Obour Land continues to deliver strong double-digit top-line growth at 39% in 9M17; bottom line likewise turns an exceptional 60% y-o-y growth despite the challenging economic environment

Key Highlights

All figures are in EGP unless stated otherwise	9M17	9M16	y-o-y Change
Net Revenues	1,462mn	1,054mn	39%
Volume Sold	70k tons	74k tons	(6%)
Average price/kg	21.0	14.3	47%
Gross Profit	354mn	220mn	61%
Gross Profit Margin	24%	21%	+3pp
EBITDA	251mn	153mn	64%
EBITDA Margin	17%	15%	+2pp
Net Profit	176mn	110mn	60%
Net Profit Margin	12%	10%	+2pp

Cairo, Egypt | November 9, 2017 - Obour Land for Food Industries S.A.E. (OLFI) announced its 9M2017 results for the 9-month period starting January 2017. The Company's sales for the period recorded EGP 1.46bn, posting a growth of 39% y-o-y (compared to the same period last year).

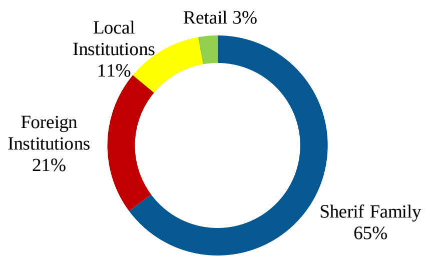
- Total volume sold in 9M17 reached 70 thousand tons, a 6% y-o-y decline mainly driven by decreasing consumer purchasing power, while average price per kilogram increased by 47% y-o-y to reach EGP 21 during 9M17. The witnessed growth in the Company's sales performance was mainly driven by the increase in prices, along with the successful sales strategy and marketing campaigns adopted during the period.

- The Company recorded gross profit of EGP 354mn during 9M17, posting a y-o-y growth of 61%, translating into a gross profit margin of 24%, compared to 21% in 9M16.

- Earnings before interest, taxes, depreciation and amortization (EBITDA) recorded a 64% y-o-y growth, to reach a record high EGP 251mn in 9M17, yielding an EBITDA margin of 17%.

- Obour Land achieved a net profit of EGP 176mn during 9M17, a 60% growth compared 9M16, translating into a net profit margin of 12% for 9M17, an increase of 200bps y-o-y. The surge in profitability margins is driven by the management's price migration strategy.

Shareholder Structure



TO OUR SHAREHOLDERS

I am delighted to share with you our 9M17 results, a period of reaping the benefits of our previously applied price point migration strategy; the strategy that propelled the Company ahead of competition and intensifying macro-economic challenges.

We witnessed a strong period in terms of revenue, profitability, growth, and market share gain. Total net revenues surged by 39% y-o-y in 9M17 to reach EGP 1.46bn, driven primarily by price increases as the average price per kilogram grew from EGP 14.3 in 9M16 to EGP 21.0 in 9M17, a 47% y-o-y increase. Our volumes were slightly affected by the decrease in consumer purchasing power and general inflation, decreasing by 6% y-o-y in 9M17, a small volume drop compared to the food & beverage market in Egypt. However, we are expecting FY17 volumes to reach the same volumes as in FY16, resulting in flat volume y-o-y growth. Despite the small volume drop, the company managed to expand its profitability margins, recording an EBITDA margin of 17% in 9M17 compared to 15% in 9M16, while net profit margin increased from 10% in 9M16 to 12% in 9M17.

