

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

2005/06

- Obtained 70% of Saudi edible oil market



- Established edible oil refinery in Egypt



- Entry into retail sector through merger with Azizia Panda



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



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

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 2nd 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

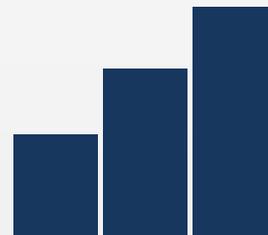


Savola Group is one of the top Food and Retail player in the MENA region with leading brands

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 38 bln
as of 28th July 2015

Our Businesses



Foods

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



Retail

(Hypermarkets & Supermarkets)
2014 Revenue SAR 12.2 bln



Investments

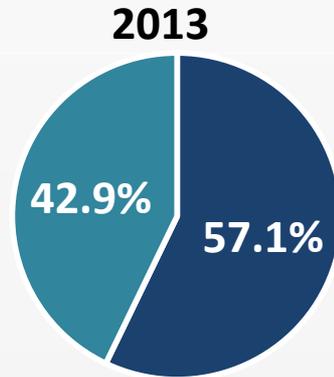
(Strategic and Non-core)
Value of over SAR 21 bln



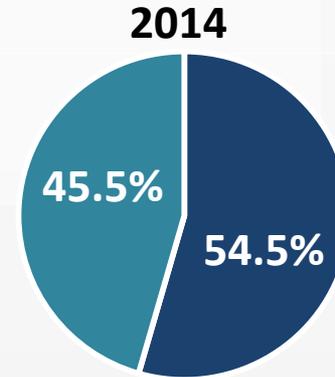


Revenue by Sector

***Total: SAR 25.3 bln**



***Total: SAR 26.6 bln**

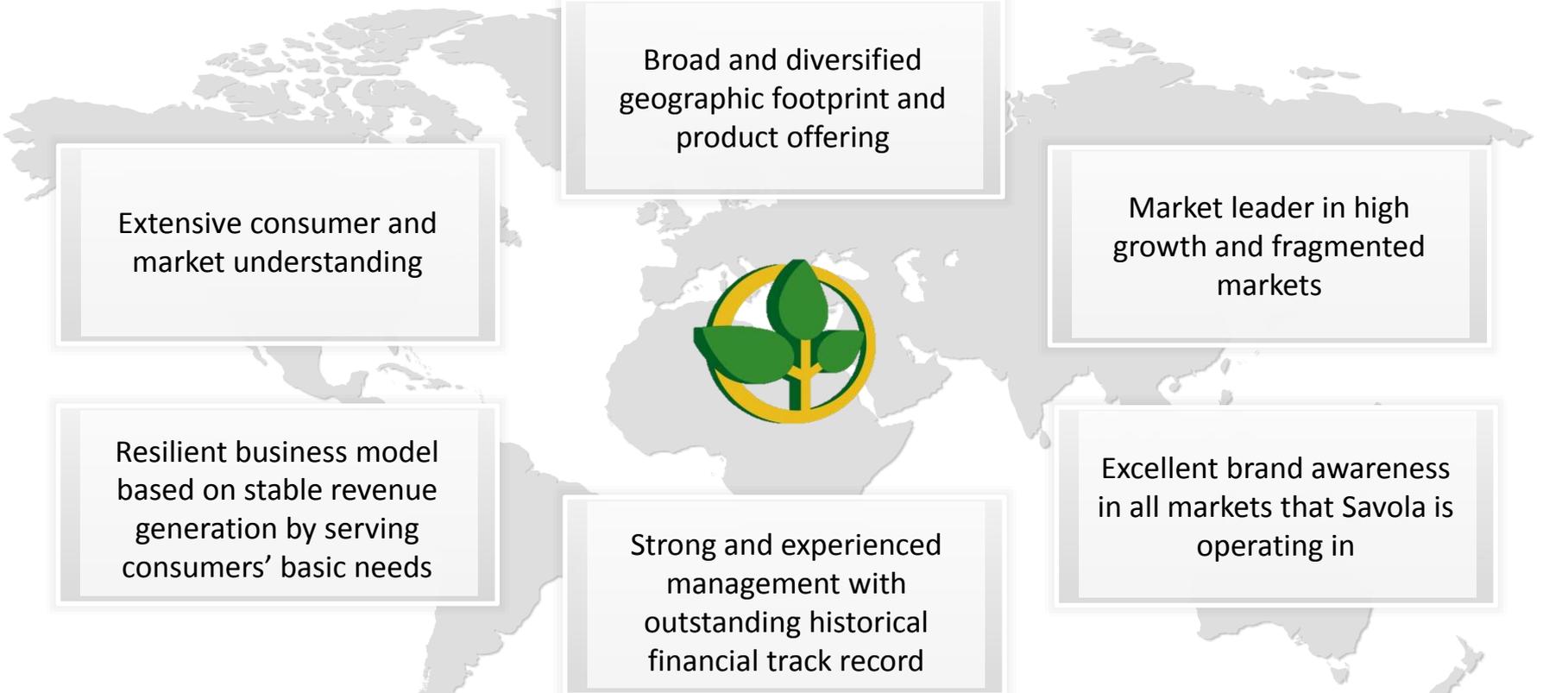


- Foods
- Retail

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

A light gray world map is centered in the background, with a smaller version of the Savola logo overlaid on the African continent.

Broad and diversified
geographic footprint and
product offering

Extensive consumer and
market understanding

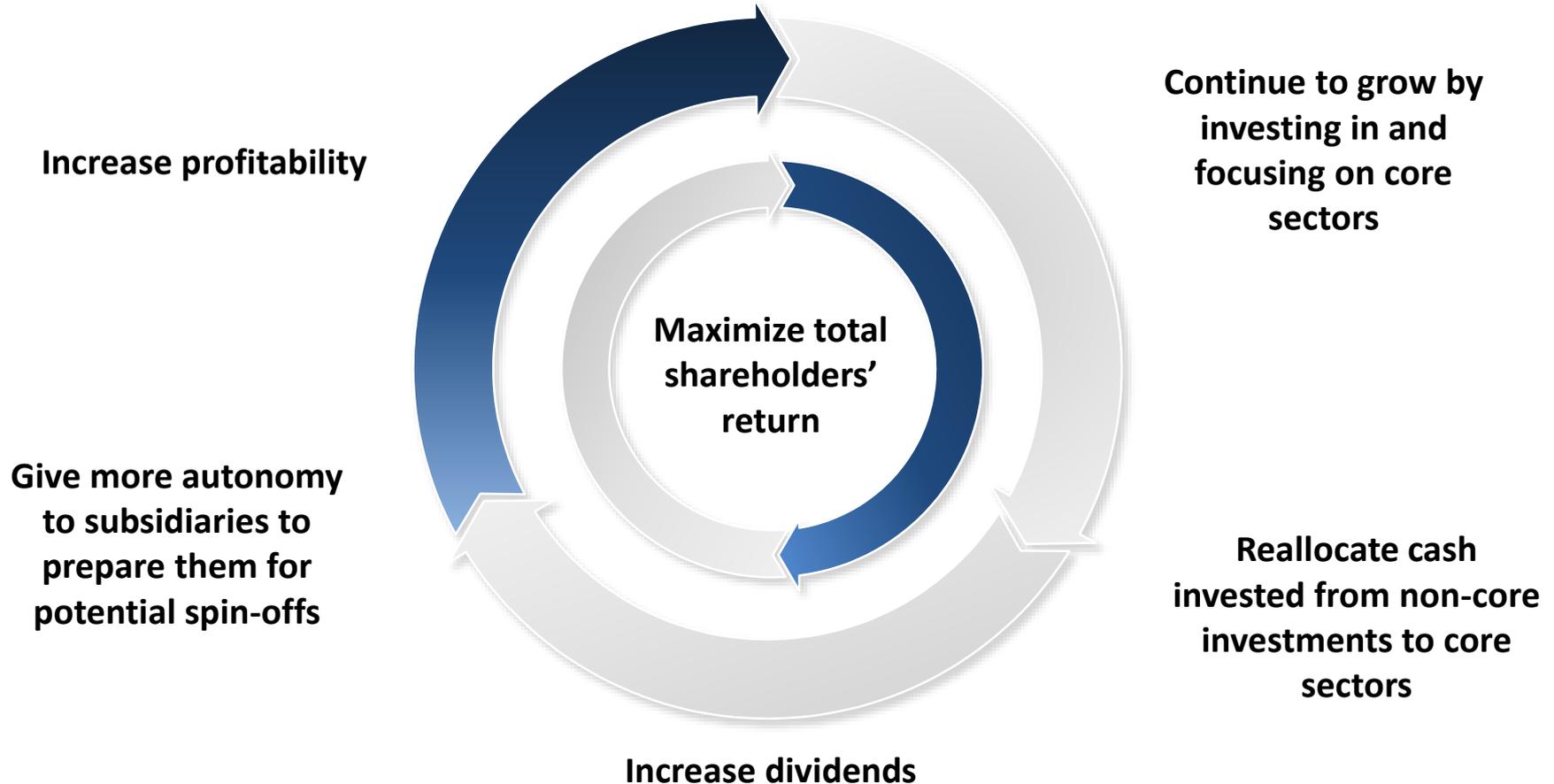
Market leader in high
growth and fragmented
markets

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 Co.

