Edita Food Industries Reports 3Q2015 Earnings

Healthy revenue growth driven by the croissant and candy segments with an EBITDA margin of 20.3%.

Highlights for 3Q2015

Revenues	Gross Profit
EGP **535.4** mn ▲**20.5%** y-o-y	EGP **197.8** mn ▲**25.7%** y-o-y
EBITDA	**Net Profit After Minority[1]**
EGP **108.8** mn ▲**28.8%** y-o-y	EGP **85.7** mn ▲**163%** y-o-y

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".

3Q2015 at a Glance

- Revenue increased 20.5% over 3Q2014 to EGP 535.4 million on the back of significant growth in croissants. Revenue of EGP 1.58 billion in 9M2015 up 16.9% over 9M2014.
- Gross Profit of EGP 197.8 million, a 25.7% increase over 3Q2014 with a gross profit margin of 36.9%, up from 35.4% in 3Q2014.
- EBITDA margin of 20.3%, up from 19.0% in 3Q2014.
- Net Profit after Tax and Minority Interest of EGP 85.7 million in 3Q2015, up 163% y-o-y (includes EGP 23.9 million of tax reversals[1] during 3Q2015).Adjusted Net Profit after Tax and Minority Interest for the quarter of EGP 61.8 million with a margin of 11.5%.
- On August 13, 2015, Edita launched a new and more premium variant to its croissant segment, Molto Mix, a double-filled croissant with 2 adjacent fillings[2].
- In line with the Company's strategy to increase average price points (and hence margins), on September 27, 2015 Edita launched Twinkies Extra, an upsized Twinkies at EGP 1 per pack and delisted Twinkies (sold at 50 piasters).
- The new rusk line is currently under installation at the E07 factory and is on track to begin commissioning in the second half of December 2015. The strudel line, initially planned to start production in 4Q2015, will, as previously announced, now start commissioning during February 2016.

[1] In August 2015, the Government of Egypt decreased the income tax rate from 30% to 22.5% retroactively starting January 2015. During 1H2015. Edita was accruing taxes at the higher rate of 30% and accordingly the company reversed a total of EGP 23.9 million in 3Q2015 owing to the government's decision.
[2] The two variations of Molto Mix are cream & chocolate filling and cream & strawberry filling, and are available in the XXL size at EGP 2 per pack.

Results in a Nutshell

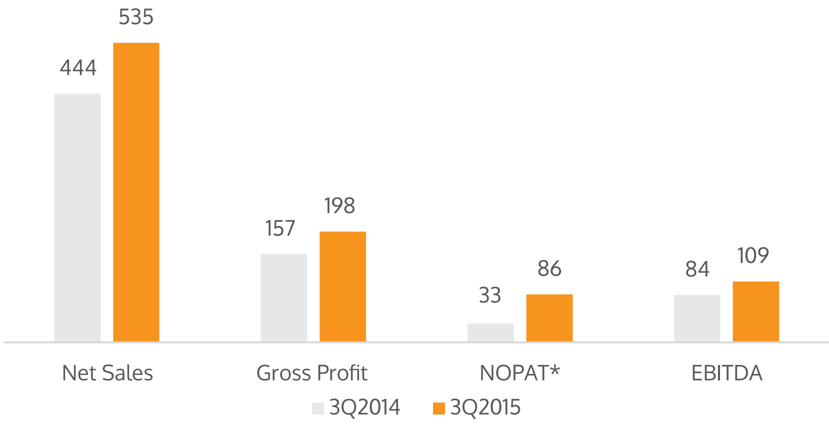
Edita Food Industries S.A.E. (EFID.CA on the Egyptian Exchange & EFIDq.L on the London Stock Exchange), a leader in the Egyptian packaged snack food market with number-one market shares in its core cake and croissant segments, announces its results for the third quarter of 2015 reporting a healthy growth in revenues across all its segments, and despite the difficulties facing the Egyptian market, with topline coming in 16.9% higher y-o-y at EGP 1,579 million for the 9M2015 period.

Meanwhile, on a three months basis the company turned a topline of EGP 535.4 million in 3Q2015, up 20.5% y-o-y primarily on the back of capacity additions that began to bear fruit especially in the croissant segment which reported a 58.1% y-o-y growth in the quarter. Growth in the cake segment stood at 4.3% y-o-y in 3Q2015.

On the cost side, 3Q2015 saw a general increase in expenses on the operational level in line with Company's growth path. Overall COGS increased 17.6% y-o-y on the back of higher manufacturing overheads and increased energy costs. Gross profit margins, however, rose to a healthy 36.9% compared to 35.4% in 3Q2014.

During 3Q2015, SG&A[3] increased to 19.1% of sales, as Edita increased advertising to support both increased capacities and new products, and also prepared for the launch of three new distribution centers.

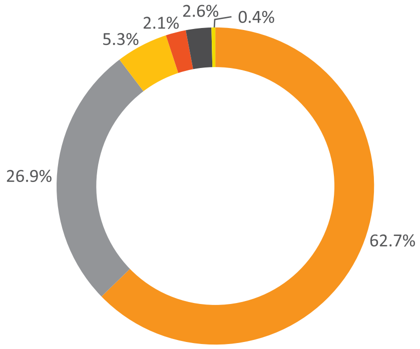
Snapshot of Results (EGP million)



[3] SG&A is the summation of Selling & Distribution expenses, Advertising & Marketing expenses, and General & Administrative expenses, all of which are included in the company's audited financial statements under Distribution Costs and Administrative Expenses.

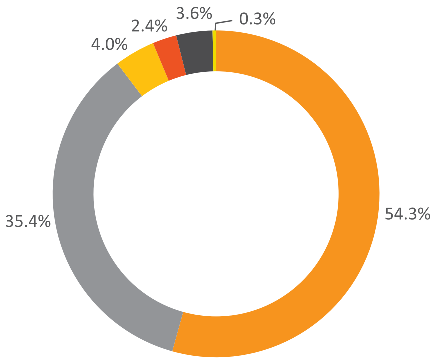
* In August 2015, the Government of Egypt decreased the income tax rate from 30% to 22.5% retroactively starting January 2015. During 1H2015. Edita was accruing taxes at the higher rate of 30% and accordingly the company reversed a total of EGP 23.9 million in 3Q2015 owing to the government's decision.

