

Obour Land

Cheapest food name in our coverage

Company Update

Food Products. Egypt

www

Up TP and reiterate Buy, on valuation and dividend yield

We raise our TP for Obour Land to EGP22.0 (102% upside), mainly on DCF rollover and solid 1H24 results (recurring earnings +28% Y-o-Y, on strong revenue growth and improved margins), which is commendable, given the surge in almost all raw material and shipping costs, as well as EGP devaluation. We maintain our Buy rating – while the company's growth outlook is comparatively weaker than that of other Egyptian food names (recurring earnings +33% in 2024e, on price increases, with a 7% CAGR thereafter), we believe its current valuation is too low (c4x 2025e P/E – cheapest food name in our coverage), especially given its strong profitability profile (2023: RoAE 108%, RoAIC 106%, net margin c10%). The stock also offers an attractive dividend yield – we assume a DPO of 75% of headline earnings over our forecast horizon (in line with five-year historical average), implying an attractive 2024e dividend yield of c18% to be paid in 2025e.

White cheese still resilient; strong growth opportunity in processed cheese

The cheese segment (90% of 1H24 total) revenue grew 24% Y-o-Y in 1H24, as a result of several price increases implemented largely in 2023 to mitigate the high inflation and EGP devaluation (white cheese avg. selling price +c70% Y-o-Y in 2023). Prices were increased frequently in Jan-Feb 2024 and were later reduced by c10% in Mar 2024, upon the government's directive to local manufacturers of core products, with no further price increases planned for 2024e. While we expect white cheese volumes to grow c2% p. a., in line with the market, growth could be higher for Obour Land, on potential market share gains (currently the dominant player, with a c40% market share, closely followed by Domty with Rhodes gaining traction – c20% market share). Meanwhile, the processed cheese segment is seeing stronger growth trends (revenue +162% to EGP80mn in 2023; +8x Y-o-Y in 8M24, driven mainly by exports – c75-80% of total), but its contribution remains small (c4-6% of sales). Total cheese segment's gross margin expanded 3.7pp Y-o-Y to 24.6% in 1H24 (gross profit +46%, c94% of total), with mgmt. guiding for c24-25% as a gross margin level for the total business for 2024e (vs historical avg. c22%).

Milk segment growing from a low base; juice continues to underperform

The company ventured into the milk and juice segments in Dec 2017. The segment's contribution to revenue doubled to 10% in 1H24 (vs 5% in 2023), as milk expanded from a low base (+2.4x Y-o-Y in 8M24), while juice continued to underperform, with sales down 35% in 2023 (price-driven, highly competitive market – will not be a focus area for Obour Land). Contribution to profit is lower (c6% of 1H24 gross profit), due to the segment's lower margins, despite some improvement in milk margins, as the company removed the discounts that were offered in 2023.

Adding capacity in smaller segments; investing in dairy farm to secure raw milk supply

Obour Land is looking to invest cUSD2mn (cEGP100mn) annually over 2024-27e, mainly on a new processed cheese line (to increase capacity to 15k tonnes), a 1L filling line for milk, and some investments in the premium plastic tub product. In addition, the company is planning to add 1k heads to its dairy farm by 1Q25 for EUR2mn (farm is mostly ready). The farm is targeted to produce 100k tonnes of raw milk in MT, which should eventually supply c25% of the company's raw milk receiving capacity, but execution has been slow.

Key Financial Highlights (Dec Year End)

In EGPmn, unless otherwise stated	2023a	2024e	2025e	2026e
Revenue	7,202	8,778	9,334	9,906
EBITDA	1,749	1,830	1,893	1,968
Net income	717	951	1,013	1,113
EPS (EGP)	1.79	2.38	2.53	2.78
EPS consensus (EGP)	1.79	N/A	N/A	N/A
Price to earnings	6.1x	4.6x	4.3x	3.9x
Dividend yield	8.7%	17.9%	19.3%	21.2%
Net debt (cash) / Equity	0.2x	1.3x	0.7x	0.6x
EV / EBITDA	3.5x	3.4x	3.3x	3.2x
ROAE	107.7%	125.2%	109.9%	101.2%
FCF yield	21.4%	-11.5%	25.7%	20.8%

Source: Obour Land, Bloomberg and EFG Hermes estimates

Stock Rating	Target Price	Closing Price
Buy	EGP22.0	EGP10.9
What's Changed	From	To
Target price	11.0	22.0
2024e EPS	0.931	2.38
2025e EPS	1.01	2.53

Stock Data

Closing Price	EGP10.9 as of 25 Sep 2024
Last Div. / Ex. Date	EGP0.950 / 07 May 2024
Mkt. Cap / Shares (mn)	USD89.9 / 400.0
Av. Daily Liquidity (mn)	USD0.24
52-Week High / Low	EGP14.6 / EGP7.8
Bloomberg / Reuters	OLFI.EY / OLFI.CA
Est. Free Float	38.8%

