

TANMIAH

Investor Presentation – Q1 2022

April 2022



التنمية
TANMIAH 

DISCLAIMER

This presentation has been prepared solely for use as an investor presentation for Tanmiah Food Company (the “Company”). By attending or by reading this presentation, you agree to be bound by the following limitations.

The information contained in this presentation is for background purposes only and does not purport to be comprehensive and has not been independently verified, nor does it constitute or form part of any invitation or inducement to engage in any investment activity, nor does it constitute an offer or invitation to buy or subscribe to any securities in any jurisdiction, or a recommendation in respect of buying, holding or selling any securities.

No representation or warranty, express or implied, is made as to, and no reliance should be placed by any person for any purpose on the information contained in this presentation, fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation.

The information in this presentation is subject to change, update, revision, verification and amendment and such information may change materially. The Company is under no obligation to update or keep current the information contained in this presentation and any opinions expressed in it is subject to change without notice. This presentation has not been approved by any competent regulatory authority.

Neither this presentation nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. The contents of this presentation are not to be construed as legal or financial.

The distribution of this presentation may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein come should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This presentation may include statements that are, or may be deemed to be, “forward-looking statements” with respect to the Company’s financial position, results of operations and business and certain of the Company’s plans, intentions, expectations, assumptions, goals and beliefs. The contents of this presentation have been prepared by and are the sole responsibility of the Company.

TABLE OF CONTENTS



1

Highlights

2

1Q2022 Financial Review

3

Strategy and Outlook



01 | **Highlights**

Q1 Highlights

Efficient and integrated business model places us in a strong position to unlock value from **Vision 2030**; gradual **margin recovery** in Q1



↑ **18%**

YoY revenue growth,
to **SAR 435 mn**



↑ **29%**

Further Processed Products
revenue growth



↑ **13%**

Fresh Poultry revenue
growth



↑ **16%**

Feed and Veterinary
Services revenue growth



**DPS of SAR
0.51**

FY 2021 dividend
announced



↑ **8% YTD**

Volume capacity increase
from 370k birds per day to
400k per day



POPEYES

Reported strong results
during its 1st full quarter;
2 new stores opened, 6
outlets in total



**Omnipreneurship
Award**

USD 1 million award for
innovative solutions to
reduce carbon emissions

Fresh poultry segment growth

Segment growth driven by capacity increase and price revisions

Expansion focus areas



- Continued to expand farming and processing capacities, with a total of 93 farms now in operation
- Distribution routes grew from **201** in Q1 2021 to **265** in Q1 2022.
- Increase in **manpower and transportation capabilities** to support **sales ramp up and growth in distribution network**
- Marketing spend increased from **SAR 3.5 million** to **SAR 5.4 million** for the quarter in line with strategy to grow market share
- Asset under construction includes:
 - Additional 36 million egg set capacity annually.
 - 20 MT per hour additional feed mill capacity
 - 21,000 MT additional feed storage capacity
 - Additional processing capacity of 40 million birds per year
- **Capex Commitments:**
 - 40 MT per hour additional feed mill capacity
- Unprecedented global feed price increases continued to affect the performance of fresh poultry segment

FPP segment growth

Segment growth driven by rising demand and capacity increase

29%

FPP revenue growth

- Sales volume increased from **4.5 million kgs** in Q1 21 to **6 million kgs** in Q1 22
- Production volume increased from **4.7 million kgs** in Q1 21 to **6.4 million** in Q1 22 **kgs**.
- 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.
- Rising trend in global commodity prices as well as imported chickens, have impacted FPP segment during the period

Feed & Veterinary Services segment growth

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

16%

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.

