



Edita Food Industries Reports FY2017 Earnings

Revenues record a 21.6% year-on-year increase to EGP 3.0 billion while bottom line surges more than fourfold to EGP 212 million in FY2017. Volumes continue to exhibit a strong recovery driven by solid market fundamentals

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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 year ending 31 December 2017, reporting a significant 346.8% y-o-y increase in net profit to EGP 212.0 million, with revenues crossing the three billion mark at EGP 3,044.2 million, up 21.6% y-o-y.

On a quarterly basis, Edita recorded a net profit of EGP 106.6 million (4Q2016: EGP -72.1 million) on revenues of EGP 958.0 million, up 16.6% y-o-y.

Edita's quarterly and full-year performance underscores its success in navigating a challenging operating environment and its ability to deploy responsive strategies and a defensive business model.

Commenting on the year's performance, **Edita Chairman and Managing Director Eng. Hani Berzi** said: "The year just ended was a transformational one for Edita, with the company successfully restructuring its product portfolio to better serve consumers across different price points and streamlining operations to extract higher efficiencies and support profitability. Edita has also pushed through several marketing and rebranding initiatives during the year, which together with a strong distribution network and brand equity helped drive volume recovery and allowed us to defend and grow market share across our segments. The results speak for themselves, with double-digit revenue growth and healthy margins despite operating in an extreme inflationary environment characterized by diminishing consumer purchasing power."

Despite a challenging year, Edita pressed ahead with its investment strategy in 2017 driven by its confidence in the market's solid fundamentals and growth potential. The year ended saw the company bring to completion several CAPEX and expansion plans, most importantly the inauguration of its new state-of-the-art E08 factory. Edita marked the inauguration of the facility with the commissioning of a new wafer line in July 2017 followed by a new donut line in October 2017. Edita's E08 factory is set to house a total of 11 new production lines and will serve as an engine of growth going forward.

Newly added lines paved the way for the introduction of new products, including the Freska Fingers and Freska Bites in July 2017, which followed the wafer segments' rebranding campaign earlier in the year. Meanwhile in October 2017, Edita introduced the TODO Donut – the first mass-produced packaged donut in Egypt. As part of the company's price-point segmentation strategy, other products rolled-out during the year included more competitive variations in the Molto and HoHos segments, including the one-pound uncoated HoHos chocolate and strawberry. Edita later marked its first launch in 2018 with



the introduction of the TODO Mini Muffins in vanilla and chocolate variations. The muffins are Edita's newest innovation and a differentiated product that will help stimulate demand and capture higher value

As of December 2017, Edita maintained its market leading position in its core segments including the cakes with a 57.1% market share and the croissant at 60.9% market share. Edita is also the market leader in the candy segment with a 15.7% share of the market and continues to capture market share in the fast-growing rusks segment, currently at 44.4% as of December 2017, as well as in the wafer market with an 11% market share as at year-end 2017.

The year just ended saw Edita grow its export revenues by 32.1% y-o-y in FY2017 to EGP 237.7 million.

The company also marked an important milestone in its regional expansion strategy having signed a memorandum of understanding to form a joint venture (JV) with Morocco's Dislog Group, a leading local distributor with over 65,000 distribution channels across the kingdom.

"Our newly formed JV with Morocco's Dislog Group is an exciting development in our transformation from a leading local manufacturer and exporter into a regional player with a presence in fast-growing, high-potential markets with large consumer bases," said Berzi. "Our expansion strategy will see us replicate our proven business model and leverage our R&D capabilities, production know-how and marketing strategies that have seen us succeed in Egypt as a market leader."

"Well into the first quarter of 2018, we're seeing a continued strong recovery in volumes thanks to our successful portfolio optimization and our ability to serve a wide consumer base across the price spectrum. Our efforts in the coming period will continue to focus on driving up volumes while also maintaining an emphasis on margin support and cost-cutting initiatives. We also believe the success and developments witnessed in 2017 have ideally positioned Edita for long-term sustainable growth in the years ahead. As we seek to deliver on our overarching strategy of product innovation, regional expansion and leveraging the strength of our distribution network, we look forward to continued outperformance and the creation of shareholder value," 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, a number-two market position in rusks, and growing market positions in the wafers and candy segments. In FY2017, 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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