



Earnings Presentation

Q3 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.

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The Q3 2018 numbers are based on interim unaudited financials.

GROUP – HIGHLIGHTS

- The reported net loss for the quarter was SAR 50.7 m compared to a net profit of 829.0 m from Q3 2017, note that Q3 2017 included gain of SAR 694 million as a result of selling 2% of Almarai shares
- Savola's retail segment recorded a net loss of SAR 198.3 m in Q3 2018 compared to a net loss of SAR 218.9 m in Q3 2017
- Savola Foods recorded a net loss of SAR 43.7 m in Q3 2018 compared to a net profit of SAR 105.7 m in Q3 2017; driven by lower profitability in core edible oil due to currency exchange losses of SAR 73m where as the sugar segment was impacted by unfavorable local market dynamics and lower commodity prices driven by a global surplus
- Herfy recorded a net income of SAR 58.1 m in Q3 2018, an YoY growth of 3.7%
- Almarai recorded a net profit of SAR 634.5 m in Q3 2018 (YoY decline of 4.9%), translating into net profit contribution of SAR 219.0 m to the Group

Q3 2018 - SNAPSHOT

GROUP	<ul style="list-style-type: none"> » Q3 2018 Revenue of SAR 5.2 B (Q3 2017: SAR 5.6 B) » Q3 2018 Net loss of SAR 50.7 m (Q3 2017: Net Profit of SAR 829.0 m)
RETAIL	<ul style="list-style-type: none"> » Q3 2018 Revenue of SAR 2.6 B (Q3 2017: SAR 2.7 B) » Q3 2018 Net loss of SAR 198.3 m (Q3 2017: Net loss of SAR 218.9 m)
FOODS	<ul style="list-style-type: none"> » Q3 2018 Revenue of SAR 2.3 B (Q3 2017: SAR 2.7 B) » Q3 2018 Net loss of SAR 43.7 m (Q3 2017: SAR 105.7 m)
HERFY	<ul style="list-style-type: none"> » Q3 2018 Revenue of SAR 329.2 m (Q3 2017: SAR 311.7 m) » Q3 2018 Net income of SAR 58.1 m (Q3 2017: SAR 56.0 m)
INVESTMENTS	<ul style="list-style-type: none"> » Almarai recorded quarterly Net income of SAR 634.5 m in Q3 2018 (Q3 2017: SAR 667.0 m)

GROUP – CONSOLIDATED FINANCIAL SNAPSHOT

<i>SAR m</i>	Revenue	Gross Profit	Net Income / (Loss)	Adjusted Net Income / (Loss)
Q3 2018	5,212 -6.9% vs. Q3 2017	932 -11.6% vs. Q3 2017	(51) vs. 829 in Q3 2017	22 vs. 135 in Q3 2017
YTD 2018	16,468 -8.7% vs. YTD 2017	2,907 -10.1% vs. YTD 2017	6 vs. 1,063 YTD 2017	76 vs. 316 YTD 2017

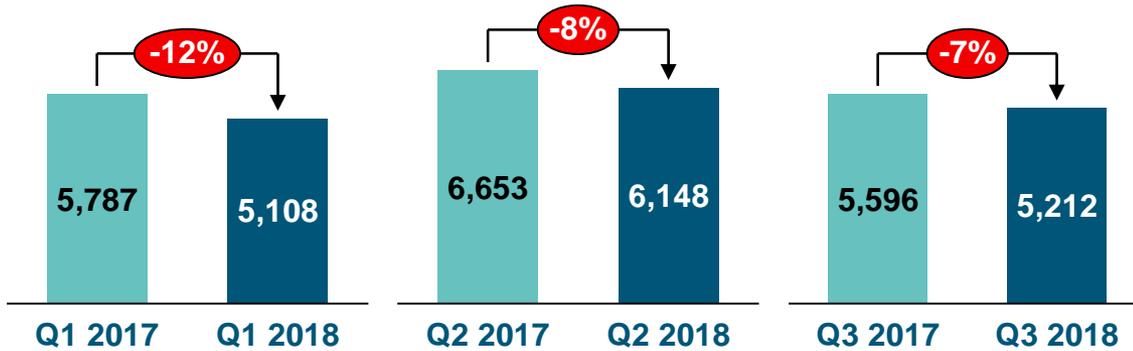
Note: 2017 and 2018 numbers have been restated

