

Investors Presentation

March 2013



مجموعة صافولا
The Savola Group



- 1. Overview**
 - 2. Strategy and Growth**
 - 3. Financial Highlights and Projections**
- Appendix – Financial Results**



Where we are now, and how we got here

OVERVIEW



Savola today

- Listed on the Saudi stock exchange
- One of the largest players in a fast growing region
- Leading brands
- Modern state of technology and design capabilities
- Well-positioned to explore strong growth in the future
- Operations covering foods, retail, plastics packaging, real estate, and strategic investments
- Sales of SAR 27 billion in 2012 and SAR 25 billion in 2011
- Net Profit of SAR 1,402 million in 2012 and SAR 1,202 million in 2011
- Workforce of around 20,000 employees
- Market Capitalization of around SAR 20 billion¹



Diversified shareholder base¹

Mesk Holding Company	12.0%
GOSI	10.9%
Abdullah Alrabiea	8.7%
A.Q. Al Muhaidib & Sons	8.5%
Others	59.9%

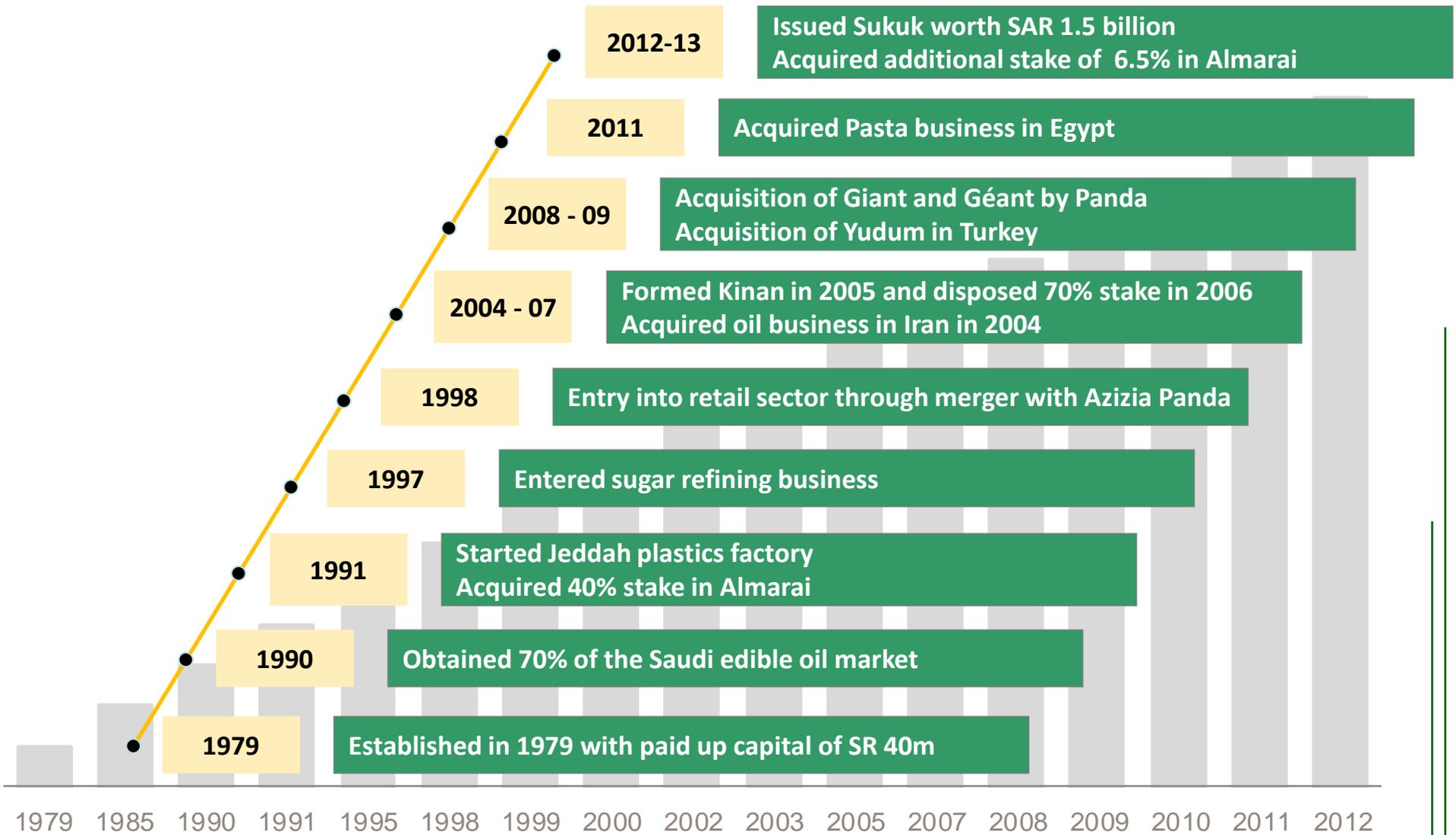
Note: 1. As at 13th March 2013

Among the top diversified conglomerates in Saudi Arabia

History – Key stages of development



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2012 Key achievements



- The Group has achieved SR 1.4 billion net income, despite:
 - Arab spring
 - Significant devaluation of currencies in Iran, Egypt and Sudan
- Continued divestment of non-core investments
- Acquisition of additional 6.5% stake in Almarai
- Debut Sukuk program of SR 5 billion was launched
- Trained and employed 160 special needs people in the Group companies
- Continued allocating 1% of net operating income for CSR activities
- New HQ tower project finalized by acquiring a tower in North Jeddah
- Exceeded Saudization and Nitaqat program targets



Foods

- SFC achieved record profits of SAR 626 million, despite challenges in the region
- Increased net profit by 28% compared to 2011
- Achieved high volume growths
- Successfully launched Afia Olive Oil and liquid sugar in Arabia
- Newly acquired business of pasta delivered high growth

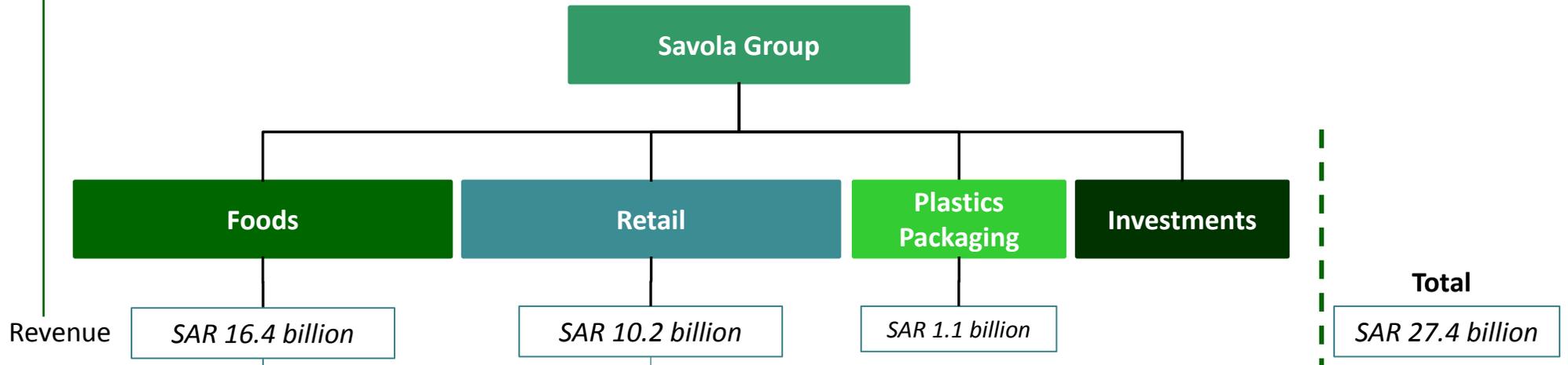
Retail

- Achieved record profits of SAR 311 million with 3.1% net profit margin
- Net profit increased by 56% compared to 2011
- Total sales growth of SR 975m (+11%)
- Gross profit margin increased by 0.3%
- Signed 30 year lease agreement for a Distribution Center in KAEC
- Secured the “Best Working Environment” award from Al-Eqtasadia
- Awarded “Brand Excellence in Retail” by the Global Awards for Brand Excellence

