



the sweet side of life

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Edita Food Industries S.A.E.

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Edita Food Industries Reports FY2018 Earnings

Edita delivers a strong 24.1% increase in FY2018 revenues to EGP 3.8 billion as volumes continue to grow along with improved profitability. EBITDA margin in 4Q2018 increased to 20.5%, approaching pre-EGP devaluation levels. First launch in Morocco with flagship wafer brand, Freska.

http://www.rns-pdf.londonstockexchange.com/rns/1838R_1-2019-2-26.pdf

http://www.rns-pdf.londonstockexchange.com/rns/1838R_2-2019-2-26.pdf

Highlights of FY2018

Summary Income Statement (EGP mn)

EGP mn	4Q2018	4Q2017	Change	FY2018
Revenue	1,084.1	958.0	13.2%	3,776.4
Gross Profit	388.2	301.3	28.9%	1,211.4
% Margin	35.8%	31.4%		32.1%
EBITDA	222.6	187.5	18.7%	644.2
% Margin	20.5%	19.6%		17.1%
Net Profit	128.3	106.6	20.4%	303.7
% Margin	11.8%	11.1%		8.0%

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 year ended 31 December 2018, reporting revenues of EGP 3,776.4 million, up 24.1% y-o-y. Net profit for the year recorded a strong 43.3% y-o-y increase to EGP 303.7 million in FY2018, yielding a net profit margin of 8.0% up from 7.0% in the previous year.

On a quarterly basis, Edita's revenues were up 13.2% y-o-y to EGP 1,084.1 million in 4Q2018, while net profit for the quarter was EGP 128.3 million, up 20.4% y-o-y with an 11.8% net profit margin.

Top-line growth during the quarter and full year came on the back of both higher volumes and improved pricing as the company captured growing market demand with an optimized product mix. Edita was successful in extracting higher value from sales and delivering margin expansion down the income statement. This is particularly evident during 4Q2018 where Edita's gross profit margin expanded more than four percentage points to 35.8% and the company recorded a strong 20.5% EBITDA margin during the same period.

Edita's improving profitability is driven by its fast-recovering volumes to pre-devaluation levels yet at higher price points and with a better mix across its portfolio. Edita sold a total of 731.2 million packs in 4Q2018, up 5.9% y-o-y and close to the 786.1 million packs sold in 4Q2016. Meanwhile the company's average price point stood at EGP 1.48 in 4Q2018 compared to EGP 1.39 in 4Q2017 and up 41.9% versus 4Q2016. On a full-year basis, total volumes sold recorded 2,613.5 million packs in FY2018, up 20.3% y-o-y, while average price per pack was up 3.1% y-o-y to EGP 1.44.

In FY2018, overall revenue growth was primarily volume-driven, with the croissant segment standing as the highest contributor to consolidated growth at 46.6%, followed by the cake segment at 26.3%. Edita's rusks and wafers segments together contributed a combined 25.1% to total revenue growth in FY2018, while the candy segment delivered a 1.2% contribution to growth for the year.

Croissant sales were up 38.1% y-o-y in FY2018 to EGP 1,236.1 million, constituting a 32.7% share of total revenues, with segment growth being driven by a 24.9% y-o-y increase in volumes to 741.0 million packs as well as a 10.6% increase in average price per pack. Higher croissant prices came as the company improved its price mix and implemented price increases such as upsizing its Mini Molto Hazelnut. Revenues from the cake segment were up 12.1% y-o-y to EGP 1,776.7 million and constituted the largest share of revenues at 47.0%. Cake growth was driven by a 14.1% y-o-y increase in total packs sold to 1,441.1 million in FY2018.

