



## Eastern company Reports 2Q2019 Earnings

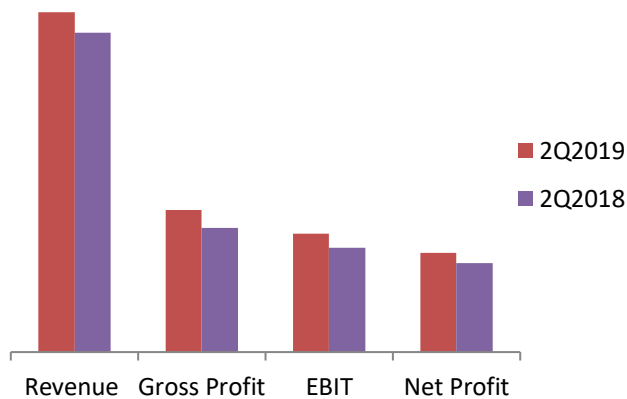
Eastern reports revenues of EGP 3,975.5 million in 2Q2019, up 6% y-o-y, with the company delivering improved profitability as net profit expanded 12% y-o-y for the period. On a 6 Month basis, Eastern reported a 7% y-o-y top-line increase with the company's bottom-line up 9% y-o-y

### Highlights for 2Q2019

<b>REVENUE</b> EGP <b>3,975.5</b> mn <b>6% y-o-y</b>	<b>Gross Profit</b> EGP <b>1,662.18</b> mn <b>15% y-o-y</b>
<b>EBIT</b> EGP <b>1,387.6</b> mn <b>14% y-o-y</b>	<b>Net Profit</b> EGP <b>1,157.6</b> mn <b>12% y-o-y</b>

### Snap shot of results 2Q2019

- ▶ Revenue: EGP 3,975 mn (+6% y-o-y, +8% Q-o-Q)
- ▶ Gross profit: EGP 1,662 mn (+14.5% y-o-y, +14.2 % Q-o-Q).
- ▶ Net Income: EGP 1,157 mn (+11.5 % y-o-y, 9% Q-o-Q).



EGP 000	2Q2019	2Q2018	Change	6M2019	6M2018	Change
Revenue	3,975,528	3,733,520	6.5%	7,690,202	7,154,818	7.48%
Gross Profit	1,662,180	1,451,470	14.5%	3,149,367	2,767,716	13.79%
%Margin	42%	39%	3%	41%	39%	2.3%
EBIT	1,387,661	1,220,966	13.65%	2,651,002	2,359,299	12.36%
%Margin	35%	32.7%	2%	34.5%	32.97%	1.50%
Net Profit	1,157,573	1,037,752	11.5%	2,216,574	2,028,940	9.2%
%Margin	29%	27.8%	1.3%	28.8%	28.4%	0.47%



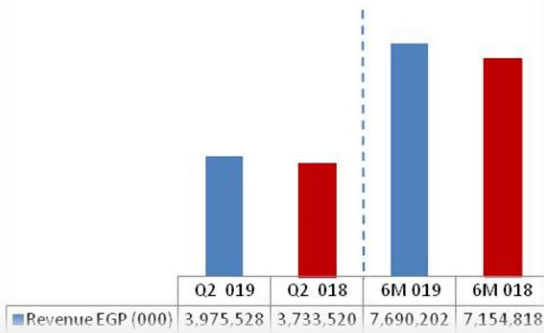
## 2Q2019 EARNINGS REPORT

Cairo, Egypt | 8 February 2019

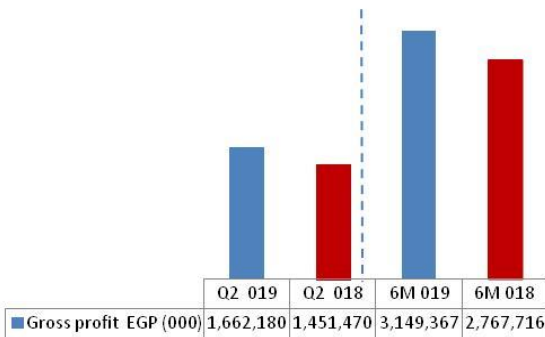
### Results in a Nutshell

Eastern company.(EAST.CA on the Egyptian Exchange), a sole manufacturing of cigarettes in Egypt announced its results for the second quarter ended 31 December 2019, recording revenues of EGP 3,975.5 million, a 6.0% increase compared to the same period a year ago. Net profit for the quarter came in at EGP 1157.6 million, up 12% from the same quarter of 2018. In the first 6 months of the year, Eastern reported a 7.0% y-o-y top-line expansion to EGP 7,690.2 million, with net profit up 9.0% y-o-y to EGP 2,216.6 million in 6M2019.

