

Almarai® Company

Q3 2020 Earnings Presentation



Awards & Recognitions

2020

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Market Dynamics

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Almarai[®] response to COVID-19 Pandemic

Strategy

- Almarai to deliver “Quality you can trust” to its consumers whilst being an integral to the nation’s food security.
- Working in partnership with government and customers.
- Protect our consumers and employees from any possible harm.

Key actions taken to support strategy

- Post COVID economic scenario planning is assisting Almarai to transform its business model to a leaner and more agile one.
- Manufacturing and Farming sites remain locked down to reduce infection risk.
- Our product portfolio has returned to pre-crisis levels due to increased supply chain resilience.
- Promotions have been re-introduced as normal market conditions have started to return.
- Rigid COVID infection controls remain in place at all sites.
- Crisis Management Teams remain mobilized for any possible ‘second wave’ infections.
- Procurement of essential materials remains uninterrupted and cash flow remains strong.
- Head Office re-opened August 15 to 80% of staff under strict protocols.

Current Priorities

- Secure safety and health of employees.
- Ensure continuity of high quality and safe products to our consumers and customers.
- Ensure a smooth transformation of Almarai’s business model
- Be vigilant for rapid changes due to COVID infection rates and related government restrictions.

Scenario planning in execution phase

Speed of recovery from CoVid-19

Higher

Lower

1 "Recovering Economy"
Virus contained but sector damage; lower LT trend growth



Economics	Almarai
<ul style="list-style-type: none"> Moderate GDP growth Oil Prices Recover Slightly Sluggish Consumer Demand Market Impact of Crisis 	<ul style="list-style-type: none"> Resize Business Reduce Inventories. Lower Capex Adapt Product Portfolio M&A Opportunities Develop Home Delivery

3 "Resurgent Economy"
Virus contained; strong growth rebound



Economics	Almarai
<ul style="list-style-type: none"> Strong GDP Growth Oil Prices at Pre CoVid-19 Level Strong Consumer Confidence Strong Product Demand Disposable Income High Strong Product Demand 	<ul style="list-style-type: none"> Strong Growth in Revenue and Market Share Reputation Enhanced Some M&A Opportunities Search and Drive Opportunities for Further Market Leadership Quick-start Journey towards Leaner organisation Fuel for new Strategy

2 "Economy in Recession"
Virus recurrence; Slow LT Growth. Muted world recovery



Economics	Almarai
<ul style="list-style-type: none"> Prolonged GDP Stagnation Consumer Income Severe Impact High Unemployment, Fewer Expats Lower Consumer Demand GCC Exports Limited/Banned World Supply Systems Constrained 	<ul style="list-style-type: none"> Review Entire Business Model Resize Business / Op. Structure Supply Chain Changes Liquidity / Financing Structure Assess New Market Structure Competitor Exits / Industry Cons. Gov't Intervention/Protectionism Consumer Purchase Power/Pricing Sales Channel Shift

4 "Late recovery"
Virus recurrence; Return to trend growth. Strong world rebound



Economics	Almarai
<ul style="list-style-type: none"> Prolonged Stagnation Shift to Staple Foods and Value for Money Products Supply Chain Interruptions Widespread Business Failures Sales Channel Shifts 	<ul style="list-style-type: none"> Resize Business Liquidity Focus Cost & credit control Adapt Product Portfolio Rebalance Supply Chain: Cost vs Security Industry consolidation. M&A opportunities. Develop home delivery and online orders

Lower

Higher

Economic Recovery

...Whilst
Almarai®
maintaining
Market Share
Leadership in
KSA

Category	Dec-18	Dec-19	Aug-20	Aug-20
	Almarai Value Share %	Almarai Value Share %	Almarai Value Share %	Almarai Rank
Laban	65	65	64	1
Fresh Milk	69	67	65	1
UHT Milk	20	21	19	2
Food	36	39	36	1
Juice	43	43	46	1
Bakery	55	54	54	1
Poultry (Fresh Chicken)	41	37	36	1

Business Performance

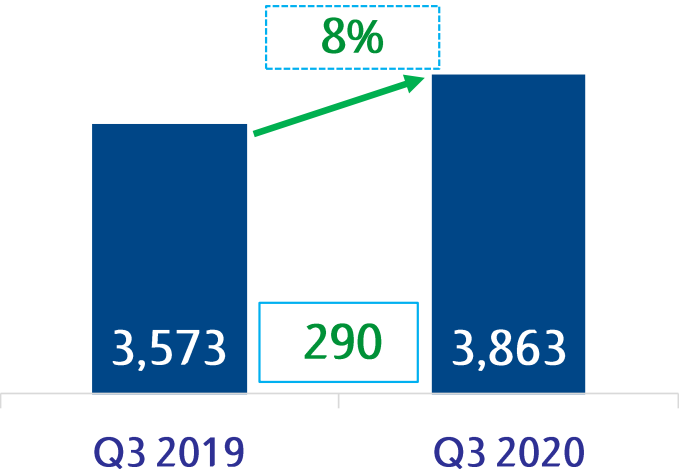
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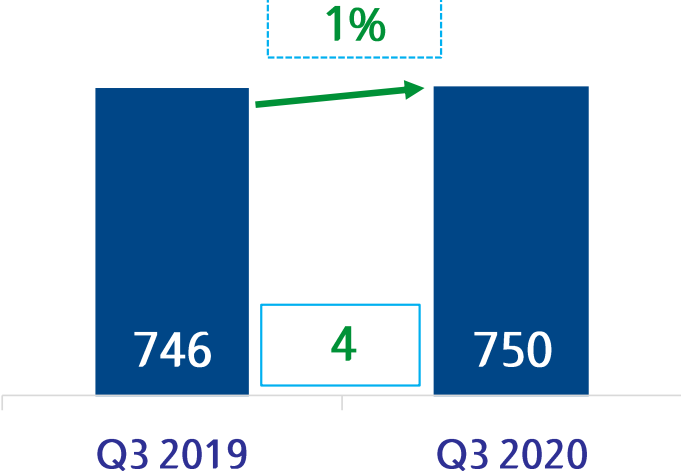
Financial Highlights for Q3 2020

(SAR Million)