Committed to sustainability through our Giving, Earning, Sustaining model

Omnipreneurship award

Winner recently announced in Riyadh, for putting forward a creative solution to convert poultry waste into a renewable form of energy



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; 200K trees planted to date; 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



COVID-19 Impact and Response

Effective and decisive response to Covid-19 ensured the efficient continuation of our operations and the safety of our community despite incidence of Omnicron



Our Employees

- Mandatory vaccinations and wearing of masks
- Maintaining social distancing
- Routine temperature checking
- Checking Tawakkalna status of employees
- Quarantine facilities established on sites
- Flexible working hours
- WhatsApp emergency group for urgent communication
- Sales team was equipped with PPE



Our Customers

- Statement of account (SOA) shift from in-person delivery to being sent via email
- Conference calls with customers to avoid exposure and risk contraction of the virus
- No cheques collection, only electronic transfers to the Company's bank account
- Sanitizing after every visit, and keeping masks on at all times



Our Suppliers/ Partners

- Restricted suppliers in-person meetings and switched to online meetings
- PCR results/vaccination records mandatory for all visitors
- Controlled entry of delivery vehicles & couriers, with proper COVID-19 protocols in place
- Documents delivered to security office for UV sterilization before entering the workspace
- Arrangement of necessary safety gears for all staff members at all locations
- Switched to maximum payments through online transfers to minimize suppliers' visits



Our Shareholders

- Virtual business meetings
- Categorized vulnerable assessment
- Organized management to respond and prevent increased cases of COVID-19
- Created COVID-19 work procedures in line with MOH guidelines
- Isolation camps were made available

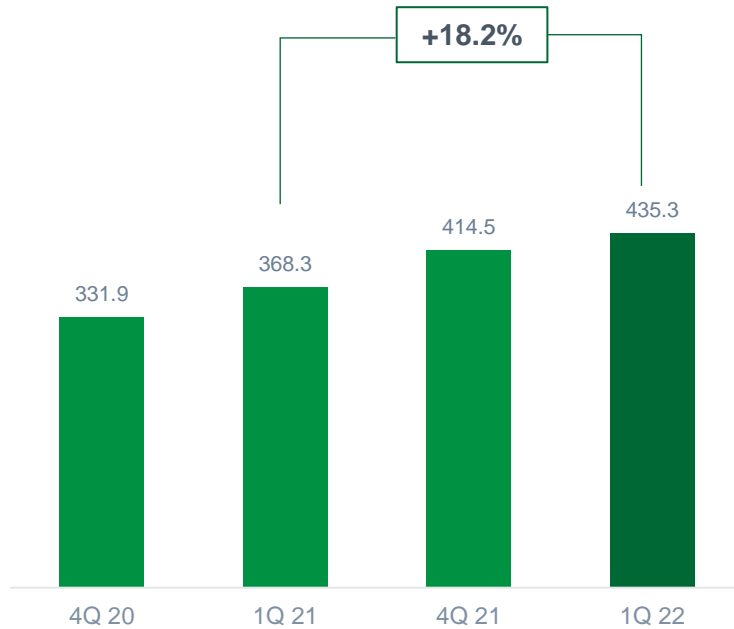
03

1Q2022 Financial Review

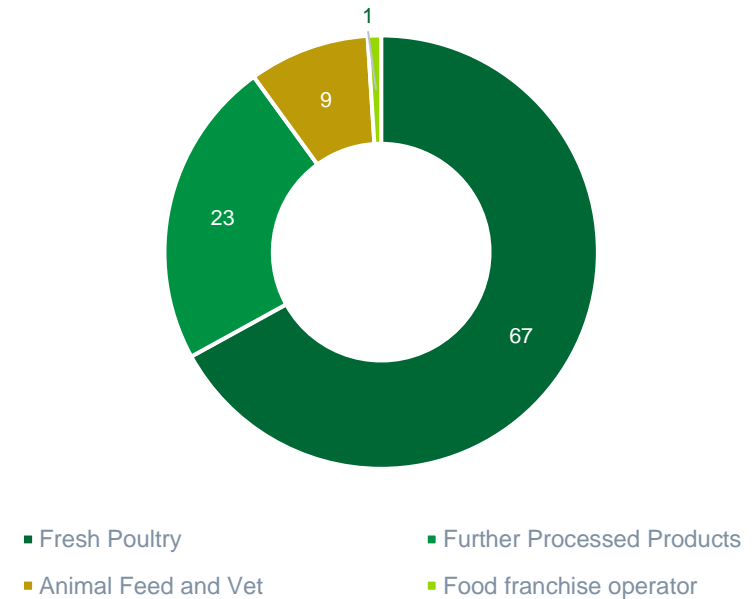
Financial Performance

Tanmiah recorded strong revenue growth, supported by capacity and segmental expansion

