

## KRI-KRI S.A.

**February 07, 2018**

[Bloomberg Ticker: KRI:GA] [Reuters Ticker: KRIR.AT]

**Greek Equities | Food Products**

Listed on Athens Exchange, Greece

[www.vrs.gr](http://www.vrs.gr)
**Earnings Estimates Update**
**STOCK PRICE € 3.55 | MKT CAP € 117.38 MN**

### Financial Highlights & Investment Considerations

- KRI-KRI is active in the wider Greek dairy industry. Its main objectives are the production and distribution of ice cream and yoghurt. The distribution of products is made by a nationwide sales network, consisting of super markets and small points of sales. The company also exports to more than 15 countries. The headquarters of the company and its main production facilities are located in Serres. In addition, KRI-KRI has a secondary distribution center in Aspropyrgos, Attica, which operates as a branch serving the market of southern Greece.
- It is noted that due to fire on December 24, 2013 the dairy production facilities of the company were destroyed and despite the direct conclusion of agreements for the production of its dairy products in Greek third-party production units, it was not possible to completely avoid deregulation of the supply chain. This resulted in shortfalls with a negative impact on dairy sales for the year 2014.
- During the year 2016, the final inspection of the investment programs' implementation for ice cream and yogurt was completed by the Greek State authority which was included in the provisions of the development laws (Law 3299/04 and Law 3988/11, respectively). For the reinforcement of the production infrastructure, a three-year investment plan of € 10 million was launched. For this project, the company has submitted an application for its inclusion in the development law, L. 4399/2016. The company's main risks relate to credit risk and foreign currency risk. With respect to the credit risk the Company has established and applies credit control procedures in order to minimize this type of risk. Generally, sales are distributed to a large number of customers, resulting in an efficient dispersion of the commercial risk, except maybe from the big super market chains in Greece. With respect to foreign currency risk, the bulk of the company's operations is conducted within the EU area and is being priced in Euro.

### 1<sup>st</sup> Half 2017 Results

- Company's turnover amounted €41.185k in the first half of 2017, against €34.776k in the respective period of 2016 presenting an increase of 18.4% y-o-y.
  - Ice-cream sales noted an increase of +7.4% amounting €13.161k against €12.255k in H1 2016.
  - Yogurt sales presented an increase of +23.8% amounting to €27.746k against €22.412k in H1 2016.
  - Exports stood at 28.3% of total sales, presenting an increase of +57%.
- Gross profit margin was calculated to 39.5% (2016: 40.9%) and specifically: a) 52.1% in Ice-cream (2016: 48.8%) and b) 34.0% in Yogurt (2016: 36.6%). Company's profit before tax amounted to €6.811k against €4.511k of 2016 (+51% increase). The net profit after tax amounted to €4.904k against €3.597k of 2016. EBITDA amounted to €8.216k against €6.169k of 2016 (+33.2% increase).
- At 30/6/2017, the balance of Company's loans amounted to €11.11m, while net debt was close to zero.

### KRI-KRI S.A. – Summary of Company's Financials

February 7, 2018

<i>in mn €</i>	SALES	EBITDA	EATAM	EQUITY	BANK DEBT	NET BANK DEBT	DEBT / EQUITY	P/E(x)	P/BV (x)	EV/EBITDA (x)	ROE %
<b>2010</b>	47.20	5.42	2.69	27.08	1.84	-0.45	0.07	43.6	4.3	21.6	9.9%
<b>2011</b>	47.91	5.17	2.22	29.11	4.34	-1.81	0.15	52.9	4.0	22.4	7.6%
<b>2012</b>	59.30	7.64	5.11	32.47	2.95	-4.40	0.09	23.0	3.6	14.8	15.7%
<b>2013</b>	68.13	7.57	4.89	35.50	6.98	-4.33	0.20	24.0	3.3	14.9	13.8%
<b>2014</b>	77.15	6.17	3.58	39.07	7.51	6.08	0.19	32.8	3.0	20.0	9.1%
<b>2015</b>	66.95	7.31	3.87	40.94	11.17	5.72	0.27	30.4	2.9	16.8	9.4%
<b>2016</b>	66.57	10.99	6.24	45.19	9.07	2.23	0.20	18.8	2.6	10.9	13.8%
<b>2017</b>	77.71	12.55	6.39	49.60	12.00	1.00	0.24	18.4	2.4	9.4	12.9%
<b>2018</b>	83.92	13.75	7.20	54.83	13.00	2.00	0.24	16.3	2.1	8.7	13.1%

Note: The Company released its H1 2017 results on September 18, 2017. Source: The Company, VRS Estimates

Please see important disclosure and disclaimer statements at the end of this report.

