

Savola Group

Earnings Presentation | Q4 2020

www.savola.com



DISCLAIMER

This presentation might contain forward-looking statements which may be identified by the use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, market position, expenditures, and financial results, are forward looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Savola Group (Savola or Group), its subsidiaries and its affiliates (the “Companies”) referred to in this presentation cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements of the Companies, could thus differ materially from those projected in any such forward-looking statements. The Companies assume no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events, or otherwise.

Information contained in this presentation is subject to change without further notice, its accuracy is not guaranteed, and it may not contain all material information concerning The Savola Group and its affiliates. We do not make any representation regarding, and assume no responsibility or liability for the accuracy or completeness of, or any errors or omissions in, to any information contained herein.

KEY MANAGEMENT HIGHLIGHTS FOR 2020

Business Highlights

- **Strong performance across majority of segments in 2020, except for foodservices**
- In KSA, strong H1 followed by pronounced impact of VAT, allowance cuts and expat exodus in H2
- In Foods, earnings quality improved, despite a volatile commodity and currency environment

Financial Performance

- Savola Group has recorded about 1.4% growth in topline during 2020
- **Net Income reached at SAR 911 mn in 2020 compared to SAR 476 mn last year, mainly driven by recovery in retail profitability and stronger performance in foods**

Dividends

- **The Board recommended a dividend of SAR 0.75 per share for 2020**
- Payout ratio of 44%, annual dividend of over SAR 400 mn compared to SAR 160 mn last year

Long-term Incentive Program

- Savola completed the buyback of 341,675 shares specified for the purpose of the Employees Long-Term Incentive Program (LTIP) based on the number of the qualified employees for the first tranche in 2020

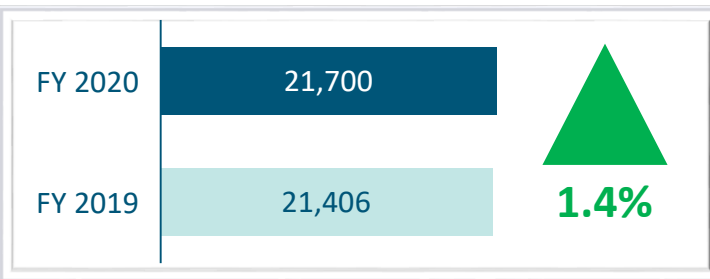
2020 KEY FINANCIAL HIGHLIGHTS

SARmn (unless otherwise stated)

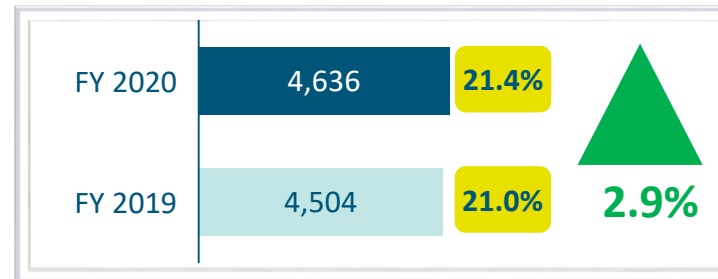
Margin

Net Debt to Liquid Investments

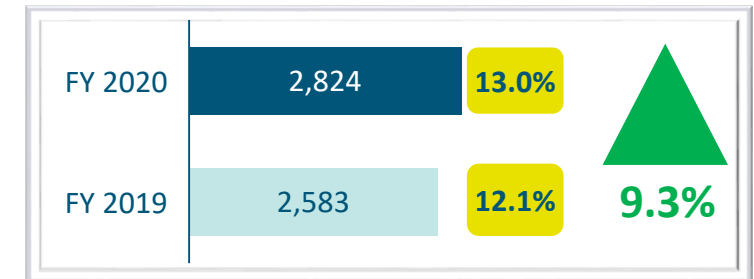
Revenue*



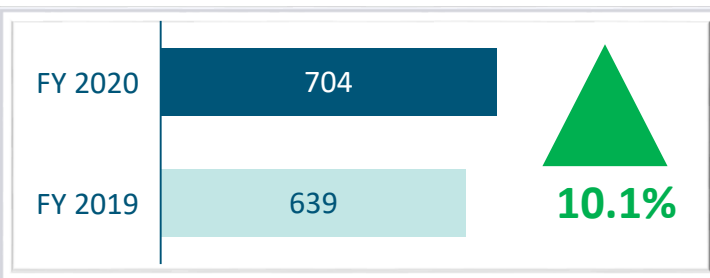
Gross Profit



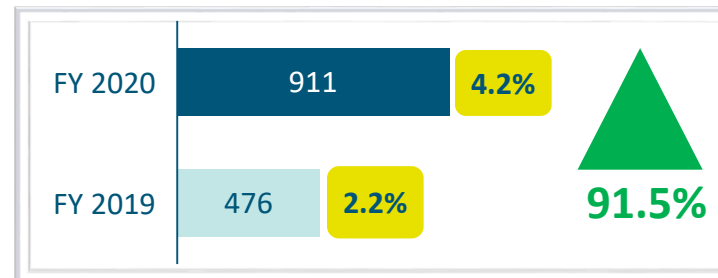
EBITDA



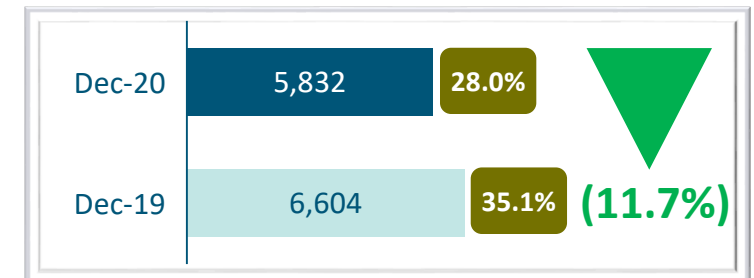
Income from associates



Net Income



Net Debt**



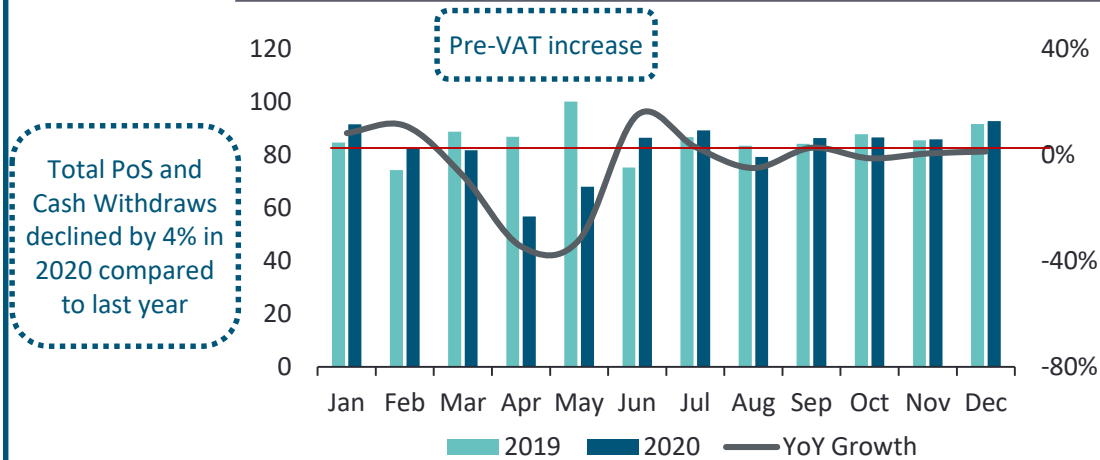
*Revenues from commercial and promotional income in the retail segment were reclassified. For more information, please refer to note (3) of the Group's Q4 2020 financial statements

**Net debt excludes lease liabilities; liquid investments refers to the market value of Savola Group's investment in Almarai and Herfy.