Meanwhile, growth during 4Q2018 was attributed more to improved pricing. This is particularly true at the croissant segment which posted a 16.2% y-o-y increase in average price per pack and contributed 41.8% to consolidated revenue growth during the quarter. Edita's rusks and wafers segments made a 25.9% and 20.3% contribution to 4Q2018 growth, respectively. It is worth noting that the rusks segment was the fastest-growing in 4Q2018 delivering revenue growth of 44.5% y-o-y to EGP 106.3 million. The cake segment contributed 11.1% to Edita's consolidated revenue growth in 4Q2018, while candies contributed c.2% to total growth.

Edita maintained its market leadership position in its core segments during the year as per the latest data available for December 2018. The company remains the leader in the cake segment with a market share of 53.0%, and continued to recapture a larger share of the croissant segment at 64.0% as of December 2018. Meanwhile, Edita also maintained a leading position in the candy market with a 9.8% market share as of December 2018, while in the fast-growing rusks segment, Edita held a number two position with a market share of 41.4% as of December 2018. Finally, Edita's market share in the wafers segment stood at 11.2% during the same period.

On the regional level, Edita's gross export sales for the full-year 2018 were up 33.0% y-o-y to EGP 315.9 million, constituting 8.3% of total revenues. Meanwhile in 4Q2018 gross exports stood at EGP 89.9 million, up 4.4% y-o-y, and constituting an 8.2% share of revenues.

Higher production volumes along with improved economies of scale and the effect of indirect price increases saw cost of direct materials as a percentage of sales record 50.7% (EGP 549.7 million) in 4Q2018 compared to 55.0% in the same period last year. Similarly, manufacturing overheads also declined to 10.9% of sales in 4Q2018 (EGP 118.4 million) compared to 11.5% in 4Q2017. Consequently, Edita's total costs of goods sold (COGS) in 4Q2018 were EGP 695.9 million, up 6.0% y-o-y versus sales growth of 13.2% in the same period. In FY2018, total COGS reached EGP 2,565.1 million, up 22.2% y-o-y versus sales growth of 24.1%.

Revenue growth along with improved cost efficiencies saw Edita record a 28.9% y-o-y increase in gross profit to EGP 388.2 million in 4Q2018, with a four percentage-point expansion in gross profit margin to 35.8% compared

to 31.4% in 4Q2017. On a full-year basis, gross profit was up 28.1% y-o-y to EGP 1,211.4 million in FY2018, while gross profit margin also expanded to 32.1% versus 31.1% in FY2017.

Edita's selling, general and administrative (SG&A) expenses recorded EGP 656.8 million in FY2018, up 17.5% y-o-y. SG&A/Sales for the full-year was down one percentage point to 17.4%. On a quarterly basis SG&A was up 27.1% y-o-y to EGP 168.3 million and as a percentage of sales remained below average at 15.5%.

Improved margins down the income statement led to a strong 38.7% y-o-y increase in Edita's EBITDA to EGP 644.2 million in FY2018, with EBITDA margin expanding almost two percentage points to 17.1%. Meanwhile on quarterly basis, the sharp improvement in profitability saw EBITDA increase 18.7% y-o-y to EGP 222.6 million, and EBITDA margin break the 20% threshold for the first time since the devaluation of the Egyptian pound to record 20.5% in 4Q2018, up from 17.9% in 3Q2018.

Net profit for the full-year was up an impressive 43.3% y-o-y to EGP 303.7 million in FY2018, with net profit margin improving to 8.0% compared to 7.0% in FY2017. Edita's bottom-line in 4Q2018 recorded EGP 128.3 million, up 20.4% y-o-y with a net profit margin of 11.8% versus 11.1% in the same quarter last year.

Strategy Insight

Throughout 2018, Edita' strategy remained focused on driving volume growth through continued portfolio optimization and targeting optimum price-point segmentation down its distribution channels. Key efforts included product reconfigurations, indirect price increases as well as the launch of competitively priced products. In parallel, Edita also focused on cost minimization and efficiencies to support profitability.

Edita's strategic success is clearly reflected on its results, with continued double-digit revenue growth and with volumes and profitability fast approaching pre-devaluation levels. Meanwhile, a careful balance between value extraction and market competitiveness saw the company maintain its market leading position across its core segments. Through the implementation of its strategy and timely investments in future capacities, Edita is equipped with the necessary tools for continued value creation well into the future.

