COVER PAGE AND DECLARATION

	Master of Business Administration (M.B.A.)
Specialisation:	MBA in Leadership
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Student's Full Name:	AMIRA ABDULMALEK HEJJO
Student ID:	EIU2020319
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E-SIGNATURE: Amira Abdulmalek Hejjo

DATE: 09/ 05/2022 .

Table of Content:

Financial evaluation and analysis.

Almarai Dairy Company has been selected

Information about the company's activity and history was selected for its financial analysis.

Almarai Company

(the ‘Company’) is a Saudi joint stock company, which has been converted from a limited liability company. to a joint stock company

On Rajab 2, 1426 (corresponding to August 8, 2005 AD). The company started its commercial operations on Dhul Hijjah 19, 1411

(corresponding to July 1, 1991G) and operates under Commercial Registration No. 1010084223. Before the consolidation of its activities in 1991G, it was.

The main activities of the company for the years from 1977G until 1991G are carried out using the brand name “Almarai”.

The address of the company's head office is Exit 7, Northern Ring Road, Al Izdihar District, P.O. 8524, Riyadh11492, Kingdom of Saudi Arabia

The Company and its subsidiaries (together the ‘Group’) are a major integrated group of consumer food and beverages in the region of

The Middle East, with the largest market share in Saudi Arabia. It also operates in the Gulf Cooperation Council countries.

Others, in addition to Egypt and Jordan.

Dairy, fruit juices, and food processing are produced using the brand names ‘Almarai’ and “Juicy Life”

And "Betty" and "Taiba". Raw milk is also produced and processed, while dairy foods and fruit juices are processed in

Kingdom of Saudi Arabia, United Arab Emirates, Egypt and Jordan.

Milk and fruit juices and food processing are produced in Egypt and Jordan through the International Company for Dairy and Juice.

Ltd., a joint venture with PepsiCo, in which the company retains a controlling interest. The group manages operations

Operating the International Dairy and Juice Company Ltd. through the following main subsidiaries:

Jordan - Taiba Investment and Advanced Food Industries Company

Egypt - International Company for Agricultural Industrial Projects (Bayti) (Egyptian Joint Stock Company)

Bakery products are manufactured and traded by Western Bakeries Company Limited, the Modern Company for Food Industry

Ltd. through a partnership with Chipita, in which the company maintains a controlling interest, using the two brand names.

Lusine and Seven Days, respectively.

Baby food is produced by Almarai Baby Food Company Limited and is sold by International Food Company Children under the brand name "Nuralac" and "Evolac".

In the countries in which the Group operates, the final consumer products are distributed from the manufacturing facilities to the centers

Local distribution by the long-distance fleet. All distribution centers in the GCC are managed By subsidiaries in the UAE, Oman and Bahrain and an agency agreement concluded in Kuwait as follows: United Arab Emirates - Almarai Emirates Company Limited

Sultanate of Oman - Arabian Planets Trading and Marketing Company Ltd. Kingdom of Bahrain - Almarai Bahrain Company W.L.L.

State of Kuwait - Al-Kharafi Brothers Dairy Products Co. Ltd.

In other countries, if the system permits, export sales are made through other subsidiaries.

The group owns and operates feed farms in Argentina and the USA. They are collectively referred to.

"Fondomonte", through the following main subsidiaries:

USA - Vondomonte Holdings North America Limited

ARGENTINA - FONDOMOTE SOUTH AMERICA S.A.

The Group's business outside the Gulf Cooperation Council is operated and managed by the International Dairy and Juice Company Limited

The data received from the company, according to the official reports, showed the following criteria. All the rules and procedures specified for the financial analysis process were followed to obtain the accurate results of the analysis for the past four years. The cash flow statements, the balance sheet and the statement of financial position were based on determining the rules of financial analysis for profitability, efficiency, and long-term and short-term solvency

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The following has been done ☜

profitability analysis ☜

Efficiency Analysis ☜

Short- and long-term solvency analysis ☜

Company's future prospects ☜

Recommendations and suggestions

ALMARAI COMPANY A SAUDI JOINT STOCK COMPANY CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
		SAR '000	SAR '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		367,394	336,948
Adjustments for non-cash items:			
Depreciation of Property, Plant and Equipment		401,165	386,904
Depreciation of Right-of-Use Assets		25,981	25,479
Amortisation of Intangible Assets		12,711	12,151
Depreciation of Biological Assets		77,090	88,712
Loss Arising from Changes in Fair Value less Cost to Sell of Crops		11,209	11,491
Provision for Employee Retirement Benefits		30,355	33,623
Share Based Payment Expense		4,883	2,930
Finance Cost, net		124,875	126,419
Other Expenses, net		491	16,422
Share of Results of Associates and Joint Venture	5	1,598	-
Zakat		12,985	15,334
Income Tax		5,913	7,609
		1,076,650	1,064,022
Changes in working capital:			
Inventories		463,129	378,055
Biological Assets		(346,071)	(339,441)
Trade Receivables, Prepayments and Other Receivables		(644,704)	(258,234)
Trade and Other Payables		(80,523)	(42,293)
Cash Flow Used in Working Capital		(608,169)	(261,913)
Employee Retirement Benefits Paid		(29,710)	(18,547)
Zakat and Income Tax Paid		(54,679)	(1,473)
Net Cash Generated from Operating Activities		**384,092**	**782,089**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend from Equity Investment		-	300
Proceeds from Redemption of Time Deposit		585,000	-
Additions to Property, Plant and Equipment		(241,368)	(466,484)
Proceeds from the Disposal of Property, Plant and Equipment		45,608	12,282
Additions to Intangible Assets		(31,274)	(30,247)
Additions to Biological Assets		(27,780)	(28,294)
Appreciation of Biological Assets		(141,698)	(153,167)
Proceeds from the Disposal of Biological Assets		51,618	59,776
Net Cash Generated From / (Used in) Investing Activities		**240,106**	**(605,834)**

STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2020 (Unaudited)	31 December 2019 (Audited)
		SAR '000	SAR '000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		22,882,735	23,038,263
Intangible Assets and Goodwill		1,146,611	1,128,533
Biological Assets		1,386,439	1,381,268
Investments in Associate and Joint Venture	5	86,693	88,029
Equity Investment	5	112,427	145,684
Derivative Financial Instruments		133	725
Deferred Tax Assets		41,125	40,836
		25,656,163	**25,823,338**
Current Assets			
Inventories		4,050,147	4,198,005
Biological Assets		119,032	96,462
Trade Receivables, Prepayments and Other Receivables		2,516,041	1,868,895
Derivative Financial Instruments		9,599	13,751
Time Deposit		-	590,038
Cash and Bank Balances		376,029	557,553
		7,070,848	**7,324,704**
TOTAL ASSETS		**32,727,011**	**33,148,042**
EQUITY AND LIABILITIES			
Share Capital	6	10,000,000	10,000,000
Statutory Reserve		2,230,479	2,230,479
Treasury Shares		(1,015,120)	(770,740)
Other Reserves		(540,614)	(450,587)
Retained Earnings		4,049,515	3,644,197
Equity Attributable to Equity Holders of the Company		**14,724,260**	**14,653,349**
Non-Controlling Interests		597,228	605,771
TOTAL EQUITY		**15,321,488**	**15,259,120**

STATEMENT OF PROFIT OR LOSS

	Notes	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
		SAR '000	SAR '000
Revenue	9	3,592,440	3,308,892
Cost of Sales		(2,339,247)	(2,144,986)
Gross Profit		**1,253,193**	**1,163,906**
Selling and Distribution Expenses		(611,569)	(564,538)
General and Administration Expenses		(99,828)	(94,754)
Other Expenses, net		(491)	(16,422)
Impairment Loss on Financial Assets		(28,540)	(1,882)
Operating Profit		**512,765**	**486,310**
Finance Cost, net		(124,875)	(126,419)
Share of Results of Associate and Joint Venture	5	(1,598)	-
Profit before Zakat and Income Tax		**386,292**	**359,891**
Zakat		(12,985)	(15,334)
Income Tax		(5,913)	(7,609)
Profit for the period		**367,394**	**336,948**
Profit / (Loss) for the period attributable to:			
Shareholders of the Company		383,005	336,028
Non-Controlling Interests		(15,611)	920
		367,394	**336,948**
Earnings per share (SAR), based on Profit for the period attributable to Shareholders of the Company			
- Basic	8	0.39	0.34
- Diluted	8	0.38	0.34

	Notes	31 March 2020 (Unaudited)	31 December 2019 (Audited)
		SAR '000	SAR '000
LOANS AND BORROWINGS			
Islamic Banking Facilities (Murabaha)		5,452,249	5,119,508
Saudi Industrial Development Fund		2,677,227	2,665,478
Banking Facilities of Non-GCC Subsidiaries		398,956	363,296
Supranational		277,046	276,099
Agricultural Development Fund		162,253	159,173
		8,967,731	8,583,554
Sukuk	7.1	1,612,283	2,408,180
International Sukuk		1,871,230	1,891,986
		12,451,244	12,883,720
Short-Term Loans		84,720	51,419
Current Portion of Long-Term Loans		1,073,686	1,934,974
Loans and Borrowings - Current Liabilities		1,158,406	1,986,393
Loans and Borrowings - Non-Current Liabilities		11,292,838	10,897,327
		12,451,244	12,883,720

Description	Dec. 2018		Dec. 2019		Dec. 2020		Dec. 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current Assets				**Fig EGP'000**				**Fig EGP'000**
Cash & Cash Equv.								
Cash & Banks	1,182,902	16.62%	557,553	7.57%	503,510	6.87%	580,913	8.13%
Receivables								
biological Assests	98,439	1.38%	96,462	1.31%	90,195	1.23%	117,980	1.65%
Accounts Receivables	1,929,949	27.12%	1,868,895	25.37%	1,936,341	26.43%	1,991,205	27.86%
Derivative Financial Instrument	20,336	0.29%	13,751	0.19%	54,047	0.74%	11,597	0.16%
Inventory	3,874,193	54.43%	4,198,005	57.00%	4,705,364	64.24%	4,353,596	60.91%
Prepaid Expenses		0.00%		0.00%		0.00%		0.00%
Withhold Taxes	11,488	0.16%	40,836	0.55%	35,517	0.48%	45,339	0.63%
Time deposit		0.00%	590,038	8.01%		0.00%		0.00%
Equity Investment		0.00%		0.00%		0.00%	46,894	0.66%
Total Current Assets	**7,117,307**	**100%**	**7,365,540**	**100%**	**7,324,974**	**100%**	**7,147,524**	**100%**
Allowance for Doubtful Rec.		0%		0%		0%		0%
Total Net Current Assets	**7,117,307**	**100%**	**7,365,540**	**100%**	**7,324,974**	**100%**	**7,147,524**	**100%**
Fixed-Assets								
Land	1,366,566	5.42%	1,381,268	5.36%	1,392,079	5.56%	1,469,084	5.97%
Building	1,038,371	4.12%	1,128,533	4.38%	1,217,642	4.87%	1,129,105	4.59%
Equipments	22,606,542	89.70%	21,951,398	85.14%	21,112,904	84.39%	20,873,448	84.83%
Long Term Payment		0.00%	625,490	2.43%	606,939	2.43%	579,677	2.36%
Right of Use Assets		0.00%	461,375	1.79%	470,269	1.88%	464,704	1.89%
Computers & Program		0.00%		0.00%		0.00%		0.00%
Furnitures & Stationary	204	0.00%		0.00%		0.00%		0.00%
prepayment	67,059	0.27%		0.00%		0.00%		0.00%
Investment in associates and joint venture 204		0.00%	88,029	0.34%	89,623	0.36%	88,749	0.36%
Equity envestment	102,624	0.41%	145,684	0.57%	129,734	0.52%		0.00%
Derivative Finanacial instrument	19,747	0.08%	725	0.00%	142	0.00%	2,011	0.01%
Total Fixed Assets	25,201,113	89.97%	25,782,502	89.36%	25,019,332	88.69%	24,606,778	89.07%

