GIB CAPITAL جي آي بي كابيتال

Target Price: SAR67/share
IPO Price: SAR50/share
Upside: 34% (+Div. Yield: 0.6%)
Rating: Overweight

Arabian Co. for Agricultural & Industrial Invest. (Entaj)

Capacity ramp up to drive growth; Initiate with a TP of SAR67

Stock data	
TASI ticker	2287
Listing MCap (SARmn)	1,500
Issue Size (mn*)	9.0
Offering	30%
Inst. Offering (mn*)	8.1
Retail Offering (mn*)	0.9
IPO size (SARmn)	450

*Source: Company data, *mn shares*

- Entaj, with the 3rd largest poultry processing capacity (600k birds/day) and a 7.6% market share, is expected to benefit from the growth in the poultry sector.
- We expect Entaj's topline to grow at 14.0% CAGR between 2023-28e, while net income is forecasted to expand at a 20.5% CAGR, aided by margin improvements.
- We value the Entaj at SAR67/share using an equal weightage of DCF and relative valuation (20x P/E) and initiate with an Overweight rating.

KSA's poultry sector to witness healthy growth; Entaj a key player: KSA's fresh poultry sales volume is projected to reach 1.2mn tonnes by 2028e, a 5% CAGR from 2023-28e, while the market size is likely to reach SAR26.7bn by 2028e, representing a 7.8% CAGR rise between 2023-28e. This is expected to be driven by government support and initiatives, rising demand, and investments towards food security goals. With a 7.6% market share, solid brand positioning, 3rd largest daily poultry capacity in KSA, and the recent expansion, bringing it to 600k birds/day (~186mn birds annually), we believe Entaj is well-positioned to capitalize on the opportunity.

Entaj's capacity expansion to drive topline growth: We expect Entaj's poultry segment (~98% revenue mix 2023) revenue to grow at a 14.3% CAGR, reaching SAR 2,070mn by 2028e, primarily driven a gradual ramp up in utilization in the newly expanded capacity, reaching ~94% by 2028e amid healthy demand. This would lead to the company's sales volume rising at CAGR of 14.1% to reach 156mn kgs by 2028e while the pricing is expected to remain stable given the high competition in the sector. Accordingly, we estimate Entaj's overall total revenue to increase at 14% CAGR between 2023 and 2028e, reaching SAR2,115mn by 2028e.

Earnings to rise aided by margins improvement: We expect Entaj's gross margin to improve gradually, after dipping to 20.2% in 2024e, and reach 21.0% by 2028e, aided by ramping up in the utilization of the capacity leading to economies of scale and higher fixed cost absorption. Meanwhile, we expect the EBITDA margin to rise to 12.9% by 2028e from 12.7% in 2024e. This would support the bottom-line growth (~20.5% CAGR over 2023-28e) in the coming years, with an average net margin of 6.6% during the forecast period.

Risks: Poultry diseases and high mortality rates, highly competitive sector, adverse changes in energy and feedstock prices, delays in capacity expansion plan, reputational and brand risks.

Figure 1: Key financial metrics

SARmn	2022a	2023a	2024e	2025e	2026e
Revenue	1,031	1,099	1,267	1,498	1,753
Revenue growth	*41.4%*	*6.6%*	*15.3%*	*18.2%*	*17.0%*
Gross Profit	230	230	256	308	365
Gross Profit margin	*22.3%*	*20.9%*	*20.2%*	*20.5%*	*20.8%*
EBITDA	131	116	161	190	222
EBITDA margin	*12.7%*	*10.6%*	*12.7%*	*12.7%*	*12.6%*
Net profit	80	63	70	90	120
Net profit margin	7.7%	5.7%	5.5%	6.0%	6.8%
EPS (SAR)	2.7	2.1	2.3	3.0	4.0
P/E	18.9x	23.9x	21.5x	16.7x	12.5x

Source: Company data, GIB Capital

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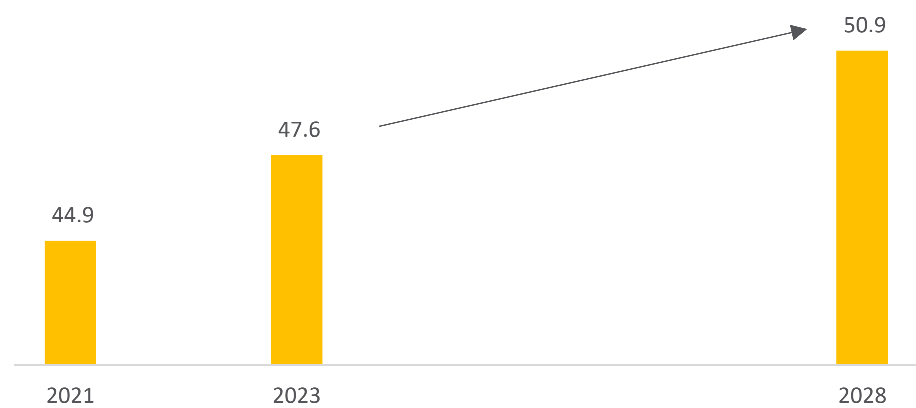
Investment Case

Favorable macro and demographic backdrop to boost disposable income…

The Kingdom, the MENA region's largest economy, is projected to expand its GDP from SAR4.1tn in 2024 to SAR4.8tn by 2028e, representing a 3.4% CAGR rise. This growth will be primarily fueled by non-oil sectors, aligning with Vision 2030, while the oil sector continues to play a vital role. Simultaneously, KSA's demographics also remain favorable, with a youthful population. This favorable backdrop, supported by government initiatives, substantial investments, low inflation, and stable employment, is likely to enhance disposable income. Accordingly, Per capita disposable income is expected to increase from SAR47.6k in 2023 to SAR50.9k by 2028, reflecting a 1.4% CAGR.

Figure 2: KSA per capita disposable income (SAR '000s)

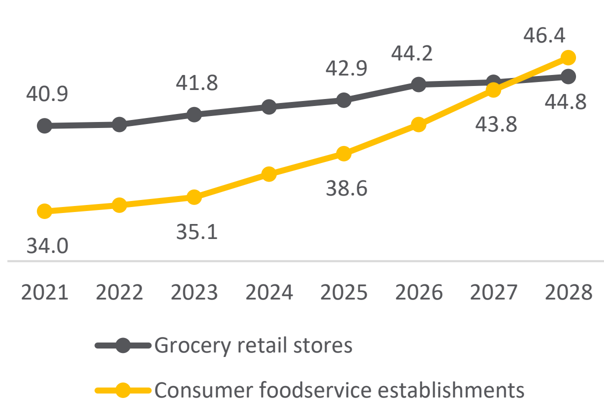


Source: Company IPO prospectus, GIB Capital

… and support consumer spending, particularly for F&B

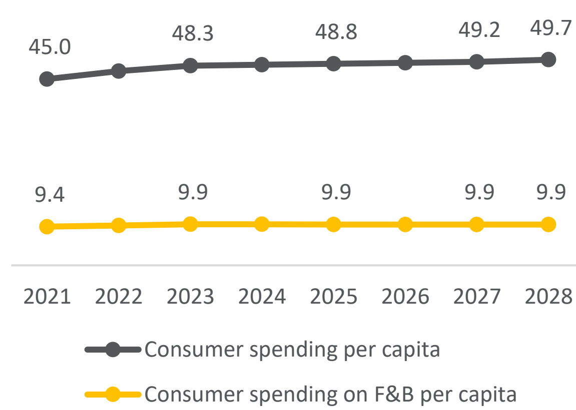
This rise in disposable income, coupled with a growing retail (+1.4% CAGR over 2023-28) and foodservice establishments (+5.7% CAGR), is expected to stimulate increased consumer spending (especially in food and beverages) across the Kingdom, with Per capita consumer spending rising from SAR48,310 in 2023 to SAR49,761 by 2028 (+0.6% CAGR) and per capita food and beverage spending remaining largely stable at around SAR9,900.

Figure 3: KSA number of grocery stores and consumer food service establishments (in '000s)



Source: Company IPO prospectus, GIB Capital

Figure 4: KSA per capita total consumer spending on F&B (SAR '000s)

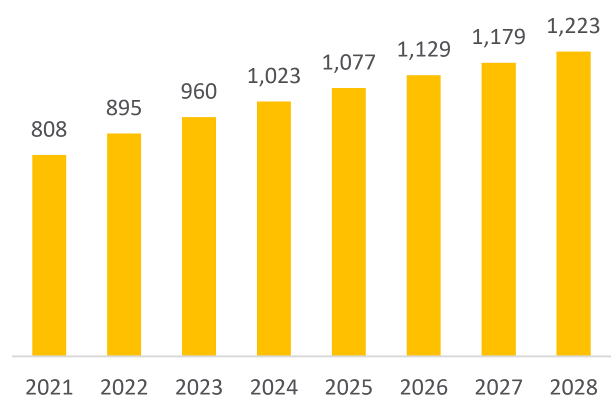


Source: Company IPO prospectus, GIB Capital

Poultry meat market is on rise in the Kingdom…

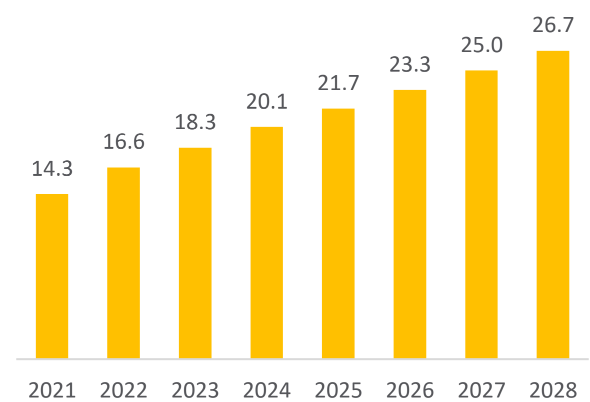
This confluence of factors creates an optimal environment for the expansion of foodservice businesses, with the poultry market positioned to be a key beneficiary of this growth. Saudi Arabia's drive for poultry self-sufficiency has fueled substantial growth in recent years and is expected to expand further as the government targets 100% self-sufficiency by 2030. Driven by government support and initiatives, rising demand, and investments in food security, KSA's fresh poultry sales are projected to reach 1.2mn tonnes by 2028e, a 5% CAGR from 2023-2028e, with the fresh poultry market size projected to reach SAR26.7bn by 2028e, representing a 7.8% CAGR rise between 2023-28e.

Figure 5: KSA volume sales of fresh poultry meat (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

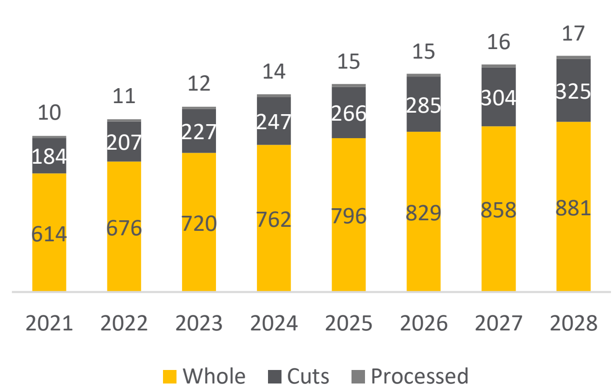
Figure 6: KSA value sales of fresh poultry meat (SARbn)



Source: Company IPO prospectus, GIB Capital

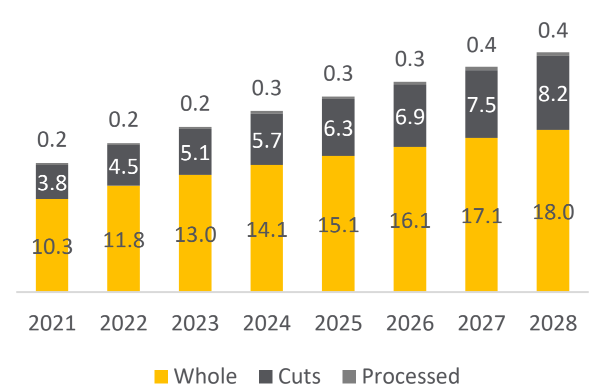
In 2023, fresh poultry represented 59.4% of total poultry consumption in Saudi Arabia. In terms of fresh poultry segments, whole chicken is projected to remain the largest segment by volume in 2028e (881k tonnes, ~72% share), although its share is expected to slightly decline as cuts gain traction (325k tonnes, ~27% share). Analyzing sales value, whole chicken, despite its volume dominance, is projected to grow at a slower 6.7% CAGR (reaching SAR18bn by 2028e) compared to cuts, which are forecast to grow at a 10% CAGR (reaching SAR8.2bn). Processed chicken, while starting from a small base, is expected to exhibit the highest growth at 14.9% CAGR (reaching SAR0.4bn), suggesting a potential shift in consumer preferences towards value-added products.

Figure 7: KSA volume sales of fresh poultry meat by segment (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

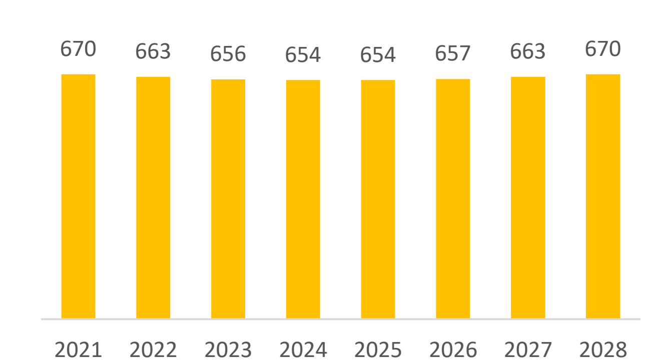
Figure 8: KSA value sales of fresh poultry meat by segment (SARbn)



Source: Company IPO prospectus, GIB Capital

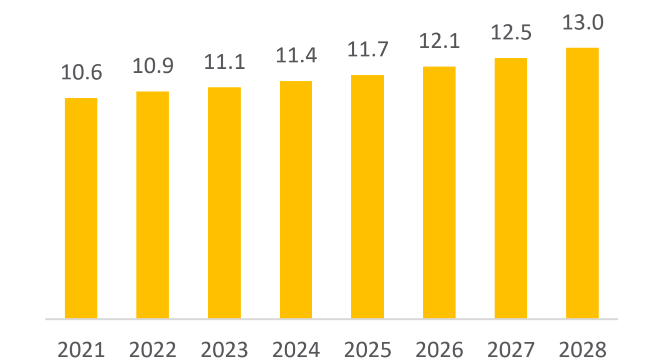
Despite fresh poultry's dominance, the frozen poultry market represents a significant portion (40.6%) of Saudi Arabia's total poultry consumption in 2023. Looking forward, producers are strategically investing in frozen chicken technology to address shelf-life requirements and compete with imported frozen products on price and quality. A modest 0.4% CAGR is projected for frozen poultry consumption volume between 2023 and 2028e, reaching 670k tonnes, while sales are forecast to grow at a more robust 3.2% CAGR, reaching SAR13bn by 2028e, indicating anticipated price appreciation and potentially a shift towards higher-value frozen products.

Figure 9: KSA volume sales of frozen poultry meat (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

Figure 10: KSA value sales of frozen poultry meat (SARbn)

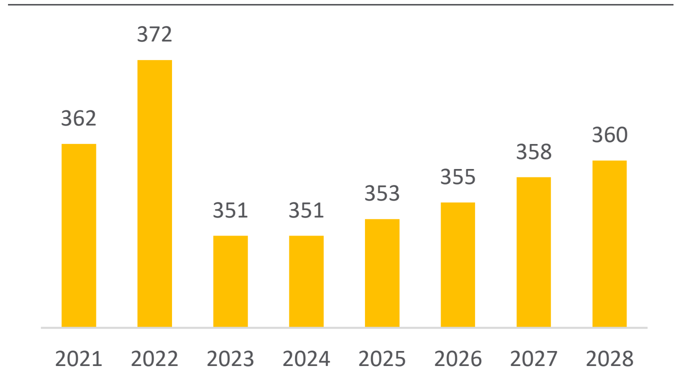


Source: Company IPO prospectus, GIB Capital

…while the table eggs production remains resilient

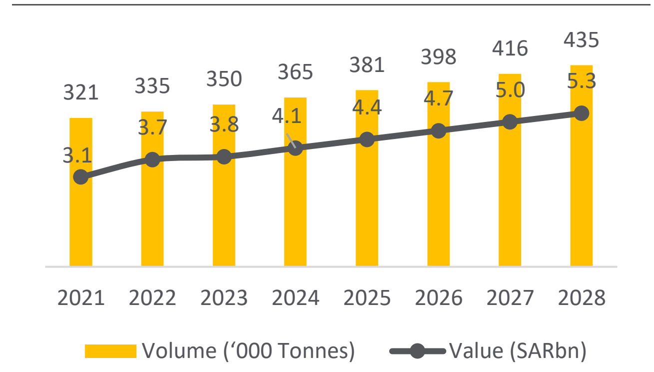
The production of eggs in KSA has remained resilient as the country has achieved 100% self-sufficiency in table egg production since the COVID-19 pandemic, driven by government support through initiatives such as land grants, start-up subsidies, subsidies for imported feed ingredients, and affordable electricity and water. Production reached 362k tonnes in 2021 (112% self-sufficiency), increasing to 372k tonnes in 2022 (117% self-sufficiency) before adjusting to 351k tonnes in 2023. The future production outlook remains healthy with steady growth, reaching a projected 360k tonnes by 2028e.

