

# TANMIAH FOOD COMPANY

FY2023 Presentation



## DISCLAIMER

This presentation has been prepared solely for use as an investor presentation for Tanmiah Food Company (the “Company”). By attending or by reading this presentation, you agree to be bound by the following limitations.

The information contained in this presentation is for background purposes only and does not purport to be comprehensive and has not been independently verified, nor does it constitute or form part of any invitation or inducement to engage in any investment activity, nor does it constitute an offer or invitation to buy or subscribe to any securities in any jurisdiction, or a recommendation in respect of buying, holding or selling any securities.

No representation or warranty, express or implied, is made as to, and no reliance should be placed by any person for any purpose on the information contained in this presentation, fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation.

The information in this presentation is subject to change, update, revision, verification and amendment and such information may change materially. The Company is under no obligation to update or keep current the information contained in this presentation and any opinions expressed in it is subject to change without notice. This presentation has not been approved by any competent regulatory authority.

Neither this presentation nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. The contents of this presentation are not to be construed as legal or financial.

The distribution of this presentation may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein come should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This presentation may include statements that are, or may be deemed to be, “forward-looking statements” with respect to the Company’s financial position, results of operations and business and certain of the Company’s plans, intentions, expectations, assumptions, goals and beliefs. The contents of this presentation have been prepared by and are the sole responsibility of the Company.



## TABLE OF CONTENTS

- 1 **FY2023 Highlights**
- 2 **FY2023 Financial Overview**
- 3 **Outlook and Key Takeaways**

4



# 01 | FY2023 Highlights

# 4Q and FY2023 highlights

Another exceptional year, marked by numerous important collaborations and enhanced financial and operational performance

4Q23




**+20%**

YoY revenue growth, to SAR 576 mn




**+23%**

YoY operating profit growth, to SAR 47 mn



**+40%**

Net profit from continuing operations: SAR 32 mn



**+33%**

Net profit before extraordinary items: SAR 32 mn

FY23




**+21%**

YoY revenue growth, to SAR 2,093 mn




**+21%**

YoY operating profit growth, to SAR 136.7 mn



**+19%**

Net profit from continuing operations: SAR 89 mn



**+2%**

Net profit before extraordinary items: SAR 89 mn



**POPEYES**

32 new stores opened in FY23, with 52 in total



**365K**

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



**Key collaborations**

MHP SE, Vibra Agroindustrial, HPDC, Estidamah



**POPEYES**

Exclusive development agreement to operate in Kuwait and Bahrain

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

- ❖ Tanmiah selected as a **member of UN Global Compact**
- ❖ Launch of **inaugural Sustainability Report** in 2023, showcasing commitments to sustainable business practices through a number of wide-ranging initiatives, following a **double materiality assessment** as part of the development of our **sustainability strategy**
- ❖ Including sustainability as core element of the corporate strategy:
  - ❖ **Vision**  
To become the number one global halal sustainable healthy protein company by 2030
  - ❖ **Mission**  
To empower our people to produce healthy, safe, affordable products for our consumers while creating more value for people, investors, community and environment
- ❖ Tanmiah completed the **materiality assessment and peer benchmarking**. The benchmarking resulted in 8 focus areas, which are then grouped under 3 core themes of Sustaining People, Planet and Agriculture. These 8 areas are aligned with Vision 2030 and the UN's Sustainable Development Goals (UNSDGs).
- ❖ To strengthen its **Governance** structure, Tanmiah has enhanced its ERM process to include sustainability related risks in the Risk Assessment Criteria. Our risk management policies are established to identify and analyze the risks faced by TFC, including sustainability risks. It sets appropriate risk limits and controls and monitors risks and adherence to limits
- ❖ A set of new **policies** are being introduced including 11 new policies and enhancement of 6 existing policies. These policies include areas such as Animal Welfare, Environmental, Sustainable Agriculture, Contractor Safety, Diversity, Equity & Inclusion, Responsible Marketing, Anti-Nepotism & Conflict of Interest, Anti Bribery & Corruption, Water usage and sustainable packaging.
- ❖ We continue to pursue our **flagship projects** such as:
  - ❖ One million tree initiative – Up to 365K trees planted to date; trees planted on seasonal basis
  - ❖ Grand Challenge 1 – USD 1 mn prize - Waste to Value
  - ❖ Grand Challenge 2 – USD 1 mn prize - Sustainable grain in KSA (5 finalists have been selected and final winner will be announced by the 2<sup>nd</sup> quarter of 2024)
- ❖ **ESG communications strategy** in place to showcase our ESG achievements, practices, and policies, which will help Tanmiah gain exposure to local and international investors, and groups that place great importance on them and how they generate value for shareholders
- ❖ Our expansion remains focused on ensuring development of green houses to be irrigated by wastewater from hatcheries, focus on **energy efficiency to minimize resource waste and carbon emissions and using automation to increase animal welfare at farm level, during transportation and processing**. We are also introducing EMS in 2024.



## GIVING

### A sense of purpose

Giving at TFC means supporting our local communities through various activities such as One Million Tree Initiative. It is not merely a philanthropic extension of our work, it is integral to our business activities and means of creating wider value for all our stakeholders.



## EARNING

### Thriving today for tomorrow

We see TFC's earning activities from the view of the whole value chain. Through our business operations, we earn the capital to invest in growing responsibly, and hence, creating more value for all our stakeholders in the long term.



## SUSTAINING

### Investing in the future

This report details our sustaining activities and the approach we take to it. Our sustaining activities underpin our long-term ability to earn and give for generations to come.



وزارة البيئة والمياه والزراعة  
Ministry of Environment Water & Agriculture

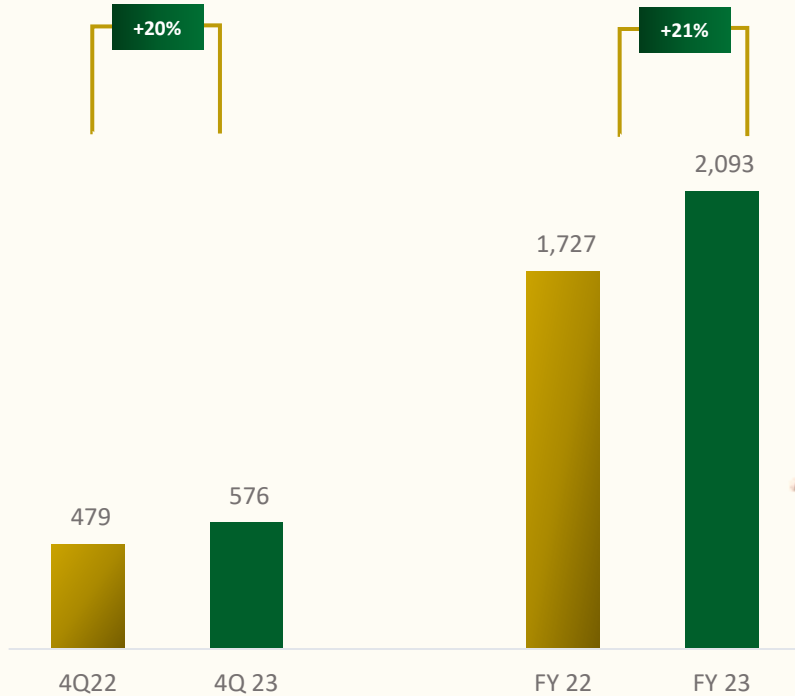


## 02 | FY2023 Financial Overview

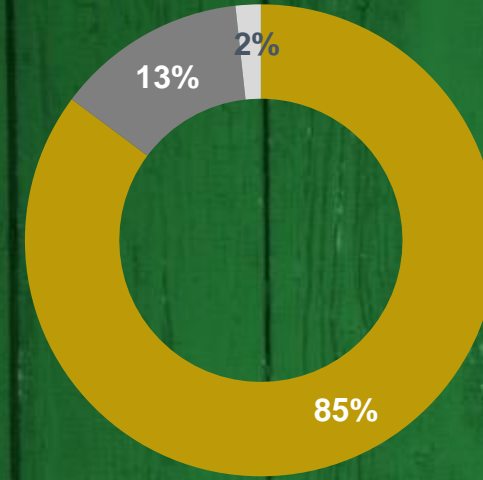
# FY2023 financial performance – top line

