



# Almarai Company

## 2015 Earnings Presentation



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# Business Highlights

# Highlights – Full Year 2015

- Robust growth across all key products except cheese and within all geographical markets except Jordan
- Market share gains across all products categories except UHT Milk
- Successful launch of 15 new products
- Reducing poultry segment losses by nearly 50% but still more work to be done
- Business growth, market share gains and investment plan in Egypt continues in line with 5 year plan
- Better procurement and cost control focus resulting in significant improvement in operational metrics
- Further vertical alignment by securing additional land and feed supply under own management
- Investment in our people with continued focus on training, benefit re-alignment and developing local talent; compensation scheme restructured to align rewards in line with both short term and long term goals
- Successful settlement of the fire claim

**Solid performance of 2015 paving the way for achieving Almarai 2020 vision**

# Impact of increase in energy costs on Almarai

## Impact

As announced earlier, the expected direct impact of increase in energy costs on Almarai is ~200M SAR and the indirect impact is expected to be ~100M SAR. In addition, the expected impact of gradual move towards 100% importation of feed by 2019 will result in an additional 200M SAR cost, net of existing subsidy, for the year 2016.

## Mitigation plan

Almarai already embarked on various efficiency projects to improve its supply chain. The positive effects of these mitigating actions will unfold during 2016 and beyond. A non exhaustive list of some of these key projects are:

- Zabadi 60
- Telematics
- Roadnet
- New pallet design
- New design of the purple crates
- New bakery basket
- Juice – 12 in a box
- Dubai depot utilisation



# Highlights – Full Year 2015

## Sales Revenue

2015  
SAR 13.8 B

2014  
SAR 12.6 B

+9.4%



## EBITDA

2015  
SAR 3.3 B

2014  
SAR 3.0 B

+10.7%



## Net Income

2015  
SAR 1.9 B

2014  
SAR 1.7 B

+14.4%



## Operating Cash Flow

2015  
SAR 4.9 B

2014  
SAR 3.2 B

+54.2%



## Capital Expenditure

2015  
SAR 4.0 B

2014  
SAR 2.7 B

+46.2%



## Free Cash Flow

2015  
SAR 523 M

2014  
SAR 84 M

+521.5%



## Employees

2015  
42 K

2014  
38 k

+10.4%



## Major Transactions

- Insurance Claim Settlement
- Vanilla Sukuk of SAR 1.6B
- Expansion of Alfalfa sourcing

## New Products

- 15 new products in 2015

# Innovation pipeline for 2015

## 1<sup>st</sup> Quarter



## 2<sup>nd</sup> Quarter



## 3<sup>rd</sup> Quarter



## 4<sup>th</sup> Quarter





# Sales growth was funded by continued investment in key categories

- Capex spend for the year 2015 was 4.0 B SAR which is inline with our annual capex run rate.
- Manufacturing and Farming spent Capex of ~2.1 B SAR for various capacity expansion projects.
- Replacement and other capex including IDJ and US land development, accounted for another ~0.8 B SAR.
- Sales depot and logistics expansion accounted for ~0.6 B SAR.
- Poultry capex spend for the year reached ~ 0.5 B SAR.



Bakery Hail



Farming (Arable)



Poultry Processing



Bakery Hail



Farming (Arable)



