

TANMIAH

Investor Presentation – 1H 2021

August 2021



التنمية
TANMIAH 

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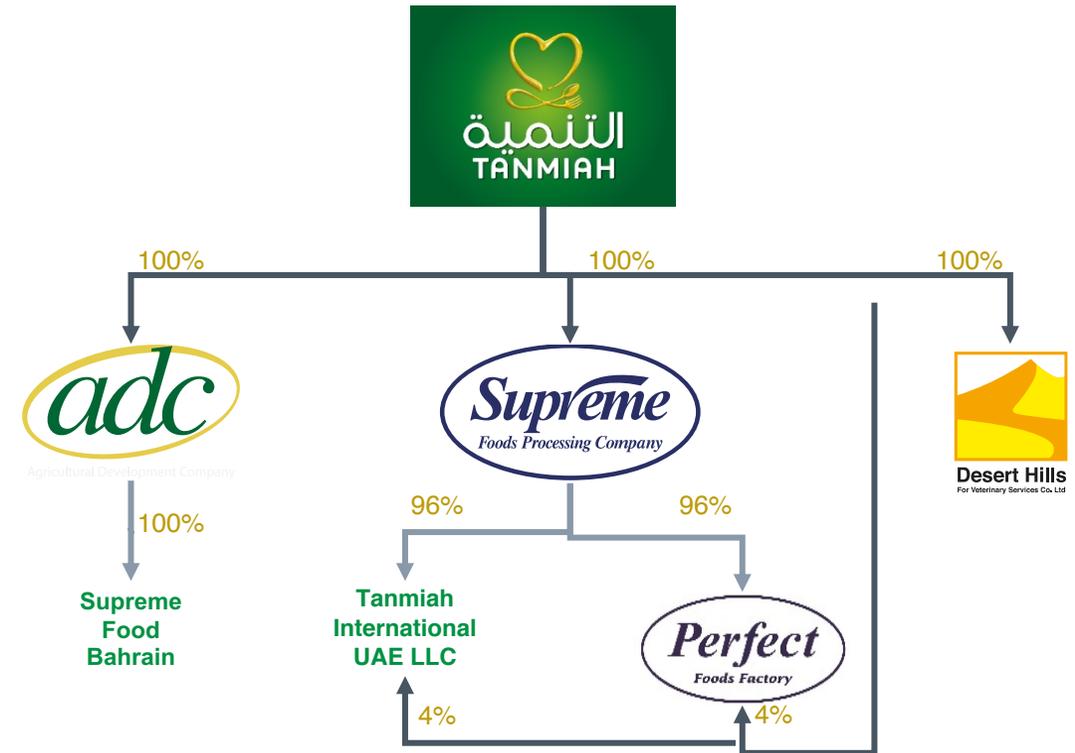
Appendix

The background features several abstract, organic shapes in various shades of green and a touch of gold. These shapes are scattered across the left and bottom portions of the page, creating a modern, artistic feel. The shapes include curved lines, teardrop forms, and some that resemble stylized leaves or petals.

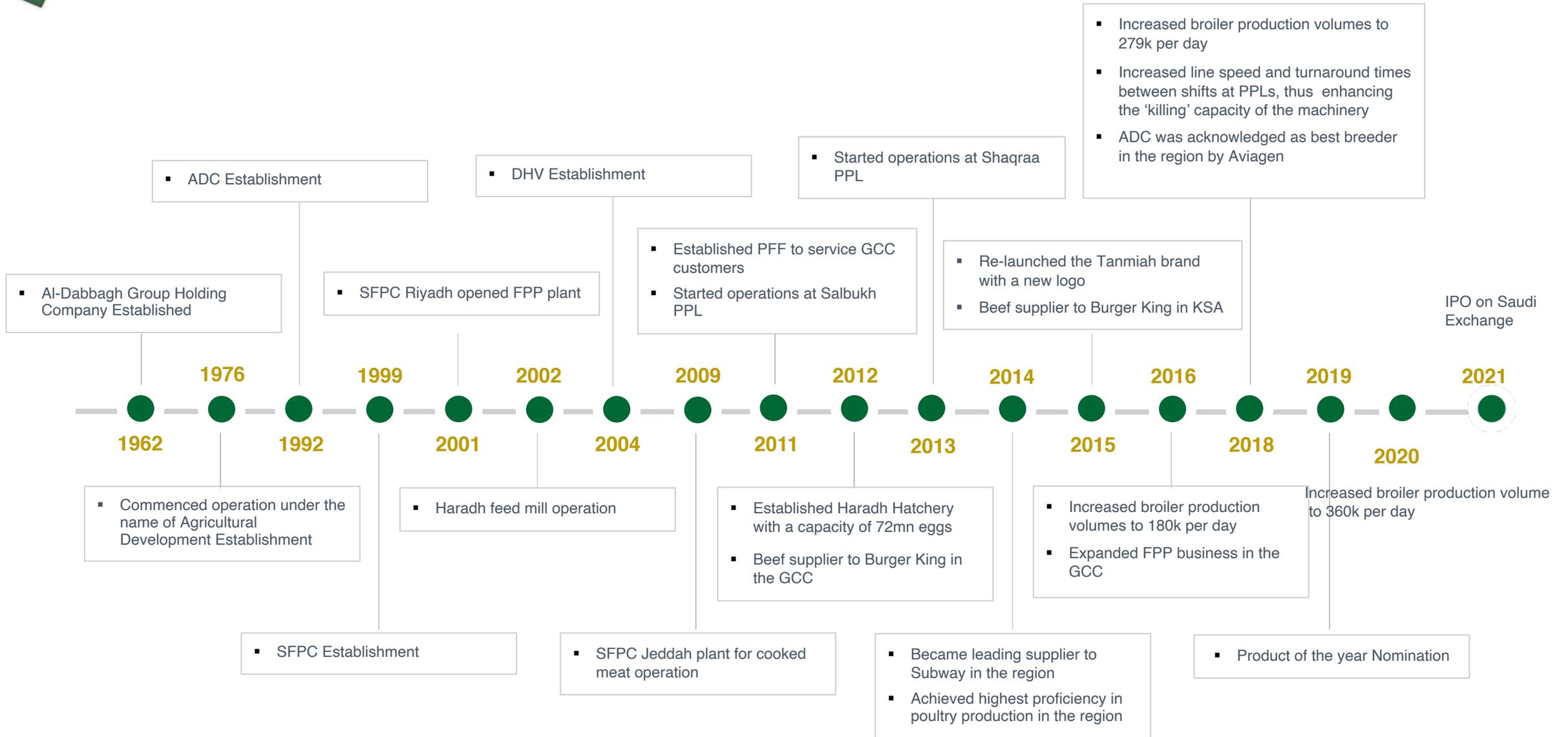
01 | Introduction

Nearly 60 years of Continuous Growth Supported by Committed Shareholders

- Established in **1962**
- Prominent market position built through decades of experience
- Efficient and integrated business model has grown to comprise:
 - 84** Farms
 - 6** Hatcheries
 - 3** Primary Processing Lines (PPLs)
 - 3** Further Processing Plants (FPPs)
 - 1** Feed Mill
- Wide** Distribution Network
- More than **1,700** Employees



Strong Corporate Identity Developed over Decades since Establishment by Al-Dabbagh Group



Strong Production Capabilities Spread Across the GCC Region Supported by Wide Distribution Network



200,000 tons of feed / year

From 1 Feed Mill



155 eggs / bird / year

Across 21 Breeder Farms



384,000 chicks / day

Across 6 Hatcheries



24 broiler chicks / sqm

Across 63 Broiler Farms



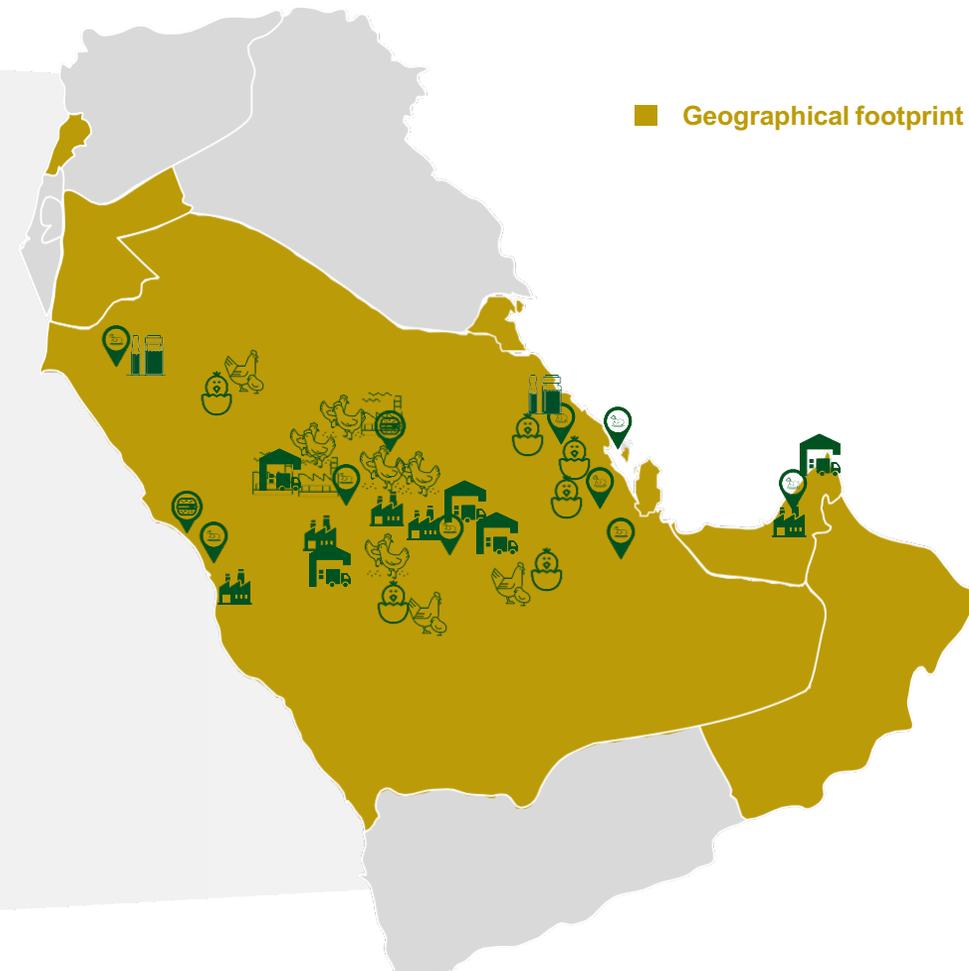
360,000 birds / day

Across 3 Primary Processing Lines



18,000 metric tons of meat / year

Across 3 Further Processing Lines



Experienced Management and Board Members

Tanmiah is led by committed shareholders and experienced management, each of whom has over 25 years of professional experience