A key pillar of the company's forward-looking strategy is the utilization of the space afforded by its new E08 facility with the addition of new production lines to help meet growing market demand. The company is also exploring opportunities to leverage the strength of its distribution network and brand equity to venture into new market segments.

Edita also aims to continue driving export growth, which has reached 8.3% of total revenues in FY2018. In doing so, Edita will leverage its joint venture in Morocco where the company is laying the groundwork for its first overseas manufacturing facility. The new facility will serve as a springboard for increase penetration of North African countries in line with Edita's strategy to grow its footprint across fast-growing markets with large consumer bases and significant growth potential.

Overview of Segment Performance

The cake segment constituted the largest share of revenues at 47.0% in FY2018 with total sales of EGP 1,776.7 million, up 12.1% y-o-y and contributing 26.3% to consolidated revenue growth for the year. Meanwhile, the croissant segment continued on its upward trajectory with sales growth of 38.1% y-o-y to EGP 1,236.1 million in FY2018, a 32.7% share of total revenues. The croissant segment was the largest contributor to total revenue growth at 46.6% in FY2018. Edita's rusks segment also delivered a strong performance with revenue growth of 38.7% y-o-y to EGP 313.0 million in FY2018, constituting an 8.3% share of consolidated revenues for the year. The wafers segment was Edita's fastest-growing in FY2018 at 53.4% y-o-y to EGP 276.6 million or 7.3% of total revenues. Together the rusks and wafers segments contributed a combined 25.1% to total revenue growth in FY2018. Finally Edita's candy segment was up 5.6% y-o-y to EGP 160.4 million in FY2018 and constituted a 4.2% share of consolidated revenues.

On quarterly basis, Edita's revenue growth was driven primarily by the croissant segment which made a 41.8% contribution to growth in 4Q2018, followed by the rusks and wafers segments which made a 25.9% and 20.3% contribution to growth, respectively. Meanwhile, Edita's cake segment delivered an 11.1% contribution to total revenue growth in 4Q2018.

Revenue growth in FY2018 was primarily volume-driven and was supported by improved price mix as well as indirect price increases. Edita sold a total of 2,613.5 million packs in FY2018, up 20.3% y-o-y, while average

price per pack was up 3.1% y-o-y to stand at EGP 1.44 at the close of the year. Revenue growth in 4O2018 was also driven by higher volumes where Edita sold a total of 731.2 million packs, up 5.9% y-o-y. Average price per pack in 4Q2018 was EGP 1.48, up 6.8% compared to the same quarter last year.

Average Factory Prices

EGP mn	4Q2018	4Q2017	Change	FY2018	F
Cakes	1.24	1.21	2.5%	1.23	
Croissant	1.75	1.51	16.2%	1.67	
Rusks	1.73	1.64	5.7%	1.69	
Wafers	1.67	1.77	-5.7%	1.66	
Candy	1.83	2.10	-12.9%	2.03	
Average Edita	1.48	1.39	6.8%	1.44	

Segment Revenues and Volumes Sold

4Q2018

	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	F
Cakes	481	386	11.3	467	
Croissant	365	208	9.5	312	
Rusks	106	61	2.3	74	
Wafers	86	51	1.4	60	
Candy	43	24	1.0	41	
Imports	3	-	-	4	
Total	1,084	731	25.5	958	

FY2018

	Net Sales (EGP mn)	Packs (millions)	Tons (000s)	Net Sales (EGP mn)	F
Cakes	1,777	1,441	43.4	1,584	
Croissant	1,236	741	33.5	895	
Rusks	313	186	7.2	226	
Wafers	277	166	4.7	180	
Candy	160	79	3.6	152	
Imports	14	-	-	7	

