



Earnings Presentation

Q4 & FY 2016



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.

The Q4 and FY 2016 numbers are based on interim unaudited financials. The numbers will be updated based on audited financials, once available.

GROUP – HIGHLIGHTS

- Challenging environment in all key markets in the region, characterized by:
 - Difficult economic conditions
 - Lower consumption patterns in KSA due to reduction in oil based GDP
 - FX fluctuation and restrictions mainly in Egypt
- Egyptian Pound (EGP) devalued from EGP/SAR 2.09 at the beginning of the year to EGP/SAR 4.9 at the end of the year (i.e. over 100% devaluation)
- Impairment charges of SAR 574 million. Savola Group net share is SAR 517 million
- Inventory reduction exercise cost of SAR 377 million. Savola Group net share is SAR 343 million
- Reinstatement of the classification of edible oil subsidiary of Savola Foods Company in Morocco from held for sale resulted in a positive impact of SAR 26 million
- Impact of currency losses at Group level totaling SAR 374 mn in FY 2016
- Adjusted net profit of SAR 810 million after adding back one-off costs, currency losses, extraordinary inventory impact and other exceptional items as compared to reported net loss of SAR 451 million

RETAIL – HIGHLIGHTS

- Total retail selling space increased by 0.7% in FY 2016 as 18 new stores were added and 106 stores (102 Pandati, 3 Supers and 1 Hyper) were closed
- LFL sales decreased by 2.9% during FY 2016, which is due to a reduction in basket size across both supermarket and hypermarket formats
- Initiated the transformation exercise during the year
- Appointed Chief Transformation Officer (CTO) during Q4 2016
- Set up transformation office and hired consultants to help drive transformation exercise
- Inventory reduction campaign was conducted in Q4 2016 to return inventory to normal levels and achieve negative working capital. Total losses from this exercise were SAR 377 mn, part of which impacted the gross and EBITDA margins
- Closed 102 Pandati stores during FY 2016; cost of closure was SAR 37 mn
- Adjusted net loss for FY 2016 for Retail was SAR 359 mn as compared to the reported net loss of SAR 773 mn

FOODS – HIGHLIGHTS

- FY 2016 total revenue of SAR 11.8 bn (FY 2015: SAR 11.8 bn)
- Total volume across all geographies in 2016 was 4.0 mn MT, same as last year
- FY 2016 net income was SAR 14 mn (FY 2015: SAR 688 mn)
- Assets and goodwill impairment recorded due to Egyptian related business of around SAR 216 mn in FY 2016, which is net of positive impact of SAR 26 million from reinstatement of the classification of edible oil subsidiary of Savola Foods Company in Morocco from held for sale
- Total foreign currency charges related to Egyptian business for Savola Foods of SAR 338 mn (FY 2015: SAR 80 mn)
- FY 2016 adjusted net income excluding impairment charges and before accounting for FX losses was SAR 568 mn (FY 2015: SAR 678 mn adjusted for insurance gain and FX)
- Investment in USCE from European Bank for Reconstruction and Development (EBRD) in the form of equity injection of USD 100 mn; Transaction expected to complete in Q1 2017

Q4 2016 - SNAPSHOT

GROUP

- » Q4 2016 revenue of SAR 6.2 bn (Q4 2015: SAR 6.3 bn)
- » Q4 2016 net loss of SAR 964 mn (Q4 2015: net income at SAR 515 mn)
- » Adjusted net income of SAR 74 mn after adding back one-off impairments, currency losses, extraordinary inventory impact and other exceptional items

RETAIL

- » Q4 2016 revenue of SAR 3.2 bn (Q4 2015: SAR 3.5 bn)
- » Q4 2016 net loss of SAR 540 mn (Q4 2015 net income at SAR 29 mn)
- » Inventory reduction exercise cost SAR 377 Mn (Savola net share SAR 343 Mn)

FOODS

- » Q4 2016 revenue of SAR 3.1 bn (Q4 2015: 2.8 bn)
- » Q4 2016 net loss of SAR 262 Mn (Q4 2015 net income of SAR 271 mn)
- » One-off impairment, net of Morocco reinstatement, of SAR 216 mn

INVESTMENTS

- » Non-core investments impairment of SAR 272 mn

FY 2016 - SNAPSHOT

GROUP

- » FY 2016 revenue of SAR 25.0 bn (FY 2015: SAR 25.1 bn)
- » FY 2016 net loss of SAR 451 mn (FY 2015: net income at SAR 1,792 mn)
- » Adjusted net income of SAR 810 mn after adding back one-off impairments, currency losses, extraordinary inventory impact and other exceptional items (FY 2015: adjusted net income SAR 1,480 mn)

RETAIL

- » FY 2016 revenue flat at SAR 13.5 bn (FY 2015: SAR 13.5 bn)
- » FY 2016 net loss of SAR 773 mn (FY 2015 net income at SAR 146 mn)
- » Adjusted loss FY 2016 of SAR 359 mn
- » Inventory reduction exercise cost SAR 377 mn (Savola share SAR 343 mn)

FOODS

- » FY 2016 revenue flat at SAR 11.8 bn (FY 2015: SAR 11.8 bn)
- » Total FY 2016 volume of 4.0 mn MT (FY 2015: 4.0 mn MT)
- » FY 2016 net income of SAR 14 Mn (FY 2015: SAR 688 mn)
- » Adjusted net income excluding FX and impairment of SAR 568 mn
- » USD 100 mn received in equity from EBRD in USCE to improve operational efficiency

INVESTMENTS

- » Almarai contribution to Savola of SAR 763 mn
- » Herfy contribution to Savola of SAR 107 mn
- » Non-core investments impairment of SAR 272 mn

GROUP – CONSOLIDATED FINANCIAL SNAPSHOT

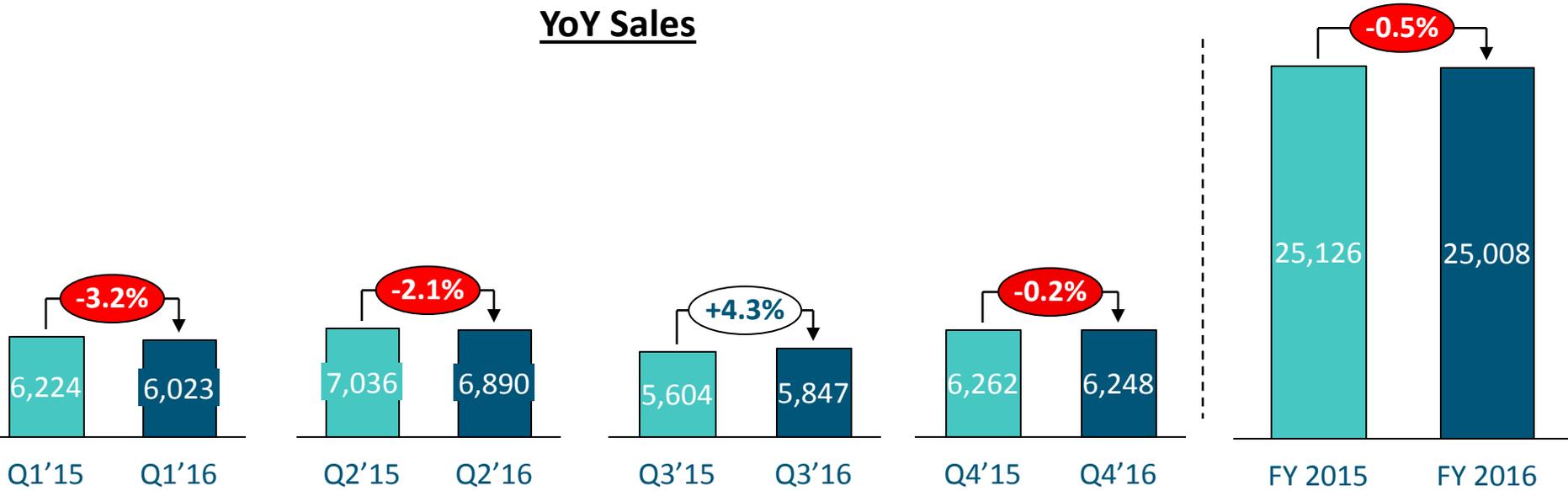
SAR Mn	Revenue	Gross Profit	EBIT	Net Income / (Loss)	Adjusted Net Income / (Loss)
Q4 2016	6,248 -0.2% vs LY	755 -40.7% vs LY	(176) Q4 2015: 378	(964) Q4 2015: 515	74
FY 2016	25,008 -0.5% vs FY 2015	4,425 -11.9% vs FY 2015	835 -53.2% vs FY 2015	(451) FY 2015: 1,792	810 -45.2% vs FY 2015

