



Earnings Presentation

July 2023



Disclaimer

Information contained in this presentation is subject to change without prior notice. Its accuracy is not guaranteed, and it may not contain all material information related to the company. Neither SADAFCO nor its associates make any representation regarding, and assume no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

Nothing in this presentation shall form the basis of any contract or commitment whatsoever. This presentation is furnished to you solely for your information. You may not redistribute it to any other person.

This presentation contains forward-looking statements that are made on the basis of current knowledge and assumptions. Various factors could cause future results, performance or events to differ materially from those mentioned in the presentation.

Key Highlights

- ▶ SADAFCO's sales¹ were SAR 679 Mln for Q1'2023/24, an increase of 7.6% vs same quarter last year. SADAFCO (excl. Mlekoma) grew by 17.1% while Mlekoma sales declined 49.7% vs same quarter last year due to the normalization of commodity prices
- ▶ Gross Profit¹ for the quarter was up by 16.4% resulting in a Gross Margin¹ of 34.7%. Gross Margin for SADAFCO (excl. Mlekoma) was 37.2%
- ▶ Sales of Drinks and Non-Drinks (excl. Mlekoma) for Q1 2023/24 grew by 15.4% and 20.2% respectively vs same quarter last year
- ▶ Net Profit¹ rose by 91.3% vs same quarter last year resulting in a significantly higher Net Profit Margin¹ of 15.8% vs 8.9% in the same quarter last year
- ▶ Milk* and Ice Cream Products saw a healthy growth² in sales of 17.7% and 23.5% respectively vs same quarter last year. Market Share (MAT) for May'23 of Plain UHT Milk, Tomato and Ice Cream stood at 63.0%, 54.8% and 30.4% respectively

New Product Launches



**Baboo
IC Stick X3**



**Sensations Stick-Double
Chocolate Caramel**



**2 in 1 – 1 Litre Tub
(Strawberry & Vanilla;
Chocolate & Vanilla)**

Recent Developments

SADAFCO announced the signing of an agreement to export and sell its products in the **Sultanate of Oman**. This new geographical expansion holds the potential for substantial growth opportunities in the region.



* Milk includes Plain Milk, Flavored Milk, Junior, Milk Powder, EVAP and Cream

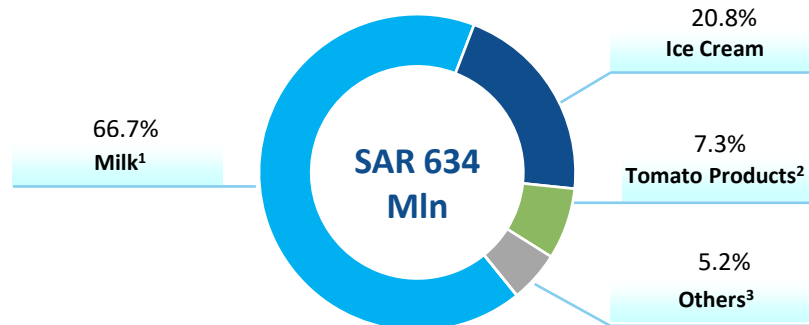
¹ Consolidated Figures (incl. Mlekoma)

² Growth in product categories is calculated for SADAFCO (excl. Mlekoma)

Q1 Sales Reporting for SADAFCO (excl. Mlekoma)



Q1'23/24 Sales By Key Product*



¹ Milk includes Plain Milk, Flavored Milk, Junior, Milk Powder, EVAP and Cream

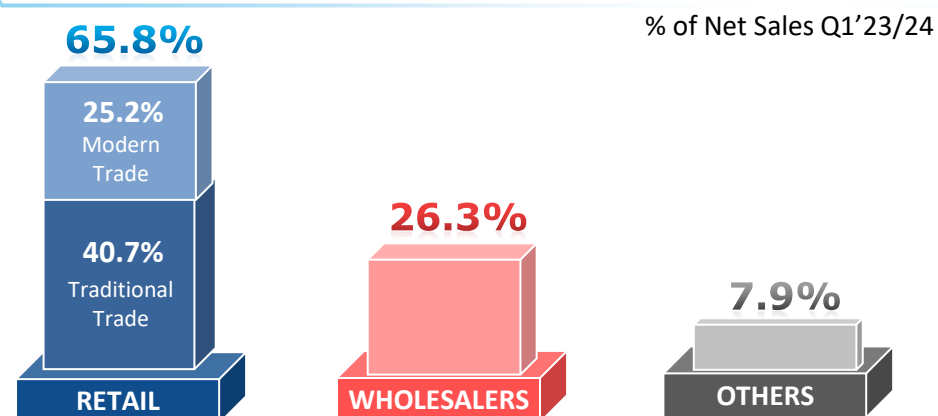
² Tomato Products include Tomato Paste and Ketchup

