

# 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

2011

2012

2013



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



- Issued Sukuk worth SAR 1.5 bln, first tranche of SAR 5 bln program

- 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

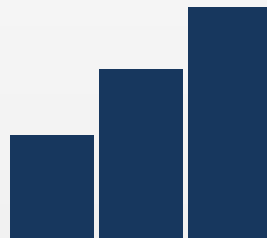


**Savola Group is one of the top Food, Retail and  
Plastics Packaging player in the MENA region  
with leading brands**

# Key Facts



Around **20,000**  
**Employees**



Net Sales of **SAR**  
**27.4 bln** in 2012



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



Market  
capitalization of  
**SAR 26.5 bln**  
(as of 23<sup>rd</sup> July 2013)

# Our Businesses



## Foods

(Edible Oils, Sugar, Pasta)

Revenue SAR 16.4 bln



## Investments

(Strategic and Non-core)

Value of over SAR 14 bln



## Retail

(Hypermarkets & Supermarkets)

Revenue SAR 10.2 bln



## Plastics

(Rigid & Flexible)

Revenue SAR 1.1 bln

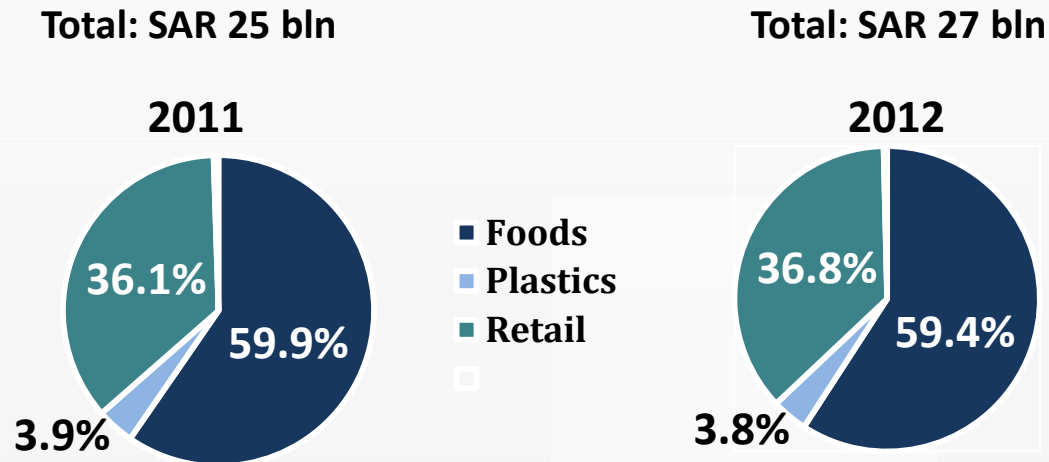




# Our Businesses




## Revenue by Sector





# Our Key Strengths



Broad and diversified  
geographic footprint and  
product offering

Extensive consumer and  
market understanding

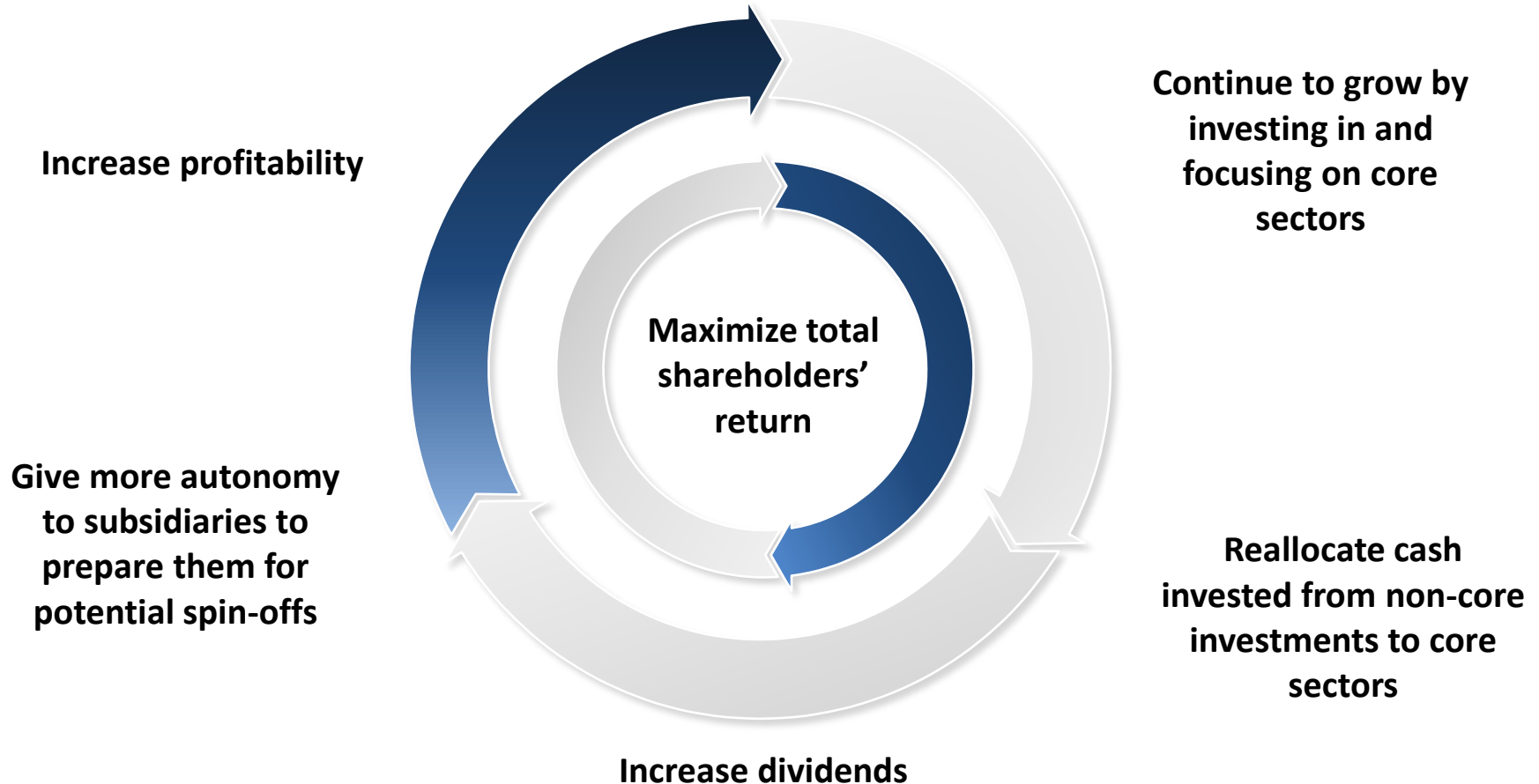
Market leader in high  
growth and fragmented  
markets

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



# Agenda...



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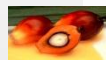
Savola Foods



