

TANMIAH

Investor Presentation – 1H 22

August 2022



التنمية
TANMIAH 

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Strategy and Outlook

The background features several abstract, hand-drawn green shapes. At the top center is a small, inverted teardrop shape. A large, thick, curved stroke starts from the top right and sweeps down towards the center. On the left side, there are two curved strokes, one above the other. At the bottom, there are several smaller, more complex shapes, including a teardrop, a curved line, and a shape resembling a stylized leaf or petal.

01 | Highlights

1H 22 Highlights

Efficient and integrated business model places us in a strong position to unlock value from **Vision 2030**; sustained growth across all segments in 1H 22



↑ **31%**

YoY revenue growth,
to **SAR 966 mn**



↑ **31%**

Further Processed Products
revenue growth



↑ **31%**

Fresh Poultry revenue
growth



↑ **26%**

Feed and Veterinary
Services revenue growth



↑ **43%**

YoY net profit growth,
to **SAR 32 mn**



↑ **14% YTD**

Volume capacity increase
from 370,000 to 420,500
birds per day



POPEYES

Generated strong revenues
during its 2nd quarter of
operations; 6 new stores
opened in 1H with 10 outlets
in total

Fresh poultry segment growth

Segment growth driven by capacity expansion and price revisions

Expansion focus areas



- Sales volume increased from **49.2 million** in 1H 21 to **53.5 million** chickens in 1H 22
- Increase in processing capacity by **14% YTD** from 370,000 to 420,500
- Distribution routes grew from **213** in 1H 2021 to **275** in 1H 2022
- Increase in **manpower and transportation capabilities** to support **sales ramp up and growth in distribution network**
- Marketing spend increased from **SAR 8 million in 1H 21 to SAR 10.3 million in 1H 22**, in line with strategy to grow market share
- Unprecedented global grain price increases continued to affect the feed costs and performance of fresh poultry segment.
- Tanmiah obtained a short-term financing facility of SAR 150 million from Agricultural Development Fund to finance the import of grains
- Tanmiah also secured a EUR 48.2 million long-term Shariah compliant facility from Rabobank to support its expansion plans

FPP segment growth

Segment growth driven by rising demand and capacity increase

31%

FPP revenue growth

- Sales volume increased from **9 million kgs** in 1H 21 to **11.6 million kgs** in 1H 22.
- Rising trend in imported chicken prices, have impacted FPP segment during the period

Feed & Veterinary Services segment growth

Segment growth driven by rising demand, expanding customer base and new products

26%

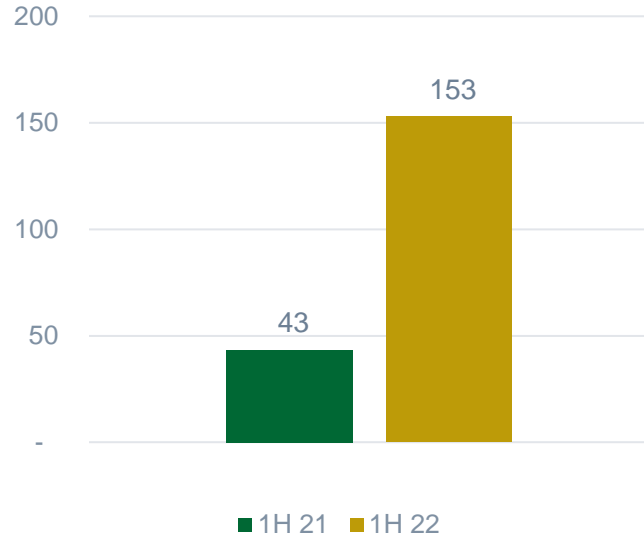
revenue growth

- The improvement in revenues was primarily driven by increased demand for animal health products and equipment, as well as an increase in the customer base and the introduction of new products