³ Others include Snacks, Cheese, French Fries, Mayonnaise, Drinks etc

Key Product – Sales*

	Net Sales – Q1'23/24 (SAR Mln)	% y-o-y growth
Milk ¹	423	17.7%
Ice Cream	132	23.5%
Tomato Products ²	46	1.8%

Distribution Format*



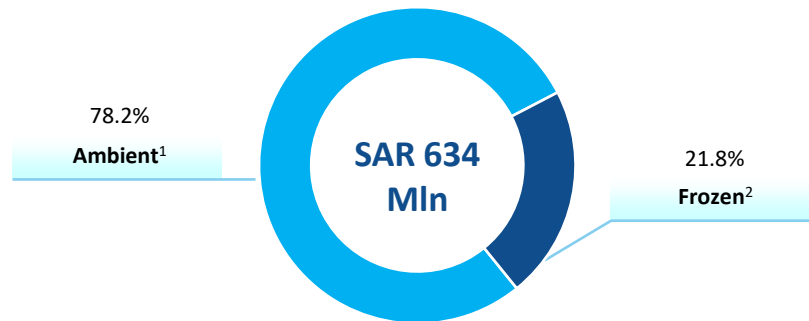
SADAFCO has been strong in all channels. Going forward, there will be special focus on Out of Home, Wholesale and e-commerce channels

*Note: SADAFCO (excl. Mlekoma)

Q1 Sales Reporting for SADAFCO (excl. Mlekoma) (contd...)





Q1'23/24 Sales By Category*



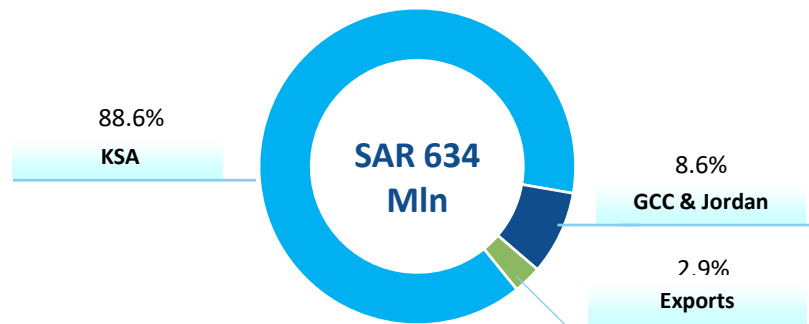
¹ Frozen includes Ice Cream, Butter and French Fries

² Ambient includes all products except Frozen




Key Category – Sales*

	Net Sales – Q1'23/24 (SAR Mln)	% y-o-y growth
 Ambient	496	15.4%
 Frozen	138	23.8%

