

Almarai® Company

Earnings Presentation – Q3 2021

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Earnings Presentation

Q3 2021

Market

Dynamics

Financial

Performance

Business

Performance

Question

& Answer

Appendix

Earnings Presentation

Q3 2021

Market
Dynamics

Almarai[®] response to COVID-19 Pandemic – October 1st 2021

Strategy

- Almarai to deliver “Quality you can trust” to its consumers whilst being integral to the nation’s food security.
- Minimize business disruption and execute plan for a post crisis global economy.
- Protect our consumers and employees from any possible harm.

Key actions taken to support strategy

- Fully vaccinated commuter workers allowed to work on Manufacturing and Farming.
- On-site vaccinations continue. 95% of all Almarai employees have received their 1st vaccination dose as of September 26th.
- Rigid COVID infection controls remain in place at all sites.
- Crisis Management Teams remain mobilized – Weekly CMT meeting reduced to bi-weekly.
- Business continuity and supply chain risks remain closely monitored.
- As per KSA legislation from 9th August only vaccinated employees are allowed on worksites/offices.

Current Priorities

- Secure safety and health of employees.
- Ensure continuity of high quality and safe products to our consumers and customers.
- Facilitate employee vaccinations and support ministry plan for 70% of population with 2nd dose by end of October 2021. Almarai 2nd dose currently 51.4%
- Be vigilant for rapid changes in infection rates via mass testing at production sites.

Scenario planning in execution phase

Speed of recovery from COVID-19

Higher

Lower

1

"Recovering Economy"
Virus contained but sector damage; lower LT trend growth

Economics	Almarai
<ul style="list-style-type: none"> Moderate GDP growth Oil Prices Recover Slightly Sluggish Consumer Demand Market Impact of Crisis 	<ul style="list-style-type: none"> Resize Business Reduce Inventories. Lower Capex Adapt Product Portfolio M&A Opportunities Develop Home Delivery

3

"Resurgent Economy"
Virus contained; strong growth rebound

Economics	Almarai
<ul style="list-style-type: none"> Strong GDP Growth Oil Prices at Pre COVID-19 Level Strong Consumer Confidence Strong Product Demand Disposable Income High Strong Product Demand 	<ul style="list-style-type: none"> Strong Growth in Revenue and Market Share Reputation Enhanced Some M&A Opportunities Search and Drive Opportunities for Further Market Leadership Quick-start Journey towards Leaner organisation Fuel for new Strategy

2

"Economy in Recession"
Virus recurrence; Slow LT Growth. Muted world recovery

Economics	Almarai
<ul style="list-style-type: none"> Prolonged GDP Stagnation Consumer Income Severe Impact High Unemployment, Fewer Expats Lower Consumer Demand GCC Exports Limited/Banned World Supply Systems Constrained 	<ul style="list-style-type: none"> Review Entire Business Model Resize Business / Op. Structure Supply Chain Changes Liquidity / Financing Structure Assess New Market Structure Competitor Exits / Industry Cons. Gov't Intervention/Protectionism Consumer Purchase Power/Pricing Sales Channel Shift

4

"Late recovery"
Virus recurrence; Return to trend growth. Strong world rebound

Economics	Almarai
<ul style="list-style-type: none"> Prolonged Stagnation Shift to Staple Foods and Value for Money Products Supply Chain Interruptions Widespread Business Failures Sales Channel Shifts 	<ul style="list-style-type: none"> Resize Business Liquidity Focus Cost & credit control Adapt Product Portfolio Rebalance Supply Chain: Cost vs Security Industry consolidation. M&A opportunities. Develop home delivery and online orders

Lower

Higher

Economic Recovery

Product Innovation 2021



**...Whilst
Almarai®
maintaining
Market Share
Leadership in
KSA**

Category	Dec-19	Dec-20	Aug-21	Aug-21
	Almarai Value Share %	Almarai Value Share %	Almarai Value Share %	Almarai Rank
Laban	65	64	63	1
Fresh Milk	67	65	64	1
UHT Milk	21	19	19	2
Food	39	38	35	1
Juice	43	42	45	1
Bakery	54	53	54	1
Poultry (Fresh Chicken)	37	36	33	1

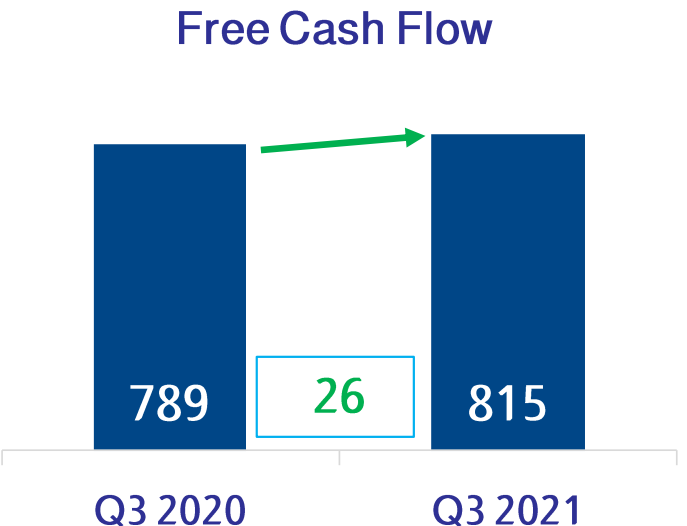
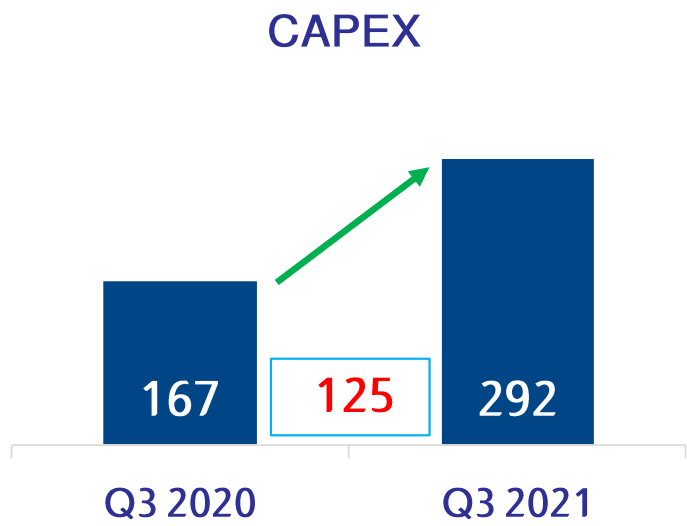
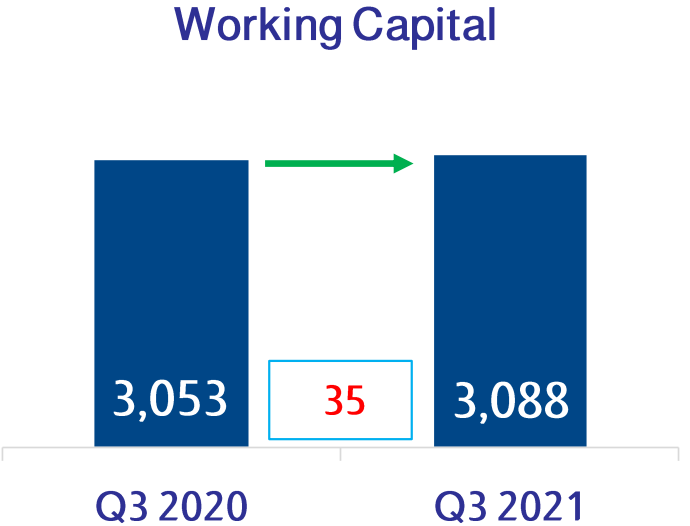
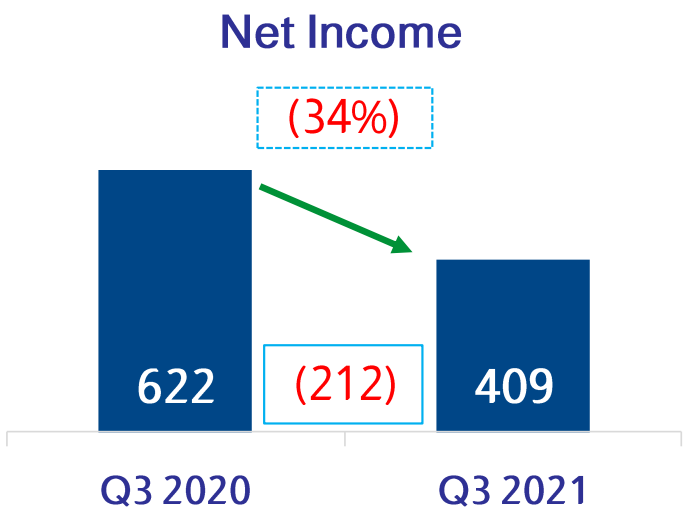
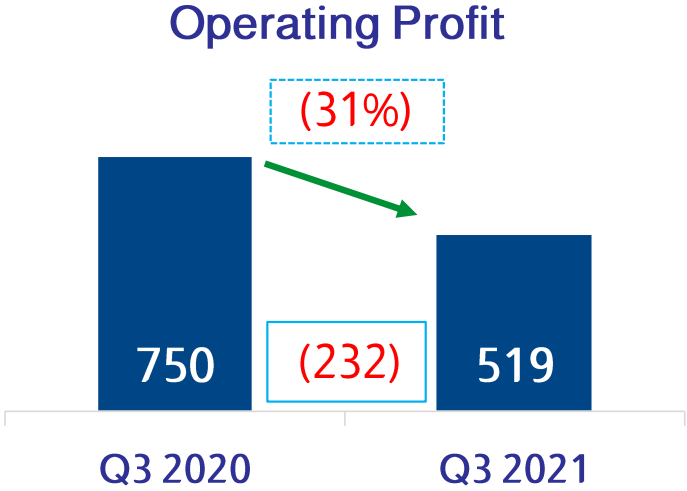
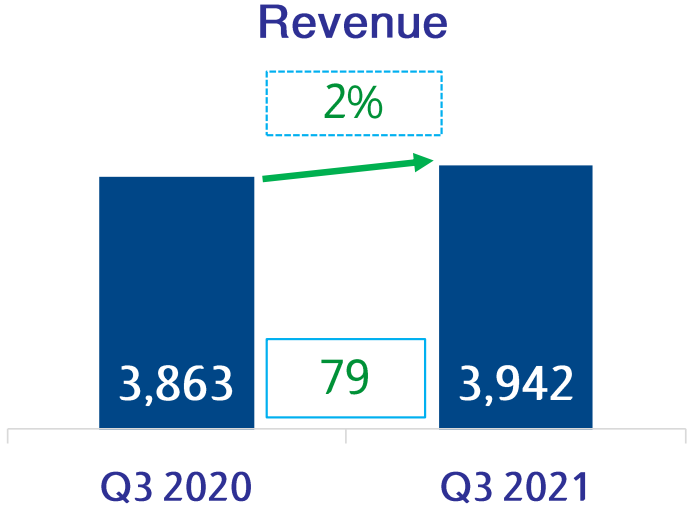
Earnings Presentation

Q3 2021

**Business
Performance**

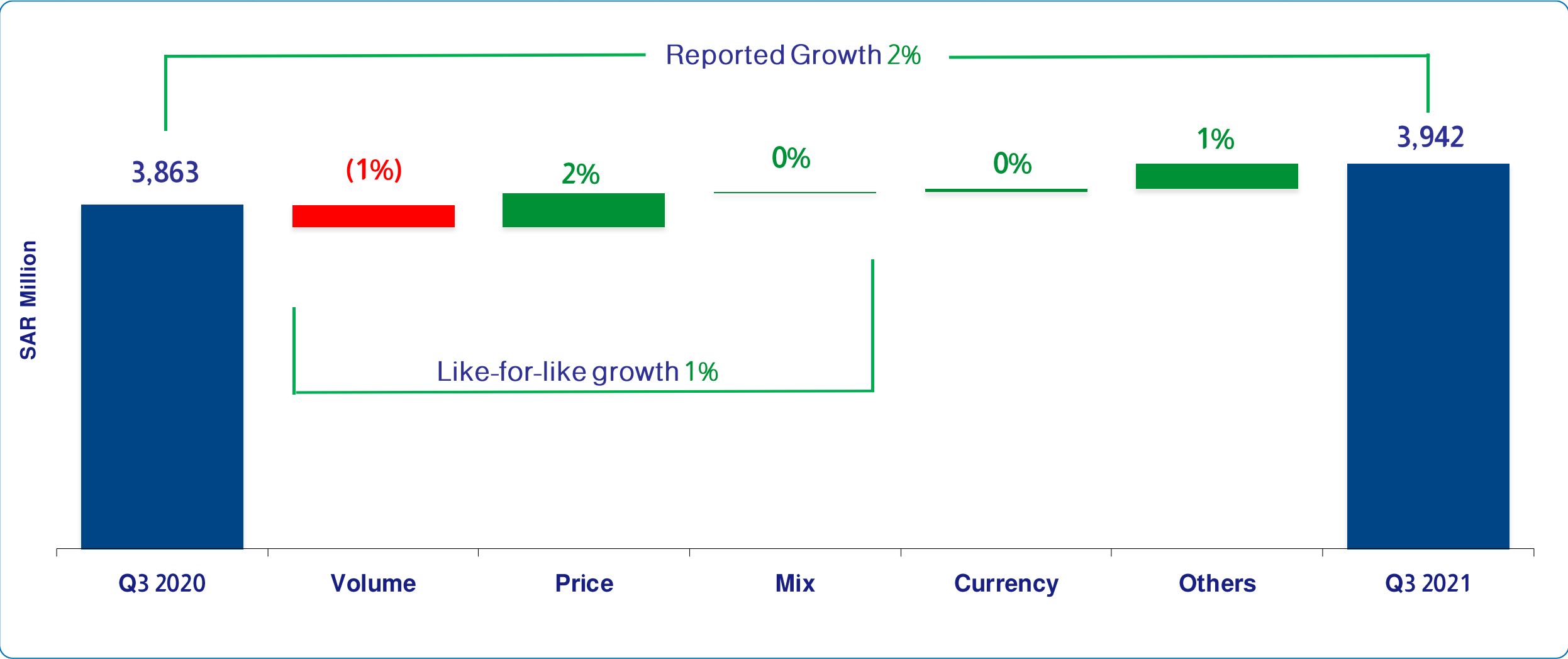
Q3 2021 Financial Highlights

(SAR Million)