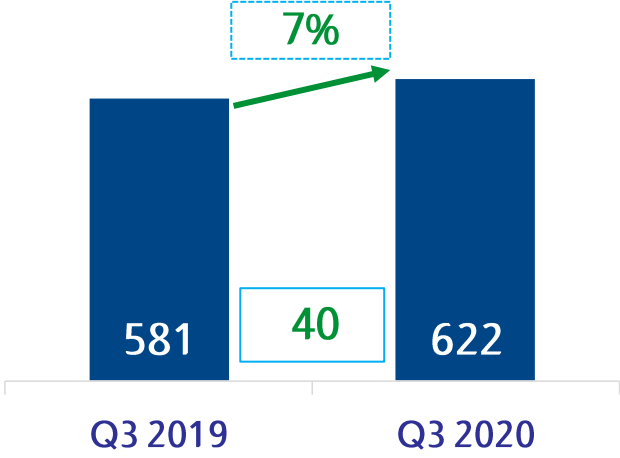
Revenue



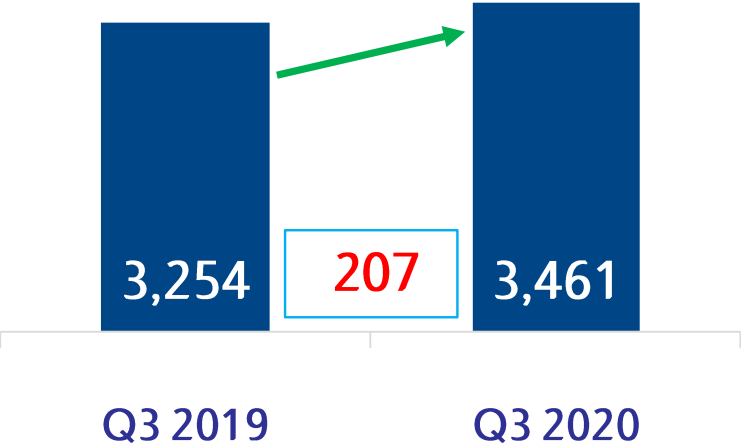
Operating Profit



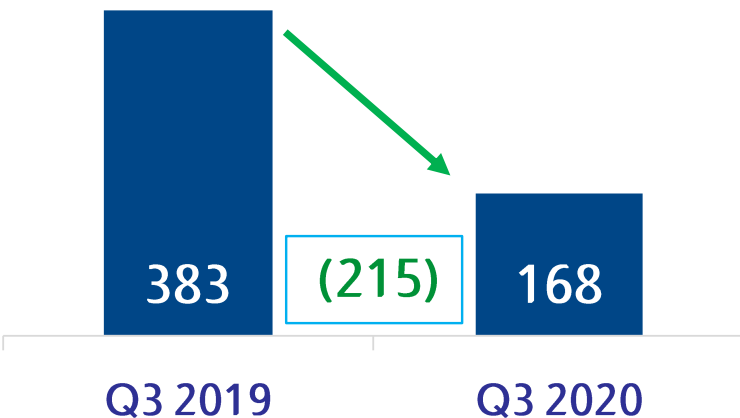
Net Income



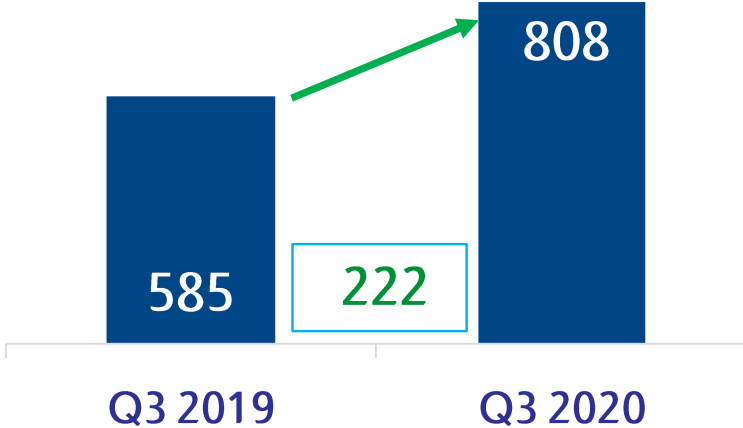
Working Capital - Balance Sheet



CAPEX

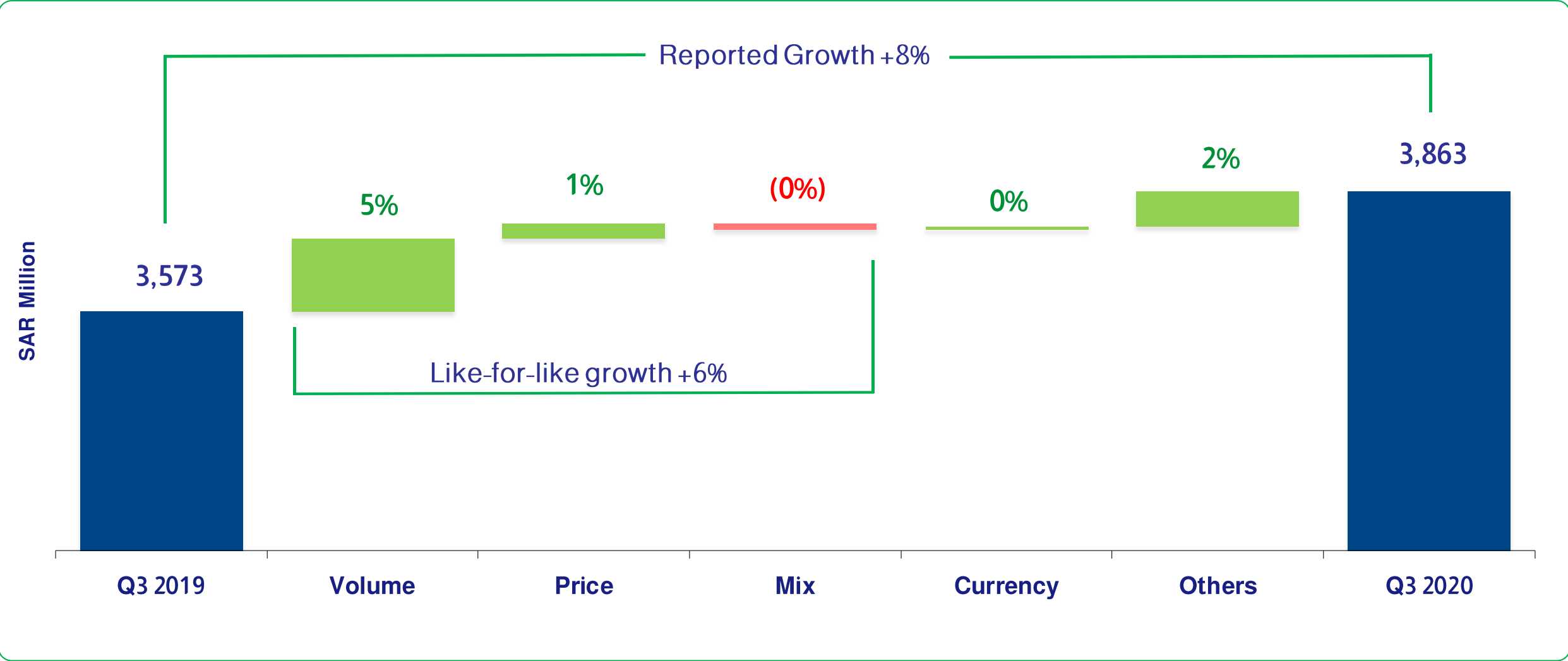


Free Cash Flow



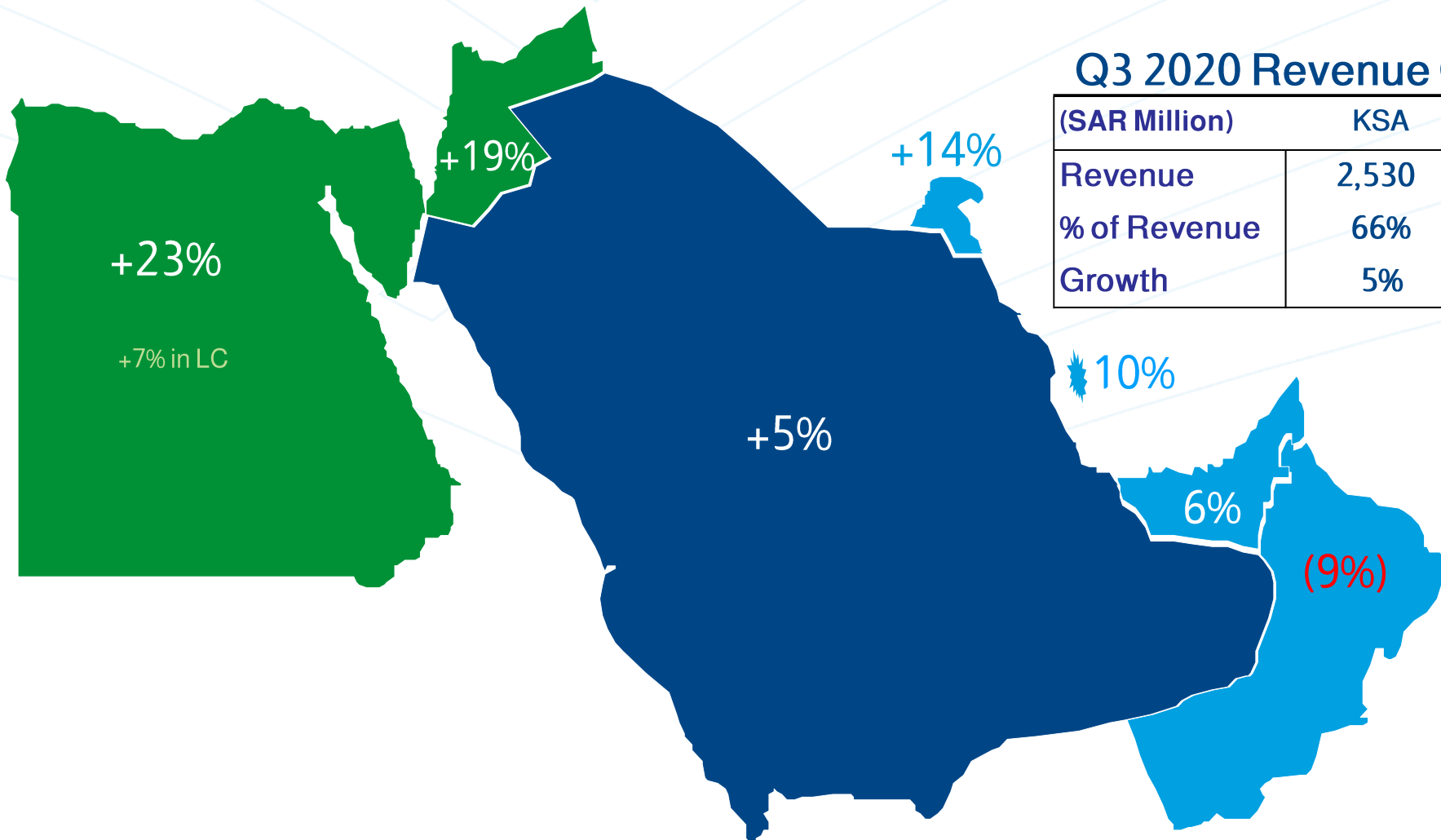
YoY % / (YoY%)

Q3 2020 Sales Bridge



+ % / -(%)

Almarai top line grew in all countries except Oman...



Q3 2020 Revenue Growth

(SAR Million)	KSA	Other GCC	Others	Total
Revenue	2,530	796	537	3,863
% of Revenue	66%	20%	14%	100.0%
Growth	5%	4%	35%	8%

+SAR 141M

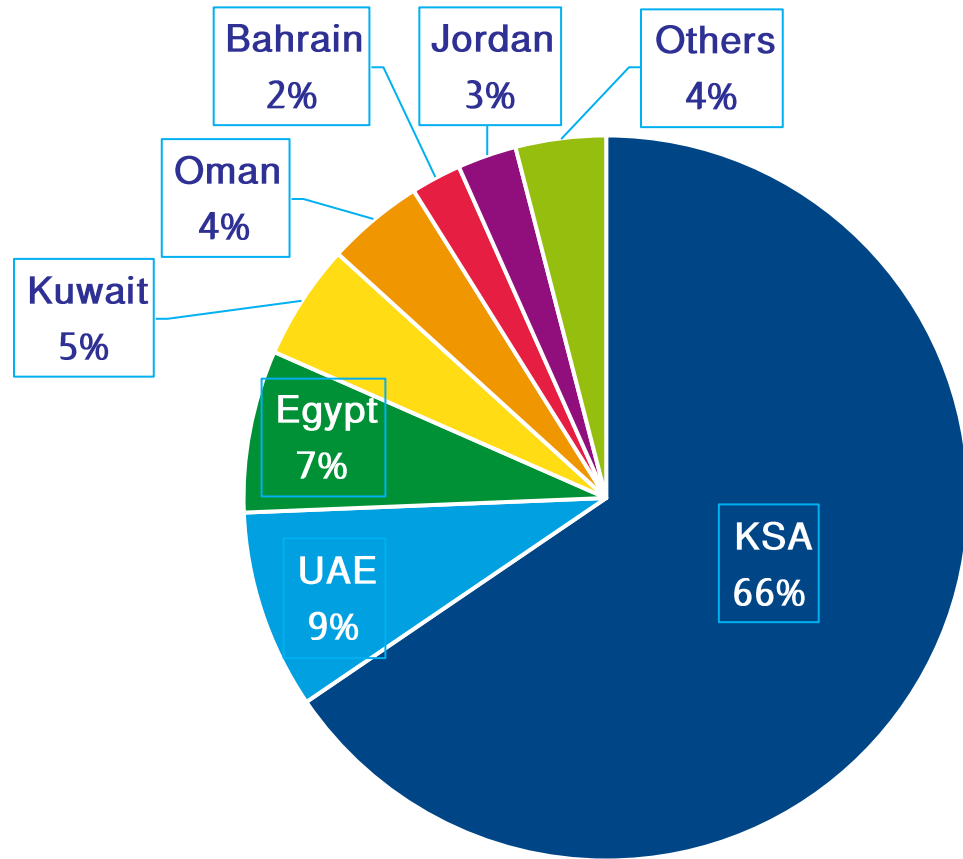
+SAR 115M

SAR 34M

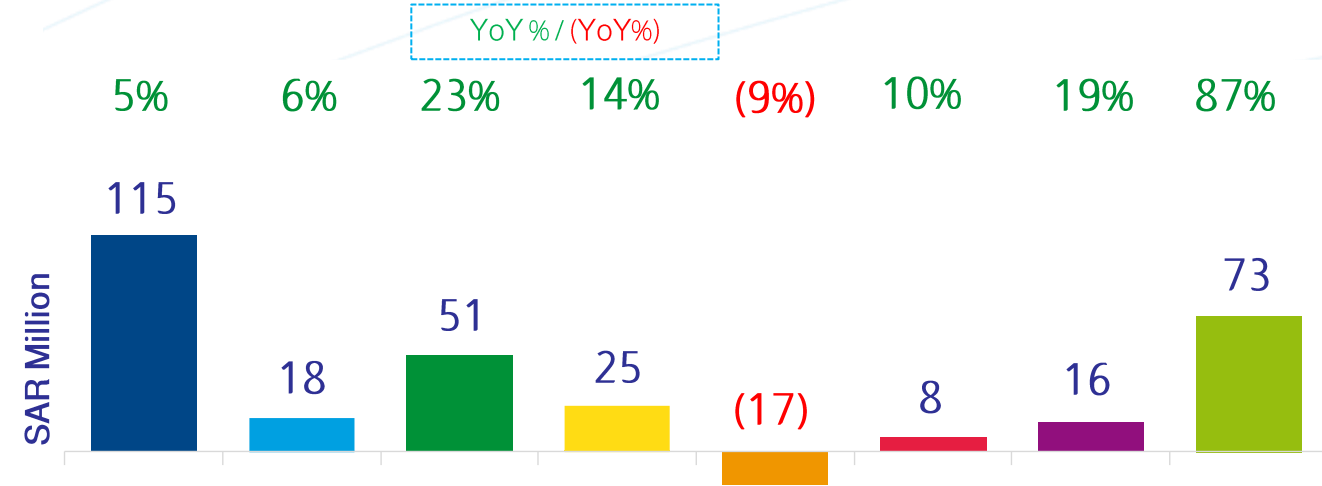
+SAR 290M (8%)

...However KSA growth of 5% contributed the most to topline

Q3 2020 Total Revenue – SAR 3,863 Million



Q3 2020 Total Growth – SAR 290M (8%)

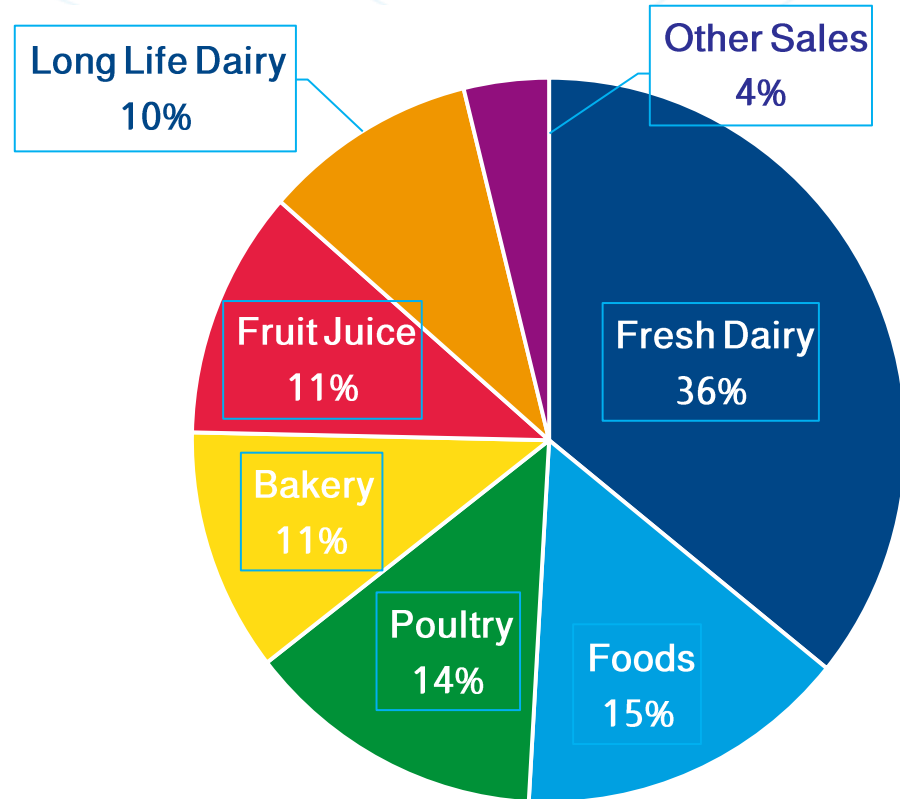


	KSA	UAE	Egypt	Kuwait	Oman	Bahrain	Jordan	Others
Q1	8%	7%	16%	22%	(7%)	5%	35%	11%
Q2	11%	(2%)	13%	10%	(15%)	(5%)	38%	10%
Q3	5%	6%	23%	14%	(9%)	10%	19%	87%
Q3 YTD	8%	3%	18%	15%	(11%)	3%	29%	38%

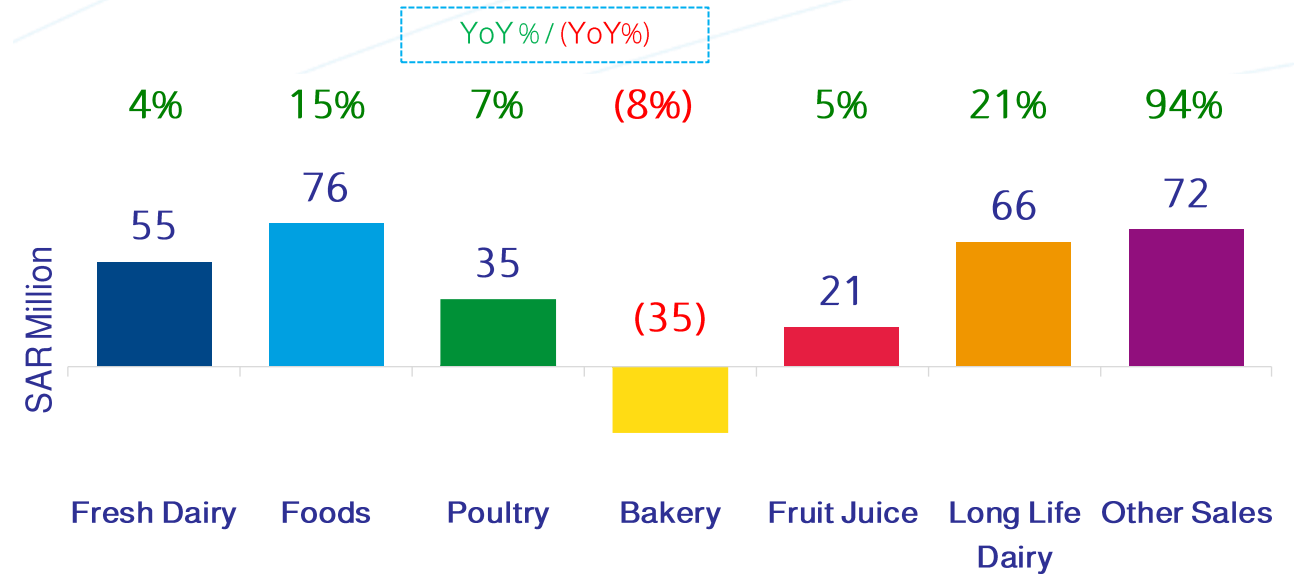
Growth by Quarter

Foods, LL Dairy & Fresh Dairy contributed the most to topline growth

Q3 2020 Total Revenue – SAR 3,863 Million



Q3 2020 Total Growth – SAR 290M (8%)