Figure 11: KSA production of chicken eggs (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

Figure 12: KSA volume and value sales of eggs



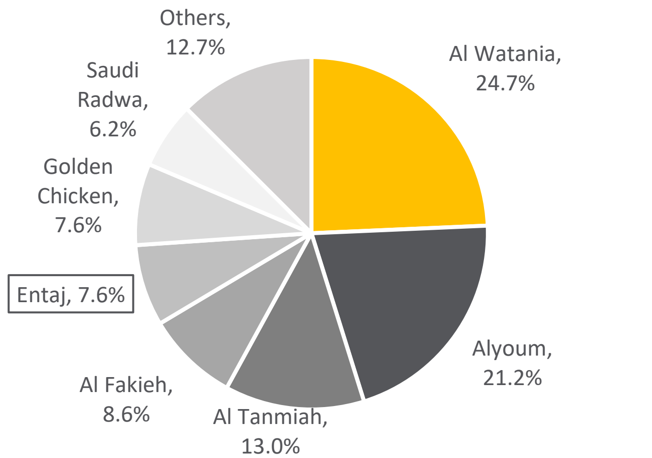
Source: Company IPO prospectus, GIB Capital

Demand for eggs in Saudi Arabia remains resilient and is expected to stay strong, as they are a key component of daily diets. The 30-egg tray of medium-sized eggs is the top-selling SKU in the Kingdom. Sales volumes have grown at a 4.4% CAGR from 2021 to 2023, reaching 350k tonnes in 2023, and are projected to maintain this growth rate (4.4% CAGR) to reach 435k tonnes by 2028e. The market's value has increased at a more rapid 10.7% CAGR from 2021-2023, and is forecast to grow at a 6.9% CAGR, reaching SAR5.3bn by 2028e. This expansion is supported by population growth, government food security initiatives, production capacity increases, and backing from the MEWA.

Entaj is a key player in KSA's poultry market …

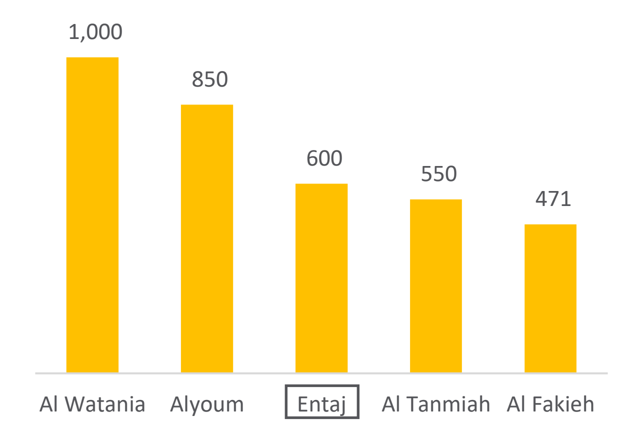
The Saudi Arabian poultry market is highly concentrated and competitive, with the top five producers holding ~75% of the total market share in 2023. Entaj is a key player in the KSA's poultry market with a market share of ~7.6% in 2023. The company currently has the 3rd largest daily poultry capacity in KSA with a 600k birds per day processing capacity (~186mn birds annually). The company has a vertically integrated model, managing various stages of the poultry production process from farm to market. This vertical integration likely provides Entaj with cost efficiencies and greater control over quality and supply chain.

Figure 13: Entaj poultry sector market share – 2023



Source: Company IPO prospectus, GIB Capital

Figure 14: Daily poultry capacity of brands ('000s birds per day)

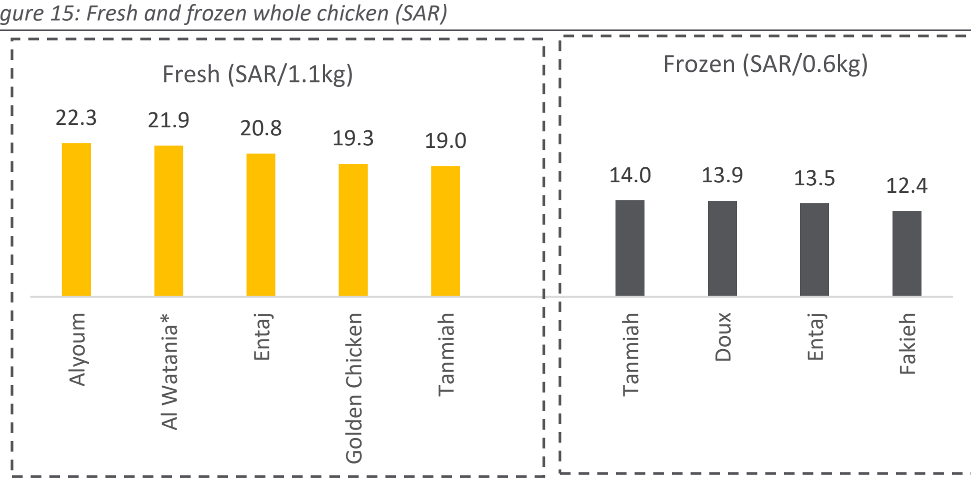


Source: Company data, GIB Capital

… with strong brand loyalty from customers

Entaj holds a strong brand recall and position in Saudi Arabia's poultry meat market, supported by its reputation for delivering high-quality products and maintaining a robust market presence. The competitive advantage is further enhanced by its pricing strategy, which positions Entaj as a value for money brand, offering premium quality products at mid-range prices. Entaj's pricing for fresh whole chicken is strategically positioned below that of market leaders Al Watania and Alyoum, yet above competitors like Golden Chicken and Tanmiah. This approach allows Entaj to target a broader customer base by offering a balance of quality and affordability.

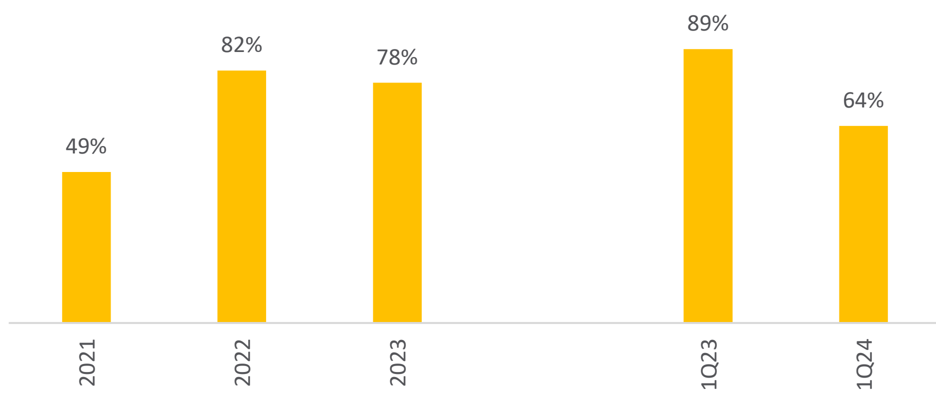
Figure 15: Fresh and frozen whole chicken (SAR)



*Source: Lulu Hypermarket, GIB Capital. *AlWatania 1.1kg price extrapolated from 1kg price*

This has also enabled the company to generate strong customer loyalty and satisfaction, which can be indicated by revenue from recurring clients as a percentage of total revenue. This ratio of revenue from repeat client has risen to 82% in 2022 from 49% in 2021, with a slight decline to 78% in 2023, factoring in client attrition. The ratio further declined in 1Q24; however, it remains significantly high at 64%.

Figure 16: Revenue from recurring clients as a % of total revenue



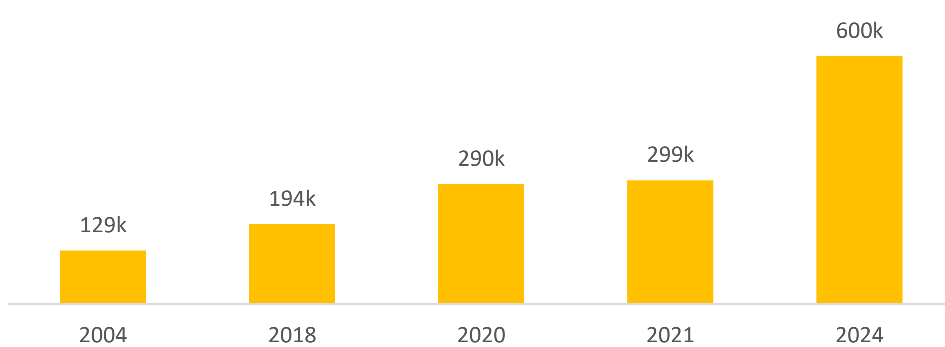
Source: Company data, GIB Capital

… and future initiatives in place to strengthen its position

Entaj's has significantly expanded its capacity over the years, establishing itself as a major force in the Kingdom's poultry sector. The company started its operations in 2004 with an initial capacity of 40mn chickens per year, with subsequent expansions in 2018 (60mn), 2020 (90mn). In 2021, to further strengthen its position, the company launched a major capacity expansion plan whereby it planned to increase the daily poultry processing capacity to 600k birds per day. This expanded capacity went live in 2024, bringing the company's annual capacity to ~186mn birds (600k birds per day).

Meanwhile, the company also increased its breeder self-sufficiency and reached a production capacity of 36mn hatching eggs per year. In terms of future initiatives, the company has also laid out plans to increase the broiler farm's capacity to 600k birds per day by 2028e. Once live, this expanded broiler capacity would further improve the operational efficiency.

Figure 17: Daily poultry capacity (~000s birds per day)



Source: Company data, GIB Capital

To solidify its position the company is taking several strategic initiatives to support growth. The company plans to enhance its customer experience by developing innovative products and implement data analytics to improve customer retention.

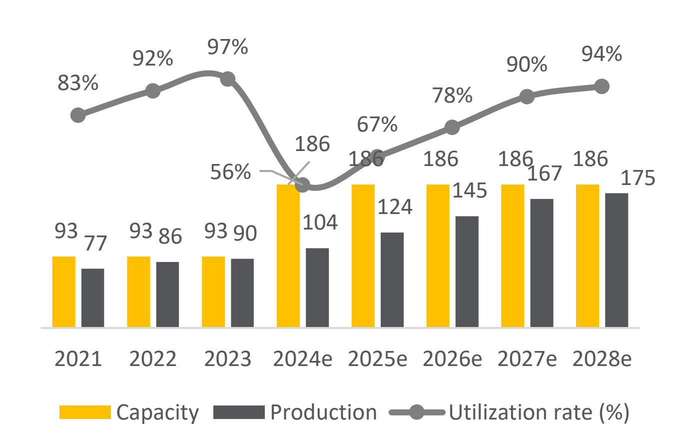
The increased poultry capacity and favorable demand outlook to drive revenue growth

Poultry segment remains a key growth engine, growing 14% CAGR over 2023-28e …

We expect the recently expanded poultry facilities to undergo a phased ramp-up over the next several years (broadly in line with planned broiler capacity expansion). Consequently, the company's production is expected to increase to 175mn birds by 2028e from 90mn birds in 2023, representing a 14.3% CAGR increase. With the stable feed conversion, we expect the company's sales volume to reach 156mn kgs by 2028e from 80mn kgs in 2023, depicting a 14.1% CAGR increase in sales volume during that time.

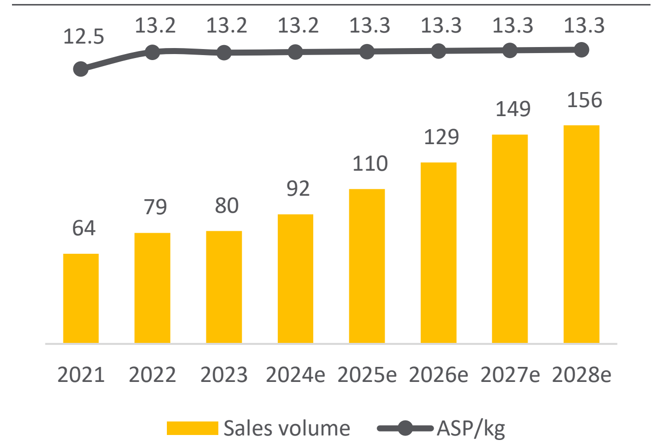
Further, given the competitive landscape of the industry, we expect the ASP/kg to remain relatively stable, ranging SAR13.2-13.3/kg during the forecast period. Overall, this would drive the poultry segment revenue to increase at a CAGR of 14.3% CAGR, reaching SAR2,070mn in 2028e from SAR1,062mn in 2023.

Figure 18: Entaj poultry capacity, production, utilization (mn birds)



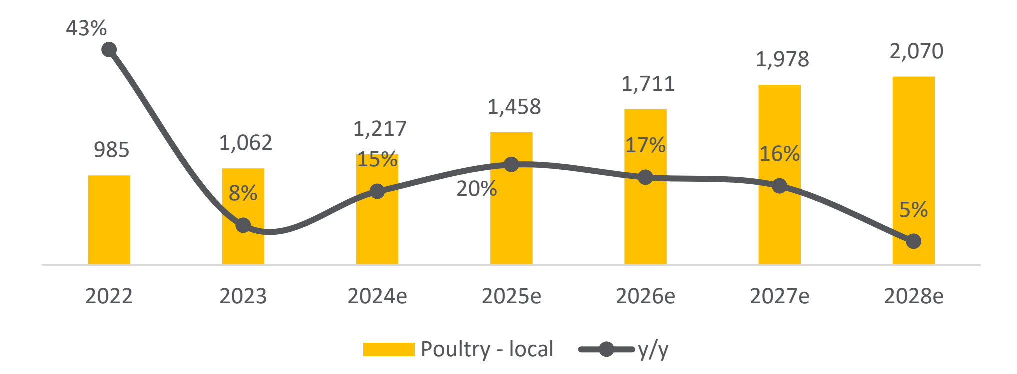
Source: Company data, GIB Capital

Figure 19: Entaj sales volume and ASP (SAR/kg)



Source: Company data, GIB Capital

Figure 20: Poultry segment revenue - local (SARmn)



Source: Company data, GIB Capital

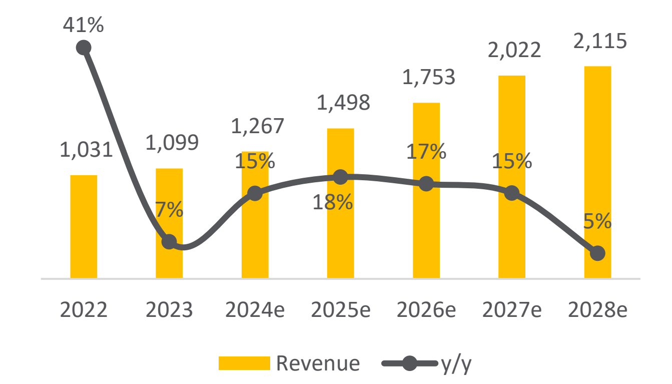
… with the other segments likely remaining stable …

Entaj has several other business segments such as live birds, table eggs, red meat, cold stores poultry export. However, these remain quite insignificant, accounting for just ~2% of the total revenue in 2023. The share of the other segment's revenue is expected to jump to 4% in 2024e, due to higher revenue from live birds segment as the company would opt to directly sell the birds due excess capacity. Going forward, we expect the other segment revenue to remain stable and in the range of SAR26-27mn.

