

Focusing Delivering Growing



مجموعة صافولا
The Savola Group

Agenda...



Overview

**Our Businesses:
Current Position &
Future Direction**

Financials

Intangibles

History – Key Development Stages



- Established with a paid up capital of SR 40m

1978

- Obtained 70% of Saudi edible oil market



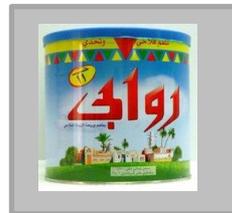
1990



- Started Jeddah Plastics factory
- Acquired 40% stake in Almarai

1991

- Established edible oil refinery in Egypt



1992



- Entered sugar refining business in KSA

1997

- Entry into retail sector through merger with Azizia Panda



1998



- Entered oil business in Iran (Acquisition), Morocco (Greenfield), Sudan (Greenfield), Kazakhstan (Acquisition)

2004

- Formed Kinan in 2005 and disposed 70% stake in 2006



2005/06

History – Key Development Stages



- Started sugar and oil commercial production in Egypt and Algeria, resp.
- Acquired oil business in Turkey
- Acquisition of Giant Stores by Panda
- Panda established 1st DC in Riyadh



- Acquired Pasta business in Egypt, the largest acquisition made by Savola Foods
- Launched Sweeva Sweetener



- Issued Sukuk worth SAR 1.5 bln, first tranche of SAR 5 bln program
- Purchased Al-Muhaidib's stakes in SFC (10%) and APU (18.6%) by issuing 6.79% new shares in Savola

2008

2009

2011

2012

2013

- Acquisition of Géant operation in KSA by Panda (10 hypermarkets and 1 supermarket)



- Completed construction of beet sugar plant in Egypt
- Launch of Afia olive oil in KSA
- Panda signed agreement for 2nd DC in KAEC



- Made the largest investment of SAR 2 bln by acquiring additional stake of 6.5% in Almarai



History – Key Development Stages



Today

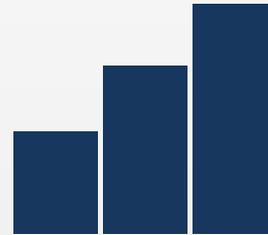


**Savola Group is one of the top Food, Retail and
Plastics Packaging player in the MENA region
with leading brands**

Key Facts



Around **23,800**
Employees



Net Sales of **SAR**
26.4 bln in 2013



Countries of
Operations: 8+



Market
capitalization of
SAR 42.9 bln
(as of 22nd July 2014)

Our Businesses



Foods

(Edible Oils, Sugar, Pasta)
Revenue SAR 14.6 bln



Retail

(Hypermarkets & Supermarkets)
Revenue SAR 10.9 bln



Investments

(Strategic and Non-core)
Value of over SAR 18 bln



Plastics

(Rigid & Flexible)
Revenue SAR 1.1 bln

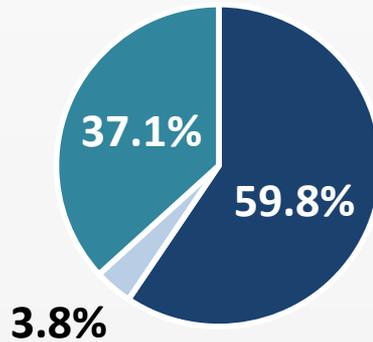




Revenue by Sector

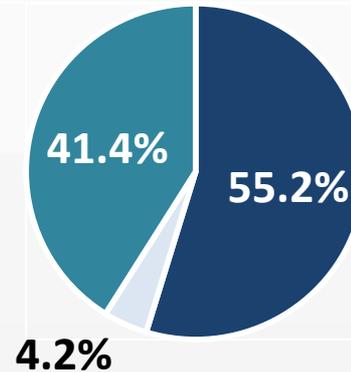
Total: SAR 27 bln

2012



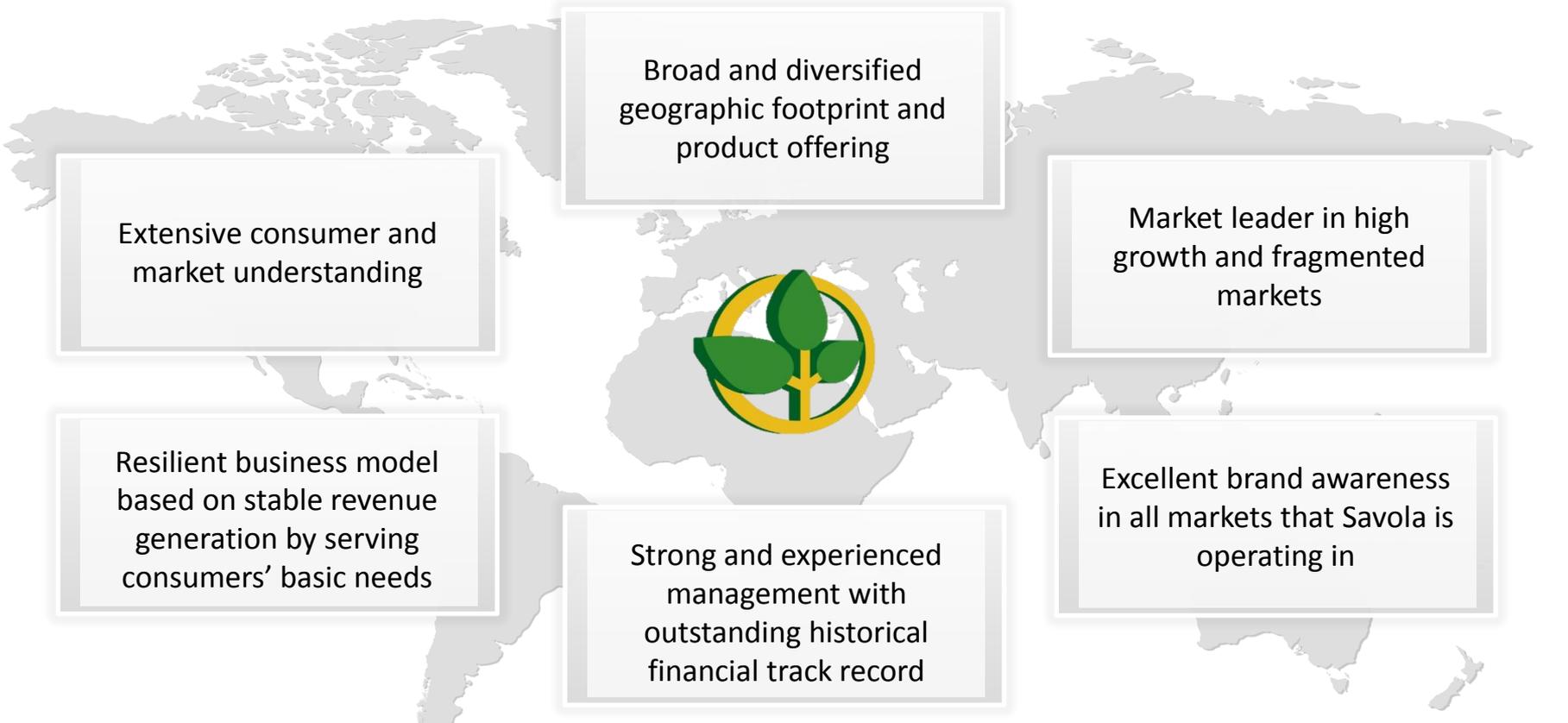
Total: SAR 26 bln

2013



- Foods
- Plastics
- Retail

Our Key Strengths



Broad and diversified
geographic footprint and
product offering

Extensive consumer and
market understanding

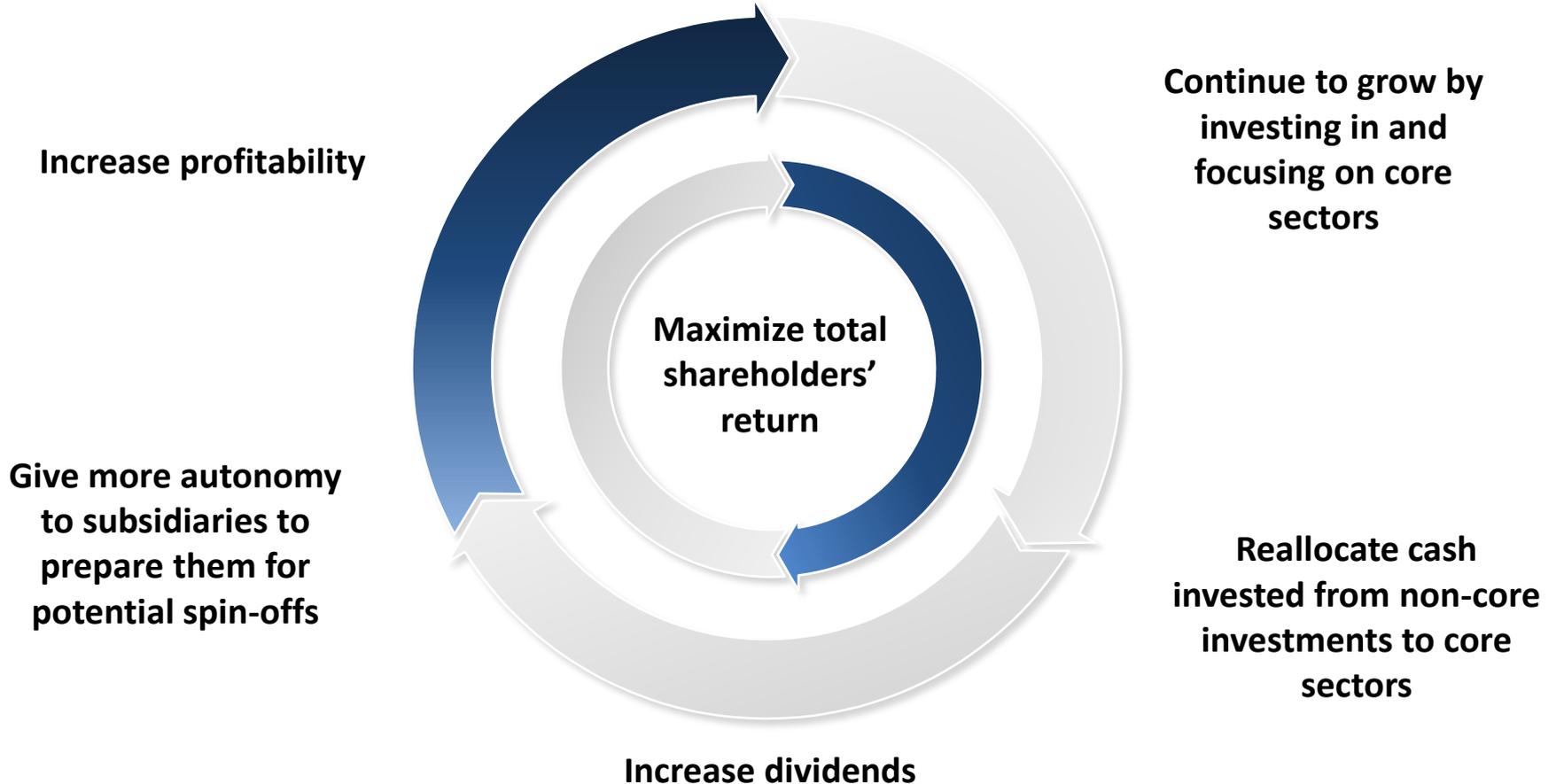
Market leader in high
growth and fragmented
markets

Resilient business model
based on stable revenue
generation by serving
consumers' basic needs

Strong and experienced
management with
outstanding historical
financial track record

