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Financial analysis of dairy companies and their products listed on the Egyptian Stock Exchange (DOMT and OLFI Companies)

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ABSTRACT

The main objective of Obour Land Company is to manufacture all dairy products, including packaging and pasteurization of liquid milk, cream, natural butter, all kinds of white cheese, dry cheese, processed cheese, and all kinds of yogurt, in addition to other industries that like fall under dairy products, all kinds of ice cream and ice cream biscuits. The research problem was represented in the decline and instability of the financial evaluation indicators for the dairy manufacturing companies, such as liquidity indicators, profitability indicators, efficiency indicators, and risk indicators, which exposes these companies to a decline in their financial position and thus their inability to compete in the markets. The objective of the research is to identify the financial position of the dairy companies and their products by studying the indicators of the financial evaluation of these companies (Domty and Obour Land companies) during the period (2016-2021).

By examining the estimated current ratio of the Arab Food Industries Company (Domty) during the study period, it was found that the company's ability to meet its financial obligations decreased without resorting to the disposal of fixed assets, as the annual average of the number of times that the traded assets can cover the current liabilities during the study period was about 1.29 times. It was also found that the ratio of net profit to net sales ranged between the lowest rate of about 1.36% in 2016 and the highest rate of about 5.38 in 2018, with an annual average of about 3.45% during the study period. It was found that the turnover rate of current assets ranged between the lowest rate of about 1.46 in 2016 and the highest rate of about 1.90 in 2018, with an annual average of about 1.81 during the study period, which means that every pound invested in current assets generates approximately 0.81 pounds of net Sales, which indicates the company's investment of current assets, but there is still inefficiency.

It also showed a decrease in the ability of Obour Land Company for Food Industries (OLFI) Company for Food Industries to fulfill its financial obligations without resorting to the disposal of fixed assets, as the annual average of the number of times that current assets can cover current liabilities during the study period was about 1.47 times.

Introduction

Milk and its products contribute about 9% of the total calories from nutritional supplements, and these foods provide us with about 72% of calcium, 6% of vitamin B2, 32% of phosphorus, 19% of protein, 15% of magnesium, 20% of B12,23 % of vitamin A, 9% of vitamin B6. Because of the importance of milk and its products that improves nutritional quality in general without the need to increase total energy. Experimental studies also indicated that cow's milk helps to increase bone strength, increase immunity, reduce blood pressure and

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cancer risks, and protect against tooth decay. Milk and its products are a good source of many vitamins and minerals. Vitamin A and calcium help reduce osteoporosis, blood pressure, and some cancers. The high nutritional value of milk and its products is achieved by ensuring strict health conditions, from the farm to the consumer.

Arabian Food Industries (DOMT) is a public company, listed on Egyptian Exchange since December 2015. Domty operates within the food and beverage sector focusing on canned food and meat. Domty is based in Cairo, Egypt and was established on March 14, 1984.

Obour Land Company for Food Industries (OLFI) was established on May 4, 1997, as the company's primary purpose is to manufacture all dairy products including packaging and pasteurization of liquid milk, cream, natural butter, all kinds of white cheese, dry cheese, processed cheese and all kinds of yoghurt in addition to Any other industries that fall under dairy products, all kinds of ice cream and ice cream biscuits, manufacturing and mixing ice cream stabilizers and natural fruit juices, as well as importing all production requirements related to the company's activity, as well as exporting products. And the manufacture of industrial sweets and all kinds of sweets, taking into account the provisions of the laws in force and on the condition that the necessary licenses are obtained to practice the activity. It may merge with the aforementioned bodies, buy them, or affiliate them with them, in accordance with the provisions of the law and its implementing regulations.arch 14, 1984.

Research Problem

Studies of the agricultural economy lack a study of the financial position of agricultural companies and food processing companies, especially companies listed on the Egyptian Stock Exchange, where the research problem is represented in the decline and instability of financial evaluation criteria for dairy manufacturing companies such as liquidity indicators, profitability indicators, efficiency indicators and risk indicators, which exposes these companies to a decline in their financial position Hence, its inability to compete in the market.

Research Objective:

The research aims to identify the financial position of dairy companies and their products, by studying the financial evaluation indicators for these companies (Domty and Obour Land companies) during the period (2016-2021) through the following objectives:

1- Studying the evolution of the quantity of dairy production (buffalo milk, cow milk) in Egypt.

2- Measuring the most important liquidity indicators represented in (current ratio, liquidity ratio, quick liquidity ratio, interest coverage rate, and debt service coverage rate).

3- Measuring profitability indicators (return on sales, return on total assets, return on equity, and return on investment capital).

4- Measuring efficiency indicators represented in (the turnover rate of total assets, the turnover rate of fixed assets, the turnover rate of current assets, the turnover rate of equity, the turnover rate of invested capital, the share of the sales pound from the costs of administrative and financial services, and the share of the sales pound from the costs of services marketing).

5- Measuring risk indicators represented in (the ratio of borrowing to total assets, the ratio of borrowing to equity, and the ratio of borrowing to current assets).

Research method and sources of data

To achieve the objectives of the research, the descriptive and quantitative analysis methods were used, as some methods were relied upon, such as averages, the general trend method, and financial evaluation indicators. The study also relied on secondary data published from its various sources, such as: the use of global databases on the Internet of the Food and Agriculture Organization (FAO), the Egyptian Stock Exchange.

