

Savola Group

Earnings Presentation | Q4 2021

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KEY MANAGEMENT HIGHLIGHTS FOR 2021

Business Highlights

- The group delivered strong performance across most segments despite the increase in global food commodity prices and challenging grocery retail landscape in Saudi Arabia

Financial Performance

- Savola Group reported 13.6% topline growth during 2021; driven by the improvement in our foods business
- Net Income reached to SAR 222mn in 2021 compared to SAR 911mn last year due to decline in the retail business profitability and one-off asset impairment provisions

Strategic Initiatives

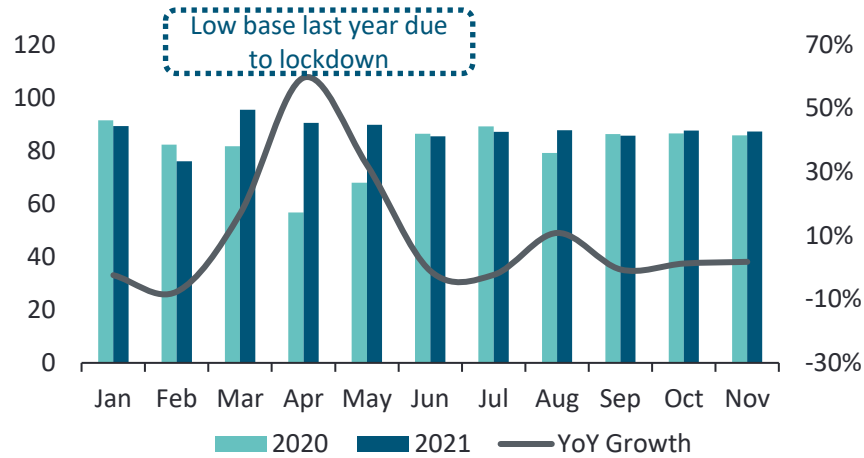
- Acquired 100% stake in Bayara (a leading regional player in nuts, spices and pulses) to accelerate Savola's strategy to enter value-added food categories associated with health, convenience and youth driven trends
- Successful activation of our Corporate Venture Capital Program by investing in food, retail and consumer space disruptors in US, UAE and Egypt

Dividends

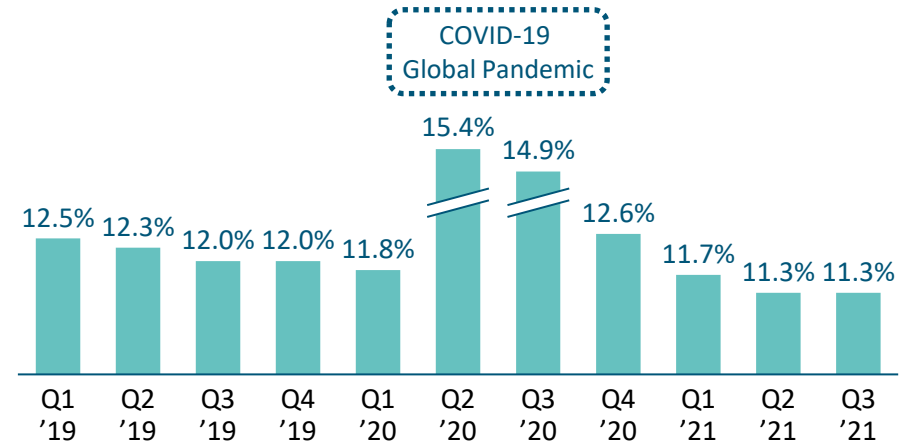
- Savola Group Board has recommended a dividend distribution of SAR 106.8 mn to the shareholders for the period ending 31 Dec 2021; this translates into a payout ratio of 48% and DPS of SAR 0.2/share

KSA - MACROECONOMIC HIGHLIGHTS

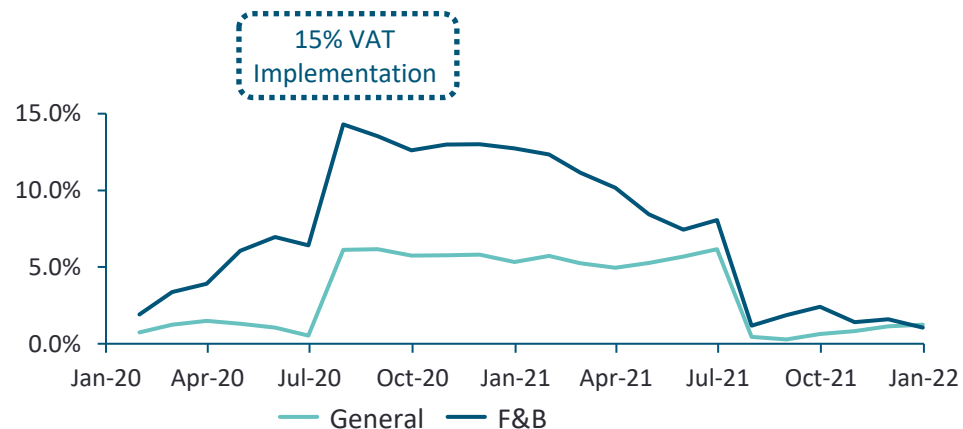
Combined POS and Cash Withdrawals, SAR bn