Excellent brand awareness
in all markets that Savola is
operating in

Our Goals





2

Our Businesses

Current Position & Future Direction

1



Savola Foods

Oil Value Chain



Raw materials



Palm oil



Corn oil



Sunflower oil



Soya oil

Refining



Packaging



Offering

B2B/ Export

B2C

Brands and market positions

KSA, GCC & Yemen

#1

Afia, Al Arabi, Shams, Olite, Nakheel, Dalal

Egypt

#1

Rawabi, Afia, Ganna, Slite, Helwa

Iran

#1

Ladan, Aftab, Bahar

Turkey

#1

Yudum, Sirma

Sudan

#1

Sabah, Al Tayeb

Algeria

#2

Afia, Elio

Morocco

#3

Afia, Hala

Sugar Value Chain



Raw materials



Raw Cane
Sugar

91%



Beet

9%

Refining



Offering

B2B/ Export

B2C

Beet sugar plant is completed and started operations in Q1 2014

Brands and market positions

KSA, GCC &
Yemen

#1

Al Osra, Ziadah, Safaa, Nehar, Halla,
Sweeva

Egypt

NA

Al Osra

Pasta Value Chain



Raw materials



Wheat

100%

Processing



Offering

Unbranded

Branded

Brands and market positions

Egypt

#1

Maleka, Italiano

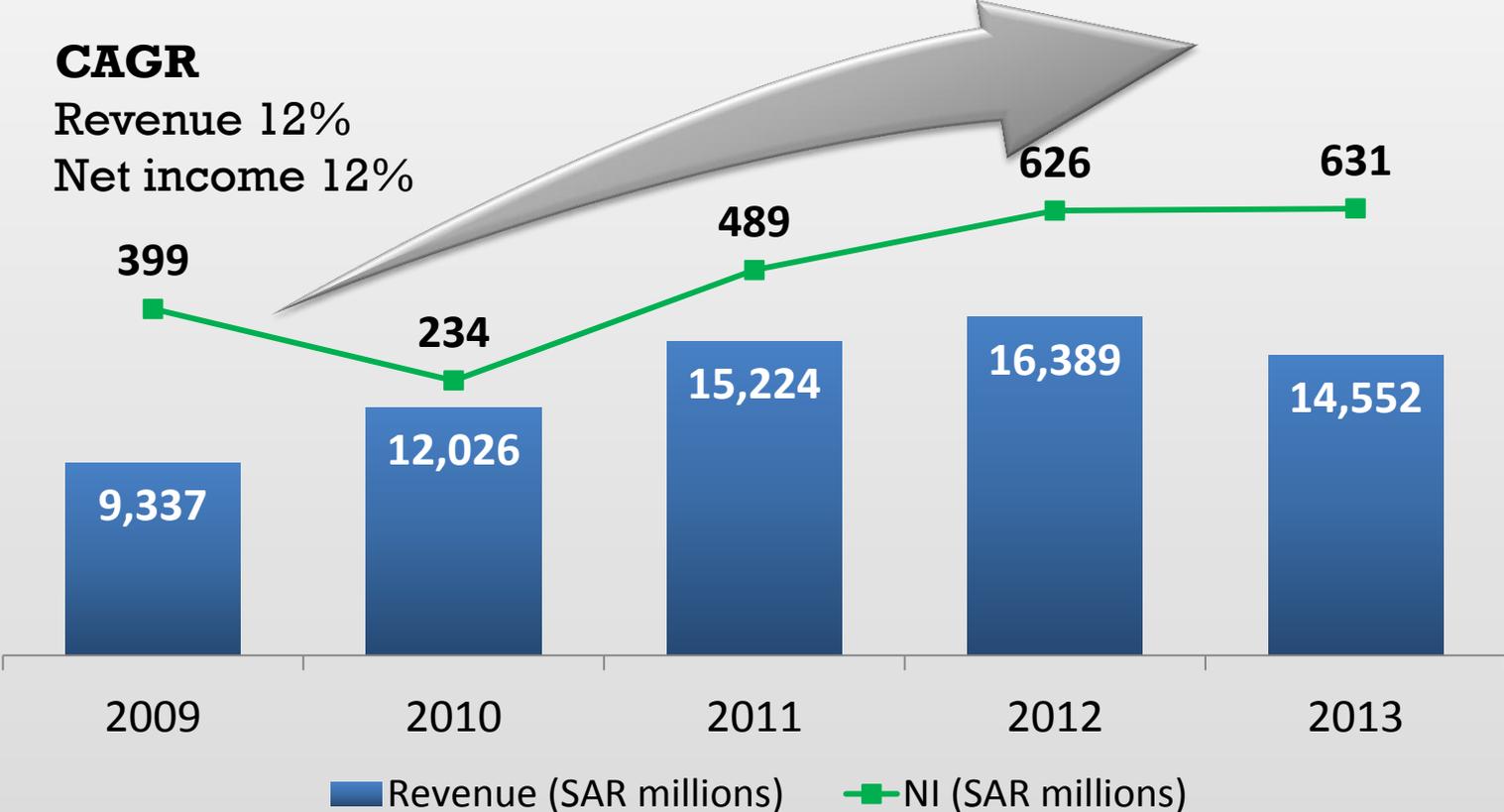
Financial Performance



CAGR

Revenue 12%

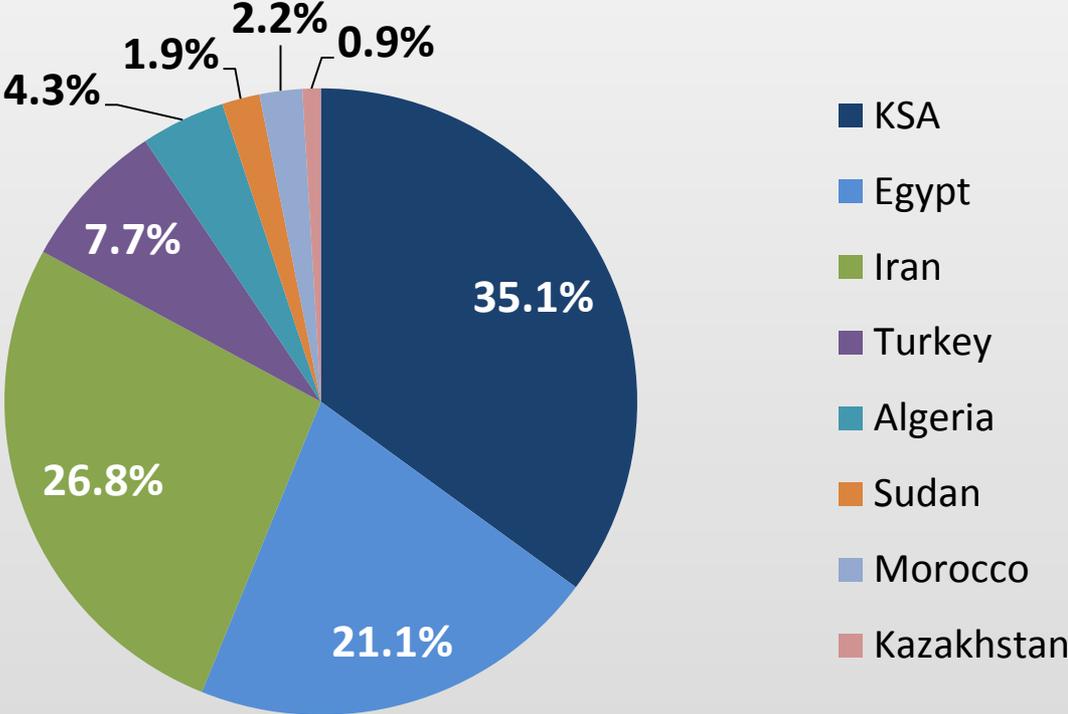
Net income 12%



Revenue Breakdown



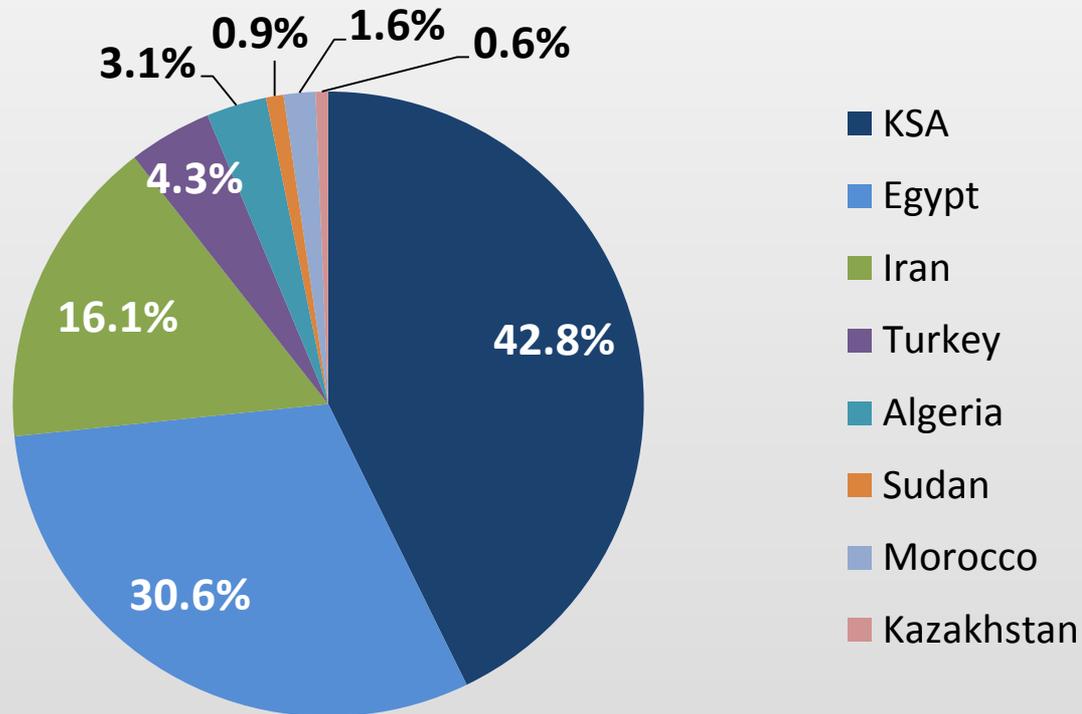
SFC Revenue Breakdown by Geography, 2013 (Total: SAR 14.6 bln)



Volume Breakdown



SFC Total Sales Volume by Geography, 2013 (Total: 3.6 mln MT)

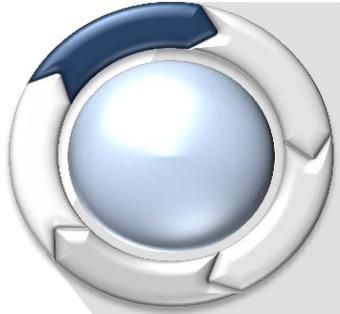


Strategic Growth Drivers



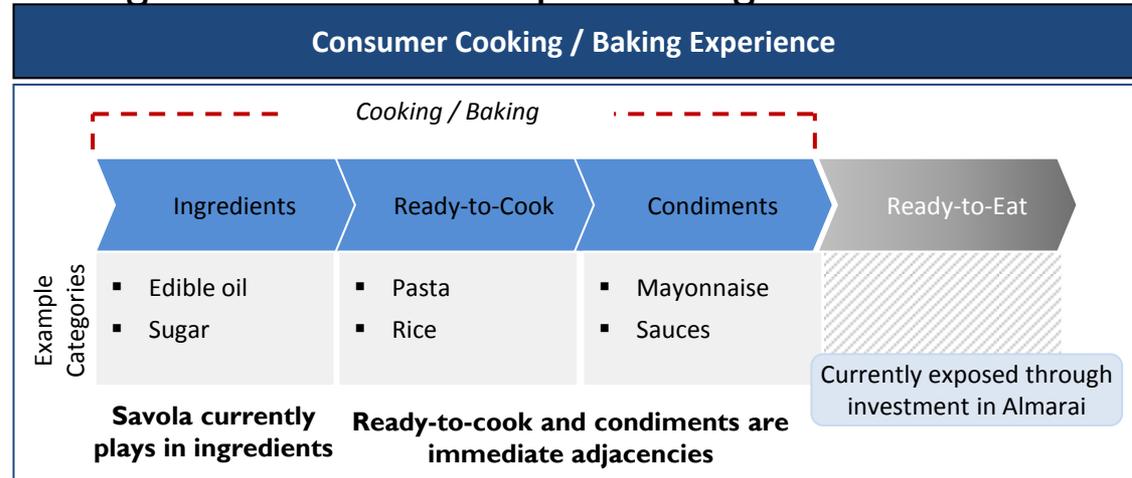
Mission is to enrich consumer cooking experience by developing ingredient solutions