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

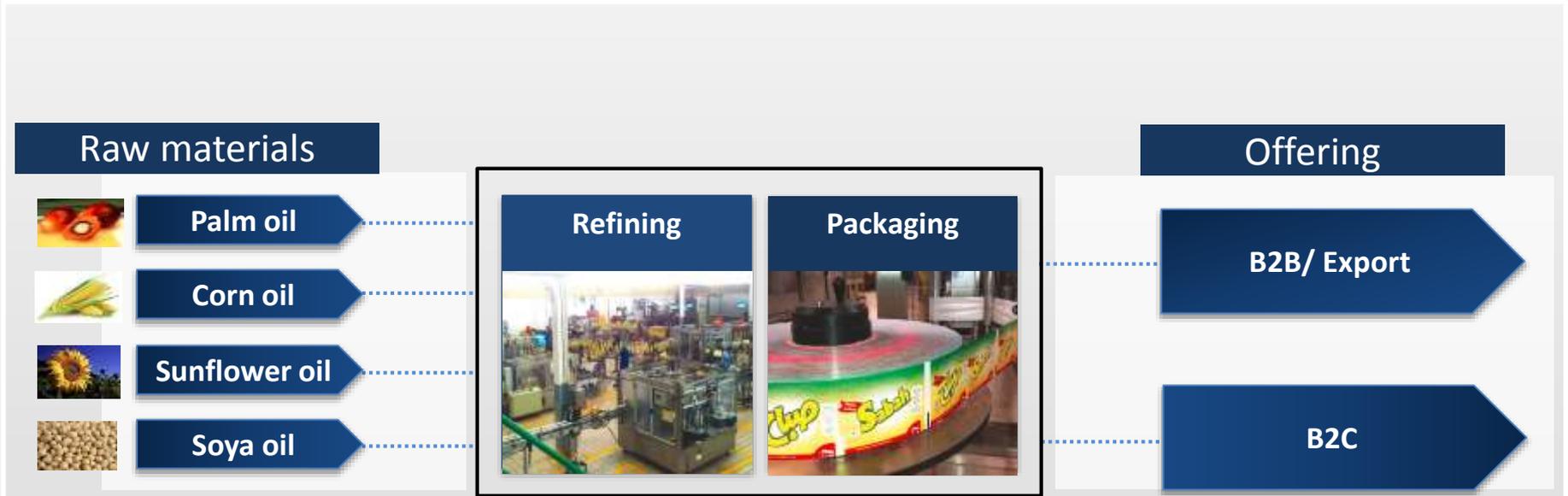
SFC is a market leader in all the countries we operate in

