

# 9M22 Earnings Release

Cairo, Egypt | 16 November 2022



## Juhayna Food Industries Reports 9M22 Earnings

*Juhayna records a 23% y-o-y increase in net revenue to 3.0bn in 3Q22, and a 25% y-o-y increase in net revenue to 8.2bn in 9M22*

### 3Q22 Highlights

<b>2,996mn</b> Net Revenue ▲23% YoY	<b>681mn, 22.7%</b> Gross Profit, margin ▲3% YoY, ▼ -4.4pps	<b>340mn, 11.3%</b> EBITDA, margin ▲1% YoY, ▼ -2.4pps
<b>155mn, 5.2%</b> Net Profit, margin ▼ -11% YoY, ▼ -2.0pps	<b>569mn</b> 30/09/2022 Net Debt ▲84% YoY	<b>428mn, 14.3%</b> SG&A, % of Sales ▲6% YoY, ▼ -2.3pps YoY

### 9M22 Highlights

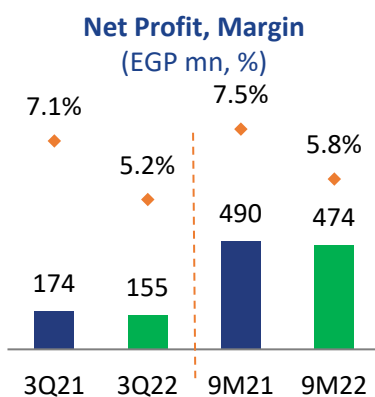
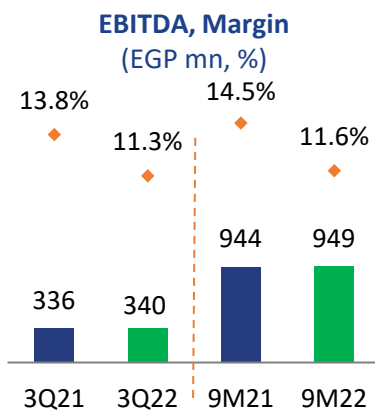
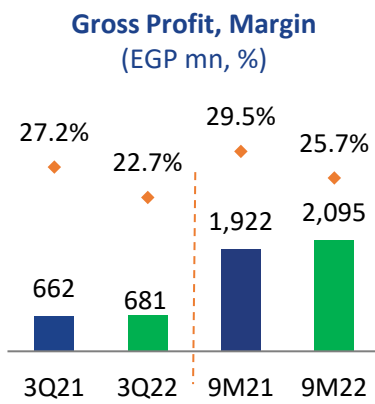
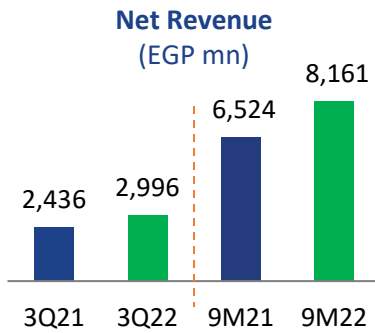
<b>8,161mn</b> Net Revenue ▲25% YoY	<b>2,095mn, 25.7%</b> Gross Profit, margin ▲9% YoY, ▼ -3.8pps	<b>949mn, 11.6%</b> EBITDA, margin ▲1% YoY, ▼ -2.8pps
<b>474mn, 5.8%</b> Net Profit, margin ▼ -3% YoY, ▼ -1.7pps	<b>569mn</b> 30/09/2022 Net Debt ▲84% YoY	<b>1,403mn, 17.2%</b> SG&A, % of Sales ▲17% YoY, ▼ -1.1pps YoY

### Net Revenue By Segment

EGP mn	3Q22	3Q21	% Change	9M22	9M21	% Change
Dairy	1,593	1,188	34%	4,175	3,118	34%
Fermented	668	610	10%	2,127	1,841	16%
Juice	575	512	12%	1,419	1,212	17%
Concentrates & Agri	114	60	91%	261	172	52%
3rd Party Distribution	45	67	-32%	179	182	-1%
<b>Total</b>	<b>2,996</b>	<b>2,436</b>	<b>23%</b>	<b>8,161</b>	<b>6,524</b>	<b>25%</b>

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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 9M22, reporting net revenues amounting to EGP 3.0bn, realizing a growth of 23% in 3Q22. In 9M22 sales increased by 25% to reach 8.2bn. Impressive sales growth in 9M22 was driven by healthy volume increases in the dairy and juice sectors, as well as price increases applied across our core segments, which total to an average of +20% y-o-y applied gradually throughout 9M22.