Results and Discussion

Development of the quantity of buffalo milk production

It is clear from Table (1) the development of the quantity of buffalo milk production during the period (2000-2020), that the quantity of buffalo milk production fluctuated between increases and decreases, as the lowest amount reached about 1226 thousand tons in 2019, while it reached the highest amount in 2014 when it was estimated With about 2923 thousand tons, as the average for the study period was about 2342 thousand tons.

And by studying the equation of the general time trend for the development of the quantity of buffalo milk production during the period (2000-2020), it was found from Table (2) that the quadratic picture is the best fit for the nature of the data, as the results of the statistical analysis showed that the amount of buffalo milk production increased until it reached the highest production quantity of about 2923 thousand tons in 2014. It began to decrease by a statistically significant amount, amounting to about 17.2 thousand tons annually, representing about 0.84% of the average of the second period, which is about 2044 thousand tons. It was also found that about 66% of the changes occurring in the amount of buffalo milk production are due to a group of variables, the effect of which reflects the time.

Development of the amount of cow's milk production

It is clear from Table (1) the development of the quantity of cow's milk production during the period (2000-2020), that the quantity of cow's milk production fluctuated between increases and decreases, as the lowest amount reached about 1618 thousand tons in 2001, while it reached the highest amount in 2019 when it was estimated With about 3967 thousand tons, as the average for the study period was about 2775 thousand tons.

And by studying the equation of the general time trend for the development of the quantity of cow's milk production during the period (2000-2020), it was found from Table (2) that the cubic picture is the best fit for the nature of the data, as the results of the statistical analysis showed that the quantity of cow's milk production increased until it reached the highest production quantity of about 3211 thousand tons in 2008, then it began to decrease until it reached the lowest amount of about 2522 thousand tons in 2014, then it began to increase by a statistically significant amount of about 8.4 thousand tons. It was also found that about 78% of the changes occurring in the quantity of cow's milk production are due to a group of variables, the effect of which reflects time.

Table.1. Evolution of the quantity of buffalo, cow and total milk production in thousand tons in Egypt During the period (2000-2020).

Years	Buffalo milk production	Cow's milk production	total production
2000	2030	1645	3675
2001	2213	1618	3831
2002	2087	1997	4084
2003	2550	2598	5147
2004	2267	2282	4549
2005	2300	2802	5102
2006	2300	2980	5280
2007	2610	3187	5797
2008	2641	3211	5852
2009	2697	2803	5500
2010	2653	2995	5649
2011	2568	3107	5675
2012	2565	3154	5719
2013	2523	2908	5431
2014	2923	2552	5476
2015	2394	2729	5123
2016	2334	2630	4964
2017	2351	2961	5313
2018	2212	2882	5093
2019	1226	3967	5193
2020	1748	3270	5018
Average	2342	2775	5118
Minimum	1226	1618	3675
Maximum	2923	3967	5852

Source: Compiled from the official website of the Food and Agriculture Organization, www.fao.org.

Table.2. Equations of the time trend for the development of buffalo and cow milk production in Egypt during the period (2000-2020).

dependent variable	estimated model	R^2	F
Buffalo milk production (thousand tons)	$\hat{Y}_i = 1748.6 + 177.5 X_i - 8.6 X_i^2$ (10.7)** (5.2)** (-5.7)**	0.66	17.2
Cow's milk production (thousand tons)	$\hat{Y}_i = 795.4 + 603.1 X_i - 52.7 X_i^2 + 1.4 X_i^3$ (2.7)** (5.4)** (-4.5)** (4.1)**	0.78	20.5
total production (thousand tons)	$\hat{Y}_i = 2868.1 + 621.8 X_i - 43.6 X_i^2 + 0.9 X_i^3$ (11.6)** (6.5)** (-4.4)** (3.1)**	0.88	40.2

Where: $\hat{Y}i$: refers to the estimated value of the dependent variable. Xi: time variable where i = (1, 2, 3, ..., 21).
The value in brackets indicates the calculated (T) value, (R2) the coefficient of determination, and (F) the significance of the model as a whole.
(*) indicates significance of the regression coefficient at the significance level 0.05.
(**) indicates the significance of the regression coefficient at the significance level 0.01.
Source: Calculated from the data of Table (1) in the search.

Development of the total quantity of milk production

It is clear from Table (1) the development of the total quantity of milk production during the period (2000-2020), that the total quantity of milk production fluctuated between increase and decrease, as the lowest amount was about 3675 thousand tons in 2000, while the highest amount was in 2008. It was estimated at about 5825 thousand tons, as the average for the study period was about 5118 thousand tons.

And by studying the equation of the general time trend for the development of the total quantity of milk production during the period (2000-2020), it was found from Table (2) that the cubic image is the best suited to the nature of the data, as the results of the statistical analysis indicated that the amount of total production of milk increased until it reached the highest amount of production About 5852 thousand tons in 2008, then it began to decrease until it reached the lowest amount of about 4964 thousand tons in 2016, then it began to increase by a statistically significant amount of about 5.4 thousand tons. It was also found that about 88% of the changes occurring in the quantity of total milk production are due to a group of variables, the effect of which reflects time.

Financial development of dairy companies and their products

1- Domty Company (Arab Food Industries)

Development of the financial performance of the Arab Food Industries Company. This part deals with estimating the financial analysis standards represented in measuring liquidity, profitability, efficiency, and risk indicators during the period (2016-2021).

