

Savola Group

Earnings Presentation | Q1 2021

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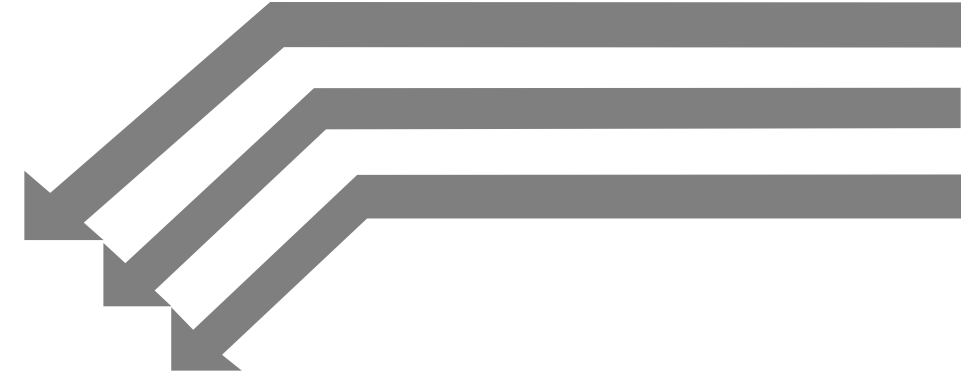
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1. Group Overview & Business Model

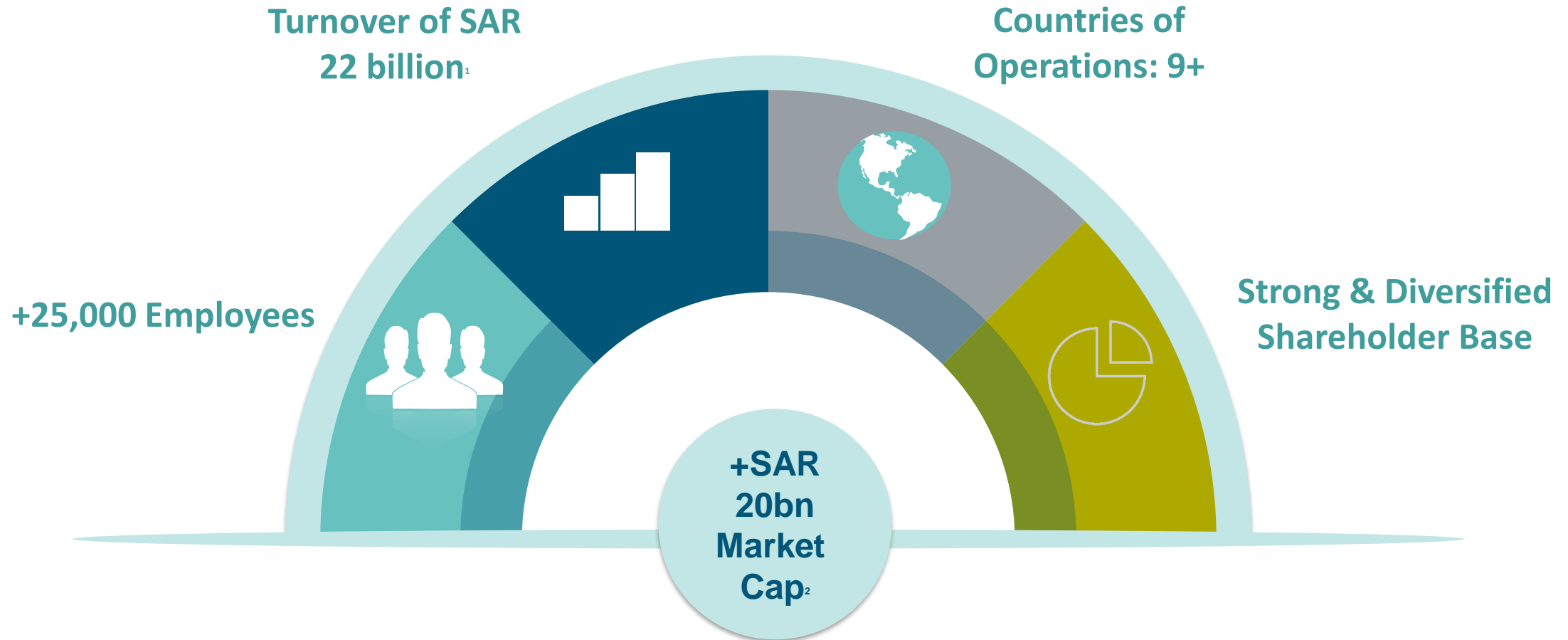
2. Group Key Financial Highlights

3. Performance by Segment



LEADING STRATEGIC INVESTMENT HOLDING COMPANY

Our core focus is on the food and retail space across the MENA region



(1) – As of FY2020

(2) - Tadawul, as at 29 April 2021

BUSINESS MODEL AND STRATEGY

Savola Group is a strategic investment holding with a thematic investment program focused on the food and retail sectors, with the aim of creating value by enabling and accelerating growth levers in the underlying portfolio to achieve scale and profitability



