



المنجم
ALMUNAJEM

للأغذية Foods

Earnings Presentation

Q3 - 2023

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Earnings Call

Q3' 2023

About AMF

Financial Performance

Market Outlook

Growth Factors

Question and Answer



Almunajem Foods Company

Continues to be one of the top Saudi food companies engaged in importing, marketing, distribution and production of leading brands of frozen, chilled and dry food items.



Flexible and asset light operating model



Diversified Portfolio



Wide Coverage



Experienced Management

DISTRIBUTOR OF KEY BRANDS

International Brands



Owned Brands



OUR RANKINGS IN TERMS OF MARKET SHARE (RETAIL)

Main Categories	Sub-Categories	Brands	Ranking
Red & White Meat	<ul style="list-style-type: none"> Frozen Whole Chicken Chicken Franks 	Doux	1
	<ul style="list-style-type: none"> Frozen Minced 	Al Anam	1
Frozen Fruits & Vegetables	<ul style="list-style-type: none"> Fruits 	Dari	1
	<ul style="list-style-type: none"> Vegetables 	Montana	2
		Dari	3
	<ul style="list-style-type: none"> Potato 	Lamb Weston	1
Olive & oils	<ul style="list-style-type: none"> Olives 	Coopoliva	1
Dairy	<ul style="list-style-type: none"> Mozzarella 	President	1
	<ul style="list-style-type: none"> Labneh 		2
Ready Meals	<ul style="list-style-type: none"> Frozen Dinners 	Dari	1

NEW ENTRANTS

In Pipeline:

- Extending our red meat range of finest meat selection.
- Launching for the first time our wide sea food range in line with the company strategy to embrace the 3 sources of protein (chicken, meat, and sea food).
- Match the new generation emerging preferences by launching our super fruits items under DARI brand.



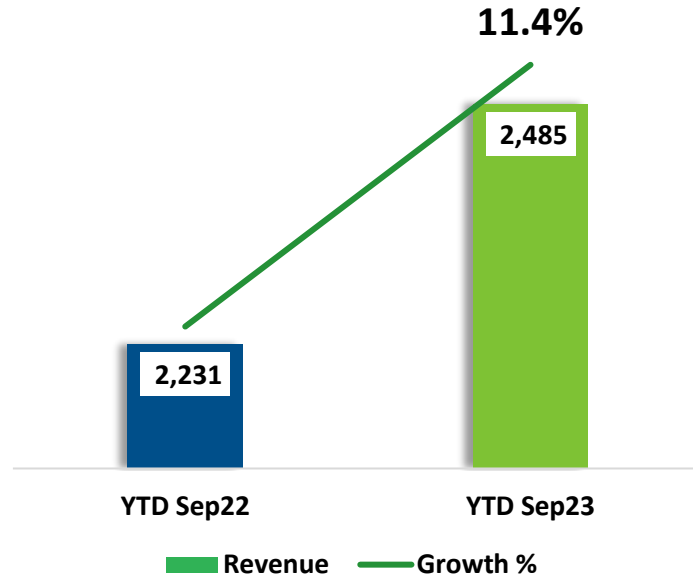
Financial Performance

Q3 – YTD Sep' 23

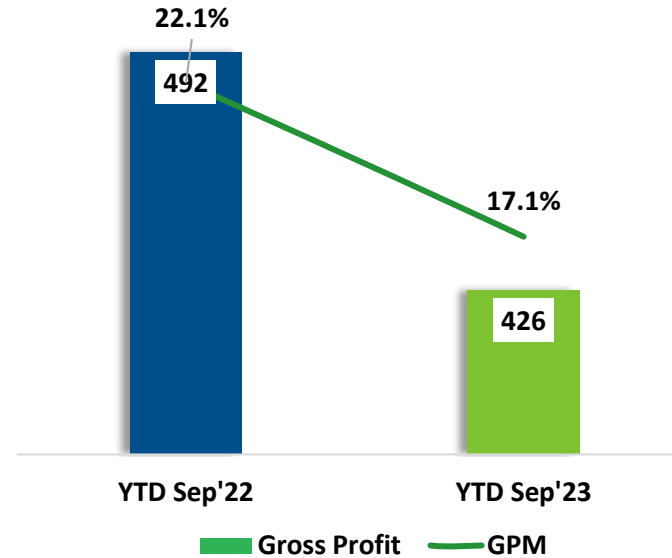


Financial Performance YTD Sep 2023 – Key Highlights

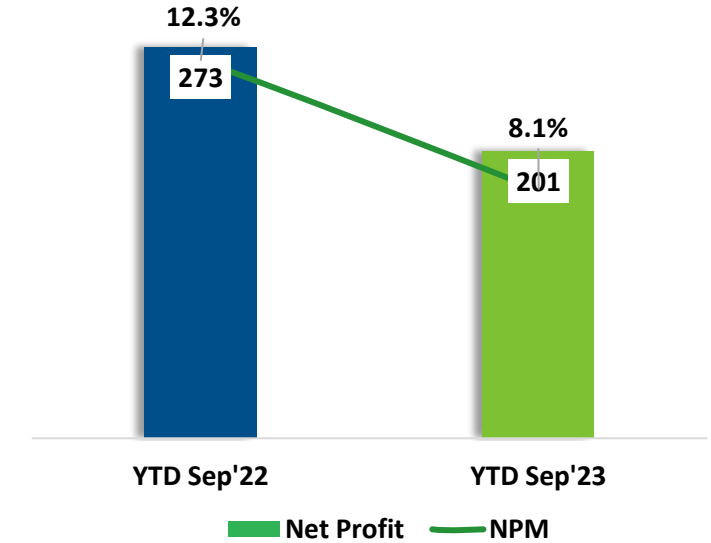
Revenue (SAR' M)



