

Investors Presentation

November 2012



مجموعة صافولا
The Savola Group



- 1. Overview**
 - 2. Strategy and Growth**
 - 3. Financial Highlights and Projections**
 - 4. Our Intellectual Assets**
- Appendix – Quarterly 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 25 billion in 2011 and SAR 21 billion in 2010
- Net Profit of SAR 1,202 million in 2011 and SAR 887 million in 2010
- Workforce of more than 16,000 employees
- More than 120,000 shareholders
- Market Capitalization of around SAR 20.7 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%

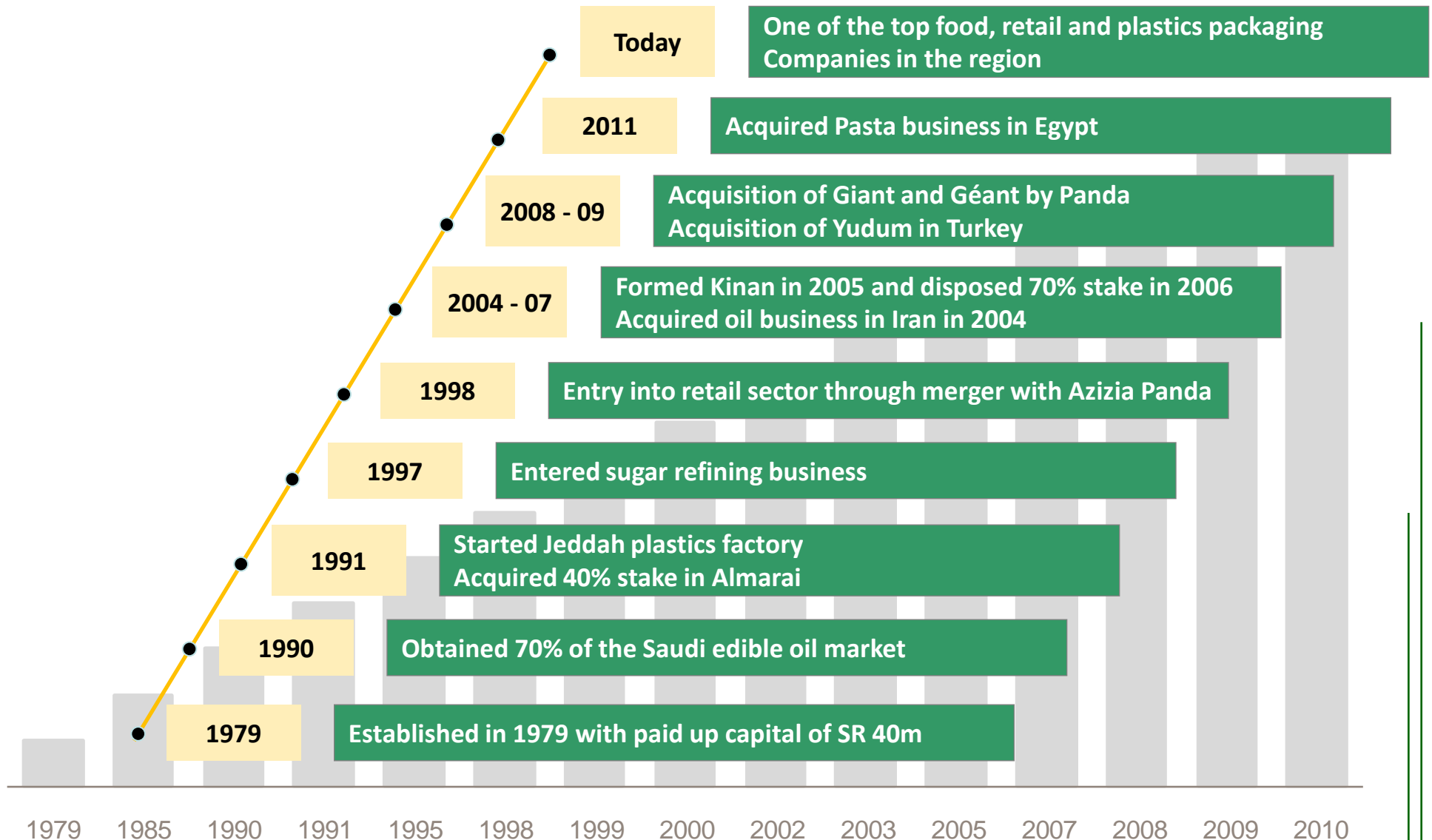
Note: 1. As at 3rd November 2012

Among the top diversified conglomerates in Saudi Arabia

History – Key stages of development



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2011 Key achievements



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- The Group achieved record SR 1 billion net income from operations, despite:
 - Increase in commodity prices, raw material supply issues
 - Arab Spring
- Started implementing holding company structure (Project Focus)
- Savola ranked No. 1 in KSA and No. 2 in the Arab World in corporate governance and transparency, as per S&P and Hawkamah Institute
- Divestment of non-core investments
- Successful addition of new line of business in Foods (i.e. Pasta)
- Repatriation of dividends from Iran (c. 30% of investment)
- Trained and employed 135 special needs people in the Group companies

2011 Key achievements



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Foods

- SFC net income more than doubled to SAR 490 million in 2011 despite Arab spring, Iran sanctions and FX devaluation
- Although, volume growth was moderate (1%), Arabia oil still achieved strong growth (11%)
- International start-up operations including Sudan and Algeria delivered excellent profits
- Acquired Pasta company in Egypt
- Launch of Sweeva (sweetener) in KSA

Retail

- 2011 Net profit increased almost threefold to SAR 200 million
- Sales growth of SR 850 million (+12%)
- 11 new store openings
- Awarded “Asia’s Best Brand Award” for excellence in branding and marketing
- Awarded GCC “Best Training Strategy”
- First Shariah compliant co-branded grocery retail credit card in KSA (SAMBA)
- Prince Naif Saudization Award

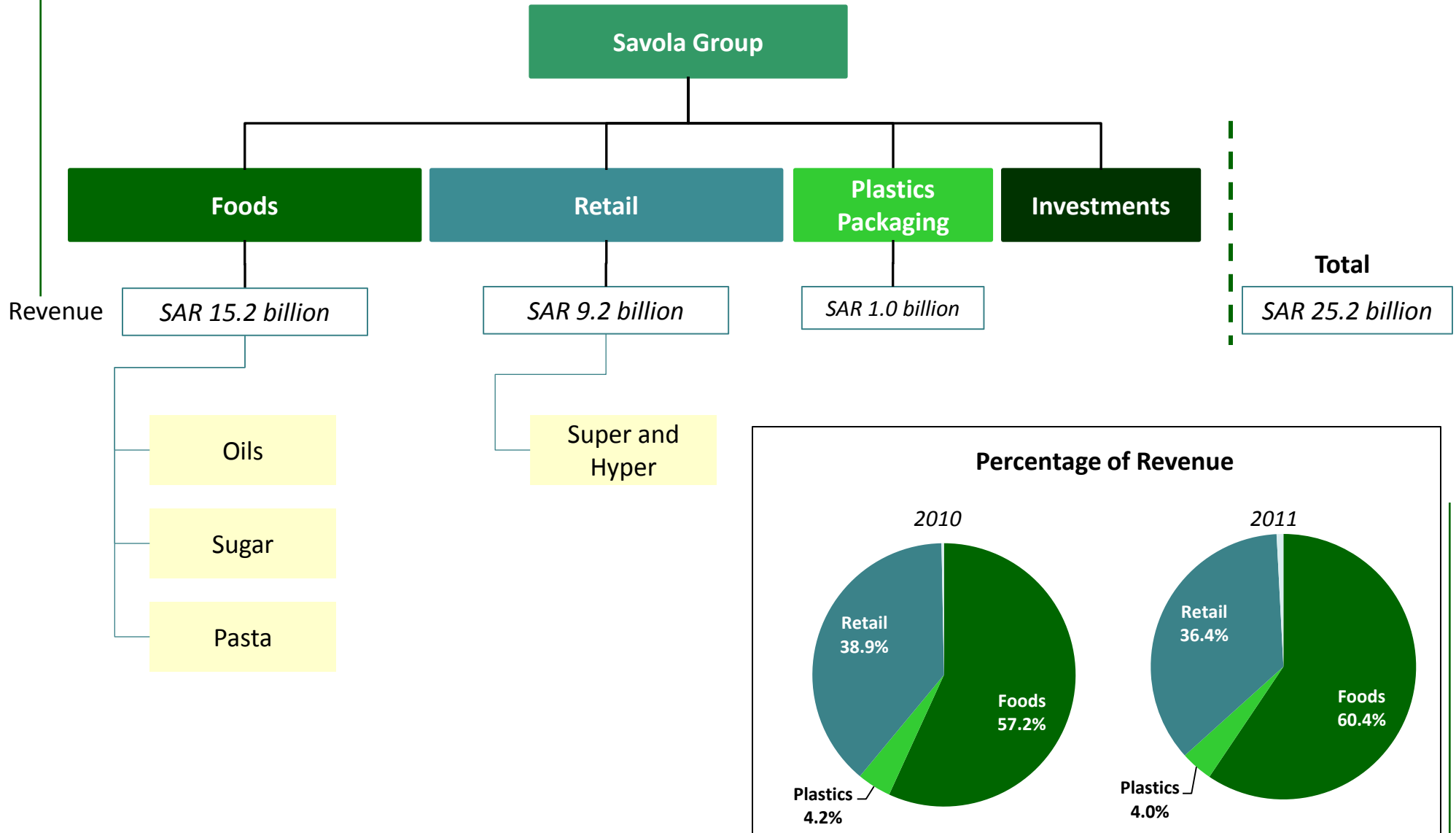
Plastics packaging

- Despite an increase in raw material prices, SPS has been able to achieve a healthy margin
- 6% to 7% growth rate of local plastic packaging
- Named as one of the top 3 converters in the ME region (SABIC)

Group structure



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Overview

- 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



Current markets



Key markets	Capacity	Market share
Saudi Arabia	416,000	60%
Egypt	352,000	41%
Iran	832,000	39%
Algeria	192,000	33%
Kazakhstan	64,000	26%
Morocco	96,000	10%
Sudan	96,000	33%
Turkey	96,000	15%

Strong presence in all the markets that Savola is operating in

Overview

- Established in 1997
- Strategic partnership with Tate and Lyle, England
- Raw Cane Refineries in Saudi and Egypt
- Exports to Sudan, 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)

Current markets



Key markets	Capacity
Saudi Arabia (Jeddah)	1.25 million
Egypt - Cane	0.75 million
Egypt – Beet (under construction)	0.18 million



الشركة المتحدة للسكر
United Sugar Company



Accolades and Awards

- Ranked amongst the top three buyers of raw sugar
- Jeddah is in top three refineries in the world

Ranked amongst the top three sugar refineries in the world

Overview

- 100% acquired by Savola with a transaction value of around SAR 448 million (EGP 715 million) in 2011
- 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

