

Almarai Company

Interim Results – 1st Quarter 2018



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Macro Environment

Main Events Q1 2018

- Introduction of VAT
- Higher uncertainty amid multiple reforms and macroeconomic changes
- Lower consumer confidence/sentiment and slower market growth, especially within discretionary categories
- Growth in the quarter adversely affected by contraction in export markets
- Good progress made against the strategic objectives set out in Almarai 2025
 - Breakeven for infant nutrition segment
 - On track for 100% importation of alfalfa feed from 1st January 2019
 - Continued cost optimization and efficiency projected to achieve SAR 200M savings for 2018 in response to a higher cost environment
- Profit Attributable to shareholders increased by 4.8% in Q1 2018 relative to the comparable quarter in 2017
- Improvement of gross margin from 34.8% to 38.8% for the first quarter 2018. Likewise operating margin has increased to 14.9% from 12.4% in the comparable quarter last year, reflecting strong savings.
- Positive Free Cash Flow of SAR 60 million compared to a negative SAR 290 million Free Cash Flow for the same period last year, mainly due to reduction in Capital Investments in line with the long term strategy, Almarai 2025.
- Innovation through launch of key new products in new categories driving top-line growth and supporting market share position

Almarai Gaining Market Share Despite Declining KSA Food Market

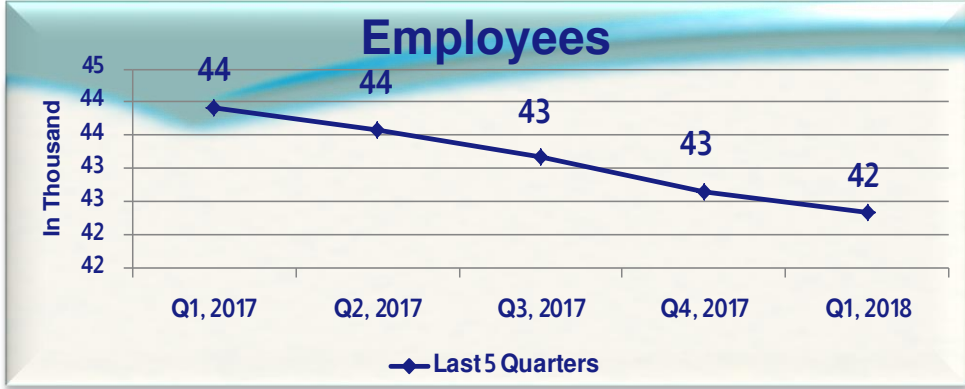
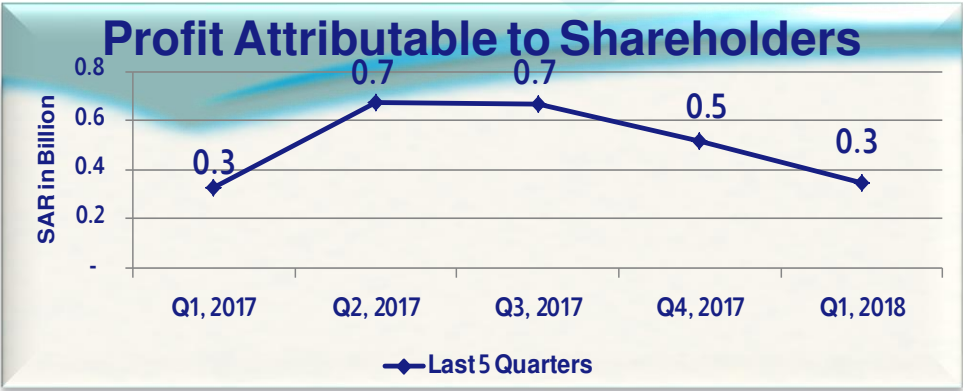
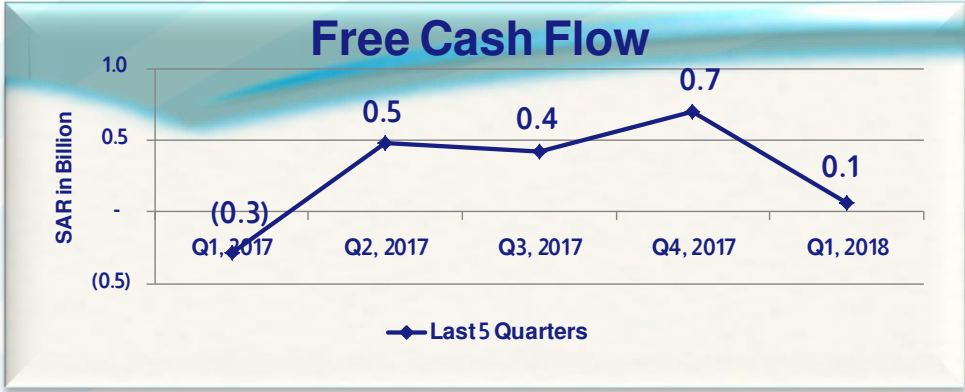
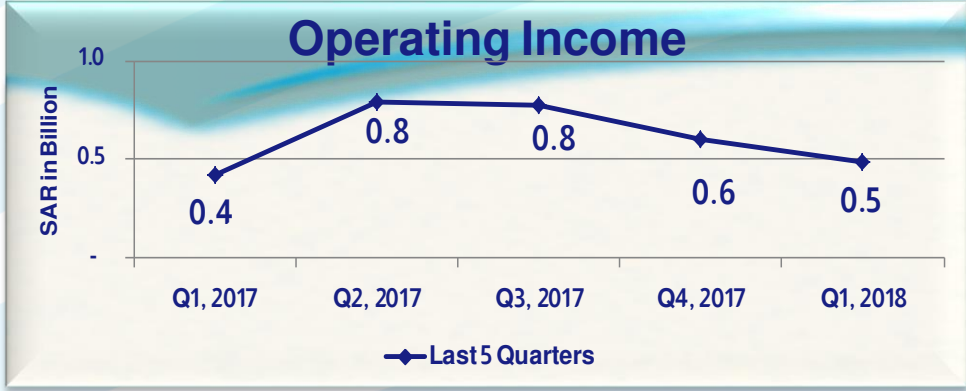
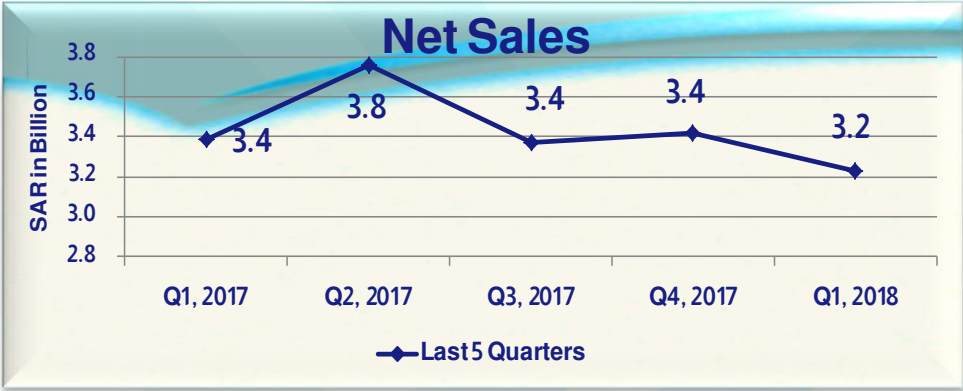
	MAT Category growth (Value)%	Almarai MAT Val. Shr Change	Almarai Rank (Value)
PLAIN REGULAR LABAN	-12.3%	+1.5	1
PLAIN FRESH MILK	-8.3%	+1.0	1
FLAVORED FRESH MILK	-33.8%	+1.7	1
UHT MILK	-8.7%	+1.9	2
ZABADI	-6.8%	-0.3	1
FRESH GISHTA	-14.3%	+3.8	1
FRUIT JUICE BOTTLES	-23.5%	+1.0	1
BUTTER	-1.8%	-0.9	1
CHEESE JARS	-7.9%	-2.0	1
CHEESE SLICES	-7.8%	+2.6	1
CHEESE TRIANGLES	-9.8%	+7.7	2
FETA CHEESE	-9.8%	+4.1	1
TOTAL WHIP & COOKG CREAM	+5.5%	-3.9	1
SLICED BREAD	-10.6%	-2.7	1
PUFFS	-13.5%	+1.2	1
CROISSANTS	-7.6%	+1.5	1
CUP CAKES	+20.6%	+16.7	1
WHOLE CHICKEN	-9.1%	-1.3	1

