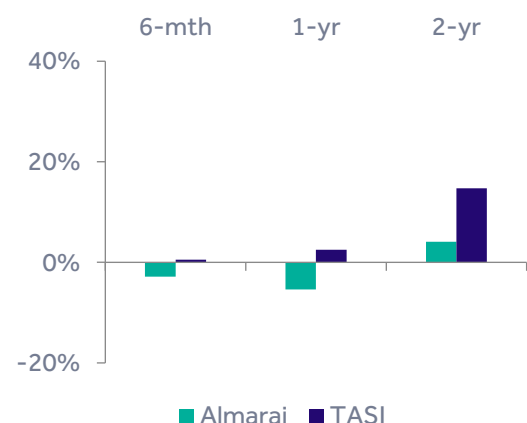


| Market Data        |                 |
|--------------------|-----------------|
| 52-week high/low   | SAR 62.7 / 51.6 |
| Market Cap         | SAR 58,300 mln  |
| Shares Outstanding | 1,000 mln       |
| Free-float         | 75.42%          |
| 12-month ADTV      | 817,465         |
| Bloomberg Code     | ALMARAI AB      |



## Record Annual Net Profits and Y/Y Margin Growth

Jan 19, 2025

|                         |       |               |           |
|-------------------------|-------|---------------|-----------|
| Upside to Target Price  | 20.1% | Rating        | Buy       |
| Expected Dividend Yield | 1.7%  | Last Price    | SAR 58.30 |
| Expected Total Return   | 21.8% | 12-mth target | SAR 70.00 |

| Almarai Company  | 4Q2024 | 4Q2023 | Y/Y | 3Q2024 | Q/Q   | RC Estimate |
|------------------|--------|--------|-----|--------|-------|-------------|
| Sales            | 5,157  | 4,920  | 5%  | 5,209  | (1%)  | 5,272       |
| Gross Profit     | 1,583  | 1,397  | 13% | 1,670  | (5%)  | 1,585       |
| Gross Margins    | 31%    | 28%    |     | 33%    |       | 30%         |
| Operating Profit | 591    | 529    | 12% | 742    | (20%) | 644         |
| Net Profit       | 431    | 371    | 16% | 570    | (24%) | 480         |

(All figures are in SAR mln)

- Almarai's top-line grew +5% Y/Y, while contracting by -1% Q/Q, to SAR 5.2 bln, in-line with our estimates. The growth Y/Y has been consistently driven by continued volume growth across most products and geographic segments. Particularly strong growth occurred in the Poultry segment, driven by improved economies of scale and production optimization. The growth in the Company's top-line also spurred the growth of gross profits, which increased +13% Y/Y; however, we also note gross profits contracted -5% Q/Q, based on seasonal consumption patterns.
- The Company has maintained control of its cost structure, as evidenced by the operating expenses on a 12-month basis remaining stable at 17% of revenues, in both 2024 and 2023. When coupled with increases in net margins, gross margins, and operating margins, this should signal to investors, management has a systematic and effective approach. This translated into operating profits of SAR 2.9 bln for the year, an increase of +11% Y/Y, up from SAR 2.7 bln in 2023.
- We maintain our previous posturing on Almarai, evaluating the Company on a 12-month basis, Management's focus on expanding the product portfolio, such as launching the Ice Cream category, production capacity (Poultry), and investment in marketing activities, has resulted in +13% Y/Y growth in 2024 net profits. We maintain our target price and Buy rating, although we cautiously await early results in 2025, to assess the effects of Aramco's price increases on diesel.

**Brennan Eatough**

brennan.eatough@riyadcapital.com

+966-11-203-6808

## ■ Stock Rating

| Buy  | Neutral  | Sell                                 | Not Rated                |
|--|--|--------------------------------------|--------------------------|
| Expected Total Return<br>Greater than +15% | Expected Total Return<br>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](mailto:research@riyadcapital.com)

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.