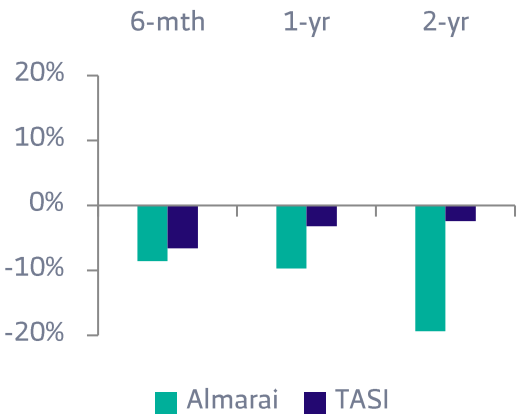


Market Data	
52-week high/low	SAR 61.5 / 47.7
Market Cap	SAR 50,150 mln
Shares Outstanding	1,000 mln
Free-float	75.40%
12-month ADTV	876,784
Bloomberg Code	ALMARAI AB



Steady Growth Sets The Tone For 2H25

July 08, 2025

Upside to Target Price	39.6%	Rating	Buy
Expected Dividend Yield	2.0%	Last Price	SAR 50.15
Expected Total Return	41.6%	12-mth target	SAR 70.00

Almarai	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	5,288	5,155	3%	5,767	(8%)	5,341
Gross Profit	1,713	1,702	1%	1,769	(3%)	1,656
Gross Margins	32%	33%		31%		31%
Operating Profit	813	793	3%	874	(7%)	805
Net Profit	647	620	4%	731	(12%)	653

(All figures are in SAR mln)

- Almarai’s top-line grew +3% Y/Y and fell -8% Q/Q, to SAR 5.3 bln, in-line with our estimates. The growth Y/Y was driven by strong performance in all categories, however, the timing of Ramadan pulled down Q/Q results as well, making performance look muted sequentially. The growth in the Company’s top-line also supported greater gross profits, which increased +1% Y/Y and decreased -3% Q/Q. The majority of sequential negative changes were driven by seasonal factors in 1Q25 (Ramadan).
- We estimate, based on the results this quarter, that SG&A has increased only +1.5% Q/Q and +5.3% Y/Y, which would be concerning, if not for the growth in operating and net income Y/Y. 2Q25 EBIT of SAR 813 mln (+3% Y/Y, -7% Q/Q), was driven by continued cost control measures and input price stability. This also translated further into EBIT margins, which fell only slightly Y/Y, but actually improved Q/Q by ~22bps; the Q/Q results occurring despite seasonal consumption patterns.
- Almarai recorded net profits of SAR 647 mln in 2Q25 vs. SAR 620 mln in 2Q24, an increase of +4% Y/Y, but -12% Q/Q, which was driven by product mix, while the timing of Ramadan also negatively affected the Q/Q changes. Management commented that higher net profit growth Y/Y, was driven by higher revenues, especially revenues from bread sales. In our view, the growth in costs could present challenges eventually, which is why the Company’s focus on expansion, especially the continued growth and leverage of economies-of-scale in Poultry production, is positive and a key driver. We maintain our target price and 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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