

# 9M21 Earnings Release

Cairo, Egypt | 6 December 2021



## Juhayna Food Industries Reports 9M21 Earnings

*Juhayna records a 28% y-o-y increase in net profit to 490mn, and a 16% y-o-y increase in net revenue to 6.5bn in 9M21.*

### 9M21 Highlights

|   |  |  |
|---|--|--|
| <b>6,524mn</b><br>Net Revenue<br>▲16% YoY                     | <b>1,923mn, 29.5%</b><br>Gross Profit, margin<br>▲7% YoY, ▼-2.6pps | <b>943mn, 14.5%</b><br>EBITDA, margin<br>▲0.4% YoY, ▼-2.2pps       |
| <b>490mn, 7.5%</b><br>Net Profit, margin<br>▲28% YoY, ▲0.7pps | <b>311mn</b><br>30/9/2021 Net Debt<br>▼-70% YoY                    | <b>1,180mn, 18.1%</b><br>SG&A, % of Sales<br>▲17% YoY, ▲0.1pps YoY |

### 3Q21 Highlights

|  |  |   |
|--|--|---|
| <b>2,436mn</b><br>Net Revenue<br>▲23% YoY                      | <b>662mn, 27.2%</b><br>Gross Profit, margin<br>▲3% YoY, ▼-5.2pps | <b>335mn, 13.8%</b><br>EBITDA, margin<br>▲0.2% YoY, ▼-3.1pps  |
| <b>174mn, 7.1%</b><br>Net Profit, margin<br>▲14% YoY, ▼-0.5pps | <b>311mn</b><br>30/9/2021 Net Debt<br>▼-70% YoY                  | <b>405mn, 16.6%</b><br>SG&A, % of Sales<br>▲18% YoY, ▼-0.7pps |

#### Revenue By Segment

| EGP mn                 | 1Q21         | 1Q20         | % Change  | 2Q21         | 2Q20         | % Change   | 3Q21         | 3Q20         | % Change   |
|------------------------|--------------|--------------|-----------|--------------|--------------|------------|--------------|--------------|------------|
| Dairy                  | 989          | 970          | 2%        | 941          | 864          | 9%         | 1,188        | 991          | 20%        |
| Fermented              | 456          | 360          | 26%       | 776          | 613          | 27%        | 610          | 501          | 22%        |
| Juice                  | 311          | 311          | -0.1%     | 389          | 291          | 34%        | 512          | 413          | 24%        |
| Concentrates & Agri    | 46           | 71           | -35%      | 66           | 69           | -4%        | 60           | 38           | 59%        |
| 3rd Party Distribution | 60           | 54           | 10%       | 55           | 37           | 50%        | 67           | 45           | 48%        |
| <b>Total</b>           | <b>1,862</b> | <b>1,767</b> | <b>5%</b> | <b>2,227</b> | <b>1,874</b> | <b>19%</b> | <b>2,436</b> | <b>1,987</b> | <b>23%</b> |

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**(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange, “Company”)),** a leader in the Egyptian packaged dairy, yogurt and juice markets, announced today its unaudited consolidated results for 9M21, reporting net revenues amounting to EGP 6.5bn, realizing a growth of 16%. 3Q21 revenues amounted to EGP 2.4bn, recording an impressive top-line growth of 23%. Sales growth throughout the first nine months of 2021 were mostly volume driven, a testament to the robust consumer demand recovery witnessed in the period.

