

Almarai Company

Interim Results – 3rd Quarter 2018



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Macro Environment

Main Events Q3, 2018

- Growth in the quarter remained relatively flattish compared to the corresponding quarter due to contraction in the overall market and change in demographics
- Market continues to be impacted by multiple reforms and macroeconomic changes
- Good progress made against the strategic objectives set out in Almarai 2025
 - On target for breakeven for infant nutrition segment by end of fiscal year 2018
 - On track for 100% importation of alfalfa feed from 4th November 2018
 - Continued cost optimization and efficiency projected to achieve SAR 200M savings for 2018 in response to a higher cost environment
- Notably strong performance in the Poultry Segment
- Positive Free Cash Flow of SAR 425 million, a decrease of SAR 179 million due to feed stock build up to be ready for green fodder production ban in KSA on 4th November 2018
- Increase in the price of milk by 5% on July 2nd 2018, the first price increase in ten years. Price increases were made to offset higher costs impact as describe above
- The company continues strong product innovation and significant transformational efforts to offset this downward trending pressure by introducing a value added brand known as Albashyer which now includes frozen chicken, mozzarella and feta cheeses. The company will expand this value added category going forward which will serve the food service and retail sectors.
- The company managed to gain and maintain GCC market share in most categories. Within the regions we operate, it's worth highlighting, the company has consistent gain in market share in Egypt.

Almarai Gaining Market Share Despite Declining KSA Dairy and Food Market

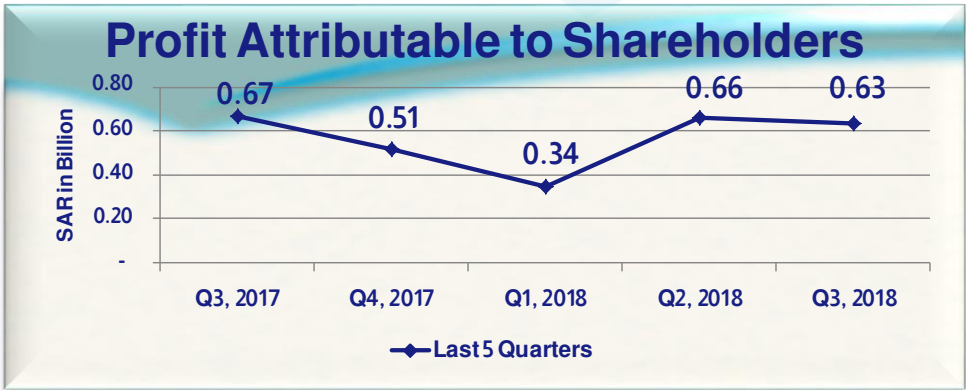
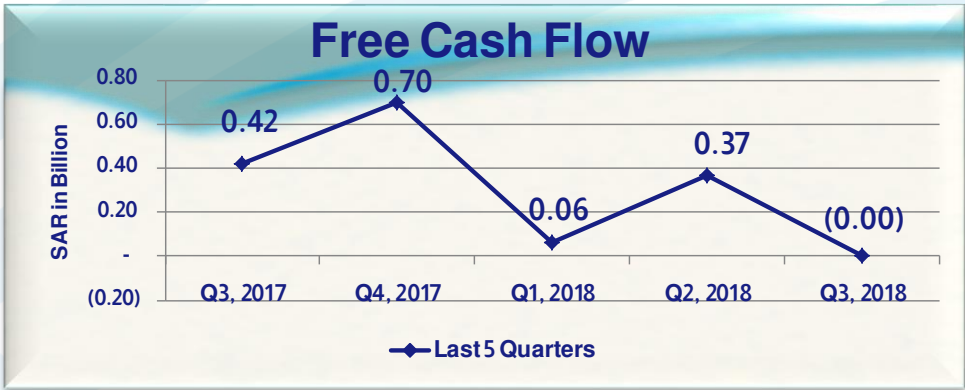
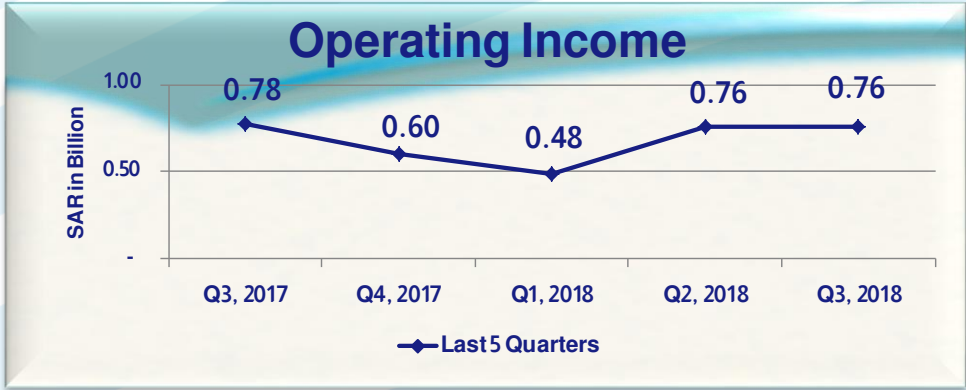
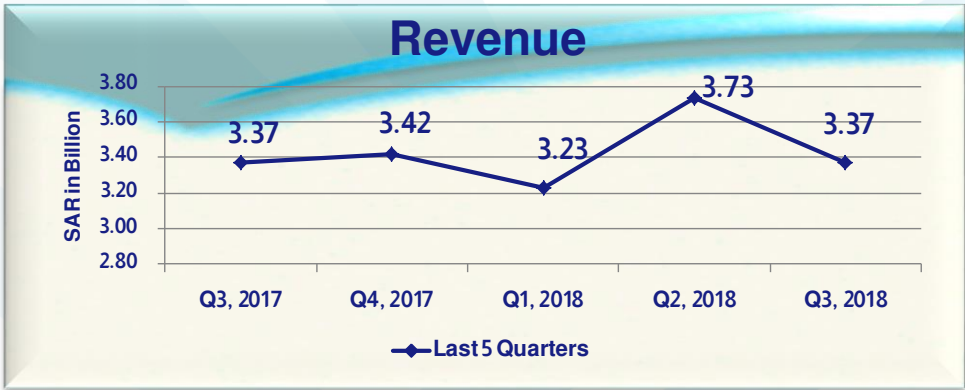
	MAT Category Growth (Value) %	Almarai MAT Value Share Change	Almarai Rank (Value)
PLAIN REGULAR LABAN	-4.6%	+0.7	1
PLAIN FRESH MILK	-5.0%	+0.8	1
FLAVORED FRESH MILK	-32.7%	+3.7	1
UHT MILK	-2.8%	+2.4	2
ZABADI	-4.0%	-0.4	1
FRESH GISHTA	-11.2%	+2.5	1
FRUIT JUICE BOTTLES	-16.1%	+4.7	1
BUTTER	+1.8%	-1.2	1
CHEESE JARS	-2.3%	-2.2	1
CHEESE SLICES	-4.4%	+2.6	1
CHEESE TRIANGLES	-4.6%	+6.7	2
FETA CHEESE	-7.8%	+2.6	1
TOTAL WHIP & COOKG CREAM	+13.9%	-2.9	1
SLICED BREAD	-10.9%	-4.5	1
PUFFS	-5.7%	+1.2	1
CROISSANTS	-0.8%	+1.8	1
CUP CAKES	-4.9%	-0.8	1
WHOLE CHICKEN (FRESH)	-8.7%	-4.1	1

- Almost all of the Dairy and Foods categories are declining in KSA in MAT August 2018 compared to MAT August 2017.
- Despite the categories decline, Almarai gained share in most of the categories in KSA on MAT basis.
- Most of the categories, Almarai stands at #1 position in the KSA market.

Source: Nielsen Company MAT Aug 18

Business Highlights

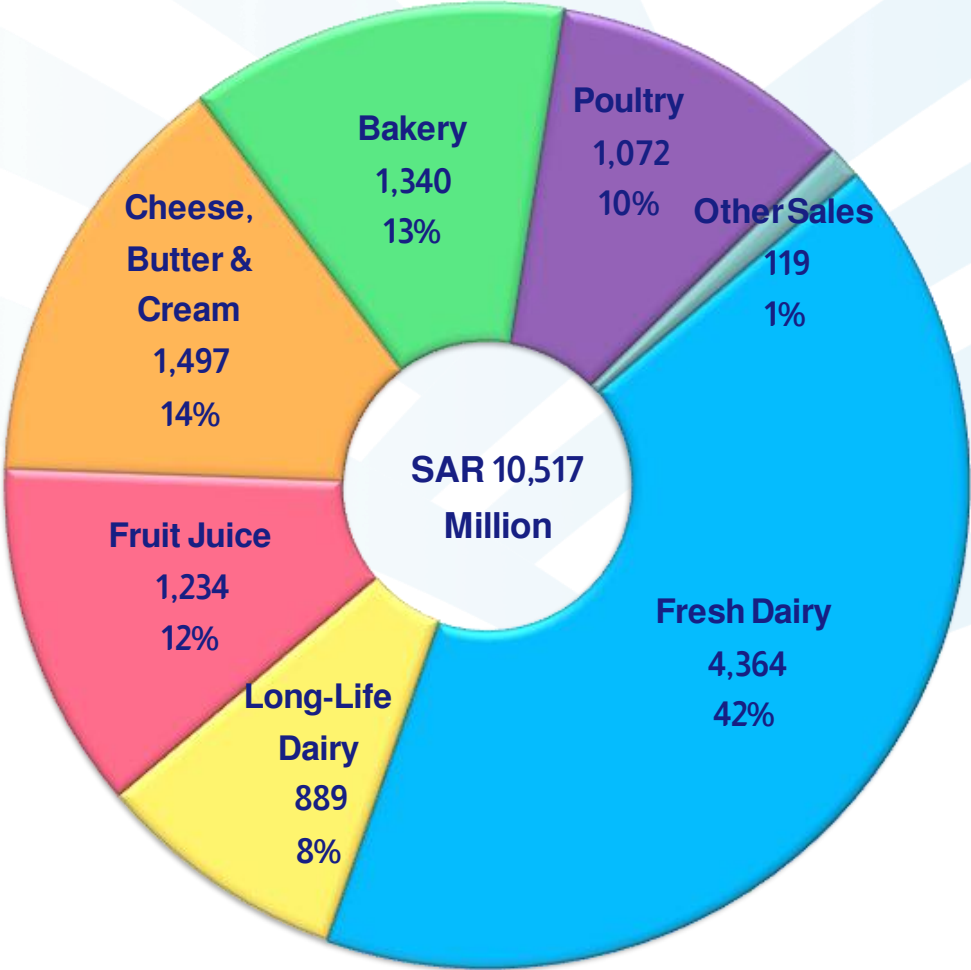
Highlights



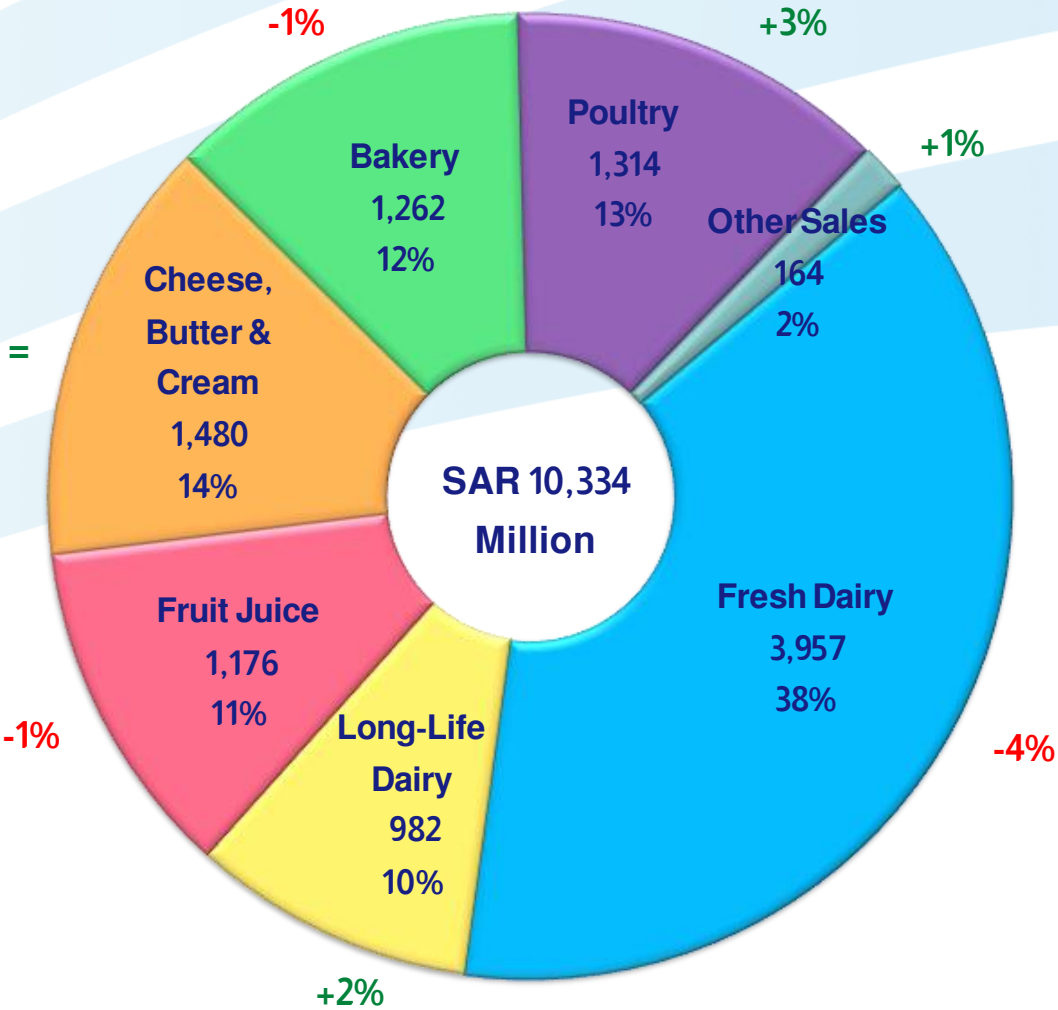
Revenue Breakdown

