

Almarai Company

Interim Results – 1st Half 2018



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Macro Environment

Main Events Q2 2018

- Growth in the quarter adversely affected by contraction in export markets
- Higher uncertainty amid multiple reforms and macroeconomic changes
- Lower consumer confidence/sentiment and slower market growth, particularly within discretionary categories
- On going impact from the introduction of VAT
- Good progress made against the strategic objectives set out in Almarai 2025
 - Board of Directors approval for the five-year business plan for the period 2019-2023 which is the initial step towards Almarai 2025. The review of the plan has confirmed that the infrastructure, processes, people and systems, is in place to enable the company to face the future challenges and meet its long term ambition.
 - On target for breakeven for infant nutrition segment by end of fiscal year 2018
 - 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
- Exceptional strong performance in the Poultry Segment
- Positive Free Cash Flow of SAR 425 million an increase of SAR 238 million Free Cash Flow for the same period last year. This is driven by reduction in Capital Investments in line with the company's long term strategy
- Innovation through launch of key new products in new categories driving top-line growth and supporting market share position
 - Product innovations which include a more versatile cost effective packaging for our long life Juice offering Juicy Life and 11 new innovations for the quarter.

Almarai Gaining Market Share Despite Declining KSA Dairy and Food Market

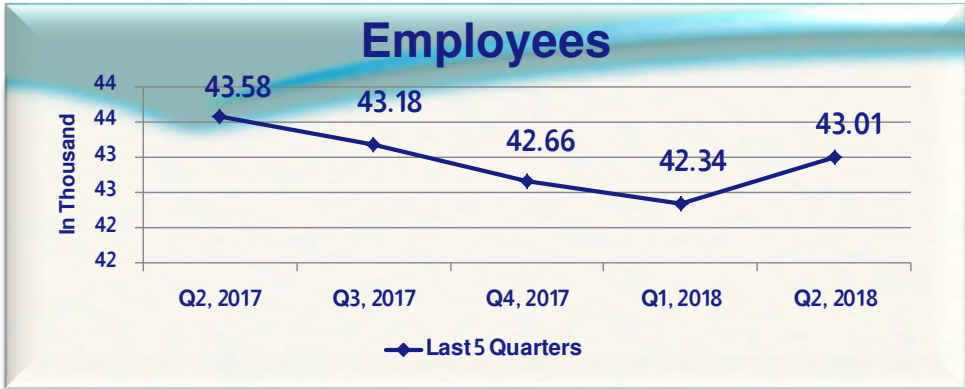
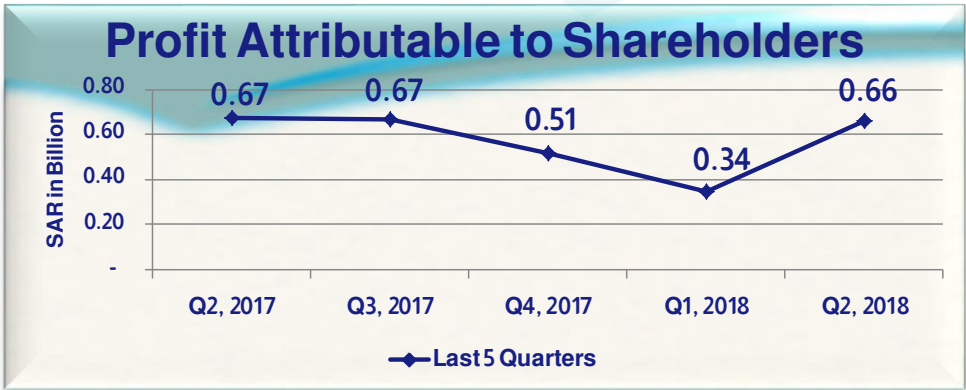
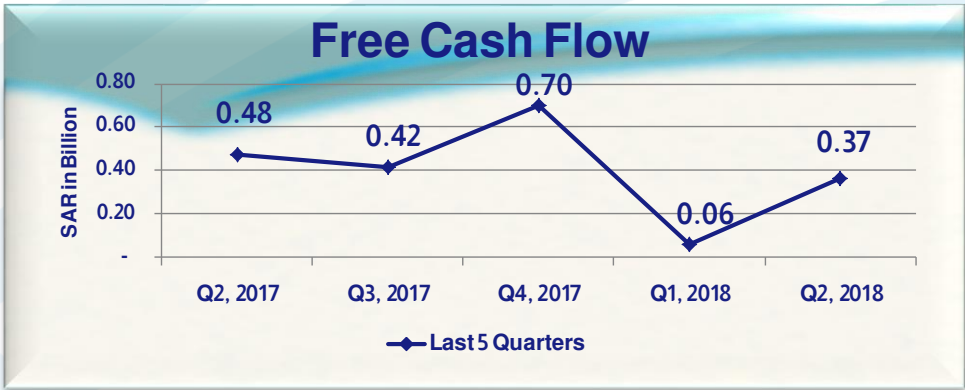
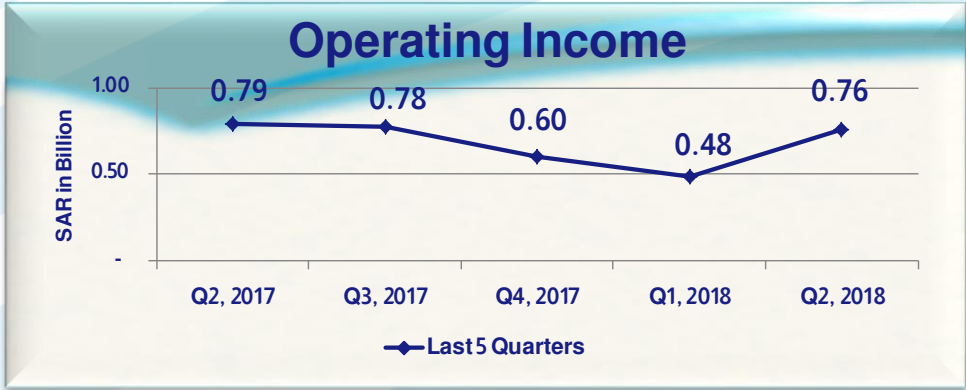
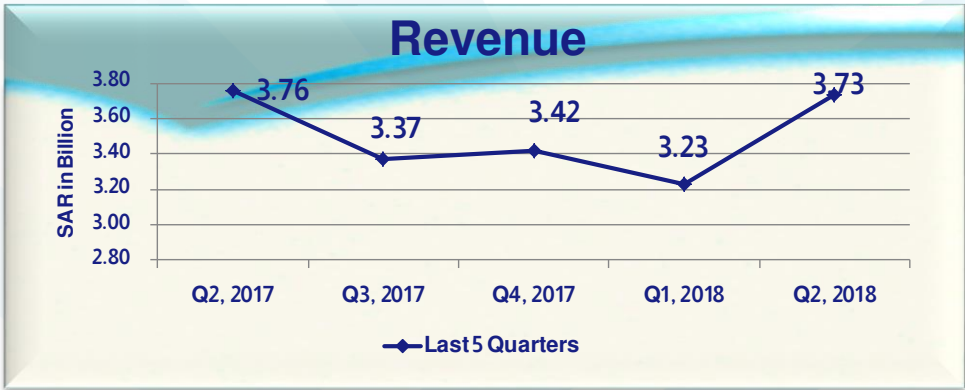
	MAT Category growth (Value)%	Almarai MAT Val. Shr Change	Almarai Rank (Value)
PLAIN REGULAR LABAN	-6.4%	+0.9	1
PLAIN FRESH MILK	-5.3%	+0.9	1
FLAVORED FRESH MILK	-34.9%	+2.9	1
UHT MILK	-6.9%	+2.3	2
ZABADI	-3.1%	-0.2	1
FRESH GISHTA	-14.0%	+3.0	1
FRUIT JUICE BOTTLES	-19.1%	+2.9	1
BUTTER	-0.9%	-0.7	1
CHEESE JARS	-5.0%	-1.6	1
CHEESE SLICES	-6.0%	+3.0	1
CHEESE TRIANGLES	-6.9%	+10.4	2
FETA CHEESE	-7.8%	+3.1	1
TOTAL WHIP & COOKG CREAM	+12.0%	-4.6	1
SLICED BREAD	-12.9%	-3.8	1
PUFFS	-8.9%	+1.3	1
CROISSANTS	-4.9%	+1.4	1
CUP CAKES	+5.1%	+6.2	1
WHOLE CHICKEN (FRESH)	-10.5%	-2.6	1