… ensuring a healthy and sustainable top-line growth

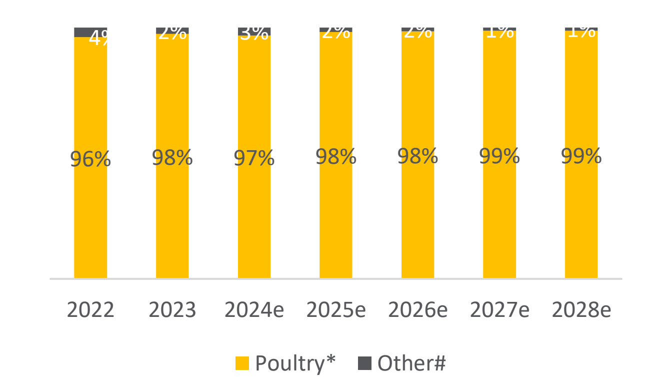
Overall, we expect Entaj's total revenue to increase at 14% CAGR between 2023 and 2028e, reaching SAR2,115mn by 2028e from SAR1,099mn in 2023. Going forward, we expect the revenue mix of the company to remain the same, with the poultry segment, accounting for the majority of the company's total revenue.

Figure 21: Entaj revenue trend (SARmn)



Source: Company data, GIB Capital

Figure 22: Entaj revenue mix

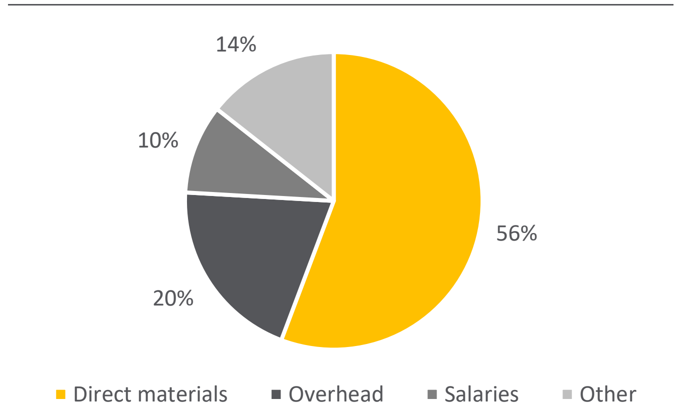


*Source: Company data, GIB Capital *includes exports #includes live birds, table eggs, red meat and cold stores*

Cost of revenue to increase in 2024e due to costs associated with capacity expansion…

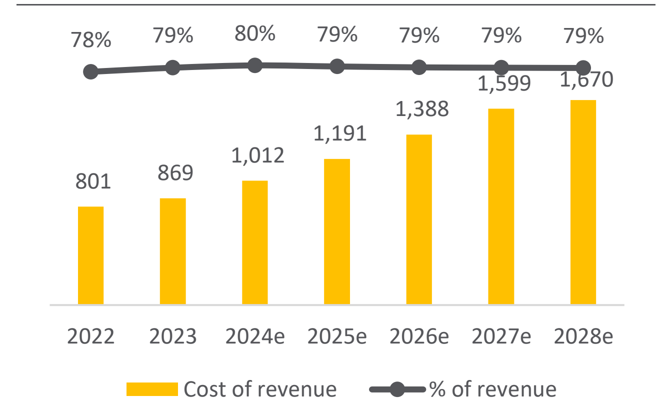
In 2023, direct materials cost (feed, hatching eggs, amongst others) accounted for 56% of the total cost of revenue (COR), making it the most significant cost item influencing the gross margins. The total COR as a % of revenue stood at 78% and 79% in 2022 and 2023, respectively. This increase can be attributed to a rise in direct materials costs, increased overhead costs, and a decline in government subsidies. Going forward, we expect this ratio to increase further to 80% in 2024 as the company is expected to start recording higher expenses related to the capacity expansion. However, starting 2025e, we expect this ratio to normalize to ~79% and remain largely stable at the same level during the forecast period.

Figure 23: Entaj cost of revenue (SARmn)



Source: Company data, GIB Capital

Figure 24: Entaj cost of revenue trend (SARmn)

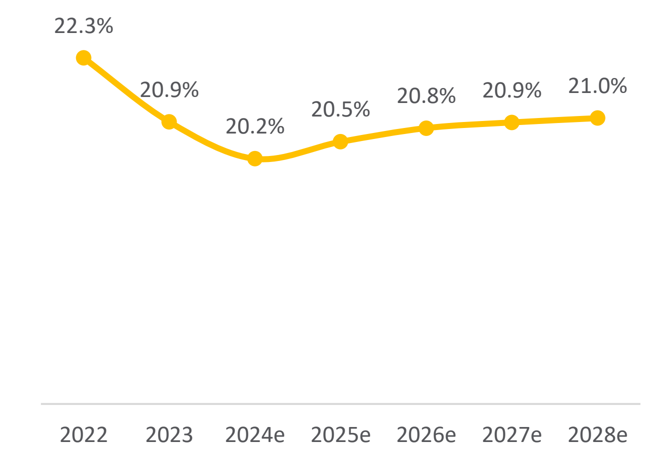


Source: Company data, GIB Capital

… however, profitability to improve in the long run due to economies of scale and efficiency

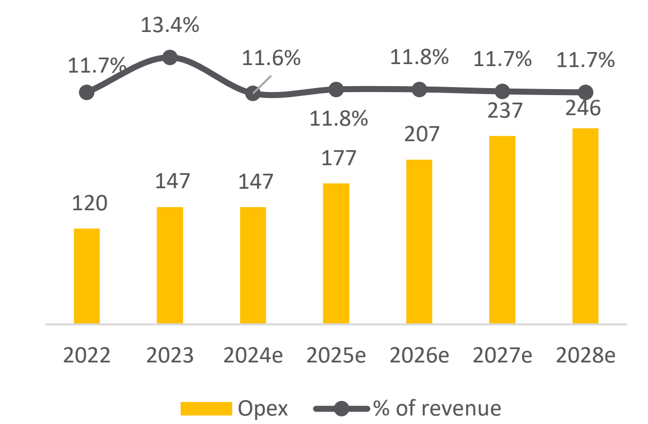
Consequently, for 2024e, we expect the company's gross margins to decline to 20.2% from 20.9% in 2023, due to costs associated with capacity expansion. Nonetheless, we expect the gross margins to start improving from 2025e, reaching 21% by 2028e. As Entaj's expanded capacity gradually fully ramps up by 2028e, it will likely benefit from economies of scale, higher fixed costs absorption, and improved efficiency, leading to improvement in margins.

Figure 25: Entaj gross margin trend



Source: Company data, GIB Capital

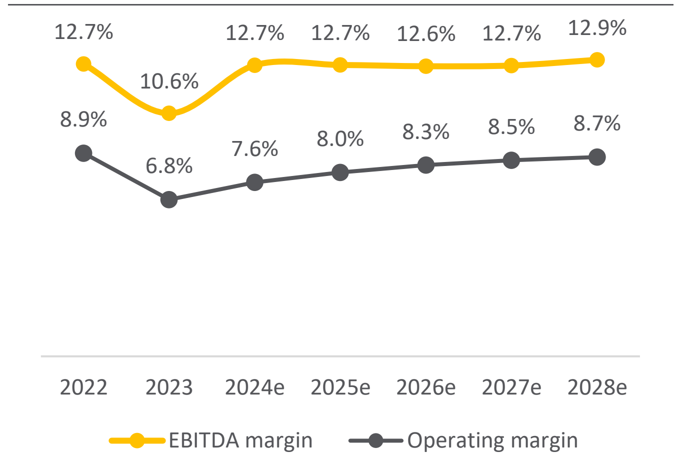
Figure 26: Entaj opex trend (SARmn)



Source: Company data, GIB Capital

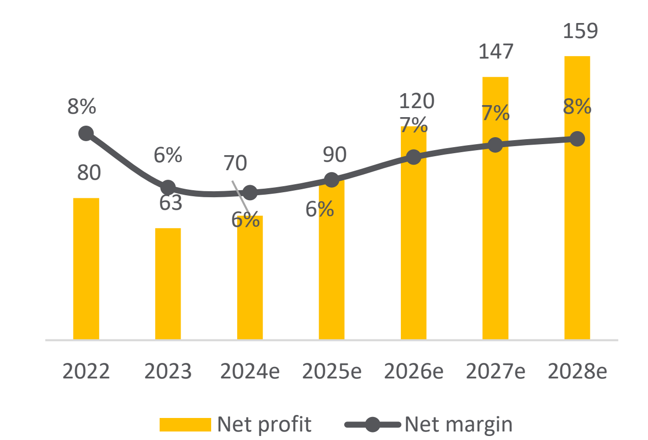
Opex as a % of revenue is expected to decline to 12% in 2024e from 13% in 2023 and remain stable at around 12% throughout the forecast period. Accordingly, for 2024e, we expect the company's operating margin to improve to 7.6%, as we expect optimizations in the company's opex. The economies of scale, coupled with better operating efficiencies, would further support the operating margin, reaching 8.7% by 2028e. Similarly, we expect the EBITDA margin to increase from 10.6% to 12.7% in 2024e. Beyond 2024e, the EBITDA margin is expected to remain relatively stable at an average 12.7% for the rest of the forecast period.

Figure 27: Entaj Operating and EBITDA margin trend



Source: Company data, GIB Capital

Figure 28: Entaj net profit and net margin trend (SAR mn)



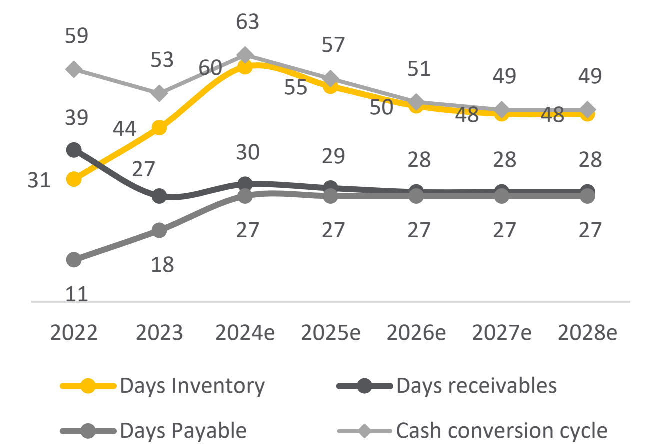
Source: Company data, GIB Capital

Overall, healthy revenue growth on capacity expansion and a gradual rise in capacity utilization coupled with improvements in the margins are expected to support the bottom-line growth (~20% CAGR over 2023-28e) in the coming years.

Working capital requirements likely to improve

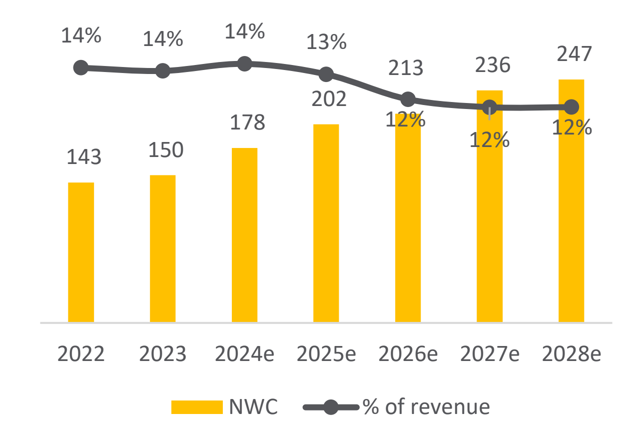
By the end of 2023, Entaj successfully transformed cash conversion cycle from 82 days in 2021 to 53 days in 2023. This improvement highlights the company's strong operational performance and strategic management of financial resources. We expect the company to continue to further optimize its working capital. We forecast the cash conversion cycle to reach 49 days by 2028e, with notable improvements in receivables days. Meanwhile, the net working capital as a % of revenue is expected to improve to 12% by 2028e from 14% in 2023. This enhanced liquidity ensures the company's ability to meet its immediate obligations, sustain daily operations, and support future growth, which are crucial for maintaining financial stability. In the food production sector, where demand is often seasonal and inventory turnover rates can fluctuate, optimizing working capital is especially important. This careful balance allows Entaj to navigate market dynamics effectively while positioning itself for continued growth and operational efficiency.

Figure 29: Working capital days



Source: Company data, GIB Capital

Figure 30: Entaj net working capital (SARmn)

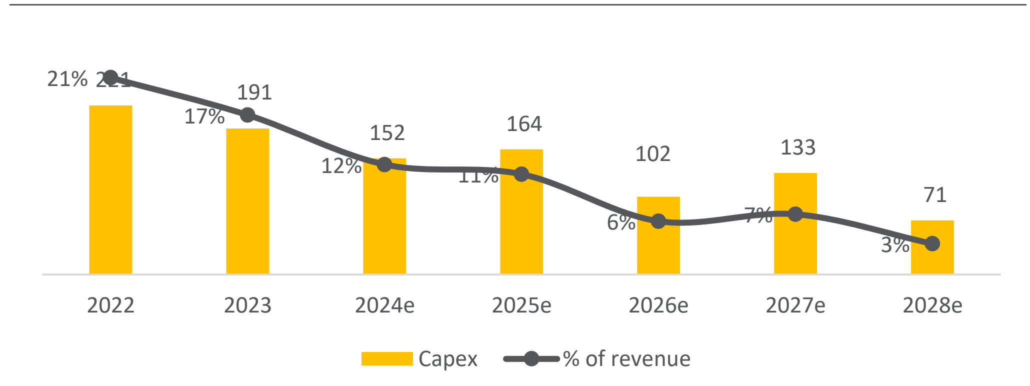


Source: Company data, GIB Capital

Limited capex requirement, starting 2026e

Following the near doubling of poultry production capacity in 2024 and the planned expansion of broiler farm capacity by 2028e, capex is projected to remain elevated in the near term. However, this investment cycle is expected to moderate as the expanded capacity reaches full operational utilization. Specifically, we expect capex to represent 11-12% of total revenue in 2024-25e. This ratio is anticipated to decline to 6-7% in 2026-27e. Beyond this period, maintenance capex is projected to stabilize at approximately 3% of total revenue.

Figure 31: Poultry segment revenue - local (SARmn)

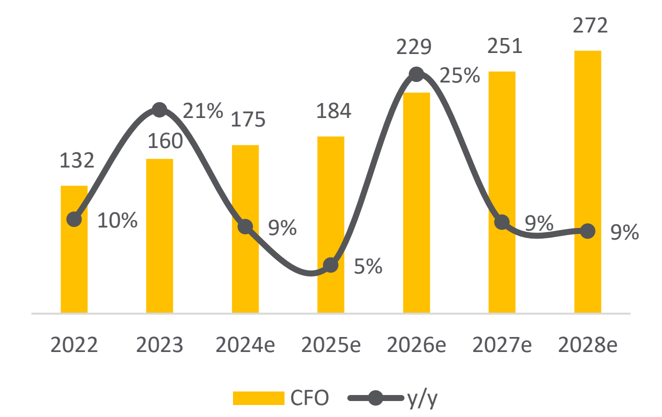


Source: Company data, GIB Capital

Leverage likely to improve gradually with net debt to EBITDA reaching below 2x by 2028e, aided by healthy cash flows

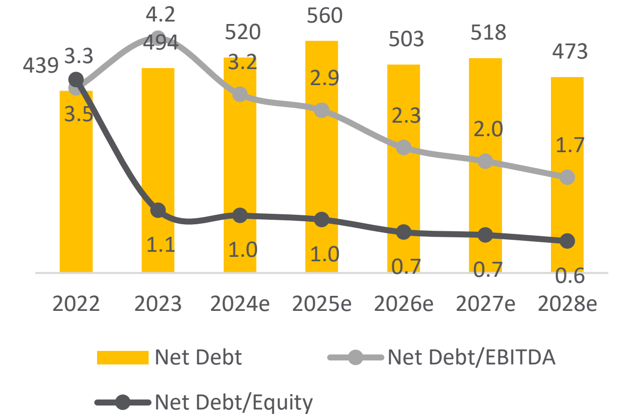
To finance its capacity expansion initiatives, the company has secured debt financing. Consequently, the net debt-to-equity ratio (excluding IFRS liab.) is projected to reach 1.0x in 2024 (1.1x in 2023), and the net debt-to-EBITDA ratio (excluding IFRS liab.) is expected to reach 3.2x in the same year (4.2x in 2023). However, the company's leverage position is anticipated to improve progressively. The net debt-to-EBITDA ratio (excluding IFRS liab.) is forecast to decline to 1.7x by 2028, reflecting the positive impact of enhanced financial performance and strengthened cash flow generation.

