

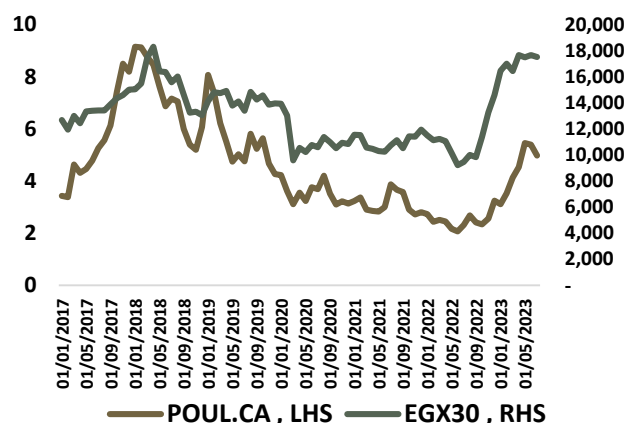
**Market price:** EGP 5.03/Share  
**Fair value:** EGP 8.22/Share  
**Potential Capital Gains:** 63%  
**Rating:** Buy

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### I. Conclusion and Recommendation

- A Market Leader in Poultry Sector with a High Degree of Vertical Integration
- The Company is Set to Benefit from Egypt's Pending Plan to Ban Transport of Live Birds
- The Company is Set to Benefit from Adopting Contracting Farming for Feed Crops in Egypt (e.g. soya bean, yellow corn, sun flower etc)
- The Company's Feed Production Will Lead Growth as it Serves Poultry, Meat and Fish Production in Egypt
- The Company is Set to Benefit from Egypt's Plan to Cut Imports and to Achieve Self-sufficiency in feed, poultry and meat production
- The Company Has a Robust Business Model that Extends from Feed Production to Poultry Production to Poultry Processing
- The Company Has a Large and Growing Market Shares in Egypt's Feed & Poultry Local and Whole Sale Markets as Well as Export Markets
- Recent Events such as Russia-Ukraine War, Several Depreciations in the Egyptian Pound, Egypt's High Dependence on Importing Feed Raw Materials and Shortage in Foreign Currency have Changed the Feed and Poultry Market structure from fragmented with a low pricing power to concentrated with a strong pricing power
- The Company's Share is Currently Trading at a Market Price of EGP 5.03 Implying a 63% Discount Compared to Estimated Fair Value at EGP 8.22/Share

### Relative Performance 5 Years



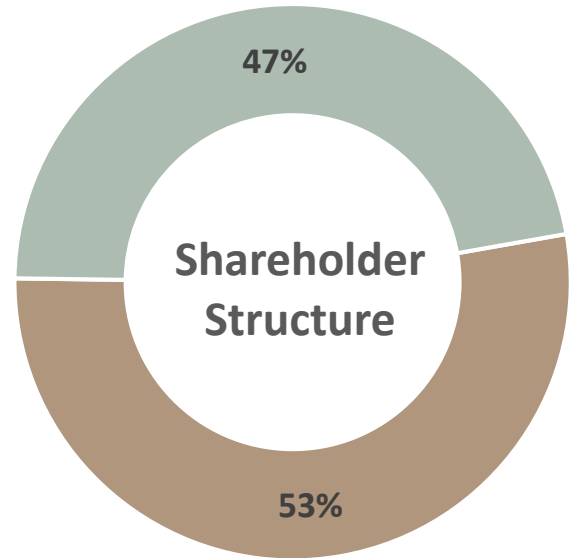
### Stock details

Reuters code	POUL.CA
Last price (EGP)	5.03
52-Week High	5.91
52-Week Low	2.16
All Time Highest Price (EGP/share)	9.16
All Time Lowest Price (EGP/share)	0.65
Outstanding Shares (mn)	479
Market Cap (EGP mn)	2409
3M Average Trading Volume (mn)	30.5
Beta	0.80
Free Float (%)	47%

### Key Financial Indicators (FY2022)

GPM (%)	13%
NPM (%)	5%
EBIT Margin (%)	9%
EPS EGP (FY2022)	0.62
P/E Trailing (x)	8.2x
P/E leading (x)	3.35x
ROAA	9%
ROAE	20%
EV/Sales	0.30
EV/EBITDA	1.87
Mkt Cap/CFO	8.05

In this report, Faisal Islamic Brokerage Research used a five-year Discount Cash Flow Model which resulted in a fair value of EGP 8.22/share for Cairo Poultry (POUL.CA), thus implying a potential capital gains of 63% above the current market price which is EGP 5.03/share as on this report date. Accordingly, we recommend buying the stock. The model assumed a variable WACC from 25.9% to 26.6% throughout the forecasted period, the beta was estimated at 0.80 and a terminal growth rate of 3% has been used. In fact, a major part of our forecast assumptions regarding the company's financial results from 2023 to 2027 were in line with the Company's disclosed forecasts (see valuation part in this report). However, we have assumed that the company's feed production will increase from 165k tons in FY2022 to 600k tons in FY2027, noting that the company's total annual designed capacity in feed division amounts to 0.7mn tons. Also, we have assumed that the company's feed division's contribution to the company's total annual revenues will increase from 28% in FY2022 to 48% in FY2027. In this report, we assumed that the company will cease importing raw materials for feed division altogether as it will rely on securing the required soya bean and yellow corn inputs by entering into contracts to receive the crops from the local farmers under the new contracting agriculture system. Also, in this report we have forecasted that the company's broilers and processing segment's contribution to the company's total annual revenues will decline from 31% and 34% respectively in FY2022 to 28% and 21%, respectively in FY2027.



- Americana Holding for Egypt Food LTD
- Free Float

**ii. Company Overview:**

Established in 1977, CPC is Egypt's leading poultry producer and specializes in two main areas: poultry operations and poultry feed. The company is listed on the Cairo stock exchange. The main shareholder in CPC is Americana Holding Company for Foods Limited, which is a subsidiary of Adeptio AD Holdings Company (the final owner), which owns through Americana 53.45% of the capital of CPC. It is involved in the production of poultry compound feed and concentrates, the production of broilers (chickens for roasting), chicken processing (including slaughtering and freezing) and other value-added processed product ranges. It currently has two large slaughtering facilities, three main feed production facilities and seven farms, hatcheries and production facilities in the country, as well as a network of 11 retail outlets. Its export markets include the UAE, Kuwait, Bahrain, Qatar, Oman and Saudi Arabia.

**iii. Business Model:**

Company's operations span the entire value chain, from poultry feed to processing, providing the Company with the flexibility to alter its product mix in response to changing market conditions and maximize its profit margins. It also enables CPC to ensure quality throughout the entire scope of its manufacturing process. In today's volatile markets, CPC calls on its extensive experience in managing potential headwinds by developing and executing sound strategies, including cost control within an established range, all while preserving its ability to react to future improvements in market conditions.

**Feed division:** CPC grows and produces animal feed for poultry, cattle and fish across its two production facilities in Egypt with a cumulative annual production capacity of 0.7mn tons per annum, its end customers (feed traders, farms and poultry division)

**Poultry Division:** With operations spanning grandparent & parent farms, hatcheries and broiler farms, CPC is the market leader and key supplier of the Egyptian poultry market, in addition to its own operations.

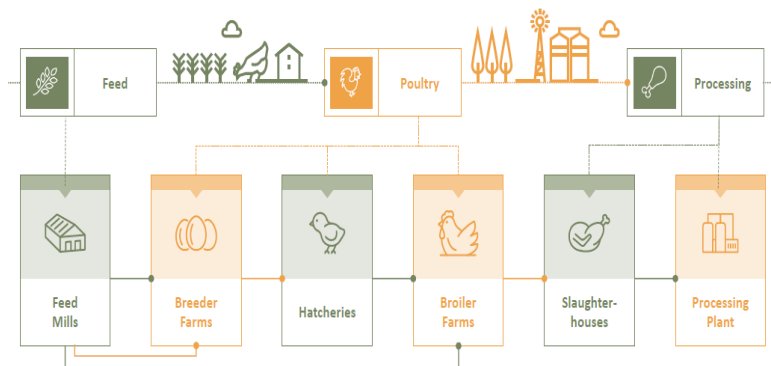
It's inputs is (feed from operation and grandparent ODO chicks), and it has 7 grandparent farms with capacity of 3.2mn parent chicks/year, 22 parent farm with capacity of 780k parent chicks/year , 4 Hatcheries with capacity of 85mn broiler chicks/year and 42 broiler farms with capacity of 38mn birds/year .