First: Liquidity Indicators

The current ratio, the liquidity ratio, and the quick liquidity ratio are among the most important indicators that measure the sector's ability to face the risks of paying its current obligations without the need to liquidate any fixed assets or obtain a new loan. The following is a presentation of the results of these ratios:

1- Turnover Ratio

By examining the estimated current ratio of the Arab Food Industries Company during the study period in Table (3), it was found that the company's ability to fulfill its financial obligations without resorting to the disposal of fixed assets decreased as the annual average of the number of times that traded assets can cover current liabilities during the study period was about 1.29. Once. For all years of the study, the ratio decreased from about 1.19 times in 2016 to about 1.23 times in 2021. The decrease in the current ratio may be due to a decrease in the item of current assets due to the accumulation of inventory and not discharging it, due to the lack of good use by public sector companies of their liquidity, or due to The accumulation and inflation of the customer item as a result of not using good policies in the collection and follow-up of debtor customers. The decrease in the current ratio from the generally accepted standard ratio (1:2) indicates the inability to fulfill financial obligations easily.

2- Liquidity Ratio

By reviewing the estimated liquidity ratio during the study period, it was found that the ability of the Arab Food Industries Company to meet its financial obligations without resorting to the disposal of fixed assets was low, as the annual average of this ratio during the study period was about 0.62 times. For all years of study, the study period was about 0.62 times. For all years of study, the liquidity ratio decreased from about 0.67 in 2016 to about 0.53 in 2021. The decrease in the liquidity ratio from the standard ratio (1:1) indicates a decrease in cash balances in addition to notes receivable and, thus, the inability to fulfill financial obligations without resorting to the disposal of fixed assets.

Table.3. Development of liquidity indicators for the Arab Food Industries Company during the period (2016-2021).

- The current ratio = current assets - current liabilities.
- Liquidity ratio = (cash balances + notes receivable) ÷ current liabilities
- Quick liquidity ratio = cash balances ÷ current liabilities
- Interest coverage rate = Gross earnings before interest and taxes ÷ Interest expense
- Debt service coverage ratio = net operating income ÷ total debt

Year	Current Ratio	Liquidity Ratio	Quick Liquidity Ratio	Interest Coverage Ratio	Debt Service Coverage Ratio
2016	1.19	0.67	0.29	0.51	0.08
2017	1.22	0.58	0.04	0.62	0.16
2018	1.33	0.62	0.03	1.55	0.33
2019	1.41	0.67	0.0680	2.63	0.32
2020	1.36	0.64	0.0863	2.57	0.26
2021	1.23	0.53	0.1078	0.88	0.12
Average	1.29	0.62	0.10	1.46	0.21

Source: Compiled and calculated from the official data of the company's financial statements on the Egyptian Stock Exchange.

3- Quick Liquidity Ratio

The quick liquidity ratio is more conservative than the current and previous ratios because it relies on actual liquid money, as it measures the extent to which short-term obligations can be repaid at the worst times and within a short period. By examining the rapid liquidity ratio estimated in Table (3) during the study period, it was found that the Arab Food Industries Company's ability to fulfill its financial obligations without resorting to the disposal of fixed assets decreased, as the annual The average ratio during the study period was about 0.10 times, and for all study years, the ratio decreased Rapid liquidity from about 0.29 in 2016 to about 0.11 in 2021.

4- Interest coverage rate

By examining the interest coverage rate estimated in Table (3) during the study period, it was found that the ability of the Arab Food Industries Company to meet its financing expenses decreased, as the annual average of this ratio during the study period was about 1.46, as the positive sign is since the company achieves profits before deducting interest and taxes. For all the years of the study, the interest coverage rate

decreased from about 0.51 in 2016 to about 0.88 in 2021. The typical percentage for the interest coverage rate is not less than 1.5, which gives us an idea of the company's losses that will expose it to the risk of defaulting on its debts. Thus, It is a good measure of the financial condition in the short term.

5- Debt service coverage rate

By examining the debt service coverage rate estimated in Table (3) during the study period, the ability of the Arab Food Industries Company to fulfill its debt payments was shown, as the annual average of this ratio during the study period was about 0.21, as the positive sign indicates that the company achieves profits in net operating income. For all years of the study, the debt service coverage rate increased from about 0.08 in 2016 to about 0.12 in 2021, but a slight increase. The lower this ratio, the more difficult it is to obtain a loan and pay off the debt.

Second: Profitability Indicators

The profitability indicators are among the most important indicators of performance development that measure the efficiency of management in the optimal exploitation of resources and the achievement of profits. The success of the activity depends on achieving profits from operational activities.

The profitability indicators include the return on sales, the return on total assets, the return on equity, and the return-on-investment capital.

The following is a presentation of the results of these indicators

1- Return on sales

By studying the return on sales of the Arab Food Industries Company in Table (4) during the period (2016-2021), it was found that the ratio of net profit to net sales ranged between the lowest rate of about 1.36% in 2016 and the highest rate of about 5.38 in 2018, with an annual average of About 3.45% during the study period. The positive sign indicates that the company is making profits in terms of sales, which indicates the moderation of its financial position.

2- Return on total assets

By examining the return on total assets of the Arab Food Industries Company in Table (4) during the study period, it was found that the return on total assets ranged between the lowest rate of about 1.50% in 2016 and the maximum rate of about 7.57% in 2019, with an annual average of about 4.80% during The study period where the positive sign indicates that the company is making profits concerning the total assets, which indicates the company's ability to invest the assets in generating a profit and the company's efficiency in exploiting the assets owned by it.

Table.4. Development of the profitability indicators of the Arab Food Industries Company During the period (2016-2021).

