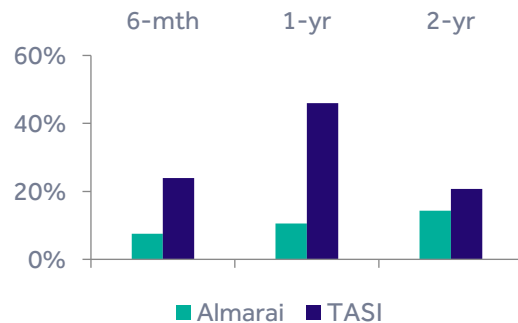


Market Data	
52-week high/low	SAR 64.90/50.00
Market Cap	SAR 58,300 mln
Shares Outstanding	1,000 mln
Free-float	40.91%
12-month ADTV	727,227
Bloomberg Code	ALMARAI AB



Rising Costs Hit Bottomline

July 12, 2021

Upside to Target Price 1.2%
 Expected Dividend Yield 1.7%
 Expected Total Return 2.9%

Rating Neutral
 Last Price SAR 58.30
 12-mth target SAR 59.00

Almarai Company	2Q2021	2Q2020	Y/Y	1Q2021	Q/Q	RC Estimate
Sales	4,006	4,082	(2%)	3,645	10%	4,119
Gross Profit	1,356	1,535	(12%)	1,235	10%	1,524
Gross Margins	34%	38%		34%		37%
Operating Profit	602	759	(21%)	502	20%	795
Net Profit	482	644	(25%)	386	25%	669

(All figures are in SAR mln)

- Sales fell by -2% Y/Y, driven mainly by the decline in food, poultry and bakery products to reach SAR 4.0 bln in-line with our SAR 4.1 bln estimate. Sales mix was different than the comparable year due to the effects of COVID-19.
- Gross Profit for the quarter declined by -12% Y/Y, while the gross margin fell by -376 bps Y/Y to 34% this quarter due to structural adjustment related to subsidy reduction, higher feed cost as now all alfalfa consumed is 100% imported and adverse channel mix.
- EBIT followed similar movement of gross profit to fall by -21% Y/Y due to lower sales, as well as a slight increase in selling and distribution expenses by +0.3% Y/Y.
- Almarai reported a net income of SAR 482 million (-25% Y/Y, +25% Q/Q) below our and market expectations. We maintain our target price of SAR 59.00 and our Neutral rating.

Abdullah D Alharbi
 abdullah.ulihan.alharbi@riyadcapital.com
 +966-11-486-5680

الرياض المالية
 riyad capital

■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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