

# Savola Group

Earnings Presentation | Q1 2023

[www.savola.com](http://www.savola.com)



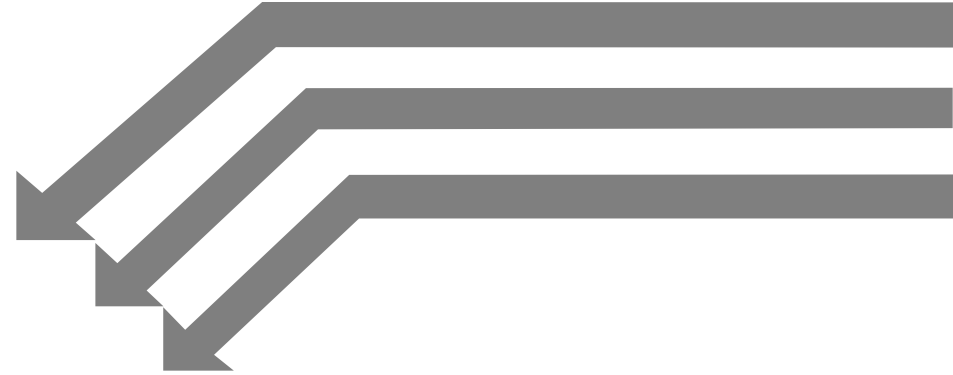
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## Savola Group Key Highlights



# Savola Group - Highlights

## Resilient performance in our Core Operations

- Savola Foods continued its growth momentum in Q1 2023, mainly driven by its ability to successfully deploy pricing and product mix strategies to grow margins while maintaining market share
- Panda reported a smaller loss compared to last year on the back of the CXR program. The CXR program has started to yield positive outcomes in terms of higher sales intensity in completed stores

## Investing in the Future and Strengthen the Core

- Panda completed 75 stores under the CXR program
- Continued investment and expansion of Afia branded snacks, nuts, spices, and pulses in Saudi Arabia. Bayara UAE operation margins enhancement through better pricing and product mix
- Innovating in our oil business through new offerings such as immunity boosting oil. Launched Savola Professional to serve B2B more proactively and become a solutions partner to this channel
- Pruning of under performing assets: Morocco operations divested in Q1 2023

## Profitability Enhancement

- Gross profit reached SAR 1.5 billion, higher by 17% YoY. The margin increased from 17.2% to 19.2% primarily due to improved margins in Savola Foods and Al Kabeer
- The Group recorded EBITDA of SAR 1.0 billion with a margin of 12.9%
- Net income reached SAR 393 million compared to SAR 271 million last year

# Savola Foods portfolio transformation Into a Power-House Brand

From

Oil Category



Destination

“GOOD FOR YOU” FOODS





# Good for you portfolio activation momentum building up

## Bayara building up nicely while expanding in Saudi Arabia. Munchbox continues to innovate

- UAE business achieved a 53.8% increase in bottom line (Q1 2023 AED 19.7m vs Q1 2022 AED 12.8m) on the back of volume growth and pricing
- KSA business achieved +76% growth in sales in Q1 2023 vs Q1 2022
- Munchbox grew 3x from 2021 through expansion in KSA and product portfolio

### New Bayara brand identity



### New healthy products and snacking bars



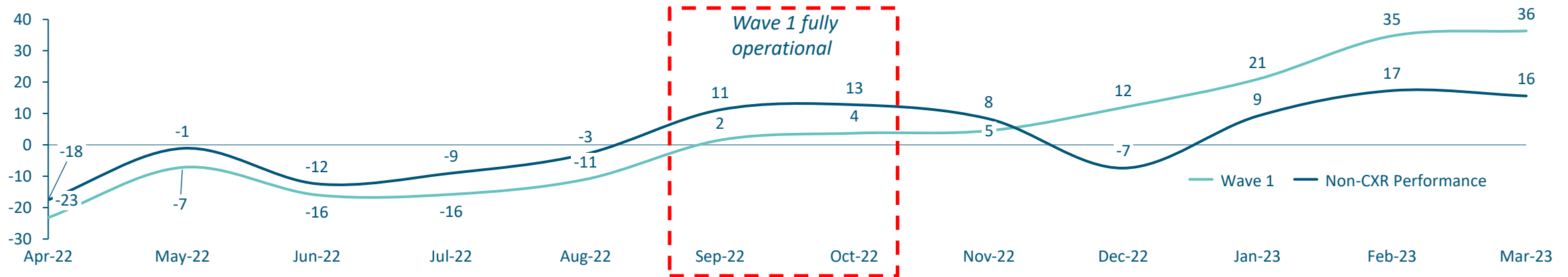
### Afia launch in full swing



# Panda showing early successes in our CXR investment program

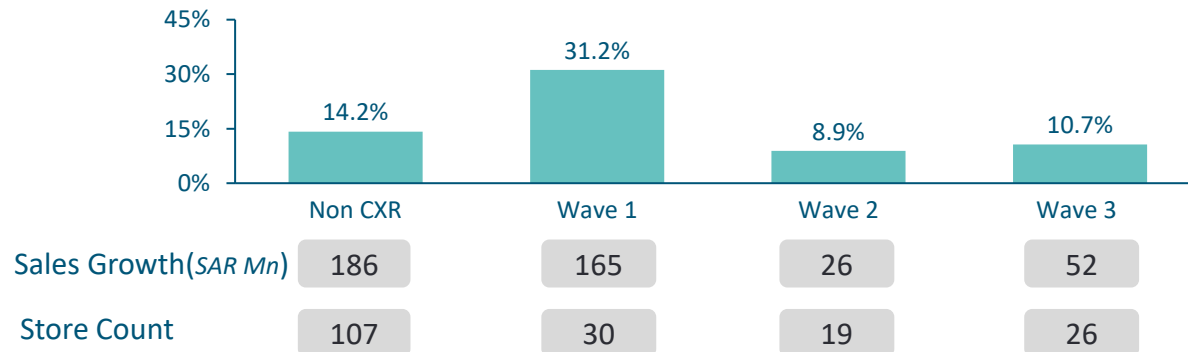
## Wave 1 CXR Program continues to perform above benchmark

Monthly Sales Variance % (Act vs. LY)



