

# Savola Group

Earnings Presentation | Q3 2023

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



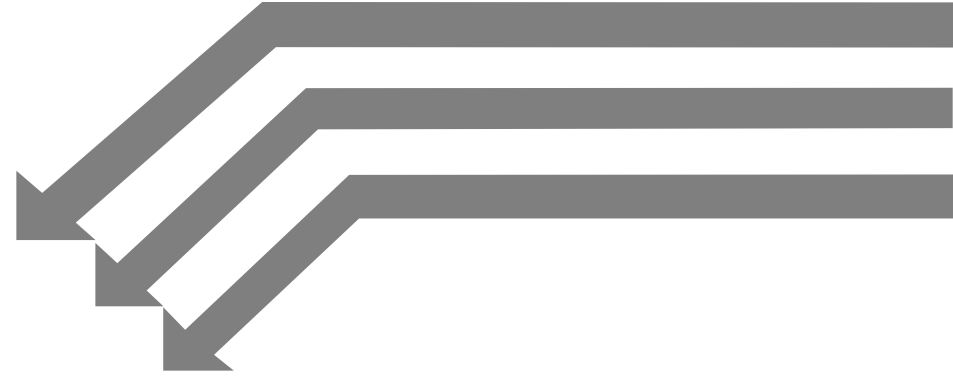
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## Savola Group Key Highlights



# Savola Group – YTD Sep 2023 Highlights

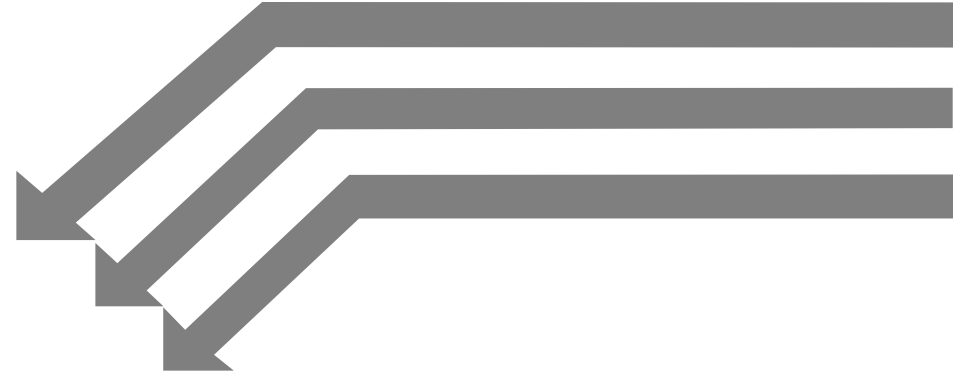
## Resilient Group Performance Continues

- For YTD 2023, Savola Group continued its resilient performance backed by improvement in Panda's results despite challenges in some of Savola Foods' territories and segments
- Panda showed a positive like-for-like (LFL) growth with improved margins which led to a significant decline in loss compared to last year. The CXR program continues to yield positive outcomes in terms of higher sales intensity in completed stores. Q3 2023 net income turned positive
- Savola Foods reported strong operating income, driven by higher contribution margin and better product mix strategies in YTD 2023 period despite drop in sugar segment volumes and rolling contract losses

## Profitability

- Group's gross profit reached SAR 4.1 billion, 10% higher than LY. The margin increased from 17.2% to 20.0% due to improved margins across all managed portfolio companies
- The Group recorded EBITDA of SAR 2.5 billion compared to SAR 2.2 billion last year
- Net income reached SAR 672 million compared to SAR 648 million last year. The increase is primarily attributable to the improved gross margins both in Savola Foods and Panda; partially offset by higher financial charges due to increase in the benchmark interest rates

## Group Financial Highlights



# Savola Group – Consolidated Financial Highlights

Margin

*SAR in millions*



- During Q3 2023, Group sales declined primarily due to lower revenues in Savola Foods, partially offset by the increase in Panda sales
- For YTD Sep 2023, Group reported a YoY decline in sales primarily due to the drop in Savola Foods (decline in volume and pricing along with other factors) partially offset by increase in Panda sales
- Group gross profit increased YoY both in YTD 2023 as well as Q3 2023 due to higher margins both in Savola Foods and Panda

# Savola Group – Consolidated Financial Highlights

Margin

*SAR in millions*

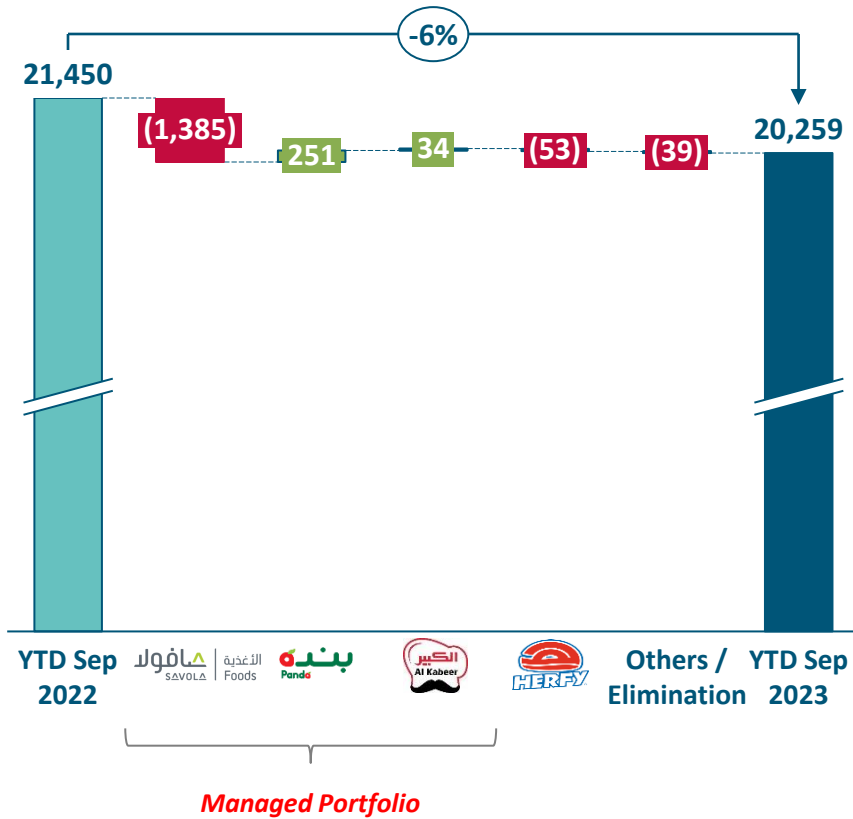


- During Q3 2023, net income witnessed YoY drop mainly due to reduced profits at Savola Foods and share of profit from associates, higher financial and zakat charges. Panda however reported profit in Q3 2023
- However, in YTD 2023 net income grew YoY primarily driven by strong performance in Savola Foods and Panda