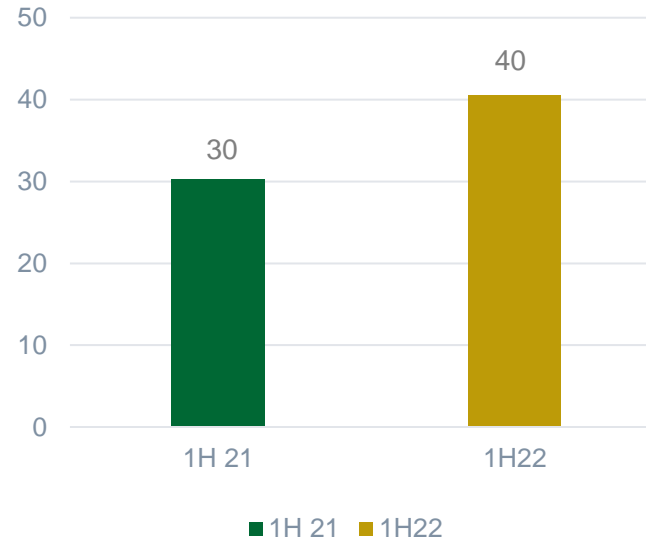
Focus on strategic expansion agenda

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

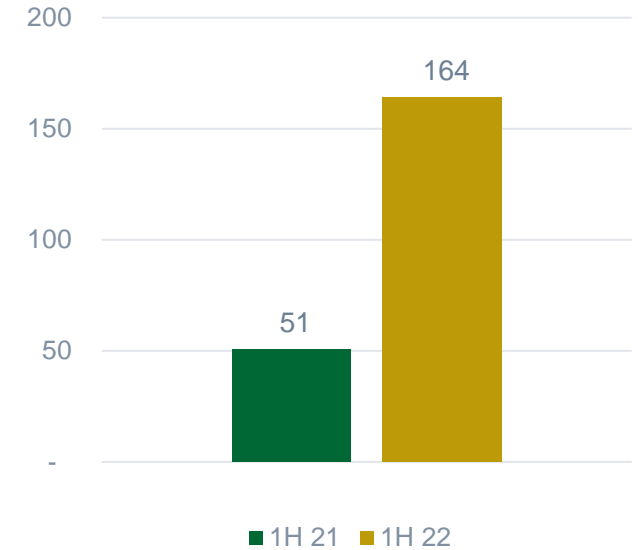
Capex Commitments (SAR mn)



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.
- Asset under construction includes:
 - 20 MT per hour additional feed mill capacity
 - 21,000 MT additional feed storage capacity
- Capex Commitments:
 - 40 MT per hour additional feed mill capacity
 - Additional processing capacity of 13,500 birds per hour

FPP segment

- Capex commitments to result in:
 - 9,000 MT per annum capacity increase through new production line or which completion is expected in 2022
 - Addition of 5,000 MT Capacity in Dubai

Popeyes

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

Committed to sustainability through our Giving, Earning, Sustaining model

Omnipreneurship award

Winner announced in Riyadh, for putting forward a creative solution to convert poultry waste into valuable products



NSF Certification

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



Awards and qualifications



Environmental initiatives

- **One million tree initiative** – to be achieved by 2025; trees planted on seasonal basis
- **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**



Community initiatives

- **Institutionalized internship program**, taking place twice a year for 3-6 months for each round to continue to develop local talent
- **Tanmiah's Women Enablement Program** continued to provide customized training and recruitment solutions to its female staff, whilst providing opportunities in both blue collar and managerial positions
- MOU signing with **NGO Kayan** to train and employ orphans
- MOU signing with **Sa3ee** to train and employ people of determination

