



Earnings Presentation

Q4 2017



DISCLAIMER

This presentation contains 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.

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The Q4 2017 numbers are based on interim unaudited financials.

GROUP – HIGHLIGHTS

- In Q4 2017, the Group reported a net loss of SAR 37.5 mn; compared to a loss of SAR 915.7 mn last year due to margins improvement and lower operating expenses, and lower exceptional items.
- Savola's retail segment recorded a net loss of SAR 407.6 mn for Q4 2017 compared to a loss of SAR 543 last year. This year loss includes a SAR 302 mn goodwill impairment and store closure and project write-off cost while last year's net loss included SAR 377 mn loss from the inventory reduction campaign, implying a loss of SAR 106 vs. SAR 166 mn in the same quarter last year. The turnaround is ongoing; the business has maintained the negative working capital position and cash flow from operations is positive.
- Savola Foods recorded a net profit of SAR 198 mn; with an adjusted net profit of SAR 258 mn compared to a loss of 221 last year given the sugar losses and impairments in the same period last year.
- Herfy recorded a net income of SAR 47.8 mn for the quarter, a decline of 13.9% compared to the same quarter last year.
- Almarai recorded a profit of SAR 512.9 mn in Q4, translating into SAR 177.1 mn net income contribution to the Group.
- Savola share of goodwill impairment and store closure costs is SAR 275 mn.

Q4 2017 – SNAPSHOT

GROUP

- » Q4 2017 revenue of SAR 5.8 bn (Q4 2016: SAR 6.8 bn)
- » Q4 2017 net loss SAR 37.5 mn (Q4 2016 net loss : SAR 915.7 mn)
- » Q4 2017 adjusted net income is SAR 328 mn

RETAIL

- » Q4 2017 revenue of SAR 3.0 bn (Q4 2016: SAR 3.4 bn)
- » Q4 2017 net loss of SAR 407.6 mn (Q4 2016: net loss of SAR 543.0 mn)
- » Goodwill impairment of SAR 222 mn and stores closure and project write-off of SAR 80 mn
- » Q4 2017 adjusted net loss is SAR 106 mn

FOODS

- » Q4 2017 revenue of SAR 2.6 bn (Q4 2016: 3.1 bn)
- » Q4 2017 net income of SAR 198.0 mn (Q4 2016: net loss of SAR 224.0 mn)
- » Currency exchange effect of SAR 60 mn
- » Q4 2017 adjusted net income is SAR 258 mn

HERFY

- » Q4 2017 revenue of SAR 299.0 mn (Q4 2016: SAR 280.2 mn)
- » Q4 2017 net income of SAR 47.8 mn (Q4 2016: SAR 55.5 mn)

INVESTMENTS

- » Almarai recorded quarterly net income of SAR 512.9 mn

FY2017 – SNAPSHOT

GROUP	<ul style="list-style-type: none"> » 2017 revenue of SAR 23.8 bn (2016: SAR 26.3 bn) » 2017 net profit of SAR 1,025.6 mn (2016 net loss : SAR 363.3 mn) » Capital gain of SAR 693.9 million from the sale of 2% of Almarai shares » 2017 adjusted net income is SAR 645 mn
RETAIL	<ul style="list-style-type: none"> » 2017 revenue of SAR 11.6 bn (2016: SAR 13.6 bn) » 2017 net loss of SAR 1,016.0 mn (2016: net loss of SAR 810.6 mn) » Goodwill impairment of SAR 222 mn, stores closure and project write-off of SAR 80 mn and a capital gain of SAR 68 mn from lease rights » 2017 adjusted net loss is SAR 782 mn
FOODS	<ul style="list-style-type: none"> » 2017 revenue of SAR 11.4 bn (2016: 11.9 bn) » 2017 net income of SAR 606.7 mn (2016: net income of SAR 126.1 mn) » Currency exchange effect of SAR 60 mn » 2017 adjusted net income is SAR 651 mn
HERFY	<ul style="list-style-type: none"> » 2017 revenue of SAR 1.2 bn (2016: SAR 1.2 bn) » 2017 net income of SAR 200.0 mn (2016: SAR 217.6 mn)
INVESTMENTS	<ul style="list-style-type: none"> » Almarai recorded yearly net income of SAR 2,182.3 mn

GROUP – CONSOLIDATED FINANCIAL SNAPSHOT

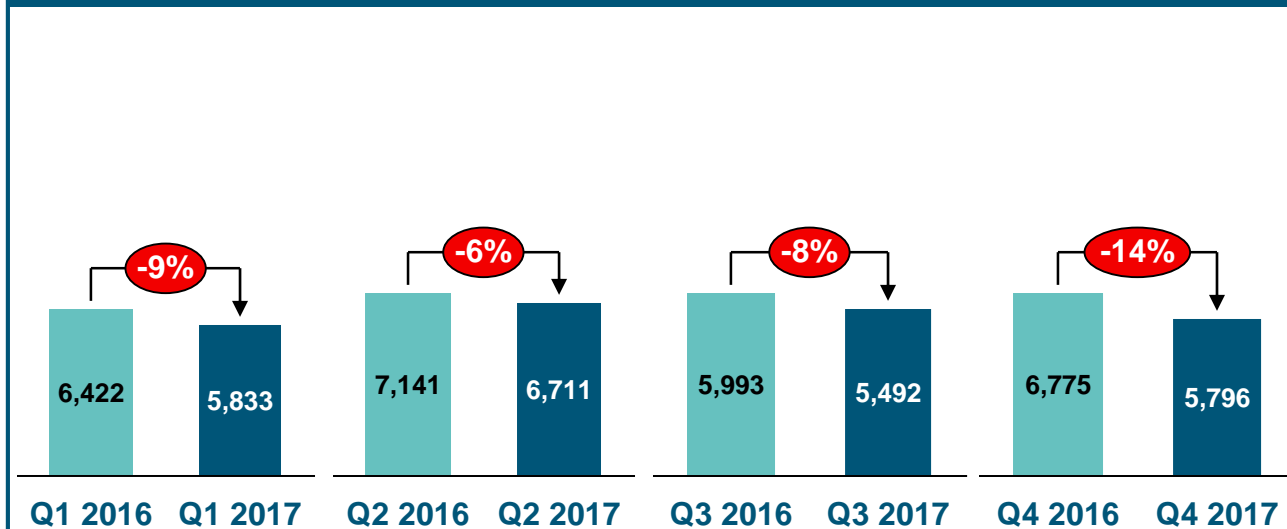
SAR Mn	Revenue	Gross Profit	EBIT	Net Income	Adjusted Net Income
Q4 2017	5,796 -14.5% vs. LY	1,152 +25.8% vs. LY	311 vs. (105) LY	(38) vs. (916) LY	328 +866% vs. LY
2017	23,832 -9.5% vs. LY	4,386 -6.8% vs. LY	1,023 -2.3% vs. LY	1,026 vs. (363) LY	645 -28% vs. LY

