



Almarai Company

2012 Q1 Earnings Presentation

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Highlights

Sales momentum continues into 2012

Q1 2012 vs Q1 2011	
Revenue growth	17.0 % from SAR 1,743.6 million to SAR 2,040.3 million
Net Income Growth	2.9% from SAR 235.2 million to SAR 242.1 million

- Top line growth of 17.0% versus Q1, 2011 is testament to our unwavering commitment towards quality and product innovation & continuous improvement in the provision of services to our consumers.
- This growth is underpinned by strong growth of 50% in poultry portfolio, 39% in bakery and 25% in Juice.
- Net income grew 2.9% compared with Q1, 2011 driven by delayed impact of commodity price changes and overheads growth in line with our capacity growth, which is yet to match the revenue growth.

Product Innovation (cont.)



Product Innovation



Statement of Income

Income Statement

<i>SAR million</i>	1st Quarter				Change
	2012		2011		
Net Sales	2,040.3	100.0%	1,743.6	100.0%	17.0%
Cost of sales	(1,333.0)	(65.3%)	(1,109.4)	(63.6%)	20.2%
Gross Profit	707.3	34.7%	634.2	36.4%	11.5%
Selling and Distribution Expenses	(344.7)	(16.9%)	(278.3)	(16.0%)	23.9%
General and Administration Expenses	(70.1)	(3.4%)	(64.4)	(3.7%)	9.0%
EBIT	292.5	14.3%	291.5	16.7%	0.3%
Share of Results of Associates	(12.3)	(0.6%)	(6.9)	(0.4%)	77.9%
Bank Charges	(27.4)	(1.3%)	(39.8)	(2.3%)	(31.1%)
Income from Main and Continuing Operations	252.8	12.4%	244.8	14.0%	3.3%
Zakat	(7.9)	(0.4%)	(6.4)	(0.4%)	23.5%
Net income before Minority Interest	244.9	12.0%	238.4	13.7%	2.7%
Minority Interest	(2.8)	(0.1%)	(3.1)	(0.2%)	(12.5%)
Net Income	242.1	11.9%	235.2	13.5%	2.9%

Accounting Disclosure

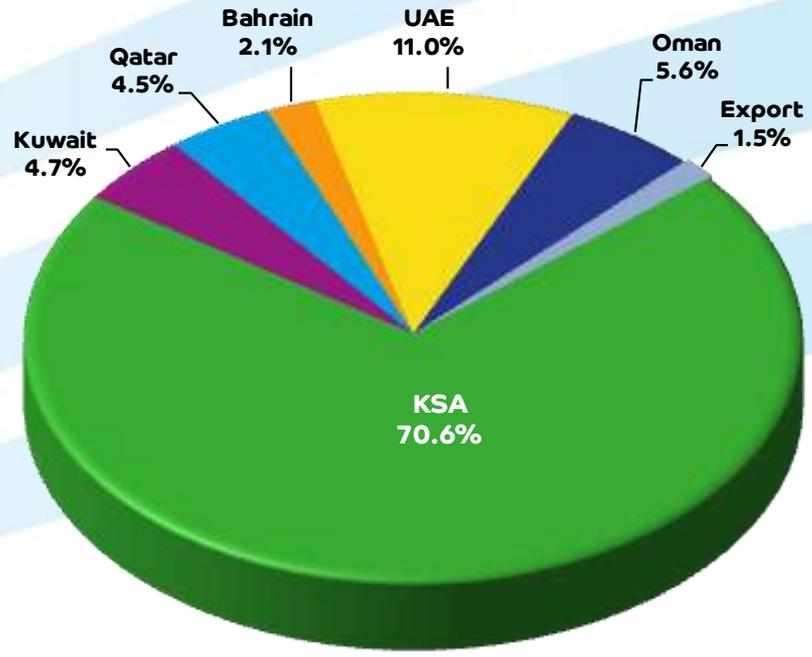
- The quarterly accounts include a few material entries which are discussed in detail below:
- **Acquisition cost for Blue Yulan/Fondomonte:**
 - Total acquisition cost related to purchase of Blue Yulan amounted to SAR 9.4M. This cost was capitalised in the last quarter however as per the IFRS rules, this amount was expensed in the current quarter.
- **Acquisition of IDJ:**
 - Due to step acquisition of IDJ on 28th March 2012 and the close proximity of the acquisition date with the quarter end, Almarai has consolidated the balance sheet of the joint venture in Q1 accounts. The net income of the joint venture was reported for the quarter on an equity accounting basis.
 - The payment of US\$ 22.4M was made to IDJ to increase Almarai shareholding from 48% to 52%. This resulted in SAR 21.4M revaluation gain of the IDJ investment based on the consideration paid by Almarai. This was offset by recognising accumulated currency devaluation of IDJ investment (mostly due to Egyptian pound devaluation) of SAR 22.5M since the starting date of the JV.

