



2Q/FY 20|21

Second Quarter Dec.2020

Eastern Company

Jan.2021

WWW.EASTERNEGYPT.COM

2Q FY 20/21 RESULTS

"I am pleased to announce that all the financial and sales indicators achieved for this quarter are the highest ever as a result of reaching record levels in sales volumes and production, which reflects the company's management adoption of successful and effective strategies to raise operational efficiency, improve and raise growth rates that are sustainable and stable at all levels and within the framework of developing the company's business model."

Managing Director & CEO

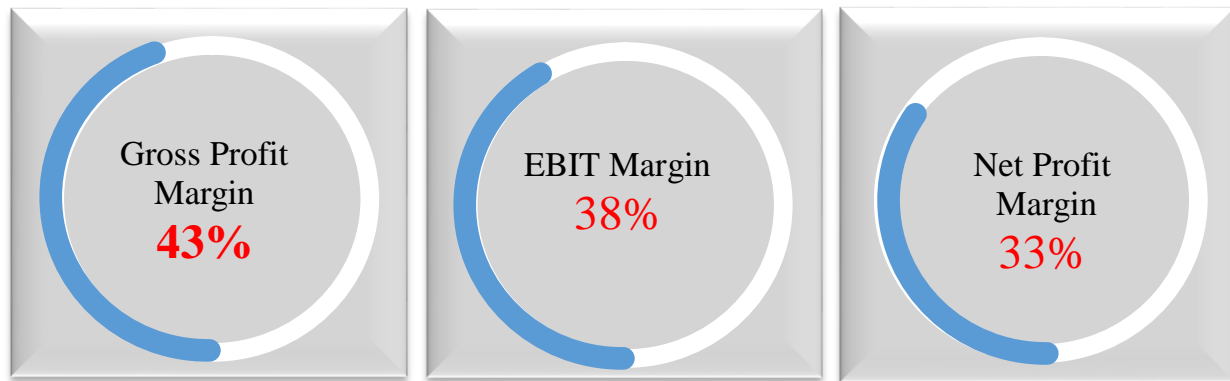
Hany Aman

Revenues 4,211.3 Million UP 6% VS.2Q FY 19 20 UP 6.5% (Q-o-Q)	Gross Profit 1,830.7 Million UP 10% VS. 2Q FY 19 20 UP 14% (Q-o-Q)
EBIT 1,609 Million UP 14.5% VS.2Q FY19 20 UP 15% (Q-o-Q)	Net Profit 1,375 Million UP 19% VS.2Q FY19 20 UP 18% (Q-o-Q)

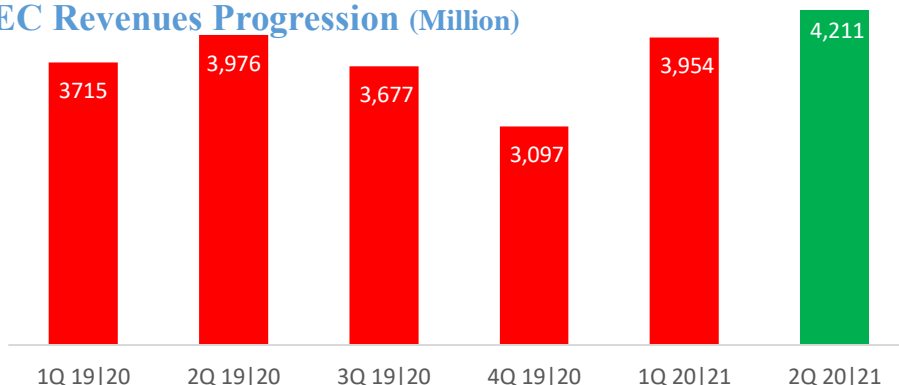
Highlights for 2Q FY20/21

Eastern reports high record indicators for 2Q that have not been achieved before with Revenues of 4,211 million Egyptian pound In the second quarter ending 12/31/2020, an increase of 6% (YoY) And a 6.5% increase (QoQ), as EC delivered Improvement in the performance Where the Net profit for the quarter increased by 1,375 million Egyptian pound With growth 19% (YoY) And 18% (QoQ).

