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## Obour Land For Food Industries

*IPO Roadshow Presentation*

November / December 2016

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## I. Transaction Overview

# Offering Structure



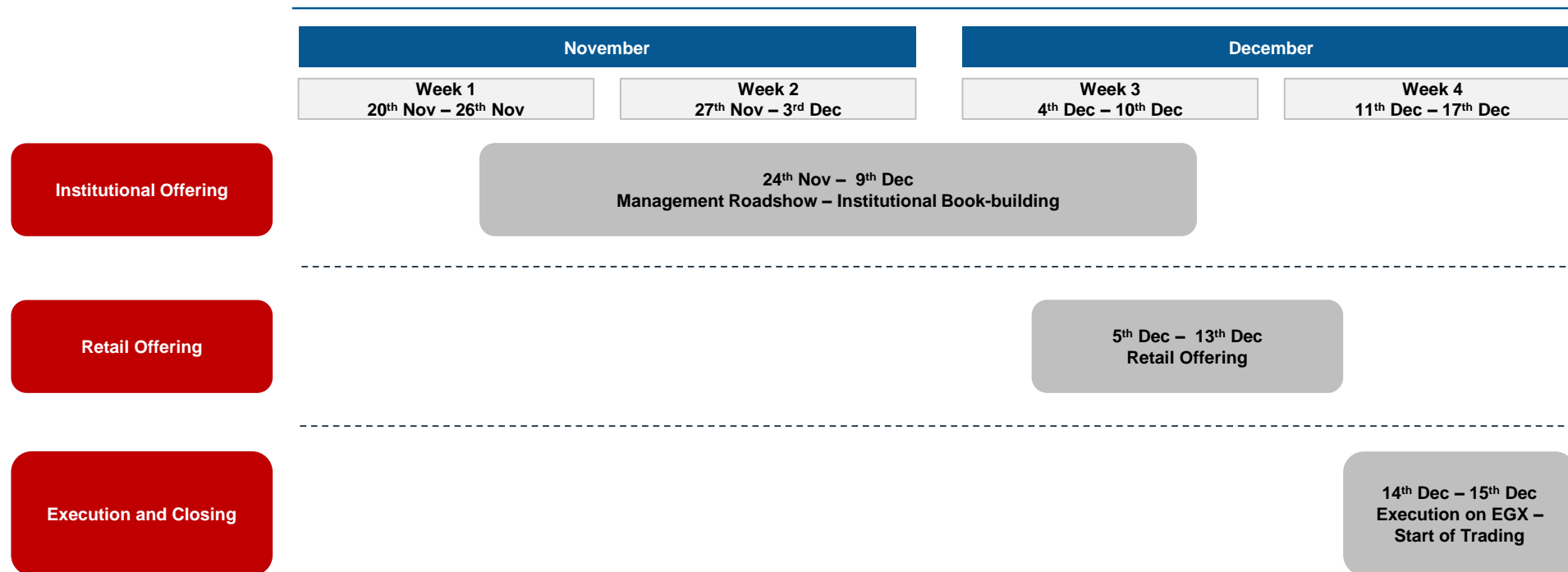
## Offering Indicative Parameters

Issuer	<ul style="list-style-type: none"> <li>▪ Obour Land For Food Industries S.A.E</li> </ul>
Type of Offering	<ul style="list-style-type: none"> <li>▪ Initial Public Offering</li> </ul>
Securities Offered	<ul style="list-style-type: none"> <li>▪ Ordinary Shares</li> </ul>
Listing Venue	<ul style="list-style-type: none"> <li>▪ Egyptian Stock Exchange (EGX)</li> </ul>
Offering Structure	<ul style="list-style-type: none"> <li>▪ Combined Offering Structure: <ul style="list-style-type: none"> <li>– International Offering (70% - 80% of the total offering) to institutional investors and qualified investors</li> <li>– Egyptian Retail Offering (20% - 30% of the total offering) to retail investors in Egypt</li> </ul> </li> </ul>
Pricing Approach	<ul style="list-style-type: none"> <li>▪ Bookbuilding for the International Offering, Retail Offering at the international offering price</li> </ul>
Offering Size	<ul style="list-style-type: none"> <li>▪ Up to 42.5% of the issued share capital of the Company</li> </ul>
Offering Type	<ul style="list-style-type: none"> <li>▪ 100% Secondary Shares</li> </ul>
Transaction Rationale	<ul style="list-style-type: none"> <li>▪ Further institutionalize the business through the introduction of new shareholders</li> <li>▪ Ability to tap the capital market for potential future investments</li> <li>▪ Partially monetize the founding shareholders' holdings after holding their shares for 19 years (initial investment in 1997)</li> </ul>
Stabilization	<ul style="list-style-type: none"> <li>▪ 15% of gross IPO proceeds to be allocated solely to retail investors</li> </ul>
Lock-ups	<ul style="list-style-type: none"> <li>▪ Regulatory lock-up on 51% of the existing shareholders' stake for two years from the date of the IPO</li> <li>▪ Transaction lock-up on up to 60% of the issued share capital of the Company for twelve months from the date of the IPO</li> </ul>
Syndicate Members	<ul style="list-style-type: none"> <li>▪ Sole Global Coordinator and Bookrunner: CI Capital Investment Banking</li> <li>▪ Placement Agent: Beltone Securities Brokerage</li> </ul>
Company's Auditors	<ul style="list-style-type: none"> <li>▪ EY / Fathy Said</li> </ul>
Transaction Counsels	<ul style="list-style-type: none"> <li>▪ Norton Rose Fulbright LLP (International)</li> <li>▪ Matouk Bassiouny (Local)</li> </ul>

# Key Process Dates



## Indicative Transaction Timeline



Note: Execution day and trading day are tentative dates and are subject to change

## Management Presentation Team

### Ashraf Sherif

#### Vice Chairman and CEO

**Joined in:** 1997 (co-founder of the Company)

**Title:** Vice Chairman and Chief Executive Officer ("CEO")

**Background:** The Company began operations in 1999 and Mr. Sherif was responsible for sales and purchasing. In 2004, he became the General Manager and in 2006 became the CEO. He has over 18 years of experience in the cheese production industry. Mr. Sherif is also the chairman of Al Obour Sports Company

**Education:** B.C. from Zagazig University (1996)

### Ahmed Hassan

#### Head of IR and Investments

**Joined in:** November 2016

**Title:** Head of Investor Relations and Investments

**Background:** Prior to joining the Company, Mr. Hassan was the investor relations and business development manager at Palm Hills Developments SAE, in addition to relationship management in the Corporate Banking Department in CIB

**Education:** B.A. in accounting from both Misr International University and Heilbronn University in Germany



## II. Introduction to Obour Land

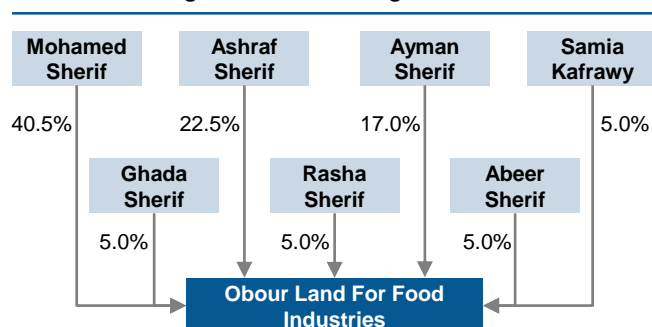
# Obour Land at a Glance



## Group Overview

- Founded in 1997 by Eng. Mohamed Hamed Sherif (Executive Chairman) and Mr. Ashraf Mohamed Hamed Sherif (Vice Chairman and CEO), Obour Land For Food Industries S.A.E ("Obour Land" or the "Company") is a leading white cheese producer, a traditional and highly consumed staple good, offering 27 SKUs
- The Company commenced operations in 1999 with only one production line of loose white cheese producing 400kg of cheese per day. In 2007, it introduced its first Tetra Pak product and now it operates 12 Tetra Pak production lines in addition to one plastic tub line with a combined production capacity of 134.4 thousand tons per annum ("ktpa"). Additionally, the Company is currently installing three new white cheese carton pack production lines with a total production capacity of 65.3 ktpa, as well as one production line for mozzarella cheese and one for processed cheese with a combined production capacity of 7.2 ktpa to be fully operational by Q2 2017
- Obour Land boasts a robust operational platform backstopped by a solid brand equity that is able to accommodate additional F&B product categories that complement the current product offering; three production lines for juice (interchangeable between juice and milk) and one production line for milk products are expected to be operational by Q2 2017 with a combined production capacity of 126 million liters per annum
- The Company owns seven land plots in Obour industrial city located in the outskirts of East Cairo, with a total area of approximately 26,412sqm of which only two are being used for the production of white cheese and the remaining five will be used for growth, diversification and storage. Additionally, it owns 3,875sqm of land in 6<sup>th</sup> of October industrial city in West Cairo and 396sqm in Borg El Arab industrial zone in the outskirts of Alexandria city
- The Company has a fleet of 201 vehicles serving its direct distribution network that is constituted of ten branches in ten governorates in addition to the Company's head office in Obour City, as well as indirect distribution to wholesalers who cover all parts of Egypt
- The Company has received four quality certifications for its utmost commitment to quality, health and safety: ISO 9001, OHSAS 18001, ISO 14001 and ISO 22000
- The Obour Land brand has grown to become the leading white cheese brand in the local market commanding 39%<sup>1</sup> market share

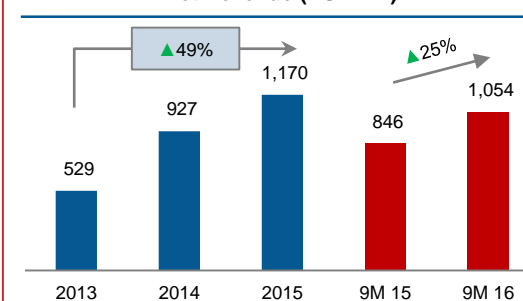
### Legal and Shareholding Structure<sup>2</sup>



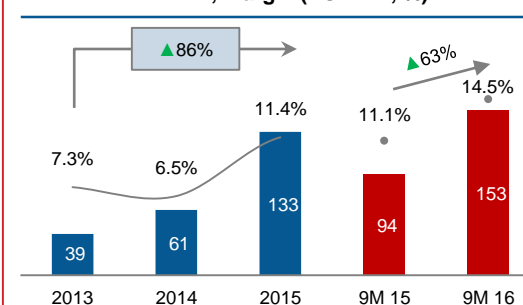
### Board of Directors

Mohamed Hamed Sherif	Executive Chairman
Ashraf Mohamed Sherif	Vice Chairman & CEO
Ayman Mohamed Sherif	MD for Sales & Marketing
Ghada Mohamed Sherif	Member
Abeer Mohamed Sherif	Member

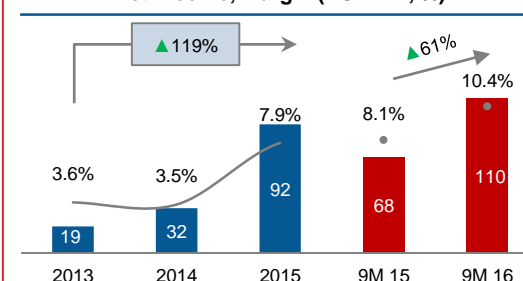
### Net Revenue (EGP mn)



