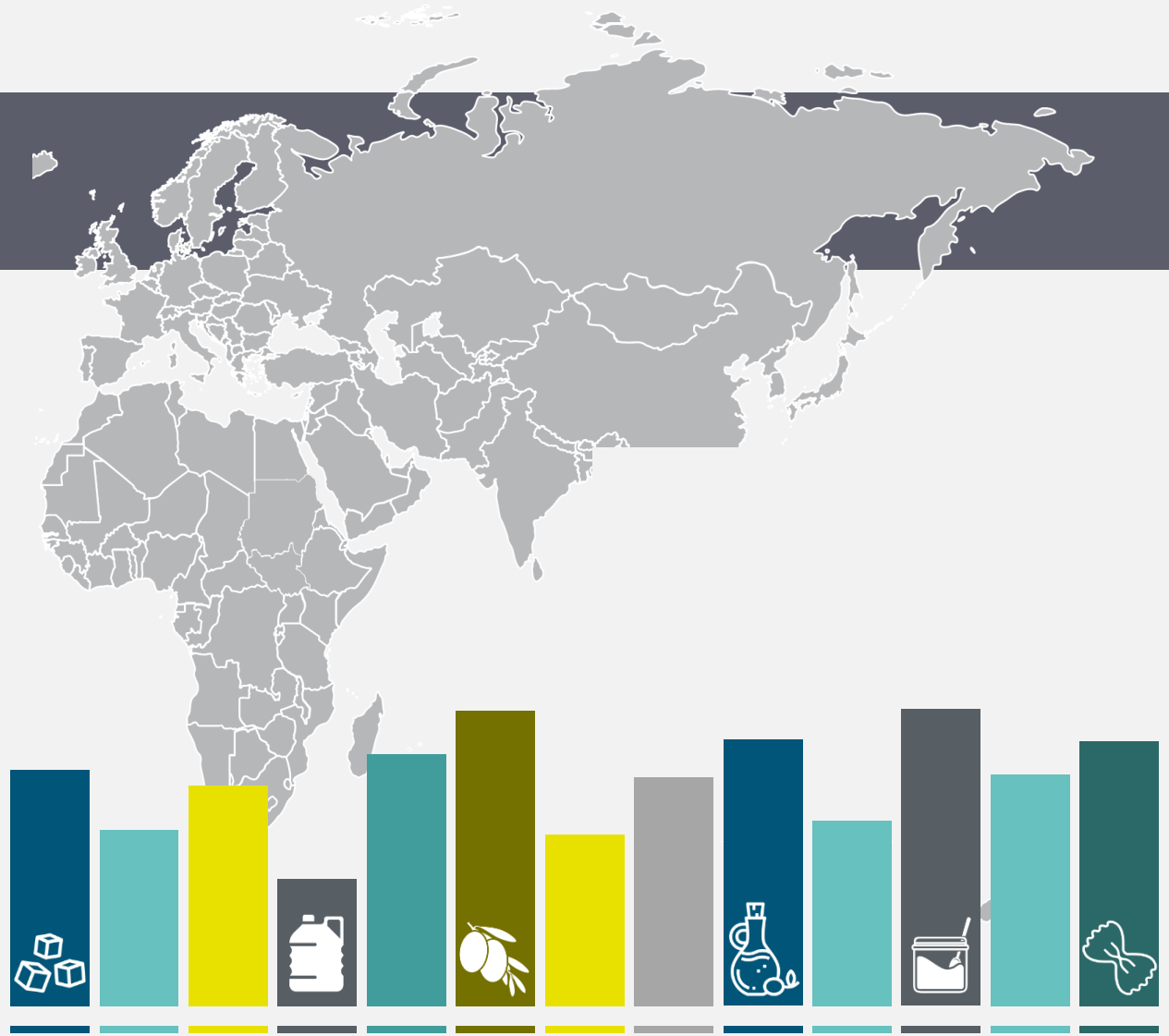


# Earnings Presentation

*Q3 2019*

www.savola.com

# 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.

Forward-looking statements are based on certain assumptions and expectations of future events. The Savola Group (Savola or Group), its subsidiaries and its affiliates (the “Companies”) referred to in this presentation cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements of the Companies, could thus differ materially from those projected in any such forward-looking statements. The Companies assume no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events, or otherwise.

# SNAPSHOT

*Q3 2019*

**GROUP**
- Q3 2019 Revenue of SAR 5.3 bn (Q3 2018: SAR 5.2 bn)
- Q3 2019 Net Income of SAR 221.8 mn (Q3 2018: Net Loss of SAR 50.7 mn)

**RETAIL**
- Q3 2019 Revenue of SAR 2.7 bn (Q3 2018: SAR 2.6 bn)
- Q3 2019 Net loss of SAR 19.1 mn (Q3 2018: Net Loss of SAR 198.3 mn)

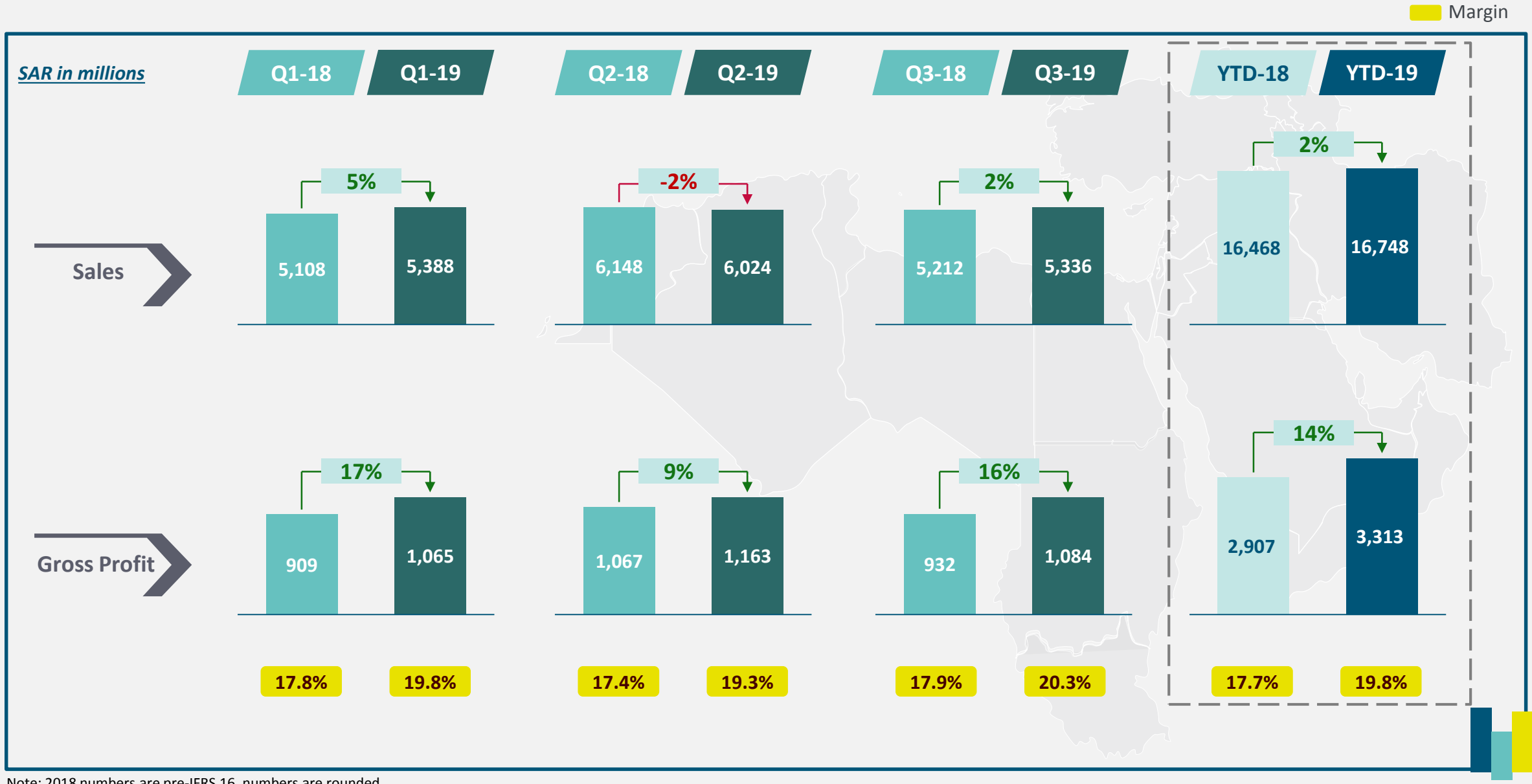
**FOODS**
- Q3 2019 Revenue of SAR 2.2 bn (Q3 2018: SAR 2.3 bn)
- Q3 2019 Net Income of SAR 74.8 mn (Q3 2018: Net Loss SAR 43.8 mn)