SFC Brands

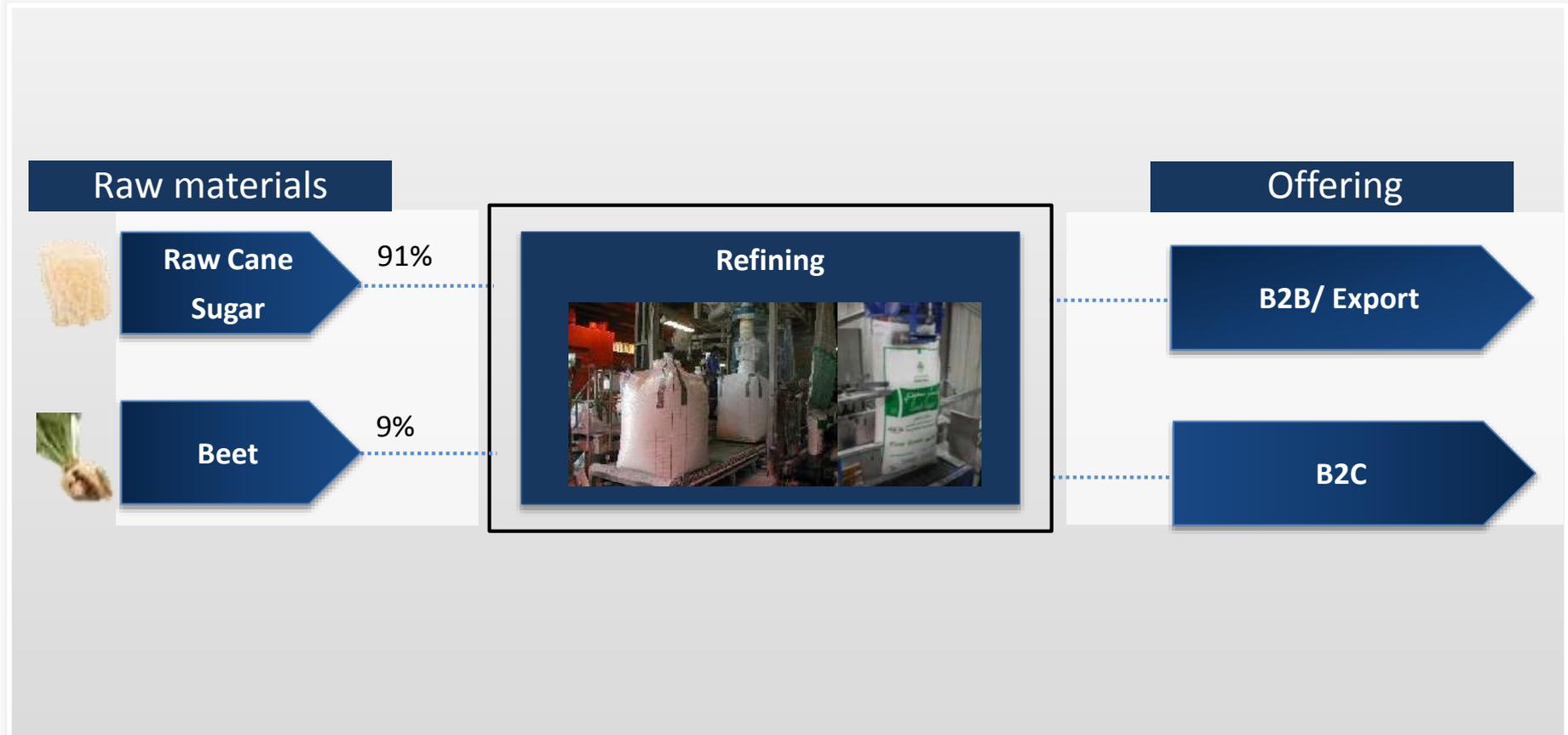


We have created strong unique brands across the region

Oil Value Chain



Sugar Value Chain



Pasta Value Chain



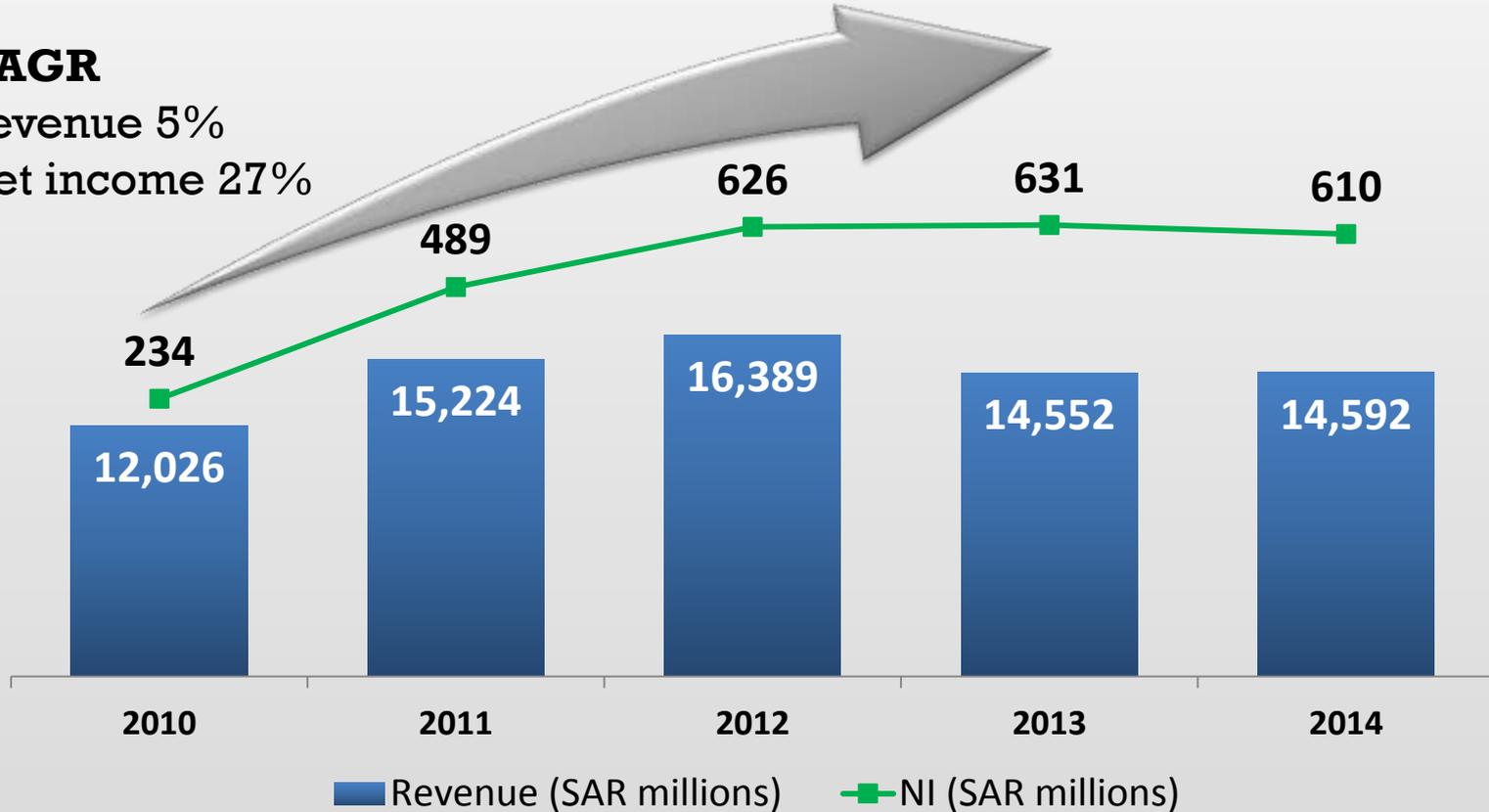
Financial Performance



CAGR

Revenue 5%

Net income 27%

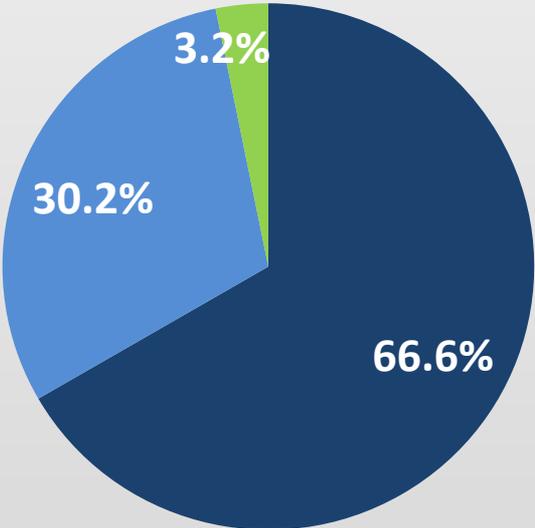


Revenue Breakdown

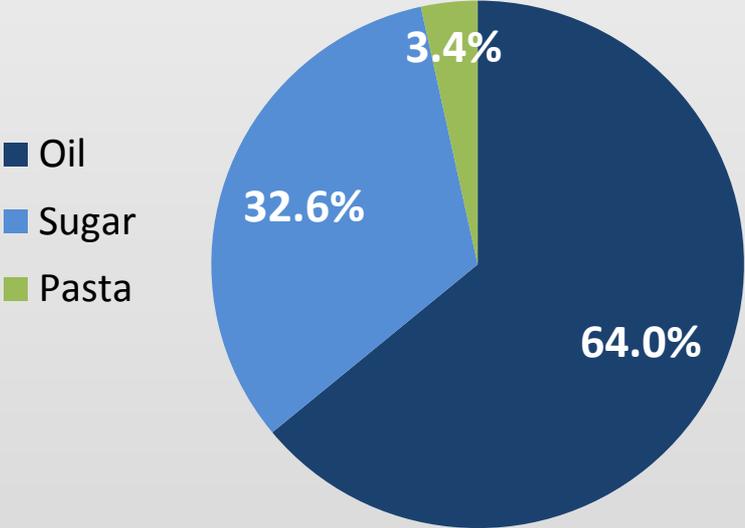


SFC Revenue Breakdown by Category 2013 & 2014

Total Revenue SAR 14.5 bln
2013



Total Revenue SAR 14.6 bln
2014

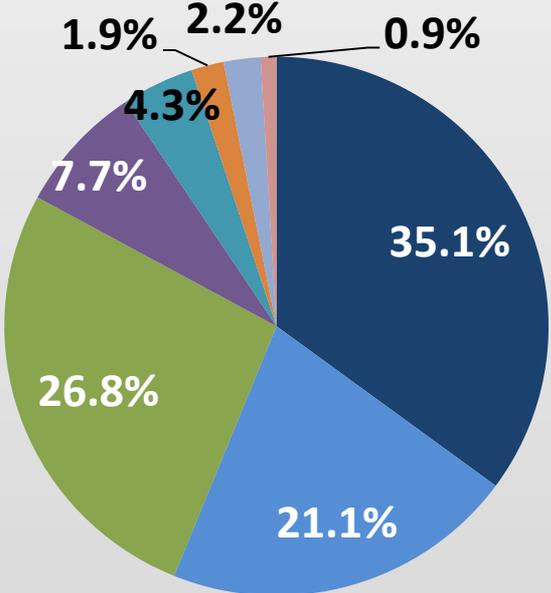


Revenue Breakdown

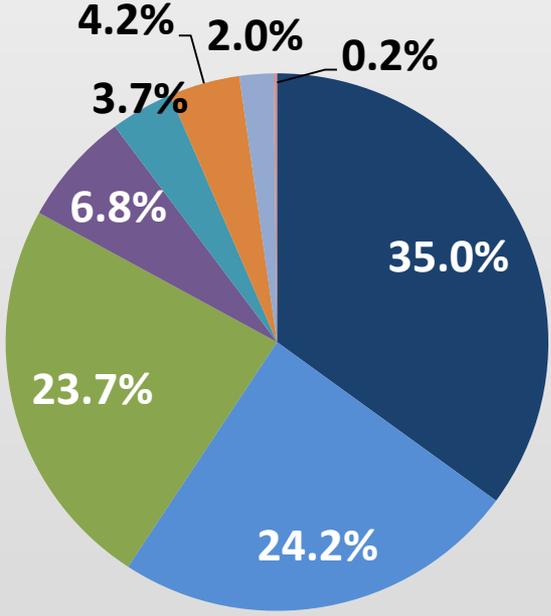


SFC Revenue Breakdown by Geography, 2013 & 2014

Total Revenue SAR 14.5 bln
2013



Total Revenue SAR 14.6 bln
2014



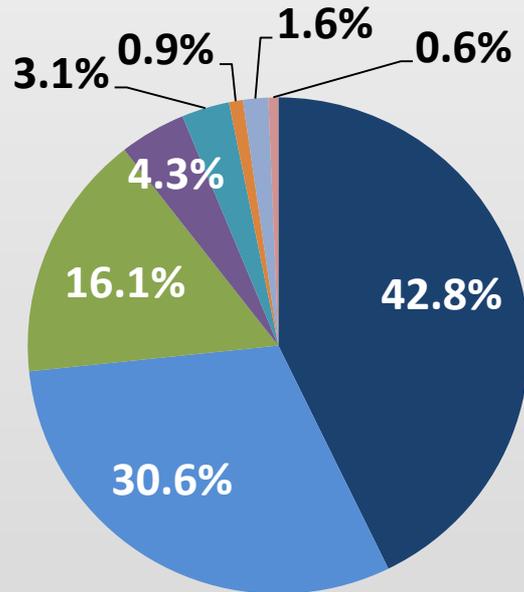
- KSA
- Egypt
- Iran
- Turkey
- Algeria
- Sudan
- Morocco
- Kazakhstan

Volume Breakdown by Geography

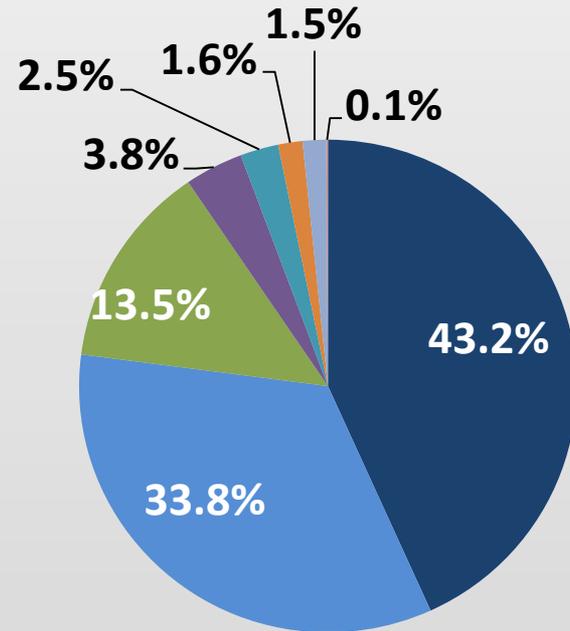


SFC total sales volume grew by around 10% during 2014

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



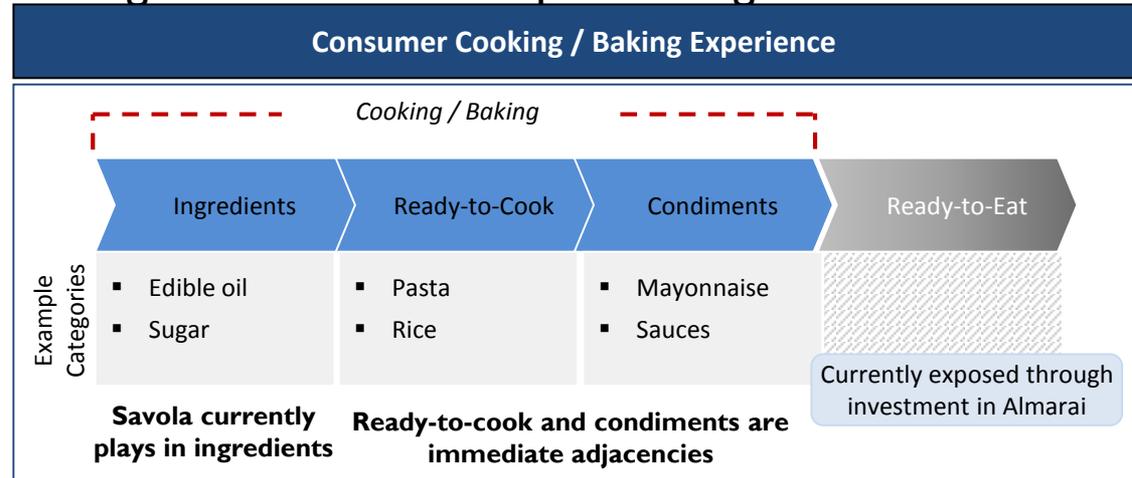
Mission is to enrich consumer cooking experience by developing ingredient solutions

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

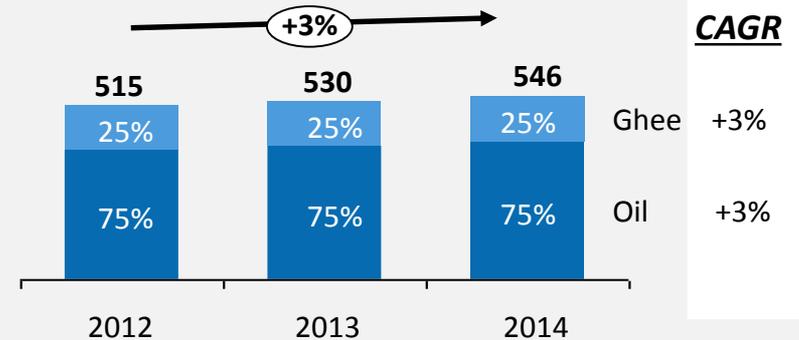
Strategic Growth Drivers



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)
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 (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 / Algeria (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 پنده
HyperPanda