- Almost all of the Dairy and Foods categories are declining in KSA in MAT Feb 2018 compared to MAT Feb 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 Feb 18

Business Highlights

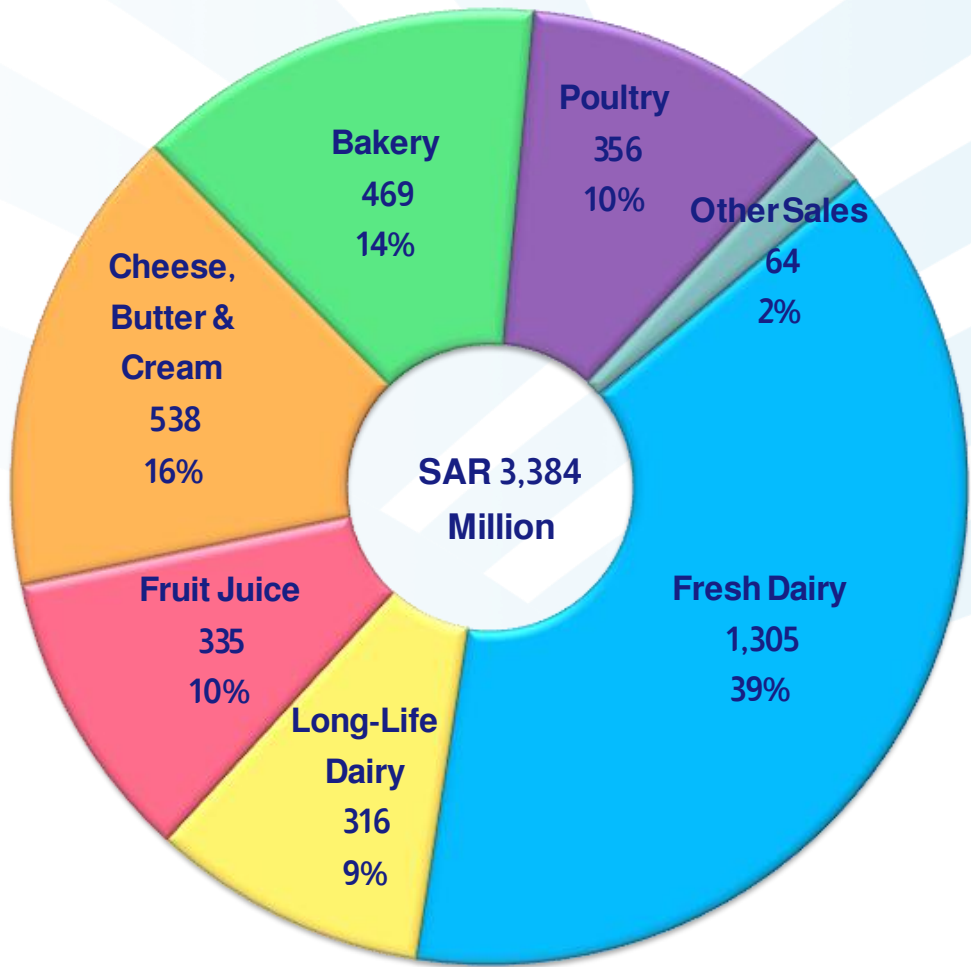
Highlights



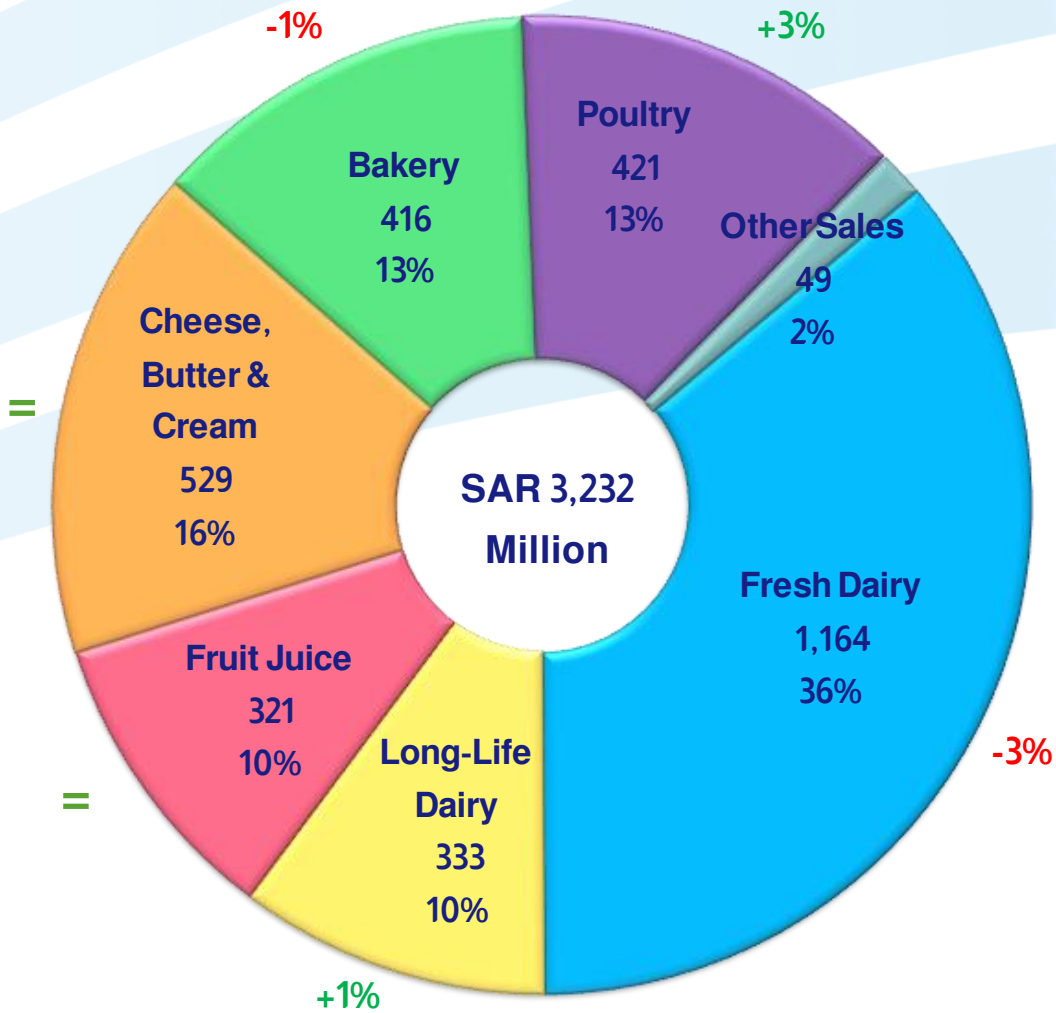
Sales Trends

Sales Analysis by Product – Q1

By Product 2017



By Product 2018










Sales Analysis by Product – Q1

Net Sales in SAR Million