Current markets



Key markets	Capacity	Market share
Egypt	124,000	30%



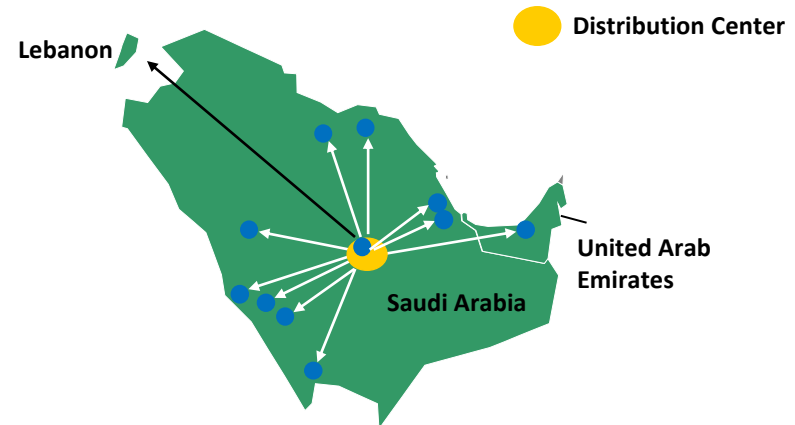
One of the largest pasta producers in the region

Overview

- Operates in two formats
- Supermarkets [1,800m² ~2,500m²]
- Hypermarkets [7,000m² ~12,000m²]
- Established in 1998; acquired by Savola in 1998, to represent the retail arm of the Group
- Widespread branch network of 90 supermarkets and 41 hypermarkets in Saudi
- Total selling area of around 462,000 m²
- Expansion plans are to operate 140 Supermarkets and 60 Hypermarkets by 2015 in Saudi Arabia



Current markets



Accolades and Awards

- 1 Asia's Best Employer Brand Award 2011
- 2 Prince Naif Saudization Award
- 3 2nd CMO Asia award for Excellence in Branding & Marketing
- 4 Best Training Strategy in GCC Award

Largest retailer in Saudi Arabia in terms of sales and selling area

Overview

- Established in 1980
- 4 manufacturing facilities in Saudi Arabia and 2 in Egypt
- Exports to 15 countries worldwide
- Product range comprises of film, packaging materials, bottles, closures, pre-forms, industrial containers and crates
- Production capacity of 140k MT pa

Current markets



Key markets	Capacity (MT pa)
SPS (Riyadh and Jeddah)	82,500
Al Sharq (Riyadh)	36,300
New Marina (Egypt)	23,700