پندتو
PandaTi

پنده
Panda



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

Retail Value Chain



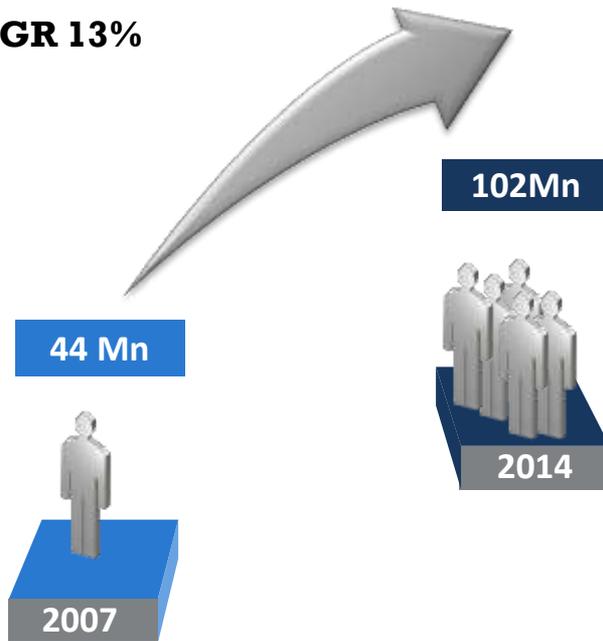
Panda KSA like to like sales increased by 3.0% in 2014

