



# Almarai Company

2011 Q4 Earnings Presentation

# Disclaimer

*Information contained in this presentation is subject to change without further notice, its accuracy is not guaranteed and it may not contain all material information concerning the company. Neither we nor our advisors make any representation regarding, and assume no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, to any information contained herein.*

*In addition, the information contains projections and forward-looking statements that reflect the company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the company's assumptions are correct. Actual results may differ materially from those projected.*

*This presentation is strictly not to be distributed without the explicit consent of Almarai Company management under any circumstances.*

# Investment Impairment

- This presentation reviews the Earnings figures for Q4 2011. These figures do not reflect any permanent impairment of Zain – i.e. the decline in the value of the investment continues to be reflected within Equity.
- The Zain equity investment of 35 million shares at a par value of SAR 10 per share is measured at fair value based on a quoted market price for the shares on the Tadawul at 31 December 2011 of SAR 5.55. This has resulted in an unrealised loss of SAR 160.2 million which is shown within Other Reserves in Shareholders' Equity.
- The fair value of the Zain equity investment has been significantly below cost for a prolonged period of time and management now considers the investment to be impaired. Accordingly, management is assessing the quantum of impairment and will recognise the impairment loss in its annual consolidated financial statements for the year ended 31 December 2011.
- We will release Almarai's full year Earnings on January 28<sup>th</sup> .

# Highlights

## Key achievements delivered despite challenging year

- Summary financial results – in line with expectations :
  - Revenue growth of 14.7% to SAR 7.9 billion
  - Operating income growth of 3.9% to SAR 1.5 billion
  - Net income flat at SAR 1.3 billion
  - Cash flow from operating activities of SAR 1.9 billion
- Key 2011 achievements:
  - Extensive programme of product innovation across all product groups
  - Extension of Almarai Vetal range – now encompassing laban, milk, zabadi and fresh yoghurts
  - Distribution of L'usine & 7 Days bakery products throughout entire GCC
  - Launch by IPNC of Stage 3 Almarai EnfaGrow
  - Establishment of the Dairy and Food Polytechnic in Al Kharj
  - Backward integration in Argentina with the acquisition of Blue Yulan/Fondomonte
- Our brands:



# Highlights

## SAR 2 billion Revenue for third successive quarter

	Q4 2011	YTD Q4 2011
Revenue growth (versus prior year)	16.1% from SAR 1,799 million to SAR 2,089 million	14.7% from SAR 6,931 million to SAR 7,951 million
Net Income growth (versus prior year)	0.6% from SAR 284 million to SAR 286 million	1.1% from SAR 1,285 million to SAR 1,300 million

- Top line growth of 14.7% versus full year 2010 is testament to our unwavering commitment towards quality & continuous improvement in the provision of services to our consumers as well as the measures we have taken to diversify our product portfolio.
- Net income grew 1.1% compared with the 2010. The impact of raw material price increases across our feed, packaging and ingredient requirements, negatively impacted margins. Margins were also impacted by bakery expansion and changes in the local employment market.
- Capital Expenditure exceeded SAR 3 billion in 2011. This investment positions Almarai to be able to serve the GCC consumer quality products across an ever increasing diversified product offering.