Mirna Maher, CFA

+20 2 35356141 | mmaher@efg-hermes.com

Hatem Alaa, CFA

+20 2 35356156 | halaa@efg-hermes.com

Data Miner

Investment Thesis

Obour Land is a leading producer of white cheese (staple food item) in Egypt, with a c40%+ market share in carton-pack cheese (total cheese sales – c95% of 2023 revenues). It sells c80+ SKUs under three brands (Obour Land, Obour Garden and Obour Farm) and operates 15 Tetra Pak production lines (c190k tpa white cheese capacity; one for plastic cheese tubs; c4k), in addition to a spreadable cheese line (c6k tpa in 2018). The company ventured into milk and juice (c126k) in Dec 2017 (three lines) – both segments contributed c5% to 2023 revenue. Raw materials constitute c60%+ of cash costs (mainly SMP), followed by packaging material. Obour Land relies on a cash-and-carry model, with the bulk of sales (c70%) done through wholesalers who pay in cash (limited modern trade sales at c2%). Given that Tetra Pak is its primary supplier of packaging and machinery, the company enjoys special technical and financial benefits, including favourable payment terms for machines, discounts on packaging materials (up to 20%) and marketing support. In Oct 2017, the company announced plans to set up a dairy farm (to start with 1k heads by 1Q25) that should eventually supply c25% of its raw milk needs, but execution has been slow. We are Buyers of the name, on valuation grounds and an impressive profitability profile (2023: RoAE 108%, RoAIC 107%, net margin c10%).

Dec Year End				
In EGPmn, unless otherwise stated	2023a	2024e	2025e	2026e
Income Statement				
Revenue	7,202	8,778	9,334	9,906
EBITDA	1,749	1,830	1,893	1,968
Net operating profit (EBIT)	1,683	1,763	1,821	1,878
Taxes or zakat	(155)	(331)	(357)	(391)
Minority interest	0	0	0	0
Net income	717	951	1,013	1,113
Balance Sheet				
Cash and cash equivalents	735	780	761	716
Total assets	2,588	4,318	4,317	4,610
Total liabilities	1,903	3,477	3,307	3,414
Total equity	685	842	1,011	1,196
Total net debt (cash)	164	1,063	734	678
Cash Flow Statement				
Cash operating profit after taxes	1,534	1,439	1,432	1,464
Change in working capital	(423)	(1,378)	175	(211)
CAPEX	(48)	(190)	(157)	(103)
Investments	0	0	0	0
Free cash flow	1,062	(130)	1,450	1,150
Net financing	(48)	564	(1,130)	(944)
Change in cash	11	44	(19)	(45)

Source: Obour Land, EFG Hermes estimates

Valuation and Risks

We value Obour Land using a five-year DCF methodology, yielding a target price of EGP22.0. Key upside risks include: i) faster cheese volume growth and higher market share gains; ii) better-than-expected growth in new segments (milk and juice – assume c10% of sales by 2028e); iii) higher margins, on low commodity prices and/or sales mix; iv) higher-than-expected price increases or sales mix impact from the introduction of higher-priced SKUs (such as Obour Premier range that could sell at up to double normal prices); and v) new successful product launches. Key downside risks include: i) weaker-than-expected ramp-up of new segments; ii) higher SG&A costs (lowest amongst food names, at c4% of 2023 sales); iii) return dilution from dairy farm investment; iv) higher-than-expected increases in raw material prices (especially SMP); v) FX risk (c60%+ of raw materials are imported); vi) weaker cheese volumes and/or margins, due to competition; and vii) weaker cash conversion cycle.

Dec Year End				
In EGPmn, unless otherwise stated	2023a	2024e	2025e	2026e
Per Share Financial Summary				
EPS (EGP)	1.79	2.38	2.53	2.78
DPS (EGP)	0.95	1.96	2.11	2.32
BVPS (EGP)	1.70	2.09	2.52	2.98
Valuation Metrics				
Price to earnings	6.1x	4.6x	4.3x	3.9x
Price to book value	6.4x	5.2x	4.3x	3.7x
Price to cash flow	3.9x	72.2x	2.7x	3.5x
FCF yield	21.4%	-11.5%	25.7%	20.8%
Dividend yield	8.7%	17.9%	19.3%	21.2%
EV / EBITDA	3.5x	3.4x	3.3x	3.2x
EV / Invested capital	6.9x	3.1x	3.4x	3.1x
ROAIC	106.5%	62.2%	52.1%	53.5%
ROAE	107.7%	125.2%	109.9%	101.2%
KPIs				
Revenue growth (Y-o-Y)	57.9%	21.9%	6.3%	6.1%
EBITDA growth (Y-o-Y)	136.9%	4.6%	3.4%	3.9%
Gross profit margin	27.8%	24.5%	24.2%	23.8%
EBITDA margin	24.3%	20.8%	20.3%	19.9%
Net operating profit (EBIT) margin	23.4%	20.1%	19.5%	19.0%
Effective tax rate	24.8%	24.1%	24.1%	24.0%
Net Debt (Cash) / Equity	0.2x	1.3x	0.7x	0.6x
Net Debt (Cash) / EBITDA	0.1x	0.6x	0.4x	0.3x

