



# **Almarai Company**

**2012 3<sup>rd</sup> Quarter Earnings Presentation**

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# Performance Highlights – Q3, 2012

	Q3 2012		Year to Date Q3 2012	
	SAR ' M	Growth over last year	SAR ' M	Growth over last year
<b>Group Revenue</b>	<b>2,673.0</b>	<b>↑ 27.0%</b>	<b>7,237.5</b>	<b>↑ 23.5%</b>
<b>Group Revenue excluding IDJ</b>	<b>2,491.7</b>	<b>↑ 18.4%</b>	<b>6,891.7</b>	<b>↑ 17.6%</b>
<b>Net Income</b>	<b>450.0</b>	<b>↑ 4.7%</b>	<b>1,071.6</b>	<b>↑ 5.7%</b>

- Revenue growth of 23.5% driven by core business and inclusion of IDJ results in the top line.
- Core business revenue grew by 22.4% driven by poultry 55.3%, Juice 37.6% and bakery 33.7%
- On a year to date basis, 26 additional NPDs have been launched.
- YTD Q3 net Income grew by 5.7% compared with YTD Q3, 2011. The income growth lags revenue growth due to delayed impact of commodity price softening and higher overheads in line with capacity growth, which is yet to match revenue growth.
- Staff strength now stands at 26,647 including IDJ at end of September 2012
- YTD net operating cash flow is 1,395.7 million, up by 12.6% over the last year
- Capital expenditure spend on a year to date basis stood at 2.3 billion Saudi Riyals

# Product innovation: Growth driver





# Statement of Income

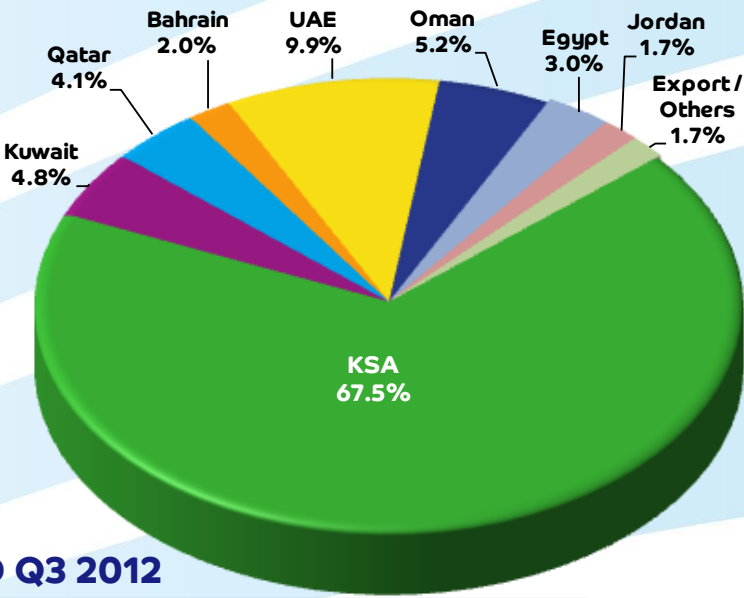
<i>SAR million</i>	<i>3rd Quarter</i>			<i>Year to Date 3rd Quarter</i>		
	<i>2 0 1 2</i>	<i>2 0 1 1</i>	<i>Change</i>	<i>2012</i>	<i>2011</i>	<i>Change</i>
Net Sales	2,673.0	2,105.3	27.0%	7,237.5	5,861.7	23.5%
Cost of sales	(1,660.8)	(1,234.0)	34.6%	(4,596.3)	(3,589.0)	28.1%
Gross Profit	1,012.2	871.3	16.2%	2,641.2	2,272.7	16.2%
Selling and Distribution Expenses	(418.3)	(318.3)	31.4%	(1,166.4)	(907.7)	28.5%
General and Administration Expenses	(85.3)	(76.0)	12.3%	(239.2)	(190.7)	25.4%
EBIT	508.6	477.0	6.6%	1,235.6	1,174.2	5.2%
Share of Results of Associates	(3.9)	(2.5)	59.2%	(21.6)	(12.9)	68.1%
Bank Charges	(41.3)	(31.6)	30.5%	(110.9)	(112.7)	(1.6%)
Income from Main and Continuing Operations	463.4	442.9	4.6%	1,103.1	1,048.7	5.2%
Zakat	(14.6)	(11.2)	30.7%	(35.6)	(26.9)	32.4%
Net income before Minority Interest	448.8	431.8	3.9%	1,067.5	1,021.8	4.5%
Minority Interest	1.2	(2.1)	(155.9%)	4.1	(7.6)	(153.9%)
Net Income	450.0	429.7	4.7%	1,071.6	1,014.2	5.7%
<i>Net Income %</i>	<i>16.8%</i>	<i>20.4%</i>		<i>14.8%</i>	<i>17.3%</i>	
Earnings Per Share	<i>1.12</i>	<i>1.07</i>		<i>2.68</i>	<i>2.54</i>	

