



Best Corporate for Investor Relations

Saudi Arabia

Almarai

Almarai Company

Interim results – 2nd Quarter 2017

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Solid Q2 YTD results underpinned by turnaround of Poultry

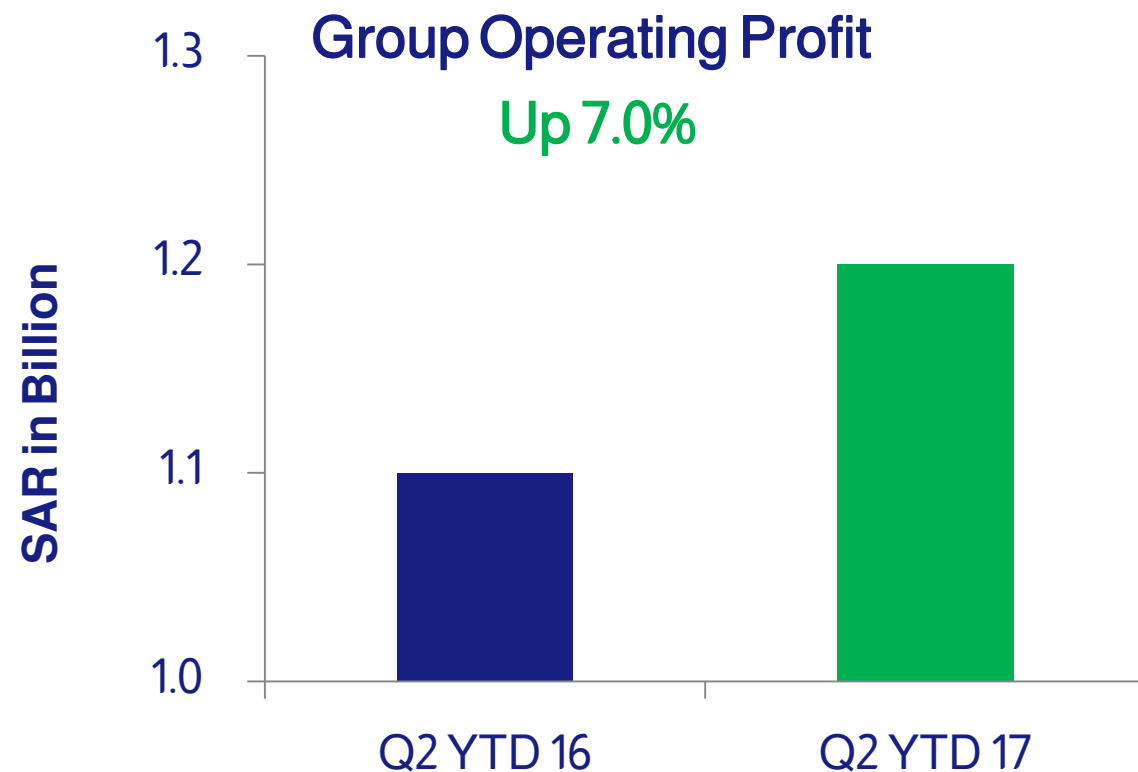
Group Turnover down 2.1% to SAR 7.1 billion

Group Operating Income up 7.0% to SAR 1.2 billion

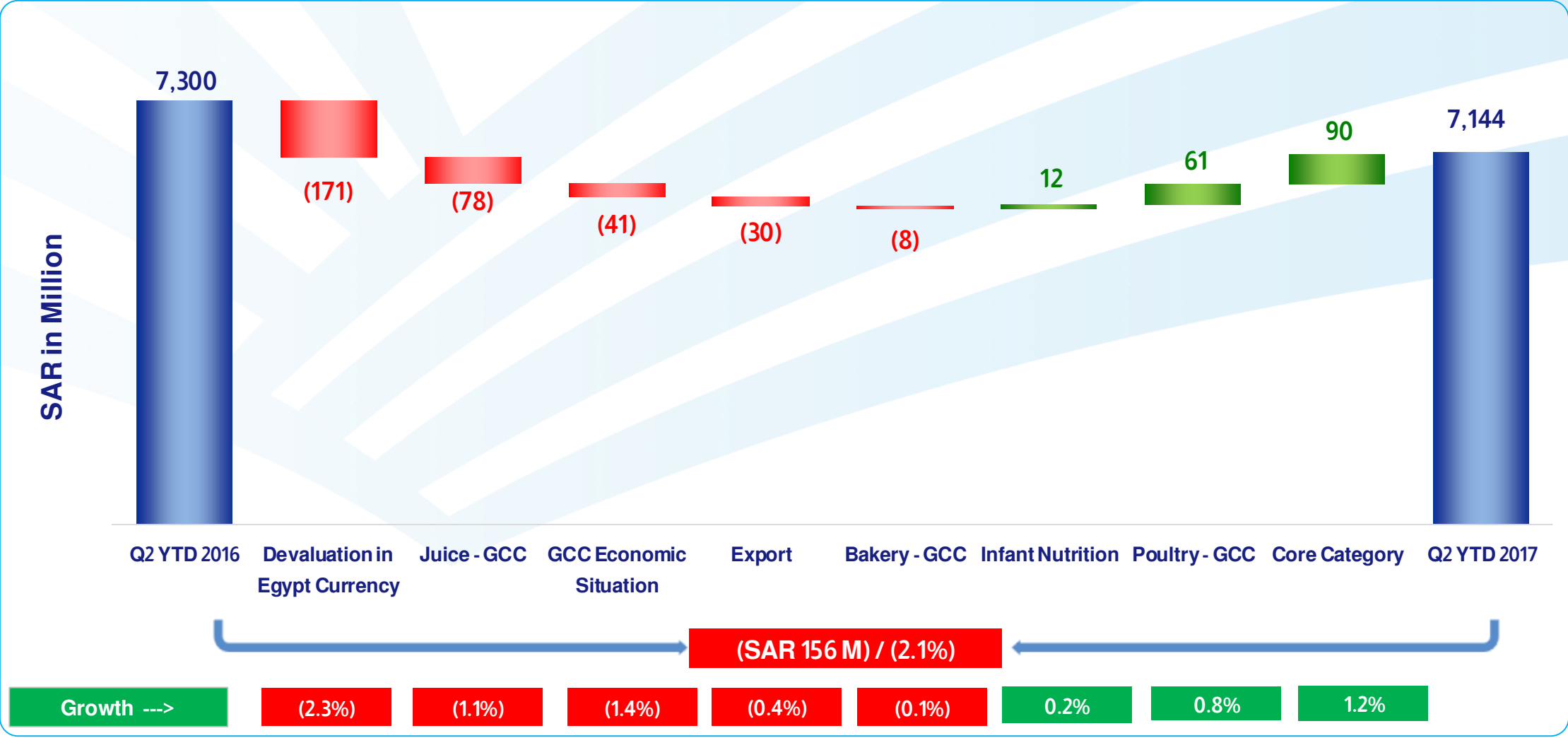
Solid Results in Dairy and GCC market

Weakness in Egypt, Export and GCC Juice market continue

Net Free Cash flow increased to SAR 0.2 billion



Revenue Variance



Delivered on Key Focus Areas



On track for positive revenue growth in poultry and key dairy segments of Laban and Zabadi