Strategic Growth Drivers



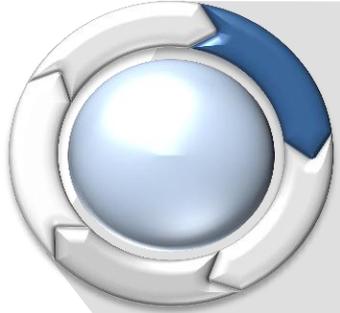
1) Diversification of product segments

- Enter into adjacent and complementary new product categories
- Targeting new retail and wholesale customers to drive revenue growth and enhance profit margins



Total estimated profit pool of around SAR 1.5 billion in the adjacent categories

Strategic Growth Drivers



2) Leveraging the value of existing brands

- Enhance economies of scale in marketing and advertising
- Facilitate establishing a foothold in new markets



KSA



Turkey



Iran



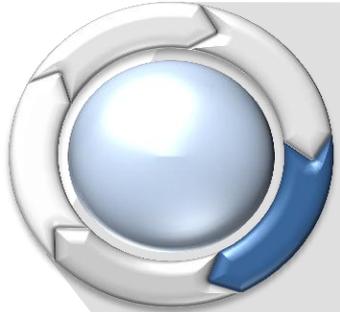
Egypt



Others



Afia and Ladan have been used as umbrella brands



3) Organic growth

- Large population base with high disposable incomes to drive consumption of basic commodities
- Exports to neighboring countries

Total base for countries where Savola Food operates

- Population: 380 million
- Population Growth (2013): 1.5%
- Edible Oil Consumption: 8.2 million MT
- Sugar Consumption: 12.4 million MT

Strategic Growth Drivers



 **KSA** 1

- Population: 30.0 mln
- Population Growth (2013): 1.9%
- GDP Growth: 3.6%
- Edible Oil Consumption: 604,200 MT
- Sugar Consumption: 1.2 mln MT

 **Egypt** 2

- Population: 86.1 mln
- Population Growth (2013): 1.6%
- GDP Growth: 1.8%
- Edible Oil Consumption: 1.9 mln MT
- Sugar Consumption: 2.8 mln MT

 **Turkey** 3

- Population: 76.7 mln
- Population Growth (2013): 1.2%
- GDP Growth: 3.8%
- Edible Oil Consumption: 2.2 mln MT
- Sugar Consumption: 2.3 mln MT

 **Sudan** 7

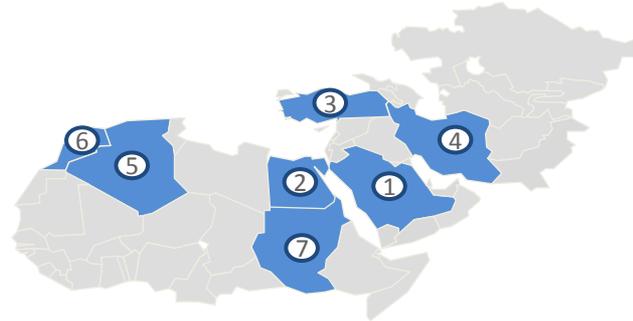
- Population: 38.0 mln
- Population Growth (2013): 2.1%
- GDP Growth: 3.9%
- Edible Oil Consumption: 421,500 MT
- Sugar Consumption: 1.3 mln MT

 **Iran** 4

- Population: 77.3 mln
- Population Growth (2013):
- GDP Growth: -1.5%
- Edible Oil Consumption: 1.8 mln MT
- Sugar Consumption: 2.5 mln MT

 **Morocco** 6

- Population: 33.2 mln
- Population Growth (2013): 1.4%
- GDP Growth: 5.1%
- Edible Oil Consumption: 621,900 MT
- Sugar Consumption: 750,000 MT



 **Algeria** 5

- Population: 38.7 mln
- Population Growth (2013): 1.8%
- GDP Growth: 3.1%
- Edible Oil Consumption: 675,000 MT
- Sugar Consumption: 1.5 mln MT

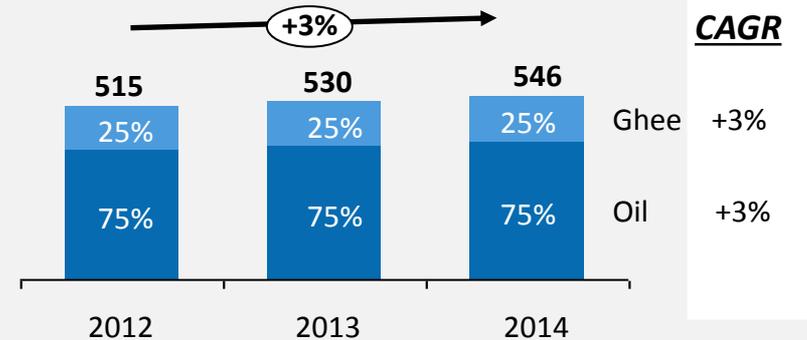
Strategic Growth Drivers



Export potential to neighbouring countries

- For example Iraq
- Fragmented market with no sophisticated player
- Proximity to Jeddah plant
- Brand awareness of Afia
- Branding capabilities and know how

Example: Iraq Oils & Fats Volume (in '000 Tons)



Illustrative purposes only

Large and fragmented markets with no sophisticated player

Strategic Growth Drivers



4) Selective upstream integration

	Description	Markets (% seeds locally produced)
Net Exporter Markets	<ul style="list-style-type: none"> Local farming larger than local consumption Government incentives aligned to favor exports 	<ul style="list-style-type: none"> Malaysia (387%) United States (87%) Indonesia (400%) Argentina, Brazil
Origination Markets	<ul style="list-style-type: none"> Local farming substantial but countries still relies on imports to meet demand Government incentives aligned to protect local farmers 	<ul style="list-style-type: none"> Croatia (56%) India (47%) Turkey / Kazakhstan (40 - 50%) Sudan (60%)
Destination Markets	<ul style="list-style-type: none"> Little to no local farming industry exists Government encourages imports to secure appropriate level of supply and to protect consumer prices Competition is from local players 	<ul style="list-style-type: none"> Egypt (15%) Arabia (0%) Iran (15%) Morocco / Al (below 5%)

Limited Upstream integration in Sudan and Egypt

Selected upstream integration in Sudan and Egypt

Strategic Growth Drivers



5) Strategic M&A

Food Categories in GCC

	Total packaged food market	Overlapping with Savola / Almarai businesses	Other Categories
<i>Total B2C market size</i>	SAR 80 bln	SAR 46 bln	SAR 34 bln
<i>Number of Categories</i>	52	28	24
<i>Profit Pool (Gross Profit)</i>	SAR 22 bln	SAR 12 bln	SAR 10 bln

For illustrative purposes only

Large profit pool where Savola is not currently present

2

هايپر بينده
HyperPanda

بينده
Panda



**Azizia Panda United
Company**

Retail Value Chain



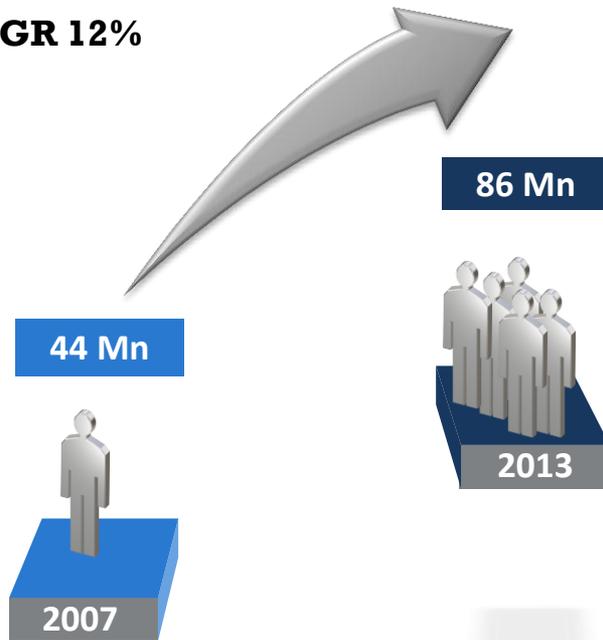
Present across KSA with exceptional distribution network

Key Facts



Customer Count

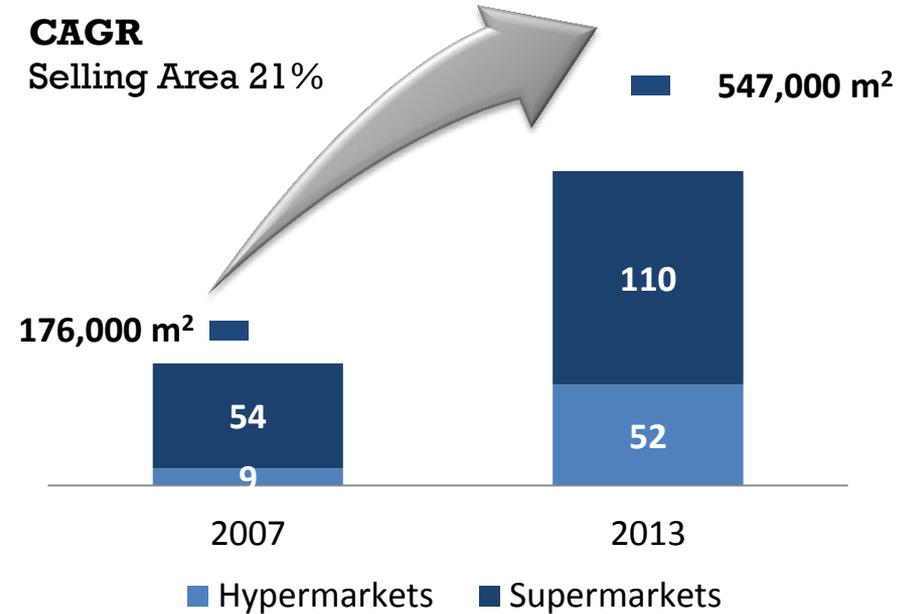
CAGR 12%



Number of Stores and Selling Area

CAGR

Selling Area 21%



Panda also started the convenience store format in 2013 and opened 23 stores during the year in KSA

