

TANMIAH FOOD COMPANY

9M2023 Presentation



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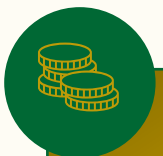
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01 | 9M2023 Highlights

3Q and 9M2023 highlights

Robust topline performance with fresh poultry continuing to lead this growth, whilst food franchise operations sustain solid revenue performance



+22%

YoY revenue growth, to
SAR 1,517 mn in 9M23



+20%

YoY operating profit
growth, to SAR 90 mn



-22%

YoY net profit* was
SAR 50 mn



+7%

QoQ revenue growth, to
SAR 534 mn in 3Q23



+49%

QoQ operating profit growth,
to SAR 32 mn



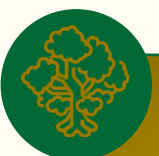
+51%

QoQ net profit*,
was SAR 17 mn



POPEYES

16 new stores opened in 9M,
with 36 in total



350K

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



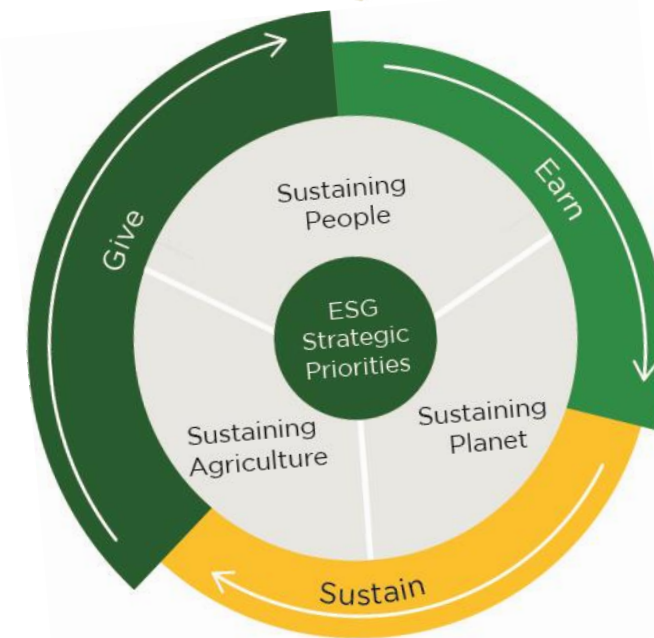
Key collaborations

MHP SE and Vibra
Agroindustrial

**Net Profit attributable to owners of the company*

Committed to sustainability through our Giving, Earning, Sustaining model

- ❖ Established **ESG Board Committee** in 2022 – a cross-functional management-level committee that has been established to drive the ESG agenda and oversee projects across the value chain
- ❖ 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). The details will be out in our inaugural Sustainability Report during this month which will detail our sustainability strategy and road map
- ❖ To strengthen its **Governance** structure, Tanmiah has enhanced its ERM process to include sustainability related risks in 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 in existing 6 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 etc, Water usage and sustainable packaging.
- ❖ We continue to pursue our **flagship projects** such as:
 - ❖ One million tree initiative – Up to 350K 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 2nd 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.**



Tanmiah wants to challenge the agricultural industry by seeking innovative technological solutions and approaches that enable the transition from imported corn and soy based feed towards sustainable, nature-positive and locally produced feed raw materials (especially grains) while maintaining the current quality standards and efficiency of the current poultry growth process.

