

Earnings Presentation

1Q2024



التنمية
TANMIAH



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01 | 1Q2024 Highlights



1Q2024 highlights

Robust growth in revenues and operating profit, with the highest standards of operational excellence in place



+20%

YoY revenue growth,
to **SAR 581.4 mn**



+18%

Fresh Poultry revenue growth



+18%

Animal Feed and Veterinary
Services revenue growth



POPEYES
+68%

Revenue growth;
54 outlets in operation in the
Kingdom



+9%

YoY operating profit growth,
to **SAR 39.5 mn**



+2.6%

YoY total net profit growth,
to **SAR 25.1 mn**



SAR 1.90

Proposed dividend per share
by Board of Directors



403K

Number of planted trees to
date, as part of 1 million tree
initiative



**BRCGS AA+
Certification**

1st poultry producer in KSA
to attain the highest
recognition

Sustainability is a core element of our strategy, with a vision to become the number one global halal sustainable healthy protein company by 2030

- ❖ Our materiality assessment and ESG benchmarking identified 8 key areas, categorized under People, Planet, and Agriculture, aligning with Vision 2030 and the UN's Sustainable Development Goals
- ❖ **UNGC Board Membership:** Tanmiah was selected for the second time to serve on the UN Global Compact Board of Directors
- ❖ **Governance and Policy Enhancements:**
 - ❖ **A comprehensive Policy Framework:** Enhanced focus supported by a policy framework covering Animal Welfare, Environmental Sustainability, Sustainable Agriculture, Contractor Safety, Diversity, Equity & Inclusion, Responsible Marketing, Anti-Nepotism & Conflict of Interest, Anti Bribery & Corruption, Water Usage, and Sustainable Packaging
 - ❖ **Related Party Transactions:** Ensured all transactions are conducted at arm's length to maintain transparency and fairness
- ❖ **Operational Excellence and Innovations:**
 - ❖ **Product Innovations:** Launch of Omega-3 enriched chicken; Product of the Year Gulf Award recipient 2023
 - ❖ **Zero-Emissions Supply Chain Initiatives:** Trial use of electric mini trucks, with plans for full supply chain electrification
 - ❖ SKUs based on **reducing portion to minimize food waste**
 - ❖ Our Feed has **lowest required sodium level and no sugar contents**
 - ❖ We are constantly keeping our FCR at the optimum level compared to the benchmark to **reduce grain consumption and fertilizer**



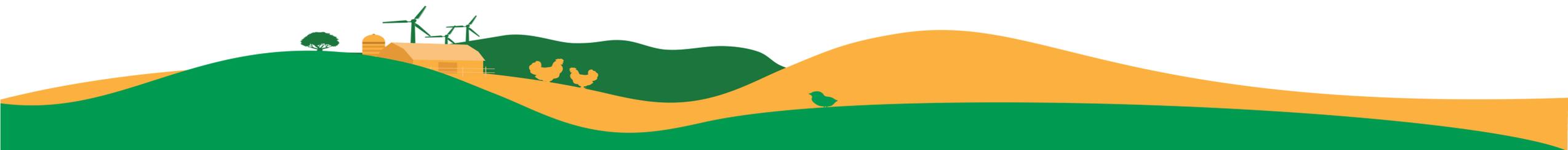

The first poultry brand in Saudi Arabia

To achieve **the highest food safety international certification of AA+ Rating from BRCGS** reflecting Tanmiah's culture of food safety and highest quality production.







Sustainability is a core element of our strategy, with a vision to become the number one global halal sustainable healthy protein company by 2030

❖ Certifications and Compliance:

- ❖ **Facility Certifications:** ISO 17025 certification in quality testing labs for microbiology and food & feed chemistry, ISO 22000, BRC certification, HACCP certification. NSF Animal Welfare certification
- ❖ **Environmentally Positive Packaging Initiatives:** Implementation of oxo-degradable and PET packaging to reduce landfill waste significantly

❖ Training & Development:

- ❖ **Quality and H&S Training:** All team members, suppliers, and contractors are trained.

