

# 1H21 Earnings Release

Cairo, Egypt | 16 February 2022



## Juhayna Food Industries Reports 1H21 Earnings

Juhayna sales increased by 12% y-o-y to reach EGP 4.1bn and recorded a 36% y-o-y increase in net profit to 316mn in 1H21. In 2Q21, sales increased 20% y-o-y to reach 2.2bn and a 63% y-o-y increase in net profit to 193mn.

### 1H21 Highlights

<b>4,089mn</b> Net Revenue ▲12% YoY	<b>1,261mn, 30.8%</b> Gross Profit, margin ▲9% YoY, ▼-1.0pps	<b>608mn, 14.9%</b> EBITDA, margin ▲1% YoY, ▼-1.7pps
<b>316mn, 7.7%</b> Net Profit, margin ▲36% YoY, ▲1.4pps	<b>702mn</b> 30/06/2021 Net Debt ▼-52% YoY	<b>791mn, 19.3%</b> SG&A, % of Sales ▲19% YoY, ▲1.0pps YoY

### 2Q21 Highlights

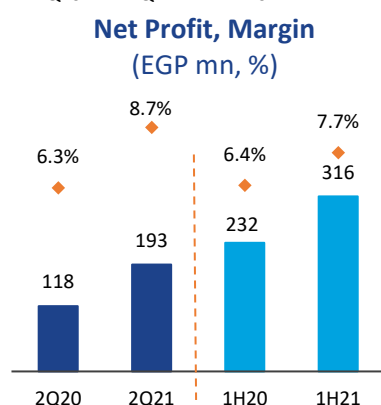
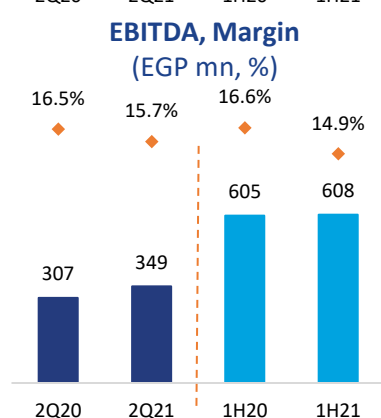
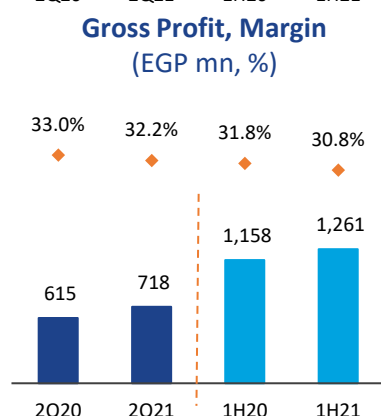
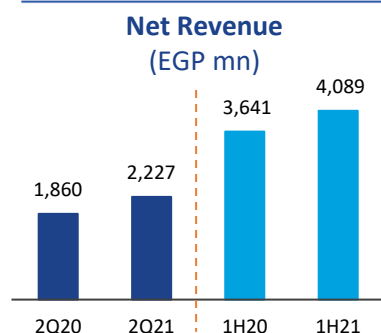
<b>2,227mn</b> Net Revenue ▲20% YoY	<b>718mn, 32.2%</b> Gross Profit, margin ▲17% YoY, ▼-0.8pps	<b>349mn, 15.7%</b> EBITDA, margin ▲14% YoY, ▼-0.9pps
<b>193mn, 8.7%</b> Net Profit, margin ▲63% YoY, ▲2.3pps	<b>702mn</b> 30/06/2021 Net Debt ▼-52% YoY	<b>439mn, 19.7%</b> SG&A, % of Sales ▲10% YoY, ▼-1.7pps

#### Revenue By Segment

EGP mn	2Q21	2Q20	% Change	1H21	1H20	% Change
Dairy	941	854	10%	1,930	1,835	5%
Fermented	776	613	27%	1,231	973	27%
Juice	389	287	35%	700	603	16%
Concentrates & Agri	66	69	-4%	112	140	-20%
3rd Party Distribution	55	37	50%	115	91	26%
Total	2,227	1,860	20%	4,089	3,641	12%

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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 audited consolidated results for 1H21, reporting revenues amounting to EGP 4.1bn, realizing a growth of 12%. 2Q21 revenues amounted to EGP 2.2bn in 2Q21. Growth in revenues was mainly volume driven, which reflects the recovery in purchasing power.

In 1H21, gross profit margin decreased by 1.0pps y-o-y to reach 30.8%. Gross profit margin reached 32.2% in 2Q21, recording a decrease of 0.8pps y-o-y. Margin contraction is a result of the increase in commodity prices and the global supply chain disruptions.

SG&A as a percentage of sales increased by 1.0pps to reach 19.3% in 1H21 due to increased marketing expenses for the launch of the Flavored Greek Yogurt products and the Plant-Based segment. SG&A as a percentage of sales decreased by 1.7pps in 2Q21, reaching 19.7%

In 1H21, EBITDA margin for the period decreased by 1.7pps to reach 14.9%. For 2Q21, EBITDA margin contracted by 0.9pps to reach 15.7%.