This division produce (parent chicks, broiler chicks and live birds ) to the end customer (Parent/Broiler Farms, Live Bird Traders, Chick Distributors and Processing Division)

**Processing division**

CPC produces a diverse mix of processed chicken and beef foods under its flagship brand, Koki at its 2 state-of-the-art processing facilities and sells them both wholesale and retail through 11 Koki outlets. In 2021, the Group released its premium brand, Koki Gold.

The inputs is (live birds , fresh/ frozen beef and seafood) , and CPC has 2 Slaughterhouses with capacity of 72mn birds/year , and has 1 Value-Added Production Facility with capacity of 24k tons/year. This division produces (fresh/frozen chicks, Processed Beef, Processed Chicken and seafood products). The end consumers (Retail, non-retail and exports) It's inputs is (feed from operation and grandparent ODO chicks).





## iv. Industry Overview

### SWOT Analysis

#### Strengths

- Cairo Poultry Company (CPC) is the exclusive supplier to fast-food restaurants such as KFC, Pizza Hut, McDonald's and Burger King, and to a range of high-end hotels, such as Marriott.
- It is one of Egypt's leading poultry companies by sales.
- There is promising export exposure to the wider Middle East region.
- Vertical integration allows for lower operational costs.

#### Weaknesses

- Consumer purchasing power remains low.
- The mass grocery retail network is underdeveloped.
- CPC has had to invest considerably in recent years in a new processing plant and in a print and television media campaign to convince consumers that eating frozen chicken poses no health risk.

#### Opportunities

- The World Organization for Animal Health (OIE) lifted a 14-year-old ban on poultry exports from Egypt in 2020.
- The demand for processed meat is expected to continue rising steadily on the back of rising incomes and wider exposure to Western consumption habits.
- Continued growth in Egypt's and the region's food services industry will increase the demand for CPC's poultry range.

The company is well positioned to benefit and expand market share in the local market as almost 40% of small competitors exit the market due to foreign currency shortage and high feed costs

The company has a total market cap of EGP 2.4bn as on this report's date which is together with the current positive outlook for its industry, are deemed important to attract international and regional players to present an acquisition offer to the company.

Egypt is planning to activate the law regarding banning transport of live birds in the way that may boost the company's financial results.

Egyptian Government is currently adopting a strategic plan to cut imports of feed products through increasing the agriculture of feed crops. Egyptian Government has already adopted a contracted agriculture for feed crops such as yellow corn, soya bean and sunflower

Cairo Poultry is expected to secure almost its total annual inputs required for the production of feed from the local farmers. Accordingly, the feed division is forecasted to lead the growth in the company's financial results in the coming period.

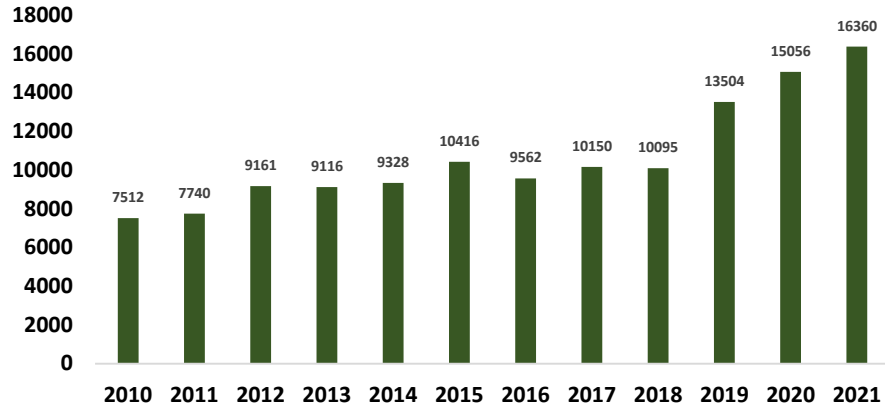
#### Threats

- Many consumers remain cautious of processed meats.
- Egypt's weak regulatory environment could affect the pace of expansion.
- Bird flu is an ongoing threat.

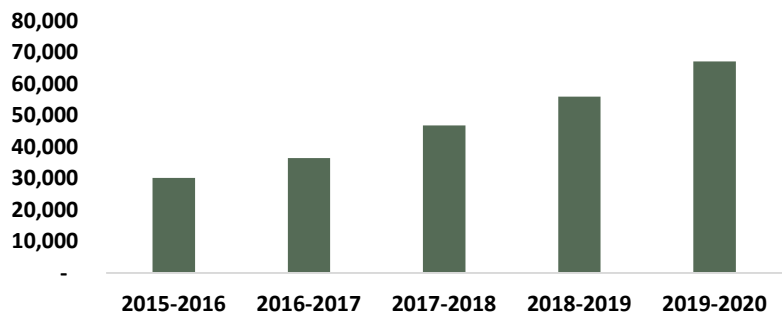
### Recent Industry News

- In the coming period, the Egyptian state seeks to achieve the largest amount of production of strategic crops that target the food security of the Egyptian citizen, such as wheat, soybeans, and yellow corn. Egypt annually imports more than 9 million tons of yellow corn, which is used as inputs and fodder for livestock and poultry. Egypt imports more than 90% of its corn needs from 3 countries: Argentina, Brazil and Ukraine. It is noteworthy that the area cultivated with maize last year amounted to about 2.7 million acres, of which 830 thousand acres are yellow corn, which aims at cutting the import of fodder.
- The Deputy Minister of Agriculture explained that the import bill of this crop is very large, estimated at about USD 2bn every year. Al-Sayyad indicated that the cultivated area of maize will reach 3mn acres by 2025. Mahmoud Al-Anani, head of the Poultry Producers Union, said that the yellow corn crop is one of the most important crops that give high nutritional value to humans, animals and poultry, noting that a cooperation protocol was concluded between the union and the Ministry of Agriculture to supply the yellow corn crop this year

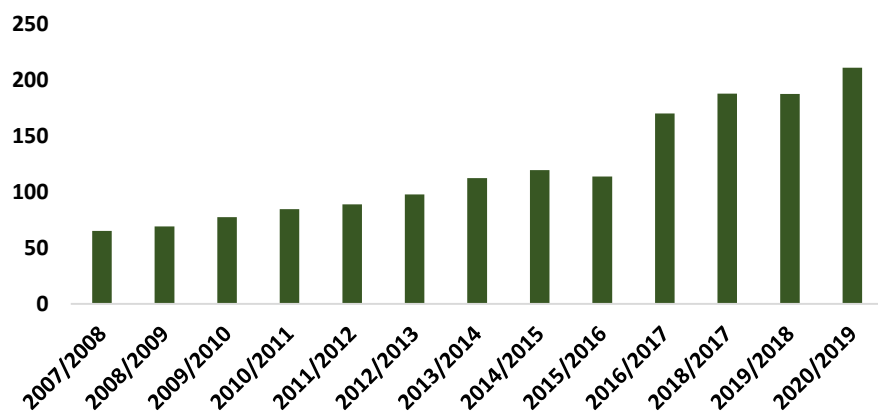
**Egypt's Annual Egg Production (in Million unit)**



