

# 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



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

1991



- Entered sugar refining business in KSA

1997



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

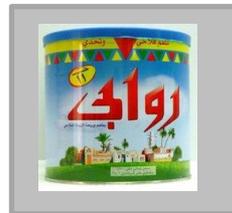
2004

- Obtained 70% of Saudi edible oil market



1990

- Established edible oil refinery in Egypt



1992

- Entry into retail sector through merger with Azizia Panda



1998

- 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 1<sup>st</sup> DC in Riyadh

2008

2009



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

2010/11

2012



- Issued Sukuk worth SAR 1.5 bln
- Purchased Al-Muhaidib's stakes in SFC (10%) and Panda (18.6%) by issuing 6.79% new shares in Savola
- Panda launched convenience store format

2013

2014

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



- Made the largest investment of SAR 2 bln by acquiring additional stake of 6.5% in Almarai
- Launch of Afia olive oil in KSA
- Panda signed agreement for 2<sup>nd</sup> DC in KAEC



- Started beet sugar operations in Egypt
- Capacity expansion of Afia plant in KSA completed
- Signed SPA to sell 100% of Savola's packaging business



# History – Key Development Stages



Today

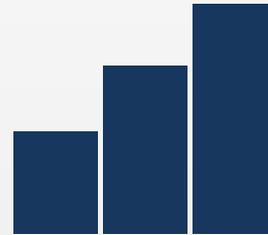


**Savola Group is one of the top Food and Retail player in the MENA region with leading brands**

# Key Facts



Around **29,200**  
**Employees**  
*at end of 2014*



Net Sales of  
**SAR 26.6 bln**  
*in 2014*



**Countries of  
Operations: 8+**



Market  
capitalization of  
**SAR 41 bln**  
*as of 28<sup>th</sup> April 2015*

# Our Businesses



## Foods

(Edible Oils, Sugar, Pasta)  
2014 Revenue SAR 14.6 bln



## Retail

(Hypermarkets & Supermarkets)  
2014 Revenue SAR 12.2 bln



## Investments

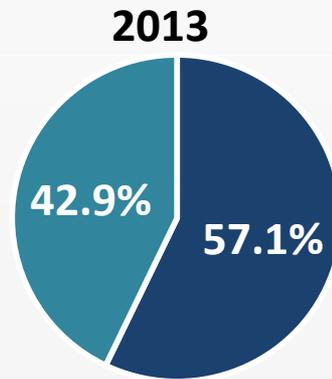
(Strategic and Non-core)  
Value of over SAR 21 bln



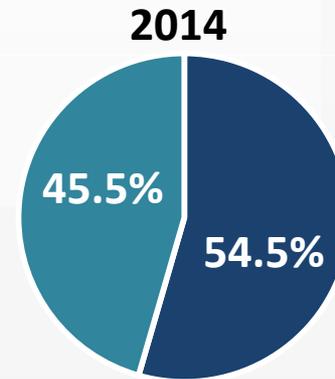


## Revenue by Sector

**\*Total: SAR 25.3 bln**



**\*Total: SAR 26.6 bln**



- Foods
- Retail

*Note: Packaging sector was deconsolidated in 2014 as SPA was signed to sell Savola's packaging business. Revenue from packaging sector was SAR 1.12 billion in 2013*

*\*Total Revenue includes revenue from real estate and intercompany elimination*

# Our Key Strengths



Broad and diversified  
geographic footprint and  
product offering

Extensive consumer and  
market understanding

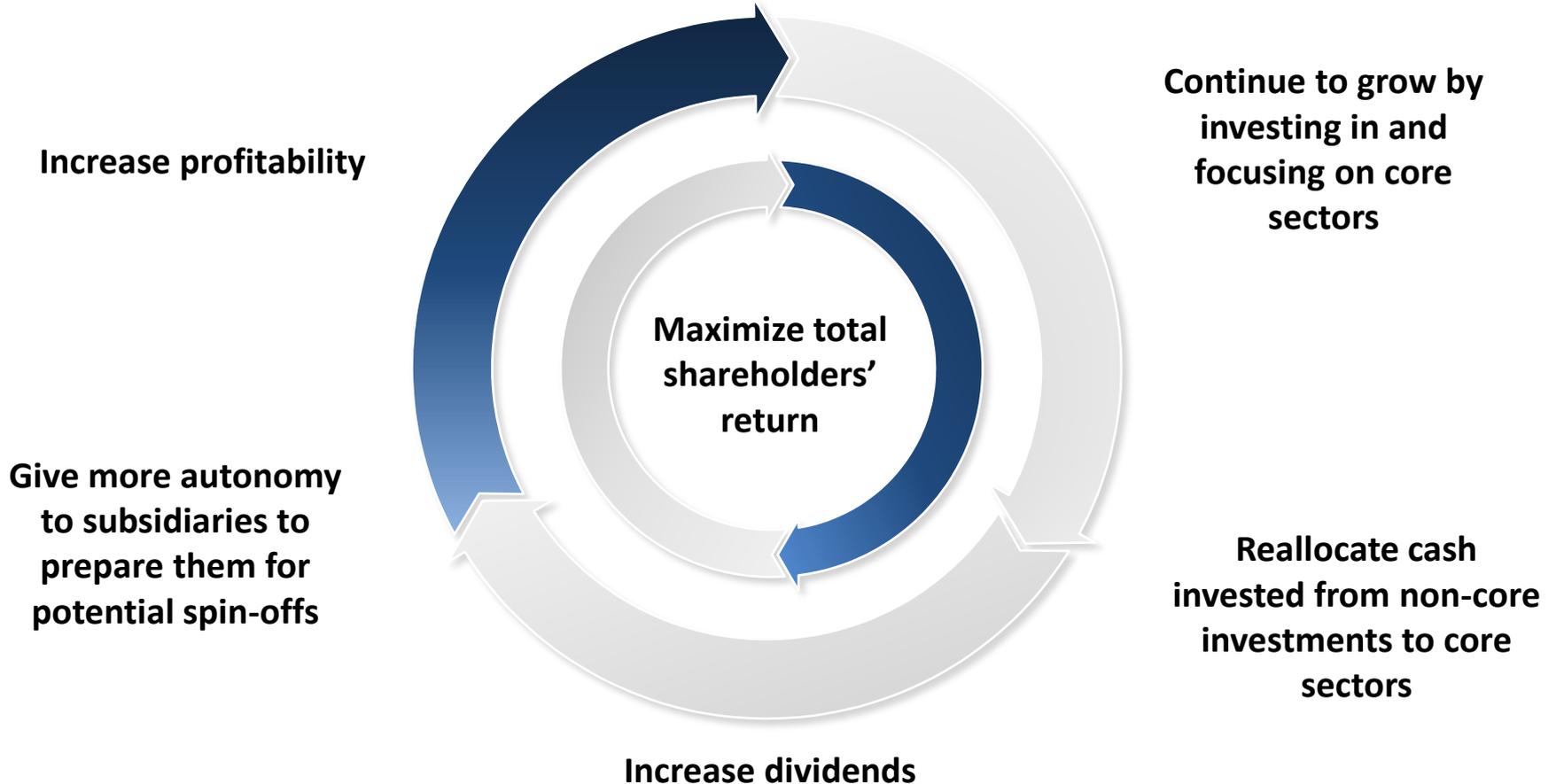
Market leader in high  
growth and fragmented  
markets