Accolades and Awards

- 1 King Abdulaziz Quality Award
- 2 MRPII Class A
- 3 ISO 9001
- 4 HACCP

One of the leading regional plastic packaging companies



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

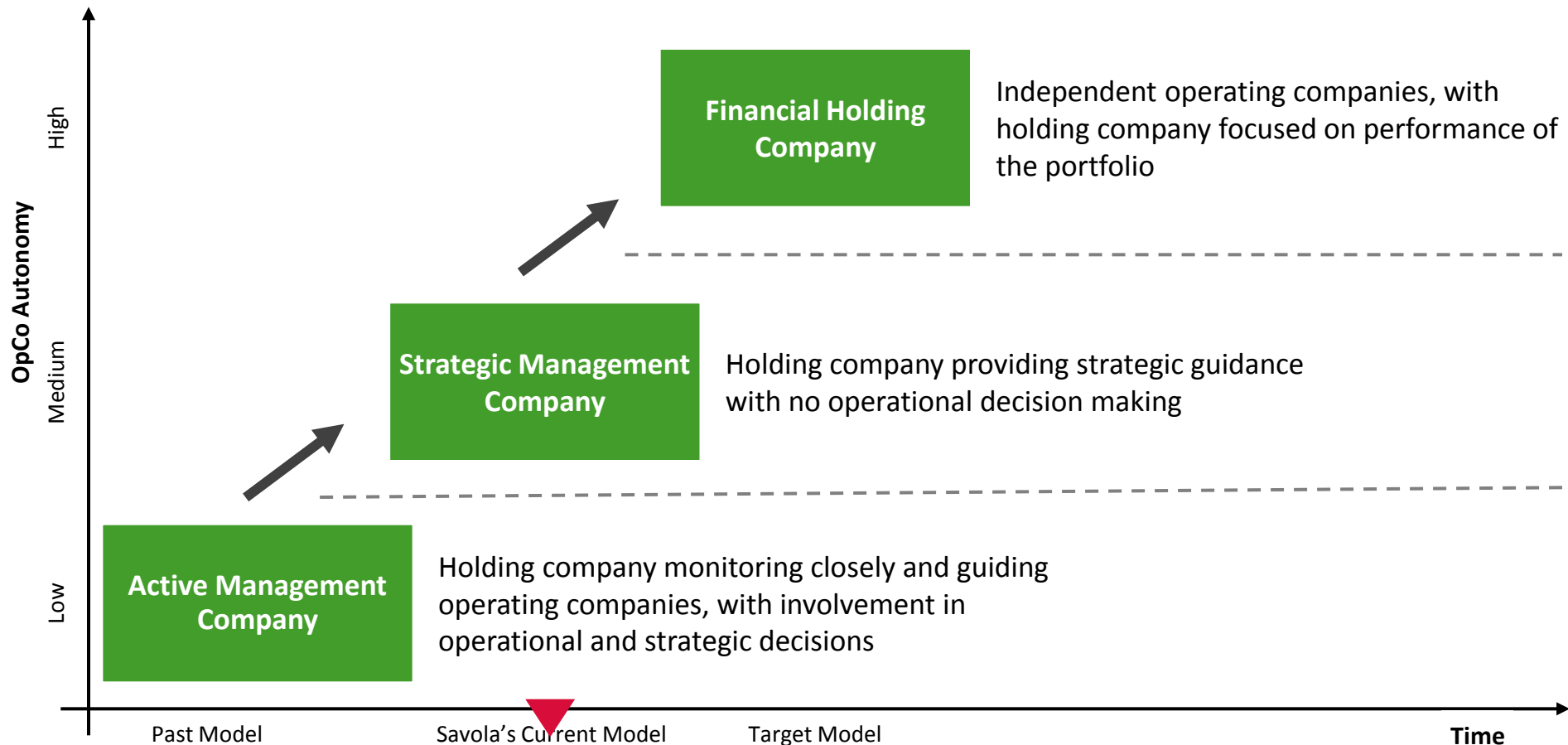
Human resources



Increase shareholders' value



The Savola Group Corporate Structure Evolution

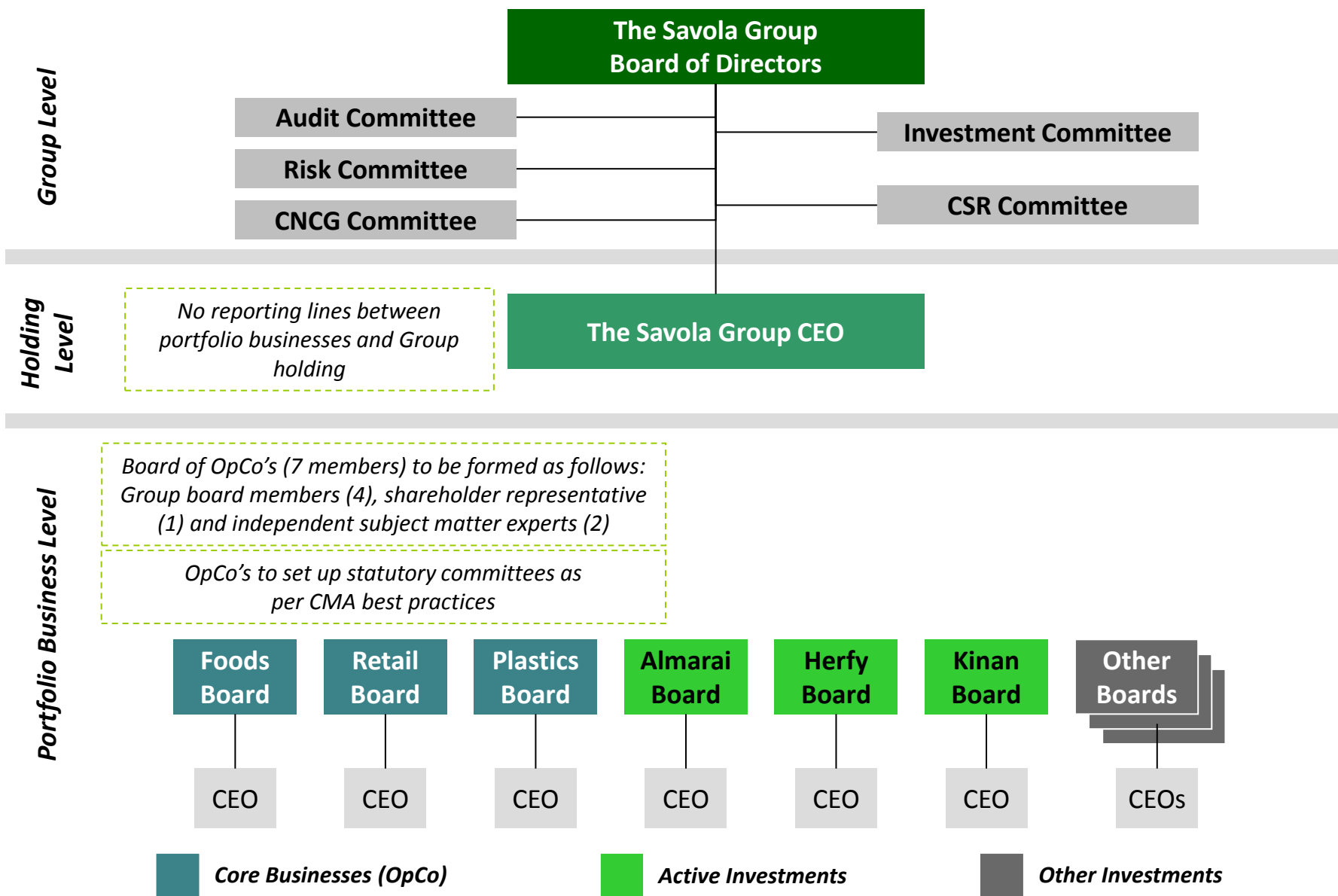


Aspiration to transform the Group into a Financial Holding Company

New operating model



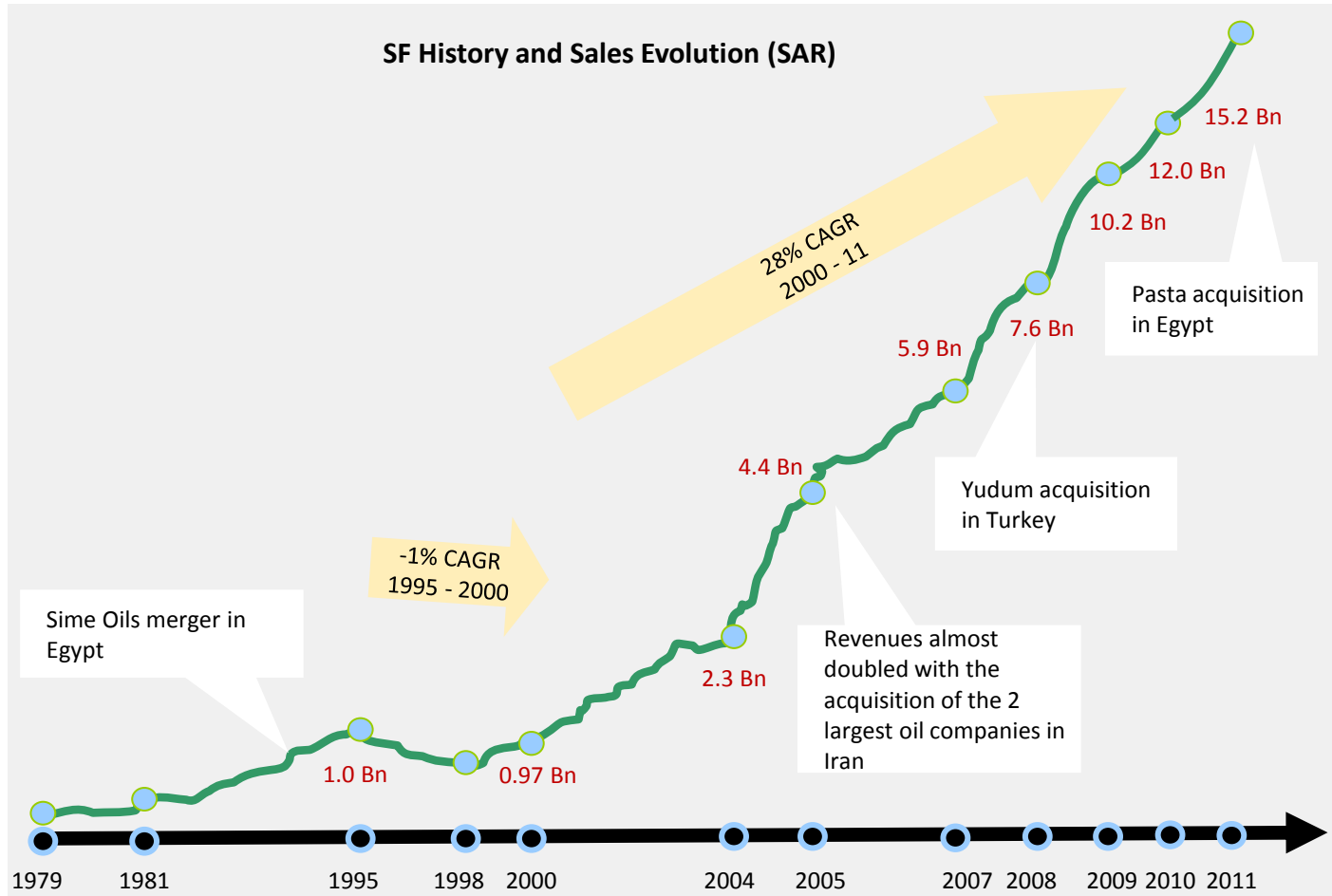
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Savola Foods – a regional leader



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- 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

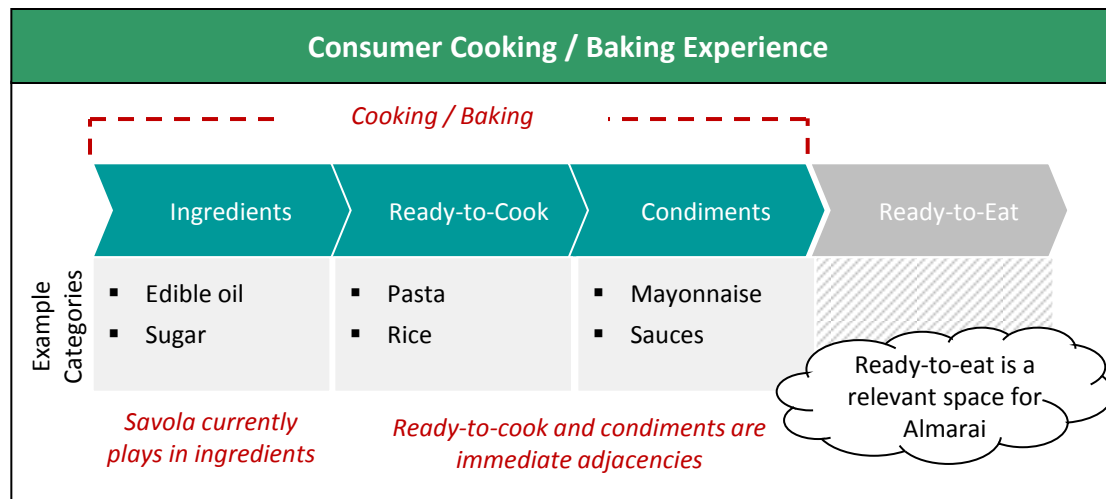
Strategic Direction

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



Strategic Guidelines

Oil Established Markets

- Arabia
- Egypt
- Iran

- Ensure dominance and sustain stable long-term growth
- Launch value added B2B and B2C oil products

Oil Value Creation Markets

- Algeria
- Turkey
- Sudan
- Kazakhstan
- Morocco

- Continue to focus on growth
- Manage with the core markets as the business requires operational management and expertise
- Manage in a separate portfolio and P&L
- Evaluating various options to improve position in these markets

Sugar

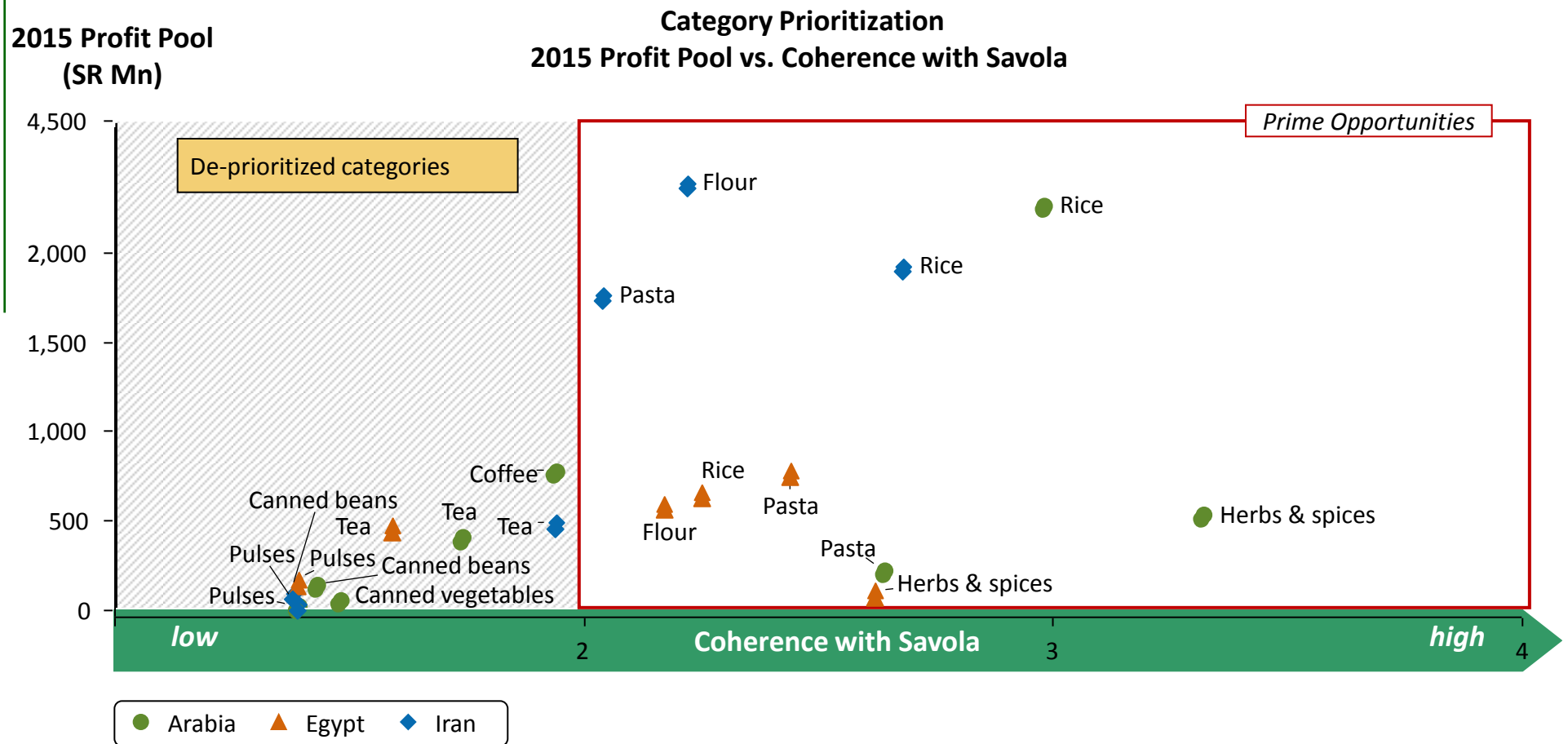
- Arabia
- Egypt

- Maximize B2B potential by developing value added products
- Leverage USCE volume predominantly for exports
- Partner with global player for large scale beet play

New Categories

- Arabia
- Egypt
- Iran

- Entered pasta business in Egypt
- Enter other ingredient and ready-to-cook categories
- Create a powerhouse which will provide an attractive partner to global companies