# Statement of Income

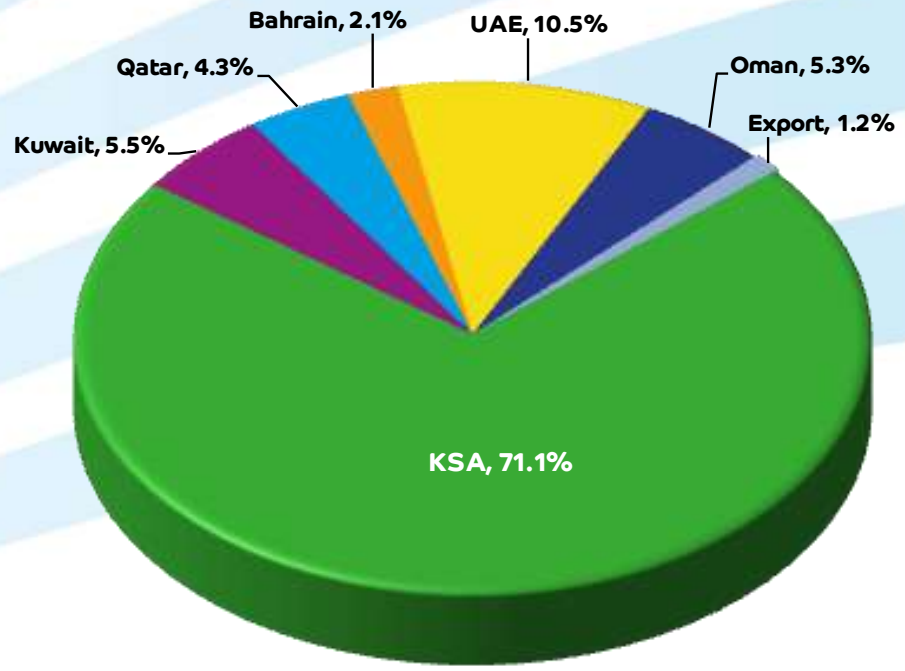
<i>SAR million</i>	4th Quarter					YTD Q4				
	2011		2010		Change	2011		2010		Change
Net Sales	2,089.3	100.0%	1,798.8	100.0%	16.1%	7,951.0	100.0%	6,930.9	100.0%	14.7%
Cost of sales	(1,365.4)	(65.4%)	(1,130.5)	(62.8%)	20.8%	(4,954.5)	(62.3%)	(4,195.0)	(60.5%)	18.1%
Gross Profit	723.8	34.6%	668.3	37.2%	8.3%	2,996.5	37.7%	2,735.9	39.5%	9.5%
Selling & Distribution Expenses	(305.5)	(14.6%)	(283.1)	(15.7%)	7.9%	(1,213.2)	(15.3%)	(1,046.0)	(15.1%)	16.0%
General & Administration Expenses	(74.9)	(3.6%)	(64.8)	(3.6%)	15.6%	(265.7)	(3.3%)	(229.2)	(3.3%)	15.9%
Operating Income	343.4	16.4%	320.4	17.8%	7.2%	1,517.6	19.1%	1,460.7	21.1%	3.9%
Share of Results of Associates	(29.4)	(1.4%)	(1.7)	(0.1%)	1,678.4%	(42.3)	(0.5%)	(5.9)	(0.1%)	615.3%
Bank Charges	(22.3)	(1.1%)	(23.2)	(1.3%)	(4.1%)	(135.0)	(1.7%)	(120.6)	(1.7%)	11.9%
Income from Main & Continuing Operations	291.7	14.0%	295.6	16.4%	(1.3%)	1,340.3	16.9%	1,334.2	19.3%	0.5%
Zakat & Income Tax	(6.3)	(0.3%)	(6.7)	(0.4%)	(5.9%)	(33.2)	(0.4%)	(27.2)	(0.4%)	21.9%
Income before Minority Interest	285.4	13.7%	288.9	16.1%	(1.2%)	1,307.2	16.4%	1,307.0	18.9%	0.0%
Minority Interest	0.2	0.0%	(5.1)	(0.3%)	(103.1%)	(7.4)	(0.1%)	(21.6)	(0.3%)	(65.6%)
Net Income	285.5	13.7%	283.8	15.8%	0.6%	1,299.8	16.3%	1,285.4	18.5%	1.1%

# Sales Analysis by Product & Region

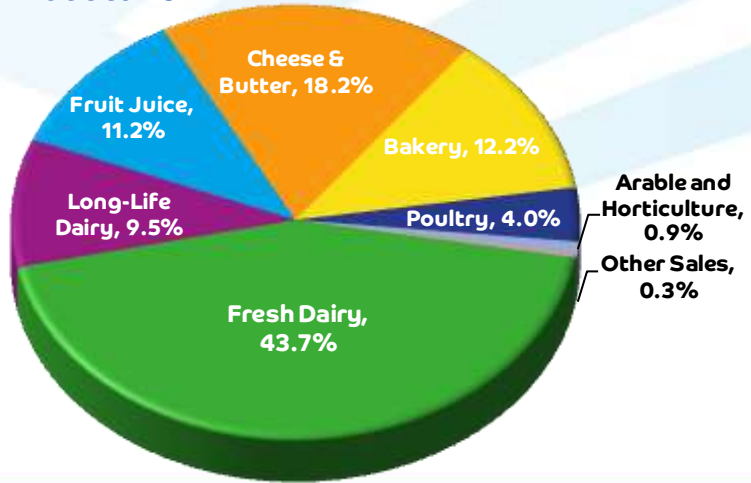
## Sales by Product

Sales by Product Group SAR Million	2011	2010	% change
Fresh Dairy	3,475.7	3,168.7	9.7%
Long-Life Dairy	761.1	658.9	15.5%
Fruit Juice	888.1	745.1	19.2%
Cheese & Butter	1,446.6	1,282.4	12.8%
Bakery	966.4	821.2	17.7%
Poultry	319.2	176.1	81.2%
Arable and Horticulture	72.6	47.7	52.2%
Other Sales	21.2	30.7	(30.9%)
<b>Total Sales</b>	<b>7,951.0</b>	<b>6,930.9</b>	<b>14.7%</b>