Plastics packaging

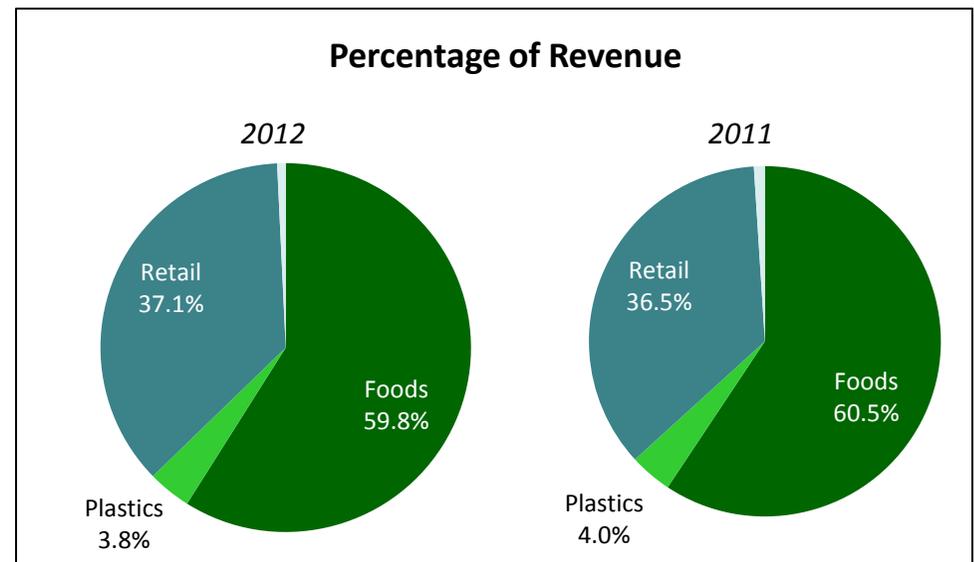
- Achieved net profit of SAR 100 million with growth of c. 10 % as compared to 2011
- Named as one of the top 3 converters in the ME region (SABIC)
- Continued launching new products during 2012

