

# Savola Group

Earnings Presentation | Q1 2022

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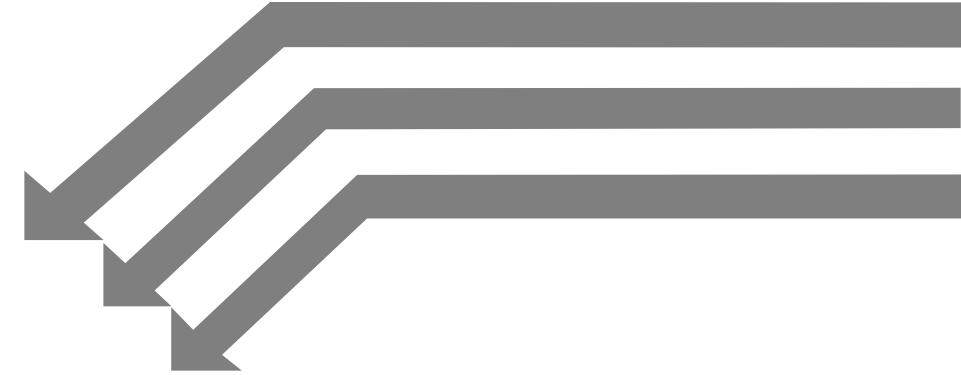
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## 1. Group Key Financial Highlights

## 2. Performance by Segment



# GROUP - HIGHLIGHTS

## Business Highlights

- During Q1 2022, Savola Group witnessed YoY improvement in revenues across all business segments; driven by:
  - Foods segment witnessed increases in prices in response to higher commodity prices and continued B2B volume growth
  - Retail segment showed topline growth compared to last year and witnessed YoY decline in losses
  - Food service segment continued to grow YoY both in top line and bottom line

## Revenues

- Savola Group recorded 25.8% growth in topline driven by ~49% growth in the foods segment and ~3% growth in retail segment
- Growth in foods segment was largely driven by edible oil category in KSA and Egypt as a result of increase in volumes and prices

## Profitability

- The Group recorded EBITDA of SAR 781mn in Q1 2022 compared to SAR 641mn last year
- Net Income reached SAR 271mn in Q1 2022 compared to SAR 154mn last year (+76% growth) primarily attributable to higher net income in foods segment, lower losses in retail segment and higher share of income from associates

# GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

Margin

SAR in millions



- Group reported YoY growth due to:
  - Higher prices and continued growth of B2B channel in the foods segment
  - YoY growth in retail segment driven by earlier Ramadan season
  - Growth in foodservice segment
  
- Overall YoY lower gross margins due to higher competition in retail and the cost increases

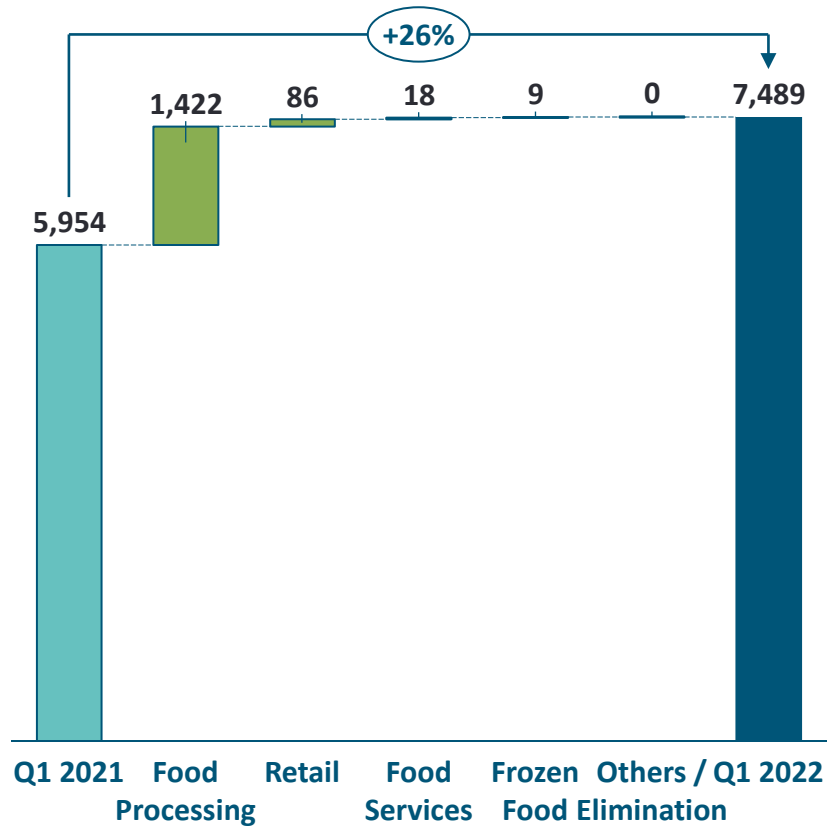
\*In Q1 2021, Savola Foods provisioned SAR 23 million in emerging markets