In 3Q22, GPM decreased by 4.4pps y-o-y to reach 22.7% as we felt the full magnitude of the high-priced raw materials during the quarter, while price increases were applied towards the end of the quarter. In 9M22, GPM decreased by 3.8pps to reach 25.7%. The margin contraction was a result of the continuous increase in commodity prices, packaging material prices, challenging global supply chain disruptions and the devaluation of the Egyptian pound by 24% during 9M22.

SG&A margin decreased by 2.3% y-o-y to reach 14.3% in 3Q22. In 9M22 SG&A margin decreased by 1.1% to reach 17.2%, as a consequence of our cost cutting strategy. The Company strategically reduced marketing, selling and distribution spending. In 3Q22 EBITDA margin decreased by 2.4pps to reach 11.3%. While in 9M22 EBITDA margin decreased by 2.8% to reach 11.6%.

For 3Q22, net profit amounted to EGP155mn, decreasing by 11% y-o-y and NPM decreased by 2.0% to reach 5.2%. As for 9M22, net profit decreased by 3% to reach EGP474mn and NPM decreased by 1.7% to reach 5.8%. 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.

## Juhayna – Karm Solar Partnership



In line with its strategy to rationalize consumption and diversify the resources used, Juhayna signed a contract with Karm Solar to establish a hybrid central power plant to generate and sell energy using solar panels, diesel generators and industrial batteries at the AlEnmaa dairy farm in Abu Minqar area in the New Valley. The partnership comes in line with number 12 and 13 of the sustainable development goals, which are responsible consumption and production, and climate action.

Juhayna and Karm Solar's first cooperation took place in 2016, through which the first solar power generation and sale station for the private sector was established in El-Wahat ElBahariya. Hence, the new cooperation aims at producing electricity from the central station, with a production capacity of 8.3 megawatts of solar energy, 10.8 megawatts of diesel and 27.5 megawatts per hour from the battery storage system. Thus, 65% of the energy consumed by Juhayna's El-Enmaa farm will be provided by solar energy and 35% by diesel generators.

On that occasion, Mr. Niels Thomson, CEO of Juhayna, said: "I am proud of our fruitful cooperation with Karm Solar, which I consider a new milestone in our success journey. This cooperation represents a unique model for partnerships that fight climate changes and find alternative energy sources that are environmentally friendly. Having said that, and as one of the leading Egyptian companies in the food and beverage sector, we look forward to being a role model in mitigating the environmental impact of our main activities and strengthening our efforts to meet the best local and international practices in this regard".

It is worth mentioning that Juhayna and Karm Solar inaugurated the first solar power plant for the private sector in El-Wahat El-Bahariya back in 2016, which is the first of its kind in Egypt. The plant contributes to saving about 600,000 liters of diesel annually and avoiding the emission of about 1,620 tons of carbon dioxide annually, in addition to producing energy that covers 51% of the needs of the farms at peak hours.

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## 9M22 Volume Market Shares (y-o-y change pps)

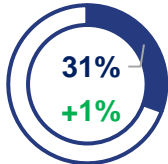
### Plain Milk



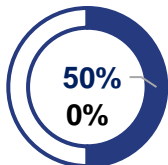
### Juice



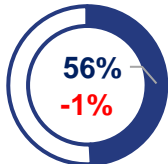
### Spoonable Yogurt



### Drinkable Yogurt



### Flavored Milk



## CEO's Note

I'm pleased with our strong operational and financial results year-to-date, with net revenue recording an impressive increase of 25% y-o-y, despite the numerous global challenges faced, which include devaluation, inflation, and supply chain pressures.

It has been a challenging 9 months, as we have been facing many challenges on global and local fronts. The world economy is still adjusting to the pandemic's long-term economic effects and the impact of the current Russia-Ukraine conflict. Locally, we have been experiencing double-digit inflation and a 24% decline in the value of the Egyptian Pound in 9M22, relative to the US Dollar.

Despite this, we have succeeded to extensively grow our core segments, gain market share, and gradually pass on price increases of over 20% during 9M22. We are confident that our experienced management team, and 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, improving efficiency across our factories while providing significant savings for the company.

The Company's net profit contracted by 3% to reach 474mn in 9M22. Net debt reached EGP569mn, due to the strategic inventory build up as a result of the uncertainty tied to supply chain disruptions.

