



# Earnings Presentation

## FY 2018



## DISCLAIMER

This presentation contains forward-looking statements which may be identified by the use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, market position, expenditures, and financial results, are forward looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Savola Group (Savola or Group), its subsidiaries and its affiliates (the “Companies”) referred to in this presentation cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements of the Companies, could thus differ materially from those projected in any such forward-looking statements. The Companies assume no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events, or otherwise.

## GROUP – HIGHLIGHTS FOR Q4

- The reported net loss for the quarter was SAR 526.0 mn compared to a net loss of SAR 37.5 mn in Q4 2017
- Savola's retail segment recorded a net loss of SAR 285.4 mn in Q4 2018 compared to a net loss of SAR 407.6 mn in Q4 2017
- Savola Foods recorded a net loss of SAR 116.4 mn in Q4 2018 compared to a net profit of SAR 198.8 mn in Q4 2017; driven by lower profitability in core edible oil and pasta. Profitability across segments was impacted by currency, commodity movement and pricing pressure.
- Herfy recorded a net income of SAR 52.4 mn in Q4 2018, a YoY growth of 9.5%
- Almarai recorded a net profit of SAR 369.6 mn in Q4 2018 (YoY decline of 27.2%), translating into net profit contribution of SAR 127.6 mn to the Group

## GROUP – HIGHLIGHTS FOR FY2018

- The reported net loss for the year was SAR 520.4 mn compared to a net profit of SAR 1,025.6 mn last year
- Savola's retail segment recorded a net loss of SAR 917.4 mn in FY 2018 compared to a net loss of SAR 1,016.1 mn last year
- Savola Foods recorded a net loss of SAR 17.3 mn in FY 2018 compared to a net profit of SAR 606.6 mn in last year; driven by lower profitability in core edible oil sugar and pasta segment, primarily impacted by currency, commodity movement and pricing pressure
- Herfy recorded a net income of SAR 204.2 mn in FY 2018, a YoY growth of 2.1%
- Almarai recorded a net profit of SAR 2,009 mn in FY 2018 (YoY decline of 7.9%), translating into net profit contribution of SAR 693.5 mn to the Group

## Q4 2018 - SNAPSHOT

GROUP	<ul style="list-style-type: none"> <li>➤ Q4 2018 Revenue of SAR 5.3 bn (Q4 2017: SAR 5.8 bn)</li> <li>➤ Q4 2018 Net Loss of SAR 526.0 mn (Q4 2017 Net Loss: SAR 37.5 mn)</li> <li>➤ Q4 2018 Adjusted Net Loss is SAR 65.0 mn</li> </ul>
RETAIL	<ul style="list-style-type: none"> <li>➤ Q4 2018 Revenue of SAR 2.9 bn (Q4 2017: SAR 3.0 bn)</li> <li>➤ Q4 2018 Net Loss of SAR 285.4 mn (Q4 2017: Net Loss of SAR 407.6 mn)</li> <li>➤ Q4 2018 Adjusted Net loss is SAR 56.5 mn</li> </ul>
FOODS	<ul style="list-style-type: none"> <li>➤ Q4 2018 Revenue of SAR 2.2 bn (Q4 2017: 2.6 bn)</li> <li>➤ Q4 2018 Net loss of SAR 116.4 mn (Q4 2017: Net Income of SAR 198.8 mn)</li> <li>➤ Q4 2018 Adjusted Net loss is SAR 84.5 mn</li> </ul>
HERFY	<ul style="list-style-type: none"> <li>➤ Q4 2018 Revenue of SAR 325.2 mn (Q4 2017: SAR 299.0 mn)</li> <li>➤ Q4 2018 Net Income of SAR 52.4 mn (Q4 2017: Net Income of SAR 47.9 mn)</li> </ul>
AL KABEER	<ul style="list-style-type: none"> <li>➤ Revenue partially consolidated for 2 months in Q4 2018 of SAR 94.1 mn</li> <li>➤ Share of partial results, including transaction one offs, is not representative of full year operating performance</li> </ul>
INVESTMENTS	<ul style="list-style-type: none"> <li>➤ Savola's share of Almarai quarterly net income of SAR 127.6 mn in Q4 2018 (Q4 2017: share of net income of SAR 177.1 mn)</li> </ul>

# FY2018 - SNAPSHOT

GROUP	<ul style="list-style-type: none"> <li>➤ FY 2018 Revenue of SAR 21.8 bn (FY 2017: 23.8 bn)</li> <li>➤ FY 2018 Net loss of SAR 520.4 mn (FY 2017: Net Income of SAR 1,025.6 mn)</li> <li>➤ FY 2018 Adjusted Net Income is SAR 11.0 mn (FY 2017: income of SAR 645 mn)</li> </ul>
RETAIL	<ul style="list-style-type: none"> <li>➤ FY 2018 Revenue of SAR 11.1 bn (FY 2017: SAR 11.6 bn)</li> <li>➤ FY 2018 Net loss of SAR 917.4 mn (FY 2017: Net Loss of SAR 1,016.1 mn)</li> <li>➤ FY 2018 adjusted net loss is SAR 688.5 mn (FY 2017: loss of SAR 782.1 mn)</li> </ul>
FOODS	<ul style="list-style-type: none"> <li>➤ FY 2018 Revenue of SAR 9.7 bn (FY 2017: SAR 11.4 bn)</li> <li>➤ FY 2018 Net Loss of SAR 17.3 mn (FY 2017: Net Income of SAR 606.6 mn)</li> <li>➤ FY 2018 Adjusted Net Income is SAR 87.6 mn (FY 2017: income of SAR 651.6 mn)</li> </ul>
HERFY	<ul style="list-style-type: none"> <li>➤ FY 2018 Revenue of SAR 1.2 bn (2017: SAR 1.2 bn)</li> <li>➤ FY 2018 Net Income of SAR 204.2 mn (2017: Net Income of SAR 200.0 mn)</li> </ul>
AL KABEER	<ul style="list-style-type: none"> <li>➤ Revenue partially consolidated for 2 months in Q4 2018 of SAR 94.1 mn</li> <li>➤ Share of partial results, including transaction one offs, is not representative of full year operating performance</li> </ul>
INVESTMENTS	<ul style="list-style-type: none"> <li>➤ Savola's share of Almarai recorded net income of SAR 693.5 mn in FY 2018 (FY 2017: share of net income of SAR 784.5 mn)</li> </ul>

# GROUP – CONSOLIDATED FINANCIAL SNAPSHOT

SAR mn	Revenue	Gross Profit	Net Income / (Loss)	Adjusted Net Income / (Loss)
Q4 2018	5,347 -7.7% vs. Q4-17	991 -14.6% vs. Q4-17	(526) vs. (37.5) in Q4-17	(65) vs. 328 in Q4-17
FY 2018	21,815 -8.5% vs. FY17	3,898 -11.3% vs. FY17	(520) vs. 1,026 FY17	11 vs. 645 FY17

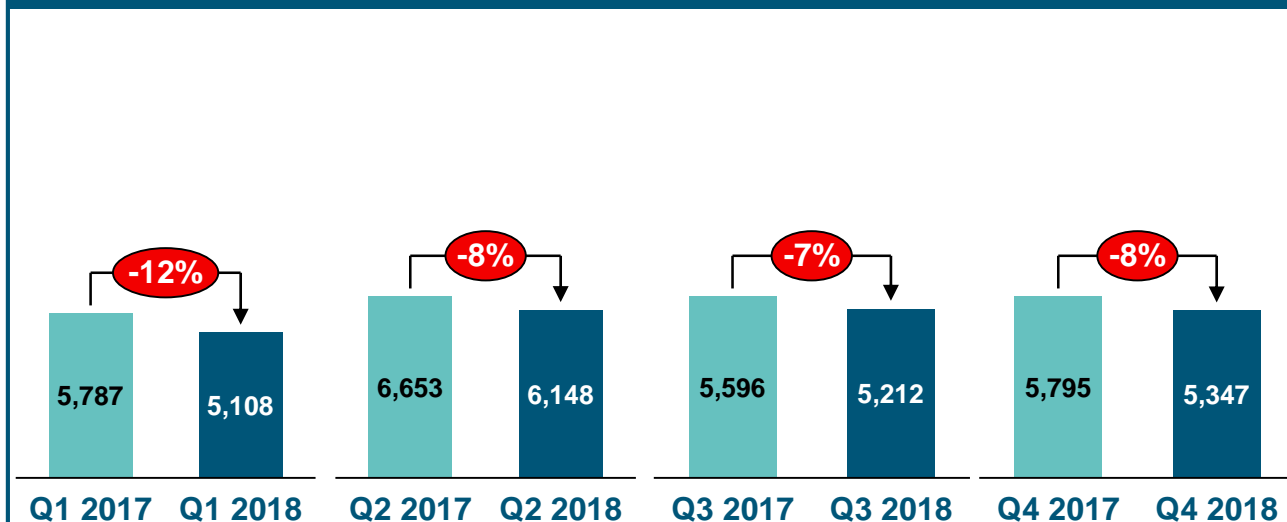
Note: 2017 and 2018 numbers have been restated

# GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

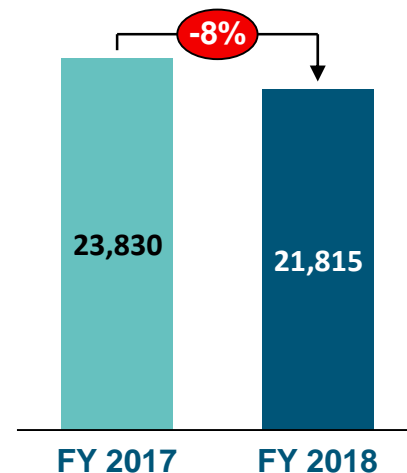
SAR mn

● Growth ● Margin

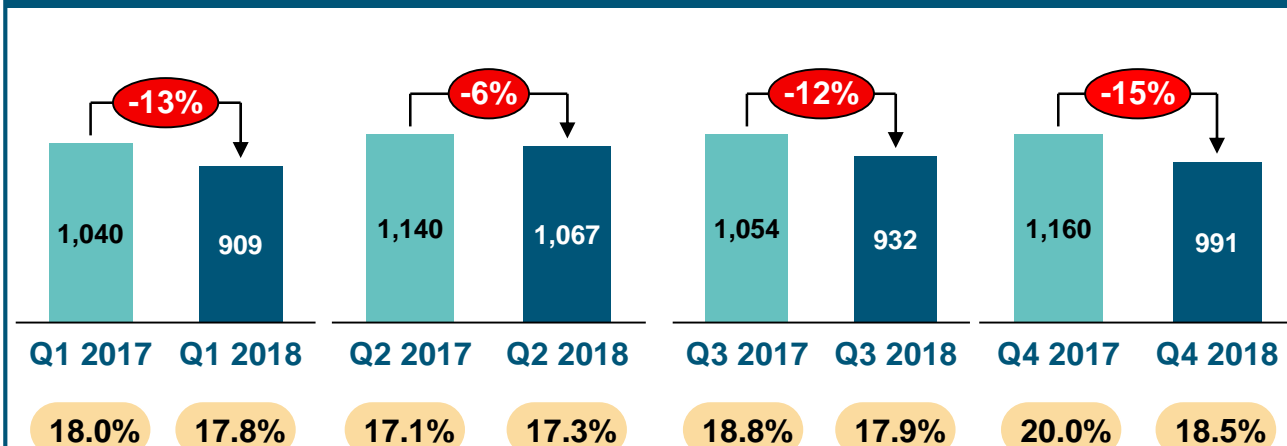
## YoY Sales



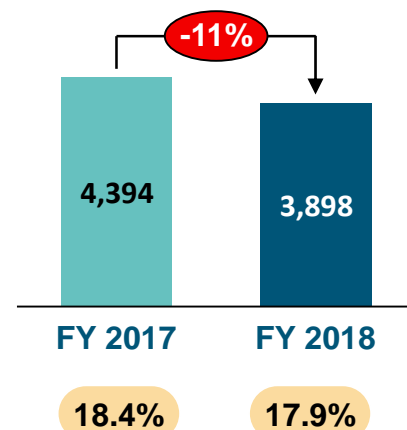
## FY Sales



## YoY Gross Profit



## FY Gross Profit



Note: the figures presented in the charts are rounded

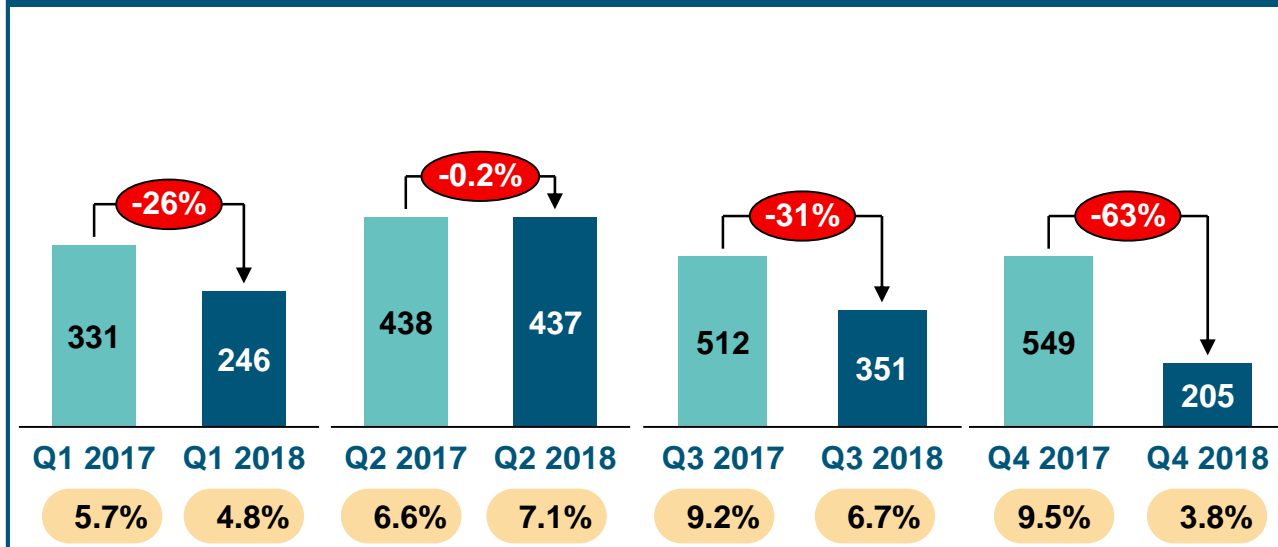


# GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

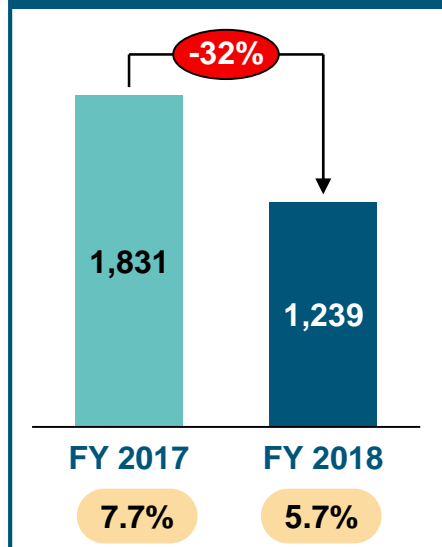
SAR mn

● Growth ● Margin

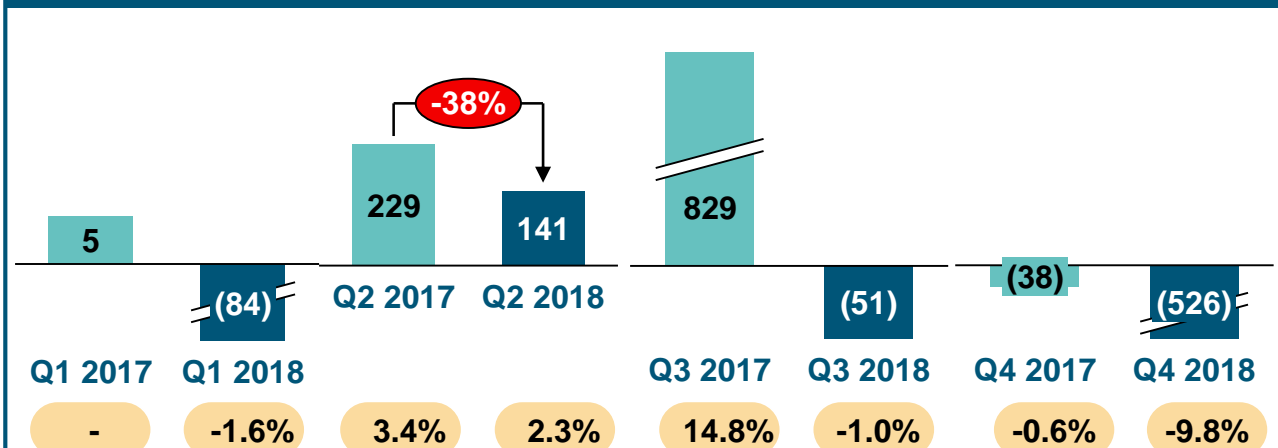
## YoY EBITDA



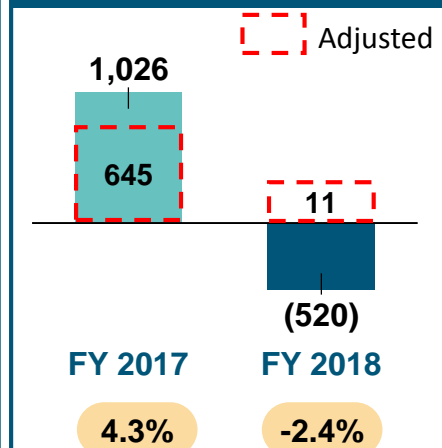
## YTD EBITDA



## YoY Net Profit



## FY Net Profit

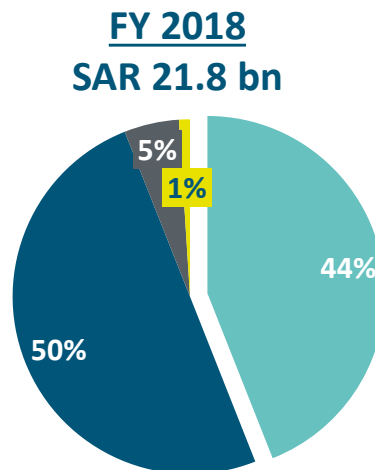
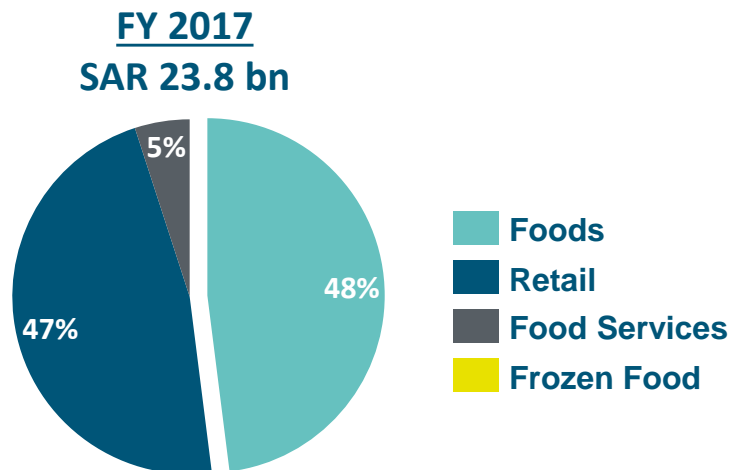


Note: the figures presented in the charts are rounded

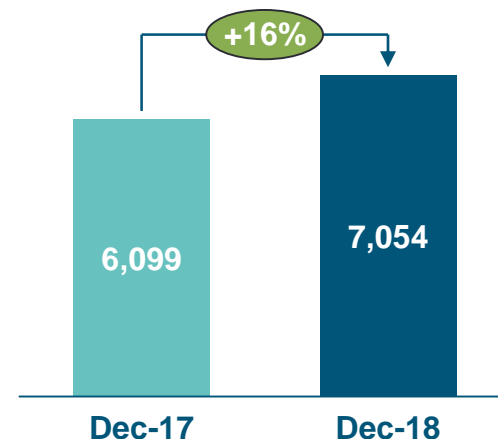
# GROUP – CONSOLIDATED REVENUE MIX, NET DEBT & CAPEX

SAR bn

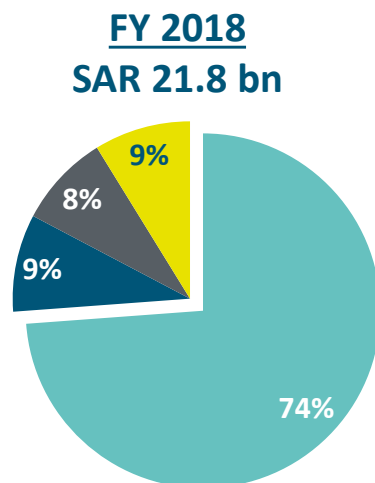
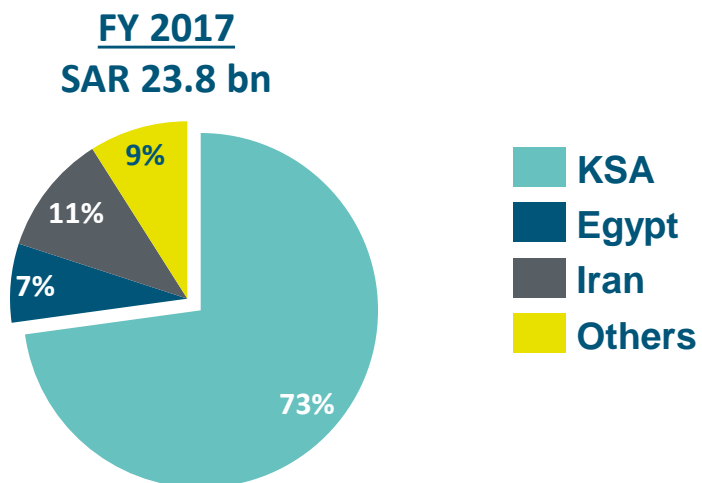
## Revenue by Business