Note: numbers are rounded

# GROUP – Revenue & Net Income Bridge by Business

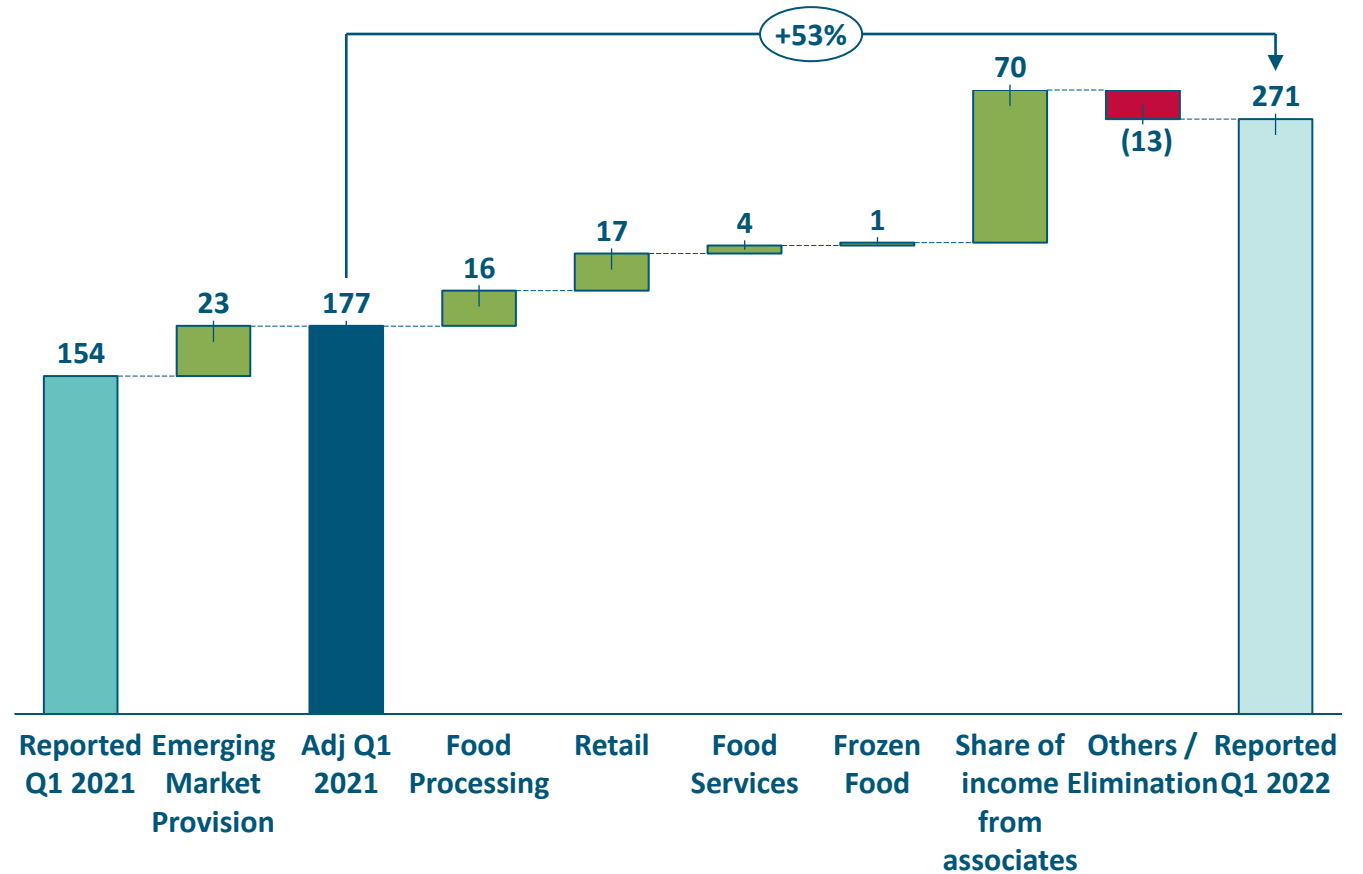
## Revenue Bridge by Business

*SAR in millions*



## Net Income Bridge by Business\*

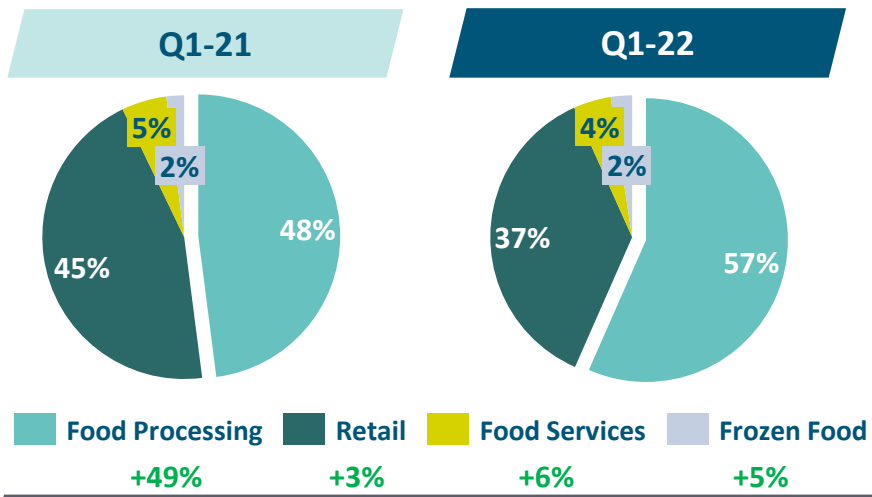
*SAR in millions*



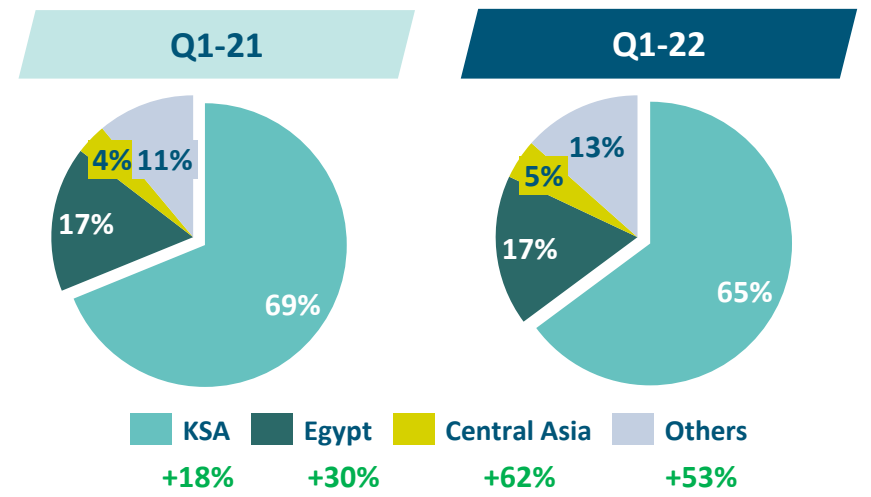
\* Excluding one offs of each businesses segment which are shown separately