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

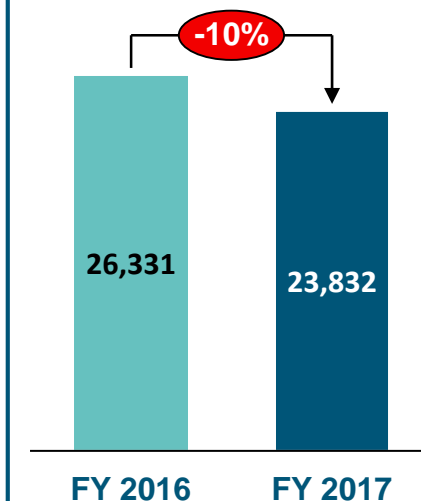
SAR Mn

● Growth ● Margin

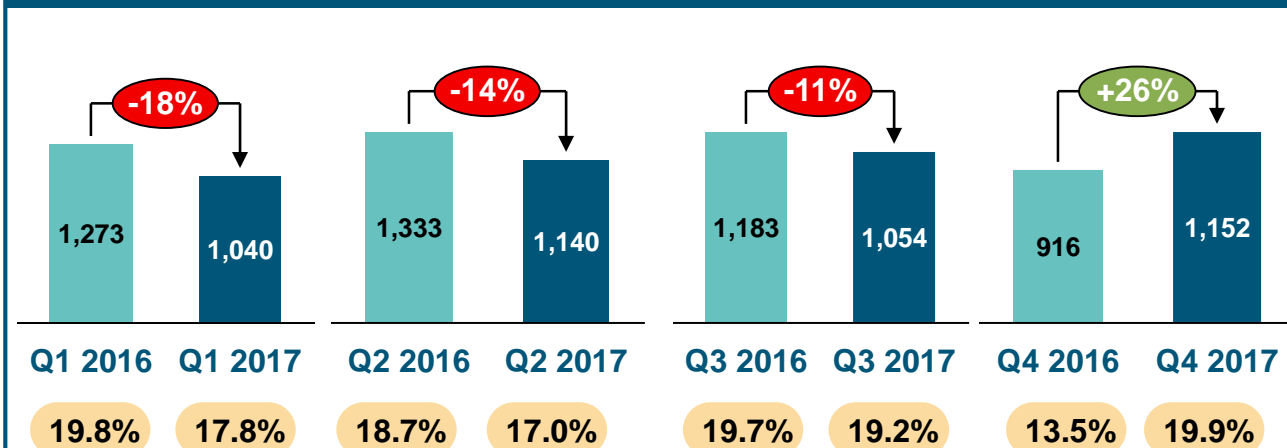
YoY Sales



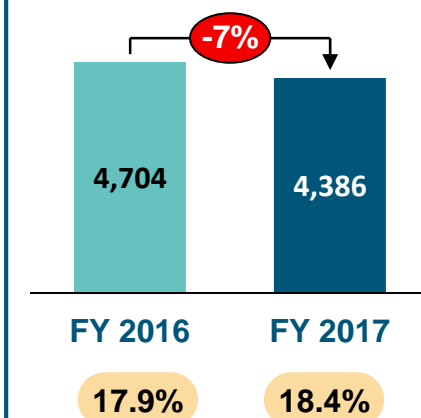
FY Sales



YoY Gross Profit



FY Gross Profit



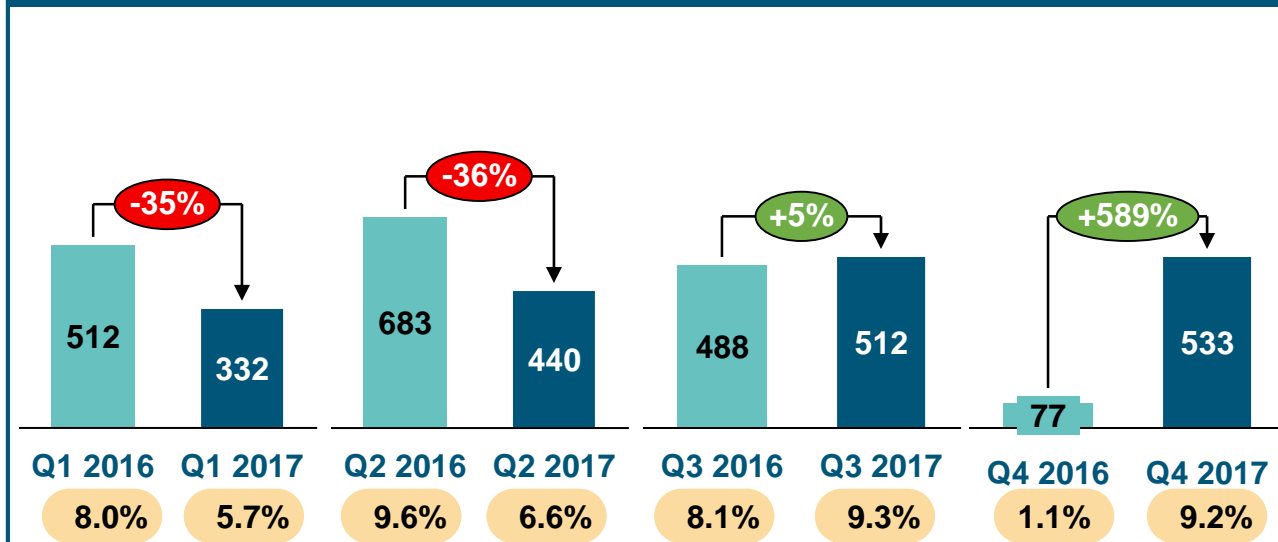
Note: the figures presented in the charts are rounded

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

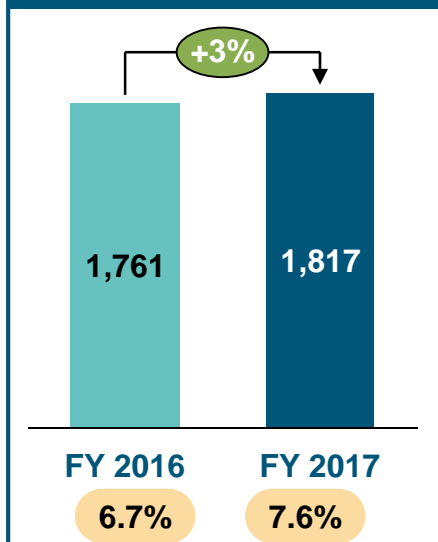
SAR Mn

● Growth ● Margin

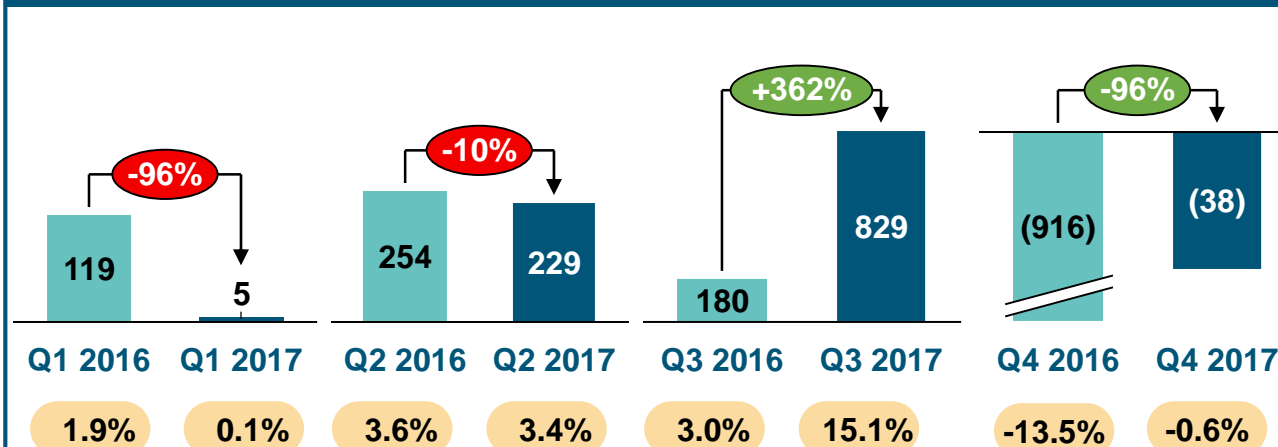
YoY EBITDA



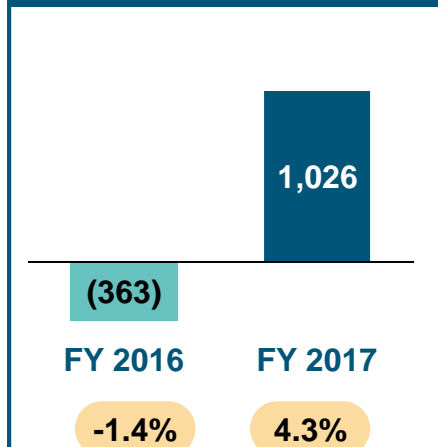
FY EBITDA



YoY Net Profit



FY Net Profit

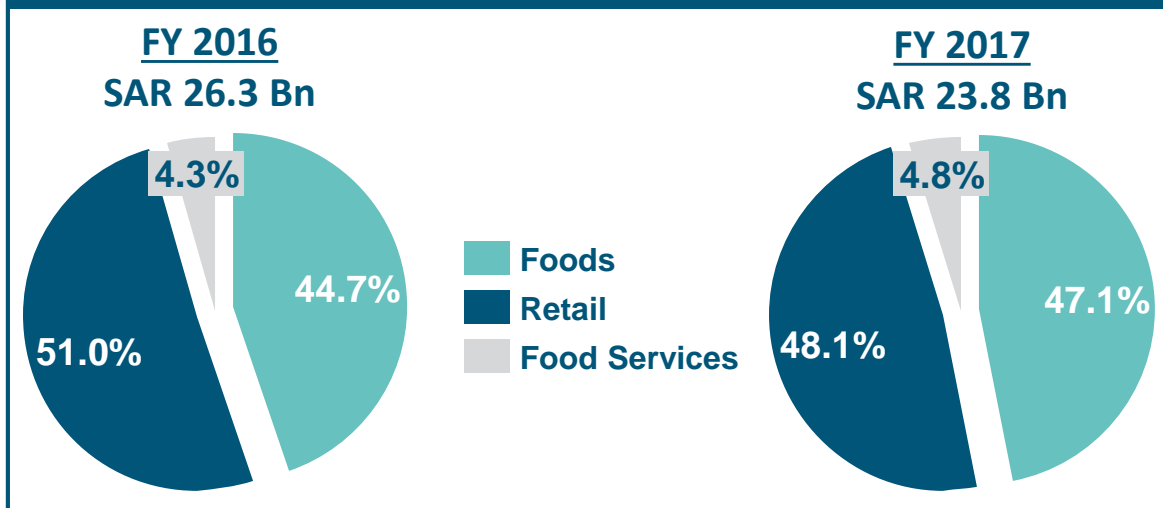


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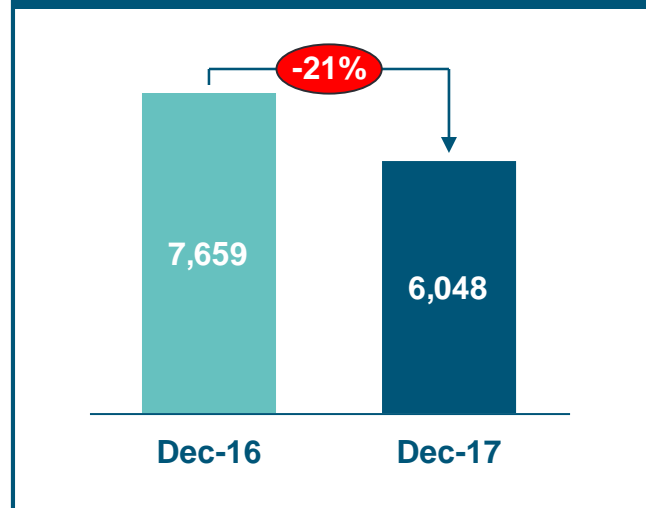
GROUP – CONSOLIDATED REVENUE MIX, NET DEBT & CAPEX

