

### **Shaker reports SAR 10.1 million net profit in first profitable year since 2016; annual revenue growth of 5.6%**

- Breakthrough Program, completed in 2020, had significant impact on top- and bottom-line results
- 12M net profit of SAR 10.1 million compared to net loss of SAR 50.9 million in 2019
- 12M revenue of SAR 932.7 million improved by 5.6% from 2019
- Earnings per share improved to SAR 0.15
- Agile response to Covid-19 and economic recovery drove growth

**Riyadh, Saudi Arabia, Sunday 21 March 2021:** Shaker (“Al Hassan Ghazi Ibrahim Shaker Co.”, the “Company” or the “Group”), Saudi Arabia’s leading importer, manufacturer and distributor of Air Conditioners and Home Appliances, has announced its first profitable year since 2016. Financial results for the 12-month period ended 31 December 2020 showed full-year revenue of SAR 932.7 million, growing by 5.6% as compared to 2019. Gross profit of SAR 195.6 million increased by 18.1% year-on-year. Shaker’s 12-month net profit reached SAR 10.1 million, a significant improvement from a net loss of SAR 50.9 million in 2019.

Management attributes stable and improving revenues, the success and completion of the Breakthrough Program turnaround strategy, and the Company’s agile and proactive response to Covid-19 for achieving profitability. In 2020, Shaker completed all the goals set out by the Breakthrough Program, which has achieved significant operational and structural efficiencies.

**Mohammed Ibrahim Abunayyan, Chief Executive Officer at Shaker, said:**

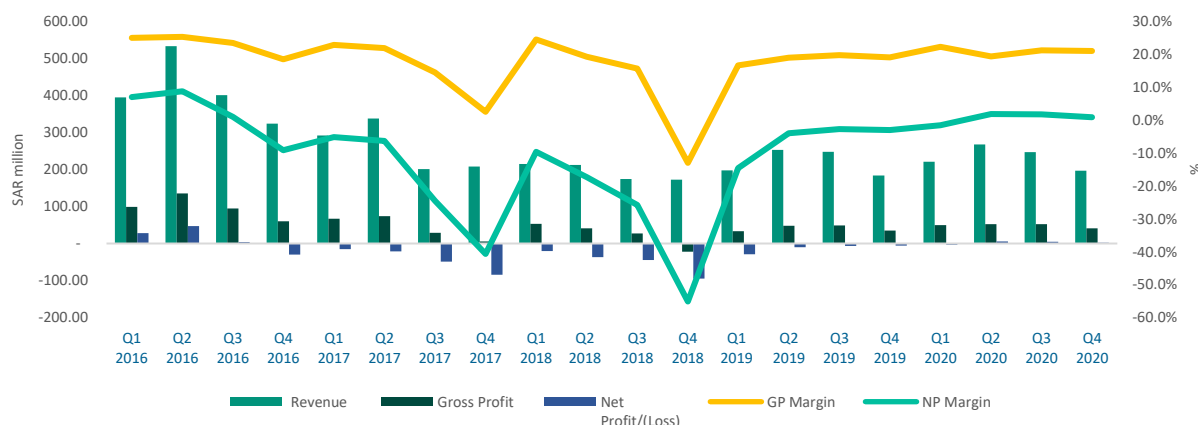
*“Our return to healthy financial performance is a clear indication of the positive impact the Breakthrough Program has had on our business. Despite the challenges posed by Covid-19, by remaining committed to the pillars of the strategy we delivered profitability for the first time since 2016; maintained strong revenue growth and reduced costs; and cemented our relationships with stakeholders across the supply chain. In the course of 2020, we welcomed a new home appliances brand to our portfolio, and achieved growth in our projects business by embracing opportunities created by Saudi Vision 2030 and government-sponsored mega projects.”*

*“While the events of 2020 created challenges for our supply chain, with inventory pressures in some categories, and in manufacturing, with shortages of components parts delaying production, we acted quickly to mitigate the impact of the pandemic, safeguarding inventory and reassessing our manufacturing processes. This was a clear demonstration of our ability to navigate headwinds.”*

#### **Profitable FY performance in focus**

- Total revenue of SAR 932.7 million improved by 5.6% from 2019
- Gross profit of SAR 195.6 million improved by 18.1% year-on-year
- Operating profit of SAR 12.1 million improved from a loss of SAR 38.4 million
- Net profit of SAR 10.1 million improved from a loss of SAR 50.9 million in 2019

## Earnings Release FY 2020



**Abunayyan** continued:

*“Having delivered our objectives, with an improved operating structure in place, a pool of talented and driven staff, and a lean business model, we are pleased to be launching our new growth strategy, which aims to make Shaker the market leader in ACs, consumer electronics and appliances. With the turnaround process complete we are ready to focus on growing market share across the segments we operate in, expanding to new segments to meet consumer needs, and defend our position in segments where we are the supplier of choice. These goals will be supported by initiatives to improve our product mix, increase efficiencies across our distribution channels, and digitalize our business, particularly e-commerce channels.”*