Years	Ratio of return on sales	Ratio of Return on equity	Ratio of return on invested capital	atio of return on assets
2016	1.36	4.71	40.99	1.50
2017	2.22	9.23	88.44	3.01
2018	5.38	20.35	246.69	7.83
2019	5.25	18.52	248.05	7.57
2020	4.79	17.45	253.86	6.58
2021	1.70	7.36	101.27	2.32
Average	3.45	12.94	163.22	4.80

• Ratio of return on sales = Net Profit ÷ Sales * 100

• Ratio of return on equity = Net Profit ÷ Equity * 100

• Ratio of return on invested capital= net profit invested capital* 100

• Ratio of return on assets = net profit ÷ total assets *100

Source: Compiled and calculated from the official data of the company's financial statements on the Egyptian Stock Exchange.

3- Return on Equity

By examining the return on equity of the Arab Food Industries Company in Table (4) during the study period, it was found that the return on equity ranged between the lowest rate of about 4.71% in 2016 and the maximum rate of about 20.35% in 2018, with an annual average of about -322.4%. during the study period. Where the positive sign indicates that the company achieves high profits in relation to equity, which indicates the company's ability to invest shareholders' money in generating profit.

4- Return on invested capital

By studying the return on invested capital of the Arab Food Industries Company in Table (4) during the study period, it was found that the return on invested capital ranged between the lowest rate of about 40.09% in 2016 and the maximum rate of about 248.05% in 2019 with an annual average of about 163.22 % during the study period. Where the positive sign indicates that all the funds available in the establishment, whether those provided by the owners of the establishment (capital) or lenders (long-term liabilities), are due to the company's ability to invest shareholders' money in generating profit, which indicates the efficiency of management in exploiting these funds.

Third: Efficiency Indicators

It expresses the management's efficiency in exploiting the available resources and capabilities.

Table.5. Development of the profitability indicators of the Arab Food Industries Company During the period (2016-2021).

Years	total asset turnover ratio	fixed asset turnover rate	current asset turnover ratio	Equity turnover rate	turnover of invested capital	The share of the sales pound in the costs of administrative and financial services	The share of the sales pound in the costs of marketing services
2016	1.10	4.54	1.46	3.46	30.12	0.02	0.15
2017	1.36	5.28	1.83	4.16	39.87	0.02	0.13
2018	1.45	6.16	1.90	3.78	45.82	0.02	0.12
2019	1.44	5.02	2.02	3.53	47.21	0.01	0.15
2020	1.37	5.40	1.84	3.64	53.00	0.01	0.16
2021	1.36	5.63	1.80	4.32	59.46	0.01	0.18
Average	1.35	5.34	1.81	3.81	45.91	0.02	0.15

- Total Assets Turnover = Sales ÷ Total Assets.
- Fixed Assets Turnover = Sales ÷ Fixed Assets.
- Current assets turnover = Sales ÷ Current assets.
- Equity turnover ratio = Sales ÷ Equity.
- Invested capital turnover = sales ÷ invested capital.
- The share of the sales pound in the costs of administrative and financial services = costs of administrative and financial services ÷ sales.
- The share of the sales pound in the costs of marketing services = costs of marketing services ÷ sales.

Source: Compiled and calculated from the official data of the company's financial statements on the Egyptian Stock Exchange.

1- Total Assets Turnover Ratio

By studying the total assets turnover rate of the Arab Food Industries Company in Table (5) during the study period, it was found that the total assets turnover rate ranged between the lowest ratio of about 1.10 in 2016 and the maximum ratio of about 1.45 in 2018 with an annual average of about 1.35 during the study period. A slight increase in the turnover of total assets is noted, which indicates a lack of optimal investment of the company's assets. This may be due to the small number and value of the company's assets compared to its high sales.

2- Fixed Assets Turnover Ratio

By studying the fixed assets turnover rate of the Arabian Food Industries Company in Table (5) during the study period, it was found that the fixed assets turnover rate ranged between the lowest rate of about 4.54 in 2016 and the highest rate of about 6.16 in 2018 with an annual average of about 5.34 during the study period, which is This means that every pound invested in tangible fixed assets generates a loss of approximately 4.34 pounds from net sales, which indicates that the company's fixed assets are not optimally invested.

3- Current Assets Turnover Ratio

By examining the turnover rate of the current assets of the Arab Food Industries Company in Table (5) during the study period, it was found that the turnover rate of current assets ranged between the lowest percentage of about 1.46 in 2016 and the highest percentage of about 1.90 in 2018 with an annual average of about 1.81 during the study period, which is This means that each pound invested in current assets generates approximately 0.81 pounds of net sales, which indicates that the company invested in current assets but there is still inefficiency.

4- Equity turnover rate

By studying the equity turnover rate of the Arabian Food Industries Company in Table (5) during the study period, it was found that the equity turnover rate ranged between the lowest percentage of about 3.46 in 2021 and the maximum percentage of about 4.32 in 2021 with an annual average of about 3.81 during the study period, which is This means that each pound invested in equity generates approximately 2.81 pounds of net sales, which indicates that the company's investment in equity is an optimal investment.

5- Invested capital turnover

By examining the turnover of the invested capital of the Arab Food Industries Company in Table (5) during the study period, it was found that the turnover of the invested capital ranged between the lowest rate of about 30.12 in 2016 and the highest rate of about 59.46 in 2021, with an annual average of about 45.91 during the period The study, which means that every invested pound of invested capital achieves a loss of approximately 44.91 pounds from net sales, which indicates the strength of the company's financial position.

