



H1 / Q2 2024 Earnings Presentation

21 August 2024

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Today's Agenda :

- 1 About AMF
- 2 Financial Highlights
- 3 Financial Performance
- 4 Market Outlook
- 5 Growth Factors
- 6 Question and Answer



ALMUNAJEM FOODS AT A GLANCE:

Almunajem Foods is among the largest Saudi food companies involved in manufacturing, importing, marketing and distribution of a wide range of frozen, chilled and dry food items through its top-notch logistics network all over the Kingdom.



Key Investment highlight:



Diversified
Portfolio



Flexible and asset light
operating model



Experienced
Management



Wide
Coverage

Distributor of Key Brands:

International Brands



Owned Brands



Financial Highlights H1' 2024



SOLID FINANCIAL RESULTS

Revenue
1,729 M

Gross Profit 329 M
Margin 19.0%

Net Profit 178 M
Margin 10.2%



STRONG CASH FLOW GENERATION

Operating Cash Flow
56 M

WC to Sales
17.1%

ZERO DEBT



SHAREHOLDER VALUE CREATION

ROA
21.3%

ROE
34.5%

EPS
2.96

Recent Developments

New products

Our latest products lineup has officially hit supermarkets shelves, bringing innovative choices to meet the evolving needs of our customer!



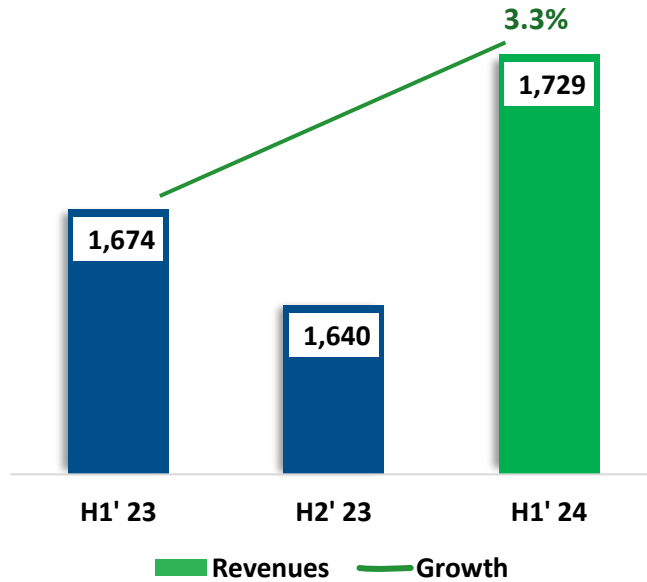
OUR RANKINGS IN TERMS OF MARKET SHARE (RETAIL)

| Main Categories | Sub-Categories | Brands | Ranking | Market Share* |
|----------------------------|----------------------|---------------------|---------|---------------|
| Red & White Meat | Frozen Whole Chicken | Doux | 2 | 29.2% |
| | Chicken Franks | | 2 | 22.7% |
| | Frozen Minced | Al Anam | 1 | 20.9% |
| | Frozen Breasts | Dari Doux | 2 3 | 15.5% 9.3% |
| | Chicken Strips | Doux | 2 | 14.8% |
| Frozen Fruits & Vegetables | Fruits | Dari | 1 | 46.6% |
| | | Montana | 2 | 34.8% |
| | Vegetables | Montana | 2 | 16.6% |
| | | Dari | 3 | 12.0% |
| | Potato | Lamb Weston Dari | 1 4 | 27.8% 7.8% |
| Olive & oils | Olives | Coopoliva | 1 | 61.1% |
| Dairy | Mozzarella | President | 1 | 23.9% |
| | Labneh | | 2 | 10.9% |
| Ready Meals | Frozen Dinners | Dari | 1 | 75.5% |