# Savola Group – YTD Sep 2023 Revenue & Net Income Bridge By Business

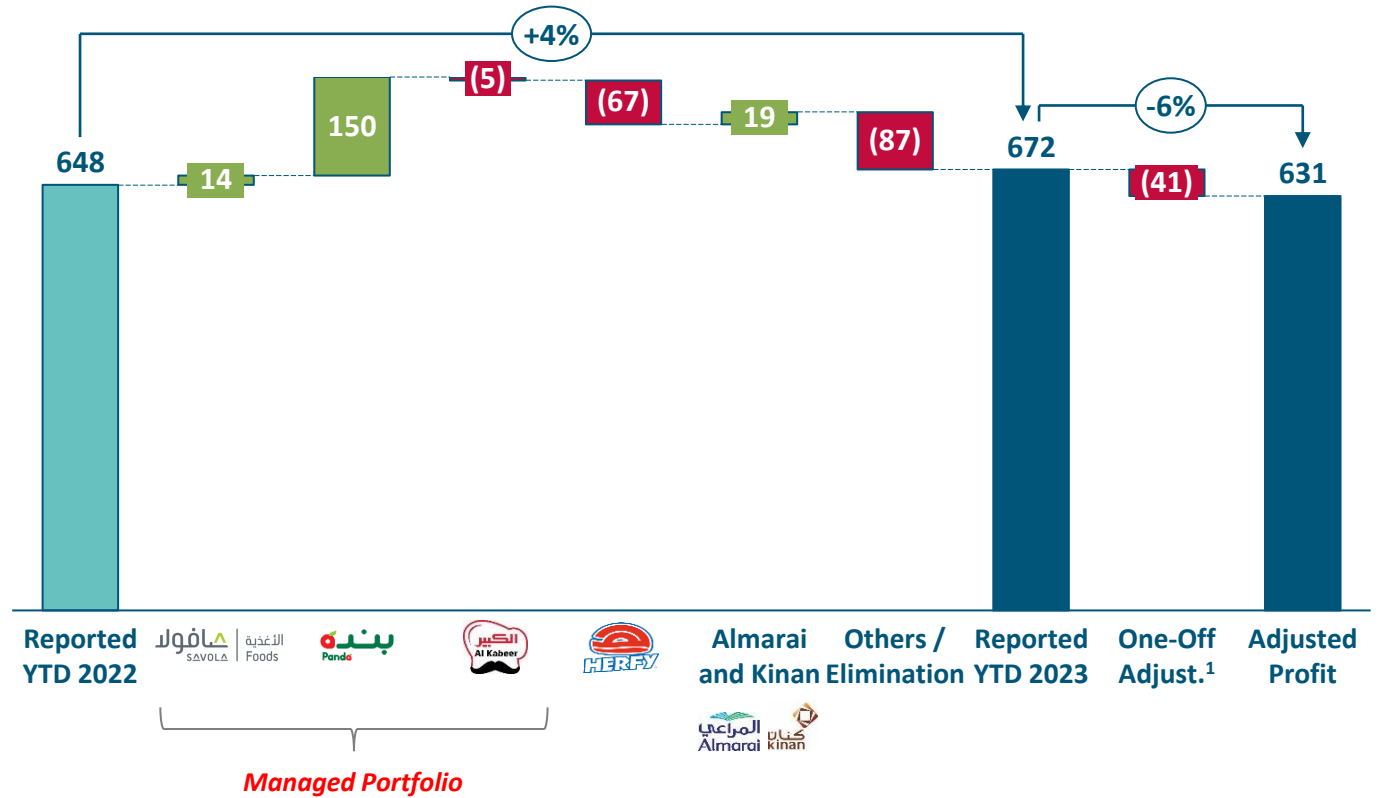
## Revenue Bridge by Business

SAR in millions



## Net Income Bridge by Business

SAR in millions



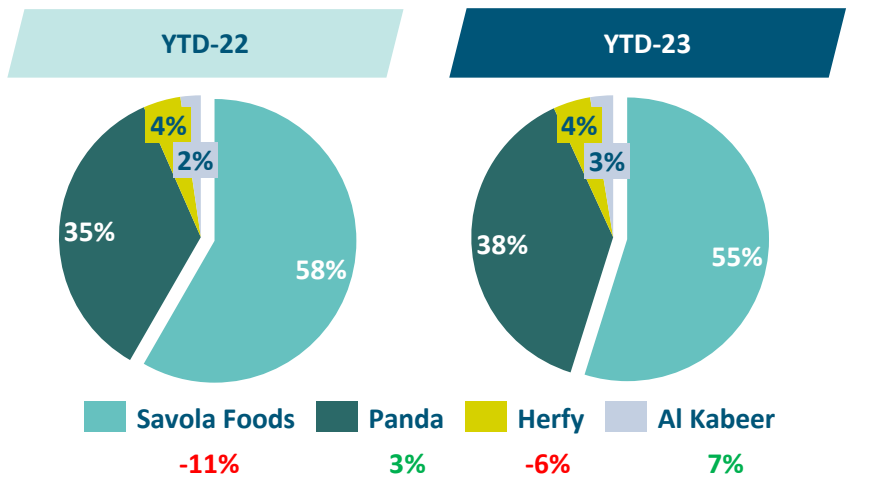
Note:  
1) One-off adjustments include custom duty refund of SAR 23 million and gain on Savola Morocco divestment of SAR 18 million