6- The share of the sales pound in the costs of administrative and financial services

By studying the share of the sales pound in the costs of administrative and financing services for the Arab Food Industries Company in Table (5) during the study period, it was found that the share of the sales pound in the costs of administrative and financing services ranged between the lowest rate of about 0.01 in 2019 and the highest percentage of about 0.02 in 2016 with an average Annually, it amounted to about 0.02 pounds during the study period, which means that 0.02 pounds of sales are directed to the costs of administrative and financial services, which represents about 2% of the sales pounds and is considered an acceptable percentage for those costs.

7- The share of the sales pound in the costs of marketing services

By studying the share of the sales pound in the marketing services costs of the Arab Food Industries Company in Table (5) during the study period, it was found that the share of the sales pound in the marketing costs ranged between the lowest percentage of about 0.12 in 2018 and the maximum percentage of about 0.18 in 2021 with an annual average of about 0.15 during the study period, which means that 0.15 pounds of sales are

directed to the costs of marketing services, which represents about 15% of the pounds of sales and is considered a reasonable percentage of the costs of marketing services.

Fourth: Risk Indicators

Credit risk refers to the possibility of the borrower's inability to pay the debt or fulfill the contractual obligations incurred, which leads to the possibility of the lender not receiving the financial benefits arising from the debt that he gave him or even the risk of not receiving the original debt, which leads to interruption of cash flows and an increase in costs involved on collection. Although it is impossible to guarantee people, or to know if one of them will return the amounts and who will default on the obligations, it is possible to reduce these risks and the losses resulting from them by evaluating and managing the risks, and the interest paid to the lender is considered as a guarantee that he will bear the credit risks resulting from not recovering his original amounts. which he gave to people.

1- Borrowing ratio to total assets:

By studying the ratio of borrowing to total assets of the Arab Food Industries Company in Table (6) during the study period, it was found that the ratio of borrowing to total assets ranged between the lowest ratio of about 0.39 in 2019, and the maximum ratio of about 0.55 in 2016 with an annual average of about 0.5 during Study period, which means that borrowing contributes to financing assets at this rate, which is fairly reasonable.

2- Borrowing to Equity Ratio

By studying the ratio of borrowing to equity of the Arab Food Industries Company in Table (6) during the study period, it was found that the ratio of borrowing to total assets in circulation ranged between the lowest ratio of about 1.07 in 2018, and the maximum ratio of about 1.71 in 2021 with an annual average of about 1.3 During the study period, which means that borrowing contributes to financing current assets at this rate, which is fairly reasonable.

Table .6. Development of risk indicators for the Arab Food Industries Company During the period (2016-2021).

Years	Borrowing ratio to total assets	Borrowing to equity ratio	Borrowing ratio to current assets
2016	0.55	1.71	0.72
2017	0.49	1.51	0.66
2018	0.41	1.07	0.54
2019	0.39	0.95	0.55
2020	0.41	1.09	0.55
2021	0.46	1.46	0.61
Average	0.5	1.3	0.6

- Borrowing to total assets ratio = Borrowing ÷ Total assets
- Borrowing to Equity Ratio = Borrowing ÷ Equity
- Borrowing ratio on current assets = Borrowing ÷ Current assets

Source: Compiled and calculated from the official data of the company's financial statements on the Egyptian Stock Exchange.

3- Borrowing ratio to current assets

By examining the ratio of borrowing to total current assets of the Arab Food Industries Company in Table (6) during the study period, it was found that the ratio of borrowing to total current assets ranged between the lowest ratio of about 0.54 in 2018, and the highest ratio of about 0.72 in 2016 with an annual average of about 0.6 during the study period, which means that borrowing contributes to financing current assets at this rate, which is fairly reasonable.

2- Obour Land Company for Food Industries (OLFI)

Development of the financial performance of Obour Land Food Industries Company. This part deals with the results of estimating the financial analysis standards represented in measuring liquidity indicators, profitability indicators, efficiency indicators, and risk indicators during the period (2016-2021).

First: Liquidity Indicators

The current ratio, the liquidity ratio, and the quick liquidity ratio are among the most important liquidity indicators that measure the sector's ability to face the

risks of paying its current obligations without the need to liquidate any fixed assets or obtain a new loan.

The following is a presentation of the results of these ratios

1- Turnover Ratio

By examining the estimated turnover ratio of Obour Land Food Industries Company during the study period in Table (7), it was found that the company's ability to fulfill its financial obligations without resorting to disposal of fixed assets decreased, as the annual average of the number of times that the current assets can cover the current liabilities during the study period was about 1.47 times. For all years of the study, the ratio decreased from about 1.27 times in 2016 to about 1.02 times in 2021. The decrease in the current ratio may be due to a decrease in the item of current assets due to the accumulation of inventory and not discharging it, or due to the lack of good use by public sector companies of their liquidity, or due to The accumulation and inflation of the customer item as a result of not using good policies in the collection and follow-up of debtor customers. The decrease in the current ratio from the generally accepted standard ratio (1:2) indicates the inability to easily fulfill financial obligations.

2- Liquidity Ratio

By reviewing the estimated liquidity ratio during the study period, it was found that the ability of Obour Land for Food Industries to fulfill its financial obligations without resorting to disposal of fixed assets was found to be low, as the annual average of this ratio during the study period was about 0.30 times. For all years of the study, the liquidity ratio decreased from about 0.36 in 2016 to about 0.09 in 2021. The decrease in the liquidity ratio from the standard ratio recognized as (1:1) indicates a decrease in cash balances in addition to notes receivable, and thus the inability to fulfill financial obligations without resorting to the disposal of fixed assets.