Acc. Depreciation	0	0.00%		0.00%		0.00%		0.00%
Total Net Fixed Assets	25,201,113		25,782,502		25,019,332		24,606,778	
Other Long Term Assets								
Accounts Receivables		#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Deffered Taxes		#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
		#DIV/0!		#DIV/0!		#DIV/0!		#DIV/0!
		#DIV/0!		#DIV/0!		#DIV/0!		#DIV/0!
Total Fixed Assets	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
Total Net Current Assets	7,117,307	22.02%	7,365,540	22.22%	7,324,974	22.65%	7,147,524	22.51%
Total Net Fixed Assets	25,201,113	#DIV/0!	25,782,502	#DIV/0!	25,019,332	77.35%	24,606,778	77.49%
Total Other Long Term Assets	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total Balance Sheet	**32,318,420**	**#DIV/0!**	**33,148,042**	**#DIV/0!**	**32,344,306**	**100.00%**	**31,754,302**	**100.00%**

Balance Sheet								
Description	**2018**		**2019**		**2020**		**2021**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Liabilities & Shareholders Equity								
Current laibilities/ Provision				**Fig EGP'000**				**Fig EGP'000**
Derivative financial Instruments	26,322	1.3%	9,166	0.4%	4,271	0.4%	46,594	1.7%
Bank overdrafts	179,321	56.7%	219,118	55.5%	137,512	34.5%	78,395	17.5%
Short-Term Loans/ Borrowings	2,010,294	69.9%	2,082,143	69.0%	1,120,522	37.2%	2,712,308	81.2%
Zakat and Text Incom Payable	316,064	5.8%	395,066	6.9%	398,304	8.5%	447,252	6.8%
Trad and other Payables	2,874,066	53.2%	3,019,160	52.7%	3,014,834	64.5%	3,339,496	50.4%
Total Provision	**5,406,067**	**30.4%**	**5,724,653**	**32.0%**	**4,675,443**	**29.0%**	**6,624,045**	**43.8%**
Payables								
Long Term Loans	11,651,970	94.0%	10,897,327	89.6%	10,088,955	88.2%	7,072,240	83.1%

Employee retirment Benefit	699,325	5.6%	826,399	6.8%	909,353	8.0%	951,827	11.2%
Derivative Financial Instrument	7,101	0.1%	1,556	0.0%	3,757	0.0%	10,041	0.1%
Defferd Tax Laibilities	37,967	0.3%	103,328	0.8%	102,139	0.9%	117,302	1.4%
Lease Laibilities		0.0%	335,659	2.8%	330,980	2.9%	360,434	4.2%
Tax Payable		0.0%		0.0%		0.0%		0.0%
Banks Payable		0.0%		0.0%		0.0%		0.0%
Other Payables		0.0%		0.0%		0.0%		0.0%
Total Payables	**12,396,363**	**69.6%**	**12,164,269**	**68.0%**	**11,435,184**	**71.0%**	**8,511,844**	**56.2%**
Total Current Liabilities	**17,802,430**	**100.0%**	**17,888,922**	**100.0%**	**16,110,627**	**100.0%**	**15,135,889**	**100.0%**
Long-Term Liabilities								
Long Term Debt	0	0.0%	0	0.0%	0	0.0%		0.0%
Total Liabilities	**17,802,430**	**100.0%**	**17,888,922**	**100.0%**	**16,110,627**	**100.0%**	**15,135,889**	**100.0%**
Shareholders Equity								
Paid up Capital		0.0%		0.0%		0.0%		0.0%
EquityAttributabletoEquityHolders of comp 13,926796	13,926,796	95.9%	14,653,349	96.0%	15,686,908	96.6%	16,119,494	97.0%
Non Controlling Interests	589,194	4.1%	605,771	4.0%	546,771	3.4%	498,919	3.0%
ShareHolder Account		0.0%		0.0%		0.0%		0.0%
Profit for the Year		0.0%		0.0%		0.0%		0.0%
Return Earning		0.0%		0.0%		0.0%		0.0%
Total Shareholders Equity	**14,515,990**	**100.0%**	**15,259,120**	**100.0%**	**16,233,679**	**100.0%**	**16,618,413**	**100.0%**
Total Current Liabilities	17,802,430	55.08%	17,888,922	53.97%	16,110,627	49.81%	15,135,889	47.67%
Total Long Term Liabilities	0	0.00%	0	0.00%	0	0.00%		0.00%
Total Shareholders Equity	14,515,990	44.92%	15,259,120	46.03%	16,233,679	50.19%	16,618,413	52.33%
Total Balance Sheet	**32,318,420**	**100.00%**	**33,148,042**	**100.00%**	**32,344,306**	**100.00%**	**31,754,302**	**100.00%**