### EBITDA, Margin (EGP mn, %)



### Net Income, Margin (EGP mn, %)



Source: Company financial statements

Note: The Company is in the process of appointing 2-3 independent board members who will be sitting on the board prior to the issuance of 31 December 2016 financial statements

<sup>1</sup> 9M 16 market share by value based on Nielsen retail audit

<sup>2</sup> All the family members' ownership will be consolidated in an SPV

% 2013-2015 CAGR

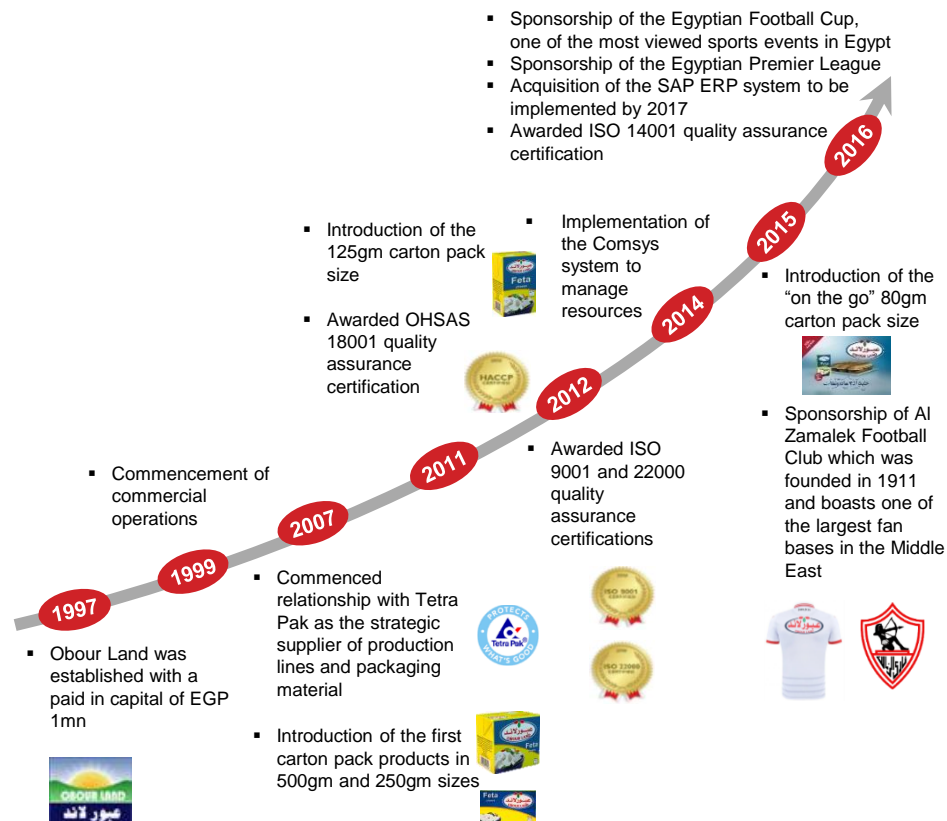
# Corporate Evolution



## Company Snapshot



## Corporate Evolution



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross Sales (EGP mn) <sup>2</sup>	1	4	6	7	10	13	16	31	37	29	56	89	204	359	532	932	1,175

<sup>1</sup> As of September 30<sup>th</sup> 2016

<sup>2</sup> Gross sales include discounts provided to wholesalers and retailers

### III. Key Investment Highlights







# Key Investment Highlights



- 1 Strong Brand Equity Buoyed by a Developing and Vibrant High Quality Product Mix
- 2 Largest and Fastest Growing White Cheese Producer in Egypt
- 3 State-of-the-Art Facilities
- 4 Fully-Funded and Clearly Defined Expansion Plans to be Operational by Q2 2017
- 5 Strong Supply Chain and Sales Network with Unmatched Reach
- 6 Large Network of Distributors Allowing the Company to Perform Its Sales and Collections on Favorable Terms
- 7 Visionary and Cautious Management Team Implementing a Calculated Growth Strategy
- 8 Highly Supportive Demographic Profile, Coupled with a Resilient and Rapidly Growing White Cheese Market
- 9 Stellar Financial Performance with Minimal Leverage
- 10 Well Defined Corporate Strategy

***An Attractive Opportunity For Investors Seeking Growth and Value***

## Product Portfolio Synopsis

Brand					
Product Family	<b>250gm Carton Pack</b> 	<b>500gm Carton Pack</b> 	<b>125gm Carton Pack</b> 	<b>80gm Carton Pack</b> 	<b>Plastic Tub</b> 
Launch Date	2007	2007	2011	2015	1999
SKUs	3	3	3	1	17
Weighted Production Capacity (TPA) <sup>1</sup>	47,250	27,000	13,500	3,240	3,042
9M 16 Utilization Rate <sup>1</sup>	84%	77%	75%	22%	104%
9M 16 Contribution to Sales	52.4%	27.3%	14.5%	0.6%	5.2%

## Key Propositions

Iconic Staple Goods

Through its strong brand, Obour Land offers white cheese, which is a traditional staple good that is consumed by customers across the socioeconomic spectrum

Affordability

The Company's products are economically priced allowing them to be affordable to the majority of the Egyptian consumers


















Premium Quality

Obour Land offers top quality products, in terms of superior and consistent flavors, while adhering to the highest health and safety standards

Diversified Raw Material Sourcing

Obour Land relies on premium raw materials sourced from various geographies from both local and international suppliers

## Product Portfolio

Carton Pack	 80g Feta	 125g Feta	 125g Olive	 125g Istanbul
	 250g Feta	 250g Olive	 250g Istanbul	
Plastic Tub <sup>2</sup>	 500g Feta	 500g Olive	 500g Istanbul	
	 1kg Feta	 1kg Khazeen	 1kg Istanbul	
Natural Fat	 1kg Double Cream	 1kg Baramely	 1kg Istanbul	 1kg Talaga

Source: Company

<sup>1</sup> Weighted by number of operating months in 9M 16 to adjust for new capacity additions

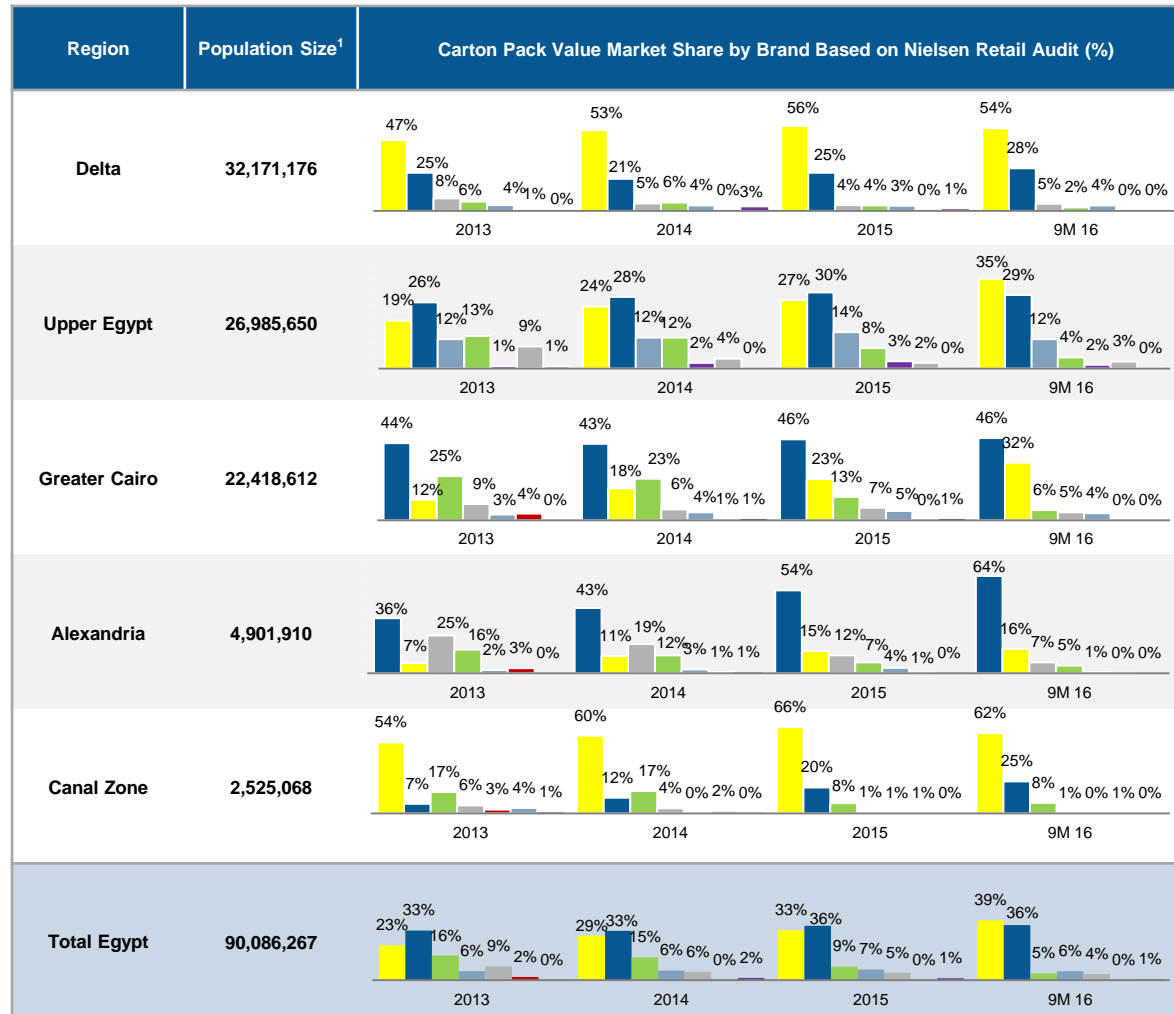
<sup>2</sup> Other plastic tubs SKUs include 400gm Istanbul, 400gm Feta, 400gm Khazeen, 400gm Talaga, 400gm Istanbul Full Cream, 400gm Double Cream, 400gm Baramely, 1.5kg Feta Pepper, 1kg Feta and 12kg Low Salt

## 2 Largest and Fastest Growing White Cheese Producer in Egypt

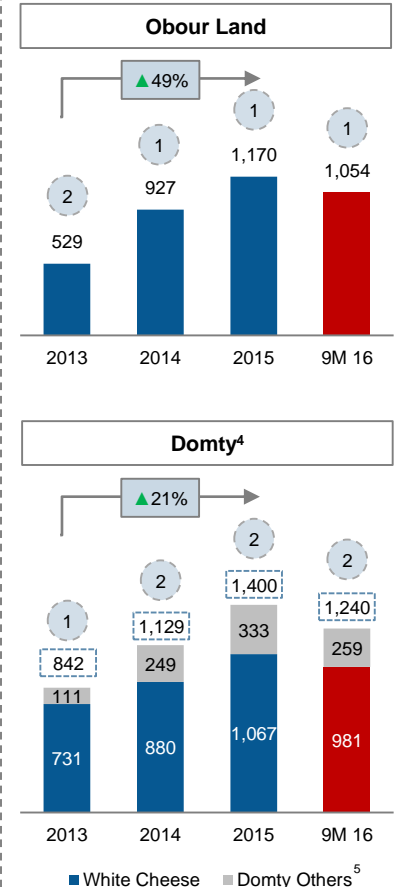


- The Company boasts a robust and efficient distribution network with a wide geographical coverage across Egypt

*Obour Land boasts the largest market share by brand in Egypt with superior performance in the Delta and Upper Egypt, Egypt's most populous regions. Despite being the second largest brand in Greater Cairo, Obour Land displayed robust growth in market share in that region*



