

Earnings Presentation

1H2024



التنمية
TANMIAH



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01 | Key Highlights



Key highlights

Remarkable improvement across both top and bottom-line performance, coupled with Popeyes® debut into Bahrain

1H 2024

+24%

YoY revenue growth,
to SAR 1,221 mn



25%

Gross Profit Margin



+18%

Fresh Poultry revenue
growth



+58%

Animal Feed & Veterinary
Services revenue growth

2Q 2024

+28%

YoY revenue growth,
to SAR 640 mn



26%

Gross Profit Margin



535,000 bpd

+7% YTD growth in daily
poultry production capacity



+111%

YoY net profit growth,
to SAR 24 mn



**Joint Venture
with MHP**

Legal Entity formed



100k

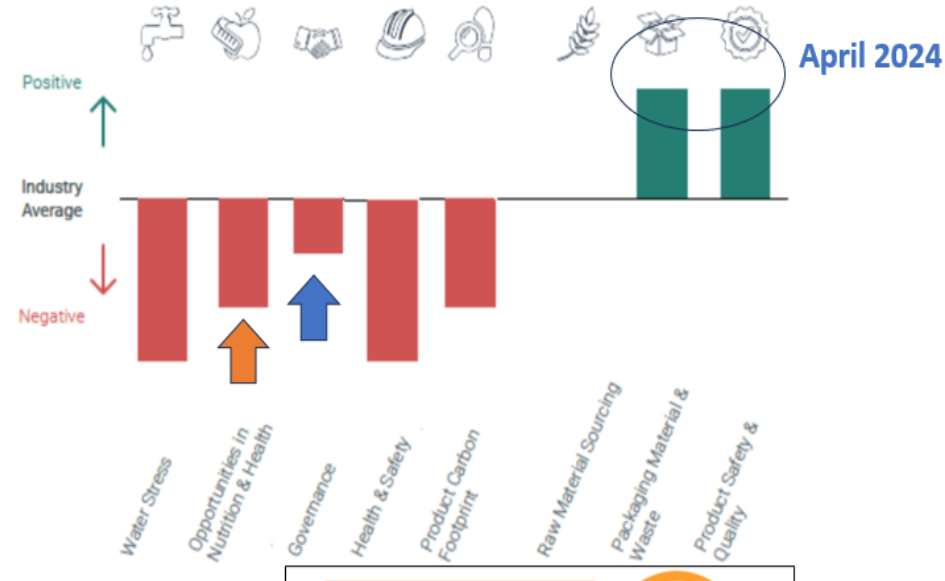
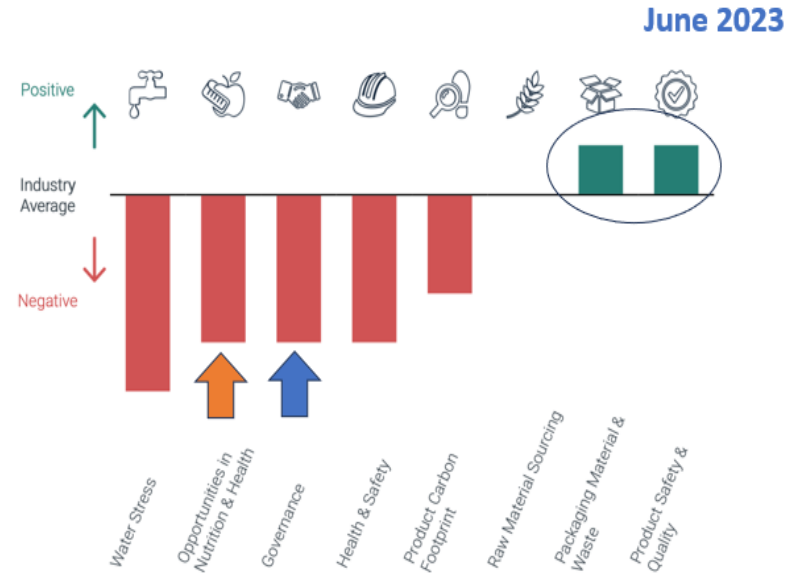
Number of trees donated to
Government of Bahrain



**POPeYes
+56%**

Revenue growth;
61 total outlets, incl.
debut in Bahrain

MSCI has been our guiding compass on International Standards on ESG. All our Sustainability initiatives are now based on the focus areas identified by our materiality assessment and MSCI's guiding principles.