**HERFY**
- Q3 2019 Revenue of SAR 339.1 mn (Q3 2018: SAR 329.2 mn)
- Q3 2019 Net Income of SAR 57.5 mn (Q3 2018: SAR 58.1 mn)

**FROZEN FOOD**
- Q3 2019 Revenue of SAR 103.4 mn
- Q3 2019 Net Income of SAR 11.6 mn

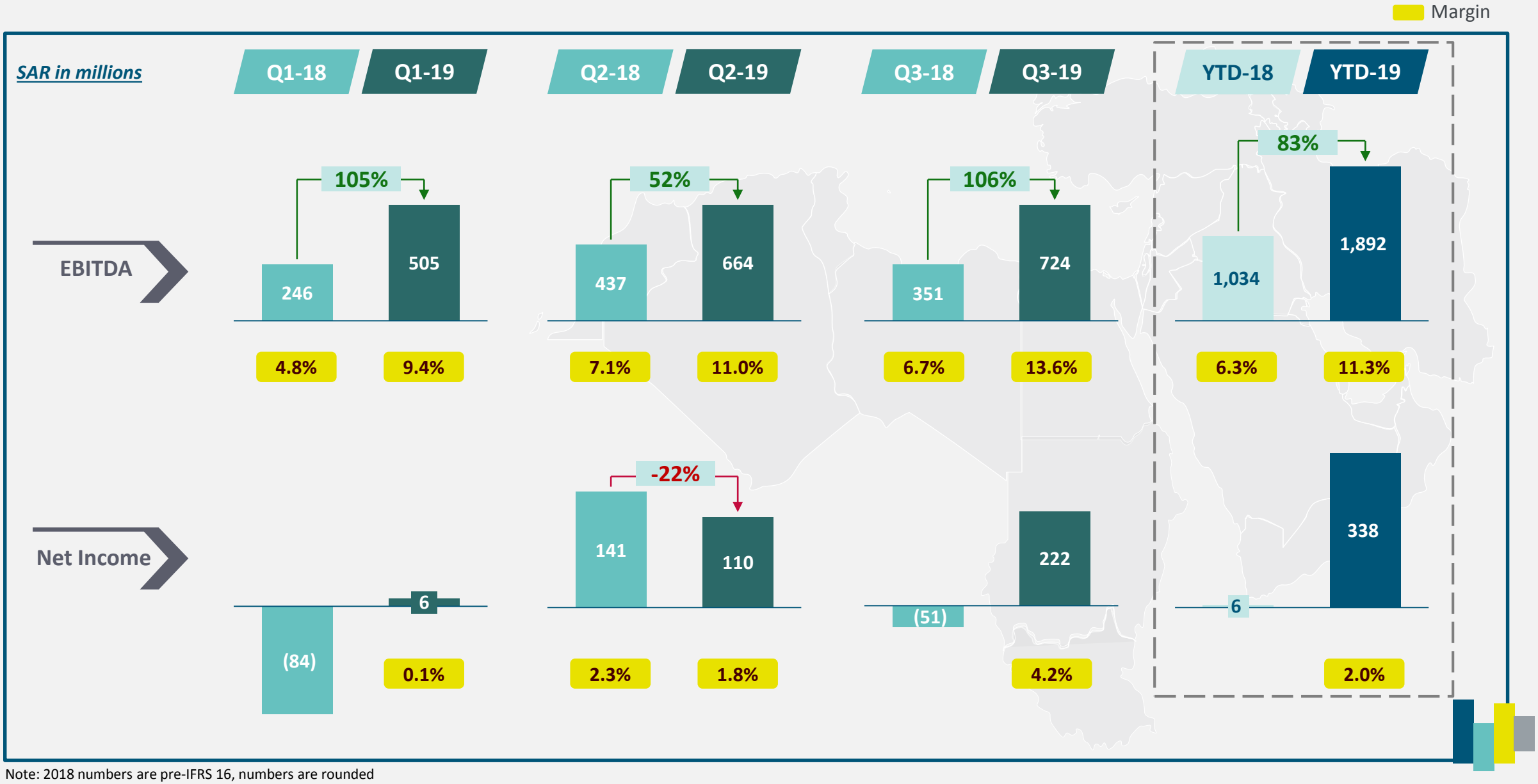
**INVESTMENTS**
- Share of Almarai Net Income of SAR 200.7 mn in Q3 2019 (Q3 2018: SAR 219.0 mn)