Group structure



- Oils
- Sugar
- Pasta

Super and Hyper





Where we want to go, and how we will get there

STRATEGY AND GROWTH



Focused Growth

Entering new businesses

Moving away from non-core investments

Profitability enhancement and cost rationalization

Mergers & Acquisitions

Organic expansion



Autonomy and Accountability

OpCos to be managed independently

Governance system

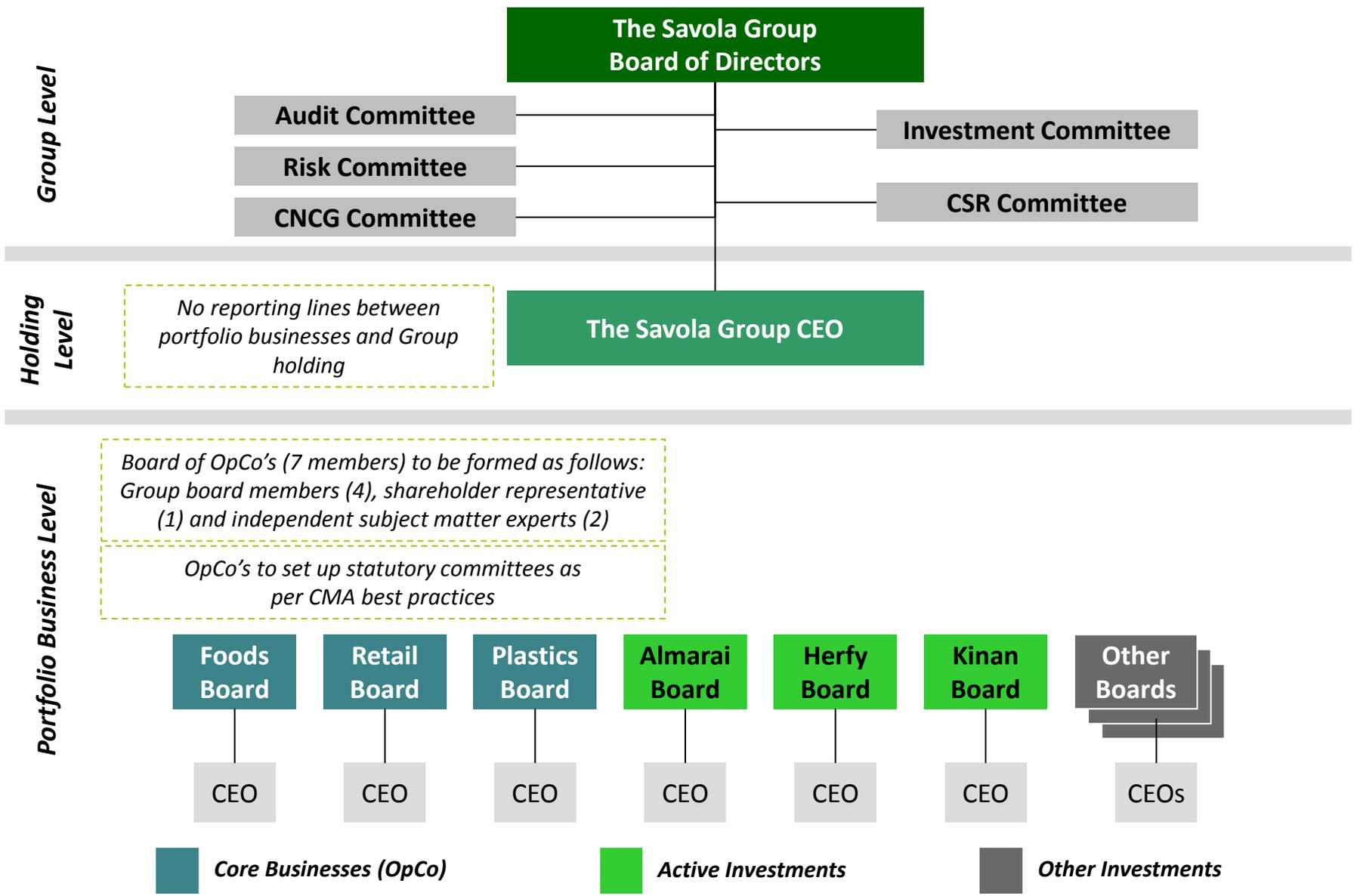
Management structures

Human resources



Increase shareholders' value

Operating model

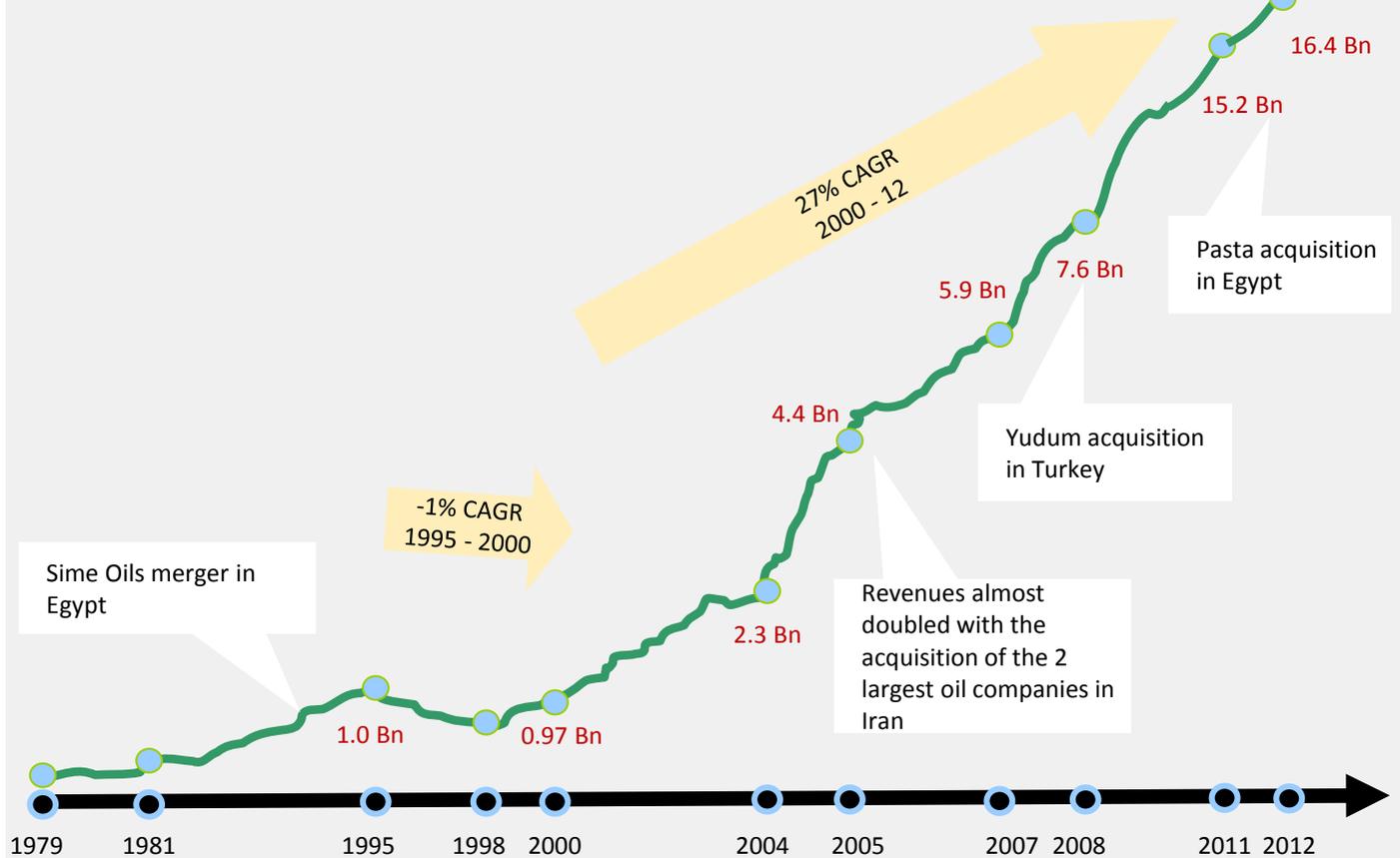


Savola Foods – a regional leader



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SF History and Sales Evolution (SAR)



- Large player
- Business expertise – B2B, B2C, Exports, Value addition
- Distribution network
- Repeatable success formula
- Branding power
- Operations excellence
- Logistics infrastructure
- Scale of buying
- Market and consumer knowledge
- Inspiring culture

Savola Foods – Strong presence in all markets



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Oil

- Established in 1979
- Manufacturing facilities in 8 countries
- Exports to 30 countries with strong marketing and distribution capabilities primarily in the GCC, CIS and African regions
- Top brands such as Afia, Arabi, Rawaby, Ladan, Yudum
- Production capacity of over 1.5 million MT pa
- Internationally recognized production and quality awards including ISO 9002 and MRP2

Sugar

- Established in 1997
- Strategic partnership with Tate and Lyle, England
- Raw Cane Refineries in Saudi and Egypt
- Exports to, East Africa, Levant, GCC, Sudan and Yemen
- Top brands such as Al Osra, Ziadah, Safa
- Current refining capacity of 2.0 million MT pa
- Under construction Egypt - 0.18 million MT pa (beet)



AFIA International
Company



Afia nominated top brand of the Arab world by Forbes magazine



Pasta

- Owns 2 factories with total capacity of around 124,000 MT pa
- The company is the largest pasta manufacturer in Egypt with 30% market share (out of audited branded market)
- Total of 6 brands including Al Maleka, which is the largest brand

Total production capacity of around 3.7 million MT across different categories



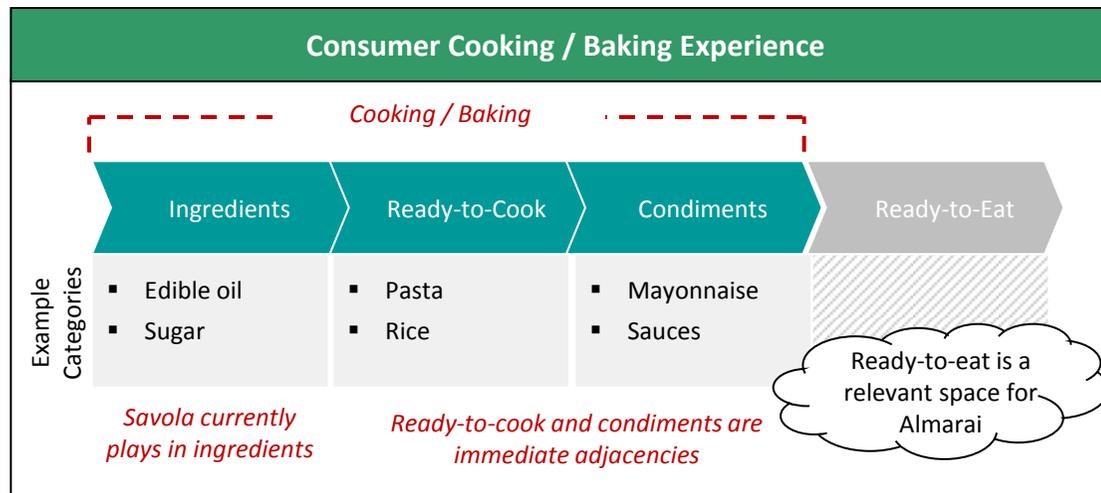
Strategic Direction

Description

- Achieve business sustainability through portfolio diversification instead of upstream integration
- Restrict geographies to manage complexity of broader portfolio

Rationale

- Focus on markets that contribute the most to Savola's profits
- De-prioritize markets where Savola has formidable challenges and cannot easily build capabilities to overcome them
- Leverage strong market position in Arabia, Egypt and Iran for new categories



Portfolio diversification play with focused geographic footprint

Panda – a regional giant



- Largest and fastest growing retailer in the country
- Rapid expansion of hypermarkets
- Well established brand name with equity in produce, trust and value for money
- Indigenous brand, sensitive to local customs and culture
- World class supply chain infrastructure
- High geographical penetration; the only national player in KSA operating in multiple formats across 33 cities
- High level of localization; well above statutory requirements



Note: Number of stores excludes Lebanon

Expanding retail market



CAGR
06-11

Retail market estimations (SAR Bn)

CAGR
11-16

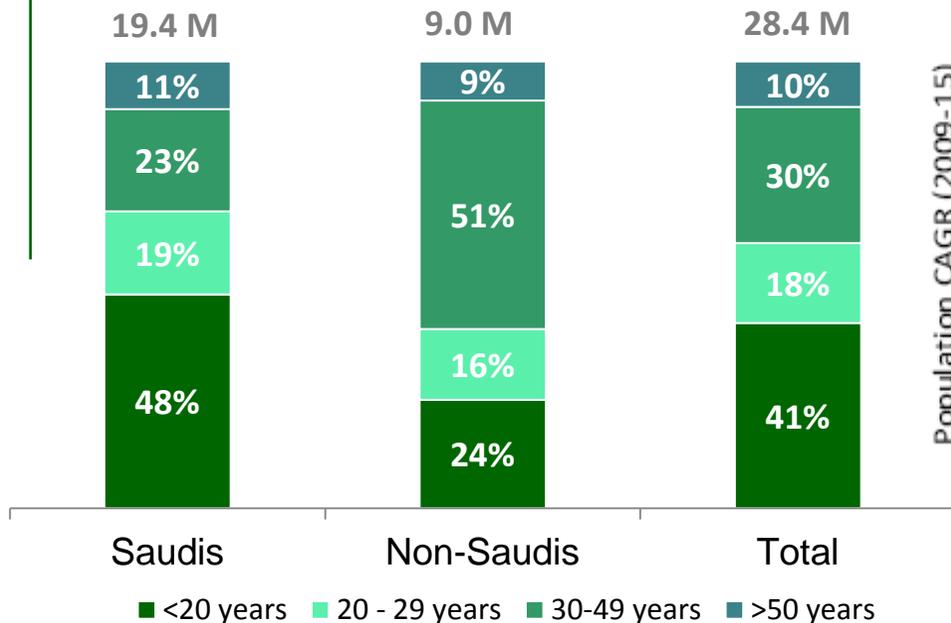


The robust economic performance coupled with favorable demographics and aggressive government spending will fuel the growth of retail market in the foreseeable future