### Audited Revenues (EGP mn)



Source: Companies' Filings and Nielsen Retail Audit, CAPMAS

<sup>1</sup> As of December 31, 2015. Total Egypt includes an additional 1,083,851 people that were not accounted for in these specific regions; <sup>2</sup> Domty brand includes Domty Plus products; <sup>3</sup> Gebnety and Damo are fighter brands owned by Domty; <sup>4</sup> Domty's revenues as stated in the audited financials in Domty's publicly available prospectus; <sup>5</sup> Domty Others includes mozzarella cheese, spreadable cheese and juice

Note: Market share is calculated by brand

% 2013-2015 white cheese CAGR

15

Ranking in the white cheese market based on audited sales figures

## State-of-the-art Facilities

## Production Facility Snapshot

Total Capacity	134.4 ktpa
Carton Pack Production Lines	12
New White Cheese Carton Pack Production Lines in 2017	3
Utilized Land Area (sqm)	6,120
Facility Location	Obour City

## Accreditation

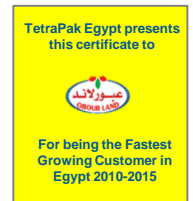


## Potential For Growth

The Company has a remaining 20,292 sqm of unutilized land in Obour City which will be utilized to venture into new product segments and as storage space

## Strategic Relationship with Tetra Pak

- Tetra Pak is the sole supplier of the Company's production lines since 2007
- Moreover, Tetra Pak provides the Company with a range of benefits including marketing support, growth support, production lines maintenance and cash discounts
- As a result, the Company was awarded the certificate for Tetra Pak's fastest growing customer in Egypt from 2010 – 2015



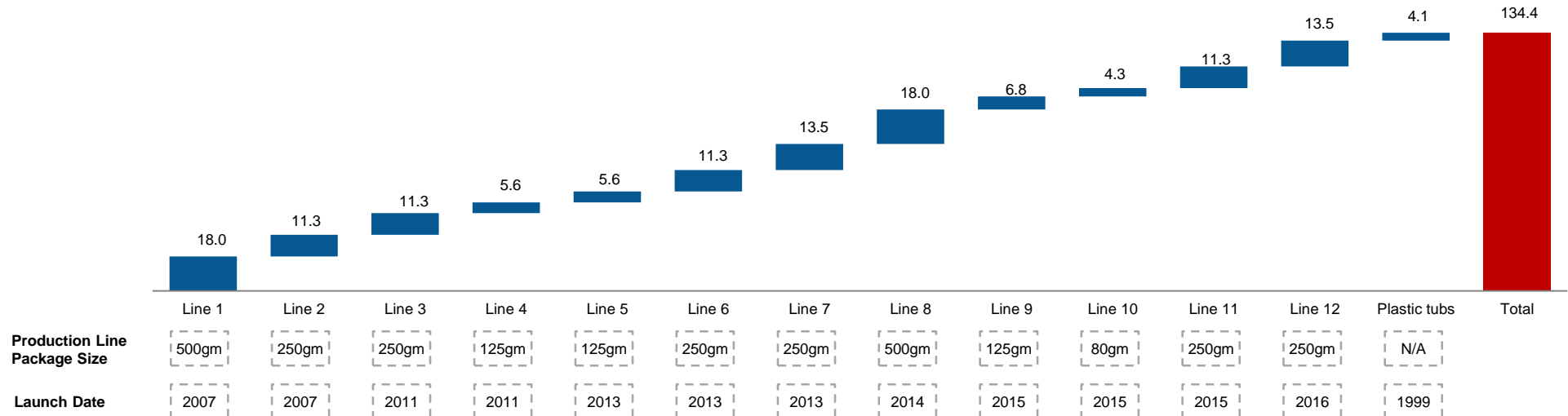
Marketing Support

Growth Support

Maintenance Support

Cash Discounts

Relaxed Payment Terms

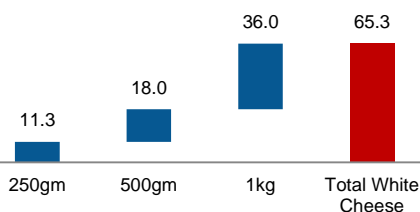
Total Annual Capacities (ktpa)<sup>1</sup>



## White Cheese

- Obour Land plans to expand its existing product offering of white cheese by introducing three new Tetra Pak production lines with an expected combined capacity of 65.3 ktpa as well as offer new white cheese flavours
- The three new Tetra Pak production lines are expected to be introduced in Q2 2017

Expected Additional Capacities (ktpa)



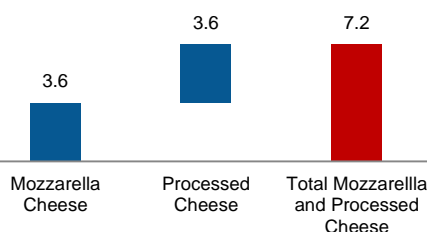
Fully Paid



## Mozzarella and Processed Cheese

- In an effort to diversify its cheese product offering, the Company plans to introduce two production lines of mozzarella cheese and processed cheese in Q2 2017 with a combined estimated capacity of 7.2 ktpa

Expected Additional Capacities (ktpa)



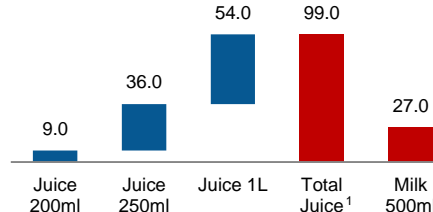
Fully Paid



## Juice &amp; Milk

- Obour Land plans to leverage its solid brand equity and established distribution platform to venture into juice and milk products that complement the Obour Land product offering
- By Q2 2017 the Company expects to operate three new Tetra Pak juice lines with a total capacity of 99.0 million liters and a Tetra Pak milk production line with a capacity of 27.0 million liters

Expected Additional Capacities (million liters)



Fully Financed



## Fully-Owned Land Bank to Accommodate for Expansion Plans

- The additional nine production lines will be housed in three different buildings already owned by the Company in the Obour Land facility as indicated below:

Land Plot	Land Area (sqm)	Utilization
Area 13	3,060	Additional three production lines of white cheese as well as existing four production lines
Area 15	3,060	Mozzarella and processed cheese production lines
Area 14	3,060	Three juice production lines and one milk production line

Following planned expansions, the Company will have an additional land bank of 14,172sqm in Obour City available for the accommodation of future expansionary plans

## Adjacent Land Plots



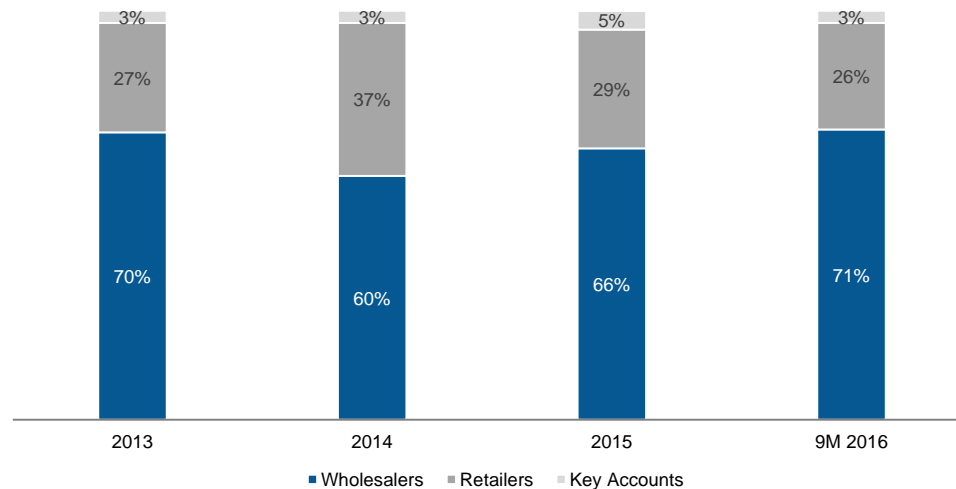
<sup>1</sup> The three juice production lines can be used interchangeably between juice and milk

## 5 Strong Supply Chain and Sales Network with Unmatched Reach

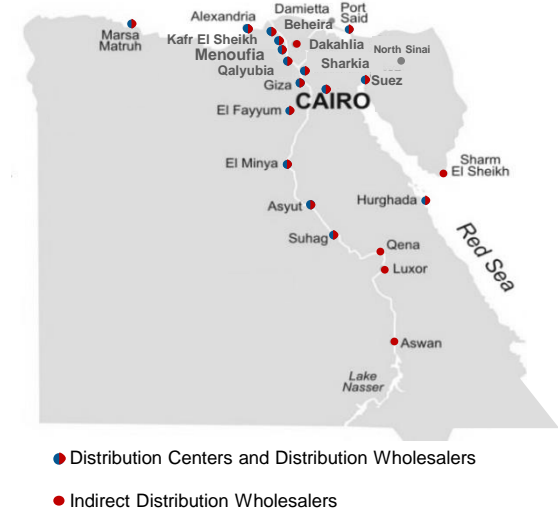


- Obour Land's management controls the pricing of its products by:
  - Controlling quantities supplied to retailers through sales representatives
  - Minimizing sales to key accounts, which typically command high discounts and lengthy credit terms
- Moreover, the Company plans to invest in 50 – 70 new distribution vehicles to accommodate for its expansion plans in 2017

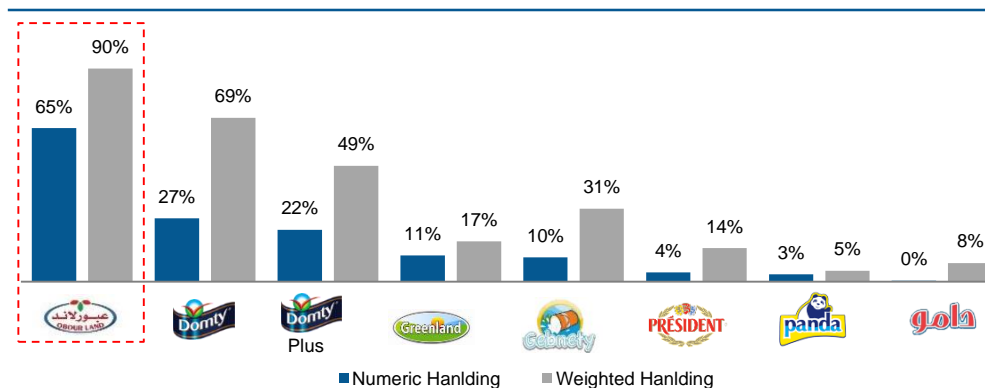
Sales Breakdown by Channel



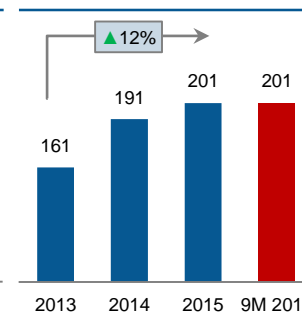
Robust Distribution Platform



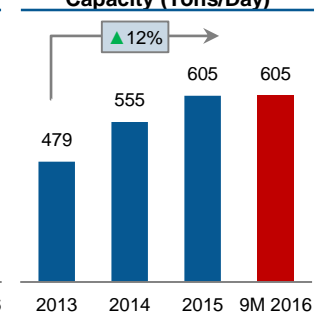
Numeric<sup>1</sup> and Weighted<sup>2</sup> Handling Average in Perspective (%)<sup>3</sup>