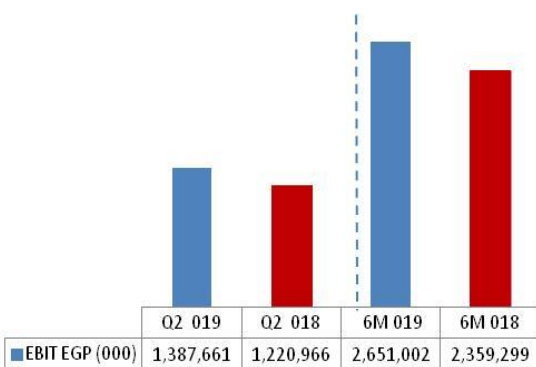
Revenue EGP (000)



Gross profit EGP (000)



EBIT EGP (000)



Revenue growth in both 2Q2019 and 6M2019 came on the back of improved volumes and better pricing compared to the comparable periods of 2018. During the second quarter, Higher volumes and better prices support sales growth +6% offset lower interest income and FX loss .Sales arrived at EGP 3.97 bn, up 6% y-o-y on higher local sales increase in ex- factory price / pack ,driven by indirect price increases via cutting retailers' margins ( from EGP 0.25 To EGP 0.15)for some of the brands ,as of 1August 2019 ,along with an improvement in Sales Mix (discontinued production of low-margin Cleopatra King Cig produce in Alexandria Factory , replacing it with the higher margin Cleopatra Queen). Meanwhile toll manufacturing also increased by 18% y-o-y to EGP 729 mn.

Eastern reported a 15% y-o-y expansion in gross profit to EGP 1,662.1 million in the second quarter of the year, with GPM for the period up 3 percentage points to 42%. The improved profitability was supported by both the company's cost control efforts and stable cost of direct materials, which saw cost of goods sold (COGS) for the quarter increase just 1.37% y-o-y. In the six-month period, gross profit was up 13.79% y-o-y to EGP 3,149.4 million, with GPM up 2 percentage points year-on-year to 41%.

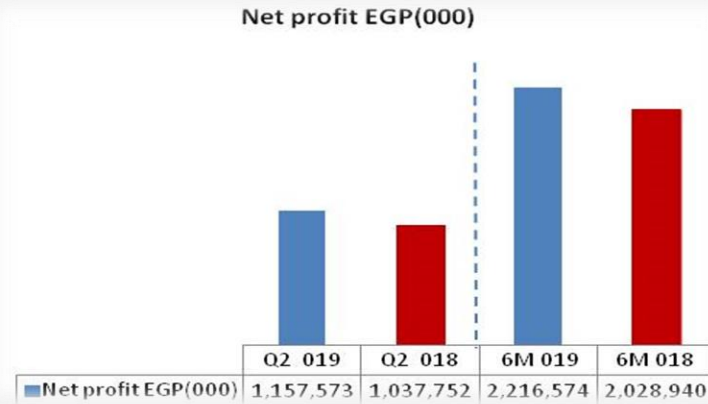
EBIT for the quarter, expanded 14% y-o-y to EGP 1387.6 million, with EBIT margin 35% 2 % y-o-y increase despite higher SG&A outlays for the period. The company's EBIT for the first six months of the year came in at EGP 2,651 million, up 12% y-o-y, with EBIT margin increasing to 34.4% in 6M2019 from 32.9% recorded in the same six months of 2018.

Eastern recorded a net profit of EGP 1157.6 million in 2Q2019, a 11.5% y-o-y rise supported by improved gross profit margins and lower interest expenses as the company improved its cost of funding. Net profit margin for the quarter expanded 1.3 percentage point to 29% in 2Q2019. On a 6M basis, net profit was up to 9% y-o-y to EGP 2216.6 million and net profit margin expanded 0.46 percentage points year-on-year to 28.3% for the period.



