

9M23 Earnings Release

Cairo, Egypt | 1 November 2023



Juhayna Food Industries Reports 9M23 Earnings

Juhayna records a 50% y-o-y increase in net revenue to 4.5bn in 3Q23, and a 43% y-o-y increase in net revenue to 11.7bn in 9M23.

3Q23 Highlights

4,500mn Net Revenue ▲50% YoY	1,072mn, 23.8% Gross Profit, margin ▲57% YoY, ▲ 1.1pps	576mn, 12.8% EBITDA, margin ▲ 70% YoY, ▲ 1.5pps
323mn, 7.2% Net Profit, margin ▲ 108% YoY, ▲ 2.0pps	298mn 30/09/2023 Net Debt ▼ -52% YoY	576mn, 12.8% SG&A, % of Sales ▲35% YoY, ▼ -1.5pps YoY

9M23 Highlights

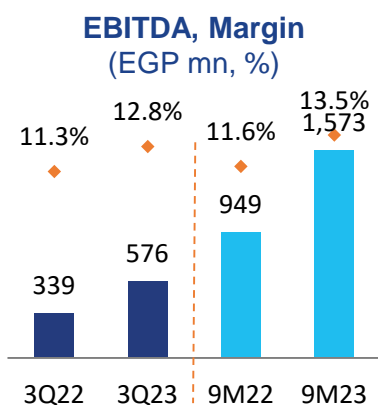
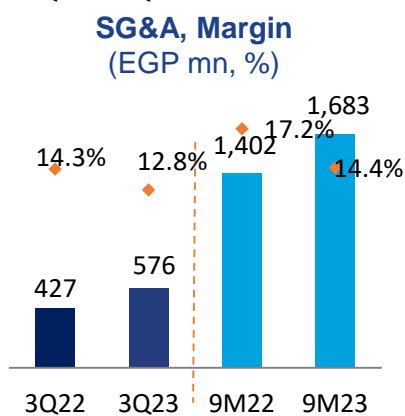
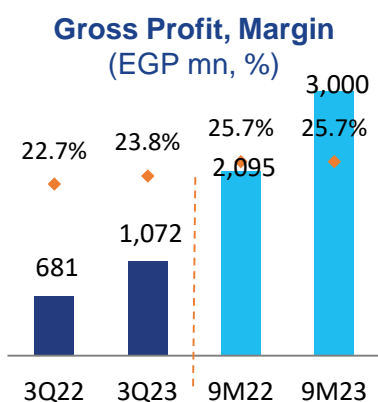
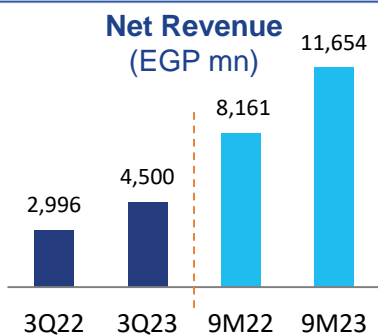
11,654mn Net Revenue ▲43% YoY	3,000mn, 25.7% Gross Profit, margin ▲43% YoY, ▲ 0.07pps	1,573mn, 13.5% EBITDA, margin ▲ 66% YoY, ▲ 1.87pps
879mn, 7.5% Net Profit, margin ▲ 85% YoY, ▲ 1.7pps	298mn 30/09/2023 Net Debt ▼ - 52% YoY	1,683mn, 14.4% SG&A, % of Sales ▲20% YoY, ▼ -2.75pps YoY

Net Revenue By Segment

EGP mn	3Q23	3Q22	% Change	9M23	9M22	% Change
Dairy	2,451	1,593	54%	6,049	4,175	45%
Fermented	904	668	35%	2,618	2,127	23%
Juice	843	575	47%	1,931	1,419	36%
Concentrates & Agri	231	114	102%	834	261	219%
3rd Party Distribution	72	45	59%	223	179	24%
Total	4,500	2,996	50%	11,654	8,161	43%

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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 3Q23. The company achieved net revenues of EGP 4.5bn, reflecting a growth rate of 50%. This growth was driven by improved demand during the quarter, and an increase in pricing, with more than 60% rise observed throughout 2022, in addition to more than 30% price hikes passed through during 2023.

