

FMCG

BUY: 12M TP @ 61.50

Upside +25.5%

Valuation Summary (TTM)

Price (SAR)	49.00
PER TTM (x)	20.4
P/Book (x)	2.5
P/Sales (x)	2.3
EV/Sales (x)	2.9
EV/EBITDA (x)	10.9
Dividend Yield (%)	2.0
Free Float (%)	55%
Shares O/S (mn)	1,000
YTD Return (%)	-14%
Beta	0.7

(mn)	SAR	USD
Market Cap	49,000	13,063
Enterprise value	60,520	16,340

Price performance (%)	1M	3M	12M
Almarai Co JSC	-4%	-9%	-15%
Tadawul All Share Index	2%	-2%	-4%

Trading liquidity (,000)	1M	3M	6M
Avg daily turnover (SAR,000)	48,190	51,479	56,147
Avg Daily Volume (,000)	905	997	1,039

52 week	High	Low	CTL*
Price (SAR)	61.50	47.65	2.8

* CTL is % change in CMP to 52wk low

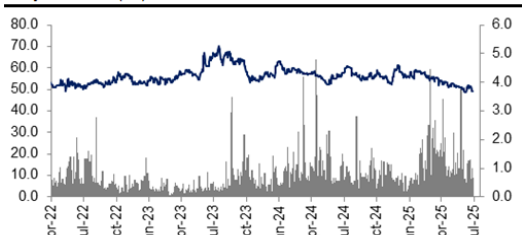
Major shareholders

Sultan Holding Co	24%
Saudi Agricultural a	16.3%
ABDUL QADER AL MUHAI	5.2%
Others	54.8%

Other details

Exchange	Saudi Arabia
Sector	FMCG
Index weight (%)	2.3%

Key ratios	2022	2023	2024
EPS (SAR)	1.78	2.05	2.31
BVPS (SAR)	16.98	17.81	18.79
DPS (SAR)	1.00	1.00	1.00
Payout ratio (%)	56%	49%	43%



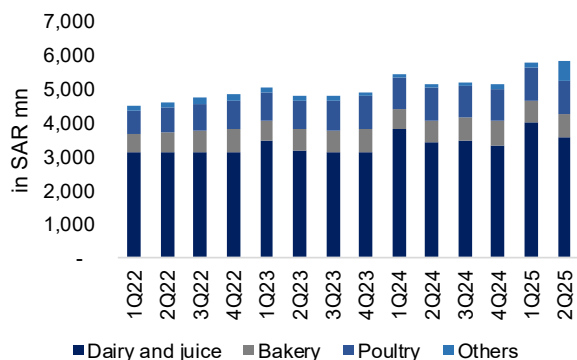
Almarai: margin improvement

Almarai reported Q2 2025 revenue of SAR 5.29 billion, marking a 2.6% YoY growth but falling 5% short of our estimates. The modest revenue increase was primarily driven by a 6% YoY rise in volumes, which was partially offset by aggressive pricing strategies. All core markets posted positive growth—Saudi Arabia (+5%), UAE (+9%), and Kuwait (+7%)—while Egypt (-8%) and Oman (-1%) recorded declines. The timing shift of Ramadan to Q1 also contributed to the muted YoY growth. The food segment grew significantly by 12% YoY, while the bakery segment expanded 8%. Long-life dairy and fruit juice both increased 7% YoY. Poultry volumes rose 11% YoY as the segment reached full capacity (70 million birds), but price reductions led to flat revenue growth. Despite softer topline performance, gross and operating margins exceeded expectations due to effective cost control measures. Gross margin stood at 32.4%, and operating margin at 15.4%, both much in line with the same period last year. We had anticipated lower margins given the trends in recent quarters. Operating profit grew 2.6% YoY, beating expectations, while EBITDA rose 1.2% YoY. Finance cost savings also boosted the bottom line, as the company capitalized more interest on assets under construction. Net debt to EBITDA remained manageable at 2.3x and 56% of equity. Capital expenditure progressed as expected in new segments, rising to 19% of revenue in 2Q25, up 23% YoY (vs 17% at the end of 2024). New product launches included marinated chicken flavors, mango milk, mini bites caramel ice cream, croissant value packs, and evaporated milk. Despite inflationary pressures, working capital remained steady at 19% of revenue, consistent with previous periods. Zakat remained unchanged from the prior year, leading to a net income of SAR 647 million which was 7% above our estimate.

