



The National Agricultural Development Company

Q3 2023 Earnings Results & Rights Issue

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Presenting Team



Dr. Solaiman A. AlTwaijri

Chief Executive Officer



Hassan Aqrouq

Vice President - Finance

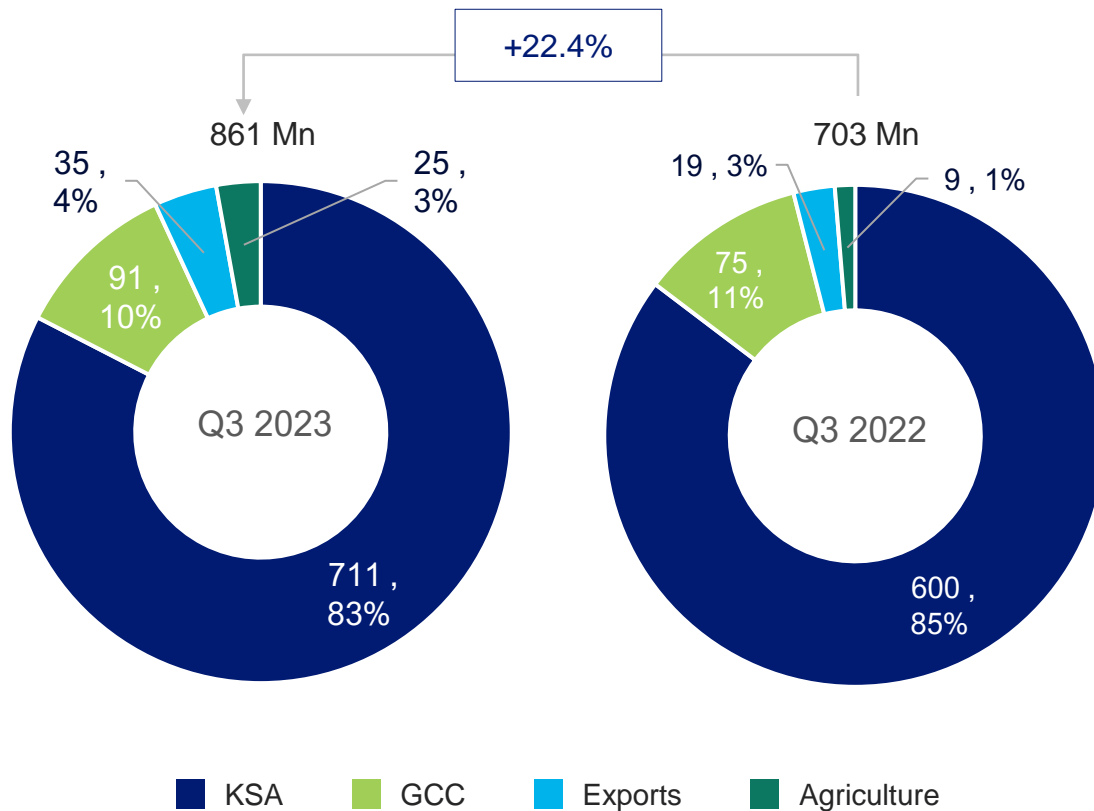


Financial Performance

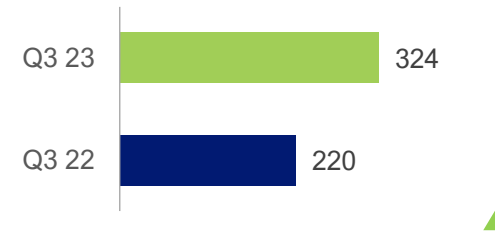
Financial Highlights – Q3 2023



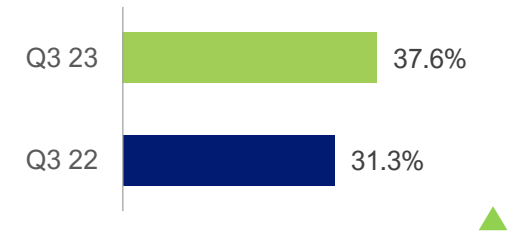
Revenue by Segments



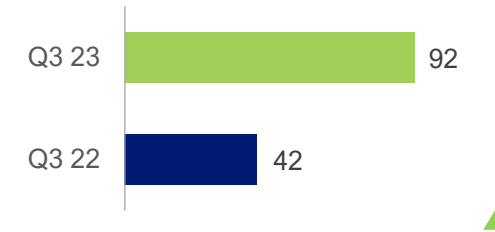
Gross Profit +47.2%



