

## Market Price

**EGP10.30**

at close of 10 Apr. 2023

## Fair Value

**EGP8.6**

(was EGP7.8)  
set on 11 Apr. 2023

## 12MPT

**EGP11.8**

(was EGP9.2)  
set on 11 Apr. 2023

## Investment Rating

**Neutral**



## Risk Rating

**Medium**



## Resilience is Key

Despite a higher 12MPT, cut to Neutral on recent rally

## Nouran Ahmed

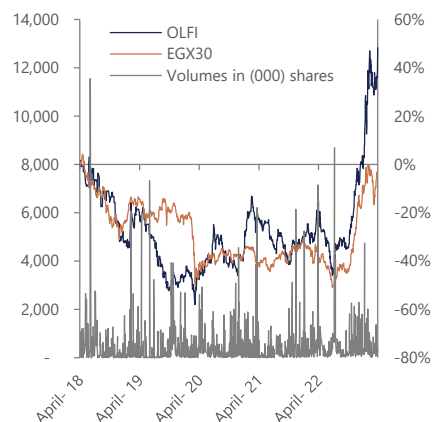
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Different sectors have been affected by the recent EGP devaluation and USD shortage in different ways. In this note, we review our assumptions for Obour Land Food Industries [OLFI] in light of these two factors and OLFI's record-breaking Q4 2022 results. More recently, OLFI's stock price surpassed our 12MPT of EGP9.2/share dated 14 November 2022. Today, our updated valuation model suggests that OLFI's 12MPT hovers around EGP11.8/share. Hence, we downgrade our rating from Overweight/Medium Risk to Neutral/Medium Risk on recent price rally.

## RELATIVE PERFORMANCE (5Y)



Source: Bloomberg, Prime Research.

**Higher prices offset volume slowdown in Q4 2022:** Stepping into Q4 2022, OLFI had to halt its cheese production for three days due to the shortage of key raw materials. Yet, higher prices more than offset relatively stable sales volumes. OLFI's resilience was key throughout Q4 2022; it had the flexibility to raise average white cheese prices by as much as 59% y/y to EGP42.0/kg (+20% q/q) while gaining a higher market share which rose from 41% to 43%. Hence, OLFI recorded better-than-expected results, reporting an all-time high quarterly revenue figure of EGP1.42bn (+61% y/y). Similarly, quarterly net profits came in higher at EGP136mn (+42% y/y), thanks to a large extent to the positive impact from an adjustment related to FX losses. Pursuant to a Prime Minister Decree, FX losses on FX liabilities related to fixed assets and other types of assets appeared in the other comprehensive income statement but still hit retained earnings and equity. Excluding the FX-related adjustment, earnings would still have grown by 23% y/y to EGP432mn in 2022 and by 11% y/y to EGP105mn in Q4 2022.

## KEY STOCK STATISTICS

Shares outstanding (mn)	<b>400.0</b>
Free float	<b>39.4%</b>
Market cap (EGPmn)	<b>4,120</b>
Market cap (USDmn)	<b>133</b>
52w range (EGP/share)	<b>4.1 – 11.5</b>
EGP100 invested 5y ago	<b>EGP148</b>
EPS (2022a / 2023e) (EGP)	<b>1.16 / 1.69</b>
P/E (2022a / 2023e)	<b>8.9x / 6.1x</b>
P/BV (2022a / 2023e)	<b>3.8x / 2.6x</b>
Last fiscal year's DPS (EGP)	<b>0.95</b>
Dividend yield	<b>9.2%</b>
5y historical beta	<b>0.78</b>
5y Proj. EPS CAGR (2022-27)	<b>13.0%</b>

Source: Prime Research.

**Revenues and earnings (ex-FX adjustment) came in line with our estimates for 2022:** As for revenues, 2022 and Q4 2022 came in line with our estimates of EGP4.55bn (variance: +0.1%) and EGP1.41bn (variance: +0.4%), respectively. However, net profits in 2022 and Q4 2022 came in much higher than our estimates of EGP421mn (variance: +10%) and EGP94mn (variance: +44%), respectively. Such a gap can be attributed to the FX-related adjustment due to changes in the accounting treatment of FX losses as mentioned above. Indeed, OLFI recorded an FX loss of only EGP8.5mn in 2022, much lower than the EGP32.8mn recorded in 9M 2022. Excluding the FX-adjustment, earnings would have been in line with our estimates for 2022 (variance: +2%) but slightly higher than our estimates for Q4 2022 (variance: +11%).