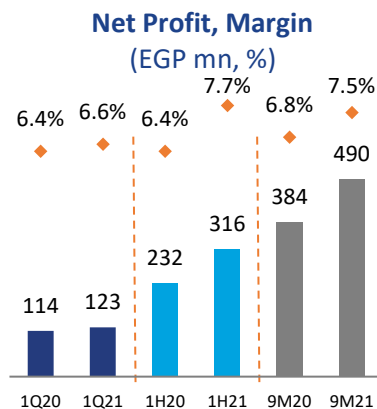
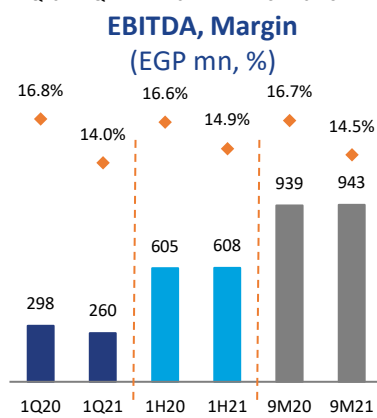
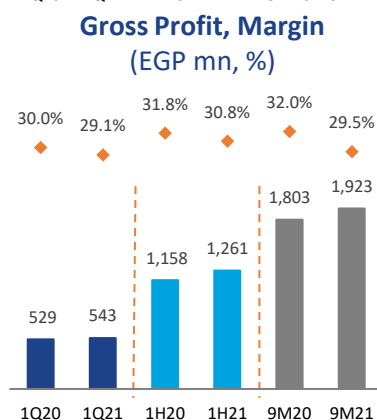
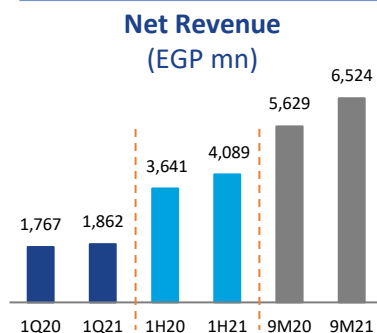
In 9M21, gross profit margin decreased by 2.6pps y-o-y to reach 29.5%. In 3Q21 gross profit margin reached 27.2%, recording a decrease of 5.2pps y-o-y. The margin contraction witnessed in 9M21 is a result of the global increase in raw (i.e., raw milk) and packaging material prices and global supply chain disruptions. Margins are expected to gradually improve in the coming period as the Company started to gradually pass on the cost hikes to the end consumer.

SG&A margin increased by 0.7pps y-o-y to reach 19% in 1H21, due to increased marketing spending to support the launch of Juhayna’s new innovations, the Nuts & Grains Plant Based segment, and the Flavored Greek Yogurt products. SG&A margin decreased by 0.7pps y-o-y in 3Q21, reaching 16.6%, as marketing spending normalized, taking the 9M21 SG&A margin down to 18.1%.

In 9M21 EBITDA margin for the period decreased by 2.2pps to reach 14.5%, while in 3Q21 EBITDA margin contracted by 3.1pps to reach 13.8%.

Decrease in the gross and EBITDA margins was more than made up for on the net profit level, due to the company’s cost optimization strategy and deleveraging efforts, as net debt decreased from EGP 1,022mn in 9M20, to EGP 311mn in 9M21, as well as lower cost of financing as the central bank of Egypt lowered the lending rates. For 9M21, net profit amounted to EGP 490mn, realizing an impressive increase of 28% and NPM increased by 0.7pps reaching 7.5%. Net profit in 3Q21 reached EGP 174mn, growing by 14%, but net profit margin decreased by 0.5pps to reach 7.1%.

Juhayna amended its accounting presentation of some discount accounts from selling expenses to be part of discounts (contra-revenue account). Accordingly, historical net sales and SG&A figures changed retroactively, by decreasing the net sales figure and decreasing the SG&A expense with no impact in EBIT figure.



## Product Launches

In line with global trends and increasing consumer demand for dairy alternatives as part of their daily diet, Juhayna Food Industries was pleased to announce the launch of its plant-based segment to meet growing consumer demand and to contribute to the development of the segment with our natural products and vegan/unique flavor compositions.

Initially, Juhayna launched five SKUs under the new sub-brand, “N&G” (Nuts and Grains), to become the first Egyptian company to introduce a full UHT plant-based milk range to the market, including 1 liter Almond, Coconut, Oat, Soy and Hazelnut milk, the leading variants in Europe and North America in terms of market size and/or growth.

Innovation in dairy products and dairy alternatives is core to Juhayna’s portfolio strategy, as well as our sustainability agenda. As a company, we have set ambitious climate goals that we are aiming to achieve. This is part of our promise to develop products that are good for our customers and for the planet.