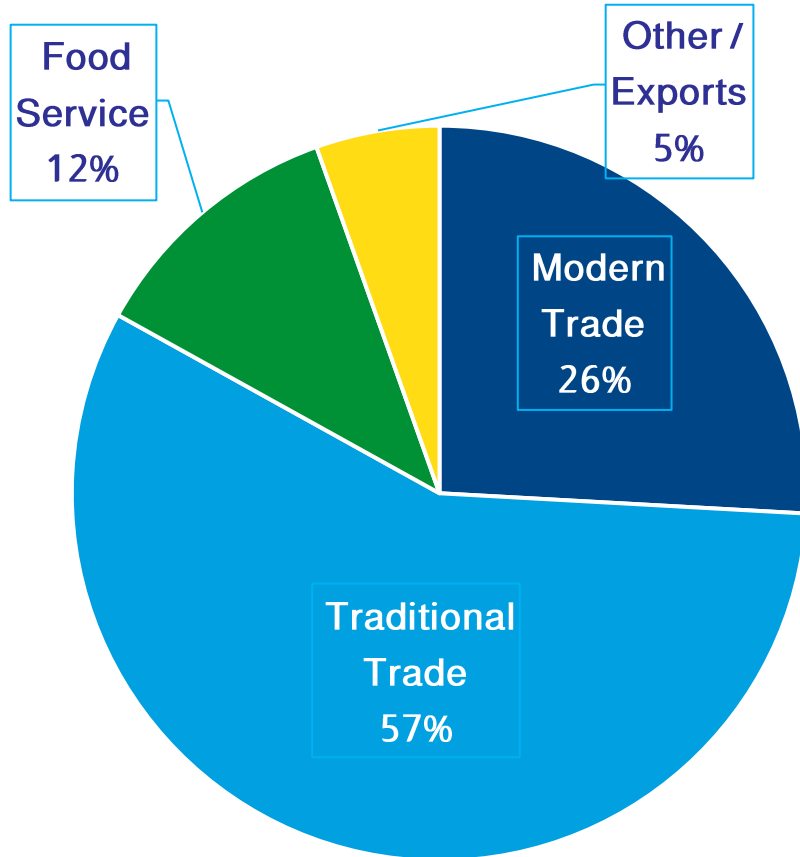


	Fresh Dairy	Foods	Poultry	Bakery	Fruit Juice	Long Life Dairy	Other Sales
Q1	0%	20%	12%	3%	5%	18%	49%
Q2	1%	21%	17%	8%	(3%)	22%	26%
Q3	4%	15%	7%	(8%)	5%	21%	93%
Q3 YTD	2%	19%	12%	0%	2%	20%	60%

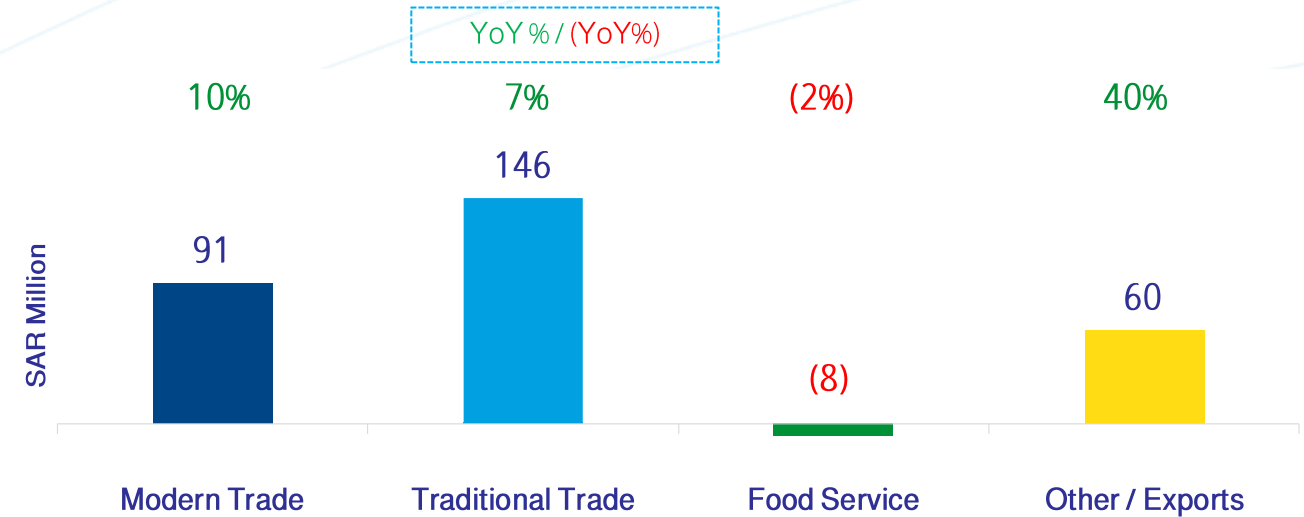
Growth by Quarter

Traditional Trade channel growth was a key highlight for the quarter

Q3 2020 Total Revenue – SAR 3,863 Million

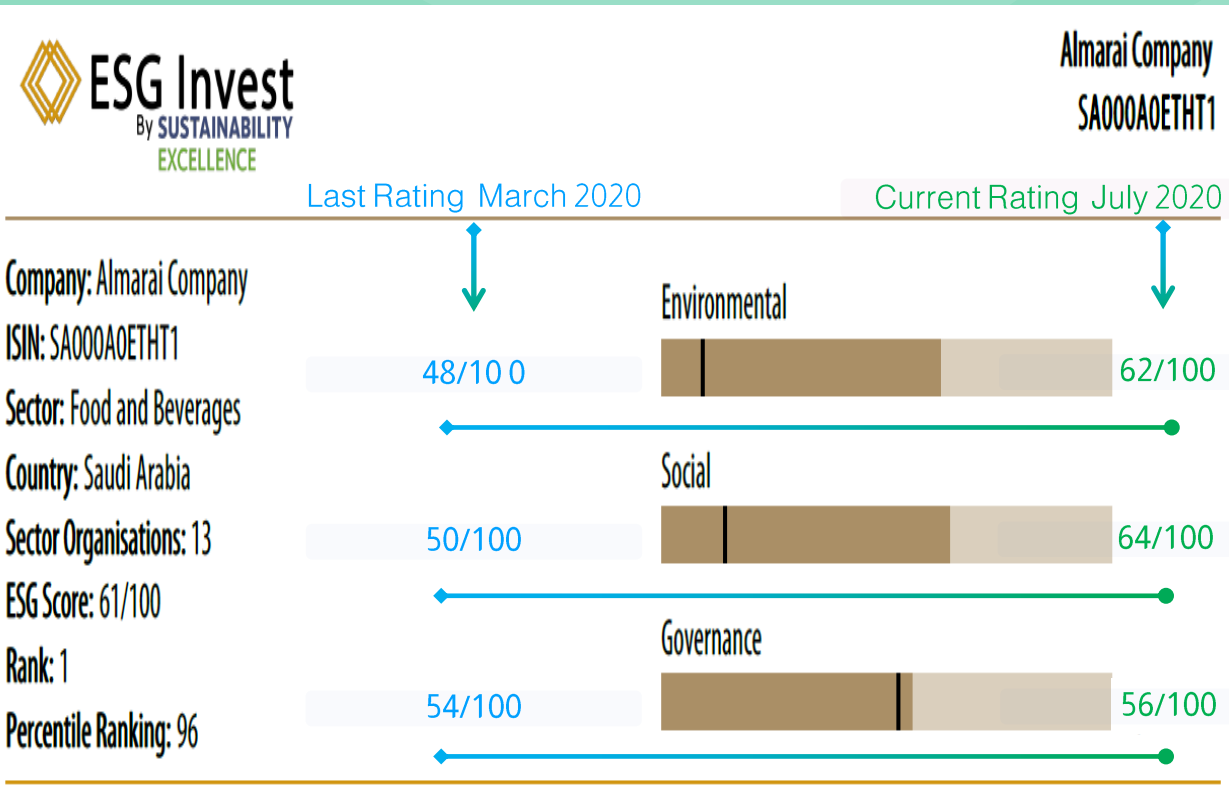


Q3 2020 Total Growth – SAR 290M (8%)



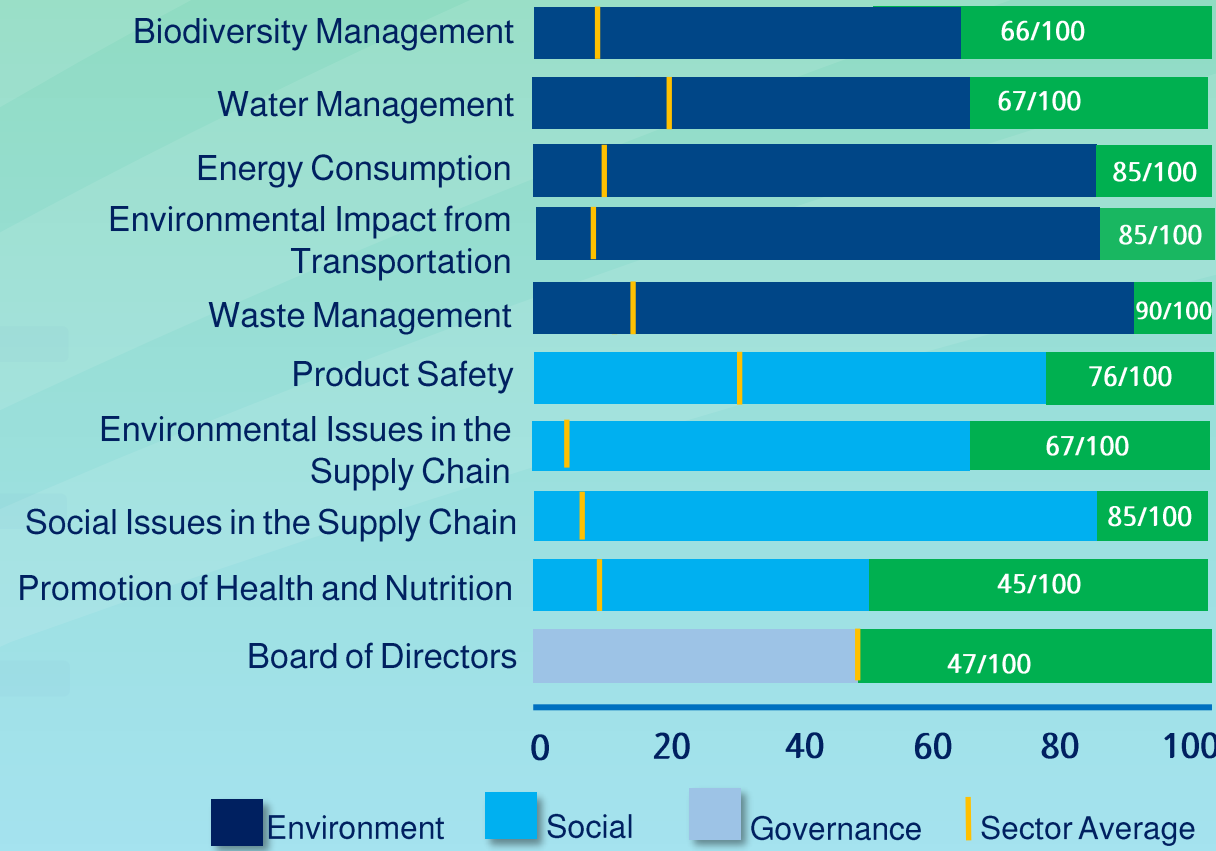
	Modern Trade	Traditional Trade	Food Service	Other / Exports
Q1	16%	4%	16%	(1%)
Q2	12%	15%	(27%)	(7%)
Q3	10%	7%	(2%)	40%
Q3 YTD	13%	9%	(5%)	9%
Growth by Quarter				

Almarai® Rating



Source: ESG Invest By Sustainability Excellence

Performance on Key ESG Issues (July 2020)