# Fleet



Maximum Handling Capacity (Tons/Day)



Source: Company

<sup>1</sup> Numeric distribution is the % of stores that sell the products of a company

<sup>2</sup> Weighted distribution is the % of stores that sell the products of a company but weighted by the importance of the store according to Nielsen scale

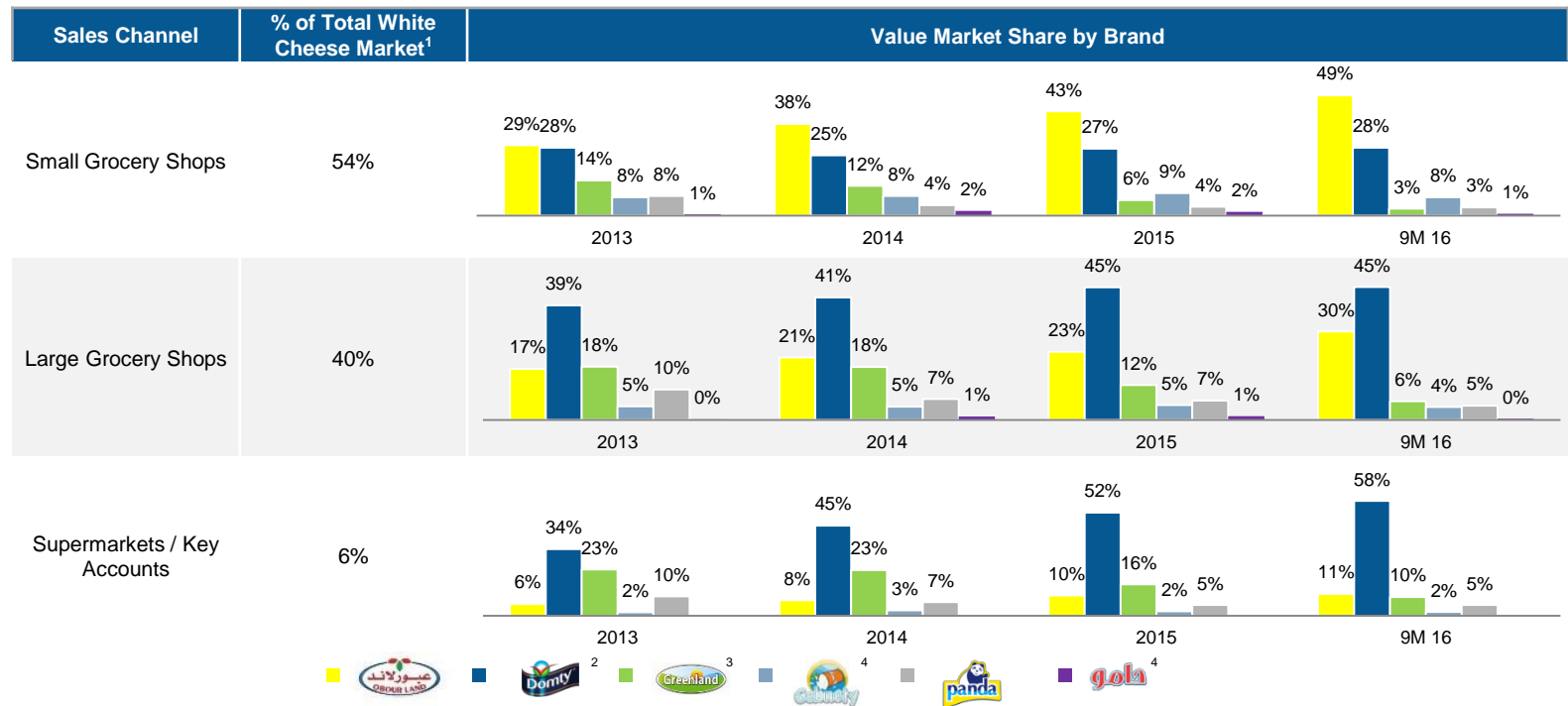
<sup>3</sup> As of 9M 16 Nielsen retail audit

# Large Network of Distributors Allowing the Company to Perform Its Sales and Collections on Favorable Terms

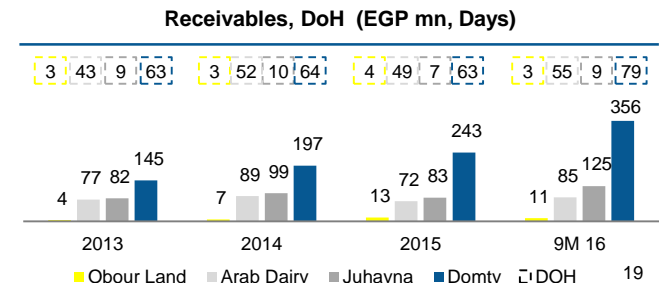
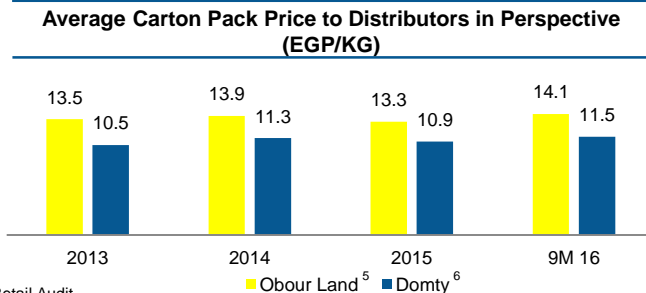


A Market Dominated by Small and Large Grocery Shops Where Obour Land Maintains a Leading Market Position...

- 400+ Distributors
- Full Control of the Sale Process
- No Geographical Concentration Risk
- Majority Cash Sales
- Premium Pricing in Comparison to Peers
- No Reliance on Agents



...Allowing the Company to Charge a Premium While Maintaining a Majority of Cash Sales

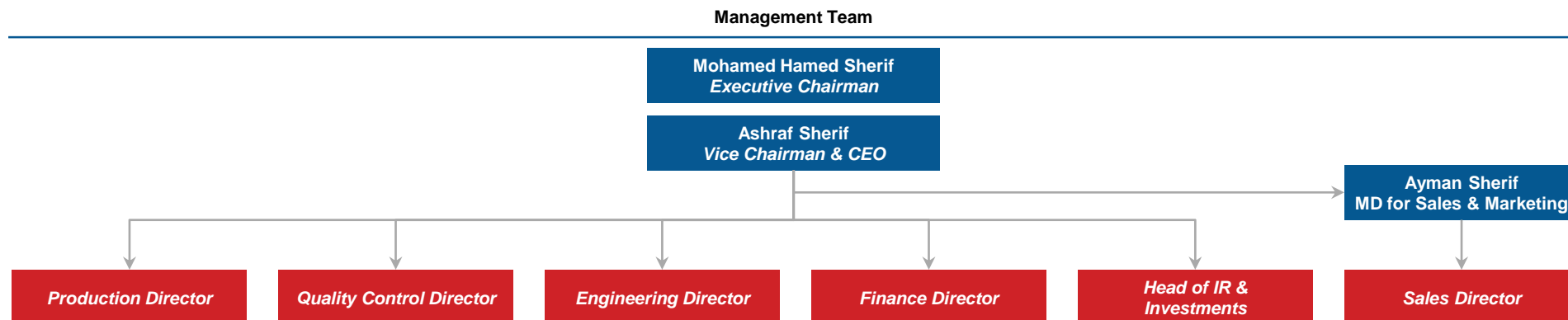


Source: Company financials and Nielsen Retail Audit

<sup>1</sup> As of 9M 16 sales value in the Nielsen Retail Audit

<sup>2</sup> Domty brand includes Domty Plus products; <sup>3</sup> Greenland includes Greenland Asseela <sup>4</sup> Gebnety and Damo are fighter brands owned by Domty; <sup>5</sup> Price to distributors accounts for the average price to all of the Company's sales channel; <sup>6</sup> Domty's average price as calculated from Domty's publicly available prospectus

## 7 Visionary and Cautious Management Team Implementing a Calculated Growth Strategy

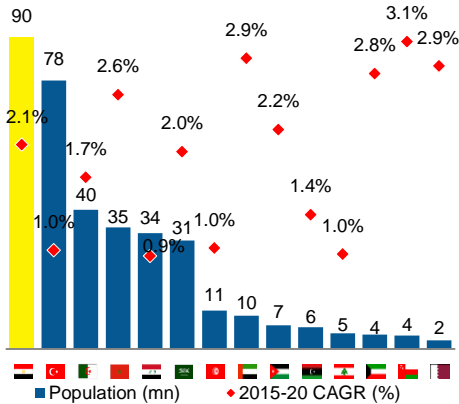


Member	Joined In	Years of Experience	Background	Education
<b>Mohamed Hamed Sherif</b> <i>Executive Chairman</i>	Founder – 1997	+40	Obour Land	Bsc. of Agriculture, Alexandria University
<b>Ashraf Sherif</b> <i>Vice Chairman &amp; CEO</i>	Co-founder – 1997	+18	Obour Land	Bsc. of Commerce, Zagazig University
<b>Ayman Sherif</b> <i>MD for Sales &amp; Marketing</i>	2004	+12	Obour Land	Bsc. of Commerce, Obour Institute
<b>Basel Abbas</b> <i>Production Director</i>	1998	+25	El Masryeen Cheese Co.	Bsc. of Agriculture, Cairo University
<b>Ahmed Hussein</b> <i>Quality Control Director</i>	1998	+18	Teama Milk	Bsc. of Agriculture, Ain Shams University
<b>Salah Mustafa</b> <i>Engineering Director</i>	2013	+34	SIG / Tetra Pak	Bsc. of Mechanical Engineering, Helwan University
<b>Nasser Zweil</b> <i>Finance Director</i>	1999	+25	Arabian Company for Production of Eggs and Poultry	Bsc. of Commerce, Tanta University
<b>Ahmed Hassan</b> <i>Head of IR and Investments</i>	2016	+8	Palm Hills Developments / Financial Advice Corporate Transactions (FACT) / CIB / NBAD	B.A. in Accounting & Finance, Misr International University & Heilbronn University
<b>Mohamad El Hussein</b> <i>Sales Director</i>	2010	+27	Enjoy Juice Manufacturing Co.	B.A. in Commerce, Cairo University

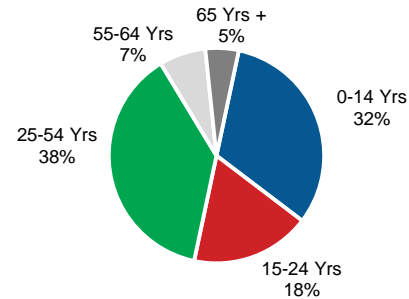
# Highly Supportive Demographic Profile, Coupled with a Resilient and Rapidly Growing White Cheese Market



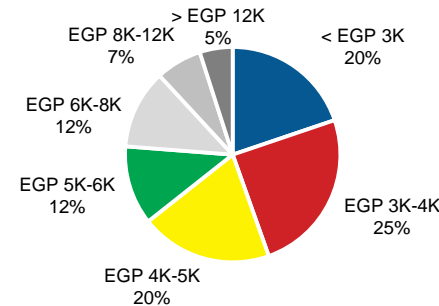
Population in Perspective (mn)



