



Almarai Company

2012 1st Half Earnings Presentation

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Performance Highlights – 1st H, 2012

	Q2 2012		1st Half 2012	
	SAR ' M	Growth over last year	SAR ' M	Growth over last year
Group Revenue	2,524.1	↑ 25.4%	4,564.5	↑ 21.5%
Group Revenue excluding IDJ	2,359.6	↑ 17.2%	4,399.9	↑ 17.1%
Net Income	379.5	↑ 8.7%	621.6	↑ 6.4%

- Revenue growth of 21.5% driven by core business and inclusion of IDJ results in the top line.
- Core business revenue grew by 20.0% driven by poultry 47.8%, bakery 34.3%, juice 33.5%
- Net Income grew 6.4% compared with H1, 2011. The income growth lags revenue growth due to delayed impact of commodity price softening and higher overhead in line with capacity growth, which is yet to match revenue growth.
- Net Operating cash flow 870 million, down by 0.1%
- Capital expenditure spend on a ytd basis stood at 1.7 billion SAR
- 24 additional NPDs launched in 1st Half of 2012.
- Staff strength now stands at 23,319 at end of June 2012

Product innovation: Growth driver



Statement of Income – IDJ Consolidated

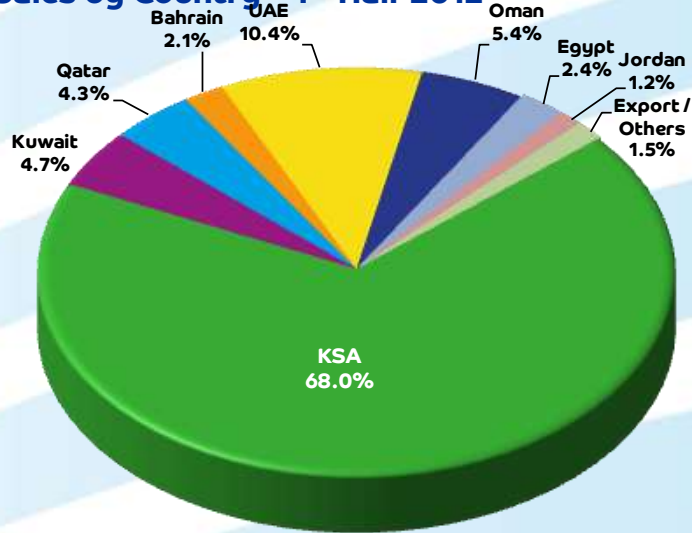
<i>SAR million</i>	<i>2nd Quarter</i>			<i>1st Half</i>		
	<i>2012</i>	<i>2011</i>	<i>Change</i>	<i>2012</i>	<i>2011</i>	<i>Change</i>
Net Sales	2,524.1	2,012.9	25.4%	4,564.5	3,756.4	21.5%
Cost of sales	(1,602.4)	(1,236.0)	29.6%	(2,935.5)	(2,345.5)	25.2%
Gross Profit	921.7	776.8	18.7%	1,629.0	1,411.0	15.5%
Selling and Distribution Expenses	(403.4)	(303.0)	33.2%	(748.1)	(581.3)	28.7%
General and Administration Expenses	(83.7)	(68.1)	23.0%	(153.9)	(132.5)	16.2%
EBIT	434.6	405.8	7.1%	727.0	697.2	4.3%
Share of Results of Associates	(5.4)	(3.5)	55.0%	(17.7)	(10.4)	70.2%
Bank Charges	(42.3)	(41.3)	2.2%	(69.7)	(81.1)	(14.1%)
Income from Main and Continuing Operations	386.9	360.9	7.2%	639.7	605.7	5.6%
Zakat	(13.1)	(9.3)	40.6%	(21.0)	(15.7)	33.6%
Net income before Minority Interes	373.8	351.6	6.3%	618.7	590.0	4.9%
Minority Interest	5.7	(2.4)	(340.0%)	2.9	(5.5)	(153.1%)
Net Income	379.5	349.3	8.7%	621.6	584.5	6.4%
Net Income %	15.0%	17.4%		13.6%	15.6%	