**Poultry production in Egypt (in EGP mn)**



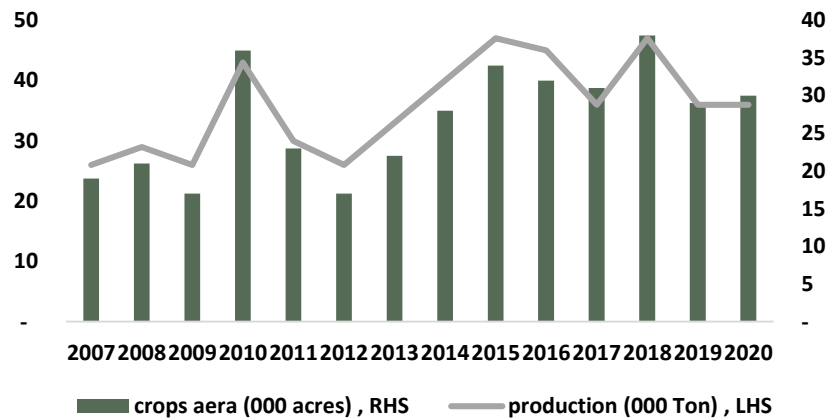
**Egypt's Total Animal Production (in EGP Billion)  
(Cattle, Poultry, Eggs and others)**



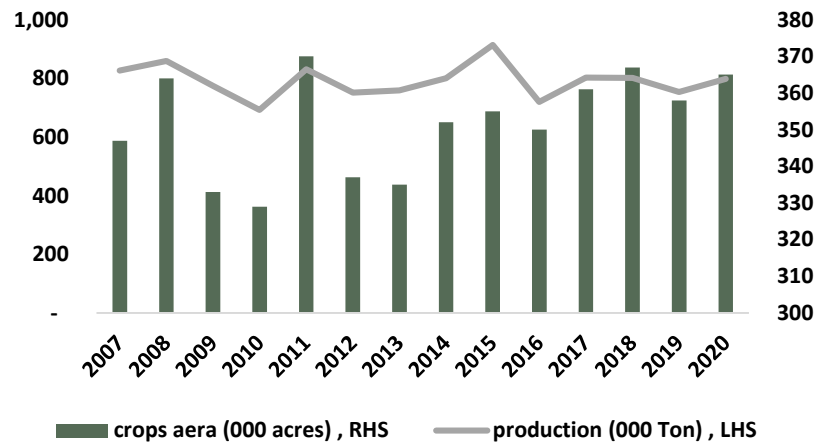
Al-Anani added that a guarantee price per ton of EGP 6,000 was set, provided that the supply takes place at the international price at the time, noting that the Ministry of Agriculture is making every effort to provide the necessary quantities of yellow corn to reduce the import bill. He explained that the federation is obligated to purchase all the contracted quantities from the ministry, which are supplied by farmers at the end of the crop harvest.

- A major Saudi company operating in the food industry is studying major expansion plans in Egypt. Egyptian Minister of Trade and Industry Ahmed Samir pointed out that the meeting of the company specialized in the production of food industries reviewed the company's expansion plans in the Egyptian market in the field of food industries during the next stage. The minister pointing to the distinct investment opportunities and ingredients available in the Egyptian market in the food industries sector. He added that the company is present in a large number of regional and global markets and is one of the largest companies investing in the Egyptian market in the field of food industries, as it contributes to providing the needs of the local market and providing thousands of direct and indirect job opportunities, pointing to the company's keenness to strengthen its presence in Egypt through expansion. In new food industries in one of the largest markets in which the company spreads outside the Kingdom of Saudi Arabia.

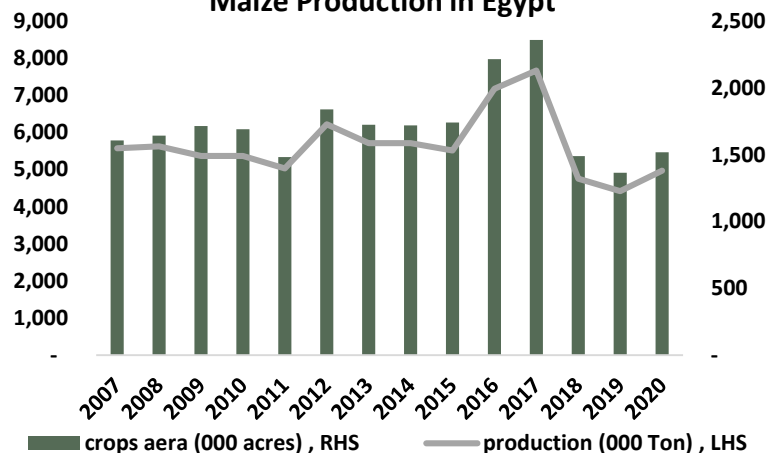
**Soyabean Production in Egypt**



**Sorghume Production in Egypt**



**Maize Production in Egypt**





Egypt intends to construct an artificial river with a length of 114,000 km and at a cost of EGP160bn (USD5.25bn), to be the longest of its kind in the world, including the great Nile River.

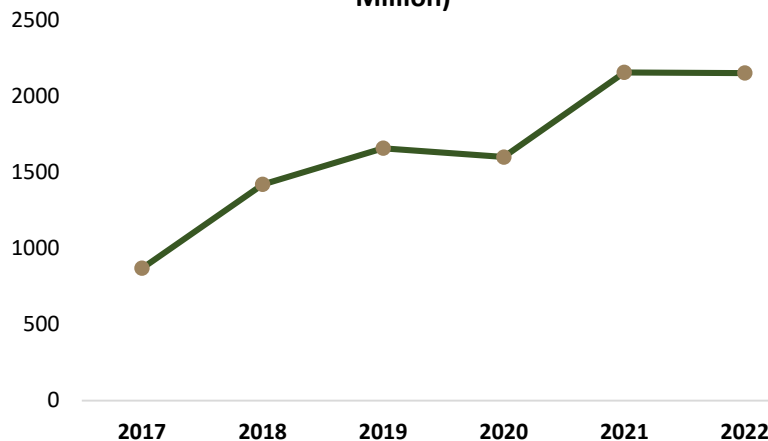
The volume of water expected to flow from the station after the project is complete is estimated at 7.5mn cubic meters per day, so that the final shape of the river will be 92 km of open path and 22 km of underground pipes.

35 percent of the piping work and 65 percent of the open track have been completed.

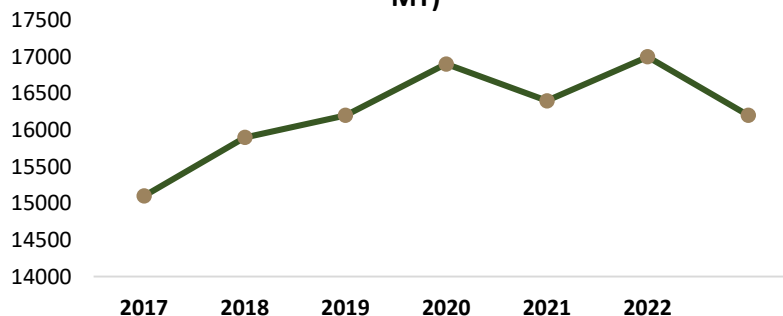
The project is characterized by its proximity to airports and ports, and its results also include providing more job opportunities, achieving food security and import substitution.

The main objective of the giant project is to increase the area of agricultural lands in Egypt and to secure food for the Egyptians from basic commodities, at a time when Egypt is the largest importer of wheat in the world.