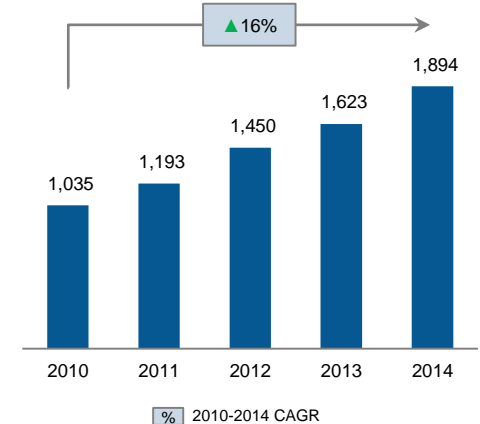
Egypt Population Age Brackets - 2014



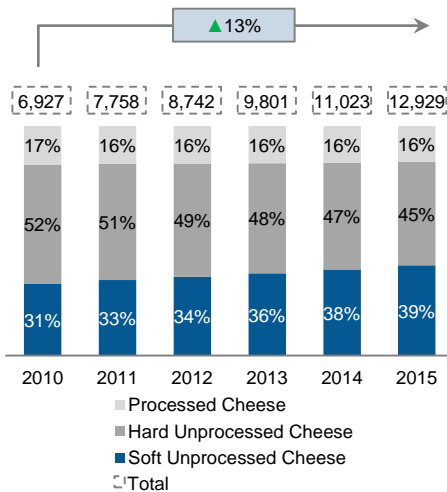
Population Breakdown by Expenditure Brackets



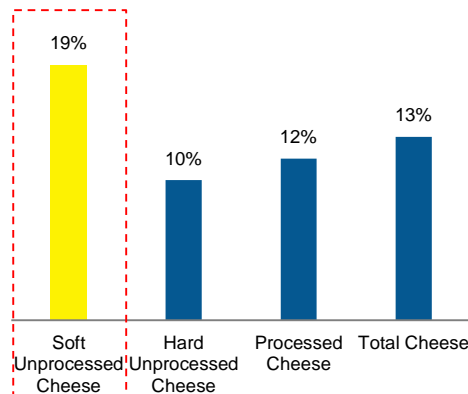
Private Consumption (EGP bn)



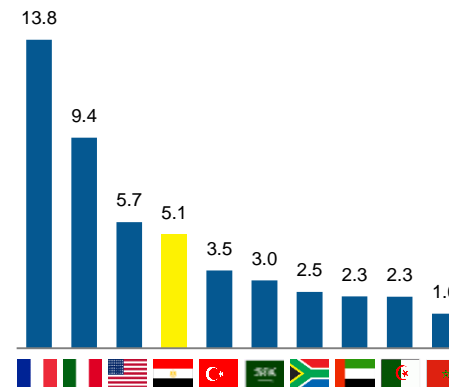
Cheese Market Size (EGP mn)



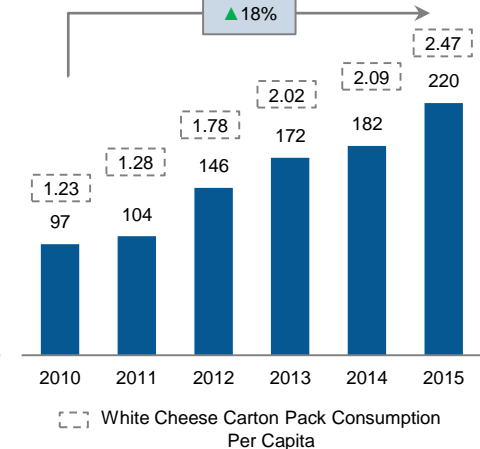
Growth by Cheese Type (2010-2015 Value CAGR) (%)



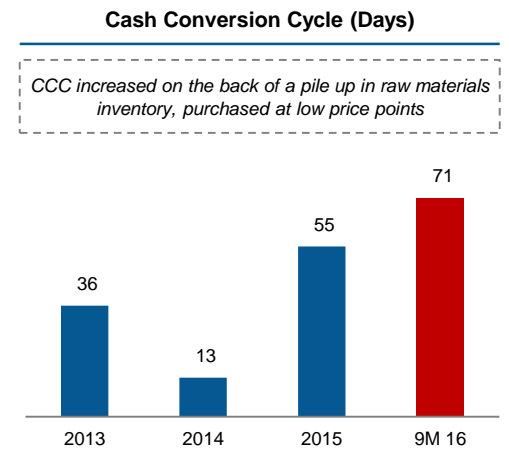
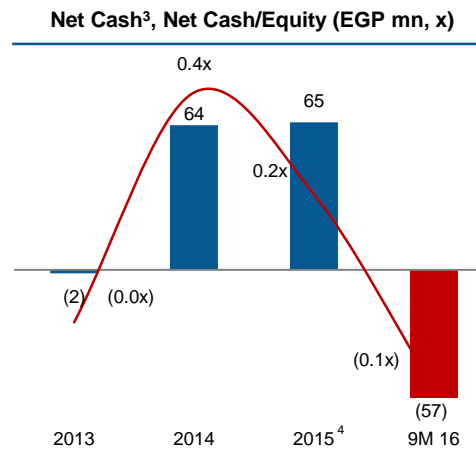
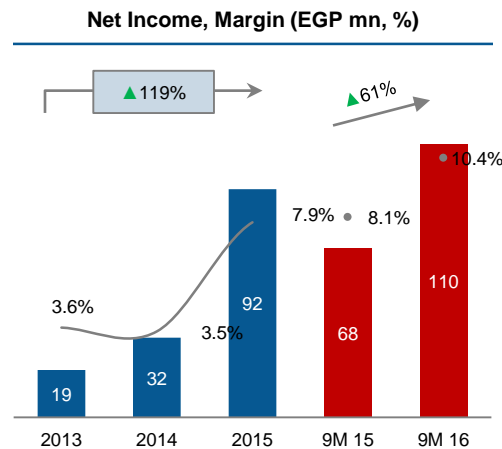
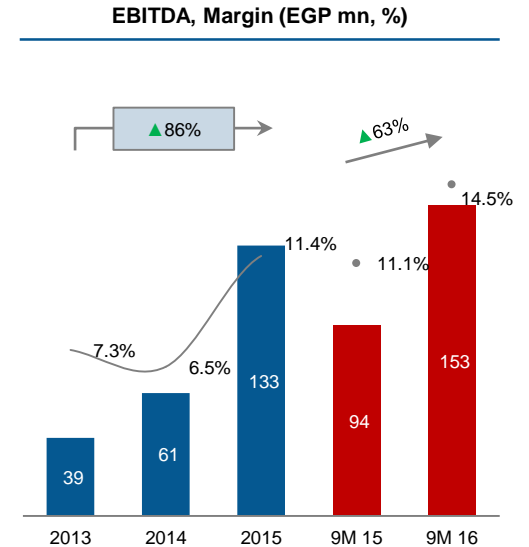
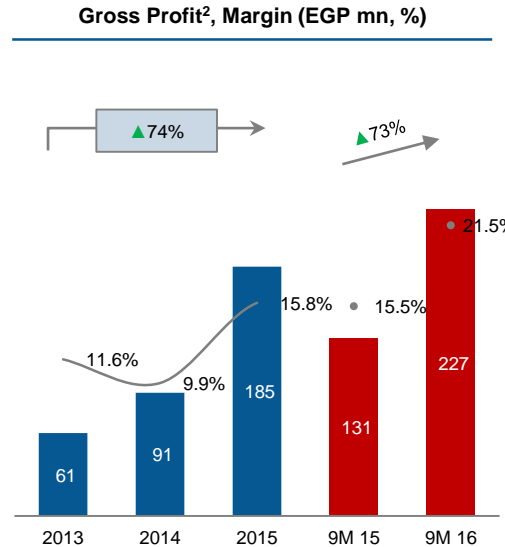
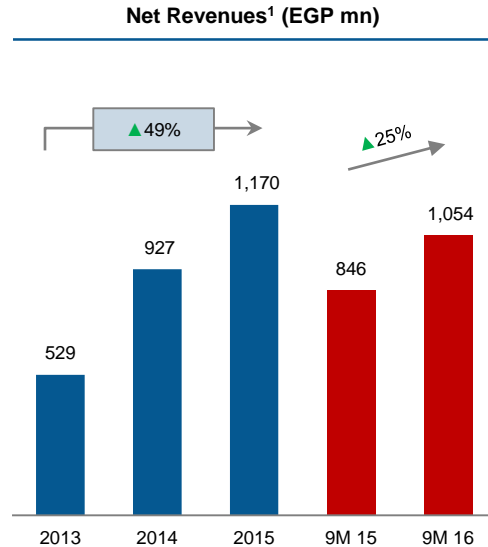
Cheese Consumption per Capita (Kg)



White Cheese Carton Pack Market Size ('000's tons)<sup>1</sup>



- Strong and consistent revenue growth, driven by the addition of four production lines in the period from 2013 to 2015 with a total capacity of 40.3 ktpa, supported by increased cheese consumption patterns
- Stabilization in the prices of key raw materials (after a period of unprecedented price hikes) increased profitability margins, with a benign commodity prices outlook ensuring profitability margins sustainability
- Key factors holding back raw material prices were:
  - Global supply glut
  - EU milk quotas abolishment



% 2013-2015 CAGR

<sup>1</sup> Net revenues are net of discounts

<sup>2</sup> Gross profit excludes depreciation expense included in the cost of sales

<sup>3</sup> Debt obligations include credit facilities, liabilities for the purchase of machinery and dividends payable

<sup>4</sup> 2015 Total debt does not include shareholders' loan of EGP 95mn which was fully repaid by September 30, 2016

## An Attractive Opportunity For Investors Seeking Growth and Value

## Growth Avenues

**1. Optimization:**

- Gradually increase prices (over several tranches) to offset the pressures associated with the EGP devaluation and the newly adopted value-added tax
- Cost synergies following the introduction of the new product segments (distribution, packaging and raw materials procurement)
- Finalize implementation of SAP ERP system which would result in increased productivity, significant cost savings and more efficient operations

**2. Organic Growth in Existing Business Lines:**

- Enhance existing production capacities by adding three new white cheese carton pack production lines (250gm line, 500gm and 1kg lines) to be operational by Q2 2017 with a combined annual capacity of c.65 ktpa
- Introduce new sizes (1kg) and flavors (chili) to capture the full potential of the soft unprocessed white cheese market

**3. New Product Introductions:**

- Expand into the processed cheese segment, with a specific focus on mozzarella cheese (annual capacity of 3.6 ktpa) and spreadable cheese (annual capacity of 3.6 ktpa), with operations expected to commence in Q2 2017
- Diversify away from the cheese segments via the introduction of juice and milk product categories. Three juice production lines with a combined annual capacity of 99.0 million liters, and one milk production line with an annual capacity of 27.0 million liters, which are expected to be operational by Q2 2017
- Enhance distribution platform via acquiring additional fleet to cater to new product segments
- Branding away from a white cheese producer and towards a more diversified F&B player leveraging on a strong distribution platform



## Value Generation

*The Company has a healthy liquidity position and expects to distribute c.50% of its net income as dividends to shareholders starting 2017*