Leadership & Governance



Capital Allocation

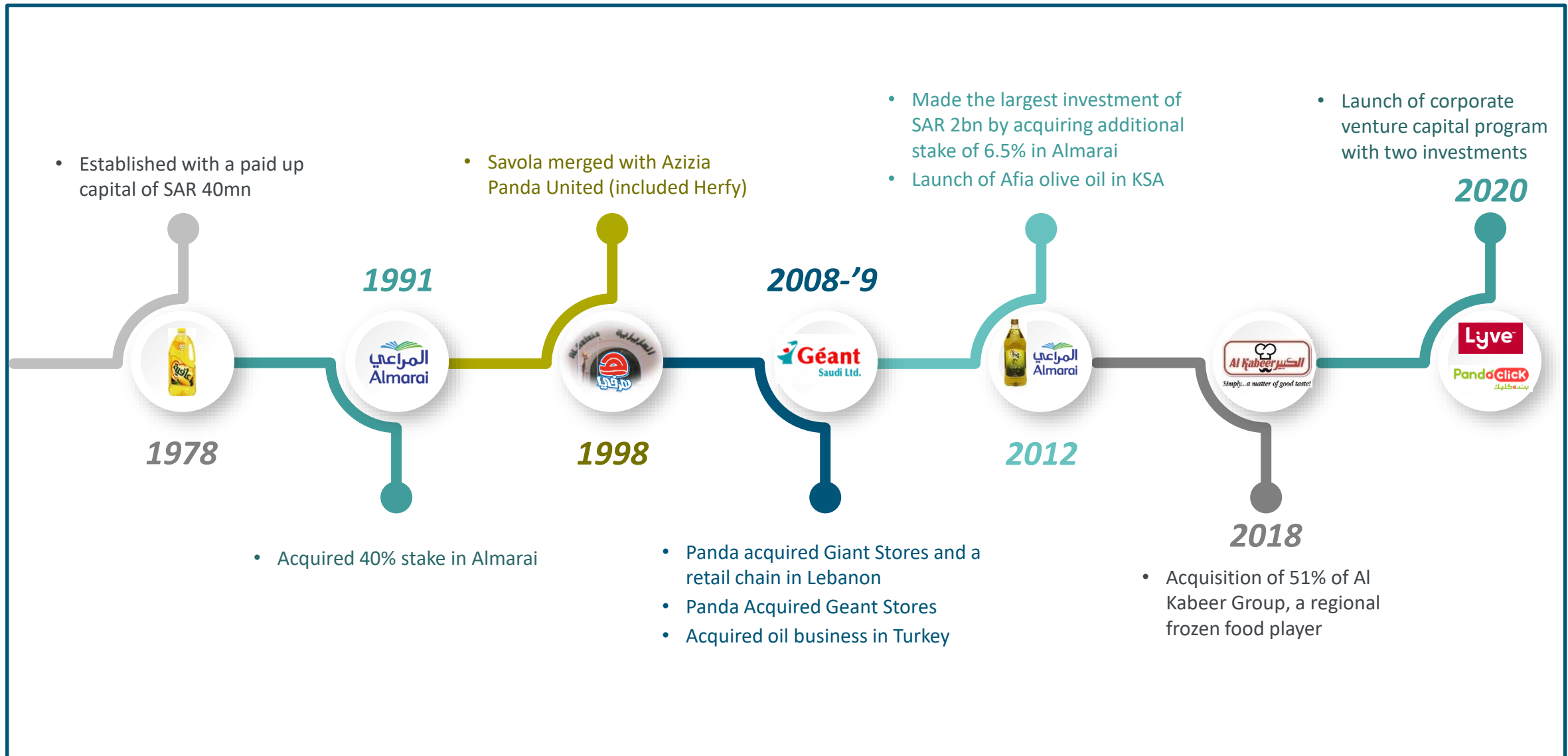


Setting Targets and Performance Monitoring

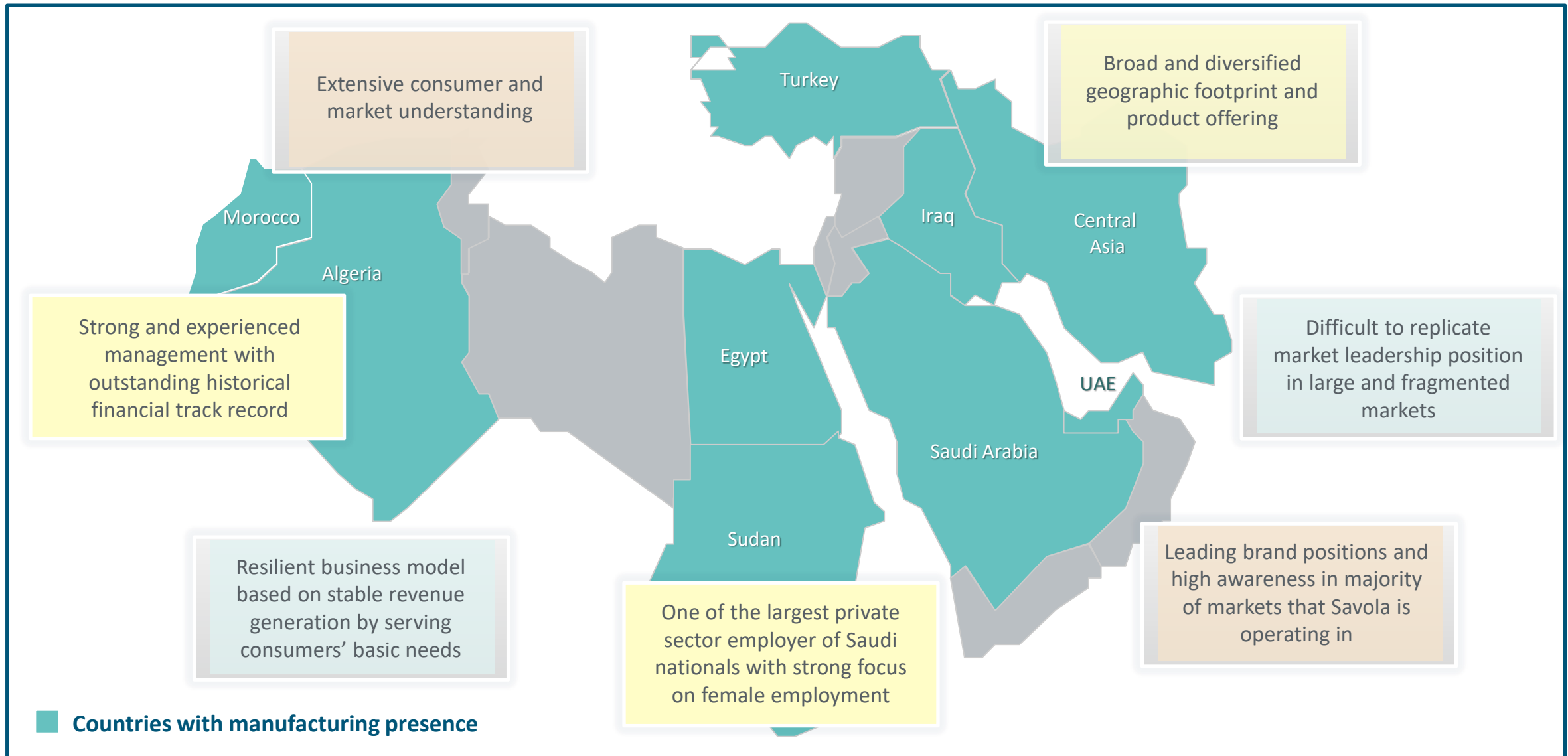


Long-term strategic planning

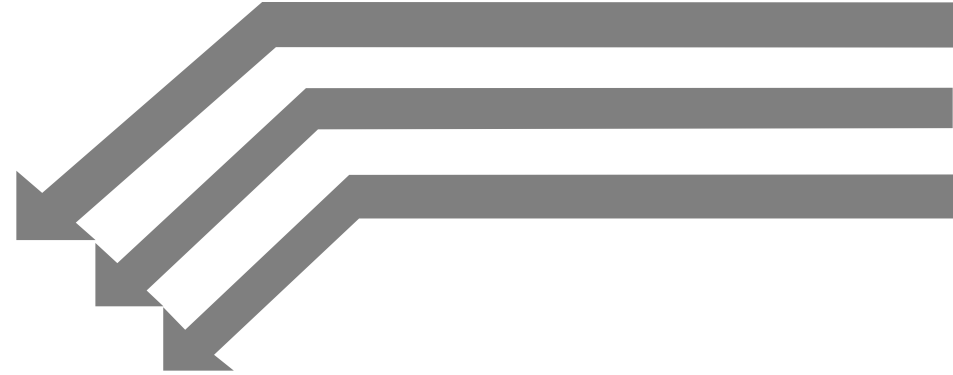
EXPANSION HISTORY



KEY STRENGTHS AND GEOGRAPHICAL PRESENCE



1. Group Overview & Business Model
- 2. Group Key Financial Highlights**
3. Performance by Segment



GROUP - HIGHLIGHTS

Business Highlights

- Overall stable performance across the group compared to Q1 2020 due to the positive uplift related to COVID-19 related dynamics
- In Foods, strong performance led by KSA and Egypt driven by volumes and re-pricing
- Retail segment showed some weakness when compared to the high base of Q1 2020 and pressure from VAT and expat exodus

