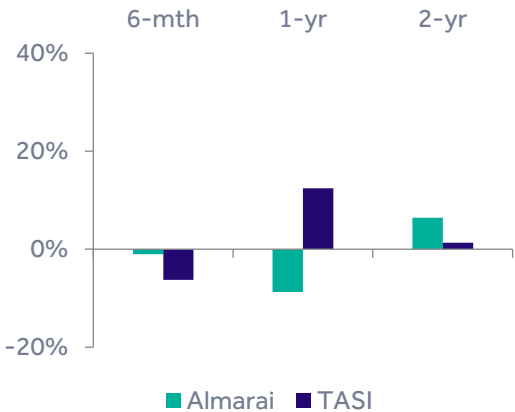


Market Data	
52-week high/low	SAR 64.1 / 51.6
Market Cap	SAR 56,800 mln
Shares Outstanding	1,000 mln
Free-float	40.90%
12-month ADTV	777,216
Bloomberg Code	ALMARAI AB



■ **Efficiencies & Tuck-In Acquisition Support Further Momentum**

Oct 8, 2024

Upside to Target Price	23.2%	Rating	Buy
Expected Dividend Yield	1.8%	Last Price	SAR 56.80
Expected Total Return	25.0%	12-mth target	SAR 70.00

Almarai Company	3Q2024	3Q2023	Y/Y	2Q2024	Q/Q	RC Estimate
Sales	5,209	4,797	9%	5,155	1%	5,074
Gross Profit	1,670	1,469	14%	1,702	(2%)	1,600
Gross Margins	32%	31%		33%		32%
Operating Profit	742	644	15%	793	(6%)	724
Net Profit	570	486	17%	620	(8%)	581

(All figures are in SAR mln)

- Almarai’s top-line grew +9% Y/Y and +1% Q/Q, to SAR 5.2 bln, in-line with our estimates. The growth Y/Y was once again, driven by continued volume growth within the Poultry and Dairy Categories; both up Y/Y. The growth in the Company’s top-line also spurred the growth of gross profits, which increased +14% Y/Y, however, we also note gross profits contracted -2% Q/Q, reaching SAR 1.7 bln; however, this is most likely due to seasonal consumer purchasing patterns.
- Stable commodity pricing continues, as indicated by slow increases in SG&A, despite double digit increases Y/Y in operating and net income; we estimate these costs to have grown roughly 60 bps Y/Y. 3Q24 EBIT of SAR 742 mln (+15% Y/Y, -6% Q/Q), was driven by cost control measures and input price stability, a theme worth following, as this stable input pricing environment will enhance operating leverage. This also translated further into EBIT margins, which expanded by 83 bps Y/Y, while also contracting by 113 bps Q/Q, however this is related to seasonal consumption patterns.
- Our position remains the same on the Company, their capital investment program, combined with stable input costs, continues to bear fruit. Management’s focus on steady expansion, in our view, sets the standard for long-term returns, with controlled volatility. Regarding the announcement of Almarai’s subsidiary, Teeba Investment’s acquisition of Hammoudeh Food Industries, we believe, based on management’s commentary, the expected top-line and synergy improvements will further support growth. We maintain our target price of SAR 70.00 and Buy rating.

**Brennan Eatough**

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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](mailto:research@riyadcapital.com)

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