# 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

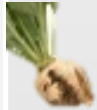


## Raw materials



Raw Cane  
Sugar

100%



Beet

Beet sugar plant is completed and is currently going through test phase

## 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



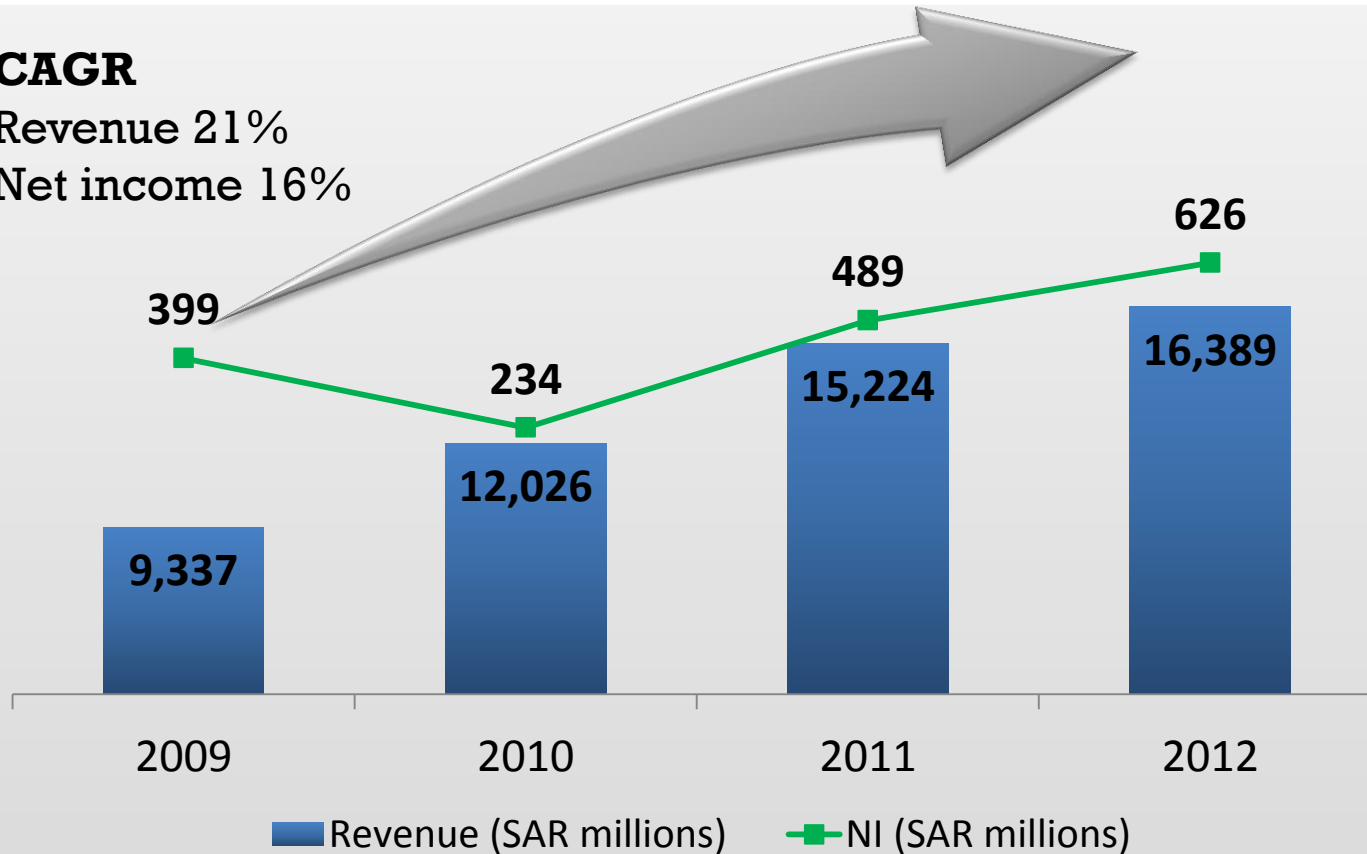
# Financial Performance



## CAGR

Revenue 21%

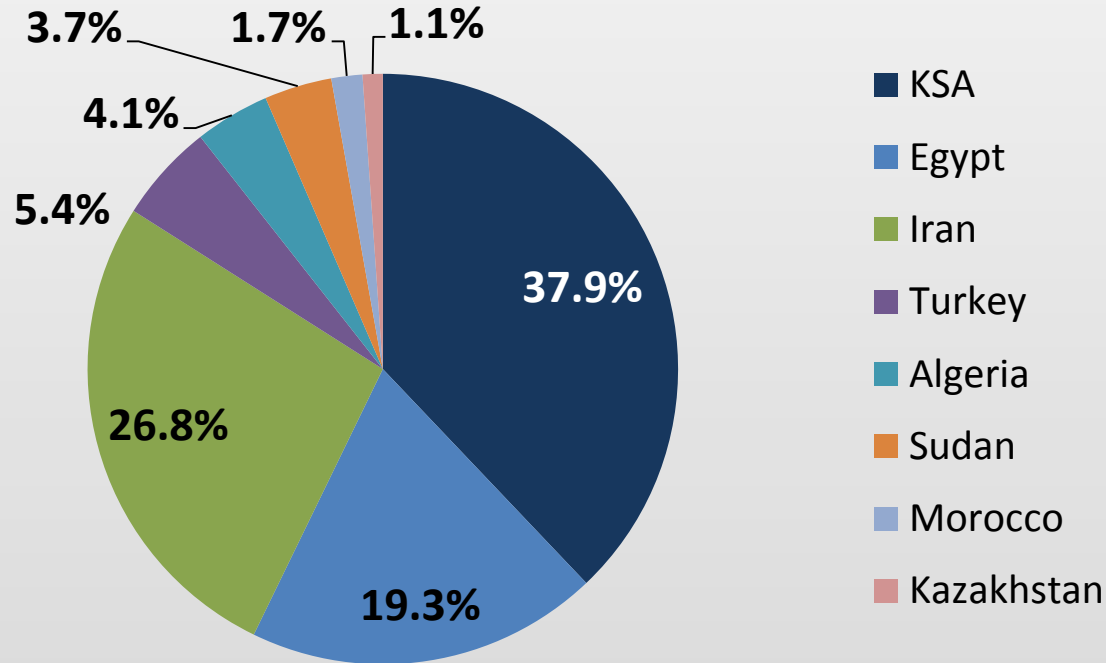
Net income 16%



# Revenue Breakdown



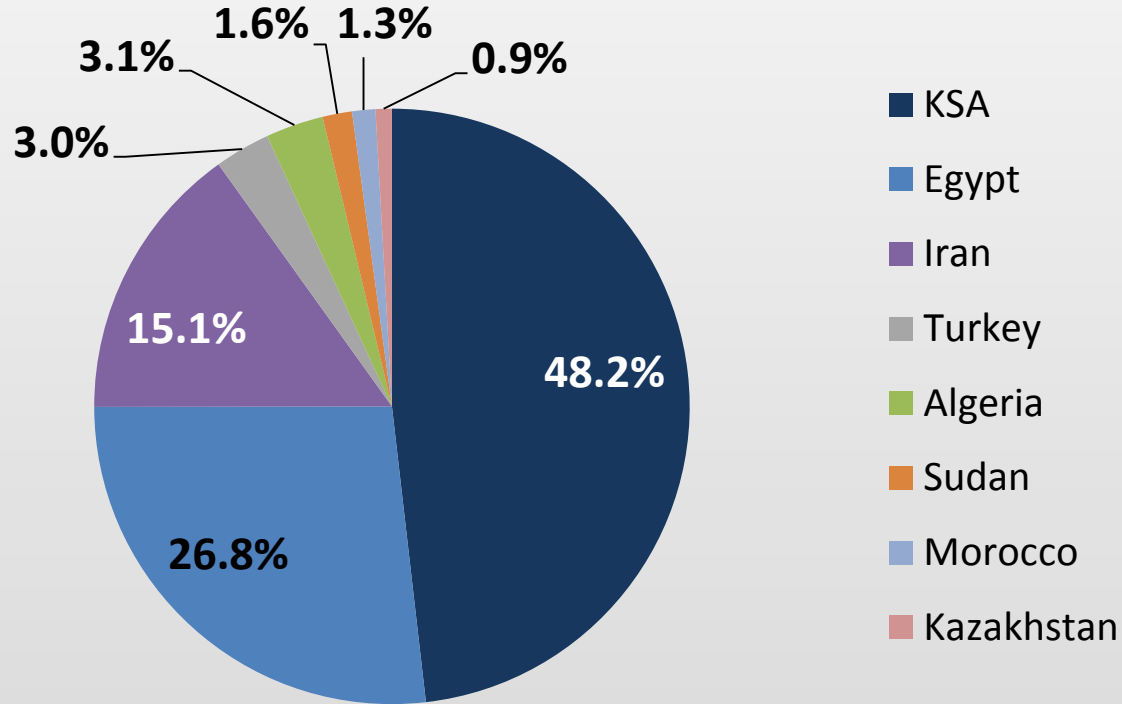
## SFC Revenue Breakdown by Geography, 2012 (Total: SAR 16.4 bln)



# Volume Breakdown



**SFC Total Sales Volume by Geography, 2012 (Total: 3.6 mln MT)**

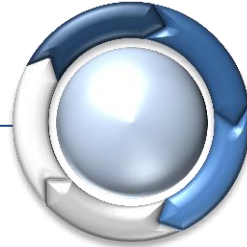


# Strategic Growth Drivers



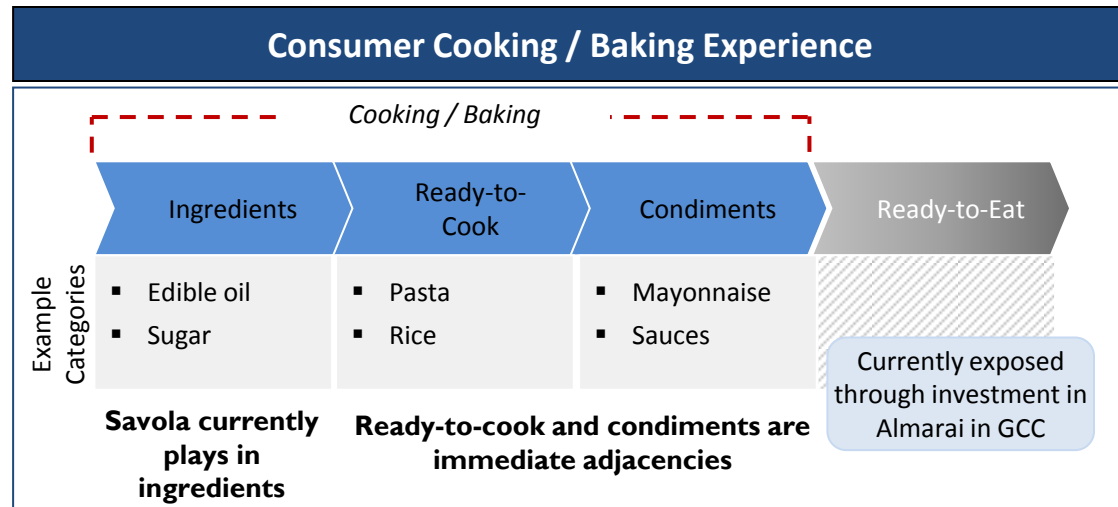
**Mission is to enrich consumer cooking experience by developing ingredient solutions**

# Strategic Growth Drivers



## ① 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 bln in these categories**

# Strategic Growth Drivers



2

## Leveraging the value of existing brands

- Umbrella branding to enhance economies of scale in marketing and advertising
- Facilitate establishing a foothold in new markets

KSA



Turkey



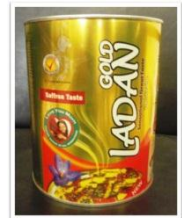
Iran



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 operates

- Population: 394 mln
- Population Growth (2012): 1.5%
- Edible Oil Consumption: 8.6 mln MT
- Sugar Consumption: 12.8 mln MT




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



# Strategic Growth Drivers



**KSA**


1

- Population: 28.7 mln
- Population Growth (2012): 2.1%
- GDP Growth: 6.0%
- Edible Oil Consumption: 604,200 MT
- Sugar Consumption: 1.2 mln MT

**Egypt**

2

- Population: 84.0 mln
- Population Growth (2012): 1.8%
- GDP Growth: 1.5%
- Edible Oil Consumption: 1.9 mln MT
- Sugar Consumption: 2.8 mln MT

**Turkey**

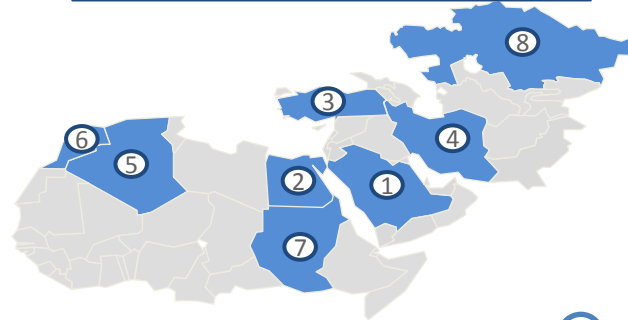
3


- Population: 74.5 mln
- Population Growth (2012): 1.2%
- GDP Growth: 2.3%
- Edible Oil Consumption: 2.2 mln MT
- Sugar Consumption: 2.3 mln MT

**Kazakhstan**

8


- Population: 16.4 mln
- Population Growth (2012): 1.2%
- GDP Growth: 5.9%
- Edible Oil Consumption: 346,300 MT
- Sugar Consumption: 480,000 MT



**Iran**


4

- Population: 75.6 mln
- Population Growth (2012): 1.1%
- GDP Growth: 2.0%
- Edible Oil Consumption: 1.8 mln MT
- Sugar Consumption: 2.5 mln MT

**Sudan**


7

- Population: 45.7 mln
- Population Growth (2012): 2.5%
- GDP Growth: -7.3%
- Edible Oil Consumption: 421,500 MT
- Sugar Consumption: 1.3 mln MT

**Morocco**

6

- Population: 32.6 mln
- Population Growth (2012): 0.9%
- GDP Growth: 3.7%
- Edible Oil Consumption: 621,900 MT
- Sugar Consumption: 750,000 MT

**Algeria**

5

- Population: 36.5 mln
- Population Growth (2012): 1.4%
- GDP Growth: 3.1%
- Edible Oil Consumption: 675,000 MT
- Sugar Consumption: 1.5 mln MT

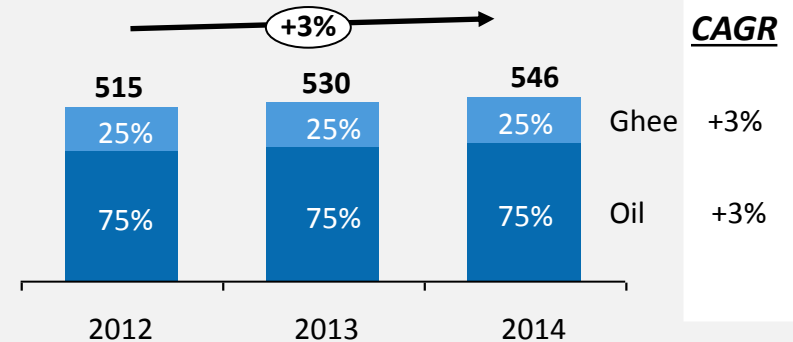
# Strategic Growth Drivers



## 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

- Local farming larger than local consumption
- Government incentives aligned to favor exports

- Malaysia (387%)
- United States (87%)
- Indonesia (400%)
- Argentina, Brazil

#### Origination Markets

- Local farming substantial but countries still relies on imports to meet demand
- Government incentives aligned to protect local farmers