A competent executive management team



Sayed Zulfiqar Al-Hamdani
Chief Executive Officer

- 25+ Years of experience



Irfan Jawaid Nagi
Chief Financial Officer

- 25 Years of experience



Joy Abraham Rajan
General Manager of Sales and Marketing

- 30+ Years of experience



Steven Ross
Director, Further Food Processing Segment

- 16+ Years of experience



Fakher Aldin Awd
Quality Control Manager, Poultry Production Segment

- 31+ Years of experience

A 6-member BoD with rich and diverse expertise and backgrounds



Amr Al-Dabbagh
Chairman of the Board

- Non-Independent
- 23+ Years of experience



Mohammed Sajid Saeed
Managing Director & Board Member

- Non-Independent
- 25+ Years of experience



Jamal Al-Dabbagh
Deputy Chairman of the Board

- Non-Independent
- 16+ Years of experience



Mohammed Jazeel
Board Member

- Non-Independent
- 35+ Years of experience



Stephen Parson
Board Member

- Independent
- 33+ Years of experience



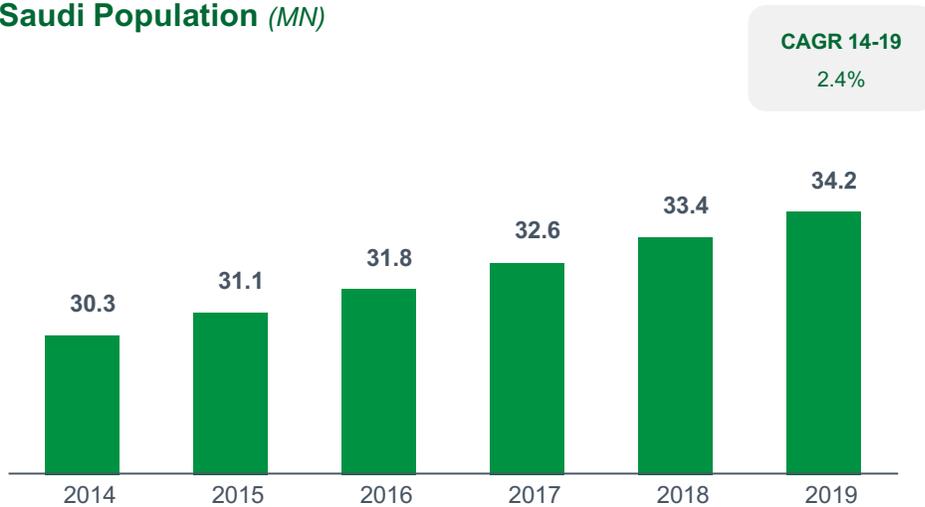
Kamel Munajjed
Board Member

- Non-Independent
- 37+ Years of experience

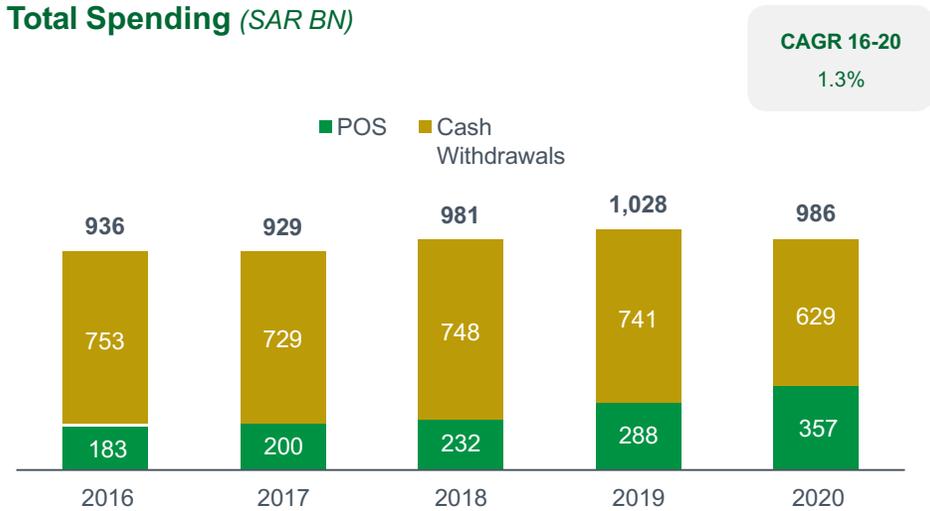
Operates in a Growing Defensive Sector ...

A growing population coupled with strong spending boosted the Saudi Arabian economy

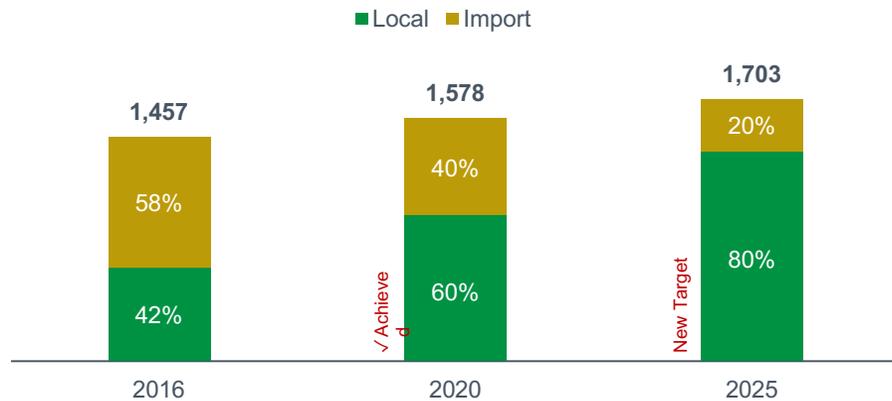
Saudi Population (MN)



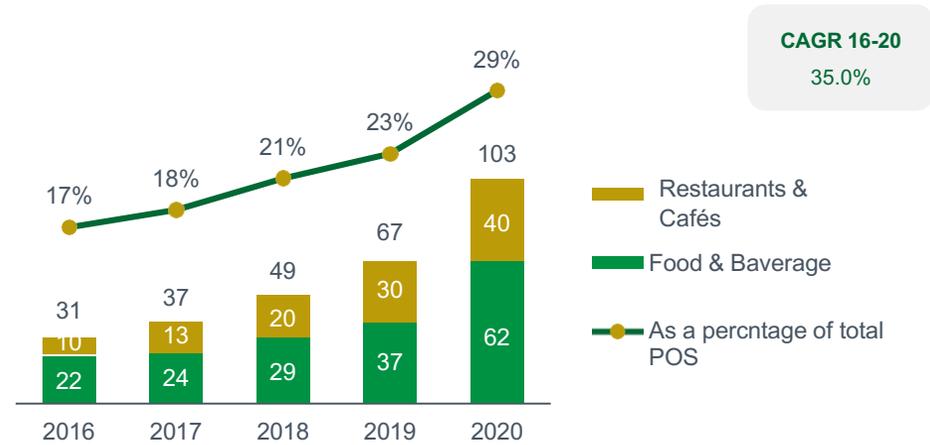
Total Spending (SAR BN)