Source: Obour Land, EFG Hermes estimates

Figure 1: Summary of DCF valuation

In EGPmn

	2024e	2025e	2026e	2027e	2028e
EBITDA	1,830	1,893	1,968	2,025	2,075
Taxes	(331)	(357)	(391)	(418)	(440)
Appropriations	(60)	(104)	(113)	(124)	(132)
Capex	(190)	(157)	(103)	(105)	(106)
Working capital investments	(1,378)	175	(211)	(223)	(235)
Free cash flow	(130)	1,450	1,150	1,155	1,161
<i>PV of FCF</i>	<i>(130)</i>	<i>1,161</i>	<i>738</i>	<i>594</i>	<i>478</i>
<i>PV of terminal value</i>					<i>7,495</i>
WACC*	24.8%				
Terminal growth rate	6.5%				
Enterprise value	10,335				
Net debt (2Q24)	1,531				
Minority interest (2Q24)	4				
Equity value	8,800				
Number of shares (mn)	400				
Target price/share (EGP)	22.0				

*Terminal WACC of 15.7%

Source: Company data, EFG Hermes estimates

Figure 2: Sensitivity of TP (EGP) to changes in WACC and terminal growth rate

		WACC				
		13.7%	14.7%	15.7%	16.7%	17.7%
Terminal growth rate	4.5%	23.0	20.4	18.4	16.7	15.2
	5.5%	25.6	22.5	20.0	18.0	16.3
	6.5%	28.9	25.0	22.0	19.6	17.6
	7.5%	33.3	28.3	24.5	21.5	19.2
	8.5%	39.5	32.6	27.7	24.0	21.1

Source: EFG Hermes estimates

Figure 3: Revenue and gross profit forecasts by segment

In EGPmn, unless otherwise stated

	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
White cheese*									
Capacity (tonnes)	194,075	194,075	194,075	194,075	194,075	194,075	194,075	194,075	194,075
Growth	0%	0%	0%	0%	0%	0%	0%	0%	0%
Utilisation	54%	56%	63%	63%	61%	63%	64%	66%	67%
Volumes (tonnes)	105,495	108,131	123,152	121,859	118,934	121,789	124,711	127,705	130,769
Growth	0%	2%	14%	-1%	-2%	2%	2%	2%	2%
Avg. price EGP/kg	24,185	25,566	34,691	55,529	65,524	67,096	68,707	70,356	72,044
Growth	2%	6%	36%	60%	18%	2%	2%	2%	2%
Revenue (EGPmn)	2,551	2,765	4,272	6,767	7,793	8,172	8,569	8,985	9,421
Growth	3%	8%	55%	58%	15%	5%	5%	5%	5%
% of total	93%	92%	94%	94%	89%	88%	86%	86%	85%
Processed cheese									
Capacity (tonnes)	6,000	6,000	6,000	6,000	15,000	15,000	15,000	15,000	15,000
Growth	0%	0%	0%	0%	150%	0%	0%	0%	0%
Utilisation	7%	9%	7%	13%	17%	20%	24%	27%	29%
Volumes (tonnes)	442	541	404	767	2,529	3,035	3,539	4,006	4,359
Growth	314%	23%	-25%	89%	230%	20%	17%	13%	9%
Avg. price (EGP/tonne)	55.5	56.6	75.5	104.4	128.5	131.5	134.7	137.9	140.0
Growth	-14%	2%	33%	38%	23%	2%	2%	2%	2%
Revenue	25	31	31	80	325	399	477	553	610
Growth	256%	25%	0%	162%	306%	23%	19%	16%	10%
% of total	1%	1%	1%	1%	4%	4%	5%	5%	6%
TOTAL CHEESE									
Capacity (tonnes)	200,075	200,075	200,075	200,075	209,075	209,075	209,075	209,075	209,075
Growth	0%	0%	0%	0%	4%	0%	0%	0%	0%
Utilisation	53%	54%	62%	61%	58%	60%	61%	63%	65%
Volumes (tonnes)	105,937	108,673	123,557	122,625	121,464	124,824	128,251	131,711	135,128
Growth	1%	3%	14%	-1%	-1%	3%	3%	3%	3%
Revenue	2,549	2,779	4,283	6,814	8,080	8,531	9,003	9,493	9,984
Growth	4%	9%	54%	59%	19%	6%	6%	5%	5%
Avg. price (EGP/tonne)	24,065	25,572	34,662	55,568	66,521	68,341	70,197	72,071	73,888
Growth	3%	6%	36%	60%	20%	3%	3%	3%	3%
Cheese gross profit	613	636	895	1,924	2,020	2,103	2,188	2,273	2,356
Growth	19%	4%	41%	115%	5%	4%	4%	4%	4%
Cheese gross margin	24.0%	22.9%	20.9%	28.2%	25.0%	24.7%	24.3%	24.0%	23.6%
Change	3.1%	-1.2%	-2.0%	7.3%	-3.2%	-0.4%	-0.4%	-0.4%	-0.4%
JUICE & MILK									
Revenue	190	228	278	388	698	803	904	994	1,069
Growth	47%	20%	22%	40%	80%	15%	13%	10%	8%
% of total	7%	8%	6%	5%	8%	9%	9%	9%	10%
Juice & milk gross profit	29	35	45	74	133	152	169	185	197
Growth	-4%	22%	27%	64%	79%	14%	12%	9%	7%
% of total	5%	5%	5%	4%	6%	7%	7%	8%	8%
Juice & milk gross margin	15.4%	15.6%	16.3%	19.2%	19.0%	18.9%	18.7%	18.6%	18.5%
Change	-8.2%	0.2%	0.7%	2.9%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Total revenue	2,739	3,007	4,560	7,202	8,778	9,334	9,906	10,487	11,053
Growth	6%	10%	52%	58%	22%	6%	6%	6%	5%
Total gross profit	642	671	940	1,999	2,153	2,254	2,357	2,458	2,554
Growth	18%	5%	40%	113%	8%	5%	5%	4%	4%
Gross margin	23.4%	22.3%	20.6%	27.8%	24.5%	24.2%	23.8%	23.4%	23.1%
Change	2.3%	-1.1%	-1.7%	7.1%	-3.2%	-0.4%	-0.4%	-0.3%	-0.3%

