

# Obour Land for Food Industries

## The Cheese that Stands Out!

**The Big cheese in Dairy Market:** Founded in 1997, Obour Land for Food Industries (OLFI EY) stands as Egypt's top white cheese producer, leveraging over 30 years of expertise and commanding a 40%–42% market share. The company operates 18 white cheese production lines with a capacity of 275Ktpa and has expanded into milk and juice with a combined capacity of approximately 107mn liters. Meanwhile, processed cheese, with a 9.3Ktpa capacity, has emerged as OLFI's primary export product. Although Egypt's cheese consumption trails behind developed markets, where the average per capita consumption is 15.2kg compared to Egypt's 4.3kg, it remains relatively strong among developing nations, where the average stands at 4.5kg. This points to significant growth potential as consumer habits shift and purchasing power rises.

**OLFI's Strategic Pricing & Exports Drive Growth:** OLFI achieved a strong 5-year revenue CAGR of 30% (2019–2024), capitalizing on its diverse product range and growing demand for white cheese. Notably, net profit CAGR hit 27%, outpacing the 5-year CAGR of dollar increase of 21% over the same period. This was largely driven by OLFI's strategy of passing rising costs straight to consumers, ensuring price adjustments kept pace with cost increases. In 2024, the company delivered stellar growth, with revenues soaring 31% YoY to EGP9.5bn, fueled by a 23% YoY surge in white cheese sales to EGP8.3bn (87% of revenues). Additionally, a strong export push, supported by EGP devaluation, further accelerated growth. Moreover, net profit skyrocketed 114.5% YoY to EGP880mn. Although OLFI's net profit margin (NPM) rebounded to 9.3% from 5.7% in 2023, surpassing the 2020–2024 average of 8.4%, it remains under pressure from interest expenses tied to working capital financing.

**OLFI's Roadmap for the Future:** Egypt's dairy and juice markets are set for steady growth, with cheese consumption expected to increase at a 1.6% CAGR to 573.5K tons by 2029, while milk and juice consumption will expand in line with population growth at a 2% CAGR. We anticipate OLFI's revenues to stay on an upward trend, maintaining a steady 5-year CAGR of 11% (2024–2029), with white cheese remaining the cornerstone of growth, consistently accounting for an average of 86% of total revenues. This will be complemented by an increasing contribution from other segments, particularly processed cheese and milk, supported by new production lines. CapEx is projected to stay light at just 1.5%–1.8% of revenues, given 3 production lines installation. Ultimately, OLFI's NPM is forecasted to hold firm at an average of 11.4% throughout the forecast period, supported by lower interest expenses.

**Three-tiered Growth Strategy:** First, OLFI has significantly boosted its export footprint, increasing exports from 2.1% of revenue in 2023 to 15% by the end of 2024, with plans for further growth. Second, it is advancing its in-house supply chain by launching dairy farming activities in 2025 to supply 30% of its raw milk needs, at a cost of EUR3mn. Third, OLFI is investing USD3.3mn in three new production lines, two for processed cheese, effectively doubling its current capacity, and one for white cheese to introduce premium-quality products.

**Upside Catalyst:** With solid financials, expansion, and a growing market presence, OLFI is well-positioned to attract potential acquirers. Meanwhile, a greater focus on exports reduces FX pressures. Strong operations drive a high 63% ROE in 2024. This solidifies OLFI's status as a generous dividend player with a payout ratio of 90% and a projected dividend of EGP3/share in 2025, implying an attractive dividend yield of 16%.

**Key Risks:** OLFI's heavy exposure to FX fluctuations makes it vulnerable to any major currency squeeze, which could strain its financials. Intense competition from local, regional, and global players threatens market share. Moreover, inflationary pressures may erode consumer purchasing power, while rising raw material costs could squeeze margins.

**We initiate coverage on Obour land (OLFI EY) with a “BUY” recommendation and a Target Price (TP) of EGP28.38/share, implying an upside potential of 51.4% to last price of EGP18.75/share. OLFI's stock is trading at a trailing P/E of 8.5x and 1-Y forward P/E of 6.0x. Meanwhile, our target price implies a 1-Y forward P/E of 9.1x.**

## BUY

Target Price	EGP28.38
Market Price	EGP18.75
Upside	51.4%
Sector	Consumer
Reuters Code	OLFI.CA
Bloomberg Code	OLFI EY
Outstanding shares-mn	400
Market Cap – EGPbn	7.50
Market Cap – USDmn	148.10
3M Avg. Daily Traded Value – EGPmn	5.78
52-W High EGP/Share	21.80
52-W Low EGP/Share	7.90

## Shareholder Structure

Mohamed Hamed Sherif	21.3%
Ashraf Mohamed Hamed Sherif	15.9%
Ayman Mohamed Hamed Sherif	11.0%
Others	13.0%
Free Float	38.8%

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## Obour Land for Food Industries

## Financial Summary

All figures in EGP mn except per-share figures

Balance Sheet	2022a	2023a	2024a	2025f	2026f	2027f
<b>Assets</b>						
Operating Cash	485	429	209	343	392	427
Excess Cash & Mkt Securities	240	307	31	266	243	240
Accounts & Notes Receivable	72	126	161	153	175	190
Inventories	828	780	2,474	1,873	2,137	2,328
Other Current Assets	261	276	341	247	282	307
<b>Total Current Assets</b>	<b>1,886</b>	<b>1,917</b>	<b>3,215</b>	<b>2,882</b>	<b>3,229</b>	<b>3,492</b>
Fixed Assets (net)	681	671	1,001	1,089	1,191	1,309
Other Non-Current Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,567</b>	<b>2,588</b>	<b>4,216</b>	<b>3,971</b>	<b>4,420</b>	<b>4,800</b>
<b>Liabilities &amp; Equity</b>						
ST Debt	427	856	1,737	1,245	1,420	1,547
Accounts Payable	725	277	365	438	500	545
Other Current Liabilities	256	294	385	434	495	538
<b>Total Current Liabilities</b>	<b>1,408</b>	<b>1,428</b>	<b>2,486</b>	<b>2,117</b>	<b>2,415</b>	<b>2,630</b>
Long-Term Debt	19	-	-	-	-	-
Deferred Income Taxes	19	25	24	24	24	24
Other Non Current Liabilities	29	14	24	24	24	24
<b>Total Liabilities</b>	<b>1,476</b>	<b>1,466</b>	<b>2,535</b>	<b>2,165</b>	<b>2,463</b>	<b>2,678</b>
<b>Total Equity</b>	<b>1,091</b>	<b>1,122</b>	<b>1,682</b>	<b>1,806</b>	<b>1,957</b>	<b>2,122</b>
<b>Total Liabilities &amp; Equity</b>	<b>2,567</b>	<b>2,588</b>	<b>4,216</b>	<b>3,971</b>	<b>4,420</b>	<b>4,800</b>

Income Statement	2022a	2023a	2024a	2025f	2026f	2027f
<b>Total revenues</b>	<b>4,560</b>	<b>7,202</b>	<b>9,465</b>	<b>11,438</b>	<b>13,052</b>	<b>14,218</b>
COGS	(3,581)	(5,154)	(7,226)	(8,730)	(9,962)	(10,851)
<b>Gross Profit</b>	<b>979</b>	<b>2,049</b>	<b>2,239</b>	<b>2,708</b>	<b>3,090</b>	<b>3,366</b>
SG&A	(290)	(342)	(532)	(643)	(734)	(799)
Other Operating Revenues	(15)	(19)	(26)	(31)	(36)	(39)
<b>EBITDA</b>	<b>675</b>	<b>1,688</b>	<b>1,681</b>	<b>2,034</b>	<b>2,321</b>	<b>2,528</b>
Depreciation & Amortization	(69)	(66)	(67)	(77)	(89)	(102)
<b>EBIT</b>	<b>606</b>	<b>1,622</b>	<b>1,614</b>	<b>1,957</b>	<b>2,232</b>	<b>2,426</b>
Net Interest Income/(Expense)	(17)	(127)	(340)	(287)	(217)	(215)
Non-Operating Income	(41)	(37)	(14)	(58)	(66)	(72)
<b>NPBT/Net Profit Before Taxes</b>	<b>549</b>	<b>1,458</b>	<b>1,260</b>	<b>1,611</b>	<b>1,948</b>	<b>2,138</b>
Income Tax	(138)	(155)	(305)	(362)	(438)	(481)
Extraordinary Items	(9)	(892)	(74)	-	-	-
<b>Net Income</b>	<b>402</b>	<b>410</b>	<b>880</b>	<b>1,248</b>	<b>1,510</b>	<b>1,657</b>

Cash Flow Statement	2022a	2023a	2024a	2025f	2026f	2027f
Cash from Operating	81	1,164	(22)	2,363	1,636	1,869
Cash from Investing	(48)	(72)	(386)	(166)	(191)	(219)
Cash from Financing	(111)	(1,025)	132	(1,962)	(1,467)	(1,653)
<b>Net Change in Excess Cash</b>	<b>(78)</b>	<b>67</b>	<b>(276)</b>	<b>235</b>	<b>(22)</b>	<b>(3)</b>
<b>Capex</b>	<b>41</b>	<b>56</b>	<b>397</b>	<b>166</b>	<b>191</b>	<b>219</b>

\*FY ending 31 December

Source: Company Reports, AAIS Research Estimates & Bloomberg

Per-Share Data	2022a	2023a	2024a	2025f	2026f	2027f
Price	7.8	10.7	18.2	18.8	18.8	18.8
# of shares (mn)	400	400	400	400	400	400
EPS	1.01	1.03	2.20	3.1	3.8	4.1
DPS	0.95	0.95	2.00	2.81	3.40	3.73
BVPS	2.7	2.8	4.2	4.5	4.9	5.3

Valuation Indicators	2022a	2023a	2024a	2025f	2026f	2027f
PE (x)	7.7x	10.4x	8.3x	6.0x	5.0x	4.5x
PB (x)	2.9x	3.8x	4.3x	4.2x	3.8x	3.5x
EV/Revenue (x)	0.6x	0.6x	0.9x	0.7x	0.6x	0.6x
EV/EBITDA (x)	4.2x	2.6x	5.2x	4.0x	3.6x	3.3x
Dividend Payout Ratio	94.4%	92.6%	90.9%	90.0%	90.0%	90.0%
Dividend Yield	12.2%	8.9%	11.0%	15.0%	18.1%	19.9%

