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Team I

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Kri Kri Milk Industry S.A. (KRIr.AT)

Date: 05/02/2021
 Current Price: €6.66 (as of 29/01/2021)
 Target Price: €9.06

GICS Sector: Consumer Staples

Industry: Food Products

Listed: Athens Stock Exchange (ASE)

Recommendation: BUY (36.07% upside)

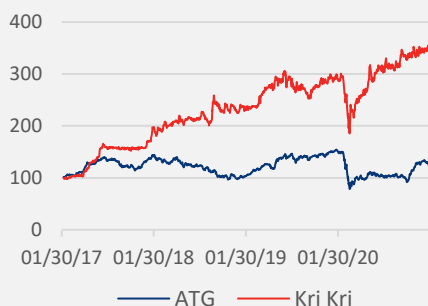
Recommendation: **BUY**
 36.07% Upside

Figure 1: KRIr.AT Overview

KRIr.AT Overview	
Target Price	€9.06
Last Close (29/01/2021)	€6.66
Upside (%)	36.07
Market Cap (€ '000s)	219,941
Shares Outstanding ('000s)	33,041
52-Week High	€6.72
52-Week Low	€3.46
P/E 2021F	10.76
P/B 2021F	1.67
Standard deviation (5Y)	€1.52
52-Week Avg Trading Vol. (SHR)	15,045
Free Float of share (%)	26.69
FCFY 2021F (%)	7.99

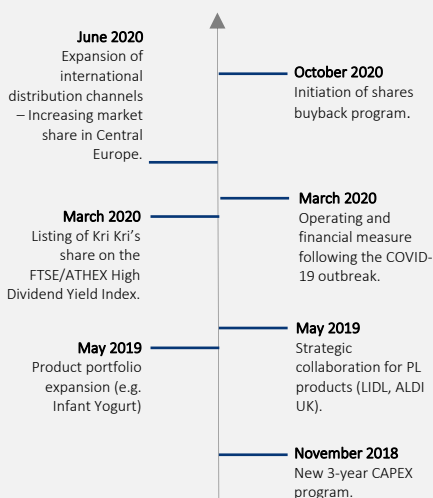
Source: Refinitiv Data, Team Analysis

Figure 2: Kri Kri Relative Share Price Performance



Source: Refinitiv Data

Figure 3: Kri Kri's Recent Corporate Highlights



Source: Team Analysis

Investment Summary

Kri Kri Milk Industry S.A. (hereafter “Kri Kri” or the “Company”) is a Greek dairy producer with strong presence in the Greek and the European markets.

Investment Recommendation

We issue a **BUY** recommendation with a **target price of €9.06, a total return of 39.49%** from the January 29th price of €6.66. This presents a **36.07% increase in share price** plus 3.42% Dividend Yield and it implies a 10.76x 2021 P/E with a DY of 3.42%. We are positive on KRI KRI'S ability to deliver a strong EPS CAGR of 11.10% FY21-FY25, given; a) **its healthy balance sheet**, supported by a mean equity/asset ratio of 63.38%, and declining debt/equity ratio, from 27.30% in FY15 to 6.70% in FY25, b) **effective management**, which consistently maintains higher ROCE than WACC, creates shareholder value and motivates shareholders to remain invested in the Company, c) **new and automated yogurt production facilities**, and d) **focused strategy over only two high-profit product segments**, that yield more than 17% EBITDA combined. We expect that Kri Kri will maintain a mean gross margin of 31.62%, increase its net profit margin to an average of 12.38% in FY21-FY25 and produce sufficient profitability at a ROE of 22.14% in FY25. Our valuation is the weighted average of the implied prices of three different models: a Discounted Cash Flow Model, a Dividend Discount, and a Comparable Companies Analysis, with weights of 50%, 25%, and 25%, respectively. Our projection is based on the robust top-line growth and despite COVID-19, the European expansion plans. In addition, the Company's financial outlook remains sound, with strong cash flow generation (average FCF yield of 8.23% for FY21 – FY25), controlled need for debt issuance (debt to equity is projected at 6.70% for FY25 below the current one of 14.90%), and stable and above industry's average profit margins.

Not just resilience during COVID-19 pandemic

Kri Kri's **overall sales rose 10.55%** in the first 3 quarters of FY20 and its net earnings achieved a 12.43% YoY increase. Based on its high brand recognizability and strategic retail partnerships, Kri Kri was able to increase its market share in the yogurt segment both in Greece and abroad, with sales rising by 18.01% YoY, offsetting the 8.36% loss in ice-cream sales which correlate with fewer tourist inflows. The resilience of the Company in the COVID-19 period highlights the effectiveness of the experienced management team that helped the Company emerge stronger.

Expanding in Europe to maximize growth potential

Exports were the main driver of growth for Kri Kri for the last 6 years. The Company has presence in over 25 countries and **exports accounted for 41.43%** of its total revenue for the first 9 Mo. of FY20. Given the anticipated growth through new partnerships (e.g., Aldi) in locations that the Company has already presence, the new product offerings to meet the needs of specific markets, and its plan to enter new regions, like Scandinavia, we expect that this percentage will further increase in the following years, **surpassing the 50% threshold as soon as FY21**, and will be the main driver of growth.

Efficacious and modern production facilities

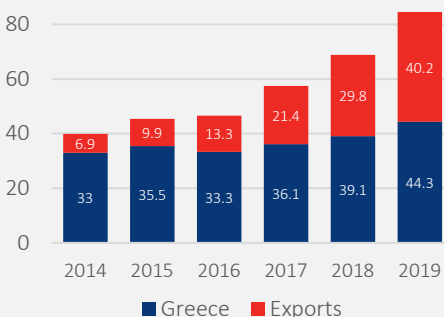
Kri Kri has state of the art **effective production lines** that can fuel its European expansion and are also in **proximity to its raw material (i.e. raw milk) suppliers**. The Company will receive **35% of its €27M 3-year CAPEX program in tax relief** (NSRF, 2016). We estimate that additional €7M and €8M CAPEX investments will then be required for another 30% - 40% increase in yogurt and ice-cream production capacity accordingly, along with €1.5M - €2M maintenance costs recurring each year.

Strong balance sheet, profitability favors shareholder value

Based on the Company's focused strategy over the high-profit yogurt and ice-cream segments, and its increasing operational efficiency, we expect that Kri Kri will **deliver sufficient profitability at an average ROE of 22.42% in FY20-FY25**. The strong cash flow generation and the growing profitability will allow Kri Kri to reduce its debt/equity ratio to 6.70% in FY25, finance its future CAPEX investments and its share buyback program mainly through its own cash flow generation, and **remunerate its shareholders annually with a dividend yield above 3%**.

Key Financial Metrics	Historical		Projected					
	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Revenue (€ '000s)	94,234	112,903	126,535	146,552	169,082	193,561	219,317	245,626
EPS	0.31	0.45	0.52	0.62	0.68	0.72	0.82	0.94
EPS Growth (%)	37.95	48.35	15.51	18.04	10.13	5.30	14.05	15.21
Net Income Margin (%)	10.74	13.30	13.70	13.55	12.73	11.71	11.79	12.13
ROE (%)	18.13	22.71	22.71	23.94	22.96	21.18	21.57	22.14
ROCE (%)	19.41	20.55	19.39	21.89	22.28	24.05	24.15	25.70
P/E (x)	13.16	11.15	12.70	10.76	9.77	9.28	8.13	7.06
PEG (x)	0.35	0.23	0.82	0.74	1.16	1.75	0.58	0.46

Figure 4: Kri Kri S.A. Geographic Breakdown of Yogurt Revenue



Source: Refinitiv Data

Recent Developments

In the second quarter of FY20, Kri Kri repaid €3.3M of its bonds and €3M of its long-term loans. On July 8th, Kri Kri's share buyback program was approved, aiming to repurchase up to 1.65M of its own shares. The program was commenced in October and will last until July of 2022. The shares will be repurchased at a price ranging from €0.5 to €9 per share. The program's maximum cost is forecasted at €14.87M. On December 15th, Kri Kri issued a 4-year €5M joint bond loan covered by Piraeus Bank without collateral, to finance its increased working capital needs attributed to COVID-19. On December 7th, Kri Kri's President and CEO, Mr. P. Tsinavos, sold 100K registered shares at €6.5, through a block share transaction, a common method of entry when institutional investors want to invest in medium small-cap companies. The Company has also indicated that it is open to discussing strategic partnerships and is willing to engage in M&A activity to help accelerate its expansion. On January 14th, due to the resignation and replacement of a non-executive member of Kri Kri's Board of Directors, the Company modified the composition of its Board of Directors, Audit Committee, and Remuneration and Benefits Committee.

Business Description

Kri Kri Milk Industry S.A. is a publicly listed Company that operates as a producer and distributor of ice cream and yogurt, and is headquartered in Greece. Kri Kri descended from a small family-operated pastry shop that was founded in 1954 in the city of Serres in Northern Greece, where it is still based today, and focused on the production and local distribution of ice-cream. Kri Kri was incorporated in 1994 and has been listed in the Athens Stock Exchange since 2003. **The Company has grown into one of the major ice cream and yogurt manufacturers in Greece, and has dynamically entered several foreign markets as well (Appendix B-1 – SWOT Analysis).**

Product Portfolio

Kri Kri's product portfolio features a **wide range of ice cream, yogurt** and milk products that embody the Company's values: originality, authenticity and ethics. Kri Kri was the first Company to have all of its products made with fresh, daily-sourced milk from the Serres area. Kri Kri boasts an ice cream line that consists of different types and flavors of ice cream cones, sticks, cups, sandwiches and bars, popsicles, frozen yogurt, as well as ice cream multipacks, family-size ice cream packages and professional-size ice cream packages. The Company's yogurt line includes strained and home-style yogurt in various fat concentrations and package sizes, traditional Greek yogurt, flavored yogurt with fruit, high protein and lactose-free yogurt, yogurt and yogurt dessert for toddlers and children, as well as yogurt in professional package sizes. Additionally, Kri Kri offers pasteurized skimmed and semi-skimmed milk, chocolate milk, and gluten-free ice cream and yogurt. The Company also focuses in other profitable niches such as healthy products and superfoods, special formulas for silver age and products featuring other established brand names (e.g. ION Chocolates) as well as well-known fictional characters from motion pictures and series.

Geographic Segments and Distribution

In recent years, Kri Kri has managed to expand its international presence by exporting its products from its modern production plant in Serres, to more than 37 countries in Europe, the Balkans and the Middle East. Branded Kri Kri products can be found in **49 of some of the largest international supermarket chains, with ice cream found in more than 21,000 points of sale, and private label Kri Kri products found in 42 chains, mainly abroad.** Private label products constitute a highly profitable segment for Kri Kri (less marketing costs result in higher profit margins), and are also used as a means of increasing sales of branded products in competitive markets such as Italy, Germany, and the United Kingdom. By leveraging existing retail partnerships for private label products and its value-added product proposition, Kri Kri facilitates the placement of its branded products on foreign shelves. Exports of the **niche authentic Greek yogurt** and ice cream constitute an increasingly significant portion of the Company's total revenues and are driven by product quality and aggressive client acquisition strategies (Figure 4) (Figure 5).

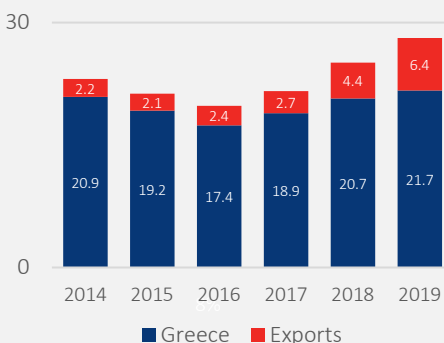
Ownership Structure and Management

Kri Kri is majority-owned by the Tsinavos family, with 73% of the total shares owned by individual family members. Legal entities and institutional investors currently own 19% of the Company, while the remaining 8% is held by individual investors (Figure 6). The Board of Directors of Kri Kri is composed by a single President and CEO, one Vice-President, and three Independent Non-Executive Members (Figure 7).

Industry Overview & Competitive Positioning

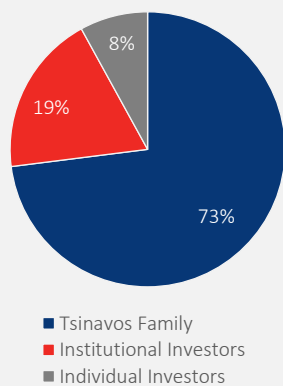
Approximately 58% of Kri Kri's revenue derives from the Greek market, which still constitutes the Company's main source of revenue, but exports have been rising sharply in recent years, altering Kri Kri's competitive landscape and imposing the need for bolder moves in foreign markets. In Greece, Food &

Figure 5: Kri Kri S.A. Geographic Breakdown of Ice Cream Revenue



Source: Refinitiv Data

Figure 6: Kri Kri S.A. Ownership Structure



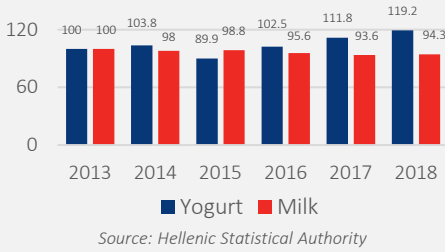
Source: Kri Kri's, Investor Presentation – Oct. 2020

Figure 7: Kri Kri S.A. Board of Directors

Name	Position in BoD
Panagiotis Tsinavos	President & CEO
Georgios Kotsampasis	Vice-President
Anastasios Moudios	Member
Anastasios Kyriakidis	Member
Antonios Mavridoglou	Member

Source: Kri Kri's Corporate Governance Code

Figure 8: Trend of Yogurt and Milk Markets in Greece (base year 2013)



Beverage (F&B) manufacturing revenues account for 29% of the country’s total manufacturing revenue, compared to 20% in other large EU economies. Moreover, F&B manufacturing ranks 1st in production value and workforce size among all other Greek manufacturing sectors. The Greek F&B industry is also highly concentrated and highly segmented, with 63% of the total F&B industry revenues coming from the top 1% of F&B companies (PwC, 2018).

Dynamics of the Greek Dairy Industry

The Greek dairy market (does not include ice cream) is currently worth an estimated **€3B** (Statista, 2021) and is expected to grow annually by 0.5% (CAGR 2020-2025). Greek yogurt is seen to be the fastest-growing segment of the market, consistently out-growing milk in recent years (Figure 8). The Greek Dairy & Ice Cream sector showed profound resilience during the financial crisis, with its Competitiveness Index increasing by 2.5 points during this time span, the biggest increase reported among F&B sub-sectors in this period, and its share of production remaining the largest among F&B sub-sectors. Over the same period however, the performance of dairy and ice cream companies was only mediocre in terms of extroversion, with 23%, even though their export velocity marked a 54% increase – the second highest among F&B sub-sectors. Even though it covers only 50% of domestic demand, production of raw milk in 2018 was 1.9M tons, with more than 40% coming from the region of Macedonia (ELSTAT, 2018) (ELGO-DIMITRA, 2019). The general outlook of the main factors that affect the Greek Dairy & Ice Cream industries contributes to an optimistic view for Kri Kri’s future (Appendix C-2 – PESTEL Analysis), given that the revenue growth for the Company is projected in the vicinity of 15%. Kri Kri’s two main product segments – yogurt and ice cream – are characterized by high-profit margins and dynamic revenue growth (Figure 10).

Yogurt Sector

The current size of the yogurt market in Greece is estimated between **€185M and €215M** (IRI, 2019) (ICAP 2018), without including sales from various points of sale such as major supermarket chain Lidl Hellas and independent kiosks, due to the lack of data. The market grew by approximately 2.7% in 2019 and is expected to grow annually by 1.0% (CAGR 2020-2025), on par with the European market, which is projected to grow by 0.9% (CAGR 2020-2025) (Statista, 2021). The yogurt sector has displayed remarkable resilience during the COVID-19 crisis and is forecasted to maintain its momentum. The market is highly fragmented and moderately concentrated, with nine companies (excluding private label sales and artisan yogurt) controlling **85.1%** of the domestic market in terms of **revenue** and **79.7%** in terms of **volume** (IRI, 2019). Greece is a dynamic player in the global yogurt market, with a market share of 7% and currently ranks 4th in yogurt exports internationally, making yogurt the most competitive dairy product among Greek exports (IRI, 2019). The average monthly consumption of yogurt in Greece was 1,840.19 grams per capita in 2019, down -2.3% from 2018 (ELSTAT, 2019).

Ice Cream Sector

The current size of the ice cream market in Greece is estimated between **€220M and €260M** (IRI, 2019). According to Euromonitor, the market grew by a healthy 3% in 2019 but reported negative growth of approximately -2% in the first three quarters of 2020, yet Management believes this decline to be closer to -10%. This contraction is largely attributed to the COVID-19 crisis that has struck the Greek ice cream market, which has traditionally relied on seasonal tourism. The market is projected to grow annually by 0.2% (CAGR 2020-2023) (Statista, 2021), though there is some uncertainty about COVID-19 and its lingering implications on tourism (Figure 9). Overall, the ice cream market is characterized by an increase in small, independent points of sale, high degree of consolidation, and high profitability.

Dynamics of the European Dairy Industry and Key European Markets

The vast majority of Kri Kri’s exports are sold in European countries, thus the dynamics of this market are of great significance for the Company’s future growth. The broader European dairy market is projected to reach approximately **€620B** (Statista, 2021) in 2021 and is expected to grow annually by 3.6% (CAGR 2021-2025). The European yogurt market is currently worth **€25B** (Statista, 2021) and is projected to grow at an annual rate of 1.1% (CAGR 2021-2025), while the ice cream market is worth approximately **€28B** and is expected to grow annually by approximately 0.7% (Statista, 2021).

United Kingdom

The **UK market accounts for 50% of Kri Kri’s exports** and its share is steadily growing. The total yogurt market is valued at approximately **€1.6B**, having experienced a 5.1% decline in revenue in 2019, with the authentic Greek and Greek-style yogurt market amounting to **€343M** (Nielsen, 2019). Still, the market is projected to grow annually at a rate of 1.7% (CAGR 2021-2025) as consumers shift towards higher quality meals and cooking ingredients, partly due to COVID-19. The ice cream market in the UK is projected to reach approximately **€570M** in 2021 and is expected to grow annually by 0.7% (CAGR 2021-2025) (Statista, 2021).