Finally, we are glad to report that the record dividends payout of EGP 0.35 per share, totaling EGP 329 million for the fiscal year that ended on December 31, 2021, was paid out on November 3<sup>rd</sup>, 2022. 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

## Income Statement

	9M22	9M21	3Q22	3Q21
Net sales	8 161 065 991	6 523 983 182	2 996 498 775	2 435 430 424
Cost of sales	(6 065 610 065)	(4 601 653 747)	(2 315 499 356)	(1 773 745 272)
<b>Gross profit</b>	<b>2 095 455 926</b>	<b>1 922 329 435</b>	<b>680 999 419</b>	<b>661 685 152</b>
Other operating income	91 892 069	25 420 437	32 160 831	7 174 347
Selling and Marketing expenses	(1 181 602 074)	(996 701 724)	(360 056 999)	(339 464 808)
General and administrative expenses	(220 601 456)	(198 963 582)	(67 310 592)	(65 689 441)
Other expenses	(118 099 347)	(65 411 735)	(58 124 992)	(21 257 297)
<b>Results from operating activities</b>	<b>667 045 118</b>	<b>686 672 831</b>	<b>227 667 667</b>	<b>242 447 954</b>
Share in profit /Loss of a company under joint control	656 080	458 546	168 157	458 546
Net finance (expense)	( 43 663 076)	( 57 856 969)	( 19 093 193)	( 15 780 366)
<b>Net profit before income tax</b>	<b>624 038 122</b>	<b>629 274 408</b>	<b>208 742 631</b>	<b>227 126 134</b>
Previous years tax differences	7 420 127	-	7 420 127	-
Current income tax	( 149 628 518)	( 132 420 344)	( 50 896 117)	( 46 319 122)
flat tax on investments	( 9 596 994)	-	( 9 596 994)	-
Deferred tax	1 853 994	( 6 662 396)	( 532 307)	( 7 277 147)
<b>Net profit for the period after tax</b>	<b>474 086 731</b>	<b>490 191 668</b>	<b>155 137 340</b>	<b>173 529 865</b>
<b>Distributed as follows</b>				
Parent Company's share in profit	473 861 743	490 027 480	155 013 049	173 469 671
Non-controlling interest	224 988	164 188	124 291	60 194
<b>Earning per share for the period (L.E /share )</b>	<b>0.50</b>	<b>0.52</b>	<b>0.16</b>	<b>0.18</b>

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Cairo, Egypt | 15 August 2022



## Balance Sheet

	9/30/2022	12/31/2021
Property, plant and equipment	3 003 306 963	3 164 789 327
Projects under construction	118 686 348	73 964 179
Plant wealth - productive	25 687 468	26 073 857
Plant wealth – not productive	33 998 054	23 679 027
Biological wealth	194 663 418	196 194 420
Investments under joint control (equity)	15 772 923	15 116 843
Right to use assets	50 627 759	61 583 843
Goodwill	97 092 890	97 092 890
Other - long term asset	717 668	723 872
<b>Non-current assets</b>	<b>3 540 553 491</b>	<b>3 659 218 258</b>
Biological assets - Existing Agriculture	33 258 032	10 571 729
PPE held for sale	1 102 363	1 607 427
Inventories	1 776 979 536	879 266 088
Trade and other receivables	664 895 242	456 020 949
Cash at banks and on hand	584 272 607	453 015 330
Due from related party	392 889	2 966
Biological assets - Feeding Sector	62 323	46 173
<b>Current assets</b>	<b>3 060 962 992</b>	<b>1 800 530 662</b>
<b>Total assets</b>	<b>6 601 516 483</b>	<b>5 459 748 920</b>
Issued and paid up capital	941 405 082	941 405 082
Legal reserve	707 460 007	688 879 026
General reserve - issuance premium	330 920 428	330 920 428
Retained earnings	1 266 194 247	1 206 348 929
<b>Total equity attributable to the shareholders of the parent company</b>	<b>3 245 979 764</b>	<b>3 167 553 465</b>
<b>Non-controlling interest</b>	987 805	762 819
<b>Total equity</b>	<b>3 246 967 569</b>	<b>3 168 316 284</b>
Long - term loans	104 190 215	262 359 916
Lease contract liabilities - non current portion	89 773 821	109 066 326
Deferred tax liabilities	298 054 165	299 908 161
Other non current liabilities	409 447	482 730
<b>Non-current liabilities</b>	<b>492 427 648</b>	<b>671 817 133</b>
Provisions	83 520 951	70 078 923
Bank credit facilities	864 531 241	273 230 763
Creditors and other credit balances	1 625 276 598	928 212 428
Income tax payable	136 425 889	180 249 503
Lease contract liabilities- current portion	28 919 328	28 324 136
Loans-current portion	123 447 259	139 519 750
<b>Current liabilities</b>	<b>2 862 121 266</b>	<b>1 619 615 503</b>
<b>Total liabilities</b>	<b>3 354 548 914</b>	<b>2 291 432 636</b>
<b>Total equity and total liabilities</b>	<b>6 601 516 483</b>	<b>5 459 748 920</b>