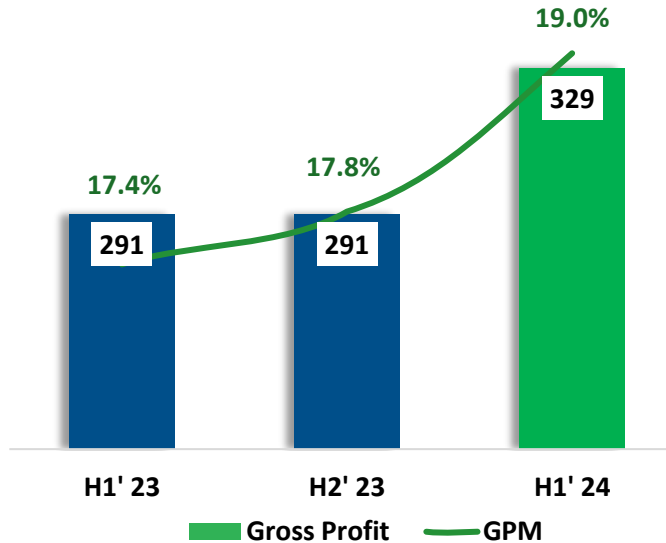
Financial Performance H1 / Q2' 24

Financial Performance H1' 2024 – Key Highlights

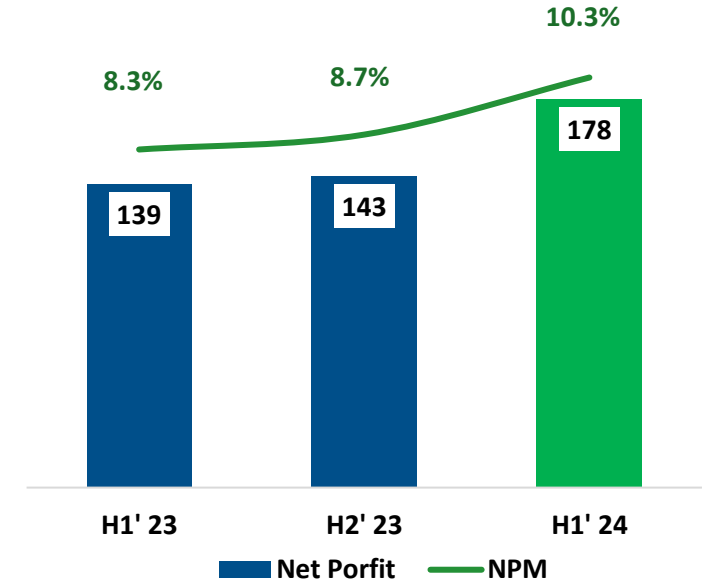
Revenue (SAR' M)



Gross Profit (SAR' M)



Net Profit (SAR' M)



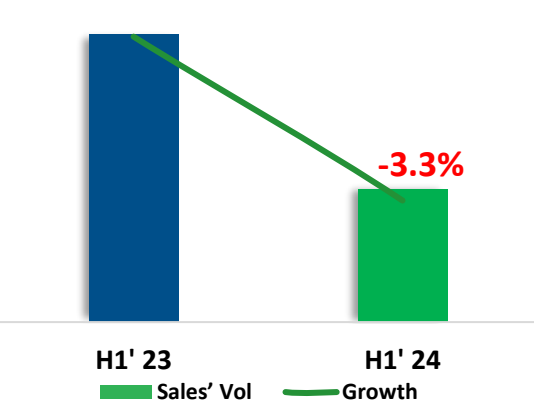
Commentary for
H1 2024:

- ❖ Slight increase in revenue compared to H1 of last year despite of red sea crisis earlier this year.
- ❖ Noticeable increase in profitability mainly due to increase in gross margins of red & white meat, dairy and fruits & vegetables categories.
- ❖ Operating expenses well under control. Slight increase in S&D expenses mainly related with higher fuel cost however as % of revenue it dropped slightly.