*Includes plastic tub cheese

Source: Company data, EFG Hermes estimates

Figure 4: Key income statement and balance sheet trends

In EGPmn

	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Revenue	2,739	3,007	4,560	7,202	8,778	9,334	9,906	10,487	11,053
<i>Growth</i>	<i>6%</i>	<i>10%</i>	<i>52%</i>	<i>58%</i>	<i>22%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>5%</i>
Gross profit	642	671	940	1,999	2,153	2,254	2,357	2,458	2,554
<i>Growth</i>	<i>18%</i>	<i>5%</i>	<i>40%</i>	<i>113%</i>	<i>8%</i>	<i>5%</i>	<i>5%</i>	<i>4%</i>	<i>4%</i>
<i>Gross margin</i>	<i>23.4%</i>	<i>22.3%</i>	<i>20.6%</i>	<i>27.8%</i>	<i>24.5%</i>	<i>24.2%</i>	<i>23.8%</i>	<i>23.4%</i>	<i>23.1%</i>
<i>Change</i>	<i>2.3%</i>	<i>-1.1%</i>	<i>-1.7%</i>	<i>7.1%</i>	<i>-3.2%</i>	<i>-0.4%</i>	<i>-0.4%</i>	<i>-0.3%</i>	<i>-0.3%</i>
EBITDA	472	511	738	1,749	1,830	1,893	1,968	2,025	2,075
<i>Growth</i>	<i>16%</i>	<i>8%</i>	<i>44%</i>	<i>137%</i>	<i>5%</i>	<i>3%</i>	<i>4%</i>	<i>3%</i>	<i>2%</i>
<i>EBITDA margin</i>	<i>17.2%</i>	<i>17.0%</i>	<i>16.2%</i>	<i>24.3%</i>	<i>20.8%</i>	<i>20.3%</i>	<i>19.9%</i>	<i>19.3%</i>	<i>18.8%</i>
<i>Change</i>	<i>1.5%</i>	<i>-0.2%</i>	<i>-0.8%</i>	<i>8.1%</i>	<i>-3.4%</i>	<i>-0.6%</i>	<i>-0.4%</i>	<i>-0.6%</i>	<i>-0.5%</i>
Depreciation	63	69	69	66	67	72	90	95	100
<i>Growth</i>	<i>36%</i>	<i>9%</i>	<i>-1%</i>	<i>-4%</i>	<i>2%</i>	<i>7%</i>	<i>26%</i>	<i>6%</i>	<i>5%</i>
EBIT	409	442	670	1,683	1,763	1,821	1,878	1,930	1,974
<i>Growth</i>	<i>14%</i>	<i>8%</i>	<i>52%</i>	<i>151%</i>	<i>5%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>2%</i>
<i>EBIT margin</i>	<i>15%</i>	<i>15%</i>	<i>15%</i>	<i>23%</i>	<i>20%</i>	<i>20%</i>	<i>19%</i>	<i>18%</i>	<i>18%</i>
<i>Change</i>	<i>1%</i>	<i>0%</i>	<i>0%</i>	<i>9%</i>	<i>-3%</i>	<i>-1%</i>	<i>-1%</i>	<i>-1%</i>	<i>-1%</i>
Recurring net income	258	292	471	717	951	1,013	1,113	1,192	1,253
<i>Growth</i>	<i>18.9%</i>	<i>13.1%</i>	<i>61.2%</i>	<i>52.3%</i>	<i>32.6%</i>	<i>6.5%</i>	<i>9.8%</i>	<i>7.2%</i>	<i>5.1%</i>
<i>Recurring net margin</i>	<i>9.4%</i>	<i>9.7%</i>	<i>10.3%</i>	<i>10.0%</i>	<i>10.8%</i>	<i>10.9%</i>	<i>11.2%</i>	<i>11.4%</i>	<i>11.3%</i>
<i>Change</i>	<i>1.0%</i>	<i>0.3%</i>	<i>0.6%</i>	<i>-0.4%</i>	<i>0.9%</i>	<i>0.0%</i>	<i>0.4%</i>	<i>0.1%</i>	<i>0.0%</i>
Inventory DoH	87	79	64	56	79	103	96	100	103
Receivable DoH	5	4	4	5	7	8	9	9	10
Payable DoH	11	10	38	32	18	24	28	31	34
CCC (days)	80	73	30	29	67	87	77	78	79
Net debt (cash)	146	(101)	(209)	164	1,063	734	678	637	612
<i>Net debt (cash)/equity (x)</i>	<i>0.2</i>	<i>(0.1)</i>	<i>(0.3)</i>	<i>0.2</i>	<i>1.3</i>	<i>0.7</i>	<i>0.6</i>	<i>0.5</i>	<i>0.4</i>
<i>Net debt (cash)/EBITDA (x)</i>	<i>0.3</i>	<i>(0.2)</i>	<i>(0.3)</i>	<i>0.1</i>	<i>0.6</i>	<i>0.4</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>