Figure 9: Total tourist arrivals in Greece (2017A-2024F)

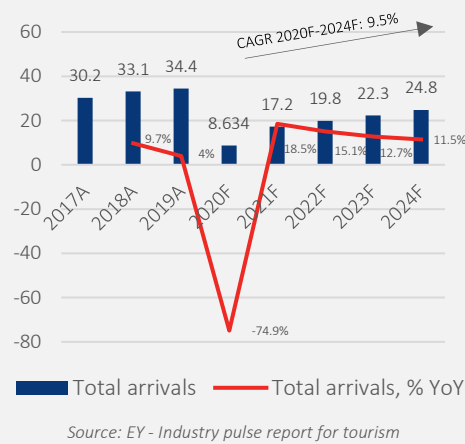


Figure 10: Total Yogurt and Ice cream revenue in Greece (2017A-2023F)

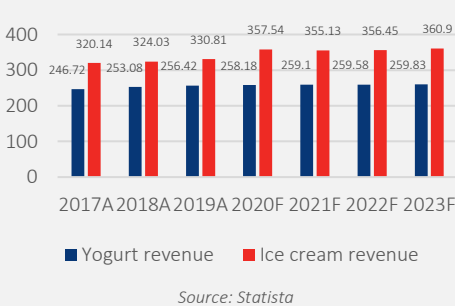


Figure 11: Porter’s Five Forces Analysis Overview

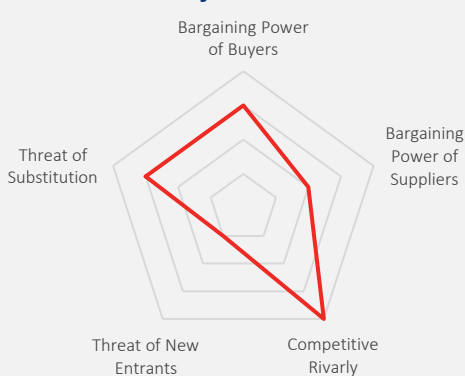
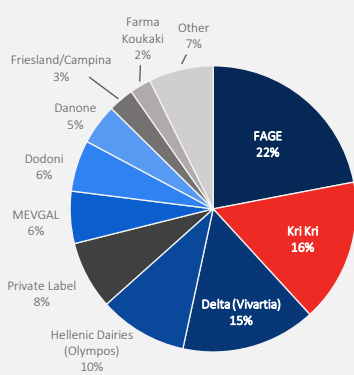
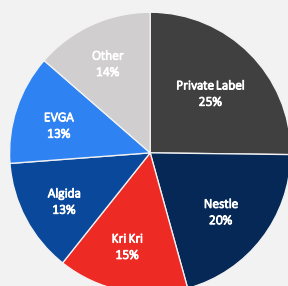


Figure 12: Market Shares in the Greek Yogurt Market (Revenue)



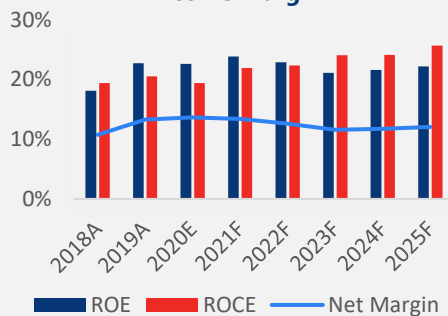
Source: IRI, 2019

Figure 13: Market Shares in the Greek Ice Cream Market (Volume)



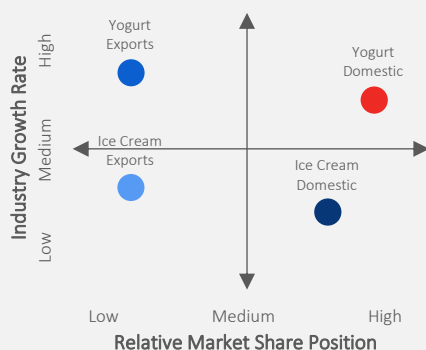
Source: Nielsen, 2019

Figure 14: ROE, ROCE and Net Income Margin



Source: Company Data, Team Analysis

Figure 15: Kri Kri Segments on Growth-Share Matrix



Source: ICAP, IRI, Team Analysis

Italy

Italy is responsible for approximately 25% of Kri Kri's exports, constituting the Company's second-largest export destination. The yogurt market in Italy is currently worth €1.5B with the authentic Greek and Greek-style yogurt market amounting to €148M (Nielsen, 2019), and is projected to grow annually by -0.3% (CAGR 2021-2025) (Statista, 2021). It is worth mentioning that in the 2009-2017 period, demand for Greek yogurt in Italy increased by 646%, while in 2018 42% of Greek yogurt exports ended up in Italy (ELGO-DIMITRA, 2018). The ice cream market amounted to €1.9B in 2019 and is expected to grow at a CAGR of -0.1% until 2025 (Statista, 2021).

Germany

The German yogurt market is projected to reach €3.46B in 2021 and is expected to grow annually by 0.6% (CAGR 2021-2025) (Statista, 2021). The Greek and Greek-style yogurt market is worth €162M. The German ice cream market is worth an estimated €5B and is expected to grow at an annual rate of 3.1% until 2023 (Statista, 2021). Supermarkets are by far the largest distribution channel and the market is characterized by price sensitive consumers and domination of Greek-style yogurts.

Competitive Positioning

Kri Kri recently claimed 2nd place in terms of market share in the domestic yogurt market (Figure 12) and ranks 2nd among peers in the ice cream market (excluding PL) from 2018 until today, as far as branded products are concerned (Figure 13). In Greece, Kri Kri is also a leader in the PL yogurt field with approximately 3 out of 4 PL yogurts in Greece being manufactured by Kri Kri. Taking PL sales into consideration, Kri Kri's market share in the yogurt segment reaches 25% (value). The Company has also achieved to improve its average price per Kg in its branded yogurts and close the market share gap between volume and value (Figure 25). However, its prices are still behind the competition's with a price index of 92, where the industry average is 100, leaving room for further adjustments. Overall, Kri Kri is the lowest cost producer of authentic Greek yogurt, something evident from its market share in PL in Greece, which is 70%-80%. Kri Kri's main competitive advantages are its strategic focus on only two highly profitable segments, its advanced production facilities and their proximity to raw milk supplies, its healthy financials, and its highly competent management team. Kri Kri also maintains close and long-lasting relations with key clients and a fragmented supplier base. The Company continues to leverage its recognizability (96%) in the Greek market, with domestic yogurt sales consisting of 65% branded and 35% private label and sales of branded ice cream products representing more than 90% of total. However, with branded products contributing a mere 15% to yogurt exports and PL contributing the remaining 85%, Kri Kri still has room to solidify its position abroad, mainly by converting PL contracts with foreign partners to deals for distributing more branded products without compromising its PL sales.

Competition Overview

The Greek Dairy & Ice Cream industries are highly competitive (Appendix C-3 – Porter's Five Forces Analysis), with individual competitive forces ranging from low (1) to very high (4). Kri Kri's buyers possess high (3) bargaining power and substitute products pose a significant (3) threat to the Company. Still, Kri Kri's position enables it to enjoy high (3) bargaining power against suppliers and a low (1) threat of new entrants (Figure 11). With regards to the overall dairy industry, according to ICAP S.A., Kri Kri along with its five closest competitors – FAGE, Delta (Vivartia), Hellenic Dairies, Dodoni, and MEVGAL – collectively covered approximately 80% of the domestic market in 2017. Kri Kri competes with different companies in each of its key product segments (Appendix C-4 – Competition Overview) and its relative position varies in each segment (Appendix C-5 – Competitive Positioning by Segment), while its performance is decent all around against its main competitors (Appendix C-1: Key Competitiveness Considerations). Kri Kri's low debt and wide margins rank the Company 1st to profitability ratios profitability, 2nd to liquidity ratios, and 1st to solvency ratios among domestic peers (Appendix C-6 – Competition Ratios Analysis). The Company however maintains a higher-than-average cash conversion cycle of 49.43.

Valuation

We issue a BUY recommendation with a target price of €9.06 per share, 36.07% higher than the current price. The target price of €9.06 is the weighted average of a three-stage Discounted Cash Flow, a Comparable Companies Analysis and a Dividend Discount Model (Figure 16).

Valuation Range

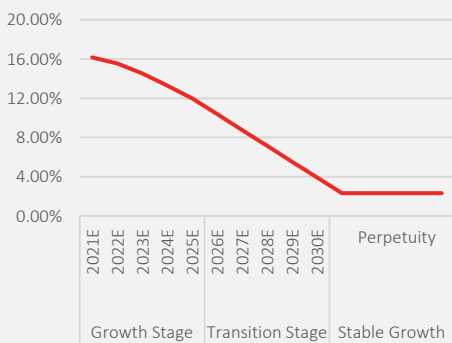
The 3 valuation methods result in a target price of € 9.06. This price is the weighted average of the different valuation methods. We apply 25% weights to both the Comparable Companies Analysis and the Dividend Discount Model and a 50% weight to the Discounted Cash Flow Model. We also performed a rigorous multivariable sensitivity analysis and based on the results, (the 25th and 75th percentiles) we would expect an implied range of €6.26 to €13.16.

Figure 16: Valuation Matrix

Valuation Matrix		
Method	Weighting	Share Price
DCF	50%	€9.74
CCA	25%	€8.66
DDM	25%	€8.11
Target Price		€9.06
Premium to last close		36.07%

Source: Team Analysis

Figure 17: Revenue Growth Rate



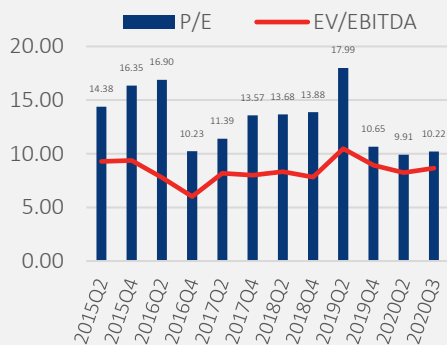
Source: Team Analysis

Figure 18: Comparable Companies Analysis

Ticker	EV/Revenue	EV/EBITDA	P/E	P/B
ALGEM.PA	1.4x	12.3x	29.0x	2.8x
CLII.MI	0.5x	4.7x	8.0x	0.5x
FF.MI	0.7x	5.2x	17.7x	1.5x
TIPK.PA	0.6x	7.8x	15.6x	1.0x
TET.L	4.3x	23.0x	36.2x	-
HOTC.L	2.8x	30.7x	69.8x	-
GL9.I	0.9x	11.5x	12.2x	1.6x
ULVR.L	2.9x	13.0x	18.7x	-
DANO.PA	2.1x	11.8x	16.9x	2.0x
EMMN.S	1.3x	12.2x	23.6x	3.0x
NESN.S	3.9x	17.5x	23.7x	6.3x
KRIR.AT	1.4x	9.7x	10.8x	1.7x
Median	1.4x	12.2x	18.7x	1.8x
Adjusted	1.5x	10.9x	21.5x	1.7x
Implied Prices	6.97	7.44	13.31	6.92
Weightings	25%	25%	25%	25%
Price	8.66 €			

Source: Team Analysis

Figure 19: Historic P/E, EV/EBITDA multiples



Source: Company Data, Team Analysis

Discounted Cash Flow (DCF)

We used a **three-stage Discounted Cash Flow model (high growth, transition, stable)**. We believe that a three-stage model is appropriate because the Company will continue its accelerated growth path (more than 10% increase in revenues) until 2025, in line with Management's projections and team analysis estimates. Also, there are high barriers to entry in the industry that the Company operates ([Appendix C-3 – Porter's Five Forces Analysis](#)). Therefore, the threat that new competitors will hinder the Company's expansion prospects is relatively low. For the high growth period (FY21-FY25), all the projections are derived from a detailed bottom-up analysis. We relied on the Company's historical figures, on Management's guidance, and on our own estimates. For the transition period (FY26-FY30), we decelerated the revenue growth rate to meet the long-term growth rate of 1.96%, which is applicable after FY30. With a top-down analysis, we extrapolated the figures for each component of the DCF assuming a 2-year average for each one of them. For example, we calculated CAPEX as percentage of revenue using the two-year average (FY24 -FY25). The implied price from the DCF is €9.74, a 46.2% premium from the current price, and reveals that the Company is currently undervalued. We also performed a rigorous multivariable sensitivity analysis testing the two most important inputs of our DCF model, the WACC and the long-term growth rate. Based on the results, we would expect an implied price range of €8.65 to €11.30 from DCF. The most important factors of our model are analyzed below ([Appendix D-2 – Discounted Cash Flow Model](#)).

Weighted Average Cost of Capital (WACC)

In our valuation, we computed a WACC of 7.84%. This is based on a cost of equity of 8.15% and an after-tax cost of debt of 1.88%. The 10-year Greek bond was considered the most appropriate for the WACC estimation as Kri Kri draws all capital sources (common stock, bonds and loans) from banks in Greece and the Athens Stock Exchange (ATHEX). The average annual yield of the 10-year Greek bond is 1.5% for 2020 (European Commission, 2020). The Greek market risk premium is assumed to be 11.84% and the levered Company beta 0.561 based on KRIR.AT return versus ATHEX Composite Index (2Y weekly). The effective interest rate of Kri Kri is 2.47% and the marginal tax rate for the Greek companies is 24% ([Appendix D-1 – Weighted Average Cost of Capital](#)).

	Rate	Assumption
Risk-free rate	1.5%	Based on European Commission's report
Beta	0.561	Based on cov. of Kri Kri's return and ATHEX GI
Market Risk Premium (Greece)	11.84%	Based on NYU Stern
Cost of Equity	8.15%	Calculated via CAPM
Effective Interest rate	2.47%	Company's 9Mo. 2020 effective interest rate
Marginal Tax Rate	24.00%	Company's 2020 marginal tax rate
Cost of Debt (after tax)	1.88%	
Eq/(Eq+D)	95%	In market values
D/(Eq+D)	5%	In market values
WACC	7.84%	

Terminal Growth Rate

We assumed a terminal growth rate of 1.96%. The terminal growth rate is the weighted average of the historical food inflation rate and the population growth of the United Kingdom (UK), Greece and the European Union (EU 27). The weights reflect the geographic distribution of the revenue composition in 2025. The food inflation was given a 90% weight compared to a 10% weight that was given to the population growth ([Appendix D-5 – Perpetuity Growth Rate](#)).

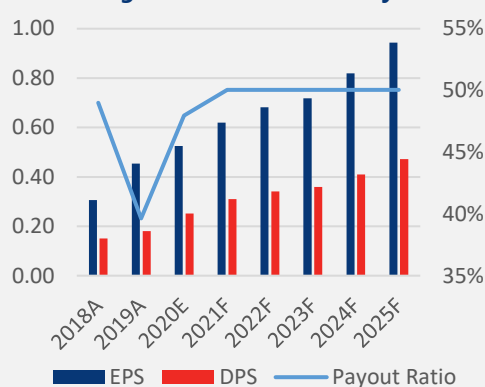
Terminal Value

The terminal value was calculated with the perpetuity growth model. We used the final Free Cash Flow to the Firm of €21.8M of FY30. The terminal value amounted to a total of €344M and its present value is €153.8M.

Comparable Companies Analysis (CCA)

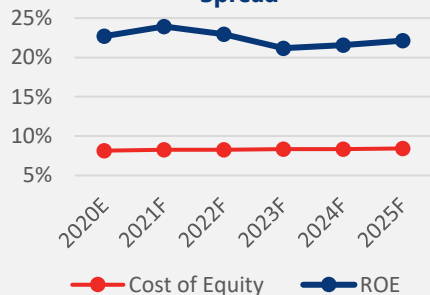
In order to perform an accurate market-based valuation, **we applied the weighted median of the food processing sector companies and the large dairy companies in Europe**. For the food processing sector, we selected European companies of a particular revenue range (€100M - €200M) that was relatively proximate to that of Kri Kri. We also included the large dairy companies, which are also operating in Greece, as their valuation multiples more accurately reflect the risks and opportunities of the dairy industry. Given the Company's cash flows, growth potential, and risks, we considered that a 0.6 coefficient on the food processing sector and a 0.4 on the large dairy companies yield appropriate multipliers for Kri Kri. The multiples analysis resulted in a relative valuation of €8.66 per share, derived from adjusted 1 year forward median of **1.5x EV/Revenue, 10.9x EV/EBITDA, 21.5x P/E and 1.7x P/B ratios, using a 0.25 weight on each** (Figure 18). We conclude that Kri Kri's share is undervalued with a 30% premium to the current trading price (Figure 19) ([Appendix D-3 – Comparable Companies Analysis](#)).

Figure 20: Dividend Policy



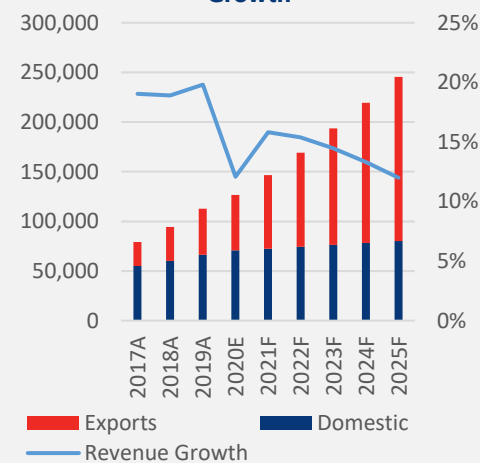
Source: Company Data, Team Analysis

Figure 21: ROE - Cost of Equity Spread



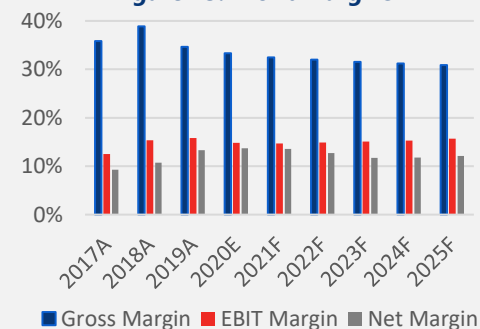
Source: Refinitiv, NYU Stern

Figure 22: Sales Mix and YoY Growth



Source: Company Data, Team Analysis

Figure 23: Profit Margins



Source: Company Data, Team Analysis

Dividend Discount Model (DDM)

The DDM yields a €8.11 share price, a 21.77% upside from the current price. Kri Kri's sustainable growth and strong financial performance in recent years result in steady capital flows that allow the Company to maintain a high payout ratio over the years. This, in turn, leads to a high ROE that easily outreaches the cost of equity (22.14% vs 8.43% for FY25) (Figure 21). The Company is expected to have an average ROE - COE spread of 14.12% for the 2020-2025 period. A multi-period DDM is used, in a similar fashion to our DCF analysis. **We project the future dividends using a steady payout ratio of 50.05% which is a 2015-2018 average (Figure 20).** We did not consider the relatively low payout ratio (39.64%) of FY19 as representative because it is related to the negative cash flows mainly attributed to the ongoing investment plan and its associated expenditures (-0.71% FCF yield). Thus, shortly after the CAPEX program is completed, the increased production capacity of Kri Kri will enable it to increase its sales and its FCF will turn positive again (Kri Kri will have an average 8.23% FCF yield for FY21-FY25). Since the Company is currently in its growth phase, and it is expected to keep that pace mid-term, after our main projection years (2021-2025), we use a 5Y "normalization" period where gradually the EPS YoY growth declines before entering the perpetuity. **The long-term growth rate for the calculation of the terminal value is the same as in the DCF model.** Moreover, this payout ratio is able to fulfill Kri Kri's target of a dividend yield of at least 3% (Appendix D-4 – Dividend Discount Model).