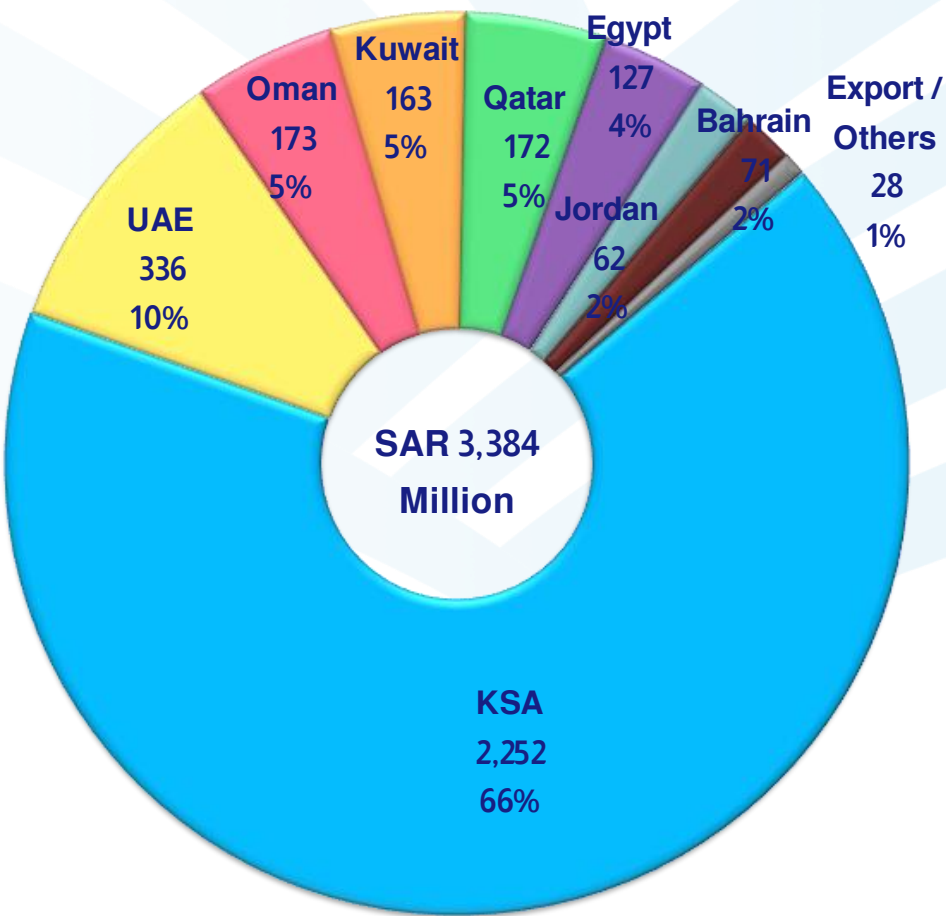
SAR in Million

-  **Fresh Dairy**
(YoY -11%)
-  **Cheese, Butter & Cream**
(YoY -2%)
-  **Bakery**
(YoY -11%)
-  **Poultry**
(YoY +18%)
-  **Fruit Juice**
(YoY -4%)
-  **Long Life Dairy**
(YoY +5%)
-  **Other Sales**
(YoY -23%)
- Total**
(YoY -4%)

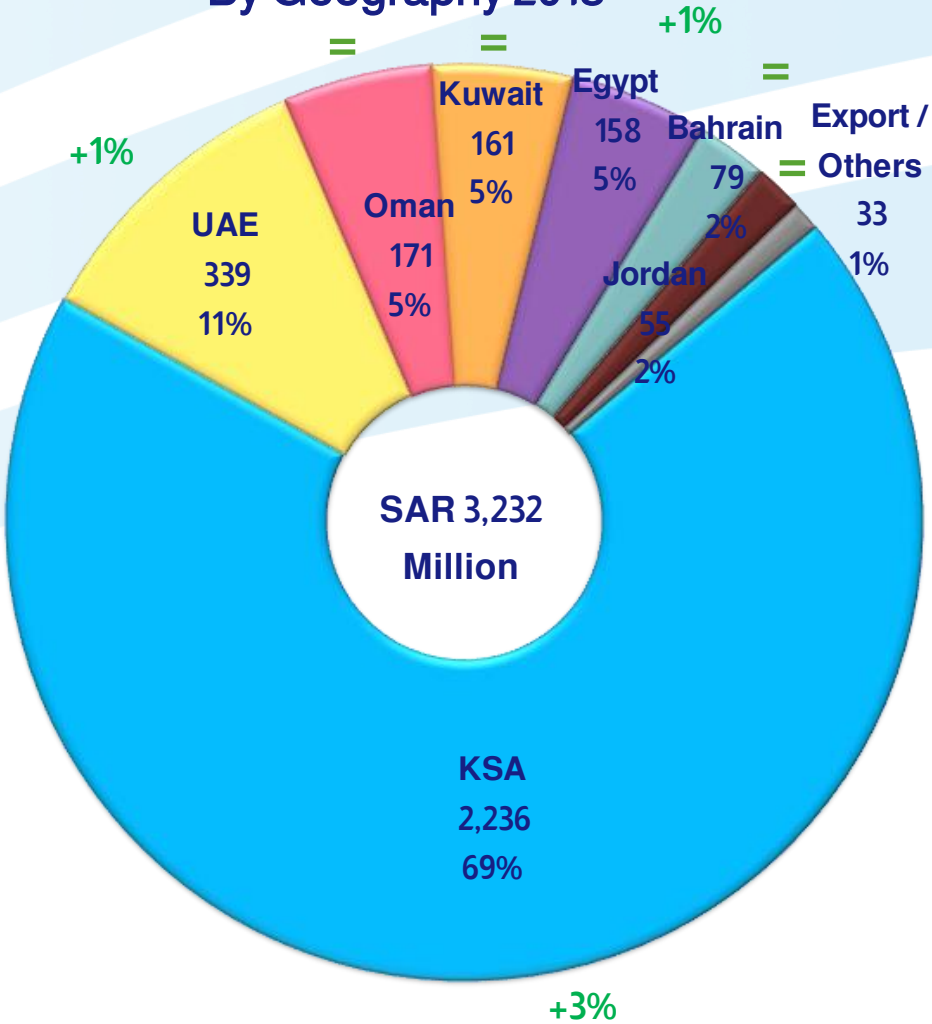
Growth 2018 vs 2017	% of Total Growth
(141)	(4%)
(10)	(0%)
(53)	(2%)
64	2%
(14)	(0%)
17	1%
(15)	(0%)
(151)	(4%)