## VI. Appendix

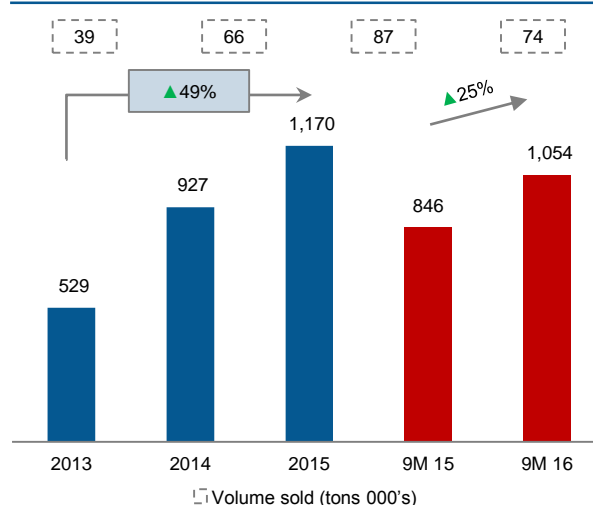


# Income Statement Highlights

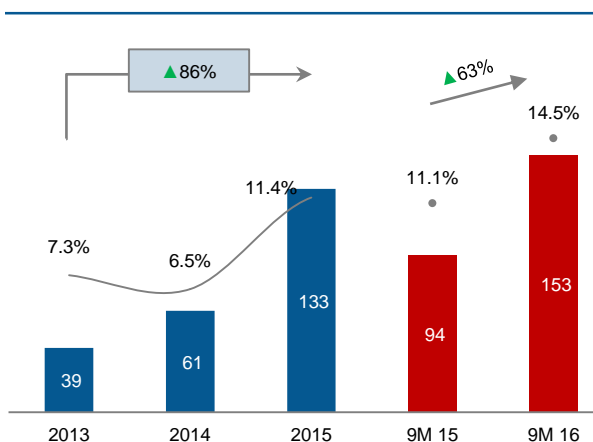


- Strong and consistent revenue growth supported by the addition of four production lines in the period from 2013 to 2015, with a total capacity of 40.3 ktpa in addition to one production line in 2016 with a total capacity of 13.5 ktpa, and driven by increased cheese consumption patterns and wider market reach
- The Company's profitability slightly decreased in 2014 due to unprecedented price hikes in raw materials. However, the stabilization of prices of key raw materials in 2015 compensated for the deterioration in the FX rate and boosted profitability margins, with a benign commodity prices outlook ensuring profitability margins sustainability
- Additionally, the Company has developed experience and understanding of the international commodity market whereby it strategically purchases raw materials at low price points while sustaining healthy inventory levels

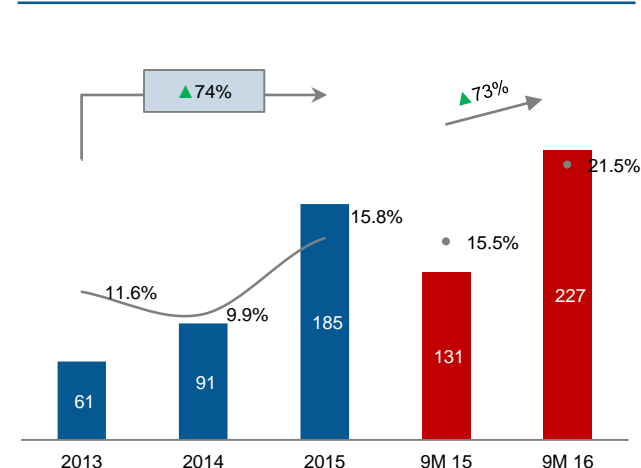
**Net Revenues<sup>1</sup>, Volume Sold (EGP mn, Tons 000's)**



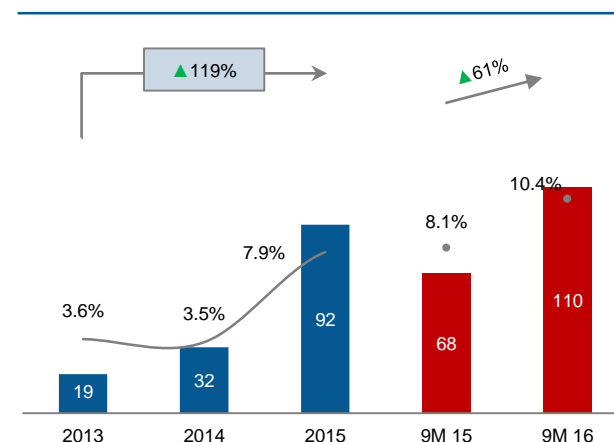
**EBITDA, Margin (EGP mn, %)**



**Gross Profit<sup>2</sup>, Margin (EGP mn, %)**



**Net Income, Margin (EGP mn, %)**



% 2013-2015 CAGR

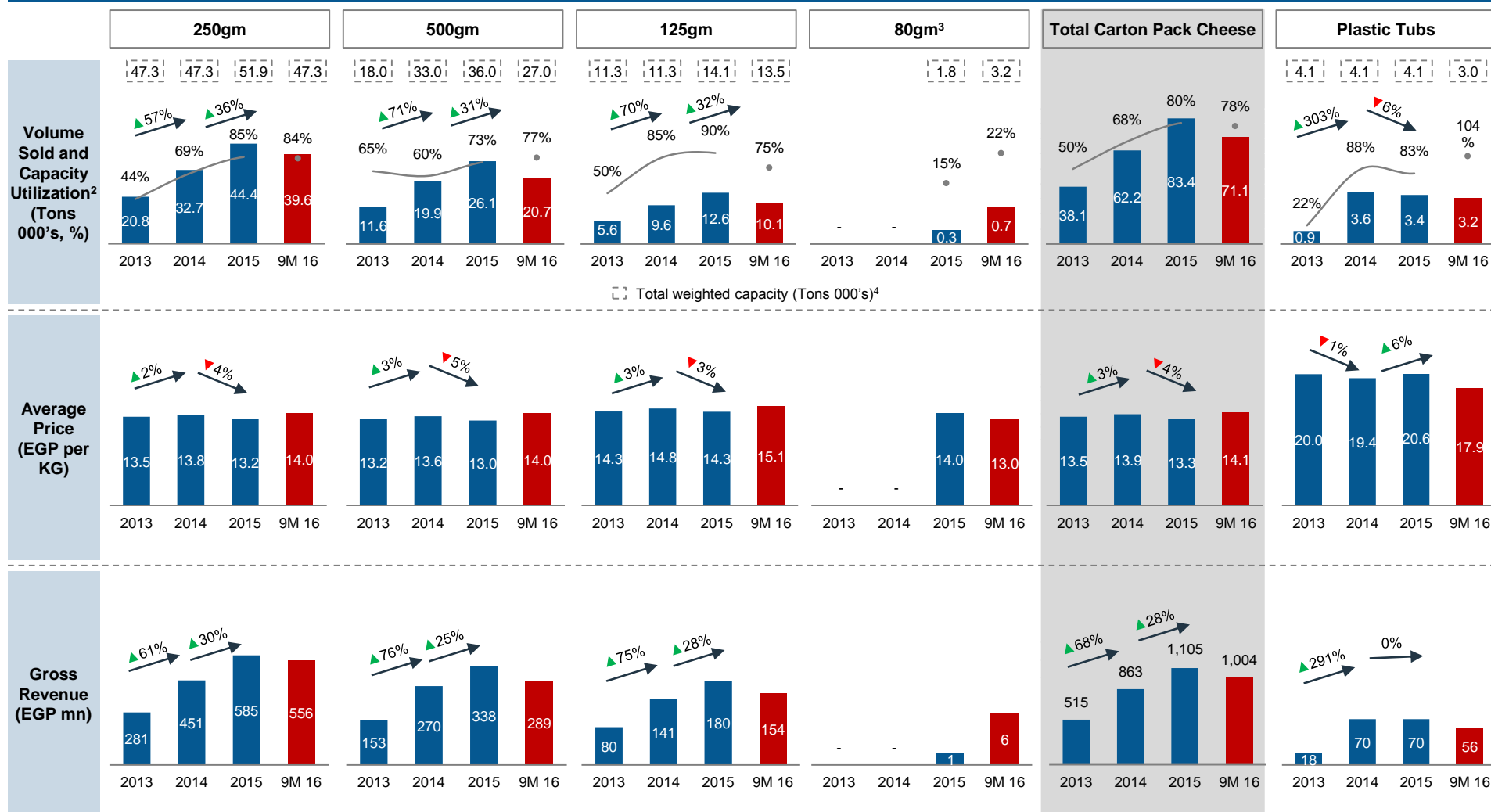
<sup>1</sup> Net revenues are net of discounts

<sup>2</sup> Gross profit excludes depreciation expense included in the cost of sales

# Revenue Build-up



Gross Revenue Build Up<sup>1</sup>



Source: Nielsen Retail Audit

<sup>1</sup> Gross revenues do not include discounts which amounted to EGP 3.9mn, EGP 5.3mn, EGP 4.9mn and EGP 6.0mn in 2013, 2014, 2015 and 9M 16, respectively

<sup>2</sup> Capacity utilization was calculated based on volumes sold and total capacity. It should be noted that the Company stocks minimal levels of finished goods

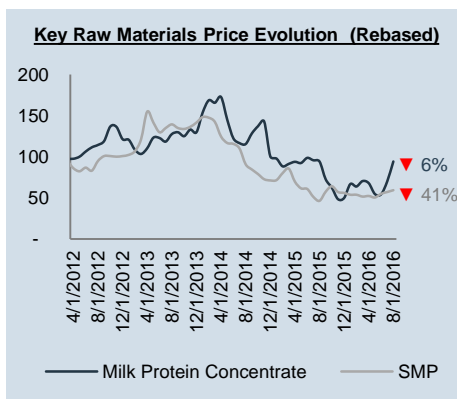
<sup>3</sup> 173 tons out of 269 tons and 269 tons out of 723 tons were distributed as bonus discounts to wholesalers in 2015 and 9M 16, respectively

<sup>4</sup> Weighted maximum capacity is calculated assuming that no. of working days per year is 300 and number of working hours per day is 20 and is weighted by the number of operational months

# COGS Build-up

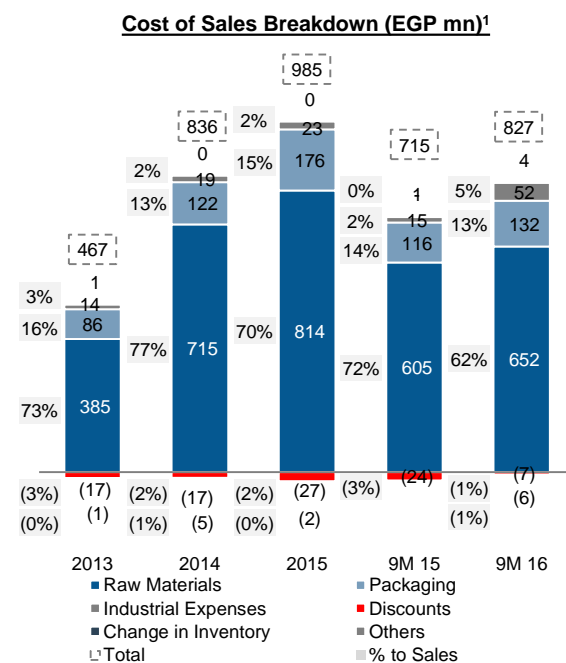


- Raw material costs represent the biggest portion of COGS, contributing a steady ~71.5% to sales with the exception of 2014 due to a hike in raw material prices