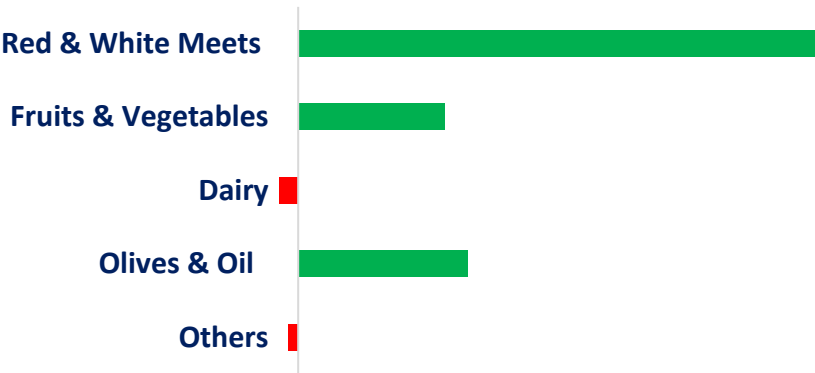
Revenue (H1' 2024) – Analysis

Figures are compared to H1' 23

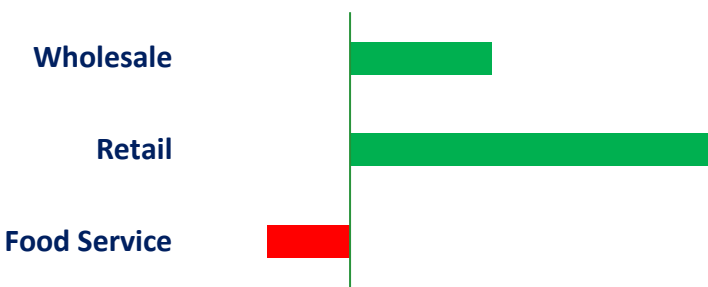
Sales Volume - Growth



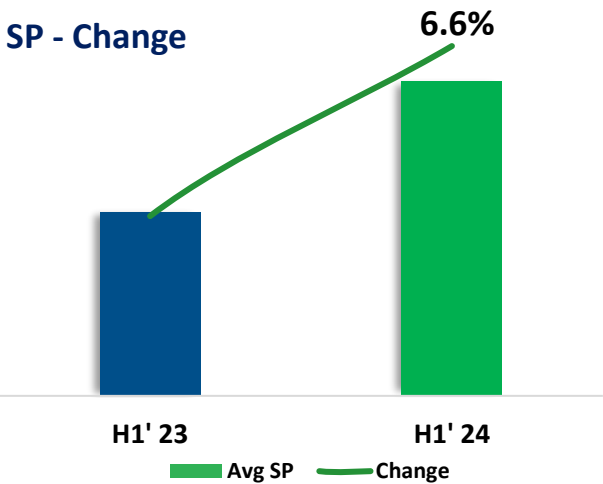
Sales' Value – Growth by Major Categories



Sales' Value – Growth by Channels

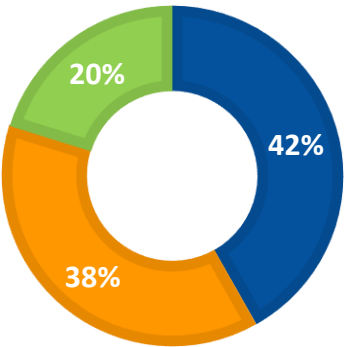


Avg SP - Change



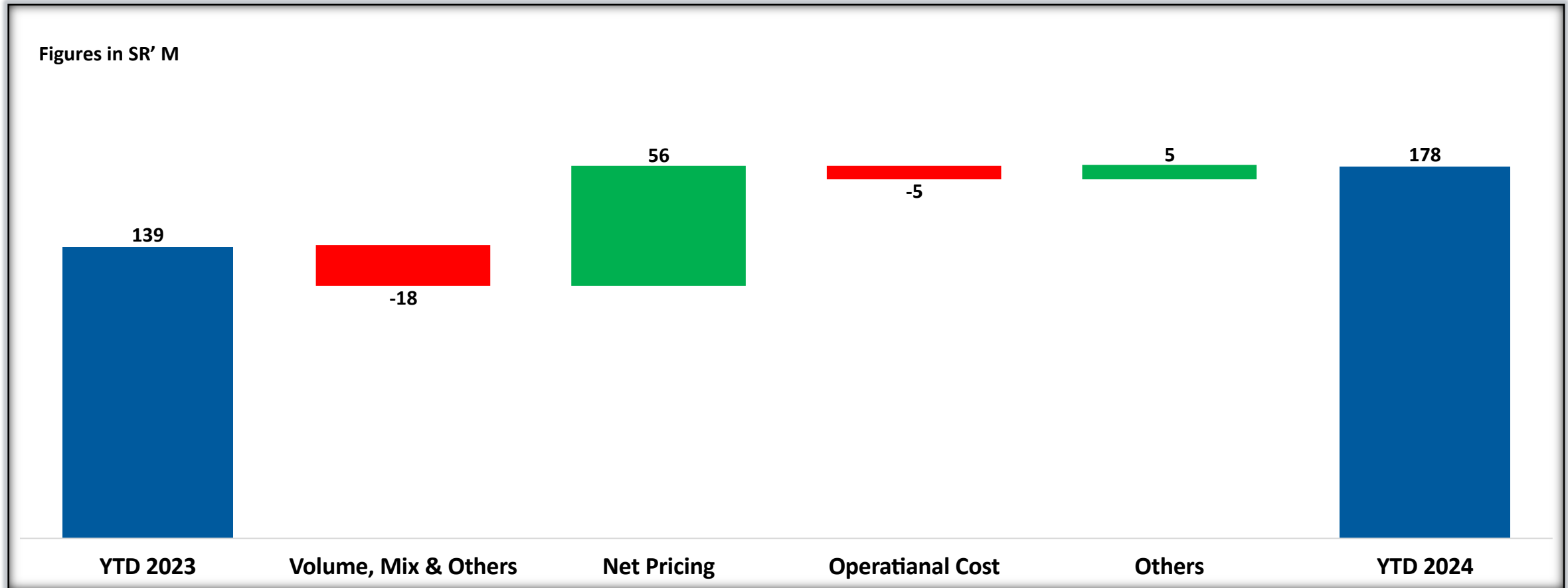
| Region | Growth |
|--------------------|--------|
| Central | 3.86% |
| Eastern & Northern | 3.34% |
| Western & Southern | 2.61% |