# GROUP – CONSILIDATED FINANCIAL HIGHLIGHTS




Note: 2018 numbers are pre-IFRS 16, numbers are rounded

# GROUP – CONSILIDATED FINANCIAL HIGHLIGHTS

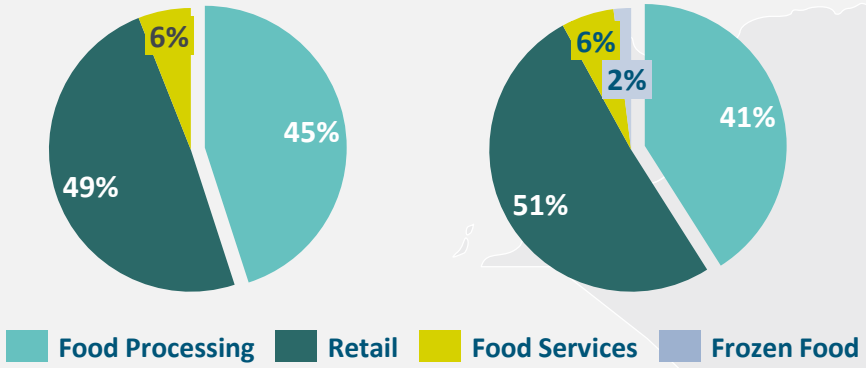



Note: 2018 numbers are pre-IFRS 16, numbers are rounded

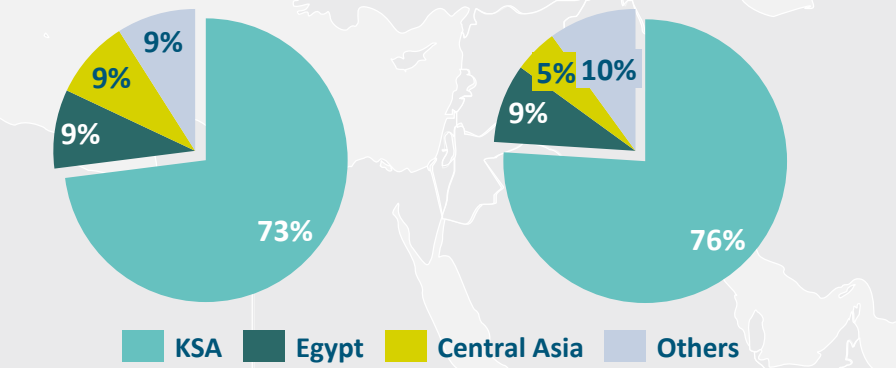
# GROUP – REVENUE MIX, NET DEBT & CAPEX

*SAR in millions*

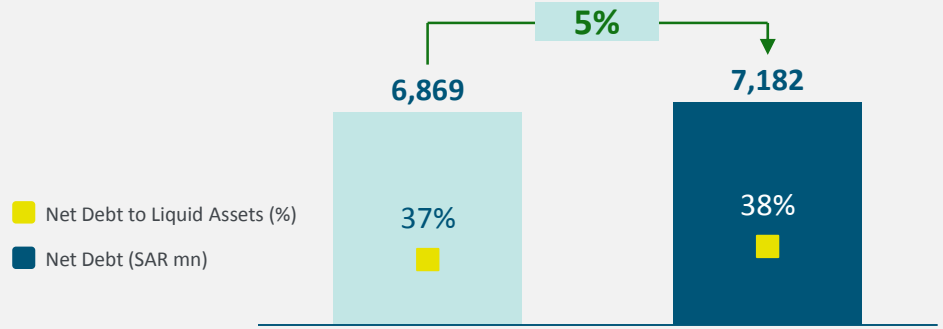
## Revenue by Business



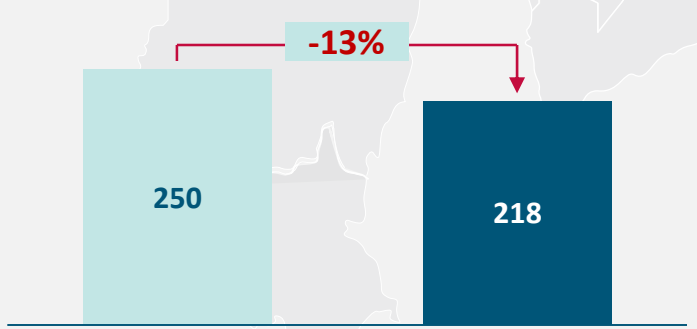

## Revenue by Geography




## Net Debt and Net Debt to Liquid Assets (%)*




## CAPEX



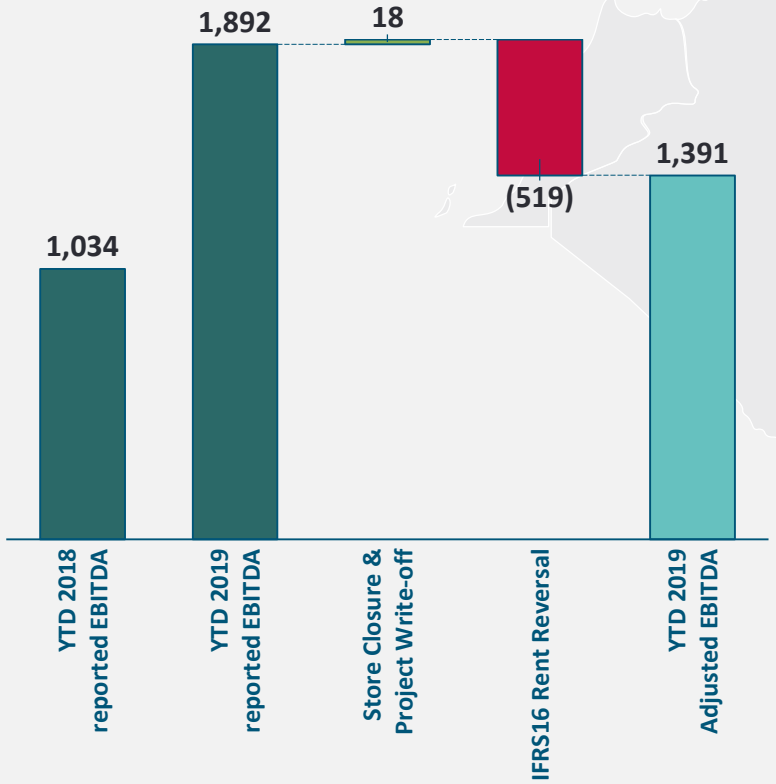

*Net debt excludes lease liabilities, liquid assets refers to the market value of Savola Group's investment in Almarai and Herfy.
Note: Numbers are rounded

