

# Savola Group

Earnings Presentation | FY2022

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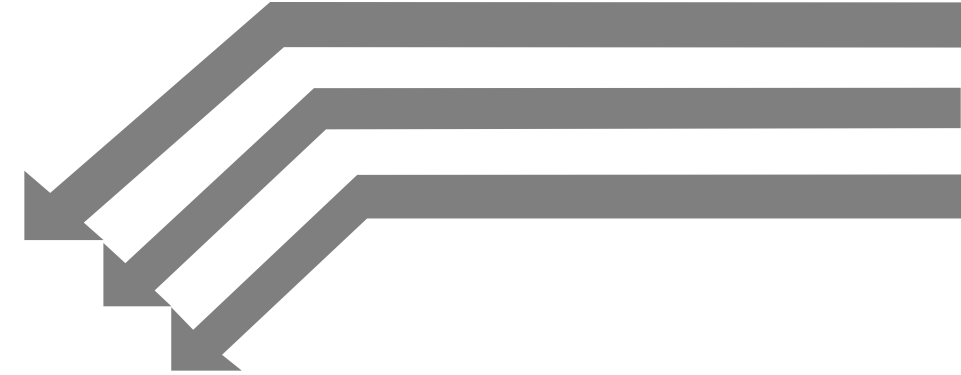
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## 1. Group Key Financial Highlights

## 2. Performance by Segment



# GROUP - HIGHLIGHTS

## Business Highlights

- For FY 2022, Savola Group reported overall healthy business performance across its portfolio (except the Food Services segment) despite a challenging macro environment
- Foods Processing segment led with a strong growth YoY despite higher commodity costs and macro challenges
- Retail segment reported a smaller loss compared to last year on the back of the CXR program in addition to the closure of some stores. CXR program has started to yield positive outcomes in terms of higher sales intensity in completed stores

## Revenues

- Savola Group reported topline growth of 14 % in FY 2022
- Foods Processing segment grew by about 30% in revenues, led mainly by higher selling prices to partially offset higher commodity costs
- Retail segment reported about 3% decline, mainly due to store closures and sales disruption due to revamp works in stores undergoing CXR implementation

## Profitability

- Gross profit reached SAR 4.9 billion, which is higher by 9% YoY, primarily driven by better pricing in the Foods Processing segment. The margin declined from 18.2% to 17.4% primarily due to increase in input costs impacting Food Services and Frozen Foods segment
- The Group recorded EBITDA of SAR 2.7 billion with a margin of 9.6%
- Net income reached SAR 743 million compared to SAR 222 million last year; the improvement is primarily attributable to the reduced losses in Retail segment, better performance of the Foods Processing segment and higher share of profit from associates

# GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS



Note: numbers are rounded

# GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS



*\*Excluding one-offs*

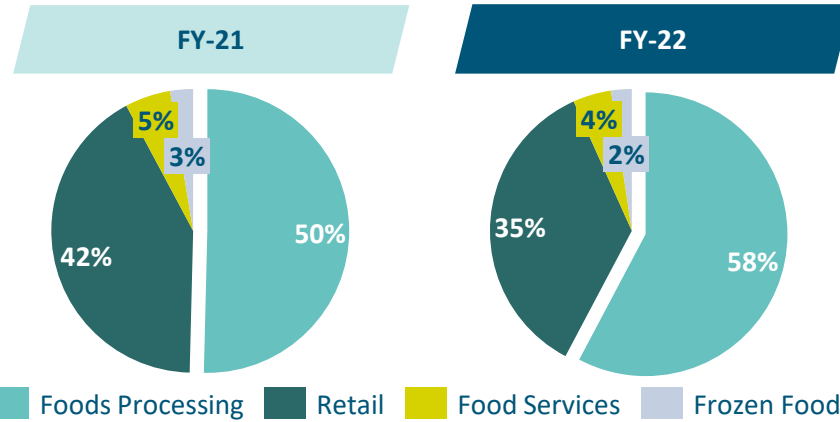
Note:  
 FY2021 adjusted net income excludes impairments, revaluation, emerging markets provision, M&A transaction expenses and other one-offs  
 FY 2022 adjusted net income excludes one-offs related to impairments and revaluation, gain on KECD disposal and intangible asset write off  
 Certain comparative amounts have been reclassified to conform with current year presentation  
 Reported EBITDA has been adjusted for one-off items in Retail segment

Note: numbers are rounded

# GROUP – REVENUE MIX, NET DEBT & CAPEX

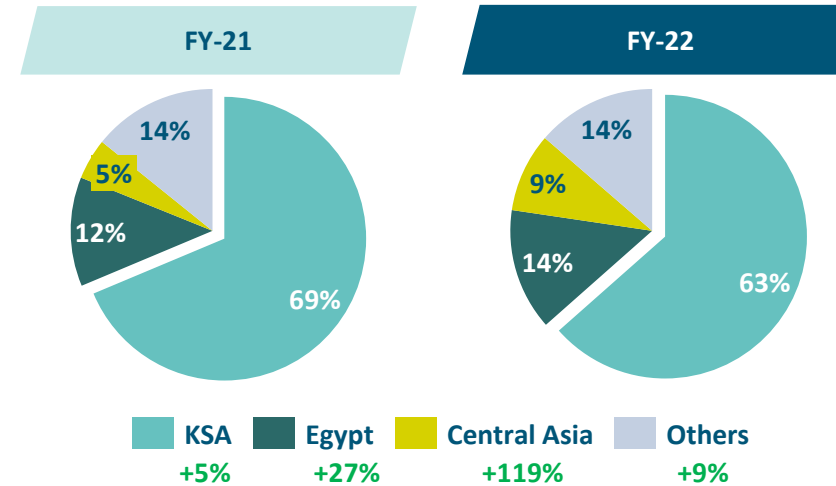
SAR in millions

## Revenue by Business



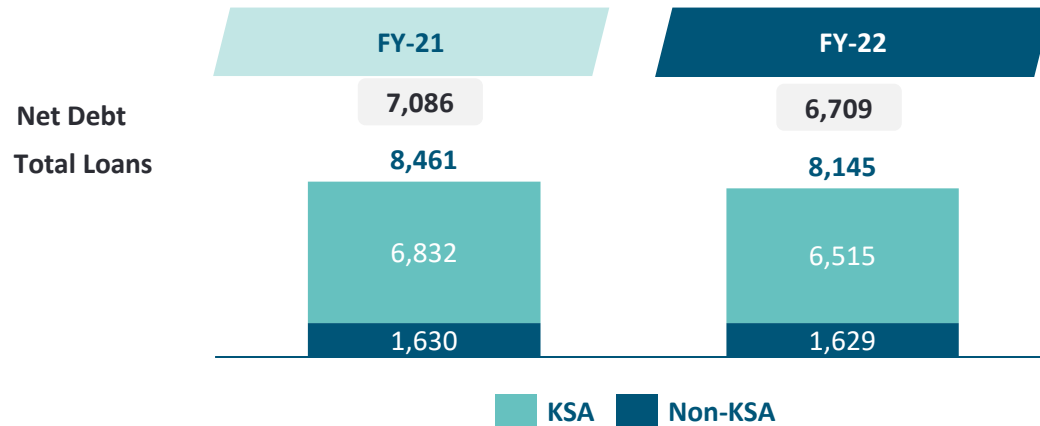
YoY Growth: Foods Processing +30%, Retail -3%, Food Services -5%, Frozen Food +4%