CONTRIBUTION BY REGIONS



■ Central ■ Western & Southern ■ Eastern & Northern

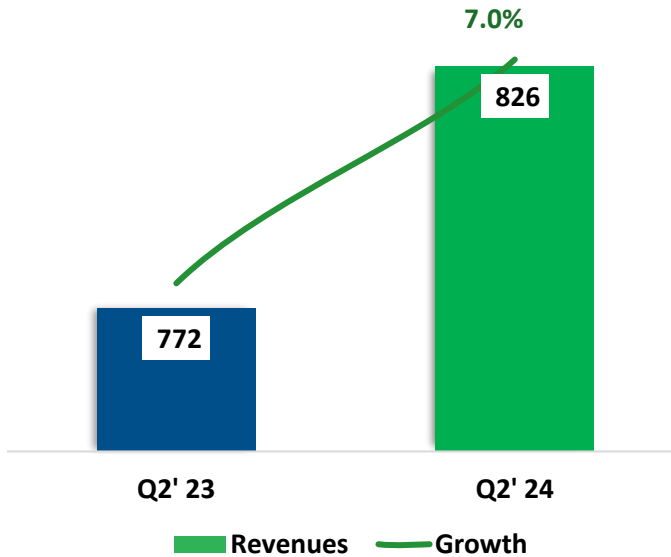
Net Income Bridge – H1' 2024



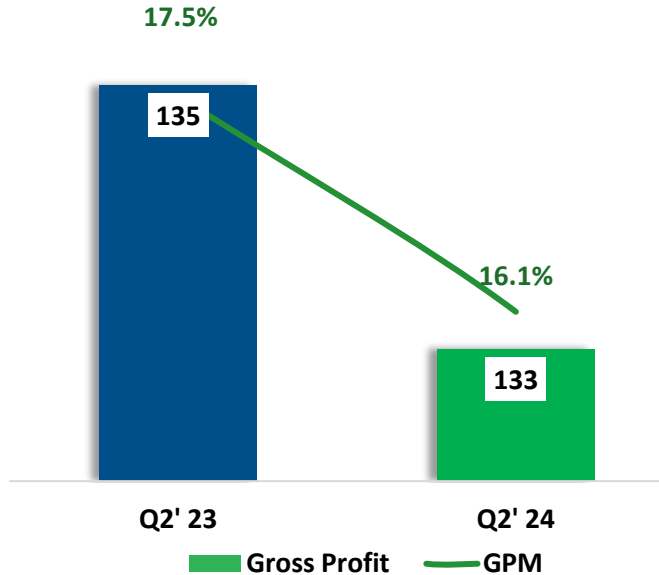
❖ H1' 2024 net income higher by almost SR 39M Vs. same period last year due to better prices compared to LY, despite of dip in sales volumes caused by red sea crisis.