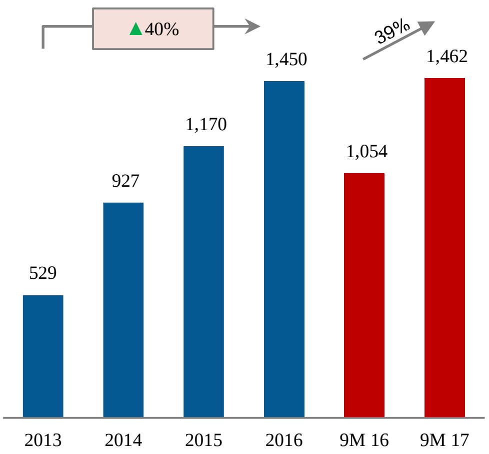
We are pleased to announce the addition of 3 new production lines in 9M17 with a combined capacity of c.60 thousand tons per annum, as well as 8 new distribution centers penetrating 3 new governorates and 32 new distribution vehicles in the same period. The company is committed to its announced expansion plans, with an aim to introduce two production lines of mozzarella cheese and processed cheese in 1Q18, with a combined estimated capacity of 7.2 ktpa. To further diversify the company's product portfolio, we are aiming to introduce three new juice lines (capacity of 99mn liters) and one new milk line with a capacity of 27mn liters by the end of 2017.

We are glad to announce the acquisition of a land plot that extends over 34 fedans, that will house our new dairy farm consisting of 1500-2000 Holstein heifers, with an expected milk production of 50 tons/day. The project will offer Obour Land multiple synergies from vertical integration that will compensate for the shortage and high cost of milk that represents a major feed component in the production of cheese. The project is expected to be operational within 3 years and is projected to cost around EGP 105-115mn to be financed through the company's internally generated cash.

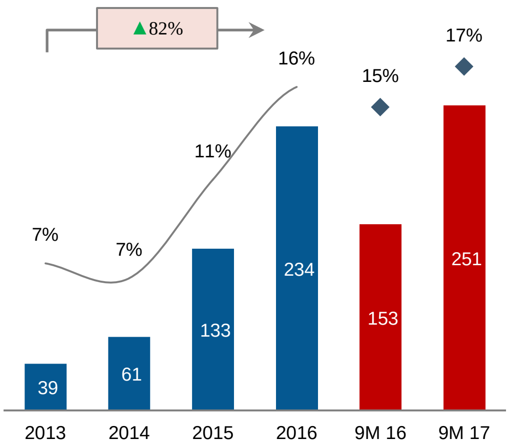
Our commitment to excellence and aspirations to offer products of superb quality and affordability, while maximizing shareholder value, remains our key primary focus and the relentless driver to our expansionary attitude.

Mohamed Hamed Sherif, Chairman & CEO

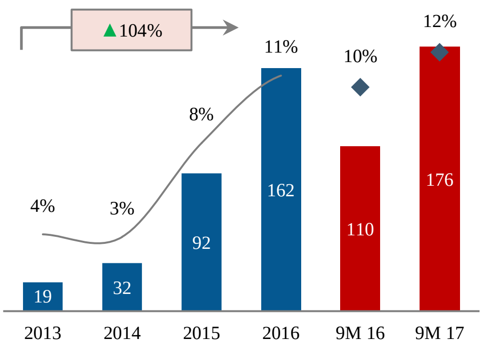
Net Revenues (EGP mn)



EBITDA, Margin (EGP mn, %)



Net Income, Margin (EGP mn, %)



2013-2016 CAGR

Key Financial Indicators

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Net Profit	176mn	110mn	60%
Net Profit Margin	12%	10%	+2pp
Net Debt	163mn	57mn	188%
Net Debt / EBITDA	0.5x	0.3x	+0.2x
Cash Conversion Cycle	74 days	81 days	-7 days
Return on Equity (ROE)	38%	28%	+10pp
Return on Assets (ROA)	19%	16%	+3pp

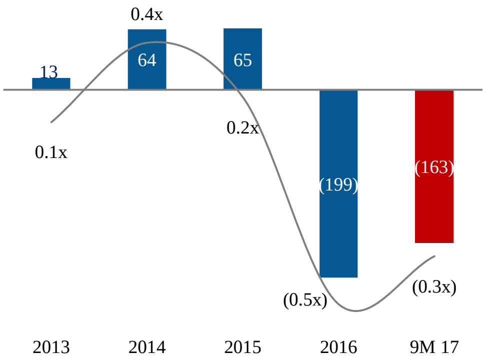
Financial Review

Obour Land for Food Industries (OLFI) reported strong double-digit revenue growth of 39% y-o-y to record EGP 1.64bn during 9M17. The increase in revenue is driven mainly by pricing as the company successfully rolled out its price migration strategy.