Delivered positive EBIT results for poultry segment for the first time



Cost saving and rationalization program continue to deliver on expected benefits



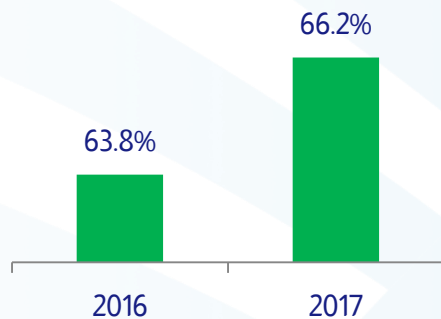
CAPEX program reduction is in line with the revised 5 year plan vision



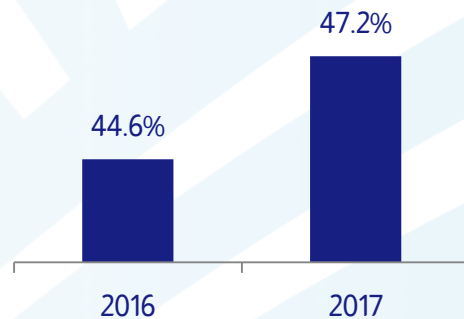
Key projects including alfalfa importation targets are running in line with expected delivery dates

Market Share

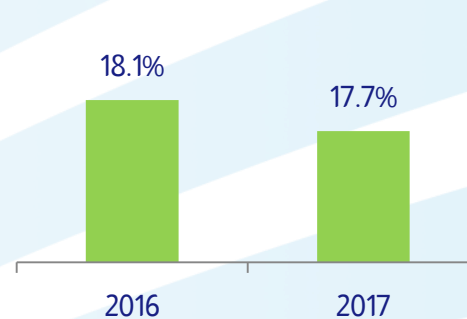
Laban



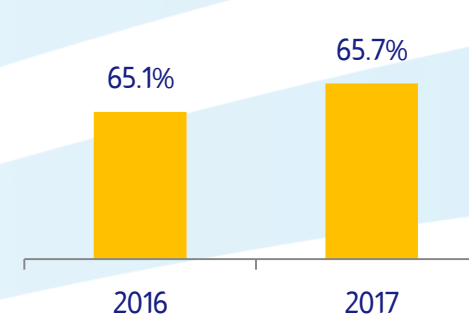
UHT



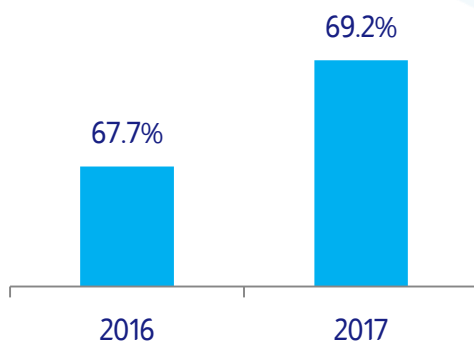
Juices



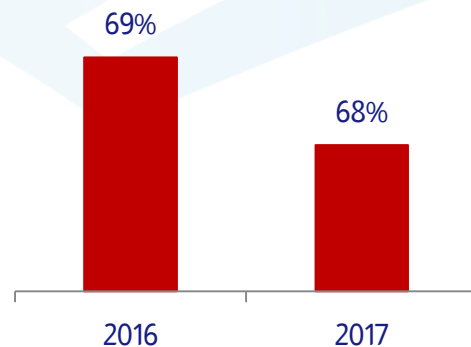
Puffs



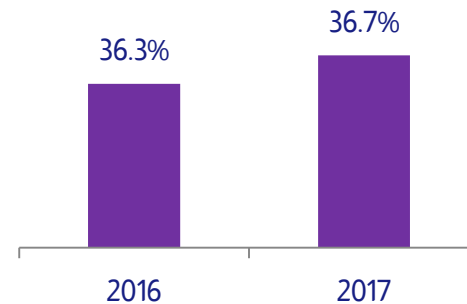
Fresh Milk



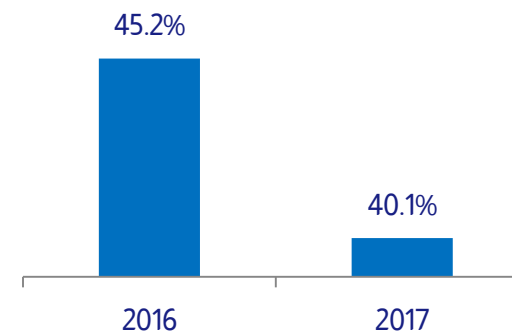
Bread



Chicken



Jar Cheese



Statement of Profit and Loss

SAR million	2nd Quarter					2nd Quarter YTD				
	2016		2017		Change	2016		2017		Change
Net Sales	3,926	100.0%	3,760	100.0%	(4.2%)	7,300	100.0%	7,144	100.0%	(2.1%)
Cost of sales	(2,405)	(61.3%)	(2,205)	(58.6%)	(8.3%)	(4,651)	(63.7%)	(4,412)	(61.8%)	(5.2%)
Gross Profit	1,521	38.7%	1,555	41.4%	2.2%	2,648	36.3%	2,732	38.2%	3.2%
Selling and Distribution Expenses	(627)	(16.0%)	(611)	(16.3%)	(2.4%)	(1,247)	(17.1%)	(1,218)	(17.0%)	(2.4%)
General and Administration Expenses	(123)	(3.1%)	(114)	(3.0%)	(7.9%)	(247)	(3.4%)	(223)	(3.1%)	(9.8%)
Other Expense, net	(12)	(0.3%)	(42)	(1.1%)	241.5%	(24)	(0.3%)	(82)	(1.2%)	249.1%
Operating Income	759	19.3%	788	21.0%	3.9%	1,131	15.5%	1,209	16.9%	7.0%
Exchange Gain / (Loss)	14	0.4%	(1)	(0.0%)	n.a	13	0.2%	11	0.2%	(9.6%)