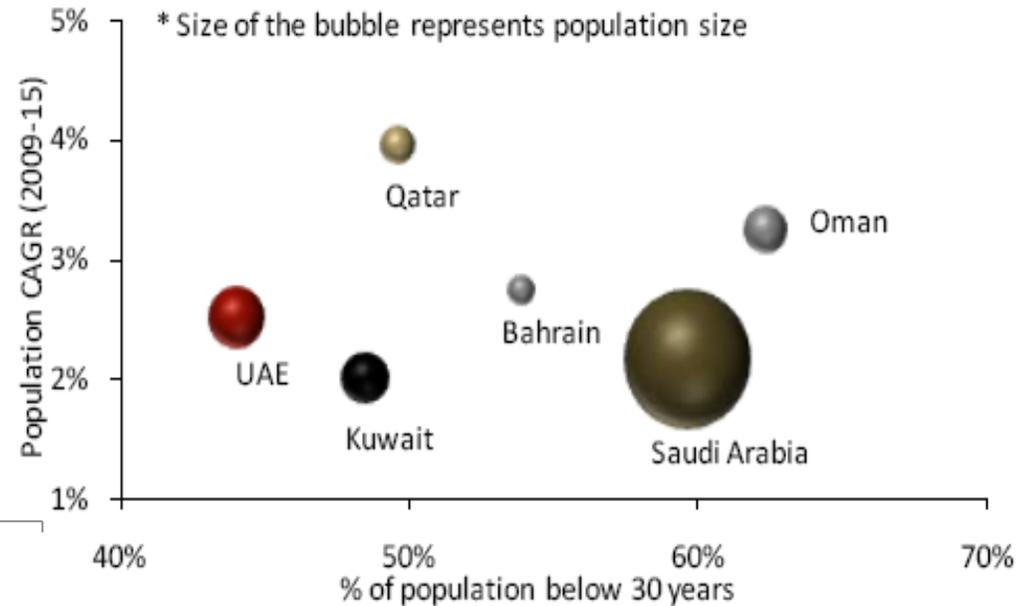
Optimal demographics – large and young population expected to drive retail demand



2011 Population



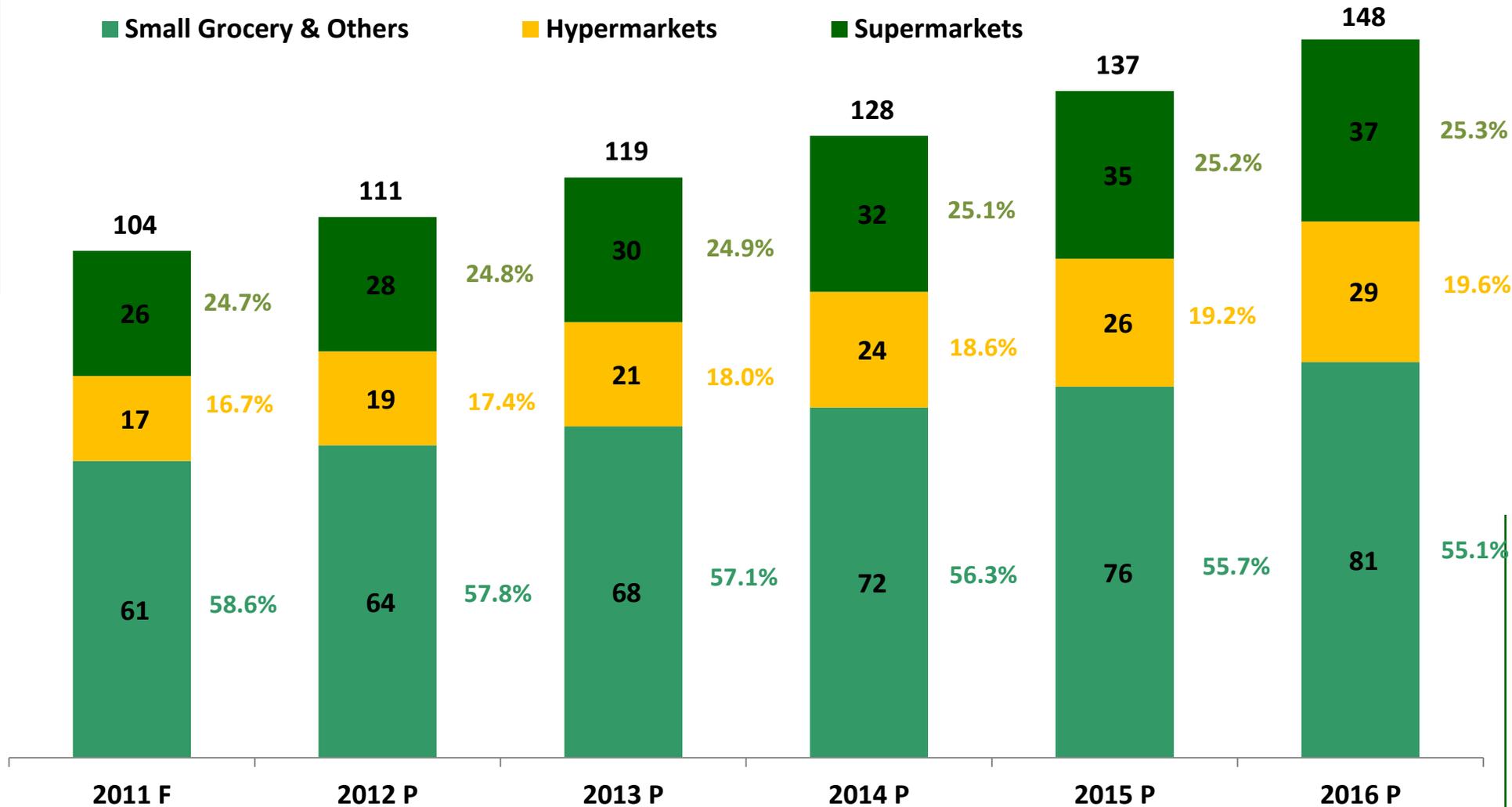
GCC Demographics



- **Total population-** is expected to reach 32.8M by 2016.
- **59% of total population is below 30** years of age, of which 50% are females

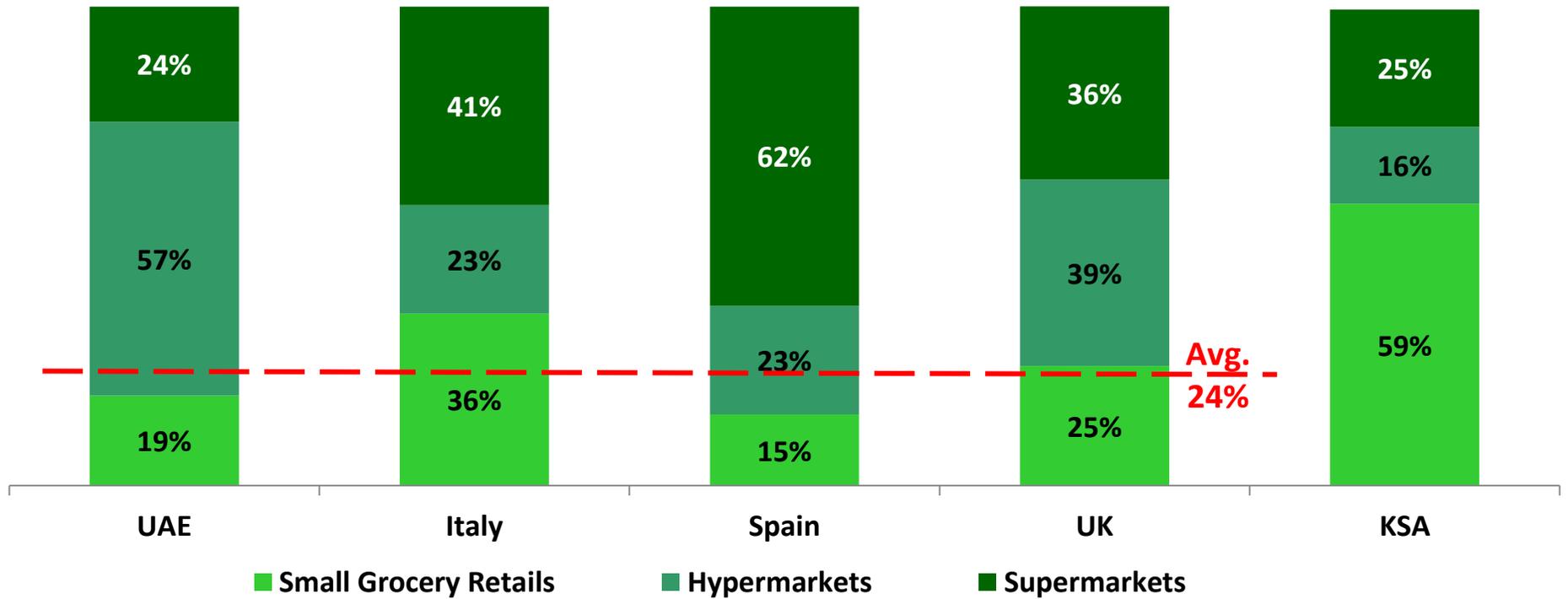
For Saudis only, statistics become more favorable as they reveal that 67% of the population is under 30 years of age.