# IMPLICATIONS OF EXCEPTIONAL ITEMS

*SAR in millions*

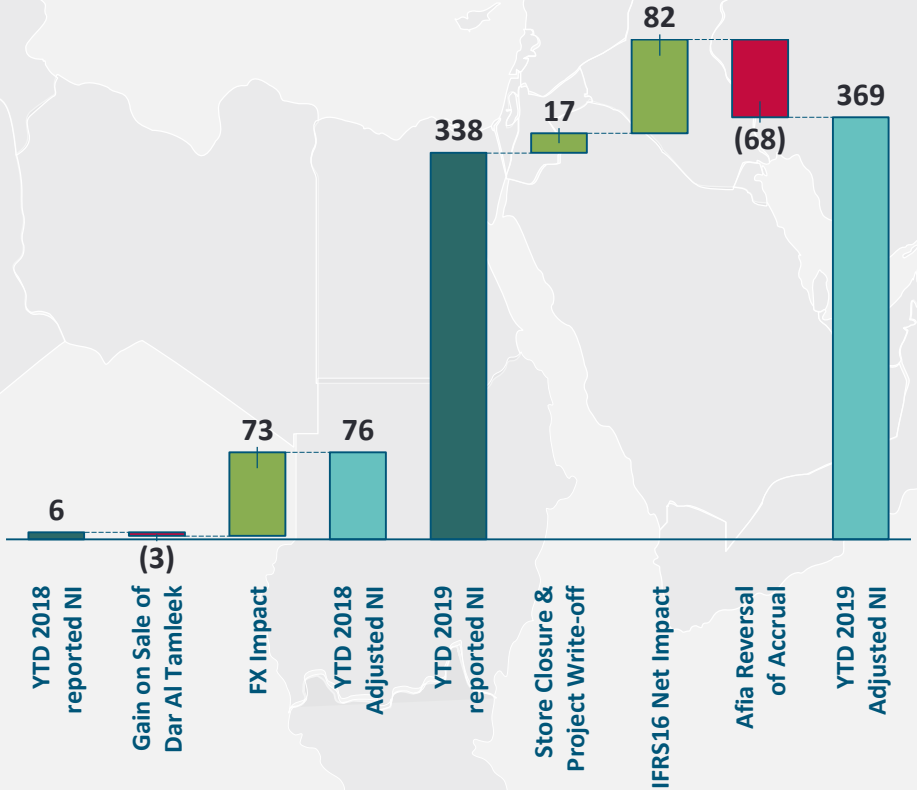
## Adjusted EBITDA

YTD-18 | YTD-19




## Adjusted Net Income

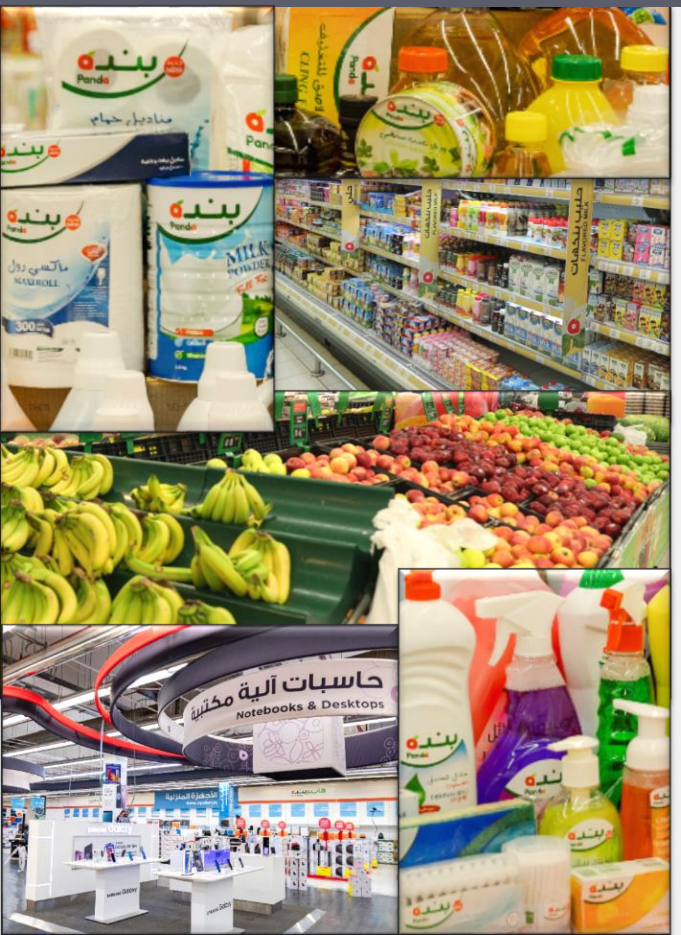
YTD-18 | YTD-19




Note: Numbers are rounded

# PANDA RETAIL COMPANY

*Q3 2019*



# RETAIL - HIGHLIGHTS

**Key Highlights**

- Retail performance improved significantly over last year
- Turnaround initiatives have started to materialize, with top-line growth (absolute and on a like-for-like basis) as management continues to focus on strategy implementation

**Store Count**

- Store count remained flat during Q3 at 207 stores, including 5 stores in Egypt
- We continue to evaluate our store footprint keeping in view catchment area demographics and competitive landscape as part of our normal business operations

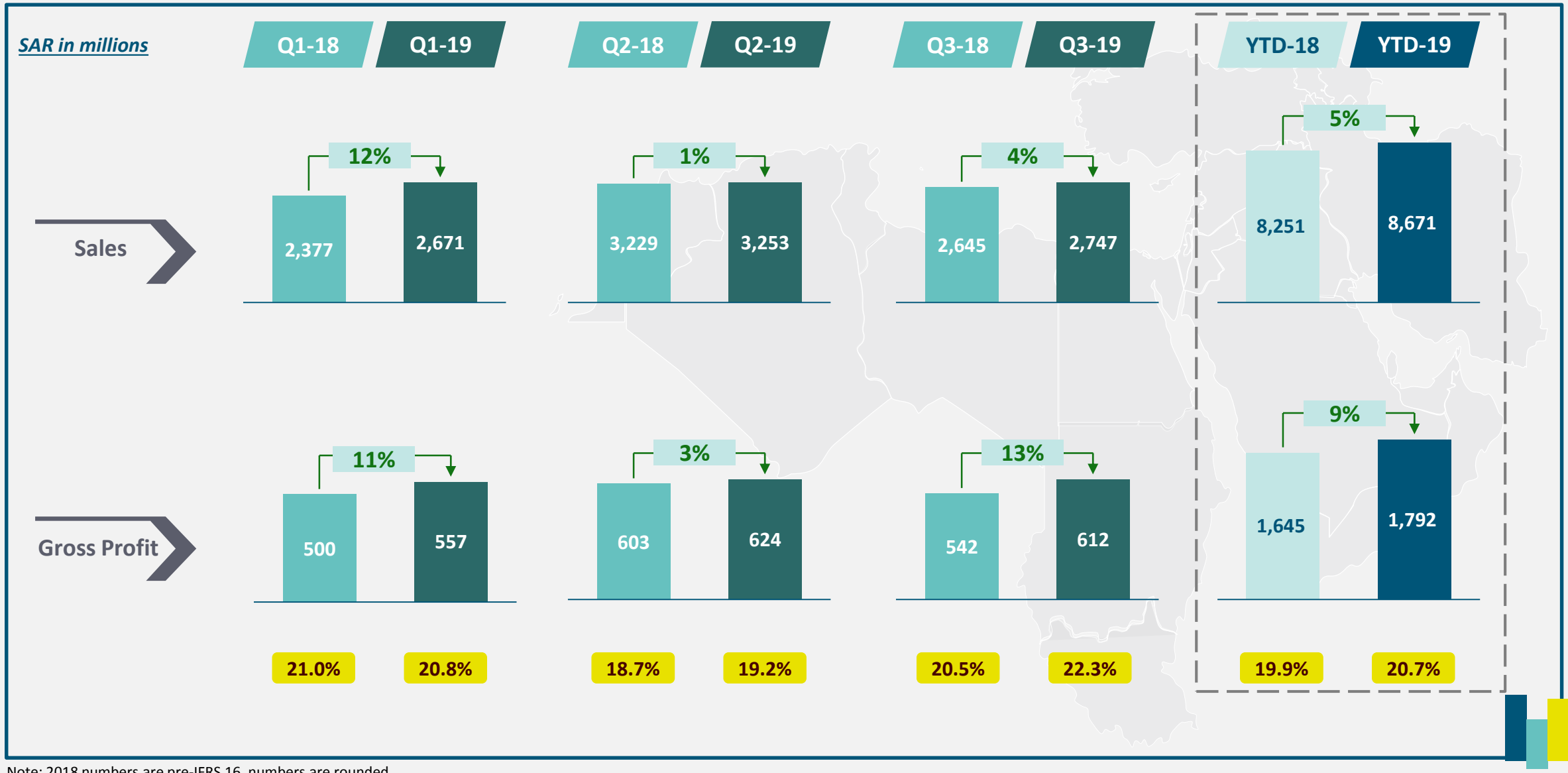
**Revenues**

- The segment recorded revenues of SAR 8.7 bn during YTD 2019, a growth of 5.1% compared to the same period last year; despite YoY reduction in selling space
- The growth is mainly driven by like-for-like growth in customer count and basket size

