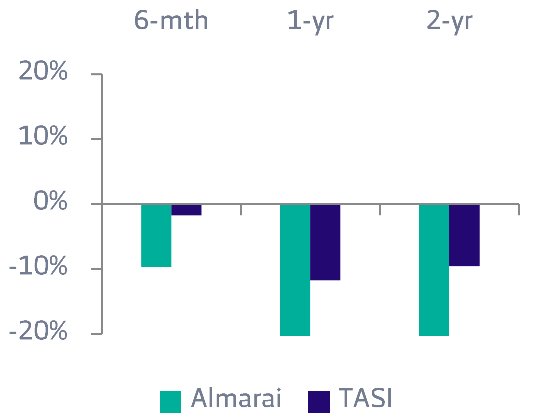
Annual Growth Continues, Gross Margins Splitting Hairs

January 19, 2026

Upside to Target Price	11.1%	Rating	Neutral
Expected Dividend Yield	2.7%	Last Price	SAR 43.20
Expected Total Return	13.8%	12-mth target	SAR 48.00

Market Data	
52-week high/low	SAR 59.3 / 41.2
Market Cap	SAR 43,200 mln
Shares Outstanding	1,000 mln
Free-float	75.42%
12-month ADTV	842,616
Bloomberg Code	ALMARAI AB



Almarai	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	5,457	5,157	6%	5,553	(2%)	5,504
Gross Profit	1,659	1,583	5%	1,747	(5%)	1,690
Gross Margins	30%	31%		31%		31%
Operating Profit	616	591	4%	757	(19%)	689
Net Profit	465	431	8%	613	(24%)	520

(All figures are in SAR mln)

- Almarai's top-line grew +6% Y/Y and -2% Q/Q, to SAR 5.5 bln, in-line with our estimates. The growth Y/Y was driven by strong performance in all categories, Poultry specifically did not generate greater net profits (quarterly basis) Y/Y, but management did comment that this was once again, offset by higher sales volumes. Growth in Almarai's top-line did not fully translate into gross profits, which increased +5% Y/Y (-5% Q/Q), we interpret this as energy cost increases finally catching up to the Company.
- We speculate based on the results this quarter, that SG&A has increased Y/Y, which would be concerning, if not for the growth in operating and net income Y/Y. 4Q25 EBIT of SAR 616 mln (+4% Y/Y, -19% 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 and Q/Q, by -18 bps and -236 bps, respectively. When analyzing these integral costs separately from others, we do highlight the lower gross margins Y/Y and Q/Q as more concerning; which are driven by what we believe are structurally higher cost of sales.
- Almarai recorded net profits of SAR 465 mln in 4Q25 vs. SAR 431 mln in 4Q24, an increase of +8% Y/Y, but -24% Q/Q, which was driven by product mix and improved funding costs Y/Y. Management commented that lower funding costs were a particular driver for the growth in net profit Y/Y; as well as strong topline performance in all core markets. In our view, our key focus has always been the growth in costs, not the growth in revenues, which appears to be in the early stage of causing a structural change. We lower our target price and adjust our rating.

Brennan Eatough
brennan.eatough@riyadcapital.com
+966-11-203-6808

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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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