

TANMIAH

Investor Presentation – 9M22

November 2022



التنمية
TANMIAH 

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The background features several abstract, organic shapes in a muted sage green color. These shapes are scattered across the left and bottom portions of the page, creating a modern, minimalist aesthetic. A small, solid gold-colored shape is positioned at the top left. The overall composition is clean and professional.

01 | **Highlights**

9M22 Highlights

Robust topline performance in 9M22, driven by increasing sales volumes and rising demand for fresh poultry



↑ **36%**

YoY revenue growth,
to SAR 1,525 mn



↑ **60%**

Animal Feed and Veterinary
Services revenue growth



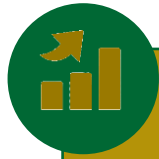
↑ **17%**

Further Processed Products
revenue growth



↑ **36%**

Fresh Poultry revenue
growth



↑ **145%**

YoY net profit growth,
to SAR 64 mn



POPEYES

Generated solid revenues; 9
new stores opened in 9M with
13 outlets in total



 **Tyson**

Recent completion of
strategic partnership



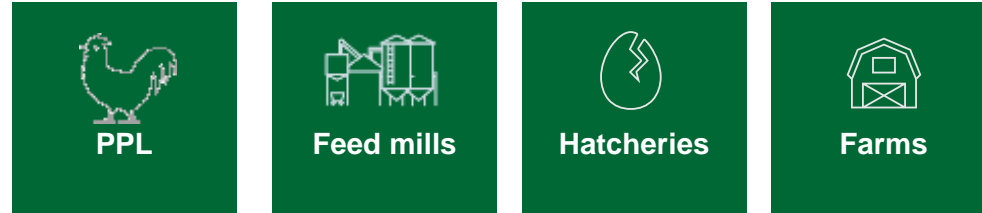
300K+

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

Fresh poultry segment growth

Segment growth supported by larger sales volumes as a result of rising demand

Expansion focus areas



- Sales volume increased from **73.7 million** in 9M21 to **83.5 million** chickens in 9M22.
- Distribution routes grew from **232** in 9M21 to **278** in 9M22
- Increase in **manpower and transportation capabilities** to support **sales ramp up and growth in distribution network**
- Marketing spend increased from **SAR 12 million in 9M21 to SAR 16.4 million in 9M22**, in line with strategy to grow market share

FPP segment growth

Segment growth driven by rising demand and capacity increase

17%

FPP revenue growth

- Sales volume increased from **14.9 million kgs** in 9M21 to **16.3 million kgs** in 9M22.
- The enhanced sales during the period were due to a rise in demand from the food service channel

Animal Feed & Veterinary Services segment growth

Segment growth propelled by increasing demand for animal health products, chicks and feed.

60%

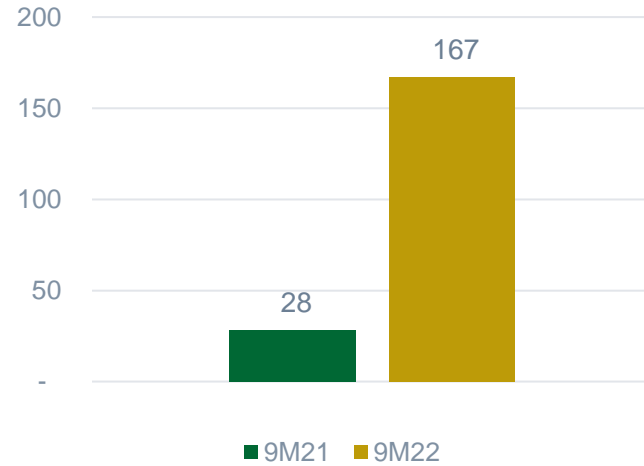
revenue growth

- The improvement in revenues was primarily driven by increased demand for animal health products, chicks and resumption of feed sales

