

# Focusing Delivering Growing



# Agenda...



**Overview**

**Our Businesses:  
Current Position &  
Future Direction**

**Financials**

**Intangibles**

# History – Key Development Stages



- Established with a paid up capital of SR 40m



- Started Jeddah Plastics factory
- Acquired 40% stake in Almarai



- Entered sugar refining business in KSA



- Entered oil business in Iran (Acquisition), Morocco (Greenfield), Sudan (Greenfield), Kazakhstan (Acquisition)

1978

1990

1991

1992

1997

1998

2004

2005/06

- Obtained 70% of Saudi edible oil market



- Established edible oil refinery in Egypt



- Entry into retail sector through merger with Azizia Panda



- Formed Kinan in 2005 and disposed 70% stake in 2006



# History – Key Development Stages



- Started sugar and oil commercial production in Egypt and Algeria, resp.
- Acquired oil business in Turkey
- Acquisition of Giant Stores by Panda
- Panda established 1<sup>st</sup> DC in Riyadh

2008

2009



- Acquired Pasta business in Egypt, the largest acquisition made by Savola Foods
- Launched Sweeva Sweetener

2011

2012



- Issued Sukuk worth SAR 1.5 bln, first tranche of SAR 5 bln program
- Purchased Al-Muhaidib's stakes in SFC (10%) and APU (18.6%) by issuing 6.79% new shares in Savola

2013

- Acquisition of Géant operation in KSA by Panda (10 hypermarkets and 1 supermarket)



- Completed construction of beet sugar plant in Egypt
- Launch of Afia olive oil in KSA
- Panda signed agreement for 2<sup>nd</sup> DC in KAEC



- Made the largest investment of SAR 2 bln by acquiring additional stake of 6.5% in Almarai



# History – Key Development Stages



Today

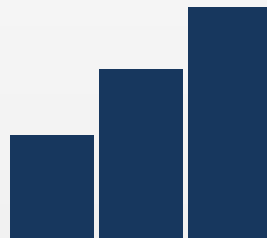


**Savola Group is one of the top Food, Retail and  
Plastics Packaging player in the MENA region  
with leading brands**

# Key Facts



Around **23,800**  
**Employees**



Net Sales of **SAR**  
**26.4 bln** in 2013



**Countries of**  
**Operations: 8+**



Market  
capitalization of  
**SAR 30.6 bln**  
(as of 6<sup>th</sup> February 2014)

# Our Businesses



## Foods

(Edible Oils, Sugar, Pasta)

Revenue SAR 14.6 bln



## Investments

(Strategic and Non-core)

Value of over SAR 18 bln



## Retail

(Hypermarkets & Supermarkets)

Revenue SAR 10.9 bln



## Plastics

(Rigid & Flexible)

Revenue SAR 1.1 bln





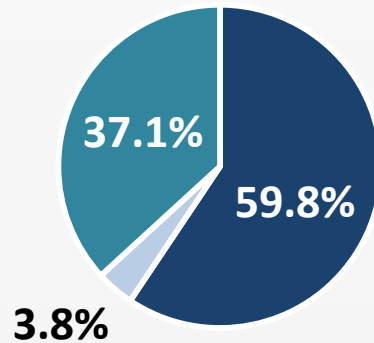
# Our Businesses



## Revenue by Sector

Total: SAR 27 bln

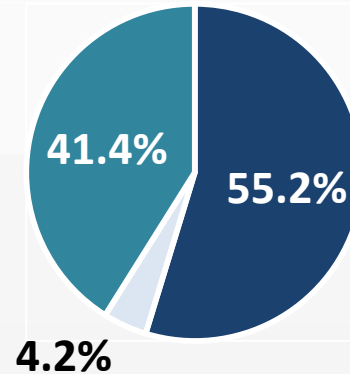
2012



- Foods
- Plastics
- Retail


Total: SAR 26 bln

2013





# Our Key Strengths



Broad and diversified  
geographic footprint and  
product offering

Extensive consumer and  
market understanding

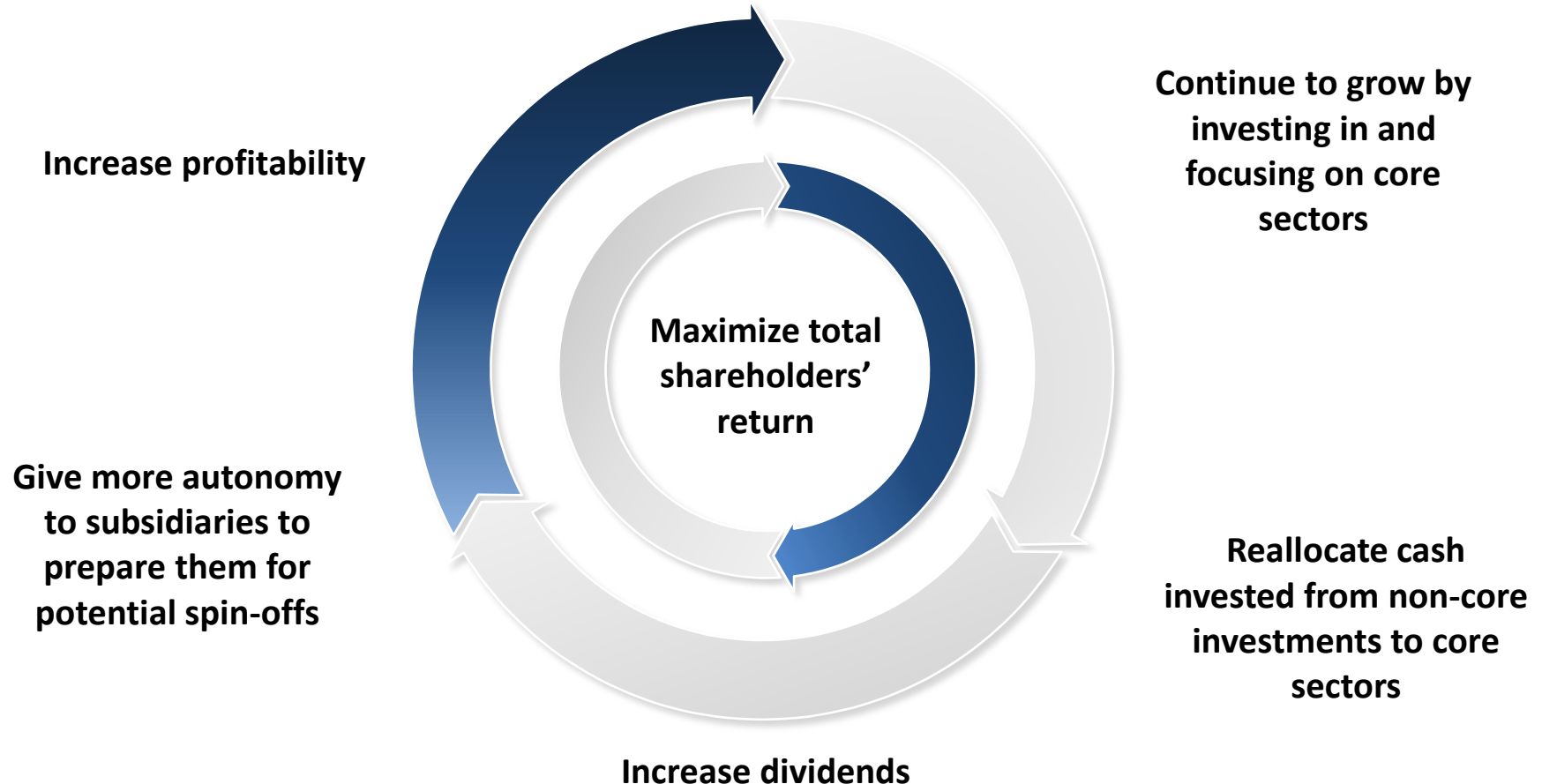
Market leader in high  
growth and fragmented  
markets

Resilient business model  
based on stable revenue  
generation by serving  
consumers' basic needs

Strong and experienced  
management with  
outstanding historical  
financial track record

Excellent brand awareness  
in all markets that Savola is  
operating in

# Our Goals





# **Our Businesses**

**Current Position & Future Direction**

1

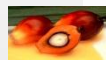


**Savola Foods**

# Oil Value Chain



## Raw materials



Palm oil



Corn oil



Sunflower oil



Soya oil

## Refining



## Packaging



## Offering

B2B/ Export

B2C

## Brands and market positions

KSA, GCC & Yemen

#1

Afia, Al Arabi, Shams, Olite, Nakheel, Dalal

Egypt

#1

Rawabi, Afia, Ganna, Slite, Helwa

Iran

#1

Ladan, Aftab, Bahar

Turkey

#1

Yudum, Sirma

Sudan

#1

Sabah, Al Tayeb

Algeria

#2

Afia, Elio

Morocco

#3

Afia, Hala

Kazakhstan

#1

Leto, Khazayoushka

# Sugar Value Chain

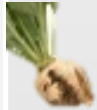


## Raw materials



Raw Cane  
Sugar

91%



Beet

9%

Beet sugar plant is completed and is expected to start commercial operations during 2014