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



# SFC Market Leadership



KSA

Egypt

Iran

Turkey

Algeria

Sudan

Morocco

**Oil**

**#1**

**#2**

**#1**

**#1**

**#2**

**#1**

**#3**

**Ghee**

**#1**

**#1**

**Sugar**

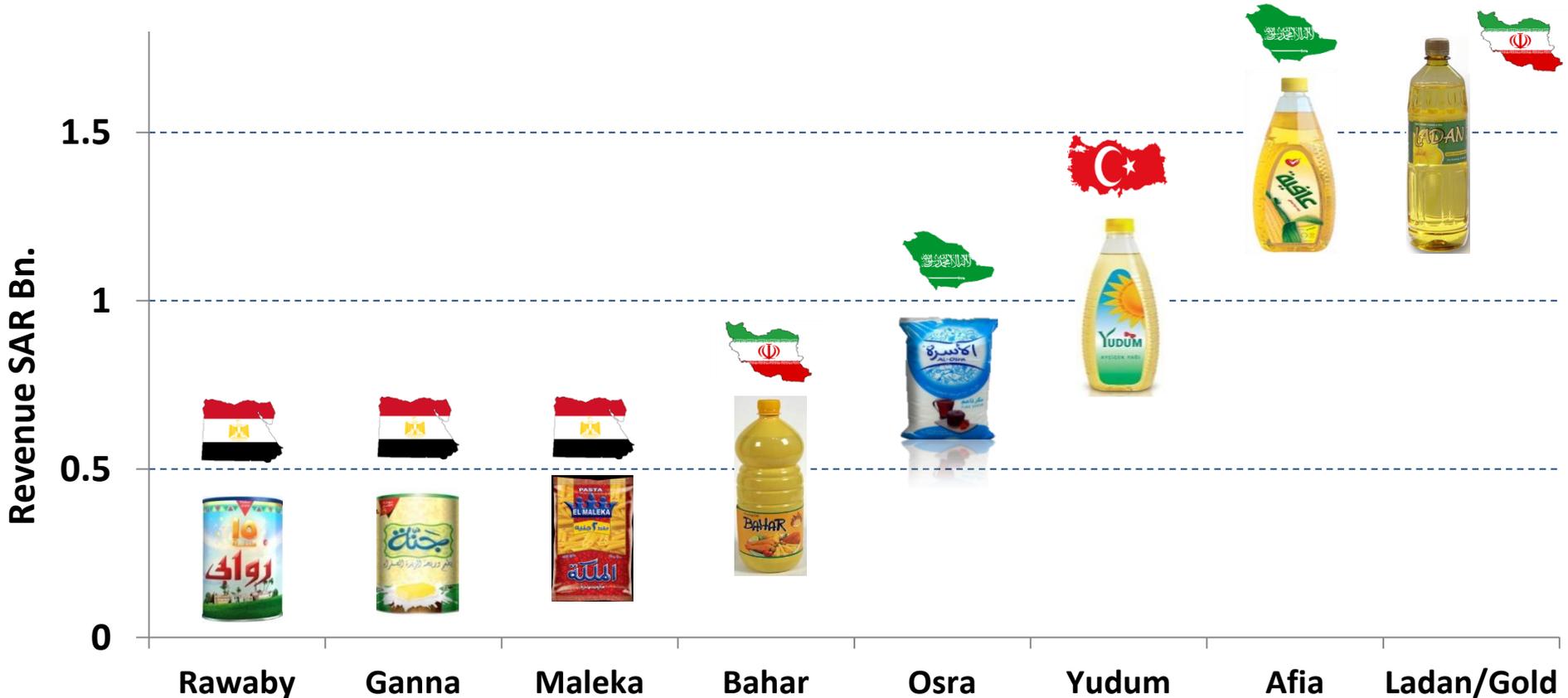
**#1**

**Pasta**

**#1**

**SFC is a market leader in all the countries we operate in**

# SFC Brands



We have created strong unique brands across the region

# Oil Value Chain



## Raw materials



Palm oil



Corn oil



Sunflower oil



Soya oil

## Refining



## Packaging



## Offering

B2B/ Export

B2C

# Sugar Value Chain



# Pasta Value Chain



Raw materials



Wheat

100%

Processing



Offering

Unbranded

Branded

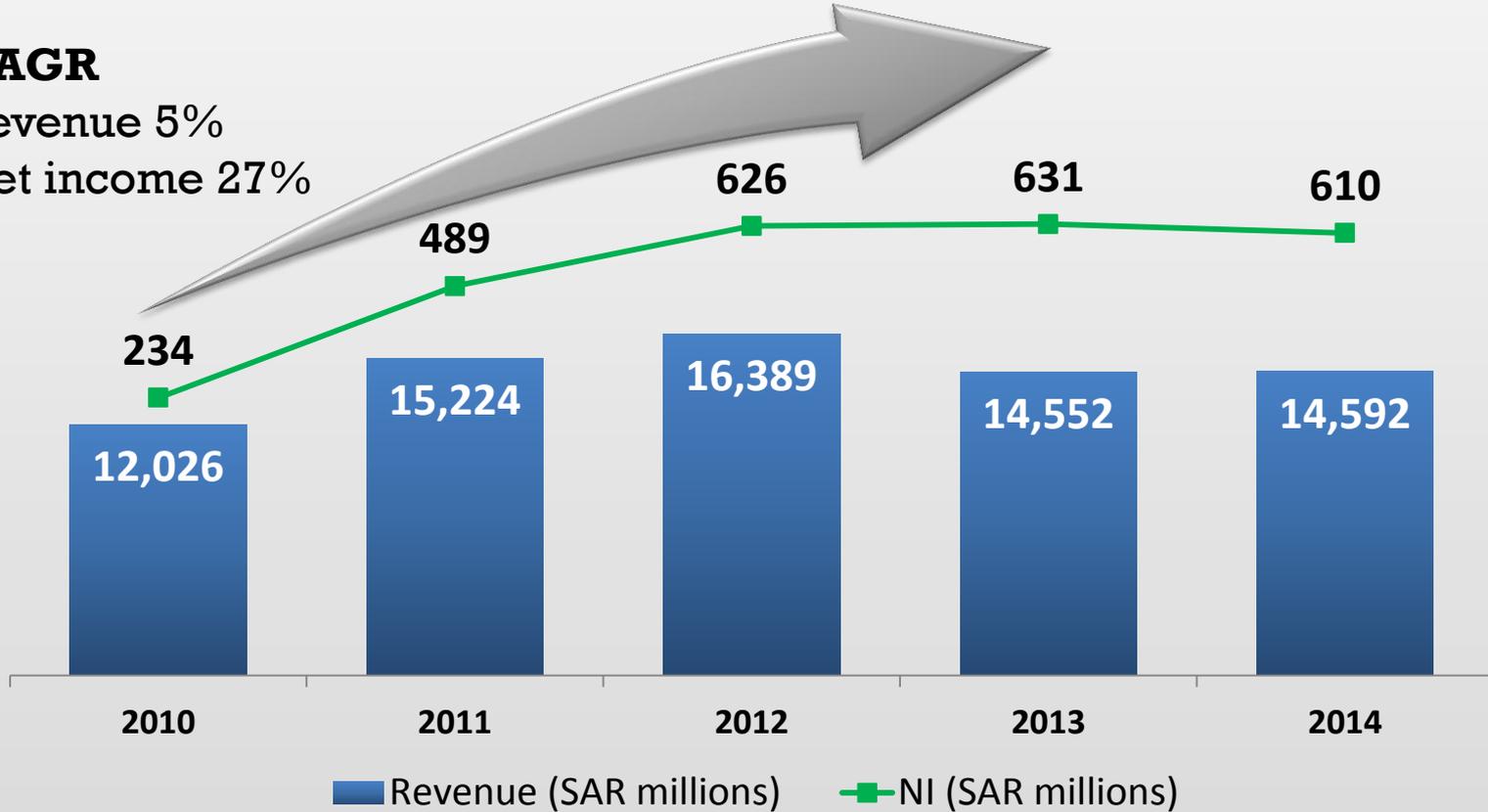
# Financial Performance



## CAGR

Revenue 5%

Net income 27%

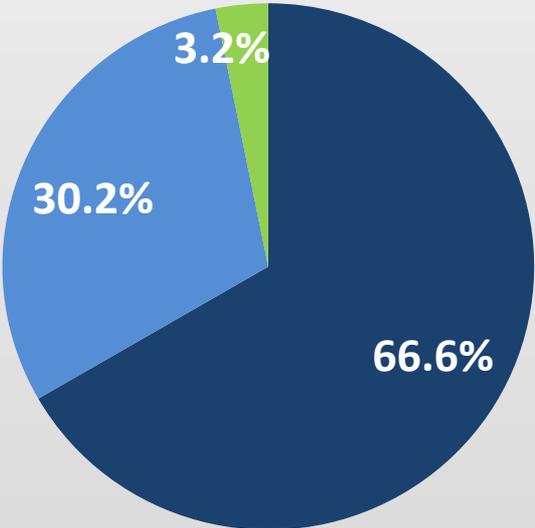


# Revenue Breakdown

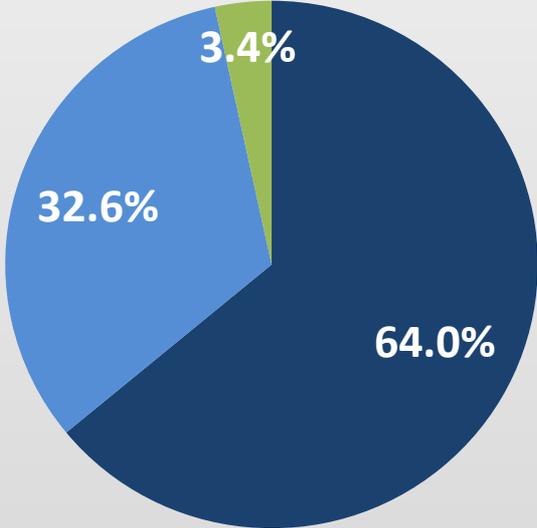


## SFC Revenue Breakdown by Category 2013 & 2014

Total Revenue SAR 14.5 bln  
2013



Total Revenue SAR 14.6 bln  
2014



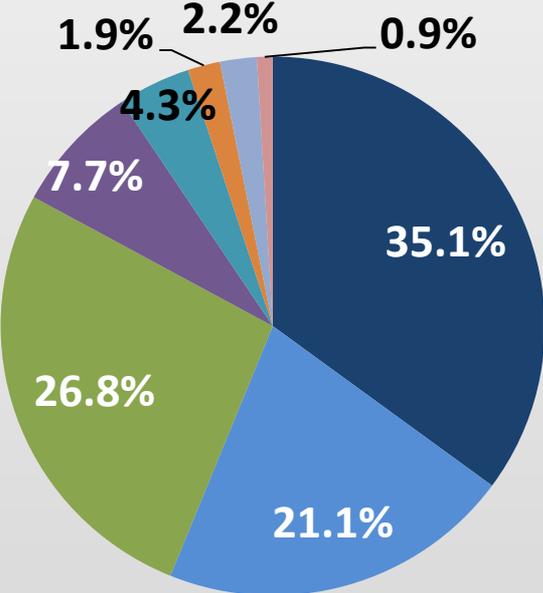
- Oil
- Sugar
- Pasta

# Revenue Breakdown

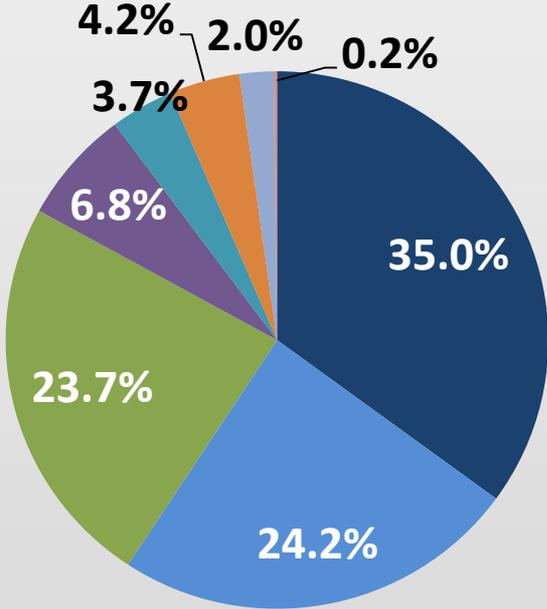


## SFC Revenue Breakdown by Geography, 2013 & 2014

Total Revenue SAR 14.5 bln  
2013



Total Revenue SAR 14.6 bln  
2014



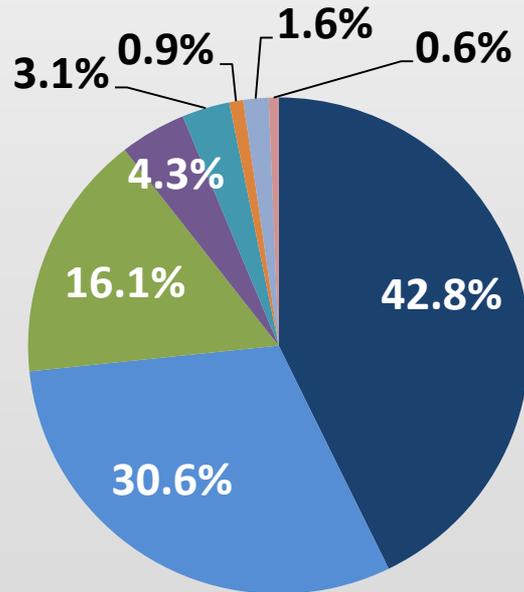
- KSA
- Egypt
- Iran
- Turkey
- Algeria
- Sudan
- Morocco
- Kazakhstan