Key Facts



Customer Count

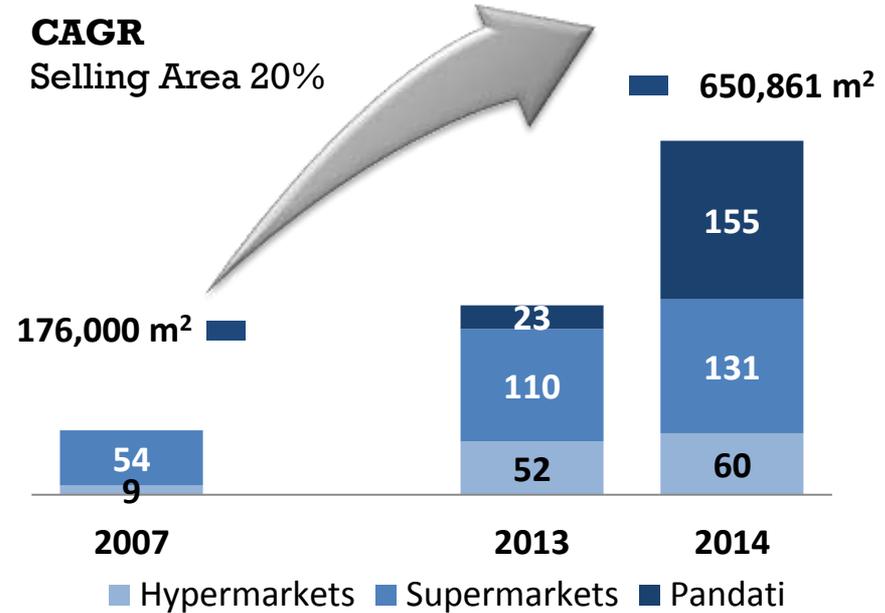
CAGR 13%



Number of Stores and Selling Area

CAGR

Selling Area 20%



Present in 35 cities across KSA with exceptional distribution network

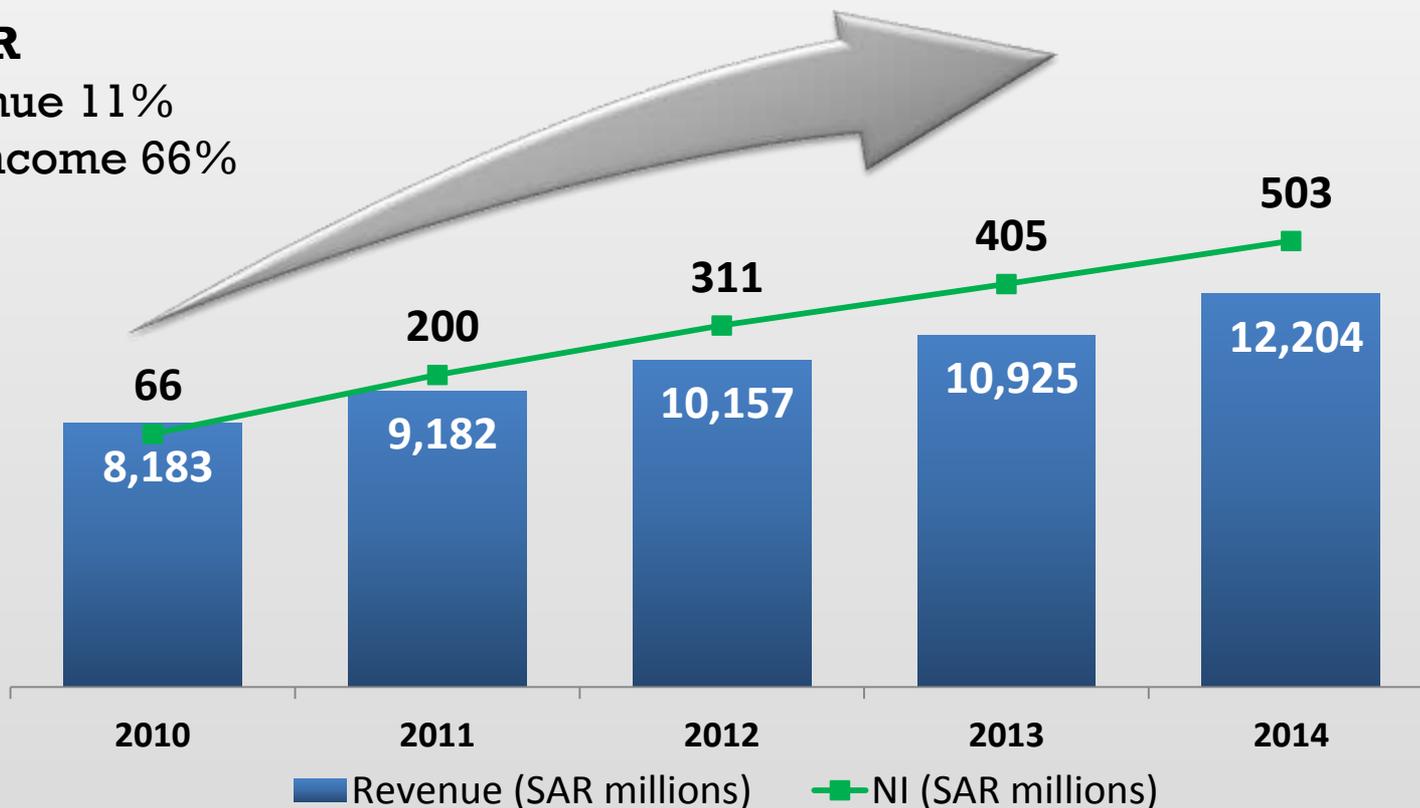
Financial Performance



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

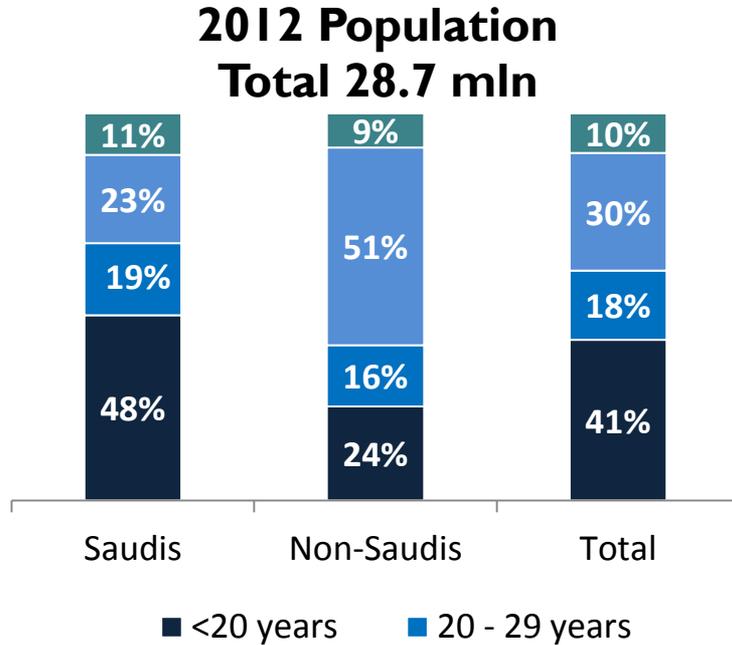
6
New retail
formats

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

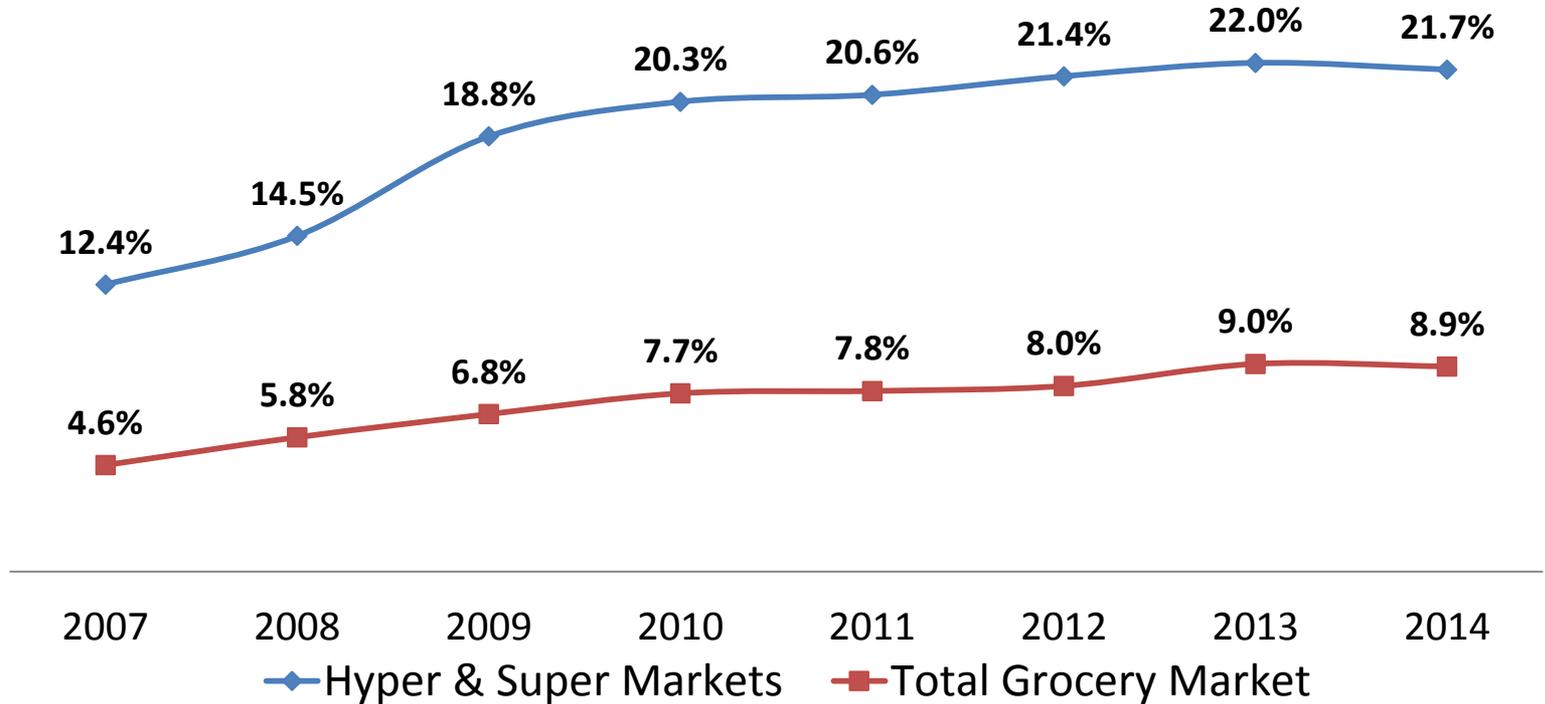
- 23% more **married couples** (11.9 mln) by 2020
- **Family size** has declined (9.3 in 1970s to around 5.3 now)

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



- 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 93,000 m²
- Second largest fleet size in KSA with 863 vehicles



3
State of the
art
Distribution

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

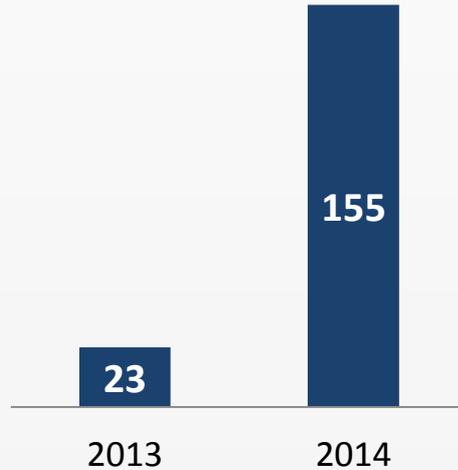
Increase in private label sales mix will improve overall margins

Strategic Growth Drivers

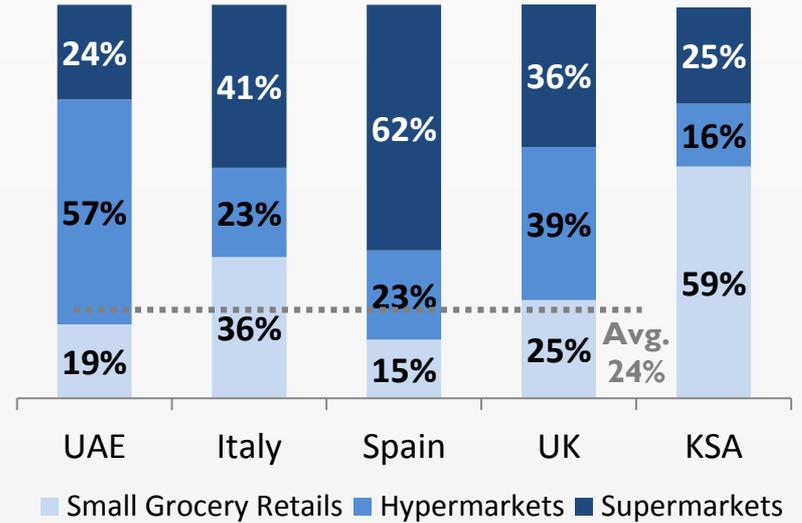


6
New
retail
formats

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)
Almarai	1,674	36.52%	20,433
Herfy	206	49%	2,615
Kinan	706	29.9%	NA

*Market value as of 28th July 2015

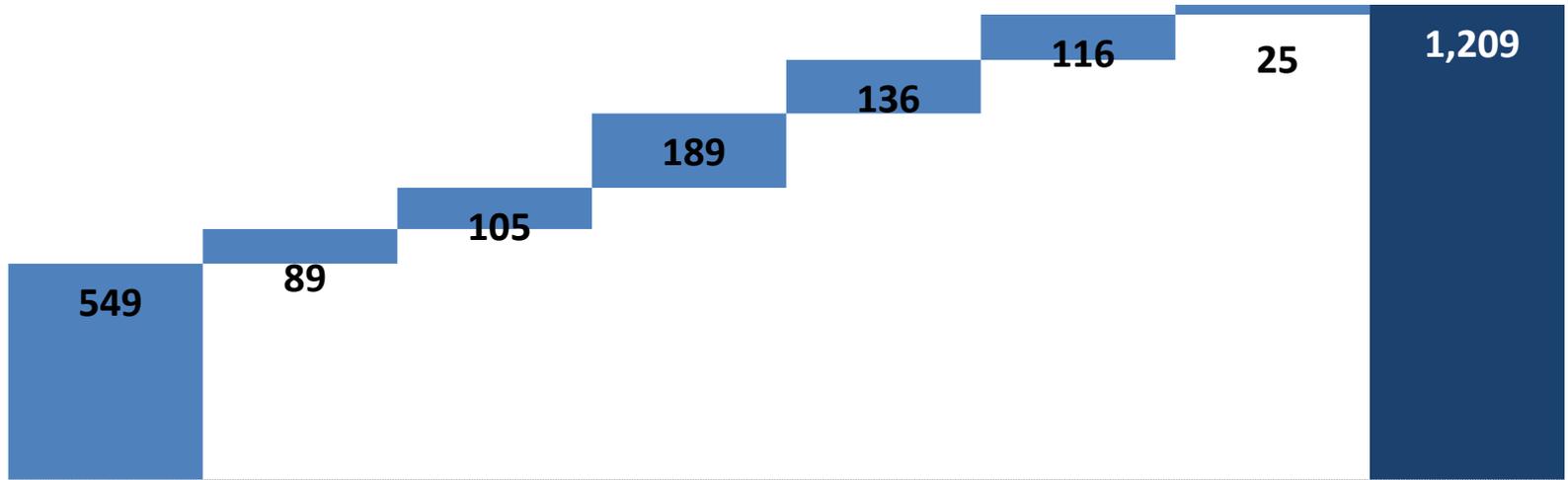
Investments which are complimentary to the Group's core operating sectors

Non-core Investments



All numbers are in SAR millions

All book values as of 31st 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
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
	Masharef	- Sold to Kinan with realized capital gain of SAR 187 mln in 2014
Mutoun		- Sale and leaseback of freehold properties with few remaining properties
Private Equity Funds (Intaj, Jousour, Swicorp)		- Ensuring to exit at the right time by maximizing returns - Received SAR 90 mln and SAR 77 mln from Jousour in 2013 and 2014
KEC		- Currently under lock-up period
EEC		- Sold c. 90% of investment in Q3 2012 with capital gain of SAR 47 mln