Financial Performance

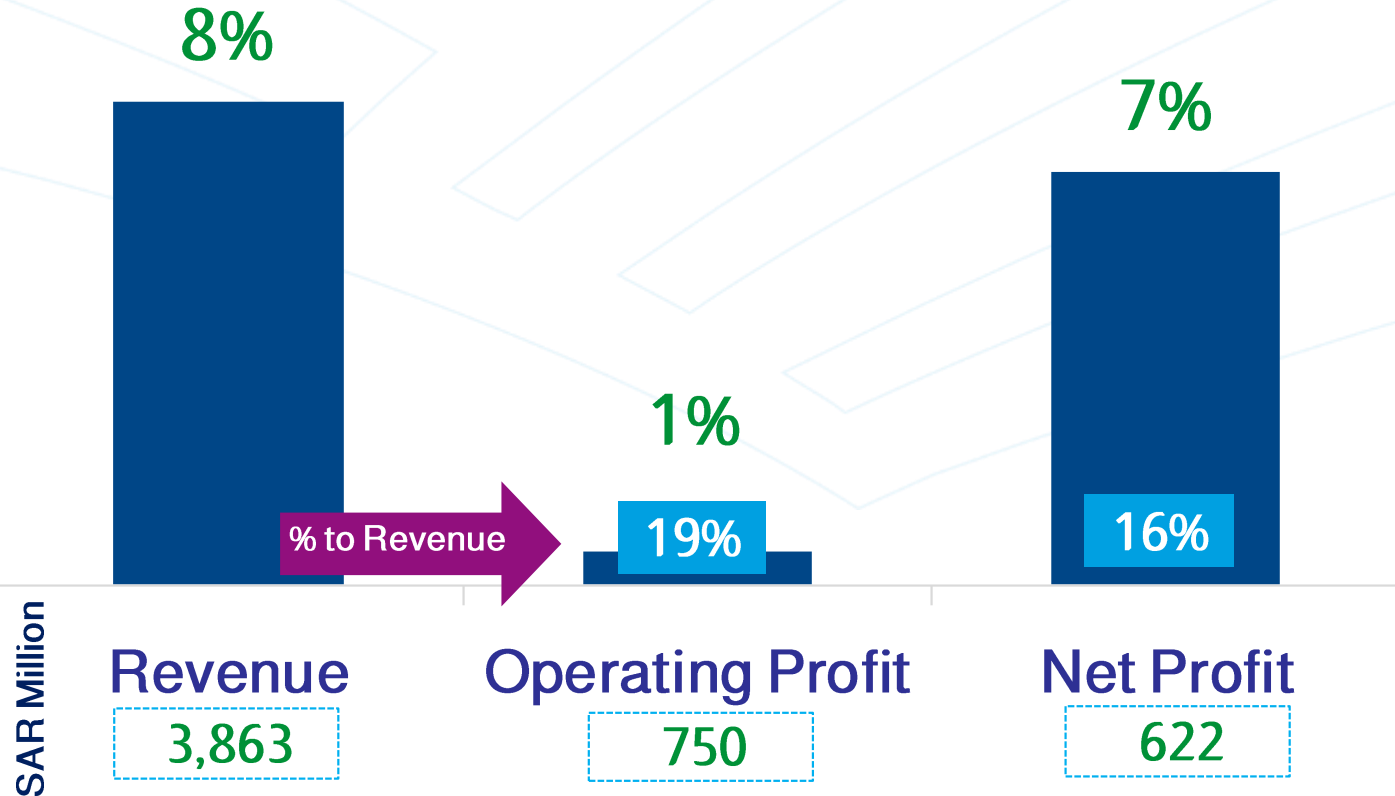
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Financial Performance – Q3 2020

Q3 2020 vs. Q3 2019

YoY % / (YoY%)



Revenue – Resilient post VAT & pandemic

- Maintain market leadership in all key categories
- Food & Long life Dairy contributed heavily to the growth by recording double digit growth in 3rd quarter partially offset by a decline in bakery due to single serve

EBIT

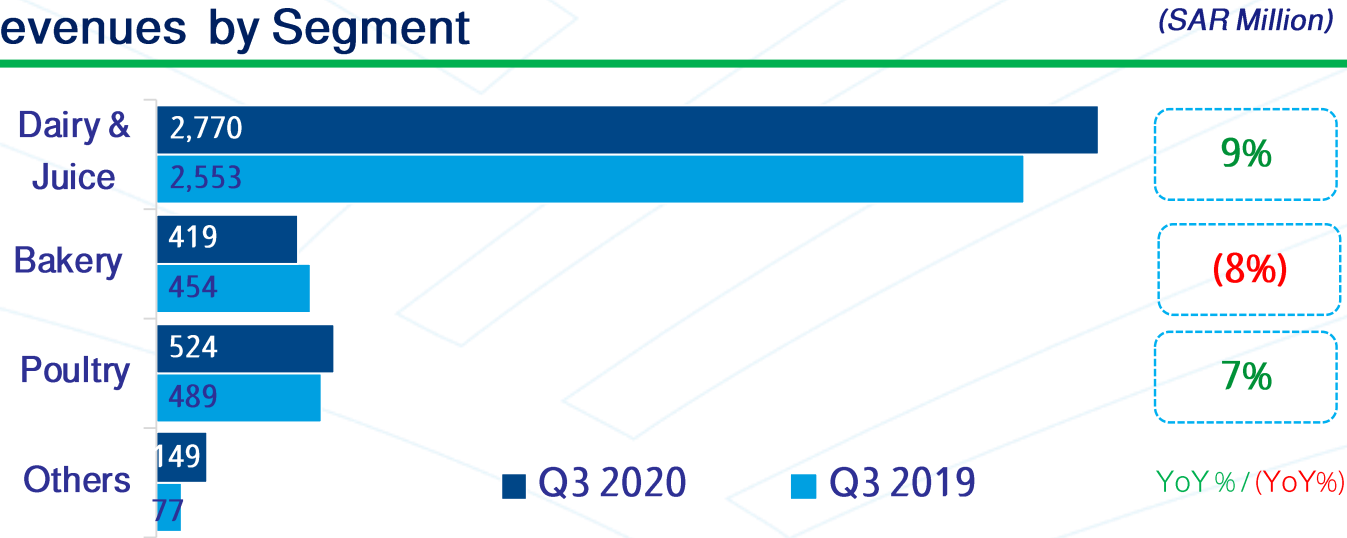
- Higher feed cost yoy, driven by imported alfalfa
- Additional cost for juice ingredients driven by sugar free recipe, higher labor costs driven by CoVID19 & higher trade support due to growth in Modern Trade.
- Higher depreciation and overheads in Egypt.

Net Income

- Lower funding cost driven by lower debt and funding rate, offset by lower interest cost capitalization, mainly from overseas subsidiaries
- Positive NCI driven by losses in IDJ

Results by Segment – Q3 2020

Revenues by Segment



Dairy & Juice

- Higher Food and Long Life Dairy sales, mainly via export
- Higher juice ingredient, feed & labour costs
- Higher depreciation and losses from IDJ

Bakery

- Volume decline this quarter due to single serve impact, mainly driven by 7 Days brand

Profit Margin By Segments



Poultry

- Food Services Channel growth post Restaurants opening in Q3 limited Retail volume throughput
- Channel shift impacting bottom line profitability

Others

- Premier Food rebound post COVID-19 restrictions and higher external sales of alfalfa to limit inventory

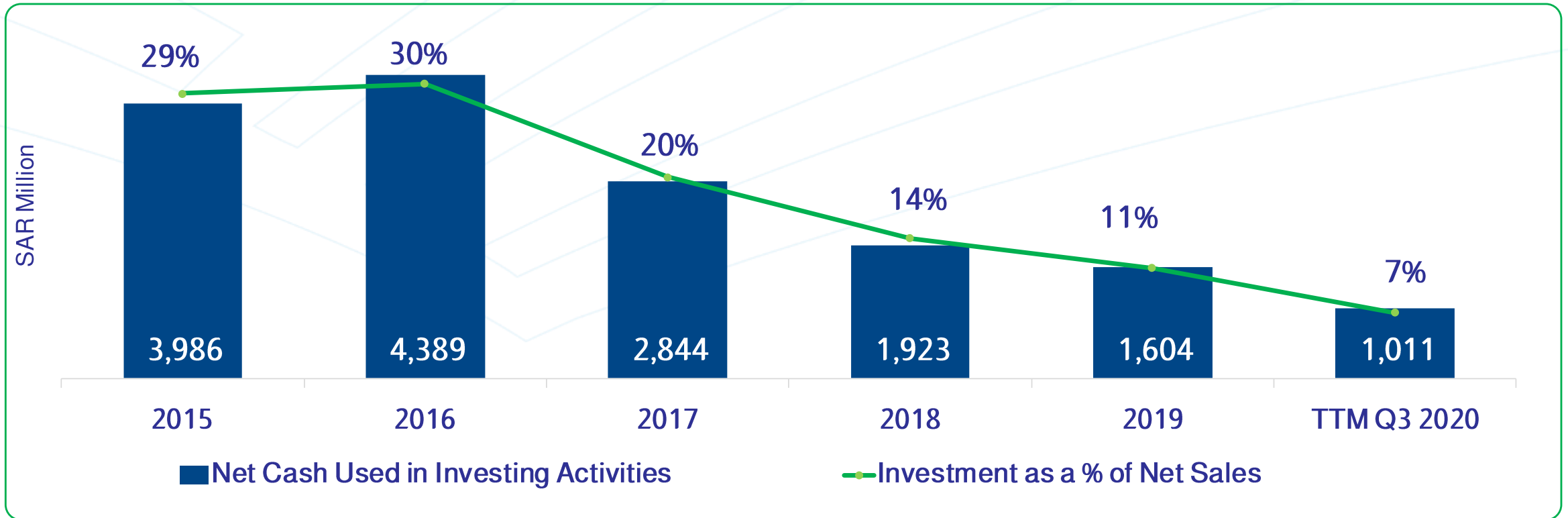
Capex, Capital Management & Share Performance

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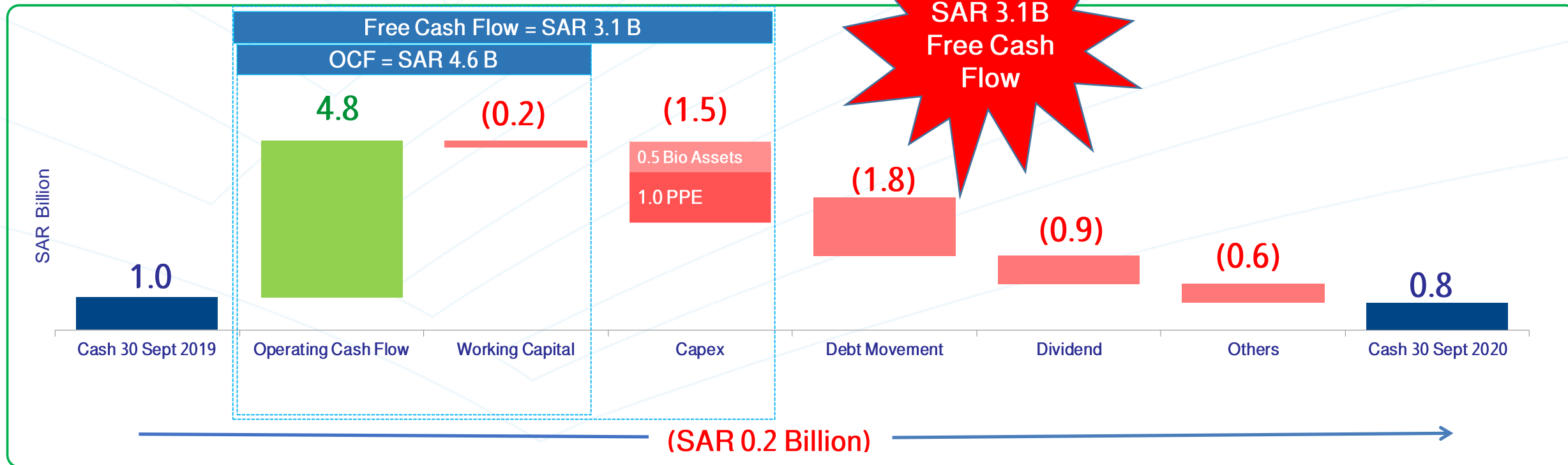
CAPEX continuous to trend lower

Capital Investment 2015 to 2020 (TTM)



- Capex cash spend continues to decline in line with current available capacity
- New Capex approved comprised of mostly maintenance Capex centered on utilities, production lines and vehicles.
- Approved capex pipeline from previous years still impacting current cash spend.

Free Cash Flow remain strong



Q3 2020 TTM Free Cash Flow = SAR 3.0 B

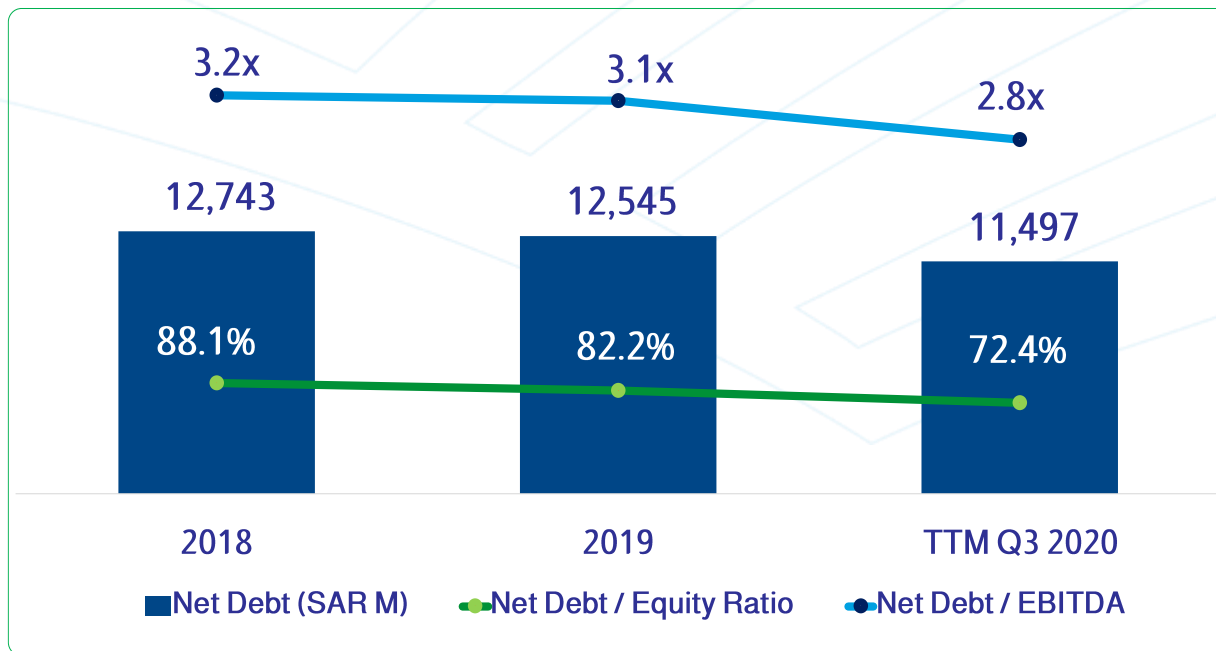
- OCF: SAR +4.6 BillionBusiness performance continues to perform strongly however higher working capital driven by higher credit sales and Inventory buildup impacting OCF. The temporary increase in Inventory is expected to level off by year end.
- ICF: SAR -1.5 Billion and is in line with our reduced capex spend.
- FCF: continue to improve based on higher EBITDA and lower capex.