Total	3,776	2,613	92.3	3,044
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At the gross profit level, Edita recorded strong growth for both the full-year and fourth quarter results, with associated gross margin expansion particularly in 4Q2018. Margin expansion was driven primarily by the croissant segment which recorded a 48.9% y-o-y growth in gross profit in 4Q2018 with a 7.0 percentage-point GPM expansion in GPM to 32.5% compared to 25.5% in the same quarter last year. Edita's cakes segment also delivered improved gross profitability with GPM in 4Q2018 expanding six percentage points to 41.5% compared to 35.4% in 4Q2017. Overall, Edita's consolidated gross profit was up 28.9% y-o-y to EGP 388.2 million in 4Q2018, with GPM expanding to 35.8% from 31.4% in 4Q2017. On a full-year basis, gross profit was up 28.1% y-o-y to EGP 1,211.4 million with an associated GPM of 32.1% compared to 31.1% in FY2017.

Cakes

The cakes segment constituted the largest share of revenues in FY2018 at 47.0%, with total sales for the year of EGP 1,776.7 million, up 12.1% y-o-y. Segment growth in FY2018 was volume-driven where a 14.1% y-o-y increase in number of packs sold to 1,441.1 million offset a 1.7% y-o-y decrease in average price per pack to EGP 1.23. Higher volumes during the year came despite renovations at the E10 factory during 2Q2018. On a quarterly basis, cakes revenues were up 3.0% y-o-y to EGP 481.0 million in 4Q2018. Growth was largely price-driven where average price per pack increased 2.5% y-o-y to EGP 1.24 in 4Q2018, and total volumes sold were up 0.4% y-o-y to 386.4 million packs during the quarter.

Edita remained the leader in the cakes market with a 53.0% market share as of December 2018 (the latest available data) versus a 56.1% share last year.

The cakes segment recorded a gross profit of EGP 638.7 million in FY2018, up 16.3% y-o-y with gross profit margin of 36.0% compared to 34.7% in FY2017. Gross profit recorded similar gains in 4Q2018, up 20.8% y-o-y to 199.8 million and with an impressive GPM of 41.5% versus 35.4% in 4Q2017. Strong gross profitability at the cakes segment was driven by the higher-margin nature of the cakes product portfolio, with several indirect price increases and improved product mix starting to bear fruit. Cake performance is also increasingly emphasized with the continued growth in volumes.

Croissant

The croissant segment was the strongest contributor to consolidated revenue growth for the full-year and fourth quarter of 2018. Total croissant sales were up 38.1% y-o-y to EGP 1,236.1 million in FY2018, with growth being dual-driven by volume and price. Edita sold a total of 741.0 million croissant packs in FY2018, up 24.9% y-o-y, while average price per pack was up 10.6% y-o-y to EGP 1.67. Higher prices came as Edita implemented price increases such as the upsizing of the segment's Mini Molto Hazelnut SKU. In 4Q2018, the croissant segment recorded revenue growth of 16.9% y-o-y to EGP 365.1 million. Growth came as the segment's average price per pack increased 16.2% y-o-y to EGP 1.75 in 4Q2018, while volumes were up 0.5% to 208.4 million packs during the quarter.

Edita made considerable market share gains in the croissant market, capturing a 64.0% share as of December 2018 compared to 59.1% last year, and maintaining its number one position in this core segment.

At the gross profit level, the croissant delivered a strong performance with gross profit growth of 65.0% y-o-y to EGP 365.5 million, yielding a gross profit margin of 29.6% compared to 24.8% in FY2017. On a quarterly basis, gross profit was up 48.9% y-o-y to EGP 118.5 million in 4Q2018, while gross profit margin recorded a significant 7.0 percentage-point expansion to 32.5%. The segment's improved profitability was driven by an increasingly optimized product mix as well as product reconfigurations and price increases such as the recent Mini Molto upsizing.

