

# TANMIAH FOOD COMPANY

FY2022 Presentation



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# 01 | FY22 Highlights

## FY22 highlights

Sustained improvement in both top and bottom line performance during the period



↑ **43%**

YoY revenue growth,  
to SAR 1,727 mn



↑ **80%**

Animal Feed and Veterinary  
Services revenue growth



**Tyson**

Completion of strategic  
partnership, paving the way  
for a new era of growth



↑ **36%**

Fresh Poultry revenue  
growth



↑ **1,278%**

YoY net profit\* growth,  
to SAR 187 mn



**POPEYES**

Generated solid revenues; 16  
new stores opened in FY22,  
with 20 in total



**300K**

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

# Committed to sustainability through our Giving, Earning, Sustaining model

## ESG initiatives

- ❖ ESG framework under development – conducted benchmarking and materiality assessment; formed ESG Board Committee
- ❖ 1-million-dollar Omnipreneurship 2<sup>nd</sup> edition to find new technological solutions to encourage transition from imported to sustainable, domestically produced poultry feed
- ❖ One million tree initiative – Up to 300K trees planted to date; trees planted on seasonal basis
- ❖ Green houses under construction – to be irrigated by wastewater from hatcheries
- ❖ Solid waste converted to compost from hatcheries to be used as fertilizer or sold
- ❖ Following the recent formation of our ESG committee, we are working towards becoming a carbon neutral company
- ❖ Sustainability initiatives also cover:
  - ❖ The reduction of carbon emissions
  - ❖ Continuous recycling of wastewater and solid waste

## Community initiatives

- ❖ Hiring and training of Aytaam with the support of Kayan NGO and People of determination in collaboration with Sa3ee Association
- ❖ Increased hiring of women across the organization – with focus on blue collar jobs in hatcheries, packaging, sales and managerial roles

## Awards and qualifications



Omnipreneurship values and principles for positive performance



Sustainability initiatives designed to create long term value





## 02 | FY22 Financial Overview

# Fresh poultry segment analysis

Fresh poultry growth driven by capacity expansion and leading market positioning



PPL



Feed mills



Hatcheries



Farms

	FY21	FY22	% Change
Sales volume	101 million birds	115 million birds	14%
Processing capacity	370,000 bpd	456,000 bpd	23%
Distribution routes	255	289	13%
Marketing spend	SAR 13 million	SAR 18.7 million	44%

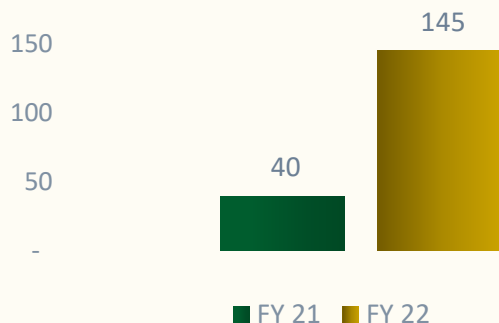




## Focus on strategic expansion agenda

Tanmiah remains focused on the execution of its capex program, with goal being to achieve sustainable performance in the future

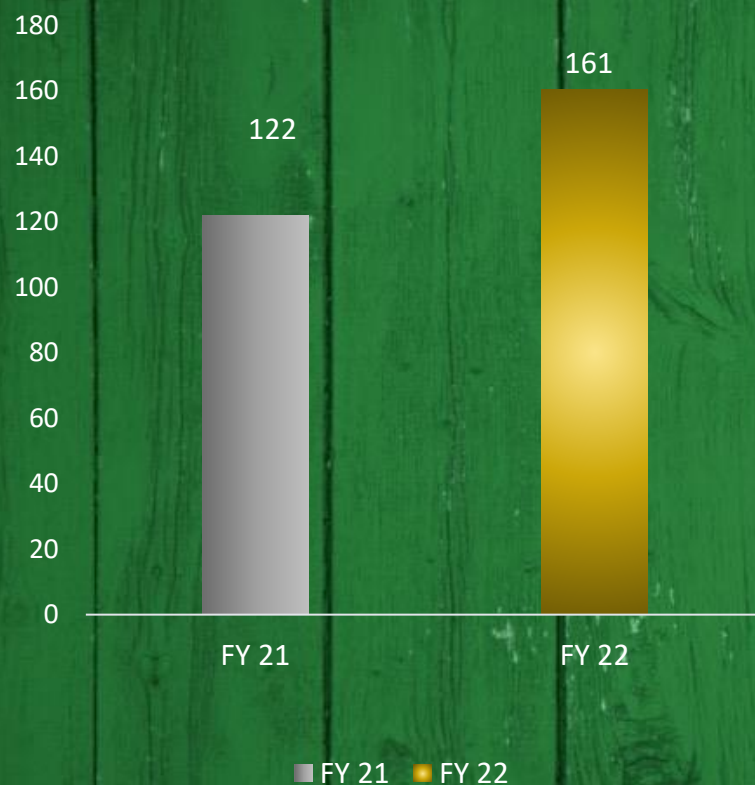
### Capex Commitments (SAR mn)