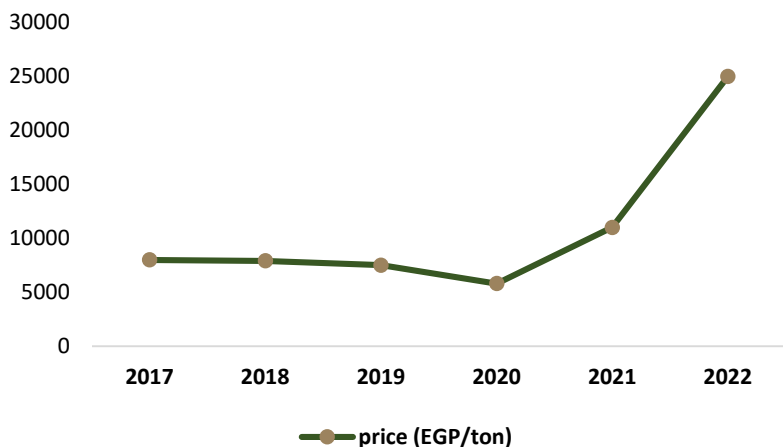
**Egypt's Annual Imports of Soyabean | Value (USD Million)**



**Egypt Soyabean Domestic Consumption by Year (000 MT)**

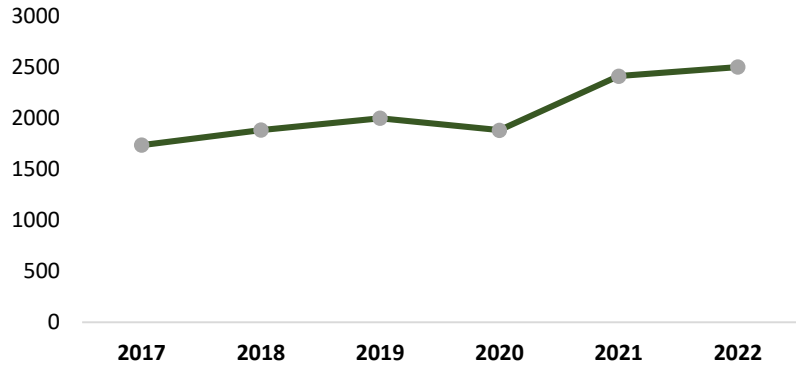


**soyabeans's local price (EGP/ton)**

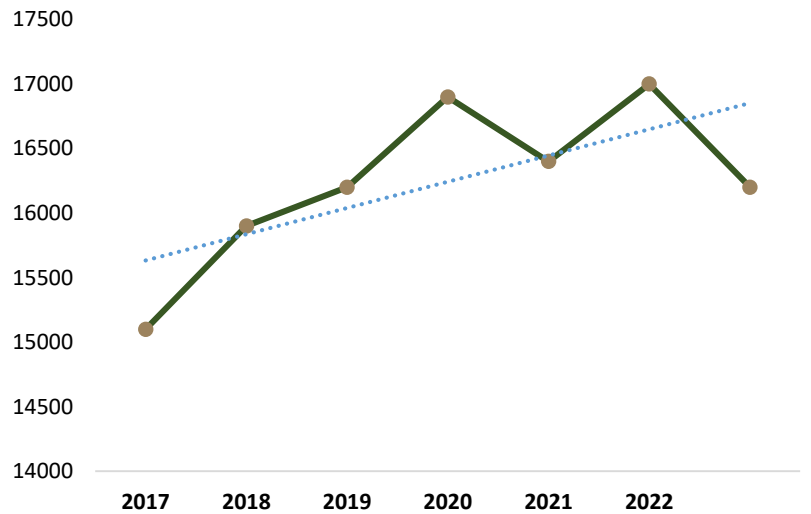




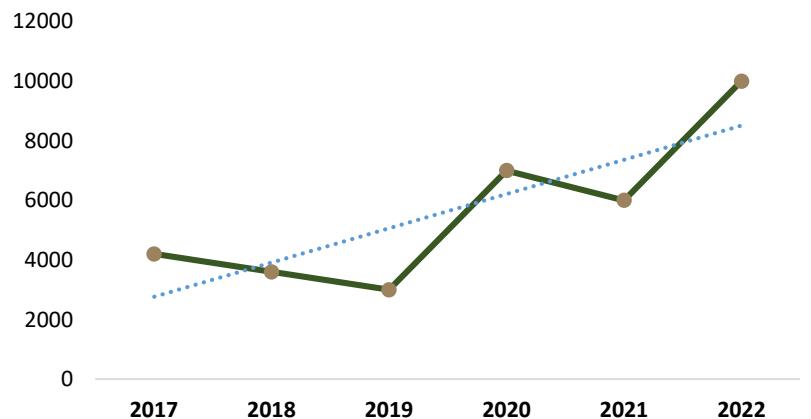
**Egypt's Annual Imports of Corn | Value (USD Million)**



**Egypt Corn Domestic Consumption Per Year (000 MT)**



**Corn local price (EGP/ton)**



## v. Financial Analysis

### Results comment FY2022:

Cairo Poultry (POUL.CA) posted a consolidated net profit (attributable to shareholders) of EGP 295.89mn for FY2022, marking a 62% Surge, compared to EGP 182.230mn in FY2021.

On a quarterly basis, POUL posted a consolidated net profit of EGP 75.13mn for 4Q2022, marking a 22% Increase compared to EGP 61.60mn in 4Q2021.

It is worth noting that POUL posted a consolidated net profit (attributable to shareholders) of EGP 53.3mn, EGP 185.7mn and EGP 76.401mn in 1Q2022, 2Q2022 and 3Q2022, respectively compared to a consolidated net profit (attributable to shareholders) of EGP 52.7mn, EGP 27.5mn and EGP 42.5mn in 1Q2021, 2Q2021 and 3Q2021, respectively.

The increase in the company's net profit in FY2022 was due to:

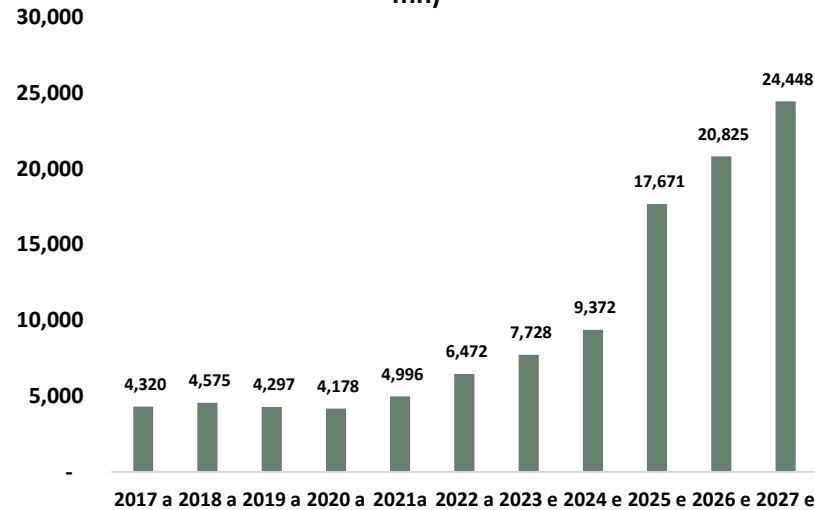
- 30% increase in the gross profit, on the back of 30% increase in the consolidated operating revenues. The company posted a gross profit margin of 20% in FY2022 thus remained constant compared to 20% in FY 2021.

CPC posted 30% increase in operating revenues to EGP 6.472bn in FY2022, compared to EGP 4.995bn in FY2021. POUL posted a gross profit of EGP 1.306bn in FY2022, versus EGP 1.001bn in FY2021.

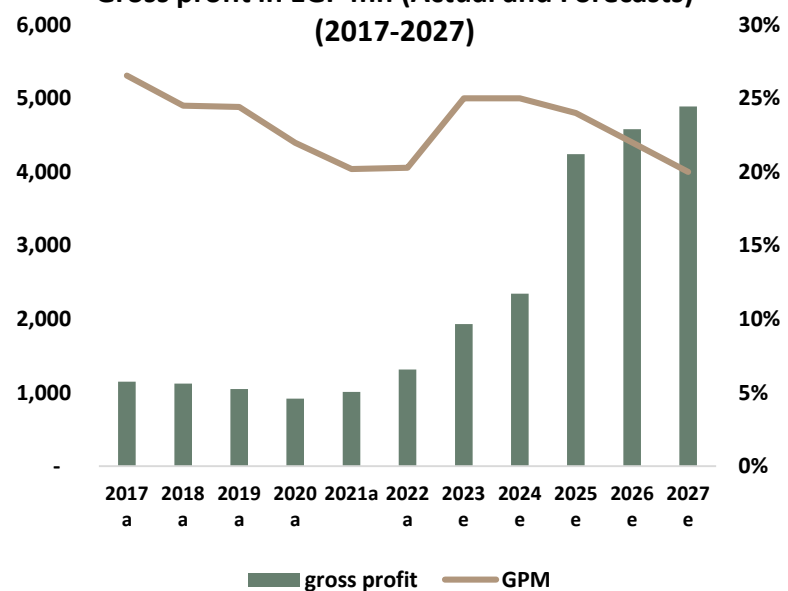
- 57% hike in other operating income, which recorded EGP 154.2mn in FY2022, compared to EGP 98.4mn in FY2021.