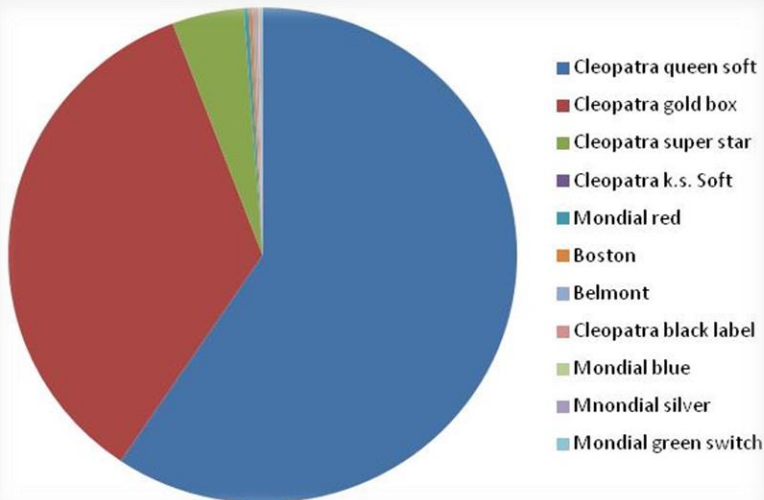
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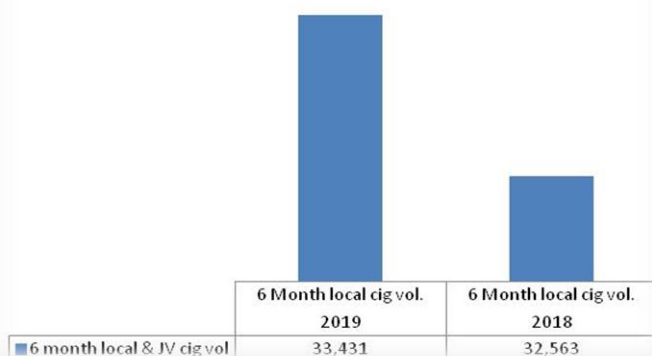
### The Break down of sales Volume of Local cigarettes Brands for local market of the second Quarter 2019 / 2020

On a segment basis, as segment contribution to revenue ,revenue growth for the quarter was largely supported by the local cigarettes segment as well as the moassel tobacco segment and toll manufacturing segments. local cigarettes segment recorded a 4.0% y-o-y rise in revenues in 2Q2019 on the back of a 0.25% y-o-y rise in volume up to 16,956 mn cig., In 6M2019, local cig volume were up 3% y-o-y. to 33,429 mn cig. the moassel tobacco segment recorded a 16.2% y-o-y rise in revenue on the back of a 19% y-o-y rise in volume up to 3,582 ton ,in general the net sales (finished good ) recorded a 4.31% rise in revenue in 2Q2019, and toll manufacturing segment recorded a 18% y-o-y rise in revenue to record 729mn in 2Q2019 VS 619.7mn for the same comparable period .



Eastern local cig Brands for local market		2Q 2019	
MN Cigarettes Stick			
Brand	Sales volume	weight%	
Cleopatra queen soft	9,545	59.4%	
Cleopatra gold box	5,594	34.8%	
Cleopatra super star	734	4.6%	
Cleopatra k.s. Soft	-	0.0%	
Mondial red	67	0.4%	
Boston	39	0.2%	
Belmont	29	0.2%	
Cleopatra black label	26	0.2%	
Mondial blue	15	0.09%	
Mmondial silver	6	0.0%	
Mondial green switch	9	0.06%	
Cleopatra colour	10	0.06%	
Total Sales	16,074	100%	
JOINT VENTURE Cigarettes .		882	
Total local cig .mn		16,956	