Source: Company data, EFG Hermes estimates

Financial statements

Income Statement (Dec Year End)

In EGPmn	2023a	2024e	2025e	2026e
Revenue	7,202	8,778	9,334	9,906
COGS	(5,204)	(6,626)	(7,079)	(7,549)
Gross profit	1,999	2,153	2,254	2,357
SG&A	(300)	(373)	(416)	(458)
Other operating inc (expense)	0	0	0	0
EBITDA	1,749	1,830	1,893	1,968
Depreciation and amortisation	(66)	(67)	(72)	(90)
Net operating profit (EBIT)	1,683	1,763	1,821	1,878
Share of results from associates	0	0	0	0
Net investment income (loss)	0	0	0	0
Net interest income (expense)	(127)	(370)	(330)	(241)
Other non-operating inc (exp.)	(7)	(9)	(9)	(9)
FX gains (loss)	(892)	(10)	0	0
Net provisions	(31)	0	0	0
Income before taxes or zakat	626	1,374	1,483	1,627
Taxes or zakat	(155)	(331)	(357)	(391)
Net inc before minority interest	471	1,043	1,126	1,236
Minority interest	0	0	0	0
Reported net income	471	1,043	1,126	1,236
Adjusted net income	717	951	1,013	1,113

Source: Obour Land, EFG Hermes estimates

Balance Sheet (Dec Year End)

In EGPmn	2023a	2024e	2025e	2026e
Cash and cash equivalents	735	780	761	716
Accounts receivable (current)	126	196	224	254
Inventory	780	2,097	1,910	2,108
Other debit balances (current)	276	451	543	640
Total current assets	1,917	3,524	3,438	3,718
PP&E (net)	585	618	648	892
Goodwill & intangibles	0	0	0	0
Investments (non-current)	0	0	0	0
Other debit balances (non-current)	86	176	231	0
Total non-current assets	671	794	879	892
Total assets	2,588	4,318	4,317	4,610
Short term debt	889	1,831	1,483	1,383
Accounts payable (current)	244	420	522	631
Other credit balances (current)	734	1,189	1,264	1,363
Total current liabilities	1,868	3,440	3,270	3,378
Long term debt	10	12	12	12
Other credit balances (non-current)	25	25	25	25
Total non-current liabilities	35	37	37	37
Total net worth	681	838	1,007	1,192
Total equity	685	842	1,011	1,196
Total equity and liabilities	2,588	4,318	4,317	4,610

Source: Obour Land, EFG Hermes estimates

Cash Flow (Dec Year End)

In EGPmn	2023a	2024e	2025e	2026e
Cash operating profit after taxes	1,534	1,439	1,432	1,464
Change in working capital	(423)	(1,378)	175	(211)
Cash flow after change in WC	1,111	60	1,606	1,253
CAPEX	(48)	(190)	(157)	(103)
Investments	0	0	0	0
Free cash flow	1,062	(130)	1,450	1,150
Non-operating cash flow	(1,004)	(389)	(339)	(250)
Cash flow before financing	58	(519)	1,111	900
Net financing	(48)	564	(1,130)	(944)
Change in cash	11	44	(19)	(45)

Source: Obour Land, EFG Hermes estimates

Rating and Target Price chart



Rating Distribution

Rating	Coverage Universe%
Buy	56%
Neutral	32%
Sell	12%
Not Rated	0%
Under Review	0%

Disclaimer

Analyst Certification

The research analyst(s) listed on the front page of this report certifies that the views expressed in this document accurately reflect personal views about the securities and companies that are the subject of this report. The research analyst(s) listed on the front page of this report also certifies that any spouse(s) or dependents (if relevant) do not hold a beneficial interest in the securities that are subject of this report. The research analyst(s) listed on the front page of this report also certifies no part of their respective compensation was, is & or will be directly or indirectly related to the specific ratings or views expressed in this research report. EFG Hermes has taken measures to ensure that the review process and signing off on this report is conducted by person(s) who do not have a beneficial interest in the securities mentioned in this report and are neither remunerated directly nor indirectly for the specific ratings mentioned in this report nor for the review process of this report. The research analyst(s) listed on the front page of this report also certifies that they are acting independently and impartially from EFG Hermes shareholders, directors and is not affected by any current or potential conflict of interest that may arise from any of EFG Hermes' activities.

Analyst compensation: The research analyst(s) primarily responsible for the preparation of the content of the research report attests that no part of the analyst's(s') compensation was, is or will be, directly or indirectly, related to the specific recommendations expressed by the research analyst's(s') in the research report. The research analyst's(s') compensation is, however, determined by the overall economic performance of EFG Hermes.