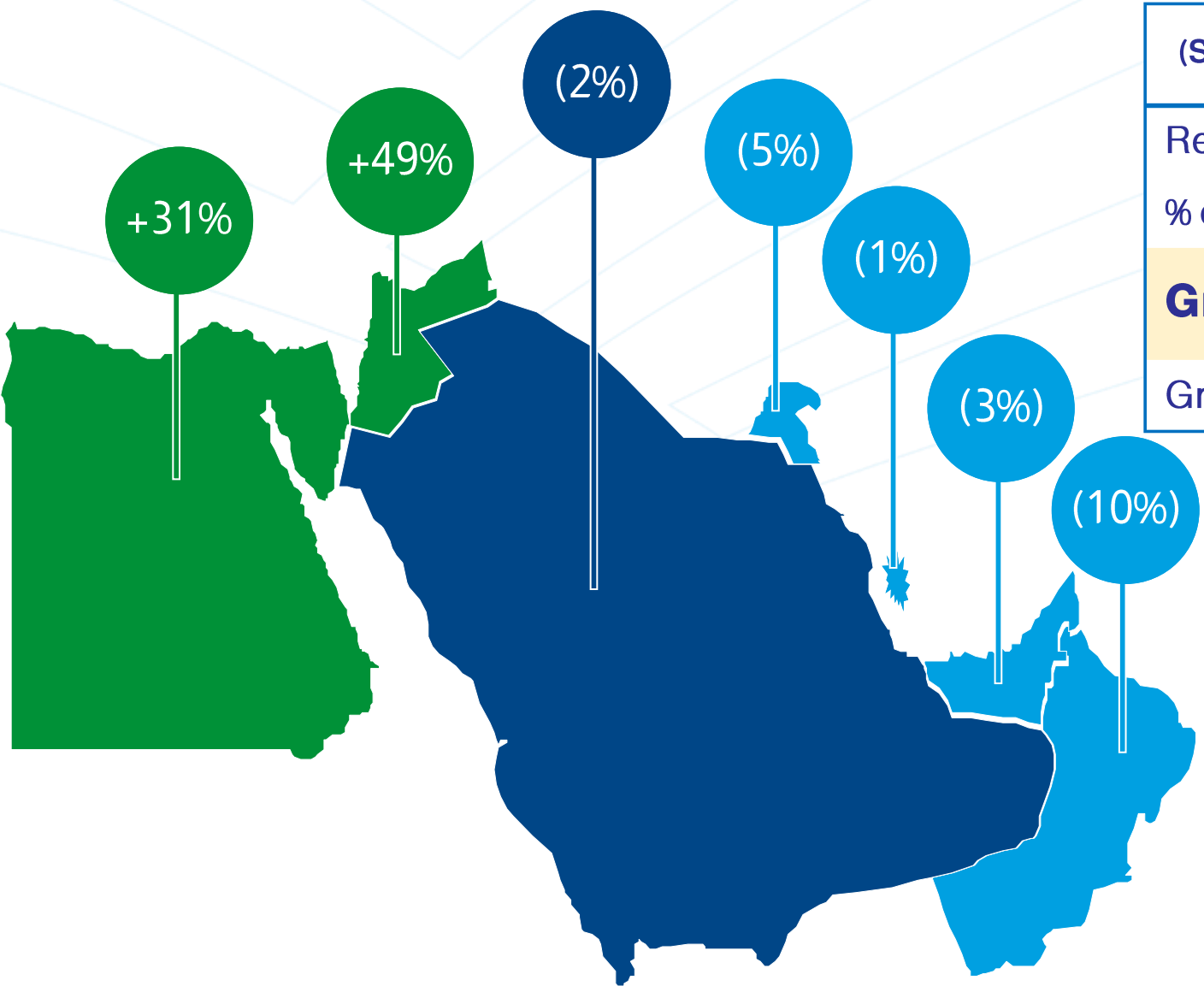


YoY % / (YoY %)

Q3 2021 Sales Bridge



Almarai topline growth by country...

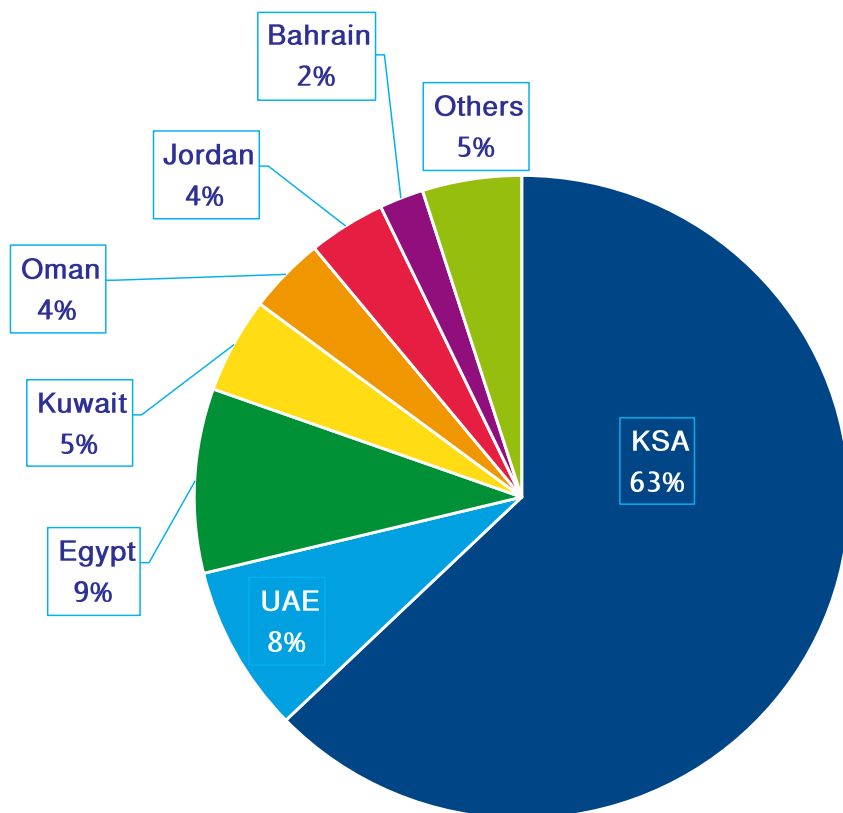


Q3 2021 Revenue Growth

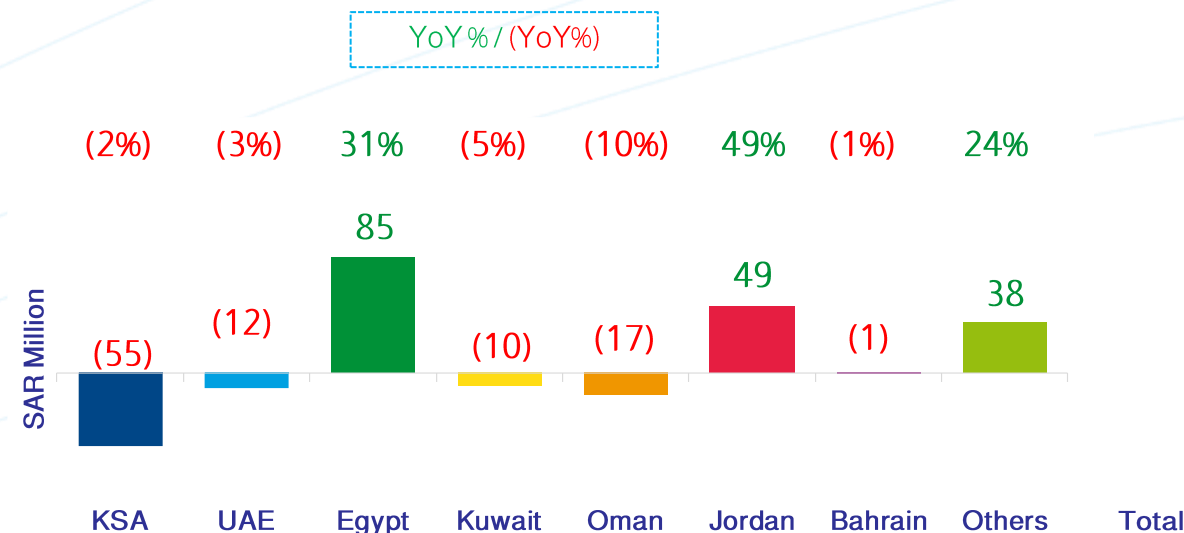
(SAR Million)	KSA	Other GCC	Others	Total
Revenue	2,475	757	709	3,942
% of Revenue	63%	19%	18%	100%
Growth	(55)	(39)	172	79
Growth %	(2%)	(5%)	32%	2%

...Challenging market condition in GCC offset by Egypt, Jordan & Alfalfa sales double digit growth

Q3 2021 Total Revenue – SAR 3,942 Million



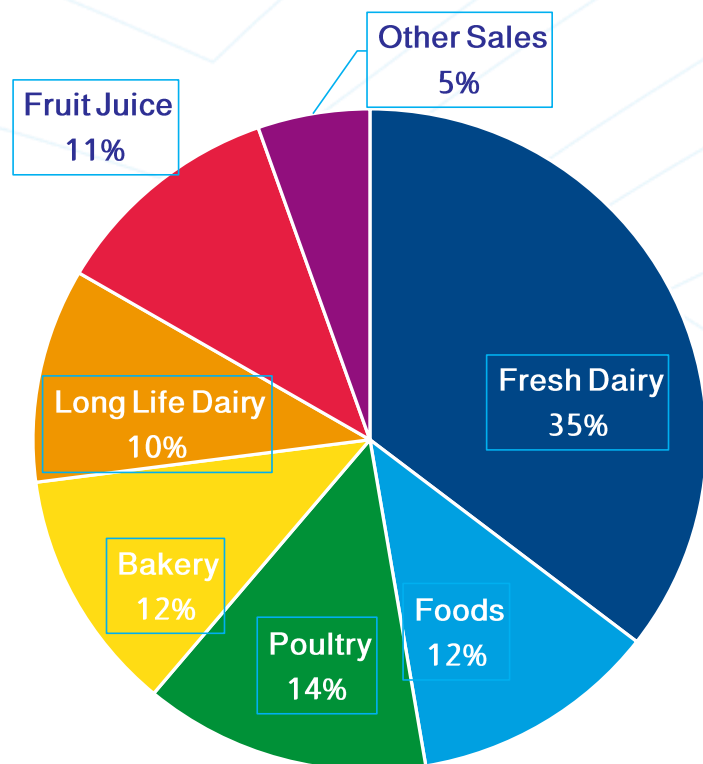
Q3 2021 Total Growth – SAR 79M or 2%



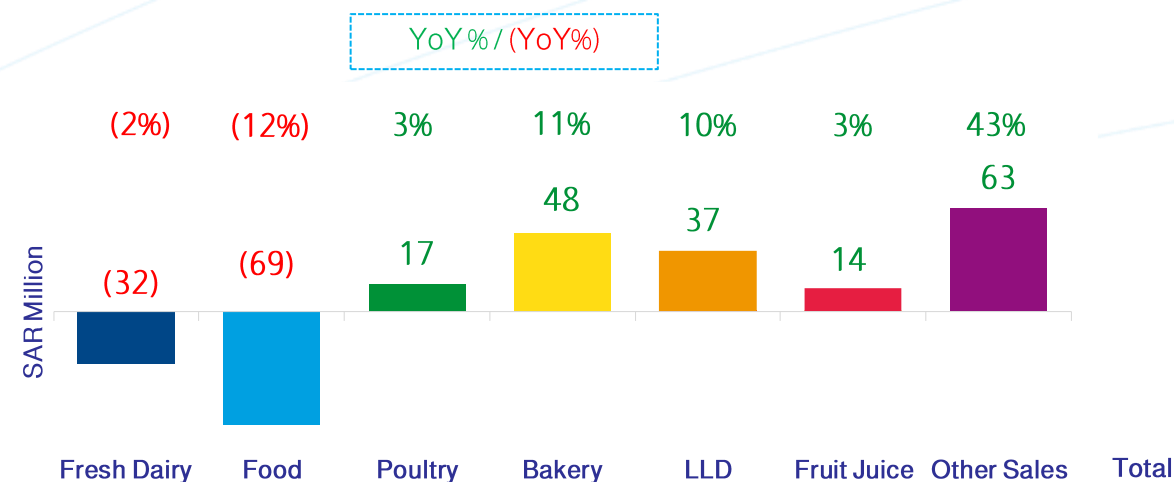
	KSA	UAE	Egypt	Kuwait	Oman	Jordan	Bahrain	Others	Total
Q1 2020	8%	7%	16%	22%	(7%)	35%	5%	11%	9%
Q2 2020	11%	(2%)	13%	10%	(15%)	38%	(5%)	10%	8%
Q3 2020	5%	6%	23%	14%	(9%)	19%	10%	87%	8%
Q4 2020	(1%)	(3%)	13%	4%	(16%)	34%	9%	137%	3%
Q1 2021	(2%)	(12%)	31%	(4%)	(12%)	43%	(2%)	99%	1%
Q2 2021	(8%)	(4%)	37%	(4%)	(9%)	40%	2%	56%	(2%)
Q3 2021	(2%)	(3%)	31%	(5%)	(10%)	49%	(1%)	24%	2%
Q3 CAGR 2019-2021	1%	1%	26%	4%	(10%)	33%	5%	52%	2%