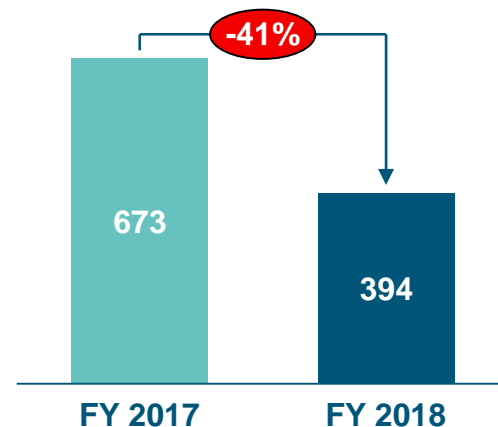
## Net Debt



## Revenue by Geography

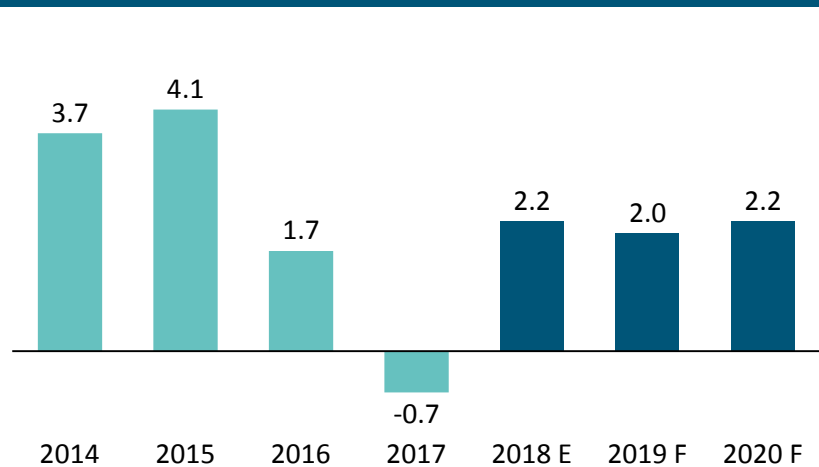


## CAPEX

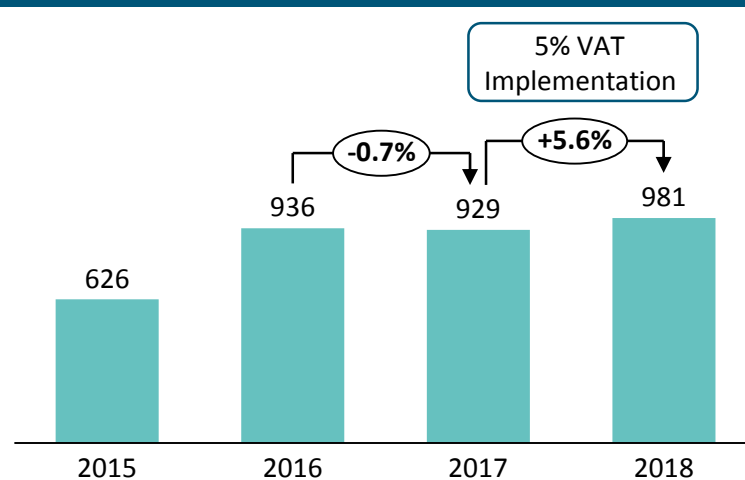


# KSA - MACROECONOMIC OVERVIEW

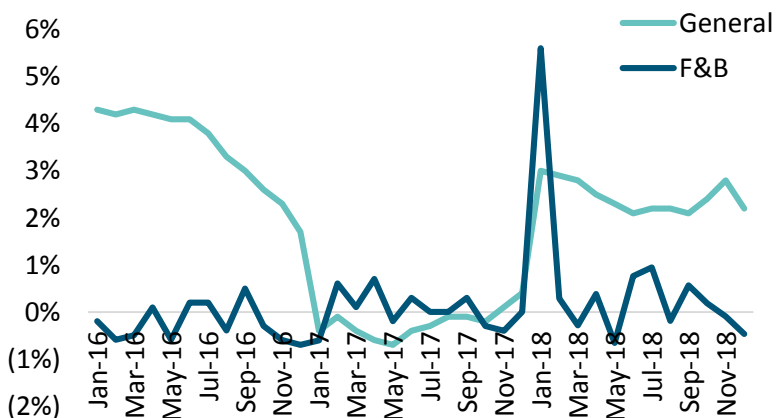
## Real GDP, % change



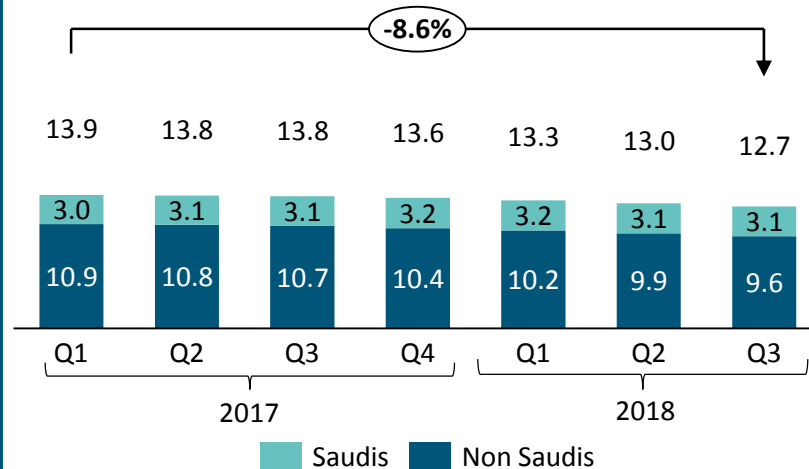
## POS & Cash Withdrawals, SAR Bn



## Average Inflation Rate, %

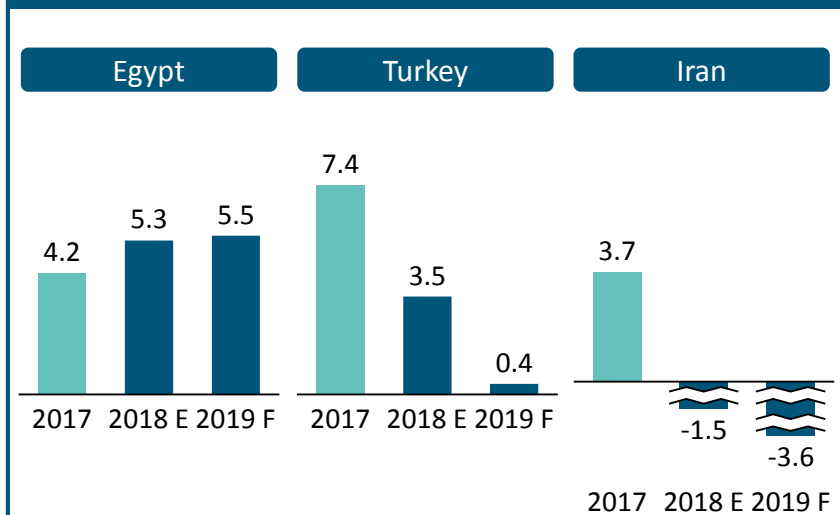


## Private sector workforce, millions

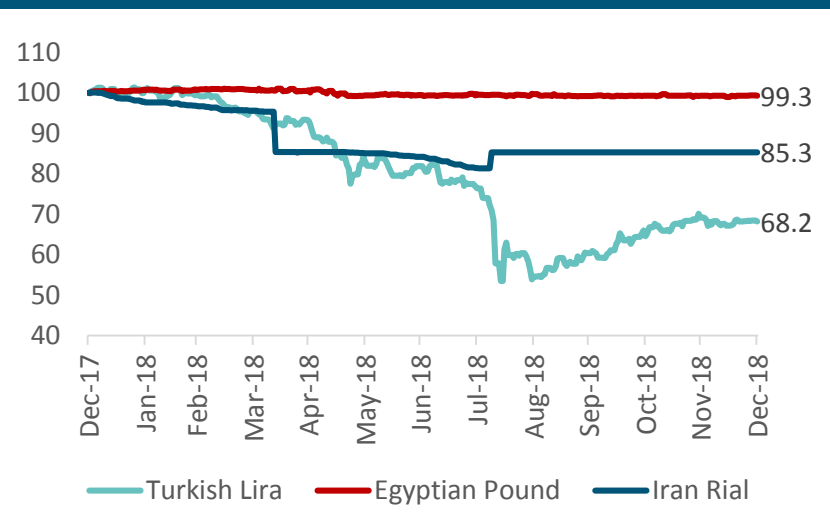


# SELECTED MENA AND COMMODITIES OVERVIEW

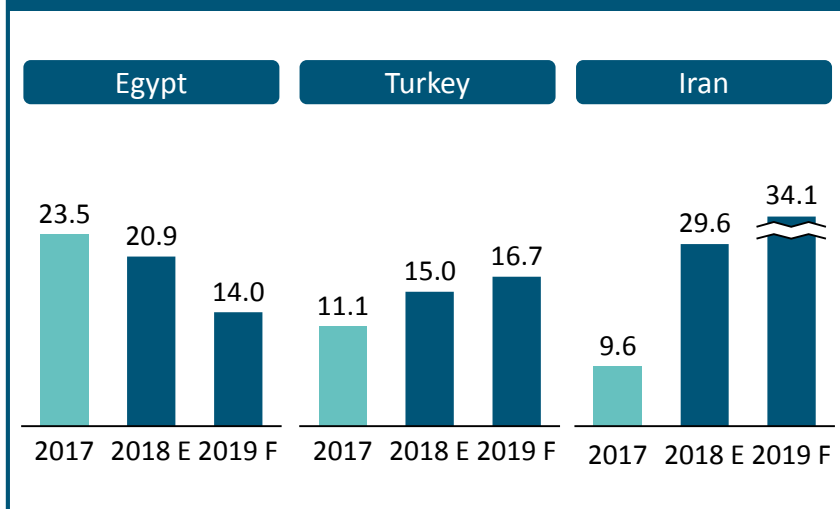
## Real GDP, % change



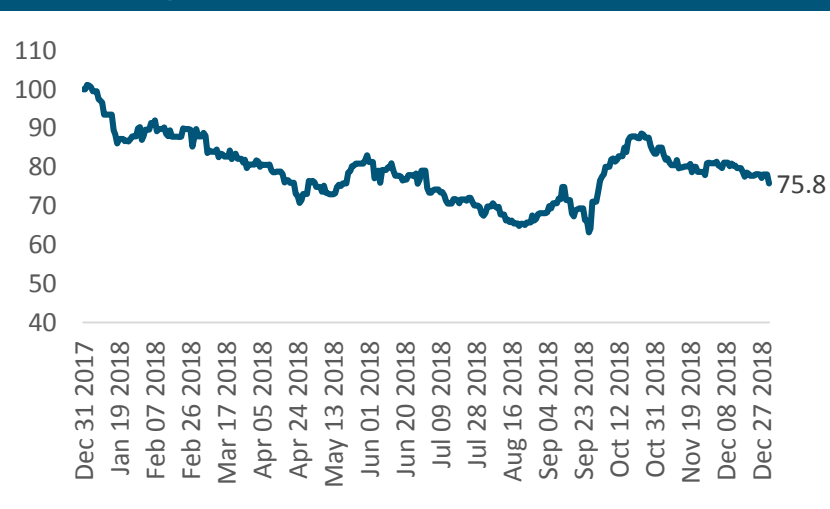
## Currency Movement, rebased to Dec 2017