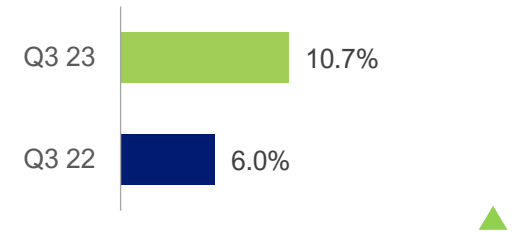
Gross Profit Margin



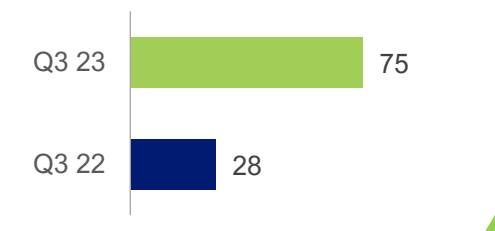
Operating Profit +145.7%



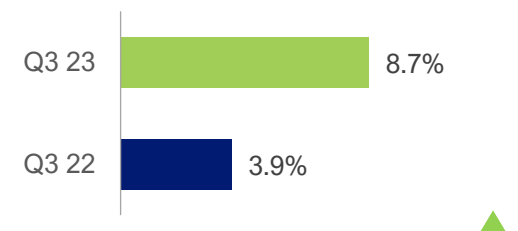
Operating Profit Margin



Net Income +137.3%



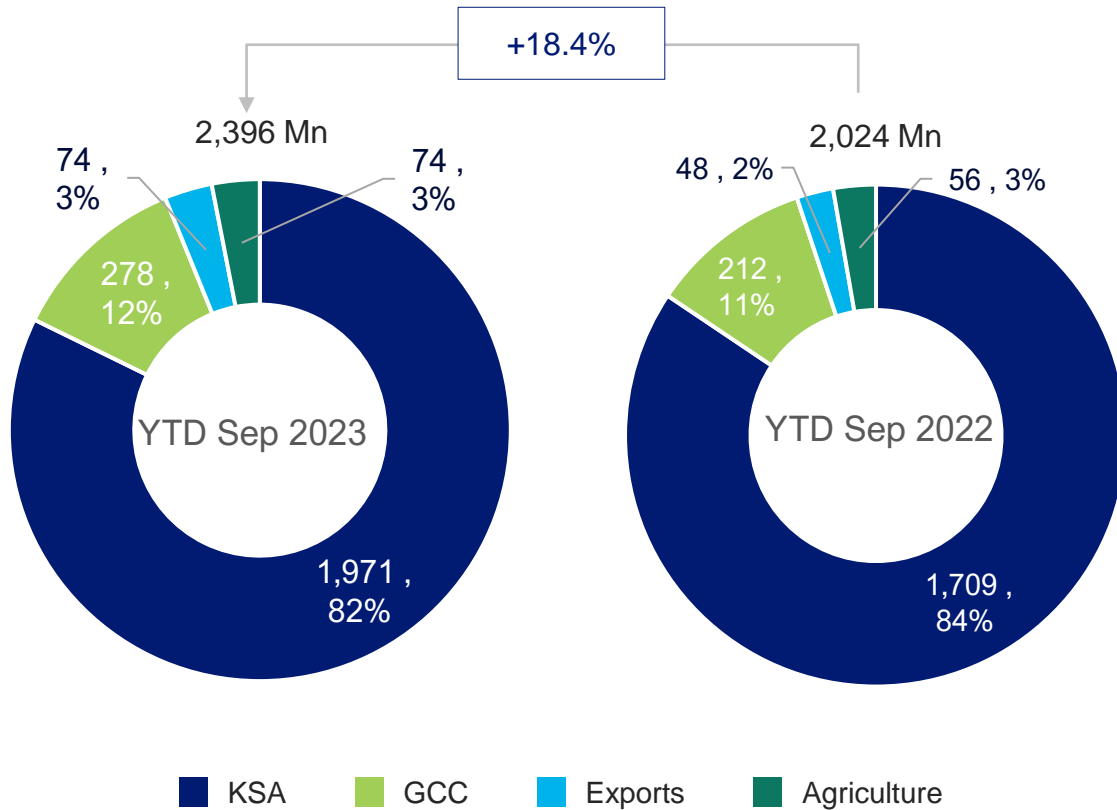
Net Income Margin



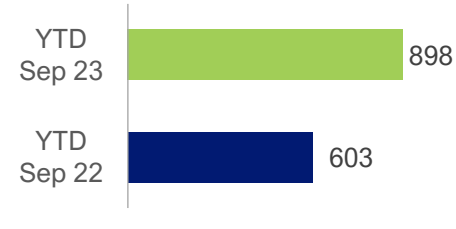
Financial Highlights – YTD Sep 2023



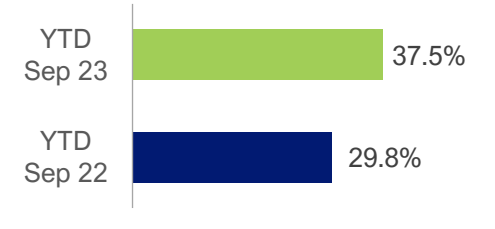
Revenue by Segments



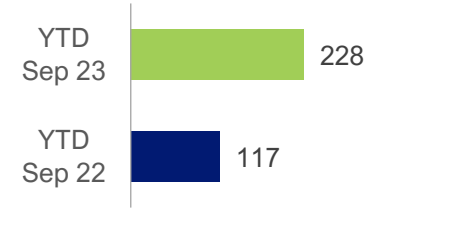
Gross Profit +48.9%



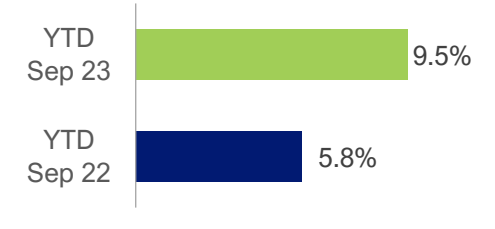
Gross Profit Margin