## Refining



## Offering

B2B/ Export

B2C

## Brands and market positions

KSA, GCC &  
Yemen

#1

Al Osra, Ziadah, Safaa, Nehar, Halla,  
Sweeva

Egypt

NA

Al Osra

# Pasta Value Chain



## Raw materials



**Wheat**

100%

## Processing



## Offering

**Unbranded**

**Branded**

## Brands and market positions

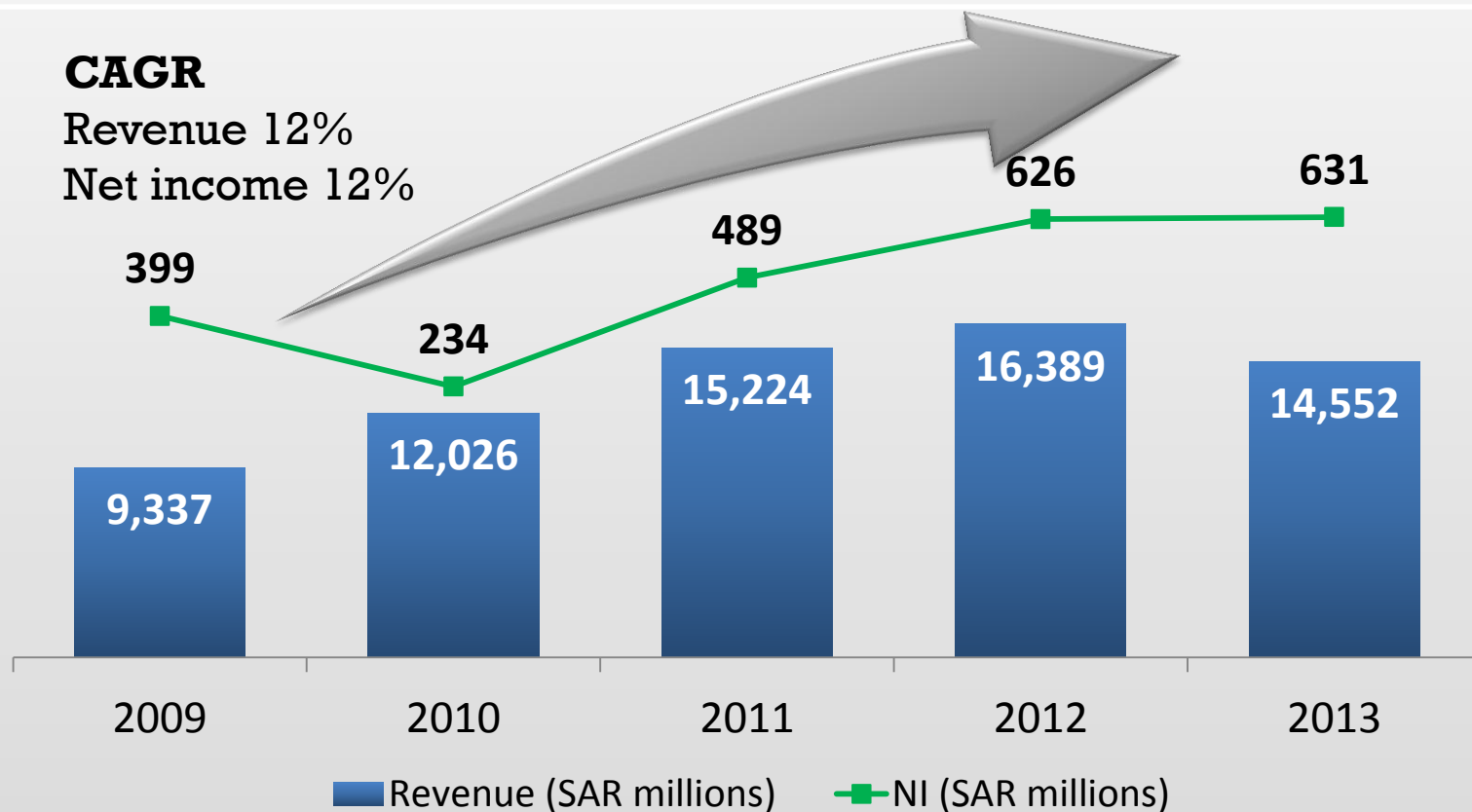
Egypt

#1

Maleka, Italiano



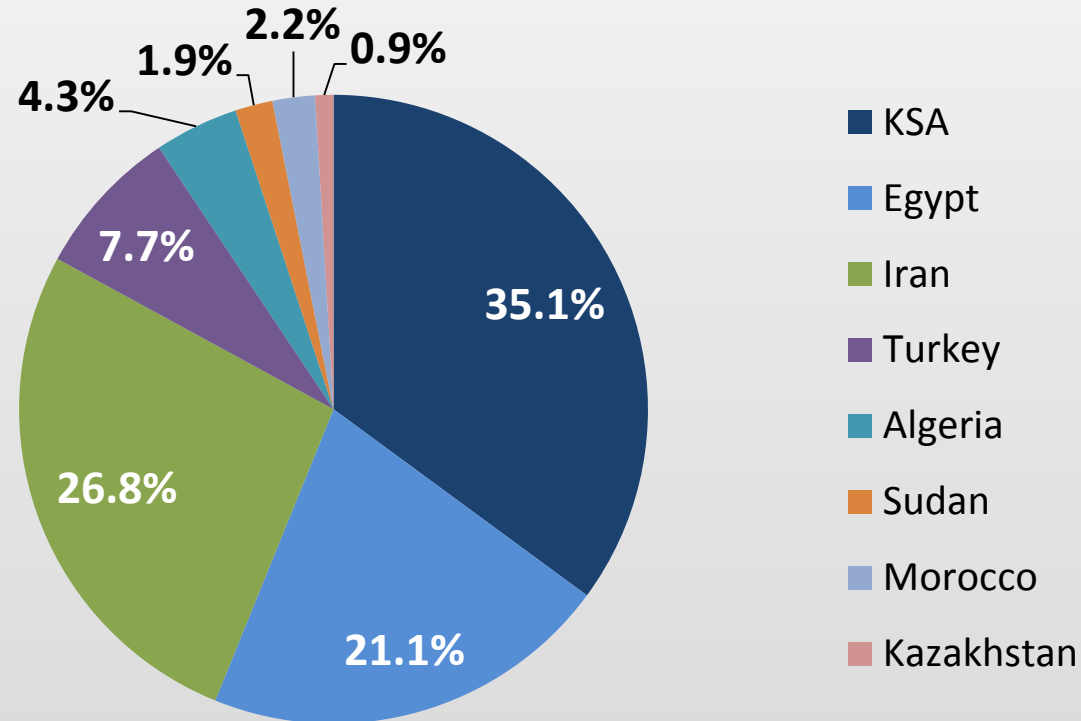
# Financial Performance



# Revenue Breakdown



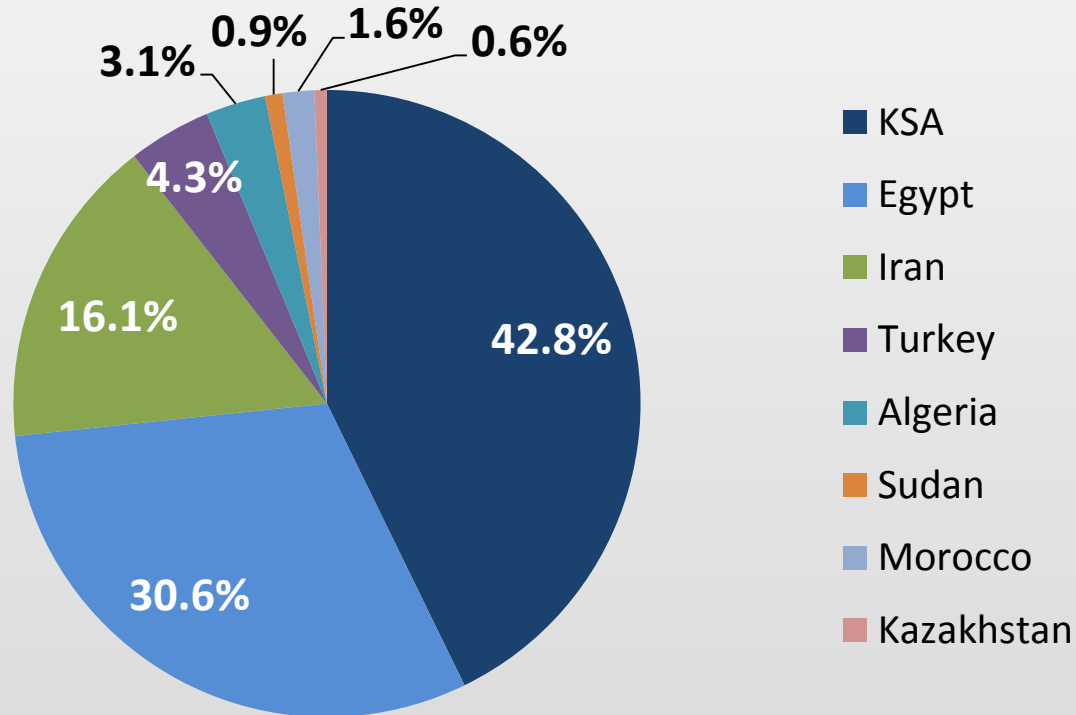
## SFC Revenue Breakdown by Geography, 2013 (Total: SAR 14.6 bln)



# Volume Breakdown



**SFC Total Sales Volume by Geography, 2013 (Total: 3.6 mln MT)**

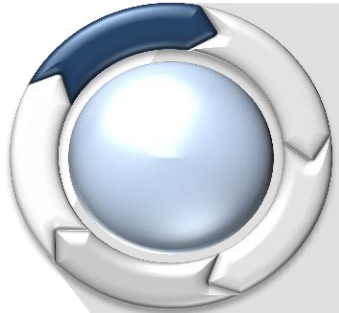


# Strategic Growth Drivers



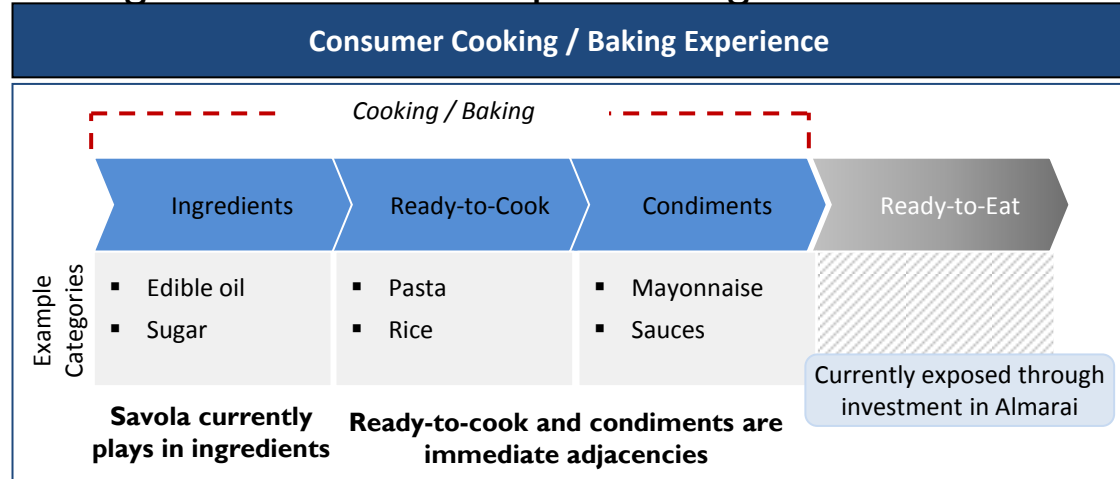
**Mission is to enrich consumer cooking experience by developing ingredient solutions**

# Strategic Growth Drivers



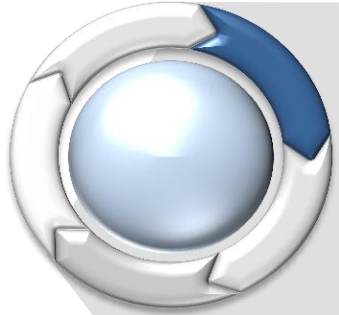
## I) Diversification of product segments

- Enter into adjacent and complementary new product categories
- Targeting new retail and wholesale customers to drive revenue growth and enhance profit margins



**Total estimated profit pool of around SAR 1.5 billion in the adjacent categories**

# Strategic Growth Drivers



## 2) Leveraging the value of existing brands

- Enhance economies of scale in marketing and advertising
- Facilitate establishing a foothold in new markets



KSA



Turkey



Iran



Egypt

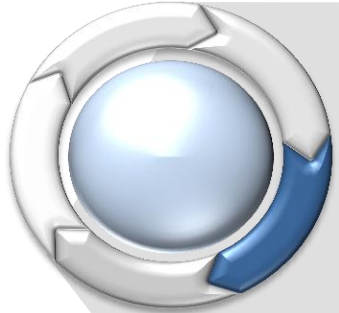


Others



Afia and Ladan have been used as umbrella brands

# Strategic Growth Drivers



## 3) Organic growth

- Large population base with high disposable incomes to drive consumption of basic commodities
- Exports to neighboring countries

### **Total base for countries where Savola Food operates**


- Population: 397 million
- Population Growth (2013): 1.5%
- Edible Oil Consumption: 8.6 million MT
- Sugar Consumption: 12.8 million MT