- Croatia (56%)
- India (47%)
- **Turkey / Kazakhstan (40 - 50%)**
- **Sudan (60%)**

#### Destination Markets

- Little to no local farming industry exists
- Government supports imports
- Competition is from local players

- **Egypt (15%)**
- **Arabia (0%)**
- **Iran (15%)**
- **Morocco / Algeria (below 5%)**

Limited Upstream integration in Sudan and Egypt

**Selected upstream integration in Sudan and Egypt**

# Strategic Growth Drivers



## Food Categories in GCC

## 5 Strategic M&A



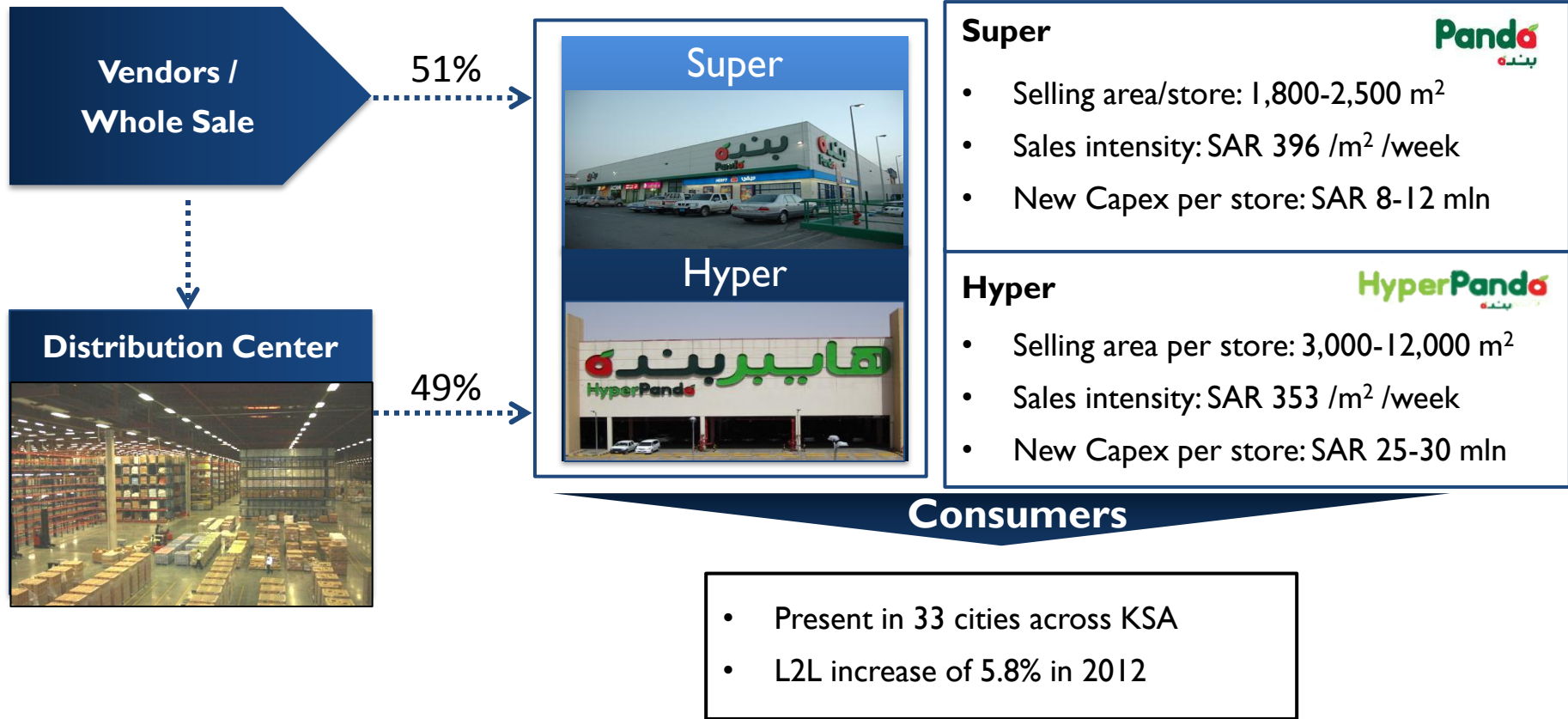
	Total packaged food market	Overlapping with Savola / Almarai businesses	Other Categories
Total B2C market size	SAR 80 bln	SAR 46 bln	SAR 34 bln
Number of Categories	52	28	24
Profit Pool (Gross Profit)	SAR 22 bln	SAR 12 bln	SAR 10 bln

*For illustrative purposes only*

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



# Retail Value Chain



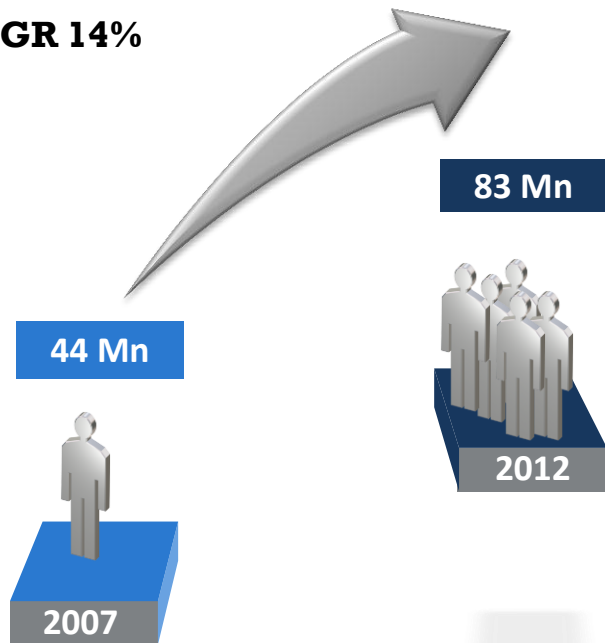
**Present across KSA with exceptional distribution network**