Figure 32: Cash flow from operations (SARmn)



Source: Company data, GIB Capital

Figure 33: Leverage ratios (w/o IFRS liab.)

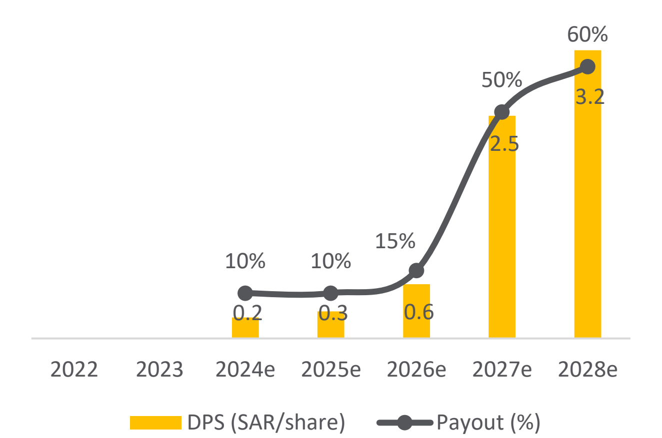


Source: Company data, GIB Capital

Dividend payout

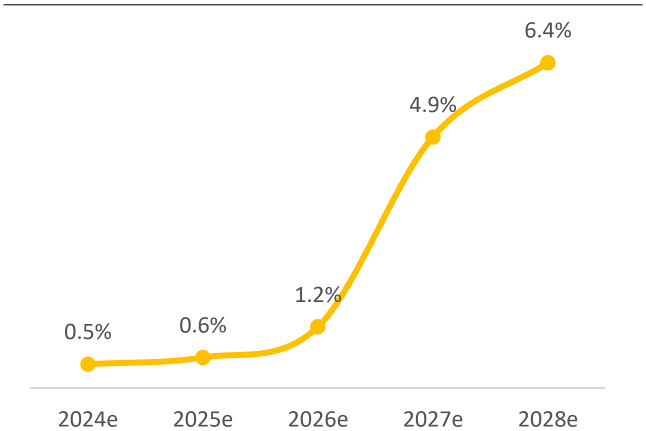
Entaj has not distributed dividends to date, as it continues to prioritize growth. We anticipate the initiation of dividends in 2024, with a payout ratio of 10%, which would result in a DPS of SAR 0.2/share, corresponding to a ~0.5% yield based on the IPO price. We expect the company to maintain dividend payout ratios of 10% and 15% in 2025e and 2026e, respectively, considering its planned growth capex. Beyond that, we expect the company's dividend policy to align with earnings as the company completes its capacity expansion and fully ramps up its operations. Accordingly, we expect a payout ratio to rise to 60% by 2028e, translating to a DPS of SAR 3.2/share, equating to an ~6.4% yield based on IPO price.

Figure 34: Dividend and payout (%)



Source: Company data, GIB Capital

Figure 35: Dividend yield (%)



Source: Company data, GIB Capital

Valuation

We use an equal mix of DCF and P/E multiple valuation approaches for valuing the company. For relative valuations, we use an 20x multiple on average of 2025e EPS to arrive at a P/E-based target price (1 year forward) of SAR65.7/share.

As for DCF, based on a WACC of 8.2% and 2.5% terminal growth, we derive SAR68.3/share as the DCF-based target price (1 year forward).

Figure 36: DCF valuation

(SARmn)	2024e	2025e	2026e	2027e	2028e	2029e	2030e
EBIT	96	120	146	173	184	188	191
Zakat	(2)	(3)	(4)	(5)	(5)	(5)	(5)
EBIT minus taxes	**94**	**117**	**142**	**168**	**179**	**183**	**186**
(+) Depreciation & amortization	65	70	76	83	89	94	100
(+/-) Change in working capital	(7)	(24)	(11)	(25)	(21)	(17)	(17)
(-) Capex	(152)	(164)	(102)	(133)	(71)	(54)	(54)
(-) Lease payment	(14)	(19)	(26)	(35)	(38)	(39)	(40)
Free Cash Flow to Firm	**(14)**	**(19)**	**79**	**59**	**138**	**168**	**174**
Terminal value							**3,134**
PV of FCF (explicit period)	425						
PV terminal	1,984						
EV	**2,410**						
(-) Debt (ex-lease liabilities)	(554)						
(+) Cash	35						
(-) Minority	0						
(-) Pension/other liabilities	(28)						
(+) Investments	0						
Equity value	**1,862**						
Number of Shares	30						
Equity value per share	**62.1**						
Target price (one year forward)	**68.3**						
Cost of Equity	10.0%						
Cost of debt	5.5%						
Target D/A	40.0%						
WACC	8.2%						
Terminal growth rate	2.5%						

Source: GIB Capital

DCF sensitivity analysis

Figure 37: Sensitivity of terminal growth rate and WACC

		Terminal growth				
		1.5%	**2.0%**	**2.5%**	**3.0%**	**3.5%**
	7.2%	72	80	89	101	116
W	**7.7%**	64	70	78	87	98
A	**8.2%**	57	62	**68**	76	85
C	**8.7%**	51	55	60	66	74
C	**9.2%**	45	49	54	59	65

Source: GIB Capital

Relative Valuation

For Entaj, we look at both regional and global peers to gauge the valuation of the listed poultry companies. The MENA peers are trading at an average P/E of ~19.5x on 2025e EPS (19x median P/E). Notably, Tanmiah, local and closest peer, trades at a 2025 P/E of 19x. Meanwhile, the company's global peers are trading at an average P/E of ~10.1x on 2025e EPS (9x median P/E). Accordingly, for Entaj's P/E valuation, we use a multiple of 20x on 2025e EPS to arrive at a P/E-based target price (1 year forward) of SA65.7/share.

Figure 38: Relative valuation - P/E

Relative valuation (P/E)	Fair value/share
EPS 2025e	3.0
Target P/E Multiple for 2025E (x)	20x
Fair value per share (SAR) - P/E Multiple	**59.7**
Adjusted fair value per share (SAR) - P/E Multiple	**65.7**

Source: GIB Capital

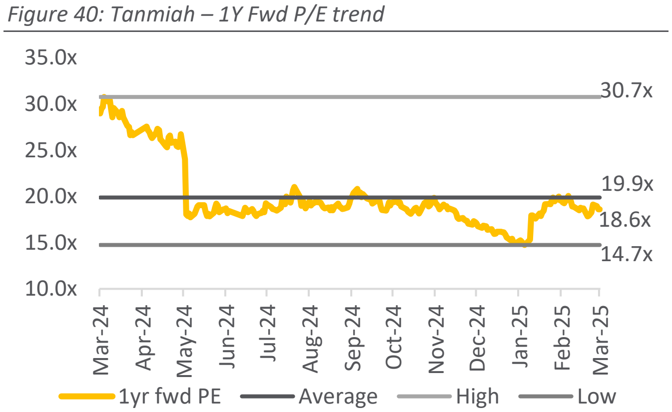
Figure 39: Peer comps

Company name	Country	Mkt Cap (US$mn)	P/E Ratio (TTM)	2025E P/E	2026E P/E	P/B Ratio (TTM)	2025E P/B	2026E P/B	ROE	2025E ROE	2026E ROE	2025E Dividend Yield
MENA												
Almarai Co	KSA	14,688	23.5x	21.0x	18.6x	2.9x	2.7x	2.5x	13%	13%	14%	2%
Balady Poultry	KSA	548	17.4x	N.A.	N.A.	6.7x	N.A.	N.A.	46%	N.A.	N.A.	N.A.
Almunajem Foods	KSA	1,331	16.6x	18.5x	N.A.	4.7x	N.A.	N.A.	29%	N.A.	N.A.	N.A.
Tanmiah Food	KSA	690	27x	22x	18x	3.6x	3.0x	2.6x	15%	16%	17%	2%
Cairo Poultry	Egypt	170	3.6x	N.A.	N.A.	1.9x	N.A.	N.A.	61%	N.A.	N.A.	N.A.
Average			17.3x	19.5x	17.5x	3.9x	2.8x	2.5x	33%	15%	16%	2%
Median			17.4x	19.0x	17.5x	3.6x	2.8x	2.5x	29%	15%	16%	2%
Global												
Tyson Foods	US	21,813	17.9x	16.7x	14.9x	0.9x	1.2x	1.1x	7%	7%	8%	3%
Wens Foodstuff	China	15,115	24.1x	11.6x	9.8x	2.8x	2.6x	2.2x	14%	25%	23%	2%
Japfa Ltd	Singapore	869	8.1x	6.7x	6.4x	1.1x	0.9x	0.8x	16%	14%	13%	3%
Astral Foods	South Africa	386	5.9x	6.4x	5.6x	1.3x	N.A.	N.A.	17%	N.A.	N.A.	6%
Marfrig Glo Food	Brazil	2,196	7.7x	N.A.	N.A.	4.6x	N.A.	N.A.	33%	-79%	-67%	5%
Brf Sa	Brazil	5,563	9.9x	9.0x	11.0x	2.1x	1.7x	1.6x	21%	19%	16%	5%
Average			12.3x	10.1x	9.5x	2.1x	1.6x	1.4x	18%	-3%	-2%	4%
Median			9.0x	9.0x	9.8x	1.7x	1.4x	1.4x	16%	14%	13%	4%

Source: GIB Capital, Bloomberg

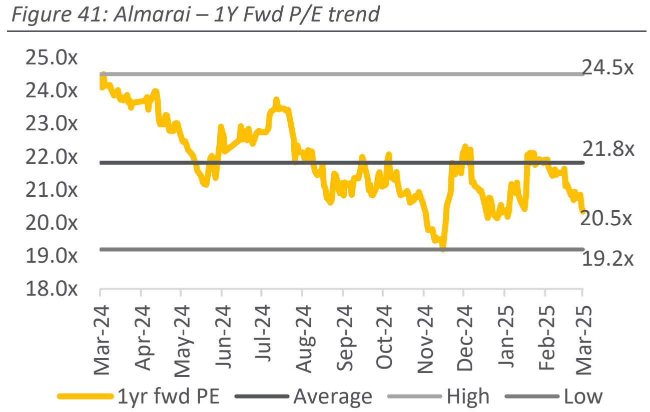
Peers PE band chart

Figure 40: Tanmiah – 1Y Fwd P/E trend



Source: Company data, GIB Capital

Figure 41: Almarai – 1Y Fwd P/E trend



Source: Company data, GIB Capital

Overall Blended valuation

We arrive at an equal weightage average target price of SAR67/share (rounded off), implying a significant upside of 34% from the IPO price. We initiate Entaj with an Overweight rating.

Figure 42: Blended Valuation

Blended Valuation	Fair value/share
P/E	65.7
DCF	68.3
Target Price (SAR)	**67**
IPO Price	50
Upside/(Downside)	**34%**

Source: GIB Capital

Risks

Key downside risks include the following:

Risks from poultry diseases outbreak and high mortality rates: The company faces significant risks related to poultry disease outbreaks and high mortality rates. Even the perceived threat of such an outbreak in the Kingdom could materially impact the company's operations and financial performance. These outbreaks and high mortality rates can lead to supply chain disruptions and increased costs; challenges in biosecurity and health management; a lack of insurance coverage and the potential for government-mandated culling; and jeopardized expansion plans that depend on maintaining low mortality rates.

Concentration of revenues from key customers: Entaj's revenue is concentrated among a few key customers. The top 10 customers account for 20-26% of total revenue, and the top 5 account for 15-19%. This reliance creates several risks such as customer dependence, increased negotiating power for large customers, vulnerability to customer business changes, competitive pressures, and unstable sales volumes.

Supplier concentration from key raw materials: The company's production significantly depends on a limited number of suppliers for essential raw materials like feed and hatching eggs. The top five suppliers account for 62-82% of the Company's cost of revenue.

Sector remains highly competitive: The Saudi Arabian poultry market is highly competitive, ranging from small local businesses to large regional and global players. Competition is driven by price, quality, geographic reach, innovation, and customer service. Entaj, holding a 7.6% market share in 2023, faces strong competition from larger players like Al Watania (24.7%), Alyoum (21.2%), Al Tanmiah (13.0%), and Al Fakieh (8.6%).

Adverse changes in energy and other feedstock prices: The company's operations are significantly exposed to adverse changes in energy and other feedstock prices. Inflationary pressures on feedstock prices would increase operating costs, reduce product competitiveness, and negatively impact profit margins.

Risks related to non-diversification of revenue stream: Entaj's revenue is heavily dependent on poultry, which makes 96% of its total revenue in 9M24. This concentration creates a significant risk. If other areas of the business continue to decline, or if demand for poultry decreases, the company could be more vulnerable to market fluctuations.

Delays in capacity expansion plan: The company's poultry processing plant operates near maximum capacity (97% in 2023; 61% in 1Q24), which restricts production and increases the risk of operational issues. The company has expanded its facilities to process 600k birds daily. However, delays in this expansion or a failure to realize its projected benefits could impede the company's growth and harm its financial performance.

Reputational and brand risks: The company's success relies heavily on its brand reputation, which is built on providing excellent customer service and ensuring product quality. Any lapse in service quality, negative publicity, or inability to maintain product availability could damage the company's reputation, reduce customer demand, and significantly harm its business and financial performance.

Geopolitical risks: The Company's assets, operations, and client base are concentrated in the MENA region, which is subject to geopolitical, security risks and supply chain risks.

IPO Details

Figure 43: IPO details

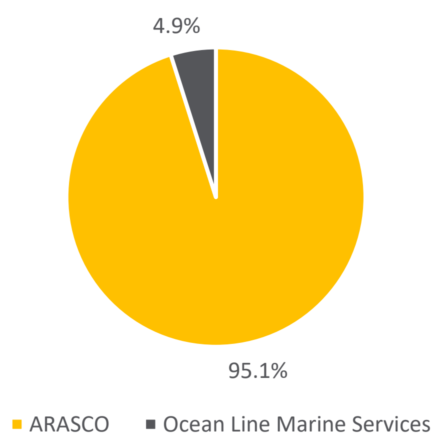
IPO Overview	
Offering	9mn share
Float (%)	30%
Institutional Offering & Book-Building	Feb. 9 - Feb. 13
Offer price	SAR 50 per share
Offer period	Feb. 26 - Feb. 27 2025
Final Allocation	March 04, 2025
Listing Date	March 17, 2025
Listing market	Tadawul (The main market of Saudi exchange)
Shareholder Lock-up period	Six months
Selling shareholder	Arabian Agricultural Services Company (ARASCO)
IPO proceeds	Net offering proceeds will be distributed to the selling shareholders

Source: Company data, GIB Capital

Ownership structure

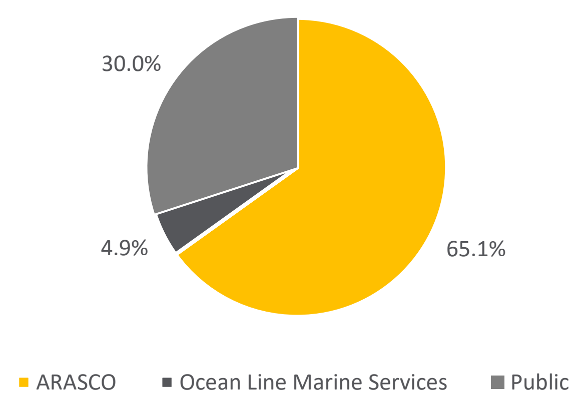
Prior to its IPO, Entaj was 95.1% owned by Arabian Agricultural Services Company (ARASCO) and 4.9% owned by Ocean Line Marine Services Company, a wholly owned subsidiary of ARASCO. Thus, ARASCO effectively owned 100% of Entaj. In the IPO, ARASCO will sell 30% of its holdings, retaining a 65.1% direct stake. Combined with Ocean Line Marine Services' 4.9% stake, ARASCO will continue to control Entaj with a 70% ownership post-IPO. The remaining 30% of Entaj's shares will be publicly owned.