Gross Profit (SAR' M)



Net Profit (SAR' M)

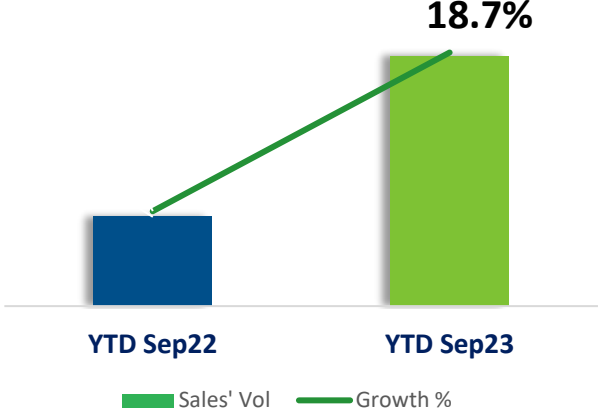


Commentary for
YTD Sep 2023:

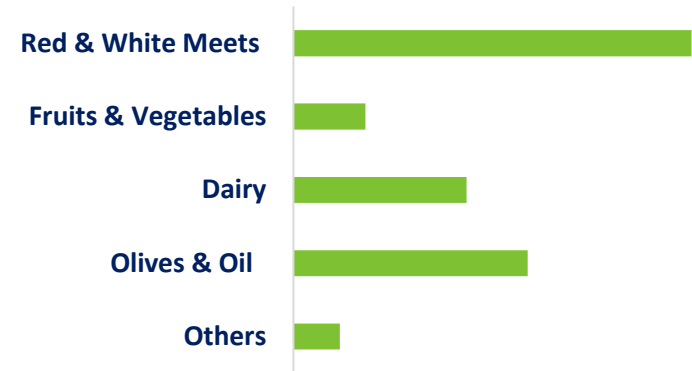
- ❖ Strong growth in revenue reaching 11.4% mainly due to increase in sales volume across the board.
- ❖ Solid and stable gross margins due to revenue growth and improved sales mix. Decrease in gross margins Vs. last year due to market pricing pressures.
- ❖ Strong control on overheads because of ongoing cost cutting initiatives.