The high inflationary environment in Egypt is negatively affecting consumer purchasing power, causing consumers to cut down on consumption and trade down to lower-priced products. Juhayna is well-positioned for this trend, as it has a diverse product portfolio that offers a variety of price points to meet the needs of different consumers. Its lower-priced products are in high demand as consumers look to save. Juhayna is also confident that its brand loyalty will help it to retain customers even in a challenging economic environment.

Juice volumes experienced a y-o-y growth compared to 3Q22, while dairy and fermented products’ volumes declined y-o-y. It is worth noting that dairy volumes increased q-o-q, while the fermented segment saw flat volumes q-o-q, suggesting slight purchasing power improvements.

Despite the volume decline, Juhayna managed to defend its leading market shares, due to its strong brand loyalty, wide range of products, and focus on innovation.

The company’s cost of goods sold (COGS) increased by 43% and 48% in 9M23 and 3Q23, respectively, due to rising raw material prices, particularly raw milk and packaging materials. Despite this, gross profit margin increased by 0.7pps and 1.1pps to 25.7% and 23.8% in 9M23 and 3Q23, respectively, supported by the positive contribution from the concentrates segment and the recent price increases implemented in the third quarter. The majority of the price increases were implemented towards the end of the third quarter, and are expected to further improve profitability in the fourth quarter of 2023.

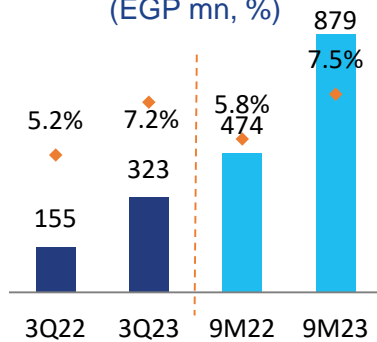
SG&A margin decreased by 2.75pps and 1.5pps in 9M23 and 3Q23, respectively, reaching 14.4% and 12.8%. This reduction is attributed to the company’s continuous cost optimization efforts, savings on marketing spending and improved distribution efficiency. Juhayna remains focused on keeping expenses tight and capitalizing on cost-saving opportunities.

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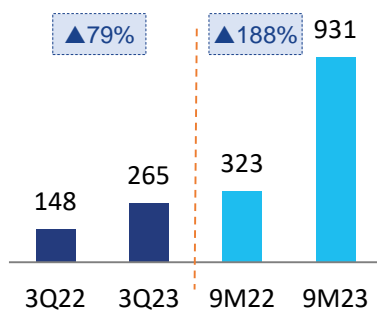
Net Profit, Margin (EGP mn, %)



Positive gross profit margin gains and savings on SG&A resulted in a growth of 66% and 70% in EBITDA for 9M23 and 3Q23, reaching 1.6bn and 576mn, with a margin of 13.5% and 12.8%, respectively.

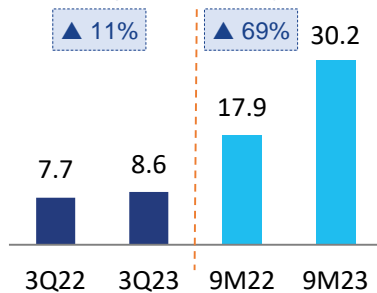
In terms of net profit, Juhayna achieved EGP 879mn in 9M23, increasing by 85% y-o-y, and EGP 323mn in 3Q23, representing an increase of 108% y-o-y. This growth occurred despite increased finance costs and a net EGX loss of EGP 14mn (in 3Q23) due to dollar-based payables rerating caused by EGP devaluation and FX shortages. Juhayna's ability to pass on price hikes, vertical integration, strategic relationships with its suppliers, local and global partners, in addition to the company's cost reduction strategy all contributed to the surge in net profit.

Export Sales, Growth (EGP mn, %)



The company experienced a notable surge in export sales (Concentrates, Dairy and Juice), achieving a remarkable growth rate of 188%, reaching EGP 931mn in 9M23. In 3Q23 export sales grew by 79% y-o-y to reach 265mn. Export sales accounted for 5.9% of the company's total revenues for the quarter, and 8% in 9M23, compared to 3.5% in 3Q22, and 4.1% in 9M22. In US dollar terms, annual growth rate booked is at 69% for 9M23, and 11% for 3Q23. The growth in exports was primarily driven by concentrates exports, which, played a vital role in mitigating the challenges related to FX availability. Juhayna is actively seeking additional opportunities to further expand its export segment.

