



Earnings Presentation

Q1 2018



DISCLAIMER

This presentation contains forward-looking statements which may be identified by the use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, market position, expenditures, and financial results, are forward looking statements.

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The Q1 2018 numbers are based on interim unaudited financials.

GROUP – HIGHLIGHTS

- In Q1 2018, the Group reported a net loss of SAR 84.3 mn; compared to a net profit of SAR 4.8 mn from Q1 2017 largely due to lower profitability from foods and continued losses in retail, which came in slightly better than last year.
- Savola's retail segment recorded a net loss of SAR 223 mn for Q1 2018 compared to a loss of SAR 229 for Q1 2017. The turnaround is ongoing; the business has maintained a negative working capital position.
- Savola Foods recorded a net profit of SAR 8.3 mn; compared to a net income of SAR 111 million last year mainly due to the impact from price controls coupled with currency devaluation in major overseas markets, and the effects from pre-VAT inventory stock up locally on the oil segment, as well as lower white premium on the sugar segment.
- Herfy recorded a net income of SAR 47.7 mn for the quarter, a decline of 9.4% compared to the same quarter last year.
- Almarai recorded a profit of SAR 344 mn in Q1, translating into SAR 118.8 mn net income contribution to the Group.

Q1 2018 - SNAPSHOT

GROUP	<ul style="list-style-type: none"> » Q1 2018 revenue of SAR 5.1 bn (Q1 2017: SAR 5.8 bn) » Q1 2018 net loss of SAR 84.3 mn (Q1 2017: Profit of SAR 4.8 mn) » Adjusted net loss of SAR 57.0 mn after adjusting for one-off items and charges
RETAIL	<ul style="list-style-type: none"> » Q1 2018 revenue of SAR 2.4 bn (Q1 2017: SAR 2.7 bn) » Q1 2018 net loss of SAR 223.2 mn (Q1 2017: net loss of SAR 229.4 mn)
FOODS	<ul style="list-style-type: none"> » Q1 2018 revenue of SAR 2.57 bn (Q1 2017: SAR 2.95 bn) » Q1 2018 net income of SAR 8.3 mn (Q1 2017: SAR 110.7 mn) » Adjusted net profit of SAR 38.9 mn after adjusting for one-off items
HERFY	<ul style="list-style-type: none"> » Q1 2018 revenue of SAR 286.3 mn (Q1 2017: SAR 275.0 mn) » Q1 2018 net income of SAR 47.7 mn (Q1 2017: SAR 52.7 mn)
INVESTMENTS	<ul style="list-style-type: none"> » Almarai recorded quarterly net income of SAR 344.2 mn

GROUP – CONSOLIDATED FINANCIAL SNAPSHOT

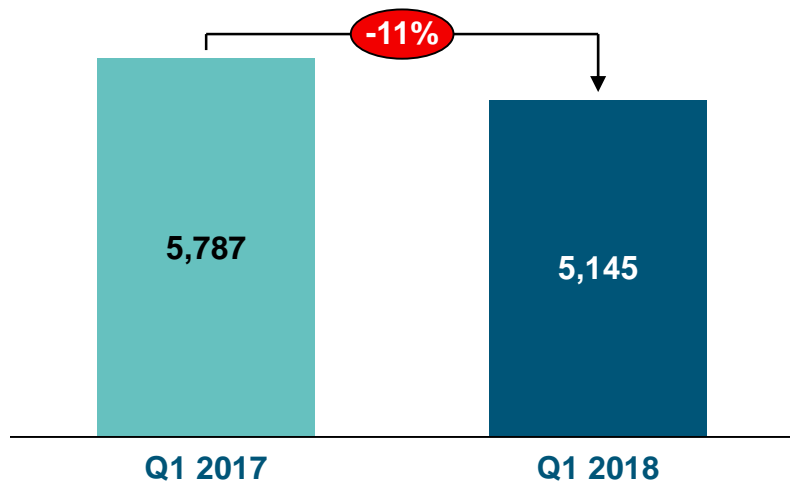
SAR Mn	Revenue	Gross Profit	EBITDA	Net Income / (Loss)	Adjusted Net Income / (Loss)
Q1 2018	5,145 -11.1% vs. Q1 2017	946 -9.1% vs. Q1 2017	243 -26.7% vs. Q1 2017	(84) Q1 2017: 4.8	(57) Q1 2017: (20)