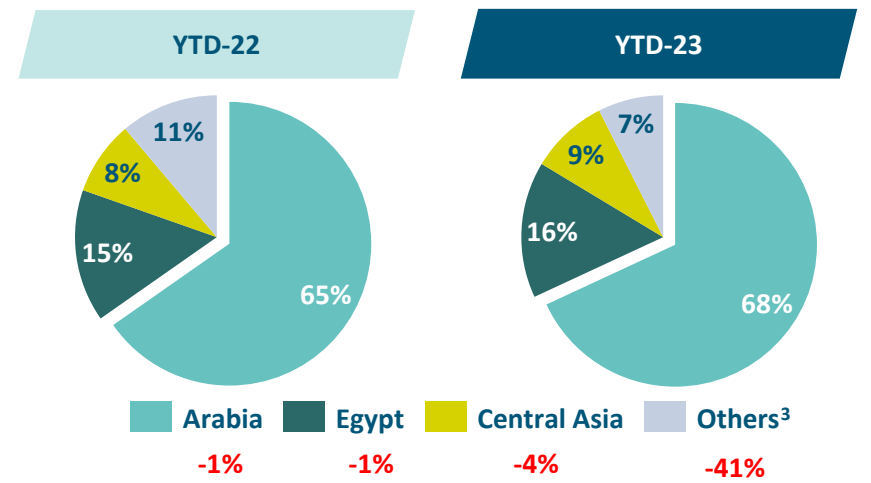
# Group – Revenue Mix, Net Debt & Capex

SAR in millions

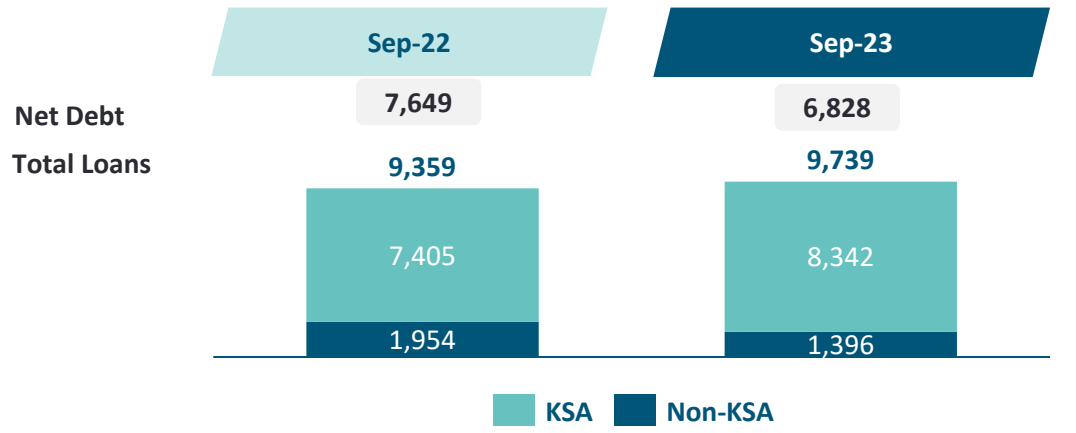
Revenue by Business<sup>1</sup>



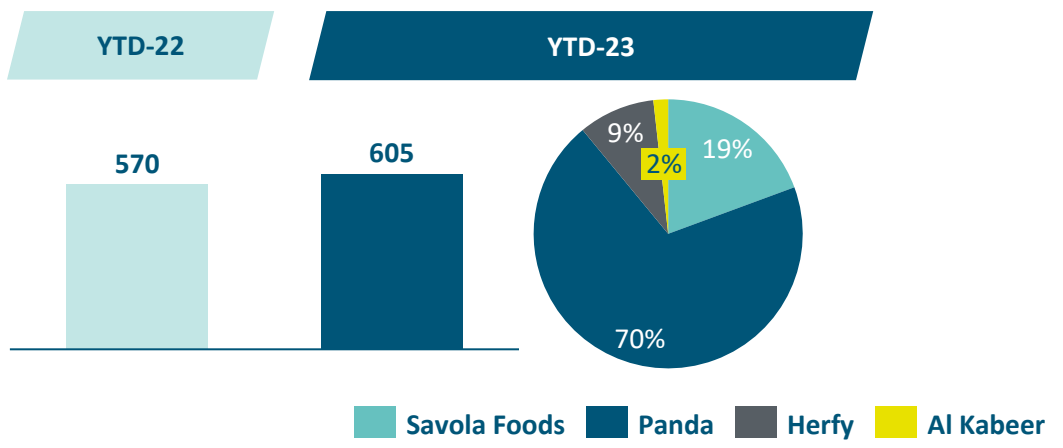
Revenue by Geography



Loans and Net Debt<sup>2</sup>



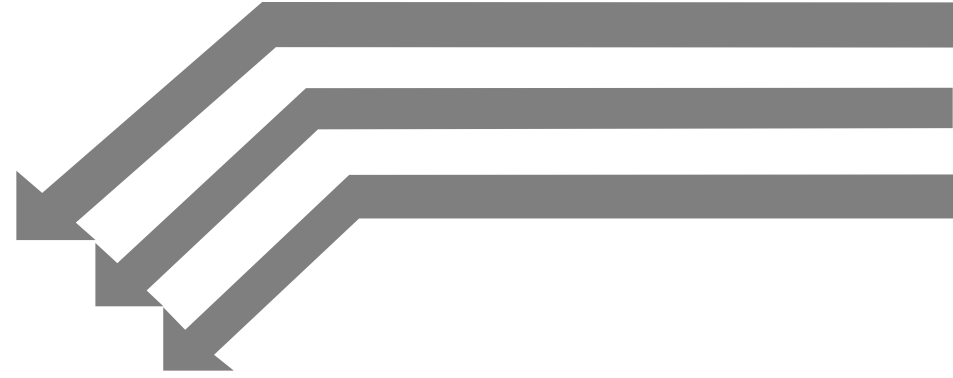
CAPEX



Note 1) Revenue breakdown is based on gross sales  
 2) Net debt excludes lease liabilities  
 3) Others impacted due to the loss of sales from Morocco exit and suspension of operations in Sudan