# Sales Analysis by Product & Region

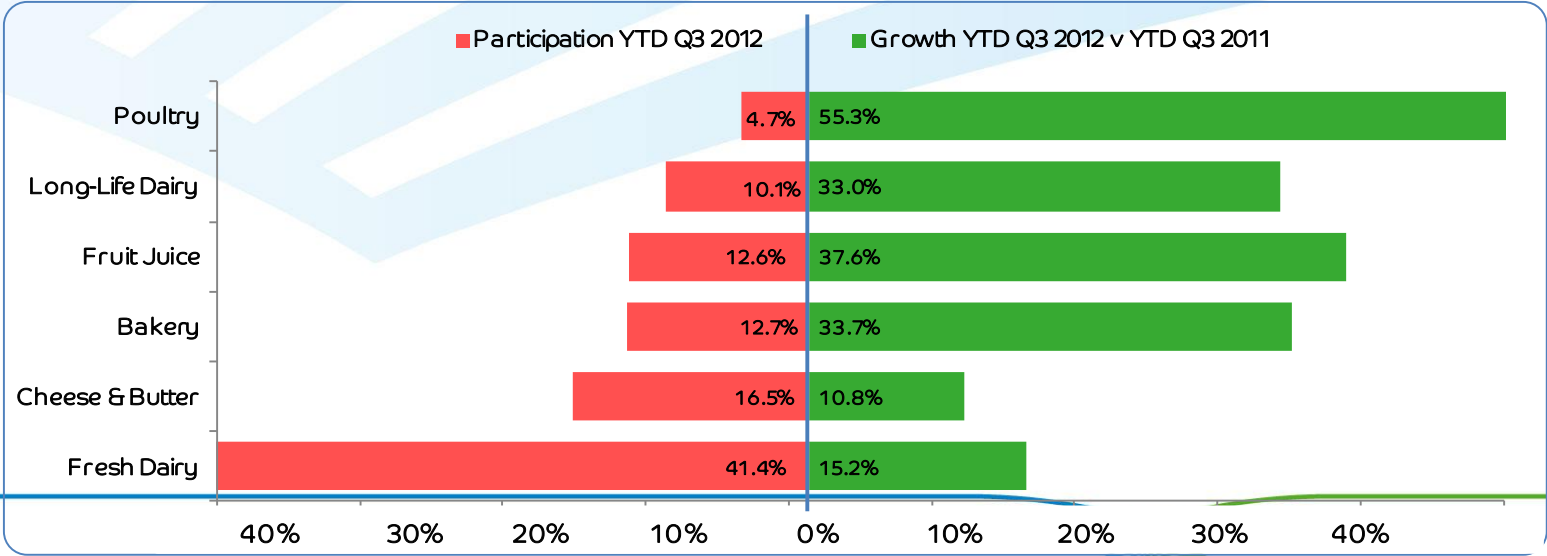
## Sales by Product

Sales by Product Group SAR Million	YTD Q3 2012		
	2012	2011	% change
Fresh Dairy	2,996.5	2,601.5	15.2%
Long-Life Dairy	728.5	547.9	33.0%
Fruit Juice	912.8	663.2	37.6%
Cheese & Butter	1,191.2	1,074.7	10.8%
Bakery	921.3	688.9	33.7%
Poultry	341.9	220.2	55.3%
Arable and Horticulture	103.9	48.3	115.2%
Other Sales	41.3	17.1	142.5%
<b>Total Sales</b>	<b>7,237.5</b>	<b>5,861.7</b>	<b>23.5%</b>