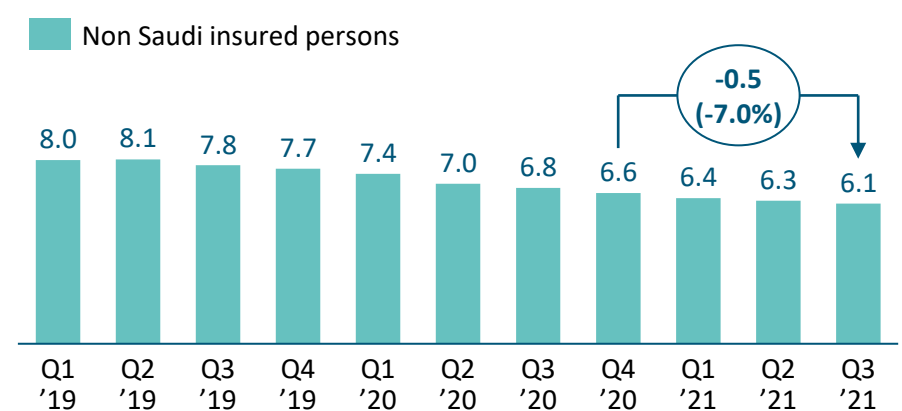
Saudi Unemployment Rate



Average Inflation Rate, %

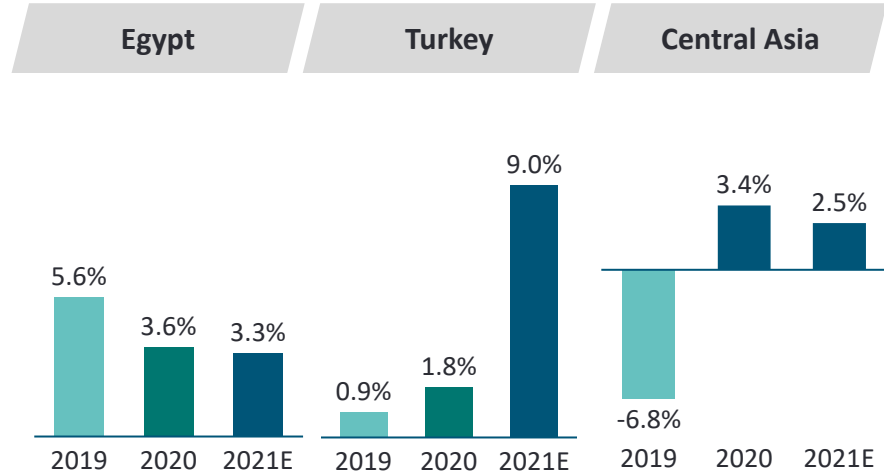


Expat Population Proxy, millions

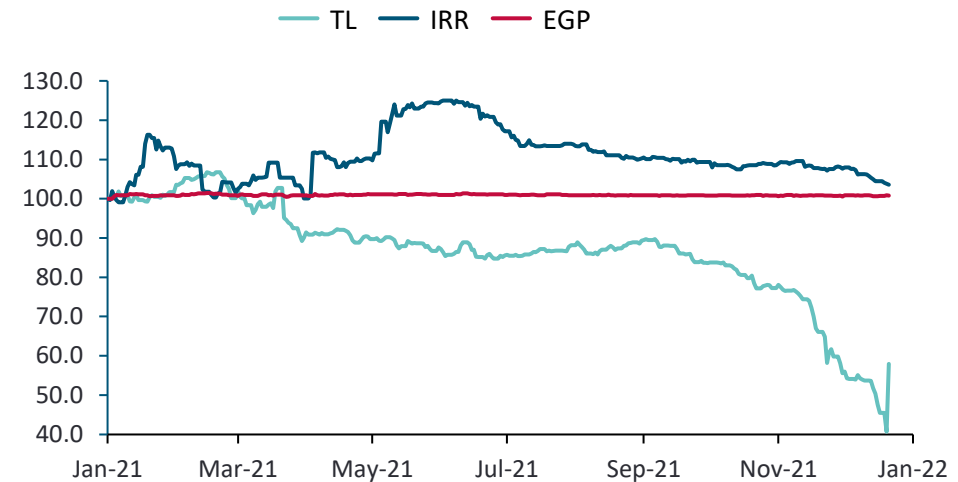


SELECTED MENA AND COMMODITIES OVERVIEW

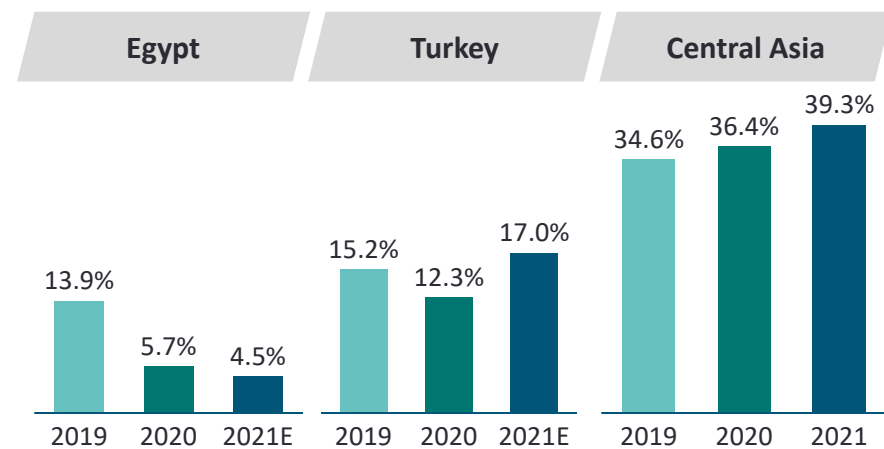
Real GDP, % change



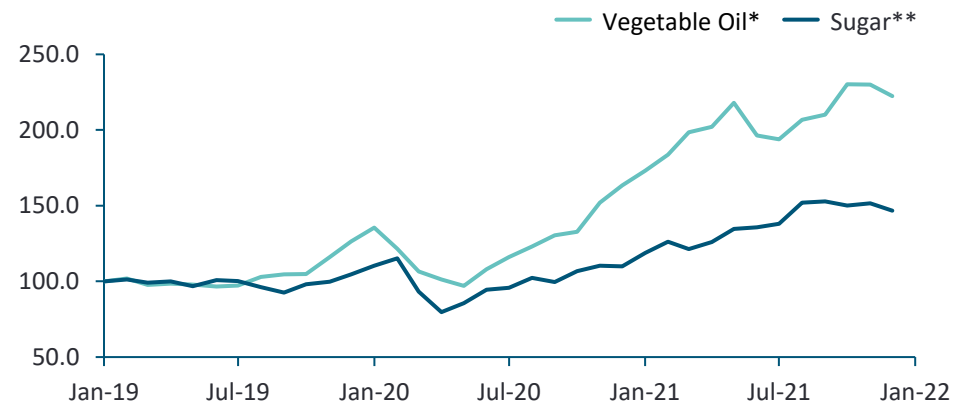
Selected Currency Highlights (rebased)



Average Inflation Rate, %

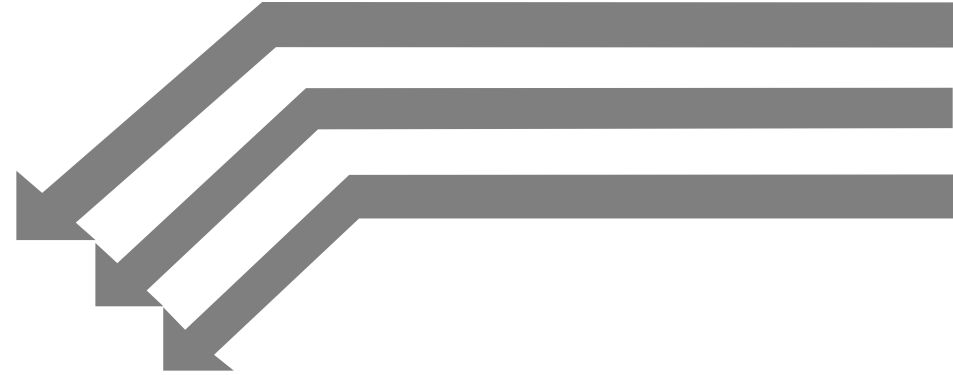


FAO Vegetable Oils and Sugar Indices (rebased)