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Notes: Projections are based on IFRS consolidated accounts. Projected years concern the period 2017 – 2018.

## Revenues per Operating Segment

Source: Company, VRS Estimates.

Amounts in mn €	2018 E	2017 E	2018-2017 %		2017-2016 %	
			Change	1H2017	2016	Change
Ice Cream	24.92	23.08	8%	13.16	19.82	16%
% of total	29.7%	29.7%		32.0%	29.8%	
Greece	21.93	20.31	8%	11.79	17.44	16%
% of subcategory	88%	88%		90%	88%	
Exports	2.99	2.77	8%	1.37	2.38	16%
% of subcategory	12%	12%		10%	12%	
Dairy Products	58.75	54.39	8%	27.75	46.60	17%
% of total	70%	70%		67.37%	70.0%	
Greece	42.30	39.16	8%	17.46	33.72	16%
% of subcategory	72%	72%		63%	72%	
Exports	16.45	15.23	8%	10.29	13.33	14%
% of subcategory	28%	28%		37%	28.6%	
Other	0.25	0.23	8%	0.28	0.16	50%
	0.30%	0.30%		0.7%	0.2%	
<b>Total</b>	<b>83.92</b>	<b>77.71</b>	<b>8.0%</b>	<b>41.18</b>	<b>66.57</b>	<b>16.7%</b>

## COGS per Operating Segment

Source: Company, VRS Estimates.

Amounts in mn €	2018-2017 %			2017-2016 %		
	2018 E	2017 E	Change	1H2017	2016	Change
Ice Cream	13.22	12.34	7%	6.30	10.65	16%
% of total	25%	25%		25.3%	26%	
Greece	11.10	10.36	7%	5.27	8.85	17%
% of subcategory	84%	84%		84%	83%	
Exports	2.11	1.97	7%	1.03	1.80	10%
% of subcategory	16%	16%		16%	17%	
Dairy Products	38.86	36.27	7%	18.31	29.91	21%
% of total	74%	74%		73.5%	73%	
Greece	23.32	21.76	7%	10.98	20.41	7%
% of subcategory	60%	60%		60%	68%	
Exports	15.54	14.51	7%	7.33	9.50	53%
% of subcategory	40%	40%		40%	32%	
Other	0.79	0.74	7%	0.31	0.27	177%
% of total	1.5%	1.5%		1.3%	0.7%	
Total	52.87	49.34	7%	24.92	40.82	21%

## P&amp;L Statement

Source: Company, VRS Estimates.

Amounts in mn €	12m 2018 (E)	12m 2017 (E)	6m 2017 (A)	12m 2016	6m 2016
Total Sales	<b>83.92</b>	<b>77.71</b>	41.18	66.57	34.78
<i>y-o-y growth (%)</i>	<i>8.00%</i>	<i>16.7%</i>	<i>18.43%</i>	<i>-0.57%</i>	<i>0.30%</i>
Gross Profit	31.05	28.36	16.26	25.74	14.21
<i>y-o-y growth (%)</i>	<i>9.48%</i>	<i>10.18%</i>	<i>14.42%</i>	<i>15.07%</i>	<i>9.83%</i>
<i>Gross profit margin</i>	<i>37.0%</i>	<i>36.5%</i>	<i>39.48%</i>	<i>38.67%</i>	<i>40.87%</i>
S&A expenses	-21.40	-19.81	-9.68	-18.02	-9.62
% of sales	25.5%	25.5%	23.5%	27.1%	27.7%
R&D expenses	-0.17	-0.16	-0.07	-0.13	-0.06
% of sales	0.2%	0.2%	0.17%	0.20%	0.2%
Other income	1.34	1.24	0.37	1.10	0.19
% of sales	1.6%	1.6%	0.90%	1.6%	0.6%
Other gain/losses net	0.23	0.21	0.06	0.18	0.02
% of sales	0.3%	0.3%	0%	0.27%	0%
EBIT	11.05	9.85	6.94	8.87	4.75
<i>y-o-y growth (%)</i>	<i>12.26%</i>	<i>10.97%</i>	<i>46.18%</i>	<i>82.33%</i>	<i>-1.49%</i>
<i>EBIT mgn</i>	<i>13.17%</i>	<i>12.67%</i>	<i>16.86%</i>	<i>13.33%</i>	<i>13.66%</i>
Interest expenses	-1.05	-0.97	-0.13	-0.71	-0.24
EBT	10.01	8.88	6.81	8.16	4.51
<i>EBT mgn</i>	<i>11.92%</i>	<i>11.43%</i>	<i>16.54%</i>	<i>12.26%</i>	<i>12.97%</i>
Taxes	2.80	2.49	1.907	1.925	0.91
	28%	28%	28.00%	24%	20%
EAT	7.20	6.39	4.90	6.24	3.60
<i>y-o-y growth (%)</i>	<i>12.69%</i>	<i>2.52%</i>	<i>36.34%</i>	<i>62.27%</i>	<i>-15.40%</i>
<i>EAT mgn</i>	<i>8.6%</i>	<i>8.2%</i>	<i>11.9%</i>	<i>9.4%</i>	<i>10.3%</i>