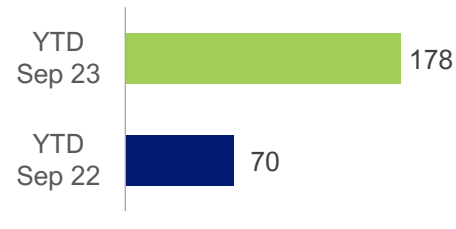
Operating Profit +151.3%



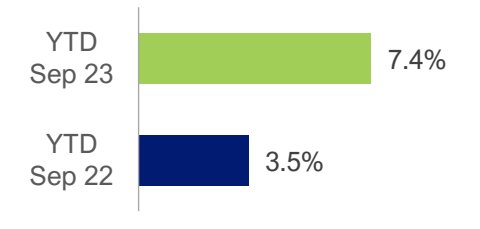
Operating Profit Margin



Net Income +139.3%



Net Income Margin



Balance Sheet

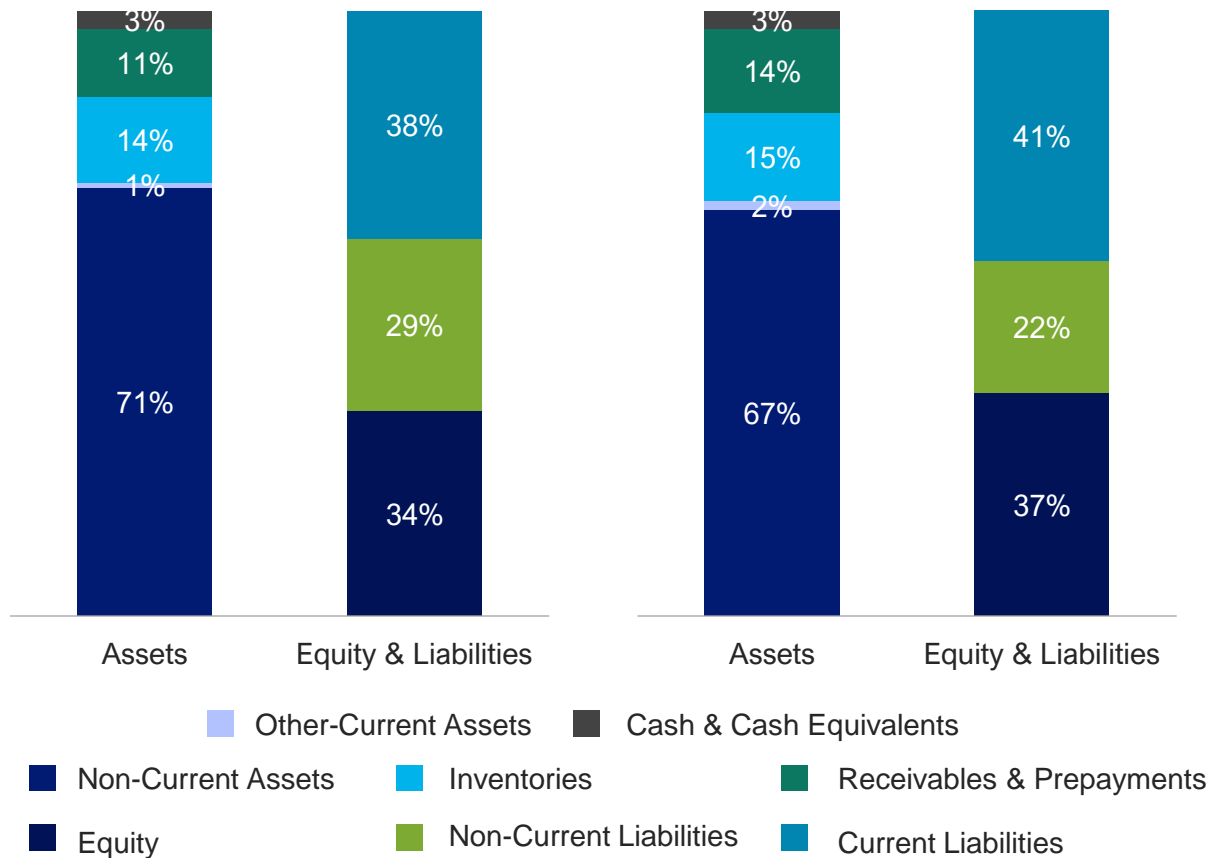


FY22

Total Assets: SAR 3,822 Mn

Sep23

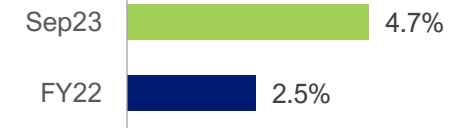
Total Assets: SAR 3,988 Mn



ROE



ROA



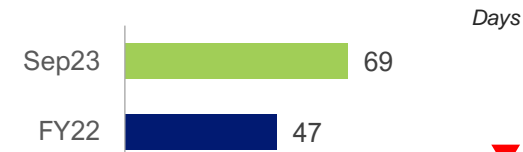
ROCE



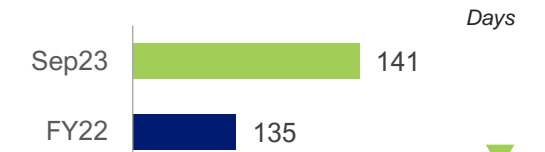
Current Ratio



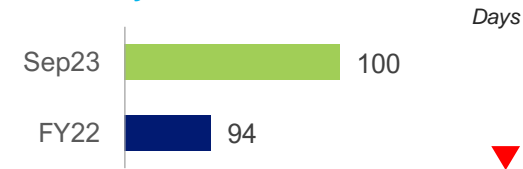