Modern retail share is expected to increase to 45%



Source: Euro Monitor report, Al Rajhi Capital

Strong potential due to high fragmentation



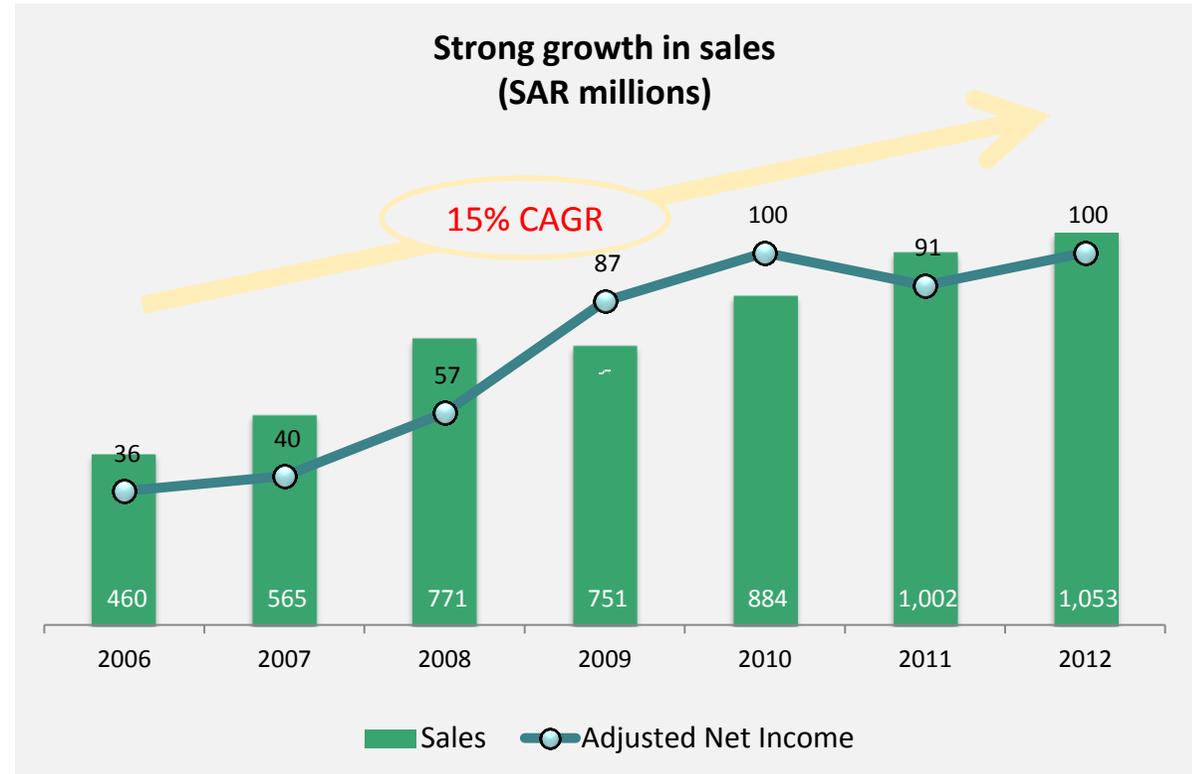
Average share of small grocery retailers in other economies averages at 24% compared to 59% in KSA

Savola Plastics, a regional leader



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- **SPC is focused** on building a well-positioned rigid plastic packaging business and a high-volume export-driven flexible plastics packaging business
- **SPC operates** in Saudi Arabia and Egypt and have a growing presence in several export markets
- **SPC has** 6 plants, processing over 100,000 MT a year and employing 1,000 people





Strategy definition and execution

Investment	Executed strategy
Asfan	- In-kind contribution to Masharef project
Land Yasmine Riyadh & Hanaki Jeddah	- Sold to Kinan with realized capital gain of SAR 76 million and SAR 77 million in 2011
Medina land	- Agreement signed to sell to KEC with expected capital gain of SAR 231 million
Mutoun	- Sale and leaseback of freehold properties with few remaining properties
Private Equity Funds (Intaj, Jousour, 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 million
Herfy	- IPO'ed in 2010 at a P/E of around 12.5 times - Currently owning 49% of the company

Total investments reduced from SAR 4.3 billion in 2009 to SAR 2.7 billion now

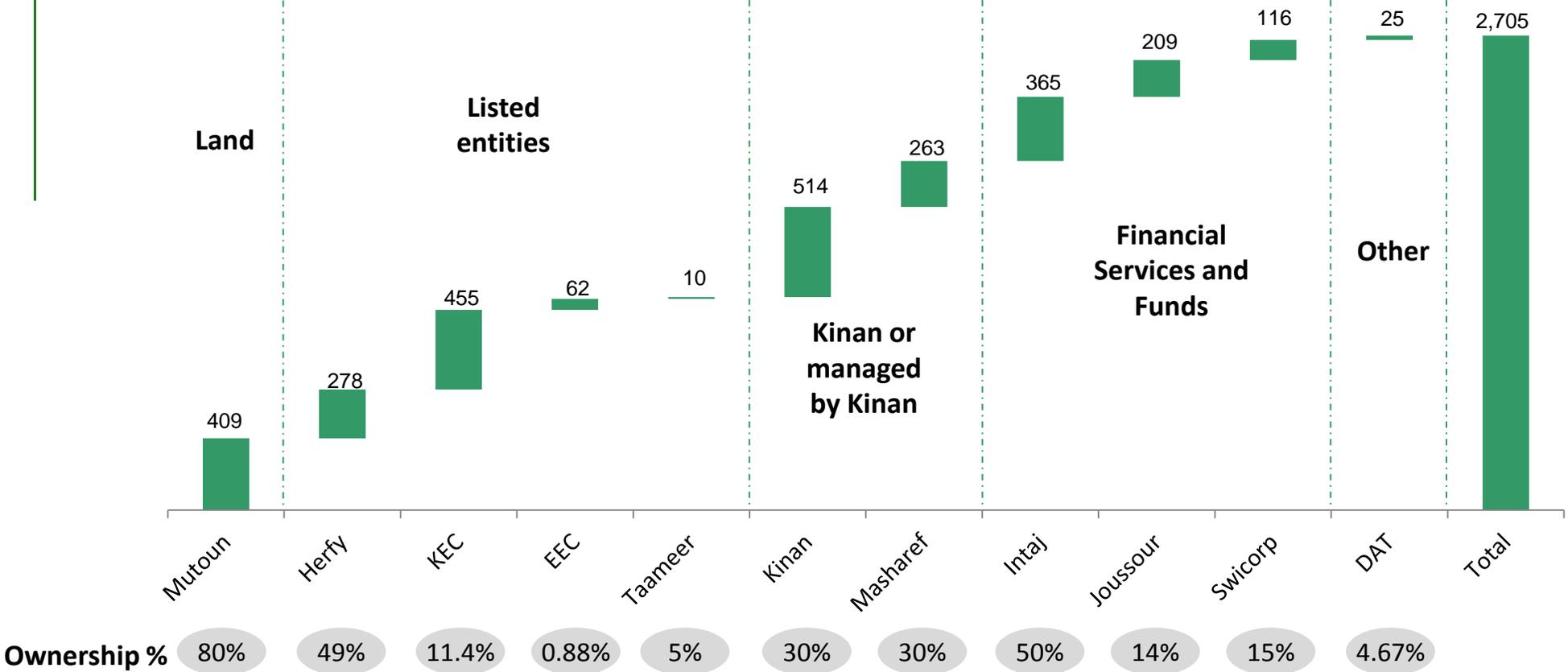
Other investments



All numbers are in SAR millions

Book Value

December 2012



- Total investment portfolio reduced from SAR 4.3 billion in 2009 to SAR 2.7 billion now
- Around 40% of the total investments have already been disposed off during the past three years



