

“Sheer”

The company was founded in 1959 under license of Foremost-McCain Inc. They have become public joint-stock in 1975 and listed in Tehran Stock Exchange in 1976.

Company Status

Listed

Market Cap

58 M USD

Free Float

22%

Daily Average Trade

81,500 USD

Number of Employees

1612

* all information are as of March 2017

** 1 USD is equal to 38,000 Iran Rial

Key Financials (Consolidated)

	12M ending March	12M ending March	12M ending March	12M ending March
	2017	2016	2015	2014
Revenue	178,235	169,717	149,073	116,706
Operating Profit	9,103	6,810	6,886	8,152
Net Income	286	-1,179	-288	1,950
Total Assets	119,556	116,832	83,459	61,326
Total Liabilities	91,827	87,812	77,471	53,793
Total Equity	27,730	29,020	5,988	7,533
Average USD/IRR	36,260	34,290	32,740	31,750

All values are in **thousands of USD**

Key Stats (Consolidated)

	12M ending March	12M ending March	12M ending March	12M ending March	Industry Mean
	2017	2016	2015	2014	2017
Current Ratio	0.67	0.68	0.84	0.90	1.00
GP Margin	5.11%	4.01%	14.52%	15.62%	15.23%
NP Margin	0.16%	-0.69%	0.84%	1.94%	4.18%
Return on Asset	0.24%	1.031%	-0.40%	12.38%	7.55%
Return on Equity	1.04%	22.85%	-4.07%	31.86%	23.92%
Debt Ratio	36.03%	36.14%	51.43%	51.65%	22.81%

Business Overview

The consumption of milk in Iran is around 60kg-70kg annually which is less than average consumption in developed countries and is approximately equal to the average global consumption. Part of consumer dairy products are traditionally produced and sold in small multi-player workshops, which are not possible to analyze due to the lack of proper statistics of the market, but include a significant share of dairy consumption. Dairy companies can be classified in several categories:

1. Companies whose goal is to cover sales to the majority of society and reduce costs. These companies have a high geographical coverage and products at lower prices. The Iranian Milk Industries Company (Pegah) follows this policy (cost management).
2. Companies that are more likely to focus on providing products with a high diversity, product differentiation with other competitors, and having a business brand. “Sheer” and Kalleh are in this category. The two companies have high expertise, extensive product lines and a variety of products. Due to their high milk consumption, the two companies have a close relationship with milk suppliers, thus, giving them a bargaining power over the price of milk.
3. Companies that have a high production volume but they do local business. For example, Damdaran whose wholesale is concentrated in Tehran and its surrounding towns. Another example is Ramak , which operates mostly in Fars province and southern provinces. This policy reduces the cost of distribution for the company.
4. the other group are companies like Choopan which focuses on luxury and expensive products. Choopan uses this strategy to focus on product and market.

Main Products

	Product	Percentage
1	Milk	32%
2	Cream	21%
3	Packed Butter	14%
4	Ice-Cream	12%
5	Others	21%

Market Share

Due to the lack of sales data for dairy products in the traditional sector and the lack of access to sales of non-government companies such as Kalleh the calculation of the market share of the company is not possible. The sale of dairy companies listed on the stock exchange is \$360.4 million , from which the “Sheer” company has sales of \$151million. The figure is one third of listed dairy companies’ market share.

Major Shareholders

	Institution	Percentage
1	Islamic Revolution Mostazafan Foundation	50.46%
2	National Investment Company of Iran	13.13%
3	Foremost Company	8.41%
4	Others	28%

Competitors

The main rival of the company is Kalleh . But given the fact that the dairy market cannot be completely differentiated according to the strategy of the company, companies like Iran Milk Industries (Pegah) and other traditional dairy producers can also be considered as its rivals.

Competitive Advantage

The competitive advantage of “Sheer” is its focus on diversity of its products, bargaining power to buy raw milk and its brand.