❖ Flagship Projects and Industry Leadership

- ❖ **One Million Tree Initiative:** 403K trees planted to date, contributing to carbon sequestration
- ❖ **Grand Challenge:** USD 1 Million prizes for Waste to Value
- ❖ **Grand Challenge 2:** USD 1 million prize for sustainable feed raw materials in Saudi Arabia. The winner will be announced by Q42024

❖ Sustainability Projects and Resource Management

- ❖ **LED Energy Savings Project:** Installation across farms and warehouses, saving 8.7 million kWh and 1.5 million SAR annually
- ❖ **Water Efficiency Improvement:** 11% reduction in water intensity through innovative technologies
- ❖ **Bio Waste to Energy:** TFC is working on a project to convert poultry waste to biochar and renewable energy

Awards and qualifications





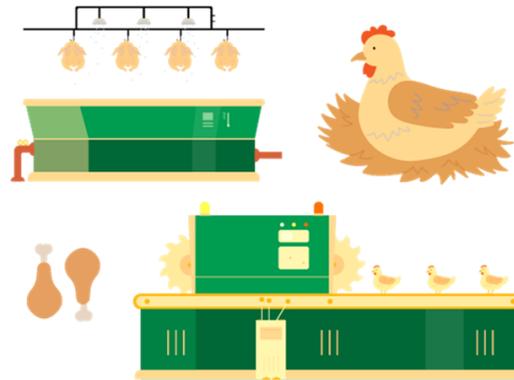
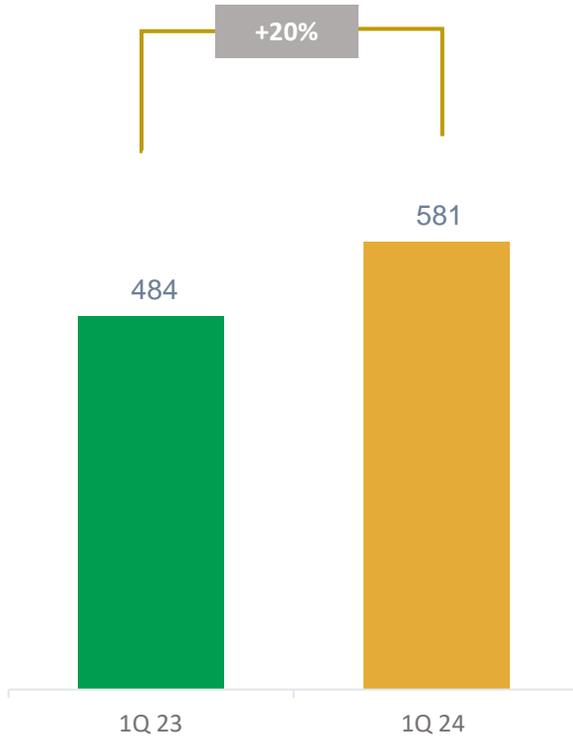
02 | 1Q2024 Financial Overview



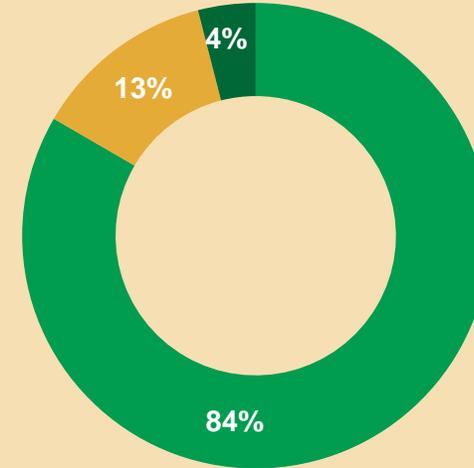
1Q2024 financial performance – top line

Revenues continue trending upwards during the period

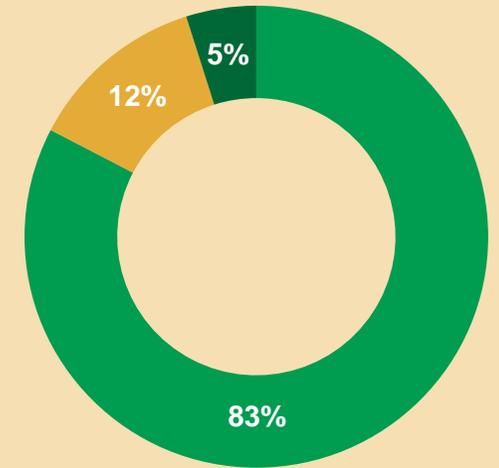
Revenues (SAR mn)