Figure 44: Ownership structure – pre-offering



Source: Company data, GIB Capital

Figure 45: Ownership structure – post-offering

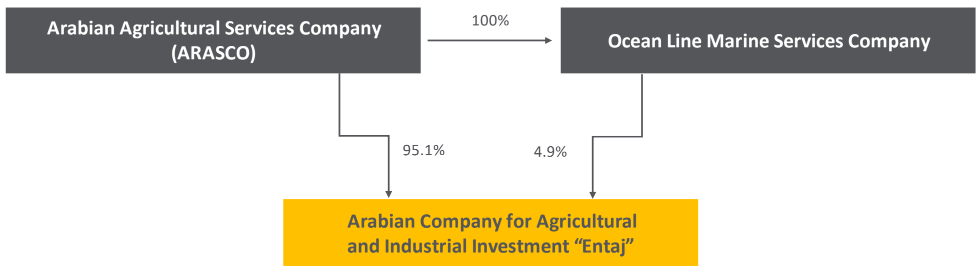


Source: Company data, GIB Capital

Company Profile

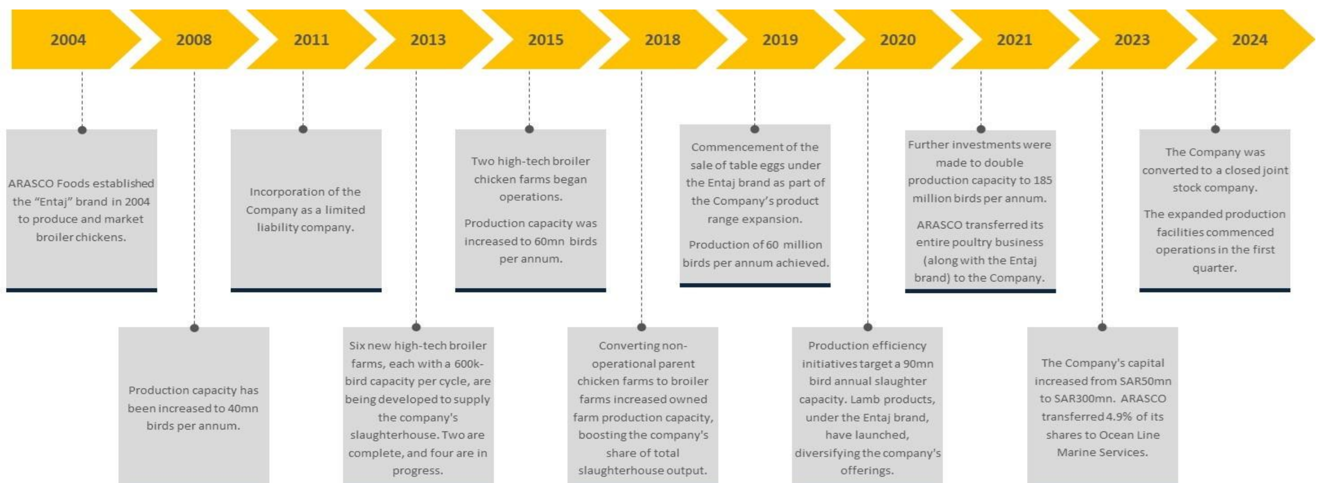
Arabian company for Agricultural and Industrial Investment, “Entaj”, is a leading poultry producer in KSA. While its primary focus is poultry meat production, the company also sells table eggs and red meat products and offers cold storage services. Entaj holds a 7.6% volume share of the Saudi fresh poultry market. With nationwide operations, the company's infrastructure includes three hatcheries, a slaughterhouse, two dry storage facilities, six cold storage facilities, and eleven farms. While its primary market is Saudi Arabia, Entaj also exports to select international markets via a network of distributors, wholesalers, and retailers.

Figure 46: Entaj current group structure (pre-IPO)



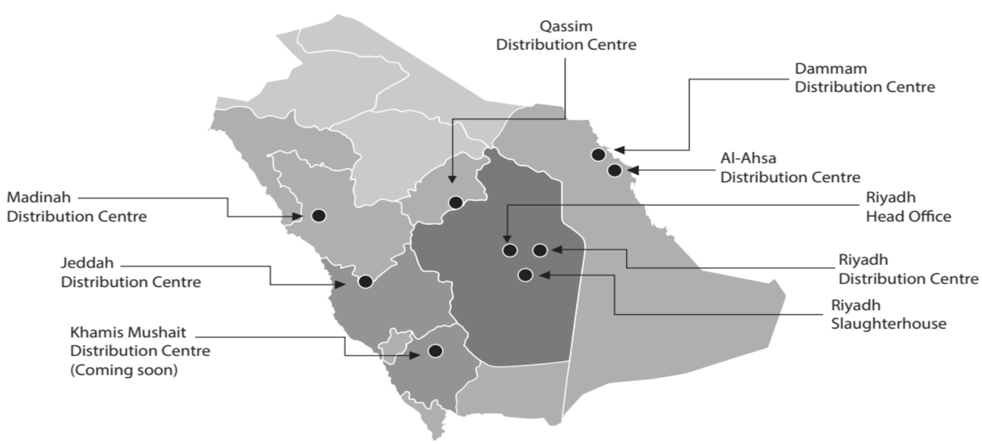
Source: Company data, GIB Capital

Figure 47: Key developments in the group since the inception



Source: Company data, GIB Capital

Figure 48: Entaj geographic locations of the company



Source: Company data, GIB Capital

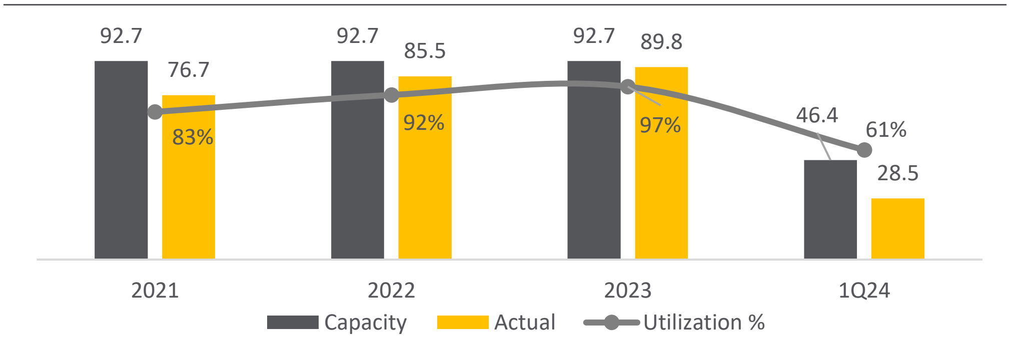
The company operates through four principal business segments:

1) **Poultry products segment:** Under the poultry segment, the company produces and sells poultry products under its "Entaj" brand. The company offers a wide variety of high-quality fresh and frozen chicken products (whole, parts, and marinated) via supermarkets, distributors, foodservice providers, and online stores, both domestically and regionally. The segment accounted for ~98% of the company's total revenue in 2023.
2) **Table eggs segment:** The company's table eggs segment is a private label operation wherein the company sources fresh eggs from local suppliers and rebrands it under its trusted "Entaj" brand. The company sells the eggs in a 30-egg tray with a view to cater to demand of both household and commercial customers. The segment is relatively new whereby the company aims to diversify its revenue stream, with the segment now contributing ~2% of the company's total 2023 revenue.
3) **Red meat products segment:** The company sells several high-quality fresh lamb products under the "Entaj" brand. The company sells its products directly to its customers or via online channels. The company launched this segment with an aim to diversify its revenue streams.
4) **Cold storage:** The company's cold storage segment generates additional revenue and expands its business network by strategically leasing surplus capacity to third parties. However, going forward it is expected to be fully utilized for its own product storage.

Capacity

Entaj's poultry operations, established in 2004 as ARASCO Foods, began producing and marketing broiler chickens under the "Entaj" brand. Starting with an initial capacity of 40mn chicken per year, the company rapidly established itself as a leading poultry producer in KSA. Expansions in 2018 increased capacity to 60mn chickens annually. Further efficiency improvements in 2020, specifically boosting the slaughtering line speed, enabled production of 90mn chickens per year. In 2021, the company announced the expansion plan to increase the capacity to 600k/birds per day (186mn annually), which went live in 2024. In the same year, ARASCO transferred its entire poultry business, including the Entaj brand, to the company.

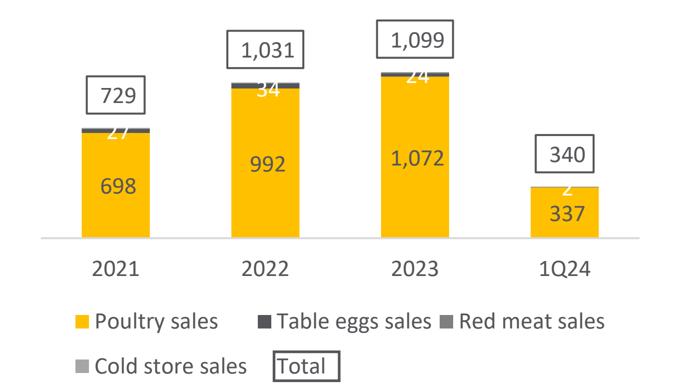
Figure 49: Entaj poultry capacity (mn birds per year)



Source: Company data, GIB Capital

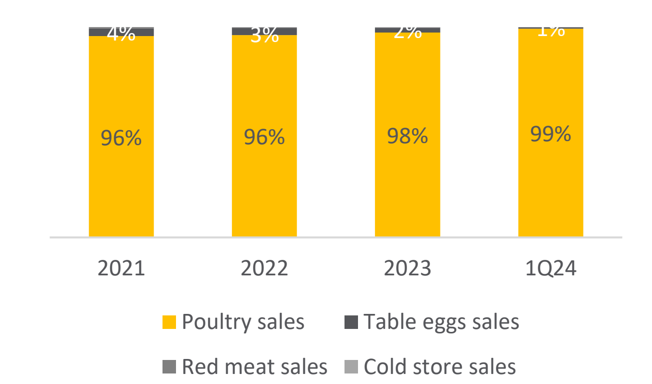
While the company maintains operations across several business segments, a clear and significant revenue concentration exists within its poultry business. In 2023, poultry segment revenue reached SAR1,099mn, representing a dominant 98% of the company's total revenue. This near-total reliance on poultry underscores its critical importance to the company's financial performance. Conversely, the table eggs segment generated a comparatively negligible SAR24 mn, accounting for a mere 2% of total revenue. The red meat and cold storage segments contribute even less, indicating minimal revenue generation and suggesting these segments are either nascent or represent a strategically less prioritized area of operation.

Figure 50: Revenue by segment (SAR mn)



Source: Company data, GIB Capital

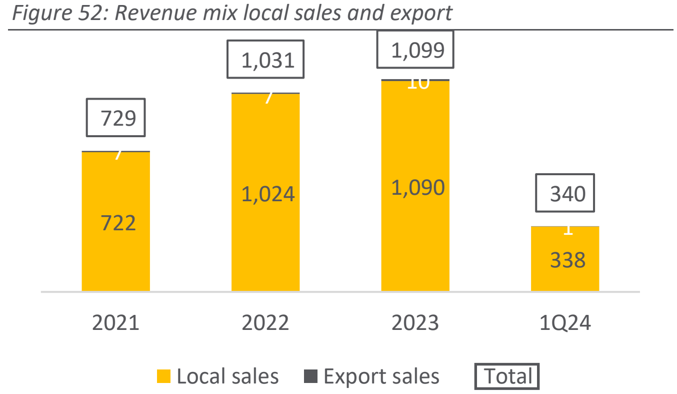
Figure 51: Revenue by segment mix (% contribution to revenue)



Source: Company data, GIB Capital

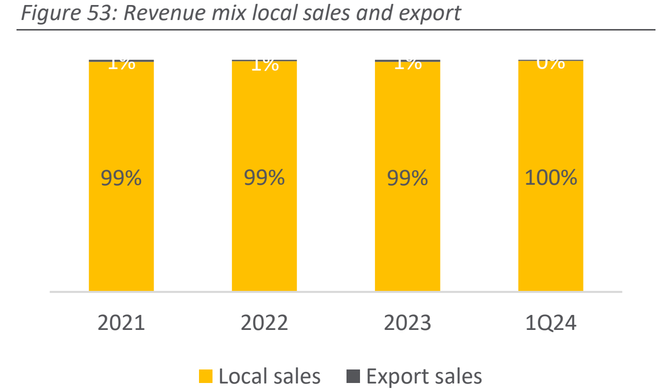
Geographically, the company's market is overwhelmingly concentrated within Saudi Arabia. Local sales of SAR 1,090mn constituted 99% of total revenue in 2023. Export sales, totaling only SAR10mn, represent a minuscule 1% of total revenue, despite the company's presence in several export markets (Iraq, Kuwait, Jordan, UAE, and Sierra Leone). This data suggests that while the company has established some international presence, its export operations are currently insignificant in terms of overall revenue contribution.

Figure 52: Revenue mix local sales and export



Source: Company data, GIB Capital

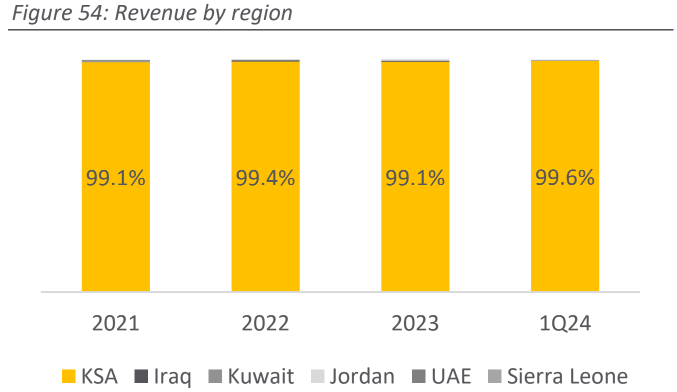
Figure 53: Revenue mix local sales and export



Source: Company data, GIB Capital

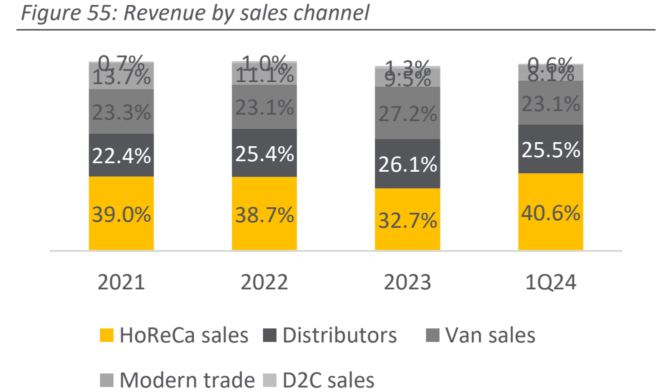
The company's 2023 sales channels reveal a diversified approach. HoReCa sales constituted the largest revenue source, accounting for 32.7% of the total. Van sales represented a significant portion at 27.2%, closely followed by distributor sales at 26.1%. Modern trade contributed 9.5%, while D2C sales accounted for the smallest share at 1.3%.

Figure 54: Revenue by region



Source: Company data, GIB Capital

Figure 55: Revenue by sales channel



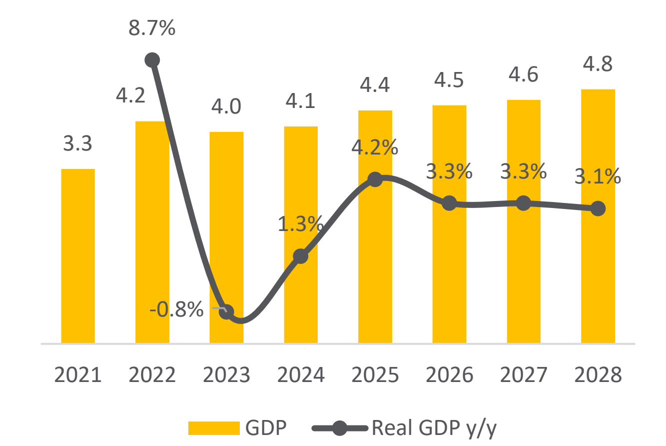
Source: Company data, GIB Capital

Market Dynamics

KSA's macro dynamics

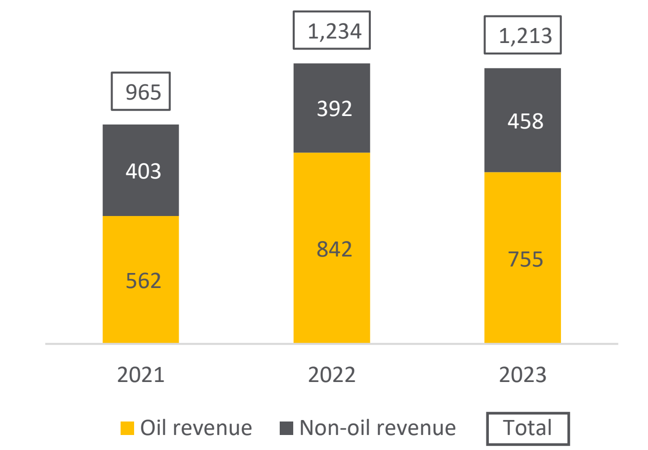
Saudi Arabia is the largest economy in the MENA region, with a GDP of SAR4.1tn in 2024. The Kingdom has experienced steady economic expansion in recent years, primarily driven by oil activities, and is expected to maintain robust growth in the coming years. While oil activities will continue to play a key role, non-oil sectors are set to become the primary drivers of economic growth. Guided by Vision 2030 and the National Transformation Program (NTP), Saudi Arabia is actively fostering the expansion of non-oil industries such as tourism, entertainment, e-commerce, F&B and retail, manufacturing, and technology to enhance economic resilience and long-term sustainability. The economy is projected to reach SAR4.8tn by 2028e, reflecting a healthy CAGR of 3.4% between 2024-28e.

