

06/04/2015

Almarai Company announces its interim consolidated financial results for the period ended on March 2015 (Three Months)

Almarai Company (Almarai) is pleased to announce its interim consolidated financial results for the period ended 31 March 2015 as below

1. For the first quarter Almarai consolidated net income reached SAR 306.5 million, an increase of +12.0% compared to the corresponding period of the previous year (SAR 273.6 million) and a decrease of -28.4% compared to the previous quarter (SAR 428.0 million).
2. The total gross profit for the first quarter amounted to SAR 1,110.3 million, an increase of +20.8% compared to the corresponding period of the previous year (SAR 919.0 million).
3. The operating income for the first quarter amounted to SAR 378.1 million, an increase of +20.7% compared to the corresponding period of the previous year (SAR 313.3 million).
4. The Diluted Earnings Per Share (EPS) based on the Net Income attributable to Shareholders for the three months ended 31 March 2015, reached SAR 0.49 compared to the corresponding period of the previous year of SAR 0.43. Please note that the Diluted EPS is calculated by dividing the net income for the period by the number of issued shares (600.0 million shares which represent the weighted average number of issued shares at 31 March 2015 and 31 March 2014), and the Net Income attributable to shareholders is the Net Income after deduction of profit attributable to Perpetual Sukukholders. The Diluted Earnings Per Share, based on 600.0 million shares, is 0.51 and 0.46 before the profit elimination to Perpetual Sukukholders at the end of March to 2015 and 2014 respectively.
5. The growth in net income for the first quarter of +12.0%, compared to the corresponding period of the previous year, is due to the growth in quarter sales of +11.7%, as a result of continuous sales growth in the Poultry, Dairy & Juice segments by +46.4% and +10.7% respectively, in spite of a decrease in the

Bakery segment sales by -4.8%. Additionally, cost of sales increased at a lower rate than sales leading to a +20.8% growth in gross profit. On the other hand, Selling and Distribution as well as General and Administrative expenses and Depreciation continued to increase because of the on-going infrastructure expansion across product categories, distribution, geographies and past investments. While the quarter saw a reduction in Net Finance Costs. Overall the net profit increased for the main business segments (Dairy & Juice + 6.6%, Bakery + 22.6%) and Poultry losses declined by -53.6% to SAR -61.7 million or 20.0% of sales compared a first quarter 2014 loss of SAR -133.0 million or 63.0% of sales.

6. The decrease in net income for the first quarter of 2015 compared to the fourth quarter of 2014 (previous quarter) is -28.4%. This decrease is in line with the quarterly seasonality the company witnessed over the years. This seasonality is affecting sales which have decreased by -8.8% while G&A expenses increased by +49.1%. Despite a moderate decrease in Selling and Distribution expenses of -4.7% and a significant decrease in Finance charges of -18.9%, Net Income decreased by -28.4% from the previous quarter. The comparison for the quarter against the same quarter of the past year is more relevant since it is more aligned to similar market conditions and demand patterns.
7. A summary of Interim Consolidated Statement of Income, during period ended 31 March 2015 is as follows:
 - The Sales increased by +11.7% to SAR 3,037.3 million during the first quarter, compared with SAR 2,718.9 million in the same quarter in 2014.
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 - The Earnings Before Interest, Taxes and Zakat, Depreciation and Amortization (EBITDA) increased +8.0% to SAR 632.0 million during the first quarter, compared to SAR 585.3 million in the same quarter in 2014. EBITDA for Q1 for 2015 reached 20.8.0% of sales compared with 21.5% during the same quarter 2014.
 - The Gross profit, Operating income and Net income are representing 36.6%, 12.4% and 10.1% of the sales for the first quarter of 2015 respectively compared to 33.8%, 11.5% and 10.1% in the same quarter of 2014 respectively.

8. A summary of Interim Consolidated Cash Flows Statement, during the period ended 31 March 2015 is as follows:

- The Cash Flow Generated From Operating Activities ("OCF") reached SAR 948.6 million for the period ended 31 March 2015, an increase of +64.6% compared to SAR 576.3 million in 2014. OCF now represents 31.2% of sales compared to 21.2% in 2014.
- During the period ended 31 March 2015 SAR 969.4 million were used in Investing Activities principally due to the continuation of the capital investments projects as per the 5 year strategic plan, mainly used in expansion of production capabilities, distribution, geographical spread as well as improving production efficiency.
- The Cash Flows Used in Financing Activities reached SAR 32.0 million during the period ended 31 March 2015, compared to SAR 268.8 million used in 2014. Which represent a reduction of -88.1% mostly due to lower bank loans repayments during Q1 2015 compared to Q1 2014.
- Net Cash used during the period, after foreign exchange translation effects, was SAR 65.1 million, bringing the balance of cash and cash equivalents at the period ended 31 March to SAR 731.7 million.

9. A summary of the Interim Consolidated Balance Sheet as at 31 March 2015 is as follows:

- Total assets, amounted SAR 24,738.8 million compared to SAR 23,391.3 million in 2014, an increase of +5.8% compared to the balance as of 31 March 2014.

- Net working capital, amounted SAR 1,787.1 million compared to SAR 1,659.9 in 2014, an increase of +7.7% compared to the balance as of 31 March 2014.
- Total liabilities, amounted SAR 12,974.7 million compared to SAR 12,271.3 million in 2014, an increase of 5.7% compared to the balance as of 31 March 2014.
- Net debt, amounted SAR 8,799.7 million compared to SAR 8,486.5 million in 2014, an increase of +3.7% compared to the balance as of 31 March 2014. Net debt decreased to 74.8% of the total equity compared to 76.3% in corresponding period 2014.
- Total shareholders' equity attributable to shareholders, amounted to SAR 9,365.2 million compared to SAR 8,762.0 million in 2014, an increase of +6.9%. And the book value of a share as of 31 March 2015 reached SAR 15.61.

10. Overall, the company is pleased with its business performance for Q1 2015. The continued top line growth this quarter generated improved profitability both at gross margin and operating income levels. The strategic execution in investments also continued during the quarter as planned. Barring unforeseen events, the company should continue its profitable growth for the next quarters.

11. Some prior period comparatives have been regrouped to conform to current period classification. This classification did not affect either the net profit or shareholders' equity of the period of comparison.

12. We would like to draw the attention to the shareholders that the interim consolidated financial statements for the period ended 31 March 2015 will be available through the following link on Almarai website during this day.

<http://www.almarai.com/en/investors/financial-information>