# GROUP – REVENUE MIX, NET DEBT & CAPEX

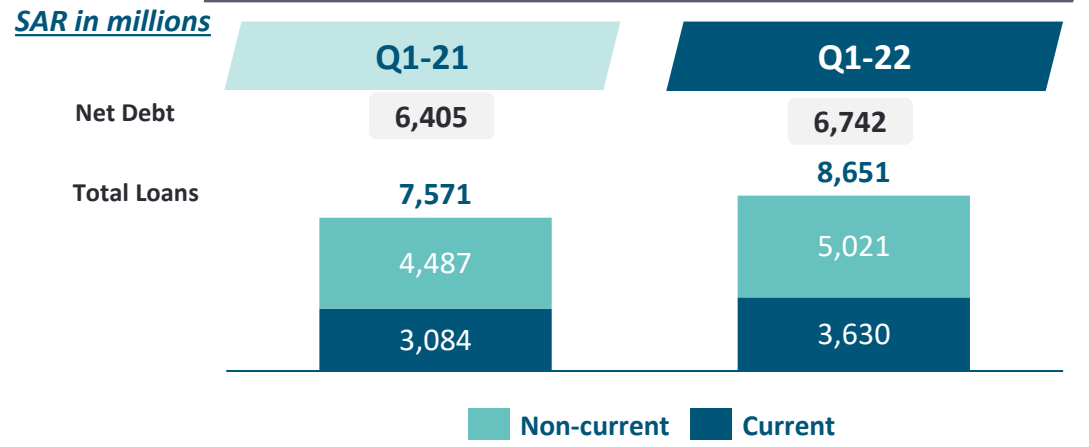
## Revenue by Business



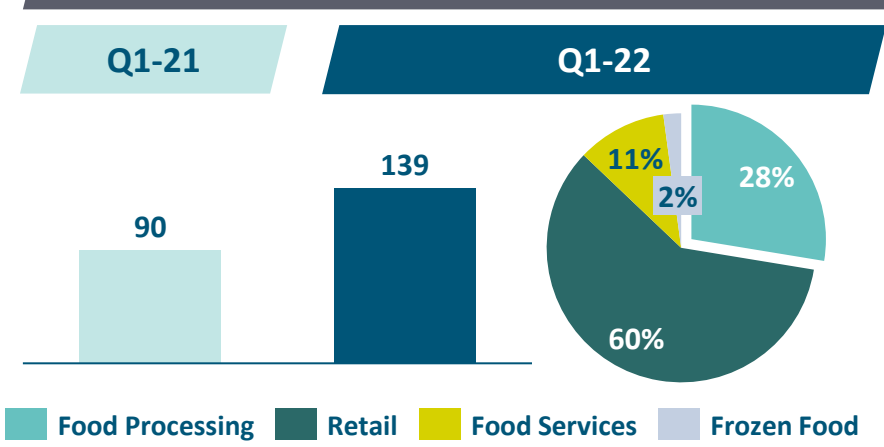
## Revenue by Geography



## Loans and Net Debt\*



## CAPEX

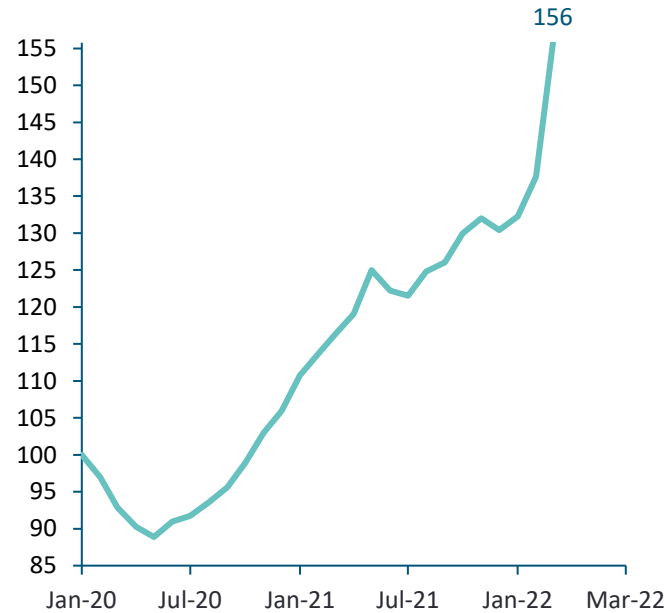


\*Net debt excludes lease liabilities

Note: numbers are rounded

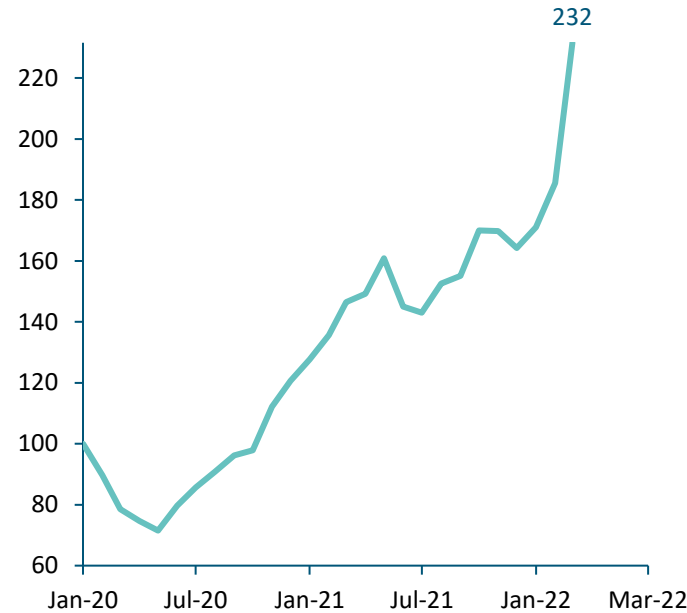
# SELECTED COMMODITY SNAPSHOTS (FAO)

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



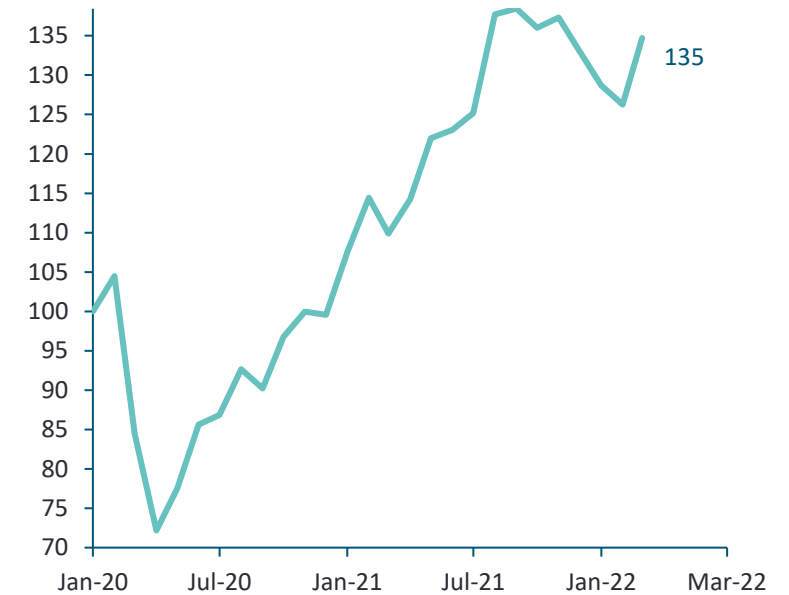
- FAO Food Price Index reached highest level in March since its inception in 1990.
- The increase reflects new all-time highs for vegetable oils, cereals and meat sub-indices, while those of sugar and dairy products also rose significantly.

