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Cairo, 30 October 2018

Edita Food Industries Reports 3Q2018 Earnings

Edita delivers strong results for the quarter with 22.2% year-on-year revenue growth to EGP 1.0 billion driven by higher volumes and indirect price increases; improved profitability with gross and net profit margin expansion

Highlights of 3Q2018

Summary Income Statement (EGP mn)

EGP mn	3Q2018	3Q2017	Change	9M2018	9M2017
Revenue	1,017.0	832.2	22.2%	2,692.3	2,081.5
Gross Profit	320.0	238.1	34.4%	823.2	644.5
% Margin	31.5%	28.6%		30.6%	30.9%
EBITDA	181.7	139.4	30.3%	421.5	271.5

% Margin	17.9%	16.8%		15.7%	13.2%
Net Profit	89.4	66.7	34.1%	175.4	105.2
% Margin	8.8%	8.0%		6.5%	5.1%

The discussion and analysis in this report are based on the IFRS statements. For comparison of the results to Egyptian Accounting Standards, please refer to the section "Egyptian Accounting Standards Reconciliation to IFRS."

Results in a Nutshell

Edita Food Industries S.A.E. (EFID.CA on the Egyptian Exchange & EFIDq.L on the London Stock Exchange), a leader in the Egyptian packaged snack food market, announced today its results for the third quarter ended 30 September 2018, reporting a 22.2% y-o-y growth in revenues to EGP 1,017.0 million. Edita recorded a net profit of EGP 89.4 million for 3Q2018, up 34.1% y-o-y and with net profit margin (NPM) improving to 8.8% versus 8.0% in the same period last year. On a year-to-date basis, Edita's revenues recorded EGP 2,692.3 million in 9M2018, up 29.0% y-o-y, while net profit was EGP 175.4 million, up 66.4% y-o-y.

Edita's strong results for the quarter were dual-driven by both higher volumes and better pricing thanks to a continued recovery in market demand and the company's efforts to optimize its product mix. Edita also benefited from improved economies of scale and operating leverage, in turn allowing it to deliver higher profitability.

Edita sold a total of 700.5 million packs across all segments in 3Q2018, up 11.5% y-o-y and 27.2% compared the previous quarter. On year-to-date basis, total packs sold stood at 1,882.2 million in 9M2018 or 27.0% higher than the same period last year. Meanwhile, average price per pack was up 9.6% y-o-y to EGP 1.45 in 3Q2018 as the company implemented indirect price increases. Average price per pack was EGP 1.43 in 9M2018, up 1.6% compared to the same period last year.

On a segment basis, Edita delivered revenue growth across all segments, with the croissants leading the pack in terms of contribution to growth. Croissant revenues grew 23.7% y-o-y in 3Q2018 to EGP 345.0 million and contributed 35.8% to Edita's revenue growth for the quarter. Total croissant packs sold recorded 198.9 million, up 0.6% y-o-y, while average price per pack was up 23.0% y-o-y on the back of improved product mix, indirect price increases as well as the upsizing of the Mini Molto Hazelnut. Meanwhile, Edita's cake segment recorded sales growth of 10.9% y-o-y to EGP 483.0 million in 3Q2018 and contributed 25.7% to total revenue growth for the quarter. The segment's performance was driven primarily by higher number of packs sold, up 7.9% y-o-y as renovations at the E10 factory were completed, while average price per pack inched up 2.8% y-o-y in 3Q2018. Edita's rusks and wafer segments also delivered a strong performance during the quarter, with revenues up 73.8% and 75.5% y-o-y, respectively in 3Q2018, and contributing 17.9% and 16.0% to total revenue growth.

Edita continued to command leading market positions in its core segments as per the latest data available for the eight-month period ended August 2018. Edita held a 53.6% share of the cake market during the period, and made considerable gains in the croissant segment with a market share of 64.5% compared to 58.7% in the same period last year. Meanwhile, Edita also maintained a leading position in the candy market with a 9.7% market share as of August 2018. The company held a number two position in the fast-growing rusks segment with a market share of 42.5% as of August 2018, while its market share in the wafers segment stood at 10.9% during the same period.