Sales Analysis by Product & Region – IDJ Consolidated

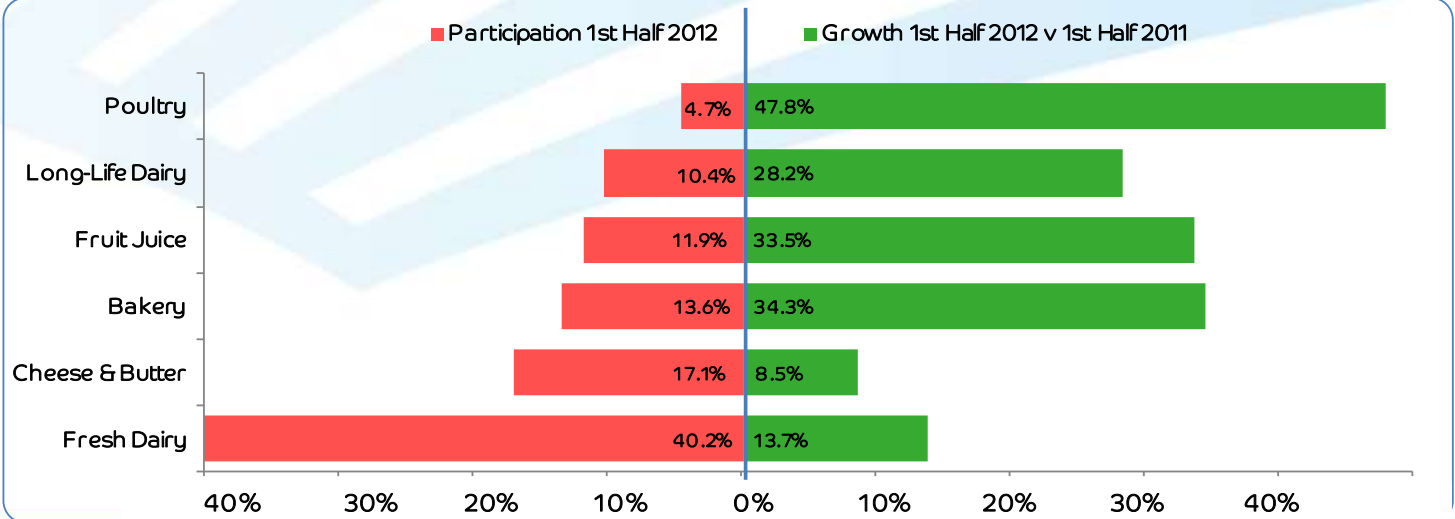
Sales by Product

Sales by Product Group SAR Million	1st Half		
	2012	2011	% change
Fresh Dairy	1,836.4	1,615.4	13.7%
Long-Life Dairy	476.9	371.9	28.2%
Fruit Juice	542.8	406.5	33.5%
Cheese & Butter	782.8	721.2	8.5%
Bakery	618.5	460.5	34.3%
Poultry	214.5	145.1	47.8%
Arable and Horticulture	64.3	24.0	167.8%
Other Sales	28.3	11.8	139.7%
Total Sales	4,564.5	3,756.4	21.5%