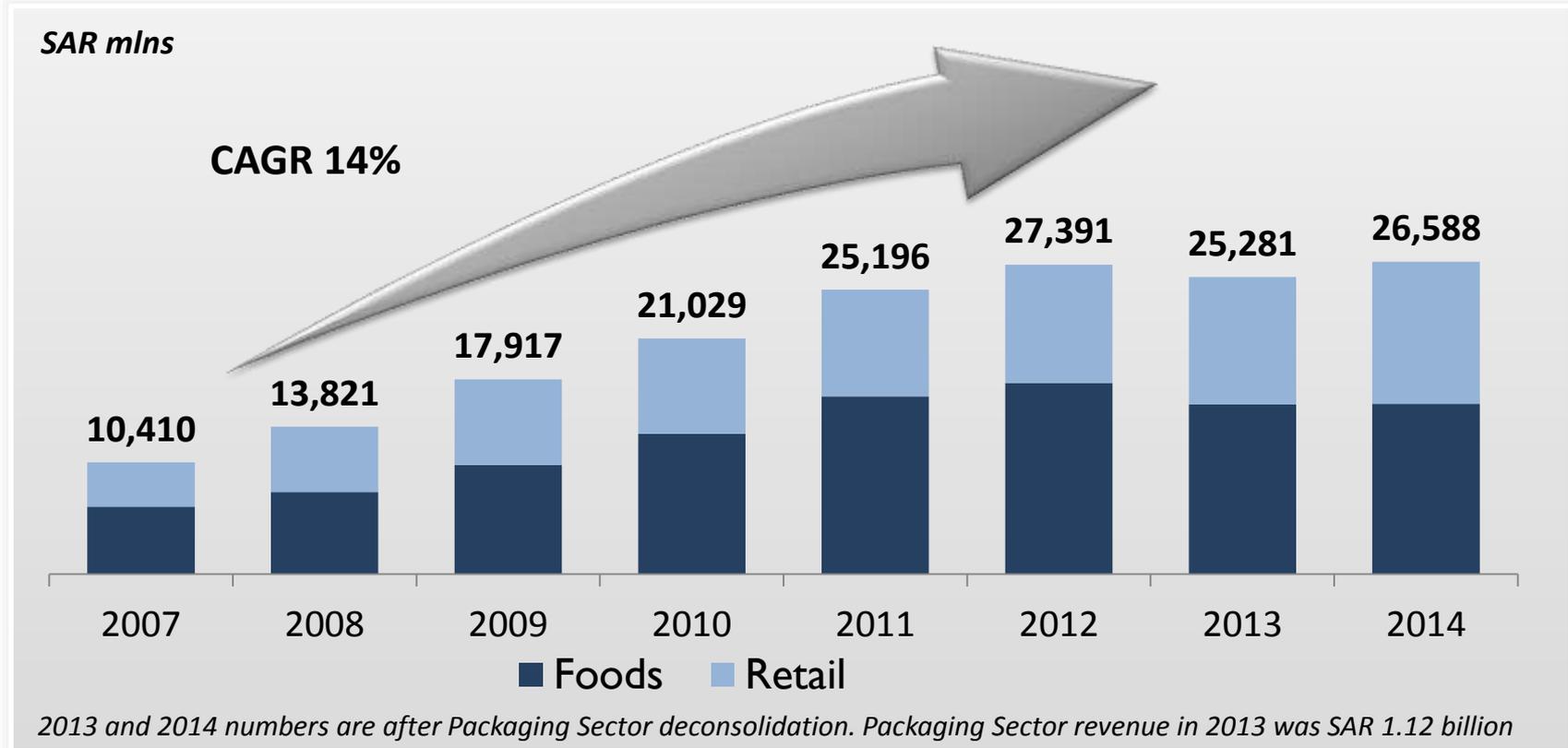
Exited investments worth around SAR 3.9 billion since 2009