## Revenue by Geography

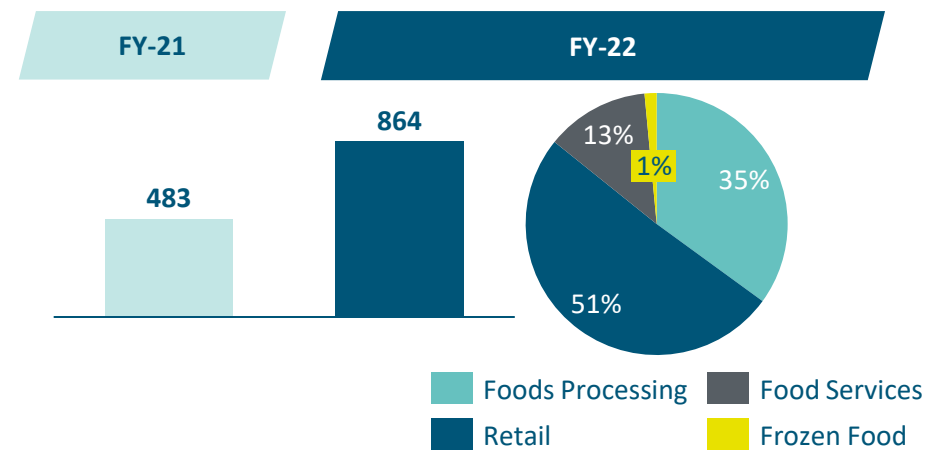


YoY Growth: KSA +5%, Egypt +27%, Central Asia +119%, Others +9%

## Loans and Net Debt\*



## CAPEX



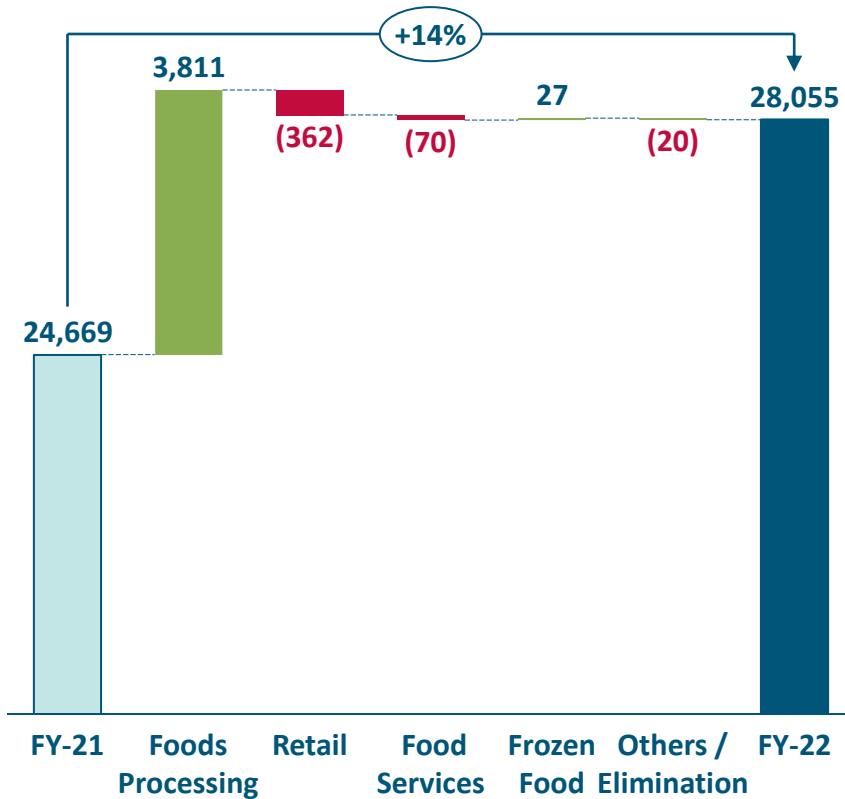
\*Net debt excludes lease liabilities

Note: numbers are rounded

# GROUP – REVENUE & NET INCOME BRIDGE BY BUSINESS

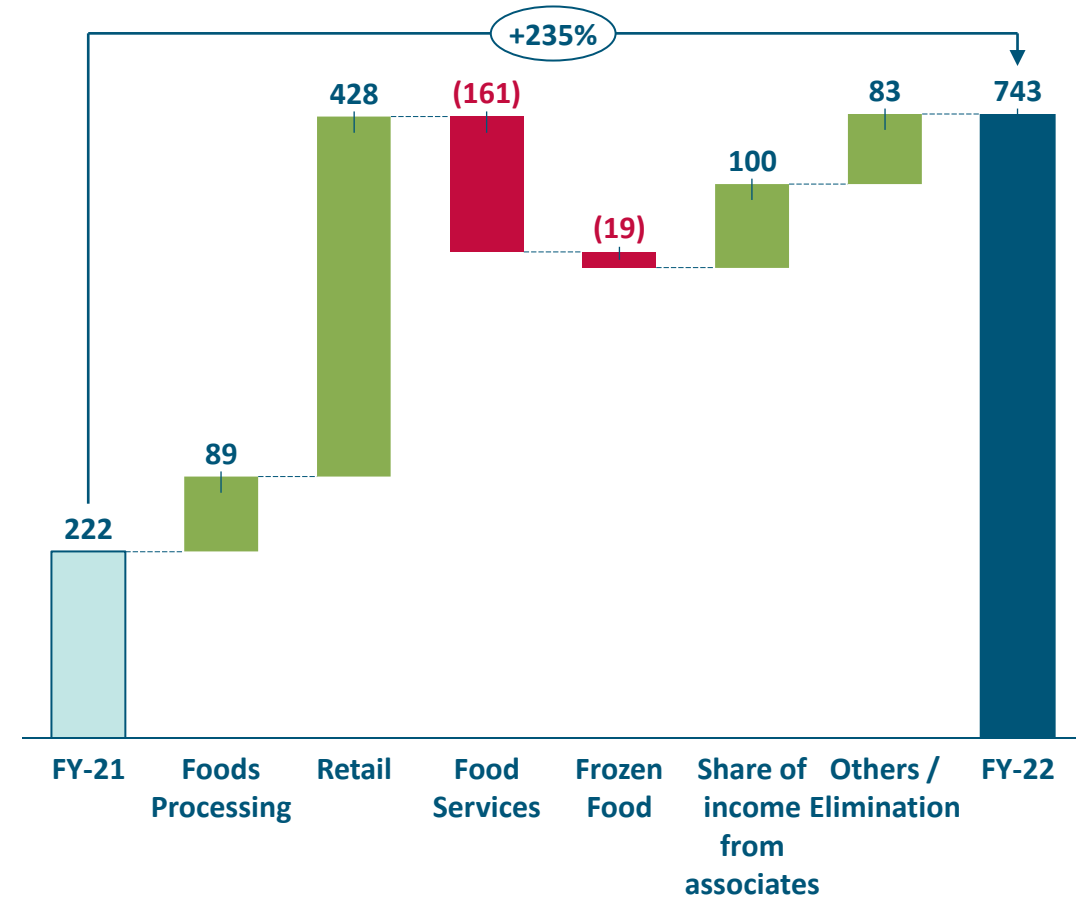
## Revenue Bridge by Business

*SAR in millions*



## Net Income Bridge by Business

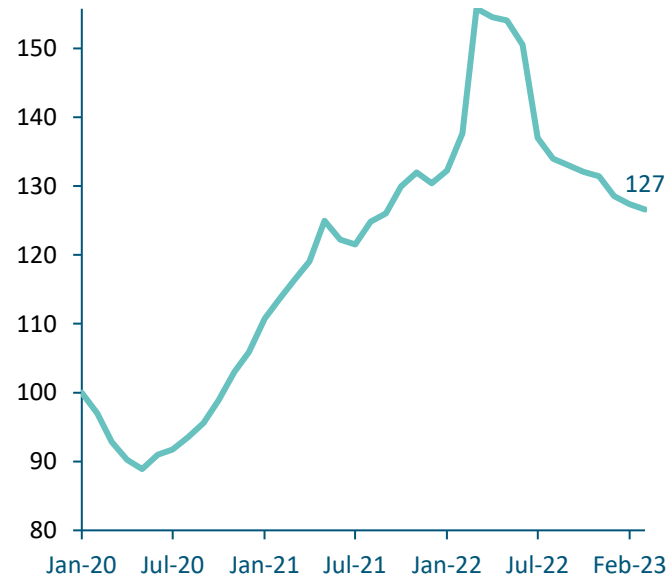
*SAR in millions*





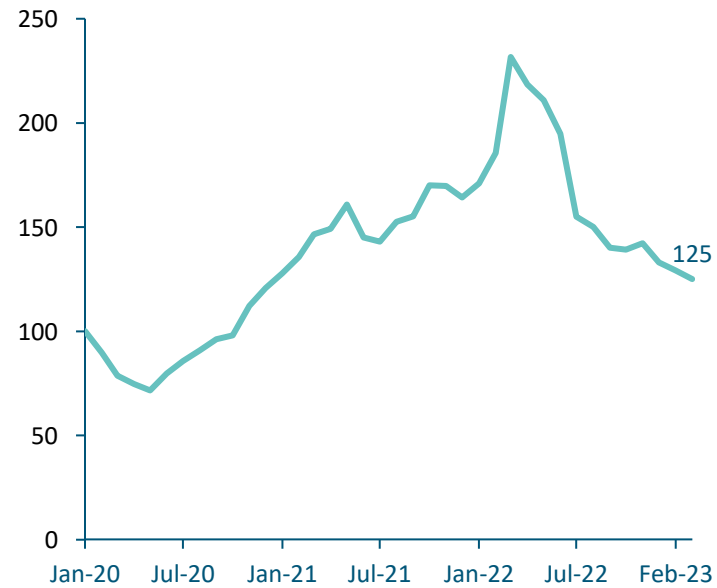
# SELECTED COMMODITY SNAPSHOTS (FAO)

### FAO Food Price Index (rebased)<sup>(1)</sup>



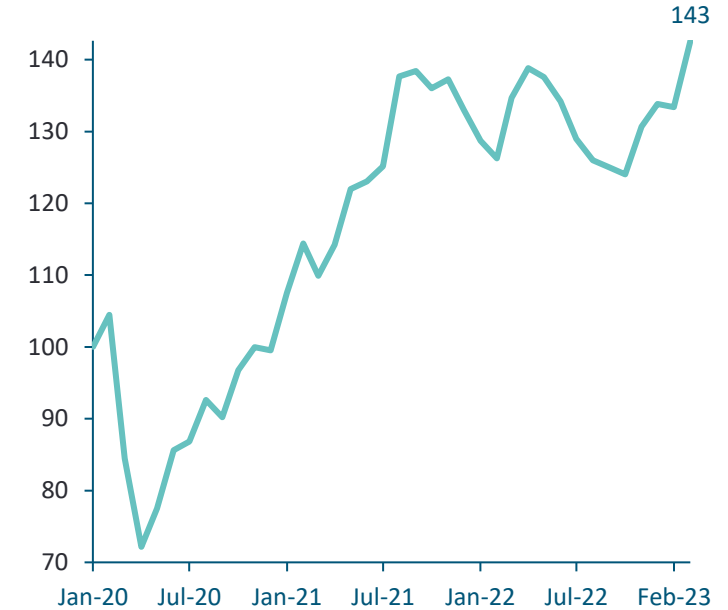
- Food price index continues to downward trend mainly due to the drop in dairy, vegetable oils, meats and cereals, more than offsetting the rise in the sugar price index
- Poultry meat prices declined, reflecting abundant supplies notwithstanding avian influenza outbreaks in several leading producer countries

### FAO Vegetable Oils Index (rebased)<sup>(2)</sup>



- After touching all time high in March 2022, oil prices continue to decline across the palm, soy, rapeseed, and sunflower seed oils
- World palm oil prices dropped due to a sluggish global import demand; soy oil fell due to positive prospects of seasonally rising production in South America, and sunflower prices fell due to ample global supplies

### FAO Sugar Index (rebased)<sup>(3)</sup>



- The rebound in Feb 2023 was related to a downward revision to the 2022/23 sugar production forecast in India, which dampened export prospects for the current season
- Although, the price increase was limited due to good harvest progress in Thailand and abundant precipitation in the key growing areas of Brazil

**Price indices (excluding sugar price index) have continued to soften since H2 2022, following unprecedented price levels which were witnessed in H1 2022**

Source: The Food and Agriculture Organization of the United Nations (FAO)

