

# CFO's Review

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## Record returns from our growth and investment strategies

**Almarai's implementation of strategy into action delivered impressive financial results in 2024, with outstanding growth reported across the board – in all countries, categories and channels where we operate.**

As the region's largest food producer and an emerging global food enterprise, Almarai is firmly on a path to continued value creation for our investors and other stakeholders, while also expanding its contribution to the Kingdom of Saudi Arabia's food security goals with our broad and diversified portfolio of quality and nutritious products.

Demonstrating our strength, we generated strong and sustainable growth during the year, driving profitable outcomes across all our categories, markets and channels. In achieving our highest revenue to date, supported by significant investments and operational excellence, our

Company reinforced its solid platform for the future, strengthening our position within our home market of Saudi Arabia while entrenching our regional presence to support further geographical expansion moving forward.

### Strong financial performance

Almarai's focus on restoring profitability levels resulted in the bottom-line accelerating faster than the top-line number. Our core categories delivered better profit growth, bolstered by a favorable mix and slightly reduced commodity costs. While our efficiency program continued to drive retention of

margins, offsetting some cost drivers, there was still an impact from cost volatility, particularly with respect to rising diesel expenses.

During the year 2024, we delivered high single-digit revenue growth from volume growth across all categories. Revenue increased 7% to ₪ 20,980 million from ₪ 19,576 million in 2023, driven by strong results from our flagship Dairy division and superb growth in our Poultry business.

We were particularly pleased with the strong EBIT increase of 11% to ₪ 2,995 million, spurred by profitable growth in all countries, categories, channels and products. Importantly,



**Danko Maras**  
CFO

our EBIT margin of 14% was in line with our strategic objective of being on par with global FMCG companies and indicative of Almarai's evolution towards becoming one of the world's leading food groups.

Net profit rose 13% to ₪ 2,313 million due to the improved profitability in our core product categories. Earnings per share based on consolidated profit attributable to shareholders of ₪ 2,313 million (2023: ₪ 2,049 million) were ₪ 2.34 (2023: ₪ 2.08), with diluted earnings per share of ₪ 2.31 compared to ₪ 2.05 in 2023.

The Board of Directors' recommendation to distribute a dividend for the 2023 financial year was approved in 2024. A cash dividend of ₪ 1.00 per share, amounting to a total of

₪ 1 billion which represented 10% of the capital share (based on 1 billion shares), was paid to our shareholders.

Our strong balance sheet reflected the increase in capital expenditure in line with our five-year investment strategy to accelerate our Poultry and Long Life Dairy businesses and significantly expand capacity in other areas.

We maintained an underleveraged position, with net debt to EBITDA at 2.1x, comparing favorably to our optimal position of 2.5x - 2.7x. Operational cash flows were very strong, exceeding ₪ 6 billion in 2024, and providing substantial funding for our expansion and acquisition ambitions.

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The Almarai brand retained its leadership position in brand value and market share, placing first in value and volume across key categories. We received independent recognition of our brand value, being named the fourth most valuable dairy company worldwide by Brand Finance for a second consecutive year. This ranking followed a 16% annual increase in the value of the Almarai brand, which reached USD 3.9 billion according to Brand Finance's 2024 annual Global Brand Report, which also placed Almarai as the fastest growing among the top five brands.

### Sukuk redemption

Early in 2024, we fully redeemed the USD 500 million RegS Sukuk – Series I, issued in 2019, in line with its intended schedule of five-year maturity. This sukuk was redeemed from proceeds raised via an earlier USD 750 million sukuk in July 2023 under the same program to better avail market conditions at that time.

Successful deployment of the proceeds of the earlier sukuk enabled Almarai to better manage its net funding cost. Further, it provided additional repayment assurance for the USD 500 million sukuk repayment in the first quarter of 2024. We are grateful to the investors who participated in this series for placing their trust in the Company, Board and management.