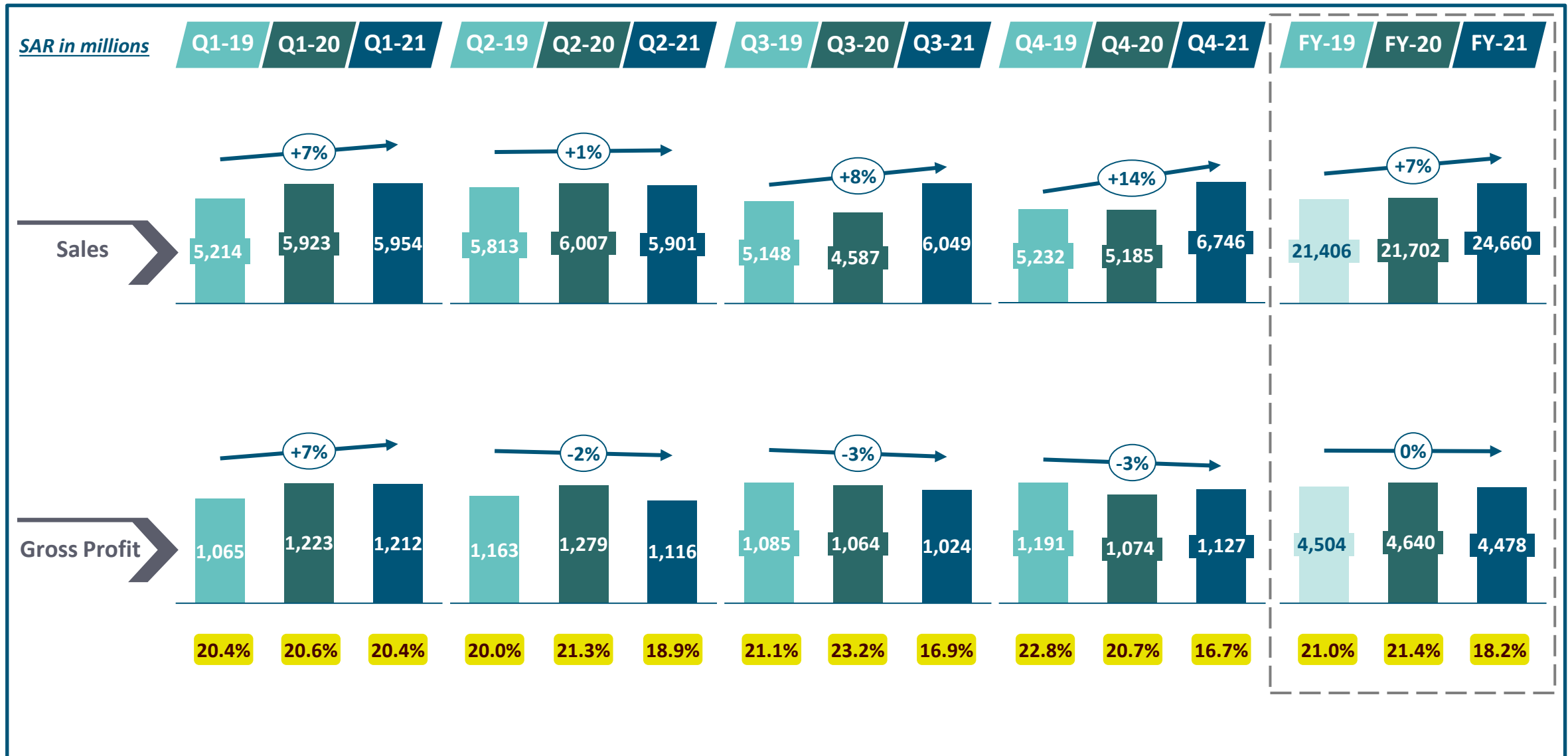
1. Group Key Financial Highlights

2. Performance by Segment



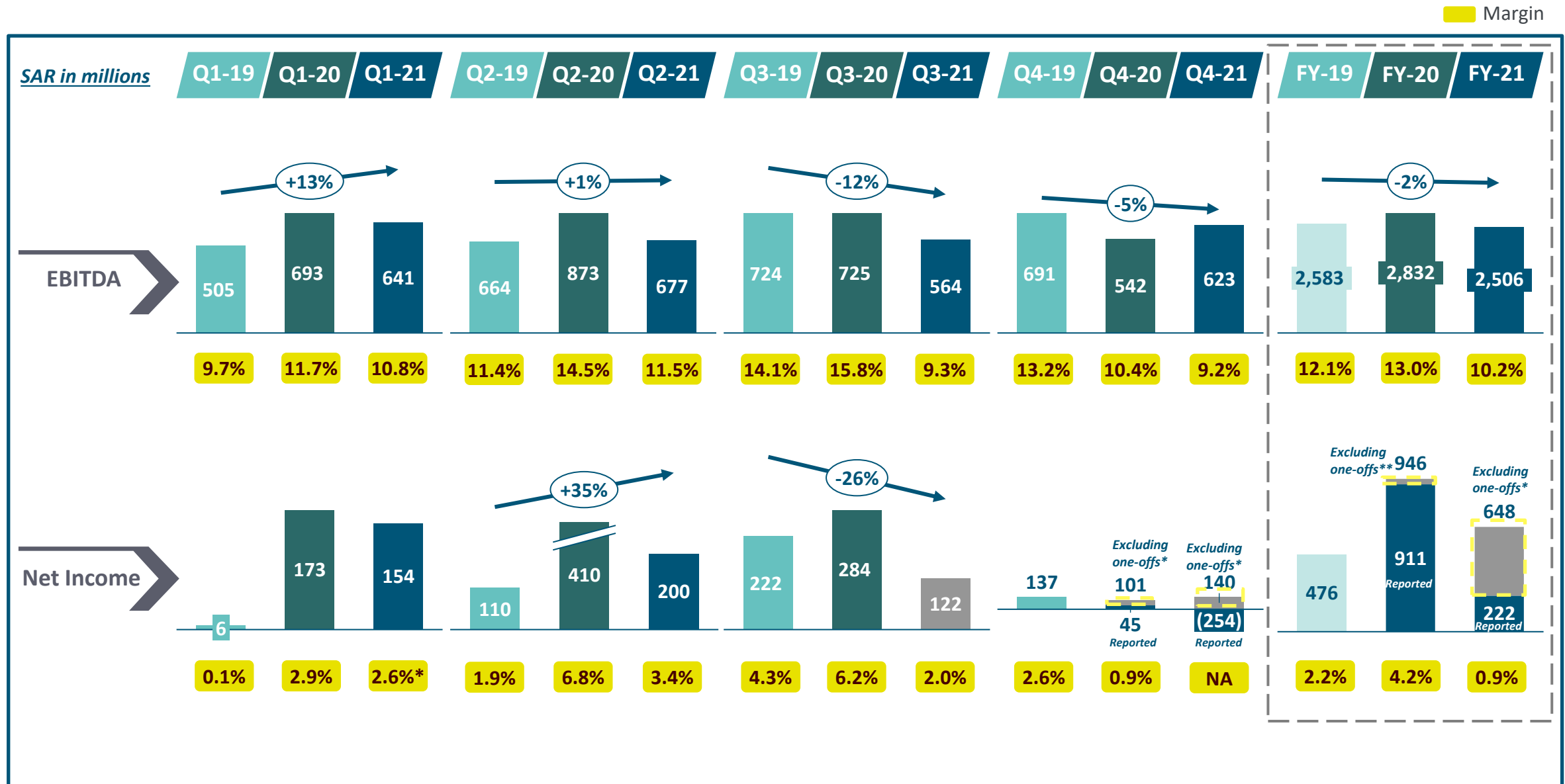
GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

Margin

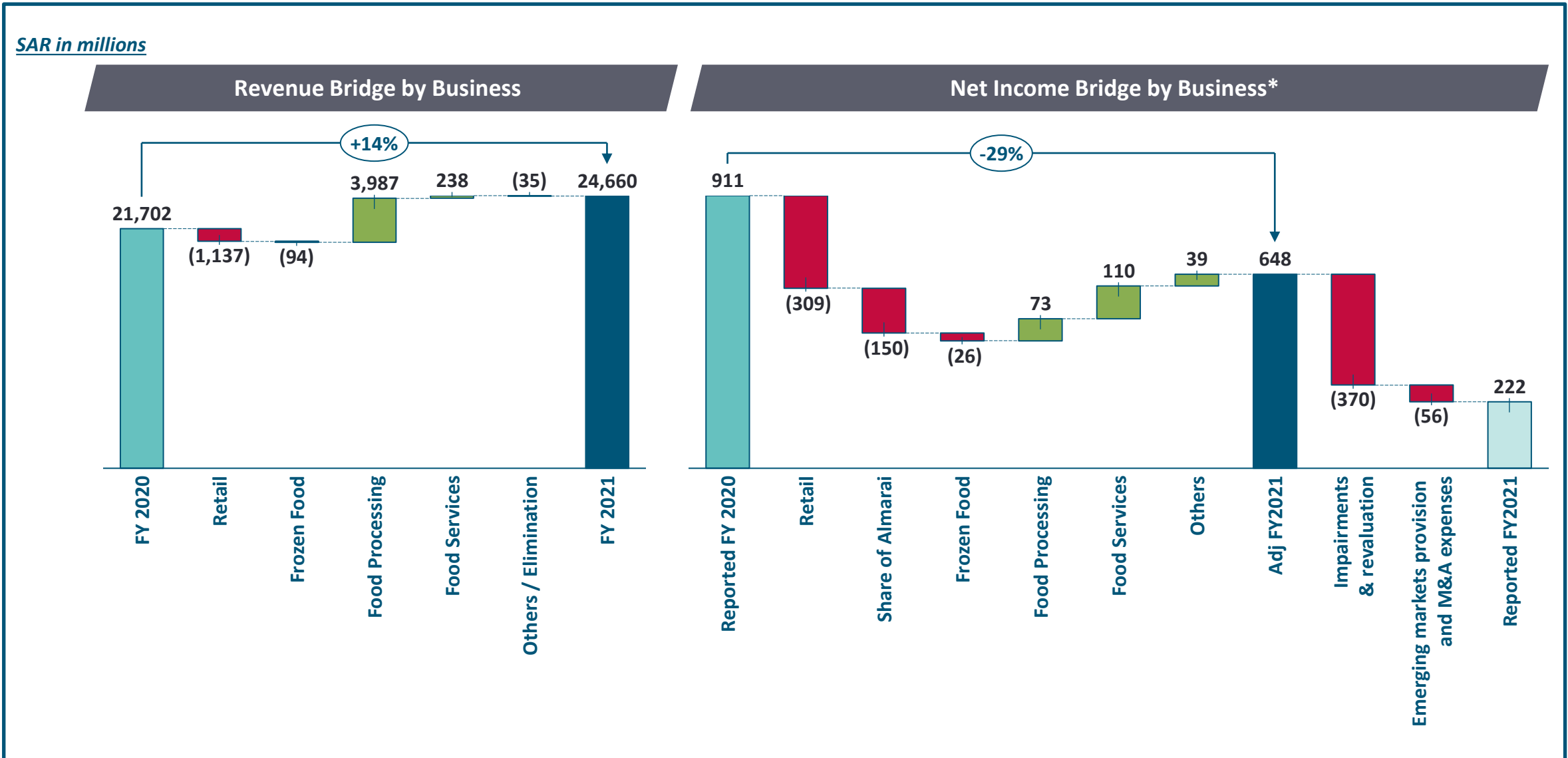


Note: numbers are rounded

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS



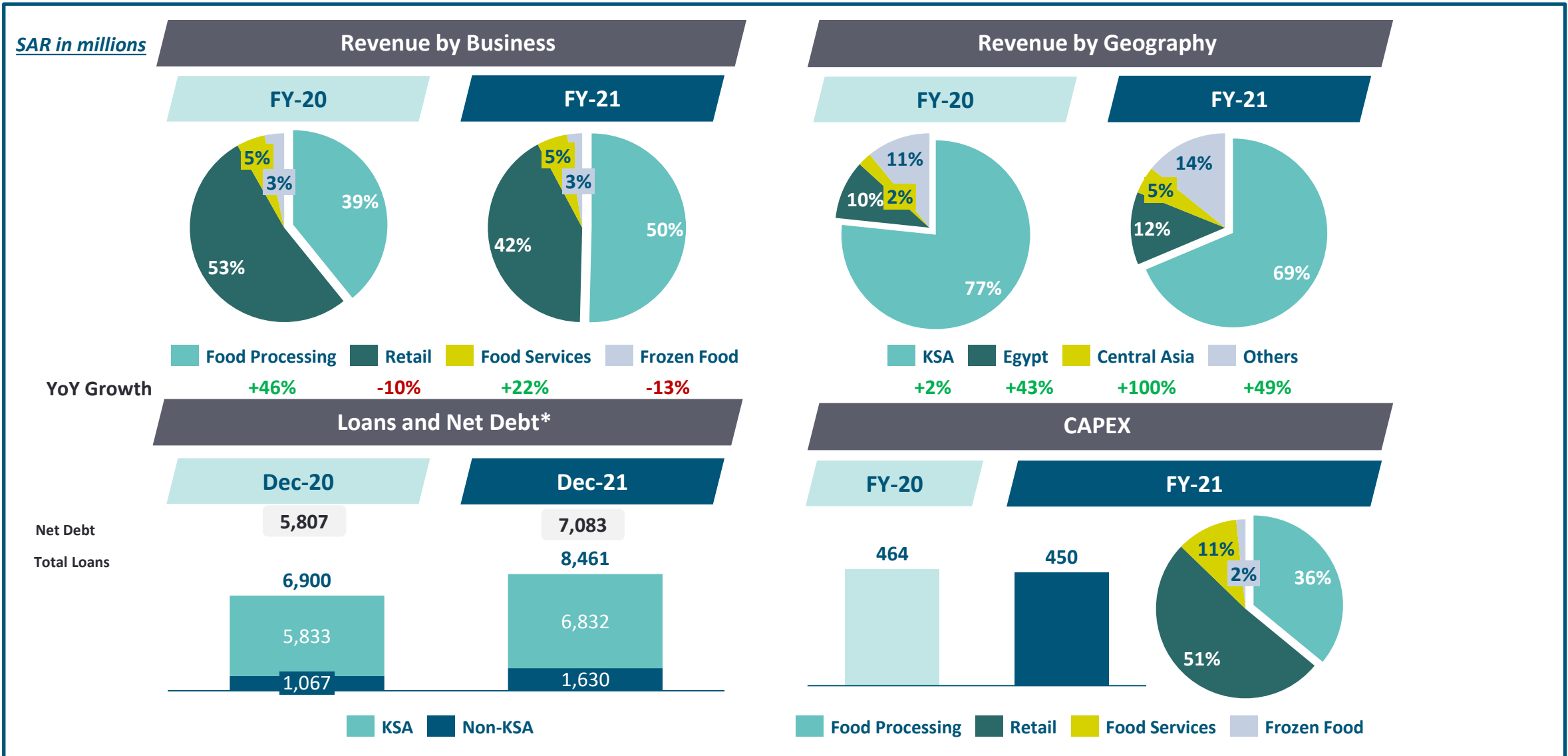
GROUP – Revenue & Net Income Bridge by Business