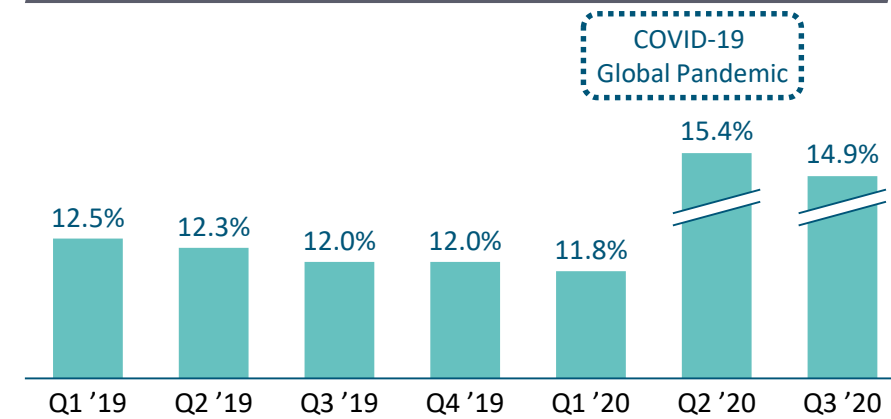
Note: numbers are rounded

KSA - MACROECONOMIC HIGHLIGHTS

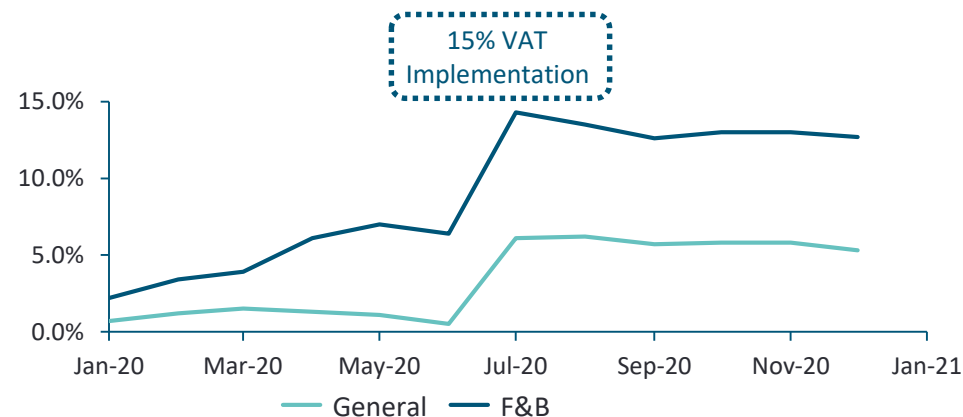
Combined PoS and Cash Withdrawals, SAR bn



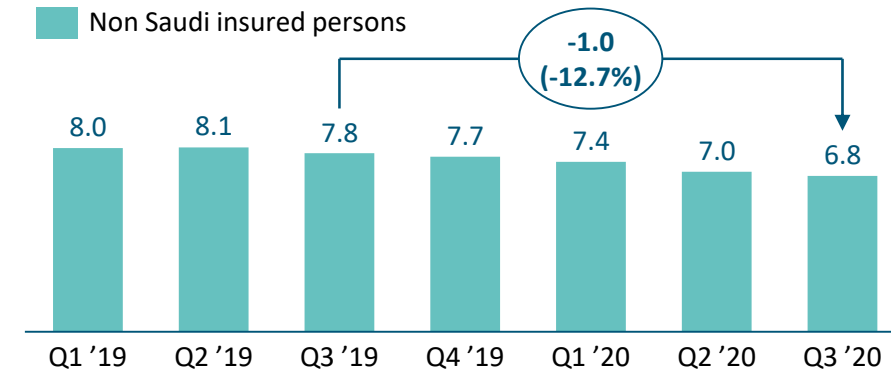
Saudi Unemployment Rate



Average Inflation Rate, %

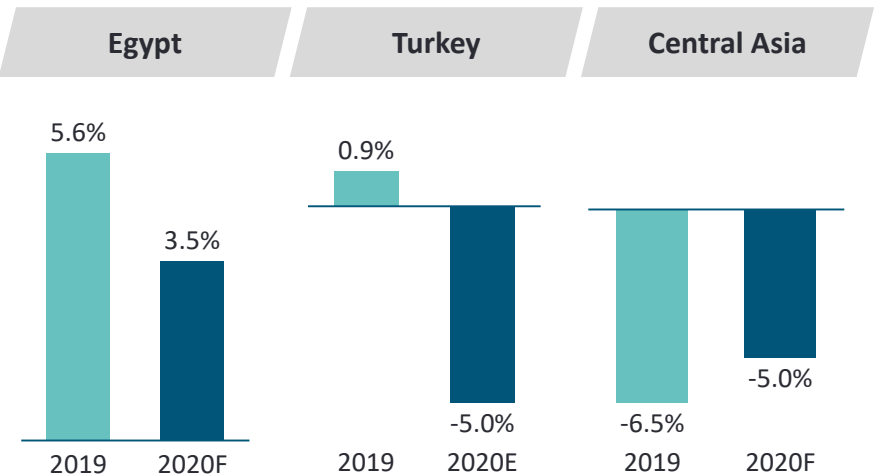


Expat Population Proxy*, millions

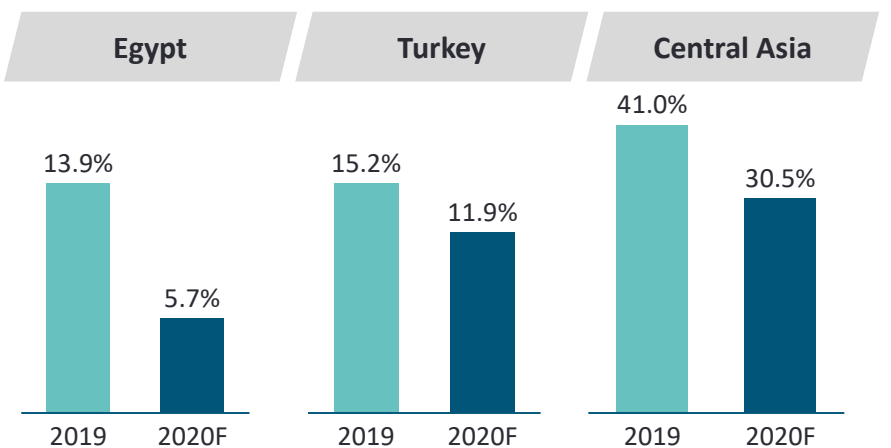


SELECTED MENA AND COMMODITIES OVERVIEW

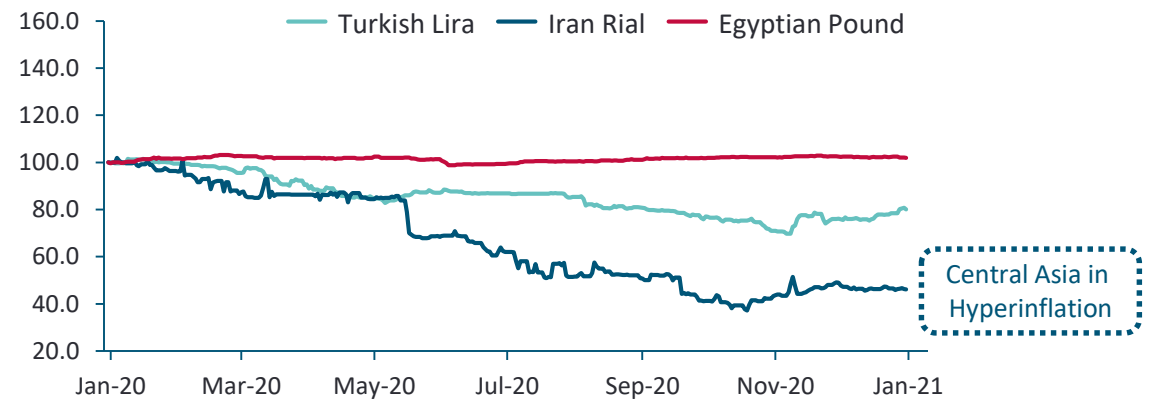
Real GDP, % change



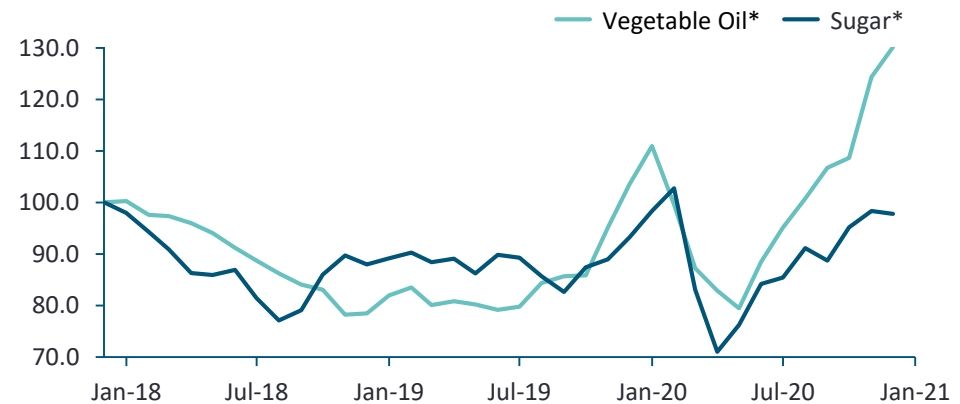
Average Inflation Rate, %



Selected Currency Highlights (rebased)



FAO Vegetable Oils and Sugar Indices (rebased)