Sales Analysis by Country – Q1

By Geography 2017

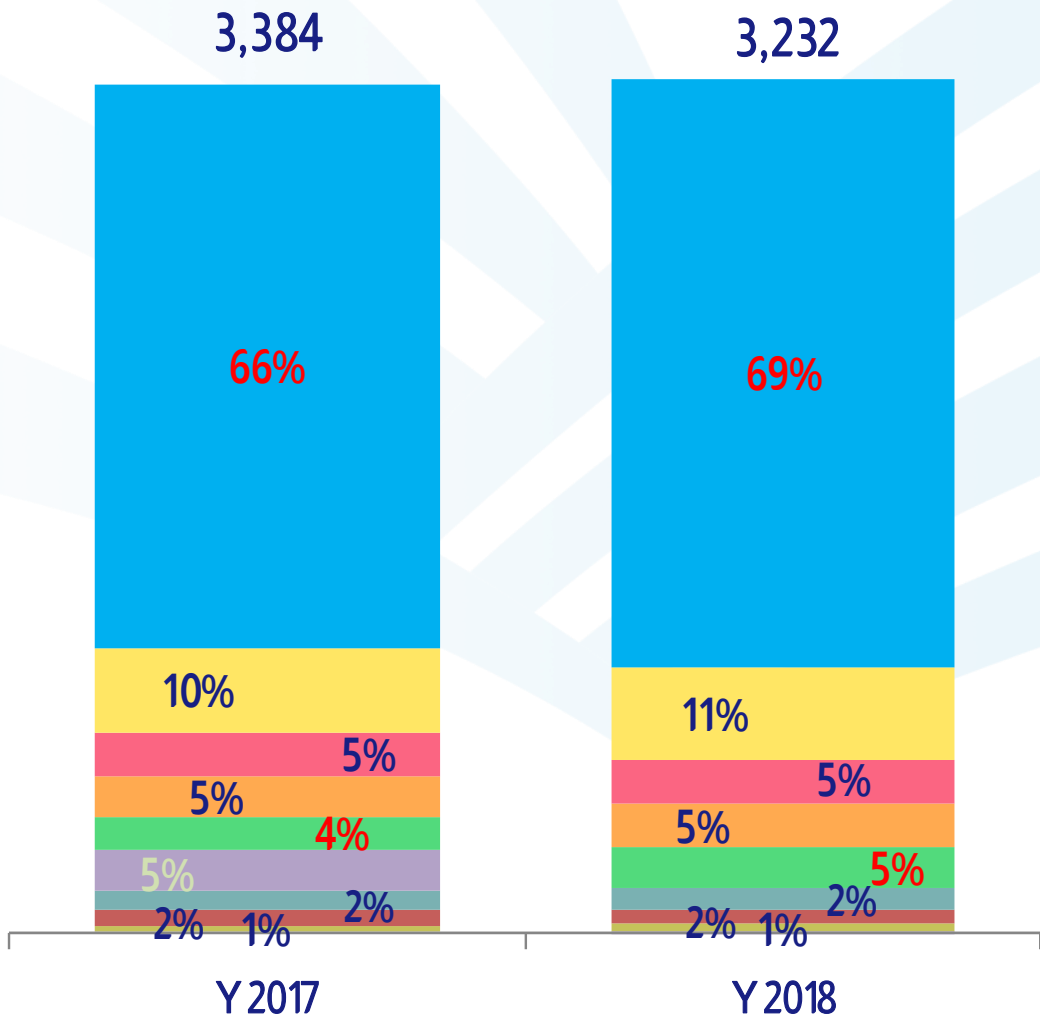


By Geography 2018











Sales Analysis by Country – Q1

Net Sales in SAR Million



SAR in Million

	KSA (YoY -1%)
	UAE (YoY +1%)
	Oman (YoY -1%)
	Kuwait (YoY -2%)
	Egypt (YoY +24%)
	Qatar (YoY -100%)
	Bahrain (Yoy +12%)
	Jordan (YoY -11%)
	Others (YoY +17%)
	Total (YoY -4%)

