

Almarai Company



2009 Q1 Investors Presentation
London





Overview

The company dates back to 1976 when HH Prince Sultan bin Mohammed bin Saud Al Kabeer developed a number of agricultural projects which began with the processing of fresh milk and laban and soon thereafter expanded into dairy farms, fresh processing plants and cheese processing plants.

In 2005, Almarai entered into a new phase, moving from being a privately owned company to a publicly listed company. 70% of the shares are held by 3 majors shareholders and the remaining 30% are widely spread between GCC nationals.

In 2007 Almarai expanded its product range and acquired 100% of Western Bakeries Co. Ltd and its subsidiary International Baking Services Co. Ltd.

In January 2009 Almarai made its first acquisition outside GCC through the purchase of 75% of the Jordanian Company Teeba Investment for Developed Food Processing Company.

Almarai is the largest integrated dairy company in the world, with a well-recognised brand that was ranked number three in Forbes's 'Top-40 Arab Brands' list.



Key Success Factors

Over its 30-year history, Almarai has enjoyed remarkable success due to:

- The established, strong and well recognized brand
- The quality of its products and services
- Its dedicated work force who serve the customers and consumers
- Its investments in
 - ◆ world-class farming, and
 - ◆ State of the art processing facilities
- Its distribution network allowing its fresh products to be distributed
 - ◆ on a daily basis
 - ◆ to more than 42,000 retail outlets
 - ◆ within the 6 Gulf countries

Almarai Today

Today, Almarai enjoys high revenue growth (28% CAGR over the last five years) and high margins (21% EBIT Margin in 2008) – remarkable in the food industry by any standard



Group Products



Quality You Can Trust



Almarai Company

Fresh Dairy	Laban (liquid yogurt)	Fresh laban (full fat, low fat, skimmed)
	Milk	Fresh milk (full fat, low fat, skimmed, vetal and flavored) Vetal
	Zabadi (natural set yogurt)	Zabadi (full fat, low fat, skimmed)
	Yogurt, Desserts	Yoghurts, Gishta, Labneh and dairy desserts
Food & Beverages	Long-Life Dairy	UHT milk (plain and flavored), Evaporated Milk, whipping and sterilized cream
	Fruit Juice	Fresh juices
	Processed Cheese & Butter	Butter, Butter ghee, Triangle Cheese, Tin Cheese, Slices, Spreadable Cheese, Mozzarella, Halloumi, Feta and others
	Non-Dairy Foods	Tomato Paste

Dairy and Food Products

Western Bakeries

Pastry	Filled Puffs (Cheese, Apple, Date)	
	Rolls (Cheese)	
	Plain Croissants Filled Croissants	
Cake	Cup Cake (four flavours) Pound Cake Swiss Roll Slice Cake	
	Bread	Sliced Bread Burger Bun Cluster Roll
		Other Products
JV Chipita (65%)		



Bakery Products

Farming

- One of the inherent strengths of Almarai is its ability to produce high quality fresh raw milk, an achievement made possible through highly developed farming skills
- The Company's continuous improvement efforts in the standards of health, breeding, nutrition, farm design, animal husbandry and crop management have resulted in a wealth of in-house built technology and know-how
- Key figures 2008:

◆ Milk produced in million liters:	674
◆ Rolling Heard Average per cow:	12,570 p.a.
◆ Number of employee 31.12.2008:	2,138
◆ No of cows 31.12.2008:	55,000
◆ No of youngstock 31.12.2008:	48,000
- 6 Dairy Farms
Al Hamra, Al Fanar, Al Nakheel, Al Rabiah, Al Badiah, Al Danah



Production and Transportation Facilities

Production Facilities

- There are two dairy manufacturing facilities, located on one site, approximately 130 kilometers from Riyadh:
 - ◆ The first of the two state-of-the-art fully automated facilities was opened in 1996
 - ◆ The second facility, commissioned in 2005, has now completed its optimization program and is functioning at better than projected performance levels in utilization, quality and cost parameters
- There are two bakery production facilities, located in Jeddah:
 - ◆ The first one for Western Bakeries
 - ◆ The second one for the Modern Food Industries, the joint venture with Vivartia

Transportation Facilities

The long-haul fleet transports raw milk from dairy farms to the Central Processing Plants and transports finished product from the production facilities to designated sales depots. This fleet undertakes approximately 80,000 trips annually, covers 80 million kilometers and comprises more than 500 trailers as well as 54 tankers all owned and maintained by Almarai



Sales

Sales Depots

We now operate from 97 Sales depots in the GCC

Sales Vans & Fridges

- Approximately 2,000 Vans
- Approximately 30,000 Fridges

We serve every day,
more than 42,000 shops
within the 6 Gulf countries



Vision, Mission and Strategy Going Forward

Three wavy lines in shades of blue and green sweep across the middle of the slide.

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Almarai Vision / Mission

Vision:

To be the preferred choice in food products, promoting nutrition, health and well being in the Arab World

Mission:

Almarai to become the leading food company in the Arab world and deliver a superior Total Shareholder Return by:

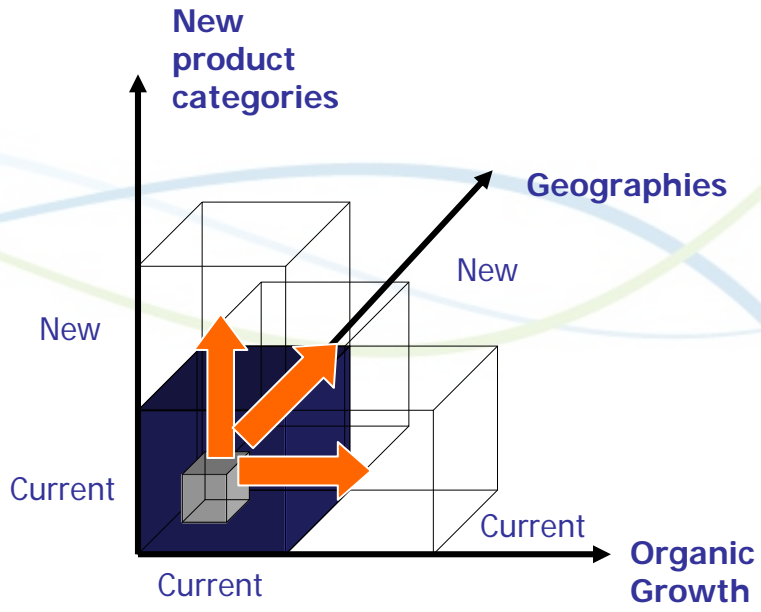
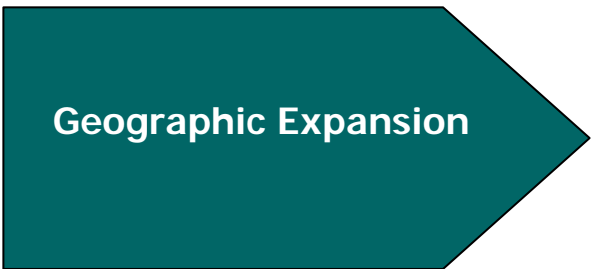
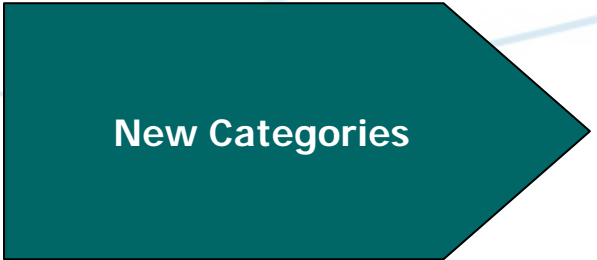
- consistently exceeding consumer expectations
- providing superior value and superior quality products and services to our customers and consumers
- continuous development and investment in its human and technical resources



Almarai – Growth Strategies

There are 3 basic growth strategies

A combination of the 3 will deliver above average returns, long term





Almarai Strategy Going Forward

Existing Business

- Double our business by 2013
- Dominate the Gulf market in dairy, juice and food
- Grow the bakery business and expand coverage to all Gulf countries

New categories

- Expand existing product range through the introduction of new food categories:
 - ◆ Baby food / Infant formula
 - ◆ Acquisition of Hail Agricultural Development Company

Geographic expansion

- Grow outside GCC in dairy liquids, dairy food and juice through the Joint Venture



Baby Food / Infant Formula

- Targeted Infant Formula market size (GCC and exports to MENA and neighboring countries) is estimated at 40,000 tons or SAR 2.1 billion per annum
- This category's growth is higher than population growth due to changes in consumer trends
- Currently, the entire demands for this category is fulfilled by imports from the outside the region
- Initial research findings support Almarai's plan to enter this category due to its trusted brand, values and local roots
- There is worldwide shortage of Infant Formula production capacity
- Entering this category provides Almarai with opportunities of expansion into new categories (i.e. total the infant nutrition range) as well as expanding Almarai's distribution of current and future health-line products into nontraditional channels such as hospitals and pharmacies.
- This category will allow Almarai to exploit the opportunity of bonding with consumers and gaining their trust from day 1 of their lives

Hail Agricultural Development Company (HADCO)

● Company activities

◆ Primary business:

- Farming: grain, fodder and vegetable production, animal feed, horticulture and cold storage
- Poultry: parent breeding, broiler production, poultry feed, processing and distribution - 5th largest producer, 4% market share (domestic production) – 26 million birds

◆ Land

- 350 million sqm irrigated land south of Hail
- 29 million sqm irrigated land in Al Jouf

◆ Leaseholds

- 28 million sqm in Saqwa
- 91 million sqm Sudan

● Company History

- ◆ HADCO is a Saudi Public Shares Company established in 1982
- ◆ Paid capital of SAR 300 million divided into 30 million shares SAR 10 share value

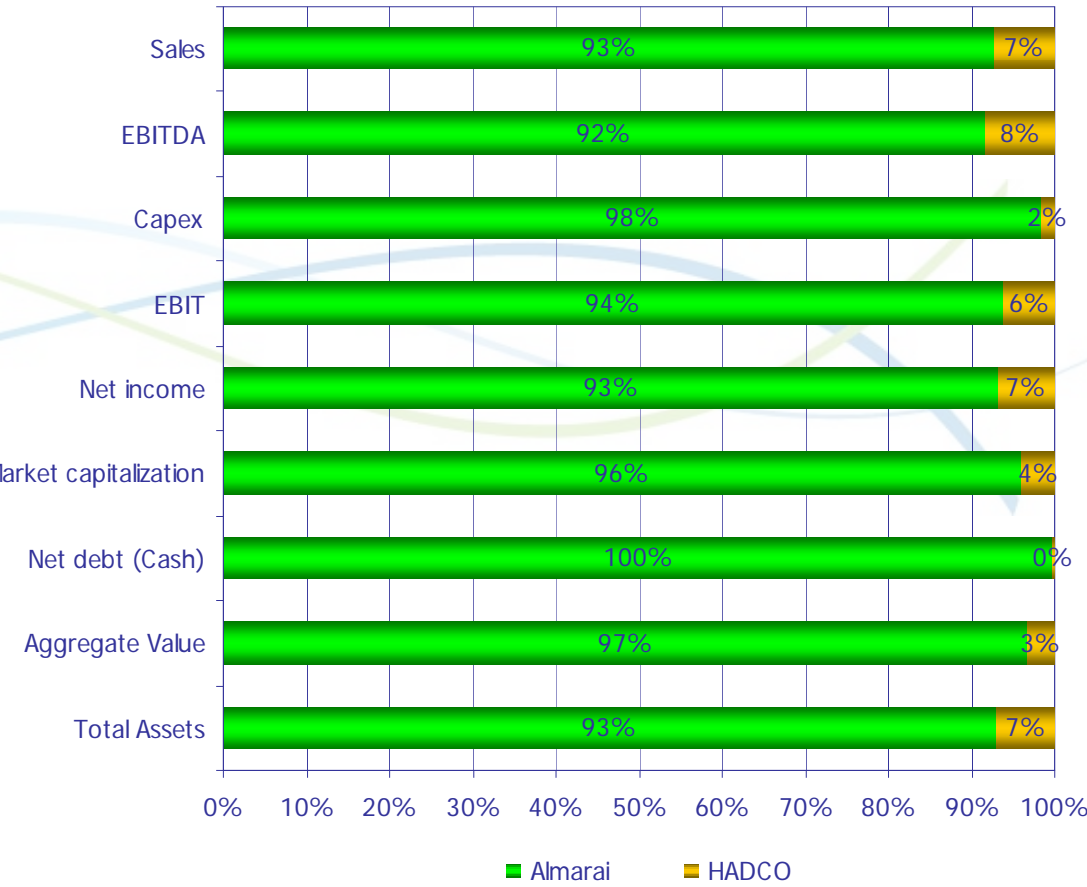


HADCO versus Almarai

2008 *Almarai* *HADCO Combined*

SAR Millions

Sales	5,029.9	394.9	5,424.8
EBITDA	1,439.9	132.3	1,572.3
Capex	1,572.1	24.6	1,596.7
EBIT	1,061.0	70.4	1,131.4
Net income	910.3	65.4	975.7
Market capitalization	16,023.0	655.5	16,678.5
Net debt (Cash)	3,397.5	10.6	3,408.1
Aggregate Value	19,420.5	666.1	20,086.6
Total Assets	8,181.3	618.9	8,800.2



Almarai Today and Historical Review



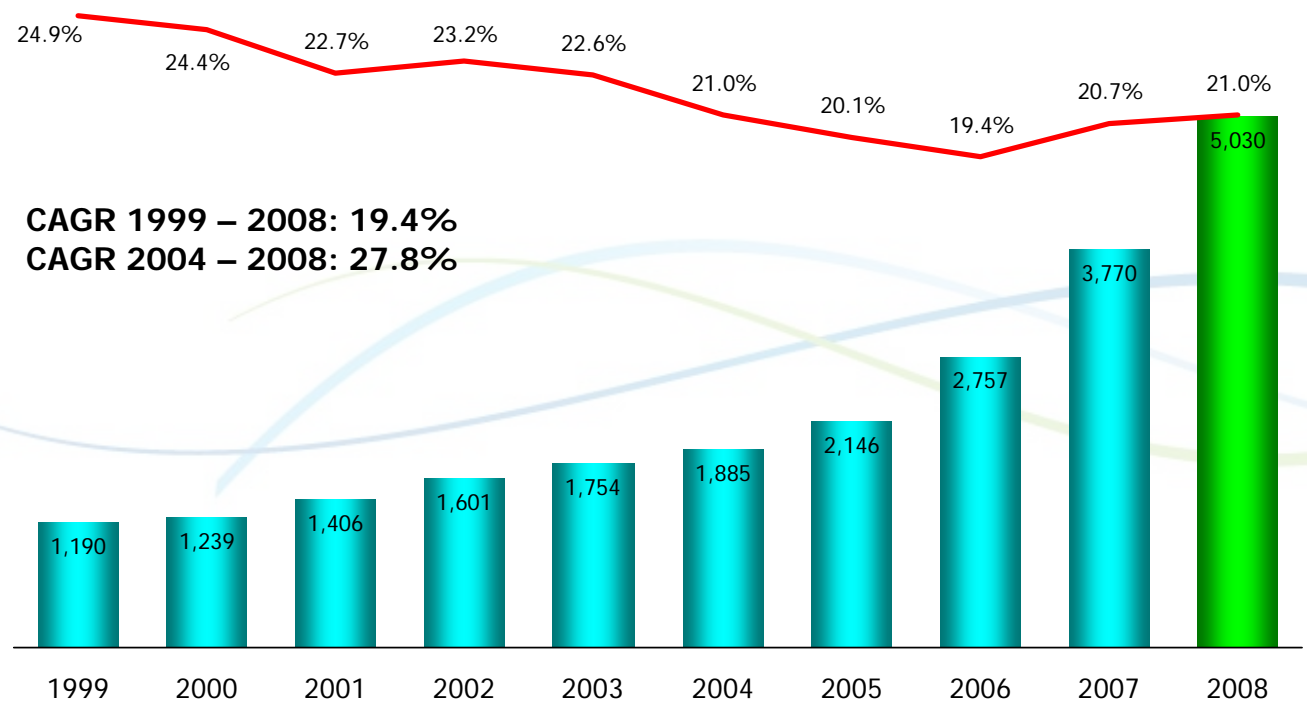
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Almarai is realising rapid growth and high margins