Q1'23/24 Sales By Geography*

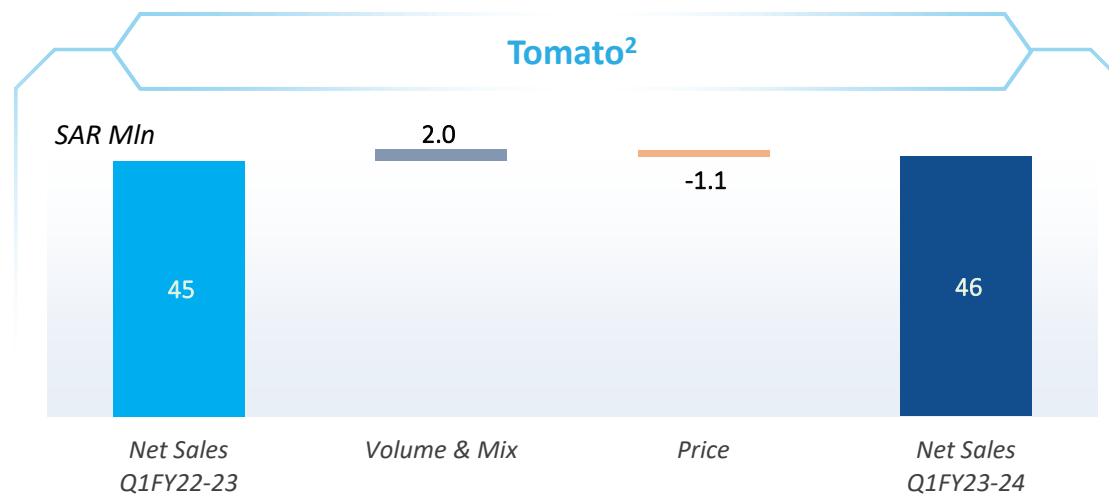
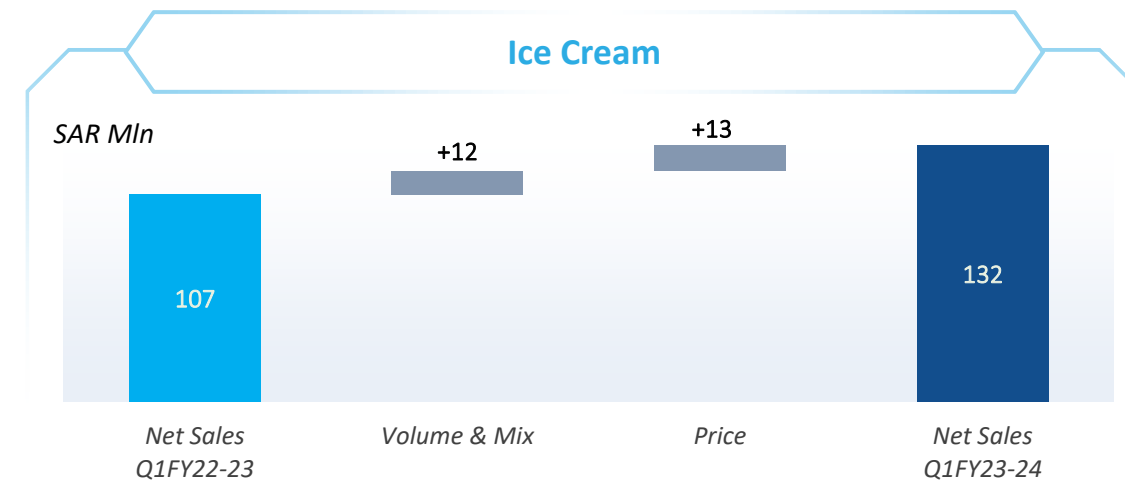


Key Category – Sales*

	Net Sales – Q1'23/24 (SAR Mln)	% y-o-y growth
 KSA	562	14.2%
 GCC & Jordan	54	44.1%
 Exports	18	51.6%

*Note: SADAFCO (excl. Mlekoma)

Q1 Price Volume Analysis for SADAFCO (excl. Mlekoma)



¹ Milk includes Plain Milk, Flavored Milk, Junior, Milk Powder, EVAP and Cream

² Tomato includes Tomato Paste and Ketchup

³ Others include Mayonnaise, Snacks, Cheese, Drinks, French Fries etc.

Note: Mix Variance quantifies the impact of changes in the proportion of products sold (product mix) between Q1FY22-23 and Q1FY23-24 on the overall revenue

