October 2025

Almarai Co.

Results Flash Note Q3-25

الجزيرة كابيتال
ALJAZIRA CAPITAL الجزيرة للأسواق المالية

Volume driven revenue growth, cost controls and lower funding costs supported the increase in net income

Almarai posted net income of SAR 613.2mn in Q3-25, which corresponds to EPS of SAR 0.62, up 7.5% Y/Y and down 5.2% Q/Q, respectively. Earnings were in line with AJC estimate of SAR 616mn (-0.5% deviation). Company's revenues increased by 6.6% Y/Y to SAR 5,552mn, in line with our estimate of SAR 5,436mn (deviation of +2.1%). Revenue growth was due to broad based volume growth across all channels led by poultry dairy, food and bottled water. The gross profit was reported at SAR 1,747mn (+4.6% Y/Y, +2.0% Q/Q), 2.1% above our estimate of SAR 1,712mn . The GP margin stood at 31.47%, a contraction of 59bps Y/Y, most likely due to pressure in poultry prices. Operating expenses as percentage of sales remained largely unchanged Y/Y at 17.8%, however on a Q/Q basis opex to sales increased by 80bps. Almarai's medium term revenue growth, margin and earnings outlook remain positive, driven by its SAR 18bn (mostly internally financed) mega capex plan, that aims at doubling its poultry capacity, expanding dairy, juice & bakery product line and developing supply chain and sales capabilities. However we believe positives are priced in, hence we reiterate our "Neutral" rating on the stock with a price target of SAR 57.5 per share.

- Almarai posted net income of SAR 613.2mn in Q3-25, which corresponds to EPS of SAR 0.62, up 7.5% Y/Y and down 5.2% Q/Q, respectively. Earnings were in line with AJC estimate of SAR 616mn (-0.5% deviation). The Y/Y increase in bottom-line is owed to growth in revenue, cost controls, improvement in product mix and lower funding costs.
- Net profit growth (Y/Y) in dairy and juice segment is owed to higher sales and cost optimization. Improvement in profit (Y/Y) of bakery segment is due to better revenue mix. Poultry category on the other hand saw a decline in profits as compared to same period last year due to the ongoing pricing pressure, however impact was offset due to higher sales volume from first phase of capacity expansion.
- Company's revenues increased by 6.6% Y/Y to SAR 5,552mn, in line with our estimate of SAR 5,436mn (deviation of +2.1%). Revenue growth was due to broad based volume growth across all channels led by poultry dairy, food and bottled water. On a Q/Q basis, sales were up 5.0% in Q3-25, due to variations in seasonal consumption patterns.
- The gross profit was reported at SAR 1,747mn (+4.6% Y/Y, +2.0% Q/Q), 2.1% above our estimate of SAR 1,712mn. The GP margin stood at 31.47%, a contraction of 59bps Y/Y and 93bps Q/Q, and 3bps below our estimate of 31.50% . The decline in margin is most likely due to pressure in poultry prices.
- Operating profit stood at SAR 757mn, a rise of 2.0% Y/Y (a decline of 6.9% Q/Q), operating margins declined to 13.6% in Q3-25 (-61bps Y/Y; -174bps Q/Q); 78bps lower than our estimate. Operating expenses as percentage of sales remained largely unchanged Y/Y at 17.8%, however on a Q/Q basis opex to sales increased by 80bps.

AJC view and valuation: Despite pressure from higher energy prices and drop in poultry prices, Almarai posted a strong set of results (net income up 7.5% Y/Y) on account of robust revenue growth (driven by volume increases), improvement in operating efficiencies and lower funding costs. We forecast 2025 revenue at SAR 21.8bn and net income at SAR 2.48bn, up 3.9/7.4% Y/Y respectively. In the long run, we estimate the company to post 2024-28E revenue CAGR of 7.1% (driven by the increase in fresh dairy sales and expansion in poultry segment) and net income CAGR of 10.4% (boosted by declining finance costs), the aforementioned growth would be driven by company's SAR 18bn mega investment plan. However, we believe positives are priced in, hence we maintain our "**Neutral**" recommendation on the stock, with a TP at SAR 57.5/share.

Results Summary

SAR mn	Q3-24	Q2-25	Q3-25	Change Y/Y	Change Q/Q	Deviation
Revenue	5,209	5,288	5,553	6.6%	5.0%	2.1%
Gross Profit	1,670	1,713	1,747	4.6%	2.0%	2.1%
Gross Margin	32.1%	32.4%	31.5%	-	-	-
EBIT	742	813	757	2.0%	-6.9%	-3.4%
Net Profit	570	647	613	7.5%	-5.2%	-0.5%
EPS	0.57	0.65	0.61	-	-	-

Source: Company Report, AlJazira Capital Research

Recommendation	Neutral
Target Price (SAR)	57.5
Upside / (Downside)*	12.4%

Source: Tadawul *prices as of 2nd of October 2025

Key Financials

SARmn (unless specified)	FY22	FY23	FY24	FY25E
Revenues	18,722	19,576	20,980	21,803
Growth %	18.1%	4.6%	7.2%	3.9%
Gross profit	5,624	6,051	6,664	6,884
EBIT	2,276	2,694	2,995	3,082
EBITDA	4,029	4,406	4,684	5,014
Net Income	1,760	2,052	2,314	2,486
Growth %	12.6%	16.6%	12.8%	7.4%
EPS	1.76	2.05	2.31	2.49
DPS	1.00	1.00	1.00	1.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY22	FY23	FY24	FY25E
Gross Margin	30.0%	30.9%	31.8%	31.6%
EBIT Margin	12.2%	13.8%	14.3%	14.1%
EBITDA Margin	21.5%	22.5%	22.3%	23.0%
Net Margin	9.4%	10.5%	11.0%	11.4%
P/E (x)	28.64	27.19	24.63	20.57
P/B (x)	3.02	3.14	3.03	2.65
EV/EBITDA (x)	14.24	13.98	13.19	12.15
Dividend Yield	1.9%	1.8%	1.7%	2.0%

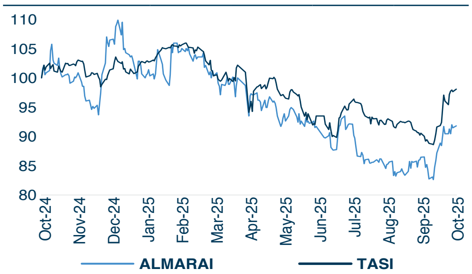
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	50.85
YTD%	-11.10%
52 week (High)/(Low)	61.5/45.7
Share Outstanding (mn)	1000.0

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Bloomberg, AJC Research

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RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer