



## Earnings Presentation

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# Key Highlights

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- ▶ Following 2 years of market and category declines, first signs of sales stabilization
- ▶ Top 3 categories for SADAFCO (total milk, tomato paste and ice cream) all showing improved market share performance
- ▶ Core business continues to deliver respectable returns on sales, despite continued irrational price discounting from competitors
- ▶ Cash balance remains healthy, following interim dividend payment and purchase of controlling interest in Polish milk powder producer (Mlekoma)

## New Product Launches



New size of Crispy Letters  
"Salt and Vinegar" in 80  
gm pack

## Recent Developments

### Share Buyback

- SADAFCO shareholders in Dec. 18 approved a scheme to repurchase of up to 3.25 million of its ordinary shares (10% of the company's outstanding shares). Any shares bought back will be retained as treasury shares
- The buyback will be financed from the company's internal resources

# Business Highlights

## Financial Highlights-SADAFECO\*

### Sales

**2.7%**

YoY

9M'2018/19 :  
**SAR1,349mn**

9M'2017/18 :  
**SAR1,314mn**

### Net Profit

**25.2%**

YoY

9M'2018/19 :  
**SAR157mn**

9M'2017/18 :  
**SAR210mn**

### Operating Cash Flow

**20.5%**

YoY

9M'2018/19 :  
**SAR264mn**

9M'2017/18 :  
**SAR219mn**

## SADAFECO's Market Share



**UHT Milk**

**63.5%**



**Tomato Paste**

**49.9%**



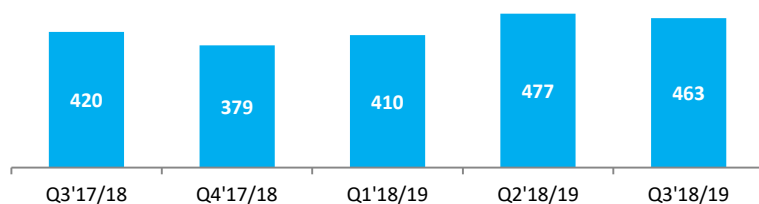
**Ice Cream**

**24.6%**

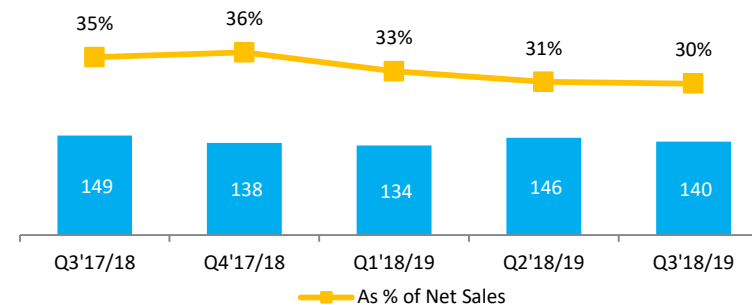
Source: Neilson Retail Audit Nov'18

\*Includes Includes SADAFECO Poland financials

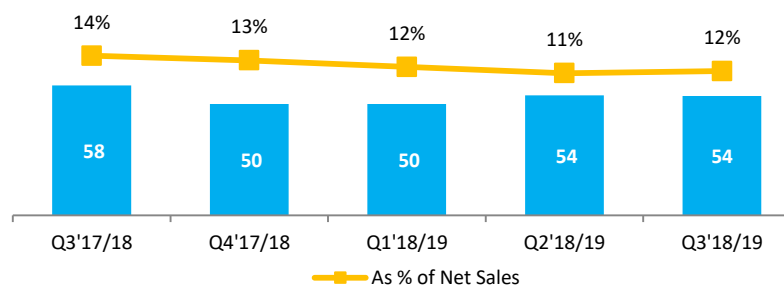
## Sales SAR mn



## Gross Profit SAR mn



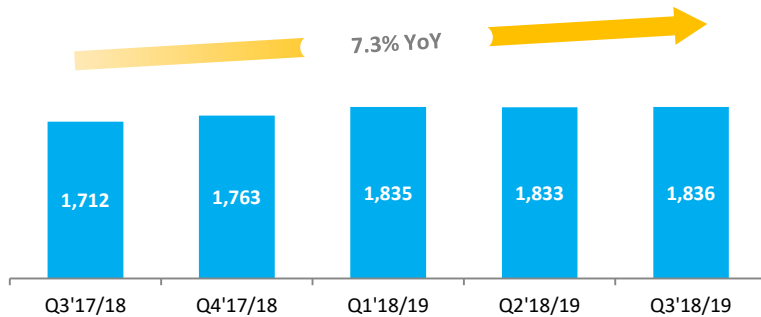
## Net Profit SAR mn



# Balance Sheet

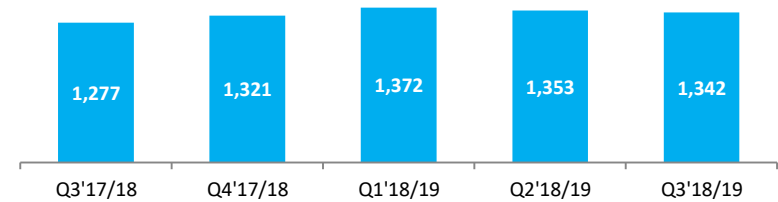
## Steady Asset Base...