Note: numbers are rounded

## Savola Foods Company



# Savola Foods – Consolidated Financial Highlights

Margin

*SAR in millions*

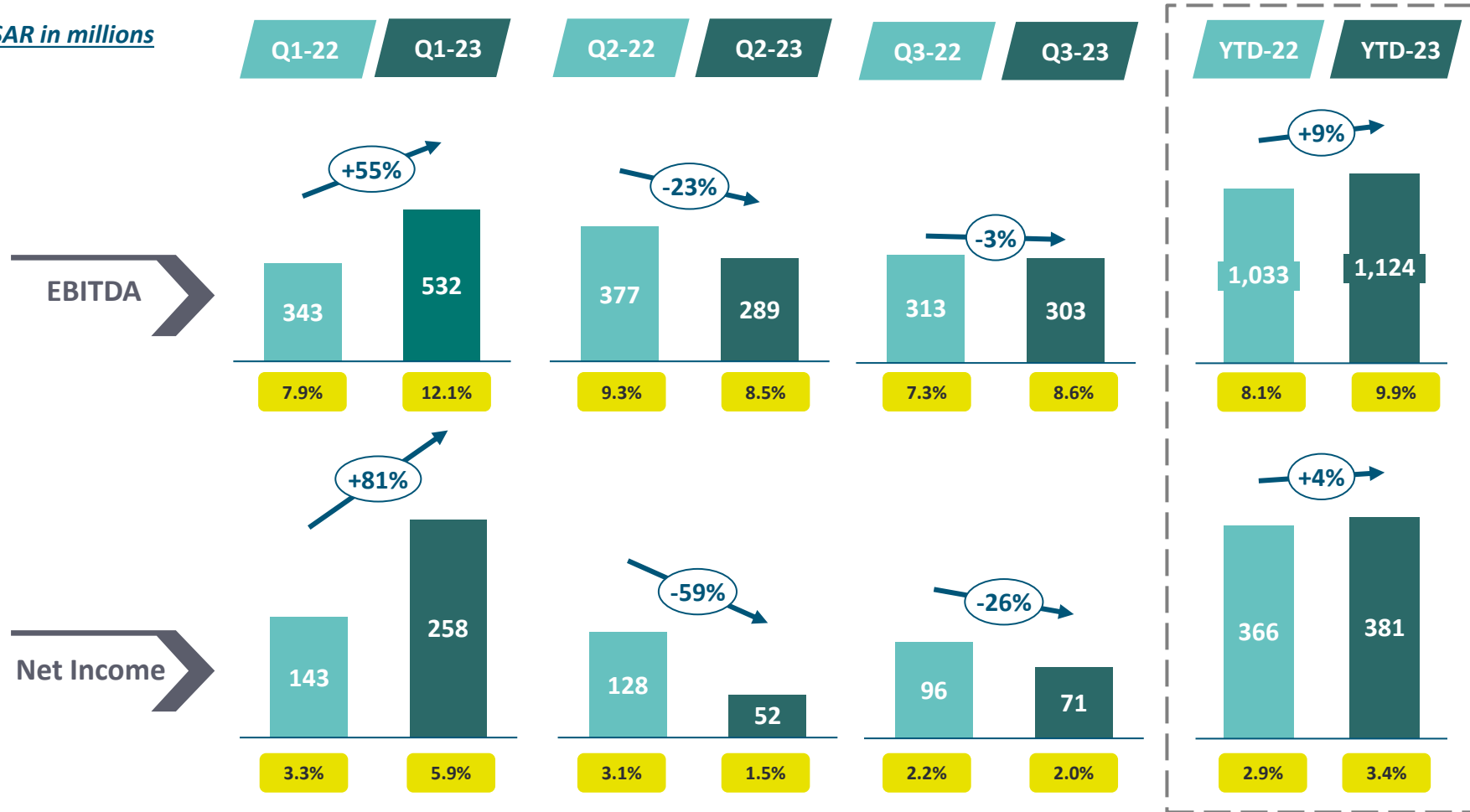


- During Q3 2023, Savola Foods sales declined primarily due to lower edible oil pricing
- In YTD 2023, Savola Foods sales dropped due to :
  - Lower edible oil pricing,
  - Challenges in sourcing FX in certain markets
  - Lower volumes in the sugar segment,
  - Morocco exit, and
  - Temporary suspension of operations in Sudan
- Gross profit improved YoY both in YTD 2023 and Q3 2023 due to higher contribution margin

# Savola Foods – Consolidated Financial Highlights

Margin

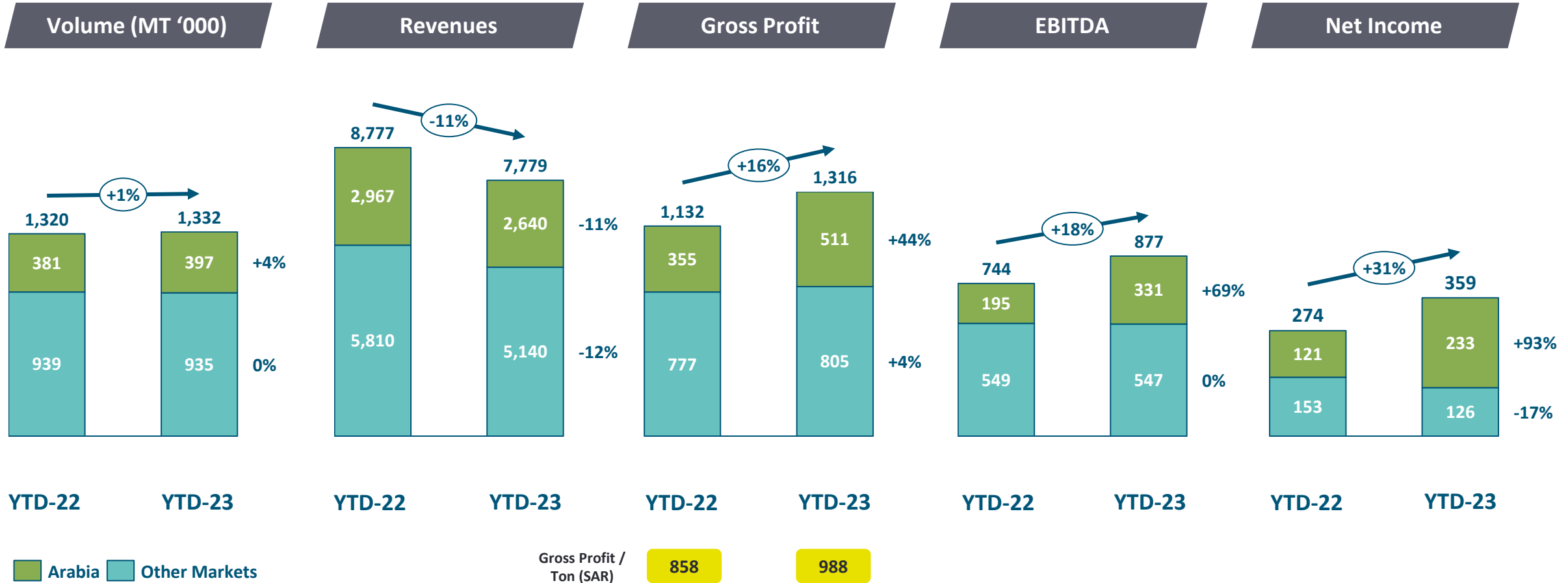
*SAR in millions*



- Q3 2023 EBITDA has remained flat due to increase in loss from associate (USC Egypt)
- Drop in Savola Food's net income in Q3 2023 was mainly due to higher financial charges and tax expenses