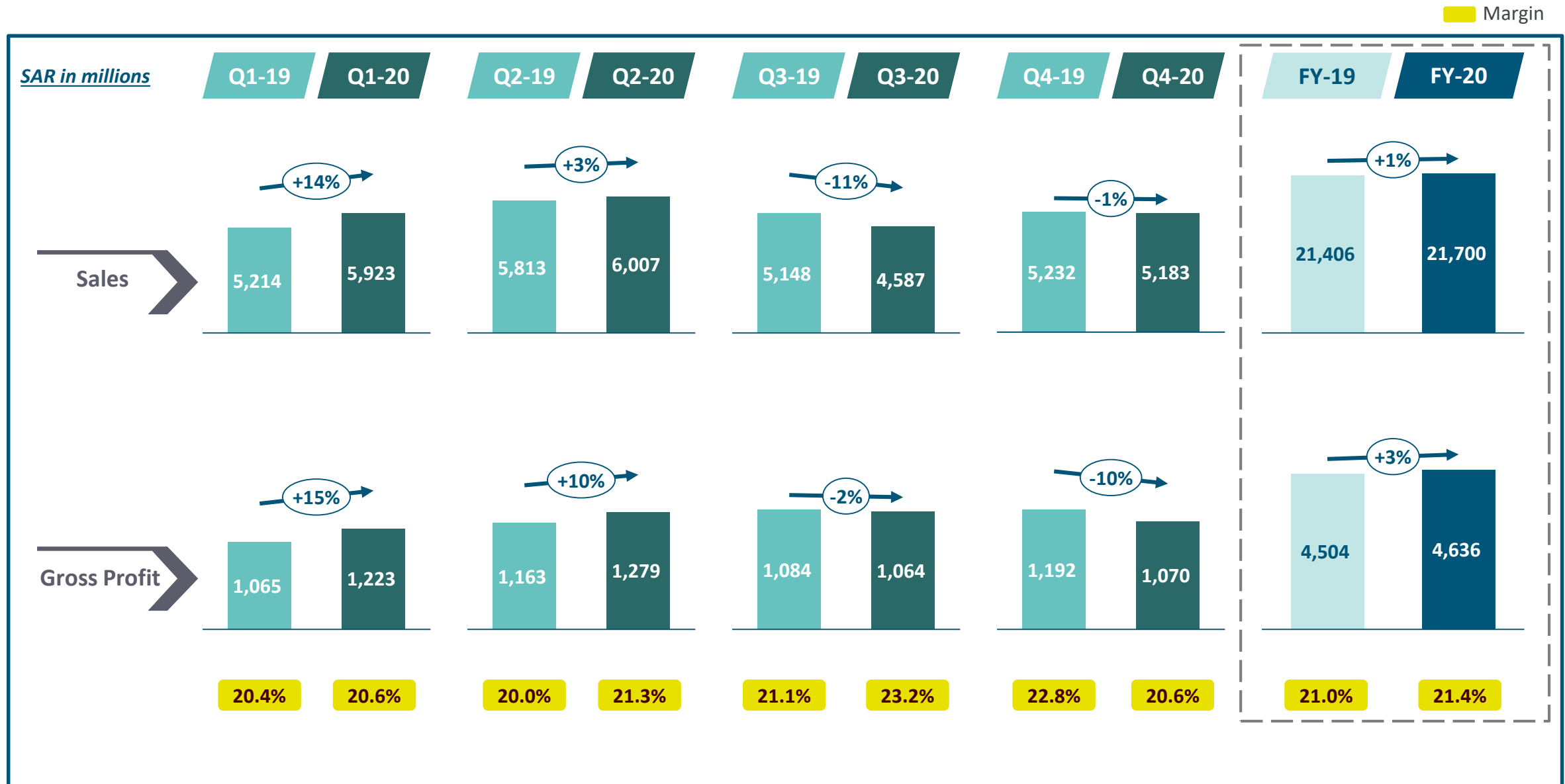


Source: IMF World Economic Outlook Database October 2020, S&P Capital IQ, Food and Agriculture Organization (FAO)

*Vegetable Oil Price Index consists of an average of 10 different oils weighted with average export trade shares of each oil product
 *Sugar Price Index is an index form of the International Sugar Agreement prices

Savola Group

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS



*Revenues from commercial and promotional income in the retail segment were reclassified. For more information, please refer to note (3) of the Group's Q4 2020 financial statements.

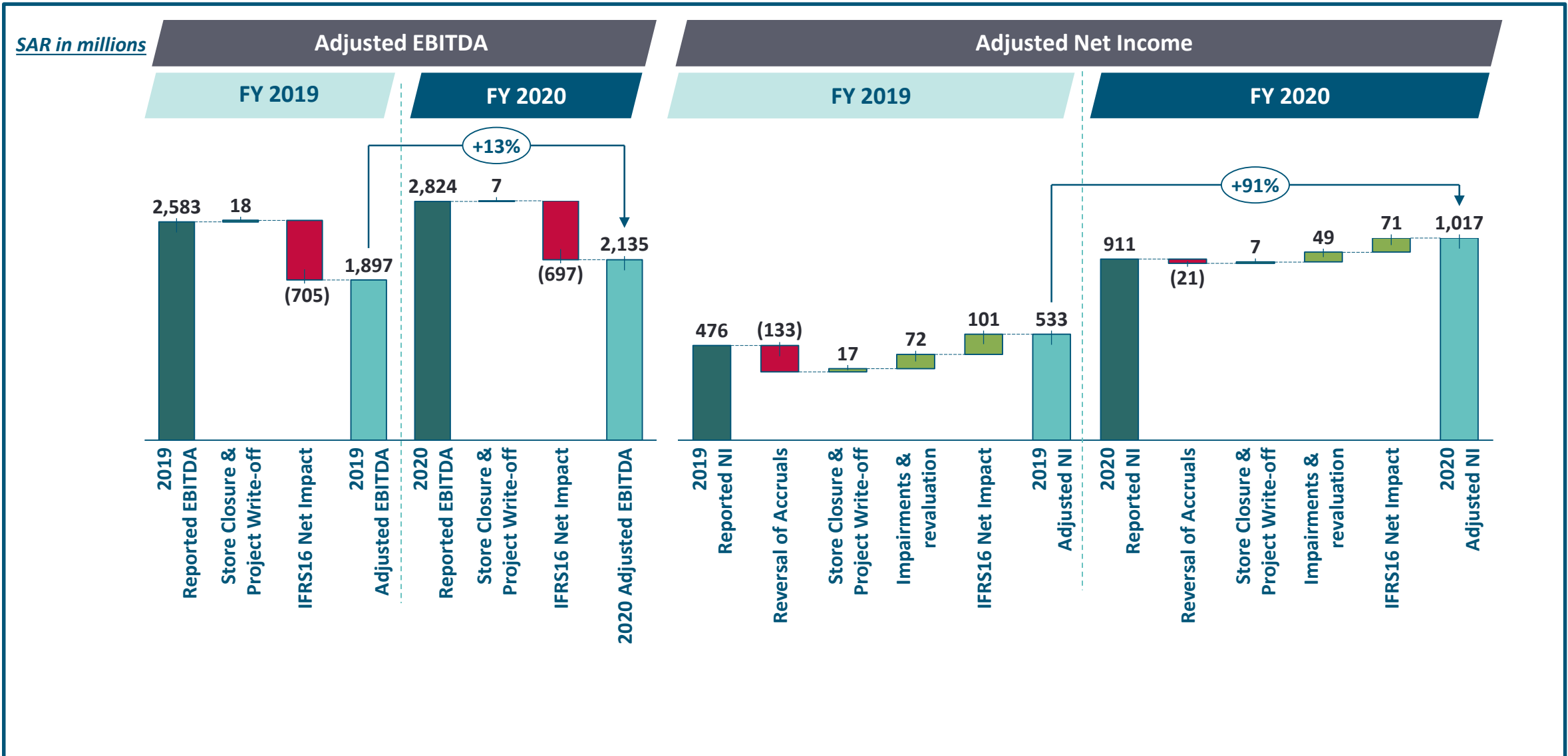
Note: numbers are rounded

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

Margin



IMPLICATIONS OF EXCEPTIONAL ITEMS



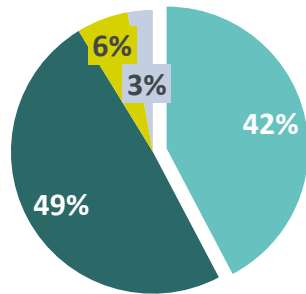
Note: numbers are rounded

GROUP – REVENUE MIX, NET DEBT & CAPEX

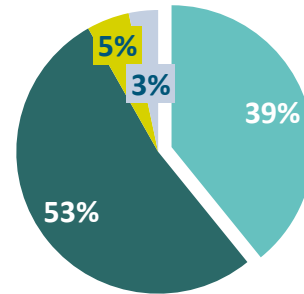
SAR in millions

Revenue by Business*

FY-19



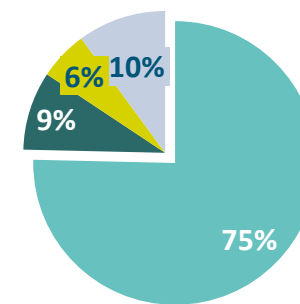
FY-20



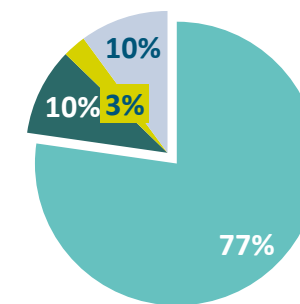
Food Processing Retail Food Services Frozen Food

Revenue by Geography

FY-19



FY-20



KSA Egypt Central Asia Others

Net Debt and Net Debt to Liquid Assets (%)**

FY-19

6,604

35%

FY-20

5,832

28%

Net Debt to Liquid Investments (%)

Net Debt

CAPEX

FY-19

374

FY-20

464

*Revenues from commercial and promotional income in the retail segment were reclassified. For more information, please refer to note (3) of the Group's Q4 2020 financial statements.