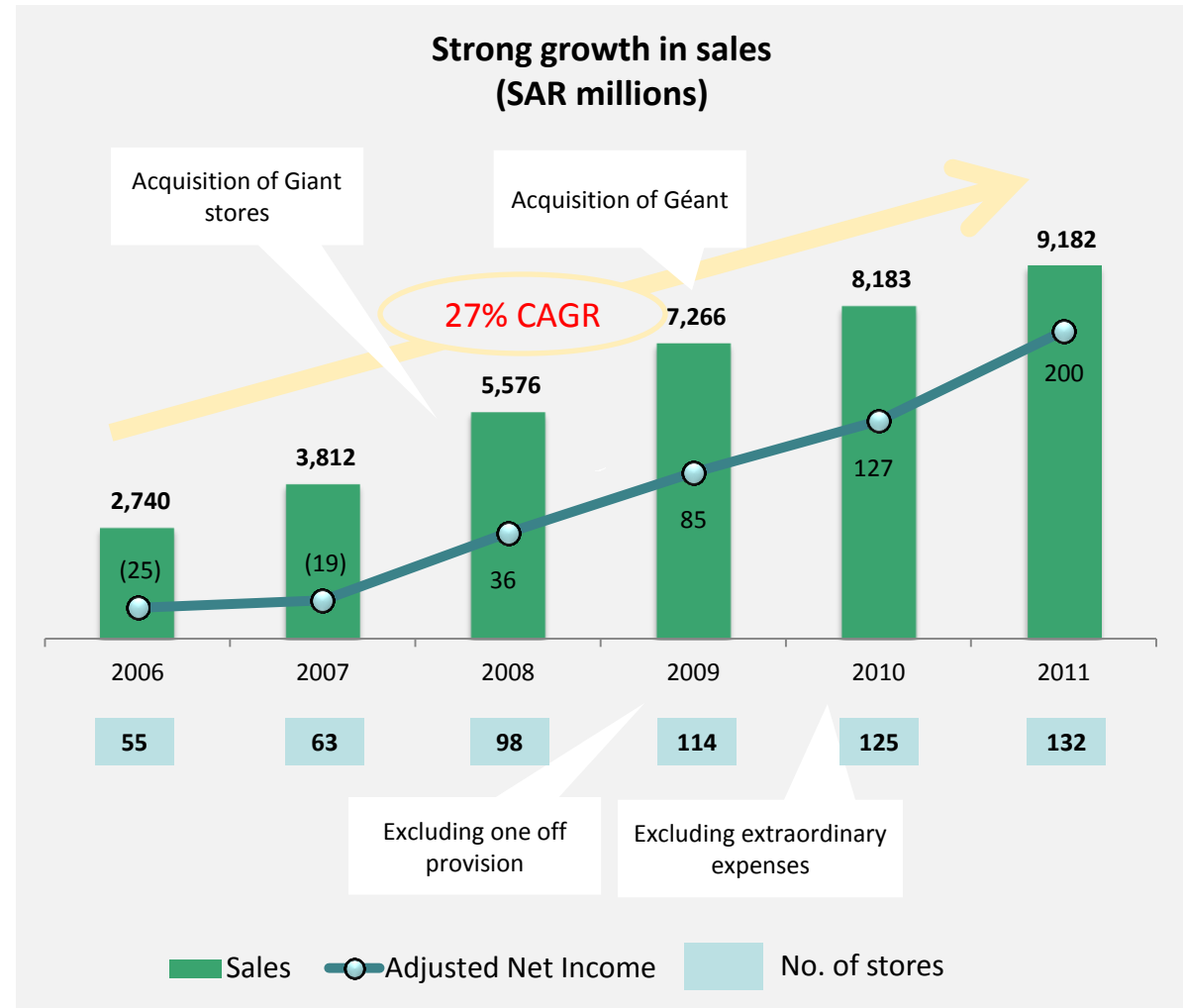
A total profit pool of over SR 13 billion in rice, pasta, spices and flour in core markets

Panda – a regional giant



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



Note: Number of stores excludes Lebanon

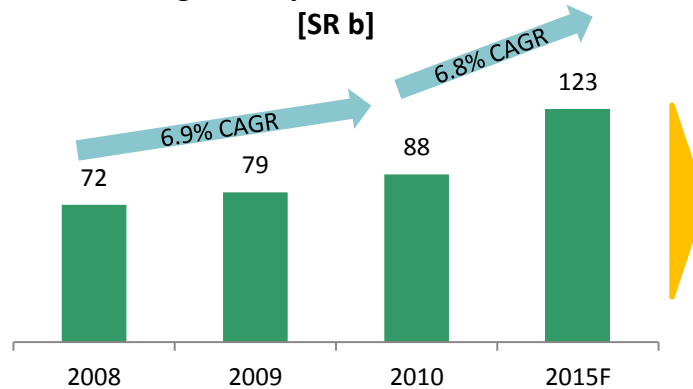
Under penetrated grocery retail market



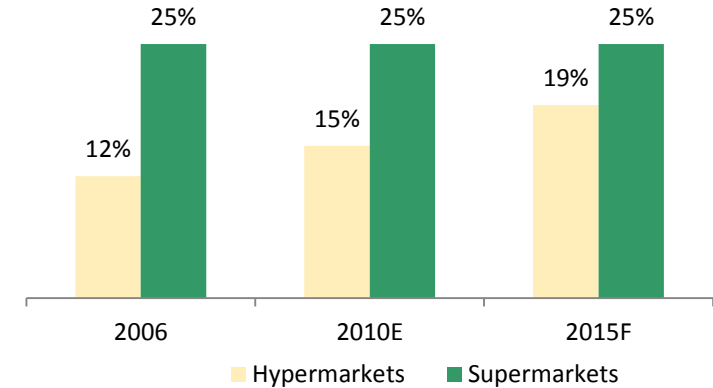
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- The Saudi grocery market is witnessing strong growth which is expected to continue
- Within the grocery market, super and hypermarkets are gaining market share
- In spite of strong growth, super and hypermarkets are still underpenetrated, compared to other markets globally
- Apart from strong organic growth potential, there is room for acquisition growth, given the highly fragmented nature of the Saudi market

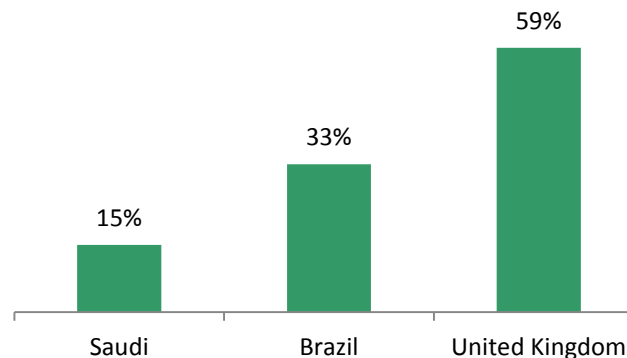
Growing Grocery retail market in Saudi [SR b]



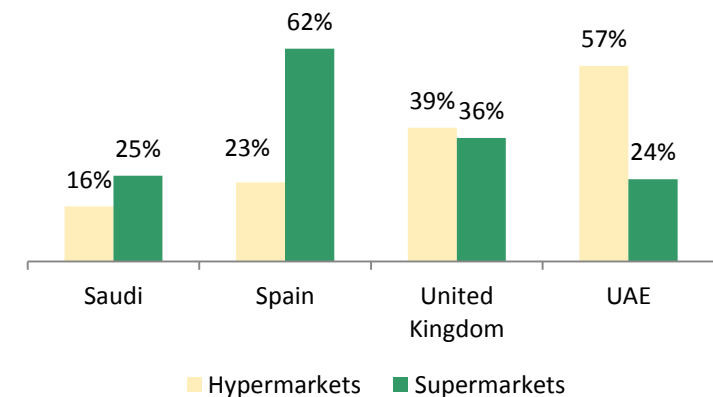
Super/Hypermarkets gaining market share



The Saudi market is highly fragmented
Share of top 5 players



Super/Hypermarkets Still Underpenetrated



Enormous room to grow in the local market

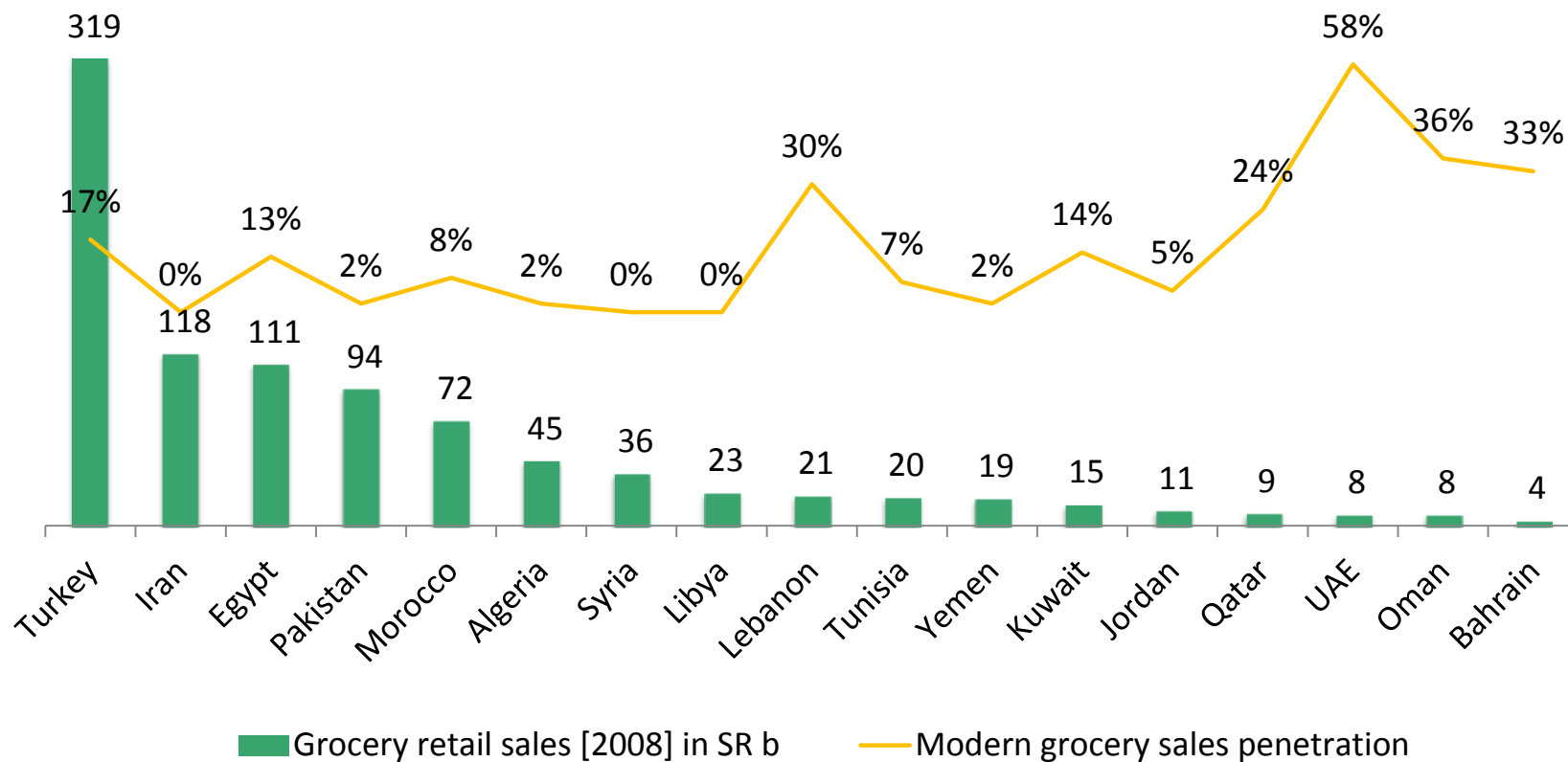
Regional retail opportunities

Market size and penetration



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Significant potential in the MENA markets