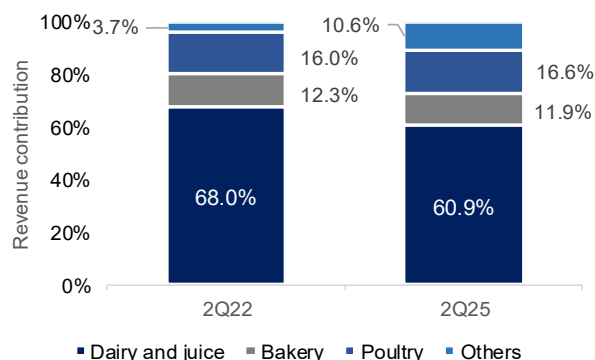
While revenue underperformed expectations, the stronger-than-anticipated margins were a key positive this quarter. We maintain our 2025 estimates of SAR 22.8 billion in revenue and SAR 2.57 billion in net profit. However, given ongoing geopolitical tensions in the region, we are raising our risk premium, which reduces our fair value estimate to SAR 61.50 per share. This still represents a 25.5% upside from current levels; therefore, we maintain our BUY recommendation.

Outlook and valuation: Almarai has consistently maintained its market share across all operating segments. Its current SAR 18 bn expansion plan is expected to be a key growth catalyst moving forward. The company benefits from a deeply entrenched distribution network and strong brand equity in the region—advantages that are difficult for both existing and new competitors to replicate. Structural drivers such as Saudi Arabia's growing population, the influx of expatriates, and the progression of large-scale mega projects are expected to support long-term demand. The recent decline in share price, largely attributed to ongoing geopolitical tensions, presents an attractive opportunity to increase exposure to a fundamentally strong and defensive stock. Notably, Almarai is trading at a 24% discount to its four-year average price-to-earnings (P/E) ratio, despite continued improvement in its core fundamentals.

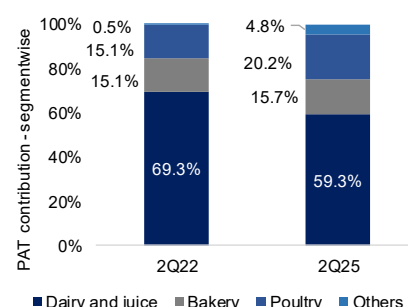
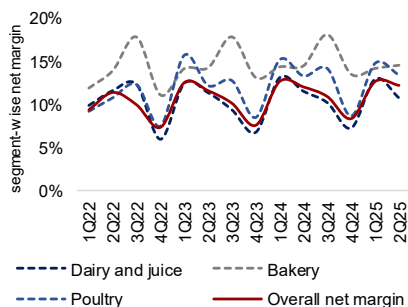
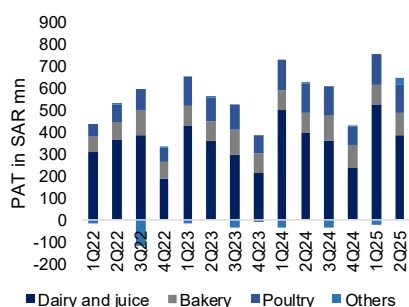
Core segment contribution declines in 2Q25



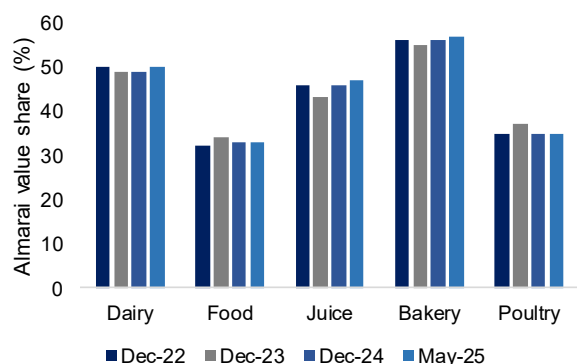
Contribution from newer segments increased



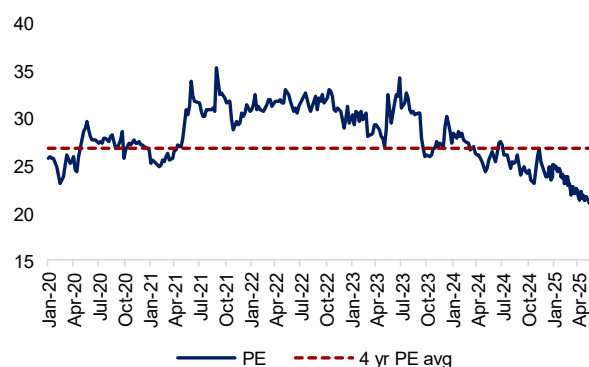
Higher volumes and rising margins have made both Bakery and Poultry a significant part of the bottomline