Revenue and EBIT Margin¹ Evolution 1999 - 2008



Comments

- Product mix shifts caused some margin loss as non-dairy liquid products, (e.g. juice, cheese and butter) have lower margins than products from our own milk farms
- Raw materials increased in costs over the period

(1) EBIT margin refers to Earnings before bank charges and Zakat
Source: Almarai

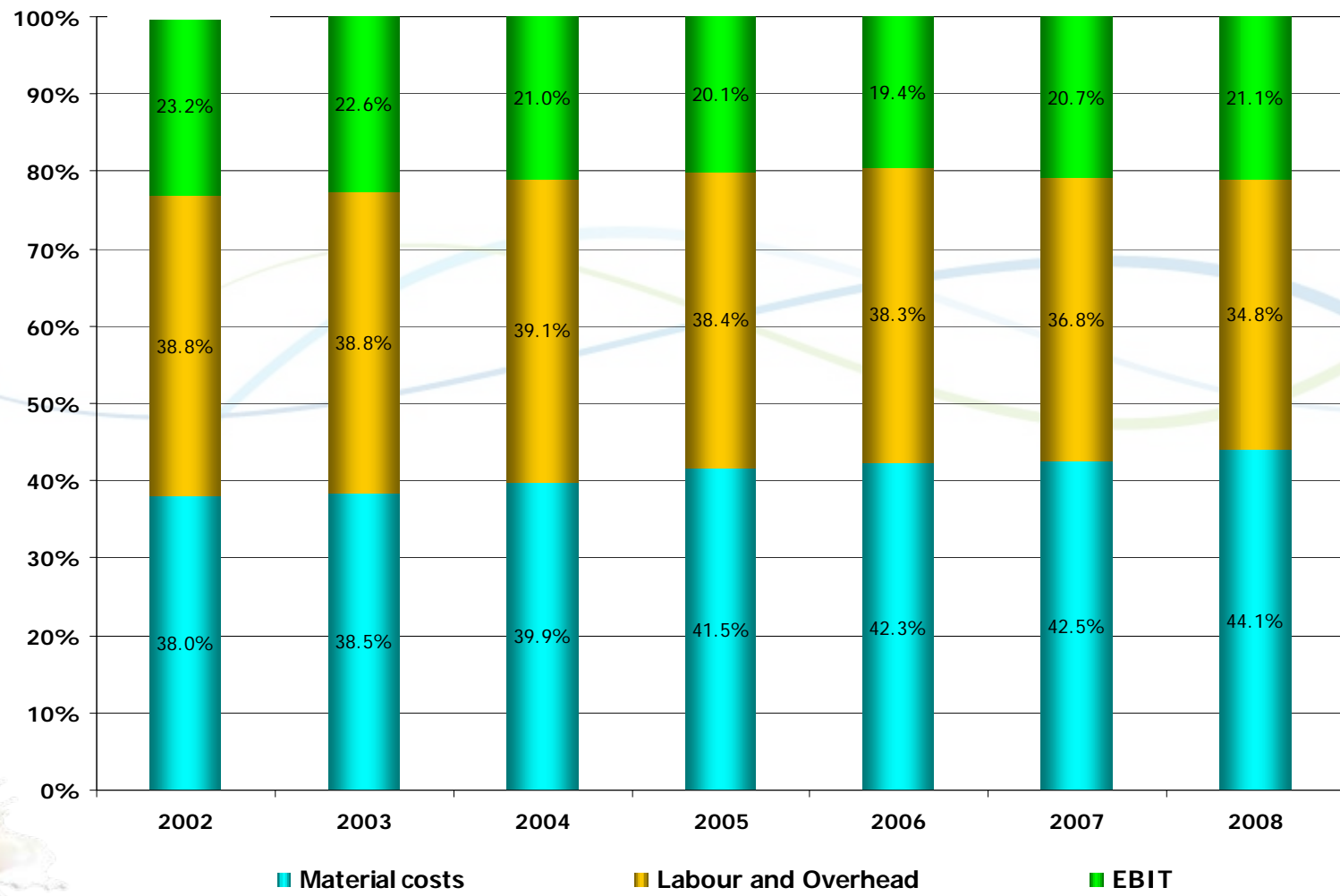
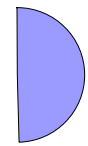


Quality You Can Trust

Evolution of the Cost Structure 2002-2008



Fresh dairy in % of total sales





Quality You Can Trust

Performance - Key Highlights

Full year 2008

- Net sales SAR 5,029.9 million +33.4% (2007: SAR 3,769.8 million)
- EBITDA SAR 1,330.9 million +32.0% (2007: SAR 1,008.4 million)
- EBIT SAR 1,061.0 million +35.9% (2007: SAR 780.7 million)
- Net profit SAR 910.3 million +36.4% (2007: SAR 667.3 million)
- Earnings per share SAR 8.35 versus SAR 6.12 in 2007
- Net debts to Equity ratio .97 to 1
- Net debt to EBITDA 2.6 x
- Return on Net Operating Assets (RONOA) 16.5%
- Return on Equity (ROE) 27.3%

YTD P3 2009

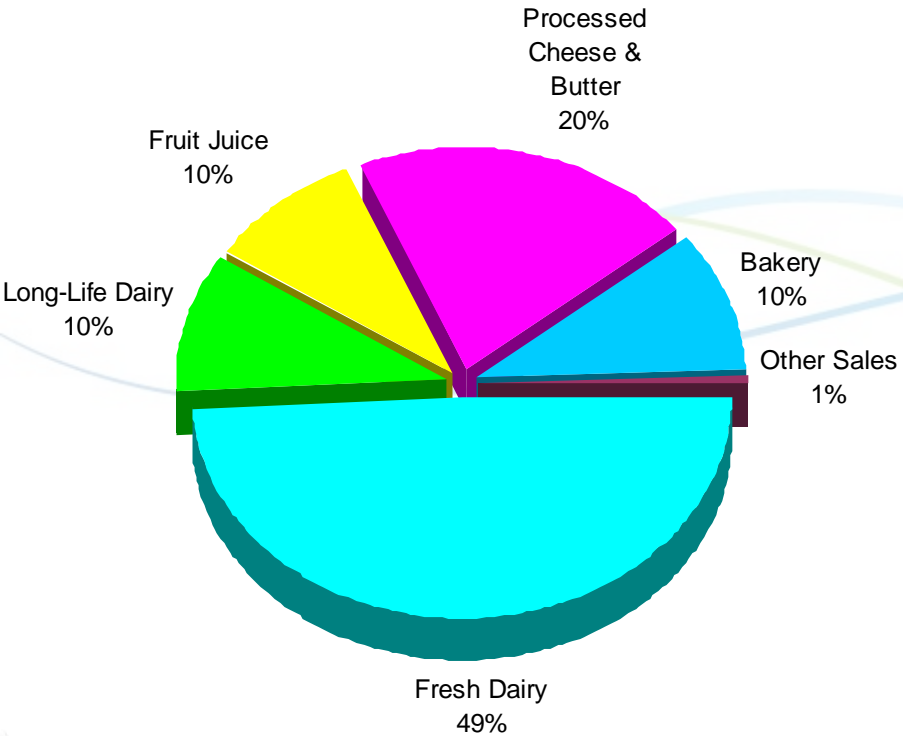
- Net sales SAR 1,326.1 million +18.5% (2008: SAR 1,119.1 million)
- EBITDA SAR 313.2 million +26.6% (2008: SAR 247.4 million)
- EBIT SAR 248.2 million +27.7% (2008: SAR 194.5 million)
- Net profit SAR 193.4 million +21.7% (2008: SAR 162.2 million)
- Earnings per share SAR 1.81 versus SAR 1.49 in 2008



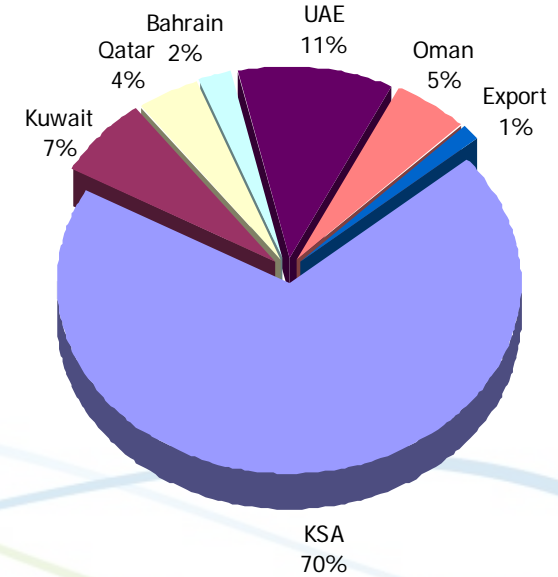
Quality You Can Trust

Sales 2008 by Products & Regions

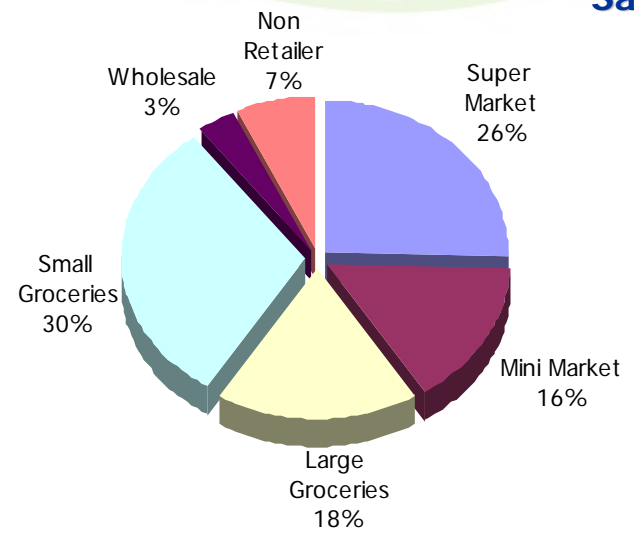
Sales by Products



Sales by Regions



Sales by Channel

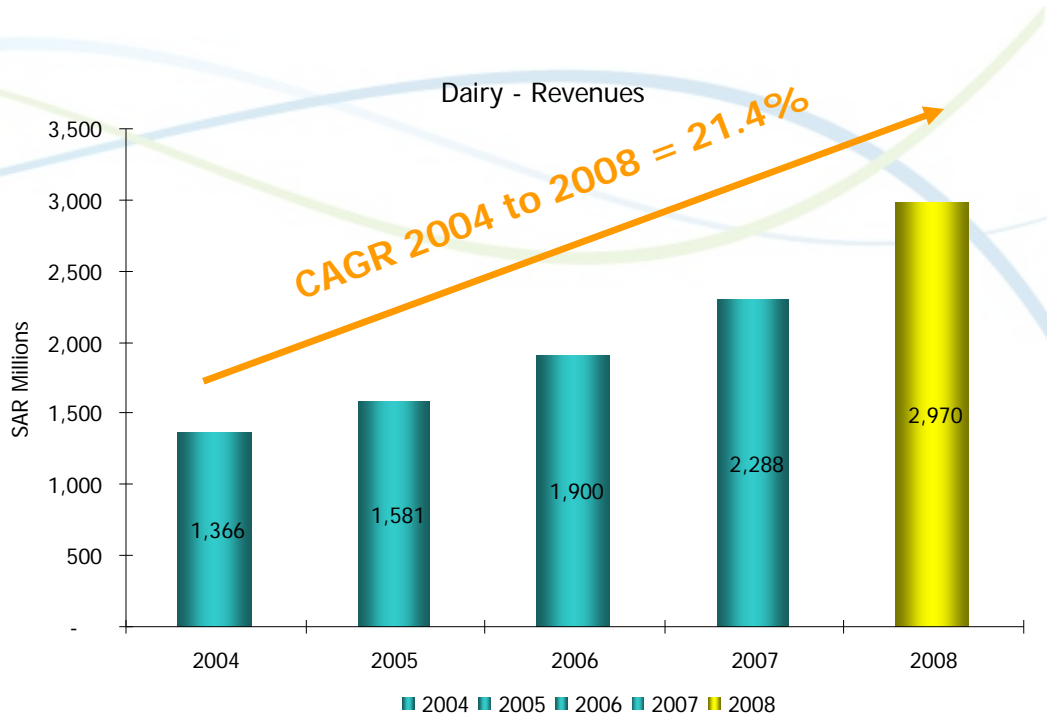




Dairy Products

The flagship product group, dairy, includes short-life and long-life dairy products made with locally produced fresh raw milk. The range includes fresh laban, fresh milk, long life milk, natural and fruit yoghurts, cream and dairy desserts. 2008 saw the regions first diet orientated laban called "Trim", a fortified product mainly targeting the health and weight conscious. Other products, such as ghiste, labneh and custard products underwent new packaging designs. We continue to be the market leader in this product group in the GCC.

Sales for our dairy products, the largest product category, amounted to SAR 2,970 million, representing an increase of 29.8% on the prior year.