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

Business Highlights

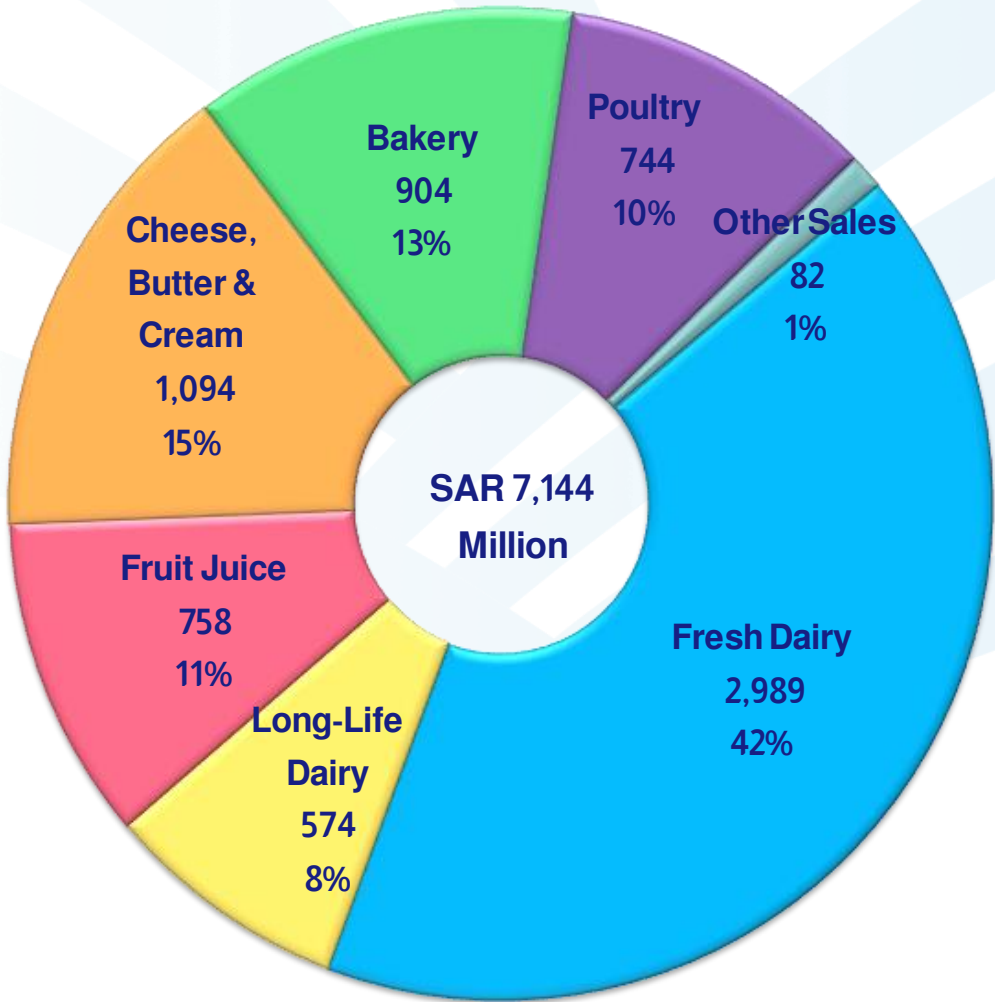
Highlights



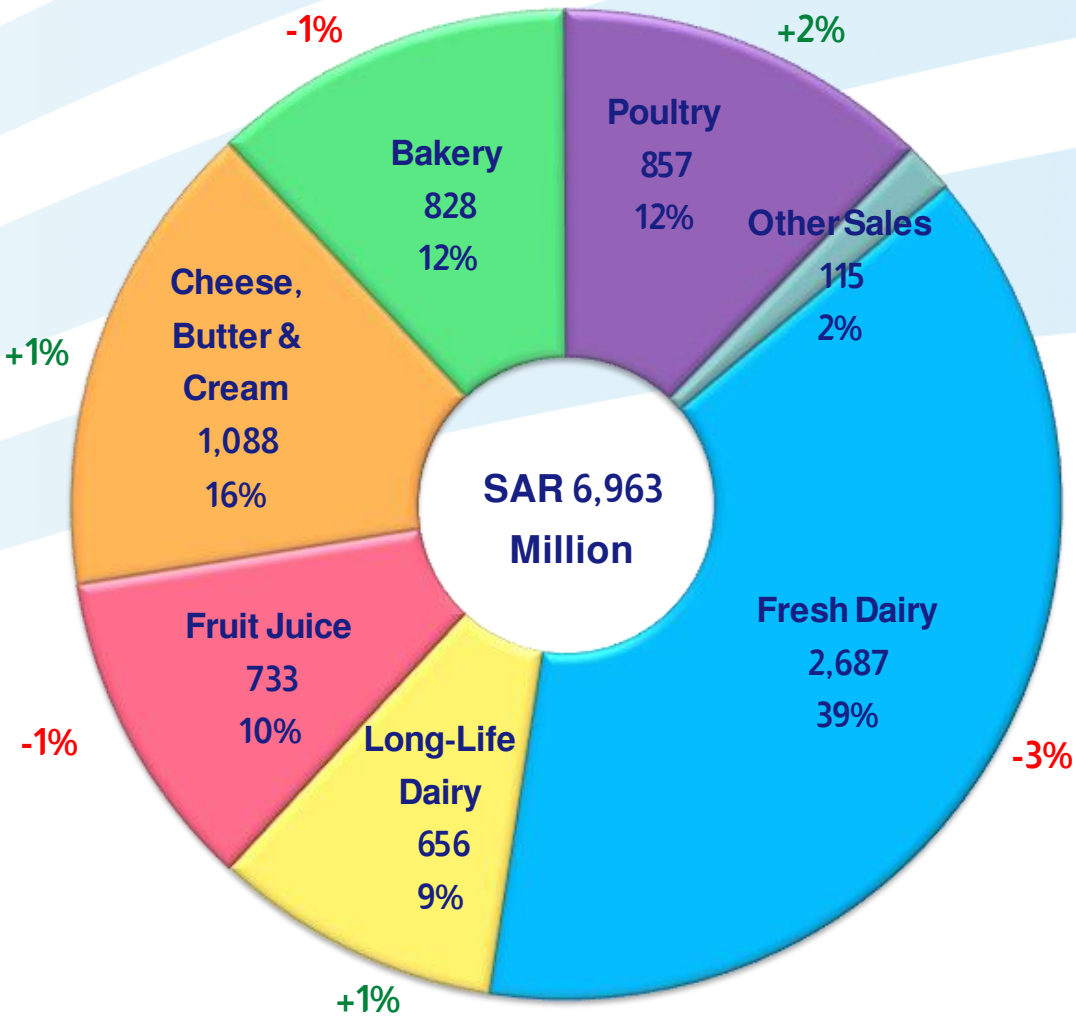
Revenue Breakdown

Revenue Analysis by Product – YTD Q2, 2018

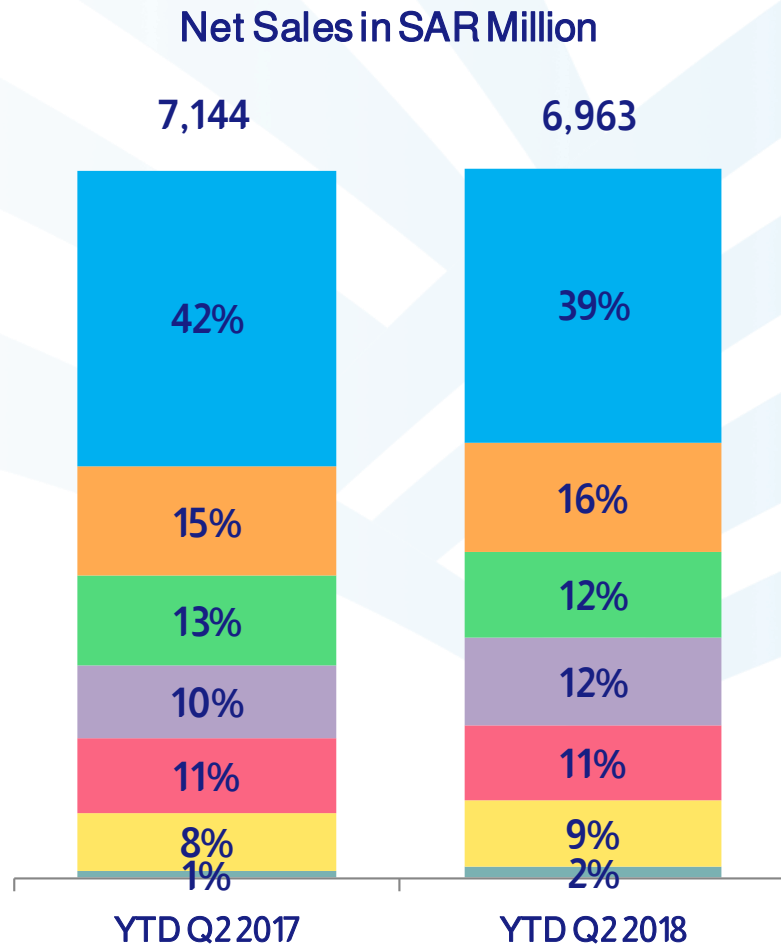
By Product 2017