Decrease in profitability margins was more than made up for on the net profit level, due to the Company’s ongoing cost saving measures, the lower financing costs due to decreased net debt levels (from EGP 1.5bn in 1H20, to EGP 702mn in 1H21) as well as lower cost of financing as the central bank of Egypt lowered the lending rates. For 1H21, net profit amounted to EGP 316mn, realizing an increase of 36% and NPM increased by 1.4pps reaching 7.7%. Net profit in 2Q21 reached EGP 193mn, growing by 63%. Net profit margin increased by 2.3pps to reach 8.7%.

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.



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Cairo, Egypt | 13 January 2022



## Income Statement

	1H21	1H20	2Q21	2Q20
Net sales	4 088 552 758	3 641 232 081	2 226 863 636	1 874 231 505
Cost of sales	(2 827 872 753)	(2 483 100 964)	(1 508 798 543)	(1 245 348 242)
<b>Gross profit</b>	<b>1 260 680 005</b>	<b>1 158 131 117</b>	<b>718 065 093</b>	<b>628 883 263</b>
Other operating income	18 245 160	14 602 648	7 419 293	3 795 581
Selling and Marketing expenses	( 657 235 356)	( 529 338 521)	( 375 988 123)	(311 159 546)
General and administrative expenses	(118 037 986)	(126 210 547)	(61 767 331)	(67 860 107)
Other expenses	(44 153 515)	(68 153 162)	(21 031 727)	(41 352 218)
Board of directors remuneration	-	(10 245 000)	-	(5 385 000)
<b>Results from operating activities</b>	<b>459 498 308</b>	<b>438 786 535</b>	<b>266 697 205</b>	<b>206 921 973</b>
Profits of a company under joint control	421 307	819 434	421 307	-
End of services benefits	( 15 237 719)	( 15 394 533)	( 1 245 907)	( 704 972)
Net finance (expense)	( 42 076 806)	( 90 939 444)	( 19 855 963)	( 44 733 789)
<b>Net profit before income tax</b>	<b>402 605 090</b>	<b>333 271 992</b>	<b>246 016 642</b>	<b>161 483 212</b>
Current income tax	( 87 458 885)	( 99 431 544)	( 50 569 761)	( 40 187 888)
Deferred tax	1 065 320	( 2 133 503)	( 2 381 010)	( 3 210 033)
<b>Net profit for the period</b>	<b>316 211 525</b>	<b>231 706 945</b>	<b>193 065 871</b>	<b>118 085 291</b>
<b>Distributed as follows</b>				
Parent Company's share in profit	316 108 017	231 656 327	193 001 984	118 063 426
Non-controlling interest	103 508	50 618	63 887	21 865
	<b>316 211 525</b>	<b>231 706 945</b>	<b>193 065 871</b>	<b>118 085 291</b>
<b>Earning per share (L.E /share )</b>	<b>0.34</b>	<b>0.25</b>	<b>0.21</b>	<b>0.13</b>

# 1H21 Earnings Release

Cairo, Egypt | 13 January 2022



## Balance Sheet

	30/6/2021	31/12/2020
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3 141 452 441	3 147 991 528
Projects under construction	158 692 191	160 673 699
Plant wealth - productive	16 229 231	16 486 823
Plant wealth – not productive	27 087 506	22 187 917
Biological wealth	191 659 950	196 167 984
Investments under joint control (equity)	14 893 014	14 471 707
Goodwill	97 092 890	97 092 890
Right to use assets	41 287 437	44 325 662
Other - long term asset	728 009	732 144
<b>Non-current assets</b>	<b>3 689 122 669</b>	<b>3 700 130 354</b>
<b>Current assets</b>		
Biological assets - Feeding Sector	74 571	48 501
Biological assets - Existing Agriculture	5 105 783	12 242 286
PPE held for sale	4 357 094	6 636 111
Inventories	913 089 566	873 968 773
Trade and other receivables	478 672 347	360 164 022
Due from related party	2 715	-
Cash at banks and on hand	245 694 303	182 542 538
<b>Current assets</b>	<b>1 646 996 379</b>	<b>1 435 602 231</b>
<b>Total assets</b>	<b>5 336 119 048</b>	<b>5 135 732 585</b>
<b>Equity</b>		
Issued and paid up capital	941 405 082	941 405 082
Legal reserve	666 697 531	637 021 531
General reserve - issuance premium	330 920 428	330 920 428
Retained earnings	1 279 643 919	993 211 902
<b>Total equity attributable to the shareholders of the parent company</b>	<b>3 218 666 960</b>	<b>2 902 558 943</b>
<b>Non-controlling interest</b>	<b>818 417</b>	<b>714 909</b>
<b>Total equity</b>	<b>3 219 485 377</b>	<b>2 903 273 852</b>
<b>Non-current liabilities</b>		
Long - term loans	253 871 945	270 774 821
Other non current liabilities	2 473 386	18 208 729
Lease contract liabilities - non current portion	100 396 030	108 412 444
Deferred tax liabilities	285 816 745	286 882 065
<b>Non-current liabilities</b>	<b>642 558 106</b>	<b>684 278 059</b>
<b>Current liabilities</b>		
Provision for claims	48 001 772	50 854 882
Bank credit facilities	366 962 902	276 599 740
Creditors and other credit balances	673 813 785	674 165 586
Income tax payable	113 142 767	192 929 560
Lease contract liabilities- current portion	24 286 534	23 736 357
Loans-current portion	247 867 805	329 894 549
<b>Current liabilities</b>	<b>1 474 075 565</b>	<b>1 548 180 674</b>
<b>Total liabilities</b>	<b>2 116 633 671</b>	<b>2 232 458 733</b>
<b>Total equity and total liabilities</b>	<b>5 336 119 048</b>	<b>5 135 732 585</b>