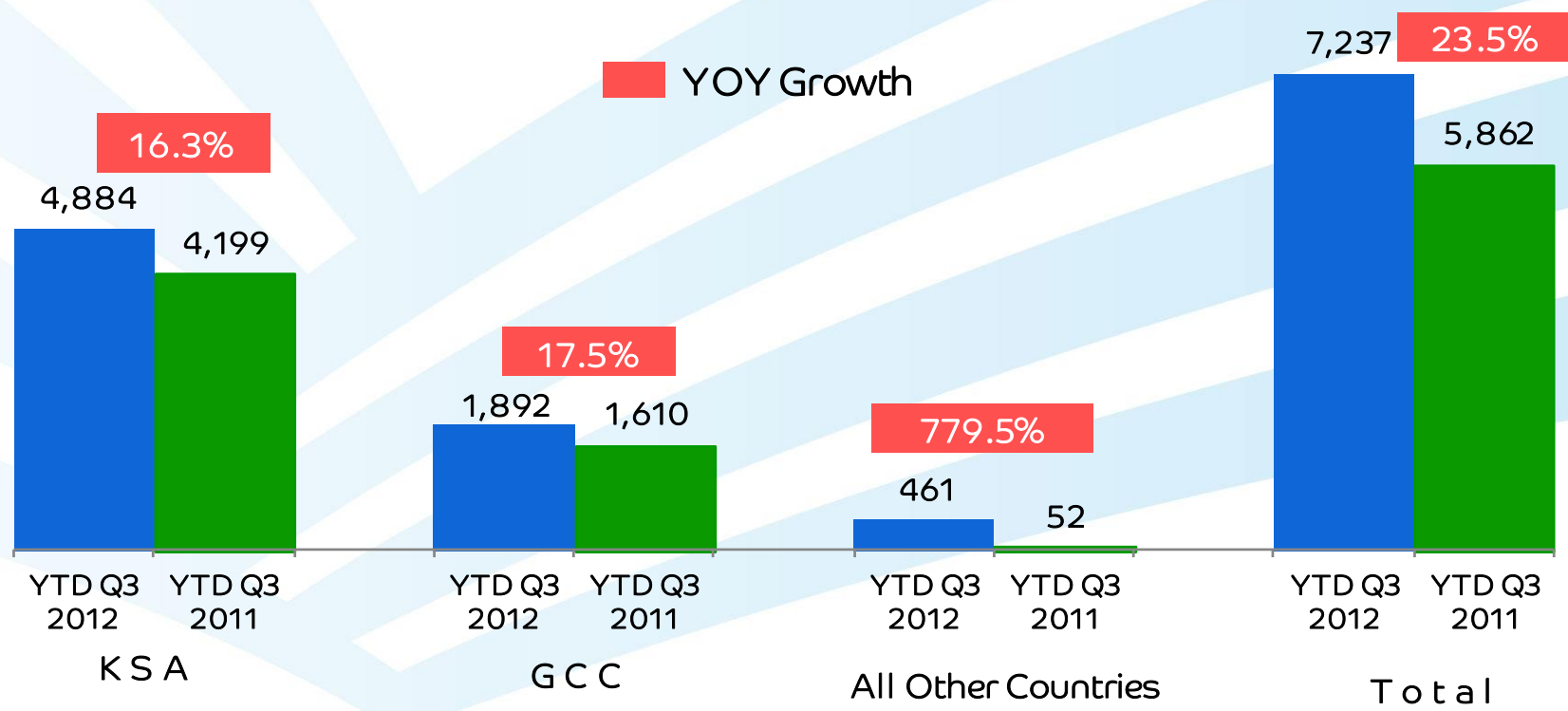
## Sales by Country - YTD Q3 2012



## Participation vs Growth – YTD Q3 2012

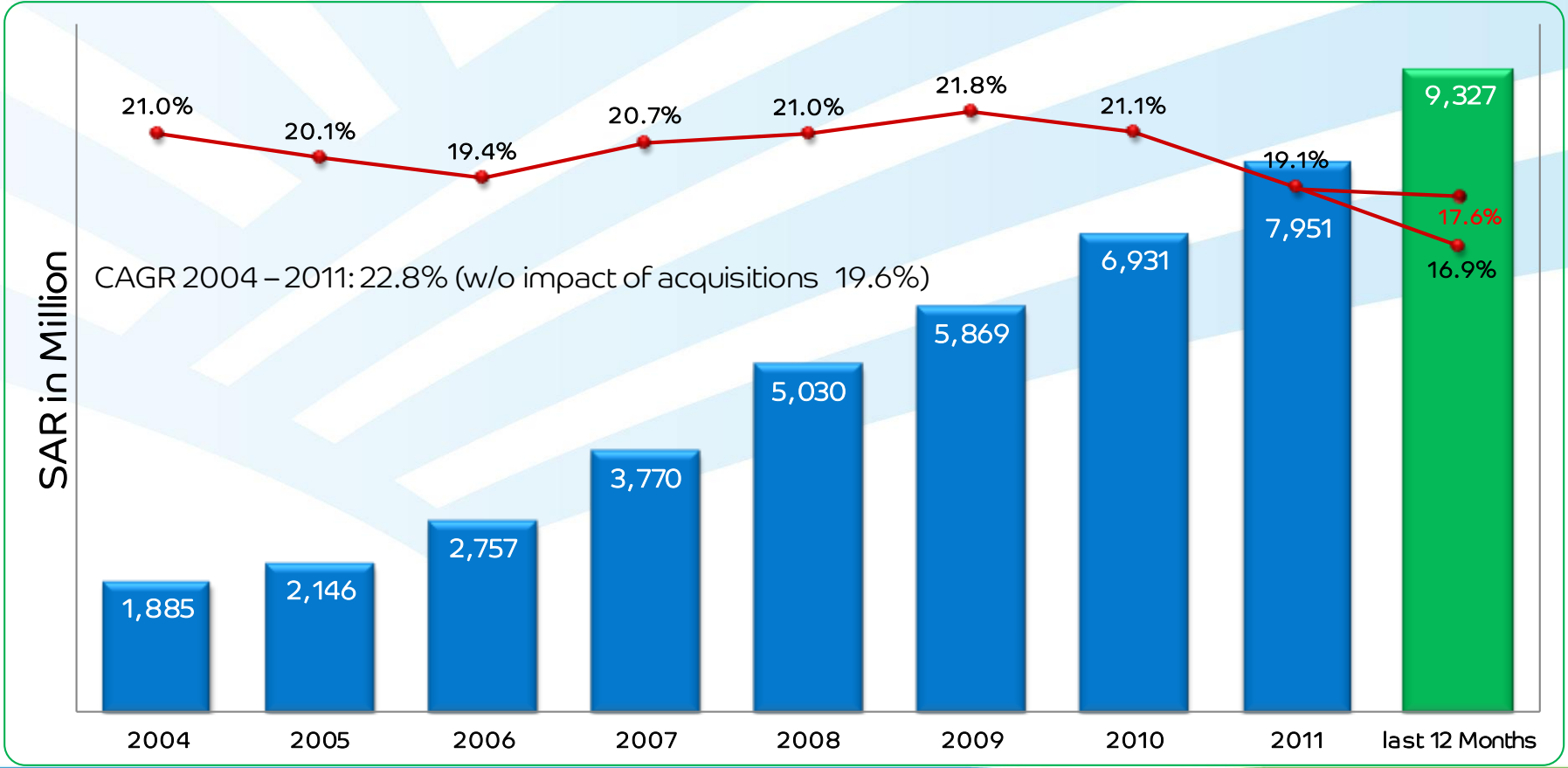