**Organic growth to be fueled by capacity expansion**



# Strategic Growth Drivers





**KSA**
1

- Population: 30.0 mln
- Population Growth (2013): 1.9%
- GDP Growth: 3.6%
- Edible Oil Consumption: 604,200 MT
- Sugar Consumption: 1.2 mln MT


**Egypt**
2

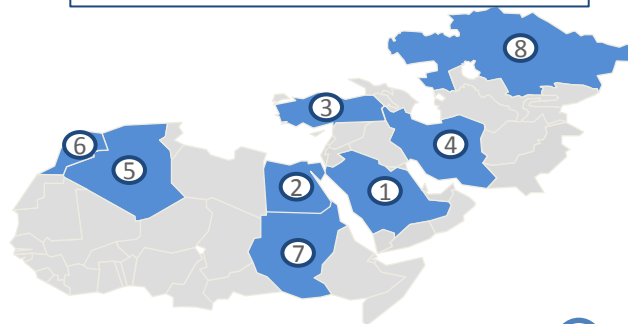
- Population: 86.1 mln
- Population Growth (2013): 1.6%
- GDP Growth: 1.8%
- Edible Oil Consumption: 1.9 mln MT
- Sugar Consumption: 2.8 mln MT



**Turkey**
3

- Population: 76.7 mln
- Population Growth (2013): 1.2%
- GDP Growth: 3.8%
- Edible Oil Consumption: 2.2 mln MT
- Sugar Consumption: 2.3 mln MT



**Kazakhstan**
8

- Population: 17.2 mln
- Population Growth (2013): 1.0%
- GDP Growth: 5.0%
- Edible Oil Consumption: 346,300 MT
- Sugar Consumption: 480,000 MT





**Iran**
4


- Population: 77.3 mln
- Population Growth (2013): 1.3%
- GDP Growth: -1.5%
- Edible Oil Consumption: 1.8 mln MT
- Sugar Consumption: 2.5 mln MT


**Sudan**
7

- Population: 38.0 mln
- Population Growth (2013): 2.1%
- GDP Growth: 3.9%
- Edible Oil Consumption: 421,500 MT
- Sugar Consumption: 1.3 mln MT


**Morocco**
6

- Population: 33.2 mln
- Population Growth (2013): 1.4%
- GDP Growth: 5.1%
- Edible Oil Consumption: 621,900 MT
- Sugar Consumption: 750,000 MT


**Algeria**
5

- Population: 38.7 mln
- Population Growth (2013): 1.8%
- GDP Growth: 3.1%
- Edible Oil Consumption: 675,000 MT
- Sugar Consumption: 1.5 mln MT

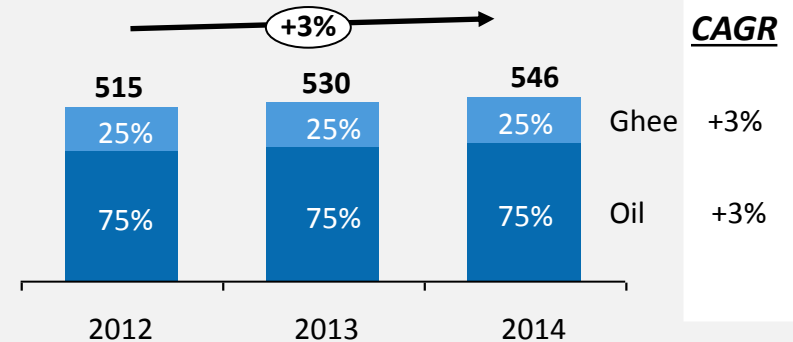
# Strategic Growth Drivers



## Export potential to neighbouring countries

- For example Iraq
- Fragmented market with no sophisticated player
- Proximity to Jeddah plant
- Brand awareness of Afia
- Branding capabilities and know how

## Example: Iraq Oils & Fats Volume (in '000 Tons)



*Illustrative purposes only*

**Large and fragmented markets with no sophisticated player**

# Strategic Growth Drivers



## 4) Selective upstream integration

	Description	Markets (% seeds locally produced)
Net Exporter Markets	<ul style="list-style-type: none"><li>Local farming larger than local consumption</li><li>Government incentives aligned to favor exports</li></ul>	<ul style="list-style-type: none"><li>Malaysia (387%)</li><li>United States (87%)</li><li>Indonesia (400%)</li><li>Argentina, Brazil</li></ul>
Origination Markets	<ul style="list-style-type: none"><li>Local farming substantial but countries still relies on imports to meet demand</li><li>Government incentives aligned to protect local farmers</li></ul>	<ul style="list-style-type: none"><li>Croatia (56%)</li><li>India (47%)</li><li>Turkey / Kazakhstan (40 - 50%)</li><li>Sudan (60%)</li></ul>
Destination Markets	<ul style="list-style-type: none"><li>Little to no local farming industry exists</li><li>Government encourages imports to secure appropriate level of supply and to protect consumer prices</li><li>Competition is from local players</li></ul>	<ul style="list-style-type: none"><li>Egypt (15%)</li><li>Arabia (0%)</li><li>Iran (15%)</li><li>Morocco / Al (below 5%)</li></ul>

Limited Upstream integration in Sudan and Egypt

Selected upstream integration in Sudan and Egypt

# Strategic Growth Drivers



## 5) Strategic M&A

### Food Categories in GCC

	Total packaged food market	Overlapping with Savola / Almarai businesses	Other Categories
<i>Total B2C market size</i>	<b>SAR 80 bln</b>	<b>SAR 46 bln</b>	<b>SAR 34 bln</b>
<i>Number of Categories</i>	52	28	24
<i>Profit Pool (Gross Profit)</i>	<b>SAR 22 bln</b>	<b>SAR 12 bln</b>	<b>SAR 10 bln</b>

*For illustrative purposes only*

**Large profit pool where Savola is not currently present**

2

هايپر بينده  
HyperPanda

بينده  
Panda



**Azizia Panda United  
Company**

# Retail Value Chain



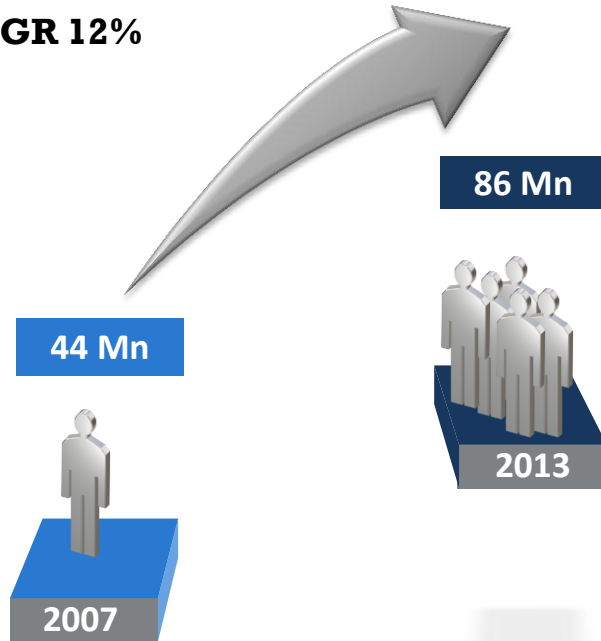
**Present across KSA with exceptional distribution network**

# Key Facts



## Customer Count

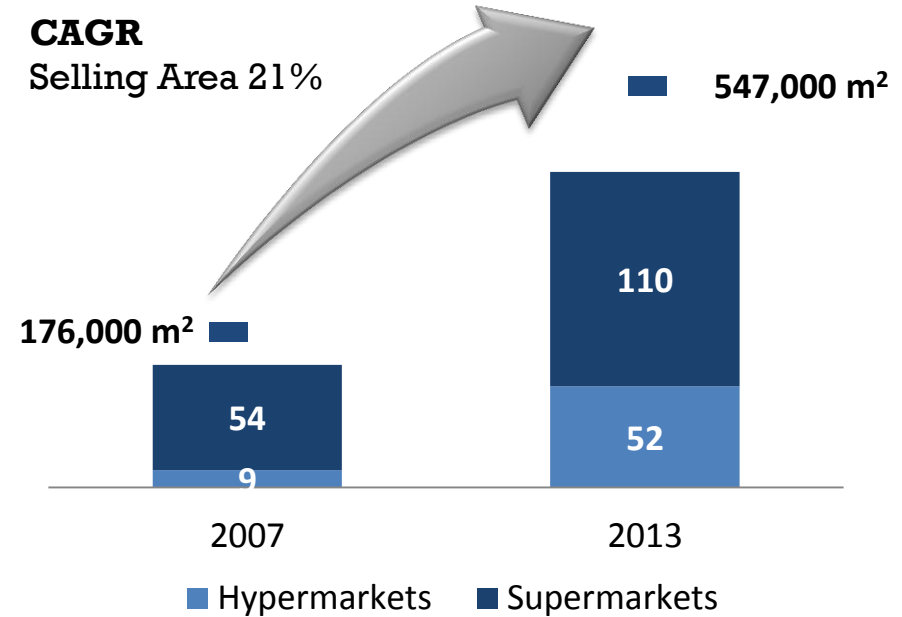
**CAGR 12%**



## Number of Stores and Selling Area

**CAGR**

**Selling Area 21%**



Panda also started the convenience store format in 2013 and opened 23 stores during the year in KSA