## Stock Price

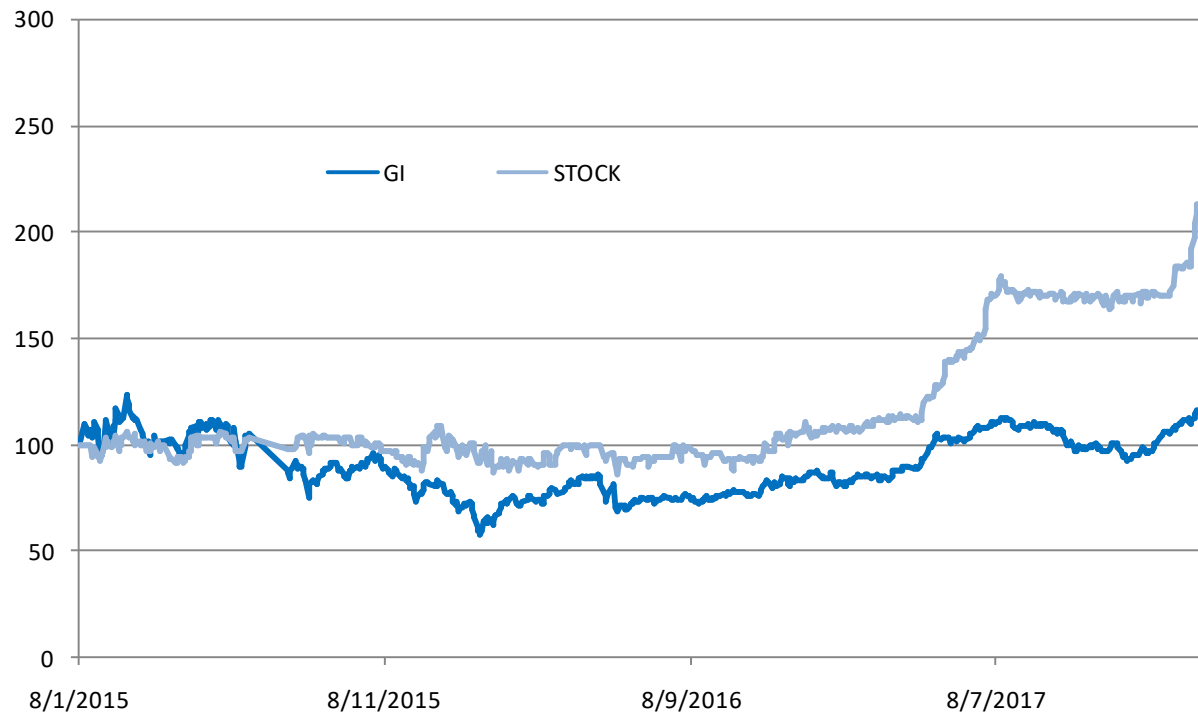
Period January 2015 – February 2018 | € (Euro)



Source: Athens Exchange, Greece.

### Stock versus Athens Exchange General Index

Period January 2015 – February 2018 | Basis = 100



Source: Athens Exchange, Greece.

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