Segment Contribution
to Revenue 3Q2014 (EGP mn)



Cakes	EGP 278.8
Croissants	EGP 119.8
Rusks	EGP 23.5
Wafers	EGP 9.1
Candy	EGP 11.5
Imports	EGP 1.8

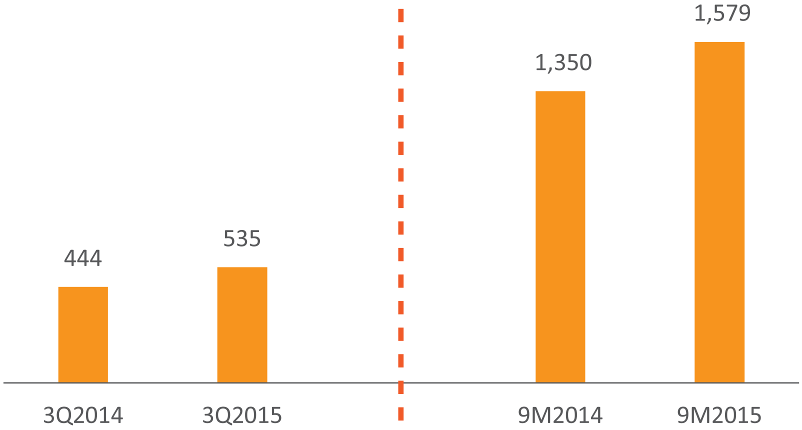
Segment Contribution
to Revenue 3Q2015 (EGP mn)



Cakes	EGP 290.9
Croissants	EGP 189.3
Rusks	EGP 21.5
Wafers	EGP 12.7
Candy	EGP 19.2
Imports	EGP 1.9

Revenues

Revenues Progression (in EGP million)



Total revenue increased 20.5% over 3Q2014 levels to EGP 535.4 million, and rose 4.0% compared to 2Q2015. Growth was mostly volume driven due to increased capacity in the croissant and cake segments. Revenues from the croissant segment increased to 35.4% of revenues, up from 26.9% a year earlier, while the contribution of cake sales decreased to 54.3% of the total in 3Q2015, down from 62.7% in 3Q2014, in line with the Company's strategy to diversify its product portfolio

Revenues from the croissant segment grew 58.1% y-o-y and 23.5% q-o-q to reach EGP 189.3 million, mostly volume driven by capacity additions of the two new lines commissioned during 1H2015. The croissant segment contributed 35.4% to Edita's revenue in 3Q2015, up from 29.8% in the previous quarter, reflecting the increased capacity and the completion of the ramp up of the new lines that had started operation during the first half of the year. On a y-o-y basis, higher utilization rates on the croissant lines in general also contributed to the growth in revenues. The average utilization rates on the croissant production lines during 3Q2015 was at 96% in spite of the capacity additions, reflecting strong demand in the market. As the new higher-priced Molto Mix[4] was introduced toward the end of the quarter, the average consumer price per croissant SKU remained at EGP 1.11 as compared to the 2Q2015 price level. On the production level, year to date Edita produced 27,078 tons of croissant in 9M2015, up from 24,630 tons in 9M2014. Capacity in the general croissant segment, albeit due to a different variation of the product, will further increase as the strudel production line starts commissioning in February 2016.

During 3Q2015, revenue from cakes increased 4.3% over 3Q2014 levels to EGP 290.9 million. On a quarterly basis, revenue from the cake segment decreased by 1.6% q-o-q, attributed to the fact that utilization rates were intentionally brought down in preparation for the delisting of the EGP 0.50 Twinkies SKU and the introduction of Twinkies Extra at EGP 1. Overall utilization on the cake lines during 3Q2015 was 91% com-

[4] On August 13, 2015, Edita launched a new and more premium variant to its croissant segment, Molto Mix, which sells at a consumer price of EGP 2 higher than the average of the current croissant consumer price per SKU. Molto Mix total revenue for the six weeks since its launch in 3Q2015 recorded EGP 7.8 million, c. 4.1% of the croissant total.

pared to 93% in 2Q2015 and 100% in 3Q2014. The cake segment remains Edita's core product and contributed 54.3% to total net revenue during 3Q2015, down from 57.4% in 2Q2015. The key drivers contributing to the slight decline in revenue since 2Q2015 were volume driven. The average SKU consumer-selling price of cakes in 3Q2015 increased 2.9% over 3Q2014 to EGP 0.69 per pack.

Edita's market share in the cake segment increased slightly over 2Q2015 to 64.5%. During 3Q2015, Edita took the decision to upsize Twinkies, increasing its size and doubling its consumer price to EGP 1 per pack. It worth noting that during 9M2015, the total net revenue of Twinkies was EGP 335 million (approximately 37% of cake revenues and 21% of total revenues). The rationale behind the upsizing is both a financial one (increasing the Company's gross profit margin from its core cake product) as well as being responsive to new market dynamics in terms of price points (based on market research, the market preference/"sweet price point" is moving away from 50 piasters per pack and toward the EGP 1 price point). The next step on which Edita will embark, and has actually started preparing for, is the launch of several novel products to the market starting 2016, some of which have been developed in-house, while others will be based on the new products whose knowhow was acquired from Hostess Brands.

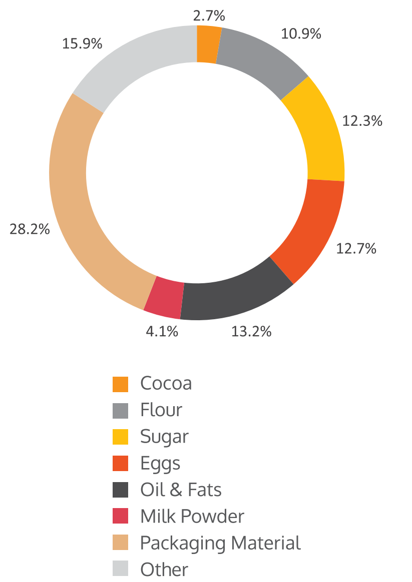
Sales of rusks were 8.3% down in 3Q2015 over 3Q2014 levels (2.6% down q-o-q) to EGP 21.5 million and constituted 4% of Edita's total net sales. Again, this decline was volume driven, as the utilization rates decreased to 97% from 100% a year earlier, due to management redirecting some of the labor on the rusks line to the croissant lines to overcome labor shortages and to better manage resources. Edita's Management believes rusks' revenues will rebound significantly after capacity is doubled with the new line commencing production in the second half of December 2015.

Wafer sales during 3Q2015 reflected the seasonality within this segment, as c. 80% of Edita's wafer sales are of the coated variety that are not popular during the summer months. As a result, although wafer sales increased 39.6% over 3Q2014 levels to EGP 12.7 million, they were c. 44% lower than 2Q2015. To reflect Edita's policy of only holding an inventory of three-day-old finished goods, the utilization rate of the wafer line was brought down to an average of 71% from 87% in the previous quarter. Wafer revenues represented 2.4% of Edita's revenues compared to 2.1% a year earlier.