# Volume Breakdown by Geography

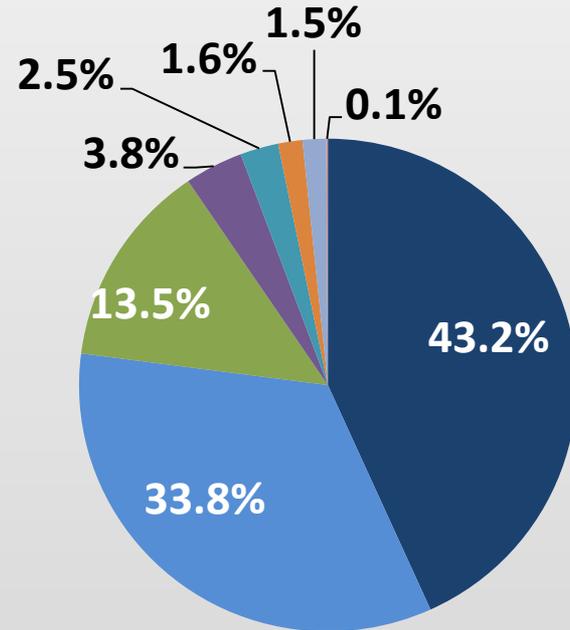


**SFC total sales volume grew by around 10% during 2014**

**Total Volume: 3.6 mln MT  
2013**



**Total Volume: 3.97 mln MT  
2014**



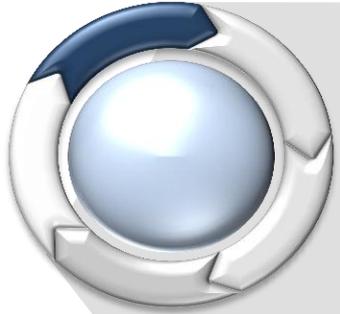
- KSA
- Egypt
- Iran
- Turkey
- Algeria
- Sudan
- Morocco
- Kazakhstan

# Strategic Growth Drivers



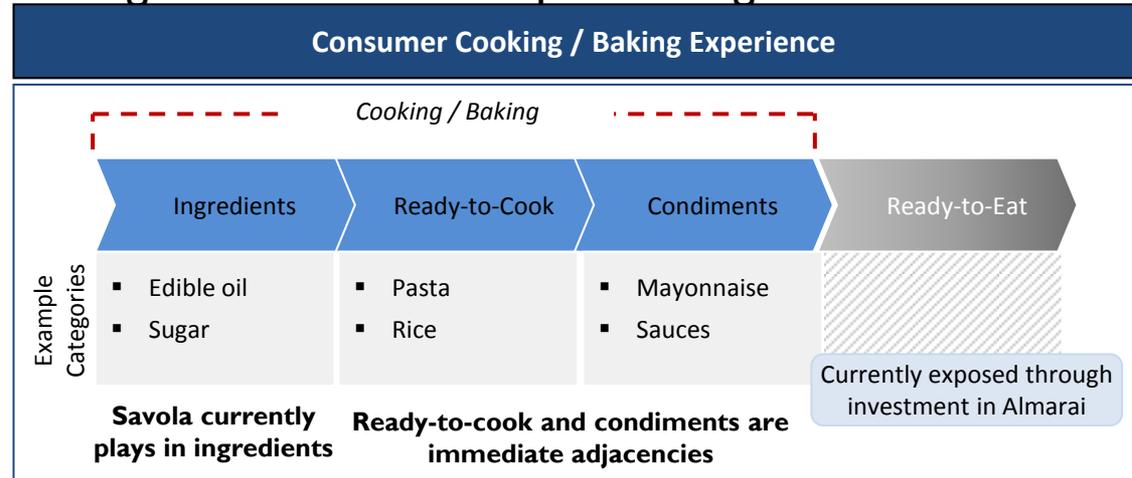
Mission is to enrich consumer cooking experience by developing ingredient solutions

# Strategic Growth Drivers



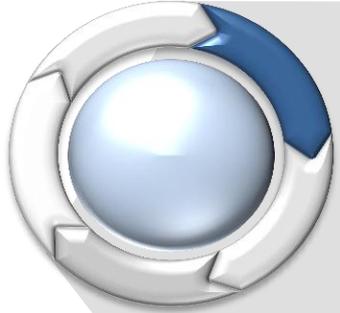
## 1) Diversification of product segments

- 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



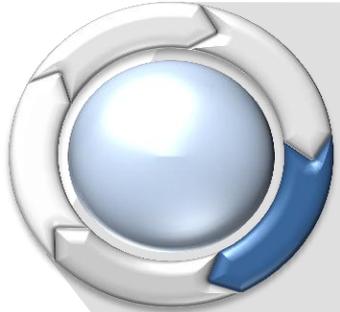
Egypt



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 Foods operates**

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

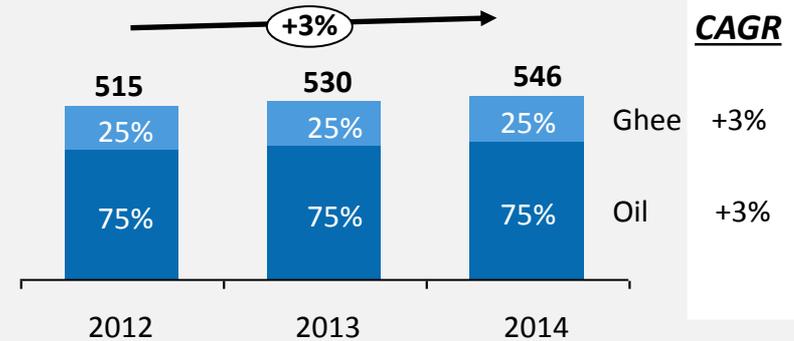
# Strategic Growth Drivers



## 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

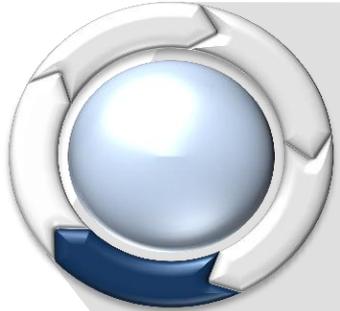
## Example: Iraq Oils & Fats Volume (in '000 Tons)



*Illustrative purposes only*

Large and fragmented markets with no sophisticated player

# Strategic Growth Drivers



## 4) Selective upstream integration

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

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>	<b>SAR 80 bln</b>	SAR 46 bln	<b>SAR 34 bln</b>
<i>Number of Categories</i>	52	28	24
<i>Profit Pool (Gross Profit)</i>	<b>SAR 22 bln</b>	SAR 12 bln	<b>SAR 10 bln</b>

*For illustrative purposes only*

**Large profit pool where Savola is not currently present**

2

هايپر بينده  
HyperPanda

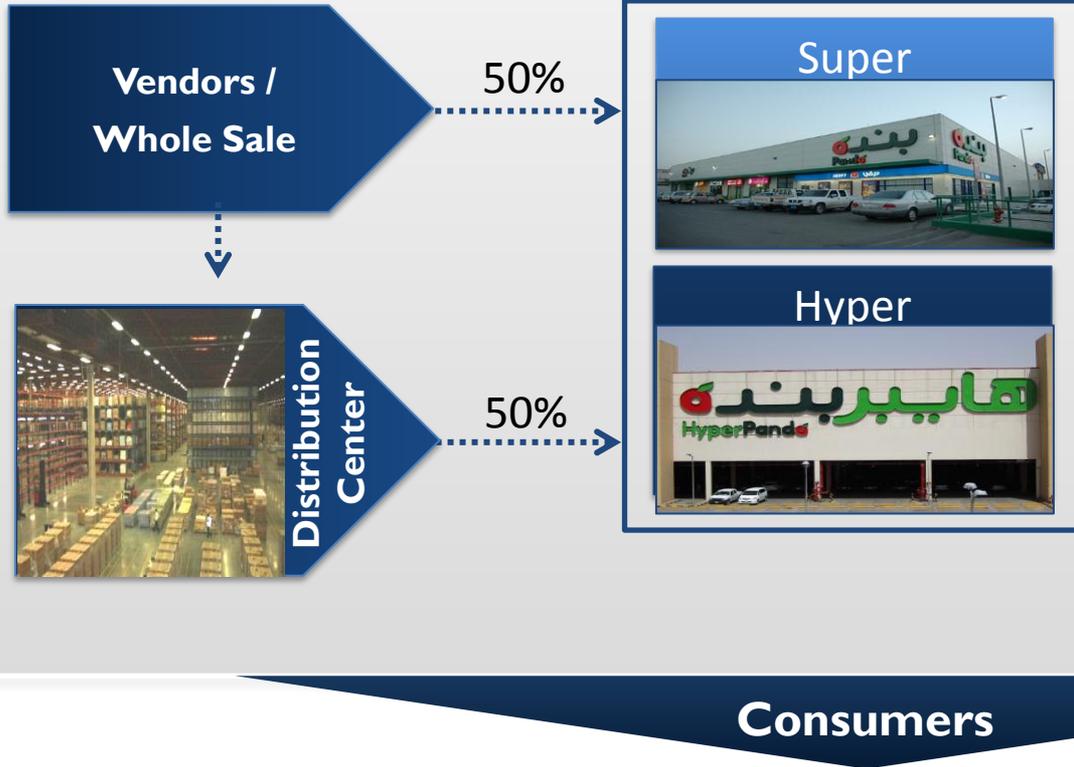
بيندتي  
Pandat

بينده  
Panda



**Panda Retail Co.**  
(Formerly Azizia Panda United Co.)

# Retail Value Chain



## Super



- Selling area per store: 1,800-2,500 m<sup>2</sup>
- Sales intensity: SAR 413 /m<sup>2</sup> /week
- New Capex per store: SAR 8-12 mln

## Hyper



- Selling area per store: 3,000-12,000 m<sup>2</sup>
- Sales intensity: SAR 357 /m<sup>2</sup> /week
- New Capex per store: SAR 25-30 mln

## Pandati



- Selling area per store: 200-400 m<sup>2</sup>
- Sales intensity: SAR 159 /m<sup>2</sup> /week
- New Capex per store: SAR 600-800 k