## Average Inflation Rate, %



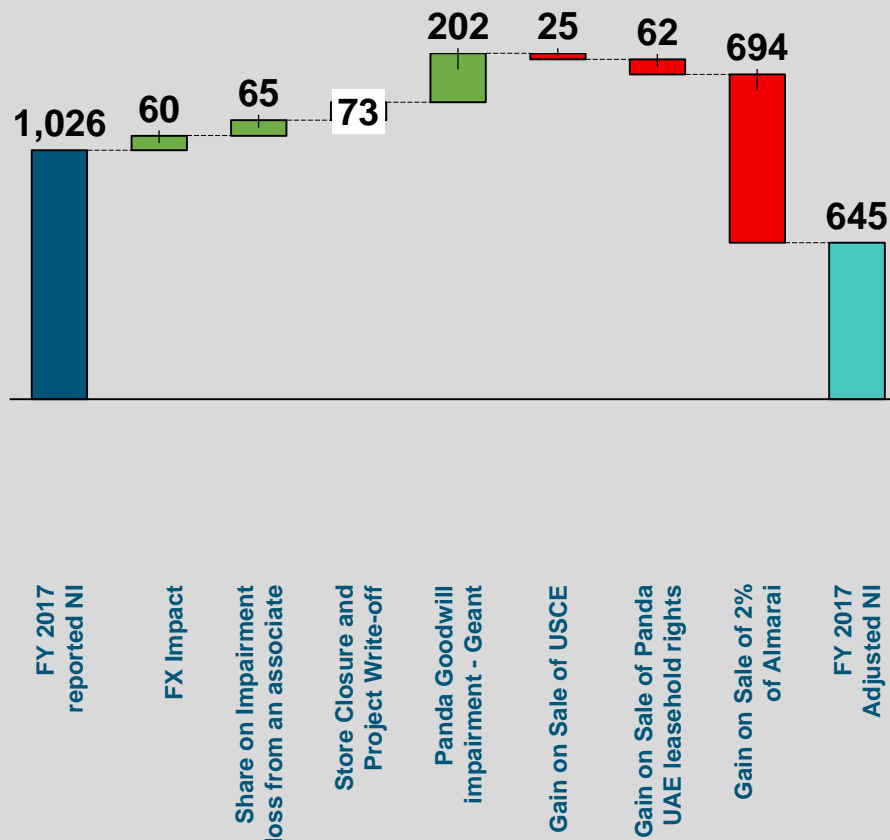
## Sugar Prices, rebased to Dec 2017



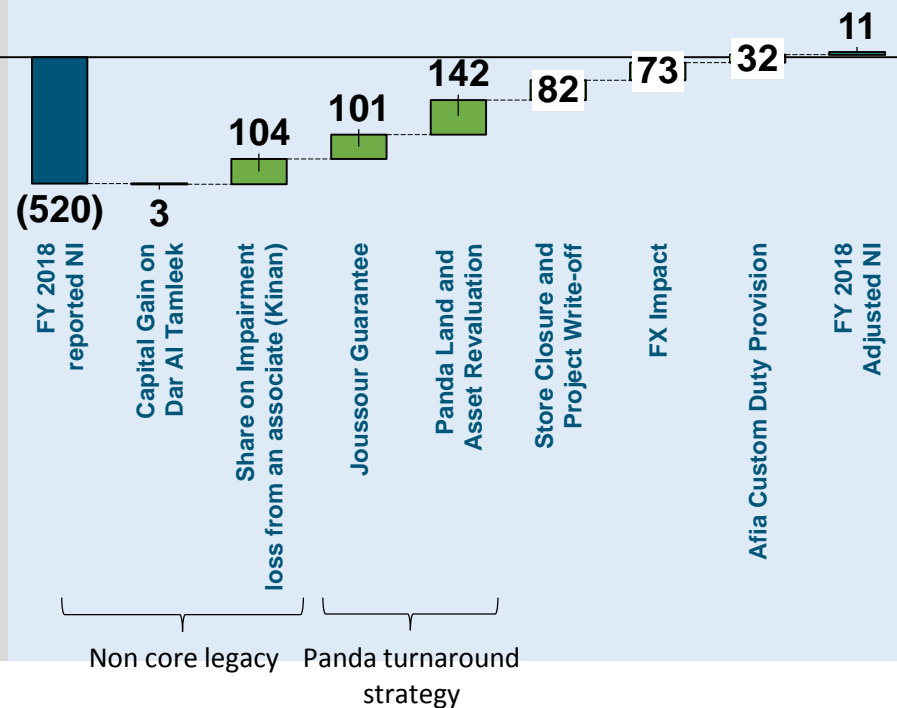
# IMPLICATIONS OF EXCEPTIONAL ITEMS

SAR mn

## Adjusted FY 2017 Net Income



## Adjusted FY 2018 Net Income





PANDA RETAIL COMPANY

سافولا  
SAVOLA

## RETAIL – HIGHLIGHTS FOR Q4

- During Q4 2018, sales were 4.1% lower than the same quarter last year driven primarily by a decline in customer count
- In order to strengthen our position further as the largest modern retailer in the country and after completing a detailed footprint evaluation exercise, we took a strategic decision to close down Pandati store format – pertinent to note that contribution of Pandati to our retail division sales was less than 2.5% in 2018
- Reported net loss improved to SAR 285.4 mn in Q4 2018 vis-à-vis net loss of SAR 407.6 mn in Q4 2017, driven largely by improvement in gross margins and cost optimization initiatives



## RETAIL – HIGHLIGHTS FOR FY 2018

- During 2018, sales declined by 4.6% compared to last year mainly due to a combination of store closures and a decline in customer count, on a like for like basis primarily as a result of the decline in the expatriate population
- Following a detailed footprint evaluation exercise, we took a strategic decision to close down Pandati store format in Q4 2018. In addition, we closed 9 super and 1 hyper stores during the year
- Reported net loss improved to SAR 917.4 mn in FY 2018 vis-à-vis net loss of SAR 1,016.1 mn in 2017, driven largely by improvement in gross margins and cost optimization initiatives. Adjusted net loss improved to SAR 688.5 mn in 2018, from SAR 782.1 mn last year



## RETAIL - SNAPSHOT

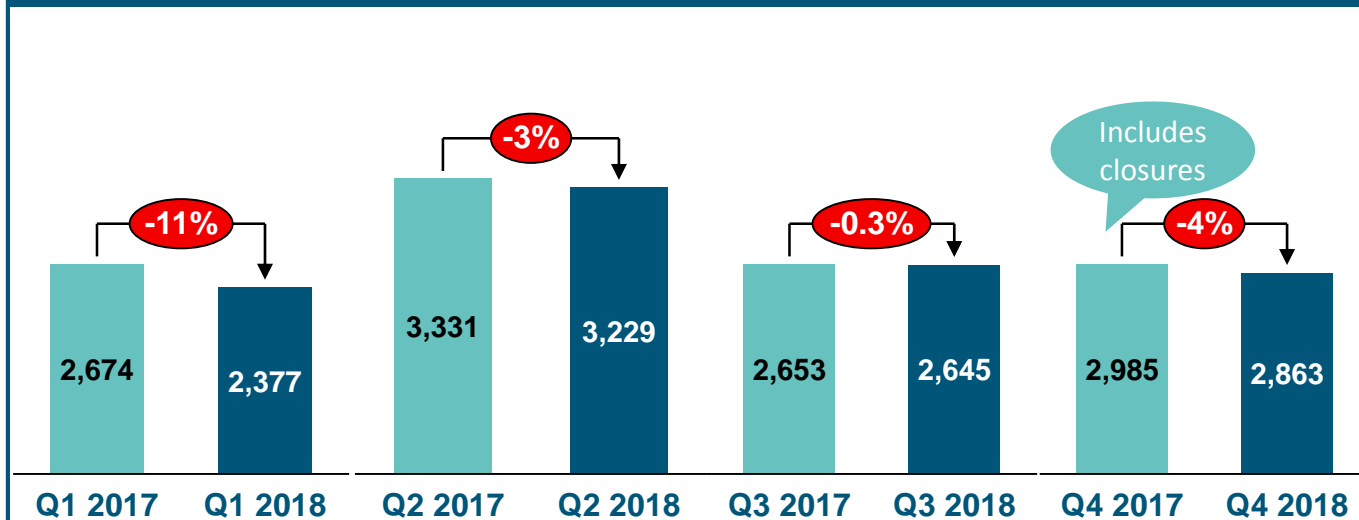
<i>SAR mn</i>	Revenue	Gross Profit	Net Income / (Loss)	Selling Space
Q4 2018	2,863 -4.1% vs. Q4-17	666 2.0% vs. Q4-17	(285) Vs. (408) in Q4-17	Reduced by 56,534 m <sup>2</sup> Compared to Q4-17
FY 2018	11,114 -4.6% vs. FY17	2,311 -0.6% vs. FY17	(917) Vs. (1,016) in FY17	Total Space 689,633 m <sup>2</sup>

# RETAIL – FINANCIAL HIGHLIGHTS

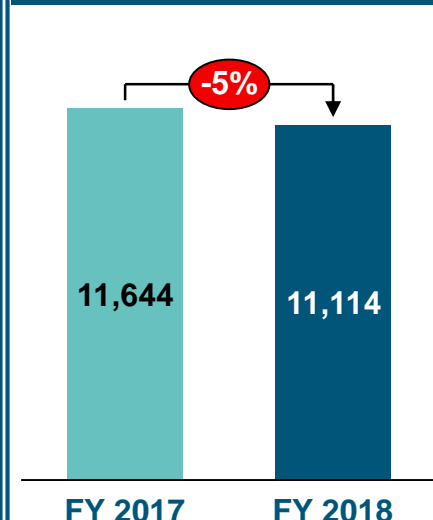
SAR mn

● Growth ● Margin

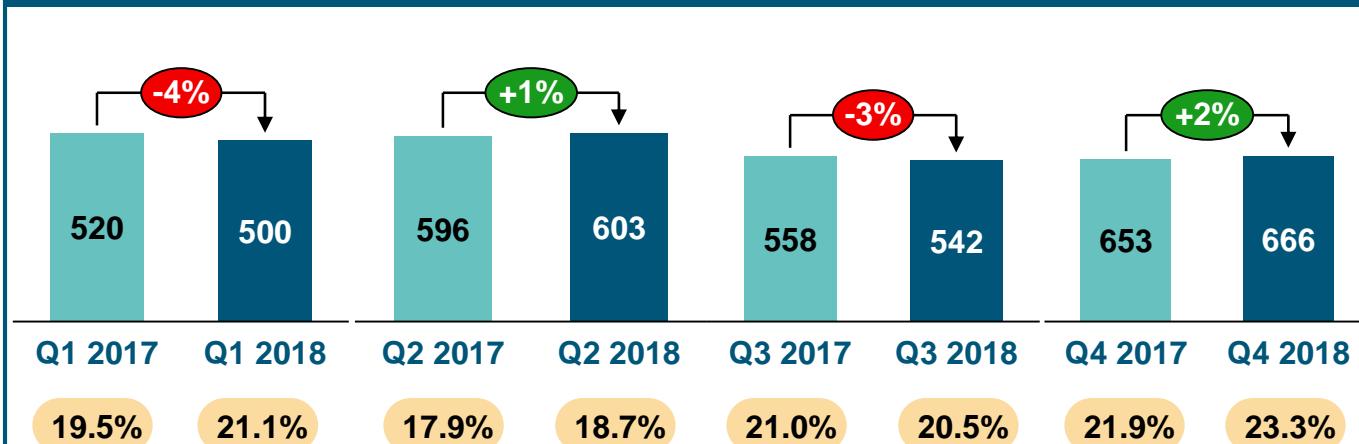
## YoY Sales



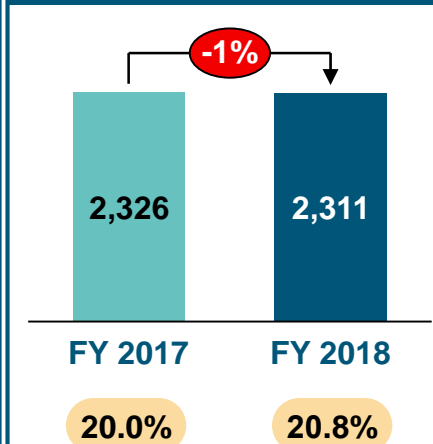
## FY Sales



## YoY Gross Profit



## FY Gross Profit



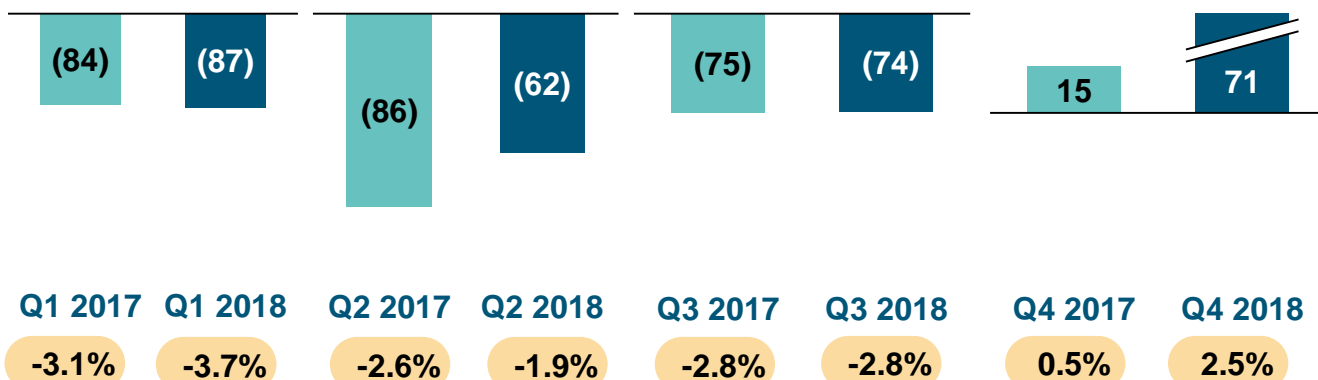
Note: the figures presented in the charts are rounded