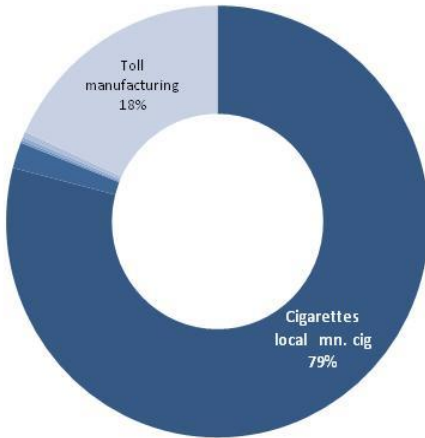
6 month local & JV cig vol



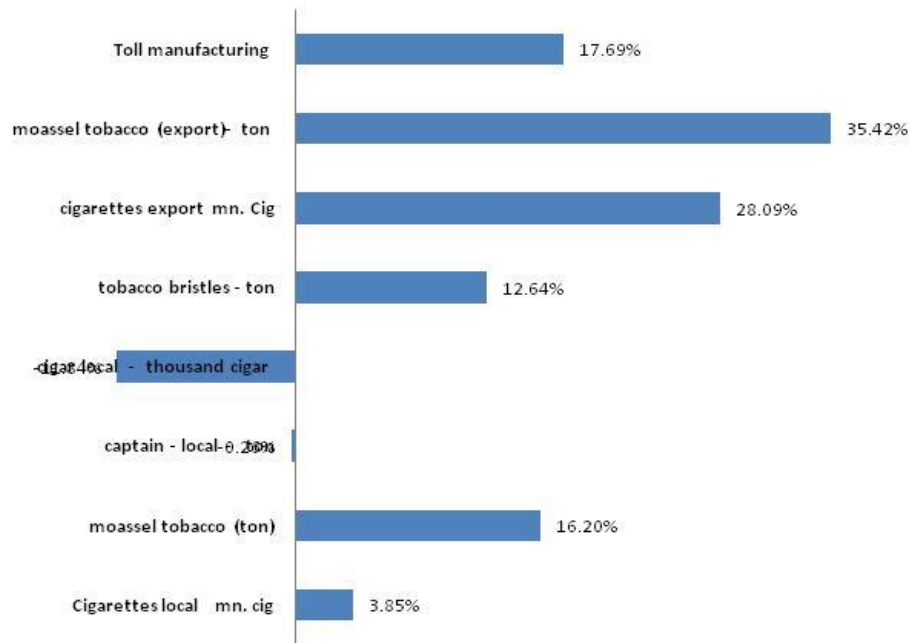
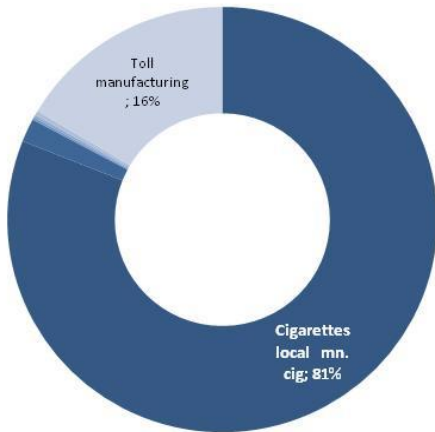


## Overview of Segment Performance 2Q2019 Revenue Growth by Segment (y-o-y)

Segment contribution to revenue 2Q2019



Segment contribution to revenue 2Q2018



Eastern overall revenue growth for the quarter was largely supported by strong results recorded by its Cigarettes local segment as Eastern local cigarettes segment recorded a 3.85% y-o-y increase in revenue during 2Q2019 and constituted an 79% share in Consolidated revenue , moassel tobacco segment Recorded a 16.2%(y-o-y)increase in revenue during 2Q2019 and constituted an 2% share in Consolidated revenue , The toll manufactory segment recorded a 17.69% y-o-y increase in revenue during 2Q2019 and constituted an 18% share in Consolidated revenue

Segment contribution to revenue

	VOLUME			VALUE				% Y-o-Y
	2Q2019	2Q2018	%	2Q2019	weight of total revenue	2Q2018	weight of total revenue	
<b>Cigarettes local mn. cig</b>	<b>16956</b>	<b>16913.8</b>	<b>0.25%</b>	<b>3165939</b>	<b>79%</b>	3048535	81%	3.85%
moassel tobacco (ton)	3582.5	3000.1	19.41%	77437	2%	66639	2%	16.20%
captain - local - ton	1,718	1,703	0.88%	385	0.0%	386	0.0%	-0.26%
cigar local - thousand cigar	257.2	277.3	-7.25%	983	0.0%	1115	0.0%	-11.84%
tobacco bristles - ton	24,083	21,382	12.63%	6202	0.2%	5506	0.1%	12.64%
cigarettes export mn. Cig	44.4	34.9	27.22%	10535	0.3%	8225	0.2%	28.09%
moassel tobacco (export)- ton	290	184	57.58%	16973	0.4%	12534	0.3%	35.42%
minced tobacco - ton					0.0%		0.0%	
<b>Net sales (finished goods)</b>				<b>3278454</b>	<b>82%</b>	<b>3142940</b>	<b>84%</b>	<b>4.31%</b>
<b>Toll manufacturing</b>				<b>729373</b>	<b>18%</b>	<b>619724</b>	<b>16%</b>	<b>17.69%</b>
<b>total revenue</b>				<b>4007827</b>	<b>100%</b>	<b>3762664</b>	<b>100%</b>	<b>6.52%</b>