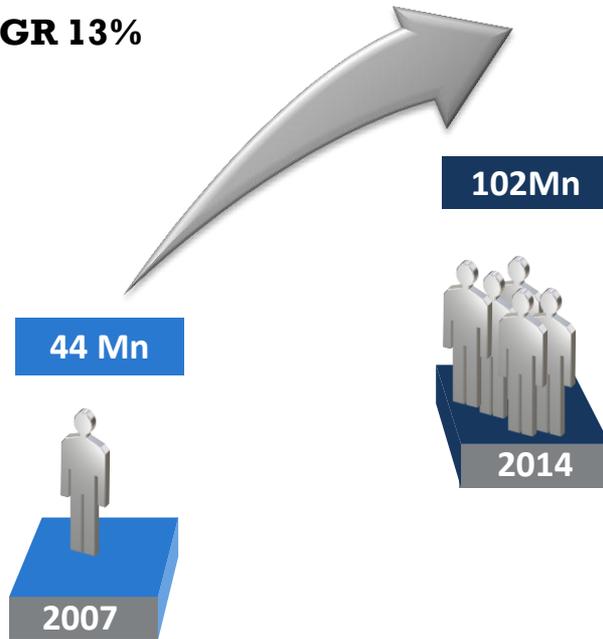
Panda KSA like to like sales increased by 3.0% in 2014