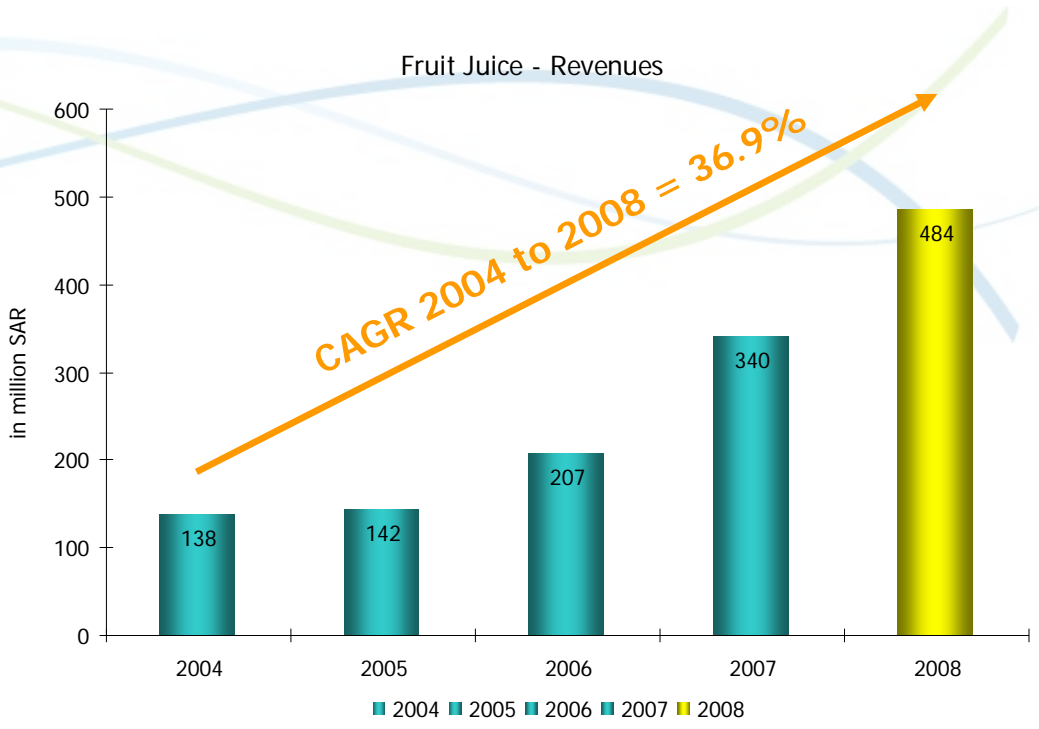




Fresh Juice

Following on from the revitalisation of the product range in 2007, 2008 saw the fruit juice category continue it's phenomenal growth with exciting new flavours (Guava and Lemon), improved recipes and fresh packaging, giving Almarai a competitive advantage and increasing our market share across the GCC.

Sales for Fruit Juice amounted to SAR 484.5 million, representing an increase of 42.4% on the prior year.



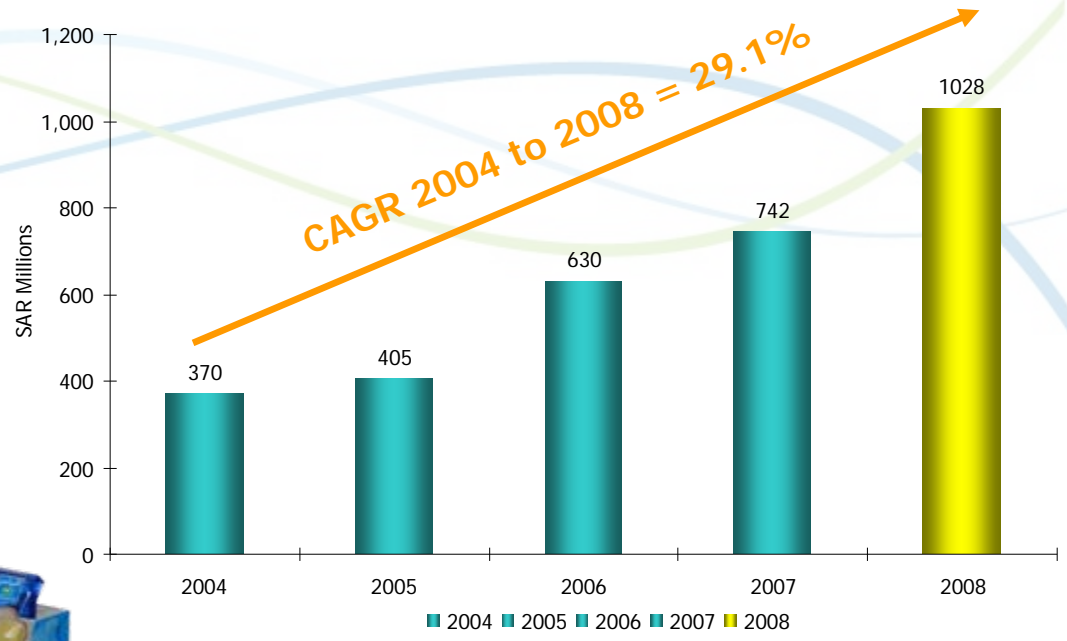


Processed Cheese and Butter

Despite some price increases, as a portion of the dairy commodity cost increases were passed on to the consumer, sales of Cheese and Butter remained strong. As part of our continuous product improvement programme, a number of Almarai's products have been updated with improved recipes and packaging, therefore maintaining our competitive advantage.

Sales for Cheese and Butter amounted to SAR 1,028.2 million, representing an increase of 38.7% on the prior year.

Processed Cheese & Butter - Revenues





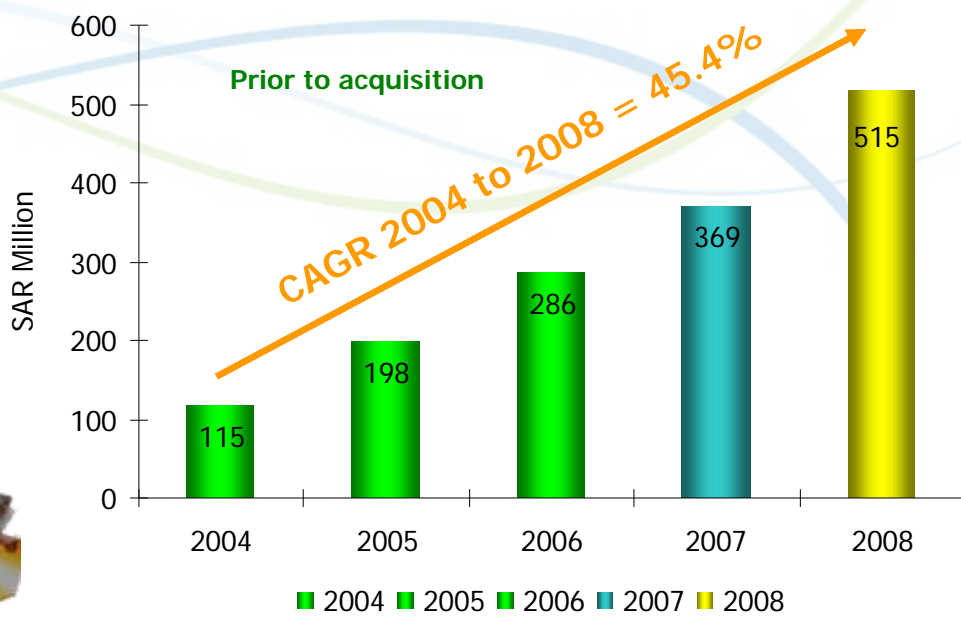
Bakery

This relatively young product group of the Almarai food basket, markets it's products under the brand name L'Usine. This range has shown significant growth since joining Almarai through a combination of investment in distribution, new packaging, flavours and products. During 2008, new product launches included waffles, slices, pound cakes and toffee flavoured cup cakes.

Sales of Bakery Products amounted to SAR 514.8 million, representing an increase of 39.6% on the prior year.



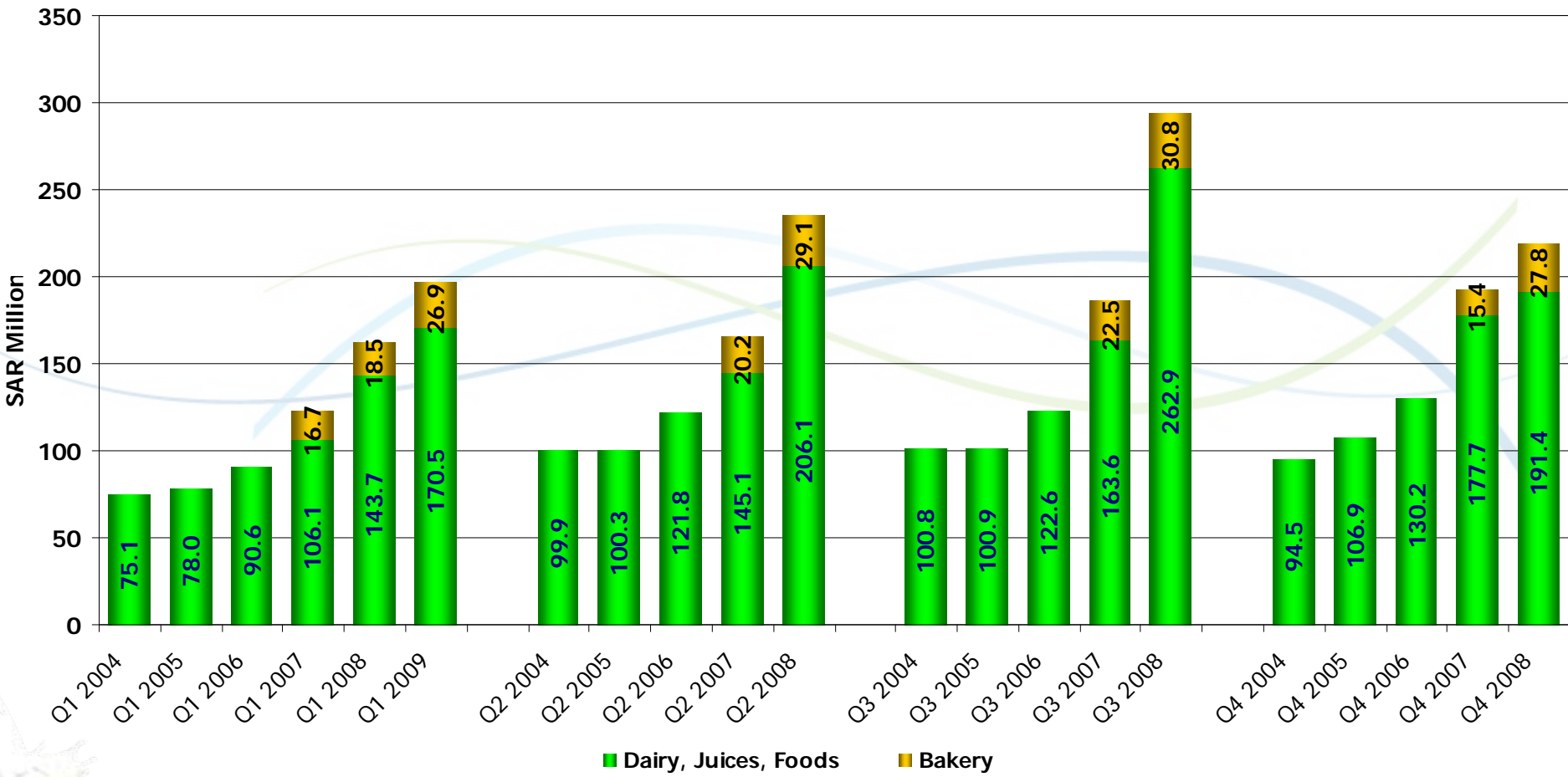
Bakery - Revenues





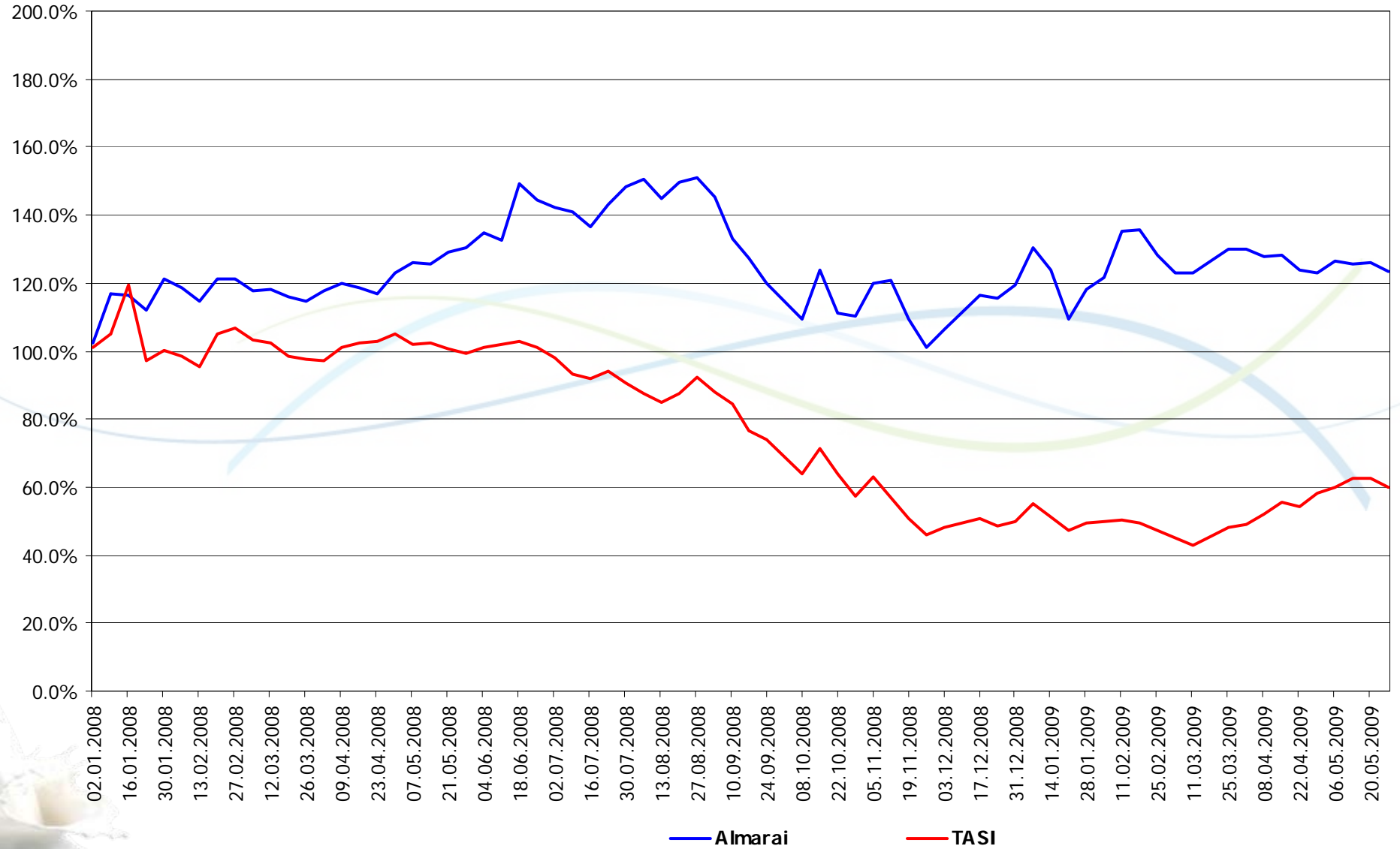
Performance 2004-2009 by Quarter

ALMARAI COMPANY
Net Income by quarter 2004-2009





Almarai versus TASI 2008



Market Overview

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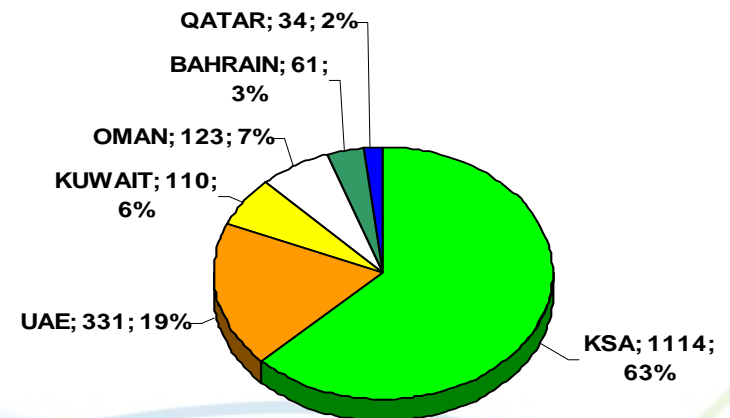