Income Statement

Description	Dec-15		Dec-16		Dec-17		Dec-18	
	Amount	%	Amount	%	Amount	%	Amount	%

Net Sales	13,722,797	100.00%	14,351,277	100.00%	15,356,948	100.00%	15,849,720	100.00%
COGS	(8,277,435)	60.32%	(8,984,603)	62.60%	(9,821,440)	63.95%	(10,790,450)	68.08%
Gross Income	**5,445,362**	**39.68%**	**5,366,674**	**37.40%**	**5,535,508**	**36.05%**	**5,059,270**	**31.92%**
Operating Expenses								
G&A	(2,632,215)	2.74%	(2,376,328)	16.56%	(2,490,479)	16.22%	(2,518,851)	15.89%
Selling & Marketing Exp.	(376,475)	2.59%	(517,138)	3.60%	(522,695)	3.40%	(525,565)	3.32%
	24,684							
EBITDA	**2,461,356**	**17.94%**	**2,473,208**	**17.23%**	**2,522,334**	**16.42%**	**2,014,854**	**12.71%**
Depreciation & Amortization		0.00%		0.00%		0.00%		0.00%
Provisions				0.00%		0.00%		0.00%
Operating Income "EBIT"	**2,461,356**	**17.94%**	**2,473,208**	**17.23%**	**2,522,334**	**16.42%**	**2,014,854**	**12.71%**
Other Income & Expenses								
Other Revenues	29,524	0.22%	(550,739)	-3.84%	(495,881)	-3.23%	(346,063)	-2.18%
Interest Expenses	(407,747)	2.97%		0.00%	1,405	-0.01%	(941)	-0.01%
Other Expenses	(5,413)	-0.04%		0.00%		0.00%		0.00%
Pretax Income "EBT"	**2,077,720**	**15.14%**	**1,922,469**	**13.40%**	**2,027,858**	**13.20%**	**1,667,850**	**10.52%**
Taxes	(70,498)	N/A	(120,897)	N/A	(92,302)	N/A	(88,414)	N/A
Net Income	**2,007,222**	**14.63%**	**1,801,572**	**12.55%**	**1,935,556**	**12.60%**	**1,579,436**	**9.97%**
Equity	6,082,490.91		5,004,366.67		7,742,224.00		7,179,254.55	

Comparative Ratios

Description	Dec-15		42,705		Dec-17		43,435	
Profitability Status								
Return on Sales "ROS"	14.63	%	12.55	%	12.60	%	9.97	%
Return on Assets "ROA"	6.21	%	5.43	%	17.75	%	21.00	%
Return on Equity "ROE"	33.00	%	36.00	%	25.00	%	22.00	%
Earning Per Share "EPS"	91.24	EGP	81.89	EGP	87.98	EGP	71.79	EGP
Liquidity Status								
Current Ratio	0.40	:1	0.41	:1	0.45	:1	0.47	:1
Quick Ratio	0.17	:1	0.14	:1	0.15	:1	0.17	:1
Cash Ratio	0.07	:1	0.03	:1	0.03	:1	0.04	:1

Working Capital	10,685,123	EGP	-10,523,382	EGP	-8,785,653	EGP	-7,988,365	EGP
Efficiency Turnovers								
DIO	120	Days	89	Days	45	Days	48	Days
DSO	51	Days	47	Days	45	Days	45	Days
DPO	508	Days	441	Days	374	Days	240	Days
CCC	-338	Days	-305	Days	-283	Days	-147	Days
Leverage Status								
Total Debt / Equity	1.23	:1	1.17	:1	0.99	:1	0.91	:1
Total Debt / Total Assets	0.55	:1	0.54	:1	0.50	:1	0.48	:1

Consolidated Income Statement

Consolidated Income Statement	2017	2018	2019	2020	2021
Revenue	13,935,532	13,557,837	14,351,277	15,356,948	15,849,720
Gross Profit	5,583,639	5,327,074	5,366,674	5,535,508	5,059,270
Operating Profit	2,583,350	2,521,235	2,473,208	2,522,334	2,014,854
Profit before Zakat and income Tax	2,202,208	2,079,056	1,922,469	2,027,858	1,667,850
Profit/(Loss) for the year attributable to shareholders	2,182,286	2,011,975	1,811,753	1,984,361	1,563,543
Profit for the year	2,159,963	2,008,558	1,801,572	1,935,556	1,579,436

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	2017	2018	2019	2020	2021
Total assets	32,388,856	32,782,547	33,148,042	32,344,306	31,754,302
Non-current assets	25,610,948	25,693,475	25,823,338	25,054,849	24,652,117
Intangible Assets and Goodwill	1,046,607	1,038,371	1,128,533	1,217,642	1,129,105
Biological Asset	1,283,342	1,366,566	1,381,268	1,392,079	1,469,084
Investment	129,429	204	88,029	89,623	88,749
Current assets	6,777,908	7,089,072	7,324,704	7,289,457	7,102,185
Equity Attributable to Shareholders	12,731,054	13,876,583	14,653,349	15,686,908	16,119,494
Total equity	14,826,558	14,462,644	15,259,120	16,233,679	16,618,413
Non-current liabilities	11,743,683	12,806,066	12,164,269	11,435,184	8,511,844
Current liabilities	5,818,615	5,513,837	5,724,653	4,675,443	6,624,045

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows	2017	2018	2019	2020	2021

Net cash generated from operating activities	4,614,147	3,668,772	4,732,081	4,203,052	4,915,005
Net cash used in investing activities	-3,310,466	-2,349,719	-2,944,053	-787,627	-1,814,247
Net cash generated from/(used in) financing activities	-240,992	-1,960,927	-2,460,038	-3,250,039	-3,023,761
Net increase / (decrease) in cash and cash equivalents	1,062,689	-641,874	-672,010	165,386	76,997
Cash and cash equivalents at end of period	1,636,112	1,003,581	338,435	503,510	580,913

Net income increased during the year 2020 by 5.9% compared to the previous year 2019, to reach 984.1 million Saudi riyals. Also, revenues increased by 7% to reach SAR 357.15 million. From On the other hand, economic pressures persisted in various markets The Gulf Cooperation Council (GCC) countries throughout the year, due to key to the COVID-19 pandemic, which continues to wreak havoc on . Supply chains and in the food and beverage sector as a whole world level. The business model adopted by the company has succeeded Almarai, which is characterized by a high degree of integration, in mitigating The effects of fluctuation resulting from this pandemic are tangible, as it has been proven The distinguished procedures and controls implemented by the company are important in Ensuring the availability of sufficient quantities to meet consumer demand. Sales volume rose sharply during the early stages of the pandemic due to the closure measures quickly imposed by the Saudi government To ensure the safety and well-being of the population.