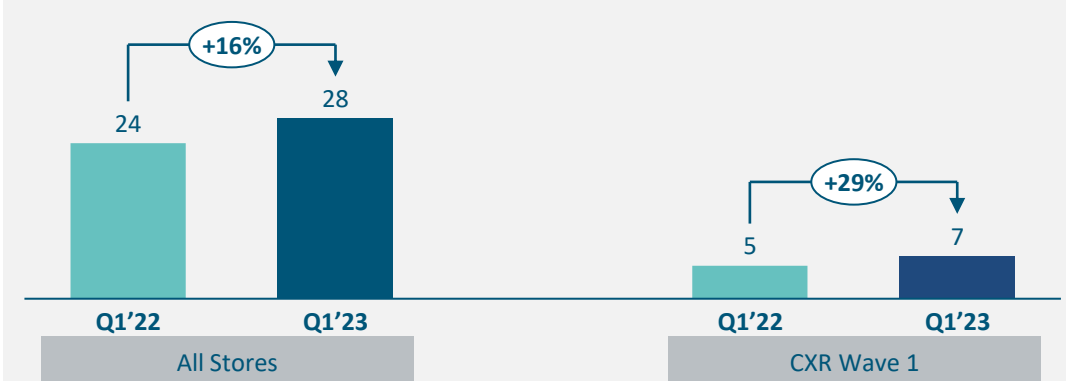
## The wider CXR Program also shows early success, with wave 2 and 3 completed, a positive contribution to topline is evident

Q1 '23 vs Q1'22 Revenue Growth



## CXR is also positively impacting the number of transactions

Transactions in millions



# Online e-grocery platform is being optimized with profitability in mind

Q1 2023 vs. Q4 2022



Avg Daily Orders 100%



Delivery Cost 29%



Avg Basket Size 14%



Operational Expense

50%



Fulfillment Rate 14%



Pickers Utilization 50%



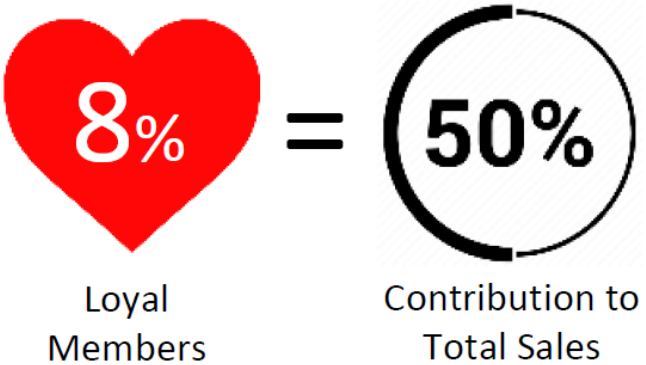


Panda Plus\* is gearing up nicely since launch and lots of upside opportunity

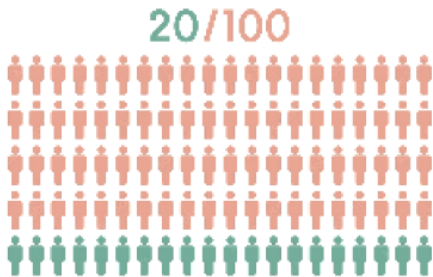


YTD 11.4 million members  
+6% Growth Rate monthly

Retention Rate



Verified Members







Customers Reached



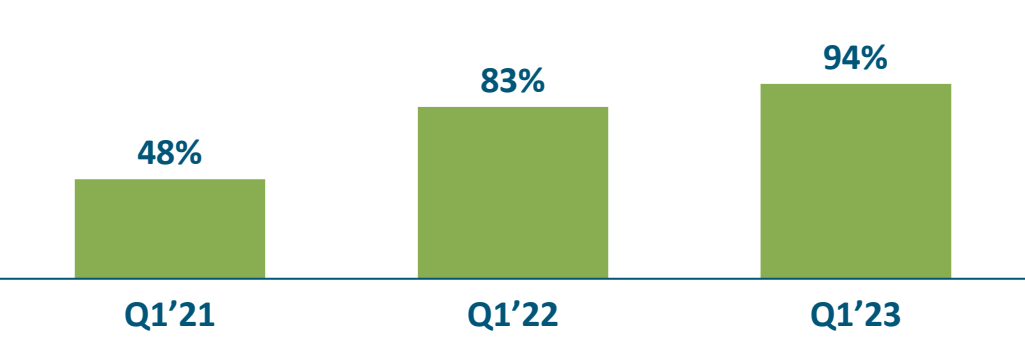
\*Panda Plus is the Panda loyalty program

# Al Kabeer is showing resilience and investing in brand and product development

## Recap: Key Focus Areas 2023

-  Continue building capabilities within the company with core focus on innovations
-  Strengthen branding and marketing efforts alongside new product development
-  Leverage recent correction in input costs to boost volume and drive business enhancement
-  Expect improved performance in 2023 with focus on volume growth

## Improving KSA Self Sufficiency (KSA localization %\*)



\*KSA localization % refers to KSA sales volume which the company produces locally of its total factory produced goods (excludes outsourced production)

## Active consumer engagement through initiatives such as Yummy Hacks activities



## New product launches to reinvigorate the product portfolio



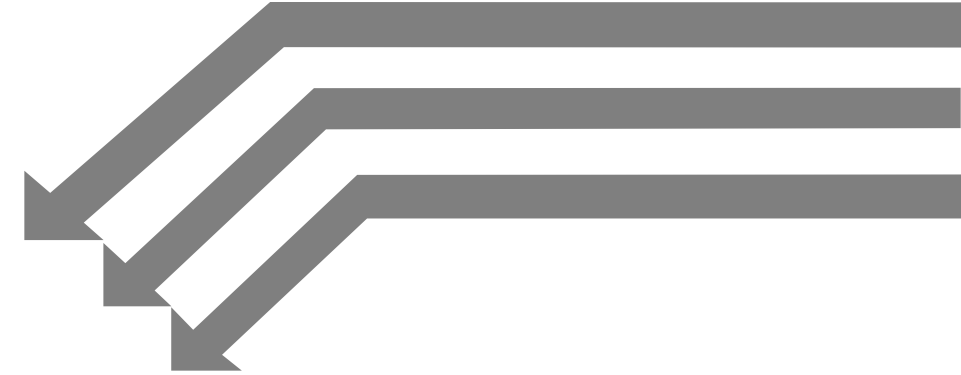
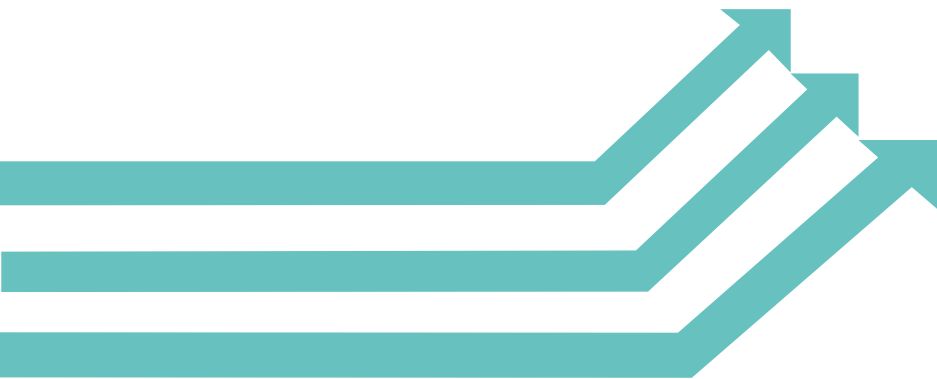
Stuffed Felafel