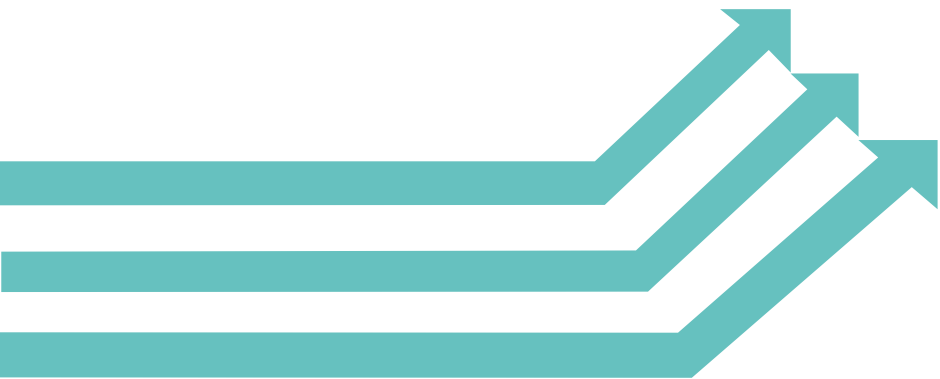
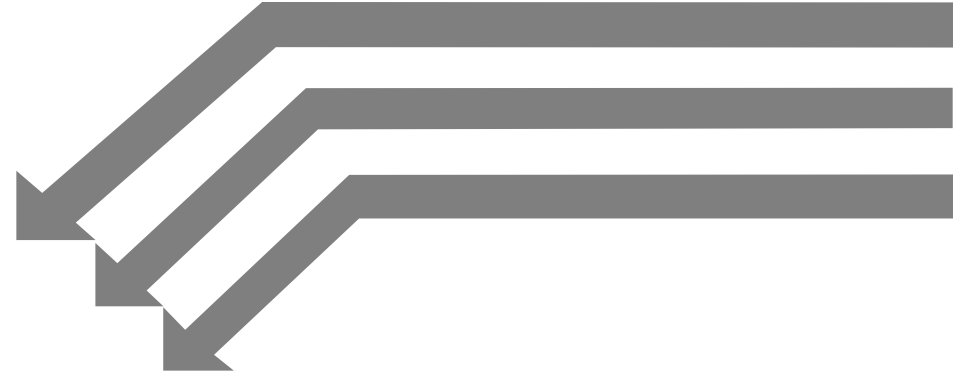
(1) Food Price Index consist of average of 5 commodity group price indices (Meat, Dairy, Cereals, Vegetables oils and Sugar) weighted with average export shares of the groups

(2) Vegetable Oil Price Index consists of an average of 10 different oils weighted with average export trade shares of each oil product (3) Sugar Price Index is an index form of the International Sugar Agreement prices

Note: FAO data rebased as of January 2020, numbers are rounded

1. Group Key Financial Highlights

**2. Performance by Segment**



# Panda Retail Company



# RETAIL - HIGHLIGHTS

## Key Highlights

- Panda continued its acceleration of CXR program implementation whereby 75 stores performance were impacted in FY 2022
- As at Dec 2022, 45 stores have been completed with remaining expected to be completed in H1 2023

## Store Count

- Store count declined to 187 stores in total; which includes 5 stores in Egypt

## Revenues

- Panda recorded revenues of SAR 10.1 billion in FY 2022, 3% lower than last year
- The decrease was driven by store closures (15 stores between Dec 2021 and Dec 2022) and disruption to store sales for those undergoing the CXR program implementation

## Profitability

- Panda reported gross margin of 23.1% in FY 2022 which is 80 bps higher than last year
- Reported EBITDA in 2022 is SAR 518 million compared to SAR 530 million last year

# RETAIL – CONSOLIDATED FINANCIAL HIGHLIGHTS



Note: numbers are rounded

# RETAIL – CONSOLIDATED FINANCIAL HIGHLIGHTS



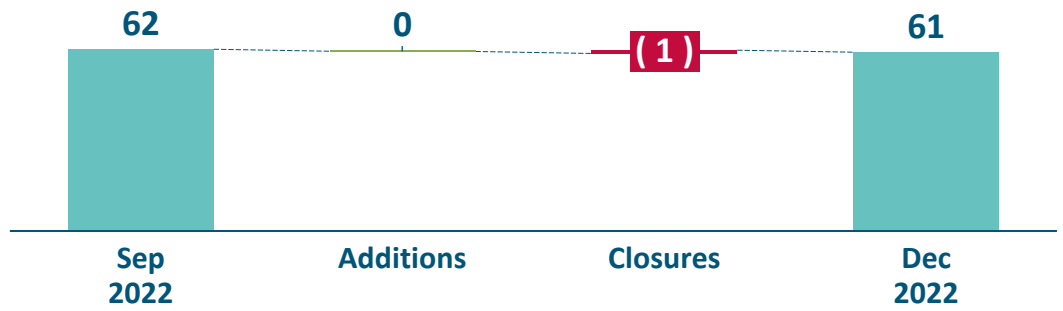
Note:  
 FY 2021 adjusted net income excludes one-off expenses related to impairment & revaluation, accrual reversal and store closure  
 FY 2022 adjusted net income excludes one-off related to impairment & revaluation and intangible write off  
 Certain comparative amounts have been reclassified to conform with current year presentation  
 Reported EBITDA has been adjusted for one-off items in Retail segment

# RETAIL – NUMBER OF STORES

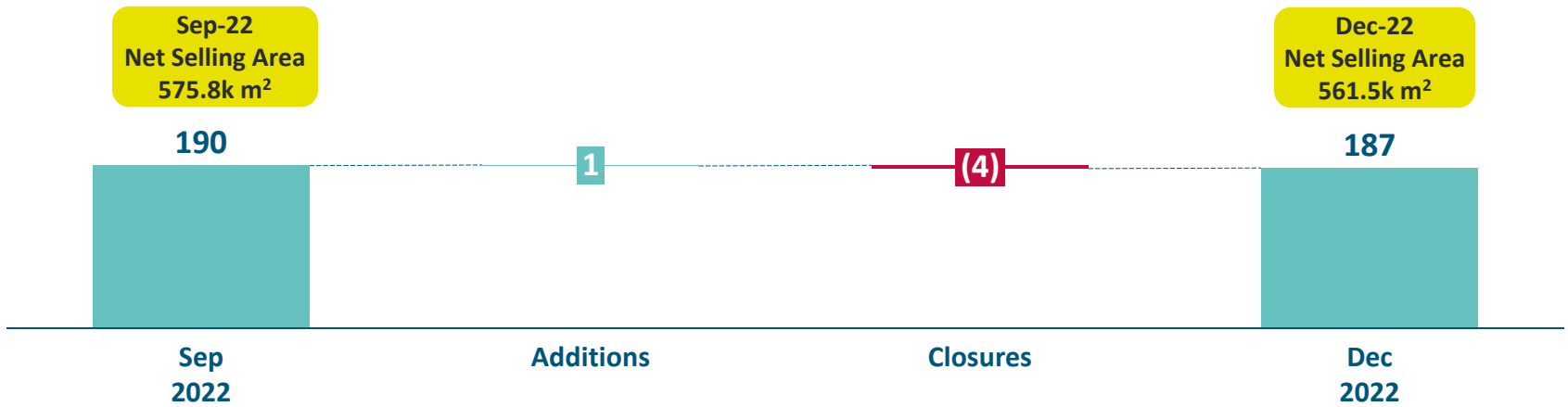
## Super



## Hyper



## Total



Note: By 31<sup>th</sup> December 2022 , total of 4 stores ( 3 Super and 1 Hyper) have been closed and 1 added (Super) compared to September 2022.  
 Note: 182 Stores KSA and 5 in Egypt

