

10 March 2020

Almarai Company announces financial impact of the change in subsidy

Further to Almarai announcement on 29th December 2019 regarding subsidy on feed input, Almarai Company announces to its shareholders that the abolition of non-green fodder subsidy will impact both poultry and dairy segment.

For the poultry segment, the non-green fodder feed input subsidy process is replaced with subsidy on final poultry output. The net financial impact for Almarai poultry segment from this change is expected to be minimal and materially insignificant for 2020 and the years going forward.

For the dairy segment, the net decrease in subsidy for the dairy segment is expected to be immaterial for 2020 due to subsidy receipts prior to the abolition of non-green fodder subsidy, but to be in a range of SAR 150M to SAR 170M per annum for the years beyond 2020.

Almarai will continue to focus on business efficiency, cost optimization and other initiatives to help mitigate the financial effects of these changes in the subsidy in the long term.