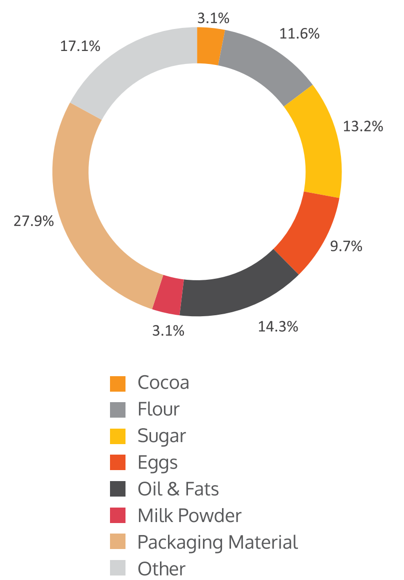
Coming from a low base, revenue from the candy segment grew by 66.3% over 3Q2014 levels (1.8% q-o-q) to reach EGP 19.2 million, operating at an average utilization rate of 89% across the three lines. Not only was the increase due to the change in the business mix of the candy products since 2014 (increasing the consumer price per pack to EGP 2.05), but it also relates to the capacity enhancements that increased total capacity during the quarter by 68% compared to 2014 levels.

Total revenue in the 9M2015 increased 16.9% to EGP 1.579 billion compared to EGP 1.350 billion in the same period last year. Edita's total production for 9M2015 reached 82.1 thousand tons (2.3 billion packs) compared to 73 thousand tons in 9M2014 (2.1 billion packs). Hereunder is the progression of blended factory prices for all product segments:

Direct Material Breakdown 3Q2014



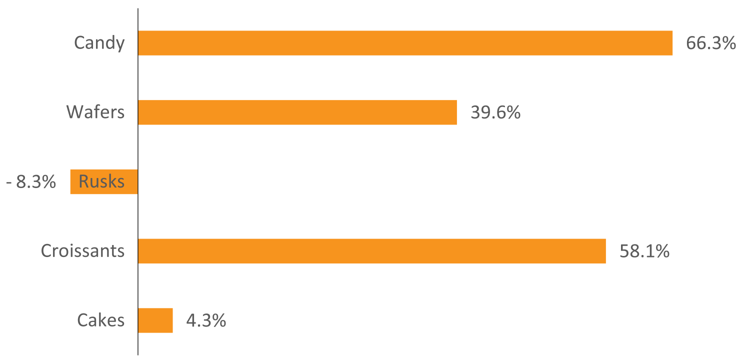
Direct Material Breakdown 3Q2015



Average Factory Prices

EGP	3Q2014	3Q2015	% Change
Cakes	0.51	0.53	3.7%
Croissant	0.88	0.87	-1.0%
Rusks	0.81	0.81	0.0%
Wafers	0.74	0.75	0.5%
Candy	1.03	1.17	13.9%
Average Edita	0.61	0.65	7.0%

3Q2015 Revenue Growth by Segment (y-o-y)



Cost of Goods Sold[5]

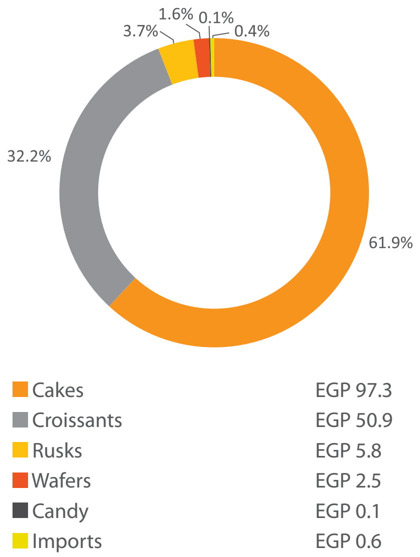
In 3Q2015, the cost of goods sold increased 17.6% over 3Q2014 levels to EGP 337.6 million, resulting in a COGS/sales ratio of 63.1%, down from 64.5% in 3Q2014.

During 3Q2015, the cost of sales (direct materials) grew by 15.3% y-o-y to EGP 258.2 million, at a rate below revenue growth, benefiting from both the general decline in global commodity prices as well as the competitive prices the Supply Chain had locked in for commodities that were seeing an increase in price, including cocoa and packaging (OPP)[6]. Edita managed to save on the budgeted costs of sales as the Company locked in favorable prices across most materials and in some cases, locked in prices until 3Q2016, including milk powder. In addition to locking in the prices of commodities prior to their increase, the Supply Chain Department more recently secured sugar until 1Q2016 at favorable prices. In addition, Edita's diversified cost of sales and vast expanse of direct materials used (both raw and packaging) continue to act as a natural hedge against global commodity price movements.

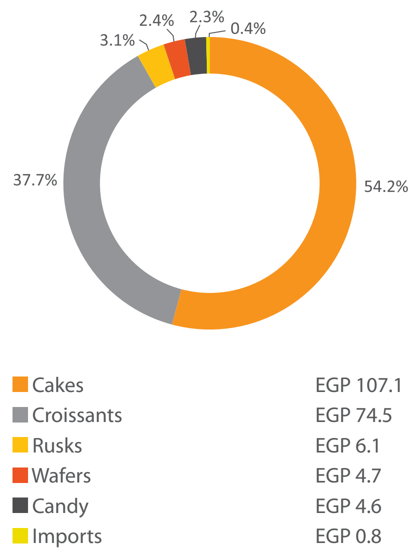
The growth in COGS is also partially attributed to the increase in manufacturing overheads (MOH). MOH increased 24.2% y-o-y in 3Q2015, representing 12.4% of revenue and 19.7% of COGS. The main contributors to the increase in MOH are wages and

[5] Breakdowns within this section are derived from the company's management report.
[6] Please refer to the Supply Chain section for more details.