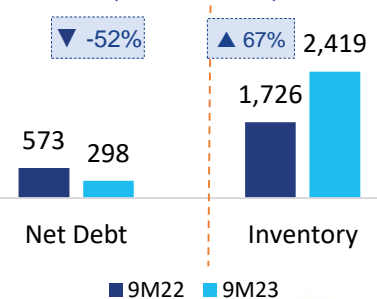
Export Sales, Growth (USD mn, %)



Net debt decreased from 573mn in 3Q22 to 298mn at the end of 3Q23, representing a 52% decrease y-o-y. The decrease was primarily driven by accumulation of dollar-based payables amid FX shortages.

Juhayna allocated EGP 423mn towards CAPEX in 9M23, primarily focusing on manufacturing and distribution activities, which is a part of the planned 2023 CAPEX of EGP 500mn.

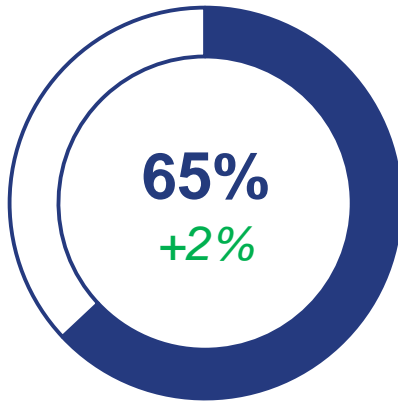
Net Debt, Inventory (EGP mn, %)



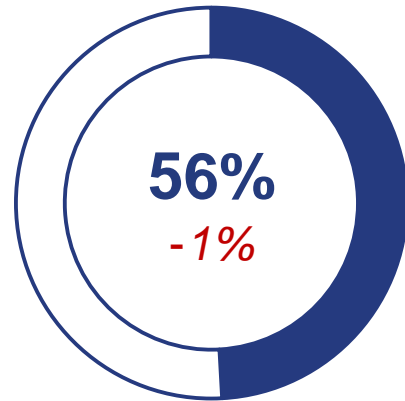
Our strong frameworks and strong governance practices that have been developed over the past years, and the hard work of our experienced management team, have enabled us to achieve great recent success. We are confident that the Egyptian market will continue to recover, and we are proud to have a strong brand and a strong relationship with the Egyptian consumer. We are looking forward to opening foreign markets as part of the company's strategy.

9M23 Volume Market Shares

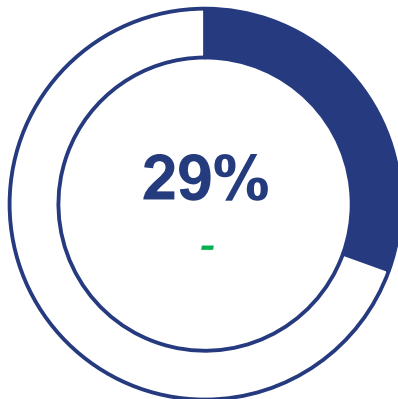
Plain Milk



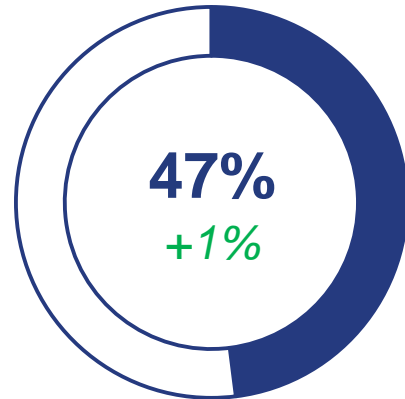
Flavored Milk



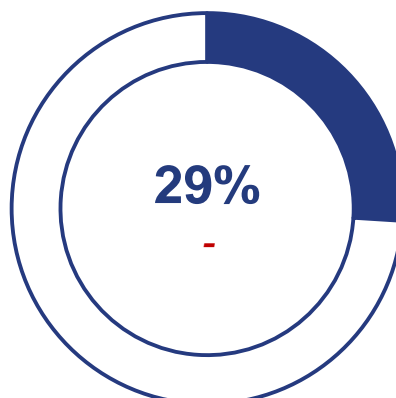
Spoonable Yogurt



Drinkable Yogurt



Juice



Announcements / Segment Launch

Launch of Fruit Yogurt Range – August 2023



Fruit 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 August 2023, 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 4 different fruits (Mango, Peach, Strawberry, Mixed Berries) at 105gm per package.