2Q FY20|21 Margins



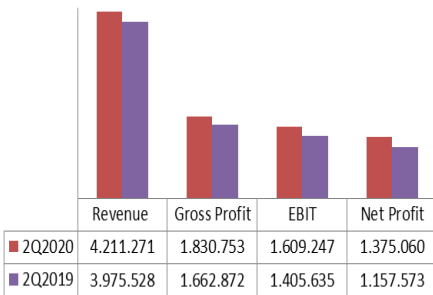
EC Revenues Progression (Million)



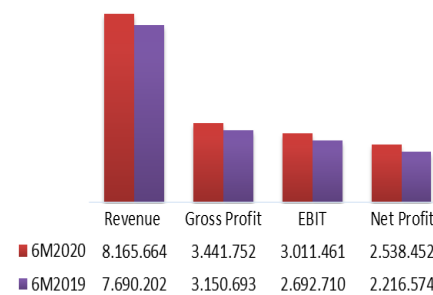
High-quality earnings
EC has An adequate level of return on investment With are derived from activates that a company will likely be able to sustain in the future .

EAST.CA
On the Egyotion Exchange

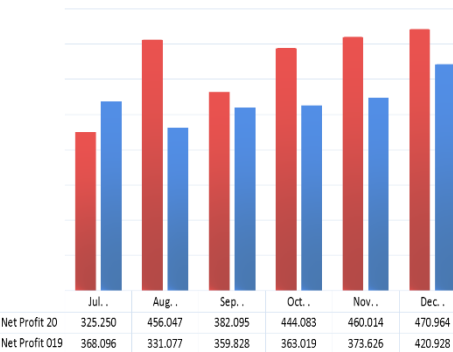
Snapshot of Results 2Q2020



Snapshot of Results 6M 2020



Net Profit



Results in a Nutshell

Eastern Company (EAST.CA, listed on the Egyptian Stock Exchange) the only cigarette manufacturer in Egypt, reported the results of the second quarter ending on(December 31, 2020), Eastern Company announced an expansion in gross profit by 10% (on an annual basis) and 14% (on a quarterly basis).) To record 1831 million in the second quarter of the fiscal year 20/21, as the improved profitability was supported by the company's efforts to raise production and sales efficiency, reach record levels in sales volumes, increase revenues and the stable cost of direct materials, as the gross profit margin recorded 43%.

-The revenue growth in the second quarter witnessed an increase of + 6% (YoY) to reach 4,211 million Egyptian pounds on the back to (1- An improvement in local cigarette sales to reach 3,328 million Egyptian pounds, an increase of 10% (year-on-year) due to the increase in the local sales volume with 1385 million cigarettes comparing to the second quarter of the previous year ,To set a record high this quarter 17,459.4 million cigarettes compared to 16,074 million cigarette in same quarter previous year with an increase 8.6%(YoY) . (2- Indirect price increases by reducing retail margins (from EGP 1 to EGP 0.25 per Package which contains ten boxes) of the company's main brands as of 1 December 2020, along with an improvement in sales mix. From where Higher quantities in Sales volumes Domestic cigars +44% (year over year) compared to comparable period. And the higher sales volumes for this quarter also supported by 33% increase in the JV segment., at the same time toll manufacturing fees increased by + 8% on a quarterly basis compared to the first quarter of 2020 while Manufacturing fees decreased this quarter by -11% on an annual basis to reach 651 million EGP compared to 729 million EGP for the second quarter of the previous year. On a quarterly basis, total revenues increased by 6.5%. And on the basis of 6 months, revenues were recorded 8,166 million pounds, an increase of 6% over the same period last year.

-Earnings before interest and taxes increased in the second quarter by 14.5% (YoY) to reach 1,609 million EGP, with a EBIT margin of 38%, and an increase of 15% (QoQ), at the six-month basis. Operating revenues were recorded 3 billion pounds, an increase of 12% over the comparison period.

-EC recorded a net profit for this quarter of 1,375 million EGP, with an increase of 19%YoY, as Eastern recorded a net profit margin of 33%, an increase of 4 percentage points compared to the previous similar quarter. The net profit of the second quarter Increased by 18% QOQ, and for the six-month period, the net profit increased by 14.5%, to reach 2,538.5 million pounds .

Basic Points for the first quarter ending 31/12/2020

Eastern Company achieves record results & high indicators in the second quarter, which are the highest, not only back to a pre-Corona levels, but even better.