### Game-changing investment

In mid-March, Almarai's Board of Directors approved a five-year investment of ₪ 18 billion that will be entirely funded by internal cash flows. Starting in 2025, Almarai will deploy the cash to enhance continuous growth, maximize sales and improve

financial performance across multiple segments. In the year 2024, we used part of this budget to build our supply chain capabilities, brand strength, innovation and development, sustainability, operational efficiency, technology and human capital capabilities.

Nearly ₪ 7 billion will be invested in Poultry expansion to meet growing demand and to capitalize on the enormous potential this segment offers. About ₪ 5 billion will be invested into strengthening existing core product categories, namely Dairy, Juice and Bakery. We have earmarked ₪ 1 billion for promising new food segments in line with our strategy of expanding in adjacent categories to diversify our product portfolio. About ₪ 4 billion will be used to bolster our supply chain and sales capabilities to support local and regional expansion plans. The remaining ₪ 1 billion will be invested to accelerate technology development.

We finalized our investment of ₪ 182 million in the purchase of Etmam Logistics. Etmam will strengthen our ability to serve our customers with an expanded range of frozen products across the Kingdom and will enhance Almarai's Foodservice credentials by allowing broader product offering opportunities, accelerated Poultry business growth, and the expansion of ice cream, Bakery and other frozen categories in the future.

### Strong growth across our categories

Throughout 2024, Almarai continued to invest in key growth areas, especially in Poultry, Long Life Dairy, and adjacent product categories. Poultry remained a significant success story, with strong demand driving both

volume and price premiums due to our unwavering commitment to quality.

Our Dairy portfolio saw robust performance, with Fresh Dairy products achieving strong growth and Long Life Dairy rebounding from previous supply disruptions to enter a new growth phase. We aim to become the consumer's preferred choice in Long Life Dairy through new formulations and improved distribution.

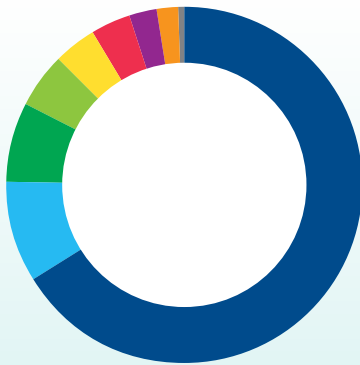
The Juice business unit delivered robust top and bottom-line growth, supported by innovation leading to new products. Additionally, attention was paid to extracting greater efficiencies from revenue management and improvements in operations. Fresh Juice products had a particularly strong year, generating a 10% increase in revenue and a 9% growth in volumes.

In Bakery, our performance was driven by a favorable country and product mix and supported by continued growth in our bread categories. We expanded capacity and introduced more high-quality artisan products, further enhancing our already high market share. This segment's profitability was boosted by improved operational and internal cost efficiencies.

Adjacent categories such as seafood showed promise, underscoring our strategic portfolio diversification. Ice cream was a success story in 2024, with demand outstripping supply. In the short term, we plan to double ice cream capacity by accelerating our investment plan.

## Solid expansion across our markets and channels

All the countries where we operate generated increases in revenue this year, with strong growth in Kuwait, Oman, the UAE and Jordan. Further, Almarai resumed partial supply of its products to Qatar in 2024, allowing it to reach all countries in the GCC. The exception was Egypt which, while still delivering double digit growth in its local currency, fell behind due to its devaluation. In the regional markets, the best category performers were Long Life Dairy and Fresh Dairy, as well as Poultry. We expect this will continue, buoyed by stable macroeconomic momentum and Almarai's improved business performance.



### Sales by Geography

(SAR million)

KSA	13,904
UAE	1,930
Egypt	1,489
Kuwait	1,064
Oman	808
Jordan	774
Others	530
Bahrain	412
Qatar	68

Across our distribution channels, we recorded strong growth, led by traditional trade and followed closely by modern trade. The growth in traditional trade reflected our strategic focus on this channel in 2024, particularly for Dairy, to enhance consumer purchasing convenience by making our products available everywhere.