Revenue (YTD Sep' 23) – Growth across the Board

Sales Volume - Growth



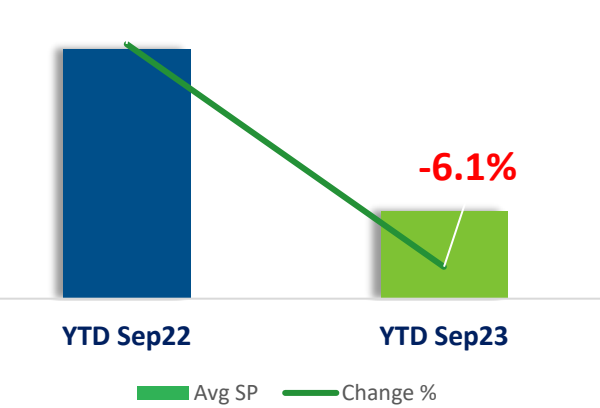
Sales' Vol – Growth by Major Categories



Sales' Vol – Growth by Channels

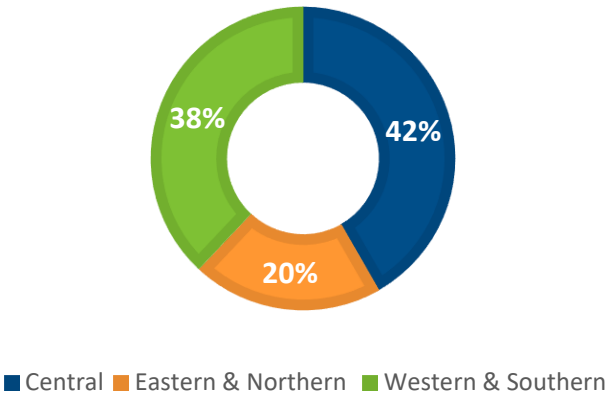


Avg SP - Change

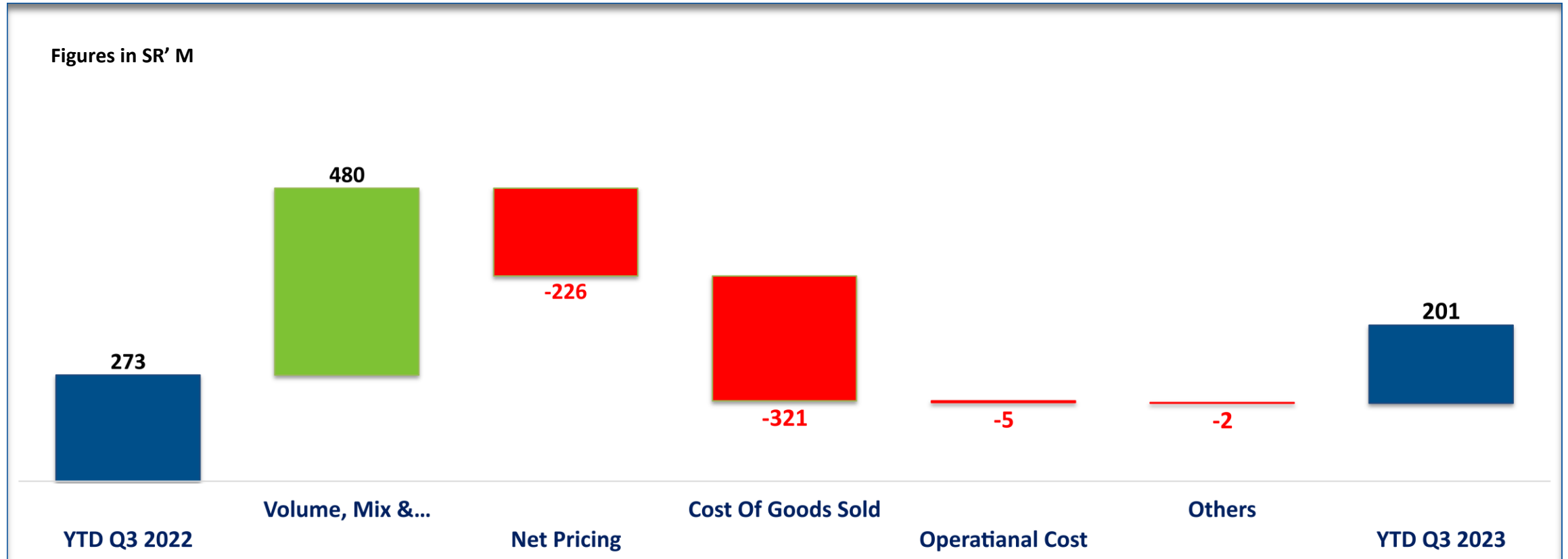


Region	Growth
Central	6.2%
Eastern & Northern	10.6%
Western & Southern	18.3%

CONTRIBUTION BY REGIONS



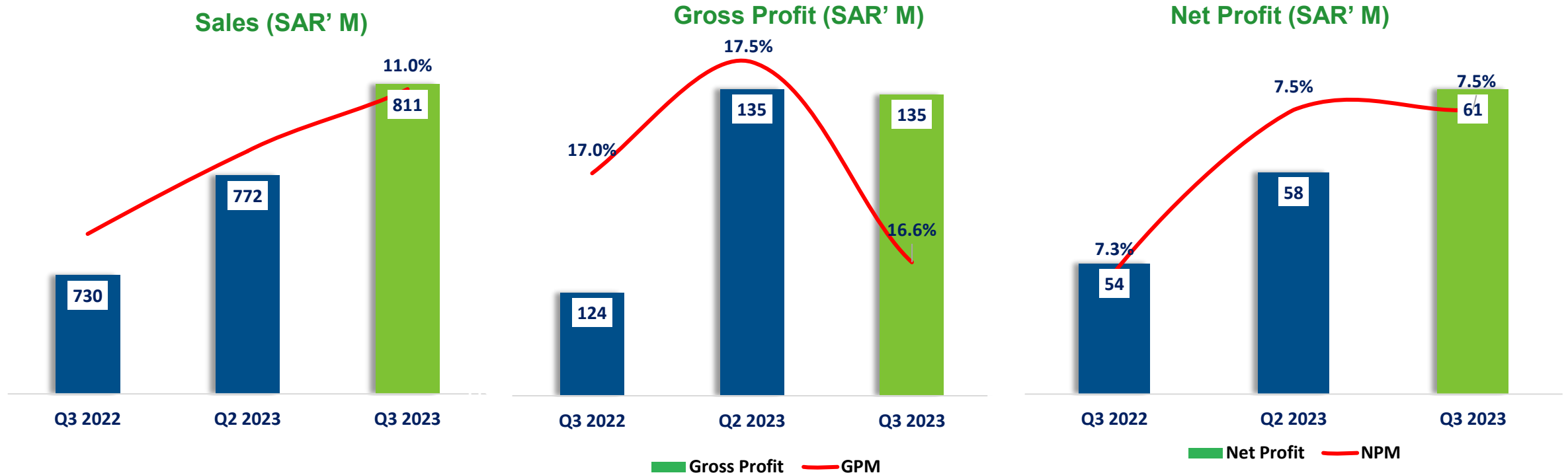
Net Income Bridge - YTD Sep 2023



❖ YTD Sep' 2023 net income lower Vs. same period last year mainly due to increase in cost prices and decrease in net selling prices despite of strong growth in volumes