Financial Analysis

Revenue Growth

Kri Kri has displayed consistent double-digit growth rates. In fact, during the last 3 fiscal years, the Company sustained a solid CAGR performance of 19.36% (Figure 22), fueled primarily by its expansion in European markets and its solidification in the domestic market. Exports have been the key driver of sales performance and the growth trend is expected to continue mid-term. By 2021, exports are expected to be more than 50% of the Company's annual turnover. Kri Kri's exports are mostly composed of the yogurt segment, with the Company utilizing primarily PL products (105 SKUs vs 55 SKUs of branded) to penetrate the European markets and capitalize on the global Greek yogurt trend. The Company's two major export countries, UK and Italy are expected to generate in 2020 revenues of €22.8M and €13.9M respectively.

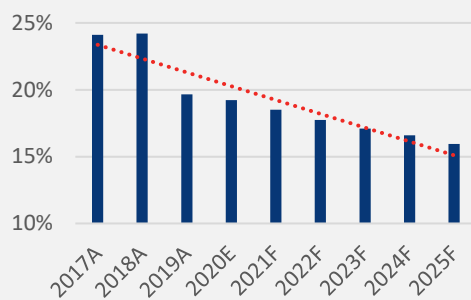
COVID-19 Impact

The previous year, 2020, was a disruptive year for the global economy and for Kri Kri as well. The lockdown implemented by most nations forced people to stay at home. As a result, the tourism industry was heavily impacted while at-home consumption increased. The ice cream segment is more vulnerable to the measures imposed as a response to the pandemic as it is highly seasonal and dependent on the tourism industry. **We estimate an overall decline of 8.55% for Kri Kri's ice cream segment, with exports being more heavily affected with a steep decline of 23.75%.** In Greece, the increased at-home consumption seems to mitigate the effects of the COVID-19 pandemic with ice cream sales via the super-market channel and "take away" points of sale. The yogurt segment seems resilient as it is considered a rather basic food, and benefits from the increased at-home consumption. **Yogurt sales in Greece are expected to increase in 2020 by more than 10% while yogurt exports will exceed the €50M mark, an annual increase of 26.40%.**

Future prospects

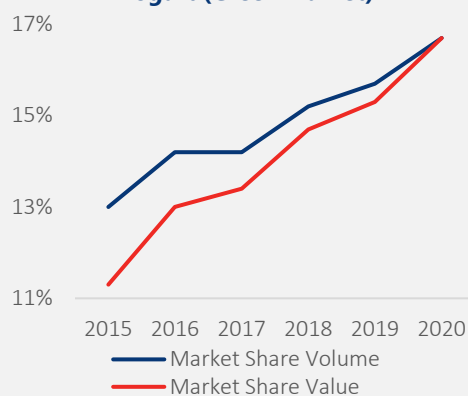
After achieving healthy organic growth in the last 3 years with a CAGR of 9.71%, regarding the Greek market, Kri Kri seems to have reached a substantial position in both of its segments. The overall market is quite fragmented and the competitors are well established. We expect that Kri Kri's **yogurt segment in Greece will expand at a CAGR of 2.51% for the FY21-FY25, with growth driven mainly by its improvement in terms of value (Figure 25).** The improvement in value is in line with one of the Company's mid-term targets regarding its sales performance, as we project that Kri Kri will be able to move closer to the industry's average yogurt price by 2025 (Kri Kri had prices of 91 for FY19, lower than the price index's average of 100). Growth in **the ice cream segment - after a 3.49% increase in 2021** recovers most of its losses attributed to the pandemic - will start to decline and will maintain a **CAGR of 2.70% for the examined period**, as market share expansion opportunities for Kri Kri diminish. However, further setbacks on the tourism industry because of COVID-19 could have additional adverse effects on this segment. On the other hand, exports will continue to outpace the domestic market as the Company continues to expand in the European market. The recent partnership with Aldi Austria could also gain the Company broader access to Germany's yogurt market (€168M). **Yogurt will continue to be the Company's main export segment having a CAGR of 22.62% vs 18.48% for the ice cream exports for the same period (2021-2025).** Apart from the well-established Greek yogurt, Kri Kri is trying to further boost its sales, by using its expertise to develop new Greek-style strained yogurts to tap the mid-price segment in Europe, as well as innovative and healthier products to capitalize on profitable niches (e.g. "Super Spoon", lactose-free, infant yogurts, frozen yogurt, etc.). Even though exports in the following years are expected to continue the past trend, growth will start to decline slightly each year as the Company moves to a more stable phase. The UK and

Figure 24: Distribution and Administration Expenses as % of Revenue



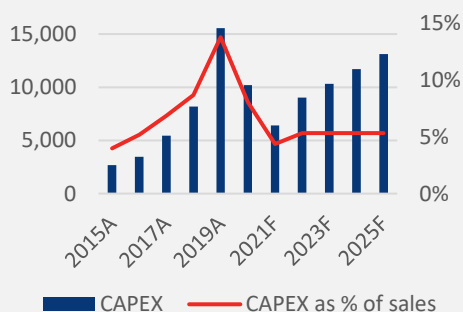
Source: Company Data, Team Analysis

Figure 25: Market Share in Yogurt (Greek Market)



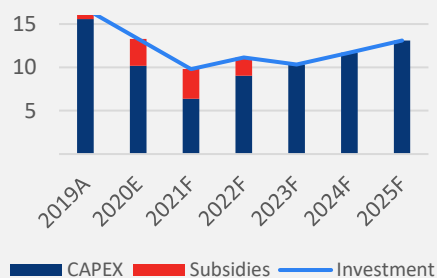
Source: Company Data, Team Analysis

Figure 26: CAPEX (in € '000s) and CAPEX as % of sales



Source: Company Data, Team Analysis

Figure 27: CAPEX and Subsidies Mix (€M)



Source: Company Data, Team Analysis

Italy, Kri Kri's main export countries are expected to facilitate exports of €44M and €27M respectively by 2025. Regarding the rest of the revenue (e.g., sales of fresh milk and the upcoming biogas station), after an unexpected increase in FY20, we expect that in the long-term these sources of income will remain at the same levels as in the past as a fraction of total revenue, which corresponds to 0.28% of the annual turnover. All in all, we believe that the Company will satisfy its target for double-digit growth for the following years by achieving an **aggregate CAGR of 14.19% over the 2021-2025 period** (Appendix E-3 – Sales Breakdown).

Margins

Ice cream and yogurt are dairy products that enjoy high-profit margins and for this reason, Kri Kri stays focused on these two segments. This persistence constitutes the core of the Company's sales performance and profitability. The Company had achieved an **average gross margin of 36.47% during the last three years** and it is expected to have a **mean gross margin of 31.91% for the 2020-2025 period** (Figure 23). This contraction in gross margin is attributed to the change in the sales mix, as the less profitable yogurt outpaces ice cream's sales performance. However, figures are improved moving on to the operating margin. The Company's recent investments have enabled a better cost basis. Moreover, **economies of scale emerge** as sales increase, driving down the distribution and administration costs as % of revenue (Figure 24). In particular, these other expenses of the distribution costs are declining steadily by 50 bp p.a., while the same expenses attributed to the administration costs are declining by 5 bp p.a. (expressed as % of revenue in both cases). Depreciation and retirement obligations are expected to rise mildly reflecting the expansion of the Company, while the inclusion of the new biogas facility will also help the Company bridle further its costs. These cost reductions will enable Kri Kri to achieve its target of an **EBITDA margin above 17.5%** while we expect an **EBIT margin of 14.8% on average (2020-2025)**. Research & Development costs are expected to grow in line with revenue as the Company continues to invest in product innovation. The net earnings margins will be higher than historical numbers until 2022, because of the tax reliefs resulted from the Company's recent investment program while after that, the **net profit margin** is expected to remain **above 11%**. It should be underscored that Kri Kri outperforms its domestic competitors in terms of relative profitability by having the highest profit margins in the industry (Hellenic Dairies has a mere net margin of 5% for FY19 and ranks 2nd in the industry in terms of net profit margin).

Capital Expenditures (CAPEX)

Kri Kri's current, 3-year CAPEX program of €27M is expected to be completed by the end of FY21. By this time, the Company will have achieved a capacity utilization rate of 65%. This investment also involves, among others, a €4.5M biogas unit that will reduce both CO₂ emissions and costs. The whole program is co-funded by the state, under the NSRF, in the form of tax relief equal to 35% of the total amount. This results in a €9.8M tax exemption for FY19-FY22. As sales ramp up in the upcoming years, we have projected that Kri Kri will have to further invest in tangible assets (the Company needs an additional €8M and €7M CAPEX to facilitate a 40% and 30% increase in ice-cream and yogurt sales, accordingly) and will maintain a steady CAPEX/sales ratio of 5.35% (Figure 26). The Company will fund those investments mainly through its own resources. Kri Kri's annual maintenance CAPEX are estimated at €1.5M - €2M. We noticed that the CAPEX-derived disruptions in the Company's FS (i.e. rapid increase in tangible asset, cash flow shortage, etc.) are also implemented in the Company's F-Score (Appendix E-7 – Piotroski F-Score Analysis).

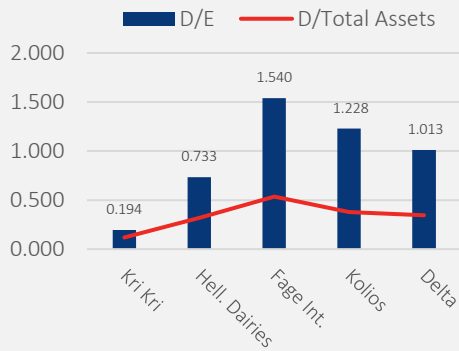
Cash Flow Generation

The Company has had stable and reliable historical cash flow generation driven by its operational activities a trend that is expected to continue. **For FY16-FY19, the Company generated more than €54M aggregate cash flows from operating activities.** The projected stable overall revenue growth along with the **high EBITDA margins** that the Company enjoys will have a **positive impact on the future cash flows.** Moreover, changes in working capital driven by lower trade payables due to the different allocation of sales (foreign companies tend to have a trade receivables ratio of 60 compared to a trade payable ratio of 100 of domestic companies) will further boost the operating cash flows. For FY19 the Company has had a FCF yield of -0.632%, reflecting the cost of the CAPEX program, versus a 6.062% for FY18 and an average future yield of 8.23% (FY21 – FY25). The Company is also expected to benefit from the tax exemptions that will receive under the Greek development law (€3.4M and €2.1M for FY21 and FY22 respectively). All the above will enable the Company to accumulate **total FCF of €87.4M for FY21-FY25.** The lower outflows for investing activities (as a percentage of revenue) will enable the Company to provide a high dividend payout ratio of 50.05% for the next 4 years, while also allowing it to fund its shares buyback program, without accumulating substantial debt.

Capital Structure

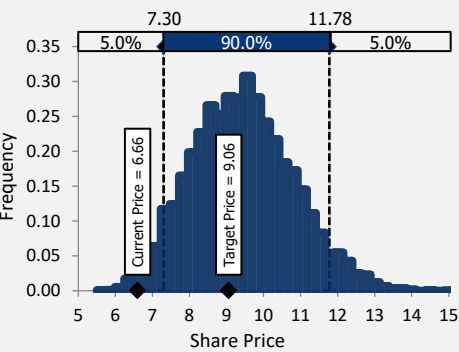
Kri Kri maintains a low debt/equity ratio as it aims to finance its investment activities from its operating cash flow and cash reserves. The underleveraged capital structure (**D/Eq=8.65% in BV and 5.22% in MV-first three quarters of FY20**) of Kri Kri indicates a financially independent Company with prospects for further expansion. Kri Kri seems to have the lowest solvency ratio among its main Greek competitors for

Figure 28: Solvency Ratios FY 2019



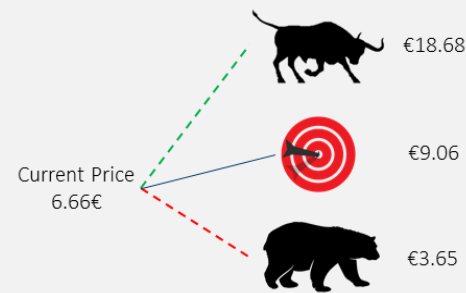
Source: Companies' Data, Team Analysis

Figure 29: Monte Carlo Simulation



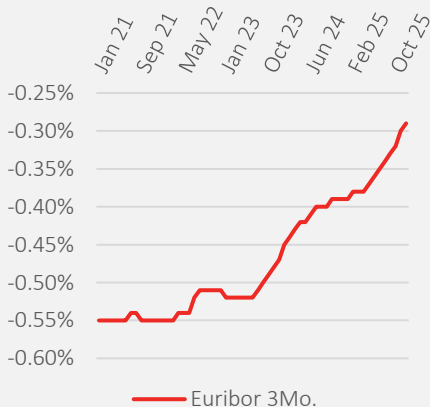
Source: Team Analysis

Figure 30: Scenario Analysis



Source: Team Analysis

Figure 31: Euribor 3Mo. projections



Source: Chatham Financial

FY19 (Figure 28) and a significantly higher interest coverage ratio of 40.95 for FY19 and 47.11 for FY20E. The company borrows from banks, in the current and in the forecasted period, in euro at a floating rate of around 2% based on Euribor 3Mo. Kri Kri doesn't hedge its position, as the Euribor 3Mo. is expected to remain stable at -0.53% until 2022 and rise slightly by 0.3% until 2025 (Figure 31). A sudden 1% increase in the interest rates would not significantly affect the EBT for FY20E (approximately -60,000€). The bond loan from its shareholders is in euro and has a flat rate of 3%. The leasing obligations projected are in euro at a flat rate of 4.5%, the same as the current interest rate.

DuPont Analysis

Our DuPont Analysis revealed that Kri Kri will be able to improve its overall equity explained by the reduced Tax Burden, which will drop by 7.89% in FY22 and 9.63% in FY23, accordingly, as the Company will no longer be able to utilize the tax relief provided by the FY19-FY21 CAPEX program. Also, we found that Kri Kri will be able to lower its financial leverage by 9.09% from FY19 to FY25, with no significant effects on its profitability (Appendix E-1 – DuPont Analysis).

Risks to Target Price

Monte Carlo Simulation

Since the DCF lies in the pith of our valuation, we wanted to further understand its sensitivity to variations in our adopted assumptions. Therefore, we ran a Monte Carlo Simulation using as inputs the main inputs of the DCF model (e.g. WACC, terminal growth rate, sales growth, taxes, WC, etc.) (Figure 29). The results render a **95.30% potential** of obtaining a price well above 10% the current one, signaling a **BUY** and only a **0.10% probability** of the stock downgraded to a **SELL**. After 10,000 iterations, we concluded that the most sensitive variables in our model are the EBIT margin and the WACC, followed by CAPEX, which was expected given the way that DCF works and the growth phase in which Kri Kri currently is.

Scenario Analysis

Apart from our base analysis, two different scenarios for the same variables to Monte Carlo were projected to secure robustness in our analysis. We stretched the inputs by 15% on either side of our base scenario to see how these alterations affect our target price. With that in mind, a target price of up to **€18.68** would be possible according to the **BULL** scenario, while the target price could fall to **€3.65** based on the **BEAR** scenario and its assumptions (Figure 30). This large deviation is attributed to the model's sensitivity to specific variables. However, these figures are rather unlikely to materialize, as it is shown by the Monte Carlo simulation since this requires the simultaneous movement of every variable in the same direction (Appendix E-4 – Risks to Target Price).

Treasury Shares Buyback

All the aforementioned are based on the assumption that the Company will complete its Treasury Shares Buyback program that will end in July 2022 and will acquire 1.48M of its own shares. The Company commenced the program in October 2020. However, we also run an analysis assuming that the Company will abandon the program and taking into account that it has already acquired 24,462 shares; our models would yield a weighted target price of **€8.97** for the 3 valuation methods almost the same as our current projections of **€9.06** (Appendix E-8 – Treasury Shares Buyback).

Investment Risks

Market Risks: Foreign Currency Risk (MR1)

The Company is vulnerable to risk related to foreign currency fluctuations. Specifically, in the first 9 months of FY20, 18% of the Company's total revenues derived from the United Kingdom (UK). In FY19, a -5% change in the GBP/EUR would affect the EBT by -175,023€, and for FY20, the effect is estimated at -200,000€. To offset the risk, Kri Kri uses derivative products.

Market Risks: Interest Rate Risk (MR2)

Most of the Company's bond loans have floating interest rates based on Euribor 3Mo., exposing the Company to cash flow risks. For the forecasted period, the Euribor 3Mo. is projected to rise slightly, by 0.3% (Figure 27). In FY19, a 1% increase in the interest rates would affect the EBT by -67,725€ and for FY20 by approximately -60,000€. Kri Kri is not directly impacted by the interest rate fluctuations as there are not adequate interest-bearing assets on its balance sheet and it maintains a low portion of debt.

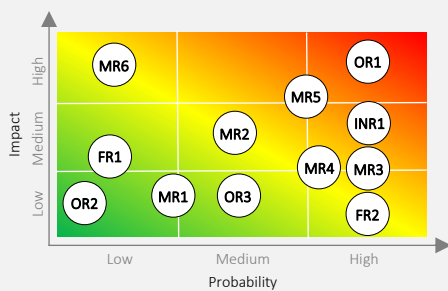
Market Risks: Raw Materials Prices Risk (MR3)

Kri Kri's income is susceptible to the risk of sudden changes in raw material prices due to the inability to roll the cost in sales prices immediately. To mitigate the risk, Kri Kri signs long-term contracts with suppliers to set the prices (operating hedging).