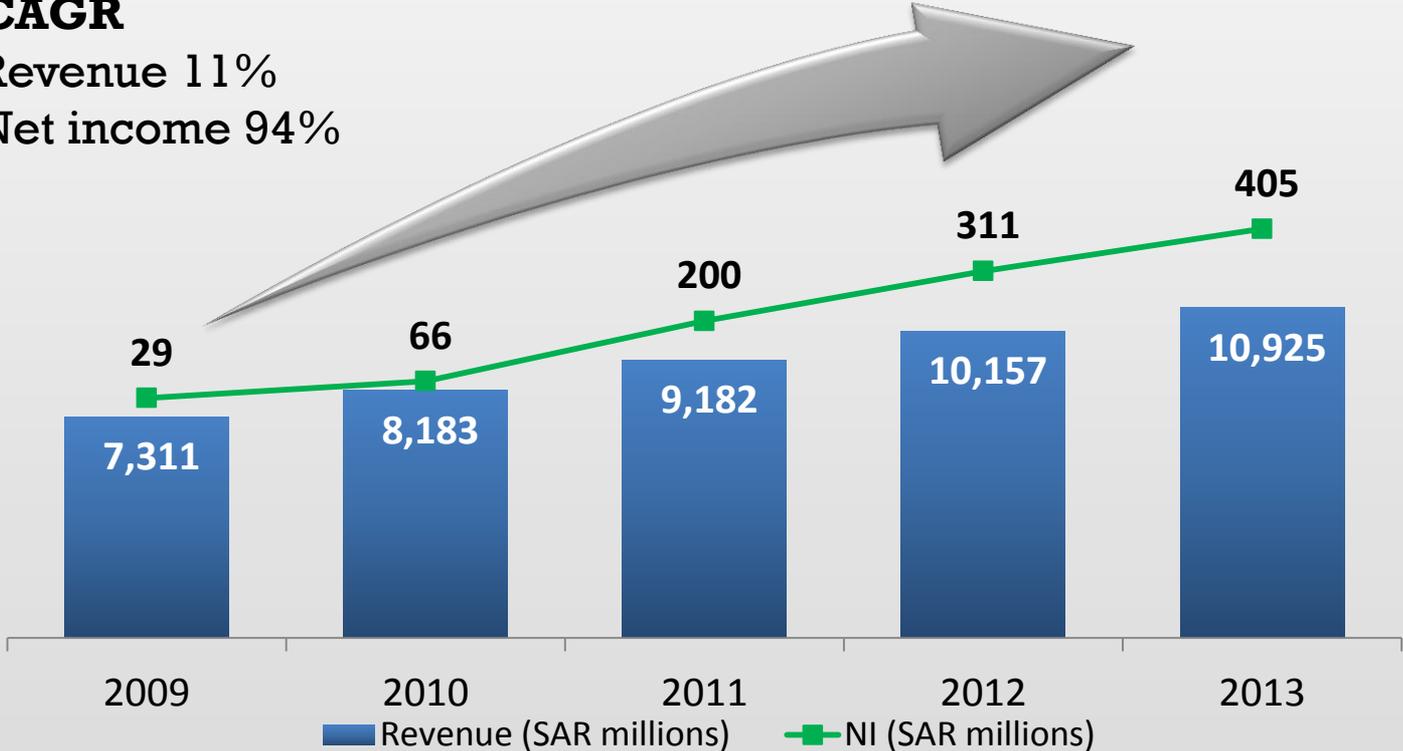
Financial Performance



CAGR

Revenue 11%

Net income 94%



Strategic Growth Drivers



1
Organic
growth

2
Adapting to
the demands
of
customers

3
State of the
art
Distribution

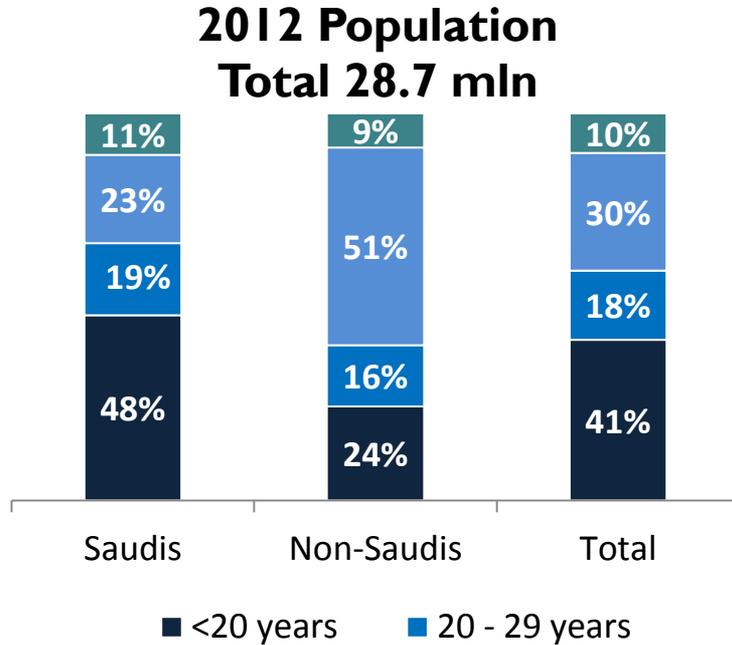
4
Expansion of
non-food
lines

5
Expansion of
Panda
branded
product
lines

6
New retail
formats

Our vision is to be the number 1 mass market retailer in the region

Strategic Growth Drivers



1
Organic
growth

- **Total population** is expected to reach 32.8 mln by 2016
- **59% of total population is below 30** years of age, of which 50% are females

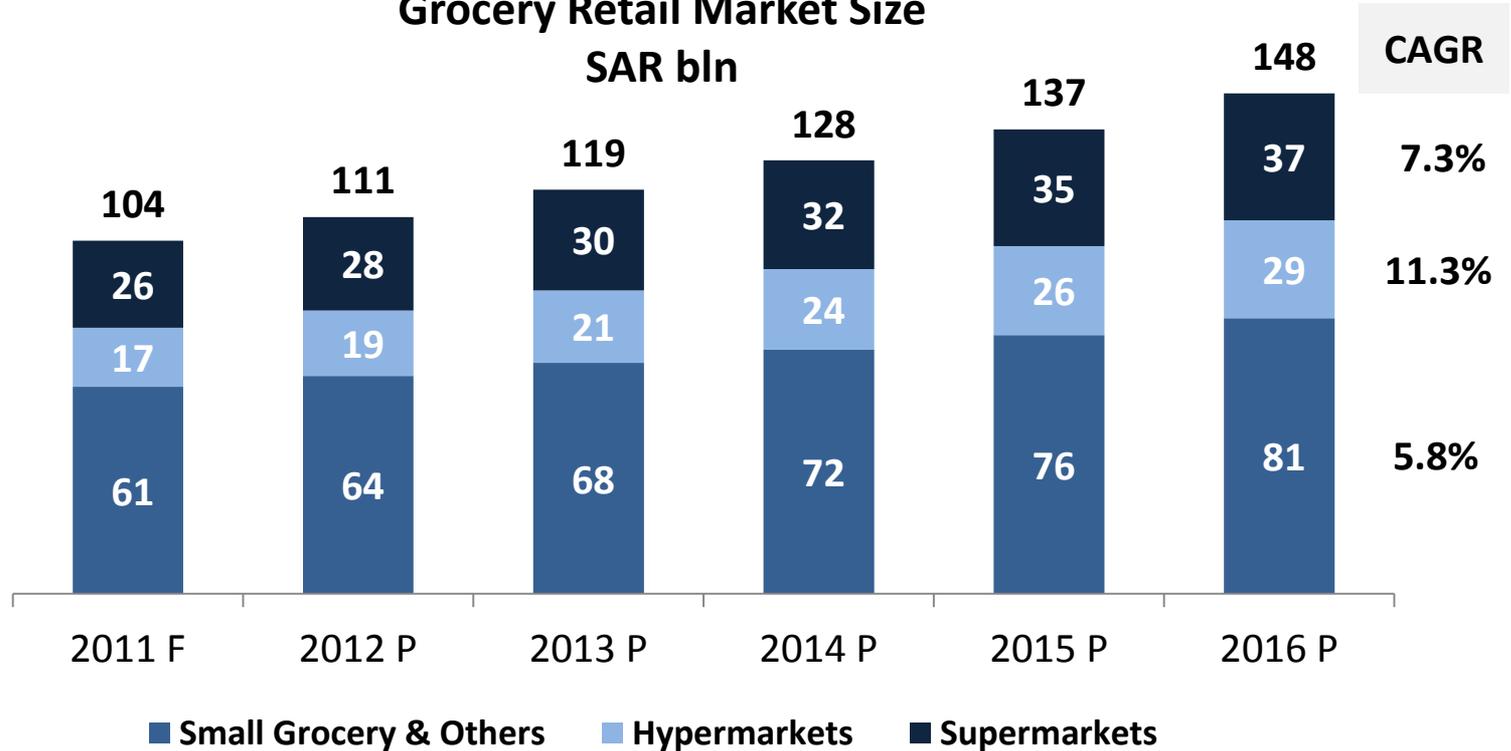
- 23% more **married couples** (11.9 mln) by 2020
- **Family size** has declined (9.3 in 1970s to around 5.3 now)

Large and young population expected to drive modern retail demand

Strategic Growth Drivers



Grocery Retail Market Size
SAR bln



Modern retail share out of the total grocery retail is expected to increase

Strategic Growth Drivers



2
Adapting
to the
demands
of
customers

- Panda ranked # 1 in lowest cost of shopping by offering the best prices to customers and special offers
- It continues to have good value for money and lowest prices compared to competitors



Meeting customers' needs is our priority

Strategic Growth Drivers



3
State of the
art
Distribution

- Distribution center (DC) in Riyadh:
 - Largest DC in the region
 - Built up area of around 92,500 m²
 - Super flat floors
- Setting up 2nd DC in KAEC with built up area of over 98,000 m²
- Second largest fleet size in KSA with 454 vehicles



Excellent distribution network provides ability to be a national player

Strategic Growth Drivers



Panda has formulated a long-term strategy to increase the non-food sales

4

Expansion
of non-
food lines



Increase in non-food sales mix will improve overall margins

Strategic Growth Drivers



Panda plans to increase the range of “Panda” branded products



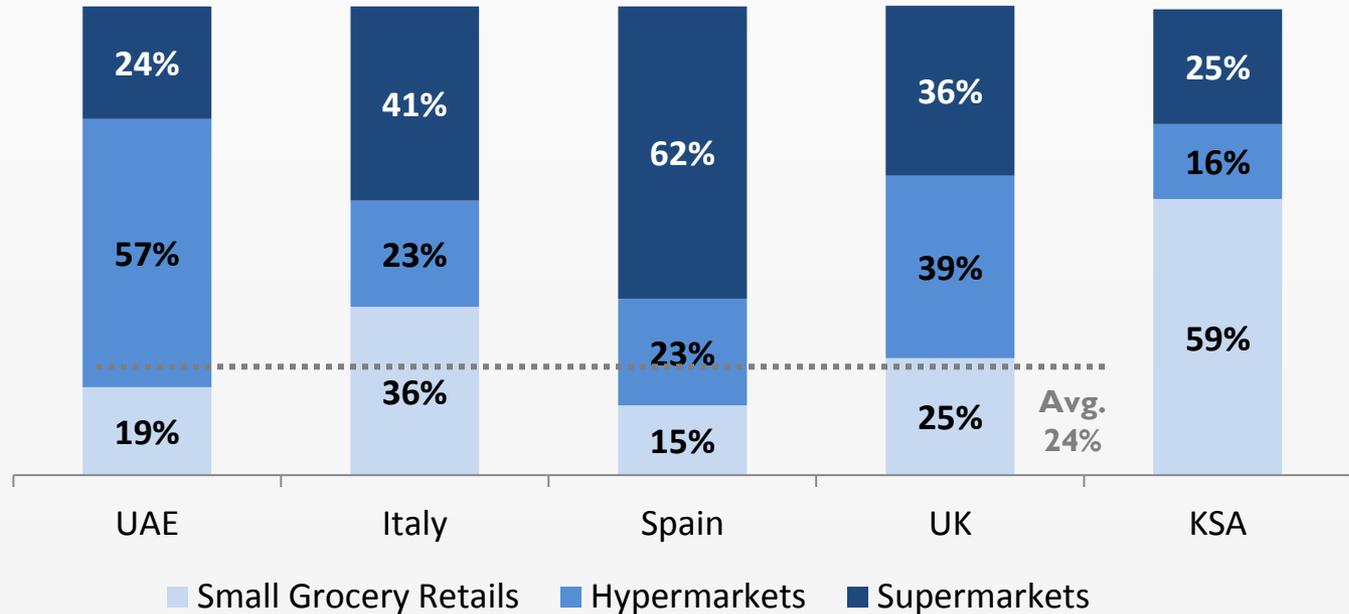
5
Expansion
of Panda
branded
product
lines

Increase in private label sales mix will improve overall margins

Strategic Growth Drivers



Modern grocery formats underpenetrated



6
New
retail
formats

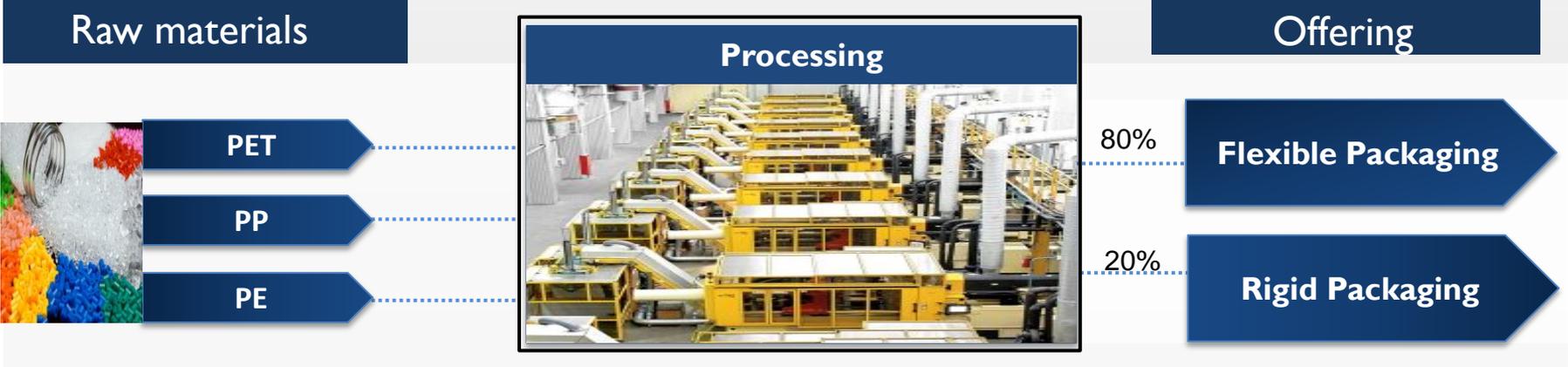
Panda entered into convenient store format with the brand name “My Panda”