**Changes since our last update:** Given the recent macro events, we changed our assumptions as we now expect:

- Average white cheese prices to grow at a 4y CAGR (2022-26) of 19.0% vs. 7.0% previously.
- Skim milk powder (SMP) average prices to decrease at a faster rate with a 4y CAGR (2022-26) of -4.5% vs. -2.6% previously. We note that OLFI used raw milk through 2022 to overcome the high SMP costs. However, OLFI is planning to shift back to using SMP only, which we expect will be starting 2024.
- SG&A-to-revenues ratio to average of 6.9% throughout our forecast period vs. 8.8% previously. This compares to 5.3% in 2022 (vs. our expectation of 7.0%), thanks to better-than-expected revenues.
- Obour Farm's total investment rose to c.EGP300mn as a result of the EGP devaluation, as per OLFI's guidance. Thus, we increased the capex related to Obour Farm to EGP100mn in 2024 vs. EGP75mn previously. OLFI has already spent c.EGP100mn in the farm and expects to invest another EGP100mn in 2023.
- OLFI reported a low cash conversion cycle (CCC) of 35 days in 2022 due to USD shortages at the time, which led to higher days on hand for accounts & notes payable. Going forward, we expect OLFI's inventory level to rise in 2023 on higher prices after which it should normalize throughout our forecast horizon, where we expect CCC to average 67 days.

As a result of the above changes, we concluded the following:

- Overall cheese revenues to grow at a 4y CAGR (2022-26) of 19.5% vs. 6.9% previously.
- The high costs driven by the EGP devaluation would lead to relatively pressured gross profit margins, with a 4y average (2022-26) of 21.2% vs. 22.8% previously.
- OLFI will likely be able to pass through its high revenues into bottom-line earnings which we expect to grow at a 4y CAGR (2022-26) of 14.1% vs. 8.1% previously.



**Maintaining strong operational and financial performance:** OLFI has long been known for its prudent cost management, despite some setbacks. As per OLFI's management, USD is now accessible, which helps the company maintain safe inventory levels while hedging future costs. We note that OLFI's strategy has always been to keep in stock enough raw materials to cover 2-3 months of operations.

On a different note, our revenue forecasts are as follows:

- (1) Cheese revenues to remain the top revenue contributor (94% of revenues), growing at a 5y CAGR (2022-27) of 17.7% to EGP9.7bn.
- (2) Milk revenues to grow at a 5y CAGR of 15.3% to EGP434mn (4.2% of revenues).
- (3) Juice revenues to grow at a 5y CAGR of 17.3% to EGP144mn (1.4% of revenues).

In light of OLFI's cost precautions, we expect gross profit margin to increase slightly to 22.2% in 2023 (+0.7pp y/y), driven by higher selling prices. Meanwhile, OLFI distributed a cash dividend of EGP0.95/share based on 2022 financials, reflecting its operational and financial stability. This implies a payout ratio of 82% vs. a 5y average (2017-21) of 48%.

**More focus on exports through private labels brands:**

Historically, OLFI did not focus on the export market with its export revenues hovering around just USD1.0mn/year. However, OLFI now plans to expand its footprint in export markets through processed cheese and juice. We note that OLFI has only a 2-3% market share in the local juice market. In 2023, OLFI will collaborate with international producers using the private-label model for processed cheese and juice, targeting export revenues of USD12mn this year.

**Partially fulfilling milk needs through Obour Farm:** According to OLFI's management, Egypt has a huge demand for raw milk, while milk producers satisfy only 30-40% of total estimated market demand. The gap between supply and demand in the milk market makes it hard for milk producers, like OLFI, to predict their market share. For OLFI, milk is still a secondary product, which explains its 4% market share. Additionally, OLFI's raw milk needs are c.1,500 tons/day vs. only 300 tons it can secure today. However, OLFI's management expects that Obour Farm would produce 40-50 tons/day through the first stage of operations. Thus, OLFI's need for SMP to fill that production gap should decrease over time, further alleviating pressure on its margins.



