

1H2021 EARNINGS RELEASE

Obour Land delivers 4% top-line growth in 1H21 with bottom line recording 3% YoY increase, while maintaining strong profitability margins and despite tough market conditions

Key Highlights

All figures are in EGP unless stated otherwise	2Q 21	2Q 20	y-o-y Change	1H 21	1H 20	y-o-y Change
Net Revenues	639.2	666.2mn	-4%	1,303.0mn	1,249.0mn	4%
Volume Sold	23.1k tons	26.4k tons	-13%	47.7k tons	49.8k tons	-4%
Average price/kg (W. Cheese)	-	-	-	24.9	23.9	4%
Gross Profit	163.4mn	161.5mn	1%	327.3mn	311.7mn	5%
Gross Profit Margin	25.6%	24.2%	1.4pp	25.1%	25.0%	0.1pp
EBITDA	116.7mn	119.7mn	-3%	222.8mn	220.8mn	1%
EBITDA Margin	18.3%	18.0%	0.3pp	17.1%	17.7%	-0.6pp
Net Profit	74.2mn	72.0mn	3%	144.0mn	140.1mn	3%
Net Profit Margin	11.6%	10.8%	0.8pp	11.1%	11.2%	-0.1pp

Cairo, Egypt | August 10, 2021 - Obour Land for Food Industries S.A.E. (OLFI) announced its audited 1H21 results. The Company's net sales for the period recorded EGP 1,303.0mn posting a growth of 4% compared to 1H20, out of which EGP 1,186.4mn generated from white cheese sales and EGP 102.8mn from the Juice & Milk segment.

The 2nd quarter witnessed a weak performance as the sales volumes of white cheese decreased by 13% y-o-y and total revenues decreased by 4%. This was mainly driven by the unusual low sales activity during the month of April that affected the whole 2nd quarter results and more than offsetting the increase in sales of the 1st quarter resulting in a 4% decrease in white cheese sales volumes in 1H20.

- The Company recorded gross profit of EGP 327.3mn during 1H21, posting a y-o-y growth of 5%, translating into a gross profit margin of 25.1%. The company managed to keep the gross profit margin levels almost as the previous year despite the surge in all raw materials prices across all sectors. It is worth mentioning that the management's raw materials purchasing policies together with the pricing policies once again proved successful in navigating challenging times.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) edged up 1% y-o-y, to reach EGP 222.8mn in 1H21, yielding an EBITDA margin of 17.1% with a decrease of 0.6bps y-o-y. The slight decrease in EBITDA margin was due to higher SG&A expenses coming mainly from higher marketing and advertising costs.
- Obour Land achieved a net profit of EGP 144.0mn during 1H21, a 3% growth compared to 1H20, translating into a net profit margin of 11.1% for 1H201.

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Gross Sales Breakdown (mn)	1H 21	1H 20	y-o-y Change
White Cheese	1,190	1,192	0%
Milk	89	56	59%
Juice	17	19	-11%
Processed Cheese	15	6	150%
Total	1,311	1,274	3%

Mr.Ashraf Hamed Sherif, Vice Chairman Comments:

I am delighted to share with you our results for the 1st half of 2021 ended June 30, 2021, a tough 2nd quarter in terms of sales, however, an overall solid performance in maintaining profitability and achieving growth both in topline and bottom line despite the surge in almost all raw materials prices, shipment costs and an increasingly competitive markets.

We witnessed a slow quarter in terms of volumes of sales in the white cheese segment, plunging by 13% to record 23.0k tons of white cheese in 2Q21 compared to 26.4k tons in 2Q20 offsetting the 5% increase in white cheese volumes achieved in 1Q21. In 1H21, the sales volumes of white cheese decreased 4% to record 47.7k tons compared to 49.8k tons in 1H20.

The Milk and Juice segments have generated gross revenues EGP 89mn and 17mn respectively in 1H21. The milk product continued to surge, albeit at a slower rate, and achieved a 59% increase in sales volumes in 1H21, while on the other hand the juice product continued to drop in 1H21. It is important to mention that the management started to gradually increase the prices of the milk product to compensate for the increasing local prices of fresh raw milk. In addition, the management wants the product to return to its original premium prices by removing gradually the discounts and offers that were placed at the beginning of 2020 to keep the product positioned among the premium products, which will give the company more price flexibility in the future.

As for the Juice segment, the management started to implement the new plan of rebranding the juice product by changing the design completely to be more attractive in addition to reducing the size of the 250 mg pack to 200 mg pack which will lower its prices accordingly and become more competitive without affecting the quality.

The processed cheese continued its surge in sales volumes as well as revenues recording EGP 15mn in 1H21 marking a more than 2-fold increase compared to EGP 6mn in 1H20. Despite the sharp increase in Obour Land's sales, the processed cheese market has been strongly affected by the Covid-19 restrictions due to the closing of schools where the processed cheese is considered a preferable choice for school sandwiches, therefore, we are expecting an extra boost in sales with the re-opening of schools in October 2021.

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". The Company also offers a variety of milk, juice and processed cheese products.

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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