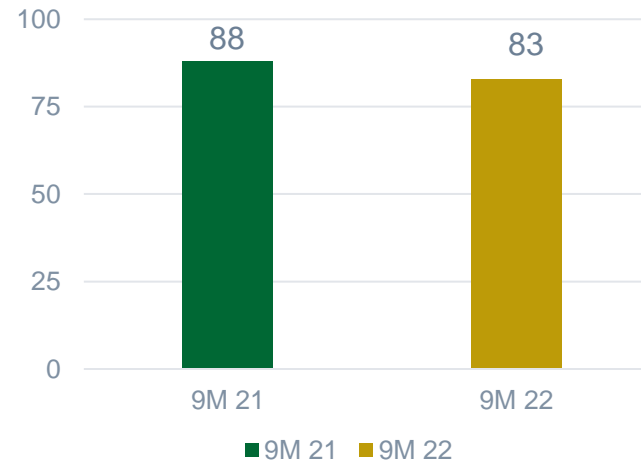
Focus on strategic expansion agenda

Tanmiah continues to make good progress in terms of its capex program, to further drive segmental performance going forward

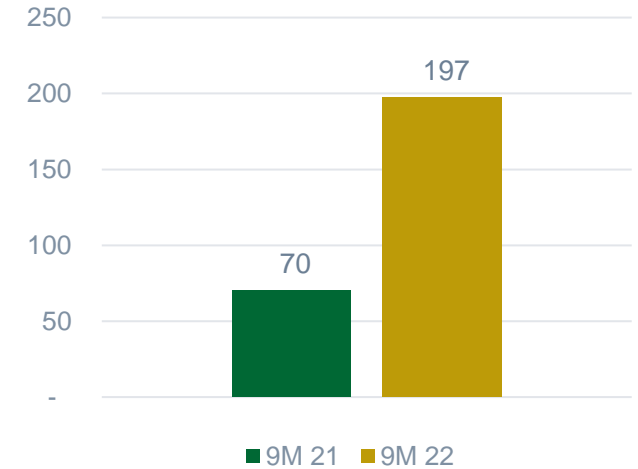
Capex Commitments (SAR mn)



Capex Additions (SAR mn)



Lease Additions (SAR mn)



Fresh poultry segment

- Continued to expand farming and processing capacities, with a total of 102 farms now in operation and additional processing capacity of 6,000 birds per hour.
- Assets under construction and commitments:
 - 20 MT per hour additional feed mill capacity
 - 21,000 MT additional feed storage capacity
 - 40 MT per hour additional feed mill capacity
 - Primary processing capacity of 13,500 birds per hour
 - Hatchery with a setting capacity of 140 mn eggs per annum
 - Wastewater treatment plant at the new processing plant

FPP segment

- Asset under construction and commitments :
 - 9000 MT per annum further processing capacity in KSA
 - 5,000 MT per annum further processing capacity in UAE

Popeyes

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

Strong focus on sustainability via our Giving, Earning, Sustaining framework

Omnipreneurship Awards Sustainability Challenge

- Recently launch of **another edition** of our \$1 million Omnipreneurship Award
- New technological solutions to encourage **transition from imported to sustainable, domestically produced poultry feed**

NSF



Ongoing sustainable animal welfare practices at Tanmiah, that are implemented across the entire production chain (including hatcheries, broiler farms and slaughterhouses)



Environmental initiatives

- **One million trees initiative** – to be achieved by 2025
- More than 300,000 trees planted to date.



Sustainability targets

- Following the recent formation of our **ESG committee**, we are working towards **becoming the first carbon neutral company in the Kingdom by 2029.**
- Sustainability targets also cover:
 - The reduction of carbon emissions
 - Continuous recycling of wastewater and solid waste