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

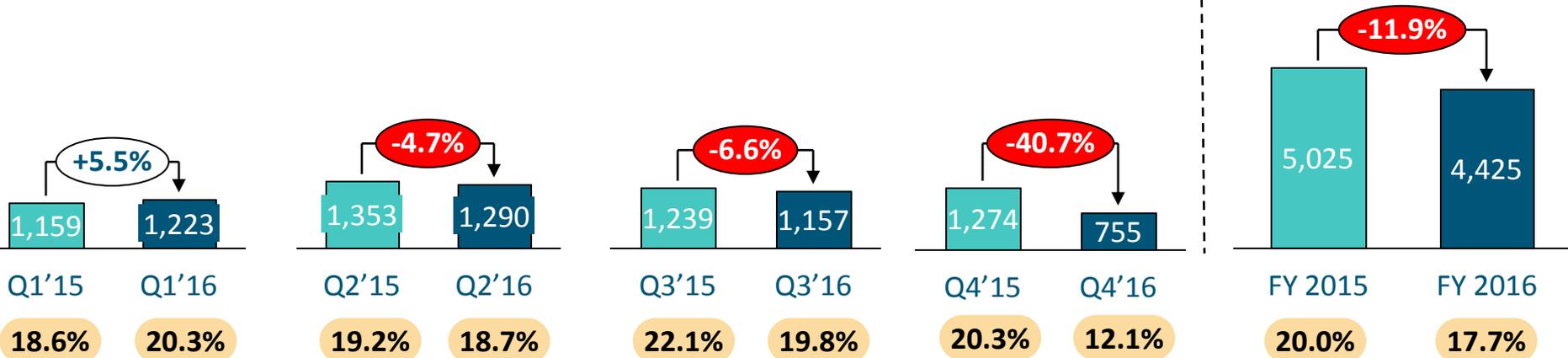
SAR Mn

○ Growth ● Margin

YoY Sales



YoY Gross Profit

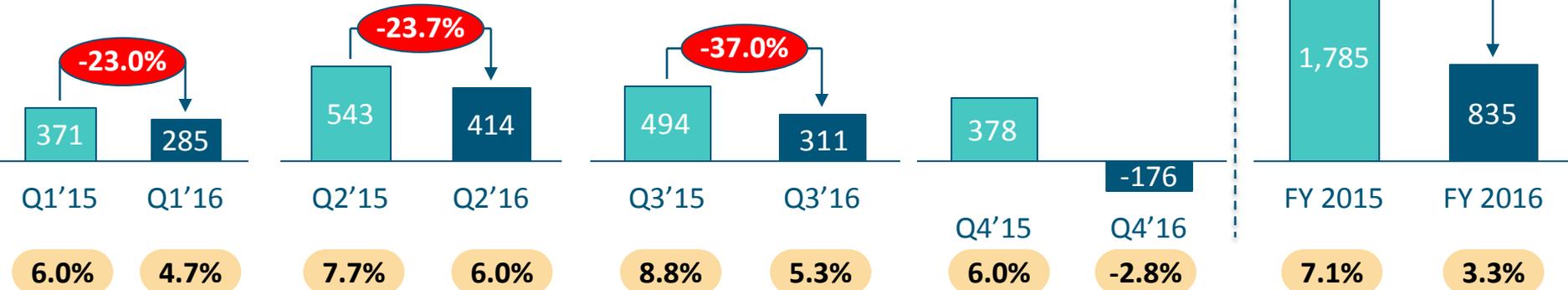


GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

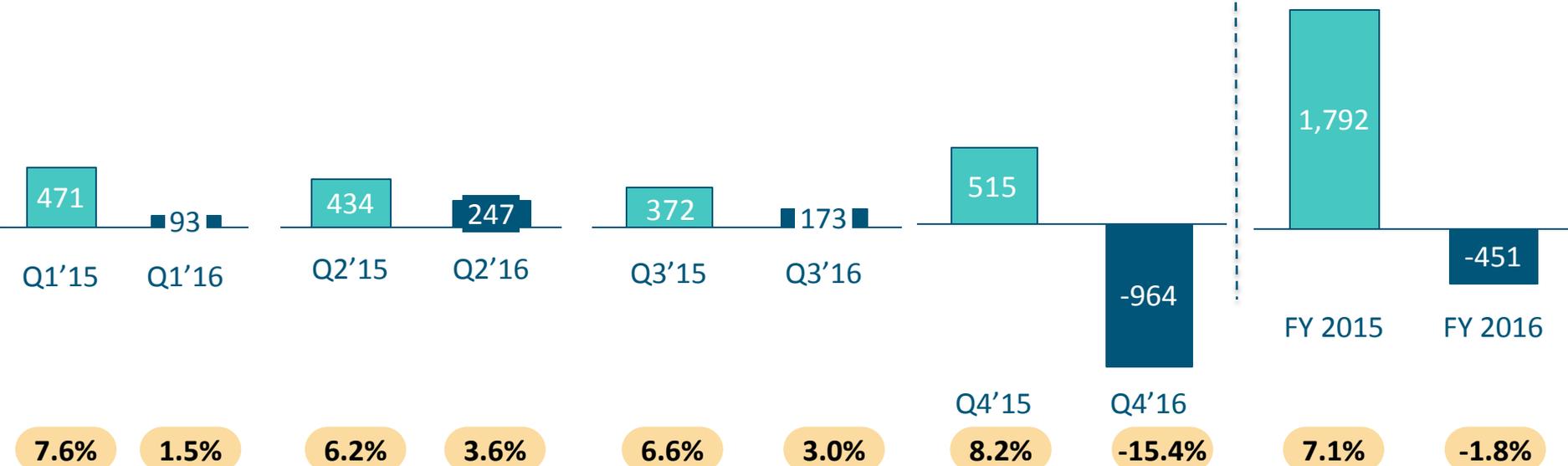
SAR Mn

YoY EBIT

○ Growth ● Margin



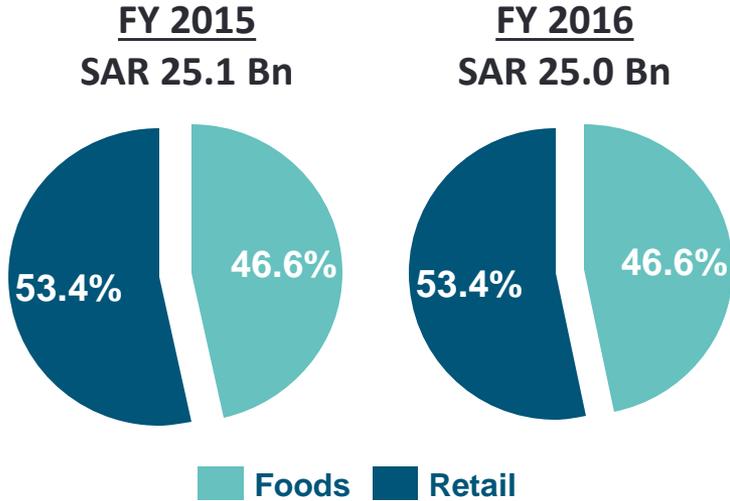
YoY Net Profit



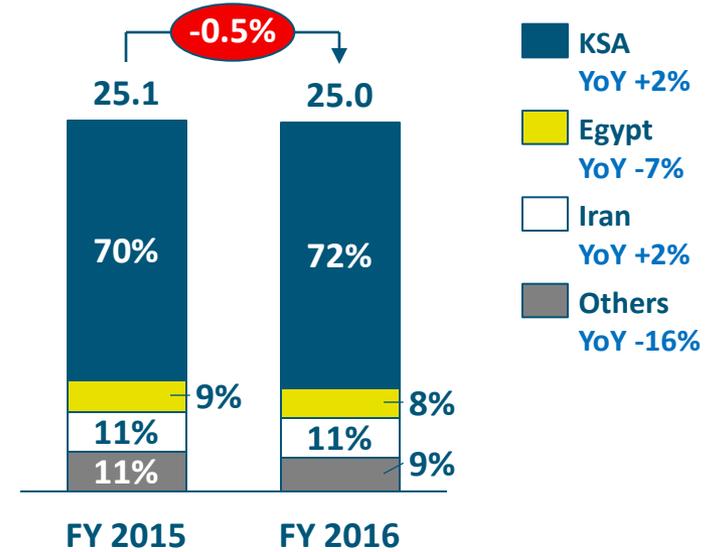
GROUP – CONSOLIDATED REVENUE MIX & CAPEX

SAR Bn

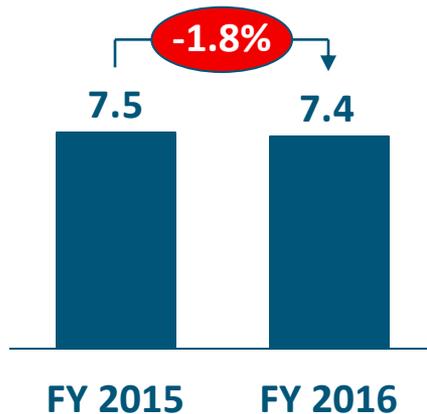
Revenue by Business



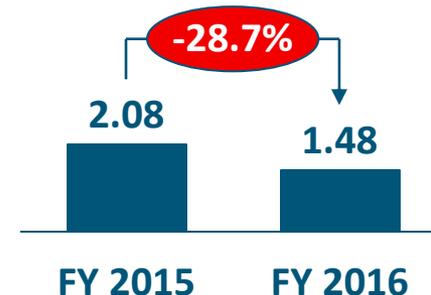
Revenue by Geography



Net Debt



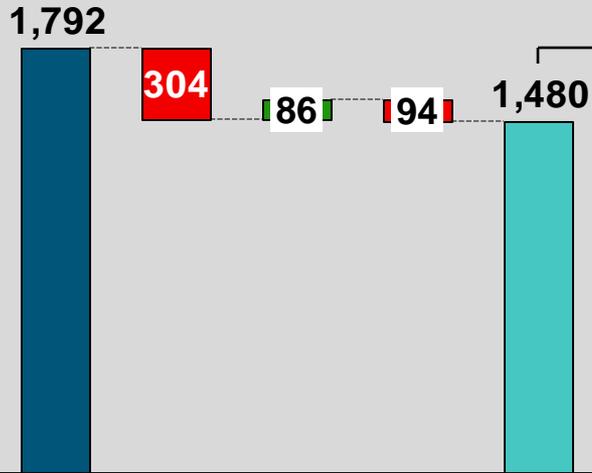
CAPEX



IMPLICATIONS OF EXCEPTIONAL ITEMS

SAR Mn

Adjusted FY 2015 Net Income

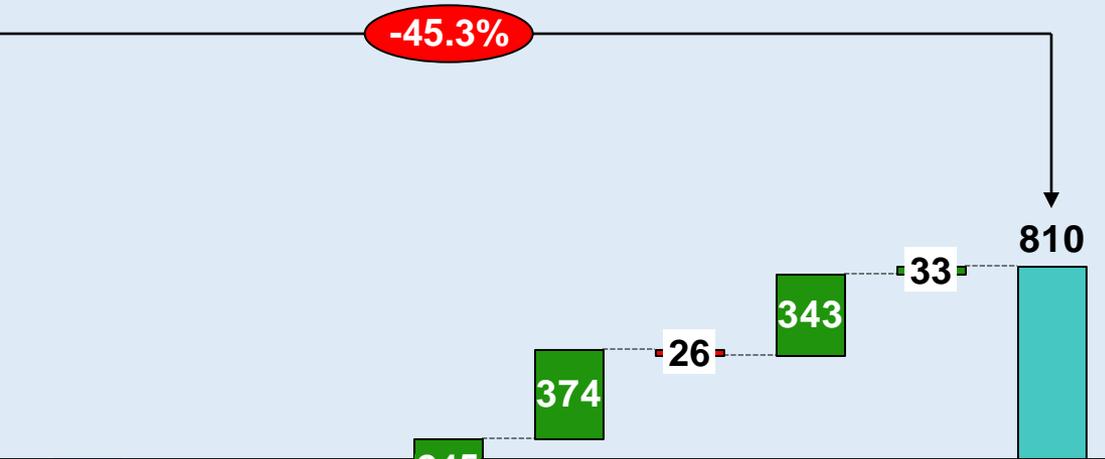


FY 2015 Reported NI
Gain on sale of SPC & Land
Foods FX Impact
Insurance Gain
FY 2015 Adjusted NI

Group

Foods

Adjusted FY 2016 Net Income



FY 2016 Reported NI
Non-Core Impairments
Loss from Hosoon
Foods Impairments
FX Impact
Morocco Reinstatement
Inventory Reduction
Pandati Store Closure
FY 2016 Adjusted NI