By Product 2018



Revenue Analysis by Product – YTD Q2, 2018



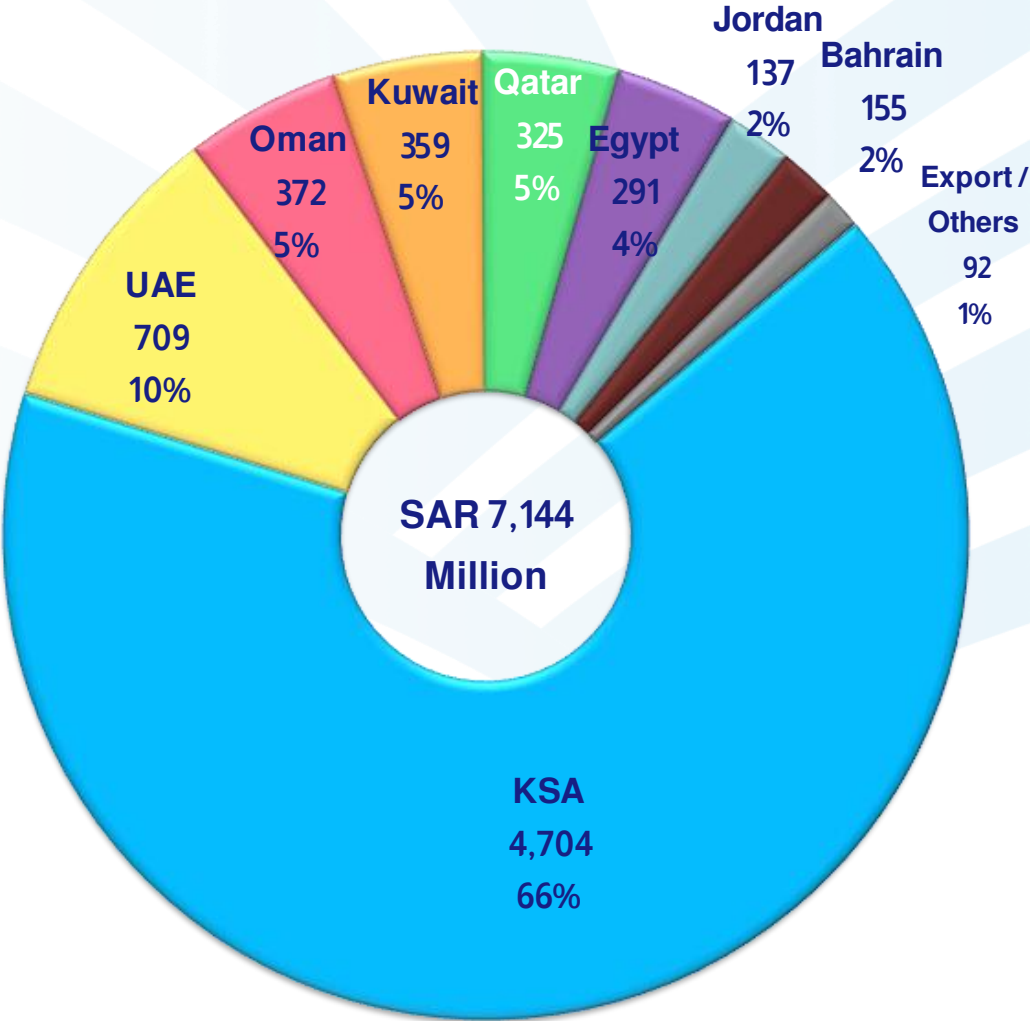
SAR in Million

	Fresh Dairy (YoY -10%)
	Cheese, Butter & Cream (YoY -1%)
	Bakery (YoY -8%)
	Poultry (YoY +15%)
	Fruit Juice (YoY -3%)
	Long Life Dairy (YoY +14%)
	Other Sales (YoY +41%)
	Total (YoY -3%)