Receivables, Prepayment and Others



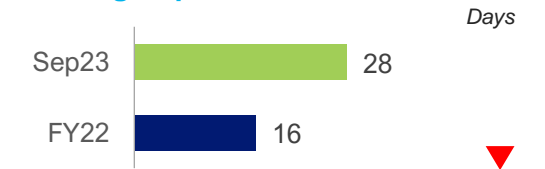
Trade and Other Payables



Inventory



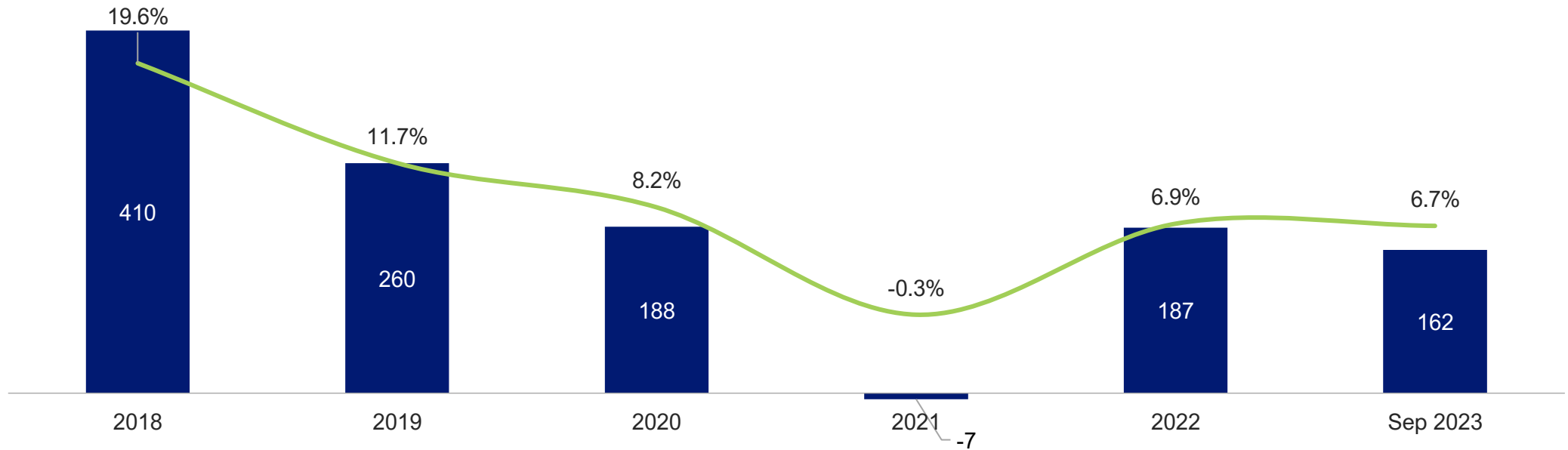
Working Capital



Working Capital



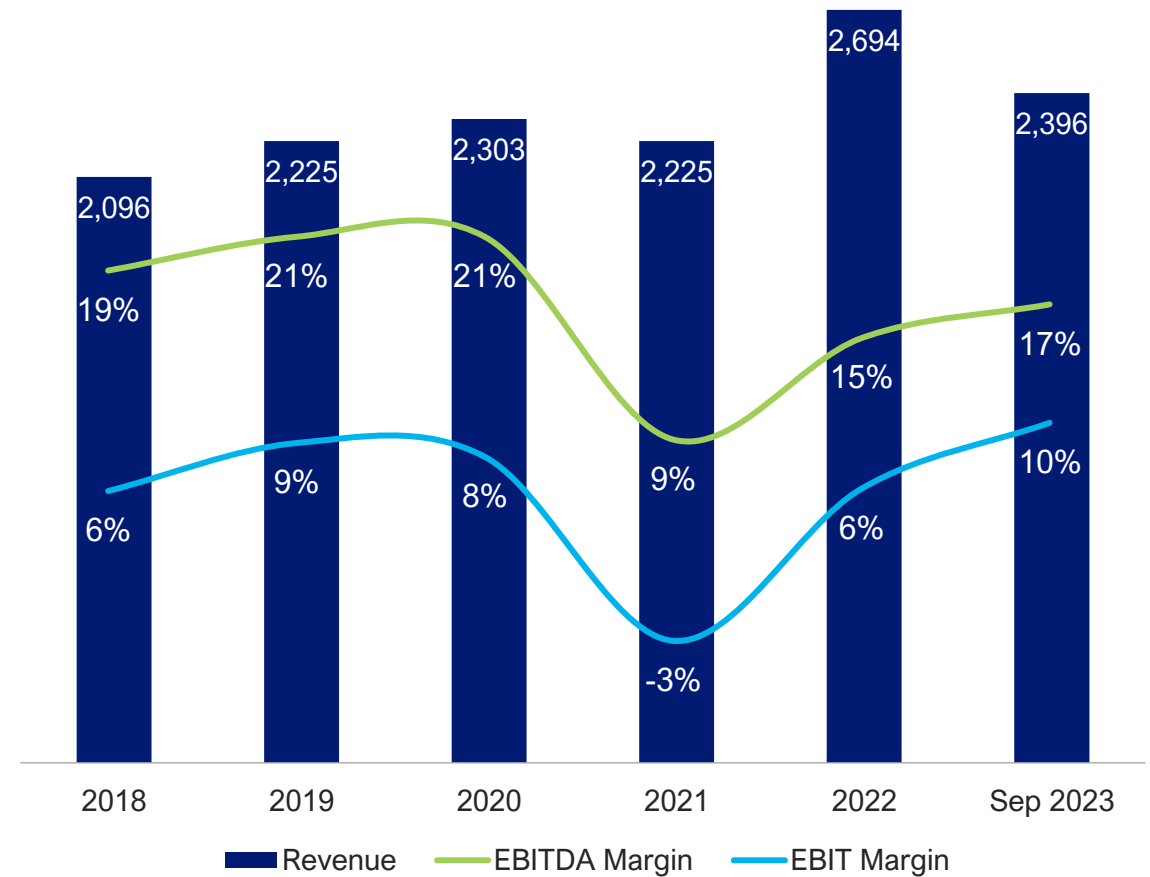
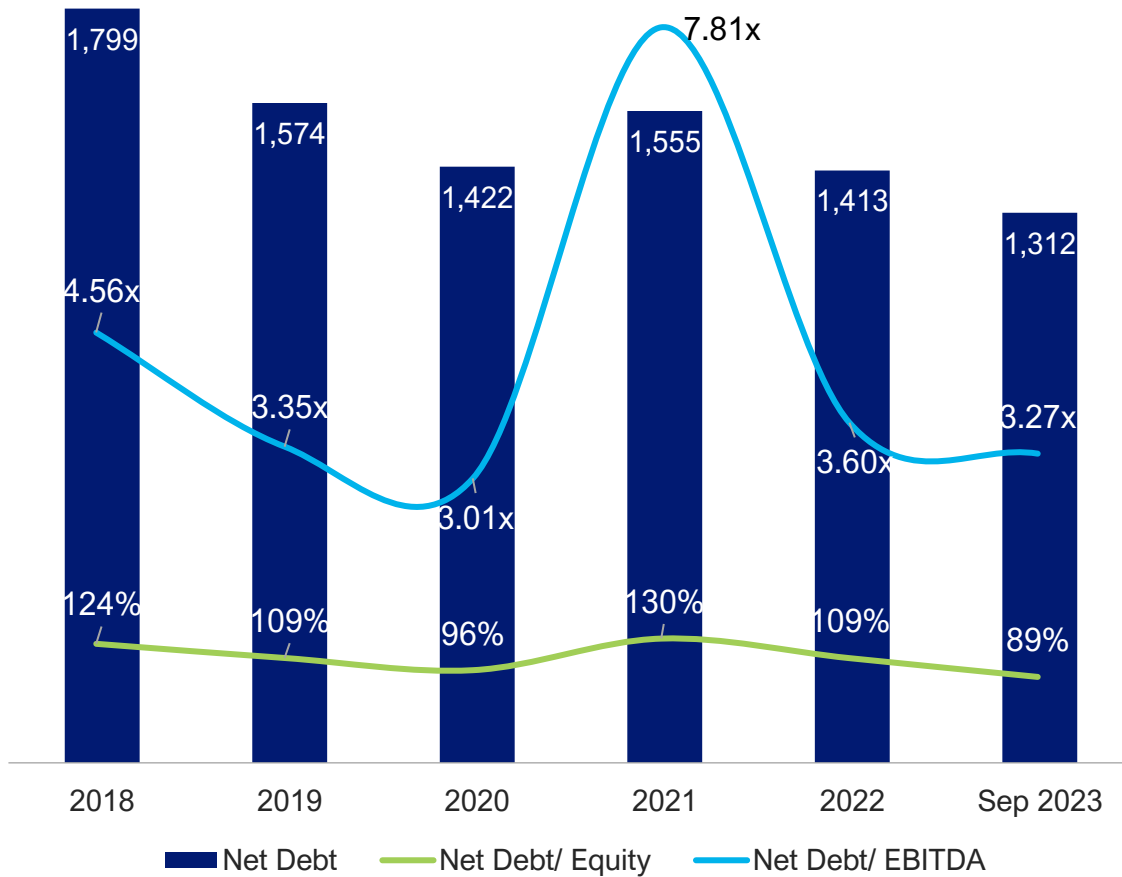
SAR Million



	2018	2019	2020	2021	2022	Sep 2023
Days of Inventory outstanding (DIO)	154	145	124	103	94	100
Days of Sales outstanding (DSO)	51	44	41	42	47	69
Days of Payable outstanding (DPO)	(122)	(147)	(140)	(163)	(135)	(141)
Working Capital (Days)	83	42	25	(18)	16	28