With frequent innovative successes in the yogurt segment, which started with the launch of Greek yoghurt in 2020, and the expansion of our yogurt segment through the last three years, it made sense to introduce a quick, on-the-go healthy snack yogurt products. By introducing 4 different fruits – Mango, Peach, strawberry, and Mixed Berries, the range was well received by the market and has been a great success, helping grow the fruits Yogurt market.

Income Statement

	9M23	9M22	3Q23	2Q22
Net sales	11 653 837 664	8161 065 991	4 500 471 406	2996 498 775
Cost of sales	(8 653 878 707)	(6 065 610 065)	(3 428 355 739)	(2315 499 356)
Gross profit	2 999 958 957	2 095 455 926	1 072 115 667	680 999 419
Other operating income	124 788 930	91 892 069	53 074 137	32 160 831
Selling and Marketing expenses	(1 432 071 677)	(1 181 602 074)	(496 897 502)	(360 056 999)
General and administrative expenses	(251 041 389)	(220 601 456)	(78 906 699)	(67 310 592)
Other expenses	(121 694 549)	(118 099 347)	(55 757 030)	(58 124 992)
Results from operating activities	1 319 940 272	667 045 118	493 628 573	227 667 667
Share in profit of a company under joint control	71 634	656 080	(259 822)	168 157
Net finance (expense)	(177 916 854)	(43 663 076)	(49 517 683)	(19 093 193)
Investment Loss	(14 237 684)	-	(14 237 684)	-
Net profit for the period before income tax	1 127 857 368	624 038 122	429 613 384	208 742 631
Previous years tax differences	-	7 420 127	-	7 420 127
Current income tax	(240 979 157)	(149 628 518)	(92 353 789)	(50 896 117)
Dividends tax on investments	-	(9 596 994)	-	(9 596 994)
Deferred tax	(7 941 866)	1 853 994	(14 753 540)	(532 307)
Net profit for the period after tax	878 936 345	474 086 731	322 506 055	155 137 340
Distributed as follows				
Parent Company share in profit	878 623 107	473 861 743	322 502 998	155 013 049
Non-controlling interest	313 238	224 988	3 057	124 291
	878 936 345	474 086 731	322 506 055	155 137 340
Earning per share for the period (L.E /share)	0.93	0.50	0.34	0.16

Balance Sheet

	9M23	FY22
Assets		
Non-current assets		
Property, plant and equipment	3 049 604 652	3 007 277 888
Projects under construction	231 582 025	127 380 566
Plant wealth - productive	42 975 141	43 990 377
Plant wealth – not productive	28 074 662	20 328 869
Biological wealth	222 037 427	197 472 085
Investments under joint control (equity)	16 997 728	16 926 093
Right of use assets	43 025 407	47 182 377
Goodwill	97 092 890	97 092 890
Other - long term asset	709 397	715 600
Non-current assets	3 732 099 329	3 558 366 745
Current assets		
Biological assets - Existing Agriculture	36 658 522	20 158 767
Biological assets - Feeding Sector	292 846	117 332
PPE held for sale	1 610 291	1 942 496
Inventories	2 418 861 336	1 725 513 368
Trade and other receivables	919 511 644	768 124 141
Due from related party	1 423 984	559 970
Cash at banks and on hand	613 861 703	294 504 052
Current assets	3 992 220 326	2 810 920 126
Total assets	7 724 319 655	6 369 286 871
Equity		
Issued and paid up capital	941 405 082	941 405 082
Legal reserve	742 112 962	719 145 789
General reserve - issuance premium	330 920 428	330 920 428
Retained earnings	2 091 598 862	1 418 366 451
Total equity attributable to the shareholders of the parent company	4 106 037 334	3 409 837 750
Non-controlling interest	1 207 339	894 422
Total equity	4 107 244 673	3 410 732 172
Non-current liabilities		
Long - term loans	85 136 746	78 951 620
Lease contract liabilities - non current portion	65 229 417	80 440 307
Deferred tax liabilities	312 544 056	304 602 189
Other non current liabilities	-	297 878
Deferred revenue - non current portion	3 939 095	-
Non-current liabilities	466 849 314	464 291 994
Current liabilities		
Provisions	93 555 353	78 789 406
Bank credit facilities	694 739 443	707 922 331
Creditors and other credit balances	1 980 501 861	1 340 285 565
Income tax payable	251 731 093	213 078 927
Lease contract liabilities- current portion	37 525 866	30 742 133
Loans-current portion	85 825 005	123 444 343
Deferred revenue - current portion	6 347 047	-
Current liabilities	3 150 225 668	2 494 262 705
Total liabilities	3 617 074 982	2 958 554 699
Total equity and total liabilities	7 724 319 655	6 369 286 871