After dividend and funding cost repayment, excess cash of SAR 1.8 Billion was used to lower gross debt.....a key step towards our journey of Net Debt to EBITDA target of 2.5X – 2.7X in the next 6 months.

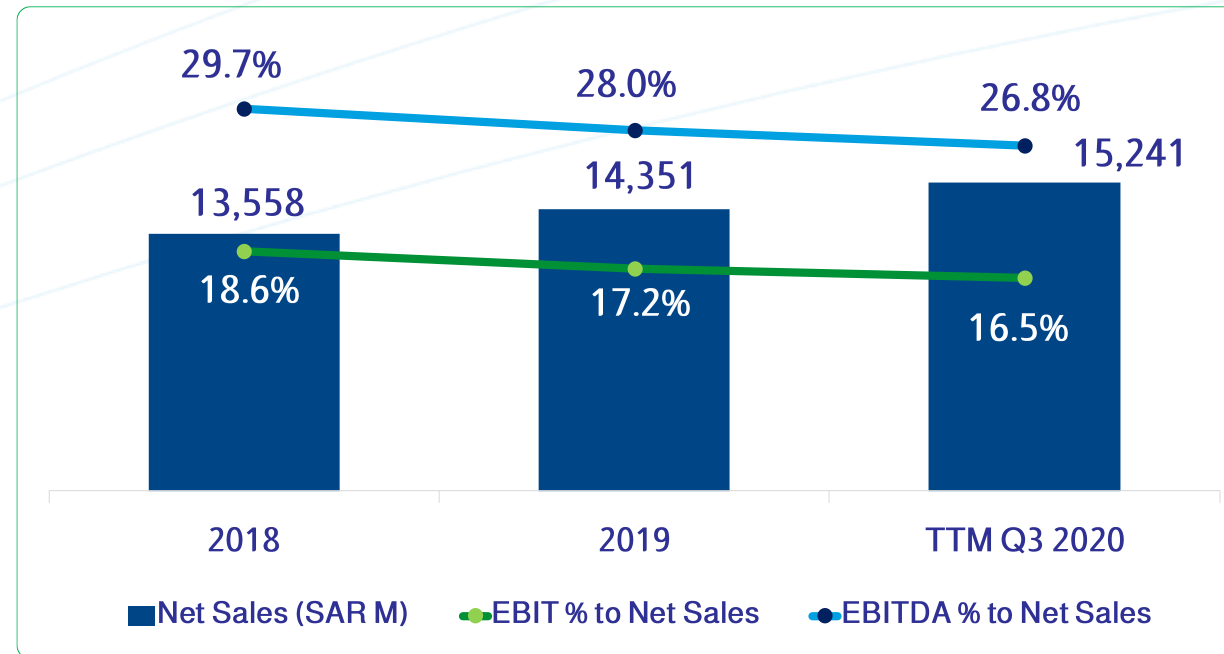
Net Debt and EBIT / EBITDA Margins trend

Almarai leverage target is to reach 2.5x-2.7x Net Debt to EBITDA in the next 6 months

Net Debt Trend

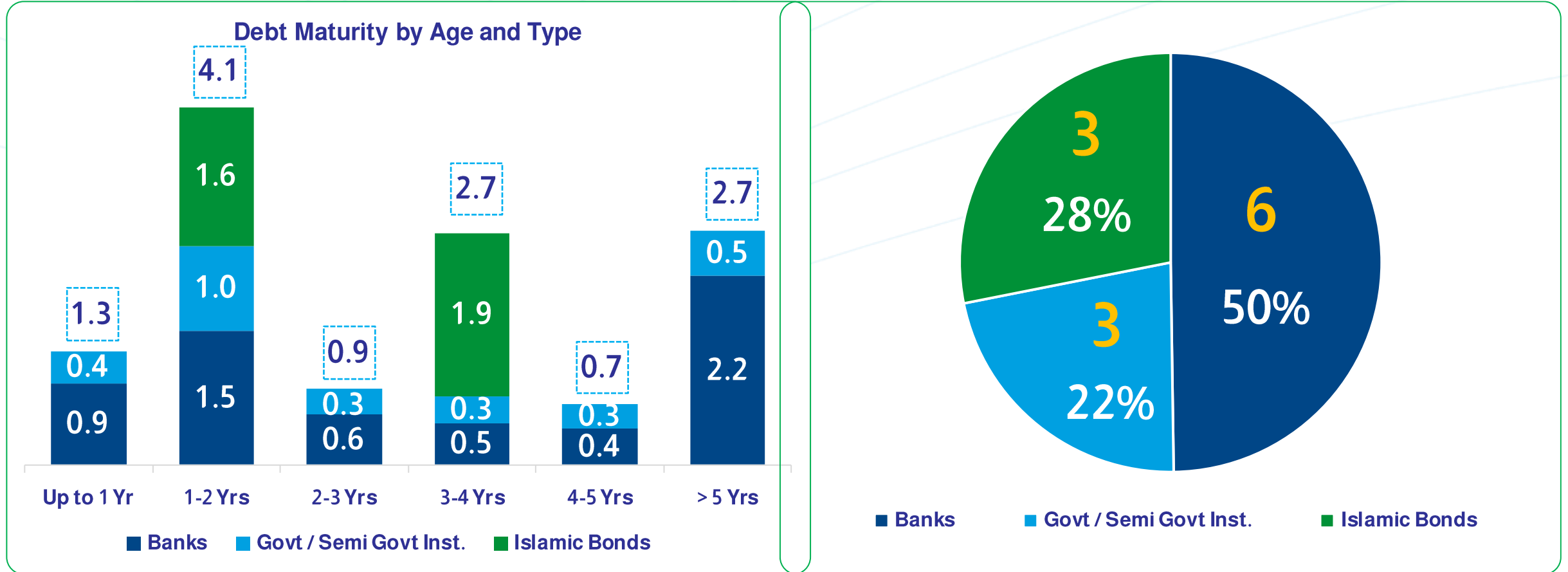


EBIT and EBITDA Margins



Debt Maturity Profile highlights average debt tenure at 3.93 Years

(SAR Billion)



Strong balance sheet to support future growth



1

Strong investment grade

- 2.8x Net Debt to EBITDA as at Q3 2020
- BBB- (S & P), Baa3 (Moody's) with stable Outlook

2

Successful Refinancing

- SAR 787 M Local Sukuk settled on 31st Mar 2020
- SAR 850 M Dividend payment

3

Significant cash in hands

- SAR 591 M of cash and cash equivalent as at Q3 2020

4

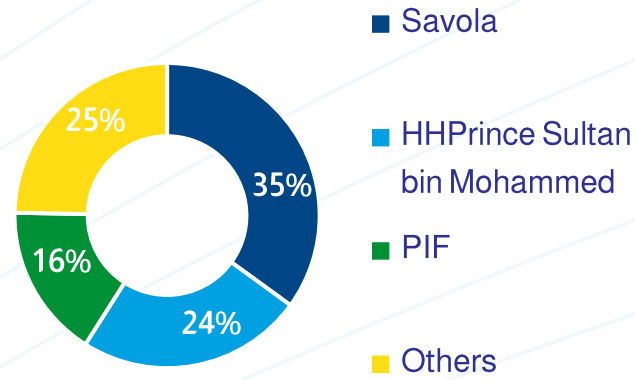
Back-up facilities

- SAR 2,700 M Committed line available as at Q3 2020
- More than SAR 2,200 M Uncommitted line available as at Q3 2020
- No additional funding required for 2020

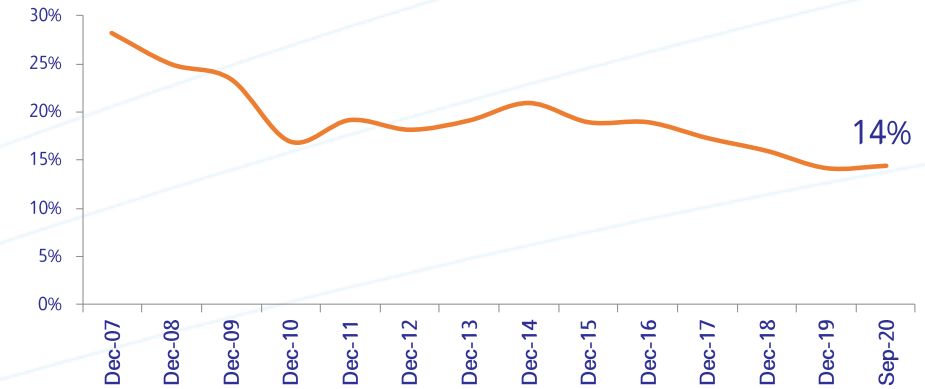
Key Share Data

Key Statistics for Almarai (30 Sept 2020)

Share Price (SAR)	52.90
Current P/E Ratio (ttm)	26.4
Earnings Per Share (SAR) (ttm)	2.00
Market Cap (SAR Million)	52,900
Shares Outstanding (Million)	1,000
Dividend Yield	1.61%

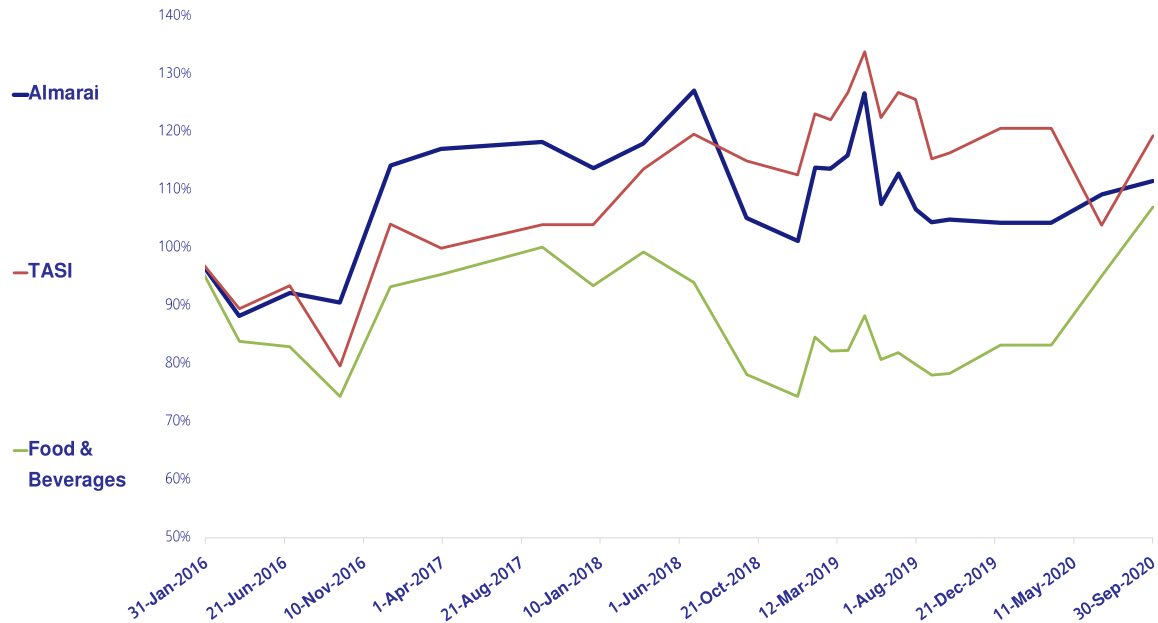


Year to date total shareholder's return since listing



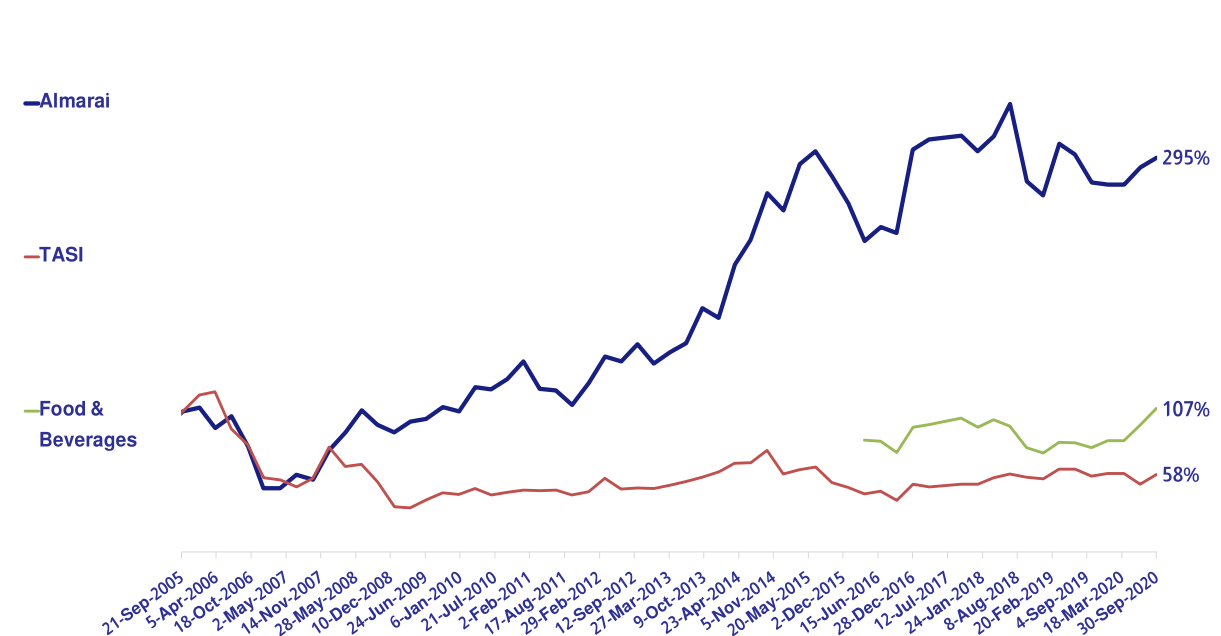
Share Price Trend

(Listing Date of Food & Beverages Index)