# Savola Foods – Oil Segment Analysis

SAR in millions

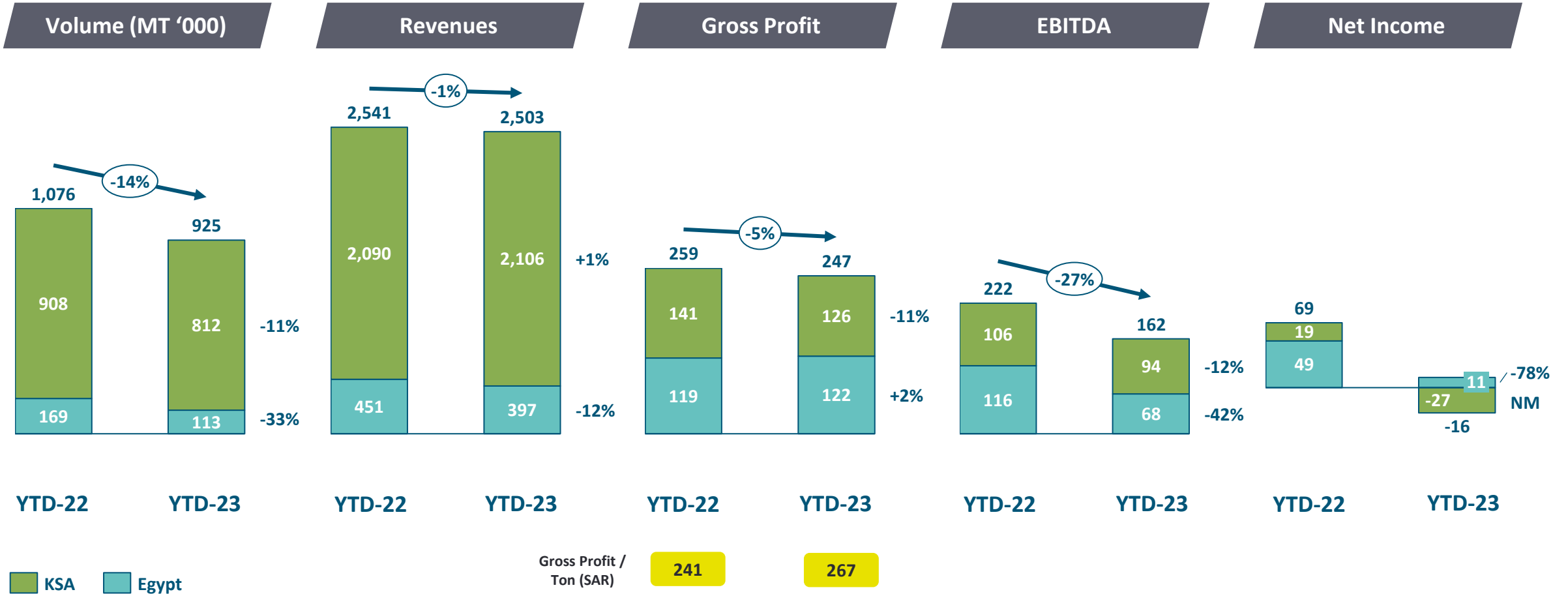


**Strong performance in edible oil segment with Arabia delivering strong profitability on the back of higher contribution margin**

Note:  
 1) Certain comparative amounts have been reclassified to conform with current year presentation  
 2) Arabia represents GCC and Levant  
 3) Other markets exclude Morocco from YTD -22 and YTD-23, as it was divested in Q1-2023  
 4) For Sudan Operation; Revenues (YTD 2022: SAR 559 million; YTD 2023: SAR 171 million) Net income (YTD 2022: SAR 11 million; YTD 2023: SAR -28 million)  
 5) All % above refer to growth numbers

# Savola Foods – Sugar Segment Analysis

SAR in millions



Sugar profitability is impacted by drop in volumes, higher financial charges and rolling contract losses

Note:

- 1) Certain comparative amounts have been reclassified to conform with current year presentation
- 2) Drop in EBITDA is due to losses from USC Egypt
- 3) All % above refer to growth numbers

Note: numbers are rounded

# Savola Foods – Nuts, Spices And Pulses Segment Analysis

*SAR in millions*

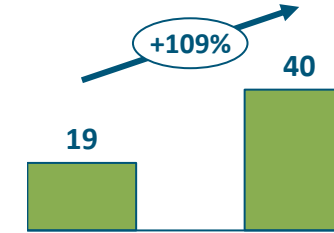
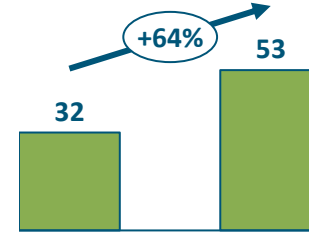
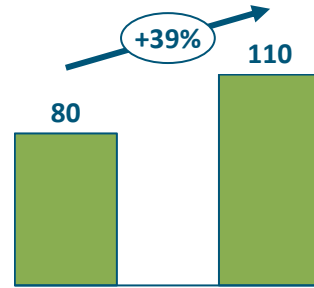
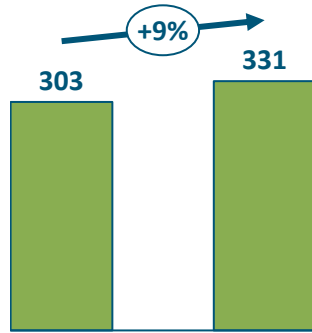
Revenues

Gross Profit

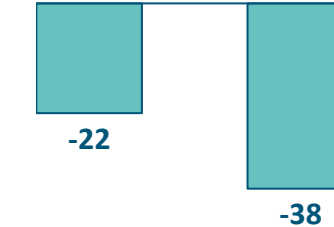
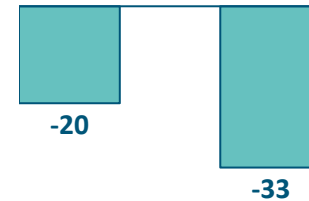
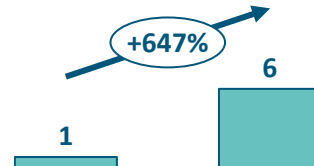
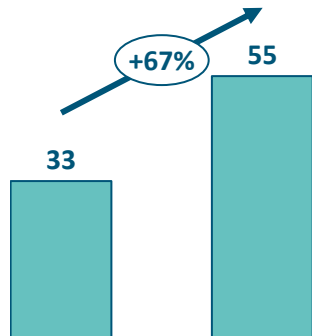
EBITDA

Net Income

UAE



KSA  
(Relaunch Segment)



YTD-22 YTD-23

YTD-22 YTD-23

YTD-22 YTD-23

YTD-22 YTD-23

- Bayara UAE continued to perform well and registered solid growth YoY. Net Income doubled during the period mainly due to the better pricing strategy and reduced operating expenses

- Bayara KSA continues to build and ramp up the operations. It reported higher losses compared to LY as we continue to invest in KSA operations

Note:  
1) All % above refer to growth numbers

# Savola Foods – YTD Sep 2023 Key Takeaways

## Highlights

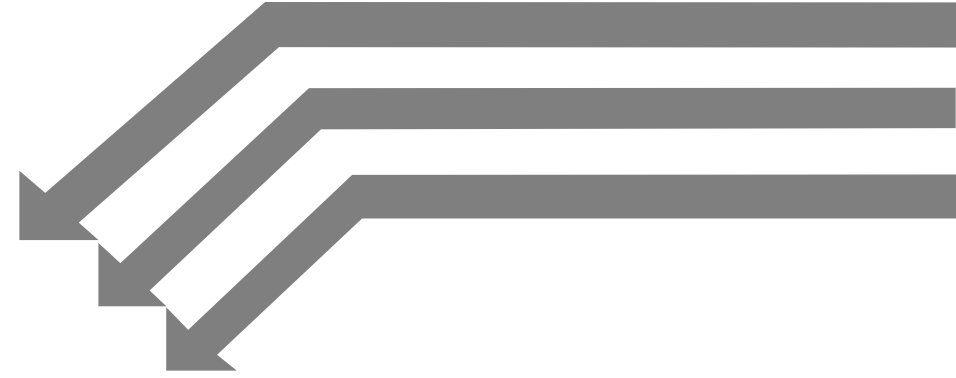
- **Strong performance in the edible oil segment** with volume growth in core Arabia (esp. B2B) and Egypt markets (both B2B and B2C)
- Increased profitability in the oil segment backed by **higher contribution margin** with lower commodity prices and better pricing and product strategy
- **Bayara UAE demonstrating growth and consistent performance** with strong growth in profitability (net income doubled between YTD Sep 2022 and YTD Sep 2023)

