

TANMIAH

Investor Presentation – FY 2021

February 2022



التنمية
TANMIAH 

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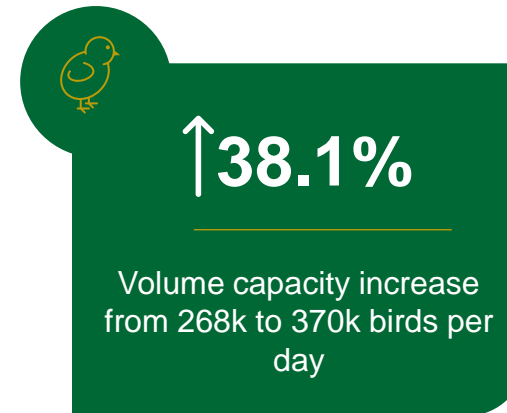
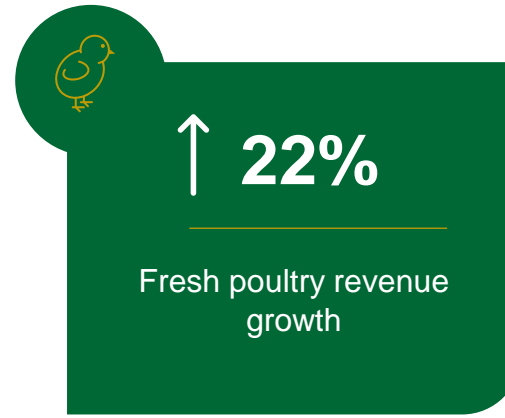
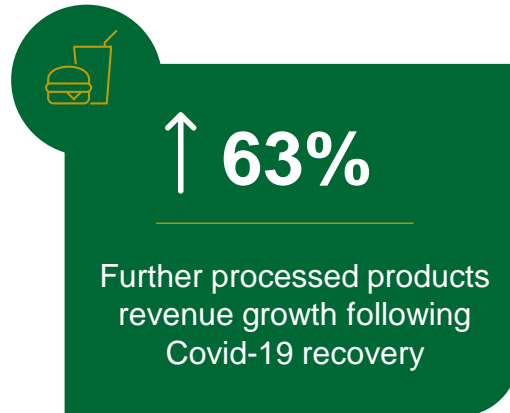
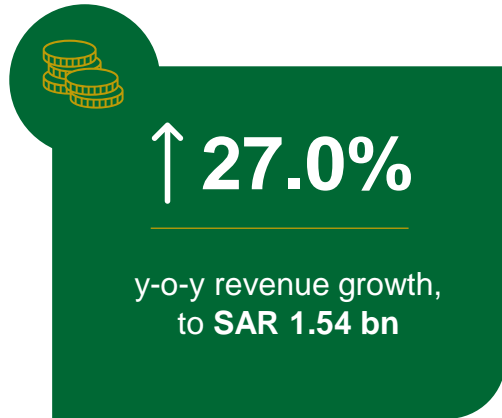
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FY Highlights

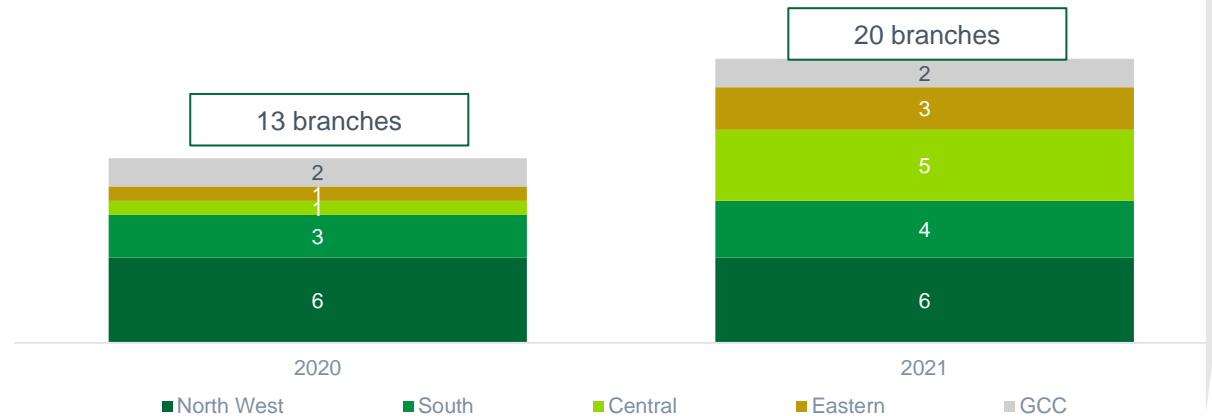
Delivered double digit sales growth, capacity increase and expansion into food franchise operator sector