Decline in Food category partly offset by Bakery growth due to schools reopening

Q3 2021 Total Revenue – SAR 3,942 Million



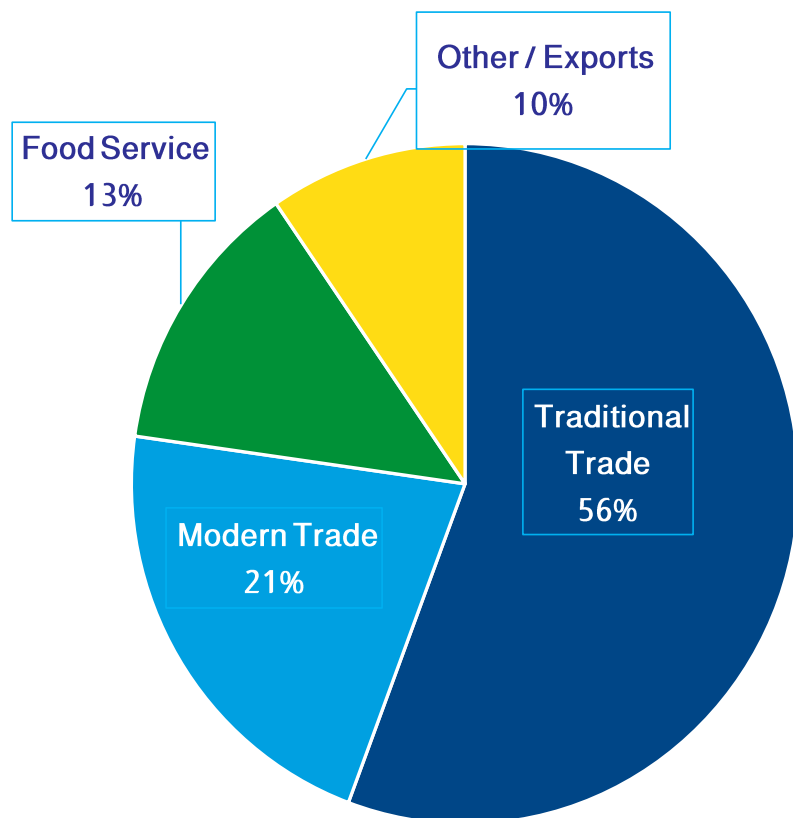
Q3 2021 Total Growth – SAR 79M or 2%



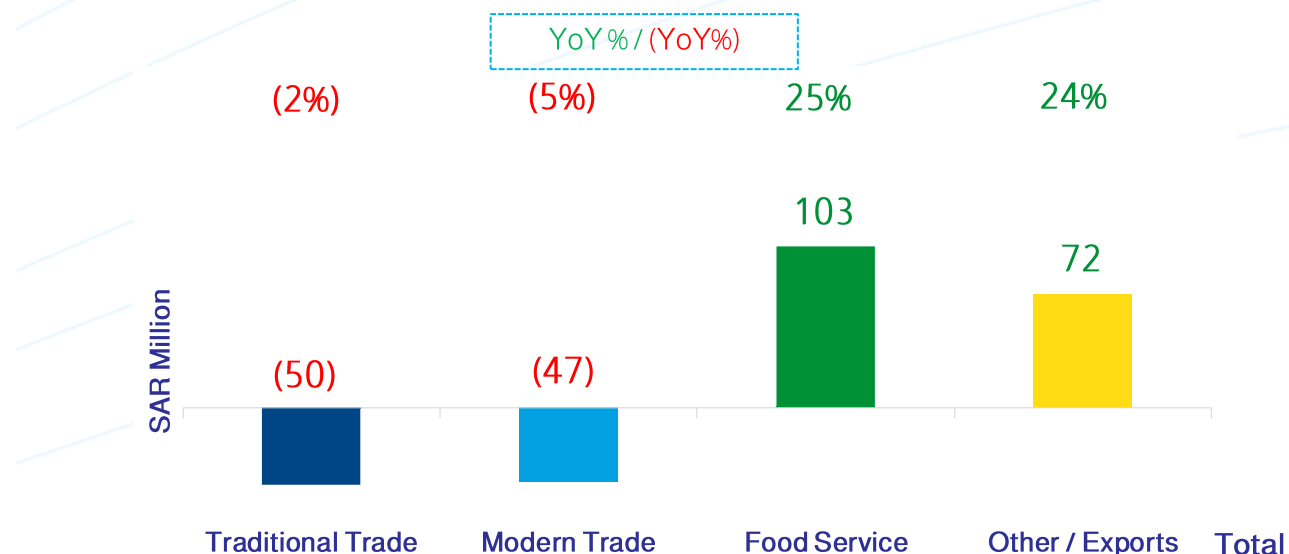
	Fresh Dairy	Food	Poultry	Bakery	LLD	Fruit Juice	Other Sales	Total
Q1 2020	0%	20%	12%	3%	18%	5%	49%	9%
Q2 2020	1%	21%	17%	8%	22%	(3%)	26%	8%
Q3 2020	4%	15%	7%	(8%)	21%	5%	93%	8%
Q4 2020	4%	3%	(2%)	(9%)	11%	4%	62%	3%
Q1 2021	3%	(1%)	(1%)	(10%)	10%	(2%)	49%	1%
Q2 2021	3%	(25%)	(8%)	(5%)	6%	8%	86%	(2%)
Q3 2021	(2%)	(12%)	3%	11%	10%	3%	43%	2%
Q3 CAGR 2019-2021	1%	1%	5%	1%	15%	4%	66%	2%

Rebound in Food Service channel, driven by post COVID-19 conditions.....

Q3 2021 Total Revenue – SAR 3,942 Million



Q3 2021 Total Growth – SAR 79M or 2%



	Traditional Trade	Modern Trade	Food Service	Other / Exports	Total
Q1 2020	4%	16%	16%	(1%)	9%
Q2 2020	15%	12%	(27%)	(7%)	8%
Q3 2020	7%	10%	(2%)	40%	8%
Q4 2020	(1%)	1%	(1%)	45%	3%
Q1 2021	1%	(9%)	8%	41%	1%
Q2 2021	(10%)	(15%)	58%	93%	(2%)
Q3 2021	(2%)	(5%)	25%	24%	2%
Q3 CAGR 2019-2021	0%	(8%)	14%	48%	2%

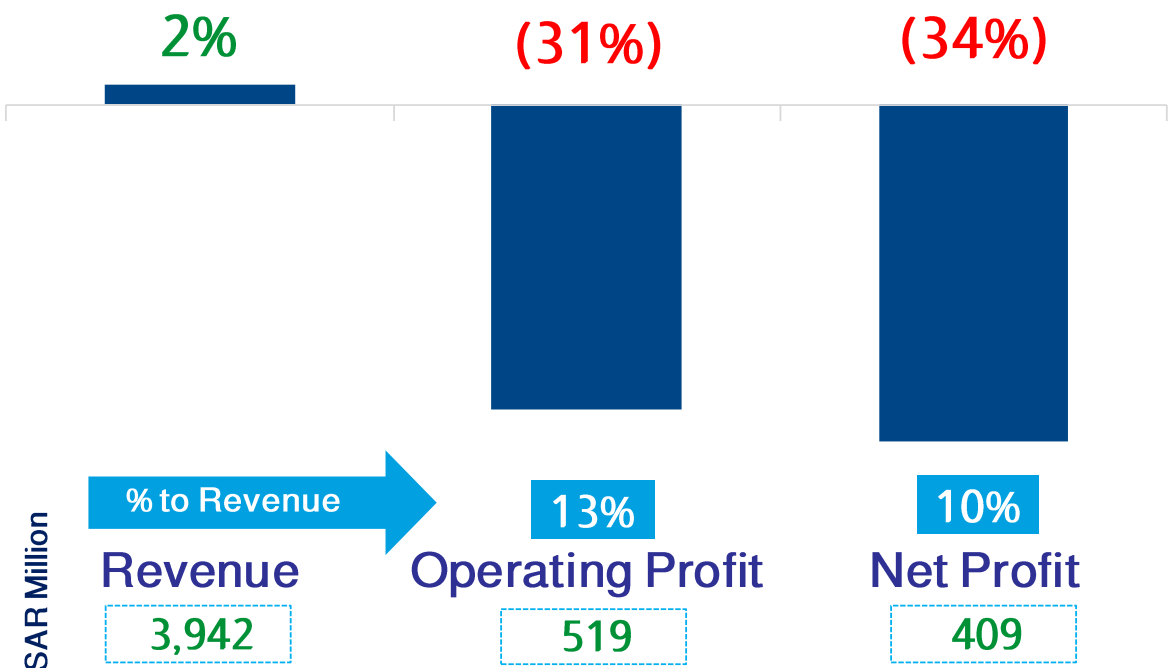
Earnings Presentation

Q3 2021

Financial
Performance

Financial Performance – Q3 2021

Q3 2021 vs. Q3 2020



Revenue – Back to normalized trading conditions....

-post change in VAT rate for KSA to 15% on 1st July 2020 & COVID-19 conditions
- Core product revenue declined on average by 3% within GCC countries, mainly driven by:
 - Lower food sales driven by base effect of higher purchases of longer shelf-life products last year
 - ..partially offset by growth in bakery sales due to partial opening of educational institutions
- Strong performance in Jordan and Egypt continued across all product categories

EBIT

- Lower subsidies, driven by no subsidy in 2021 on corn and soyabean and without the benefit of subsidy overlap in poultry in 2020
- Higher feed cost driven by 100% imported alfalfa and higher commodity cost as hedge cover in first half of 2021 were not available in Q3 2021
- Strong cost control resulting in lower overheads continued

Net Income

- Lower funding cost driven by lower debt and lower funding rate
- Improved performance in Egypt and Jordan resulting in higher contribution for non-controlling interest shareholders

Net Income Bridge – Q3 2021



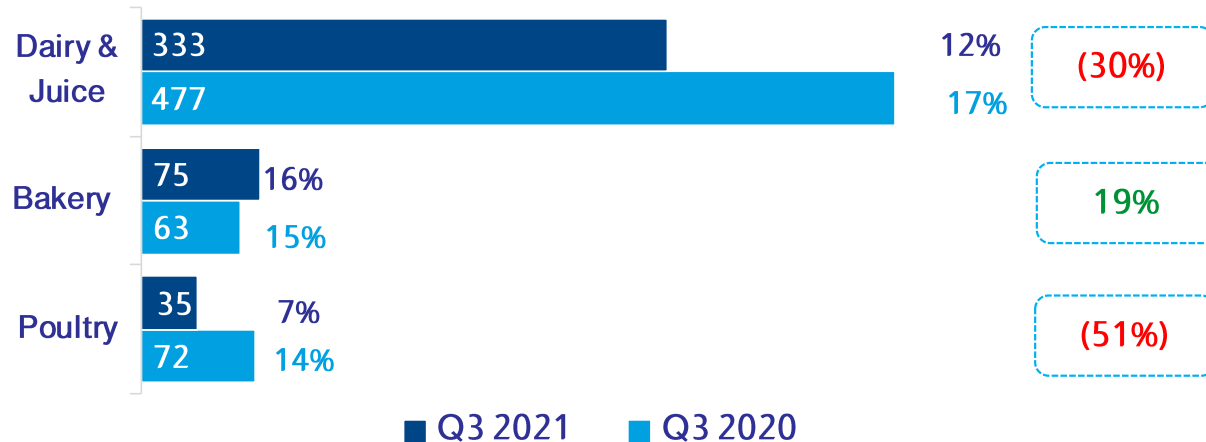
Results by Segment – Q3 2021

Revenue by Segment

(SAR Million)



Profit Margin By Segment



YoY % / (YoY%)

Dairy & Juice

- Stronger long life dairy sales in Egypt, Jordan & Export markets
- Weaker foods year on year due to base effect of higher food purchases during COVID-19 in Q1 2020
- Lower subsidy year on year as subsidy ceased on non-green dairy feed
- Higher feed expenses due to corn and soya cost increase

Bakery

- Bakery growth rebounded in Q3 due to partial resumption of education institutions in KSA and Gulf

Poultry

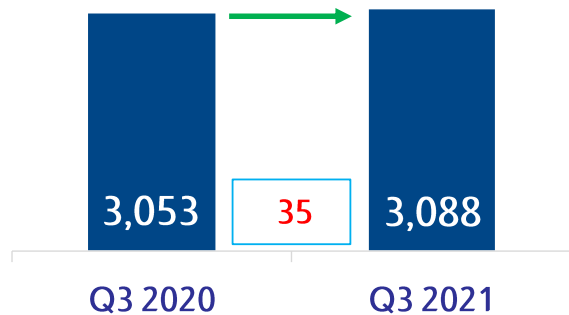
- Volume remaining steady however channel mix was more favourable towards retail last year due to COVID-19 related purchase behavior
- Overlap of feed subsidy and output subsidy resulted in higher subsidy received last year, relative to year 2021
- Higher feed cost for corn and soya are affecting the segment profitability

Others

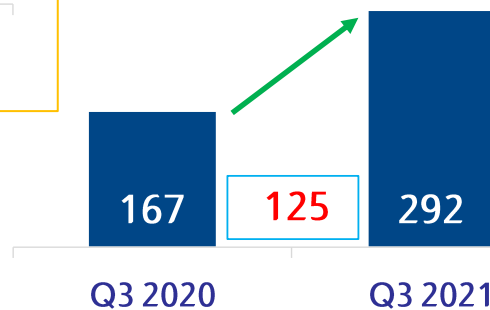
- Top line growth was higher due to higher alfalfa sales to manage the current inventory levels