SAR mn



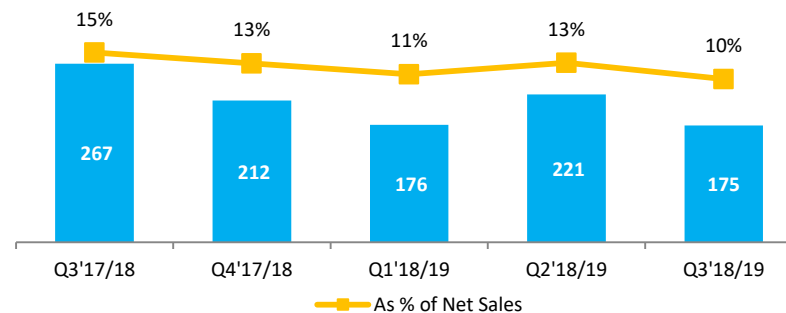
## ...build by Internally generated funds

SAR mn



## Working Capital\*

SAR mn



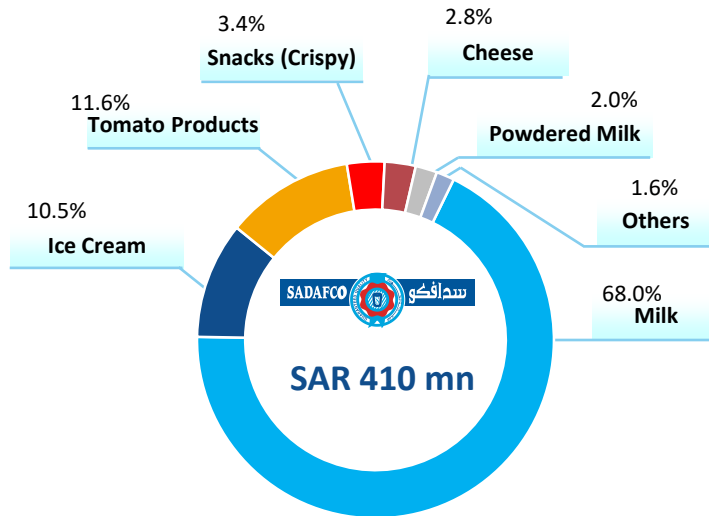
Note: \*Working Capital calculated as Current Assets net of Current Liabilities.

Current Assets: Accounts receivable + Inventories + Deposits, prepayments & other current assets




Current Liabilities: Accounts payable + Due to related parties + Accrued zakat + Dividend payable + Accruals & other current liabilities

\*\*Rolling 12-months net sales

## Q3'18/19 Sales By Category\*

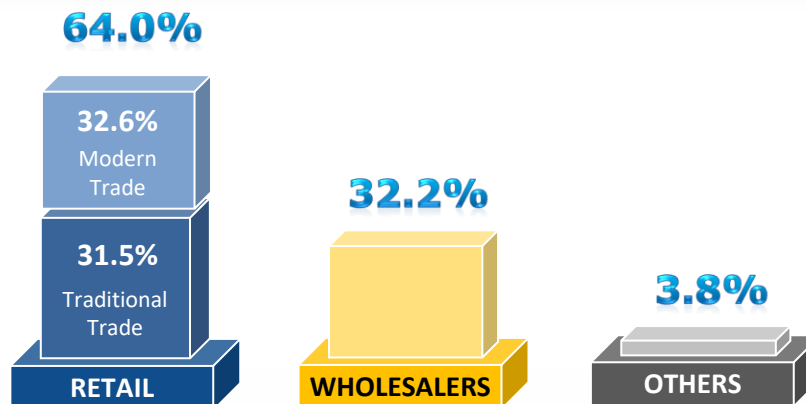


## Key Category – Sales\*

Categories	Net Sales – Q3'18/19 (SAR mn)	% y-o-y growth
 Milk	278.9	-3.8%
 Ice Cream	43.2	3.8%
 Tomato Products	47.6	5.3%