3



Savola Packaging Systems

Plastics Value Chain

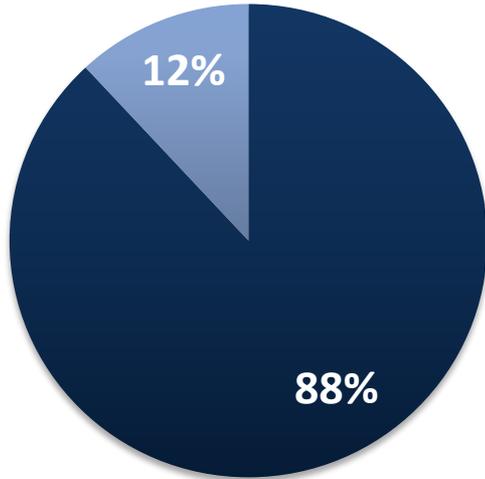


Flexible packaging	Food		Home		Other	
Rigid Packaging	PET bottles		HDPE bottles		Others	

Key Facts



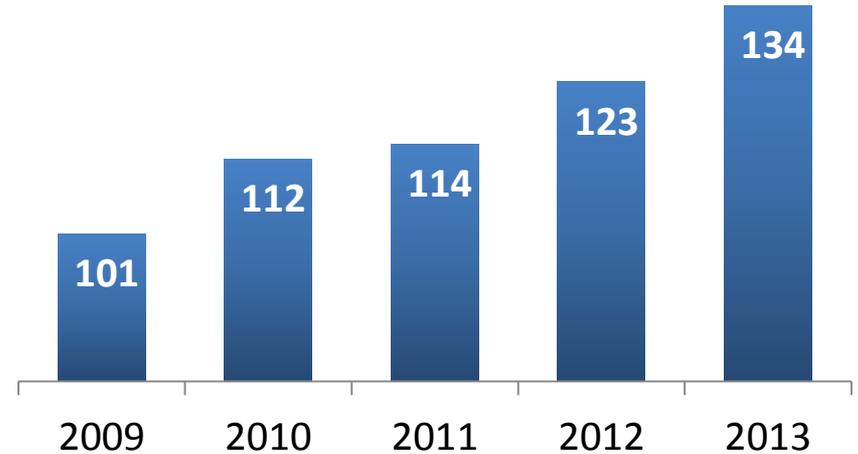
SPS Volume Sales by Geography, 2013
(Total: 134,000 MT)



■ KSA

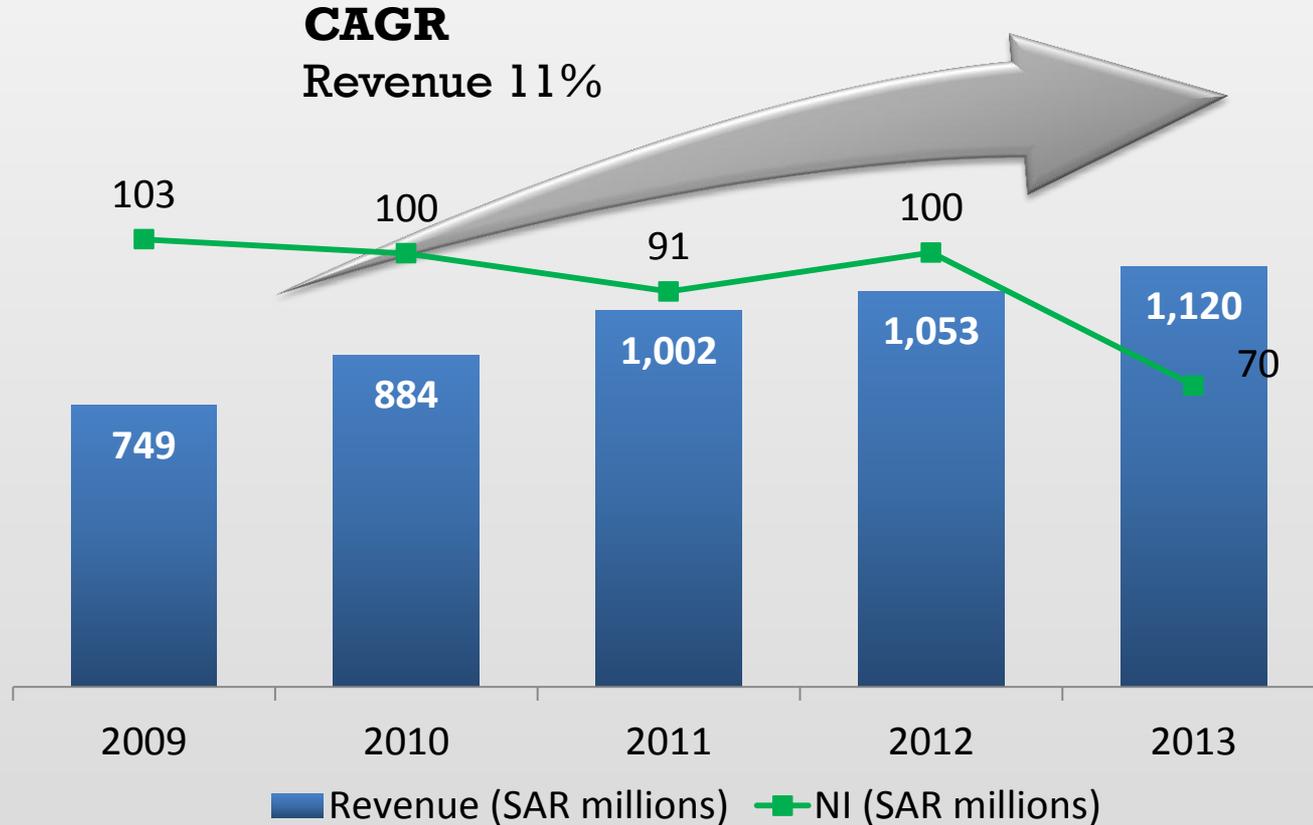
■ Egypt

SPS Volume Growth
(‘000 MT)



Savola Plastics operates in 2 countries (KSA and Egypt) and exports to 35 countries

Financial Performance



Strategic Growth Drivers

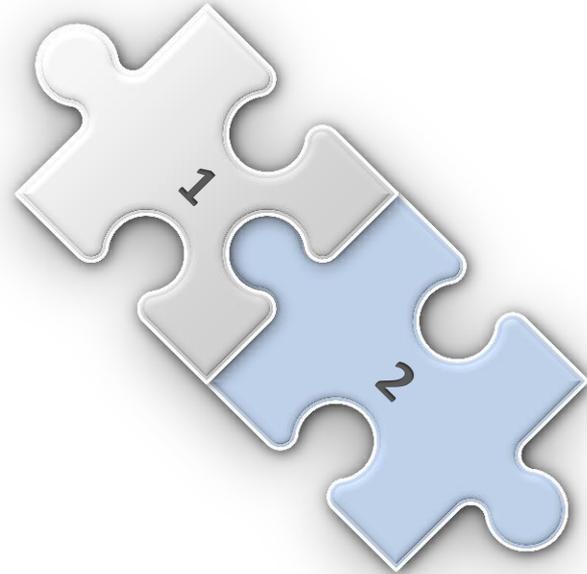


Organic growth

- Push organic sales in KSA and Egypt
- Increase primary flexible packaging in KSA and enter flexible packaging in Egypt

Export to Europe

- Leverage on cost advantage to grow stretch film business in European markets



Also, consolidate industry in KSA and Egypt through M&A

Strategic Growth Drivers



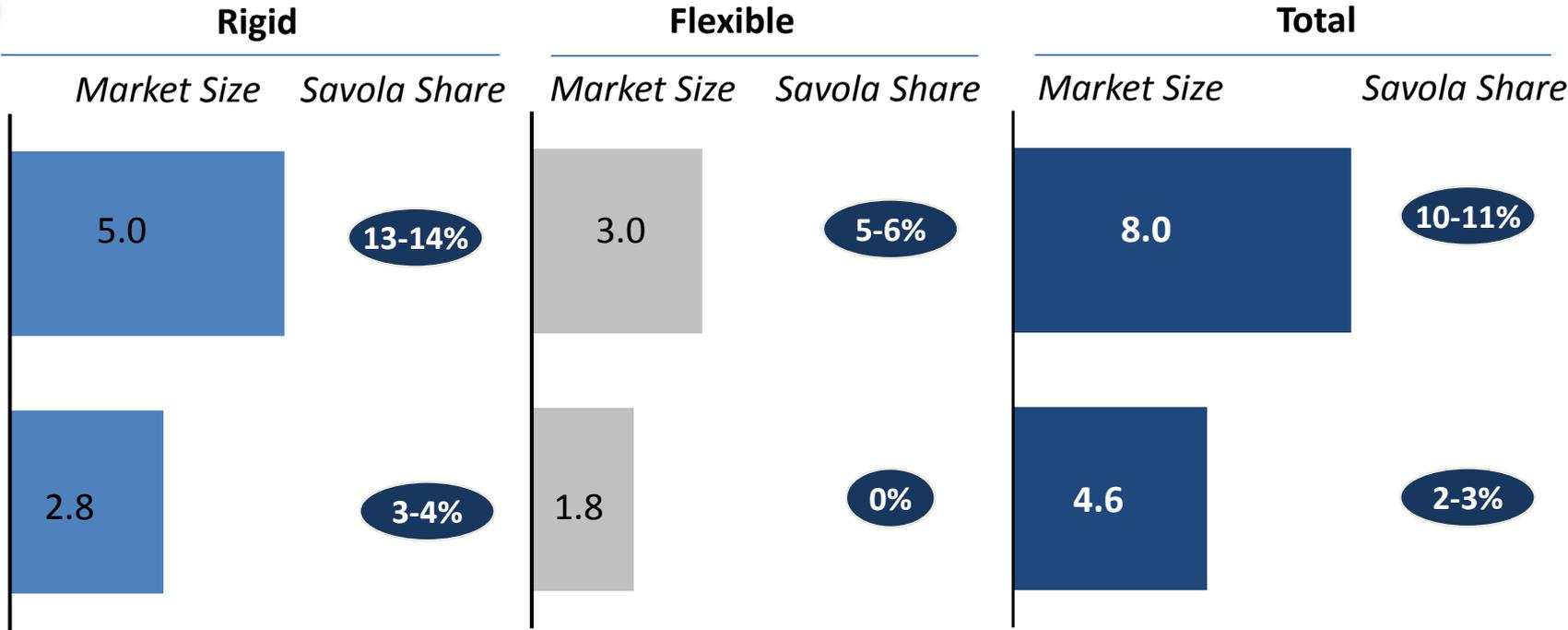
Market size (SAR blns) and Savola market share (%)