| | MSCI Focus Area | Initiatives |
|---|-----------------------------------|--|
| 1 | Policies Framework | We have developed a new comprehensive policy framework covering 17 areas of international benchmarks for sustainable organizational practices. These areas are Human Rights, Business Ethics, Health Safety & Environment, Animal Welfare, Environment, Product Food Safety, Good Agriculture practices, Diversity, Equity & Inclusion, Responsible Marketing, Water Usage, and Packaging. |
| 2 | Health and Safety | ISO 45001 Certification |
| 3 | Food Safety | ISO 17025 certification in quality testing labs for microbiology and food & feed chemistry, ISO 22000, BRC certification, HACCP certification. |
| 4 | Animal Welfare | NSF Animal Welfare certification Farm automation through IoT sensors, using cloud-based data for live monitoring of farms - temperature, live weight, humidity, air quality etc. |
| 5 | Environment Management System | Gap Analysis in progress with framework of policies, procedures and practices being developed. |
| 6 | Packaging Material | Omnilab Campaign (ADG Wide) to find best environmentally viable solution. |
| 7 | Water Usage | 11% reduction in water intensity by introducing air chillers in PPL, reducing 2 ltrs. per bird processing |
| 8 | Carbon Footprint | Logistics Automation - Project Track and Trace LED Energy Savings Project across farms and warehouses, saving 8.7 million kWh and 1.5 million SAR annually |
| 9 | Sustainable Raw Material Sourcing | Grand Challenge 2 - USD 1 million prize for sustainable feed raw materials and livestock production in Saudi Arabia. Top 3 Ideas awarded \$20K each. |





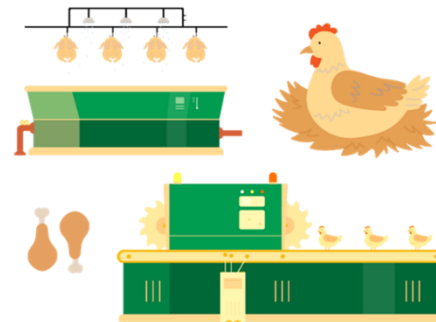
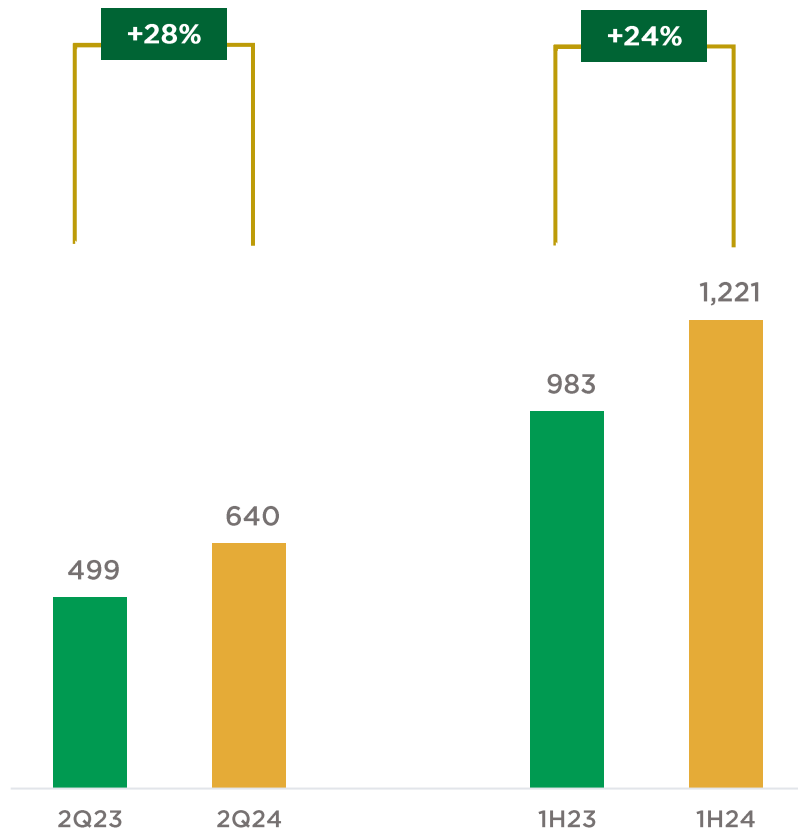
02 | Financial Overview



