



Almarai Company

2011 Q2 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.

Highlights

A challenging start to the new year

	Q2 2011	1 st Half of 2011
Revenue growth (<i>versus prior year</i>)	15.8 % from SAR 1,738.9 million to SAR 2,012.9 million	13.9 % from SAR 3,298.4 million to SAR 3,756.4 million
Net Income growth (<i>versus prior year</i>)	1.8 % from SAR 343.1 million to SAR 349.3 million	1.3 % from SAR 577.2 million to SAR 584.5 million

- The continued rise of raw material costs in the second quarter has continued to impact the company's performance. This increase in raw material costs is impacting the following key areas:
 - Feedstuffs
 - Dairy commodities
 - Packaging materials
 - Juice concentrates
- Considering the impact of these cost increases, Almarai is satisfied with the overall performance in the second quarter with continued sales growth and increased market share across all key product categories.
- Cash Flows from Operating Activities for the first 6 months was SAR 902.1 million, SAR 43.6 million higher than the same period last year.

Income Statement

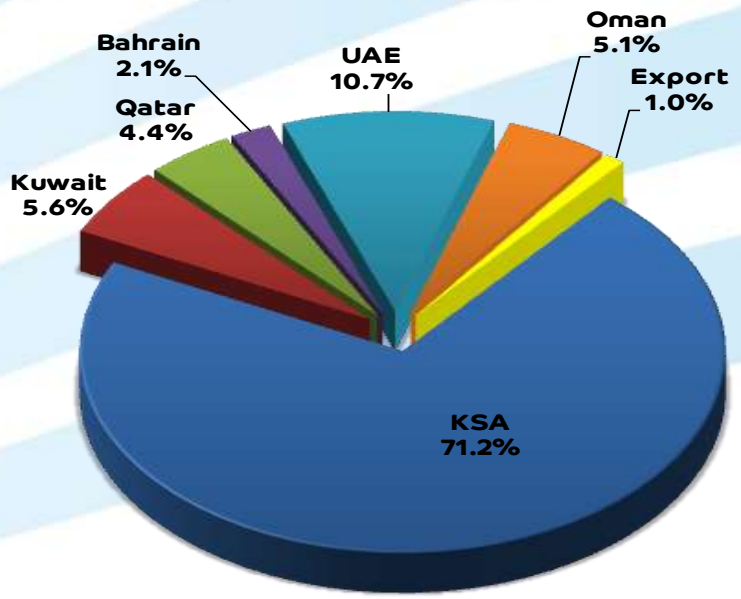
SAR million	2nd Quarter					1st Half				
	2011		2010		Change	2011		2010		Change
Net Sales	2,012.9	100.0%	1,738.9	100.0%	15.8%	3,756.4	100.0%	3,298.4	100.0%	13.9%
Cost of sales	(1,245.6)	(61.9%)	(1,037.7)	(59.7%)	20.0%	(2,355.0)	(62.7%)	(2,027.2)	(61.5%)	16.2%
Gross Profit	767.2	38.1%	701.1	40.3%	9.4%	1,401.4	37.3%	1,271.2	38.5%	10.2%
Selling & Distribution Expenses	(311.0)	(15.5%)	(261.8)	(15.1%)	18.8%	(589.4)	(15.7%)	(498.3)	(15.1%)	18.3%
General & Administration Expenses	(50.4)	(2.5%)	(51.7)	(3.0%)	(2.4%)	(114.8)	(3.1%)	(107.0)	(3.2%)	7.3%
EBIT	405.8	20.2%	387.7	22.3%	4.7%	697.2	18.6%	665.8	20.2%	4.7%
Share of Results of Associates	(3.5)	(0.2%)	0.6	0.0%	n.a.	(10.4)	(0.3%)	(1.3)	(0.0%)	717.2%
Bank Charges	(41.3)	(2.1%)	(30.6)	(1.8%)	35.1%	(81.1)	(2.2%)	(62.8)	(1.9%)	29.1%
Income from Main & Continuing Operations	360.9	17.9%	357.6	20.6%	0.9%	605.7	16.1%	601.7	18.2%	0.7%
Zakat	(9.3)	(0.5%)	(6.1)	(0.4%)	51.5%	(15.7)	(0.4%)	(13.1)	(0.4%)	19.8%
Net Income before Minority Interest	351.6	17.5%	351.5	20.2%	0.0%	590.0	15.7%	588.6	17.8%	0.2%
Minority Interest	(2.4)	(0.1%)	(8.4)	(0.5%)	(71.9%)	(5.5)	(0.1%)	(11.5)	(0.3%)	(52.0%)
Net Income	349.3	17.4%	343.1	19.7%	1.8%	584.5	15.6%	577.2	17.5%	1.3%