# Key Facts



## Customer Count

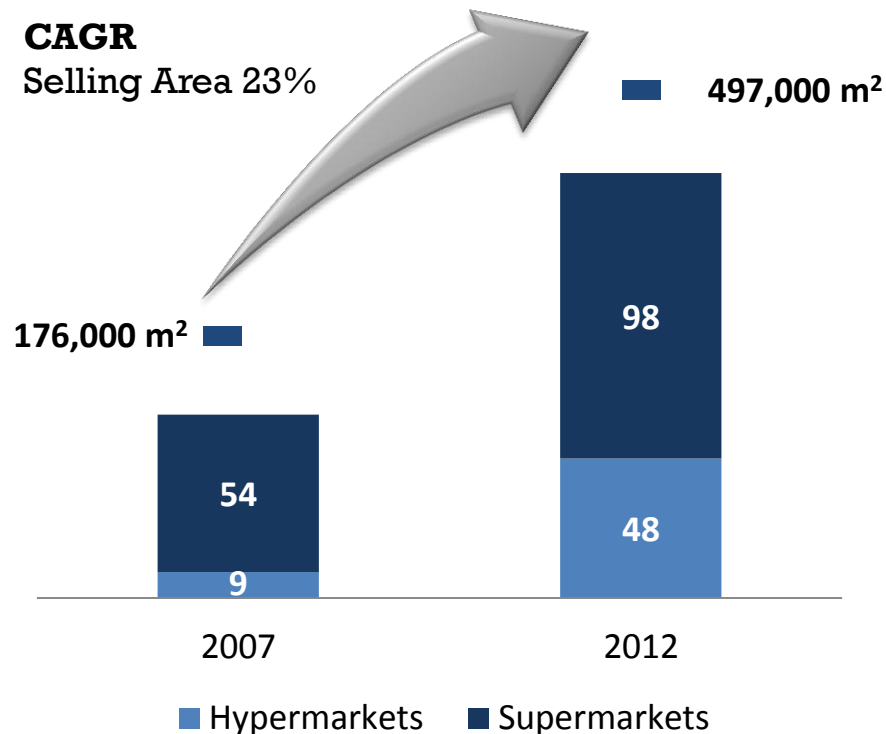
**CAGR 14%**



## Number of Stores and Selling Area

**CAGR**

**Selling Area 23%**





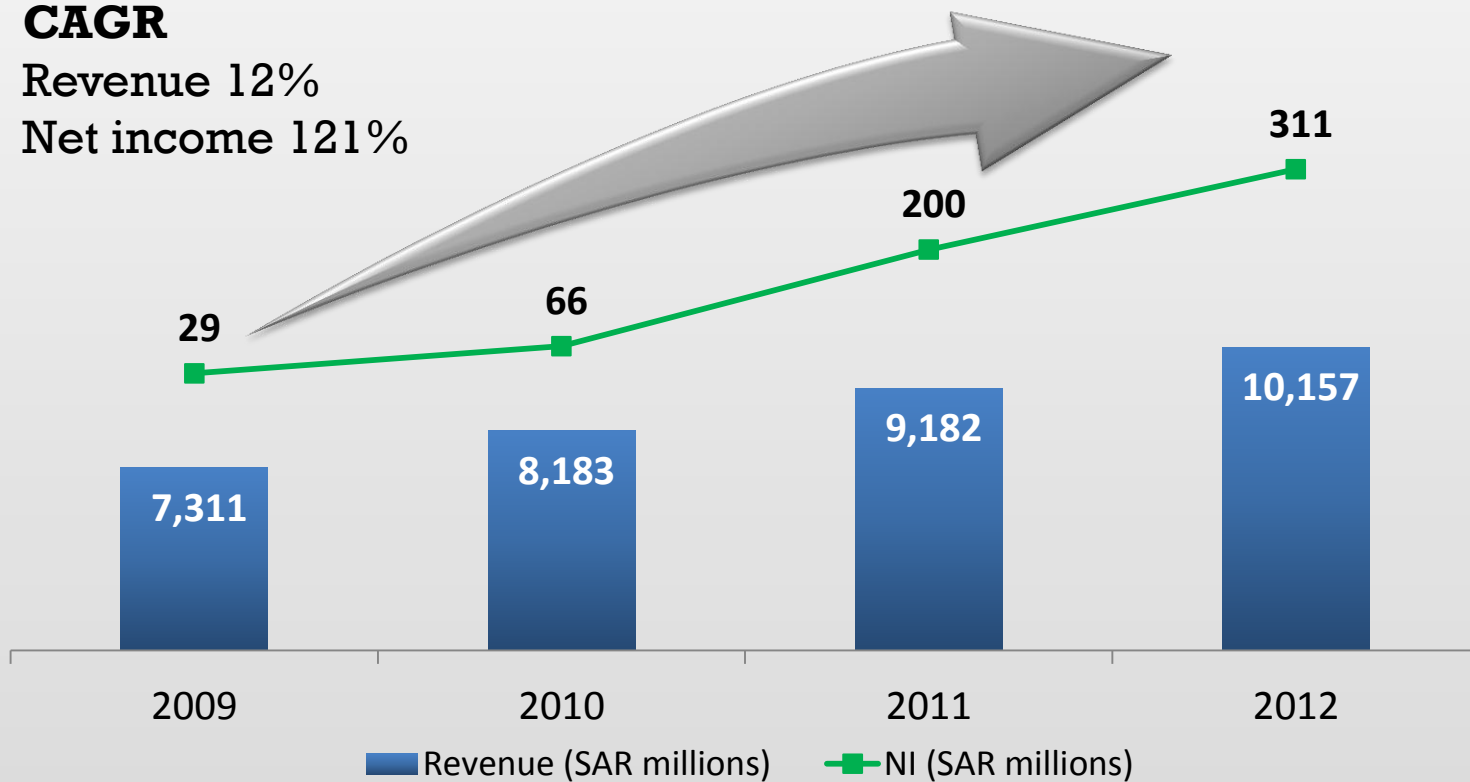
# Financial Performance



## CAGR

Revenue 12%

Net income 121%



# Strategic Growth Drivers



1  
Organic  
growth

2  
Adapting to  
the demands  
of  
customers

3  
State of the  
art  
Distribution

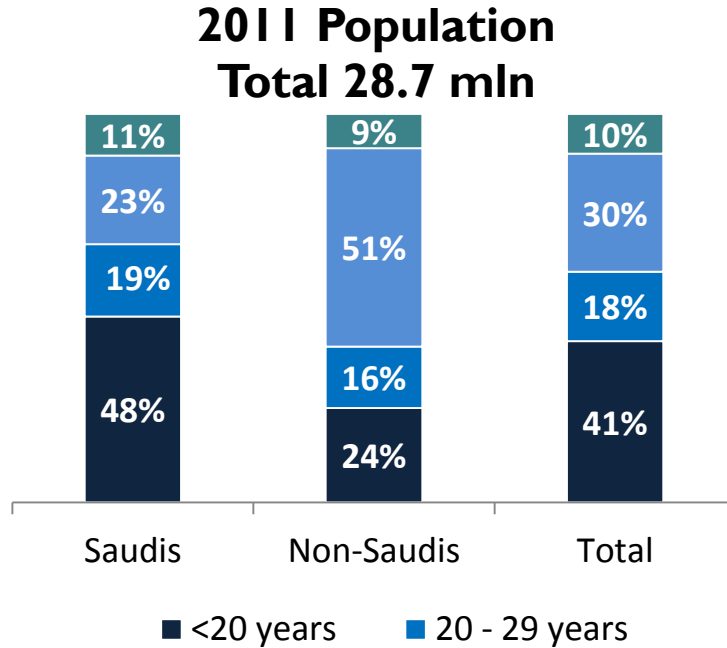
4  
Expansion of  
non-food  
lines

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

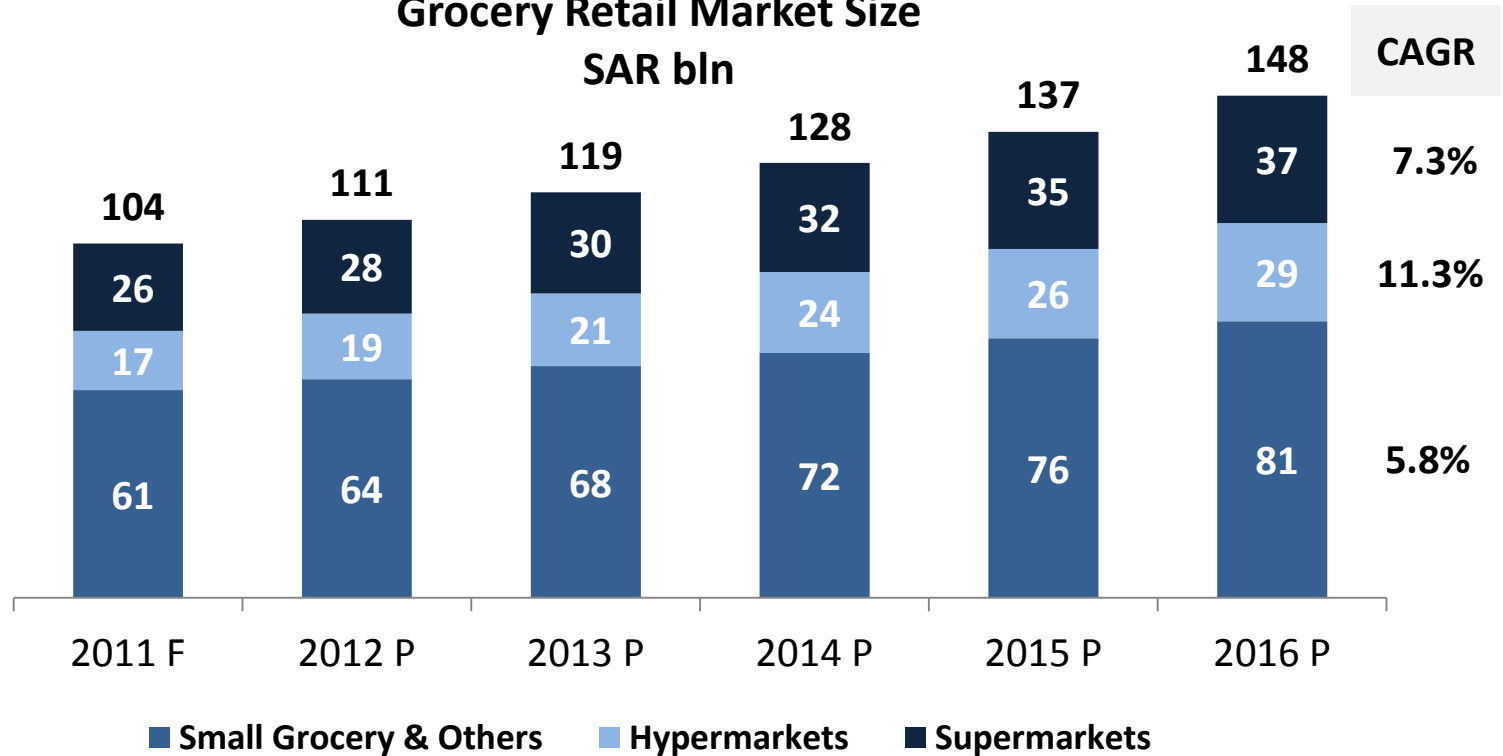
- 23% more **married couples** (11.9 mln) by 2020
- **Family size** has declined (9.3 in 1970s to around 5.3 now)

**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 67,000 m<sup>2</sup>
- Second largest fleet size in KSA with over 380 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



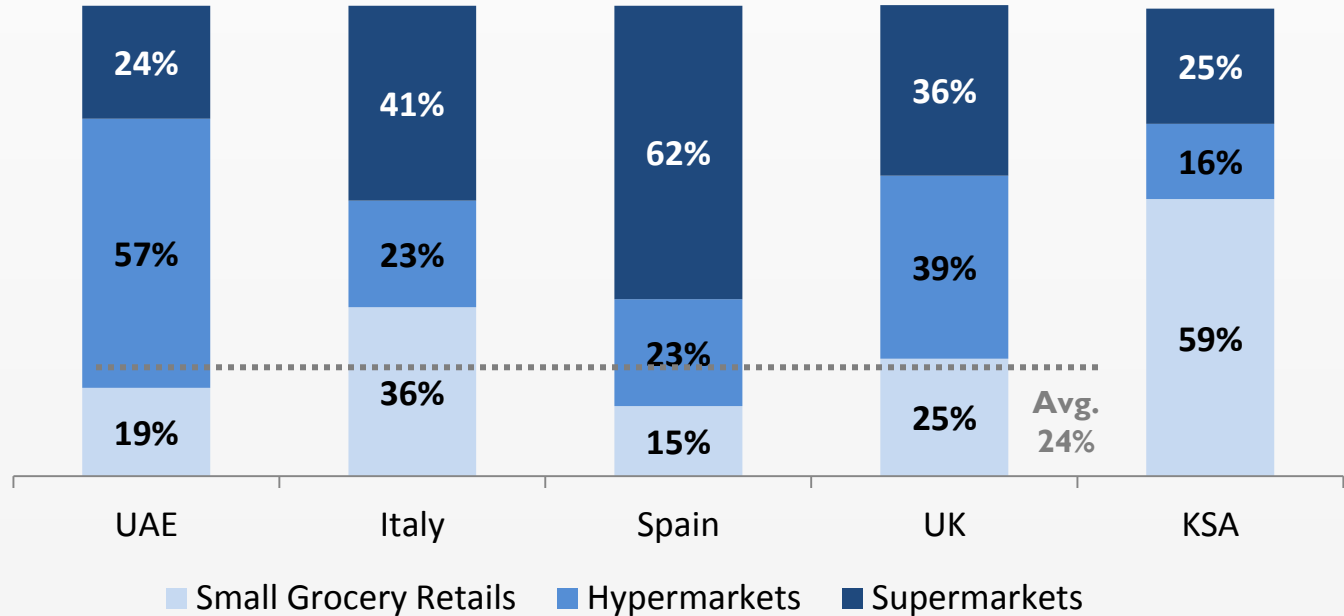
5  
Expansion  
of Panda  
branded  
product  
lines

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”



**Savola Plastics**

*Quality Always...  
All The Way*

# Plastics Value Chain



## Raw materials

PET

PP

PE

## Processing



## Offering

80%

Rigid Packaging

20%

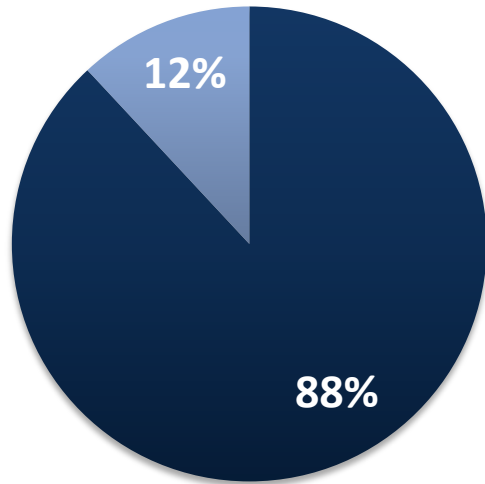
Flexible Packaging

Rigid packaging	PET bottles (PET)	HDPE bottles (HDPE)	Other
			
Flexible Packaging	Food		Others
			

# Key Facts



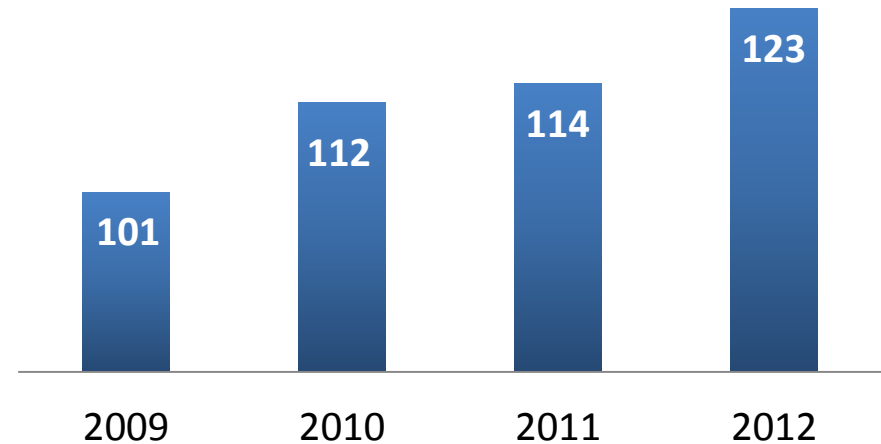
**SPS Volume Sales by Geography, 2012**  
(Total: 123,000 MT)