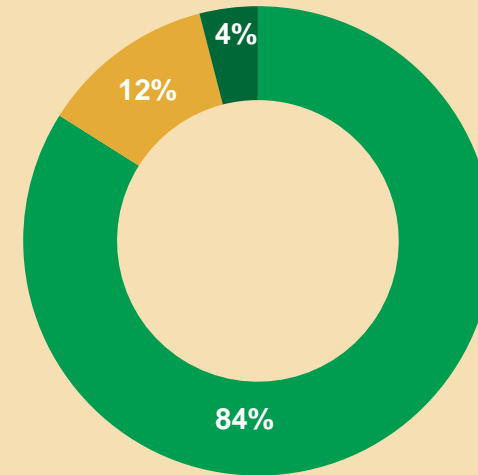
Financial performance – top line

Strong revenue growth enabled by rising sales volumes, led by fresh poultry

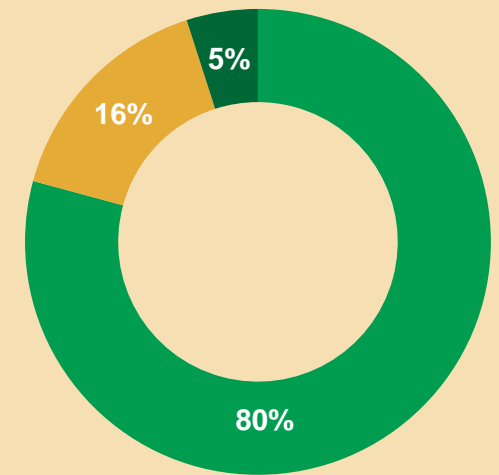
Revenues (SAR mn)



1H23



1H24



■ Fresh poultry ■ Animal Feed and Vet ■ Franchising

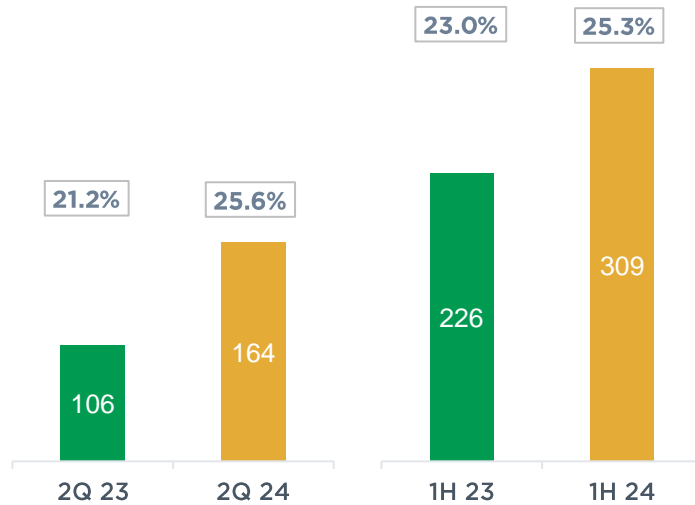
- Fresh poultry revenues continued to grow, increasing 18% YoY, driven by a rise in sales volumes.
- Feed and animal health revenues increased 58% YoY, benefitting from the sustained strong demand for animal health products and equipment.
- Food franchise operations significantly improved by 61% YoY, with a total of 61 operational outlets. The segment marked its debut in Bahrain in 2Q and added total of 9 new stores during the first half of the year.



Financial performance – profitability

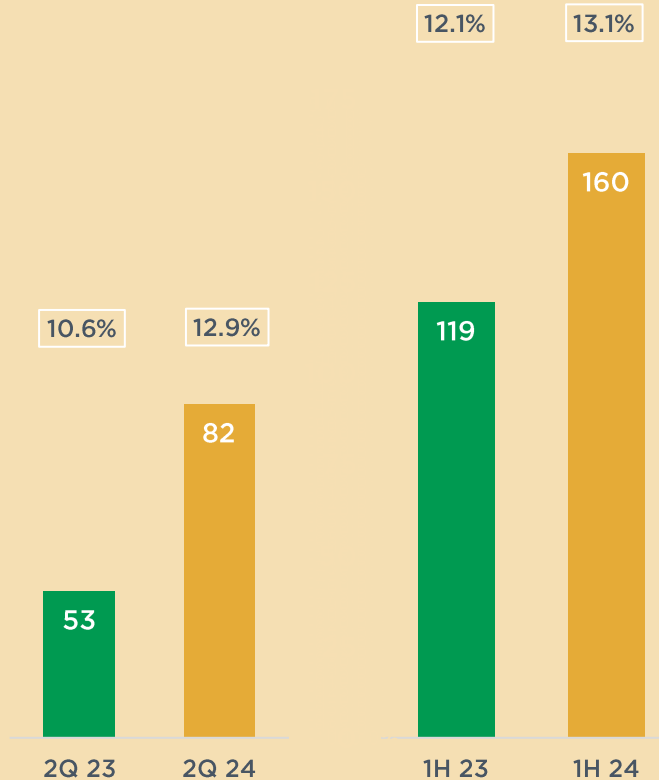
Healthy growth in profitability and margins