- 94% Decline in net other expense which recorded EGP 3.54mn in FY2022 versus EGP 58.4mn in FY2021.

**POUL.CA's Revenues (Actual and Forecasts) (EGP mn)**



**Gross profit in EGP mn (Actual and Forecasts) (2017-2027)**





The increase in the company's net profit in FY2022 came despite:

- 1) Posting foreign currency exchange losses of EGP 48.268mn in FY2022 versus foreign currency exchange gains of EGP 1.366mn in FY2021.
- 2) 150% hike in total tax expense which recorded EGP 178.8mn in FY2022, versus EGP 71.4mn in FY2021.
- 3) 25% increase in G&A expenses which recorded EGP 205mn in FY2022 versus EGP 163.6mn in FY 2021.
- 4) 17% increase in interest expense which recorded EGP 42.1mn in FY2022 versus EGP 35.7mn in FY 2021.

**(Revenues Analysis)**

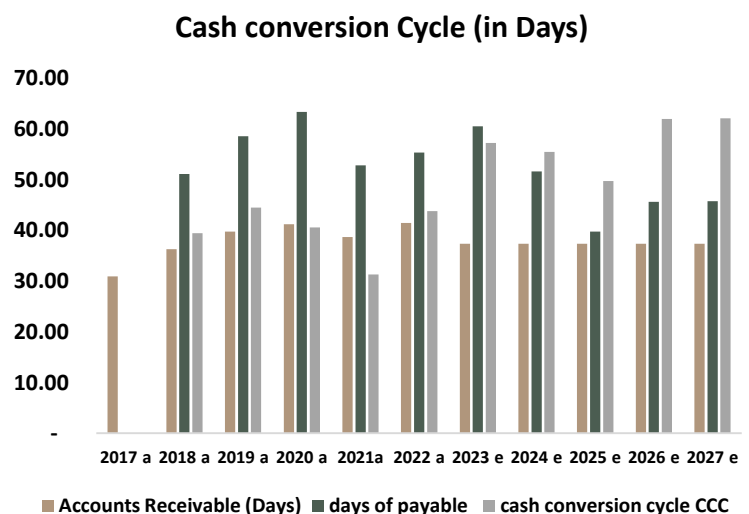
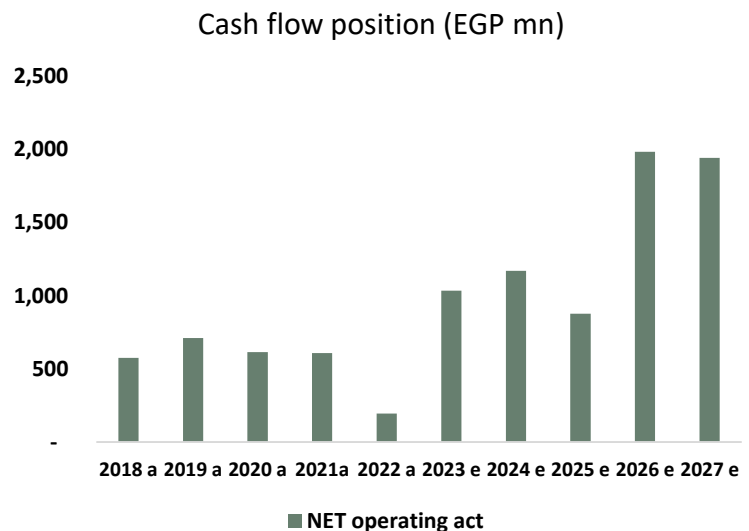
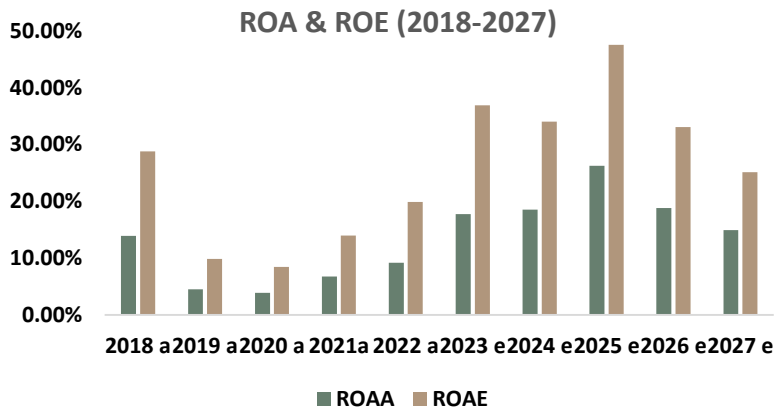
Net Revenues increased by 29% YoY in FY22 to record EGP 6.5bn. The increase came on the back of rising local commodity prices which affected the selling prices across all CPC products since the beginning of the year. Besides, higher processing volumes contributed to the increase in revenues. On a quarterly basis, revenues increased by 31% YoY to EGP 1.8 bn. Revenues were mostly dominated by the Group's poultry segment contributing the lion's share of total revenues in FY22 at 38%, surpassing the Processing segment contributing 34% in FY22, while the Feed segment contributed the remaining 28% during the same period.

**Feed Division:-**

Contributed 28% of CPC's total revenues in FY2022.

**Revenue**

34% increase in feed division which recorded EGP 1.826bn in FY2022 compared to 1.36bn in FY2021. On quarterly basis: 29% increase in this segment which posted revenues of EGP 484mn in 4Q2022 compared to EGP 377mn in 4Q2021.



## Volume

CPC posted 11% decline in feed division which recorded 165,000 tons in FY2022 compared to 184,000 tons in FY2021, on Quarterly basis 37% decline in feed sales volume which recorded 31,000 tons in 4Q2022 compared to 48,000 tons in 4Q2021.

## Average price

CPC Posted 50% hike in average price per ton which reached EGP 11,045/ton during FY2022 compared to EGP 7,358/ton during FY2021. But on Quarterly basis CPC Posted an 103% hike in the average price/ton which recorded EGP 15,777/ton during Q42022 versus EGP 7,788/ton during 4Q2021.

Despite the slight drop in volumes YOY by 11%, revenues from the Feed division increased by 34% YoY to EGP 1.8 bn in FY22 on the back of a 50% YoY increase in average price per ton (EGP 11,045/ton during FY 2022 versus EGP 7,358/ton in FY2021) sold during the same period. This was driven by the foreign currency shortage which directly affected the prices of raw materials which was partially passed on to the selling prices.

## Poultry Division:-

Contributed 38% of CPC's total Revenue in FY2022.

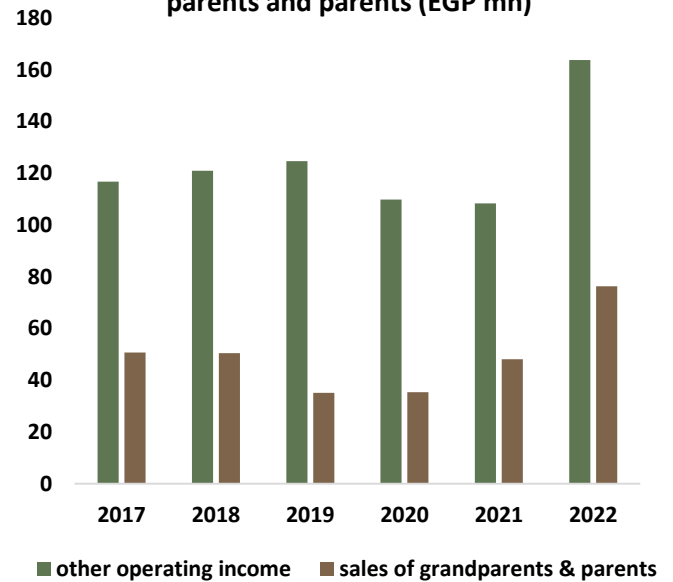
## Revenue

17% increase in Poultry revenue which recorded EGP 2.44bn in FY2022 compared to EGP 2.09bn in FY2021, while on quarterly basis: 13% increase in poultry segment which posted revenues of EGP 682mn in 4Q2022 compared to EGP 604mn in 4Q2021.

