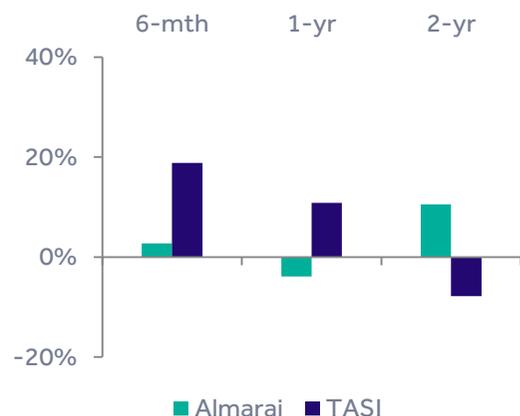


Market Data	
52-week high/low	SAR 71.0 / 53.2
Market Cap	SAR 56,700 mln
Shares Outstanding	1,000 mln
Free-float	40.90%
12-month ADTV	391,300
Bloomberg Code	ALMARAI AB



Growth Drivers Engaged

Upside to Target Price	23.5%
Expected Dividend Yield	1.8%
Expected Total Return	25.3%

Rating	Buy
Last Price	SAR 56.70
12-mth target	SAR 70.00

April 25, 2024

Almarai Company	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	5,459	5,067	8%	4,920	11%	5,166
Gross Profit	1,708	1,618	6%	1,397	22%	1,643
Gross Margins	31%	32%		28%		32%
Operating Profit	869	803	8%	529	64%	777
Net Profit	692	636	9%	371	87%	604

(All figures are in SAR mln)

- Almarai's top-line grew +8% Y/Y and +11% Q/Q, to SAR 5.5 bln, close to our estimates. The Y/Y growth was driven by strong volume increases, specifically generated in Poultry and Dairy Categories; both up Y/Y by +8.6% and +21.1%, respectively. This growth in the Poultry segment was further supported by strong growth in KSA and GCC markets and expansion in the production capacity of Poultry. Gross profit also grew +22% Q/Q and +6% Y/Y, reaching SAR 1.7 bln.
- During Almarai's 1Q24 earnings call, it was clear that major commodity input prices continue to be manageable, partially assisted via government subsidies, and have contributed to operating cost control measures. EBIT was recorded at SAR 869 mln (+8% Y/Y, +64% Q/Q), driven by the overhead cost control measures and commodity price stability cascading into key categories. This also translated further into EBIT margins, which expanded by 7 bps Y/Y and over 500 bps Q/Q.
- Almarai's BOD declared dividends of SAR 1.00 per share in 2023, which given current performance, will most likely continue into 2024; with a similar payout ratio to 2023 (49%). We believe management's further clarity during their earnings call regarding the SAR 18 bln capital investment program, to expand Poultry Capacity, potentially vertically integrate Ice Cream, and other growth initiatives, are measured and positive. These plans, especially given they will be financed through operating cash flow, is reason for raising our target price to SAR 70.00 and upgrade our rating to Buy.

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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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