Fresh poultry segment growth

Segment growth driven by capacity increase and growth of sales network

Expansion focus areas



- Distribution routes grew from 169 to 255 (51%)
- Increase in **manpower and transportation capabilities** to support **sales ramp up and growth in distribution network**
- Marketing spend increased from **SAR 3 million** to **SAR 13 million** for the full year. (4 times)
- Added **60 MT of grain storage capacity** at King Abdullah Port following Amsteel agreement
- Added **12 million egg set capacity** in 2021 from current capacity of 154 million
- 7 broiler farms added, with a total of 70 farms now in operation.
- CAPEX expansion included feed storage projects, hatchery expansion, expansion of feed mill capacity and will result in:
 - Additional 36 million egg set capacity annually.
 - 20 MT per hour additional feed mill capacity
 - 21,000 MT additional feed storage capacity
 - Additional processing capacity of 40 million birds per year

Awards and qualifications



FPP segment growth

Segment growth driven by easing of Covid-19 restrictions and production volume increase

63%

FPP revenue growth

20%

Plant Capacity increased

- Sales volume increased from **12 million kgs** in 2020 to **20.8 million kgs** in 2021
- Production volume increased from **12 million kgs** to **21 million kgs**.
- Covid-19 easing of restrictions and capacity increase at the Jeddah factory supported growth
- Capex expenditure included:
 - Jeddah Plant capacity enhancement.
 - Capacity increase to 23.1 Million Kgs from 19.2 Million Kgs
 - Utilization of production lines improved:

Dubai		Riyadh		Jeddah	
2020	2021	2020	2021	2020	2021
43%	72%	98%	98%	80%	92%

- Capex commitments to result in:
 - 9,000 MT per annum capacity increase through new production line which is expected completion in 2022

Awards and qualifications



Committed to sustainability through our Giving, Earning, Sustaining model

Omnipreneurship values and principles for positive performance



Sustainability initiatives designed to benefit bottom line

Environmental initiatives

- **1-million-dollar Omnipreneurship award** to identify, support and scale ground-breaking solutions to address the increasing amounts of poultry waste generated by poultry farms
- **Solid and wastewater recycling** – 70 tonnes/day of solid waste & 1.9 million liters/day
- **One million tree initiative** – to be achieved by 2025 up to now 200K trees planted ; 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**
- **MoU** signed with King Abdul Aziz City for Science and Technology to collaborate on **sustainable food production**



Community initiatives

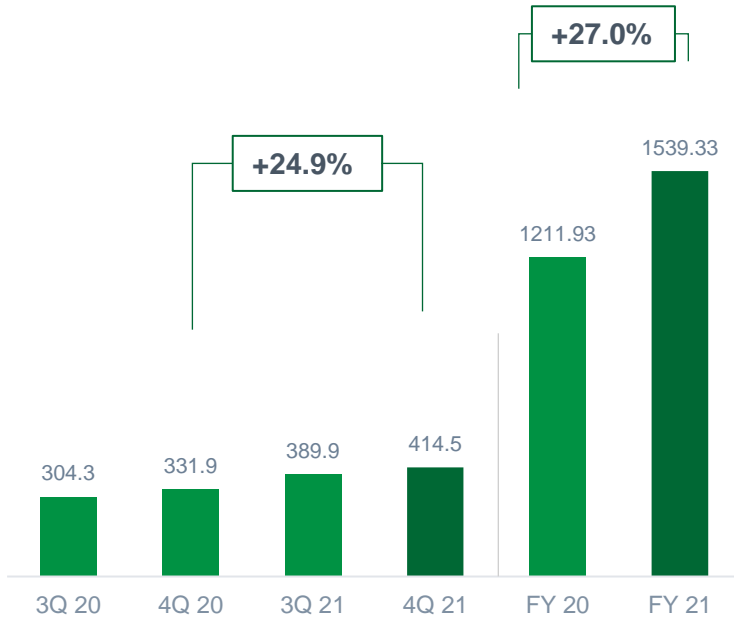
- **Hiring and training of Aytaam** with the support of **Kayan NGO** and People of determination in collaboration with **Sa3ee Association**
- **Increased hiring of women across the organization** – with focus on blue collar jobs in hatcheries, packaging, sales and managerial roles
- Recruitment drive across the Kingdom
 - 180+ female employees hired in FY 21