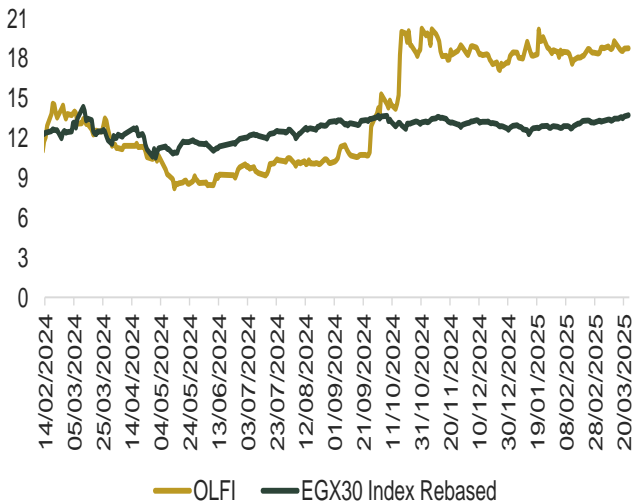
Profitability & Growth Ratios	2022a	2023a	2024a	2025f	2026f	2027f
Revenue Growth	51.7%	57.9%	31.4%	20.8%	14.1%	8.9%
EBITDA Growth	43.7%	150.1%	-0.4%	21.0%	14.1%	8.9%
EPS Growth	29.8%	2.0%	114.5%	41.8%	21.0%	9.8%
EBITDA Margin	14.8%	23.4%	17.8%	17.8%	17.8%	17.8%
EBIT Margin	13.3%	22.5%	17.1%	17.1%	17.1%	17.1%
NPM	8.8%	5.7%	9.3%	10.9%	11.6%	11.7%
ROAE	38.5%	37.1%	62.8%	71.6%	80.3%	81.3%
ROAA	19.6%	15.9%	25.9%	30.5%	36.0%	35.9%

Liquidity & Solvency Multiples	2022a	2023a	2024a	2025f	2026f	2027f
Net Debt (Cash)	(279)	121	1,497	636	786	881
Net Debt (Cash)-to-Equity	-0.3x	0.1x	0.9x	0.4x	0.4x	0.4x
Net Debt (Cash)-to-EBITDA	-0.4x	0.1x	0.9x	0.3x	0.3x	0.3x
Debt-to-Assets	0.2x	0.3x	0.4x	0.3x	0.3x	0.3x
Current ratio	1.3x	1.3x	1.3x	1.4x	1.3x	1.3x

Consensus Estimates	2022a	2023a	2024a	2025f	2026f	2027f
<b>Consensus Revenues</b>						
AAIS Research vs. Consensus				23%	32%	36%
<b>Consensus Net Income</b>						
AAIS Research vs. Consensus				23%	36%	39%
<b>Fwd PER (x), Last Price</b>				<b>6.0x</b>	<b>5.0x</b>	<b>4.5x</b>
Fwd PER (x), Target Price				9.1x	7.5x	6.8x
<b>Fwd DY (%), Last Price</b>				<b>15%</b>	<b>18%</b>	<b>20%</b>

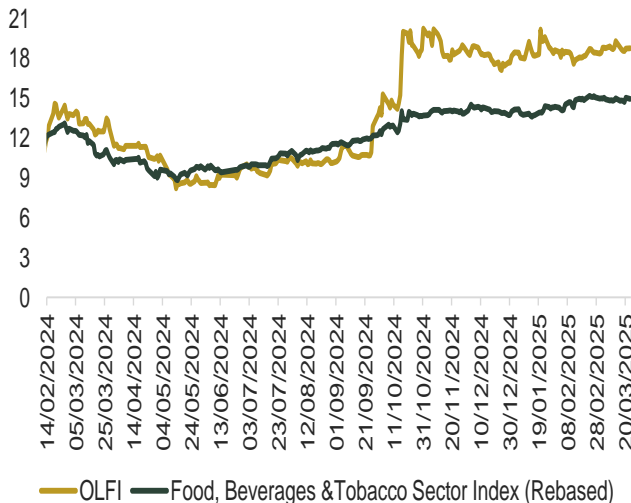
Share Price at March 23, 2025

Share Price Performance vs. EGX30



Source: EGX, AAIS research

Share Price vs. Sector Performance



Source: EGX, AAIS research

## Obour Land for Food Industries

### Valuation & Recommendation

We initiate coverage of OLFI with a “BUY” recommendation and a target price (TP) of EGP28.3/share, implying an upside potential of 51.4%. To value Obour Land for Food Industries, we used a DCF valuation model, discounting OLFI's free cash flow to the firm (FCFF) using a weighted average cost of capital (WACC) of 21.2% on average over our forecast period (2025e-2029e). We phased down OLFI WACC starting from 2025 to account for the expectations of lower inflation over our forecast period. Based on this, our target price for OLFI was derived as follows:

-Cost of equity (COE) of 31.5% in 2025e based on a build-up method, starting with US 10-year Treasury yield of 4.6%, an inflation differential factor between Egypt and USA of 1.19, an adjusted beta of 0.41, Egypt's equity risk premium (ERP) of 9.7% (i.e. US ERP of 4.6% + Egypt Risk Premium of 5.12%, as implied by its Credit Default Spread (CDS) of 4.1%).

-Based on our estimates, OLFI's WACC will gradually decrease over our forecast period starting from 29.1% in 2025e reaching 16.3% by the end of 2029e.

- Terminal growth rate (TGR) of 3%.

Summary of DCF Valuation	2025	2026	2027	2028	2029
<i>EGP mn, except per-share figures</i>					
NOPLAT	1,594	1,794	1,945	2,119	2,210
Non-Cash Items	77	89	102	118	135
<b>Gross Cash Flow</b>	<b>1,671</b>	<b>1,883</b>	<b>2,047</b>	<b>2,237</b>	<b>2,345</b>
Change in Working Capital	692	(247)	(178)	(201)	(111)
Capital Expenditures	(166)	(191)	(219)	(252)	(290)
<b>Gross Investment</b>	<b>526</b>	<b>(438)</b>	<b>(397)</b>	<b>(453)</b>	<b>(401)</b>
<b>FCFF</b>	<b>2,197</b>	<b>1,445</b>	<b>1,649</b>	<b>1,784</b>	<b>1,944</b>
<b>WACC</b>	<b>29.1%</b>	<b>23.2%</b>	<b>20.1%</b>	<b>17.4%</b>	<b>16.3%</b>
<b>PV of FCFF</b>	<b>1,803</b>	<b>999</b>	<b>992</b>	<b>976</b>	<b>947</b>
Accumulated Discounted Cash Flow	5,717				
Perpetual Value	15,085				
PV of Perpetual Value	7,345				
<b>DCF Enterprise Value</b>	<b>13,062</b>				
Net Cash/(Debt)	(1,706)				
Minority Interest	(4)				
<b>Equity Value</b>	<b>11,351</b>				
Number of Shares Outstanding	400				
<b>Target price per share</b>	<b>28.38</b>				
<b>Upside/ (Downside) vs. Market Price</b>	<b>51.4%</b>				

### Sensitivity Analysis

		Terminal Growth Rate (TGR)							White Cheese Utilisation Rate (%)				
		1%	2%	3%	4%	5%			39.3%	41.3%	43.3%	45.3%	47.3%
Terminal WACC	18%	22.6	23.5	24.5	25.7	27.1	Growth in Price (%)	27.2%	36.3	39.3	42.3	45.4	48.5
	17%	24.0	25.1	26.3	27.7	29.4		22.2%	30.0	32.6	35.3	38.1	40.8
	16%	25.7	26.9	28.38	30.1	32.1		17.2%	23.7	26.0	28.38	30.8	33.2
	15%	27.6	29.1	30.8	32.9	35.3		12.2%	17.4	19.4	21.4	23.5	25.5
	14%	29.8	31.6	33.7	36.2	39.3		7.2%	11.2	12.9	14.6	16.3	18.0

Obour Land for Food Industries

Peers Comparison

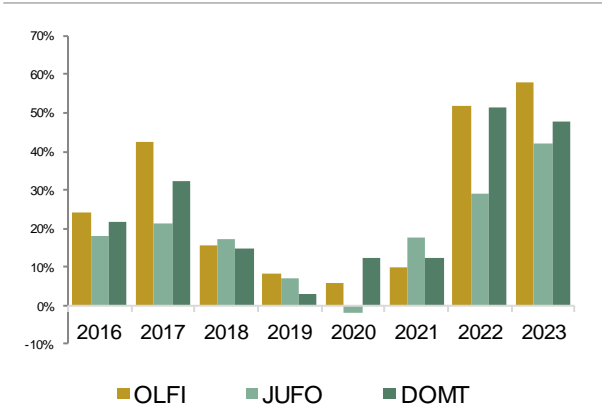
Key Ratios & Multiples			Market Cap (USDmn)	EBITDA Margin			Return on Equity (ROE)			Price-to-Earnings (PE)			EV-to-EBITDA		
Country	Ticker	Company Name		2023	TTM/2024	2025	2023	TTM/2024	2025	2023	TTM/2024	2025	2023	TTM/2024	2025
Local Peers															
EGYPT	DOMT EY Equity	Arabian Food Industries Co SAE	149.0	12%	13%	na	na	28%	na	15.7x	18.5x	na	10.3x	7.9x	na
EGYPT	ADPC EY Equity	Arab Dairy Products Co/The	31.2	na	15%	na	na	31%	na	na	9.3x	7.2x	na	5.8x	na
EGYPT	JUFO EY Equity	Juhayna Food Industries	587.2	13%	22%	19%	27%	56%	na	25.6x	10.4x	8.4x	15.3x	5.2x	5.3x
Median of Local Peers			149.0	12%	15%	19%	27%	31%	NA	20.6x	10.4x	7.8x	12.8x	5.8x	5.3x
MENA Peers															
SAUDI ARABIA	SADAFCO AB Equity	Saudia Dairy & Foodstuff Co	2,606.3	na	20%	22%	na	28%	29%	na	19.9x	17.9x	na	19.3x	13.1x
SAUDI ARABIA	Almarai AB Equity	Almarai Co JSC	14,663.0	25%	26%	25%	13%	13%	13%	25.8x	23.5x	20.9x	13.2x	12.5x	11.5x
QATAR	BLDN QD Equity	Baladna	651.5	16%	30%	34%	4%	8%	na	na	12.9x	10.8x	12.1x	12.5x	10.3x
SAUDI ARABIA	SADAFCO AB Equity	Saudia Dairy & Foodstuff Co	2,606.3	32%	20%	22%	na	28%	29%	na	19.9x	17.9x	na	19.3x	13.1x
SAUDI ARABIA	SAVOLA AB Equity	Savola Group/The	2,435.4	na	8%	11%	9%	153%	10%	9.1x	2.2x	21.9x	5.1x	8.7x	4.8x
SAUDI ARABIA	FADECO AB Equity	Arabian Food & Dairy Factories	31.2	10%	17%	na	na	22%	na	na	16.9x	na	na	10.0x	na
TUNISIA	DH TU Equity	Delice Holding	386.5	na	12%	13%	25%	25%	20%	12.2x	12.2x	11.6x	7.6x	4.7x	7.1x
TUNISIA	LNDOR TU Equity	Land'Or SA	50.6	13%	12%	na	na	13%	na	na	12.2x	na	na	7.1x	na
UAE	AGTHIA UH Equity	Agthia Group PJSC	984.4	na	14%	15%	9%	10%	12%	12.8x	12.4x	10.2x	7.5x	10.0x	6.4x
UAE	UNIKAI UH Equity	United Kaipara Dairies	79.0	15%	13%	na	na	39%	na	na	12.1x	na	na	7.3x	na
Median of Mena Peers			817.9	15%	15%	22%	9%	23%	17%	12.5x	12.7x	17.9x	7.6x	10.0x	10.3x
Median of All Peers			587.2	14%	15%	20%	11%	28%	17%	14.2x	12.4x	11.6x	10.3x	8.7x	8.7x
EGYPT	OLFI EY Equity	Obour Land For Food Industries	148.4	16%	19%	17%	39%	63%	64%	12.2x	8.5x	7.5x	8.1x	5.0x	5.1x
Premium (Discount) to Peers										-14.1%	-31.2%	-35.6%	-21.7%	-42.3%	-40.6%