Revenues exhibit solid performance during the period

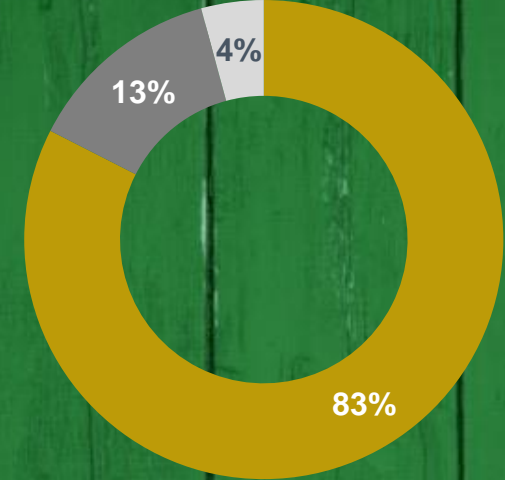
Revenue (SAR mn)



FY22



FY23



■ Fresh poultry ■ Animal Feed and Vet ■ Franchising

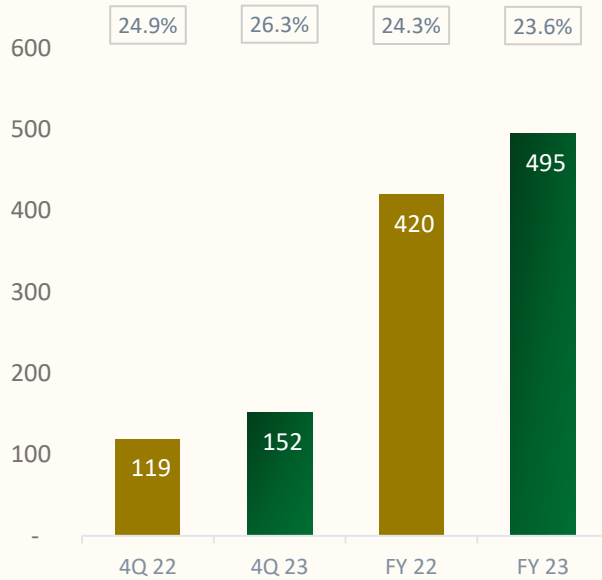
- **Fresh poultry** revenues increased 18% YoY, as a result of sustained capacity expansion and increasing sales volumes
- **Feed and animal health** revenues witnessed an improvement of 19% YoY, with a continued growth in demand for animal health products and equipment
- **Food franchise operations expanding domestically and regionally**, with 32 new Popeyes stores opened in FY23, for a total of 52 operational stores in the Kingdom, in line with Tanmiah's diversification strategy



# FY2023 financial performance – profitability

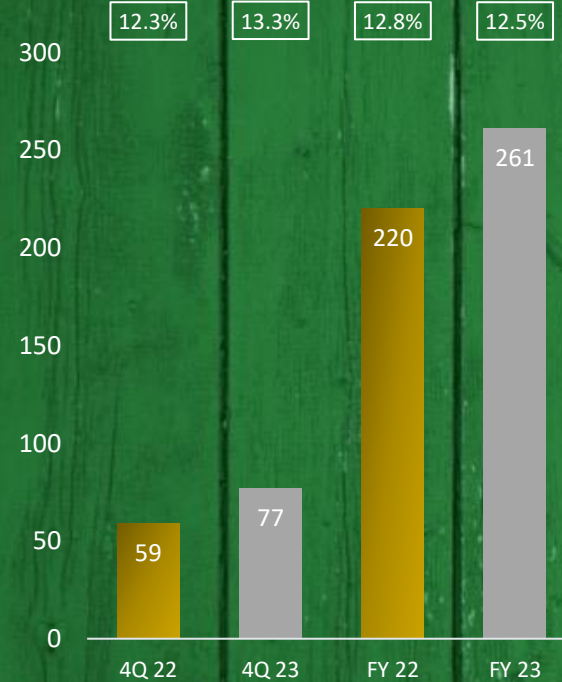
Margins at adequate levels, with continued expansion of fresh poultry capacity and Popeyes footprint