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

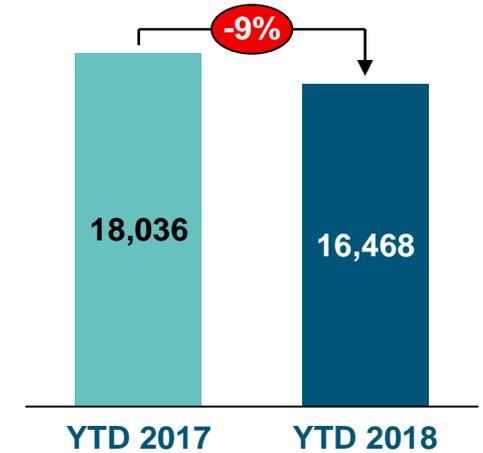
SAR m

● Growth ● Margin

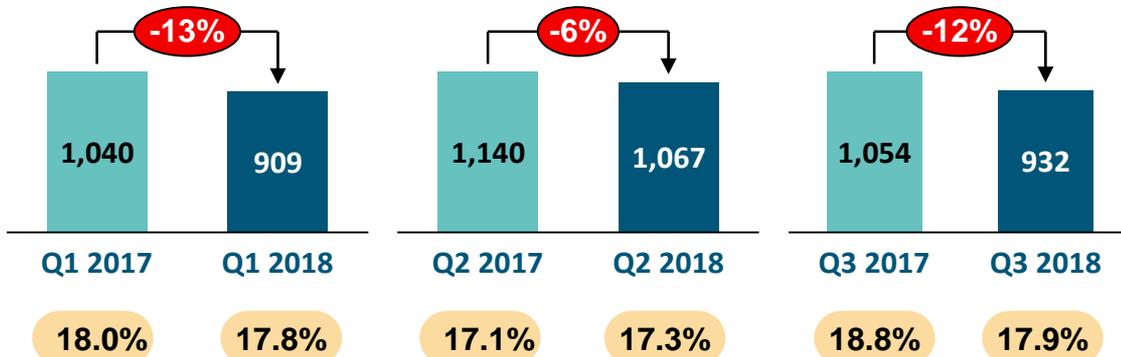
YoY Sales



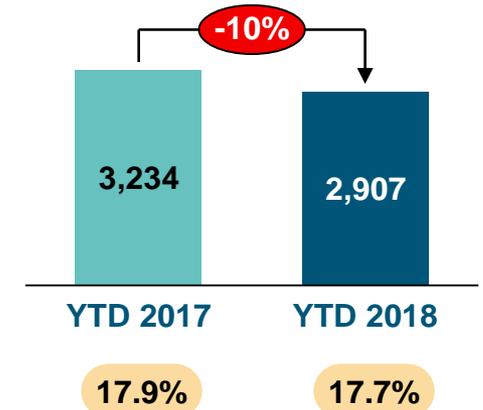
YTD Sales



YoY Gross Profit



YTD Gross Profit

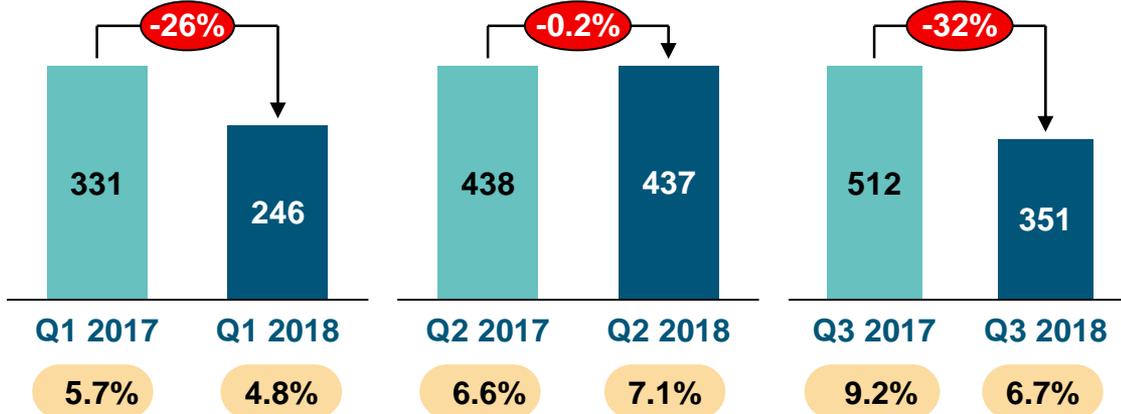


GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

SAR m

● Growth ● Margin

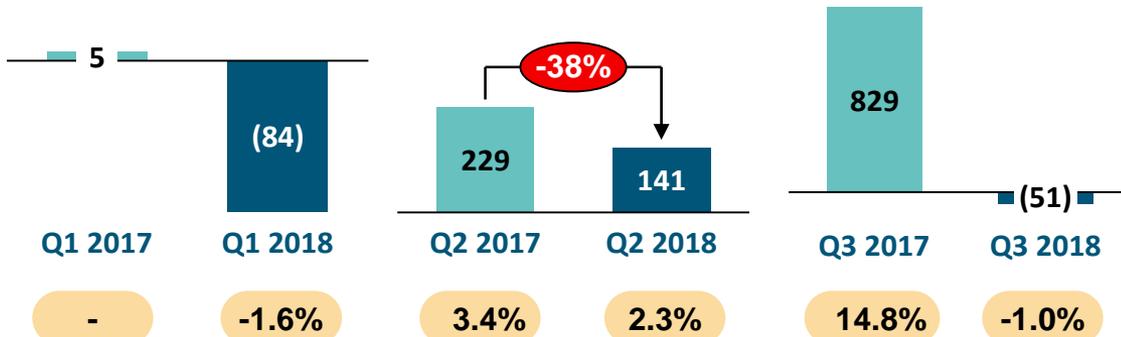
YoY EBITDA



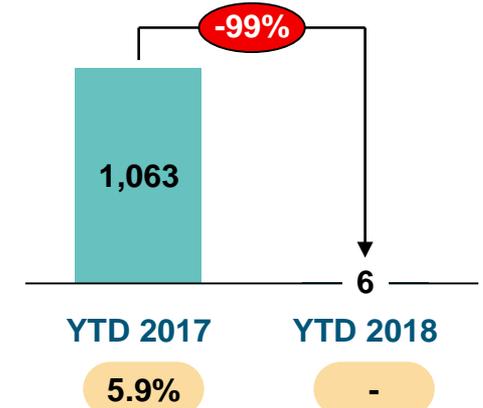