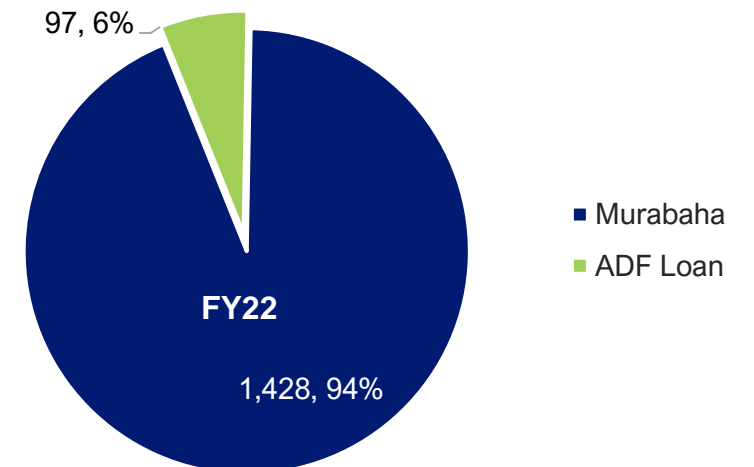
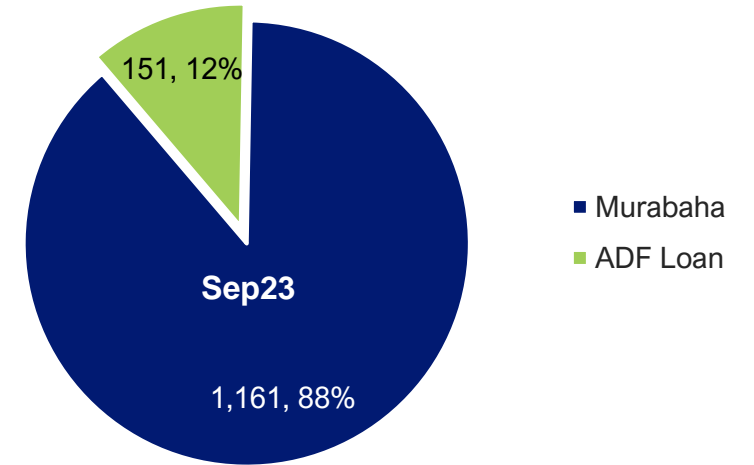
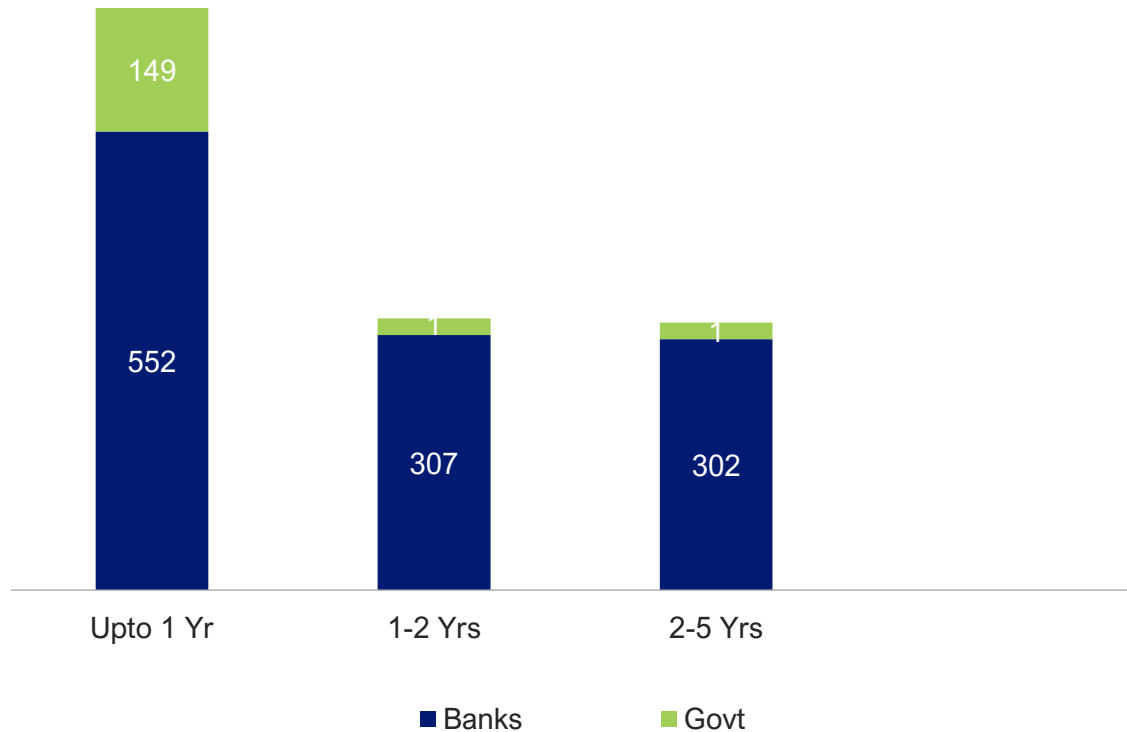
Net Debt and EBITDA/ EBIT Margins Trend

SAR Million



Debt Maturity Profile – Average debt tenure at 1 Year

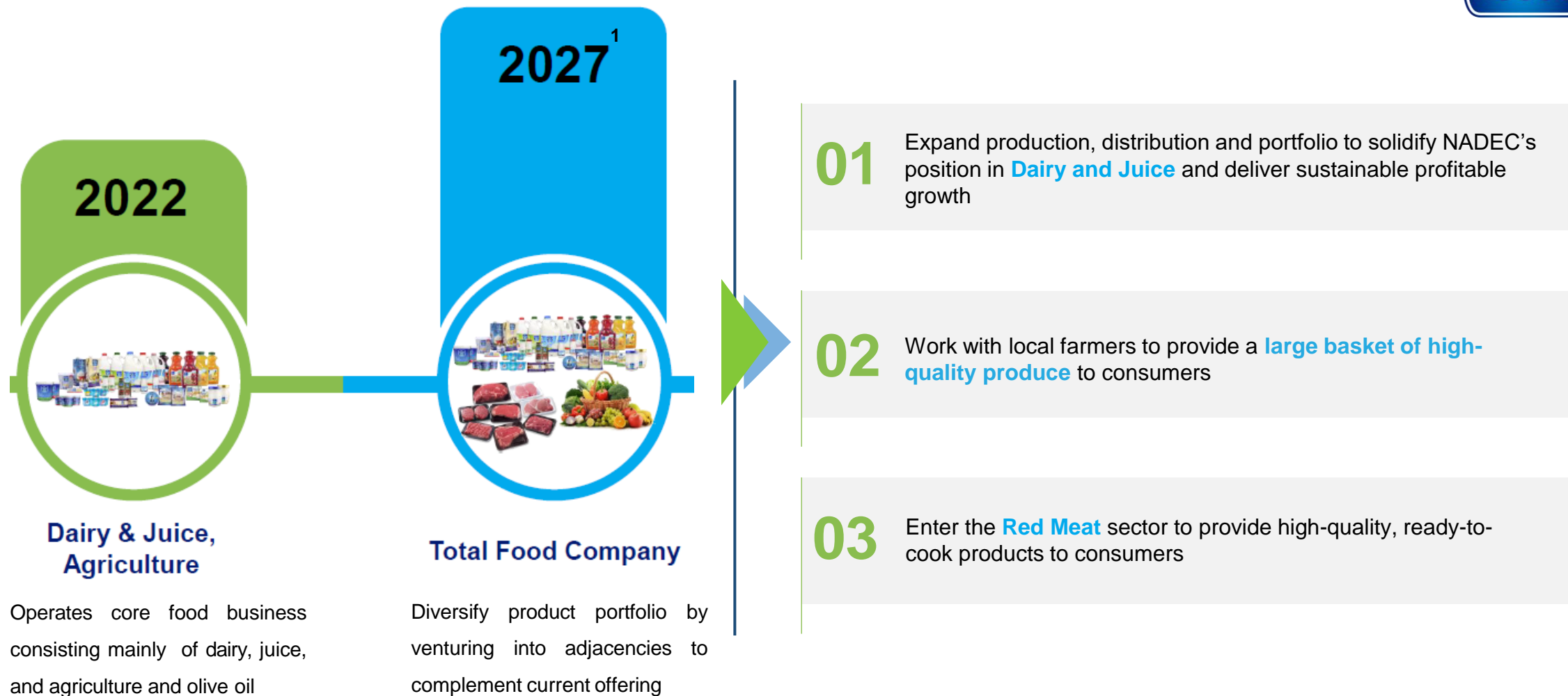
SAR Million





Rights Issue & Future Outlook

NADEC's 5 Year Growth Strategy



Source: NADEC 2022 Investor Presentation, Strategy & Report
As per the business plan, rights issue transaction will occur in 2024 so first year for growth strategy starts from 2024 and company aims to convert into total food company by 2028