Contribution to Gross Profit by Product Segment 3Q2014 (EGP mn)



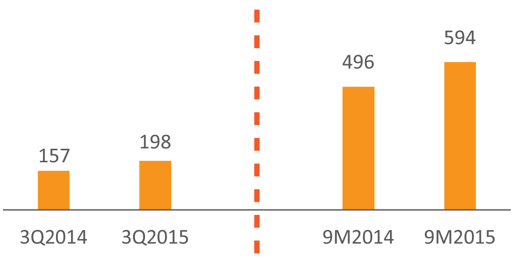
Contribution to Gross Profit by Product Segment 3Q2015 (EGP mn)



salaries, as well as an increase in electricity and natural gas bills and additional costs related to machinery maintenance. With regards to energy costs, the increase came from both Edita's increased utilization coupled with the increase in energy prices introduced by the government in 2H2014 as part of its stepped program to remove energy subsidies. Edita's total electricity and natural gas bill increased 55.1% over the 3Q2014 level to reach EGP 9.95 million (14.9% of the total MOH). The major increase came in the electricity bill, which rose 70.4% over the period as a result of a 25% increase in tariff coupled with a c. 44% increase in Edita's usage.

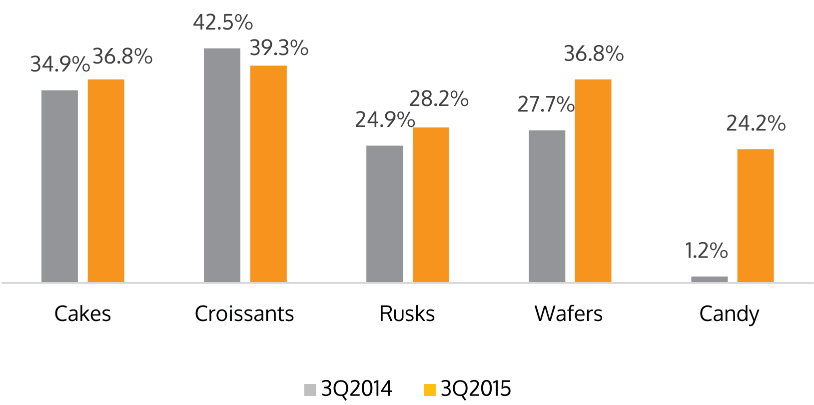
Gross Profit

Gross Profit Progression (EGP million)



Gross profit in 9M2015 increased 19.7% over 9M2014 levels to EGP 594.0 million, locking in a margin of 37.6%, an increase over the previous year's margin of 36.7%, reflecting not just the overall increase in revenues but also the introduction of new higher-margin SKUs during 2015. However, in 3Q2015, gross profit increased 25.7% over 3Q2014 levels to EGP 197.8 million, achieving a gross profit margin of 36.9%, up from 35.4% a year earlier, but coming in below the 2Q2015 level of 37.6%, mainly owing to the increase in MOH and the increased energy expenses.

Gross Profit Margin by Product Segment



On a y-o-y basis, gross profit margins for the rusk, wafer and candy segments increased in 3Q2015 over 3Q2014 levels. The improvements reflect Edita's continued and successful efforts for line enhancements and increased production efficiencies across all factories, whether as a result of tweaking the processes or more focused and targeted production planning. Within the wafer segment, gross profit margins increased from 27.7% in 3Q2014 to 36.8% in 3Q2015, mostly due to efficiencies. The gross profit margins within the candy segment surged to 24.2% in 3Q2015 from 1.2% in 3Q2014 as technical difficulties that were overcome at the end of 2014 and capacity enhancements were introduced to the production lines.

Gross profit margin within the cake segment increased to 36.8% in 3Q2015 from 34.9% in 3Q2014, mainly as a result of the increase in capacity. However, GPM was down from 38.5% in 2Q2015, reflecting the lower average utilization rates on the cake production lines, as discussed above. However, Management expects margins for the cake segment to pick up as the effect of the Twinkies' upsizing takes filters into the revenues. Gross profit margin for the croissant business recorded 39.3% in 3Q2015 (down from 42.5% in 3Q2014, yet up from 2Q2015), reflecting the completion of the ramp up of the newest croissant line (commissioned at the end of April, with a capacity of 17,000 tons per year) and the new higher-margin SKU (Molto Mix) being launched on August 13, 2015.

Edita's core cake and croissant product segments remain the main contributors to the Company's gross profit. During 3Q2015 the cake and croissant segments' contribution to gross profit was EGP 181.6 million, constituting 91.8% of the total gross profit (and 90% of revenue).

Other Expenses

The three main expense categories relating to operations are namely: Selling and Distribution Expenses (S&D), Advertising and Marketing Expenses (A&M) and General and Administrative Expenses (G&A). Total SG&A reached EGP 102.1 million[7], up 10.0% over the 3Q2014 level and up 12.3% q-o-q.

S&D expenses increased 17.9% to EGP 42.9 million (8.0% of revenue) in 3Q2015 from EGP 36.4 million (8.2% of revenue) in 3Q2014. The increase reflects Edita's strategy of fostering and increasing sales through the various retail channels and increasing its geographic coverage. The main items within S&D expenses are salaries and wages, which have witnessed their normal annual increase, as well as truck rentals which have increased as Edita began to outsource its primary distribution, the transportation of products from its factories to the distribution centers. However, this was coupled with a c.30% decrease in truck-fuel costs in spite of the increase in energy costs since last year. Commissions and incentives to the Sales Representatives increased by 20.6% to support the launch of the new products, namely Molto Mix and Twinkies Extra. It must be noted that total S&D expenses include cost items relating to the launch preparation for the three new distribution centers that are coming online in 4Q2015.

[7] SG&A breakdown is derived from the company's management accounts to ensure an accurate depiction of each of Edita's expenses and how they reflect on the business.

A&M expenses increased by 31% over 3Q2014 levels to EGP 24.6 million[8] and constituted an all-time high of 4.6% of revenue. The bulk of expenses relates to the aggressive TV advertising campaign to mainly support Edita's newly launched croissant product, Molto Mix. To partially counter the rising rates of TV and outdoor advertising, Edita continues to develop its advertising through social media channels for its entire product range. Having said that, Management remains very diligent with spending, keeping it to the minimum that is required to support new products as well as maintain its current market shares. The decision to launch a new product or continue producing an existing one involves carefully taking its associated A&M spending into consideration.

G&A expenses were down 8.3% over 3Q2014 to EGP 34.5 million, constituting 6.5% of revenues. However, it must be noted that during 3Q2014, G&A included EGP 10 million of CSR spending via a donation to the Tahya Misr (Long Live Egypt) fund. Adjusting for that, G&A expenses increased 24.9% y-o-y. One of the main components of G&A includes salaries and wages that increased c.23% y-o-y on the back of the increased headcount as well as the usual 10% annual increase in salaries and wages. Furthermore, as Edita is moving toward a model of cash depositing by sales representatives at remote cash points (Fawry), to both streamline operations and minimize the risk of loss or theft, the cost of this service is becoming a recurrent and permanent component of G&A expenses as it is gaining traction and proving to be a very viable option. G&A expenses during 3Q2015 also included the trademark registration fees for the HTT brands across the region.

