

Almarai Company

Fiscal Year 2018 and Fourth Quarter 2018



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Macro Environment

Main Events Fiscal Year 2018

Macro Changes for consumer and market sentiment

- Introduction of VAT
- Expat Levy and labor reform
- Energy Reforms
- Introduction of monthly stipend for eligible Saudi members of the workforce

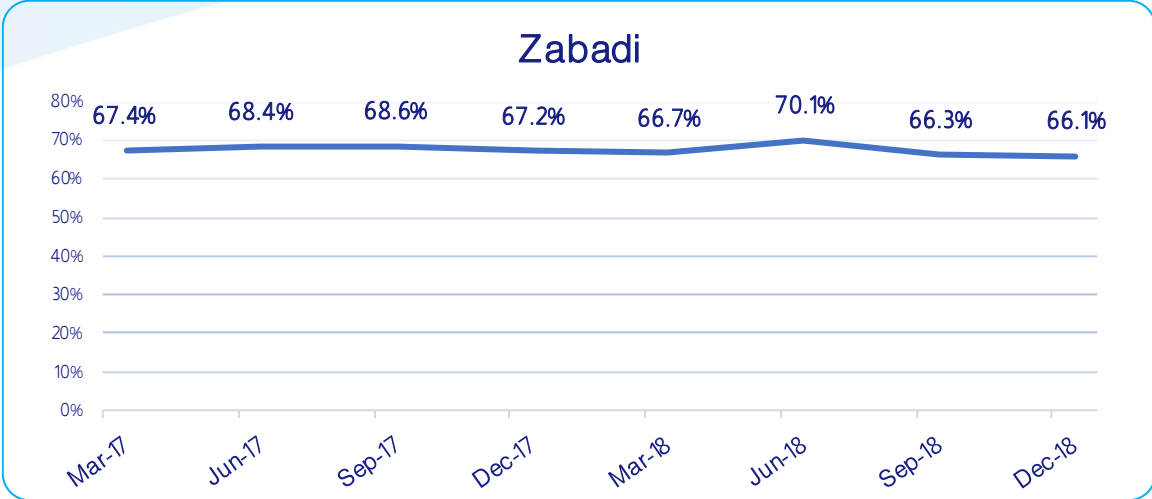
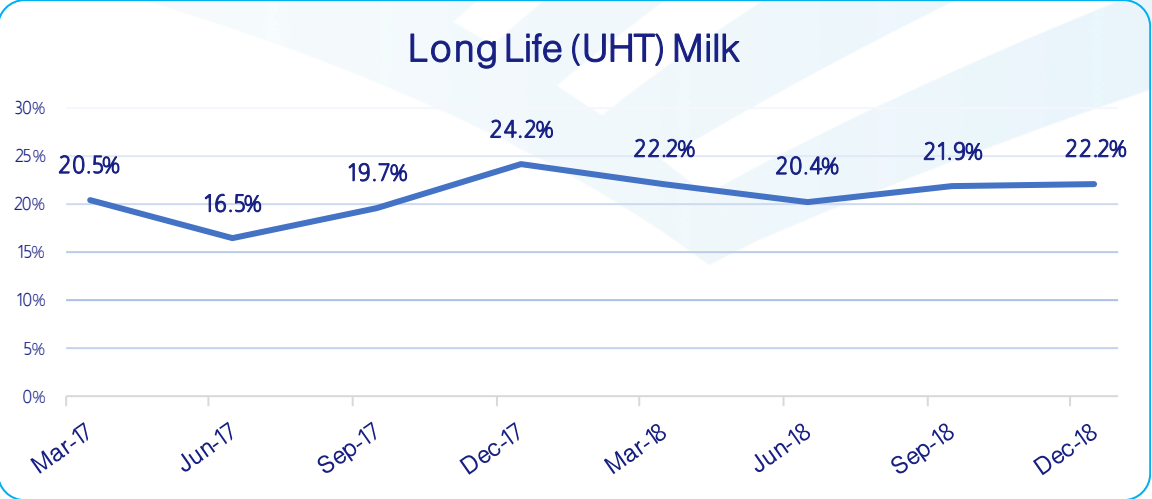
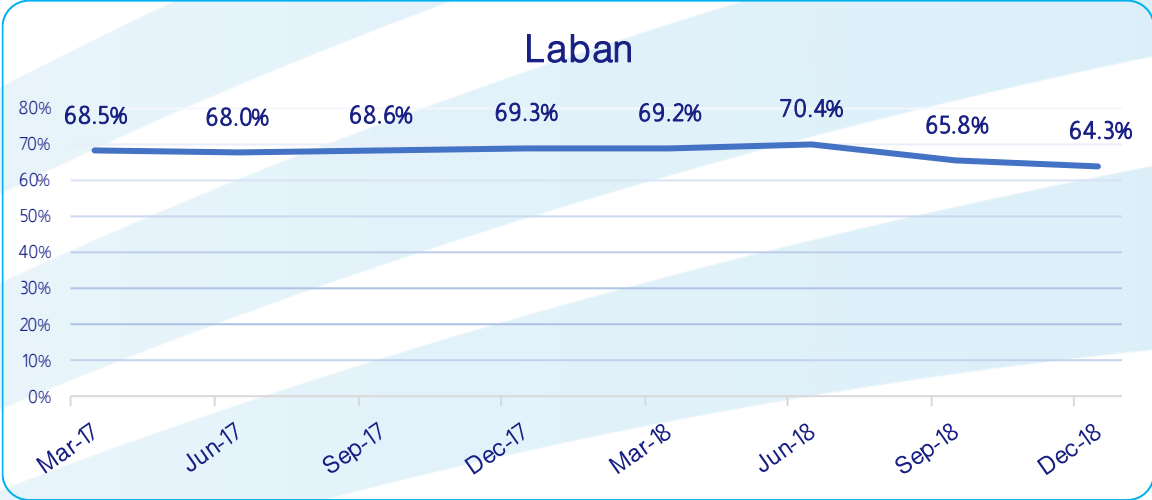
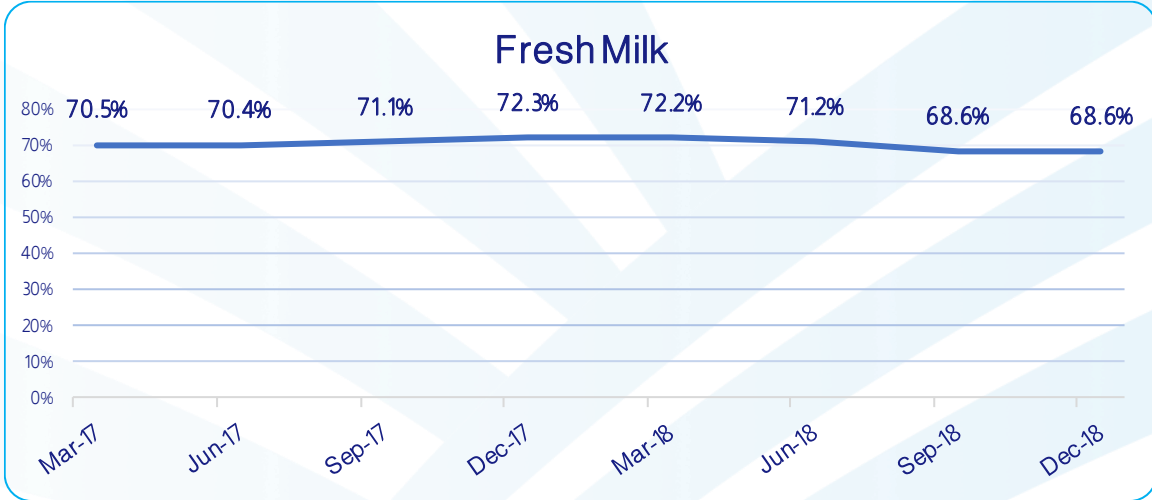
Good progress made against the strategic objectives set out in Almarai 2025

- The company managed to gain and maintain GCC market share in most categories despite market slowdown
- Notably strong performance in the Poultry Segment driven by HORECA channel expansion (over 50% of Poultry Sales)
- Infant Nutrition segment broke even for the first time at an EBIT level on an annualized basis
- Cost Rationalization and efficiency program known as AAA achieved close to SAR 500M savings for 2017 / 2018
- 100% importation of alfalfa feed achieved by the *3rd November 2018* inline with statutory deadline (Royal Decree 66 for the growth of green forage)
- Increase in the price of Fresh Milk and Laban on 6 SKUs by 4-8% on July 2nd 2018.
- Reduced capital investment resulting in stronger Free Cash Flow