The Growth Strategy Pillars



Strengthen the Core



1

Grow core dairy and juice categories and deliver sustainable profitable growth in other segments

Dairy & Juice

Agriculture (Bulls, Wheat & Potatoes)

Grow Beyond the Core



2

Expand into new attractive food categories and diversify current offering

Red Meat Business

Fruits & Vegetables Business

① Strengthening The Core



Dairy & Juice



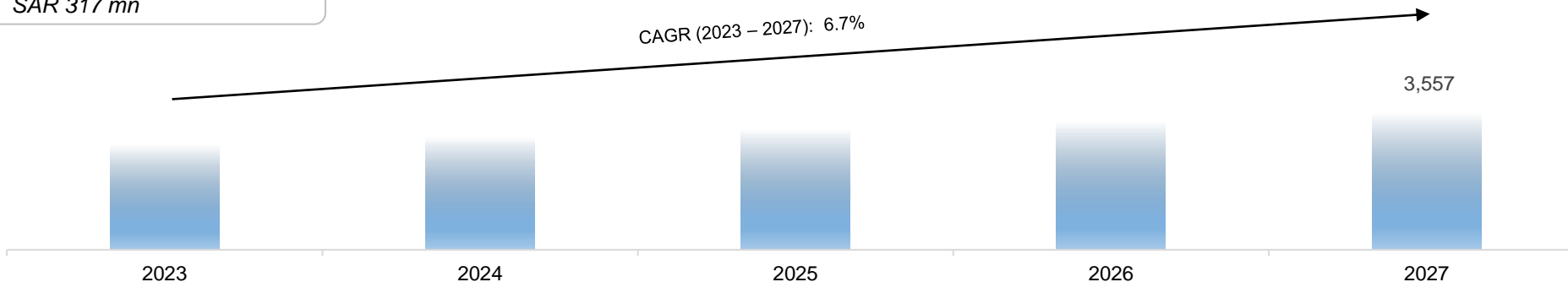
'Make NADEC products the preferred choice for consumers in KSA, the GCC and the Arab world'



- 01 Continue producing and delivering consistent, high-quality products
- 02 Streamline costs and focus on efficiency
- 03 Strengthen distribution and expand sales coverage
- 04 Invest in supply chain and introduce cutting-edge technology
- 05 Enhance innovation and product development capabilities
- 06 Expand into new markets
- 07 Adopt clean, green energy

Dairy & Juice Target Revenue (SAR mn)

Expansion capex (2024):
SAR 317 mn



Source: NADEC Business Plan

① Strengthening The Core

Agriculture

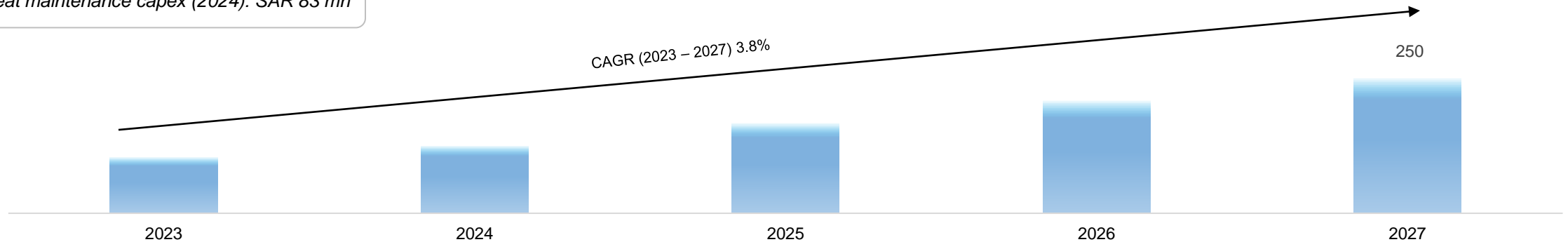


- 01 Become the **leading provider of high-quality seeds** (e.g., Potato, Wheat) to local farmers
- 02 Continue **producing wheat**, through contract farming, inline with KSA's target of increasing local production
- 03 Improve the efficiency and accounting policies of the **agriculture business**

'Work with local farmers to provide a large basket of high-quality produce to consumers'

Agriculture Target Revenue (SAR mn)

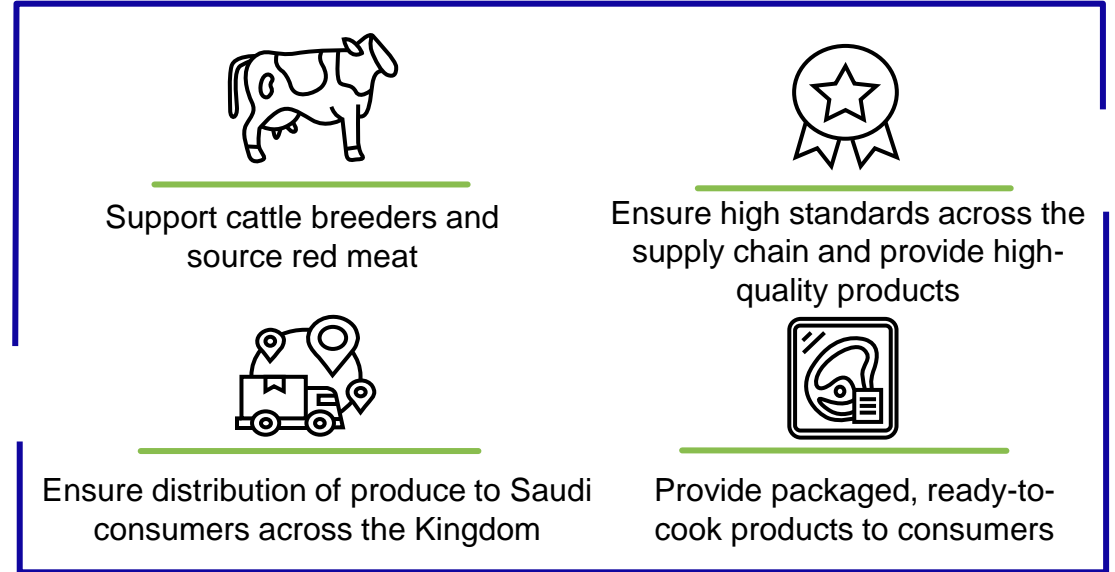
Wheat maintenance capex (2024): SAR 83 mn