KSA



Egypt



Savola Plastics is dominant in the food and beverage businesses

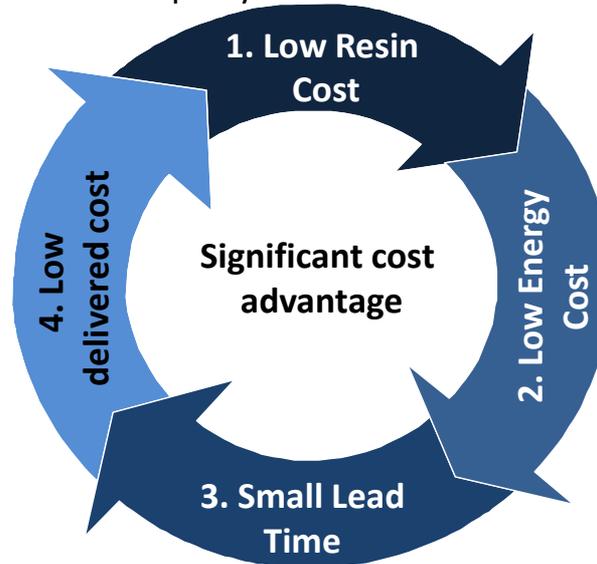
Strategic Growth Drivers



Total market of around 1.8 mln tonnes in Europe for plastic film



Basic raw material prices higher in Europe by around 15-20%



Total delivered cost from KSA to Europe is less by 10-20% for film as compared to European players

Electricity cost in KSA is less by around 25% as compared to Europe

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

KSA and Egypt have significant cost advantage over European players

4



Savola Investments

Strategic Investments



Investment	Net profit 2013 (SAR mlns)	Ownership as of 31 Dec. 2013	Market value* of Savola holdings (SAR mlns)
Almarai	1,502	36.52%	15,939
Herfy	191	49%	2,377
Kinan/ Masharef	196	29.9%	NA

*Market value as of 22nd July 2014

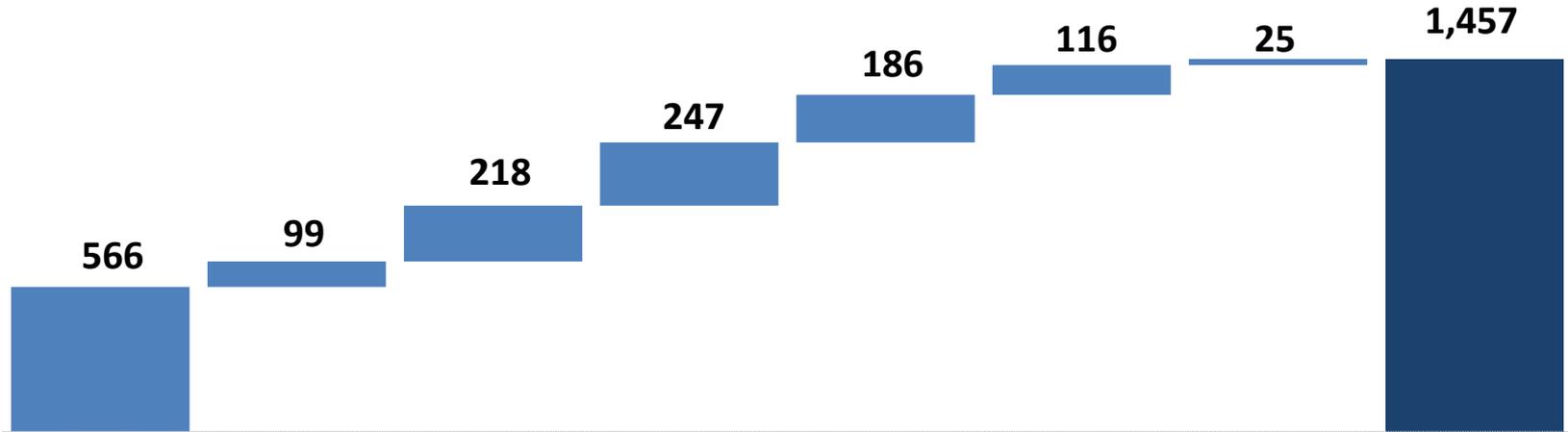
Investments which are complimentary to the Group's core operating sectors

Non-core Investments



All numbers are in SAR millions

All book values as of 31st December



KEC

EEC

Mutoun

Intaj

Jousour

Swicorp

Other

Total

Listed

Un-listed

% Ownership

11.4%

0.88%

80%

50%

15%

15%

Non-core investments to be exited overtime

Investments Strategy



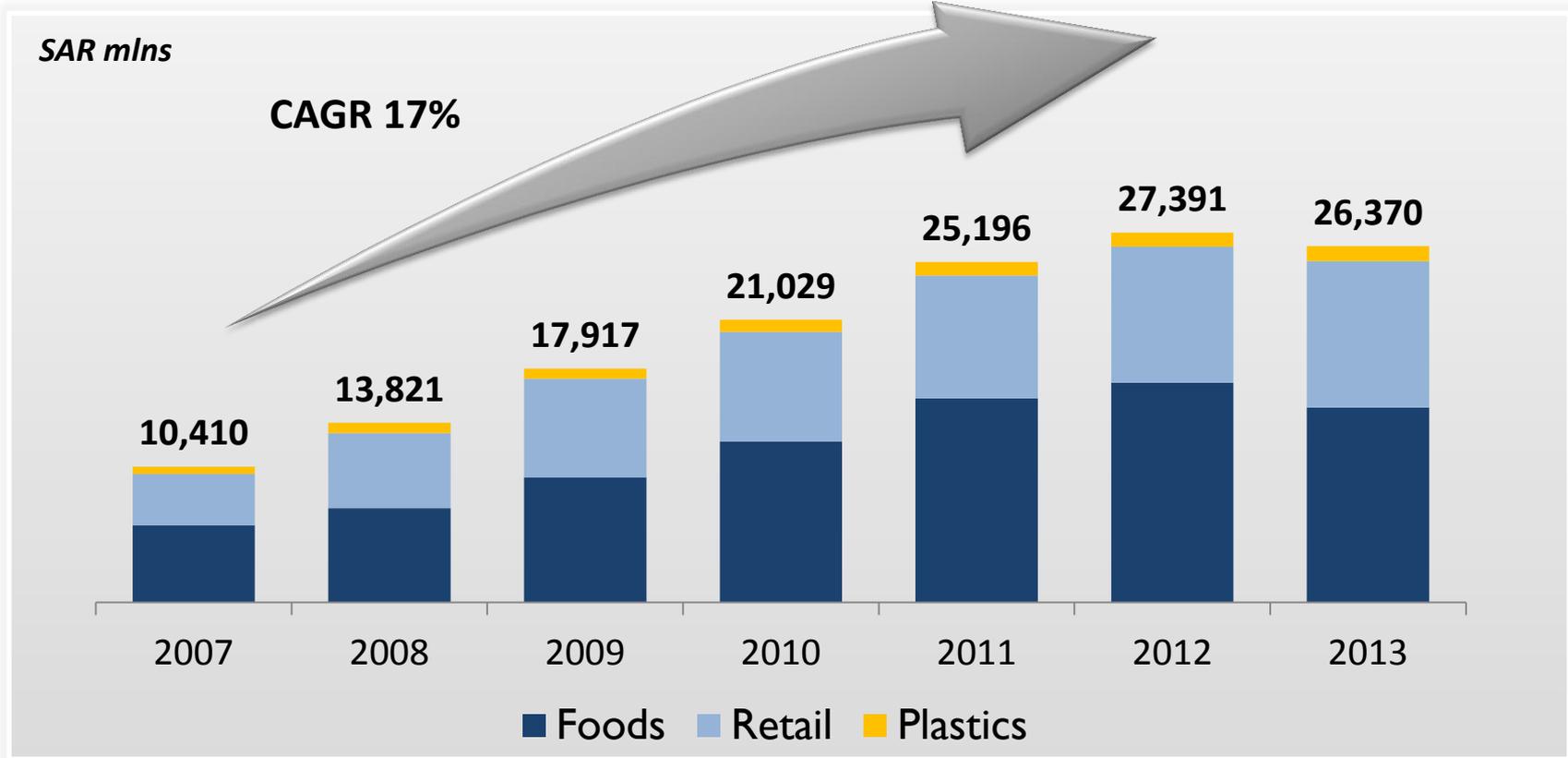
Investment		Executed strategy
Land	Asfan	- In-kind contribution to Masharef project
	Yasmine Riyadh & Hanaki Jeddah	- Sold to Kinan with realized capital gain of SAR 76 mln and SAR 77 mln in 2011
	Medina land	- Sold to KEC with realized capital gain of SAR 231 mln in 2013
Mutoun		- Sale and leaseback of freehold properties with few remaining properties
Private Equity Funds (Intaj, Joussour, Swicorp)		<ul style="list-style-type: none"> - Ensuring to exit at the right time by maximizing returns - Received SAR 90 mln from Joussour in 2013
KEC		- Currently under lock-up period
EEC		- Sold c. 90% of investment in Q3 2012 with capital gain of SAR 47 mln