Makkah East Depot

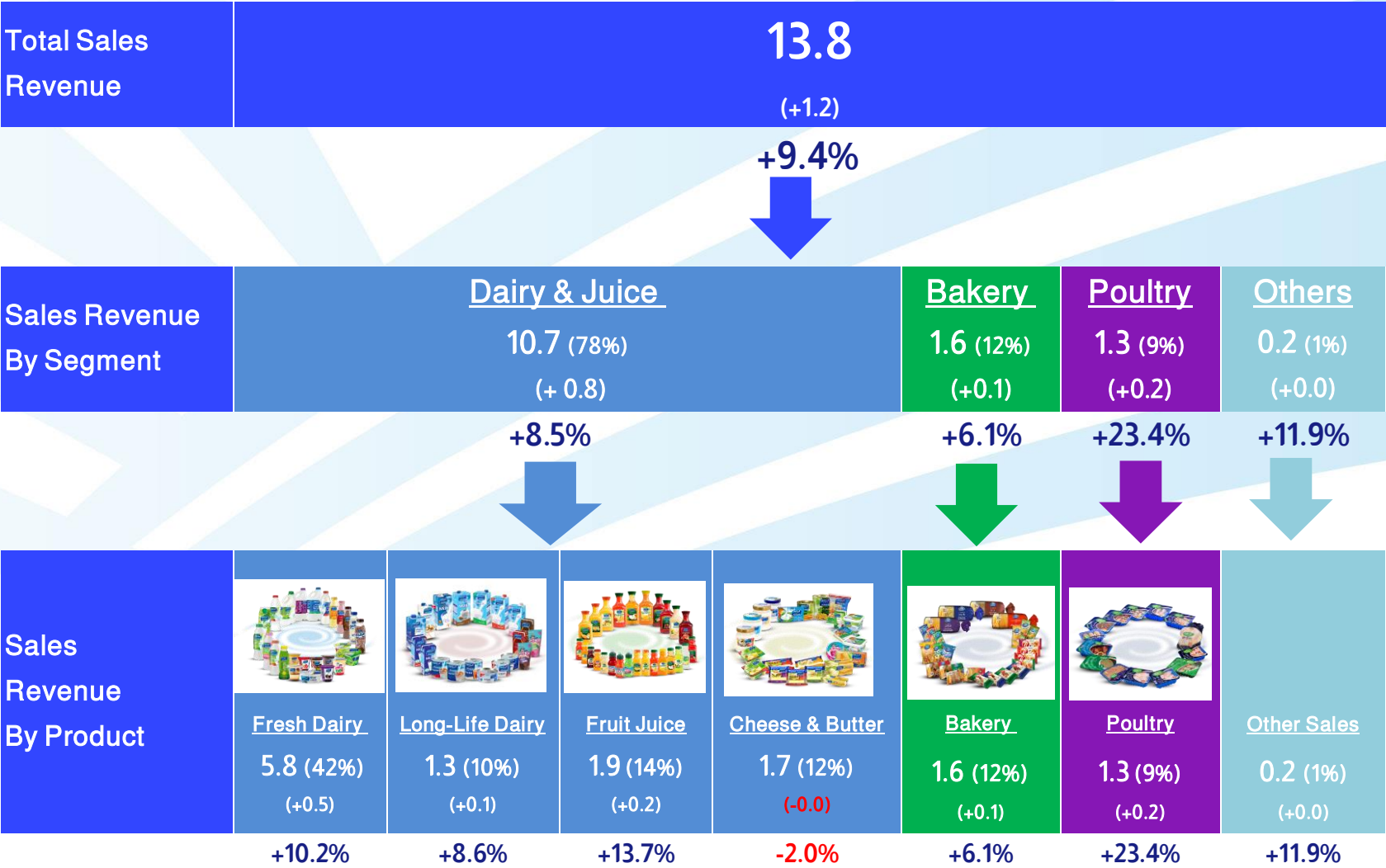


Operations (CPP3)