Government Broiler Self Sufficiency Initiative (000 Tons)



Points of Sale Transactions in F&B Sector (SAR BN)



Leading Player in Market Offering Wide Product Range

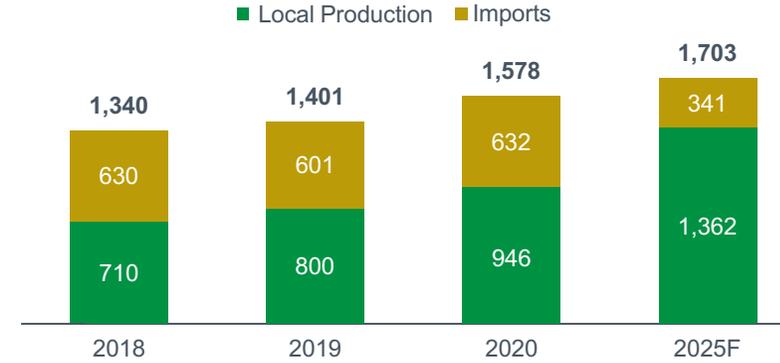
Supported by its solid sector experience and efficient and integrated business model, Tanmiah will be able to capture potential market growth and increase its local market share

Key Market Players By Capacity

(Bird' 000/ Day) ⁽¹⁾

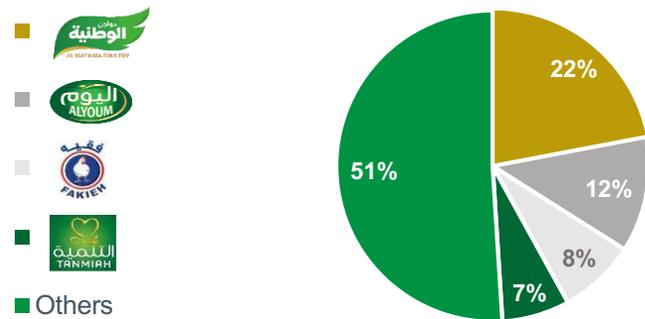


Market Size (KT)

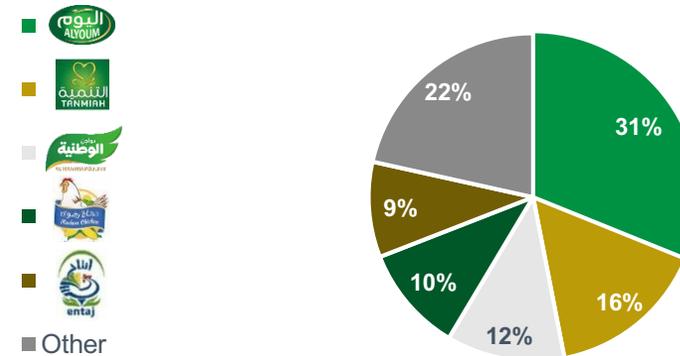


CAGR
 Domestic Production 14.4%
 Imports (6.5%)

Market Share By Production Volume (KT) ⁽¹⁾



Top Brands Retail Market Share (KT) ⁽²⁾



(1) Year of 2020 (E)