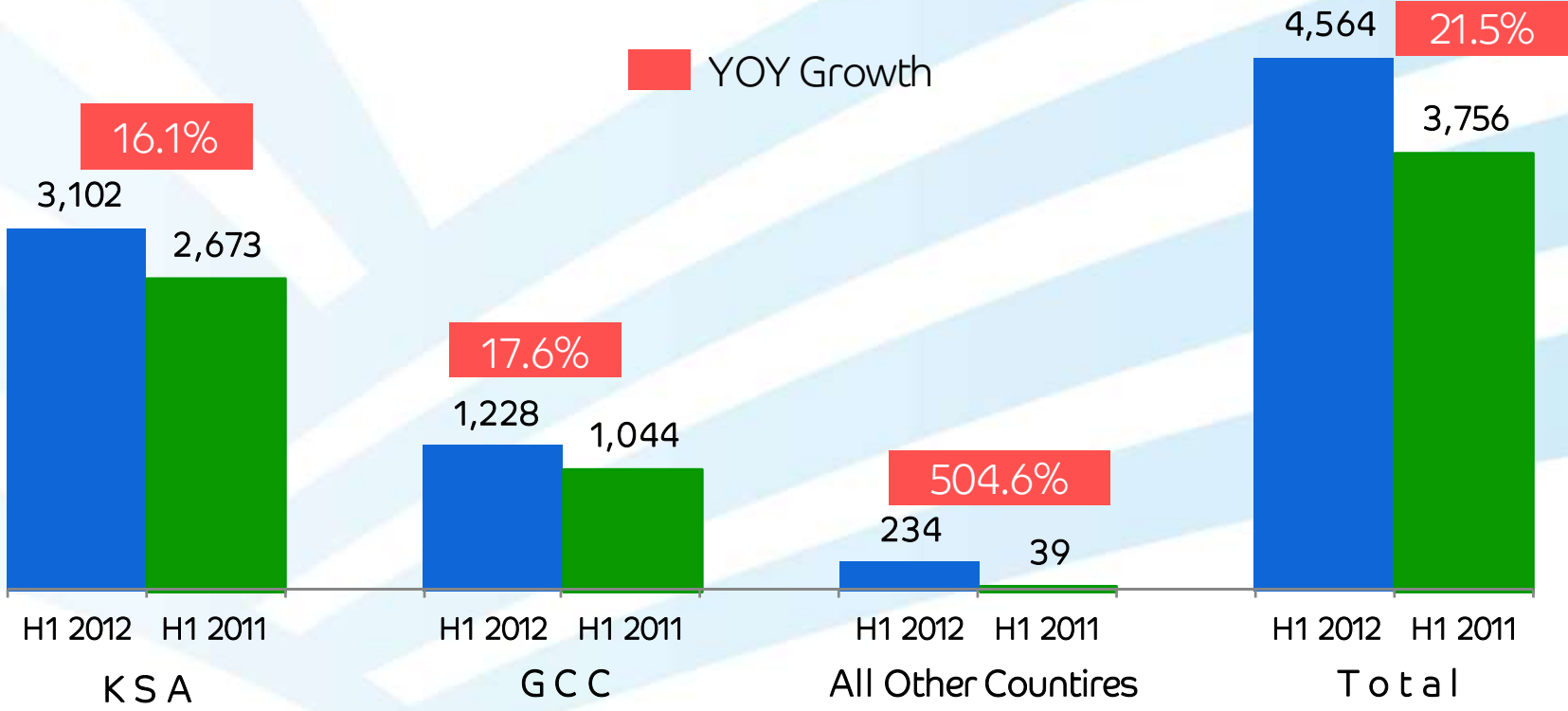
Sales by Country – 1st Half 2012



Participation vs Growth - 1st Half 2012

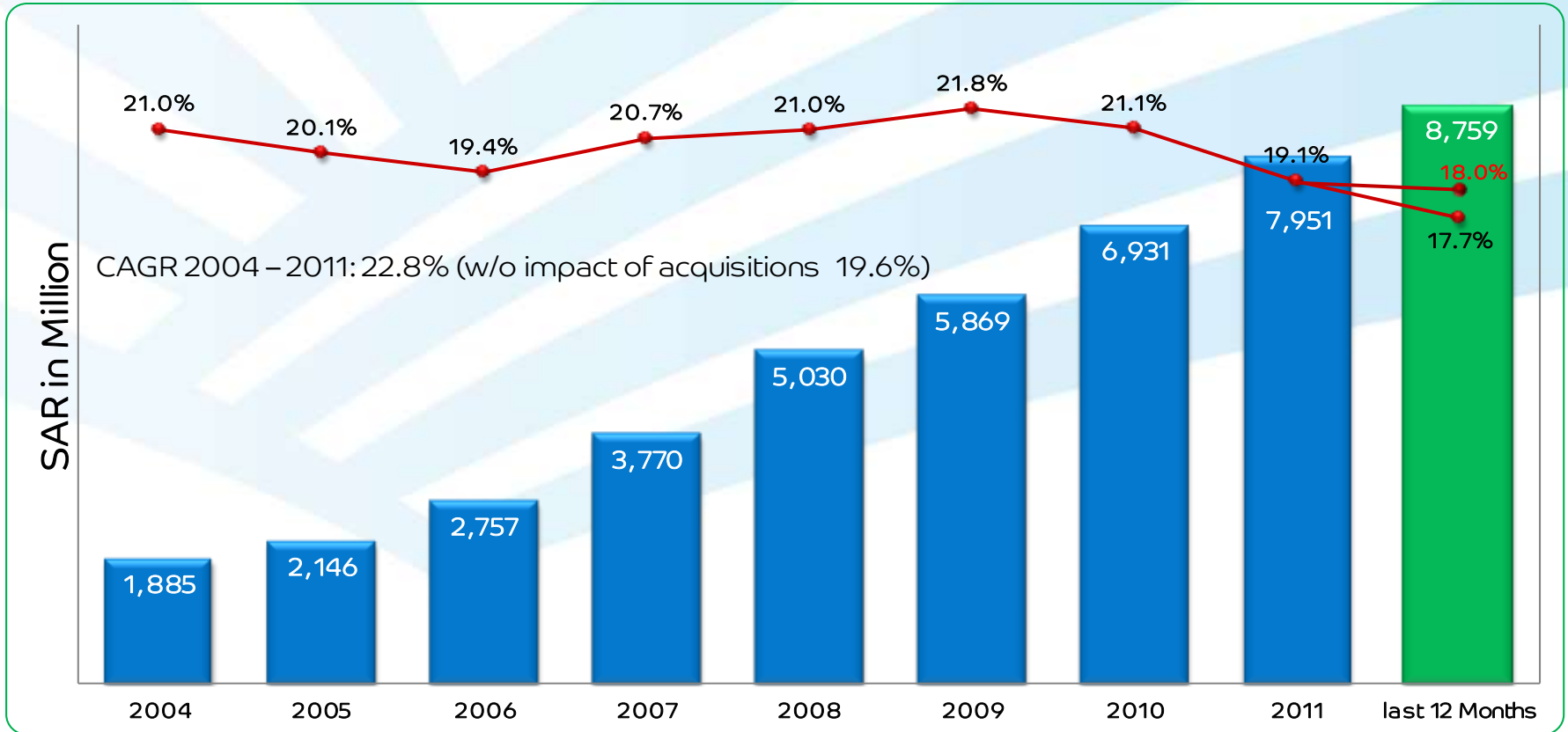