## Cash Flow Statement

	9M22	FY21
<b>Cash flows from operating activities</b>		
Net profit for the period before income tax and minority interest share	624 038 122	629 274 408
<b>Adjustments for:</b>		
PPE depreciation	229,901,501.00	218 374 870
Capital loss (gain)	( 25 353 389)	832 241
Amortization of asset right of use (lands)	6 204	6 203
Amortization of animal wealth	22 918 412	22 247 034
Amortization of plant wealth (productive)	386 389	386 387
Amortization of plant wealth (non productive)	13 936 151	
Changes in investments under joint control (equity)	( 656 080)	( 458 546)
Impairment of Fixed assets & projects under construction	(3 045 095)	( 237 301)
Impairment of accounts receivable	( 1 570 000)	3 520 215
Amortization of right of use asset	10 475 315	11 277 113
Right of use asset interest	4 427 108	3 285 406
Impairment of inventory no longer required	1 711 559	942 945
Provision for claims formed	45 404 239	6 884 505
Herd birth	( 12 303 300)	( 11 260 800)
Herd capitalization	( 40 573 406)	( 41 315 583)
Loss from selling and death of animal wealth	2 093 428	8 102 304
Foreign currencies exchange differences	(3 592 501)	( 1 452 752)
Credit interests	( 23 422 419)	( 10 927 194)
Finance interests & expenses	66 250 886	66 951 509
	<b>911 033 124</b>	<b>906 432 964</b>
credit interest collection	23 422 419	10 927 194
Finance interests & expenses paid	(66 250 886)	( 66 951 509)
<b>Changes in:</b>		
Inventories	( 899 425 007)	73 640 040
Biological assets- Exiting Agriculture	( 22 686 303)	( 3 506 813)
change of fixed assets for sale	505 064	
Trade and other receivables	( 196 610 935)	( 129 450 437)
Creditors & other credit balances	517 127 471	97 199 234
Due from related parties	( 389 923)	( 2 722)
Changes in held for sale		
Dividends paid to employeee	( 37 911 087)	( 34 852 760)
Income tax paid	( 195 628 998)	( 191 271 328)
Sales tax on capital goods -paid	( 73 283)	( 17 015 747)
Provisions claims used	( 31 962 210)	( 10 816 988)
<b>Net cash flows from operating activities</b>	<b>1 149 446</b>	<b>634 331 128</b>
<b>Cash flows from investing activities</b>		
Acquisition of PPE & projects under construction	( 130 528 177)	( 176 725 491)
Proceeds from sale of PPE	45 785 356	5 509 075
Proceeds from plant wealth unproductive	( 10 319 027)	( 7 571 714)
Payments to invest in vital assets		( 7 335 000)
Proceeds from the sale of plant and animal wealth	12 116 848	27 018 549
Proceeds from the compensation of calves death	3 326 714	5 251 072
<b>Net cash flows (used in) investing activities</b>	<b>(79 618 286)</b>	<b>(153 853 509)</b>
<b>Cash flows from financing activities</b>		
Proceeds from/ (payments for) overdraft & credit facility	591 300 478	( 22 106 226)
(Payments for) financial lease contract liabilities	( 22 643 653)	( 21 507 166)
(Payments for) Bank loans	( 174 242 193)	( 147 053 637)
Dividends paid to shareholders	(188 281 016)	
<b>Net cash flows (used in) financing activities</b>	<b>206 133 616</b>	<b>(190 667 029)</b>
<b>Change in cash &amp; cash equivalents during the period</b>	<b>127 664 776</b>	<b>289 810 590</b>
<b>The effect of foreign exchange difference</b>	<b>3 592 501</b>	<b>1 452 752</b>
<b>Cash &amp; cash equivalents at 1 January</b>	<b>453 015 330</b>	<b>182 542 538</b>
<b>Cash &amp; cash equivalents at 30 September</b>	<b>584 272 607</b>	<b>473 805 880</b>

## 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

### Investor Contacts

**Khaled Daader**

**Head of Investor Relations**

[khaled.daader@juhayna.com](mailto:khaled.daader@juhayna.com)