**Profitability**

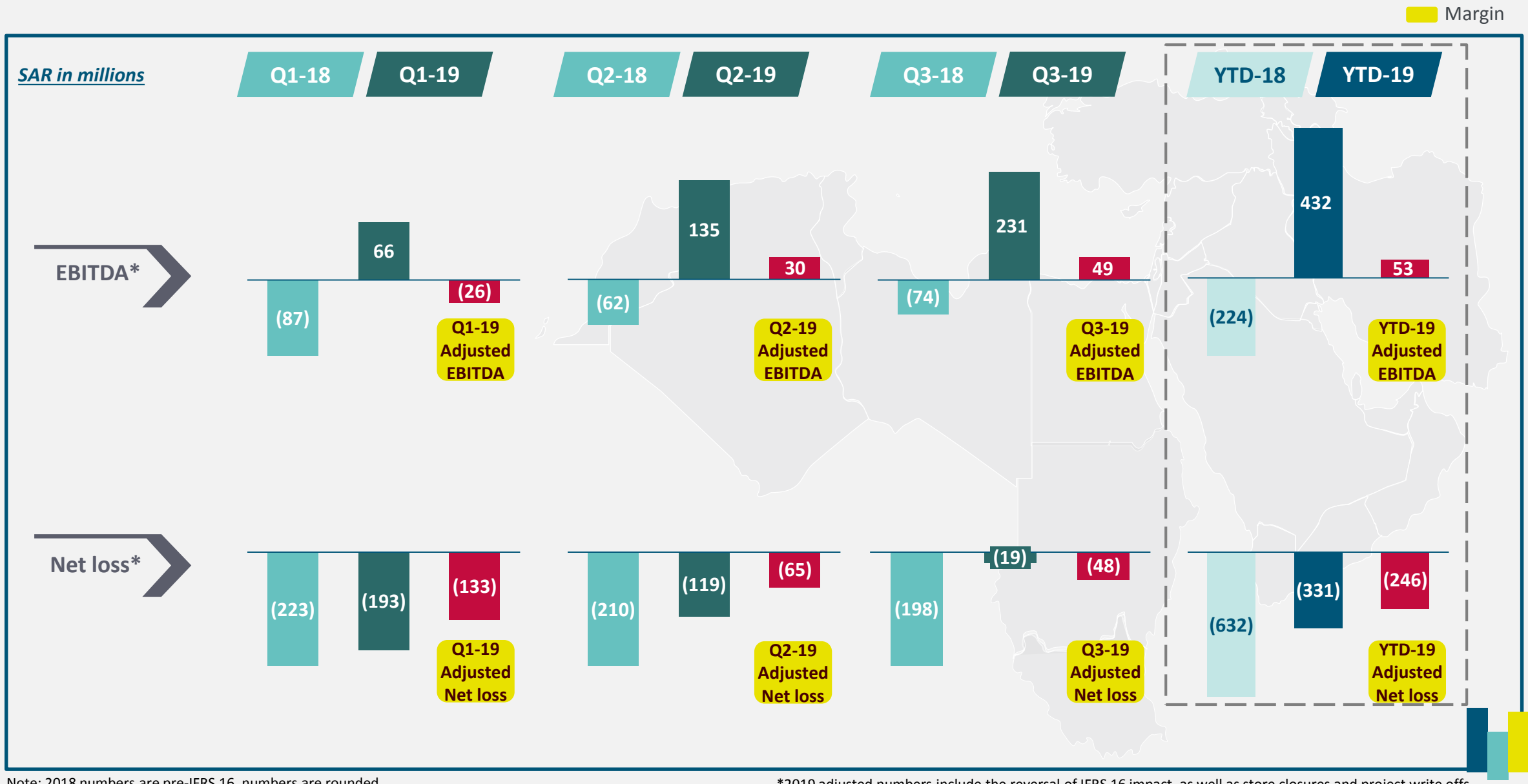
- YTD 2019 adjusted EBITDA of SAR 52.8 mn (adjusted for IFRS-16 and store closure costs)
- Reported net loss improved to SAR 331.0 mn in YTD 2019 mainly driven by improvement in gross margins and operating leverage, despite IFRS 16 negative impact

# RETAIL – FINANCIAL HIGHLIGHTS




Note: 2018 numbers are pre-IFRS 16, numbers are rounded

# RETAIL – FINANCIAL HIGHLIGHTS



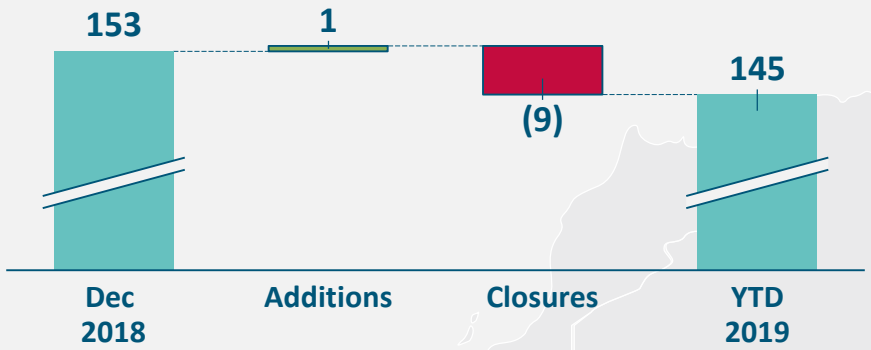

Note: 2018 numbers are pre-IFRS 16, numbers are rounded

*2019 adjusted numbers include the reversal of IFRS 16 impact, as well as store closures and project write offs