Revenues (SAR mn)



Revenue contribution by segments (%)



- 1Q 22 revenues up 18.2% YoY
- Revenue growth across the board: fresh poultry, further processing and animal health segments
- Strong demand for fresh and domestically produced chicken meat
- Introduction of price increases to reflect increasing inflationary pressures

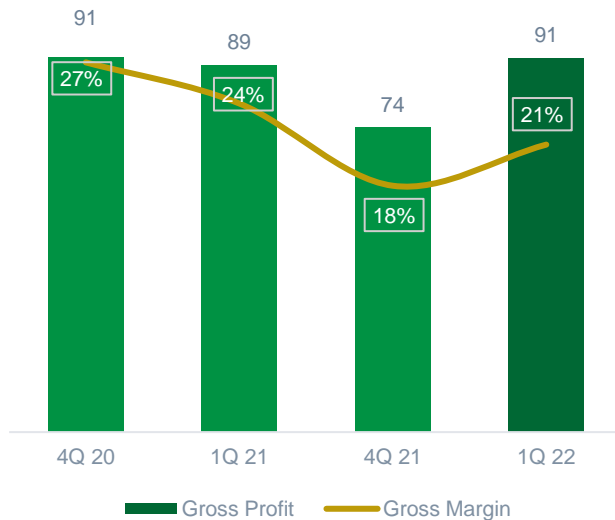
- **Fresh poultry** largest contributor to revenues, 13% growth YoY due to increasing prices, as well as continued expansion of capacity and volumes
- **Further processed products** grew by 29% YoY as a result of rising demand and gradual price revisions during contract renewals
- **Feed and animal health** grew 16% YoY driven by increased demand for animal health products and equipment
- **Food franchise operator delivered strong revenues** during its first full quarter. 6 Popeyes stores are now operational, with targeted strategic store expansion on track

Financial Performance – 1Q 2022

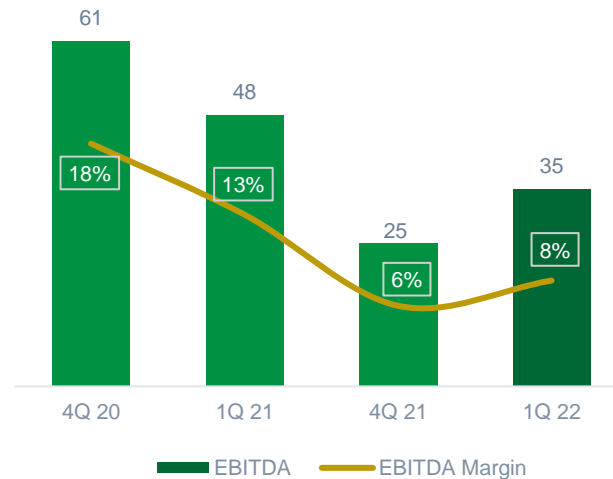
Sequential recovery in margins, supported by price increases, volume & capacity expansion and cost optimization

Nevertheless, on an annual basis, margins have generally declined, essentially due to a hike in global commodity (grain and imported chicken) prices