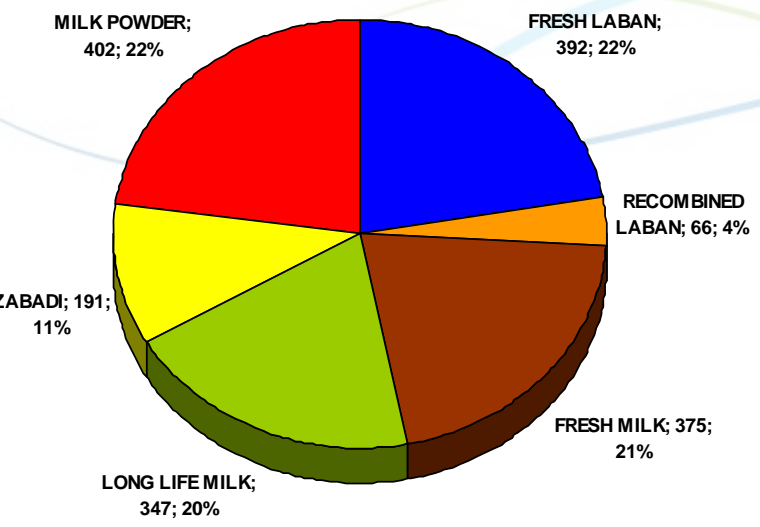
GCC Dairy Market: Milk, Laban & Zabadi

- GCC dairy market is made up of five key product categories which are fresh milk, long-life milk, milk powder, fresh laban, recombined Laban and zabadi.
- Nearly 63% of the dairy market is in KSA which closely follows its population share in the GCC.
- Almarai is the market leader in GCC dairy market with 28% market share
- Nestle, Al Safi, Saudia and Nadek are the other major players. However the market is quite fragmented with very high number of small players indicating further potential consolidation in the industry

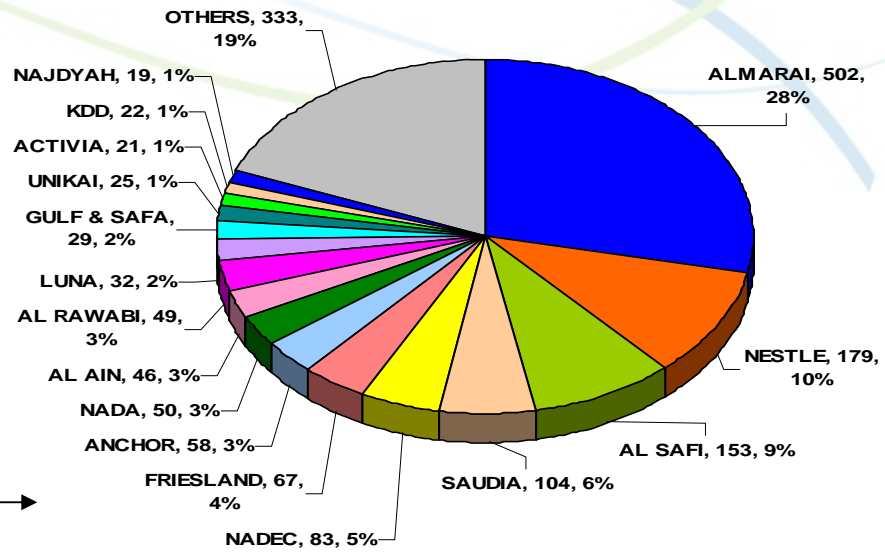
Dairy Market by GCC Markets



Dairy Market by product type



Dairy Market by Company



Figures provided by The Nielsen Company – MAT Nov 2008

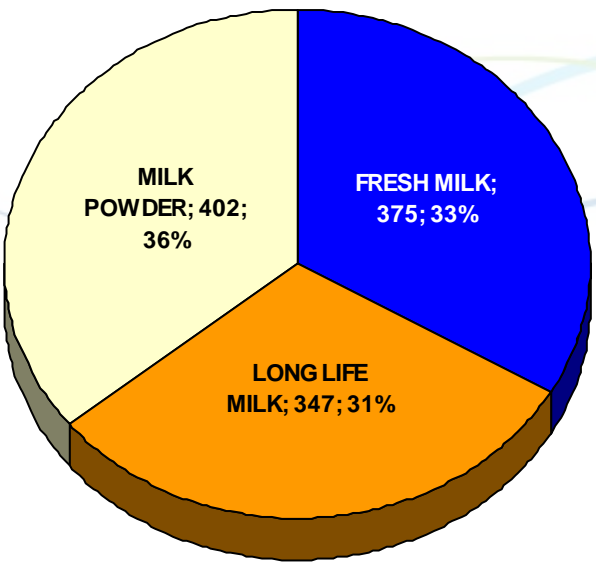


GCC Milk Market:

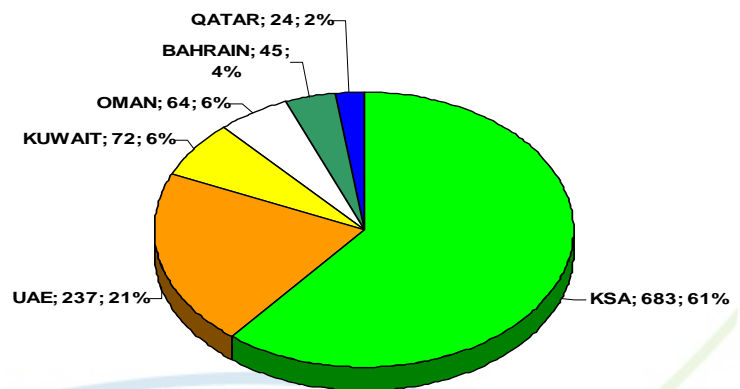
Powder milk, Fresh milk, Long life milk

- GCC milk market is made up to three key categories: powder milk, fresh milk and long life milk
- Nearly 61% of the Milk market is in KSA
- Almarai is the market leader in GCC milk market with 21% market share
- Nestle is the second biggest milk producer in the region as it leads the powder milk category whereas Saudia is the third biggest milk producer on the back of its strength in the long life market