Awards and qualifications

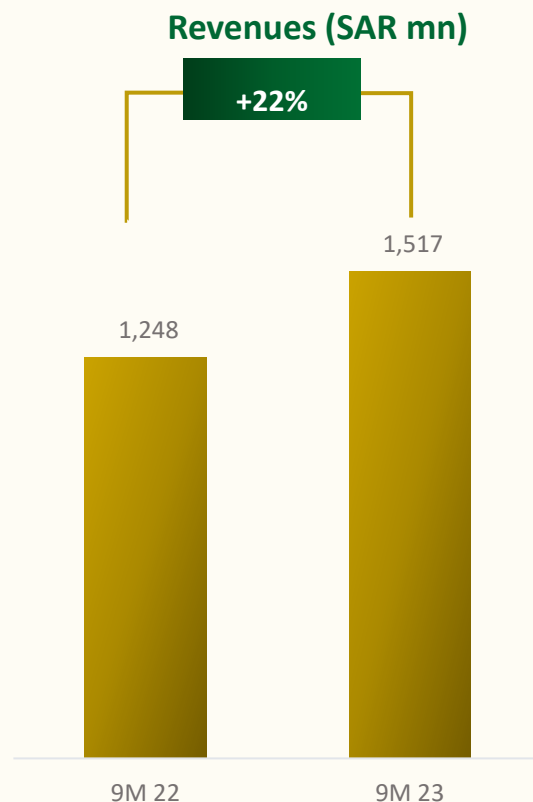




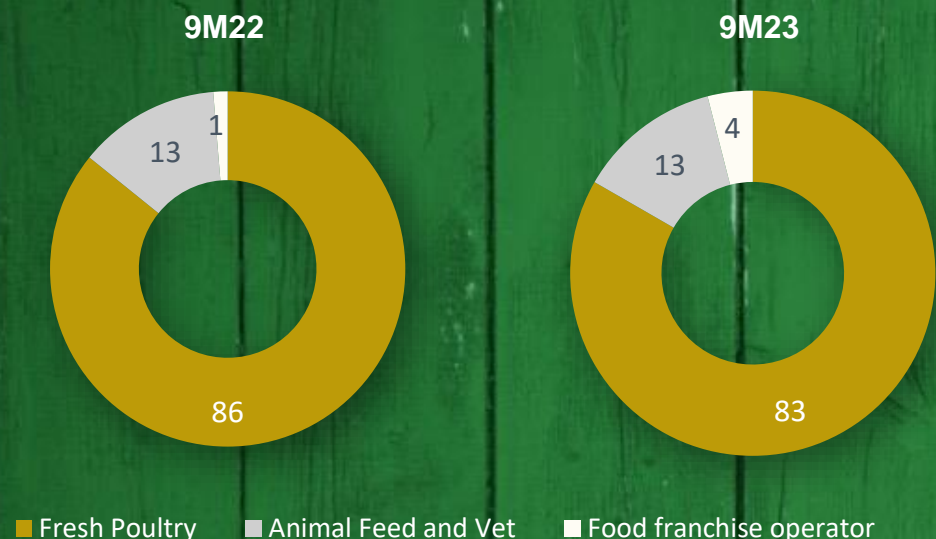
02 | 9M2023 Financial Overview

9M2023 financial performance – top line

Revenues maintain solid growth during the period



Revenue contribution by segments (%)

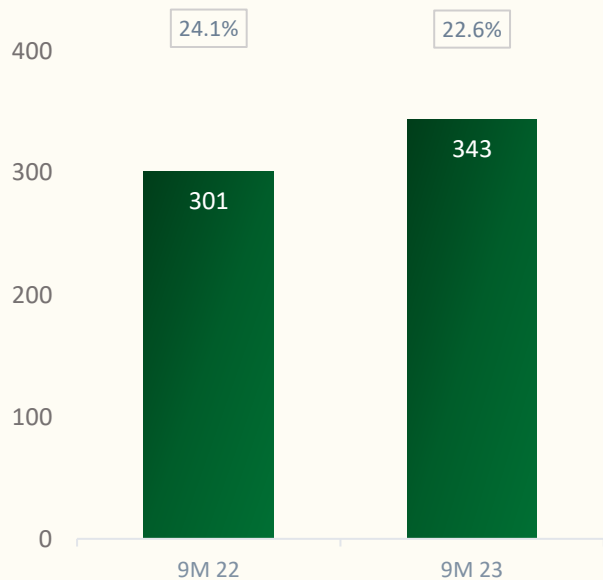


- **Fresh poultry** revenues increased 18% YoY, supported by capacity expansion and rising sales volumes
- **Feed and animal health** revenues improved 19.5% YoY, as demand for animal health products and equipment continued to rise
- **Food franchise operations expanding**, with 16 new Popeyes stores opened in 9M, for a total of 36 operational stores in the Kingdom, in line with Tanmiah's diversification strategy