# Key Facts



## Customer Count

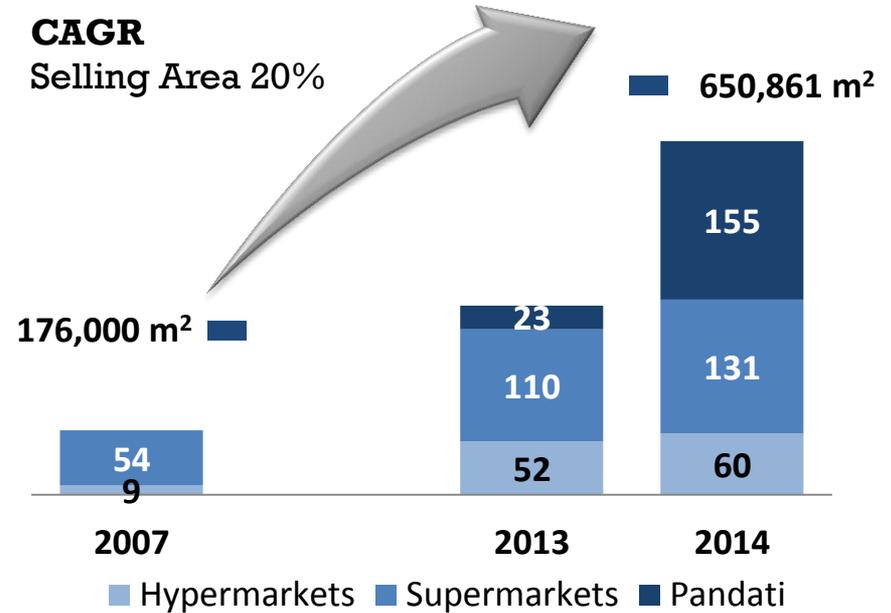
**CAGR 13%**



## Number of Stores and Selling Area

**CAGR**

**Selling Area 20%**



Present in 35 cities across KSA with exceptional distribution network

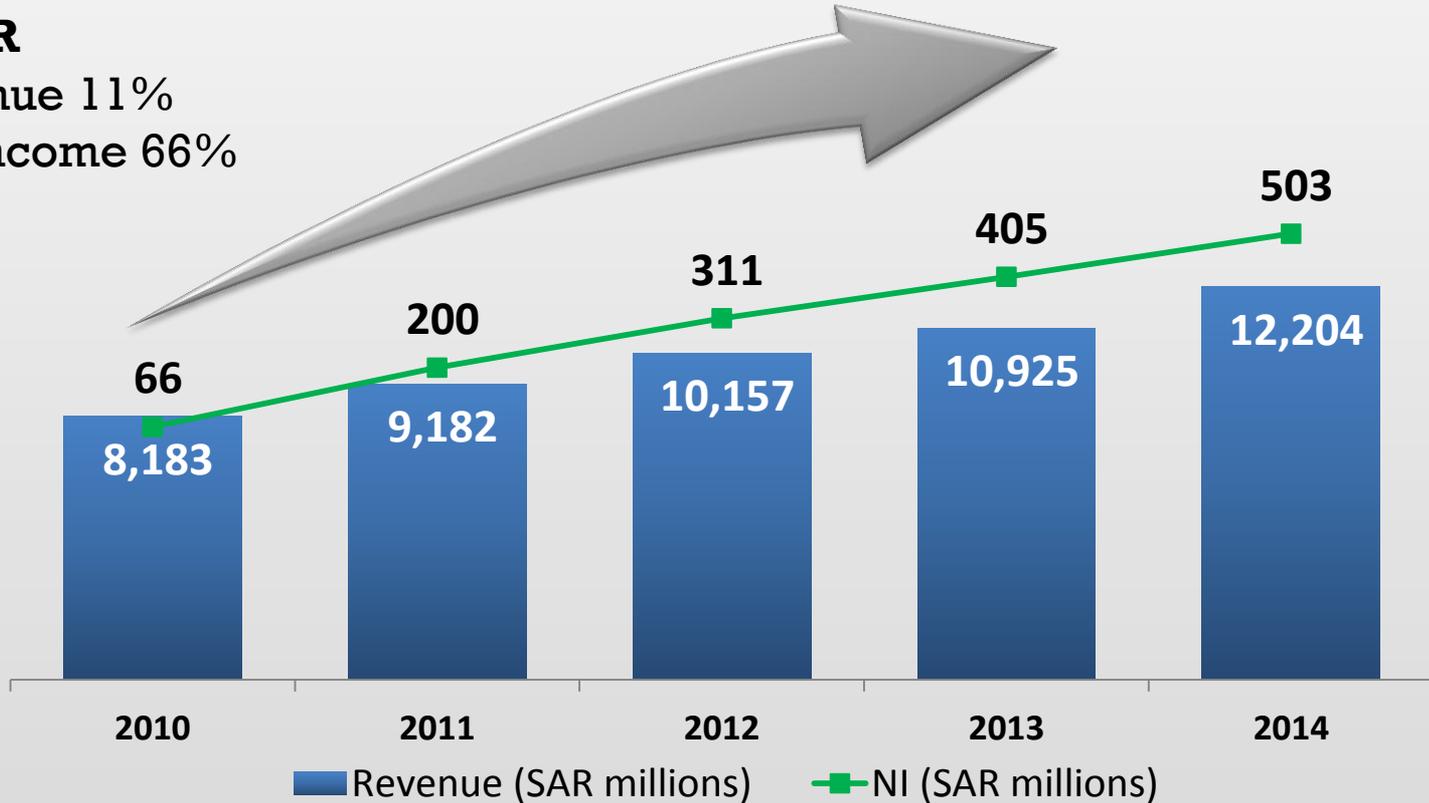
# Financial Performance



## CAGR

Revenue 11%

Net income 66%



# Strategic Growth Drivers



1  
Organic  
growth

2  
Adapting to  
the demands  
of  
customers

3  
State of the  
art  
Distribution

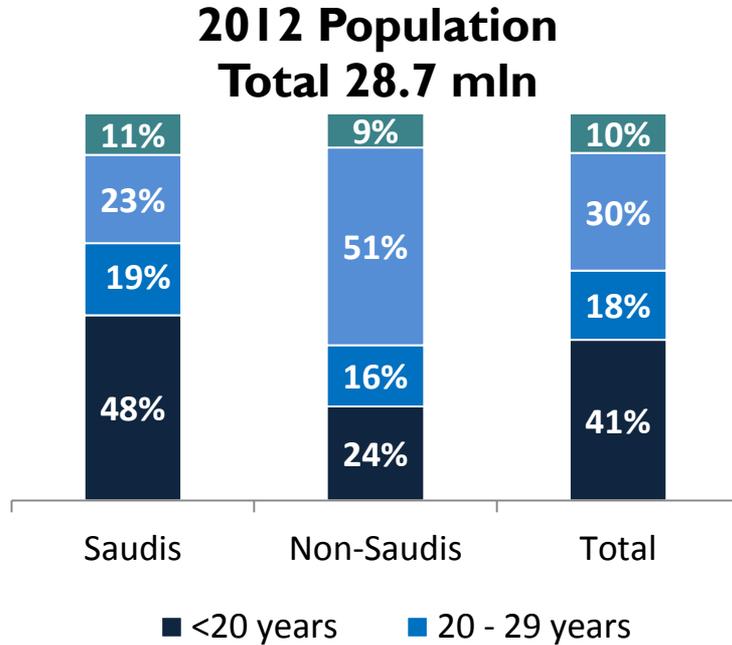
4  
Expansion of  
non-food  
lines

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

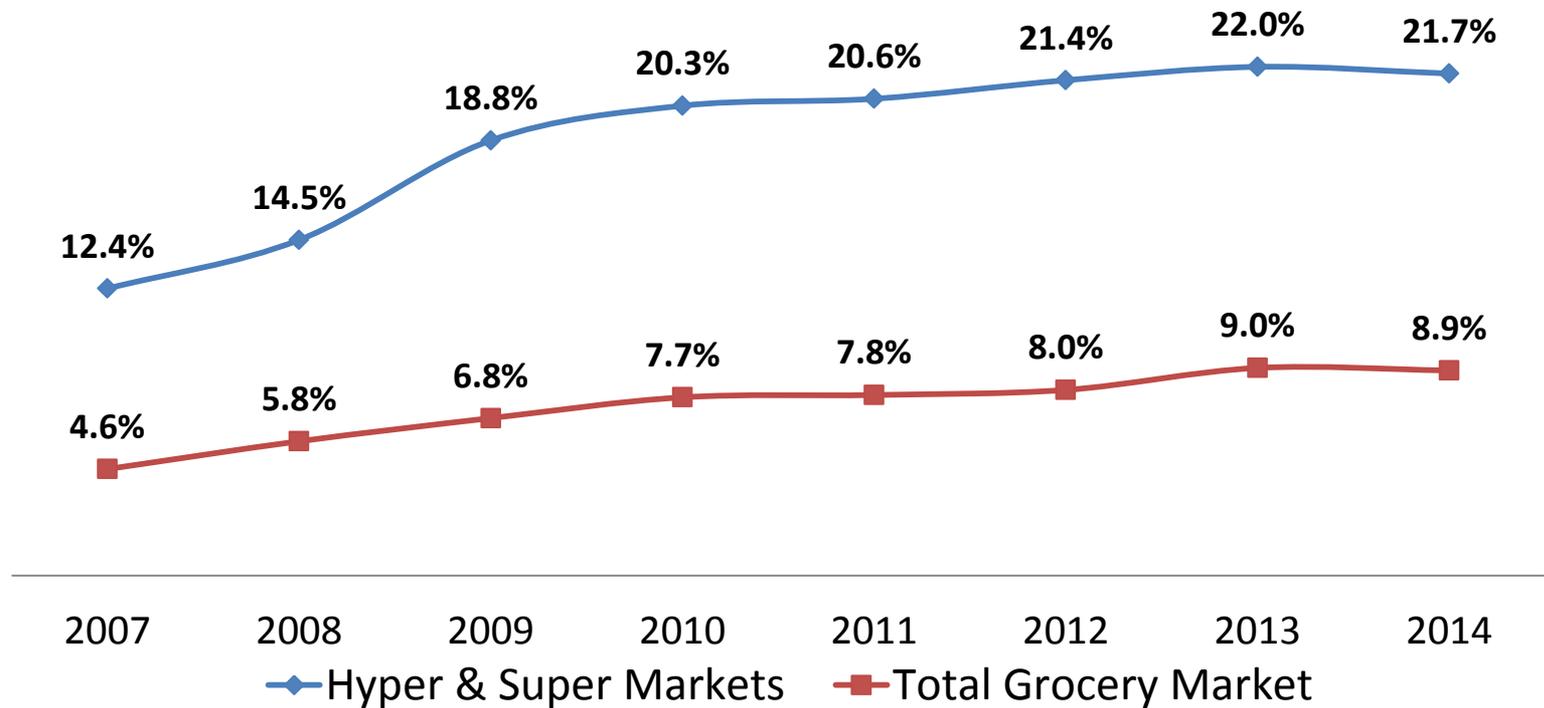
- 23% more **married couples** (11.9 mln) by 2020
- **Family size** has declined (9.3 in 1970s to around 5.3 now)

**Large and young population expected to drive modern retail demand**

# Strategic Growth Drivers



## Panda Market Share



1  
Organic  
growth

Panda market share has increased over the years

# 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 m<sup>2</sup>
  - Super flat floors
- Setting up 2<sup>nd</sup> DC in KAEC with built up area of over 93,000 m<sup>2</sup>
- Second largest fleet size in KSA with 863 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

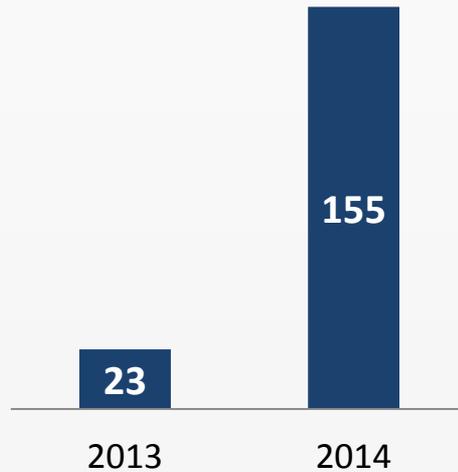
Increase in private label sales mix will improve overall margins

# Strategic Growth Drivers

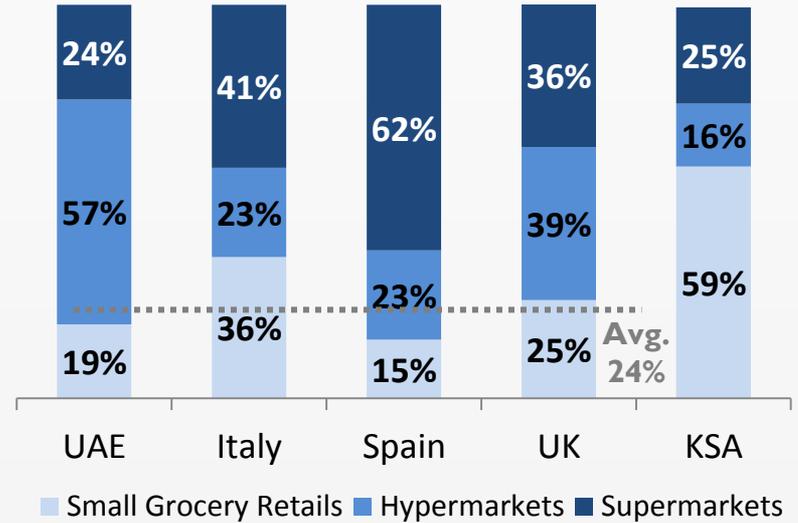


6  
New  
retail  
formats

### Pandati



### Modern grocery formats underpenetrated



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

3



**Savola Investments**

# Strategic Investments



Investment	Net profit 2014 (SAR mlns)	Ownership as of 31 Dec. 2014	Market value* of Savola holdings (SAR mlns)
<b>Almarai</b>	1,674	36.52%	19,975
<b>Herfy</b>	206	49%	2,815
<b>Kinan</b>	706	29.9%	NA

\*Market value as of 28<sup>th</sup> April 2015

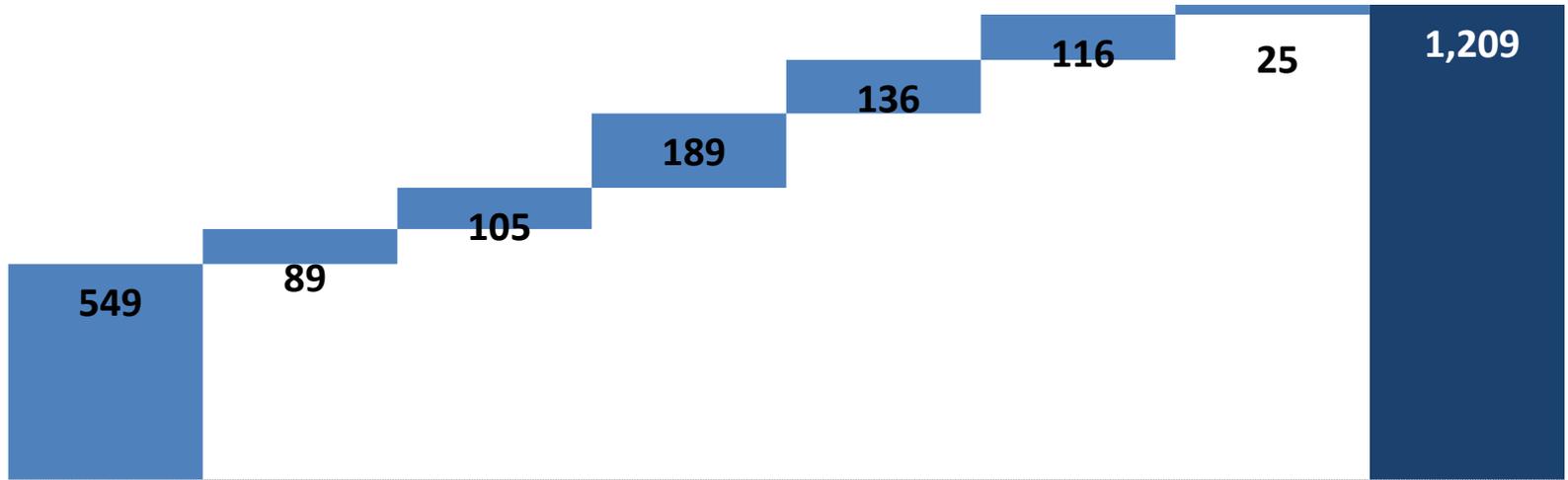
**Investments which are complimentary to the Group's core operating sectors**

# Non-core Investments



All numbers are in SAR millions

All book values as of 31<sup>st</sup> December



	KEC	EEC	Mutoun	Intaj	Joussour	Swicorp	Other	Total
% Ownership	11.4%	0.88%	80%	50%	15%	15%		
	Listed				Un-listed			

**Non-core investments to be exited overtime**

# Investments Strategy



Investment		Executed strategy
<b>Land</b>	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
	Masharef	- Sold to Kinan with realized capital gain of SAR 187 mln in 2014
<b>Mutoun</b>		- Sale and leaseback of freehold properties with few remaining properties
<b>Private Equity Funds (Intaj, Jousour, Swicorp)</b>		- Ensuring to exit at the right time by maximizing returns - Received SAR 90 mln and SAR 77 mln from Jousour in 2013 and 2014
<b>KEC</b>		- Currently under lock-up period
<b>EEC</b>		- Sold c. 90% of investment in Q3 2012 with capital gain of SAR 47 mln