**Net debt excludes lease liabilities, liquid investments refers to the market value of Savola Group's investment in Almarai and Herfy.

Panda Retail Company



RETAIL - HIGHLIGHTS

Key Highlights

- H1 2020 was positively impacted by increased demand for groceries driven by lockdowns and preference for in-house dining, along with pre-VAT buying
- H2 2020 was negatively impacted by increased pressure on consumers income, wave of expat exodus and pre-VAT buying from H1

Store Count

- Store count maintained at 205 stores by end of 2020, including 4 stores in Egypt
- In Saudi Arabia, a supermarket was opened while another was converted to a fulfilment center to support the online channel

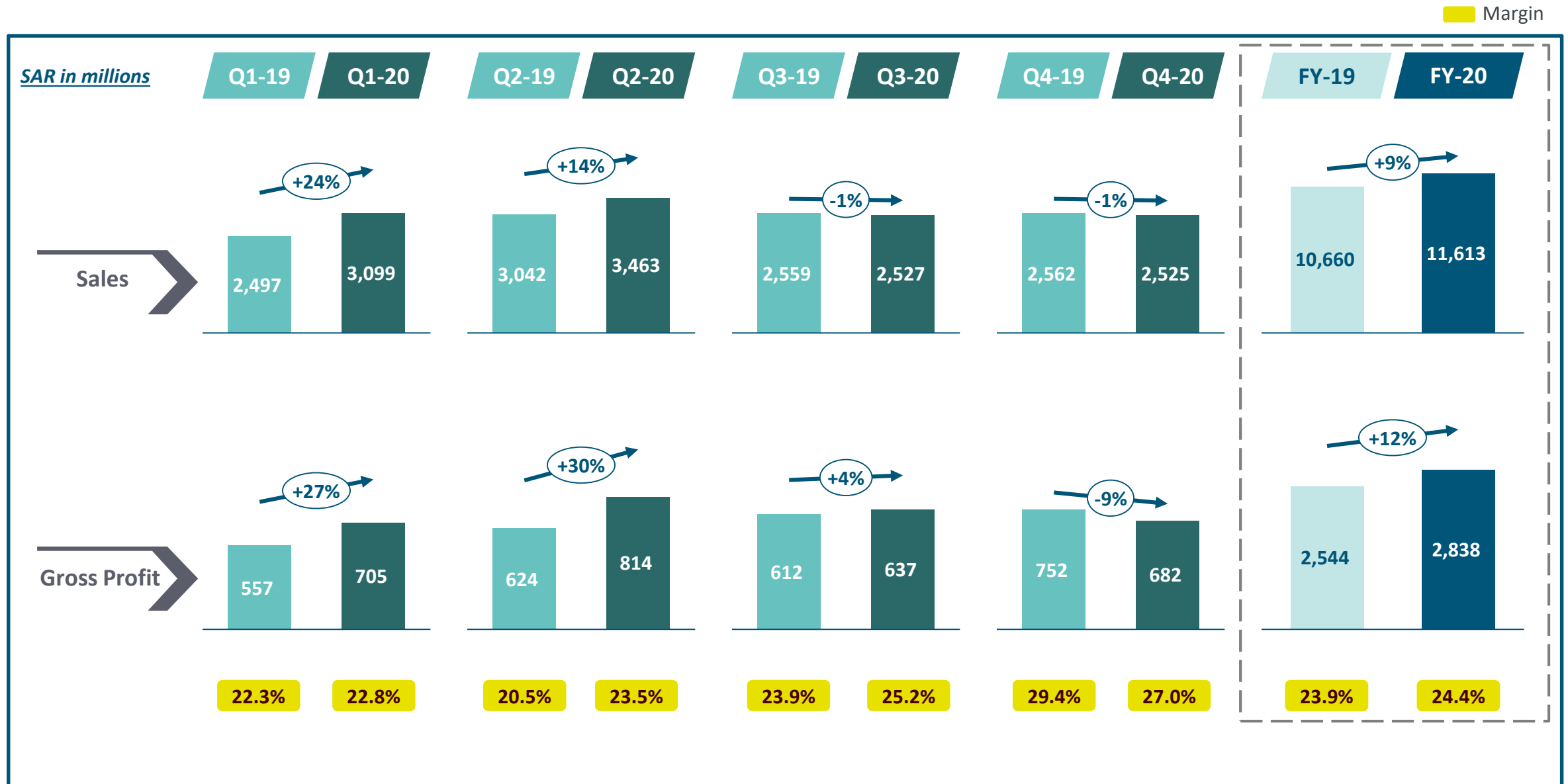
Revenues

- The segment recorded revenues of SAR 11.6 bn during FY 2020, a growth of ~9% ; as a result of higher consumer demand for groceries
- The growth was mainly driven by higher like-for-like growth in basket size despite lower customer count

Profitability

- FY 2020, reported EBITDA of SAR 1.0 bn, compared to SAR 752 mn last year
- Net income reached to over SAR 71 mn in FY 2020 mainly driven by topline growth and improvement in gross margins, compared to losses of SAR 342 mn last year

RETAIL – FINANCIAL HIGHLIGHTS

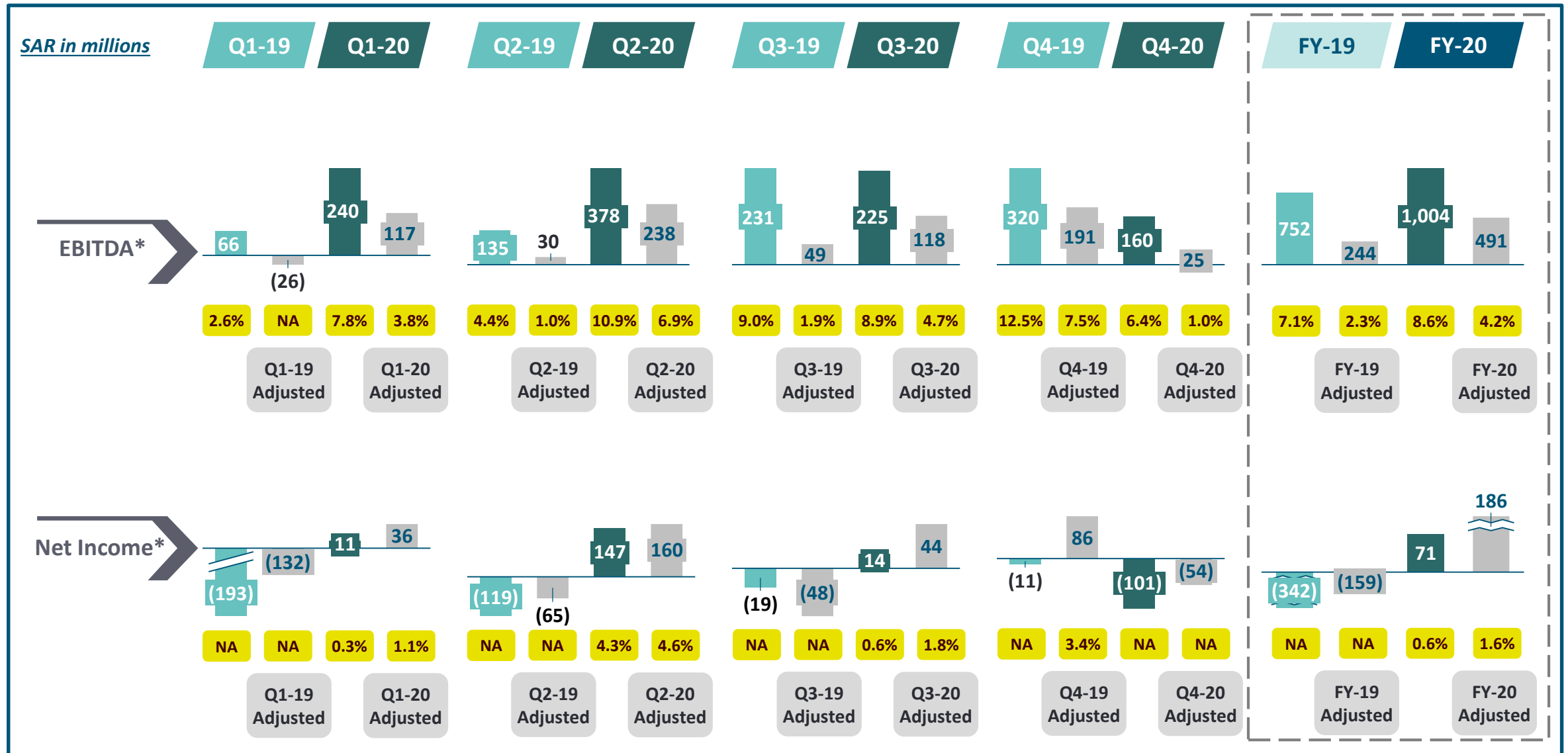


*Revenues from commercial and promotional income in the retail segment were reclassified. For more information, please refer to note (3) of the Group's Q4 2020 financial statements.