Exited investments worth around SAR 2.6 billion since 2009



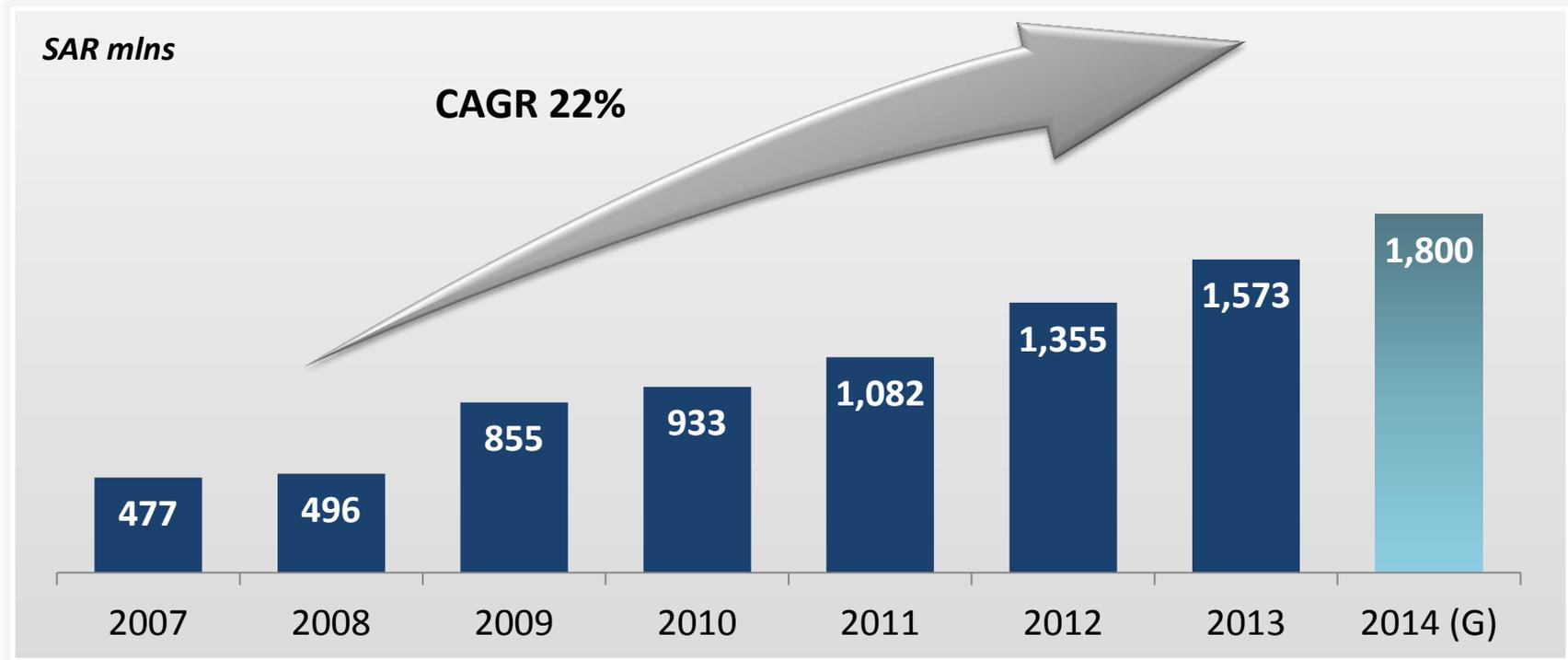
Financials

Revenue Growth



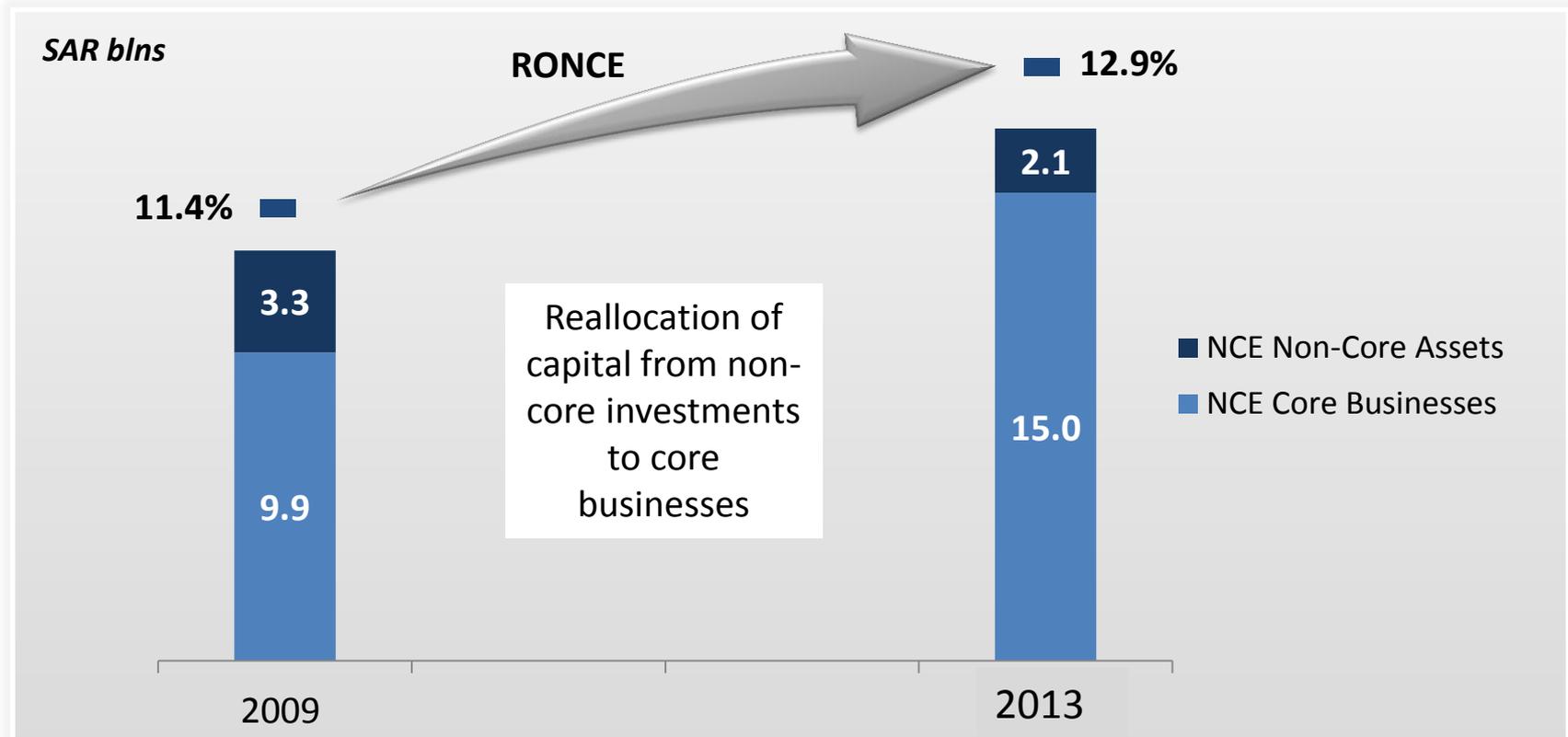
Strong and consistent revenue growth

Income from Core Operations



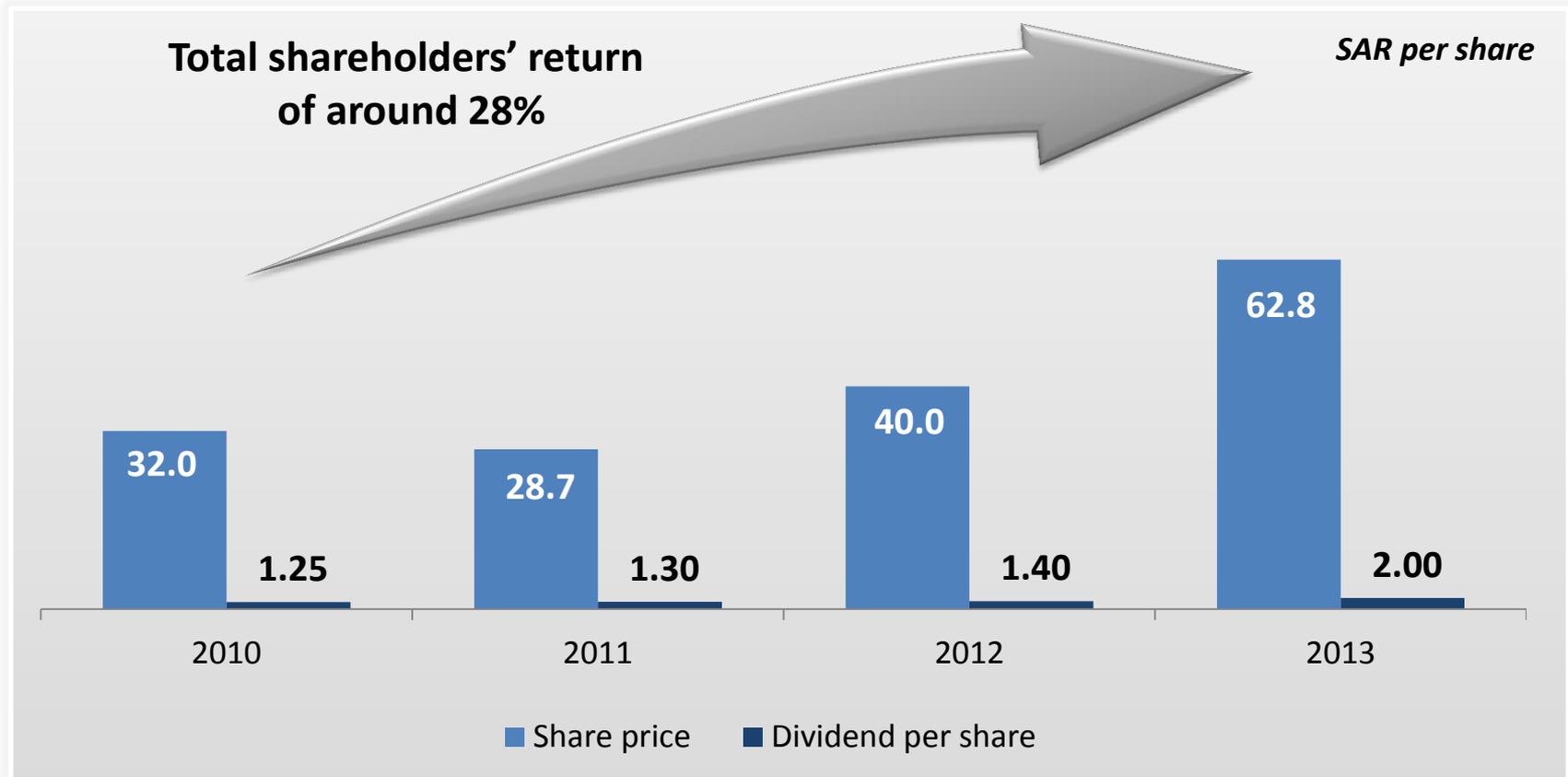
Net income from operations has grown consistently