Group

Foods

Retail



PANDA RETAIL COMPANY

سافولا
SAVOLA

RETAIL - SNAPSHOT

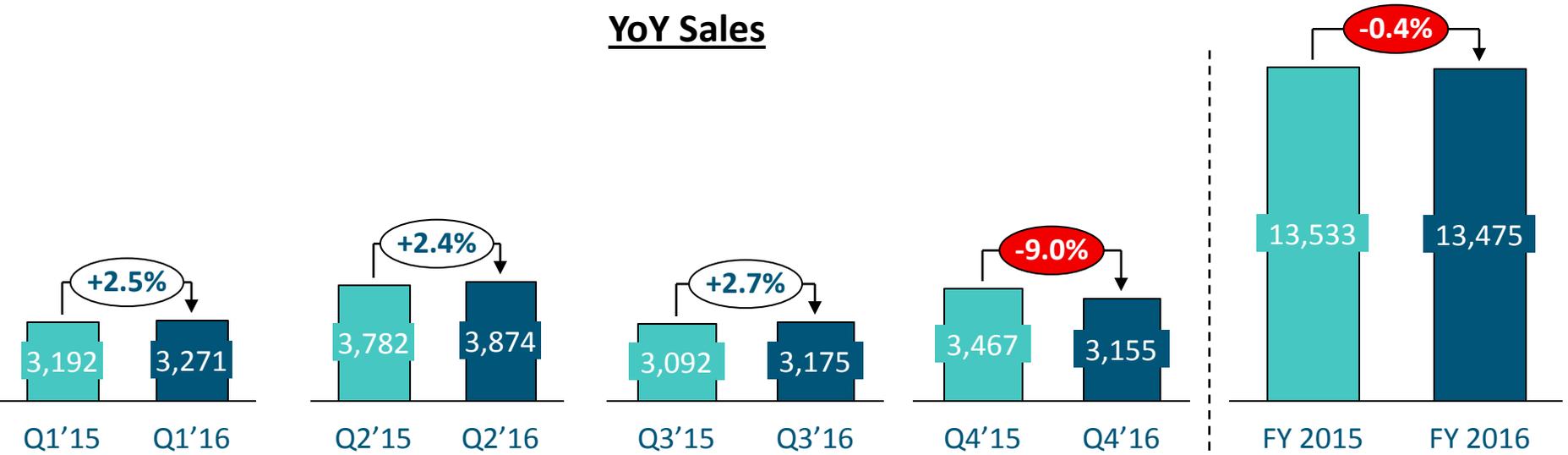
	Revenue	Gross Profit	Net Income / (Loss)	Adjusted Net Income / (Loss)	Selling Space
<i>SAR m</i>					
Q4 2016	3,155 -9.0% vs. LY	296 -66.4% vs. LY	(540) Q4 2015: 29	(152)	Added 4,447 m² -81.1% vs. LY
FY 2016	13,475 -0.4% vs. FY 2015	2,644 -18.5% vs. FY 2015	(773) FY 2015: 146	(359) FY 2015: 146	Total Space 752,784 m² 0.7% vs. FY 2015