Revenue Analysis by Product – YTD Q3, 2018

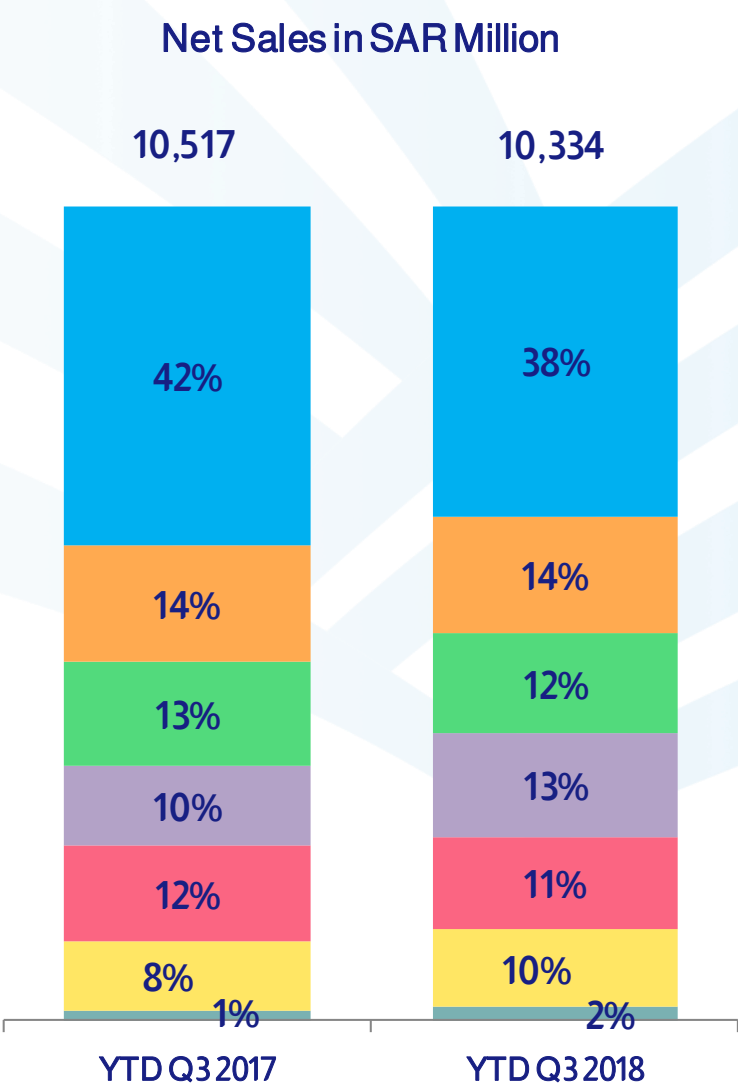
By Product 2017



By Product 2018



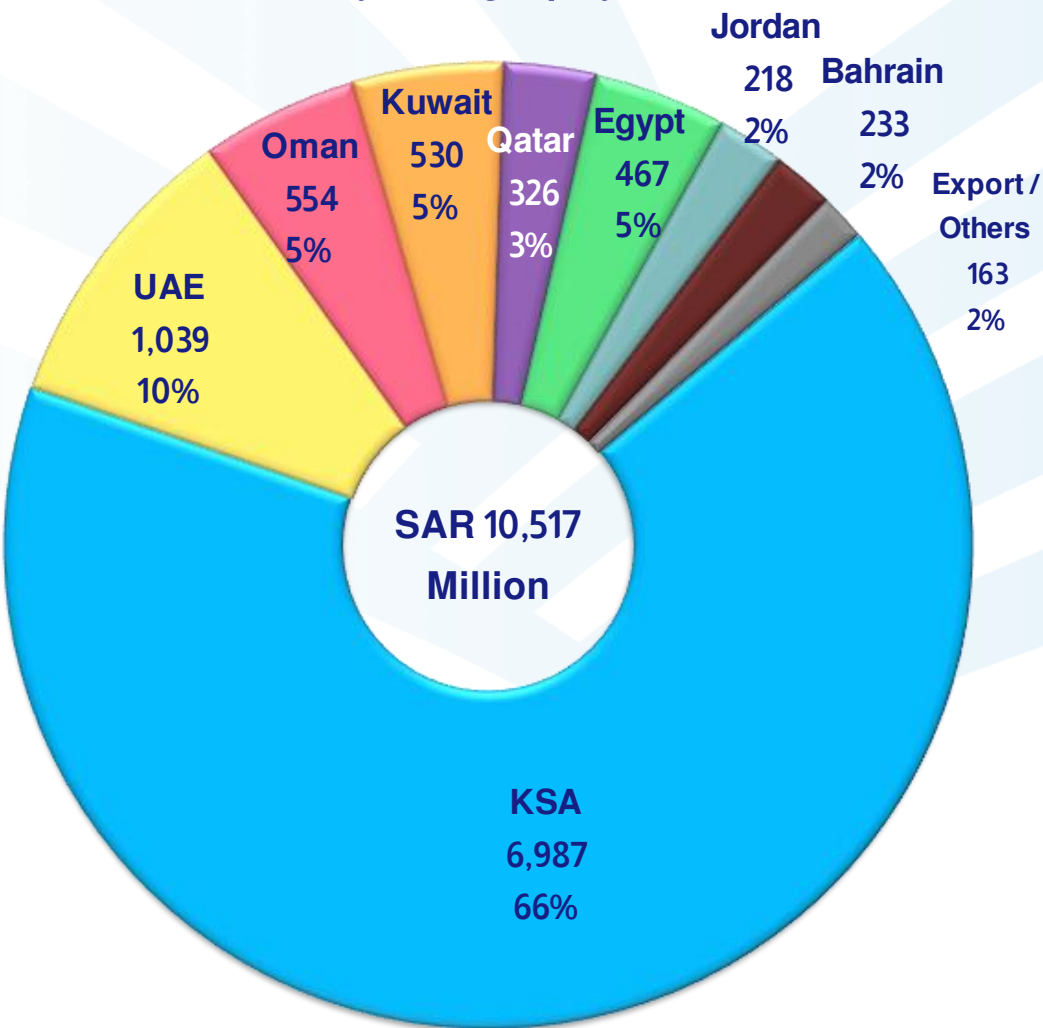
Revenue Analysis by Product – YTD Q3, 2018