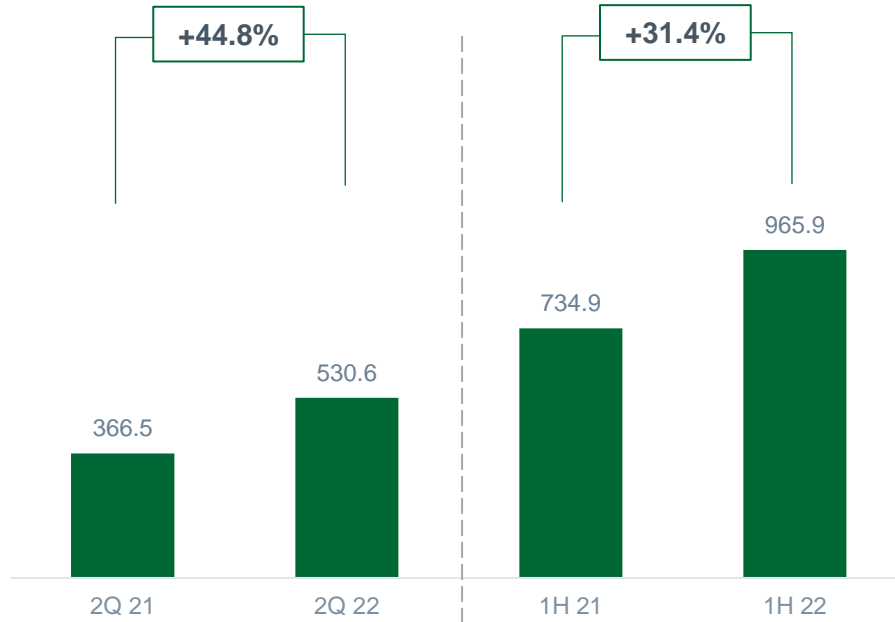


02 | 1H 22 Financial Review

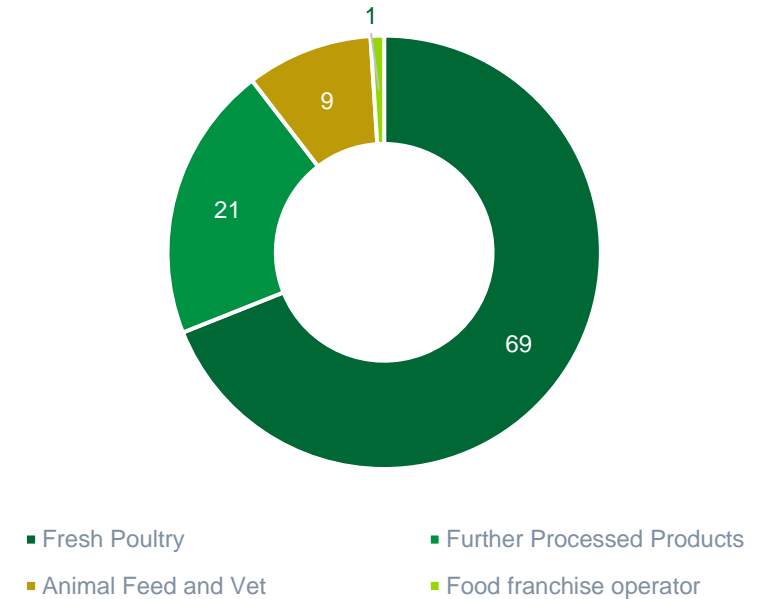
1H 22 Financial Performance – top line

Tanmiah delivers robust topline performance supported by capacity expansion and rising demand

Revenues (SAR mn)



Revenue contribution by segments (%)



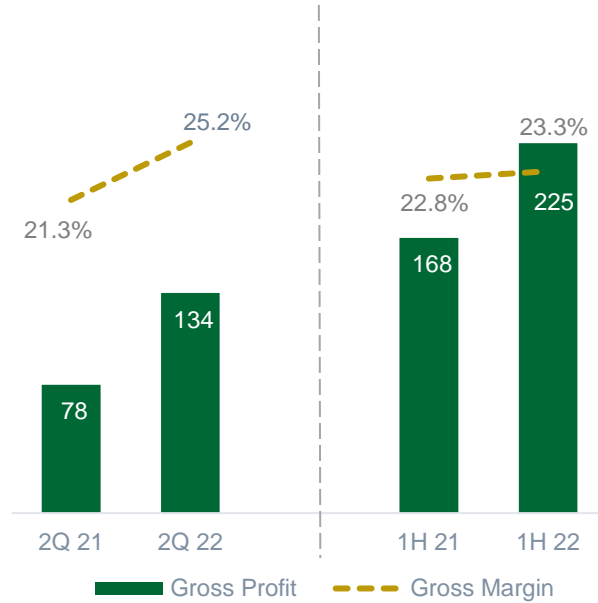
- 1H 22 revenues increased 31.4% YoY, due to:
 - Sustained revenue growth across all segments: fresh poultry, further processing and animal health segments
 - Strong demand for fresh and domestically produced poultry
 - Continued price increases drive revenue growth, in addition to increases in sales volumes