# Sales Revenue Growth by Region



# Robust revenue growth with challenging – but anticipated – EBIT trend

## Revenue and Net Operating Income Evolution

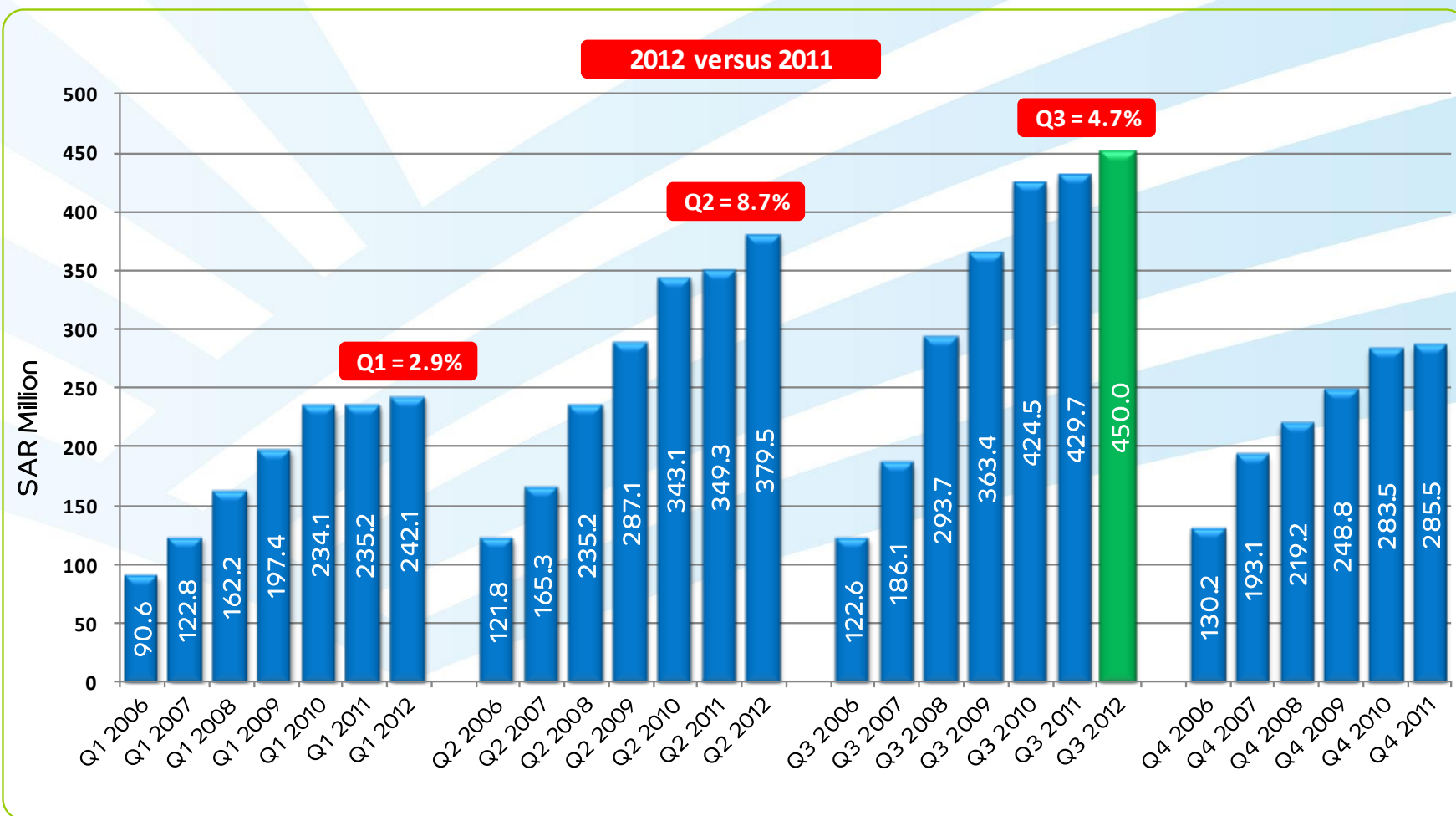


\* Net Operating income % is lowered to 17.6% excluding the impact of IDJ consolidation.