Rusk

The rusks segment was the second-fastest growing segment in FY2018, recording sales growth of 38.7% y-o-y to EGP 313.0 million. Full-year sales growth was driven by higher volumes, with total packs sold up 38.1% y-o-y

to 185.7 million, while average price per pack was up 0.5% to 1.69 in FY2018. Average price per pack in 4Q2018 was up 5.7% y-o-y to EGP 1.73 following the introduction of a new Bake Rolz SKU in 4Q2018 priced at EGP 3 per pack. Higher prices together with a 36.8% increase in packs sold drove segment sales up 44.5% y-o-y to EGP 106.3 million in 4Q2018, the fastest growth during the quarter.

Edita maintained its number two position in this fast-growing segment with a market share of 41.4% as of December 2018 compared to 44.0% last year.

The segment was also the second-fastest growing at the gross profit level, recording a 46.6% y-o-y increase to EGP 88.5 million in FY2018. Gross profit margin expanded 1.5 percentage points to 28.3% in FY2018 compared to 26.7% in the previous year. On a quarterly basis, rusks recorded a gross profit of EGP 33.4 million in 4Q2018, up 44.5% y-o-y and yielding a stable GPM at 31.4%. Improved profitability was driven by higher average price pack along with a continued growth in volumes.

Wafers

The wafers segment was the fastest-growing segment in FY2018, with revenue growth of 53.4% y-o-y to EGP 276.6 million. The segment saw the highest increase in volumes sold by 54.0% y-o-y to 166.3 million packs in FY2018, while average price per pack inched down 0.3% y-o-y to EGP 1.66. Wafers revenue in 4Q2018 was up 42.9% y-o-y to EGP 85.5 million driven by a 51.9% y-o-y increase in volumes to 51.3 million packs which offset a 5.7% decline in average price per pack to EGP 1.67.

Edita's market share in the wafer segment increased to 11.2% as of December 2018, up from 10.7% last year.

The wafer segment recorded a 21.4% y-o-y increase in gross profit to EGP 76.4 million in FY2018, with a gross profit margin of 27.6% compared to 34.9% in FY2017. Gross profitability has been steadily improving quarter-on-quarter, with 4Q2018 gross profit up 49.5% q-o-q to EGP 25.5 million and GPM standing at 29.9% compared to 24.9% in 3Q2018 and 23.4% in 2Q2018. Gross profit for the segment was also up 32.2% y-o-y in 4Q2018. The gradual improvement in segment margin is driven by higher volumes and a consequent decrease in MOH as a percentage of sales.

Candy

Revenues from the candy segment were up 5.6% y-o-y to EGP 160.4 million in FY2018, where growth was predominantly volume-driven. Total number of packs sold during the year stood at 79.1 million in FY2018, up 7.5% y-o-y, while average price per pack was EGP 2.03 or 1.9% lower than FY2017. On a quarter basis, candy revenues were up 5.7% y-o-y to EGP 43.4 million in 4Q2018. Total volumes sold were up a strong 21.2% y-o-y to 23.7 million packs, which helped offset a 12.9% decrease in average price per pack to EGP 1.83.

Edita remained a market leader in the segment with a 9.8% market share as of December 2018.

The candy segment's gross profit recorded EGP 36.9 million in FY2018, down 25.4% y-o-y due to higher cost of direct materials, yielding a GPM of 23.0% versus 32.5% in FY2017. Gross profit in 4Q2018 decreased 22.1% to EGP 9.9 million, however, on a quarter-on-quarter basis gross profit was up 23.6% and yielded a GPM of 22.8% compared to 20.5% in 3Q2018.

Balance Sheet

Edita's total assets as of 31 December 2018 recorded EGP 2.8 billion, with property, plant and equipment (PP&E) constituting 66.4% at EGP 1.9 billion. Edita's total CAPEX outlays during the year stood at EGP 105.2 million, which include the renovation of the E10 factory as well as maintenance CAPEX.