# Savola Foods Company



# FOOD PROCESSING– HIGHLIGHTS

## Key Highlights

- During FY 2022, the Foods Processing segment witnessed strong YoY growth; demonstrating its ability to overcome challenges in the global commodity market and macro environment
- Savola Foods Company successfully extended the powerhouse brand, “Afia”, by relaunching into new categories (Nuts, Spices & Pulses) with sales in Saudi Arabia up three times compared to FY 2021 for these new categories
- Sales from new categories contributed positively in FY 2022.

## Volume

- Excluding Central Asia, edible oils volume grew by 6% due to growth in both B2B and B2C segments. Central Asia volumes declined due to forex constraints.
- Overall sugar volume declined by 8%, as it did not benefit from the one-off volume gain that it experienced in Egypt during FY 2021. Pasta volumes declined by 24% due to lower B2C and exports.

## Revenues

- Revenues increased by 30% in FY 2022 compared to previous year
- The increase was mainly driven by the ability to partially pass on some of the cost impact in most markets

## Profitability

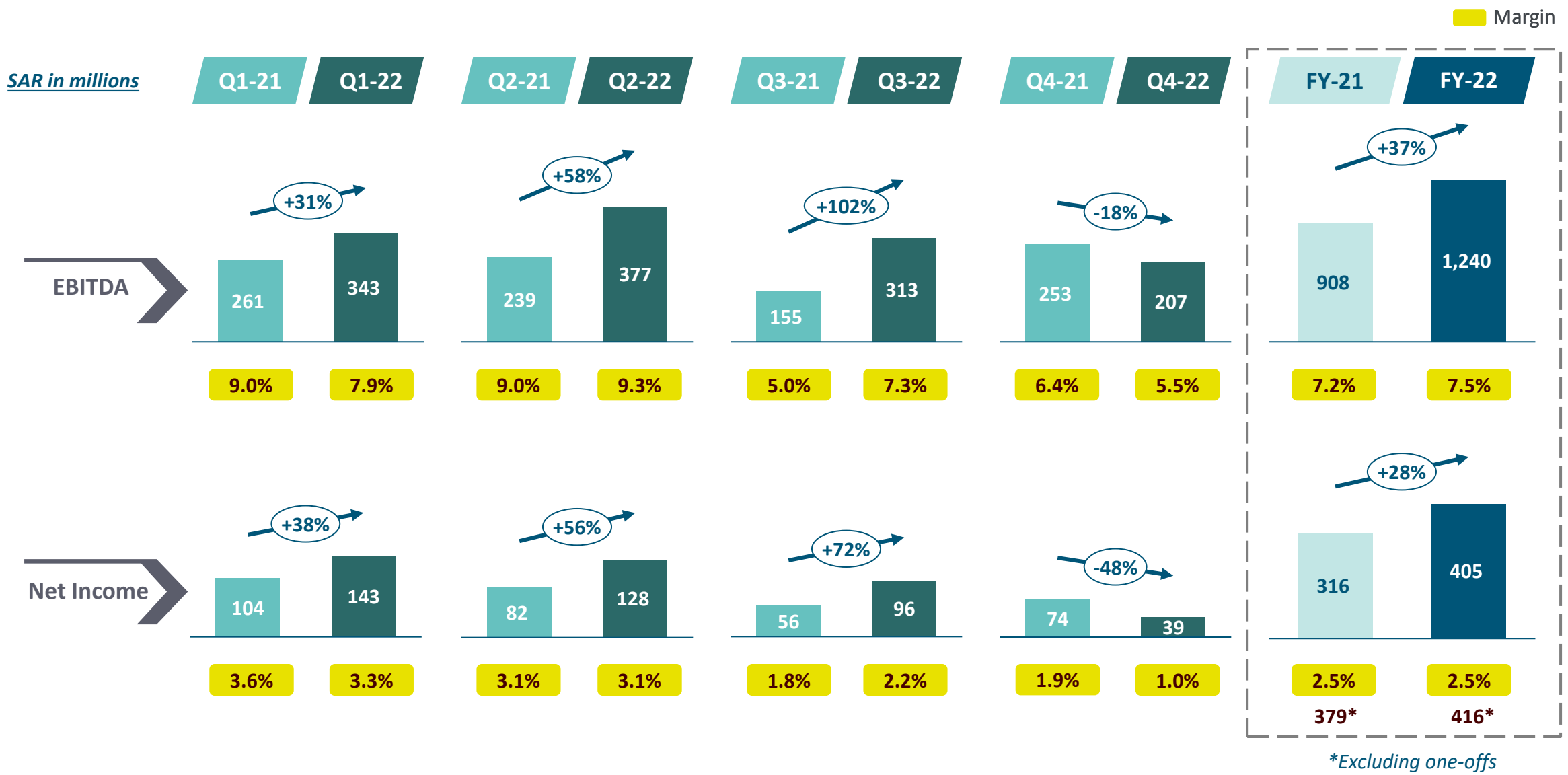
- Gross profit reached SAR 1.99 billion in FY 2022; YoY growth of 30%
- FY 2022 EBITDA improved to SAR 1.2 billion, 37% higher than last year
- Reported Net Income of SAR 405 million in FY 2022, 28% higher than last year

# FOOD PROCESSING – CONSOLIDATED FINANCIAL HIGHLIGHTS



Note: numbers are rounded

# FOOD PROCESSING – CONSOLIDATED FINANCIAL HIGHLIGHTS



Note:  
 FY 2021 adjusted net income excludes one-off expenses related to impairments, emerging markets provision, M&A and other transaction expenses  
 FY 2022 adjusted net income excludes includes one-off adjustments related to impairment

Note: numbers are rounded

# FOOD PROCESSING – OIL SEGMENT ANALYSIS

*SAR in millions*

Volume (MT '000)