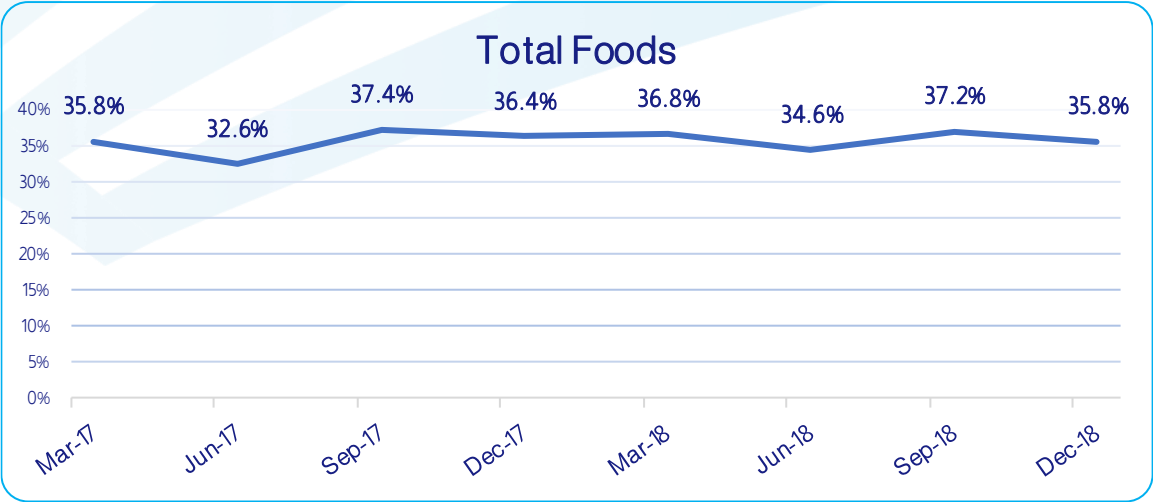
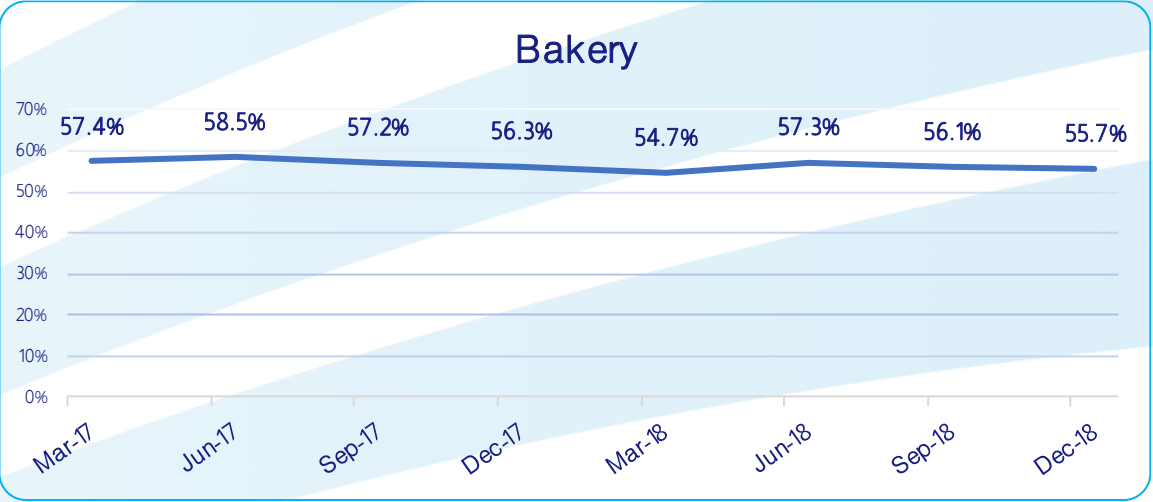
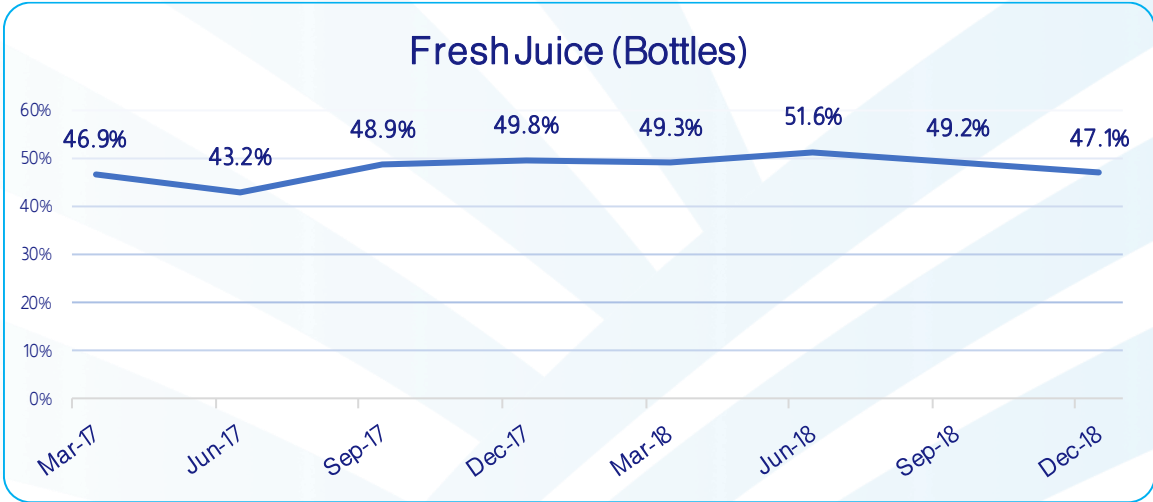
Almarai Engines for Growth

- Innovation – Albashayer(Value Brand), Bake Rolls, Greek Yogurt
- Geographic Expansion – Continued growth and market share gain in Egypt
- HORECA – Leveraging our current portfolio for B2B customers

Almarai Defending Market Share Despite Declining KSA Food Market and Price increases

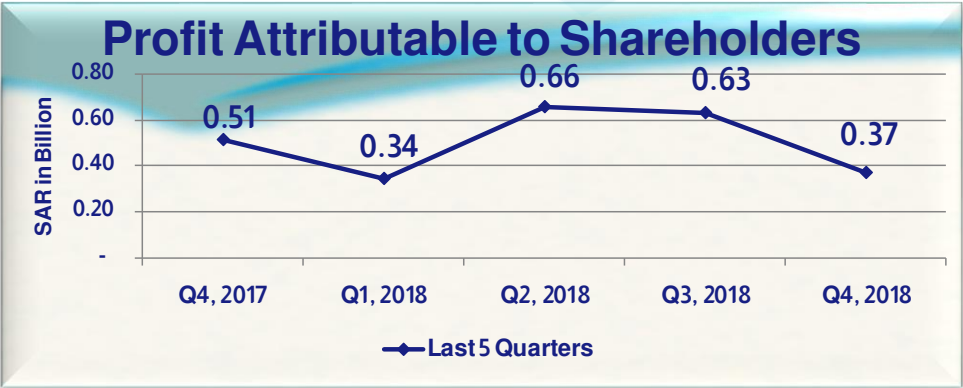
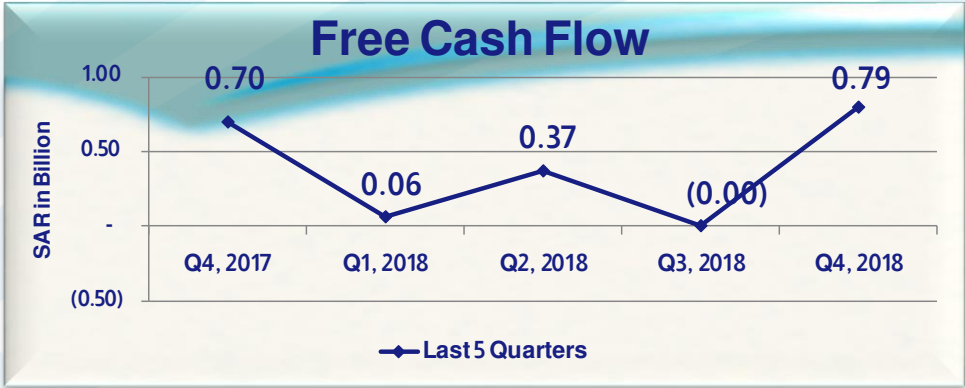
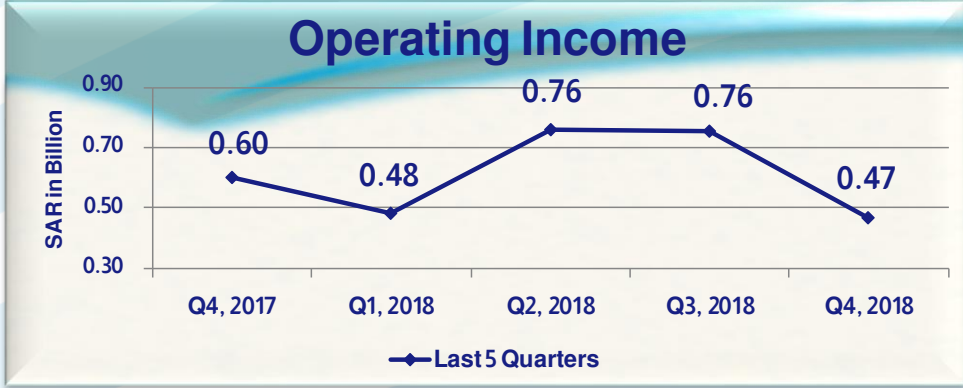
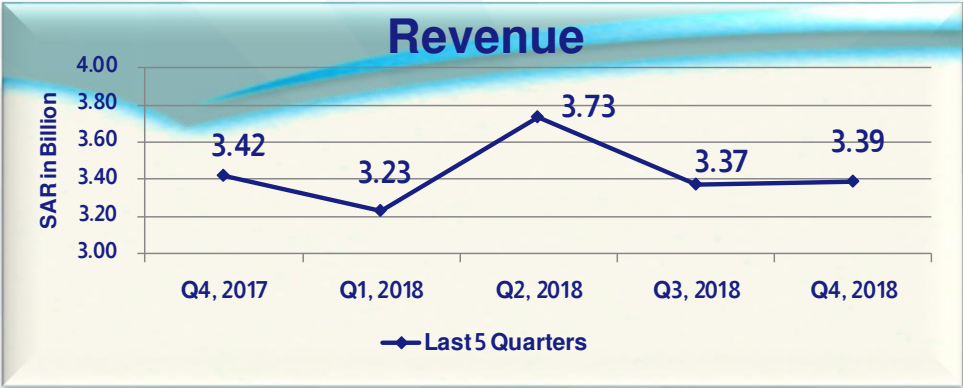