RETAIL - FINANCIALS

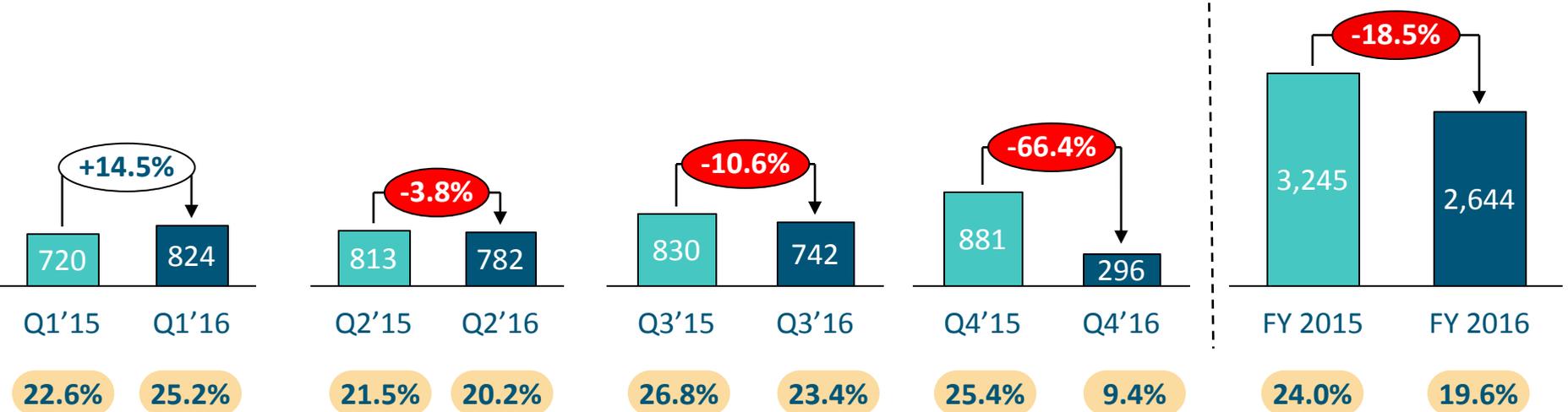
SAR Mn

○ Growth ● Margin

YoY Sales



YoY Gross Profit

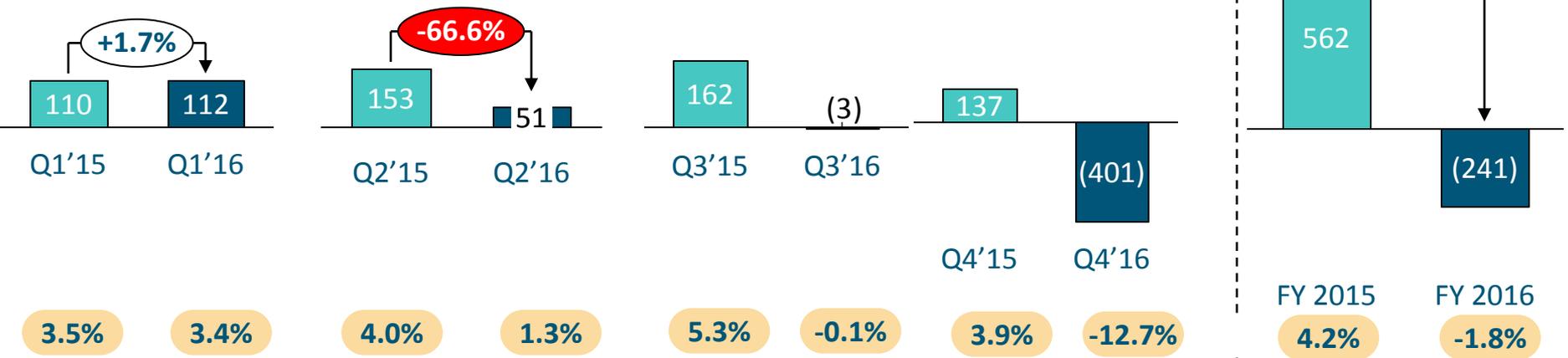


RETAIL - FINANCIALS

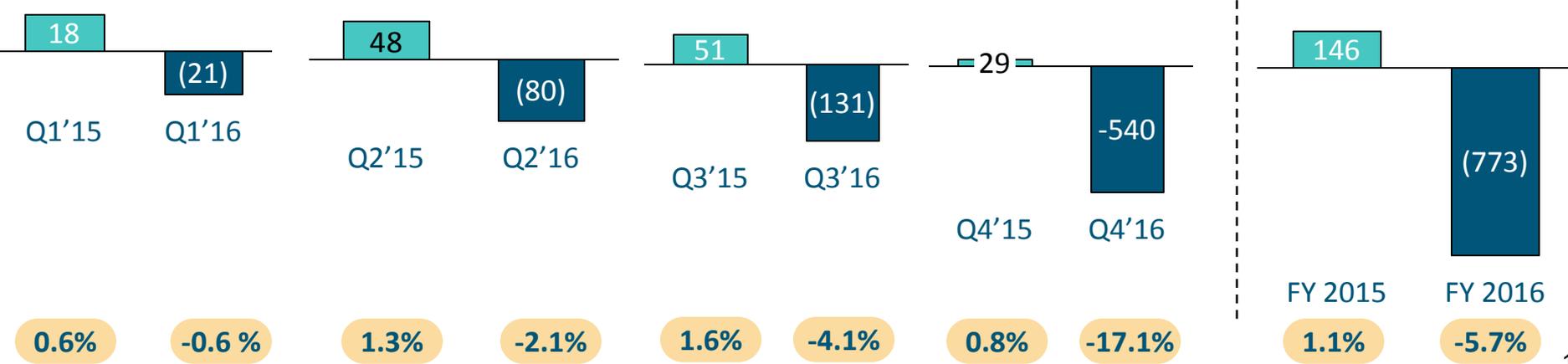
SAR Mn

○ Growth ● Margin

YoY EBITDA



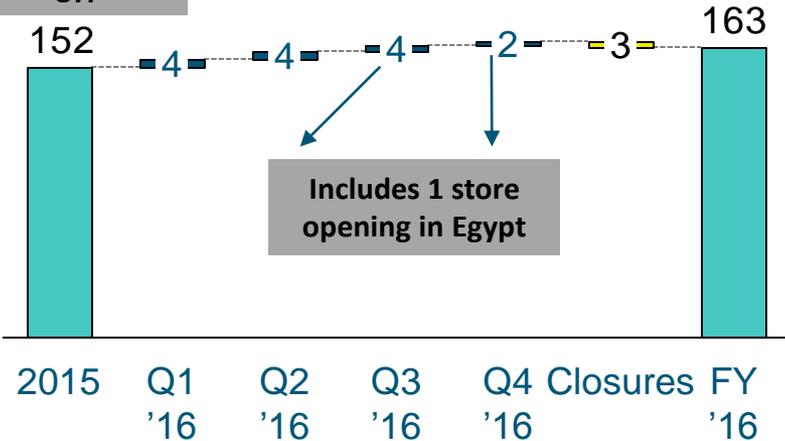
YoY NI



RETAIL – NUMBER OF STORES BY QUARTER

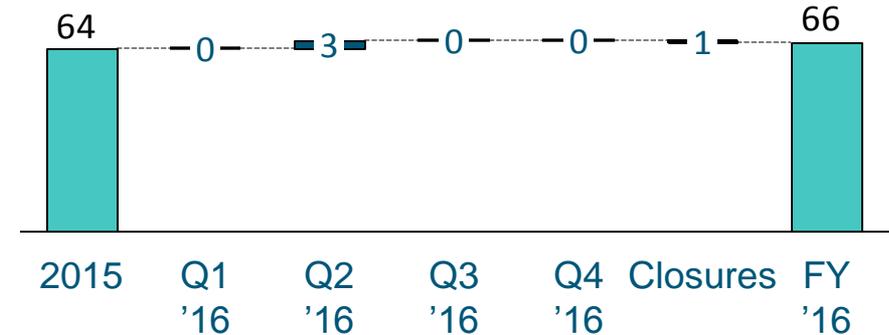
Includes 1 Super in Egypt

Super

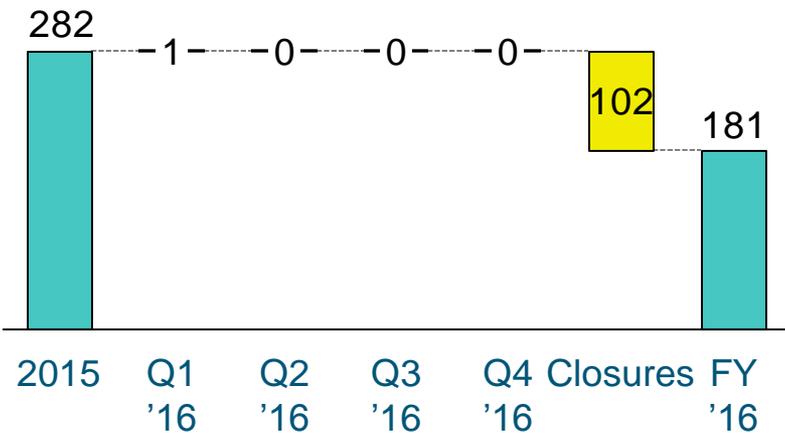


Includes 1 Hyper in UAE

Hyper



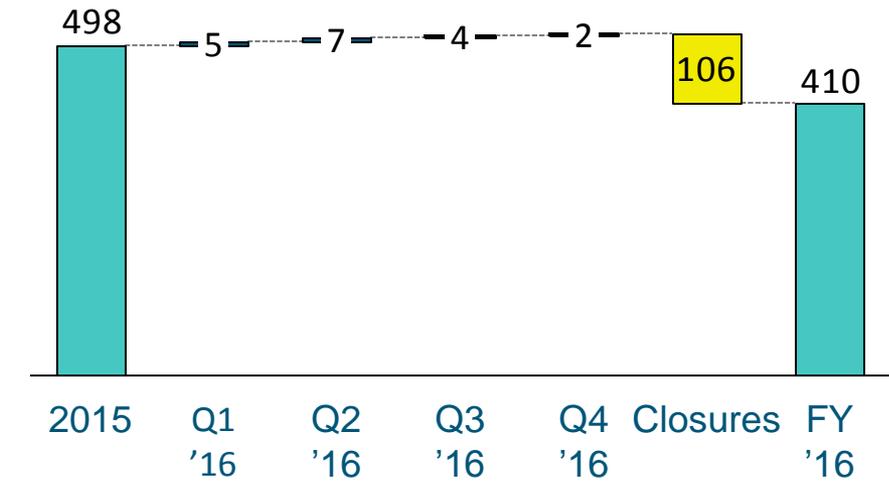
Pandati



Selling Area
747,544 m²

Total

Selling Area
752,784 m²



Retail Transformation Update

RETAIL TRANSFORMATION

Key metrics

KSA Numbers Only	'12	'13	'14	'15	'16
LFL ¹	Same Store Sales Growth – Based at 100 in 2012				
	100 ²	104	107	105	103
Total store sales	Total Store Sales – Based at 100 in 2012				
	100 ²	110	123	137	138
Store yield	Rev/m ² , 000 SAR				
	18.5	19.2	18.2	17.4	17.4
Margin	EBITDA/sales, %				
	5.9	6.4	6.8	4.2	-1.9

Decline in LFL starting 2015 resulted in contracting yields and partially wiped out the uplift provided by new stores

Adjusted EBITDA³ margin is 1.0%

Margins contracted as existing costs continued while new store costs were added and yields compressed due to pressure on sales

1 Includes stores already opened in 2012 and still operating in 2016

2 Sales figures based on 100 in 2012

3 Adjusted for inventory reduction exercise carried out in Q4 2016

RETAIL TRANSFORMATION

Guiding principles of the future organization

Customer driven organization



Differentiated **value propositions** of formats



Empowerment of stores



P&L ownership aligned with accountability



Clear lines of ownership



Economies of **scale**



Flexibility and speed of action



RETAIL TRANSFORMATION

Transformation projects

Items	Details
Category reset	<ul style="list-style-type: none"> • Focus on some categories as destination categories (both food and non-food) that have sales and spillover uptake • Increase in sales from improved assortment and range optimization
Store operations	<ul style="list-style-type: none"> • Improve stock loss and markdowns • Labor efficiencies and utilities' consumption
Indirect and overhead costs	<ul style="list-style-type: none"> • Cost efficiencies in functions like security, maintenance and buying • Improve procurement e.g. in leaflets, supplies and maintenance
Supply chain costs	<ul style="list-style-type: none"> • Potential cost reduction from improved operations, fleet utilization and planning initiatives
Worst-performing stores turnaround	<ul style="list-style-type: none"> • Stabilization of basket size through improving # of transactions and pricing
Pandati	<ul style="list-style-type: none"> • Increase traffic and sales by catering to catchment area, reconfigure stores • Improve supply chain