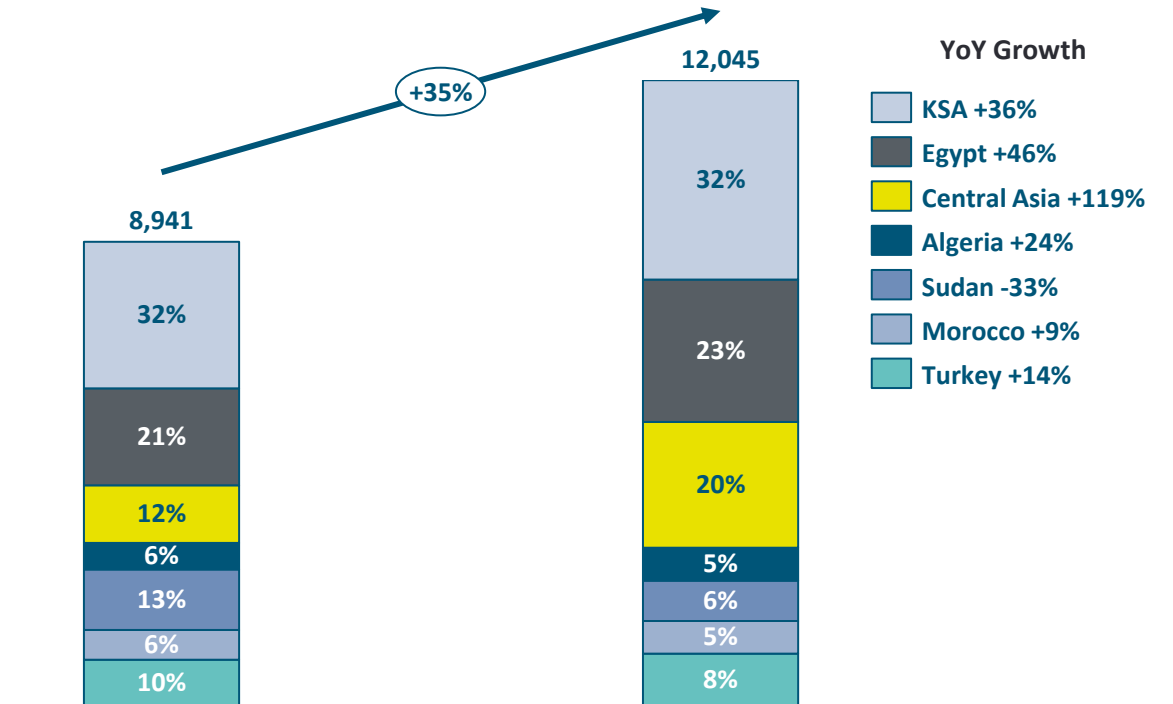
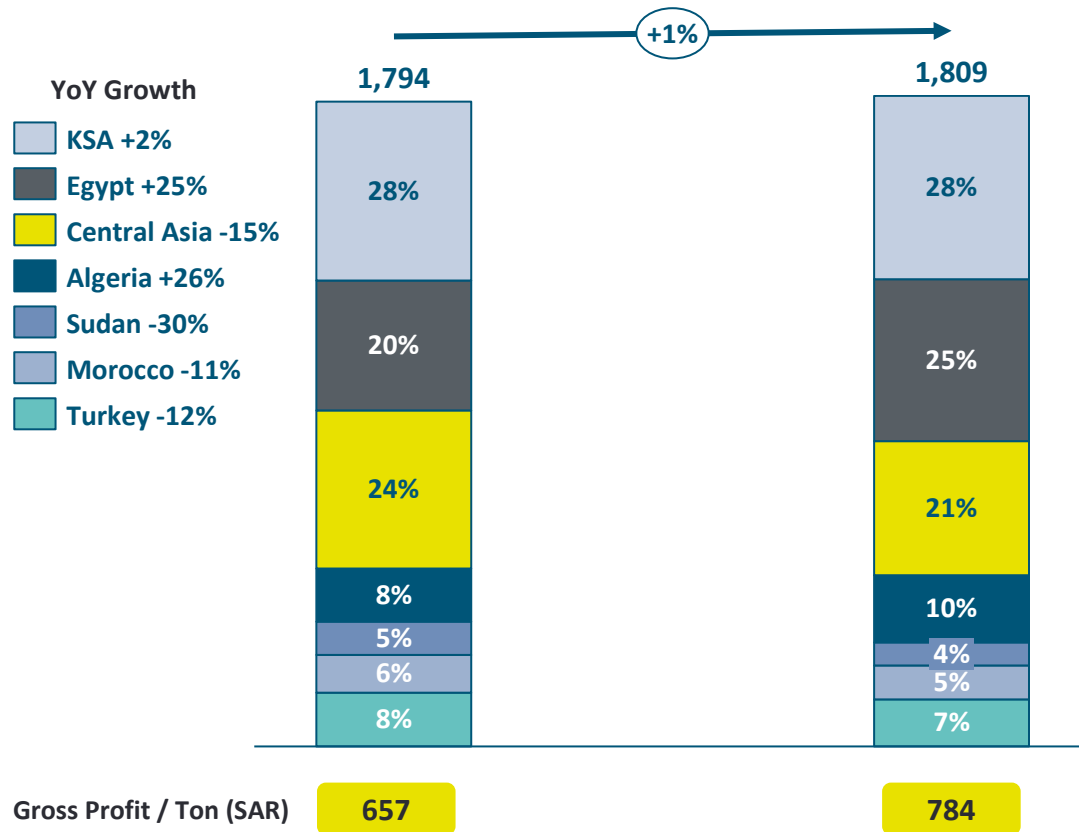
Revenues