\* Share price at March 20, 2025.  
Source: AAIS Research Estimates & Bloomberg

# Obour Land for Food Industries

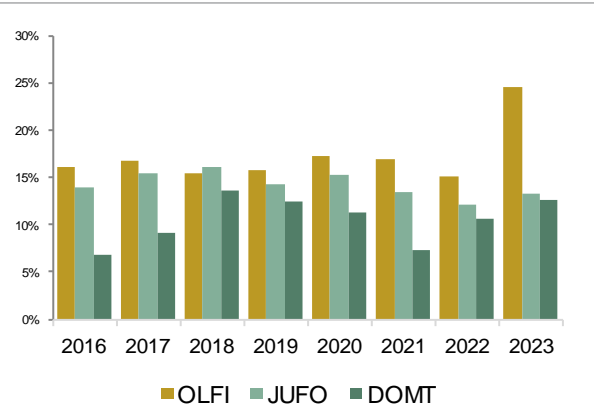
## Peers Comparison (Cont'd)

Obour Land Makes a Comeback, Outpacing Rivals in Revenue Growth.



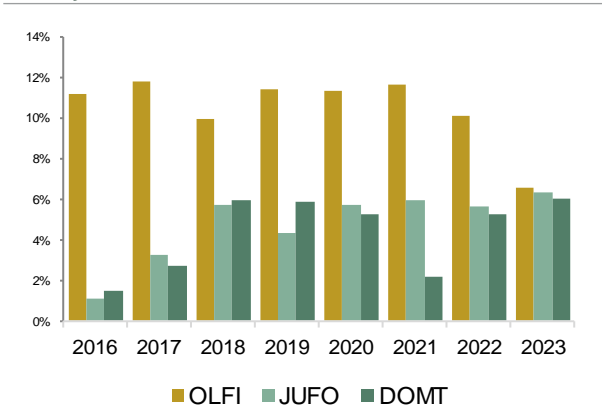
Source: Company's financials, Bloomberg, and AAIS Research

OLFI's EBITDA Margin Takes the Lead, Leaving Peers Behind.



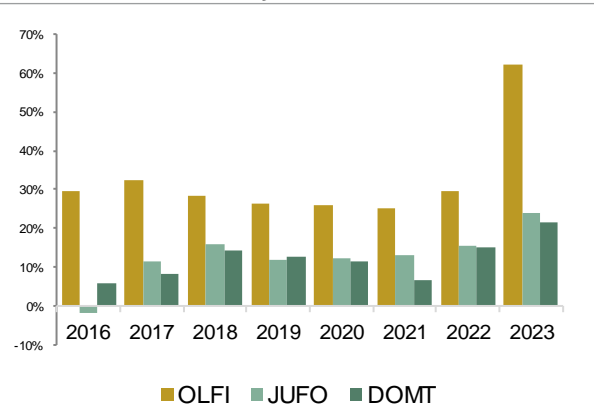
Source: Company's financials, Bloomberg, and AAIS Research

OLFI records the highest NPM, with a track record of stability.



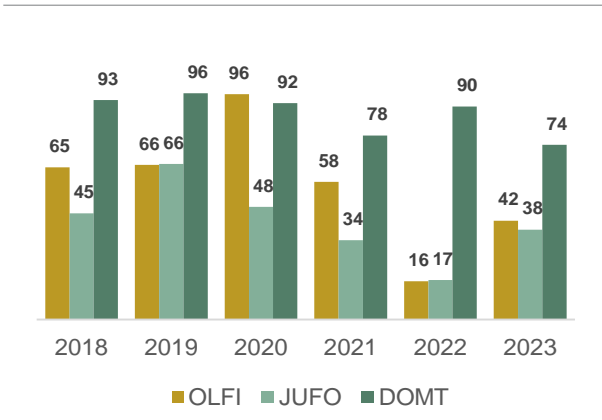
Source: Company's financials, Bloomberg, and AAIS Research

With the Highest ROIC, OLF Sets a New Benchmark in the Industry.



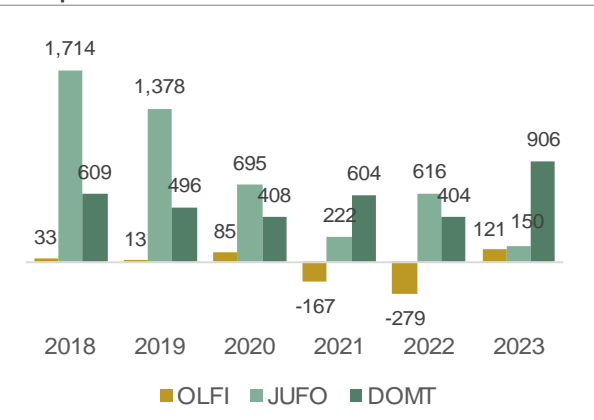
Source: Company's financials, Bloomberg, and AAIS Research

OLFI has Flexible CCC that Adapts to Fluctuating Market Conditions.



Source: Company's financials, Bloomberg, and AAIS Research

OLFI keeps net debt to a bare minimum compared to its peers.