# RETAIL – FINANCIAL HIGHLIGHTS

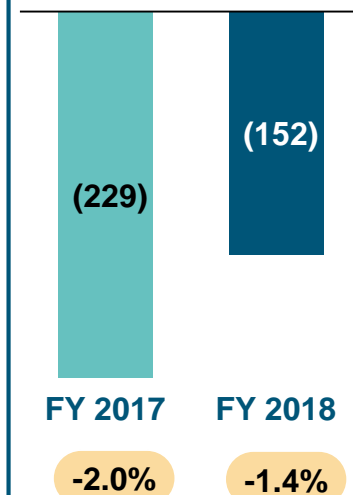
SAR mn

Margin

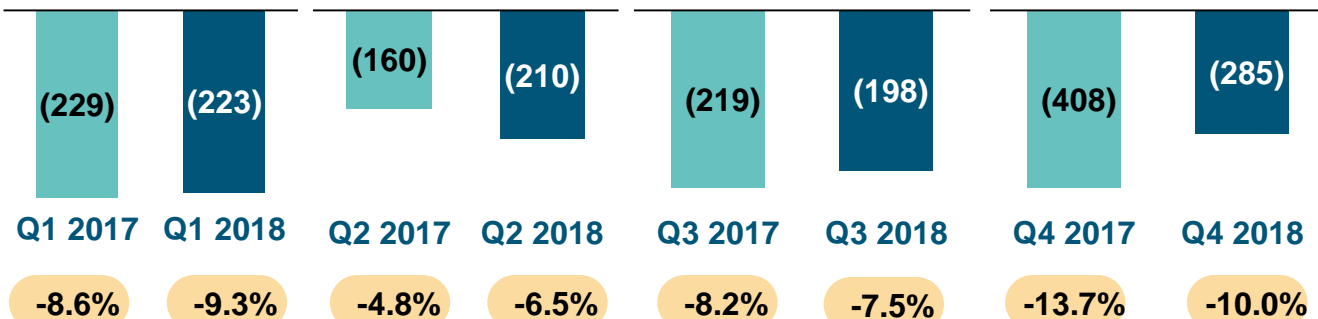
## YoY EBITDA



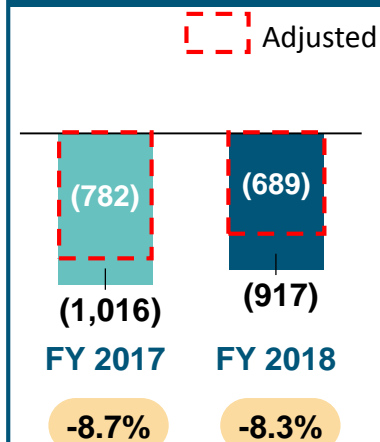
## FY EBITDA



## YoY Net Profit



## FY Net Profit

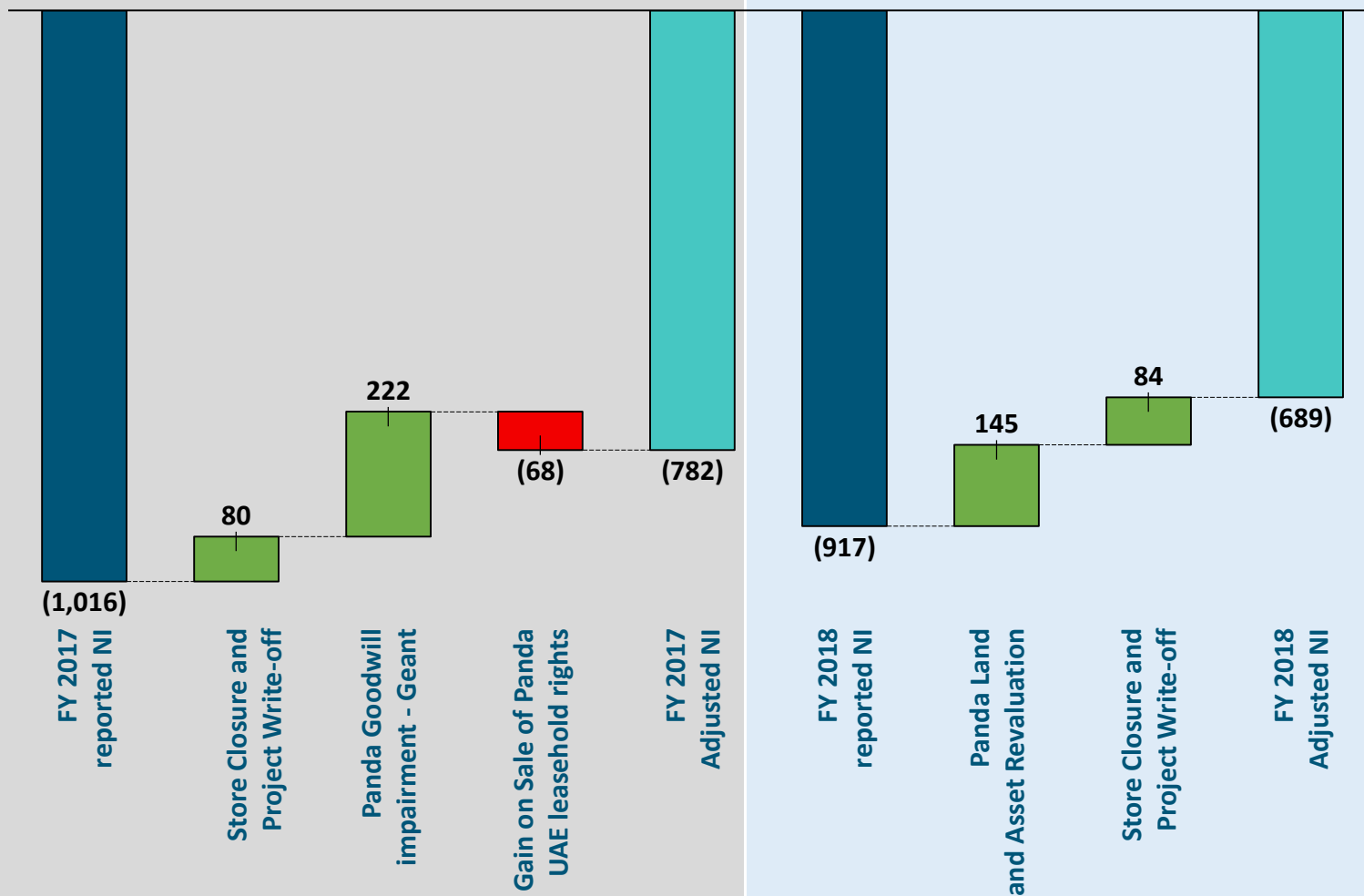


Note: the figures presented in the charts are rounded

# IMPLICATIONS OF EXCEPTIONAL ITEMS

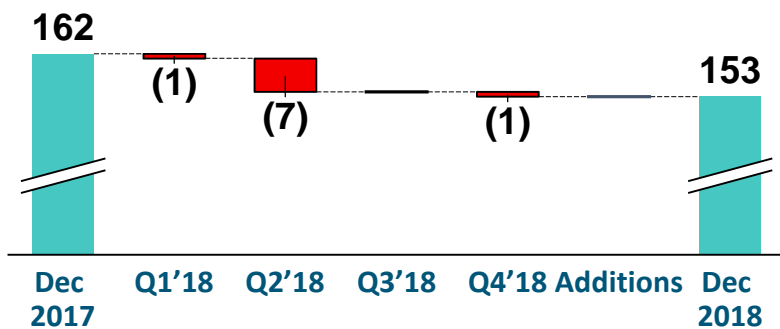
SAR mn

## Panda

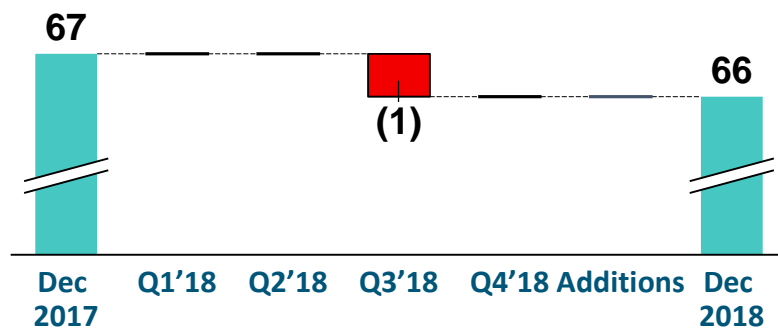


# RETAIL – NUMBER OF STORES BY QUARTER

## Super

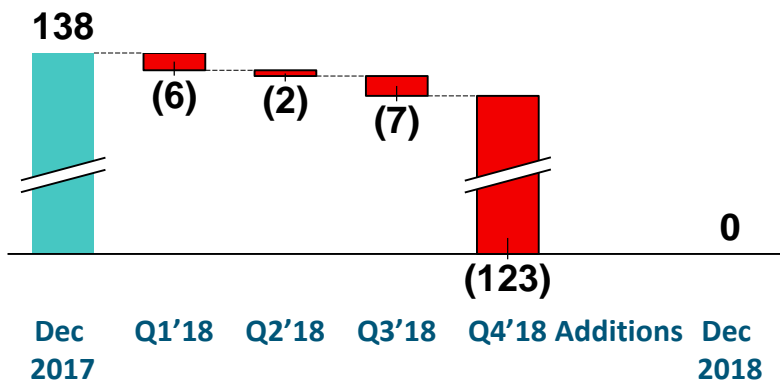


## Hyper



## Pandati

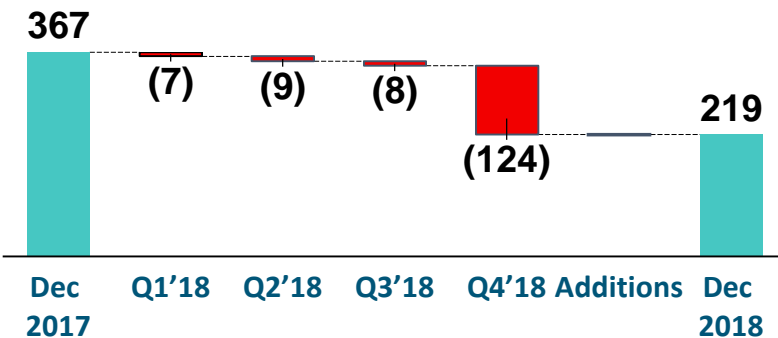
Pandati Format Discontinued



## Total

Selling Area  
746,167 m<sup>2</sup>

Selling Area  
689,633 m<sup>2</sup>





SAVOLA FOODS

## FOODS – HIGHLIGHTS FOR Q4

- Volumes were 12% higher than Q4 2017 at 815.0 KMT in Q4 2018, mainly driven by the increase of edible oils in Algeria and Egypt, as well as sugar for the latter
- Despite the increase in volumes, Q4 2018 revenue registered SAR 2.2 bn, a 16.4% decrease compared to Q4 2017 largely attributed to:
  - a. Oil decreased by 22.6% mainly due to price controls that limited our ability to pass on the increase in costs and currency devaluation in overseas markets, combined with lower volumes in KSA
  - b. Marginal decreases in our sugar and pasta revenues of 2.5% and 1.9%, mainly due to lower prices and lower volumes, respectively.
- Reported net loss for Q4 2018 for Foods was SAR 116.4 mn; compared to a net income of SAR 198.8 mn last year.