Revenues

- Savola Group has recorded marginal top-line growth mainly due to growth in the Foods segment (+17%) that was offset by a decline in the Retail segment (-12%)
- Growth in foods was largely driven by KSA and Egypt as a result of increase in volumes and pricing, while retail sales decreased compared to last year's high base where food stocking behavior emerged as the pandemic and curfews materialized

Profitability

- The Group recorded EBTIDA of SAR 641 mn in Q1 2021
- Net Income reached SAR 154 mn in Q1 2021 compared to SAR 173 mn last year, on adjusted basis, net income for Q1 2021 is SAR 177 mn

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

Margin



*In Q1 2021, Savola Foods provisioned SAR 23 million in emerging markets

Note: numbers are rounded

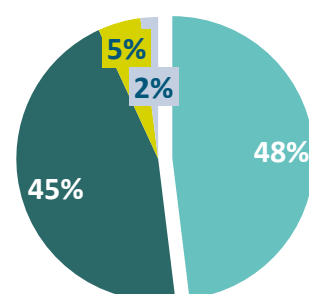
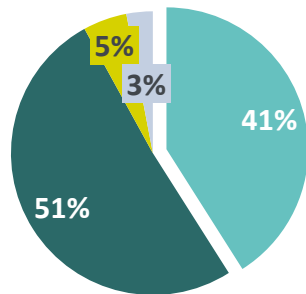
GROUP – REVENUE MIX, NET DEBT & CAPEX

SAR in millions

Revenue by Business

Q1-20

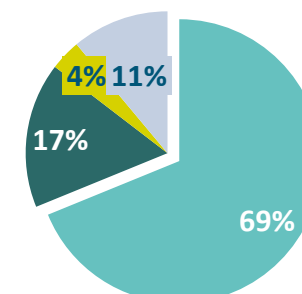
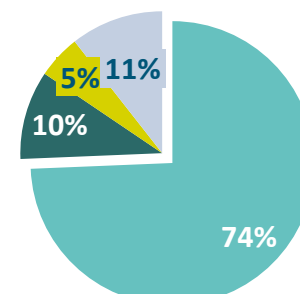
Q1-21



Revenue by Geography

Q1-20

Q1-21



Loans and Net Debt*

Q1-20

Q1-21

Net Debt

Total Loans

6,007

6,405

7,282

7,571

6,276

5,955

1,006

1,616



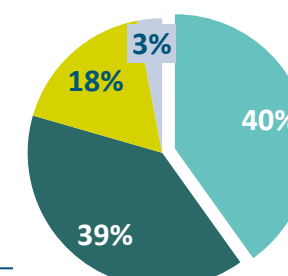
CAPEX

Q1-20

Q1-21

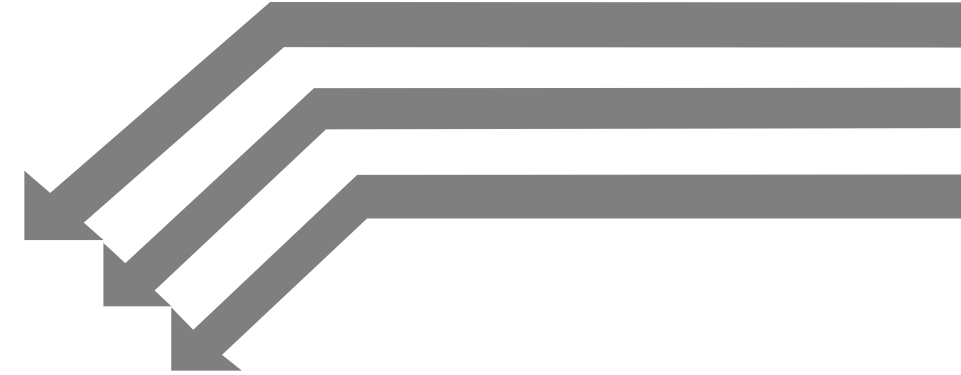
84

90



*Net debt excludes lease liabilities

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- 3. Performance by Segment**



Panda Retail Company



RETAIL - HIGHLIGHTS

Key Highlights

- In Q1 2021, the business witnessed a decline in top-line compared to last year which was abnormally high due to food stocking behavior exhibited in Q1 2020
- 2021 performance was further impacted by higher VAT, expat exodus and downtrading