Finance Costs - net	(95)	(2.4%)	(98)	(2.6%)	4.0%	(168)	(2.3%)	(199)	(2.8%)	18.5%
Share of Results of Associates and Joint Ventures	5	0.1%	(3)	(0.1%)	n.a	6	0.1%	(2)	(0.0%)	n.a
Profit Before Zakat and Income Tax	683	17.4%	686	18.2%	0.4%	981	13.4%	1,020	14.3%	3.9%
Zakat and Foreign IncomeTax	(26)	(0.7%)	(21)	(0.6%)	(19.1%)	(40)	(0.5%)	(33)	(0.5%)	(16.2%)
Profit for the Period	657	16.7%	664	17.7%	1.1%	942	12.9%	987	13.8%	4.7%
Profit Attributable to Non Controlling Interest	2	0.0%	10	0.3%	537.7%	5	0.1%	16	0.2%	209.1%
Profit Attributable to Shareholders	658	16.8%	674	17.9%	2.4%	947	13.0%	1,002	14.0%	5.8%
Earnings Per Share (Basic)	0.81		0.82		1.1%	1.15		1.20		4.2%

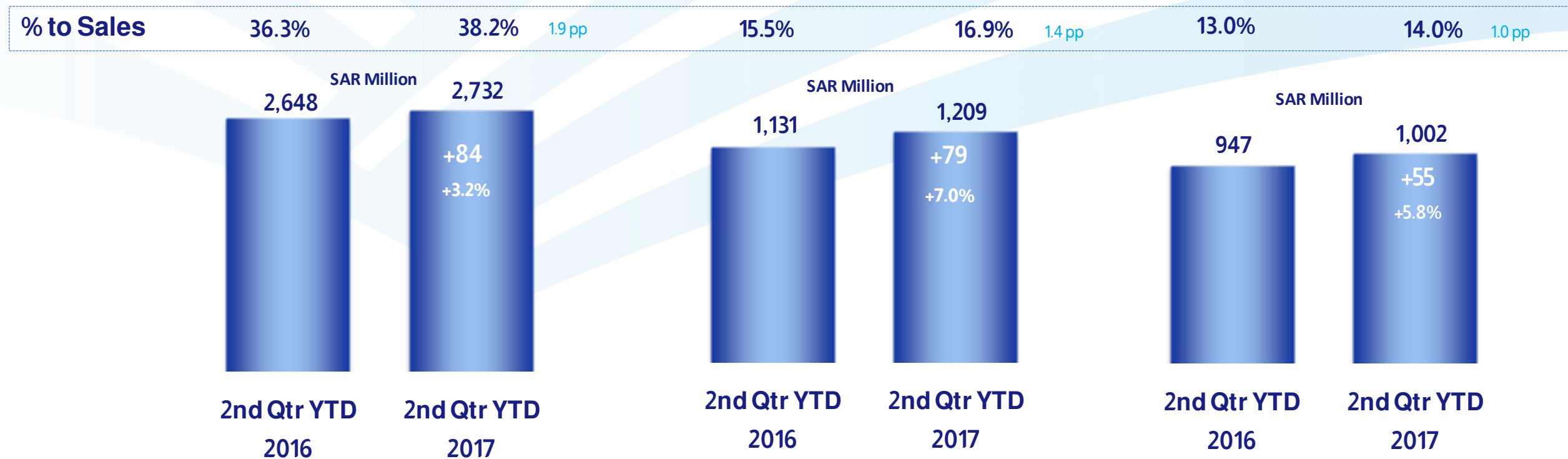
2nd Quarter YTD 2017 Results

Operating Performance

Gross Profit

Operating Income

Profit Attributable to Shareholders

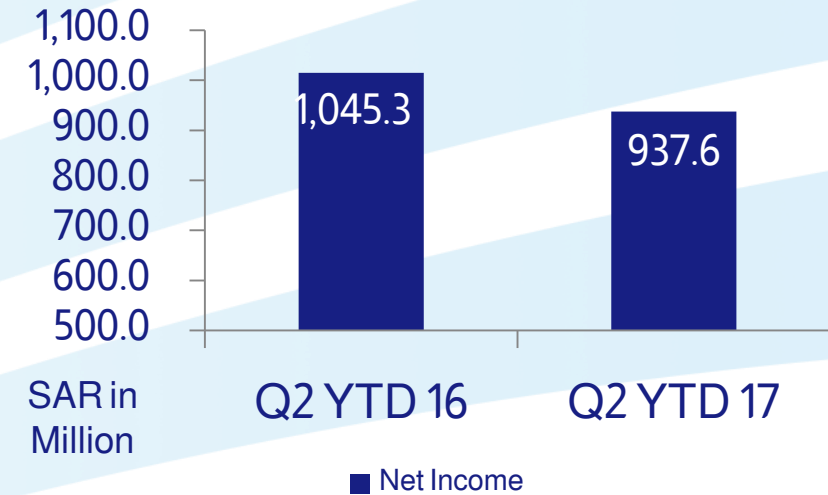


Strong Domestic Performance

	Dairy & Juice	Bakery	Poultry	Others	Total
Turnover SAR Billion	▼ 5.4 (3.9%)	▼ 0.9 (0.8%)	▲ 0.7 8.3%	▲ 0.1 15.4%	▼ 7.1 (2.1%)
Net Income SAR Billion	▼ 0.9 (10.3%)	▲ 0.2 0.8%	▲ (0.0) 80.1%	▲ (0.0) 25.1%	▲ 1.0 5.8%
Net Income Margin SAR Billion	17.3%	16.9%	(4.8%)	(63.5%)	14.0%

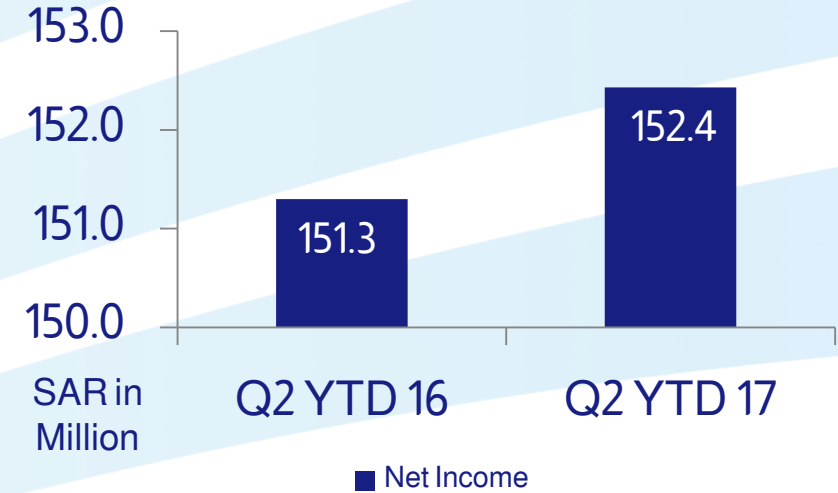
Dairy & Juice

- Laban and Zabadi have continued to grow however fresh milk growth has stabilized.
- Egypt devaluation impact accounts for 3.0% within D&J segment.
- Economic situation in the GCC had an adverse effect on the bottom line for June
- Higher cost of alfalfa is significantly impacting profitability growth.