Almarai Defending Market Share Despite Declining KSA Food Market



Business Highlights

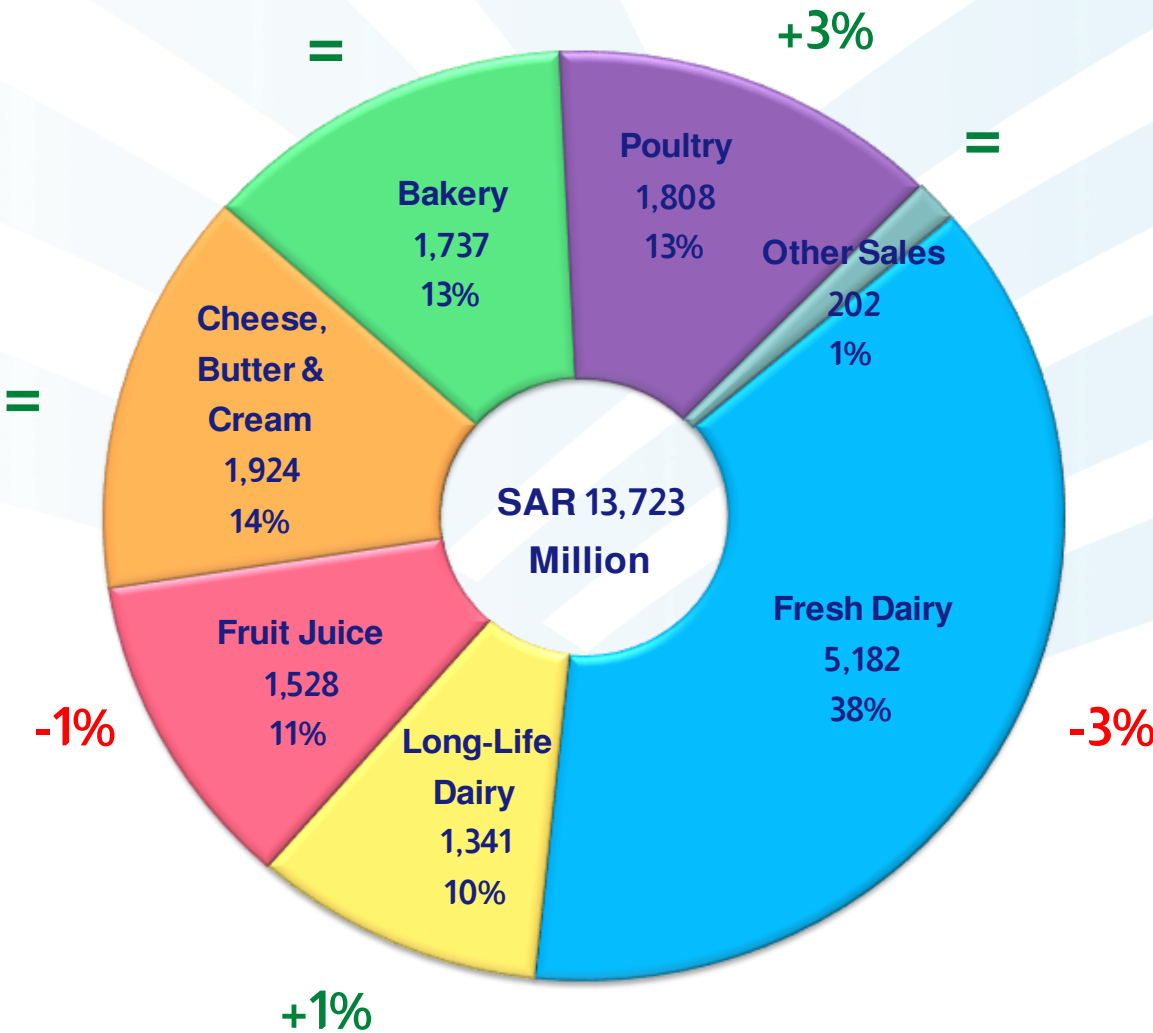
Highlights - Q4, 2018



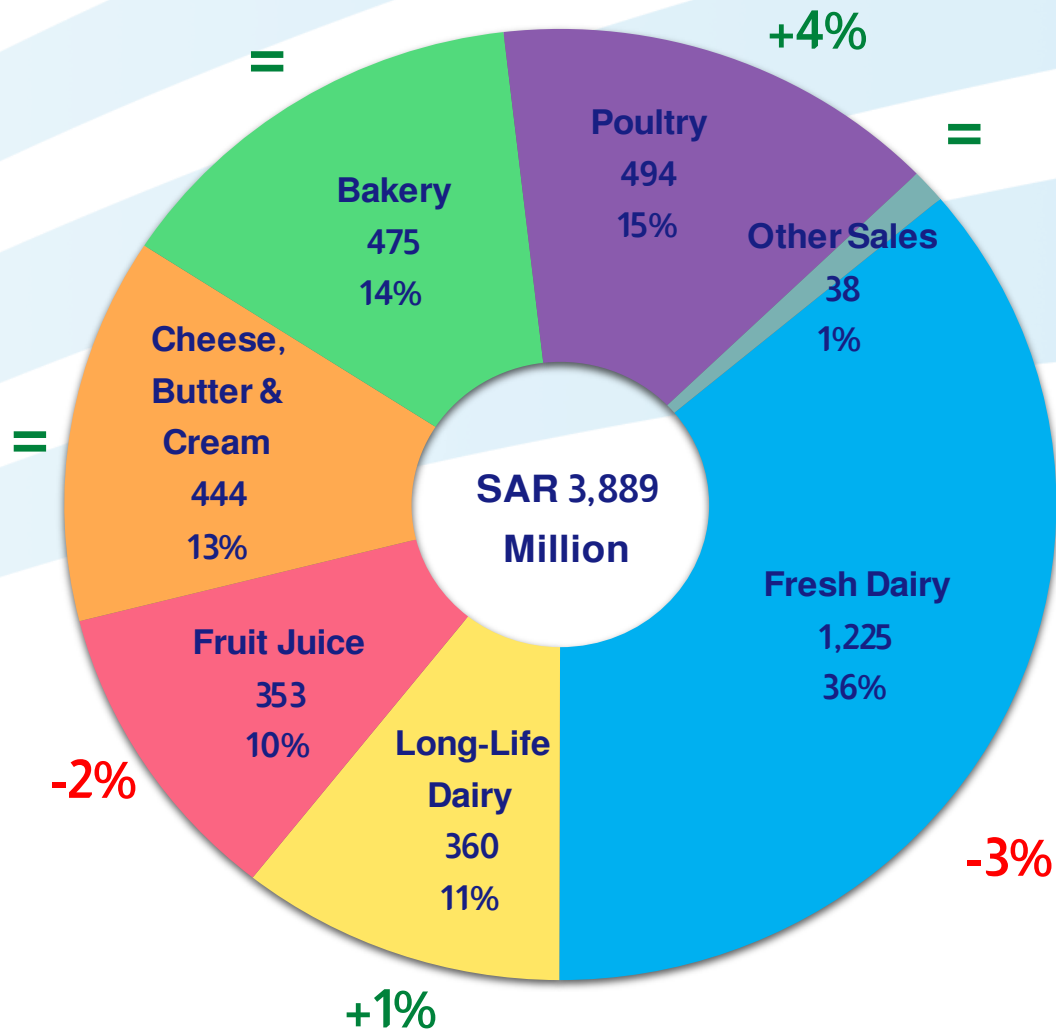
Financial Highlights

Revenue Breakdown - Full Year and Q4, 2018

Revenue by Product – Full Year