What we got, and what we plan to get

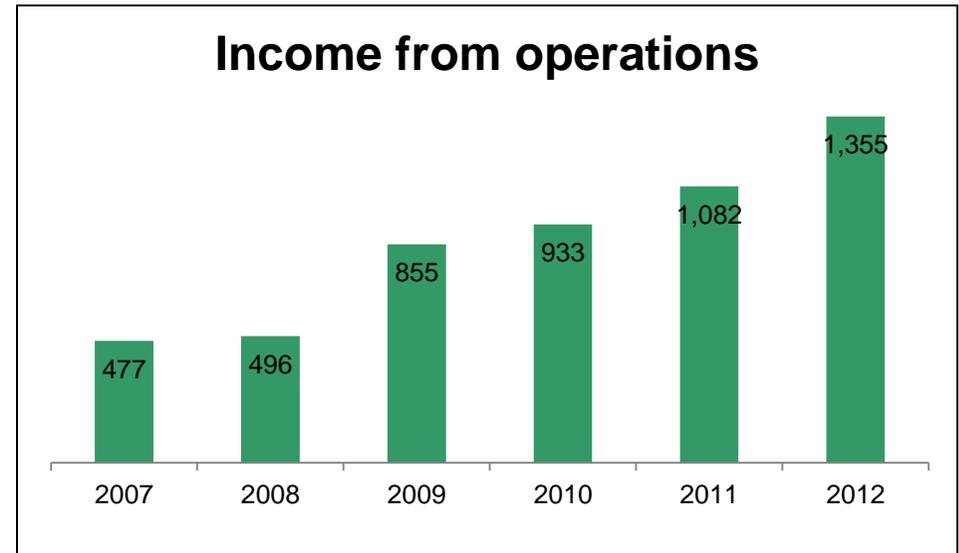
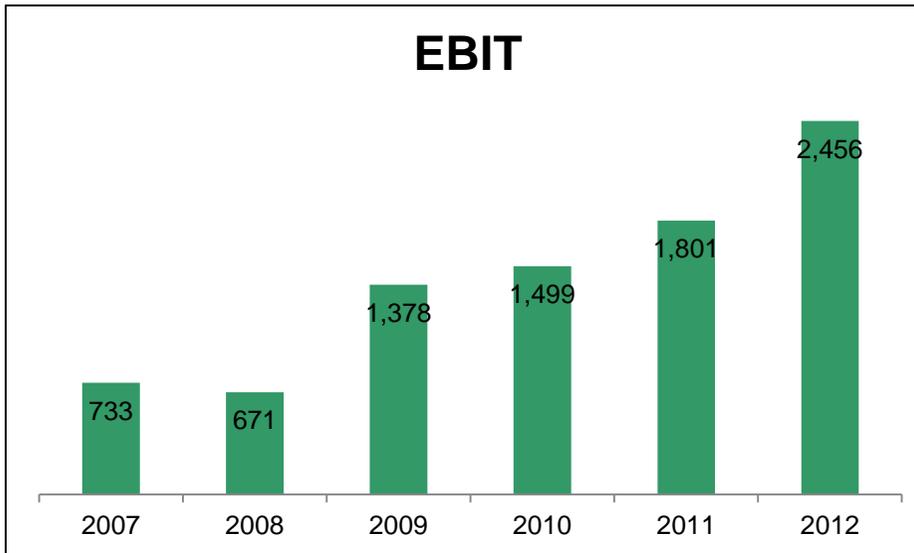
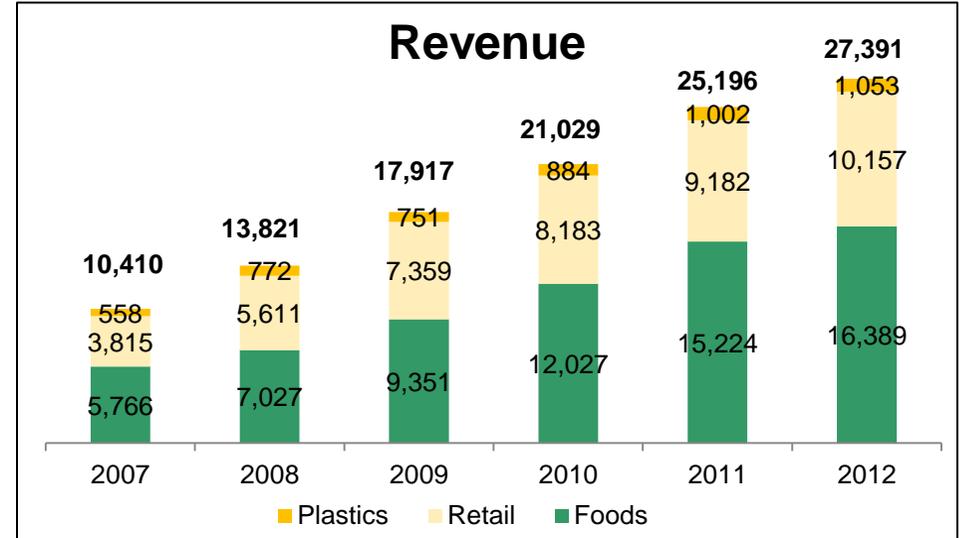
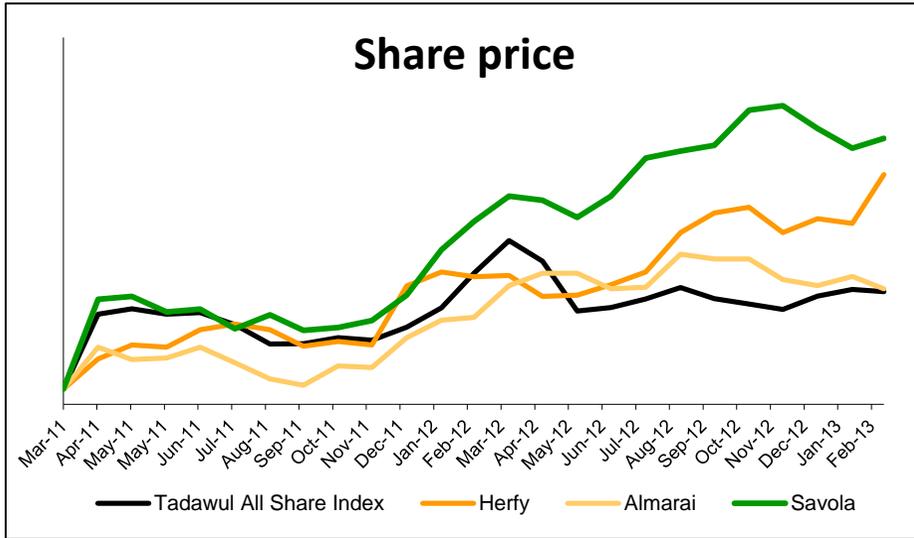
FINANCIAL HIGHLIGHTS AND PROJECTIONS

Financial results - Snapshot



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All numbers are in SAR millions