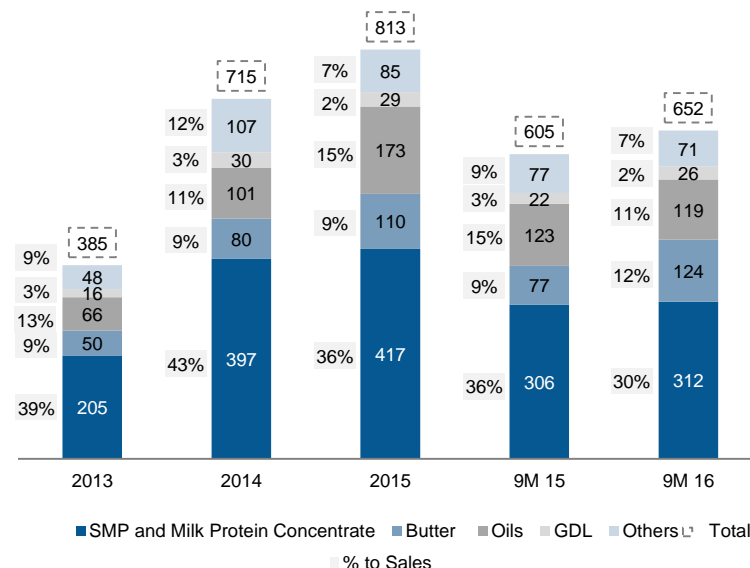


- Milk powder and protein increased as a percentage of sales in 2014 on the back of a significant hike in their prices
- Direct industrial expenses (primarily direct overheads and labor costs) are relatively small as the company is neither an intensive energy user nor a labor intensive business and, therefore, the recent hike in energy prices and minimum wage laws did not have a material impact on the company's cost base

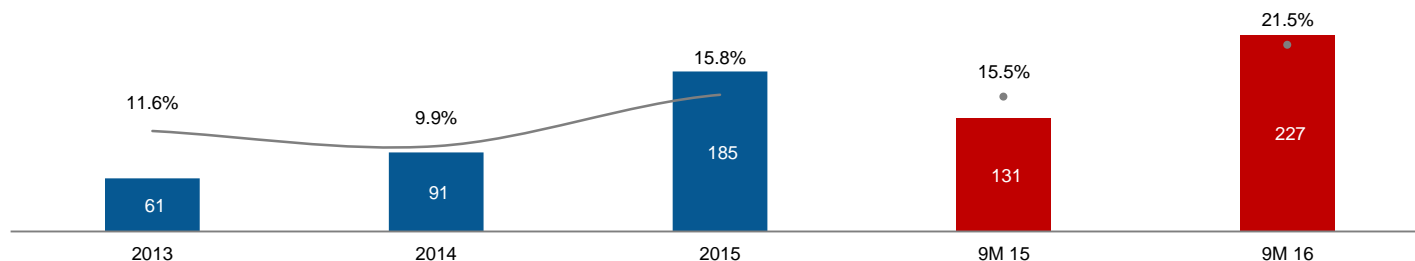
## COGS Breakdown (EGP mn)



## Raw Materials Breakdown (EGP mn)



## Gross Profit<sup>3</sup>, Margin (EGP mn, %)



Source: Bloomberg estimates  
Data as of September 25<sup>th</sup>, 2016

<sup>1</sup> Cost of sales excludes depreciation expense

<sup>2</sup> Metric ton

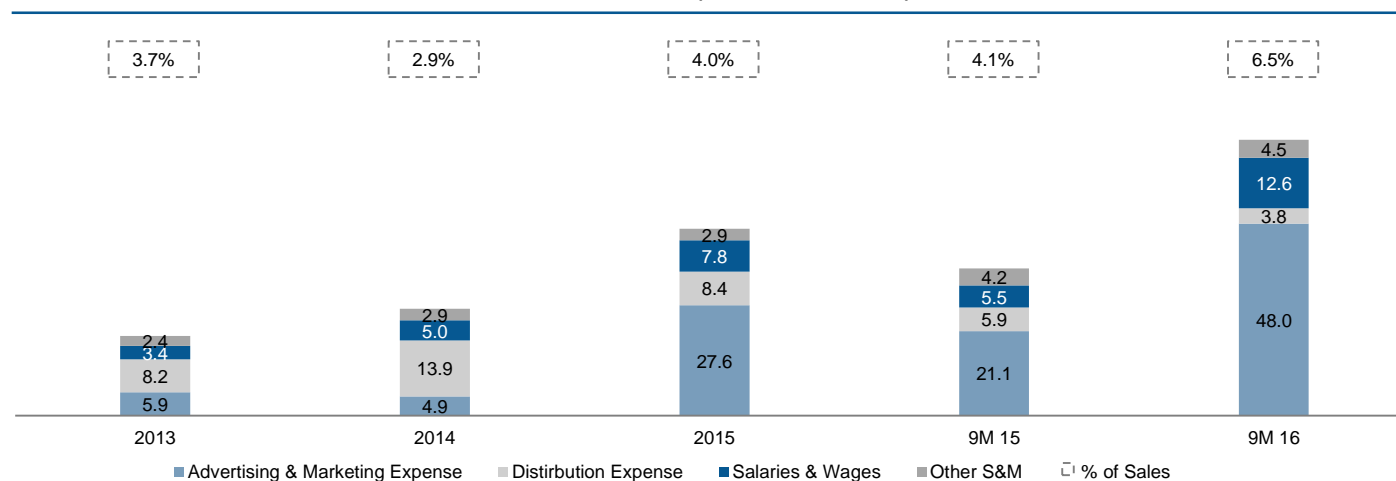
<sup>3</sup> Gross profit excludes depreciation expense included in the cost of sales

# SG&A Analysis

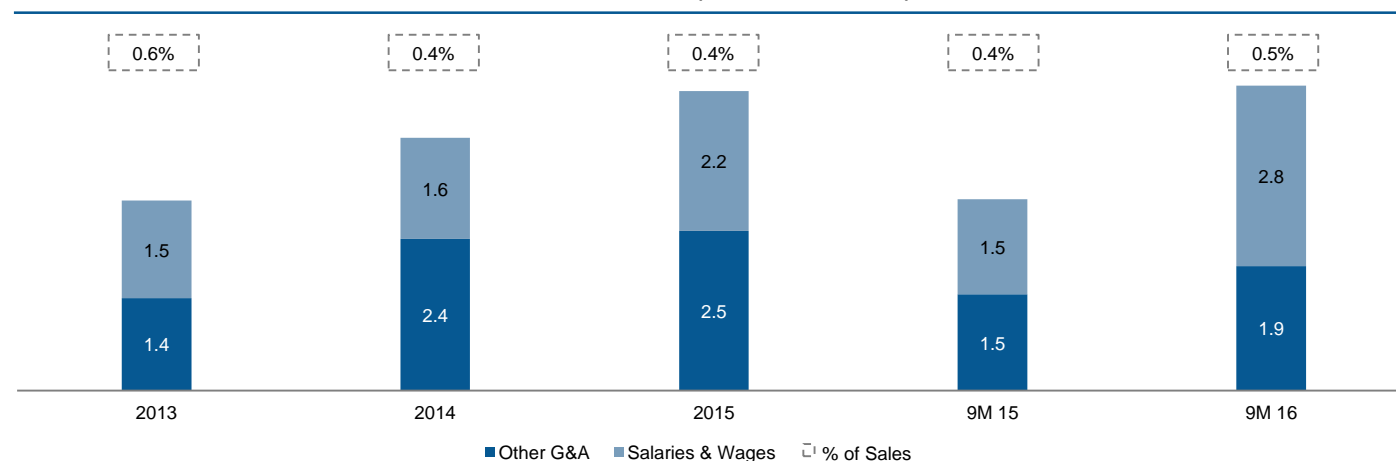


- Selling and marketing ("S&M") expenses have increased as a percentage of sales due to higher advertising expenses by the company which is apparent in its increased market campaigns especially the sponsorship of the Egyptian Football Cup and Al Zamalek Football Club to widen customer awareness and enhance brand equity
- General and administrative ("G&A") expenses have stabilized at a low rate, underpinned by Obour Land's lean corporate structure

**S&M Breakdown<sup>1</sup> (EGP mn, % of Sales)**



**G&A Breakdown<sup>1</sup> (EGP mn, % of Sales)**

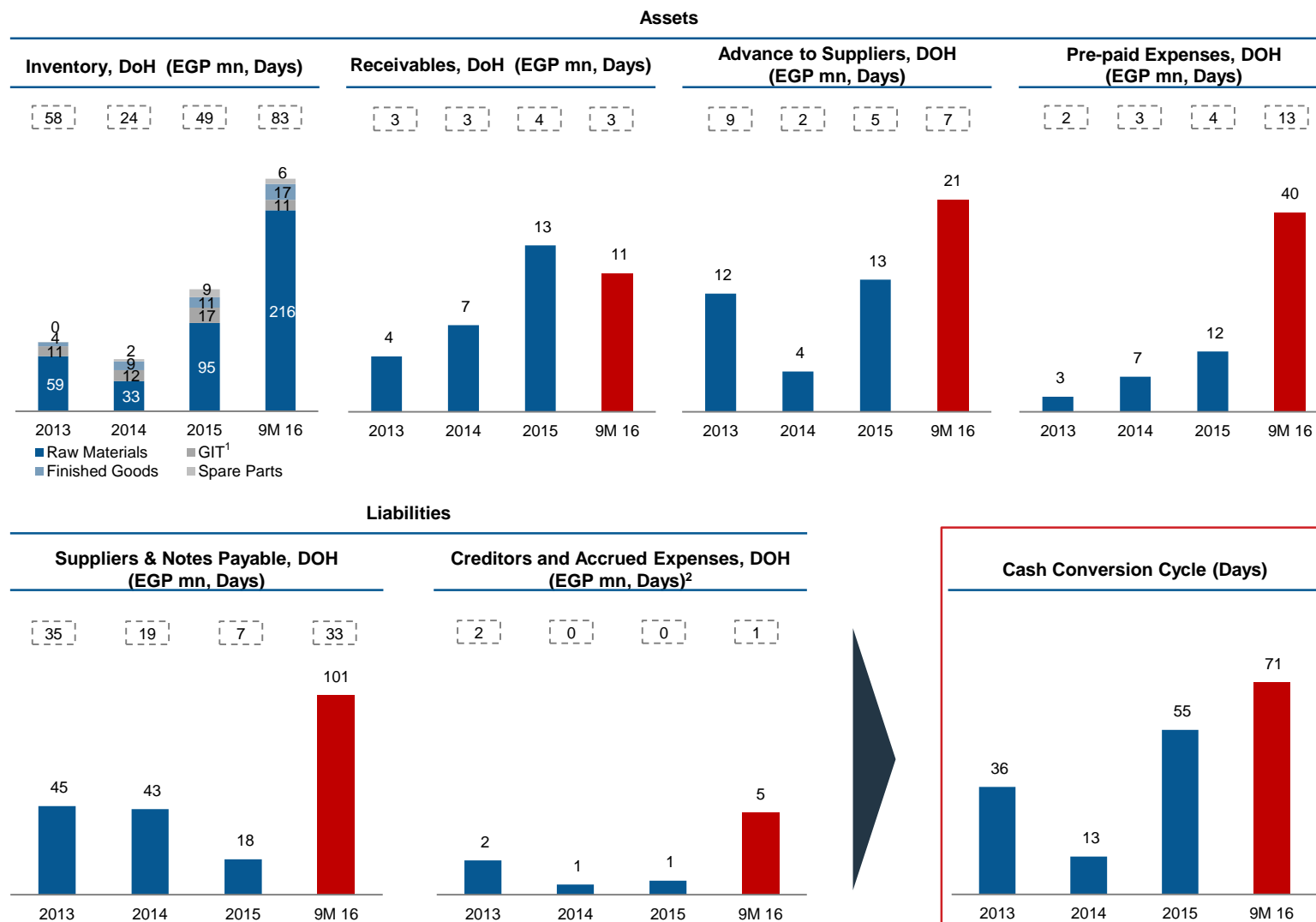


<sup>1</sup> Excludes depreciation expense

# Working Capital Analysis



- The hike in 2015 inventory levels was due to stocking up of raw materials taking advantage of significantly lower prices of raw materials, whereas the increase in 9M 2016 was due to taking advantage of a lower USD/EGP prior to EGP flotation
- Additionally, suppliers and notes payable days on hand fell in 2015 as the Company increased its cash purchases to obtain more favorable discounts from suppliers and increased in 9M 2016 as the Company piled up inventory of raw materials from suppliers
- The majority of the Company's sales are cash sales as evidenced by the receivables days on hand