## Distribution Format\*

% of Net Sales Q3'18/19



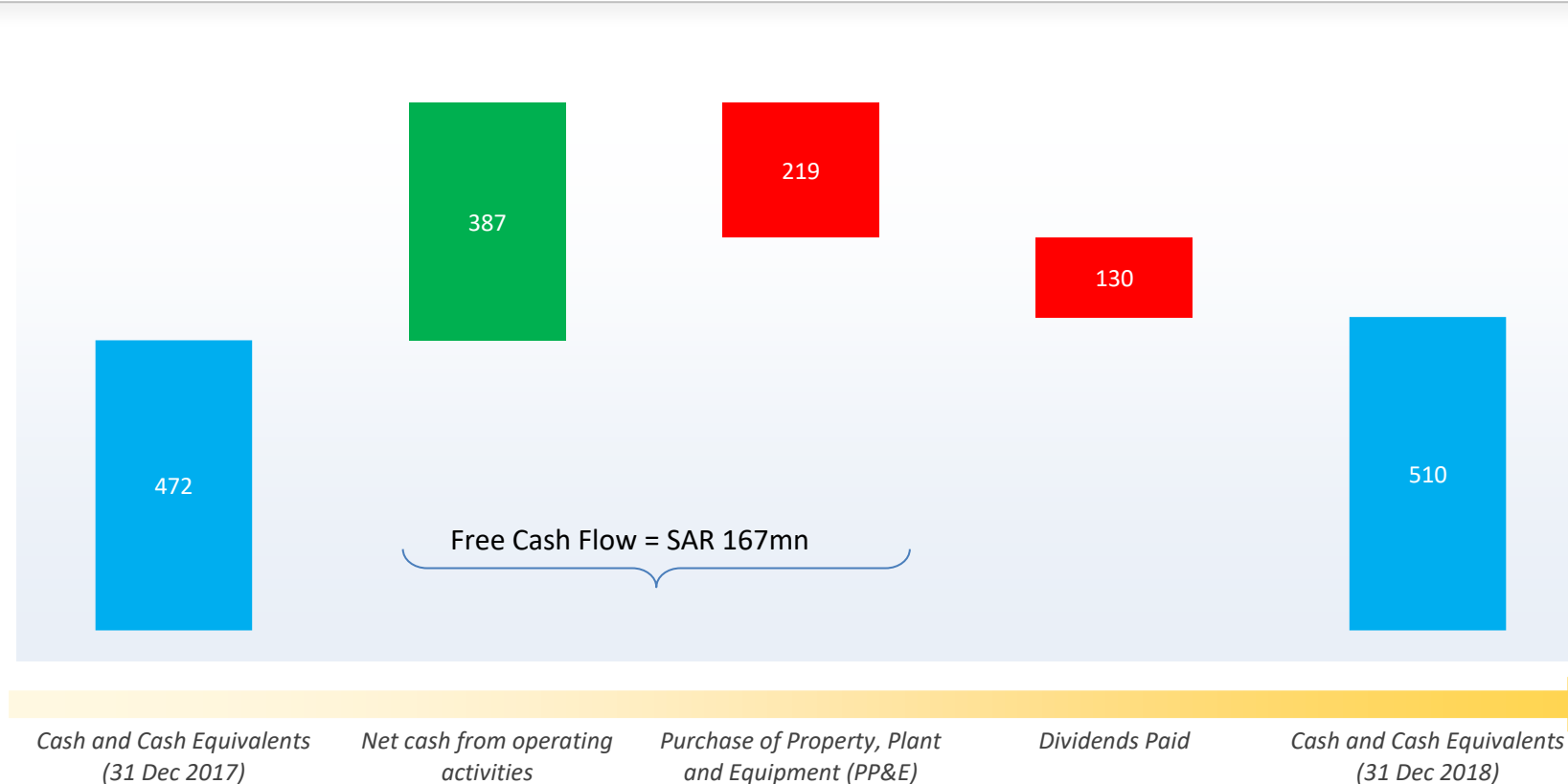
Modern Trade had a marginally higher share of Net Sales compared to Traditional and Wholesale Channels

\*Note: SADAFCO Standalone figures.

# Cash Flow Summary

## SADAFCO Consolidated Cash Flow Bridge for rolling 12-months as of 31 Dec, 2018

SAR mn



Note: Does not depict other cash outflow of ~SAR0.175mn which includes non-controlling interest, effect of exchange rate fluctuations and others





## Ice Cream



## UHT Milk

- UHT Milk - Whole, Low Fat, Skimmed, Gold Milk
- Flavored Milk
- Date Milk
- Milk Powder
- EVAP
- Laban



## Tomato Products

- Tomato Paste
- Organic Tomato paste
- Tomato Paste Sachet
- Ketchup
- Fiery Ketchup