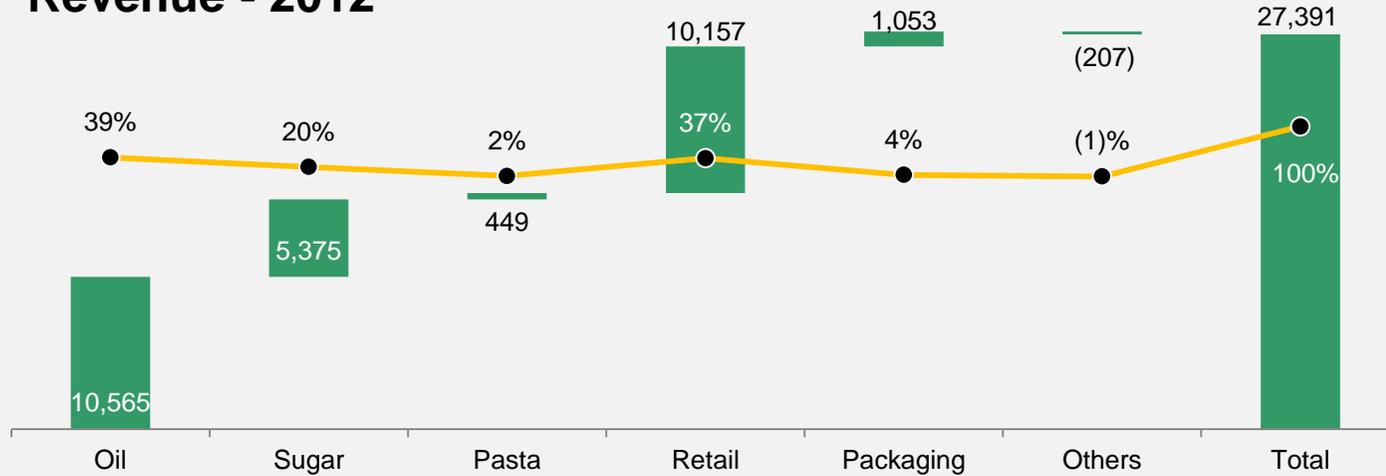
Financial results - Revenue



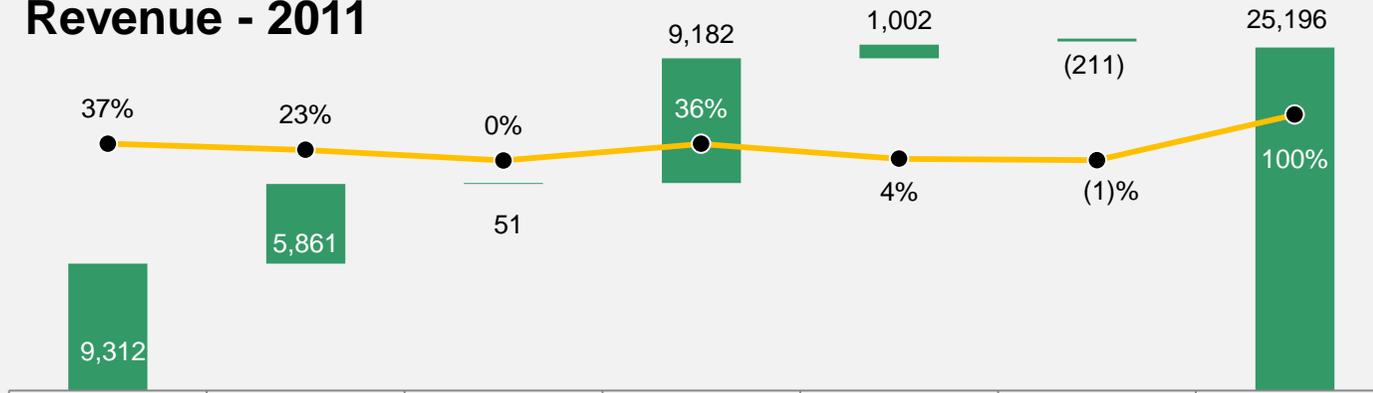
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All numbers are in SAR millions

Revenue - 2012



Revenue - 2011



■ Revenue ● Percentage of total revenue

Revenue growth of around 9% contributed by all core sectors

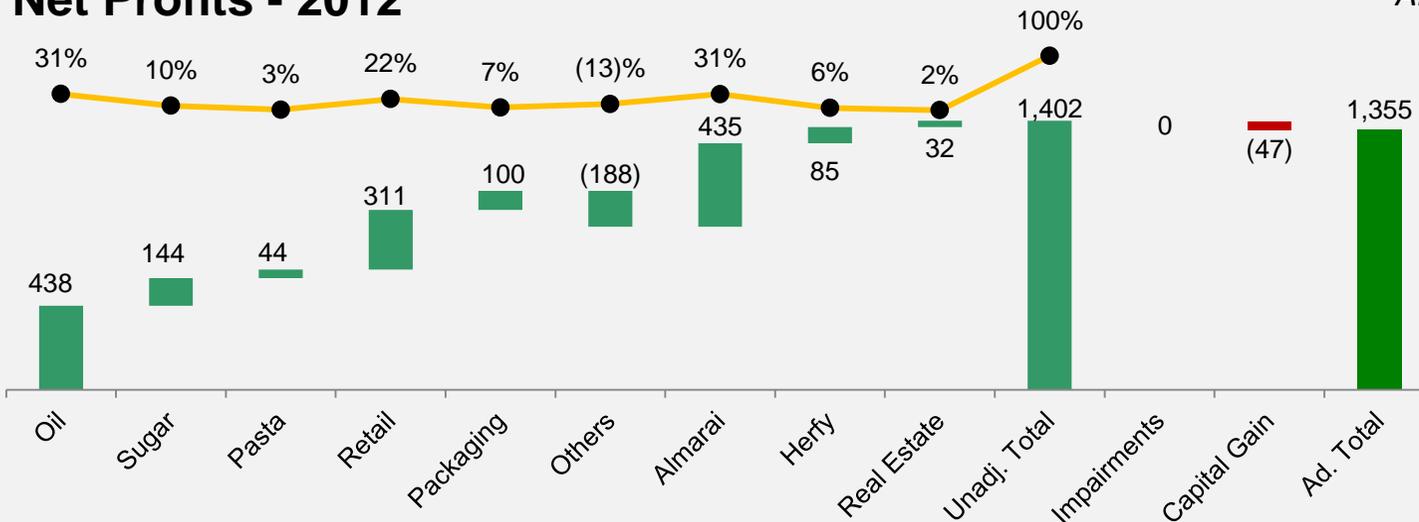
Financial results - Profitability



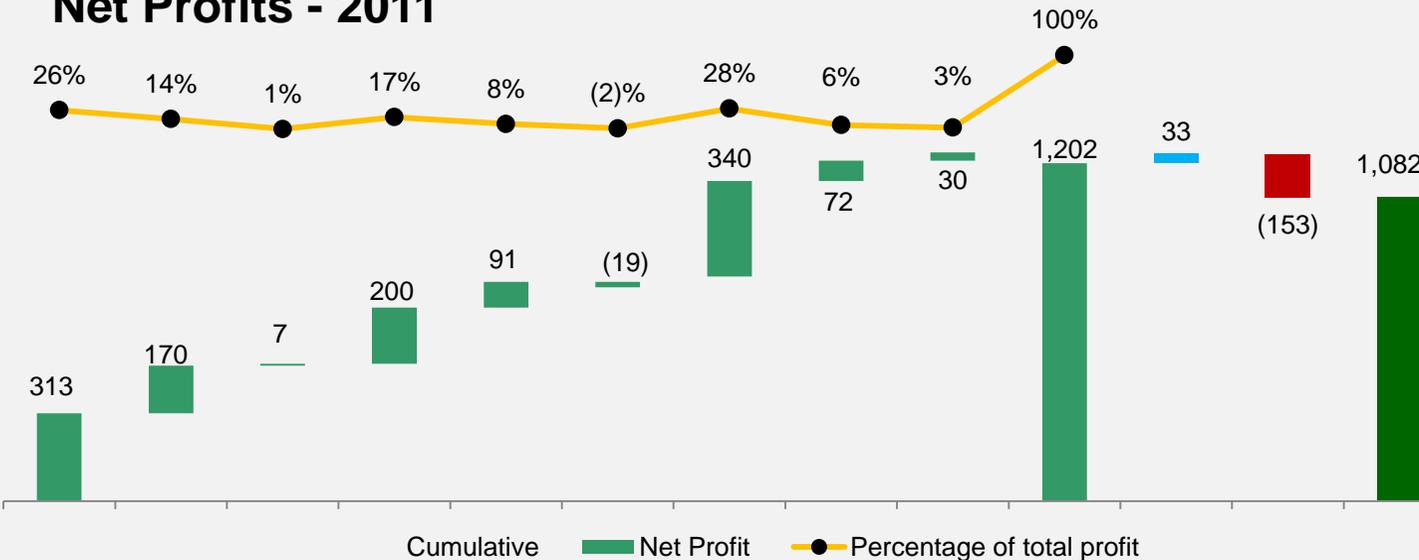
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Net Profits - 2012