02 | FY21 and 4Q21 Financial Highlights

Financial Performance

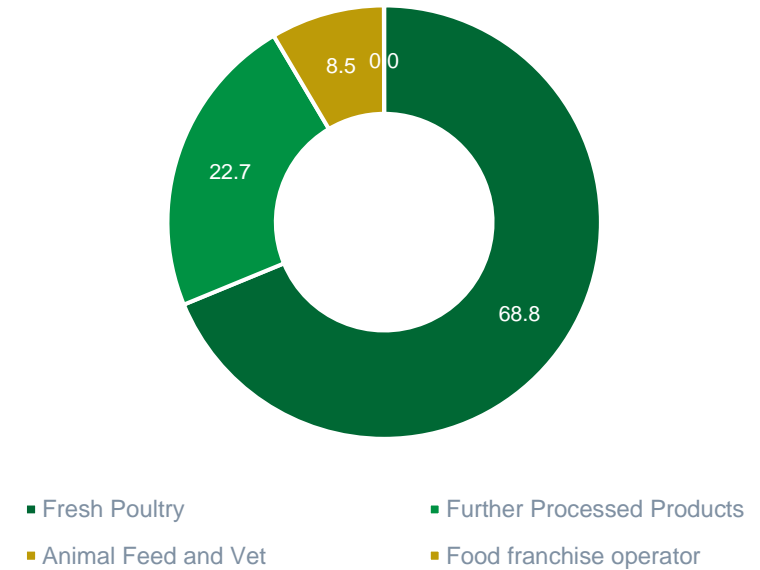
Tanmiah recorded strong revenue growth amid resurgence in consumer spending

Revenues (SAR mn)



- FY revenues up 27.0% y-o-y
- Revenue growth across fresh poultry, further processing and animal health segments
- Strong demand for fresh and domestically produced chicken meat

Revenue contribution by segments (%)

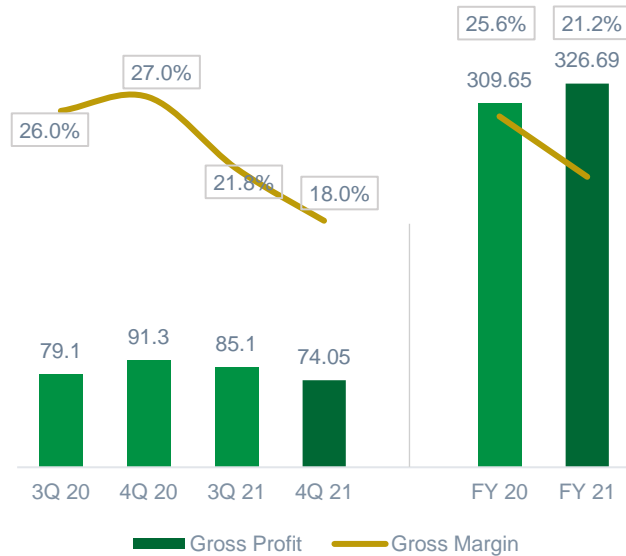


- **Fresh poultry** largest contributor to revenues, 22% growth y-o-y due to increased capacity, volumes and channel mix
- **Further processed products** grew by 63% y-o-y following easing of lockdown restrictions and increased HORECA demand
- **Feed and animal health** grew 3% y-o-y driven by increased demand for animal health products and equipment
- **Food franchise operator** revenues came on stream during the last week of the year