Bakery

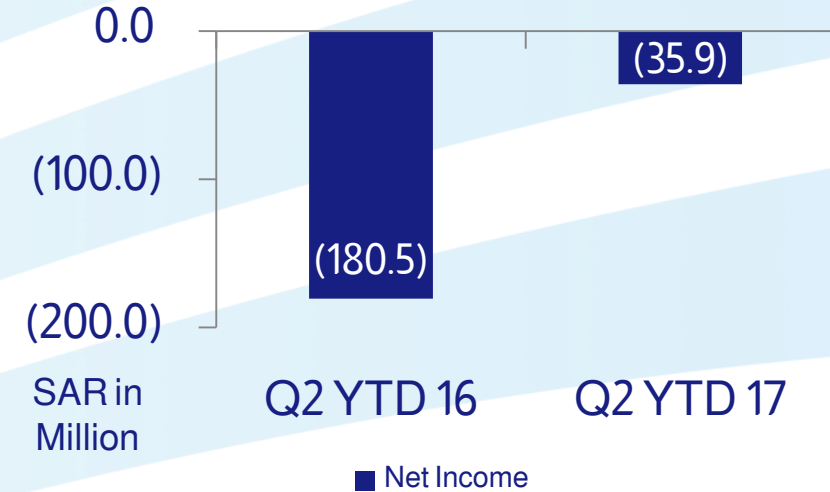
- Revenue down 0.8%, it has however declined by 5.2% in Q2
- Bread, Puff and Croissant growth has stalled
- Product revamp for key categories is underway
- Margin improvement supported by
 - Manufacturing efficiencies (mainly Hail plant)
 - Cost saving
 - Innovation
- Key challenge for next half
 - Improve profitability and market share



Poultry

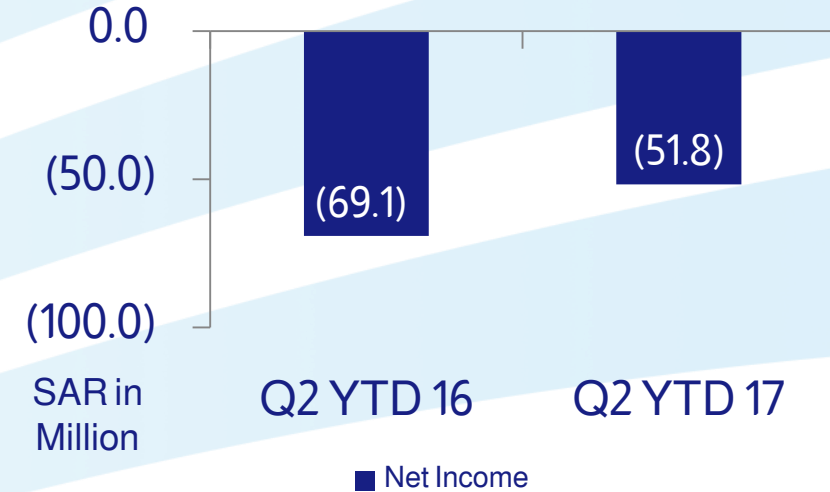
Poultry EBIT break even for the first time during the quarter

- Revenue up 8.3% driven by strong volume growth
- Poultry mortality continues to be within the target range for world best practice.
- Q3 is expected to be EBIT negative due to seasonality trends however current operations remain on target to achieve + EBIT for the year before any adverse impact from GCC economic situation.