Registration of non-US analysts: Unless otherwise noted, the non-US analysts listed on the front of this report are employees of EFG Hermes. Research analysts employed by EFG Hermes are not registered/qualified as research analysts under FINRA/NYSE rules, and may not be subject to FINRA Rule 2241 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Important Disclosures

EFG Holding S.A.E., or any of its subsidiaries or officers (other than the authors of this report) may have a financial interest in one or any of the securities that are the subject of this report. Funds managed by EFG Holding SAE and its subsidiaries (together and separately, "EFG Hermes") for third parties may own the securities that are the subject of this report. EFG Hermes may own shares in one or more of the aforementioned funds, or in funds managed by third parties. The author(s) of this report may own shares in funds open to the public that invest in the securities mentioned in this report as part of a diversified portfolio, over which the author(s) has/have no discretion. The Investment Banking division of EFG Hermes may be in the process of soliciting or executing fee-earning mandates for companies (or affiliates of companies) that are either the subject of this report or are mentioned in this report. Research reports issued by EFG Hermes are prepared and issued in accordance with the requirements of the local exchange conduct of business rules, where the stock is primarily listed.

Investment Disclaimers

This research report is prepared for general circulation and has been sent to you as a client of one of the entities in the EFG Hermes Group, and is intended for general information purposes only. It is not intended as an offer or solicitation or advice with respect to the purchase or sale of any security.

It is not tailored to the specific investment objectives, financial situation or needs of any specific person that may receive this report. This research report must not be considered as advice nor be acted upon by you unless you have considered it in conjunction with additional advice from an EFG Hermes entity, with which you have a client agreement. We strongly advise potential investors to seek financial guidance when determining whether an investment is appropriate to their needs.

Our investment recommendations take into account both risk and expected returns. We base our long-term target price estimate on fundamental analysis of the company's future prospects, after having taken perceived risk into consideration. We have conducted extensive research to arrive at our investment recommendation(s) and target price estimate(s) for the company or companies mentioned in this report. Readers should understand that financial projections, target price estimates and statements regarding future prospects may not be realized. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without prior notice. The target prices stated in our company update, initiation and corporate action adjustment reports on stocks listed on the EGX are valid for three months starting from the date of publication. EFG Hermes' target prices for stock coverage in other countries (excl. Egypt) are on a 12-month basis. All other reports on EGX-listed stocks, such as flash notes, sector or company commentaries, do not include, denote, or imply any changes to target prices. EFG Hermes' analysts plan to update all covered stock forecasts on a quarterly basis. For any additional information, please visit : <http://www.efghermesresearch.com>

Although the information in this report has been obtained from sources that EFG Hermes believes to be reliable, we have not independently verified such information, and it may not be accurate or complete. EFG Hermes does not represent or warrant, either expressly or implied, the accuracy or completeness of the information or opinions contained within this report, and no liability whatsoever is accepted by EFG Hermes or any other person for any loss, howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith.

The decision to subscribe to or purchase securities in any offering should not be based on this report and must be based only on public information on such security and/or information made available in the prospectus or any other document prepared and issued in connection with the offering.

Investment in equities or other securities are subject to various risks, including, among others, market risk, currency risk, default risk and liquidity risk. Income from such securities, and their value or price may, therefore, fluctuate. Basis and levels of taxation may change, which would affect the expected return from such securities. Foreign currency rates of exchange may affect the value or income of any security mentioned in this report. Investors should, therefore, note that, by purchasing such securities, including GDRs, they effectively assume currency risk.

This report may contain a short- or medium-term recommendation or trading idea, which underscores a near-term event that would have a short-term price impact on the equity securities of the company or companies' subject of this report. Short-term trading ideas and recommendations are different from our fundamental equity rating, which reflects, among other things, both a longer-term total return expectation and relative valuation of equity securities relative to other stocks within their wider peer group. Short-term trading recommendations may, therefore, differ from the longer-term stock's fundamental rating.

For Entities and Clients in the United States

Hermes Securities Brokerage is not registered as a broker-dealer with the US Securities and Exchange Commission, and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Hermes Securities Brokerage is not a member of the Financial Industry Regulatory Authority (FINRA), and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance, and disclosure of potential conflicts of interest.

This research report is only being offered to U.S. Institutional and Major US Institutional Investors (subject to conditions outlined in Rule 15a-6) and is not available to, and should not be used by, any US person or entity that does not fall within one (1) of these categories/classifications. Hermes Securities Brokerage cannot and will not accept orders for the securities covered in this research report placed by any person or entity in the United States. Hermes Securities Brokerage is an affiliate company of EFG Hermes International Securities Brokerage S.A.E. ("EHISB"), located at B129, Phase 3, Smart Village – KM28 Cairo, Alexandria road 6th of October 12577 – Egypt. EHISB has a 15a-6 chaperoning agreement with Brasil Plural Securities LLC, located at 950 Third Avenue New York, NY 10022-USA Inc. at 212-388-5600. Orders should be placed with our correspondent, Brasil Plural Securities LLC.