Non-Spicy Zing Chicken fillet



## Group Financial Highlights



# Savola Group – Consolidated Financial Highlights

Margin

SAR in millions

Q1-22

Q1-23

Q1-22

Q1-23

Sales

7,489

7,814

+4%

Gross Profit

1,285

1,502

+17%

17.2%

19.2%

EBITDA

781

1,007

+29%

10.4%

12.9%

Net Income

271

393

+45%

3.6%

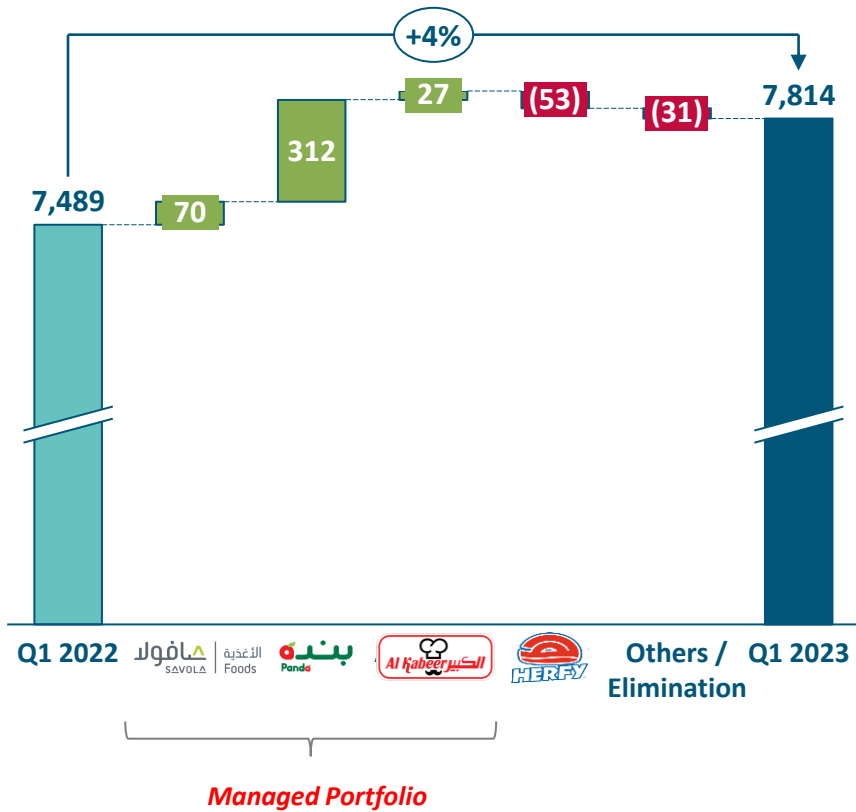
5.0%

- Group reported sales growth backed by
  - Higher YoY growth in Panda driven by improved performance from the CXR program completed stores and a successful promotion campaign
  - Growth in Al Kabeer
- Overall YoY higher gross margins due to improved margins at Savola Foods and Al Kabeer
- Net income growth of 45% is primarily attributed to better performance of Savola Foods, Panda, Al Kabeer, and higher share of profit from an associate