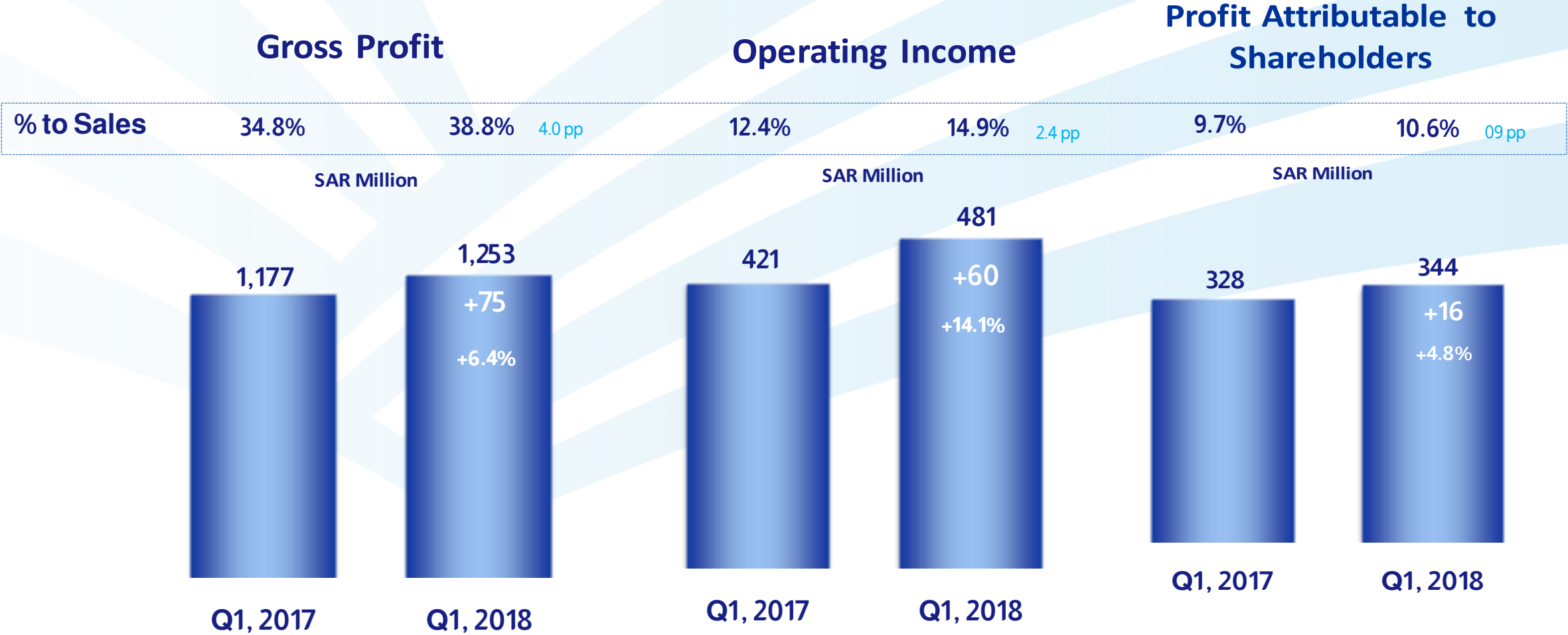
Growth 2018 vs 2017	% of Total Growth
(15)	(0%)
4	0%
(2)	(0%)
(3)	(0%)
31	1%
(172)	(5%)
8	0%
(7)	(0%)
5	0%
(151)	(4%)

Innovation Pipeline Q1, 2018



Financial Highlights

Operating Performance



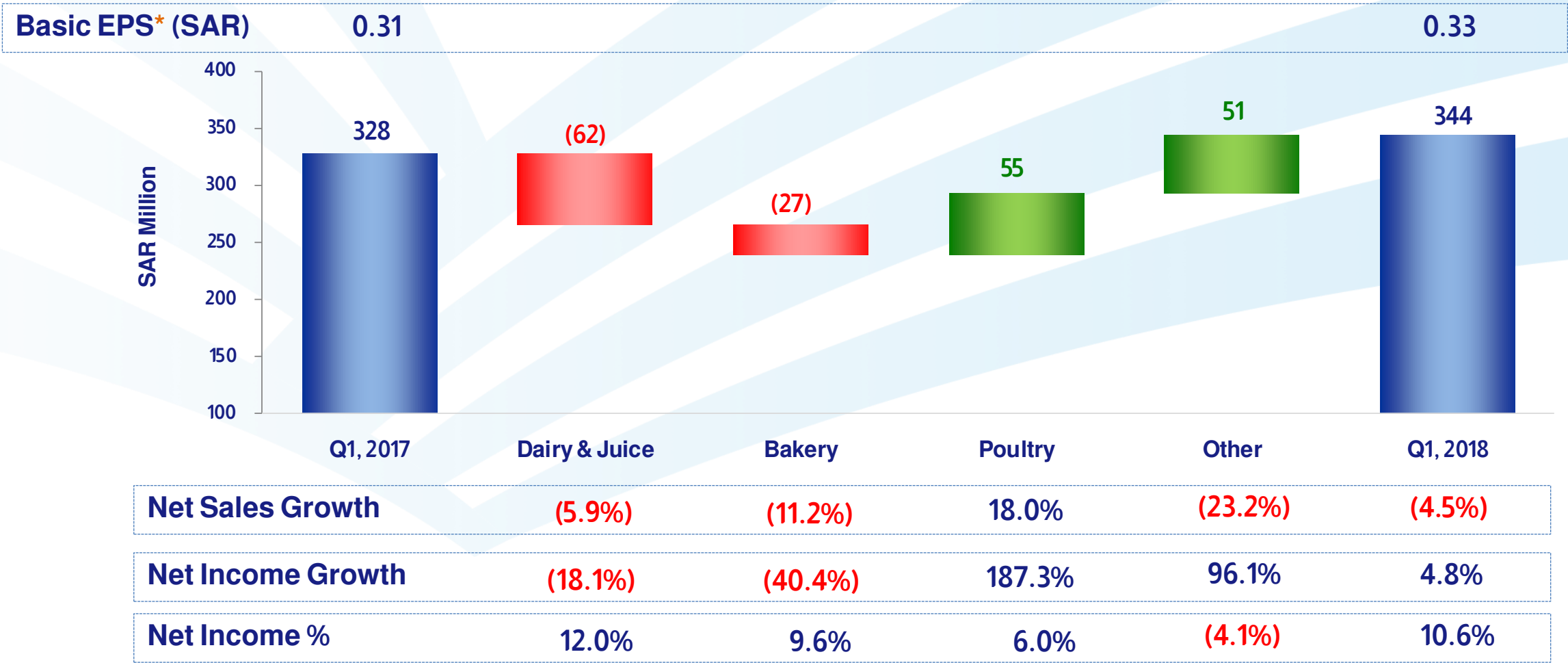
Statement of Income

SAR million	1st Quarter				Change
	2017		2018		
Net Sales	3,384	100.0%	3,232	100.0%	(4.5%)
Cost of sales	(2,206)	(65.2%)	(1,979)	(61.2%)	10.3%
Gross Profit	1,177	34.8%	1,253	38.8%	6.4%
Selling and Distribution Expenses	(601)	(17.8%)	(598)	(18.5%)	0.6%
General and Administration Expenses	(109)	(3.2%)	(96)	(3.0%)	11.7%
Other Expense, net	(41)	(1.2%)	(44)	(1.4%)	(9.3%)
Impairment Loss on Trade Receivables	(5)	(0.2%)	(33)	(1.0%)	(552.6%)
Operating Income	421	12.4%	481	14.9%	14.1%
Exchange Gain / (Loss)	13	0.4%	(19)	(0.6%)	n.a
Finance Costs - net	(100)	(3.0%)	(98)	(3.0%)	1.7%
Share of Results of Associates and Joint Ventures	1	0.0%	(3)	(0.1%)	n.a
Profit Before Zakat and Income Tax	334	9.9%	360	11.1%	7.6%
Zakat and Foreign IncomeTax	(12)	(0.4%)	(20)	(0.6%)	(67.4%)
Profit for the Period	322	9.5%	340	10.5%	5.4%
Profit Attributable to Non Controlling Interest	6	0.2%	4	0.1%	(26.2%)
Profit Attributable to Shareholders	328	9.7%	344	10.6%	4.8%
Earnings Per Share (Basic)	0.31		0.33		5.9%
Profit Attributable to Shareholders %	9.7%		10.6%		