Most of the contribution to the revenues came from the live bird's section, and then the broiler section.

Whereas, the Live Birds section posted revenues of EGP 1.9bn in FY2022, compared to EGP 1.58bn in FY2021, thus contributing 80% of the poultry division's total revenues in FY2022.

**other operating income & sales of grandparents and parents (EGP mn)**



The broiler chicks section contributed 13% of the revenues of the poultry section in FY2022.

### Volume

FY22 parent chicks' volumes witnessed a decline of 18%. Yet, broiler chicks and live bird volumes shown strong resilience and stood at almost the same level as FY21.

Broiler Chicks: CPC Posted 2% increase in broiler chick's volume which recorded 47mn ODO broiler chicks in FY2022 compared to 46mn ODO broiler chicks in FY2021, on Quarterly basis 2% decline in in broiler chicks which recorded 11mn ODO broiler chicks in FY2022 compared to 12mn ODO broiler chicks in FY2021.

Live birds: CPC Posted 4% decline in live bird's sales volume which recorded 62mn Kg live birds in FY2022 compared to 65mn Kg live birds in FY2021, on Quarterly basis 5% decline in in live birds sales volume which recorded 17mn Kg live birds in 4Q2022 compared to 18mn Kg live birds in 4Q2021.

### Average price

#### Live birds section

CPC Posted 33% increase in average price which reached EGP 32/kg during FY2022 compared to EGP 24/Kg in FY2021. But on Quarterly basis CPC posted a 40% increase in the average which recorded EGP 35/Kg during Q42022 compared to EGP 25/Kg during 4Q2021.

#### Broiler chicks section

CPC Posted 9% decline in average price which reached EGP 6.7/ ODO broiler chicks during FY2022 compared to EGP 7.4/ ODO broiler chicks during FY2021. But on Quarterly basis CPC Posted a 67% decline in the average price which recorded EGP 3.1/ ODO broiler chicks during Q42022 compared to EGP 9.4/ ODO broiler chicks during 4Q2021.

### Processing Division:-

Contributed 34% of CPC's total revenue in FY2022

**Revenue:** 43% increase in Processing revenue which recorded EGP 2.16bn in FY2022 compared to EGP 1.51bn in FY2021, while on quarterly basis: 60% increase in Processing segment which recorded EGP 569mn in 4Q2022 Compared to EGP 356mn in 4Q2021. Most of the contribution to the Processing's revenues came from the value added product section.

Revenues from the processing division jumped 43% YoY to EGP 2.169 bn in spite of the overall year-to-date slowdown in consumption related to the pressured purchasing power. This came as a result of implementing a focused marketing plan and the introduction of new products.

**Volume :Value added product:** CPC Posted 16% increase in VA product's volume which recorded 24.09mn kg in FY2022 compared to 20.8 kg in FY2021, on Quarterly basis 22% increase in in VA product's volume which recorded 6.08mn kg in 4Q2022 compared to 4.98mn kg in 4Q2021.

**Fresh /frozen chicken:** CPC Posted 47% increase in Fresh /frozen chicken's sales volume which recorded 5.8mn Kg in FY2022 compared to 4mn Kg in FY2021, on Quarterly basis 95% increase in sales volume which recorded 1.3mn Kg in 4Q2022 compared to 0.69mn Kg in FY2021.

**Average price :** Value added product CPC Posted 20% increase in average price which reached EGP 78/kg during FY2022 compared to EGP 65/Kg during FY2021. But on Quarterly basis CPC Posted an 26% increase in the average which recorded EGP 82/Kg during Q42022 compared to EGP 65/Kg during 4Q2021.

Fresh /frozen chicken CPC Posted 25% increase in average price which reached EGP 50/kg during FY2022 compared to EGP 40/kg during FY2021. But on Quarterly basis CPC Posted a 23% increase in the average which recorded EGP 53/kg during Q42022 compared to EGP 43/kg during 4Q2021.

**(Cost analysis: -)**

**1-Cost of Sales (COGS)** COGS increased by 29% YoY to EGP 5.2bn in FY22, representing 80% of sales, thus remained unchanged compared to its percentage of sales in FY2021. The significant increase in COGS came on the back of the soaring prices of global commodities resulting in increasing the prices of inputs. In 4Q22, COGS increased by 33% YoY to EGP 1.4bn representing 79% of revenues up from the 78% recorded in 4Q21

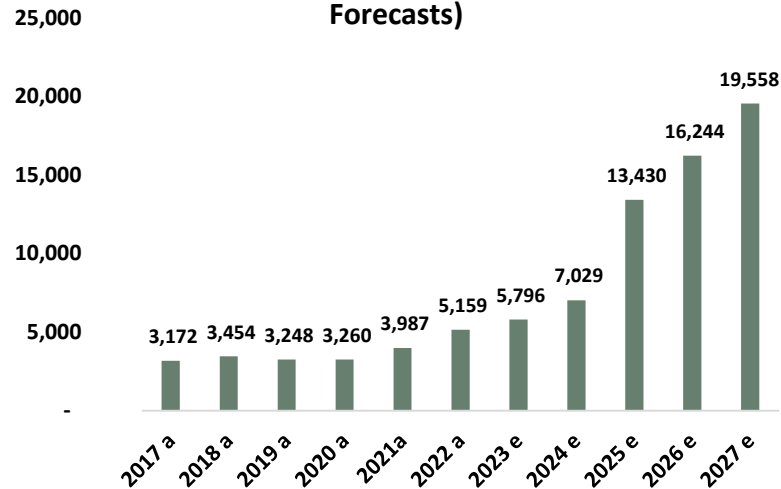
**2-Selling & Distribution (S&D) Expenses**

S&D expenses increased by 13% YoY to record EGP 199mn in FY22 and representing 3.1% of revenues, down by 0.4 pts YoY. The increase in S&D expenses came on the back of increased marketing expenses during the period in addition to the change in product mix in Koki which entails higher distribution and transportation costs.

**3-General & Admin. (G&A) Expenses**

G&A expenses came in at EGP 205 million in FY22, higher 26% YoY and representing 3.2% of revenues, down 0.1 percentage points YoY. Between 4Q21 and 4Q22, G&A expenses increased to EGP 74 million, to stand at 4.2% of total revenue, up from 3.2% recorded in 4Q21.

**POUL.CA's COGS in EGP mn (Actual and Forecasts)**





**vi. Valuation:**

Sales Volumes	2016	2017	2018	FY19	FY20	FY21	FY22	F23	F24	F25	F26	F27
Feed (000 Tons)	208	282	281	213	211	186	165	180	220	500	550	600
GPs (000 Chicks)	2,372	2,507	2,236	2,212	2,585	2,294	1,878	1,900	2,000	2,200	2,300	2,500
Parents (mn ODO)	33	35	31	38	33	46	47	50	50	50	50	50
Broilers (000 Tons)	16	42	45	49	47	65	62	65	70	75	80	85
Processed (Tons)	16	10	8	11	10	4	6	7	8	9	10	11
Value Added (Tons)	22	17	17	18	19	21	24	24	24	24	24	24
Total Processing	37	27	25	29	29	25	30	31	32	33	34	35

Prices	2016	2017	2018	FY19	FY20	FY21	FY22	F23	F24	F25	F26	F27
Feed (EGP/Ton)	4,341	6,155	6,601	6,570	5,655	7,358	11,045	13,254	14,579	16,037	17,640	19,405
GPs (EGP/Chick)	42	60	73	58	64	77	82	98	108	118	130	143
Parents (EGP/ODO)	5	7	7	5	8	7	7	7	8	9	10	11
Broilers (EGP/KG)	16	22	23	23	22	24	32	35	39	66	73	80
Processing (EGP/KG)	32	47	51	53	51	61	72	80	88	120	132	145