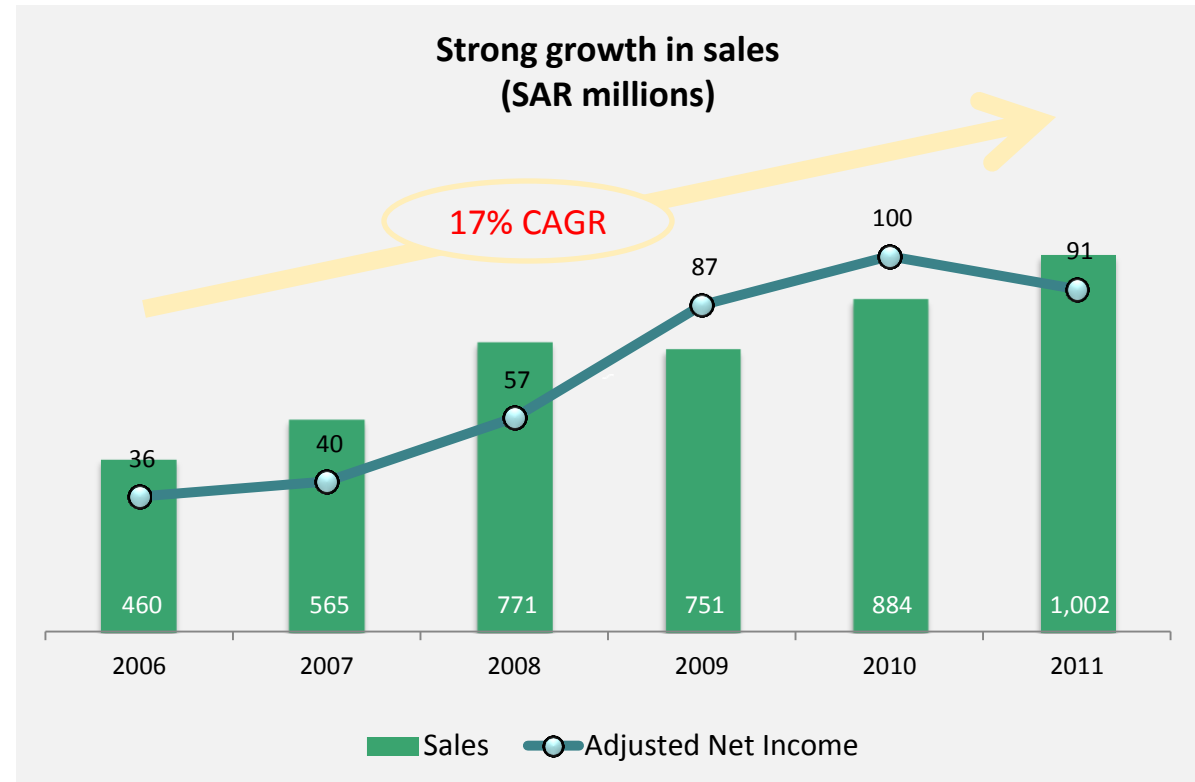
Many of the regional markets are under penetrated

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



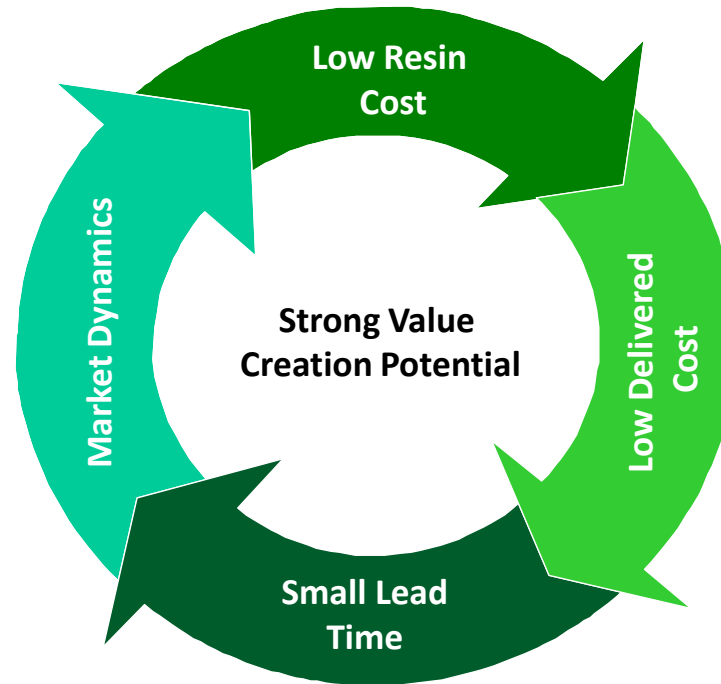
Savola Plastics, a regional leader



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- Surplus PE and PET capacity in MEAF will give SPC an opportunity to develop stronger bargaining power

- Highly fragmented market with significant growth potential
- Market growth driven by evolving consumer needs



- China is 5-7% more than KSA & Egypt in terms of total delivered cost (for film)
- Lower resin and utilities cost

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



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, Joussour, Swicorp)	- Ensuring to exit at the right time by maximizing returns
KEC and KAEC	- Currently under lock-up period
Herfy	- IPO'ed in 2010 at a P/E of around 12.5 times
	- Currently trading at a high P/E of above 18 times

Total investments reduced from SAR 4.3 billion in 2009 to SAR 2.8 billion now

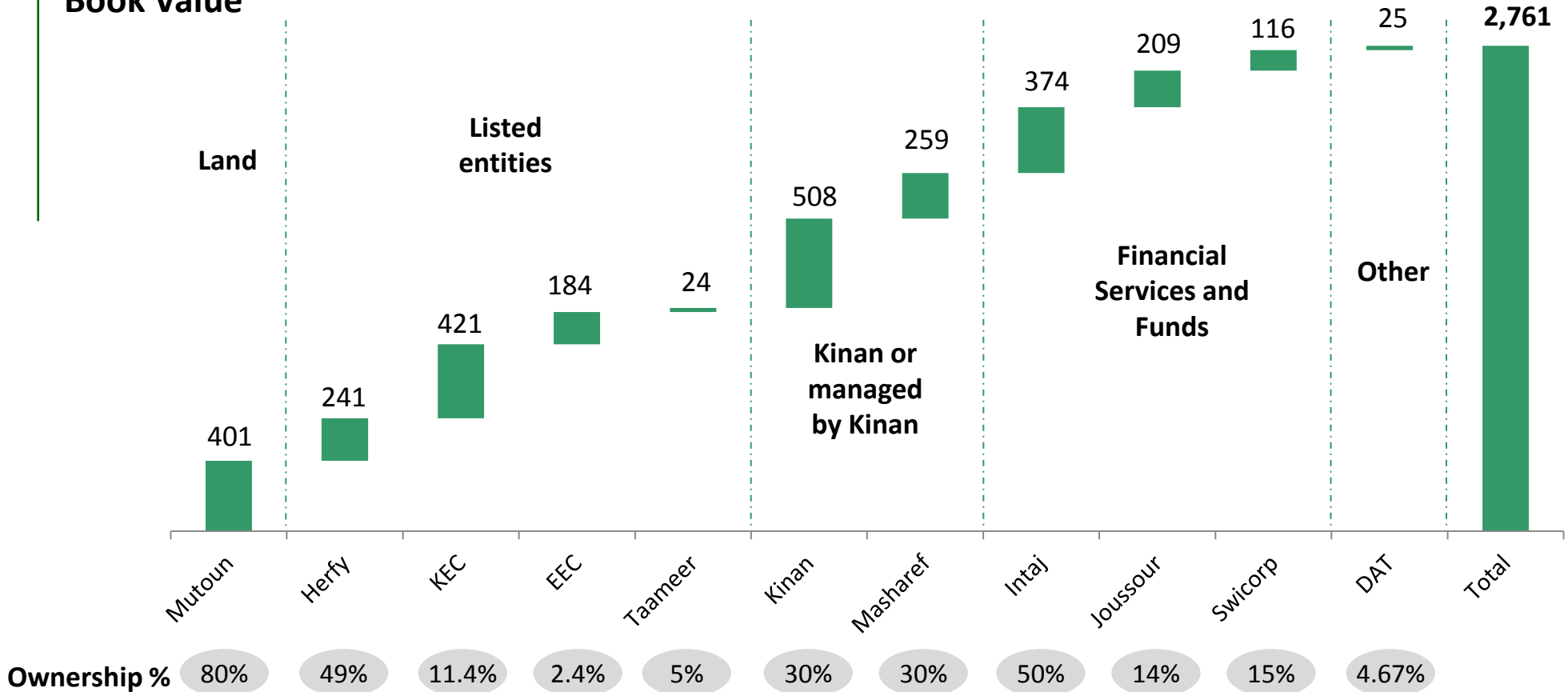
Other investments



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All numbers are in SAR millions

Book Value



- Total investment portfolio reduced from SAR 4,283 million in 2009 to SAR 2,761 million in 2011
- Around 35% of the total investments have already been disposed off during 2010 and 2011



What we got, and what we plan to get

FINANCIAL HIGHLIGHTS AND PROJECTIONS

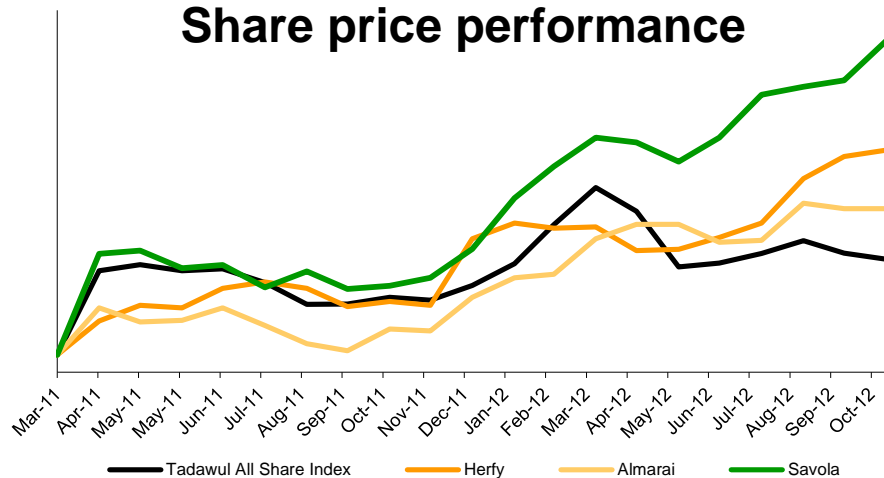
Financial results - Snapshot



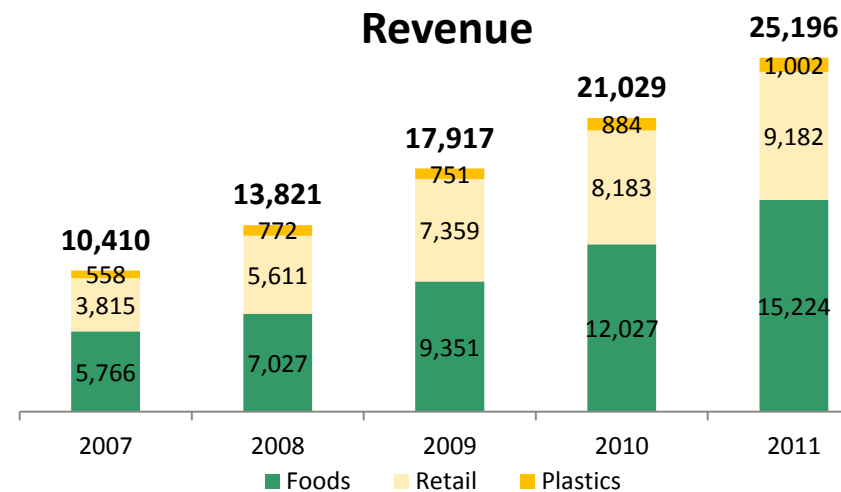
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All numbers are in SAR millions