## FOODS – HIGHLIGHTS FOR FY 2018

- Volumes increased by 1.5% reaching at 3,362 KMT in FY2018, mainly driven by a 2.0% increase in oils and a 4.5% increase in pasta
- Despite the increase in volumes, FY 2018 revenue registered as SAR 9.7 bn, a 14.5% decrease compared to FY 2017 largely attributed to a combination of:
  - a. Oil decreased by 15.3% mainly due to price controls that limited our ability to pass on the increase in costs and currency devaluation in overseas markets, Sudan hyperinflation in Sudan, combined with lower volumes and higher promotions in KSA
  - b. Sugar decreased by 18.2% primarily due to lower global commodity prices
  - c. Pasta increased by 12.7%, mainly as a result of a combination of higher volumes and product prices
- Reported net loss for FY 2018 for Foods was SAR 17.3 mn; compared to a net income of SAR 606.6 mn last year.
- Adjusted net income of SAR 651.6 mn, compared to SAR 87.6 mn last year



## FOODS - SNAPSHOT

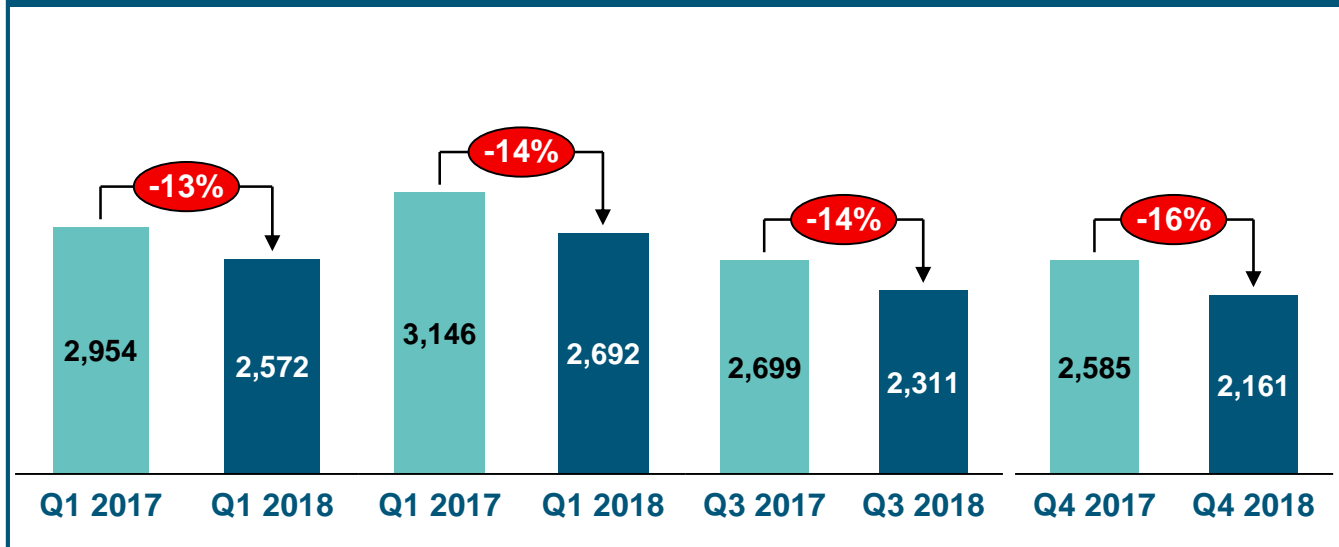
SAR mn	Revenue	Gross Profit	Net Income / (Loss)	Volume (MT '000)
Q4 2018	2,161 -16.4% vs. Q4-17	210 -49.8% vs. Q4-17	(116) Vs. 199 in Q4-17	815 12.4% vs. Q4-17
FY 2018	9,735 -14.5% vs. FY17	1,221 -29.6% vs. FY17	(17) Vs. 607 in FY17	3,362 1.5% vs. FY17

# FOODS – FINANCIAL HIGHLIGHTS

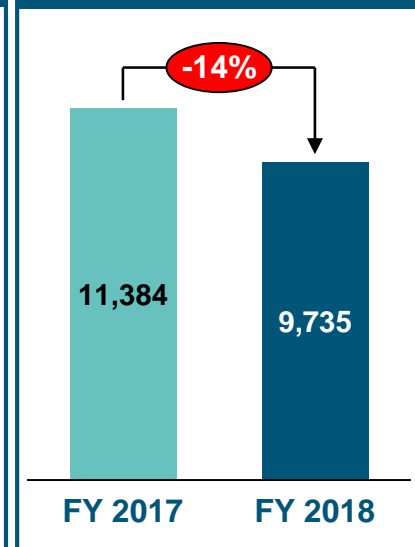
SAR mn

● Growth ● Margin

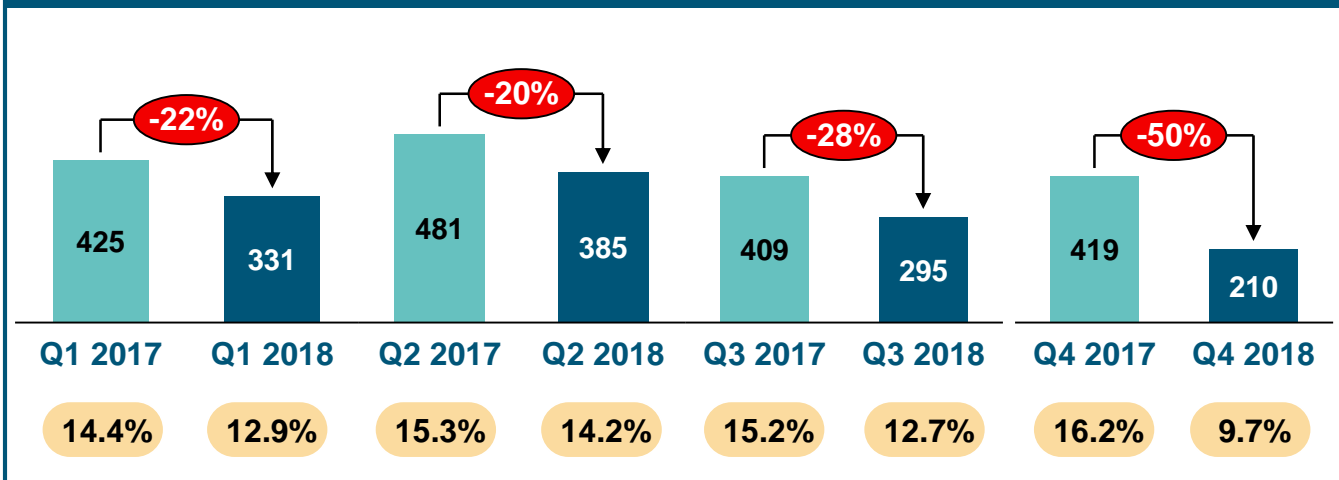
## YoY Sales



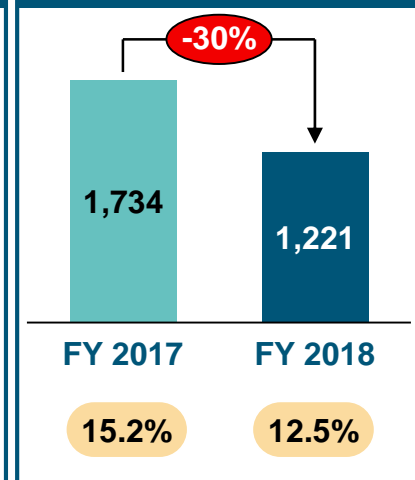
## FY Sales



## YoY Gross Profit



## FY Gross Profit



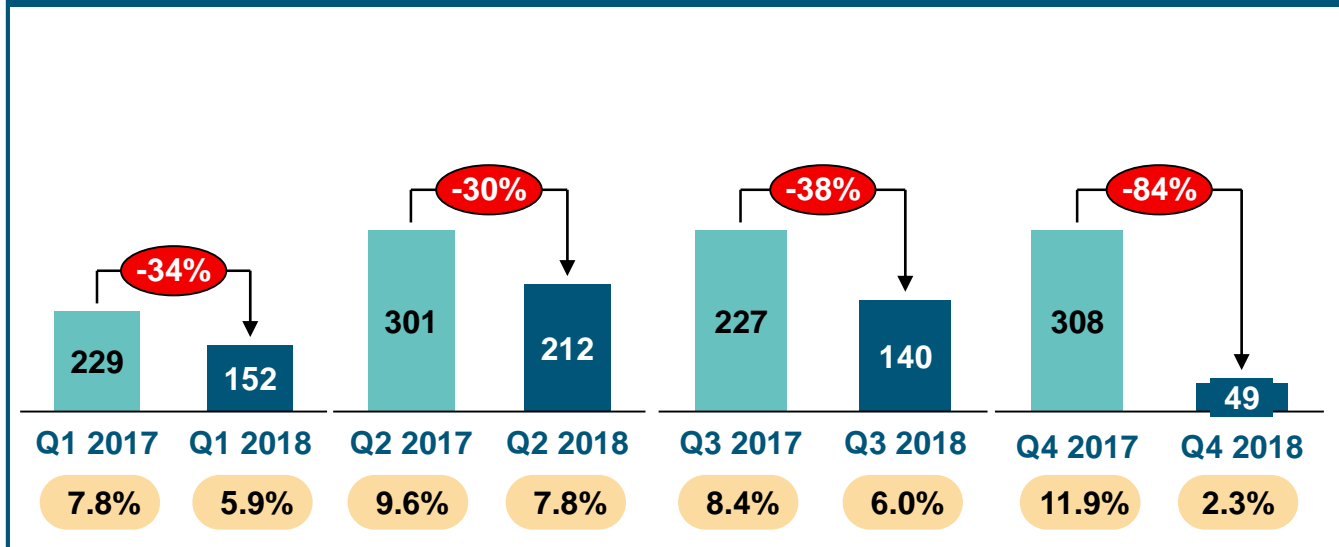
Note: the figures presented in the charts are rounded