Segment Reporting

SAR Million	Dairy & Juice	Bakery	Poultry	Other Activities	Almarai Consolidated
Q1 2018					
Net Sales	2,346	416	421	49	3,232
Depreciation and Amortisation	(316)	(61)	(81)	(42)	(501)
Profit Attributable to Shareholders	281	40	25	(2)	344
Percent to Net Sales of Profit Attributable to Shareholders	12.0%	9.6%	6.0%	(4.1%)	10.6%
Total Assets	20,690	2,478	5,320	3,274	31,763
Growth versus Q1 2017					
-Net Sales	(5.9%)	(11.2%)	18.0%	(23.2%)	(4.5%)
-Profit Attributable to Shareholders	(18.1%)	(40.4%)	187.3%	96.1%	4.8%

Net Income by Segment

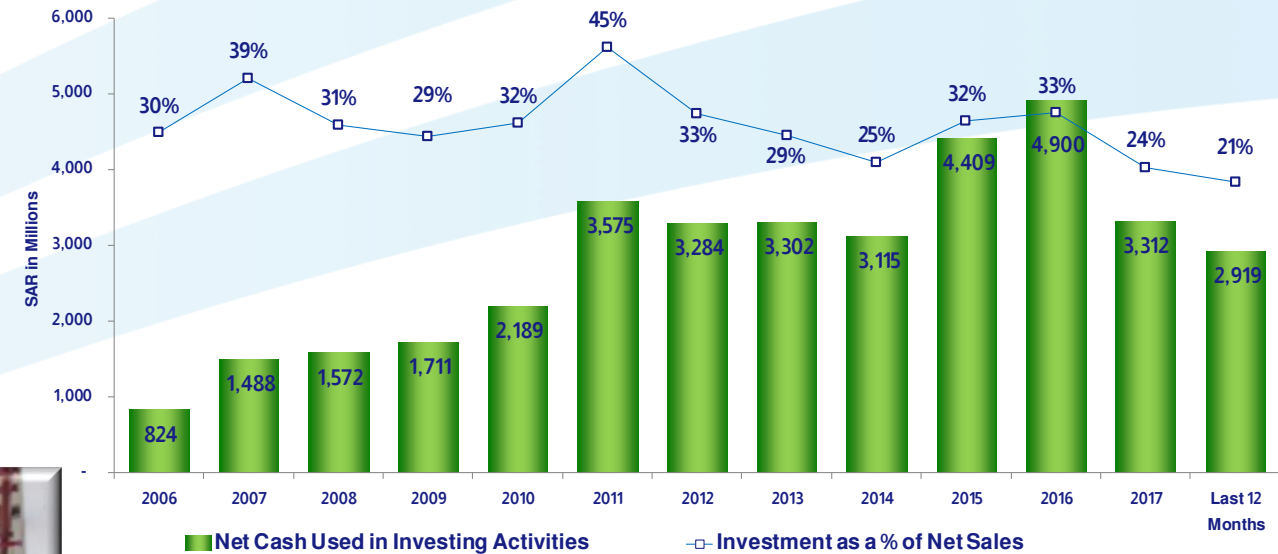


*EPS – Earnings Per Share



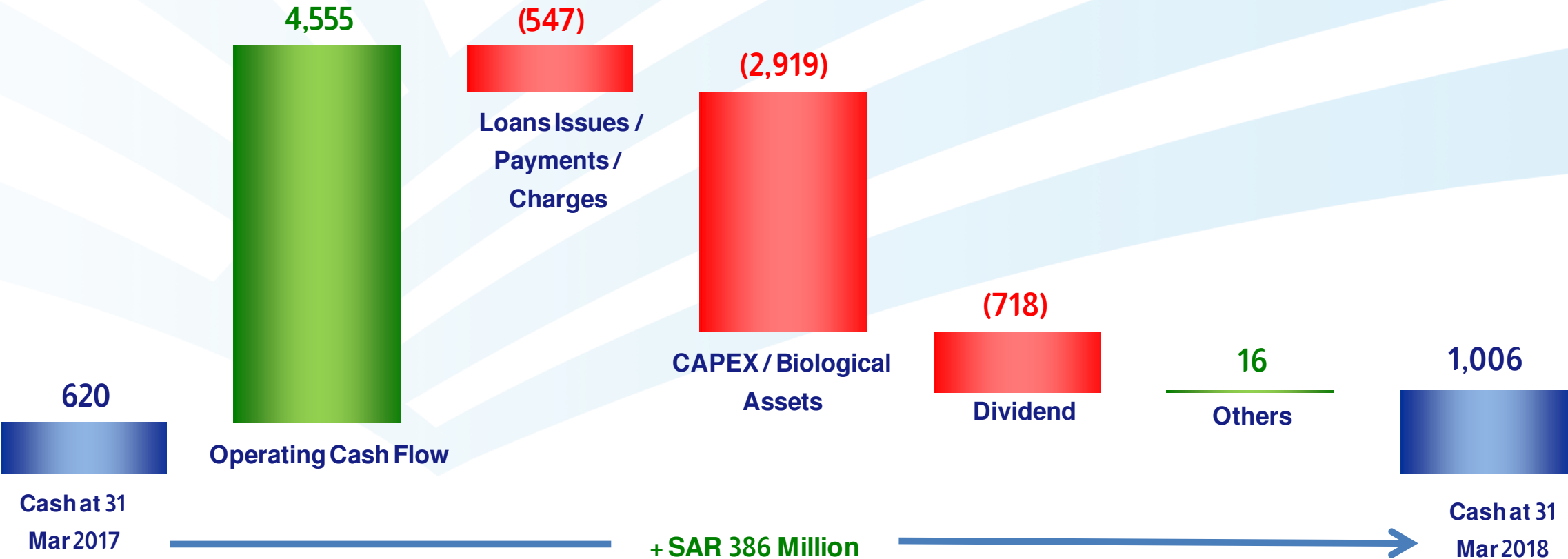
Investing Cash Flows continue the downward trend in line with revised 5 year Business Plan

- CAPEX spend for the 1st Quarter Year to Date 2018 was SAR 0.5 Billion.
 - Manufacturing and Farming spent CAPEX of SAR ~0.2 Billion for various capacity expansion projects.
 - Sales Depot, Poultry and Logistics expansion accounted for SAR ~0.1 Billion.
 - Replacement and other CAPEX including IDJ accounted for another SAR ~0.2 Billion.



