



1Q2023 EARNINGS RELEASE

Obour Land continues to deliver strong results with a 59% top-line growth in 1Q23 while bottom line recording 27% YoY increase, despite severe US Dollar shortage and continuous pressure on consumer purchasing power

Key Highlights

All figures are in EGP unless stated otherwise	1Q 23	1Q 22	y-o-y Change
Net Revenues	1,470.3mn	923.8mn	59%
Volume Sold (W. Cheese)	26.1k tons	30.2k tons	-14%
Average price/kg (W. Cheese)	52.8	28.5	85%
Gross Profit	344.5mn	207.8mn	66%
Gross Profit Margin	23.4%	22.5%	0.9pp
EBITDA	274.3mn	151.1mn	42%
EBITDA Margin	19%	16%	3.0pp
Net Profit	115.2mn	90.6mn	27%
Net Profit Margin	7.8%	9.8%	-2.0pp

Cairo, Egypt | May 3, 2022 - Obour Land for Food Industries S.A.E. (OLFI) announced its audited 1Q23 results. The Company's net sales for the period recorded EGP 1,470.3mn, posting an impressive growth of 59% compared to 1Q22.

Despite the remarkable increase in revenues, the 1st quarter witnessed a 14% decline in white cheese sales volumes reaching 26.1k tons compared to 30.2k tons in 1Q22. The increase in revenues is due to a surge in white cheese average prices that reached 85%. The aggressive increase in prices was necessarily to counter the continuing high inflation and to compensate the decrease in the value of the Egyptian pound due to the severe foreign currency crisis.

- The Company recorded gross profit of EGP 344.5mn during 1Q23, posting a y-o-y growth of 66%, translating into a gross profit margin of 23.4%, compared to 22.5% in 1Q22. The gross profit margin increased after reflecting all the price increases in 2022 in addition to a downturn trend in most of international raw materials prices.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) recorded a 42% y-o-y increase, to reach EGP 274.3mn in 1Q23, yielding an impressive EBITDA margin of 19%.
- Obour Land's net profit increased by 27% to reach EGP 115.2mn during 1Q23, translating into a net profit margin of 7.8% with a decrease of 2.0bps y-o-y. The net profit margin was largely hit by whooping FX losses amounting to EGP 99.6mn in the 1st quarter as a direct result of the last currency devaluation in December 2022 in addition to some of the deferred FX losses occurred in 2022.



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Gross Sales Breakdown (mn)	1 Q 23	1 Q 22	y-o-y Change
White Cheese	1,379.3	861.8	60%
Milk	74.6	50.5	48%
Juice	14.2	5.7	149%
Processed Cheese	10.5	8.9	18%
Total	1,478.6	926.9	59%

Mr.Ashraf Hamed Sherif, Vice Chairman Comments:

I am delighted to share with you our results for the 1st quarter of 2023 ended March 31, a strong quarter for the Company in terms of revenues despite the decline in sales volumes across most segments and the severe disruptions in markets due to the renewed pressure on the consumer caused by a continuing shortage of US Dollars and rising inflation.

Overview of Segment Performance:

The white cheese segment witnessed a 14% decline in sales volumes, reaching 26.1k tons in 1Q23 compared to 30.2k tons in 1Q22. The management expected the decline in volumes especially that the sales volumes in 1Q22 were considered as a high base as it was exceptionally high for a usually low season. On the other hand, the sales revenues of white cheese surged by a remarkable 60% to record 1,379.3mn in 1Q23 compared to 861.8mn in 1Q22 as a result of our several price increases implemented during 2022, which are now fully reflected in the 1Q23 results.

The Milk segment also suffered an 18% decline in sales volumes; however, revenues grew by 48% to reach EGP 74.6mn in 1Q23 compared to EGP 50.5mn 1Q22. The increase in revenues came from an 80% increase in average milk prices to counter the increase in prices of raw milk and other raw materials.

Although the Juice market is generally affected negatively in a high inflation environment, our juice segment performed outstandingly in the 1st quarter of 2023, as sales volumes almost doubled and revenues surged by 149%. This performance is attributed to the launch of our new juice brand “Lovely” which targeted the lower income consumer segments, class C and B, with very attractive prices.

The processed cheese segment continued its weak performance with a 17% revenue growth reaching EGP 10mn in 1Q23 while sales volumes fell 40% compared to 1Q22. The decrease in sales volumes was due to the contraction in the processed cheese market as a whole after the sharp price increases that reached 96%. Despite the slow performance in the processed cheese segment, the “Mafooda” product started to gain more attraction due to its relatively low-price levels.



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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.

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".

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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