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



- The sharp rise of the index was driven by higher sunflower, palm, soy and rapeseed oil prices
- International sunflower seed oil quotations increased substantially in March, fueled by reduced export supplies amid the ongoing conflict in the Black Sea region

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



- The March rebound in international sugar price quotations was mainly prompted by the sharp increase in international crude oil prices, which raised expectations of a greater use of sugarcane for ethanol production in Brazil in the upcoming season.

*Unprecedented price levels being witnessed across commodities globally*

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

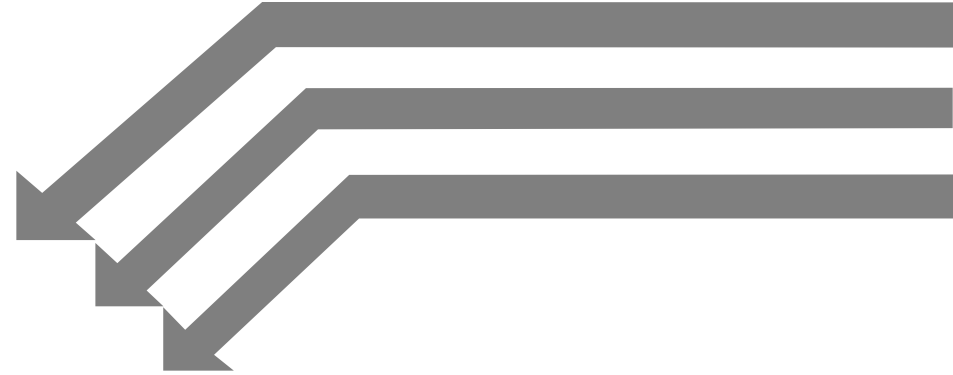
(3) Sugar Price Index is an index form of the International Sugar Agreement prices

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



1. Group Key Financial Highlights

**2. Performance by Segment**



# Panda Retail Company



# RETAIL - HIGHLIGHTS

## Key Highlights

- Panda has kicked-off its wave 1 of the CXR program during Q1 2022 with continued focus on uplifting customer experience while working towards achieving turnaround targets
- FMCG market in Saudi Arabia for Jan-Mar 2022 period remained relatively flat with 0.5% YoY growth wherein Modern Trade channel witnessed YoY shrinkage of 0.9%

## Store Count

- Store count is same as end of last quarter at 195 stores, including 4 stores in Egypt. During Q1 2022, Panda operated with 10 less stores compared to Q1 2021
- Significant number of stores are undergoing renovations which reduces the operating space in specific areas in those stores

## Revenues

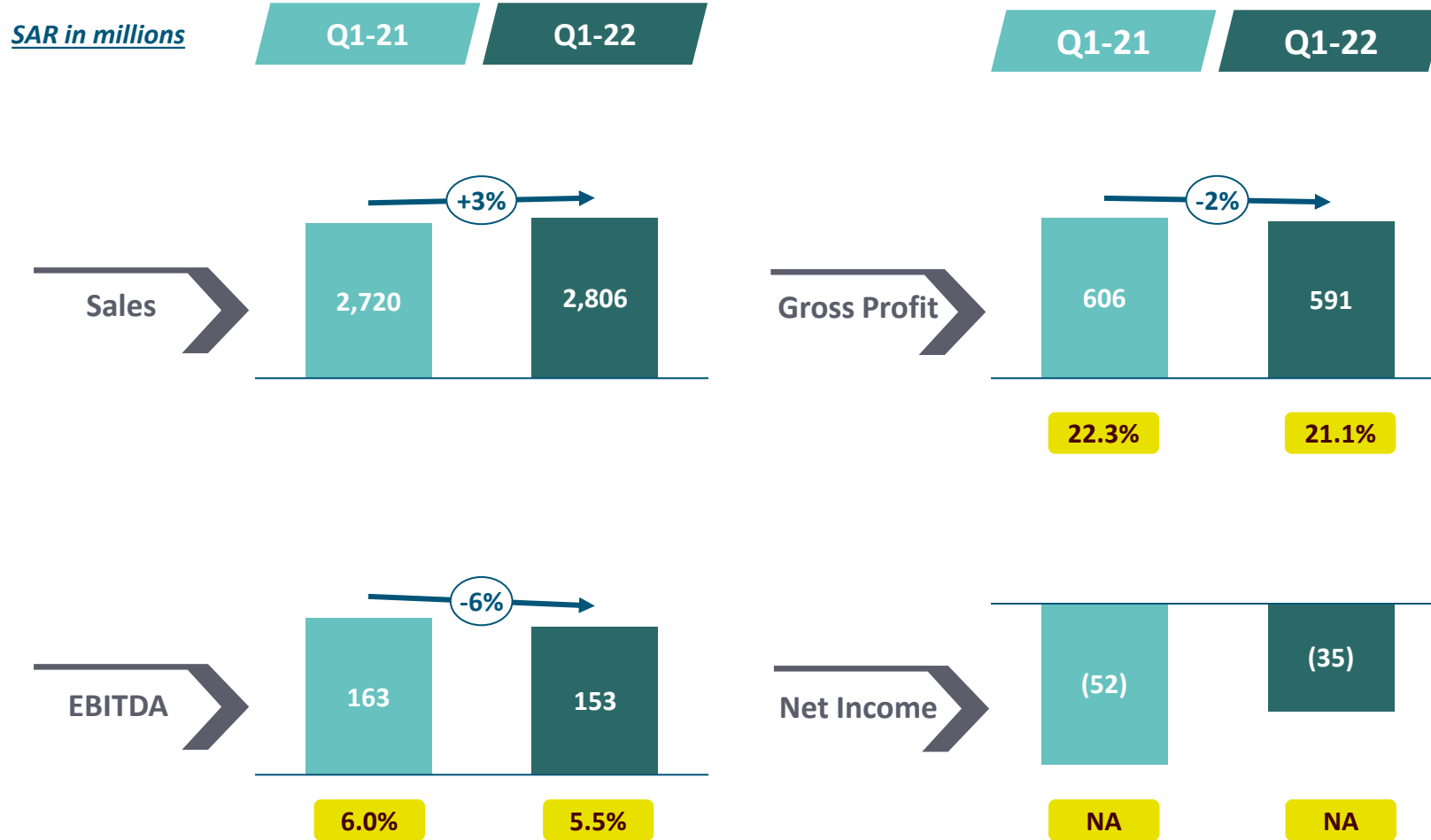
- Recorded revenue of SAR 2.8 bn in Q1 2022, 3.2% higher than last year
- The increase was a result of higher LFL transactions and basket size as Ramadan season was fully under Q1 2022 as compared to partial impact last year
- The growth in revenues came despite impact from store renovations (wave 1 of CXR) and closure of 10 stores compared to same quarter last year