Gross Profit and Gross Profit Margin (SAR mn)

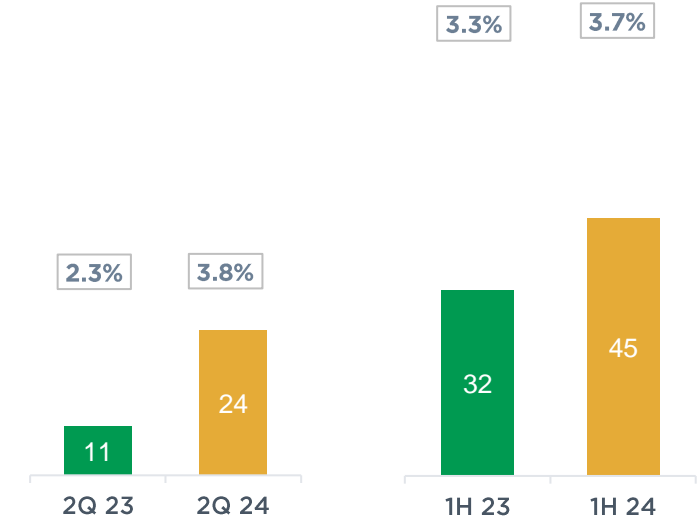


- Gross profit margin saw a significant improvement; improved average selling prices and continued cost optimization efforts and efficiency measures contributed, despite the impact of diesel and lower subsidy

EBITDA and EBITDA Margin (SAR mn)



Net Profit and Net Profit Margin (SAR mn)

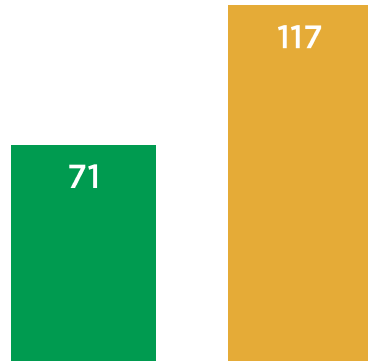


- Net profit attributable to shareholders increased 39% YoY in 1H24 to SAR 45mn
- The improvement in gross margins flowed down to the bottom line. SG&A expenses were higher in line with the volume increase, and continued investments towards its distribution network, and food franchise operations

Focus on strategic expansion agenda

Tanmiah continues to make good progress on its capex program

Capex Additions
(SAR mn)

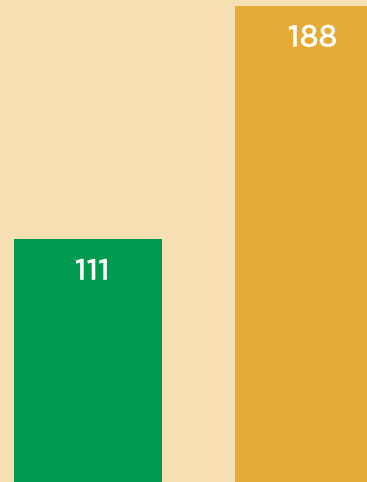


■ 1H23 ■ 1H24

▪ **Assets under construction & Capital Commitments**

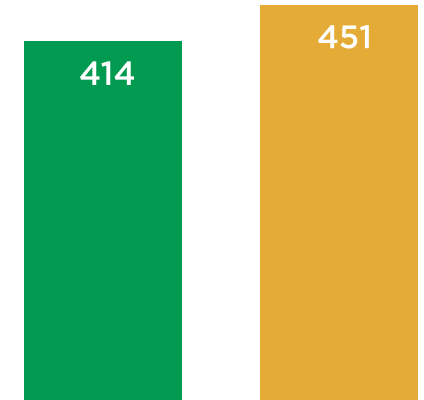
- 40 MT per hour additional feed mill capacity
- additional processing capacity of 13,500 birds per hour
- additional hatchery capacity of 140 mn egg setting capacity
- waste management systems covering wastewater at the new processing plant

Capex Commitments
(SAR mn)



■ 1H23 ■ 1H24

Right to use Assets
(SAR mn)