9M2023 financial performance – profitability

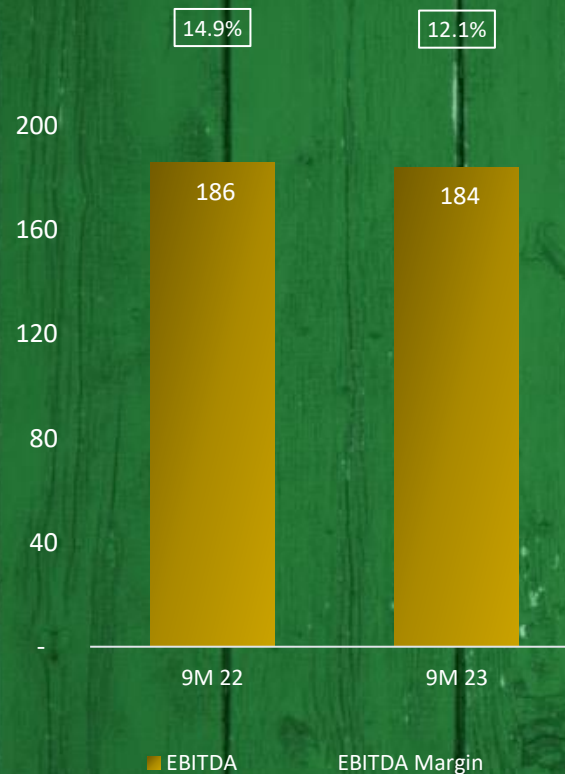
Tanmiah achieved healthy margins during the period

Gross Profit and Gross Margin

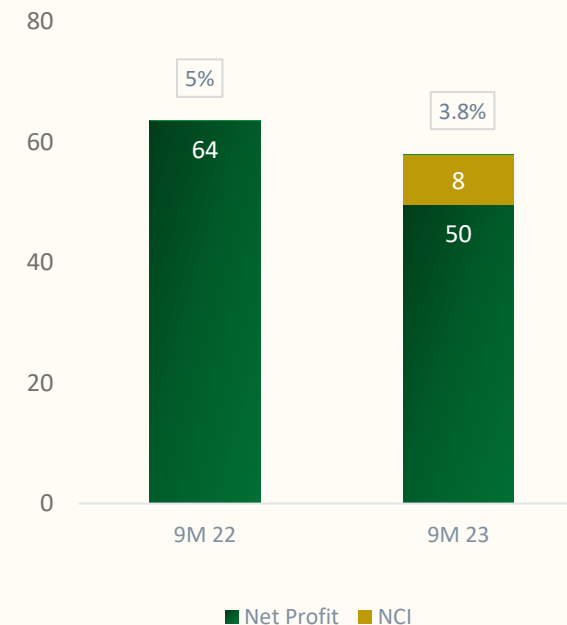


- Gross margin was lower due to:
 - pricing pressures in the market
 - lower subsidy
- Partially offset by:
 - grain price improvements
 - cost optimization and efficiency measures

