

TANMIAH FOOD COMPANY

1H2023 Presentation



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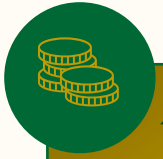
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01 | 1H2023 Highlights

1H2023 highlights

Fresh poultry continues to drive top line performance, whilst food franchise operations sustain growth trajectory



↑ **27%**

YoY revenue growth,
to SAR 983 mn



↑ **22%**

Fresh Poultry revenue
growth



↑ **32%**

Animal Feed and Veterinary
Services revenue growth



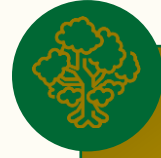
↑ **2%**

YoY net profit* growth,
to SAR 32 mn



POPEYES

11 new stores opened in 1H,
with 31 in total



335K

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



500,000 bpd

+19% YoY growth in daily
capacity in fresh poultry



**Prestigious
Awards**

Forbes' Top 10 Innovative
Companies in Sustainability;
2023's Product of the Year

*Net Profit attributable to owners of the company

Committed to sustainability through our Giving, Earning, Sustaining model

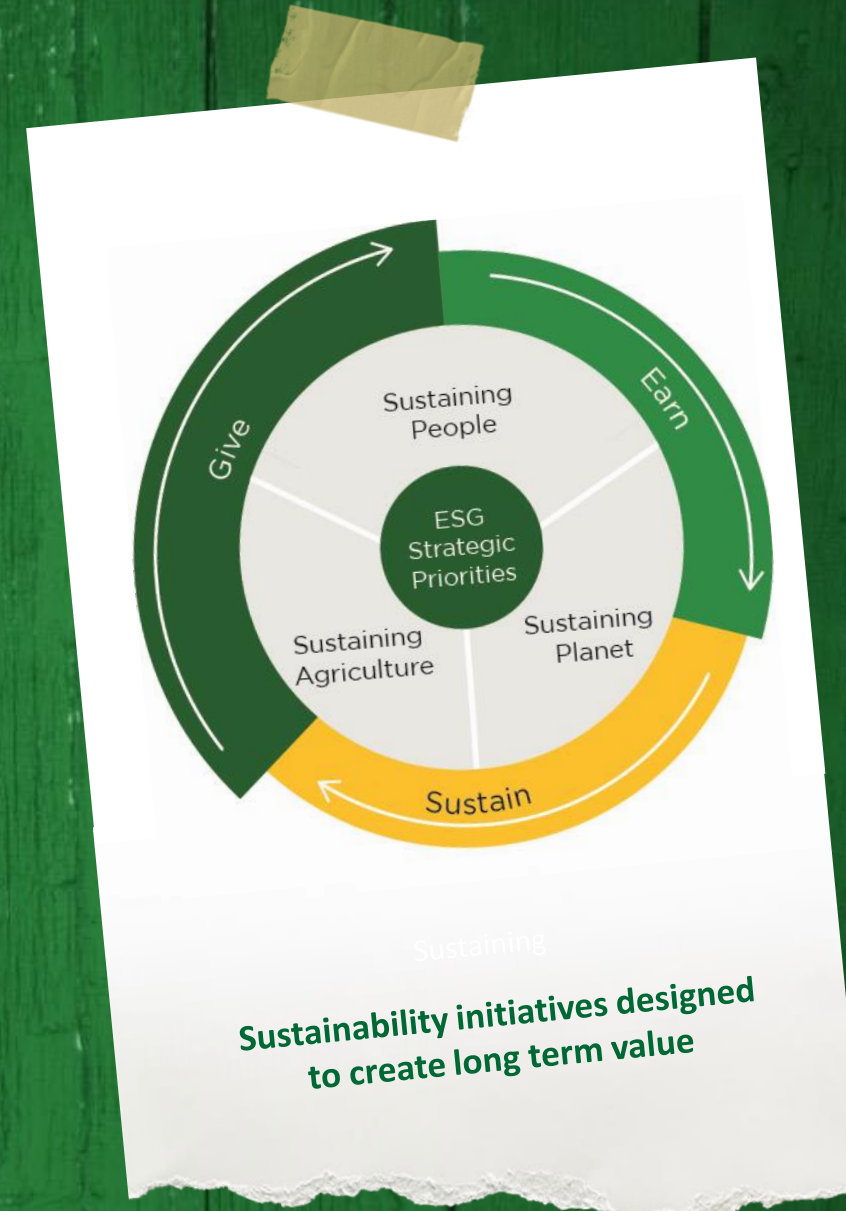
ESG initiatives

- ❖ Established ESG Board Committee in 2022
- ❖ ESG framework under development – already conducted benchmarking and materiality assessment
- ❖ One million tree initiative – Up to 335K trees planted to date; trees planted on seasonal basis
- ❖ Green houses are to be irrigated by wastewater from hatcheries
- ❖ Solid waste converted to compost from hatcheries to be used as fertilizer or sold
- ❖ Increased focus on energy efficiency to minimize resource waste and carbon emissions
- ❖ The company's focus in 2023 will be to adopt a suitable international ESG reporting framework, to provide meaningful and measurable disclosures about Tanmiah's ESG activities, with appropriate third-party verification. We are also looking to inaugurate our first Sustainability Report
- ❖ Practices and policies being implemented to address water usage levels and sustainable packaging and include key suppliers in our ESG journey
- ❖ 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

Community initiatives

- ❖ Hiring and training of orphans with the support of Kayan NGO and People of determination in collaboration with Sa3ee Association
- ❖ Women Enablement Program, a specialized training and recruitment program, where around 200 Saudi female workers were hired for the company

Awards and qualifications



Sustaining
Sustainability initiatives designed
to create long term value

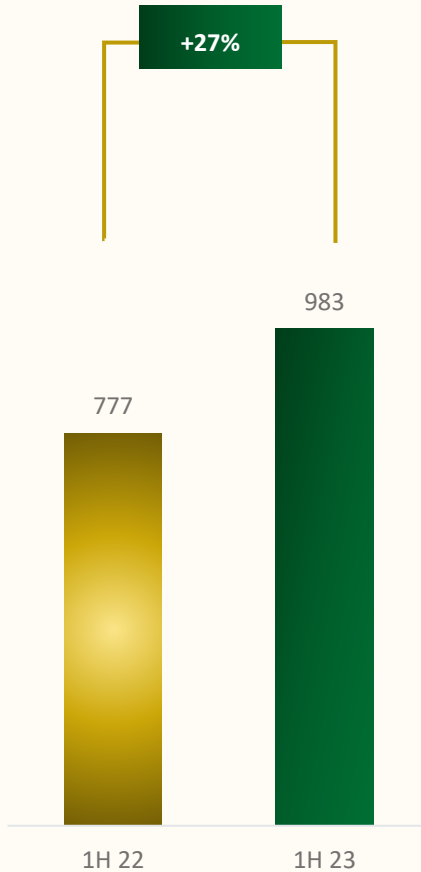


02 | 1H2023 Financial Overview

1H2023 financial performance – top line

Revenues continued to improve, due to growth across the board

Revenues (SAR mn)

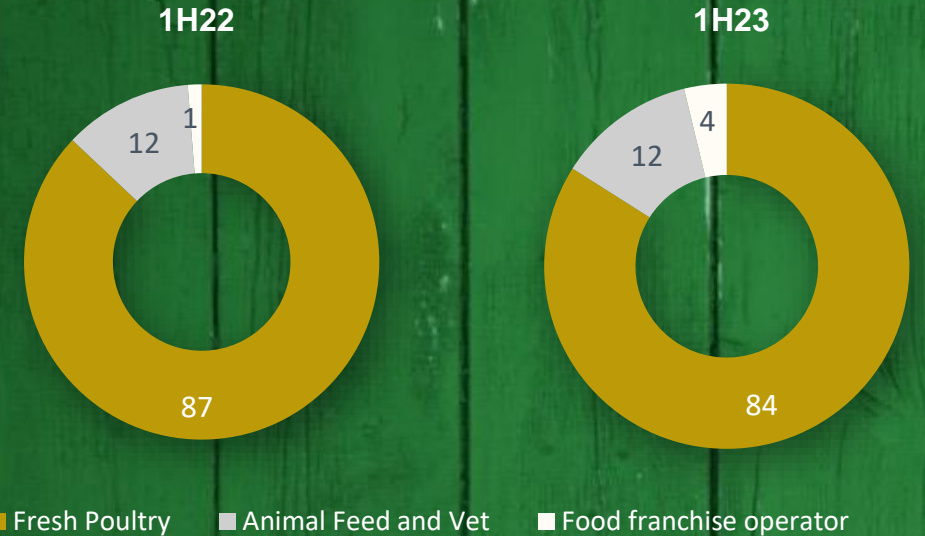


- 1H2023 revenues increased 27% YoY, as a result of:
 - sustained growth of fresh poultry sales during the period
 - continued increase of production capacity, to 500,000 bpd
 - rising demand for animal health products and equipment
 - consistent growth of food franchise revenues