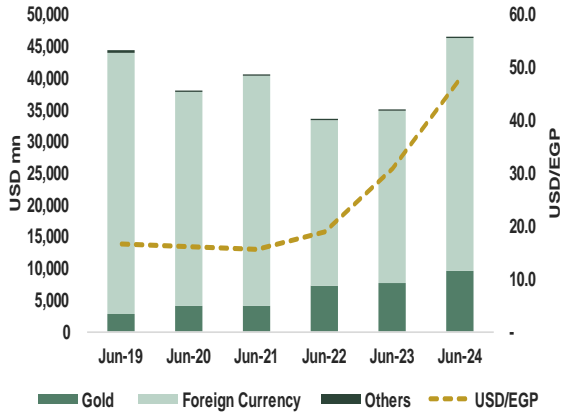


Source: Company's financials, Bloomberg, and AAIS Research

## Obour Land for Food Industries

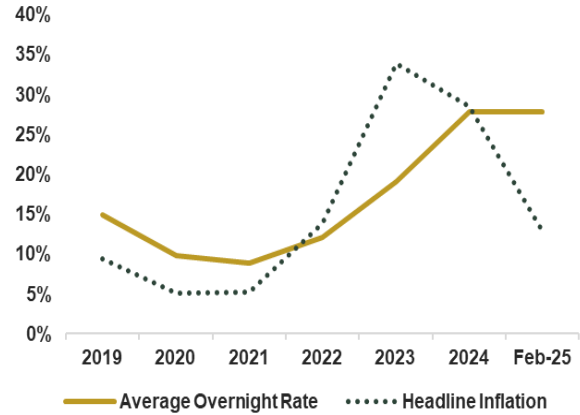
### Egypt Key Economic Indicators

Egypt's NIR vs USD/EGP



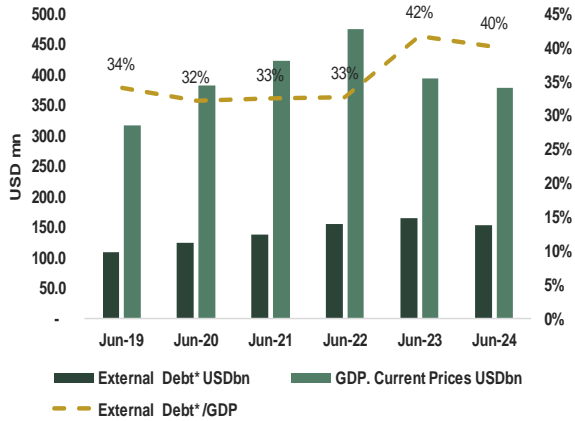
Source: CBE & AAIS research

Egypt's Average Overnight Rate vs Headline Inflation



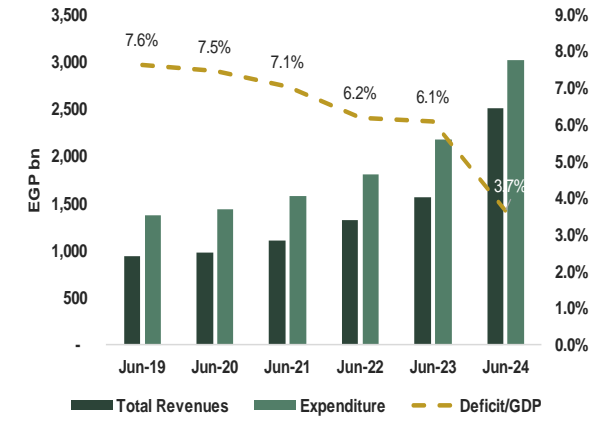
Source: CBE & AAIS research

Egypt's External Debt & GDP



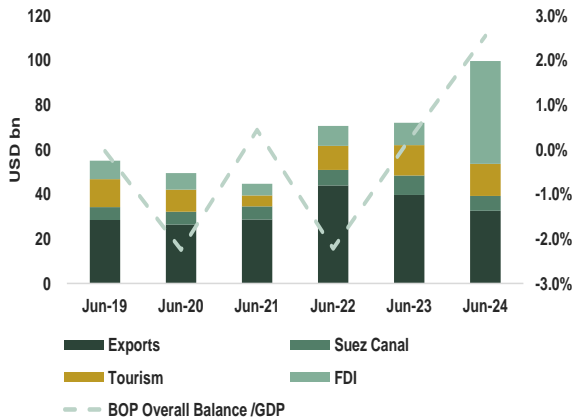
Source: CBE & AAIS research

Egypt's State Budget vs. Deficit/GDP



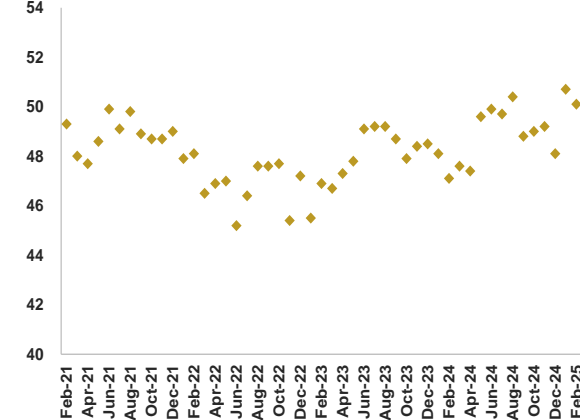
Source: CBE & AAIS research

Foreign Currency Resources vs. BOP balance/GDP



Source: CBE & AAIS research

Egypt's PMI Index

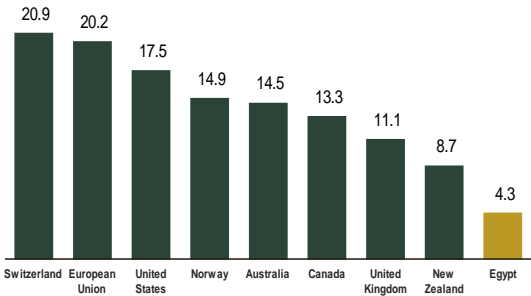


Source: CBE & AAIS research

# Obour Land for Food Industries

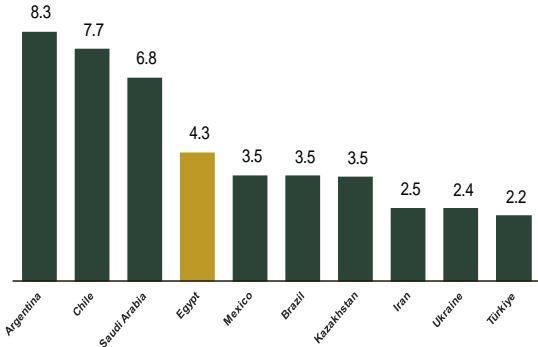
## Sector Analysis

With per-capita cheese consumption lagging developed peers, there's ample room for growth



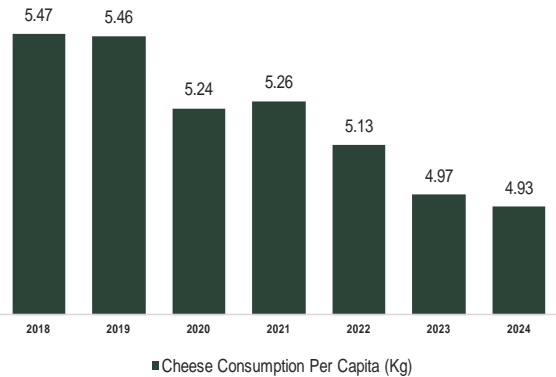
Source: OECD, AAIS research

The same goes for developing markets, following a similar pattern



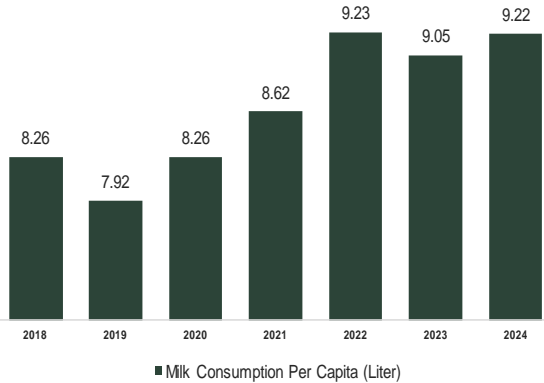
Source: OECD, AAIS research

Soaring Inflation Takes a Bite Out of Cheese Consumption in Egypt



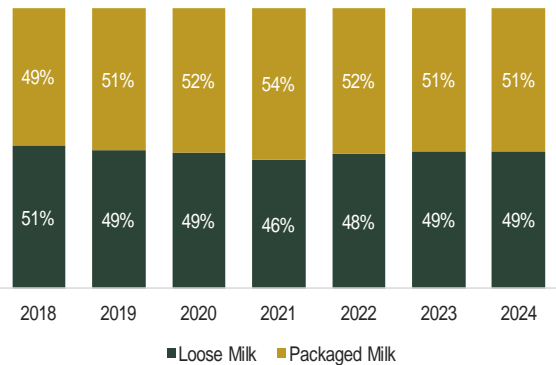
Source: OECD, AAIS research

Milk consumption in Egypt is steadily on the rise, gaining momentum over time



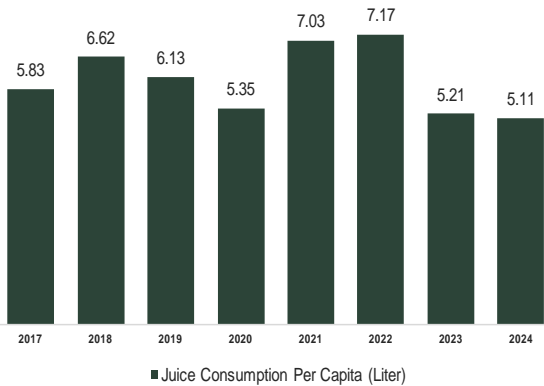
Source: AC Nielsen , AAIS research

The market for loose and packaged milk in Egypt is almost evenly split



Source: AC Nielsen, AAIS research

Juice consumption in Egypt has its ups and downs, shifting with market trends



Source: AC Nielsen, AAIS research

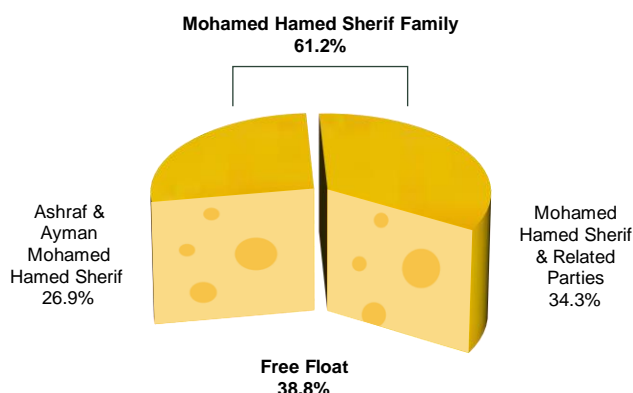


## Obour Land for Food Industries

### Company Profile

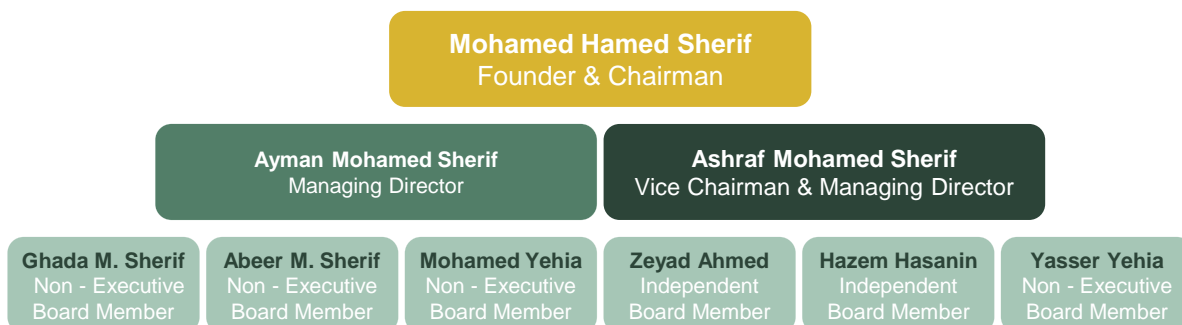
Obour Land for Food Industries (OLFI EY) is one of Egypt's leading cheese manufacturers, with nearly 30 years of market experience. It is operating in producing white cheese, proceed cheese, milk, and juice. OLFI was founded in 1997 by Eng. Mohamed Hamed Sherif, the company's current chairman. In December 2016, Obour Land went public through an initial public offering (IPO) on the Egyptian Stock Exchange (EGX) as part of a capital increase. The company currently has a paid-in capital of EGP400mn, distributed over 400mn shares with a par value of EGP1.0 per share. We highlight that the company's founder and his family collectively own 61.2% of the company.

### Shareholders Structure



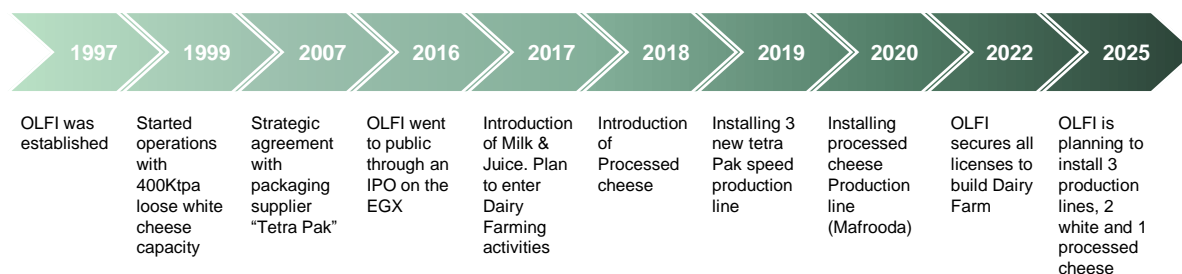
Source: Company's data & AAIS research

### Board of Directors



Source: Company's data & AAIS research

### Milestones



Source: Company's data & AAIS research



# Obour Land for Food Industries

## Business Model

Obour Land is a well-know cheese maker in Egypt, dominating the local cheese market with a 40%–42% market share. The company began its operations with a single white cheese production line. Then, it expanded its portfolio to include processed cheese, milk, and juice. Today, Obour Land operates with 18 production lines and offers a diverse portfolio of 100+ stock-keeping units (SKUs) across multiple product categories under its three flagship brands: Obour Land, Obour Garden, and Obour Farm. Moreover, the company is now actively working on expanding its footprint beyond Egypt.