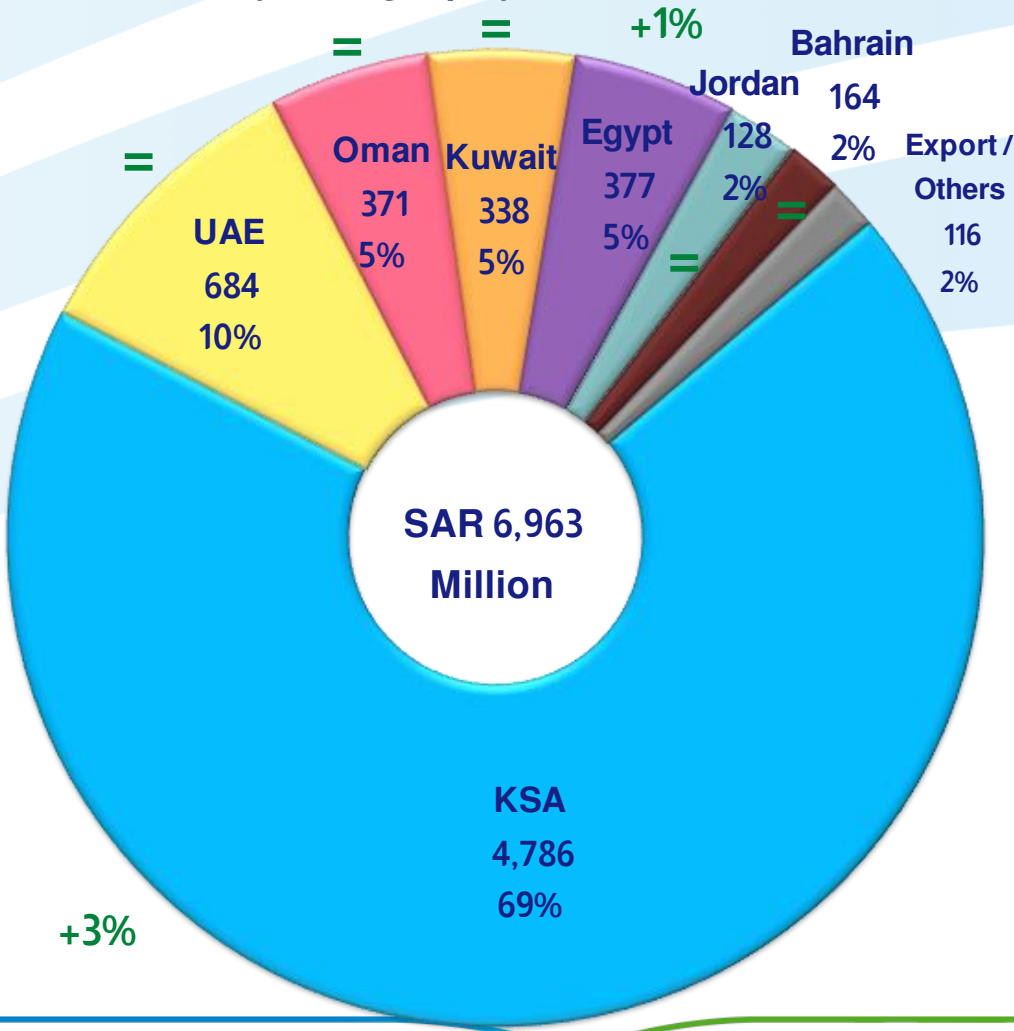
Growth 2018 vs 2017	% of Total Growth
(302)	(4%)
(7)	(0%)
(76)	(1%)
113	2%
(25)	(0%)
82	1%
34	0%
(181)	(3%)

Revenue Analysis by Country – YTD Q2, 2018

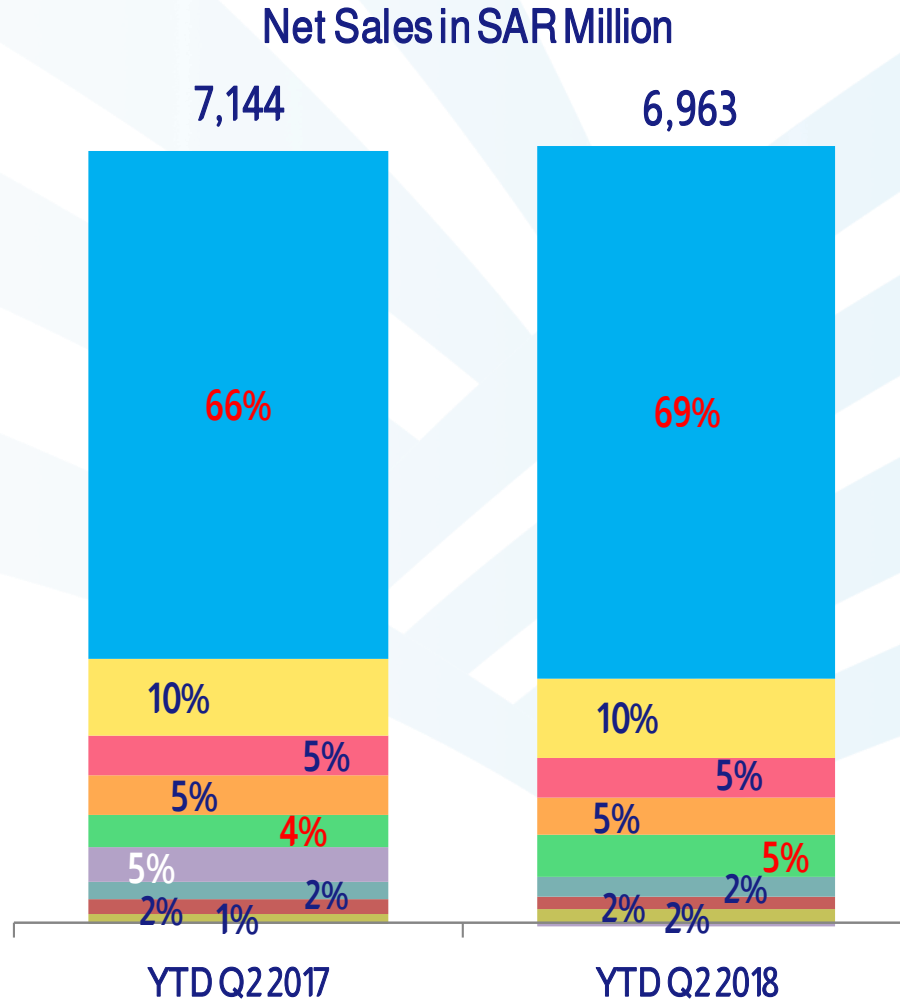
By Geography 2017



By Geography 2018



Revenue Analysis by Country – YTD Q2, 2018



SAR in Million

	KSA (YoY +1%)
	UAE (YoY -3%)
	Oman (YoY -0%)
	Kuwait (YoY -6%)
	Egypt (YoY +29%)
	Qatar (YoY -100%)
	Bahrain (YoY +5%)
	Jordan (YoY -6%)
	Others (YoY +26%)
	Total (YoY -3%)