* Excluding impairments and one offs of each businesses segment which are shown separately

Note: numbers are rounded

GROUP – REVENUE MIX, NET DEBT & CAPEX

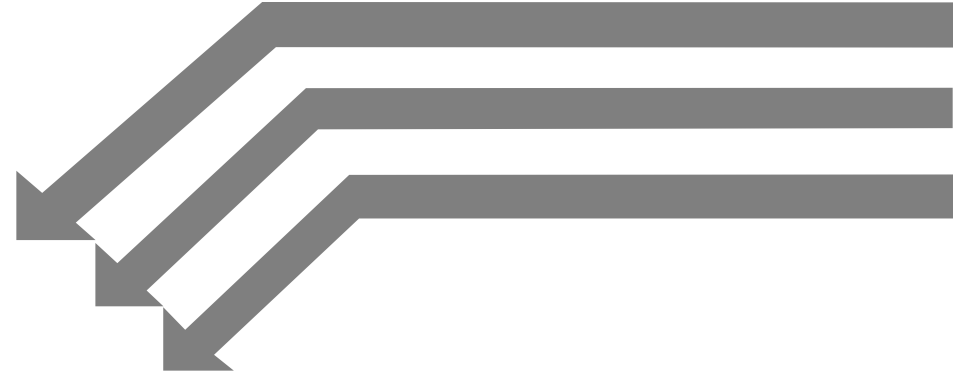


*Net debt excludes lease liabilities

Note: numbers are rounded

1. Group Key Financial Highlights

2. Performance by Segment



Panda Retail Company



RETAIL - HIGHLIGHTS

Key Highlights

- Panda continued focusing on its turnaround initiatives against the backdrop of a weaker consumer market while maintaining market leadership position
- FMCG market in Saudi Arabia for Jan-Nov 2021 period declined by 4.5% YoY (VAT adjusted) wherein Modern Trade channel led the decline and witnessed YoY shrinkage of 8.0% (VAT adjusted)

Store Count

- Panda is very well represented across all the cities in the Kingdom
- Given the recent market developments, Panda updated its footprint strategy with the intent to rejuvenate its entire customer experience
- Certain stores have been identified for format conversion, closure, replacement and opening new stores in key growth territories

Revenues

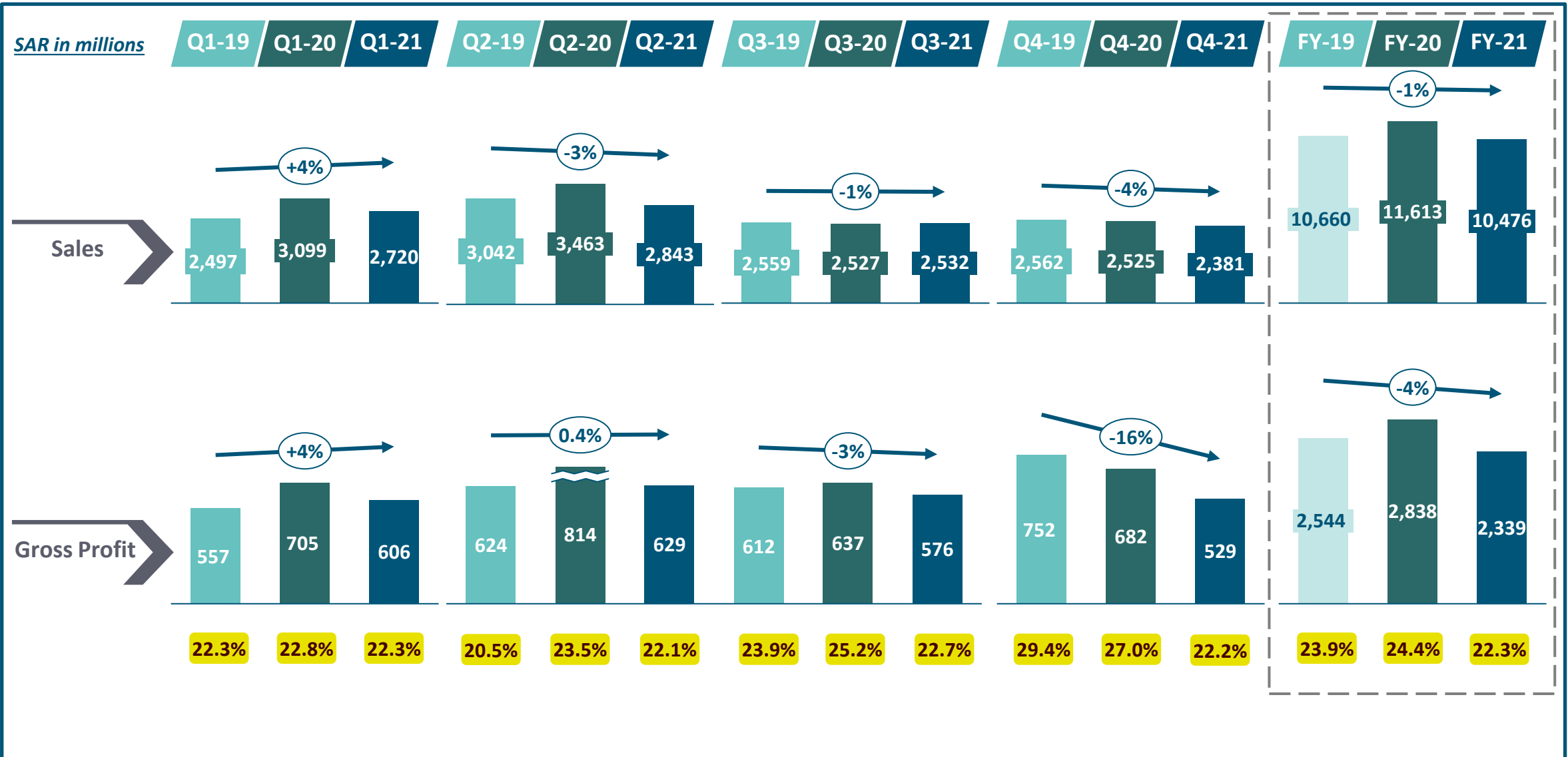
- Recorded revenue of SAR 10.5 billion in 2021, 9.8% lower than last year
- The decline was primarily driven by lower basket size compared to last year as we witnessed some trade down activity across different categories and higher base effect of last year

Profitability

- Reported gross profit of SAR 2.4 billion with gross margin of around 22%; YoY decline of ~210 bps
- 2021 EBITDA recorded at SAR 610 million, compared to SAR 1.0 billion last year; decline is largely driven by lower revenues and lower gross margin despite lower overhead costs