Q1 Business Highlights



Financial Highlights - SADAFECO

Sales

7.6%
YoY

Q1'2023/24:
SAR 679 Mln

Q1'2022/23:
SAR 631 Mln

Net Profit

91.3%
YoY

Q1'2023/24:
SAR 108 Mln

Q1'2022/23:
SAR 56 Mln

Total Assets

9.3%
YoY

Q1'2023/24:
SAR 2,670 Mln

Q1'2022/23:
SAR 2,443 Mln

SADAFECO's Market Share*



UHT Milk
63.0%



Tomato Paste
54.8%



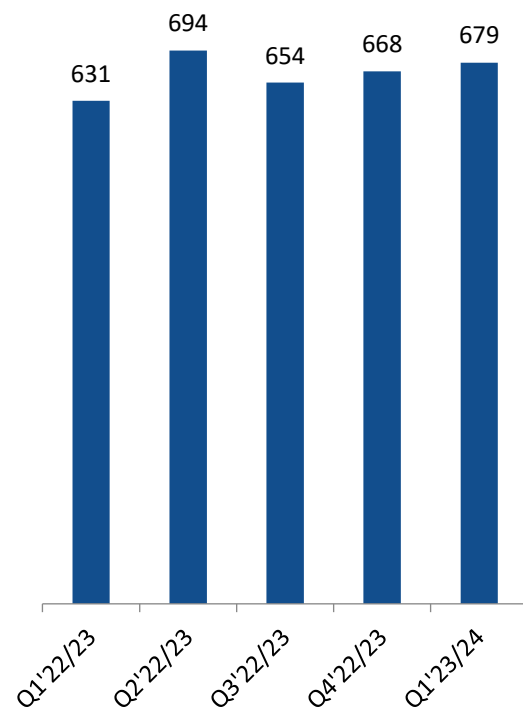
Ice Cream
30.4%

*MAT as of May' 23 (Source: Nielsen Retail Audit)