SAR Million

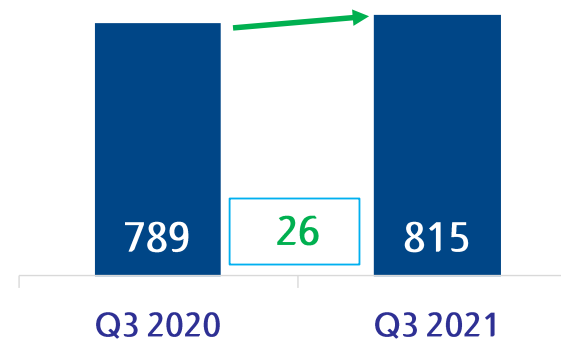
Working Capital



CAPEX



Free Cash Flow

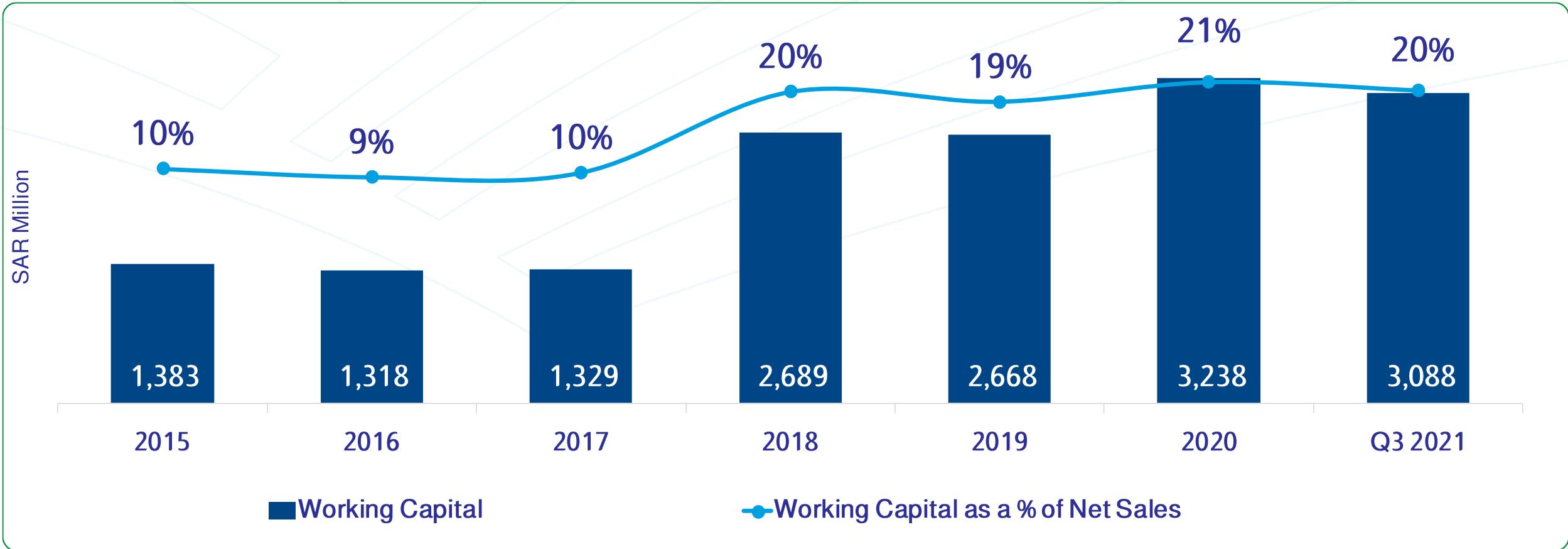


Q3

2021

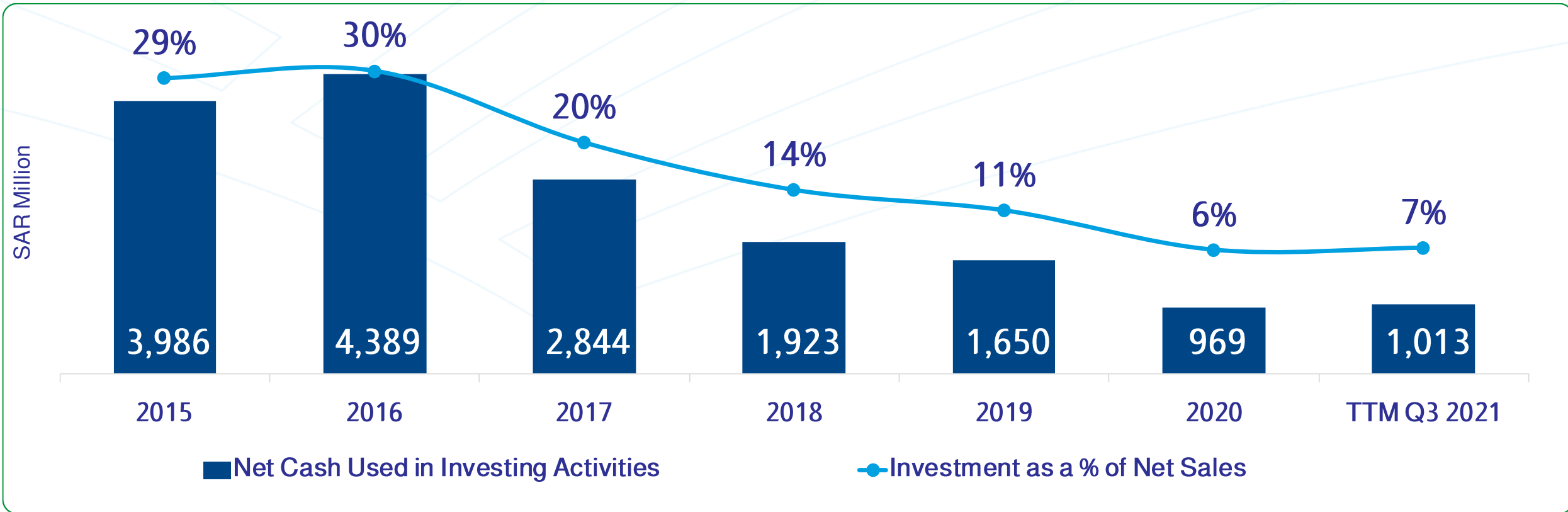
Strong Financial Management

Strategic Management of Working Capital



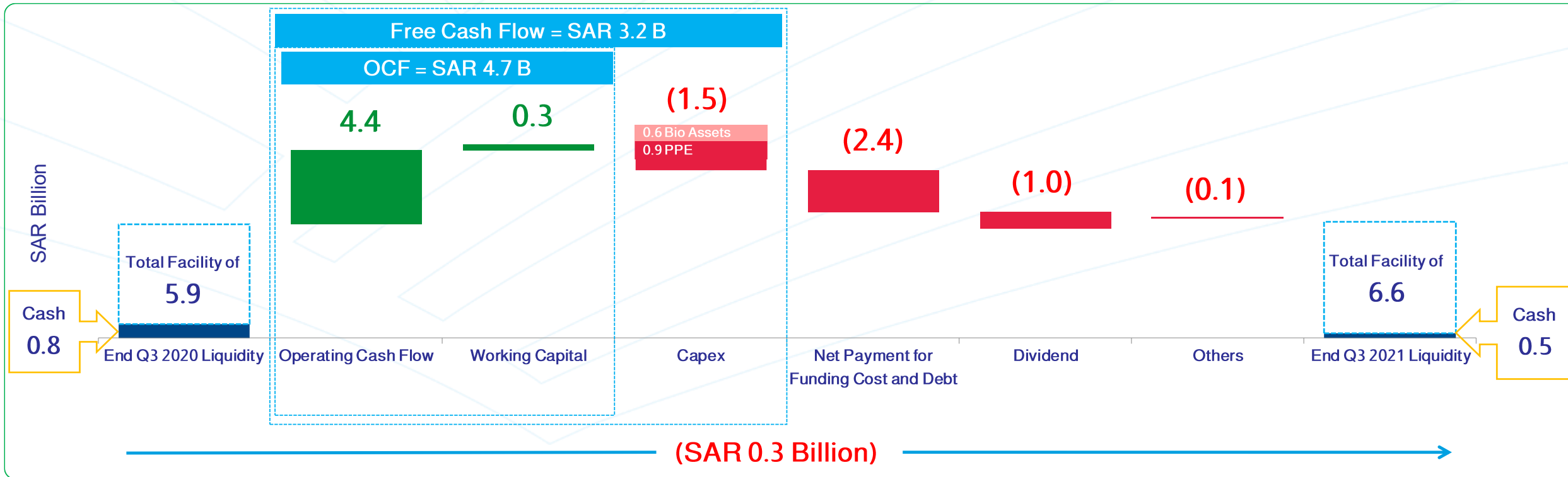
CAPEX continuous to trend lower

Capital Investment 2015 to TTM Q3 2021



- Capex cash spend continues to decline in line with current 5 year plan and available capacity footprint
- New Capex approved comprised of mostly maintenance Capex centered on utilities, production lines and vehicles.
- Expansionary capex of SAR 6.6B for expanding poultry footprint is yet to start

Free Cash Flow remain strong



TTM Q3 2021 Free Cash Flow = SAR 3.2 B

- OCF: SAR +4.7 BillionStable business performance and improved working capital management resulted in reasonable OCF
- ICF: SAR -1.5 Billion and is in line with our reduced capex spend.
- FCF: continue to improve based on lower capex and improved operational performance.

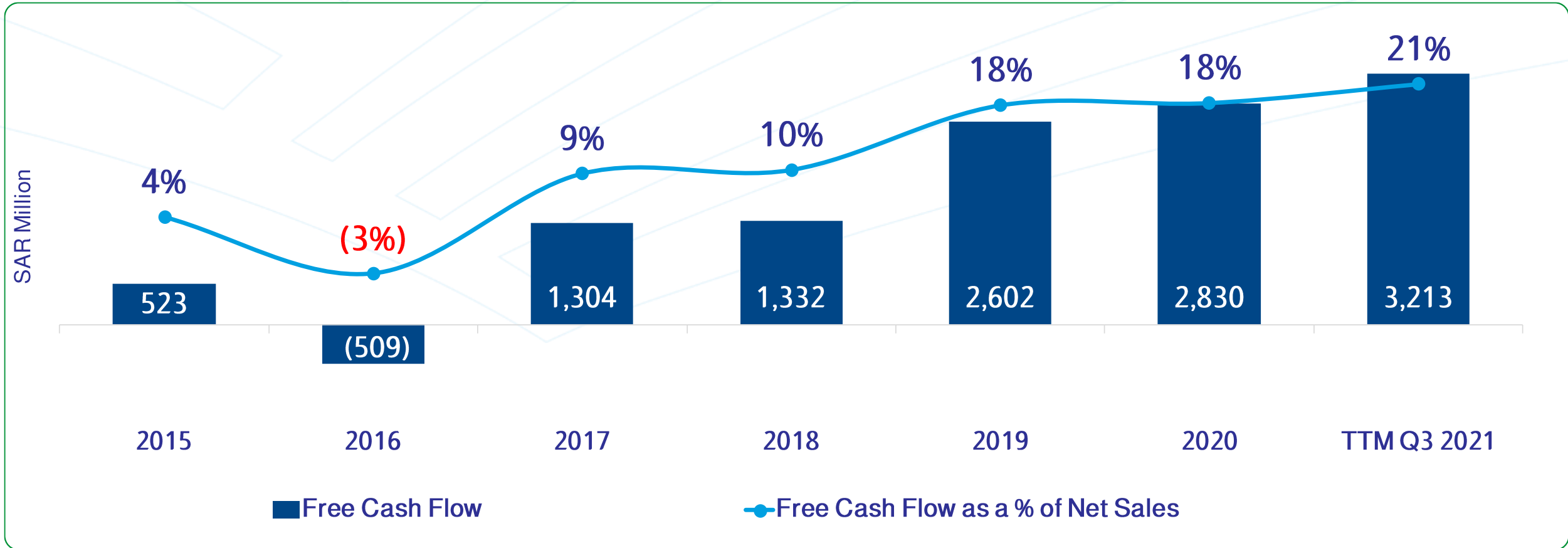
After dividend payment of SAR 1.0 Billion, excess cash of SAR 2.4 Billion was used to lower gross debt, including debt funding costs..... We remain on track to achieve or surpass our Net Debt to EBITDA target of below 2.5X by the year 2021.