3- Quick Liquidity Ratio

The quick liquidity ratio is more conservative than both the current ratio and the previous liquidity ratio, because it relies on actual liquid money, as it measures the extent to which short-term obligations can be repaid at the worst times and within a short period. By examining the quick liquidity ratio estimated in Table (7) during the study period, it was found that the ability of Obour Land Food Industries to meet its financial obligations without resorting to the disposal of fixed assets decreased, as the annual average of this ratio during the study period was about 0.24 times, and for all years of the study it decreased The quick liquidity ratio from about 0.33 in 2016 to about 0.04 in 2021.

Table.7. Development of liquidity indicators for Obour Land Food Industries Company during the period (2016-2021).

Year	Current Ratio	Liquidity Ratio	Quick Liquidity Ratio	Interest Coverage Ratio	Debt Service Coverage Ratio
2016	1.27	0.36	0.33	47.84	0.21
2017	1.30	0.26	0.23	5.53	0.20
2018	2.14	0.57	0.48	10.92	0.49
2019	1.49	0.41	0.3335	13.28	0.54
2020	1.61	0.12	0.0410	15.96	2.14
2021	1.02	0.09	0.0401	28.04	2.99
Average	1.47	0.30	0.24	20.26	1.10

- The current ratio = current assets - current liabilities.
- Liquidity ratio = (cash balances + notes receivable) ÷ current liabilities
- Quick liquidity ratio = cash balances ÷ current liabilities
- Interest coverage rate = Gross earnings before interest and taxes ÷ Interest expense
- Debt service coverage ratio = net operating income ÷ total debt

Source: Compiled and calculated from the official data of the company's financial statements on the Egyptian Stock Exchange.

4- Interest coverage rate

By studying the interest coverage rate estimated in Table (7) during the study period, it was found that there was a slight decrease in the ability of Obour Land Food Industries Company to meet its financing expenses, as the annual average of this ratio during the study period was about 20.26, as the positive sign is due to the fact that the company achieves high profits before deducting interest. And taxes, and for all years of the study, the interest coverage rate decreased from about 47.84 in 2016 to about 28.04 in 2021. Whereas, the accepted standard ratio for the interest coverage rate is not less than 1.5, which gives us an idea of the amount of company losses that will expose it to the risk of default. Its debt, and therefore it is a good measure of financial condition in the short term.

5- Debt service coverage rate

Debt service coverage ratio is the ratio of operating income available for debt service to interest, principal payments and lease payments. It is a common criterion used to measure a corporate entity's ability to produce enough cash to cover payments on its debts (including leases). By examining the debt service coverage rate estimated in Table (7) during the study period, it was found that the ability of Obour Land Food Industries Company to fulfill its debt payments increased, as the annual average of this ratio during the study period was about 1.10, as the positive sign is due to the fact that the company achieves high profits in net income. Operational, and for all years of the study, the debt service coverage rate increased from about 0.21 in 2016 to about 2.99 in 2021. The higher this ratio, the easier it is to obtain a loan and pay off the debt.

Second: Profitability Indicators

The indicators of profitability are among the most important indicators of performance development that measure the efficiency of management in the optimal exploitation of resources and the achievement of profits. The success of the activity depends on achieving profits from operational activities. The profitability indicators include the return on sales, the return on total assets, the return on equity, and the return on investment capital.

The following is a presentation of the results of these indicators

1- Return on sales

By studying the return on sales of Obour Land Food Industries Company in Table (8) during the period (2016-2021), it was found that the ratio of net profit to net sales ranged between the lowest rate of about 8.74% in 2016 and the highest rate of about 11.68 in 2020 at an annual average. It reached about 10.68% during the study period. Where the positive sign is due to the fact that the company achieves high profits in terms of sales, which may lead to the strength of the financial position of this company.

2- Return on total assets

By studying the return on total assets of Obour Land Food Industries Company in Table (8) during the study period, it was found that the return on total assets ranged between the lowest rate of about 3.14% in 2016 and the maximum rate of about 4.86% in 2017 with an annual average of about 4.24% during the study period. The positive sign indicates that the company is making profits in relation to the total assets, which indicates the company's ability to invest the assets in generating profit and the company's efficiency in exploiting the assets owned by it.

3- Return on Equity

By studying the return on equity of Obour Land Food Industries Company in Table (8) during the study period, it was found that the return on equity ranged between the lowest rate of about 7.12% in 2016 and the maximum rate of about 10.50% in 2017, with an annual average of about 8.20%. during the study period. Where the positive sign indicates that the company is making profits in relation to equity, which indicates the company's ability to invest shareholders' money in generating profit.

Table.8. Development of profitability indicators, Obour Land Food Industries during the period (2016-2021).

Years	Ratio of return on sales	Ratio of return on equity	Ratio of return on invested capital	Ratio of return on assets
2016	8.74	7.12	13.56	3.14
2017	13.02	10.50	22.34	4.86
2018	10.94	7.36	12.54	4.31
2019	9.18	7.20	13.22	3.91
2020	11.68	7.33	17.02	4.53
2021	10.52	9.70	17.45	4.68
Average	10.68	8.20	16.02	4.24

- Ratio of return on sales = Net Profit ÷ Sales * 100
- Ratio of return on equity = Net Profit ÷ Equity * 100
- Ratio of return on invested capital= net profit nvested capital* 100
- Ratio of return on assets = net profit ÷ total assets *100

Source: Compiled and calculated from the official data of the company's financial statements on the Egyptian Stock Exchange.