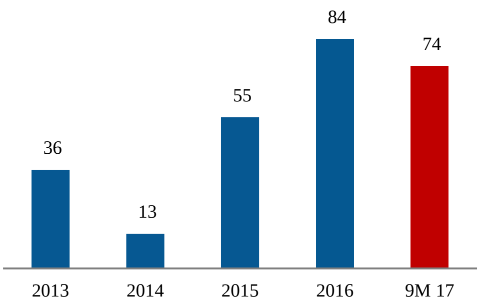
The adoption of the price migration strategy also helped enhance the company's profitability margins, increasing the gross profit margin by 300bps y-o-y, while EBITDA and net profit margins grew by 200bps y-o-y in 9M17.

The Company maintains a strong balance sheet, especially in terms of leverage as the company's net debt / EBITDA margin stands at 0.5x in 9M17.

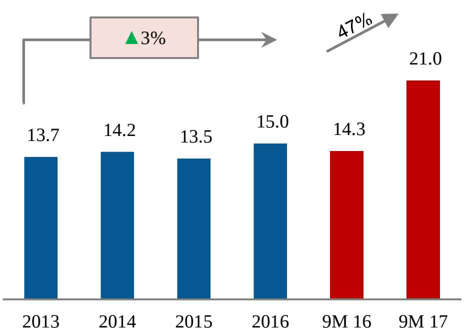
Net Cash (Net Debt), Net Cash/Equity (EGP mn, x)



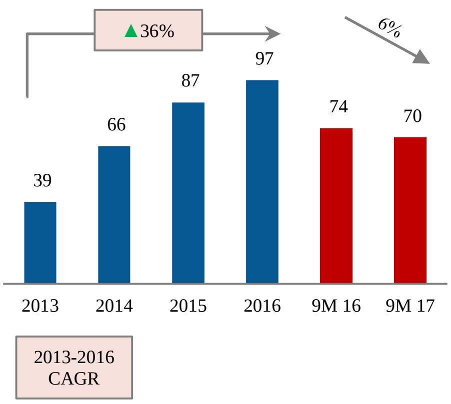
Cash Conversion Cycle (Days)



Average Price (EGP/kg)



Total Volume (ktpa)



The Company's cash sales strategy helps it boast an impressive cash conversion cycle with 74 days in 9M17 compared to 84 days in FY16. Receivable days on hand is still favorably low at 4 days in 9M17 as the majority of the company's sales are done in cash.

SG&A expenses amounted to 8% (as a percentage of sales) in 9M17 compared to 7% in 9M16, a 100bps increase y-o-y caused by general inflation, increase in fuel price, and greater marketing spending.

Operational Overview

The company witnessed strong and consistent revenue growth during the past couple of years and extending into 2017, supported by the addition of three production lines in 9M17 (59.6 kpta additional capacity) to expand the total capacity to 194.1 thousand tons per annum ("ktpa"). In addition, the company penetrated new export markets such as Jordan, Palestine and UAE (among others). Export sales grew from EGP 2mn in FY16 to EGP 6mn in 9M17, with the aim to grow exports even further to develop a constant source of USD.

The company's management decision to act as a first mover, by rapidly and successfully rolling-out its price migration strategy starting January 2016 proved to be effective in terms of both growth and profitability. The strategy allowed the company to stay ahead of macro-economic challenges post the EGP floatation whereas average selling price per kg increased from EGP 14.3 in 9M16 to EGP 21.0 in 9M17. As a consequence of adapting this strategy; the company maintained its growing y-o-y revenue trend, experiencing a 39% increase in y-o-y revenue from 9M16 to 9M17. In addition, the Company's products proved to be more resilient than the F&B market, experiencing a minimal 6% decrease in the company's sales volume from 9M16 to 9M17.