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## Cash Flow Statement

	1H21	1H20
<b>Cash flows from operating activities</b>		
Net profit for the period before income tax and minority interest in profits	402 605 090	333 271 992
<b>Adjustments for:</b>		
PPE depreciation	142 751 512	144 138 994
Capital losses	(2 411 805)	16 641 336
Amortization of asset right of use (lands)		4 137
Amortization of animal wealth	15 010 368	12 701 889
Amortization of plant wealth ( productive)	257 592	218 546
Impairment vital assets	-	(1 476 011)
Change in Investments under joint control	( 421 307)	( 819 434)
plant wealth ( non productive)	(4 899 589)	
Impairment of Fixed assets	( 237 301)	(12 496 867)
Impairment of trade receivables(Reverse)	(3 045 181)	6 671 877
Amortization of right of use asset	8 634 100	7 452 328
Right of use asset interest	2 565 995	2 733 031
Inventory write down	1 482 100	1 266 375
Impairment of the Inventory	-	
Provision for claims formed	6 032 043	
Herd birth	(6 285 600)	(6 067 800)
Herd capitalization	(27 148 073)	(38 971 199)
Loss from selling and death of animal wealth	6 741 307	10 824 770
Loss from the compensans of calves death		9 375 883
Foreign exchange (losses) / gain	( 855 083)	( 93 208)
Credit interests	(5 656 876)	(9 356 368)
Finance interests & expenses	46 022 770	97 655 989
	<b>581 142 062</b>	<b>573 676 260</b>
Collected credit interests	5 656 876	9 356 368
Finance interest & expenses paid	(46 022 770)	(97 655 989)
<b>Changes in:</b>		
Inventories	(40 602 893)	(89 488 953)
Biological assets- Exiting Agriculture	7 136 503	9 795 536
Assets for sale	2 279 017	
Trade and other receivables	(80 646 801)	(2 490 994)
Due to related parties		(4 895 187)
Creditors & other credit balances	( 351 799)	21 624 621
Due from related parties	( 2 715)	( 421 866)
Dividends paid to employees	(34 816 343)	(63 920 851)
Income tax paid	(167 245 678)	(109 061 777)
Sales tax on capital goods -paid	(15 735 343)	(3 762 750)
Impairment of trade and other receivables used		(7 031 884)
Impairment in inventories used		(8 696 612)
Impairment in provisions claims	(8 885 153)	(7 056 345)
<b>Net cash flows result from operating activities</b>	<b>201 904 963</b>	<b>219 969 577</b>
<b>Cash flows from investing activities</b>		
Acquisition of PPE & projects under construction	(136 346 046)	(154 906 831)
Proceeds from sale of PPE	4 764 234	48 388 842
Acquisition of plant wealth		(18 593 589)
Acquisition of animal wealth	(7 335 000)	-
Proceeds from the sale of animal wealth	19 606 896	
Proceeds from the compensans of calves death	3 892 065	1 704 300
Proceeds from the sale of plant and animal wealth		23 800 150
<b>Net cash flows (used in) investing activities</b>	<b>(115 417 851)</b>	<b>(99 607 128)</b>
<b>Cash flows from financing activities</b>		
Collection proceeds from overdraft & credit facility	90 363 162	229 950 536
Payment for Bank long term loans	(98 929 620)	(23 260 303)
Payment of financial lease contract liabilities	(15 623 972)	(16 299 163)
Dividends paid to shareholders	-	(188 281 016)
<b>Net cash flows (used in) financing activities</b>	<b>(24 190 430)</b>	<b>2 110 054</b>
<b>Change in cash &amp; cash equivalents during the period</b>	<b>62 296 682</b>	<b>122 472 503</b>
<b>The effect of foreign exchange difference</b>	<b>855 083</b>	<b>93 208</b>
<b>Cash &amp; cash equivalents at 1 January</b>	<b>182 542 538</b>	<b>96 717 667</b>
<b>Cash &amp; cash equivalents at 30 June</b>	<b>245 694 303</b>	<b>219 283 378</b>

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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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