. Also witnessed the shopping movement in Retail outlets rose significantly as consumers rushed to stock up Amounts of supplies in anticipation of the continuation of the closure procedures for a long period, Because of the state of anxiety that prevailed in the market in general. It has proven Almarai company procedures of controlling the supply and distribution chain . Strategic products are effective and necessary to manage costs and ensure Availability of adequate supply of products. Almarai Company has modified its approach to ensure the safety of all its employees in light of the challenges witnessed by the market

. At the beginning During the pandemic, travel restrictions have resulted in the detention of 400,000 Our colleagues in Almarai Company outside the Kingdom were unable to return They were also unable to continue working before the company accelerated the implementation of Work from home protocols. And soon we took the steps . Necessary to facilitate the work of remote employees, with the exception of those working in Factories and farms, and we have implemented complete closure procedures for all sites Farms and production in a move aimed at reducing the exposure of these sites to the outside world as much as possible. These procedures have enabled teams field work continue their important work. keep fulfilling The year 2020 was an extraordinary year, which required an extraordinary response from us as well. . Almarai’s commitment to customers and consumers who choose our products synonymous with their commitment to achieving the highest levels of quality. With the market starting to shrink as a result of the pandemic spreading across the region

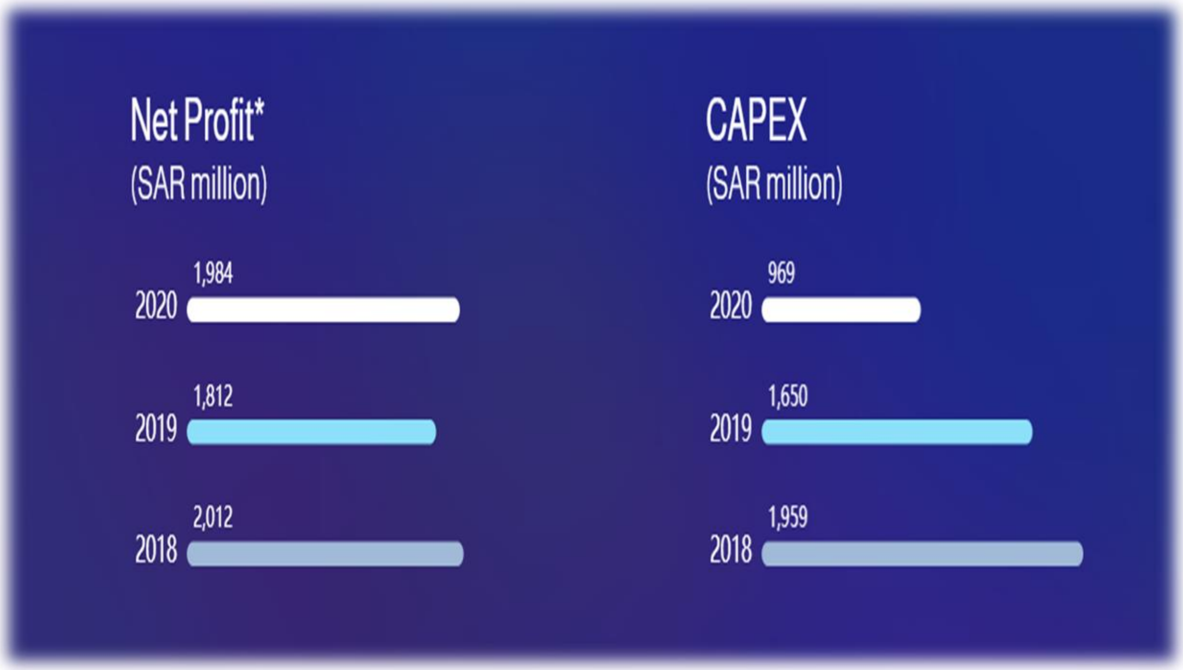
We must help achieve balance We had a feeling of duty Ensure that food shortages in the area are mitigated as much possible. Distinguished internal procedures and capabilities have been employed. The integrated distribution enjoyed by Almarai Company to meet the demand in all our major markets. We have all felt the impact of our commitment to providing our most important products. At first, the Almarai company experienced some disruption in operations and chain sales accompanied our transition to the ‘new reality’. Although we are in A sector that is considered one of the ‘defensive’ sectors, this does not mean that it will not be affected The company under the prevailing conditions, as we had to import large quantities of livestock feed and other raw materials, resulting in an increase Whoever understands it Significantly higher costs, although high Due to improved free cash flow of SAR 830.2 million Saudi. And with life returning to its course, although in a new way. According to the latest developments in the situation, it became clear to us that the measures we have taken It has been adopted as part of the company's framework in recent years With the aim of improving resilience, it has played an essential role in supporting our ability. To remain productive during these challenging times and to continue Fulfilling “Quality Worth Trusting”. investment case study It is fully aware of the requirements to maintain customer loyalty while continuing to Made of the finest raw materials. Provide high-quality, manufactured products Market leadership Nearly the market in which it operates Almarai ranks first in all sectors • Almarai Company during the fiscal year 2019G center Occupy First according to the performance rating in the face of environmental risks and Social and Governance Risk (ESG) within companies in The Saudi Stock Exchange1. Stable growth in revenues and profits 2020, as revenues grew in all markets Almarai Company recorded a growth of 0.7% in revenues for except for Oman to reach 984.1 million Saudi riyals, compared to net income •Net income increased by 5.9% during the year 2020G to reach worth 812.1 million Saudi riyals last year Recording a lower expenditure volume of 969 million Saudi Riyals, tangibly improving capital expenditures, which led to This represents a decrease of more than 40% compared to the previous year. The volume of spending in it amounted to 650.1 million Saudi riyals. Outstanding Achievement in Creating Shareholder Value With a total value of SAR 1,000 million, a cash dividend of SAR 0.1 per share will be distributed. Paid to shareholders for the full year 2020 AD A 305% increase in the share price since the listing Rapid response to the COVID-19 pandemic, flexibility in facing external shocks The crisis thanks to the resilience of the supply chain The return of the company's product portfolio to pre-existing levels of casualties Crisis management teams mobilize to prepare for a possible “second wave” Essential • Procurement teams have successfully avoided interruptions in access to materials