Sales & Profitability

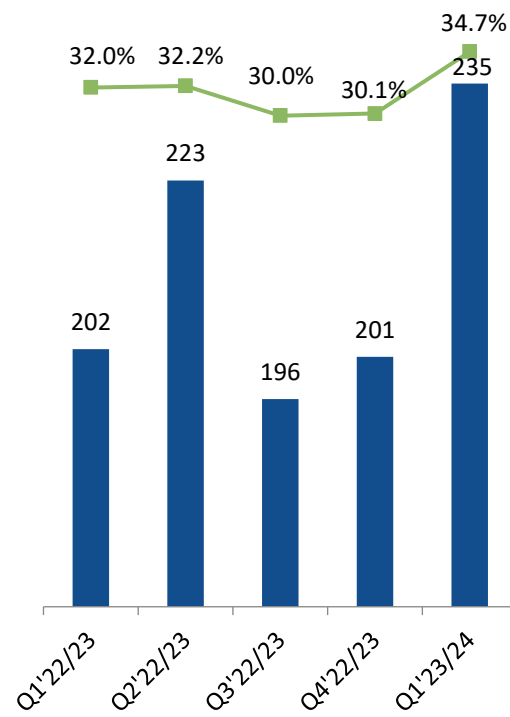
Sales

SAR Mln



Gross Profit

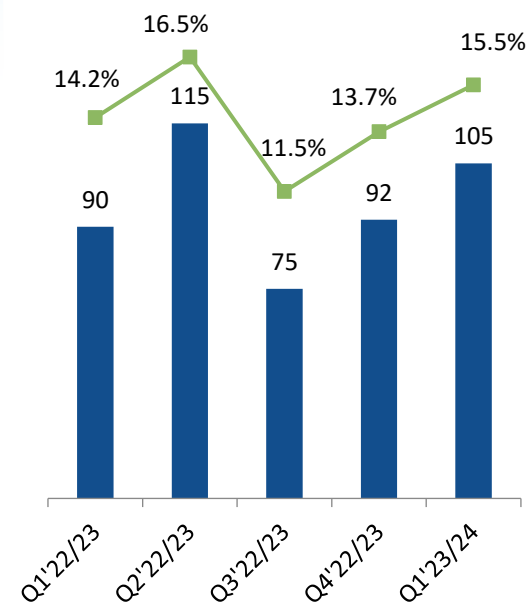
SAR Mln



■ As % of Net Sales

Operating Profit

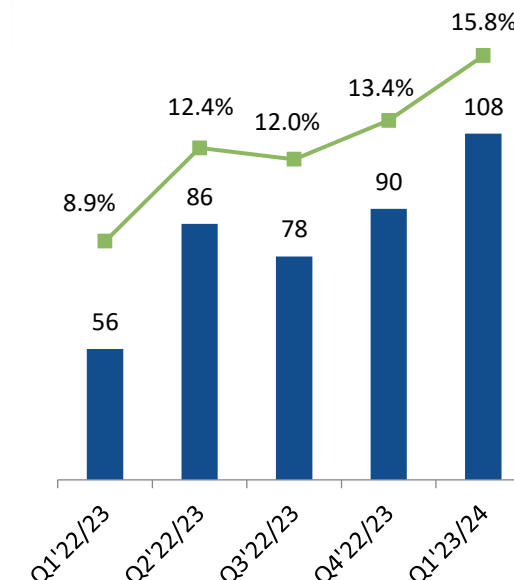
SAR Mln



■ As % of Net Sales

Net profit

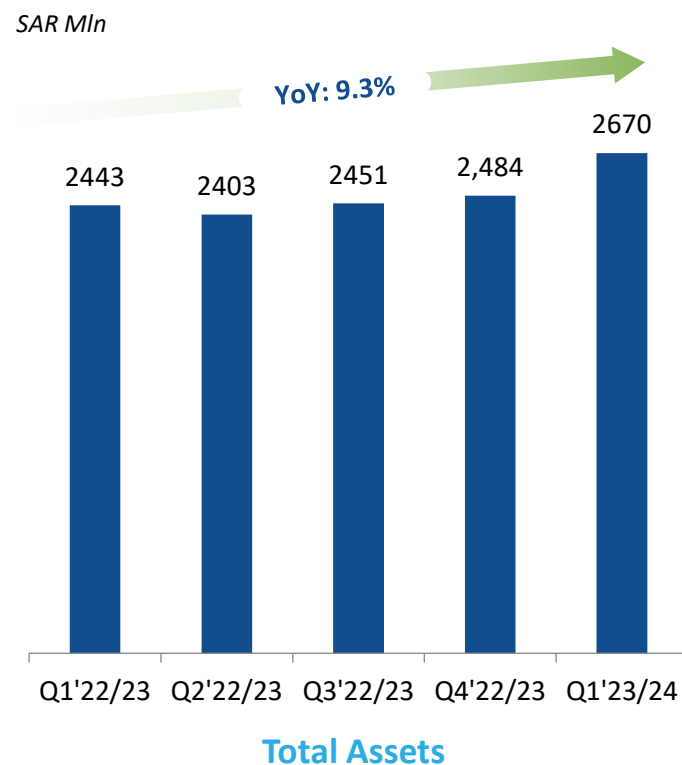
SAR Mln



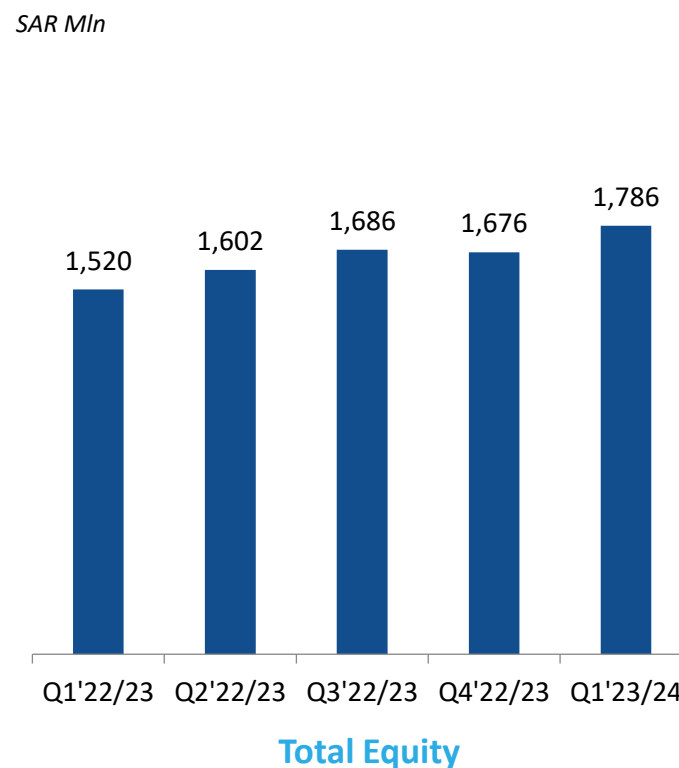