SAR Bn

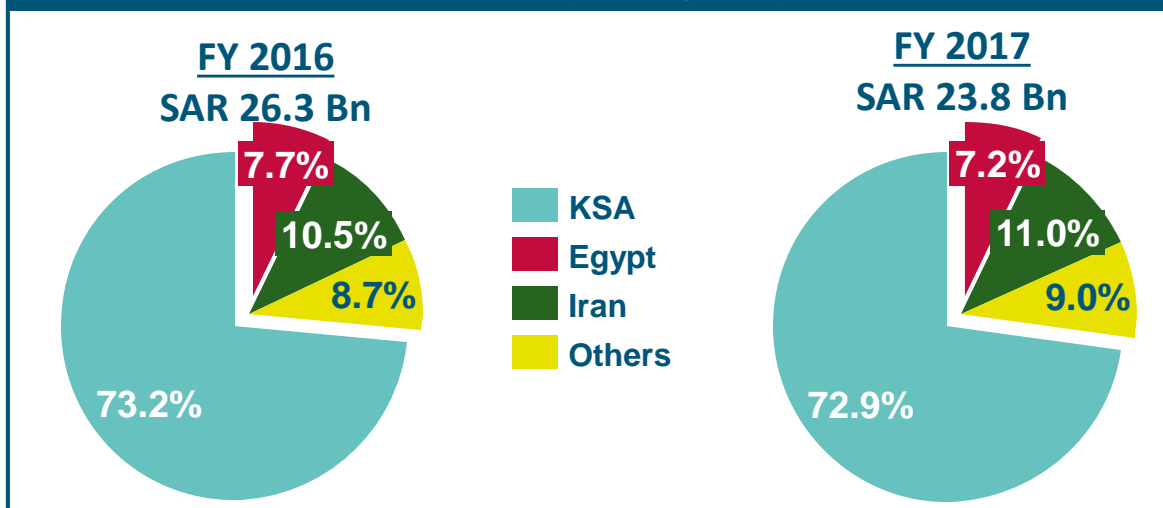
Revenue by Business



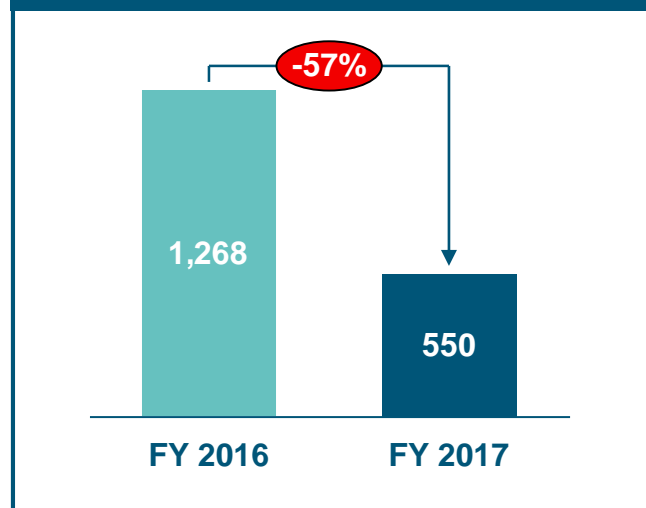
Net Debt



Revenue by Geography



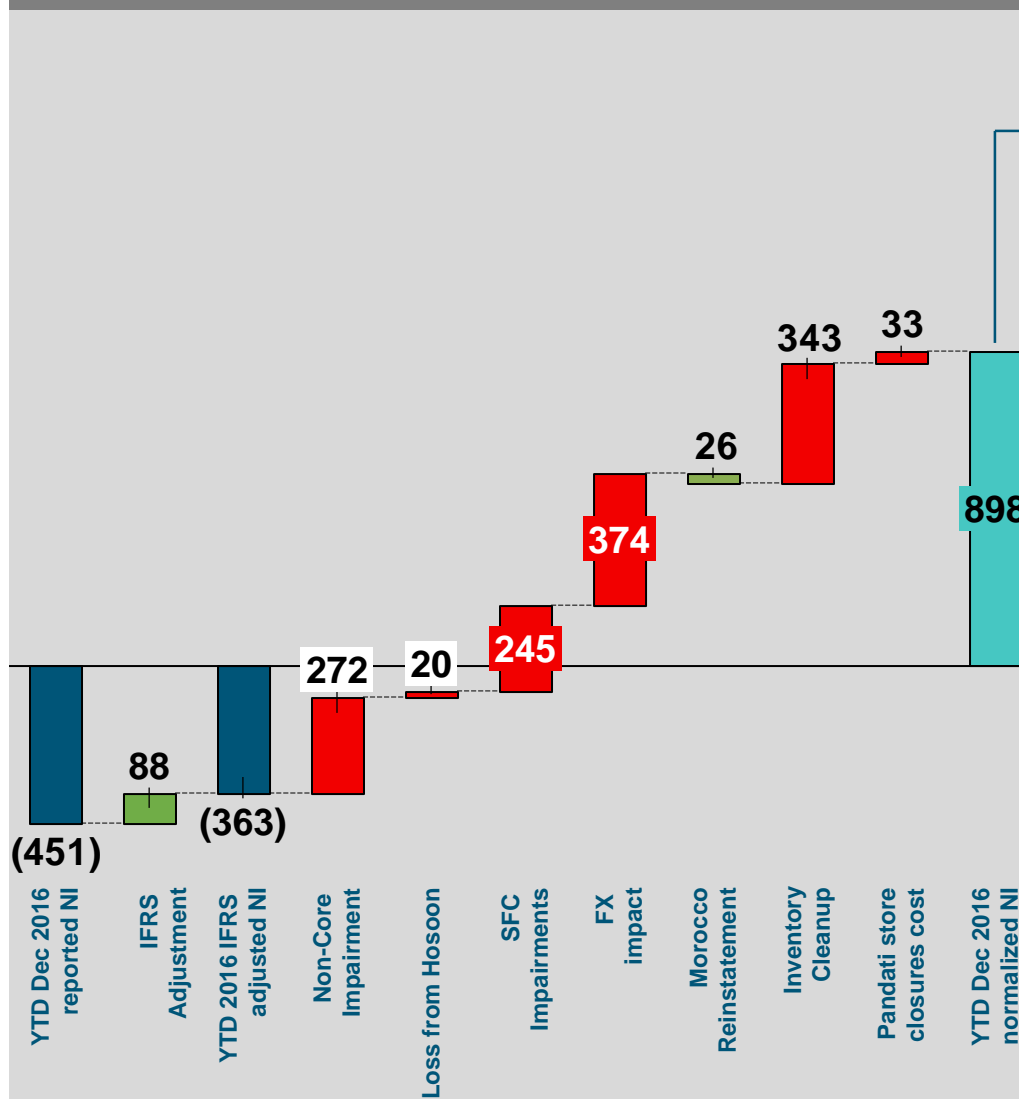
CAPEX



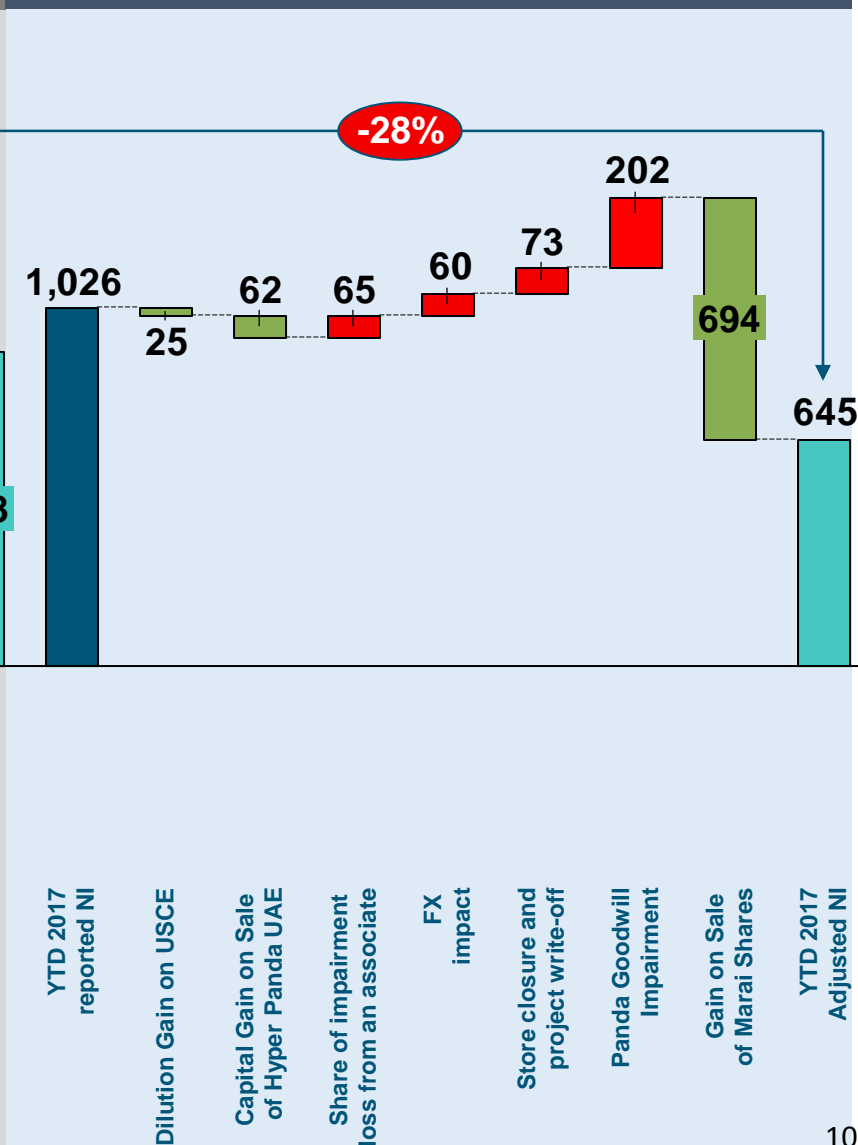
IMPLICATIONS OF EXCEPTIONAL ITEMS

SAR Mn

Adjusted FY 2016 Net Income



Adjusted FY 2017 Net Income





PANDA RETAIL COMPANY

سافولا
SAVOLA

RETAIL – HIGHLIGHTS

- In November 2017 Dr. Bandar joined as Panda's CEO replacing Rayan Fayez who was the acting CEO.
- The transformation exercise started end of last year and continued in 2017 with several initiatives being made throughout the year.
- One supermarket was closed and one opened during the 4th quarter while 37 Pandati stores were closed. Total retail selling space decreased by -0.88% in Q4 2017 from Dec 2016.