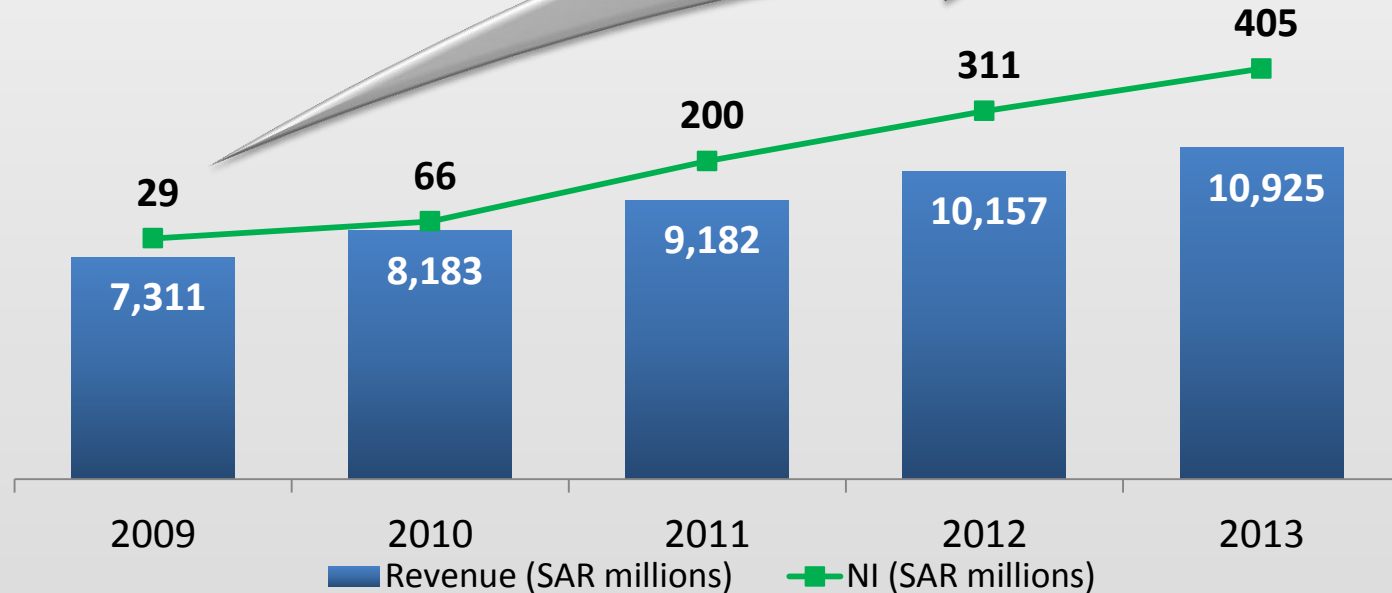
# Financial Performance



## CAGR

Revenue 11%

Net income 94%



# Strategic Growth Drivers



1  
Organic  
growth

2  
Adapting to  
the demands  
of  
customers

3  
State of the  
art  
Distribution

4  
Expansion of  
non-food  
lines

5  
Expansion of  
Panda  
branded  
product  
lines

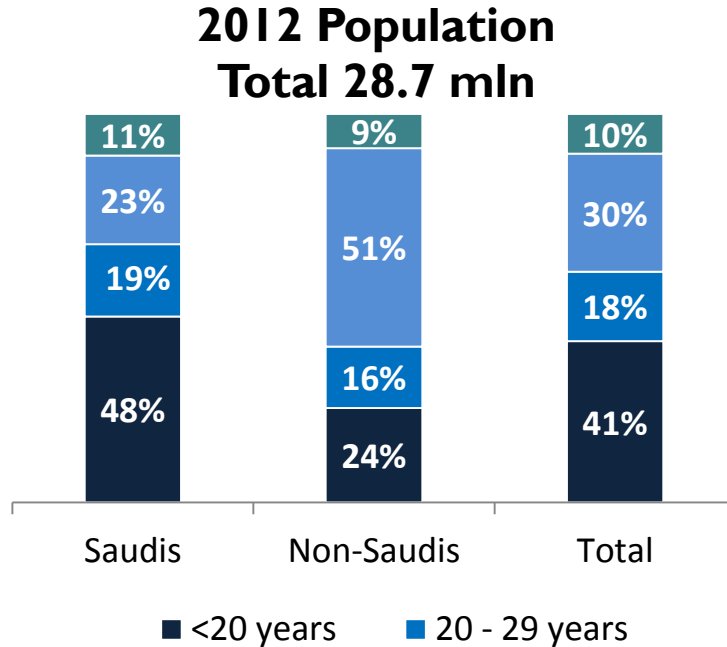
6  
New retail  
formats

**Our vision is to be the number 1 mass market retailer in the region**

# Strategic Growth Drivers



1  
Organic  
growth



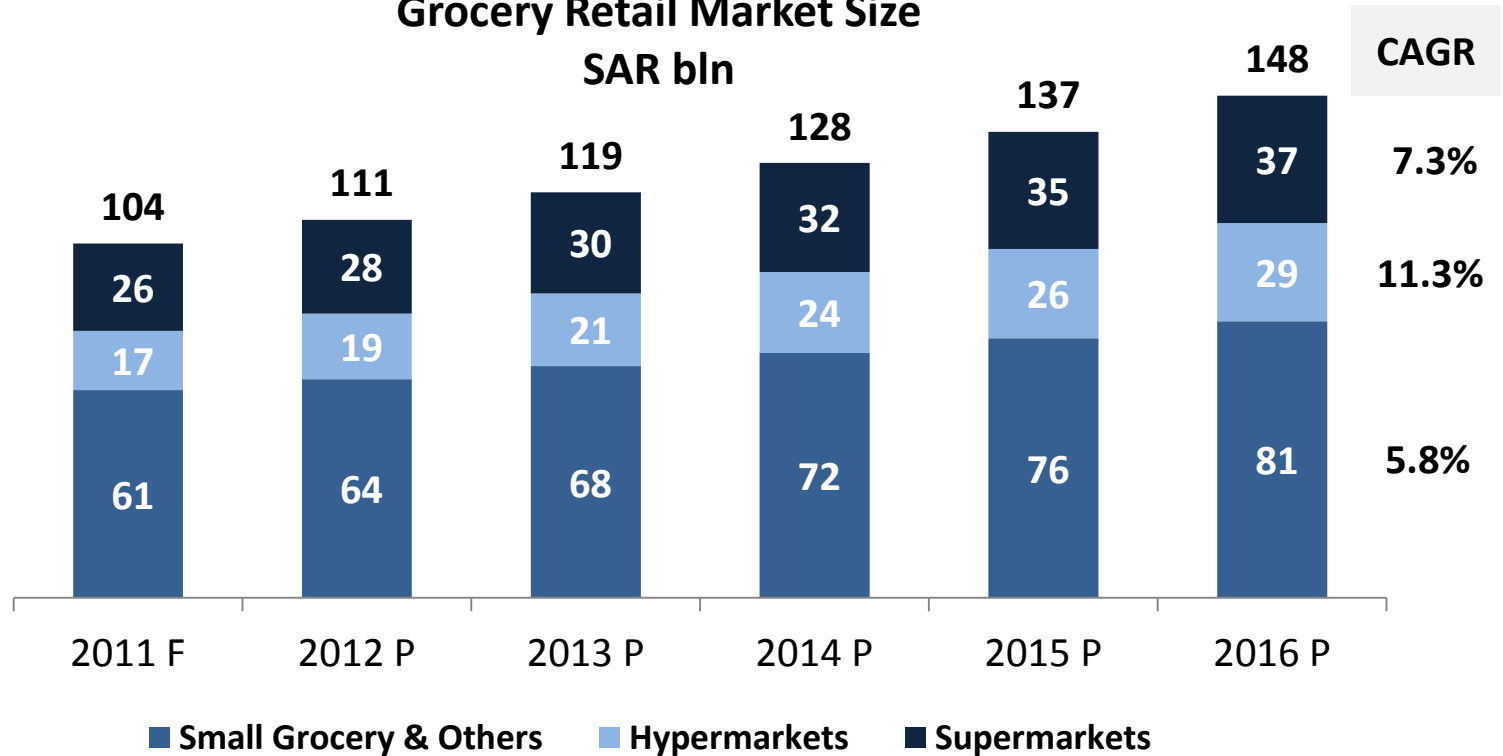
- **Total population** is expected to reach 32.8 mln by 2016
- **59% of total population is below 30** years of age, of which 50% are females
- 23% more **married couples** (11.9 mln) by 2020
- **Family size** has declined (9.3 in 1970s to around 5.3 now)

**Large and young population expected to drive modern retail demand**

# Strategic Growth Drivers



**Grocery Retail Market Size**  
SAR bln



1  
Organic growth

**Modern retail share out of the total grocery retail is expected to increase**

# Strategic Growth Drivers



2  
Adapting  
to the  
demands  
of  
customers

- Panda ranked # 1 in lowest cost of shopping by offering the best prices to customers and special offers
- It continues to have good value for money and lowest prices compared to competitors



Meeting customers' needs is our priority

# Strategic Growth Drivers



3  
State of the  
art  
Distribution

- Distribution center (DC) in Riyadh:
  - Largest DC in the region
  - Built up area of around 92,500 m<sup>2</sup>
  - Super flat floors
- Setting up 2<sup>nd</sup> DC in KAEC with built up area of over 98,000 m<sup>2</sup>
- Second largest fleet size in KSA with 454 vehicles



**Excellent distribution network provides ability to be a national player**

# Strategic Growth Drivers



Panda has formulated a long-term strategy to increase the non-food sales

4

Expansion  
of non-  
food lines



Increase in non-food sales mix will improve overall margins



# Strategic Growth Drivers



Panda plans to increase the range of “Panda” branded products



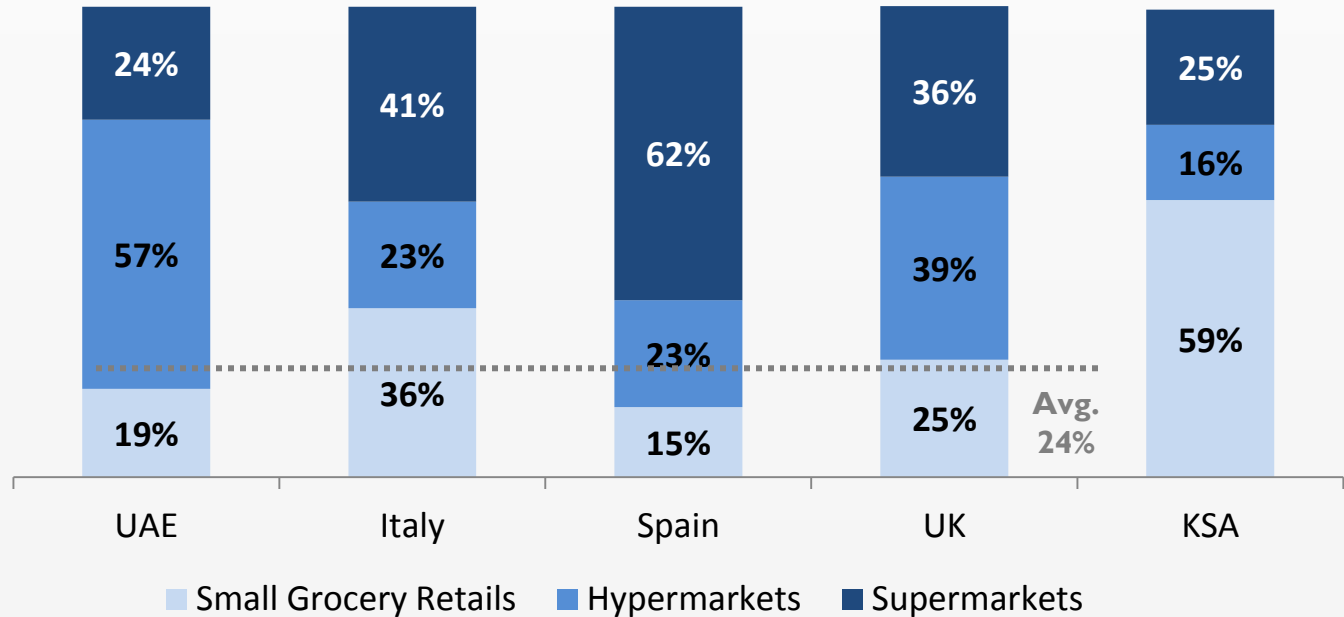
5  
Expansion  
of Panda  
branded  
product  
lines

Increase in private label sales mix will improve overall margins

# Strategic Growth Drivers



## Modern grocery formats underpenetrated



6  
New  
retail  
formats

Panda entered into convenient store format with the brand name “My Panda”