Sales Revenue Growth by Region



Robust revenue growth with challenging – but anticipated – EBIT trend

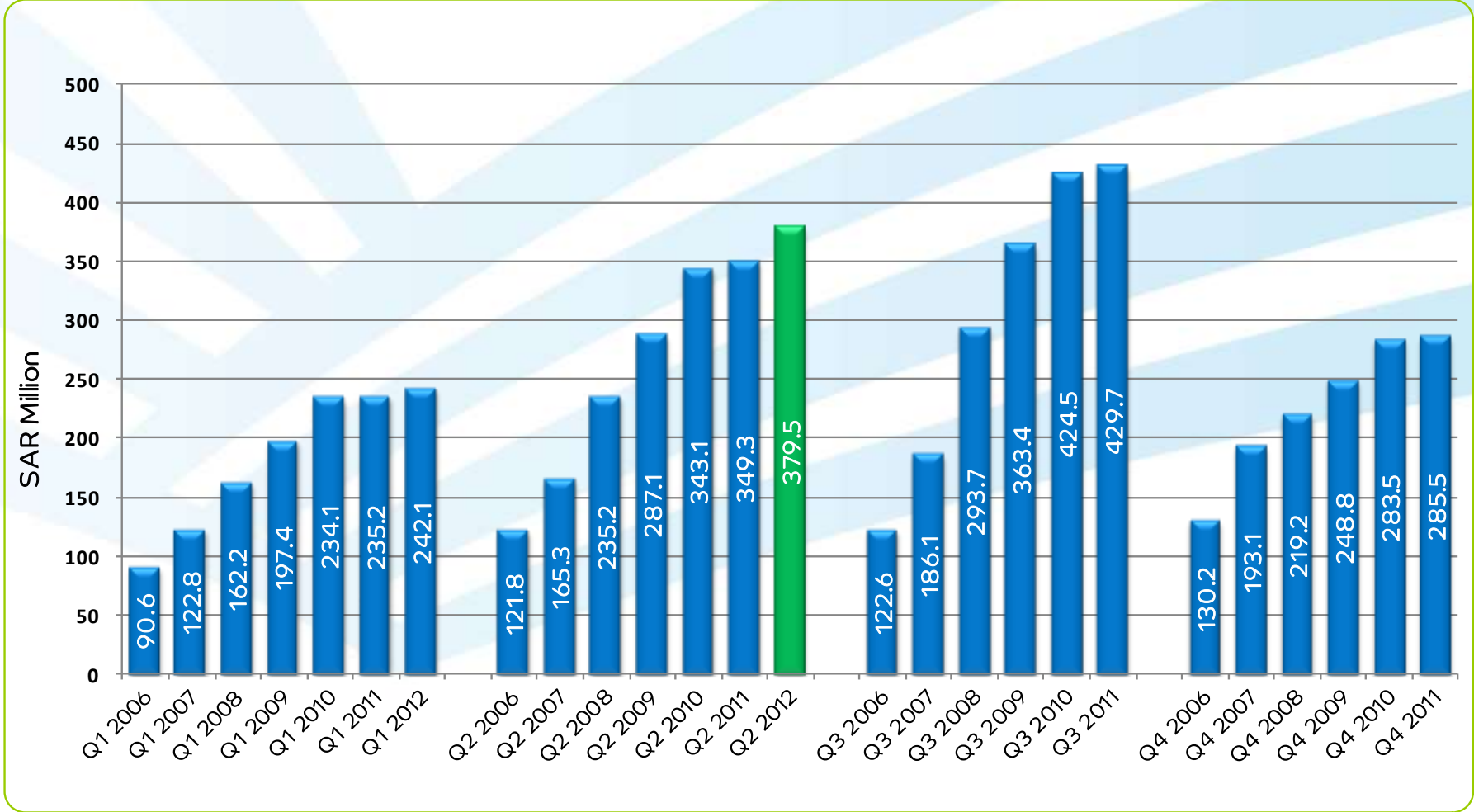
Revenue and Net Operating Income Evolution



