



FY2019 EARNINGS RELEASE

Obour Land proves resilience with an 8% top-line growth in FY19 and bottom line recording 24% YoY increase despite tough market conditions.

Key Highlights

All figures are in EGP unless stated otherwise	4Q 19	4Q 18	y-o-y Change	FY 19	FY 18	y-o-y Change
Net Revenues	667.1mn	625.2mn	6.7%	2,587.7mn	2,390.2mn	8%
Volume Sold	26k tons	26k tons	-	105k tons	103k tons	2%
Average price/kg	-	-	-	23.7	22.4	6%
Gross Profit	132.0mn	128.7mn	3%	562.5mn	535.4mn	5%
Gross Profit Margin	19.8%	20.6%	-0.8pp	21.7%	22.4%	-0.7pp
EBITDA	84.3mn	88.9mn	-5%	412.8mn	370.4mn	11%
EBITDA Margin	12.6%	14.2%	-1.6pp	16.0%	15.5%	0.5pp
Net Profit	54.2mn	57.6mn	-5%	295.3mn	238.0mn	24%
Net Profit Margin	8.1%	9%	-0.9pp	11.4%	10.0%	1.4pp

Cairo, Egypt | January 26, 2020 - Obour Land for Food Industries S.A.E. (OLFI) announced its audited FY19 results. The Company's net sales for the period recorded EGP 2,587.7mn, posting a growth of 8% compared to FY18, out of which EGP 2,456.2mn generated from white cheese sales and EGP 125.7mn from the Juice & Milk segment.

- The Company recorded gross profit of EGP 562.5mn during FY19, posting a y-o-y growth of 5%, translating into a gross profit margin of 21.7%, compared to 22.4% in FY18. The company managed to keep the gross profit margin of the full year in its targeted levels as planned by the management.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) recorded an 11% y-o-y increase, to reach EGP 412.8mn in FY19, yielding an EBITDA margin of 16.0% marking a 50bps increase compared to FY18.
- Obour Land achieved a net profit of EGP 295.3mn during FY19, a 24% growth compared FY18, translating into a net profit margin of 11.4% for FY19, an increase of 140bps y-o-y. It is worth noting that excluding the one-off revenues (FX gains and gains from selling assets), the net profit from operations increased 9% y-o-y.



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Mr.Ashraf Hamed Sherif, Vice Chairman Comments:

I am delighted to share with you our results for the full year of 2019 ended December 31, 2019, as Obour Land has proved resilient in a tough market due to lower consumption rates and new players entering the market. The Company succeeded to overcome this tough conditions as we achieved growth in revenues and sales volumes while maintaining margins in its targeted levels. This is driven by continuing our strategic focus on sustainable growth, providing top quality products and managing the costs efficiently.

In terms of financial performance, our Revenues grew by 8.3% YoY to record EGP 2,587.7mn in FY19, Gross Profit and EBITDA reached EGP 562.5 million and EGP 412.8 million respectively with Gross Profit margin slightly decreasing to 21.7% while EBITDA margin increasing to 16.0% for the full year. The bottom line profits surged 24% to record EGP 295.3 million, translating into a Net Profit Margin of 11.4% for FY19, an increase of 140bps YoY. It is worth mentioning that the increase in the net profit was mainly due to the increase in the average price of white cheese and milk products 6% and 8% respectively, 2% increase in white cheese sales volumes, decrease in SG&A expenses by 9% YoY as a result of a 51% decrease in marketing expenses in addition to non-recurring revenues from FX gains and sale of assets.

It is worth mentioning that the improved margins due to non-recurring revenues and cost efficiency reflects the flexibility of the management to control its non-direct costs which helps us to capitalize on opportunities in the market like a decreasing US dollar exchange rate or decreasing interest rates. This also shows the ability of the management in pressuring the company's SG&A expenses while achieving growth in sales volumes. In 2020, the management is planning to increase SG&A expenses to return back to its normal levels while focusing on increasing sales volumes and revenues and maintaining profitability margins.

The Milk and Juice segment has generated EGP 129mn gross revenues in FY19 compared to 109mn in FY18 marking an 18% increase. Additionally, the company succeeded to improve the gross profit margin of Milk and Juice to reach 24% in FY19 compared to 22% in 9M19 and 15% in FY18. Although the growth rates are lower than expected or than it's potential, we are confident that by giving it enough time we will create demand in the market based on satisfied and loyal consumers. Obour Land's strategy aims to acquire a decent market share based on consumer preferences rather than discounted prices therefore the company does not engage in price wars or offers big discounts as a way to penetrate new markets. The management believes that this strategy maybe slower but it will lead to having a more stable and long-term market share that will be loyal to the brand similar to the company's white cheese success story and by using the same applied sales policies. Moreover, the company's management has established a short-term plan to boost Milk and Juice sales in 2020.

We believe that to preserve our position as the market leader in the white cheese market and to enhance it even further, the company must always develop its existing products and to create new innovative products. We are happy to announce commencing the production in the 3 new Tetra Pak® A3 speed production lines and introducing our new white cheese package which have a unique design that make them more appealing to consumers in the markets. The new production lines produce more packs per hour, 3 times faster than the old production lines, which will accordingly reduce industrial expenses and the running costs of operating the new lines. The new production lines will reduce energy consumption, water consumption and will be more environmentally friendly.

Our commitment to excellence and aspirations to offer the highest-possible quality of products, which are both affordable and safe, remains our key prime focus and our relentless driver for our expansionary attitude.



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About Obour Land for Food Industries S.A.E. (OLFI)

Obour Land for Food Industries S.A.E., a leading white cheese manufacturer in Egypt, is a joint stock company established in 1997. Obour Land manufactures, markets and distributes a wide variety of carton packed and plastic tub white cheese products and has a robust distribution platform, with a direct and indirect outreach that covers all of Egypt. The Company's white cheese product offerings spans Feta, Istanbuly, Double Cream, Olive, Khazeen, Talaga and Baramely, all marketed under the well-known brand name "Obour Land".

Obour Land is the number one white cheese producer & seller in Egypt boasting the largest market share by total sales volume. The Company is listed on the Egyptian Stock Exchange, and is traded under the symbol "OLFI.CA".

For more information, please visit: www.obourland.com

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