Figure 56: KSA GDP (SARtn)



Source: Company IPO prospectus,GASTAT, GIB Capital

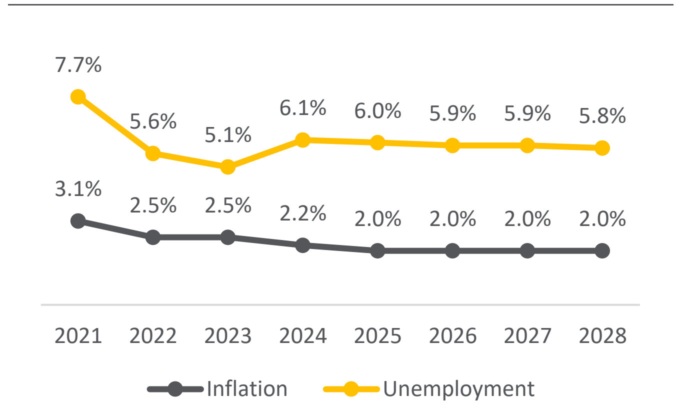
Figure 57: KSA oil and non-oil revenue (SARbn)



Source: Company IPO prospectus, GIB Capital

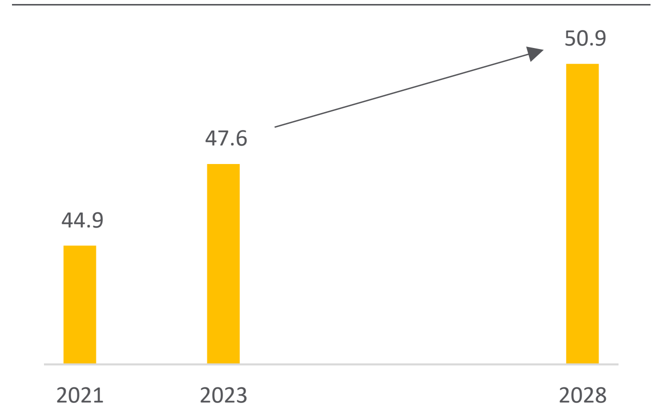
This growth, supported by government initiatives, large-scale investments, low inflation, and a stable unemployment rate, is expected to enhance the disposable income of the Saudi population. Per capita disposable income is forecasted to rise from SAR47.6k in 2023 to SAR50.9k by 2028e, marking a 1.4% CAGR increase over the period. Coupled with an evolving retail landscape and ongoing infrastructure improvements, this is expected to drive higher consumer spending across the Kingdom. This favorable macro-economic backdrop is expected to fuel growth in F&B spending.

Figure 58: KSA inflation and unemployment rate



Source: Company IPO prospectus, GIB Capital

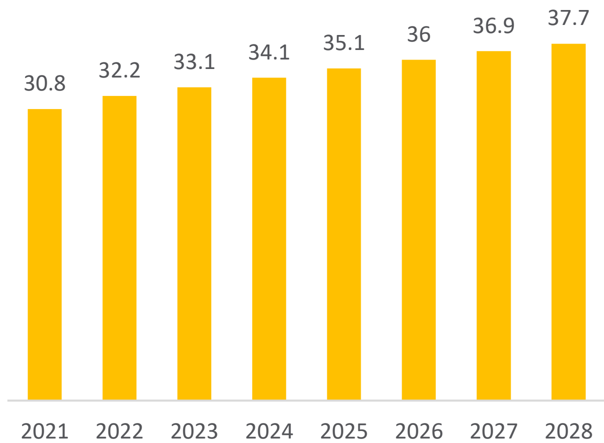
Figure 59: KSA per capita disposable income (SAR '000s)



Source: Company IPO prospectus, GIB Capital

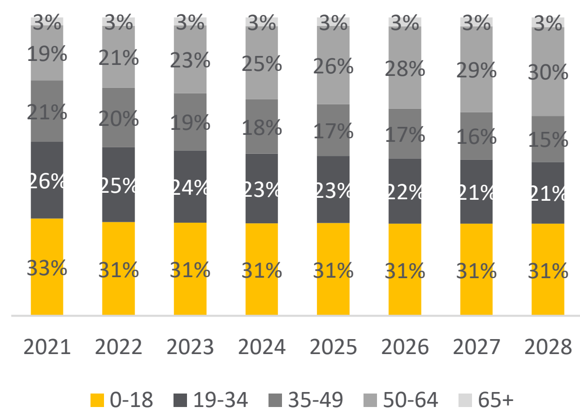
Saudi Arabia's population is projected to reach 37.7mn by 2028e from 33.1mn in 2023. The country's population also remains predominantly young, with a median age of 33.6 years in 2023. Although the proportion under 49 years old is expected to decrease slightly from 73% to 67%, this young demographic, coupled increased spending, will drive demand for consumer goods, especially food and beverage. The rise of online shopping and payments is also fueling F&B e-commerce growth. Moreover, greater female workforce participation, ongoing urbanization, and affordable housing initiatives are expanding the consumer market and creating opportunities for foodservice businesses.

Figure 60: KSA total population (mn)



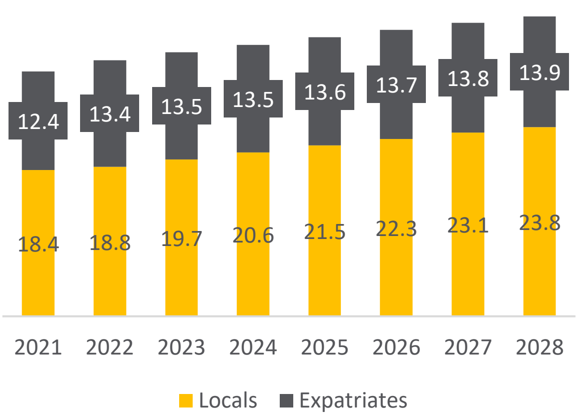
Source: Company IPO prospectus, GIB Capital

Figure 61: KSA population by age group (mn)



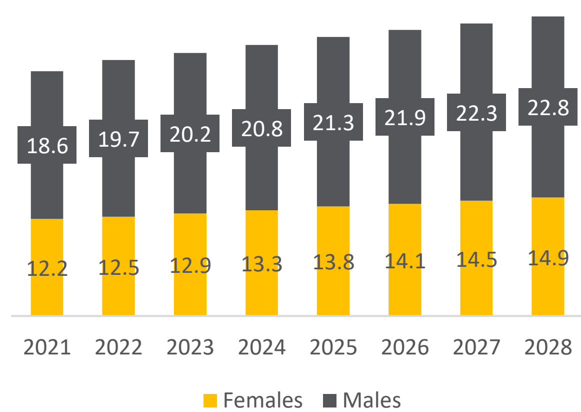
Source: Company IPO prospectus, GIB Capital

Figure 62: KSA population by citizenship (mn)



Source: Company IPO prospectus, GIB Capital

Figure 63: KSA population by gender (mn)

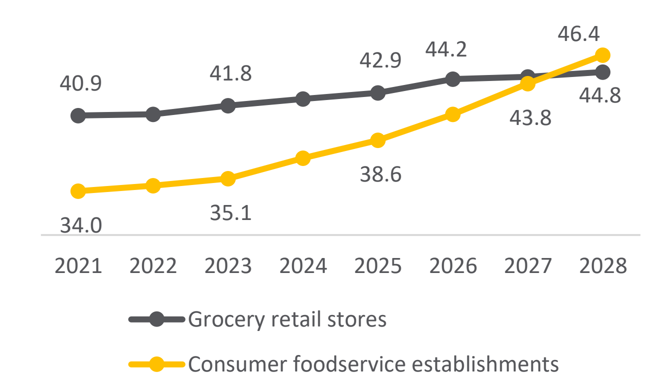


Source: Company IPO prospectus, GIB Capital

Consumer and F&B Spending

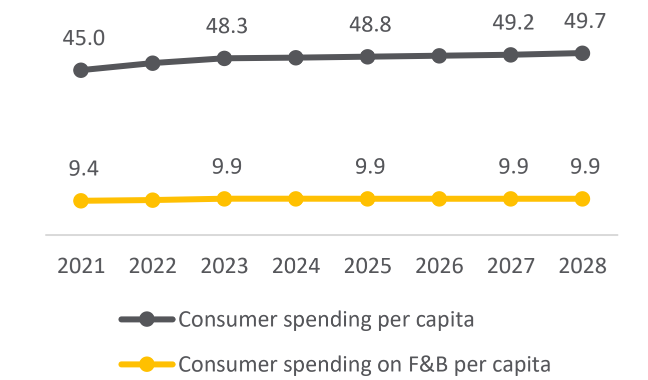
Saudi Arabia's positive macroeconomic and demographic environment is projected to support retail businesses and drive consumer spending. The number of grocery retail stores is expected to grow at a 1.4% CAGR, from 41.8k in 2023 to 44.8k by 2028e. Foodservice establishments are forecast to expand more rapidly, at a 5.7% CAGR, reaching 46.4k by 2028e from 35.1k in 2023. Per capita consumer spending is projected to increase slightly, from SAR 48,300 in 2023 to SAR 49,700 by 2028 (+0.6% CAGR), while per capita food and beverage spending is expected to remain stable at around SAR 9,900.

Figure 64: KSA number of grocery stores and consumer food service establishments (in '000s)



Source: Company IPO prospectus, GIB Capital

Figure 65: KSA per capita total consumer spending on F&B (SAR '000s)

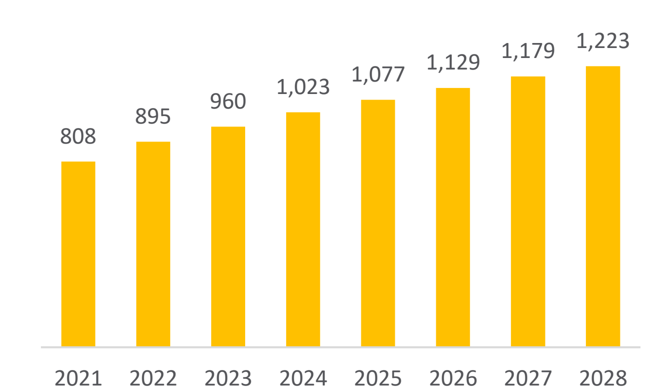


Source: Company IPO prospectus, GIB Capital

Poultry market

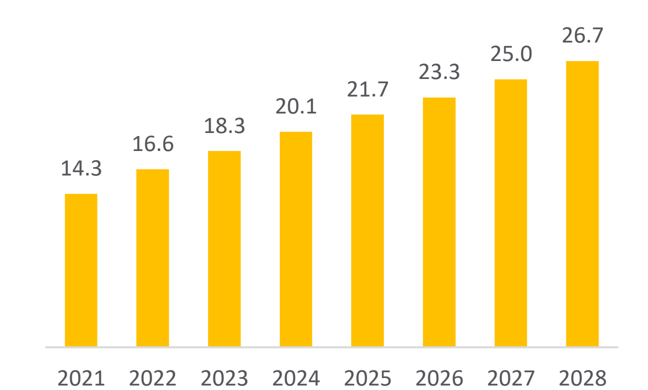
Saudi Arabia's drive for poultry self-sufficiency has fueled substantial production growth in recent years. Poultry meat production reached 960k tonnes in 2023, up from 808k tonnes in 2021, achieving a healthy CAGR of 9.0% during that period. Fresh poultry sales also increased substantially, to SAR18.3bn in 2023 compared to SAR14.3bn in 2021, a 13.1% CAGR rise during the period. Domestic production supplied 69% of the Kingdom's total poultry consumption in 2023, up from 61% in 2021 and 68% in 2022. This increase is due to investments in expanding domestic production capacity and past import bans. With a target of 100% self-sufficiency by 2030, domestic production is expected to continue its upward trend. Driven by government support and initiatives, rising demand, and investments in food security, production is projected to reach 1.2mn tonnes by 2028e, a 5% CAGR from 2023-2028e, with the fresh poultry market size to reach SAR26.7bn by 2028e, representing a 7.8% CAGR rise between 2023-28e.

Figure 66: KSA volume of fresh poultry meat (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

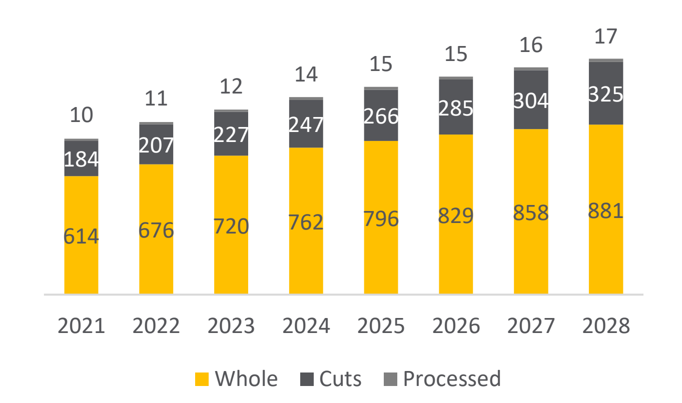
Figure 67: KSA value sales of fresh poultry meat (SARbn)



Source: Company IPO prospectus, GIB Capital

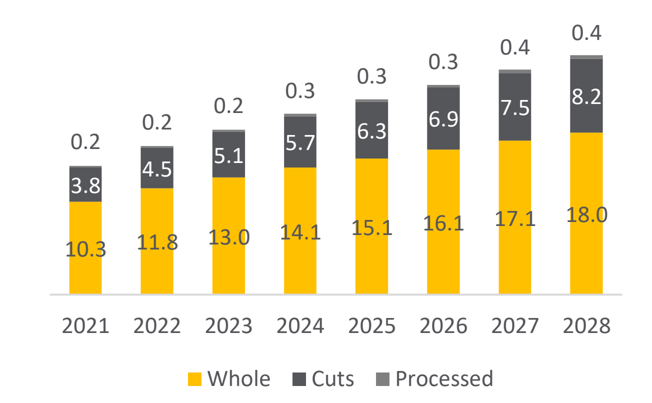
In 2023, fresh poultry represented 59.4% of total poultry consumption in Saudi Arabia. Within the fresh category, whole chickens dominate, accounting for ~75% (720k tonnes) of consumption, followed by cuts at ~24% (227k tonnes) and a negligible ~1% share for processed chicken. While whole chicken is projected to remain the largest segment by volume in 2028e (881k tonnes, ~72% share), its share is expected to slightly decline as cuts gain traction (325k tonnes, ~27% share). Analyzing sales value, whole chicken, despite its volume dominance, is projected to grow at a slower 6.7% CAGR (reaching SAR18bn by 2028e) compared to cuts, which are forecast to grow at a 10% CAGR (reaching SAR8.2bn). Processed chicken, while starting from a small base, is expected to exhibit the highest growth at 14.9% CAGR (reaching SAR0.4bn), suggesting a potential shift in consumer preferences towards value-added products.