Please note that available facilities include committed facilities of SAR 2.6 B

OCF – Operating Cash Flow
ICF – Investing Cash Flow
FCF – Free Cash Flow

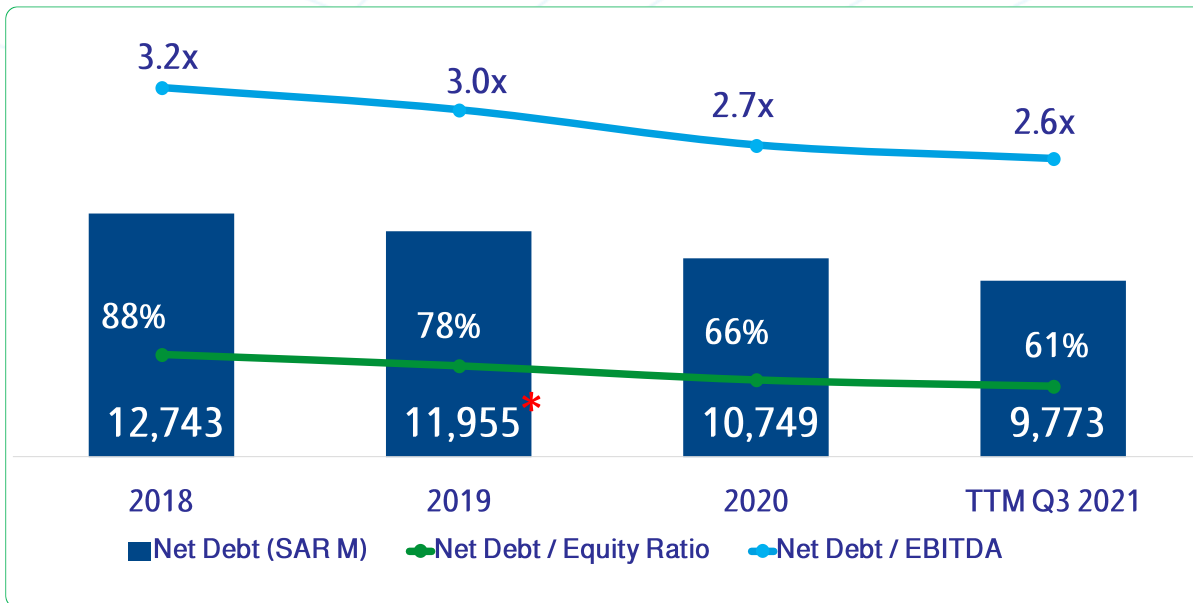
Continues Improvement in Free Cash Flow

Free Cash Flow 2015 to TTM Q3 2021

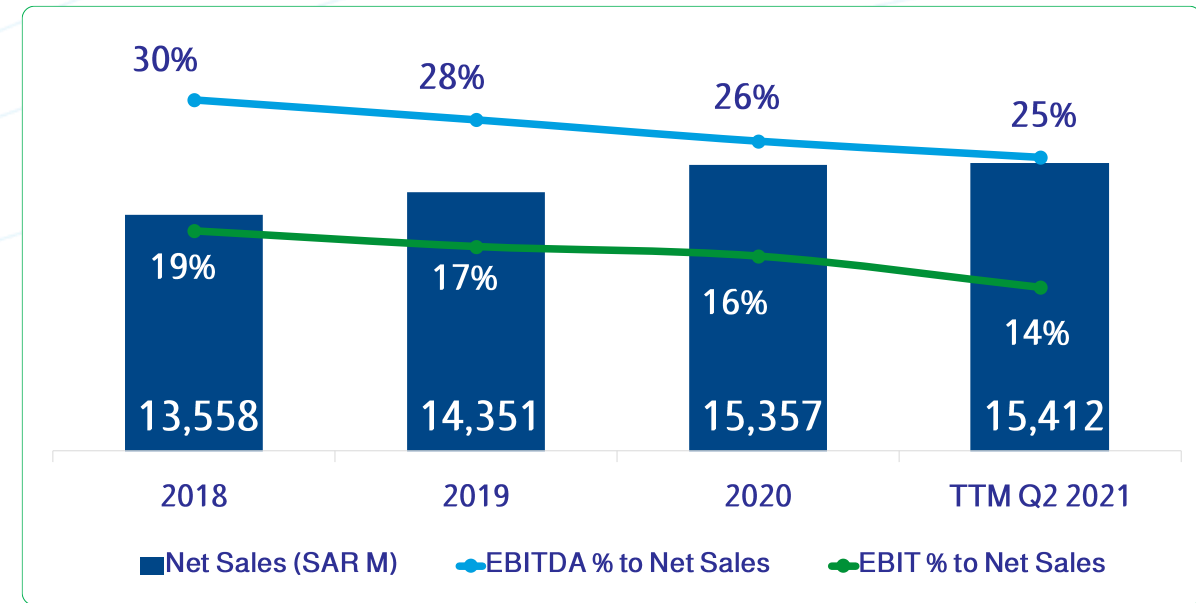


Net Debt and EBITDA / EBIT Margins trend

Net Debt Trend



EBITDA and EBIT Margins

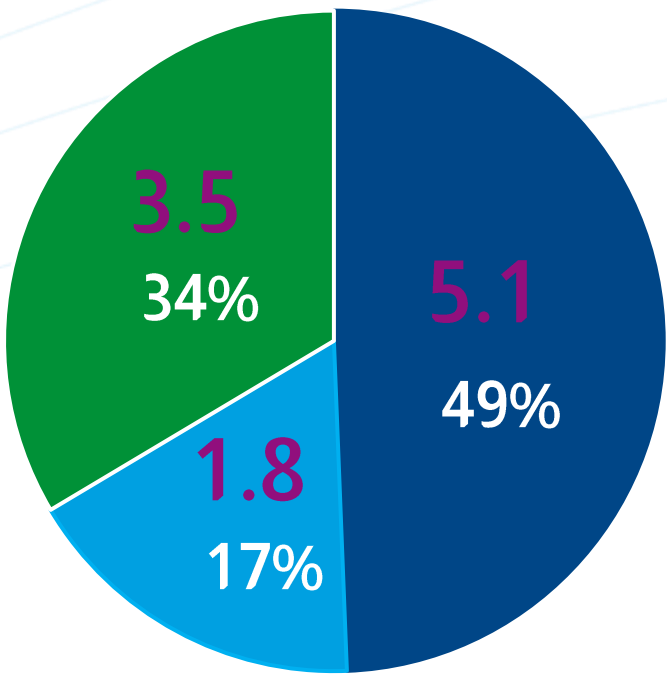
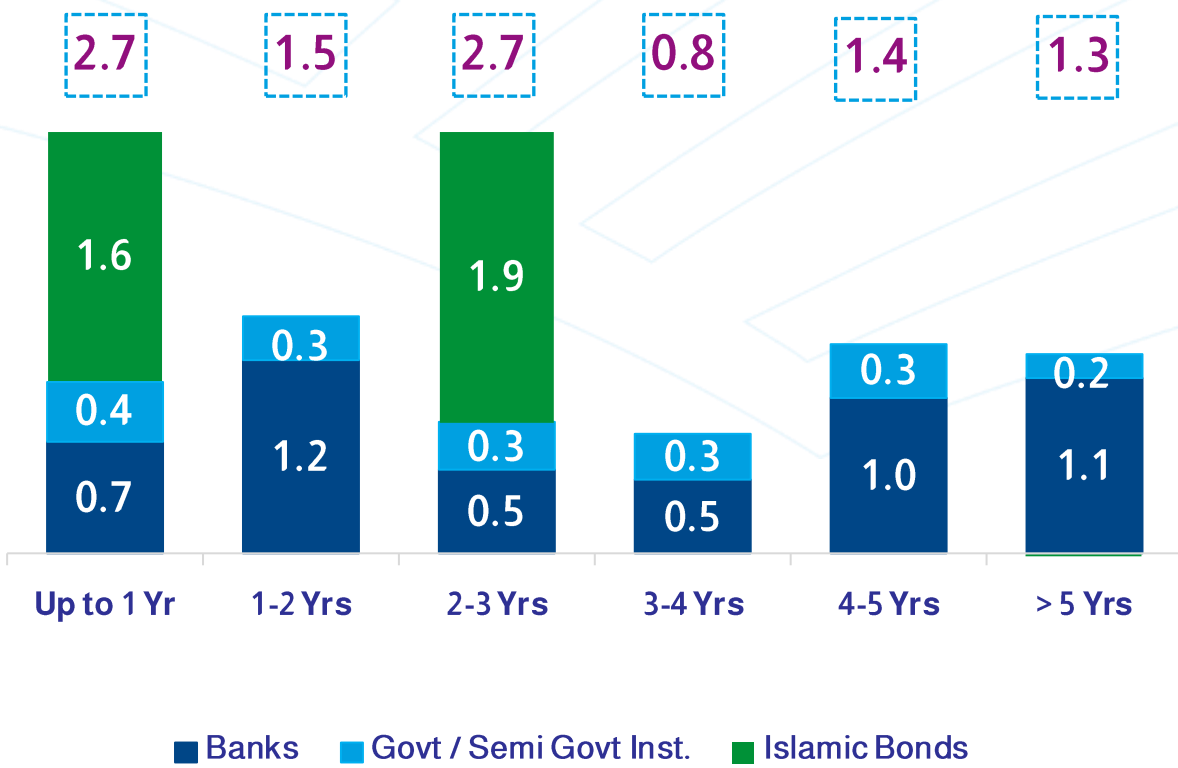


* Net of Time Deposit

Debt Maturity Profile highlights average debt tenure at 3.42 Years

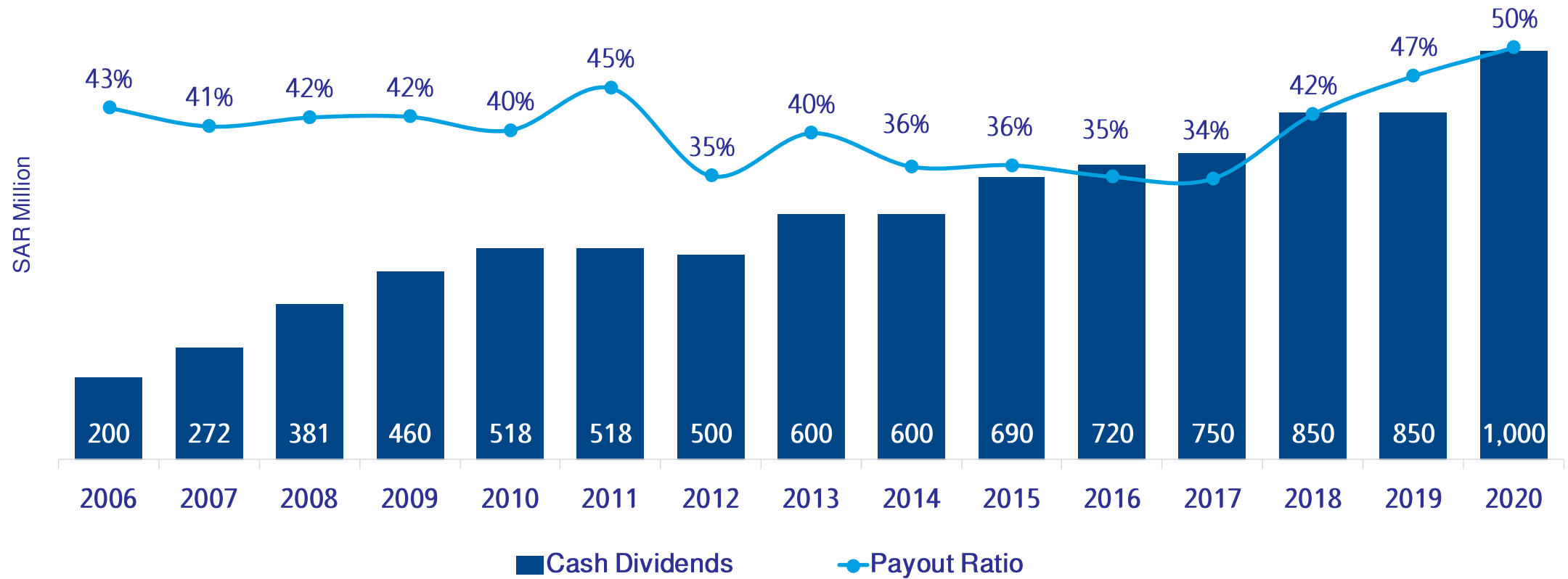
(SAR Billion)

Debt Maturity by Age and Type



■ Banks ■ Govt / Semi Govt Inst. ■ Islamic Bonds

Cash Dividend Since Listing (SAR Million)



Earnings Presentation

Q3 2021

Question & Answer



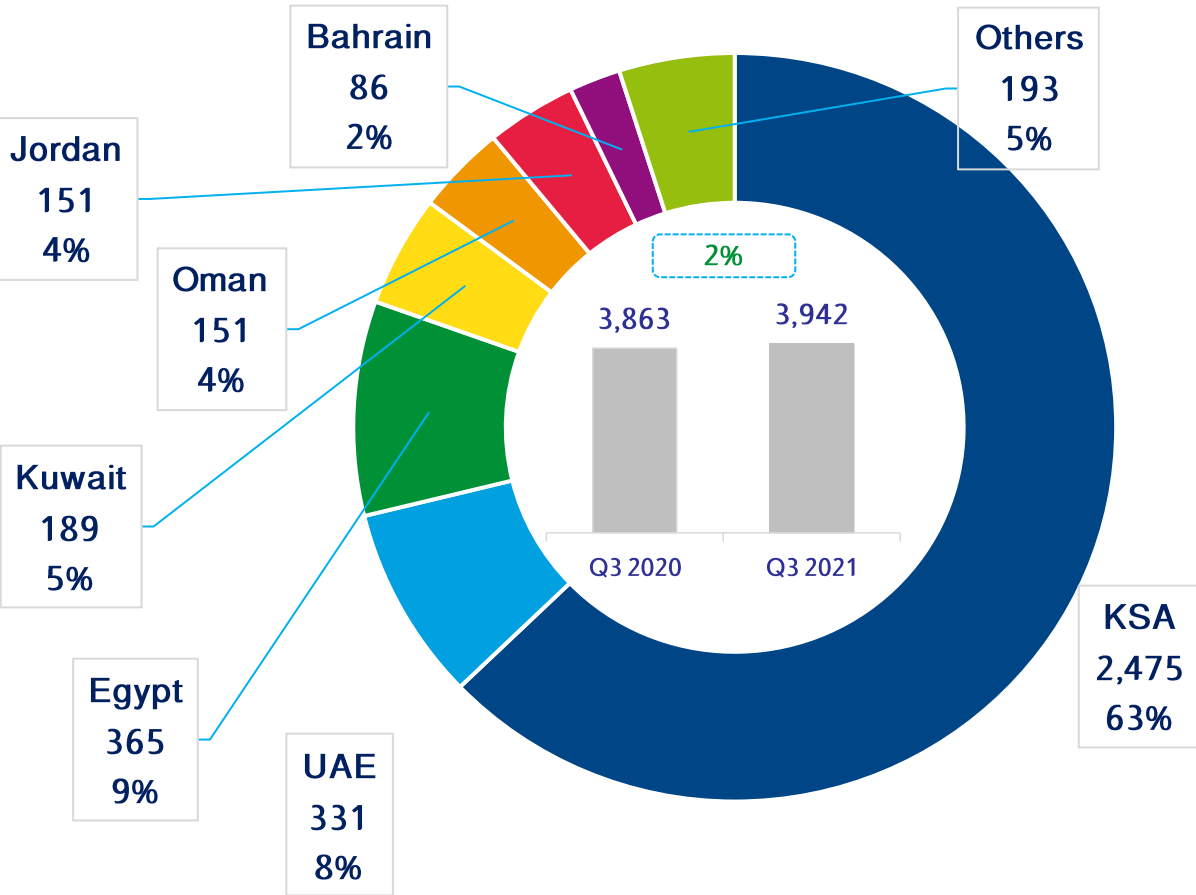
Earnings Presentation

Q3 2021

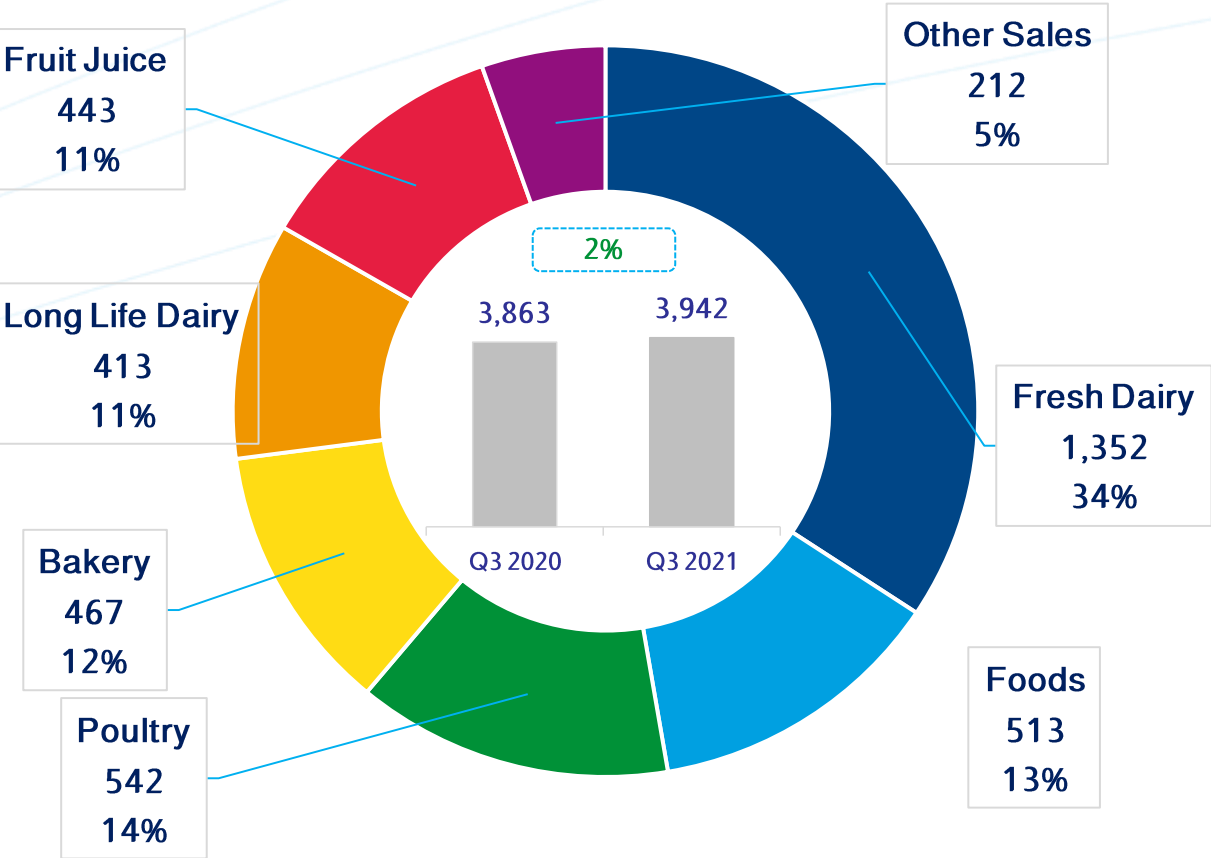
Appendix

Revenue by Geography and by Category – Q3 2021

Revenue By Geography - SAR Million



Revenue By Category - SAR Million

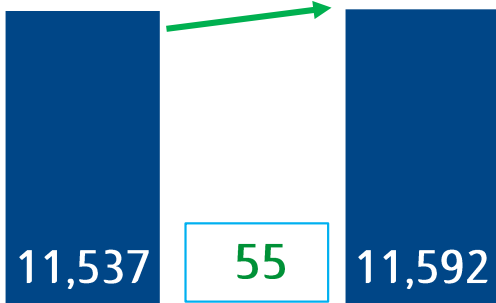


YTD Q3 Financial Highlights

(SAR Million)

Revenue

0%

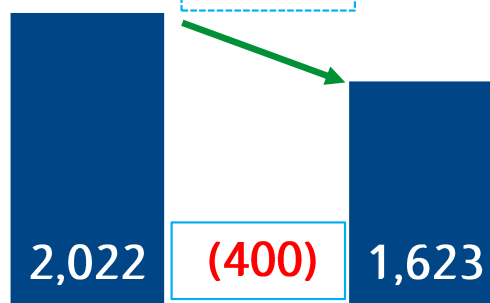


YTD Q3 2020

YTD Q3 2021

Operating Profit

(20%)

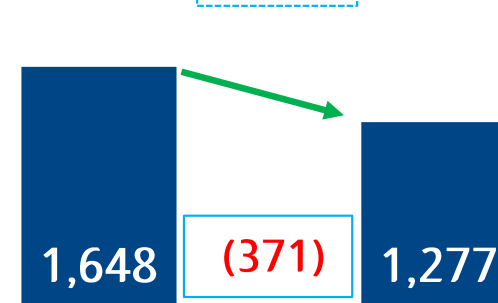


YTD Q3 2020

YTD Q3 2021

Net Income

(23%)