**Cheese Was the Foundation...:** The white cheese segment has been the primary contributor to Obour Land's revenue, accounting for an average of 92% of total revenues between 2019 and 2024. The company initially began with a single line for loose white cheese, operating at a capacity of 4.1Ktpa. As part of its growth strategy and in response to shifting consumer preferences, Obour Land introduced its first Tetra Pak carton-packed cheese product in 2007. Today, the company's white cheese production capacity has expanded to 275Ktpa across 18 production lines, with 17 lines for Tetra Pak. The remaining line produces plastic tub white cheese, supplied to restaurants and similar businesses in sizes ranging from 1kg to 16kg. Obour Land offers white cheese in a variety of flavors and sizes, including 80g, 125g, 250g, 500g, and 1kg, with the 250g SKU being the market's most traded and consumer-preferred choice.

**..., Diversification Followed in 2018...:** To reduce reliance on white cheese, OLFI entered the milk and juice market in December 2017, launching four production lines. Its milk capacity reached 70mn liters, offering various sizes and flavors like plain, chocolate, vanilla and others in 200ml, 500ml, and 1000ml. By 2024, OLFI captured a 4% share of the packaged milk market. Still, the market is primarily dominated by other major players. The juice segment has total capacity of 37mn liters. OLFI views juice as a natural extension of its milk business. However, the juice market remains highly competitive, with companies often going toe-to-toe in price battles to gain market share, all while focus on upping their quality game. From 2020–2024, milk and juice accounted for an average of 5.6% and c1% of total revenue, respectively.

**..., Innovation continued in 2020:** OLFI made its mark in the processed cheese market in March 2018, rolling out a single production line for glass-jar products with a capacity of 3.6Ktpa. By October 2020, the company expanded its footprint with a second production line (Mafooda) in Tetra Pak format, adding 5.7Ktpa in capacity. Today, OLFI runs two production lines with a combined capacity of 9.3Ktpa, offering a wide range of flavors and sizes. Recently, OLFI secured contracts for two additional production lines, scheduled to launch in 2025, which will double its capacity. The segment contributed with 4.5% to total revenues in FY24 from 1% in 2020. Notably, processed cheese is OLFI's primary export product, accounting for c.45% of total exports, with 85% of its production output is destined for international markets.

**High Import Dependency Shapes OLFI's Costs:** Raw materials account for the largest share of OLFI's manufacturing costs, making up 76% of total cash COGS in 2024. A hefty 75% of these materials are imported, while the rest are locally sourced. For white cheese production, essential ingredients such as skimmed milk powder (SMP), milk protein concentrate (MPC), and palm oil are brought in from Europe. Packaging, which is mostly imported, is the second-largest cost component, representing 18.5% of cash COGS in 2024.

## Obour Land for Food Industries

### Business Model (*Cont'd*)

**Working Capital:** OLFI strategically allocates an average of 15% of its revenue to working capital, ensuring smooth operations six days a week. A significant portion of this investment is directed toward securing inventory of the imported raw materials, which are primarily paid in cash. Meanwhile, it follows a tight credit policy to accelerate collections. This working capital dynamics resulted in an extend cash conversion cycle (CCC), that ranges between 64 and 65 days. We highlight that OLFI finances its working capital needs through a combination of self-finance and credit facilities.

1. **Inventory Management:** OLFI adopts a proactive inventory management approach, maintaining a three-month buffer stock of key imported raw materials like SMP and MPC to cushion against supply chain disruptions and cost volatility. During periods of uncertainties, such as foreign currency shortages, OLFI increases the safety stock to 4-5 months to further hedge against import declines. Once market conditions stabilize, OLFI gradually reduces inventory levels to the standard three-month threshold. Consequently, this hedging approach does extend inventory days on hand to 124 days, compared to the usual average of 77 days in normal circumstances.
2. **Supplier Payment Policy:** OLFI settles supplier payments swiftly, averaging 18 days, to secure better discounts. With Tetra Pak as its main supplier, the company benefits from exclusive technical and financial advantages.
3. **Collection Policy:** OLFI implements a tight credit policy, minimizing receivables and maintaining a 6-day collection period. Sales focus on cash-paying wholesalers and retailers, offering minimal discounts, while reducing sales to key accounts due to their credit preferences.

**Growth Strategy:** OLFI has been doubling down on strategic initiatives, expanding its market reach, streamlining supply chain operations, and increasing capacity.

- **Growing Export Footprint:** OLFI successfully grew its exports by 9-fold YoY increase to EGP1.4bn in 2024 from EGP154mn in 2023, increasing their share of total revenue to 15% in 2024, from a mere 2.1% in 2023. Despite this remarkable growth, exports currently cover only about a quarter of the company's foreign currency needs, based on our estimates. To bridge the gap, OLFI is actively exploring new markets for expansion. The company exports its full product range to key regions, including the GCC, North Africa, Russia, and the US, with processed cheese leading the charge.
- **In-house Supply Chain Focused:** In mid-2017, Obour Land decided to venture into dairy farming, to mitigate raw milk shortages and rising costs, a key ingredient in Ultra-High Temperature (UHT) milk production. However, OLFI faced numerous hurdles, delaying progress. Scheduled to launch during 2025, the farm will house 1,200 cows with a total estimated investment cost of EUR3.0mn. Once fully operational, it is expected to cover around 30% of the company's raw milk needs. The project will roll out in two phases: the first phase, costing EUR1.9mn, will bring in 700 cows by Q1 2025, while the second phase will add another 500 cows by Q4 2025 at a cost of EUR1.1mn.
- **Expanding in New Products:** OLFI is gearing up for a new expansion, rolling out three new production lines - two for processed cheese and one for white cheese - at a total estimated investment cost of USD3.3mn over the three-year period from 2025 to 2027. The white cheese line will shift away from Tetra Pak packaging, opting instead for plastic tubs, catered to premium consumers. This product will hit the shelves in 450g to 500g packs. Meanwhile, the two new processed cheese lines will be a game-changer, doubling production capacity from 9.3Ktpa to 18.7Ktpa.

## Obour Land for Food Industries

### Business Model (Cont'd)

Well positioned brand equity in the white cheese market with above-average price

... White Cheese – Low Salt – Tetra Pak – 500gm



Source: AAIS research, Market Survey

Processed cheese is priced to compete in the local market, standing strong as a key export player

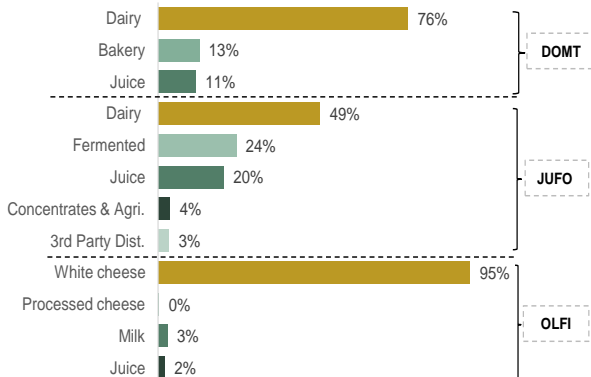
... Processed Cheese – Various Flavours – Jar – 500gm



Source: AAIS research, Market Survey  
\* In Healthy, the jar weights 550gm

OLFI's evolving revenue game plan, keeping pace with industry trends...

In 2019



Source: Company's financials, AAIS Research

High-Quality Milk at a competitive price compared to other names

... Milk – Full Cream – Tetra Pak – 1 Litre



Source: AAIS research, Market Survey

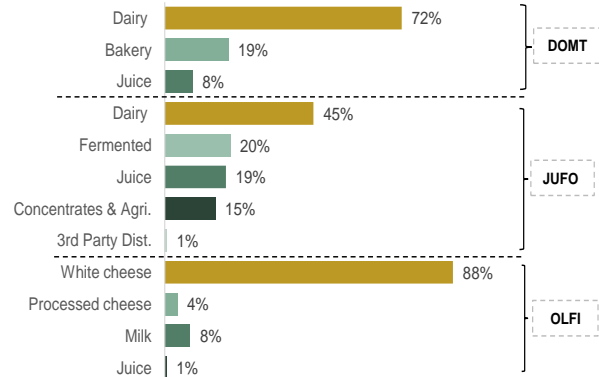
OLFI is about to break into a new market and secure its place at the forefront

... Soft White Cheese – Various Flavours – Plastic Tub – 450gm



Source: AAIS research, Market Survey  
\*In Katilo, the package weights 454gm

In 9M24



Source: Company's financials, AAIS Research

## Obour Land for Food Industries

### Financial Analysis

**Price Hikes and Volume Growth Boost OLFI's Top-line:** OLFI's revenues grew at a historical 5-year CAGR (2019-2024) of 30%, fueled by higher prices and volume growth recording a 5-year CAGR (2019-2024) of 25% and 4%, respectively. Over 2024, OLFI's revenues surged 31% YoY to EGP9.5bn driven by price hikes. For white cheese, the largest contributor to revenues (87% in 2024), prices jumped by 27% YoY in 2024 while volumes declined by 4% YoY, resulting in a growth in the white cheese sales by 23% YoY to EGP8.3bn in 2024. Remarkably, OLFI achieved impressive growth in revenues from other segments in 2024, with processed segment (4.5% of revenues) growing the most (+431% YoY), followed by milk (7.4% of revenues) by 110% YoY, and Juice (0.6%) by 47% YoY. Moreover, exports jumped significantly to EGP1.4bn in 2024 (15% of revenues) from EGP154.5mn in 2023 (2.1% of revenues). Looking ahead, we expect revenues to grow at a 5-year CAGR (2024-2029) of 11.4% to record EGP16.3bn in 2029.

**Cost-Pass Strategy Keeps OLFI's Margins Stable:** OLFI has a strategy backed by a long-standing practice of passing costs straight to the consumer. The company's gross profit margin (GPM) ranged between 21.5% and 28.4% over the past 5 years (2020-2024), with an average of 24.7% (23.7% in 2024). We highlight that GPM of Cheese segment (both white and processed) exceed other segments, with an average GPM of 24.9% over the past 5 years (2020-2024), and 23.5% in 2024. Meanwhile, GPM of Milk & Juice averaged 19.8% over the same period, recording 20.6% in 2024. Going forward, we project GPM of 24% during the forecast period (2025-2029).

**OLFI's Profits Soar Despite Rising Interest Rate and FX Pressures:** OLFI's net profit grew at a historical 5-year CAGR (2019-2024) of 27%. Over the past 5 years (2020-2024), OLFI's net profit margin (NPM) has ranged between 5.7% and 10.3%, with an average of 8.4%. It's worth noting that, Net profit is calculated after deducting employees shares and board's compensation. In 2024, OLFI's net profit surged by 114.5% YoY to EGP880.2mn, implying a NPM 9.3%. This came despite rise in interest rate that let to 149% YoY hike in interest expense to EGP371.6mn in 2024. It worth mentioning that OLFI's NPM dropped to 5.7% in 2023 due to FX losses of EGP892mn. OLFI currently has an ROE of 63% as of 2024. We expect NPM to be in a range of 10.9%-11.6% over our forecast period (2025-2029) supported by lower interest expenses.