■ As % of Net Sales

Balance Sheet

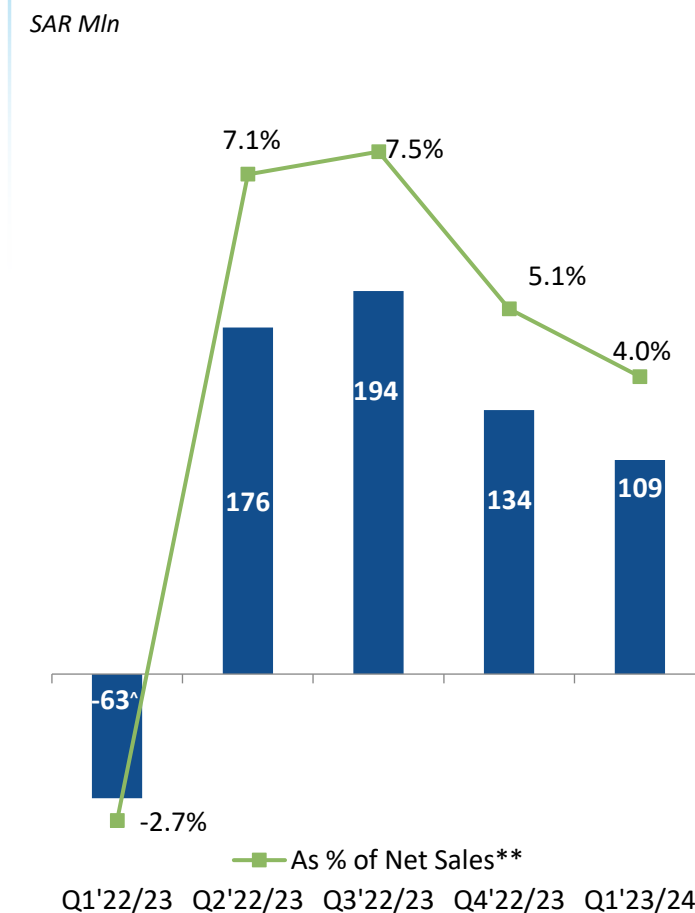
Steady Asset Base...



...build by internally generated Funds



Working Capital*



Note:

*Working Capital calculated as Current Assets net of Current Liabilities.

Current Assets: Account receivables + Inventories + Deposits, prepayments and other assets