■ KSA

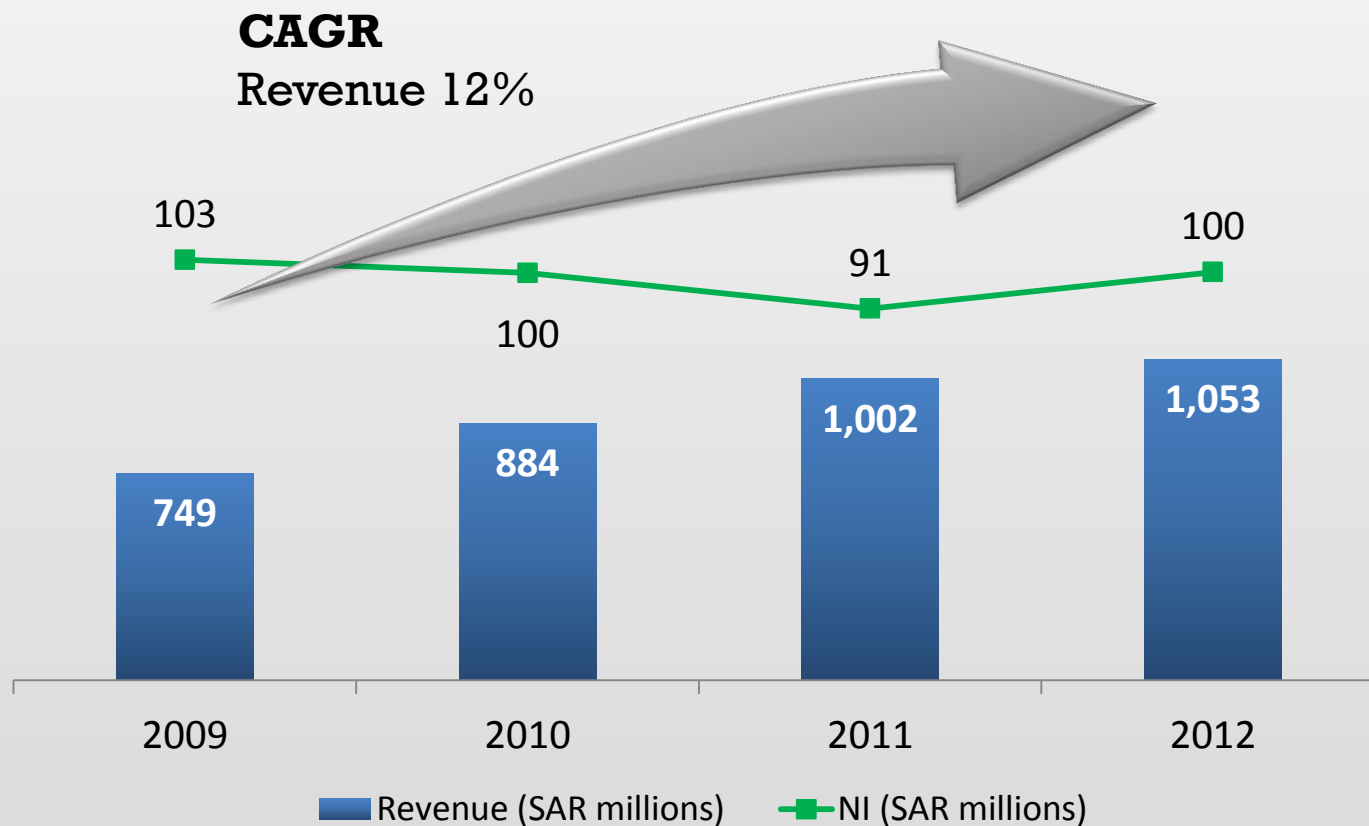
■ Egypt

**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



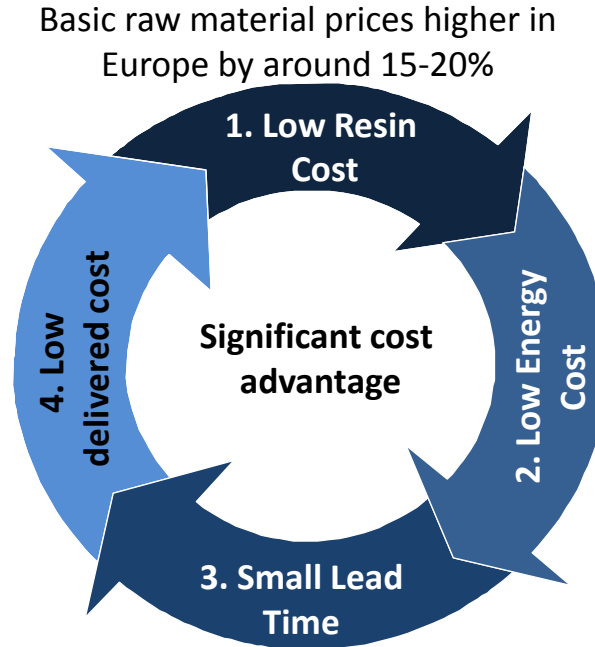
# Strategic Growth Drivers



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



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**



مدينة المعرفة الاقتصادية  
Knowledge Economic City



# Savola Investments

# Strategic Investments



Investment	Net profit 2012 (SAR mlns)	Ownership as of 31 Dec. 2012	Market value* of Savola holdings (SAR mlns)
Almarai	1,440	36.52%	10,846
Herfy	181	49%	1,819
Kinan/ Masharef	106	29.9%	NA

\*Market value as of 23<sup>rd</sup> July 2013

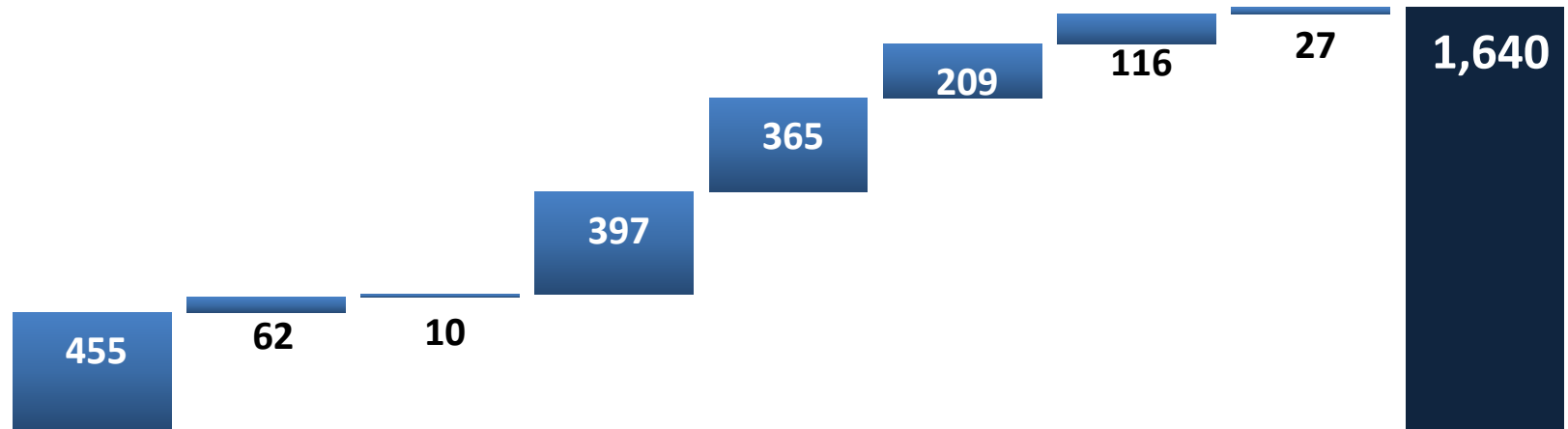
**Investments which are complimentary to the Group's core operating sectors**

# Non-core Investments



*All numbers are in SAR millions*

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



	KEC	EEC	Taameer	Mutoun	Intaj	Joussour	Swicorp	Other	Total
		Listed				Un-listed			
% Ownership	11.4%	0.88%	5%	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	- Agreement signed to sell to KEC with expected capital gain of SAR 231 mln
Mutoun		- Sale and leaseback of freehold properties with few remaining properties
Private Equity Funds (Intaj, Joussour, Swicorp)		- Ensuring to exit at the right time by maximizing returns
KEC		- Currently under lock-up period
EEC		- Sold c. 90% of investment in Q3 2012 with capital gain of SAR 47 mln
Herfy		- IPO'ed in 2010 at a P/E of around 12.5 times - Currently owning 49% of the company