Sales Analysis by Product & Region

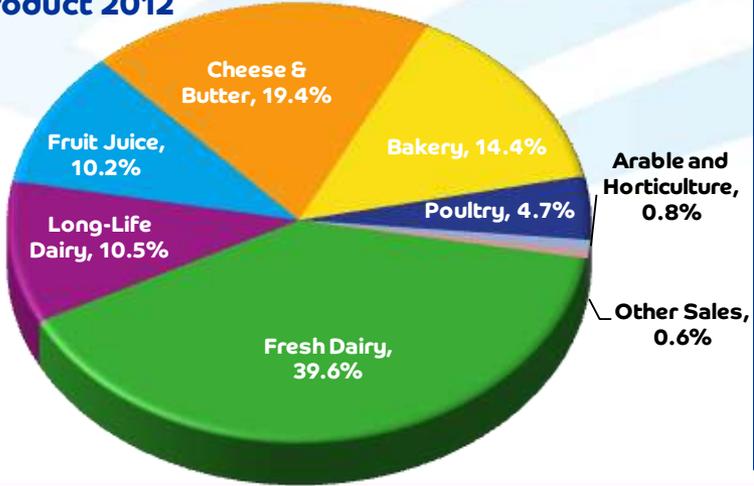
Sales by Product

Sales by Product Group SAR Million	1st Quarter		
	2012	2011	% change
Fresh Dairy	808.2	739.3	9.3%
Long-Life Dairy	213.5	186.8	14.3%
Fruit Juice	207.3	166.2	24.7%
Cheese & Butter	394.9	367.8	7.4%
Bakery	293.5	211.4	38.9%
Poultry	95.4	63.5	50.3%
Arable and Horticulture	15.7	0.9	1,696.1%
Other Sales	11.8	7.8	52.0%
Total Sales	2,040.3	1,743.6	17.0%