Edita's export sales continued to grow during the quarter and increasingly contribute to total revenues thanks to a carefully implemented export strategy. Total export sales recorded EGP 98.1 million in 3Q2018, up 42.5% y-o-y and constituting 9.6% of total revenues versus 8.3% in the same period last year.

Cost of goods sold (COGS) recorded EGP 697.0 million in 3Q2018, up 17.3% y-o-y and yielding a COGS / Sales ratio of 68.5% compared to 71.4% in 3Q2017. The improvement comes on the back of both higher volumes and the consequent economies of scale, as well as indirect price increases. Overall costs of direct materials stood at 54.5% of sales in 3Q2018 compared to 57.7% in the same period last year. Edita's manufacturing overheads (MOH) as a percentage of sales remained largely stable at 11.5%, however, was down compared to 13.2% in 2Q2018. On a year-to-

date basis, Edita's total COGS recorded EGP 1,869.1 million in 9M2018, up 29.6% y-o-y.

Improvement in cost of direct materials to sales and stable MOH saw Edita's gross profit record a 34.4% y-o-y increase in 3Q2018 to EGP 320.0 million, yielding a 2.9 percentage-point expansion in gross profit margin (GPM) to 31.5%. In 9M2018, Edita recorded a gross profit of EGP 823.2 million, up 27.7% y-o-y and with a GPM of 30.6% versus 30.9% in 9M2017.

Selling, general and administrative (SG&A) expenses recorded EGP 165.6 million in 3Q2018 or 40.4% higher compared to 3Q2017. SG&A/Sales recorded 16.3% in 3Q2018 versus 14.2% in 3Q2017. On a year-to-date basis, SG&A recorded EGP 488.5 million in 9M2018, up 14.5% y-o-y, while SG&A/Sales was 18.1% compared to 20.4% in 9M2017.

Top-line growth and higher economies of scale saw Edita record a 30.3% y-o-y increase in EBITDA to EGP 181.7 million in 3Q2018, with EBITDA margin expanding to 17.9% versus 16.8% in 3Q2017 and 12.2% in the previous quarter. In 9M2018, Edita's EBITDA recorded EGP 421.5 million, up a strong 52.3% y-o-y and yielding a 2.4 percentage-point expansion in EBITDA margin to 15.7%.

Edita's net profit for the quarter recorded a 34.1% y-o-y increase to EGP 89.4 million in 3Q2018, while net profit margin posted 8.8% compared to 8.0% in 3Q2017 and 3.2% in 2Q2018. Year-to-date Edita's bottom-line grew by an impressive 66.4% y-o-y to EGP 175.4 million in 9M2018.

On the operational front, Edita continued to focus on portfolio enhancement and targeting better segmentation with new launches and product reconfigurations. The company implemented several product reconfigurations and indirect price increases at its cake, rusks and croissant segment. Edita's goal is to maintain an optimized portfolio that serves a wide income spectrum,

Strategy Insight

Edita' strategy remains focused on growing volumes through continued portfolio optimization. In doing so, Edita will continue to implement product reconfigurations and indirect price increases to support profitability; target an optimum price-point segmentation and sales mix down the distribution channels through the launch of competitively priced products; and focus on cost minimization and efficiencies.

Edita also continues to pursue regional expansion as a key pillar of long-term growth. The company's efforts in that regard, including its joint venture in Morocco and its various distribution agreements throughout the region, are already bearing fruit where export sales are increasingly contributing to total revenue. Edita's target is to continue growing its footprint across fast-growing markets with large consumer bases and significant growth potential.

Edita will simultaneously look for avenues where it can leverage its strong local distribution network to venture into new revenue streams, capitalizing on the company's strong brand equity and market leadership in its current category.

Overview of Segment Performance

All of Edita's segments delivered both year-on-year and quarter-on-quarter revenue growth in 3Q2018. The croissant segment recorded a 23.7% y-o-y increase in sales, with a 33.9% share of consolidated revenue and a 35.8% contribution to revenue growth. Meanwhile, the cake segment made the second-highest contribution to revenue growth at 25.7% in 3Q2018, driven by its 10.9% y-o-y increase in sales and 47.5% share of total revenue. Edita's rusks and wafer segments recorded a 73.8% and 75.5% y-o-y increase in sales, respectively and contributed 17.9% and 16.0% to 3Q2018 revenue growth in 3Q2018. Finally, the candy segment recorded a 17.0% y-o-y increase in 3Q2018 sales and made a 3.1% contribution to Edita's revenue growth for the quarter.