SAVOLA FOODS

FOODS - SNAPSHOT

SAR Mn

Revenue

Gross Profit

EBIT

Net Income / (Loss)

Adjusted Net Income / (Loss)

Q4
2016

3,142

+12.1% vs LY

459

+17.1% vs LY

225

+48.3% vs LY

(262)

Q4 2015: 271

138

FY
2016

11,782

-0.3% vs
FY 2015

1,781

0% vs
FY 2015

838

-1.2% vs
FY 2015

14

-97.9% vs
FY 2015

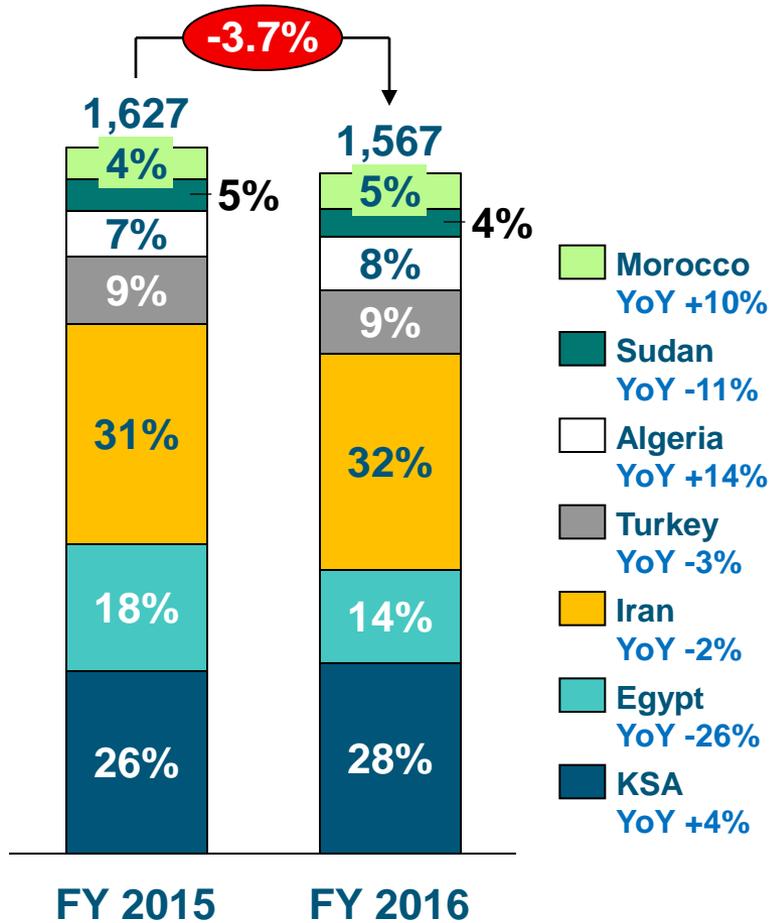
568

-16.2% vs
FY 2015

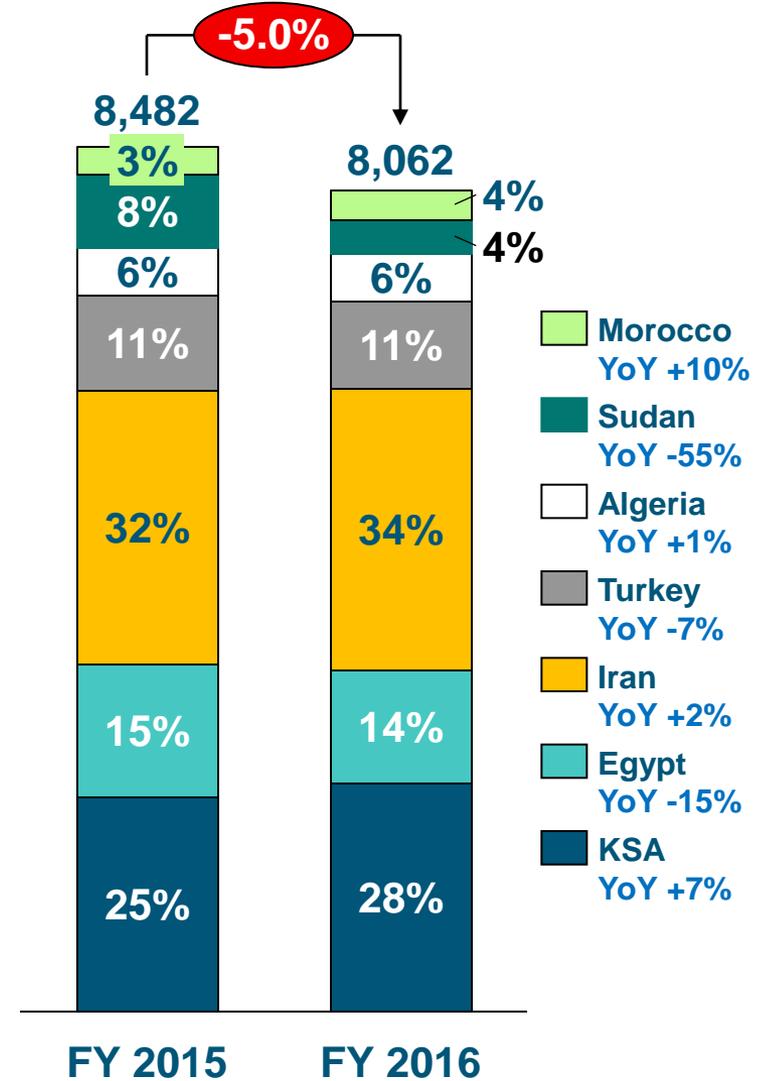
FOODS – OIL SEGMENT ANALYSIS

SAR Mn

Volume (MT 000)