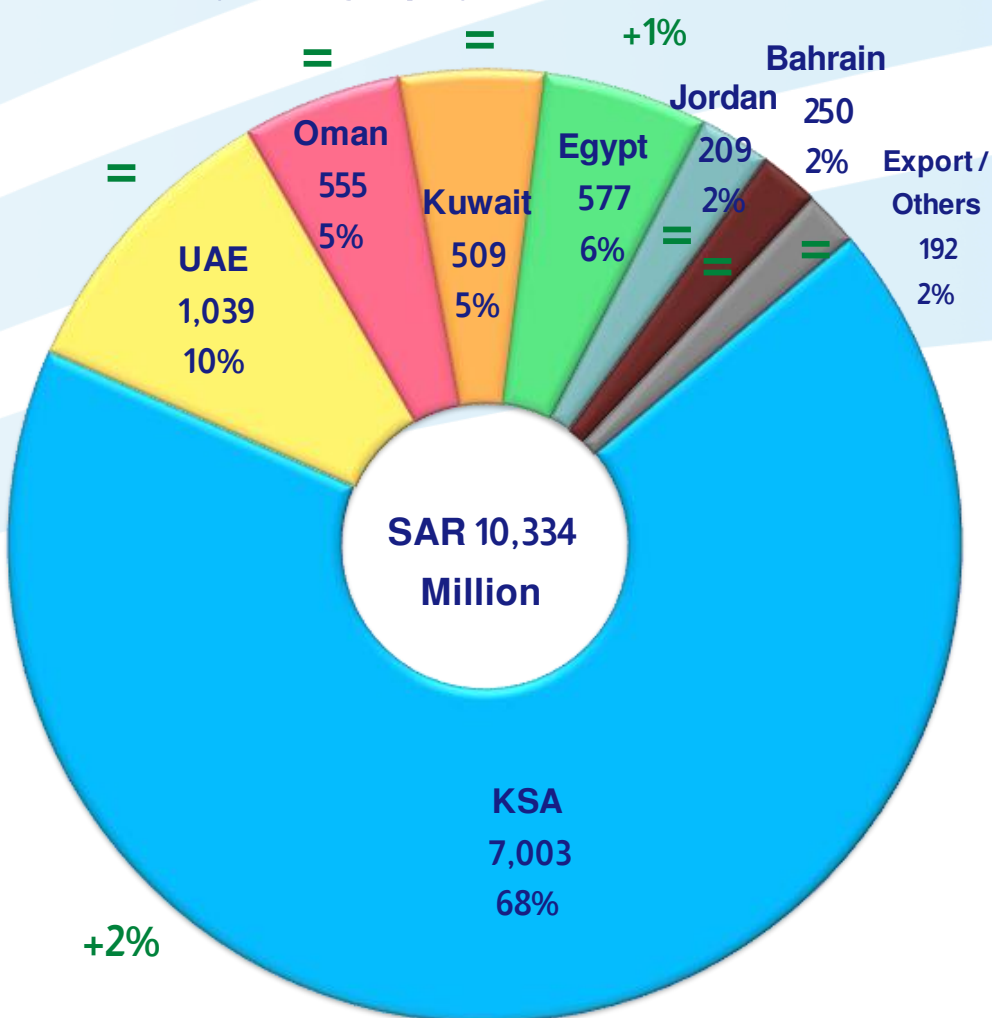
Growth 2018 vs 2017	Contribution of Total % Growth
(407)	(4%)
(18)	(0%)
(78)	(1%)
242	2%
(59)	(1%)
93	1%
45	0%
(183)	(2%)

Revenue Analysis by Country – YTD Q3, 2018

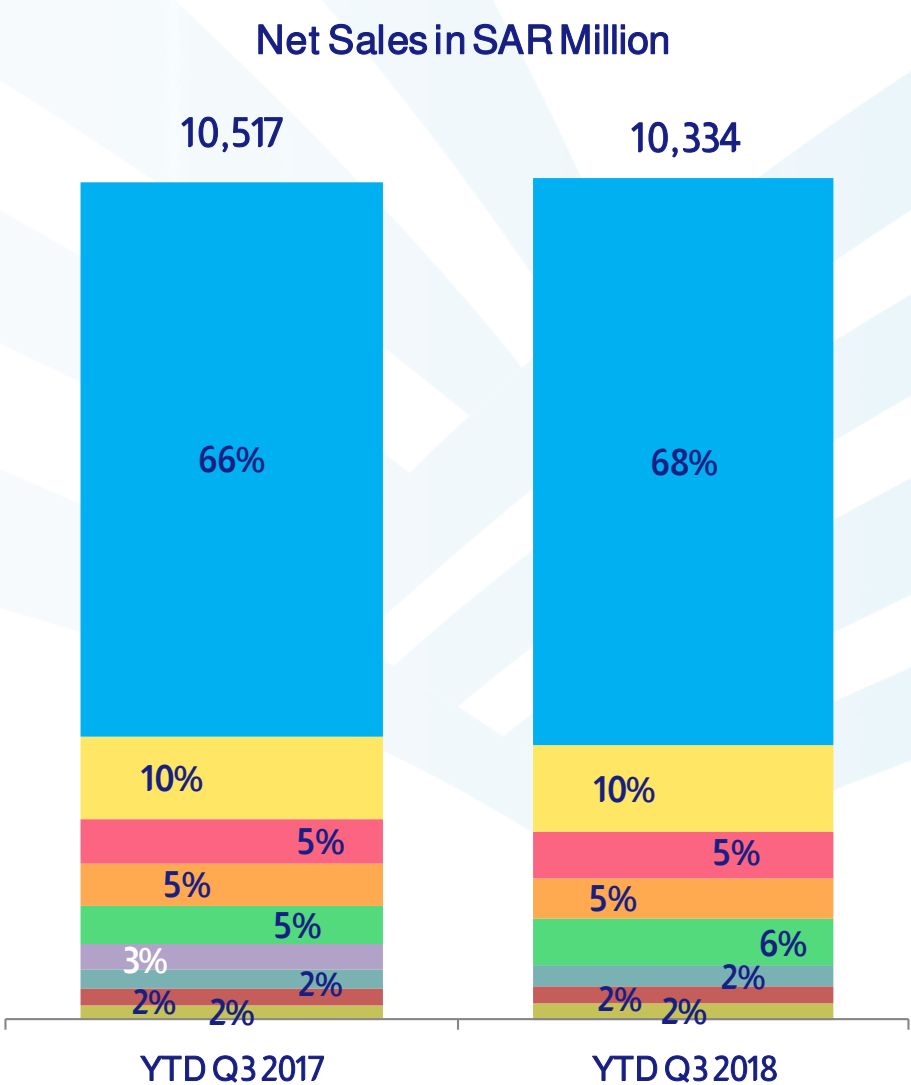
By Geography 2017










By Geography 2018



Revenue Analysis by Country – YTD Q3, 2018



SAR in Million

	KSA (YoY +0.2%)
	UAE (YoY +0.0%)
	Oman (YoY +0.3%)
	Kuwait (YoY -3.9%)
	Egypt (YoY +23.5%)
	Qatar (YoY -100%)
	Bahrain (YoY +7.1%)
	Jordan (YoY -4.2%)
	Others (YoY +17.3%)
	Total (YoY -1.7%)