## Profitability

- Reported gross profit of SAR 591 mn with gross margin of around 21.1%; YoY decline of ~120 bps
- Q1 2022 EBITDA recorded at SAR 153 mn, compared to SAR 163 mn last year; decline is largely driven by lower gross profit

# RETAIL – FINANCIAL HIGHLIGHTS

Margin



- Growth in topline driven by Ramadan season falling in Q1 despite store closures (10 less stores than Q1 2021) and renovations as part of Panda's CXR Program
- The gross margin declined as we continue to invest in our margins
- EBITDA margin is marginally lower than last year primarily due to lower product margin despite lower operating expenses
- Panda recorded a net loss of SAR 35mn during Q1 2022, which is lower than the loss recorded in during Q1 2021, mainly due to lower depreciation expense YoY

# RETAIL – NUMBER OF STORES

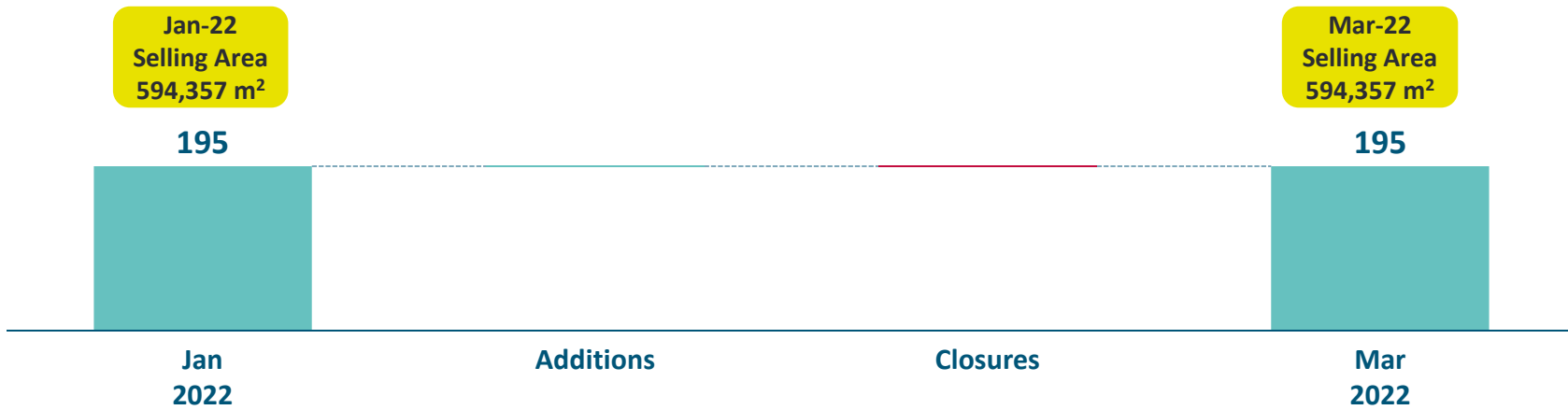
## Super



## Hyper



## Total



Note: by 31<sup>st</sup> March 2022 , total of 10 stores have been closed compared to 31<sup>st</sup> March 2021

# Savola Foods Company

## Key Highlights

- Savola Foods continued to report strong results and overall growth in topline and profitability despite global inflationary pressure and market conditions

## Volume

- Foods business overall volumes increased by around 3% in Q1 2022 compared to last year – primarily attributable to growth in edible oil category on back of continued growth in the B2B channel
- Edible oils volumes increased by 15% driven by double digit growth in KSA, Egypt, Central Asia and Algeria; while Sugar and Pasta volumes declined by 10% and 7%

## Revenues

- Revenues increased by 49% in Q1 2022 compared to last year, driven by higher volumes in edible oil category and better pricing in oil, sugar and pasta categories