- Fresh poultry**, the major contributor to revenues, achieved 31% YoY growth in 1H 22, boosted by Tanmiah's sustained capacity expansion and increasing volumes
- Further processed products** grew by 31% YoY, driven by rising demand from the food service sector and price revisions during contract renewals
- Feed and animal health** revenues increased 26% YoY in 1H, as a result of increased demand for animal health products and equipment
- Food franchise operator delivered solid revenues** during its second consecutive quarter of operations. 10 Popeyes stores are now operational, after having opened 6 new stores during 1H 22, with targeted strategic store expansion on track

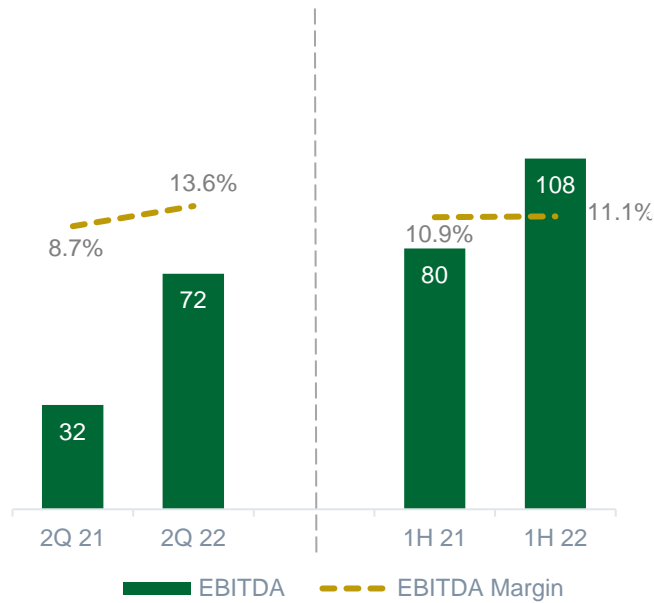
1H 22 Financial Performance – bottom line

Improvement in both gross and net profit in 1H 22, as a result of continued price increases, as well as volume and capacity expansion