Edita's cash & cash equivalents including treasury bills balances increased 63.3% y-o-y to record EGP 353.8 million as of 31 December 2018, or 12.5% of total assets versus 8.0% at 31 December 2017. Trade receivables balance was

EGP 48.3 million at the close of the year, reflecting the company's continued cash sales policy (97% of sales continue to be conducted on a cash basis). Meanwhile, trade and other payables were EGP 438.9 million as of 31 December 2018 compared to EGP 395.7 million recorded as of 31 December 2017.

Edita's total loans and borrowings stood at EGP 725.7 million as of 31 December 2018, down from EGP 923.1 million as of 31 December 2017. Net debt decreased substantially to record EGP 372.0 million at year-end compared to EGP 706.5 million as of 31 December 2017. Total shareholders' equity stood at EGP 1.4 billion as of 31 December 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 FY2018, EGP 0.2 million in FX losses were added to the EBITDA while EGP 8.8 million related to gains on the sale of fixed assets were deducted. Moreover, a profit share deduction of EGP 33.2 million was made, bringing total EAS to IFRS adjustments on EBITDA to EGP 42.3 million.

A reconciliation between Edita's financial statements in EAS with the IFRS-based financial statements for FY2018 is provided in the table below.

in EGP mn	FY2018 EAS	Adjustment	FY2018 IFRS
Net Sales	3,776.4	-	3,776.4
COGS (excluding M.O.H)*	2,129.5	-	2,129.5
M.O.H	424.1	11.4	435.6
Total COGS	2,553.6	-	2,565.1
Gross Profit	1,222.8	(11.4)	1,211.4
<i>Gross Profit Margin</i>	<i>32.4%</i>		<i>32.1%</i>
Selling & Distribution Exp.*	270.2	10.6	280.9
Advertising & Marketing Exp.*	139.7	-	139.7
General & Admin. Exp.*	225.1	11.2	236.3
Other Operational Exp.	59.2	-	59.2
Profit from Operations	528.6	(33.2)	495.3
<i>Profit from Operations Margin</i>	<i>14.0%</i>		<i>13.1%</i>
Profit Before Income Tax	444.6	(33.2)	411.3
Income Tax Expense	107.7	-	107.7
Net Profit After Tax	336.9	(33.2)	303.7
<i>Net Profit After Tax Margin</i>	<i>8.9%</i>		<i>8.0%</i>
EBITDA	686.5	42.3	644.2

EBITDA Margin

18.2%

17.1%

*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 the latest available data from Nielsen Retail Audits for the year ended December 2018 showing segments where Edita operates recording growth of 33.1% y-o-y to EGP 23.5 billion.

The cake market recorded a 9.4% y-o-y increase to stand at EGP 2,737.0 million as of December 2018. Edita maintained its market-leading position controlling a 53.0% share during the year compared to 56.1% as of December 2017.

The croissant market delivered a 23.2% y-o-y increase to EGP 1,422.9 million as of December 2018, with Edita making considerable market share gains to stand at 64.0% versus 59.1% in December 2017.

The rusks market grew by 36.1% y-o-y to EGP 983.0 million for the year ended December 2018, constituting 6.9% of the total salty snacks market. Edita's market share stood at 41.4% with a number two market position as of December 2018 compared to 44.0% in December 2017.

The wafer market stood at EGP 2,839.5 million as of December 2018, up 28.0% y-o-y, with Edita's market share increasing to 11.2% from 10.7% in the same period last year.

Finally, the candy segment was the fastest-growing segment recording a 72.8% y-o-y increase to EGP 1,233.0 million as of December 2018. Edita maintained its leading position in the segment with a market share of 9.8% as of year-end 2018.