Net Profits - 2011



Adjusted profit growth of around 25%

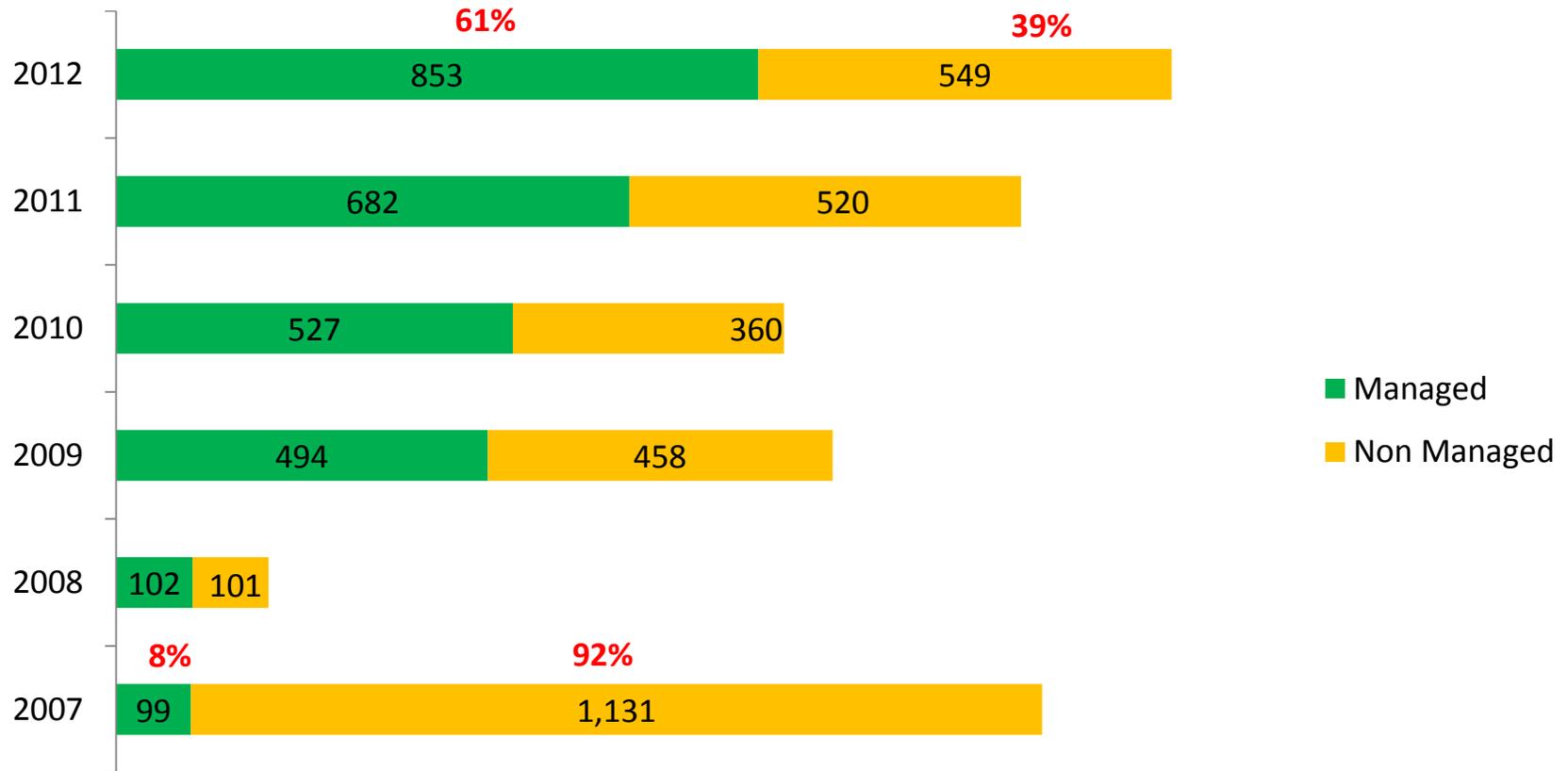
Note: Pasta acquisition completed in Q4 2011

Less reliance on non-managed businesses



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All numbers are in SAR millions



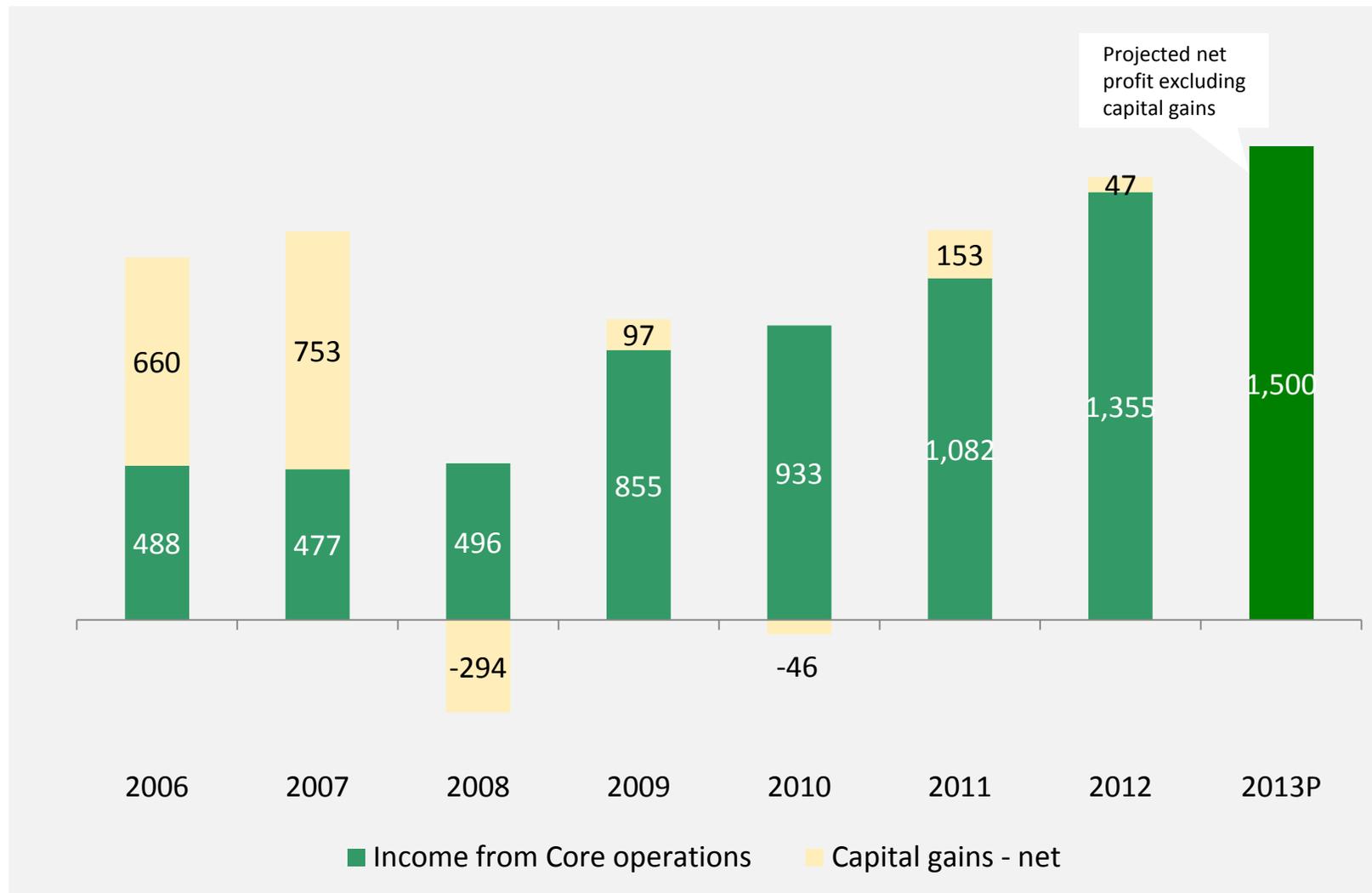
Non Managed business include share of profits from Al Marai, Herfy, Kinan, capital gains, impairments and non-core investments

The reliance on non-managed businesses has reduced over time

Diminished reliance on capital gains



All numbers are in SAR millions





Appendix

FINANCIAL RESULTS

Income statement by segments



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Full year

(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
Food										
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
Total Oil	10,565	1,819	1,130	438	1,256	9,312	1,314	700	313	816
Sugar	5,375	408	289	144	379	5,861	451	326	170	416
Pasta	449	82	47	44	67	51	12	8	7	8
Total Foods	16,389	2,310	1,467	626	1,701	15,224	1,777	1,034	489	1,240
Retail										
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
Total Retail	10,157	2,286	340	311	587	9,182	2,040	228	200	473
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
Total	27,391	4,762	2,456	1,402	3,020	25,196	3,971	1,801	1,202	2,332
Adjustments										
Impairments				0					33	
Capital gains				(47)					(153)	
Adjusted Profit				1,355					1,082	

* Start-up markets include Algeria, Morocco and Sudan

Note: Pasta acquisition completed in Q4 2011



THANK YOU



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