## Challenges

- Egypt **sugar segment performance is impacted** by devaluation, financial charges, regulatory intervention, and increased competition
- Lack of **foreign exchange availability is impacting supplies** in outside Arabia markets
- Temporary **suspension of operations in Sudan** due to ongoing conflict
- **Bayara KSA losses** due to continued investments to ramp up the business



## Panda Retail Company



# Panda – Consolidated Financial Highlights

Margin

*SAR in millions*



- For Q3 period, revenue growth was driven by the completed CXR stores. Panda's LFL for Q3 is 6%
- YTD 2023 revenue growth was also driven by the growth from completed CXR stores and strong performance in the back-to-school season in Q3
- YTD 2023 performance is showing positive LFL growth at 7%
- Gross profit improved in Q3 and YTD periods on the back of higher gross margin due to positive CXR impact

# Panda – Consolidated Financial Highlights

Margin

*SAR in millions*

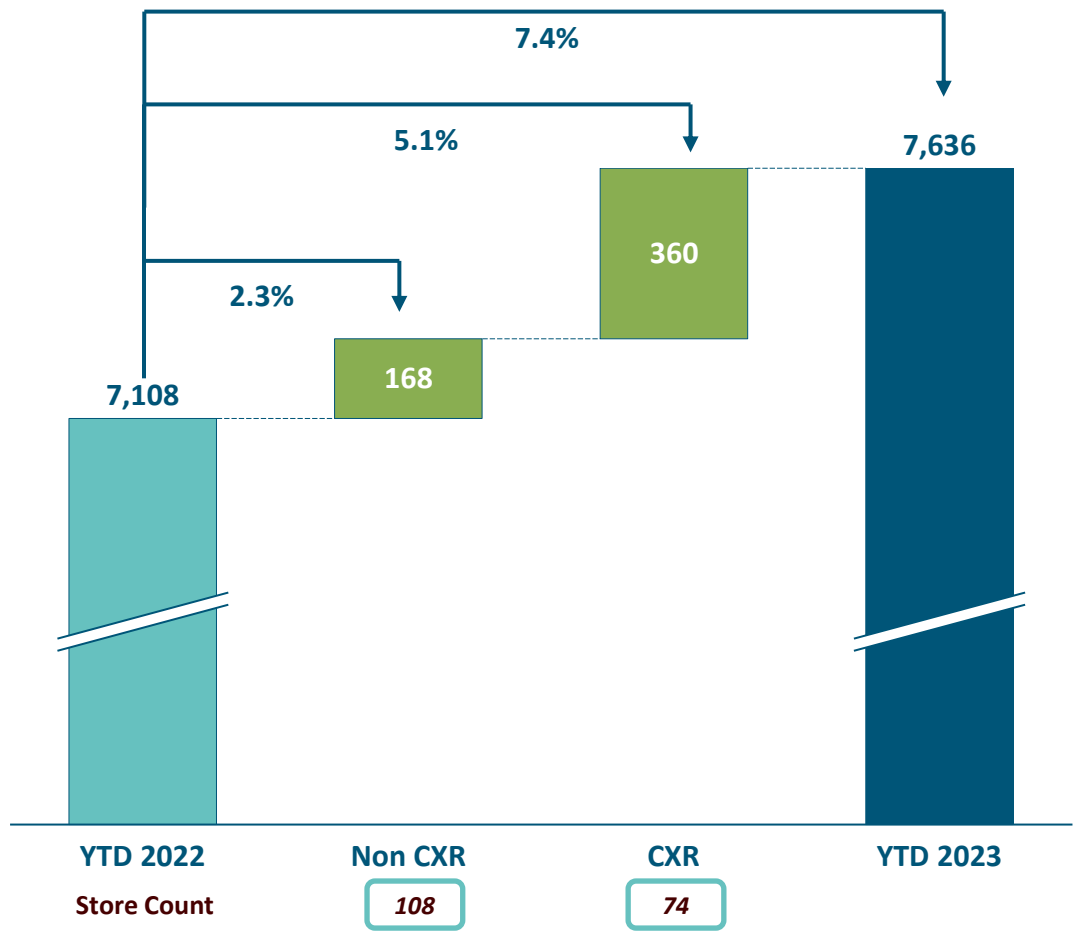


- EBITDA has grown YTD on the back of higher gross margins and cost optimization
- During Q3 2023, Panda posted net income of SAR 15 million, mainly driven by growth in sales and higher gross margins
- Overall, YTD profitability improved significantly YoY due to above mentioned reasons

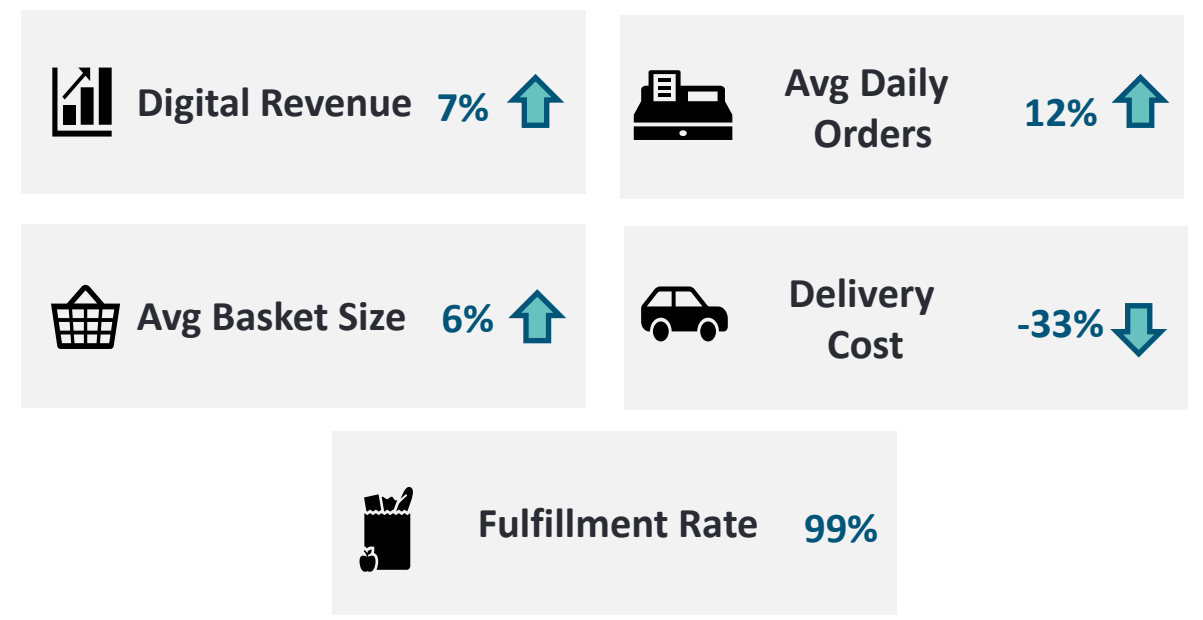
# Panda CXR and Digital Platform Performance