Financial Performance Q2' 2024 – Key Highlights

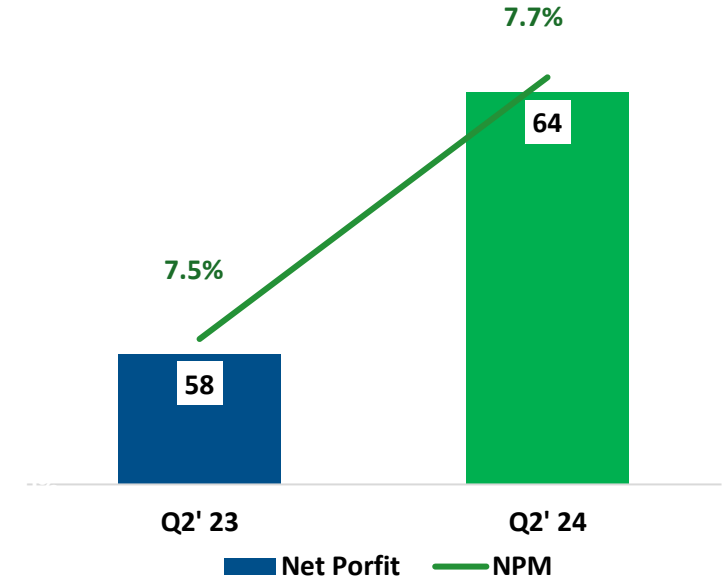
Revenue (SAR' M)



Gross Profit (SAR' M)



Net Profit (SAR' M)



Commentary for
Q2 2024:

- ❖ Noticeable increase in revenue compared to Q2 of last year due to improved sales volumes in most of the categories supported by improved trade conditions in others
- ❖ Gross profit remained almost consistent however gross margins dropped slightly due to pricing pressures especially in red & white meat.
- ❖ Operating expenses dropped compared to Q2 of last year from 9.6% of revenue to 9%.

Net Income Bridge – Q2' 2024



❖ Q2' 2024 net income higher Vs. same period last year supported by improved prices in certain categories, lower expenses and income from associate.

Prudent Financial Management

■ NON-CURRENT ASSETS ■ CURRENT ASSETS ■ Equity ■ Non-current Liabilities ■ Current Liabilities