Sales Analysis by Product & Region

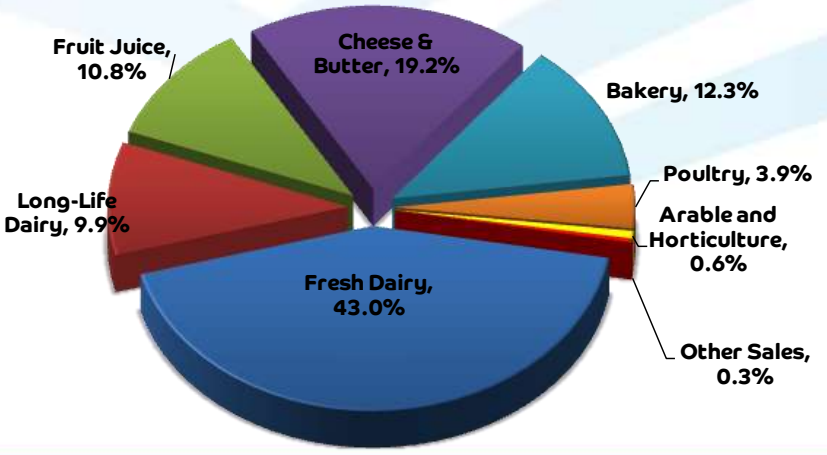
Sales by Product 1st Half

Sales by Product Group SAR Million	1 st Half		
	2011	2010	% change
Fresh Dairy	1,615.4	1,467.7	10.1%
Long-Life Dairy	371.9	332.0	12.0%
Fruit Juice	406.5	348.0	16.8%
Cheese & Butter	721.2	635.5	13.5%
Bakery	460.5	394.8	16.6%
Poultry	145.1	78.2	85.6%
Arable and Horticulture	24.0	28.0	(14.1%)
Other Sales	11.8	14.1	(16.4%)
Total Sales	3,756.4	3,298.4	13.9%