Note: numbers are rounded

RETAIL – FINANCIAL HIGHLIGHTS

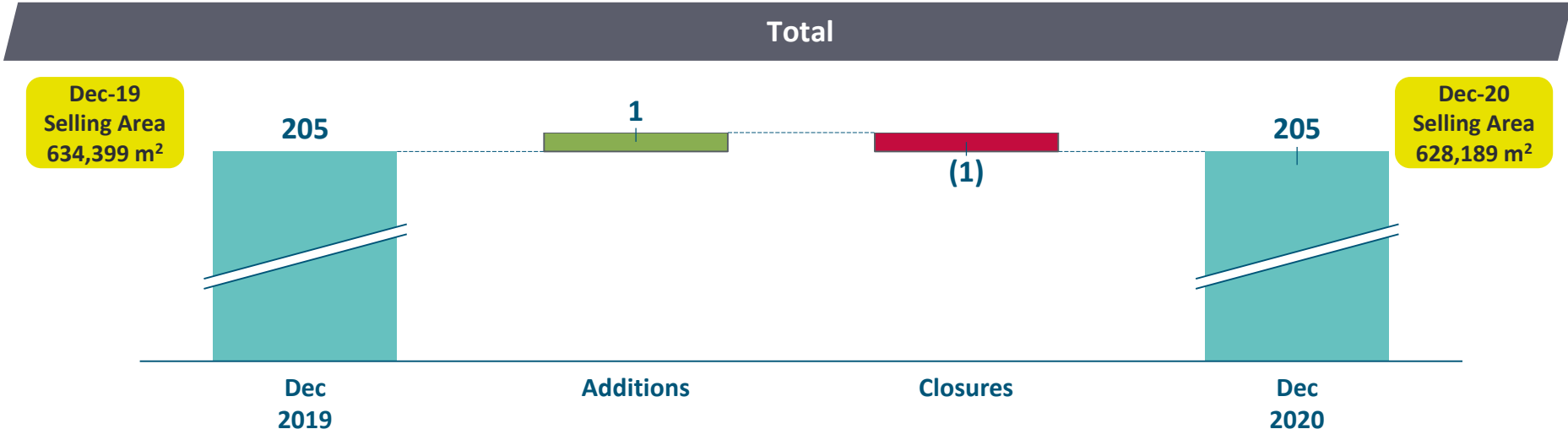
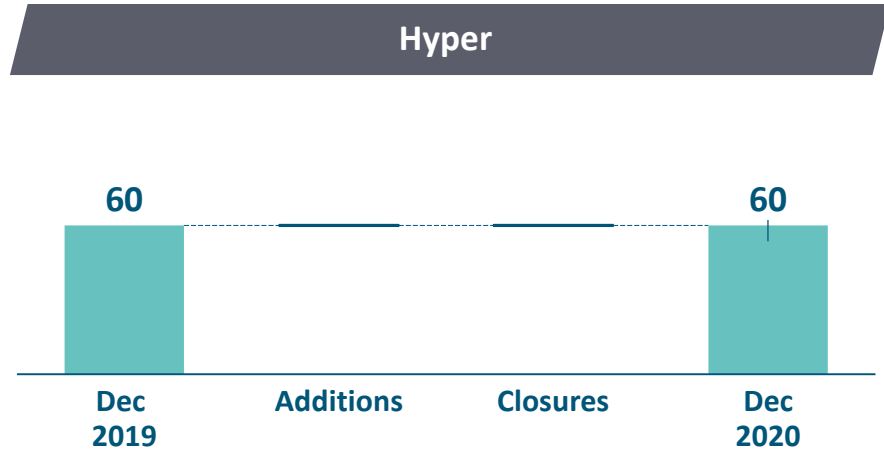
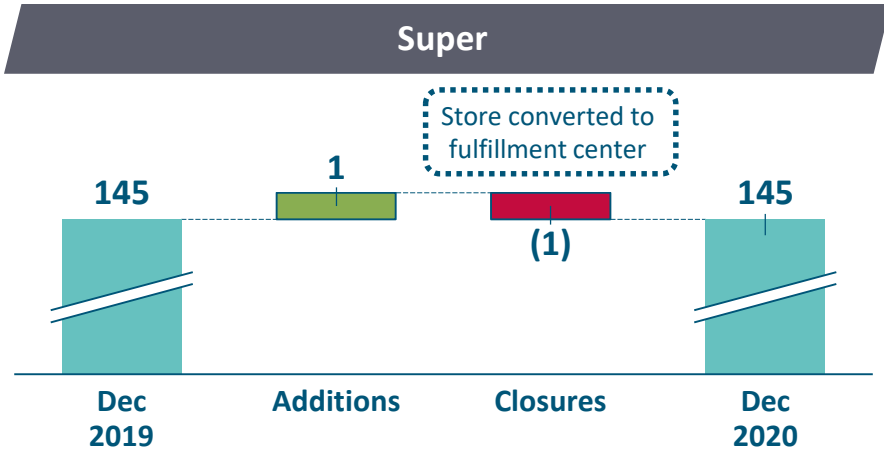
Margin



*Adjusted numbers include adjustments for IFRS16, reversal of accruals, store closure and projects write-off

Note: numbers are rounded

RETAIL – NUMBER OF STORES



Note: the temporary closed store in Egypt was permanently closed, which was removed from store count in 2019. the above closure refers to the conversion of an existing super to a fulfillment center

Note: numbers are rounded

Savola Foods Company

Key Highlights

- The performance of our foods segment improved over last year, despite pressure on volumes from the B2B channel and on revenues from currency and commodity impact
- The segment witnessed an improvement in quality of earnings, compared to last year

Volume

- Volume has declined by ~5% to 3,139 KMT in FY 2020, driven primarily by a ~8% decline in the sugar segment and a ~4% decline in edible oils mainly from Central Asia
- **Pasta volumes improved by ~2% in FY 2020**

Revenues

- **2020 revenues are 6% lower than last year, reaching SAR 8.6 bn primarily due to weakness in edible oils**, explained by volume and currency impact from Central Asia, and to a lesser extent, lower volumes in the sugar segment
- Pasta segment reported revenue growth of over 5%