4- Return on invested capital

By studying the return on the invested capital of Obour Land Food Industries Company in Table (8) during the study period, it was found that the return on invested capital ranged between the lowest rate of about 12.54% in 2018 and the highest rate of about 22.34% in 2017 with an annual average of about 16.02% during the study period. Where the positive sign indicates that all the funds available in the facility, whether those provided by the owners of the facility (capital) or lenders (long-term liabilities), are due to the company's ability to invest shareholders' money in generating profit, which indicates the efficiency of management in exploiting these funds.

Third: Efficiency Indicators

It expresses the management's efficiency in exploiting the available resources and capabilities.

1- Total Assets Turnover Ratio

By studying the total assets turnover rate of Obour Land Food Industries Company in Table (9) during the study period, it was found that the total assets turnover rate ranged between the lowest percentage of about 0.36 in 2016 and the maximum percentage of about 0.45 in 2021 with an annual average of about 0.40 during the study period. A slight increase in the turnover of total assets is noted, which indicates a lack of optimal investment of the company's assets. This may be due to the small number and value of the company's assets compared to its high sales.

4- Equity turnover rate

By studying the equity turnover rate of Obour Land Food Industries Company in Table (9) during the study period, it was found that the equity turnover rate ranged between the lowest percentage of about 0.78 in 2019 and the maximum percentage of about 0.92 in 2021 with an annual average of about 0.77 during the study period. This means that each pound invested in equity generates approximately 0.77 pounds of net sales, which indicates the company's investment in equity is an optimal investment.

5- Invested capital turnover

By examining the turnover of the invested capital of Obour Land Food Industries Company in Table (9) during the study period, it was found that the turnover of the invested capital ranged between the lowest rate of about 1.15 in 2018 and the highest rate of about 1.72 in 2017 with an annual average of about 1.50 during The study period, which means that each invested pound of invested capital achieves a loss of approximately 0.50 pounds of net sales, which indicates the seriousness of the company's financial position.

6- The share of the sales pound in the costs of administrative and financial services

By studying the share of the sales pound in the costs of administrative and financing services for Obour Land Food Industries Company in Table (9) during the study period, it was found that the share of the sales pound in the costs of administrative and financing services ranged between the lowest percentage of about 0.01 in 2016 and the maximum percentage of about 0.2 in 2021 With an annual average of about 0.02 pounds during the study period, which means that 0.02 pounds of sales are directed to the costs of administrative and financial services, which represents about 2% of the sales pounds and is considered an acceptable percentage for those costs.

Table .9. Development of profitability indicators for Obour Land Food Industries Company during the period (2016-2021).

Years	total asset turnover ratio	fixed asset turnover rate	current asset turnover ratio	Equity turnover rate	turnover of invested capital	The share of the sales pound in the costs of administrative and financial services	The share of the sales pound in the costs of marketing services
2016	0.36	0.79	0.66	0.82	1.55	0.01	0.08
2017	0.37	0.83	0.68	0.81	1.72	0.01	0.07
2018	0.39	0.78	0.80	0.67	1.15	0.02	0.06
2019	0.43	0.78	0.93	0.78	1.44	0.02	0.08
2020	0.39	0.68	0.90	0.63	1.46	0.02	0.08
2021	0.45	0.77	1.06	0.92	1.66	0.02	0.08
Average	0.40	0.77	0.84	0.77	1.50	0.02	0.07

•Total Assets Turnover = Sales ÷ Total Assets
- Fixed Assets Turnover = Sales ÷ Fixed Assets
- Current assets turnover = Sales ÷ Current assets
- Equity turnover ratio = Sales ÷ Equity
- Invested capital turnover = sales ÷ invested capital
- The share of the sales pound in the costs of administrative and financial services = costs of administrative and financial services ÷ sales
- The share of the sales pound in the costs of marketing services = costs of marketing services ÷ sales

Source: Compiled and calculated from the official data of the company's financial statements on the Egyptian Stock Exchange.

7- The share of the sales pound in the costs of marketing services

By studying the share of the sales pound in the marketing services costs of Obour Land Food Industries Company in Table (9) during the study period, it was found that the share of the sales pound in the marketing costs ranged between the lowest percentage of about 0.06 in 2018 and the maximum percentage of about 0.08 in 2021 with an annual average of About 0.07 pounds during the study period, which means that 0.07 pounds per pound of sales is directed to the costs of marketing services, which represents about 7% of the pounds of sales and is considered a reasonable percentage of the costs of marketing services.

Fourth: Risk Indicators

Credit risk refers to the possibility of the borrower's inability to pay the debt or fulfill the contractual obligations incurred, which leads to the possibility of the lender not receiving the financial benefits arising from the debt that he gave him or even the risk of not receiving the original debt, which leads to interruption of cash flows and an increase in costs involved on collection. Although it is impossible to guarantee people, or to know if one of them will return the amounts and who will default on the obligations, it is possible to reduce these risks and the losses resulting from them by evaluating and managing the risks, and the interest paid to the lender is considered as a guarantee that he will bear the credit risks resulting from not recovering his original amounts Which he gave to people.