Market share has been steady over three years



Valuation at steep discount to 4yr average PE



Income statement (in SAR Mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Revenue	15,357	15,850	18,722	19,576	20,980	22,841	24,691	26,737	28,996
Direct Costs	-9,821	-10,790	-13,098	-13,524	-14,315	-15,323	-17,160	-18,582	-20,152
Gross Profit	5,536	5,059	5,624	6,051	6,664	6,964	7,531	8,155	8,844
Selling and marketing expenses	-2,490	-2,519	-2,710	-2,790	-2,994	-3,149	-3,580	-3,877	-4,204
General and administrative expenses	-420	-428	-459	-469	-508	-529	-593	-642	-696
Impairment losses on financial assets	-24	-12	-26	-34	-63	-33	-74	-80	-87
Other expenses	-78	-86	-153	-64	-103	-72	123	134	145
EBIT	2,522	2,015	2,276	2,694	2,995	3,181	3,407	3,690	4,001
EBITDA	4,658	4,180	4,689	5,155	5,435	5,529	6,161	6,638	7,190
Share of results of joint venture	1	-1	1	-1	-2	-2	-2	-2	-2
Finance costs	-496	-346	-428	-527	-530	-475	-425	-425	-425
PBT	2,028	1,668	1,849	2,166	2,463	2,705	2,981	3,263	3,575
Zakat and tax	-92	-88	-71	-114	-150	-130	-179	-196	-214
Net Profit	1,936	1,579	1,778	2,052	2,314	2,575	2,802	3,067	3,360
Balance Sheet (in SAR Mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Property, plant and equipment	21,113	20,873	20,115	20,808	22,750	24,627	26,641	28,812	31,159
Right-of-use assets	470	465	499	474	504	479	455	432	411
Intangible assets and Goodwill	1,218	1,129	1,146	1,124	1,131	1,131	1,131	1,131	1,131
Biological assets	1,392	1,469	1,565	1,742	1,838	2,118	2,281	2,214	2,274
Other non current assets	862	716	624	592	560	533	506	479	451
Total non-current assets	25,055	24,652	23,947	24,739	26,784	28,887	31,014	33,068	35,425
Inventories	4,705	4,354	5,237	6,148	5,684	5,823	6,521	7,061	7,658
Trade receivables	1,936	1,991	2,156	2,564	2,422	3,426	3,704	4,011	4,349
Other current assets	144	176	186	2,076	150	137	137	137	137
Cash and Cash Equivalents	504	581	547	666	528	448	564	430	617
Total current assets	7,289	7,102	8,127	11,455	8,784	9,834	10,925	11,638	12,761
TOTAL ASSETS	32,344	31,754	32,074	36,194	35,568	38,721	41,939	44,706	48,186
Share capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Reserves	1,078	1,088	1,085	1,394	1,117	1,117	1,117	1,117	1,117
Retained earnings	4,608	5,032	5,586	6,403	7,674	9,249	11,050	13,118	15,478
Non-controlling assets	547	499	312	11	0	1	1	1	1
Total equity	16,234	16,618	16,983	17,809	18,791	20,366	22,168	24,235	26,595
Loans and Borrowings	10,089	7,072	8,449	8,499	8,900	9,543	9,043	9,043	9,043
Lease liabilities	331	360	392	369	398	398	398	398	398
Employee retirement benefits	909	952	1,057	1,226	1,397	1,058	2,370	2,567	3,132
Other non current liabilities	106	127	110	104	244	182	182	182	182
Total non-current liabilities	11,435	8,512	10,008	10,199	10,938	11,180	11,993	12,189	12,754
Loans and borrowings	1,026	2,632	1,065	3,529	1,230	1,680	1,580	1,580	1,580
Lease liabilities	95	81	75	81	87	87	87	87	87
Trade and other payables	3,015	3,339	3,656	4,246	4,049	5,057	5,663	6,132	6,650
Other current liabilities	540	572	288	331	472	351	448	482	519
Total current liabilities	4,675	6,624	5,083	8,187	5,839	7,175	7,778	8,282	8,837
Total liabilities	16,111	15,136	15,091	18,385	16,777	18,355	19,771	20,471	21,591
Total equity and liabilities	32,344	31,754	32,074	36,194	35,568	38,721	41,939	44,706	48,186
Cash Flow (in SAR Mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	4,203	4,915	3,830	4,483	6,028	5,451	5,611	6,062	6,556
Investing cash flow	-788	-1,814	-1,988	-5,180	-2,622	-6,086	-4,868	-5,978	-5,808
Financing cash flow	-3,250	-3,024	-1,861	821	-3,539	554	-627	-218	-560
Change in cash	164	77	-34	119	-137	-80	116	-134	187
Beginning cash	338	503	580	546	666	528	448	564	430
Ending cash	503	580	546	666	528	448	564	430	617