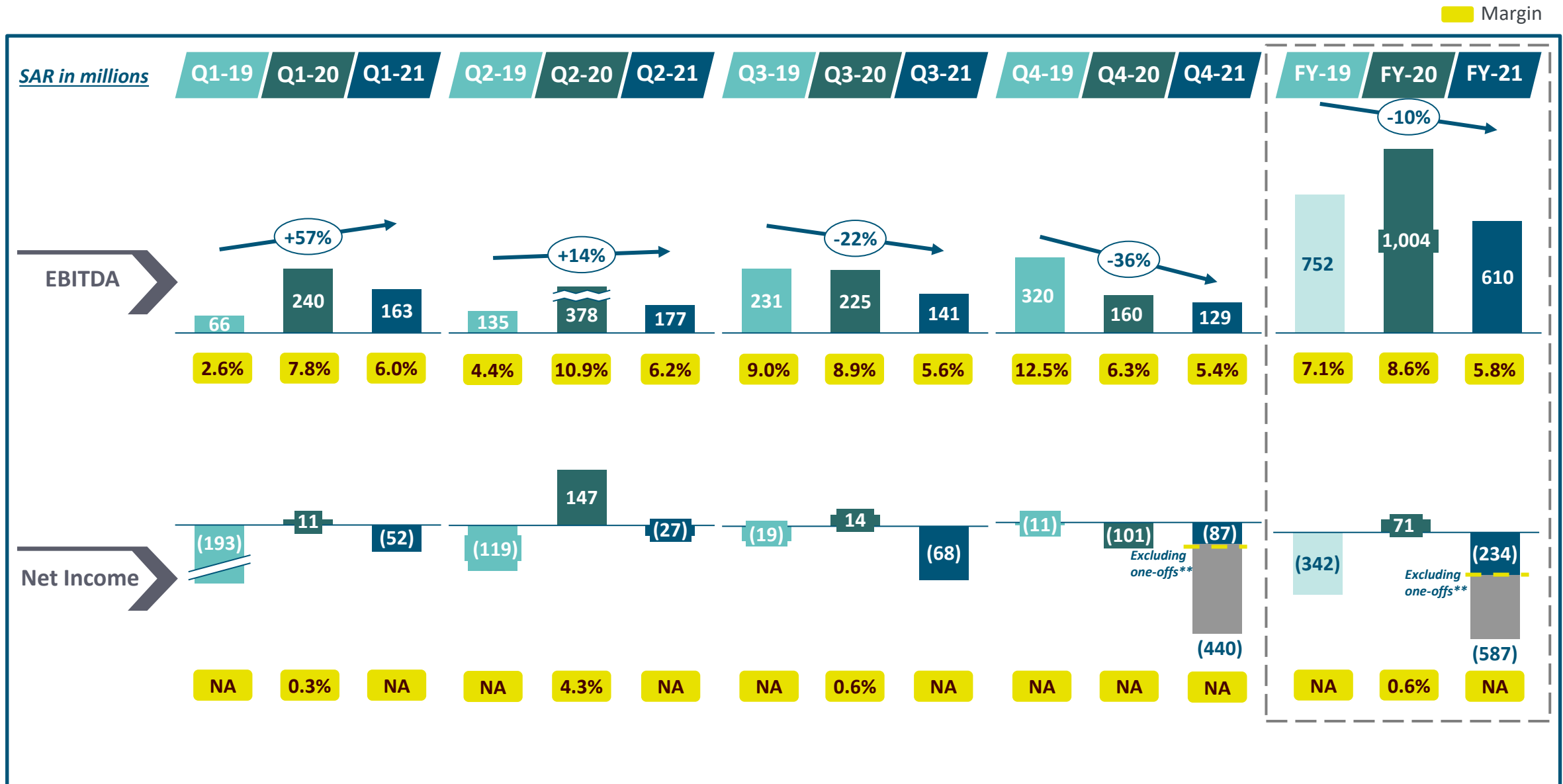
RETAIL – FINANCIAL HIGHLIGHTS

Margin



Note: numbers are rounded

RETAIL – FINANCIAL HIGHLIGHTS



Note: numbers are rounded

RETAIL – NUMBER OF STORES



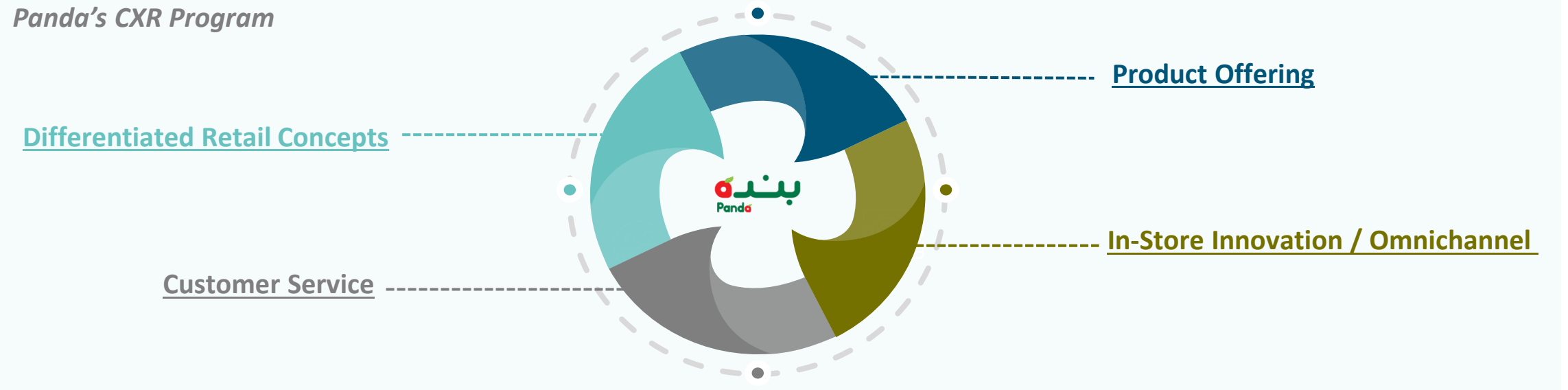
RECAP OF KEY FOCUS AREAS IN 2021

Building Blocks		Objectives
1 Customer Count and Basket Size Maximization	Fresh Model Reinvention	<ul style="list-style-type: none">• Re-invent the fresh model to be the undisputed leader in the category• Implement data enabled, customer centric category management core capabilities• Ensure robust core capabilities to secure consistent, best-in-class shelf availability• Relevant and vibrant footprint network with national coverage to fulfill purpose, positioning, and be a conduit to sustainably secure market share leadership• Development of a cross-channel ecosystem to allow shoppers to buy the groceries they want, when they want it and how they want it through a cohesive and innovative omnichannel strategy
	Category Management	
	Shelf Availability	
2 Market Share and Share of Wallet Maximization	Brick and Mortar Footprint	
	Omnichannel	
3 Direct and Indirect Costs Optimization	In-Store Human Capital Model	
	Management Culture	

PANDA'S CUSTOMER EXPERIENCE PROGRAM (CXR)

- | | |
|------------|---|
| Background | <ul style="list-style-type: none"> - The detailed CXR program with customer centricity is established on the building blocks that Panda has been implementing and refining over the past year. The program entails: <ul style="list-style-type: none"> - Adopting differentiated concepts across all areas of the business by incorporating key emerging consumer trends - Ensuring the best customer experience in the store, that is, a carefully designed customer journey with all the right touchpoints, in-store communications, and customer service amenities |
| Pilot | <ul style="list-style-type: none"> - Panda successfully prototyped a store in Riyadh under the new operating model with positive results |
| Rollout | <ul style="list-style-type: none"> - Panda activated the program on January 2022 |

Panda's CXR Program



Savola Foods Company

Key Highlights

- Savola Foods delivered strong results despite the higher commodity prices and challenging market conditions across various geographies
- Savola Foods continued its focus on future growth initiatives

Volume

- Volumes increased by around 13% in 2021 compared to last year – primarily attributable to growth in oil B2B channel and Sugar volume in Egypt
- Edible oils volumes increased by 15% driven by Saudi Arabia, Egypt and Central Asia; while Pasta volumes declined by 8% compared to last year

Revenues

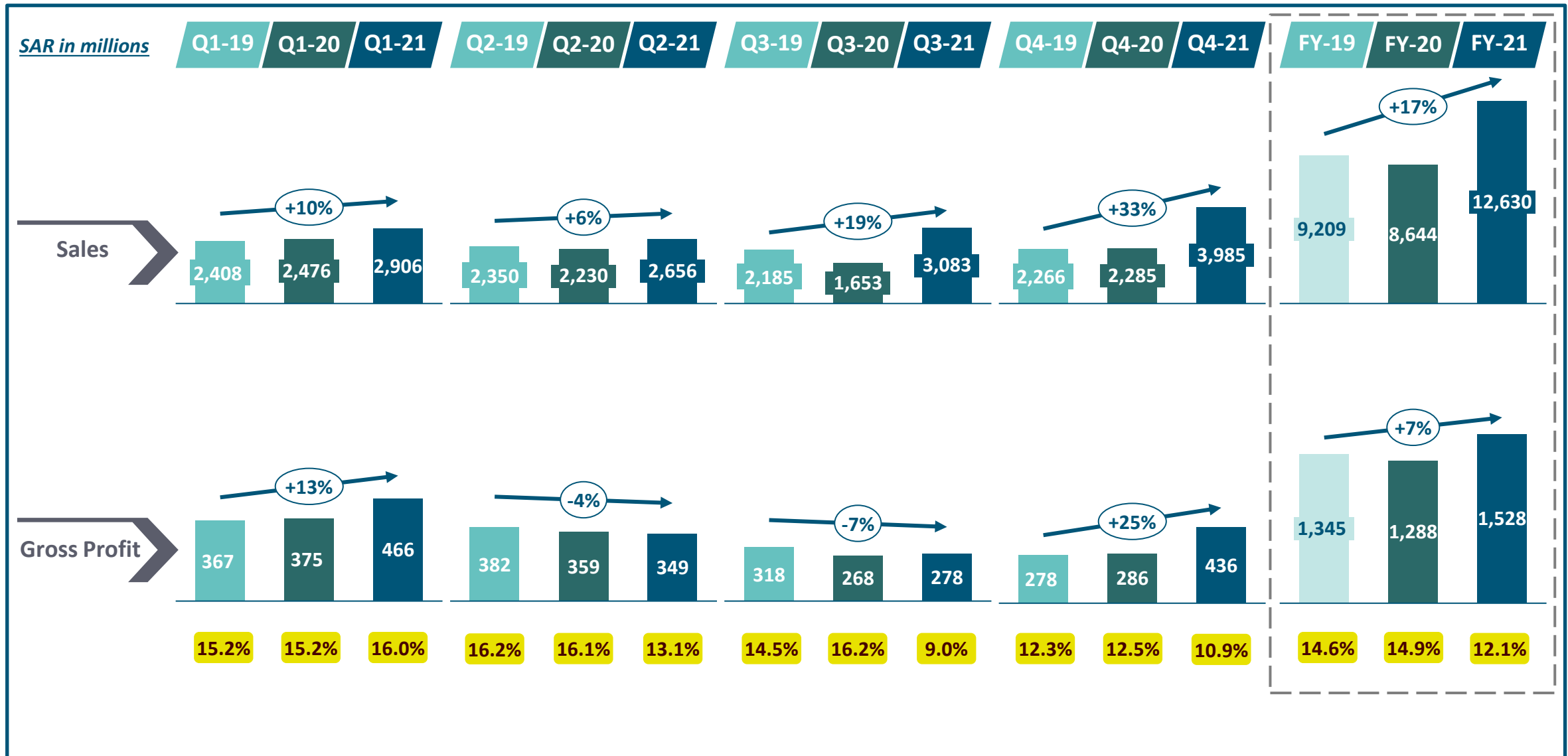
- Revenues increased by 46% in 2021 compared to last year, driven by higher volumes and better pricing in the edible oils and sugar categories