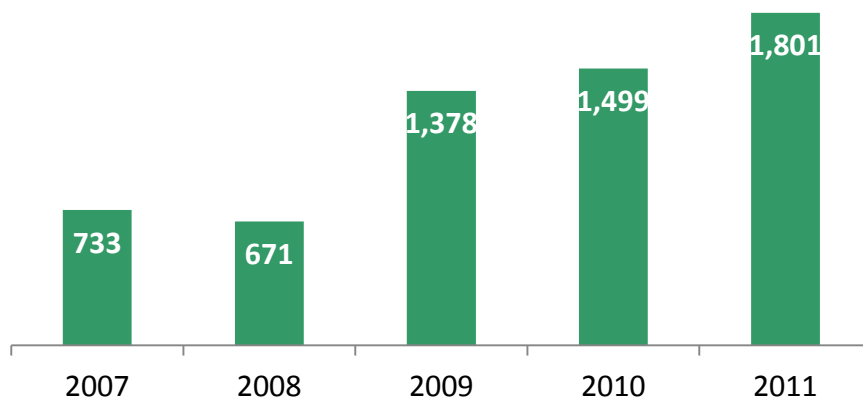
Share price performance



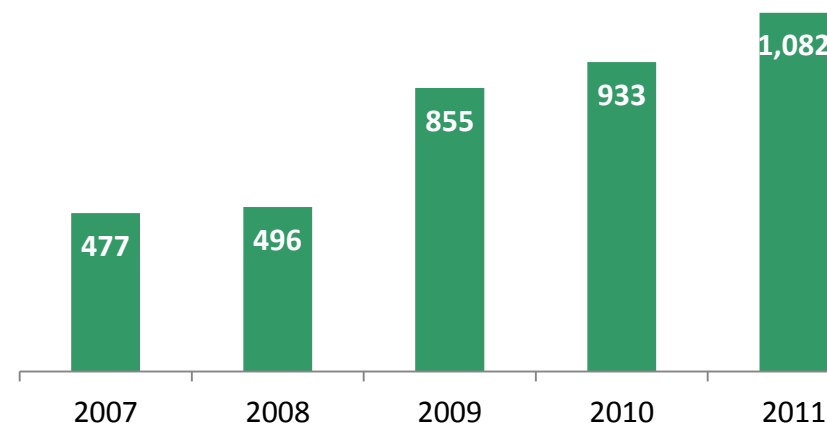
Revenue



EBIT



Income from operations



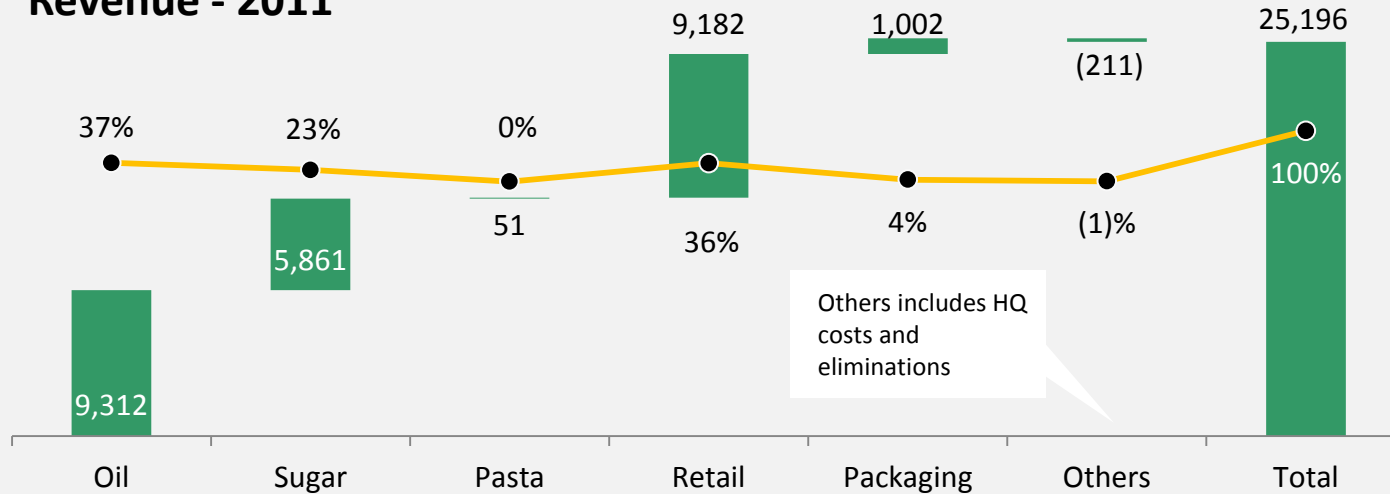
Financial results - Revenue



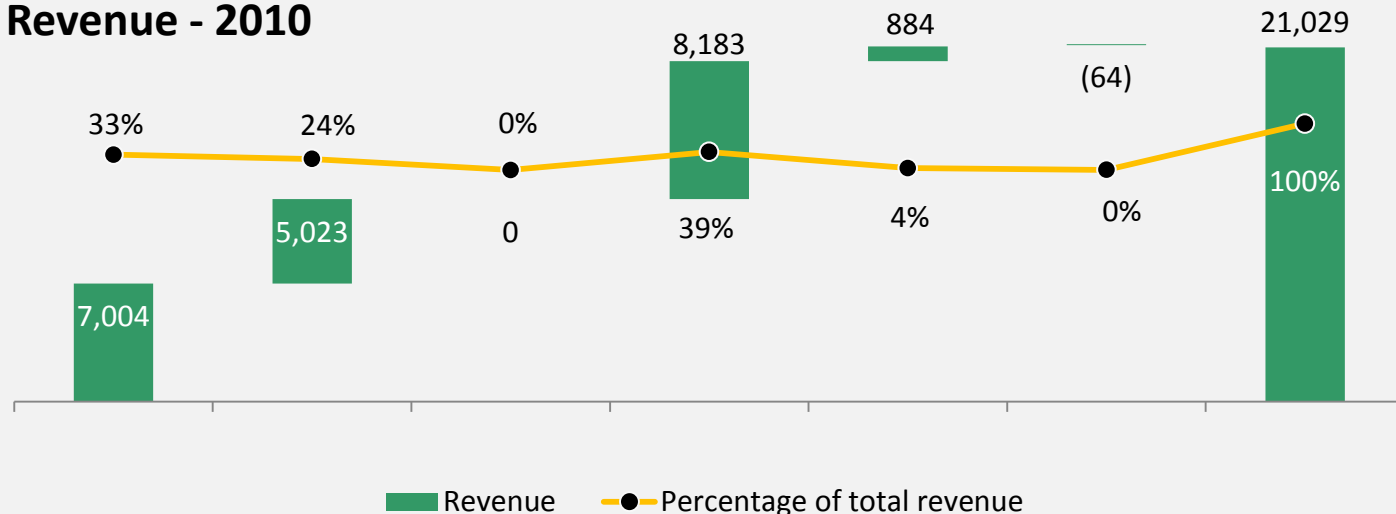
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All numbers are in SAR millions