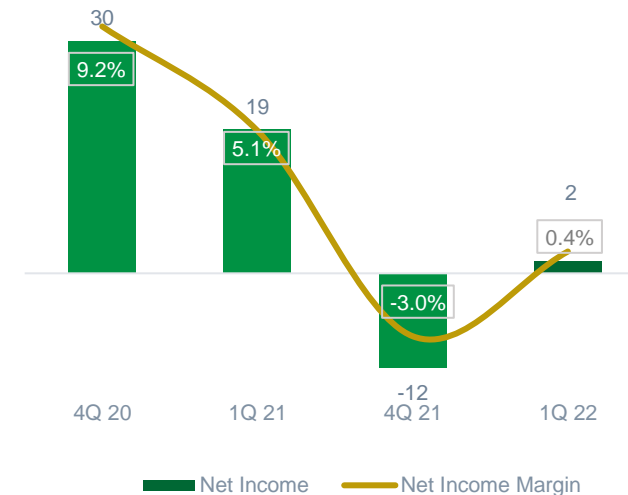
Gross Profit and Gross Margin



EBITDA and EBITDA Margin



Net Income and Net Income Margin



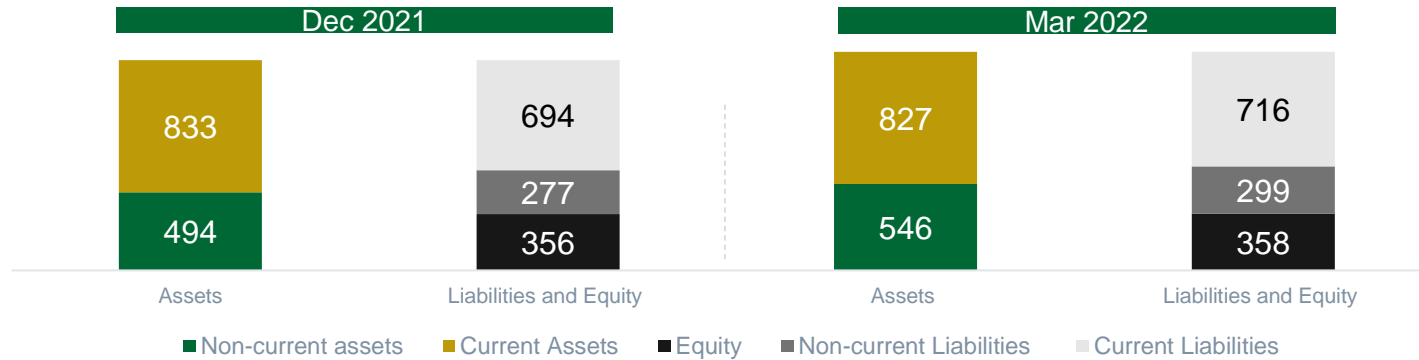
- Gross margin improved QoQ from 18% in Q4 21 to 21% in Q1 22.
- This was driven by price increases as well as a continued expansion of both volume and capacity during the period.
- On an annual basis, gross margin decreased due to:
 - Increase in cost of sales (+23% YoY)
 - Rise in commodity (grain) prices in global markets
 - Increase in fixed costs to support production ramp up
 - Lower subsidy recoveries

- Net Income and EBITDA margins increased sequentially due to cost optimization measures and volume and capacity expansion.
- The figures, however, declined YoY due to:
 - A rise in global feed prices
 - 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
 - Increase in the post IPO support structure including compliance, IR, strategy

- Total Capex rose from SAR 12.8 million in Q1 21 to SAR 19.4 million in Q1 22
- Capital expenditure during the quarter included hatchery expansion, new processing plant renovation, and expansion of feed storage capacity in line with Tanmiah's expansion plans.

Prudent balance sheet management

Balance sheet (SAR mn)



			Dec 2021	Mar 2022
Profitability	RoIC	%	5%	0.86%
	RoE	%	4%	0.43%
Activity	NWC-to-Sales ⁽¹⁾	%	20%	31%
	Trade receivables ⁽¹⁾	Days of Sales	51	43
	Biological assets	Days of Sales	21	20
	Inventory	Days of COS	64	77
	Trade payables	Days of COS	57	56
	Current Ratio	x	1.2	1.2
Solvency	D/(D+E)	%	48%	46%
	Net debt-to- EBITDA	x	0.95	1.53

(1) Excluded amounts due from related parties

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



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.

THANK YOU

Investor Relations & Media Queries
Mr. Hussam Al Shareef, Investor Relations Manager
ir@tanmiah.com
www.tanmiah.com