1Q23



1Q24



■ Fresh poultry ■ Animal Feed and Vet ■ Franchising

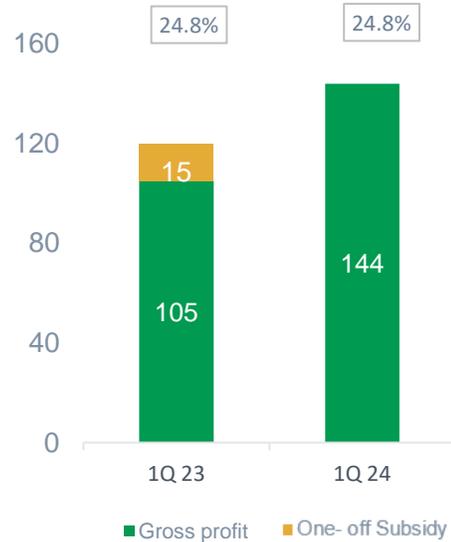
- **Fresh poultry** revenues witnessed an improvement of 18.3% YoY, driven by sustained capacity expansion and increasing sales volumes
- **Feed and animal health** revenues increased 17.7% YoY, as demand for animal health products and equipment continued to rise
- **Food franchise operations** substantially grew by 67.5% YoY, with a total of 54 operational stores in the Kingdom, in line with Tanmiah's diversification strategy



1Q2024 financial performance – profitability

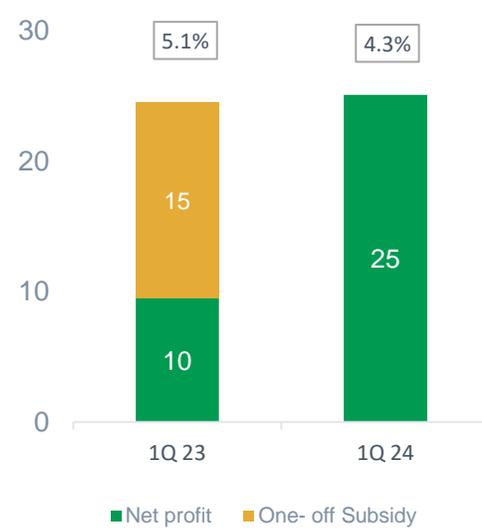
Profitability margins at healthy levels, supported by expansion of fresh poultry capacity

Gross Profit and Gross Profit Margin



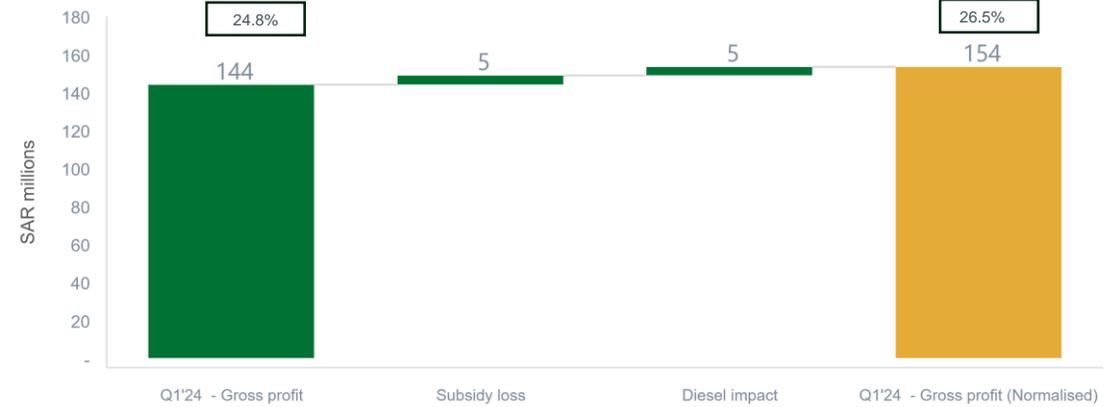
- Gross profit margin remained at the same level, due to lower subsidy payout and diesel rate hikes across the country
- Please note that 1Q23 gross profit and net profit included a one-off subsidy amounting to SAR 15 million