Revenue - 2011



Revenue - 2010



Revenue growth of around 20% contributed by all core sectors

Note: Pasta acquisition done in Q4 2011

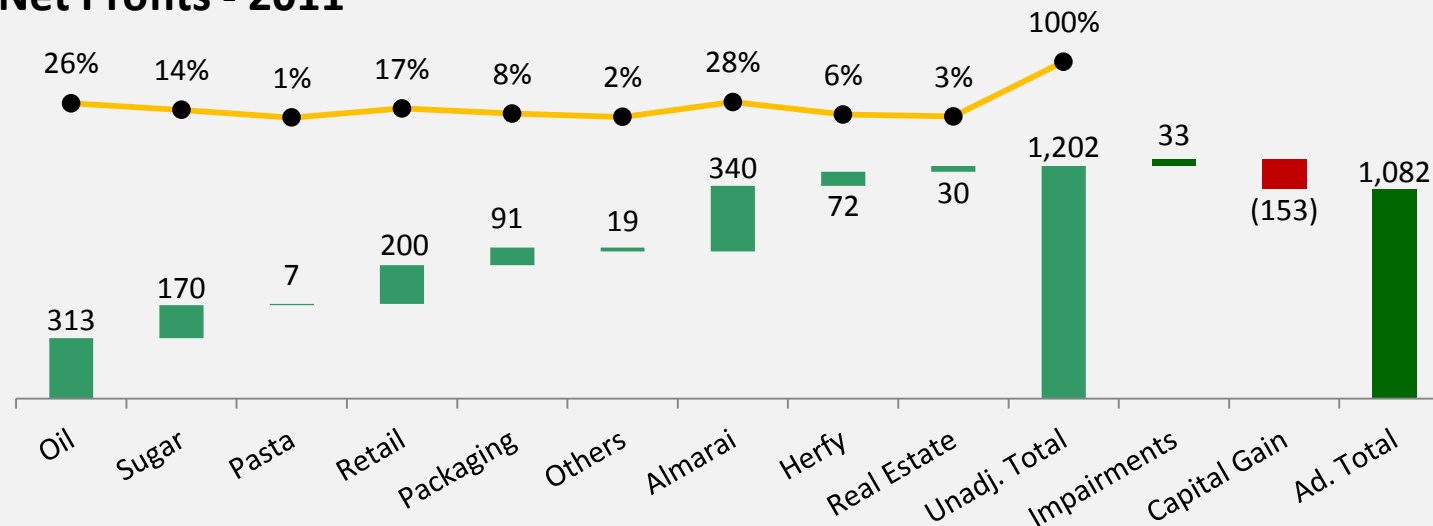
Financial results - Profitability



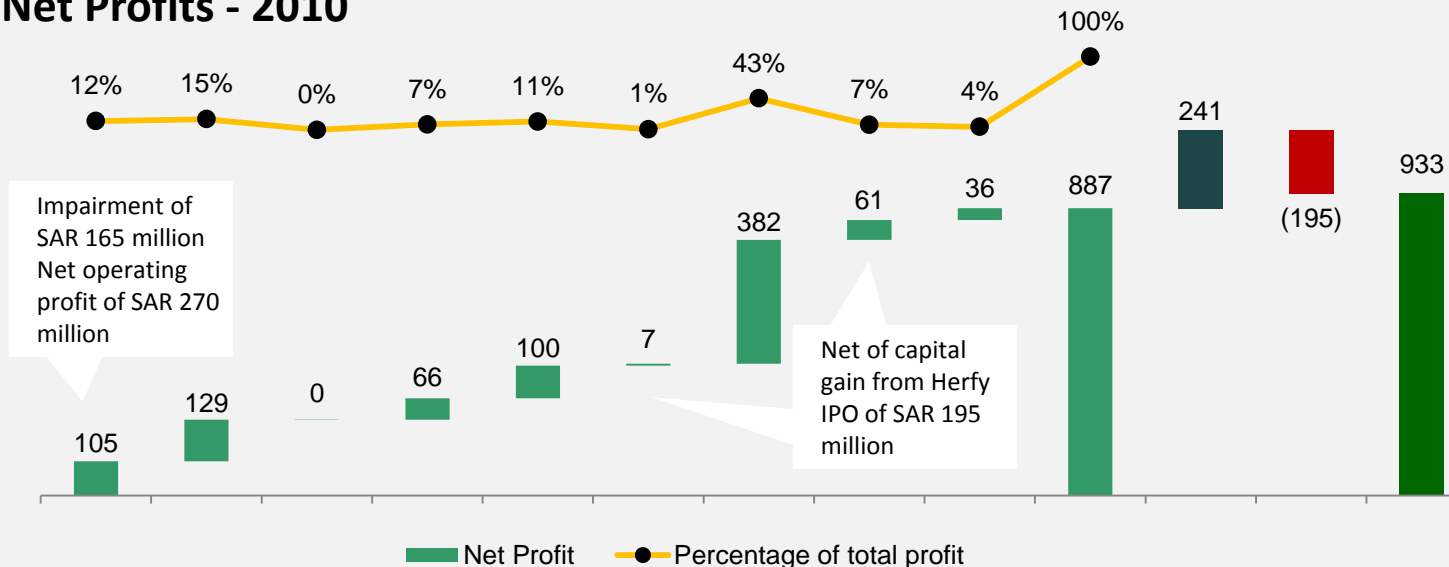
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Net Profits - 2011



Net Profits - 2010



Adjusted profit growth of around 17%

Note: Pasta acquisition completed in Q4 2011

Income statement by segments



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Full year

(all figures are in SAR millions)

Segment Wise Financials

	December 2011					December 2010				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food										
Oil-Mature Markets	7,958	1,081	591	234	680	6,014	1,033	628	147	705
Oil-Start-up Markets*	1,354	234	109	78	136	989	124	(23)	(41)	11
Total Oil	9,312	1,314	700	313	816	7,004	1,158	605	105	716
Sugar	5,861	451	326	170	416	5,023	342	216	129	309
Pasta	51	12	8	7	8	0	0	0	0	0
Total Foods	15,224	1,777	1,034	489	1,240	12,027	1,499	821	234	1,025
Retail										
KSA	8,560	1,916	215	190	454	7,590	1,617	98	60	335
Gulf	622	125	13	10	18	592	107	8	7	14
Total Retail	9,182	2,040	228	200	473	8,183	1,724	107	66	349
Packaging	1,002	153	104	91	158	884	156	118	100	174
Real Estate	0	0	30	30	30	0	0	36	36	36
Franchising	47	30	7	6	9	44	26	(1)	(2)	2
Herfy	0	0	72	72	72	0	0	61	256	61
Al Marai-Savola Share	0	0	340	340	340	0	0	382	382	382
HQ/Elimination/Impairments	(258)	(30)	(14)	(25)	11	(108)	9	(25)	(187)	(1)
Total	25,196	3,971	1,801	1,202	2,332	21,029	3,415	1,499	887	2,028
Adjustments										
Impairments				33					241	
Capital gains				(153)					(195)	
Adjusted Profit				1,082					933	

* Start-up markets include Algeria, Morocco and Sudan

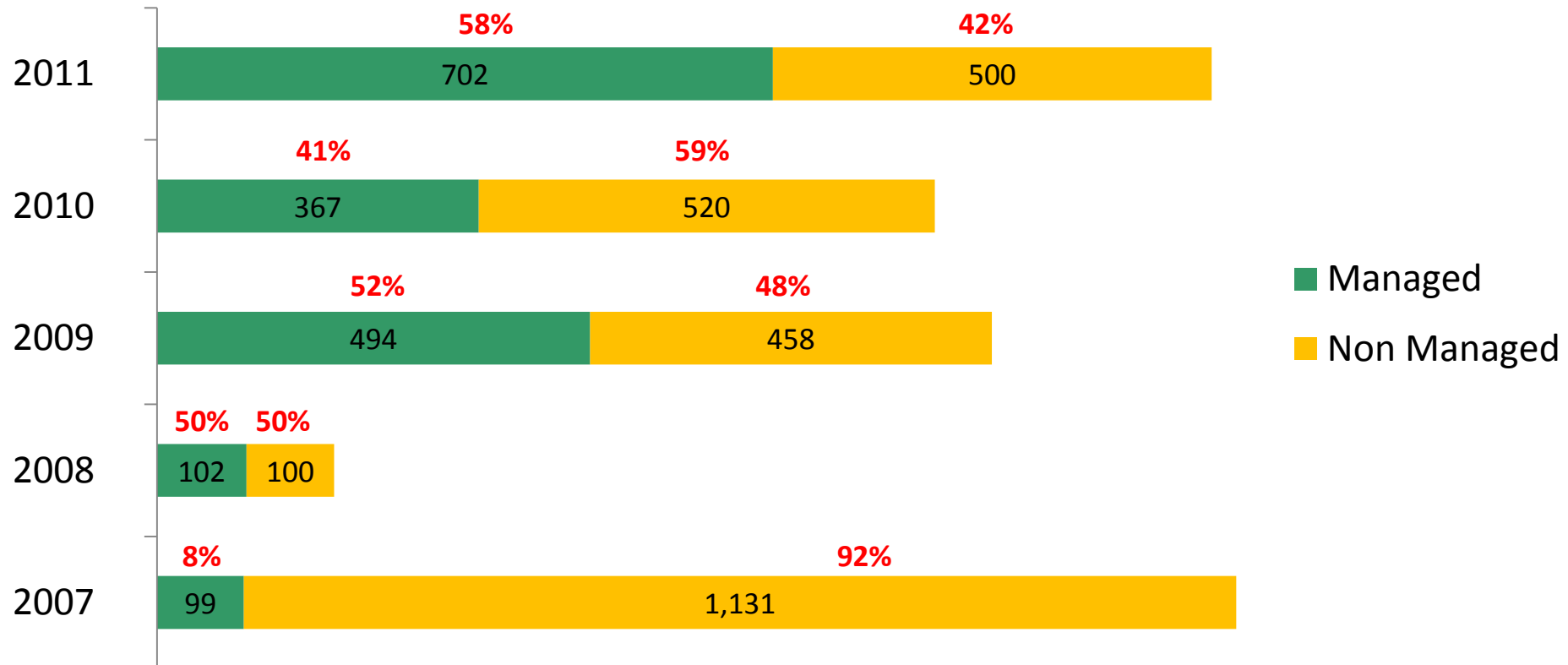
Note: Pasta acquisition completed in Q4 2011

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

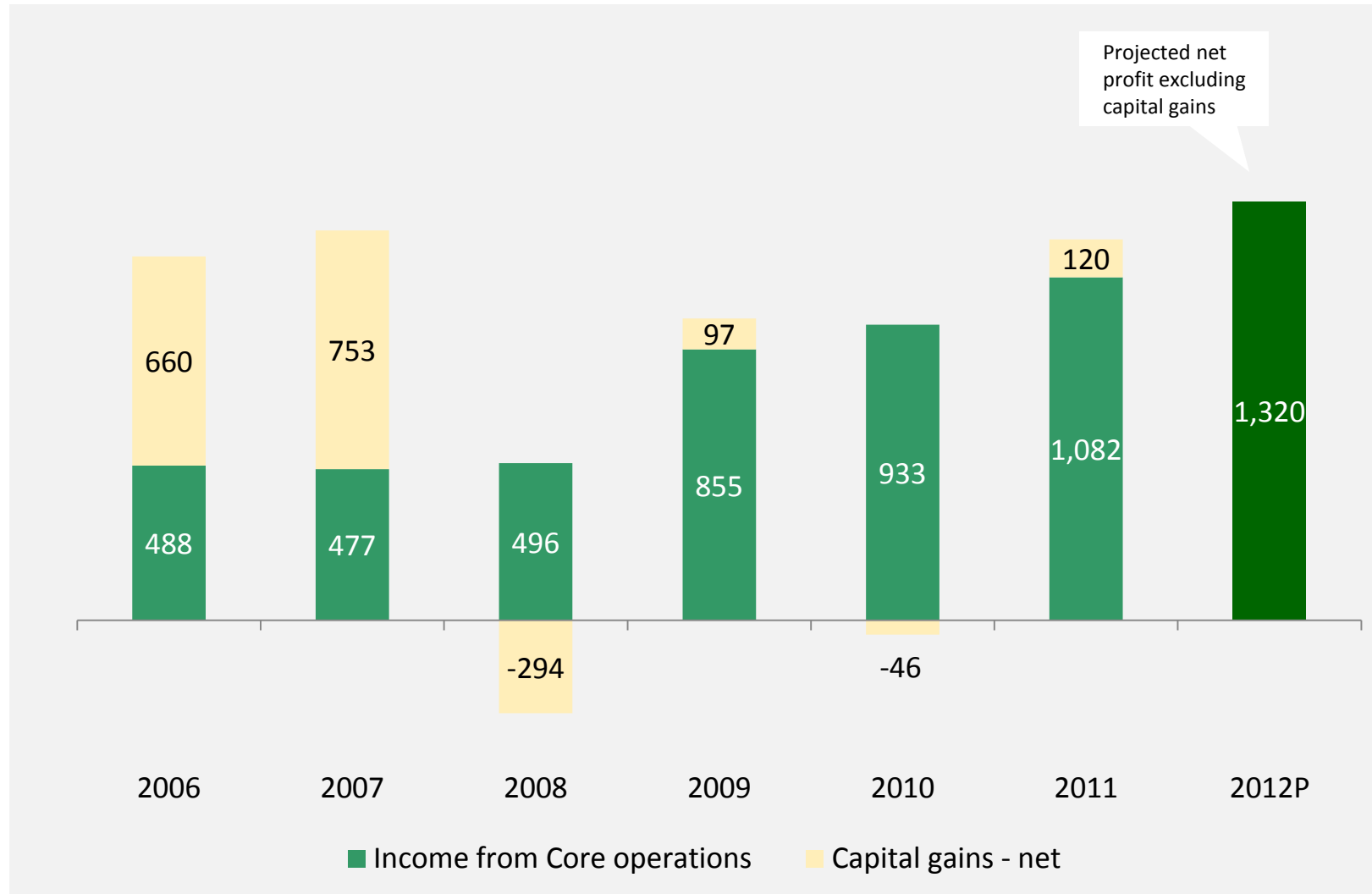
The reliance on non-managed businesses has reduced over time

