

Almarai Company announcement the latest developments concerning the poultry sector and new production facilities

Further to Almarai announcement on Tadawul website on 29/08/1434H (corresponding to 08/07/2013G), about its progress on its integrated poultry farming and production facilities. Almarai Company is pleased to announce the successful completion and start of operations of its third production line, the last of the three lines originally planned. The initial production runs have successfully passed all quality tests, allowing the gradual build up of the line for commercial commissioning.

This important milestone, marks the end in the process of the Almarai strategic investment to develop the construction of an integrated production facility and the required infrastructure in the Hail region, which began in April 12th 2010 and the scope of which was further increased by the Board of Directors of Almarai on June 21st 2011. The total amount of this investment will reached 4,355 million SAR

As mentioned in our earlier communications of our Poultry strategic initiative, the span of this project is large and complex and is composed of various elements from parent farms, hatcheries, broiler farms, feed mills to this new integrated production facilities and related infrastructure as well as distribution capabilities. All the other components of this strategic initiatives will continue as the gradual increase in volumes will take place.

With the completion of this major milestone, over the next 12 months a gradual increase in the designed capacity of the plant will take place. The full potential of the investment will be realized through additional volumes, up to a target of 200 million birds per annum at project completion, compared with a capacity of 25 million birds in the old poultry plant that was in place when Almarai acquired the HADCO company in 2009.

With this milestone Almarai will be in a stronger position to successfully complete its strategic initiative in the Poultry segment and gradually deliver stronger cash-flows during the next financial periods.