Profitability

- Gross profit reached SAR 1,528 million in 2021; YoY growth of ~19% despite decline in % margins
- 2021 EBITDA improved to SAR 910 million, around 15% higher than last year
- Reported net income of SAR 316 million in 2021, higher than last year (~24% higher on an adjusted basis)

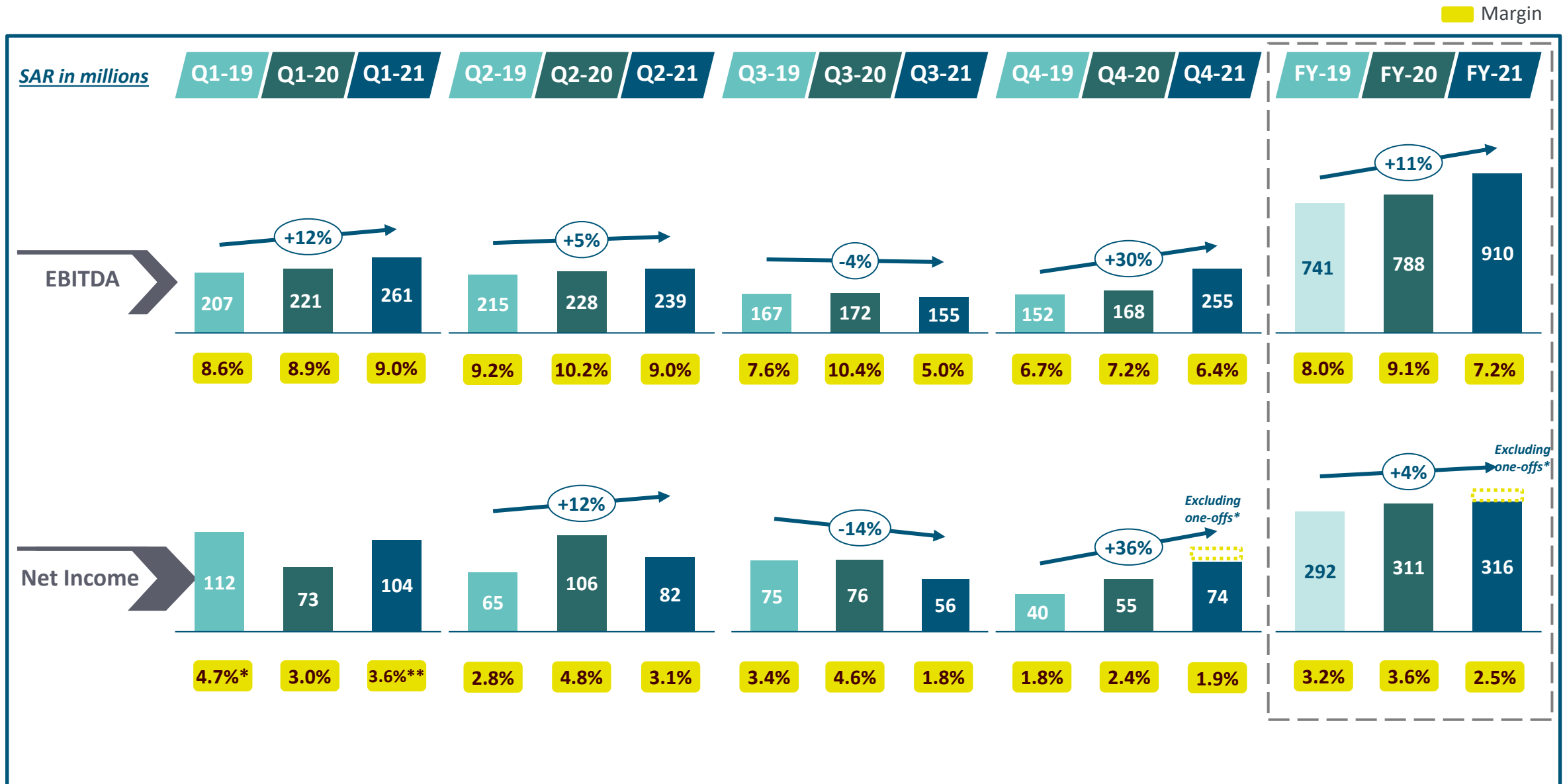
FOODS – FINANCIAL HIGHLIGHTS

Margin



Note: numbers are rounded

FOODS – CONSOLIDATED FINANCIAL HIGHLIGHTS

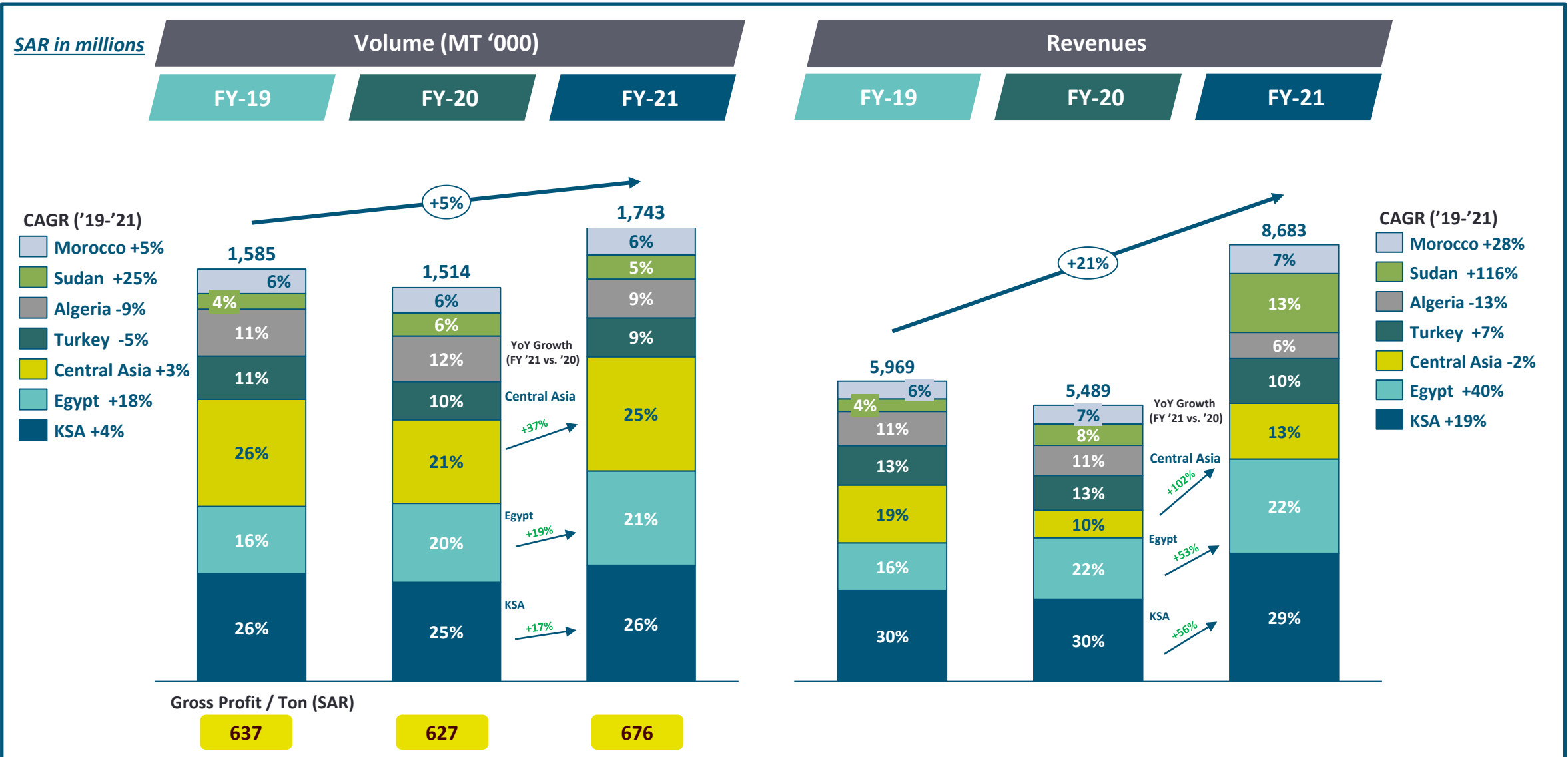


*In FY 2021, Savola Foods provisioned recorded one-off expenses related to impairments, emerging markets provision, M&A and other transaction expenses