## Gross Profit and Gross Margin

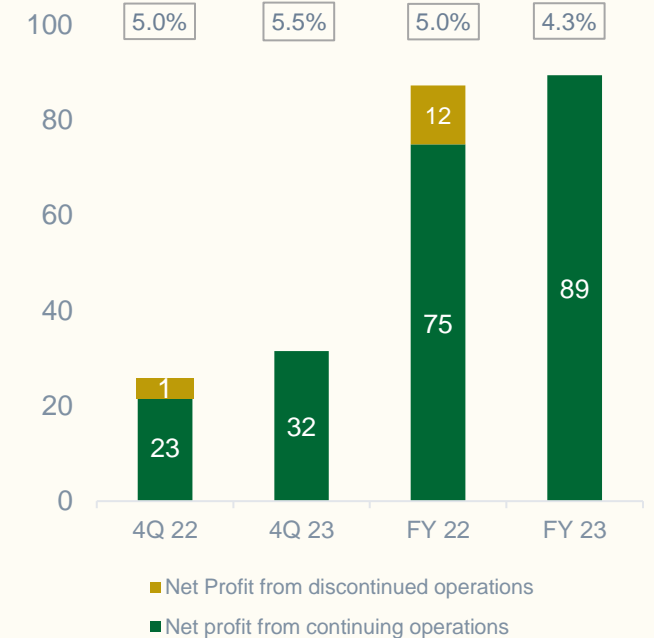


- Gross margin improved substantially in Q4 compared to the same period last year, as we continued our focus on cost optimization and efficiency measures, with positive impact from grain price improvements. However, the annualized margin remained marginally declined due to:
  - pricing pressures in the market
  - lower subsidy

## EBITDA and EBITDA Margin



## Net Profit and Net Profit Margin (excluding extraordinary items)



- Net profit margins substantially increased in Q4 as compared to the same period last year mainly due to the improvement in gross margin and reduction in finance costs as a result of borrowing pursuant to improved working capital management.
- The above net profit excludes extraordinary items, which pertain to a one-off gain of SAR 101.9 million recorded in FY22 as a result of our strategic partnership with Tyson Foods.

# Fresh poultry segment analysis

Production capacity, as well as sales and marketing initiatives continued to grow



