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## FOR IMMEDIATE RELEASE

11 November, 2021G

### INTENTION TO LIST ALMUNAJEM FOODS ON THE SAUDI EXCHANGE MAIN MARKET

Almunajem Foods (“Almunajem”, “Company”, “we”, or “our”), one of the largest food companies in the Kingdom of Saudi Arabia (“KSA” or “Saudi Arabia”), announces its intention to proceed with an initial public offering (the “IPO” or the “Offering”) and listing of its ordinary shares (“Shares”) on the Main Market of the Saudi Stock Exchange of Saudi Arabia (“Saudi Exchange”). The Offering is expected to comprise a sale of existing Shares and result in a free float of 30 per cent. Tadawul approved the Company’s application for the listing of the Shares on the Main Market on 17 August, 2021G and the Capital Market Authority (“CMA”) approved the Company’s application for the initial public offering of 18,000,000 ordinary shares (representing 30% of the Company’s share capital) on 28 September 2021G. The price at which all subscribers in the Offering will purchase Shares will be determined at the end of a book-building period.

#### About Almunajem Foods

- **Scale.** We are one of the largest Saudi-based food companies with a unique business model; we import, market, distribute and produce frozen, chilled and dry foodstuff items.
- **Deep experience, relationships, and knowledge.** Founded in 1950G, we are a long-standing food company in Saudi Arabia with extensive knowledge, experience, and capabilities in the food industry and we have fostered deep relations with our suppliers and customers.
- **Diversified offering.** Our diverse portfolio of 700 household SKUs, trusted by millions of families and chefs, enables us to grow through various market cycles. We have five main food categories, which include (i) red and white meat; (ii) frozen fruits and vegetables; (iii) dairy products; (iv) olives and oils; (v) others, including rice, sauces, condiments, etc.
- **Well-balanced revenue stream.** We import over 250,000 metric tons (MT) of quality food annually, serving more than 18,000 customer outlets including retailers, wholesale distributors and food services companies.
- **Strong, technology-backed operational capabilities.** With 12 state-of-the-art temperature-controlled cold stores spread across the Kingdom, we are one of the largest operators of facilities for frozen and chilled food in KSA with a total storage capacity of 55,000 MT of frozen, chilled and dry foodstuff at a time. We maintain strong logistical capabilities, backed by technology, analytical data, and over 1,000 specialized vehicles fitted with multi-purpose temperature storing capabilities to move products safely and efficiently while always preserving operational resilience.



- **F&B sector undergoing significant change.** Strong, long-term market fundamentals in place with local food consumption continuing to gain momentum led by Government-backed initiatives which continues to underpin growth.
- **Dedicated and seasoned management team.** Highly experienced management team who bring deep understanding of the sector and consumer behaviour, as well as implementing a robust governance framework and constantly ensuring trust, integrity and quality of doing business with over 1,800 employees.

**Eng. Thamer Bin Abdulaziz Abanumay, Chief Executive Officer at Almunajem Foods, said:**

*"Almunajem Foods has witnessed tremendous transformation and growth over the last few decades to emerge as one of the largest food companies currently operating in Saudi. We import, market, distribute and produce a wide variety of frozen, chilled and dry foodstuff items. We provide high-quality, nutritious food to millions of kitchens in Saudi Arabia by operating the largest temperature-controlled cold stores of frozen and chilled food. We have 12 of these warehouses, where we store up to 250,000 metric tons of imported foods annually before sending them to more than 18,000 customers. Most importantly, we maintain strong logistical capabilities, backed by technology to move products safely and efficiently.*

*"Saudi F&B sales reached SAR 221 billion in 2021G and long-term consumer spending is expected to continue to grow at 4.6% CAGR until 2024, driven by favorable demographic reforms, population growth and tourism, all part of meeting Vision 2030 targets. This was one of the key reasons that today Almunajem Foods decided to proceed with an initial public offering. We are confident in our outlook on the food sector and are well placed operationally to capture greater market share. The IPO will see us further institutionalize from a governance and sustainability perspective and allow us to share our story and success with our partners and investors."*

## Investment Highlights

Almunajem Foods is amongst the largest Saudi food companies with an established market leading position in the F&B space.

- Established in 1950G, our business now serves approximately 18,000 customer outlets including retail, food services, and wholesale channels.
- We have 14 branches, including a meat processing facility, strategically located across 10 regions in Saudi Arabia.
- We import over 250,000 MT of products annually and sell 700+ SKUs across 5 main product categories: 1) red and white meat; 2) frozen fruits and vegetables; 3) dairy products; 4) olives and oils and 5) others including rice, sauces, condiments etc.
- We work with over 60 suppliers including internationally renowned brands from France, Spain, Norway, New Zealand, India, Brazil and others.
- We have multiple brands for most of our product categories which enables us to build a presence in both the high- and low-end of the retail market. Flagship names include locally owned brands such as Dari, Montana and international ones including Doux, Coopoliva, President, and Lamb Weston.
- We have high retail market share across our subcategories ranging frozen whole chicken, frozen potatoes, olives, frozen fruits and vegetables and frozen seafood.
- Complementing our imports and distribution, we produce various minced meat and FPP products through our meat processing facility in Jeddah and are currently working towards expanding the portfolio of meat products produced by the facility.