3



## **Savola Packaging Systems**

# Plastics Value Chain



## Raw materials

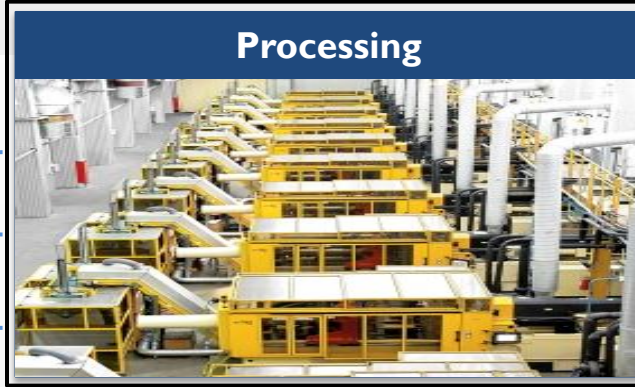


PET

PP

PE

## Processing



## Offering

80%

Flexible Packaging

20%

Rigid Packaging

### Flexible packaging

Food



Home



Other



### Rigid Packaging

PET bottles



HDPE bottles



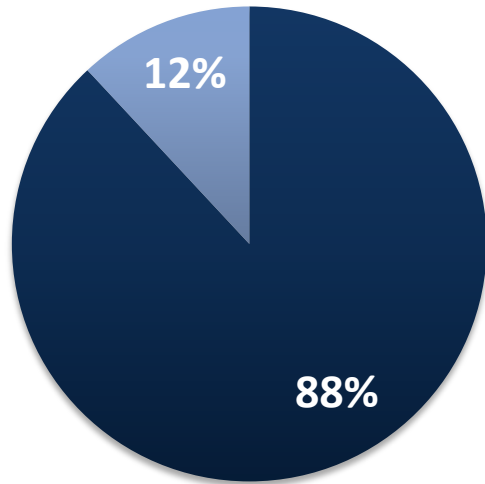
Others



# Key Facts



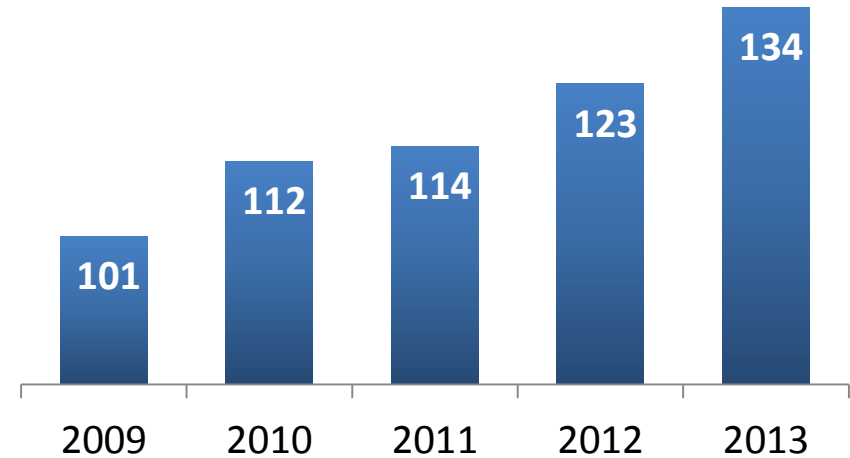
**SPS Volume Sales by Geography, 2013**  
(Total: 134,000 MT)



■ KSA

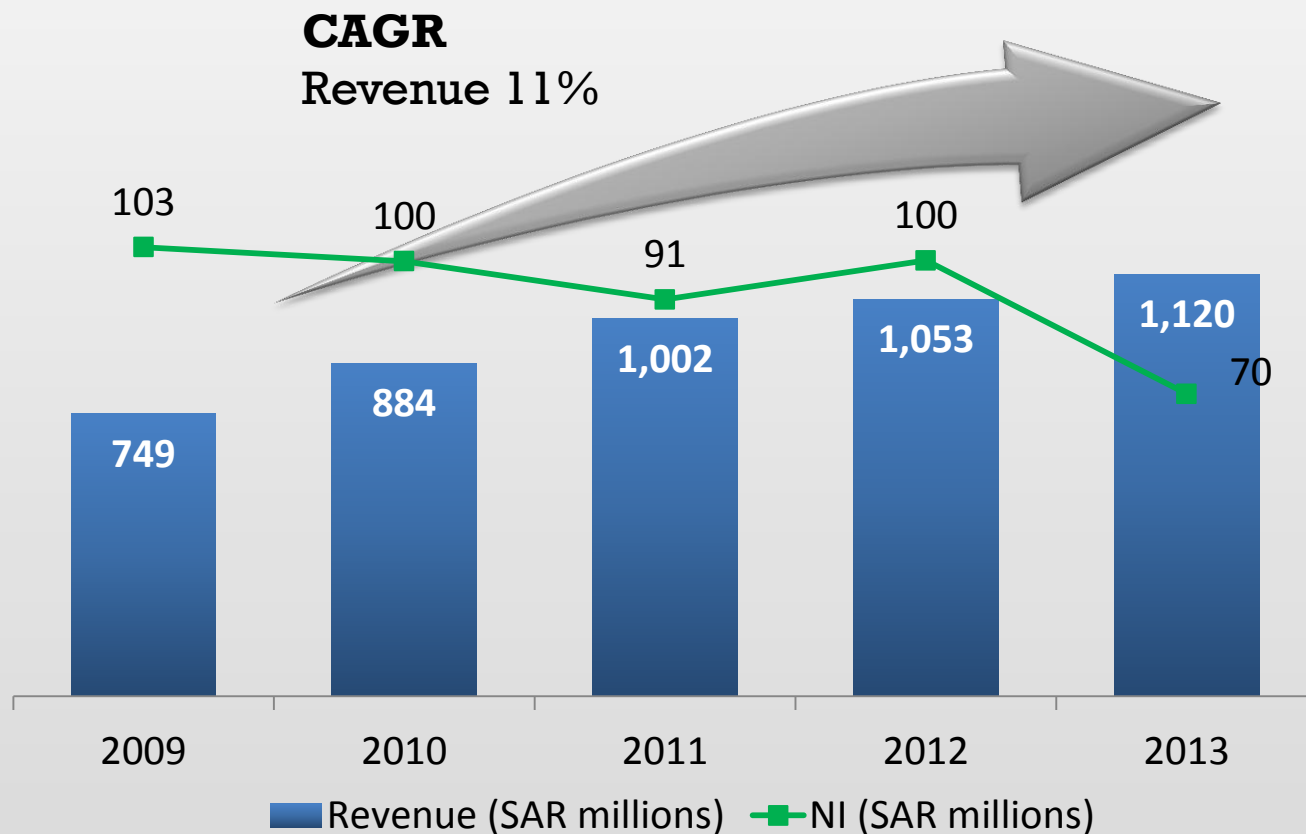
■ Egypt

**SPS Volume Growth**  
(‘000 MT)



**Savola Plastics operates in 2 countries (KSA and Egypt) and exports to 35 countries**

# Financial Performance



# Strategic Growth Drivers

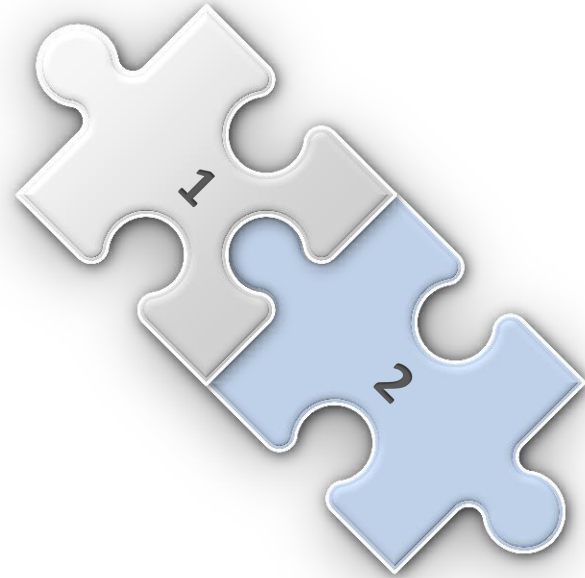


## Organic growth

- Push organic sales in KSA and Egypt
- Increase primary flexible packaging in KSA and enter flexible packaging in Egypt

## Export to Europe

- Leverage on cost advantage to grow stretch film business in European markets



**Also, consolidate industry in KSA and Egypt through M&A**



# Strategic Growth Drivers



## Market size (SAR blns) and Savola market share (%)



KSA



Egypt

### Rigid

Market Size

5.0

Savola Share

13-14%

### Flexible

Market Size

3.0

Savola Share

5-6%

### Total

Market Size

8.0

Savola Share

10-11%

2.8

3-4%

1.8

0%

4.6

2-3%

Savola Plastics is dominant in the food and beverage businesses



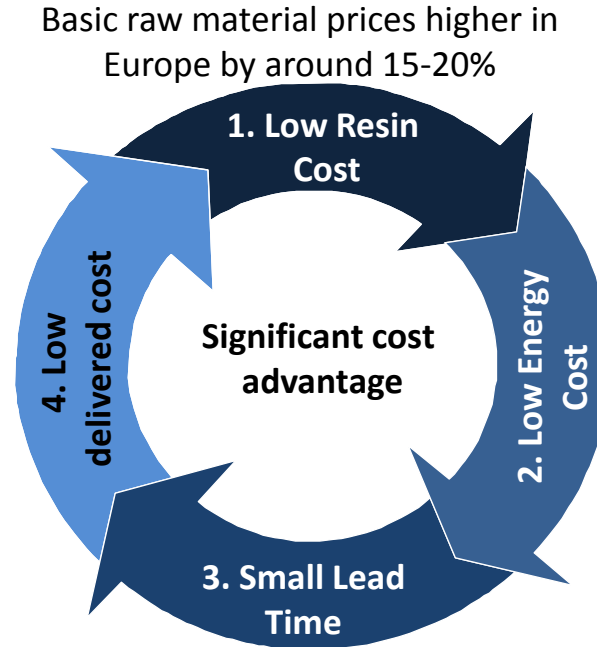
# Strategic Growth Drivers



Total market of around 1.8 mln tonnes in Europe for plastic film



Total delivered cost from KSA to Europe is less by 10-20% for film as compared to European players



Basic raw material prices higher in Europe by around 15-20%

Electricity cost in KSA is less by around 25% as compared to Europe

Lead time from China to Western Europe 3 weeks more from KSA

**KSA and Egypt have significant cost advantage over European players**

# 4



## Savola Investments

# Strategic Investments



Investment	Net profit 2013 (SAR mlns)	Ownership as of 31 Dec. 2013	Market value* of Savola holdings (SAR mlns)
Almarai	1,502	36.52%	14,243
Herfy	191	49%	1,835
Kinan/ Masharef	196	29.9%	NA