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

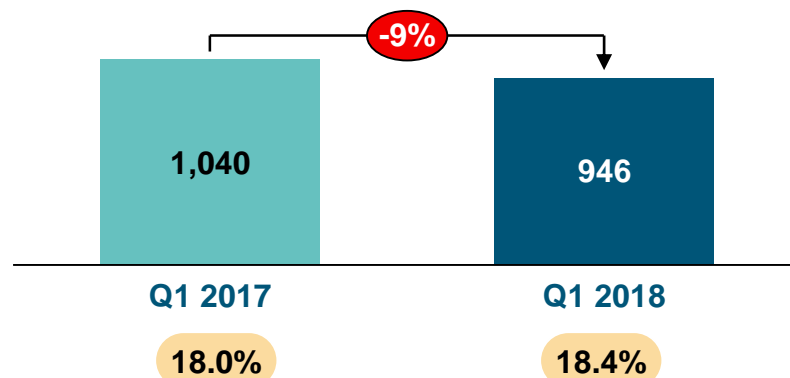
SAR Mn

● Growth ● Margin

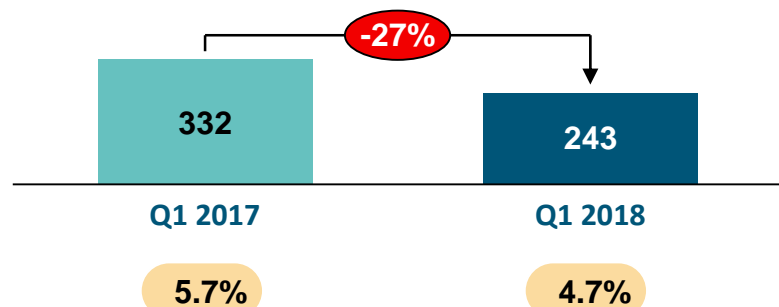
YoY Sales



YoY Gross Profit



YoY EBITDA



YoY Net Income

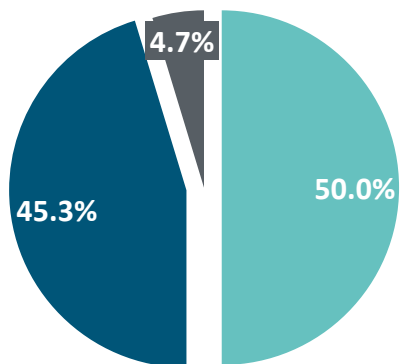


GROUP – CONSOLIDATED REVENUE MIX, NET DEBT & CAPEX

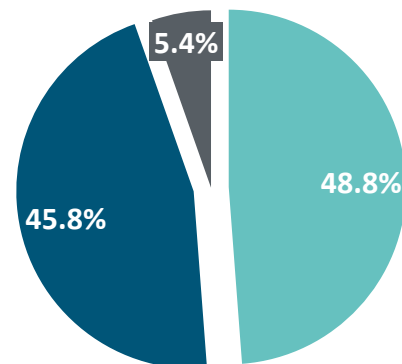
SAR Bn

Revenue by Business

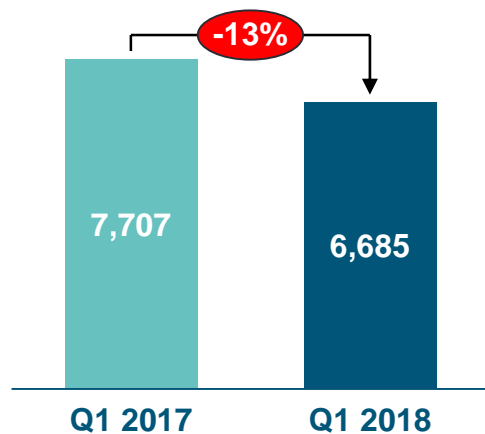
Q1 2017
SAR 5.8 Bn



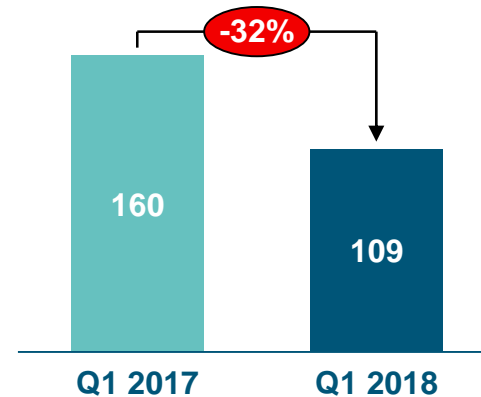
Q1 2018
SAR 5.1 Bn



Net Debt



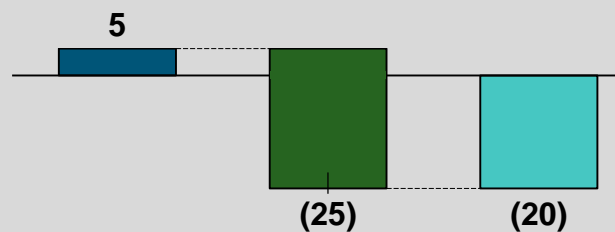
CAPEX



IMPLICATIONS OF EXCEPTIONAL ITEMS

SAR Mn

Adjusted Q1 2017 Net Income

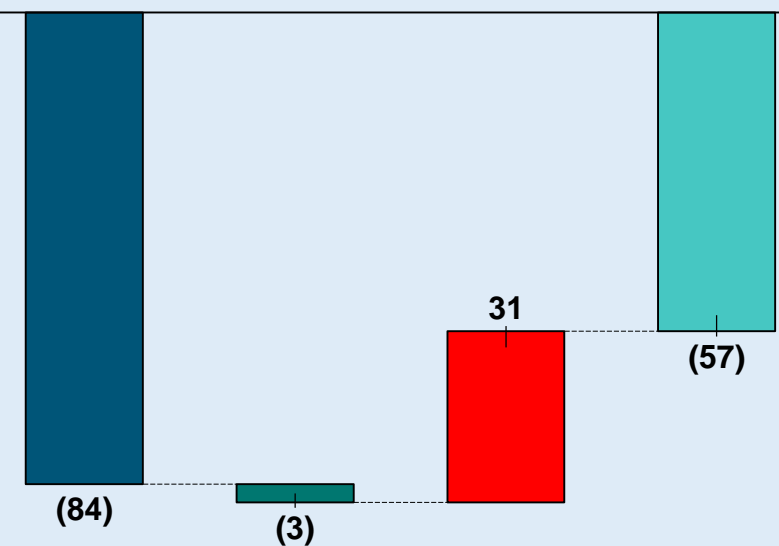


Q1 2017
reported NI

Dilution Gain
on USCE

Q1 2017
Adjusted NI

Adjusted Q1 2018 Net Income



Q1 2018
reported NI

Gain on sale of
Dar Al Tamleek

Currency
translation

Q1 2018
Adjusted NI



PANDA RETAIL COMPANY

سافولا
SAVOLA

RETAIL - SNAPSHOT

SAR Mn	Revenue	Gross Profit	Net Income / (Loss)	Selling Space
Q1 2018	2,415 -9.7% vs. Q1 2017	537 3.3% vs. Q1 2017	(223) Q1 2017 : (229)	743,620 m ² -2.5% vs. Q1 2017