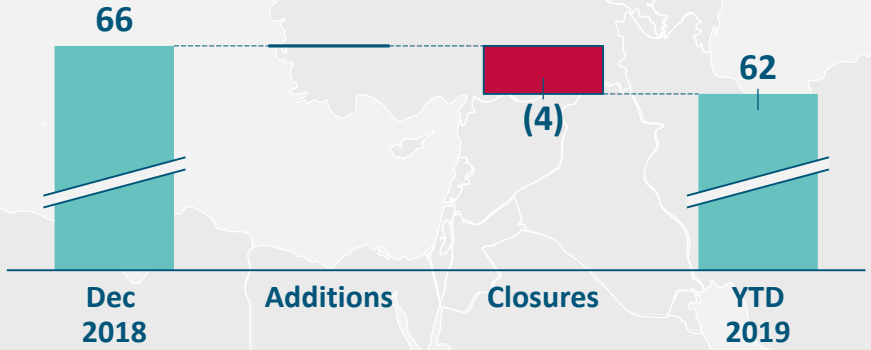
# RETAIL – NUMBER OF STORES BY QUARTER

*SAR in millions*

## Super



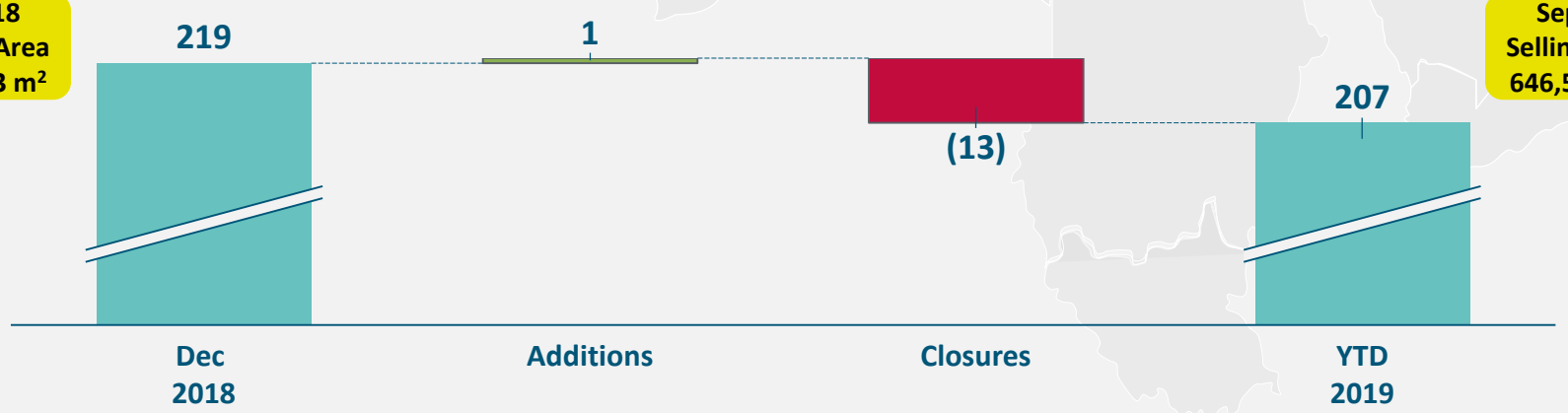

## Hyper




## Total

Dec-18 Selling Area 689,633 m²

Sep-19 Selling Area 646,581 m²



# SAVOLA FOODS COMPANY

*Q3 2019*

# FOODS - HIGHLIGHTS

**Key Highlights**

- Food performance improved over last year, despite pressure on volumes and top-line
- Performance is mainly driven by recovery in profitability of the sugar segment

**Volume**

- Volume has declined by 2.9% to 2,475 KMT in YTD Sep 2019, driven primarily by a reduction in edible oils (largely in Central Asia)
- Pasta volumes declined by 7.8% to 218 KMT in YTD Sep 2019

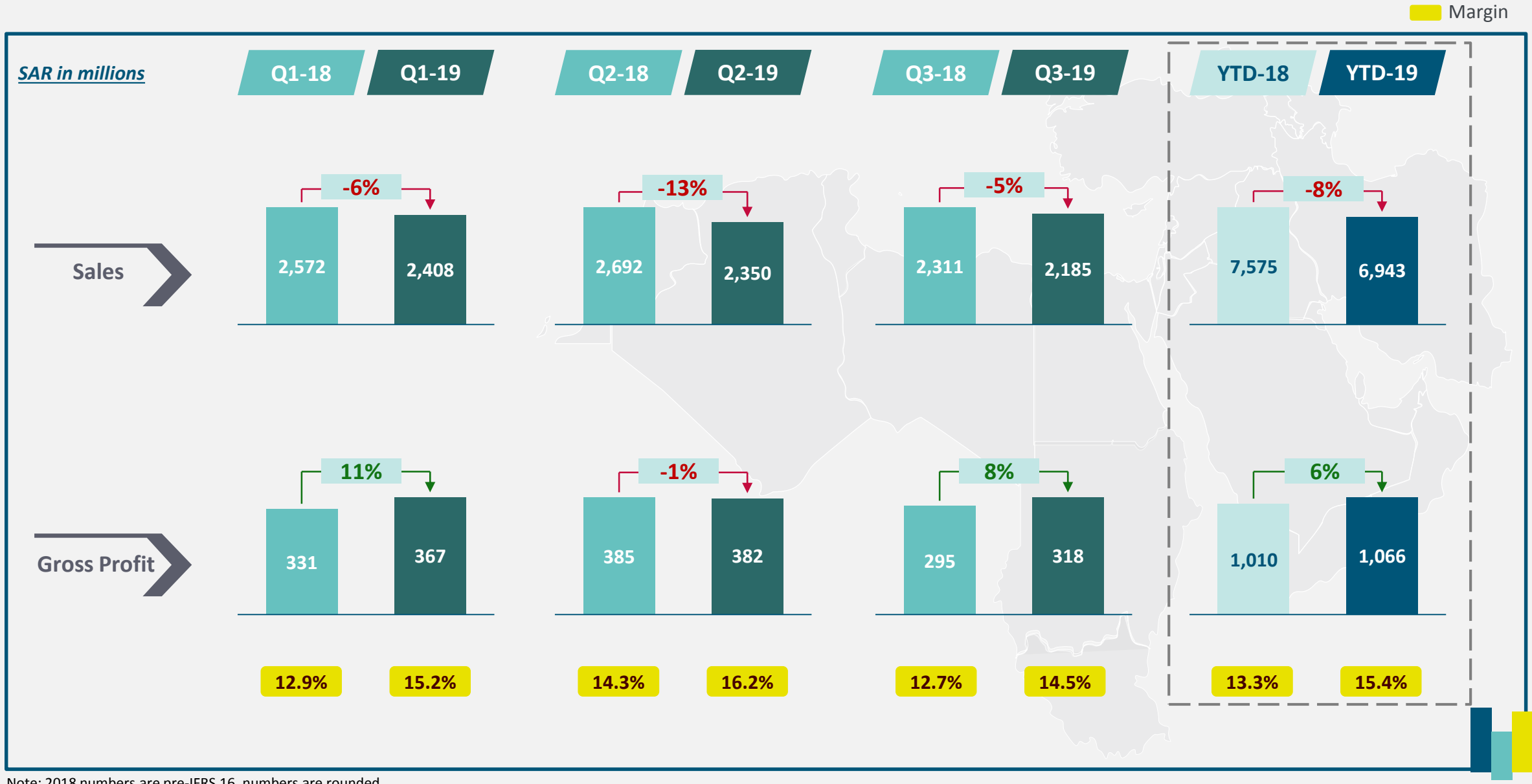
**Revenues**

- YTD September 2019 revenues are 8.3% lower than the same period last year reaching SAR 6,943 mn primarily due to weakness in Central Asia
- Strong improvement in pasta segment with 8.7% growth, despite volume decline