# Savola Group – Revenue & Net Income Bridge By Business

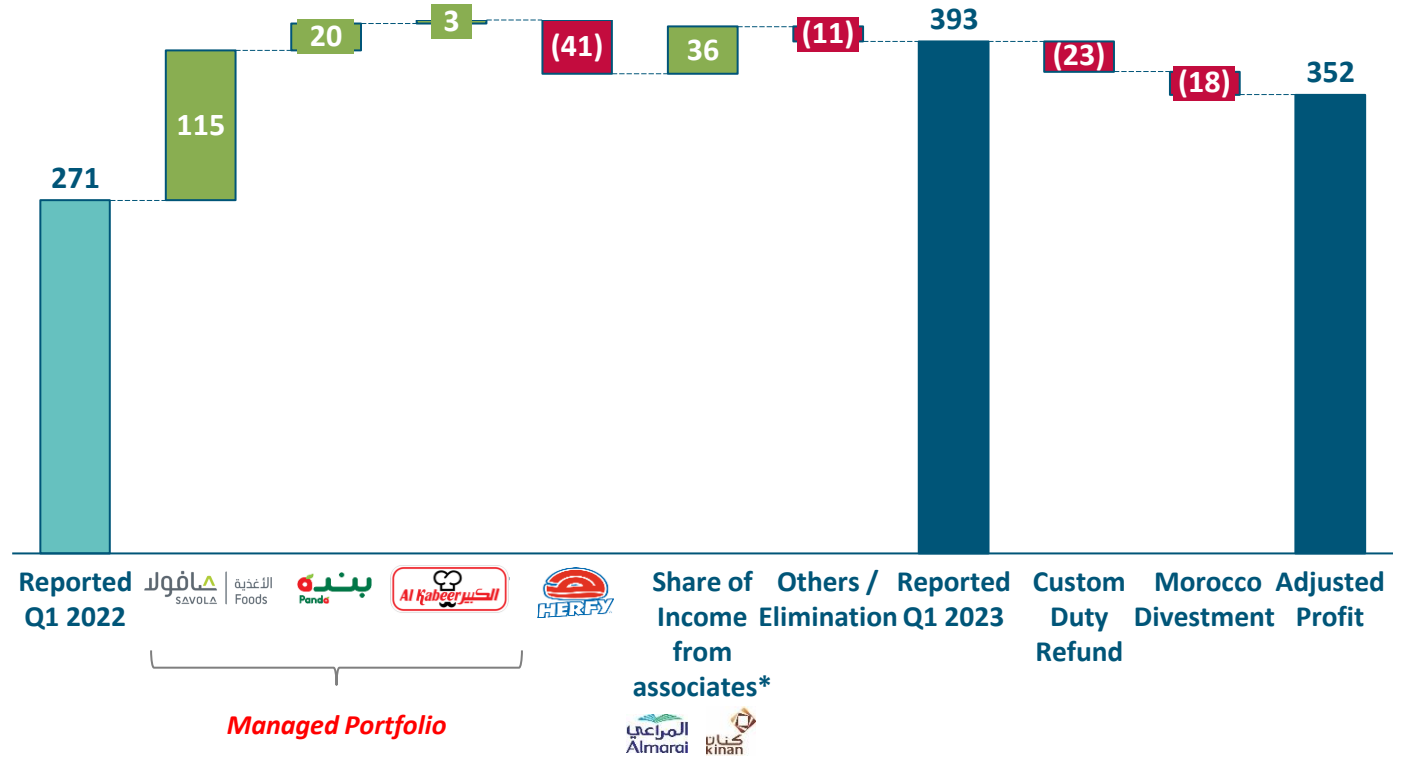
## Revenue Bridge by Business

SAR in millions



## Net Income Bridge by Business

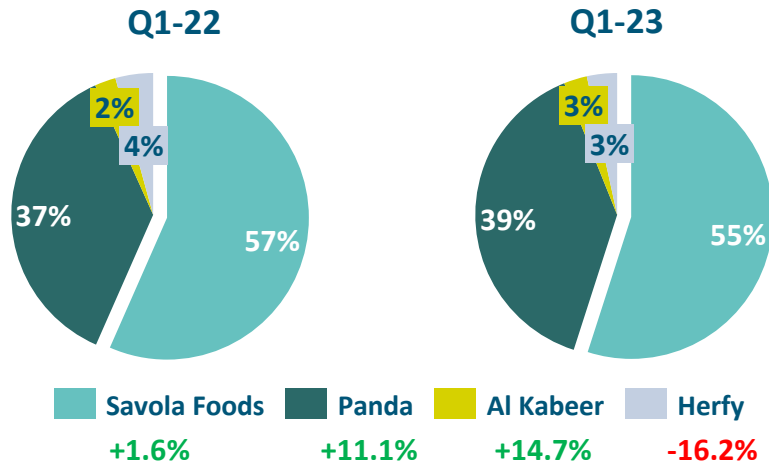
SAR in millions



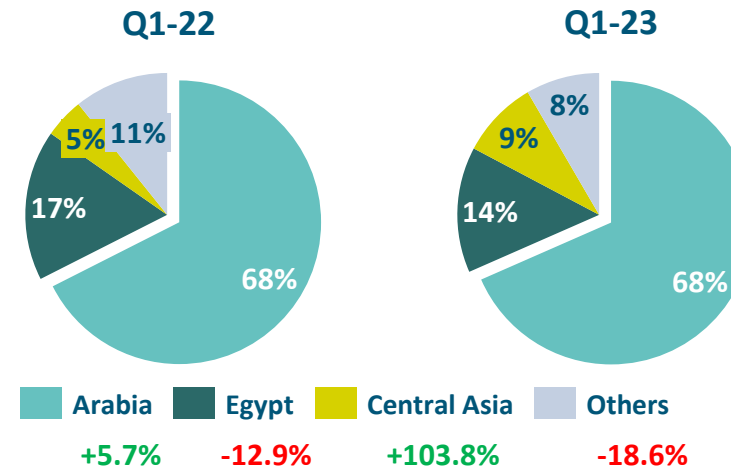
\*Share of Income from Associates includes income from Almarai and Kinan