3

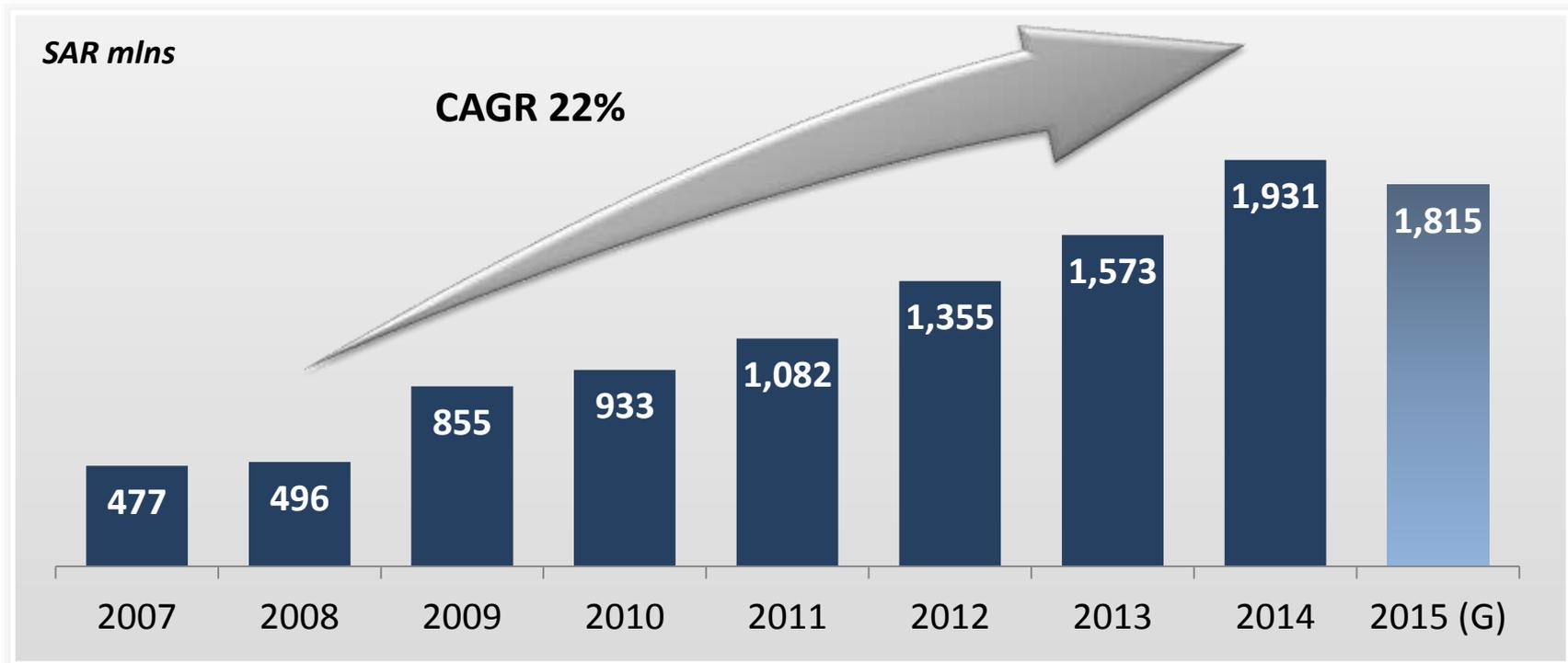
Financials

Revenue Growth



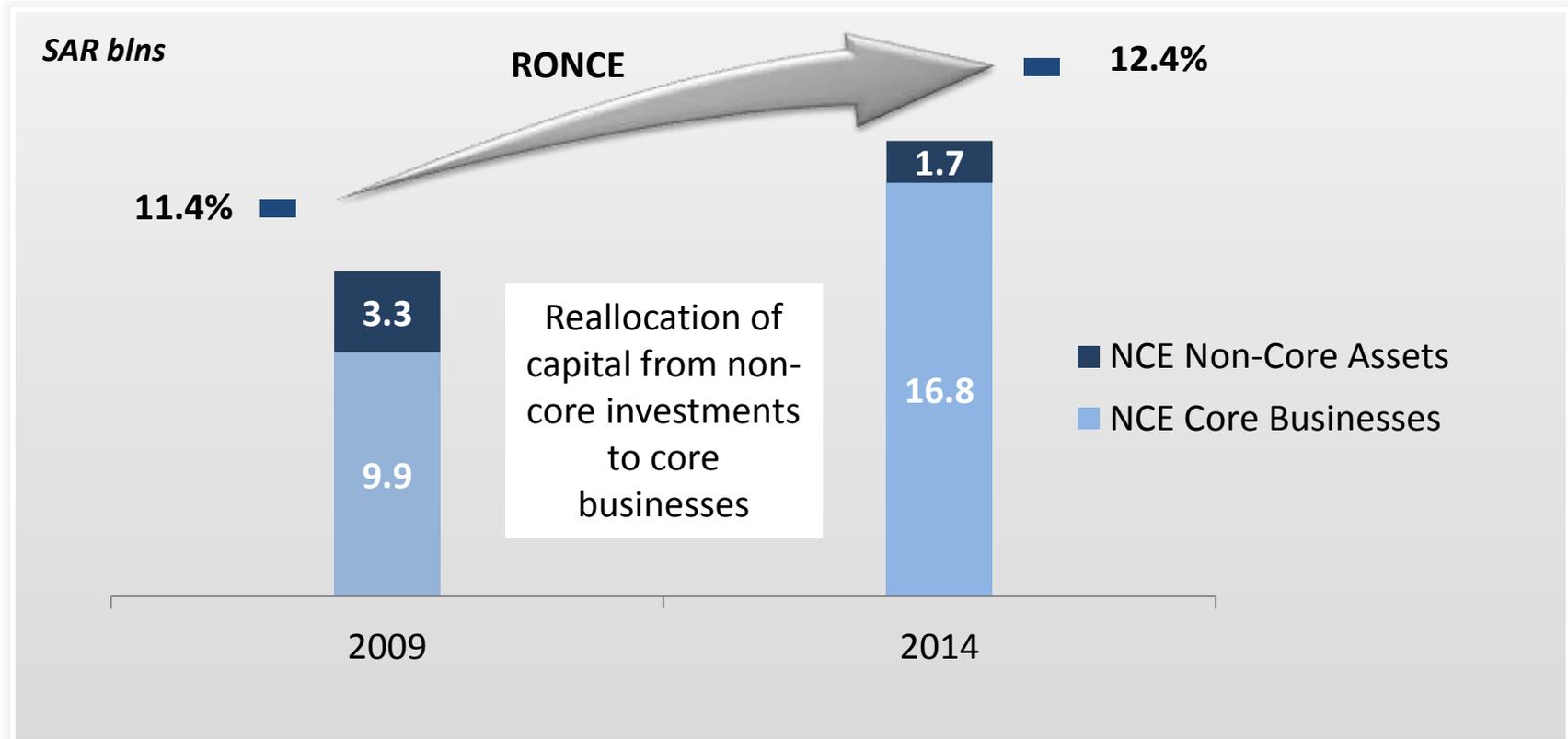
Strong and consistent revenue growth

Income from Operations



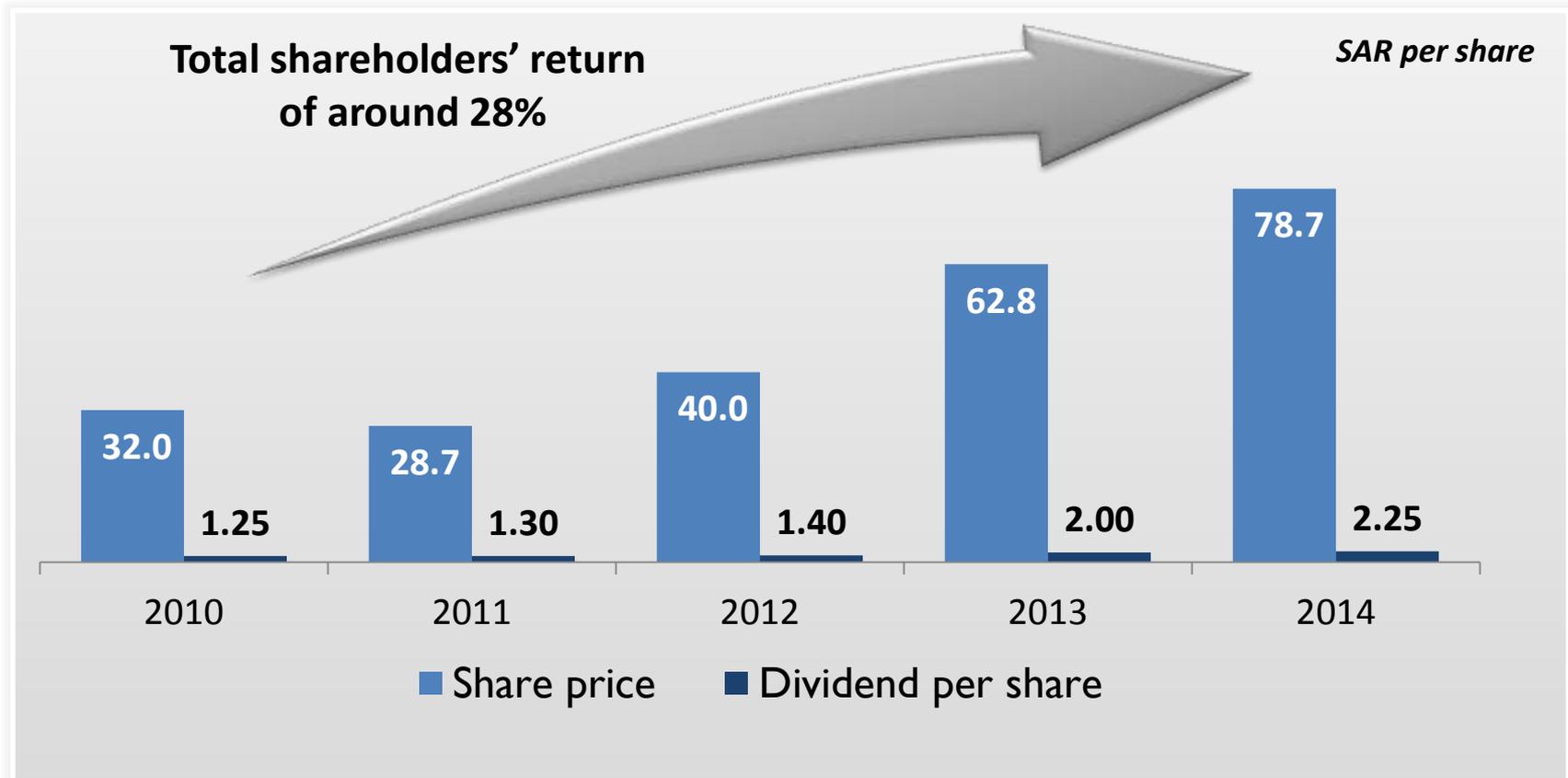
Net income from operations has grown consistently