A major US Institutional Investor who may receive and use this report must have assets under management of more than USD100,000,000 and is either an investment company registered with the SEC under the US Investment Company Act of 1940, a US bank or savings and loan association, business development company, small business investment

company, employee benefit plan as defined in SEC Regulation D, a private business development company as defined in SEC Regulation D, an organization described in US Internal Revenue Code Section 501(c)(3) and SEC Regulation D, a trust as defined in SEC Regulation D, or an SEC registered investment adviser or any other manager of a pooled investment vehicle.

U.S. institutional investors who may receive and use this report must be a bank, insurance company, investment company registered with the SEC, small business investment company, private business development company, certain employee benefits plans, as well as trusts and tax-exempt organizations with more than \$5 million in assets.

This research report was prepared by EFG Hermes, a company authorized to engage in securities activities in various jurisdictions. EFG Hermes is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" and "U.S. Institutional Investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Brasil Plural Securities LLC, a SEC registered and FINRA member broker-dealer authorized in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through EFG Hermes. To contact Brasil Plural Securities LLC directly via phone at (212)388-5600 or via mail at Brasil Plural Securities LLC - 950 Third Avenue, New York, NY 10022.

Brasil Plural Securities LLC accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

Additional - U.S. person other than a major U.S. institutional investor disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither EFG Hermes nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report. EFG Hermes may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of EFG Hermes.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments. Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by EFG Hermes with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein. No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior consent of EFG Hermes and EFG Hermes accepts no liability whatsoever for the actions of third parties in this respect.

Investment Banking Business

EFG Hermes, or any of its subsidiaries, does and seeks to do business with companies mentioned in its research reports or any of their affiliates. As a result, investors should be aware that the firm, or any of its subsidiaries, maintains material conflict of interest that could affect the objectivity of this report.

Food Products. Egypt

Guide to Analysis

EFG Hermes investment research is based on fundamental analysis of companies and stocks, the sectors that they are exposed to, as well as the country and regional economic environment.

In special situations, EFG Hermes may assign a rating for a stock that is different from the one indicated by the 12-month expected return relative to the corresponding target price. For the 12-month long-term ratings for any investment covered in our research, the ratings are defined by the following ranges in percentage terms:

Rating	Potential Upside (Downside) %
Buy	Above 15%
Neutral	(10%) and 15%
Sell	Below (10%)

EFG Hermes policy is to update research reports when appropriate based on material changes in a company’s financial performance, the sector outlook, the general economic outlook, or any other changes which could impact the analyst’s outlook or rating for the company. Share price volatility may cause a stock to move outside of the longer-term rating range to which the original rating was applied. In such cases, the analyst will not necessarily need to adjust the rating for the stock immediately. However, if a stock has been outside of its longer-term investment rating range consistently for 30 days or more, the analyst will be encouraged to review the rating.

Copyright and Confidentiality

No part of this document may be reproduced without the written permission of EFG Hermes. The information within this research report must not be disclosed to any other person if and until EFG Hermes has made the information publicly available.

Contacts and Statements

All reports are prepared by Hermes Securities Brokerage (main office), Building No. B129, Phase 3, Smart Village, KM 28, Cairo-Alexandria Desert Road, Egypt 12577, Tel +20 2 35 35 6140 | Fax +20 2 35 37 0939 which has an issued capital of EGP3,843,091.

Reviewed and approved by EFG Hermes KSA - a closed joint stock company established under license number 06016-37 issued by the Capital Market Authority in Saudi Arabia whose registered office is in Sky Towers, Northern Tower, Olaya, Riyadh, Saudi Arabia with Commercial Registration number 1010226534.

Reviewed and approved by EFG Hermes UAE Limited, which is regulated by the DFSA and has its address at Office 301, The Exchange, DIFC, Dubai. The material is distributed in the UAE or the Dubai International Financial Centre (DIFC) (as applicable) by EFG Hermes UAE Limited. The financial products or services described in this document are only available to persons who qualify as “Professional Clients” or “Market Counterparty” as defined in the DFSA Rulebook. No other person should act upon it. This Research Report should not be relied upon by or distributed to Retail Clients.

Reviewed and approved by EFG Hermes Pakistan Limited. (Research Entity Notification No. REP-192), incorporated in Pakistan with registered number 0040559, and has its address at Office No. 904, 9th Floor, Emerald Tower, Plot No. G19, Block-5, Clifton, Karachi, Pakistan. Distributed in Kenya by EFG Hermes Kenya Limited, an entity licensed under the Capital Markets Act and regulated by the Capital Markets Authority.

The information in this document is directed only at Institutional Investors If you are not an institutional investor you must not act on it.