Based on the balance sheet, the statement of cash flows and the income statement, the following results appear:

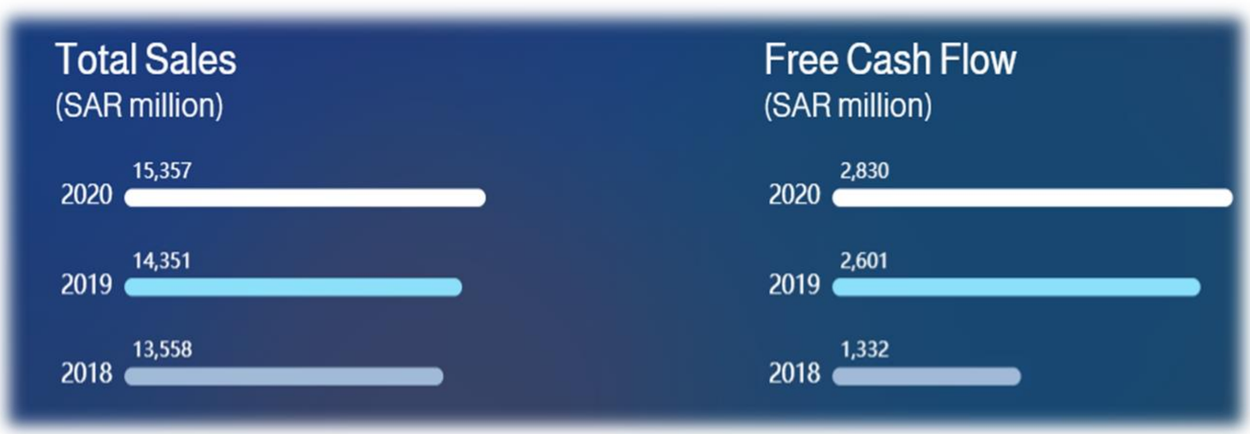
1Company performance appraisal

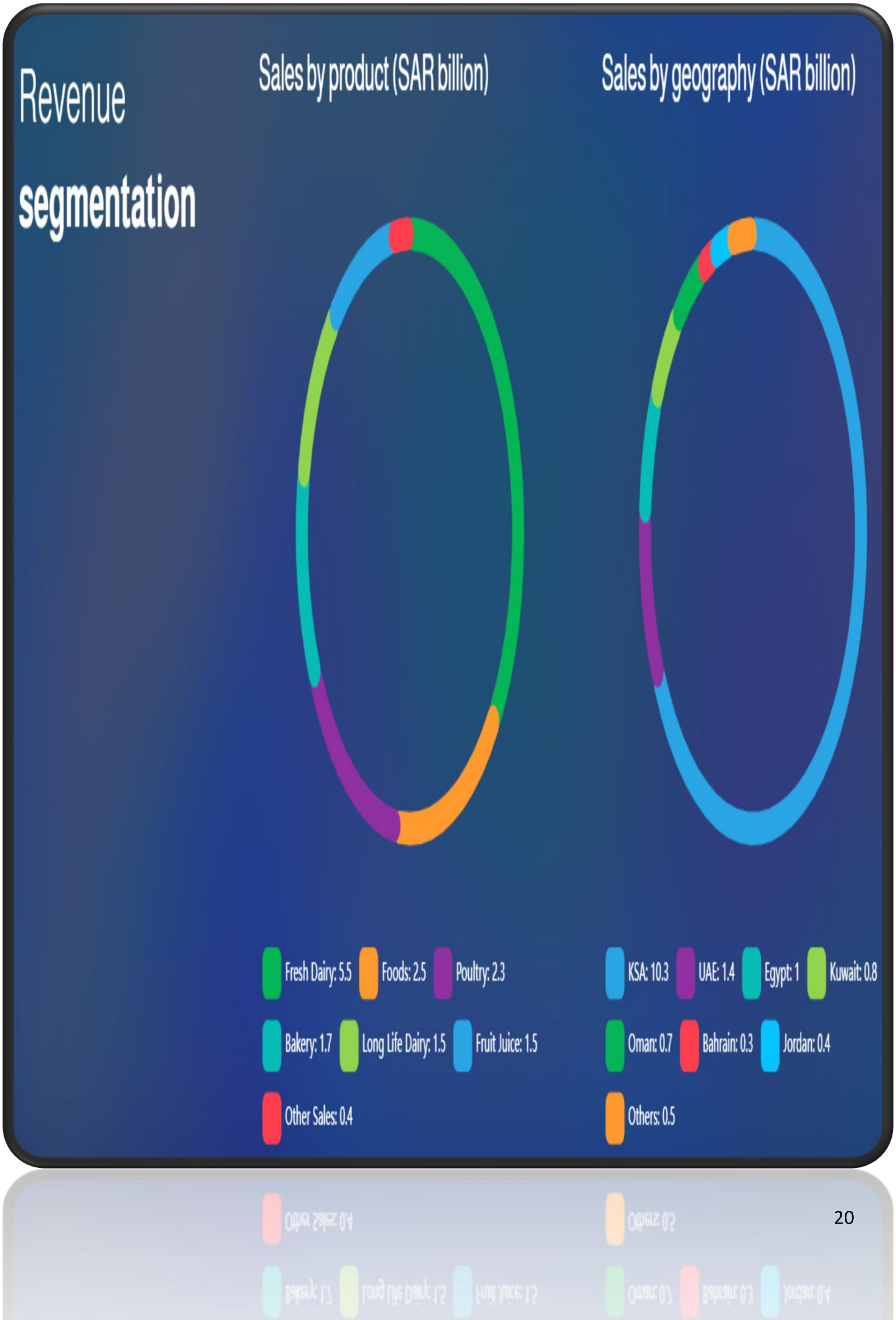
In terms of profitability, the value with Million:-

The profitability analysis shows the following.