- * EC recorded a net profit of 1,375 million pounds in the second quarter ending on 31/12/2020, increase of 19%YoY compared to the same quarter previous year, and an increase of 18% (on a quarterly basis).
- * Increase the total revenues by 6% YoY, to reach 4,211.3 million EGP, with a quarterly increase of 6.5%.
- * The local cigarette sector achieved revenues of 3,328 million pounds in the second quarter, to record an increase of + 10% YoY & + 8% QoQ.
- *Gross profit recorded 1,831 million pounds in the second quarter ending on 31/12/2020, with an increase of + 10% YoY and an increase of 14% QoQ, and the gross profit margin reached 43% for this quarter.
- *EBIT for the second quarter increased by 14.5% YoY, to reach 1609.3 million pounds, and an increase of 15% QoQ, achieving a profit margin before interest and taxes of 38% for this quarter.
- *Toll manufacturing recorded revenues in the second quarter of the fiscal year 20/21 of 651 million Egyptian pounds, a decrease of 11% compared to the second quarter of the previous year.

Basic Points for the six month period ending 31/12/2020

- EC recorded a net profit of 2,538.5 million pounds for the six-month period ending on December 31, 2020, an increase of 14.5% compared to the same period of the previous year.
- Increase the total revenues of Eastern Company by 6% to reach EGP 8,165.7 million, compared to 7,690 million pounds during the comparison period.
- The local cigarette sector achieved total revenues of 6,403 million pounds, an increase of + 7%. For the period, the domestic sales volumes from the main brands of the company increased by 5.6% to record 33,715 million cigarettes, compared to 31,919 million cigarettes in the comparison period.
- Gross profit was recorded at 3,442 million for the six-month period ending on 31/12/2020, an increase of + 9%. The gross profit margin for the period was 42%.
- EBIT increased by 12% on a 6-month basis, compared to the same period of the previous year, to reach EGP 3012 million.
- Toll manufacturing recorded revenues in the six-month period of 1,256 million Egyptian pounds, a decrease of -4% compared to the same period previous year.

Table (1) Development of key Financials

Income statement	Q2 020	YoY	Q2 019	6M 020	YoY	6M 019	QoQ	Q1 020
EGP (000)		Change %		1/7 -31/12/020	Change %	1/7 -31/12/019	Change %	
Sales / Revenue	4.211.271	5,93%	3.975.528	8.165.664	6,18%	7.690.202	6,50%	3.954.393
Cost of good sold	2.380.518	2,93%	2.312.656	4.723.912	4,06%	4.539.509	1,58%	2.343.394
Gross profit	1.830.753	10,10%	1.662.872	3.441.752	9,24%	3.150.693	13,64%	1.610.999
other revenue	30.267	46,81%	20.617	39.799	37,03%	29.044	217,53%	9.532
sales and distribution expenses	176.348	4,46%	168.817	342.099	7,18%	319.195	6,39%	165.751
General & administrative expenses	66.616	2,33%	65.101	119.136	3,02%	115.639	26,84%	52.520
Other expenses	8.809	-79,95%	43.936	8.855	-83,03%	52.193		46
Results of operation activities	1.609.247	14,49%	1.405.635	3.011.461	11,84%	2.692.710	14,76%	1.402.214
financing income						-		
financing expenses						-		
Net cost financing income	141.156	66,11%	84.978	241.522	56,94%	153.899		100.366
Other financial investments income	28.666		990	28.847	573,84%	4.281		181
Profit before tax	1.779.069	19,27%	1.491.603	3.281.830	15,12%	2.850.890	18,39%	1.502.761
Income tax and deferred tax expenses	404.009	20,95%	334.030	743.378	17,19%	-634316	19,05%	339.369
Profit from continued operations	1.375.060		1.157.573	2.538.452	14,52%	2.216.574		1.163.392
profit of the period	1.375.060	18,79%	1.157.573	2.538.452	14,52%	2.216.574	18,19%	1.163.392
Earnings per share	0,590		0,49	1.07		0,93		