**Time to operate Obour Farm?** According to OLFI's management, after the recent EGP devaluation, Obour Farm's total investment increased from EGP255mn to EGP300mn, noting that most of the investment is in EGP. OLFI already spent some EGP100mn as a part of the farm's investment, as follows:

- (1) EGP21mn for land.
- (2) EGP37mn for machinery.
- (3) EGP26mn for sheds.
- (4) Some EGP16mn for other costs (e.g. construction).

Meanwhile, OLFI's herd is expected to be 2,500 cows, the first shipment (1,000 cows) of which should be received by Q4 2023. We estimate that it will cost EUR2,500-2,700/cow (equivalent to EGP82,000-89,000/cow). So far, the farm is expected to start production in Q1 2024 (January). We note that Obour Farm was initially set to be launched in November 2021. However, the launch has been pushed back due to the delay in securing permits.

**12MPT raised to EGP11.8/share; rating downgraded to N/M:**

We expect OLFI's earnings to grow at a 5y CAGR (2022-27) of 13.0% to EGP853mn by 2027 as revenues grow at a 5y CAGR of 17.5% to EGP10.2bn over the same period. Our DCF model yielded a 12MPT of EGP11.8/share (+15% upside), implying 2023e/2024e P/E of 7.0x/6.7x and EV/EBITDA of 4.8x/4.6x. Thus, we downgrade our rating from Overweight/Medium Risk to Neutral/Medium Risk.

**Key Catalysts:** High pricing power. Strong distribution channels.

**Key Risks:** Further EGP devaluation. Higher SMP costs.



## KEY ASSUMPTIONS

Cheese Segment	2021a	2022a	2023e	2024e	2025e	2026e	2027e
Capacity (mn kg)	194	194	194	194	194	194	194
<b>Sales volumes (mn kg)</b>	<b>108</b>	<b>123</b>	<b>123</b>	<b>124</b>	<b>125</b>	<b>125</b>	<b>126</b>
Utilization rate	55.7%	63.4%	63.4%	63.8%	64.2%	64.6%	65.0%
<b>White cheese sales (EGPmn)*</b>	<b>2,765</b>	<b>4,272</b>	<b>5,896</b>	<b>6,822</b>	<b>7,892</b>	<b>8,734</b>	<b>9,665</b>
Growth	8.4%	54.5%	38.0%	15.7%	15.7%	10.7%	10.7%
<b>Average price (EGP/kg)</b>	<b>26</b>	<b>35</b>	<b>48</b>	<b>55</b>	<b>63</b>	<b>70</b>	<b>77</b>
Growth	5.7%	35.7%	38.0%	15.0%	15.0%	10.0%	10.0%
<b>Processed cheese sales (EGPmn)*</b>	<b>31</b>	<b>30</b>	<b>37</b>	<b>41</b>	<b>43</b>	<b>45</b>	<b>47</b>
Growth	25.1%	-0.6%	23.0%	10.5%	4.9%	4.5%	3.2%
<b>Average price (EGP/kg)</b>	<b>57</b>	<b>75</b>	<b>90</b>	<b>98</b>	<b>101</b>	<b>104</b>	<b>107</b>
Growth	2.1%	33.1%	20.0%	8.0%	3.0%	3.0%	3.0%
<b>Cost of sales (EGPmn)**</b>	<b>(2,121)</b>	<b>(3,361)</b>	<b>(4,628)</b>	<b>(5,445)</b>	<b>(6,254)</b>	<b>(7,048)</b>	<b>(7,780)</b>
Growth	10.5%	58.5%	37.7%	17.7%	14.8%	12.7%	10.4%
<b>Gross profit (EGPmn)</b>	<b>674</b>	<b>942</b>	<b>1,305</b>	<b>1,418</b>	<b>1,682</b>	<b>1,731</b>	<b>1,932</b>
GPM	24.1%	21.9%	22.0%	20.7%	21.2%	19.7%	19.9%
<b>Skim Milk Powder (SMP) cost</b>							
<b>SMP cost (EGPmn)</b>	<b>793</b>	<b>1,036</b>	<b>1,607</b>	<b>2,238</b>	<b>2,493</b>	<b>2,701</b>	<b>2,836</b>
Growth	9.1%	30.6%	55.1%	39.3%	11.4%	8.3%	5.0%
<b>SMP cost (USDmn)</b>	<b>51</b>	<b>54</b>	<b>52</b>	<b>68</b>	<b>66</b>	<b>63</b>	<b>60</b>
Growth	11.7%	6.5%	-4.2%	32.1%	-4.0%	-4.2%	-4.5%
<b>Milk &amp; Juice Segment</b>							
<b>Milk sales (EGPmn)*</b>	<b>191</b>	<b>213</b>	<b>252</b>	<b>299</b>	<b>338</b>	<b>383</b>	<b>434</b>
Growth	27.2%	11.5%	18.5%	18.5%	13.3%	13.3%	13.3%
<b>Juice sales (EGPmn)*</b>	<b>37</b>	<b>65</b>	<b>76</b>	<b>89</b>	<b>105</b>	<b>123</b>	<b>144</b>
Growth	-7.5%	76.3%	17.3%	17.3%	17.3%	17.3%	17.3%
<b>Cost of sales (EGPmn)**</b>	<b>(182)</b>	<b>(220)</b>	<b>(255)</b>	<b>(291)</b>	<b>(335)</b>	<b>(388)</b>	<b>(454)</b>
Growth	25.1%	21.0%	15.9%	14.1%	14.9%	15.9%	16.9%
<b>Gross profit (EGPmn)</b>	<b>46</b>	<b>57</b>	<b>73</b>	<b>96</b>	<b>108</b>	<b>118</b>	<b>124</b>
GPM	20.0%	20.6%	22.1%	24.8%	24.4%	23.3%	21.5%