EBITDA and EBITDA Margin



Net Profit* and Net Profit Margin



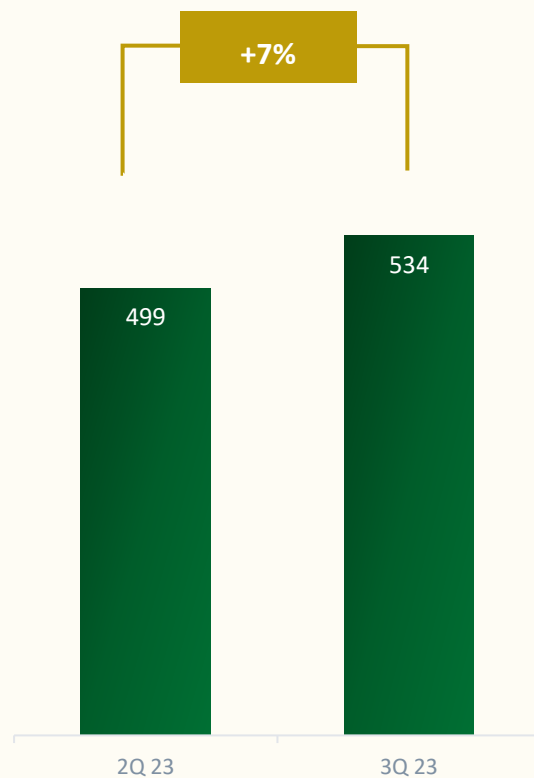
- Net profit and margins was under pressure as a result of:
 - ongoing expansion of fresh poultry production and distribution capacity
 - pre-operating cost of new Popeyes stores
 - higher finance charges
 - post Tyson transaction non-controlling interest (NCI) recognition