Profits from Operations increased 20.8% over 3Q2014 to EGP 83.5 million, with a margin of 15.6%. This is a 17.8% decline over 2Q2015 and is attributable to the increase in SG&A, as discussed above.

Interest expense in 3Q2015 totaled EGP 10.2 million, up from EGP 6.1 million in 3Q2014, as the Company's debt increased in line with Edita's strategy to finance its expansions, equally through debt and the Company's own resources. The most recent loan was the EGP 90 million medium-term loan to finance the Hostess brands contracts signed in 2Q2015. On the other hand, interest income increased to EGP 6.6 million in 3Q2015 from EGP 5.0 million a year earlier as a more flexible cash-management policy that has allowed Edita to capitalize on favorable opportunities in the market.

Over 3Q2015, Edita booked an FX loss of EGP 4.1 million (a loss of EGP 3.8 million for 9M2015) as a result of a revaluation of liabilities in foreign currency relating to the new lines amid the weakening of the EGP against the euro and USD. In July 2015, the Central Bank of Egypt (CBE) undertook a 20 piaster devaluation of the EGP against the USD to reach an official rate of EGP 7.83/USD (corresponding euro: EGP rates increased to 8.82 from 8.58 in 2Q2015).

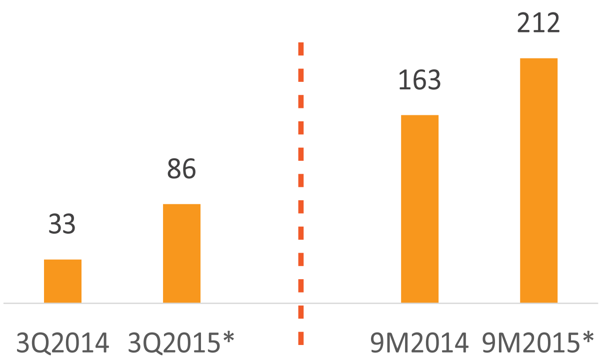
[8] Note that 3Q2014 financial statements were audited and hence do not reflect the change in marketing accrual calculation introduced in January 2015, with the effect being most prominent in the change in A&M expenses.

EBITDA

EBITDA reached EGP 108.8 million in 3Q2015 with a margin of 20.3%, higher than 3Q2014 levels in both absolute and margin terms (a 28.8% rise over 3Q2014 with a 19.0% margin). Given the seasonality of the business, EBITDA should be evaluated on a full-year basis.

Net Earnings

NOPAT Progression (EGP million)



*3Q2015 and 9M2015 NOPAT include a tax reversal of EGP 23.9 million

Due to the issuance of the new tax law during 3Q2015 that brought down the corporate tax rate to 22.5% from 30% retroactive January 1, 2015, Edita had a tax reversal of EGP 23.9 million in 3Q2015. Accordingly, total taxes for 9M2015 decreased to EGP 55.9 million from EGP 98.0 million in 9M2014.

Net Profit After Tax and Minority Interest for 3Q2015 increased 163% from 3Q2014 levels to EGP 85.7 million (margin of 16.0%). Adjusted NOPAT[9] for 3Q2015 is EGP 61.8 million (11.5% margin). The 9M2015 adjusted NOPAT increased 15.7% over 9M2014 to EGP 188.2 million, with an 11.9% margin.

[9] Adjusted for EGP 23.9 million tax reversal.

Balance Sheet

Total assets increased to EGP 1.9 billion in 9M2015 from EGP 1.6 billion as at year-end 2014. The bulk of the increase emanated from the increase in Property, Plant & Equipment, as the extension of the E07 plant materialized and the delivery of the three new lines was completed. Property, Plant & Equipment increased to EGP 1.022 billion in 9M2015 from EGP 818.4 million as at the year-end 2014, while Projects under Construction decreased to EGP 166.9 million from EGP 197.4 million as at the year-end 2014 after the delivery of the new extension.

Total CAPEX for 9M2015 reached EGP 230.3 million, of which EGP 164.0 million was expansion CAPEX. The main item of CAPEX during the 9M2015 was EGP 109.0 million pertaining the completion of Hall B (extension of the E07 factory). Total CAPEX relating to the acquisition of land for the new factory E08 amounted to EGP 54.9 million, including the cost of the land plot and related infrastructure. It is also worth noting that the rusk line currently under installation in the E07 factory has a related YTD CAPEX of EGP 31.4 million.

Edita continued to maintain a healthy Cash & Cash Equivalents and Treasury Bills with a balance of EGP 355.9 million as at the end of September 2015, constituting 18.4% of the Company's total assets.

On Working Capital components, the inventory levels continue to reflect Edita's policy of maintaining inventory coverage of all direct materials, one month's-worth of sales for locally sourced material and up to three months of imported material, with an average of 0.76 months during 9M2015. The inventory of finished goods remained at an average of 2.5 days for the 9M2015. Trade Receivables decreased to EGP 8.7 million in 9M2015, reflecting Edita's continued cash sales policy (in excess of 97% of sales continue to be conducted on a cash basis). Trade & Other Payables increased slightly to EGP 243.6 million as Edita was able to secure better payment terms (c.50 days) with several of its key suppliers.

The Current Portion of Long-Term Liabilities increased to EGP 164.9 million from EGP 125.2 million as at the year-end 2014 and Long-Term Loans increased to EGP 329.0 million from EGP 204.5 million at the end of 2014. This is a result of loans drawn down to finance the new production lines and the Hostess contracts signed during 2Q2015.

Total Shareholders' Equity increased to EGP 1.038 billion as at the end of 9M2015, up from EGP 825.7 million as at December 2014.

Egyptian Accounting Standards Reconciliation to IFRS

The main differences found in Edita's financial statements are due to several factors. First of all, the IFRS requires that employees' profit sharing be expensed, while the Egyptian Accounting Standards treat them as a distribution and hence do not include them within the income statement. In 1Q2015, net employee profit sharing paid was EGP 21.8 million. Furthermore, the treatment of FX gains and losses as well as gains and losses on fixed assets transactions differs in the calculation of EBITDA. Additionally, an EGP 1.7 million of adjustments in EBITDA came from the EGP 2.2 million IPO expenses and EGP 0.5 million in provisions.

