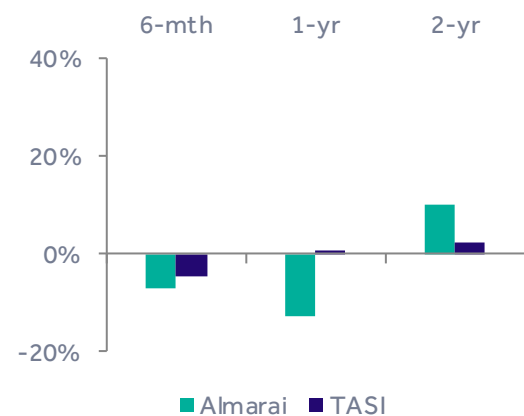


Market Data	
52-week high/low	SAR 71.0 / 51.6
Market Cap	SAR 57,600 mln
Shares Outstanding	1,000 mln
Free-float	40.90%
12-month ADTV	391,300
Bloomberg Code	ALMARAI AB



Growth Y/Y Continues

July 8, 2024

Upside to Target Price	21.5%	Rating	Buy
Expected Dividend Yield	1.7%	Last Price	SAR 57.60
Expected Total Return	23.2%	12-mth target	SAR 70.00

Almarai Company	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Sales	5,155	4,792	8%	5,459	(6%)	4,850
Gross Profit	1,702	1,567	9%	1,708	(0%)	1,552
Gross Margins	33%	33%		31%		32%
Operating Profit	793	719	10%	869	(9%)	722
Net Profit	620	557	11%	692	10%	546

(All figures are in SAR mln)

- Almarai's top-line grew +8% Y/Y but fell -6% Q/Q, to SAR 5.1 bln, slightly above our estimates. The Y/Y was once again, driven by intense momentum and volume growth within the Poultry and Dairy Categories; both up Y/Y by +14% and +8%, respectively. Poultry segment revenue growth in 2Q24 was also reflected in GCC market growth, which increased +17% Y/Y. Unsurprisingly, gross profit grew +9% Y/Y, however, we also note it contracted -0.4% Q/Q, reaching SAR 1.7 bln.
- The Company continues to benefit from commodity input prices maintaining their current levels, as evidenced by single digit increases in SG&A, despite double digit increases Y/Y in operating and net margins. We also note, that some input costs are subsidized via government. EBIT was recorded at SAR 793 mln (+10% Y/Y, -9% Q/Q), driven by the overhead cost control measures and commodity price stability. This also translated further into EBIT margins, which expanded by 39 bps Y/Y, while also contracting by 53 bps Q/Q, however this is related to seasonal consumption patterns.
- In our previous note, we touched on declared dividends of SAR 1.00 per share in 2023, we maintain our belief these will be easily supported by revenue growth and cost control initiatives. We believe management's 2Q24 earnings call will be a reiteration of cogent and purposeful progress in implementing their capital investment program; which includes expanding Poultry capacity and other initiatives. We maintain our target price of SAR 70.00 and Buy rating.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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