Sales by Region 2012

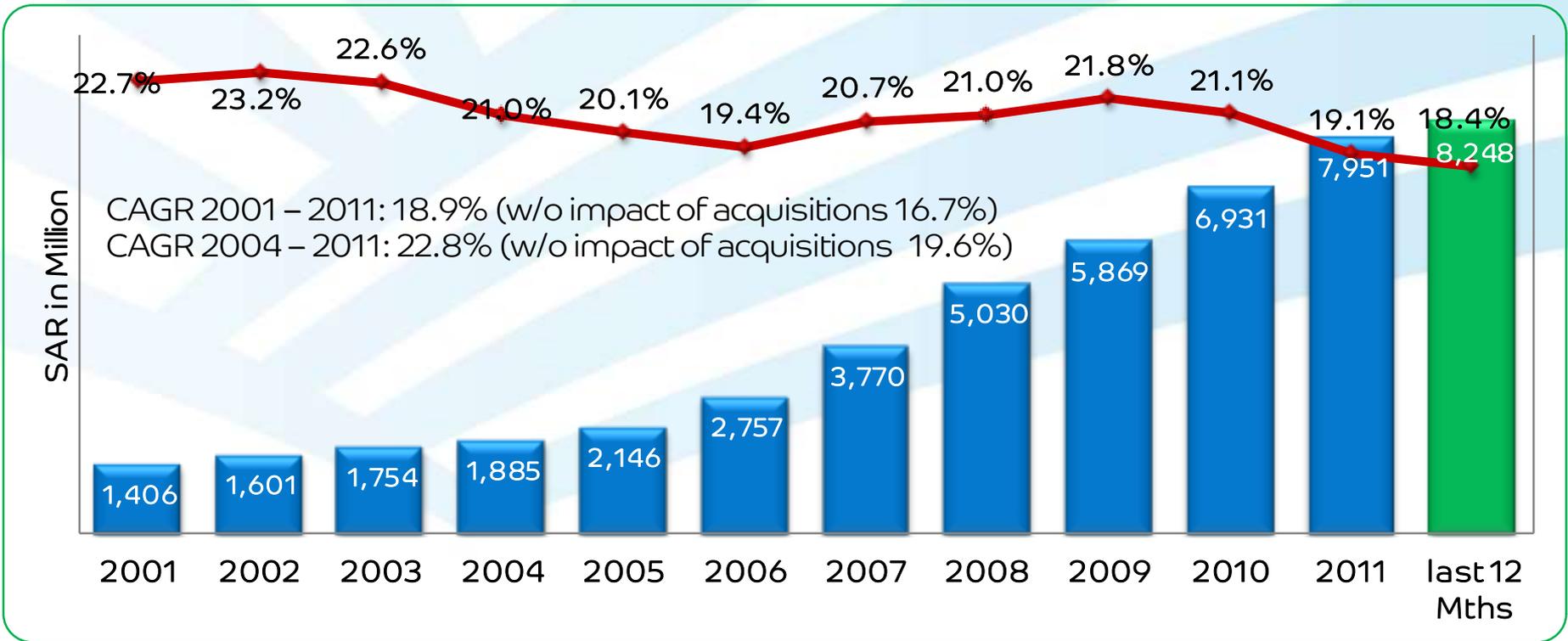


Sales by Product 2012

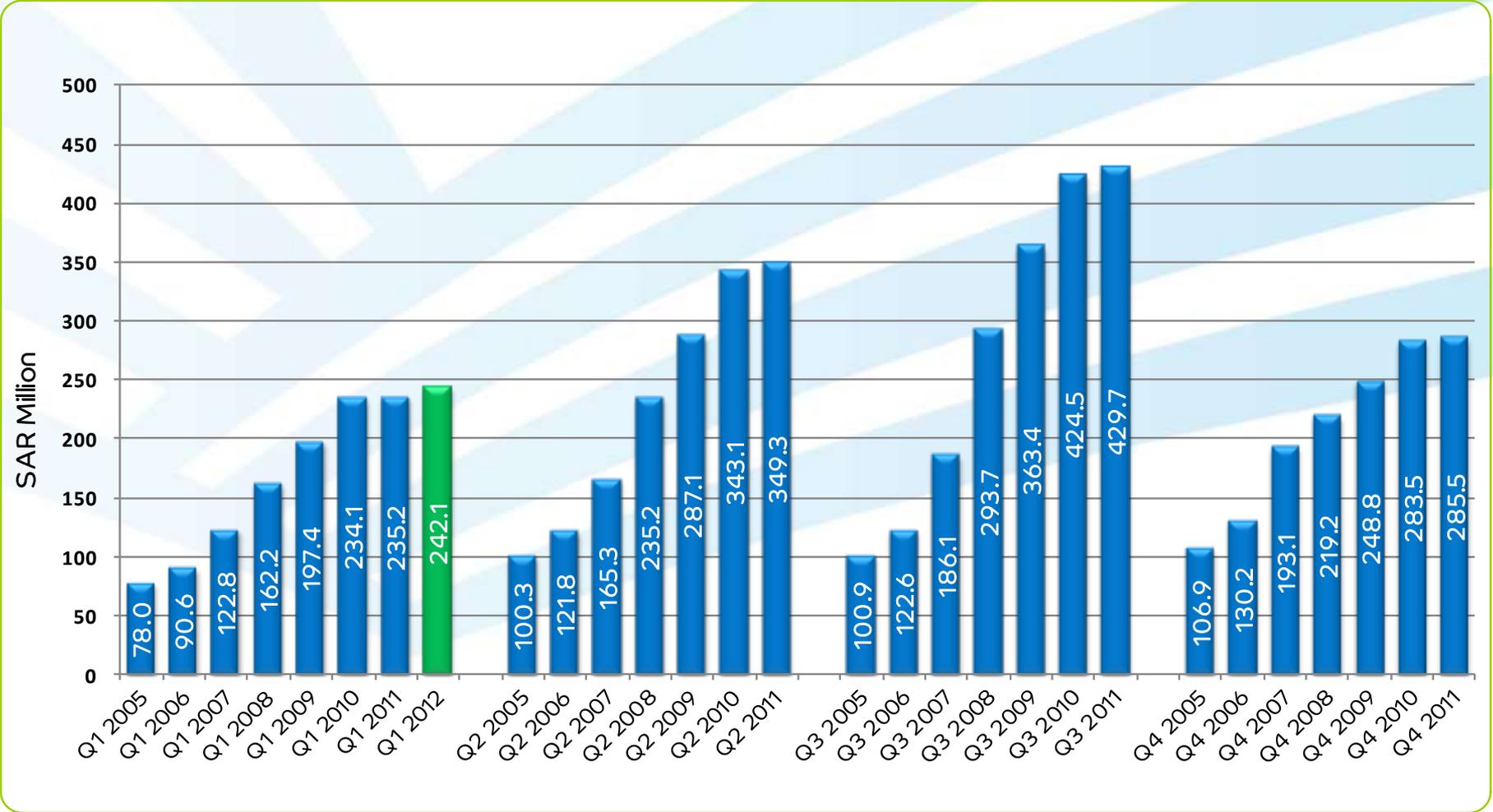


Robust revenue growth with challenging – but anticipated – EBIT trend

Revenue and Net Operating Income Evolution



Quarterly Performance - Net Income



Cash Flow Statement

	1st Quarter	
SAR Million	2012	2011
From Operating Activities	383.4	266.1
Used in Investing Activities	(832.5)	(669.1)
From Financing Activities	464.9	297.3
Increase/(Decrease) in Cash	15.9	(105.7)
Cash at beginning of period	272.0	240.8
Cash at end of period	287.9	135.0

Balance Sheet

SAR Million	31.03.12	31.03.11
Balance Sheet		
Net operating working capital	1,037	797
Biological Assets	855	782
Property, Plant and Equipment	11,854	8,407
Net operating assets	13,746	9,986
Intangible Assets - Goodwill	1,383	793
Investment and Financial Assets & deferred charges	596	965
	15,725	11,745
Net debt	7,450	5,077
Employee termination benefits	254	217
Deferred Tax (Net)	130	-
Total Equity	7,891	6,451
Net Capital Employed	15,725	11,745
<i>Net debt to Equity ratio</i>	<i>94.4%</i>	<i>78.7%</i>

Segment Reporting

SAR Million	Dairy & Juice	Bakery	Poultry	Arable and Horticulture	Other Activities	Almarai Consolidated
Q1 2012						
Sales	1,639.0	293.5	95.4	24.5	0.0	2,052.4
Third Party Sales	1,635.7	293.5	95.4	15.7	0.0	2,040.3
Net Depreciation	(102.2)	(26.1)	(10.1)	(16.6)	0.0	(155.1)
Income/(loss) before Minority Interest	270.9	35.2	(32.0)	(20.1)	(9.2)	244.9
Total Assets	10,363.3	1,965.3	2,471.5	1,650.4	1,251.8	17,702.3
Total Liabilities	(8,546.6)	(269.2)	(256.5)	(208.7)	(530.0)	(9,811.0)