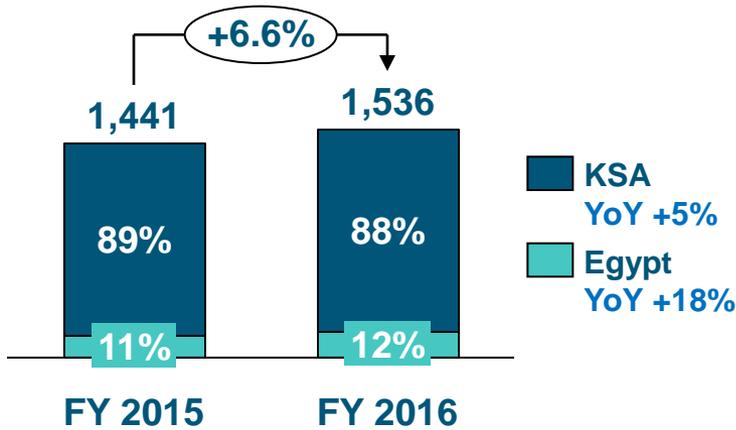
Revenues



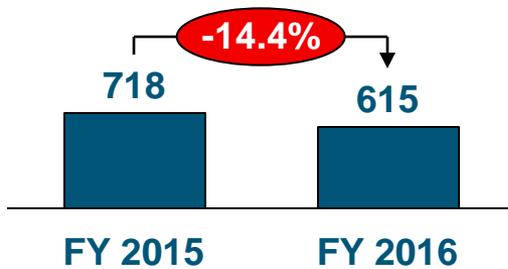
FOODS – SUGAR SEGMENT ANALYSIS

SAR Mn

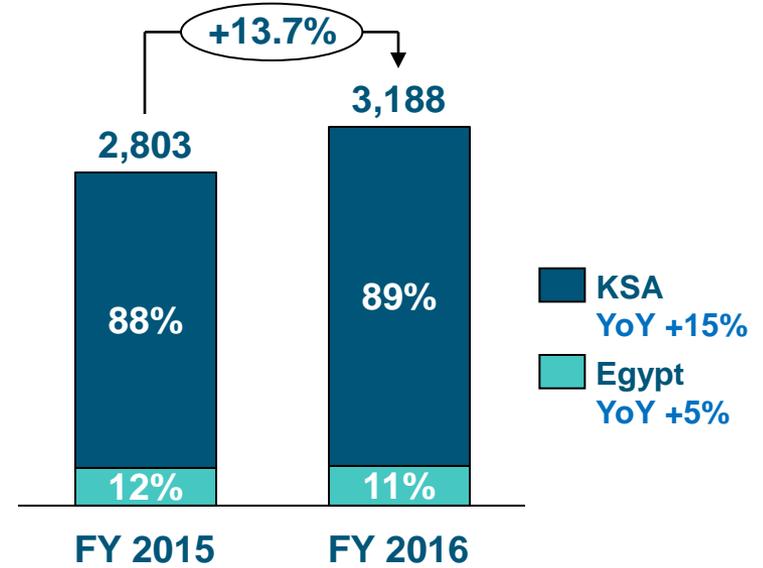
Volume (MT 000)*



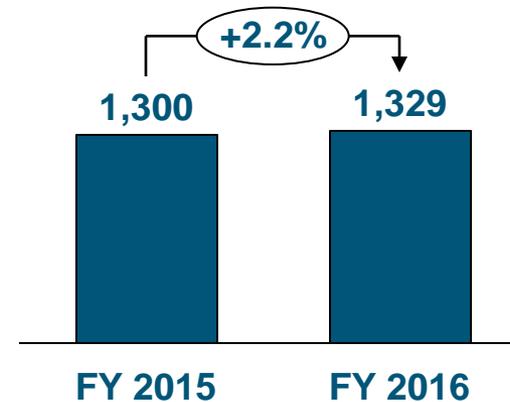
USCE Volume (MT 000)



Revenues*



USCE Revenues



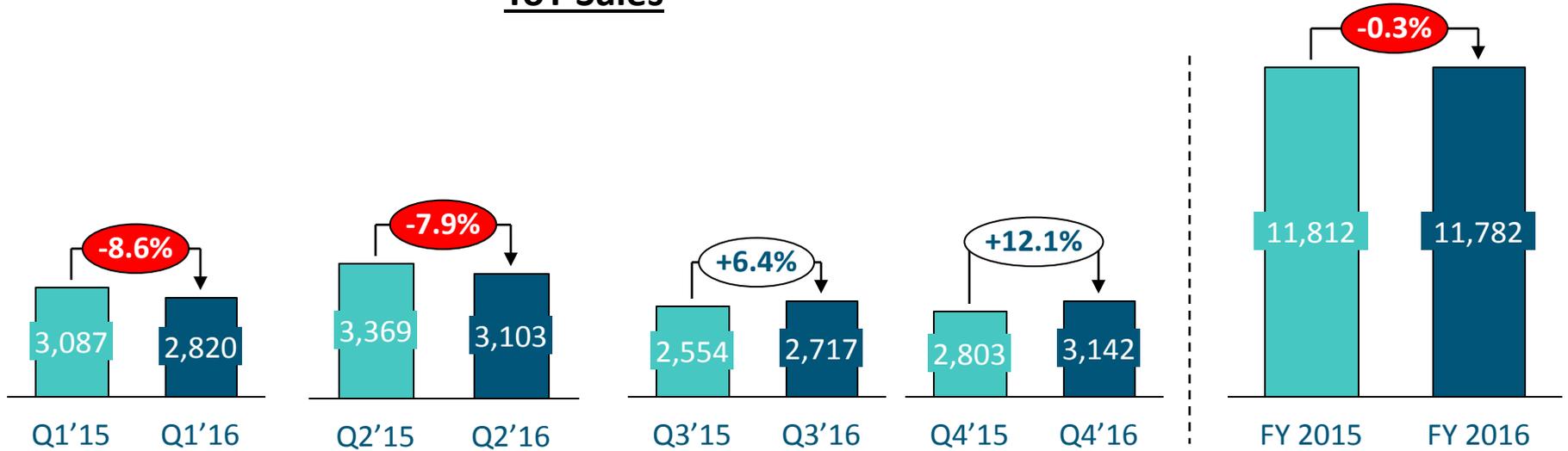
* Excluding USCE which is categorized as AFS and shown separately