On a stand-alone basis, 3Q17 saw the first signs of volume recovery in 2017, with volumes increasing from 27.0k tons in 3Q16 to 29.3k tons in 3Q17, a 9% y-o-y volume growth as consumer purchasing power is starting to recover and adapt to new price levels.

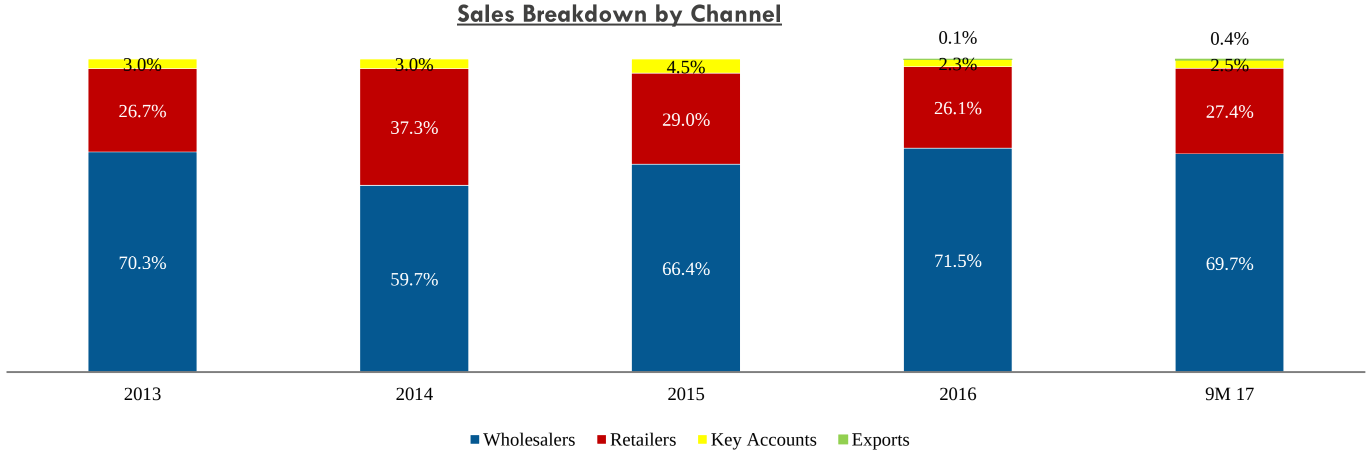
The third quarter of 2017 is Obour Land's top performer in the 9-month period starting January 2017 (representing 43% of total 9M17 revenues), with revenues increasing substantially by 57% y-o-y to reach EGP 631.1mn, driven mutually by pricing and volume growth.

All figures are in EGP unless stated otherwise	1Q17	1Q16	y-o-y change	2Q17	2Q16	y-o-y change	3Q17	3Q16	y-o-y change
Volume Sold (ktons)	17.7	23.4	(24%)	23.0	24.0	(4%)	29.3	27.0	+9%
Average price/kg	19.5	13.3	+46%	21.2	14.2	+49%	21.6	14.9	+45%
Value (EGP mn)	343.3	310.4	+11%	487.5	341.3	+43%	631.1	402.6	+57%

Obour Land increased its fleet of vehicles to 233 as of 9M17 (16% increase from FY16) serving its direct distribution network that is constituted of 19 branches across Egypt, in addition to the indirect distribution to wholesalers and retailers. The increase in fleet size is part of the company's strategy to increase their operational efficiency as well as to accommodate the new expansion plans.