\*Market value as of 6<sup>th</sup> February 2014

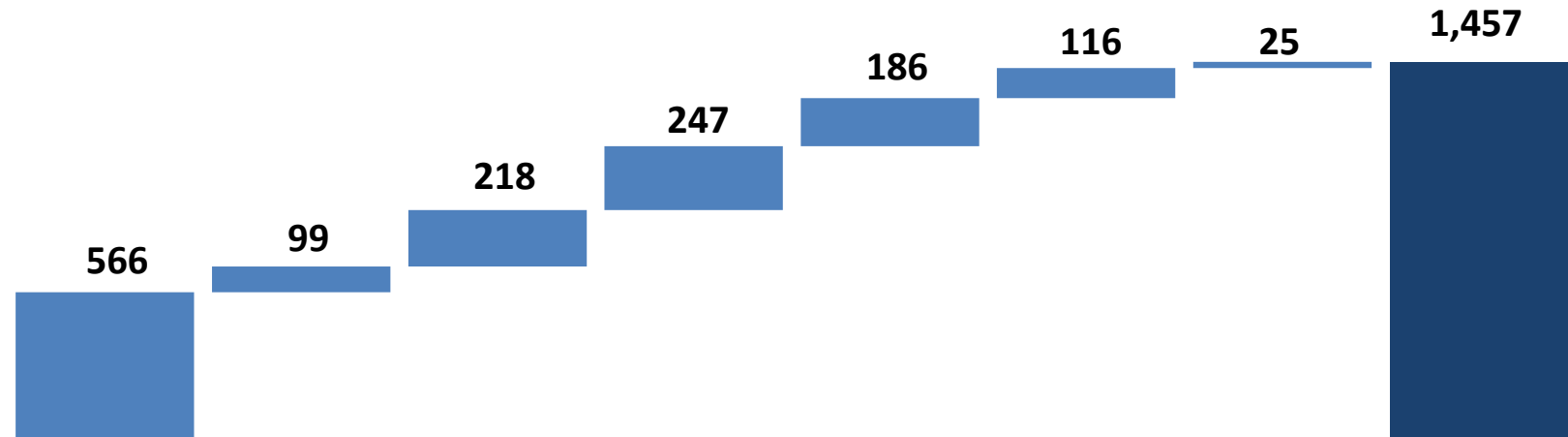
**Investments which are complimentary to the Group's core operating sectors**

# Non-core Investments



*All numbers are in SAR millions*

*All book values as of 31<sup>st</sup> December*



	KEC	EEC	Mutoun	Intaj	Joussour	Swicorp	Other	Total
	Listed				Un-listed			
% Ownership	11.4%	0.88%	80%	50%	15%	15%		

**Non-core investments to be exited overtime**

# Investments Strategy



Investment		Executed strategy
Land	Asfan	- In-kind contribution to Masharef project
	Yasmine Riyadh & Hanaki Jeddah	- Sold to Kinan with realized capital gain of SAR 76 mln and SAR 77 mln in 2011
	Medina land	- Sold to KEC with realized capital gain of SAR 231 mln in 2013
Mutoun		- Sale and leaseback of freehold properties with few remaining properties
Private Equity Funds (Intaj, Joussour, Swicorp)		<ul style="list-style-type: none"><li>- Ensuring to exit at the right time by maximizing returns</li><li>- Received SAR 90 mln from Joussour in 2013</li></ul>
KEC		- Currently under lock-up period
EEC		- Sold c. 90% of investment in Q3 2012 with capital gain of SAR 47 mln

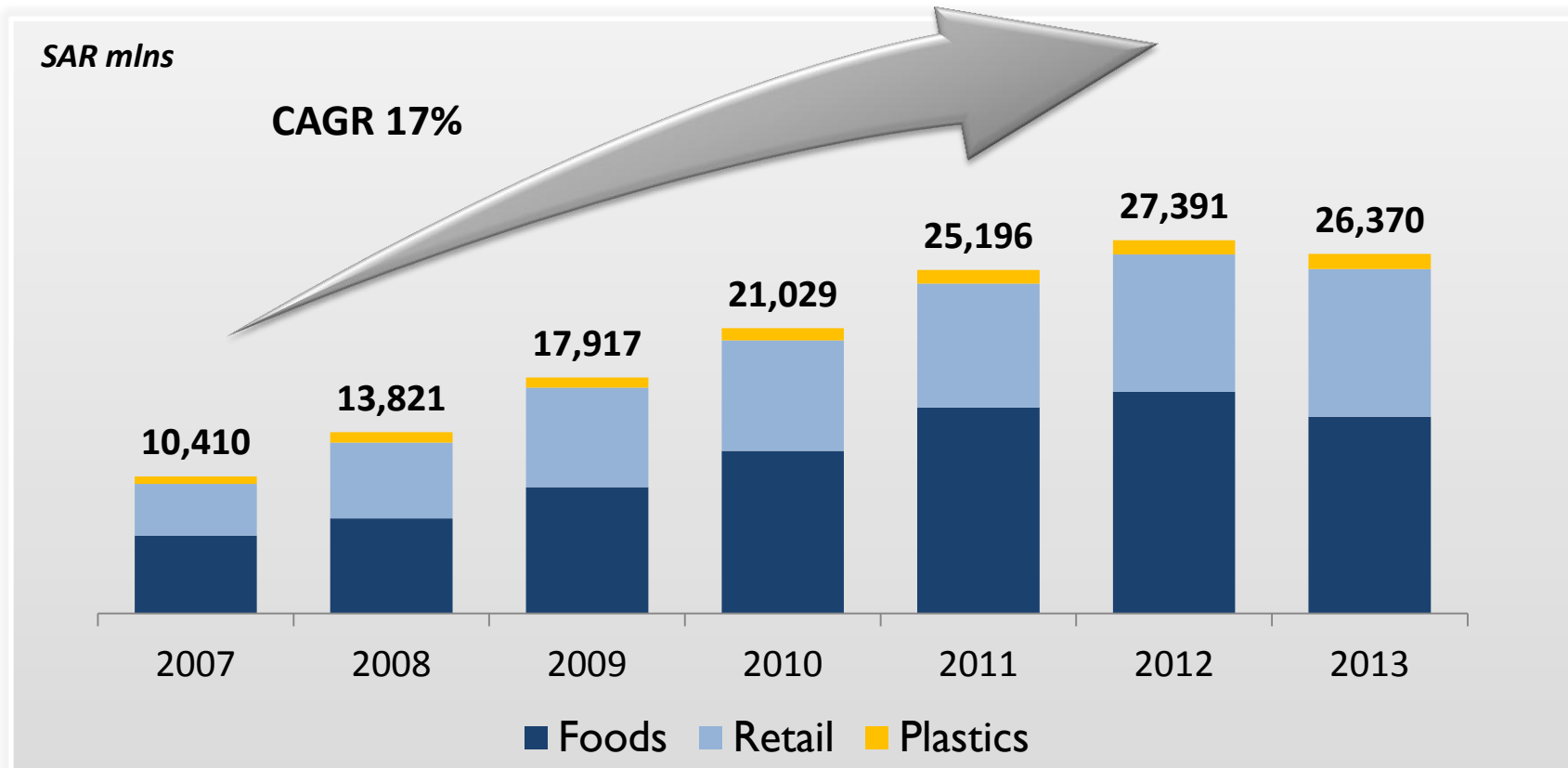
**Exited investments worth around SAR 2.6 billion since 2009**