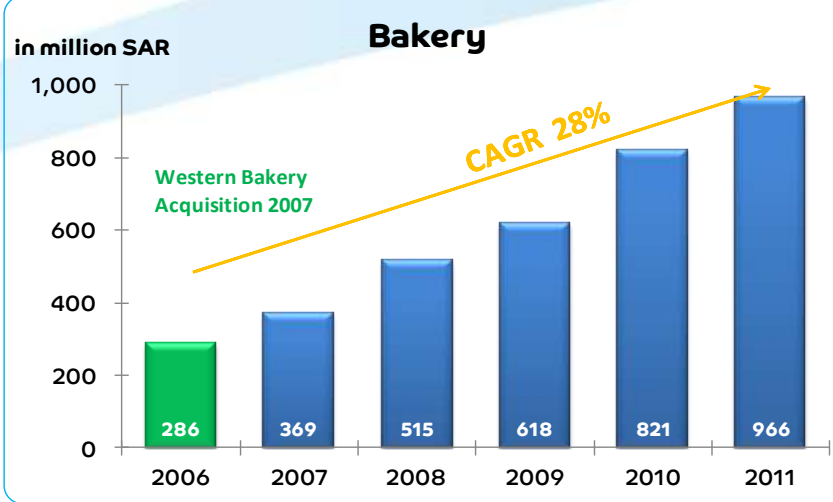
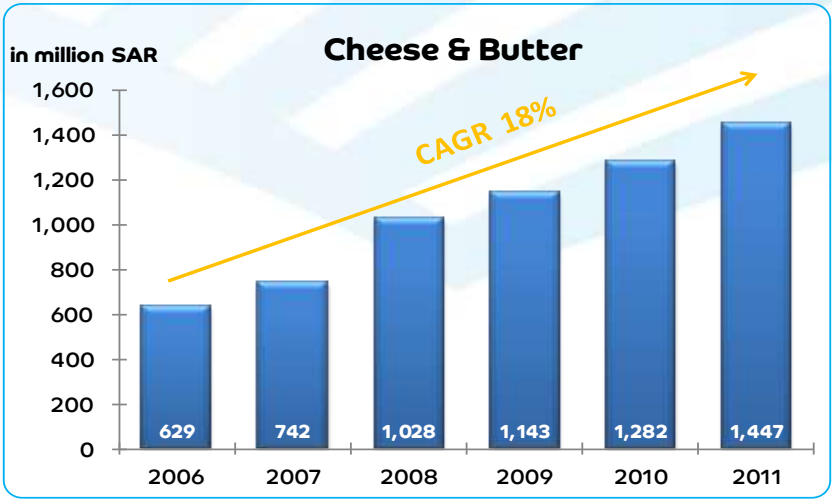
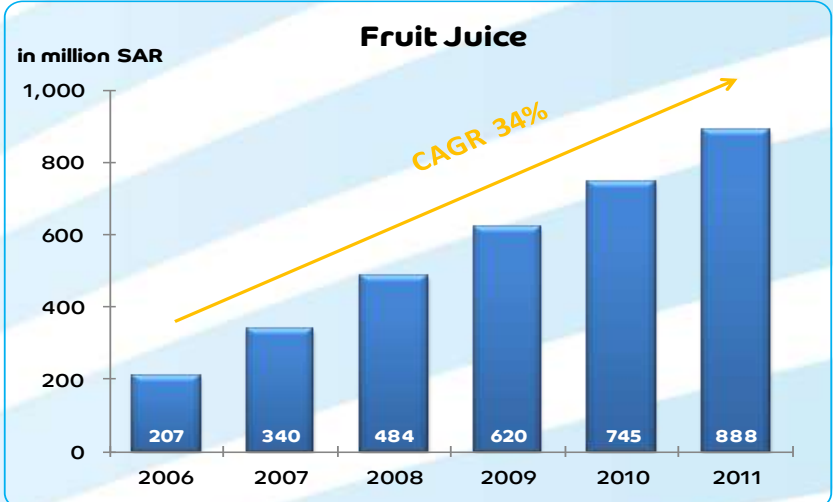
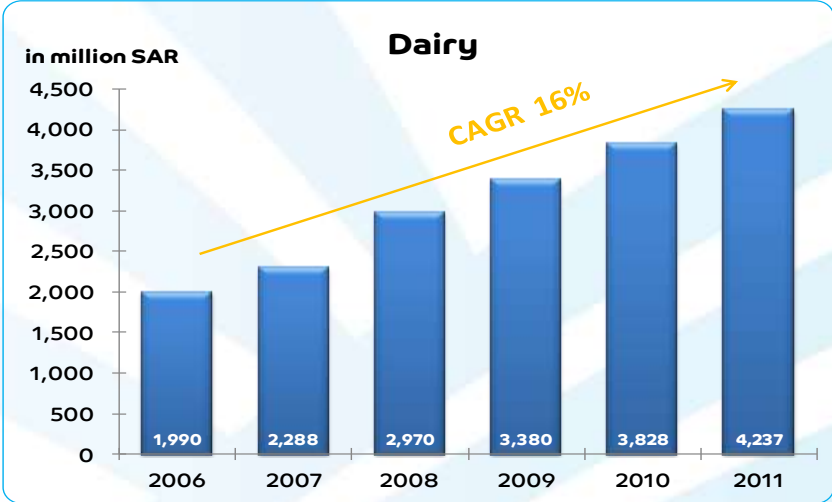
## Sales by Region 2011