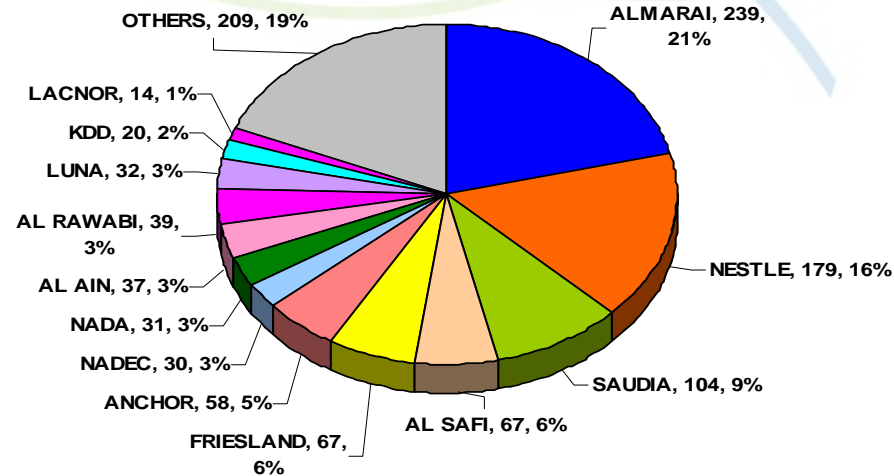
Milk Market by product type



Milk Market by GCC Markets



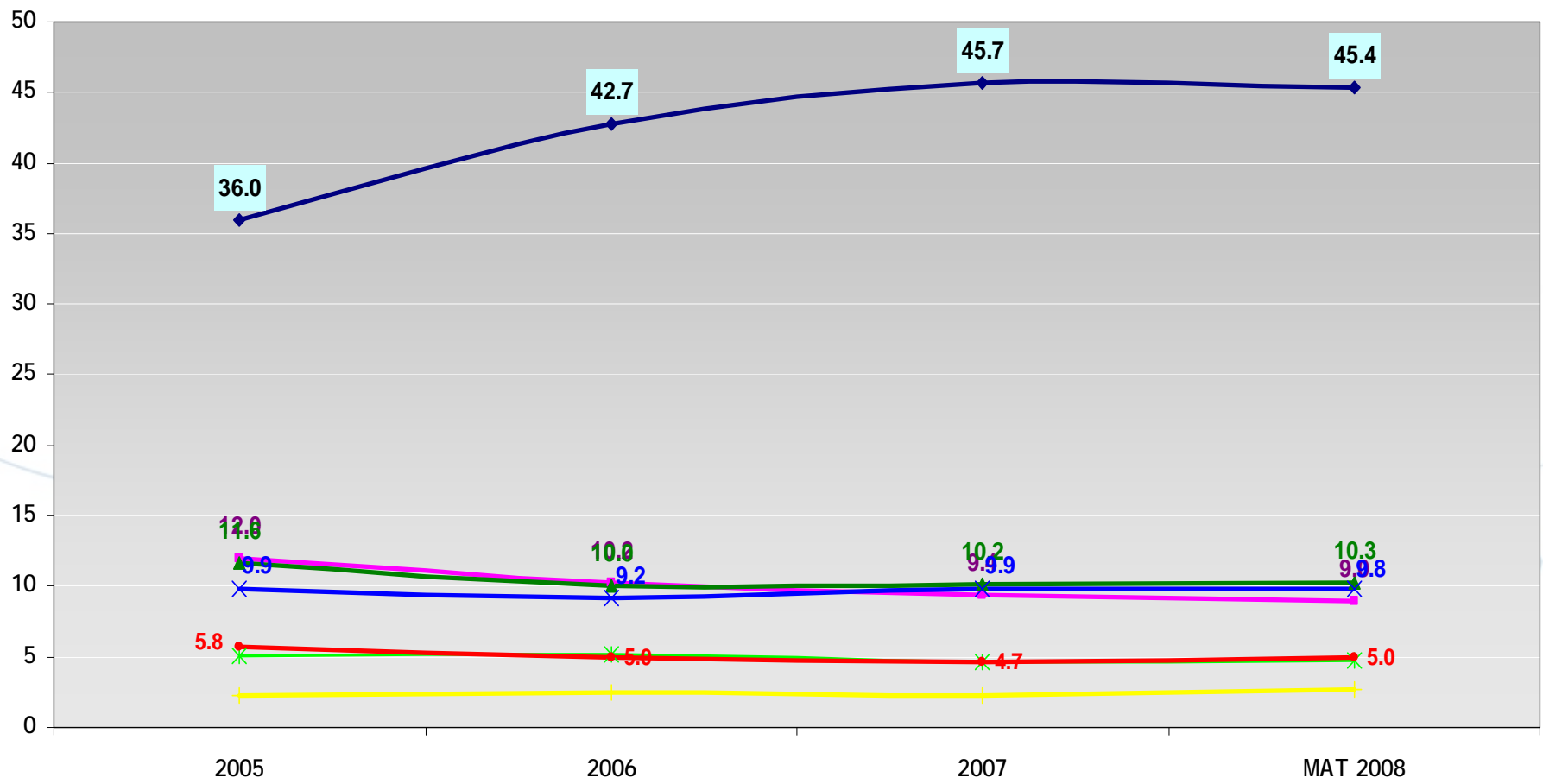
Milk Market by Company



Figures provided by The Nielsen Company – MAT Nov 2008



Total GCC – Fresh Milk



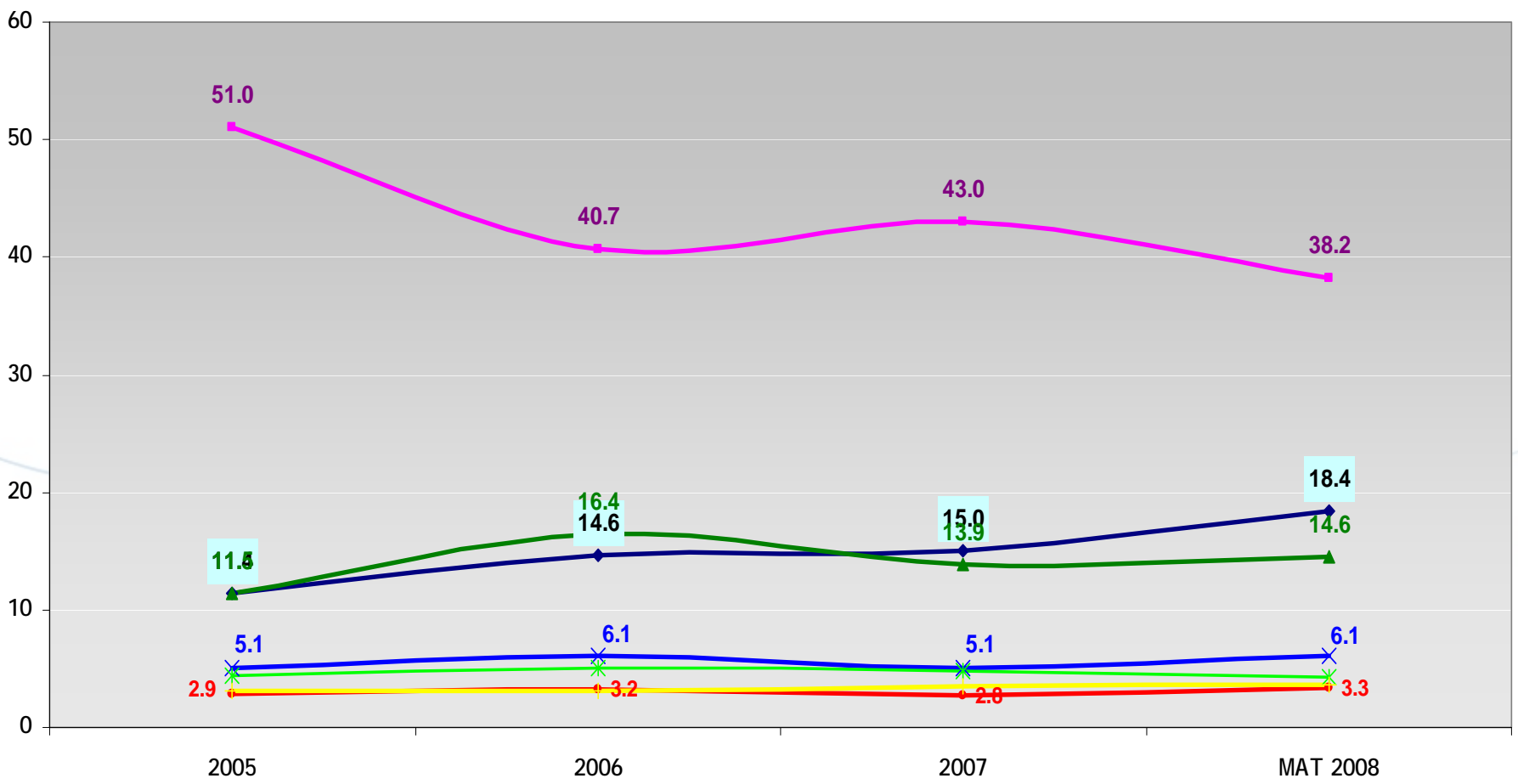
Source: The Nielsen Company

ALMARAI AL SAFI AL RAWABI AL AIN NADEC NADA ASAFWAH





Total GCC – Plain UHT Milk

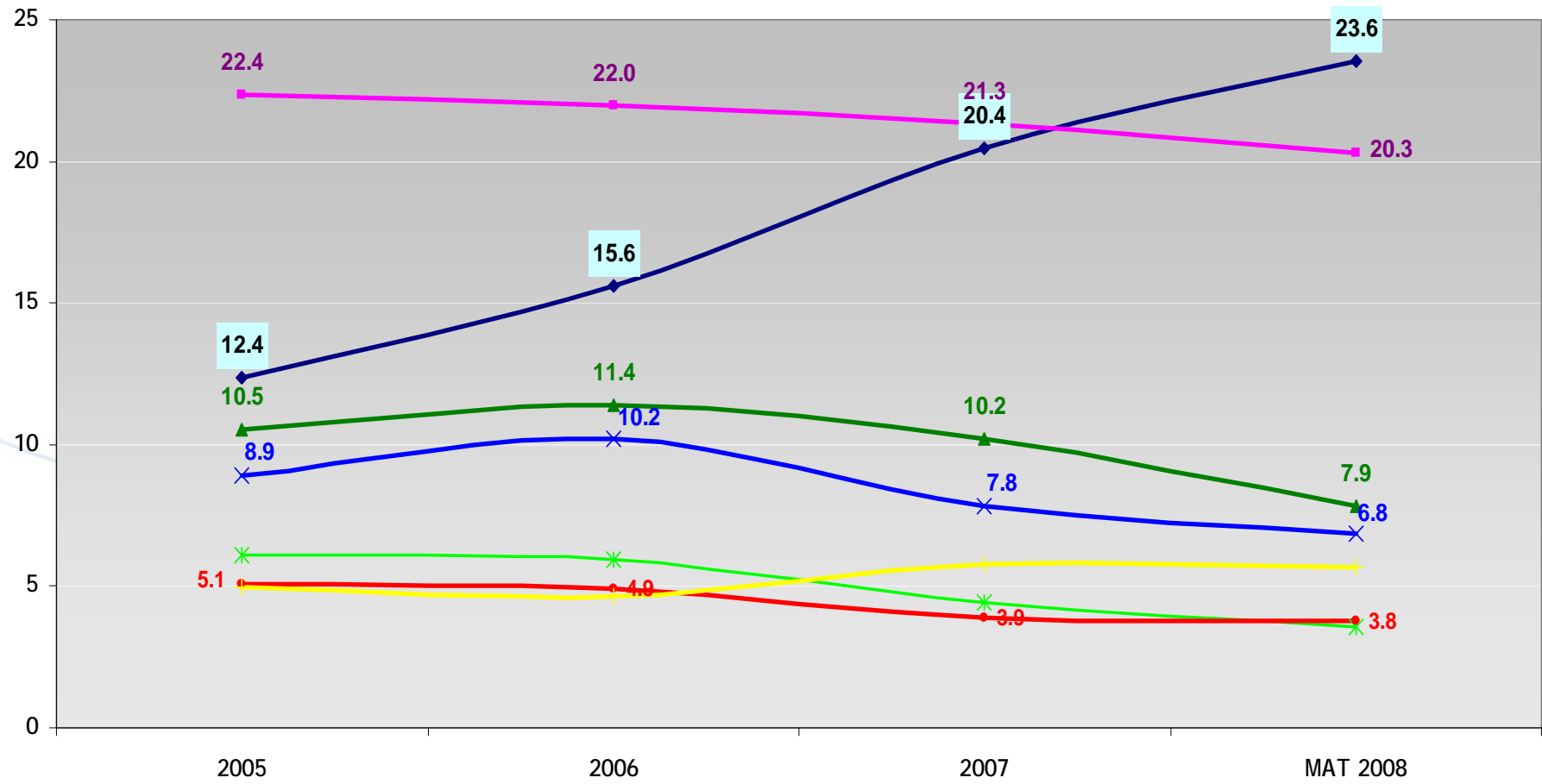


Source: The Nielsen Company

ALMARAI SAUDIA JAMJOOM RAINBOW AL SAFI KDD NADA LACNOR



Total GCC – Flavored UHT Milk



Source: The Nielsen Company

ALMARAI AL SAFI KDD JAMJOOM RAINBOW AL RABIE NADA LACNOR

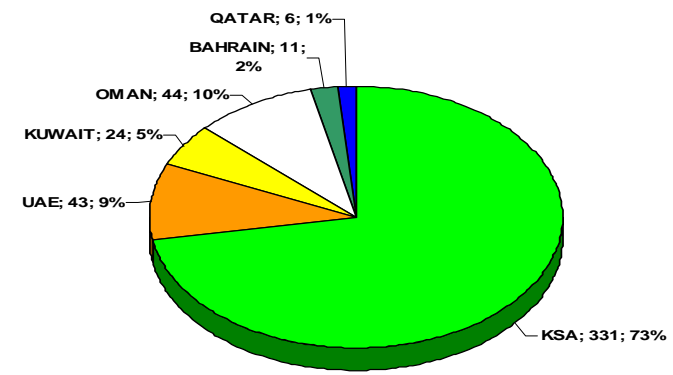




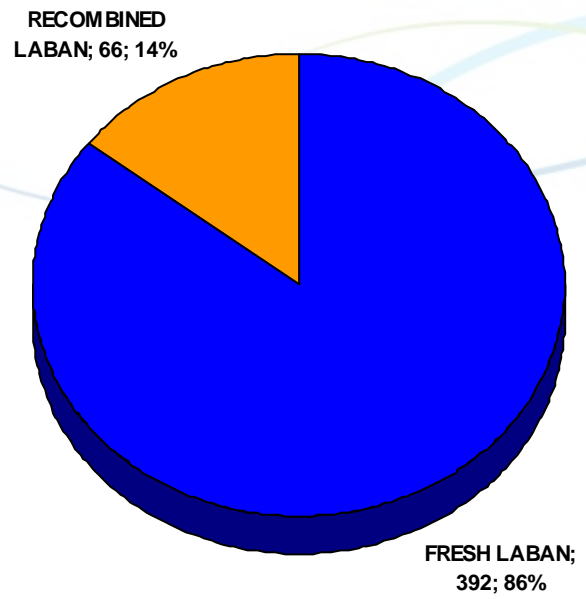
GCC Laban Market: Fresh Laban, Recombined Laban

- GCC Laban market is made up to two key categories: fresh Laban and recombined laban
- Nearly 73% of the laban market is in KSA which indicates the local population taste profile towards laban consumptions
- Almarai is the market leader in GCC laban market with 42.5% market share (Almarai market share in fresh laban is 45%).
- Recombined laban is mainly popular in UAE and Oman where it is 61% and 68% of the total laban market respectively.

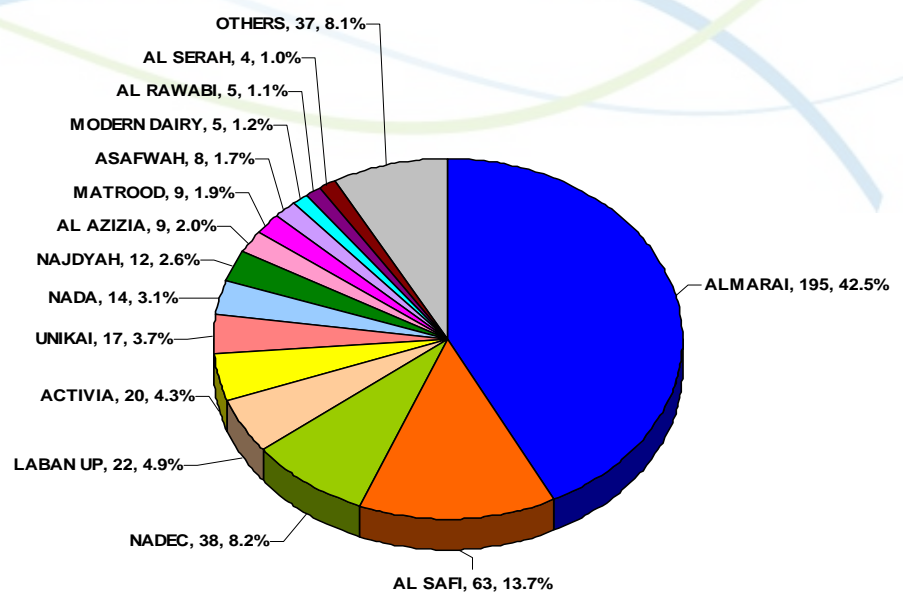
Laban Market by GCC Markets



Laban Market by product type



Laban Market by Company

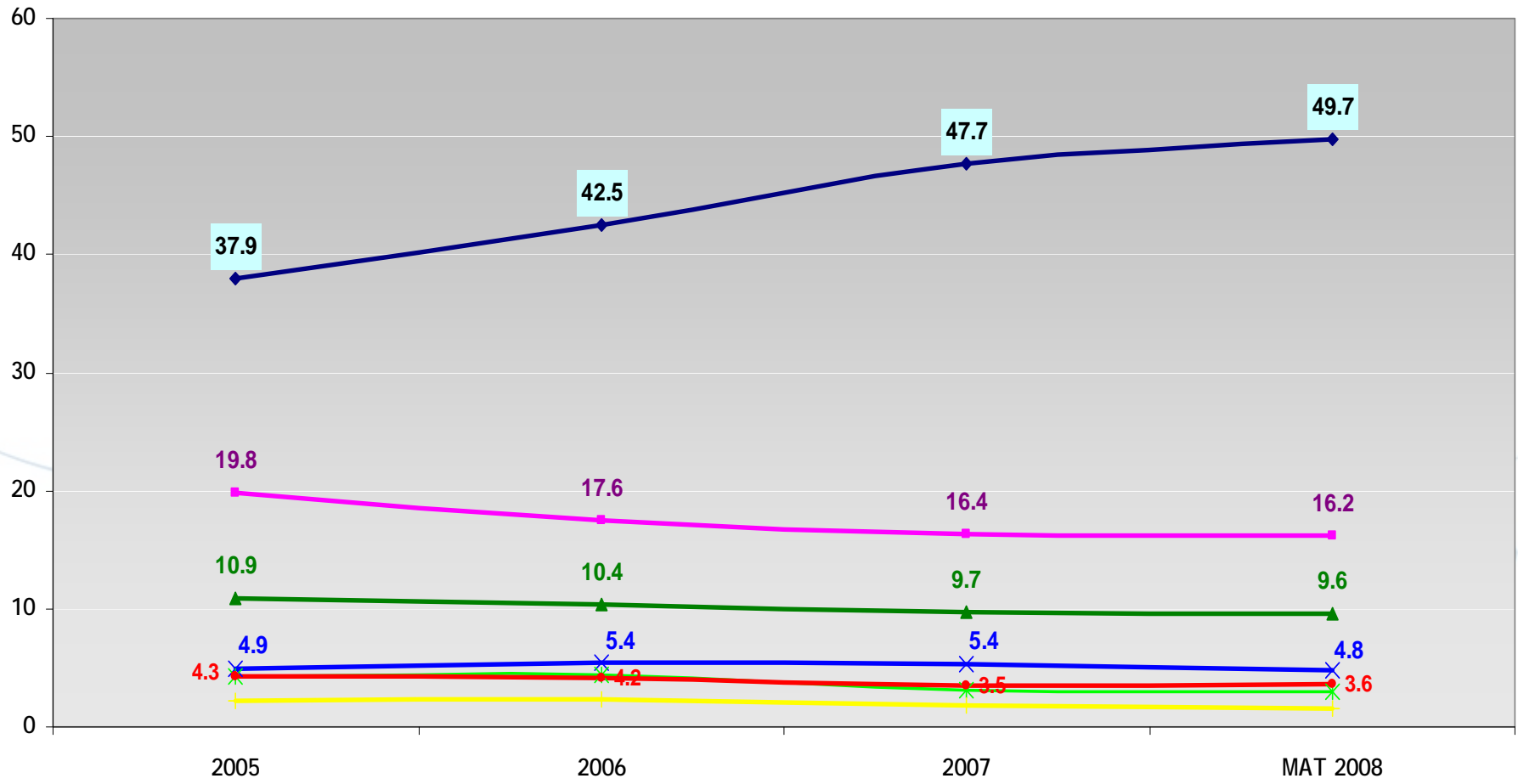


Figures provided by The Nielsen Company – MAT Nov 2008



Quality You Can Trust

Total GCC – Fresh Laban



Source: The Nielsen Company

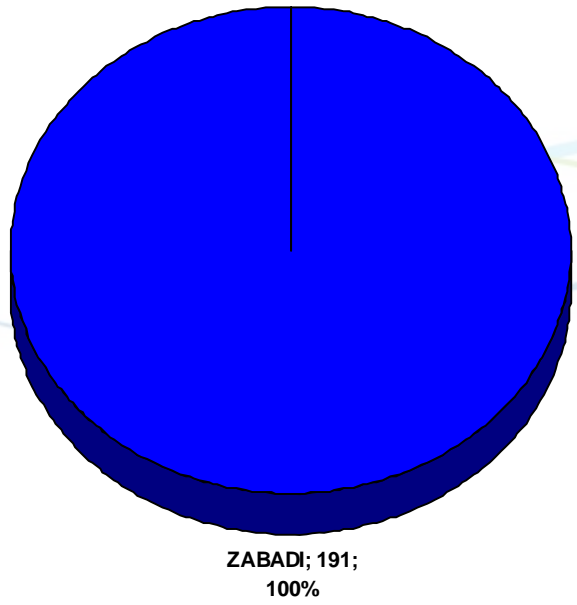
◆ ALMARAI
 ■ AL SAFI
 ▲ NADEC
 × DANONE ACTIVIA
 ✱ NAJDYA
 ● NADA DAIRY
 + MATROOD



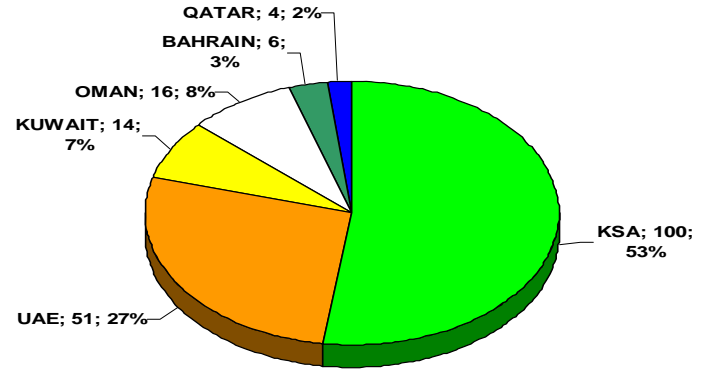
GCC Zabadi Market:

- KSA accounts for only 53% of the total zabadi market followed by UAE with 27% market share
- Almarai is the market leader in GCC zabadi market with 36% market share followed by Alsafi at 12% and Nadek at 8% market share.