- Month on month customer count and average daily sales trends have improved over the year, although the year was challenging with deflation, overall decline in retail market, expat exodus and pressure on disposable incomes.
- Reported net loss for Q4 2017 for Retail was SAR 408 mn, compared to SAR 543 mn last year
- Adjusted Net loss for Q4 after removing Goodwill impairment and exceptional items is SAR 106 mn, compared to a loss of SAR 543 mn in Q4 2016.

RETAIL - SNAPSHOT

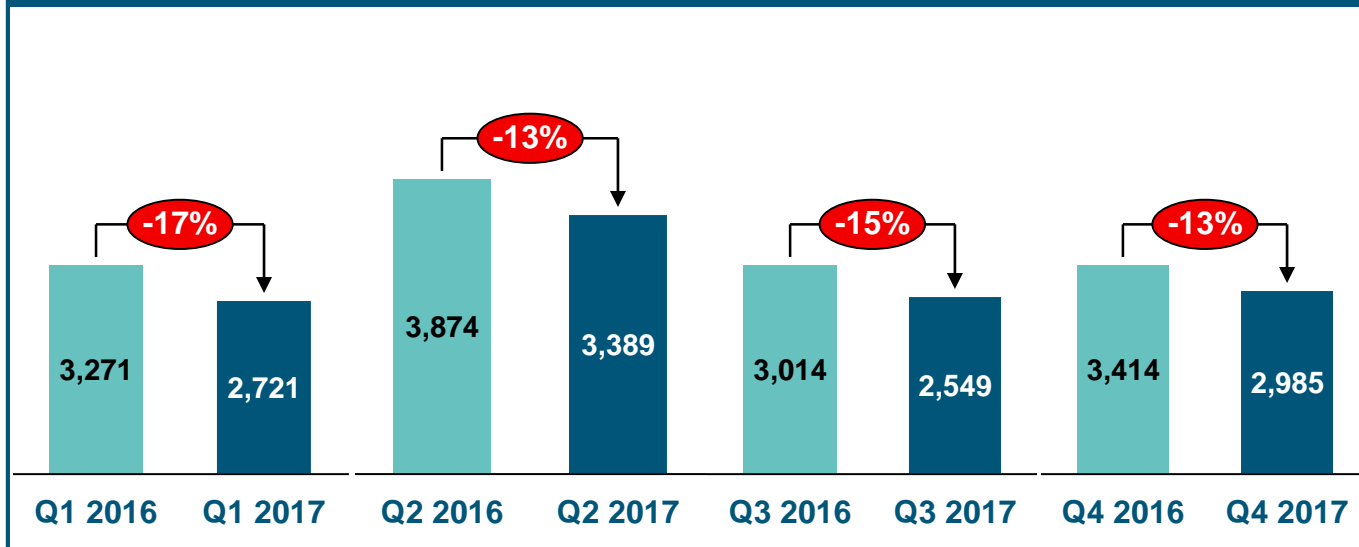
SAR m	Revenue	Gross Profit	Net Loss	Adjusted Net Loss	Selling Space
Q4 2017	2,985 -12.6% vs. LY	652 +191% vs. LY	(408) vs. (543) LY	(106) vs. (166) LY	Reduced by 6,617 m ²
2017	11,644 -14.2% vs. LY	2,326 -1.3% vs. LY	(1,016) vs. (811) LY	(782) vs. (359) LY	Total Space 746,167 m ²