RETAIL – HIGHLIGHTS

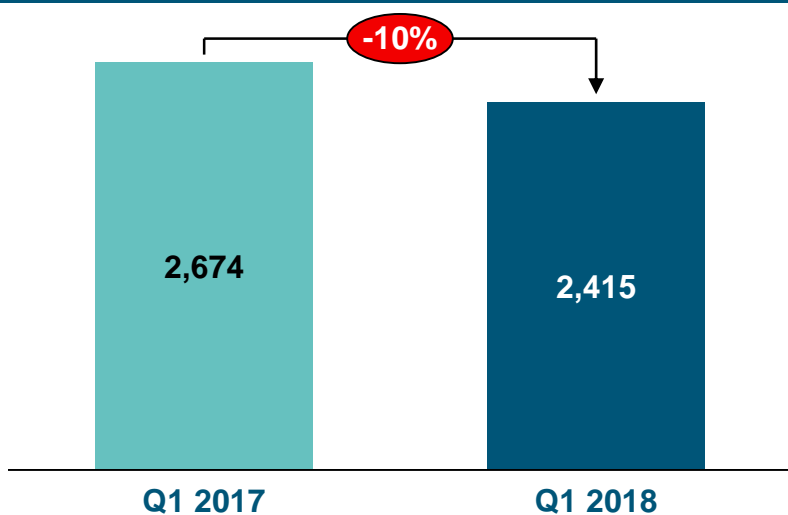
- Since joining, the new Panda CEO has continued the transformation exercise with several ongoing initiatives including improvement of product availability (especially of grocery items), working towards a differentiated value proposition to become the destination for fresh products, creating a culture of high performance and rewards by linking incentives to performance that will enable a swift turnaround.
- VAT was implemented in Q1 2018, which negatively impacted the business in the first few weeks of Q1. LFL for Q1 is negative driven by a reduction in customer count and basket size. However, we've seen significant month-on-month improvements in LFL driven by larger basket size and higher customer count.
- Basket size for the month of March 2018 is up compared to March 2017.
- One supermarket and six Pandati stores were closed in Q1 2018. Total retail selling space decreased by 0.34% in Q1 2018 compared to Q4 2017.
- Reported net loss for Q1 2018 for Retail was SAR 223 mn, compared to SAR 229 mn in Q1 2017.