<i>Return on Sales</i>	16.6%	12.0%	(33.5%)	(127.5%)	n.a	12.0%
<i>Growth versus Q1 2011</i>						
- <i>Third Party Sales</i>	11.4%	38.9%	50.3%	1,696.1%	n.a	17.0%
- <i>Income before Minority Interest</i>	7.7%	60.3%	(4,242.6%)	(34.1%)	70.2%	2.7%

2012: Achievements to date & Key Focus Areas

- As highlighted earlier in 2012, we have continued our journey to excel in all 4 key focus areas:
 - Drive growth across our portfolio
 - Strong Q1 results including strong bakery results buoyed by GCC distribution
 - Sales growth is expected to continue for rest of the year, particularly for juice product range
 - Poultry expansion will continue in other GCC countries and current distribution facilities will be further developed
 - Margin areas of focus
 - Margin over material is showing signs of improvement and we will convert that advantage over the next quarters to match revenue growth.
 - Strong product innovation to continue and accelerate as the year progresses
 - Cash Flow Management
 - Cost control across all categories and functional areas
 - Successful completion of Sukuk programme in Q1, 2012 paving the way for further capital restructuring and better debt management
 - Working capital – targeting further opportunities in inventory management
 - Integration of other business units
 - Integration of Fondomonte business with Almarai financial and operational units is continuing
 - Additional focus will be placed in next quarters to integrate and improve on IDJ business in line with Almarai business model

Q & A



Thank you



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