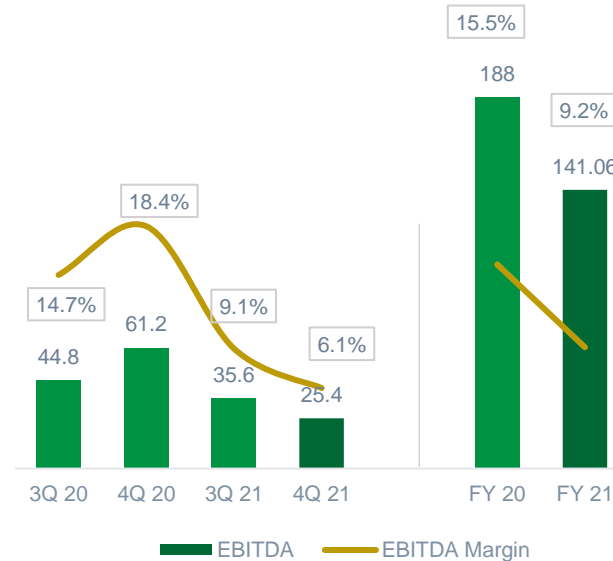
Financial Performance –FY 2021

Pressure on margins due to high grain pricing in global markets

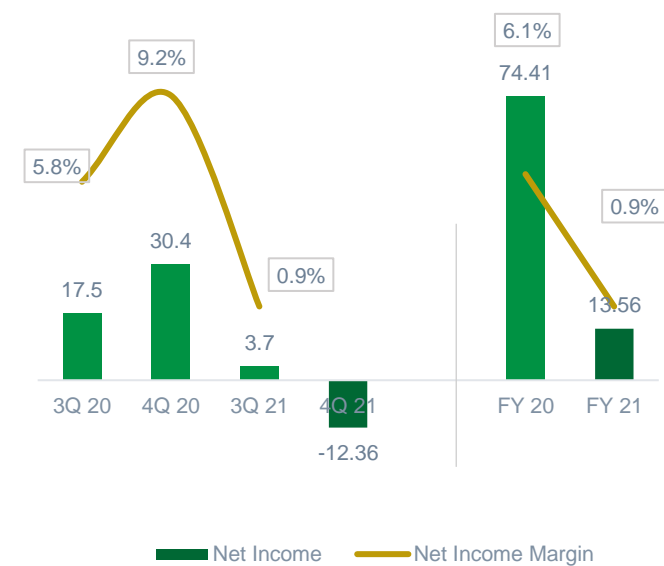
Gross Profit and Gross Margin



EBITDA and EBITDA Margin



Net Income and Net Income Margin



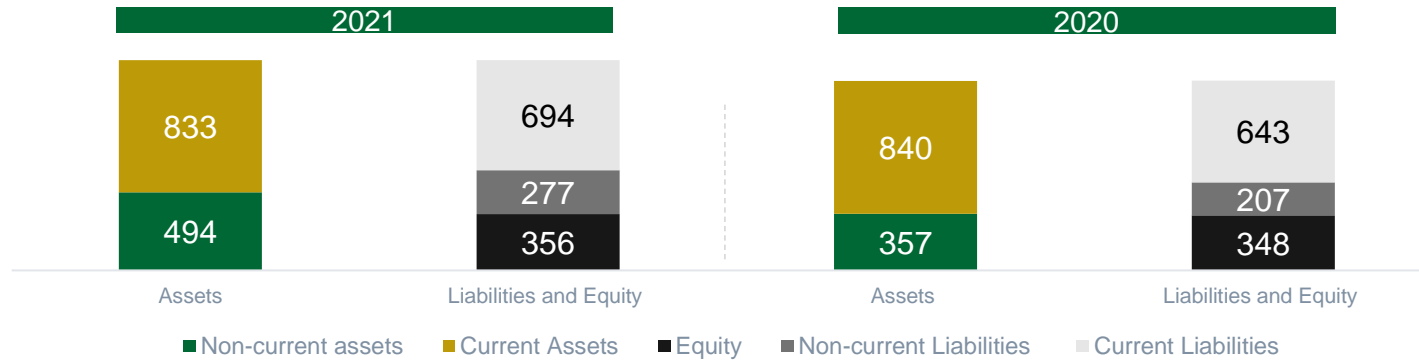
- Gross margin decreased in FY 21 due to:
 - Rise in commodity (grain) prices globally
 - Slow subsidy recovery
 - Fixed cost related to production ramp up.

- Net Income and EBITDA margins were affected mainly due to:
 - 30-40% rise in feed prices globally
 - Increase in costs associated with the ramp up of our sales network across Saudi Arabia
 - Increased spending on advertisement and marketing to capture market share
 - Pre-operating expenses related to POPEYES® franchise business

- Total Capex rose from SAR 38.5 million in FY 20 to SAR 122.2 million in FY 21
- Planned expansion Capex for 2021 was SAR 204 million
 - SAR 39.5 m committed
 - SAR 102.5 m actual

Prudent balance sheet management

Balance sheet (SAR mn)



			Dec 2021	Dec 2020
Profitability	RoIC	%	5%	12%
	RoE	%	4%	21%
Activity	NWC-to-Sales ⁽¹⁾	%	20%	16%
	Trade receivables ⁽¹⁾	Days of Sales	51	49
	Biological assets	Days of Sales	21	25
	Inventory	Days of COS	51	56
	Trade payables	Days of COS	57	65
	Current Ratio	x	1.2	1.3
Solvency	D/(D+E)	%	48%	47%
	Net debt-to-EBITDA	x	0.95	1.3