## Sales by Product 2011



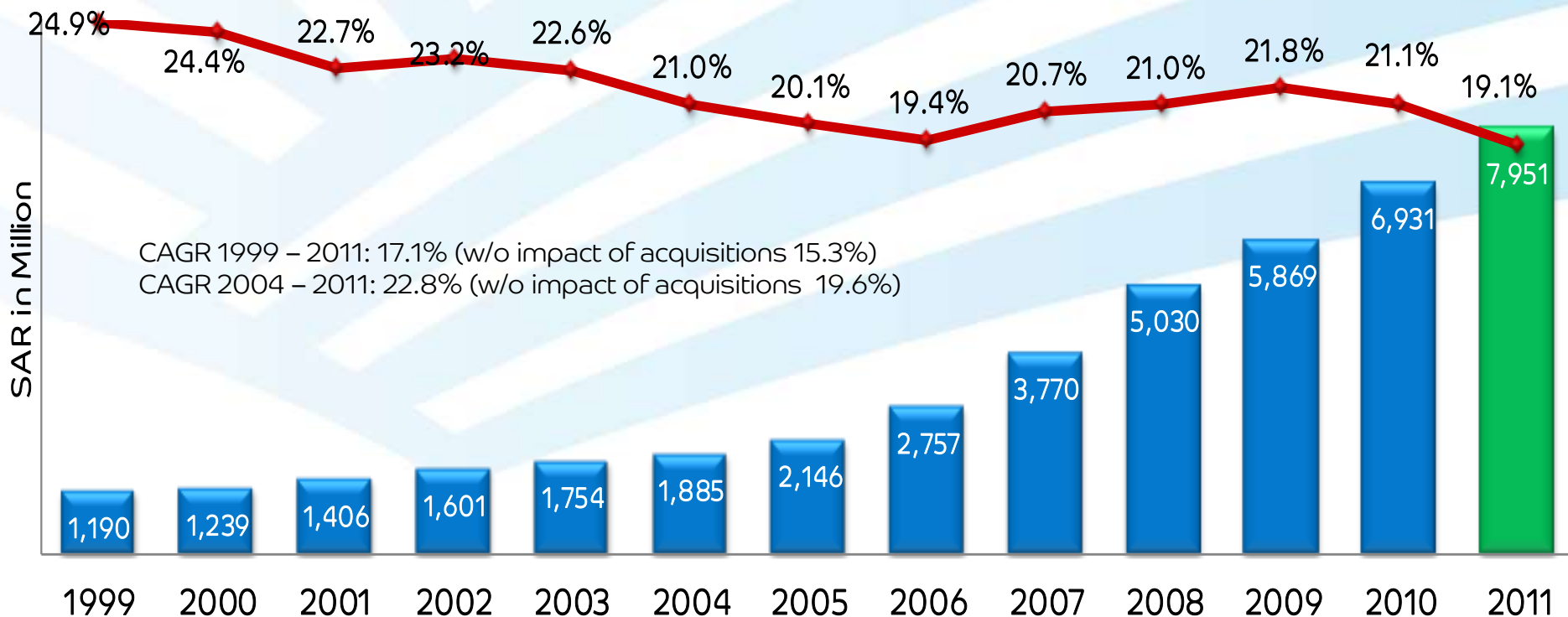
# Revenue growth by product group



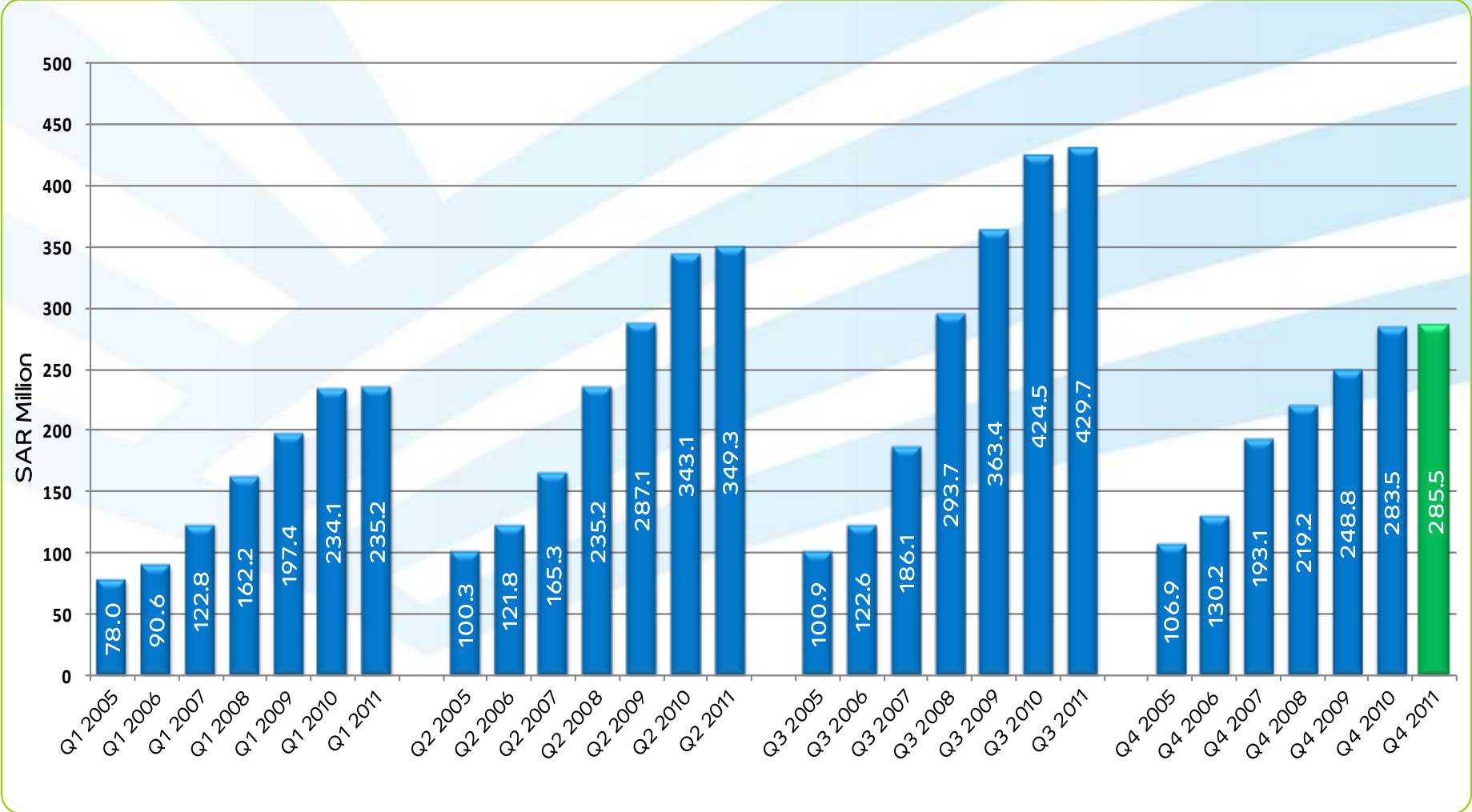


# Robust revenue growth with challenging – but anticipated – EBIT trend

## Revenue and Net Operating Income Evolution



# Quarterly Performance – Net Income



# Cash Flow Statement

## Cash Flow Statement

<i>SAR Million</i>	<i>2011</i>	<i>2010</i>
From Operating Activities	1,924.0	1,965.0
Used in Investing Activities	(3,237.5)	(2,188.7)
From Financing Activities	1,344.7	(43.3)
<b>Increase/(Decrease) in Cash</b>	<b>31.2</b>	<b>(266.9)</b>
Cash at beginning of period	240.8	507.7
<b>Cash at end of period</b>	<b>272.0</b>	<b>240.8</b>