RETAIL – FINANCIAL HIGHLIGHTS

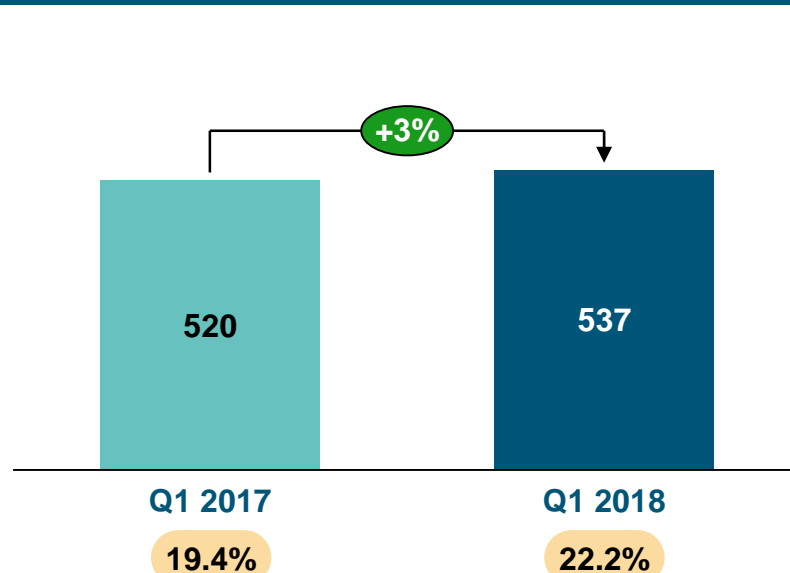
SAR Mn

● Growth ● Margin

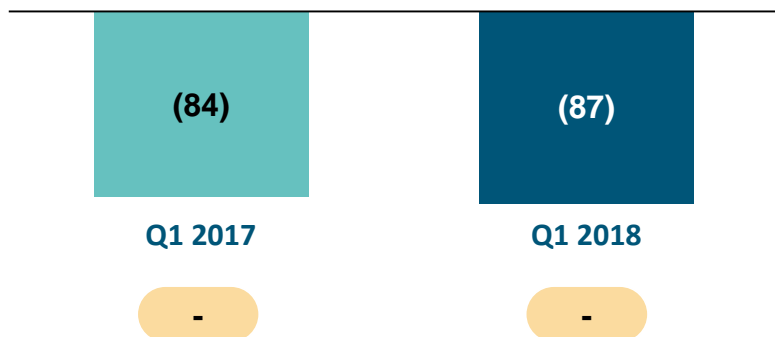
YoY Sales



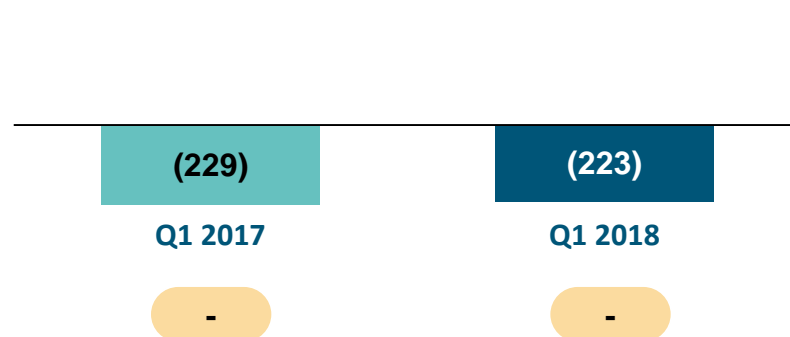
YoY Gross Profit



YoY EBITDA



YoY Net Income

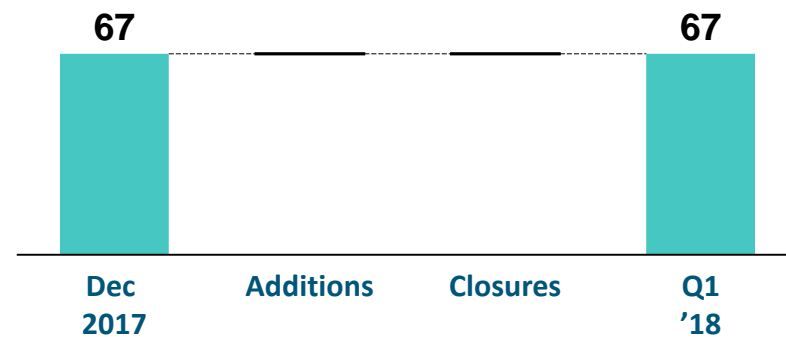


RETAIL – NUMBER OF STORES BY QUARTER

Super



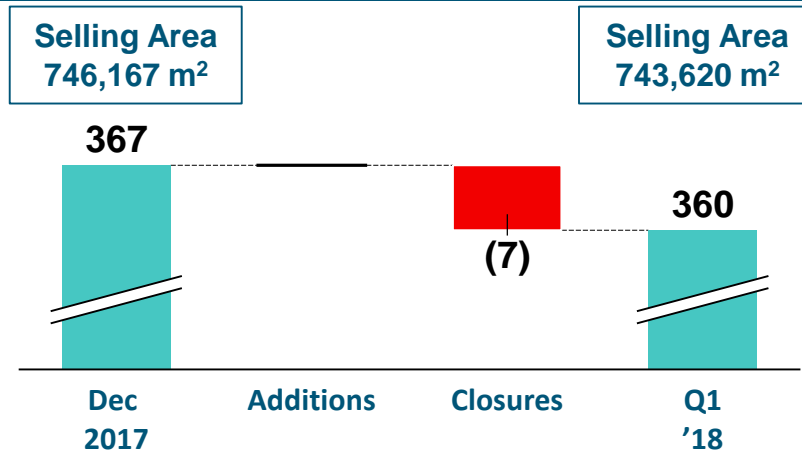
Hyper



Pandati



Total





SAVOLA FOODS

FOODS – HIGHLIGHTS

- Total volume of 880 KMT, 4.4% more than Q1 2017 attributed to the following:
 1. Oil volumes increased by 2.5%, driven by Egypt and start-up markets
 2. Sugar volumes increased by 4.4%, driven by higher sales in Egypt
 3. Pasta volumes increased by 48.5%
- Q1 2018 total revenue of SAR 2.57 billion is 12.9% below Q1 2017 revenue of SAR 2.95 billion attributed to the following:
 - a. Oil revenues decreased by 12.3% mainly due to lower commodity prices, overseas currency devaluation and pre-VAT buying last quarter.
 - b. Sugar revenues decreased by 21.9% largely due to lower prices
 - c. Pasta revenues increased by 56.5%, as we continue to recover volumes and adjust our pricing in the post-devaluation era in Egypt
- Reported net income for Q1 2018 for Food was SAR 8.3 mn; compared to a net income of SAR 111 million last year mainly due to the impact on oil from price controls coupled with currency devaluation in major overseas markets and post-VAT effects locally, and on sugar a lower white premium (i.e. refining margin) and lower local prices.

FOODS - SNAPSHOT

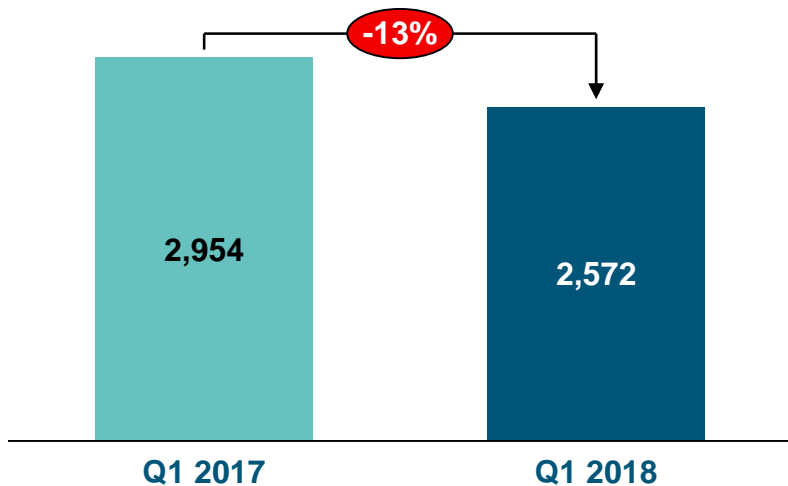
	Revenue	Gross Profit	EBITDA	Net Income / (Loss)	Adjusted Net Income / (Loss)
<i>SAR m</i>					
Q1 2018	2,572	331	149	8	39
	-12.9% vs. Q1 2017	-22.2% vs. Q1 2017	-34.9% vs. Q1 2017	-92.5% vs. Q1 2017	Q1 2017: 95