YTD EBITDA



YoY Net Profit



YTD Net Profit

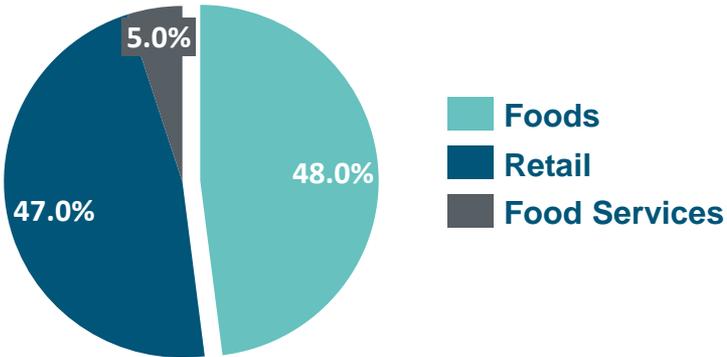


GROUP – CONSOLIDATED REVENUE MIX, NET DEBT & CAPEX

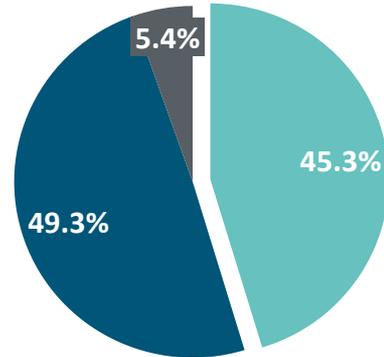
SAR B

Revenue by Business

YTD 2017
SAR 18.0 B



YTD 2018
SAR 16.5 B

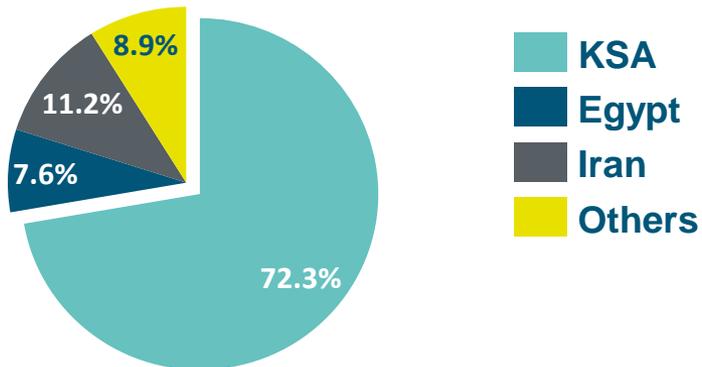


Net Debt

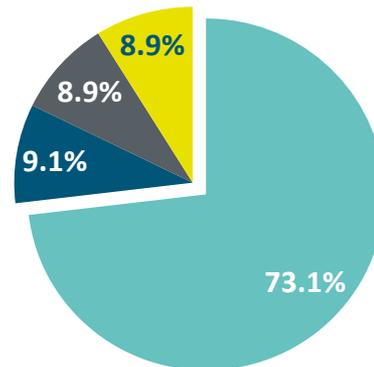


Revenue by Geography

YTD 2017
SAR 18.0 B



YTD 2018
SAR 16.5 B



CAPEX

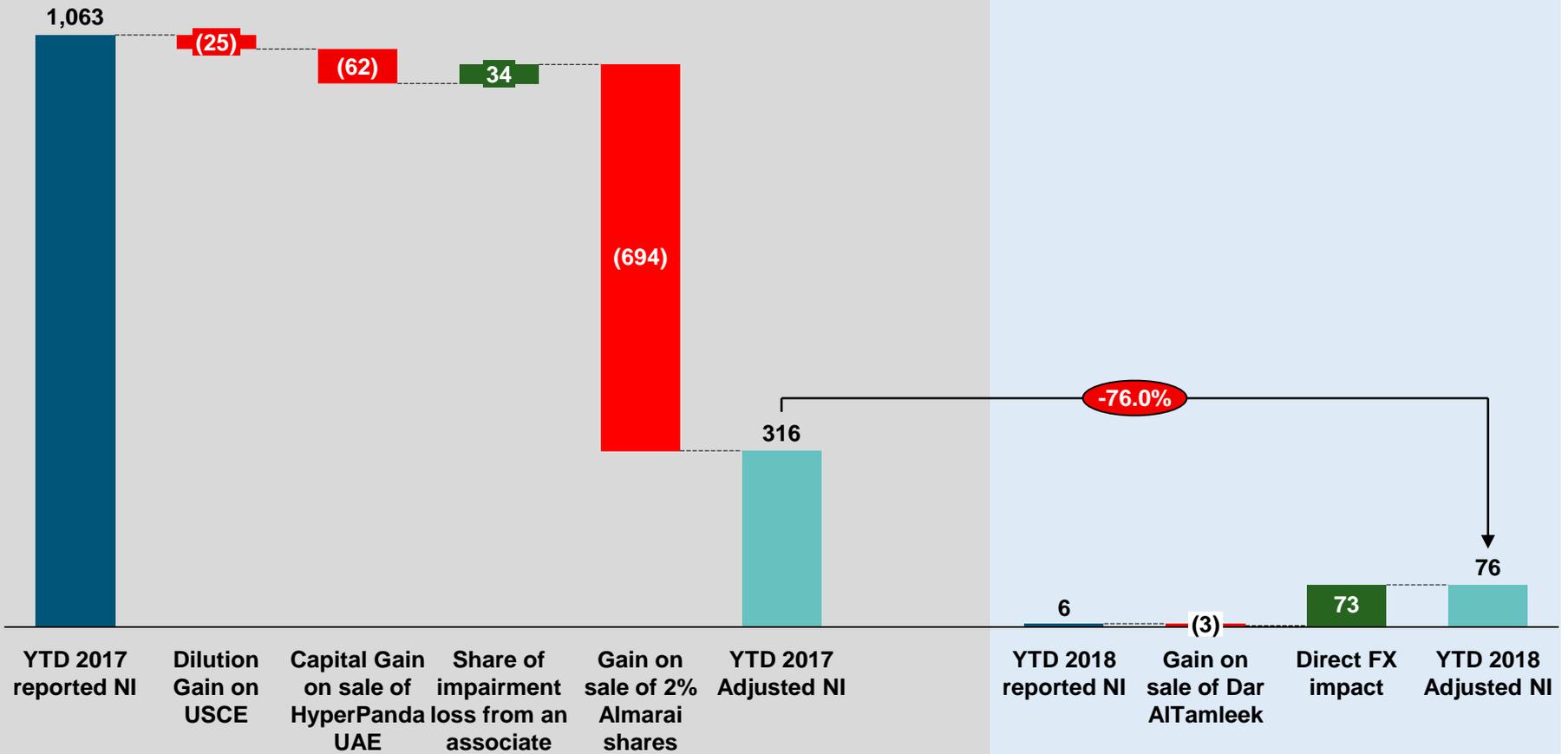


IMPLICATIONS OF EXCEPTIONAL ITEMS

SAR m

Adjusted YTD 2017 Net Income

Adjusted YTD 2018 Net Income





PANDA RETAIL COMPANY

سافولا
SAVOLA

RETAIL - SNAPSHOT

<i>SAR m</i>	Revenue	Gross Profit	Net Income / (Loss)	Selling Space
Q3 2018	2,645 -0.3% vs. Q3 2017	542 -2.8% vs. Q3 2017	(198) Q3 2017: (219)	Reduced by 12,603 m² Compared to Q2 2018
YTD 2018	8,251 -4.7% vs. YTD 2017	1,645 -1.7% vs. YTD 2017	(632) YTD 2017: (608)	Total Space 717,285 m²