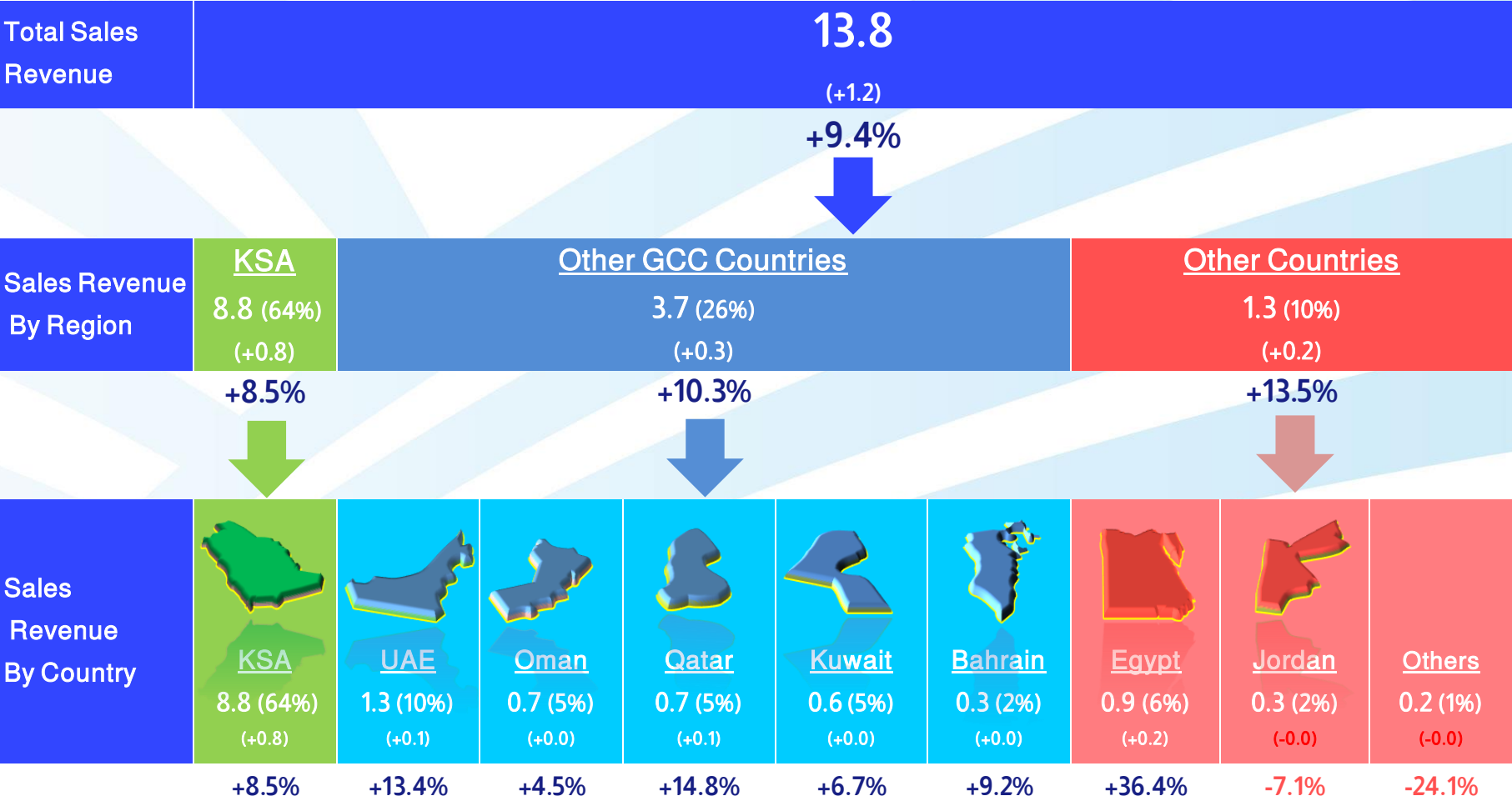
# Sales Highlights

# Sales Analysis by Segment by Product



**Note: All Amount in Billion Saudi Riyals**

# Sales Analysis by Region by Country



**Note:** All Amount in Billion Saudi Riyals

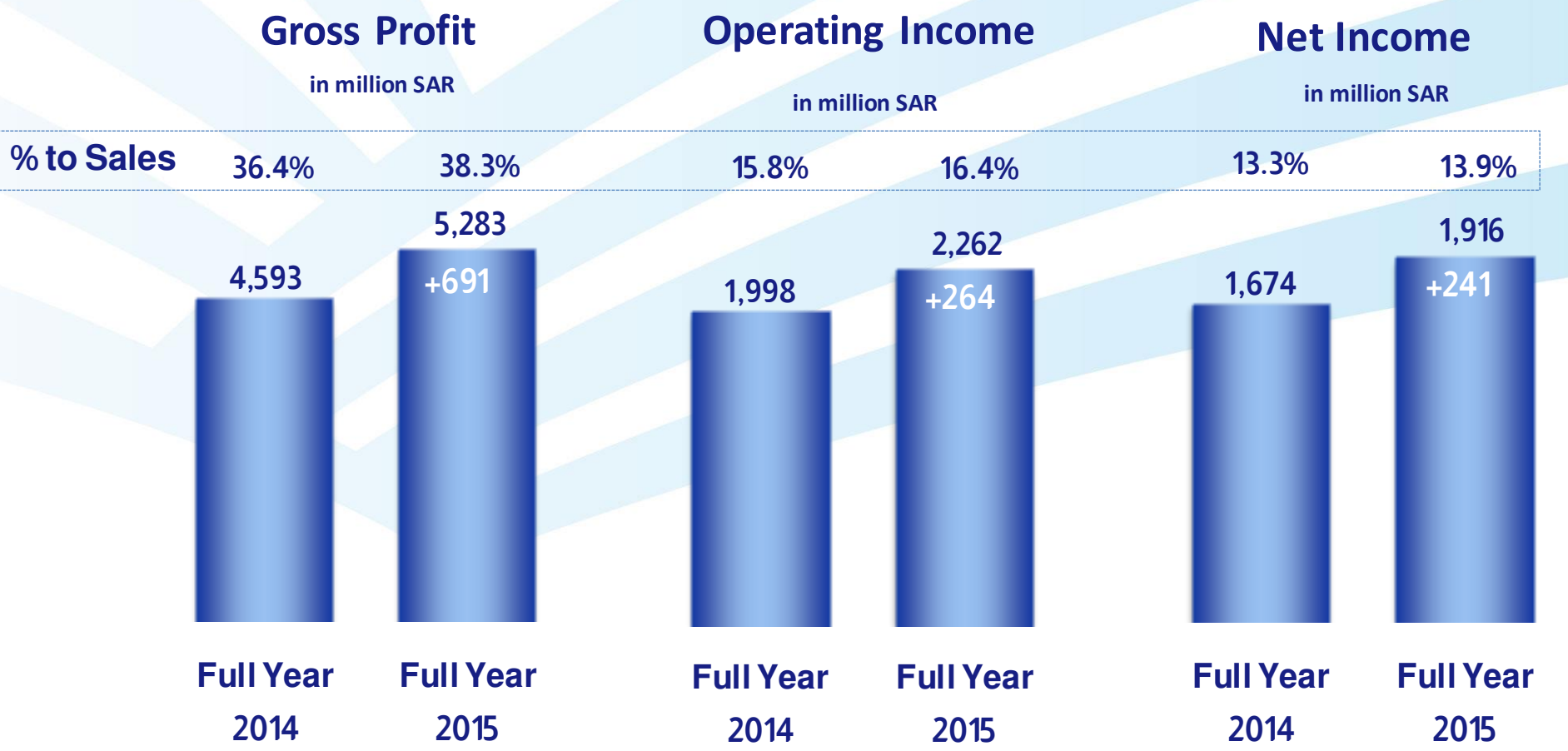


# Statement of Income

<i>SAR million</i>	<i>Full Year</i>		
	<i>2015</i>	<i>2014</i>	<i>Change</i>
<b>Sales</b>	<b>13,795</b>	<b>12,606</b>	<b>9.4%</b>
Cost of sales	(8,511)	(8,013)	6.2%
<b>Gross Profit</b>	<b>5,283</b>	<b>4,593</b>	<b>15.0%</b>
Selling and Distribution Expenses	(2,612)	(2,246)	16.3%
General and Administration Expenses	(409)	(349)	17.3%
<b>Operating Income</b>	<b>2,262</b>	<b>1,998</b>	<b>13.2%</b>
Share of Results of Associates	(37)	(8)	357.2%
Other (Expense) / Income	(131)	(27)	391.1%
Funding Costs	(276)	(266)	3.8%
Exchange and Currency Gains/(Losses)	46	58	(20.2%)
<b>Income from Main Operations</b>	<b>1,864</b>	<b>1,755</b>	<b>6.2%</b>
Zakat and Foreign Income Tax	(66)	(71)	(7.5%)
<b>Income before Non Controlling Interest</b>	<b>1,799</b>	<b>1,684</b>	<b>6.8%</b>
Non Controlling Interest	117	(10)	n.a
<b>Net Income</b>	<b>1,916</b>	<b>1,674</b>	<b>14.4%</b>
<b>Earnings Per Share (Basic)</b>	<b>3.13</b>	<b>2.72</b>	
<b>Net Income %</b>	<b>13.9%</b>	<b>13.3%</b>	