On a year-to-date basis, the croissant segment was also the strongest contributor to revenue growth in 9M2018 at 47.6%, followed by the cake segment which made a 29.4% contribution to total growth.

Revenue growth during the quarter was dual-driven by both volume and indirect price increases, with Edita selling a total of 700.5 million packs in 3Q2018, up 11.5% y-o-y, at an average price of EGP 1.45 per pack, 9.6% above the average price in 3Q2017. On a quarter-on-quarter basis, total number of packs sold was up 27.2% q-o-q in 3Q2018, while average price per pack inched up 1.3% q-o-q. In 9M2018, Edita's total volumes stood at 1,882.2 million packs, up 27.0% compared to the 1,481.7 million packs sold in 9M2017, while average price per pack was EGP 1.43, up 1.6% y-o-y.

Average Factory Prices

EGP mn	3Q2018	3Q2017	Change	9M2018	9M2017
Cakes	1.23	1.19	2.8%	1.23	1.19
Croissant	1.73	1.41	23.0%	1.64	1.41
Rusks	1.67	1.68	-0.4%	1.66	1.68
Wafers	1.61	1.77	-8.6%	1.66	1.77
Candy	2.05	2.00	2.4%	2.11	2.00
Average Edita	1.45	1.33	9.6%	1.43	1.33

Segment Revenues and Volumes Sold

	3Q2018				3Q2017
	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	Net Sales (EGP mn)
Cakes	483	393	11.9	435	435
Croissant	345	199	9.3	279	279
Rusks	78	47	1.7	45	45
Wafers	69	42	1.2	39	39
Candy	39	19	0.9	33	33
Imports	4	-	-	1	1
Total	1,017	700	25.0	832	832

	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)
Cakes	1,296	1,055	32.1	1,117
Croissant	871	533	24.0	582
Rusks	207	124	4.9	152
Wafers	191	115	3.3	121
Candy	117	55	2.6	111
Imports	11	-	-	3
Total	2,692	1,882	66.8	2,086

At the gross profit level, Edita recorded strong growth driven by margin expansion at the cake, croissant and rusks segments. The cake and croissant segments contributed 51.2% and 30.6% to gross profit growth, respectively in 3Q2018, followed by the rusks and wafer segments with contributions of 7.7% and 6.7%. Overall, Edita's gross profit recorded a 34.4% y-o-y increase to EGP 320.0 million in 3Q2018, with GPM expanding to 31.5% compared to 28.6% in 3Q2017. On a year-to-date basis, gross profit growth was driven by the croissant segment which made a 58.8% contribution to growth in 9M2018. Meanwhile, the cake segment recorded a 30.8% contribution to total gross profit growth in 9M2018.

Cakes

The cake segment constituted the largest share of revenues in 3Q2018 at 47.5%, recording total sales of EGP 483.0 million for the quarter, up 10.9% y-o-y. Segment growth was largely driven by a 7.9% y-o-y increase in total packs sold to 393.4 million in 3Q2018 as renovations at the E10 factory were completed and utilization rates ramped up. Growth was also supported by a 2.8% y-o-y increase in average price per pack to EGP 1.23 in 3Q2018. On a quarter-on-quarter basis, cake sales were up 28.2% q-o-q driven almost entirely by a 27.6% q-o-q increase in total packs sold. Average price per pack remained stable compared to EGP 1.22 recorded in 2Q2018. Stable price points in 3Q2018 come despite the launch of the TODO Go and the uncoated HoHos, both priced at EGP 1 per pack and which were counterbalanced by improvements in product mix. On a year-to-date basis the cake segment recorded sales of EGP 1,295.7 million in 9M2018, up 16.0% y-o-y. Total packs sold during the nine-month period stood at 1,054.7 million, up 20.2% y-o-y, while average price per pack was EGP 1.23, remaining largely stable compared to 9M2017.