As reported in the financial statements

Revenue contribution by segments (%)

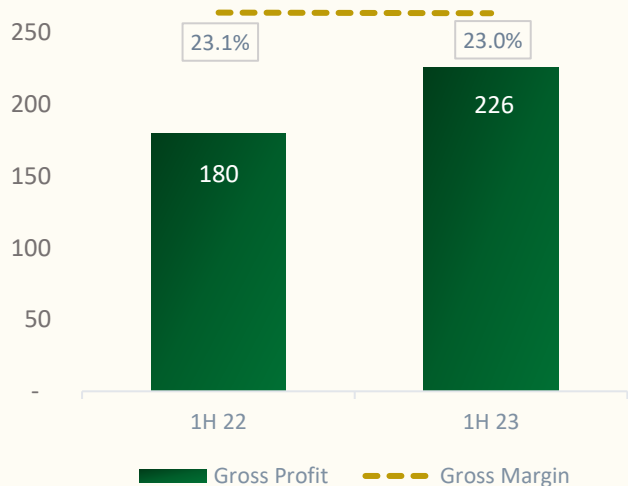


- Fresh poultry** revenues increased 22%, driven by strategic government initiatives, capacity expansion and rising sales volumes
- Feed and animal health** revenues improved 32% YoY, as demand for animal health products and equipment continued to rise
- Food franchise operations expanding**, with 11 new Popeyes stores opened in 1H, for a total of 31 operational stores in the Kingdom, as part of Tanmiah's diversification strategy

1H2023 financial performance – bottom line

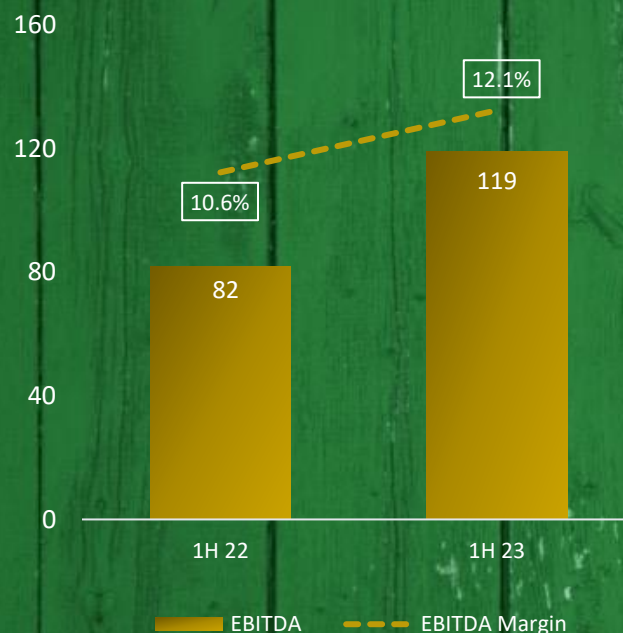
Tanmiah maintained healthy margins during the period

Gross Profit and Gross Margin



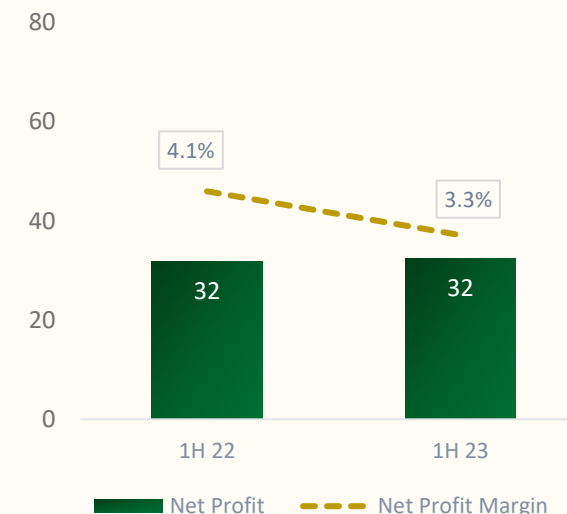
- Gross margin remained steady, at a healthy level in 1H23, as a result of:
 - improved sales volumes, driven by sustained rise in production capacity
 - lower than expected subsidy payout throughout the first half
 - pricing pressure in the market in the 2nd quarter
 - continued production capacity ramp-up costs, outweighing utilization

EBITDA and EBITDA Margin



- EBITDA improved in 1H23, due to the strong top line performance, and largely outweighed the 13% rise in SG&A expenses

Net Profit* and Net Profit Margin



- Net margin remained under pressure in 1H23. This was primarily due to:
 - continued expansion of Tanmiah's sales and distribution network, including fresh poultry and food franchise operations
 - rise in financial charges, due to increase in prevailing SAIBOR