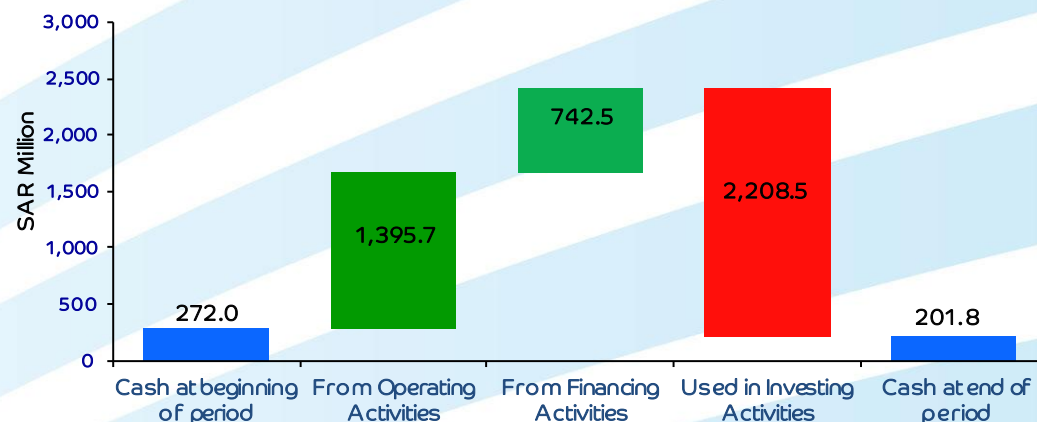


# Quarterly Performance – Net Income



# Cash Flow Statement (Q3 YTD 2012)

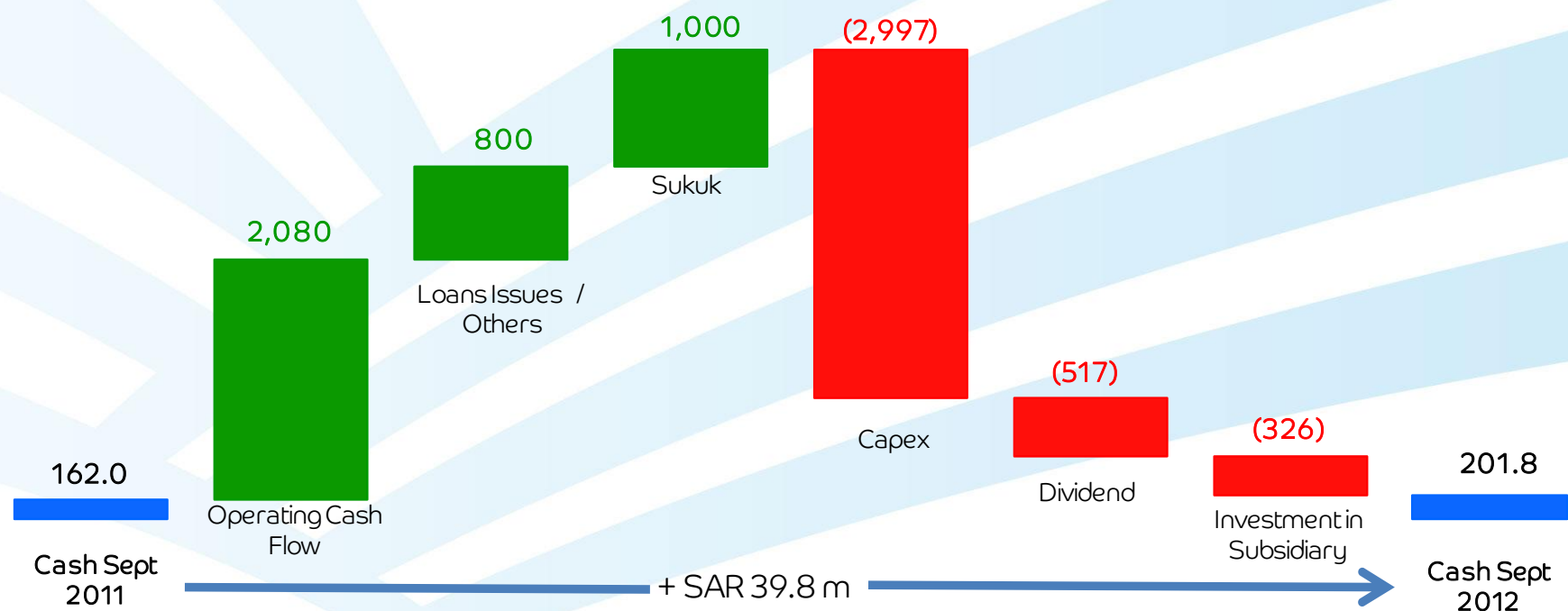
Strong revenue growth resulted in positive operating cash flow....



	Q3 YTD	
SAR Million	2012	2011
From Operating Activities	1,395.7	1,239.6
Used in Investing Activities	(2,208.5)	(2,122.7)
From Financing Activities	742.5	804.3
Increase/(Decrease) in Cash	(70.2)	(78.7)
Cash at beginning of period	272.0	240.8
Cash at end of period	201.8	162.0

...but additional capex investment especially for poultry (1.3B) resulted in negative free cash flow of 812.8m