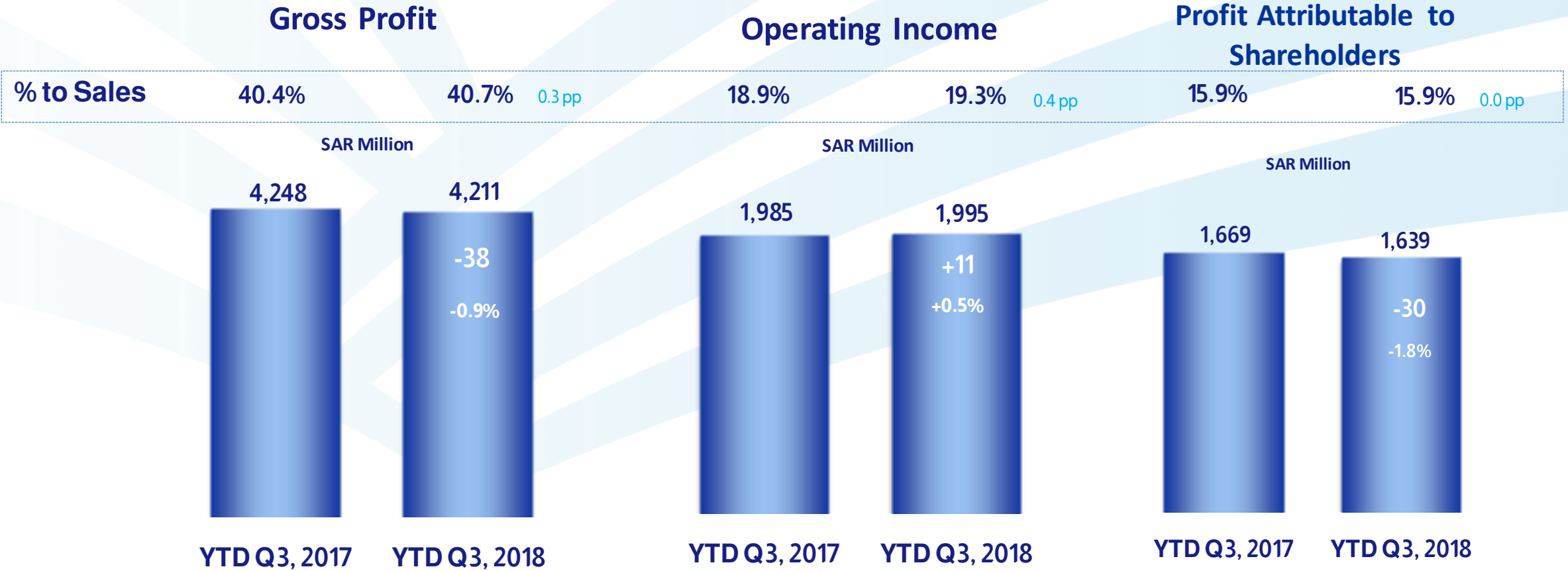
Growth 2018 vs 2017	Contribution of Total % Growth
16	0%
0	0%
2	0%
(20)	(0%)
110	1%
(326)	(3%)
17	0%
(9)	(0%)
28	0%
(183)	(2%)

Innovation Pipeline Q3, 2018



Financial Highlights

Operating Performance – YTD Q3, 2018



Statement of Income – 9 months and Q3, 2018

SAR million	3rd Quarter					YTD 3rd Quarter				
	2017		2018		Change	2017		2018		Change
Revenue	3,373	100.0%	3,371	100.0%	(0.1%)	10,517	100.0%	10,334	100.0%	(1.7%)
Cost of sales	(1,857)	(55.1%)	(1,919)	(56.9%)	(3.3%)	(6,268)	(59.6%)	(6,123)	(59.3%)	2.3%
Gross Profit	1,516	44.9%	1,452	43.1%	(4.2%)	4,248	40.4%	4,211	40.7%	(0.9%)
Selling and Distribution Expenses	(600)	(17.8%)	(596)	(17.7%)	0.8%	(1,810)	(17.2%)	(1,813)	(17.5%)	(0.1%)
General and Administration Expenses	(81)	(2.4%)	(79)	(2.4%)	2.5%	(304)	(2.9%)	(275)	(2.7%)	9.6%
Other Expense, net	(40)	(1.2%)	(46)	(1.4%)	(14.1%)	(123)	(1.2%)	(124)	(1.2%)	(1.2%)
Impairment (Reversal) / Loss on Financial Assets	(18)	(0.5%)	24	0.7%	n.a	(26)	(0.3%)	(3)	(0.0%)	88.2%
Operating Income	776	23.0%	755	22.4%	(2.6%)	1,985	18.9%	1,995	19.3%	0.5%
Exchange Gain / (Loss)	(1)	(0.0%)	(5)	(0.1%)	(466.2%)	11	0.1%	2	0.0%	(76.8%)
Finance Costs - net	(97)	(2.9%)	(94)	(2.8%)	3.1%	(296)	(2.8%)	(284)	(2.7%)	4.0%
Share of Results of Associates and Joint Ventures	6	0.2%	1	0.0%	(81.2%)	4	0.0%	(6)	(0.1%)	n.a
Profit Before Zakat and Income Tax	683	20.3%	657	19.5%	(3.8%)	1,703	16.2%	1,707	16.5%	0.3%
Zakat and Foreign Income Tax	(18)	(0.5%)	(16)	(0.5%)	9.4%	(51)	(0.5%)	(65)	(0.6%)	(25.9%)
Profit for the Period	665	19.7%	641	19.0%	(3.7%)	1,652	15.7%	1,643	15.9%	(0.5%)
Profit Attributable to Non Controlling Interest	2	0.1%	(6)	(0.2%)	n.a	18	0.2%	(4)	(0.0%)	n.a
Profit Attributable to Shareholders	667	19.8%	634	18.8%	(4.9%)	1,669	15.9%	1,639	15.9%	(1.8%)
Earnings Per Share (Basic)	0.66		0.62		(5.2%)	1.63		1.60		(1.9%)
Profit Attributable to Shareholders %	19.8%		18.8%			15.9%		15.9%		

Segment Reporting – 9 months and Q3, 2018

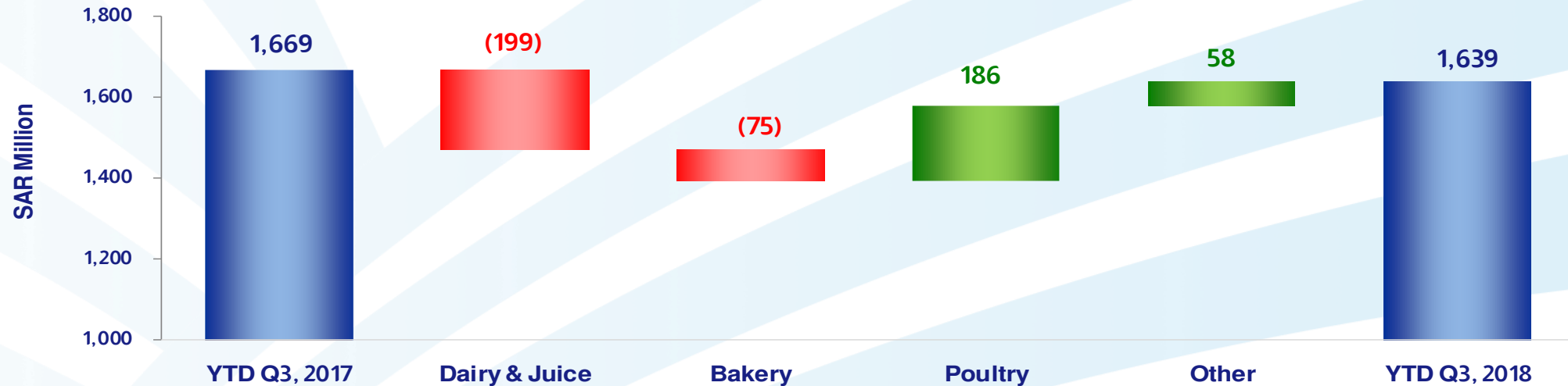
SAR Million	Dairy & Juice	Bakery	Poultry	Other Activities	Almarai Consolidated
Q3 YTD 2018					
Revenue	7,594	1,262	1,314	164	10,334
Depreciation and Amortisation	(948)	(189)	(267)	(142)	(1,546)
Profit Attributable to Shareholders	1,352	146	144	(2)	1,639
Percent to Revenue of Profit Attributable to Shareholders	17.8%	11.6%	10.9%	(1.3%)	15.9%
Total Assets	20,449	2,440	5,574	3,416	31,880
Growth versus YTD Q3, 2017					
- Revenue - 2017	7,985	1,340	1,072	119	10,517
- Revenue Growth	(4.9%)	(5.8%)	22.5%	37.3%	(1.7%)
- Profit Attributable to Shareholders - 2017	1,551	221	(42)	(60)	1,669
- Profit Attributable to Shareholders Growth	(12.8%)	(33.9%)	n.a	96.4%	(1.8%)
Q3 2018					
Revenue	2,431	435	457	49	3,371
Profit Attributable to Shareholders	525	59	52	(1)	634
Percent to Revenue of Profit Attributable to Shareholders	21.6%	13.6%	11.3%	(1.2%)	18.8%
Growth versus Q3, 2017					
- Revenue - 2017	2,570	437	328	38	3,373
- Revenue Growth	(5.4%)	(0.5%)	39.1%	28.9%	(0.1%)
- Profit Attributable to Shareholders - 2017	613	68	(7)	(8)	667
- Profit Attributable to Shareholders Growth	(14.5%)	(13.8%)	n.a	92.6%	(4.9%)