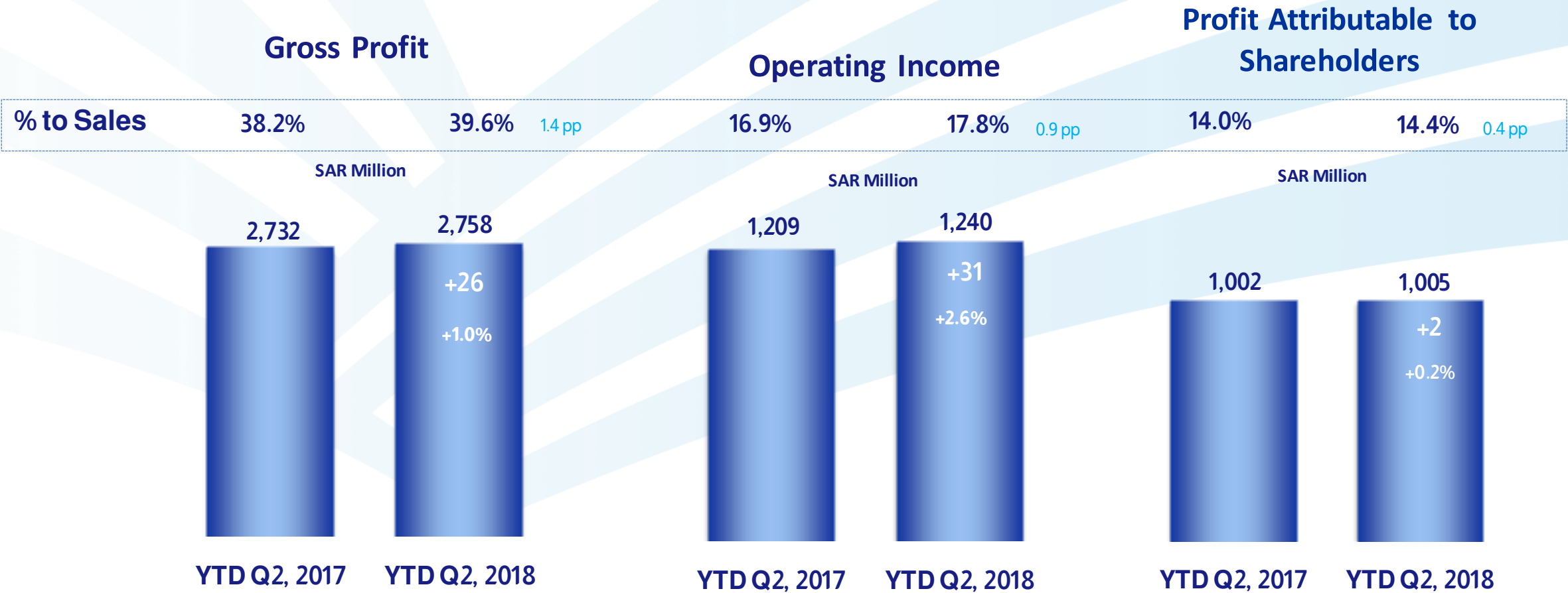
Growth 2018 vs 2017	% of Total Growth
81	1%
(24)	(0%)
(1)	(0%)
(21)	(0%)
86	1%
(325)	(5%)
8	0%
(8)	(0%)
24	0%
(181)	(3%)

Innovation Pipeline Q2, 2018



Financial Highlights

Operating Performance – YTD Q2, 2018



Statement of Income – 6 months and Q2

<i>SAR million</i>	<i>2nd Quarter</i>					<i>2nd Quarter YTD</i>				
	<i>2017</i>		<i>2018</i>		<i>Change</i>	<i>2017</i>		<i>2018</i>		<i>Change</i>
Revenue	3,760	100.0%	3,731	100.0%	(0.8%)	7,144	100.0%	6,963	100.0%	(2.5%)
Cost of sales	(2,205)	(58.6%)	(2,225)	(59.6%)	(0.9%)	(4,412)	(61.8%)	(4,205)	(60.4%)	4.7%
Gross Profit	1,555	41.4%	1,506	40.4%	(3.2%)	2,732	38.2%	2,758	39.6%	1.0%
Selling and Distribution Expenses	(608)	(16.2%)	(619)	(16.6%)	(1.8%)	(1,210)	(16.9%)	(1,217)	(17.5%)	(0.6%)
General and Administration Expenses	(114)	(3.0%)	(99)	(2.7%)	12.7%	(223)	(3.1%)	(196)	(2.8%)	12.2%
Other Expense, net	(42)	(1.1%)	(34)	(0.9%)	19.1%	(82)	(1.2%)	(78)	(1.1%)	5.1%
Impairment (Reversal) / Loss on Financial Assets	(3)	(0.1%)	6	0.2%	n.a.	(8)	(0.1%)	(27)	(0.4%)	(233.1%)
Operating Income	788	21.0%	760	20.4%	(3.6%)	1,209	16.9%	1,240	17.8%	2.6%
Exchange Gain / (Loss)	(1)	(0.0%)	26	0.7%	n.a.	11	0.2%	7	0.1%	(38.4%)
Finance Costs - net	(98)	(2.6%)	(91)	(2.4%)	7.3%	(199)	(2.8%)	(190)	(2.7%)	4.5%
Share of Results of Associates and Joint Ventures	(3)	(0.1%)	(4)	(0.1%)	(36.0%)	(2)	(0.0%)	(7)	(0.1%)	(206.7%)
Profit Before Zakat and Income Tax	686	18.2%	691	18.5%	0.7%	1,020	14.3%	1,050	15.1%	3.0%
Zakat and Foreign Income Tax	(21)	(0.6%)	(28)	(0.8%)	(32.7%)	(33)	(0.5%)	(48)	(0.7%)	(45.2%)
Profit for the Period	664	17.7%	662	17.8%	(0.3%)	987	13.8%	1,002	14.4%	1.6%
Profit Attributable to Non Controlling Interest	10	0.3%	(2)	(0.0%)	n.a.	16	0.2%	3	0.0%	(83.5%)
Profit Attributable to Shareholders	674	17.9%	661	17.7%	(2.0%)	1,002	14.0%	1,005	14.4%	0.2%
Earnings Per Share (Basic)	0.66		0.65			0.97		0.98		0.4%
Profit Attributable to Shareholders %	17.9%		17.7%			14.0%		14.4%		

Segment Reporting – 6 months and Q2, 2018

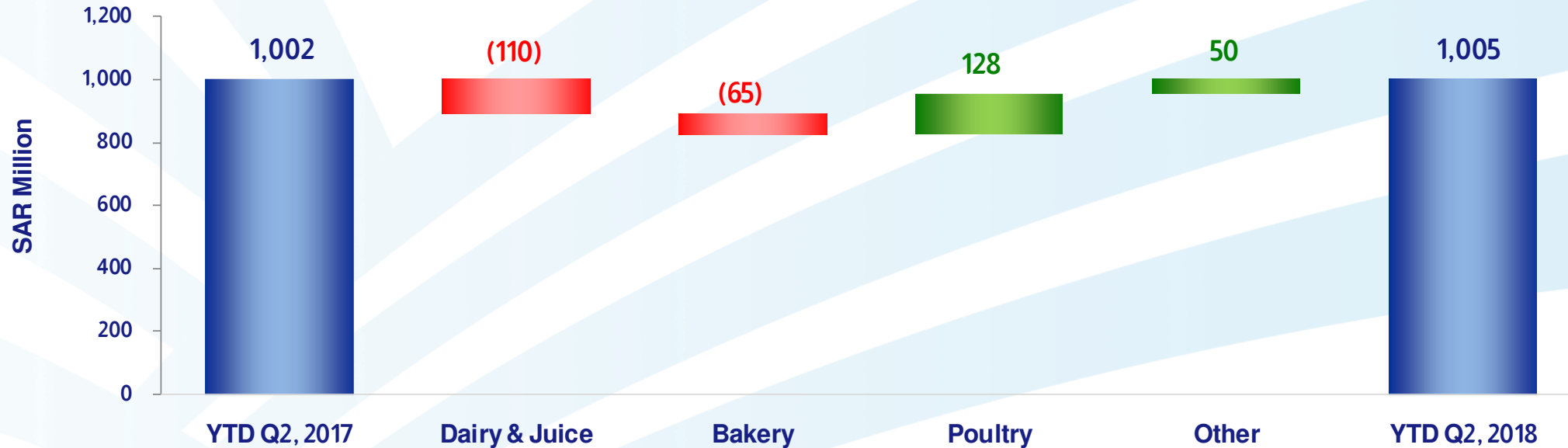
SAR Million	Dairy & Juice	Bakery	Poultry	Other Activities	Almarai Consolidated
1st Half 2018					
Revenue	5,163	828	857	115	6,963
Depreciation and Amortisation	(633)	(121)	(180)	(92)	(1,026)
Profit Attributable to Shareholders	827	87	92	(2)	1,005
Percent to Revenue of Profit Attributable to Shareholders	16.0%	10.5%	10.7%	(1.3%)	14.4%
Total Assets	20,021	2,466	5,438	3,462	31,387
Growth versus 1st Half 2017					
- Revenue - 2017	5,415	904	744	82	7,144
- Revenue Growth	(4.6%)	(8.4%)	15.2%	41.2%	(2.5%)
- Profit Attributable to Shareholders - 2017	938	152	(36)	(52)	1,002
- Profit Attributable to Shareholders Growth	(11.8%)	(42.9%)	n.a.	(97.0%)	0.2%
Q2 2018					
Revenue	2,817	411	437	66	3,731
Profit Attributable to Shareholders	546	47	67	0	661
Percent to Revenue of Profit Attributable to Shareholders	19.4%	11.5%	15.3%	0.8%	17.7%
Growth versus Q2, 2017					
- Revenue - 2017	2,921	435	387	17	3,760
- Revenue Growth	(3.5%)	(5.4%)	12.7%	278.8%	(0.8%)
- Profit Attributable to Shareholders - 2017	594	86	(7)	1	674
- Profit Attributable to Shareholders Growth	(8.1%)	(44.9%)	n.a.	(42.7%)	(2.0%)

