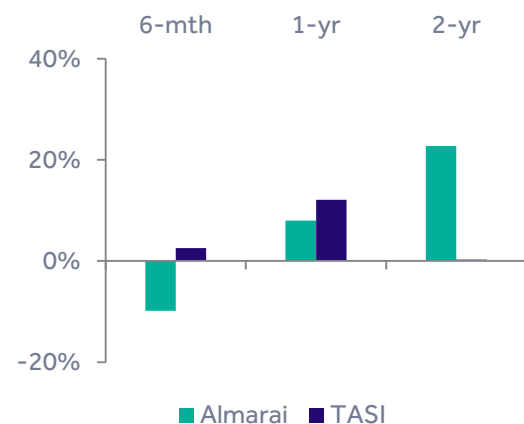


Market Data	
52-week high/low	SAR 71.0 / 52.4
Market Cap	SAR 59,400 mln
Shares Outstanding	1,000 mln
Free-float	24.58%
12-month ADTV	391,300
Bloomberg Code	ALMARAI AB



Poultry Drives Top-Line

January 24, 2024

Upside to Target Price	2.7%	Rating	Neutral
Expected Dividend Yield	1.7%	Last Price	SAR 59.40
Expected Total Return	4.4%	12-mth target	SAR 61.00

Almarai Company	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	4,920	4,839	2%	4,797	3%	4,988
Gross Profit	1,397	1,334	5%	1,469	(5%)	1,447
Gross Margins	28%	28%		31%		29%
Operating Profit	529	504	5%	644	(18%)	610
Net Profit	371	356	4%	486	(24%)	457

(All figures are in SAR mln)

- Almarai's top-line grew +2% Y/Y and +3% Q/Q, to SAR 4.9 bln, in-line with our estimates. The Y/Y growth was driven by higher sales volumes in Poultry, which continued its growth track by +12% this year. This growth in the Poultry segment was further supported by strong growth in KSA and GCC markets and expansion in the production capacity of Poultry.
- Gross profit fell by -5% Q/Q, but grew +5% Y/Y, reaching SAR 1.4 bln. Management's commentary during the Company's 4Q23 conference call revealed there are increasing costs of diesel fuel, finance costs, and others which investors should anticipate; despite many key commodity input prices remaining muted. EBIT was recorded at SAR 529 mln (+5% Y/Y, -18% Q/Q), driven by continued strong overhead cost control and growth in key categories, causing Almarai to benefit from operating leverage. EBIT margins also expanded by +34 bps Y/Y but contracted by -267 bps Q/Q.
- Almarai's Board of Directors declared dividends of SAR 1.0 per share in 2023, which represents a 49% payout ratio. We believe these levels will be maintained and are reasonable, given the Company's financial performance. Key highlights for investors to monitor from 2024 onwards are: the acquisition of the remaining ownership of the IDJ joint venture, bringing the Company's ownership to 100% and the recently announced acquisition of frozen storage and distribution company: Etmam Logistics (December 2023). We maintain our target price and our Neutral rating.

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■ 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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