RETAIL – FINANCIAL HIGHLIGHTS

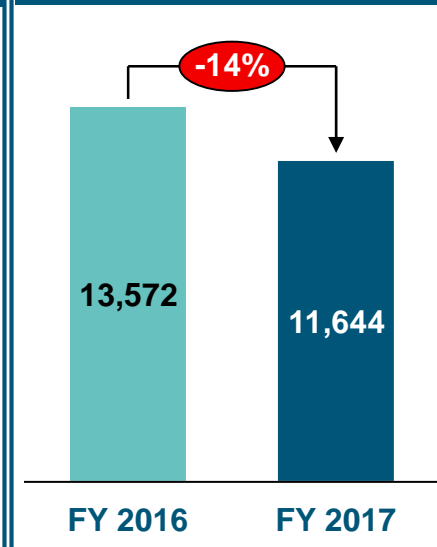
SAR Mn

● Growth ● Margin

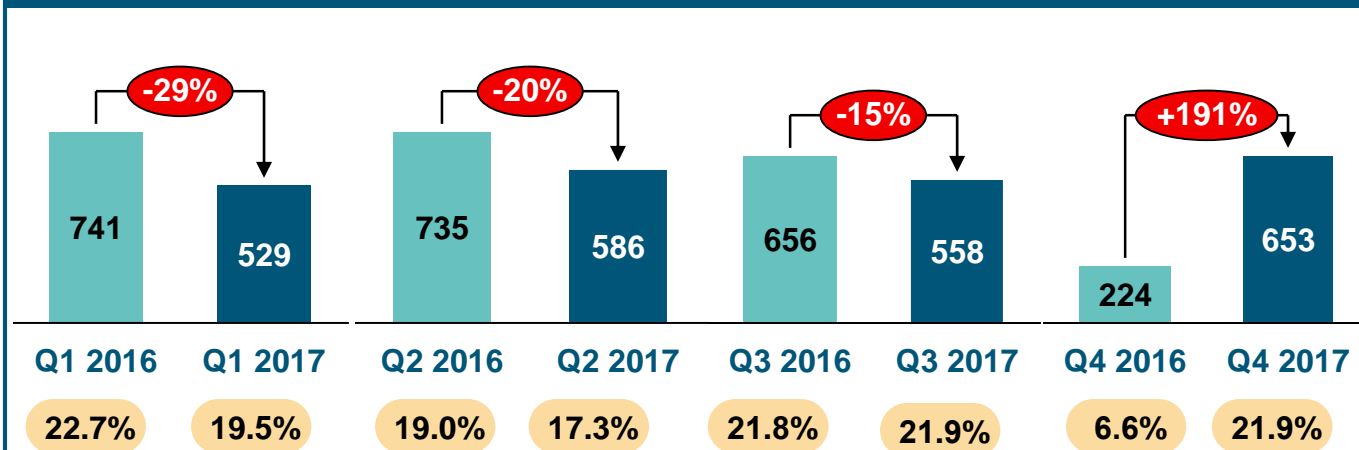
YoY Sales



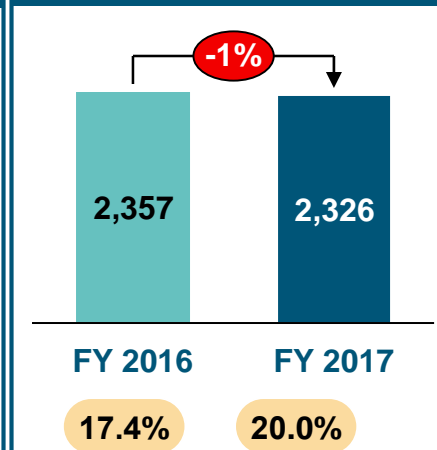
FY Sales



YoY Gross Profit



FY Gross Profit



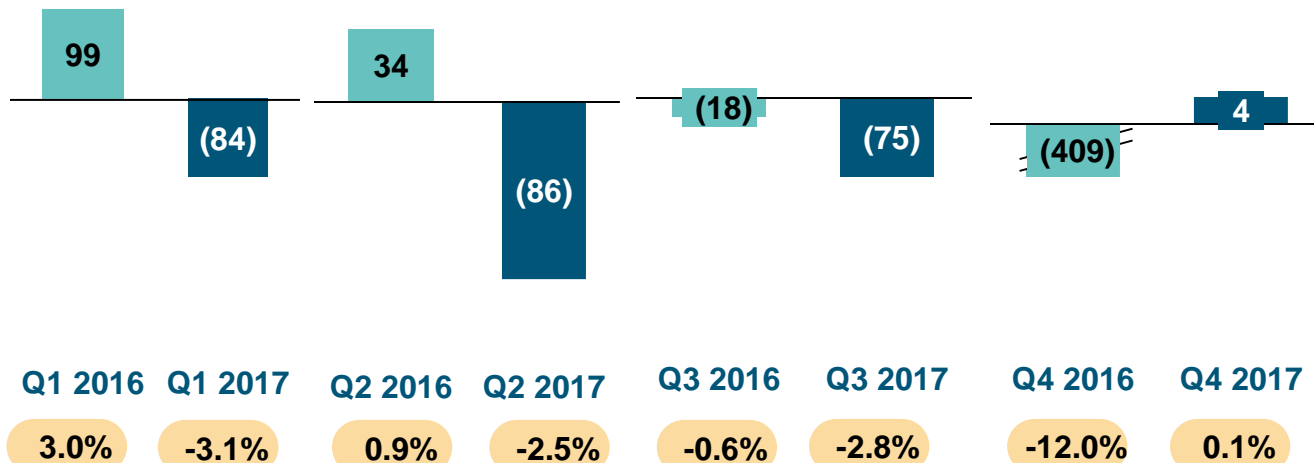
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RETAIL – FINANCIAL HIGHLIGHTS

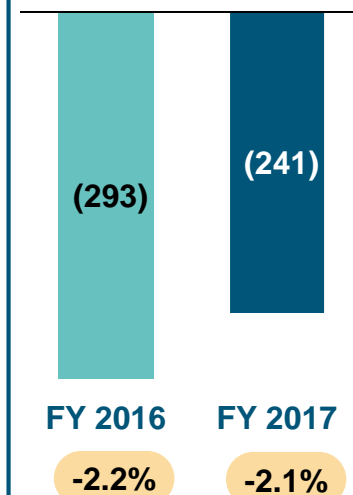
SAR Mn

Margin

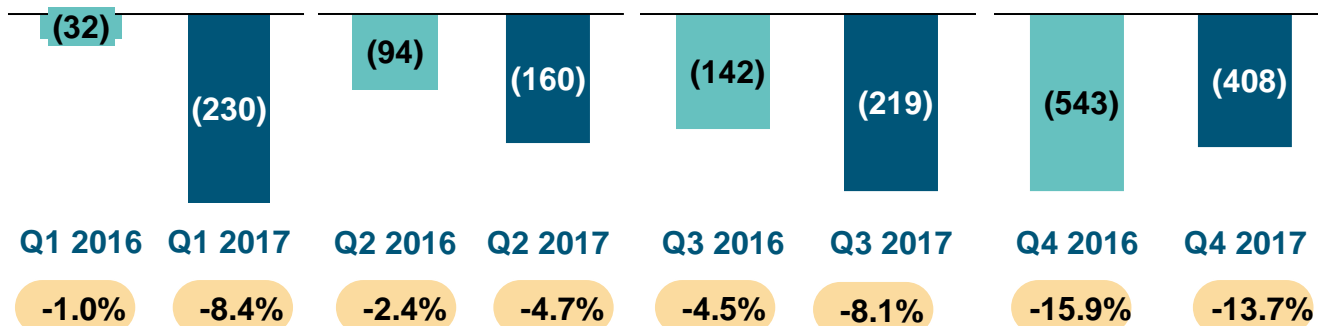
YoY EBITDA



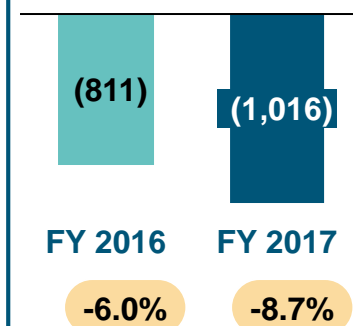
FY EBITDA



YoY Net Profit



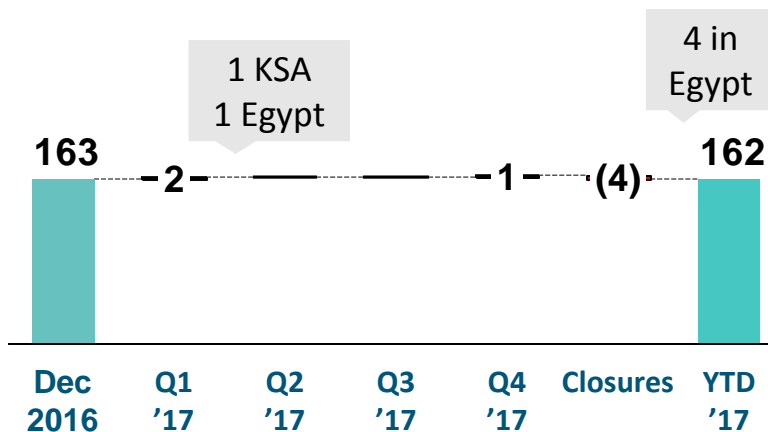
FY Net Profit



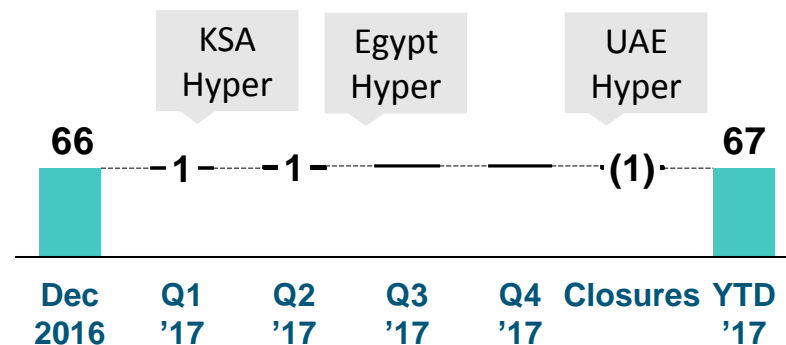
Note: the figures presented in the charts are rounded

RETAIL – NUMBER OF STORES BY QUARTER

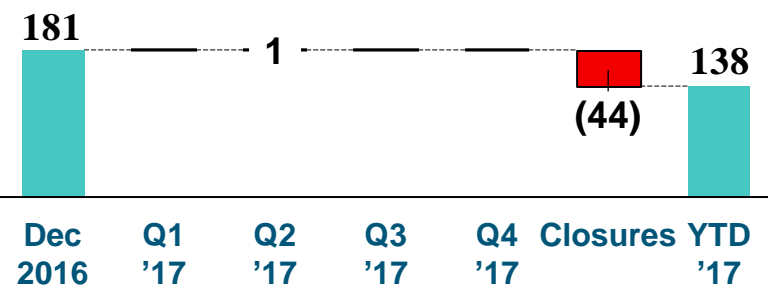
Super



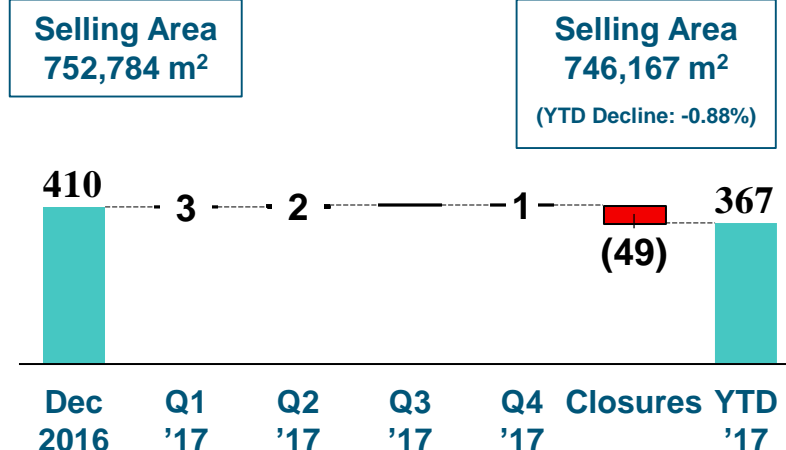
Hyper



Pandati



Total





SAVOLA FOODS

FOODS – HIGHLIGHTS

- Q4 2017 total revenue of SAR 2.59 billion is 17.7% below Q4 2016 revenue of SAR 3.14 billion while 2017 revenue was 11.38 billion vs. 2016 revenue of 11.89 billion (-4.2%) attributed to the following:
 - Oil revenues decreased by 3.6% across Arabia, Egypt, Iran and Turkey
 - Sugar revenues decreased by 3.4% due to USC KSA
 - Pasta revenues decreased by 21.7%
- Total volume of 3,319 k MT 2.2% below 2016 attributed to the following:
 - Oil volumes increased by 1.6%
 - Sugar volumes decreased by 6.5%
 - Pasta volumes decreased by 2.6%
- Reported net income for Q4 2017 for Food was SAR 198 mn; compared to a loss of 221 last year due to lower forex and impairment charges compared to the previous period last year. The adjusted net profit is SAR 258 mn.

