



The Savola Group, Managing Director Press Conference Summary
In which he announced the 4th financial results
Including the initial year end results Held on 18th January 2009

Savola Group Reports SR 202 Million Net Profits for 2008, After Making Provisions of SR464 Million Resulting From the Impacts of the Global Financial Crisis and the Resultant Economic Downturn

- The Group achieved SR 202 million net profit for 2008 compared to SR 1.23 billion in 2007
- 32% increase in sales reaching SR 13.8 billion in compared to SR 10.4 billion in 2007
- Increase in gross profits for the Group from SR1.7 billion in 2007 to SR 1.8 billion in 2008
- Profits from operations for 2008 amounted to SR 673 million compared to SR 733 million in 2007
- The Retail Sector achieves more than a threefold increase in profits from SR51 million in 2007 to SR 177 million in 2008
- SR 500 million in dividends distributed to shareholders for 2008 affirming continuation of the Group's dividend policy
- Launch of edible oils refinery in Algeria, and sugar refinery in Egypt as part of the Group's growth strategy in its core businesses
- SAVOLA recognized as the leading Saudi listed company in implementing good corporate governance standards and ranked 14th among 581 Gulf listed, reaffirming the group's commitment to its values
- Afia trademark ranked as the leading FMCG brand in Arab World

Jeddah, January 18, 2009: On Sunday January 18, 2009 the SAVOLA Group held a press conference at the company's headquarters in Jeddah to announce the group's financial results for the last quarter of 2008, as well as the financial performance of the Group and its subsidiaries for the year 2008. The press conference also highlighted the effects of the global financial crisis and the resultant economic downturn on its operations and investments, and steps taken in response to the crisis. The Group announced its projected profits for 2009 amounting to approximately to SR 800 million of which approximately SR 160 million is projected to be earned in the first quarter of 2009.

In presenting the Group's results, Dr. Sami Mohsen Baroum, Managing Director of the SAVOLA Group, highlighted the continuous growth achieved as reflected in the 32% increase of its annual sales, which amounted to SR 13.8 billion for 2008 compared to SR10.4 billion for 2007, confirming the Group's maintenance of its leadership position in the local and international markets. Dr. Baroum pointed out that despite the increased sales, the collapse in commodity prices negatively impacted the Group's margins and the net profit for the year.

This resulted in the Group making substantial provisions against its inventory position and the investment portfolio, totalling SR 676 million. The unprecedented collapse in raw material and commodity prices in the second half of 2008 led to the decrease in the Group's profit margin in its core activities reducing to 7% for the 4th quarter compared to average margins of between 16% - 17% contributing SR242 million to the above provision. At the same time, the sharp decrease in the local, regional and international markets led to a decrease in the market value of SAVOLA's investment portfolio adding SR 434 million to the above provision. The above provisions lowered this year's profits to SR 202 million.

The Group's Plastics and Retail operations achieved substantial growth in terms of sales and net profit. Sales of the Plastic operations increased by 37% to SR 771 million in 2008, with net profits increasing from SR40 million in 2007 to SR 56 million in 2008. The Retail sector achieved a 42% increase growth in sales from SR4,270 million to SR6,081 million in 2008. Net profits for the Retail Sector increased to SR 177 million in 2008 from SR 64 million in 2007.

Dr. Baroum indicated that despite declining profitability of the Food Sector for the year, the Sector achieved impressive results during the first 9 months of the year, achieving SR 253 million of net profits for the 9 months resulting from the growth in its international operations contributing to its profitability. The Sector expected to generate more than SR 400 million in net income for 2008, however, the collapse in raw material prices starting in the 3rd quarter, necessitated the provisions referred to above resulting in the Sector reporting a loss of SR252 million for the 4th quarter, and a profit of SR1 million for the year. Despite the adverse effect of the collapse in raw material prices on the Sector's profitability, it achieved an impressive 20% growth in revenues over last year to end the year with sales revenues of SR7 billion.

During 2008 the Group increased its investment in Al Marai Company by an additional SR452 million increasing its holding from 25.3% to 28% by the end of 2008.

Dr. Sami Baroum announced the Group's projected net profit amounting to SR800 million, of which SR 160 million is expected to be reported in the first quarter of 2009.

With regard to the portfolio of investments, referred to above, against which provisions totalling SR434 million were set aside, Dr. Baroum stated that the provisions were necessitated by the Group's prudent policies. However, the timing of disposal of any investment will be determined by the fundamentals of the investee companies, and not on short term market considerations.

In this regard, Dr. Baroum also indicated that the original amount invested in the portfolio was SR 500 million and the total profits accumulated by the group from its investment portfolio during the past four years reached SR 444 million. The net return after adjusting for the provision of SR273 million taken in 2008, the net profit from this portfolio is SR171 million.

About SAVOLA's investment strategy, Dr. Sami said that 2008 did not have any major acquisitions for the Group or its business units due to the Group's stringent investment criteria which ensures pursuing opportunities that are reasonably valued. He also pointed out that the Group signed an MOU to acquire a majority stake in 'AGRO PROCESSOR', a refiner of edible oils in Pakistan. The negotiations are at an advanced stage. This would facilitate SAVOLA's entry into the promising Pakistan edible oil market. SAVOLA also signed the final agreement with Al Muhaideb Group where SAVOLA increased its shares of the sugar operations, facilitating the Group's entry into the rice market. In the real estate sector, an agreement to set up Madinah Knowledge Economic City Company was signed with other promoters. The feasibility studies and other formalities with the objective of floating the company are at an advanced stage. Going forward, SAVOLA Group sees opportunities for acquisitions of operations in its core activities at attractive prices.

"We are a transparent organization," stressed Dr. Sami Baroum. "We will continue to update our stakeholders on the status of our business, results, achievements, and future developments and projections." Baroum added, "The holding of periodic press conferences, and our decision to share business developments and the leadership role we have embarked upon to announce our projected results for the first quarter and the year 2009 are confirmation of our commitment to transparency".

SAVOLA was ranked as the leading listed company in the Kingdom of Saudi Arabia in conforming to corporate governance and transparency, and 14th in the Gulf region among 581 publicly listed companies in the Gulf region, based on an independent study conducted by Hawkamah, a Gulf-based non-profit institution specializing in corporate governance. The Group is currently preparing its annual

report for 2008, which will feature additional disclosure, enhancing the level of transparency conforming to local and international standards.

Dr. Baroum highlighted the Group's achievements, which included local and international awards and accolades:

- King Abdulaziz Award for Quality in July 2008 – SAVOLA Packaging Company
- Afia – the third top Arab trademark – based on a study conducted by Forbes Magazine in Dubai in November 2008. Afia was also ranked as the leading Arab trademark for FMCG
- BMG Certification – Transparency Award in July 2008
- Retail industry [Panda Supermarkets] categorized as one of the top 10 companies to receive Best Work Environment Award for 2008 organized by Al Eqtisadiyah Newspaper
- Best Workplace Practices Award – CSR Regional Awards by IIR in June 2008
- Corporate Social Responsibility Award IIR Middle East November 2007
- Set up of the Saudi Institute for Sales and Marketing in cooperation with the General Organization for Vocational Training. The Center will train 10,000 Saudis in the next three years in retail
- Sa'afa Leadership Award – selected within the Gold category for the award – with the Islamic Development Bank and CITC, which took first position.

Dr. Baroum closed the press conference by highlighting SAVOLA's Saudization level, which exceeds 42%. The total number of Saudis in the Group reached 4,500 compared to 4,000 in 2007. The total number of employees in SAVOLA's local and international operations exceeds 14,000 employees compared to 12,500 last year

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