Profitability

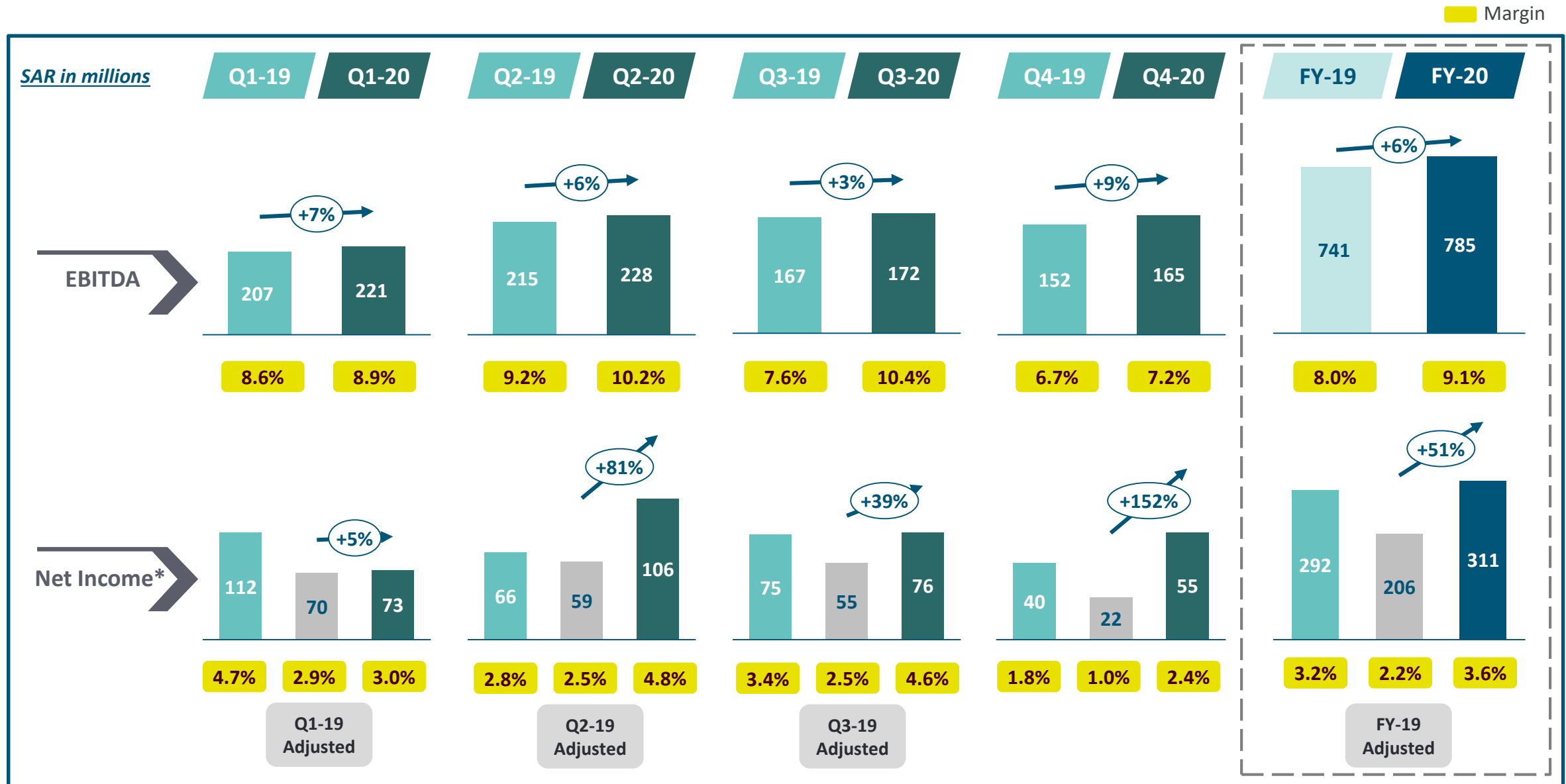
- Despite the volume and revenue decrease, EBITDA improved to SAR 785 mn in 2020 compared to SAR 741 mn last year, with margins improving to ~9% (~8% last year)
- **FY 2020 net income is over SAR 311 mn, compared to SAR 292 mn last year, with improvement in the quality of earnings compared to last year**

FOODS – FINANCIAL HIGHLIGHTS



Note: numbers are rounded

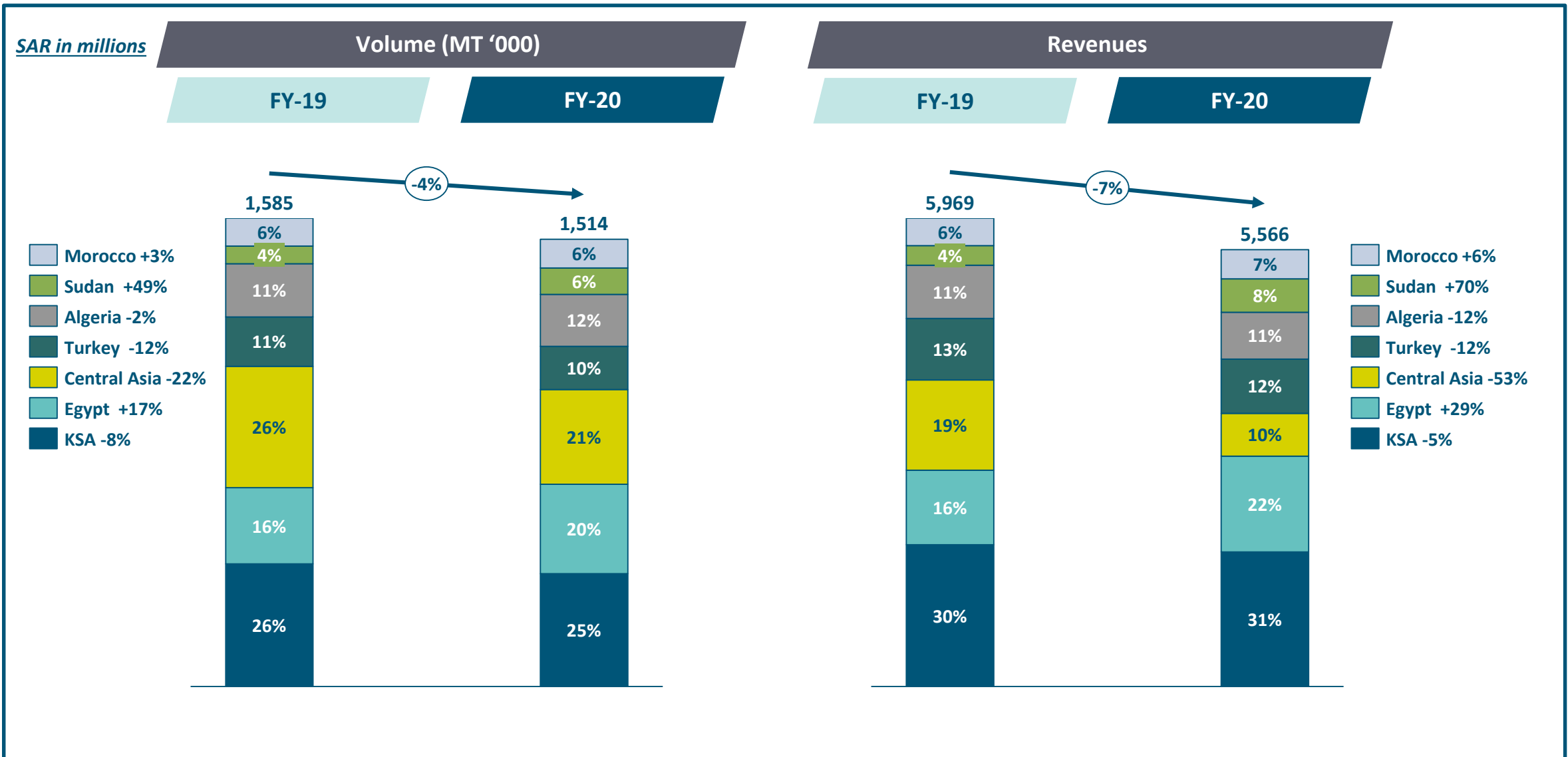
FOODS – FINANCIAL HIGHLIGHTS



*In FY 2019, Savola Foods recorded non-operational income of about SAR 86 million due to reversal of accruals