*Net Profit attributable to owners of the company

Fresh poultry segment analysis

Expanding production capacity and increasing sales and marketing initiatives resulting in growth



PPL



Feed mills



Hatcheries



Farms

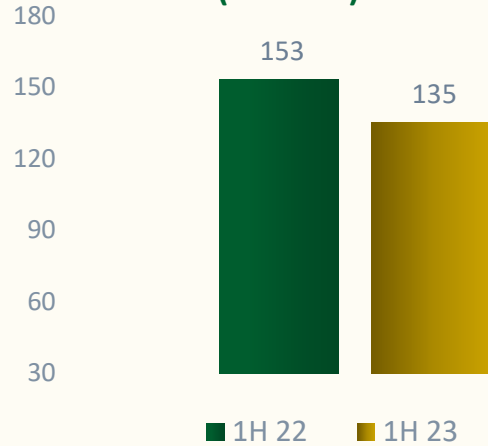
	1H22	1H23	% Change
Sales volume	53.5 million birds	65 million birds	21%
Processing capacity	420,500 bpd	500,000 bpd	19%
Distribution routes	275	309	12%
Marketing spend	SAR 8.9 million	SAR 12.7 million	43%
Farms	102	114	12%



Focus on strategic expansion agenda

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

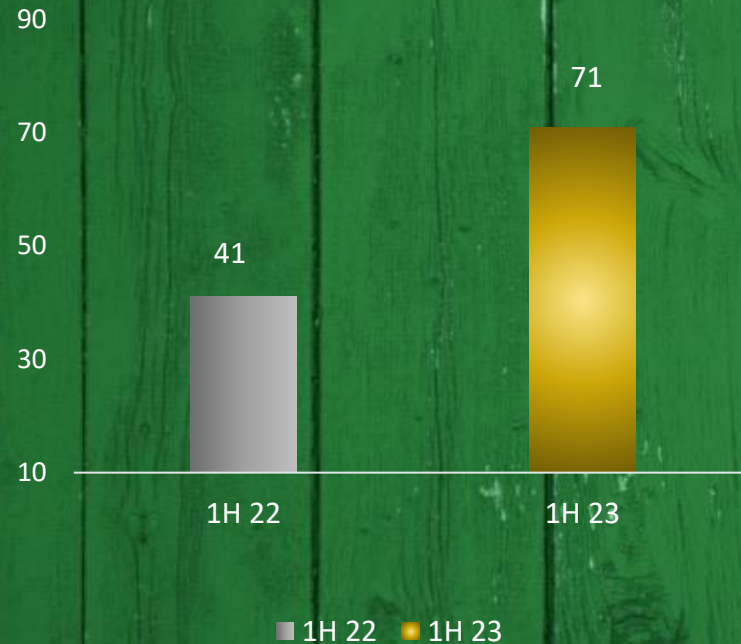
Capex Commitments (SAR mn)



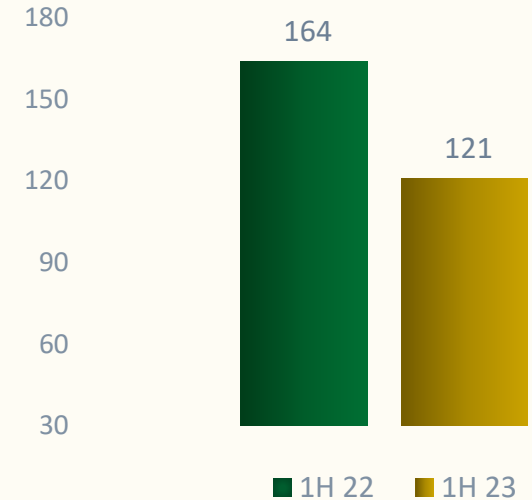
Fresh poultry

- Assets under construction & Capex 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

Capex Additions (SAR mn)



Lease Additions (SAR mn)