**Debt Raised to Expand Inventory Amid FX Shortages :** OLFI's debt has skyrocketed over the past four years, hitting EGP 1.7bn in 2024 (debt-to-equity 1.0x), a sharp jump from EGP 168.7mn in 2021 (debt-to-equity 0.2x). This surge came as the company stocked up on imported raw materials to stay on solid ground amid foreign currency crunch.

**A Rock-Solid Dividend Track Record:** OLFI has long been a generous cash dividend player, consistently rewarding shareholders with an average payout ratio (DPO) of 90% over the past five years. We anticipate OLFI will stay the course, maintaining its payout ratio at 90% throughout our forecast period.

**OLFI Adopts a Pennywise Investment Strategy:** In the past, OLFI's capex has ranged between 0.7% and 4.2% of revenues over the past 5 years. We highlight that 2019 saw a spike in CAPEX-to-revenues to 9% due to the installation of three production lines for white cheese. We forecast CAPEX-to-revenues to stay in the 1.5%–1.8% range, supported by the cost of installing two processed cheese lines and one line for "premium" white cheese, totaling EUR3.3mn, will be spread over two years (2025-2026).



## Obour Land for Food Industries

### Assumptions

The OECD anticipates that Egypt's cheese consumption will grow at a steady 5-year CAGR of 1.6% (2024-2029), reaching 573.5K in 2029 tons from 529.5K tons in 2024. As per milk and juice, we expect that their consumption would track population growth, with a projected 5-year CAGR (2024-2029) of 2.0% matching the IMF estimates. In view of that, the milk market would expand from 989K tons in 2024 to 1.1mn tons by 2029, while juice consumption is estimated to rise from 548K tons in 2024 to 605K tons in 2029.

On the cost front, we used Bloomberg estimates for SMP and palm oil prices. As per SMP, prices are expected to trend upward at a 5-year CAGR (2024–2029) of 1.2% to hit USD2,770 per ton in 2029, up from USD2,609 per ton in 2024. In contrast, palm oil prices are projected to take a dip, shrinking at a 2.8% CAGR over the same period, landing at USD943.9 per ton in 2029 from USD1,086.7 per ton in 2024.

#### First: Cheese Segment Assumptions

##### 1. The **White Cheese**:

- **Capacity:** Production capacity for white cheese is expected to hold steady at around 275Ktpa throughout the forecast period. Although the premium cheese expansion is included in our CAPEX forecast, we conservatively preferred not to include it in neither capacity nor sales due to absence of guidance.
- **Volume:** Sales volume is set to rise at a 5-year CAGR (2024-2029) of 1.6%, climbing from 117.5Ktpa in 2024 to 127.3Ktpa in 2029, mirroring Egypt's cheese consumption trends as predicted by the OECD. This translates into an average utilization rate of 45% over the forecast period (2025-2029) vs. 42.7% in 2024.
- **Prices:** Average prices are forecasted to increase at a 5-year CAGR (2024-2029) of 9.3% - matching the increase in average cost per ton of cheese segment - reaching EGP109.9K per ton in 2029, up from EGP70.6K per ton in 2024.
- **Revenues:** As a result, white cheese revenue is expected to grow at 5-year CAGR (2024-2029) of 11.0% to record EGP13.9bn in 2029 from EGP8.3bn in 2024.

##### 2. The **Processed Cheese**:

- **Capacity:** Production capacity is set to double, expanding from 9.4Ktpa to 19.4Ktpa, thanks to the addition of two new production lines.
- **Volume:** Sales volume is projected to increase at a 5-year CAGR (2024-2029) of 6.7%, growing from 3.3Ktpa in 2024 to 4.5Ktpa in 2029, closely tracking the OECD's outlook on Egyptian cheese consumption. This would imply an average utilization rate of 22.9% over the forecast period (2025-2029) vs. 35.2% in 2024.
- **Prices:** Average prices are expected to rise at a 5-year CAGR (2024-2029) of 9.3%, inline with the increase in average cost per ton of cheese segment, reaching EGP200.4K per ton in 2029 from EGP 128.7K per ton in 2024.
- **Revenues:** Given that, processed cheese revenues would grow at a 5-year CAGR (2024-2029) of 16.5% to record EGP911.1mn in 2029 from EGP423.9in 2024.

**The average cost per ton across the Total cheese segment** is set to climb at a 5-year CAGR of 9.3% (2024-2029), rising from EGP55.1K per ton in 2024 to EGP85.5K per ton in 2029. This uptick mirrors shifts in global SMP, palm oil prices, and packaging costs. We tied the change in packaging cost to US inflation. Meanwhile, we relate other manufacturing expenses (such as Butter and GDL) to Egypt's inflation. As a result, the expected average GPM would land at 24% in our forecast period (2025-2029) compared to 23.5% in 2024.

## Obour Land for Food Industries

### Assumptions (*Cont'd*)

#### Second: Milk & Juice Segment

##### 1. The Milk:

- **Capacity:** The milk segment's production capacity is expected to remain flat at 69.6mn liters p.a., with no expansion plans on the horizon.
- **Volume:** Sales volume to grow with a 5-year CAGR (2024-2029) of 2% to 20.6mn liters in 2029 from 18.7mn liters in 2024, tracking population growth. This suggests that the facilities would be running at an average utilization rate of 29% over the forecast period (2025-2029) vs. 27% in 2024.
- **Prices:** Average prices to increase at a 5-year CAGR (2024-2029) of 10.3% to EGP62.2 per liter in 2029 from EGP38.2 per liter in 2024, matching the increase in average cost per ton of milk and Juice segment.
- **Revenues:** Consequently, milk segment's revenues are poised to rise at a 5-year CAGR of (2024-2029) 12.5% to record EGP1.3bn in 2029 from EGP704.7mn in 2024.

##### 2. The Juice:

- **Capacity:** The juice segment capacity will hold steady at 37mn liters for the entire forecast period, with no plans for scaling up in sight.
- **Volume:** Sales volume are projected to grow at a 5-year CAGR (2024-2029) of 4%, reaching 3.7mn liters in 2029 from 3.1mn liters in 2024, mirroring population growth. This would correspond to an average utilization rate of 10% over the forecast period (2025-2029) vs. 8% in 2024.
- **Prices:** As per our estimates, average prices would rise by a 5-year CAGR (2024-2029) of 10% to EGP32.4 per liter in 2029 from EGP19.9 per liter in 2024, matching the increase in average cost per ton of milk and Juice segment.
- **Revenues:** Therefore, the juice segment's revenues are projected to rise at a 5-year CAGR (2024-2029) of 14% over the forecast period (2025-2029) to record EGP117.5mn vs. EGP59.9mn in 2024.

**The average cost per ton for the Milk & Juice segment** is expected to rise at a 5-year CAGR of 10.3% (2024-2029), climbing from EGP27K per ton in 2024 to EGP45.4K per ton in 2029. This increase follows shifts in raw milk cost, driven by SMP fluctuations, packaging cost which is tied to US inflation, and other manufacturing costs (juice, and sugar) which move in step with Egypt's inflation. As a result, the projected average GPM would settle at 20.2% in our forecast period (2025-2029) vs. 20.6% in 2024.

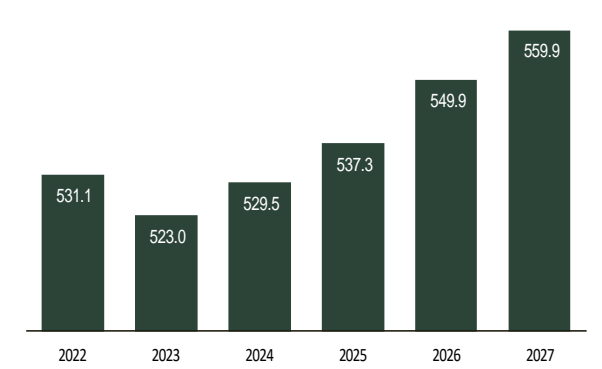
#### Third: General Assumptions

- We anticipate a steady EBITDA margin of 18% over our forecast period (2025-2029), bolstered by SG&A expenses-to-revenues holding at 5.6% throughout the forecast period.
- **CapEx** is expected to be at 1.5%–1.8% of revenues, with no major expansion plans. Meanwhile, the CCC to hold steady at 65 days, keeping working capital running smoothly.

## Obour Land for Food Industries

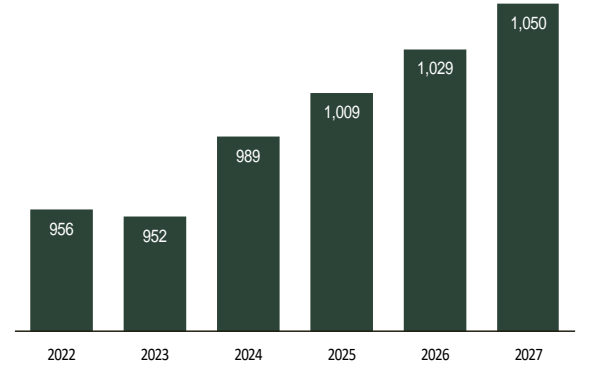
### Assumptions (Cont'd)

Egyptian cheese market is set to reach 559.9k tons by FY27



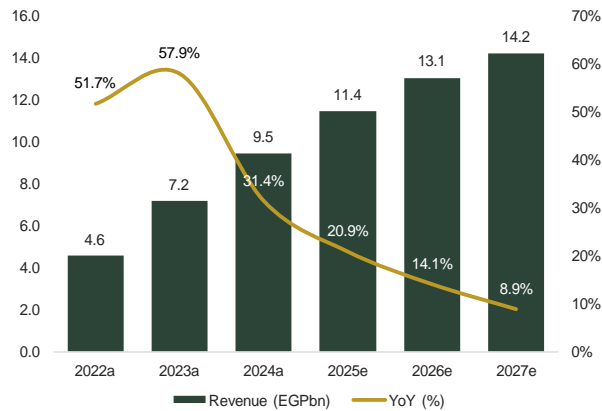
Source: OECD, AAIS research

Egypt's milk market is on track to hit 1.050k tons by FY27



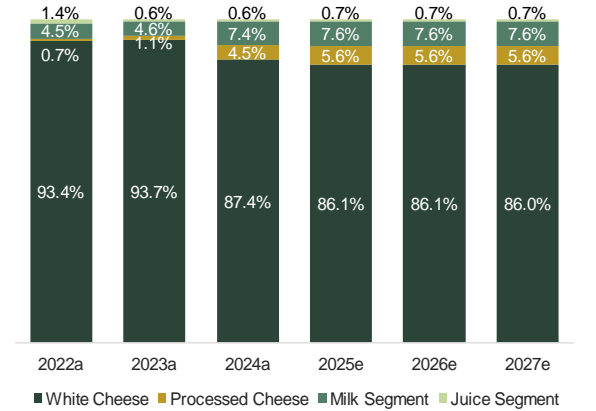
Source: OECD, AAIS research

We forecast a sustained double-digit growth on average in the top line ...