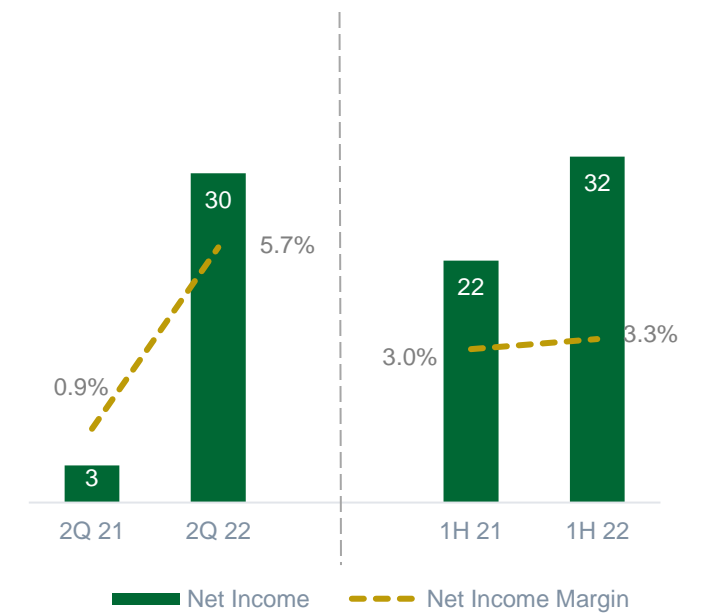
Gross Profit and Gross Margin



EBITDA and EBITDA Margin



Net Income and Net Income Margin

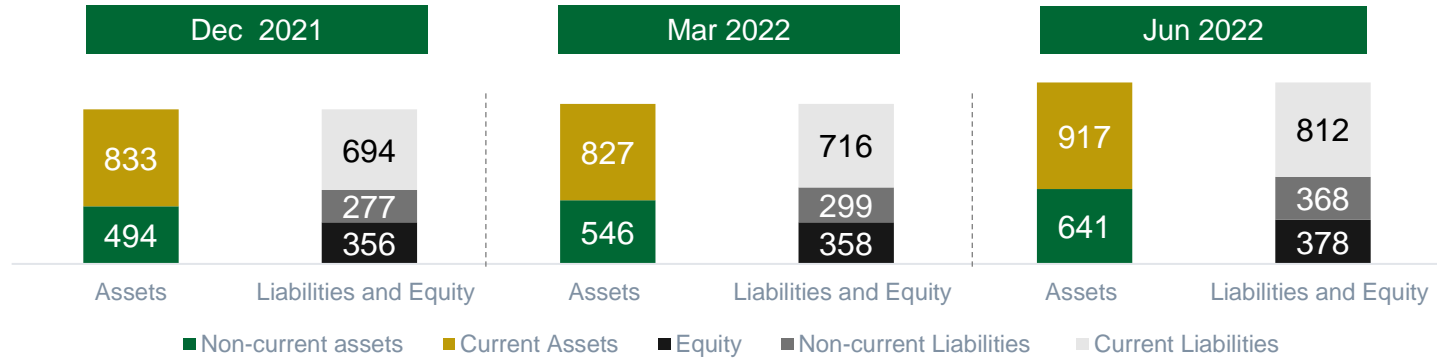


- Gross margin improved from 22.8% in 1H 21 to 23.3% in 1H 22
- This was essentially driven by:
 - price increases for the Company's products
 - continued expansion of both volume and capacity during the period
 - improved efficiencies
 - effective utilization of new assets

- Net Income and EBITDA both improved when compared to 1H 21, due to a substantial improvement in the top line, supported by sustained expansion of volumes and capacity, despite the YoY rise in SG&A expenses.
- SG&A expenses increased 35.1% YoY due to:
 - Increase in costs associated with the ramp up of our sales network across Saudi Arabia
 - Increased spending on advertisement and marketing to capture market share

Prudent balance sheet management

Balance sheet (SAR mn)