1- Borrowing ratio to total assets

By studying the ratio of borrowing to total assets of Obour Land Food Industries Company in Table (10) during the study period, it was found that the

ratio of borrowing to total assets ranged between the lowest ratio of about 0.03 in 2021, and the maximum ratio of about 0.20 in 2016 with an annual average of about 0.1 During the study period, which means that borrowing contributes to financing assets at this rate, which is fairly reasonable.

2- Borrowing to Equity Ratio

By studying the ratio of borrowing to equity for Obour Land Food Industries Company in Table (10) during the study period, it was found that the ratio of borrowing to equity ranged between the lowest ratio of about 0.07 in 2020, and the maximum ratio of about 0.46 in 2016 with an annual average of about 0.2 During the study period, which means that borrowing contributes to the financing of equity in the company at this rate, which is fairly reasonable.

Table.10. Development of risk indicators for Obour Land Food Industries Company During the period (2016-2021).

Years	Borrowing ratio to total assets	Borrowing to equity ratio	Borrowing ratio to current assets
2016	0.20	0.46	0.37
2017	0.19	0.42	0.35
2018	0.11	0.18	0.22
2019	0.09	0.17	0.20
2020	0.04	0.07	0.10
2021	0.03	0.07	0.08
Average	0.1	0.2	0.2

•Borrowing to total assets ratio = Borrowing ÷ Total assets
• Borrowing to Equity Ratio = Borrowing ÷ Equity
• Borrowing ratio on current assets = Borrowing ÷ Current assets
Source: Compiled and calculated from the official data of the company's financial statements on the Egyptian Stock Exchange.

3- Borrowing ratio to current assets

By studying the ratio of borrowing to total current assets of Obour Land Food Industries Company in Table (10) during the study period, it was found that the ratio of borrowing to total current assets ranged between the lowest ratio of about 0.08 in 2021, and the highest ratio of about 0.37 in 2016 with an annual average of About 0.2 during the study period, which means that borrowing contributes to financing current assets at this rate, which is fairly reasonable.

Recommendations

1- Working to raise the item of traded assets in dairy production companies and dairy products through stock disposal and good use by public sector companies of their liquidity.
2- Developing the financial position of dairy production companies and their products through the use of good collection policies and following up on indebted customers.
3- Urging to raise cash balances in addition to notes receivable, and thus the ability of these companies to fulfill financial obligations without resorting to the disposal of fixed assets.
4- Working on optimal investment of the assets of dairy production companies and their products.
5- Using good methods to market these products by studying the market and consumer tastes.

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القوائم المالية للشركات بالبورصة المصرية

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التحليل المالي لشركات الألبان ومنتجاتها المقيدة بالبورصة لمصرية (شركتي دومتي وعبور لاند)

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الملخص:
يتمثل الغرض الأساسي لشركة عبور لاند في تصنيع جميع منتجات الألبان بما فى ذلك التعبئة وبسترة الألبان السائلة والقشطة والزبدة الطبيعية وجميع أنواع الجبن الأبيض، الجبن الجاف والجبن المطبوخ وجميع أنواع الزبادي بالإضافة إلى أي صناعات أخرى تندرج تحت منتجات الألبان وجميع أنواع الأيس كريم وبسكويت الأيس كريم. حيث تمثلت مشكلة البحث في انخفاض وعدم استقرار معايير التقييم المالي لشركات تصنيع الألبان كمؤشرات السيولة ومؤشرات الربحية ومؤشرات الكفاءة ومؤشرات المخاطرة، مما يعرض تلك الشركات إلي انخفاض وضعها المالي وبالتالي عدم قدرتها علي المنافسة في الأسواق. وهدف البحث التعرف علي الوضع المالي لشركات الألبان ومنتجاتها، وذلك من خلال دراسة مؤشرات التقييم المالي لتلك الشركات (شركتي دومتي وعبور لاند) خلال الفترة (2016-2021) .
وبدراسة نسبة التداول المقدرة لشركة الصناعات الغذائية العربية (دومتي) خلال فترة الدراسة تبين إنخفاض قدرة الشركة على الوفاء بإلتزاماته المالية دون اللجوء إلى التصرف في الأصول الثابتة حيث بلغ المتوسط السنوى لعدد المرات التي تستطيع فيها الأصول المتداولة تغطية الخصوم المتداولة خلال فترة الدراسة نحو 1.29 مره. كما تبين أن نسبة صافي الربح إلى صافي المبيعات تراوح بين أدنى نسبة بلغت نحو 1.36% في عام 2016 وأقصى نسبة بلغت نحو 5.38 في عام 2018 بمتوسط سنوى بلغ نحو 3.45% خلال فترة الدراسة. وتبين أن معدل دوران الأصول المتداولة تراوح بين أدنى نسبة بلغت نحو 1.46 في عام 2016 وأقصى نسبة بلغت نحو 1.90 في عام 2018 بمتوسط سنوى بلغ نحو 1.81 خلال فترة الدراسة وهو ما يعني أن كل جنية مستثمر في الأصول المتداولة تولد ما يقرب من 0.81 جنيه من صافي المبيعات، مما يدل على استثمار الشركة للأصول المتداوله ولكن ما زالت هناك عدم كفاءة.
كما تبين إنخفاض قدرة شركة عبور لاند للصناعات الغذائية على الوفاء بإلتزاماته المالية دون اللجوء إلى التصرف في الأصول الثابتة حيث بلغ المتوسط السنوى لعدد المرات التي تستطيع فيها الأصول المتداولة تغطية الخصوم المتداولة خلال فترة الدراسة نحو 1.47 مره.

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