* Net Operating income % is lowered to 18.0% excluding the impact of IDJ consolidation.

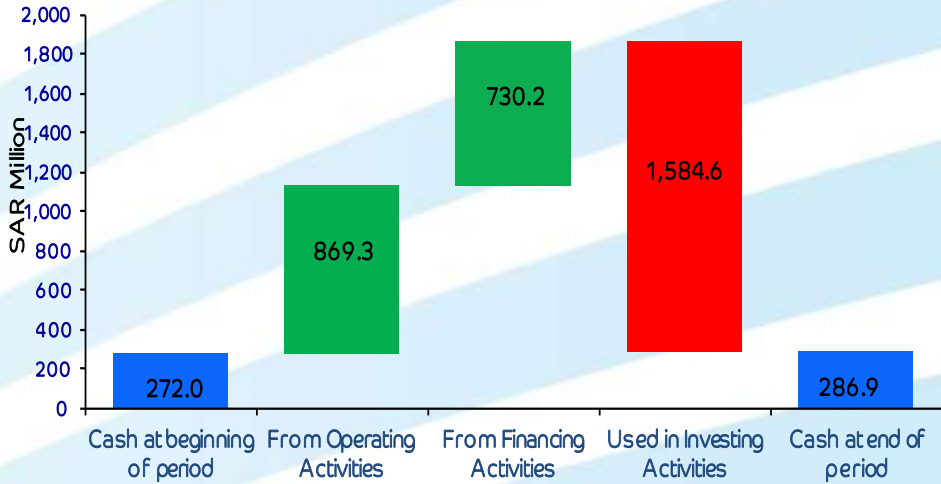


Quarterly Performance - Net Income



Cash Flow Statement (1st Half)

Strong revenue growth resulted in positive operating cash flow....