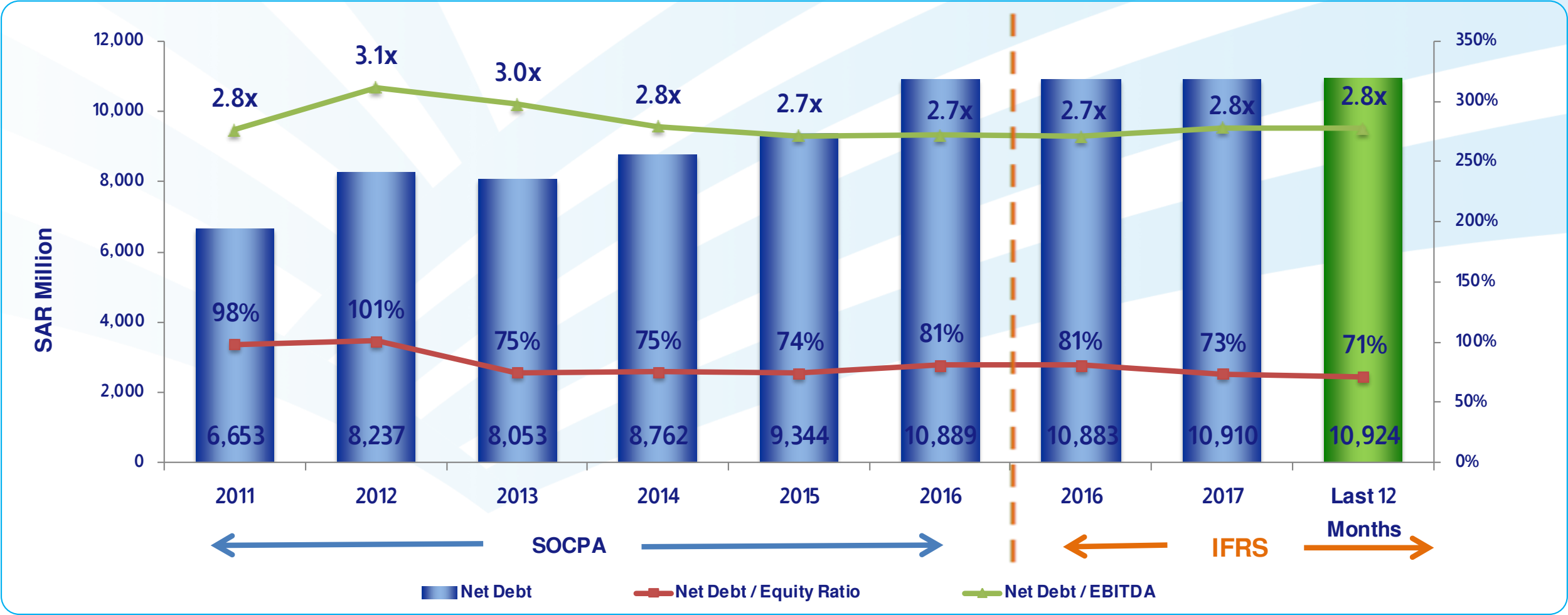
Cash Flow Bridge – Rolling 12 Months

Q1,2018 Free Cash Flow = SAR 60M (SAR350M over 2017)