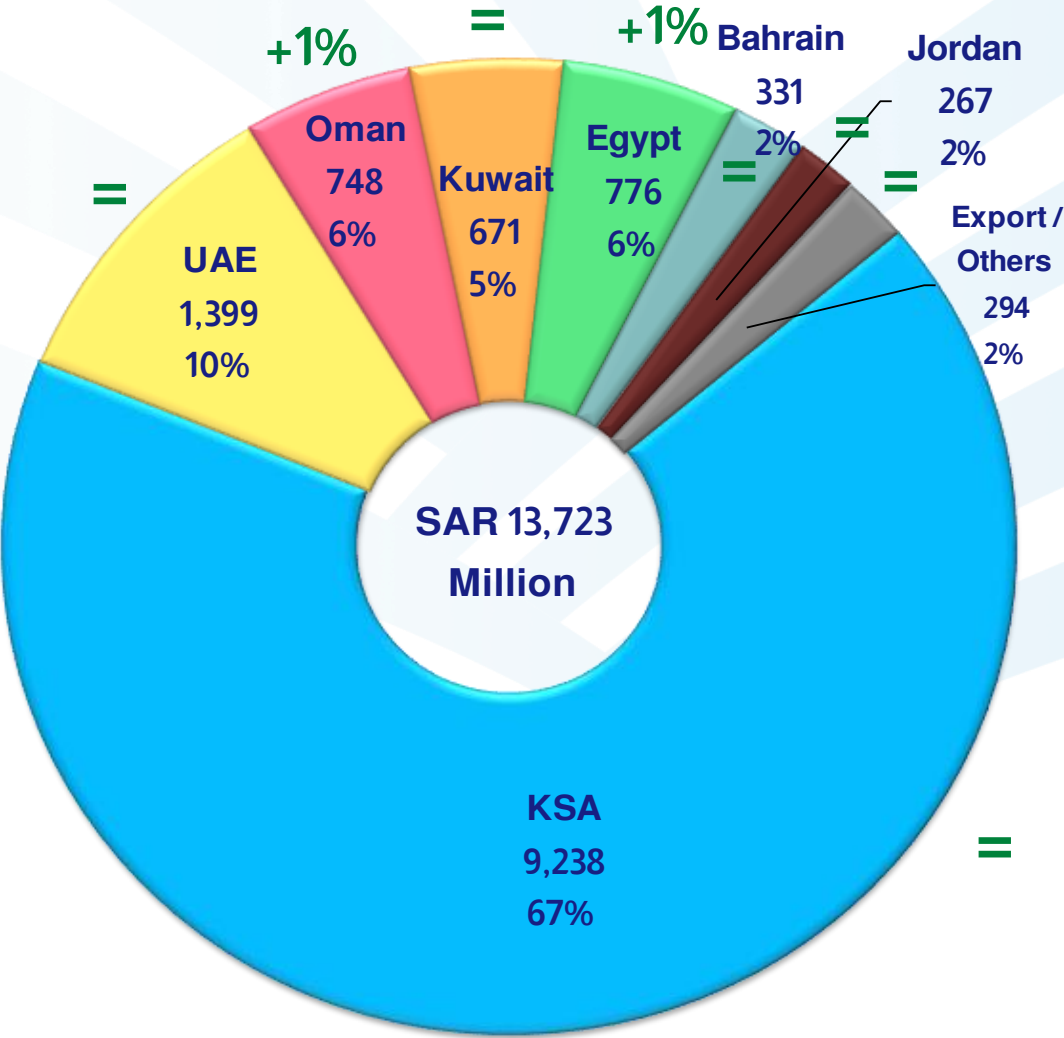


Revenue by Country – 4th Quarter

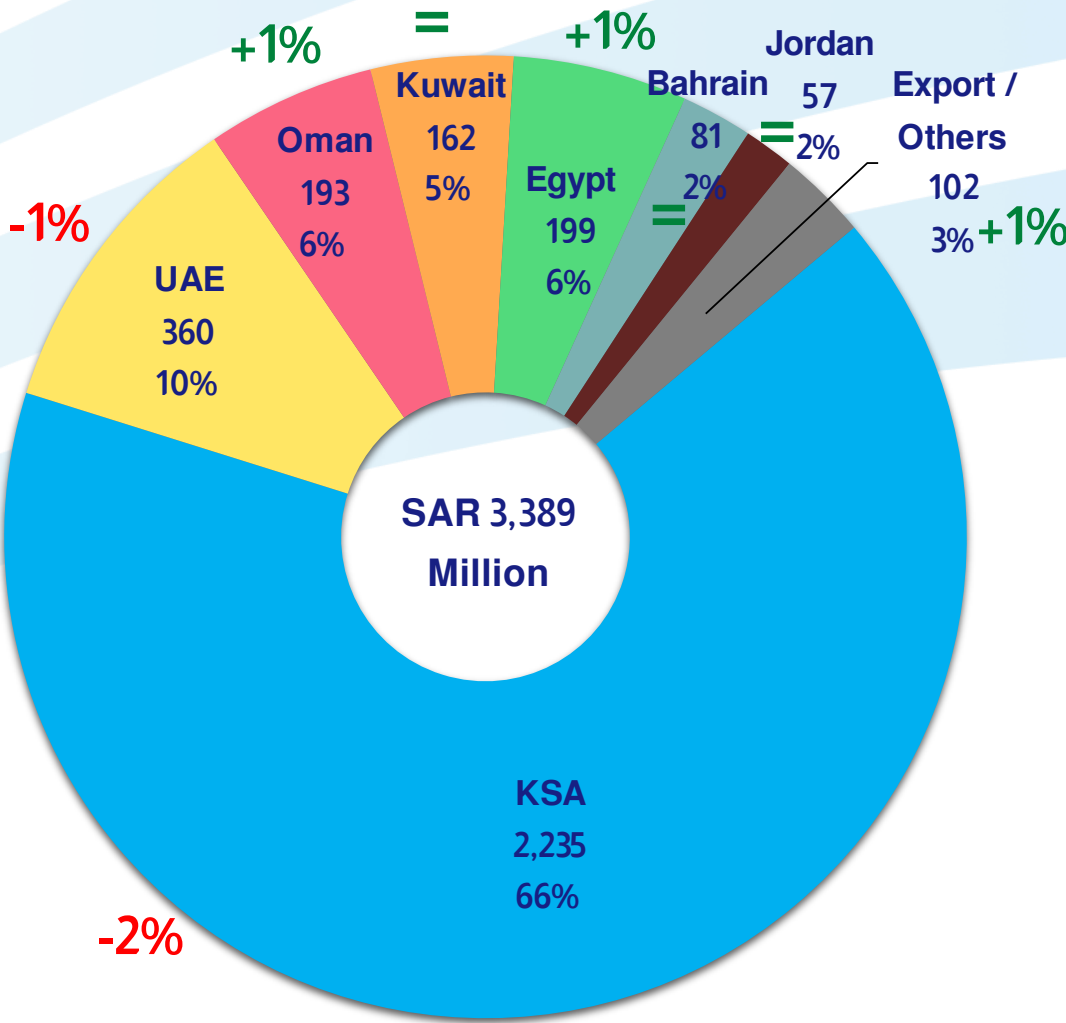


Revenue Breakdown - Full Year and Q4, 2018

Revenue by Country - Full Year



Revenue by Country - 4th Quarter



Innovation Pipeline 2018

Innovation is a “Core Engine” of growth for Almarai.