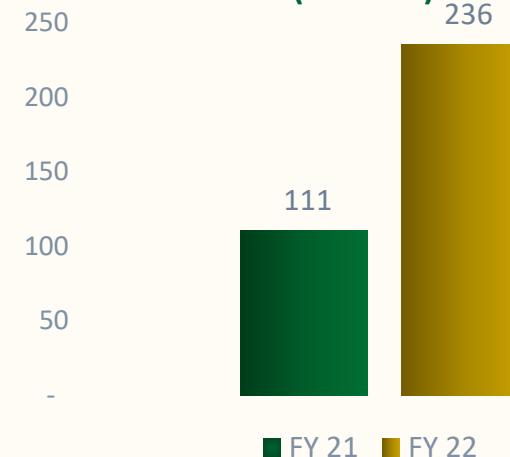
### Fresh poultry

- Continued to expand farming and processing capacities, with a total of 108 farms now in operation and additional processing capacity of 6,000 birds per hour.
- Assets under construction & Capex 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 and offal at the new processing plant.

### Capex Additions (SAR mn)



### Lease Additions (SAR mn)



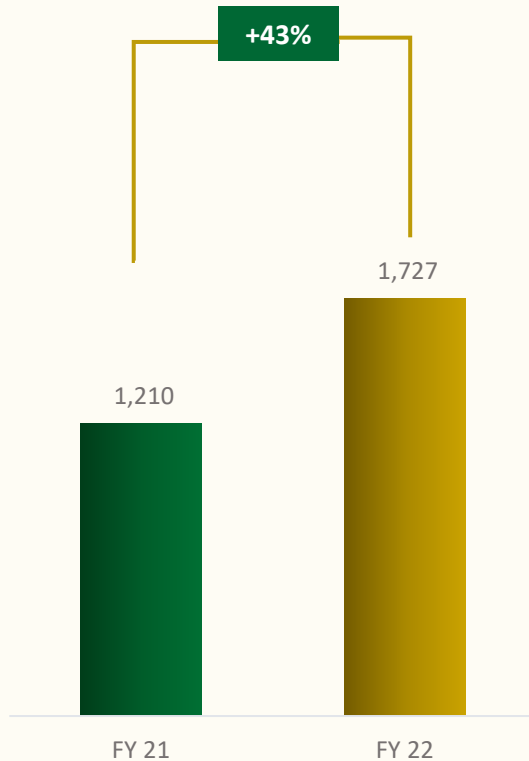
### Popeyes

- Capital commitments include the kitchen equipment and furniture for new stores

## FY22 financial performance – top line

*Solid revenue performance driven by progress on expansion program*

Revenues (SAR mn)

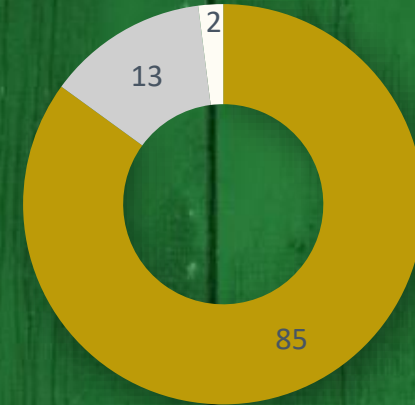


- FY22 revenues increased 43% YoY, primarily due to:
  - Increasing consumer demand for domestically produced fresh poultry
  - Increased production capacity leading to growth in volumes across all channels



*As reported in the financial statements for FY 22*

Revenue contribution by segments (%)