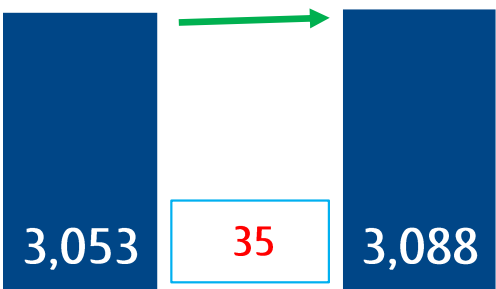


YTD Q3 2020

YTD Q3 2021

Working Capital

35

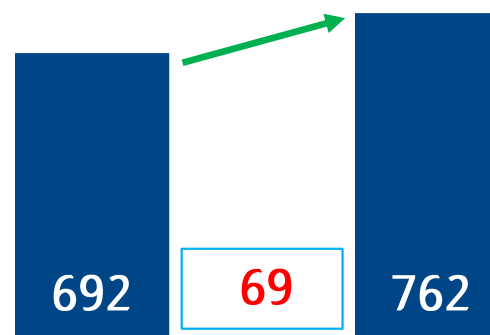


YTD Q3 2020

YTD Q3 2021

CAPEX

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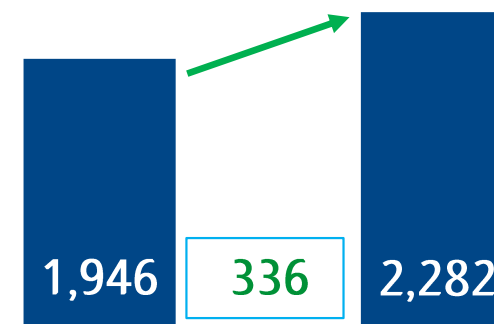


YTD Q3 2020

YTD Q3 2021

Free Cash Flow

336



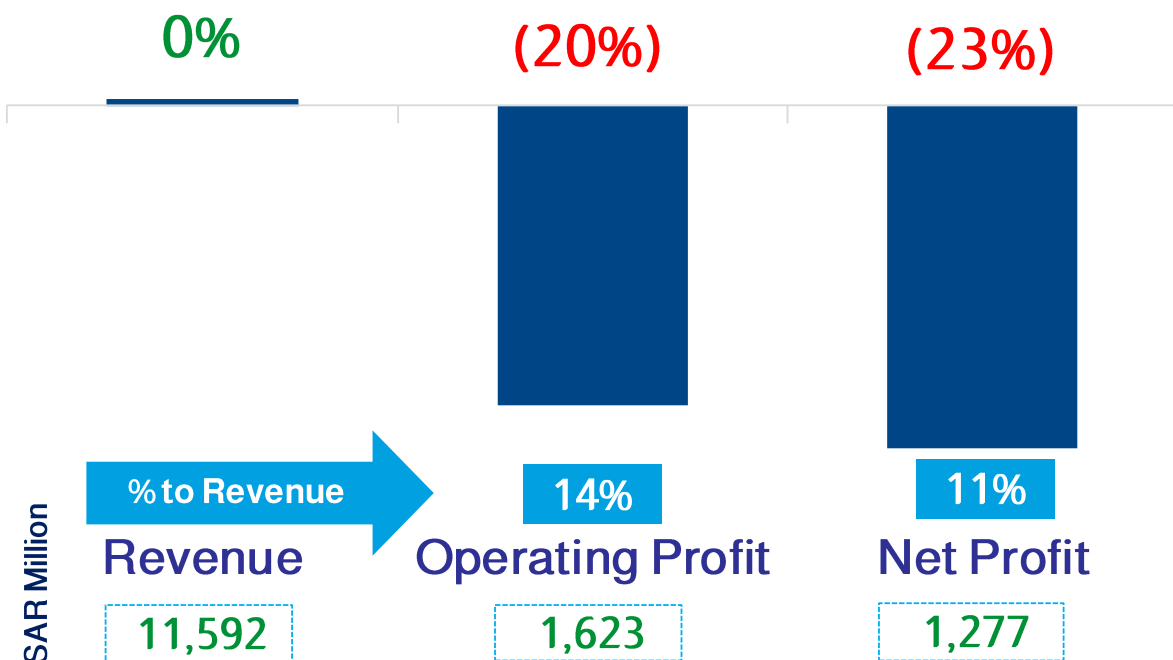
YTD Q3 2020

YTD Q3 2021

YoY % / (YoY %)

Financial Performance – YTD Q3 2021

YTD Q3 2021 vs. YTD Q3 2020



Revenue – Back to normal trading conditions....

-after above normal purchases in 2020 due to COVID-19 restrictions
- Growth in Egypt, Jordan and non-branded product is offsetting the decline in our core categories in GCC
- Core categories in GCC are lower year on year mainly due to:
 - Lower food sales driven by base effect of higher purchases of longer shelf-life products last year
 - Lower poultry sales as restaurants opening in 1st Half 2021 vs 1st Half 2020, when poultry sales were mainly sold in retail channel
 - Lower bakery sales due to schools' closure and lower tourism

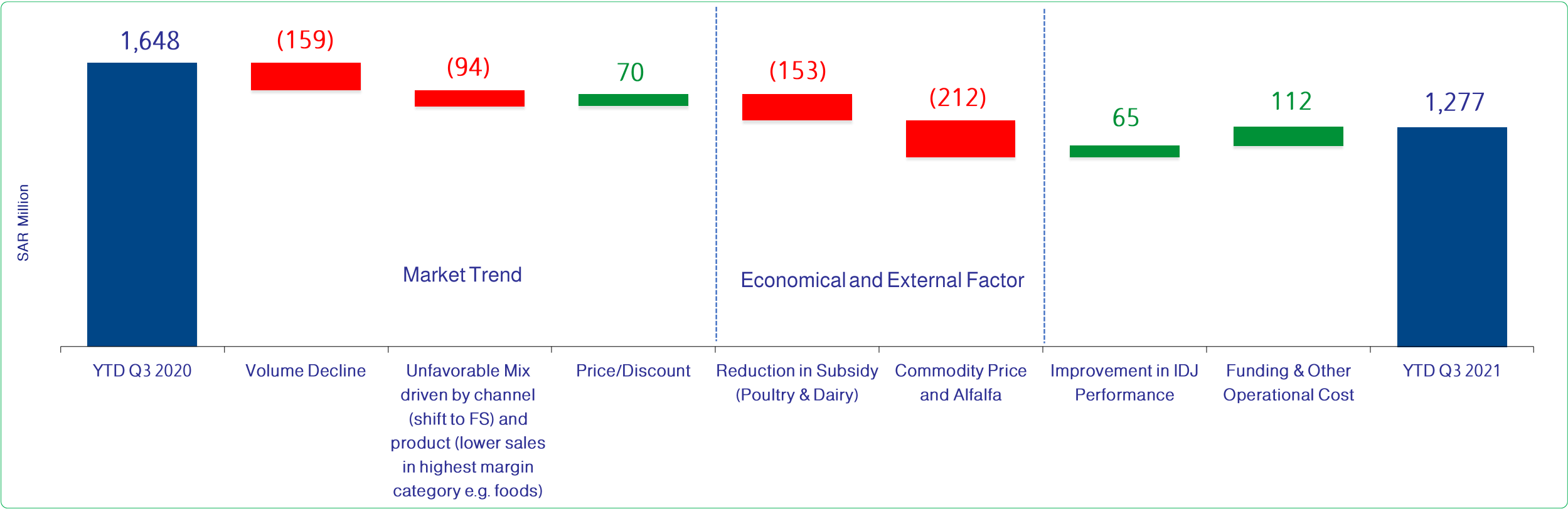
EBIT

- Lower subsidies, driven by no subsidy in 2021 on corn and soyabean and without the benefit of subsidy overlap in poultry in 2020
- Higher feed cost driven by 100% imported alfalfa and higher commodity cost, partially offset by hedging in first half of 2021
- Strong cost control resulting in lower overheads assisted by:
 - One off expenses related to COVID-19 in first half 2020
 - One off restructure cost in Egypt in first half 2020

Net Income

- Lower funding cost driven by lower debt and lower funding rate
- Improved performance in Egypt and Jordan resulting in higher contribution for non-controlling interest shareholders

Net Income Bridge – YTD Q3 2021



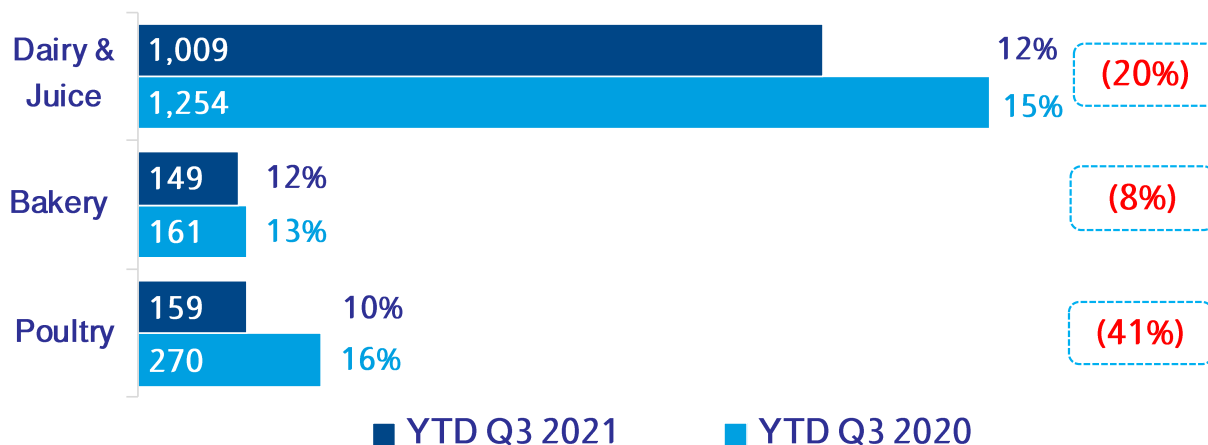
Results by Segment – YTD Q3 2021

Revenue by Segment

(SAR Million)



Profit Margin By Segment



YoY % / (YoY%)

Dairy & Juice

- Stronger long life dairy sales in Egypt, Jordan & Export markets
- Weaker foods year on year due to base effect of higher food purchases during COVID-19 in Q1 2020
- Continued weakness in juice segment, although stabilizing in Q3
- Lower subsidy year on year as subsidy ceased on non-green dairy feed
- Higher feed expenses due to corn and soya cost increase

Bakery

- Volume significantly declined in first half due to lower single serve as school closure continued.
- Higher fixed cost base in bakery supply chain resulting in losses growing at a faster pace than top line

Poultry

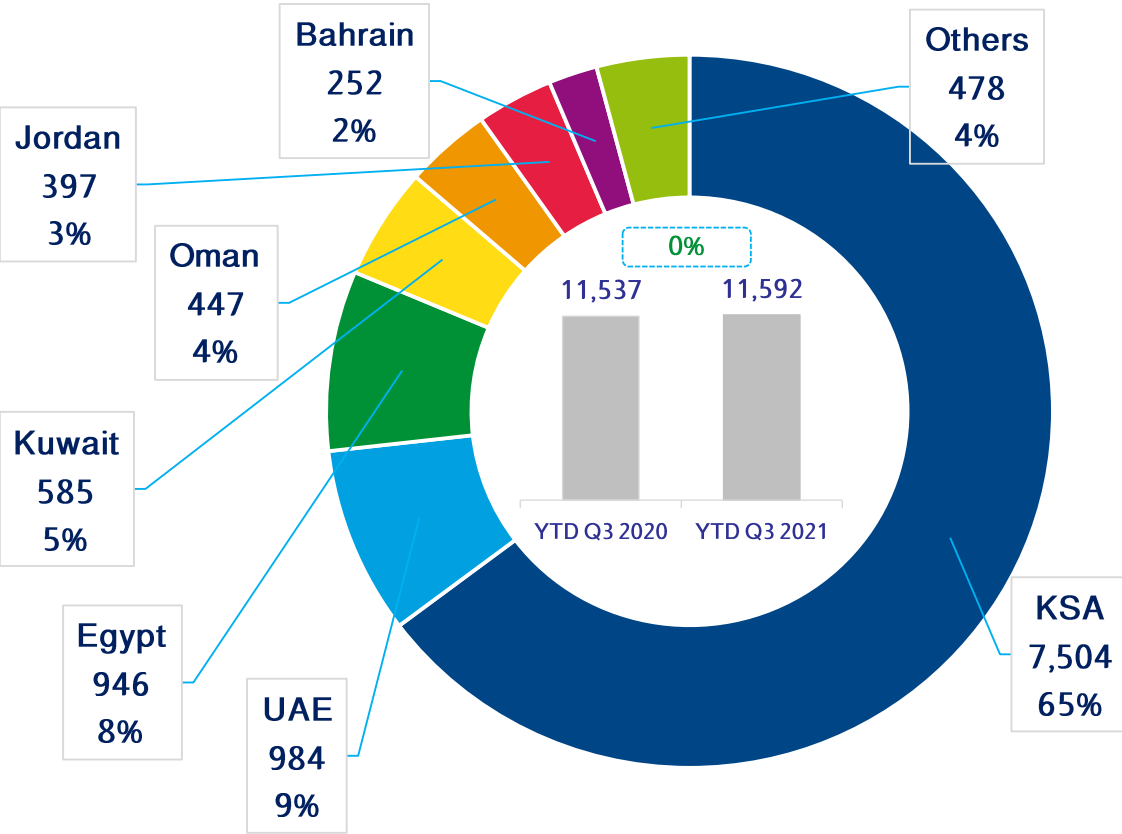
- Volume remaining steady however channel mix was more favourable towards retail last year due to COVID-19 related purchase behavior
- Overlap of feed subsidy and output subsidy resulted in higher subsidy received last year, relative to year 2021
- Higher feed expenses due to corn and soya cost increase

Others

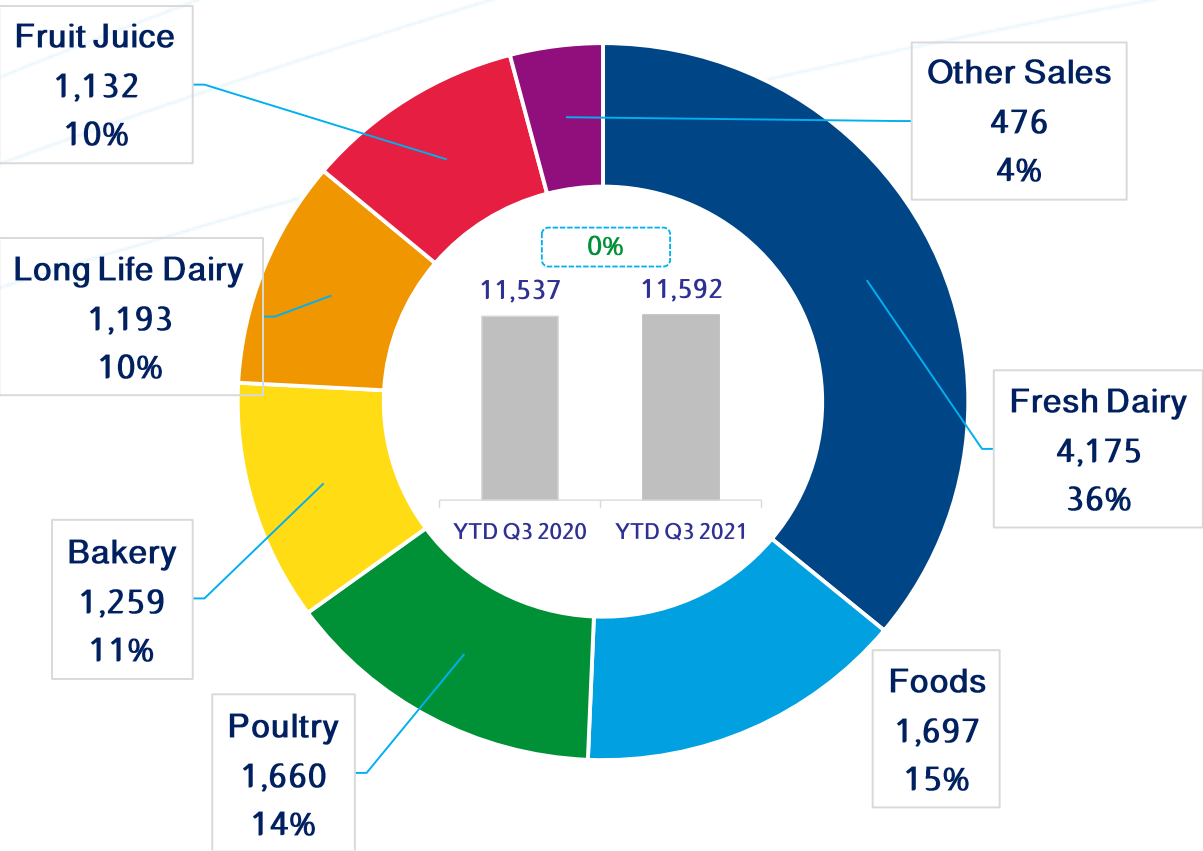
- Top line growth was higher due to higher alfalfa sales to manage the current inventory levels

