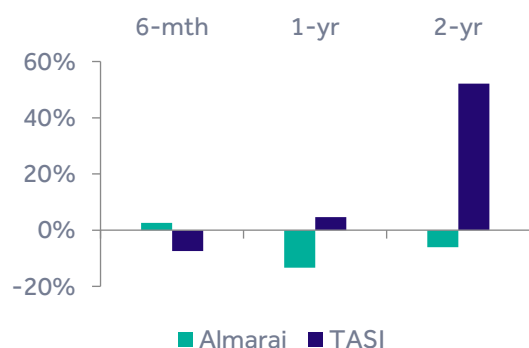


Market Data	
52-week high/low	SAR 59.90/46.25
Market Cap	SAR 50,400 mln
Shares Outstanding	1,000 mln
Free-float	40.90%
12-month ADTV	512,739
Bloomberg Code	ALMARAI AB



## ■ Bakery Continues to Drive Growth

July 18, 2022

Upside to Target Price	7.1%	Rating	Neutral
Expected Dividend Yield	2.3%	Last Price	SAR 50.40
Expected Total Return	9.4%	12-mth target	SAR 54.00

Almarai Company	2Q2022	2Q2021	Y/Y	1Q2022	Q/Q	RC Estimate
Sales	4,610	4,006	15%	4,503	2%	4,757
Gross Profit	1,470	1,356	8%	1,332	10%	1,434
Gross Margins	32%	34%		30%		30%
Operating Profit	646	602	7%	547	18%	610
Net Profit	520	482	8%	420	24%	493

(All figures are in SAR mln)

- Revenue for Almarai continued to grow in 2Q2022 as the company reported a strong growth of +15% Y/Y and +2% Q/Q to SAR 4.6 bln, in-line with our SAR 4.8 bln forecast. As expected, all product categories showed a growth Y/Y led by Bakery which showed a +42% Y/Y growth due to full reopening of the education sector as well as an increase in number of visitors in GCC resulting in higher single serve product sales. This was followed by Poultry (+30% Y/Y).
- Gross profit is up by +8% Y/Y to SAR 1.5 bln, 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 -197 bps to 32% this quarter.
- For 1H2022, revenues grew by +19% compared with the same period last year mainly due to the improvement in trading conditions post COVID-19 restrictions.
- Almarai reported a bottom-line of SAR 520 mln (+8% Y/Y, +24% Q/Q) in-line with our SAR 493 mln forecast, as a result of the seasonality driven by Ramadan sales. We expect a positive momentum in 2H2022 with the company's ability to manage the challenges. Hence, we raise our target price from SAR 52.00 to SAR 54.00 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](mailto:research@riyadcapital.com)

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