EFG Hermes Offices
www.efghermesresearch.com
BLOOMBERG EFGH REUTERS PAGES .EFGS .HRMS .EFGI .HFISMCAP

Food Products. Egypt

Sales Contact

Institutional Sales

Cairo Office

Mohamed Aly
+20 2 35 35 6052
maly@efg-hermes.com

Yasser Waly
+20 2 35 35 6339
ywaly@efg-hermes.com

Karim Baghdady
kbaghdady@efg-hermes.bplural.us

Wael El Tahawy
+20 2 35 35 6359
weltahawy@efg-hermes.com

Dubai Office
Ramy EL Essawy
+971 4 363 4093
ressawy@efg-hermes.com

Karachi Office
Raza Jafri
+92-30-18222573
raza.jafri@efg-hermes.com

Lagos Office
Oluseun Olukanmi
+23419064607
oolukanmi@efg-hermes.com

Ahmed Hashem
+20 2 35356286
ahashem@efg-hermes.com

Ayah Abou Steit
+971 4 363 4091
asteit@efg-hermes.com

Nairobi Office
Muathi Kilonzo
+254 2037433032
mkilonzo@efg-hermes.com

Carol Aziz
+20 2 35 35 6312
caziz@efg-hermes.com

Natalya Wjenje
+254114717635
nwjenje@efg-hermes.com

GCC High Net Worth Sales

Hatem Adnan
+20 2 35 35 6083
hadnan@efg-hermes.com

Hany Ghandour
+20 2 35 35 6007
hghandour@efg-hermes.com

Individual Sales

Bassam Nour
+20 2 35 35 6069
bassam@efg-hermes.com

Rami Samy
+971 4 363 4099
rsamy@efg-hermes.com

Primary Analyst Coverage (Mirna Maher, CFA)

Company (Reuters/Bloomberg)	Last Rating	Price (25 Sep 2024)
Aldrees (4200.SE/ALDREES AB)	Neutral	SAR124.40
Domty (DOMT.CA/DOMT EY)	Buy	EGP15.84
Edita (EFID.CA/EFID EY)	Buy	EGP27.88
Jazeera Airways (JAZK.KW/JAZEERA KK)	Buy	KWD0.99
Juhayna (JUFO.CA/JUFO EY)	Buy	EGP25.00
Obour Land (OLFI.CA/OLFI EY)	Buy	EGP10.91
Oriental Weavers (ORWE.CA/ORWE EY)	Buy	EGP24.54

Food Products. Egypt

Analyst Coverage (Hatem Alaa, CFA)

Company (Reuters/Bloomberg)	Last Rating	Price (25 Sep 2024)
ADNOC Distribution (ADNOCDIST.AD/ADNOCDIS UH)	Neutral	AED3.78
Agthia (AGTHIA.AD/AGTHIA UH)	Buy	AED7.48
Air Arabia (AIRA.DU/AIRARABI UH)	Buy	AED2.71
Shaker (1214.SE/SHAKER AB)	Buy	SAR27.65
Al Meera (MERS.QA/MERS QD)	Neutral	QAR14.40
Al Othaim (4001.SE/AOTHAIM AB)	Neutral	SAR12.06
Alamar Foods (6014.SE/ALAMAR AB)	Buy	SAR78.90
Alef Education (ALEFEDT.AD/ALEFEDT UH)	Buy	AED1.17
Ali Alghanim Sons Automotive (ALG.KW/ALG KK)	Buy	KWD1.06
Almarai (2280.SE/ALMARAI AB)	Buy	SAR57.80
Americana Restaurants (6015.SE/AMERICAN AB)	Neutral	SAR2.64
Budget Saudi (4260.SE/BUDGET AB)	Buy	SAR87.30
CATRION (6004.SE/CATERING AB)	Buy	SAR116.20
CIRA Education (CIRA.CA/CIRA EY)	Buy	EGP13.77
Dubai Taxi Co (DTC.DU/DTC UH)	Buy	AED2.66
Eastern Company (EAST.CA/EAST EY)	Buy	EGP25.80
Fawaz Al Hokair (4240.SE/CENOMI AB)	Neutral	SAR10.60
GB CORP (GBCO.CA/GBCO EY)	Buy	EGP14.80
Halwani Brothers (6001.SE/HB AB)	Sell	SAR67.10
Herfy (6002.SE/HERFY AB)	Sell	SAR28.15
Humansoft (HUMN.KW/HUMANSFT KK)	Buy	KWD2.67
Jahez International (9526.SE/JAHEZ AB)		SAR25.45
Jarir (4190.SE/JARIR AB)	Neutral	SAR13.18
Leejam (1830.SE/LEEJAM AB)	Buy	SAR212.60
Lumi Rental (4262.SE/LUMI AB)	Neutral	SAR84.10
Mezzan Holding (MEZZ.KW/MEZZAN KK)	Neutral	KWD0.90
Nadec (6010.SE/NADEC AB)	Buy	SAR28.55
SADAFCO (2270.SE/SADAFCO AB)	Buy	SAR379.00
SACO (4008.SE/SCH AB)	Sell	SAR36.70
Farm Superstores (4006.SE/SMARKETI AB)	Sell	SAR24.66
Savola (2050.SE/SAVOLA AB)	Neutral	SAR29.25
Spinneys (SPINNEYS.DU/SPINNEYS UH)	Buy	AED1.60
Taaleem Holdings (TAALEEM.DU/TAALEEM UH)	Buy	AED3.67
Theeb Rent A Car (4261.SE/THEEB AB)	Buy	SAR77.40
eXtra (4003.SE/EXTRA AB)	Buy	SAR94.00