3

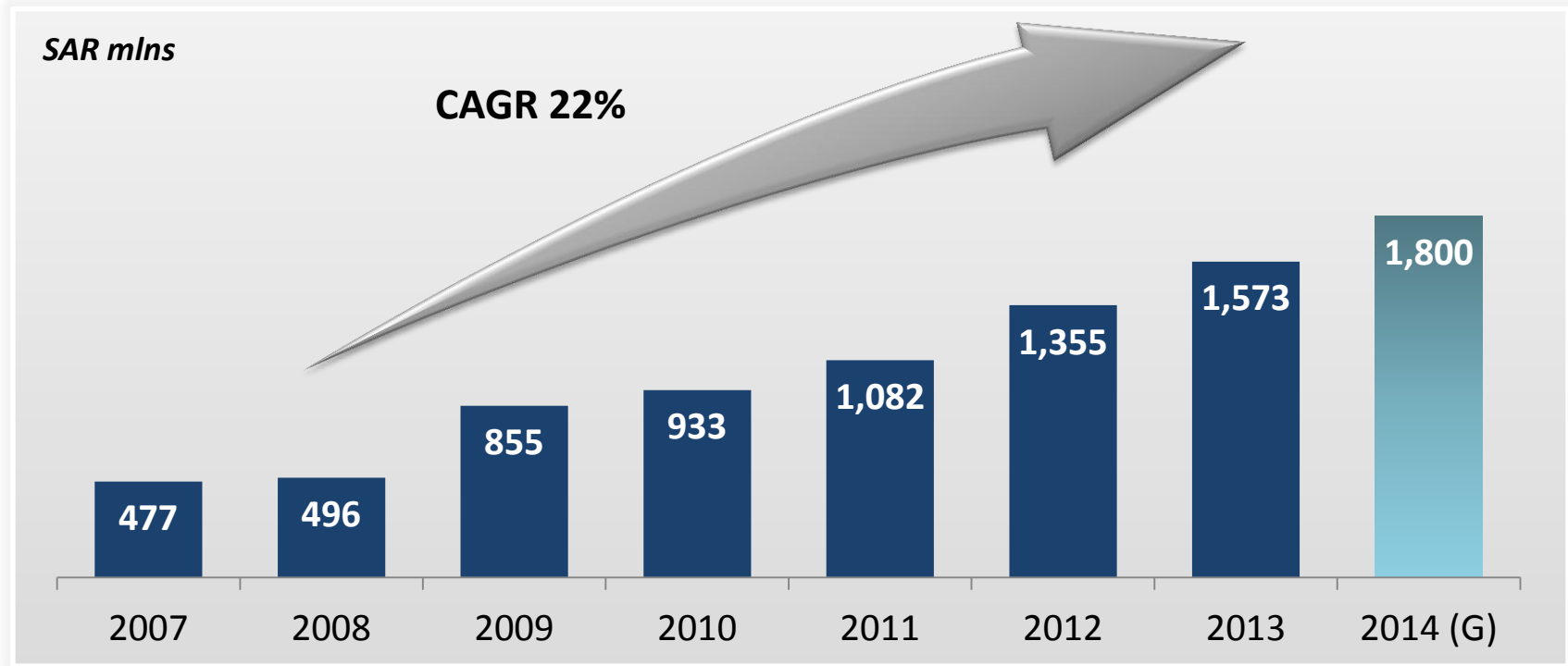
# Financials

# Revenue Growth



**Strong and consistent revenue growth**

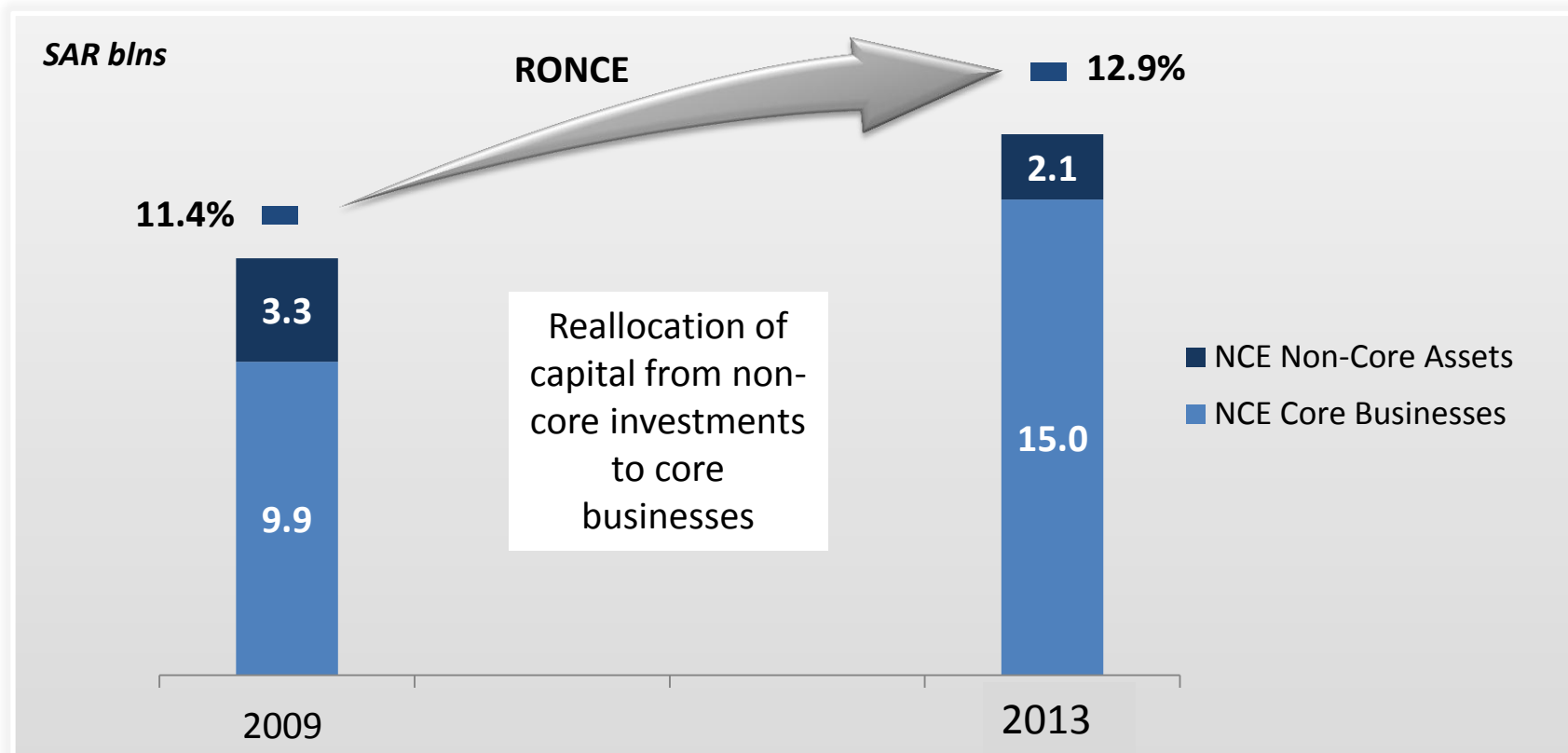
# Income from Core Operations



Net income from operations has grown consistently

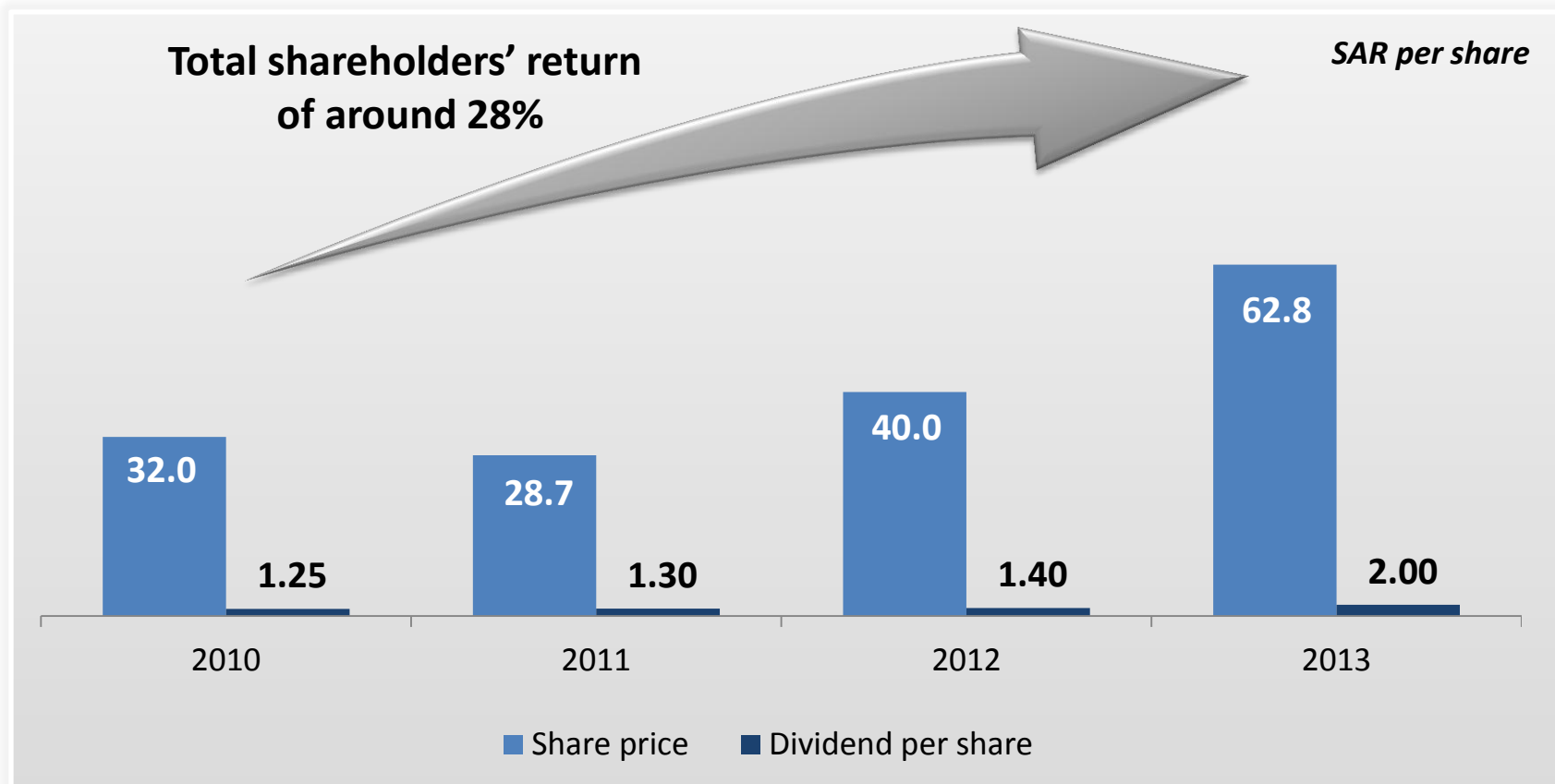


# Return on Net Capital Employed

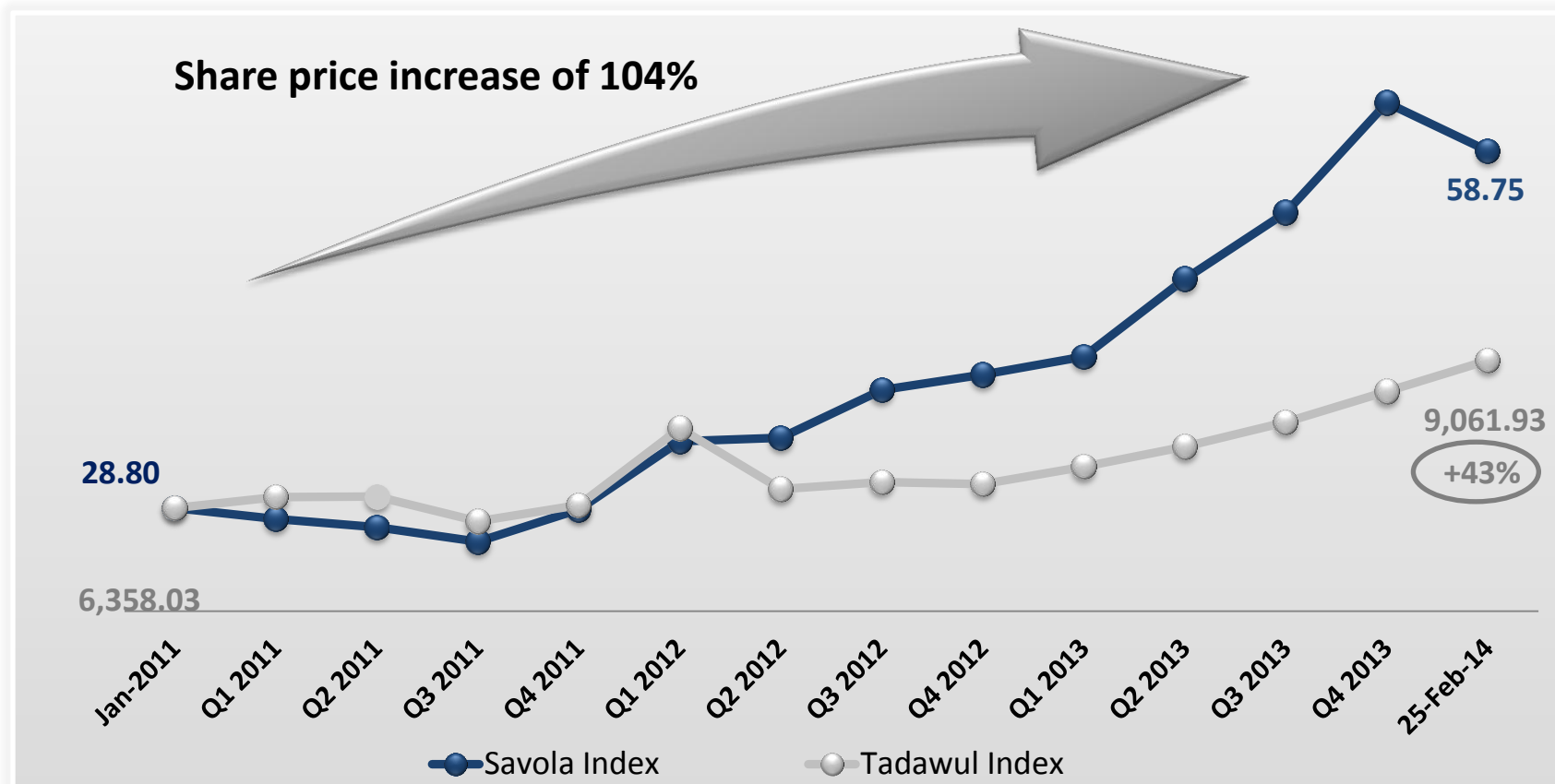


**RONCE has increased over the past few years due to focus on core businesses**

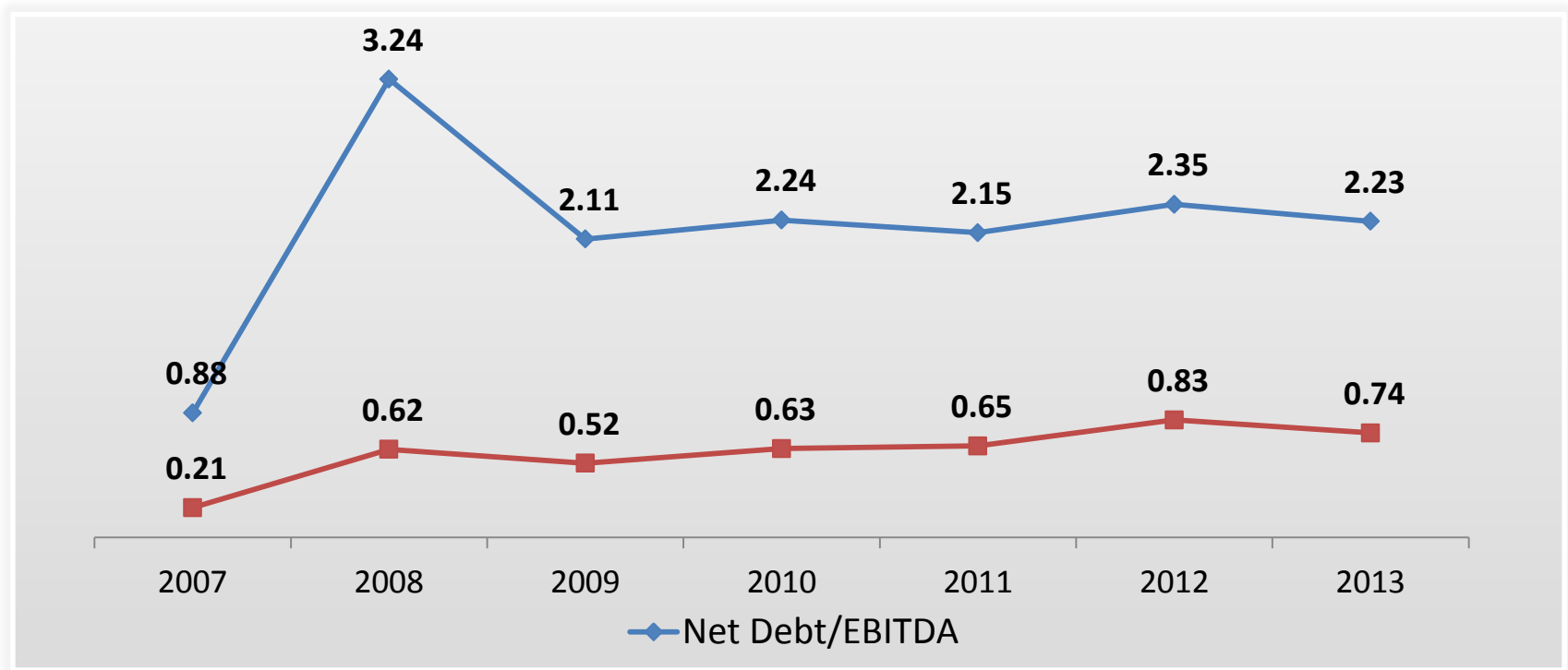
# Total Shareholders' Return



# Savola Group Share Price



# Debt Position

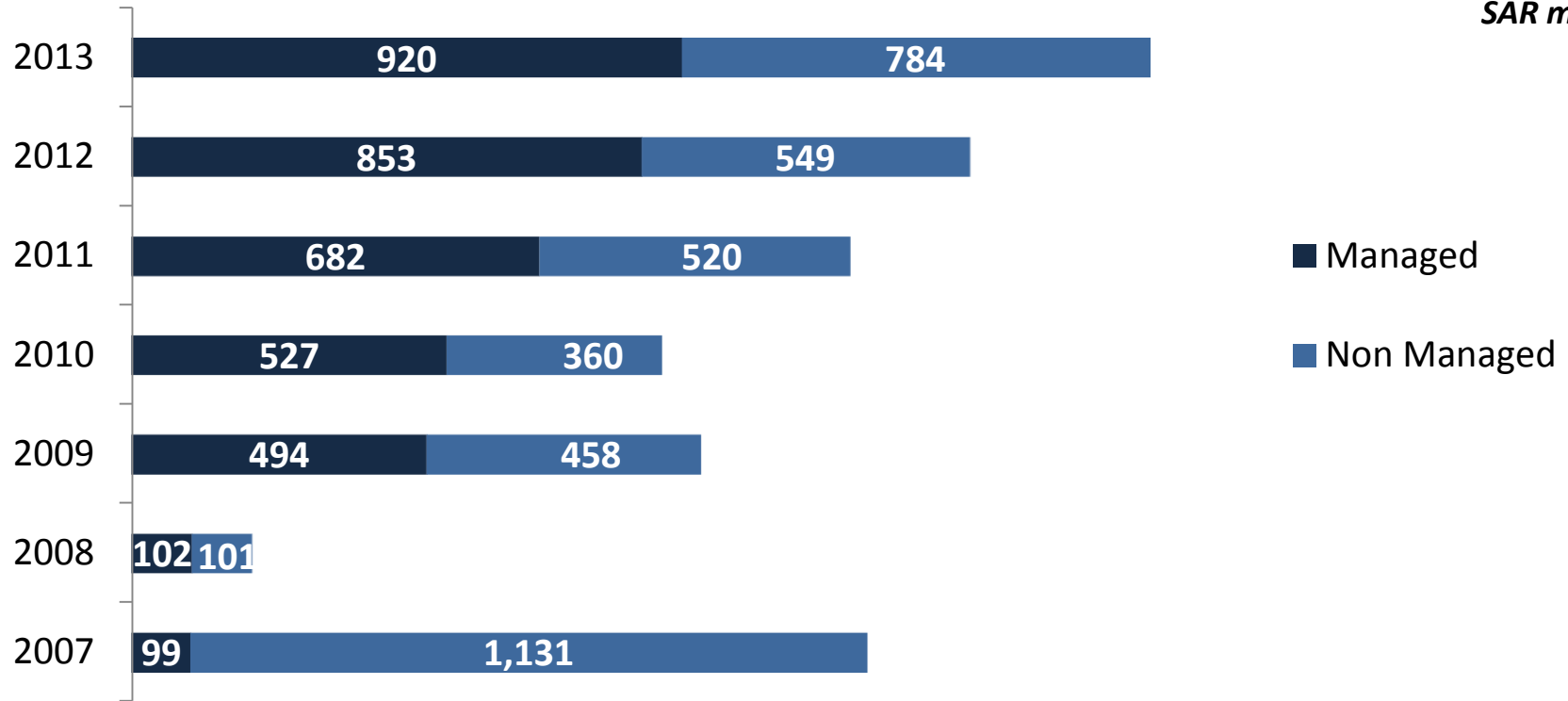


Healthy balance sheet with large amount of unutilized bank lines

# Non-managed Businesses



*SAR mlns*



**Reliance on non-managed businesses has reduced over time**



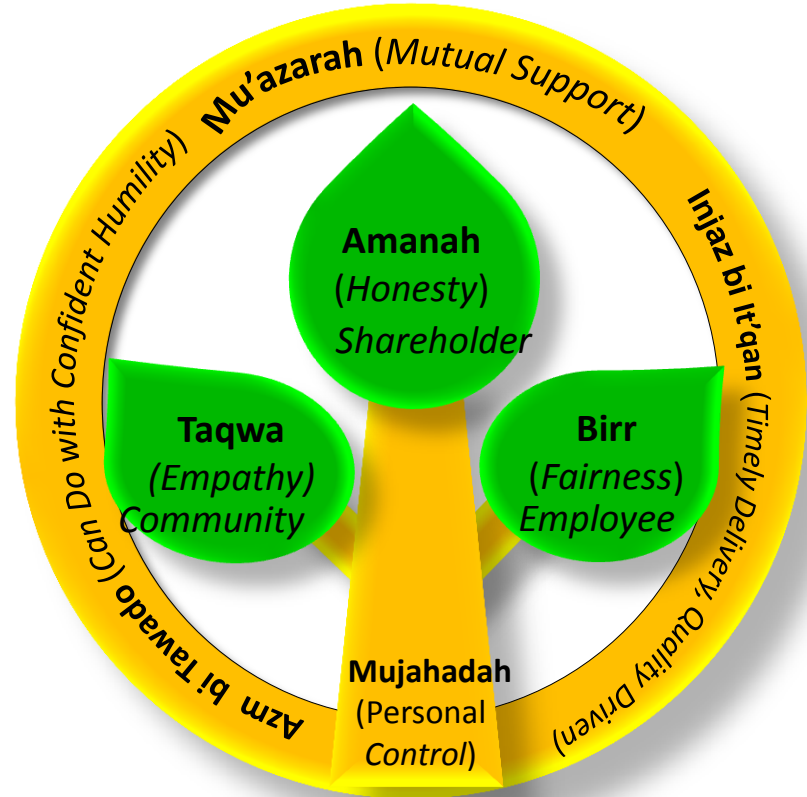
4

# Intangibles

# Savola Ethics and Values Balanced Way



- 1 We will continue to adhere to our ethics and values framework
- 2 We will ensure that we build a live, inspiring model of our ethics and values for the future generations of Savola
- 3 We will continue to maintain good and sincere intentions



# Corporate Social Responsibility



- Makeen center for training and employing persons with disabilities
- Accessibility program
- Participating in Injaz programs
- Supporting various organizations

**207 persons graduated from Makeen program**



# Recognition for Intangibles



- **Forbes** ranked Savola as No. 1 among Top 500 companies (Food Industry sector) in 2013 across Arab World
- Savola MD awarded CEO excellence award in 2013 by **The Middle East Excellence Awards Institute**
- Savola has awarded Best Brand Award in Asia for 2013 by **CMO Consultant**
- Savola awarded leading brand award from **Top 100 Saudi Brands** in 2013