Edita maintained a leading position in this core segment, controlling a 53.6% market share as of August 2018 (the latest available data) versus a 56.3% share in the same period last year.

The cake segment's gross profit recorded EGP 167.5 million in 3Q2018, up 20.2% y-o-y and yielding a 2.7 percentage-point expansion in GPM to 34.7%. The segment's gross profit was up by 44.6% q-o-q, while GPM expanded 3.9 percentage points compared to 2Q2018 margin of 30.7%. In 9M2018, gross profit from the cake segment stood at EGP 439.0 million or 14.3% higher than the same period last year. The segment's nine-month GPM remained relatively stable at 33.9% in 9M2018 compared to 34.4% in 9M2017.

Croissant

The croissant segment made the strongest contribution to Edita's consolidated revenue growth in 3Q2018. Croissant sales recorded EGP 345.0 million in 3Q2018, up 23.7% y-o-y, with growth being driven by higher volumes as well as Edita's indirect price increases and the recent upsizing of its Mini Molto Hazelnut SKU. The upsizing saw the segment record higher tonnage volumes, up 18.8% y-o-y to 9.3 thousand tons in 3Q2018, while total number of packs remained stable at 198.9 million. Average price per pack was up 23.0% y-o-y to EGP 1.73 in 3Q2018. Croissant sales were up 34.1% q-o-q in 3Q2018, driven largely by a 26.3% q-o-q increase in number of packs and further supported by a 6.2% q-o-q increase in average price per pack. On a year-to-date basis, segment sales recorded a strong 49.5% y-o-y increase to EGP 870.9 million in 9M2018. Total packs sold recorded 532.6 million, up 38.0% y-o-y, while average price per was up 8.4% y-o-y to EGP 1.64.

The croissant segment made strong gains in market share as of August 2018, controlling 64.5% of the market compared to 58.7% in the same period last year.

The croissant segment recorded a gross profit of EGP 104.6 million in 3Q2018, up a strong 53.8% y-o-y and yielding a significant 5.9 percentage-point expansion in GPM to 30.3%. This continues the segment's trend of improved profitability with a 3.1 percentage point increase in GPM q-o-q. Improved profitability was supported by both recovering volumes as well as indirect price increases. On a year-to-date basis, the segment's gross profit was up by 74.0% y-o-y to EGP 247.0 million in 9M2018, while GPM expanded 4.0 percentage-points to 28.4%.

Rusk

The rusks segment was the second-fastest growing segment in 3Q2018, with total sales up 73.8% y-o-y to EGP 77.9 million. Growth at the rusks segment was driven entirely by higher volumes were the total packs sold recorded a 74.6% y-o-y increase to 46.6 million in 3Q2018. Meanwhile, average price per pack remained largely stable at EGP 1.67 during the quarter. Rusk sales were up 32.5% q-o-q in 3Q2018 and similarly driven by higher volumes which recorded a 31.6% q-o-q increase during the quarter. On a year-to-date basis, rusk sales were up 35.9% y-o-y to EGP 206.8 million in 9M2018. Total packs sold recorded 124.3 million for the nine-month period, up 38.8% y-o-y, while average price per pack was down 2.1% to EGP 1.66 in 9M2018.

Edita maintained its number two position in this fast-growing segment with a market share of 42.5% as of August 2018 compared to 45.4% in the same period last year.

The segment recorded the fastest growth in gross profit in 3Q2018, recording a 114.7% y-o-y increase to EGP 21.4 million. This saw the segment's contribution to consolidated gross profit also increase to stand at 6.7% in 3Q2018 versus 4.2% in the same period last year. Meanwhile, gross profit margin also expanded to 27.4% in 3Q2018 versus 22.2% in 3Q2017 and 24.5% in 2Q2018. Gross profit for 9M2018 was up 48.2% y-o-y to EGP 55.2 million, yielding a GPM of 26.7% versus 24.5% in 9M2017.