Note: numbers are rounded

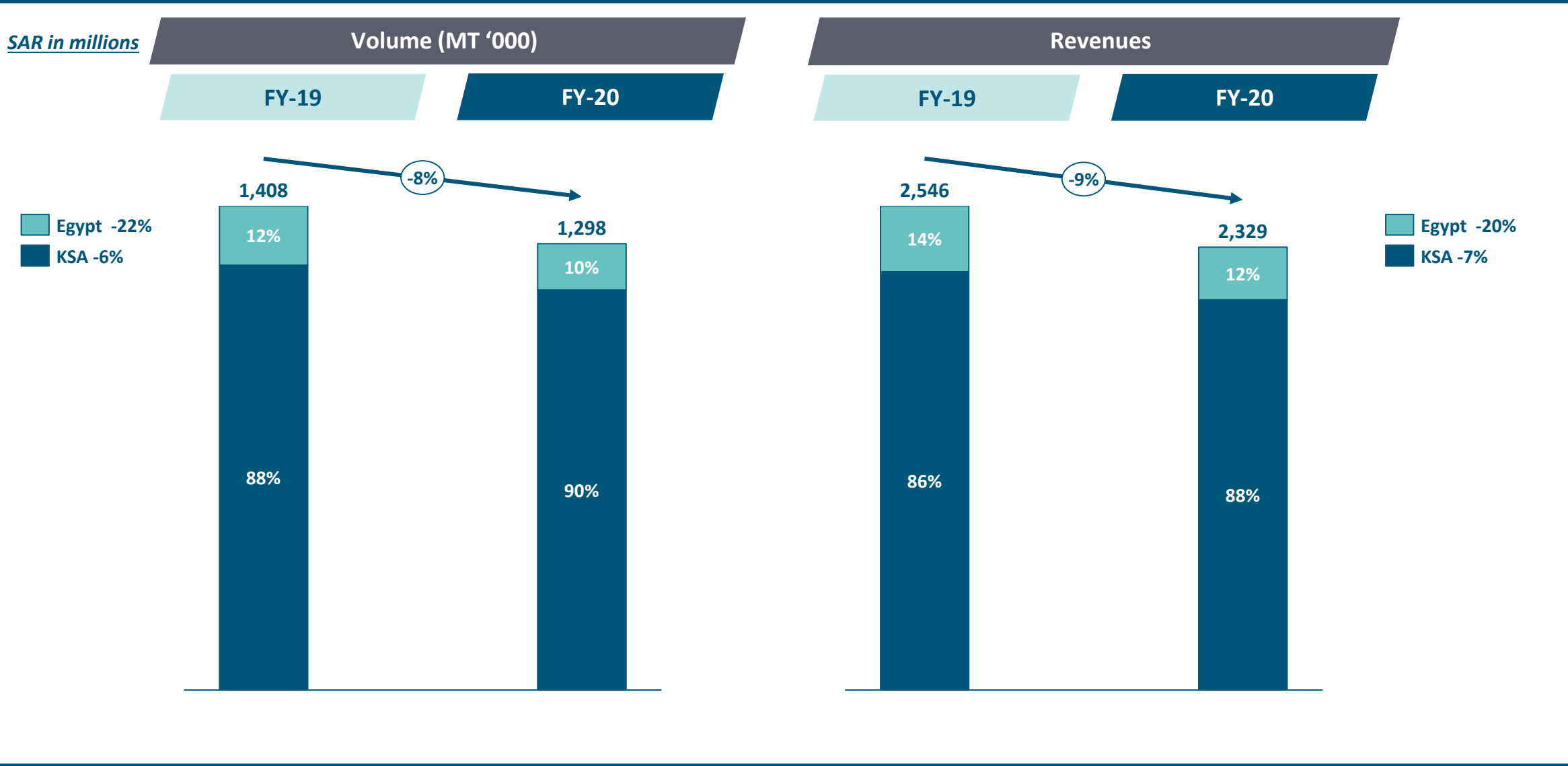
FOODS – OIL SEGMENT ANALYSIS



Note: The above includes net distribution volume and excludes specialty fat business that used to be combined with the edible oil category and is now part of the emerging categories shown in slide 27

Note: numbers are rounded

FOODS – SUGAR SEGMENT ANALYSIS



Note: Sugar volumes and revenues include only the contribution from our consolidated sugar operations (USC and ASC), and include the net volume and revenue from our KSA sugar distribution operations

Note: numbers are rounded

Al Kabeer Group of Companies



FROZEN FOOD - HIGHLIGHTS

Key Highlights

- The frozen food segment witnessed healthy growth driven by increased consumer demand and preference for the category in light of the COVID-19 pandemic impact

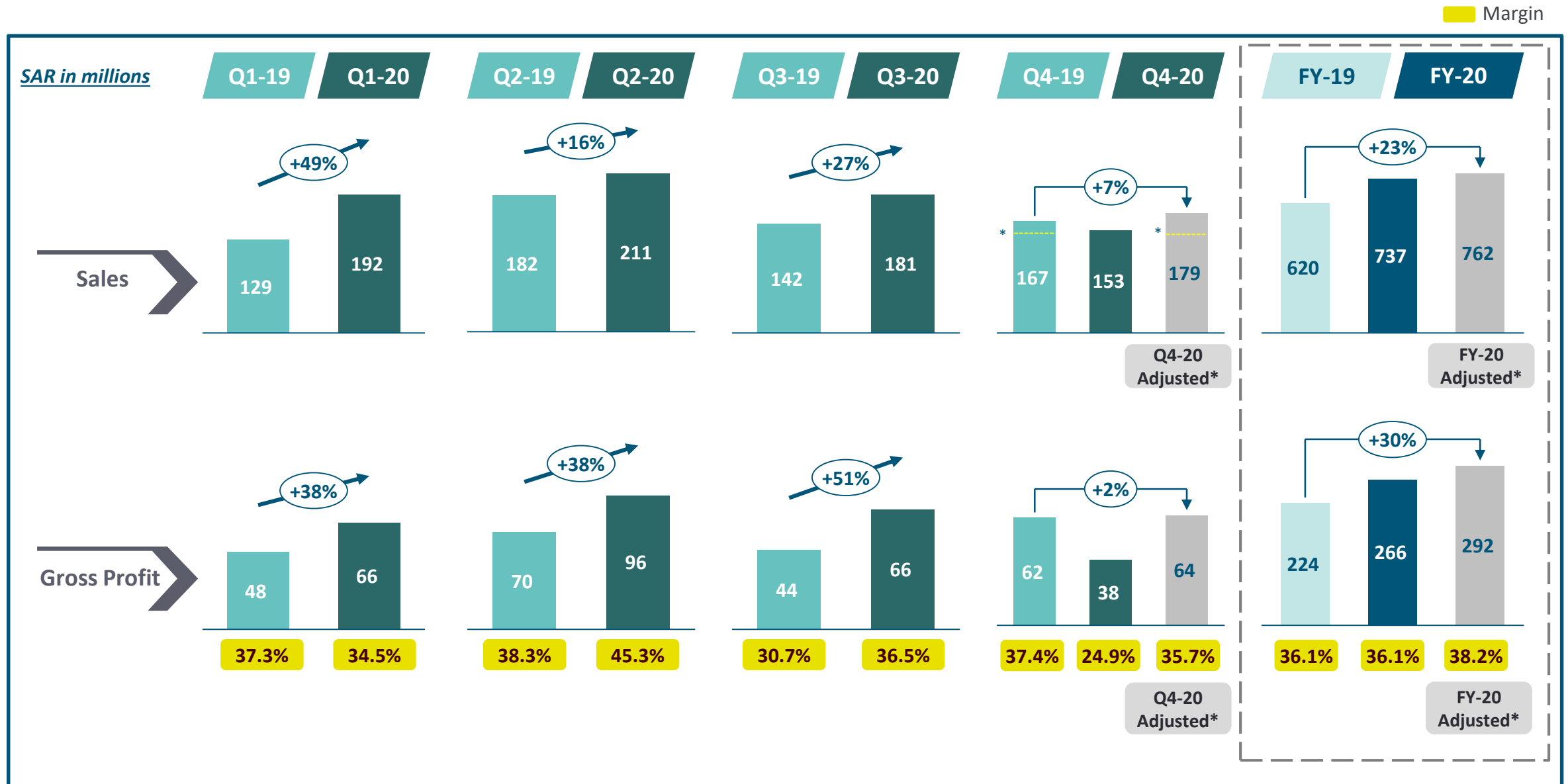
Revenues

- Revenues increased by 23% reaching SAR 762 mn in 2020 compared to SAR 620 mn last year, on an adjusted basis
- The growth was largely driven by higher revenues in Saudi Arabia supported by ramping-up local production and new product offerings

Profitability

- FY 2020 EBITDA increased by 39% compared to last year, reaching SAR over 141 mn from SAR 102 mn last year
- FY 2020 net income registered at about SAR 107 mn, representing growth of about 59% compared to last year, where net income reached SAR 67 mn in 2019