❖ Operating expenses under control and reduced from 9.6% of revenue to 8.7%

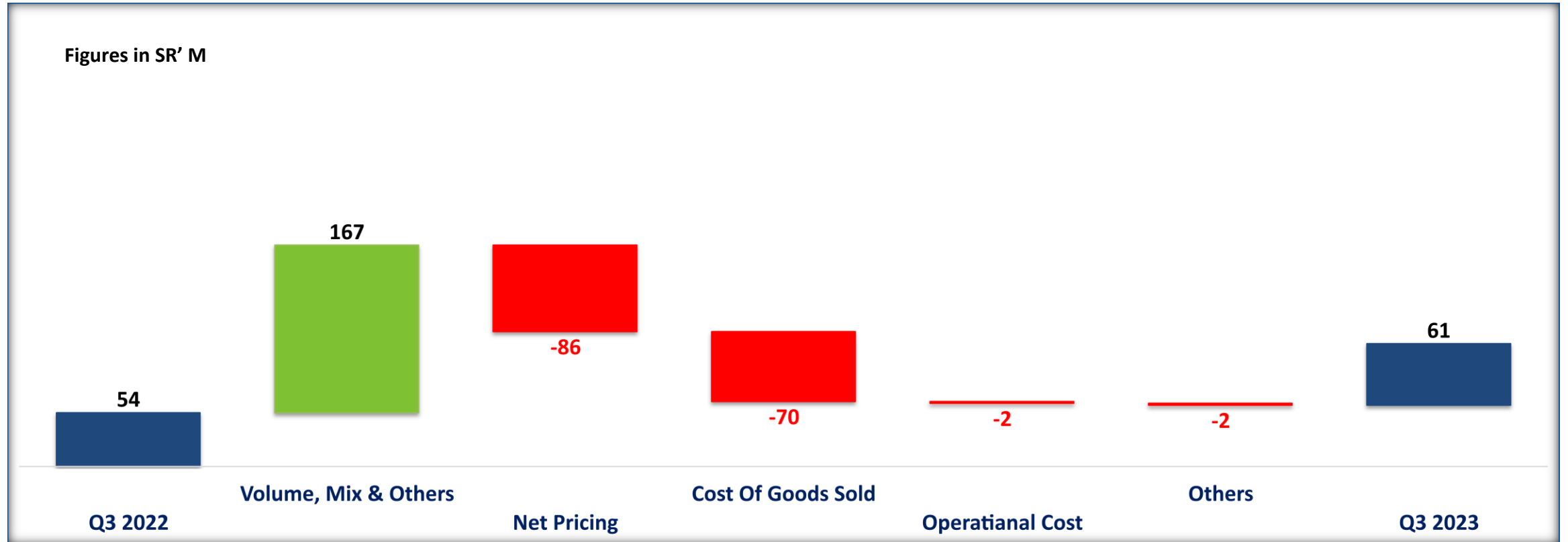
Financial Performance Q3 2023 – Key Highlights



Commentary
for Q3 2023:

- ❖ Strong sales growth of almost 11% compared to Q3' 2022 and even higher than Q2 of 2023 by 5.1%. The growth is mainly attributed to higher volumes sold Vs. last year.
- ❖ Stable gross margins, however gross profit increased Vs. last year due to higher sales volumes and better sales mix.
- ❖ Net profits also higher than last year Q3 and this year Q2 because of strong control over expenses.