Awards and qualifications

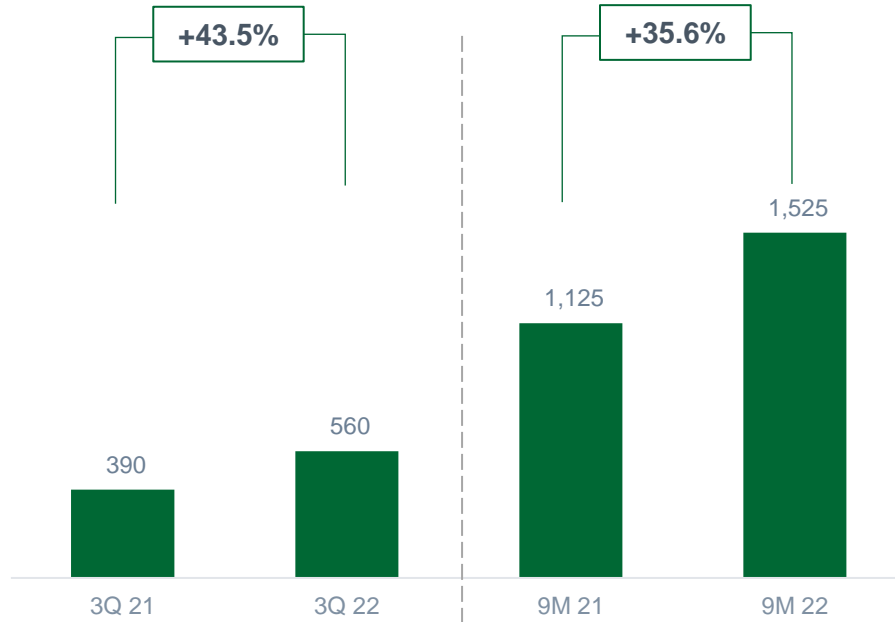


02 | 9M22 Financial Overview

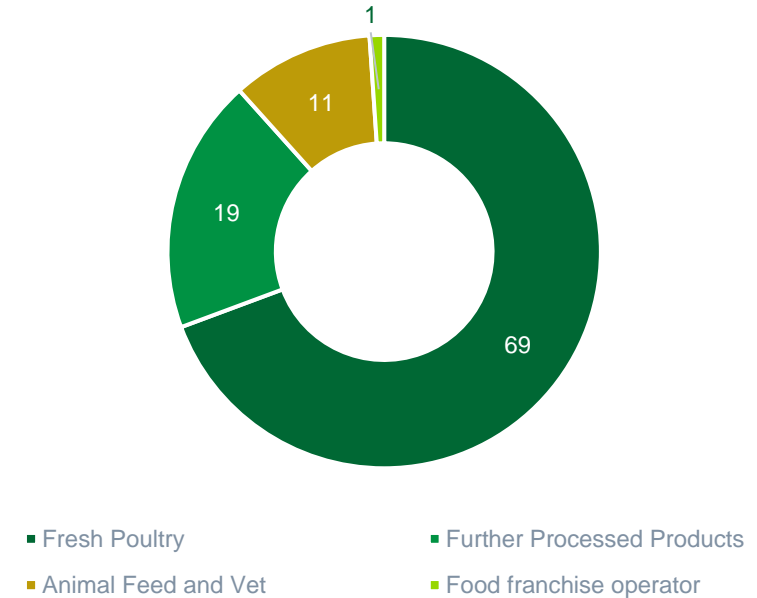
9M22 Financial Performance – top line

Maintained a robust topline performance underpinned by pickup in sales volumes on the back of rising popularity of fresh poultry

Revenues (SAR mn)



Revenue contribution by segments (%)



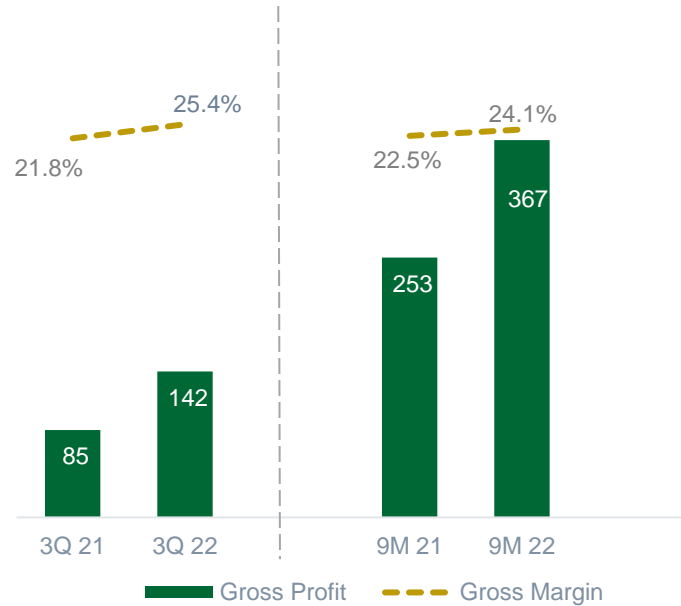
- 9M 22 revenues increased 35.6% YoY, primarily mainly due to:
 - Revenue growth continues across Tanmiah's diversified portfolio of products and services, particularly for fresh poultry and animal feed
 - Increasing consumer demand for domestically produced fresh poultry