Source: NADEC Business Plan

② Grow Beyond The Core

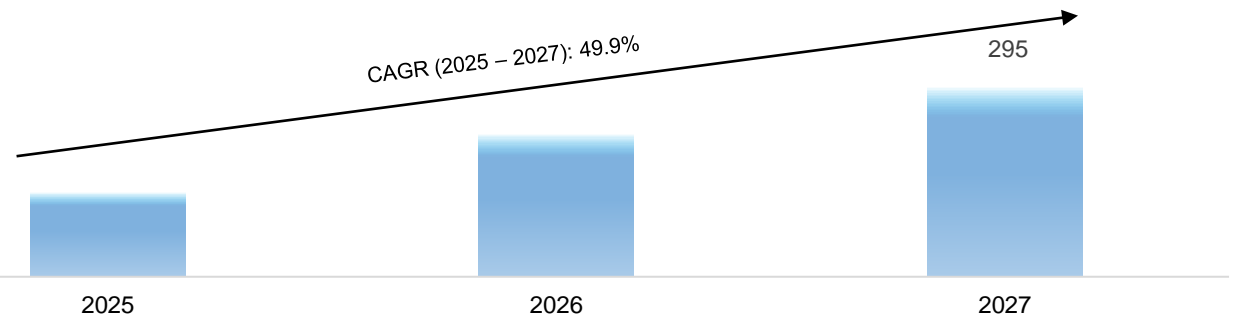
Red Meat



'Work with local farmers to provide a large basket of high-quality produce to consumers'

Red Meat Target Revenue (SAR mn)

Capex (2024): SAR 250 mn
IRR (5-year incl TV): 23.5%



Source: NADEC Business Plan

② Grow Beyond The Core

Fruits & Vegetables



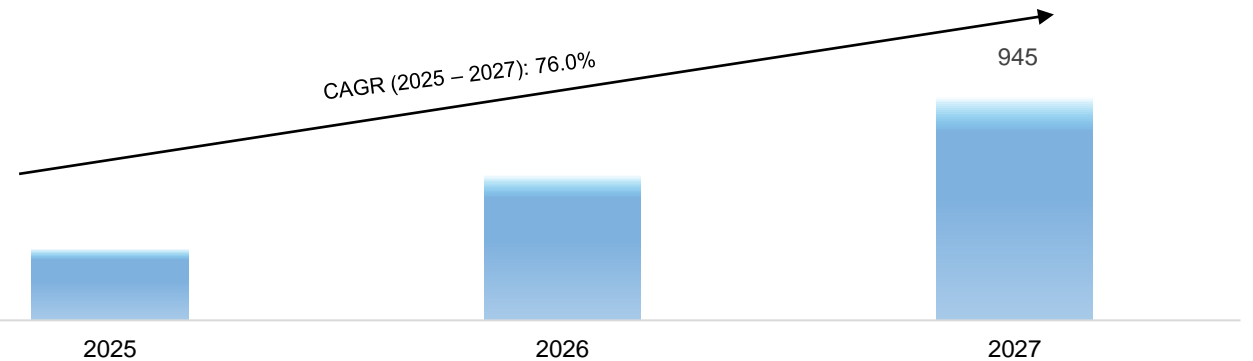
'Provide a large basket of high-quality fruits and vegetables'



- 01** Expanding **NADEC's production of traditional and controlled environment agriculture**
- 02** Conducting **off-take agreements with controlled environment farmers**
- 03** Conduct **contract farming with traditional farmers across KSA**

Fruits & Vegetables Target Revenue (SAR mn)

Capex (2024): SAR 780 mn
(partly financed through debt)
IRR (5-year incl TV): 24.8%

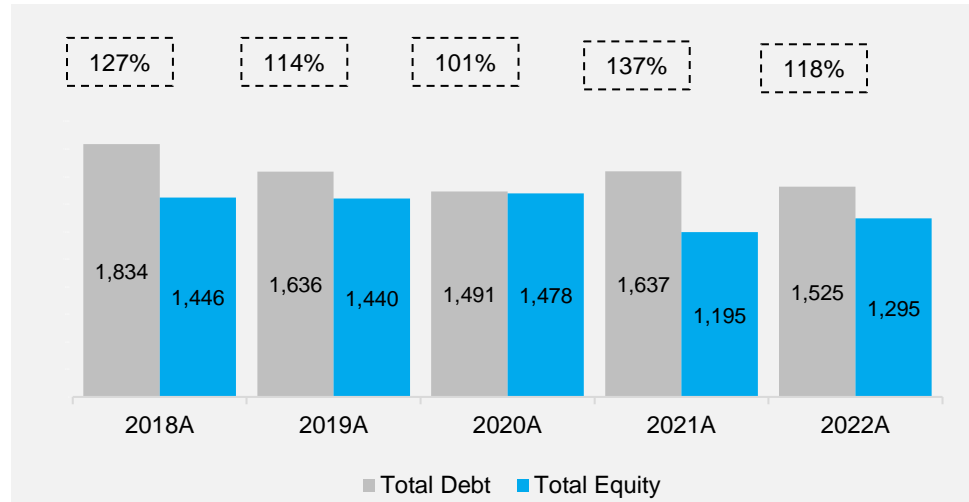


Source: NADEC Business Plan

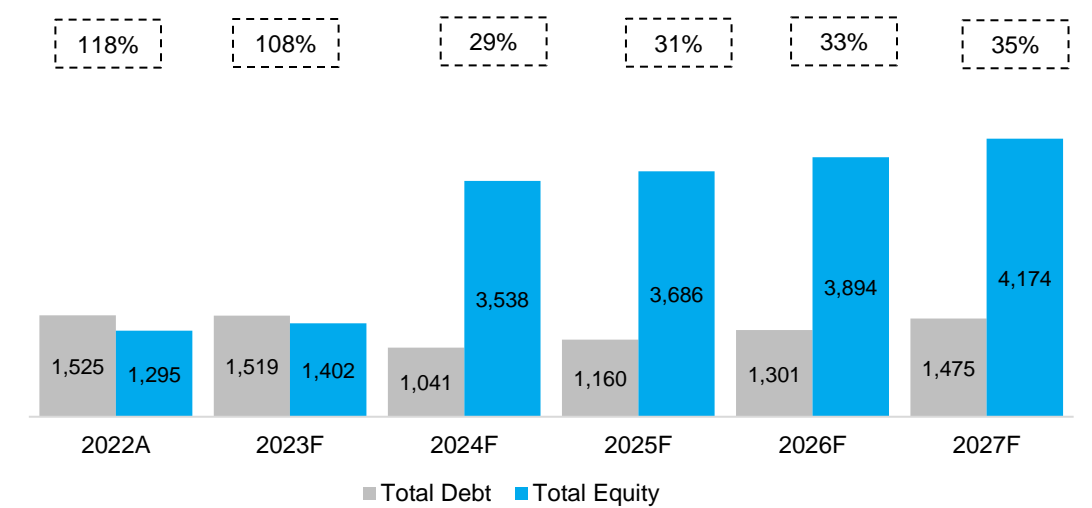
Debt Retirement



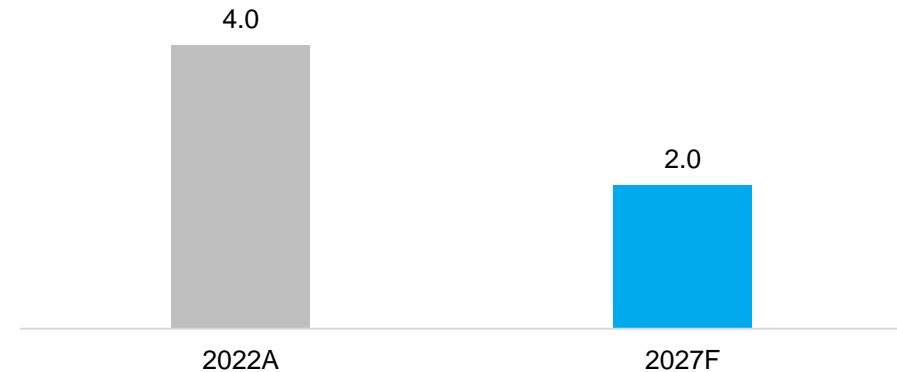
Debt & equity position before rights issue (SAR mn)



