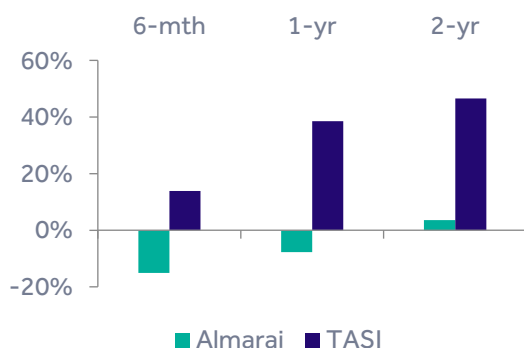


| Market Data | |
|--------------------|-----------------|
| 52-week high/low | SAR 64.90/46.25 |
| Market Cap | SAR 50,000 mln |
| Shares Outstanding | 1,000 mln |
| Free-float | 40.91% |
| 12-month ADTV | 604,689 |
| Bloomberg Code | ALMARAI AB |



Net income Falls Sharply Q/Q

January 23, 2022

| | | | |
|-------------------------|------|---------------|-----------|
| Upside to Target Price | 2.0% | Rating | Neutral |
| Expected Dividend Yield | 4.5% | Last Price | SAR 50.00 |
| Expected Total Return | 6.5% | 12-mth target | SAR 51.00 |

| Almarai Company | 4Q2021 | 4Q2020 | Y/Y | 3Q2021 | Q/Q | RC Estimate |
|------------------|--------|--------|-------|--------|-------|-------------|
| Sales | 4,257 | 3,820 | 11% | 3,942 | 8% | 3,986 |
| Gross Profit | 1,193 | 1,232 | (3%) | 1,276 | (7%) | 1,236 |
| Gross Margins | 28% | 32% | | 32% | | 31% |
| Operating Profit | 392 | 500 | (22%) | 519 | (24%) | 463 |
| Net Profit | 287 | 336 | (15%) | 409 | (30%) | 356 |

(All figures are in SAR mln)

- FY 2021 top-line is up by +3% Y/Y to SAR 15.8 bln due to strong volume growth in Egypt, Jordan and non-branded product sales while bottom-line fell by -21% Y/Y to SAR 1.6 bln due to lower margins which was impacted by structural reforms and surge in global commodities cost due to Covid-19. The structural adjustment related to subsidy reduction and higher feed cost (all alfalfa consumed is 100% imported) resulted in lower gross profit than last year.
- For 4Q2021, top-line is up +11% Y/Y and +8% Q/Q to SAR 4.3 bln supported by Bakery segment which was up by +22% followed by Dairy where both fresh and long-life dairy were up by +12% Y/Y as well as positive growth across all channels and countries except Bahrain.
- Gross Profit for the quarter declined by -3% Y/Y and by -7% Q/Q to SAR 1.2 bln, while the gross margin fell by -425 bps Y/Y to 28% this quarter due to farming and dairy commodity cost increases. This is in addition to higher international shipping cost and packaging costs.
- Almarai reported a net income of SAR 287 million (-15% Y/Y, -30% Q/Q) below our and market expectations due to lower margins and higher costs. We reduce our target price to SAR 51.00 but maintain our Neutral rating.

Abdullah D Alharbi
 abdullah.ulihan.alharbi@riyadcapital.com
 +966-11-486-5680

الرياض المالية
 riyad capital

■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.