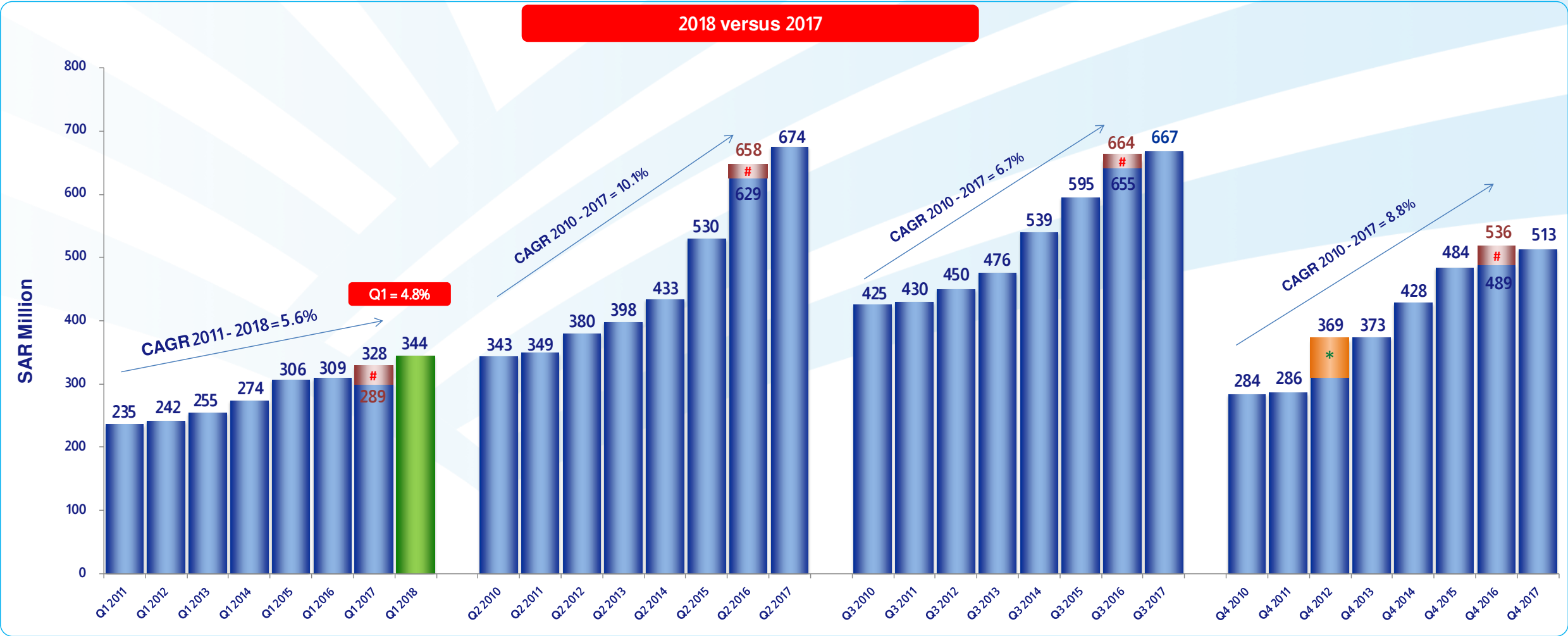


Key Trends

Net Debt



Quarterly Performance – Net Income Trend Analysis



IFRS revaluation adjustments

* Capital gain of SAR 47m in 2012

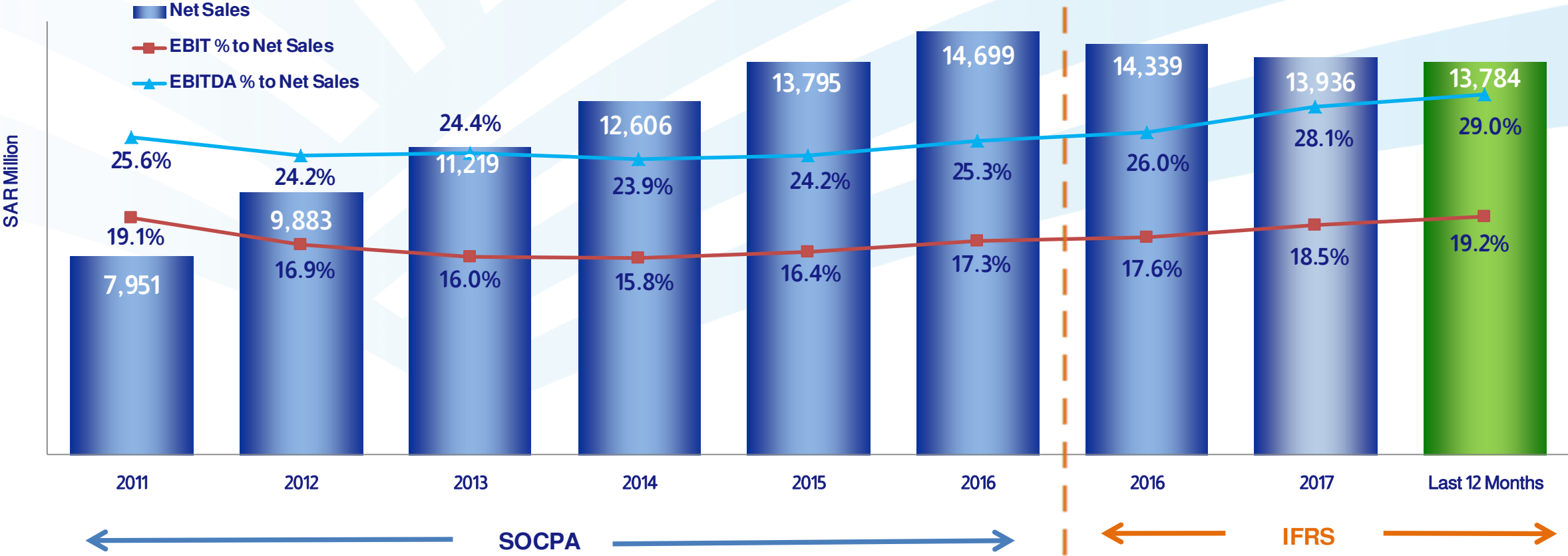
Please note that 2016 and subsequent years are based on IFRS however earlier years are based on SOCPA accounting standards



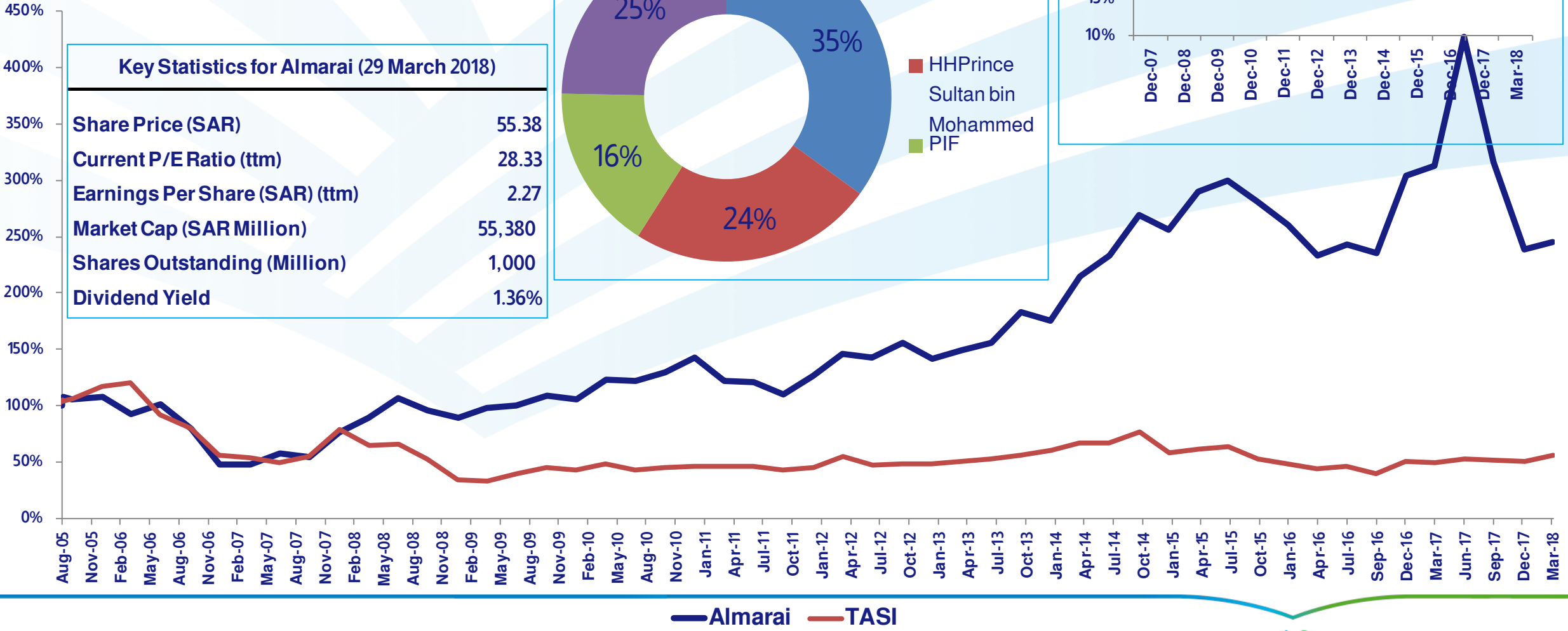
EBIT and EBITDA margins are starting to improve...

Net Sales, EBITDA and EBIT Evolution

CAGR 2011 – 2018: 9.2% (w/o impact of acquisitions 5.9%)



Key Share Data

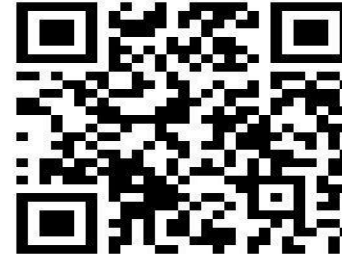


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“We will encourage our major corporations to expand across borders and take their rightful place in global markets”



Thank you