**In FY 2019, Savola Foods recorded non-operational income of about SAR 86 million due to reversal of accruals

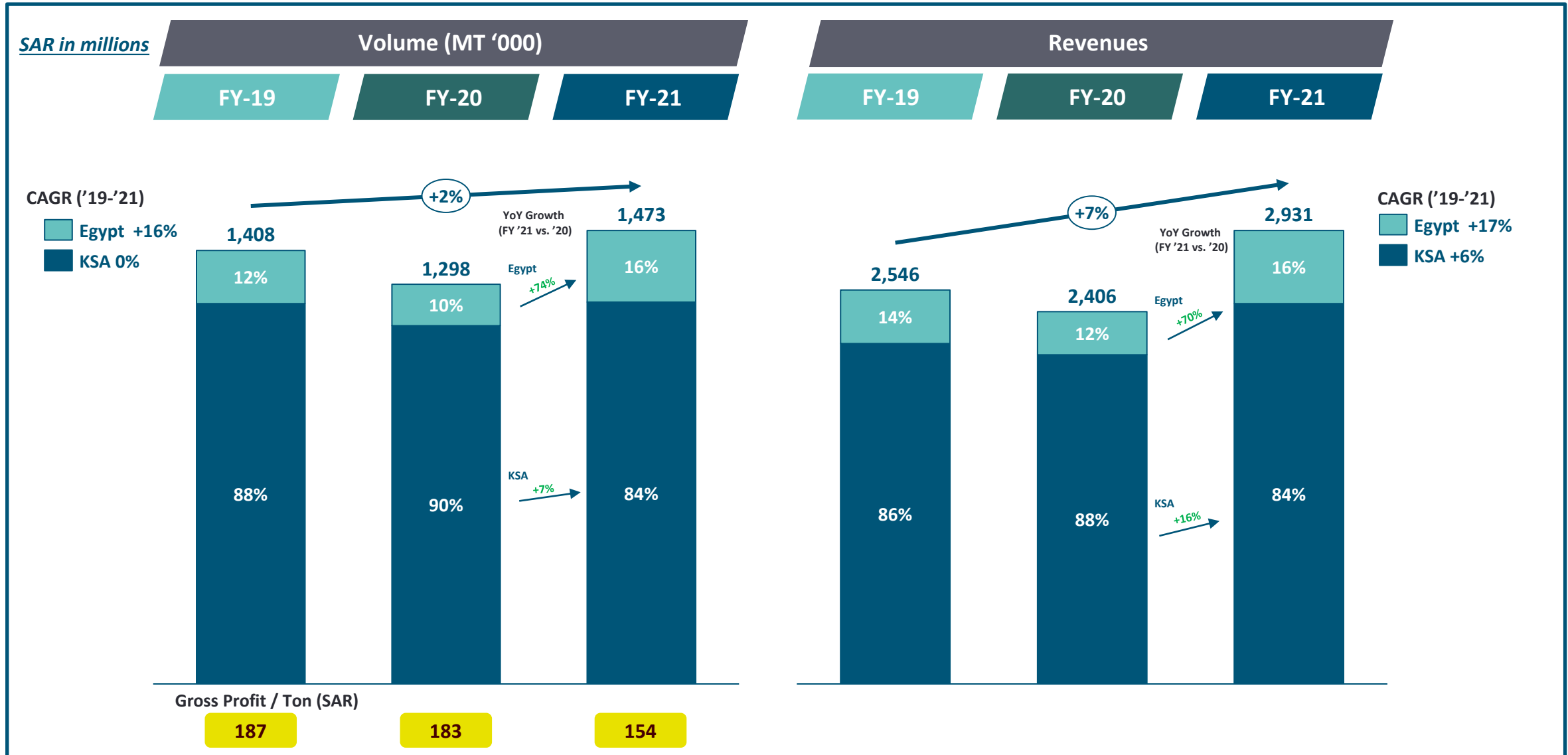
Note: numbers are rounded

FOODS – OIL SEGMENT ANALYSIS



Note: numbers might not add up to 100% due to rounding

FOODS – SUGAR SEGMENT ANALYSIS



Note: Sugar volumes and revenues include only the contribution from our consolidated sugar operations (USC and ASC), and include the net volume and revenue from our KSA sugar distribution operations


Note: numbers might not add up to 100% due to rounding

RECAP OF SAVOLA FOODS STRATEGY


- Health, convenience, and youth driven trends are the fastest-growing and future focus segments in our markets
- Savola Foods has activated its strategy to enter large and established categories with attractive prospects via M&A

1) Anchor

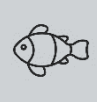
- Growing today's businesses via focused line extensions



Edible oils
focusing on olive oil



Pasta & couscous
youth's main source of carbs




Seafood
ambient | ready-to-eat

- ✓ **Expand existing brands**, expand into new formats and occasions
- ✓ **Develop line extensions**, health and wellness focus, functional benefits, sustainable packaging

2) Disrupt


- Capitalize mainly on increasing Foodservice spend due to secular trends driving shift to convenience



Product Line Expansion








Geographical Expansion





Digital presence e-commerce

3) Conquer

- Entering large, established categories in the region and disrupt them by targeting health, convenience and youth via new product lines and innovative / targeted branding


Prioritized categories	Indicative Criteria
 Chocolate confectionery (healthy & artisanal)	Size
 Packaged cakes/pastries (nutritional and on-the-go)	Growth Potential
 Sweet biscuits (replace breakfast)	EBIT margin
 Savory snacks (fourth meal opportunity)	Presence
 Herbs & spices (youth love for flavors)	✓ Alignment w/ trends ✓ Competitive position






4) Bet


- Placing VC investment on nascent, high-growth youth-focused categories




Snack Bars
(multiple snacks a day trend)



Alternative protein
(reduced meat consumption)





Al Kabeer Group of Companies



FROZEN FOOD - HIGHLIGHTS



Key Highlights

- The frozen food continued to demonstrate robust performance compared to 2019
- During 2021, coming off a higher base of 2020, the frozen food segment faced supply chain challenges and changing regulatory environment leading to higher input cost for the segment

Revenues

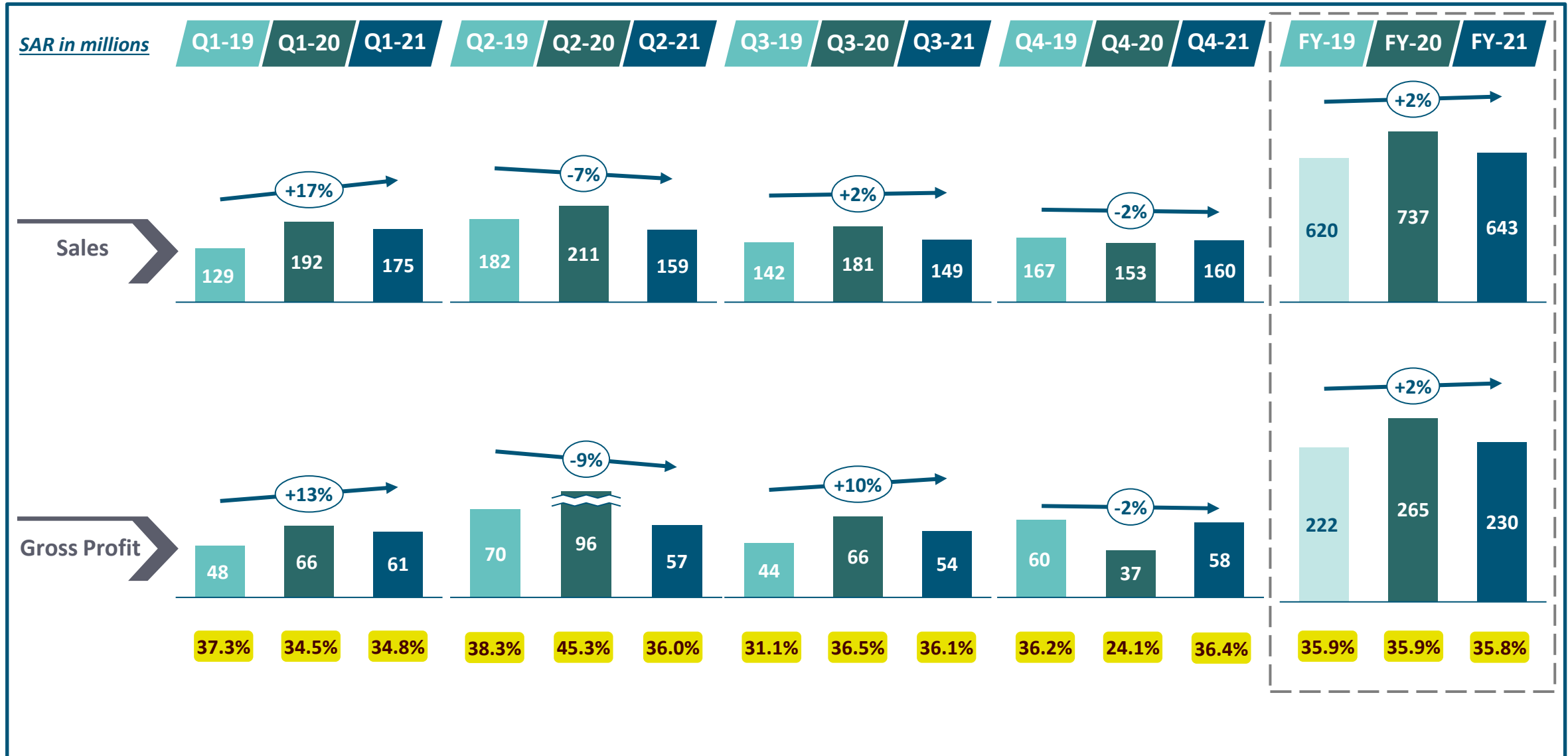
- Revenues declined 13% YoY in 2021 but increased by 4% from 2019 levels
- The decline in revenue in 2021 was due to lower sales in Saudi Arabia on account of supply disruptions

