss (gain)	(23,902,851)	(2,411,805)
Amortization of asset right of use (lands)	4,136	
Amortization of animal wealth	15,313,344	15,010,368
Amortization of plant wealth (productive)	403,277	257,592
Amortization of plant wealth (non productive)		(4,899,589)
Changes in investments under joint control (equity)	(487,923)	(421,307)
Impairment of Fixed assets & projects under construction	(117,781)	(237,301)
Impairment of accounts receivable	(1,607,431)	(3,045,181)
Amortization of right of use asset	7,010,309	8,634,100
Right of use asset interest	3,044,270	2,565,995
Impairment of inventory		1,482,100
Provision for claims formed	18,463,748	6,032,043
Herd birth	(7,570,700)	(6,285,600)
Herd capitalization	(26,166,559)	(27,148,073)
Loss from selling and death of animal wealth	1,456,267	6,741,307
Foreign currencies exchange differences	(7,088,122)	(855,083)
Credit interests	(12,871,093)	(5,656,876)
Finance interests & expenses	41,484,828	46,022,770
	578,502,409	581,142,062
credit interest collection	12,871,093	5,656,876
Finance interests & expenses paid	(41,484,828)	(46,022,770)
Changes in:		
Inventories	(567,634,807)	(40,602,893)
Biological assets- Exiting Agriculture	(3,486,451)	7,136,503
Trade and other receivables	(102,570,220)	(80,646,801)
Creditors & other credit balances	295,692,643	(351,799)
Due from related parties	(383,657)	(2,715)
Changes in held for sale	505,064	2,279,017
Dividends paid to employee	(37,184,580)	(34,816,343)
Income tax paid	(182,182,829)	(167,245,678)
Sales tax on capital goods -paid		(15,735,343)
Provisions claims used	(2,727,682)	(8,885,153)
Net cash flows from operating activities	(50,083,845)	201,904,963
Cash flows from investing activities		
Acquisition of PPE & projects under construction	(86,485,529)	(136,346,046)
Proceeds from sale of PPE	30,739,778	4,764,234
Proceeds from plant wealth unproductive	(6,099,449)	(7,335,000)
Proceeds from the sale of plant and animal wealth	16,801,014	19,606,896
Proceeds from the compensation of calves death	1,784,647	3,892,065
Net cash flows (used in) investing activities	(43,259,539)	(115,417,851)
Cash flows from financing activities		
Proceeds from/ (payments for) overdraft & credit facility	432,067,118	90,363,162
(Payments for) financial lease contract liabilities	(15,439,315)	(15,623,972)
(Payments for) Bank loans	(137,722,128)	(98,929,620)
Dividends paid to shareholders	(188,281,016)	
Net cash flows (used in) financing activities	90,624,659	(24,190,430)
Change in cash & cash equivalents during the period	(2,718,725)	62,296,682
The effect of foreign exchange difference	7,088,122	855,083
Cash & cash equivalents at 1 January	453,015,330	182,542,538
Cash & cash equivalents at 31 December	457,384,727	245,694,303

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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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