Market Risks: Raw Materials Supply Risk (MR4)

Considering its imminent production growth, the Company will need greater quantities of raw materials. Kri Kri currently procures raw milk from the broader region of Macedonia, Greece, but may need to expand its current supply if Macedonia's supply is not sufficient.

Figure 32: Investment Risk Matrix



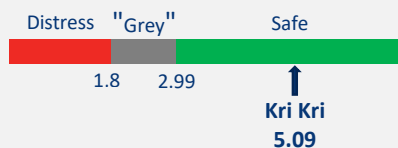
Source: Team Analysis

Figure 33: Kri Kri Risk Mitigation

Risk	Mitigation
Foreign Currency Risk	Hedging with options and futures Small quantity of interest-bearing assets and low portion of debt
Interest Rate Risk	Operating hedging Geographic expansion of suppliers
Raw material prices risk	Entrance in new markets
Raw material supply risk	Proactive actions on any case scenario
Ice-cream consumption slowdown	Diversified wholesale customers
Brexit	Adequate amount of cash reserves and credit lines from banks
Credit Risk	Strong financial position
Liquidity Risk	Projected bullish stock trend
COVID-19	Management and ownership by main shareholders
Dividend Payments	Defensive strategic plan
Governance Risk	
Competition Risk	

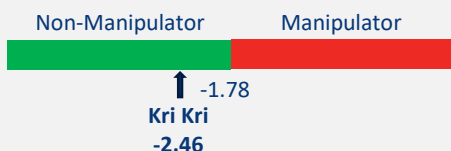
Source: Team Analysis

Figure 34: Altman Z-Score



Source: Team Analysis

Figure 35: Beneish M-Score



Source: Company Data, Team Analysis

Market Risks: Ice-cream Consumption Slowdown (MR5)

A significant portion of Kri Kri’s business is related to the ice cream segment which is characterized by seasonality. Specifically, **ice cream is mostly consumed in the summer months** and it is related to the influx of tourists. For the first 9 months of 2020, the Company experienced a **4.1% decrease in the sales of ice cream** attributed to the lower number of tourists due to COVID-19 pandemic.

Market Risks: Brexit (MR6)

The Brexit agreement came into force on January 1st, 2021. It declares **no additional duties and tariff quotas** on imports and exports between the EU and the United Kingdom, but **food and beverage trade controls will be stricter**. Consequently, there are concerns about the **long wait in the customs offices** which may affix extra costs or damages to the products.

Financial Risks: Credit Risk (FR1)

Kri Kri recently signed an agreement with Aldi Austria to expand its establishment abroad. Collaborations with key retailers are a common strategy for the Company, but the danger of a breach in the agreements is possible. Two years ago, Kri Kri had to write off approximately €2.5M from its balance sheet for Marinopoulos S.A.. To prevent the default of wholesale sales, clients are diversified and, when possible, personal guarantees are received. The Company also ensures the transactions with **contracts covering credit losses** (up to 90% for local customers and up to 95% for foreign customers). Kri Kri’s strong performance in the Z-Score, further validates its healthy financial risk management since its score well above the 2.99 threshold. For FY20 – FY25 the Company has an average score of 4.87 (Figure 34, Appendix E-6 – Altman Z-Score Analysis).

Financial Risks: Liquidity Risk (FR2)

The shares buyback program and the annual need in working capital augmented the liquidity requirements. To cover any liquidity needs, the Company keeps an adequate amount of cash and cash equivalents as well as credit lines from banks.

Operational Risks: COVID-19 (OR1)

The **COVID-19 pandemic** caused a brunt to the Greek economy and uncertainty for the macroeconomic environment. The imposition of **local quarantine on employees** may suspend the factory’s operation. The increasing number of bouts may also provoke **transportation difficulties** mainly in Italy and the UK, the core export countries (25% and 50% of exports respectively). Nonetheless, **the healthy financial thesis of the Company and its sound outlook**, will help ride out the pandemic’s consequences.

Operational Risks: Dividend Payments (OR2)

Kri Kri aims to maintain a **dividend yield over 3%**. While this strategy may attract more investors, who have an appetite for Companies that pay high dividends, it might be proved unsustainable in the long-term and thus cause some investors to lose their interest in the Company.

Operational Risks: Governance Risk (OR3)

The Company’s Management team is composed of experienced and highly qualified staff. Also, part of the **Management and the ownership of the Company is held by the main shareholders**. Consequently, a conflict could unbalance the unhindered and productive cooperation between Management and the executive team. Daily altercation and tensions may disturb the orderly operations of the Company.

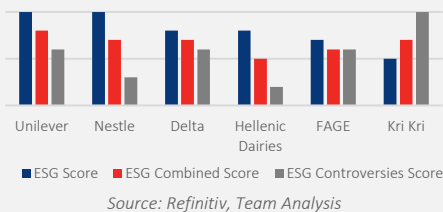
Industry Risks: Competition Risk (INR1)

The dairy sector has high growth prospects for the next years, indicating an **attractive target for newcomers**. Some of the main Greek market competitors have adopted a more aggressive policy, lower prices and bigger shelf storage on shops. Furthermore, Kri Kri’s strategic plan focuses on **new markets providing innovative products**. This strategic plan may be difficult to achieve because of barriers to entry that the Company will probably face.

Environmental, Social, and Governance (ESG)

In order to accurately determine Kri Kri’s position against its peers regarding the management of ESG factors, we conducted a **holistic evaluation of each Company’s’ ESG practices**. The group of peer companies that were selected includes two multinational enterprises that constitute Kri Kri’s main ice cream competitors and three Greek companies that constitute its top yogurt competitors. Our evaluation methodology is based on the updated Refinitiv ESG Report framework and uses a series of criteria that correspond to each of the three ESG Pillars and are designed to measure a Company’s adherence to ESG benchmark practices. Each Company’s performance is reflected by a score (Appendix F-1: ESG Evaluation Scoring Scale) that is assigned to each ESG Pillar and by an **ESG Controversies Score** that measures the Company’s exposure to environmental, social and governance controversies and negative events reflected in global or local media. The weighted average of the three ESG Pillars score represents the Company’s **ESG Score**, while the average of the ESG Score and the ESG Controversies Score represents the Company’s

Figure 36: ESG Score and ESG Combined Score Comparison



ESG Combined Score. Our analysis determined that Kri Kri ranks last (6th) among peers in terms of ESG Score, 2nd in terms of ESG Combined Score, and 1st in terms of ESG Controversies Score (Figure 36). The Company also scores below average in all three of the ESG Pillars, but manages a considerably higher ESG Controversies Score than peers (Figure 37).

Environmental Evaluation

Kri Kri has made considerable commitments in recent years towards improving its environmental footprint, but still lags behind the competition in all three Environmental Pillars (Figure 38). The Company complies with all relevant legislation in its core business, as well as in its supplier selection process, assuring that environmental and ethical standards are always held (ISO 14001: 2015). With regards to resource use, Kri Kri is already implementing a **plastic reduction policy** for product packaging and aims at expanding the policy in other aspects of its activity, such as consumable products. It appears that the Company **does not publish concrete resource reduction targets**, though during the past two years it managed to reduce its CO₂-eq emissions and save significant quantities of water and electricity by recycling cardboard leftovers from its production facilities. Recycling is also a prevalent policy for Kri Kri in waste management, as 97% of all waste generated from its production processes is either recycled or used for material and energy recovery. In an effort to reduce its CO₂ emissions by 800 tons per year, the Company is currently developing a **€4.5M biogas production facility** that will 1) reduce the usage of natural resources by recycling, recovering, and reusing products or by-products from its production facility, 2) produce enough renewable electric energy to power 2,000 households annually by utilizing production waste, and 3) save more than 80,000 liters of fuel. Kri Kri falls especially short of competitors on environmental innovation, since certain international (i.e. Nestle, Unilever) and domestic peers (i.e. Hellenic Dairies, Delta Foods) have been introducing environmental innovations on a longer-term basis (Appendix F-2: Environmental Evaluation).

Social Evaluation

Kri Kri actively seeks to make a positive impact to society through numerous local and Company-wide initiatives, however, it fails to score higher than most of its competitors mainly due to the smaller scale of its Corporate Social Responsibility (CSR) program and the lack of adequate diversity and representation from minority groups within the Company (Figure 39). Kri Kri encourages the presence of women in roles – wherever possible – though no gender quotas are in place and the latest figures suggest that **women constitute only 18%** of Kri Kri's workforce, while **no women are members of the Board of Directors (BoD)**. Still, the Company is seen as a responsible employer, providing benefits and decent working conditions, along with advanced health and safety measures for industrial roles (ISO 45001: 2018). Some notable social contribution initiatives of Kri Kri have been a) the provision of medical equipment for the treatment of COVID-19 to AHEPA hospital, b) donations of 200,000 portions of its products to vulnerable social groups, and c) the initiation of a 2-year program with the Aristotle University of Thessaloniki for the training of local producers. Nevertheless, **Kri Kri is not as committed to social impact as some of its peers** such as Delta Foods and Hellenic Dairies, whose CSR programs are more structured and far-reaching (Appendix F-4: Social Evaluation).

Governance Evaluation

Although the Company seems constantly engaged with improving most aspects of its governance (e.g. Succession Planning, Crisis Management Systems), it **lacks in the areas of management and CSR Strategy** (Figure 40). Kri Kri's Management Score is hampered by the lack of certain specialized policies (e.g. Policy Executive Compensation ESG Performance, Policy Board Diversity) and BoD composition criteria (e.g. CEO-Chairman Separation) that most competitors fulfill, while the CSR Strategy Score takes a hit from Kri Kri's lack of official CSR Sustainability Reports and international treaty (e.g. UNPRI) signings. On the other hand, Kri Kri being one of the few public Greek dairy companies, scores better than peers in the Shareholders pillar, with its more advanced voting processes. (Appendix F-5: Governance Evaluation).

ESG Controversies Evaluation

Throughout its operation, **Kri Kri has not been involved in any publicly-known controversies** that negatively reflect on its ESG Controversies Score and thus ranks higher than peers (Appendix F-3: ESG Controversies Evaluation), while also enjoying a significant boost in its ESG Combined Score. In 2007, Kri Kri along with 17 other top dairy and supermarket companies were referred to the plenary session of the Hellenic Competition Commission for allegedly fixing milk prices in Greece against the interests of consumers. Kri Kri was found innocent, however other companies, namely **Vivartia (Delta Foods), FAGE, MEVGAL and Olympus (Hellenic Dairies) were charged guilty for colluding with one another in order to force milk producers to lower their selling prices**, in what was named the "milk cartel". Hellenic Dairies, Nestle and Unilever have been involved in a series of other scandals as well. We also conducted a Beneish M-Score analysis to test the credibility of the Company's FS. The Company has scored a -2.15 for FY19, well below the cutoff line of -1.78 that would indicate that the earnings are likely to be manipulated, and is therefore considered a non-manipulator. (Figure 35) (Appendix E-5 – Beneish M-Score Analysis).

Figure 37: ESG Combined Score

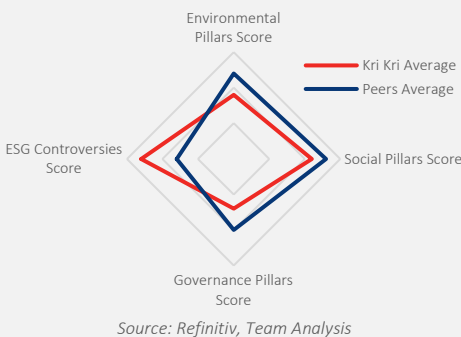


Figure 38: Environmental Evaluation Snapshot

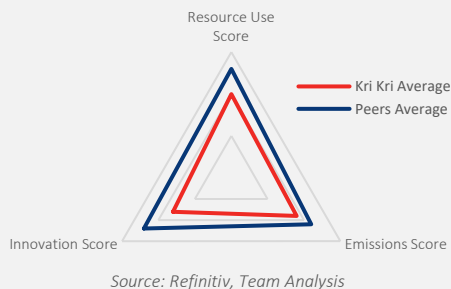


Figure 39: Social Evaluation Snapshot

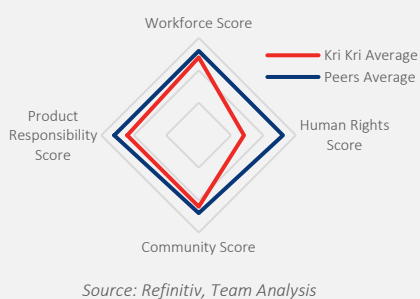


Figure 40: Governance Evaluation Snapshot

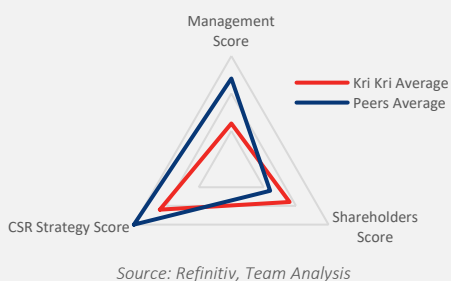


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List of Abbreviations

ABBREVIATION	FULL TERM	ABBREVIATION	FULL TERM
1YF	One year forward	EV	Enterprise Value
Av.	Average	F&B	Food and Beverage
B	Book Value of Assets	FS	Financial Statements
B2B	Business-to-Business	FY	Fiscal Year
BoD	Board of Directors	GDP	Gross Domestic Product
Bp	Basis Points	M	Millions
BV	Book Value	M&A	Mergers & Acquisitions
CAGR	Compound Annual Growth Rate	Mo.	Months
CCA	Comparable Companies Analysis	MV	Market Value
CEO	Chief Executive Officer	NSRF	National Strategic Reference Framework
CO ₂	Carbon Dioxide	NYU	New York University
COE	Cost of Equity	P	Stock Price
COGS	Cost of Goods Sold	p.a.	Per annum
Cov.	Covariance	P/E	Price-to-Earnings Ratio
CSR	Corporate Social Responsibility	PGI	Protected Geographical Indication
D	Debt	PL	Private Label
DCF	Discounted Cash Flow	PP&E	Property, Plants & Equipment
DPS	Dividend per Share	ROA	Return on Assets
E	Earnings	ROCE	Return on Capital Employed
EBT	Earnings Before Taxes	ROE	Return on Equity
EPS	Earnings per Share	SG&A	Selling, General & Administrative Expenses
Eq	Equity	WACC	Weighted Average Cost of Capital
EU	European Union	WC	Working Capital

Appendix A: Financials

Appendix A-1

Income Statement

Income Statement (€ '000s)	Historical					Projected					
	2015A	2016A	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Revenue	66,951	66,570	79,246	94,234	112,903	126,535	146,552	169,082	193,561	219,317	245,626
Cost of Goods Sold	-44,579	-40,826	-50,832	-57,571	-73,801	-84,325	-98,967	-114,984	-132,468	-150,921	-169,789
Gross Profit	22,371	25,744	28,414	36,663	39,102	42,210	47,585	54,098	61,093	68,397	75,837
Distribution expenses	-16,090	-15,418	-16,445	-19,843	-19,026	-21,340	-23,631	-26,180	-28,742	-31,325	-33,512
Administration expenses	-2,200	-2,599	-2,656	-2,961	-3,175	-2,970	-3,301	-3,702	-4,120	-4,579	-4,976
R&D expenses	-97	-134	-162	-209	-248	-259	-298	-343	-392	-451	-503
Other	880	1,279	778	826	1,182	1,098	1,168	1,263	1,381	1,490	1,606
Total Expenses	-17,506	-16,871	-18,484	-22,187	-21,267	-23,471	-26,063	-28,962	-31,874	-34,865	-37,385
EBIT	4,865	8,873	9,931	14,477	17,835	18,740	21,522	25,136	29,219	33,531	38,452
Financial Inco. (net)	-570	-711	-40	-237	-265	-241	-184	-11	56	30	106
Earnings Before Taxes	4,295	8,162	9,891	14,240	17,570	18,499	21,338	25,125	29,275	33,562	38,559
Income tax	-452	-1,925	-2,554	-4,118	-2,554	-1,166	-1,484	-3,593	-6,602	-7,703	-8,767
Net Earnings	3,843	6,236	7,337	10,122	15,015	17,333	19,854	21,532	22,673	25,859	29,792
EPS	0.1162	0.1886	0.2219	0.3061	0.4541	0.5245	0.6192	0.6819	0.7180	0.8189	0.9434
DPS	0.06	0.09	0.115	0.15	0.18	0.25	0.31	0.34	0.36	0.41	0.47
Shares Outstanding	33,065,136	33,065,136	33,065,136	33,065,136	33,065,136	33,044,254	32,066,221	31,577,205	31,577,205	31,577,205	31,577,205
Other financial data											
EBITDA	7,311	10,990	12,450	17,292	21,120	22,308	25,231	29,338	34,046	38,745	44,304
Margin	10.92%	16.51%	15.71%	18.35%	18.71%	17.63%	17.22%	17.35%	17.59%	17.67%	18.04%