Efficiency Efficiency analysis shows that the company's efficiency increased in 2020 compared to previous years




Revenue
segmentation
Sales by product (SAR billion)
Sales by geography (SAR billion)
Fresh Dairy: 5.5
Foods: 2.5
Poultry: 2.3
Bakery: 1.7
Long Life Dairy: 1.5
Fruit Juice: 1.5
Other Sales: 0.4
KSA: 10.3
UAE: 1.4
Egypt: 1
Kuwait: 0.8
Oman: 0.7
Bahrain: 0.3
Jordan: 0.4
Others: 0.5

a-Short-tem Solvency

the decrease in 2021 from 2020 according to the schedule;

Key indicators	2017	2018	2019	2020	2021
the decrease in 2021 from 2020 according to the schedule;					
Return on Sales	**15.5**	**14.8**	**12.6**	**12.6**	**10.0**
EBITDA to Sales	**28.1**	**29.7**	**28.0**	**26.1**	**22.0**
EBIT to Sales	**18.5**	**18.6**	**17.2**	**16.4**	**12.7**

d. Long-term Solvency

Key indicators	2017	2018	2019	2020	2021
Return on Shareholders Equity	**17.9**	**15.1**	**12.6**	**12.8**	**9.9**
Return on Total Equity	**15.3**	**13.7**	**12.1**	**12.3**	**9.6**
Return on Net Operating Assets	**10.5**	**9.4**	**8.9**	**9.1**	**7.4**

Revenue Growth Rate	**-2.8**	**-2.7**	**5.9**	**7.0**	**3.2**

e. Market-based Ratios

Key indicators	2017	2018	2019	2020	2021
We note a decrease in the existing percentages in the market in 2021 compared to all previous years					
Net Debt to Equity Ratio	**73.3**	**88.0**	**78.0**	**66.0**	**55.0**
Net Debt / EBITDA	**2.8**	**3.2**	**3.0**	**2.7**	**2.6**
Current Ratio	**116.5**	**128.6**	**128.0**	**155.9**	**107.2**
Stock information					
Dividend Proposed	**750**	**850**	**850**	**1,000**	**1,000**
Dividends Payout Ratio	**34.0**	**42.0**	**47.0**	**50.0**	**60.0**

2-Suggestions and recommendations to improve Almarai Company

Segmental Reporting	2017	2018	2019	2020	2021
Sales by segment					
Dairy & Juice	10,510.5	9,919.7	10,210.0	10,923.7	11,141.3
Bakery	1,807.1	1,641.4	1,749.3	1,712.0	1,788.9
Poultry	1,463.6	1,800.4	2,124.6	2,292.8	2,301.5
Other Activities	154.3	196.4	267.4	428.5	618.1
Sales by geography					
Saudi Arabia	9,300.0	9,179.8	9,737.3	10,285.9	10,222.8
Other GCC Countries	3,480.7	3,090.4	3,164.3	3,198.2	3,121.3
Other Countries	1,154.9	1,287.6	1,449.7	1,872.9	2,505.6
Sales analysis by country					
KSA	67.0	67.0	67.8	67.0	65.0
UAE	10.0	10.0	9.5	9.0	9.0
Oman	5.0	6.0	5.2	4.0	4.0
Kuwait	5.0	5.0	5.0	5.0	5.0
Egypt	5.0	6.0	5.9	6.0	8.0
Bahrain	2.0	2.0	2.3	2.0	2.0
Jordan	2.0	2.0	2.1	3.0	3.0
Other exports	2.0	2.0	2.2	3.0	4.0

We note from the table a decrease in the percentage of sales in Saudi Arabia and Egypt, and this is one of the biggest effects in the decrease in profit between the years 2021 and 2020.

We note the decrease in the company's net profit value between 2021 and 2020 by 356,120 Saudi riyals

Where the company's net profit for the year in 2020 was 1,935,556 riyals

The company's profit in 2021 was 1579436 riyals

Consequently, after the financial analysis of the revenue side, it is clarified that the main reason for this is the decrease in company sales than it was in 2020, which led to the weakness of the income side of the company, and this represents a great threat to the company because the company is supposed to grow its sales, but there is another reason to increase the sales side in 2020, namely increasing sales of foodstuffs in view of the Corona crisis, and my suggestion to the company is to increase marketing operations to expand the scope of the company’s brand and increase supply, thus increase demand, as the company can reach in 2022 more than two million Saudi riyals, provided that the distribution scope of distribution be increased through marketing, reducing costs for the company and opening new markets. The company also gives a great possibility for the company to enter major investment opportunities.

3- Incom Statement Future Assumptions:

A-the company can make a new investment project, which is opening distribution points in new countries to increase the scope of sales through agents by opening offices and registering products in those countries. This investment project will be financed through through own capital.

	Income Statement Future Assumptions :							
	Item	**Yr-22**	**Yr-23**	**Yr-24**	**Yr-25**	**Yr-26**	**Yr-27**	