**Exited investments worth around SAR 2.3 billion since 2009**

# Agenda...



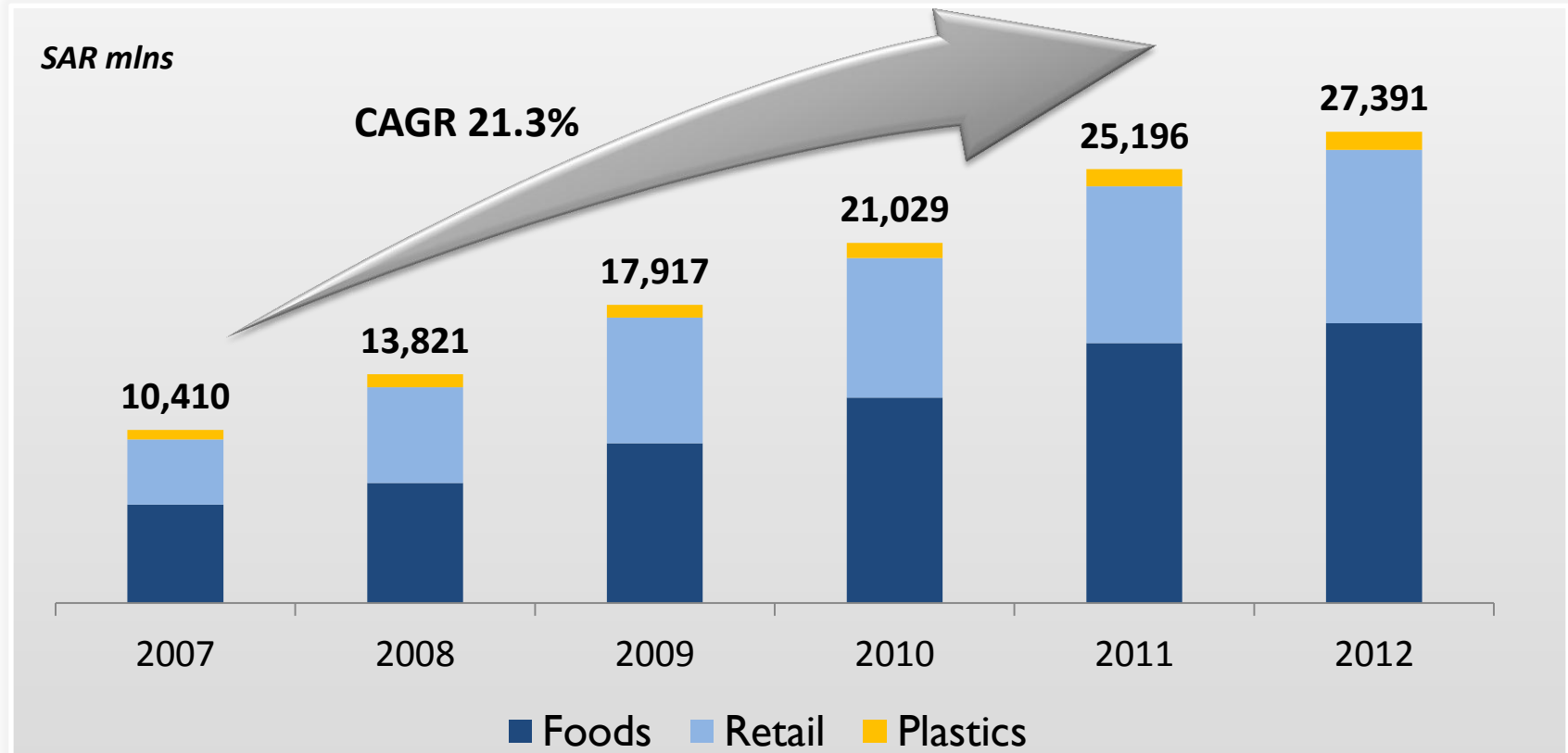
Overview

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**Financials**

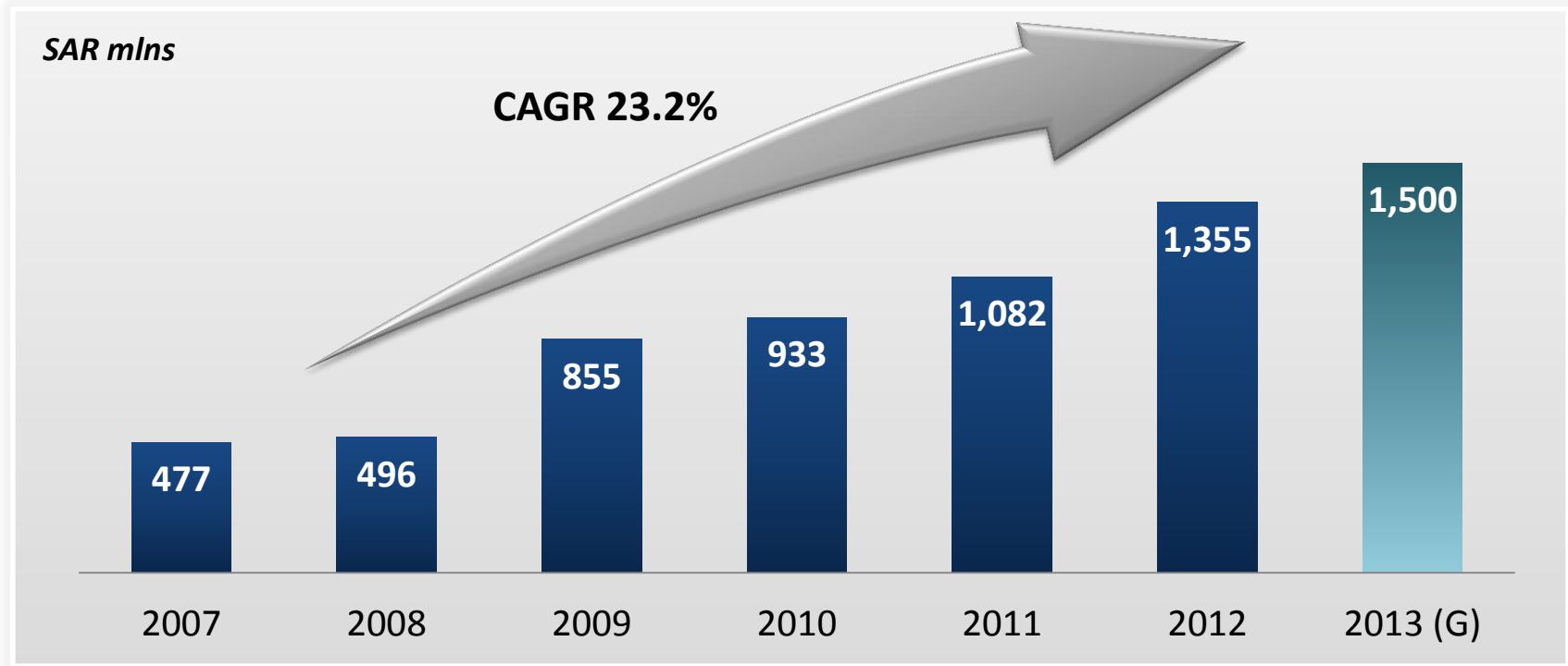
Intangibles

# Revenue Growth



**Strong and consistent revenue growth**

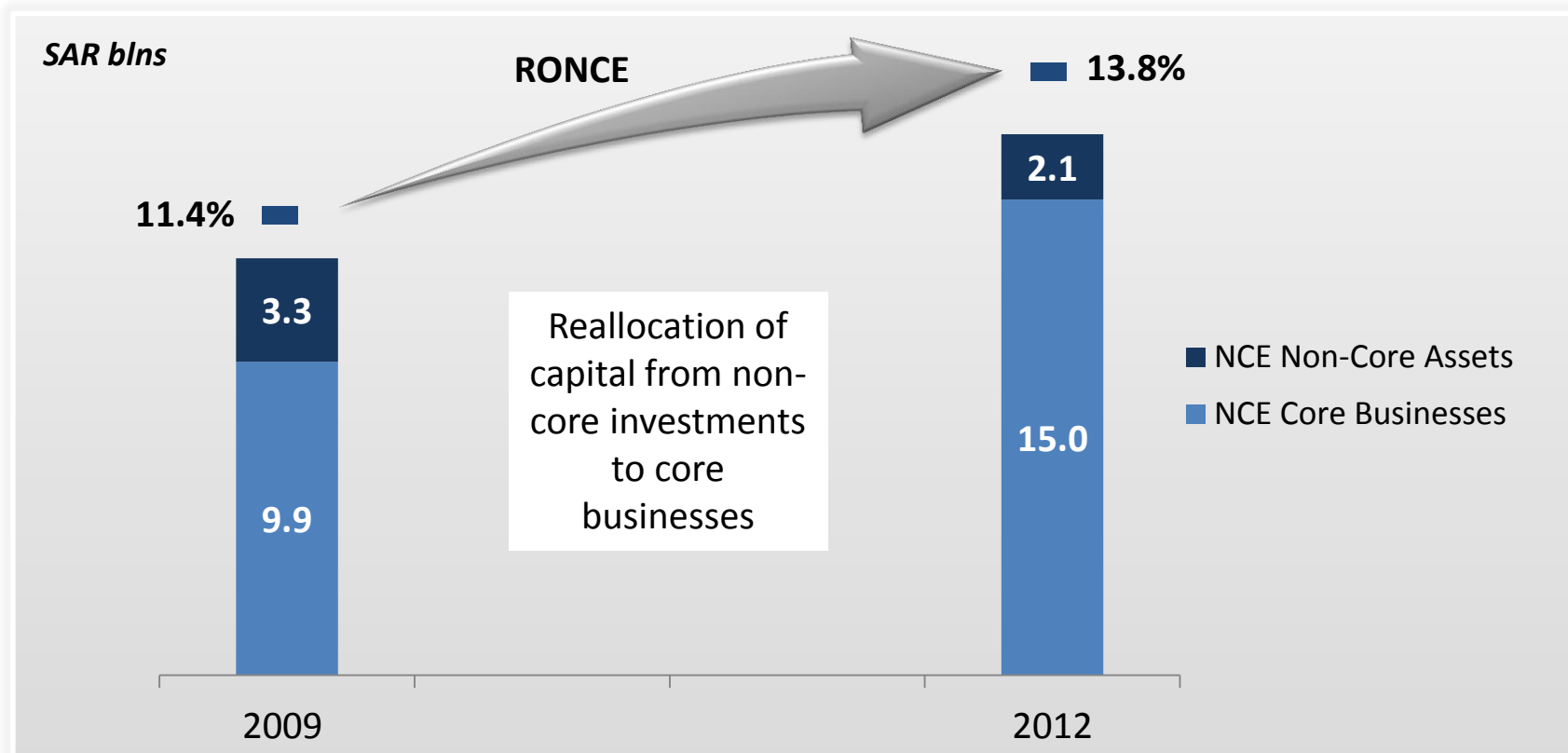
# Income from Core Operations



**Net income from operations has grown consistently**

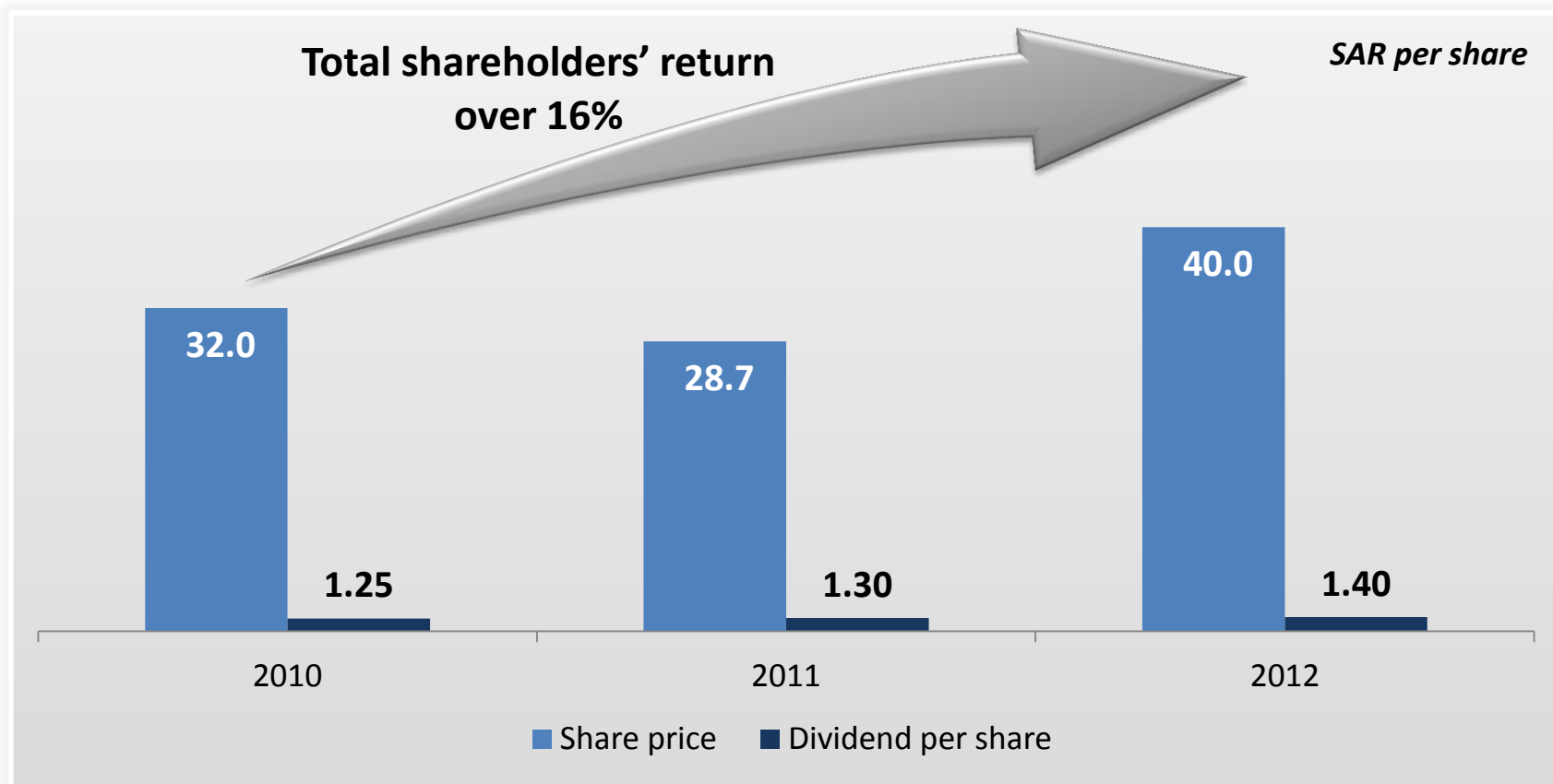


# Return on Net Capital Employed

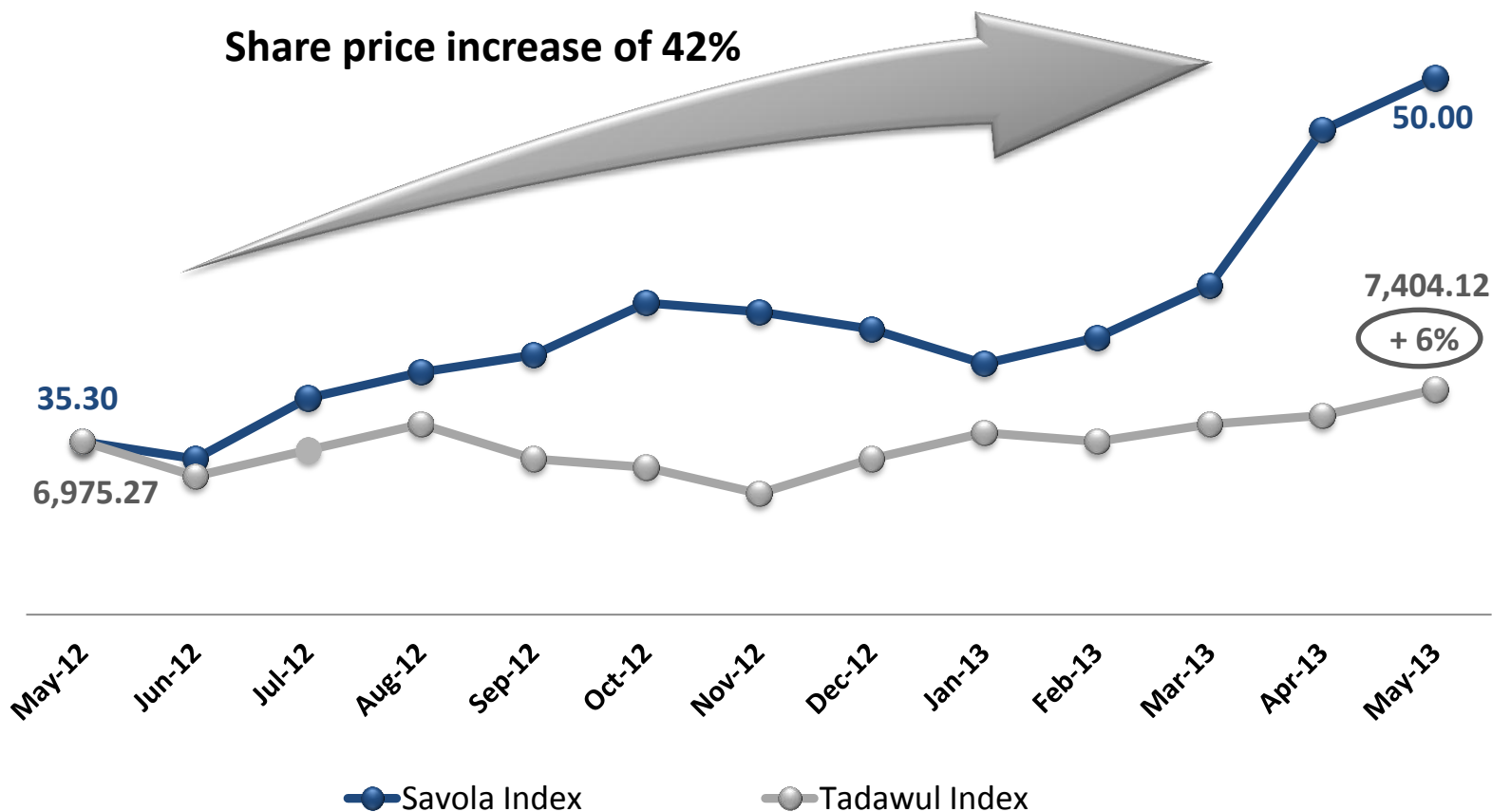


**RONCE has increased over the past few years due to focus on core businesses**

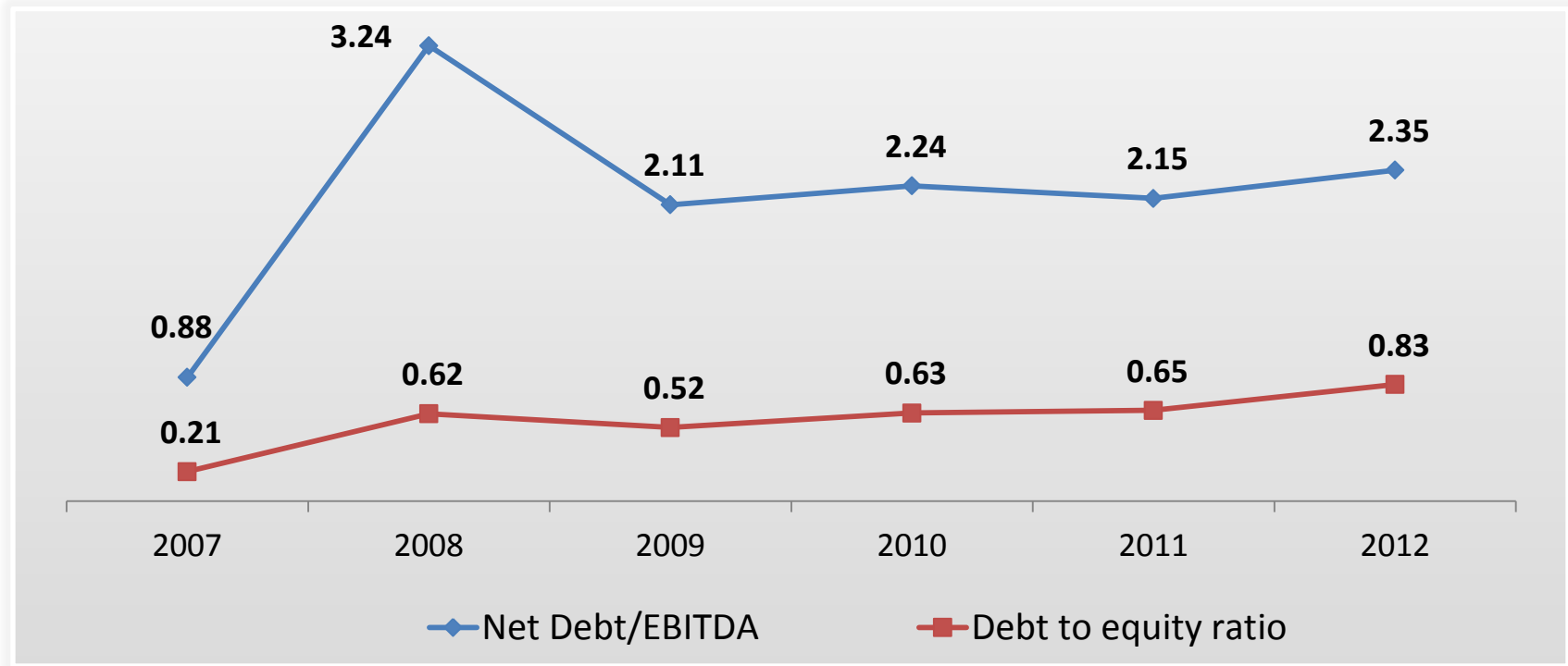
# Total Shareholders' Return



# Savola Group Share Price



# Debt Position

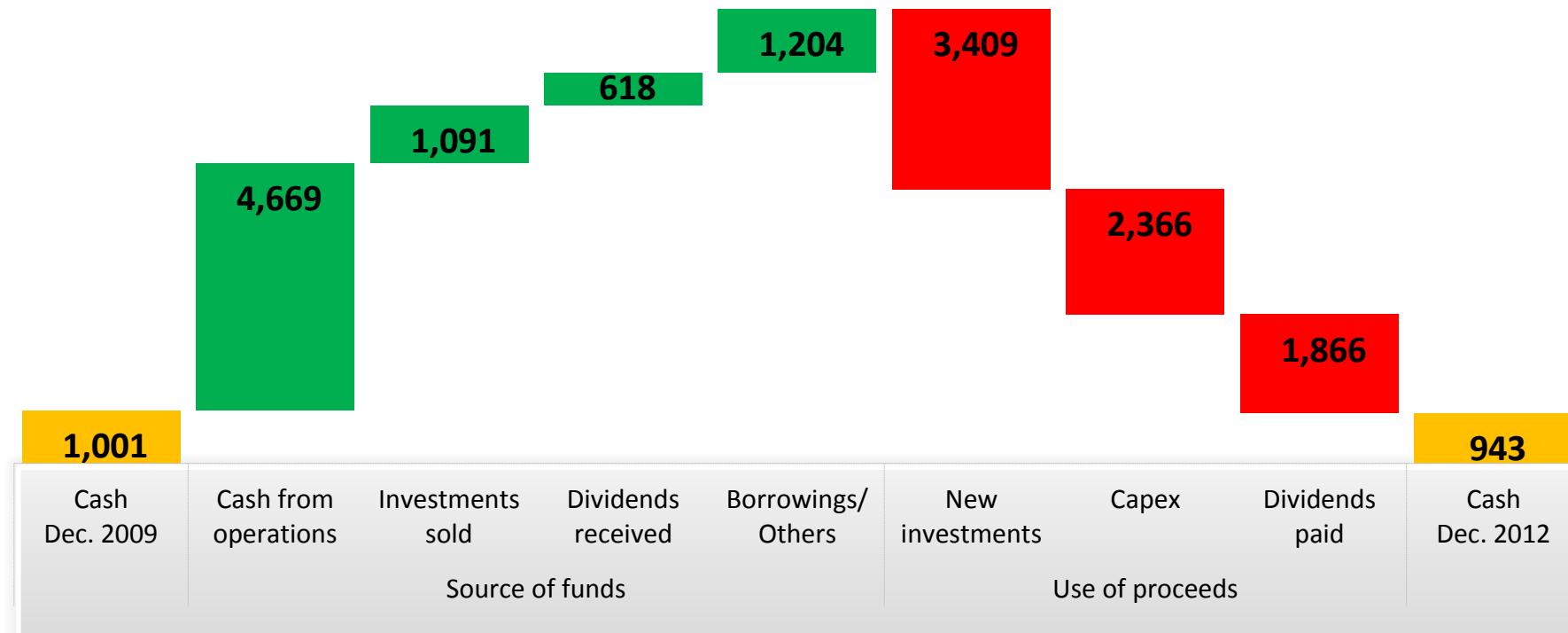


Healthy balance sheet with large amount of unutilized bank lines

# Cash Flow Bridge



*SAR mlns*

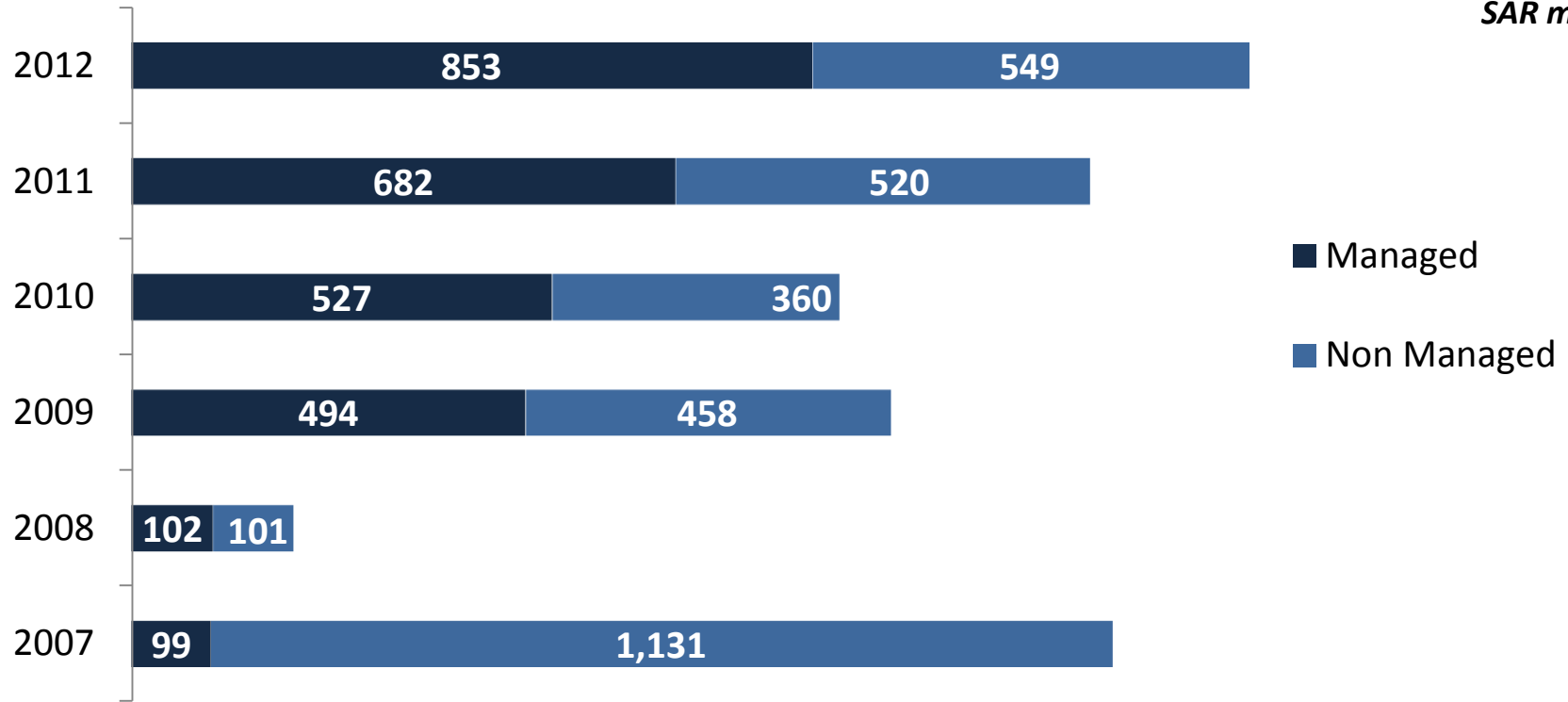


**Strong cash flow generation**

# Non-managed Businesses



*SAR mlns*



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

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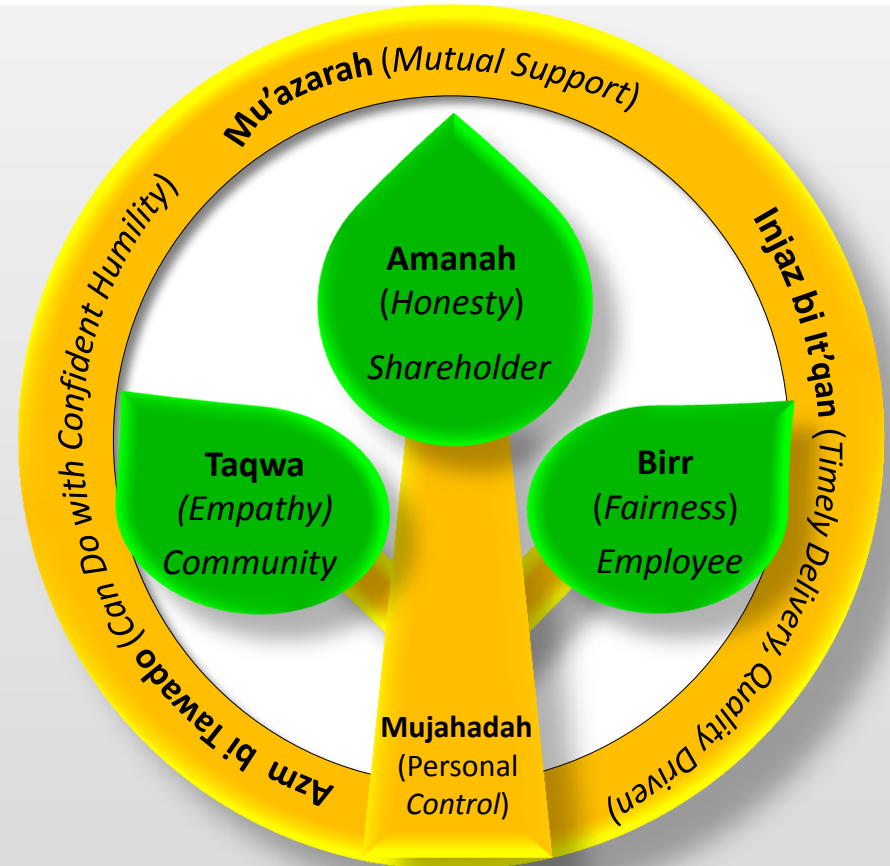
Financials

**Intangibles**

# Savola Ethics and Values



- We will continue to adhere to our ethics and values framework
- We will ensure that we build a live, inspiring model of our ethics and values for the future generations of Savola
- 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