**Exited investments worth around SAR 3.9 billion since 2009**



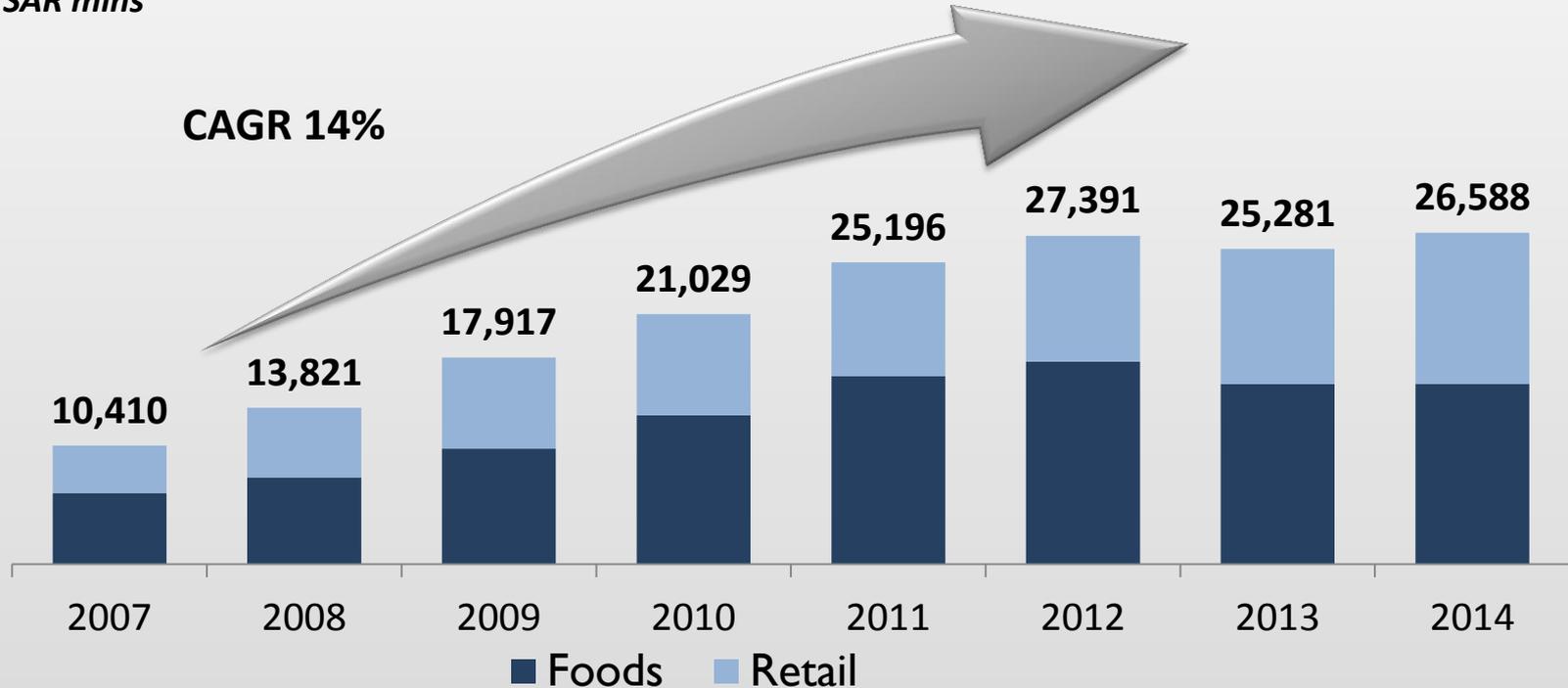
# Financials

# Revenue Growth



SAR mlns

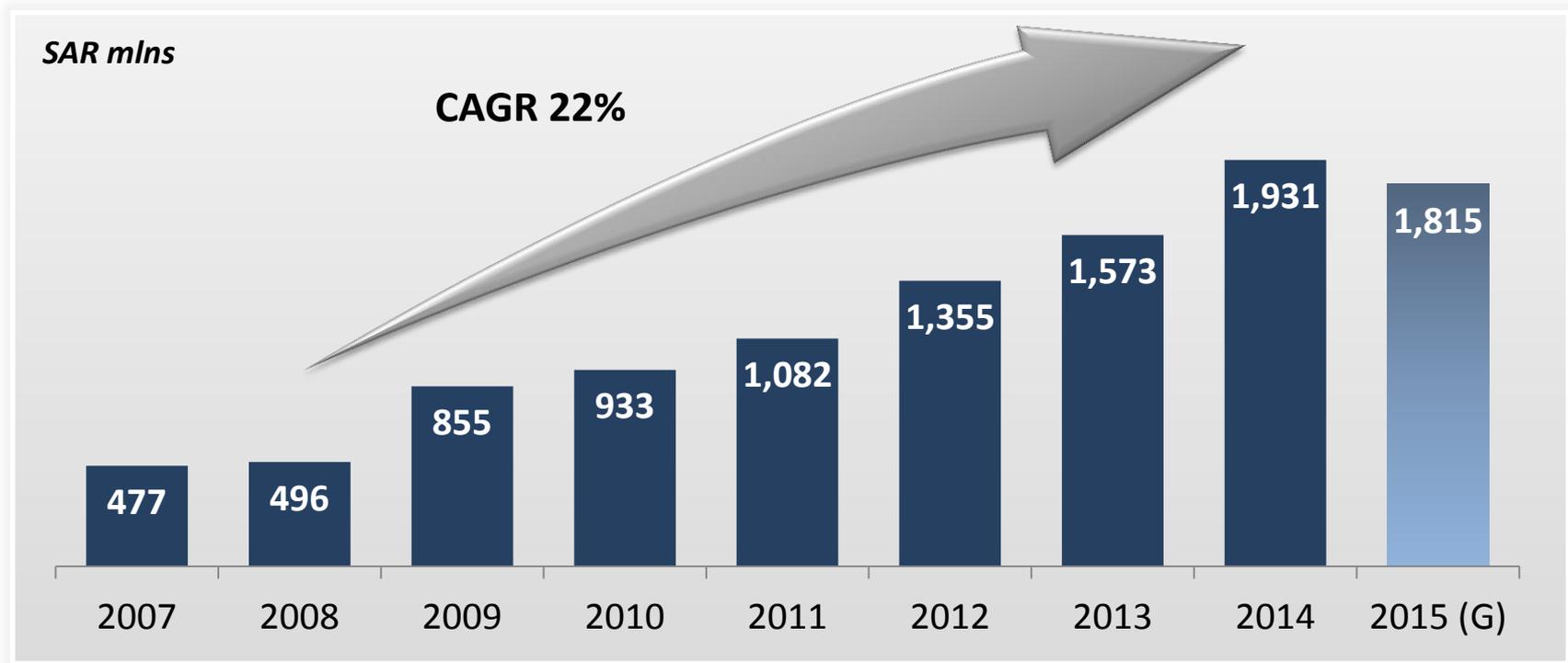
CAGR 14%



2013 and 2014 numbers are after Packaging Sector deconsolidation. Packaging Sector revenue in 2013 was SAR 1.12 billion

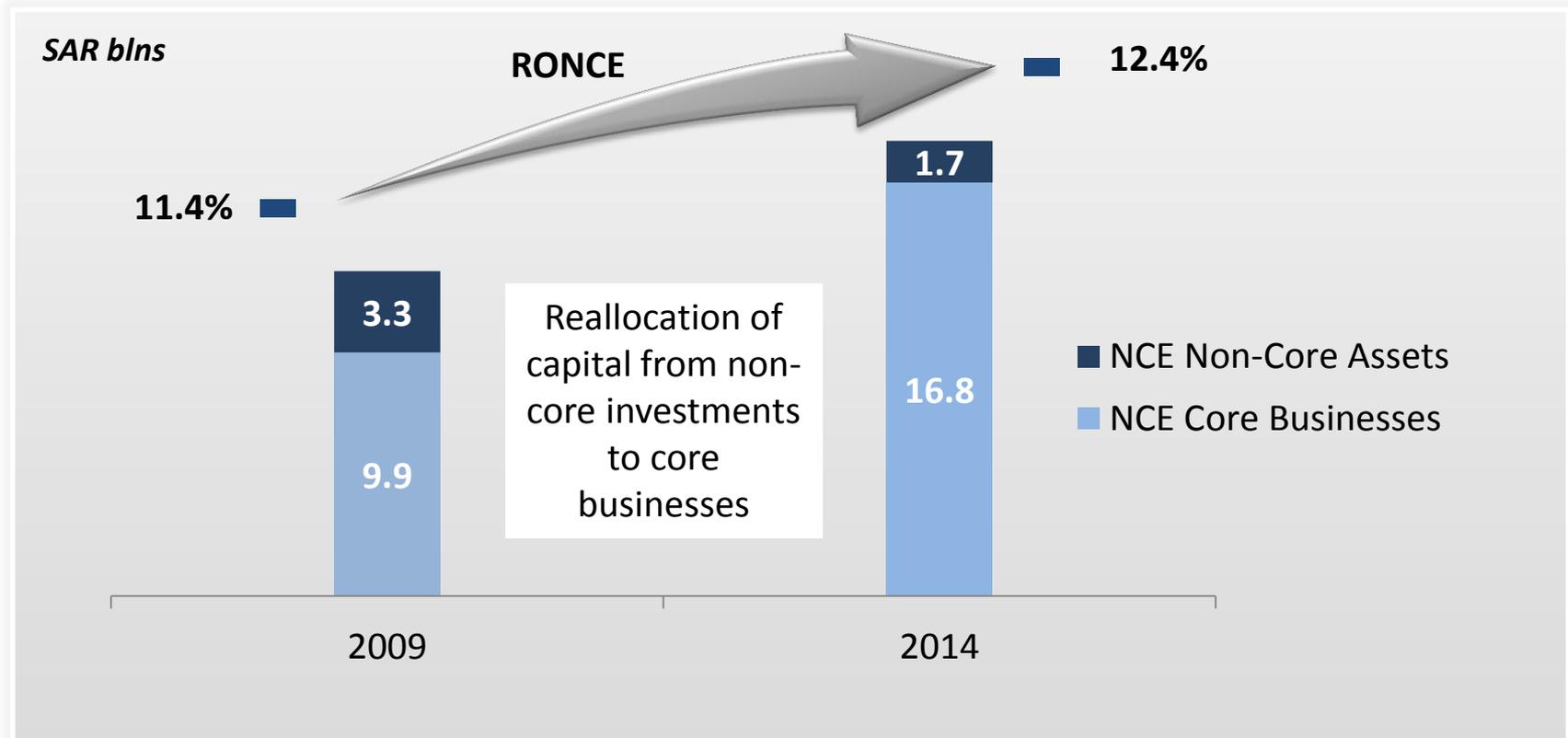
**Strong and consistent revenue growth**