# Savola Group – Revenue Mix, Net Debt & Capex

## Revenue by Business

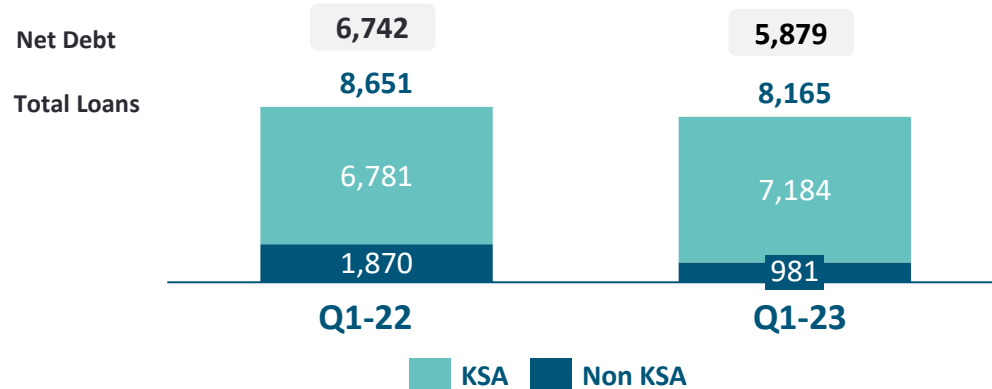


## Revenue by Geography



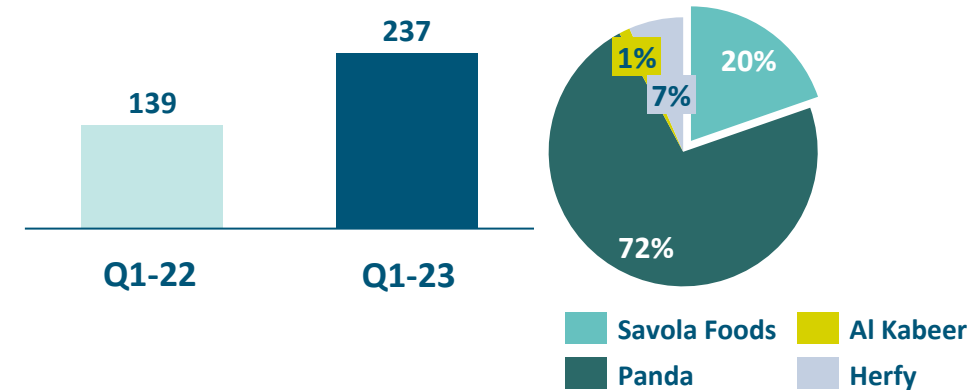
## Loans and Net Debt\*

SAR in millions



\*Net debt excludes lease liabilities

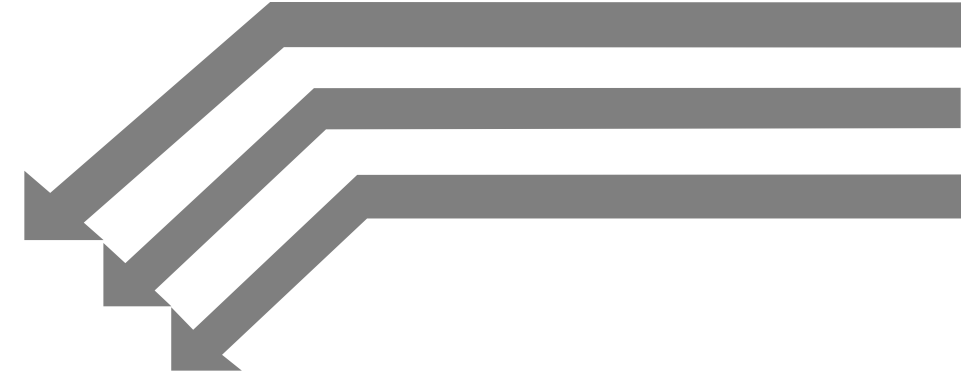
## CAPEX



Note: numbers are rounded



## Savola Foods Company



# Savola Foods – Financial Highlights

Margin

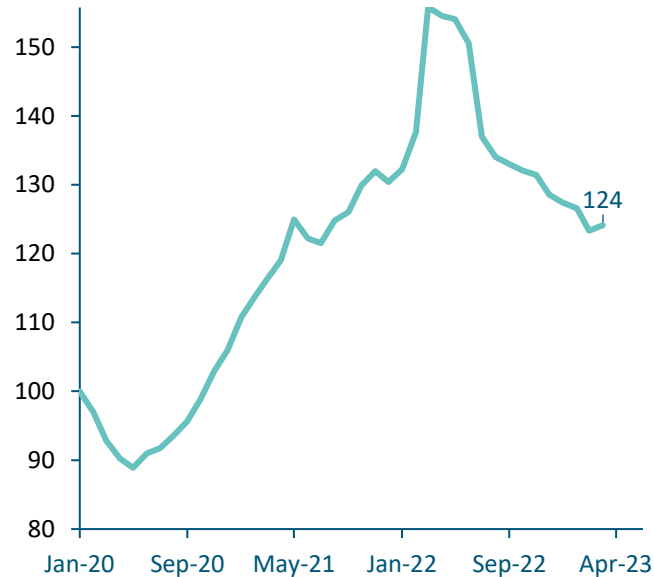
SAR in millions



- Savola Foods demonstrated strong performance in Q1'23 exhibiting its ability to sustain performance despite macro challenges in certain markets
- Revenues grew by 2% on the back of better pricing strategies and volume growth in Arabia oil segment
- However, most other markets saw volumes drop due to supply issues arising from forex availability
- Adjusting for one-offs (Morocco divestment gain of SAR 18mn and custom duty refund of SAR 23mn), Savola Foods registered a growth of 52% in Q1 2023 in net income

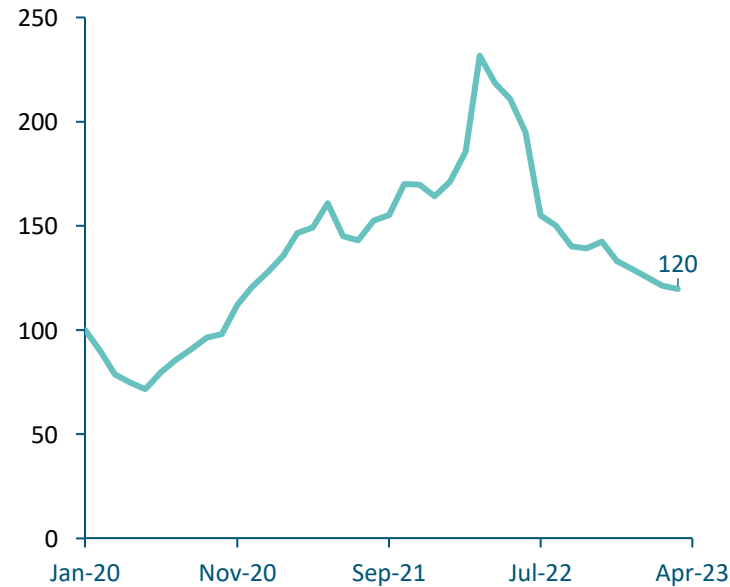
# Stability in Vegetable oils, Sugar continues to face increasing price index

FAO Food Price Index (rebased)<sup>(1)</sup>



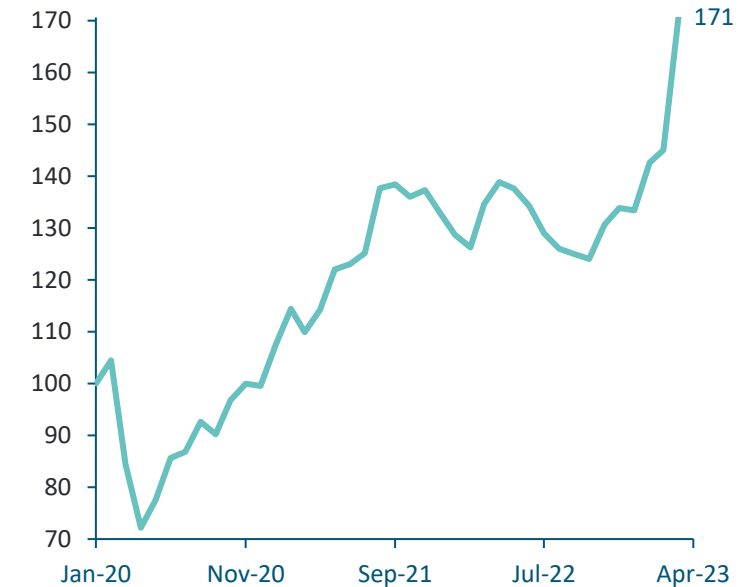
- Food price index has been stable for the last two months mainly due to the drop in dairy, vegetable oils, meats, and cereals, offsetting the rise in the sugar price index
- Poultry meat prices rebounded after nine months of declines, as import demand increased from Asia

FAO Vegetable Oils Index (rebased)<sup>(2)</sup>



- After touching an all-time high in March 2022, oil prices continue to decline across the soy, rapeseed, and sunflower seed oils
- World palm oil prices remain stable, with sluggish demand offset by limited supplies from leading producers; soy oil continued to decrease due to seasonally rising production in South America, and sunflower prices fell due to ample global supplies

FAO Sugar Index (rebased)<sup>(3)</sup>



- With an 18% increase in April, the sugar price index reached its highest level since October 2021. The price hike was mainly related to concerns over tighter global availabilities in the 2022/23 season.
- In addition to the above, higher crude oil prices and the strengthening of the Brazilian real against the dollar also contributed to the overall increase.

**Price indices (excluding sugar price index) have continued to soften since H2 2022, following unprecedented price levels which were witnessed in H1 2022**

Source: The Food and Agriculture Organization of the United Nations (FAO)