Cash Flow Statement

	9M23	9M22
Cash flows from operating activities		
Net profit for the period before income tax and minority interest share in profits	1127 857 368	624 038 122
Adjustments for:		
PPE depreciation	215 107 974	229 901 501
Capital loss (gain)	-	(25 353 389)
Amortization of asset right of use (lands)	6 204	6 204
Increase of herd plant wealth	1 015 236	386 389
Amortization of plant wealth (productive)	24 048 598	22 918 412
Capitalized during the drying period	(75 337 438)	(26 637 255)
Changes in investments under joint control (equity)	(71 635)	(656 080)
Impairment of other debit balances	(1 001 809)	(4 615 095)
Amortization of right of use	10 585 912	10 475 315
Right of use interest	3 127 004	4 427 108
Provision for claims formed	24 327 674	45 404 239
Herd birth	(8 172 000)	(12 303 300)
Loss from selling and death of animal wealth	16 166 658	2 093 428
Investment Loss	14 237 684	-
Foreign currencies exchange differences	40 140 049	(3 592 501)
Credit interests	150 778 857	(23 422 419)
Finance interests & expenses	(13 002 053)	66 250 886
	1 529 814 282	909 321 565
Changes in:		
Inventories	(693 347 968)	(897 713 448)
Biological assets- Exiting Agriculture	(16 499 755)	(22 686 303)
Changes in held for sale	332 205	505 064
Trade and other receivables	(151 387 507)	(196 610 935)
Due from related parties	(864 013)	(389 923)
Creditors & other credit balances	664 494 079	517 127 471
Dividends paid to employeee	(41 212 761)	(37 911 087)
Income tax paid	(202 327 026)	(195 628 998)
Sales tax on capital goods -paid	(186 314)	(73 283)
Used from provisions for claims	(9 561 530)	(31 962 210)
Net cash flows from (used in) operating activities	1079 253 693	43 977 913
Cash flows from investing activities		
Acquisition of PPE & projects under construction	(391 057 512)	(130 528 177)
Proceeds from sale of PPE	30 423 124	45 785 356
Proceeds from plant wealth unproductive	14 100 100	12 116 848
payment to plant wealth unproductive	(7 745 793)	(10 319 027)
Payments to invest in vital assets	(24 565 342)	-
Proceeds from the compensation of calves death	4 628 740	3 326 714
payment to pay stocks	(44 723 805)	-
Proceed from sale stocks	30 486 121	-
Net cash flows (used in) investing activities	(388 454 367)	(79 618 286)
Cash flows from financing activities		
Proceeds from credit facilities	(13 182 888)	591 300 478
(Payments for) financial lease contract liabilities	(17 983 102)	(22 643 653)
(Payments for) bank loans	(21 148 070)	(174 242 193)
Collected credit interests	(150 778 857)	23 422 419
Finance interests & expenses paid	13 002 053	(66 250 886)
Dividends paid to shareholders	(141 210 761)	(188 281 016)
Net cash flows from financing activities	(331 301 625)	163 305 149
Change in cash & cash equivalents during the period	359 497 700	127 664 776
The effect of foreign exchange difference	(40 140 049)	3 592 501
Cash & cash equivalents at 1 January	294 504 052	453 015 330
Cash & cash equivalents at 30 September	613 861 703	584 272 607

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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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