Wafers

The wafers segment recorded the fastest increase in revenues in 3Q2018, with total sales for the quarter recording EGP 68.6 million, up 75.5% y-o-y. The segment's accelerated growth was driven by a 92.0% y-o-y increase in number of packs sold to 42.5 million in 3Q2018. Average price per pack was down 8.6% y-o-y to EGP 1.61 following the launch a competitively priced Freska products during the quarter. On a quarter-on-quarter basis, wafer sales were up 26.2% q-o-q in 3Q2018, with total volumes up 31.3% while average price per pack was down 3.9% q-o-q. In 9M2018, segment sales recorded EGP 191.2 million or 58.6% higher than the same period last year. Total packs sold stood at 115.0 million in 9M2018, up 55.0% y-o-y, while average price per pack was 2.3% higher at EGP 1.66.

Edita's market share in the wafer segment stood at 10.9% as of August 2018 up from 10.3% in the same period last year.

Gross profit from the wafers segment recorded EGP 17.1 million in 3Q2018, up 45.5% y-o-y. The segment's GPM recorded 24.9% in 3Q2018 compared to 30.0% in the same period last year, however, GPM recorded a 1.5 percentage-point expansion compared to the 23.4% posted in 2Q2018. On a year-to-date basis, gross profit was up 16.5% y-o-y to EGP 50.8 million in 9M2018, with a GPM of 26.6% compared to 36.2% in 9M2017.

Candy

The candy segment recorded revenues of EGP 38.9 million in 3Q2018, up 17.0% y-o-y on the back of a 14.2% y-o-y increase in number of packs sold as well as a 2.4% y-o-y increase in average price per pack. Segment sales were up 2.3% q-o-q in 3Q2018 were a 10.6% q-o-q increase in packs sold offset the 7.5% q-o-q decline in average price per pack. On a year-to-date basis, candy revenues recorded EGP 117.0 million in 9M2018, up 5.5% y-o-y, with growth being driven by a 2.6% increase in volumes and a 2.8% increase in average price per pack.

Edita remained a market leader in the segment with a 9.7% market share as of August 2018.

The segment recorded a gross profit of EGP 8.0 million in 3Q2018, down 9.4% y-o-y and yielding a GPM of 20.5% versus the 26.5% in 3Q2017. Gross profit in 9M2018 was EGP 27.1 million, down 26.3% y-o-y due to higher cost of materials, and with a GPM of 23.1%.

Balance Sheet

Edita's total assets recorded EGP 2.7 billion as of 30 September 2018, with property, plant and equipment (PP&E) constituting 69.1% at EGP 1.9 billion. Edita's total CAPEX year-to-date stood at EGP 66.6 million, which includes the renovation of the E10 factory as well as maintenance CAPEX.

As of 30 September 2018, Edita maintained cash & cash equivalents including treasury bills balances of EGP 260.9 million, or 9.6% of total assets versus 8.0% at 31 December 2017. At close of quarter, trade receivables stood at only EGP 35.2 million, reflecting the company's continued cash sales policy (97% of sales continue to be conducted on a cash basis). Edita's trade and other payables as of 30 September 2018 stood at EGP 414.3 million compared to EGP 395.7 million recorded as of 31 December 2017.

Edita's total loans and borrowings stood at EGP 769.1 million as of 30 September 2018, down from EGP 923.1 million reported as of 31 December 2017. Net debt stood at EGP 508.1 million as of 30 September 2018 compared to EGP 706.5 million at year-end 2017. Total shareholders' equity stood at EGP 1.3 billion as of 30 September 2018.

Egyptian Accounting Standards Reconciliation to IFRS

Edita's EAS and IFRS financial statements differ in the treatment of employees' profit share, which is expensed under the IFRS, while the EAS accounts for them as a distribution and are thus not included on the income statement. Also, EAS and IFRS differ in the calculation of EBITDA. In 9M2018, EGP 1.2 million in FX losses were added to the EBITDA while EGP 1.0 million related to gains on the sale of fixed assets were deducted. Moreover, a profit share deduction of EGP 25.0 million was made, bringing total EAS to IFRS adjustments on EBITDA to EGP 24.8 million.