FY-21

FY-22

FY-21

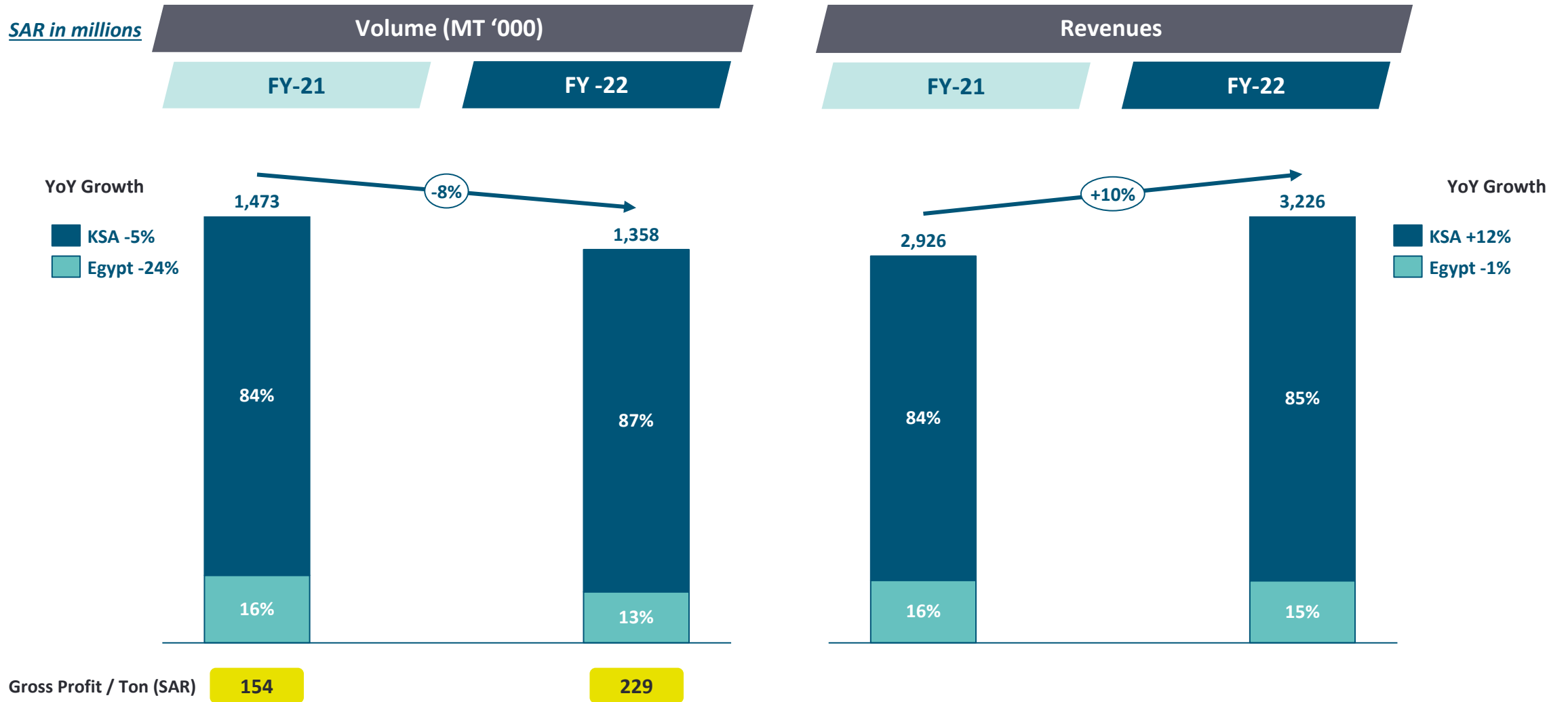
FY-22



Note:

- 1) Certain comparative amounts have been reclassified to conform with current year presentation
- 2) Oil segment numbers also include specialty fat numbers
- 3) Numbers might not add up to 100% due to rounding

# FOOD PROCESSING – SUGAR SEGMENT ANALYSIS



Note:

- 1) 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.
- 2) Certain comparative amounts have been reclassified to conform with current year presentation
- 3) Numbers might not add up to 100% due to rounding

# Al Kabeer Group of Companies



# FROZEN FOOD - HIGHLIGHTS



## Key Highlights

- Al Kabeer maintained a healthy level of overall business performance despite the impact of global geopolitical situation that significantly increased poultry prices and regulatory restrictions which impact certain product categories
- The company also witnessed a good recovery to pre-pandemic levels in HORECA/Food service channel

## Revenues

- Revenues registered 4% growth YoY in FY 2022
- Al Kabeer reported revenue growth in both core markets of KSA and UAE.

## Profitability

- Gross profit reached SAR 211 million in FY 2022 (9% lower than FY 2021) with 31.4% margin due to significant increase in input raw material
- FY 2022 EBITDA reported at SAR 88 million with a 13.1% margin; while net income of SAR 62 million with a 9.2% margin

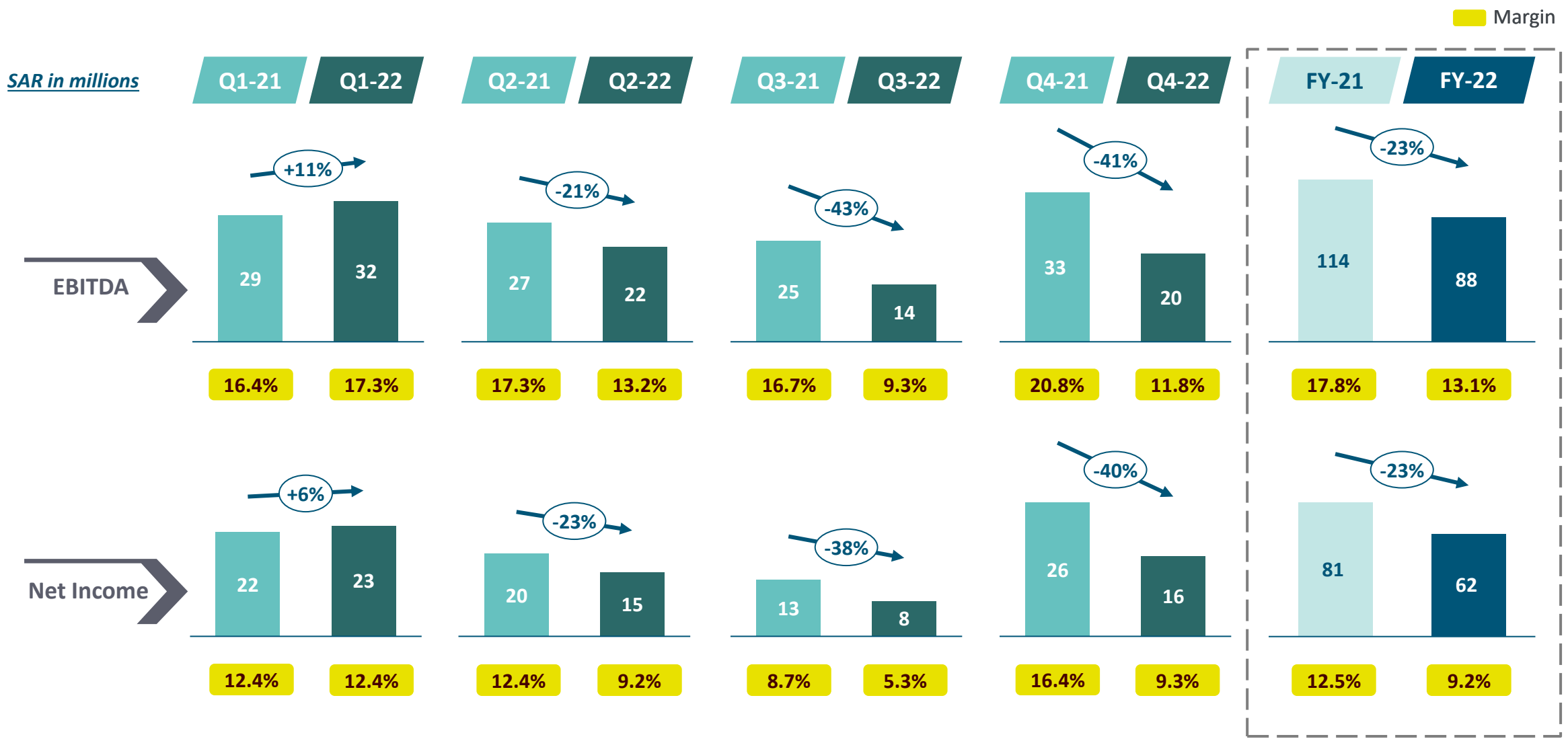
# FROZEN FOOD – CONSOLIDATED FINANCIAL HIGHLIGHTS