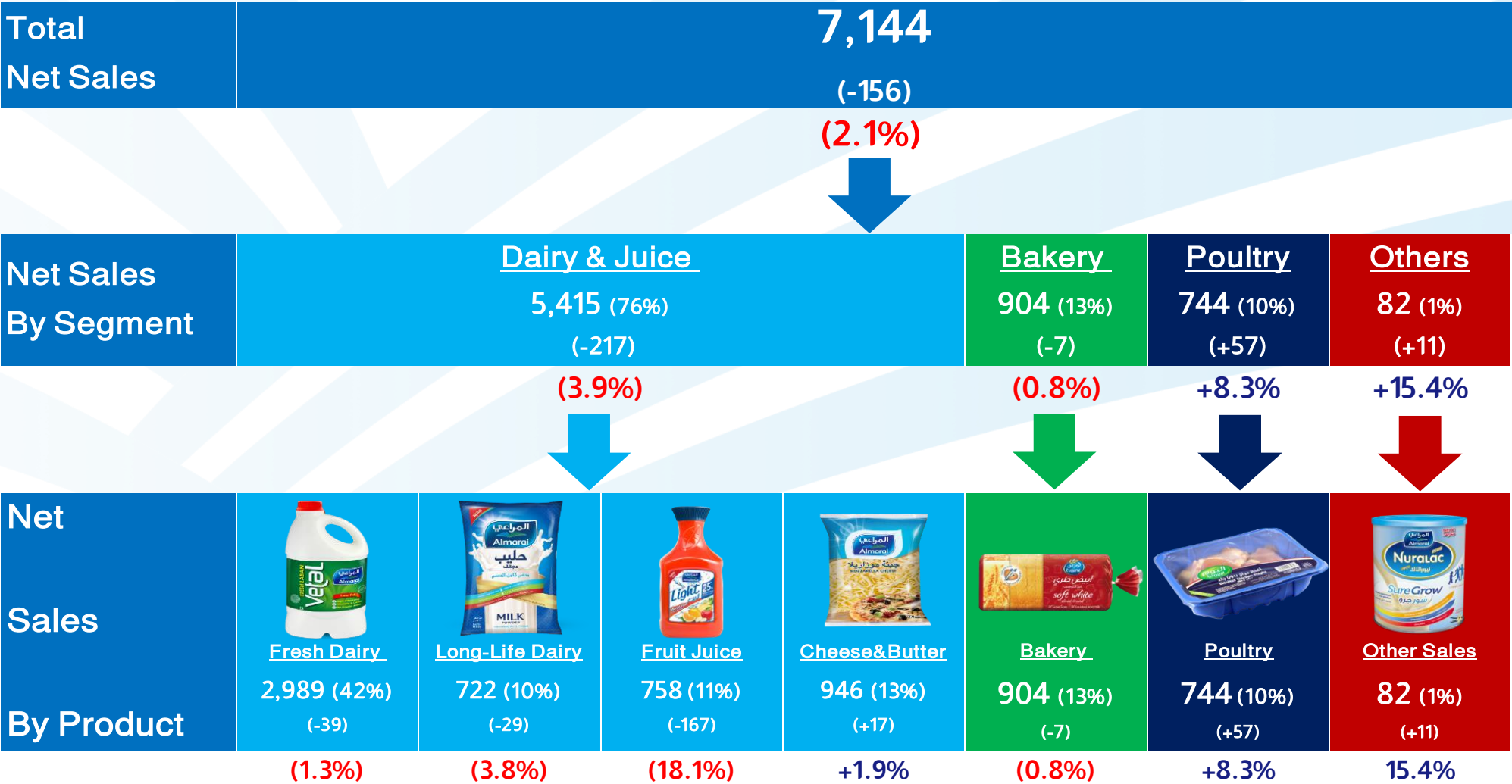


Others

- IPNC losses are in line with existing business plan.
 - Losses have reduced by 32% plus from last year
- Expansion of Alfalfa operations in both South and North America remains on track.
 - Operations are still loss making but losses have reduced significantly from last year as the investment cycle reduces

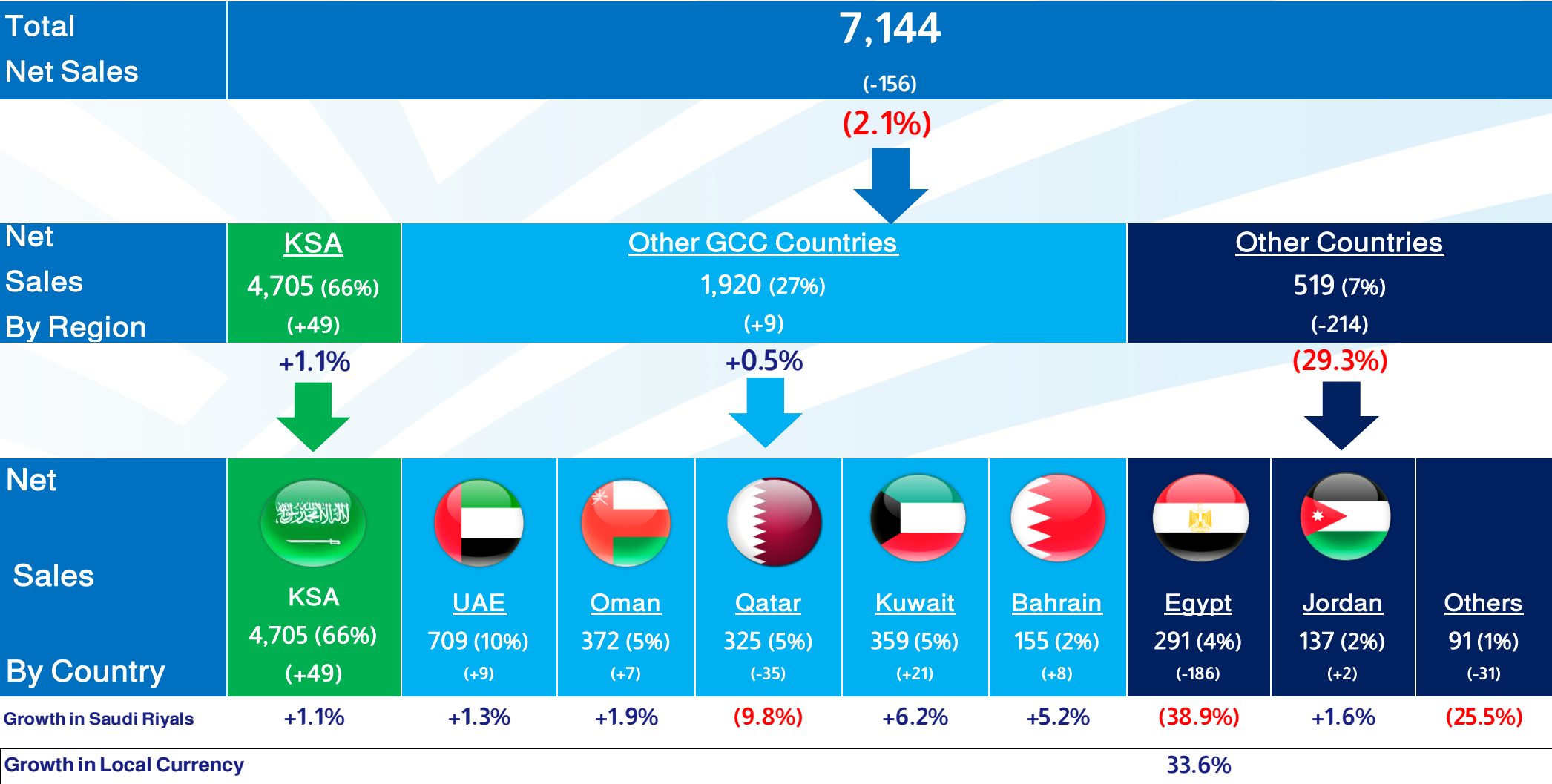


Sales Analysis by Segment by Product – Q2 YTD



Note: All Amounts in Million Saudi Riyals

Sales Analysis by Region by Country – Q2 YTD



Note: All Amounts in Million Saudi Riyals

Almarai continues 5 Year Plan CAPEX Investment

- CAPEX spend for the 2nd Quarter Year to Date 2017 was SAR 1.6 Billion.
 - Manufacturing, Farming and Replacement spent CAPEX of SAR ~0.9 Billion for various capacity expansion projects.
 - Sales depot, Poultry and Logistics expansion accounted for SAR ~0.4 Billion.
 - Replacement and other CAPEX including IDJ accounted for another SAR ~0.3 Billion.