A reconciliation between Edita's financial statements in EAS with the IFRS-based financial statements for 9M2018 is provided in the table below.

in EGP mn	9M2018 EAS	Adjustment	9M2018 IFRS
Net Sales	2,692.3	-	2,692.3
COGS (excluding M.O.H)*	1,552.0	-	1,552.0
M.O.H	309.0	8.2	317.2
Total COGS	1,861.0	8.2	1,869.1
Gross Profit	831.3	(8.2)	823.2
<i>Gross Profit Margin</i>	<i>30.9%</i>		<i>30.6%</i>
Selling & Distribution Exp.*	189.5	8.5	198.0
Advertising & Marketing Exp.*	115.6	-	115.6
General & Admin. Exp.*	166.6	8.4	175.0
Other Operational Exp.	32.2	-	32.2
Profit from Operations	327.5	(25.0)	302.4
<i>Profit from Operations Margin</i>	<i>12.2%</i>		<i>11.2%</i>
Profit Before Income Tax	260.8	(25.0)	235.8
Income Tax Expense	60.4	-	60.4
Net Profit After Tax	200.4	(25.0)	175.4
<i>Net Profit After Tax Margin</i>	<i>7.4%</i>		<i>6.5%</i>
EBITDA	446.4	24.8	421.5
<i>EBITDA Margin</i>	<i>16.6%</i>		<i>15.7%</i>

*Figures are based on management accounts for better disclosure on expenses breakdown

Market Developments

Egypt's snack food market continued on its growth trajectory, with segments where Edita operates growing by 35.3% y-o-y to EGP 14.3 billion as per the latest data available from Nielsen Retail Audits for the first eight months ended August 2018.

Edita's cake segment stood at EGP 1,768.8 million as of August 2018, up 8.6% y-o-y. Edita maintained its leading market position controlling a 53.6% share during the period compared to 56.3% in August 2017.

Meanwhile, the croissant segment grew 21.2% y-o-y to EGP 897.9 million as of August 2018, with Edita making considerable market share gains to stand at 64.5% versus 58.7% in August 2017.

Edita's rusks segment recorded EGP 604.4 million as of August 2018, up 31.7% compared to the same period last year and constituting 6.7% of the total salty snacks market. Edita's market share stood at 42.5% as of August 2018 compared to 45.4% in August 2017.

The wafer market recorded similarly strong growth of 30.1% y-o-y to EGP 1,813.1 million as of August 2018, with Edita's market share increasing to 10.9% from 10.3% in the same period last year. Finally, the candy segment recorded the fastest growth during the eight-month period ended August 2018, standing at EGP 784.0 million or 85.5% higher than the same period last year. Edita maintained its leading position in the segment with a market share of 9.7% as of August 2018.

Selected Segments of the Snack Food Market in Egypt

Segment	YTD Aug 2018 (EGP mn)	YTD Aug 2017 (EGP mn)	% Change
Cake	1,768.8	1,628.2	8.6%
Croissant	897.9	740.7	21.2%
Salty Snacks	9,021.1	6,372.3	41.6%
<i>Rusks*</i>	604.4	458.8	31.7%
Wafer	1,813.1	1,393.5	30.1%
Candy	784.0	422.7	85.5%
Total Market	14,284.9	10,557.4	35.3%

* Rusk market was 6.7% of total salty snacks in August 2018

Source: AC Nielsen Retail Audits

Marketing

Edita's marketing strategy focused on supporting the company's efforts to improve product mix and optimize its portfolio, helping build attractive value propositions for the consumer. Key efforts included indirect price increases and upsizing in the Molto range as well as key product downsizing in the cake segment and the Bake Rolz range. The marketing department also ran extensive sampling campaigns during the summer and participated in trade marketing activities to help recruit new consumers and induce product trials.

Going forward, Edita will continue to capitalize on its superior R&D capability and strong brand equity to drive demand growth and explore new value propositions previously uncovered and characterized by having a high growth potential.

Development of Average Consumer Price by Product Segment

	9M2018	9M2017	Change (%)
Cake	1.58	1.60	-1.3%
Croissant	2.04	1.86	9.7%
Rusks	2.12	2.12	-
Wafer	2.13	2.07	2.9%
Candy	4.09	3.91	4.6%
Total	1.85	1.81	2.2%

Sales & Distribution

Edita aims to leverage the strength of its distribution channels to reach an optimum sales and price mix through better price-point segmentation according to geographic distribution and income levels.