Total Net Profit and Net Profit Margin

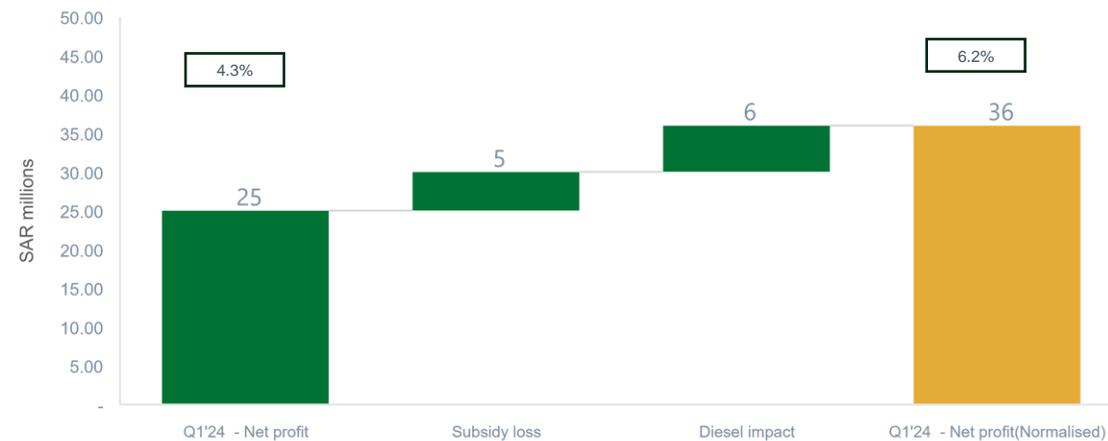


- Total net profit increased 3% YoY in 1Q24 to SAR 25 mn
- Net profit margin lower as a result of:
 - SG&A expenses increased due to continued expansion of sales and distribution network including fresh chicken and franchise business.
 - Finance cost increase due to hike in SIBOR rates

Normalized Gross Profit (SAR mn)



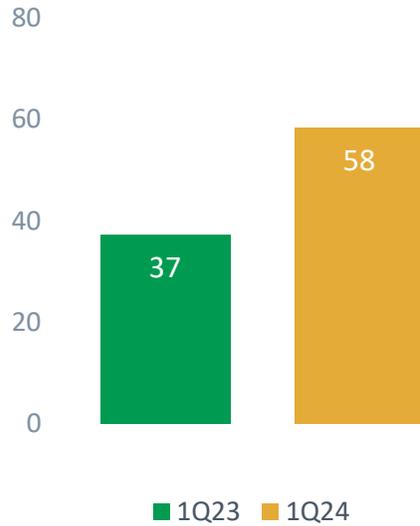
Normalized Net Profit (SAR mn)



Focus on strategic expansion agenda

Tanmiah's capex program remains on track

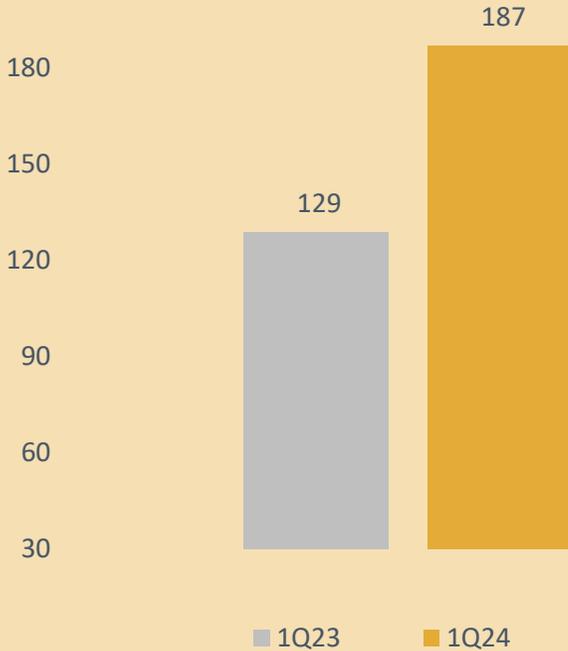
Capex Additions
(SAR mn)