Note: numbers are rounded



# FROZEN FOOD – CONSOLIDATED FINANCIAL HIGHLIGHTS



Note: numbers are rounded

## Key Focus Areas in 2023

# Key Focus Areas in 2023

## Retail

## Food Processing

## Frozen Food



- Expect completion of ~75 stores under CXR program during H1 2023



- Maintain leadership in core categories (edible oil and sugar)



- Continue building capabilities within the company with core focus on innovations



- LFL is expected to witness double digit growth



- Maintain Bayara's leadership in UAE and focus on KSA expansion of this category



- Strengthen branding and marketing efforts alongside new product development



- Customer count expected to increase by double-digits



- Strengthen B2B platform under the newly launched "Savola Professional"



- Leverage recent correction in input costs to boost volume and drive business enhancement



- Overall, basket size expected to be marginally lower or flat



- Continue to work on optimizing the food segment/countries portfolio; Morocco business exited in Q1 2023



- Expect improved performance in 2023 with focus on volume growth



- Management guidance on positive net Income by 2024



- Expect solid performance during 2023 despite inflationary pressures

# Financial Summary



# FINANCIALS SUMMARY – FY 2022

(All figures are in SAR millions)

|   | Segment Wise Financials |              |              |              |              |               |              |              |              |              |
|---|-------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
|   | FY - 22                 |              |              |              |              | FY - 21       |              |              |              |              |
|   | Revenue                 | Gross Profit | EBIT         | Net Income   | EBITDA       | Revenue       | Gross Profit | EBIT         | Net Income   | EBITDA       |
| <b>Food Processing*</b>                     |                         |              |              |              |              |               |              |              |              |              |
| Oil-Mature Markets                          | 9,548                   | 1,266        | 672          | 290          | 787          | 6,429         | 1,028        | 459          | 229          | 567          |
| Oil-Other Markets**                         | 2,038                   | 154          | 66           | 25           | 96           | 2,251         | 150          | 48           | 20           | 65           |
| <b>Total Oil</b>                            | <b>11,586</b>           | <b>1,419</b> | <b>737</b>   | <b>315</b>   | <b>883</b>   | <b>8,680</b>  | <b>1,178</b> | <b>506</b>   | <b>249</b>   | <b>632</b>   |
| Sugar                                       | 3,229                   | 311          | 185          | 65           | 263          | 2,931         | 227          | 140          | 66           | 219          |
| Pasta                                       | 528                     | 82           | 27           | 21           | 38           | 588           | 84           | 34           | 24           | 49           |
| Nuts, spices and pulses                     | 486                     | 120          | 15           | 11           | 33           | 83            | 18           | (2)          | (3)          | 2            |
| Emerging Categories***                      | 611                     | 53           | 5            | (7)          | 23           | 349           | 19           | (10)         | (21)         | 8            |
| <b>Total Foods</b>                          | <b>16,441</b>           | <b>1,986</b> | <b>970</b>   | <b>405</b>   | <b>1,240</b> | <b>12,630</b> | <b>1,528</b> | <b>668</b>   | <b>316</b>   | <b>908</b>   |
| <b>Retail</b>                               |                         |              |              |              |              |               |              |              |              |              |
| KSA   | 9,957                   | 2,309        | (59)         | (162)        | 504          | 10,336        | 2,309        | (3)          | (587)        | 517          |
| Egypt                                       | 157                     | 32           | 6            | 3            | 14           | 140           | 30           | 2            | 0            | 13           |
| <b>Total Retail</b>                         | <b>10,114</b>           | <b>2,341</b> | <b>(53)</b>  | <b>(158)</b> | <b>518</b>   | <b>10,476</b> | <b>2,339</b> | <b>(1)</b>   | <b>(587)</b> | <b>530</b>   |
| Food Services (Herfy)                       | 1,244                   | 340          | 92           | (1)          | 261          | 1,314         | 385          | 192          | 160          | 353          |
| Frozen Food (Al Kabeer)                     | 670                     | 211          | 68           | 62           | 88           | 643           | 230          | 95           | 81           | 114          |
| Share of profit from associates             | -                       | -            | 688          | 688          | 688          | -             | -            | 588          | 588          | 588          |
| HQ/Elimination/Impairments                  | (414)                   | (4)          | (129)        | (253)        | (93)         | (394)         | (4)          | (104)        | (336)        | (70)         |
| <b>Total</b>                                | <b>28,055</b>           | <b>4,874</b> | <b>1,636</b> | <b>743</b>   | <b>2,702</b> | <b>24,669</b> | <b>4,479</b> | <b>1,438</b> | <b>222</b>   | <b>2,424</b> |
| <b>Adjustments</b>                          |                         |              |              |              |              |               |              |              |              |              |
| Impairments & Revaluation                   |                         |              |              | (77)         |              |               |              |              | 370          |              |
| Emerging markets provision and M&A expenses |                         |              |              |              |              |               |              |              | 56           |              |
| Gain on KECD Disposal                       |                         |              |              | (42)         |              |               |              |              |              |              |
| Intangible Assets Write-off                 |                         |              |              | 24           |              |               |              |              |              |              |
| <b>Adjusted Profit</b>                      |                         |              |              | <b>648</b>   |              |               |              |              | <b>648</b>   |              |

\* 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 IFI KSA specialty fats, Egypt seafood, Central Asia croissant

-Reported EBITDA has been adjusted for one-off items in retail segment

-During 2022, Herfy reassessed the accounting treatment for certain leases and other transactions / balances recorded in its financial statements in prior periods. The Group's management believes that the impact of such adjustments is not material to the consolidated financial statements of the Group and accordingly have been corrected in the current year.

# Appendix

# FOOD PROCESSING – NEW PRODUCT DEVELOPMENT AND INNOVATION

Savola Foods Company's recent innovations includes launch of 25 new B2C product developments and 11 new B2B products. A few of those innovations are presented here.

*Afia Corn Plus KSA*



*5 "immunity boost" Oil Formulae*



*Rawabi Eshta (Egypt)*



*Al Maleka Pasta Relaunch (Egypt)*



*Afia Tuna*



*Bayara UAE and Afia KSA Relaunch*



*Bayara Snacks Bars*



*Low Calorie Sweetener and Organic Sugar*





Thank you