Net Income by Segment (6 Months)

Basic EPS* (SAR)

0.97

0.98



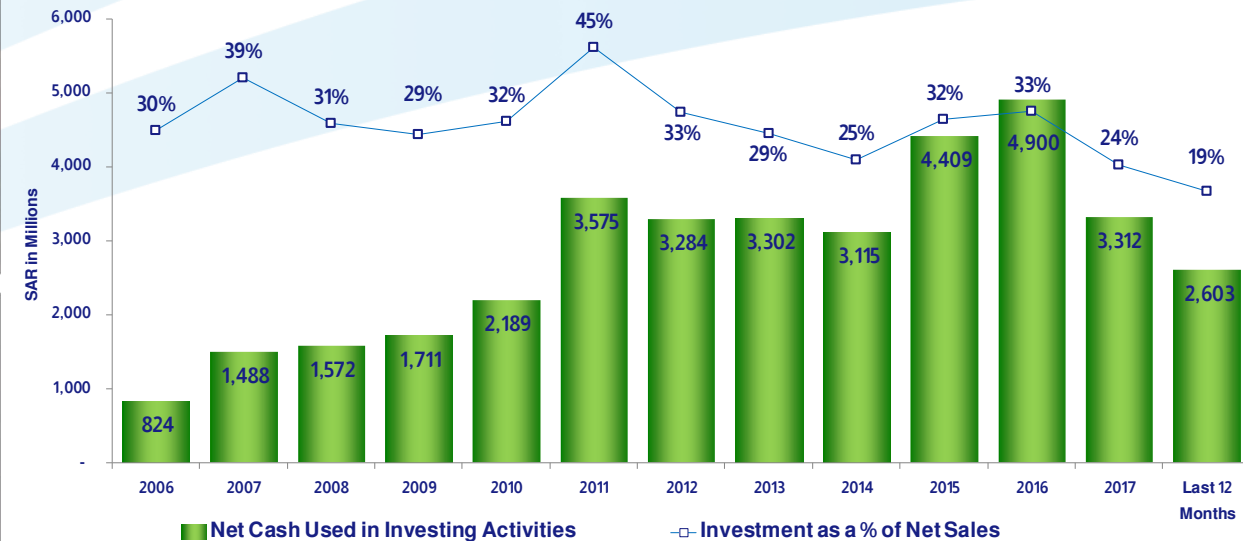
Revenue Growth		(4.6%)	(8.4%)	15.2%	41.2%	(2.5%)
Net Income Growth		(11.8%)	(42.9%)	n.a.	(97.0%)	0.2%
Net Income %		16.0%	10.5%	10.7%	(1.3%)	14.4%
Q1 Net Income	328	(62)	(27)	55	50	344 +16
Q2 Net Income	674	(48)	(38)	73	(0.4)	661 (14)

*EPS – Earnings Per Share

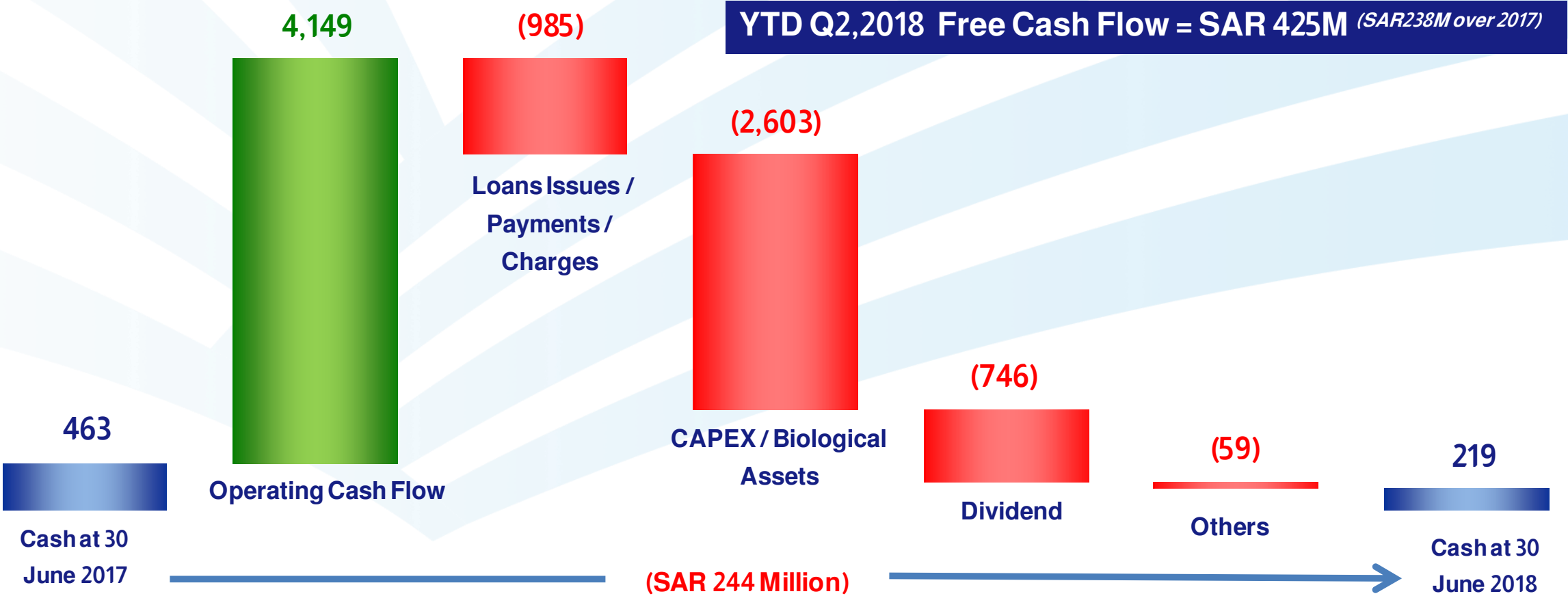


Investing Cash Flows continue the downward trend in line with revised 5 year Business Plan

- CAPEX spend for the 2nd Quarter Year to Date 2018 was SAR 0.9 Billion.
 - Manufacturing and Farming spent CAPEX of SAR ~0.4 Billion for various capacity expansion projects.
 - Sales Depot, Poultry and Logistics expansion accounted for SAR ~0.2 Billion.
 - Replacement and other CAPEX including IDJ accounted for another SAR ~0.3 Billion.