PPL



Feed mills



Hatcheries



Farms

FY22

FY23

% Growth

Sales volume

115 million birds

136 million birds

18%

Processing capacity

456,000 bpd

500,000 bpd

10%

Distribution routes

289

342

18%

Marketing spend

SAR 18.7 million

SAR 22.5 million

20%

Farms

108

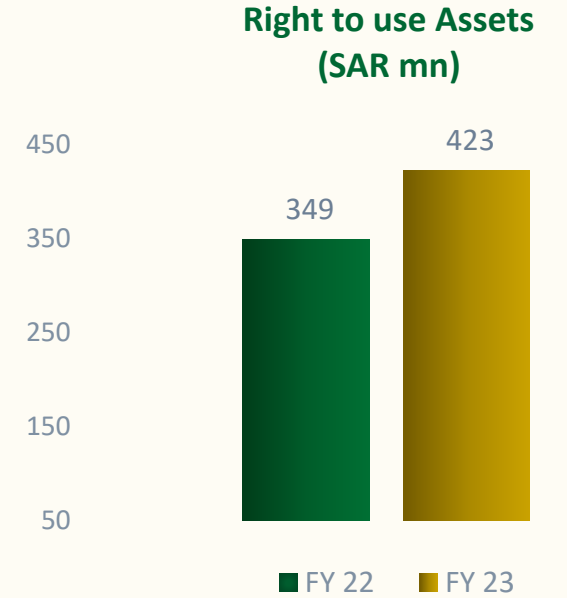
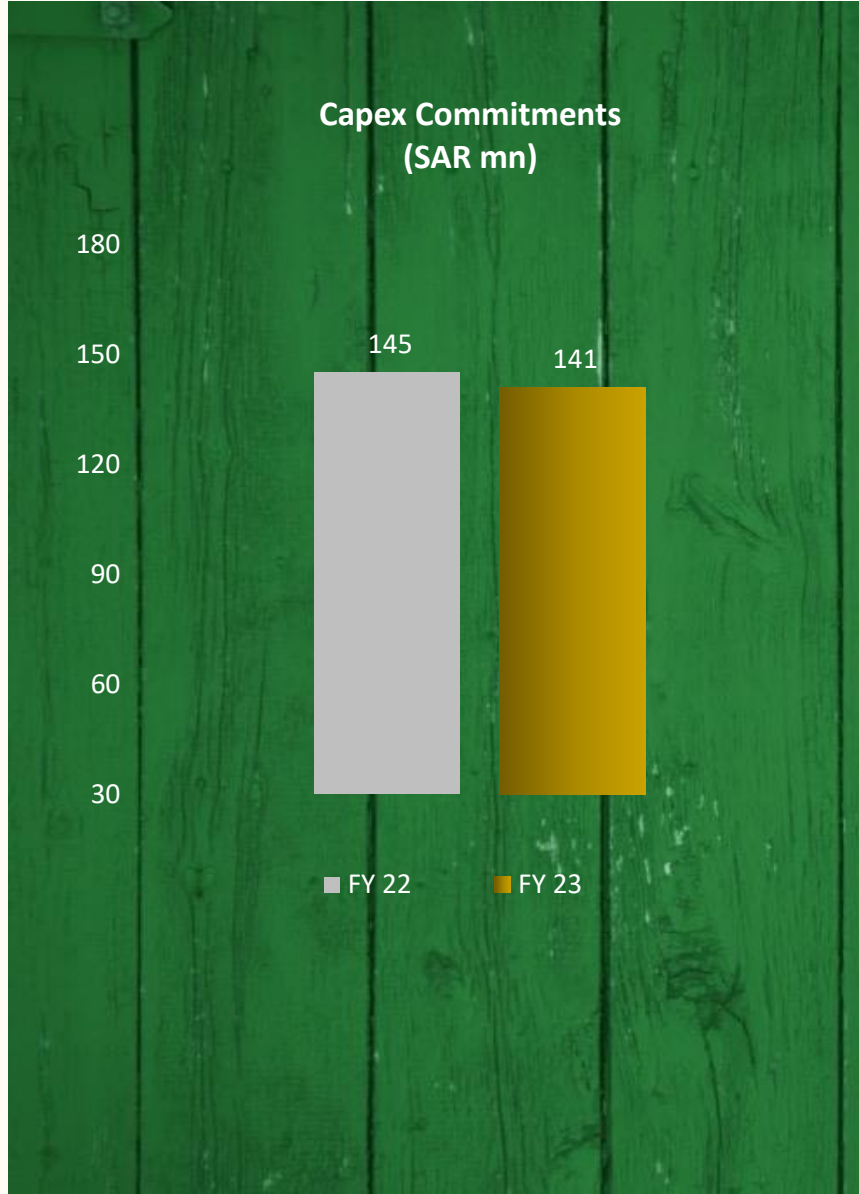
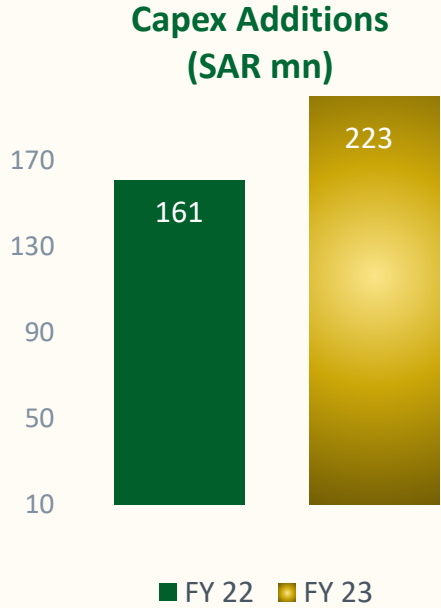
126