**Profitability**

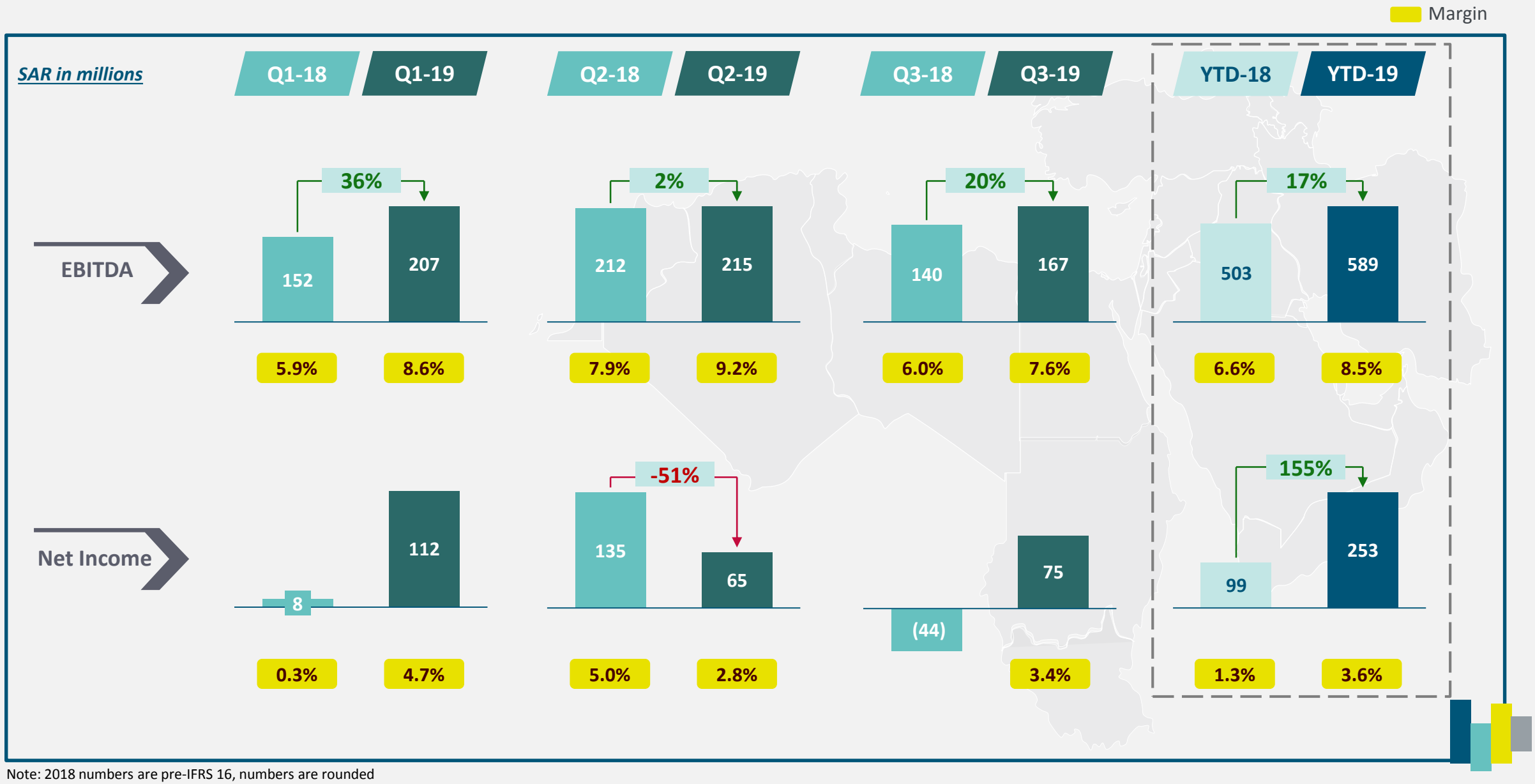
- Despite the top-line decrease, EBITDA improved to SAR 589 mn in YTD Sep 2019 compared to SAR 503 mn last year
- Reported YTD Sep 2019 net income is SAR 252.6 mn, 1.5x higher than last year