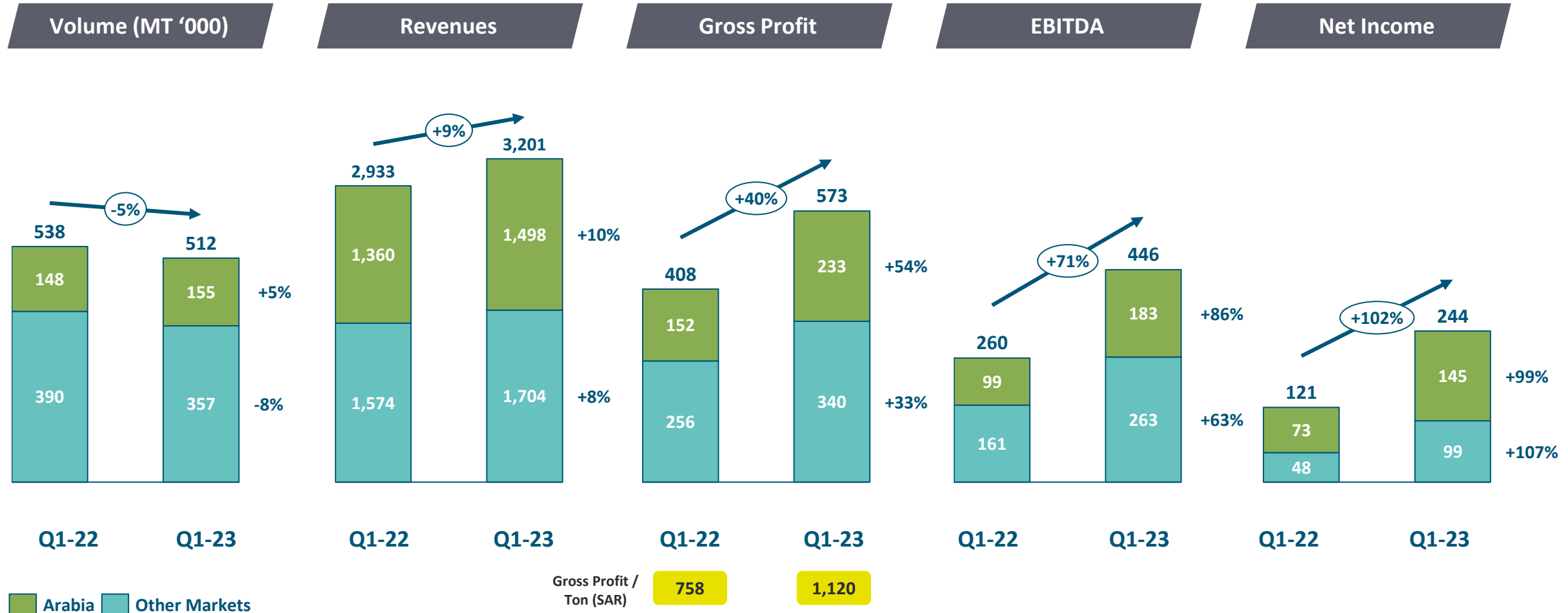
(1) Food Price Index consist of average of 5 commodity group price indices (Meat, Dairy, Cereals, Vegetables oils and Sugar) weighted with average export shares of the groups

(2) Vegetable Oil Price Index consists of an average of 10 different oils weighted with average export trade shares of each oil product (3) Sugar Price Index is an index form of the International Sugar Agreement prices

Note: FAO data rebased as of January 2020, numbers are rounded

# Savola Foods – Oil Segment ANALYSIS

*SAR in millions*



*Strong performance in edible oil segment with Arabia delivering volume growth and enhanced profitability.*

Note:

1) Certain comparative amounts have been reclassified to conform with current year presentation

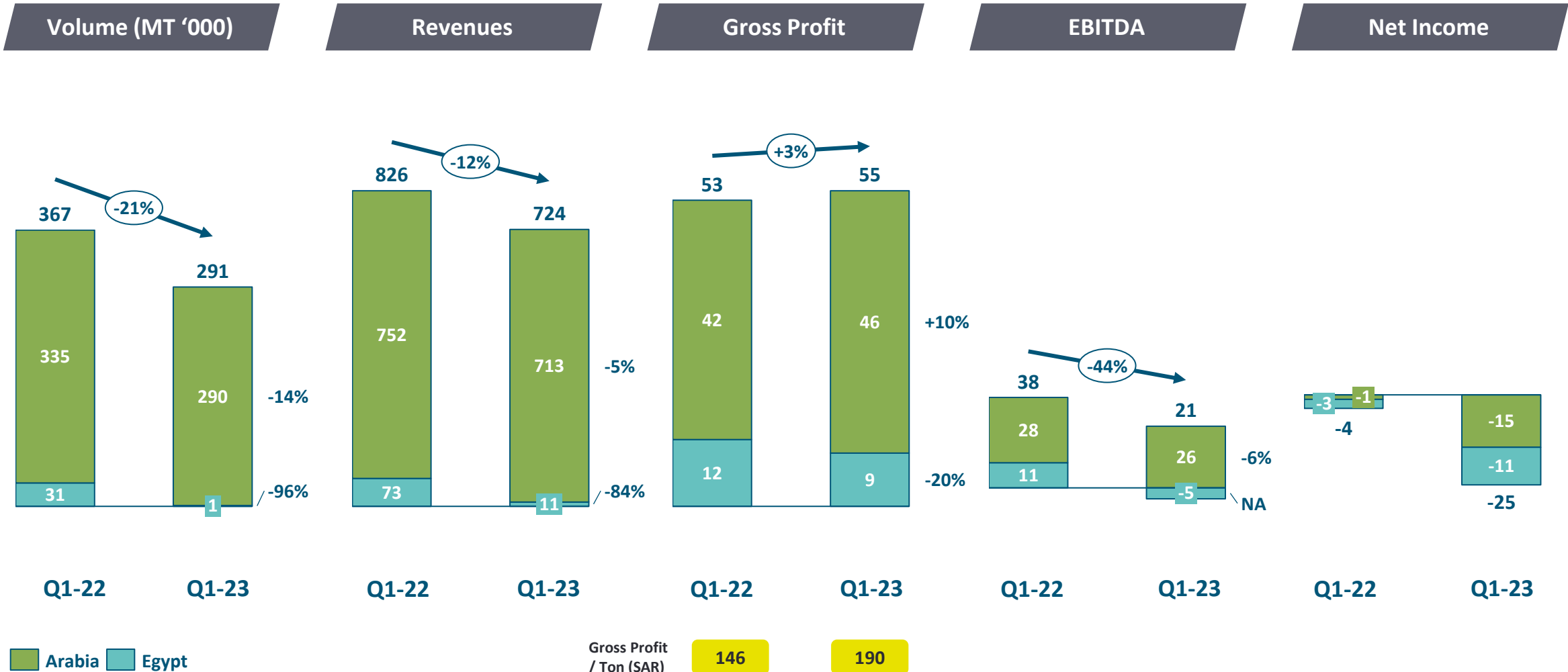
2) Arabia represents GCC and Levant except Turkey