Store Count

- Store count maintained at 205 stores by Q1 2021, including 4 stores in Egypt

Revenues

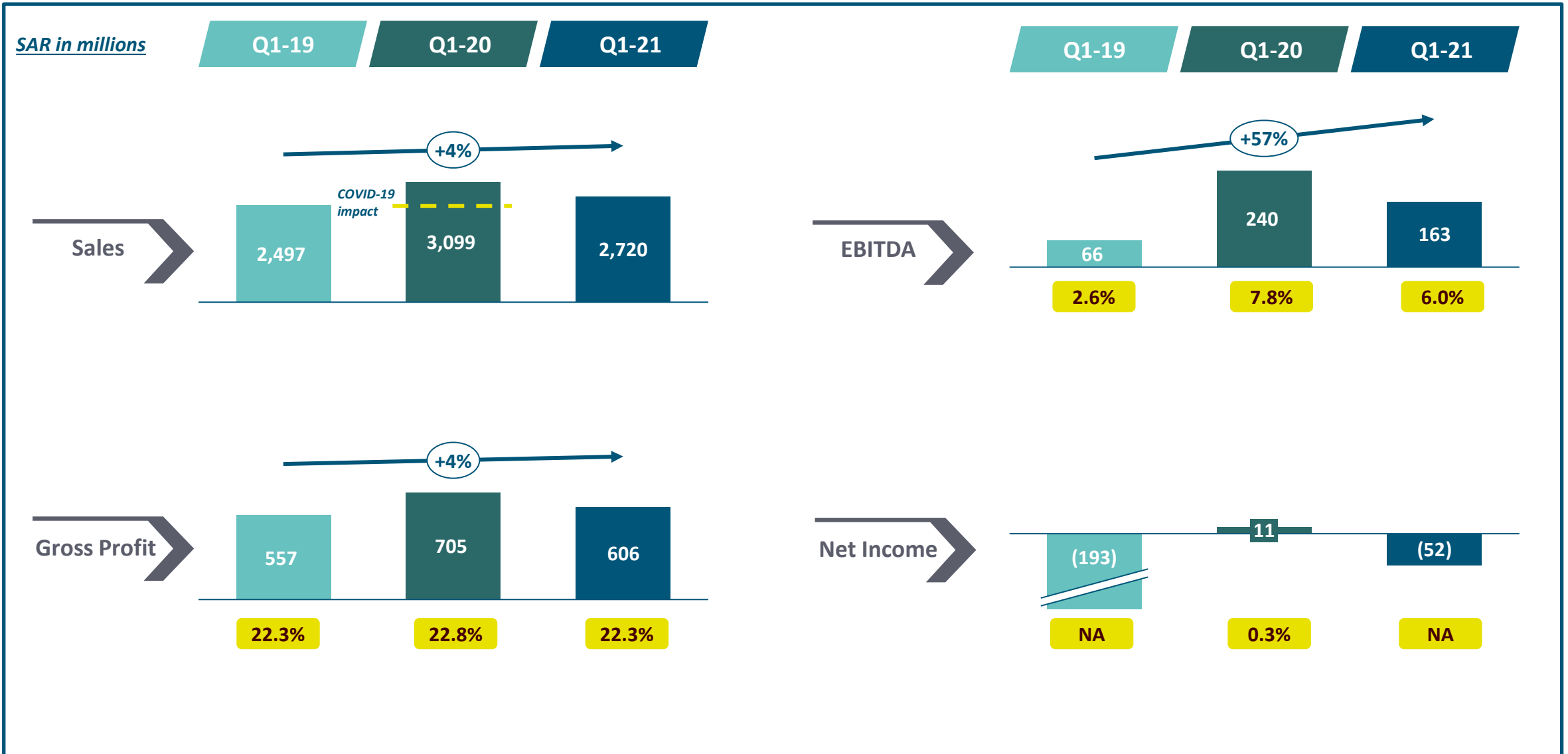
- The segment recorded revenues of SAR 2.7 bn during Q1 2021, 12% lower than last year, given the high base of March. Revenues are about 9% higher than 2019 levels
- In Q1 2021, Panda reported negative LFL mainly driven by lower transactions and – to a lesser extent – lower basket size compared to last year

Profitability

- Q1 2021, reported EBITDA of SAR 163 mn, compared to SAR 240 mn last year
- Reported losses of SAR 52 mn in Q1 2021, compared to profits of SAR 11 mn last year

RETAIL – FINANCIAL HIGHLIGHTS

Margin



Note: numbers are rounded

RETAIL – NUMBER OF STORES



PANDA TURNAROUND UPDATE (1/2)

- Panda is expected to complete the implementation of its turnaround journey by end of 2021
- The key focus is to be the destination for fresh and improve assortment mix for higher visits and basket size through improvement of core retail operations

Key Focus Areas for 2021

Objectives

1

Customer Count and Basket Size Maximization

Fresh Model Reinvention

Category Management

Shelf Availability

2

Market Share and Share of Wallet Maximization

Brick and Mortar Footprint

Omnichannel

3

Direct and Indirect Costs Optimization

In-Store Human Capital Model

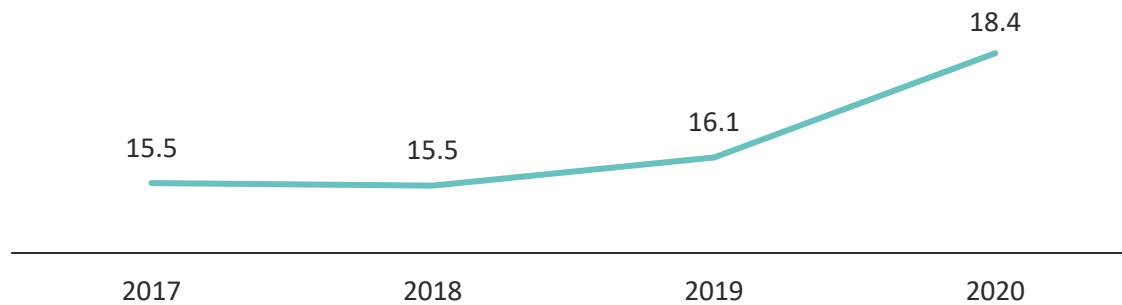
Management Culture

- **Re-invent the fresh model** to be the undisputed leader in the category
- Implement **data enabled, customer centric category management** core capabilities
- Ensure robust **core capabilities** to secure consistent, best-in-class shelf availability
- Relevant and vibrant **footprint network with national coverage** to fulfill purpose, positioning, and be a conduit to sustainably secure market share leadership
- Development of a **cross-channel ecosystem** to allow shoppers to buy the groceries they want, when they want it and how they want it through a cohesive and innovative **omnichannel strategy**

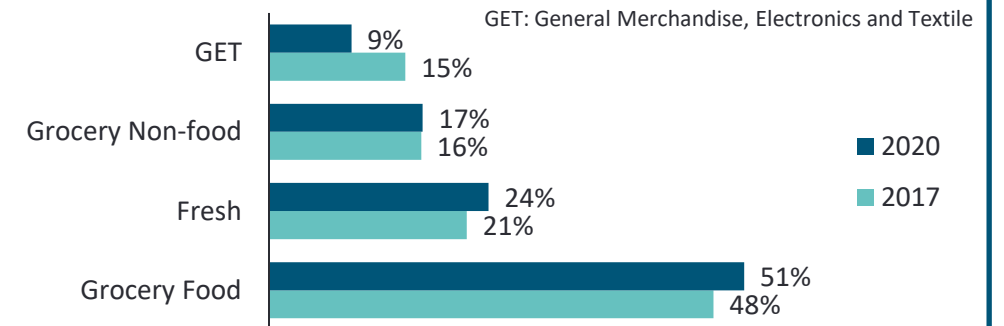
PANDA TURNAROUND UPDATE (2/2)

Panda has continued to show positive indicators in its turnaround journey across various financial and operational metrics

