

10/01/2016

**Addendum to the announcement from Almarai Company regarding the expected financial impact of the cabinet resolutions to increase the prices of energy products**

With reference to the Cabinet resolutions issued on Monday, 17/3/1437H (corresponding to 12/28/2015) regarding the increase in the prices of energy, fuel, electricity and water and further to the company announcement on Tadawul website on 18/03/1437H (corresponding to 29/12/2015G), Almarai Company announces its estimate of the expected full impact as follows:

- The increase in energy, fuel, electricity and water tariffs, will result in an estimated additional cost of approximately 200 million Saudi riyals for the year 2016.
- The indirect financial impact, resulting from expected price increases from various local suppliers, who will be subject to the energy and water tariffs increase, is estimated to add a further increase in costs of approximately 100 million Saudi riyals for the year 2016.

In addition, the assessment of the full impact of the recent resolutions of Cabinet, including the Cabinet resolution issued on Monday, 25/2/1437H (corresponding to 12/7/2015) regarding the suspension of growing green fodder in the Kingdom and the consequent need to import 100% of requirements by January 2019 will also add further costs. The resulting increase in imported forage at higher cost, net of existing subsidy, is estimated to increase input costs by approximately 200 million Saudi riyals for the year 2016, with this amount increasing year by year until the 100% target is reached.

Almarai will continue to focus on business efficiency, cost optimization and other initiatives to mitigate the effect of these increases.