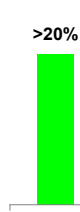

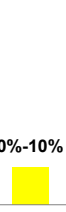



Ratio Analysis	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Per Share									
EPS (SAR)	1.9	1.6	1.8	2.1	2.3	2.6	2.8	3.1	3.4
BVPS (SAR)	16.2	16.6	17.0	17.8	18.8	20.4	22.2	24.2	26.6
DPS (SAR)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
FCF per share (SAR)	3.4	3.1	1.8	-0.7	3.4	-0.6	0.7	0.1	0.7
Valuation									
Market Cap (SAR Mn)	55,500	48,750	53,300	56,200	57,200	49,000	49,000	49,000	49,000
EV (SAR Mn)	66,909	58,744	62,903	66,336	67,633	60,520	59,901	60,070	59,919
EBITDA	4,658	4,180	4,689	5,155	5,435	5,529	6,161	6,638	7,190
P/E (x)	28.7	30.9	30.0	27.4	24.7	19.0	17.5	16.0	14.6
EV/EBITDA (x)	14.4	14.1	13.4	12.9	12.4	10.9	9.7	9.0	8.3
Price/Book (x)	3.4	2.9	3.1	3.2	3.0	2.4	2.2	2.0	1.8
Dividend Yield (%)	1.8%	2.1%	1.9%	1.8%	1.7%	2.0%	2.0%	2.0%	2.0%
Price to sales (x)	3.6	3.1	2.8	2.9	2.7	2.1	2.0	1.8	1.7
EV to sales (x)	4.4	3.7	3.4	3.4	3.2	2.6	2.4	2.2	2.1
Liquidity									
Cash Ratio (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Current Ratio (x)	1.6	1.1	1.6	1.4	1.5	1.4	1.4	1.4	1.4
Quick Ratio (x)	0.6	0.4	0.6	0.6	0.5	0.6	0.6	0.6	0.6
Returns Ratio									
ROA (%)	6.0%	5.0%	5.5%	5.7%	6.5%	6.6%	6.7%	6.9%	7.0%
ROE (%)	11.9%	9.5%	10.5%	11.5%	12.3%	12.6%	12.6%	12.7%	12.6%
ROCE (%)	7.0%	6.3%	6.6%	7.3%	7.8%	8.2%	8.2%	8.4%	8.5%
Cash Cycle									
Inventory turnover (x)	2.1	2.5	2.5	2.2	2.5	2.6	2.6	2.6	2.6
Accounts Payable turnover (x)	3.3	3.2	3.6	3.2	3.5	3.0	3.0	3.0	3.0
Receivables turnover (x)	7.9	8.0	8.7	7.6	8.7	6.7	6.7	6.7	6.7
Inventory days	175	147	146	166	145	139	139	139	139
Payable Days	5.1	2.7	2.4	0.0	1.3	1.3	1.1	1.0	1.0
Receivables days	46	46	42	48	42	55	55	55	55
Cash Cycle	216	190	186	214	186	192	192	192	192
Profitability Ratio									
Net Margins (%)	12.6%	10.0%	9.5%	10.5%	11.0%	11.3%	11.3%	11.5%	11.6%
EBITDA Margins (%)	30.3%	26.4%	25.0%	26.3%	25.9%	24.2%	25.0%	24.8%	24.8%
PBT Margins (%)	13.2%	10.5%	9.9%	11.1%	11.7%	11.8%	12.1%	12.2%	12.3%
EBIT Margins (%)	16.4%	12.7%	12.2%	13.8%	14.3%	13.9%	13.8%	13.8%	13.8%
Effective Tax Rate (%)	3.6%	4.6%	3.4%	3.9%	4.3%	4.8%	6.0%	6.0%	6.0%
Leverage									
Total Debt (SAR Mn)	11,912	10,575	10,149	12,728	10,961	11,968	11,465	11,499	11,537
Net Debt (SAR Mn)	11,409	9,994	9,603	10,136	10,433	11,520	10,901	11,070	10,919
Debt/Equity (x)	0.7	0.6	0.6	0.7	0.6	0.6	0.5	0.5	0.4
Net Debt/Equity (x)	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.4
Net Debt/EBITDA	2.4	2.4	2.0	2.0	1.9	2.1	1.8	1.7	1.5

Key contacts

Research Team

Joice Mathew	Manna Thomas ACCA	Contact Address
Sr. Manager - Research	Research Associate	P. O Box: 2566; P C 112
E-Mail: joyce@usoman.com	Email: manna.t@usoman.com	Sultanate of Oman
Tel: +968 2476 3311	Tel: +968 2476 3347	Tel: +968 2476 3300

Rating Criteria and Definitions

Rating	Rating Definitions
 Strong Buy	Strong Buy This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
 Buy	Buy This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
 Hold	Hold This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
 Neutral	Neutral This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
 Sell	Sell This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
 Strong Sell	Strong Sell This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
	Not rated This recommendation used for stocks which does not form part of Coverage Universe

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.