3) Above numbers exclude Morocco results as it was divested in Q1-2

4) All % above refer to growth numbers

# Savola Foods – Sugar Segment Analysis

*SAR in millions*



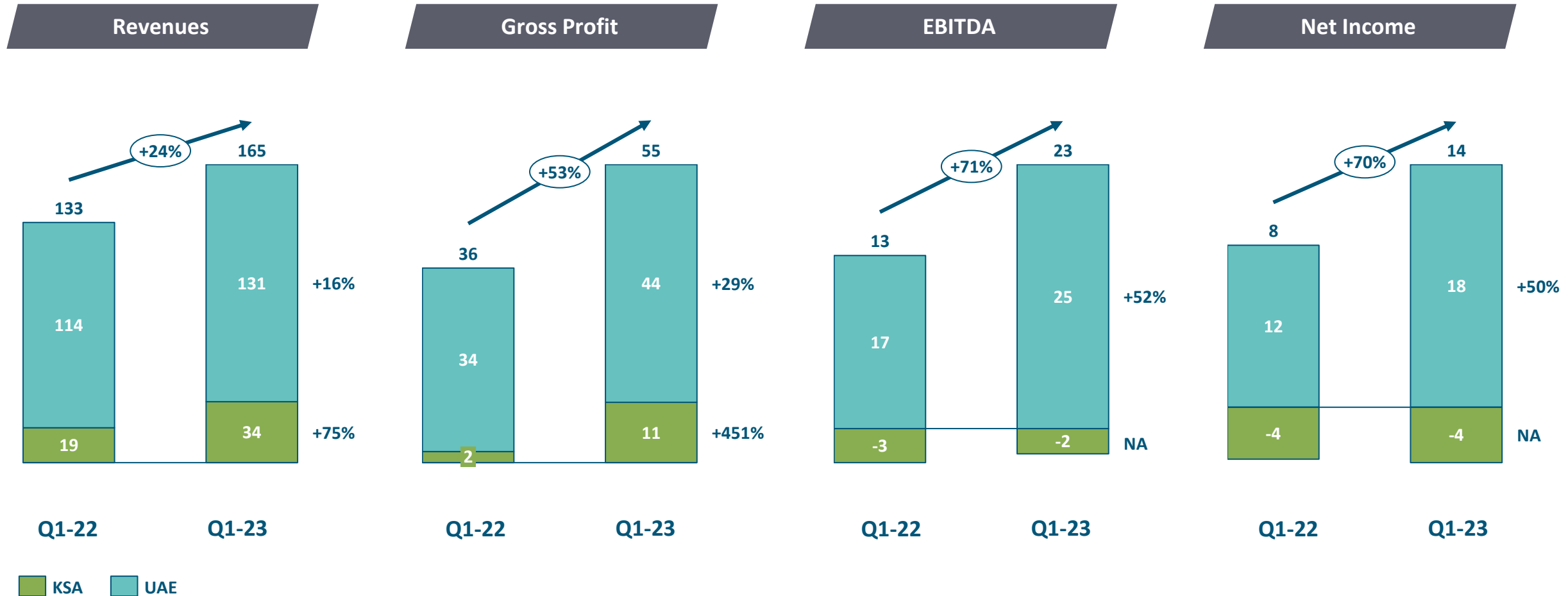
Note:

1) Certain comparative amounts have been reclassified to conform with current year presentation

2) All % above refer to growth numbers

# Savola Foods – Nuts, Spices And Pulses Segment Analysis

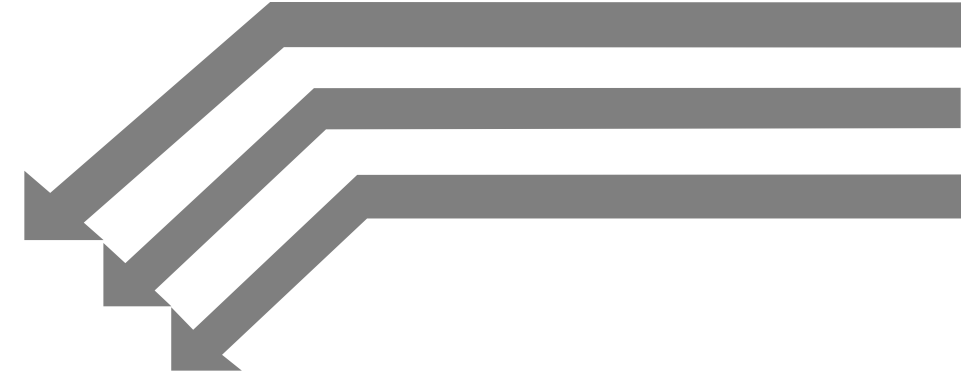
*SAR in millions*



Note:  
 1) All % above refer to growth numbers



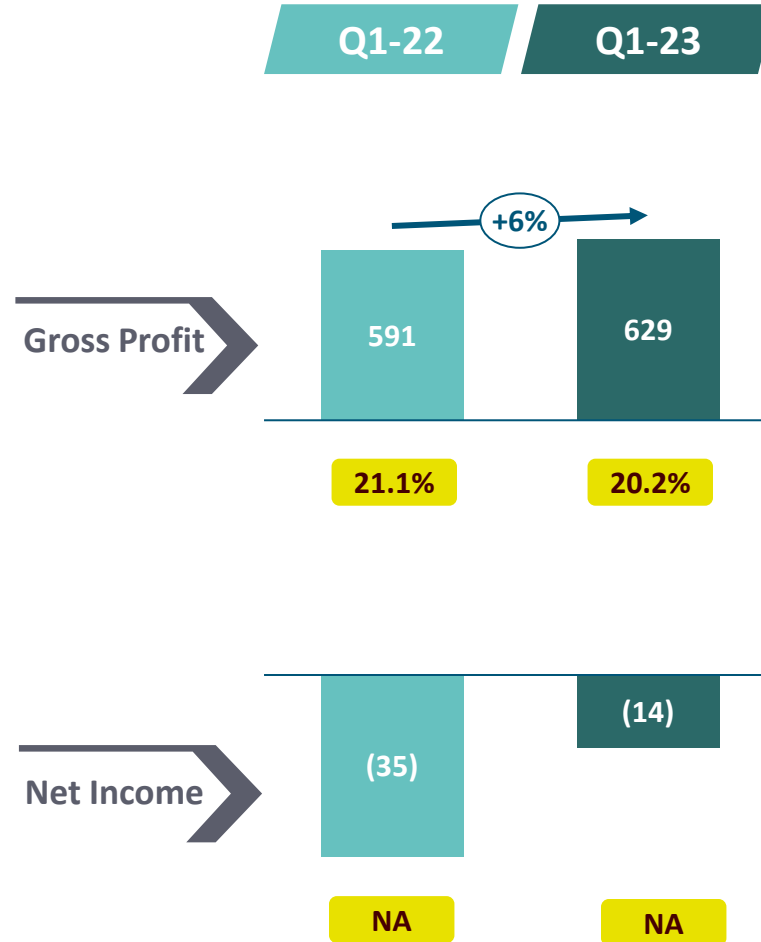
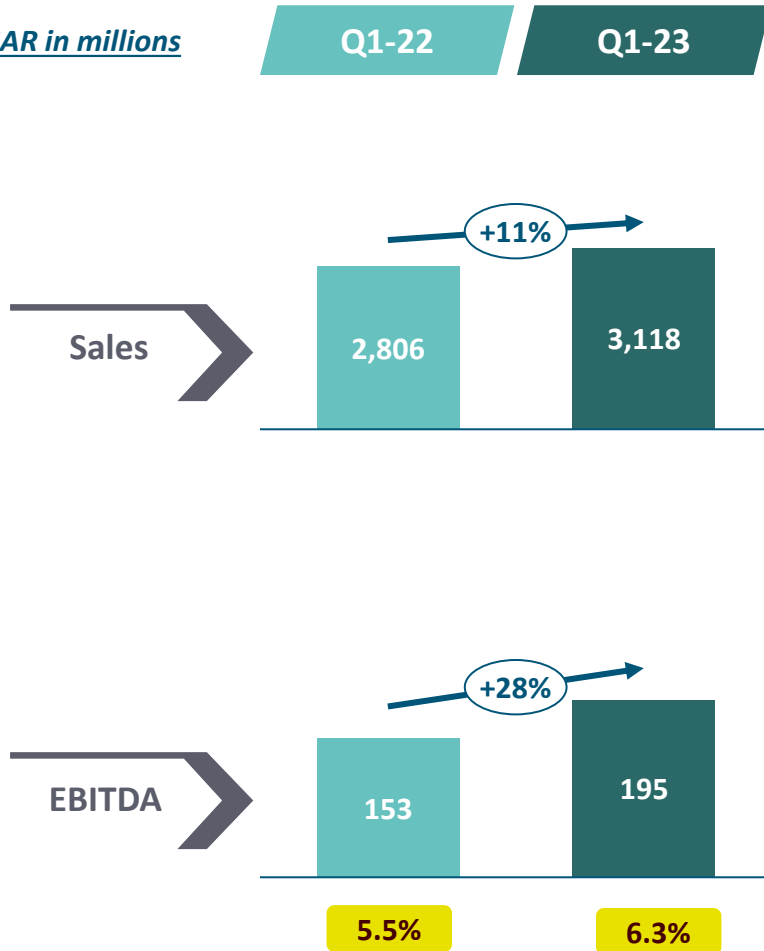
Panda Retail Company