(2) Fresh Poultry Report by NielsenIQ

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

as of Q3 2020

Total Fund Loans Value
SAR 5.5 BN

Total Fund Loans
1,321



Increase in Tourism Visitors

2030

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



Increase in Pilgrim Visitors

2020
8 MN
Visitor per year



2030
30 MN
Visitor per year



Government Tariffs

20% on price of imported goods



Government Subsidy Reforms

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

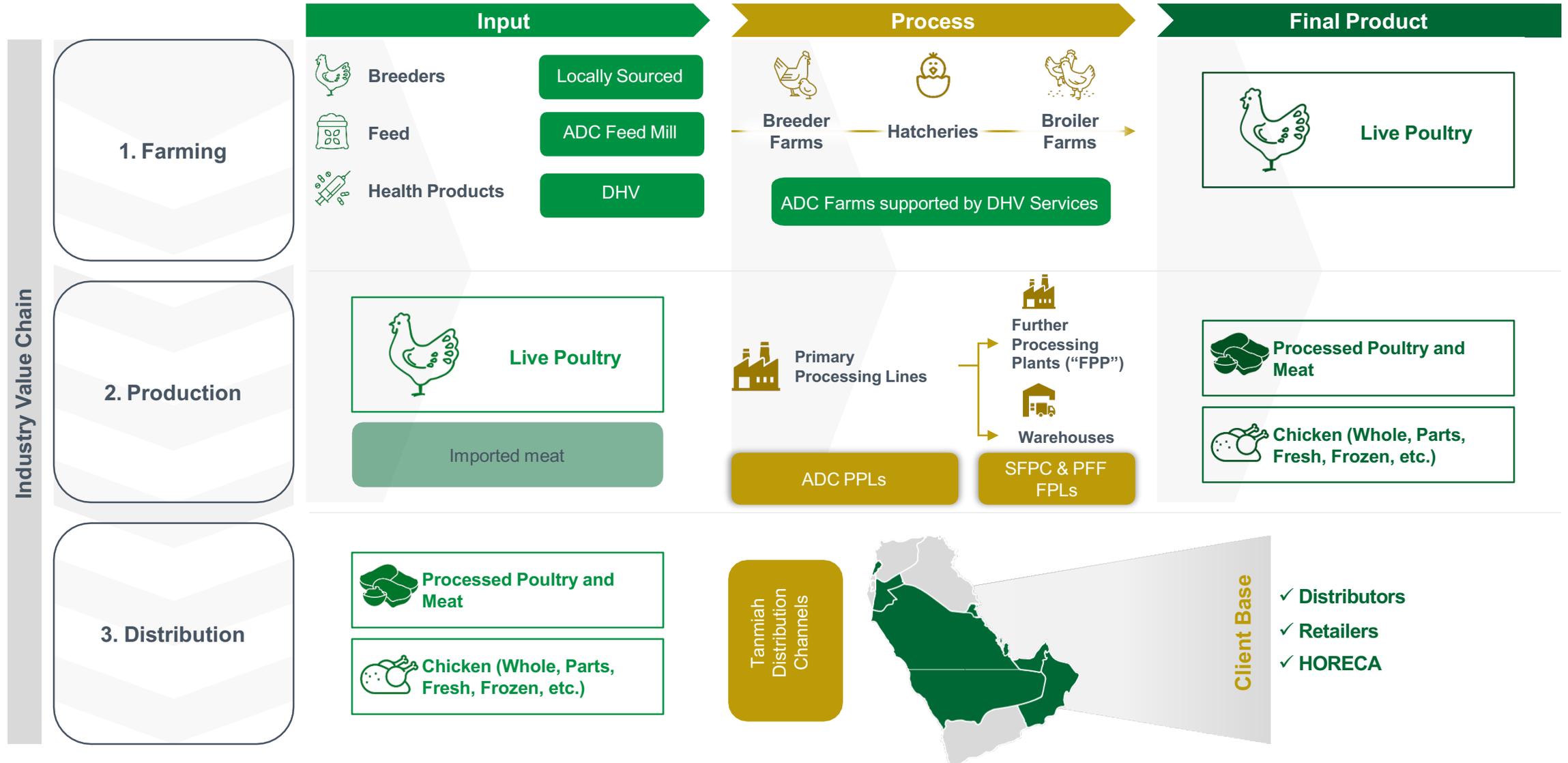
The background features several abstract, organic shapes in shades of light green and yellow. A prominent yellow shape is at the top left, resembling a leaf or a petal. A large, curved green shape arches across the upper right. Below it, a smaller green shape is positioned near the center. In the lower left, there are two more green shapes, one larger and one smaller, both with curved, leaf-like forms. The overall composition is minimalist and modern.

02

Strategy and Business Model

Fully Integrated Food Producer with Efficient Business Model

With nearly 60 years of sector experience, Tanmiah has built and operates a highly efficient business model to support its wide product range



Subsidiaries Well Positioned to Support Tanmiah's Fully Integrated Business Model

Business Unit	 Broilers	 Further Processed Meat Products	 Animal Feed and Veterinary Services
Subsidiary	 Agricultural Development Company	 	 Desert Hills For Veterinary Services Co., Ltd.
Operating Facilities	<ul style="list-style-type: none">  1 Feed Mill  21 Breeder Farms  6 Hatcheries  63 Broiler Farms  3 Primary Processing Lines 	<ul style="list-style-type: none">  3 Further Processing Plants <ul style="list-style-type: none"> > Riyadh > Jeddah > Dubai  3 Warehouses 	<ul style="list-style-type: none">  2 Pharmacies  2 Warehouses
Main Products	<ul style="list-style-type: none"> Fresh Frozen Marinated Whole Parts Other Chicken Products 	<ul style="list-style-type: none"> Whole Muscle Formed Products Other Products Cooked Meat 	<ul style="list-style-type: none"> Animal Health Products Chicks and Hatching Eggs Other farms Equipment Feeds
Sample Clients	<ul style="list-style-type: none"> Distributors HORECA Grocery stores Super markets Hyper markets Chicken shops 	      	    
1H 2020 revenue contribution	69%	21%	10%