Appendix A-2

Balance Sheet

Balance Sheet (€ '000s)	Historical					Projected					
	2015A	2016A	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Assets											
Current Assets											
Inventories	6,876	7,377	8,523	8,765	10,346	12,041	12,975	15,075	17,368	19,787	22,261
Trade and other receivables	18,991	21,932	22,146	20,934	26,245	26,806	30,926	35,541	40,527	45,740	51,025
Cash and cash equivalents	5,456	6,840	10,142	14,278	10,917	12,684	14,674	20,045	24,868	30,574	32,923
Other current assets	223		560		1,279	1,606	1,386	0	0	0	0
Long-term Assets											
Tangible assets	37,333	37,814	40,255	45,224	57,419	63,948	66,469	71,297	77,058	83,772	91,416
Intangible assets	594	632	618	552	1,059	827	858	937	928	823	837
Other non-current assets	236	1,725	176	259	74	131	405	436	289	271	226
Total Assets	69,709	76,321	82,419	90,013	107,339	118,042	127,693	143,331	161,037	180,852	198,625
Liabilities											
Current liabilities											
Short-term borrowings & leasing	3,423	1,814	6,200	1,200	2,431	1,174	5,385	2,420	4,726	2,208	4,221
Trade and other payables	13,873	10,544	11,700	11,849	18,113	20,212	24,006	27,891	32,132	36,608	41,185
Other current liabilities	300	733	0	2,388	0	0	0	213	2,664	3,188	3,580
Long-term liabilities											
Long-term borrowings & leasing	7,755	7,253	4,200	8,000	10,384	10,192	5,007	8,785	4,338	8,812	4,831
Deferred tax liabilities	1,097	1,738	2,227	2,671	2,924	3,216	3,538	3,892	4,281	4,851	5,433
Government grants	1,679	8,398	7,803	7,269	6,781	6,242	5,721	5,205	4,680	4,160	3,639
Other long-term liabilities	642	650	777	805	600	695	1,087	1,130	1,145	1,158	1,172
Total Liabilities	28,770	31,130	32,908	34,182	41,232	41,731	44,744	49,537	53,966	60,985	64,061
Shareholder's Equity											
Share capital	12,565	12,565	12,565	12,565	12,565	12,565	12,565	12,565	12,565	12,565	12,565
Treasury Shares	0	0	0	0	0	-137	-6,570	-9,787	-9,787	-9,787	-9,787
Reserves	15,424	17,886	19,500	19,852	20,576	22,642	26,737	30,137	32,237	32,237	32,237
Retained earnings	12,950	14,741	17,447	23,414	32,966	41,241	50,216	60,878	72,055	84,852	99,549
Shareholder's Equity	40,939	45,191	49,512	55,831	66,106	76,310	82,948	93,793	107,071	119,867	134,565
Total Liabilities & Shareholder's Equity	69,709	76,321	82,419	90,013	107,339	118,042	127,693	143,331	161,037	180,852	198,625

Appendix A-3

Debt Schedule

Loan Schedule (€ '000s)	Historical		Projected					
	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Floating interest								
Proceeds from borrowings	0	8,430	5,000	0	6,000	0	6,500	0
Loan Repayments	1,200	5,400	6,300	1,000	5,200	2,230	4,500	2,000
Interest Payment	338	291	159	226	236	262	207	1923
Short-term Debt	1,200	2,193	1,000	5,200	2,230	4,500	2,000	4,000
Long-term Debt	8,000	10,030	9,930	4,730	8,500	4,000	8,500	4,500

Leasing schedule (€ '000s)	Historical		Projected				
	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Fixed interest							
Opening Balance	767	592	436	462	476	564	520
Additions	68	109	300	338	490	386	526
Financial Cost of Leasing	34	29	31	35	43	43	47
Total Payment	278	293	305	359	444	473	541
Closing Balance	592	436	462	476	564	520	552
Short-term portion of Leasing	237	174	185	190	226	208	221
Long-term portion of Leasing	355	262	277	285	338	312	331

Appendix A-4 Cash Flow Statement

Cash Flow (€ '000s)	Historical					Projected					
	2015A	2016A	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Cash from Operations											
Profit before taxes	4,295	8,162	9,891	14,240	17,570	18,499	21,338	25,125	29,275	33,562	38,559
Adjusted for:											
Depreciation & Amortization	2,994	3,080	3,115	3,349	3,773	4,107	4,229	4,718	5,239	5,674	6,160
Other Adjustments	1,087	1,573	-432	468	-636	314	1,211	636	1,341	-1,650	-2,380
Changes in Working Capital	473	-2,914	-797	-779	-424	-307	-1,059	-1,420	-3,191	-3,294	-3,181
Less:											
Interest and related expenses paid	-610	-492	-378	-387	-437	-426	-437	-322	-324	-319	-268
Taxes paid	-348	-889	-3,367	-726	-6,098	-2,554	-1,166	-1,484	-3,593	-6,602	-7,703
Cash from Operations	7,891	8,521	8,032	16,165	13,748	19,633	24,117	27,253	28,748	27,371	31,187
Cash from Investing											
Purchase of tangible and intangible assets	-7,324	-3,884	-6,003	-7,726	-15,121	-10,404	-6,781	-9,625	-10,991	-12,284	-13,818
Proceeds from sales of PP&E	56	72	82	92	115	103	142	144	137	89	88
Interest received	23	13	48	80	191	185	252	311	380	349	374
Subsidies received*	1,502	667	2,399	0	0	0	0	0	0	0	0
Purchase of financial instruments	0	0	0	0	-850	-290	0	0	0	0	0
Proceeds on disposal of financial instruments	0	0	0	-4	765	118	311	0	0	0	0
Cash from Investing	-5,744	-3,132	-3,473	-7,558	-14,900	-10,289	-6,076	-9,170	-10,474	-11,845	-13,355
Cash from Financing											
Proceeds from borrowings	8,008	0	6,000	0	8,430	5,000	0	6,000	0	6,500	0
Repayments of loans	-4,342	-2,107	-4,675	-1,200	-5,400	-6,300	-1,000	-5,200	-2,230	-4,500	-2,000
Repayments of leases	0	0	0	0	-278	-293	-305	-359	-444	-473	-541
Acquisition of treasury shares	0	0	0	0	0	-137	-6,433	-3,216	0	0	0
Dividends paid to Company's shareholders	-1,795	-1,793	-2,581	-3,270	-4,961	-5,951	-8,314	-9,936	-10,776	-11,347	-12,941
Cash from Financing	1,871	-3,899	-1,257	-4,470	-2,209	-7,682	-16,051	-12,712	-13,451	-9,820	-15,483
Net Change in Cash	4,019	1,489	3,302	4,136	-3,362	1,662	1,990	5,371	4,823	5,705	2,350
Cash and equivalents at beginning of period	1,437	5,456	6,945	10,247	14,384	11,022	12,684	14,674	20,045	24,868	30,574
Cash and equivalents at end of period	5,456	6,945	10,247	14,384	11,022	12,684	14,674	20,045	24,868	30,574	32,923

*In cash from Investing category there are no subsequent subsidies received as they are directed deducted from the taxes paid.

Appendix B: Business Description

Appendix B-1

SWOT Analysis

S Strengths

Established strategic partnerships with numerous leading retail chains in several markets, and enjoys high rates of satisfaction among B2B clients.

Highly recognizable brand name among Greek consumers (96% recognizability), and products differentiated from competition.

Significant demand and preference for Greek yogurt by foreign consumers and substantial projected growth for the yogurt market.

Minimal long-term debt (<10% of revenue) and ability to finance capital expenditures (i.e. investments in facilities) without further borrowing.

State of the art production facilities and fully integrated business model (i.e. sourcing, production, distribution).

Leading market share position (2nd in yogurt, 3rd in ice cream) in Greece.

W Weaknesses

High price levels of Greek yogurt relative to competitive products in key European markets (e.g., Germany) besides Greece.

High perishability (i.e., short shelf life) of dairy products and raw materials used for their production.

Elevated distribution costs for exports due to Greece's geographic position relative to the position of Kri Kri's largest foreign clients.

Generally, demand for dairy products is elastic, thus consumers are price-sensitive in their purchasing decisions.

Kri Kri's high levels of rapidly growing retained earnings (€32.9M) raise concerns regarding the opportunity cost of leaving profits in the business.

O Opportunities

Increase in production capacity through successful implementation of the Company's €27m three-year capital expenditure plan.

Expansion in new foreign markets (e.g., France, Spain, Russia, Scandinavia) by additional penetration of private label products and diversification of product portfolio.

Market share growth of branded yogurt in key European markets by focusing on pricing adjustments to capture consumer preferences.

Further product development and differentiation, especially in niche segments with high profit margins, aiming to increase customer base.

Increasing demand for Greek yogurt in key foreign markets (e.g., UK revenue has increase almost threefold in the past three years).

Leveraging the imminent PGI certification of Greek yogurt to fortify its position against direct substitutes such as Greek-style yogurt.

Potential for acquisition or merger in the food processing sector.

Take advantage of the strong growth potential of ice cream exports.

T Threats

The yogurt and ice cream markets in Greece are relatively saturated and highly competitive, making it difficult for Kri Kri to sustain the current growth trend of its Greek sales revenue.

Potential shortage or price increases of raw materials (i.e., milk) in the Serres region due to unforeseen factors, can cause inability to meet demand or shrink profit margins respectively.

The possibility of unfavorable Brexit developments could trim Kri Kri's profit margins or impede its export capacity in the UK (50% of exports).

Greek-style yogurts dominate European markets and intense competition from lower-priced brands could threaten Kri Kri's exports.

Competition from lower-priced substitutes imported in the Greek market, either in the form of branded or private label products.

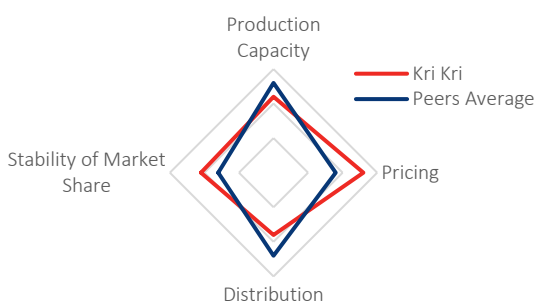
Dietary changes of consumers result in preferences towards dairy-free and vegan products for an increasing share of Kri Kri's customer base.

Sources: Refinitiv, Kri Kri Investor Presentation 2020, Team Analysis

Appendix C: Industry Overview & Competitive Positioning

Appendix C-1

Key Competitiveness Considerations



Production Capacity: Kri Kri's production capacity is generally on par with peers, though some more internationalized competitors like FAGE achieve higher outputs due to the use of their international production units.

Pricing: In Greece, Kri Kri's yogurt prices are more competitive than their peers' and ice cream prices are kept on the lower end by a considerable margin ($\approx 10\%$).



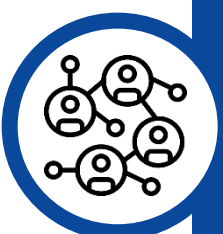
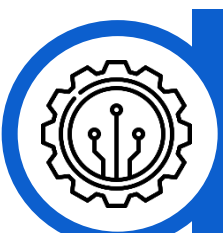


Distribution: Kri Kri products are not as abundant on the shelves of remote areas of the country as more well-known brand names such as FAGE and Nestle.

Stability of Market Share (MS): Kri Kri has dramatically increased its MS recently.

Sources: Companies' FS, IRI, AB Vasilopoulos, Team Analysis

Appendix C-2

PESTEL Analysis

	P	Political Factors	<p>Recent political stability in Greece has revamped the country's image to foreign parties.</p> <p>The possibility of Greek government gradually decreasing the value-added tax (VAT) rates from 24% to 20% for the majority of products and services and from 13% to 10% for specific product categories, beginning in 2021. The VAT rate for tourism and restaurants is also expected to be lowered to 10% and could positively affect Kri Kri's ice cream sales during the tourist seasons.</p> <p>Government-mandated lockdowns in most of Kri Kri's target markets have placed financial burdens on consumers, in certain cases shifting their preferences towards cheaper products.</p>
	E	Economic Factors	<p>The vast majority of the countries that Kri Kri sells its product in, are projected to have negative GDP growth as a consequence of the COVID-19 pandemic. Greece however, is projected to have an improving post-COVID-19 long-term economic outlook.</p> <p>Government grants and subsidies - tools that Kri Kri has heavily relied on for its capital expenditure financing needs - continue to generate increasing sums from the government.</p> <p>Greece's high dependence on tourism (approximately 27% of total exports) exposes Kri Kri to potential loss of a significant amount of income from ice cream sales, during the pandemic.</p>
	S	Social Factors	<p>Consumers living areas where lockdowns are in place have increased their spending on grocery purchases and tend to adopt healthier dietary habits compared to the prior COVID-19 period.</p> <p>According to Eurostat, consumer confidence in Greece has dropped approximately by 30% due to the COVID-19 outbreak, something that could result in lower consumer spending.</p> <p>An increasing number of consumers take social impact into account when making purchasing decisions. Ethical sourcing, CSR, and employee treatment are important points of consideration for younger generations of consumers – especially in the food industry.</p>
	T	Technological Factors	<p>Greek gross domestic expenditure on R&D is 1.2% of GDP (2018), more than 1 basis point lower than the OECD average.</p> <p>Greece ranks low in terms of innovation among its European peers, placing 22nd in the 2018 innovation chart published by the European Commission.</p> <p>Technological advancements are constantly improving productivity and quality in the dairy industry both in capital-intensive and management-intensive activities. Kri Kri comes through ahead of its peers in the usage of modern technologies and methods.</p>
	E	Environmental Factors	<p>Northern Greece features a favorable climate for the production of milk which creates a competitive advantage for Kri Kri against other countries with regard to livestock farming.</p> <p>While the EU is aiming in becoming carbon neutral by 2050 by reducing greenhouse gas emissions, food production is responsible for 26% of global greenhouse gas emissions. Dairy production is high in resource consumption and largely contributes to climate change.</p> <p>Greece is set to receive €32b. in COVID-19 relief funding from the EU, 57% of which is pledged to be used for environmental and digital transformation initiatives.</p>
	L	Legal Factors	<p>Food safety legislation faces intense scrutiny due to recent health concerns caused by COVID-19.</p> <p>The EU's common copyright and patent legal framework facilitates the expansion of Kri Kri's branded products throughout the EU.</p> <p>The possibility of gender quotas for decision-making positions in companies being applied in EU member-states, pushes Kri Kri to make the necessary adjustments to the composition of its male-only Board of Directors and upper-level management positions.</p> <p>Greek yogurt is in the process of obtaining Protected Geographical Indication (PGI) status.</p>

Sources: ICAP, OECD, Kathimerini, Xinhua, Eurostat, European Commission, Hellenic Statistical Authority, Team Analysis

Appendix C-3

Porter's Five Forces Analysis



Bargaining Power of Buyers

The bargaining power of Kri Kri's clients (B2B) is directly proportional to their size and ability to contribute to Kri Kri's brand awareness. **Kri Kri's buyers have high (3) bargaining power** for the following reasons:

- **Sales to large retailers are responsible for the majority of Kri Kri's revenue.** Kri Kri's clientele includes supermarket chains multiple times larger in size than the Company itself.
- **The supermarket industry in Greece is increasingly concentrated** with 10 companies controlling approximately 80% of the market.
- **The existence of private label dairy products** intensifies competition in supermarkets and increases the bargaining power of suppliers.
- **Smaller retail stores have significantly less bargaining power.**



Bargaining Power of Suppliers

Kri Kri relies heavily on its main raw material, milk, and in its relationship with milk suppliers in Northern Greece and particularly the Serres region. Packaging material and flavoring ingredient companies also constitute suppliers of Kri Kri. **The bargaining power of Kri Kri's suppliers is moderate (2)** for the following reasons:

- **Kri Kri has direct access to considerable supplies of raw milk** and uses long-term forward contracts to guarantee future prices for their milk procurement.
- Approximately 50% of raw milk in Greece is produced in Central Macedonia, thus providing Kri Kri with adequate milk supplies in close proximity to its production facility.
- The multitude of packaging material companies in Greece means that **Kri Kri's bargaining power is proportional to the number of orders that it places**, therefore high.
- **Kri Kri's milk suppliers are small, independent companies.**



Industry

Rivalry

The **very intense (4) competitive state** of the dairy industry can be attributed to the following factors:

- **Both large and small businesses in the dairy industry make continuous efforts to expand their distribution networks** and their presence by increasing the production capacity and by offering incentives to retailers.
- **Dairy companies allocate large budgets to advertising and promotional initiatives** in order to increase the recognizability of their products.
- **The number of private label dairy products offered in supermarkets has drastically increased** in recent years, as consumers opt for lower-priced alternative options.
- **The Greek dairy market is nearing the point of saturation**, as demand is covered both by large and local corporations. In 2018, the Hellenic Statistical Authority reported 684 dairy companies in the country.

Entering the dairy industry at a local level is not especially difficult, however to compete with Kri Kri, new entrants will need to overcome numerous barriers. **Therefore it is unlikely (1) that Kri Kri will encounter any new competition soon** due to the following:

- The existence of a **plethora of well-established companies** in the Greek market.
- Large-scale dairy manufacturing requires **substantial capital investments** to acquire machinery and production facilities. Alternative entry options include acquiring an existing Company or importing products from foreign markets.
- Prospective entrants in the Greek dairy market will be faced with **numerous regulatory requirements pertaining to safety and hygiene as well as excruciating bureaucracy.**
- Need for **specialized storage and distribution** facilities and processes.

It can be argued that dairy is irreplaceable in the human diet. Still, Kri Kri's main product categories, yogurt, ice cream, and milk, are **highly (3) susceptible to substitution from various alternatives**:

- Kri Kri's Greek yogurts can be **directly substituted** by Greek-style or other types of yogurts of inferior quality and lower price. Yogurt desserts are classified as snacks and therefore can be considered as alternative to such products.
- Ice cream can be substituted by **beneficial alternatives, cheaper alternatives and low-cost switching.** Such alternatives include fruit, frozen yogurt, confectionary, smoothies and soft drinks.
- Milk can be substituted by equivalent **plant-based products** such as soy milk, almond milk, coconut milk, oat milk etc. This also applies to yogurt and ice cream and their vegan substitutes.



Threat of New Entrants



Threat of Substitution

Sources: ICAP, Kri Kri Investor Presentation 2020, University of Kentucky, Hellenic Statistical Authority, Team Analysis

Appendix C-4

Competition Overview

Main Competitors | Greek Yogurt Sector



FAGE International S.A. is a Company of Athenian origin that is headquartered in Luxembourg since 2012. FAGE is the **long-time leader** in the Greek yogurt market in terms of market share (value) and is considered a pioneer, creating the first yogurt wholesale distribution chain in the country, and introducing the first branded yogurt products, in the 1950s and the 1970s respectively. FAGE's flagship yogurt line "Total" is distributed in approximately **25,000 retail outlets in 33 countries**, with the U.S.A., U.K. and Italy being the main export destinations. In these markets, FAGE's market share ranks consistently among the top ten for the total yogurt market and among the top five for the Greek, Greek-Style and Natural yogurt market. FAGE's edge against Kri Kri is as result of a) FAGE's production facility in the U.S.A., b) higher and more far-reaching brand awareness.

Delta Foods S.A. was founded as a Greek milk and dairy industry, whose products now tap into the cheese, children's nutrition, fruit juice, tea, coffee drinks, and plant-based product segments. Delta Foods is now 100% owned by the largest Greek food production conglomerate **Vivartia Holding S.A.**, which was formed in 2006 by the merger of four companies, Delta Holding S.A. included. Vivartia's commercial presence spans more than **30 countries**, with considerable revenue deriving from the Balkan region. Vivartia recently agreed to be acquired by CVC Capital Partners Fund IV. In 2019 Delta lost second place to Kri Kri in the yogurt market, and also ceased all private label partnerships due to production facilities restructuring. Delta's line of yogurt products is somewhat limited compared to Kri Kri's, but still, Vivartia's operating capacity might be adequate to tip the scales.