Revenue by Geography and by Category – YTD Q3 2021

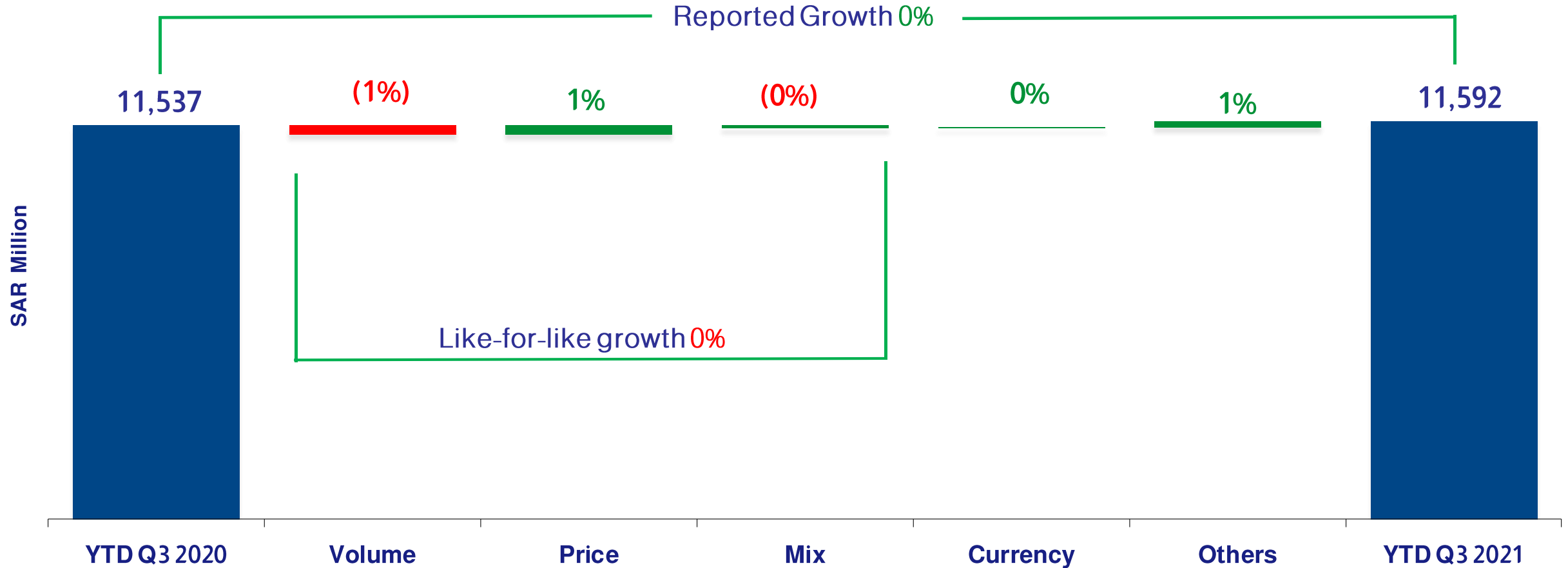
Revenue By Geography - SAR Million



Revenue By Category - SAR Million

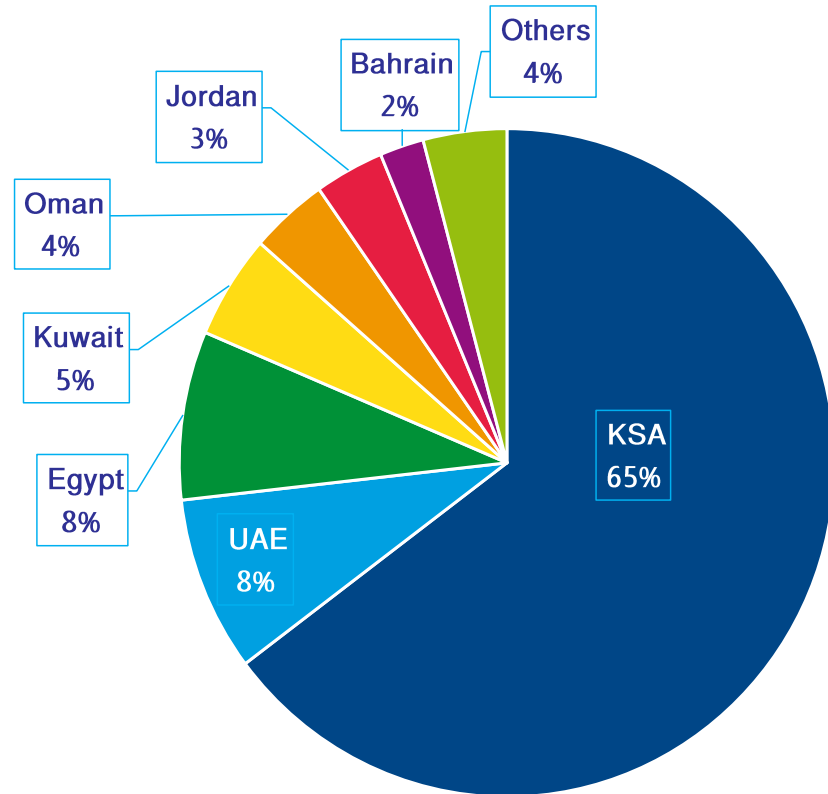


Sales Bridge – YTD Q3 2021

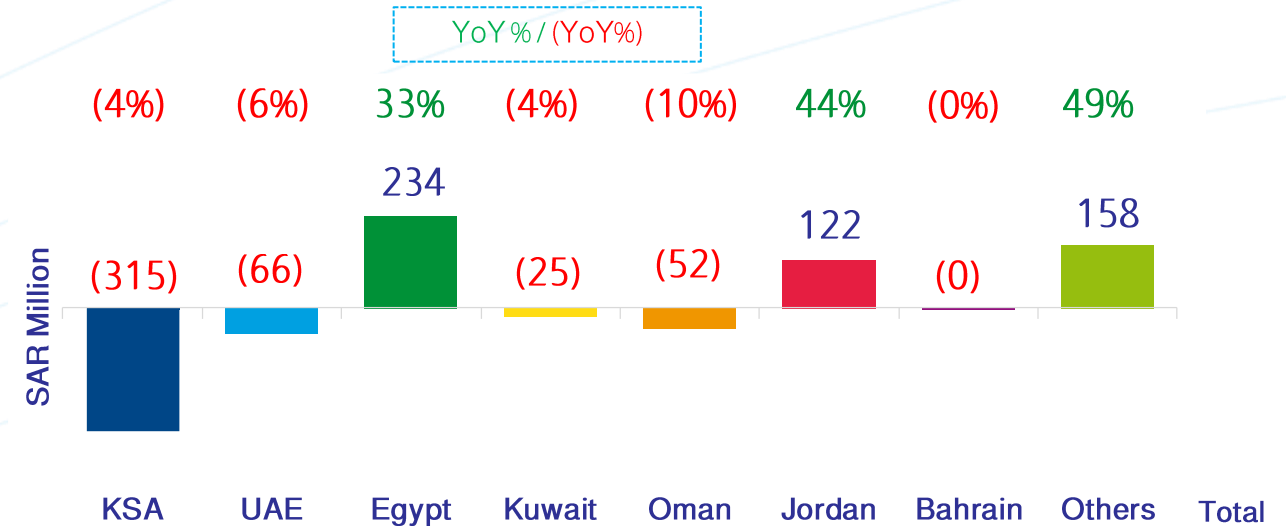


Growth by Geography – YTD Q3 2021

YTD Q3 2021 Total Revenue – SAR 11,592 Million



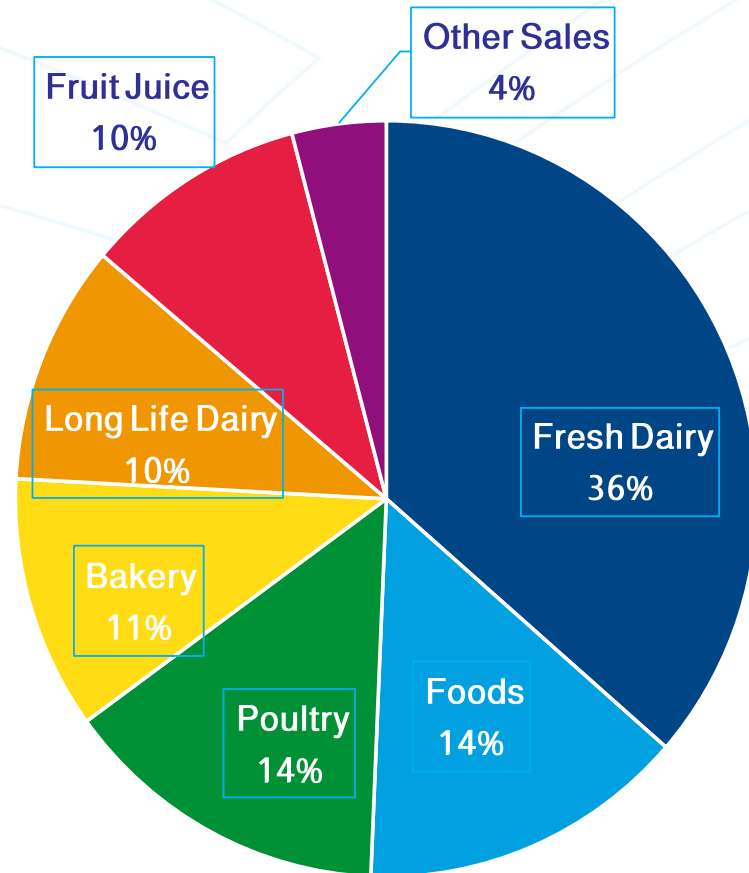
YTD Q3 2021 Total Growth – SAR 55M or 0%



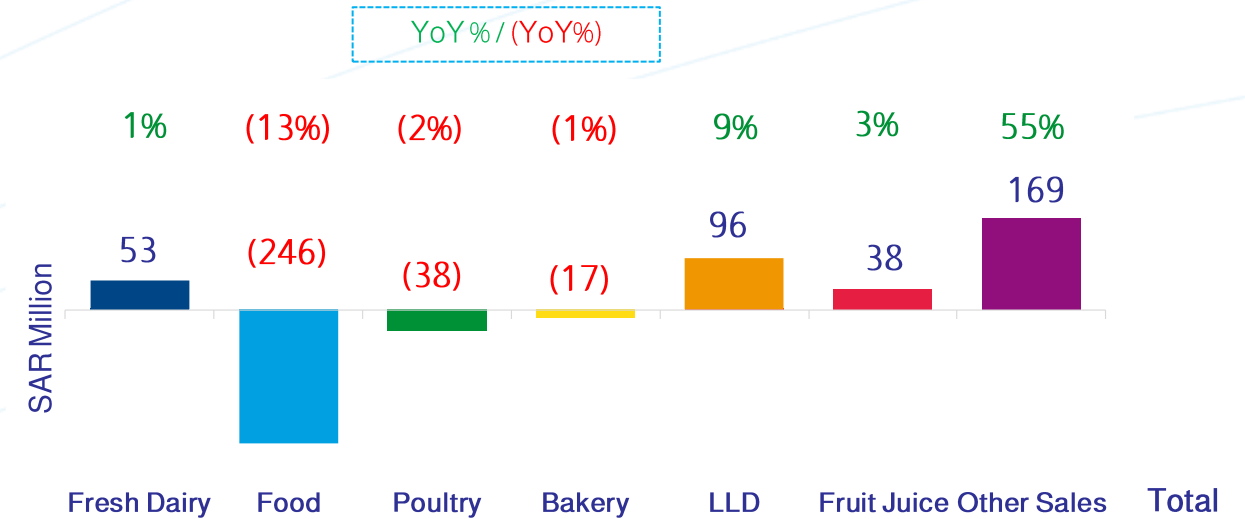
	KSA	UAE	Egypt	Kuwait	Oman	Jordan	Bahrain	Others	Total
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Q1 2021	(2%)	(12%)	31%	(4%)	(12%)	43%	(2%)	99%	1%
Q2 2021	(8%)	(4%)	37%	(4%)	(9%)	40%	2%	56%	(2%)
Q3 2021	(2%)	(3%)	31%	(5%)	(10%)	49%	(1%)	24%	2%
YTD Q3 2021	(4%)	(6%)	33%	(4%)	(10%)	44%	(0%)	49%	0%
Q3 CAGR 2019-2021	1%	1%	26%	4%	(10%)	33%	5%	52%	2%

Growth by Product Category – YTD Q3 2021

YTD Q3 2021 Total Revenue – SAR 11,592 Million



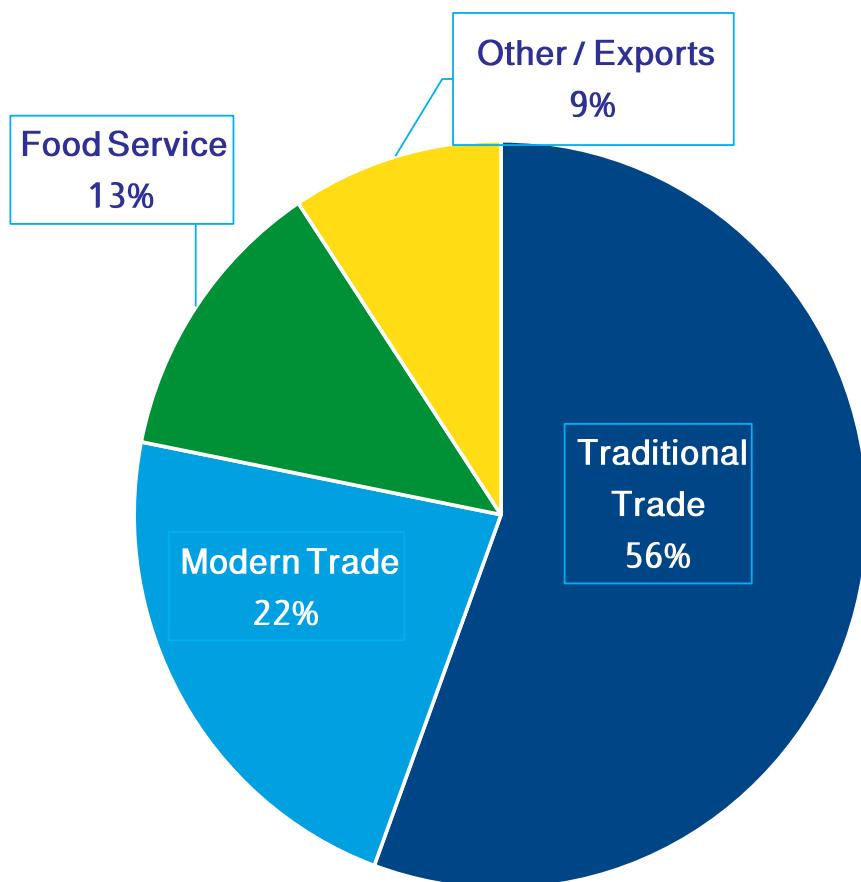
YTD Q3 2021 Total Growth – SAR 55M or 0%