**We serve a wide variety of major customers across the Kingdom within the retail, foodservice and wholesales segment.**

- We have built a loyal customer base across key channels with over 11,000 retail, 800 wholesale, and 6,000 foodservice outlets Kingdom wide, including large supermarket chains as well as prominent HORECA outlets with multiple stores across the main regions of the Kingdom.
- Our sales team consists of over 700 personnel handling Sales activities and covering relationships with customers across channels through periodic visits.
- The team is equipped with an integrated technology powered system to support sales, planning, tracking and monitoring of daily activities.

**The Company has a robust and well-invested supply chain and logistics network across KSA. We maintain strong operational resilience underpinned by technology, data and tools.**

- We opened our first temperature-controlled warehouse in Riyadh in 1962G with 200 MT storage capacity and have since grown our cumulative storage capacity over 270x to 55,000 MT at a time.
- We have robust supply chain capabilities in the frozen and chilled space. Of our 14 branches, 12 are equipped with some of the largest temperature-controlled warehouses in the Kingdom featuring advanced multi-temperature cooling, with the majority having automated racking technologies which optimized inventory management.
  - We have 1,000+ specialized vehicles, of which some of are fitted with multi-purpose temperature storing capabilities to transport products from our warehouses to approximately 18,000 customer outlets across KSA.
- Quality control and food safety are at the heart of our operations – at every step of the food journey, from the product’s place of origin to customer outlets, we apply and adhere to the highest and most rigorous standards of quality control and food safety.

**The Company’s diverse portfolio of 700 SKUs from trusted household brands has enabled us to grow through various market cycles and become some of the top selling products to retail channels within its core categories.**

- We have a broad and defensive portfolio of high demand products and brands as well as industry leading expertise in key product segments.
- The Company commands a leading retail market share across our well-recognized owned and distributed brands and in most food categories we actively maintain one of the top 3 positions by retail market share.
- We have progressed with our diversification strategy over the years, ensuring our company can provide a “one-stop-shop” of household staples including poultry, meat, dairy, olive & olive oil, frozen fruit & vegetables, amongst others, which allows several of our customers to efficiently order most of their product requirements from us. This has also driven strong customer loyalty and retention.
  - We have a proven track record of growth driven by our ‘customer-centric’ approach, deep knowledge and expertise of the KSA market.
  - Over the decades, we have introduced our own product brands which now contribute 18% of revenue and form a key component of our growth strategy.
- We have several high demand products within our broad portfolio, making the supply process more convenient for our customers as they can order from a single supplier.



- Gross margin contribution amongst the categories are well spread with the top three constituting white & red meats at 54%, frozen fruits & vegetables at 22%, and dairy at 11% in 2020G.
- We are expanding our portfolio in line with the needs of our customers. We are planning to invest in new products to keep up with food consumption trends and evolving customer requirements.

**Clear focus on strategic growth centered on portfolio enhancement through multiple levers of growth; led by an experienced, commercially driven senior management team and key Almunajem shareholders**

- We have a clear strategy with multiple levers for growth that prioritizes expanding and evolving our product portfolio and relationships with existing and new customers.
- These growth levers are: (1) product diversification – looking at 18 major new categories; (2) channel enhancement – expand our foodservices segment; (3) backward integration – exploring contract and own production following successful expansion of Jeddah meat factory.
- Our management team brings substantial experience and deep understanding of the sector, consumer behavior and consumption trends in Saudi Arabia.
- The current shareholders are Abdullah Ali Almunajem Sons Company, leading and long experienced company in the food sector, and Al-Kafaa Real estate Company. Mr. Saleh Abdullah Almunajem will lead the Board as Chairman of Almunajem Foods.
- Our management team is supported by a robust corporate governance framework that affords it significant independence.

**Strong, long-term market fundamentals in place with local food consumption expected to continue gaining momentum, led by Government-backed initiatives**

- Economic recovery underway in Saudi Arabia. Business activity grew at the fastest pace in seven years led by a boost in the non-oil economy.
  - PMI (by IHS Markit) rose to 58.6 in September from 54.1 during previous months.
  - Led by local domestic client demand; output expansion; job creation fastest since June 2021G.
- Long-term consumer spending and expenditure on F&B is expected to continue to grow at 4.6% CAGR until 2024G, driven by favorable demographic reforms, population growth and tourism.
- Government initiatives are creating a shift in the quality of life.
  - More jobs, higher disposable income, growing consumer spending.
  - F&B sales have grown by 6.4% between 2013G – 2021G to reach SAR 221 billion (from SAR 135 billion).
  - The F&B sector is undergoing significant change. It is expected that over 1,300 new restaurants and 1,200 new cafes will open by 2025G; all of which will need food delivered to them.