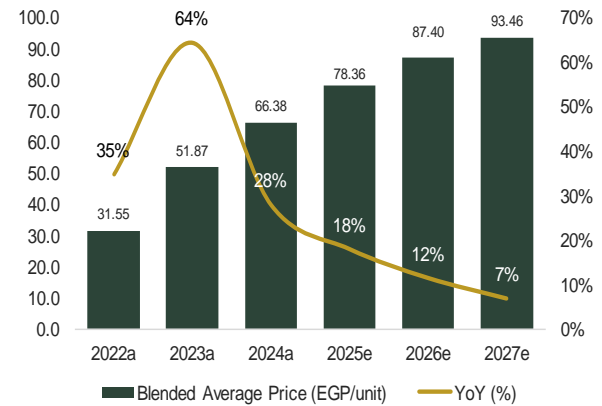
Source: Company's financials and AAIS Research

... driven by white cheese sales, as a major contributor ...



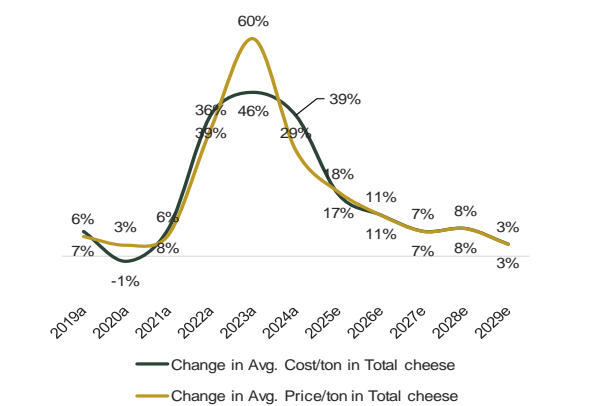
Source: Company's financials and AAIS Research

... With growth fueled by price increases across all segments ...



Source: Company's financials and AAIS Research

... keeping in step with the historical trend of rising average cost per ton in total cheese ...



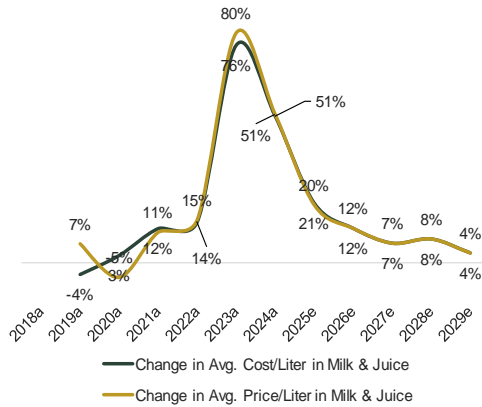
Source: Company's financials and AAIS Research



## Obour Land for Food Industries

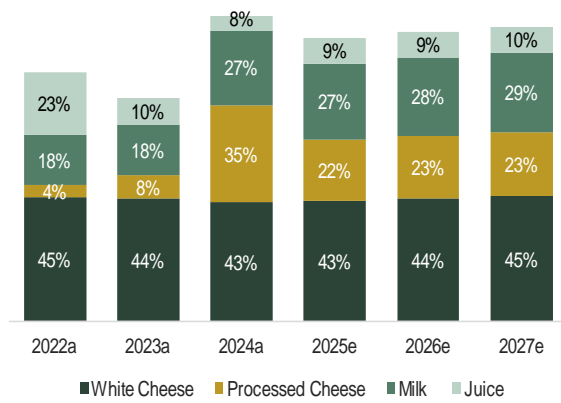
### Assumptions (Cont'd)

... likewise, the milk and juice segments followed the same pricing pattern ...



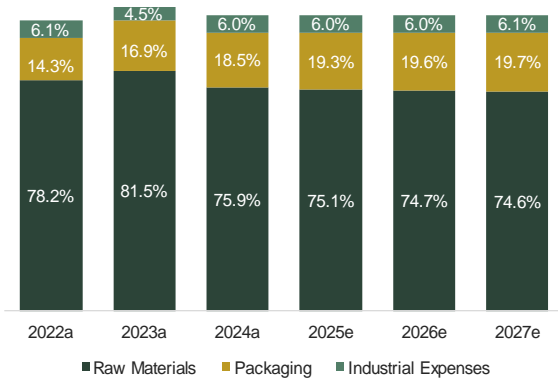
Source: Company's financials and AAIS Research

... while utilization rate gradually increases and processed ramps up with new capacities



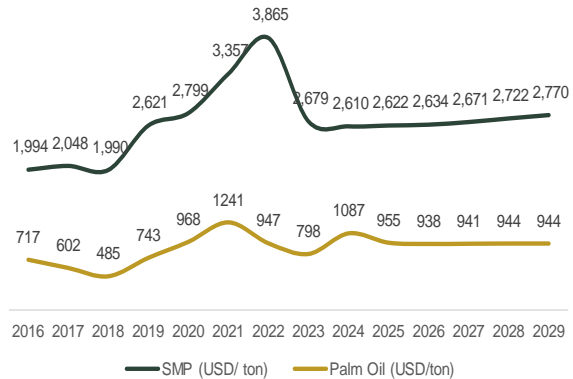
Source: Company's financials and AAIS Research

COGS takes up to 77% of revenues on 5-year average, led by raw materials, packaging...



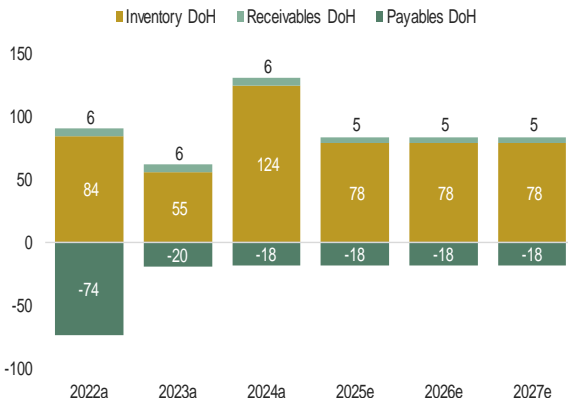
Source: Company's financials and AAIS Research

... With cost being impacted by SMP& palm oil prices as main drivers...



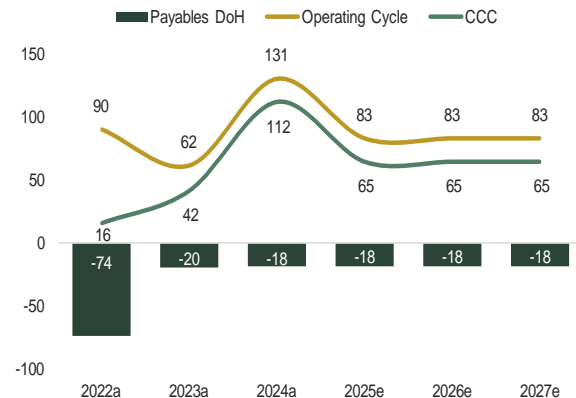
Source: Company's financials, Bloomberg and AAIS Research

... yet stockpiling key raw materials acts as a safety net, ensuring steady production...



Source: Company's financials and AAIS Research

...though it may stretch the cash conversion cycle (CCC), it gradually finds its balance at 65 days...

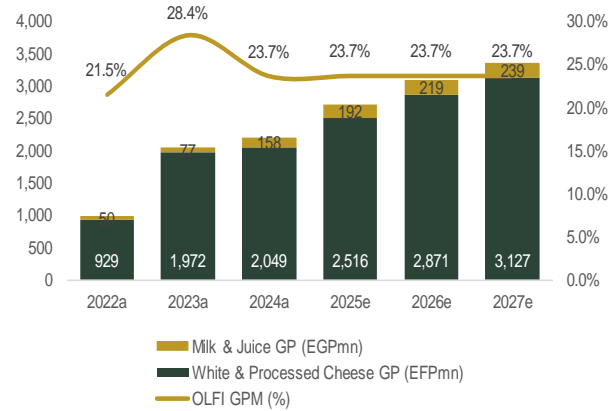


Source: Company's financials and AAIS Research

## Obour Land for Food Industries

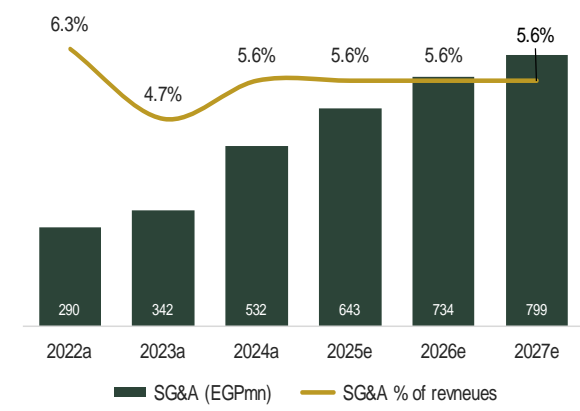
### Assumptions (Cont'd)

... ultimately helping sustain a steady gross profit margin (GPM) of 23.5%



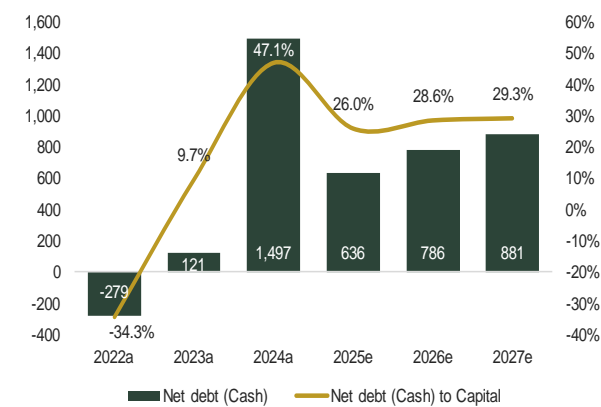
Source: Company's financials and AAIS Research

Low SG&A overheads at 5.6% of revenues through wholesalers' reliance...