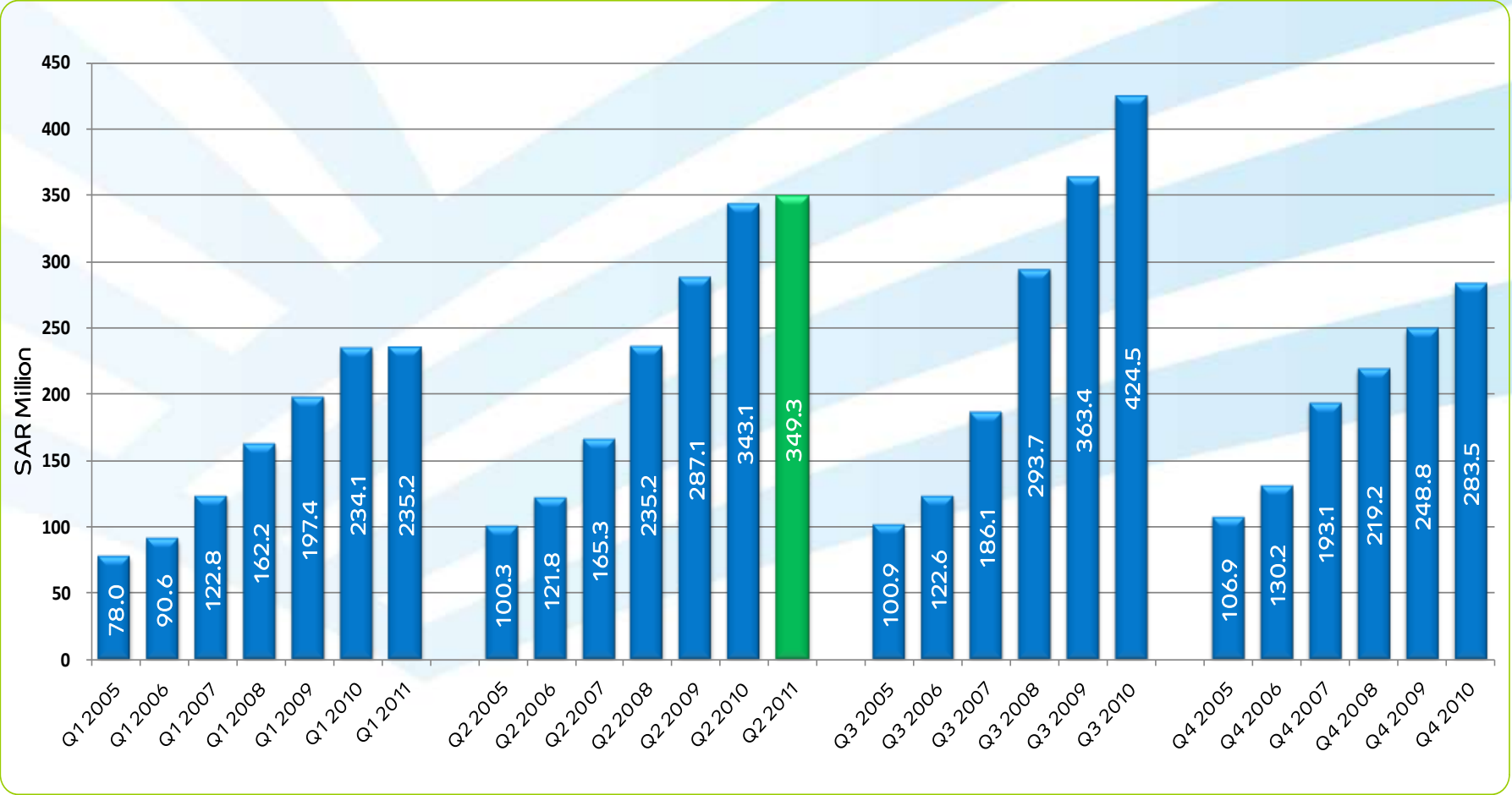
Sales by Region 1st Half 2011



Sales by Product 1st Half 2011

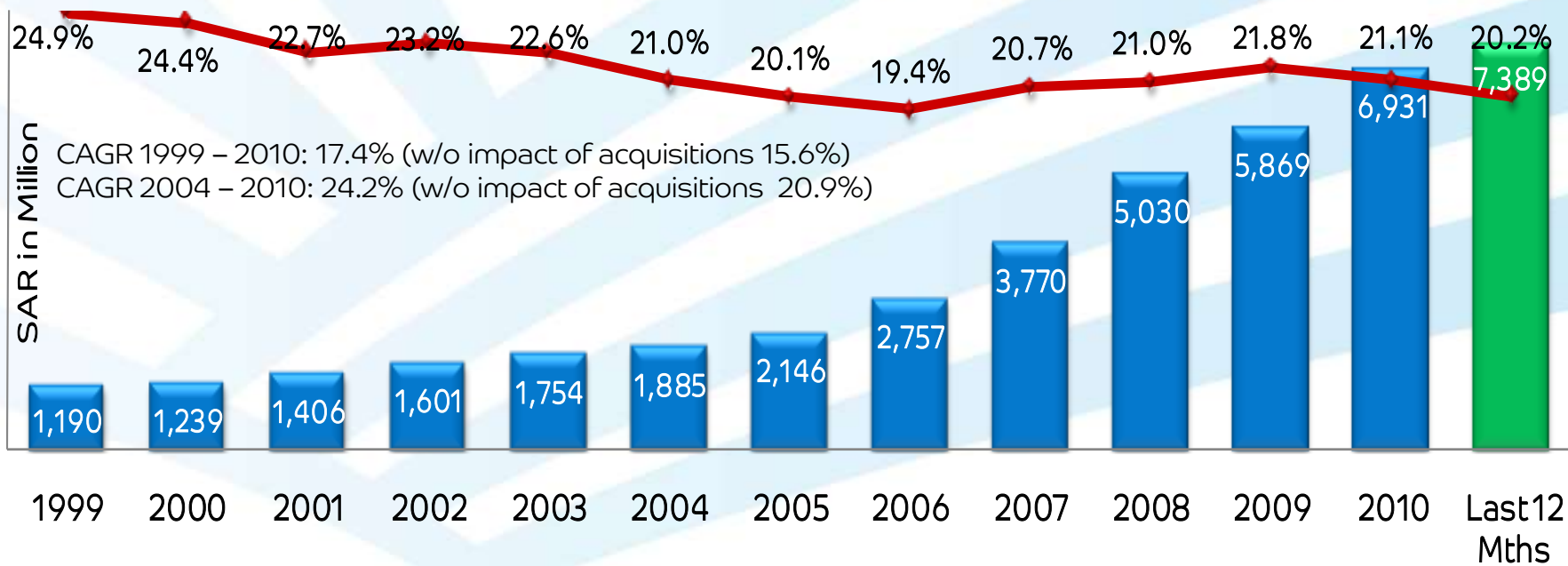


Quarterly Performance – Net Income



Despite the challenging trading environment, Almarai continues to realise robust revenue growth

Revenue and EBIT Margin¹ Evolution



(1) EBIT margin refers to Earnings before bank charges and Zakat

Source: Almarai Note

Cash Flow Statement

Cash Flow Statement	First 6 months	
<i>SAR Million</i>	<i>2011</i>	<i>2010</i>
From Operating Activities	902.1	858.6
Used in Investing Activities	(1,402.7)	(1,060.1)
From Financing Activities	503.1	(97.0)
Increase/(Decrease) in Cash	2.5	(298.5)
Cash at beginning of period	240.8	507.7
Cash at end of period	243.2	209.2

Balance Sheet

Balance Sheet	30.06.11	31.12.10
<i>SAR Million</i>		
Net operating working capital	702	660
Biological Assets	795	770
Property, Plant and Equipment	8,997	7,867
Net operating assets	10,494	9,296
Intangible Assets - Goodwill	793	793
Investment and Financial Assets & deferred charges	958	981
Net Assets	12,246	11,071
Net debt	5,774	4,679
Employee termination benefits	223	206
Total Equity	6,249	6,185
Net Capital Employed	12,246	11,071
<i>Net debt to Equity ratio</i>	92.4%	75.6%

