



1H2020 EARNINGS RELEASE

Obour Land Reports a 5% top-line growth in 1H 20 and bottom line recording 11% YoY increase

Key Highlights

All figures are in EGP unless stated otherwise	2Q 20	2Q 19	y-o-y Change	1H 20	1H 19	y-o-y Change
Net Revenues	666.2mn	611.7mn	9%	1,249.0mn	1,187.6mn	5%
Volume Sold	26.4k tons	24.9k tons	6%	49.8k tons	48.9k tons	1.8%
Average price/kg (W. Cheese)	-	-	-	23.9	23.3	3%
Gross Profit	161.5mn	128.5mn	26%	311.7mn	247.2mn	26%
Gross Profit Margin	24.2%	21.0%	3.2pp	25.0%	20.8%	4.2pp
EBITDA	119.7mn	100.8mn	19%	220.8mn	171.3mn	29%
EBITDA Margin	18.0%	16.5%	1.5pp	17.7%	14.4%	3.3pp
Net Profit	72.0mn	74.3mn	-3%	140.1mn	127.3mn	10%
Net Profit Margin	10.8%	12.1%	4.2pp	11.2%	10.7%	0.5pp

Cairo, Egypt | August 10, 2020 - Obour Land for Food Industries S.A.E. (OLFI) announced its audited 1H20 results. The Company's net sales for the period recorded EGP 1,249.0mn, posting a growth of 5% compared to 1H19, out of which EGP 1,172.4mn generated from white cheese sales and EGP 70.9mn from the Juice & Milk segment.

The 2nd quarter witnessed a strong performance with the sales volumes increased by 6% y-o-y and a 9% increase in revenues. This was mainly driven by the increase in white cheese sales volumes in addition to a 3% increase in white cheese average prices. Moreover, the gross margin has improved significantly in 2020 due to the installment of the new production lines at the beginning of the year as well as sourcing cheap raw materials as the company took advantage of the plunge in prices of all raw materials in the aftermath of the Covid-19 pandemic.

- The Company recorded gross profit of EGP 311.7mn during 1H20, posting a y-o-y growth of 26%, translating into a gross profit margin of 25.0%, compared to 20.8% in 1H19. The improvement of the gross margin came as a result of the installation of the new production lines and the cheap raw materials.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) recorded a 29% y-o-y increase, to reach EGP 220.8mn in 1H20, yielding an EBITDA margin of 17.7% with an increase of 3.3bps y-o-y.
- Obour Land achieved a net profit of EGP 140.1mn during 1H20, a 10% growth compared to 1H19, translating into a net profit margin of 11.2% for 1H20, an increase of 0.5bps 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 2nd quarter of 2020 ended June 30, 2020, a strong quarter for the Company in terms of Revenues, volumes of sales and margins, despite the unprecedented market conditions in the aftermath of the Covid-19 pandemic.

We witnessed a strong quarter in terms of volumes of sales in the cheese segment, growing by 6% to record 26.4k tons of white cheese in 2Q20 compared to 24.9k tons in 2Q19 which compensated the 2% decline in white cheese volumes in 1Q20. Overall, the sales volumes of white cheese increased 1.8% to record 49.8k tons in 1H20 compared to 48.9k tons in 1H19.

The Milk and Juice segment has generated EGP 75.4mn gross revenues in 1H20 compared to 64.4mn in 1H19 marking a 17% increase. It is worth mentioning that the milk product continued to surge in the 2nd quarter and achieved a 56% increase in sales volumes in 1H20, while on the other hand the juice product has been hit badly during the Covid-19 restrictions where the sales volumes dropped 25% in 1H20. This result is satisfactory to the management as the main focus in our strategy is on the Milk product. Yet despite the decrease in juice sales the total Milk and Juice segment achieved a 17% increase in revenues. The company reduced the prices of both milk and juice products in order to boost their sales and to be more competitive, the average price of milk and juice decreased 5% & 3% respectively.

The glass jar processed cheese has also witnessed a surge in sales volumes as well as revenues recording EGP 6.1mn in 1H20 marking a more than 2-fold increase compared to EGP 2.5mn in 1H19. Despite the sharp increase in sales, the glass jar market is too small to make a significant impact on the company's total revenues. The real impact that the management expects from the processed cheese will come into effect after the introduction of our new innovative product which will be launched during the 3rd quarter.

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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