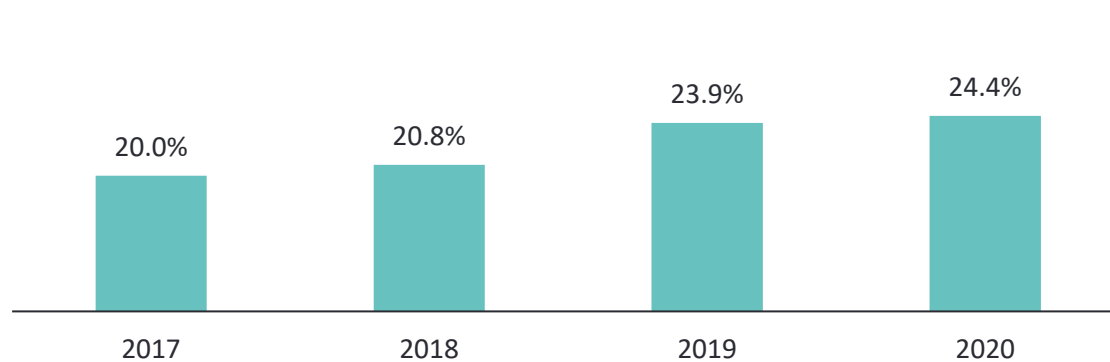
Sales per sqm (SAR'000/sqm)



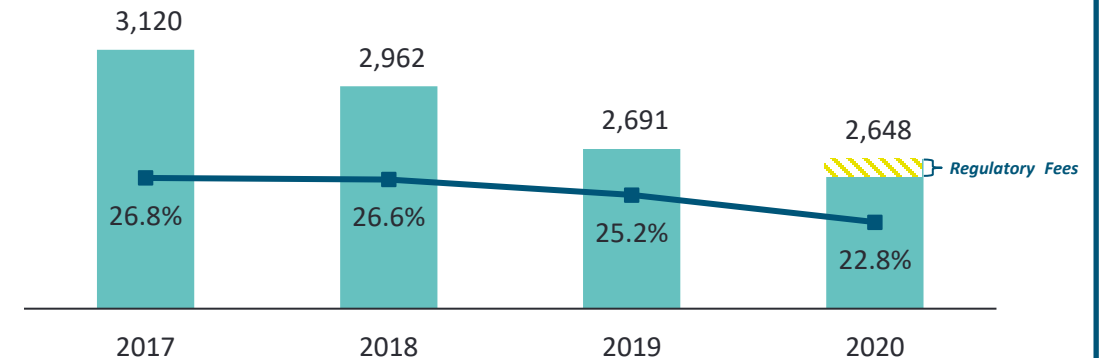
Sales mix by category (% of sales)



Gross margin (% of sales)



OPEX (SARmn | % of sales)



1) Sales and gross margins presented are as per latest reported figures and includes Pandati sales and promotional income for 2017-2018, 2) sales per sqm is based on average selling space, 3) OPEX refers to selling & distribution and administrative expenses per audited format that excludes impairments, 4) OPEX for 2019 and 2020 is adjusted for IFRS-16 rent reversal and right of use depreciation expense for comparison purposes, 5) numbers are rounded

Savola Foods Company

FOODS - HIGHLIGHTS

Key Highlights

- The performance of our foods segment improved over last year from a topline and bottom-line perspective mainly driven by our edible oil segment

Volume

- Volume has grown by ~9% to 965 KMT in Q1 2021, primarily driven by Egypt and KSA
- Oil volumes grew by ~8% while Sugar and Pasta volumes improved by ~10% and 6%, respectively.

Revenues

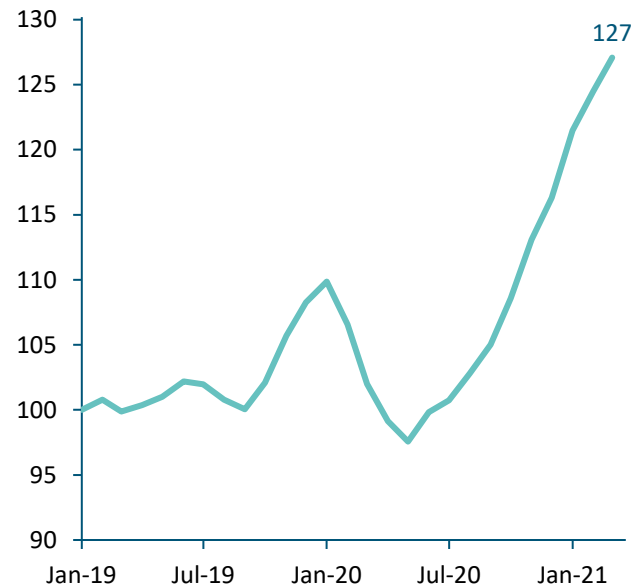
- Q1 2021 revenues are 17% higher than last year, reaching over SAR 2.9 bn compared to SAR 2.5 bn last year primarily due to growth in volumes and pricing

Profitability

- EBITDA improved to SAR 261 mn in Q1 2021 compared to SAR 221 mn last year
- Q1 2021 net income is at SAR 104 mn, compared to SAR 73 mn last year

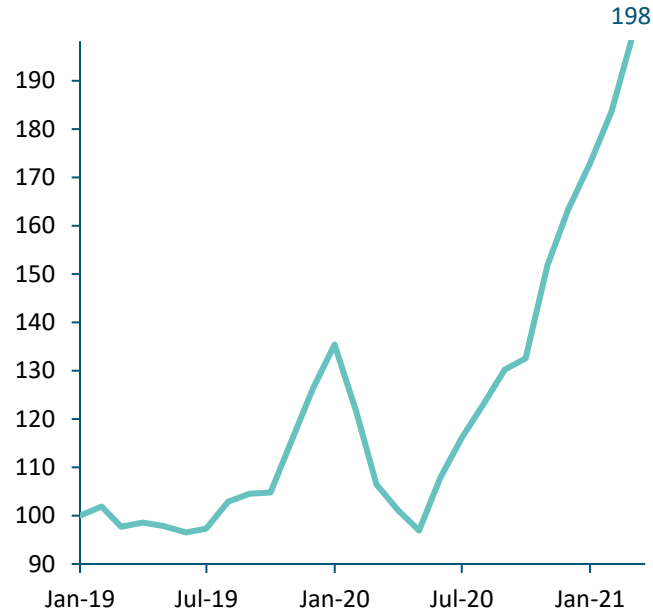
FOODS – SELECTED COMMODITY SNAPSHOTS (FAO)