FOODS – FINANCIAL HIGHLIGHTS

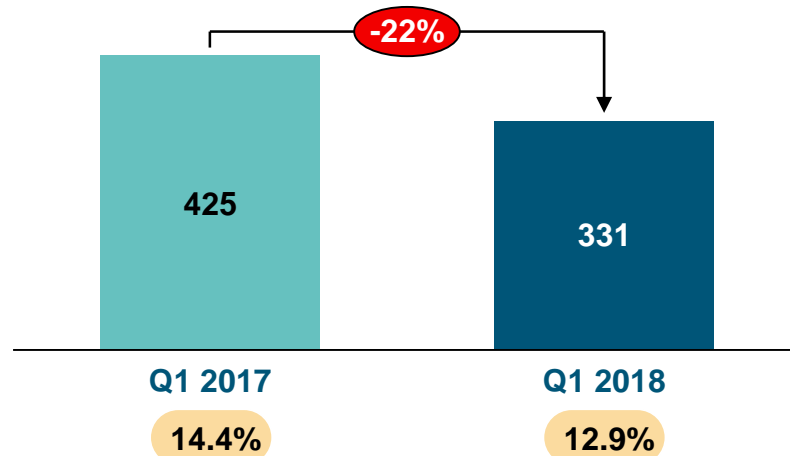
SAR Mn

● Growth ● Margin

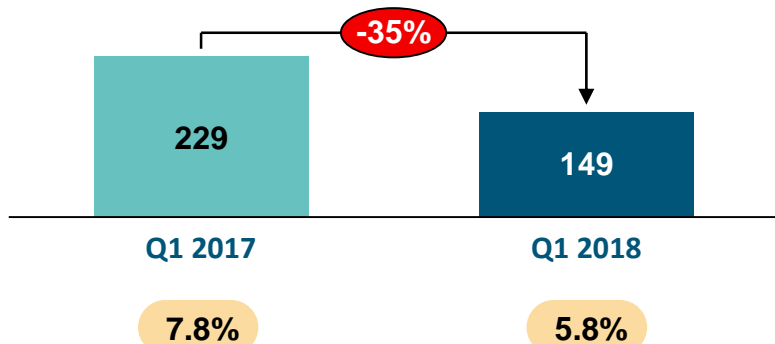
YoY Sales