Hereunder is the reconciliation between Edita's financial statements in EAS with the IFRS-based financial statements for 9M2015.

in EGP mn	9M2015 EAS	Adjustment	9M2015 IFRS
Net Sales	**1,579.1**		**1,579.1**
COGS (excluding M.O.H)	(791.8)	-	(791.8)
M.O.H	(184.9)	(8.4)	(193.3)
Gross Profit	**602.4**	**(8.4)**	**594.0**
Gross Profit Margin	*38.2%*		*37.6%*
Distribution Exp.	(199.6)	(5.9)	(205.5)
General & Admin. Exp.	(112.8)	(7.5)	(120.3)
Other Operational Gains (Expenses)*	8.4	(3.8)	4.6
Profit from Operations	**298.4**	**(25.6)**	**272.8**
Profit from Operations Margin	*18.9%*		*17.0%*
Provisions	4.0	-	4.0
Net Financing Cost	(8.6)	3.8	(4.8)
Other Income (Expenses)	(8.2)	-	(8.2)
Profit Before Income Tax	**289.8**	**(21.8)**	**268.0**
Income Tax Expense	(55.9)	-	(55.9)
Net Profit After Tax	**233.9**	**(21.8)**	**212.1**
Net Profit After Tax Margin	*14.8%*	-	*13.4%*
EBITDA	**355.2**	**(23.5)**	**331.7**
EBITDA Margin	*22.5%*		*21.0%*

* Includes depreciation & royalty expense. Furthermore, EGP 3.8 million in adjustments is related to FX losses that are treated as Finance Costs under EAS and Other Operational Costs under IFRS.

Market Developments

The segments of the snack food market in Egypt in which Edita operates continued to grow y-o-y, with an evident pickup in growth relative to 2Q2015 given the usual seasonality and dips in demand in the snack food market in general in the second quarter. The croissant segment remains the fastest-growing segment with a three-year CAGR of 38% (based on 8M2015), while the slowest growth, albeit still at c. 10%, remains the cake segment, and hence Edita's strategy to launch several novel products within this segment during 2016 to bolster growth.

Selected Segments of the Snack Food Market in Egypt – January to August 2015

Segment	Market Size (EGP mn)*	2013-2015 CAGR*
Salty Snacks**	4,477	12.9%
Cakes	1,121	9.6%
Wafers	1,191	11.9%
Croissant	539	38.0%

Please note that the market sizes depicted in the table above only represent eight months as AC Nielsen publishes retail audit data every two months.

* YTD August 2015
** Rusk market is 5.1% of total salty snacks
Source: AC Nielsen Retail Audits

According to Nielsen, in 3Q2015 Edita slightly improved its market shares in both the cake and croissant segments as compared to 2Q2015. However, over the 8M2015 period market shares in both core segments declined from 67% and 69% to 65% and 67%, respectively compared to same period last year, attributed mainly to the lack of capacity during the first few months of 2015 as the extra cake and croissant capacities were delayed.

Edita's market share in rusks continued to decline, reaching 36% in 8M2015 from 43% over the same period last year, while the market share in wafers remained at 1H2015 levels of 8% (up from 5% in 8M2014).

	Segment	Market Position	Market Share[4]	Relative Market Share[1]	Av. Consumer Price (EGP / US$[2])	Brands	Brand Awareness[3]
90% of 3Q2015 Revenue	Cakes	#1	65%	9.5x	0.7 / 0.09	Todo	100%
	Croissants	#1	67%	3.1x	1.11 / 0.14	Molto	100%
	Rusks	#2	36%	0.6x	1.00 / 0.13	Bake Rolz	75%
	Wafers	#4	8%	0.3x	1.00 / 0.13	Freska	86%
	Candy	#3	8%	0.4x	2.05 / 0.26	Mimix	NA

Source: AC Nielsen Retail Audit, IPSOS
1. Relative market share calculated as Edita's market share divided by market share of largest competitor.
2. US$/EGP of 7.83 as of 30 September-2015 (CBE).
3. Brand awareness measures the share of respondents that were familiar with the brand in aided, spontaneous consumer surveys.
4. Market share for Candy is as at year end 2014

Marketing

In general, there was no change in Edita's overall market positioning this quarter; Edita remains by far the largest player in its croissant and cake segments, with growing presence in the candy segment. Nevertheless, starting in 3Q2015, the Marketing Department embarked on a more aggressive marketing strategy, intensifying marketing and advertising activity to support the new capacities and products introduced during 2Q2015 and 3Q2015 and cake sales as well, as signs of a market softening begun to emerge within the existing cake products on the market. This is evident in the increased marketing and advertising expenses explained above.

During 3Q2015, Edita launched a new advertising campaign to introduce the new croissant, Molto Mix, through outdoor, digital media and TV campaigns as well as through the continued branding of Edita's distribution trucks and vans. At the end of September 2015, Edita launched the new Twinkies Extra SKU, a Twinkie that is larger in size and sells at EGP 1/unit price point, while delisting the 50 piaster Twinkies SKU. The advertising campaign to launch the Twinkies Extra is predominantly a TV campaign.

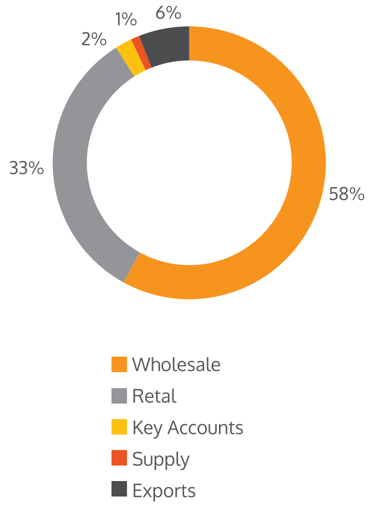
Following the launch of the Molto Mix and the Twinkies Extra, Edita has 69 SKUs under production, as three candy SKUs were delisted in 3Q2015.

Edita continues to maintain 100% brand awareness in its core markets, namely the croissant and cake segments. Wafer awareness continues to improve, reaching 86%. Brand awareness in the rusk segment remains relatively lower than in the other segments with a score of 75%, but this reflects the Company's more focused communication to sustain and support its niche consumer base through digital and below-the-line communication given the limited production capacity thus far.