Olympus Dairy refers to the common brand adopted by a number of wholly owned subsidiaries of the family business **Hellenic Dairies S.A.**. Olympus Dairy subsidiaries outside of Greece exist in the U.K., Italy, Germany, Serbia, Albania, North Macedonia, Sweden, France, and Cyprus, while Hellenic Dairies S.A.'s overall international presence extends over **47 countries**. Olympus produces and distributes a range of products that goes far beyond yogurt, including but not limited to pasteurized milk, kefir, cheese, butter, fruit juice, tea, etc.. Olympus focuses on white and traditional yogurt styles, with cow's or goat's milk and does not produce flavored yogurts. Olympus is less established in international markets compared to Kri Kri, however it manages to gain edge in matters of corporate social responsibility and environmental footprint.

Main Competitors | Greek Ice Cream Sector

The Swiss multinational food and drink processing conglomerate **Nestle S.A.** has been a long-time player in the Greek ice cream market, operating as **Nestle Ice Cream Hellas S.A.**, most notably acquiring Delta Ice Cream in 2006. In 2016, Nestle and ice cream maker R&R created Froneri, a joint venture exclusively focusing on ice cream, which is now the largest player in the industry globally. Currently, Nestle serves the Greek market through **Froneri Hellas Ice Cream S.A.** and offers a full range of ice creams that includes hit brands such as Boss, Nirvana and Magnum. In addition to Froneri's deep penetration in the Greek market through partnerships with Greek brands such as Lacta and Merenda (Pavlidis), the Company is also first in private label sales worldwide. Deep industry expertise, widespread distribution and high product diversification solidify Froneri's position.



Algida is an Italian ice cream brand owned by British multinational consumer goods Company **Unilever**. In Greece, Algida ice creams are produced by **EMFI S.A.**, which derived from EVGA S.A. and produces all ice cream products in Unilever's portfolio. Algida's portfolio boasts well-known brands such as Cornetto and Carte D'Or that Greek consumers are familiar with. The Company has a sizeable distribution network that is primarily based on independent points of sale such as kiosks and supermarket chains. Kri Kri tops Algida's market share in Greece by only 2bp, however, the two have formerly engaged in partnerships, as the former produced certain private label products on behalf of Algida in 2006. Overall, Kri Kri's recognizability and Greek heritage seem to capture consumer preferences at Algida's expense, widening their market share gap.

EVGA S.A. had been an independent Athenian ice cream maker until 2010, when **Unilever** acquired the rights of the EVGA trademark. The Company continued to operate in its own facilities and undertook the role of producing the ice cream products in Unilever's portfolio. In 2019, the Company was renamed to **EMFI S.A.** and has retained its production contract with Unilever up to this day, while it also produces other types of confectionary under several brand names. Operating one of the largest ice cream production facilities in the country, EMFI produces an estimated **26% of all branded ice creams in the country** (in terms of value), while it is also estimated that **1 out of 4 private label ice creams in the country** has been produced by EMFI. Still, EVGA'S product line is considerably slimmer than Kri Kri's with regards to kiosk items, but wider when it comes to multipacks.



Appendix C-5

Competitive Positioning by Segment

The following tables compare Kri Kri and its closest competitors for the yogurt and ice cream industries. The companies included are a mix of local and multinational companies that penetrate the Greek market. In the yogurt segment, many of the country's largest dairy companies are represented along with multinationals, while in the ice cream segment, fewer companies are analyzed due to the small number of notable competitors. Few companies compete with Kri Kri's product range in both segments, most of which are multinationals and/or highly focused.

Yogurt Sector										
Company	Product Types							Customer Industries	Market Penetration	
	White	Flavored	Functional	Kids	Infant	Traditional	Professional Sizes	Gluten Free		
FAGE International S.A.	✓	✓	✓	✓				✓	Retail (branded)	High
Delta Foods S.A. (Vivartia)	✓	✓	✓				✓	✓	Retail (branded)	Medium High
Olympus (Hellenic Dairies S.A.)	✓		✓	✓		✓		✓	Retail (branded, PL)	Medium
MEVGAL S.A.	✓	✓		✓		✓		✓	Retail (branded, PL)	Medium
Dodoni S.A.	✓					✓			Retail (branded)	Medium Low
Danone S.A.	✓	✓	✓	✓	✓		✓	✓	Retail (branded)	Low
NOUNOU (Friesland Campina S.V.)	✓	✓						✓	Retail (branded)	Low
Kri Kri Milk Industry S.A.	✓	✓	✓	✓	✓	✓	✓	✓	Retail (branded, PL)	Medium High

Sources: Companies' Websites and Financial Statements, Team Analysis

Ice Cream Sector										
Company	Product Types							Customer Industries	Market Penetration	
	Classic Styles	Ice cream Bars	Popsicles	Frozen Yogurt	Multipacks	Professional Sizes	Gluten Free			
Nestle S.A. (Froneri)	✓	✓	✓		✓	✓	✓	Retail (branded, PL)	High	
Algida (Unilever)	✓	✓	✓		✓	✓	✓	Retail (branded)	Medium	
EVGA (Unilever)	✓		✓		✓		✓	Retail (branded)	Medium	
Kri Kri Milk Industry S.A.	✓	✓	✓	✓	✓	✓	✓	Retail (branded, PL)	Medium High	

Sources: Companies' Websites and Financial Statements, Team Analysis

Appendix C-6

Competition Ratios Analysis

Key Ratios - Main Greek Competitors Analysis (Private Dairy Companies)	Kri Kri		MEVGAL		Hel.Dairies		Fage Int.		Kolios		Delta	
	2018A	2019A	2018A	2019A	2018A	2019A	2018A	2019A	2018A	2019A	2018A	2019A
Net Profit Margin (%)	10.7	13.3	0.7	1.8	6.5	5.0	4.0	4.3	3.8	4.0	-1.7	-2.5
Gross Profit Margin (%)	38.9	34.6	26.4	26.6	22.9	20.3	42.0	37.2	19.5	18.9	27.6	30.3
Operating margin (%)	15.4	15.8	-	-	10.5	7.7	10.6	10.3	7.6	7.3	-	-
EBITDA margin (%)	18.3	18.7	-	-	16.0	13.2	15.8	16.4	11.5	11.6	-	-
Return on Assets (%)	11.2	14.0	0.8	2.3	4.7	4.1	2.8	2.8	3.5	3.8	-1.6	-2.4
Return on Equity (%)	18.1	22.7	56.4	61.3	13.2	10.5	8.3	8.0	13.0	12.5	-4.6	-7.2
Current ratio (x)	2.85	2.37	1.26	1.31	1.55	1.43	3.99	4.76	0.52	0.79	1.27	1.22
Quick ratio (x)	2.28	1.81	0.93	1.02	0.84	0.85	3.34	4.00	0.22	0.37	0.93	0.94
Cash ratio (x)	0.92	0.53	0.05	0.04	0.07	0.09	2.15	2.94	0.03	0.05	0.33	0.33
Cash Conversion cycle (days)	63.58	49.43	25.66	33.08	107.30	91.41	66.99	63.08	30.35	30.26	20.04	14.15
Working Capital Turnover (x)	3.30	4.00	13.95	11.40	5.42	7.94	3.06	2.47	-3.30	-11.53	14.20	17.27
Total Debt to Total Assets (x)	0.10	0.12	0.66	0.61	0.34	0.32	0.53	0.54	0.40	0.38	0.34	0.35
Debt to Equity (x)	0.16	0.19	43.65	16.17	0.86	0.73	1.54	1.54	1.48	1.23	0.97	1.01

Sources: Companies' Financial Statements, Team Analysis

The major competitors of the Greek dairy industry are non-listed/private companies. To further evaluate the financial thesis of Kri Kri in the Greek market, we conducted a ratio analysis and compared Kri Kri with MEVGAL, Hellenic Dairies (Olympus), Fage International, Kolios, and Delta. From the ratio analysis above, we conclude that Kri Kri outperforms all Greek competitors. In fact, the Company notes remarkably high profit-margins which further support its strong financial position. Its net profit margin is formed at 13% for the FY19 while the rest of the companies approximately at 4%. The Company also notes higher liquidity ratios, proof of its solid strategic positioning among the industry. It is confirmed that one essential advantage of Kri Kri compared to the other companies is its healthy and sound financial statements.

Appendix D: Valuation

Appendix D-1

Weighted Average Cost of Capital

WACC	Projected										
	2020E	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Risk-free rate rate	1.5%	1.6%	1.6%	1.7%	1.7%	1.8%	1.8%	1.9%	1.9%	2.0%	2.1%
Beta	0.561	0.562	0.563	0.560	0.562	0.560	0.560	0.560	0.560	0.560	0.560
Market Risk Premium (Greece)	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%
Cost of Equity	8.15%	8.25%	8.27%	8.33%	8.36%	8.43%	8.43%	8.53%	8.53%	8.63%	8.73%
Effective Interest rate	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
Marginal Tax Rate	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
Cost of Debt (after tax)	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%
E/(E+D)	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
D/(E+D)	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
WACC	7.84%	7.93%	7.93%	8.03%	8.02%	8.13%	8.13%	8.22%	8.22%	8.32%	8.41%

Source: European Commission, NYU Stern, Company Data and Team Analysis

We estimate the WACC will increase through the years by approximately 0.6%. As stated in the European Commission's most recent Enhanced Surveillance Report, the risk free-rate of the 10-year Greek bond is expected to rise slightly. As we cross through an uncertain period, we can not effectively predict the expected market return, and thus we assume a stable Market Risk Premium for the Greek market at 11.84%, which derives from the research of NYU Stern SoB. The levered Beta is forecasted stable at around 0.56, as the Company's stock price is not significantly affected by the market conditions. According to Greek legislation, the marginal tax rate is 24%, and there are no further projections or plans concerning future changes. The capital structure remains stable for the projected period, 95% of equity and 5% of debt, based on the current capital mixture and the Company's plan to keep low debt proportion.

Appendix D-2

Discounted Cash Flow Model

3-stage DCF (€ '000s)	Growth Stage					Transition Stage				
	2021F	2022F	2023F	2024F	2025F	2026	2027	2028	2029	2030
WACC										
Risk-free rate (greek 10Y)	1.60%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%
Beta (2Y-weekly)	0.562	0.563	0.560	0.562	0.560	0.560	0.560	0.560	0.560	0.560
Equity Risk Premium	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%	11.84%
Cost of equity	8.25%	8.27%	8.33%	8.36%	8.43%	8.43%	8.53%	8.53%	8.63%	8.73%
Effective interest rate	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
Marginal Tax rate	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%
Cost of debt(after-tax)	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%
E/(D+P+E)	94.99%	94.64%	95.33%	94.88%	95.35%	95.35%	95.35%	95.35%	95.35%	95.35%
D/(D+P+E)	5.01%	5.36%	4.67%	5.12%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%
WACC	7.93%	7.93%	8.03%	8.02%	8.13%	8.13%	8.22%	8.22%	8.32%	8.41%
Free Cash Flow										
EBIT	21,338	25,125	29,275	33,562	38,559	42,004	45,638	48,823	51,414	53,283
Less: Taxes	-1,484	-3,593	-6,602	-7,703	-8,767	-9,595	-10,425	-11,152	-11,744	-12,171
Less: CapEx	-6,781	-9,625	-10,991	-12,284	-13,818	-15,211	-16,527	-17,680	-18,619	-19,295
Plus: D&A	4,229	4,718	5,239	5,674	6,160	6,903	3,439	3,678	3,874	4,015
Less: Changes in WC	-1,042	-1,231	-587	-2,632	-2,790	-3,165	-3,439	-3,678	-3,874	-4,015
Unlevered FCFF	16,260	15,394	16,335	16,617	19,344	20,937	18,686	19,990	21,051	21,816
DCF Values	15,065	13,216	12,956	12,203	13,089	13,102	10,748	10,625	10,257	9,728
Cumulative DCF	15,065	28,282	41,238	53,441	66,530	79,632	90,380	101,005	111,262	120,990

Share Price Calculation	
Final Year FCF	21,816
Terminal Value	344,924
PV of Terminal Value	153,800
Enterprise Value	274,790
Less: Net Debt	32,821
Equity Value	307,611
Shares Outstanding	31,577,205
Implied Share Price	9.74

Sensitivity analysis - Perpetuity Growth		WACC						
		6.61%	7.21%	7.81%	8.41%	9.01%	9.61%	10.2%
Long term growth	1.36%	11.83	10.76	9.91	9.21	8.64	8.16	7.75
	1.56%	12.17	11.02	10.11	9.38	8.77	8.27	7.85
	1.76%	12.52	11.30	10.33	9.55	8.92	8.39	7.95
	1.96%	12.91	11.60	10.56	9.74	9.07	8.52	8.05
	2.16%	13.34	11.92	10.81	9.94	9.23	8.65	8.16
	2.36%	13.80	12.26	11.08	10.15	9.40	8.79	8.28
	2.56%	14.31	12.64	11.37	10.37	9.58	8.94	8.40

The transition stage of the DCF model assumes that there is a decelerated path towards the final growth rate of 1.96%. The EBIT, CAPEX, change in WC and D&A are all calculated using the 2-year average (FY24 – FY25) of each of those elements as a percentage of revenue. The erratic changes in WC reflect inflated short-term borrowings, as these accounts include the short-term portion of bond loans that will expire in those years. For the transition stage of our DCF we used a top-down approach and only changed the total revenue each year. All the figures for FY26-FY30 were calculated using the two-year average (FY24-FY25) of the ratio of each component divided by total revenue.

To test the robustness of the results of our Discounted Cash Flow model we ran a sensitivity analysis, testing the two most important inputs of our analysis – the WACC and the perpetuity growth rate. On the one hand, the most optimistic scenario assumes a WACC of merely 6.61% and a long-term growth of 2.56% that would imply a €14.31, a 115% upside from the current price. On the other hand, the most pessimistic scenario which assumes a WACC of 10.2% and a perpetuity growth of 1.36% would imply a share price of €7.75, a 16% increase from the current price. The interquartile implied price is between a price of €8.65 and €11.30.

Appendix D-3

Comparable Companies Analysis

Company	EV/Revenue	EV/EBITDA	P/E	P/B
Food Processing Sector (Weight 0,6)				
Eurogerm SA	1.40x	12.30x	29.00	2.77
Centrale del Latte d'Italia SpA	0.46x	4.66x	7.97	0.52
Fine Foods & Pharmaceuticals NTM SpA	0.73x	5.18x	17.67	1.49
Tipiak SA	0.56x	7.75x	15.61	1.02
Treatt PLC	4.34x	23.02x	36.24	-
Hotel Chocolat Group PLC	2.79x	30.67x	69.81	-
Big Dairy Companies (Weight 0,4)				
Glanbia PLC	0.89x	11.53x	12.20	1.62
UNILEVER PLC	2.92x	13.04x	18.74	-
Danone SA	2.14x	11.76x	16.87	1.97
EMMI AG	1.26x	12.16x	23.61	2.95
Nestle SA	3.88x	17.46x	23.70	6.25
Target Company				
Kri Kri Milk Industry SA	1.43x	9.72x	10.76	1.67
Quartile 1	0.87x	8.20x	16.24	1.29
Adjusted Median	1.50x	10.88x	21.50x	1.74x
Quartile 3	2.73x	15.96x	27.94	2.99
Implied Prices	6.97	7.44	13.31	6.92
Weightings	25%	25%	25%	25%
Price	8.66 €			

Key Valuation Metrics	1YF
EV/EBITDA	9.72
EV/Revenue	1.43
P/CF	8.86
P/E	10.76
P/Revenue	1.46
P/B	1.67
PEG	0.74
EPS	0.62
Dividend Yield	4.65%
Dividend Payout Ratio	47.96%

The first step in our relative valuation was to select the most suitable comparable firms. A comparable firm is one with cash flows, growth potential and risk, roughly similar to the examined firm. Since there are no identical firms to Kri Kri listed, we expanded the industry from dairy to food processing to meet size and cash flow criteria. As for the risk and the growth potential assumptions, we included the large dairy companies operating in Greece into the sample with a lower weight, to balance the size differentials.

Source: Refinitiv Data and Team Analysis

Having analyzed the sample, we yielded coefficients of 0.6 and 0.4, for the food processing firms and the large dairy companies respectively. To determine if the Company is fairly valued, we had to consider several valuation ratios. We generated a combination of the multiples P/E, P/B, EV/Revenue, and EV/EBITDA to diminish any defect, with a 0.25 weight on each one. We applied 1 year forward multiples in our valuation to compare the companies' future performance.

Appendix D-4

Dividend Discount Model

3-stage DDM (EUR €)	Growth Stage					Transition Stage				
	2021F	2022F	2023F	2024F	2025F	2026	2027	2028	2029	2030
Shares Outstanding	32,066,211	31,577,205	31,577,205	31,577,205	31,577,205	31,577,205	31,577,205	31,577,205	31,577,205	31,577,205
Cost of Equity	8.25%	8.27%	8.33%	8.36%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%
EPS	0.62	0.68	0.72	0.82	0.94	1.07	1.17	1.28	1.36	1.42
y-o-y growth	18.04%	10.13%	5.30%	14.05%	15.21%	13.00%	10.79%	8.58%	6.38%	4.17%
DPS	0.31	0.34	0.36	0.41	0.47	0.53	0.59	0.64	0.68	0.71
PV of DPS	0.29	0.29	0.28	0.30	0.32	0.33	0.34	0.34	0.33	0.32

Stable Growth	
Perpetuity	
Final Year DPS	0.71
Terminal Value	11.21
PV of Terminal Value	4.99
Enterprise Value (€M)	275.52
Shares Outstanding	31,577,205
Target Share Price	8.11

Sensitivity analysis		Cost of Equity						
		6.93%	7.43%	7.93%	8.43%	8.93%	9.43%	9.93%
Long term growth	1.36%	9.64	8.83	8.15	7.58	7.10	6.68	6.33
	1.56%	9.93	9.06	8.35	7.75	7.24	6.80	6.43
	1.76%	10.24	9.32	8.56	7.92	7.39	6.93	6.54
	1.96%	10.58	9.59	8.78	8.11	7.54	7.06	6.65
	2.16%	10.95	9.89	9.02	8.30	7.71	7.20	6.77
	2.36%	11.35	10.20	9.28	8.51	7.88	7.35	6.89
	2.56%	11.79	10.55	9.55	8.74	8.07	7.50	7.02

We conducted a sensitivity analysis to check our model's resilience to the examined factors. Please note that the cost of equity on the table refers to the terminal COE used along with the long-term growth to calculate the terminal value and thus are key drivers of the DDM. Long term growth is flexed from 1.36% to 2.56% in 0.2% increments. The COE ranges from 6.93% to 9.93% in 0.5% increments respectively. The sensitivity analysis reveals the dependency of the model on the cost of equity. A fluctuation of 100 bp in either side with long term growth at base case (1.96%) would result in a -13%/+18% change in share price. On the other hand, with the COE constant at base case 8.43%, a 40 bp change in either direction would lead to a ±4-5% fluctuation in share price.