FROZEN FOOD – AL KABEER FINANCIAL HIGHLIGHTS



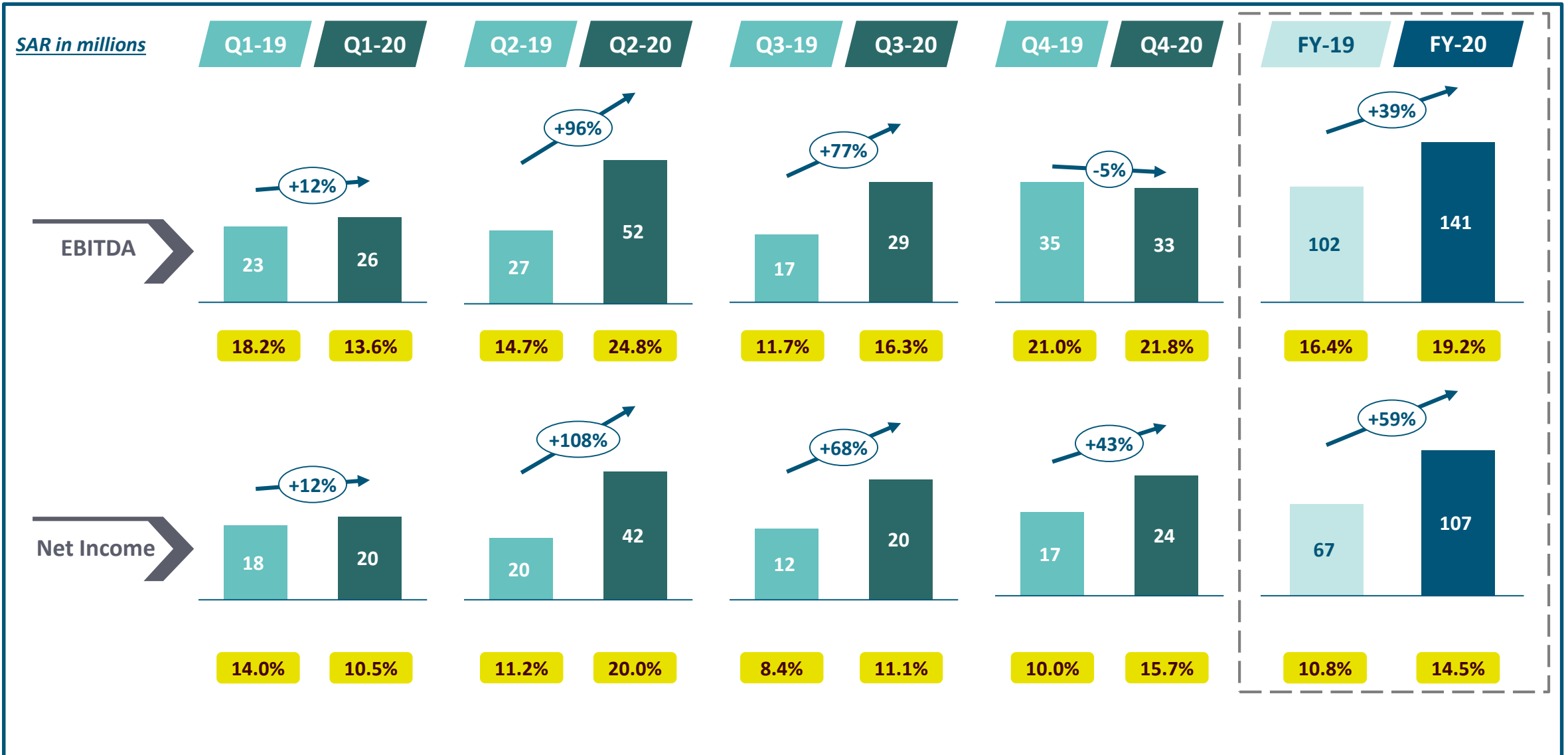
Note: Revenues from the frozen food segment were reclassified for the prior period last year, with regards to the presentation of inter-group elimination

*Adjusted for expenses captured in S&D which are now netted-off from revenues in relation to IFRS15

Note: numbers are rounded

FROZEN FOOD – AL KABEER FINANCIAL HIGHLIGHTS

Margin



Note: numbers are rounded

Financial Summary

(all figures are in SAR millions)

Segment Wise Financials

| | FY2020 | | | | | FY2019 | | | | |
|-------------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| | Revenue | Gross Profit | EBIT | Net Income | EBITDA | Revenue | Gross Profit | EBIT | Net Income | EBITDA |
| Food* | | | | | | | | | | |
| Oil-Mature Markets | 4,174 | 794 | 379 | 235 | 469 | 4,690 | 888 | 359 | 212 | 447 |
| Oil-Start-up Markets** | 1,392 | 156 | 74 | 33 | 88 | 1,279 | 121 | 44 | 37 | 57 |
| Total Oil | 5,566 | 950 | 453 | 268 | 557 | 5,969 | 1,009 | 403 | 249 | 505 |
| Sugar | 2,329 | 237 | 111 | 56 | 196 | 2,546 | 263 | 120 | 72 | 201 |
| Pasta | 537 | 90 | 24 | 12 | 34 | 510 | 65 | 21 | 4 | 38 |
| Emerging Categories*** | 211 | 10 | (19) | (25) | (3) | 184 | 8 | (20) | (32) | (3) |
| Total Foods | 8,644 | 1,287 | 570 | 311 | 785 | 9,209 | 1,345 | 524 | 292 | 741 |
| Retail | | | | | | | | | | |
| KSA | 11,500 | 2,815 | 349 | 92 | 1,006 | 10,558 | 2,526 | 2 | (334) | 749 |
| Egypt | 114 | 23 | (17) | (21) | (2) | 102 | 18 | (12) | (9) | 3 |
| Total Retail | 11,613 | 2,838 | 333 | 71 | 1,004 | 10,660 | 2,544 | (10) | (342) | 752 |
| Herfy | 1,075 | 246 | 90 | 51 | 263 | 1,288 | 393 | 237 | 194 | 401 |
| Frozen Food | 737 | 266 | 115 | 107 | 141 | 620 | 224 | 76 | 67 | 102 |
| Real Estate | - | - | 0 | 0 | 0 | - | - | 6 | 6 | 6 |
| Al Marai-Savola Share | - | - | 685 | 685 | 685 | - | - | 625 | 625 | 625 |
| HQ/Elimination/Impairments | (368) | (1) | (87) | (315) | (55) | (371) | (1) | (76) | (367) | (44) |
| Total | 21,700 | 4,636 | 1,706 | 911 | 2,824 | 21,406 | 4,504 | 1,382 | 476 | 2,583 |
| Adjustments | | | | | | | | | | |
| Store Closure and Project Write-off | | | | 7 | | | | | 17 | |
| Impairments and revaluation | | | | 49 | | | | | 72 | |
| Reversals of Accrual | | | | (21) | | | | | (133) | |
| Net Impact of IFRS16 | | | | 71 | | | | | 101 | |
| Adjusted Profit | | | | 1,017 | | | | | 533 | |

* All the numbers are rounded for the purpose of presentation and have been represented under different categories

** Start-up markets include Algeria, Morocco and Sudan

*** Includes specialty fats, seafood, croissant...etc.

Notes:

1) Revenues from commercial and promotional income in the retail segment were reclassified. For more information, please refer to note (3) of the Group's Q4 2020 financial statements

2) Al Kabeer revenues have been adjusted for expenses captured in S&D which are now netted-off from revenues in relation to IFRS15, the impact was recorded in Q4 2020

3) Certain numbers were reclassified for the Foods business in 2019 in relation to eliminations from the distribution business to conform to 2020 presentation

Investor Relations Application



Views Savola Group share price, charts and performance on the go



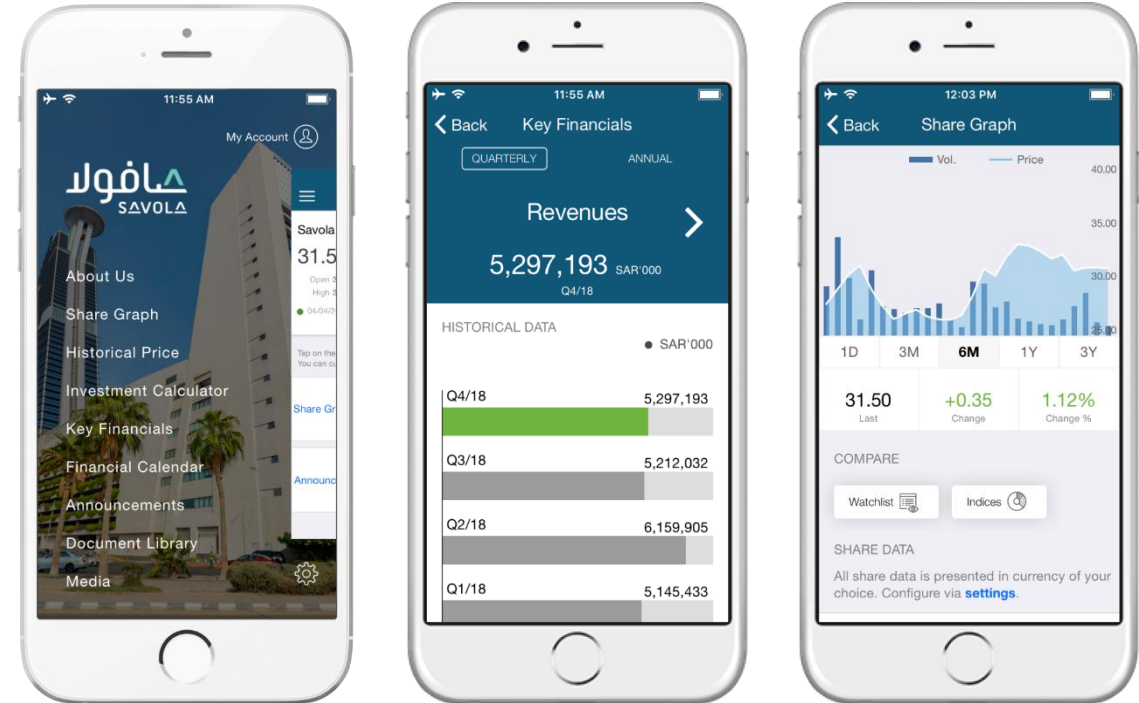
Savola Group Annual & Quarterly figures



Savola Group News releases from Tadawul



Annual/Quarterly Reports accessible offline



<http://www.myirapp.com/savola/>



Thank you