Cheese Plant - Transformers



Cheese Plant Expansion



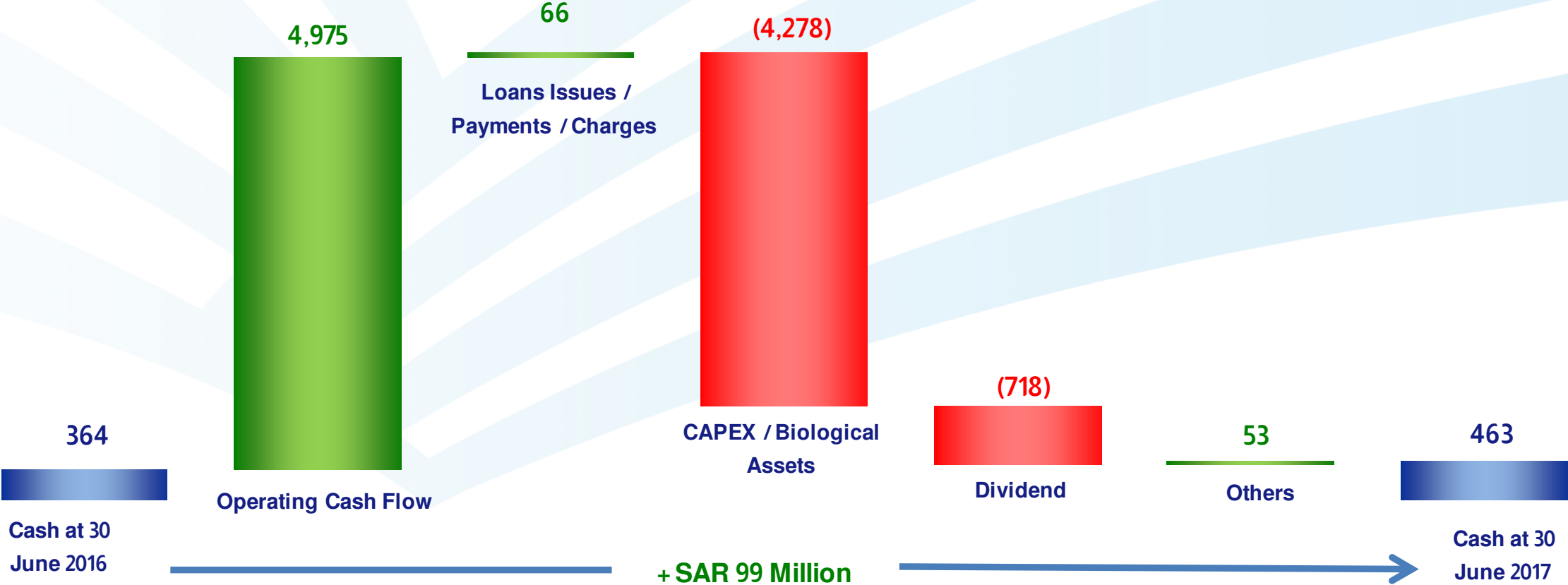
Transport & Workshop



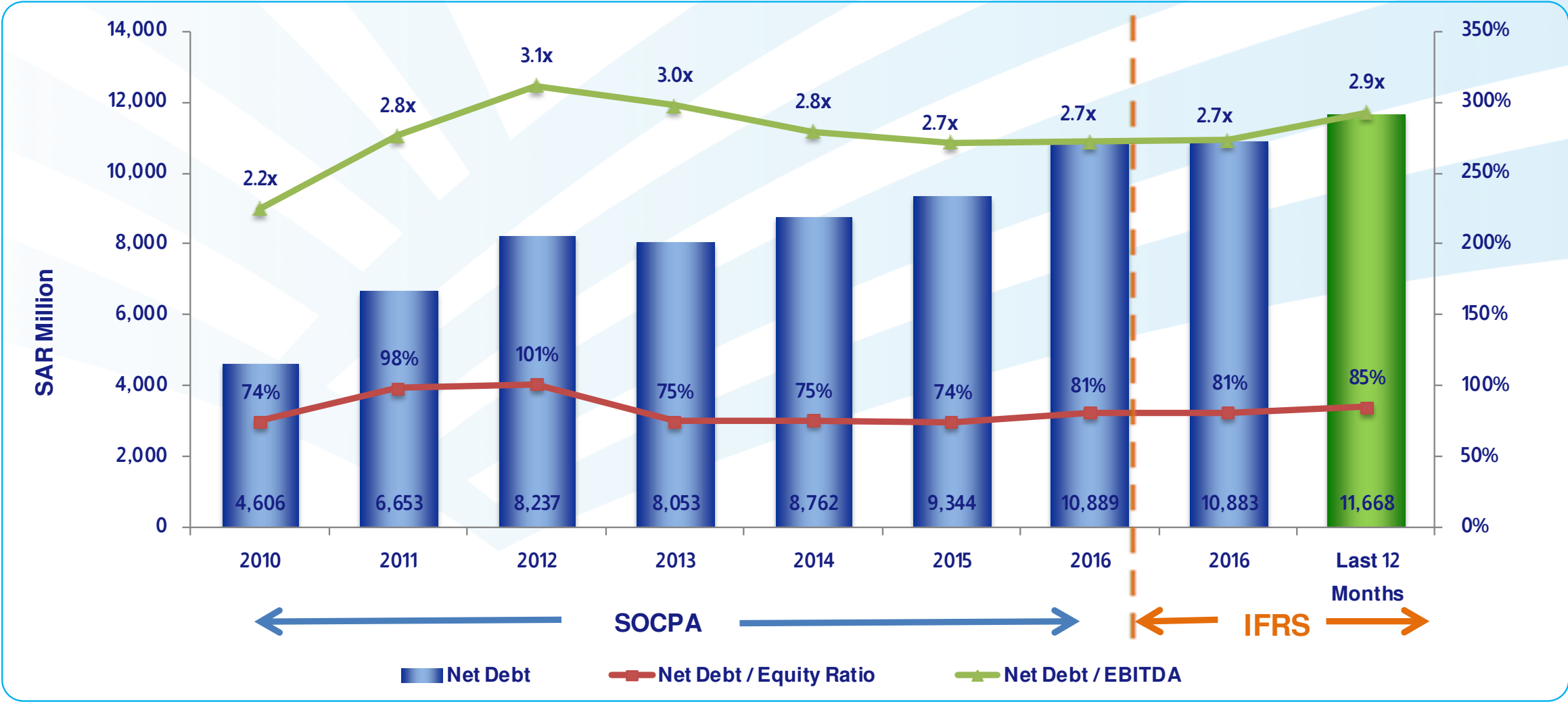
40MW Power Plant



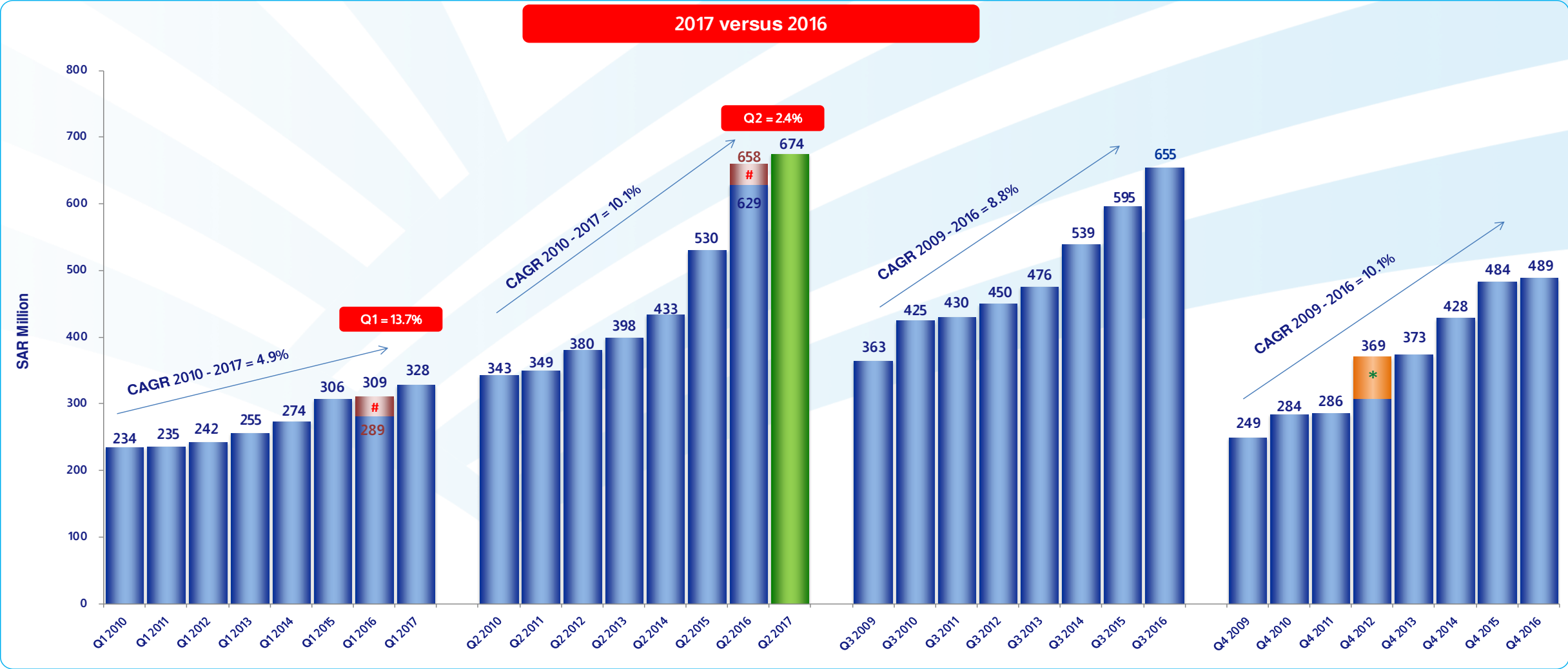
Cash Flow Bridge – Rolling 12 Months



Net Debt



Quarterly Performance – Net Income