# Balance Sheet

Balance Sheet	31.12.11	31.12.10
<i>SAR Million</i>		
Net operating working capital	801	660
Biological Assets	818	770
Property, Plant and Equipment	10,508	7,867
<b>Net Operating Assets</b>	<b>12,127</b>	<b>9,296</b>
Intangible Assets - Goodwill	827	793
Investments, Financial Assets & Deferred Charges	907	981
<b>Net Assets</b>	<b>13,860</b>	<b>11,071</b>
Net debt	6,749	4,679
Employee termination benefits	243	206
Deferred Tax (Net)	89	-
Total Equity	6,778	6,185
<b>Net Capital Employed</b>	<b>13,860</b>	<b>11,071</b>
<i>Net Debt to Equity Ratio</i>	<i>99.6%</i>	<i>75.6%</i>

# Segment Reporting

SAR Million	Dairy & Juice	Bakery	Poultry	Arable and Horticulture	Other Activities	Almarai Consolidated
<b>YTD Q4 2011</b>						
Sales	6,606.2	1,037.0	319.2	321.5	0.0	8,284.0
Third Party Sales	6,592.8	966.4	319.2	72.6	0.0	7,951.0
Net Depreciation	(331.1)	(90.3)	(39.0)	(58.7)	0.0	(519.1)
Income/(loss) before Minority Interest	1,204.7	118.0	(33.5)	52.7	(34.7)	1,307.2
Total Assets	9,064.8	1,920.1	1,938.0	1,697.0	1,034.0	15,653.8
Total Liabilities	(7,676.4)	(281.5)	(187.1)	(202.7)	(528.5)	(8,876.2)
<i>Return on Sales</i>	18.3%	12.2%	(10.5%)	72.5%	n.a.	16.4%
<i>Growth versus YTD Q4 2010</i>						
- Third Party Sales	12.0%	17.7%	81.2%	52.2%	n.a.	14.7%
- Income before Minority Interest	0.5%	1.0%	(217.9%)	204.8%	(126.2%)	0.0%
<b>4th Quarter 2011</b>						
Sales	1,688.4	296.3	99.0	115.0	0.0	2,198.8
Third Party Sales	1,688.4	277.5	99.0	24.3	0.0	2,089.3
Net Depreciation	(99.9)	(24.8)	(15.7)	(15.5)	1.8	(154.1)
Income before Minority Interest	258.7	30.4	(22.2)	35.2	(16.7)	285.4
<i>Return on Sales</i>	15.3%	11.0%	(22.4%)	144.8%	n.a.	13.7%
<i>Growth versus Q4 2010</i>						
- Third Party Sales	11.8%	23.7%	106.1%	51.1%	n.a.	16.1%
- Income before Minority Interest	(5.8%)	108.1%	277.5%	210.5%	190.3%	(1.2%)



# Product Innovation



# 2012 Key Focus Areas

- Some of the key focus areas for Almarai in 2012 are:
  - Drive growth across our portfolio
    - Continue to focus on our product groups, executing our 2012 innovation roadmap
    - First full year of distribution of L'usine and 7 Days products throughout the whole GCC
    - Completion of our poultry processing facility, providing a significant increase in our poultry capacity and capabilities
    - Commissioning of the region's first infant formula plant
  - Margin areas of focus
    - Procurement cost
    - Drive efficiencies and synergies
    - Product innovation
  - Cash Flow Management
    - Control the capital investment across our businesses
    - Working capital – targeting opportunities in inventory management
  - Commence the integration of our Argentinean acquisition

# Q & A





# Thank you



[www.almarai.com](http://www.almarai.com)

Almarai Company  
Exit 7, North Circle Road  
Al Izdihar District  
P.O. Box 8524  
Riyadh, 11492  
Saudi Arabia

Contact for investor relations matters:  
Khalid M. Al Nasser  
+966 1 470 00 05 ext 1280  
[investor.relations@almarai.com](mailto:investor.relations@almarai.com)

المراعي  
Almarai