Share Price Trend

(Listing Date of Almarai Company)



Key Takeaways

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Q3 2020 Earnings Presentation

Current Performance

- Top line performance remains strong in 3rd quarter, even after adjusting for increase in VAT from 5% to 15% on 1st July.
- Gross Profit remains under stress due to alfalfa and COVID-19 related costs pressure. This is partly offset with positive change in product and channel mix.
- Cost control remained strict, other than COVID-19 related expenses
- Net Income follow positive revenue trend as higher COVID -19 related costs are offset with strict control on capex & costs, further assisted by lower funding costs
- Food services channel partially rebounded in Q3 after lifting of COVID-19 restrictions. However growth in food services limited the growth rate of Poultry segment as higher demand in food service channel compared to retail channel resulted in adverse channel mix
- Cashflow generation remains strong and liquidity & funding plans are firmly in place to manage current environment. Net Debt to EBITDA now stands at 2.8 times and we expect to reach our target level of 2.5-2.7 times within the next 6 months

Key Challenges & Opportunities

- Pricing and product rationalization post VAT
- Lifting of curfew and opening of all activities from 21st June generated positive momentum in Food service market and we expect the growth momentum to continue in the future
- Subsidy phase out for dairy products by end of 2020 and mitigation strategies
- Change in import duties will have minimal impact on cost in the short term. However it also opens further opportunities for our fresh dairy range (Labneh, Evaporated Milk and Sterilized Cream) and strengthen our locally produced Poultry range.
- Cash generation continues at strong pace and remains on track to deliver 2.50 to 2.70 Net Debt to EBITDA target within 6 months. As a result, balance sheet will be further strengthened to absorb potential acquisitions, if required.
- Almarai to built on scenario planning to rationalize its operating model in next few quarters to mitigate expected headwinds

Q & A

Almarai®

Q3 2020 Earnings Presentation

Thank you

Q3 2020 Earnings Presentation

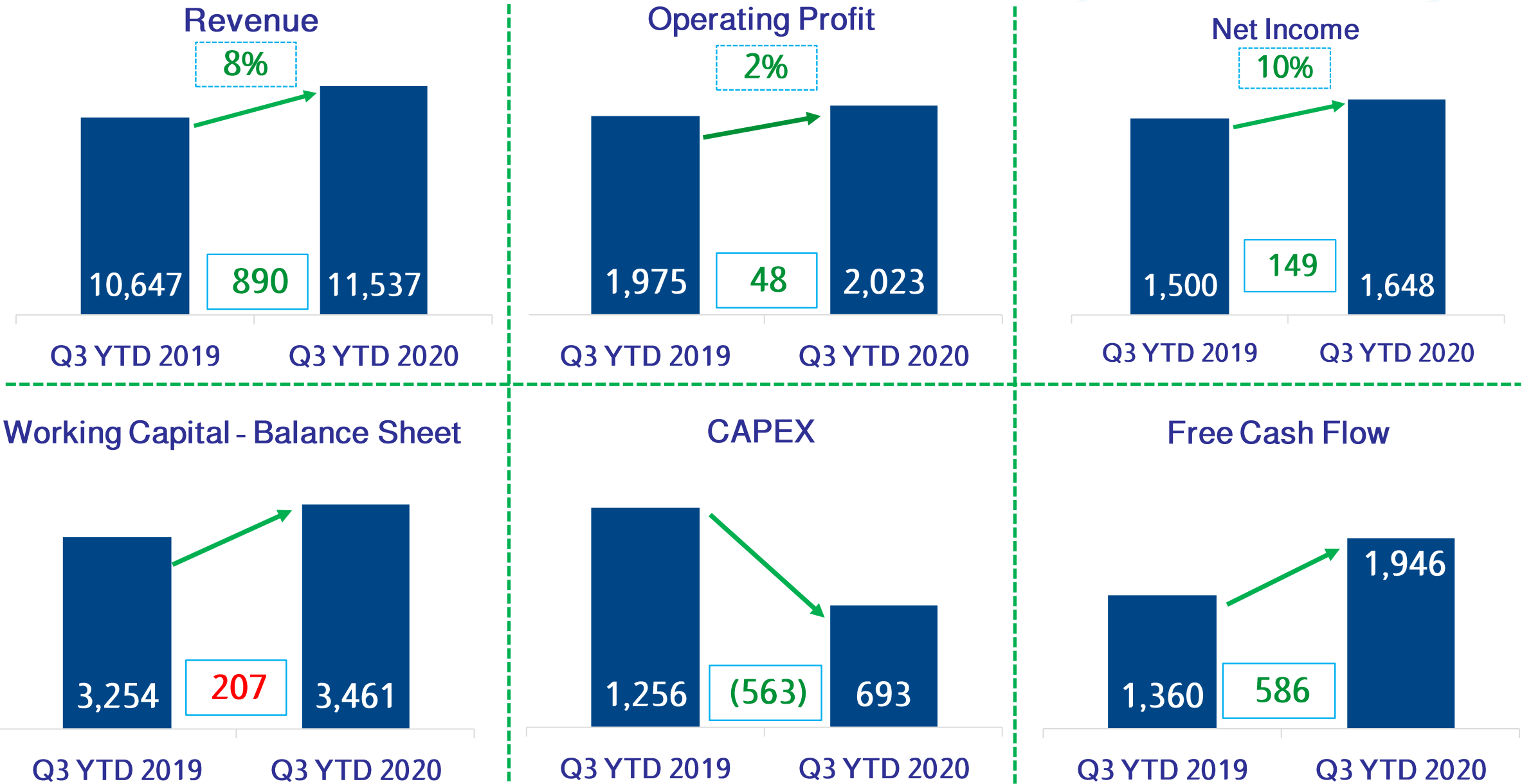
Appendix

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Q3 2020 Earnings Presentation

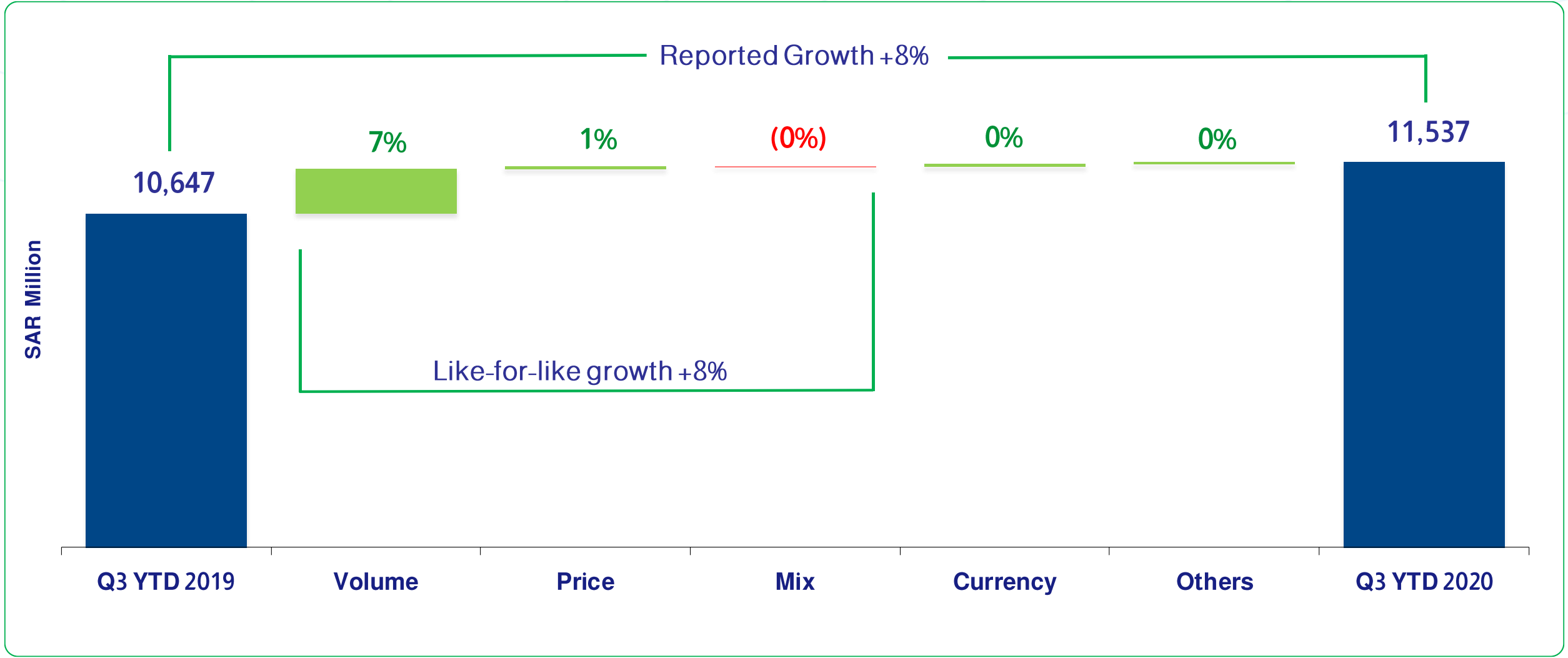
Financial Highlights for Q3 YTD 2020

(SAR Million)



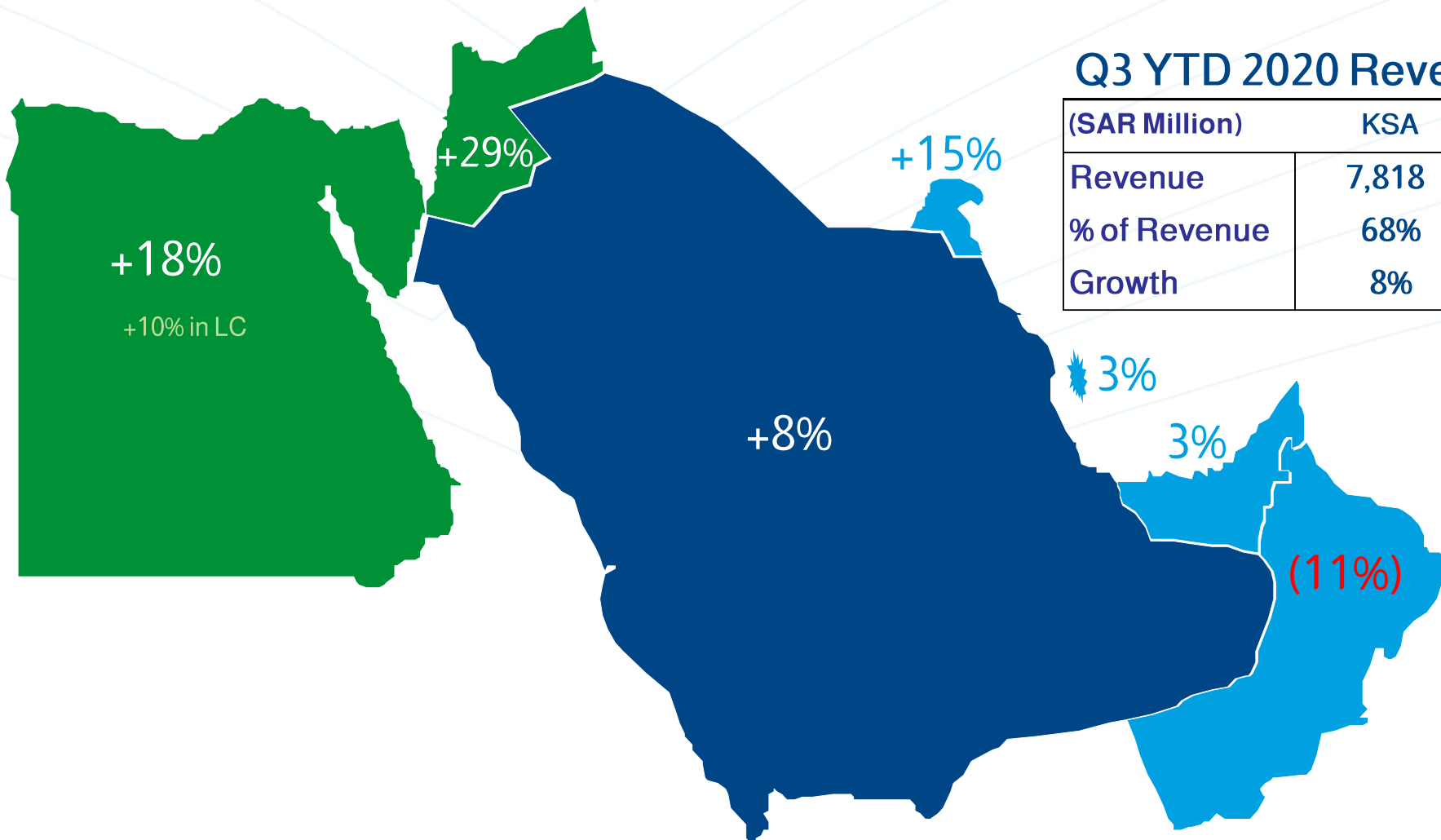
YoY % / (YoY%)

Q3 YTD 2020 Sales Bridge



+ % / -(%)

Almarai topline grew in all countries except Oman...