Segment	Product
Dairy & Juice	
Bakery	
Poultry	
Infant Nutrition	

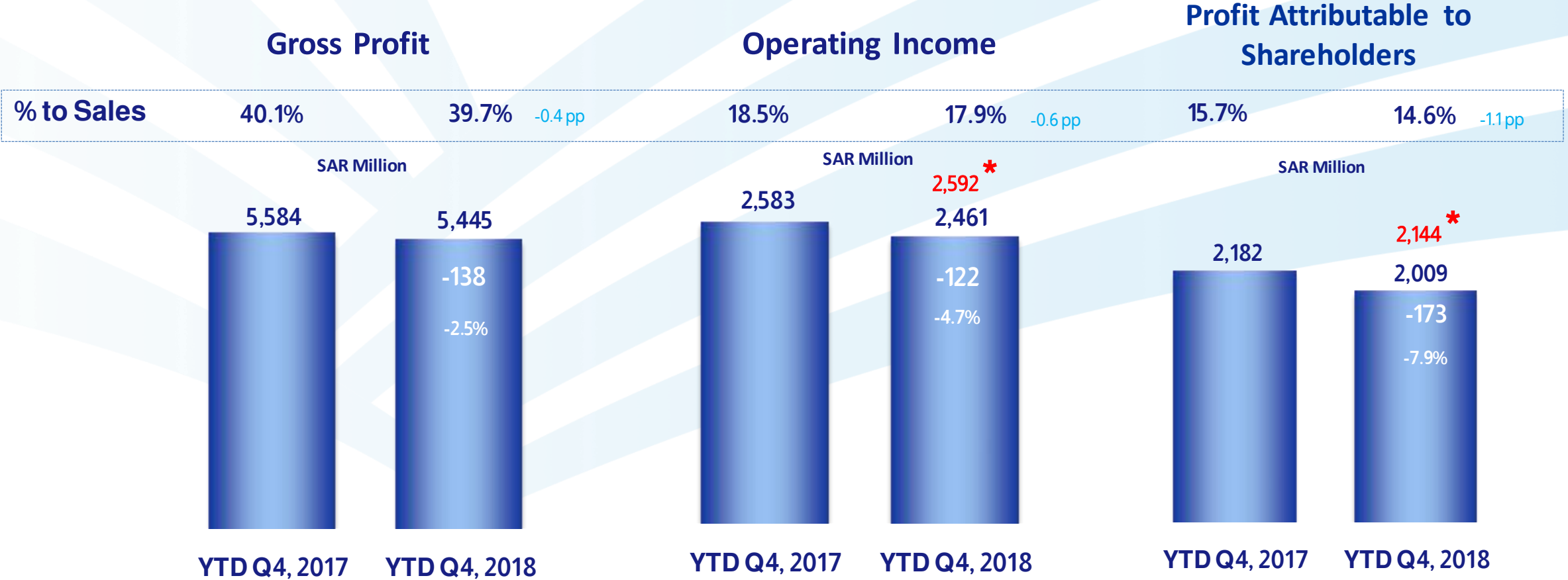
Statement of Income – Full Year and Q4, 2018

SAR Million	4th Quarter					Full Year				
	2017		2018		Change	2017		2018		Change
Revenue	3,419	100.0%	3,389	100.0%	(0.9%)	13,936	100.0%	13,723	100.0%	(1.5%)
Cost of sales	(2,083)	(60.9%)	(2,154)	(63.6%)	(3.4%)	(8,352)	(59.9%)	(8,277)	(60.3%)	0.9%
Gross Profit	1,335	39.1%	1,235	36.4%	(7.5%)	5,584	40.1%	5,445	39.7%	(2.5%)
Selling and Distribution Expenses	(533)	(15.6%)	(518)	(15.3%)	2.8%	(2,343)	(16.8%)	(2,331)	(17.0%)	0.5%
General and Administration Expenses	(93)	(2.7%)	(101)	(3.0%)	(8.9%)	(397)	(2.9%)	(376)	(2.7%)	5.3%
Other Expense, net	(88)	(2.6%)	(177)	(5.2%)	(100.7%)	(211)	(1.5%)	(301)	(2.2%)	(42.7%)
Impairment (Reversal) / Loss on Financial Assets	(23)	(0.7%)	28	0.8%	n.a	(49)	(0.4%)	25	0.2%	n.a
Operating Income	599	17.5%	466	13.7%	(22.2%)	2,583	18.5%	2,461	17.9%	(4.7%)
Exchange Gain / (Loss)	(3)	(0.1%)	27	0.8%	n.a	7	0.1%	30	0.2%	316.2%
Finance Costs - net	(105)	(3.1%)	(124)	(3.6%)	(17.6%)	(401)	(2.9%)	(408)	(3.0%)	(1.6%)
Share of Results of Associates and Joint Ventures	9	0.3%	1	0.0%	(90.3%)	13	0.1%	(5)	(0.0%)	n.a
Profit Before Zakat and Income Tax	499	14.6%	370	10.9%	(25.9%)	2,202	15.8%	2,078	15.1%	(5.7%)
Zakat and Foreign IncomeTax	9	0.3%	(6)	(0.2%)	n.a	(42)	(0.3%)	(70)	(0.5%)	(66.9%)
Profit for the Period	508	14.9%	364	10.7%	(28.3%)	2,160	15.5%	2,007	14.6%	(7.1%)
Profit Attributable to Non Controlling Interest	5	0.1%	5	0.2%	17.2%	22	0.2%	2	0.0%	(92.6%)
Profit Attributable to Shareholders	513	15.0%	370	10.9%	(27.9%)	2,182	15.7%	2,009	14.6%	(7.9%)
Earnings Per Share (Basic)	0.50		0.37		(26.0%)	2.13		1.97		(7.3%)
Profit Attributable to Shareholders %	15.0%		10.9%			15.7%		14.6%		

Normalized Profit and Loss

SAR in Million	4th Quarter	Full Year 2018
Reported Net Income - 2018	370	2,009
One Off / Exceptional Items:		
Loss on Acquisition / Disposal	4	8
Asset impairment on Discontinuation of KSA arable operation	47	47
Operational Loss, including dilapidation & Input costs for KSA arable operation	30	30
Asset impairment - GCC	27	27
Asset impairment - Non-GCC (before NCI)	23	23
Total One Off / Exceptional Items	131	135
Normalized Net Income - 2018	501	2,144
Net Income - 2017	513	2,182
Growth %	(2.4%)	(1.7%)

Operating Performance – Full Year



* Normalized for exceptional Items

Segment Reporting – Full Year and Q4, 2018

SAR Million	Dairy & Juice	Bakery	Poultry	Other Activities	Almarai Consolidated
Q4 YTD 2018					
Revenue	9,976	1,737	1,808	202	13,723
Depreciation and Amortisation	(1,232)	(250)	(370)	(193)	(2,045)
Profit Attributable to Shareholders	1,733	192	183	(99)	2,009
Percent to Revenue of Profit Attributable to Shareholders	17.4%	11.1%	10.1%	(49.0%)	14.6%
Total Assets	19,120	2,352	5,316	5,531	32,318
Growth versus 2017					
- Revenue - 2017	10,510	1,807	1,464	154	13,936
- Revenue Growth	(5.1%)	(3.9%)	23.5%	31.0%	(1.5%)
- Profit Attributable to Shareholders - 2017	2,049	293	(29)	(130)	2,182
- Profit Attributable to Shareholders Growth	(15.4%)	(34.3%)	n.a	23.9%	(7.9%)
Q4 2018					
Revenue	2,381	475	494	38	3,389
Profit Attributable to Shareholders	381	46	39	(97)	370
Percent to Revenue of Profit Attributable to Shareholders	16.0%	9.8%	7.9%	(252.7%)	10.9%
Growth versus Q4 2017					
- Revenue - Q4, 2017	2,525	467	392	35	3,419
- Revenue Growth	(5.7%)	1.7%	26.2%	9.6%	(0.9%)
- Profit Attributable to Shareholders - Q4, 2017	498	72	13	(70)	513
- Profit Attributable to Shareholders Growth	(23.5%)	(35.4%)	194.3%	(37.6%)	(27.9%)

Net Income by Segment

Basic EPS* (SAR)						
	2.13					1.97
	2,182	(316)	(100)	212	31	2,009
	YTD Q4, 2017	Dairy & Juice	Bakery	Poultry	Other	YTD Q4, 2018
Revenue Growth		(5.1%)	(3.9%)	23.5%	31.0%	(1.5%)
Net Income Growth		(15.4%)	(34.3%)	n.a.	23.9%	(7.9%)
Net Income %		17.4%	11.1%	10.1%	(49.0%)	14.6%
Q1 Net Income	328	(62)	(27)	55	50	344 +16
Q2 Net Income	674	(48)	(38)	73	(0)	661 (14)
Q3 Net Income	667	(89)	(9)	58	7	634 (33)
Q4 Net Income	513	(117)	(25)	26	(26)	370 (143)
Normalized Q4 NI	513	(67)	(25)	30	51	501 (12)
Normalized Full Year NI	2,182	(266)	(100)	220	108	2,144 (38)

*EPS – Earnings Per Share

Investing Cash Flows continue the downward trend in line with revised 5 year Business Plan

- CAPEX spend for the full year 2018 was SAR 2.0 Billion.
 - Manufacturing and Farming spent CAPEX of SAR ~0.9 Billion for various capacity expansion projects.
 - Sales Depot, Poultry and Logistics expansion accounted for SAR ~0.5 Billion.
 - Replacement and other CAPEX including IDJ accounted for another SAR ~0.6 Billion.