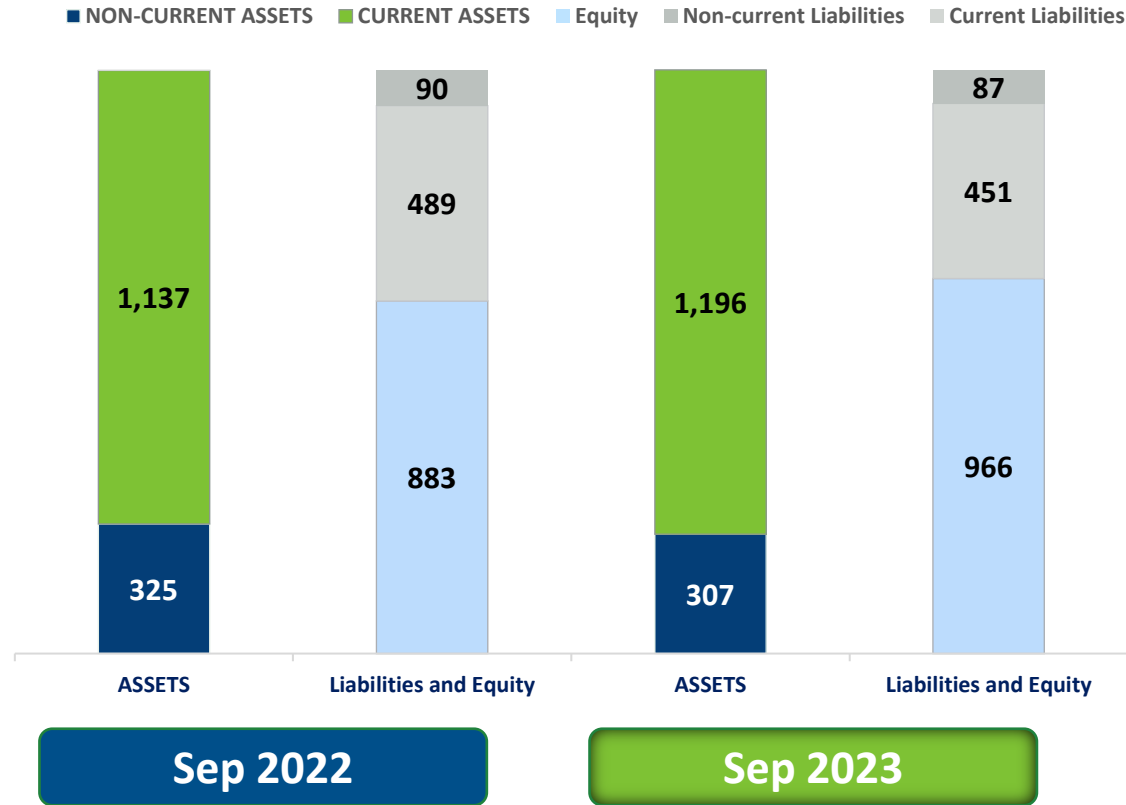
Net Income Bridge - Q3 2023



❖ Q3' 2023 net income higher Vs. same period last year mainly because of strong volume growth and better sales mix despite increase in cost prices and drop in selling prices.

❖ Operating expenses under control and reduced from 9.4% of revenue to 8.7%

Prudent Financial Management



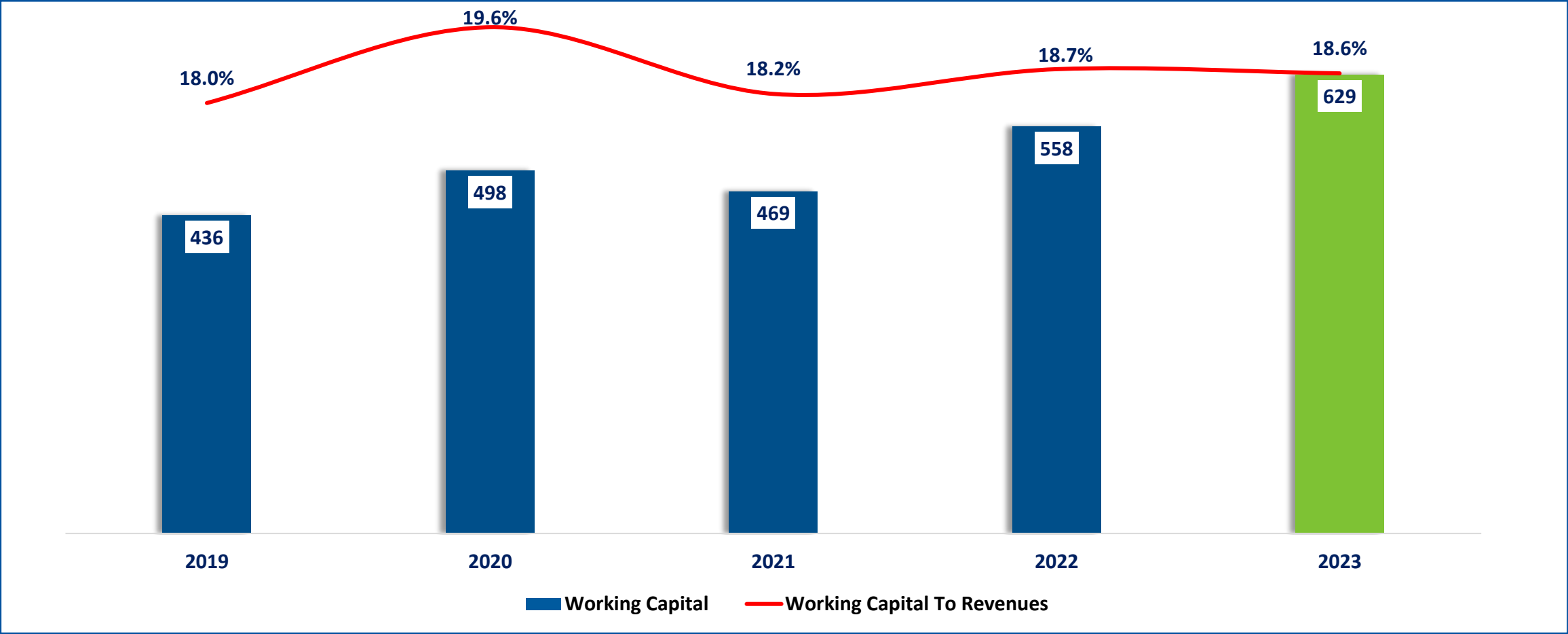
Ratio			Sep 2023	Sep 2022
Profitability	Return on Equity	%	28%	41%
	Return on Assets	%	17.8%	24.9%
Activity	Trade receivables	Days of Sales	33.9	34.1
	Inventory	Days of COS	74.6	104.3
	Trade payables	Days of COS	63.3	69.9
Solvency	Debt to Equity*		0.04	0.08
	Debt Ratio**		0.36	0.40
Liquidity	NWC-to-Sales	%	19.0%	20.6%
	Current Ratio		2.7	2.3

- ❖ **Efficient working capital management:** CCC improved compared to Sep' 22 due to improved DIO
- ❖ **Low leverage position.** Company enjoys a low leverage position, period ending Sep' 23 with zero loans