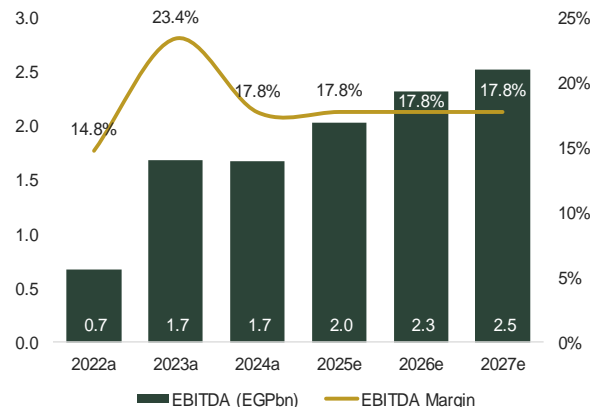
Source: Company's financials and AAIS Research

... inline with maintaining a lean debt profile at 47% of capital...



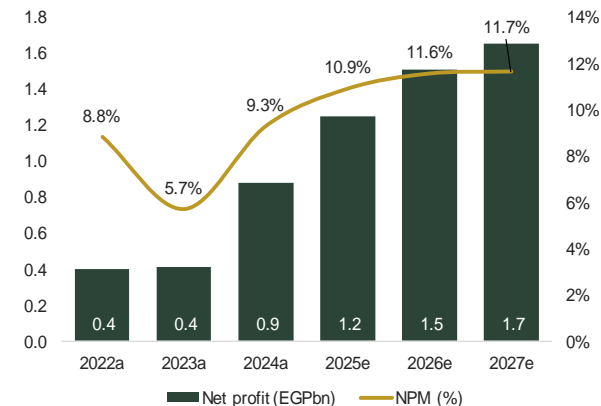
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...result in OLF I securing a robust EBITDA margin of 18% ...



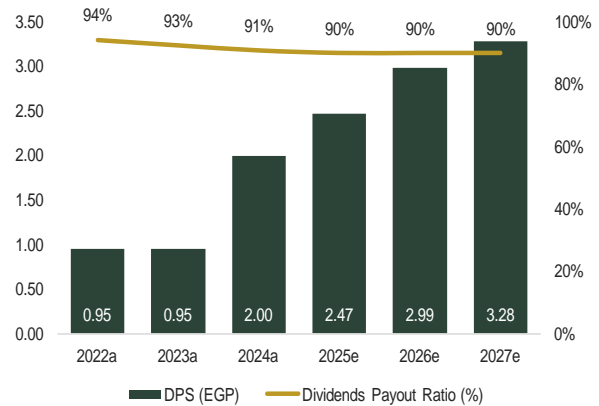
Source: Company's financials and AAIS Research

...thereby keeping NPM steady at 11.4% on average, supported by future low interest rates



Source: Company's financials and AAIS Research

Of which 90% of it gets distributed, ensuring consistent returns to shareholders



Source: Company's financials and AAIS Research

Obour Land for Food Industries

Assumptions (Cont'd)

Assumptions		FY 2024a	FY 2025e	FY 2026e	FY 2027e	FY 2028e	FY 2029e	5-Year (2024-2029) CAGR
Macro Outlook								
Egypt Inflation	(%)	33%	21%	14%	10%	7%	5%	
Us Inflation	(%)	3%	2%	2%	2%	2%	2%	
Population Growth (%)	(%)	2%	2%	2%	2%	2%	2%	
Industry Outlook								
Cheese Market Consumption	000 tons	529.5	537.3	549.9	559.9	567.0	573.5	1.6%
Milk Market Consumption	000 tons	989.0	1,008.8	1,029.0	1,049.5	1,070.5	1,091.9	2.0%
Juice Market Consumption	000 tons	548.0	559.0	570.1	581.5	593.2	605.0	2.0%
Skim Milk Powder (SMP)	USD/ton	2,609.9	2,621.8	2,633.8	2,671.1	2,722.1	2,770.2	1.2%
Palm Oil	USD/ton	1,086.7	955.3	938.4	941.2	944.0	944.0	-2.8%
Main Drivers for Revenues & COGS								
Total Cheese Revenues								
White Cheese								
Capacity	Ktpa	275.1	275.1	275.1	275.1	275.1	275.1	
Utilization Rate	(%)	43%	43%	44%	45%	46%	46%	
Sales volumes	Ktpa	117.5	119.2	122.0	124.2	125.8	127.3	1.6%
YoY	(%)		1%	2%	2%	1%	1%	
Average selling price	EGP/Kg	70.6	82.7	92.2	98.7	106.3	109.9	9.3%
YoY	(%)		17%	11%	7%	8%	3%	
Revenues	(EGPmn)	8,276.7	9,845.9	11,233.4	12,233.8	13,347.5	13,958.7	11.0%
YoY	(%)		19%	14%	9%	9%	5%	
Contribution to revenues	(%)	87.4%	86.1%	86.1%	86.0%	85.9%	85.9%	
Processed Cheese								
Capacity	Ktpa	9.4	19.4	19.4	19.4	19.4	19.4	
Utilization Rate	(%)	35%	22%	23%	23%	23%	24%	
Sales volumes	Ktpa	3.3	4.3	4.4	4.4	4.5	4.6	6.7%
YoY	(%)		29%	2%	2%	1%	1%	
Average selling price	EGP/Kg	128.7	150.9	168.2	179.9	193.8	200.4	9.3%
YoY	(%)		17%	11%	7%	8%	3%	
Revenues	(EGPmn)	423.9	642.7	733.2	798.5	871.2	911.1	16.5%
YoY	(%)		52%	14%	9%	9%	5%	
Contribution to revenues	(%)	4.5%	5.6%	5.6%	5.6%	5.6%	5.6%	
Total cheese revenues	(EGPmn)	8,701	10,489	11,967	13,032	14,219	14,870	11.3%
Total Cheese Cost								
SMP & MPC Cost	(EGPmn)	2,695.7	3,324.8	3,797.5	4,125.7	4,540.6	4,755.6	12.0%
Palm Oil Cost	(EGPmn)	1,451.6	1,566.6	1,749.7	1,880.0	2,036.4	2,095.8	7.6%
GDL Cost	(EGPmn)	215.6	261.4	299.0	330.1	352.5	371.2	11.5%
Butter Cost	(EGPmn)	158.0	191.5	219.0	241.8	258.3	272.0	11.5%
Packaging Cost	(EGPmn)	1,179.0	1,474.4	1,710.7	1,871.2	2,063.7	2,169.4	13.0%
Others	(EGPmn)	951.9	1,153.7	1,319.8	1,457.1	1,556.1	1,638.6	11.5%
Total Cheese Cost	(EGPmn)	6,652	7,972	9,096	9,906	10,808	11,303	11.2%
GPM	%	23.5%	24.0%	24.0%	24.0%	24.0%	24.0%	

Source: AAIS Research estimates

## Obour Land for Food Industries

### Assumptions (Cont'd)

Milk & Juice Revenues							
Milk Segment							
Capacity	mn Liter	70	70	70	70	70	70
Utilization Rate	(%)	27%	27%	28%	29%	29%	30%
Sales volumes	mn Liter	18.7	19.1	19.5	19.9	20.3	20.7
YoY	(%)		2%	2%	2%	2%	2%
Average selling price	EGP/Liter	38.2	46.1	51.7	55.4	60.0	62.2
YoY	(%)		21%	12%	7%	8%	4%
Revenues	(EGPmn)	704.7	868.9	993.8	1,084.7	1,200.1	1,268.6
YoY	(%)		23%	14%	9%	11%	6%
Contribution to revenues	(%)	7.4%	7.6%	7.6%	7.6%	7.7%	7.8%
Juice Segment							
Capacity	mn Liter	37.2	37.2	37.2	37.2	37.2	37.2
Utilization Rate	(%)	8%	9%	9%	10%	10%	10%
Sales volumes	mn Liter	3.1	3.4	3.5	3.5	3.6	3.7
YoY	(%)		11%	2%	2%	2%	2%
Average selling price	EGP/Liter	19.9	24.0	26.9	28.8	31.3	32.4
YoY	(%)		21%	12%	7%	8%	4%
Revenues	(EGPmn)	59.9	80.5	92.1	100.5	111.2	117.5
YoY	(%)		34%	14%	9%	11%	6%
Contribution to revenues	(%)	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%
<b>Total Milk &amp; Juice revenues</b>	<b>(EGPmn)</b>	<b>765</b>	<b>949</b>	<b>1,086</b>	<b>1,185</b>	<b>1,311</b>	<b>1,386</b>
Milk & Juice Cost							
Raw Milk Cost	(EGPmn)	400.3	498.8	567.8	618.0	685.0	723.5
Juice Concentrate Cost	(EGPmn)	5.9	7.2	8.2	9.1	9.7	10.2
Sugar Cost	(EGPmn)	20.5	24.8	28.4	31.4	33.5	35.3
Packaging Cost	(EGPmn)	165.5	209.0	241.7	264.9	294.2	311.9
Others	(EGPmn)	14.6	17.7	20.2	22.3	23.9	25.1
<b>Total Cheese Cost</b>	<b>(EGPmn)</b>	<b>607</b>	<b>758</b>	<b>866</b>	<b>946</b>	<b>1,046</b>	<b>1,106</b>
<b>GPM</b>	<b>%</b>	<b>20.6%</b>	<b>20.2%</b>	<b>20.2%</b>	<b>20.2%</b>	<b>20.2%</b>	<b>20.2%</b>
<b>Total Revenues</b>	<b>EGPmn</b>	<b>9,465.3</b>	<b>11,437.9</b>	<b>13,052.5</b>	<b>14,217.5</b>	<b>15,530.0</b>	<b>16,256.0</b>
<b>Gross Profit</b>	<b>EGPmn</b>	<b>2,206.6</b>	<b>2,708.1</b>	<b>3,090.3</b>	<b>3,366.0</b>	<b>3,676.1</b>	<b>3,847.5</b>
<b>GPM</b>	<b>(%)</b>	<b>23%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>

Source: AAIS Research estimates

# Obour Land for Food Industries

## Stock rating methodology & guidelines

This report's validity is 3 months from its publication date highlighted on the first page. This report was prepared in accordance with the Financial Regulatory Authority's Board of Directors decree number 39 for the year 2018. Through a top-down or bottom-up approach analysts will apply different valuation methodologies to reach the "intrinsic" value of stocks commonly known as the Target Price (TP). Valuation techniques may be absolute and/or relative in nature. Primarily the Discounted Cash Flow (DCF) approach will be applied. In addition to estimating the intrinsic value of a company's stock, the research team will also demonstrate in published reports an assessment of the strategic positioning of the enterprise being assessed, its competitive advantages, and value drivers. The department's focus is to support our clients' investment decision process. We identify 5 rating recommendations as follows:

Please click [here](#) for key valuation terminology in both English and Arabic

BUY	$TP \geq +10\%$
HOLD	$-5\% \leq TP \leq +10\%$
SELL	$TP \leq -5\%$
Not Rated	-
Suspended	-

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