## Cheese Products

- Feta Cheese
- Processed Cheese – Triangles



## Snacks (Crispy)



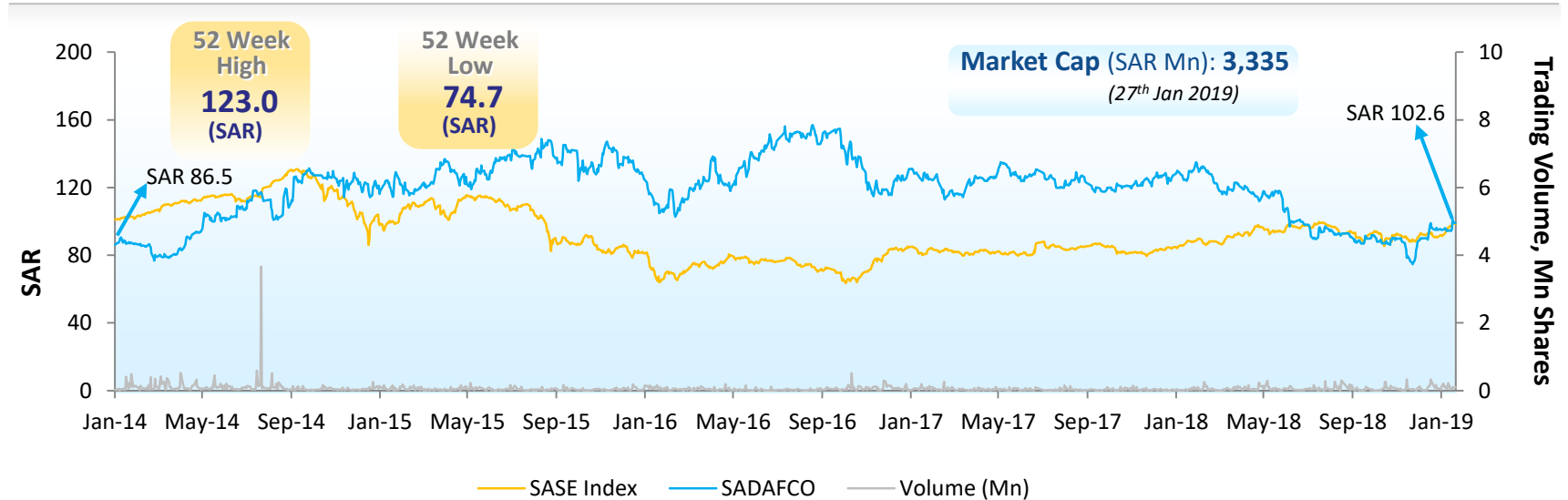
## Other Products

- Butter
- French Fries
- Jump
- Cream
- Majestique
- Soy Drink
- Still Water
- Juices
- Growing-up



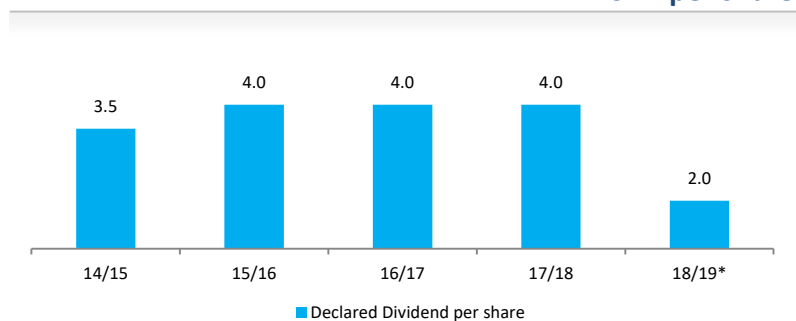
# Shareholders' Returns

## Share Price Performance



Source: Bloomberg; SAR Saudi Riyal; SASE Index (Rebased to SAR 94 on 01 October 2013)

## Consistent Dividends



**Compounded Annual  
Return<sup>#</sup> of**

**7.2%**

over the last 5 years

Note: <sup>#</sup>Annualized Return calculated as sum of share price appreciation/depreciation and dividends paid during the period ending 1 Jan 2019, assuming no reinvestment of dividends

\* Interim dividend of SAR 2/ share had been declared in Dec'18.

Following nearly 2 years of contending **with multiple headwinds** (expat exodus, lower disposable consumer income, irrational competitor milk discounting, more cost conscious consumers), the last quarter results represent a continuation of SADAFECO's **gradual improvement** of its financial results delivered versus previous quarters.

With regards to our **market value shares** of our three key categories (milk, tomato paste and ice cream) have all **improved**.

Our response to the more challenging trading environment has been to become **more focused** in where we invest and also more critical of our cost base, by looking to **implement cost reduction programs**.

The company maintains a **healthy cash position of SAR 510 million** with zero leveraging.