

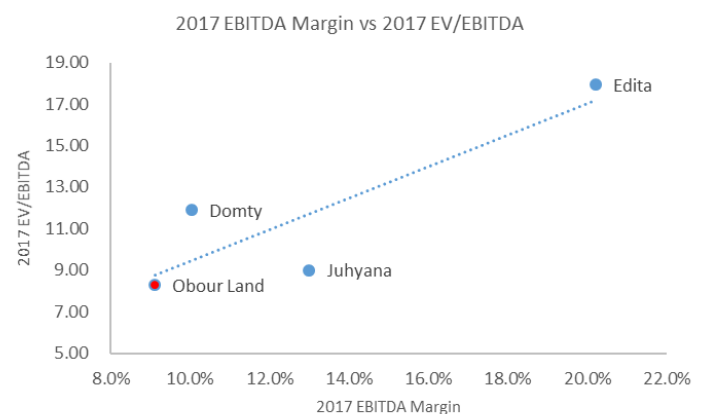
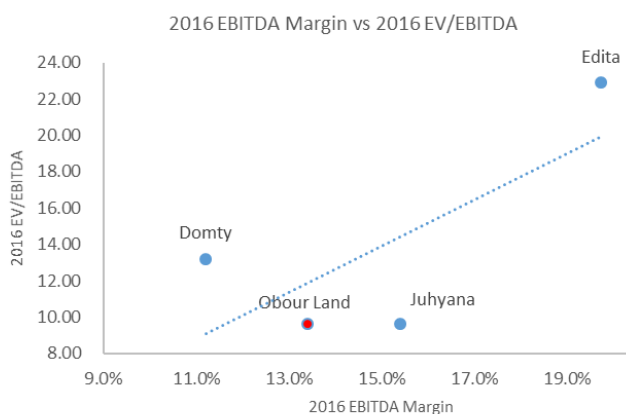
Obour Land is set to IPO at a discount to its sector peers

Obour Land is set to IPO at a price between EGP 9.00 and EGP 9.68, which implies a lower 2016 & 2017 P/E multiples versus its peers, even on the higher end of the price spectrum. When it comes to P/B its seems to be valued at similar levels to Domty and at higher levels than Juhayna. As for EV/EBITDA, it is valued at a discount to its peers excluding Juhayna which seems to be on similar footing.

Obour Land's margins seem to be lower than its peers and its EBITDA margins also lag behind its peers. However, it's worth noting that Obour Land has by far the smallest net debt vis a vis its peers. Given its low marginal yields and its favorable net debt position assessing the price via plotting EBITDA margins vs EV/EBITDA margins suggest that Obour Land is priced at a discount versus Edita and Domty but it is not that much cheaper than Juhayna as the P/E multiples might suggest.

Based on the above, we recommend subscription to the IPO, with the intention to exit at a price of EGP 10.60.

| | Edita | Juhayna | Domty | Obour Land |
|--------------------------------------|-------|---------|-------|-------------|
| P/E 2016, x | 47.92 | 24.73 | 26.35 | 16.20-17.43 |
| P/E 2017, x | 29.49 | 18.57 | 20.60 | 11.25-12.1 |
| P/B 2016, x | 8.29 | 2.24 | 4.69 | 4.57-4.92 |
| P/B 2017, x | 7.09 | 2.07 | 4.12 | 4.02-4.33 |
| ROE 2016, % | 17.3% | 9.0% | 17.8% | 28.2% |
| ROE 2017, % | 24.0% | 11.1% | 20.0% | 35.7% |
| EV/EBITDA 2016, x | 22.88 | 9.64 | 13.21 | 9.40-9.81 |
| EV/EBITDA 2017, x | 18.05 | 8.17 | 11.64 | 7.98-8.58 |
| GPM 2016, x | 39.0% | 33.0% | 23.5% | 19.9% |
| GPM 2017, x | 37.4% | 32.1% | 20.8% | 18.7% |
| EBITDA Margin 2016, % | 19.7% | 15.3% | 11.2% | 13.4% |
| EBITDA Margin 2017, % | 20.2% | 15.4% | 10.0% | 9.1% |
| Exports, % of Revenues | c.5% | c.3% | c.8% | 0% |
| Foreign Raw Materials, % of Revenues | c.12% | c.40% | c.43% | c.44% |





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