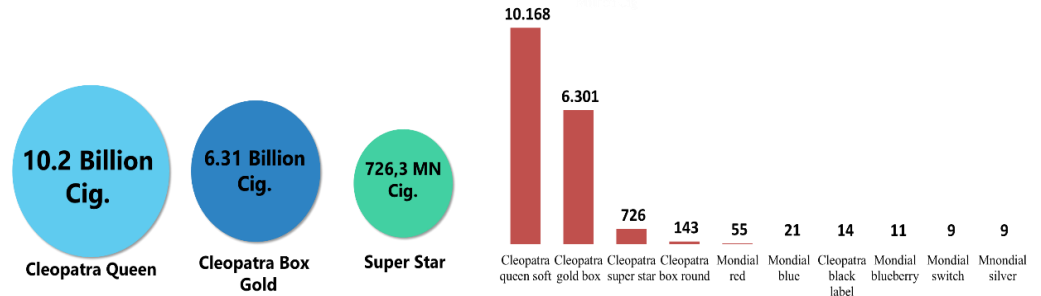
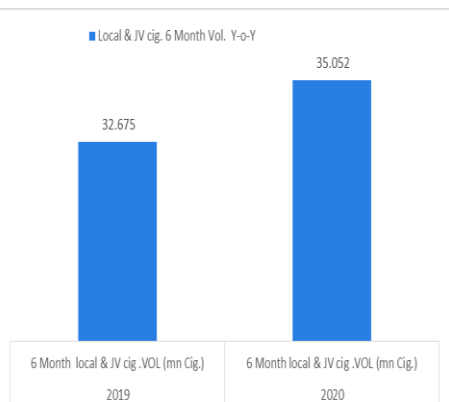
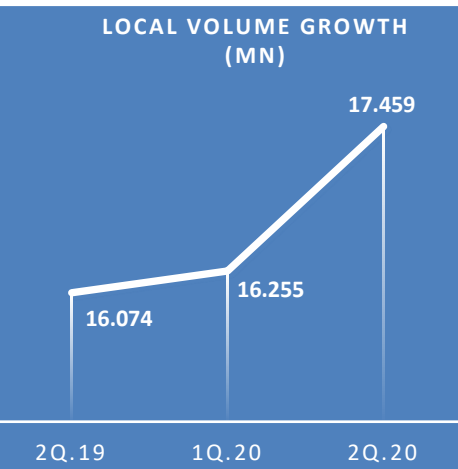
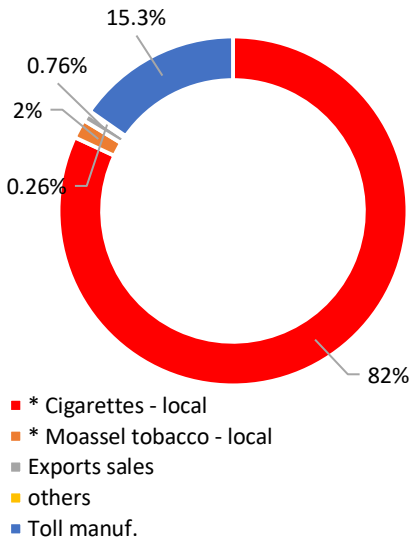
Summary income Statement (EGP 000)

	2Q2020	2Q2019	Change	6M2020	6M2019	Change
Revenue	4.211.271	3.975.528	6,0%	8.165.664	7.690.202	6,00%
Gross Profit	1.830.753	1.662.872	10,0%	3.441.752	3.150.693	9,00%
%Margin	43%	42%		42%	41%	
EBIT	1.609.247	1.405.635	14,50%	3.011.461	2.692.710	12,00%
%Margin	38%	35,4%		36,9%	35,01%	
Net Profit	1.375.060	1.157.573	19,0%	2.538.452	2.216.574	14,5%
%Margin	33%	29,1%		31,1%	28,8%	

Revenue and sales volumes during the period

The strong indicators and results achieved in the second quarter are directly attributable to the increase and the achievement of high sales volumes especially in local sells segment that the company had not previously achieved as a result of enhancing efficiency, replacement and renewal, as the company has since the beginning of July 2020 until its date reached its normal levels before Covid-19 even better and with high growth rates in terms of volume of production and sales, and the company is working to raise its production capacity, and this is all come without ignoring the responsibility towards workers in maintaining public health and continuing to take all precautionary measures.

On the segment basis, as some segments contributed to the revenue growth for this quarter , a large extent by the local cigarette & JV segment (82% of total revenue) as Sales volumes from this sector increased by 9% to reach 18,043 million cigarettes compared to 16,545 million cigarettes in the second quarter of the previous year, which led to an increase in the revenues generated in the domestic cigarette sector (main products) by + 10% for the quarter on an annual basis (79 % Relative weight of total revenues) to reach 3,328 million pounds compared to 3,035 the same quarter of the previous year, and also an increase in the revenues of the joint production segment by + 43% YoY (3% relative weight of total revenues) to reach 139 million pounds compared to 97 million pounds in the second quarter The previous year, and based on a period of 6 months, the volume of sales of the local cigarette sector and JV-production reached 35,052 million cigarettes, compared to 32,675 million cigarettes for the comparison period. With a rise of + 7%, and on a quarterly basis, the second quarter achieved a 7% increase in the volumes of the main domestic cigarette sales, to reach 17,459 million cigarettes, compared to 16,255 million cigarettes in the first quarter.