Appendix D-5

Perpetuity Growth Rate

	Perpetuity Growth		
	Weights	Inflation Rate	Population Growth
Greece	32.64%	2.02%	-0.39%
UK	18.00%	2.96%	0.28%
European Union	49.36%	2.02%	-0.01%
Long Term Growth Rate			1.96%

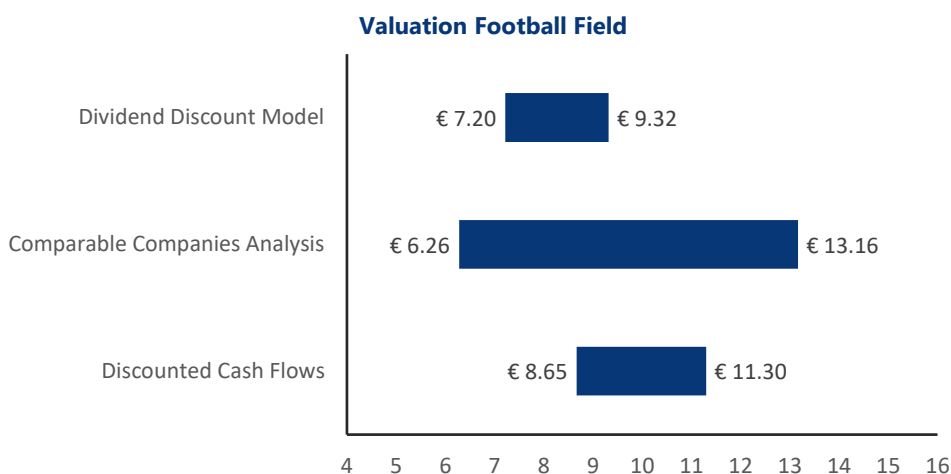
Source: Eurostat, ONS

We used the weighted average of the historical food inflation rate and the population growth forecasts as the long-term growth rate of the Company. The growth rate was weighted to reflect the geographic revenue composition of 2025. The data were retrieved from Eurostat and the UK's Office for National Statistics.

We believe that the historical food inflation rate is an accurate and reliable indicator for the long-term growth rate. Projections for the CAGR of the yogurt market were as high as 10.9% (Allied Market Research, 2020) and we did not believe that this metric represented a realistic scenario for Kri Kri. However, we also wanted to incorporate the plausible effects of the evident population decline in Greece and the EU that is why we attributed a 10% to this factor as well. If we gave a higher weight to population growth such as 30% we would come up with a growth rate of 1.51% which does not accurately represents the prospects of the industry which the company operates.

Appendix D-6

Valuation Summary & Football Field



Football Field	Q1	Median	Q3
Discounted Cash Flows	8.65	9.74	11.30
Comparable Companies Analysis	6.26	8.66	13.16
Dividend Discount Model	7.20	8.11	9.32

Valuation Matrix		
Method	Weighting	Share Price
Discounted Cash Flows	50%	€9.74
Comparable Companies Analysis	25%	€8.66
Dividend Discount Model	25%	€8.11
Target Price		€9.06
Premium/(Discount) to last close		36.07%
Dividend Yield at Target Price		3.42%
Total Return		39.49%

Appendix E: Financial Analysis

Appendix E-1

DuPont Analysis

DuPont Analysis	Historical					Projected					
	2015A	2016A	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Tax Burden (%)	89.48	76.41	74.18	71.08	85.46	93.70	93.04	85.70	77.45	77.05	77.26
Interest Burden (%)	88.28	91.98	99.60	98.36	98.51	98.71	99.14	99.96	100.19	100.09	100.28
Operating Margin (%)	7.27	13.33	12.53	15.36	15.80	14.81	14.69	14.87	15.10	15.29	15.65
Net Profit Margin (%)	5.74	9.37	9.26	10.74	13.30	13.70	13.55	12.73	11.71	11.79	12.13
Asset Turnover (x)	0.96	0.87	0.96	1.05	1.05	1.07	1.15	1.18	1.20	1.21	1.24
Equity Multiplier (x)	1.70	1.69	1.66	1.61	1.62	1.55	1.54	1.53	1.50	1.51	1.48
ROE (%)	9.39	13.80	14.82	18.13	22.71	22.71	23.94	22.96	21.18	21.57	22.14

We conducted a DuPont Analysis to determine the degree to which Kri Kri has been able to use its shareholder equity efficiently in order to generate profit. We found that during the 2015-2019 period, Kri Kri had been steadily improving its profitability in relation to shareholder equity, leading to a 5-year increase of 135.83% and an average ROE of 19.39%.

For FY20, we projected that Kri Kri's Net Profit Margin will increase despite the general economic downturn, due to the Company's effective cost management and successful retail partnerships. The following 1.10% decrease in FY21 is due to the higher COGS, as the sales mix leans towards the slightly less profitable yogurt. The tax relief provided because of the FY19-FY21 CAPEX investment program secures an over 12% annual Net Profit Margin until FY22, after which the ratio is expected to remain above 11%. We also projected that until FY25 the Company will be able to annually increase its Asset Turnover ratio. The improvement in its asset efficiency will be consistent until FY25. In this year, Kri Kri is expected to reach an Asset Turnover ratio of 1.24, indicating a 17.57% growth compared with FY19, when the Company initiated its current CAPEX program.

Lastly, the decrease in Kri Kri's Financial Leverage projected until FY25 is aligned with the Company's plan to fund its future investments directly through its operating cash flow. We expect that in the next 5 years Kri Kri will produce adequate liquidity to pay off its existing bank liabilities and achieve minimal debt reliance, reaching a Financial Leverage ratio of 1.48 in FY25, which indicates a 9.09% drop from FY19.

We thus expect Kri Kri to achieve a superior average ROE of 22.42% during the 2020-2025 period, which will allow the Company to sustain its desirable shareholder remuneration policy of a dividend yield of at least 3%.

Appendix E-2

Ratios

Key Ratios (Fiscal year ends 31 December)	Historical					Projected					
	2015A	2016A	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Profitability Ratios (%)											
Net Profit Margin	5.74	9.37	9.26	10.74	13.30	13.70	13.55	12.73	11.71	11.79	12.13
Gross Profit Margin	33.41	38.67	35.86	38.91	34.63	33.36	32.47	32.00	31.56	31.19	30.88
Operating margin	7.27	13.33	12.53	15.36	15.80	14.81	14.69	14.87	15.10	15.29	15.65
EBITDA margin	10.92	16.51	15.71	18.35	18.71	17.92	17.77	17.99	18.27	18.50	18.94
Return on Assets	5.51	8.17	8.90	11.25	13.99	14.68	15.55	15.02	14.08	14.30	15.00
Return on Equity	9.39	13.80	14.82	18.13	22.71	22.71	23.94	22.96	21.18	21.57	22.14
Liquidity Ratios (x)											
Current ratio	1.79	2.76	2.31	2.85	2.37	2.48	2.04	2.31	2.09	2.29	2.17
Quick ratio	1.39	2.20	1.80	2.28	1.81	1.86	1.55	1.82	1.65	1.82	1.71
Cash ratio	0.31	0.52	0.57	0.92	0.53	0.59	0.50	0.66	0.63	0.73	0.67
Receivables Turnover	3.21	3.25	3.60	4.37	4.79	4.77	5.08	5.09	5.09	5.08	5.08
Inventory Turnover	5.98	5.73	6.39	6.66	7.72	7.53	7.91	8.20	8.17	8.12	8.08
Payables Turnover	0.37	0.30	0.22	0.20	0.20	0.23	0.22	0.23	0.23	0.23	0.23
Cash Conversion Cycle (days)	38.89	66.76	78.73	63.58	49.43	42.02	36.48	33.89	33.72	33.59	33.47
Working Capital Turnover	4.80	2.89	3.38	3.30	4.00	3.99	4.79	4.21	4.48	4.05	4.29
Solvency Ratios (x)											
Total Debt to Total Assets (Book Values)	0.16	0.12	0.13	0.10	0.12	0.10	0.08	0.08	0.06	0.06	0.05
Debt to Equity (Book Values)	0.27	0.20	0.21	0.16	0.19	0.15	0.13	0.12	0.08	0.09	0.07
Interest Coverage	8.21	11.93	24.29	37.98	40.95	47.11	53.01	87.37	103.91	121.28	173.95

Source: Company Data and Team Analysis

Kri Kri can self-finance most of its short-term needs (low leverage ratio) and still maintain adequate liquidity levels. It is time-tested that the firm does not depend on debt and enhances its profit generation without high external capital. Current and quick ratios are noted around 1.5-2.5 for the projected period. The cash ratio may seem low (<1) but, the Company has conditions that skew its balance sheets, such as lengthier credit terms with its suppliers, efficiently-managed inventory and very little credit extended to its customers. We expect a decrease in the Cash Conversion Cycle in the next five years to approximately 33 days in FY25 and an increase in the working capital turnover due to the efficient management that uses short-term assets and liabilities to generate cash and support sales. The Company has historically improved its profit margins and will keep them high and stable. Kri Kri can protect its operations through hard times such as the COVID-19 pandemic and even improve its market share because of effective control of costs and high-profit margins. The Company will return approximately 0.12€ on every euro of sales in the forecasted period, a strong advantage against its competitors. The Company's solid financial position will contribute to its expansion into the dairy industry in the Greek and foreign markets.

Appendix E-3

Sales Breakdown

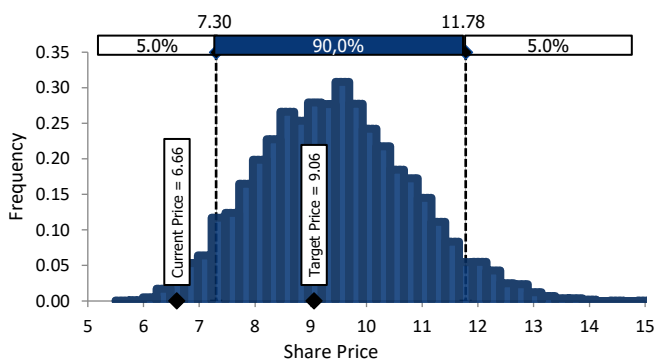
Segments Breakdown (€ '000s)	Historical					Projected						2020-2025 CAGR
	2015A	2016A	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F	
Ice Cream	21,319	19,817	21,615	25,119	28,107	25,703	27,767	29,891	32,035	34,160	36,228	7.11%
% of Revenue	31.84%	29.77%	27.28%	26.66%	24.90%	20.31%	18.95%	17.68%	16.55%	15.58%	14.75%	
YoY Growth	-	-7.05%	9.08%	16.21%	11.90%	-8.55%	8.03%	7.65%	7.17%	6.63%	6.06%	
Gross Margin	41.70%	46.24%	46.22%	48.57%	48.06%	46.50%	45.52%	44.57%	43.70%	42.91%	42.20%	
Yogurt	45,426	46,598	57,450	68,830	84,438	99,795	118,033	138,595	160,966	184,545	208,712	15.90%
% of Revenue	67.85%	70.00%	72.50%	73.04%	74.79%	78.87%	80.54%	81.97%	83.16%	84.15%	84.97%	
YoY Growth	-	2.58%	23.29%	19.81%	22.68%	18.19%	18.28%	17.42%	16.14%	14.65%	13.10%	
Gross Margin	30.81%	35.82%	32.83%	35.82%	30.57%	29.96%	29.70%	29.48%	29.30%	29.17%	29.06%	
Rest	206	156	181	285	357	1,037	752	596	560	612	686	-7.93%
Total Revenue	66,951	66,570	79,246	94,234	112,903	126,535	146,552	169,082	193,561	219,317	245,626	

Geographic Breakdown (€ '000s)	Historical					Projected						2020-2025 CAGR
	2015A	2016A	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F	
Greece	54,909	50,863	55,121	60,055	66,344	70,898	72,572	74,357	76,244	78,205	80,176	2.49%
% of Revenue	82.01%	76.41%	69.56%	63.73%	58.76%	56.03%	49.52%	43.98%	39.39%	35.66%	32.64%	
YoY Growth	-	-7.37%	8.37%	8.95%	10.47%	6.86%	2.36%	2.46%	2.54%	2.57%	2.52%	
Gross Margin	36.86%	42.17%	40.74%	43.20%	39.47%	37.40%	37.60%	37.72%	37.76%	37.74%	37.70%	
Other Countries	12,041	15,707	24,125	34,179	46,559	55,637	73,980	94,725	117,317	141,112	165,450	24.35%
% of Revenue	17.99%	23.59%	30.44%	36.27%	41.24%	43.97%	50.48%	56.02%	60.61%	64.34%	67.36%	
YoY Growth	-	30.44%	53.60%	41.68%	36.22%	19.50%	32.97%	28.04%	23.85%	20.28%	17.25%	
Gross Margin	22.00%	28.06%	26.51%	31.91%	28.22%	27.56%	27.57%	27.59%	27.60%	27.61%	27.62%	
Total Revenue	66,951	66,570	79,246	94,234	112,903	126,535	146,552	169,082	193,561	219,317	245,626	14.19%

Appendix E-4

Risks to Target Price

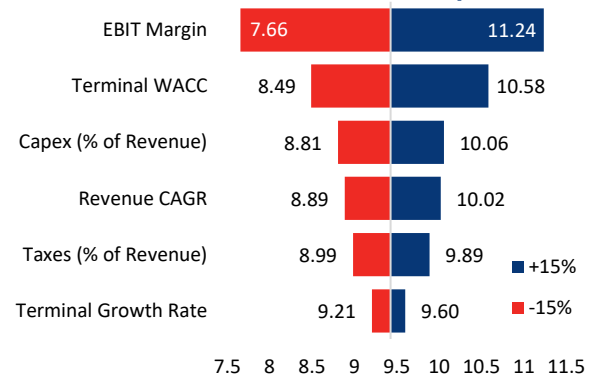
Monte Carlo Simulation



Simulation Statistics

Iterations	10,000
Minimum	5,4967
Maximum	15,3584
Mean	9,4321
Mode	9,4826
Std. Deviation	1,3596
Variance	1,8485
Skewness	0,2547
Kurtosis	2,9039

Tornado Graph



Variable	Minimum	Base Case	Maximum	Distribution
Revenue CAGR	8.93%	10.51%	12.09%	PERT
EBIT Margin	13.01%	15.30%	17.60%	PERT
Taxes (% of Revenue)	4.12%	-3.58%	-3.04%	PERT
D&A (% of Revenue)	2.17%	2.55%	2.93%	PERT
Capex (% of Revenue)	6.45%	5.61%	4.77%	PERT
WC (% of Revenue)	0.93%	0.81%	0.69%	PERT
Debt (% of Revenue)	5.33%	4.64%	3.94%	PERT
Cash & Cash Equivalents (% of Revenue)	11.09%	13.04%	15.00%	PERT
Terminal Growth Rate	1.67%	1.96%	2.26%	PERT
Terminal WACC	9.67%	8.41%	7.15%	PERT

The same variables were used for both Monte Carlo simulation and scenario analysis. We use the PERT distribution over the Triangular because we wanted to emphasize the base case, which is the most likely to occur.