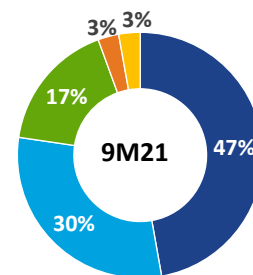
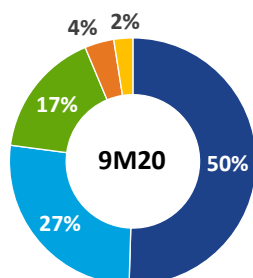
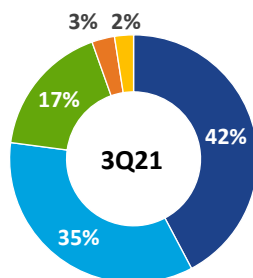
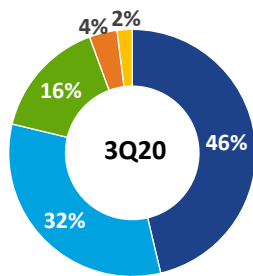
Flavored Greek Yogurt was selected as Juhayna’s next innovative venture due to its growing popularity abroad and its alignment with Juhayna’s mission to introduce healthy varieties to the market. The product was launched in April of 2021, in collaboration with Juhayna’s research and development team and is representative of the healthy and high-quality innovations that Juhayna seeks to deliver, as the range is made from natural ingredients, free of gluten and offers 30% of the recommended daily intake of protein per pack.

Despite the Plain Greek Yogurt range launching in March 2020 at the height of the first wave of the pandemic, it achieved great success due to the taste, quality and diverse range of 4 different fat contents. This success granted the company to get the wheels turning for the launch of the flavored Greek Yogurt range, which constitutes of 4 different flavors – Vanilla, Strawberry, Peach and Berries. The range was well received by the market and has been a great success, helping grow the Greek Yogurt market significantly.



## Revenue Breakdown by Segment

- Dairy
- Fermented
- Juice
- Concentrates & Agri
- 3<sup>rd</sup> Party Distribution



## Management Note

As we entered 2021, we faced a dramatically new playing field due to the evolving development of the pandemic. The knock-on effect across all facets of global and local businesses has been tangible and undeniable. Yet, as Juhayna, we have enjoyed exceptional and sustainable sales growth across our core business segments of dairy, yogurt, and juice, despite the numerous challenges.

During the first nine months of 2021, Juhayna recorded top-line growth of 16%, mainly attributable to solid consumer recovery as people returned to a degree of normalcy in their daily lives and spending habits after the destabilizing impact of the pandemic shock.

Credit for our impressive growth in 9M21 must go to the strategic and concentrated efforts of our management and sales force. Using an effective balance of innovation in our portfolio, teamed with market agility, we successfully launched new products, revitalized branding, and secured an even more substantial customer base enabling Juhayna to cement its leading position within a competitive market.

The Company's net profit grew by an impressive 28% as we successfully navigated through key challenges throughout 9M21, including supply chain disruptions and an increase in raw material prices. Significantly, and as a continuum to our current cost optimization strategy, we reduced our net debt position from EGP 1,022mn to EGP 311mn yoy reflecting very positively on our financing costs. Going forward, we continue to focus on launching high-margin, premium quality, consumer-driven products while maintaining our controlled capital expenditure policy.

With innovation being an integral element in our vision and mission, several achievements have contributed to our success during the past nine months. Notably, we launched a plant-based segment within our portfolio and are the first company to introduce a full range of plant-based milk to the market. In addition, an equally successful launch of flavored Greek yogurt products with 4 SKUs took place at the start of the second quarter, with both product ranges receiving an enthusiastic market response. Equally, the re-design of our juice and cooking creams packaging with a new look and feel has had a positive market reception.

Conclusively, although faced with market forces and obstacles beyond our control throughout a critical period that has re-shaped the world in many ways, we have manifested results that speak volumes about the tenacity, expertise, and determination of our highly valued team, upon whose efforts the ongoing success of Juhayna so strongly depends. We are confident that this ethos will support our continued growth into the coming years, echoing the milestones achieved in 2021.

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## About Juhayna Food Industries

Juhayna Food Industries is a leading Egypt-based manufacturer specialized in the production, processing and packaging of dairy, juice, yogurt and cooking products.

Since its founding in 1983, it has secured a frontrunner position in Egypt and has expanded its presence, through exports, to international markets, a feat made possible through its firm commitment to delivering a wide range of high-quality, healthy, and safe products that have become trusted household names.

Today, with four fully operational facilities, a vast network of distribution centers serving more than 136,000 retail outlets nationwide, and a 500-feddan, fully-owned dairy farm covering a sizeable portion of the company's raw milk needs, Juhayna continues to raise the benchmark for premium quality Egyptian manufactured products.

## Forward Looking Statements

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Juhayna Food Industries. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Juhayna Food Industries may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Juhayna Food Industries is subject to risks and uncertainties

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