Revenues (EGP mn)	2,016	2,017	2,018	FY19	FY20	FY21	FY22	F23	F24	F25	F26	F27
Feed	903	1,738	1,853	1,402	1,193	1,366	1,826	2,386	3,207	8,018	9,702	11,643
Grand Parents	99	151	164	129	166	177	153	186	215	261	300	358
Parents	167	247	227	202	252	340	316	370	407	448	493	542
Broilers	262	918	1,024	1,122	1,003	1,580	1,974	2,282	2,703	4,950	5,808	6,788
Processing	1,200	1,239	1,287	1,529	1,494	1,514	2,169	2,470	2,804	3,960	4,488	5,082
Others	22	25	20	31	70	20	35	35	35	35	35	35
<b>Total</b>	<b>2,653</b>	<b>4,320</b>	<b>4,575</b>	<b>4,415</b>	<b>4,178</b>	<b>4,996</b>	<b>6,472</b>	<b>7,728</b>	<b>9,372</b>	<b>17,671</b>	<b>20,825</b>	<b>24,448</b>

% of Revenues	2016	2017	2018	FY19	FY20	FY21	FY22	F23	F24	F25	F26	F27
Feed	34.0%	40.2%	40.5%	31.8%	28.6%	27.3%	28.2%	30.9%	34.2%	45.4%	46.6%	47.6%
Grand Parents	3.7%	3.5%	3.6%	2.9%	4.0%	3.5%	2.4%	2.4%	2.3%	1.5%	1.4%	1.5%
Parents	6.3%	5.7%	5.0%	4.6%	6.0%	6.8%	4.9%	4.8%	4.3%	2.5%	2.4%	2.2%
Broilers	9.9%	21.3%	22.4%	25.4%	24.0%	31.6%	30.5%	29.5%	28.8%	28.0%	27.9%	27.8%
Processing	45.2%	28.7%	28.1%	34.6%	35.8%	30.3%	33.5%	32.0%	29.9%	22.4%	21.6%	20.8%
Others	0.8%	0.6%	0.4%	0.7%	1.7%	0.4%	0.5%	0.4%	0.4%	0.2%	0.2%	0.1%

Source: Company Disclosure. But assumed production of feed for the period from 2024 (in 000 tons) as well the assumed prices for broilers and processing in EGP/KG starting 2024 (and thereafter) are assumptions made by Faisal Islamic Brokerage Research.

Feed Section Designed Capacity in 000 tons	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0
Utilization Rate	32.8%	32.5%	28.6%	25.4%	27.7%	33.8%	76.9%	84.6%	92.3%		

Revenues (EGP mn) 2022	Contribution
Feed	1,825,521 28%
Grand Parents	153,169 2%
Parents	316,273 5%
Broilers	1,974,179 31%
Processing	2,168,679 34%
Others	34,607 1%
	6,472,429

Revenues (EGP mn)	Contribution
Feed	11,642,711 48%
Grand Parents	358,220 1%
Parents	541,930 2%
Broilers	6,788,100 28%
Processing	5,082,000 21%
Others	34,607 0%
	24,447,569

	2022	2023	2024	2025	2026	2027
<b>WAAC</b>		<b>25.9%</b>	<b>26.4%</b>	<b>25.6%</b>	<b>26.2%</b>	<b>26.4%</b>
Cost of Debt (after tax)	10.0%					
Cost of Equity	31.7%					
Debt (EGP mn)	695					
Equity (EGP mn)	1,364					
Total Capital (EGP mn)	2,059					
Debt/Total Capital	33.8%					
Equity/Total capital	66.2%					
Cash (EGP mn)	98					

<b>Discounted Cash Flow (EGP mn)</b>	2023	2024	2025	2026	2027	
EBIT	1,000	1,278	2,672	2,751	2,797	
Cash Taxes	225	288	601	619	629	
D&A	469	503	509	581	626	
Capex	541	515	663	677	672	
Changes in NWC	150	264	1,585	585	679	
FCFF	552	714	332	1,451	1,442	
PV of FCFF	492	502	188	643	502	
<b>Terminal Value</b>						<b>6,337</b>
<b>PV of Terminal Value</b>						<b>2,206</b>

<b>Fair Value</b>	
Enterprise Value (EGP mn)	4,532
Cash (EGP mn)	98
Debt (EGP mn)	695
Equity Value (EGP mn)	3,935
Outstanding No of Shares (mn)	479
<b>Fair Value (EGP/share)</b>	<b>8.22</b>
<b>Current Market Price (EGP/share)</b>	<b>5.03</b>
<b>Potential Capital Gains</b>	<b>63%</b>

## vii. Key financials

Income Statement in EGP mn	2017 a	2018 a	2019 a	2020 a	2021a	2022 a	2023 e	2024 e	2025 e	2026 e	2027 e
Revenue	4,320	4,575	4,297	4,178	4,996	6,472	7,728	9,372	17,671	20,825	24,448
COGS	(3,172)	(3,454)	(3,248)	(3,260)	(3,987)	(5,159)	(5,796)	(7,029)	(13,430)	(16,244)	(19,558)
<b>Gross Profit</b>	<b>1,147</b>	<b>1,121</b>	<b>1,049</b>	<b>918</b>	<b>1,009</b>	<b>1,314</b>	<b>1,932</b>	<b>2,343</b>	<b>4,241</b>	<b>4,582</b>	<b>4,890</b>
Net Operating (Exp) inc	(243)	(279)	(218)	(301)	(299)	(253)	(464)	(562)	(1,060)	(1,250)	(1,467)
EBITDA	904	842	831	618	710	1,061	1,468	1,781	3,181	3,332	3,423
Depreciation	(305)	(498)	(575)	(414)	(422)	(487)	(469)	(503)	(509)	(581)	(626)
EBIT	599	344	256	204	288	573	1,000	1,278	2,672	2,751	2,797
Net Interest Exp	(119)	(138)	(81)	(49)	(34)	(90)	(68)	(83)	(158)	(191)	(230)
EBT	481	206	175	155	253	483	931	1,195	2,514	2,560	2,567
Tax income	(115)	146	(58)	(51)	(69)	(187)	(210)	(269)	(566)	(576)	(578)
<b>Net Income</b>	<b>366</b>	<b>352</b>	<b>117</b>	<b>104</b>	<b>184</b>	<b>296</b>	<b>722</b>	<b>926</b>	<b>1,949</b>	<b>1,984</b>	<b>1,989</b>
Minority Interest in Earnings	5.8	1.9	0.1	0.6	2.0	0.2	-	-	-	-	-
<b>Net Income to Stockholders</b>	<b>360</b>	<b>350</b>	<b>117</b>	<b>103</b>	<b>182</b>	<b>295</b>	<b>722</b>	<b>926</b>	<b>1,949</b>	<b>1,984</b>	<b>1,989</b>
<b>EPS (EGP/Share)</b>	<b>0.8</b>	<b>0.7</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.6</b>	<b>1.5</b>	<b>1.9</b>	<b>4.1</b>	<b>4.1</b>	<b>4.2</b>