# Full Year Results

## Operating Performance



# Full Year 2015 Results

## Net Income by segment:



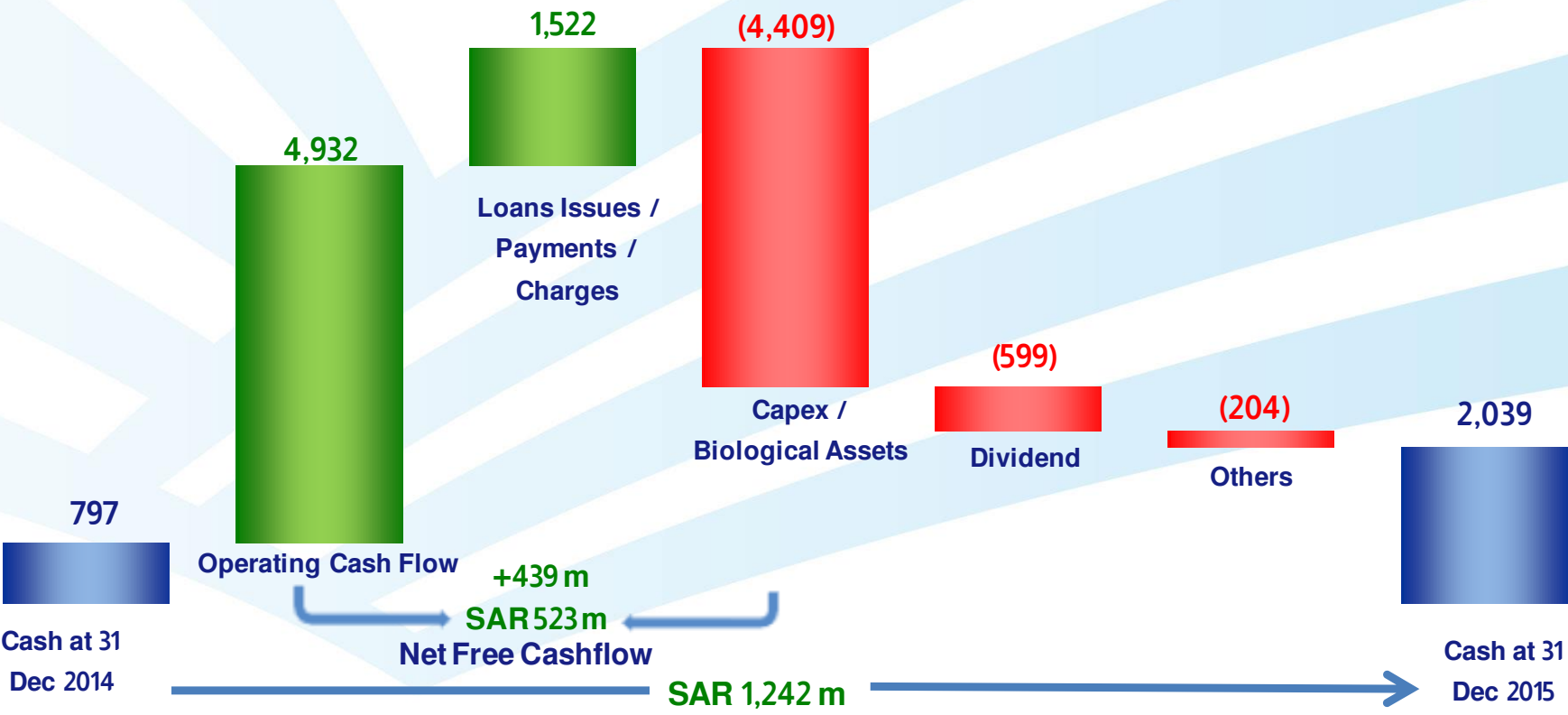


# Segment Reporting

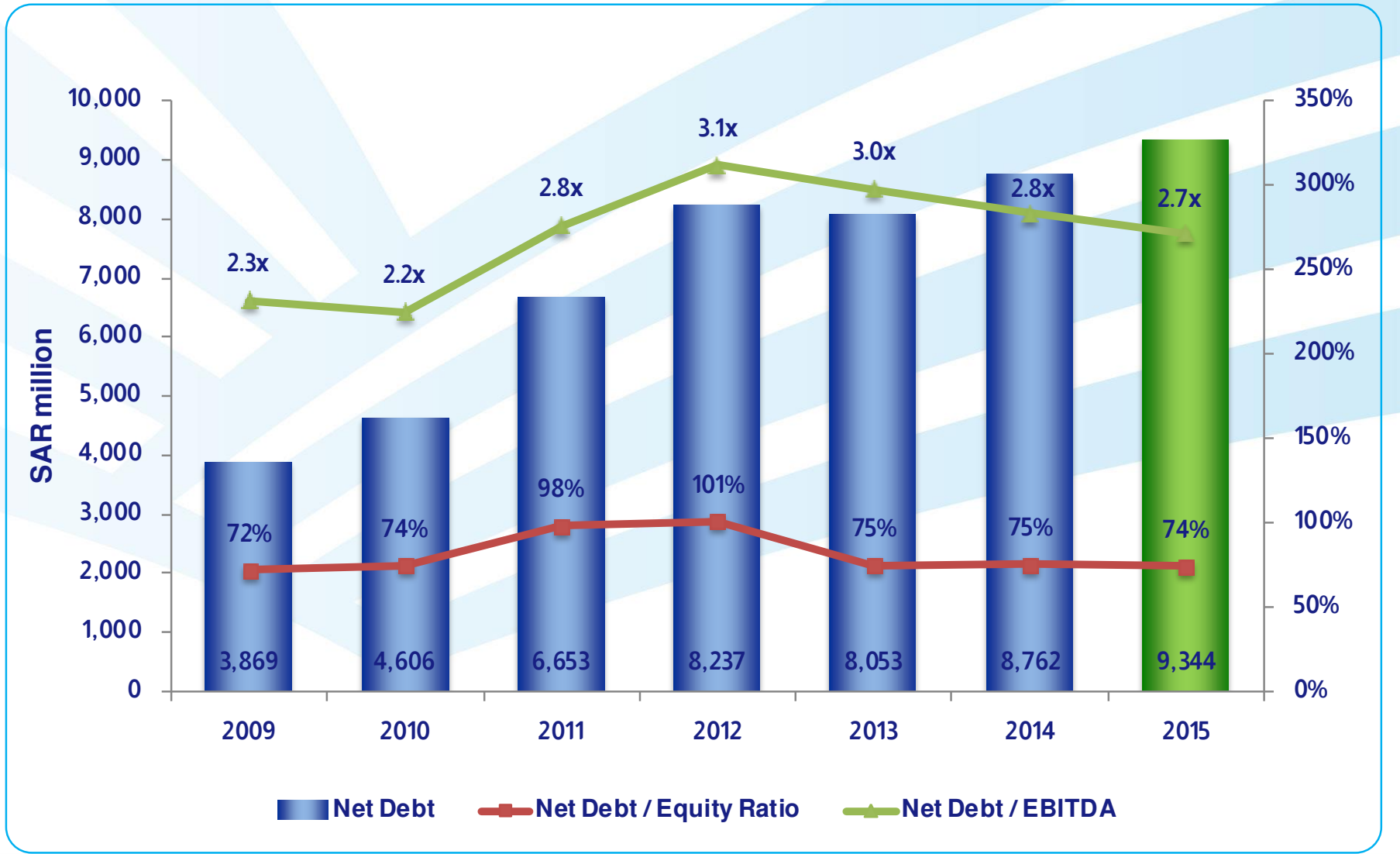
## Full Year

SAR Million	Dairy & Juice	Bakery	Poultry	Other Activities	Almarai Consolidated
Sales	10,741	1,626	1,262	166	13,795
Depreciation	(1,030)	(168)	(304)	(86)	(1,588)
Net Income	2,096	205	(214)	(171)	1,916
Net Income % to Sales	19.5%	12.6%	(17.0%)	(103.3%)	13.9%
Total Assets	17,165	2,127	5,441	2,638	27,371
Return on Assets	12.2%	9.6%	(3.9%)	(6.5%)	7.0%
Growth versus 2014					
- Sales	8.5%	6.1%	23.4%	11.9%	9.4%
- Net Income	3.9%	36.2%	(46.1%)	77.7%	14.4%

