

18/01/2015

Almarai Company announces its annual consolidated financial results for the period ending 31 December 2014 (Twelve Months)

Almarai Company (Almarai) is pleased to announce its annual consolidated financial results for the year ended 31 December 2014 as below:

1. For the fourth quarter Almarai generated a consolidated net income amounting to SAR 428.0 million, an increase of 14.7% compared to the same period last year (SAR 373.3 million) and a decrease of 20.7% compared to the previous quarter (SAR 539.4 million).
2. The total gross profit for the fourth quarter amounted to SAR 1,234.1 million, an increase of 24.0% compared to last year (SAR 995.5 million).
3. The operating income for the fourth quarter amounted to SAR 506.9 million, an increase of 10.6% compared to last year (SAR 458.2 million).
4. The consolidated net income for the year ended 31 December 2014 amounted to SAR 1,674.3 million, an increase of 11.5% compared to last year (SAR 1,502.2 million).
5. The Diluted Earnings Per Share (EPS) based on consolidated net profit for the year ended 31 December 2014 is SAR 2.70 compared to SAR 2.48 in 2013. Please note that the Diluted EPS is calculated by dividing income from main operations and net income for the year, attributable to shareholders for the year by 600.0 million shares which represent the weighted average number of issued shares at 31 December 2014 and 31 December 2013. Income attributable to shareholders is after excluding profit on Perpetual Sukuk. Note that the earnings per share is 2.79 and 2.50 before excluding the effect of Perpetual Sukuk profit elimination in the end of December to 2014 and 2013 respectively.
6. The total gross profit for the year ended 31 December 2014 amounted to SAR 4,535.0 million, an increase of 14.4% compared to last year (SAR 3,962.7 million).
7. The operating income for the year ended 31 December 2014 amounted to SAR 1,950.1 million, an increase of 8.5% compared to last year (SAR 1,796.6 million).

8. The growth in net income for the fourth quarter of 14.7% compared to the corresponding period of the previous year is due to the growth in quarter sales of 10.7%, as a result of continuous sales growth in the Poultry, Dairy & Juice segments by 34.1% and 10.7% respectively, in spite of decrease in the Bakery segment sales by 3.8%. Also a relatively stable cost of sales for the quarter led to a growth in gross profit of 24.0%. On the other hand, Selling and Distribution as well as General and Administrative expenses and Depreciation increased due to the continuous infrastructure expansion across product categories, distribution, geographies and past investments. While Q4 saw a reduction in Net Finance Costs, overall Net profit increase for all business segments except Poultry, which loss reduced by 43.0% to (SAR 72.0 million).
9. The growth in net income for the year ended 31 December 2014 of 11.5% compared to the previous year is also due to the growth in sales of 12.4%, from core business segments, where sales growth in Poultry, Dairy & Juice and Bakery sales rose by 29.1%, 12.1% and 6.1%, respectively. For the year; the net profit increased for all business segments except Poultry whose loss increased by 17.3%. On the other hand, the increase in Selling and Distribution expenses as well as in General and Administrative expenses and depreciation result from continuous infrastructure expansion across product categories, distribution, geographies and operations and past investments. Net Finance Costs reduction in 2014 due to better cash management and hedge activates.
10. The decrease in net income for the fourth quarter by 20.7% compared to the third quarter for 2014 mainly is due to increase in Selling and Distribution expenses by 18.2% which led to decrease in operating profit by 18.9%. Whilst revenue growth was only 1.9% Furthermore; the different product mix in quarter 4 compared with quarter 3 due to the seasonality which included Ramadan and summer resulted in lower profit. Therefore; a comparison with the same period last year is more relevant because a quarter-to-quarter comparison is more aligned to similar market conditions and demand patterns.
11. A summary of Annual Consolidated Statement of Income, during the fourth quarter and year ended 31 December 2014:
 - The Sales increased 10.7% to SAR 3,330.8 million during the fourth quarter, compared with SAR 3,008.2 million in the same quarter in 2013. And the sales of the year ended 31 December 2014 to SAR 12,605.6 million compared to SAR 11,219.2 million in 2013, which represents an increase of 12.4%.

- The Earnings Before Interest, Taxes and Zakat, Depreciation and Amortization (EBITDA) increased 10.2% to SAR 779.8 million during the fourth quarter, compared to SAR 707.5 million in the same quarter during 2013. EBITDA for Q4, 2014 is reduced to 23.4% of sales compared with 23.5% in the same quarter 2013. EBITDA increased 8.4% to SAR 2,964.3 million during the year ended 31 December 2014, compared to SAR 2,734.1 million in 2013. EBITDA for the full year 2014 is 23.5% of sales compared with 24.4% in 2013.
- The Gross profit, Operating income and Net income are representing 37.1%, 15.2% and 12.9% of the sales for the fourth quarter 2014 compared to 33.1%, 15.2% and 12.4% in the same quarter in 2013 respectively. And they are representing 36.0%, 15.5% and 13.3% of the sales for the year ended 31 December 2014 compared to 35.3%, 16.0% and 13.4% in 2013 respectively.

12. A summary of Annual Consolidated Cash Flows Statement, during the year ended 31 December 2014:

- The Cash Flow Generated From Operating Activities ("OCF") reached SAR 3,198.8 million for the year ended 31 December 2014, an increase of 23.7% compared to SAR 2,585.6 million in 2013. OCF now represents 25.4% of sales compared to 23.0% in 2013.
- During the year ended 31 December 2014 SAR 3,114.6 million were used in Investing Activities principally due to the continuation of the capital investments projects as per the 5 year strategic plan, the acquisition of the IPNC shares and the purchase of farm lands in Arizona in USA, as well as the expansion of the distribution facilities throughout the GCC.
- The Cash Flows Used in Financing Activities reached SAR 1,082.2 million during the year ended 31 December 2014, an increase of SAR 3,197.3 million compared to SAR 2,115.1 million generated in 2013, mainly because of the Sukuk cash inflow during the corresponding period amounted to SAR 1,300.0 million for the second tranche of the regular program of the instruments and the amount of SAR 1,700.0 million for the first tranche of the program perpetual instruments.
- Net Cash used during the year was SAR 1,013.7 million, bringing the balance of cash and cash equivalents at the year ended 31 December 2014 to SAR 796.8 million.

13. A summary of the Annual Consolidated Balance Sheet as at 31 December 2014:
- Total assets, amounted SAR 23,948.9 million compared to SAR 23,171.4 million in 2013, an increase by 3.4%.
 - Net working capital, amounted SAR 2,006.2 million compared to SAR 1,534.8 in 2013, an increase of 30.7%.
 - Total liabilities, amounted SAR 12,318.0 million compared to SAR 12,407.2 million in 2013, a decrease of 0.7%.
 - Net debt, amounted SAR 8,761.6 million compared to SAR 8,052.8 million in 2013, an increase of 8.8%. Net debt stands at 75.3% of the total equity compared to 74.8% in 2013.
 - Total shareholders' equity amounted to SAR 9,186.9 million compared to SAR 8,442.5 million in 2013, an increase of 8.8%. And the book value of a share in 2014 is SAR 15.31.
14. Overall the company is satisfied with its business performance which is in line with its strategic 5 years plan that contributed in increasing production capacity to serve our valuable customers and leads to strong growth indicators of increased sales of 12.4%, increased gross profit of 14.4% and increased net income of 11.5% over the year 2014 compared to 2013.
15. 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.
16. We would like to draw the attention to the shareholders that the annual consolidated financial statements for the year 2014 will be available through the following link on Almarai website during this day.

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