**175 persons graduated from Makeen program in 2012**

## Family Training Program



## Accessibility Workshop to Prepare the Workplace



## Awareness Sessions on Disability Confidence



## Post employment visits and follow up



# Recognition for Intangibles



- **Forbes** ranked Savola as No. 1 among the 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 Group 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										
	December 2012					December 2011				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Food</b>										
Oil-Mature Markets	9,008	1,593	1,028	395	1,134	7,958	1,081	591	234	680
Oil-Start-up Markets*	1,557	226	103	44	121	1,354	234	109	78	136
<b>Total Oil</b>	<b>10,565</b>	<b>1,819</b>	<b>1,130</b>	<b>438</b>	<b>1,256</b>	<b>9,312</b>	<b>1,314</b>	<b>700</b>	<b>313</b>	<b>816</b>
Sugar	5,375	408	289	144	379	5,861	451	326	170	416
Pasta	449	82	47	44	67	51	12	8	7	8
<b>Total Foods</b>	<b>16,389</b>	<b>2,310</b>	<b>1,467</b>	<b>626</b>	<b>1,701</b>	<b>15,224</b>	<b>1,777</b>	<b>1,034</b>	<b>489</b>	<b>1,240</b>
<b>Retail</b>										
KSA	9,529	2,172	327	302	568	8,560	1,916	215	190	454
Gulf	627	114	13	9	19	622	125	13	10	18
<b>Total Retail</b>	<b>10,157</b>	<b>2,286</b>	<b>340</b>	<b>311</b>	<b>587</b>	<b>9,182</b>	<b>2,040</b>	<b>228</b>	<b>200</b>	<b>473</b>
Packaging	1,053	167	114	100	169	1,002	153	104	91	158
Real Estate	0	0	32	32	32	0	0	30	30	30
Franchising	0	0	0	0	0	47	30	7	6	9
Herfy	0	0	85	85	85	0	0	72	72	72
Al Marai-Savola Share	0	0	435	435	435	0	0	340	340	340
HQ/Elimination/Impairments	(207)	(0)	(17)	(188)	12	(258)	(30)	(14)	(25)	11
<b>Total</b>	<b>27,391</b>	<b>4,762</b>	<b>2,456</b>	<b>1,402</b>	<b>3,020</b>	<b>25,196</b>	<b>3,971</b>	<b>1,801</b>	<b>1,202</b>	<b>2,332</b>