Current Liabilities: Account payables + Due to related parties + Accrued zakat + Dividend payable + Accruals & other current liabilities + Non-Controlling Interest Put Option

**Rolling 12-months net sales

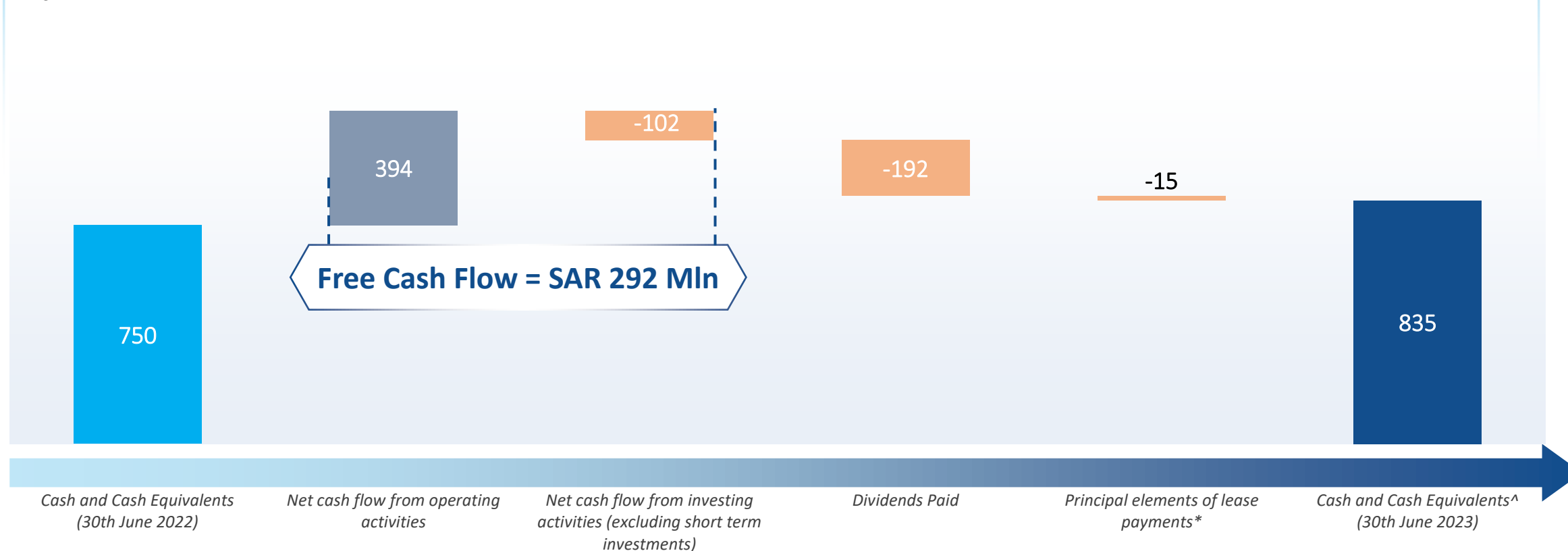
^The negative Working Capital in Q1'22/23 was a result of higher Current Liabilities owing to Put Option, higher Trade payables, and higher Dividends payable