Q3 YTD 2020 Revenue Growth

(SAR Million)	KSA	Other GCC	Others	Total
Revenue	7,818	2,411	1,308	11,537
% of Revenue	68%	21%	11%	100%
Growth	8%	3%	25%	8%

+SAR 258M

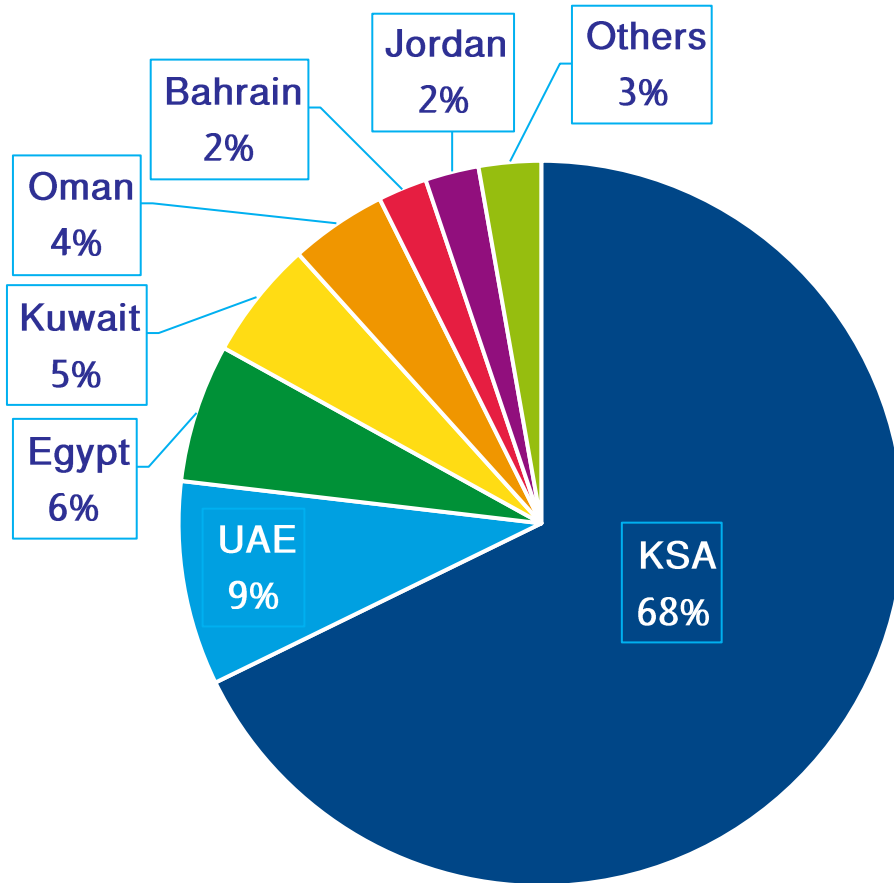
+SAR 573M

+SAR 59M

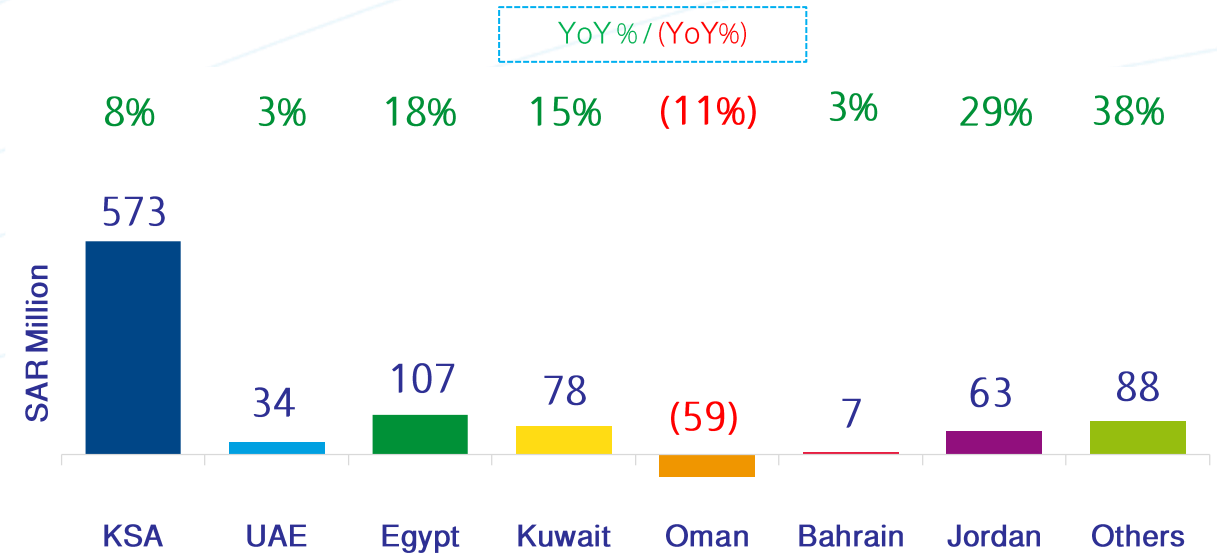
+SAR 890M (8%)

...However KSA growth of 8% contributed the most to topline

Q3 YTD 2020 Total Revenue – SAR 11,537 Million

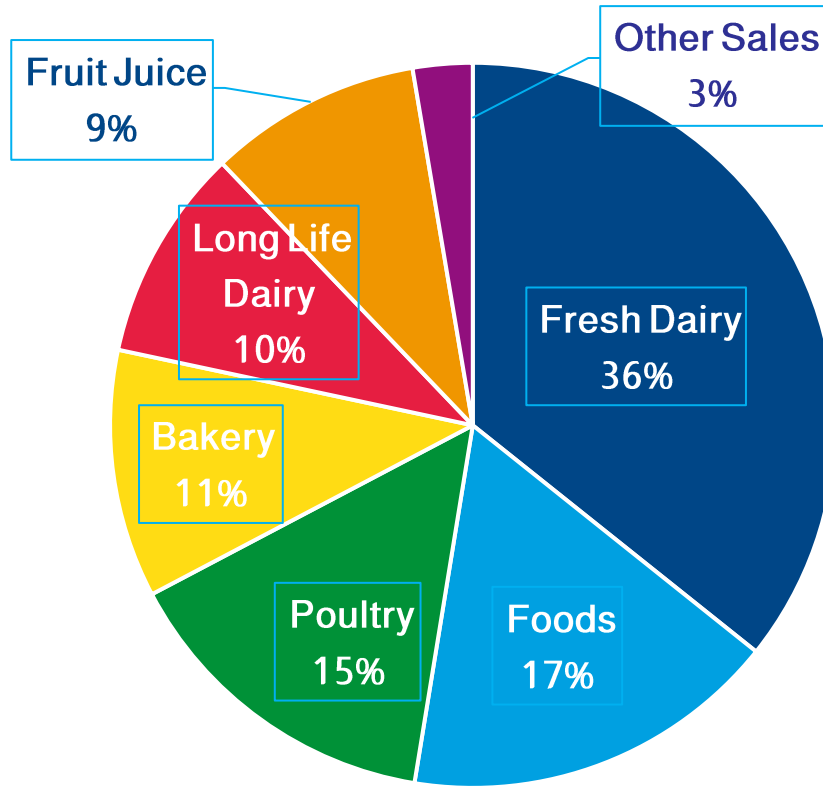


Q3 YTD 2020 Total Growth – SAR 890M (8%)

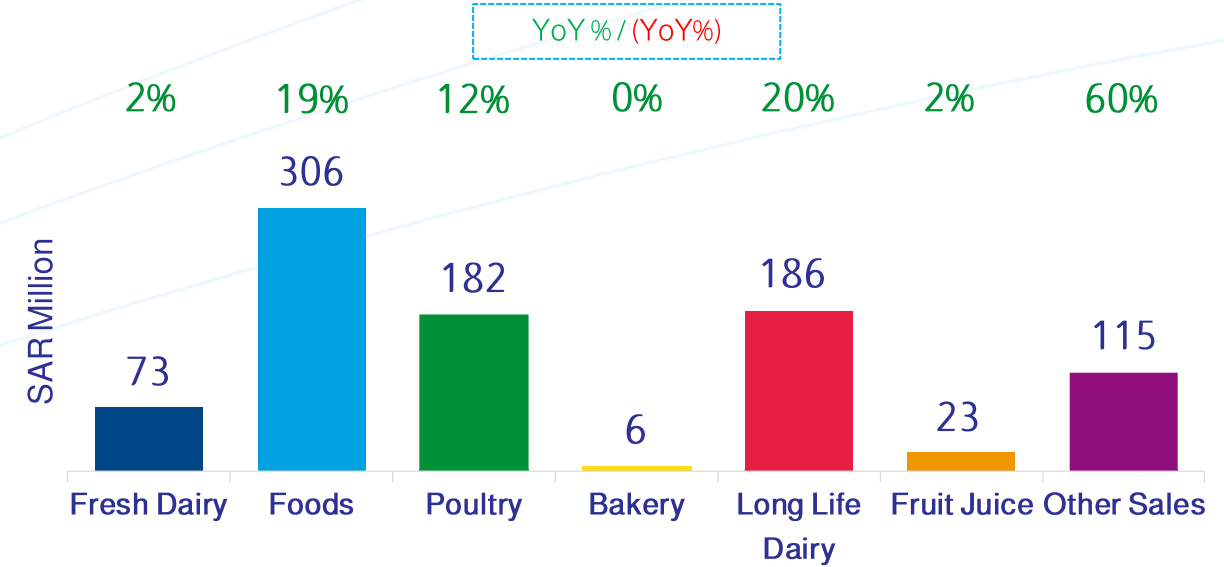


Food, Poultry & LL Dairy contributed the most to topline growth

Q3 YTD 2020 Total Revenue – SAR 11,537 Million

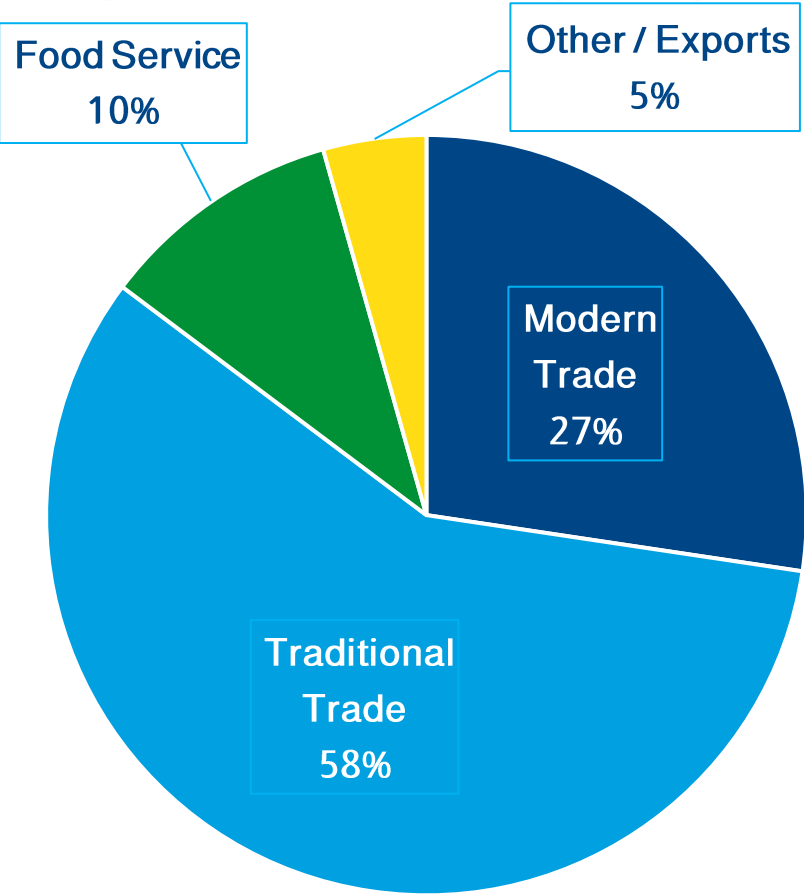


Q3 YTD 2020 Total Growth – SAR 890M (8%)