FOODS - SNAPSHOT

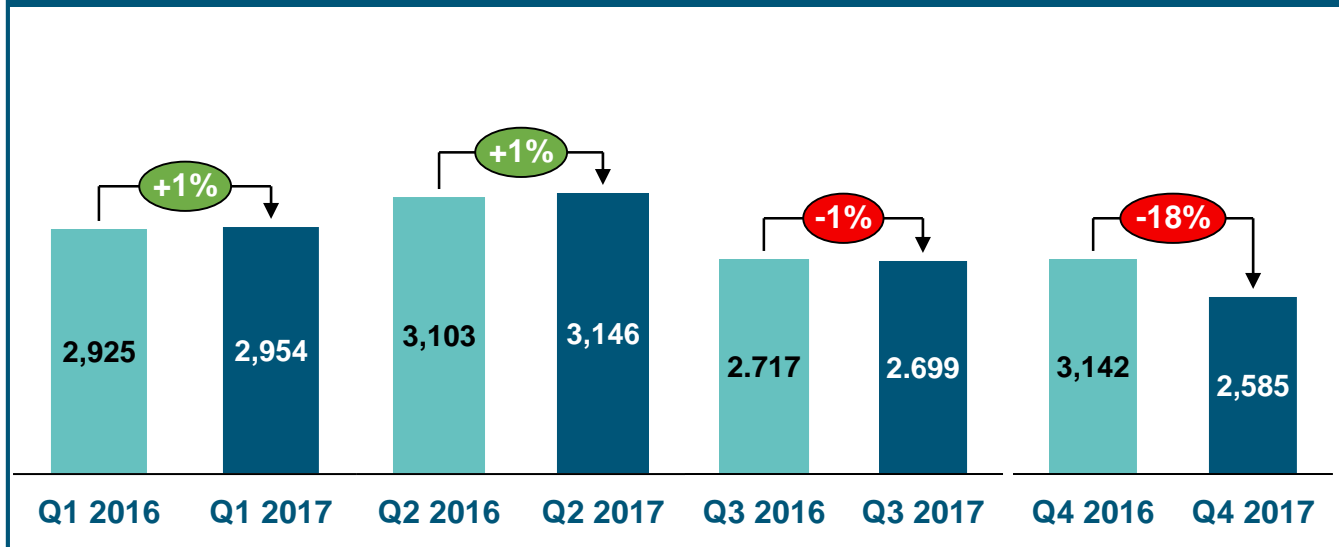
	Revenue	Gross Profit	EBIT	Net Income	Adjusted Net Income
<i>SAR m</i>					
Q4 2017	2,585 -17.7% vs. LY	415 -11.3% vs. LY	266 +1.6% vs. LY	198 vs. (221) LY	258 vs. +138 LY
2017	11,384 -4.2% vs. LY	1,731 -7.4% vs. LY	908 -5.8% vs. LY	607 +381% vs. LY	651 vs. +680 LY

FOODS – FINANCIAL HIGHLIGHTS

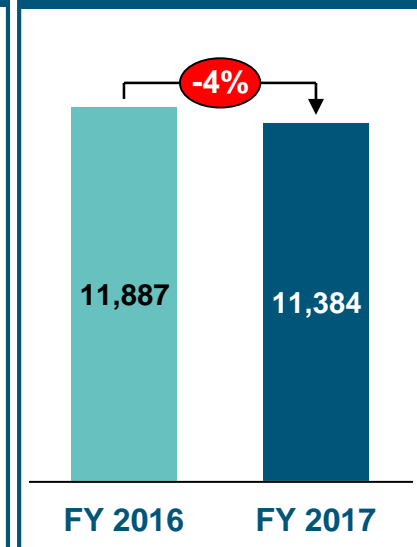
SAR Mn

● Growth ● Margin

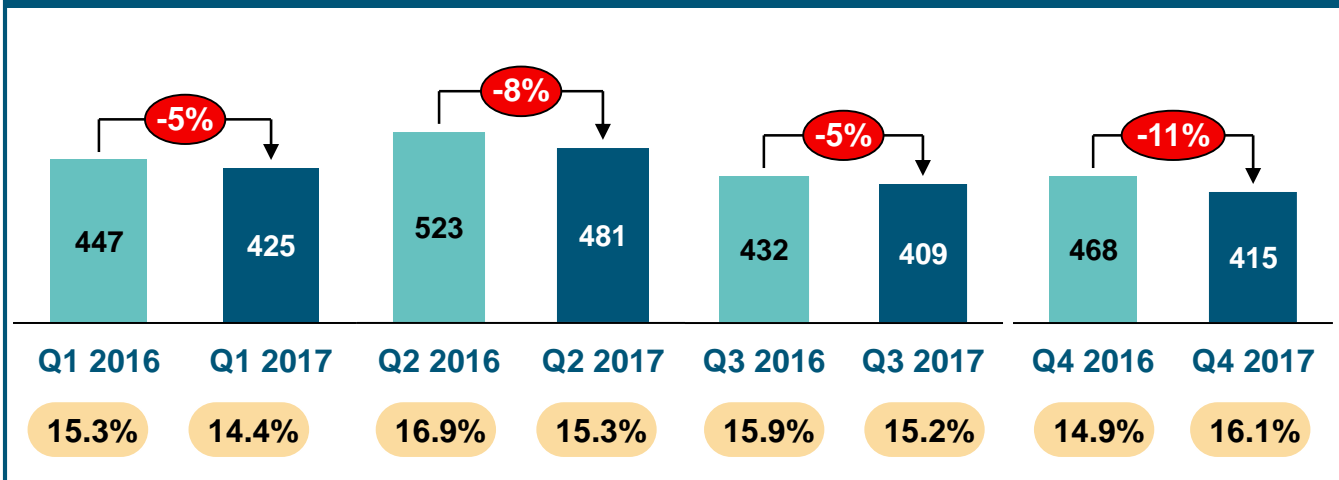
YoY Sales



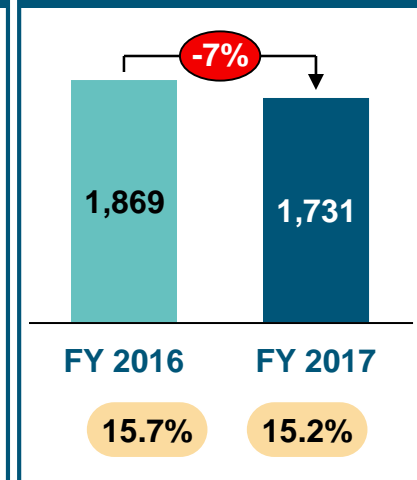
FY Sales



YoY Gross Profit



FY Gross Profit



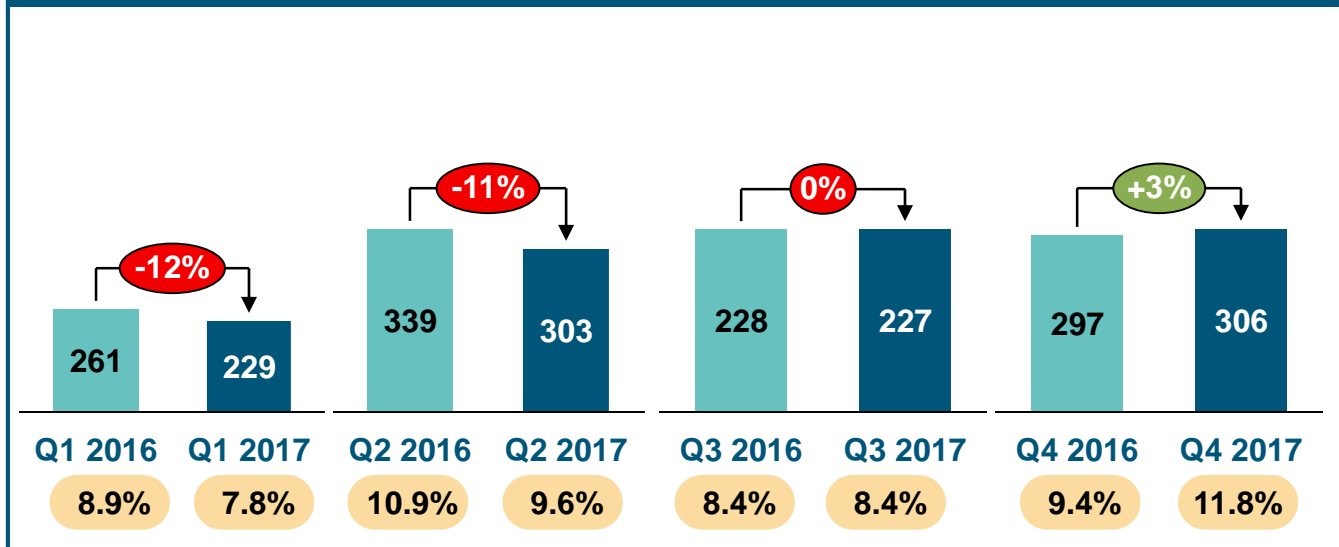
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FOODS – FINANCIAL HIGHLIGHTS