And in the same period, Cigar sales volumes increased by 44% to reach 303 million cigarettes compared to 259 million cigarettes in the same quarter of the previous year, and on a quarterly basis, Toll manufacturing fees increased by 8% (15% of total revenue), and decreased by 78 million EGP -11% YoY To record In the second quarter 651 million pounds compared to 729 million in the same quarter of the previous year 19 | 20,

Eastern local cig Brands for local

MN Cigarettes Stick

Brand	2Q 2020		2Q 2019		Y-O-Y
	Sales volume	weight%	Sales volume	weight%	
Cleopatra queen soft	10.168	58,2%	9.545	59,4%	7%
Cleopatra gold box	6.301	36,1%	5.594	34,8%	13%
Cleopatra super star	726	4,2%	734	4,6%	-1%
Cleopatra box round	143	0,8%	-	0,0%	
Mondial red	55	0,3%	67	0,4%	-17%
Cleopatra black label	14	0,1%	26	0,2%	-46%
Mondial blue	21	0,12%	15	0,09%	40%
Mnondial silver	9	0,1%	6	0,0%	56%
Mondial green switch	9	0,05%	9	0,06%	0%
Mnondial blueberry	11				
Total Sales	17.458	100%	16.074	100%	9%
JOINT VENTURE Cigarettes .	585		440,7		33%
Total local & JV cig .VOL (mn Cig.)	18.043		16.515		9%

↑ **+8.6%**
Above 2Q.19

↑ **+7%**
Above 1Q .20

↑ **+7%**
6 M 2020 (YoY)

2020 6 Month local & JV cig .VOL (mn Cig.) 35.052
2019 6 Month local & JV cig .VOL (mn Cig.) 32.675
Local & JV cig. 6 Month Vol. Y-o-Y 7%

Volume Growth above 2Q2019

13%(YoY)

Cleopatra Box Gold

7% (YoY)

Cleopatra Queen

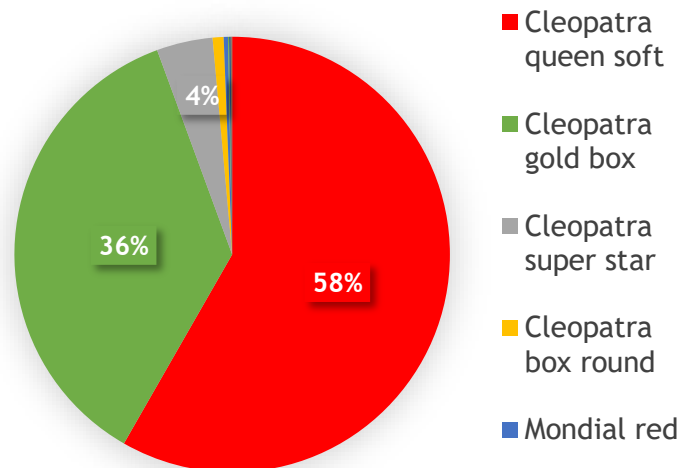


Table (2) Sales Development

Item	Unit	Sales Volume				Sales Value (000)			
		2020/2021	2020/2019			2020/2021		2020/2019	
		2Q	2Q	CHANGE / VOLUME		2Q	% OF TOTAL REVENUE	2Q	VALUOE / YOY
* Cigarettes - local	Million Cigarettes	17459,4	16074,3	1385,1	8,6%	3.328.060	79,0%	3.034.979	9,7%
* Moassel tobacco - local	Ton	2676,9	3582,5	-905,6	-25,3%	61.461	1,5%	77.437	-20,6%
JV	Million Cigarettes	585,2	440,7	144,5	32,8%	139.077	3,3%	97.300	42,9%
* Cigar - local	Thousand Cigar	303,5	259,3	44,2	17,0%	1.856	0,0%	996	86,3%
* Tobacco Bristles	Ton	38,9	25,8	13,1	50,8%	13.537	0,3%	6.591	105,4%
* Cigarettes - Export	Million Cigarettes	26,9	44,4	-17,5	-39,4%	6.308	0,1%	10.560	-40,3%
* Moassel tobacco - Export	Ton	175,1	290,7	-115,6	-39,8%	9.756	0,2%	16.947	-42,4%
* Tobacco Bristles - Export	Ton	-	-			-	0,0%	-	
* Cigar- Export	Million Filter Rods	13,8	0	13,8		78	0,0%	-	
Other revenues						72	0,0%	1346	
Net Sales - Finished Goods						3.560.205	84,5%	3.246.156	9,7%
Manufacturing Fees						651.066	15,5%	729.373	-11%
Operating Revenues 000						4.211.271		3.975.529	5,93%

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