Diminished reliance on capital gains



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SAR millions





Its all about people, people, people

OUR INTELLECTUAL ASSETS

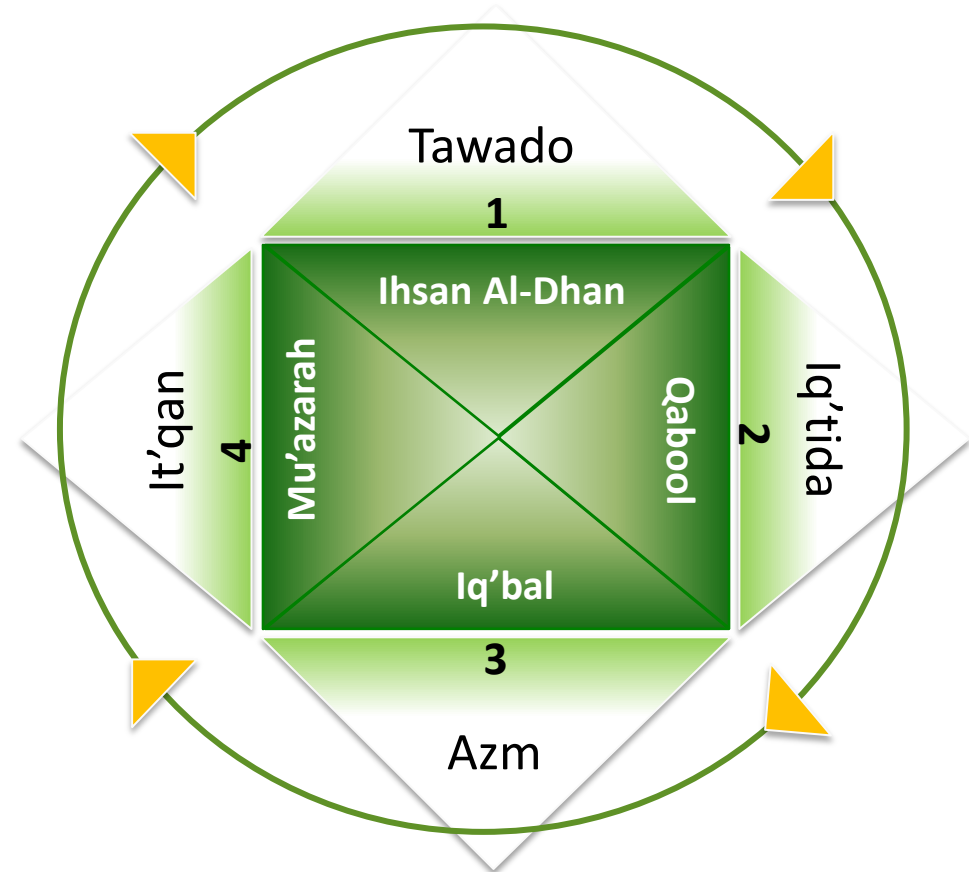


- **Amanah:** Particular obligation to be truthful with the people who have entrusted us with their investments i.e. our shareholders.
- **Taqwa:** Act with integrity in our relationships with external parties e.g., our customers.
- **Birr:** To have genuine care and concern for people & their welfare i.e. our colleagues.
- **Mujahadah:** To continually strive for higher standards.



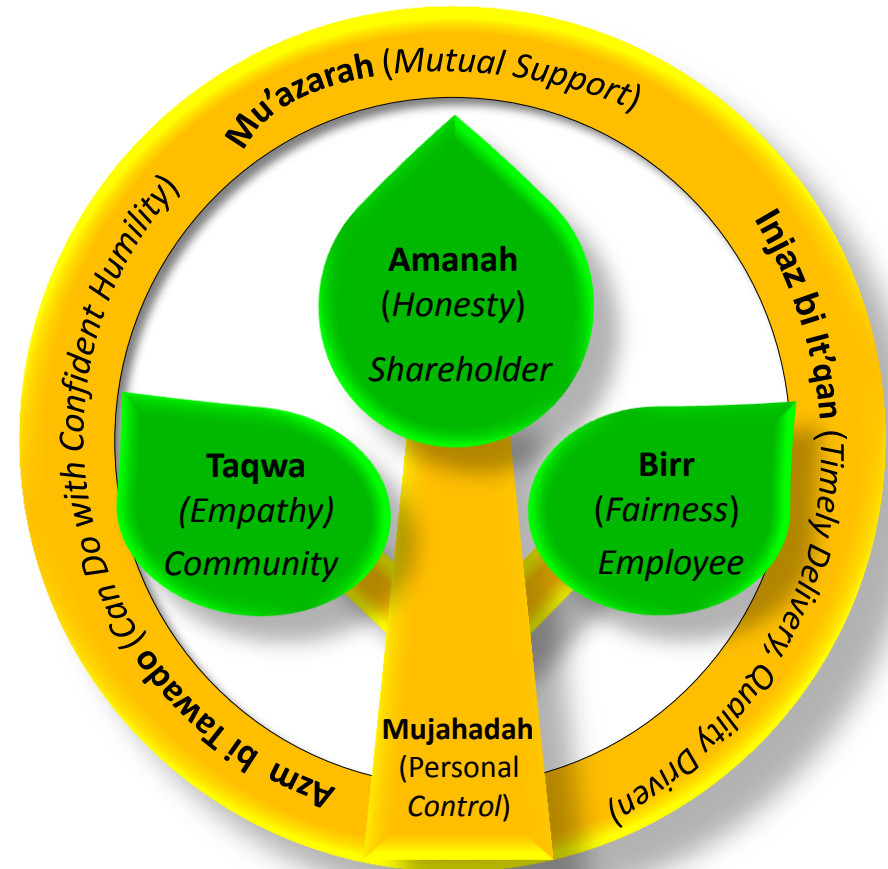


- **Tawado:** Viewing achievements without arrogance.
- **Iq'tida:** Accepting that we are continually learning.
- **Azm:** Being persistent, even in the face of adversity.
- **It'qan:** Maintaining high standards and striving for continuous improvement.
- **Ihsan Al-Dhan:** Having a trusting nature.
- **Qabool:** Accepting other people.
- **Iq'bal:** Striving to maintain strong, two-way relationships.
- **Mu'azarah:** Bonding with other people, particularly our team members.





- 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



Recognition for the Groups intangible assets



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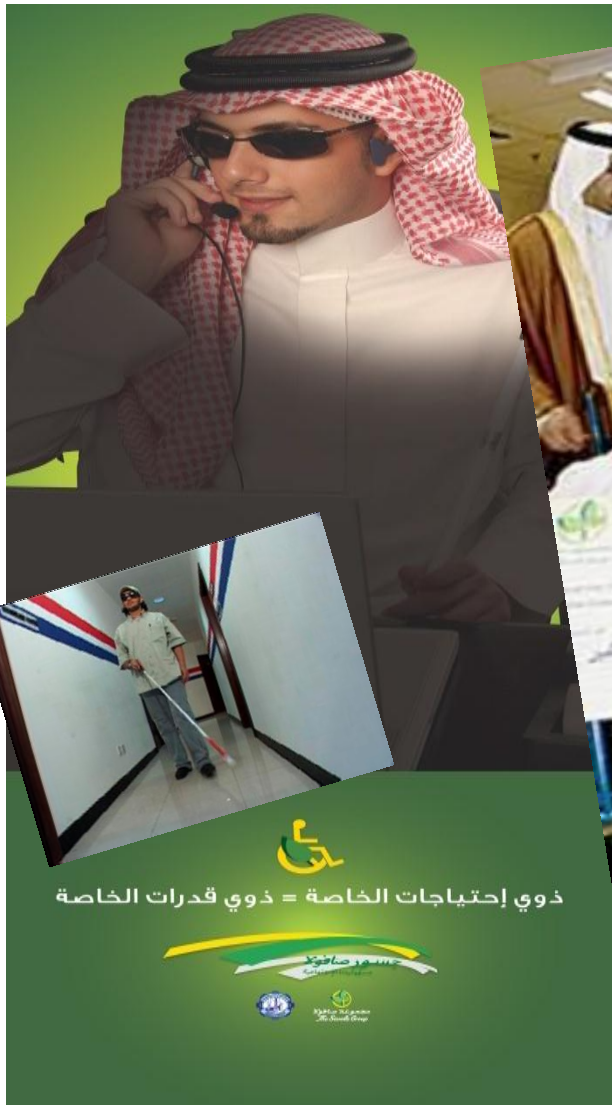
- Savola Group has been ranked No. 2 among Arab World public listed companies in Corporate Governance and Transparency based on the new index launched by Standard & Poor's and Hawkamah Institute and funded by IFC. The ranking is based on Environmental, social and Corporate Governance (ESG) issues.
- Savola winning Transparency Award among Saudi publicly listed companies (BMG)
- Savola winning Best Workplace Practices Award (IIR)
- Panda ranked as one of the top 10 big companies to receive Best Work Environment Award for 2008
- The Saudi Public Company Award in CSR (IIR)



▪ We are a responsible corporate citizen



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Appendix

QUARTERLY RESULTS



(all figures are in SAR millions)

Segment Wise Financials

	Q1 2012					Q2 2012				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food										
Oil-Mature Markets	2,147	285	175	63	198	2,242	367	218	78	235
Oil-Start-up Markets *	415	71	39	26	44	453	70	37	17	42
Total Oil	2,562	355	214	89	242	2,696	438	255	96	277
Sugar	1,418	82	52	27	74	1,515	158	128	71	150
Pasta	88	16	8	7	14	116	22	13	13	17
Total Foods	4,069	454	274	123	330	4,327	617	396	180	444
Retail										
KSA	2,185	488	41	34	101	2,273	511	47	41	107
Gulf	145	25	2	2	4	154	28	2	1	4
Total Retail	2,329	513	44	36	105	2,427	539	49	43	111
Packaging	236	29	16	14	30	290	37	27	23	38
Real Estate	0	0	17	17	17	0	0	1	1	1
Herfy	0	0	20	20	20	0	0	24	24	24
Al Marai-Savola Share	0	0	73	73	73	0	0	114	114	114
HQ/Elimination/Impairments	(45)	(0)	(6)	(41)	2	(56)	(0)	(6)	(43)	1
Total	6,589	996	439	242	578	6,989	1,193	604	341	732

* Start-up markets include Algeria, Morocco and Sudan



(all figures are in SAR millions)

Segment Wise Financials					
Q3 2012					
	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food					
Oil-Mature Markets	2,383	424	303	132	323
Oil-Start-up Markets*	328	46	15	3	19
Total Oil	2,711	470	318	135	342
Sugar	1,078	68	37	25	60
Pasta	126	23	13	13	19
Total Foods	3,916	561	368	172	422
Retail					
KSA	2,556	526	61	56	122
Gulf	166	31	3	3	5
Total Retail	2,722	557	64	59	126
Packaging	274	43	30	27	46
Real Estate	0	0	1	1	1
Herfy	0	0	21	21	21
Al Marai-Savola Share	0	0	135	135	135
HQ/Elimination/Impairments	(42)	(0)	(3)	(10)	(44)
Total	6,870	1,161	617	405	708

* Start-up markets include Algeria, Morocco and Sudan



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THANK YOU



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