**Net Profit attributable to owners of the company*

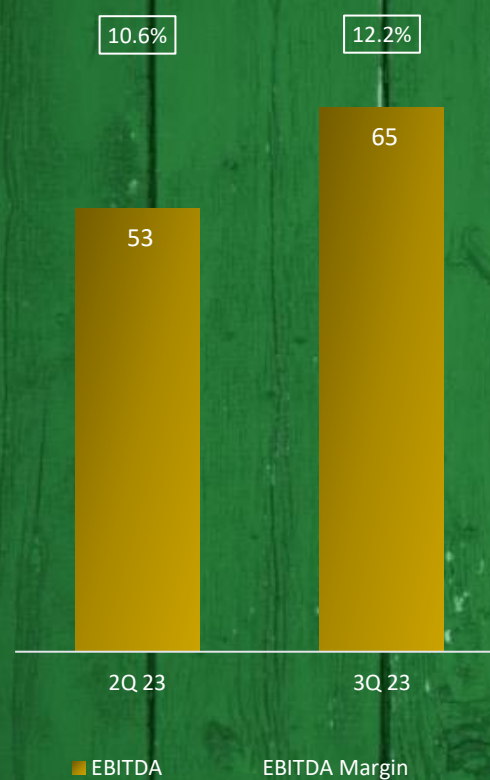
3Q2023 financial performance overview

The company witnessed a sequential improvement in financial performance

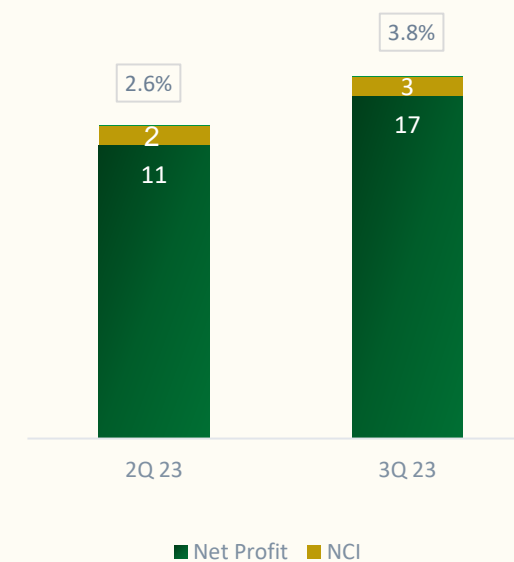
Revenue



EBITDA and EBITDA Margin



Net Profit* and Net Profit Margin



*Net Profit attributable to owners of the company

Fresh poultry segment analysis

Sales and marketing initiatives continued to grow



PPL



Feed mills



Hatcheries



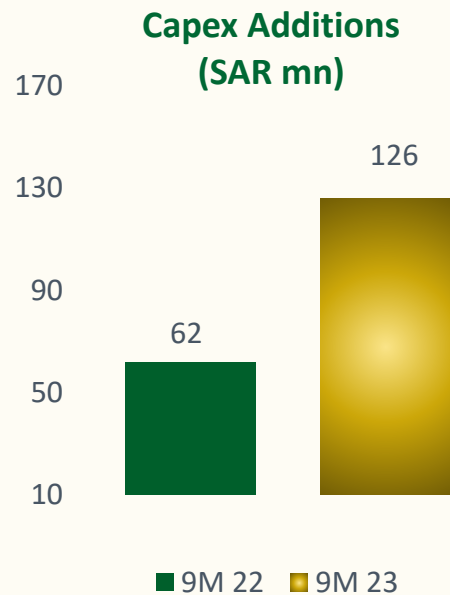
Farms

| | 9M22 | 9M23 | % Change |
|---------------------|--------------------|--------------------|----------|
| Sales volume | 83.5 million birds | 99.8 million birds | 20% |
| Processing capacity | 420,500 bpd | 500,000 bpd | 19% |
| Distribution routes | 278 | 323 | 16% |
| Marketing spend | SAR 16.4 million | SAR 19.3 million | 18% |
| Farms | 102 | 120 | 18% |



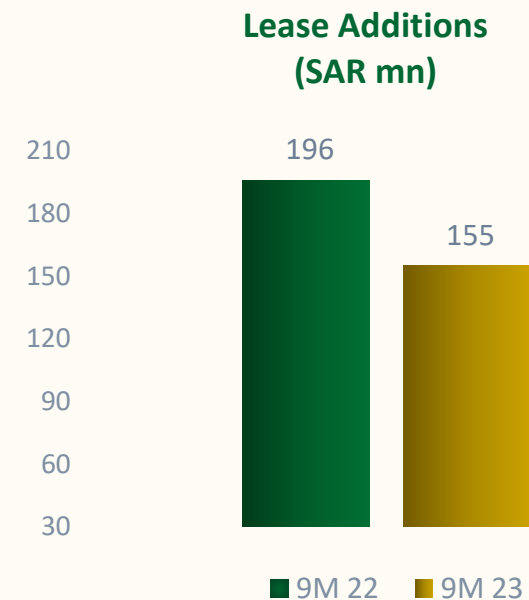
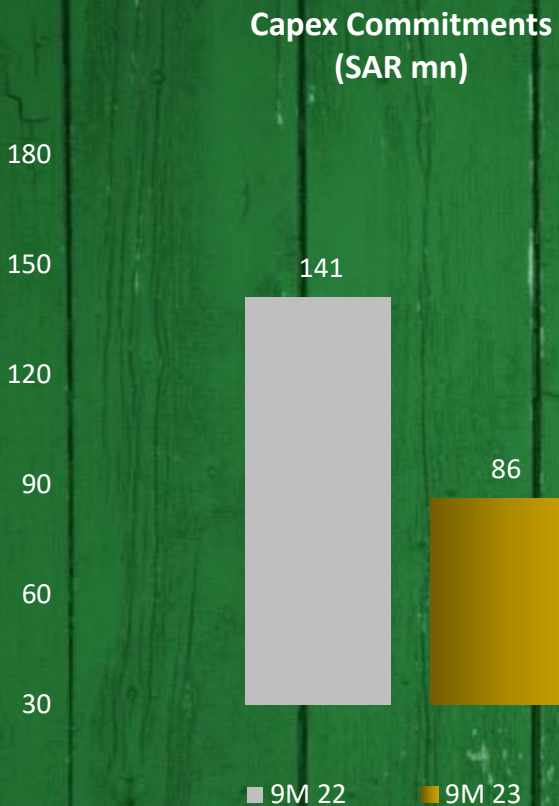
Focus on strategic expansion agenda