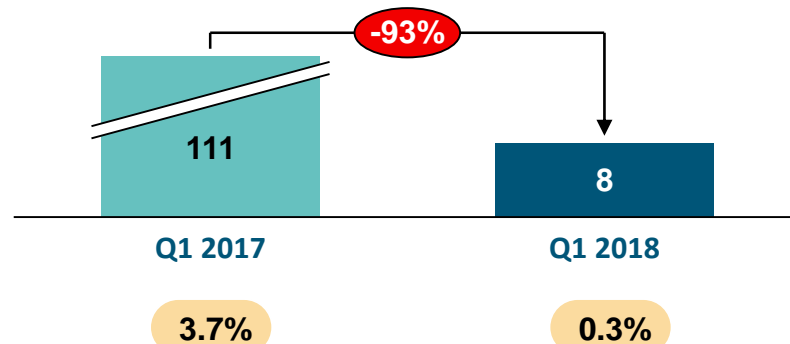
YoY Gross Profit



YoY EBITDA

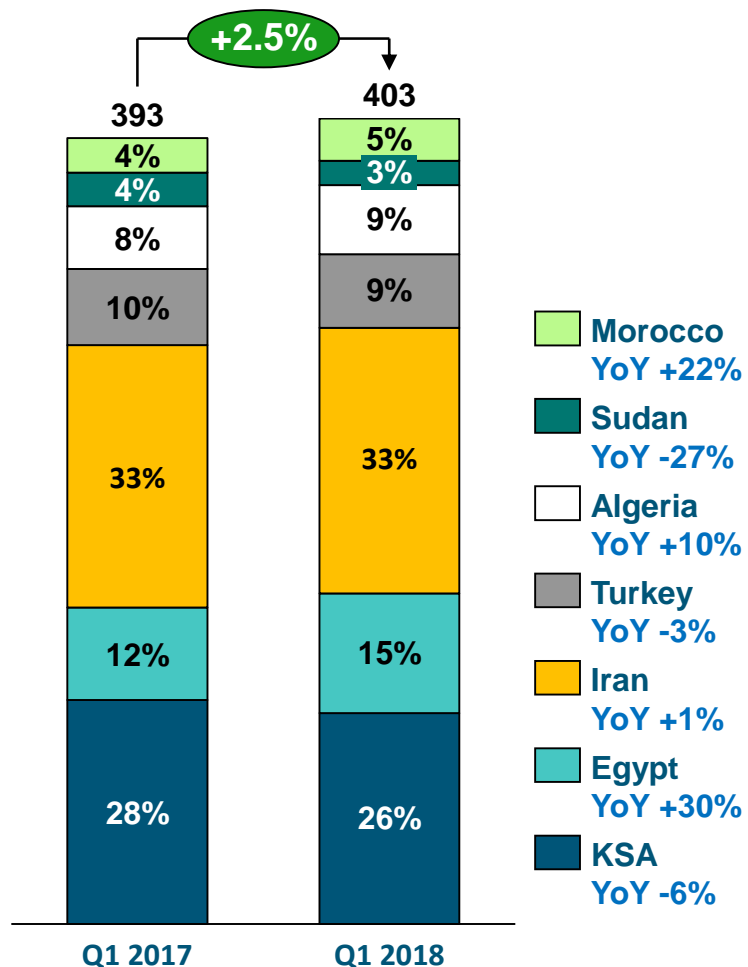


YoY Net Income