Selected Segments of the Snack Food Market in Egypt

Segment	YTD Dec 2018 (EGP mn)	YTD Dec 2017 (EGP mn)	% Change
Cake	2,737.0	2,501.7	9.4%
Croissant	1,422.9	1,155.1	23.2%
Salty Snacks	14,246.7	10,317.8	38.1%
Rusks*	983.0	722.2	36.1%
Wafer	2,839.5	2,218.1	28.0%
Candy	1,233.0	713.7	72.8%
Total Market	23,462.1	17,628.6	33.1%

* Rusk market was 6.9% of total salty snacks in December 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 during 4Q2018 included new product launches to fill market gaps and introduce new offerings to the market, with the quarter witnessing the launch of five new SKUs in total; three in the rusks segment and two in the candies segment. The department was also actively managing Edita's product portfolio with an eye for reaching an optimum mix to support profitability, including product downsizing and upsizing along with indirect price increases for some existing SKUs.

Parallel to improving product mix the department also focused on improving product visibility through a variety of display solutions, including the rollout of 8,500 new stands for Molto and 2,000 stand for

Bake Rolz across traditional trade points. Meanwhile at modern trade locations, the department increased product visibility through increased shelf space and branding solutions.

Development of Average Consumer Price by Product Segment

	FY2018	FY2017	Change (%)
Cake	1.58	1.60	-1.3%
Croissant	2.11	1.90	11.1%
Rusks	2.12	2.11	0.5%
Wafer	2.12	2.12	-
Candy	3.88	3.95	-1.8%
Total	1.87	1.82	2.7%

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.

Gross sales through wholesale channels grew 30.1% y-o-y to EGP 2,102.2 million in FY2018, contributing 55.3% to total sales compared to 53.1% in FY2017. Meanwhile, gross sales through retail and traditional trade reported a year-on-year rise of 13.8% to EGP 1,199.9 million, contributing 31.6% of total sales for FY2018 compared to 34.6% in FY2017. Key accounts (modern trade) posted EGP 122.0 million in FY2018, up 21.9% y-o-y, while direct supply recorded a strong 64.1% y-o-y to EGP 62.8 million in. Together, direct supply and key accounts contributed 4.9% of total gross sales in FY2018

Gross export sales were up 33.0% y-o-y to EGP 315.9 million in FY2018, contributing 8.3% to total sales for the quarter compared to 7.8% during FY2017. Edita is actively working to grow its export footprint as key pillar of its forward-looking strategy.

* Figures are based on gross sales

Supply Chain

Edita's supply chain department continues to leverage its solid reputation and strong bargaining power to extract favourable raw materials prices, thereby minimizing costs and supporting increased operational efficiency.

In FY2018, Edita's raw materials continued to make up the largest share of the total direct materials bill. During the year, imported materials made up 28% of total direct material costs, up from 23% recorded in FY2017.

Industrial Operations

The Industrial Operations (IO) department continued to play a key role in supporting the company's product mix optimization efforts, with recent efforts including the launch of new rusks and candies SKUs. The IO department was also instrumental in helping the company maintain a tight control on manufacturing overheads with efforts such as improve utilities consumption. Finally, the final quarter of the year Edita pass several quality and safety audits, including the Egyptian Standards Organization and the National Food Safety Authority.

Human Resources

Edita's total work force stood at 5,980 employees in FY2018, up from 5,871 in the previous year as the company continued to maintain efficient levels in line with rising utilization rates.

The human resources department also focused on continued training and career development for all of the company's employees as part of management's belief that the company's people are the primary success pillar. Among the key initiatives during the year included the launch of the third module of the Edita Quality Academy, as well as initiation of the company's succession planning program to help identify suitable calibres to fill key positions from within the company. Edita's dedication to its employees is clearly reflected in their job-satisfaction rates, with average turnover across both blue and white collar employees at only 3.5% in FY2018.

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About Edita Food Industries

Edita, founded in 1996 and headquartered in Egypt, is a leader in the growing Egyptian 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 FY2018, the Company derived 91.7% of its revenue from Egypt and 8.3% from regional export markets. Learn more at ir.edita.com.eg

Contacts

Ms. Menna Shams El Din

Investor Relations & Business Development Senior Director

T: +202 3851-6464 | M: +2010 0 154 2428 | menna.shamseldin@edita.com.eg

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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