FAO Food Price Index (rebased)*



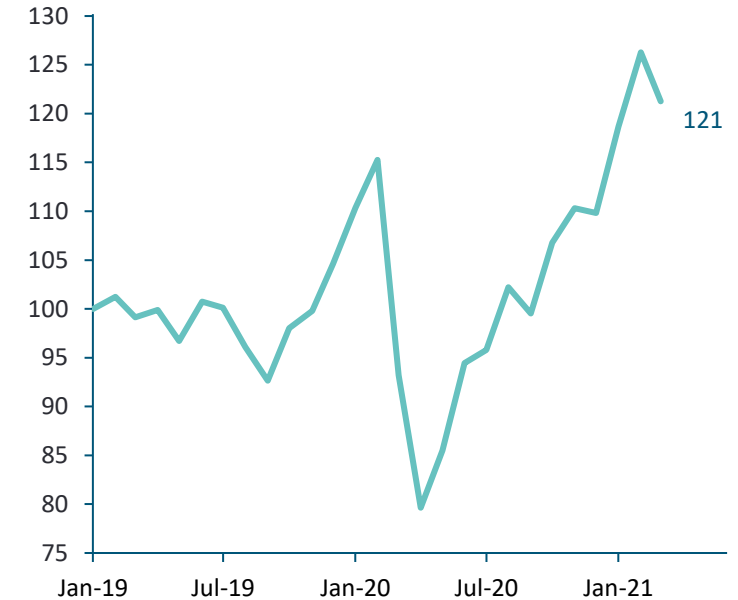
- The increase marked the tenth consecutive monthly rise in the value of the FFPI to its highest level since June 2014.
- The increase was led by strong gains in vegetable oils, meat and dairy sub-indices, while those of cereals and sugar subsided.

FAO Vegetable Oils Index (rebased)**



- The persistent strength of the index was driven by higher values of palm, soy, rape and sunflower oils.
- International palm oil prices registered a tenth consecutive monthly increase, as lingering concerns over tight inventory levels in major exporting countries coincided with a gradual import recovery.

FAO Sugar Index (rebased)***



- Sugar quotations remained, however, more than 30 percent above their levels in the corresponding period of last year, underpinned by concerns over tight global supplies in 2020/21.

*Food Price Index consist of average of 5 commodity group price indices weighted with average export shares of the groups

Vegetable Oil Price Index consists of an average of 10 different oils weighted with average export trade shares of each oil product *Sugar Price Index is an index form of the International Sugar Agreement prices