# Cash Flow Bridge

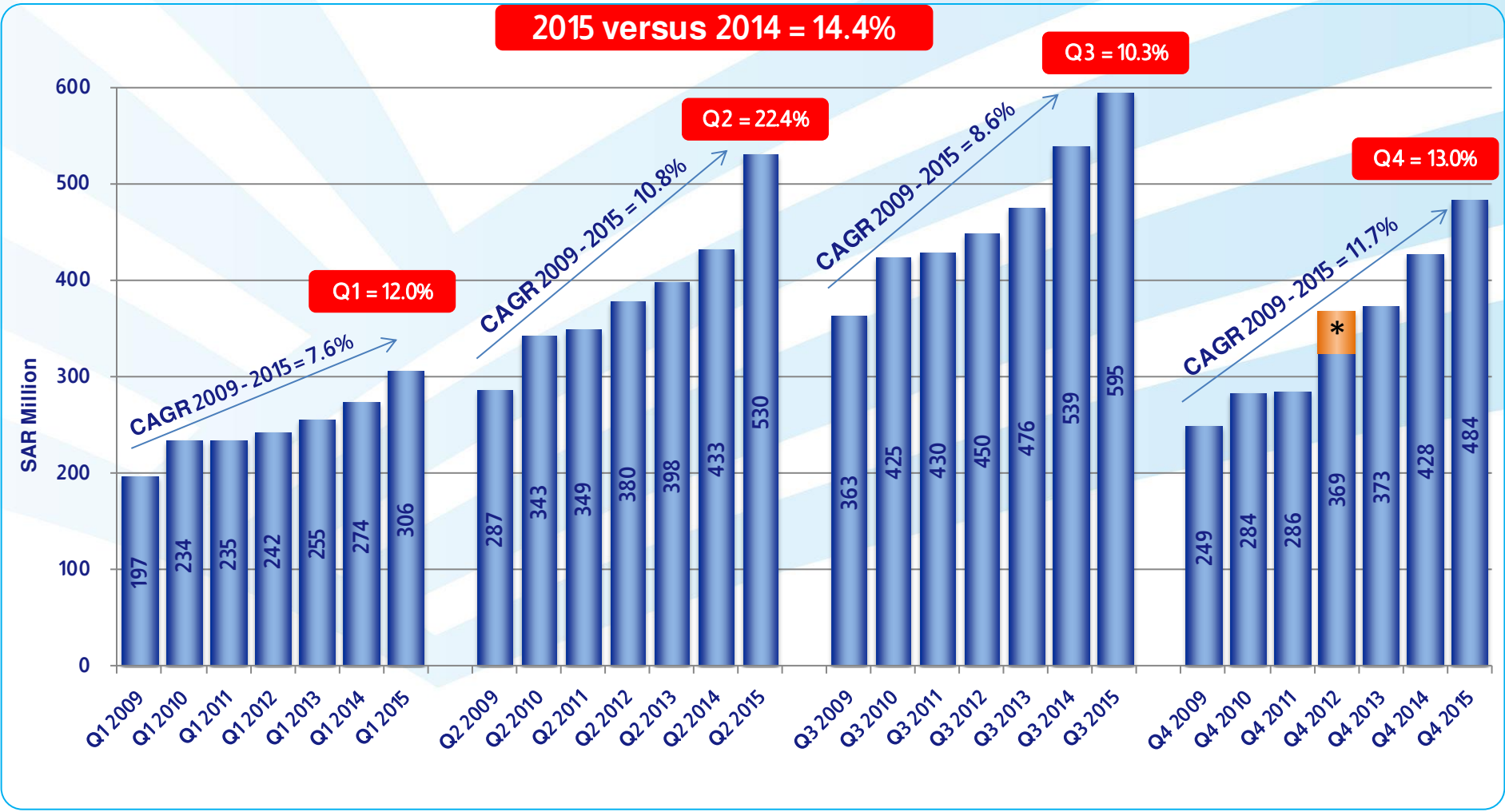


# Net Debt...absolute value is growing but moving within well defined measures





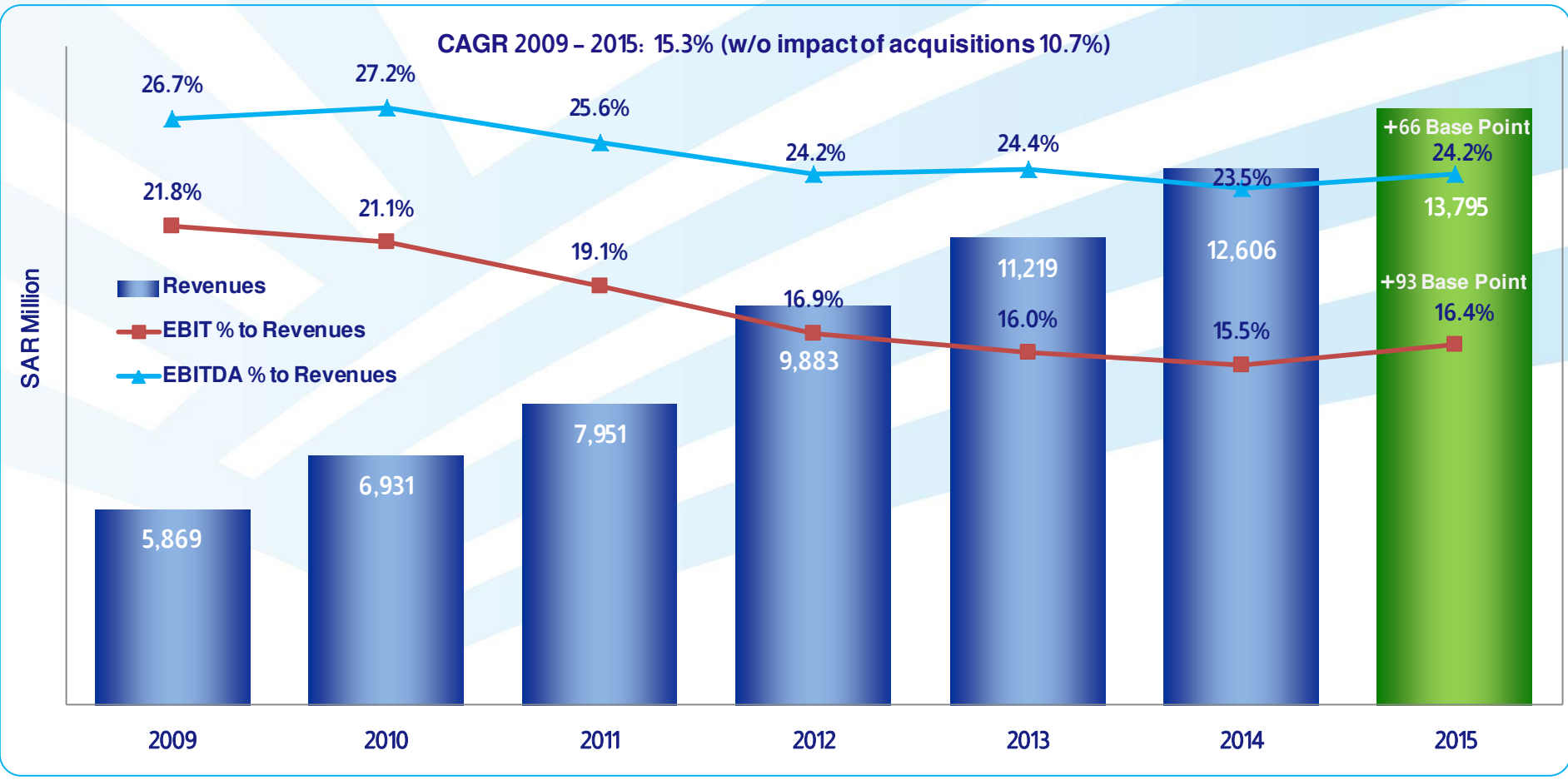
# Quarterly Performance – Net Income



\* Capital gain of SAR 47m in 2012

# EBIT and EBITDA margins are starting to improve.....

## Revenue, EBITDA and EBIT Evolution

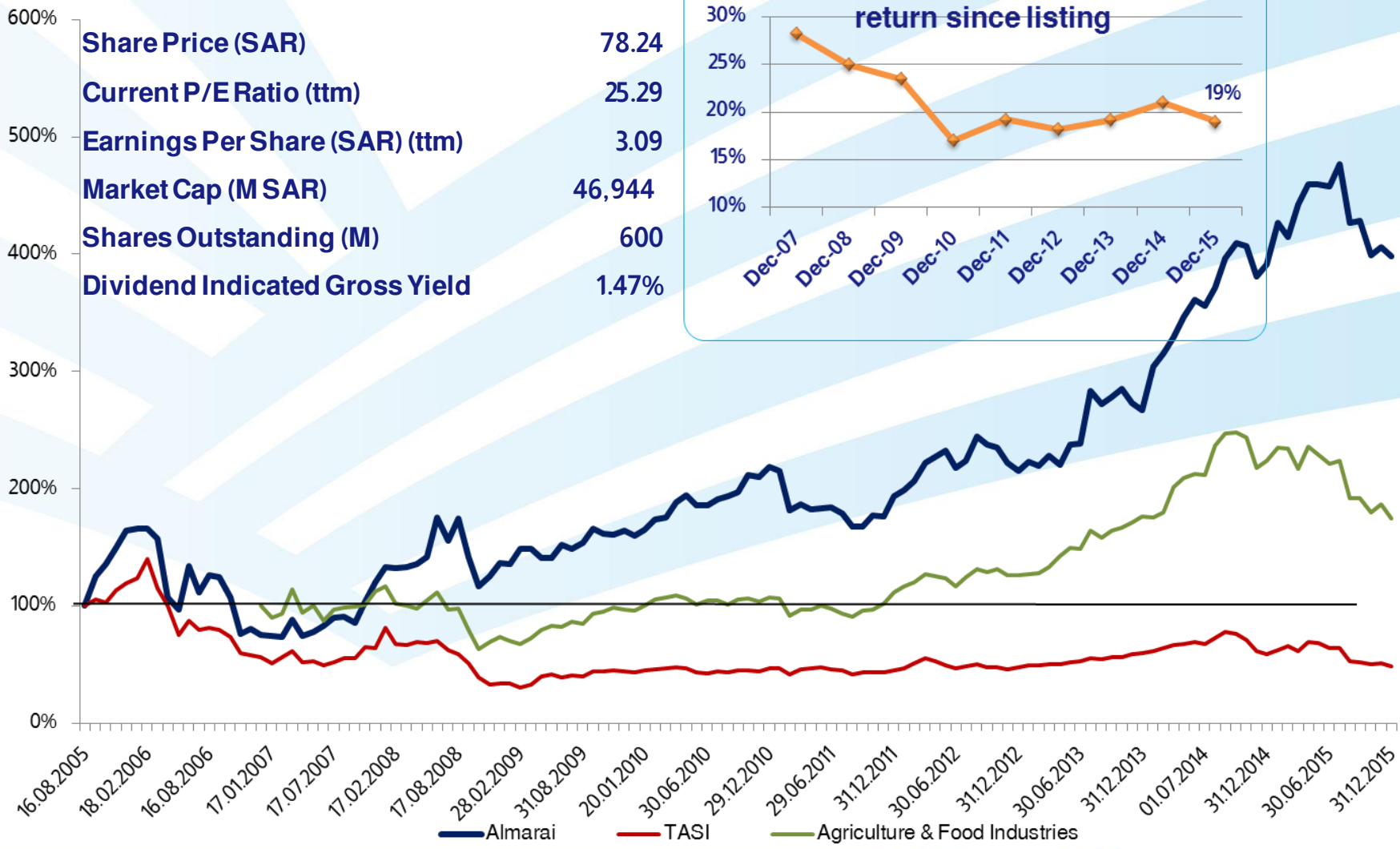


# Key Share Data

Key Statistics for Almarai (31 Dec 2015)

Share Price (SAR)	78.24
Current P/E Ratio (ttm)	25.29
Earnings Per Share (SAR) (ttm)	3.09
Market Cap (M SAR)	46,944
Shares Outstanding (M)	600
Dividend Indicated Gross Yield	1.47%