### Breakthrough Program completion

The Breakthrough Program was completed in 2020, having achieved the following outcomes during the year:

- |                            |   |
|----------------------------|---|
| Core Business Turnaround   | <ul style="list-style-type: none"> <li>Sales revenue in Saudi Arabia increased by 8.1% year-on-year</li> <li>Employee costs in Saudi Arabia were optimized and reduced, decreasing by 14.1% from 2019</li> <li>Operating income for Saudi Arabia reached increased 112% to SAR 5.8 million</li> </ul> |
| Talent Upgrade Plan        | <ul style="list-style-type: none"> <li>Completed roll-out of Talent Upgrade Plan at senior level, and restructuring of sales organization model</li> </ul>  |
| Performance Infrastructure | <ul style="list-style-type: none"> <li>The HR structure is evaluated and revisited on an ongoing basis</li> <li>Performance Management System established across Company</li> <li>Execution and tracking of key turnaround initiatives conducted on an ongoing basis</li> </ul>                       |
| Strategic Moves            | <ul style="list-style-type: none"> <li>Extension of agreements with key principals completed</li> <li>Ongoing collaboration with principals on new strategic initiatives</li> </ul>   |

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### Outlook and strategy

Shaker will now implement its new strategy until 2023, which aims to grow the business by becoming the preferred choice for customers and the ideal partner for brands in the Saudi consumer electronics and appliances sector. The strategy follows the success of the Breakthrough Program, which was completed in 2020 and saw Shaker achieve profitability for the first time since 2016.

Shaker will build on its extensive portfolio of home appliances and ACs, to take advantage of emerging opportunities in the market. Saudi Arabia's AC market is expected to grow by 2% in the next two years<sup>1</sup>, with growth supported by energy efficiency programs by the government including the Saudi Energy Efficiency Center's ("SEEC") high-efficiency AC initiative, and Tarsheed, the Saudi government's National Energy Services Company. Mega projects such as Neom and Red Sea also present compelling opportunities. The home appliances market is expected to grow by 3% in the next three years<sup>2</sup> driven by consumer demand for energy efficient products, increasing disposable income as more women enter the workforce, and a strong pipeline of housing projects supported by the Saudi government.

### Covid-19 impact and response

The Board and management have continued to address the impact of the Covid-19 pandemic and put in place mitigating plans. Shaker and its dealers were successful in pivoting sales and distribution to alternative channels, alleviating pressure on traditional retail, although some projects faced delays. With the easing of preventive measures and the gradual return of normal economic activity, sales generally improved to levels stronger than those achieved in 2019. Throughout the pandemic crisis, the Group has acted quickly to utilize available private sector support packages, actively manage down fixed and variable costs, shore up working capital, and maintain operations at optimal capacity.

Given the fluidity of the pandemic situation both locally and internationally, it is not possible to make accurate forecasts for its future impact on performance. Further updates regarding material developments in relation to Covid-19 will be provided by the Company, as required.

Shaker, which is listed on Tadawul (symbol: SHAKER), is a leader in the Saudi market as both a distributor for international electrical brands and a local manufacturer of LG Air Conditioners. The Company's portfolio brands include LG Air Conditioners, as well as Indesit, Ariston, Maytag, Midea, and Bompani in the home appliances segment. In 2015, the Group increased its stake in the UAE's Emirates Energy Management Services (EMS) from 20% to 74%, and in establishing ESCO, as a business unit of Shaker Group, took an important strategic step towards diversifying operations and revenue streams.

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<sup>1</sup> GFK Data 2019 | Euromonitor | Shaker analysis

<sup>2</sup> GFK Data 2019 | Euromonitor | Shaker analysis



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### About: Shaker

Shaker was founded in 1950 and was amongst the first in Saudi Arabia to introduce Air Conditioning & Home Appliances for Saudi consumers. Shaker Group is the exclusive importer and distributor of several leading international brands; including Maytag, Ariston, Indesit, Midea and Bompani in Saudi Arabia, and the sole distributor of LG Air Conditioners in Saudi Arabia. ESCO, as a business unit of Shaker Group, provides Energy Solutions. Shaker Group has been a publicly listed company on the Saudi Stock Exchange (Tadawul) since 2010. Throughout the years, Shaker Group has positioned its name within the top Saudi companies, providing a range of integrated solutions in terms of Air Conditioners and Home Appliances in the Saudi market and the region. For more information, visit: <http://www.shaker.com.sa/>

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