# FOODS – FINANCIAL HIGHLIGHTS



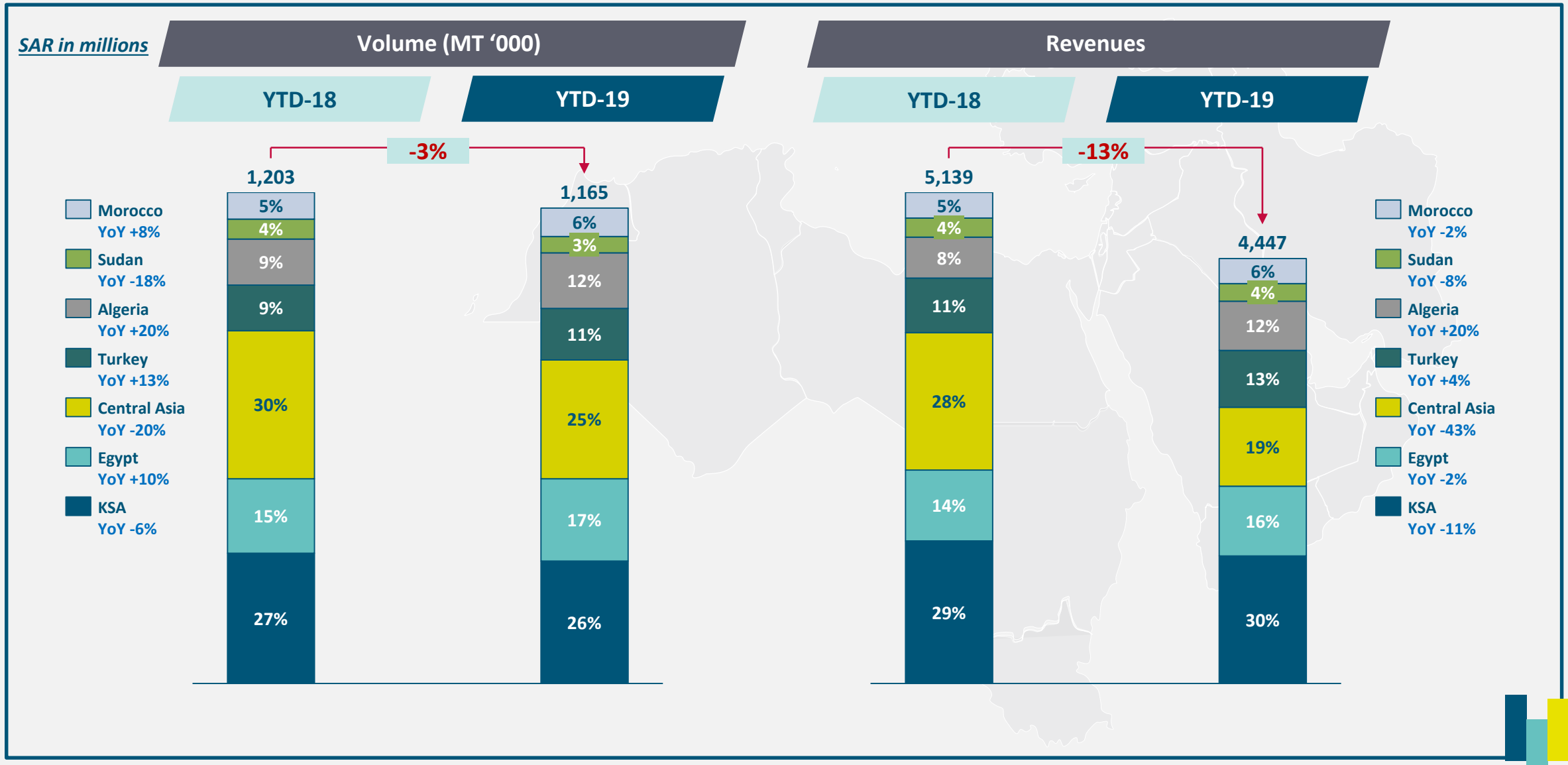

Note: 2018 numbers are pre-IFRS 16, numbers are rounded

# FOODS – FINANCIAL HIGHLIGHTS



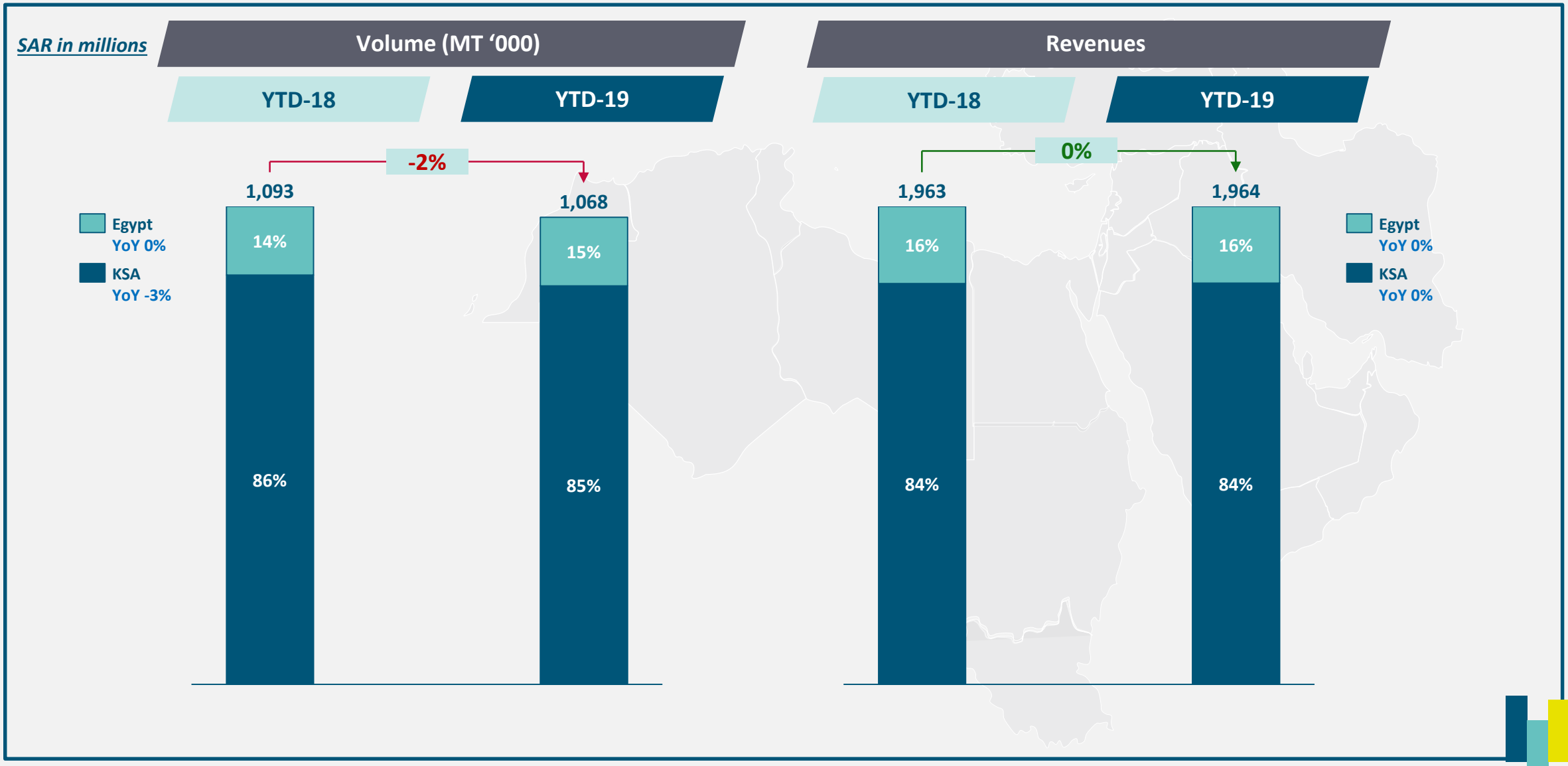

Note: 2018 numbers are pre-IFRS 16, numbers are rounded

# FOODS – OIL SEGMENT ANALYSIS




Note: The above includes net distribution volume and excludes specialty fat business that used to be combined with the edible oil category and is now part of the emerging categories shown in slide 20

# 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

# FINANCIAL SUMMARY

# FINANCIALS – YTD SEP 2019

*(all figures are in SAR millions)*

| Segment Wise Financials | YTD 2019 | | | | | YTD 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Revenue | Gross Profit | EBIT | Net Income | EBITDA | Revenue | Gross Profit | EBIT | Net Income | EBITDA |
| **Food*** | | | | | | | | | | |
| Oil-Mature Markets | 3,486 | 613 | 214 | 125 | 278 | 4,243 | 618 | 227 | 71 | 278 |
| Oil-Start-up Markets** | 961 | 105 | 55 | 34 | 65 | 896 | 109 | 51 | 30 | 60 |
| Total Oil | 4,447 | 717 | 269 | 159 | 344 | 5,139 | 727 | 279 | 101 | 338 |
| Sugar | 1,964 | 296 | 165 | 123 | 226 | 1,963 | 243 | 98 | 22 | 142 |
| Pasta | 398 | 49 | 14 | 0 | 26 | 366 | 49 | 21 | 7 | 32 |
| Emerging Categories*** | 134 | 4 | (20) | (29) | (7) | 106 | (9) | (23) | (32) | (10) |
| **Total Foods** | **6,943** | **1,066** | **428** | **253** | **589** | **7,575** | **1,010** | **375** | **99** | **503** |
| **Retail** | | | | | | | | | | |
| KSA | 8,595 | 1,779 | (133) | (326) | 430 | 8,176 | 1,634 | (580) | (622) | (219) |
| Egypt | 76 | 14 | (9) | (6) | 2 | 75 | 11 | (10) | (10) | (4) |
| **Total Retail** | **8,671** | **1,792** | **(141)** | **(331)** | **432** | **8,251** | **1,645** | **(590)** | **(632)** | **(224)** |
| Herfy | 962 | 293 | 180 | 146 | 302 | 902 | 254 | 164 | 152 | 221 |
| Frozen Food | 414 | 161 | 54 | 50 | 66 | - | - | - | - | - |
| Real Estate | - | - | 13 | 13 | 13 | - | - | 11 | 11 | 11 |
| Al Marai-Savola Share | - | - | 518 | 518 | 518 | - | - | 566 | 566 | 566 |
| HQ/Elimination/Impairments | (242) | (0) | (55) | (310) | (29) | (260) | (3) | (61) | (190) | (43) |
| **Total** | **16,748** | **3,313** | **997** | **338** | **1,892** | **16,468** | **2,907** | **464** | **6** | **1,034** |
| **Adjustments** | | | | | | | | | | |
| Gain on Sale of Dar Al Tamleek | | | | | | | | | (3) | |
| FX Impact | | | | | | | | | 73 | |
| Store Closure & Project Write-off | | | | 17 | | | | | | |
| Net Impact of IFRS16 | | | | 82 | | | | | | |
| Afia Reversal of Accrual | | | | (68) | | | | | | |
| **Adjusted Profit** | | | | **369** | | | | | **76** | |

** 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.*