## Panda CXR

SAR in millions



## Panda Click



Note: Numbers exclude Egypt, digital channels and bulk sales

# Panda – Number of Stores

## Super



## Hyper



## Total



Note: 182 Stores KSA and 5 in Egypt

# Panda – CXR Revamp Store

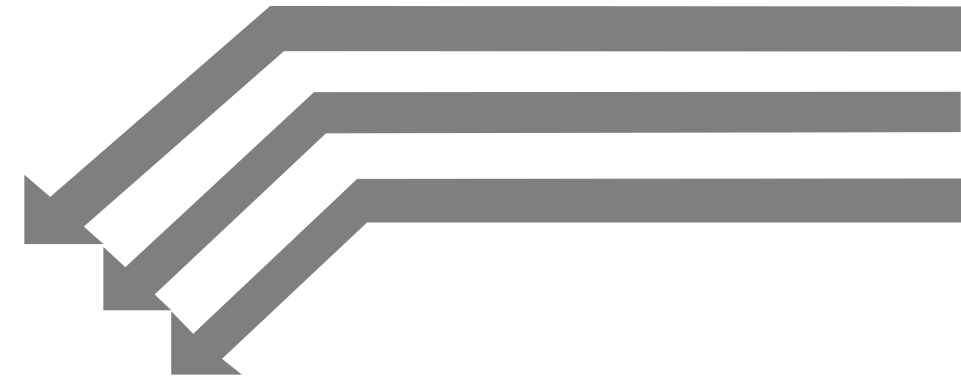


# Panda – YTD Sep 2023 Key Takeaways

## Highlights

- **Positive results** from the completed CXR stores with **noticeable contribution to revenue and gross profits**
- **Cost optimization across the organization** during 2023 with **plans of further improvements**
- **Panda turned profitable from core operations** in Q3 with positive momentum and trajectory
- **New stores rollout** expected by **Q1 2024** with **6 new additions**
- Rolling-out **CXR wave 4 with 15 stores commencing in Q4 2023**, based on the performance of previous waves
- **Savola Group acquired** the minority stake of **Panda** for **SAR 60 million**

Al Kabeer

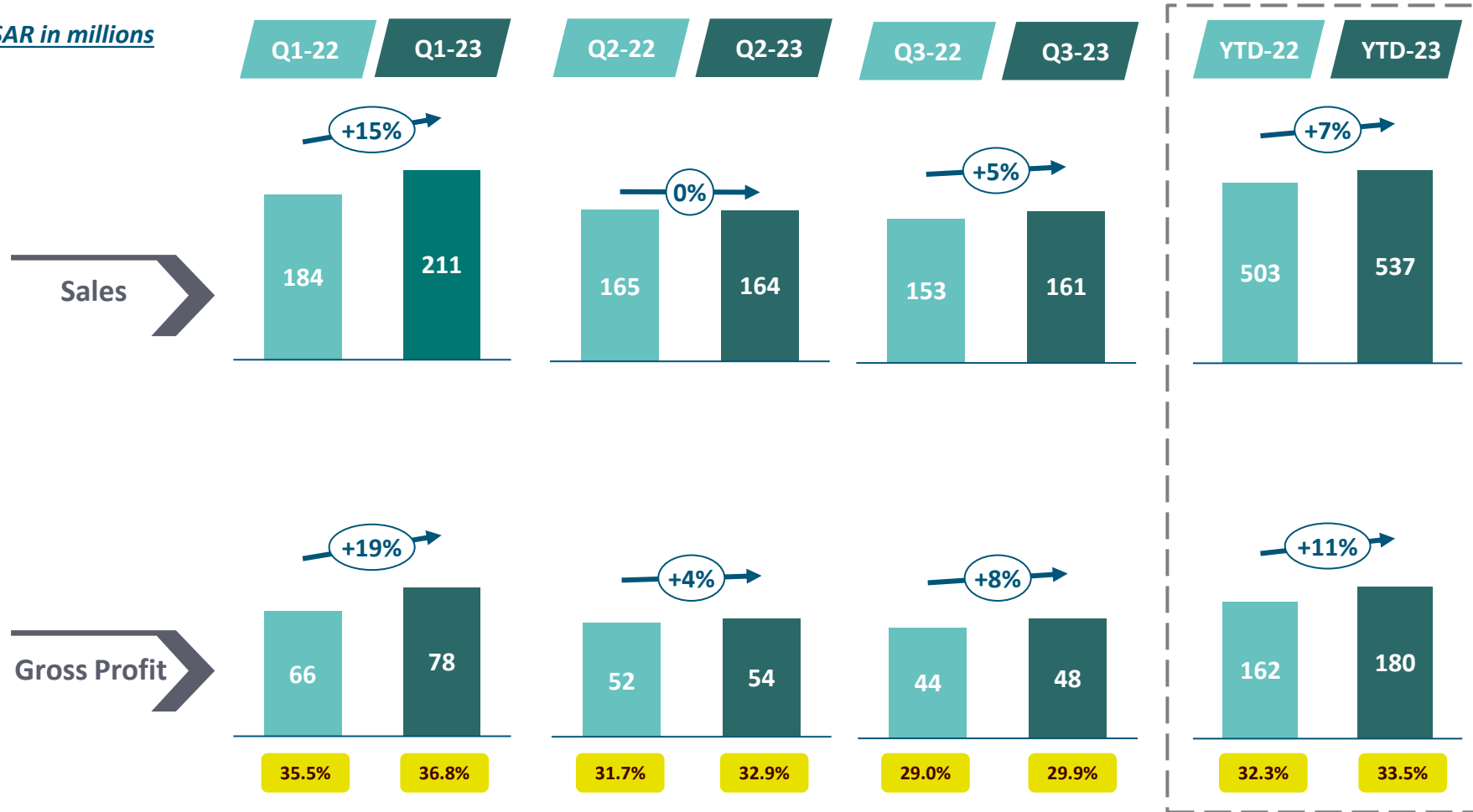




# Al Kabeer – Consolidated Financial Highlights

Margin

*SAR in millions*



- During Q3 2023 and YTD 2023, Al Kabeer sales increased, and gross profit grew mainly due to lower input costs and a better sales mix
- Both its core markets of KSA and UAE saw YoY growth led by better performance from modern trade and HORECA channels

# Al Kabeer – Consolidated Financial Highlights

Margin

*SAR in millions*



- EBITDA dropped by 6% in Q3 2023 YoY, mainly due to higher operating costs
- Al Kabeer continues to invest in brand building and marketing efforts
- The segment is witnessing increased competition from existing and new players in both KSA and UAE markets