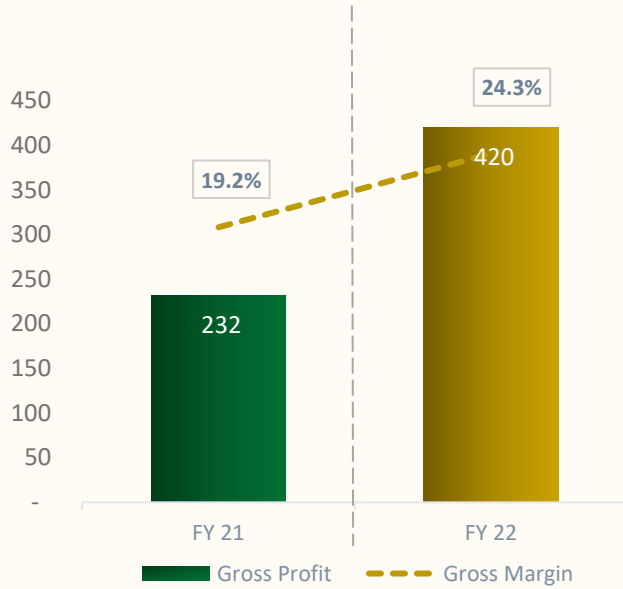
- Fresh Poultry ■ Animal Feed and Vet ■ Food franchise operator
- **Fresh poultry** reported 36% YoY growth, supported by capacity expansion, strategic government initiatives and rising popularity of fresh chicken
- **Feed and animal health** revenues increased 80% YoY, as demand for animal health products and equipment continued to rise
- **Food franchise operator** generated solid revenues during first full year of operation. 16 new Popeyes stores opened in FY22, for a total of 20 stores now operational in the Kingdom

*\*Further processed products now accounted for as an associate, as a result of Tyson transaction*

# FY22 financial performance – bottom line

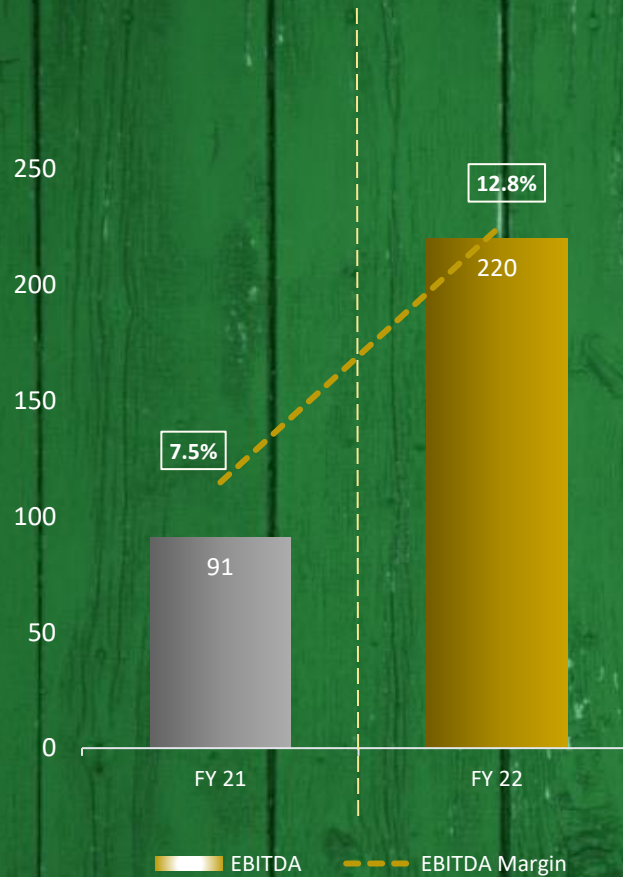
Continued enhancement of profitability during FY22, predominantly due to volume and capacity expansion

## Gross Profit and Gross Margin

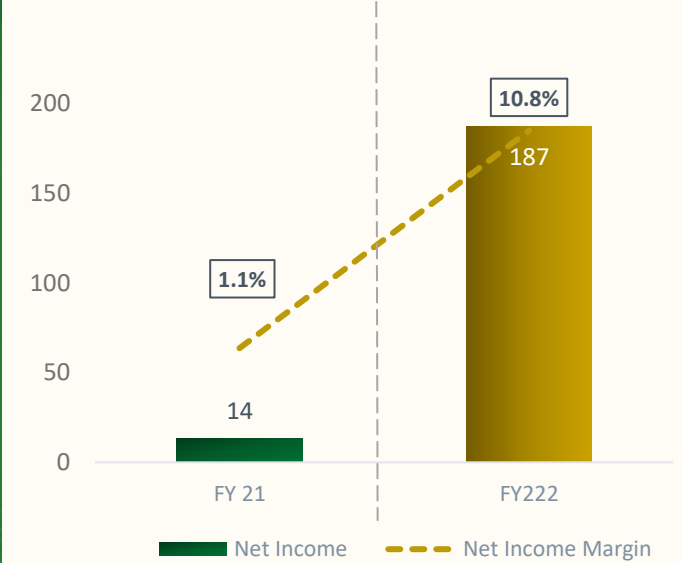


- Gross margin substantially improved from 19.2% in FY21 to 24.3% in FY22, as a result of:
  - expansion of volume and production capacities
  - improvement in operational efficiencies, which will be further supported by Tyson transaction
  - enhanced utilization of company assets