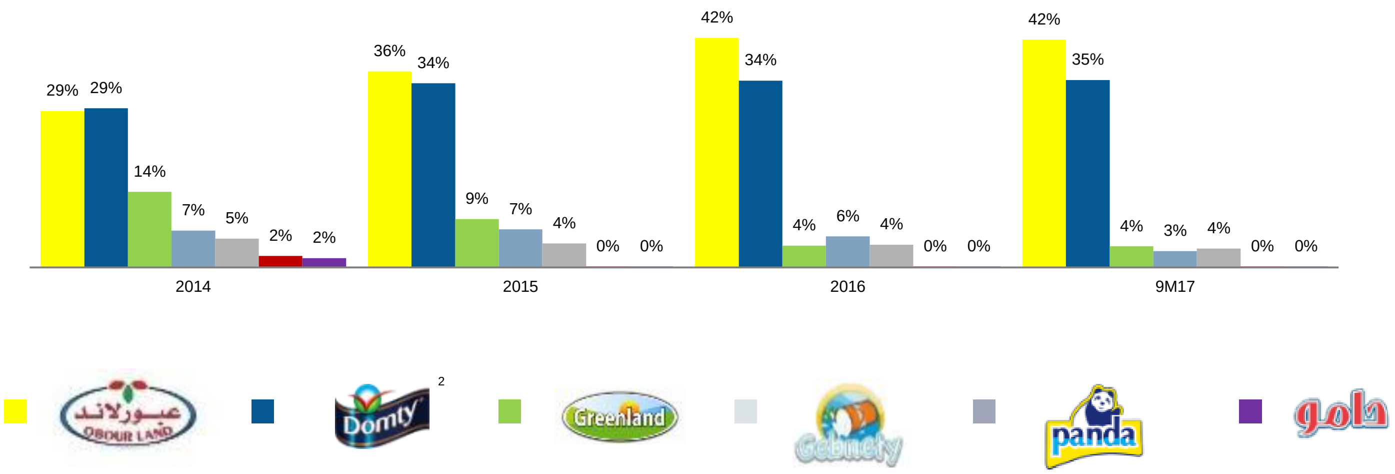
On the distribution front, sales through wholesalers and retailers accounted for the majority of 9M17 sales (c.97%), while c.3% of sales were directed to key-accounts, hypermarkets, and exports. Export sales grew as of 9M17 to EGP 6.1mn; the company is adopting an expansion plan and the launch of new product offering is expected to flourish export sales.

Sales Breakdown by Channel



Obour Land boasts the largest market share in white cheese in Egypt with a total market share of 42% as of 9M17. The company's superior performance in the Delta and Upper Egypt, Egypt's most populous regions are the main market share drivers. Obour Land has a 53% market share in Delta region and 38% market share in Upper Egypt region as of 9M17. Despite being the second largest brand in Greater Cairo and Alexandria, Obour Land has displayed robust growth in market share in these regions as well, witnessing a 3% market share increase (since FY16) in Alexandria to reach 18% in 9M17, while Obour's Greater Cairo market share grew by 1% since FY16 to reach 38% in 9M17.

Total Egypt Carton Pack Value Market Share by Brand Based on Nielsen Retail Audit[1] (%)



[1] As of 9M17 sales value in the Nielsen Retail Audit
[2] Domty brand includes Domty Plus products;

Income Statement

(Egyptian Accounting Standards)

EGP	**2015**	**2016**	**9M 2016**	**9M 2017**
Revenues	1,169,837,613	1,450,122,574	1,054,286,976	1,461,862,977
Export Rebates	-	-	-	315,419
Cost of sales[1]	-985,062,271	-1,087,501,189	-827,319,660	-1,100,140,286
Gross Profit	**184,775,342**	**362,621,385**	**226,967,316**	**362,038,110**
Gross Profit Margin	*16%*	*25%*	*22%*	*25%*
Selling and marketing expense[1]	-46,645,944	-117,932,531	-68,898,303	-96,751,040
General and administrative expense[1]	-4,674,091	-10,847,153	-4,759,170	-13,990,544
EBITDA	***133,455,307***	**233,841,701**	***153,309,843***	**251,296,526**
EBITDA Margin	*11%*	*16%*	*15%*	*17%*
Depreciation	*-10,044,891*	-13,301,946	*-9,699,818*	-11,511,773
EBIT	***123,410,416***	***220,539,755***	***143,610,025***	**239,784,753**
EBIT Margin	*11%*	*15%*	*14%*	*16%*
Other income (loss)	2,522,059	2,109,459	1,907,961	677,061
Provision for expected claims[2]	-5,730,770	-2,356,796	-1,767,597	-
(Loss) gain from disposal of fixed assets	-51,050	287,206	256,218	-
Foreign exchange difference	913,605	-4,922,292	519,941	6,347,753
Interest income	1,253,987	1,981,885	1,455,929	3,645,953
Interest expense	-2,258,525	-7,955,818	-3,406,348	-22,764,514
EBT	**120,059,722**	**209,683,399**	**142,576,129**	**227,691,006**
Income tax	-28,208,203	-47,695,427	-32,463,677	-51,230,477
Net Profit	**91,851,519**	**161,987,972**	**110,112,452**	**176,460,529**
Net Profit Margin	*8%*	*11%*	*10%*	*12%*