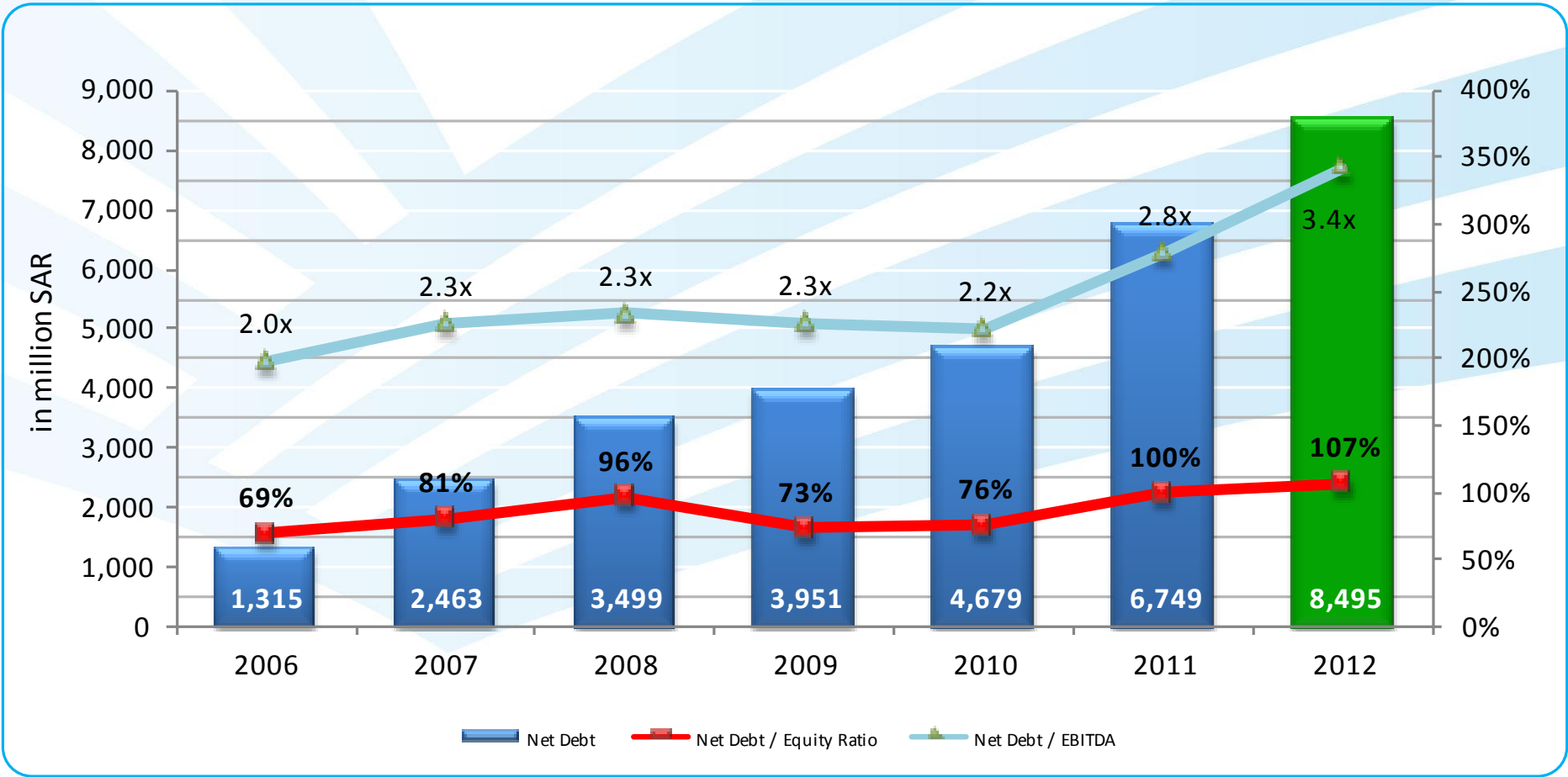
# Cash Flow Bridge (rolling 12 months)



# Balance Sheet

SAR Million	30.09.12	30.09.11
Net Operating Working Capital	1,381	925
Biological Assets	883	804
Property, Plant and Equipment	12,849	9,577
Net Operating Assets	15,113	11,306
Intangible Assets - Goodwill	1,383	793
Investment and Financial Assets & Deferred Charges	374	929
	16,870	13,028
Net Debt	8,495	6,281
Employee Termination Benefits	279	232
Deferred Tax (Net)	129	-
Total Equity	7,968	6,515
Net Capital Employed	16,870	13,028
<i>Net Debt to Equity Ratio</i>	<i>106.6%</i>	<i>96.4%</i>

# Net Debt



\* 2012 data is 12 months rolling .



# Segment Reporting

SAR Million	Dairy & Juice	Bakery	Poultry	Arable and Horticulture	Other Activities	Almarai Consolidated
<b>Q3 YTD 2012</b>						
Sales	5,880.7	921.3	341.9	288.6	0.0	7,432.6
Third Party Sales	5,870.3	921.3	341.9	103.9	0.0	7,237.5
Net Depreciation	(347.3)	(82.8)	(36.8)	(51.0)	0.0	(518.0)
Income/(loss) before Minority Interest	1,005.8	110.3	(64.0)	43.8	(28.4)	1,067.5
Total Assets	10,795.4	2,006.0	3,285.6	1,705.5	1,023.0	18,815.5
Total Liabilities	(9,683.6)	(247.7)	(190.7)	(198.0)	(527.8)	(10,847.9)
Return on Sales	17.1%	12.0%	(18.7%)	42.1%	n.a.	14.7%
Growth versus Q3 YTD 2011						
- Third Party Sales	19.7%	33.7%	55.3%	115.2%	n.a.	23.5%
- Income before Minority Interest	6.3%	25.9%	n.a.	150.8%	n.a.	4.5%
<b>Q3 2012</b>						
Sales	2,207.1	302.8	127.4	134.5	0.0	2,771.8
Third Party Sales	2,203.1	302.8	127.4	39.6	0.0	2,673.0
Net Depreciation	(128.2)	(29.0)	(16.2)	(17.3)	0.0	(190.7)
Income/(loss) before Minority Interest	416.2	28.8	(18.6)	31.2	(8.8)	448.8
Return on Sales	18.9%	9.5%	(14.6%)	78.9%	n.a.	16.8%
Growth versus Q3 2011						
- Third Party Sales	23.9%	32.6%	69.8%	63.2%	n.a.	27.0%
- Income before Minority Interest	11.0%	(33.2%)	20.6%	(17.8%)	n.a.	3.9%

