

Market Data	
52-week high/low	SAR 59.10/49.00
Market Cap	SAR 57,900 mln
Shares Outstanding	1,000 mln
Free-float	24.58%
12-month ADTV	360,173
Bloomberg Code	ALMARAI AB

Poultry Continues to Grow Strongly

April 11, 2023

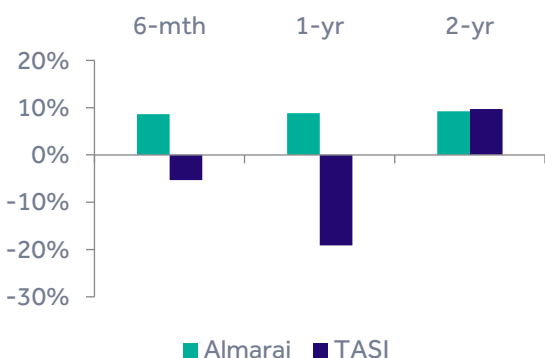
Upside to Target Price	(3.3%)	Rating	Neutral
Expected Dividend Yield	2.2%	Last Price	SAR 57.90
Expected Total Return	(1.0%)	12-mth target	SAR 56.00

Almarai Company	1Q2023	1Q2022	Y/Y	4Q2022	Q/Q	RC Estimate
Sales	5,067	4,503	13%	4,839	5%	5,004
Gross Profit	1,618	1,332	21%	1,334	21%	1,476
Gross Margins	32%	30%		28%		30%
Operating Profit	803	457	47%	504	59%	569
Net Profit	636	423	51%	356	79%	429

(All figures are in SAR mln)

- Almarai continued its top-line growth in 1Q2023 to report sales of SAR 5.1 bln (+13% Y/Y, +5% Q/Q), in line with our estimates, supported by Poultry, Dairy & Juice and Bakery. Poultry showed a +29% Y/Y growth due to an increase in volumes on the back of additional capacity. This was followed by Dairy, which inclined by +11% Y/Y and Q/Q, helped by the holy month of Ramadan.
- Gross profit of SAR 1.6 bln is up +21% on both yearly and quarterly basis. Gross margin improved on both yearly and quarterly basis by +236 bps and +437 bps, respectively, to a level of 32% this quarter. 1Q2023 EBIT is at SAR 803 mln (+47% Y/Y, +59% Q/Q) while EBIT margin at 16% improved on both yearly and quarterly basis by +322 bps and +520 bps, respectively. We believe the improvement in margins was positively impacted by the one-off subsidy related to food security of SAR 77 mln along with the stability of purchase price of key dairy and feed.
- Almarai reported a 1Q2023 net profit of SAR 636 mln (+51% Y/Y, +79% Q/Q) beating both our and market consensus of SAR 429 mln and SAR 477 mln, on the back of a one-off subsidy which positively impacted margins. We increase our target price to SAR 56.00 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

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