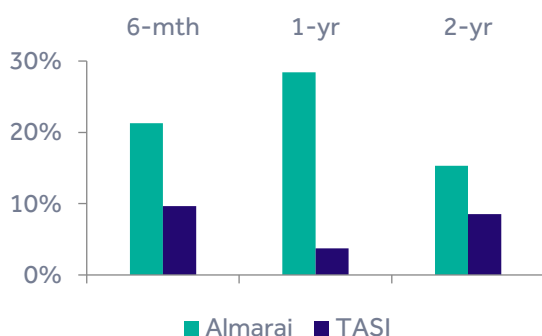


Market Data	
52-week high/low	SAR 69.20/50.10
Market Cap	SAR 65,500 mln
Shares Outstanding	1,000 mln
Free-float	24.58%
12-month ADTV	331,293
Bloomberg Code	ALMARAI AB



Uptrend in Poultry Continues

July 17, 2023

Upside to Target Price	(6.9%)	Rating	Neutral
Expected Dividend Yield	2.0%	Last Price	SAR 65.50
Expected Total Return	(4.9%)	12-mth target	SAR 61.00

Almarai Company	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	4,792	4,610	4%	5,067	(5%)	5,239
Gross Profit	1,567	1,470	7%	1,618	(3%)	1,624
Gross Margins	33%	32%		32%		31%
Operating Profit	719	646	11%	803	(10%)	745
Net Profit	557	520	7%	635	(12%)	586

(All figures are in SAR mln)

- Almarai's top-line grew +4% Y/Y to SAR 4.8 bln. However, the sequential growth trend spanning six consecutive quarter ended as revenues declined by -5% Q/Q. The Y/Y growth was supported by Poultry, Bakery and Fresh Dairy, which grew by +16%, +9% and +4%, respectively. A decline of -8% in Dairy and Juice segment impacted the Q/Q sales.
- Gross profit of SAR 1.6 bln is up +7% Y/Y but fell -3% Q/Q. Gross margin improved on both yearly and quarterly basis by +82 bps and +77 bps, respectively, to a level of 33% this quarter. EBIT is at SAR 719 mln (+11% Y/Y -10% Q/Q) as the prices of key dairy and feed commodities have remained stable in 2Q2023. EBIT margins expanded by +97 bps Y/Y but contracted by -85 bps Q/Q.
- Almarai reported a 2Q2023 bottom-line of SAR 557 mln (+7% Y/Y, -12% Q/Q) close to both our and market consensus of SAR 586 mln and SAR 570 mln. On the back of an improvement in margins, we expect better performance going forward. Hence, we increase our target price to SAR 61.00 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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