- Fresh poultry**, the biggest contributor to revenues, reported 36% YoY growth in 9M 22, due to Tanmiah's continued capacity expansion, on the back of strategic government programs to boost poultry production, and rising popularity of fresh chicken
- Further processed products** grew by 17% YoY, driven by continued demand from the food service sector
- Feed and animal health** revenues increased 60% YoY in 9M, boosted by sustained demand for animal health products and equipment
- Food franchise operator** continued to deliver strong revenues since its launch in 2021, with the opening of 9 new stores in 9M, for a total of 13 Popeyes stores now operational in the Kingdom

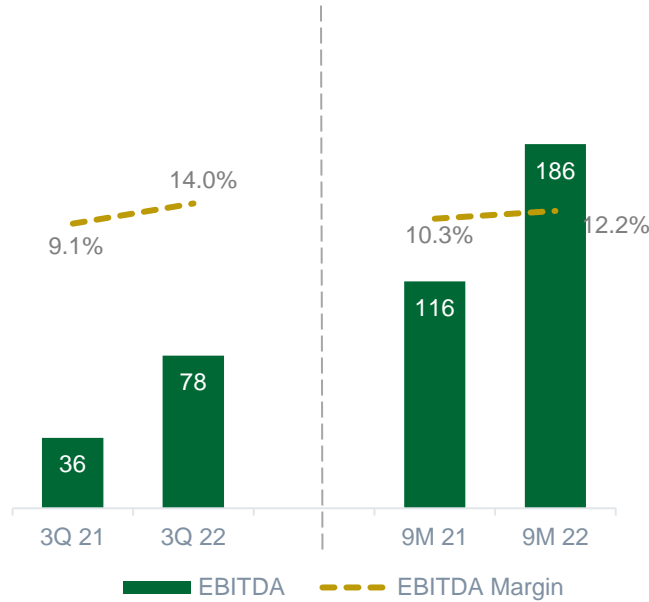
9M22 Financial Performance – bottom line

Margin recovery continues during the period, supported by increasing sales volumes and expansion program