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**

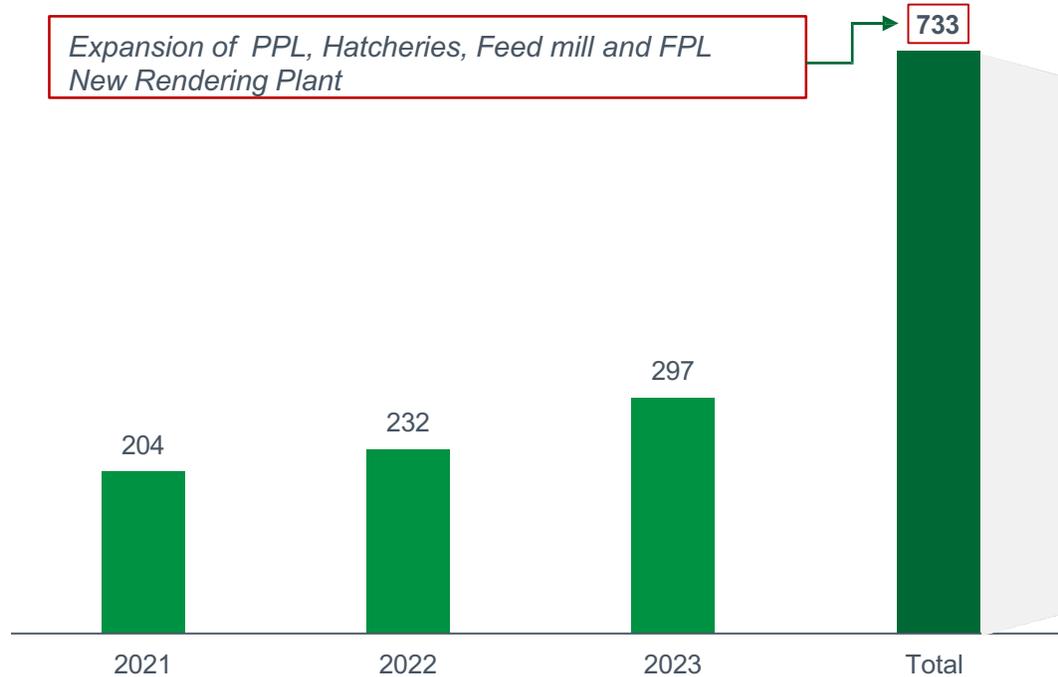
05

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

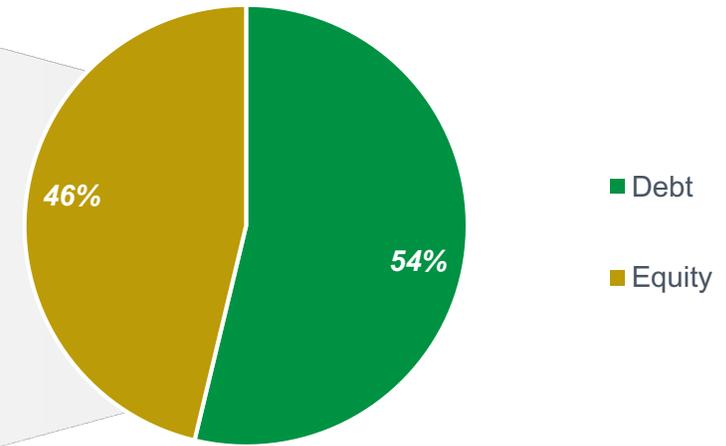
Strong Foundation For Future Growth

Planned Capex of SAR 733 MN allowing Tanmiah to capture new and emerging growth opportunities. Asset-light business model enables rapid and flexible expansion

Planned Capital Expenditure (SAR MN)



Targeted Capital Structure (%)

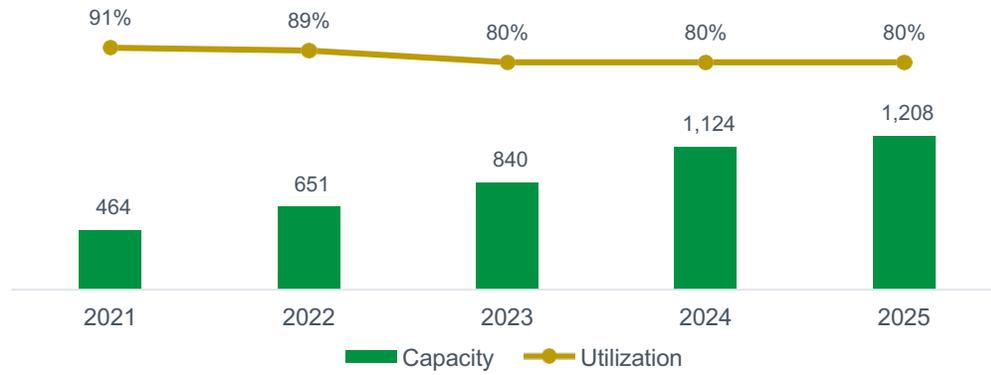


During Q2 2021, shareholders settled due from related party receivables; which resulted in **SAR 310 MN cash inflow**. The settlement will support the Company's expansion plans

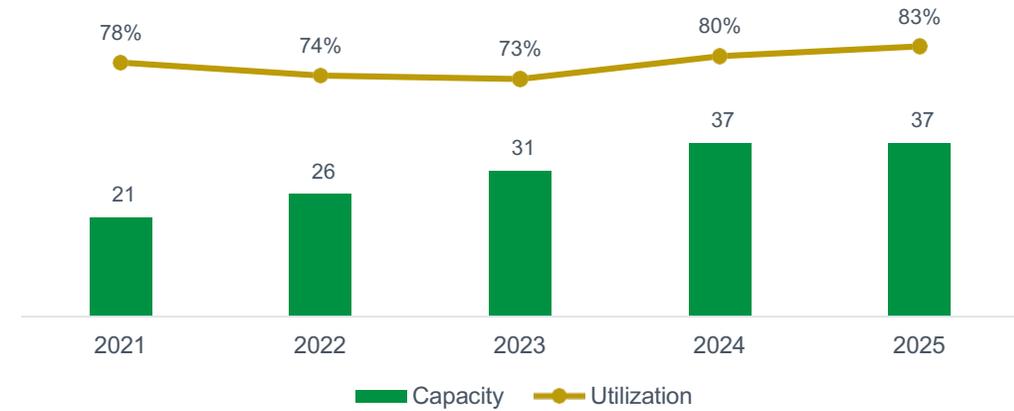
Strong Foundation For Future Growth

By 2025, Tanmiah intends to increase primary processing capacity and further processing capacity

PPL YE Capacity (Bird' 000/day)



FPP YE Capacities (KT/year)



The slide features several large, light green, abstract brushstroke-like shapes scattered across the background. These shapes vary in size and orientation, creating a dynamic and artistic feel. One prominent shape is a large, curved stroke that starts near the top center and sweeps down towards the bottom right. Other smaller shapes are located in the top left, bottom left, and bottom center areas.