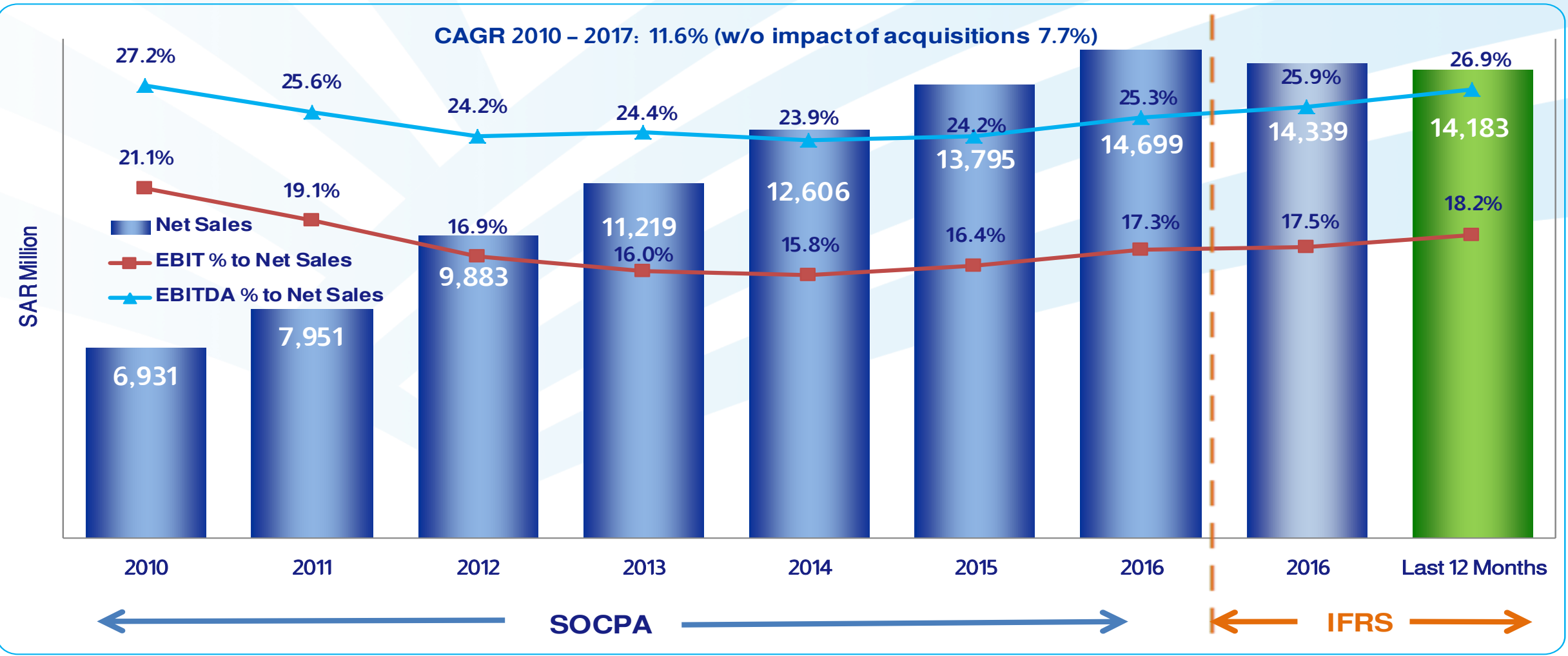


IFRS revaluation adjustments
* Capital gain of SAR 47m in 2012

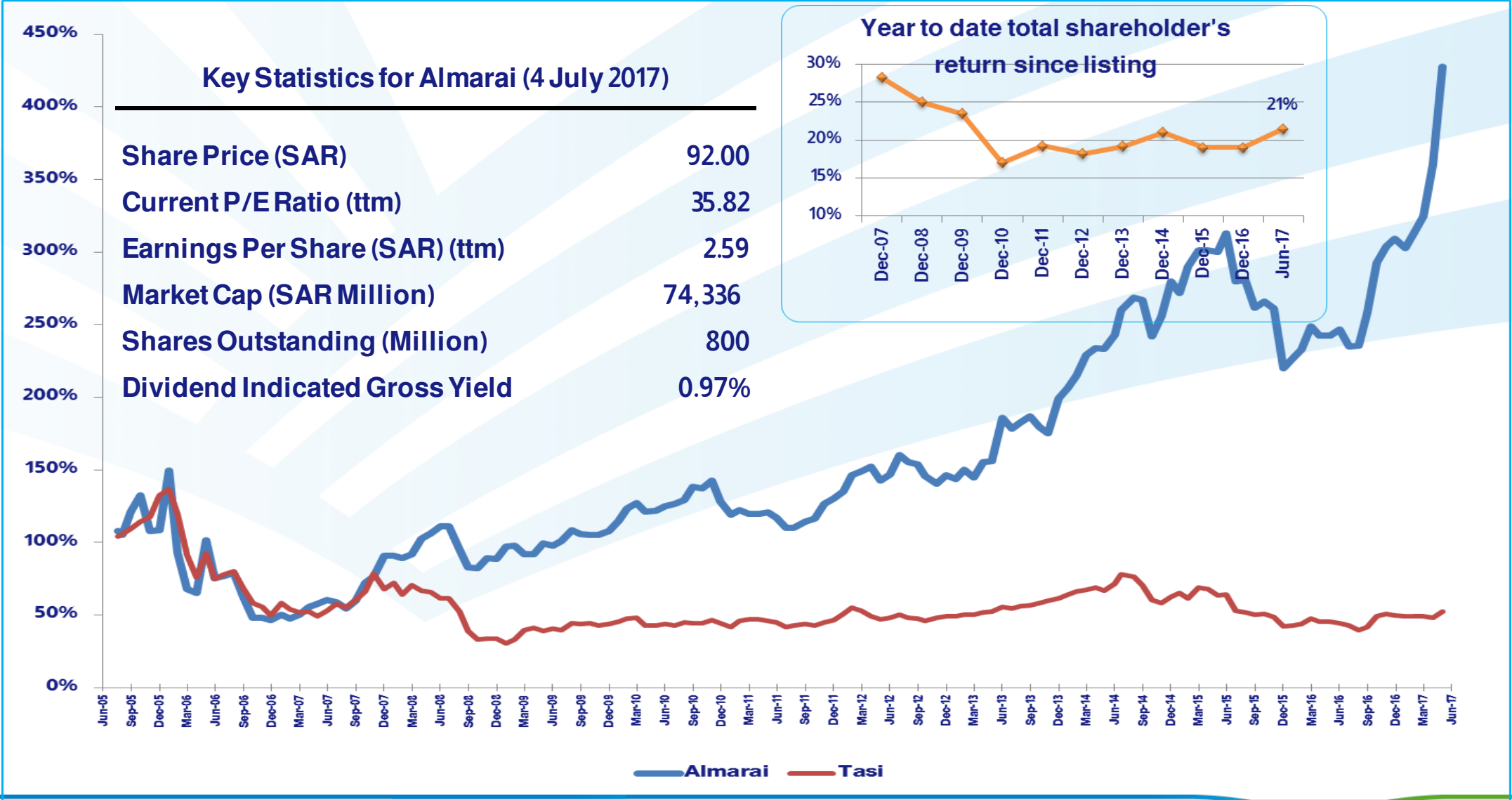


EBIT and EBITDA margins are starting to improve...

Net Sales, EBITDA and EBIT Evolution

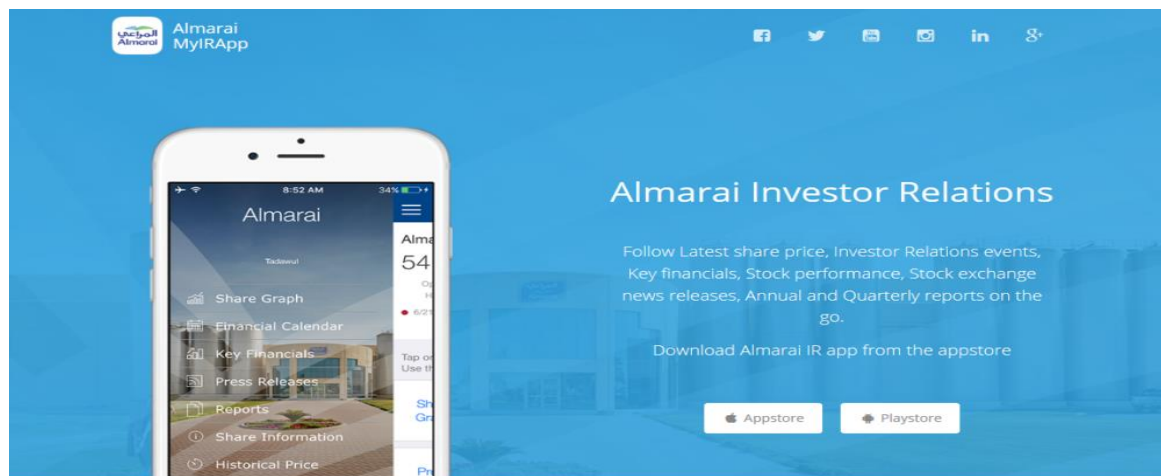


Key Share Data



For Investor Relations matters please contact:

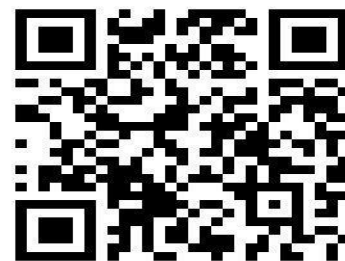
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“We will encourage our major corporations to expand across borders and take their rightful place in global markets”



QR Code for Almarai IR App.



Thank you