Return on Net Capital Employed

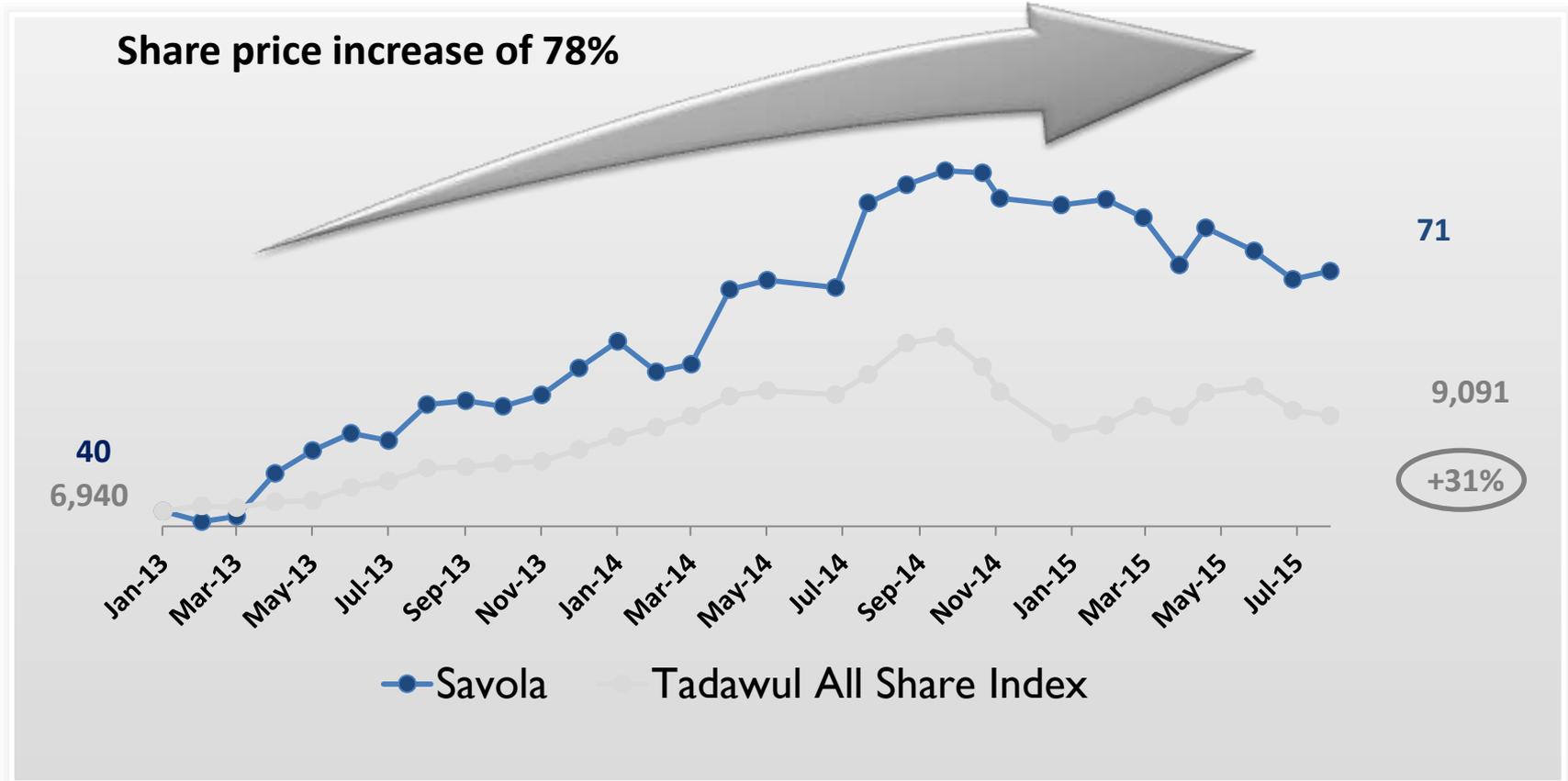


RONCE has increased over the past few years due to focus on core businesses

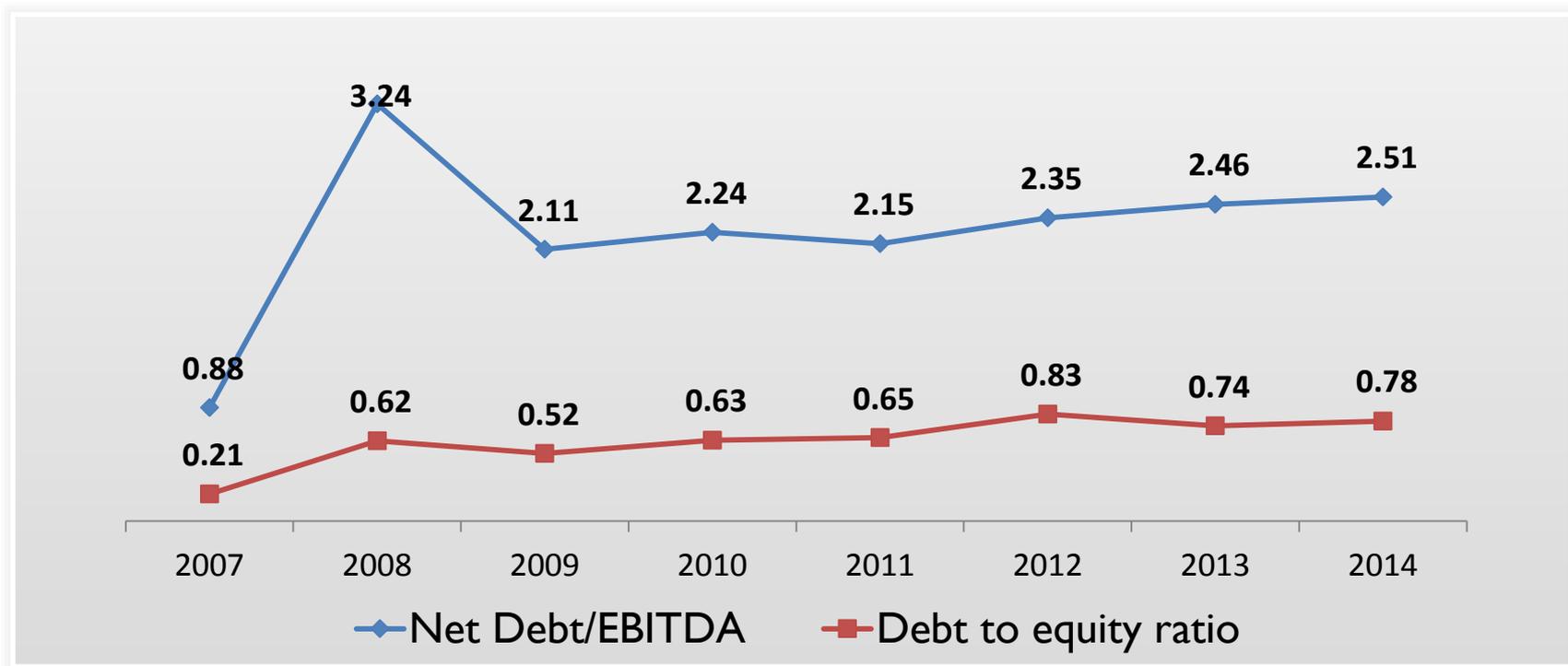
Total Shareholders' Return



Savola Group Share Price



Debt Position

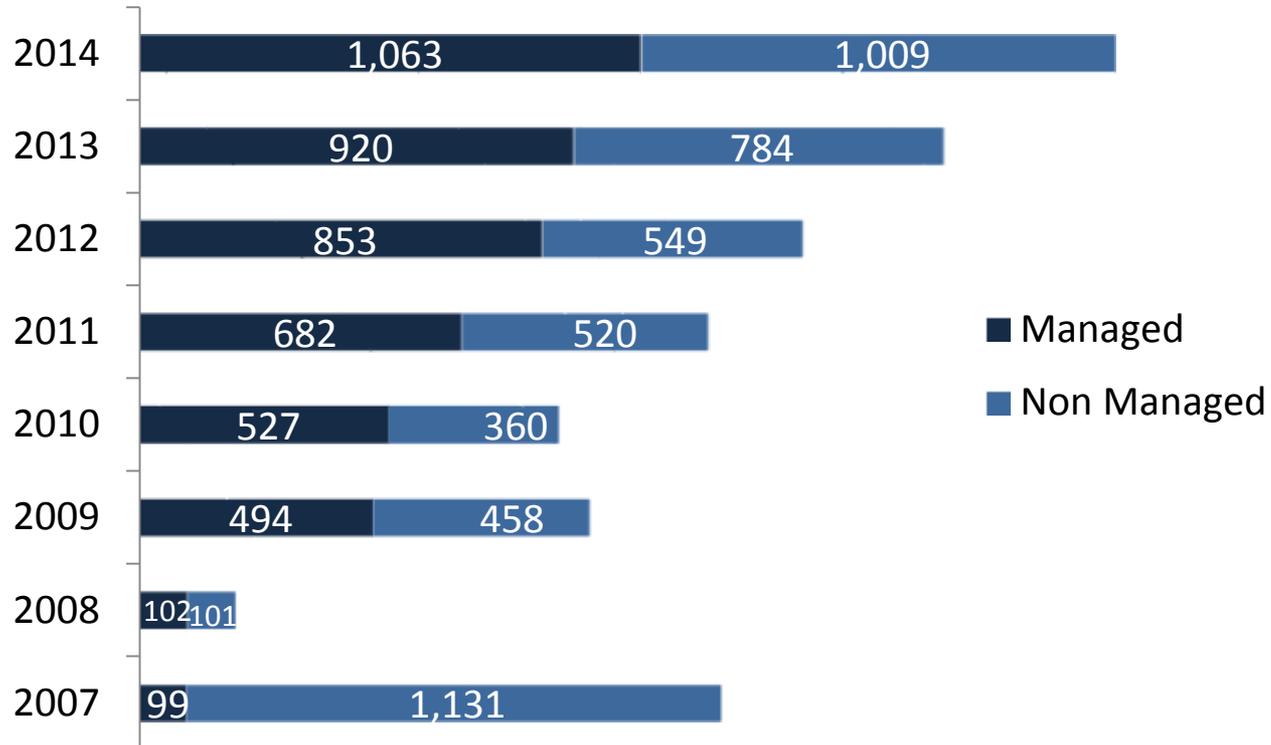


Healthy balance sheet with large amount of unutilized bank lines

Non-managed Businesses



SAR mlns



Reliance on non-managed businesses has reduced over time



Intangibles

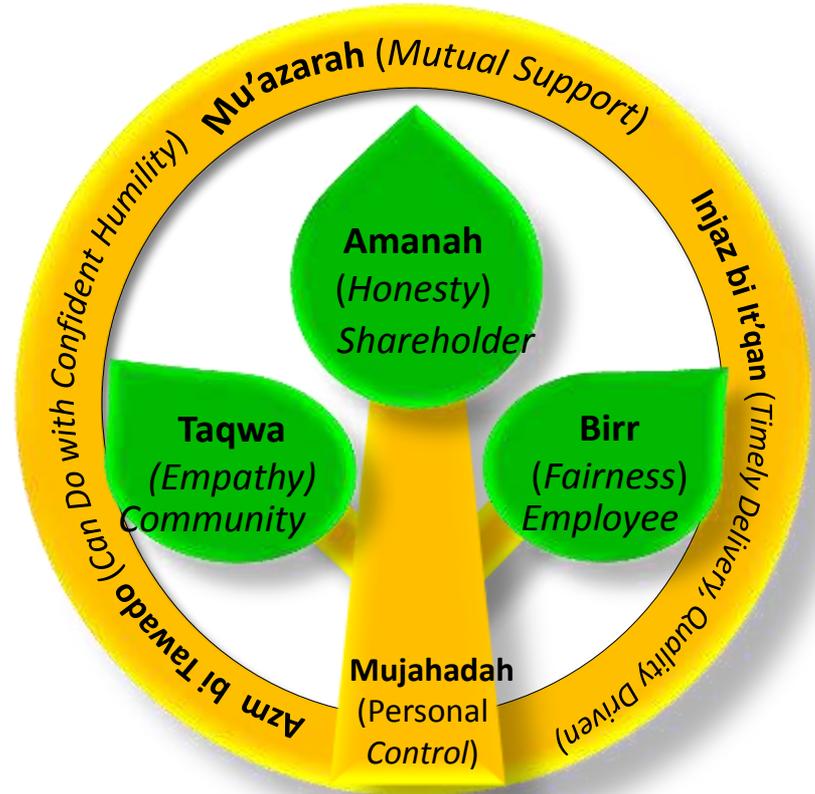
Savola Ethics and Values Balanced Way



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 14th 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

	Q2- 2015					Q2- 2014				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food										
Oil-Mature Markets	2,002	401	233	186	254	2,168	371	228	150	250
Oil-Start-up Markets*	368	57	29	21	33	401	69	32	28	36
Total Oil	2,370	458	261	207	287	2,569	440	260	178	286
Sugar	1,223	60	11	(17)	47	1,398	117	67	13	103
Pasta	161	41	22	20	27	153	26	17	16	21
Total Foods	3,754	559	295	210	361	4,120	583	344	207	410
Retail										
KSA	3,701	801	59	46	149	3,201	657	81	73	150
Gulf	81	12	3	3	3	82	12	1	1	2
Total Retail	3,782	813	61	48	153	3,283	669	82	74	152
Real Estate	0	0	5	5	5	0	0	39	39	39
Discontinued Operation	0	0	0	0	0	0	0	0	18	0
Herfy	0	0	20	20	20	0	0	28	28	28
Al Marai-Savola Share	0	0	194	194	194	0	0	158	158	158
HQ/Elimination/Impairments	(114)	(0)	(21)	(43)	(17)	(67)	(0)	20	(11)	26
Total	7,421	1,372	554	434	716	7,337	1,251	671	513	813
Adjustments										
Impairments				-					-	
Capital gains				-					(17)	
Adjusted Profit				434					496	

* Start-up markets include Algeria, Morocco and Sudan

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
Food										
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
Total Oil	2,284	396	231	144	256	2,307	384	221	175	250
Sugar	1,006	44	(8)	(52)	27	1,037	48	8	(17)	39
Pasta	121	22	9	3	15	120	14	5	4	10
Total Foods	3,410	462	233	95	298	3,464	446	234	162	299
Retail										
KSA	3,118	709	30	17	108	2,738	637	78	70	146
Gulf	75	11	2	2	3	80	11	2	2	2
Total Retail	3,192	720	31	18	110	2,818	647	80	72	148
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)
Total	6,547	1,182	386	471	534	6,241	1,093	531	423	669
Adjustments										
Impairments				-					-	
Capital gains				(265)					-	
Adjusted Profit				206					423	

* 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
Food										
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
Total Oil	9,341	1,568	804	553	910	9,697	1,823	1,101	525	1,205
Sugar	4,751	334	159	20	297	4,392	343	214	68	300
Pasta	500	79	42	37	60	463	76	41	38	60
Total Foods	14,592	1,981	1,005	610	1,267	14,552	2,242	1,357	631	1,566
Retail										
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
Total Retail	12,204	2,877	538	503	824	10,925	2,539	435	405	691
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)
Total	26,588	4,864	2,455	2,072	3,015	25,281	4,774	2,490	1,704	2,867
Adjustments										
Impairments				67					100	
Capital gains				(209)					(231)	
Adjusted Profit				1,931					1,573	

* Start-up markets include Algeria, Morocco and Sudan

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



THANK YOU