[1] Excludes depreciation expense
[2] The provisions for expected claims are related to the Company's expected tax claims

Balance Sheet

(Egyptian Accounting Standards)

EGP	2015	2016	9M 2017
Fixed Assets	182,527,661	190,384,367	202,303,934
Projects Under Construction	34,865,836	197,456,530	232,102,512
Deferred Tax Assets	-	5,306,928	133,086
Total Non-Current Assets	**217,393,497**	**393,147,825**	**434,539,532**
Inventories	131,297,821	275,975,253	324,303,782
Accounts & Notes Receivable	13,067,057	10,283,482	19,307,109
Prepayments & Other Debit Balances	29,725,286	63,770,226	28,794,191
Cash on Hand & at Banks	125,600,700	121,289,503	131,694,963
Total Current Assets	**299,690,864**	**471,318,464**	**504,100,045**
Total Assets	**517,084,361**	**864,466,289**	**938,639,577**
Provision for Expected Claims	17,826,168	20,067,194	15,980,704
Credit Facilities	31,384,204	174,783,853	164,723,964
Accounts & Notes Payable	17,981,042	65,183,997	51,208,548
Loan From Shareholders[1]	95,000,000	-	-
Long Term Liabilities - Current Portion[2]	18,451,657	32,780,966	44,206,075
Income Tax Payable	20,564,632	40,874,893	43,880,911
Accrued Expenses & Other Credit Balances	11,876,752	36,241,609	62,836,159
Total Current Liabilities	**213,084,455**	**369,932,512**	**382,836,361**
Long Term Liabilities - Non-Current Portion[2]	10,474,359	113,147,603	87,190,565
Deferred Tax Liabilities	10,348,538	-	-
Notes Payable	-	581,850	2,247,582
Total Non-Current Liabilities	**20,822,897**	**113,729,453**	**89,438,147**
Total Liabilities	**233,907,352**	**483,661,965**	**472,274,508**
Paid up Capital	200,000,000	200,000,000	200,000,000
Legal Reserves	3,068,074	7,660,650	15,760,049
Retained Earnings	80,108,935	173,143,673	250,605,020
Total Equity	**283,177,009**	**380,804,323**	**466,365,069**
Total Equity & Liabilities	**517,084,361**	**864,466,288**	**938,639,577**

[1] 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

[2] Long term liability is related to packaging machinery acquired from Tetra Pak and is discounted at an annual rate of 4%

About Obour Land for Food Industries S.A.E. (OLFI)

Obour Land for Food Industries S.A.E., a leading white cheese manufacturer in Egypt, is a joint stock company established in 1997. Obour Land manufactures, markets and distributes a wide variety of carton packed and plastic tub white cheese products and has a robust distribution platform, with a direct and indirect outreach that covers all of Egypt. The Company's white cheese product offerings spans Feta, Istanbuly, Double Cream, Olive, Khazeen, Talaga and Barameely, all marketed under the well-known brand name "Obour Land".

As of November 2017, Obour Land operated a total of 16 production lines, including 15 Carton Pack production lines and one plastic tubs production line, with a total annual production capacity of c.194.1 thousand tons per annum. Obour Land is the number one white cheese producer & seller in Egypt boasting the largest market share by total sales value. The Company is listed on the Egyptian Stock Exchange, and is traded under the symbol "OLFI.CA".

For more information, please visit: www.obourland.com

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Disclaimer

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