# Al Kabeer Rebranding and Repackaging Activities

## New Logo And Branding Launch



*Riyadh Boulevard  
Launch on  
10.11.2023*

## Consumer Engagement Activities



## New Packaging



## New Product Launch



Stuffed Felafl



Zing Chicken Fillets Non-Spicy

## Highlights

- Working successfully towards **KSA self-sufficiency** consistent with the Kingdom's effort to be self sufficient in the protein space
- **Decline in input prices** benefiting gross margin
- **Rebranding** under new logo with **new packaging** generating renewed consumer engagement and interest
- Investment in corporate institutionalization, marketing efforts and product innovations

## Challenges

- **Frequently changing regulatory** environment
- **Increasing competitive intensity** from both existing and new players in both KSA and UAE leading to price competition and increased promotions (esp. in chicken category)

# Q&A

# Financial Summary

Segment Wise Financials <sup>1</sup>										
	YTD 2023					YTD 2022				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Savola Foods</b>										
Oil										
Arabia <sup>2</sup>	2,640	511	288	233	331	2,967	355	151	121	195
Other Markets <sup>3</sup>	5,258	826	501	135	562	6,272	783	473	147	546
<b>Total</b>	<b>7,898</b>	<b>1,336</b>	<b>789</b>	<b>368</b>	<b>892</b>	<b>9,239</b>	<b>1,138</b>	<b>624</b>	<b>268</b>	<b>742</b>
Sugar										
KSA	2,106	126	52	(27)	94	2,090	141	66	19	106
Egypt	397	122	57	11	68	451	119	99	49	116
<b>Total</b>	<b>2,503</b>	<b>247</b>	<b>109</b>	<b>(16)</b>	<b>162</b>	<b>2,541</b>	<b>259</b>	<b>165</b>	<b>69</b>	<b>222</b>
Pasta	411	55	23	14	29	431	71	27	19	35
Nuts, spices and pulses										
UAE	331	110	41	40	53	303	80	21	19	32
KSA	55	6	(36)	(38)	(33)	33	1	(22)	(22)	(20)
<b>Total</b>	<b>386</b>	<b>116</b>	<b>5</b>	<b>2</b>	<b>20</b>	<b>336</b>	<b>80</b>	<b>(1)</b>	<b>(3)</b>	<b>13</b>
Emerging Categories <sup>4</sup>	114	39	19	12	21	150	42	21	14	21
<b>Total Foods</b>	<b>11,312</b>	<b>1,795</b>	<b>945</b>	<b>381</b>	<b>1,124</b>	<b>12,697</b>	<b>1,591</b>	<b>836</b>	<b>366</b>	<b>1,033</b>
<b>Panda</b>										
KSA	7,776	1,859	115	(27)	579	7,523	1,693	(49)	(176)	363
Egypt	119	23	6	4	12	121	24	5	3	11
<b>Total Retail</b>	<b>7,895</b>	<b>1,882</b>	<b>122</b>	<b>(22)</b>	<b>591</b>	<b>7,644</b>	<b>1,716</b>	<b>(44)</b>	<b>(173)</b>	<b>374</b>
Herfy	876	209	29	3	160	929	216	90	70	209
Al Kabear	537	180	46	41	63	503	162	53	46	68
Share of profit from associates	-	-	597	597	597	-	-	578	578	578
HQ/Elimination/Impairments	(362)	(7)	(106)	(327)	(79)	(323)	(3)	(84)	(239)	(58)
<b>Total</b>	<b>20,259</b>	<b>4,059</b>	<b>1,632</b>	<b>672</b>	<b>2,455</b>	<b>21,450</b>	<b>3,682</b>	<b>1,429</b>	<b>648</b>	<b>2,205</b>
<b>Adjustments</b>										
Savola Foods - Gain on Morocco Divestment				(18)					-	
Savola Foods - Afia Custom Duty Refund				(23)					-	
<b>Adjusted Profit</b>				<b>631</b>					-	

<sup>1</sup> All the numbers are rounded for the purpose of presentation and have been represented under different categories after inter-segment elimination and reclassification

<sup>2</sup> Arabia includes GCC and Levant

<sup>3</sup> Other markets include all markets except Afia Arabia and IFI Speciality Fats

<sup>4</sup> Includes seafood and Central Asia bakery

<sup>5</sup> Certain comparative amount have been reclassified to conform with current year presentation

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<b>Savola Foods</b>										
Oil										
Arabia <sup>2</sup>	746	118	36	22	50	954	88	31	21	46
Other Markets <sup>3</sup>	1,509	270	162	48	185	2,237	255	155	54	187
<b>Total</b>	<b>2,255</b>	<b>388</b>	<b>198</b>	<b>70</b>	<b>235</b>	<b>3,190</b>	<b>344</b>	<b>186</b>	<b>74</b>	<b>233</b>
Sugar										
KSA	787	54	36	7	51	663	62	40	23	54
Egypt	196	37	(2)	(10)	2	170	27	14	1	19
<b>Total</b>	<b>983</b>	<b>90</b>	<b>34</b>	<b>(3)</b>	<b>52</b>	<b>833</b>	<b>89</b>	<b>54</b>	<b>25</b>	<b>73</b>
Pasta	130	14	2	1	4	117	17	3	2	5
Nuts, spices and pulses										
UAE	98	34	13	13	17	90	23	4	3	8
KSA	13	(1)	(15)	(16)	(14)	14	(3)	(12)	(12)	(11)
<b>Total</b>	<b>112</b>	<b>33</b>	<b>(2)</b>	<b>(3)</b>	<b>3</b>	<b>103</b>	<b>21</b>	<b>(8)</b>	<b>(9)</b>	<b>(3)</b>
Emerging Categories <sup>4</sup>	36	18	8	6	9	56	11	5	3	5
<b>Total Foods</b>	<b>3,516</b>	<b>544</b>	<b>240</b>	<b>71</b>	<b>303</b>	<b>4,300</b>	<b>481</b>	<b>240</b>	<b>96</b>	<b>313</b>
<b>Panda</b>										
KSA	2,436	630	66	13	229	2,365	550	(20)	(66)	121
Egypt	43	8	2	2	4	42	8	1	1	3
<b>Total Retail</b>	<b>2,479</b>	<b>638</b>	<b>68</b>	<b>15</b>	<b>233</b>	<b>2,408</b>	<b>558</b>	<b>(19)</b>	<b>(66)</b>	<b>124</b>
Herfy	313	83	20	11	64	310	68	28	21	66
Al Kabeer	161	48	7	6	13	153	44	9	8	14
Share of profit from associates	-	-	169	169	169	-	-	186	186	186
HQ/Elimination/Impairments	(119)	(3)	(41)	(123)	(32)	(98)	(2)	(30)	(81)	(21)
<b>Total</b>	<b>6,351</b>	<b>1,310</b>	<b>462</b>	<b>147</b>	<b>749</b>	<b>7,072</b>	<b>1,149</b>	<b>414</b>	<b>164</b>	<b>682</b>

<sup>1</sup> All the numbers are rounded for the purpose of presentation and have been represented under different categories after inter-segment elimination and reclassification

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Thank you