Year to date total shareholder's return since listing





# Future Strategy

# Key Objectives Going Forward

1. **Quality you can trust**
2. **Defend the Fort – ensure the core business of Almarai (Dairy, Juice, Foods, Bakery) continues to deliver above market performance**
3. **Turn the not yet performing assets into profit, target to achieve cost of capital**
  - **Poultry**
  - **IDJ**
  - **IPNC**
4. **Secure the supply of alfalfa from outside KSA**

## Almarai Investor Relations

Follow Latest share price, Investor Relations events, Key financials, Stock performance, Stock exchange news releases, Annual and Quarterly reports on the go.

Download Almarai IR app from the appstore

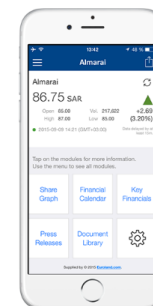


## Vision, Mission & Values

### Vision

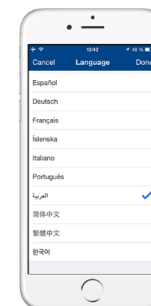
To be the consumers' preferred choice by leading in chosen markets with superior food and beverage products.

### FEATURES



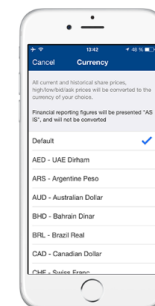
Easy navigation

Easy to use and intuitive user experience.



17 languages

Our investors are global and so is our app. You can use the app in 17 different languages.



Currency converter

See our stock performance in the currency of your choice.



# Thank you