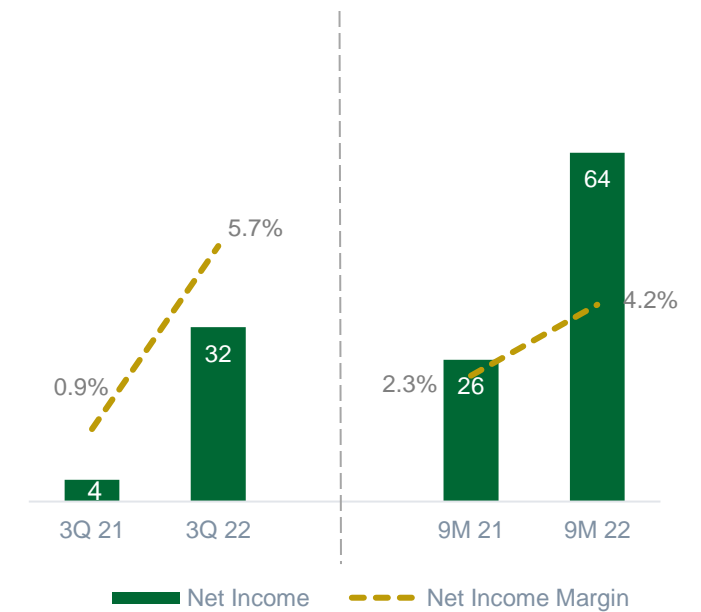
Gross Profit and Gross Margin



EBITDA and EBITDA Margin



Net Income and Net Income Margin

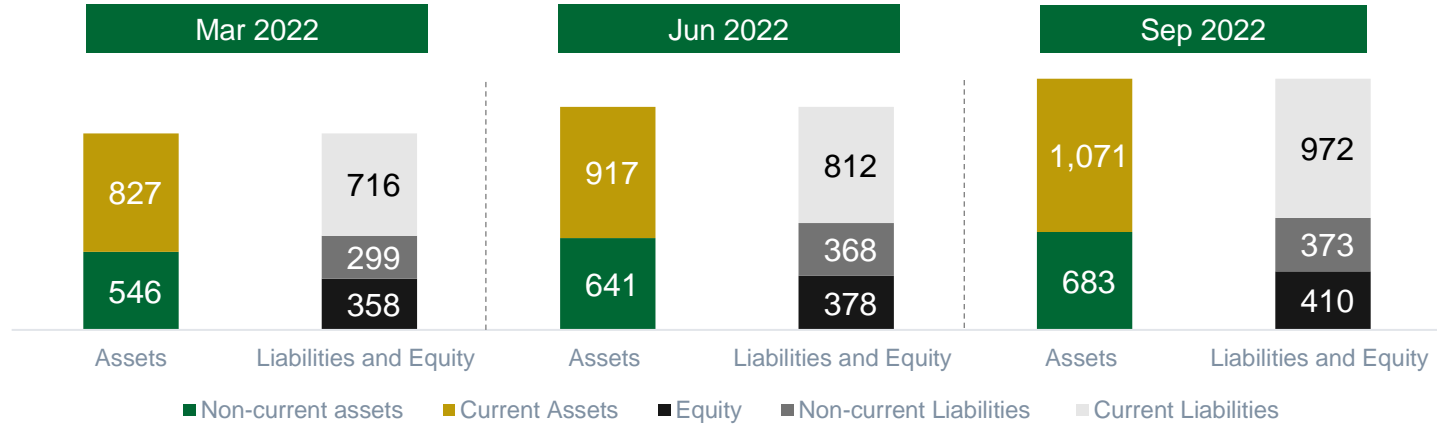


- Gross margin substantially improved from 22.5% in 9M 21 to 24.1% in 9M 22, due to:
 - continued expansion of volume and production capacity
 - greater and more effective utilization of Company assets
 - enhanced operational efficiencies across the board

- Net Income and EBITDA also significantly increased in 9M 22, as a result of substantial topline growth, underpinned by increasing sales volumes and sustained capacity expansion, despite the 34% rise in SG&A expenses.
- SG&A expenses increased because of:
 - Ongoing efforts to improve sales and capture market share
 - Expansion of sales and distribution network
 - Increased spending on marketing and promotional activities

Solid balance sheet management

Balance sheet (SAR mn)



			Jun 2022	Sep 2022
Profitability	RoIC	%	4.6%	7.9%
	RoE	%	8.4%	15.5%
Activity	NWC-to-Sales ⁽¹⁾	%	37%	29%
	Trade receivables ⁽¹⁾	Days of Sales	42	41
	Biological assets	Days of Sales	22	21
	Inventory	Days of COS	70	93
	Trade payables	Days of COS	61	72
	Current Ratio	x	1.1	1.1
Solvency	D/(D+E)	%	46%	49%
	Net debt-to- EBITDA	x	1.83	1.45

(1) Excluding amounts due from related parties

03 | Tyson Partnership

Completion of partnership to mark new era of growth and development

Landmark transaction provides solid foundation for further growth going forward, whilst offering sustainable returns to shareholders

Cost Efficiencies

- ❖ streamlining operations and processes
- ❖ Tyson Foods' focus on productivity gains to be used for local process improvement and efficiencies
- ❖ supply chain efficiencies

Synergies and Growth Opportunities

- ❖ significant cross-selling opportunities
- ❖ enhanced product diversification
- ❖ capitalizing on Tyson Foods' global reach
- ❖ potential for both top and bottom-line growth

Financial Implications & Capex Plans

- ❖ strengthens financial position
- ❖ accelerates growth plans
- ❖ Joint investments (primarily for expansion of FPP and primary processing lines)

04 | Strategy and Outlook

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



صندوق التنمية الزراعية
Agricultural Development Fund
المملكة العربية السعودية



Government Subsidy Reforms

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



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



Private Sector GDP Contribution

2020
50%
of GDP



2030
65%
of GDP



Agricultural Development Fund

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



Broiler Self Sufficiency Goals

2022
68%

✓ **Achieved**



2025
80%

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 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.

02

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**

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. As a **highly efficient producer** with **expanding market share**, Tanmiah stands to be a major beneficiary.

9M22 Key Takeaways



Significant revenue improvement, largely supported by increasing fresh poultry sales



Capacity expansion ongoing, on track to achieve more than 1 million birds per day by 2025



Continued recovery of margins, driven by sustained growth in sales volumes



Ongoing expansion of branch network and workforce to accommodate rising demand for products across all segments



Focus remains on enhancing operational efficiencies



Food franchise vertical continues to deliver strong revenues for third consecutive quarter since its launch



Government schemes and strategic partnerships driving ambitious growth plans further

THANK YOU

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