Appendix E-5

Beneish M-Score Analysis

M-Score Indices	Historical			Projected					
	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Revenue	79,246	94,234	112,903	126,535	146,552	169,082	193,561	219,317	245,626
Cost of Goods Sold	50,832	57,571	73,801	84,325	98,967	114,984	132,468	150,921	169,789
SG&A Expenses	18,484	22,187	21,267	23,471	26,063	28,962	31,874	34,916	37,437
Depreciation	3,115	3,349	3,773	4,107	4,229	4,718	5,239	5,674	6,160
Net Income	7,337	10,122	15,015	17,272	19,658	21,302	22,428	25,722	29,650
Accounts Receivables	22,146	20,934	26,245	26,806	30,926	35,541	40,527	45,740	51,025
Current Assets	41,371	43,977	48,787	53,171	59,651	70,475	82,714	95,814	106,006
PPE	40,255	45,224	57,419	63,948	66,469	71,297	77,058	83,772	91,416
Total Assets	82,419	90,013	107,339	118,076	127,383	143,144	160,988	180,680	198,485
Total Debt	10,400	9,200	12,814	11,366	10,392	11,206	9,064	11,020	9,052
Cash Flow from Operations	8,032	16,165	13,748	19,730	24,694	27,489	28,771	27,011	31,204

The Beneish's M-score analysis, created in 1999 by Dr. Messod Beneish, was used by our team to verify Kri Kri's earnings quality in their financial results, regarding earnings manipulation detection. The method contemplates different variables that identify any earnings manipulation or financial distortions incurred by the firm. For interpretation needs, **with an M-score lower than -1.78, the firm is not likely to be a manipulator of earnings. However, an M-score greater than -1.78 indicates it is likely that the firm is.**

The formula for the 8 variable model is:

$$M\text{-Score} = -4.84 + 0.920 \cdot \text{DSRI} + 0.528 \cdot \text{GMI} + 0.404 \cdot \text{AQI} + 0.892 \cdot \text{SGI} + 0.115 \cdot \text{DEPI} - 0.172 \cdot \text{SGAI} + 4.679 \cdot \text{TATA} - 0.327 \cdot \text{LVGI}$$

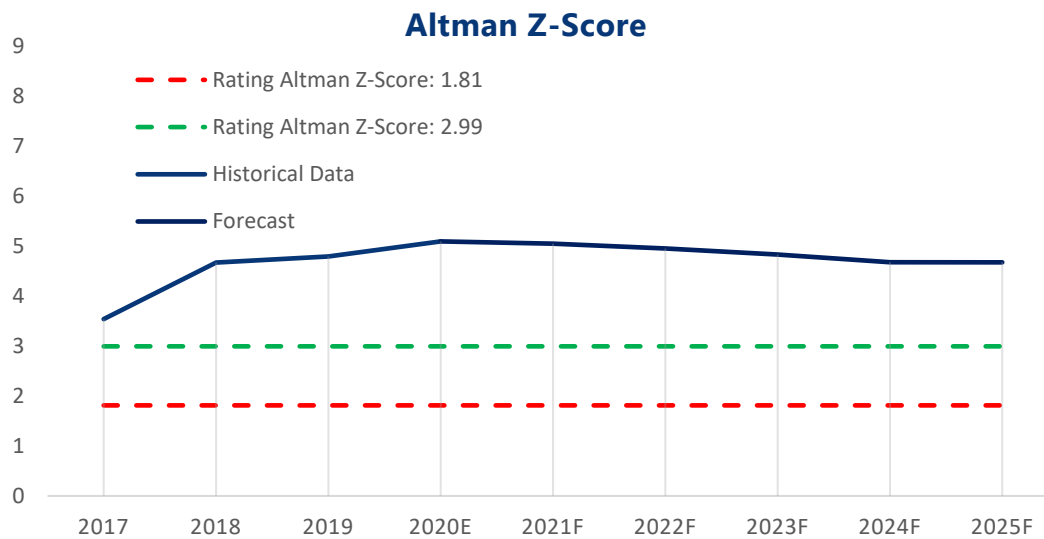
See Messod D. Beneish, Charles M.C. Lee & D. Craig Nichols (2013) *Earnings Manipulation and Expected Returns*, *Financial Analysts Journal*, Vol. 69, n. 2, p. 57-82

M-Score Indices	Historical			Projected					
	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
Day Sales in Receivables Index (DSRI)	0.85	0.79	1.05	0.91	1.00	1.00	1.00	1.00	1.00
Gross Margin Index (GMI)	1.08	0.92	1.12	1.04	1.03	1.01	1.01	1.01	1.01
Asset Quality Index (AQI)	1.02	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sales Growth Index (SGI)	1.19	1.19	1.20	1.12	1.16	1.15	1.14	1.13	1.12
Depreciation Index (DEPI)	1.05	1.04	1.12	1.02	1.01	0.96	0.97	1.00	1.00
Selling, General, & Admin. Expenses Index (SGAI)	0.92	1.01	0.80	0.98	0.96	0.96	0.96	0.97	0.96
Leverage Index (LVGI)	1.06	0.81	1.17	0.81	0.85	0.96	0.72	1.08	0.75
Total Accruals to Total Assets (TATA)	-0.01	-0.07	0.01	-0.02	-0.03	-0.04	-0.04	-0.01	-0.01
Beneish M-Score	-2.44	-2.79	-2.15	-2.46	-2.43	-2.51	-2.43	-2.42	-2.31

Source: Company Data, Team Analysis

Appendix E-6

Altman Z-Score Analysis



The Altman Z-Score Analysis is used to verify the Company's financial health and the probability of filing for bankruptcy. If the Z-Score is below 1.81, a firm has a high probability of bankruptcy, while a score of 2.99 or above indicates a financially sound firm that is far from filing for bankruptcy.

Given this Altman Z-Score Analysis, Kri Kri is in a very good financial state, since it scores well above 2.99. The financial performance of the Company is expected to continue in the future, driven mainly by its minimal debt, good profitability, and high profit margins.

Z-Score Indices	Historical			Projected					
	2017A	2018A	2019A	2020E	2021F	2022F	2023F	2024F	2025F
X1 Working Capital / Total Assets	0.29	0.32	0.26	0.27	0.24	0.28	0.27	0.30	0.29
X2 Retained Earnings / Total Assets	0.21	0.26	0.31	0.35	0.39	0.42	0.45	0.47	0.50
X3 EBIT / Total Assets	0.12	0.16	0.17	0.16	0.17	0.18	0.18	0.19	0.19
X4 MV of Equity / Total Liabilities	2.56	3.90	4.06	4.47	4.17	3.76	3.45	3.06	2.91
X5 Revenue / Total Assets	0.96	1.05	1.05	1.07	1.15	1.18	1.20	1.21	1.24
Altman Z-Score	3.53	4.66	4.78	5.09	5.04	4.95	4.82	4.67	4.64

Source: Company Data and Team Analysis

The formula is: $1.2 \cdot X1 + 1.4 \cdot X2 + 3.3 \cdot X3 + 0.6 \cdot X4 + 1.0 \cdot X5$

Appendix E-7

Piotroski F-Score Analysis

Joseph Piotroski developed the F-Score in 2000 while an associate professor of accounting at the University of Chicago Booth School of Business to rank companies based on their financial performance. Piotroski's main goal was to develop a simple accounting-based fundamental analysis strategy that could mark potential buy and sell stocks. The F-Score uses nine key ratios of three main categories: profitability, operating efficiency and leverage/liquidity/source of funds and examines if these ratios have improved YoY. **If the ratio is improved, the F score of the particular ratio is 1 otherwise it is 0.** The higher a Company's F-Score the better its fundamentals are, indicating a buy signal for its stock. Kri Kri has a great performance on this metric scoring a perfect 9/9 in 2016 and maintaining a high score in the following years. The decline of F-Score in 2019 and 2020 is mainly due to the ongoing investment program which restrained Kri Kri's cash reserves and led to new credits.

See Joseph Piotroski (2002) *Value Investing: The Use of Historical Financial Statement Information to Separate Winner from Losers*, University of Chicago Booth School of Business

F-Score Indices	2016	2017	2018	2019	2020E
Profitability					
ROA	1	1	1	1	1
CFO	1	1	1	1	1
Δ ROA	1	1	1	1	0
ACCRUAL	1	1	1	0	1
Leverage, Liquidity, Source of Funds					
Δ LEVER	1	1	0	0	1
Δ LIQUID	1	0	1	0	1
EQ_OFFER	1	1	1	1	1
Operating Efficiency					
Δ MARGIN	1	0	1	0	0
Δ TURN	1	1	1	1	0
Total Score	9	7	8	5	6

ROA: Return on assets. Net Income divided by year beginning total assets. F score is 1 if ROA is positive, 0 otherwise.

CFO: Operating Cash Flow divided by year beginning total assets. F score is 1 if CFO is positive, 0 otherwise.

Δ ROA: Change in ROA from the prior year. If Δ ROA>0, F score is 1. Otherwise, F score is 0

ACCRUAL: CFO compared to ROA. If CFO>ROA, F score is 1. Otherwise, F score is 0.

Δ LEVER: Change in Long-term Debt/Average Total Assets ratio. If the ratio compared to the prior year is lower, F score is 1, 0 otherwise.

Δ LIQUID: Change in current ratio. If the current ratio increases from the prior year, F score is 1, 0 otherwise.

EQ_OFFER: Total common equity between years. If common equity increases compared to the prior year, F score is 1, 0 otherwise.

Δ MARGIN: Change in Gross Margin Ratio. If the current year's ratio minus prior year's ratio >0, F Score is 1, 0 otherwise.

Δ TURN: Change in Asset Turnover Ratio (Revenue/Year Beginning Total Assets). If the current year's ratio minus prior years >0, F score is 1, 0 otherwise.

As described in *Value Investing (2002)*

Source: Company Data, Team Analysis

Appendix E-8

Treasury Shares Buyback

Treasury Shares Buyback	Historical	Projected	
	2020A	2021F	2021F
Total number of shares	20,882	978,033	489,016
Cost of shares Acquired (€)	137,347	6,432,788	3,216,394
Amount to own shares (€)	129,411	6,061,135	3,030,568

The Company announced in July that it will commence a share buyback program that will last until July 2021. The Company will buy up to 1.65M of its shares, with 165K of them concerning a stock compensation scheme while the rest will decrease its share capital. In our projections, we incorporated the impact of the aforementioned program with the assumption that the Company will acquire only the shares concerning the share capital decrease.

The total shares will be 31.5M after deducting the acquisition of the treasury stock. Assuming that the Company would abandon the program would yield a lower target price of €8.97 per share compared to a target price of €9.06. There is no guidance from the Company regarding the program.

To calculate the cost of the program we used the average share price of the last month (€6.57). Also, we assumed that the proportion of shares for the stock compensation scheme and the shares that will be acquired for the reduction of the share capital of the Company will be distributed proportionally among the total shares acquired. The Company had acquired 20,882 shares in 2020. For 2021 the Company has so far acquired only 3,580 shares. We assumed that two-thirds of the remaining shares will be acquired in 2021 and the remaining one-third in 2022, because the program will end in the middle of 2022. The Company is projected to spend a total of €9.76M to buy back its own shares. It is worth mentioning that the Company set a cap prize of €9/per share.

Appendix F: Environmental, Social, Governance (ESG)

Appendix F-1

ESG Evaluation Scoring Scale

Scoring Scale Explanation												
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
The Company strongly adheres to the ESG evaluation criteria.			The Company somewhat adheres to the ESG evaluation criteria.			The Company loosely adheres to the ESG evaluation criteria.			The Company barely adheres to the ESG evaluation criteria.			The Company does not adhere to the ESG evaluation criteria at all.

Sources: Refinitiv, Team Analysis

Appendix F-2

Environmental Evaluation

Environmental Pillars (Weight: 28.7%)		
Resource Use (13.1%)	Emissions (13.1%)	Environmental Innovation (2.6%)
Resource Reduction Policy	Policy Emissions	Environmental Products
Policy Water Efficiency	Targets Emissions	Eco-Design Products
Policy Energy Efficiency	Biodiversity Impact Reduction	Noise Reduction
Policy Sustainable Packaging	Emissions Trading	Hybrid Vehicles
Policy Environmental Supply Chain	Cl. Change Commercial Risks Opport.	Environmental Assets Under Mgt.
Resource Reduction Targets	NOx and Sox Emissions Reduction	Equator Principles
Targets Water Efficiency	VOC Emissions Reduction	Environmental Project Financing
Targets Energy Efficiency	Particulate Matter Emissions Reduction	Labeled Wood
Environmental Management Team	Waste Reduction Initiatives	Organic Products Initiatives
Environmental Management Training	e-Waste Reduction	Product Impact Minimization
Environmental Materials Sourcing	Environmental Restoration Initiatives	Take-back and Recycling Initiatives
Toxic Chemicals Reduction	Staff Transportation Impact Reduction	Product Environmental Responsible Use
Renewable Energy Use	Environmental Expenditures Investments	GMO Products
Green Buildings	Environmental Investments Initiatives	Agrochemical 5 % Revenue
Environmental Supply Chain Management	Environmental Partnerships	Animal Testing
Environmental Supply Chain Monitoring	Internal Carbon Pricing	Animal Testing Reduction
End Supply Chain Partnership Termination	Policy Nuclear Safety	Renewable/Clean Energy Products
Land Environmental Impact Reduction		Water Technologies
		Sustainable Building Products
		Fossil Fuel Divestment Policy

Sources: Refinitiv, Companies' Websites, Companies' Financial Statements, Companies' Corporate Governance Reports, Team Analysis

Company	Score
Resource Use Score (13.1%)	
Hellenic Dairies S.A.	A+
Nestle S.A.	A+
Delta Foods S.A.	A
Unilever plc	A-
FAGE International S.A.	B-
Kri Kri Milk Industry S.A.	B-
Emissions Score (13.1%)	
Nestle S.A.	A+
Unilever plc	A
Hellenic Dairies S.A.	B
Delta Foods S.A.	C+
Kri Kri Milk Industry S.A.	C+
FAGE International S.A.	D+
Innovation Score (2.6%)	
Unilever plc	A
Nestle S.A.	A
Hellenic Dairies S.A.	A-
Delta Foods S.A.	B
FAGE International S.A.	C
Kri Kri Milk Industry S.A.	C
Peers Average	B+
Kri Kri Average	C+

Appendix F-3

ESG Controversies Evaluation

ESG Controversies Pillars		
Environmental Controversies	Consumer Complaints Controversies	Earnings Restatement
Wages Working Condition Controversies	Product Quality Controversies	Profit Warnings
Management Departures	Responsible Marketing Controversies	Insider Dealings Controversies
Strikes	Product Recall	Accounting Controversies
Bribery, Corruption and Fraud Controversies	Executive Compensation Controversies	Auditor Early Resignation
	Anti-competition Controversies	

Sources: Refinitiv, Companies' Websites, Companies' Financial Statements, Companies' Corporate Governance Reports, Team Analysis

Company	Score
ESG Controversies Score	
Kri Kri Milk Industry S.A.	A-
FAGE International S.A.	C+
Delta Foods S.A.	C
Unilever plc	C
Nestle S.A.	D+
Hellenic Dairies S.A.	D
Peers Average	C
Kri Kri Score	A-

Appendix F-4

Social Evaluation

Social Pillars (Weight: 41.5%)			
Workforce (10.9%)	Human Rights (12.2%)	Community (8.7%)	Product Responsibility (13.4%)
Health & Safety Policy	Human Rights Policy	Policy Fair Competition	Policy Customer H & S
Policy Employee Health & Safety	Policy Freedom of Association	Policy Bribery and Corruption	Policy Data Privacy
Policy SC Health & Safety	Policy Child Labor	Policy Business Ethics	Policy Cyber Security
Training and Development Policy	Policy Forced Labor	Policy Community Involvement	Policy Responsible Mkt.
Policy Skills Training	Policy Human Rights	Improvement Tools Business	Policy Fair Trade
Policy Career Development	Fundamental Human Rights	Ethics	Product Responsibility
Policy Diversity and Opportunity	Human Rights Contractor	Whistleblower Protection	Monitoring
Targets Diversity and Opportunity	Ethical Trading Initiative ETI	OECD Guidelines for	Quality Mgt. Systems
Employees Health & Safety Team	Human Rights Breaches	Multinational Enterprises	ISO 9000
Health & Safety Training	Contractor	Extractive Industries	6σ and Quality Mgt Systems
SC Health & Safety Training		Transparency Initiative	Product Access Low Price
SC Health & Safety Improvements		Employee Engagement	Healthy Food or Products
Employees Health & Safety		Corporate Responsibility	Embryonic Stem Cell Res.
Flexible Working Hours		Awards	Retailing Responsibility
Day Care Services		Product Sales at Discount to	Alcohol
HIV-AIDS Program		Emerging Markets	Gambling
Internal Promotion		Diseases of the Developing	Tobacco
Management Training		World	Alcohol Retailing
Supplier ESG training		Crisis Management Systems	Tobacco Retailing
Employee Resource Groups			Obesity Risk
			Animal Well-being

Sources: Refinitiv, Companies' Websites, Companies' Financial Statements, Companies' Corporate Governance Reports, Team Analysis

Company	Score
Workforce Score (10.9%)	
Nestle S.A.	A+
Unilever plc	A+
FAGE International S.A.	A-
Kri Kri Milk Industry S.A.	B+
Hellenic Dairies S.A.	B+
Delta Foods S.A.	B
Human Rights Score (12.2%)	
Nestle S.A.	A+
FAGE International S.A.	A+
Unilever plc	A
Hellenic Dairies S.A.	B
Delta Foods S.A.	B
Kri Kri Milk Industry S.A.	C-
Community Score (8.7%)	
Unilever plc	A+
Nestle S.A.	A+
Delta Foods S.A.	B+
Kri Kri Milk Industry S.A.	B
Hellenic Dairies S.A.	B
FAGE International S.A.	C+
Product Responsibility Score (13.4%)	
Nestle S.A.	A+
Unilever plc	A+
FAGE International S.A.	A-
Hellenic Dairies S.A.	B+
Kri Kri Milk Industry S.A.	B
Delta Foods S.A.	B
Peers Average	A-
Kri Kri Average	B

Appendix F-5

Governance Evaluation

Governance Pillars (28.7%)			
Management (17.4%)	Shareholders (5.2%)	CSR Strategy (3.5%)	
Board Functions Policy	Succession Plan	Shareholder Rights Policy	CSR Sustainability
Corporate Governance Board	External Consultants	Policy Equal Voting Right	Committee
Committee	Audit Committee Mgt	Policy Shareholder Engagement	Global Compact
Nomination Board Committee	Independence	Different Voting Right Share	Signatory
Audit Board Committee	Audit Committee Expertise	Equal Shareholder Rights	Stakeholder
Compensation Board	Compensation Committee	Voting Cap	Engagement
Committee	Mgt Independence	Minimum Number of Shares to Vote	CSR Sustainability
Board Structure Policy	Nomination Committee Mgt	Director Election Majority Requirement	Reporting
Policy Board Size	Independence	Shareholders Vote on Executive Pay	GRI Report Guidelines
Policy Board Independence	Board Attendance	Public Availability Corporate Statutes	CSR Sustainability
Policy Board Diversity	Board Background and Skills	Veto Power or Golden share	Report Global Activ.
Policy Board Experience	CEO-Chairman Separation	State Owned Enterprise SOE	CSR Sustainability
Policy Executive Compensation	CEO Board Member	Unltd. Authorized Capital or Blank Check	External Audit
Perf.	Chairman is ex-CEO	Classified Board Structure	UNPRI Signatory
Policy Executive Compensation	Board Individual Re-election	Staggered Board Structure	UN Sustainable
ESG Perf.	Executive Compensation	Supermajority Vote Requirement	Development Goals
Policy Executive Retention	Policy	Golden Parachute	
Compensation Improvement	Executive Individual	Ltd. Shareholder Rights to Call Meetings	
Tools	Compensation	Pre-emptive Rights	
Internal Audit Department	Executive Compensation LT	Company Cross Shareholding	
Reporting	Objectives	Confidential Voting Policy	

Sources: Refinitiv, Companies' Websites, Companies' Financial Statements, Companies' Corporate Governance Reports, Team Analysis

Company	Score
Management Score (17.4%)	
Nestle S.A.	A
Unilever plc	A-
Delta Foods S.A.	A-
Hellenic Dairies S.A.	B
FAGE International S.A.	B
Kri Kri Milk Industry S.A.	D+
Shareholders Score (5.2%)	
Unilever plc	B+
Kri Kri Milk Industry S.A.	C+
FAGE International S.A.	D+
Delta Foods S.A.	D+
Hellenic Dairies S.A.	D-
Nestle S.A.	D-
CSR Strategy Score (3.5%)	
Unilever plc	A+
Nestle S.A.	A
Hellenic Dairies S.A.	A
Delta Foods S.A.	B
Kri Kri Milk Industry S.A.	B
FAGE International S.A.	D-
Peers Average	B-
Kri Kri Average	C-

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