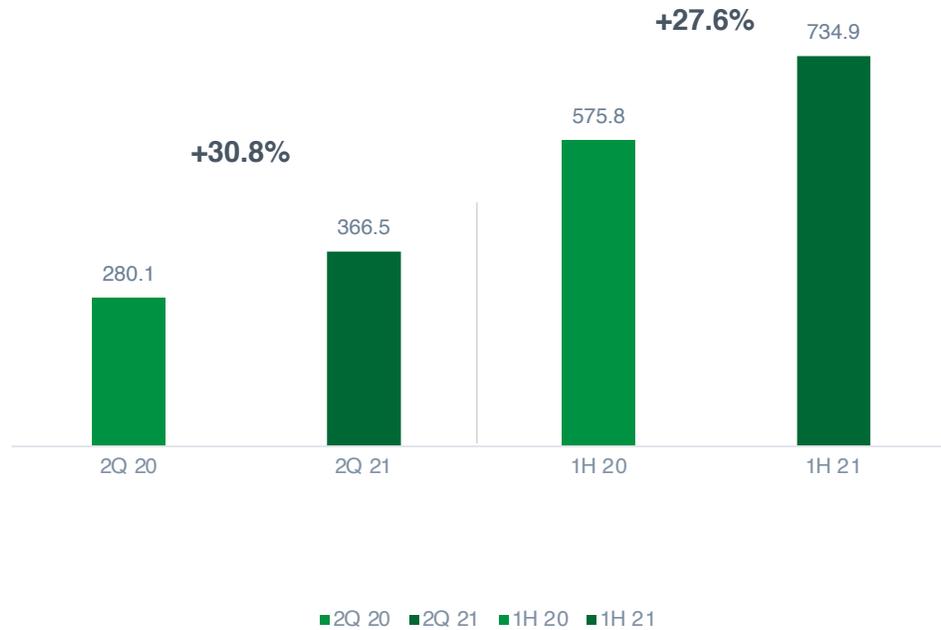
03

1H21 and 2Q21 Financial Highlights

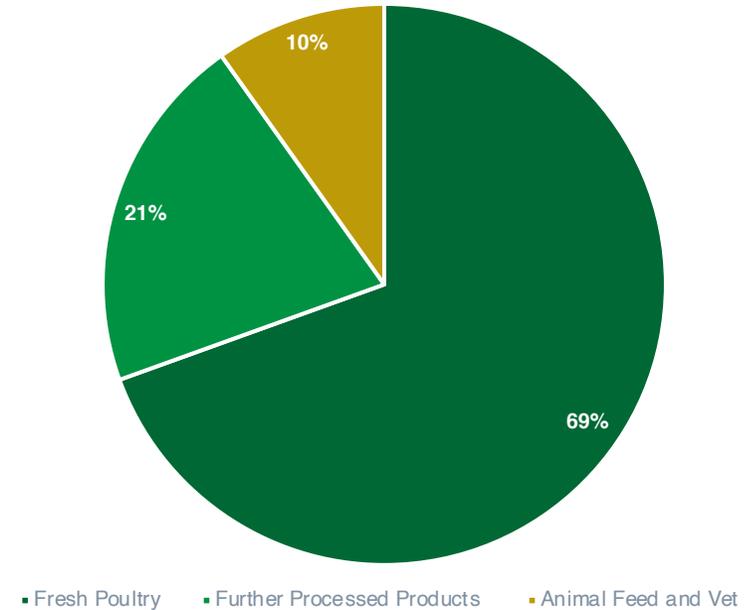
Financial Performance

Tanmiah recorded strong revenue growth amid resurgence in consumer spending

Revenues (SAR mn)



Revenue contribution 1H 21



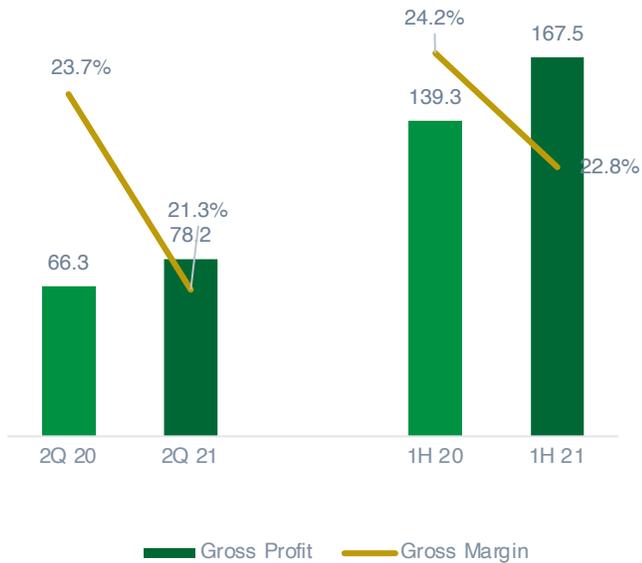
- 1H revenues up 27.6% y-o-y
- Revenue growth across fresh poultry and further processing segments
- Resurgence of consumer spending drove growth
- Strong demand for fresh and domestically produced chicken meat

- Increased capacity expected to support top-line performance
- Fresh poultry largest contributor to revenues, 23% growth y-o-y due to increased capacity and volumes
- Further processed products grew by 90.2% y-o-y following easing of lockdown restrictions
- Animal feed and vet services fell by 12%