\* Gross sales.

\*\* Cost of sales including depreciation.

Source: Company reports, Prime Research.



## VALUATION MODEL

EGPmn	2023e	2024e	2025e	2026e	2027e	Terminal
<b>EBIT</b>	<b>910</b>	<b>954</b>	<b>1,080</b>	<b>1,039</b>	<b>1,134</b>	
Taxes on EBIT	(205)	(215)	(243)	(234)	(255)	
Board & employees allocation	(46)	(67)	(70)	(81)	(78)	
<b>NOPAT</b>	<b>659</b>	<b>672</b>	<b>767</b>	<b>725</b>	<b>800</b>	<b>840</b>
D&A	63	73	83	83	84	
Change in WC	(528)	(160)	(165)	(157)	(153)	
Capex	(162)	(172)	(83)	(92)	(102)	
<b>Net investments</b>	<b>(627)</b>	<b>(259)</b>	<b>(165)</b>	<b>(166)</b>	<b>(172)</b>	<b>(249)</b>
<b>FCFF</b>	<b>32</b>	<b>413</b>	<b>602</b>	<b>558</b>	<b>629</b>	<b>592</b>
<b>Present Value of FCFF</b>	<b>28</b>	<b>294</b>	<b>353</b>	<b>275</b>	<b>269</b>	<b>2,443</b>
<b>Enterprise Value</b>	<b>3,662</b>					
Net (Debt)/ Cash	(209)					
Other investments	-					
Minorities	(4)					
<b>DCF Equity Value (EGP)</b>	<b>3,449</b>					
NOS (mn)	400.0					
<b>FV (EGP/share)</b>	<b>8.6</b>					
Market price	10.30					
<b>12MPT (EGP/share)</b>	<b>11.8</b>					
Upside/downside	15%					

**Reinvestment rate** 30%

**ROIC** 17%

**TGR** 5%

## SENSITIVITY ANALYSIS

		Terminal growth rate				
		3.0%	4.0%	5.0%	6.0%	7.0%
Terminal WACC	13.4%	12.7	12.9	13.1	13.4	13.8
	14.4%	12.0	12.2	12.4	12.7	12.9
	15.4%	11.5	11.6	11.8	12.0	12.2
	16.4%	11.0	11.1	11.3	11.4	11.6
	17.4%	10.5	10.7	10.8	10.9	11.1