□ DOH

Source: Company Financial Statements

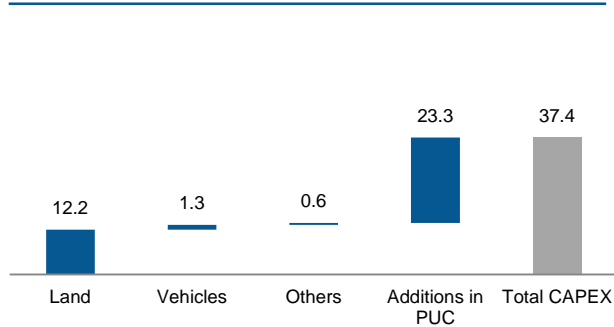
<sup>1</sup> Goods in transit

<sup>2</sup> Insurance from others was not included in 2013 and 2014 as the Company no longer adopts that policy as of 2015

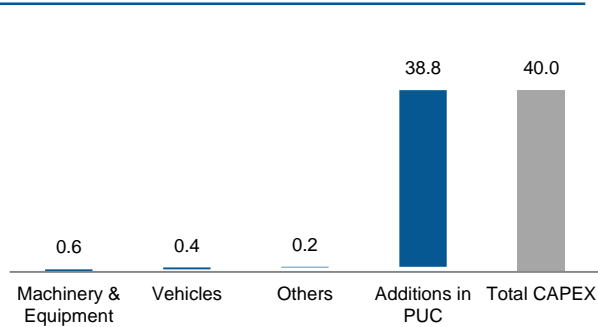
# CAPEX Analysis



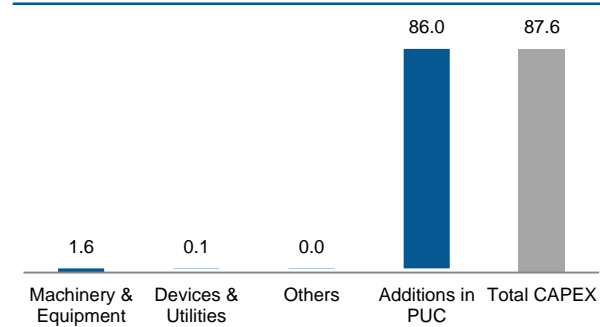
2013 CAPEX Breakdown (EGP mn)



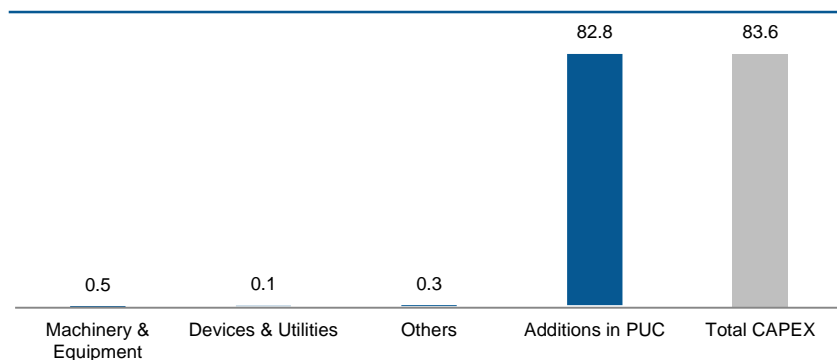
2014 CAPEX Breakdown (EGP mn)



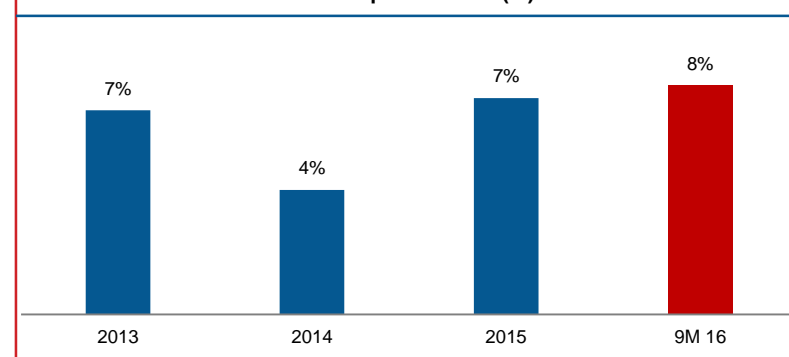
2015 CAPEX Breakdown (EGP mn)



9M 16 CAPEX Breakdown (EGP mn)



Total Capex to Sales (%)



# Income Statement



EGP	2013	2014	2015	9M 2015	9M 2016
Revenues	528,868,362	926,979,665	1,169,837,613	846,177,874	1,054,286,976
Cost of sales <sup>1</sup>	(467,487,279)	(835,651,737)	(985,062,271)	(714,753,096)	(827,319,660)
<b>Gross Profit</b>	<b>61,381,083</b>	<b>91,327,928</b>	<b>184,775,342</b>	<b>131,424,778</b>	<b>226,967,316</b>
<i>Gross Profit Margin</i>	12%	10%	16%	16%	22%
Selling and marketing expense <sup>1</sup>	(19,906,976)	(26,702,550)	(46,645,944)	(34,624,817)	(68,898,303)
General and administrative expense <sup>1</sup>	(2,963,581)	(3,945,846)	(4,674,091)	(2,984,460)	(4,759,170)
<b>EBITDA</b>	<b>38,510,526</b>	<b>60,679,532</b>	<b>133,455,307</b>	<b>93,815,501</b>	<b>153,309,843</b>
<i>EBITDA Margin</i>	7%	7%	11%	11%	15%
Depreciation	(5,762,866)	(8,042,793)	(10,044,891)	(6,979,031)	(9,699,818)
<b>EBIT</b>	<b>32,747,660</b>	<b>52,636,739</b>	<b>123,410,416</b>	<b>86,836,470</b>	<b>143,610,025</b>
<i>EBIT Margin</i>	6%	6%	11%	10%	14%
Other income (loss)	(263,085)	201,794	2,522,059	1,884,133	1,907,961
Provision for expected claims <sup>2</sup>	(4,386,485)	(6,028,106)	(5,730,770)	(67,672)	(1,767,597)
(Loss) gain from disposal of fixed assets	3,648	198,825	(51,050)	947	256,218
Foreign exchange difference	(313,944)	(178,319)	913,605	-	519,941
Interest income	143,607	177,642	1,253,987	940,039	1,455,929
Interest expense	(1,032,770)	(911,101)	(2,258,525)	(1,506,532)	(3,406,348)
<b>EBT</b>	<b>26,898,631</b>	<b>46,097,474</b>	<b>120,059,722</b>	<b>88,087,385</b>	<b>142,576,129</b>
Income tax	(7,788,445)	(14,014,480)	(28,208,203)	(19,899,589)	(32,463,677)
<b>Net Profit</b>	<b>19,110,186</b>	<b>32,082,994</b>	<b>91,851,519</b>	<b>68,187,796</b>	<b>110,112,452</b>
<i>Net Profit Margin</i>	4%	3%	8%	8%	10%

Source: Company Financial Statements

<sup>1</sup> Excludes depreciation expense

<sup>2</sup> The provisions for expected claims are related to the Company's expected tax claims

# Balance Sheet



EGP	2013	2014	2015	9M 2016
Fixed Assets	99,691,781	99,131,395	182,527,661	190,735,439
Projects Under Construction	8,691,932	40,886,437	34,865,836	100,181,733
<b>Total Non-Current Assets</b>	<b>108,383,713</b>	<b>140,017,832</b>	<b>217,393,497</b>	<b>290,917,172</b>
Inventories	74,722,292	55,982,298	131,297,821	250,124,081
Accounts & Notes Receivable	4,345,346	6,798,751	13,067,057	10,859,435
Prepayments & Other Debit Balances	14,696,369	11,661,405	29,725,286	71,260,821
Cash on Hand & at Banks	28,997,101	93,417,825	125,600,700	86,888,182
<b>Total Current Assets</b>	<b>122,761,108</b>	<b>167,860,279</b>	<b>299,690,864</b>	<b>419,132,519</b>
<b>Total Assets</b>	<b>231,144,821</b>	<b>307,878,111</b>	<b>517,084,361</b>	<b>710,049,691</b>
Provision for Expected Claims	6,241,124	12,269,230	17,826,168	19,477,995
Credit Facilities	1,324,520	2,723,993	31,384,204	97,879,732
Accounts & Notes Payable	44,903,919	43,410,684	17,981,042	100,995,120
Loan From Shareholders <sup>1</sup>	-	-	95,000,000	-
Long Term Liabilities - Current Portion <sup>2</sup>	12,530,029	15,315,071	18,451,657	4,120,706
Income Tax Payable	3,050,932	10,761,582	20,564,632	27,772,170
Dividends Payable	14,362,410	278,261	-	-
Accrued Expenses & Other Credit Balances	48,430,553	55,583,194	11,876,752	13,136,291
<b>Total Current Liabilities</b>	<b>130,843,487</b>	<b>140,342,015</b>	<b>213,084,455</b>	<b>263,382,014</b>
Long Term Liabilities - Non-Current Portion <sup>2</sup>	2,367,806	11,063,560	10,474,359	41,614,783
Deferred Tax Liabilities	6,591,103	6,722,374	10,348,538	11,763,433
<b>Total Non Current Liabilities</b>	<b>8,958,909</b>	<b>17,785,934</b>	<b>20,822,897</b>	<b>53,378,216</b>
<b>Total Liabilities</b>	<b>139,802,396</b>	<b>158,127,949</b>	<b>233,907,352</b>	<b>316,760,230</b>
Paid up Capital	42,500,000	100,000,000	200,000,000	200,000,000
Amounts Paid in Respect to Capital Increase	33,100,000	25,000,000	-	-
Legal Reserves	1,199,780	1,926,912	3,068,074	7,660,650
Retained Earnings	14,542,645	22,823,250	80,108,935	185,628,811
<b>Total Equity</b>	<b>91,342,425</b>	<b>149,750,162</b>	<b>283,177,009</b>	<b>393,289,461</b>
<b>Total Equity &amp; Liabilities</b>	<b>231,144,821</b>	<b>307,878,111</b>	<b>517,084,361</b>	<b>710,049,691</b>

Source: Company Financial Statements

<sup>1</sup> The loan from shareholders was used to acquire two plots of land adjacent to the Company's headquarters in Obour City, as well as purchase and pile up inventory at low price points

<sup>2</sup> Long term liability is related to packaging machinery acquired from Tetra Pak and is discounted at an annual rate of 4%