*Debt to Equity: (total loans + Lease) / Equity

**Debt Ratio: Total Liabilities / Total Assets

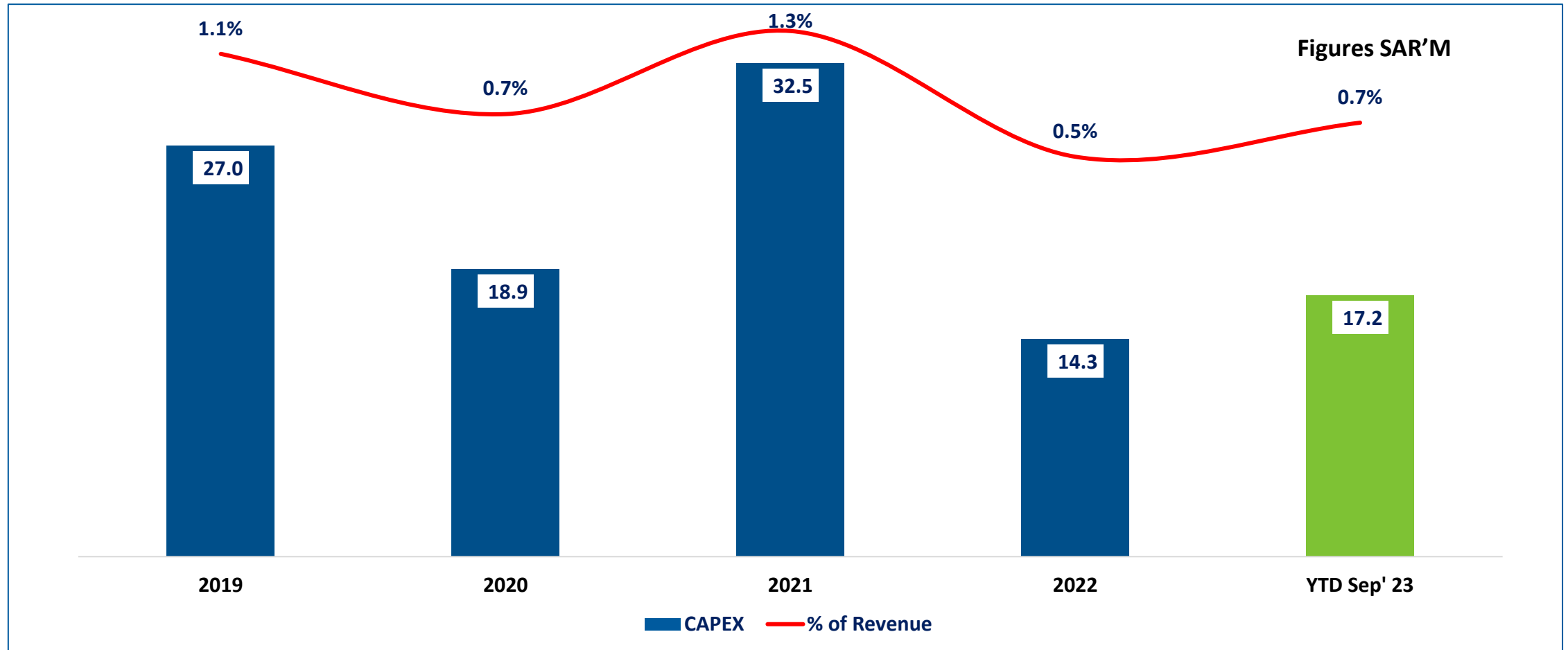
Net Working Capital (2019 – YTD 2023)



❖ Working Capital increasing over the time with growth of organization however as percentage of revenue its almost steady at around 18%.

2023 is annualized based on Sep' 23 figures

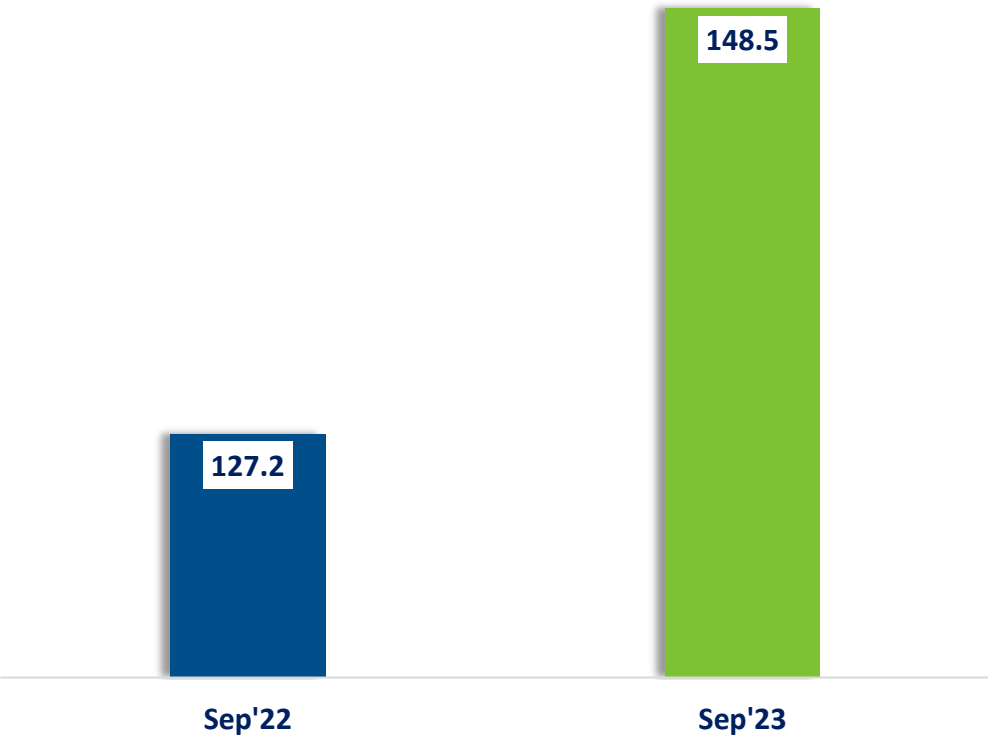
CAPEX (2019 – YTD 2023)