		Terminal SMP Price (USD/ton)				
		2,900	3,000	3,100	3,200	3,300
Terminal exchange rate (EGP/USD)	45.3	16.1	15.2	14.2	13.2	12.3
	46.3	15.0	14.0	13.0	12.0	11.0
	47.3	13.8	12.8	11.8	10.8	9.8
	48.3	12.7	11.6	10.6	9.6	8.5
	49.3	11.5	10.4	9.4	8.3	7.3

## PEERS ANALYSIS (AS OF 10-APR-2023)

Peer Group Comparable (TTM)	Ticker	Country	Mkt Cap (USDmn)	Revenues (USDmn)	Net Income (USDmn)	ROE	ROA	P/E	P/B
<b>Local Peers' Average</b>			<b>210</b>	<b>249</b>	<b>17</b>	<b>23.9%</b>	<b>10.8%</b>	<b>10.6x</b>	<b>2.5x</b>
Arabian Food Industries	DOMT	Egypt	53	169	9	23.6%	8.6%	6.2x	1.5x
Juhayna Food Industries	JUFO	Egypt	373	368	21	18.7%	10.0%	18.1x	3.4x
Edita Food Industries	EFID	Egypt	349	248	31	35.3%	16.6%	11.2x	4.0x
Cairo Poultry	POUL	Egypt	66	209	10	18.1%	7.9%	6.9x	1.2x
<b>Regional Peers' Average</b>			<b>6,095</b>	<b>1,946</b>	<b>175</b>	<b>9.9%</b>	<b>6.0%</b>	<b>239.8x</b>	<b>4.4x</b>
Almarai	ALMARAI	KSA	15,433	4,986	469	11.8%	6.1%	28.8x	3.4x
Halwani Bros	HB	KSA	543	273	1	0.6%	0.3%	660.0x	4.7x
Saudia Dairy & Foodstuff	SADAFCO	KSA	2,309	579	55	17.2%	11.8%	30.5x	5.2x
<b>Obour Land Food Industries</b>	<b>OLFI</b>	<b>Egypt</b>	<b>133</b>	<b>148</b>	<b>15</b>	<b>42.2%</b>	<b>18.0%</b>	<b>8.9x</b>	<b>3.8x</b>

Source: Bloomberg, Prime Research.



## FINANCIAL MODEL

Financials (ends 31 Dec. EGPmn)	2021a	2022a	2023e	2024e	2025e	2026e	2027e
<b>Income Statement</b>							
<b>Total revenue (Net)</b>	<b>3,007</b>	<b>4,560</b>	<b>6,228</b>	<b>7,212</b>	<b>8,334</b>	<b>9,236</b>	<b>10,235</b>
Cost of revenues	(2,299)	(3,581)	(4,848)	(5,695)	(6,541)	(7,389)	(8,185)
<b>Gross profit</b>	<b>708</b>	<b>979</b>	<b>1,380</b>	<b>1,517</b>	<b>1,793</b>	<b>1,847</b>	<b>2,050</b>
SG&A	(197)	(241)	(411)	(494)	(635)	(731)	(839)
Other operating (exp.)/ Inc.	19	(7)	(3)	(4)	(5)	(5)	(6)
<b>EBITDA</b>	<b>515</b>	<b>741</b>	<b>973</b>	<b>1,027</b>	<b>1,163</b>	<b>1,122</b>	<b>1,218</b>
Depreciation & amortization	(68)	(69)	(63)	(73)	(83)	(83)	(84)
<b>EBIT</b>	<b>447</b>	<b>673</b>	<b>910</b>	<b>954</b>	<b>1,080</b>	<b>1,039</b>	<b>1,134</b>
Finance (expense)/income	(7)	(17)	(32)	(37)	(26)	(18)	(21)
<b>Profit before taxes</b>	<b>455</b>	<b>600</b>	<b>871</b>	<b>908</b>	<b>1,044</b>	<b>1,010</b>	<b>1,100</b>
Taxes	(104)	(138)	(196)	(204)	(235)	(227)	(248)
<b>Net profit before minorities</b>	<b>351</b>	<b>462</b>	<b>675</b>	<b>704</b>	<b>809</b>	<b>783</b>	<b>853</b>
Minorities	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Net profit after minorities</b>	<b>351</b>	<b>462</b>	<b>675</b>	<b>704</b>	<b>809</b>	<b>783</b>	<b>853</b>