<b>Adjustments</b>										
Impairments				0					33	
Capital gains				(47)					(153)	
<b>Adjusted Profit</b>				<b>1,355</b>					<b>1,082</b>	

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

# Quarterly Financials

(all figures are in SAR millions)

Segment Wise Financials										
	Q1- 2013					Q2- 2013				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Food</b>										
Oil-Mature Markets	2,786	587	438	150	459	2,201	435	279	146	298
Oil-Start-up Markets*	313	39	11	4	15	326	40	15	8	20
<b>Total Oil</b>	<b>3,099</b>	<b>627</b>	<b>448</b>	<b>154</b>	<b>475</b>	<b>2,527</b>	<b>476</b>	<b>294</b>	<b>153</b>	<b>318</b>
Sugar	1,190	112	79	30	100	1,202	128	101	46	121
Pasta	98	16	6	6	11	130	19	11	10	15
<b>Total Foods</b>	<b>4,386</b>	<b>754</b>	<b>534</b>	<b>190</b>	<b>586</b>	<b>3,859</b>	<b>623</b>	<b>406</b>	<b>210</b>	<b>454</b>
<b>Retail</b>										
KSA	2,451	553	56	50	117	2,536	564	56	56	118
Gulf	156	27	4	3	5	99	16	2	2	3
<b>Total Retail</b>	<b>2,606</b>	<b>580</b>	<b>60</b>	<b>53</b>	<b>123</b>	<b>2,636</b>	<b>581</b>	<b>59</b>	<b>58</b>	<b>121</b>
Packaging	249	32	18	15	33	305	43	29	24	43
Real Estate	0	0	(0)	(0)	(0)	0	0	(1)	(1)	(1)
Franchising	0	0	0	0	0	0	0	0	0	0
Herfy	0	0	22	22	22	0	0	28	28	28
Al Marai-Savola Share	0	0	93	93	93	0	0	146	146	146
HQ/Elimination/Impairments	(52)	(4)	(16)	(78)	(9)	(76)	4	(18)	(76)	(10)
<b>Total</b>	<b>7,190</b>	<b>1,362</b>	<b>711</b>	<b>295</b>	<b>848</b>	<b>6,723</b>	<b>1,250</b>	<b>648</b>	<b>387</b>	<b>781</b>



**THANK YOU**