## Awards and recognitions

In 2024, Almarai received several noteworthy awards, including "Best Annual Report 2023" by MEIRA. Our USD 750 million Series II issuance in 2023 received various awards: the Capital Raising Award - International Sukuk RegS USD 750 million from ACT Middle East Treasury Awards; Corporate Bond Deal of the Year from Capital Markets & ESG Finance Saudi Arabia Awards; Highly Commended Best Funding Solution from Adam Smith Awards; and Best Corporate Sukuk from The Asset Asian Awards.

Our brand value also gained recognition, with Almarai ranking fourth most valuable dairy brand globally by Brand Finance, while Ipsos ranked Almarai third on its list of the most influential global and local brands in the Kingdom of Saudi Arabia.

## Outlook for 2025

Looking ahead, our activities will be driven by our three-pillar strategy of growing our core business, diversifying into new categories, and expanding into other markets. We expect continued positive momentum, with investments planned for Long Life Dairy, Poultry expansion and adjacent product categories. Our goal is to expand organically and by acquisition, capturing substantial and sustainable opportunities.

Almarai is well-prepared to meet future challenges by leveraging our operational strength, financial discipline and trusted brand to deliver value to consumers, stakeholders and investors alike.

For the year ended 31 December						
﷼ million	2024	2023	2022	2021	2020	2019
<b>Operational Performance</b>						
Revenue	20,980	19,576	18,722	15,850	15,357	14,351
Gross profit	6,664	6,051	5,624	5,059	5,536	5,367
Operating profit	2,995	2,694	2,276	2,015	2,522	2,473
Profit attributable to shareholders	2,313	2,049	1,760	1,564	1,984	1,812
<b>Balance Sheet</b>						
Net working capital	4,106	4,521	3,785	3,043	3,623	3,048
Property, plant and equipment	22,750	20,808	20,115	20,873	21,113	21,951
Right of use assets	504	474	499	465	470	461
Biological assets – Non-current	1,838	1,742	1,565	1,469	1,392	1,381
Intangible assets and goodwill	1,131	1,124	1,146	187	1,218	1,129
Investments in associates and joint ventures	3	5	6	89	90	88
Net debt	9,655	9,437	9,054	9,201	10,749	11,955
<b>Total equity</b>	<b>18,791</b>	<b>17,809</b>	<b>16,983</b>	<b>16,618</b>	<b>16,234</b>	<b>15,259</b>
<b>Total assets</b>	<b>35,568</b>	<b>36,194</b>	<b>32,074</b>	<b>31,754</b>	<b>32,344</b>	<b>33,148</b>
<b>Total liabilities</b>	<b>16,777</b>	<b>18,385</b>	<b>15,091</b>	<b>15,136</b>	<b>16,111</b>	<b>17,889</b>
<b>Cash Flow</b>						
Cash flow generated from operating activities	6,028	4,483	3,829	4,915	4,203	4,732
Additions to property plant and equipment and intangible assets	(3,822)	(2,530)	(1,334)	(1,364)	(824)	(1,517)
<b>Free cash flows*</b>	<b>1,531</b>	<b>1,179</b>	<b>1,842</b>	<b>3,101</b>	<b>2,830</b>	<b>2,602</b>
<b>Key Indicators</b>						
EBIT to sales	14.3%	13.8%	12.2%	12.7%	16.4%	17.2%
Return on net operating assets	10.3%	9.8%	8.5%	7.4%	9.1%	8.9%
Net debt to equity ratio	51.4%	53.0%	53.3%	55.4%	66.2%	78.3%
Net Debt to EBITDA	2.1x	2.1x	2.3x	2.6x	2.7x	3.0x
EPS – Basic	2.34	2.08	1.79	1.59	2.02	1.83
DPS	1.0	1.0	1.0	1.0	1.0	0.85

\*Net of investments and time deposits