# Panda – Financial Highlights

Margin

SAR in millions

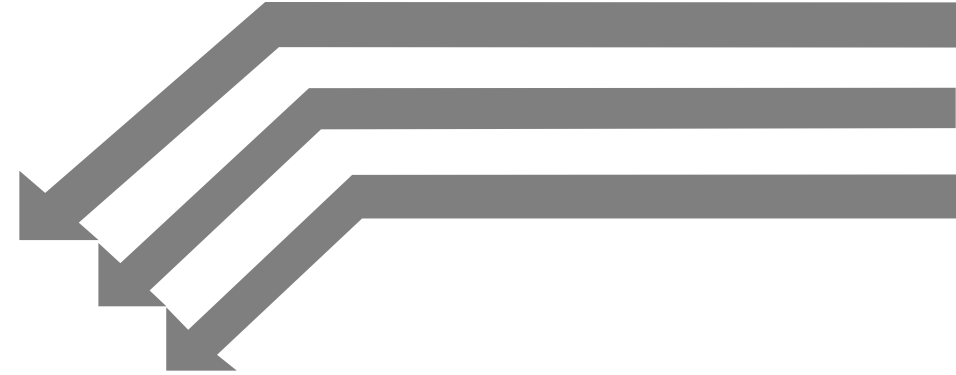


- Growth in topline is driven by higher contribution from Panda's CXR Program and less disruption from CXR works in some of the stores
- While gross profit in absolute terms grew, margin has slightly declined due to active promotions and marketing campaigns during Q1 2023
- LFL sales growth was 16% in Q1'23 compared to the LY, mainly driven by increase in customer count
- EBITDA margin is higher than last year on the back of costs saving initiatives
- Panda recorded a net loss of SAR 14mn during Q1 2023, lower than the loss recorded in during Q1 2022, mainly due to the above-mentioned reasons

# Panda – Number Of Stores



Al Kabeer



# Al Kabeer – Consolidated Financial Highlights

Margin



- Al Kabeer reported healthy performance in Q1'23 with revenues growth and improved profitability margin
- Al Kabeer revenues grew in both its core UAE and KSA markets
- Gross Profit growth is driven by improvement in gross margin due to better sales mix
- Net income registered 12% growth compared to last year

# Q&A



# Financial Summary

# Financials – Q1 2023

(All figures are in SAR millions)

Segment Wise Financials*										
	Q1 - 23					Q1 - 22				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Savola Foods</b>										
Oil										
Arabia**	1,498	233	169	145	183	1,360	152	84	73	99
Other Markets***	1,822	360	260	109	278	1,756	259	139	44	160
<b>Total</b>	<b>3,320</b>	<b>593</b>	<b>429</b>	<b>254</b>	<b>461</b>	<b>3,115</b>	<b>410</b>	<b>223</b>	<b>117</b>	<b>259</b>
Sugar										
KSA	713	46	12	(15)	26	752	42	14	(1)	28
Egypt	11	9	(8)	(11)	(5)	73	12	5	(3)	11
<b>Total</b>	<b>724</b>	<b>55</b>	<b>4</b>	<b>(25)</b>	<b>21</b>	<b>826</b>	<b>53</b>	<b>19</b>	<b>(4)</b>	<b>38</b>
Pasta	167	34	22	15	24	219	41	27	20	30
Nuts, spices and pulses										
UAE	131	44	19	18	25	114	34	13	12	17
KSA	34	11	(3)	(4)	(2)	19	2	(4)	(4)	(3)
<b>Total</b>	<b>165</b>	<b>55</b>	<b>16</b>	<b>14</b>	<b>23</b>	<b>133</b>	<b>36</b>	<b>9</b>	<b>8</b>	<b>13</b>
Emerging Categories****	22	9	2	0	3	34	8	3	1	3
<b>Total Savola Foods</b>	<b>4,398</b>	<b>747</b>	<b>473</b>	<b>258</b>	<b>532</b>	<b>4,328</b>	<b>549</b>	<b>281</b>	<b>143</b>	<b>343</b>
<b>Panda</b>										
KSA	3,079	622	40	(16)	191	2,764	583	14	(36)	149
Egypt	38	7	3	2	4	42	8	2	2	4
<b>Total Panda</b>	<b>3,118</b>	<b>629</b>	<b>43</b>	<b>(14)</b>	<b>195</b>	<b>2,806</b>	<b>591</b>	<b>16</b>	<b>(35)</b>	<b>153</b>
Herfy	275	54	(4)	(13)	38	328	83	36	28	76
Al Kabeer	211	78	27	26	32	184	66	27	23	32
Share of profit from associates	-	-	237	237	237	-	-	200	200	200
HQ/Elimination/Impairments	(188)	(6)	(37)	(100)	(27)	(156)	(3)	(32)	(89)	(23)
<b>Total</b>	<b>7,814</b>	<b>1,502</b>	<b>738</b>	<b>393</b>	<b>1,007</b>	<b>7,489</b>	<b>1,285</b>	<b>529</b>	<b>271</b>	<b>781</b>
<b>Adjustments</b>										
Savola Foods - Gain on Morocco Divestment				(18)					-	
Savola Foods - Afia Custom Duty Refund				(23)					-	
<b>Adjusted Profit</b>				<b>352</b>					<b>271</b>	

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

\*\*Arabia includes GCC and Levant except Turkey

\*\*\* \*Other markets include all markets except Arabia

\*\*\*\* \*Includes Egypt seafood, Central Asia croissant



Thank you