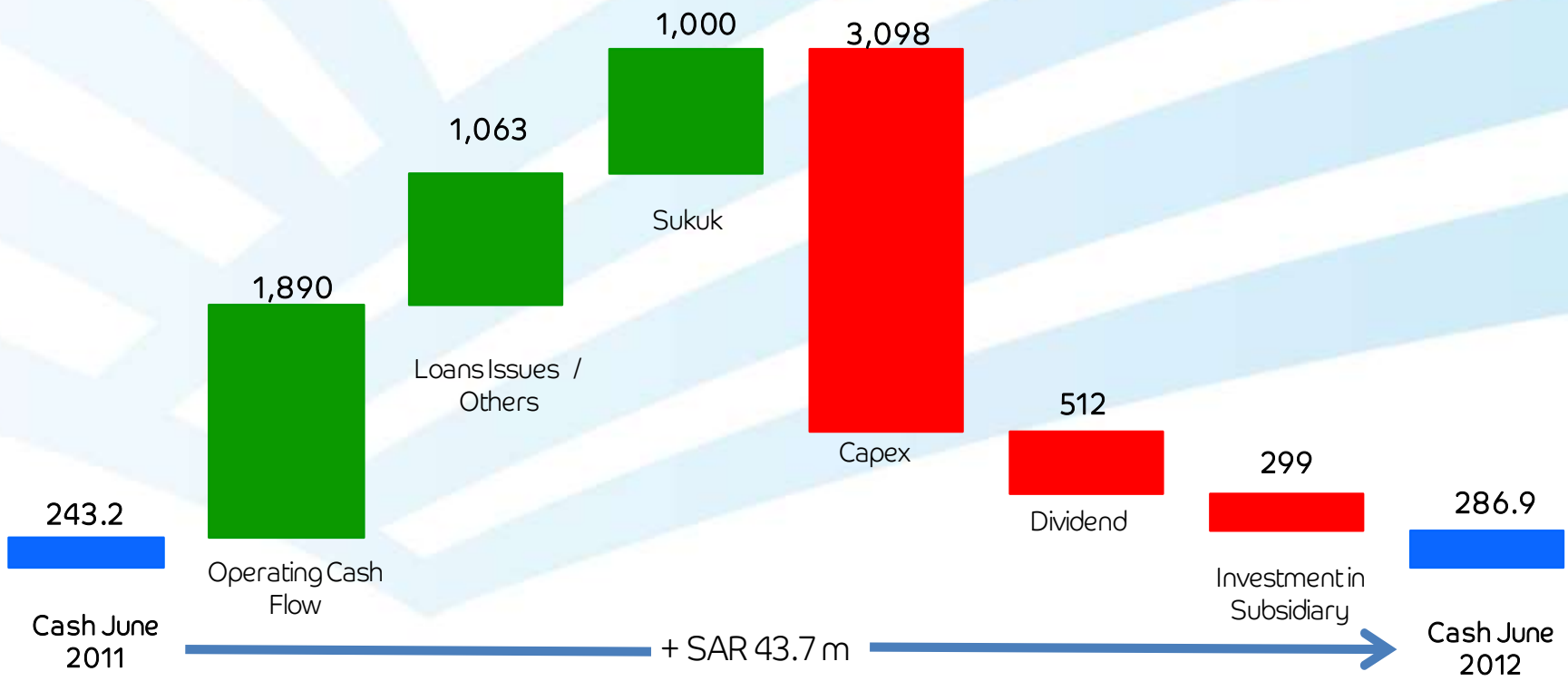


SAR Million	1st Half	
	2012	2011
From Operating Activities	869.3	870.4
Used in Investing Activities	(1,584.6)	(1,390.9)
From Financing Activities	730.2	523.1
Increase/(Decrease) in Cash	14.9	2.5
Cash at beginning of period	272.0	240.8
Cash at end of period	286.9	243.2

...but additional capex investment especially for poultry (800m) resulted in negative free cash flow of 715.3m



Cash Flow Bridge (rolling 12 months)



Balance Sheet

SAR Million	30.06.12	30.06.11
Net Operating Working Capital	1,182	702
Biological Assets	870	795
Property, Plant and Equipment	12,426	8,997
Net Operating Assets	14,478	10,494
Intangible Assets - Goodwill	1,383	793
Investment and Financial Assets & Deferred Charges	494	958
	16,355	12,246
Net Debt	8,385	5,774
Employee Termination Benefits	266	223
Deferred Tax (Net)	131	-
Total Equity	7,573	6,249
Net Capital Employed	16,355	12,246
<i>Net Debt to Equity Ratio</i>	110.7%	92.4%