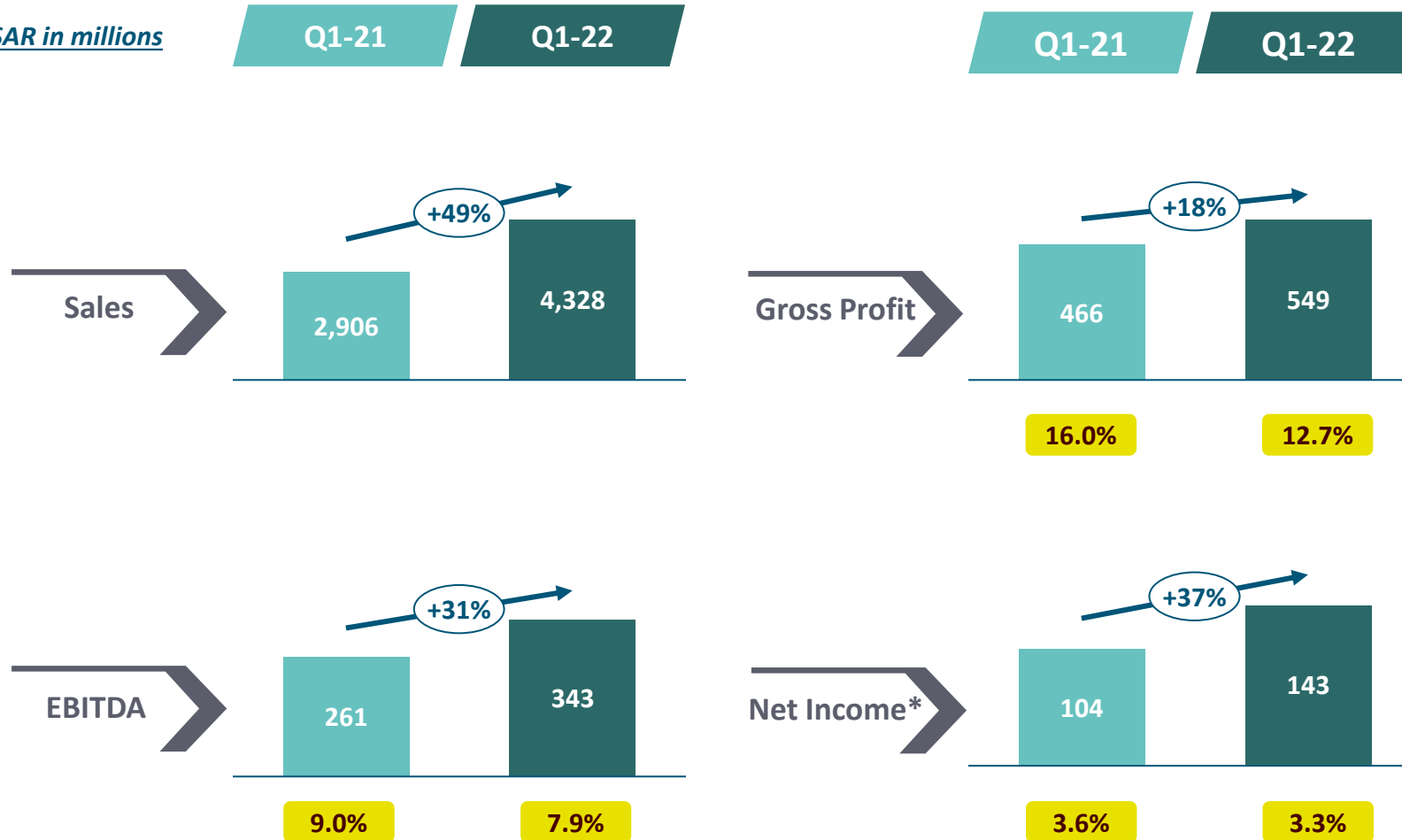
## Profitability

- Gross profit reached SAR 549 mn in Q1 2022; YoY growth of ~18% despite decline in % margins
- Q1 2022 EBITDA improved to SAR 343 mn, around 31% higher than last year
- Reported net income of SAR 143 mn in Q1 2022, higher than last year (~13% higher on an adjusted basis)

# FOODS – FINANCIAL HIGHLIGHTS

Margin

SAR in millions



- Foods segment grew due to higher pricing and better B2B volumes
- The gross margin declined due to increase in raw material costs, despite increase in selling prices for oil products
- Adjusting for one-off emerging market provision of SAR 23mn in Q1 2021, foods segment registered a growth of 13% in Q1 2022 bottom-line

\*In Q1 2021, Savola Foods provisioned SAR 23 million in emerging markets



# FOODS – OIL SEGMENT ANALYSIS

*SAR in millions*

Volume (MT '000)