Target Net Profit Before Taxes Rate	**4%**	**6%**	**8%**	**10%**	**12%**	**14%**
Gross Profit Rate	31.0%	33.0%	35.2%	37.5%	40.3%	42.3%
Interest Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sales & Marketing Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
G&A Expenses	3,000,000	3,450,000	3,967,500	4,562,625	5,247,009	6,054,072
Deprication Expenses	750,000	750,000	750,000	750,000	750,000	750,000
Item	**Yr-22**	**Yr-23**	**Yr-24**	**Yr-25**	**Yr-26**	**Yr-27**
(+) Sales Revenues	17,857,143	20,000,000	22,252,358	24,709,884	26,892,417	30,511,534
Sales Growth Rate	***-51%***	***12%***	***11%***	***11%***	***9%***	***13%***
(-) COGS	12,321,429	13,400,000	14,419,528	15,443,677	16,054,773	17,605,155
Gross Profit	5,535,714	6,600,000	7,832,830	9,266,206	10,837,644	12,906,379
Gross Profit Rate	***31%***	***33%***	***35%***	***38%***	***40%***	***42%***
SG&A Expenses						
(-) Sales & Marketing Expenses	714,286	800,000	890,094	988,395	1,075,697	1,220,461
(-) G&A Expenses	3,000,000	3,450,000	3,967,500	4,562,625	5,247,009	6,054,072
Total SG&A	3,714,286	4,250,000	4,857,594	5,551,020	6,322,706	7,274,533
SG&A Expenses Rate	***21%***	***21%***	***22%***	***22%***	***24%***	***24%***
(+/-) EBITDA	1,821,429	2,350,000	2,975,236	3,715,186	4,514,938	5,631,845
EBITDA Rate	***10%***	***12%***	***13%***	***15%***	***17%***	***18%***

(-) Deprication Expenses	750,000	750,000	750,000	750,000	750,000	750,000	
(+/-) EBIT	1,071,429	1,600,000	2,225,236	2,965,186	3,764,938	4,881,845	
EBIT Rate	***6%***	***8%***	***10%***	***12%***	***14%***	***16%***	
(-) Interest Expenses	357,143	400,000	445,047	494,198	537,848	610,231	
(+/-) EBT	714,286	1,200,000	1,780,189	2,470,988	3,227,090	4,271,615	
EBT Rate	***4%***	***6%***	***8%***	***10%***	***12%***	***14%***	
(-) Income Taxes	160,714	270,000	400,542	555,972	726,095	961,113	
(+/-) NI	553,571	930,000	1,379,646	1,915,016	2,500,995	3,310,501	
NI Rate	***3%***	***5%***	***6%***	***8%***	***9%***	***11%***	
Multiplier Model							
Valuation Multiplier at Yr-19:							
EBITDA@ 10X	18,214,286						
(-) Banking Facilities	0						
Enterprise Value	18,214,286						
Discounted Cash Flow Model							
Working Capital Calculations							
Item	**Yr-22**	**Yr-23**	**Yr-24**	**Yr-25**	**Yr-26**	**Yr-27**	
DSO@ 60 days	2,976,190	3,333,333	3,708,726	4,118,314	4,482,070	5,085,256	

DIO@ 45 days	1,540,179	1,675,000	1,802,441	1,930,460	2,006,847	2,200,644	
DPO@ 60 days	2,053,571	2,233,333	2,403,255	2,573,946	2,675,795	2,934,192	
Other Debtors	892,857	1,000,000	1,112,618	1,235,494	1,344,621	1,525,577	
Other Creditors	357,143	400,000	445,047	494,198	537,848	610,231	
Working Capital	2,998,512	3,375,000	3,775,483	4,216,124	4,619,893	5,267,053	
Net Change in WC	0	-376,488	-400,483	-440,640	-403,769	-647,160	
DCF Valuation at Yr-19:	0	1	2	3	4	5	
Item	**Yr-22**	**Yr-23**	**Yr-24**	**Yr-25**	**Yr-26**	**Yr-27**	**Terminal Value**
(+) EBIT	1,071,429	1,600,000	2,225,236	2,965,186	3,764,938	4,881,845	
(-) Taxes	241,071	360,000	500,678	667,167	847,111	1,098,415	
Net Income	553,571	930,000	1,379,646	1,915,016	2,500,995	3,310,501	
(+) Deprication Exp	427,146	750,000	750,000	750,000	750,000	750,000	
(+) Change In WC	0	-376,488	-400,483	-440,640	-403,769	-647,160	
(-) CAPEX - Capital Expenditure	0	0	0	0	0	0	
Free Cash Flow	**1,257,503**	**1,613,512**	**2,074,074**	**2,607,379**	**3,264,058**	**3,886,270**	**28,499,312**
FCF Growth Rate		***28%***	***29%***	***26%***	***25%***	***19%***	
Item	**Yr-22**	**Yr-23**	**Yr-24**	**Yr-25**	**Yr-26**	**Yr-27**	**Terminal Value**
Discount Rate @ 25.00%	1.000	1.250	1.563	1.953	2.441	3.052	3.052
PV	1,257,503	1,290,810	1,327,408	1,334,978	1,336,958	1,273,453	9,338,655
NPV	**17,159,764**						
(-) Banking Facilities	**0**						

Enterprise Value	**17,159,764**						
cash outflow	year1	year2	year3	year4	year5	year6	
(-2,500,0000)	1257503	1613512	2074074	2607379	3264058	3886270	
cach out flow							
present value of cash flow	1,006,002	1032647.68	1,061,925.89	1,067,982.44	1,069,566	1,018,762	
6,256,886							
NPV							
3756886							

4 The company does not have to pay those fees, as the company is currently suffering from a significant decrease in sales and must avoid any fees to address the decrease in profit from the previous year

Company's future prospects

Median / Actual (SAR Mn)	2021	2022e	2023e	2024e
Sales	15,850	16,588	17,645	18,589
Gross profit	5,059	5,486	5,877	6,265
EBITDA	3,493	4,100	4,513	4,747
Operating income	2,015	2,313	2,586	2,747
Income before tax	1,668	1,941	2,150	2,362
Income before minority interest	1,579	1,828	2,042	2,230
Net income	1,564	1,766	2,014	2,200

Recommendations for the company

1- Increasing the number of markets inside the state of Egypt to increase sales

2- Increasing the volume of marketing within the Kingdom of Saudi Arabia to address the decline in sales due to it being a major local market for the company.

3- Increasing the volume of distribution and increasing the volume of supply of products within the local market

4- Making discounts and offers on the most requested products to encourage purchase.

5- Studying the behavior of the local consumer in order to meet his desires

6- Addressing high prices with high quality and after-sales service to the consumer

7- Increasing the spread and support of the community, which supports the company’s brand in the future

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