Net sales from Edita's wholesale channels increased to EGP 560.3 million in 3Q2018 from EGP 455.8 million recorded during the same quarter of 2017, representing a 22.9% y-o-y increase, and constituting 54.8% of total sales for the period compared to 54.6% in 3Q2017. The company's retail channels recorded a 14.5% y-o-y rise in net sales to EGP 316.0 million in 3Q2018, contributing 30.9% of total sales compared to 33.1% in 3Q2017. Revenue from key accounts (modern trade) saw a 30.0% y-o-y increase to EGP 32.5 million in the third quarter of the year compared to the EGP 25.0 million recorded in 3Q2017. Similarly, net sales from direct supply also posted strong year-on-year growth of 75.8% to EGP 15.6 million in 3Q2018 from EGP 8.9 million in the third quarter of 2017. Together, direct supply and key accounts contributed 4.7% of total net sales in 3Q2018 compared to 4.1% in the same quarter last year.

Export sales posted an impressive 42.5% y-o-y increase in 3Q2018 to EGP 98.1 million from the EGP 68.9 million recorded in the third quarter of 2017. A core pillar of the company's forward-looking strategy revolves around growing Edita's regional footprint, and Edita is already witnessing a growing contribution from regional markets to total sales which increased to 9.6% in the third quarter of 2018 compared to 8.3% in the same period last year.

Supply Chain

Edita's supply chain department continues to work toward further improving operational efficiency and minimizing costs by leveraging its solid reputation with its supplier base to obtain favourable prices for its raw materials.

In the third quarter of 2018, Edita's raw materials continued to make up the largest share of the total direct materials bill. During the quarter, imported materials made up 24.3% of total direct material costs, up from 20.1% recorded in the same period last year.

Industrial Operations

The Industrial Operations (IO) department played a key role in supporting the company's product mix optimization efforts, helping launch new products as well as re-sizing existing SKUs. The department also completed the renovation of Edita's E10 facility and helped drive increased production efficiency and higher utilizations. The IO department also ensured Edita's continued compliance to the highest health, safety and environment standards and launched a new initiative focused on the primary prevention of occupational health hazards.

Human Resources

Edita's Human Resources department continued to deliver on its strategy of supporting employees in advancing their careers through training and development programs. This falls in-line with Edita's belief that its human resources are the primary driver for its success. Among the key initiatives during the period was the initiation of the company's succession planning program to help identify suitable calibre to fill key positions from within the company. The HR department also launched the third module of the Edita Quality Academy.

Employee satisfaction is also a key priority for Edita and its success in that regard is continuously evidence by the low turnover rates, standing at only 6% between both white and blue collar employees. As of 30 September 2018, Edita's total work force stood at 6,228 employees, up from 5,639 in the same period last year as the company aims to maintain efficient levels in-line with rising utilization rates.

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About Edita Food Industries

packaged snack food market. The Company manufactures, markets and distributes a range of branded baked snack products including packaged cakes, croissants, rusks (baked wheat), and wafers as well as selected confectionary/candy products. The Company's local brand portfolio includes household names such as Todo, Molto, Bake Rolz, Bake Stix, Freska and MiMix. The Company also has the exclusive ownership of the international HTT brands Twinkies, Hoho's and Tiger Tail in Egypt, Libya, Jordan, Palestine, Morocco, Algeria, Tunisia, Syria, Lebanon, Iraq, Bahrain, Oman, the UAE, Kuwait, Qatar and Saudi Arabia; and is party to a technical assistance and know-how agreement to manufacture 11 additional HTT brands across its territories. The Company holds strong number-one market positions in its core cake and croissant segments as well as in candy, a number-two market position in rusks and a growing market position in the wafers segment. In 3Q2018, the Company derived c.90% of its revenue from Egypt and c.10% from regional export markets. Learn more at ir.edita.com.eg

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Forward Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Company.

Forward-looking statements reflect the current views of the Company's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Company's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Company's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

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