Dubai Solar Project



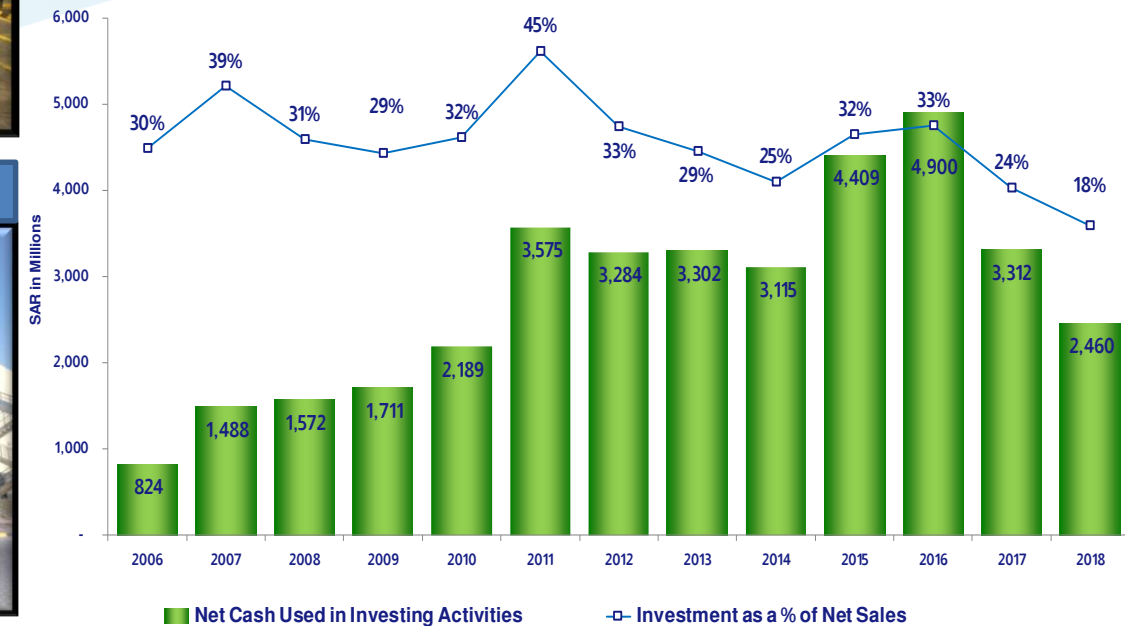
CPP3 Phase 2



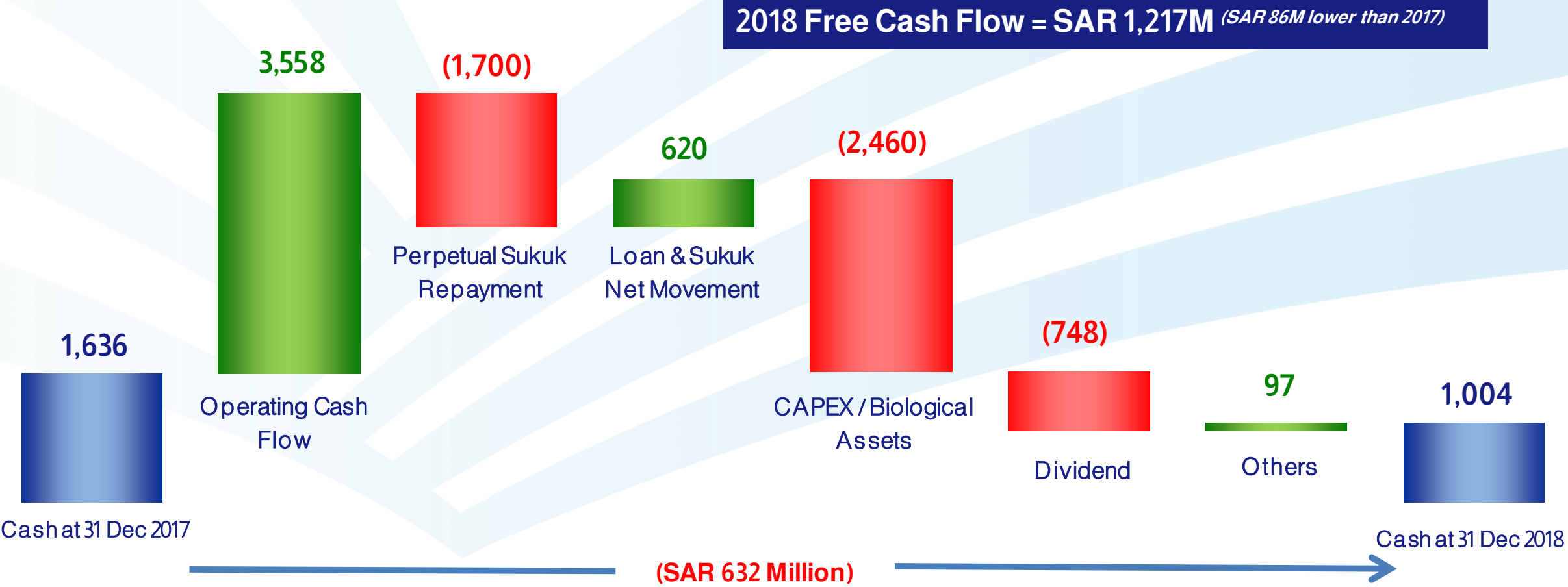
Consolidation Warehouse – B9A



Dubai Depot

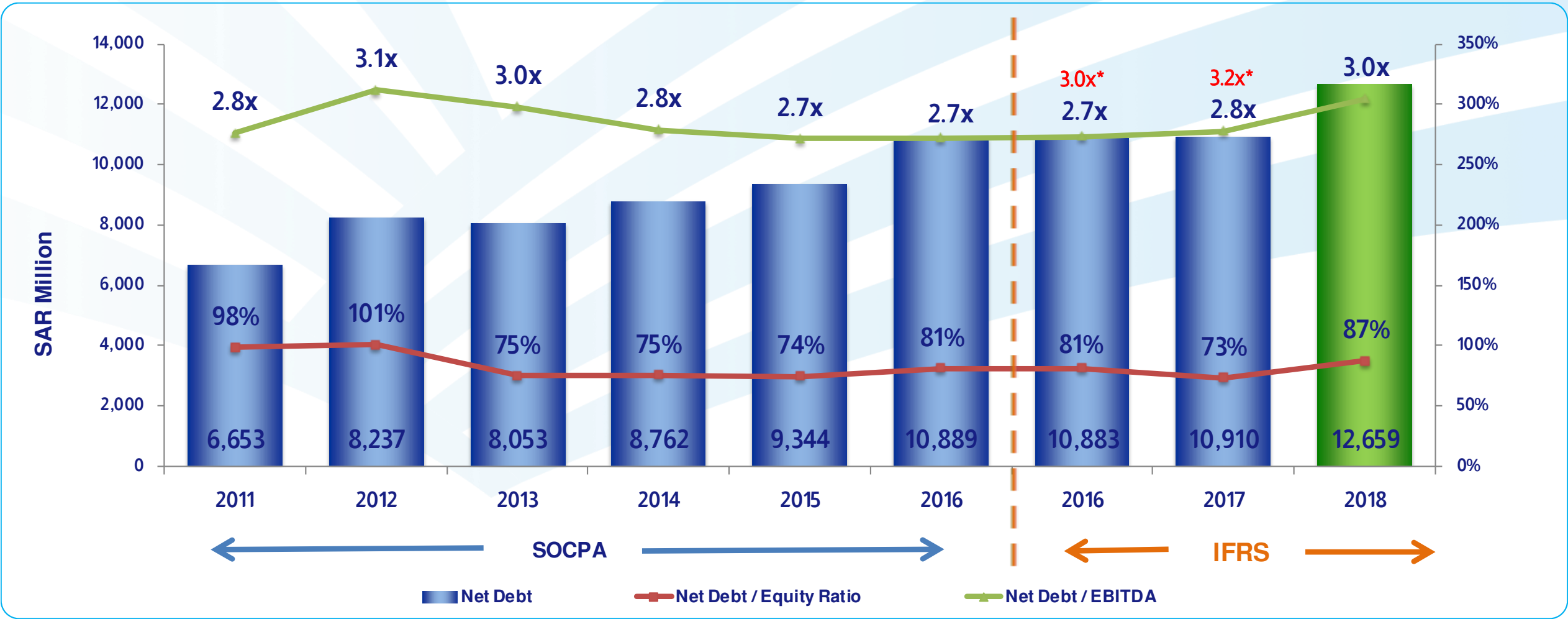


Cash Flow Bridge



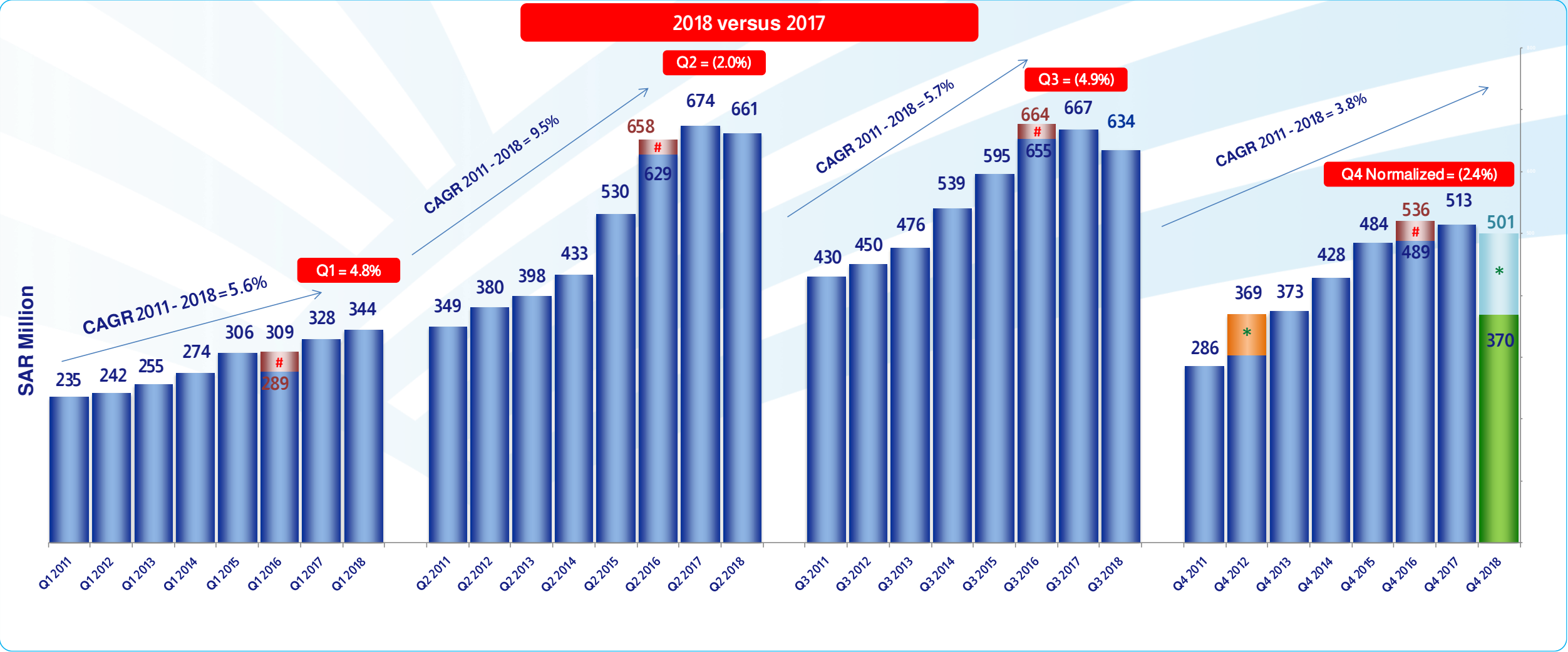
Key Trends