<b>Balance Sheet</b>							
<b>Current Assets</b>							
Cash & Cash Equivalents	336	725	910	958	1,014	1,050	1,252
Trade & other receivables	33	72	99	115	132	147	163
Inventory	454	828	1,121	1,317	1,513	1,709	1,893
Other Current Assets	17	264	144	167	193	214	237
<b>Total Current Assets</b>	<b>840</b>	<b>1,890</b>	<b>2,274</b>	<b>2,557</b>	<b>2,853</b>	<b>3,120</b>	<b>3,545</b>
Fixed Assets (net)	678	623	723	822	822	832	850
Other Non-Current Assets	30	54	54	54	54	54	54
<b>Total Assets</b>	<b>1,548</b>	<b>2,567</b>	<b>3,051</b>	<b>3,432</b>	<b>3,728</b>	<b>4,005</b>	<b>4,449</b>
<b>Liabilities &amp; Equity</b>							
Credit Facilities	107	388	751	879	758	852	944
Long Term Debt - Current Portion	25	39	26	22	7	2	1
Other current liabilities	265	981	661	735	809	884	954
<b>Total Current Liabilities</b>	<b>396</b>	<b>1,408</b>	<b>1,437</b>	<b>1,636</b>	<b>1,575</b>	<b>1,738</b>	<b>1,899</b>
Long-Term Debt	37	19	13	11	4	1	0
Other Non-Current Liabilities	110	44	44	44	44	44	44
<b>Total Liabilities</b>	<b>543</b>	<b>1,472</b>	<b>1,495</b>	<b>1,691</b>	<b>1,623</b>	<b>1,784</b>	<b>1,943</b>
Minority Interest	4	4	4	4	4	4	4
<b>Total Equity</b>	<b>1,005</b>	<b>1,095</b>	<b>1,556</b>	<b>1,741</b>	<b>2,106</b>	<b>2,221</b>	<b>2,505</b>
<b>Total Liabilities &amp; Equity</b>	<b>1,548</b>	<b>2,567</b>	<b>3,051</b>	<b>3,432</b>	<b>3,728</b>	<b>4,005</b>	<b>4,449</b>

<b>Cash Flow Statement</b>							
Cash from Operating	586	430	4	99	282	41	215
Cash from Investing	(60)	(20)	(470)	(265)	(180)	(184)	(192)
Cash from Financing	(523)	56	344	122	(143)	87	89
<b>Net Change in Cash</b>	<b>2</b>	<b>467</b>	<b>(123)</b>	<b>(45)</b>	<b>(40)</b>	<b>(56)</b>	<b>113</b>

Source: Company reports, Prime Research.



## FINANCIAL MODEL (CONT.'D)

Key Performance Indicators	2021a	2022a	2023e	2024e	2025e	2026e	2027e
<b>Per-Share Data</b>							
Price (EGP)	5.93	5.77	10.30	10.30	10.30	10.30	10.30
# shares (WA, in mn)	400.0	400.0	400.0	400.0	400.0	400.0	400.0
EPS (EGP)	0.88	1.16	1.69	1.76	2.02	1.96	2.13
Payout ratio	68.4%	82.2%	70.0%	70.0%	70.0%	70.0%	70.0%
DPS (EGP)	0.60	0.95	1.20	1.20	1.40	1.40	1.50
BVPS (EGP)	2.51	2.74	3.89	4.35	5.26	5.55	6.26