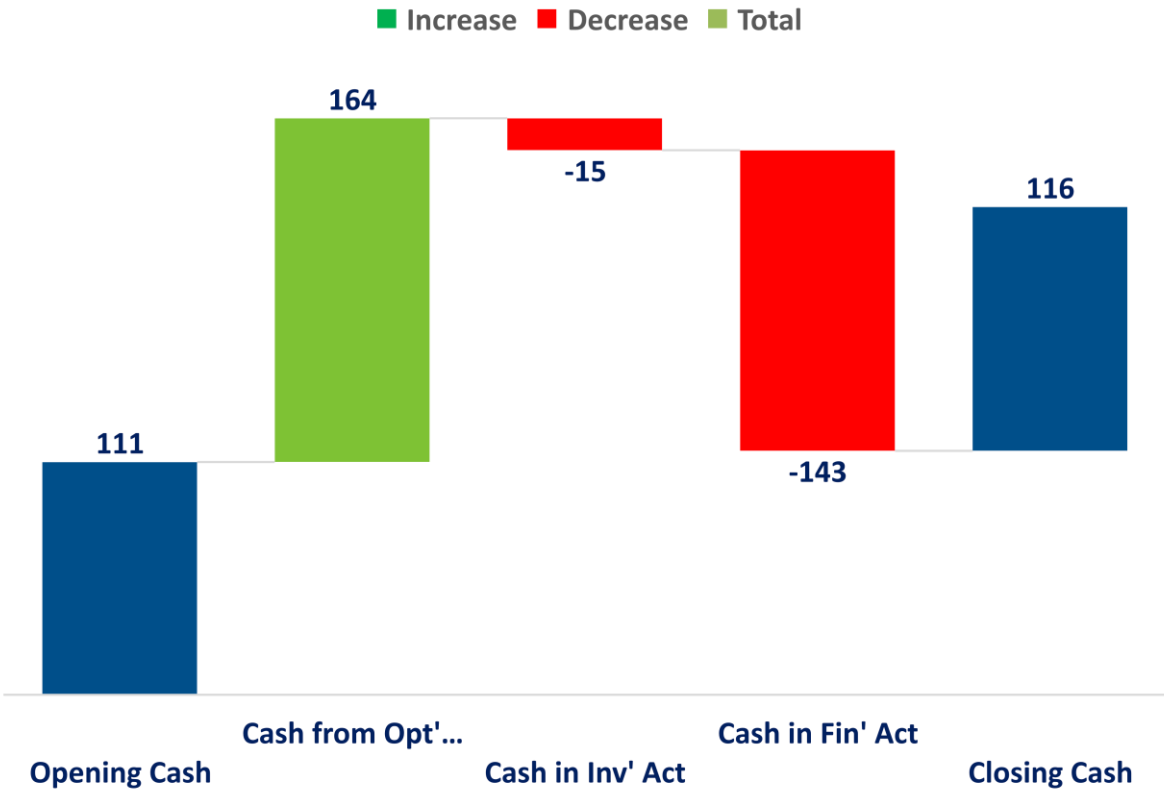
❖ Asset light model where 5Y average CAPEX – SAR 22M and ranges between 0.5% to 1.3% of revenue