## EBITDA and EBITDA Margin



## Net Income\* and Net Income Margin



- Net Income and EBITDA were supported by the growth in revenues, driven by increasing sales volumes and capacity expansion, despite a 39% rise in SG&A expenses.
- Net Income for FY22 includes a one-off gain amounting to SAR 101.9 million as a result of the strategic partnership with Tyson Foods.
- SG&A expenses increased due to:
  - initiatives targeted at improving sales and increasing market share
  - expansion of Tanmiah's sales and distribution network



# Prudent balance sheet management

## Balance sheet (SAR mn)

- Non-current assets
- Current Assets
- Equity
- Non-current Liabilities
- Current Liabilities



			Dec 2021*	Dec 2022
<b>Profitability</b>	RoIC	%	5%	9.5%
	RoE	%	4%	11.3%
<b>Activity</b>	NWC-to-Sales <sup>(1)</sup>	%	20%	17%
	Trade receivables <sup>(1)</sup>	Days of Sales	51	34
	Biological assets	Days of Sales	21	27
	Inventory	Days of COS	51	80
	Trade payables	Days of COS	57	67
	Current Ratio	x	1.2	1.4
<b>Solvency</b>	D/(D+E)	%	48%	32%
	Net debt-to- EBITDA	x	0.95	0.19

(1) Excluding amounts due from related parties

\* Reported previously

## 03 | Key Takeaways and Outlook



## Strong foundation to capture future growth

*We are confident of achieving our aim of becoming a leading producer and distributor of food products, including poultry and meat products in the MENA region*

### Our pathway to further rapid expansion rests on solid ground

**Asset-light model** allows us to lease farms and other facilities, which enables us to scale up by adding new ones quickly **without major CAPEX** and in the locations that we prefer

Our **excellent financial position** and **successful listing** have enabled us to finance the **expansion of processing and other facilities** that requires CAPEX. For this we expect to rely on our **own resources** and **debt financing**

Our **integrated business model** of farming, production and distribution. Supports **streamlined operations, cost efficiencies and quality control.**

The **market** for our products is **growing**, supported by an **expanding population, rising consumer spending** and the **growing popularity of fresh chicken** with consumers.

**Saudi government policies are favorable** for Tanmiah, including the drive for more **poultry self-sufficiency** and subsidies. As a **highly efficient producer** with **expanding market share**, Tanmiah stands to be a major beneficiary.





## Supported by Government Initiatives

The Saudi government continues to support the food sector directly and indirectly as part of the 2030 vision initiatives and programs



Private Sector GDP Contribution

2020

**50%**  
of GDP



2030

**65%**  
of GDP



Broiler Self Sufficiency Goals

2020

**60%**  
✓ *Achieved*



2025

**80%**



Agricultural Development Fund

A range of measures to incentivize food production, finance imports and help ensure food security in the Kingdom



Increase Tourism visitors

2030

- Attracting 100 million visitors
- Creating 1.6 million jobs
- 10% Contribution to GDP



Increase no. of Pilgrims

2020

**8 MN**  
Visitor per year



2030

**30 MN**  
Visitor per year



Government Measures

Tariffs of **20%** on the goods price



Government Subsidy Reforms

Change of **subsidy** on **weight of chicken** produced instead of **feed imported** to stimulate efficiency

رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

صندوق التنمية الزراعية  
Agricultural Development Fund  
المملكة العربية السعودية



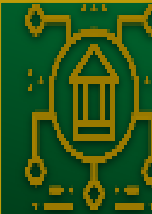
## FY22 Key Takeaways



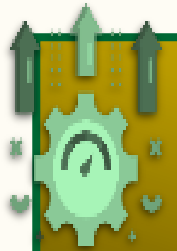
Sustained enhancement of topline, with promising prospects



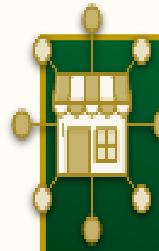
Improvement in margins, driven by rising popularity of products and progress on capacity expansion



Focus on expanding sales & distribution network and workforce to cater to increasing demand



Operational efficiencies remain at the forefront



Food franchise vertical continues to generate solid revenues during 1<sup>st</sup> full year of operations



Large scale government initiatives to boost operations going forward



Strategic partnerships such as Tyson Foods to unlock multiple avenues of growth

# THANK YOU

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