# Income from Operations



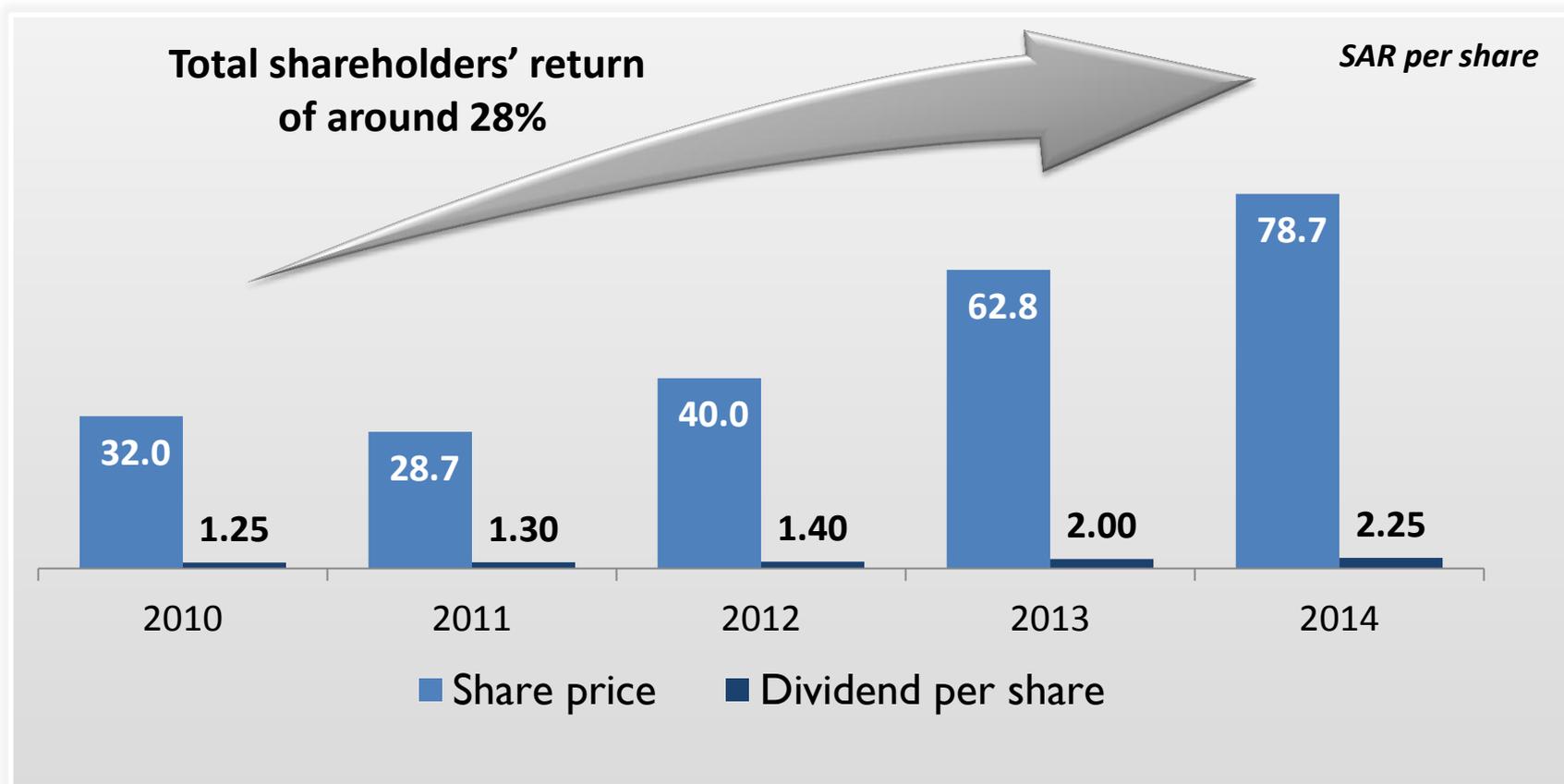
**Net income from operations has grown consistently**