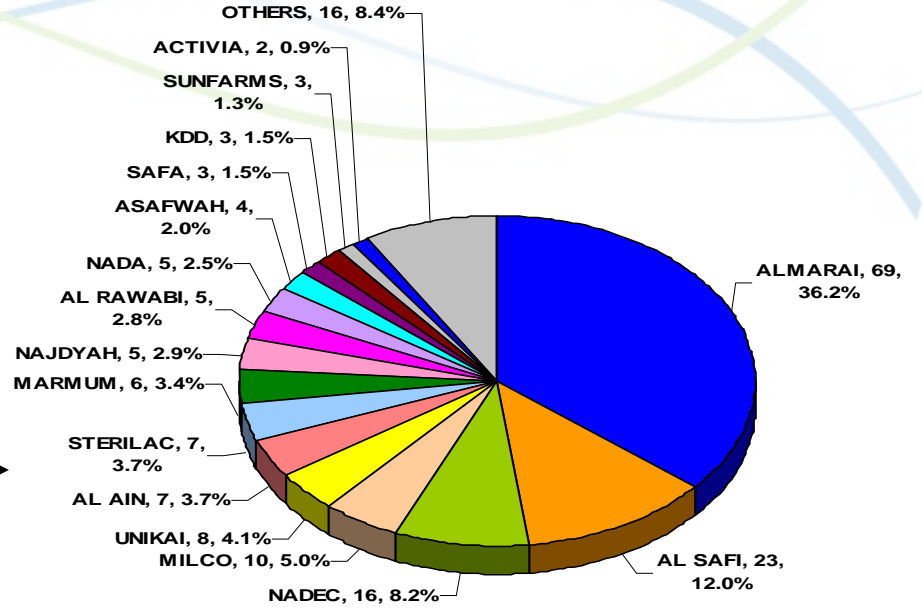
Zabadi Market by product type



Zabadi Market by GCC Markets



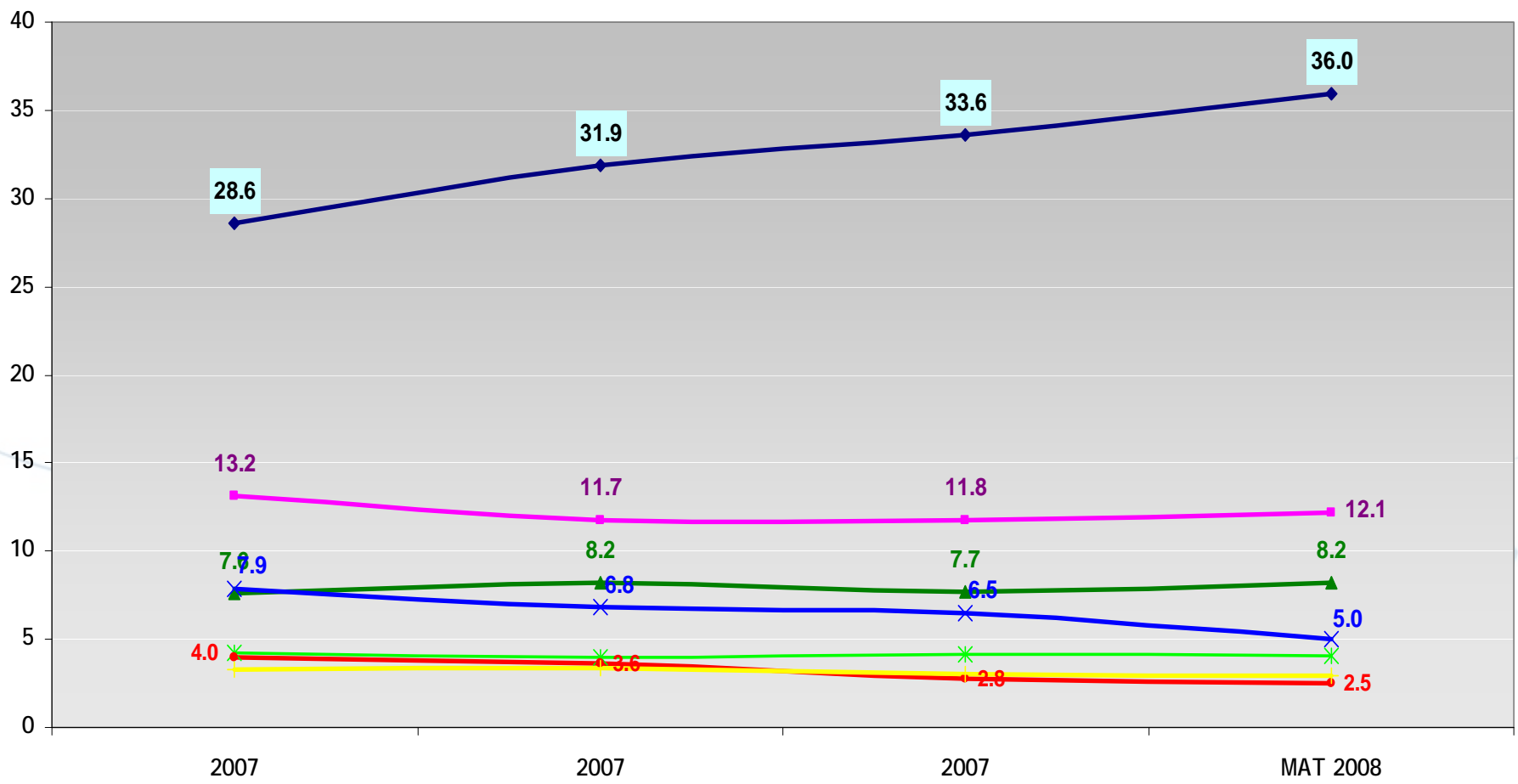
Zabadi Market by Company



Figures provided by The Nielsen Company – MAT Nov 2008



Total GCC – Zabadi



Source: The Nielsen Company

◆ ALMARAI
 ◆ AL SAFI
 ▲ NADEC
 × MILCO
 ✱ UNIKAI
 ◆ NADA
 + NAJDYAH



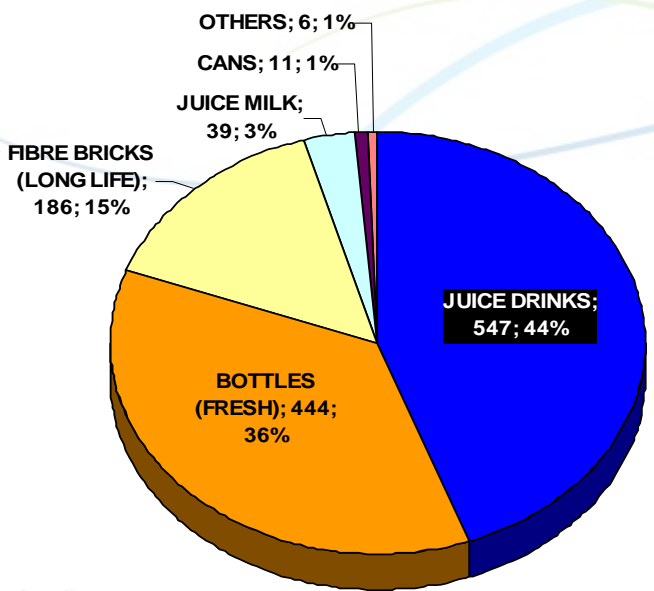


GCC Juice Market:

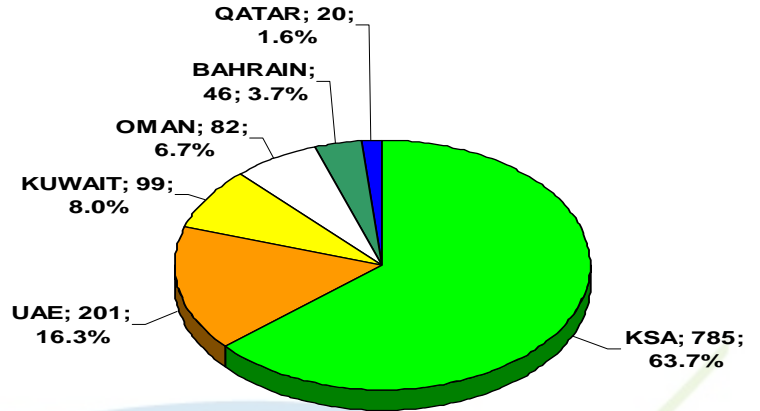
Fresh Juice, Long life, Cans, Other

- GCC Juice market is made up of various categories, however three categories dominates the markets. The biggest market share is held by Juice drinks at 44% market share followed by Fresh Juice at 36% market share. The third biggest category is Long life Juice at 15% market share
- KSA accounts for 64% of the total market which closely follows its population share in the GCC.
- The juice market is extremely fragmented due to lower barriers of entry. Rani, Rabie and Almarai tops the total juice market with 13%, 12% and 10% market share respectively. They are closely followed by Suntop and NadeC at 5% market share.

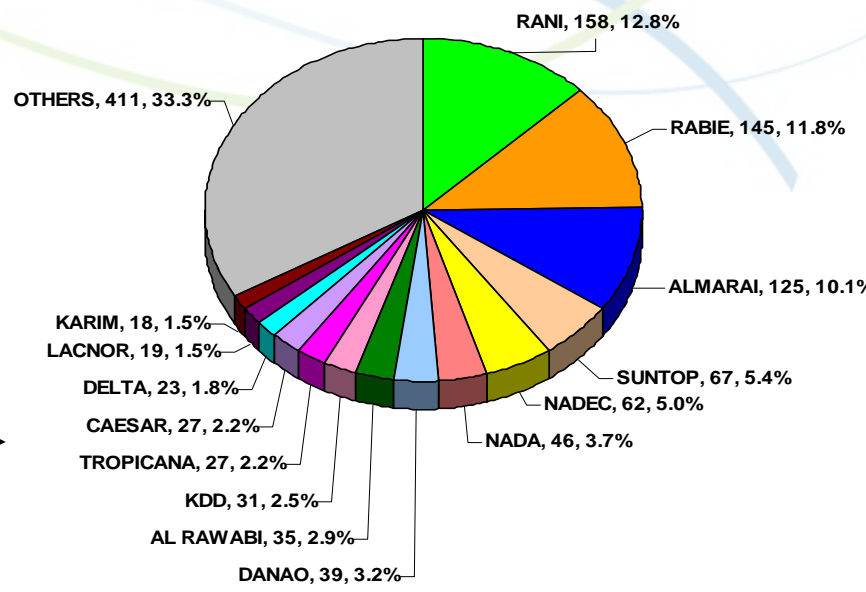
Juice Market by product type



Juice Market by GCC Markets



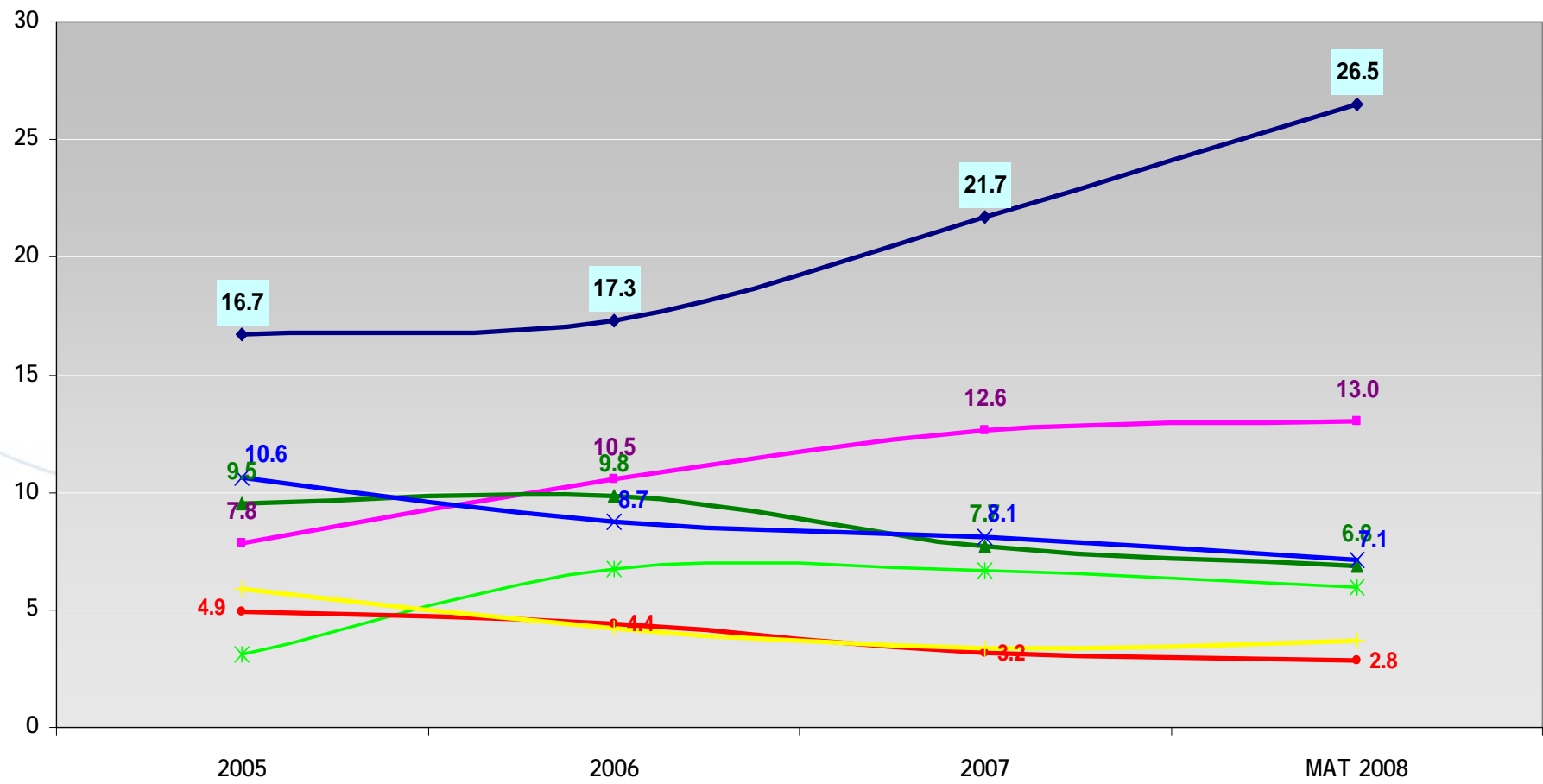
Juice Market by Company



Figures provided by The Nielsen Company – MAT Nov 2008



Total GCC – Fresh Juice



Source: The Nielsen Company

ALMARAI NADEC NADA AL RAWABI TROPICANA NAJDYA MAAZA



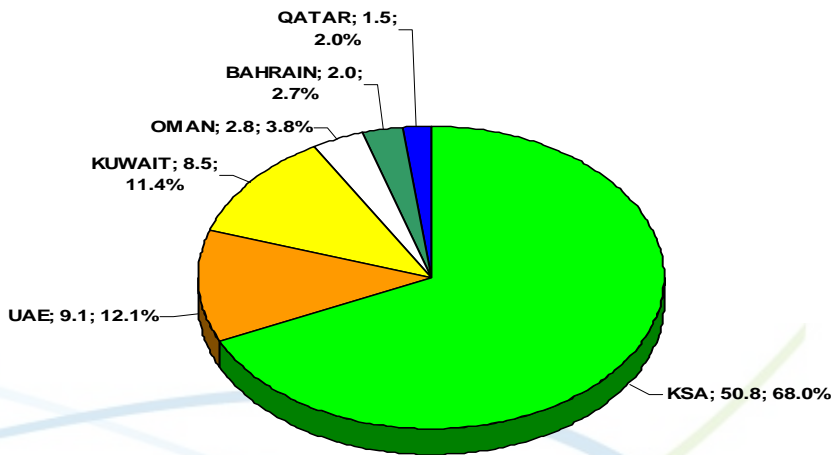


Quality You Can Trust

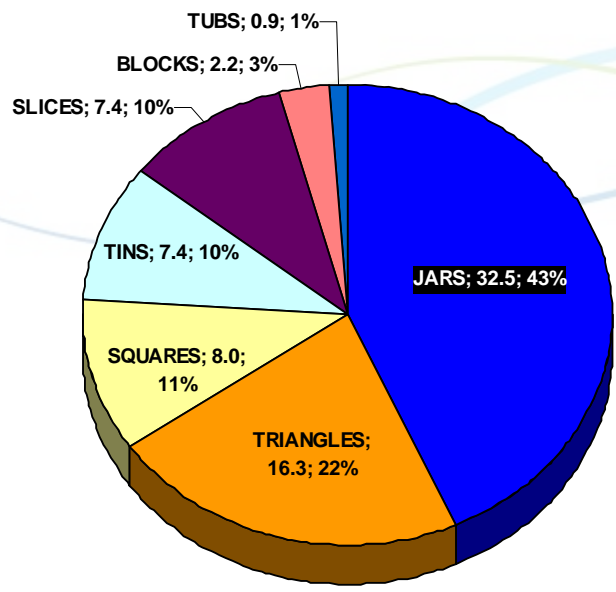
GCC Processed Cheese Market: (Jars, Triangles, Squares, Tins Slices, Block, Tub)

- GCC processed cheese market is dominated by jars (43%), triangles (22%) and squares 11%). In addition, tins, slices, blocks and tubs also contribute towards the category.
- KSA accounts for 68% of the total market in line with its population share.
- There are four major players in the GCC cheese market. Almarai is the category leader with 28% market share closely followed by Kraft at 25% and Fromageries Bel at 23% market share. Arla is the fourth major player at 9% market share followed by numerous other small players.