Net Debt



* Methods used by the rating agencies

Quarterly Performance – Net Income Trend Analysis



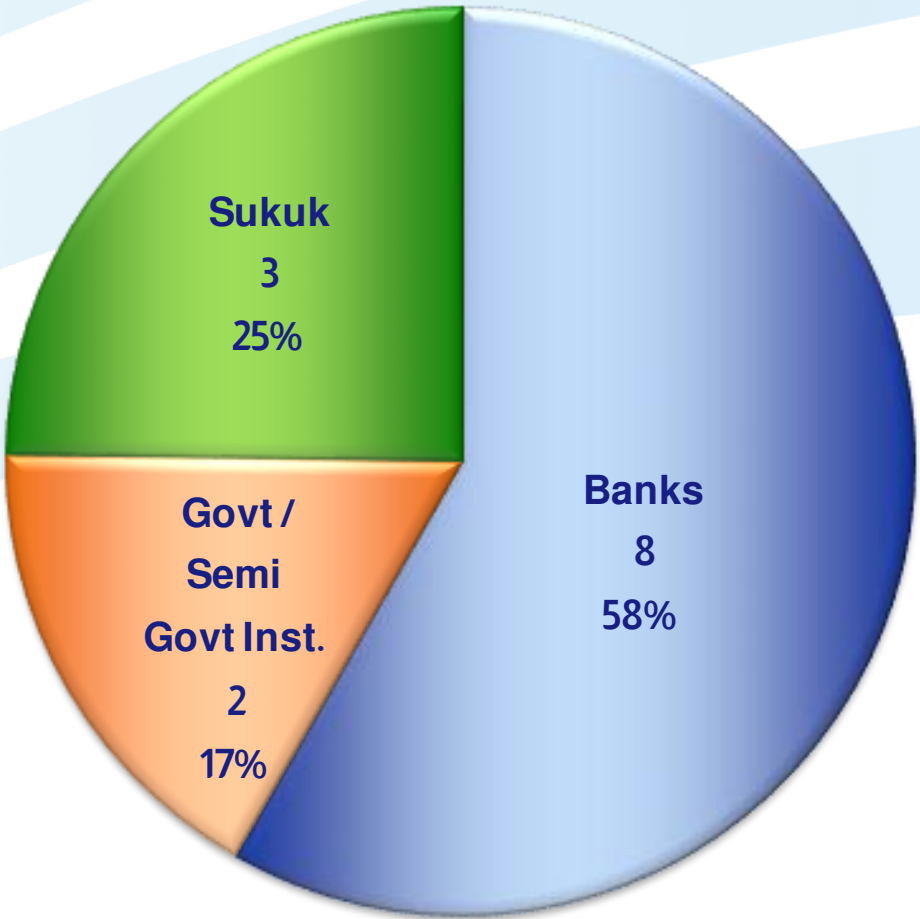
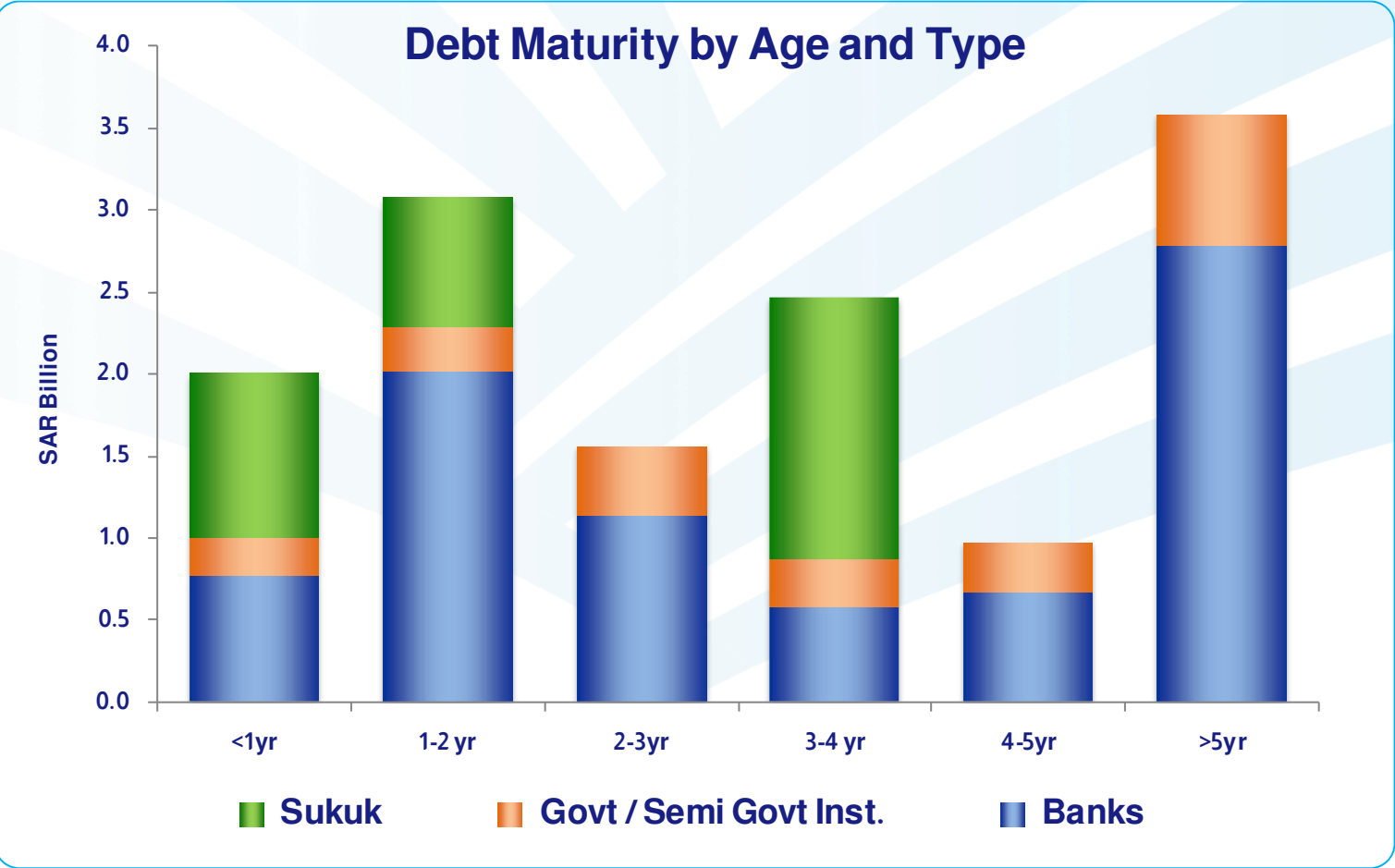
IFRS revaluation adjustments * Capital gain of SAR 47m in 2012 * Normalized Net Income