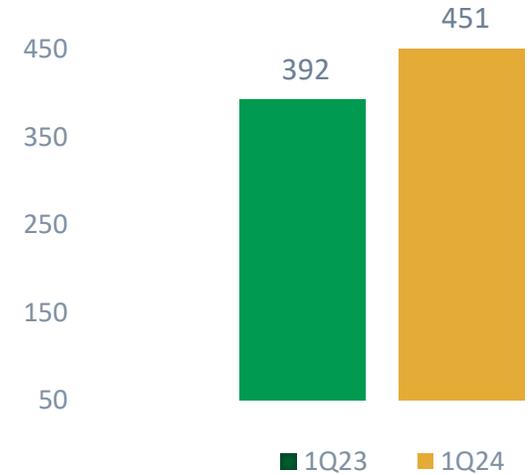
▪ **Assets under construction & Capital Commitments**

- 40 MT per hour additional feed mill capacity
- additional processing capacity of 13,500 birds per hour
- additional hatchery capacity of 140 mn egg setting capacity
- waste management systems covering wastewater at the new processing plant

Capex Commitments
(SAR mn)



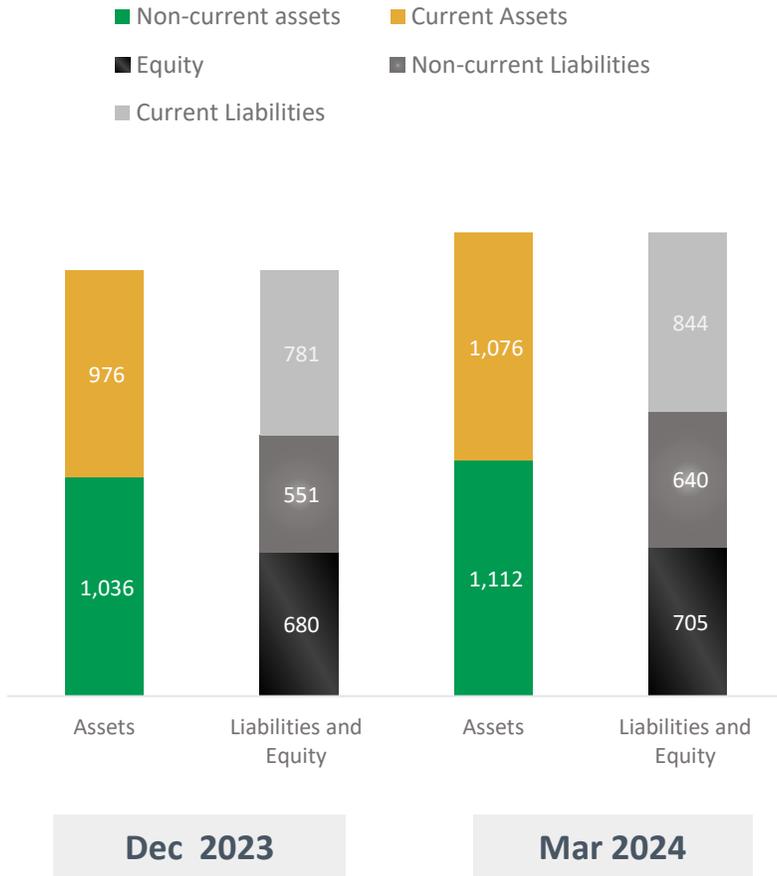
Right to use Assets
(SAR mn)



▪ **Stores under construction and commitments include:**

- fit-out at various stages, kitchen equipment, and furniture & fixtures
- 13 stores under construction

Balance sheet (SAR mn)