Return on Net Capital Employed

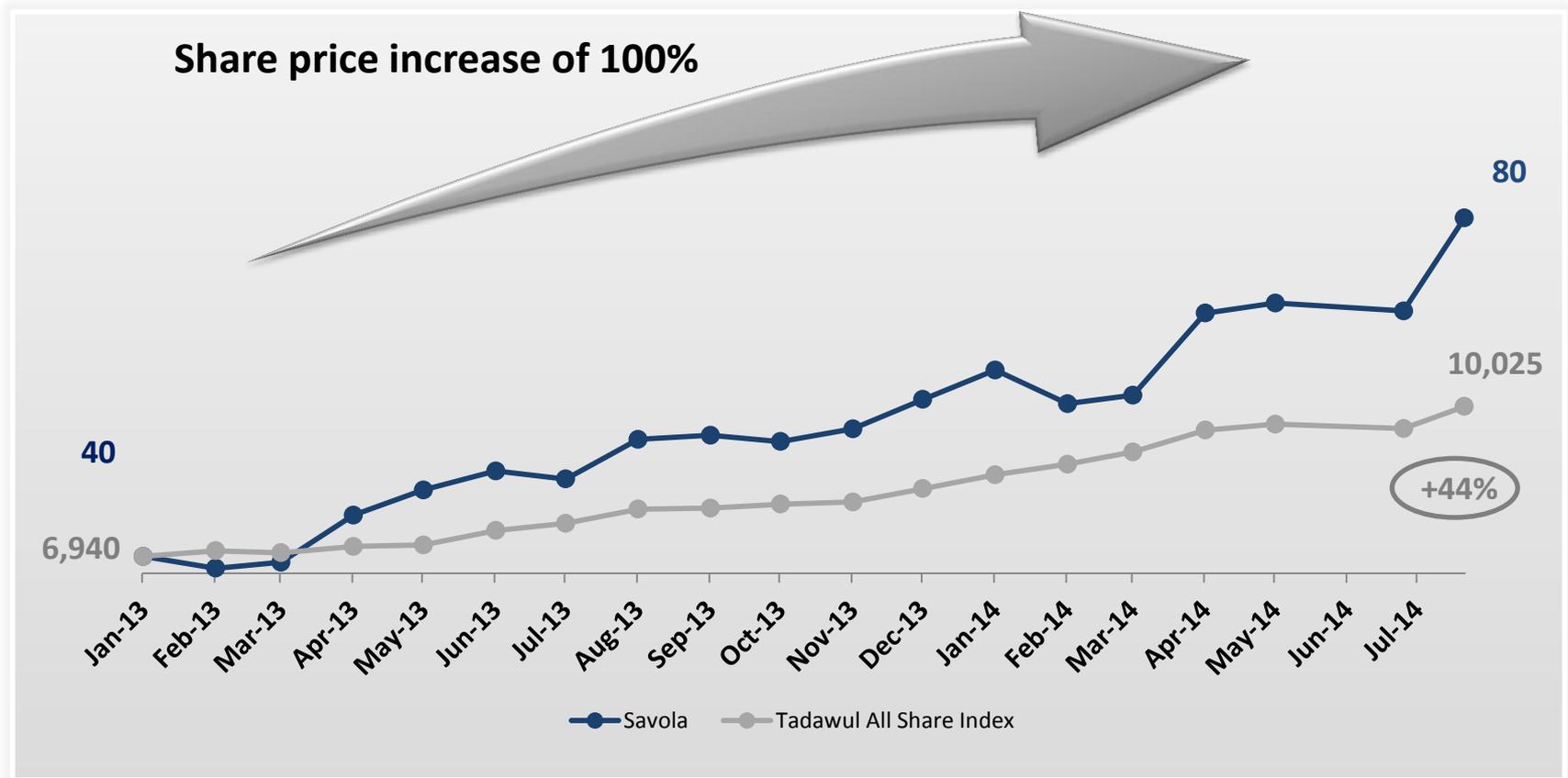


RONCE has increased over the past few years due to focus on core businesses

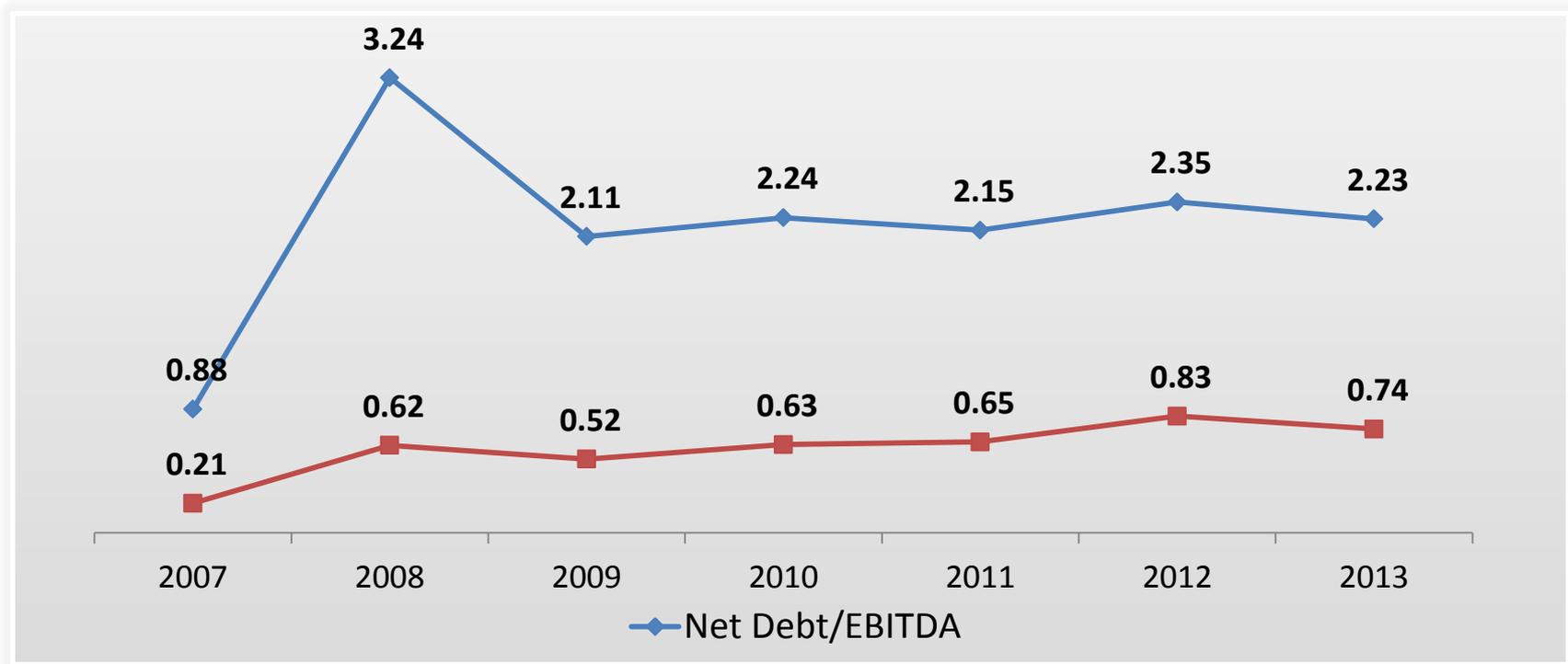
Total Shareholders' Return



Savola Group Share Price



Debt Position

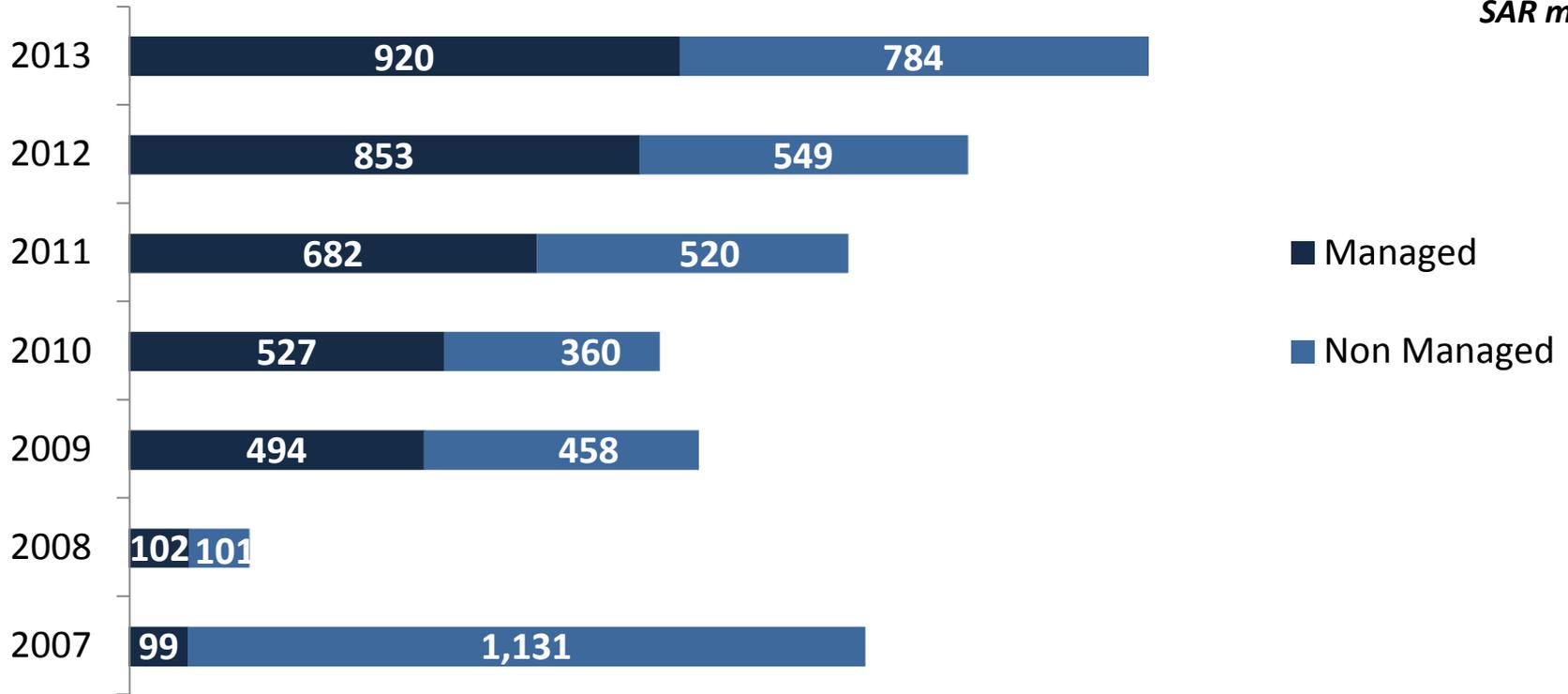


Healthy balance sheet with large amount of unutilized bank lines

Non-managed Businesses



SAR mlns



Reliance on non-managed businesses has reduced over time



4

Intangibles

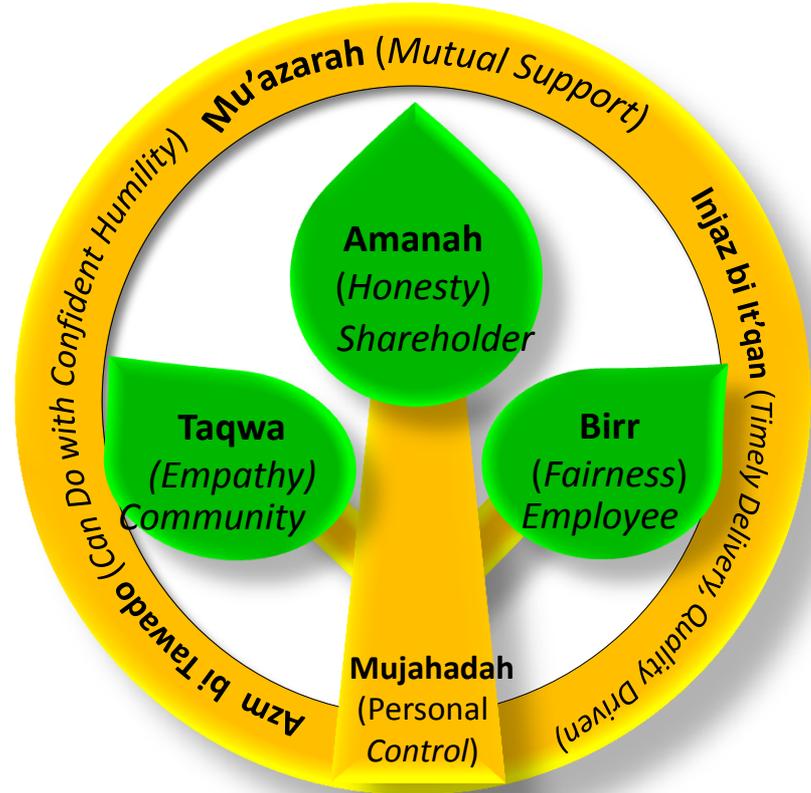
Savola Ethics and Values Balanced Way



1 We will continue to adhere to our ethics and values framework

2 We will ensure that we build a live, inspiring model of our ethics and values for the future generations of Savola

3 We will continue to maintain good and sincere intentions



Corporate Social Responsibility



- Makeen center for training and employing persons with disabilities
- Accessibility program
- Participating in Injaz programs
- Supporting various organizations

207 persons graduated from Makeen program

Recognition for Intangibles



- **Forbes** ranked Savola as No. 1 among Top 500 companies (Food Industry sector) in 2013 across Arab World
- Savola MD awarded CEO excellence award in 2013 by **The Middle East Excellence Awards Institute**
- Savola has awarded Best Brand Award in Asia for 2013 by **CMO Consultant**
- Savola awarded leading brand award from **Top 100 Saudi Brands** in 2013
- Savola ranked No. 2 among Arab World and No. 1 in KSA publicly listed companies in Corporate Governance and Transparency by **Standard & Poor's and Hawkamah Institute**



Appendix - Financial Results

Annual Financials

(all figures are in SAR millions)

Segment Wise Financials										
	FY- 2013					FY- 2012				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food										
Oil-Mature Markets	8,475	1,663	1,053	512	1,139	9,008	1,601	1,028	395	1,134
Oil-Start-up Markets*	1,222	160	48	12	67	1,557	238	103	44	121
Total Oil	9,697	1,823	1,101	525	1,205	10,565	1,839	1,130	438	1,256
Sugar	4,392	343	214	68	300	5,375	409	289	144	379
Pasta	463	76	41	38	60	449	82	47	44	67
Total Foods	14,552	2,242	1,357	631	1,566	16,389	2,330	1,467	626	1,701
Retail										
KSA	10,518	2,471	425	397	678	9,529	2,182	327	302	568
Gulf	406	68	9	9	13	627	114	13	9	19
Total Retail	10,925	2,539	435	405	691	10,157	2,296	340	311	587
Packaging	1,120	156	90	70	149	1,053	167	114	100	169
Real Estate	0	0	60	60	60	0	0	32	32	32
Herfy	0	0	92	92	92	0	0	85	85	85
Al Marai-Savola Share	0	0	548	548	548	0	0	435	435	435
HQ/Elimination/Impairments	(227)	0	5	(101)	49	(207)	(0)	(17)	(188)	12
Total	26,370	4,936	2,587	1,704	3,155	27,391	4,792	2,456	1,402	3,020
Adjustments										
Impairments				100					-	
Capital gains				(231)					(47)	
Adjusted Profit				1,573					1,356	

* Start-up markets include Algeria, Morocco and Sudan

Quarterly Financials

(all figures are in SAR millions)

Segment Wise Financials										
	Q1- 2014					Q2- 2014				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food										
Oil-Mature Markets	1,995	342	211	172	233	2,168	371	228	150	250
Oil-Start-up Markets*	312	42	11	4	17	401	69	32	28	36
Total Oil	2,307	384	221	175	250	2,569	440	260	178	286
Sugar	1,037	48	8	(17)	39	1,398	117	67	13	103
Pasta	120	14	5	4	10	153	26	17	16	21
Total Foods	3,464	446	234	162	299	4,120	583	344	207	410
Retail										
KSA	2,738	637	78	70	146	3,201	657	81	73	150
Gulf	80	11	2	2	2	82	12	1	1	2
Total Retail	2,818	647	80	72	148	3,283	669	82	74	152
Packaging	261	22	9	5	25	305	39	23	18	38
Real Estate	0	0	111	111	111	0	0	39	39	39
Herfy	0	0	25	25	25	0	0	28	28	28
Al Marai-Savola Share	0	0	100	100	100	0	0	158	158	158
HQ/Elimination/Impairments	(51)	(0)	(20)	(52)	(14)	(79)	(1)	20	(11)	26
Total	6,492	1,115	540	423	694	7,630	1,290	694	513	851

* Start-up markets include Algeria, Morocco and Sudan



THANK YOU