Segment Reporting

SAR Million	Dairy & Juice	Bakery	Poultry	Arable and Horticulture	Other Activities	Almarai Consolidated
1st Half 2011						
Sales	3,135.6	498.8	145.1	101.3	0.0	3,880.9
Third Party Sales	3,126.8	460.5	145.1	24.0	0.0	3,756.4
Net Depreciation	(145.6)	(43.1)	(12.7)	(26.5)	(0.2)	(228.1)
Income/(loss) before Minority Interest	571.1	44.5	4.2	(20.5)	(9.2)	590.0
Total Assets	8,724.2	1,833.3	1,137.0	1,239.4	1,024.4	13,958.3
Total Liabilities	(6,637.9)	(270.4)	(147.1)	(132.8)	(520.7)	(7,708.9)
<i>Return on Sales</i>	<i>18.3%</i>	<i>9.7%</i>	<i>2.9%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>15.7%</i>
<i>Growth versus 1st Half 2010</i>						
- <i>Third Party Sales</i>	<i>11.8%</i>	<i>16.6%</i>	<i>85.6%</i>	<i>(14.1%)</i>	<i>n.a.</i>	<i>13.9%</i>
- <i>Income before Minority Interest</i>	<i>5.4%</i>	<i>(40.1%)</i>	<i>n.a.</i>	<i>183.0%</i>	<i>n.a.</i>	<i>0.2%</i>
2nd Quarter 2011						
Sales	1,663.2	267.0	81.7	99.8	0.0	2,111.7
Third Party Sales	1,659.0	249.1	81.7	23.1	0.0	2,012.9
Net Depreciation	(76.6)	(21.4)	(6.7)	(13.6)	(0.2)	(118.5)
Income before Minority Interest	319.6	22.6	3.4	9.9	(3.8)	351.6
<i>Return on Sales</i>	<i>19.3%</i>	<i>9.1%</i>	<i>4.1%</i>	<i>42.9%</i>	<i>n.a.</i>	<i>17.5%</i>
<i>Growth versus Q2 2010</i>						
- <i>Third Party Sales</i>	<i>14.0%</i>	<i>15.0%</i>	<i>93.3%</i>	<i>(5.7%)</i>	<i>n.a.</i>	<i>15.8%</i>
- <i>Income before Minority Interest</i>	<i>5.7%</i>	<i>(53.3%)</i>	<i>n.a.</i>	<i>4.5%</i>	<i>n.a.</i>	<i>0.0%</i>

Q2 2011 Product Innovation



Update on Joint Ventures/Associates

- **International Dairy and Juice (IDJ)**
 - Regional unrest has had a negative impact on IDJ performance
 - Management are committed to achieving breakeven in 2011
- **International Pediatric Nutrition Company (IPNC)**
 - June saw the launch of Almarai EnfaGrow Stage 3 in both pharmacy & grocery channels
 - The infant nutrition facility is nearing completion – commissioning to commence in Q4 2011 with commercial production starting early 2012





Poultry Expansion

- The Almarai Board of Directors recently signed off on the poultry expansion plan as part of the overall Almarai Strategic Plan. This investment will total SAR 4 billion. In summary,
 - Today we know more about the poultry business than in October 2009 when we acquired HADCO
 - There is a clear market need for a premium quality poultry product
 - Consumers are willing to pay a premium price for a premium fresh product
 - We also realized that the need for premium quality product in the other GCC countries (mainly UAE, Qatar and Bahrain) is even greater than KSA
 - The average selling price in the other GCC countries is higher than KSA

Almarai Key Challenges 2011

1. Commodity inflation

Squeezed between continuous increase in input costs and difficulty to increase selling prices

⇒ loss of ~200 bp EBIT Margin

2. Assets not yet performing

As at the end of June, ~ SAR 3.5 billion (or 29%) of Almarai's net asset base was not yet contributing to the bottom line

Looking forward

- Notwithstanding the challenges that I have just outlined, Almarai remains committed to :
 - maintaining focus on our core categories
 - continued product innovation - products are regularly being introduced to the market which have come through Almarai's innovation pipeline
 - continued investment in our capabilities and new businesses, our platforms for even further growth
- The financial outlook :
 - we expect to continue to benefit from solid growth with revenue expected to grow by approximately 15% this year
 - the growth in input costs will negatively impact our EBIT margin by approximately 200 bp
 - capex spending for 2011 is expected to total ~ SAR 2.8 billion

Q & A



Thank you



middle east
investor relations
society

award winner 2010

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

المراعي
Almarai