17%



# Focus on strategic expansion agenda

Execution of capex program remains a priority, enabling further enhancement of market positioning



▪ **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

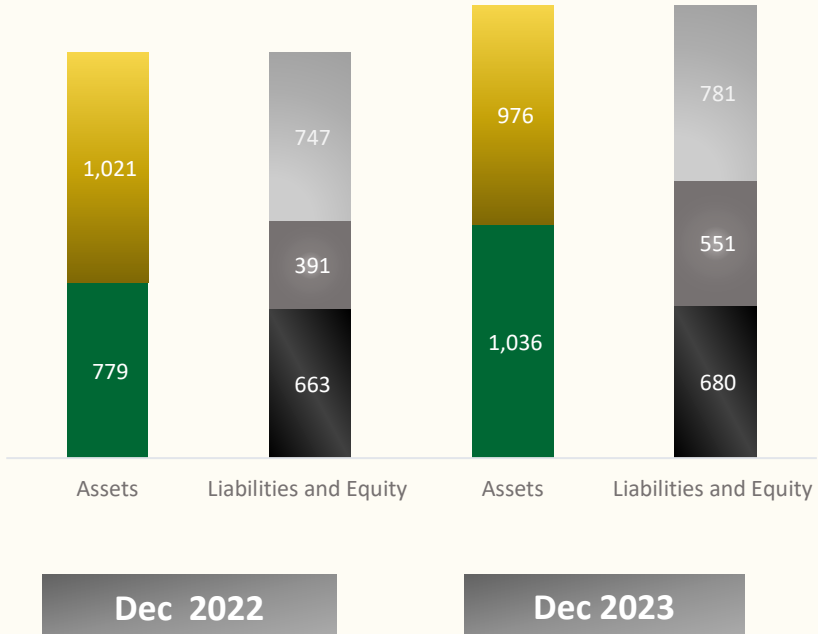
▪ **Stores under construction and commitments include:**

- fit-out at various stages, kitchen equipment, and furniture & fixtures

# Prudent balance sheet management

## Balance sheet (SAR mn)

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



			Dec 2022	Dec 2023
<b>Profitability</b>	RoIC <sup>(1) (2)</sup>	%	9.5%	8.1%
	RoE <sup>(1)</sup>	%	11.3%	13.1%
<b>Activity</b>	NWC-to-Sales <sup>(3)</sup>	%	17%	19%
	Trade receivables <sup>(3)</sup>	Days of Sales	34	33
	Biological assets	Days of Sales	27	25
	Inventory	Days of COS	80	60
	Trade payables	Days of COS	67	46
	Current Ratio	x	1.4	1.3
<b>Solvency</b>	D/(D+E)	%	32%	38%
	Net debt - to- EBITDA <sup>(1)</sup>	x	0.19	1.08

(1) Return is for continued operations on LTM basis

(2) Invested capital excludes leases

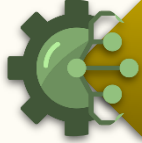
(3) Excluding amounts due from related parties

## 03 | Outlook and Key Takeaways

## Key Takeaways



Continued improvement in top line performance during the year, with improved margins



Strategic growth agenda on track, with 10% rise in production capacity to 500,000 bpd



Important collaborations with MHP SE, Vibra Agroindustrial, HPDC and Estidamah to reinforce the Kingdom's food security objectives and positioning as a global Halal hub



Commitment to sustainability continues, with the launch of our Inaugural Sustainability Report in 2023



Operational excellence and efficiency remain key priorities for the company



Food franchise operations expanding both domestically and regionally



Expansion plans fueled by supportive government policies

# THANK YOU

Investor Relations & Media Queries

Mr. Hussam Al Shareef, Investor Relations Manager

[ir@tanmiah.com](mailto:ir@tanmiah.com)

[www.tanmiah.com](http://www.tanmiah.com)

التنمية  
TANMIAH 