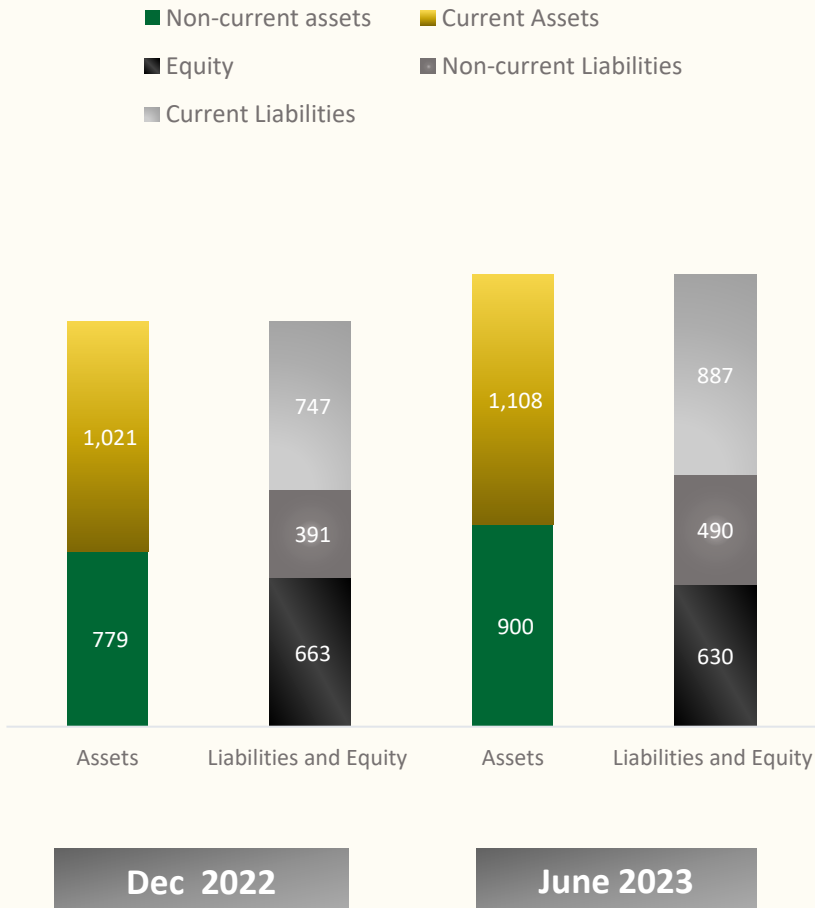


Popeyes

- Capital commitments include kitchen equipment and furniture for new stores

Prudent balance sheet management

Balance sheet (SAR mn)



		Dec 2022	June 2023	
Profitability	RoIC ^{(1) (2)}	%	8%	10%
	RoE ⁽¹⁾	%	11.3%	14.0%
Activity	NWC-to-Sales ⁽³⁾	%	17%	17%
	Trade receivables ⁽³⁾	Days of Sales	34	33
	Biological assets	Days of Sales	27	25
	Inventory	Days of COS	80	70
	Trade payables	Days of COS	67	57
	Current Ratio	x	1.4	1.2
Solvency	D/(D+E)	%	32%	42%
	Net debt-to- EBITDA	x	0.19	0.6

(1) Return is for continued operations on LTM basis

(2) Invested capital excludes leases

(3) Excluding amounts due from related parties

03 | Key Takeaways

Strong foundation to capture future growth

Robust underlying fundamentals enabling Tanmiah to become a leading food producer in the MENA region and beyond

Our pathway to rapid expansion rests on solid ground

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

Our **robust financial position** and **underlying fundamentals** have solidly positioned us to fund the expansion of our business. Our capital structure is currently distributed between internal resources and debt financing

Our **fully integrated business model** of farming, production and distribution supports **streamlined operations, cost efficiencies and quality control** across all stages of the value chain.

Tanmiah operates in a **defensive sector** which is crucial to the **food security goals** of the Kingdom and the **market for our products is growing rapidly**.

Saudi Government policies are supportive of the **acceleration of Tanmiah's growth**, including the objective of achieving greater poultry **self-sufficiency**.



Reinforced by Government Initiatives

Continued support for the food sector, both directly and indirectly, as part of Vision 2030 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

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



Increase number of tourists

2030

- Targeting to attract 100 million visitors
- 10% contribution to GDP



Increase number of Pilgrims

2020

8 MN
Visitors per year



2030

30 MN
Visitors per year



Government Measures

Tariffs of 20% on the goods price



Government Subsidy Reforms

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

رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

صندوق التنمية الزراعية
Agricultural Development Fund
المملكة العربية السعودية



1H23 Key Takeaways



Improvement in revenues achieved, supported primarily by fresh poultry sales



Continued execution of strategic growth agenda, with 19% YoY increase in production capacity to 500,000 bpd



Prestigious awards received, in recognition of Tanmiah's endeavors in the fields of sustainability and innovation



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 on track, with the opening of 11 new stores, for a total of 31



Important partnership with HPDC set to reinforce food security objectives and support the expansion of the Kingdom's Halal industry



Saudi government initiatives continue to play a key role in accelerating growth plans

THANK YOU

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