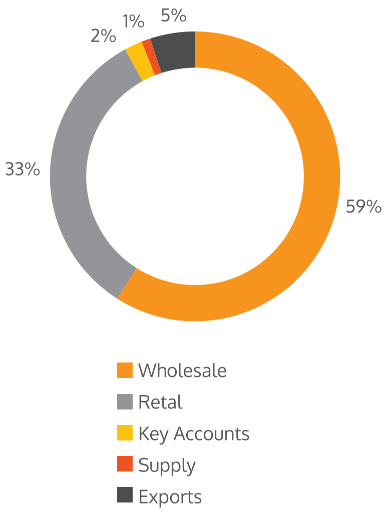
With the acquisition of the technical knowhow of 11 additional new products from Hostess, the Marketing Team is closely working with the R&D Department to work on the branding of new products, with several products having already been scheduled for consumer testing in preparation for launch in 2016.

Edita continues to follow a vigilant pricing strategy due to the high price elasticity of both its market and target consumer base. During 3Q2015, average consumer prices for cakes and croissants remained relatively stable y-o-y, increasing only by 2.9% and 0.1%, respectively. Average consumer prices for both the rusk and wafer segments remained unchanged as Edita has not launched any new SKUs or undertaken any upsizing of products in these segments since 3Q2014. On the other hand, average consumer prices for the candy segment increased by 19.7% y-o-y as the "Fakka" product took full effect after its introduction onto the market during the latter part of 2014. As the Fakka SKUs have gained popularity since their launch, Edita in October 2015 launched a Fakka SKU of toffees to have all the candy types available in this larger family pack variation.

Revenue Contribution by Distribution Channel 3Q2014



Revenue Contribution by Distribution Channel 3Q2015



Development of Average Consumer Price by Product Segment

EGP	3Q2014	3Q2015	% Change
Cakes	0.67	0.69	2.9%
Croissant	1.11	1.11	0.1%
Rusks	1.00	1.00	0.0%
Wafers	1.00	1.00	0.0%
Candy	1.71	2.05	19.7%
Average Edita	**0.79**	**0.84**	**7.2%**

Sales & Distribution

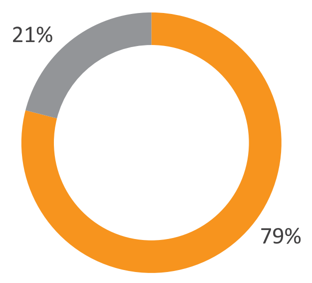
During 3Q2015, Edita's sales by channel of distribution reflected the Company's strategy of increasing revenues through the retail and traditional sales points of sale and away from wholesale distribution, while simultaneously growing sales through all sales channels. Gross sales through wholesale in 9M2015 grew by 13.5% y-o-y to EGP 979 million and contributed 59.1% of total revenues, compared to 61.0% over the same period last year. Year-to-date gross sales through retail and traditional trade grew strongly by 23.6% y-o-y to EGP 528.3 million and constituted 31.9% of total revenues compared to 30.2% over the same period during 2014 (contribution increased to 33.0% in 3Q2015). Revenue emanating from supply and key accounts (modern trade) remained at the same levels as the previous year and collectively contributed approximately 3% of total revenue.

Exports increased by 23% in 9M2015 over 9M2014 to EGP 99 million and remained approximately 6% of total gross sales. The Palestinian Territories, Iraq, Syria, Jordan and Libya remain our core exporting countries, constituting around 83% of total export revenue in 3Q2015. It is worth mentioning that during 3Q2015, exports to the West Bank represented 27% of gross export sales. During 3Q2015, Edita exported to 12 countries across the MENA region and Africa including Saudi Arabia and Sudan.

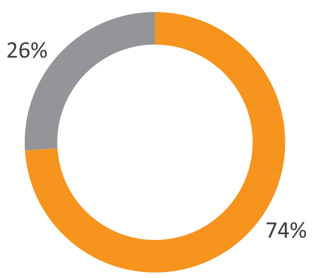
By the end of 3Q2015, the total number of customers that Edita catered to directly increased to 63,131 points of sale, up from 60,209 a year earlier, reflecting the Company's strategy of expanding its proprietary distribution network across Egypt. The Company has plans to open three new distribution centers (in Menoufia, Alexandria and 15th May City) by year-end, bringing the total to 21 distribution centers. The total number of retail and traditional trade points of sales serviced grew 5% over the previous year to 57,902 at the end of the quarter, while the number of wholesalers serviced increase by only 2.8%. The top-100 wholesalers continued to dominate the bulk of sales through wholesalers, and continue to constitute around 39% of total sales through that channel.

The expansion of the sales force to handle the increased business has been executed efficiently, where the number of distribution vans at the end of 3Q2015 increased by 10.8% over 3Q2014 to 544, while the sale force increased by only 3.5% to 1,003, reflecting the employee-optimization program launched in the latter part of 2014.

Imported versus local direct material 3Q2014



Imported versus local direct material 3Q2015



Moreover, Edita continues to grow its sales force efficiently in line with both current and planned growth. The growth in sales in 3Q2015 through wholesalers was mainly due to the increase in drop size/size of the invoice per wholesaler while growth in revenue through the retail channels was a function of both the increase in drop size as well as the increase in number of retailers over the period. There were significant improvements in all the main KPIs in both the wholesale and retail sides of the business. The number of successful visits, coverage and invoice size all grew over 3Q2014 levels while waste declined.

Supply Chain

The Supply Chain Department continued to track global commodity prices in order to maximize Edita's operational efficiencies by locking in prices of direct materials at attractive levels. During 3Q2015, Edita managed to maintain a healthy cost of sales as a result of having secured several of the major direct materials at an average of around 8% lower than the budget. Raw materials remain the largest constituent of the direct material bill, being 72.1% of the total direct material costs in 3Q2015.

Over 3Q2015, cocoa prices continued to increase on the international market; however, the Supply Chain Department managed to secure Edita's requirements of cocoa for FY2016 at an average of 15% lower than the current prevailing international prices. Another direct material worth noting is milk powder, whose prices have fluctuated over the course of the past few months. As prices have since eased, the Supply Chain Department took advantage and locked in prices of milk powder up until 3Q2016.

Due to the continued devaluation of the EGP, imported direct materials are slowly increasing in proportion to the total to reach 26% in 3Q2015, up from 24% in 2Q2015 and 21% in 3Q2014. The FX importation bill of the direct materials continues to be partially financed through Edita's export proceeds. Exports during the quarter amounted to EGP 30 million, which cover approximately 50% of the total import costs.

Planning activities showed significant improvement y-o-y during 3Q2015, in terms of increased daily production capacities across all the factories and production line utilizations, as well as keeping the inventory coverage of all production materials at an average of 0.67 months and finished goods at an average of 2.2 days of sales for the quarter.