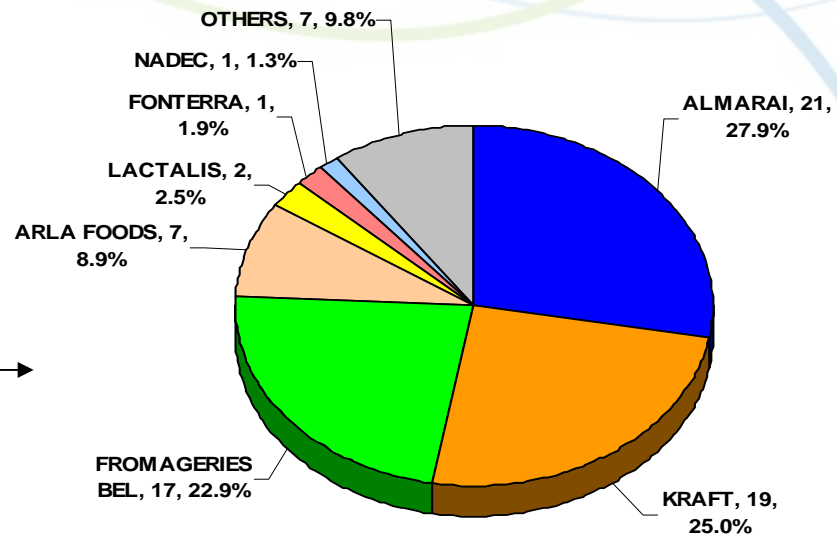
Processed Cheese Market by GCC Markets



Processed Cheese Market by product type



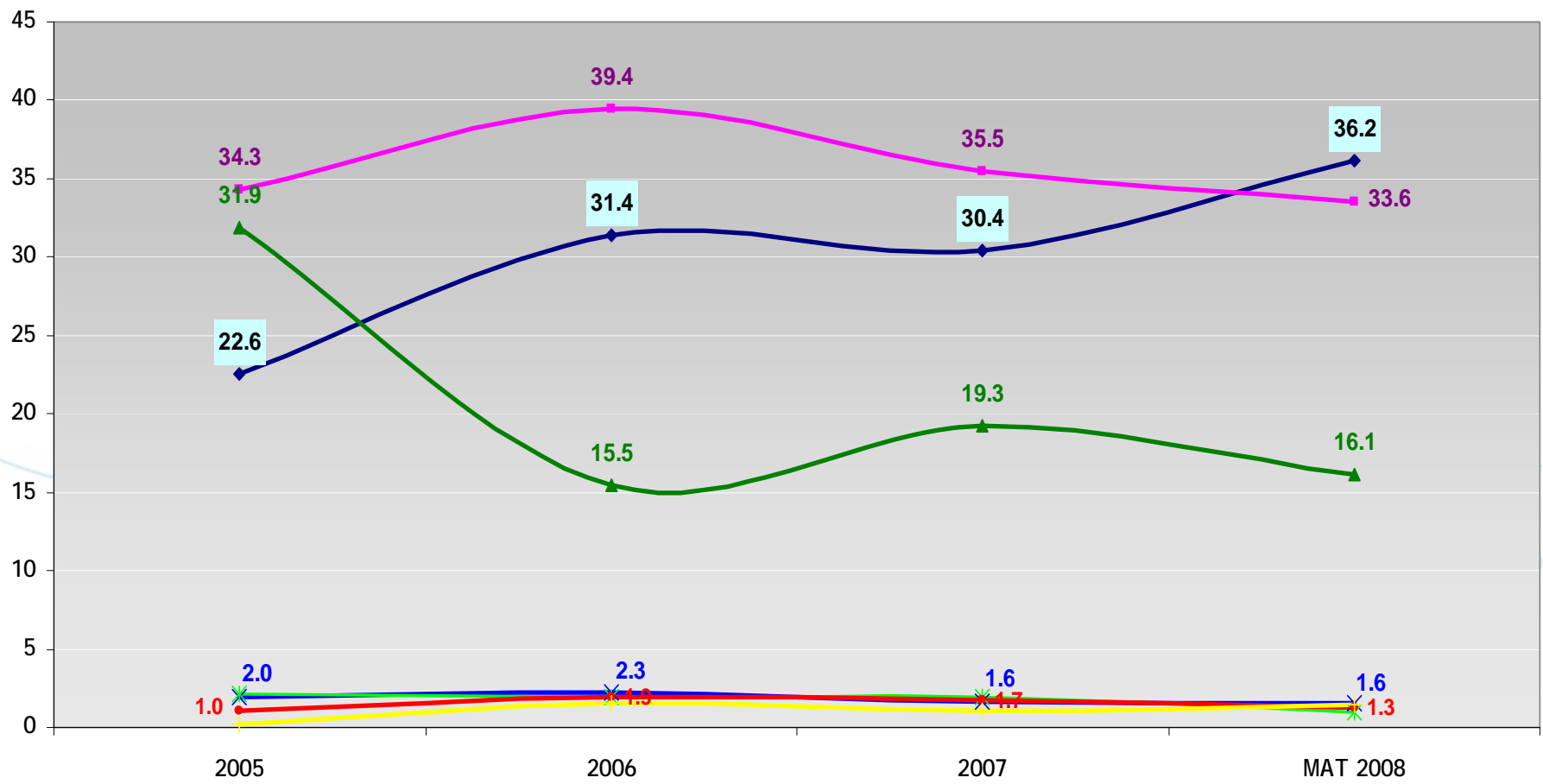
Processed Cheese Market by Company



Figures provided by The Nielsen Company – MAT Nov 2008



Total GCC – Cheese Jars



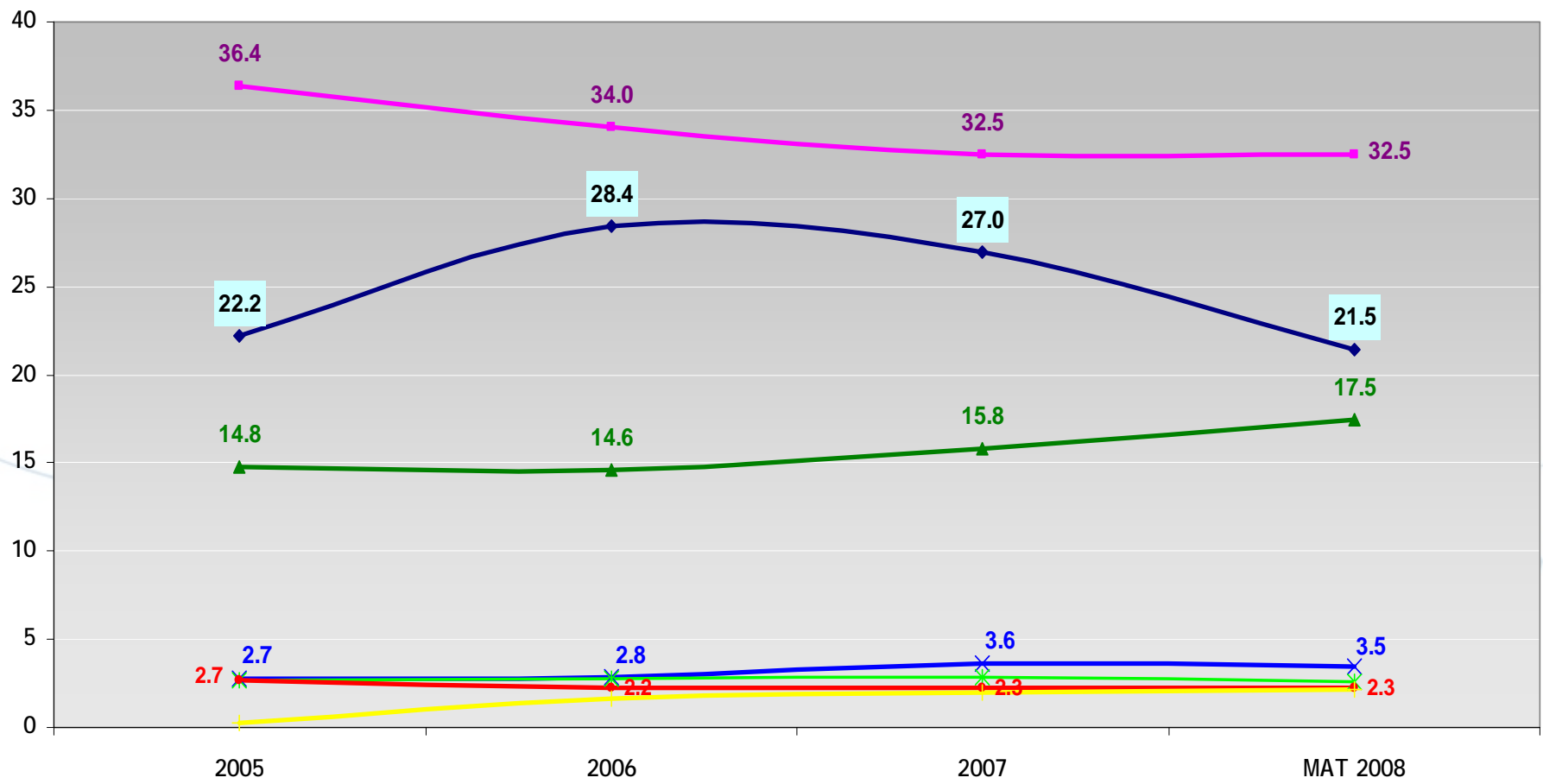
Source: The Nielsen Company

ALMARAI KRAFT PUCK KIRI POWER COW NADA LUNA





Total GCC – Cheese Triangles

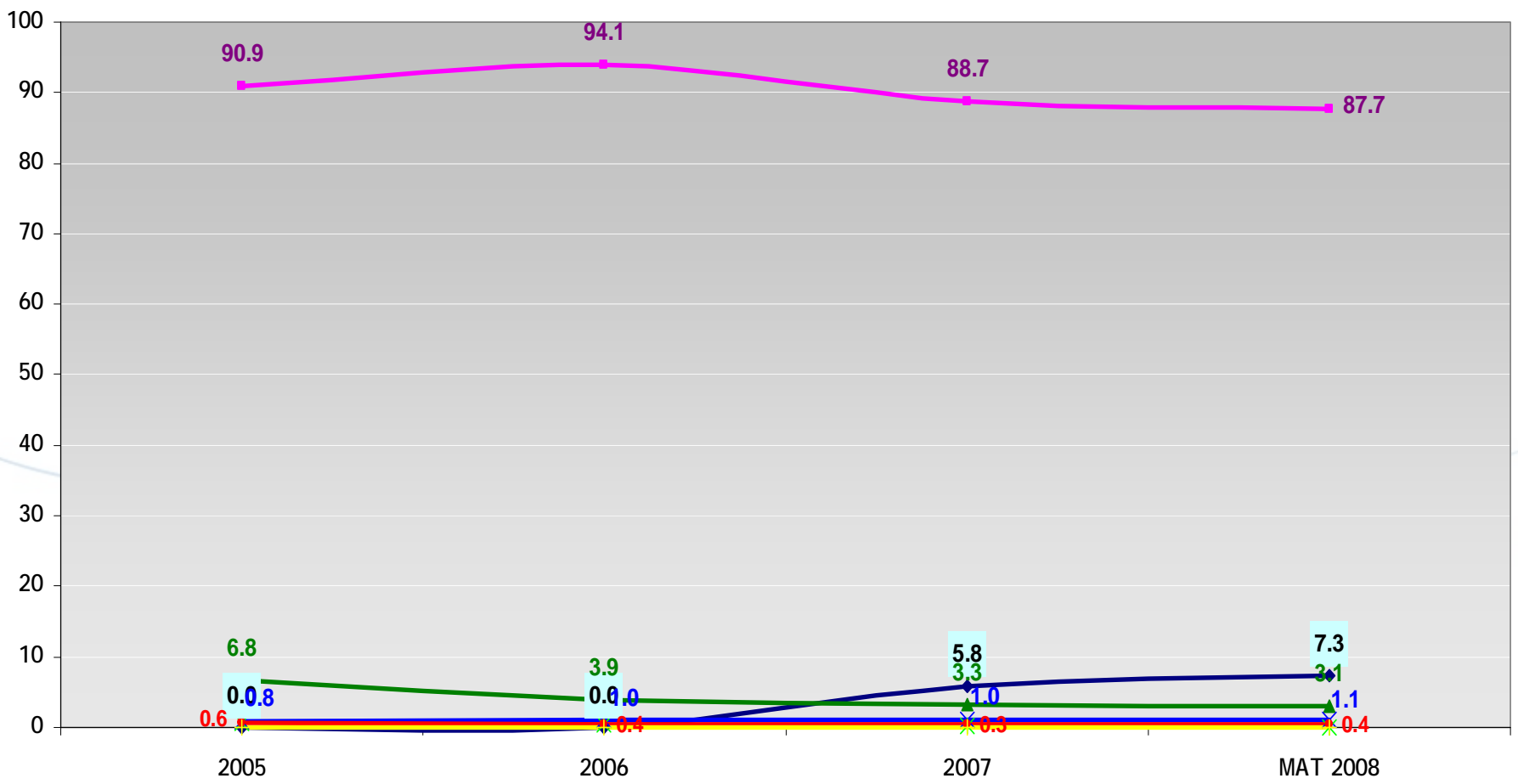


Source: The Nielsen Company

◆ ALMARAI
 ◆ LAVACHEQUIRIT
 ▲ PICON
 ✱ LESENFANTS
 ✱ MALEK
 ◆ AL MUROOJ
 ✱ NAJDYA



Total GCC –Square Portions

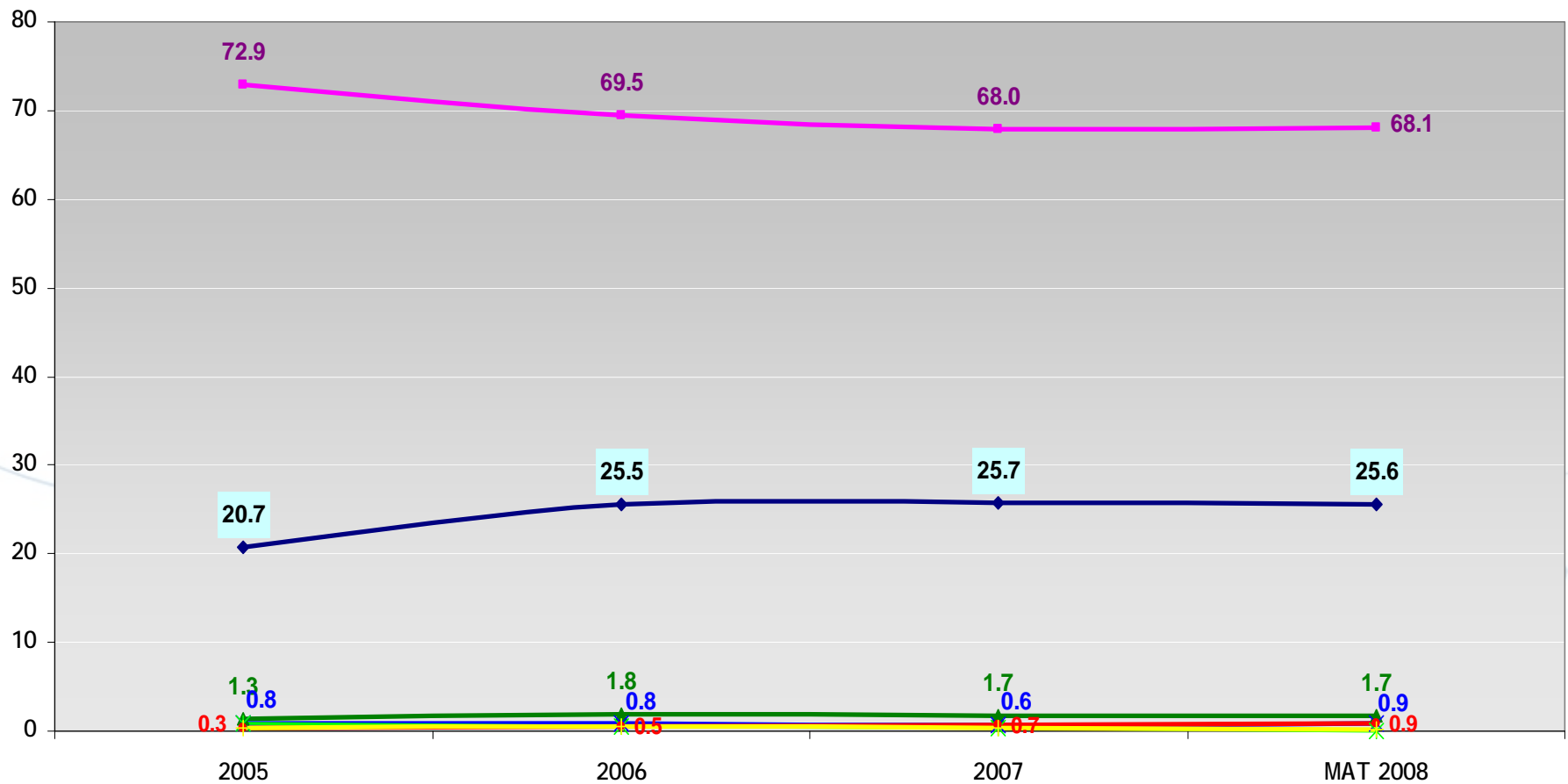


Source: The Nielsen Company

ALMARAI KIRI PUCK LAVACHE QUI RIT POWER COW COOP TEAMA



Total GCC – Cheese Tins



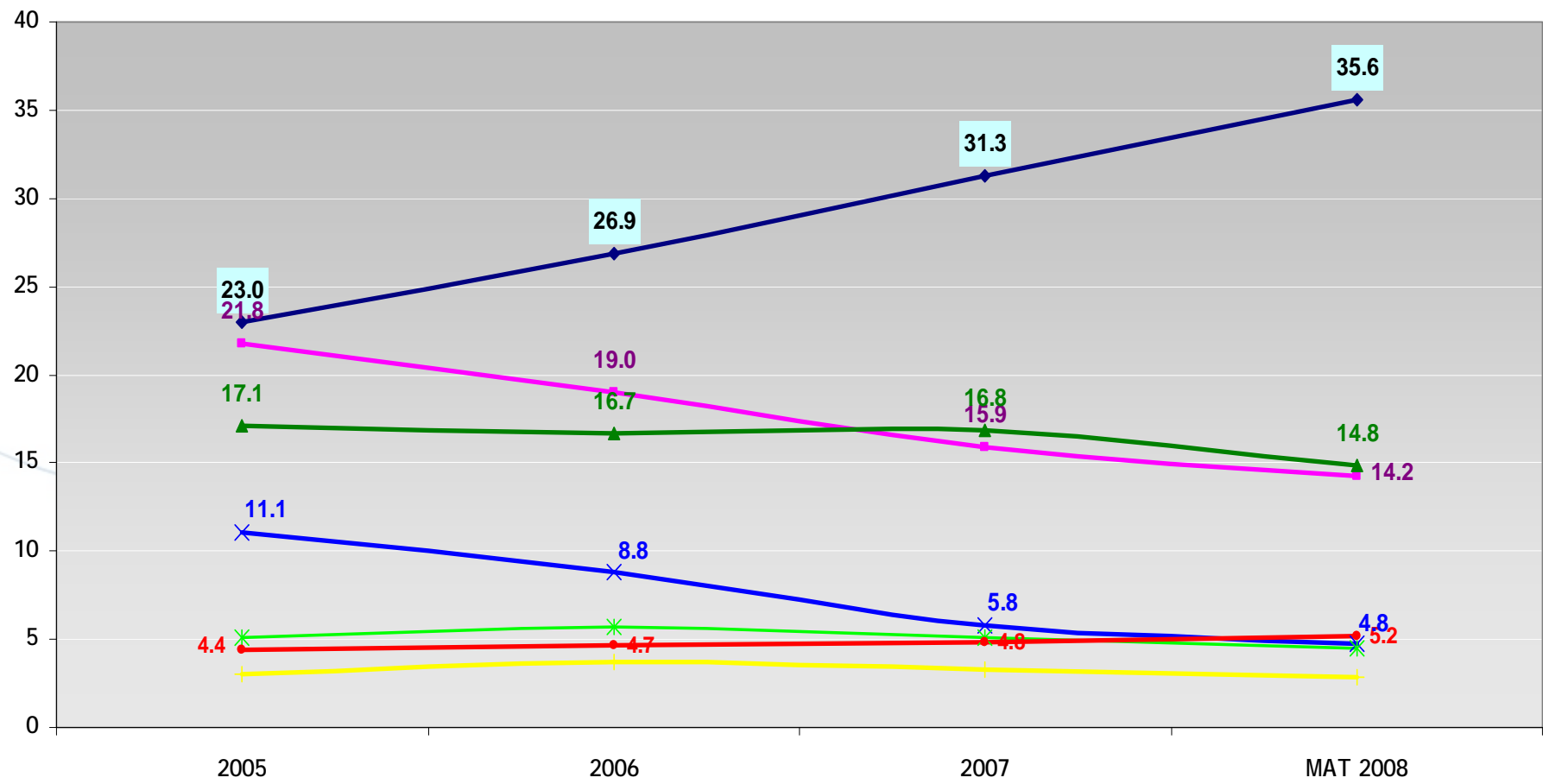
Source: The Nielsen Company

ALMARAI KRAFT FALCON BEGA THE THREE COW MILKA HAPPY COW





Total GCC – Cheese Slices



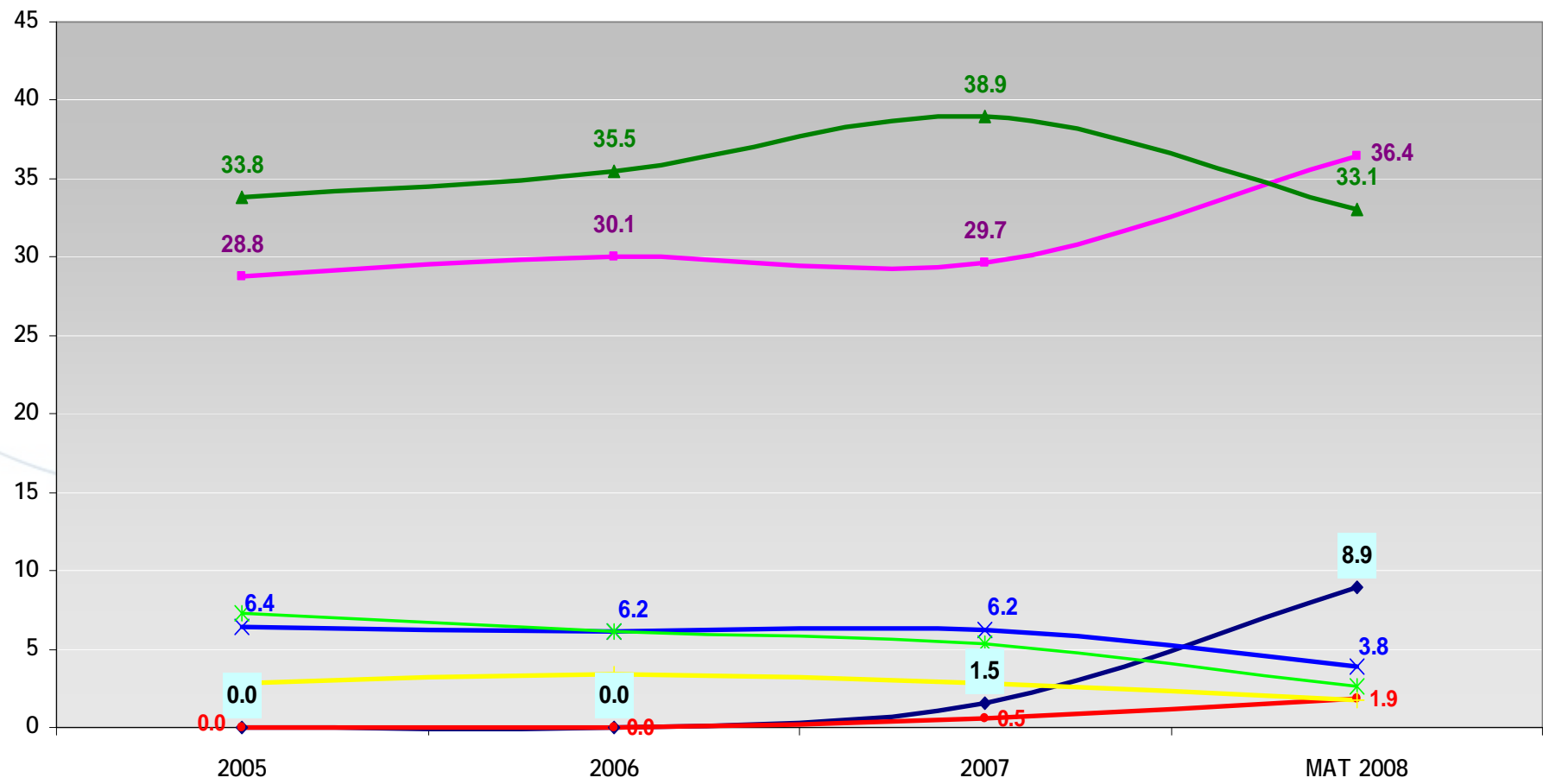