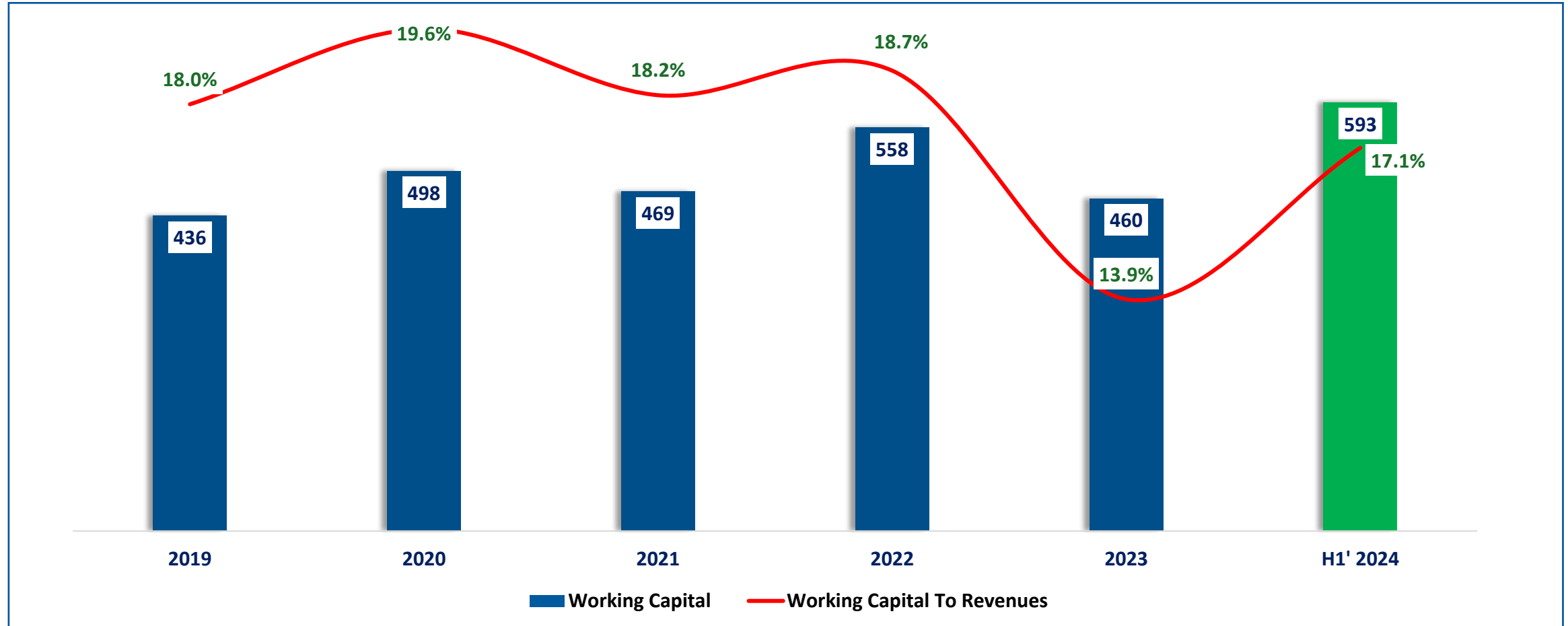
| Ratio | | | June 2024 | June 2023 |
|---------------|-------------------|---------------|-----------|-----------|
| Profitability | Return on Equity | % | 34.5% | 28.5% |
| | Return on Assets | % | 21.3% | 17.8% |
| Activity | Trade receivables | Days of Sales | 36.7 | 33.8 |
| | Inventory | Days of COS | 77.8 | 69.6 |
| | Trade payables | Days of COS | 70.6 | 71.0 |
| Solvency | Debt to Equity* | | 0.04 | 0.04 |
| | Debt Ratio** | | 0.38 | 0.37 |
| Liquidity | NWC-to-Sales | % | 17.1% | 16.6% |
| | Current Ratio | | 2.2 | 2.5 |

- ❖ **Efficient working capital management:** CCC dropped by almost 10 working days mainly due to increase in DIO
- ❖ **Asset light operations:** Avg annual capex for last 3 years SAR 24M
- ❖ **Low leverage position.** Company enjoys a low leverage position, period ending June' 24 with zero loans

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

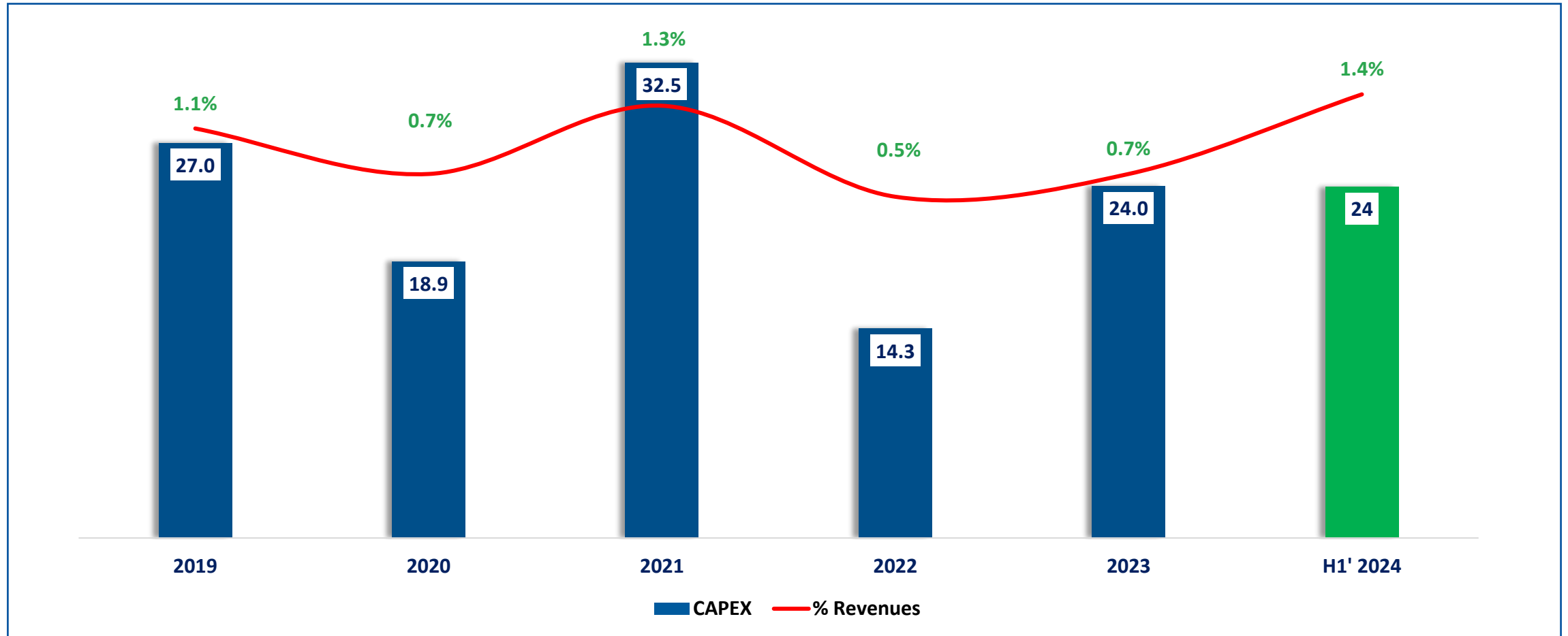
**Debt Ratio: Total Liabilities / Total Assets