Net Income by Segment (9 Months)

Basic EPS* (SAR)

1.63

1.60



Revenue Growth

(4.9%)

(5.8%)

22.5%

37.3%

(1.7%)

Net Income Growth

(12.8%)

(33.9%)

n.a.

96.4%

(1.8%)

Net Income %

17.8%

11.6%

10.9%

(1.3%)

15.9%

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

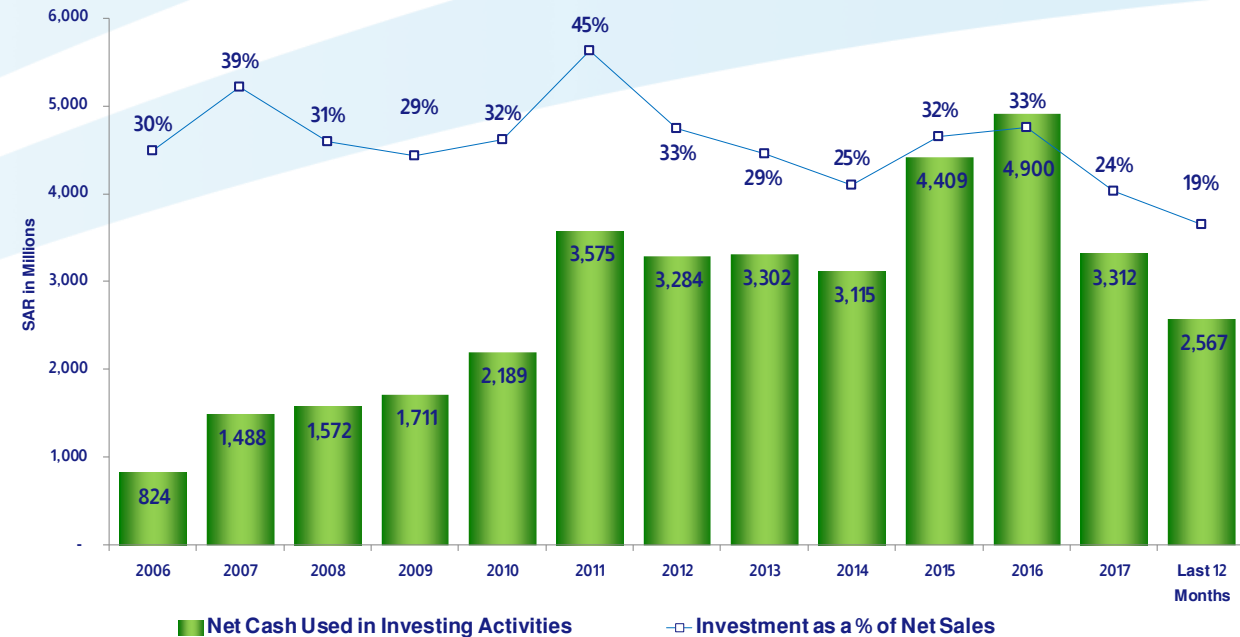
634

(33)

*EPS – Earnings Per Share

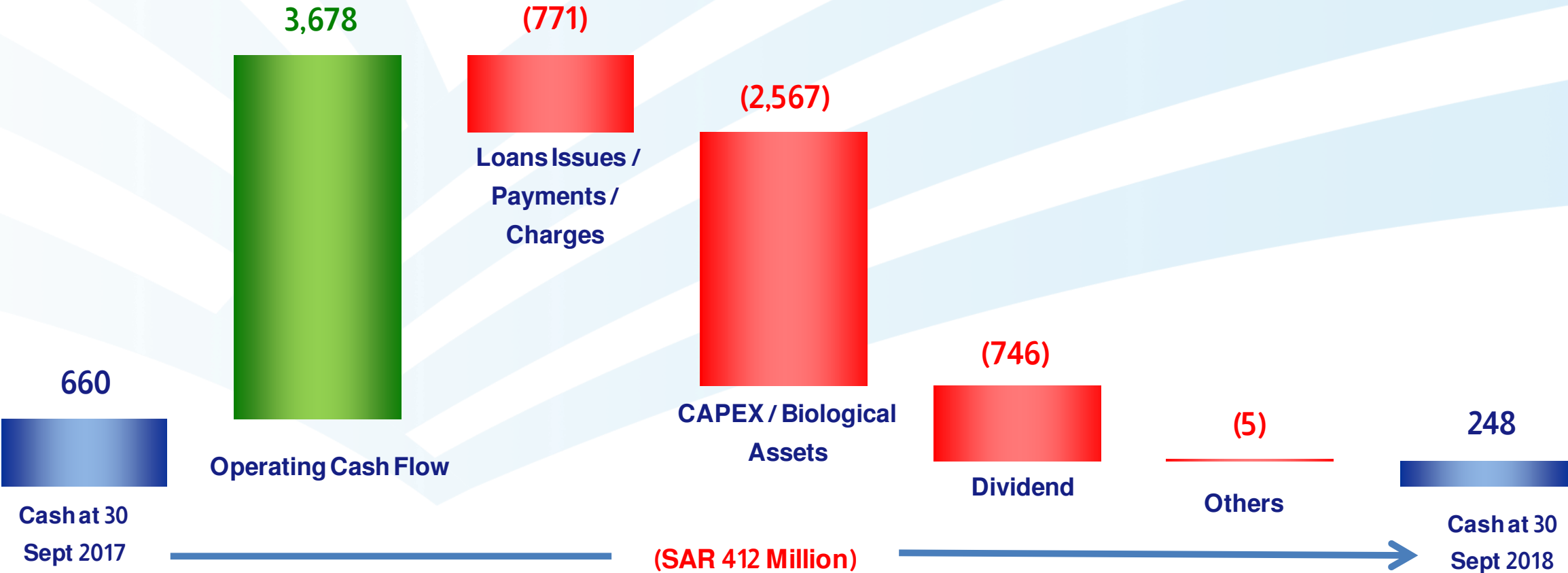
Investing Cash Flows continue the downward trend in line with revised 5 year Business Plan

- CAPEX spend for the 3rd Quarter Year to Date 2018 was SAR 1.4 Billion.
 - Manufacturing and Farming spent CAPEX of SAR ~0.6 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 ~0.4 Billion.



