



Edita Food Industries Reports 2Q2018 Earnings

Continued growth in volumes drives Edita's revenues up 29.0% y-o-y to EGP 789.2 million; improved operating leverage sees EBITDA surge more than twofold with expanding margin; resulting net profit of EGP 25.1 million compared to net loss of EGP 1.7 million recorded in the same period last year.

Cairo, 30 July 2018

Edita Food Industries S.A.E. (EFID.CA on the Egyptian Exchange & EFIDq.L on the London Stock Exchange), a leader in the Egyptian packaged snack food market, announced today its results for the second quarter ending 30 June 2018, reporting revenues of EGP 789.2 million, up 29.0% y-o-y. Net profit for the quarter came in at EGP 25.1 million in 2Q2018. On a year-to-date basis, Edita posted revenues of EGP 1,675.3 million in 1H2018, up 33.6% y-o-y, while net profit recorded a strong 122.1% y-o-y increase to EGP 85.9 million.

Commenting on the quarter's performance, Edita Chairman and Managing Director Eng. Hani Berzi said: "Our results in the second quarter leave us confident that demand is making a recovery and that consumers are adapting to the new norm with prices stabilizing. Thanks to our price-point segmentation strategy and our increasingly optimized product portfolio, we are ideally positioned to capture the rebound and are delivering solid growth along with strong market share gains. Edita's flexible business and market responsiveness will see it continue refining its portfolio as an ongoing process as it seeks to drive further growth. We are also pushing forward efficiency initiatives and will continue to focus on cost controls to extract higher profitability."

Edita's portfolio enhancements efforts during the six-month period included new product launches at different price points as well as several product reconfigurations. The company's latest launch was the TODO Go priced at EGP 1 per pack, which complements its existing layered cake products priced at EGP 2 per pack.

Parallel to new product launches and reconfigurations, Edita supported volumes with increased marketing activities during the period including several above-the-line advertising, activities to increase product awareness as well as social and online media campaigns. Among its successful marketing efforts was the rebranding campaign for its Molto segment, which included the introduction of new packaging for all the croissant products.

Portfolio optimization and marketing efforts saw Edita defend its market share, cementing its lead with considerable gains in the croissant segment as well as maintaining its number one positions in the cake and candy segments. Edita is also gaining market share in the wafer segment and remains to be the second-largest player in the fast-growing rusks market.



On the regional expansion front, Edita recorded strong growth in its export sales which came in at EGP 63.8 million in 2Q2018, up a solid 79.0% y-o-y and contributing 8.0% to total revenues compared to 5.8% in 2Q2017.

“Growing our regional footprint is among our key strategy pillars and a primary avenue for long-term growth,” said Berzi. “Edita will continue to push for higher export sales and expansion into fast-growing markets with large consumer bases and significant growth potential. In that regard, I am pleased to announce that our newly-formed joint venture in Morocco has completed the registration of our Freska brand, with wafer exports being the first milestone for our expansion into this high-growth market. We look forward to reaching new milestones in the months ahead for both our first offshore JV and our other various distribution agreements across the region,” Berzi added.

In early 2018, Edita signed a shareholder agreement to form a joint venture with Morocco’s Dislog Group under the name of Edita Food Industries Morocco. Phase one of the agreement will witness the export of Edita’s products to Morocco starting 4Q2018, while phase two will see the build out of a state-of-the-art manufacturing facility.

“Heading into the second half of the year, our primary focus will continue to be on volume growth through portfolio optimization and innovation, as well as profitability enhancement through cost minimization and increased operational efficiencies. Meanwhile, Edita will continue to explore new regional opportunities and simultaneously look for avenues where we can leverage our local reach and strong brand equity to create new revenue streams and value for shareholders,” Berzi concluded.

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About Edita Food Industries S.A.E.

Edita, founded in 1996 and headquartered in Egypt, is a leader in the growing Egyptian packaged snack food market. The Company manufactures, markets and distributes a range of branded baked snack products including packaged cakes, croissants, rusks (baked wheat), and wafers as well as selected confectionary/candy products. The Company's local brand portfolio includes household names such as *Todo*, *Molto*, *Bake Rolz*, *Bake Stix*, *Freska* and *MiMix*. The Company also has the exclusive ownership of the international HTT brands *Twinkies*, *Hoho's* and *Tiger Tail* in Egypt, Libya, Jordan, Palestine, Morocco, Algeria, Tunisia, Syria, Lebanon, Iraq, Bahrain, Oman, the UAE, Kuwait, Qatar and Saudi Arabia; and is party to a technical assistance and know-how agreement to manufacture 11 additional HTT brands across its territories. The Company holds strong number-one market positions in its core cake and croissant segments as well as in candy, a number-two market position in rusks and a growing market position in the wafers segment. In 2Q2018, the Company derived c.92% of its revenue from Egypt and c.8% from regional export markets. Learn more at ir.edita.com.eg.

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