# Return on Net Capital Employed

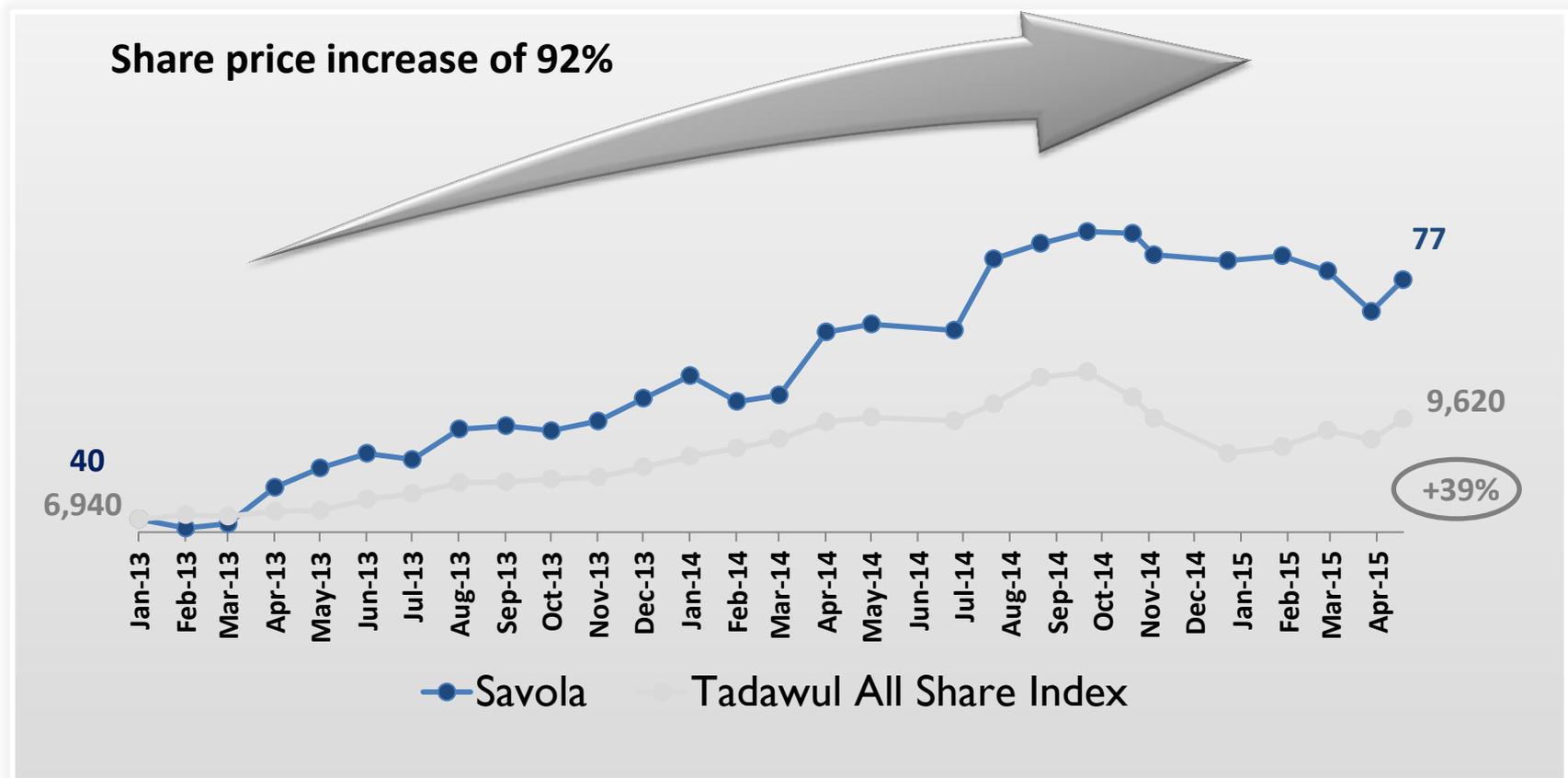


**RONCE has increased over the past few years due to focus on core businesses**

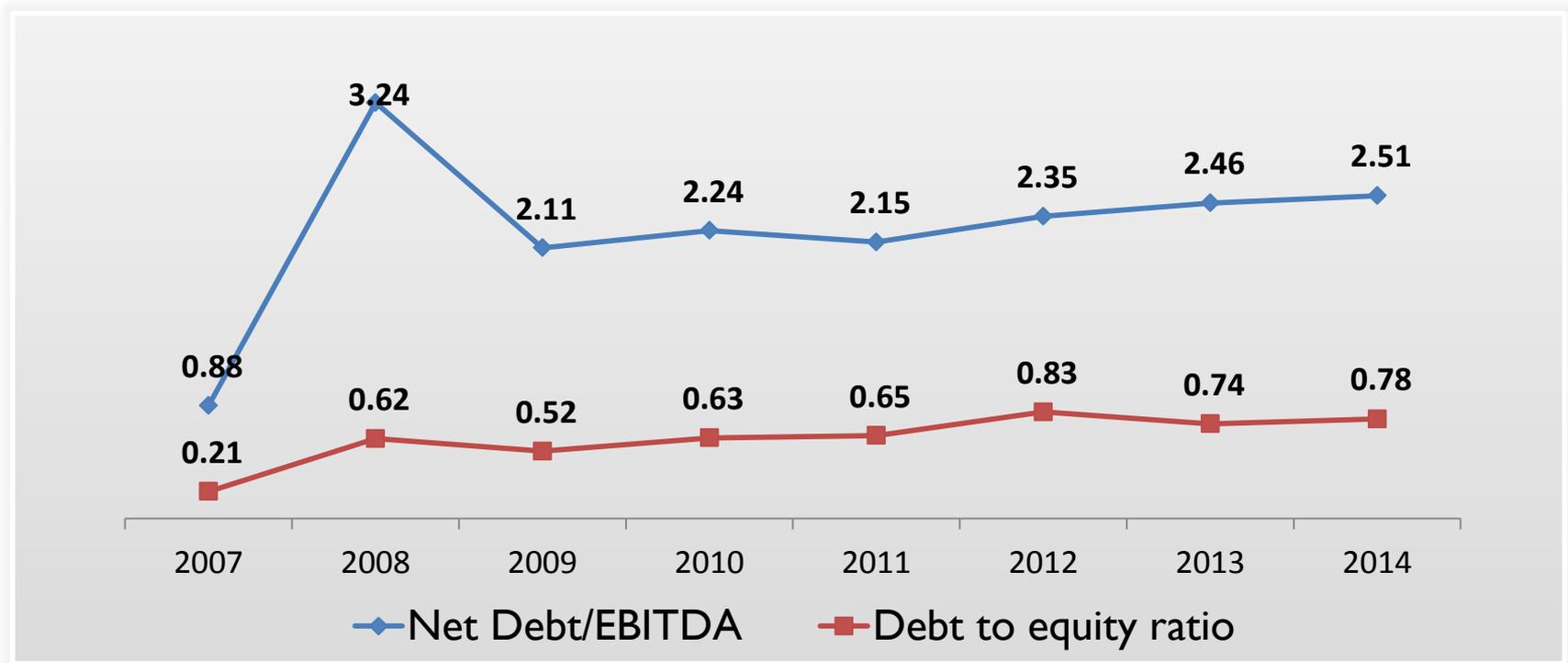
# Total Shareholders' Return



# Savola Group Share Price



# Debt Position

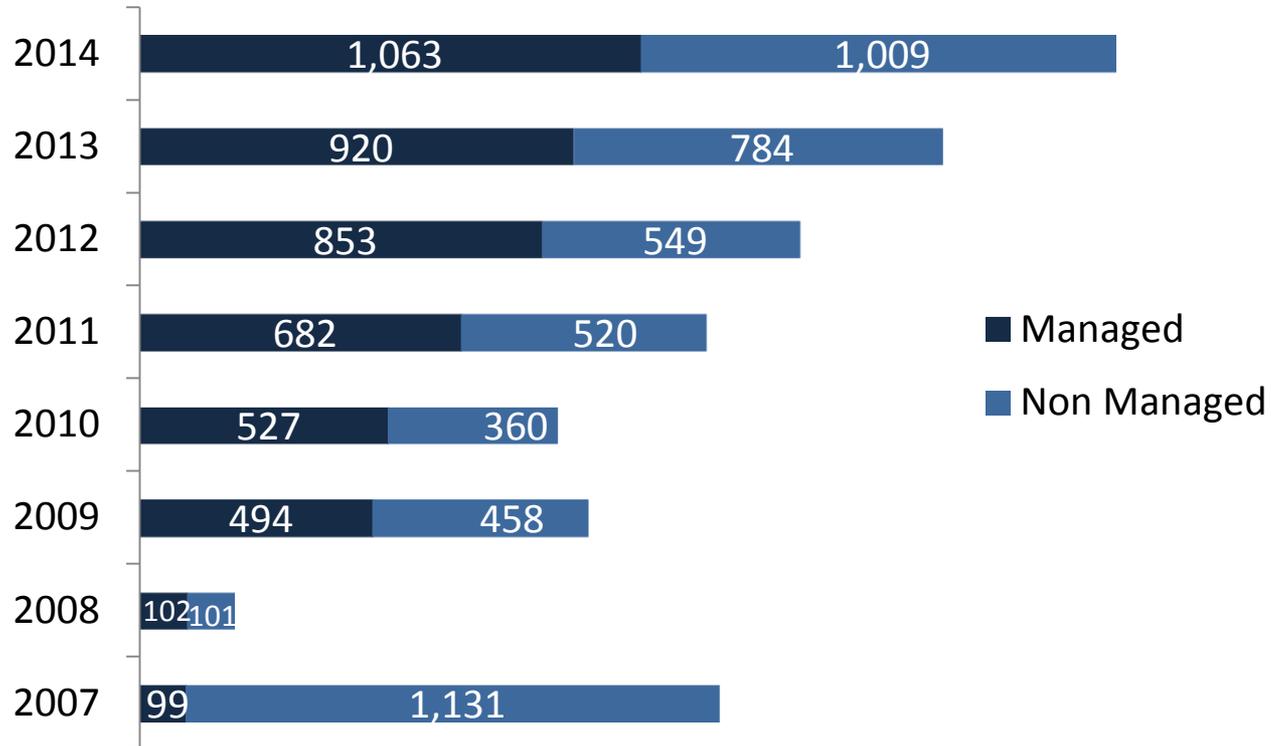


Healthy balance sheet with large amount of unutilized bank lines

# Non-managed Businesses



SAR mlns



Reliance on non-managed businesses has reduced over time



4

# Intangibles

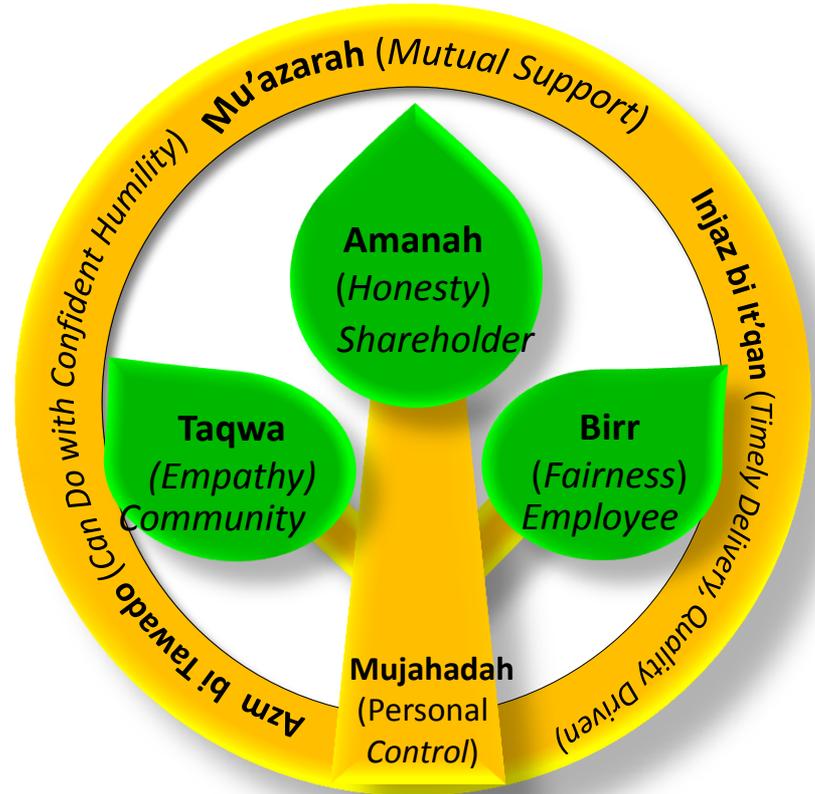
# Savola Ethics and Values Balanced Way



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 - 3 companies certified by GAATES for Accessibility for PWDs
- Participating in Injaz programs
- Supporting various organizations

**145 persons graduated from Makeen program**

# Recognition for Intangibles



## The Savola Group:

- was the only company from the Middle East and Arab countries to win the **Golden Peacock Award** for Excellence in Corporate Governance at the 14<sup>th</sup> London Global Convention in Oct 2014
- received top rank in Phase I of the evaluation (**Disability Confidence Index Application**) conducted by business and disability network (Qaderoon)
- became the first Food & Retail Company in the World to issue a **Global Reporting Initiative (GRI)** checked sustainability report also known as the G4 report
- won the Global Leadership Award in CSR during the world CSR day International Conference for social responsibility organized by **World CSR Congress** held in Mumbai, India in Feb 2014
- was ranked by **Forbes** as the No. 1 Company among Top 500 companies (Food Industry sector) in 2013 across Arab World
- was ranked No. 2 in the Arab World and No. 1 in KSA's publicly listed companies in Corporate Governance and Transparency by **S&P and Hawkamah Institute**



# **Appendix - Financial Results**

# Quarterly Financials

(all figures are in SAR millions)

## Segment Wise Financials

	Q1- 2015					Q1- 2014				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Food</b>										
Oil-Mature Markets	1,930	331	198	119	219	1,995	342	211	172	233
Oil-Start-up Markets*	354	66	33	25	37	312	42	11	4	17
<b>Total Oil</b>	<b>2,284</b>	<b>396</b>	<b>231</b>	<b>144</b>	<b>256</b>	<b>2,307</b>	<b>384</b>	<b>221</b>	<b>175</b>	<b>250</b>
Sugar	1,006	44	(8)	(52)	27	1,037	48	8	(17)	39
Pasta	121	22	9	3	15	120	14	5	4	10
<b>Total Foods</b>	<b>3,410</b>	<b>462</b>	<b>233</b>	<b>95</b>	<b>298</b>	<b>3,464</b>	<b>446</b>	<b>234</b>	<b>162</b>	<b>299</b>
<b>Retail</b>										
KSA	3,118	709	30	17	108	2,738	637	78	70	146
Gulf	75	11	2	2	3	80	11	2	2	2
<b>Total Retail</b>	<b>3,192</b>	<b>720</b>	<b>31</b>	<b>18</b>	<b>110</b>	<b>2,818</b>	<b>647</b>	<b>80</b>	<b>72</b>	<b>148</b>
Real Estate	0	0	4	4	4	0	0	111	111	111
Discontinued Operation	0	0	0	0	0	0	0	0	5	0
Herfy	0	0	29	29	29	0	0	25	25	25
Al Marai-Savola Share	0	0	112	112	112	0	0	100	100	100
HQ/Elimination/Impairments	(55)	(0)	(23)	212	(19)	(41)	0	(20)	(52)	(14)
<b>Total</b>	<b>6,547</b>	<b>1,182</b>	<b>386</b>	<b>471</b>	<b>534</b>	<b>6,241</b>	<b>1,093</b>	<b>531</b>	<b>423</b>	<b>669</b>
<b>Adjustments</b>										
Impairments				-					-	
Capital gains				(265)					-	
<b>Adjusted Profit</b>				<b>206</b>					<b>423</b>	

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

# Annual Financials

(all figures are in SAR millions)

## Segment Wise Financials

	FY- 2014					FY- 2013				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Food</b>										
Oil-Mature Markets	7,883	1,339	707	474	794	8,475	1,663	1,053	512	1,139
Oil-Start-up Markets*	1,458	229	97	79	116	1,222	160	48	12	67
<b>Total Oil</b>	<b>9,341</b>	<b>1,568</b>	<b>804</b>	<b>553</b>	<b>910</b>	<b>9,697</b>	<b>1,823</b>	<b>1,101</b>	<b>525</b>	<b>1,205</b>
Sugar	4,751	334	159	20	297	4,392	343	214	68	300
Pasta	500	79	42	37	60	463	76	41	38	60
<b>Total Foods</b>	<b>14,592</b>	<b>1,981</b>	<b>1,005</b>	<b>610</b>	<b>1,267</b>	<b>14,552</b>	<b>2,242</b>	<b>1,357</b>	<b>631</b>	<b>1,566</b>
<b>Retail</b>										
KSA	11,893	2,831	530	495	813	10,518	2,471	425	397	678
Gulf	312	46	8	8	11	406	68	9	9	13
<b>Total Retail</b>	<b>12,204</b>	<b>2,877</b>	<b>538</b>	<b>503</b>	<b>824</b>	<b>10,925</b>	<b>2,539</b>	<b>435</b>	<b>405</b>	<b>691</b>
Real Estate	0	0	226	226	226	0	0	60	60	60
Packaging (Discontinued Operation)**	0	0	0	50	0	0	0	0	70	0
Herfy	0	0	103	103	103	0	0	92	92	92
Al Marai-Savola Share	0	0	611	611	611	0	0	548	548	548
HQ/Elimination/Impairments	(208)	6	(27)	(30)	(15)	(196)	(7)	(2)	(101)	(89)
<b>Total</b>	<b>26,588</b>	<b>4,864</b>	<b>2,455</b>	<b>2,072</b>	<b>3,015</b>	<b>25,281</b>	<b>4,774</b>	<b>2,490</b>	<b>1,704</b>	<b>2,867</b>
<b>Adjustments</b>										
Impairments				67					100	
Capital gains				(209)					(231)	
<b>Adjusted Profit</b>				<b>1,931</b>					<b>1,573</b>	

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

\*\*All amounts relating to SPS in the 2013 consolidated income statement have been reclassified



**THANK YOU**