Please note that 2016 and subsequent years are based on IFRS however earlier years are based on SOCPA accounting standards



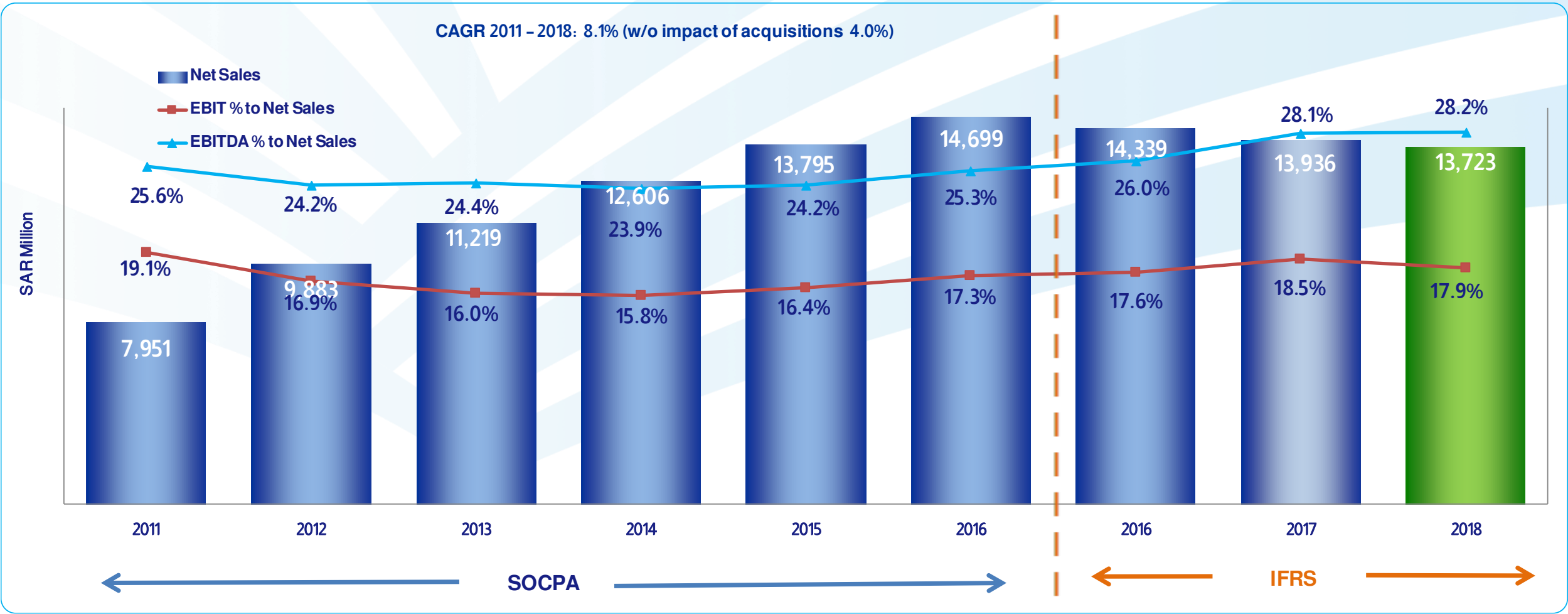
Debt Maturity Profile

Debt Maturity by Age and Type



EBIT and EBITDA margins

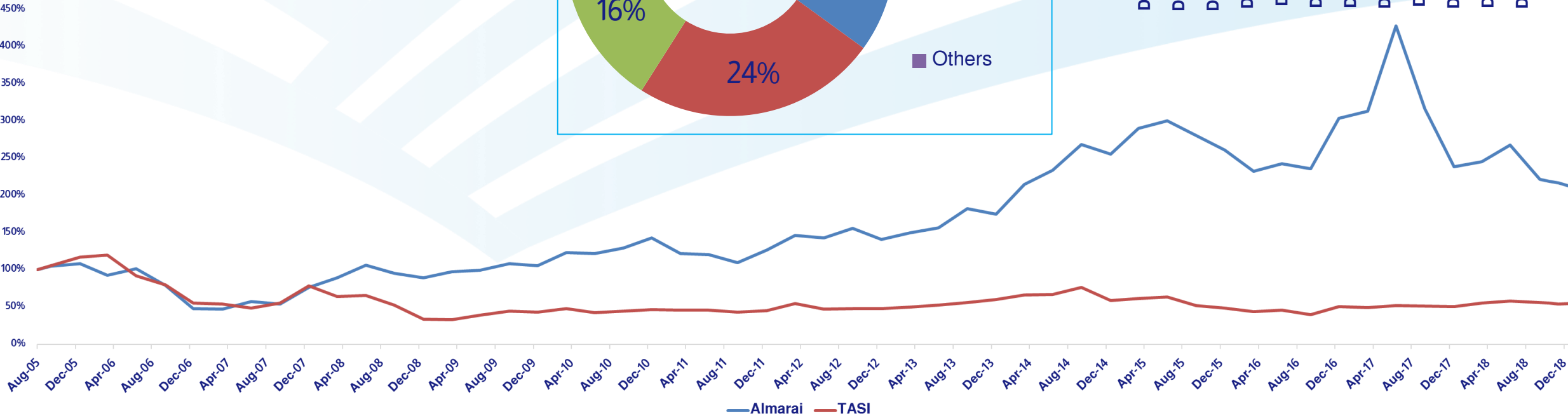
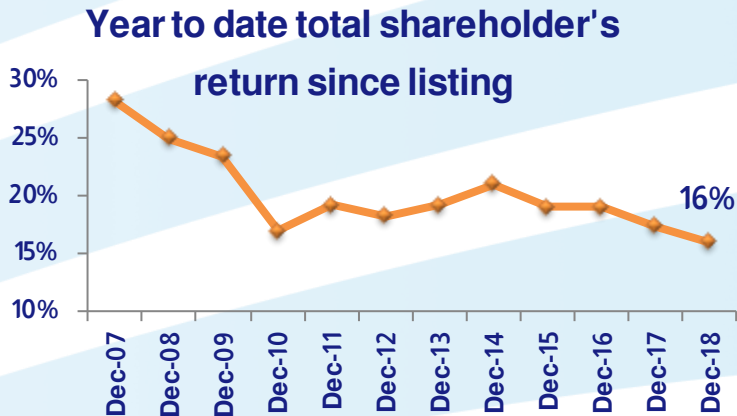
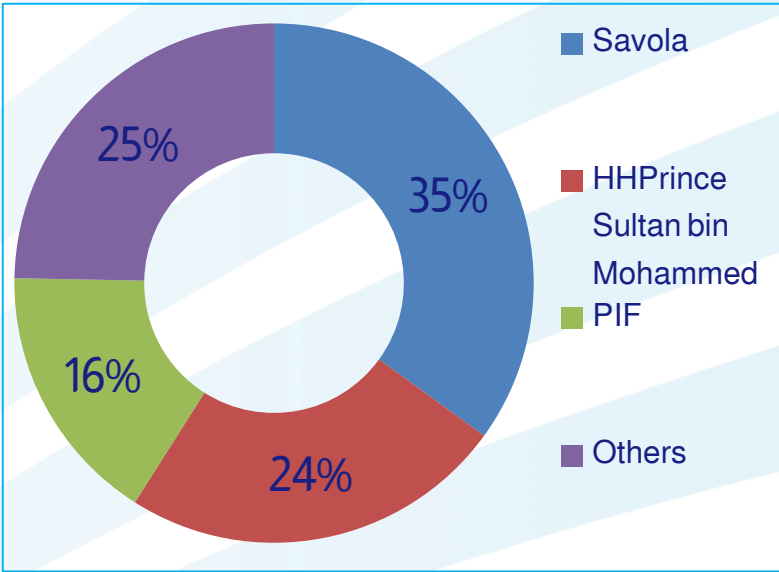
Revenue, EBITDA and EBIT Evolution



Key Share Data

Key Statistics for Almarai (31 December 2018)

Share Price (SAR)	48.00
Current P/E Ratio (ttm) *	29.55
Earnings Per Share (SAR)	1.97
Market Cap (SAR Million)	48,000
Shares Outstanding (Million)	1,000
Dividend Yield	1.56%



* Source: Bloomberg

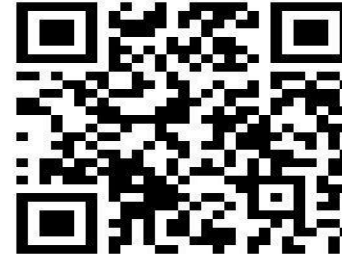


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“We will encourage our major corporations to expand across borders and take their rightful place in global markets”



Thank you