Source: The Nielsen Company

ALMARAI CHESDALE KRAFT ANCHOR PRIDE LAVACHEQUIRIT HAPPY COW





Total GCC – Cheese Blocks*



Source: The Nielsen Company

ALMARAI KRAFT PRIDE FRICO VONK BEGA KIRI

* Excludes Qatar

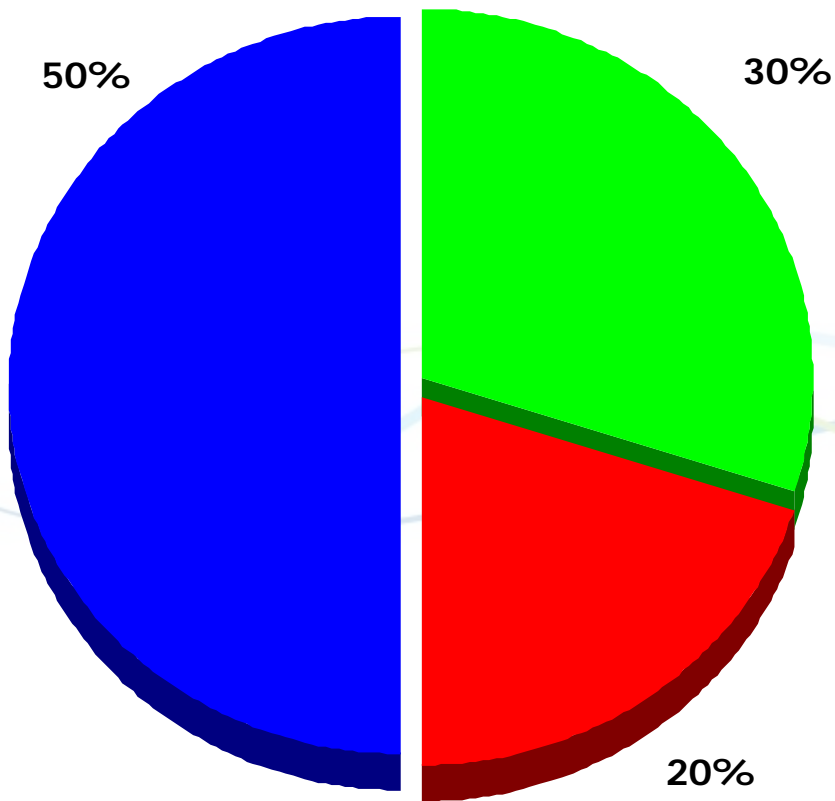
Materials Costs 2009



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Material costs 2009 slightly lower than 2008



■ Feed ■ Packaging ■ Ingredients

- Feed costs higher than 2008 (*see next slide*)
- Packaging costs 2009 lower than 2008
 - ◆ Carton higher prices
 - ◆ Glass higher prices
 - ◆ Plastic lower prices
- Ingredients costs slightly lower than 2008
 - ◆ Juice concentrate on par with 2008 (Orange, apple lower, mango higher)
 - ◆ Dairy commodities slightly lower than 2008



Quality You Can Trust

Corn – Future Price

Declining Wheat / Barley Price = Declining Corn Price



Thank You!

Three wavy lines in shades of blue and green sweep across the middle of the slide.

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