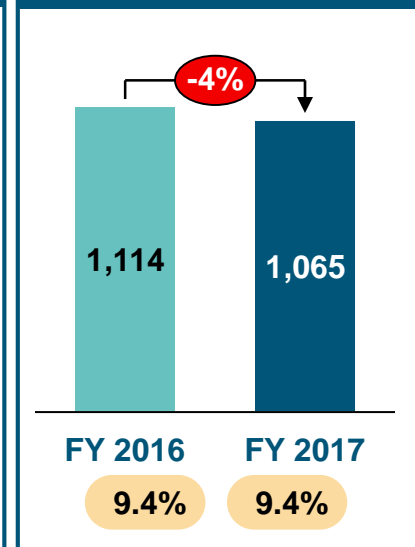
SAR Mn

● Growth ● Margin

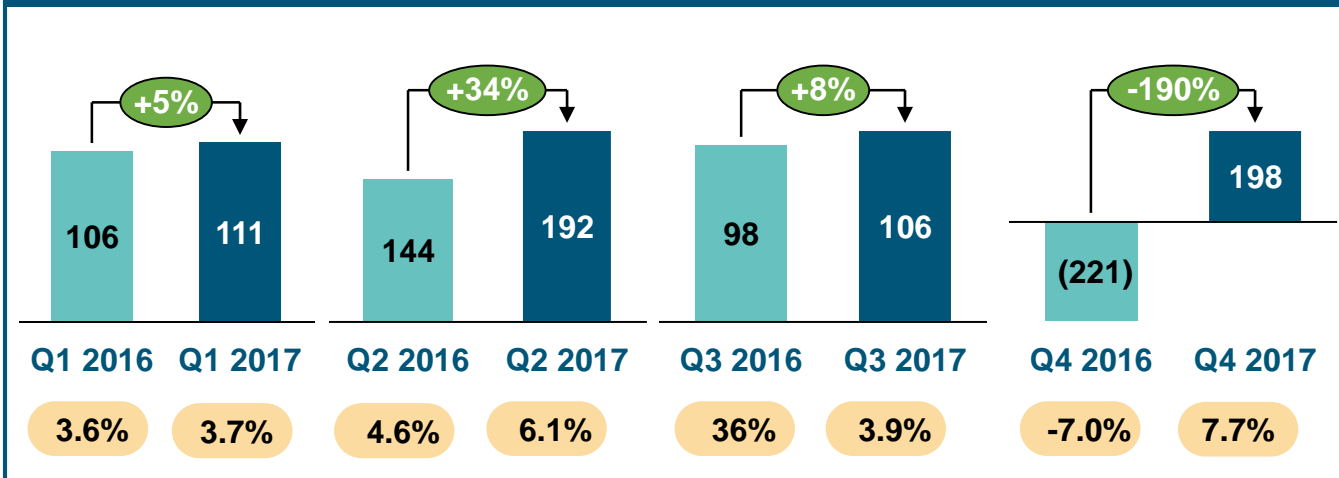
YoY EBITDA



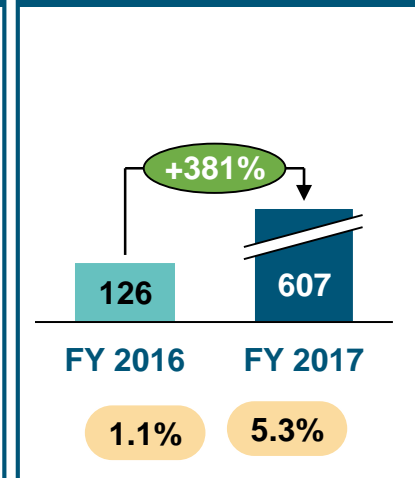
FY EBITDA



YoY Net Profit



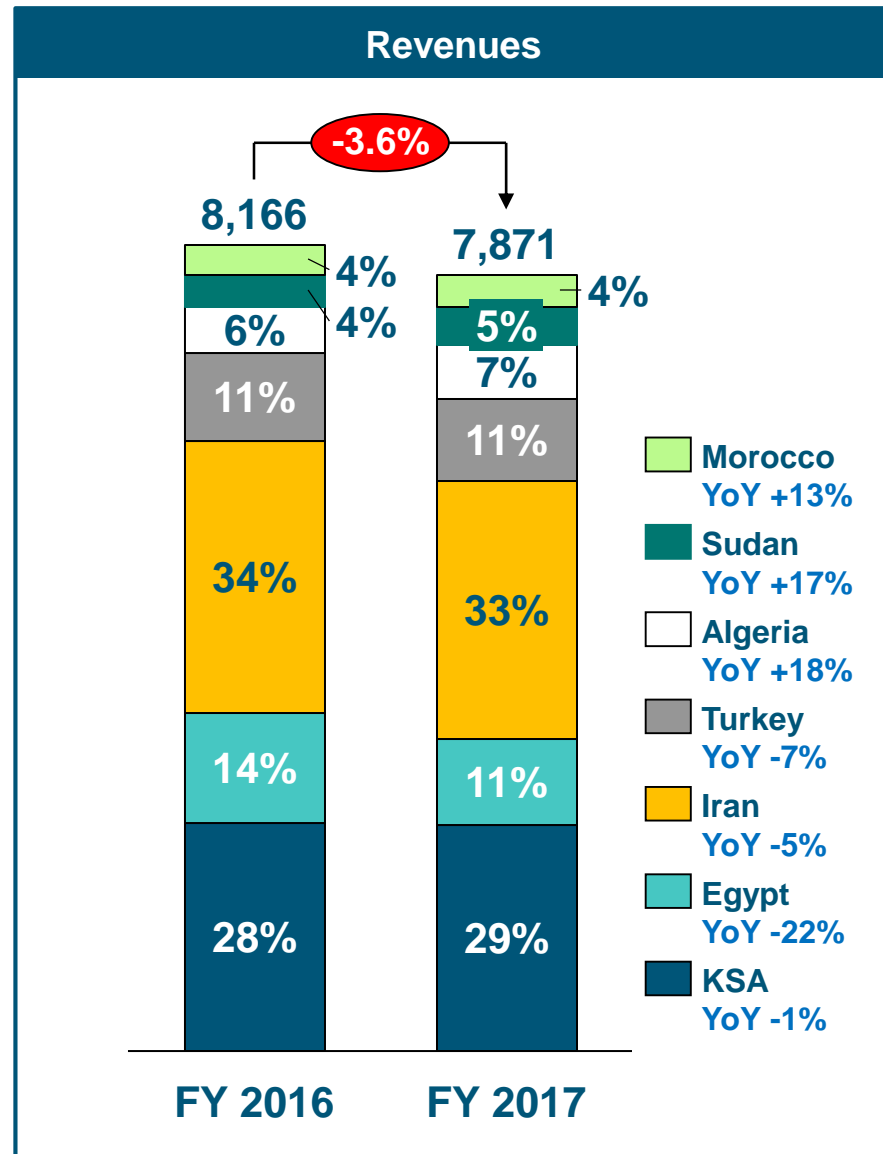
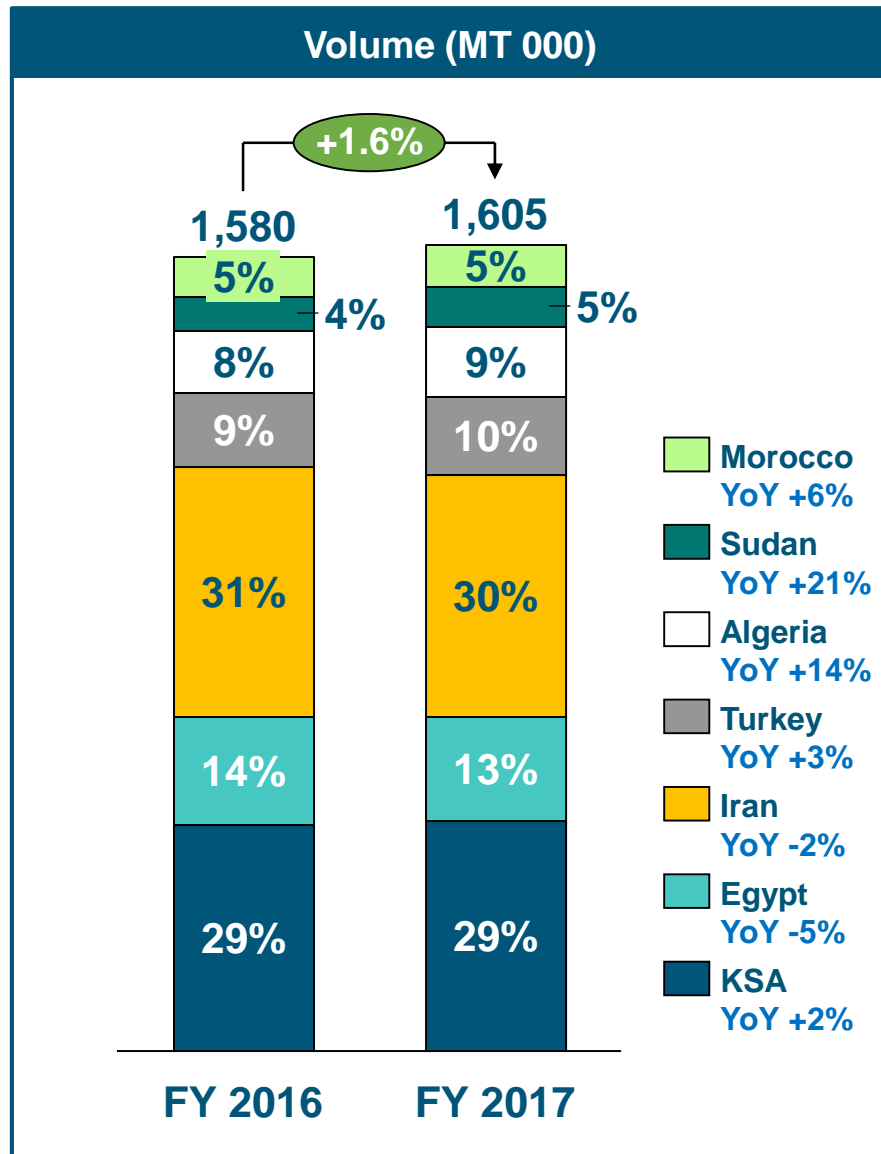
FY Net Profit