<b>Valuation Indicators</b>							
P/E (x), on end of FY market price	6.8x	5.0x	6.1x	5.9x	5.1x	5.3x	4.8x
P/E (x), based on our 12MPT			7.0x	6.7x	5.8x	6.0x	5.5x
DY, actual on BoP price, est. on current	10.6%	16.0%	11.7%	11.7%	13.6%	13.6%	14.6%
P/BV (x)	2.4x	2.1x	2.6x	2.4x	2.0x	1.9x	1.6x
EV/IC (x)	2.5x	2.4x	2.7x	2.3x	2.0x	1.9x	1.7x
EV/Sales (x)	0.8x	0.5x	0.7x	0.6x	0.5x	0.4x	0.4x
EV/EBIT (x)	5.1x	3.1x	4.5x	4.3x	3.7x	3.8x	3.4x
EV/EBITDA (x)	4.4x	2.8x	4.2x	4.0x	3.4x	3.6x	3.2x

<b>Profitability &amp; Growth Ratios</b>							
Revenue Growth	10%	52%	37%	16%	16%	11%	11%
EBIT Growth	9%	51%	35%	5%	13%	(4%)	9%
EPS Growth	13%	32%	46%	4%	15%	(3%)	9%
Asset Growth	14.2%	65.8%	18.8%	12.5%	8.6%	7.4%	11.1%
GPM	24%	21%	22%	21%	22%	20%	20%
EBIT Margin	15%	15%	15%	13%	13%	11%	11%
Net Margin	12%	10%	11%	10%	10%	8%	8%
Asset Turnover Ratio	1.94x	1.78x	2.04x	2.10x	2.24x	2.31x	2.30x
ROIC	29%	54%	74%	45%	43%	38%	38%
ROAE	36%	44%	51%	43%	42%	36%	36%
ROAA	24%	22%	24%	22%	23%	20%	20%

<b>Liquidity &amp; Solvency Multiples</b>							
Net Debt (Cash)	(110)	(209)	(50)	24	(175)	(124)	(237)
Net Debt (Cash) /Equity	(11%)	(19%)	(3%)	1%	(8%)	(6%)	(9%)
Net Debt (Cash) to EBIT	-0.2x	-0.3x	-0.1x	0.0x	-0.2x	-0.1x	-0.2x
Debt to Assets	0.15x	0.20x	0.28x	0.29x	0.23x	0.23x	0.23x
Current ratio	2.1x	1.3x	1.6x	1.6x	1.8x	1.8x	1.9x

<b>Consensus Estimates (EGPmn)</b>							
<b>Revenues</b>			<b>6,035</b>	<b>6,548</b>	<b>7,060</b>	<b>7,392</b>	
Prime Research vs. Consensus			3%	10%	18%	25%	
<b>Net Income</b>			<b>656</b>	<b>723</b>	<b>802</b>	<b>989</b>	
Prime Research vs. Consensus			3%	-3%	1%	-21%	

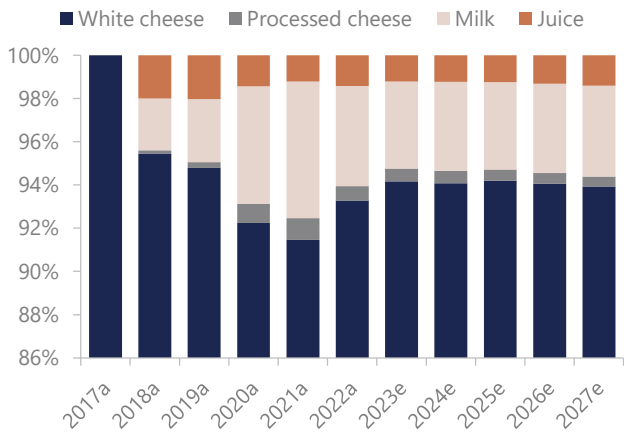
Source: Company reports, Bloomberg, Prime Research.