Industrial Operations

During 3Q2015, Edita produced a total of 27,078 tons, 9.9% up from 3Q2014 levels, with 90% overall utilization rate across all the factories and lines. This corresponds to 779 million packs, an increase of 13.8% over the same quarter last year. During 9M2015, production increased by 12% to 82.1 thousand tons and 2.3 billion packs, a 12% increase on both the tonnage and packs over 9M2014.

Total cake production in 3Q2015 increased 5.7% over 3Q2014 to 16,514 tons (a total of 521,000 packs, a 2.1% increase over 3Q2014). The cake lines operated at an average utilization rate of 91%, down from the 100% utilization rate in 3Q2014 and 93% in 2Q2015, with the new cake line commissioned in March 2015 operating at 84% utilization during 3Q2015.

As explained earlier, there was a general relative softening in the cake market during the 3Q2015 as reflected in the AC Nielsen Retail Audit of the segment whereby the total cake market in 3Q2015 was c. 95% of what it was in 2Q2015[10]. As per Edita's policy, we do not keep finished goods inventory of more than three days, and hence utilization rates were brought down to reflect market demand. It must be noted that demand in cakes has picked up as the back-to-school season started during the last week of September. However, the utilization rates on the cake lines will probably not rebound instantaneously given the upsizing of the Twinkies (approximately 37% of total cake sales) introduced at the end of September, which is the normal cycle when upsizing products is initially introduced.

Total croissant production recorded 8,466 tons, a 22% increase over 3Q2014 levels and 10% increase versus 2Q2015, reflecting the increased capacity of the new lines. Total packs produced increased 60.5% over 3Q2014 to 200 million packs reflecting the increased capacity in the Mini Molto sub-segment. The croissant lines operated at an average utilization rate of 96% down from 100% utilization rate in 3Q2014 reflecting the capacity additions in spite of the long snag list on the croissant line commissioned in April 2015 that prolonged its ramp-up phase.

Within the rusk segment, total production declined 27.8% in 3Q2015 to 847,000 tons as compared to 3Q2014. In terms of packs, rusk production declined by 8.3% to 25 million packs y-o-y, yet remained at the same production levels as 2Q2015. It must be noted that compared to 3Q2014, Edita had implemented some downsizing to the rusk packs. Furthermore, during 3Q2015, due to the general shortage of blue collars on the market, Edita was forced to direct some of the labor from the rusk line to the croissant segment, targeting better management of resources given the capacity expansions and strong market demand for croissants.

For the wafer segment, total production reached 17 million packs compared to 11 million packs in 3Q2014, but this is lower than the 28.3 million packs produced in 2Q2015. This translated into 650 tons of production during the quarter, a 17% growth over 3Q2014. The decline is mostly attributable to the seasonality factor and lower demand during the summer for coated wafers, which constitute approximately 80% of Edita's wafer sales. Accordingly, the uncoated wafers, which is a smaller sized SKU, were the main revenue driver for the wafer segment in 3Q2015.

For candy, total production grew by 68% to 601 tons in 3Q2015, corresponding to 16 million packs. The introduction of the "Fakka" SKU (the larger family-sized pack) at the end of 2014 is the reason the growth in packs was only 47.0% when compared to 3Q2014.

[10] Please note that AC Nielsen Retail Audits are conducted every other month. Accordingly, the two months ending June 2015 and August 2015 were used as an indication of the 2Q2015 and 3Q2015, respectively.

The table below shows the comparative actual production per product segment for 3Q2015 as compared to 3Q2014 in both tonnage and number of packs:

	3Q2014	3Q2015	Growth(%)	3Q2014	3Q2015	Growth
Cake	15,629	16,514	5.7%	510	521	2.1%
Croissant	6,917	8,466	22.4%	125	200	60.5%
Rusks	1,173	847	-27.8%	27	25	-8.3%
Wafer	554	650	17.4%	11	17	47.7%
Candy	358	601	67.9%	11	16	47.0%
Total	24,630	27,078	10%	685	779	14%

It is worth noting that the total number of employees in the Industrial Operations Division was 2,976, up from 2,921 in 2Q2015. This shows a minimal increase in number of labor, despite capacity additions year to date. This is mostly attributable to the stoppage of three Twinkies lines as a result of the upsizing, as well as the headcount optimization program. Edita currently has a labor shortage of around 200 blue collars. Shortage of labor increases manufacturing overheads as it impacts the magnitude of overtime paid by the Company.

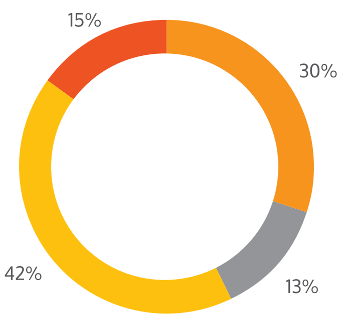
Another important issue to note within the Industrial Operations Division is that the new rusk line in the E07 factory is currently in the installation phase and is expected to start commissioning in the second half of December 2015.

On the R&D level, 3Q2015 saw the launch of the Molto Mix, the double-filled croissant, which has since gained traction and great customer satisfaction, surpassing the budget by close to 400%. On September 27, 2015, Edita launched the Twinkies Extra – the larger-sized, higher-margin Twinkies. Going into 2016, R&D is in the advanced trial and finalization stages of new croissant flavors, several cake products (both novel products developed in-house as well as the adaptation of several cake products whose technical knowhow was acquired from Hostess Brands), several new flavors of rusks and variations of the pate/strudel (the first of which is to be launched in 1Q2016).

Human Resources

Edita continues to be committed to develop its 5,360 employees being a strong believer in human capital as the main driving force for the Company. Turnover in Edita remains very low and is currently at 1.75%. Having said that, Edita, as with the industrial sector, has been experiencing shortages in the blue collar employees with some 200 vacancies. As a response, Edita contracted several third parties to supply the Company with labor, a feat that has so far helped ease the shortage (along with the training resulting from the employee-optimization program that has been ongoing since last year). In addition to that, Management has entered into an agreement with the Ministry of Social Solidarity to be part of their program to provide jobs for orphans. Accordingly, and as part of Edita's CSR program, the Company receives the candidates, conducts an initial assessment and trains those candidates it will hire. It is worth noting that total employees within the Industrial Operations Division is currently 2,976 employees, up from 2,921 in 3Q2014, in spite of the addition of three new lines, this being mostly attributable to the headcount optimisation program the Edita launched in 2014.

Shareholder Structure as of 3Q15



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 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, a number-two market position in rusks and growing market positions in the wafers and candy segments. In 2014, the Company derived c. 94% of its revenue from Egypt and c. 6% from over 14 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.

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