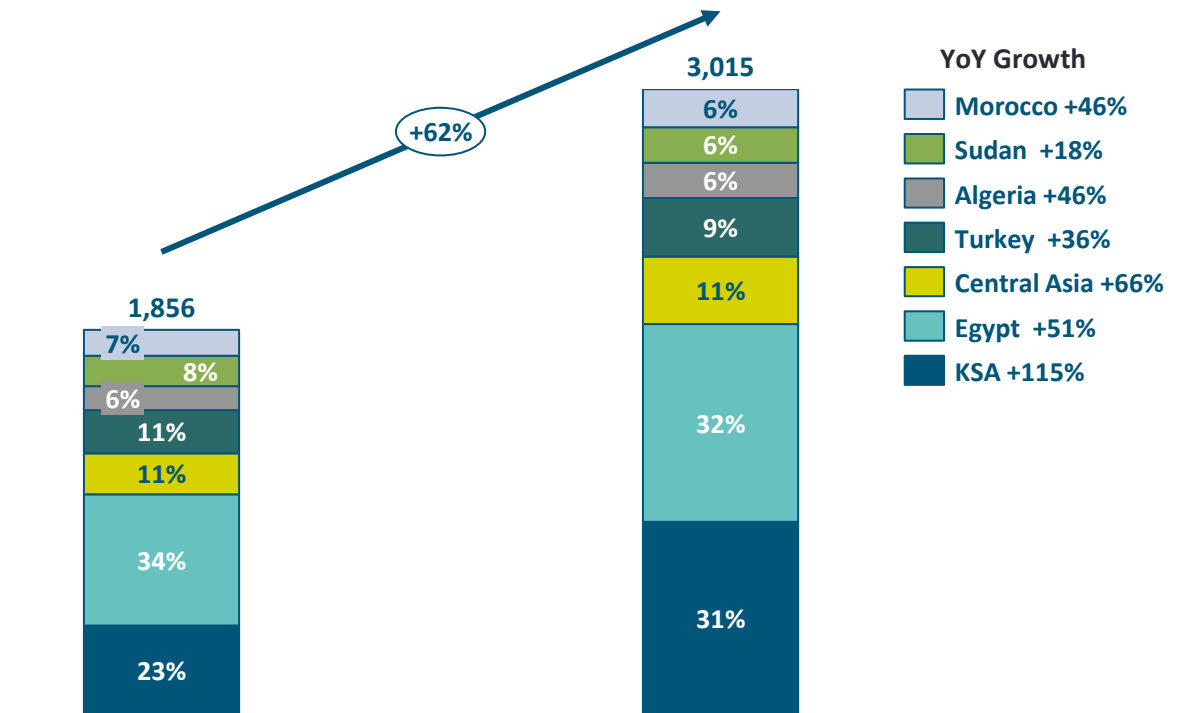
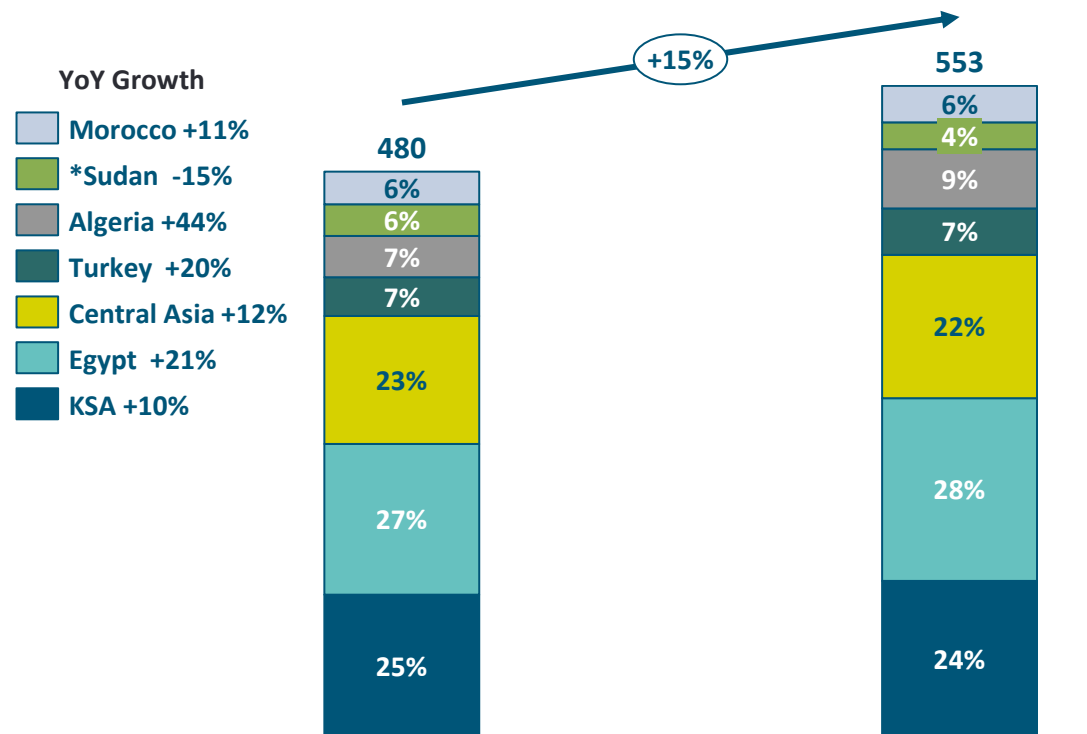
Revenues

Q1-21

Q1-22

Q1-21

Q1-22



Gross Profit / Ton (SAR)

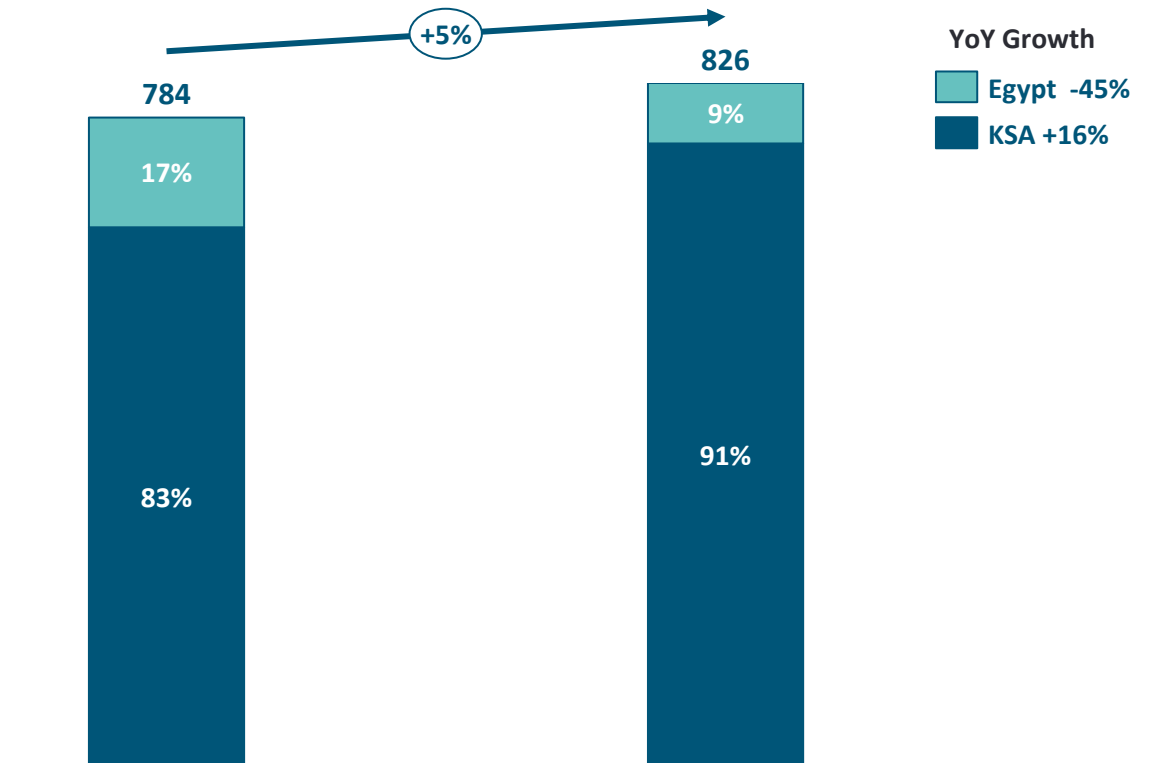
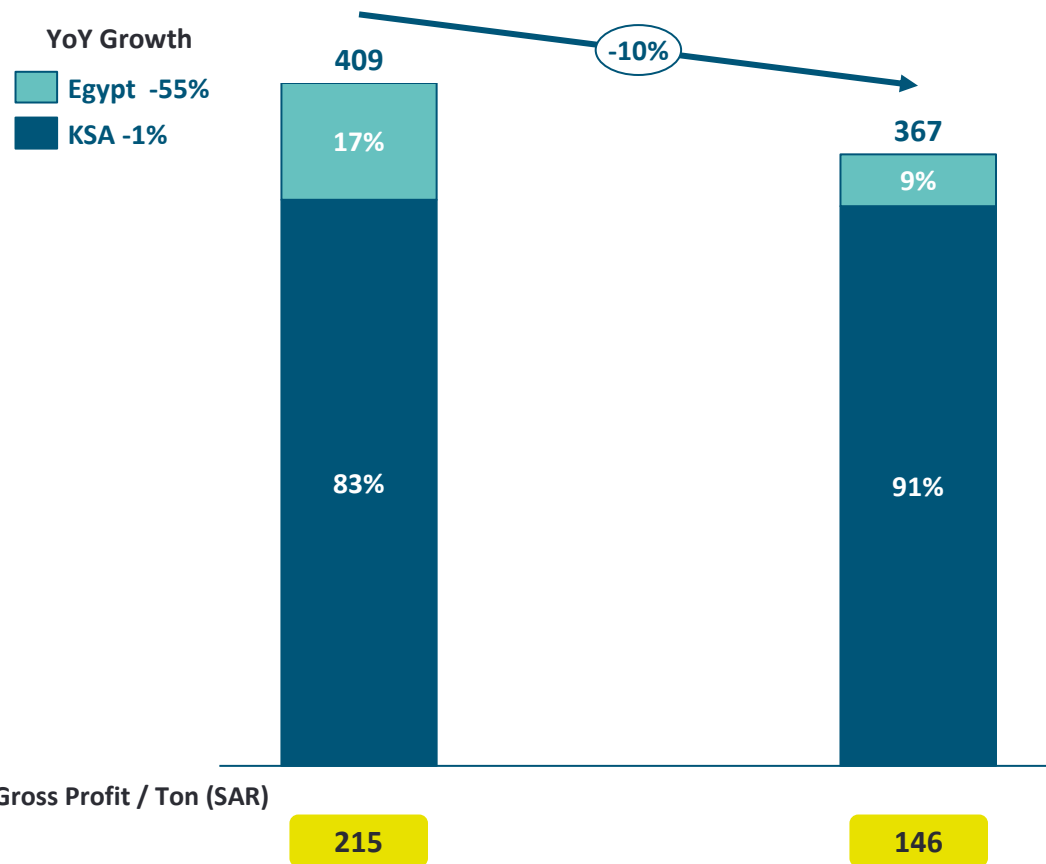
708