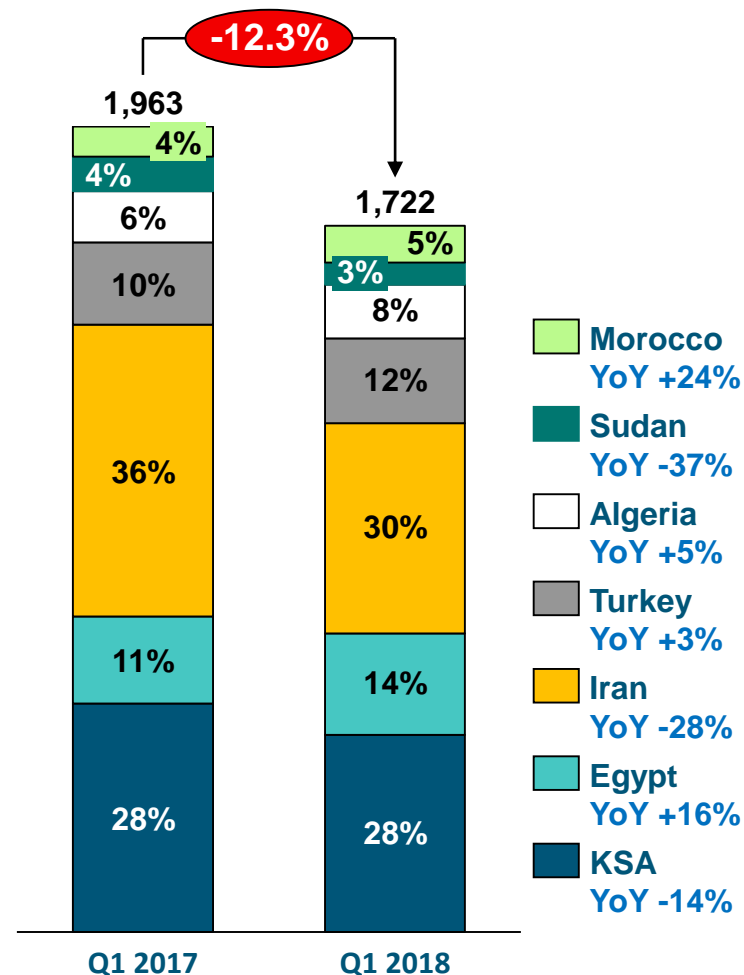


FOODS – OIL SEGMENT ANALYSIS

Volume (MT 000)

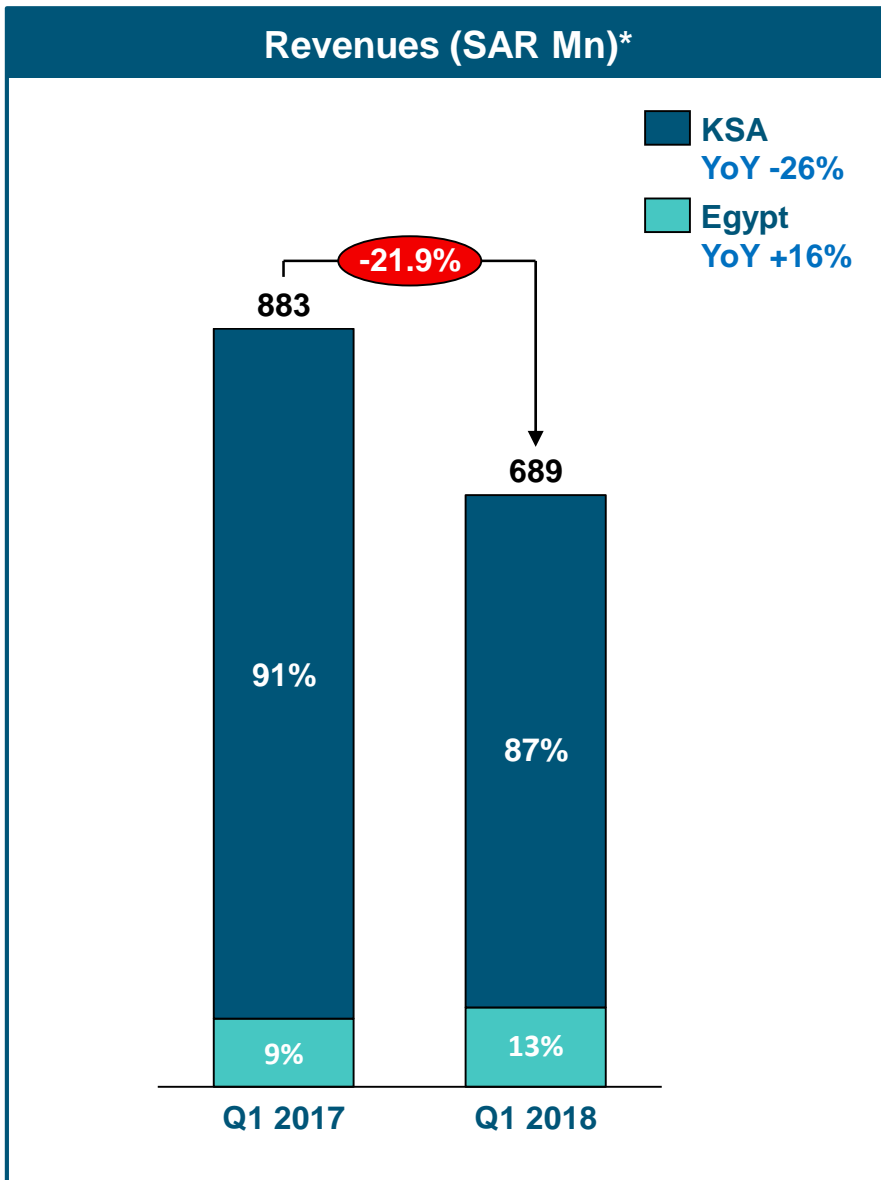
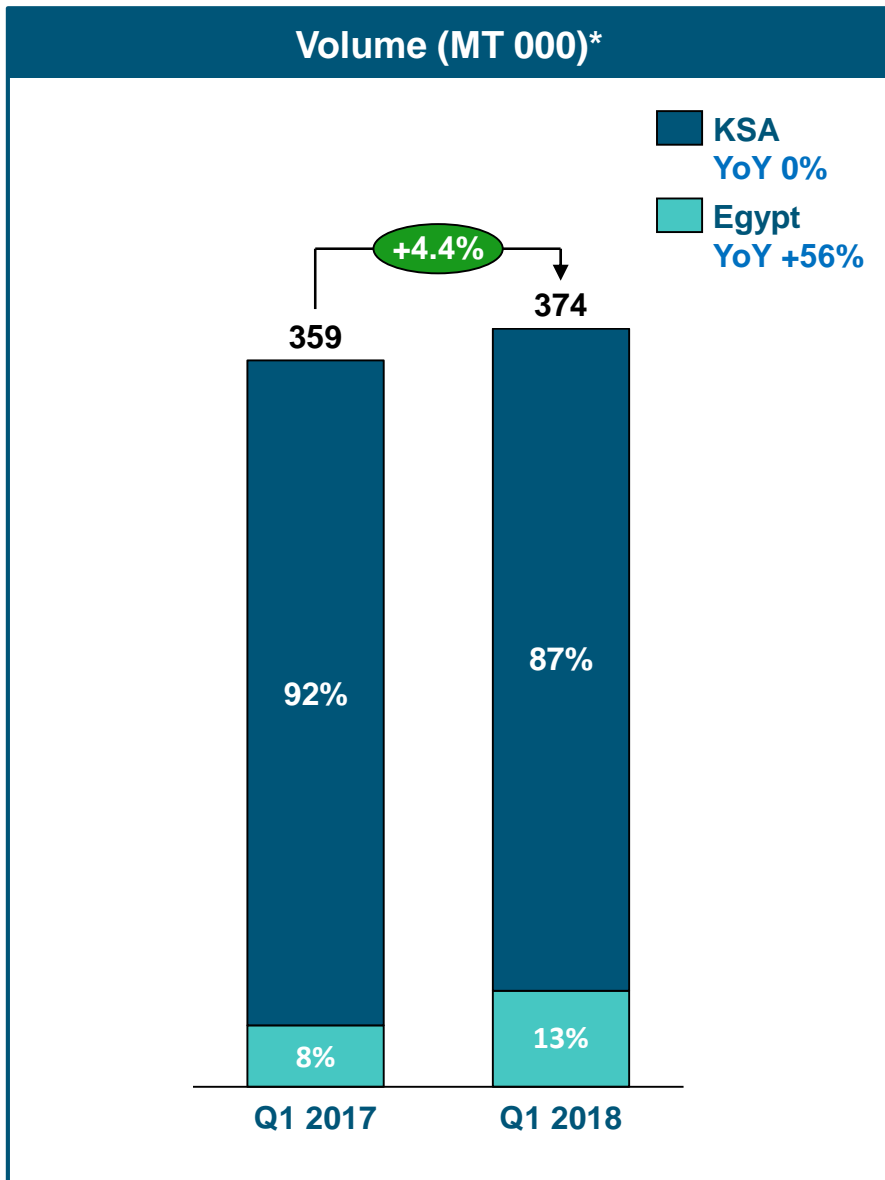