Note: the figures presented in the charts are rounded

FOODS – OIL SEGMENT ANALYSIS

SAR Mn

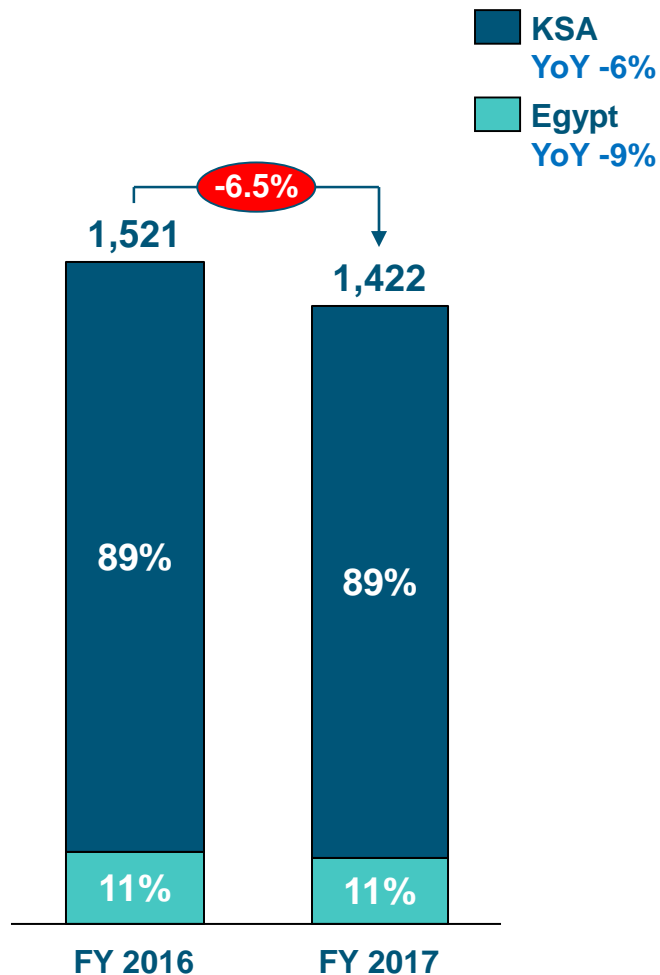


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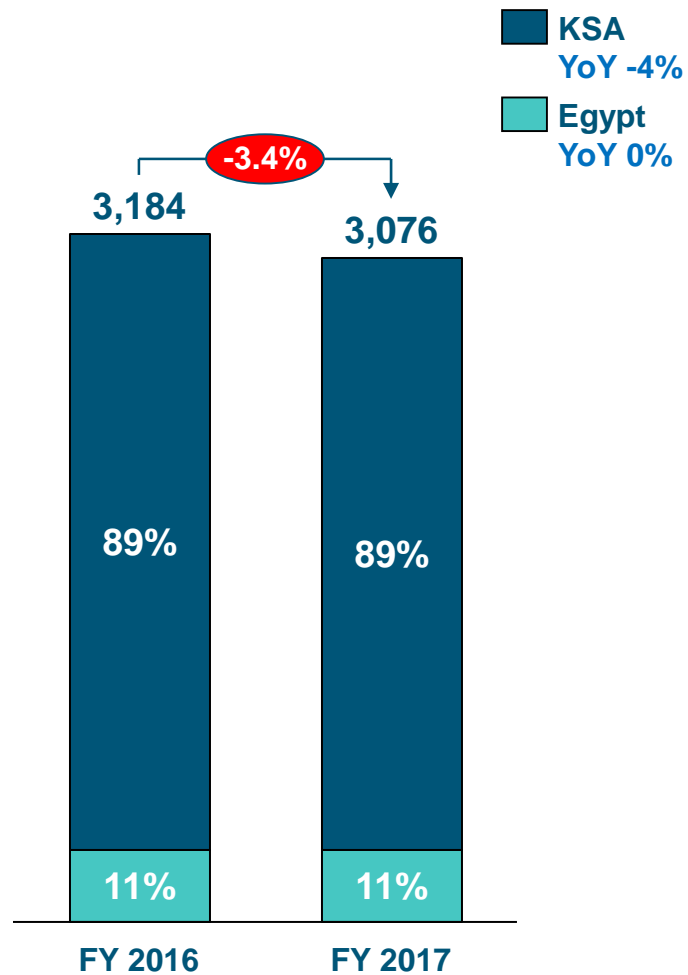
FOODS – SUGAR SEGMENT ANALYSIS

SAR Mn

Volume (MT '000) ⁽¹⁾



Revenues ⁽¹⁾



(1) Sugar volumes and revenues include only the contribution from sugar operations (USC and ASC).



FINANCIAL SUMMARY



FINANCIALS – FY 2017

(all figures are in SAR millions)

Segment Wise Financials										
	FY 2017					FY 2016				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food										
Oil-Mature Markets	6,608	1,199	600	463	672	7,070	1,395	777	470	843
Oil-Start-up Markets*	1,275	155	64	42	76	1,097	90	12	5	25
Total Oil	7,883	1,354	664	504	748	8,167	1,485	790	475	868
Sugar	3,084	318	216	86	278	3,188	263	108	(345)	166
Pasta	417	59	28	16	39	532	121	66	(4)	80
Total Foods	11,384	1,731	908	607	1,065	11,887	1,869	964	126	1,114
Retail										
KSA	11,472	2,307	(758)	(1,057)	(224)	13,233	2,294	(739)	(809)	(297)
Overseas	173	19	(25)	41	(17)	339	63	(2)	(2)	3
Total Retail	11,644	2,326	(783)	(1,016)	(241)	13,572	2,357	(741)	(811)	(293)
Herfy	1,158	337	215	200	285	1,157	348	230	218	310
Real Estate	-	-	(55)	(55)	(55)	-	-	(55)	(55)	(55)
Al Marai-Savola Share	-	-	785	785	785	-	-	786	786	786
HQ/Elimination/Impairment	(355)	(8)	(47)	505	(22)	(285)	130	(137)	(628)	(101)
Total	23,832	4,386	1,023	1,026	1,817	26,331	4,704	1,047	(363)	1,761
Adjustments										
Non-Core Impairments									272	
Foods Impairments									245	
Retail Inventory Reduction									343	
Foods FX Losses				60					374	
Store Closure and project write-off				73					33	
PANDA Goodwill Impairment-Geant				202						
Gain on Sale of USCE				(25)					-	
Gain on Sale of Hyper Panda UAE				(62)					-	
Gain on Sale of 2% of Al Marai				(694)					-	
Share of impairment Loss from an Associate				65					-	
Morocco Reinstatement									(26)	
Loss from Hosoon									20	
Adjusted Profit				645					898	

* Start-up markets include Algeria, Morocco and Sudan

Note: FY2016 net income has been adjusted for IFRS, whereas Adjusted Profit excludes the impact of both SFC FX impact, USD sourcing and Panda one off items shown earlier in slide 10. 25