FOODS – FINANCIALS HIGHLIGHTS

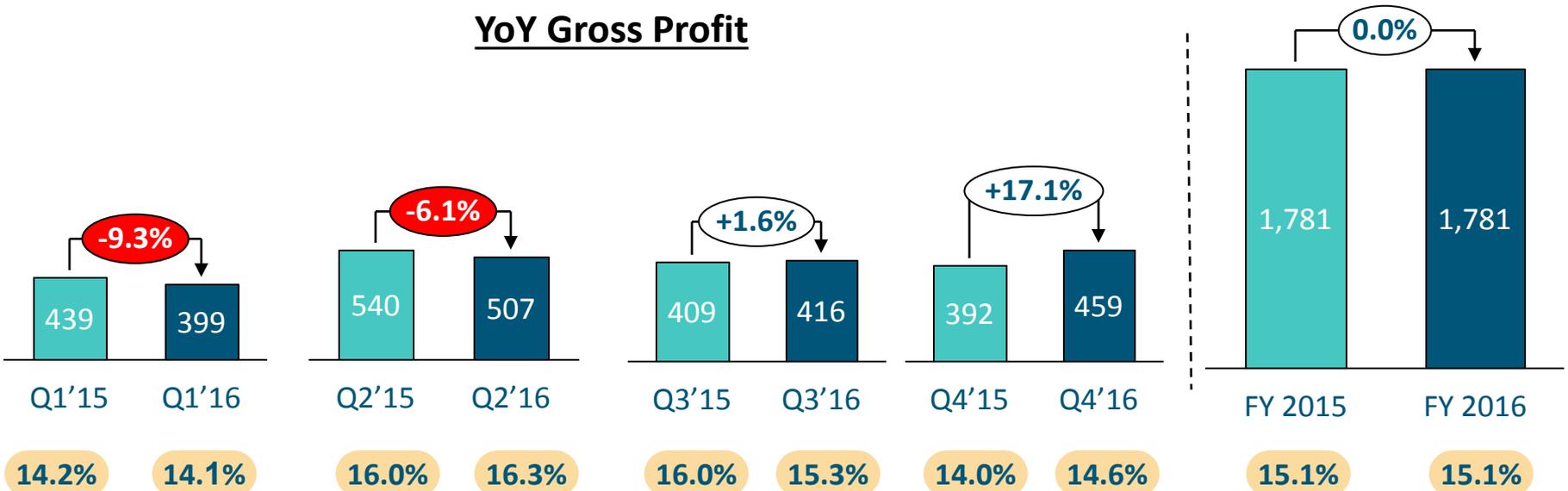
SAR Mn

○ Growth ● Margin

YoY Sales



YoY Gross Profit

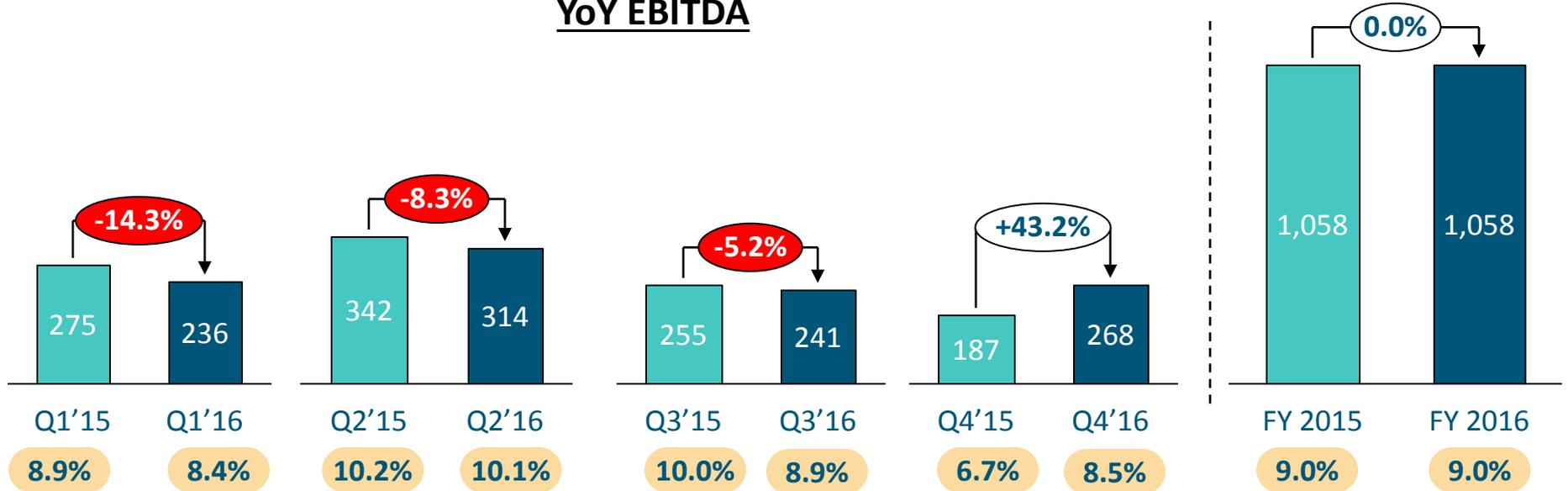


FOODS - FINANCIALS

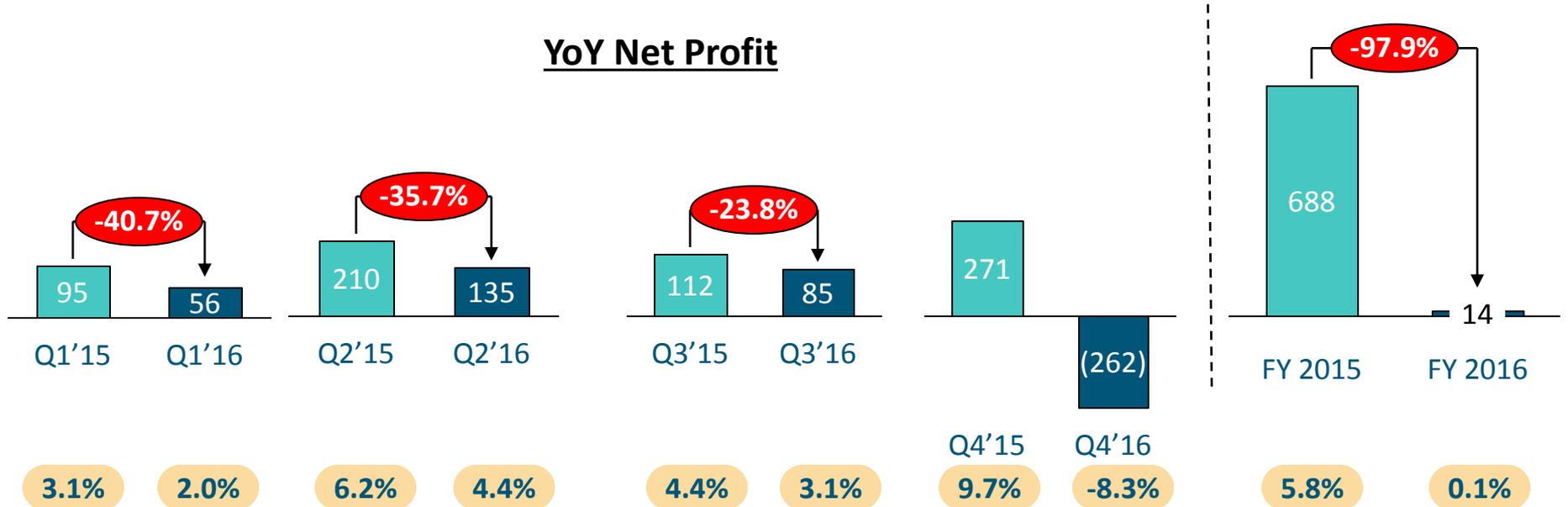
SAR Mn

○ Growth ● Margin

YoY EBITDA



YoY Net Profit





FINANCIAL SUMMARY



FINANCIALS – FY 2016

(all figures are in SAR millions)

Segment Wise Financials										
	FY - 2016					FY - 2015				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Savola Foods										
Oil-Mature Markets	6,965	1,316	687	380	764	7,021	1,335	737	544	806
Oil-Start-up Markets*	1,097	116	40	28	53	1,461	224	112	82	128
Total Oil	8,062	1,432	727	408	818	8,482	1,559	849	626	934
Sugar	3,188	231	48	(387)	160	2,803	106	(60)	21	47
Pasta	532	118	62	(7)	80	527	116	59	40	77
Total Foods	11,782	1,781	838	14	1,058	11,812	1,781	848	688	1,058
Retail										
KSA	13,134	2,579	(700)	(770)	(244)	13,210	3,183	191	145	556
Overseas	341	65	(2)	(2)	3	323	61	2	1	6
Total Retail	13,475	2,644	(702)	(773)	(241)	13,533	3,245	193	146	562
Real Estate	0	0	(55)	(55)	(55)	0	0	20	20	20
Herfy	0	0	105	105	105	0	0	101	101	101
Al Marai	0	0	762	762	762	0	0	698	698	698
HQ/Elimination/Impairments	(248)	(0)	(112)	(505)	(69)	(219)	0	(75)	139	(76)
Total	25,008	4,425	835	(451)	1,560	25,126	5,025	1,785	1,792	2,363
Adjustments										
Non-Core Impairments				272						
Foods Impairments				245						
Retail Inventory Reduction				343						
Capital gains									(304)	
Foods FX Losses				374					86	
Pandati Closures				33						
Others				(6)					(94)	
Adjusted Profit				810					1,480	

* Start-up markets include Algeria, Morocco and Sudan