Revenues (SAR Mn)



Note: the above charts were adjusted to remove contribution from emerging non-oil categories and include net oil distribution volume

FOODS – SUGAR SEGMENT ANALYSIS



* Excluding USCE which is no longer consolidated; the above charts were adjusted for inclusion of the net distribution volumes for sugar



FINANCIAL SUMMARY



FINANCIALS – Q1 2018

(all figures are in SAR millions)

Segment Wise Financials										
	Q1- 2018					Q1- 2017				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food										
Oil-Mature Markets	1,470	215	72	14	93	1,707	296	130	91	147
Oil-Start-up Markets*	275	34	13	6	16	282	31	9	4	12
Total Oil	1,745	249	85	20	109	1,989	327	139	94	159
Sugar	702	67	19	(12)	34	885	87	47	16	65
Pasta	125	14	3	0	7	80	12	2	0	6
Total Foods	2,572	331	107	8	149	2,954	425	188	111	229
Retail										
KSA	2,393	534	(202)	(219)	(84)	2,582	504	(211)	(228)	(85)
Overseas	21	3	(5)	(5)	(3)	92	15	(1)	(2)	0
Total Retail	2,415	537	(207)	(223)	(87)	2,674	520	(212)	(229)	(84)
Herfy	286	79	52	48	71	275	87	56	53	74
Real Estate	0	0	7	7	7	0	0	2	2	2
Al Marai-Savola Share**	0	0	119	119	119	0	0	120	120	120
HQ/Elimination/Impairments	(127)	(1)	(22)	(43)	(16)	(116)	8	(15)	(51)	(8)
Total	5,145	946	58	(84)	243	5,787	1,040	139	5	332
Adjustments										
Gain on Sale of USCE									(25)	
Gain on Sale of Dar Al Tamleek				(3)						
Currency Translation				31						
Adjusted Profit				(57)					(20)	

* Start-up markets include Algeria, Morocco and Sudan

** Savola Group's ownership in Almarai decreased from 36.52% to 34.52%

Note: the above table includes contribution from emerging categories in the foods segment