Segment Reporting

SAR Million	Dairy & Juice	Bakery	Poultry	Arable and Horticulture	Other Activities	Almarai Consolidated
1st Half 2012						
Sales	3,673.6	618.5	214.5	154.2	0.0	4,660.8
Third Party Sales	3,667.2	618.5	214.5	64.3	0.0	4,564.5
Net Depreciation	(219.1)	(53.9)	(20.6)	(33.8)	0.0	(327.3)
Income/(loss) before Minority Interest	589.6	81.5	(45.4)	12.6	(19.6)	618.7
Total Assets	10,692.2	1,994.2	2,964.1	1,647.8	1,116.3	18,414.6
Total Liabilities	(9,610.2)	(276.1)	(240.2)	(191.7)	(523.3)	(10,841.6)
Return on Sales	16.1%	13.2%	(21.2%)	19.5%	n.a.	13.6%
Growth versus 1st Half 2011						
- Third Party Sales	17.3%	34.3%	47.8%	167.8%	n.a.	21.5%
- Income before Minority Interest	3.2%	83.2%	n.a.	(161.2%)	112.3%	4.9%
Q2 2012						
Sales	2,034.6	325.0	119.1	129.7	0.0	2,608.4
Third Party Sales	2,031.5	325.0	119.1	48.6	0.0	2,524.1
Net Depreciation	(116.8)	(27.8)	(10.5)	(17.1)	0.0	(172.2)
Income/(loss) before Minority Interest	318.7	46.3	(13.4)	32.6	(10.4)	373.8
Total Assets	328.9	28.9	492.6	(2.6)	(135.4)	712.3
Total Liabilities	(1,063.6)	(6.9)	16.3	17.0	6.7	(1,030.6)
Return on Sales	15.7%	14.3%	(11.3%)	67.2%	n.a.	14.8%
Growth versus Q2 2011						
- Third Party Sales	22.5%	30.5%	45.8%	109.9%	n.a.	25.4%
- Income before Minority Interest	(0.3%)	105.4%	n.a.	228.8%	171.5%	6.3%

Operational Update

2012: Key Focus Areas

1	Deliver growth across all product portfolio	<ul style="list-style-type: none">▪ Expand distribution across GCC, with special emphasis on poultry and bakery▪ Continue exploring new product development revenues
2	Improve group margin %	<ul style="list-style-type: none">▪ Manage procurement process in line with inventory cover requirements.▪ Focus on value add products to enhance margin %
3	Manage cash flow	<ul style="list-style-type: none">• Cost control across all categories and functional areas• Manage funding structure
4	Integrate other business units	<ul style="list-style-type: none">▪ Focus on Fondomonte integration with farming division at Almarai.▪ Integrate and improve on IDJ business in line with Almarai business model

Progress against Key Focus Areas

1 Deliver Growth across all product portfolio

Well underway

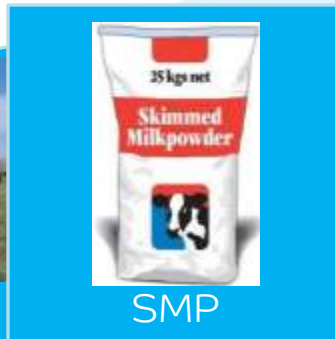
Still to achieve



- Strong H1 results including strong bakery results buoyed by GCC distribution
- Sales growth is expected to continue for rest of the year, particularly for juice product range
- Poultry products were launched in Qatar & Bahrain in Q2. Expansion will continue in other GCC countries and current distribution facilities will be further developed
- Launch poultry across all GCC countries.
- Full range of bakery to be available across GCC
- Commissioning of poultry plant by Q4, 2012

3 Margin areas of focus

Well underway



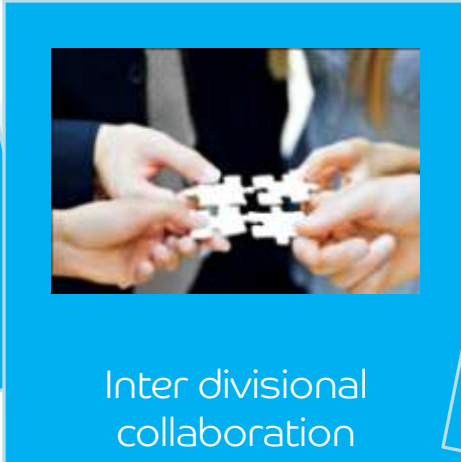
Still to achieve



- Cost of most commodities is showing signs of stabilisation / reduction over last year. This cost advantage is expected to materialise in H2, 2012.
- Strong product innovation & value added products to continue and accelerate as the year progresses
- Product improvement projects to continue deliver quality value to our customers

4 Cash Flow Management

Well underway



Still to achieve



- Cost control across all categories and functional areas
- Debt management program to keep funding cost in check

- Focus on supply chain and streamlining end to end inventory movement
- Working capital – creditor management

4 Integration of other business units

Well underway



Still to achieve



- Integration of Fondomonte business with Almarai financial and operational units continues well in Q2
- Additional focus will be placed in next quarters to integrate and improve on IDJ business in line with Almarai business model. Key management changes have taken place by Q2 and operational focus will follow in Q3/Q4.
- Implement operational & control policies in both Fondomonte & IDJ

Q & A



Thank you



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