Figure 68: KSA volume sales of fresh poultry meat by segment (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

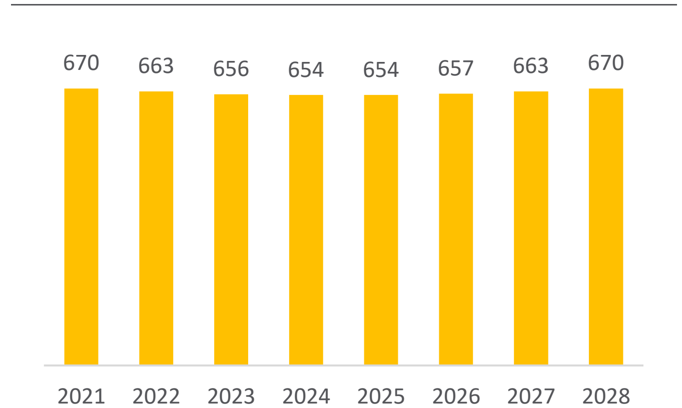
Figure 69: KSA value sales of fresh poultry meat by segment (SARbn)



Source: Company IPO prospectus, GIB Capital

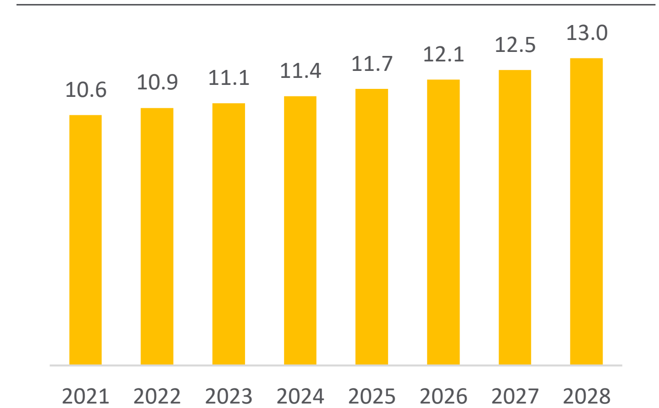
Despite fresh poultry's dominance, the frozen poultry market represents a significant portion (40.6%) of Saudi Arabia's total poultry consumption. A recent decline in frozen poultry's share (from 45.3% in 2021 to 42.6% in 2022 and 40.6% in 2023) is attributable to import bans, resulting in a decrease in sales volume from 670k tonnes in 2021 to 656k tonnes in 2023. Looking forward, producers are strategically investing in frozen chicken technology to address shelf-life requirements and compete with imported frozen products on price and quality. A modest 0.4% CAGR is projected for frozen poultry consumption volume between 2023 and 2028e, reaching 670k tonnes, while sales are forecast to grow at a more robust 3.2% CAGR, reaching SAR13bn by 2028e, indicating anticipated price appreciation and potentially a shift towards higher-value frozen products.

Figure 70: KSA volume sales of frozen poultry meat (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

Figure 71: KSA value sales of frozen poultry meat (SARbn)

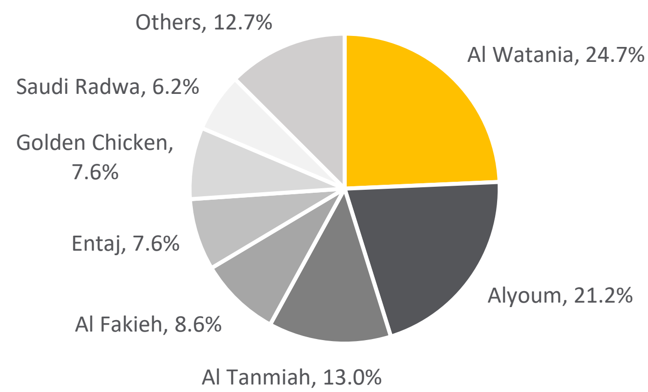


Source: Company IPO prospectus, GIB Capital

KSA's poultry market competitive landscape

The Saudi Arabian poultry market is highly concentrated and competitive, with the top five producers holding ~75% of the total market share in 2023. Al Watania leads the market with a 24.7% share, followed by Alyoum (21.2%), Al Tanmiah (13.0%), Al Fakieh (8.6%), and Entaj (7.6%). These dominant players operate under a vertically integrated model, managing various stages of the poultry production process from farm to market. This vertical integration likely provides them with cost efficiencies and greater control over quality and supply chain.

Figure 72: Poultry competitive landscape – market share by companies

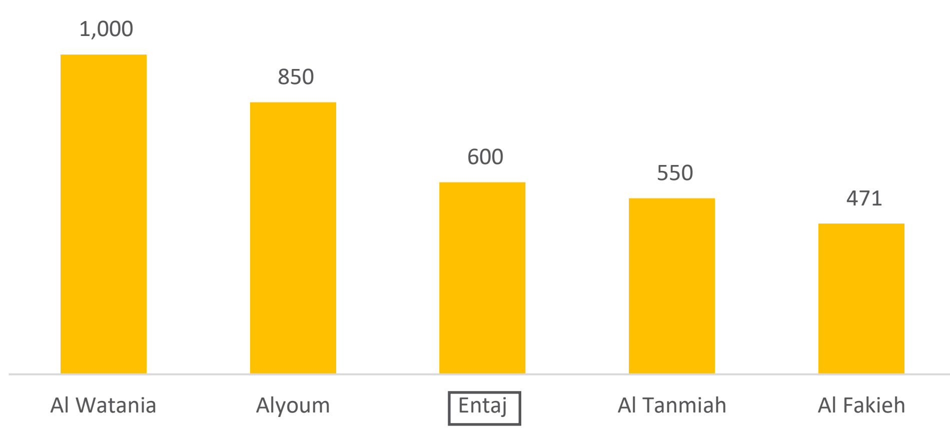


Source: Company IPO prospectus, GIB Capital

Poultry capacities of key players

The chicken industry in Saudi Arabia consists of local players and imported products. Saudi Arabia has achieved 70% self-sufficiency level in the poultry sector driven by government initiatives and effective collaborations with the private sector and industry initiatives. KSA has also announced its intention to achieve 80% self-sufficiency by 2025 and 90% by 2030. The MEWA has also announced a plan to invest SAR17bn in the sector, with already ~80% invested in the Kingdom. Accordingly, these top brands have undertaken aggressive capacity additions in recent years with an anticipation of a rise in demand led by Vision 2030 initiatives and government's focus on achieving poultry self-sufficiency.

Figure 73: Daily poultry capacity of brands ('000s birds per day)



Source: Company data, GIB Capital

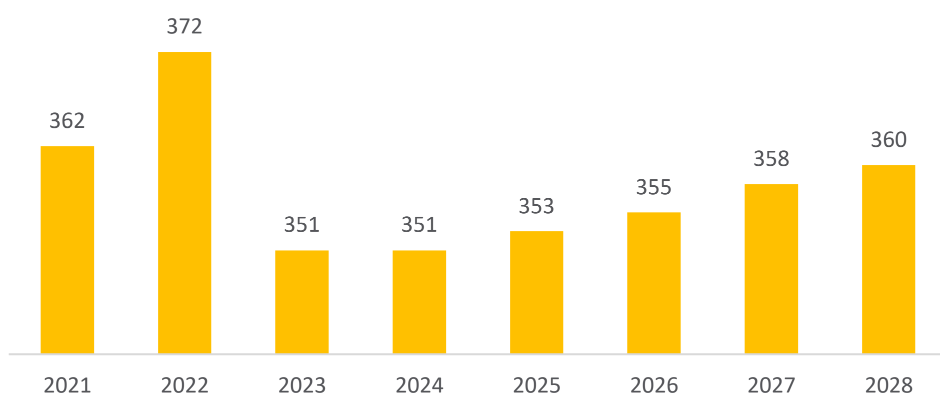
Government initiatives and policies to further support KSA's poultry sector

The Saudi Arabian government is implementing a comprehensive strategy to foster economic growth and diversification, with a particular focus on enhancing the domestic food and beverage (F&B) industry, especially the poultry sector. This includes reforms to boost tourism, which directly supports the F&B industry. The government aims for 85% localization in the food industry by 2030, promoting domestic production. Organizations such as MODON and MEWA are actively supporting local food producers. These initiatives have significantly impacted the poultry sector by increasing demand through tourism, providing subsidies to encourage domestic production, attracting foreign investment, and emphasizing food security and localization, thereby creating opportunities for local poultry producers.

Table eggs market

The production of eggs in KSA has remained resilient as the country has achieved 100% self-sufficiency in table egg production since the COVID-19 pandemic, driven by government support through initiatives such as land grants, start-up subsidies, subsidies for imported feed ingredients, and affordable electricity and water. Production reached 362k tonnes in 2021 (112% self-sufficiency), increasing to 372k tonnes in 2022 (117% self-sufficiency) before adjusting to 351k tonnes in 2023. The future production outlook remains healthy with steady growth, reaching a projected 360k tonnes by 2028e.

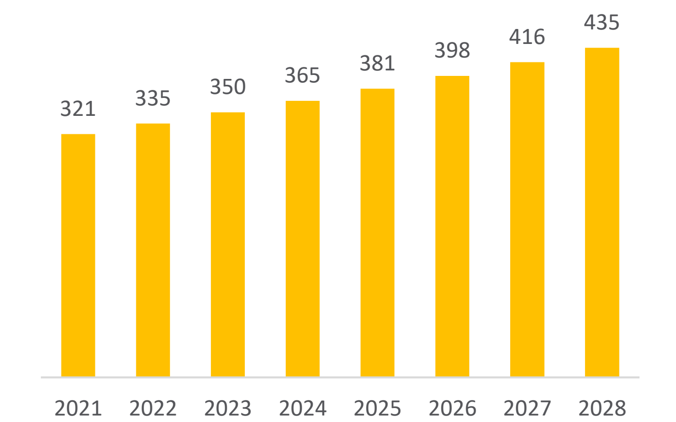
Figure 74: KSA production of chicken eggs (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

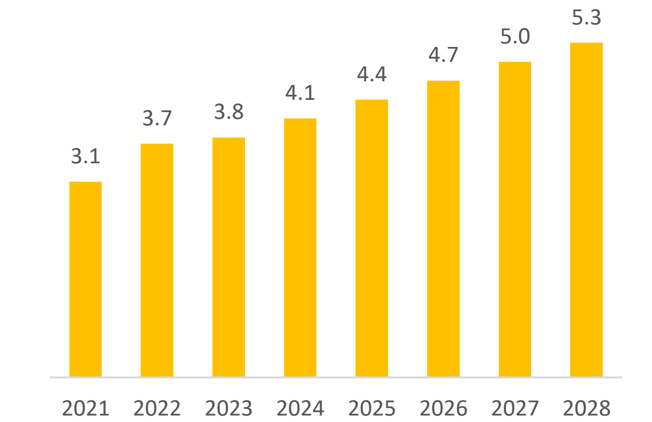
Demand for eggs in Saudi Arabia remains resilient and is expected to stay strong, as they are a key component of daily diets. The 30-egg tray of medium-sized eggs is the top-selling SKU in the Kingdom. Sales volumes have grown at a 4.4% CAGR from 2021 to 2023, reaching 350k tonnes in 2023, and are projected to maintain this growth rate (4.4% CAGR) to reach 435k tonnes by 2028e. The market's value has increased at a more rapid 10.7% CAGR from 2021-2023, and is forecast to grow at a 6.9% CAGR, reaching SAR5.3bn by 2028e. This expansion is supported by population growth, government food security initiatives, production capacity increases, and backing from the MEWA.

Figure 75: KSA volume sales of eggs (in '000 tonnes)



Source: Company IPO prospectus, GIB Capital

Figure 76: KSA value sales of eggs (SARbn)

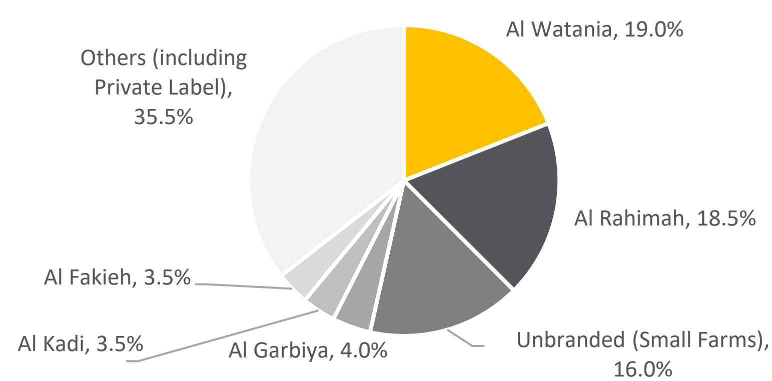


Source: Company IPO prospectus, GIB Capital

KSA's table eggs competitive landscape

Unlike the consolidated Saudi Arabian poultry meat market, the table egg market in the Kingdom is highly fragmented, with ~148 brands competing, most holding minimal market share (less than 1% by volume). Despite this fragmentation, the two leading brands, Al Watania Poultry and Rahima Eggs, command a substantial combined market share of 37.5% in 2023. Interestingly, private label brands also hold a significant portion of the market, accounting for 35.5% of egg volumes in 2023. This suggests a market where, while major brands hold a significant portion, smaller players and private labels collectively represent a substantial competitive force.

Figure 77: Eggs competitive landscape – market share by companies

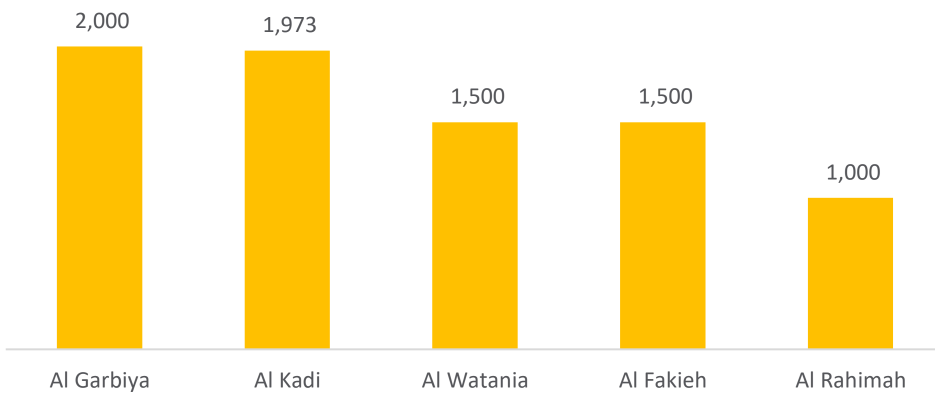


Source: Company IPO prospectus, GIB Capital

Table eggs capacities of key players

Al Garbiya, a key play in the KSA's table eggs market with a market share of 4% as of 2023, has daily table eggs production capacity exceeding 2mn eggs. Al Kadi (3.5% market share) has a daily production capacity of nearly 2mn eggs. Brands such as Al Watania and Al Fakieh which also have substantial poultry businesses also have a daily table eggs production capacity of 1.5mn eggs. Another major player AlRahimah has a daily capacity of 1mn eggs. The robust production capacities of these players coupled with the government backing has led to the industry exceeding self-sufficiency targets.