Balance Sheet in EGP mn	2017 a	2018 a	2019 a	2020 a	2021a	2022 a	2023 e	2024 e	2025 e	2026 e	2027 e
<b>Current assets</b>											
Cash	77	45	39	107	98	241	761	1,529	2,615	4,259	5,937
Inventory	512	583	553	570	470	1,326	1,270	1,541	2,944	3,560	4,287
A/R	366	455	469	472	530	735	792	960	1,811	2,134	2,505
Prepaid exp & other debit balance	37	59	50	45	27	52	76	92	174	205	241
T. bills	2	2	2	125	152	-	57	57	57	57	57
assets held for sale	103	120	116	102	107	188	123	123	123	123	123
<b>Total Current Assets</b>	<b>1,096</b>	<b>1,264</b>	<b>1,229</b>	<b>1,421</b>	<b>1,385</b>	<b>2,543</b>	<b>3,079</b>	<b>4,302</b>	<b>7,723</b>	<b>10,338</b>	<b>13,149</b>
<b>Non Current Assets</b>											
Fixed Assets	975	1,020	1,040	1,050	1,029	1,016	1,072	1,085	1,239	1,335	1,382
Fixed Assets underconstruction	44	27	35	45	36	61	35	37	38	43	46
Poultry Assets	155	197	181	186	188	109	170	170	170	170	170
Plant Asset	2	2	2	3	8	8	8	8	8	8	8
Profit Share from Investments in associates	137	115	109	-	-	-	-	-	-	-	-
Other Assets	0	1	0	15	19	20	20	20	20	20	20
<b>Total Non-Current Assets</b>	<b>1,314</b>	<b>1,363</b>	<b>1,368</b>	<b>1,299</b>	<b>1,280</b>	<b>1,213</b>	<b>1,305</b>	<b>1,320</b>	<b>1,475</b>	<b>1,576</b>	<b>1,626</b>
<b>Total Assets</b>	<b>2,410</b>	<b>2,627</b>	<b>2,596</b>	<b>2,720</b>	<b>2,665</b>	<b>3,756</b>	<b>4,384</b>	<b>5,622</b>	<b>9,198</b>	<b>11,915</b>	<b>14,775</b>
<b>EQUITY</b>											
Paid up Capital	479	479	479	479	479	479	479	479	479	479	479
Legal Reserve	281	298	360	322	325	330	366	413	510	609	709
Retained Earnings	470	426	339	460	545	813	1,441	2,261	4,049	5,867	7,687
Common Equity	1,231	1,203	1,178	1,261	1,349	1,622	2,286	3,153	5,038	6,955	8,875
Non-Controlling Interests	13	14	13	13	15	14	14	14	14	14	14
<b>Total Equity</b>	<b>1,244</b>	<b>1,217</b>	<b>1,191</b>	<b>1,274</b>	<b>1,364</b>	<b>1,636</b>	<b>2,300</b>	<b>3,167</b>	<b>5,052</b>	<b>6,969</b>	<b>8,889</b>
<b>Current Liabilities</b>											
Provisions for Expected Claim	159	134	132	137	142	147	147	147	147	147	147
Credit Facilities	325	577	602	547	448	688	852	1,033	1,974	2,387	2,874
Account and Notes Payable	443	524	518	613	541	1,024	898	1,090	1,840	2,225	2,679
Due to Related Parties	10	5	2	5	0	-	-	-	-	-	-
Long Term Loan-Current	28	17	17	-	-	-	-	-	-	-	-
Income Tax Payable	93	59	57	47	70	153	77	77	77	77	77
Financial Lease Liabilities	-	-	-	7	7	7	7	7	7	7	7
<b>Total Current Liabilities</b>	<b>1,057</b>	<b>1,316</b>	<b>1,328</b>	<b>1,357</b>	<b>1,209</b>	<b>2,019</b>	<b>1,982</b>	<b>2,354</b>	<b>4,045</b>	<b>4,844</b>	<b>5,785</b>
<b>Non-Current Liabilities</b>											
Finance Lease	-	-	-	9	13	15	15	15	15	15	15
Long Term Loan	33	17	-	-	-	-	-	-	-	-	-
Deferred Tax Liab	76	77	77	81	78	87	87	87	87	87	87
<b>Total Non-Current Liabilities</b>	<b>109</b>	<b>93</b>	<b>77</b>	<b>90</b>	<b>92</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>
<b>Total Liabilities</b>	<b>1,166</b>	<b>1,409</b>	<b>1,405</b>	<b>1,446</b>	<b>1,301</b>	<b>2,120</b>	<b>2,083</b>	<b>2,455</b>	<b>4,146</b>	<b>4,945</b>	<b>5,886</b>
<b>Total L&amp;E</b>	<b>2,410</b>	<b>2,627</b>	<b>2,596</b>	<b>2,720</b>	<b>2,665</b>	<b>3,756</b>	<b>4,383</b>	<b>5,622</b>	<b>9,198</b>	<b>11,914</b>	<b>14,775</b>

Cash flow statement (in EGP mn)	2018 a	2019 a	2020 a	2021a	2022 e	2023 e	2024 e	2025 e	2026 e	2027 e
Net Cash from Operating	574	710	614	607	193	1,035	1,170	877	1,984	1,941
Net Cash from Investing	(569)	(586)	(563)	(427)	(267)	(411)	(523)	(668)	(687)	(681)
Net Cash from Financing	(152)	(136)	(76)	(187)	218	106	121	877	347	417
Net Cash	(147)	(11)	(26)	(6)	144	730	768	1,086	1,644	1,677

Financial Ratios	2018 a	2019 a	2020 a	2021a	2022 a	2023 e	2024 e	2025 e	2026 e	2027 e
current ratio	1.0	0.9	1.0	1.1	1.3	1.6	1.8	1.9	2.1	2.3
quick ratio	0.5	0.5	0.6	0.8	0.6	0.9	1.2	1.2	1.4	1.5
cash ratio	0.2	0.2	0.3	0.3	0.2	0.5	0.8	0.7	1.0	1.1
A/R turnover ratio	11.1	9.3	8.9	10.0	10.2	10.1	10.7	12.8	10.6	10.5
Days of sales outstanding	32.8	39.2	41.1	36.6	35.7	36.1	34.1	28.6	34.6	34.6
inventory turnover ratio	6.3	5.7	5.8	7.7	5.7	4.5	5.0	6.0	5.0	5.0
Days of inventory on hand (DOH)	57.9	63.8	62.9	47.6	63.5	81.7	73.0	60.9	73.1	73.2
A/P turnover ratio	7.1	6.2	5.8	6.9	6.6	6.0	7.1	9.2	8.0	8.0
days of payable	51.1	58.6	63.4	52.8	55.4	60.5	51.6	39.8	45.7	45.8
cash conversion cycle CCC	39.49	44.50	40.60	31.35	43.83	57.28	55.49	49.75	61.97	62.09
W.C Turnover ratio	8.8	7.6	8.1	10.4	8.2	6.6	6.8	7.7	6.2	6.1
fixed asset turnover ratio	4.6	4.2	4.0	4.8	6.3	7.4	8.7	15.2	16.2	18.0
total assets turnover ratio	1.8	1.6	1.6	1.9	2.0	1.9	1.9	2.4	2.0	1.8
GPM	25%	24%	22%	20%	20%	25%	25%	24%	22%	20%
Pre tax margin	5%	4%	4%	5%	7%	12%	13%	14%	12%	10%
NPM	8%	3%	2%	4%	5%	9%	10%	11%	10%	8%
ROAA	14%	4%	4%	7%	9%	18%	19%	26%	19%	15%
ROAE	29%	10%	8%	14%	20%	37%	34%	48%	33%	25%
Return on total capital	19%	14%	11%	16%	25%	32%	31%	38%	29%	24%
tax burden	170%	67%	67%	72%	61%	78%	78%	78%	78%	78%
interest burden	60%	68%	76%	88%	84%	93%	94%	94%	93%	92%
EBIT margin	8%	6%	5%	6%	9%	13%	14%	15%	13%	11%
financial leverage ratio (equity multiplier)	207%	219%	218%	206%	216%	208%	184%	181%	176%	169%
total debt (EGP mn) (credit facilities)	610.4	618.2	547.0	447.8	688.2	851.8	1,033.0	1,973.7	2,387.1	2,874.2
debt to asset ratio	23%	24%	20%	17%	18%	19%	18%	21%	20%	19%
debt to equity ratio	50%	52%	43%	33%	42%	37%	33%	39%	34%	32%
debt to capital ratio	33%	34%	30%	25%	30%	27%	25%	28%	26%	24%
EPS (EGP)	0.7	0.2	0.2	0.4	0.6	1.5	1.9	4.1	4.1	4.2
BVPS (EGP)	2.5	2.5	2.6	2.8	3.4	4.8	6.6	10.5	14.5	18.5

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