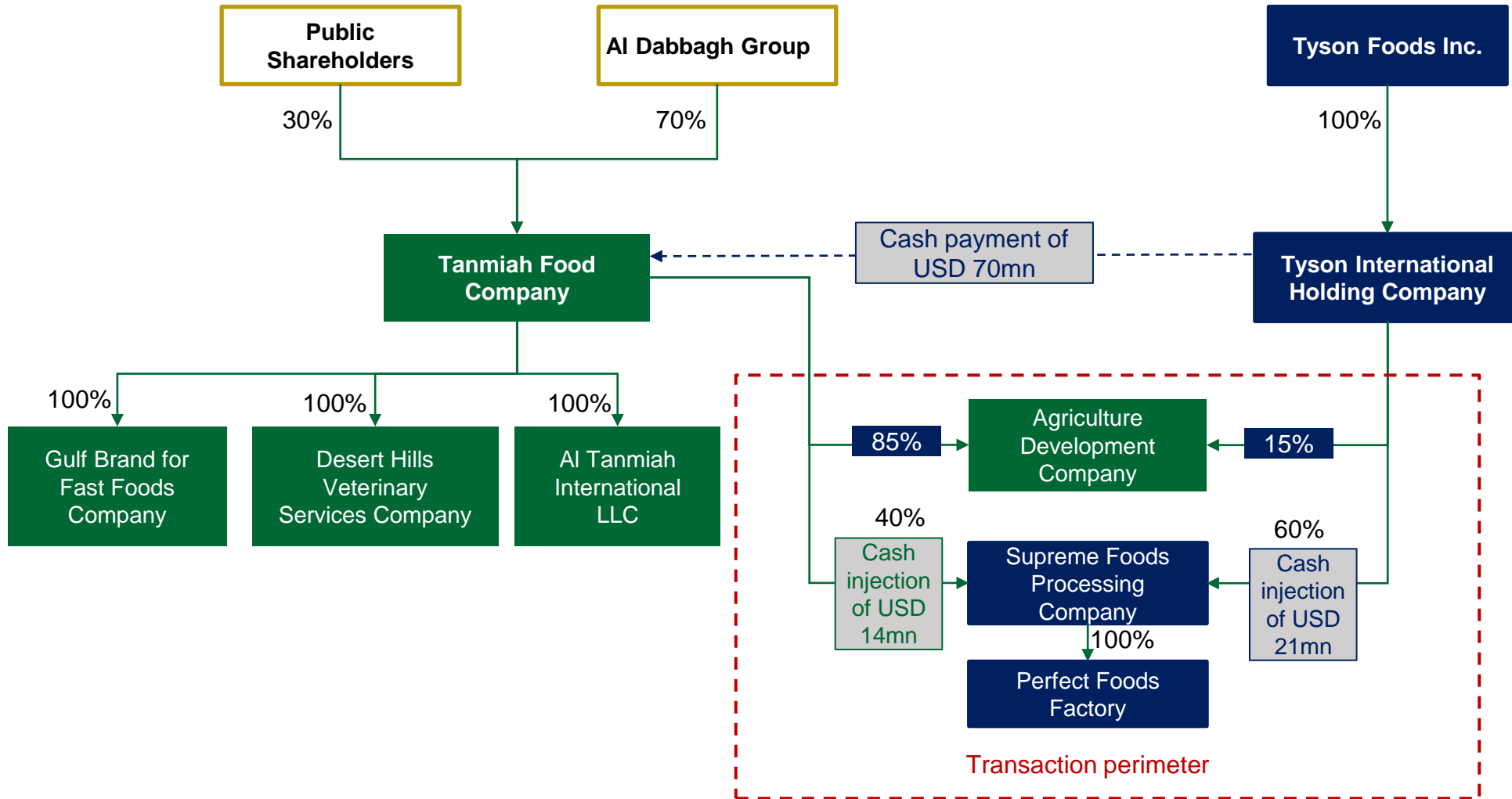


			Mar 2022	Jun 2022
Profitability	RoIC	%	0.86%	4.6%
	RoE	%	0.43%	8.4%
Activity	NWC-to-Sales ⁽¹⁾	%	31%	37%
	Trade receivables ⁽¹⁾	Days of Sales	43	42
	Biological assets	Days of Sales	20	22
	Inventory	Days of COS	77	70
	Trade payables	Days of COS	56	61
	Current Ratio	x	1.2	1.1
Solvency	D/(D+E)	%	46%	46%
	Net debt-to- EBITDA	x	1.53	1.83

(1) Excluding amounts due from related parties

03 | Tyson Partnership

Tyson Partnership – Ownership Structure



- Denotes consolidation by Tanmiah
- Denotes consolidation by Tyson

Generating substantial returns to shareholders

Strategic partnership to create multiple avenues of sustainable value creation



Cost Efficiencies

- Streamlining operations and processes, leading to cost savings
- Tyson Foods' focus on productivity gains could be used for local process improvement and efficiencies



Synergies and Growth Opportunities

- Positions Tanmiah to realize supply chain efficiencies due to economies of scale
- Significant cross selling opportunities
- Enhanced product diversification leading to larger revenue streams
- Capitalizing on international distribution network
- Potential for top line growth in the medium term and beyond



Financial Implications

- Balance sheet to be reinforced through expanding access to capital
- Joint investment to support ambitious expansion plans



Capex Plans

- Partnership accelerates growth plans and further reinforces commitment to capex program
- Estimated capex to increase, primarily for funding the expansion of further processing and primary processing lines, as well as hatcheries and feed mill

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 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



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

Recently approved loans worth **SAR 861 mn** to finance agricultural imports and help ensure food security in the Kingdom



Broiler Self Sufficiency Goals

2020

60%

✓ **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.

1H 22 Key Takeaways

Tanmiah reports solid set of financial results, amidst continued expansion of volumes and capacity

- Sustained rise in volumes, driving top line performance
- Capacity expansion on track, to achieve target of 1.2 millions birds per day by 2025
- Continued increase in global grain prices, impacting feed and operational costs
- Ongoing initiatives to expand distribution network and raise market share
- Improved efficiencies and higher effective utilization of new assets
- Food franchise continues to deliver solid revenues during 2nd consecutive quarter of operations
- Large-scale strategic government initiatives supporting growth story

THANK YOU

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