Net Working Capital (2019 –H1' 2024)



❖ Efficiently managed Working Capital. The working capital to sales ratio moved to 17.1% mainly due to higher DIO.

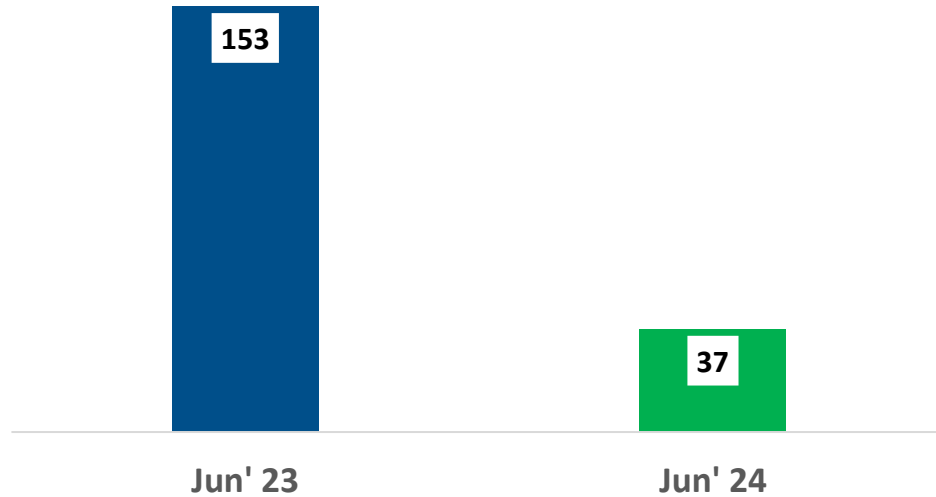
CAPEX (2019 – H1' 2023)



