

23/04/2017

Almarai Company announces its Interim Consolidated Financial Results for the period ended on 31 March 2017 (Three Months)

Almarai Company is pleased to announce its Interim Consolidated Financial Results for the period ended 31 March 2017 as below:

1. The Revenue increased by 0.3% to SAR 3,383.5 million during the first quarter, compared to SAR 3,373.8 million in the same quarter of 2016.
2. The Gross Profit for the first quarter amounted to SAR 1,177.4 million, an increase of 4.4% as compared to the corresponding quarter of the last year (SAR 1,127.5 million).
3. The Operating Profit for the first quarter amounted to SAR 421.1 million, an increase of 13.2% as compared to the corresponding quarter of the previous year (SAR 372.0 million).
4. For the first quarter Almarai Consolidated Profit for the period attributable to Shareholders of the Company reached SAR 328.3 million, an increase of 13.7% as compared to the corresponding quarter of the last year (SAR 288.7 million) and a decrease of 39.7% as compared to the previous quarter (SAR 544.3 million).
5. For the first quarter Almarai Comprehensive Income for the period attributable to Shareholders of the Company reached SAR 426.0 million, an increase of 69.4% as compared to the corresponding quarter of the last year (SAR 251.5 million) and an increase of 50.9% as compared to the previous quarter (SAR 282.3 million).
6. The Diluted Earnings per Share (EPS) based on the Profit for the period attributable to Shareholders of the Company for the first quarter ended 31 March 2017, reached SAR 0.39 as compared to SAR 0.34 for the first quarter ended 31 March 2016. Please note that the Diluted EPS is calculated by dividing the Profit for the period attributable to Shareholders of the Company for the period by the number of issued Shares (800 million issued Shares as of 31 March 2017) considering the Capital increase of SAR 6,000 million. The Profit for the period attributable to Shareholders of the Company is Profit for the period attributable to Shareholders of the Company after deducting Profit attributable to Perpetual Sukukholders. The Diluted EPS, based on 800 million shares, is SAR 0.41 and SAR 0.36 before the profit elimination to Perpetual Sukukholders at 31 March 2017 and 31 March 2016 respectively.

7. Total Equity Attributable to Shareholders as at 31 March 2017 amounted to SAR 11,005.7 million as compared to SAR 10,511.8 million as at 31 March 2016, an increase of 4.7%. The book value of a share as of 31 March 2017 reached SAR 13.76.
8. The increase in Profit for the period attributable to Shareholders of the Company for the first quarter of 13.7% as compared to the corresponding quarter of the previous year is due to:
 - Lower cost of sales, despite higher alfalfa costs, due to better cost management, lower commodity costs and enhanced production efficiencies, resulting in Gross Profit increase of 4.4%.
 - Selling and Distribution Expenses & General and Administration Expenses were lower than last year by SAR 28.5 million driven by cost control and operational efficiencies.
 - Other expenses were SAR 29.3 million higher than last year due to lower selling price of bull calves compared to last year.
 - The exchange gain of SAR 13.8 million in the quarter was negated by higher funding cost of SAR 27.2 million due to higher SIBOR rate.
 - In summary, the Profit for the period attributable to Shareholders of the Company for the quarter grew by 13.7% despite have a flat growth on the top line for the quarter.
 - Contribution of various product segment towards net income performance of 13.7% for the quarter is:
 - o Dairy & Juice segment's Profit for the period attributable to Shareholders of the Company decreased by 11.1% due to adverse market conditions, higher Alfalfa cost, Egyptian Pound devaluation and lower selling prices of bull calves.
 - o Bakery segment's Profit for the period attributable to Shareholders of the Company increased by 19.6% principally as a result of continuation of production cost optimisation.
 - o Poultry losses for the period attributable to Shareholders of the Company decreased by 72.1% to SAR (29.1) million which represents 8.2% of Sales as compared to last year corresponding quarter losses of SAR (104.3) million which represented 32.5% of Sales due to better operational efficiency, higher sales and lower mortality rates.
9. The decrease in Profit for the period attributable to Shareholders of the Company for the first quarter 2017 of 39.7% as compared to the fourth quarter 2016 (Previous Quarter) is due to:

- A decrease in the Revenue of the quarter by 3.6% because of the seasonal demand, which increases during the second and third quarters of each year compared to the first and fourth quarter.
We would like to draw the attention that the seasonality of product mix consumption makes seasonal results not an accurate indicator for the results of the whole year, especially the comparison of a quarter's results to the previous quarter's results.
10. Items, elements and notes of the comparatives Condensed Consolidated Interim Financial Statements have been redisplayed, regrouped and reclassified to meet with the applied accounting policies for the current period which have been prepared according to the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia. For more information, please see the note 21 (Effect of IFRS standards adoption) in the Interim Consolidated Financial Statements for the period ended in 31 March 2017.
11. The summary of Condensed Consolidated Statement of Profit or Loss, during the period ended 31 March 2017 (Three Months) as follows:
- For Q1 2107, the Revenue increased in Saudi Arabia and GCC by 4.7%, and 2.1% respectively, whilst it decreased in other countries by 33.8% which is mainly due to devaluation of the Egyptian Pound and lower exports, mainly to Iraq & Libya.
 - During the first quarter 2017, Earnings before Interest, Taxes and Zakat, Depreciation and Amortization (EBITDA) reached SAR 733.6 million, an increase of 11.4% as compared to SAR 658.8 million in the corresponding quarter of last year. EBITDA for the first quarter of 2017 reached 21.7% of Revenue as compared to 19.5% during the corresponding quarter of last year.
 - The Gross Profit, Operating Profit and Profit for the period attributable to Shareholders of the Company are representing 34.8%, 12.4% and 9.7% of Revenue for the first quarter of 2017 as compared to 33.4%, 11.0% and 8.6% in the corresponding quarter of last year respectively.
12. A summary of Condensed Consolidated Statement of Cash Flows, during the period ended 31 March 2017 (Three Months) is as follows:
- The Cash Generated from Operating Activities (OCF) reached SAR 670.5 million for the first period ended 31 March 2017; an increase of 61.6% as compared to SAR 414.8 million in the corresponding period of last year. OCF now represents 19.8% of Revenue as compared to 12.3% in the corresponding period of last year.
 - During the period ended 31 March 2017 SAR 960.5 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 28.4% of Revenue as compared to 42.7% in the corresponding period of 2016.

- Net Cash Generated during the period, after Foreign Currency Translation effects, was SAR 56.0 million, bringing the balance of Cash and Cash Equivalents at 31 March 2017 to SAR 620.0 million.

13. A summary of the Condensed Consolidated Statement of Financial Position as at 31 March 2017 is as follows:

- Total Assets, amounted SAR 29,732.8 million as compared to SAR 27,951.0 million as at 31 March 2016, and an increase of 6.4%.
- Net Working Capital, amounted to SAR 896.3 million as compared to SAR 1,768.5 million as at 31 March 2016, a decrease of 49.3%.
- Total Liabilities, amounted to SAR 16,608.3 million as compared to SAR 15,220.1 million as at 31 March 2016, an increase of 9.1%.
- Net Debt amounted to SAR 11,315.7 million as compared to SAR 10,488.0 million on 31 March 2016, an increase of 7.9%. Net Debt now represents 86.2% of the Total Equity as compared to 82.4% in March 2016.

14. The tough market conditions since last year have continued in Q1 2017. Devaluation impact of Egyptian pound, lower exports and lower consumer sentiment has impacted heavily on the top line results for the quarter, particularly in Dairy and Juice segment. However, this was offset by continued focus on cost control and increase in operational efficiencies, resulting in strong Gross Profit and Net Income growth. This has also resulted in improving Free Cash Flow by nearly SAR 0.7 billion for the quarter compared to last year. The company will continue to focus on costs control, efficiency gains and cash-flow preservation while maintaining its strategic direction of profitable growth.

15. We would like to draw the attention to the Shareholders that the condensed consolidated interim financial statements for the first quarter ended 31 March 2017 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>