Profitability

- Gross profit reached SAR 230 million in 2021, YoY decline of 13%; however, gross margin remains in-line with historical levels
- 2021 reported EBITDA reached SAR 115 million with ~18% margins; while net income reached SAR 81 million with a 12.5% net margin

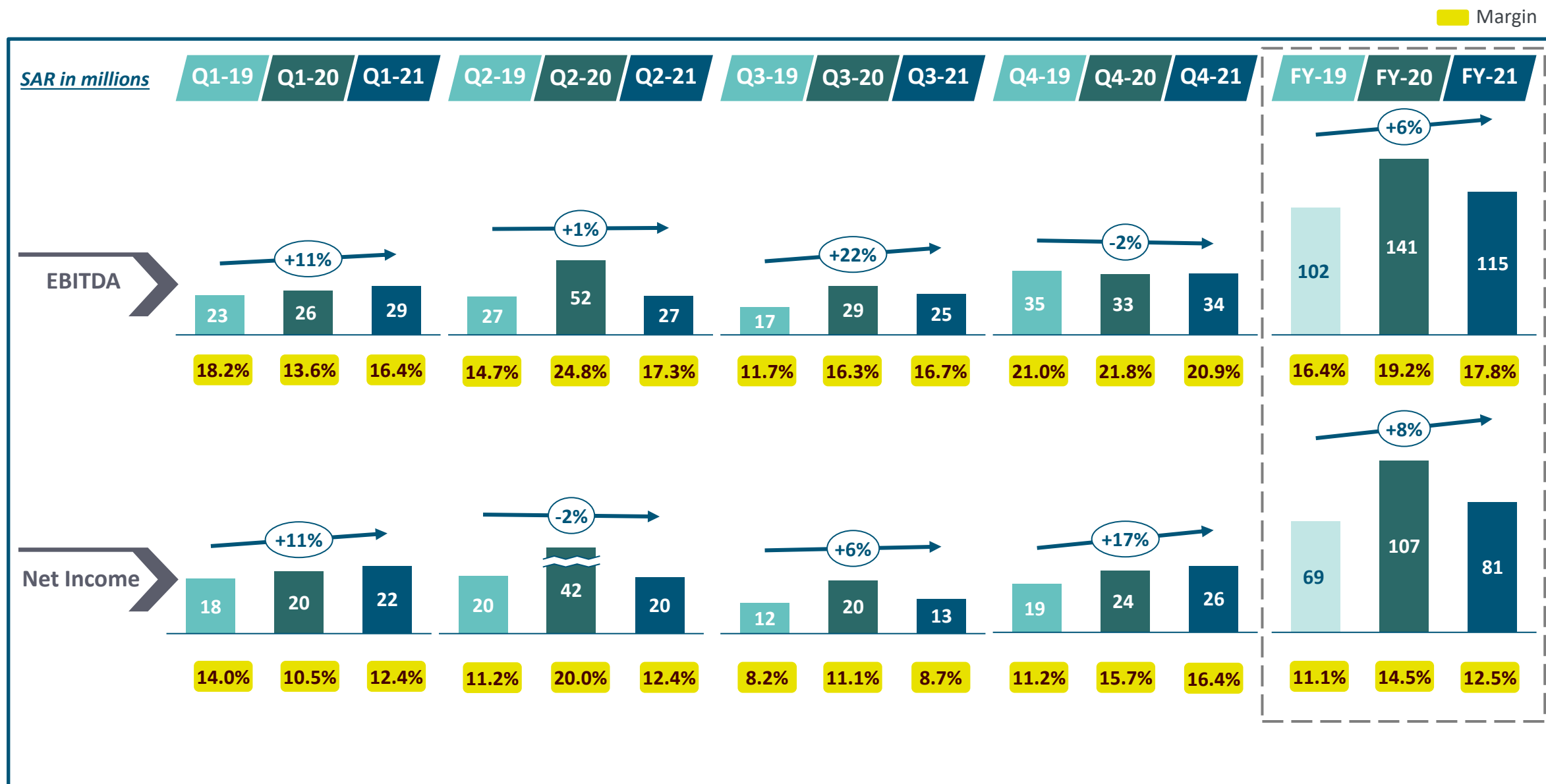
FROZEN FOODS – CONSOLIDATED FINANCIAL HIGHLIGHTS

Margin



Note: numbers are rounded

FROZEN FOODS – CONSOLIDATED FINANCIAL HIGHLIGHTS



Note: numbers are rounded

Financial Summary

(all figures are in SAR millions)

Segment Wise Financials

	FY 2021					FY 2020				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food*										
Oil-Mature Markets	6,432	1,029	458	230	570	4,097	794	382	235	473
Oil-Other Markets**	2,251	150	48	20	65	1,392	156	74	33	88
Total Oil	8,683	1,179	506	250	635	5,489	950	456	268	561
Sugar	2,931	227	140	66	219	2,406	237	111	56	196
Pasta	588	84	34	24	49	537	90	24	12	34
Emerging Categories***	429	37	(13)	(24)	8	211	10	(19)	(25)	(3)
Total Foods	12,630	1,528	667	316	910	8,644	1,288	573	311	788
Retail										
KSA	10,336	2,309	(3)	(587)	597	11,500	2,815	349	92	1,006
Egypt	140	30	2	0	13	114	23	(17)	(21)	(2)
Total Retail	10,476	2,339	(1)	(587)	610	11,613	2,838	333	71	1,004
Herfy	1,314	385	191	161	352	1,076	252	91	51	264
Frozen Food	643	230	95	81	115	737	265	115	107	141
Real Estate	-	-	53	53	53	-	-	0	0	0
Al Marai-Savola Share	-	-	535	535	535	-	-	685	685	685
HQ/Elimination/Impairments	(403)	(4)	(105)	(337)	(69)	(368)	(1)	(87)	(315)	(51)
Total	24,660	4,478	1,436	222	2,506	21,702	4,640	1,710	911	2,832
Adjustments										
Impairments & revaluation				370					49	
Emerging markets provision and M&A expenses				56						
Reversal of accruals									(21)	
Store closure and proejct write-off									7	
Adjusted Profit				648					946	

* All the numbers are rounded for the purpose of presentation and have been represented under different categories

** Other markets include Algeria, Morocco and Sudan

*** Includes snacking, specialty fats, seafood, croissant...etc.

INVESTOR RELATIONS APPLICATION



Views Savola Group share price, charts and performance on the go



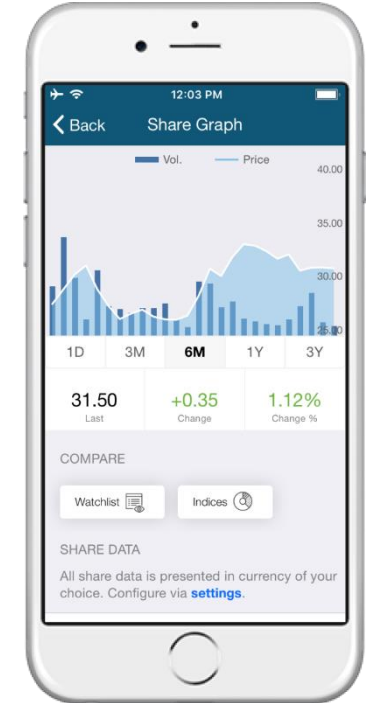
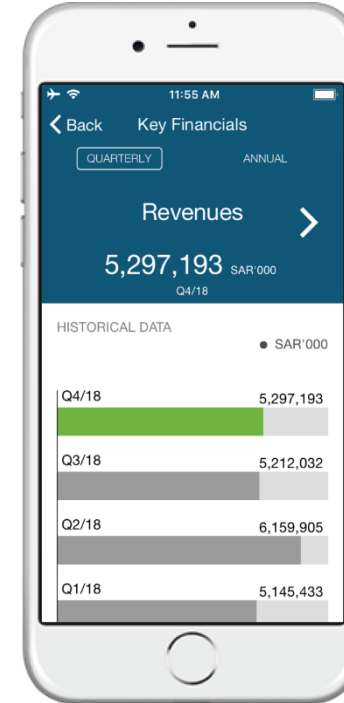
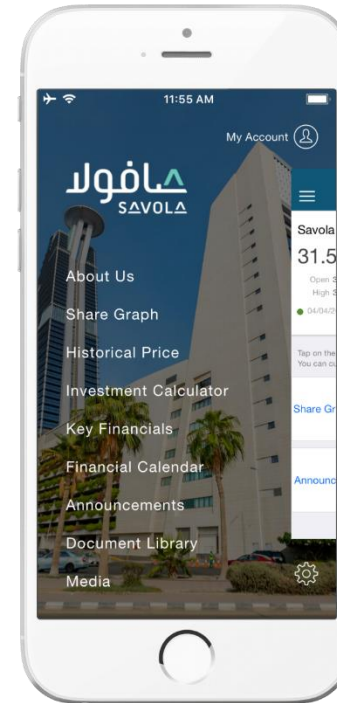
Savola Group Annual & Quarterly figures



Savola Group News releases from Tadawul



Annual/Quarterly Reports accessible offline



<http://www.myirapp.com/savola>



Thank you