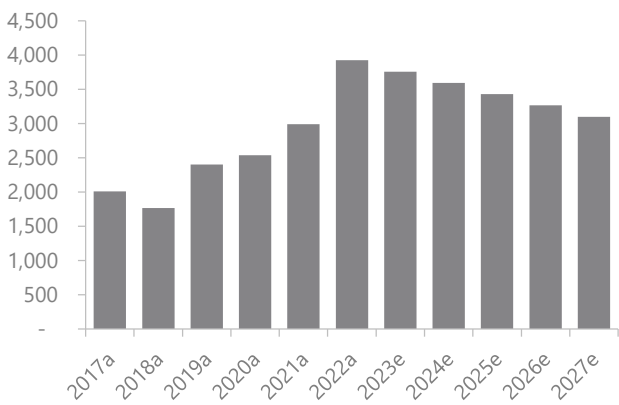


STORY IN CHARTS

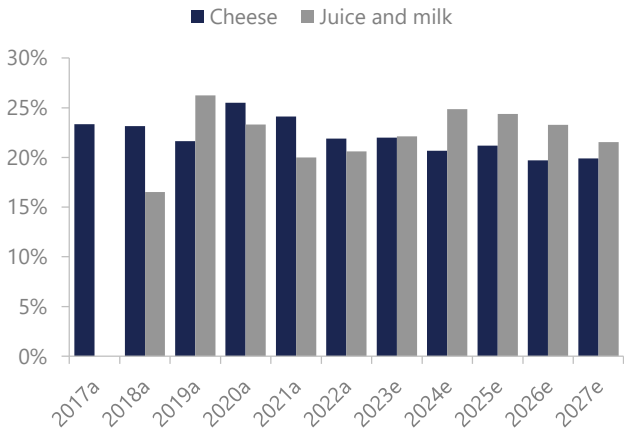
Revenue Mix



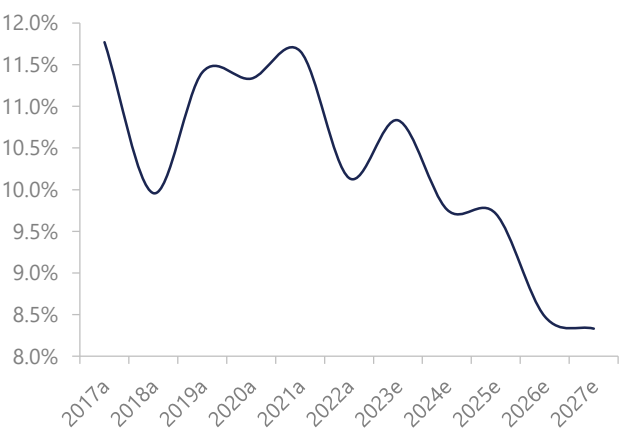
Skim Milk Powder (SMP) (USD/ton)



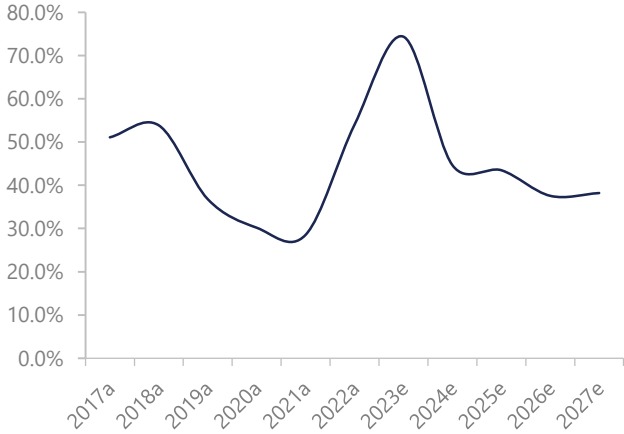
Gross Profit Margin



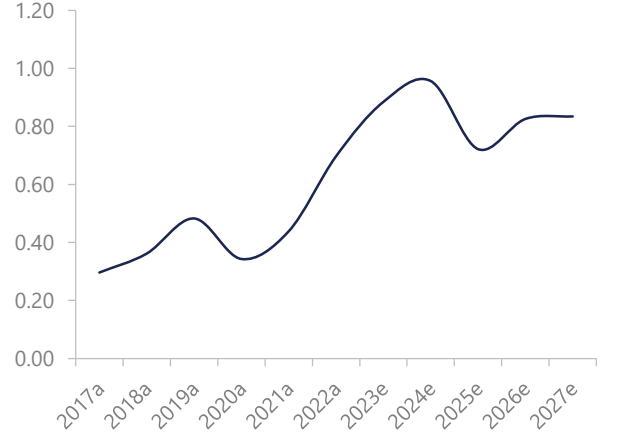
Net Profit Margin



Return on Invested Capital (ROIC)



Debt to EBITDA



Source: Company reports, Prime Research.

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