

12/10/2014

The Almarai Company announces its interim consolidated financial results for the period ended September 2014 (Nine Months)

The Almarai Company (Almarai) is pleased to announce its interim consolidated financial results for the period ended 30 September 2014:

1. For the third quarter ended 30 September 2014 Almarai generated a consolidated net profit amounting to SAR 539.4 million, an increase of 13.4% compared to the same period last year (SAR 475.6 million) and an increase of 24.5% compared to the second quarter 2014 (SAR 433.3 million).
2. The total gross profit for the third quarter ended 30 September 2014 amounted to SAR 1,251.2 million, an increase of 13.2% compared to the same period last year (SAR 1,105.0 million).
3. The operating profit for the third quarter ended 30 September 2014 amounted to SAR 625.3 million, an increase of 12.9% compared to the same period last year (SAR 553.6 million).
4. The consolidated net profit for the nine months ended 30 September 2014 amounted to SAR 1,246.3 million, an increase of 10.4% compared to the same period last year (SAR 1,128.9 million).
5. The Diluted Earnings Per Share (EPS) based on Net Income for the nine months ended 30 September, 2014 was SAR 2.01 compared to SAR 1.88 for the prior period. Please note that the Diluted EPS is calculated by dividing income from main operations and net income, attributable to shareholders for the year by 600.0 million shares which represent the weighted average number of issued shares at 30

September 2014 and 30 September 2013. Income attributable to shareholders is after excluding profit on Perpetual Sukuk. The weighted average number of shares is retrospectively adjusted to reflect the effect of bonus shares and take account of treasury shares held under the Almarai Employees Stock Participation Program. Note that the earnings per share was 2.08 excluding the effect of perpetual sukuk profit elimination.

6. The total gross profit for the nine months period ended 30 September 2014 amounted to SAR 3,301.0 million, an increase of 11.2% compared to the same period last year (SAR 2,967.2 million).
7. The operating profit for the nine months period ended 30 September 2013 amounted to SAR 1,443.2 million, an increase of 7.8% compared to the same period last year (SAR 1,338.4 million).
8. The growth in net profit for the third quarter of 13.4% compared to the corresponding period of the previous year is due to the growth in quarter sales by 11.7% in core business segments, resulting in a growth overall in net profit except poultry. On the other hand the growth in Selling and Distribution expenses is due to the continuous infrastructure expansion across product categories, geographies, as well as a reduction in General and Administrative and Net Finance Costs .
9. The growth in net profit for the nine months ended 30 September 2014 of 10.4% compared to the corresponding period of the previous year is also due to the growth in sales YTD of 13.0%, from core business segments, resulting in a growth overall in net profit except poultry. The increase in Selling and Distribution expenses as well as in General and Administrative expenses, is due to the

continuous infrastructure expansion across product categories, geographies, and increasing depreciation costs from past investments.

10. The growth in net profit for the third quarter of 24.5% compared to the second quarter 2014 is due to increase in Gross Margin by 9.9%, and a decrease in General and Administration Expenses which led to higher operating profit and net profit. Almarai believes that 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 Interim Consolidated Statement of Income, during the third quarter and nine Months period ended on 30 September 2014:

- The Sales increased 11.7% to SAR 3,269.4 million during the third quarter, compared with SAR 2,926.1 million in the same quarter 2013. And the sales of the nine months of 2014 to SAR 9,274.8 million compared to SAR 8,211.0 million for the same corresponding period of 2013, an increase of 13.0%.
- The Earnings Before Interest, Taxes and Zakat, Depreciation and Amortization (EBITDA) increased 7.1% to SAR 846.7 million during the third quarter, compared to SAR 790.2 million in the same quarter 2013, it is down to 25.9% of sales compared with 27.0% in the same quarter 2013 and it increased 7.8% to SAR 2,184.5 million during the nine months ended on 30 September 2014, compared to SAR 2,026.6 million in the same period last year, it is

down to 23.6% of sales compared with 24.7% in the same period of 2013.

- The Gross profit, Operating profit and Net profit are representing 38.3%, 19.1% and 16.5% of the sales for the third quarter 2014 compared to 37.8%, 18.9% and 16.3% in the same quarter in 2013, respectively. They are representing 35.6%, 15.6% and 13.4% of the sales for the nine months ended on 30 September 2014 compared to 36.1%, 16.3% and 13.7% in the same period of 2013, respectively.

12.A summary of Interim Consolidated Cash Flows Statement, during the nine months period ended on 30 September 2014:

- The Cash Flow Generated From Operating Activities reached SAR 2,241.1 million for the period ended 30 September 2014, an increase of 25.1% compared to SAR 1,791.9 million in the same period last year.
- During the period ended 30 September 2014 SAR 2,275.7 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 653.3 million during the period ended 30 September 2014, an increase of SAR 3,126.7 million compared to SAR 2,473.4 million generated in the same period of 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 period was SAR 695.6 million, bringing the balance of cash and cash equivalents at the end of September 2014 to SAR 1,114.9 million.

13. A summary of the Interim Consolidated Balance Sheet as at 30 September 2014:

- Total assets, amounted SAR 24,220.1 million compared to SAR 23,187.0 million as at end of September 2013, an increase by 4.5%.
- Net working capital, amounted SAR 1,844.9 million compared to SAR 1,456.2 as at end of September 2013, an increase of 26.7%.
- Total liabilities, amounted SAR 12,780.1 million compared to SAR 12,792.8 million as at end of September 2013, a decrease of 0.1%.

- Net debt, amounted SAR 8,781.6 million compared to SAR 7,879.3 million as at end of September 2013, an increase of 11.5%. Net debt stands at 76.8% of the total equity compared to 75.8% as at end of September 2013.
 - Total shareholders' equity amounted to SAR 8,993.9 million compared to SAR 8,074.6 million as at end of September 2013, an increase of 11.4%. And the book value of a share at the end of September 2014 is SAR 15.0.
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 13.0%, increased gross profit of 11.2% and increased net profit of 10.4% over the nine months of 2014 compared to the same period of 2013.
15. Some prior period comparatives have been regrouped to conform to current period classification. That classification and re-tab did not affect either the net profit or shareholders' equity of the period of comparison.
16. We would like to draw the attention of the shareholders to the interim consolidated financial statements for the third quarter 2014, which will be available through the following link on Almarai website during this day.

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