Note: FAO data | 8th April 2021, numbers are rounded

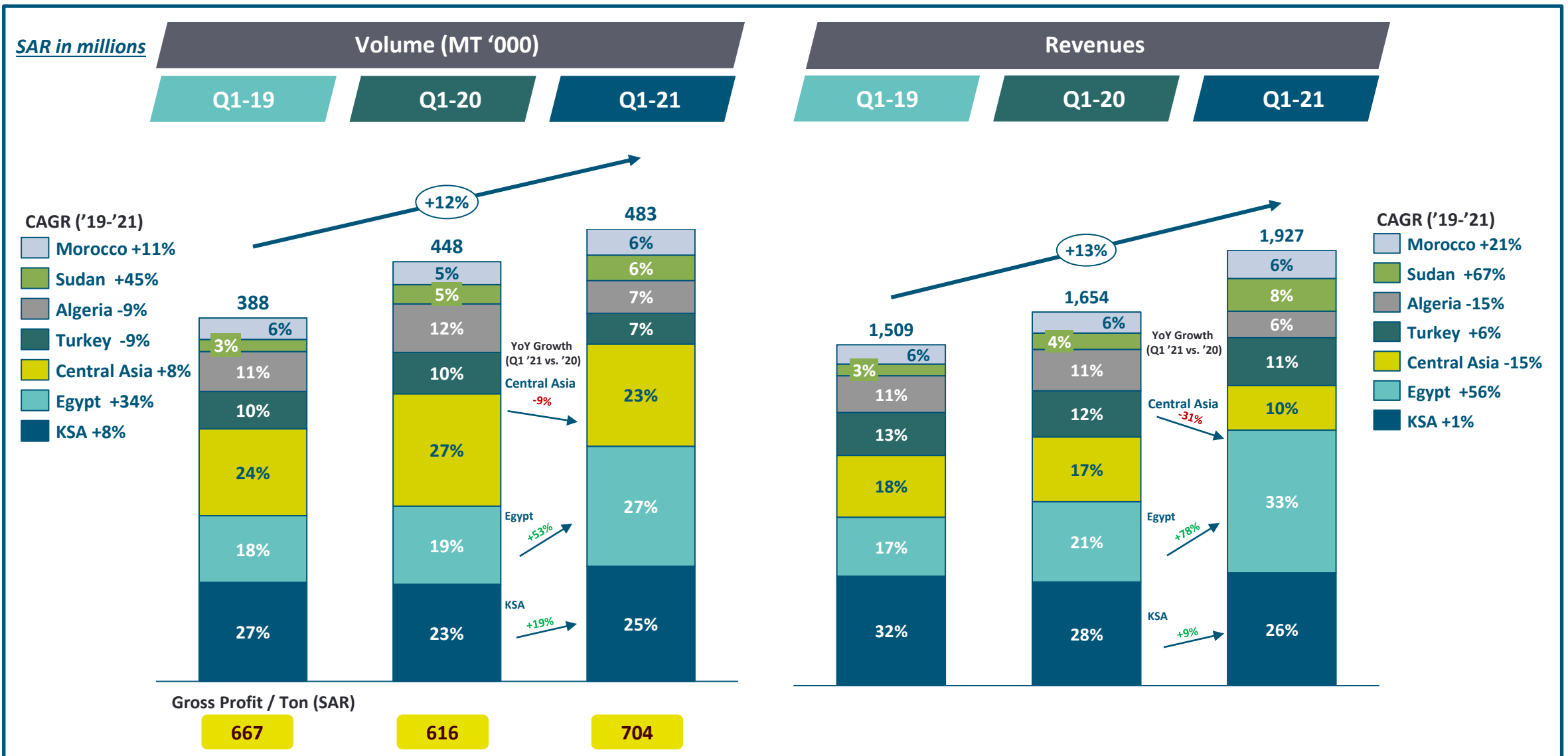
FOODS – FINANCIAL HIGHLIGHTS

Margin

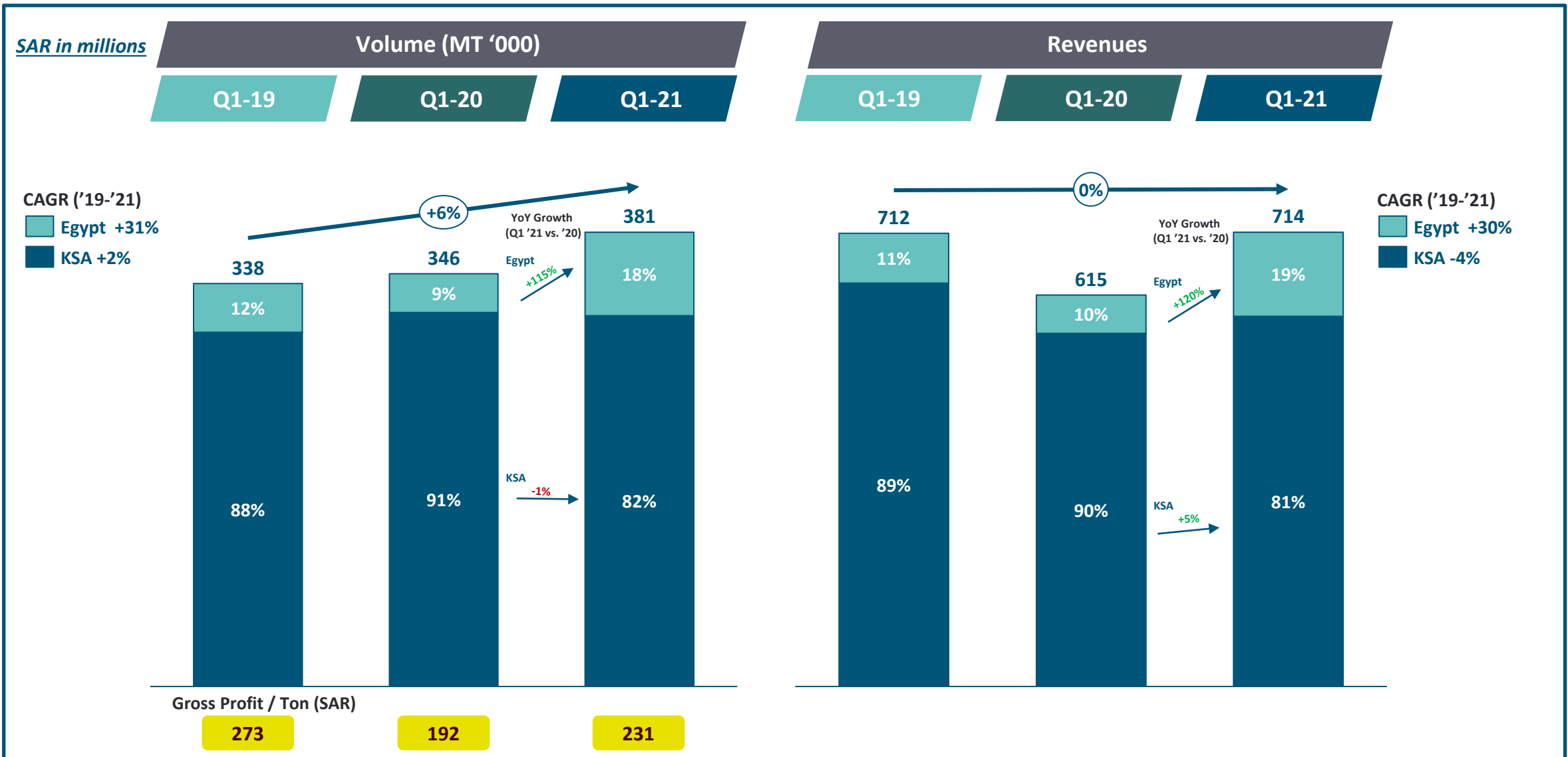


Note: numbers are rounded

FOODS – OIL SEGMENT ANALYSIS



FOODS – SUGAR SEGMENT ANALYSIS



Note: Sugar volumes and revenues include only the contribution from our consolidated sugar operations (USC and ASC), and include the net volume and revenue from our KSA sugar distribution operations

Note: numbers are rounded

SAVOLA FOODS STRATEGY

- Health, convenience, and youth driven trends are the fastest-growing and future focus segments in our markets
- Savola Foods strategy will revolve around four key pillars, including anchoring and defending its existing core business, disrupting the offering in the foodservice space, conquer new categories and betting on high-growth opportunities

1) Anchor

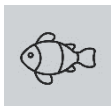
- Growing today's businesses via focused line extensions



Edible oils
focusing on olive oil



Pasta & couscous
youth's main source of carbs



Seafood
ambient | ready-to-eat

- ✓ **Expand existing brands**, expand into new formats and occasions
- ✓ **Develop line extensions**, health and wellness focus, functional benefits, sustainable packaging

2) Disrupt

- Capitalize mainly on increasing Foodservice spend due to secular trends driving shift to convenience



Product Line Expansion



Geographical Expansion



Digital presence e-commerce

3) Conquer

- Entering large, established categories in the region and disrupt them by targeting health, convenience and youth via new product lines and innovative / targeted branding

Prioritized categories



Chocolate confectionery
(healthy & artisanal)



Packaged cakes/pastries
(nutritional and on-the-go)



Sweet biscuits
(replace breakfast)



Savory snacks
(fourth meal opportunity)



Herbs & spices
(youth love for flavors)

Indicative Criteria

Size

Growth Potential

EBIT margin

Presence

- ✓ **Alignment w/ trends**
- ✓ **Competitive position**

4) Bet

- Placing VC investment on nascent, high-growth youth-focused categories



Snack Bars
(multiple snacks a day trend)



Alternative protein
(reduced meat consumption)

Al Kabeer Group of Companies



FROZEN FOOD - HIGHLIGHTS

Key Highlights

- Frozen food segment continued to perform well and managed to maintain strong performance in Saudi Arabia
- We continue to see preference and consumer demand for the category

Revenues

- Reported revenues decreased by about 9% reaching SAR 175 mn in Q1 2020 compared to SAR 192 mn last year.
- On a like for like basis, revenues decreased by about ~5% driven by pressure on the lower gulf, while Saudi Arabia largely maintained 2020 levels

Profitability

- **EBITDA increased by 10% compared to last year**, reaching SAR 29 mn from SAR 26 mn last year
- **Q1 2021 net income registered at about SAR 22 mn, representing growth of about 8% compared to last year**, where net income reached SAR 20 mn in Q1 2020