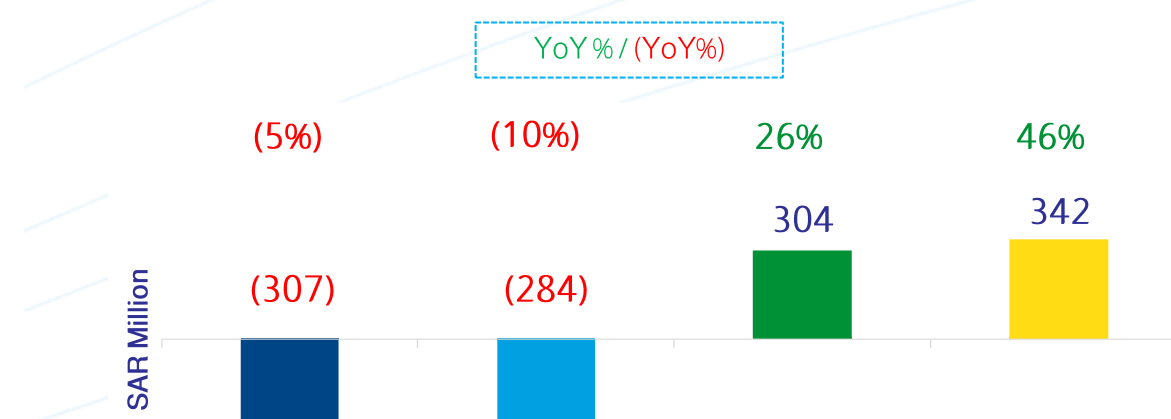
	Fresh Dairy	Food	Poultry	Bakery	LLD	Fruit Juice	Other Sales	Total
Q3 2020	4%	15%	7%	(8%)	21%	5%	93%	8%
Q4 2020	4%	3%	(2%)	(9%)	11%	4%	62%	3%
Q1 2021	3%	(1%)	(1%)	(10%)	10%	(2%)	49%	1%
Q2 2021	3%	(25%)	(8%)	(5%)	6%	8%	86%	(2%)
Q3 2021	(2%)	(12%)	3%	11%	10%	3%	43%	2%
YTD Q3 2021	1%	(13%)	(2%)	(1%)	9%	3%	55%	0%
Q3 CAGR 2019-2021	1%	1%	5%	1%	15%	4%	66%	2%

Growth by Channel – YTD Q3 2021

YTD Q3 2021 Total Revenue – SAR 11,592 Million



YTD Q3 2021 Total Growth – SAR 55M or 0%



	Traditional Trade	Modern Trade	Food Service	Other / Exports	Total
Q3 2020	7%	10%	(2%)	40%	8%
Q4 2020	(1%)	1%	(1%)	45%	3%
Q1 2021	1%	(9%)	8%	41%	1%
Q2 2021	(10%)	(15%)	58%	93%	(2%)
Q3 2021	(2%)	(5%)	25%	24%	2%
YTD Q3 2021	(5%)	(10%)	26%	46%	0%
Q3 CAGR 2019-2021	0%	(8%)	14%	48%	2%

Profit & Loss Statement – YTD Q3 2021

SAR Million	3rd Quarter					YTD 3rd Quarter				
	2021		2020		Change	2021		2020		Change
Revenue	3,942	100.0%	3,863	100.0%	2.0%	11,592	100.0%	11,537	100.0%	0.5%
Cost of sales	(2,666)	(67.6%)	(2,348)	(60.8%)	(13.5%)	(7,726)	(66.6%)	(7,234)	(62.7%)	(6.8%)
Gross Profit	1,276	32.4%	1,515	39.2%	(15.8%)	3,867	33.4%	4,303	37.3%	(10.1%)
Selling and Distribution Expenses	(646)	(16.4%)	(642)	(16.6%)	(0.7%)	(1,885)	(16.3%)	(1,887)	(16.4%)	0.1%
General and Administration Expenses	(85)	(2.2%)	(84)	(2.2%)	(1.4%)	(287)	(2.5%)	(289)	(2.5%)	0.5%
Other Expense, net	(19)	(0.5%)	(40)	(1.0%)	51.3%	(70)	(0.6%)	(71)	(0.6%)	1.1%
Impairment (Reversal) / Loss on Financial Assets	(6)	(0.2%)	1	0.0%	(755.2%)	(1)	(0.0%)	(34)	(0.3%)	97.5%
Operating Income	519	13.2%	750	19.4%	(30.9%)	1,623	14.0%	2,022	17.5%	(19.8%)
Finance Costs - net	(85)	(2.1%)	(118)	(3.0%)	28.1%	(267)	(2.3%)	(363)	(3.1%)	26.5%
Share of Results of Associates and Joint Ventures	(1)	(0.0%)	1	0.0%	0.0%	(2)	(0.0%)	2	0.0%	0.0%
Profit Before Zakat and Income Tax	433	11.0%	633	16.4%	(31.6%)	1,354	11.7%	1,661	14.4%	(18.5%)
Zakat and Foreign Income Tax	(23)	(0.6%)	(18)	(0.5%)	(24.4%)	(64)	(0.6%)	(58)	(0.5%)	(10.3%)
Profit for the Period	411	10.4%	615	15.9%	(33.2%)	1,290	11.1%	1,602	13.9%	(19.5%)
Profit Attributable to Non Controlling Interest	(2)	(0.0%)	6	0.2%	(127.6%)	(13)	(0.1%)	46	0.4%	(127.3%)
Profit Attributable to Shareholders	409	10.4%	622	16.1%	(34.2%)	1,277	11.0%	1,648	14.3%	(22.5%)
Earnings Per Share (Basic)	0.42		0.63		(33.3%)	1.30		1.68		(22.6%)
Profit Attributable to Shareholders %	10.4%		16.1%			11.0%		14.3%		

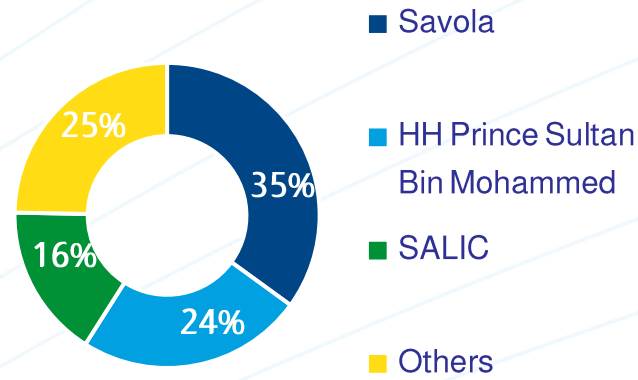
Results by Segment – YTD Q3 2021

SAR Million	Dairy & Juice	Bakery	Poultry	Others	Almarai Consolidated
YTD Q3 2021					
Revenue	8,198	1,259	1,660	476	11,592
Profit Attributable to Shareholders	1,009	149	159	(40)	1,277
Percent to Revenue of Profit Attributable to Shareholders	12.3%	11.8%	9.6%	n.a	11.0%
Growth versus YTD Q3 2020					
- Revenue - YTD Q3 2020	8,257	1,276	1,698	307	11,537
- Revenue Growth % Over YTD Q3 2020	(0.7%)	(1.3%)	(2.2%)	55.1%	0.5%
- Profit Attributable to Shareholders - YTD Q3 2020	1,254	161	270	(37)	1,648
- Profit Attributable to Shareholders Growth % Over YTD Q3 2020	(19.5%)	(7.9%)	(41.0%)	(8.7%)	(22.5%)
Q3 2021					
Revenue	2,721	467	542	212	3,942
Profit Attributable to Shareholders	333	75	35	(34)	409
Percent to Revenue of Profit Attributable to Shareholders	12.2%	16.1%	6.5%	n.a	10.4%
Growth versus Q3 2020					
- Revenue - Q3 2020	2,770	419	525	149	3,863
- Revenue Growth % Over Q3 2020	(1.8%)	11.5%	3.2%	42.5%	2.0%
- Profit Attributable to Shareholders - Q3 2020	477	63	72	10	622
- Profit Attributable to Shareholders Growth % Over Q3 2020	(30.2%)	19.1%	(50.8%)	n.a	(34.2%)

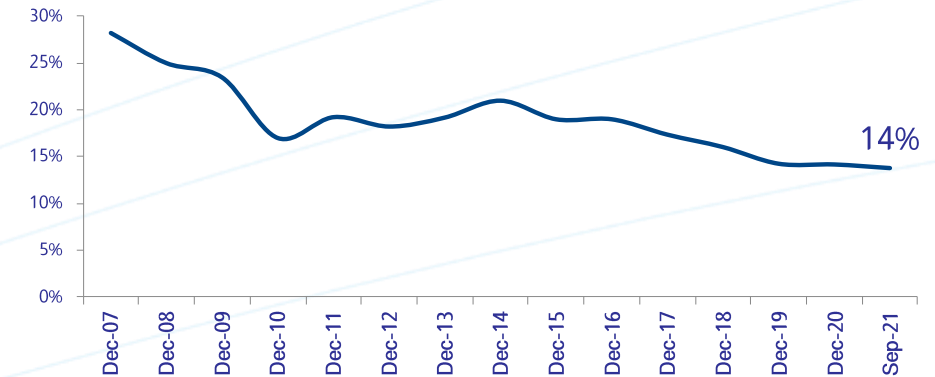
Key Share Data

Key Statistics for Almarai (30 Sept 2021)

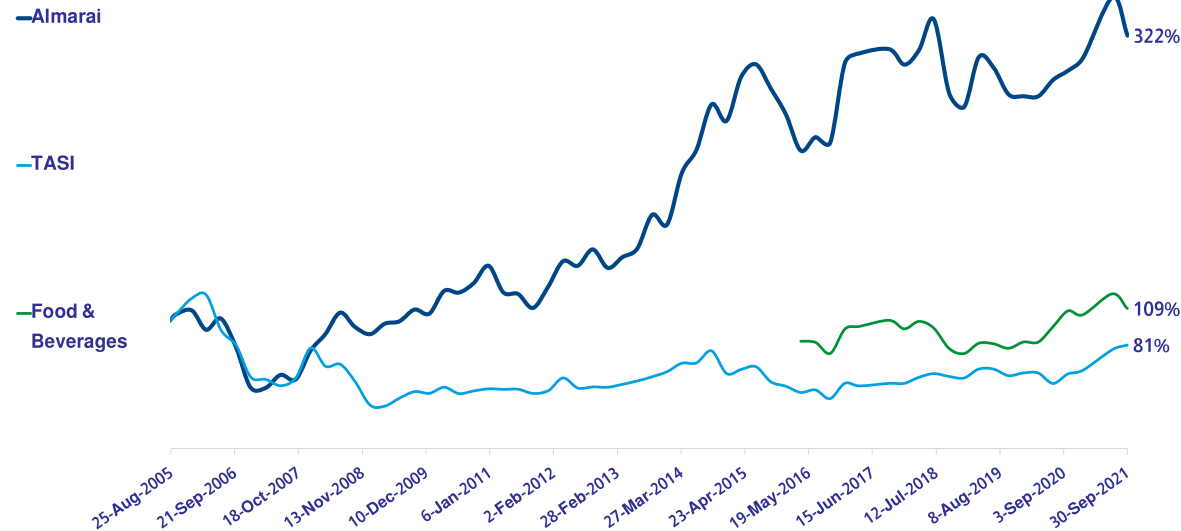
Share Price (SAR)	58.00
Current P/E Ratio (ttm)	35.99
Earnings Per Share (SAR) (ttm)	1.61
Market Cap (SAR Million)	58,000
Shares Outstanding (Million)	1,000
Dividend Yield	1.72%



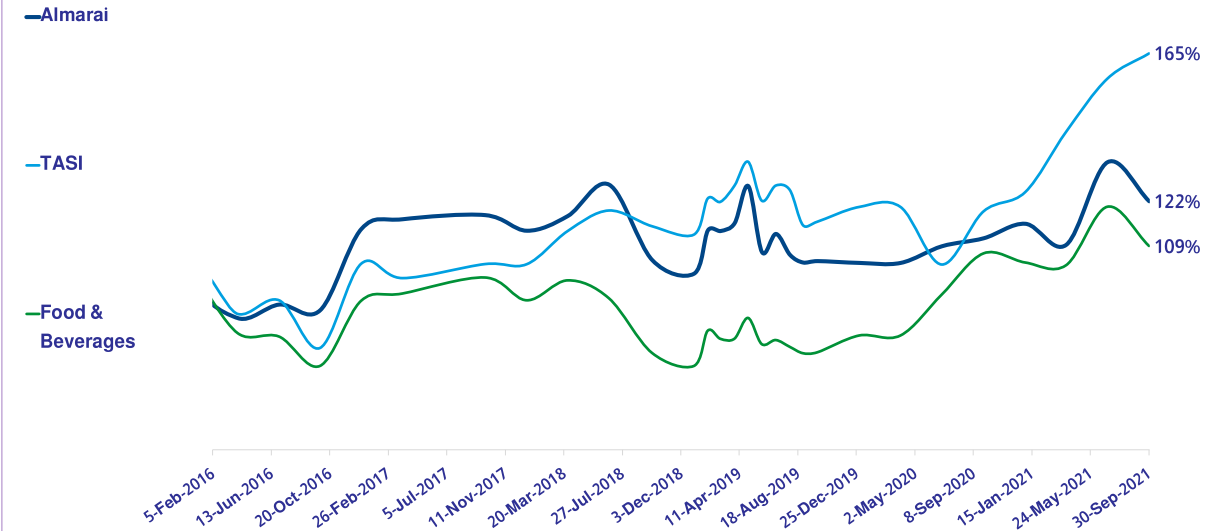
Year to date total shareholder's return since listing



Share Price Trend (Listing Date of Almarai Company)



Share Price Trend (Listing Date of Food and Beverages Index)



Thank you

Earnings Presentation – Q3 2021