Cash Flow Summary



SADAFCO Consolidated Cash Flow Bridge for rolling 12-months as of 30th June 2023

SAR Mln



Note: *Includes Principal elements of lease payments, Effect of exchange rate fluctuations on Cash and Cash Equivalents etc.; ^ Cash and Cash Equivalents also includes short term investments



Ice Cream

61
SKUs



UHT Milk

39
SKUs

- UHT Milk - Whole, Low Fat, Skimmed, Gold Milk, Functional Milk
- EVAP
- Date Milk
- Milk Powder
- Flavored Milk
- Growing Up Milk (GUM)



Tomato Products

9
SKUs

- Tomato Paste
- Ketchup
- Organic Tomato Paste



Cheese Products

4
SKUs

- Feta Cheese
- Processed Cheese – Triangles



Snacks (Crispy)

10
SKUs



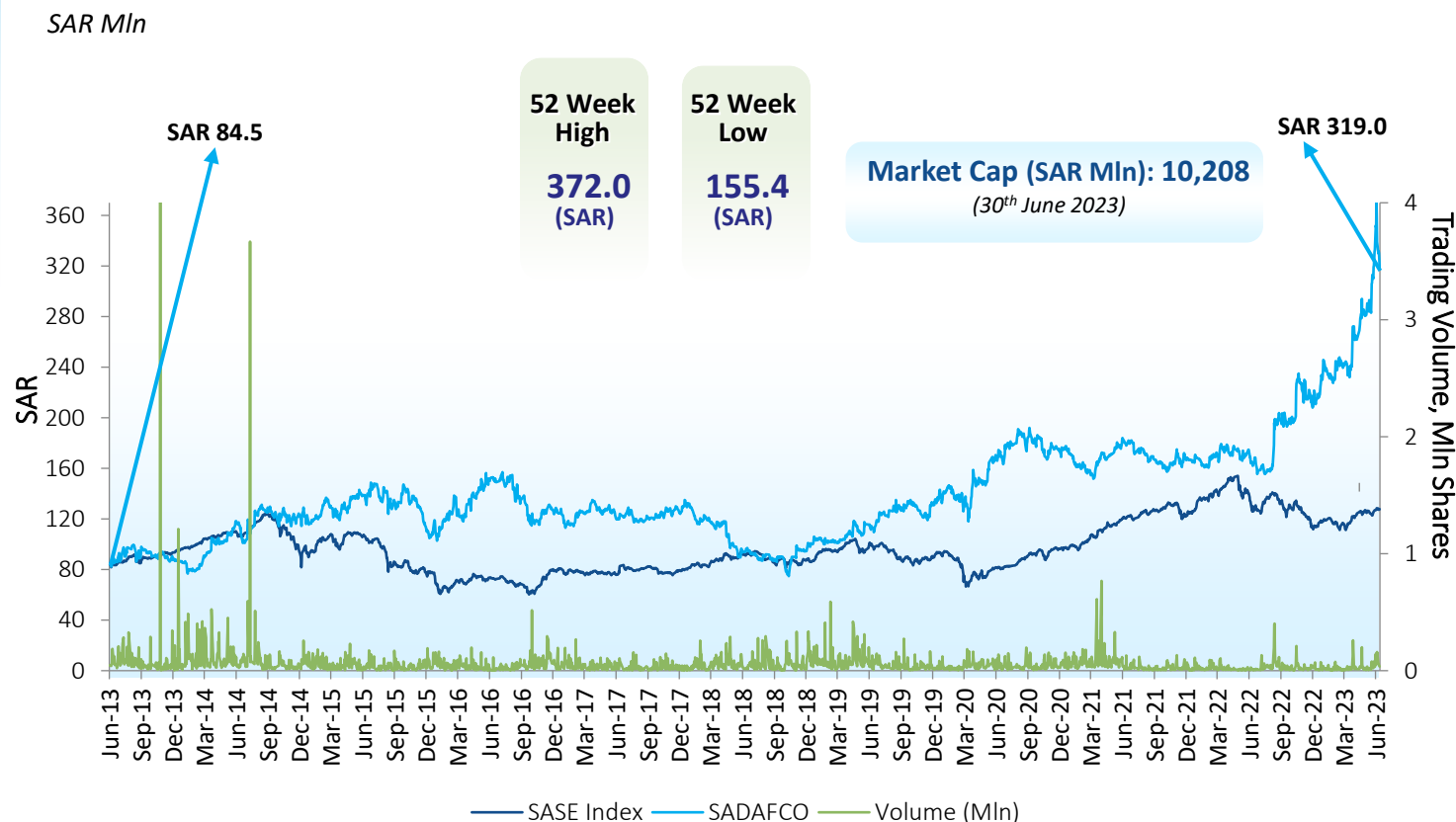
Other Products

- French Fries
- Mayonnaise



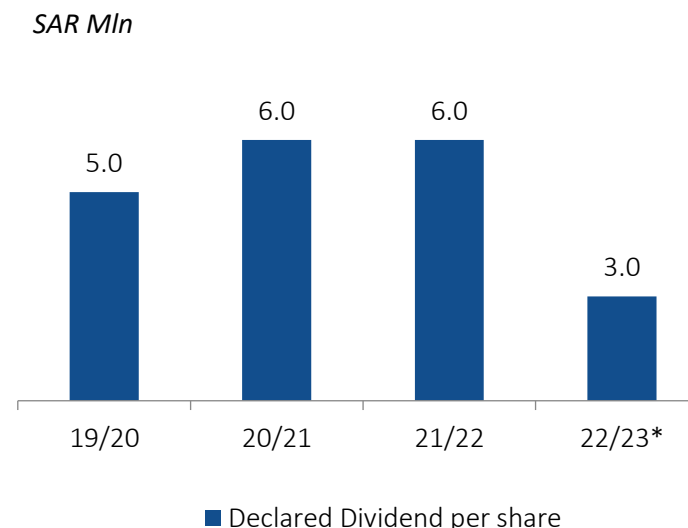
Shareholders' Returns

Share Price Performance



Source: Tadawul, Bloomberg; SAR Saudi Riyal; SASE Index (Rebased to SAR 84.5 on 11th June 2013); Total shares outstanding (in thousands): 32,000

Consistent Dividends



Note: * Dividend for the first half of fiscal year ended on 30th June 2023

**Compounded
Annual Return[#]
of ~15.7%**
over the last 10 years

Note: [#]Annualized Return calculated as sum of share price appreciation/depreciation and dividends paid during the period ending 30th June 2023, assuming no reinvestment of dividends

Q4 Sustainability – Key Highlights

Employee Health & Happiness



Ongoing employee engagement survey to measure the level of satisfaction at various levels and facilities

GHG Emissions & Climate Change



SADAFCO in discussion with National Transportation Solutions Company (NTSC) to acquire electric vehicles for sales & distribution, aiming to decarbonize its transportation fleet

Other Recent Developments

Ethics and Integrity

Ministry of Human Resources and Social Development (MHRSD) approved an updated disciplinary framework for breaches of Code of Conduct policy to promote ethics and integrity at SADAFCO

Corporate Governance & Compliances

A personal data protection policy has been put in place in accordance with KSA's Personal Data Protection Law (PDPL)

Our market shares as of May'23, continue to demonstrate dominance, with positive trending lines compared to the shares reported in Mar'23: Milk at 63.0% (previously 62.6%), Tomato Paste at 54.8% (previously 54.4%), and Ice cream at 30.4% (previously 30.2%).

We launched 11 new SKU for the Ice Cream Season 2023 – to close some gaps in Modern Trade (launch of Sensation Multi Packs, 1lt tubs and 2-flavor tubs) and to maintain excitement in the category (Pomegranate Stick, X3-Stick).

SADAFCO continues to generate positive cash flows. Our cash position during this quarter expanded to SAR 835 Mln from SAR 685 Mln during Q4 of 2022/23. The Board has recommended to distribute a final dividend of SAR 3 per share, bringing the total to SAR 6 per share.



Trusted by Generations