FROZEN FOOD – AL KABEER FINANCIAL HIGHLIGHTS

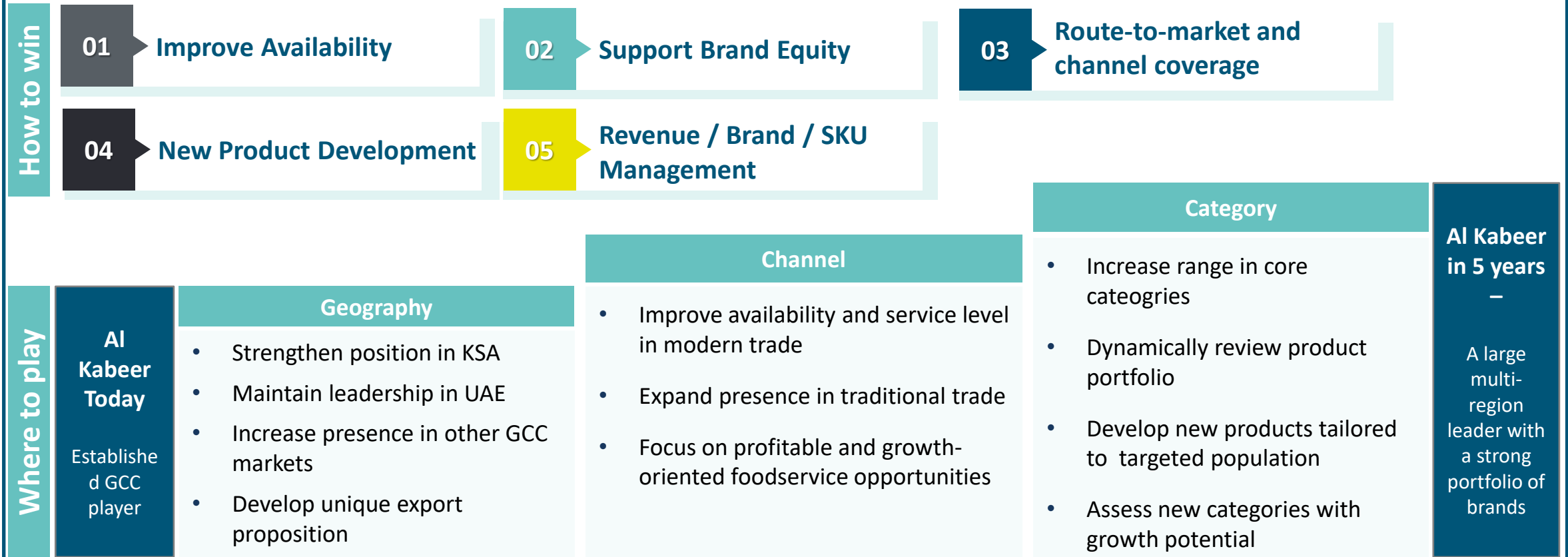
Margin



Note: numbers are rounded

AL KABEER'S STRATEGY

- Al Kabeer will continue building up on healthy growth trends in the category and will focus on key initiatives that were defined in view of consumer intelligence and market dynamics to drive growth in top and bottom-lines
- Additionally, in-organic growth opportunities will be pursued in attractive target or subcategories as part of a roll-up strategy



Financial Summary

(all figures are in SAR millions)

Segment Wise Financials										
Q1 2021						Q1 2020				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food*										
Oil-Mature Markets	1,539	299	130	71	154	1,305	242	126	78	146
Oil-Start-up Markets**	387	41	20	12	24	349	34	15	8	18
Total Oil	1,926	340	150	83	177	1,654	276	141	86	165
Sugar	714	88	47	19	68	615	67	21	(12)	41
Pasta	190	31	8	4	12	155	29	10	6	14
Emerging Categories***	75	6	(0)	(2)	4	51	3	(4)	(6)	1
Total Foods	2,906	466	205	104	261	2,476	375	168	73	221
Retail										
KSA	2,688	599	6	(51)	160	3,071	700	72	14	239
Egypt	32	7	(0)	(0)	3	28	5	(3)	(3)	2
Total Retail	2,720	606	6	(52)	163	3,099	705	69	11	240
Herfy	310	82	34	25	75	297	77	35	25	78
Frozen Food	175	61	24	22	29	192	66	21	20	26
Real Estate	-	-	3	3	3	-	-	3	3	3
Al Marai-Savola Share	-	-	128	128	128	-	-	132	132	132
HQ/Elimination/Impairments	(157)	(3)	(26)	(75)	(17)	(140)	(0)	(20)	(92)	(8)
Total	5,954	1,212	373	154	641	5,923	1,223	408	173	693
Adjustments										
Emerging markets provision				23						
Adjusted Profit				177					173	

* All the numbers are rounded for the purpose of presentation and have been represented under different categories

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

*** Includes specialty fats, seafood, croissant...etc.

INVESTOR RELATIONS APPLICATION



Views Savola Group share price, charts and performance on the go



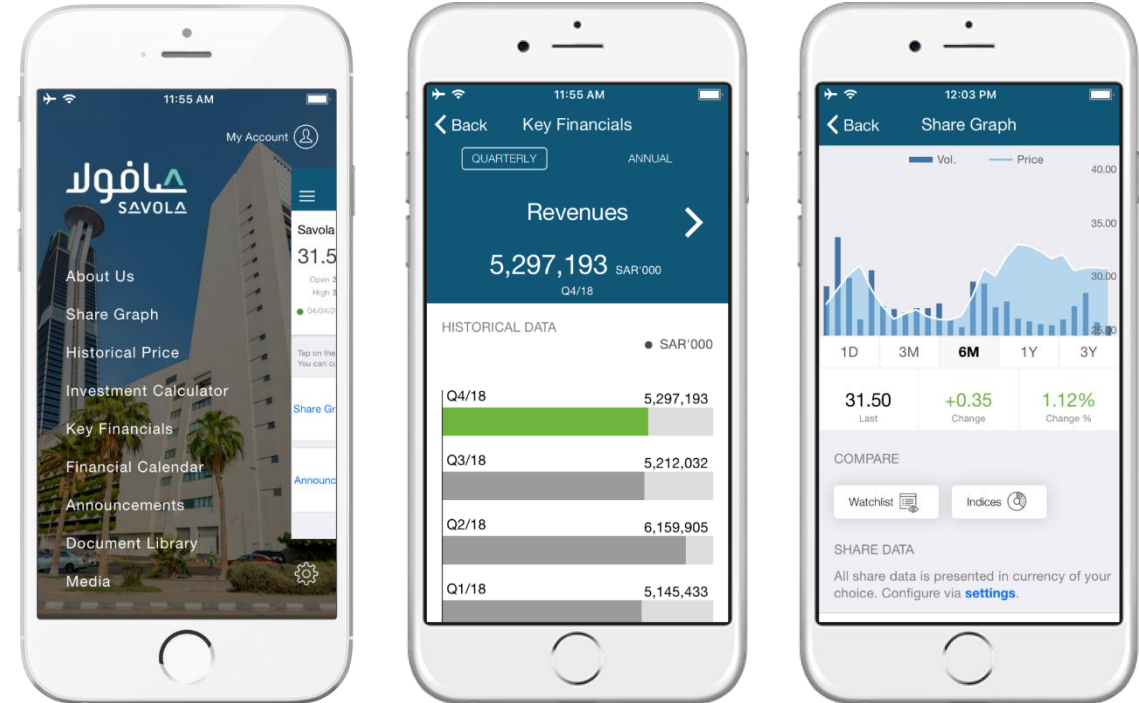
Savola Group Annual & Quarterly figures



Savola Group News releases from Tadawul



Annual/Quarterly Reports accessible offline



<http://www.myirapp.com/savola/>



Thank you