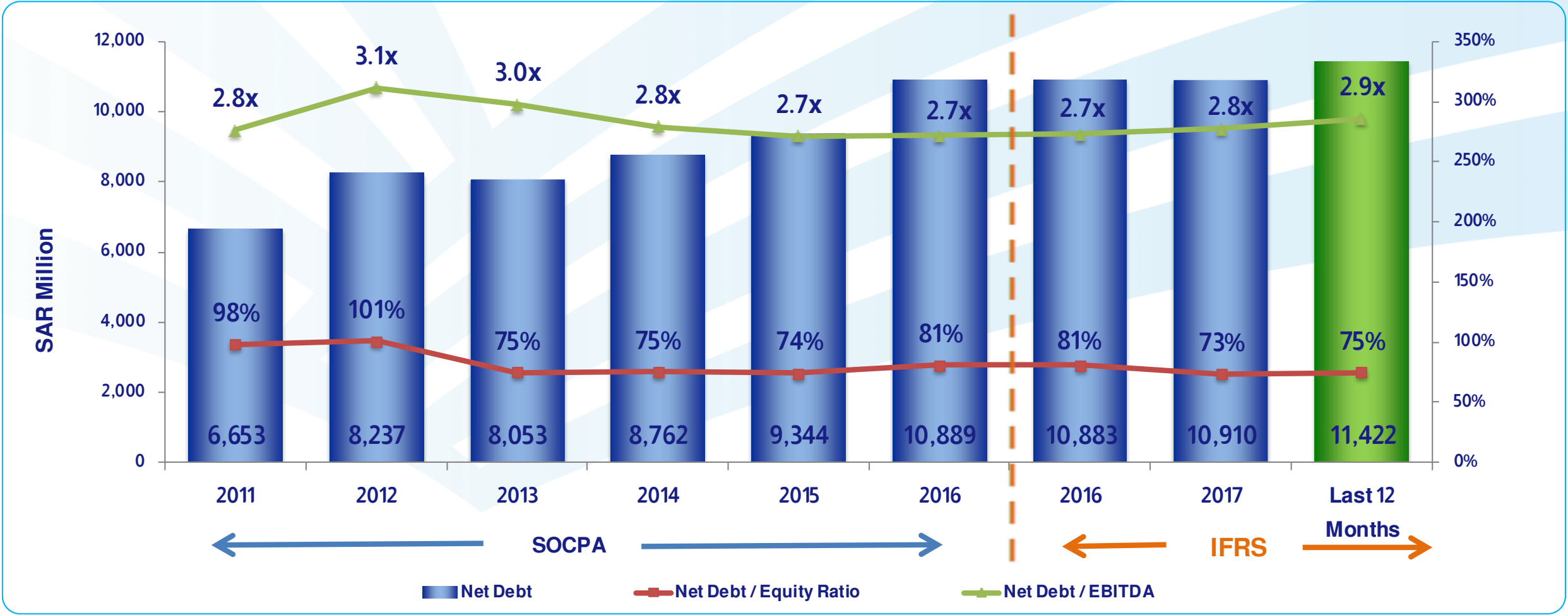


Cash Flow Bridge – Rolling 12 Months

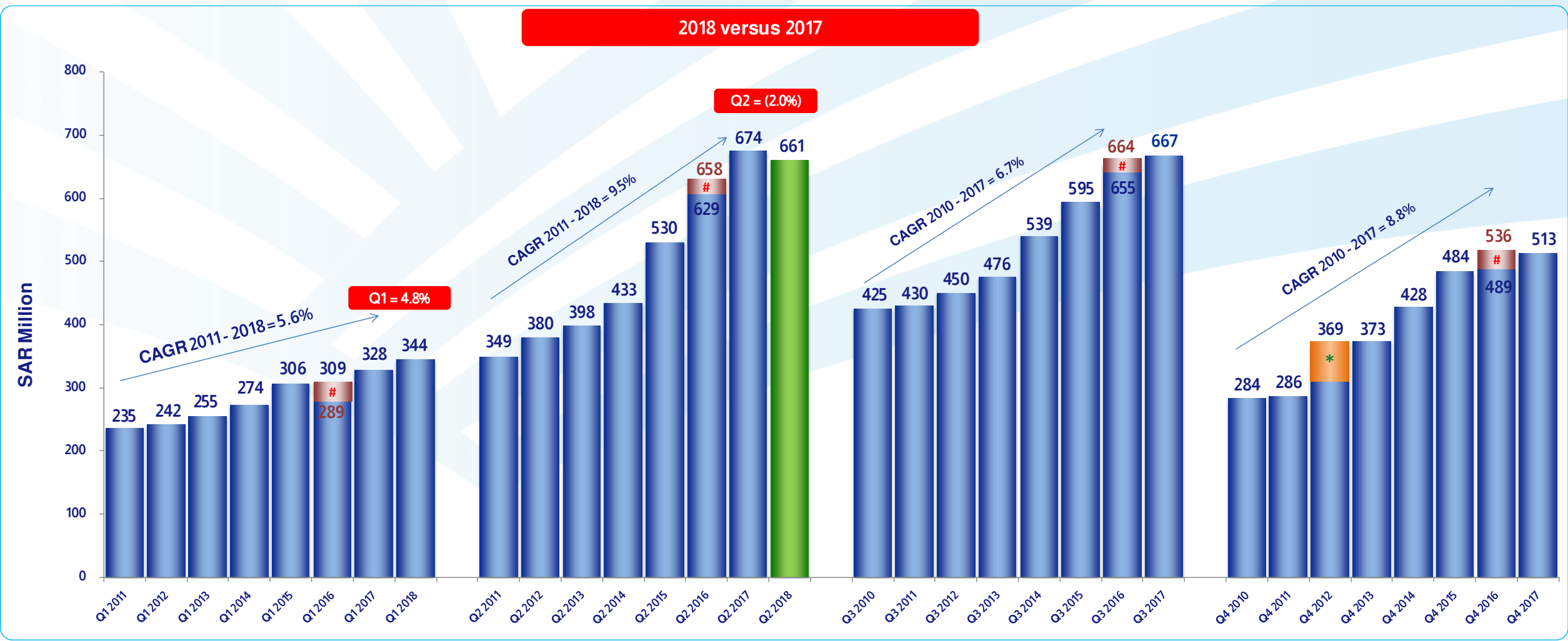


Key Trends

Net Debt



Quarterly Performance – Net Income Trend Analysis



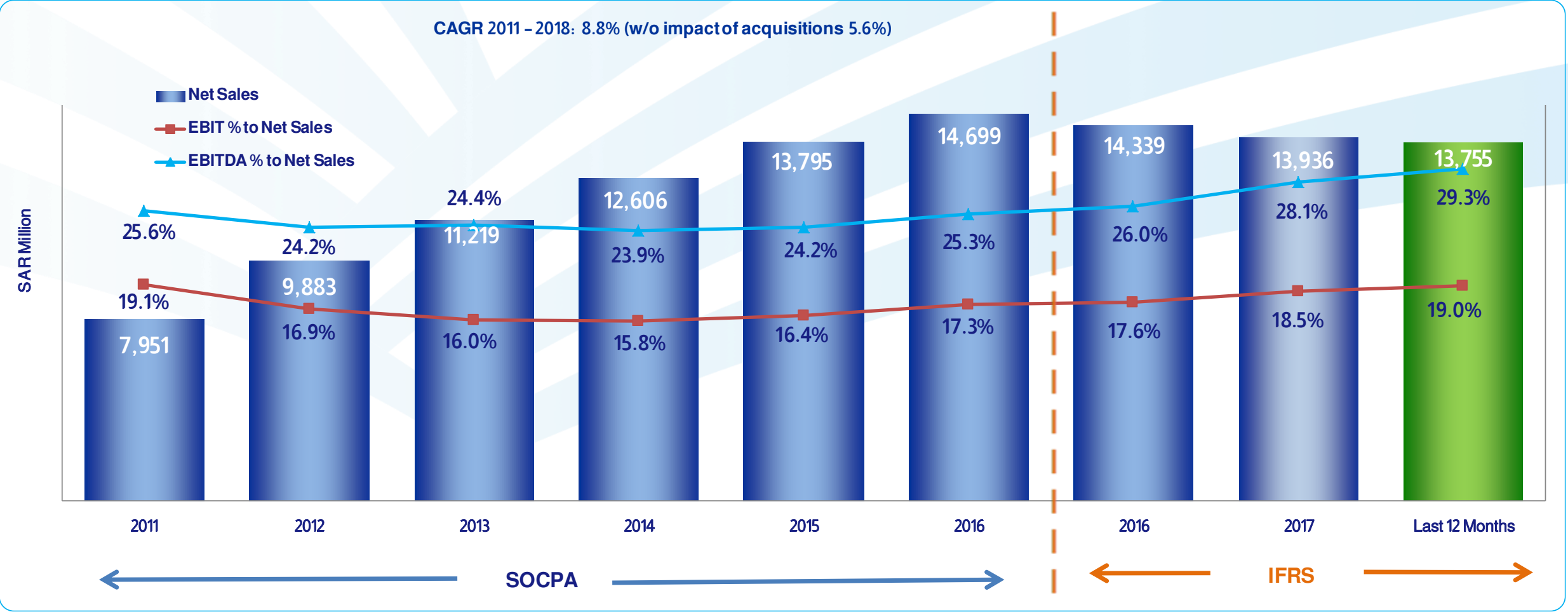
IFRS revaluation adjustments * Capital gain of SAR 47m in 2012

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



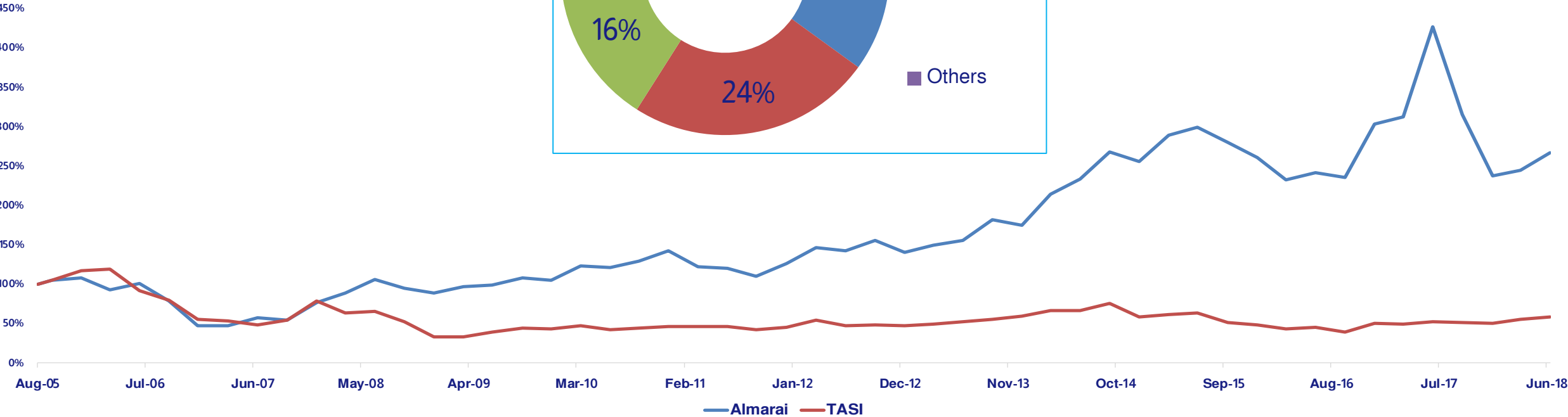
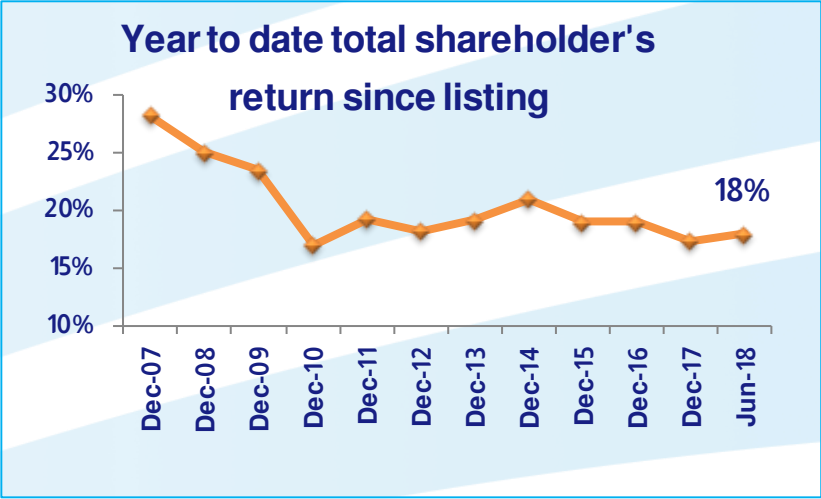
