

Market Data	
52-week high/low	SAR 64.90/46.25
Market Cap	SAR 52,800 mln
Shares Outstanding	1,000 mln
Free-float	43.02%
12-month ADTV	611,623
Bloomberg Code	ALMARAI AB

Bakery Drives Growth

April 11, 2022

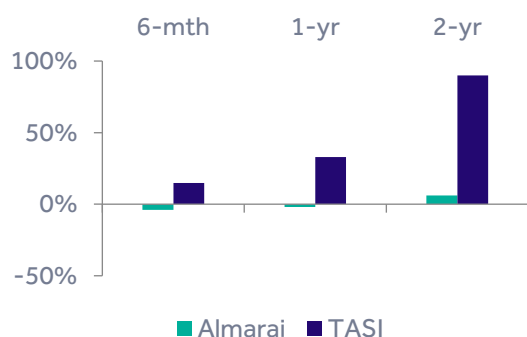
Upside to Target Price	(1.5%)	Rating	Neutral
Expected Dividend Yield	2.1%	Last Price	SAR 52.80
Expected Total Return	0.6%	12-mth target	SAR 52.00

Almarai Company	1Q2022	1Q2021	Y/Y	4Q2021	Q/Q	RC Estimate
Sales	4,504	3,645	24%	4,257	6%	4,426
Gross Profit	1,332	1,235	8%	1,193	12%	1,151
Gross Margins	30%	33%		28%		26%
Operating Profit	547	502	9%	392	39%	365
Net Profit	421	386	9%	287	47%	276

(All figures are in SAR mln)

- Almarai's top-line is up by +24% Y/Y (+6% Q/Q) to SAR 4.5 bln, in-line with our SAR 4.4 bln forecast. The growth in the top-line was supported by the Bakery segment, which was up by +46% followed by Dairy where both long-life and fresh dairy were up by +24% and +19% respectively, as well as positive growth across all channels and countries due to improved trading conditions post Covid-19 restrictions and better tourism activities in the region.
- Gross profit is up by +8% Y/Y, lower than sales growth due to higher input costs driven by higher corn, soya and dairy commodity prices. This affected the gross margin, which contracted by -431 bps to 30% this quarter.
- We witnessed an improvement in gross margin Q/Q by +156 bps despite an increase in costs, we expect this was attributed to the hike in product prices which enabled the company to improve its margins.
- Almarai reported a net income of SAR 421 mln (+9% Y/Y, +47% Q/Q) beating our and market expectations. Earnings beat was due to lower than expected input costs. Net margin contracted by -125 bps Y/Y but is up by +261 bps Q/Q to 9.3% this quarter. We raise our target price from SAR 51.00 to SAR 52.00 but maintain 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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