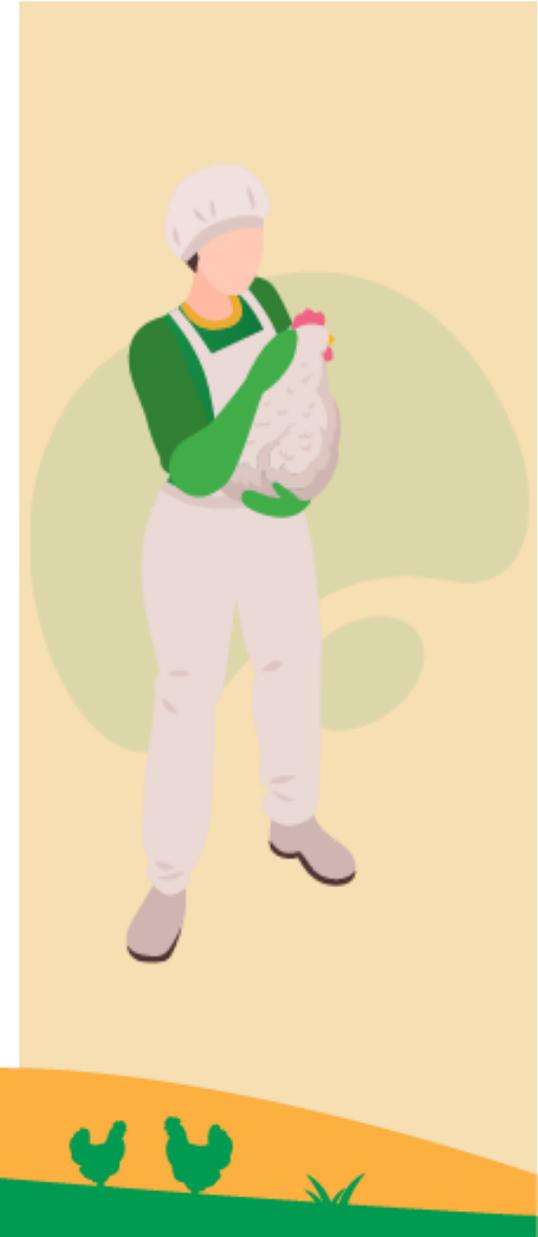


			Dec 2023	Mar 2024
Profitability	RoIC ^{(1) (2)}	%	8.1%	9.8%
	RoE ⁽¹⁾	%	13.1%	14.3%
Activity	NWC-to-Sales ⁽³⁾	%	19%	15%
	Trade receivables ⁽³⁾	Days of Sales	33	31
	Inventory (including biological assets)	Days of COS	93	86
	Trade payables	Days of COS	46	51
	Current Ratio	x	1.3	1.3
Solvency	D/(D+E)	%	38%	37%
	Net debt - to- EBITDA ⁽¹⁾	x	1.08	3.39

(1) Return is for continued operations on LTM basis

(2) Invested capital excludes leases

(3) Excluding amounts due from related parties



Fresh poultry segment analysis

Marketing and innovation initiatives helping drive sales volumes



PPL



Feed mills



Hatcheries



Farms

1Q 23

1Q 24

% Change

Sales volume

31.5 million birds

36.3 million birds

15%

Processing capacity

475,000 bpd

500,000 bpd

5%

Distribution routes

293

368

26%

Marketing spend

SAR 6.3 million

SAR 4.9 million

-22%

Farms

114

126

11%



Product Awards

Tanmiah Omega3
Awarded Product of
the Year and
Wavemaker of the
Year by Nielsen



Innovation

Launching of new Products
focused on consumer needs
growing its contribution to
results



Brand Communication

360 Marketing Campaign in
Q1 including exclusive
sponsorship of Top Chef
Program enhancing Brand
Presence



Retail Execution

Growth of Active Client
Base and Greater Product
Availability in the POS
supporting Channel Mix
Decisions





03 | Outlook and Key Takeaways



Key Takeaways



Financial performance continues to be strong, with top line rising 20%



Focus on strategic expansion plans remains, with production capacity increasing to 500,000 bpd



Ongoing initiatives aimed at geographical coverage and channel expansion, in addition to enhanced marketing activities



Food franchise vertical sustaining its solid performance, with a 67% growth in revenues



Board recommends dividend distribution of SAR 1.90 per share for FY2023



THANK YOU

Investor Relations & Media Queries

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