# FOODS – FINANCIAL HIGHLIGHTS

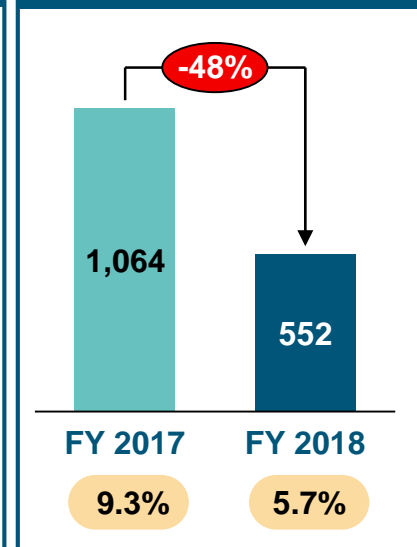
SAR mn

● Growth ● Margin

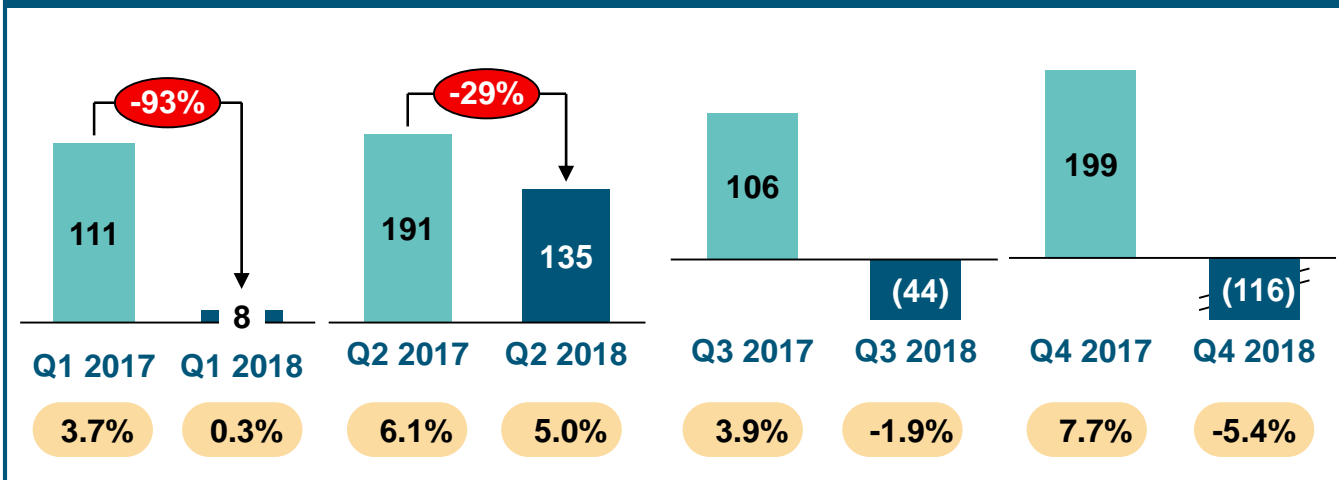
## YoY EBITDA



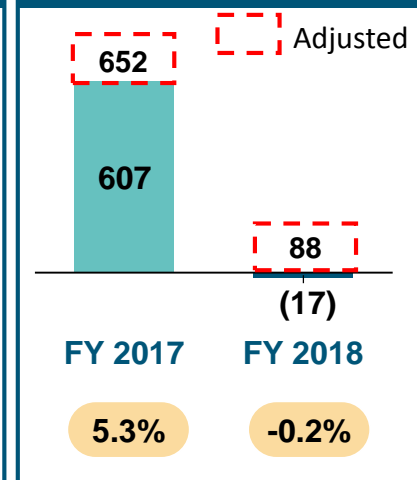
## FY EBITDA



## YoY Net Profit



## FY Net Profit

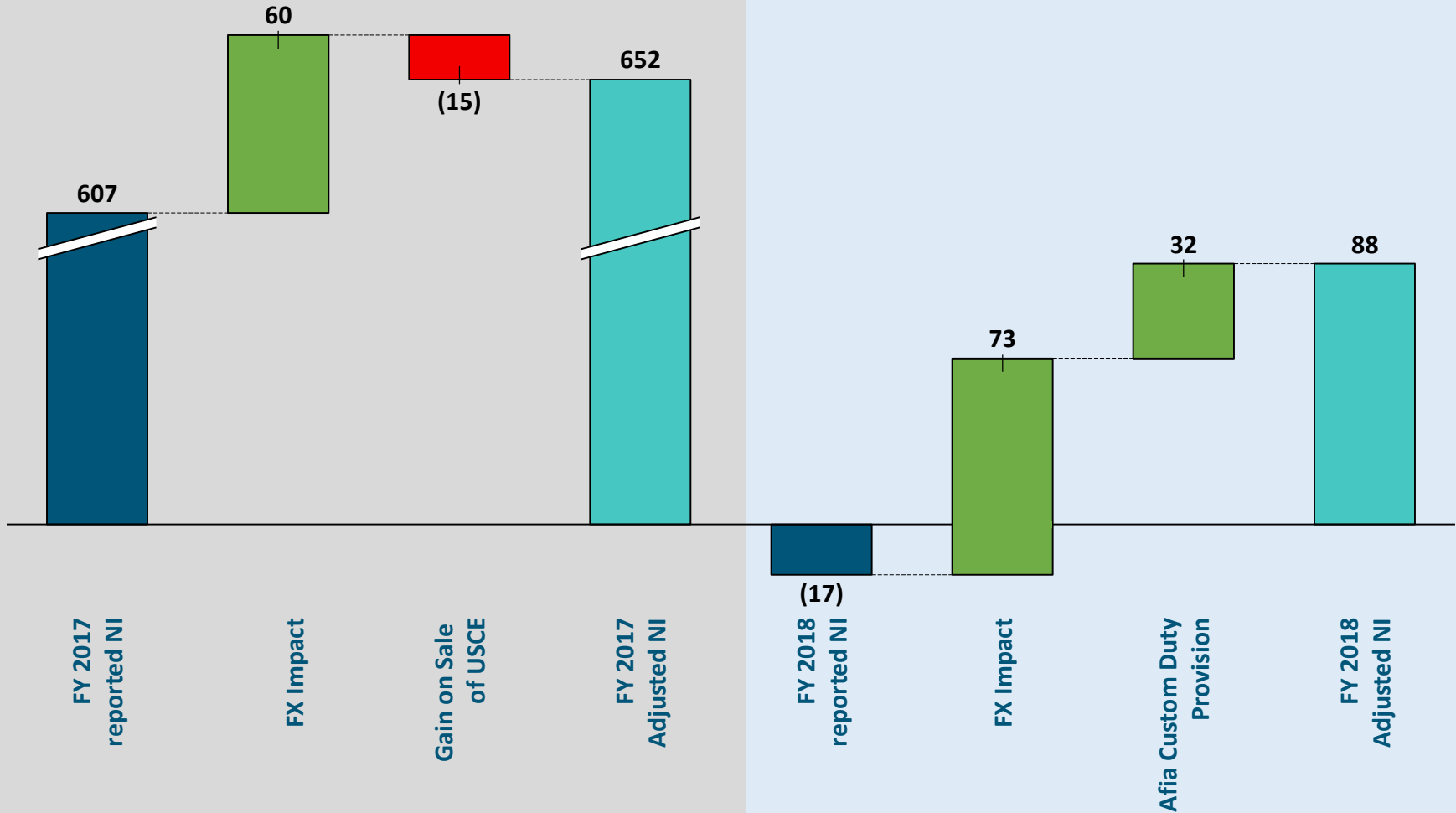


Note: the figures presented in the charts are rounded

# IMPLICATIONS OF EXCEPTIONAL ITEMS

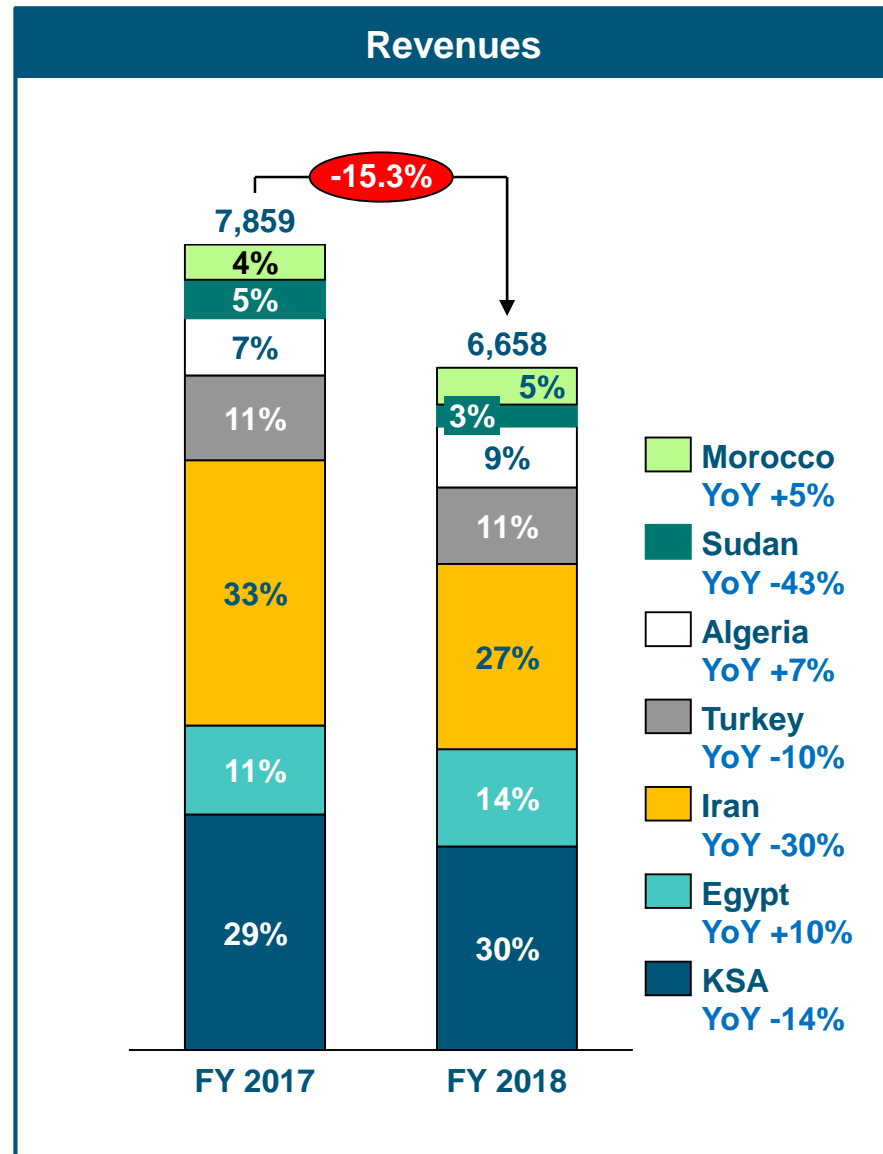
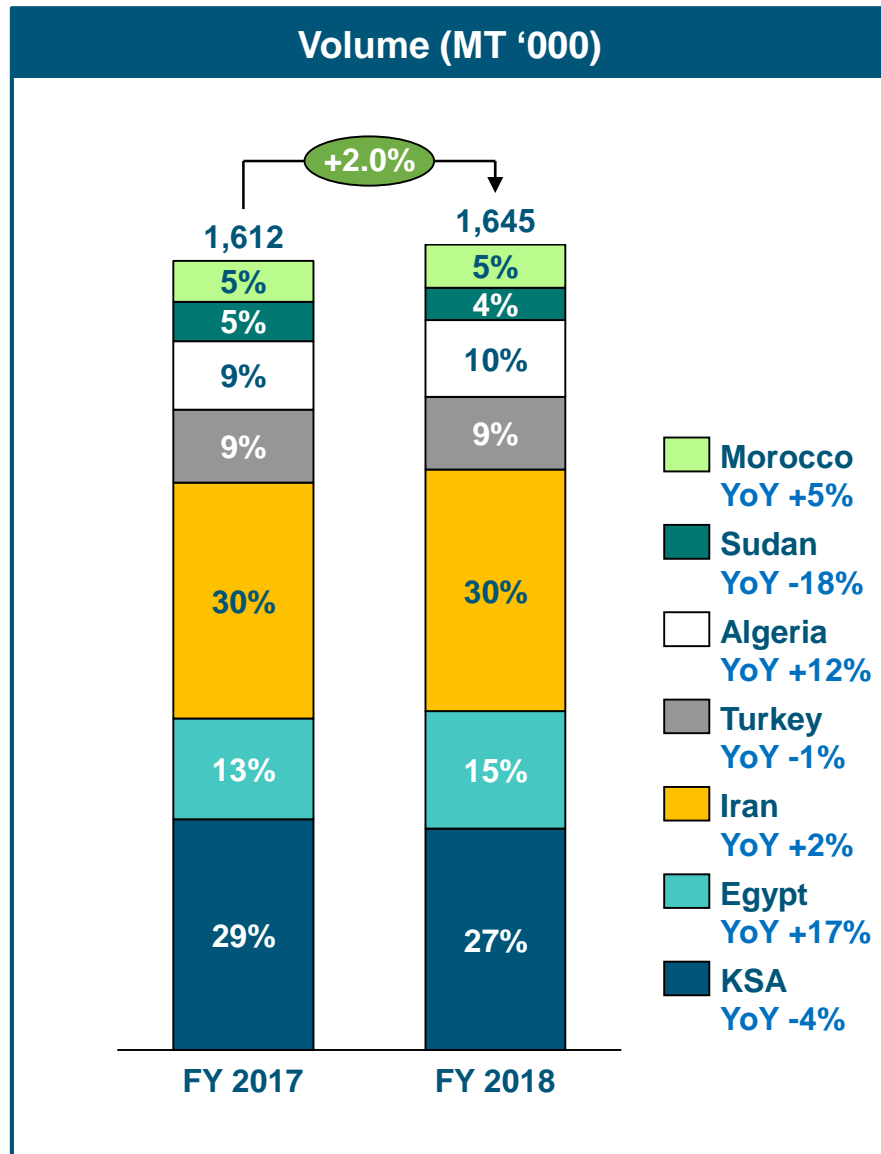
SAR mn