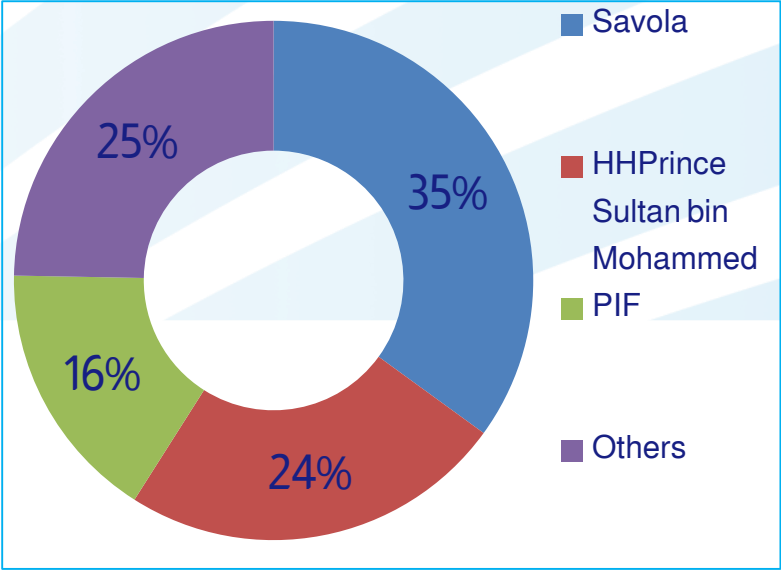
EBIT and EBITDA margins are starting to improve...

Revenue, EBITDA and EBIT Evolution



Key Share Data

Key Statistics for Almarai (28 June 2018)	
Share Price (SAR)	60.40
Current P/E Ratio (ttm)	30.91
Earnings Per Share (SAR) (ttm)	1.95
Market Cap (SAR Million)	60,400
Shares Outstanding (Million)	1,000
Dividend Yield	1.24%



For Investor Relations matters please contact:

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



Thank you