734

\* Sudan witnessed supply challenges due to which volumes declined

Note: numbers might not add up to 100% due to rounding

# FOODS – SUGAR SEGMENT ANALYSIS



# Al Kabeer Group of Companies



# FROZEN FOOD - HIGHLIGHTS



## Key Highlights

- The frozen food continues to show resilient performance despite constraints on sourcing of poultry and increase in input costs as result of global market conditions and geopolitical issues
- Supply chain challenges and changing regulatory environment continues to impact performance of the segment

## Revenues

- Revenues registered 5% growth YoY in Q1 2022
- Al Kabeer reported revenue growth across sales channels with double digit growth in B2B/HORECA channel

## Profitability

- Gross profit reached SAR 66 million in Q1 2022, YoY increase of 7%;
- Q1 2022 reported EBITDA reached SAR 32 million with 17.3% margins; while net income reached SAR 23 million with a 12.4% net margin

# FROZEN FOODS – CONSOLIDATED FINANCIAL HIGHLIGHTS

Margin

*SAR in millions*



- Frozen Food revenues grew mainly from KSA and UAE and driven by growth in the B2B/HORECA channel.
- EBITDA increased driven by marginal improvement in gross margin and slightly lower operating expenses.
- Net income registered 6% growth compared to last year

# Financial Summary

(all figures are in SAR millions)

Segment Wise Financials										
	Q1 2022					Q1 2021				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Food Processing*</b>										
Oil-Mature Markets	2,492	361	202	112	228	1,469	299	130	71	154
Oil-Other Markets**	523	45	21	6	26	387	41	20	12	24
<b>Total Oil</b>	<b>3,015</b>	<b>406</b>	<b>223</b>	<b>118</b>	<b>254</b>	<b>1,856</b>	<b>340</b>	<b>150</b>	<b>83</b>	<b>177</b>
Sugar	826	53	19	(4)	38	784	88	47	19	68
Pasta	219	41	27	20	30	190	31	8	4	12
Nuts, spices and pulses (Bayara)	133	36	9	8	13	-	-	-	-	-
Emerging Categories***	134	13	3	(0)	8	75	6	(0)	(2)	4
<b>Total Foods</b>	<b>4,328</b>	<b>549</b>	<b>281</b>	<b>143</b>	<b>343</b>	<b>2,906</b>	<b>466</b>	<b>205</b>	<b>104</b>	<b>261</b>
<b>Retail</b>										
KSA	2,764	583	14	(36)	149	2,688	599	6	(51)	160
Egypt	42	8	2	2	4	32	7	(0)	(0)	3
<b>Total Retail</b>	<b>2,806</b>	<b>591</b>	<b>16</b>	<b>(35)</b>	<b>153</b>	<b>2,720</b>	<b>606</b>	<b>6</b>	<b>(52)</b>	<b>163</b>
Food Services (Herfy)	328	83	36	28	76	310	82	34	25	75
Frozen Food (Al Kabeer)	184	66	27	23	32	175	61	24	22	29
Share of profit from associates	-	-	200	200	200	-	-	131	131	131
HQ/Elimination/Impairments	(156)	(3)	(32)	(89)	(23)	(157)	(3)	(26)	(75)	(17)
<b>Total</b>	<b>7,489</b>	<b>1,285</b>	<b>529</b>	<b>271</b>	<b>781</b>	<b>5,954</b>	<b>1,212</b>	<b>373</b>	<b>154</b>	<b>641</b>
<b>Adjustments</b>										
Emerging markets provision									<b>23</b>	
<b>Adjusted Profit</b>				<b>271</b>					<b>177</b>	

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

\*\* Other markets include Algeria, Morocco and Sudan

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



Thank you