Cash Flow Sep 2023

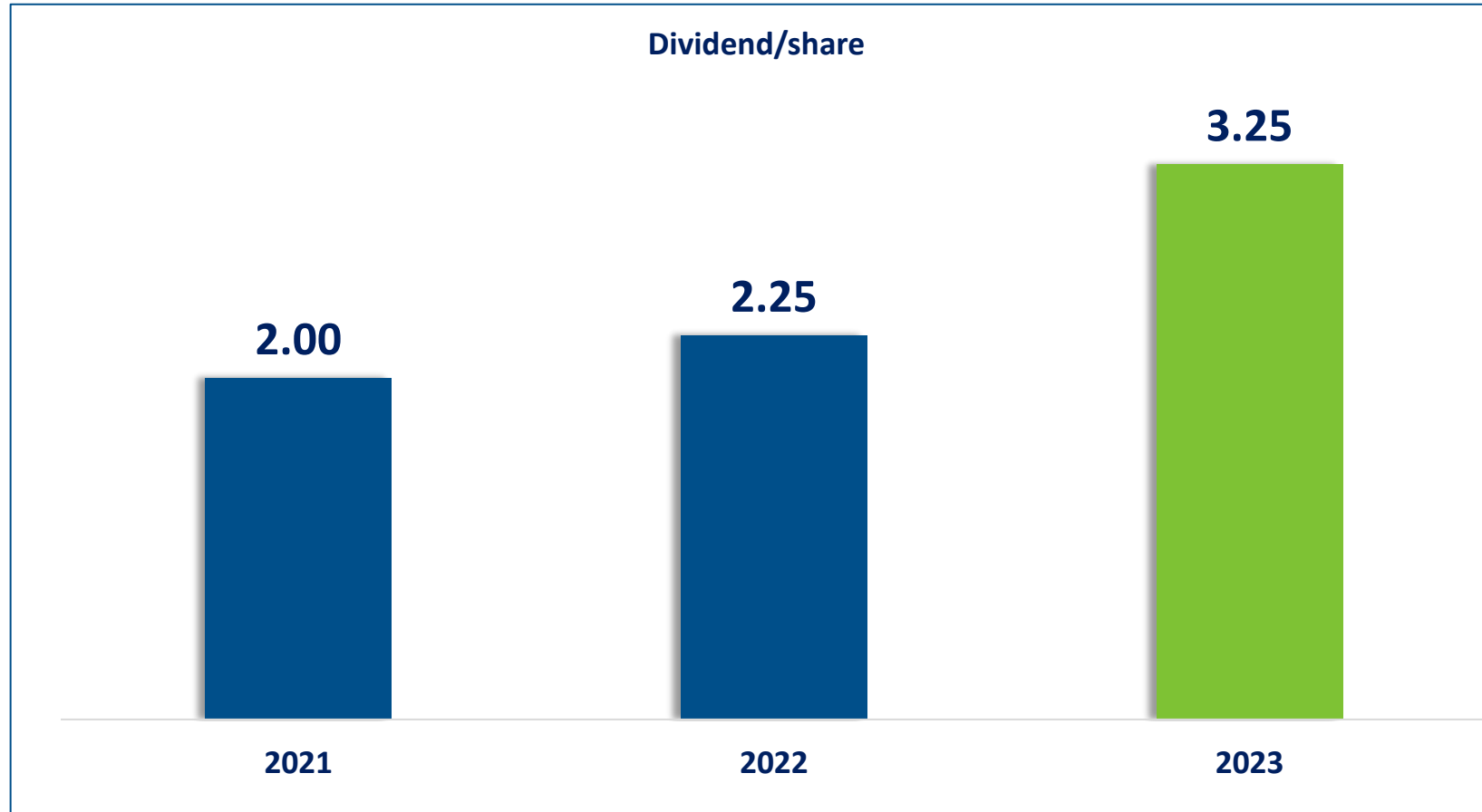
Free Cash Flow
SR' M



Cash Flow Bridge - Sep'23
SR' M



Growing - Dividend per Share



- Board of Directors have approved to distribute cash dividends of SAR 120 Million to shareholders for the Second Half of 2023 amounting to SAR 2 per share, which is be distributed on 3rd of December 2023.



Dari

MARKET OUTLOOK



CURRENT GLOBAL MARKET ENVIRONMENT - 2023



Economic Outlook

- 2023 Global GDP growth is projected to be 2.9%. KSA overall GDP is expected to grow by 0.8% in 2023 due to recent drop-in Oil activities despite a rise in non-oil and government activities by 3.6% and 1.9% respectively.

Inflation

- Global projected inflation to be 6.3% in 2023 & around 4.5 – 5.5% in 2024. Headline inflation has fallen in most economies in recent months due to the downturn in energy prices.
- Inflation in KSA dropped to 1.7% in September' 23 compared to 2.3% in Q2 of 2023.

Saudi Unemployment Rate

- Unemployment rate remains low at 4.9% (Saudis 8.3%) which decreased from a year ago by 1pp.

Operating Environment

- F&B sector expected to grow by 5.1% CAGR from 2023 to 2027.

We continue to monitor and navigate the environment exercising prudence and leveraging our well-balanced business model and efficient operations to maintain and grow our strong position in the marketplace.



FUTURE GROWTH DRIVERS



FUTURE GROWTH DRIVERS – ON TRACK



Organic Growth

- Revenue continues to improve due to growth across the board.
- Strategic focus on major cities in Western and Eastern Region that are witnessing high growth.
- Saudi Vision 2030 to increase number of pilgrims and tourist to 30M and 150M per annum, resp.



Portfolio Diversification

- Growing major categories from 13 to 18 and adding 15 new sub-categories.
- Focus on shifting to higher growth and higher margins categories.



Channel Enhancement

- To grow further in Food Service especially in fine dine restaurants, keeping in mind the increasing consumer shift.
- Defending leadership position in Retail Channel in terms of market share across all products.
- Also working on capitalizing the e-commerce channel.



Meat Factory & Local Content

- Planning to expand meat factory production capacity with additional +20K MT/annum reaching total capacity of +45K MT/annum and introducing new portfolio of items.
- Focus to increase local content through expansion in manufacturing and partnering with local producers to distribute and co-pack the products.



Third Party Logistics (3PL)

- Grow 3PL business as separate revenue stream by capitalizing existing fully integrated state of the art logistics network.

QUESTION & ANSWERS



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THANK YOU