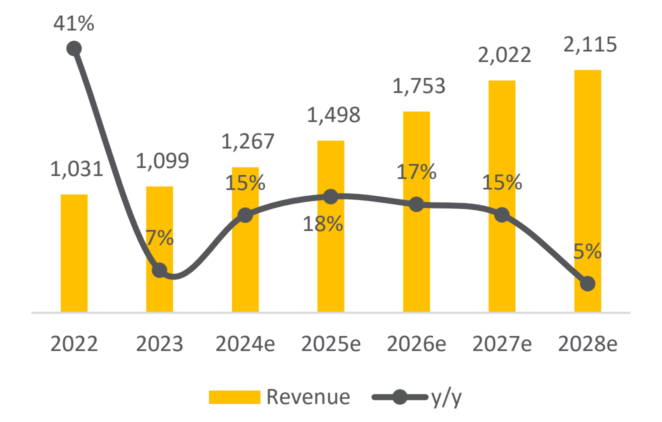
Figure 78: Daily table eggs capacity of brands (000s per day)



Source: Company data, GIB Capital

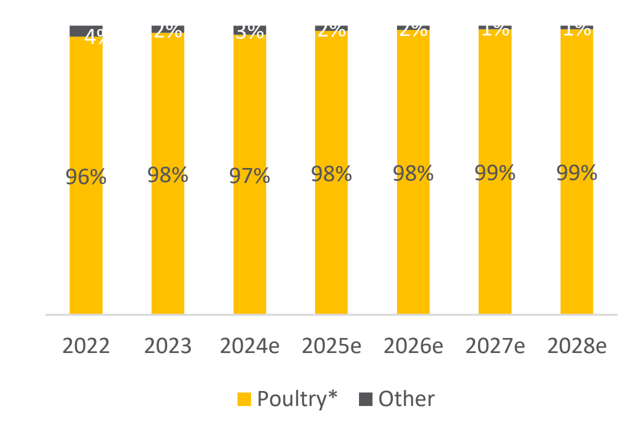
Financial analysis in charts

Figure 79: Revenue (SARmn)



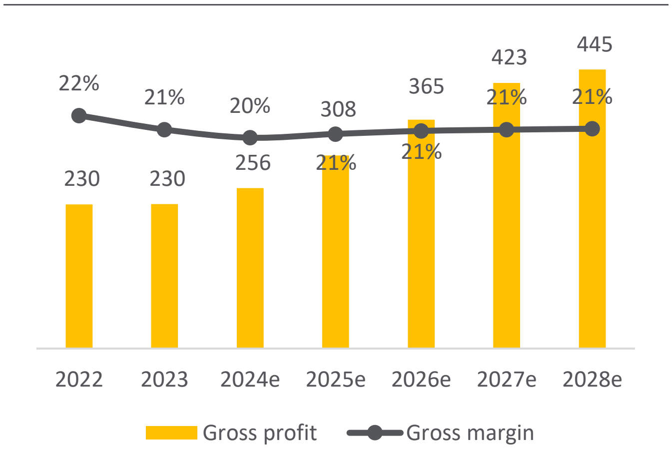
Source: Company data, GIB Capital

Figure 80: Revenue mix by segment



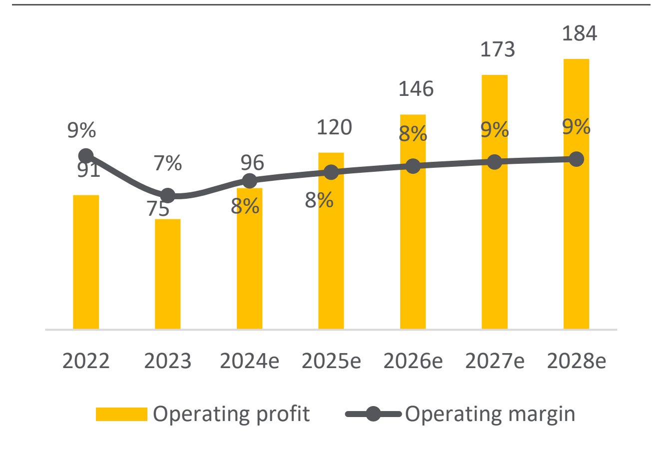
*Source: Company data, GIB Capital *includes exports*

Figure 81: Gross profit (SARmn) and gross margin



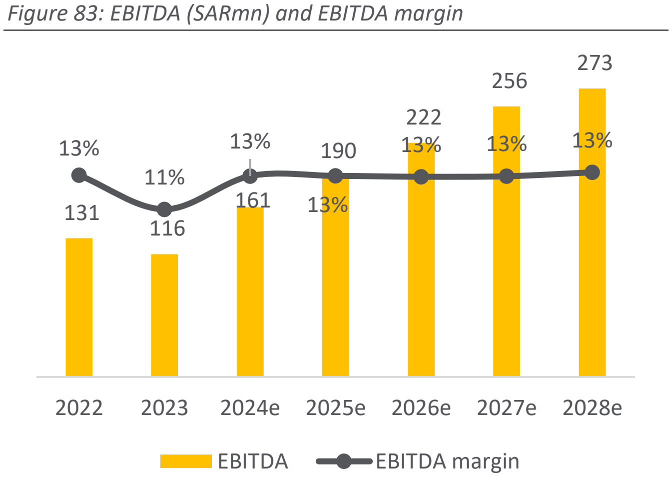
Source: Company data, GIB Capital

Figure 82: Operating profit (SARmn) and operating margin



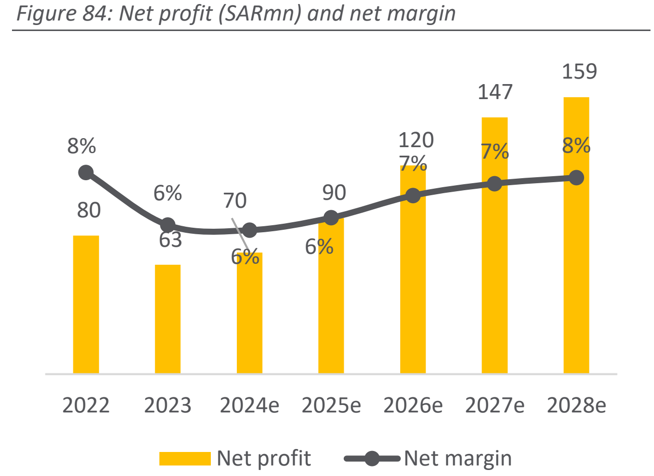
Source: Company data, GIB Capital

Figure 83: EBITDA (SARmn) and EBITDA margin



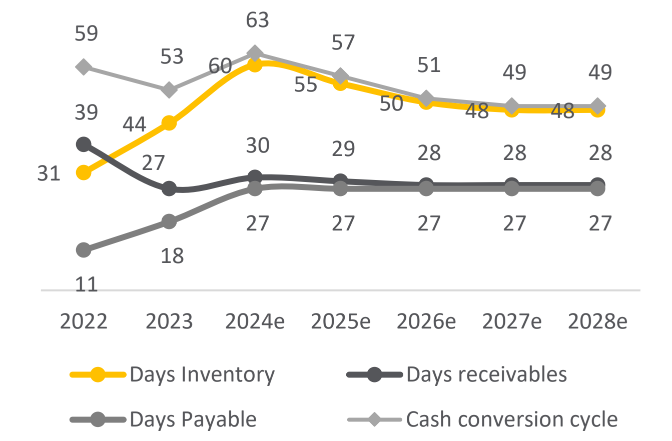
Source: Company data, GIB Capital

Figure 84: Net profit (SARmn) and net margin



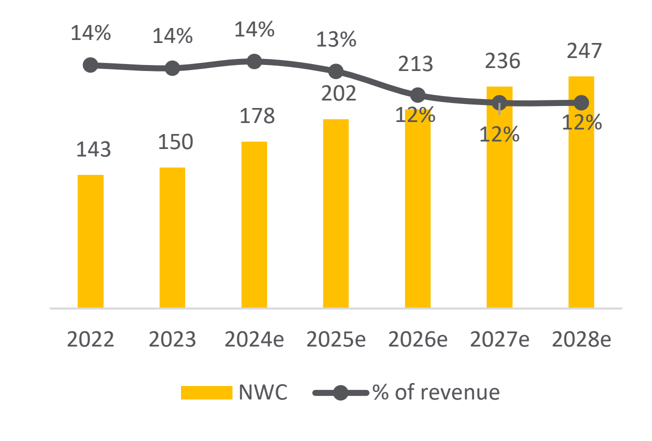
Source: Company data, GIB Capital

Figure 85: Working capital days



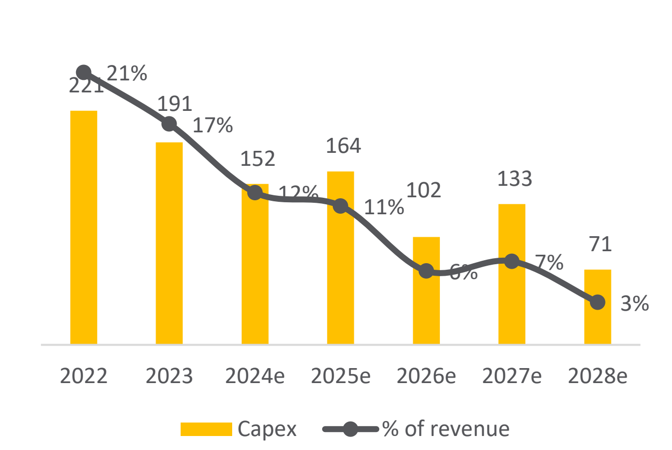
Source: Company data, GIB Capital

Figure 86: Net working capital (SARmn) as a % of revenue



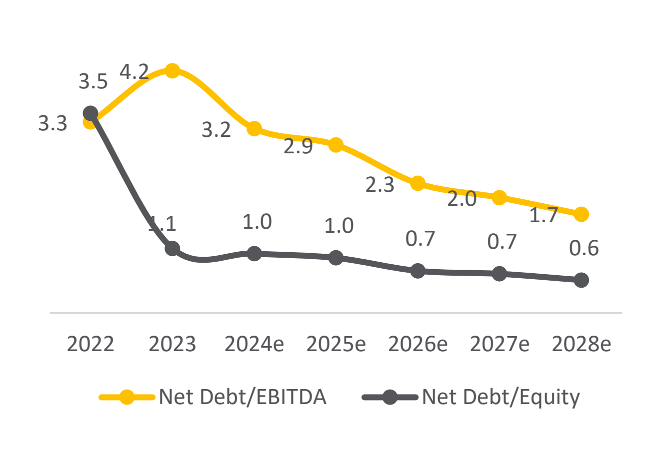
Source: Company data, GIB Capital

Figure 87: Capex (SARmn)



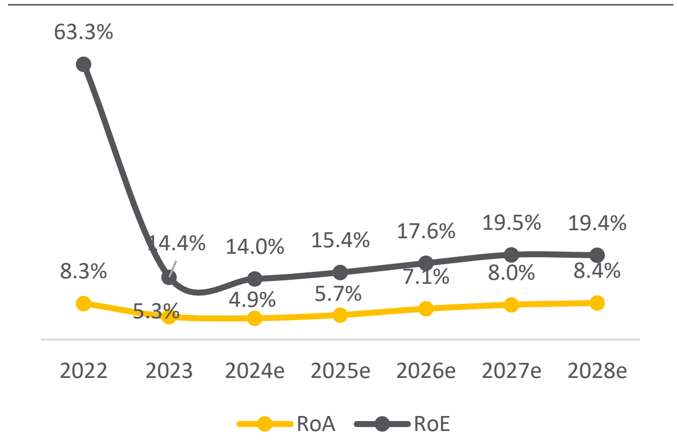
Source: Company data, GIB Capital

Figure 88: Leverage (w/o IFRS liab.)



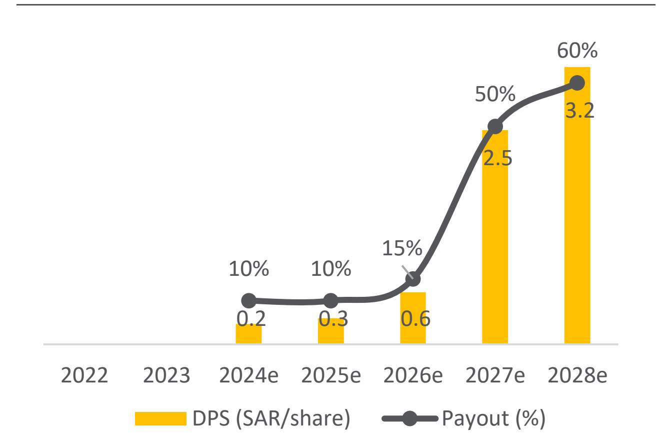
Source: Company data, GIB Capital

Figure 89: ROA and ROE



Source: Company data, GIB Capital

Figure 90: Dividend and payout ratio



Source: Company data, GIB Capital

Financials

Figure 91: Summarized basic financial statements (SARmn)

Income statement	2022a	2023a	2024e	2025e	2026e	2027e
Revenue	**1,031**	**1,099**	**1,267**	**1,498**	**1,753**	**2,022**
revenue y/y	*41%*	*7%*	*15%*	*18%*	*17%*	*15%*
COGS	801	869	1,012	1,191	1,388	1,599
Gross Profit	**230**	**230**	**256**	**308**	**365**	**423**
Gross Profit margin	*22%*	*21%*	*20%*	*21%*	*21%*	*21%*
Selling and distribution expenses	82	100	93	109	128	147
General and administrative expenses	38	47	54	67	79	90
Operating profit	**91**	**75**	**96**	**120**	**146**	**173**
Operating margin	*9%*	*7%*	*8%*	*8%*	*8%*	*9%*
Finance costs	14	17	31	36	31	30
PBT	**80**	**65**	**72**	**92**	**123**	**152**
Zakat/tax	0	(2)	(2)	(3)	(4)	(5)
Net income	**80**	**63**	**70**	**90**	**120**	**147**
Net margin	*8%*	*6%*	*6%*	*6%*	*7%*	*7%*
y/y	*2060%*	*-21%*	*11%*	*28%*	*34%*	*23%*
EPS	**2.7**	**2.1**	**2.3**	**3.0**	**4.0**	**4.9**
DPS	0.0	0.0	0.2	0.3	0.6	2.5
Payout	0%	0%	10%	10%	15%	50%
EBITDA	**131**	**116**	**161**	**190**	**222**	**256**
EBITDA margin	*13%*	*11%*	*13%*	*13%*	*13%*	*13%*
EPS	**2.7**	**2.1**	**2.3**	**3.0**	**4.0**	**4.9**

Balance Sheet	2022a	2023a	2024e	2025e	2026e	2027e
Accounts receivable	109	81	104	119	134	155
Inventories	69	106	166	179	190	210
Biological assets	41	53	53	53	53	53
Cash and cash equivalents	2	23	35	33	38	42
Total Current Assets	**248**	**281**	**395**	**425**	**461**	**510**
Property and equipment	697	855	955	1,065	1,108	1,178
Right-of-use assets	10	57	70	91	118	152
Total Non-Current Assets	**707**	**911**	**1,025**	**1,155**	**1,227**	**1,330**
Total Assets	**955**	**1,193**	**1,420**	**1,580**	**1,687**	**1,840**
Current Liabilities	282	221	386	413	440	483
Non-current Liabilities	547	535	534	587	566	602
Equity	126	437	499	580	682	755
Total Equity and Liabilities	**955**	**1,193**	**1,420**	**1,580**	**1,687**	**1,840**
BVPS	31.8	39.8	47.3	52.7	56.2	61.3

Cashflow	2022a	2023a	2024e	2025e	2026e	2027e
Cashflow from Operations	132	160	175	184	229	251
Cashflow from Investing	(221)	(191)	(152)	(164)	(102)	(133)
Cashflow from Financing	84	52	(11)	(22)	(122)	(115)
Total Cashflows	**(5)**	**21**	**12**	**(2)**	**5**	**3**

Source: Company data, GIB Capital

Figure 92: Key ratios

Key ratios	2022a	2023a	2024e	2025e	2026e	2027e
Profitability ratios						
RoA	8%	5%	5%	6%	7%	8%
RoE	63%	14%	14%	15%	18%	19%
Sales/Assets	108%	92%	89%	95%	104%	110%
Net margin	8%	6%	6%	6%	7%	7%
Liquidity ratios						
Current Assets/ Current Liabilities	0.9	1.3	1.0	1.0	1.0	1.1
Inventory days	31	44	60	55	50	48
Receivable Days	39	27	30	29	28	28
Payable days	11	18	27	27	27	27
Cash conversion cycle	59	53	63	57	51	49
Debt ratios						
Net Debt/EBITDA (w/o IFRS liab.)	3.3	4.2	3.2	2.9	2.3	2.0
Net Debt/EBITDA (w/ IFRS liab.)	3.4	4.7	3.7	3.4	2.8	2.6
Debt/Assets (w/o IFRS liab.)	0.5	0.4	0.4	0.4	0.3	0.3
Net Debt/Equity (w/o IFRS liab.)	3.5	1.1	1.0	1.0	0.7	0.7
Net Debt/Equity (w/ IFRS liab.)	3.6	1.3	1.2	1.1	0.9	0.9
Valuation ratios						
P/E	18.9	23.9	21.5	16.7	12.5	10.2
P/B	1.6	1.3	1.1	0.9	0.9	0.8
EV/EBITDA	15.6	17.6	12.7	10.8	9.2	8.0
FCF Yield	0.0%	-3.9%	-0.9%	-1.3%	5.3%	3.9%
Dividend Yield	0.0%	0.0%	0.5%	0.6%	1.2%	4.9%

Source: Company data, GIB Capital

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