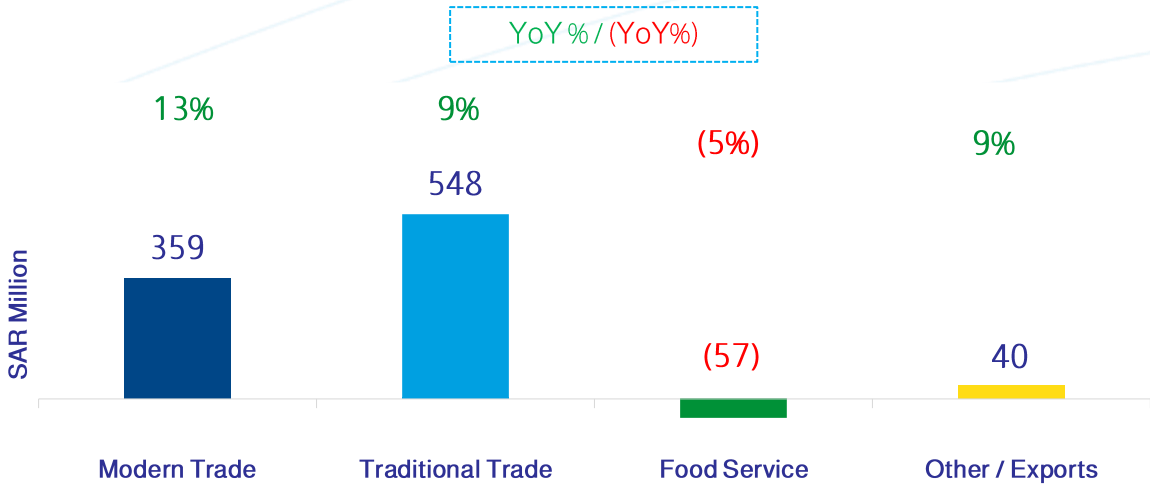


Modern Trade channel growth was a key highlight for 3 Quarters

Q3 YTD 2020 Total Revenue – SAR 11,537 Million

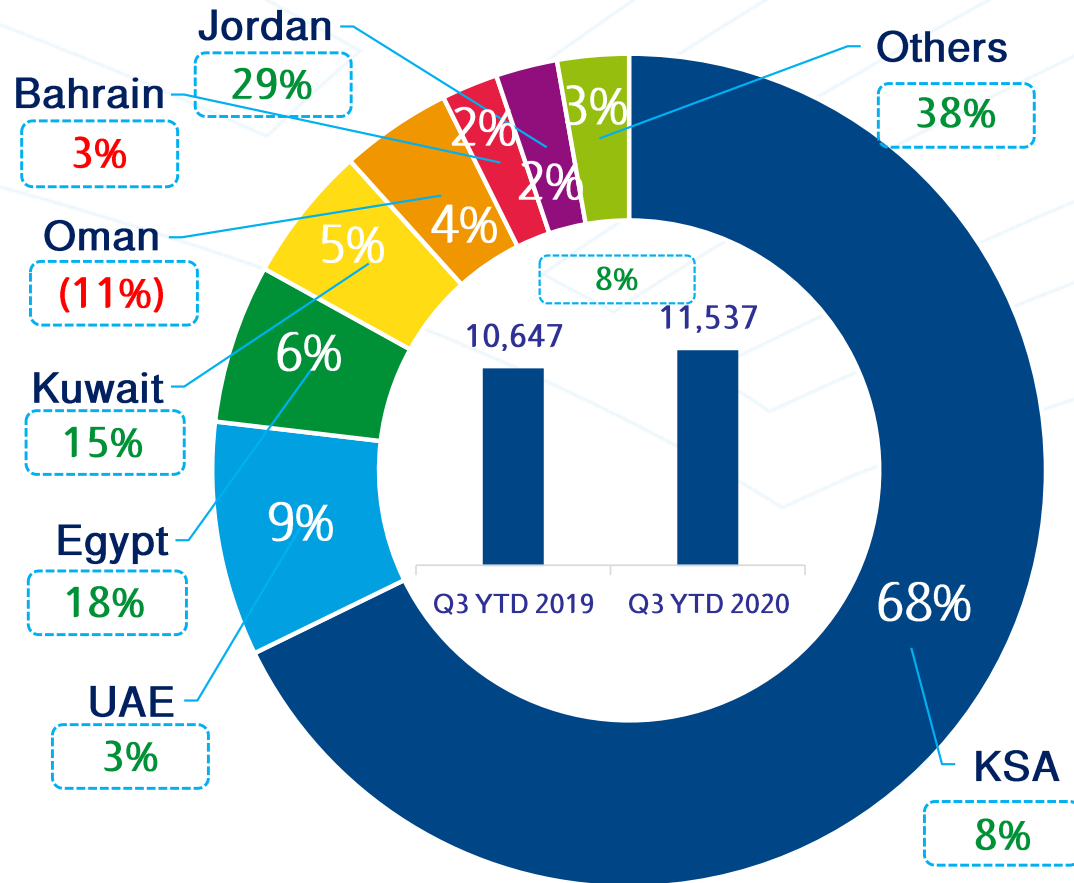


Q3 YTD 2020 Total Growth – SAR 890M (8%)

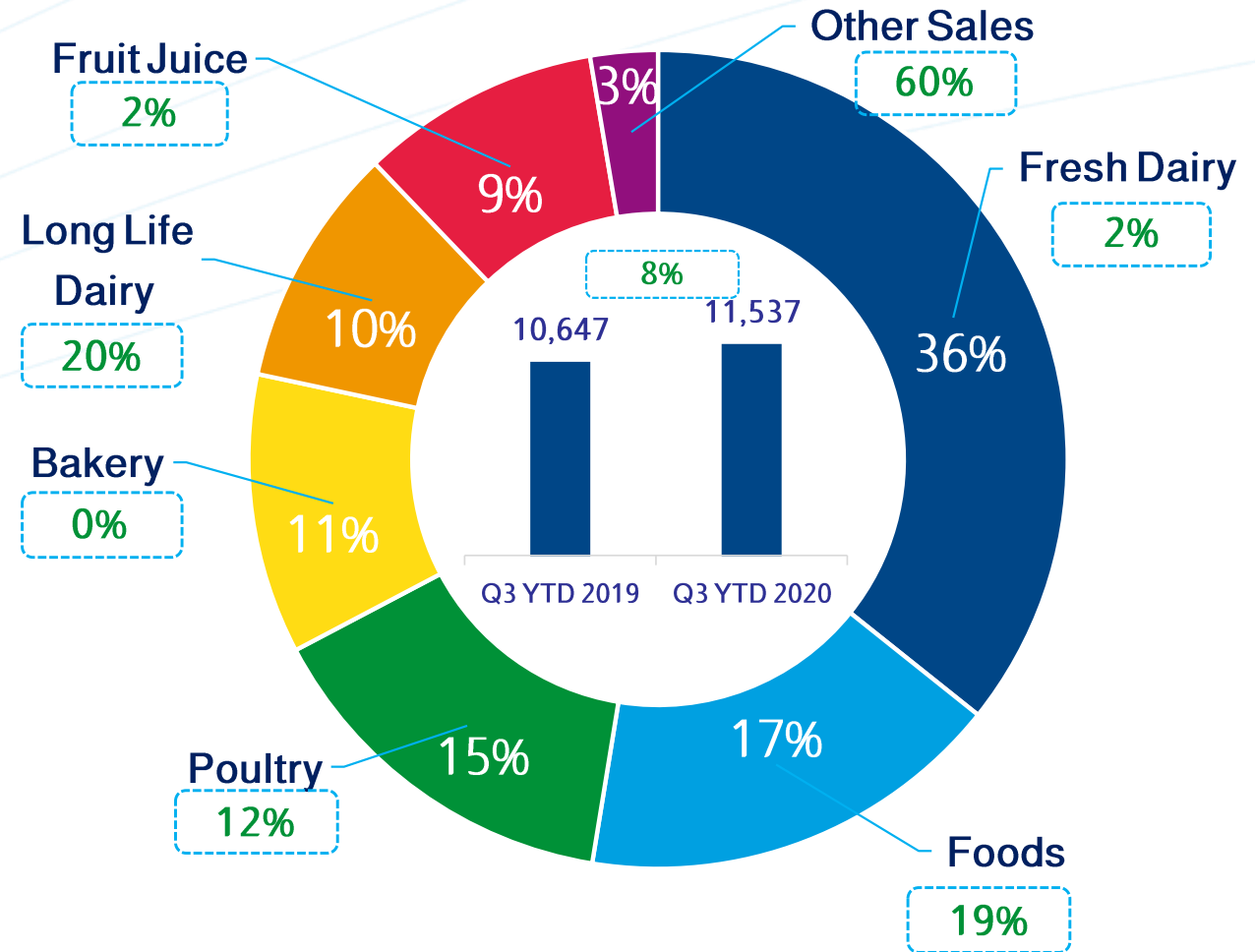


All categories recorded positive results – Q3 YTD 2020

Revenue By Geography - SAR Million



Revenue By Category - SAR Million



YoY % / (YoY%)

Profit & Loss Statement – Q3 YTD 2020

SAR Million	3rd Quarter					YTD 3rd Quarter				
	2019		2020		Change	2019		2020		Change
Revenue	3,573	100.0%	3,863	100.0%	8.1%	10,647	100.0%	11,537	100.0%	8.4%
Cost of sales	(2,128)	(59.6%)	(2,348)	(60.8%)	(10.4%)	(6,574)	(61.7%)	(7,234)	(62.7%)	(10.0%)
Gross Profit	1,445	40.4%	1,515	39.2%	4.8%	4,073	38.3%	4,303	37.3%	5.6%
Selling and Distribution Expenses	(594)	(16.6%)	(642)	(16.6%)	(8.1%)	(1,742)	(16.4%)	(1,887)	(16.4%)	(8.3%)
General and Administration Expenses	(80)	(2.2%)	(84)	(2.2%)	(5.6%)	(274)	(2.6%)	(289)	(2.5%)	(5.4%)
Other Expense, net	(25)	(0.7%)	(40)	(1.0%)	(58.9%)	(82)	(0.8%)	(71)	(0.6%)	12.7%
Impairment (Reversal) / Loss on Financial Assets	(1)	(0.0%)	1	0.0%	n.a	(0)	(0.0%)	(34)	(0.3%)	n.a
Operating Income	746	20.9%	750	19.4%	0.5%	1,975	18.5%	2,022	17.5%	2.4%
Finance Costs - net	(131)	(3.7%)	(118)	(3.0%)	10.2%	(397)	(3.7%)	(363)	(3.1%)	8.6%
Share of Results of Associates and Joint Ventures	0	0.0%	1	0.0%	0.0%	0	0.0%	2	0.0%	0.0%
Profit Before Zakat and Income Tax	615	17.2%	633	16.4%	3.0%	1,578	14.8%	1,661	14.4%	5.2%
Zakat and Foreign Income Tax	(22)	(0.6%)	(18)	(0.5%)	18.1%	(65)	(0.6%)	(58)	(0.5%)	9.6%
Profit for the Period	593	16.6%	615	15.9%	3.8%	1,514	14.2%	1,602	13.9%	5.9%
Profit Attributable to Non Controlling Interest	(11)	(0.3%)	6	0.2%	155.6%	(14)	(0.1%)	46	0.4%	n.a
Profit Attributable to Shareholders	581	16.3%	622	16.1%	6.9%	1,500	14.1%	1,648	14.3%	9.9%
Earnings Per Share (Basic)	0.59		0.63		7.8%	1.52		1.68		10.8%
Profit Attributable to Shareholders %	16.3%		16.1%			14.1%		14.3%		

Balance Sheet as of end September 2020

SAR Million	End of Sept	End of Sept	Sept20 v Sept19	
	2019	2020	Change	%
Net Operating Working Capital	3,254	3,461	207	6%
Property, Plant and Equipment	23,298	22,666	(632)	(3%)
Biological Assets	1,364	1,359	(5)	(0%)
Net Operating Assets	27,916	27,486	(430)	(2%)
Goodwill and Other Assets	1,076	1,186	110	10%
Net Capital Employed	28,993	28,672	(320)	(1%)
Net Debt	12,641	11,497	(1,144)	(9%)
Others Liabilities	1,150	1,290	140	12%
Shareholders' Equity	14,576	15,334	758	5%
Non Controlling Interest	626	552	(74)	(12%)
Net Capital Employed	28,993	28,672	(320)	(1%)
Working Capital % of Net Sales	23%	23%		
Net Debt to Equity Ratio	83%	72%		
Net Debt to EBITDA	3.2	2.8		

Cash Flow Statement as of end of September 2020

SAR in Million	3rd Quarter				YTD 3rd Quarter			
	2019	2020	Change	%	2019	2020	Change	%
Net Income before NCI	593	615	22	3.8%	1,514	1,602	89	5.9%
Working Capital and Other	534	480	(54)	(10.1%)	1,571	1,332	(239)	(15.2%)
Operating Cash Flow	1,127	1,095	(32)	(2.8%)	3,084	2,934	(150)	(4.9%)
Capex, Disposal and Others	(348)	(136)	212	(60.8%)	(1,136)	(548)	588	(51.8%)
Appreciation and Other	(194)	(152)	42	(21.9%)	(588)	(440)	148	(25.1%)
Investing Cash Flow	(542)	(288)	254	(46.9%)	(1,724)	(988)	736	(42.7%)
Free Cash Flow	585	808	222	38.0%	1,360	1,946	586	43.0%
Dividends	(0)	(0)	(0)	n.a.	(847)	(848)	(1)	0.1%
(Placement) / Redemption of Time Deposits	-	-	-	n.a.	-	585	585	0.0%
Treasury Shares, Directors Remuneration, & Others	(198)	(143)	55	(27.8%)	(481)	(638)	(157)	32.5%
Financing Cash Flow	(198)	(143)	55	(27.8%)	(1,328)	(901)	428	(32.2%)
Currency Translation Adjustment	(4)	1	4	n.a.	(14)	3	18	n.a.
Net Cash Flow	384	665	282	73.5%	18	1,049	1,031	5,831.6%

Results by Segment

SAR Million	Dairy & Juice	Bakery	Poultry	Others	Almarai Consolidated
Q3 YTD 2020					
Revenue	8,257	1,276	1,698	307	11,537
Depreciation and Amortisation	(1,030)	(155)	(285)	(123)	(1,594)
Profit Attributable to Shareholders	1,254	161	270	(37)	1,648
Percent to Revenue of Profit Attributable to Shareholders	15.2%	12.6%	15.9%	n.a	14.3%
Growth versus YTD Q3, 2019					
- Revenue - 2019	7,669	1,270	1,516	192	10,647
- Revenue Growth	7.7%	0.5%	12.0%	59.6%	8.4%
- Profit Attributable to Shareholders - 2019	1,203	152	185	(40)	1,500
- Profit Attributable to Shareholders Growth	4.2%	6.1%	46.4%	7.6%	9.9%
Q3 2020					
Revenue	2,770	419	525	149	3,863
Profit Attributable to Shareholders	477	63	72	10	622
Percent to Revenue of Profit Attributable to Shareholders	17.2%	15.1%	13.7%	n.a.	16.1%
Growth versus Q3, 2019					
- Revenue - 2019	2,553	454	489	77	3,573
- Revenue Growth	8.5%	(7.8%)	7.3%	93.4%	8.1%
- Profit Attributable to Shareholders - 2019	450	76	59	(5)	581
- Profit Attributable to Shareholders Growth	5.8%	(17.3%)	21.4%	n.a.	6.9%

Cash Dividend Since Listing (SAR Million)



Thank you

Q3 2020 Earnings Presentation