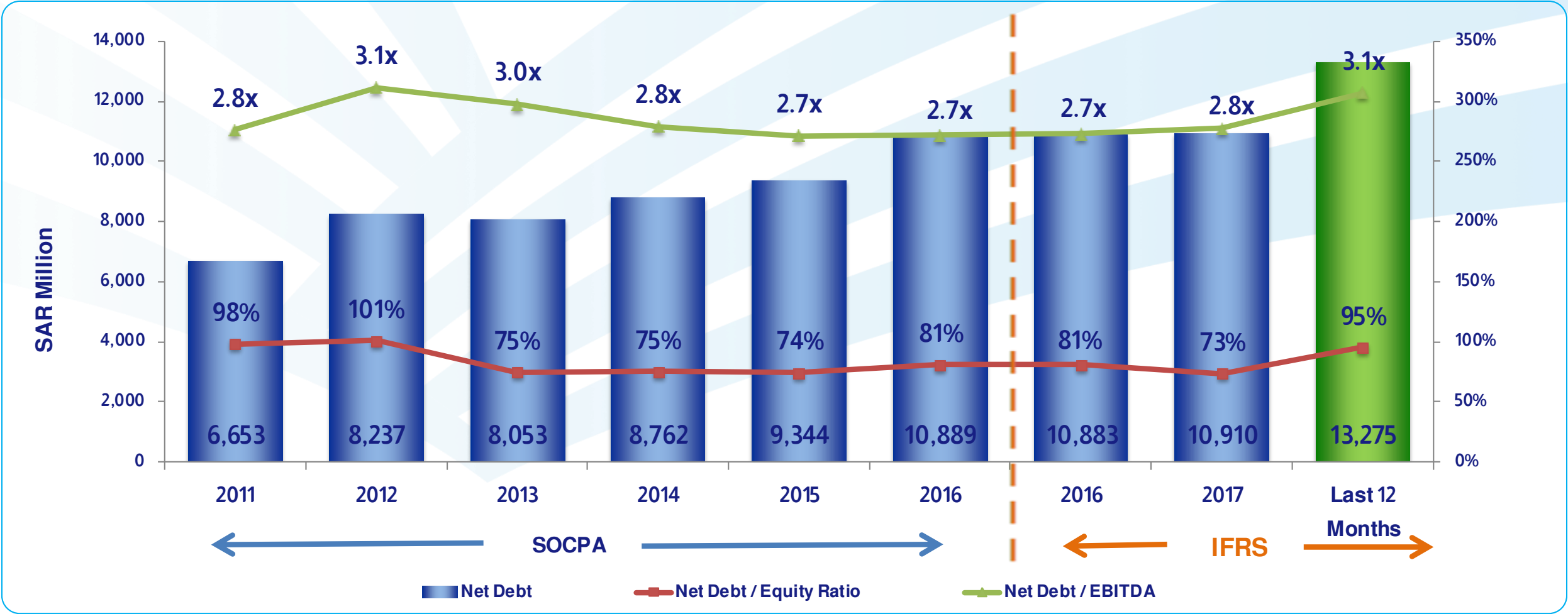
Cash Flow Bridge – Rolling 12 Months

YTD Q3,2018 Free Cash Flow = SAR 425M *(SAR179M lower than 2017)*

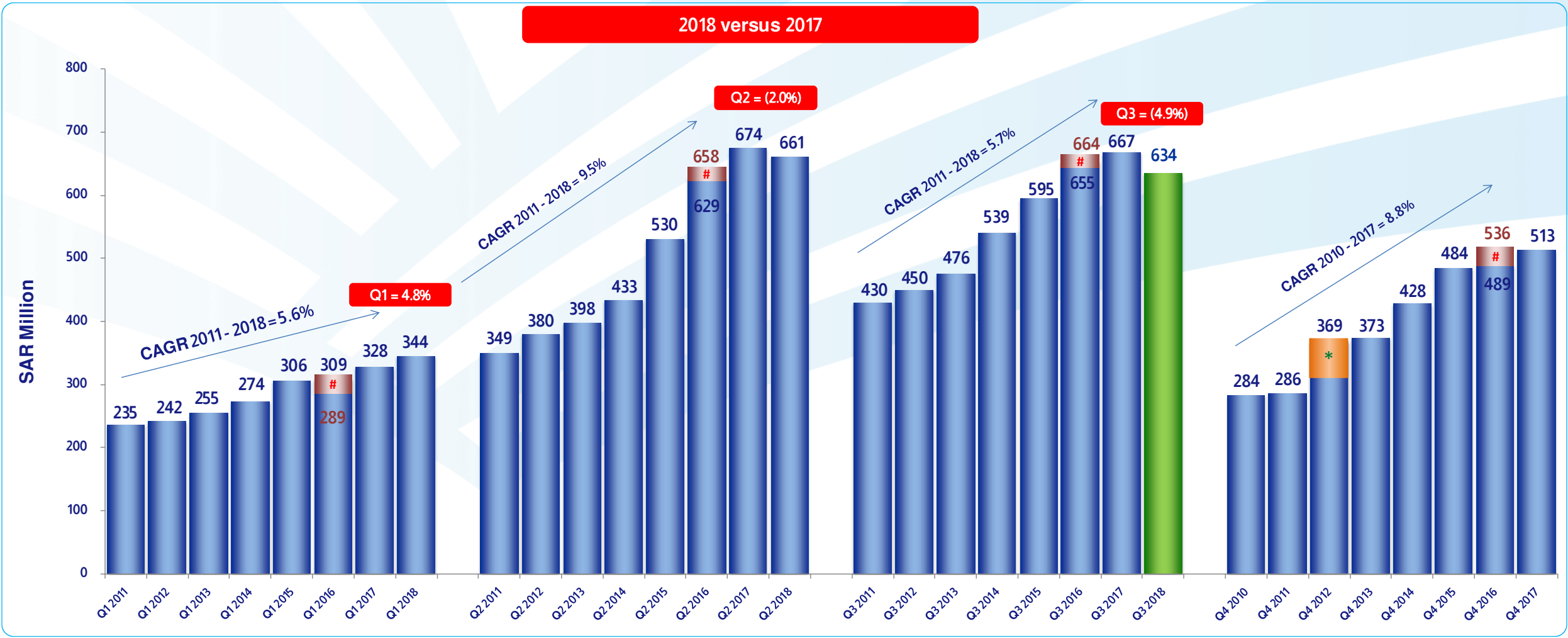


Key Trends

Net Debt



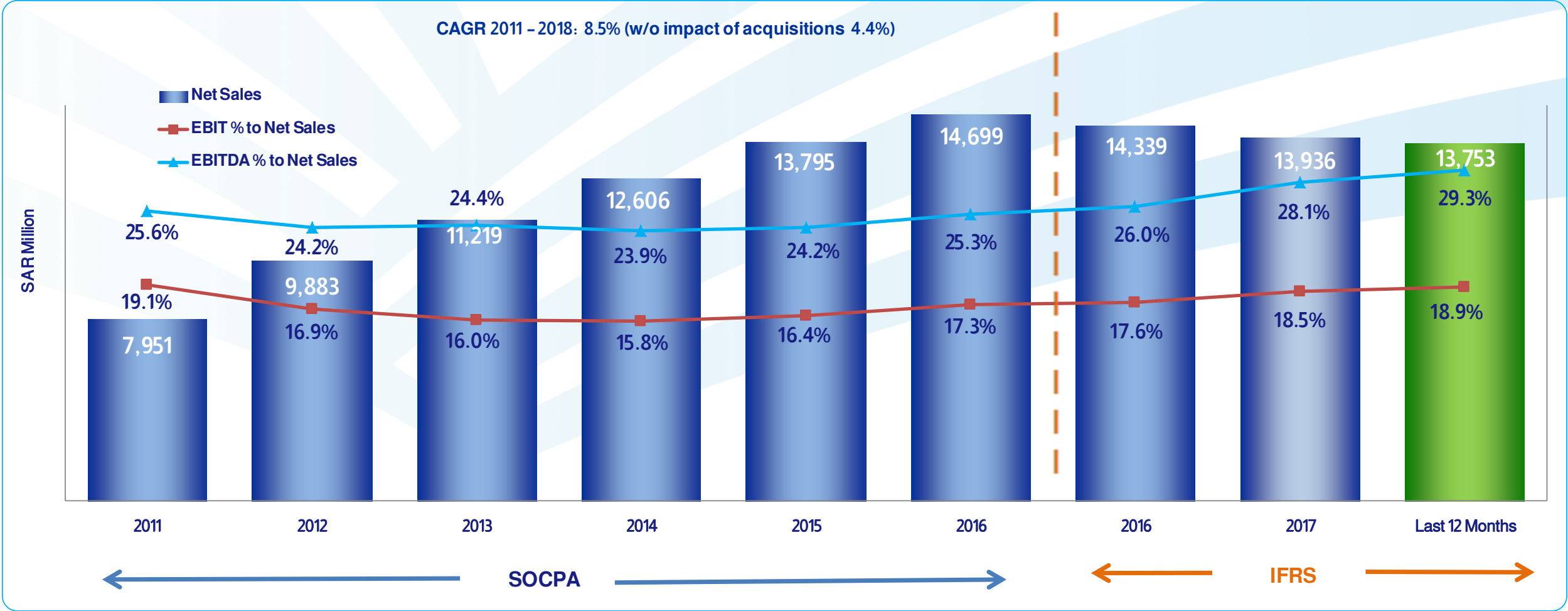
Quarterly Performance – Net Income Trend Analysis



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

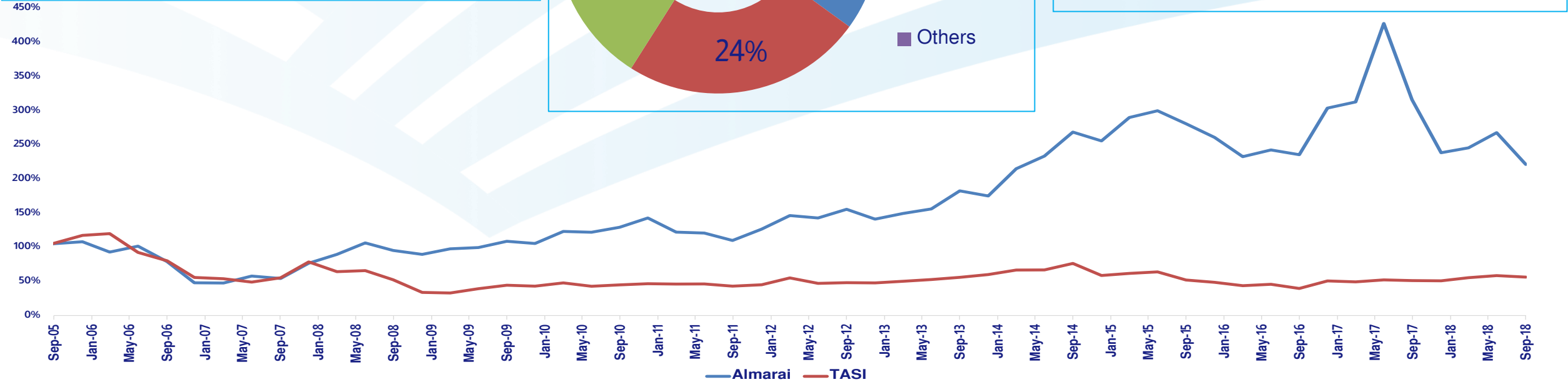
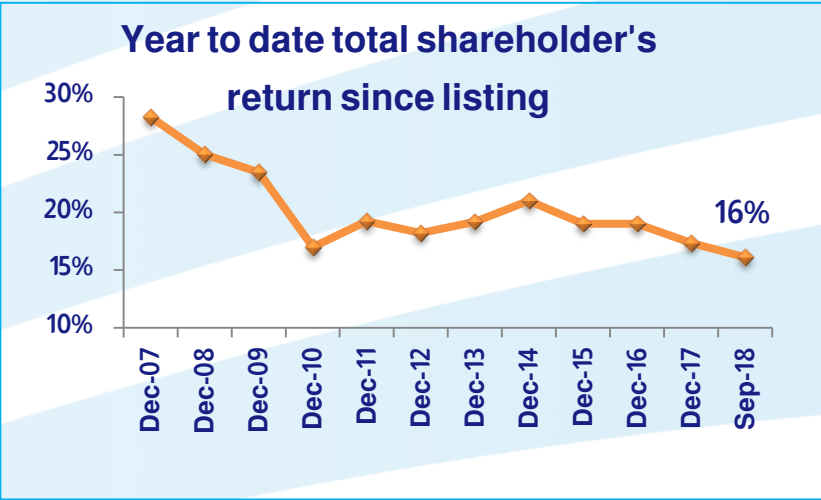
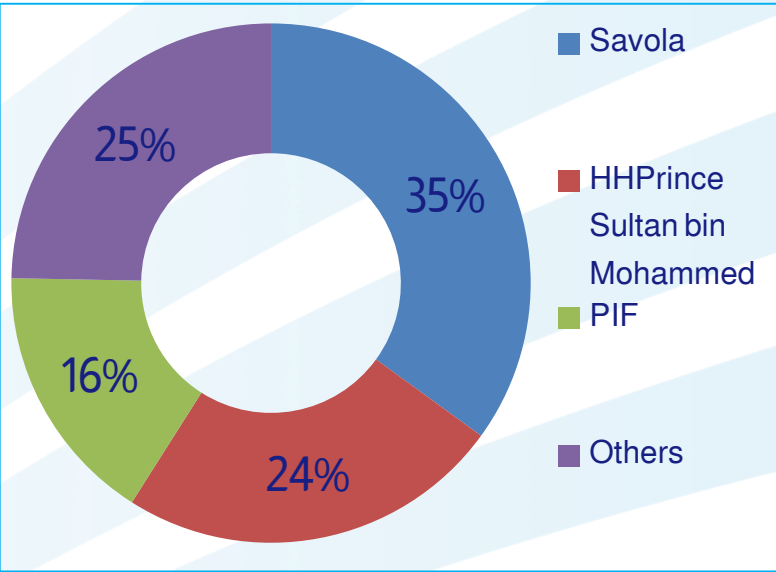
EBIT and EBITDA margins are starting to improve...

Revenue, EBITDA and EBIT Evolution



Key Share Data

Key Statistics for Almarai (30 September 2018)	
Share Price (SAR)	49.90
Current P/E Ratio (ttm)	31.19
Earnings Per Share (SAR) (ttm)	1.95
Market Cap (SAR Million)	49,900
Shares Outstanding (Million)	1,000
Dividend Yield	1.50%



For Investor Relations matters please contact:

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www.almarai.com



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



Thank you