(1) Excluded amounts due from related parties

03 | Strategy and Outlook

Strong Foundation For 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

01

Asset-light model means we lease our farms and primary processing facilities, which will enable us to bring on new ones quickly **without major Capex** and in the locations that we prefer

02

Our **excellent financial position** and **successful listing** put us in a strong position to finance expansion that does not require Capex. For this we expect to **rely on our own resources and debt financing**

03

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

04

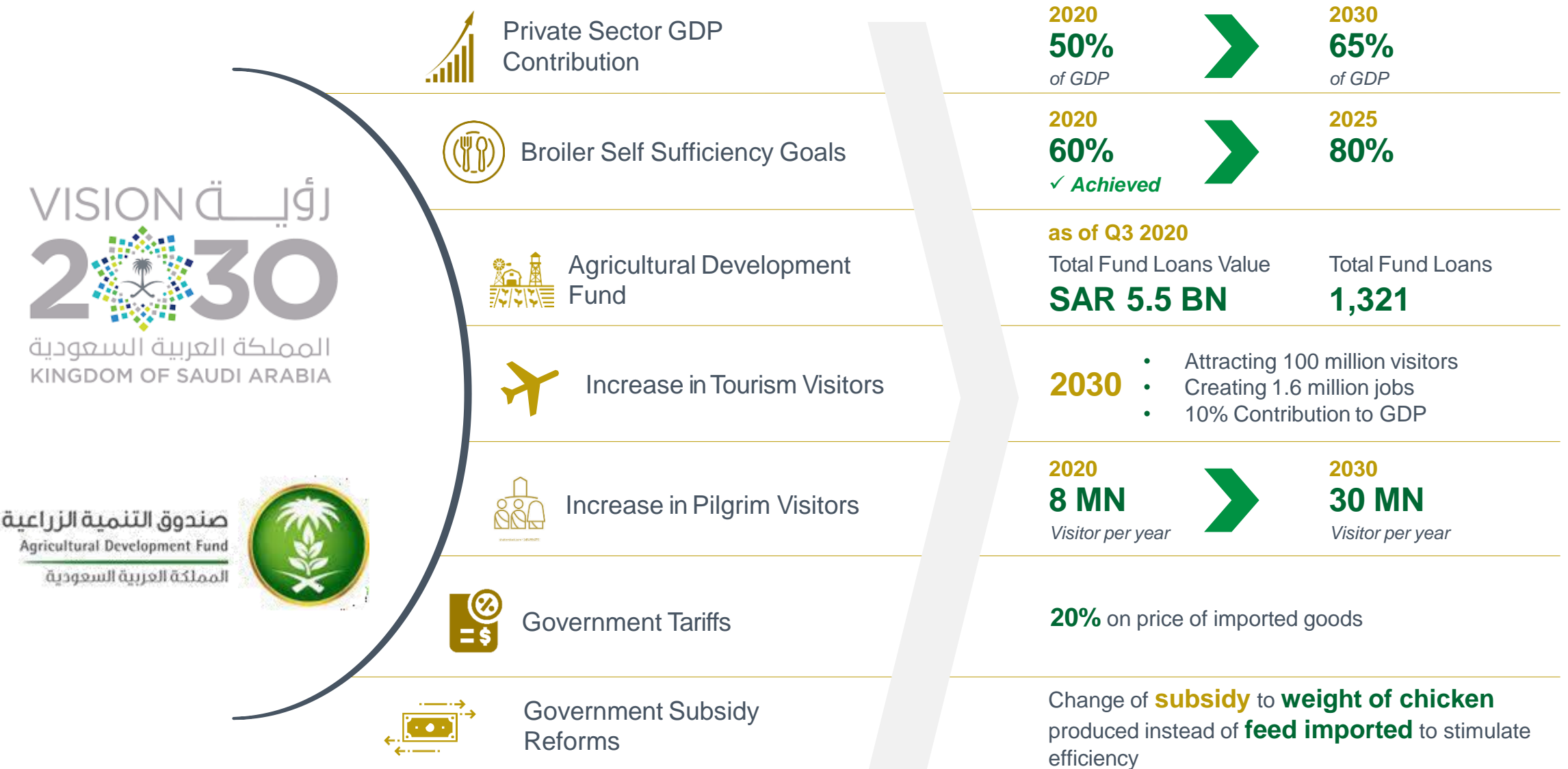
The market for our products is **growing**, supported by an **expanding population, rising consumer spending** and the **growing popularity of fresh chicken with consumers**

05

Saudi **government policies** are **favorable** for Tanmiah including the drive for more poultry self-sufficiency and subsidies

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



THANK YOU

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