Debt & equity position after rights issue (SAR mn)



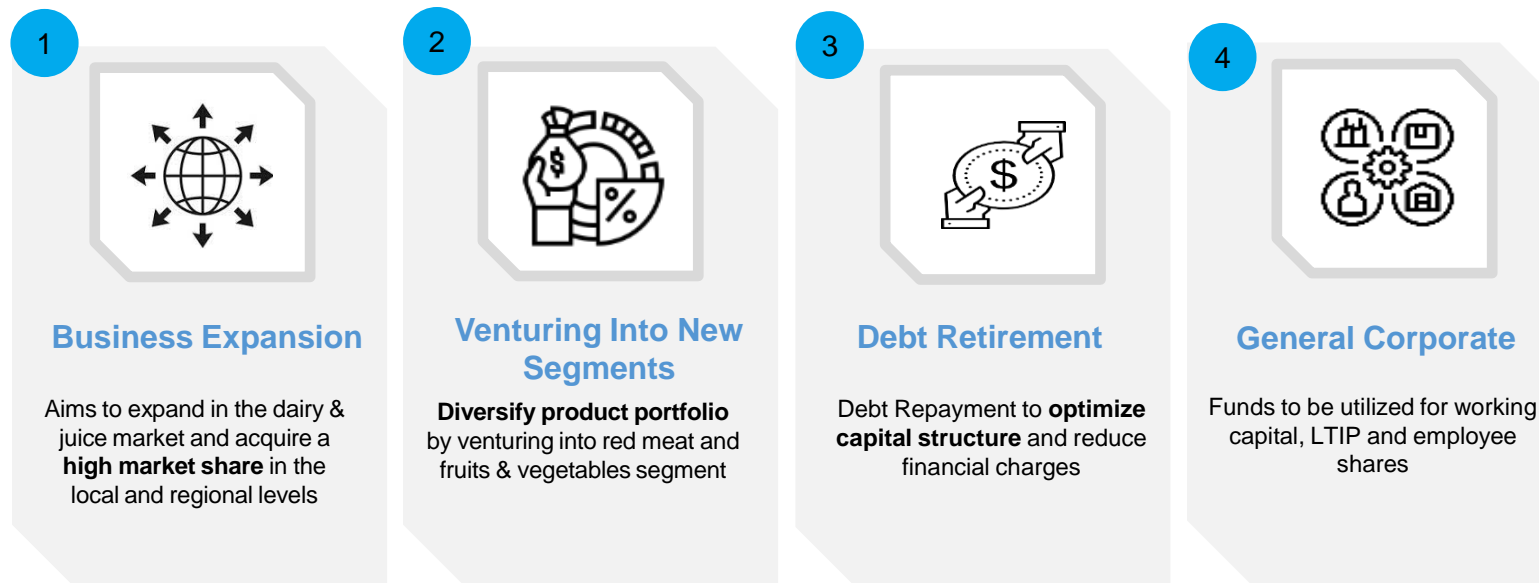
Debt to EBITDA target (x)



- NADEC has accumulated significant debt over the years with total debt reaching SAR 1.5 billion as of December 2022
- The rights issue **proceeds (SAR 730mn)** will be utilized for debt repayment
- Debt to equity ratio improves to 29% in year 2024
- Interest Expense saving of SAR 37mn in year 2024 due to repayment of loan

In Year 2024, debt is repaid by SAR 730mn and new drawdown takes place for fruits and vegetables capex by approx. SAR 400mn
Source: NADEC Business Plan

Use Of Proceeds Deployment Plan



Utilization Schedule (SAR mn)	2024				2025		Total
	Q1	Q2	Q3	Q4	Q1	Q2	
Dairy & Juice Expansion	193.0	187.0	20.0	0.0	-	-	400.0
Red Meat	18.3	38.0	55.6	67.1	45.1	25.9	250.0
Fruits & Vegetables	208.0	104.0	48.0	40.0	-	-	400.0
Debt Repayment	730.0	-	-	-	-	-	730.0
General Corporate Purpose	200.0	-	-	-	-	-	200.0
Offering Expenses	20.0	-	-	-	-	-	20.0
Total	1,369.3	329.0	123.6	107.1	45.1	25.9	2,000.0

Source: NADEC Business Plan



Appendix

Income Statement



SAR million

Income Statement	YTD Sep 23	YTD Sep 22
Revenue from Operations	2,396	2,023
Cost of Good Sold	(1,499)	(1,421)
Gross Profit	898	603
Selling General & Admin Exp.	(582)	(477)
Other Operating Expenses*	(87)	(9)
Operating Profit	228	117
Finance Cost	(53)	(34)
Share of Profit in JV	14	(8)
PBT	189	75
Zakat	(11)	(5)
Net Income	178	70

*Other operating expenses includes Provision for Bad Debts; R&D Expenses; Other Operating expenses; Provision and Write-offs

Summarized Balance Sheet



SAR million

Balance Sheet	Sep 30, 2023	Dec 31, 2022
Non-Current Assets	2,670	2,707
Current Assets	1,319	1,115
Total Assets	3,988	3,822
Non-Current Liabilities	866	1,090
Current Liabilities	1,649	1,437
Total Liabilities	2,515	2,527
Shareholders' Equity	1,473	1,295
Total Shareholders' Equity and Liabilities	3,988	3,822

Cash Flow Statement



SAR million

Cash Flow Statement	Sep 30, 2023	Sep 30, 2022
Net Profit/ (Loss)	178	70
Adjustment for Non-Cash and Non-operating Items	525	350
Cash Operating Profit	703	420
Changes in working capital		
Zakat Paid	(4)	(1)
Employee Benefits Paid	(16)	(24)
Cash Flow from Operating Activities	448	512
Acquisition of PPE, Intangible and Biological Assets	(219)	(238)
Proceeds from sale of PPE and Biological Assets	65	44
Cash Flow from Investing Activities	(154)	(193)
Proceeds from Loans and Borrowings	126	-
Repayment of Loans and Borrowings	(339)	(235)
Other Cashflow from financing activities	(68)	(48)
Cash Flow from Financing Activities	(281)	(283)
Net Change in Cash and Cash Equivalents	125	117



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**Thank
you**
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