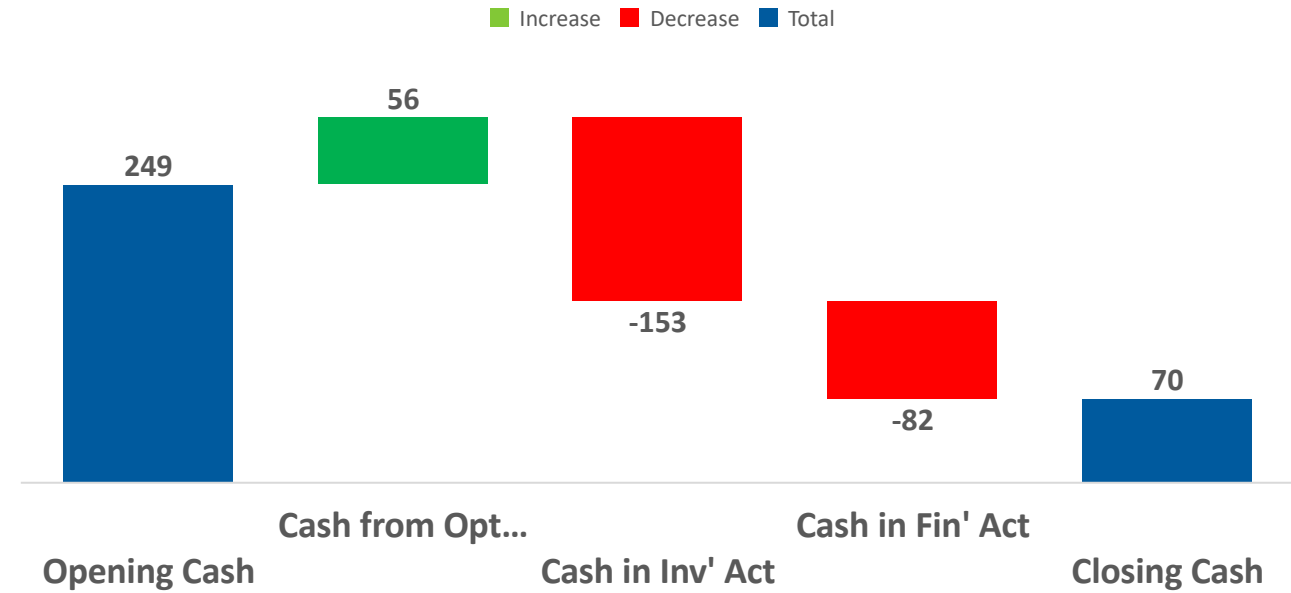
❖ 5Y average CAPEX – SAR 23M and ranges between 0.5% to 1.4% of revenue

CASH FLOW H1' 2024

Free Cash Flow SR' M



Cash Flow Bridge - Jun' 24 SR' M



Note: FCF calculation excludes investment in associate.



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MARKET OUTLOOK

2024 GLOBAL MARKET ENVIRONMENT - EXPECTATION



Economic Outlook

- Q2 2024 KSA real GDP dropped by 0.4% as per estimates by GASTAT.
- This was attributed to decline in Oil related activities by 8.5%. In contrast, non-oil activities increased by 4.4%, and government activities increased by 3.6% on an annual basis.
- The forecasts of KSA economy are still positive. IMF cut its estimate for Saudi economic growth in 2024 to 1.7 percent in its most recent World Economic Outlook.

Inflation

- Global headline inflation to fall to 5.8% in 2024 as per IMF compared to 6.8 recorded for 2023
- Annual inflation rate dropped to 1.5% in July 2024 whereas for F&B sector its 0.4%.

Operating Environment

- As the year started by the unpleasant crisis in the region and the subsequent reflection on the sailing in the Red Sea. There were some delays in supply of goods in Q1 which negatively affected the volumes. Since most of the shipments arrived after Ramadan Season, there was over supply in market which impacted the selling prices and we see that still there are price pressures in the market accompanied by impact of holiday season.



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UPDATE ON:

- OPERATIONS
- GROWTH DRIVERS

OPERATIONS & GROWTH DRIVERS



Portfolio Diversification

- Launched the fresh poultry category in May 2024, with a fully separated and dedicated team
- Vast range of SEA FOOD under Dari brand hit the shelves of retail channel in July (knowing that AMF has an ambitious plan to aggressively explore the sea food world among all channels)
- As part of our diversification strategy, we are studying additional categories which will be announced soon once finalized.



Channel Enhancement

- Food Service: focusing on both ends. Upper end; with premium range in Meat and Dairy. Hiring professional staff to manage the expansion in different categories. Lower End; growing the fleet to be able to cover a wider customer scope.
- The Company launched its B2B application last year. We continue to invest in this direction to grow up the contribution of the online sales channel.



Meat Factory & Local Content

- Expansion work of Meat Factory is in progress. Operations are expected to kick-off in Q1 of 2026.
- Regarding Balady, General Authority of Competition issued no-objection for the completion of the economic concertation process concerning the company's purchase of 1,511,100 shares (representing 23% of Balady Company's shares) .



Third Party Logistics (3PL)

- BOD approved in June to establish a separate legal entity dedicated in providing integrated logistics services. This new entity will be 100% owned subsidiary of AMF. Operations are expected to kick-off by end of 2024.



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QUESTION & ANSWERS

THANK YOU

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