



1H2022 EARNINGS RELEASE

Obour Land reports exceptional results in 1H22, with a 38% top-line increase and a 26% YoY increase in the bottom line, while maintaining profitability margins at target levels despite inflationary pressures

Key Highlights

All figures are in EGP unless stated otherwise	2Q 22	2Q 21	y-o-y Change	1H 22	1H 21	y-o-y Change
Net Revenues	873.9	639.2	37%	1,797.7mn	1,303.0mn	38%
Volume Sold (W. Cheese)	25.0k tons	23.1k tons	8%	55.2k tons	47.7k tons	16%
Average price/kg (W. Cheese)	-	-	-	30.3	25.0	21%
Gross Profit	200.4mn	163.4mn	23%	408.2mn	327.3mn	25%
Gross Profit Margin	23%	25.6%	-2.6pp	22.7%	25.1%	-2.4pp
EBITDA	143.5mn	116.7mn	23%	294.6mn	222.8mn	32%
EBITDA Margin	16.4%	18.3%	-1.9pp	16.4%	17.1%	-0.7pp
Net Profit	90.2mn	74.2mn	22%	180.8mn	144.0mn	26%
Net Profit Margin	10.3%	11.6%	-1.3pp	10.1%	11.1%	-1.0pp

Cairo, Egypt | July 27th, 2022 - Obour Land for Food Industries S.A.E. (OLFI) announced its audited 1H22 results. The Company's net sales for the period recorded EGP 1,797.7mn posting an impressive growth of 38% compared to 1H21, out of which EGP 1,683.5mn generated from the cheese segment and EGP 114.2mn from the Juice & Milk segment.

The 2nd quarter of 2022 continued to witness growth in the white cheese volumes recording 25.0k tons marking an 8% increase compared to 23.1k tons in 2Q21, in addition to the price increases implemented throughout the first half of the year, the company recorded 37% revenue growth to reach EGP 873.9mn in 2Q2022.

- The Company recorded gross profit of EGP 408.2mn during 1H22, posting a y-o-y growth of 25%, translating into a gross profit margin of 22.7%. The gross margin declined by 2.4bps due to the sharp increase in almost all raw material prices. However, the company managed to keep the gross profit margin at the targeted levels. It is worth mentioning that the management's raw materials purchasing policies, together with the pricing policies, once again eased the pressures facing the companies due to the turbulence in the international and local markets.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 32% y-o-y, to reach EGP 294.6mn in 1H22, yielding an EBITDA margin of 16.4% with a decrease of 0.7bps y-o-y.
- Obour Land achieved a net profit of EGP 180.8mn during 1H22, a 26% growth compared to 1H21, translating into a net profit margin of 10.1%.



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Gross Sales Breakdown (mn)	1H 22	1H 21	y-o-y Change
White Cheese	1,672	1,190	41%
Milk	90	89	1%
Juice	26	17	53%
Processed Cheese	16.2	14.8	9%
Total	1,804	1,311	38%

Mr.Ashraf Hamed Sherif, Vice Chairman Comments:

I am delighted to share with you our results for the 1st half of 2022 ended June 30, 2022, 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 tough regulations.

We witnessed a strong performance in the 1st half, with white cheese revenues surging 41% y-o-y, driven by a 16% increase in white cheese sales volumes reaching 55.2k tons, coupled by a 21% increase in average selling prices. The aggressive increase in prices was to offset the rising costs of raw materials and the decrease in the value of the Egyptian pound. We believe that the increase in volumes reflects additional gains in the company's market share.

The Milk and Juice segment generated gross revenues of EGP 90mn and 26mn respectively in 1H22. The milk products continued the slowdown that has started at the beginning of the year as a result of our price increases. The price increases compensated for the decline in sales volumes, which led to a mere 1% increase in revenues. It is important to mention that the management started to gradually increase the prices of the milk products due to the increasing local prices of fresh raw milk.

The Juice segment has witnessed a powerful boost in sales after launching the new fighter brand "Lovely" which is targeting the lower consumer segments with lower price levels compared to our original Obour Land juice products. This pushed the sales revenues of the juice segment to surge 53% reaching EGP 26mn in 1H22 compared to EGP 17mn in 1H21. We expect the juice segment to continue to grow gradually, supported by the new brand.

As for the processed cheese segment, the company is planning to introduce a new 50gm SKU of the "Mafrooda". This SKU will be equivalent to 4 triangle cheese pieces sold at a very low price point and can be used more as an on-the-go product.

Despite the slow performance in the new segments due to the unusual conditions that we are witnessing globally and locally, which make it difficult to penetrate new markets, the management is confident that we will achieve our goals and increase our market share by implementing our policies and having a strong brand equity to build a loyal consumer base in all segments.

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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