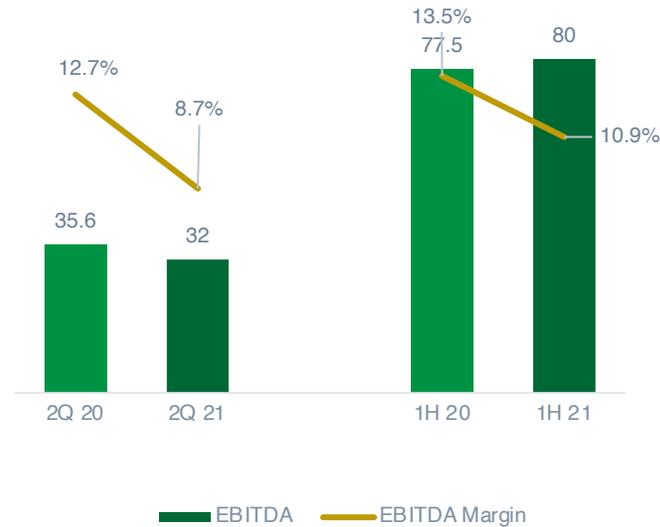
Financial Performance – 1H 2021

Pressure on margins due to high grain pricing in global markets

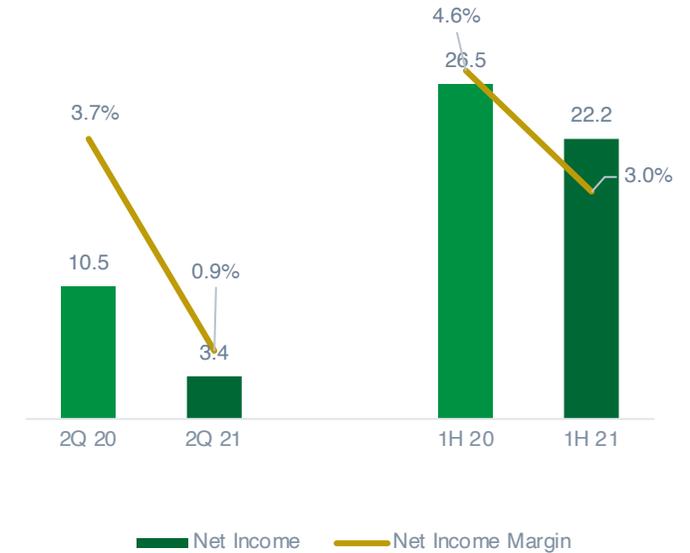
Gross Profit and Gross Margin



EBITDA and EBITDA Margin



Net Income and Net Income Margin



- Gross margin decreased in 1H 21 due to rise in cost of sales as a result of high grain pricing in global markets
- Push for increased capacity put pressure on margins during the quarter

Segmental performance



Fresh Poultry

- Fresh poultry was the largest contributor to Company revenues, growing by 23% y-o-y in 1H21
- Growth driven by increased capacity and volumes in line with growing popularity
- Independent market study showed retail market volume shared increased from 16.3% to 19.6% in Moving Annual Total (MAT) in June 2021



Further Processed Products

- 90.2% growth in 1H21 on a y-o-y basis
- Positive performance following easing of lockdown restrictions in food service channel

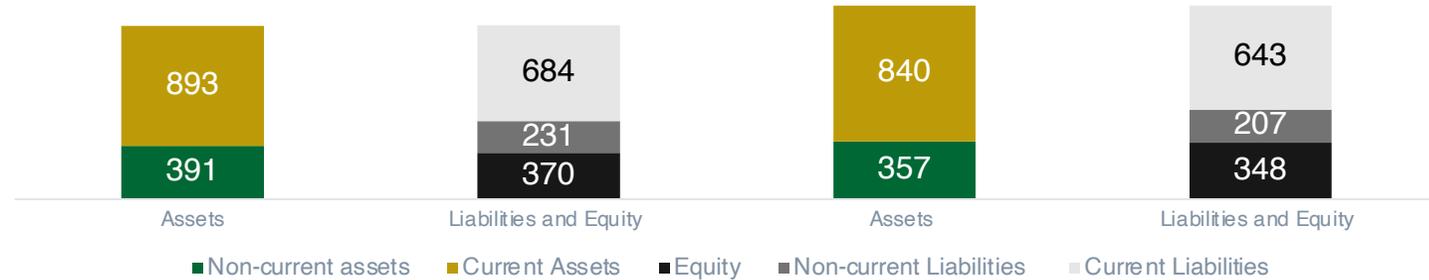


Animal Feed & Vet Services

- Animal feed sales decreased due to internal consumption at ADC

Prudent balance sheet management

Balance sheet (SAR mn)



			1H2021	Dec 2020
Profitability	RoIC	%	6%	12%
	RoE	%	6%	21%
Activity	NWC-to-Sales ⁽¹⁾	%	28%	16%
	Trade receivables ⁽¹⁾	Days of Sales	49	49
	Biological assets	Days of Sales	19	25
	Inventory	Days of COS	51	56
	Trade payables	Days of COS	61	65
	Current Ratio	x	1.3	1.3
Solvency	D/(D+E)	%	46%	47%
	Net debt-to-EBITDA	x	-0.7	1.3

(1) Excluded amounts due from related parties

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04 | Sustainability

Committed to environmental and social sustainability

Tanmiah puts sustainability at the heart of its operations

Environmental initiatives



- **Solid and wastewater recycling** – convert water to value to minimize harmful environmental impact
- Soil conservation – **Bio-Char initiative** helps convert desert into cultivable land in addition to renewable energy from waste
- **One million tree initiative** – to be achieved by 2025
- **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**
- Commitment to be **carbon neutral by 2029**



Community initiatives

- **Hiring and training of orphans** with the support of **Kayan NGO** and People with disabilities in collaboration with **Sa3ee Association**
- **Expansion of hiring of women across the organization** – with focus on blue collar jobs in hatcheries, packaging, and sales roles
 - Majority of female employees have exited government welfare programs after joining Tanmiah
- Recruitment drive across the Kingdom

Health and Safety Awards





05 | **Appendix**

Income statement

SAR (mn)

	2Q 21	2Q 20	1H 21	1H 20
Revenue	366.5	280.1	734.9	575.8
Cost of sales	(288.3)	(213.9)	(567.4)	(436.4)
Gross profit	78.2	66.3	167.5	139.3
Selling and distribution expenses	(47.4)	(29.8)	(89.9)	(61.5)
General and administrative expenses	(20.1)	(16.4)	(39.2)	(32.6)
Impairment loss on financial assets	(1.1)	(2.0)	(2.7)	(3.0)
Other income	0.7	0.3	0.6	0.2
Operating profit	9.7	18.1	36.3	42.4
Finance costs	(5.7)	(6.2)	(11.9)	(13.0)
Profit before zakat	3.9	11.9	24.4	29.4
Zakat	(0.5)	(1.5)	(2.2)	(2.9)
Profit for the period	3.4	10.5	22.2	26.5
Total comprehensive income for the period	3.4	9.5	22.2	24.5
EPS	0.17	0.52	1.11	1.33

Balance sheet

SAR (mn)

	1H 2021	FY 2020
Total non-current assets	391.1	357.4
Total current assets	893.5	840.0
Total assets	1,284.6	1,197.3
Total equity	369.9	347.5
Total non-current liabilities	230.8	206.6
Total current liabilities	683.8	643.2
Total liabilities	914.6	849.8
Total equity and liabilities	1,284.6	1,197.3

THANK YOU

Investor Relations & Media Queries
Mr. Hussam Al Shareef, Investor Relations Officer
ir@tanmiah.com
www.tanmiah.com