## Savola Foods



# FOODS – OIL SEGMENT ANALYSIS

SAR mn

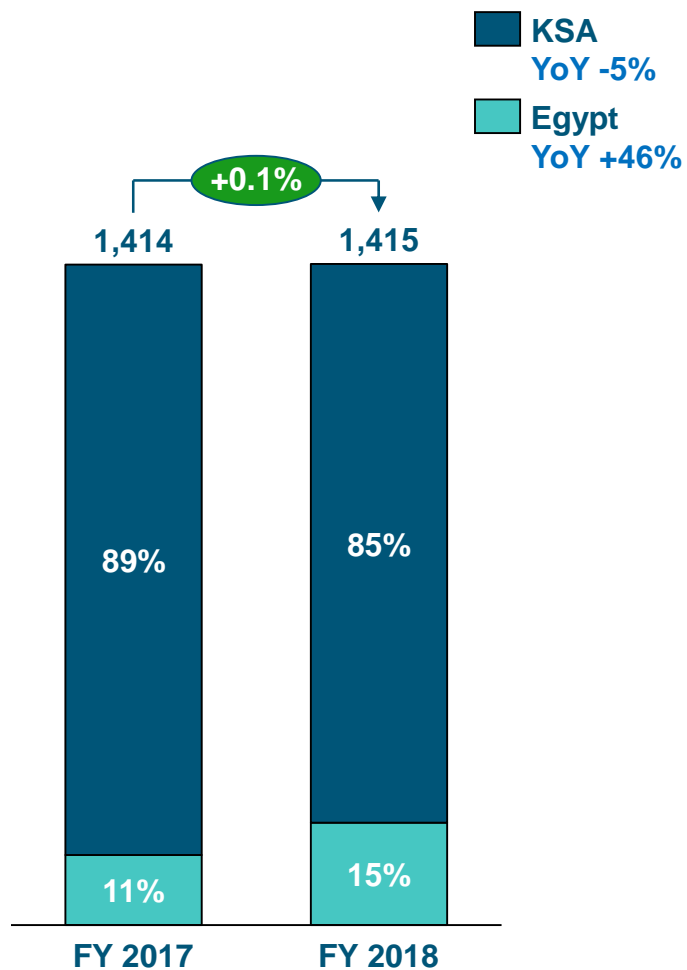


Note: the above charts were adjusted to remove contribution from emerging non-oil categories and includes net distribution volume in addition to our specialty fats business

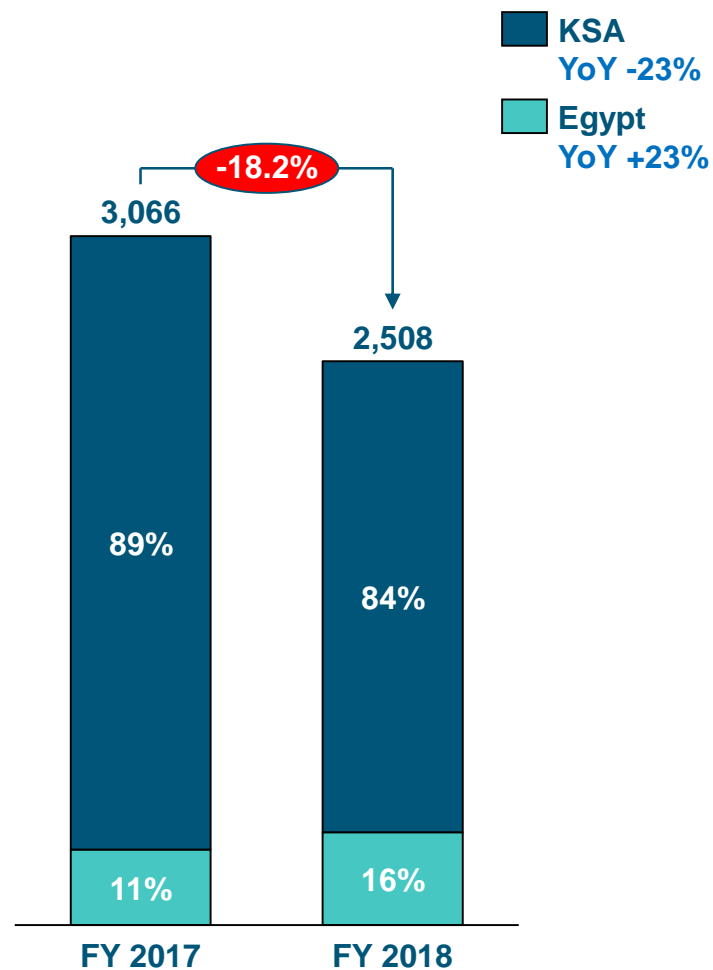
# FOODS – SUGAR SEGMENT ANALYSIS

SAR mn

## Volume (MT '000) (1)



## Revenues (1)



(1) Sugar volumes and revenues include only the contribution from sugar operations (USC and ASC).



ببساطة... قمة الذوق الممتاز!  
*Simply...a matter of good taste!*



Frozen Food - Al Kabeer

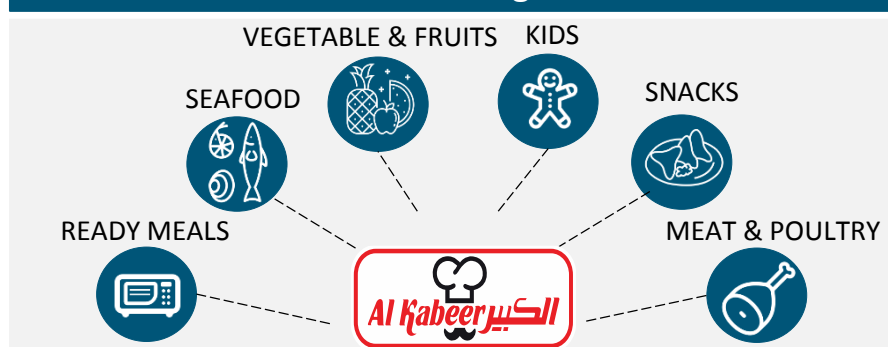
# FROZEN FOOD – 51% AL KABEER

Company	Sector	Region
	 Frozen food manufacturing & distribution	<ul style="list-style-type: none"> <li>• UAE</li> <li>• SAUDI ARABIA</li> <li>• BAHRAIN</li> <li>• OMAN</li> </ul>

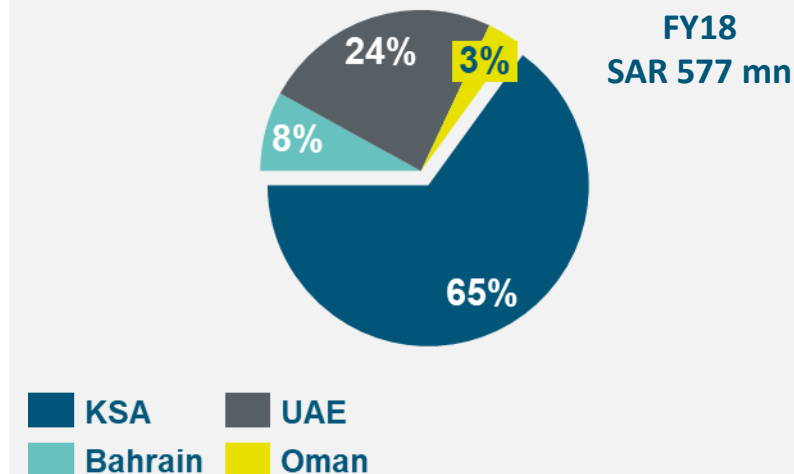
## Overview

- Founded in 1974, Al Kabeer experienced solid growth in the frozen food industry becoming one of the leading players in the GCC
- Today, Al Kabeer holds a leading market position (#3 - #5) depending on the category and range
- The company has manufacturing presence across UAE and KSA through three facilities





## Products Categories



## Revenue by Geography



## Distribution Network

	 KSA	 UAE	 BAHRAIN	 OMAN
No. outlets distributed to	+9,000	+2,000	+700	+280
Sales Centers	5	2	1	1
Vehicles	+200	+85	+20	+10





# FINANCIAL SUMMARY



# FINANCIALS – FY 2018

(all figures are in SAR millions)

Segment Wise Financials										
	YTD - 2018					YTD - 2017				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
<b>Food</b>										
Oil-Mature Markets	5,552	794	185	(43)	270	6,608	1,199	595	463	667
Oil-Start-up Markets*	1,169	125	51	30	63	1,275	155	64	42	76
<b>Total Oil</b>	<b>6,721</b>	<b>919</b>	<b>236</b>	<b>(13)</b>	<b>333</b>	<b>7,883</b>	<b>1,354</b>	<b>659</b>	<b>505</b>	<b>743</b>
Sugar	2,543	242	116	(13)	176	3,084	322	219	86	281
Pasta	471	59	27	9	43	417	59	28	16	39
<b>Total Foods</b>	<b>9,735</b>	<b>1,221</b>	<b>379</b>	<b>(17)</b>	<b>552</b>	<b>11,384</b>	<b>1,734</b>	<b>907</b>	<b>607</b>	<b>1,064</b>
<b>Retail</b>										
KSA	11,016	2,296	(609)	(889)	(133)	11,472	2,307	(754)	(1,057)	(212)
Overseas	98	14	(27)	(29)	(19)	173	19	(25)	41	(17)
<b>Total Retail</b>	<b>11,114</b>	<b>2,311</b>	<b>(636)</b>	<b>(917)</b>	<b>(152)</b>	<b>11,644</b>	<b>2,326</b>	<b>(779)</b>	<b>(1,016)</b>	<b>(229)</b>
Herfy	1,227	345	221	204	299	1,158	342	215	200	289
Real Estate	-	-	(98)	(98)	(98)	-	-	(55)	(55)	(55)
Good Food	94	21	1	(4)	3	-	-	-	-	-
Al Marai-Savola Share**	-	-	693	693	693	-	-	785	785	785
HQ/Elimination/Impairments	(357)	0	(83)	(381)	(58)	(356)	(8)	(47)	505	(22)
<b>Total</b>	<b>21,815</b>	<b>3,898</b>	<b>477</b>	<b>(520)</b>	<b>1,239</b>	<b>23,830</b>	<b>4,394</b>	<b>1,025</b>	<b>1,026</b>	<b>1,831</b>
<b>Adjustments</b>										
Gain on sale of Dar AlTamleek				(3)					-	
Joussour Guarantee				101					-	
Share of impairment loss from an associate				104					65	
FX impact				73					60	
Afia Custom Duty Provision				32					-	
Panda Land and Asset Revaluation				142					-	
Store Closure and Project Write-off				82					73	
Panda Goodwill Impairment - Geant				-					202	
Dilution Gain on USCE				-					(25)	
Capital Gain on sale of Hyper Panda UAE				-					(62)	
Gain on sale of Marai shares				-					(694)	
<b>Adjusted Profit</b>				<b>11</b>					<b>645</b>	

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

\*\* Savola Group's ownership in Almarai decreased from 36.52% to 34.52%

Note: the above table includes contribution from emerging categories captured in the foods segment