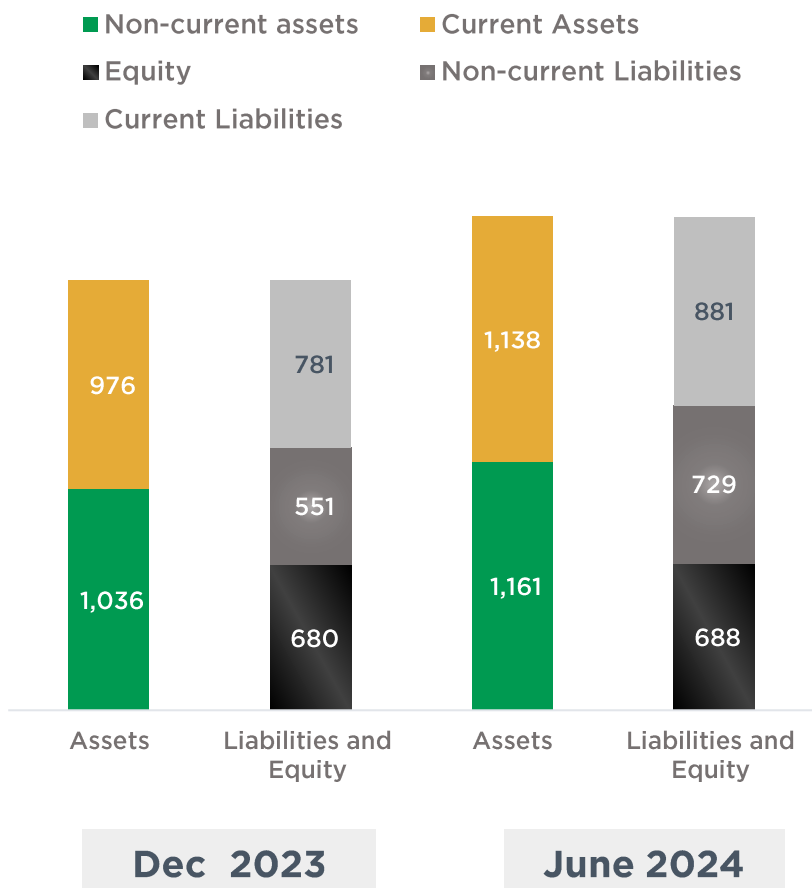


■ 1H23 ■ 1H24

- **Stores under construction and commitments include:**
- fit-out at various stages, kitchen equipment, and furniture & fixtures
 - 10 stores under construction

Prudent balance sheet management

Balance sheet (SAR mn)



| | | Dec 2023 | June 2024 | |
|----------------------|---|---------------|-----------|-------|
| Profitability | RoIC ^{(1) (2)} | % | 8.1% | 9.5% |
| | RoE ⁽¹⁾ | % | 13.1% | 15.2% |
| Activity | NWC-to-Sales ⁽³⁾ | % | 19% | 14% |
| | Trade receivables ⁽³⁾ | Days of Sales | 33 | 36 |
| | Inventory (including biological assets) | Days of COS | 93 | 97 |
| | Trade payables | Days of COS | 46 | 68 |
| | Current Ratio | x | 1.3 | 1.3 |
| Solvency | D/(D+E) | % | 38% | 36% |
| | Net debt - to - EBITDA ⁽⁴⁾ | x | 1.08 | 0.96 |

(1) Return is for continued operations on LTM basis

(2) Invested capital excludes leases

(3) Excluding amounts due from related parties, sales on LTM basis

(4) EBITDA on LTM basis



Fresh poultry segment analysis

Positive momentum supported by strategic expansion, GTM and increased processing capacity



PPL



Feed mills



Hatcherie
s



Farms

1H23

1H24

% Change

Sales volume

65 million
birds

72.7 million
birds

12%

Processing
capacity

500,000
bpd

535,000
bpd

7%

Distribution
routes

309

380

23%

Farms

114

126

11%



Innovation
Launching of new
Products as well
upgrading current
ones focused on
consumer needs
growing its
distribution to



Customer Experience

NEW - Tanmiah - Taste Secrets
New Marinated Tender Breast
line
1st in Saudi to launch such a



Retail & FS
Execution
Growth of Active
Client Base and
smarter product mix
decisions
supporting channel
results



Digital
Campaigns

Campaigns engaging
consumers on brand
activities and product



سابق الكل

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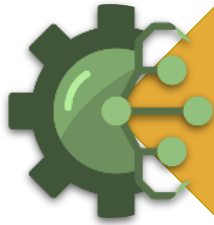
03 | Outlook and Key Takeaways



Key Takeaways



Sustained improvement in both top and bottom-line performance during the period



Strategic allocation of investments, including the expansion of fresh poultry capacity to 535,000 bpd



Sustainability continues to be a key area of focus, with important measures such as the planting of trees, as part of the one million tree initiative



Successful debut of POPEYES® in Bahrain and expansion of stores across the Kingdom, totaling 61 operational outlets



THANK YOU

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