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Almarai Company announces its Interim Consolidated Financial Results for the period ended on 31 March 2016 (Three Months)

Almarai Company is pleased to announce its Interim Consolidated Financial Results for the period ended 31 March 2016 as below:

1. For the first quarter Almarai Consolidated Net Income reached SAR 308.5 million, an increase of 0.7% compared to the corresponding quarter of the previous year (SAR 306.5 million) and a decrease of 36.2% compared to the previous quarter (SAR 483.7 million).
2. The total Gross Profit for the first quarter amounted to SAR 1,223.9 million, an increase of 10.2% compared to the corresponding quarter of the previous year (SAR 1,110.3 million).
3. The Operating Income for the first quarter amounted to SAR 403.2 million, an increase of 6.6% compared to the corresponding quarter of the previous year (SAR 378.1 million).
4. The Diluted Earnings Per Share (EPS) based on the Net Income attributable to Shareholders for the three months ended 31 March 2016, reached SAR 0.49 compared to SAR 0.49 for the three months ended March 2015. 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 31 March 2016 and 31 March 2015). 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 0.51 before the profit elimination to Perpetual Sukukholders at 31 March 2016 and 31 March 2015 respectively.
5. The growth in Net Income for the first quarter of 0.7%, compared to the corresponding quarter of the previous year is due to:
 - Growth in Sales of 13.6%, as a result of continuous growth in the main segments from Dairy & Juice by 12.2%, Bakery by 28.0%, and Poultry by 6.8%.

- Cost of Sales increased at a higher rate than Sales due to the increase in fuel, electricity costs and an unfavorable Product Mix. Despite this, Gross Profit grew by 10.2%.
 - The result of core business segments was as follows: Dairy & Juice segment declined by 0.4%, the resilience of the core business was primarily affected by increased energy costs and the lack of subsidy. Bakery segment increased by 184.3% principally as a result of availability of production capacity and successful new product launches. Poultry segment losses increased by 68.9% to SAR 104.3 million which represent 31.6% of segment Sales compared to three months March 2015 losses of SAR 61.7 million which represented 20.0% of segment Sales. The Poultry segment was affected by the increased competition from imported frozen products, higher energy costs and the lack of subsidy.
 - The group Selling and Distribution expenses grew by 11.9% to support the growth in key product categories, distribution outlets and geographical spread. General and Administration expenses grew by 13.1% as the investment in infrastructure continues to support the general business growth. Finally, Depreciation of Property, Plant and Equipment grew by 11.3% because of the ongoing Capital Investments expansion.
 - In addition, the net variance of Share of Results of Associates and Joint Ventures, Others expenses, Finance Cost-Net, Zakat and Foreign Income Tax, and Non-Controlling Interest was unfavorable on the first quarter's Net Income by SAR 23.1 million mainly due to lower results from IDJ, principally from Egypt and unfavorable Foreign Exchange Rate variances of EGP.
6. The decrease in Net Income for the first quarter 2016 of 36.2% compared to the fourth quarter 2015 is due to the seasonality of product mix and consumption patterns. Seasonality in consumption reflects fluctuation in consumption and generally does not provide an accurate indication of the trend for the Financial Year.
7. A summary of Interim Consolidated Statement of Income, during the first quarter ended 31 March 2016:

- The Sales increased by 13.6 % to SAR 3,450.3 million during the first quarter, compared to SAR 3,037.3 million in the same quarter of 2015.
 - The Sales growth in the first quarter in Saudi Arabia, GCC countries, and other countries is 13.3%, 14.2%, and 13.5% respectively.
 - During the first quarter 2016, Earnings Before Interest, Taxes and Zakat, Depreciation and Amortization (EBITDA) reached SAR 689.8 million, an increase of 8.0% compared to SAR 638.6 million in the same quarter in 2015. EBITDA for the first quarter of 2016 reached 20.0% of Sales compared to 21.0% during the same quarter 2015.
 - The Gross Profit, Operating Income and Net Income are representing 35.5%, 11.7% and 8.9% of Sales for the first quarter of 2016 compared to 36.6%, 12.4% and 10.1% in the same quarter of 2015 respectively.
8. A summary of Interim Consolidated Cash Flows Statement, during the period ended 31 March 2016 (Three Months) is as follows:
- The Cash Flow generated from Operating Activities (“OCF”) reached SAR 392.1 million for the period ended 31 March 2016; a decrease of 58.7% compared to SAR 948.6 million in the same period of 2015 as a result of increased working capital. OCF now represents 11.4% of Sales compared to 31.2% in the same period of 2015.
 - During the period ended 31 March 2016 SAR 1,418.2 million was used in Investing Activities principally due to the continuation of the Capital Investments Projects as per the strategic plan. The funds are mainly used in expansion of production capabilities of farms, factories, and distribution facilities. Investing Activities represent 41.1% of Sales compared to 31.9% in the same period of 2015.
 - The Cash Flow generated from Financing Activities reached SAR 69.7 million during the period, compared to SAR 32.0 million used in the same period of 2015, this variance is mainly due to the increase in Net Loans.

- Net Cash used during the period, after Foreign Currency Translation effects, was SAR 970.0 million, bringing the balance of Cash and Cash Equivalents at period ended 31 March 2016 to SAR 1,068.8 million.
9. A summary of the Interim Consolidated Balance Sheet as at 31 March 2016 is as follows:
- Total Assets, amounted SAR 27,972.4 million compared to SAR 24,738.8 million in March 2015, or an increase of 13.1%.
 - Net Working Capital, amounted to SAR 1,841.5 compared to SAR 1,787.1 million on 31 March 2015, an increase of 3.0% due to increase in Receivables and Prepayments as well as Inventories balances.
 - Total Liabilities amounted to SAR 15,173.1 million compared to SAR 12,974.7 million on 31 March 2015, an increase of 16.9% mainly due to the Sukuk issuance of SAR 1,600.0 million last September 2015.
 - Net Debt amounted to SAR 10,496.0 million compared to SAR 8,799.7 million on 31 March 2015, an increase of 19.3%. Net Debt now represents 82.0% of the total Equity compared to 74.8% in March 2015.
 - Total Shareholders' Equity attributable to Shareholders, amounted to SAR 10,580.2 million compared to SAR 9,365.2 million in March 2015, an increase of 13.0%. The book value of a share as of 31 March 2016 reached SAR 17.63.
10. Given the very competitive market conditions driven by the economic slowdown, the performance of the company has been relatively strong in its core segments demonstrating the resilience and efficiency of its business model. Going forward, the company will exercise caution while continuing to focus on its strategic targets.
11. Some prior comparatives have been regrouped to conform to the current period classification. These classifications did neither affect the Net Profit nor 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 2016 will be available through the following link on Almarai Website and Almarai IR App during this day.

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