# Operational Update

# 2012: Key Focus Areas

1	Deliver growth across all product portfolio	<ul style="list-style-type: none"><li>▪ Expand distribution across GCC, with special emphasis on poultry and bakery</li><li>▪ Continue exploring new product development revenues</li></ul>
2	Improve group margin %	<ul style="list-style-type: none"><li>▪ Manage procurement process in line with inventory cover requirements.</li><li>▪ Focus on value add products to enhance margin %</li></ul>
3	Manage cash flow	<ul style="list-style-type: none"><li>• Cost control across all categories and functional areas</li><li>• Manage funding structure</li></ul>
4	Integrate other business units	<ul style="list-style-type: none"><li>▪ Focus on Fondomonte integration with farming division at Almarai.</li><li>▪ Integrate and improve on IDJ business in line with Almarai business model</li></ul>

# Progress against Key Focus Areas

# 1 Deliver Growth across all product portfolio

Well underway

Still to achieve



Maintain market share - Fresh Dairy



38% Growth in Juice



More Innovations



Enhanced Distribution



New SKUs & packaging

- Strong Q3 results including strong poultry and bakery results buoyed by GCC distribution
- Sales growth is expected to continue for rest of the year, including juice product range.
- Dairy & Poultry current distribution facilities to further expand throughout GCC
- Full range of bakery to be available across GCC
- Commissioning of poultry plant by end of Q4, 2012
- Enhancing value add product range for poultry



## 2 Margin areas of focus

Well underway



Sugar



Alfalfa hay



SMP



Corn



Wheat

Still to achieve

- Cost advantages from purchases earlier in the year are expected to materialise during the next few quarters. However increase in current commodity pricing poses additional margin challenges.
- Strong product innovation & value added products to continue and accelerate as the year progresses

- Packaging improvement projects to deliver quality value to our customers
- Continue to improve our hedging strategy

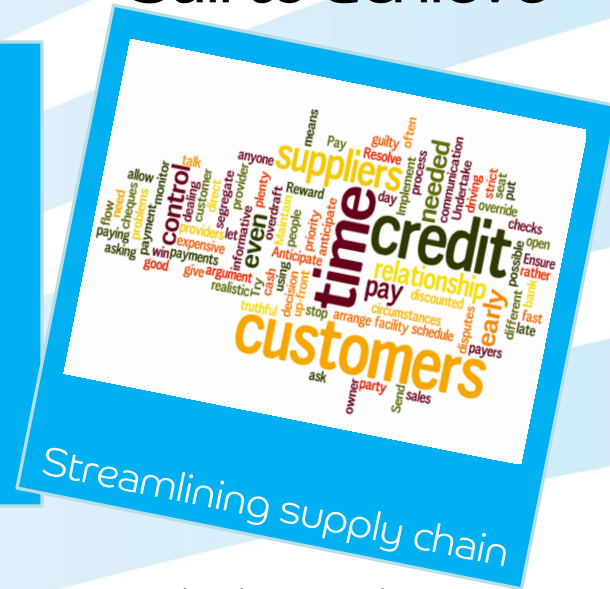
# 3 Cash Flow Management

Well underway



Inter divisional collaboration

Still to achieve



- Cost control across all categories and functional areas
- Debt management program to keep funding cost in check
- Focus on supply chain and streamlining end to end inventory movement
- Continue expanding on "Lean" concept across all Almarai divisions. It will be a key focus for Almarai during 2013.
- Working capital – inventory management

## 4 Integration of other business units

Well underway



- Integration of Fondomonte business with Almarai financial and operational units has continued well in Q3 along with focus on next year budget and planning.
- Sales growth have continued strongly in IDJ, especially in Beyti (Egypt). Key executive and middle management positions have been changed in both Jordan and Egypt. The controls continue to improve in both entities although there is still room for improvement.

Still to achieve



- Implement operational & control policies in both Fondomonte & IDJ
- Implement financial systems and business & budgeting processes in line with Almarai standards across all subsidiaries.

# Q & A





# Thank you



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