**Enjoys robust financials through various market cycles. For the full year 2020, our sales reached a record SAR 2.5 billion, our EBITDA doubled, and we made a net profit of SAR 230 million. This reinforces our proven track record of maintaining liquidity and generating favorable returns.**

- Revenue averaged SAR 2,500 million during the last 4 years, highlighting the Company's ability to continuously shift, optimize and reinvent in strong or challenging market conditions.
- FY 2020G was a very strong year for the company
  - Revenue topped SAR 2,538 million, 4.9% higher than FY 2019G, largely attributed to a surge in average retail consumer spending and helped to off-set the drop in revenue from the pandemic affected foodservice channel.



- EBITDA reached SAR 279 million, 79% higher than FY 2019G; and a three-year CAGR of 21.3%.
- Net profit was SAR 230 million, over 111% vs FY 2019G, and a three-year CAGR of 24%.
- Cashflow generation at 74%.
- Healthy debt profile of 0.6x net debt/EBITDA to support future growth.
- The Company paid a total dividend of SAR 158 million for FY 2020G.
- H1 2021G is more challenging, coming off a very strong, artificially higher year in 2020G.
  - Revenue at SAR 1,243m in H1 2021G, marginally lower than H1 2020G at SAR 1,289m, mainly due to the decline of selling prices of some products as a result of increasing product promotions.
  - EBITDA and net profit declined on the back of easing of wider market trends contributing to the one-off increase during 2020.

## Highlights of the Offer

- Listing on the Main Market of the Saudi Stock Exchange of Saudi Arabia.
- The Offering is comprised of 18,000,000 existing Shares to be sold by the current shareholders (the "Offer Shares").
- Immediately following listing, the Company is expected to have a free float of 30% of the Shares.
- The IPO will comprise an offer of 18,000,000 Offer Shares to institutional investors entitled to participate in the book-building process ("Institutional Investors") in accordance with the CMA Instructions on Book-Building and Allocation of Shares in Initial Public Offerings, including non-resident qualified foreign financial institutions in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Following the completion of the Institutional Tranche, the Offer Shares will also be offered to Saudi Arabian nationals, foreign residents in the Kingdom of Saudi Arabia and GCC nationals ("Retail Investors"). Initially, 100% of the Offer Shares will be provisionally allocated to the Institutional Investors. This may be reduced to 16,200,000 Offer Shares (representing 90% of the total Offer Shares) depending on the level of demand by Individual Investors. The final number of Offer Shares allocated to the Institutional Investors will be accordingly adjusted based on subscription from Individual Investors.
- The offer of Offer Shares to Institutional Investors will be made as follows:
  - Institutional Investors registered in the Kingdom may submit a Bid Form or may apply for subscription with the Bookrunner telephonically or electronically during the Book-Building Period to be made available by the Financial Advisor and Bookrunner. In all cases, Institutional Investors registered in the Kingdom must complete the Institutional Investors Subscription Form after the allocation of Offer Shares based on the number of Offer Shares allocated to them.
  - Institutional Investors not registered in the Kingdom may apply for subscription with the Bookrunner telephonically or electronically, without the need to complete and sign a Bid Form. Institutional Investors not registered in the Kingdom must complete the Subscription Form for Participating Parties after the allocation of Offer Shares based on the number of Offer Shares allocated to them.
- The offer of Offer Shares to Retail Investors will be made as follows:
  - Individual Investors are required to fill and submit a Retail Subscription Form. Retail Investors who have participated in recent initial public offerings in the Kingdom can also subscribe through the internet, telephone banking or automated teller machines ("ATMs") of any of the Receiving Agents branches that offer any or all such services to its customers, *provided* that the following requirements are satisfied: (i) the Retail Investor must have a bank account



at a Receiving Entity which offers such services and (ii) there have been no changes in the personal information or data of the Individual Investor since such person's subscription in the last initial public offering.

- The substantial shareholder who own 5% of more of the Shares and comprises Abdullah Ali Almunajem Sons Company (the "Substantial Shareholders") may not dispose of any of their Shares for a period of 6 months, and the Company may not list additional Shares on the Saudi Exchange for a period of 6 months, in each case from the date on which trading of the Company's Shares commences on the Saudi Exchange.
- CMA and Saudi Exchange approvals have been obtained for the Offering.

With respect to the Offering, the Company appointed HSBC Saudi Arabia as Financial Advisor, Bookrunner, and Underwriter. SABB, Saudi National Bank and Al Rajhi Bank have been appointed as receiving agents (collectively, the "Receiving Agents")

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## ENQUIRIES

### Financial Advisor, Bookrunner, and Underwriter

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There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company's intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering. Acquiring Offer Shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested. Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments.

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