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



Fresh poultry

- 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

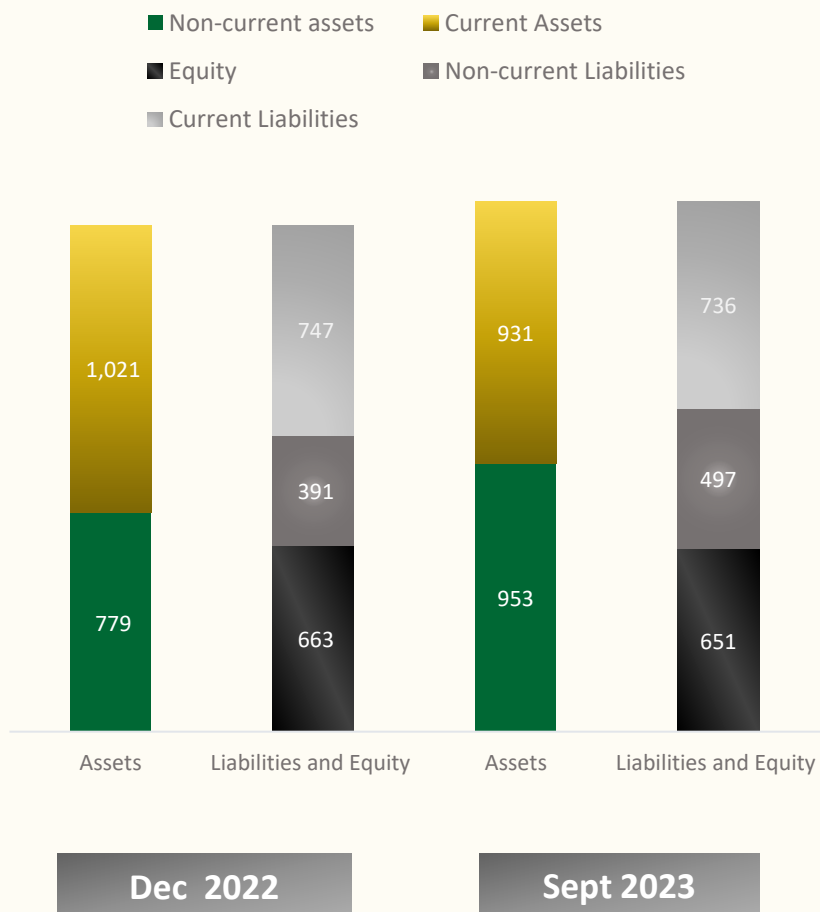


Popeyes

- Stores under construction and commitments include fit-out at various stages, kitchen equipment, and furniture & fixtures.

Prudent balance sheet management

Balance sheet (SAR mn)



| | | | Dec 2022 | Sept 2023 |
|---------------|--------------------------------------|---------------|----------|-----------|
| Profitability | RoIC ^{(1) (2)} | % | 8% | 12.0% |
| | RoE ⁽¹⁾ | % | 11.3% | 12.4% |
| Activity | NWC-to-Sales ⁽³⁾ | % | 17% | 17% |
| | Trade receivables ⁽³⁾ | Days of Sales | 34 | 32 |
| | Biological assets | Days of Sales | 27 | 22 |
| | Inventory | Days of COS | 80 | 65 |
| | Trade payables | Days of COS | 67 | 55 |
| | Current Ratio | x | 1.4 | 1.3 |
| Solvency | D/(D+E) | % | 32% | 31% |
| | Net debt - to- EBITDA ⁽¹⁾ | x | 0.19 | 0.72 |

(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 growth in revenues and improvement in profitability



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



Key collaborations with MHP SE and Vibra Agroindustrial to reinforce the Kingdom's food security objectives



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



Operational excellence and efficiency are key priorities for the company



Expansion of food franchise operations continues, with the opening of 16 new stores, for a total of 36



The Saudi government's vision and support continues to play a vital role in our growth plans



THANK YOU

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