- Savola ranked No. 2 among Arab World and No. 1 in KSA publicly listed companies in Corporate Governance and Transparency by **Standard & Poor's and Hawkamah Institute**



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# **Appendix - Financial Results**

# Annual Financials

(all figures are in SAR millions)

## Segment Wise Financials

	FY- 2013					FY- 2012				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Food</b>										
Oil-Mature Markets	8,475	1,663	1,053	512	1,139	9,008	1,601	1,028	395	1,134
Oil-Start-up Markets*	1,222	160	48	12	67	1,557	238	103	44	121
<b>Total Oil</b>	<b>9,697</b>	<b>1,823</b>	<b>1,101</b>	<b>525</b>	<b>1,205</b>	<b>10,565</b>	<b>1,839</b>	<b>1,130</b>	<b>438</b>	<b>1,256</b>
Sugar	4,392	343	214	68	300	5,375	409	289	144	379
Pasta	463	76	41	38	60	449	82	47	44	67
<b>Total Foods</b>	<b>14,552</b>	<b>2,242</b>	<b>1,357</b>	<b>631</b>	<b>1,566</b>	<b>16,389</b>	<b>2,330</b>	<b>1,467</b>	<b>626</b>	<b>1,701</b>
<b>Retail</b>										
KSA	10,518	2,471	425	397	678	9,529	2,182	327	302	568
Gulf	406	68	9	9	13	627	114	13	9	19
<b>Total Retail</b>	<b>10,925</b>	<b>2,539</b>	<b>435</b>	<b>405</b>	<b>691</b>	<b>10,157</b>	<b>2,296</b>	<b>340</b>	<b>311</b>	<b>587</b>
Packaging	1,120	156	90	70	149	1,053	167	114	100	169
Real Estate	0	0	60	60	60	0	0	32	32	32
Franchising	0	0	0	0	0	0	0	0	0	0
Herfy	0	0	92	92	92	0	0	85	85	85
Al Marai-Savola Share	0	0	548	548	548	0	0	435	435	435
HQ/Elimination/Impairments	(227)	0	5	(101)	49	(207)	(0)	(17)	(188)	12
<b>Total</b>	<b>26,370</b>	<b>4,936</b>	<b>2,587</b>	<b>1,704</b>	<b>3,155</b>	<b>27,391</b>	<b>4,792</b>	<b>2,456</b>	<b>1,402</b>	<b>3,020</b>
<b>Adjustments</b>										
Impairments				100					-	
Capital gains				(231)					(47)	
<b>Adjusted Profit</b>				<b>1,573</b>					<b>1,355</b>	

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



**THANK YOU**