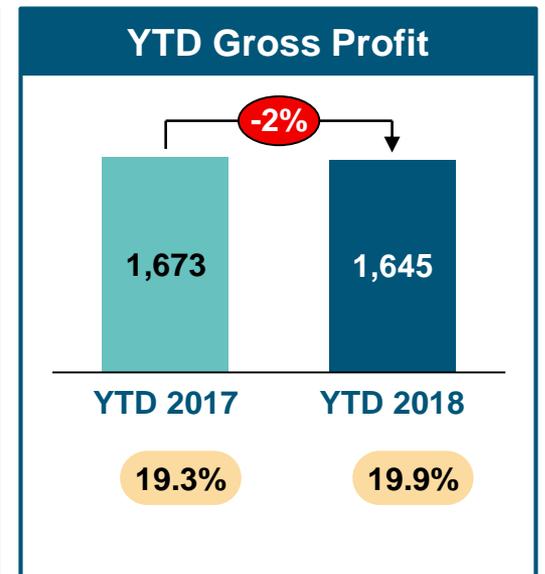
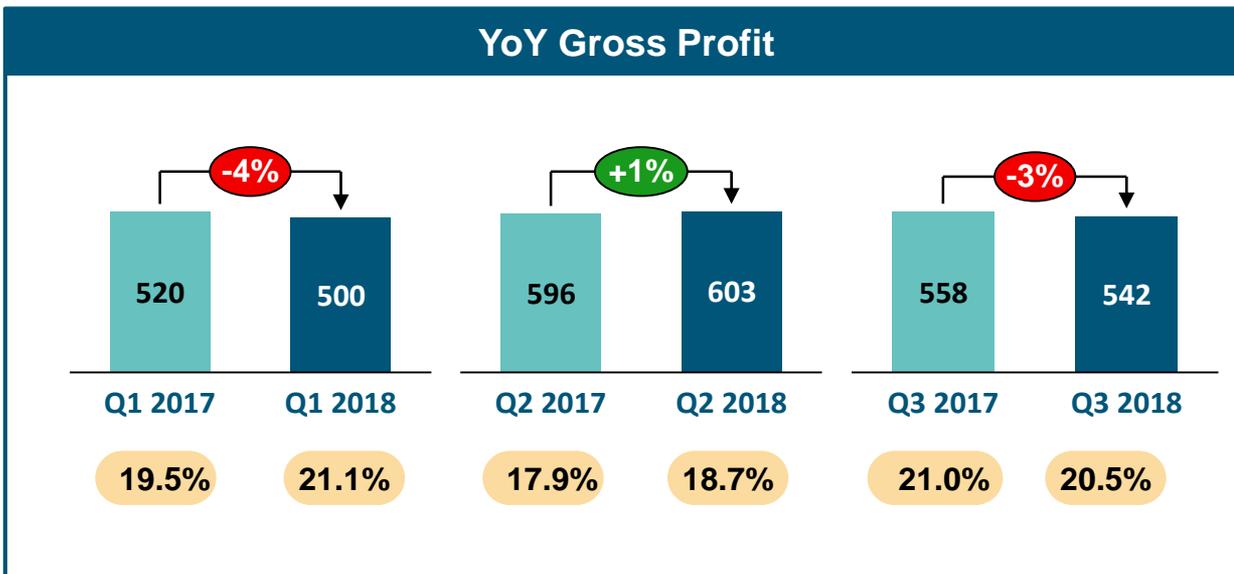
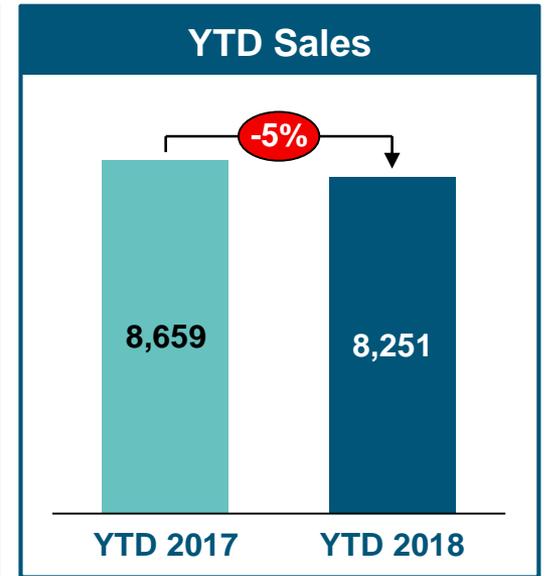
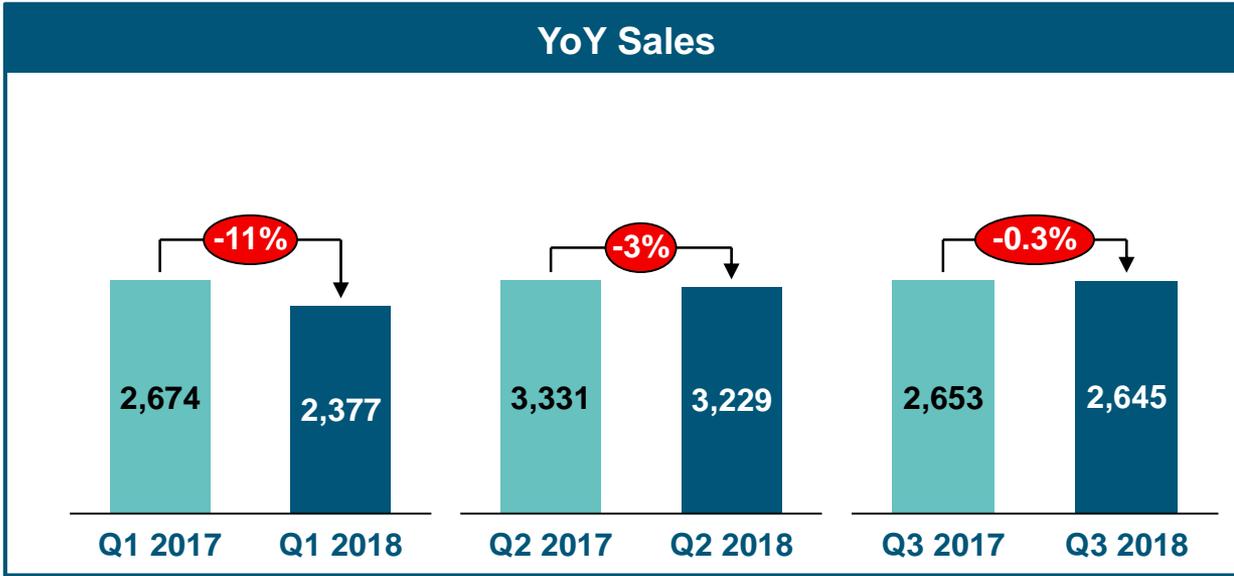
RETAIL – HIGHLIGHTS

- After rigorous store by store analysis and piloting, turnaround initiatives are being implemented nationwide
- Sales were slightly lower than the same quarter last year due to the decline in customer count that was offset by an increase in basket size
- 1 Hyper and 7 Pandati stores were closed in Q3 2018, with the Hyper being closed due to the closure of the mall.
- Reported net loss of SAR 198.3 m in Q3 2018, compared to SAR 218.9 m net loss in Q3 2017, driven by cost optimization initiatives

RETAIL – FINANCIAL HIGHLIGHTS

SAR m

● Growth ● Margin



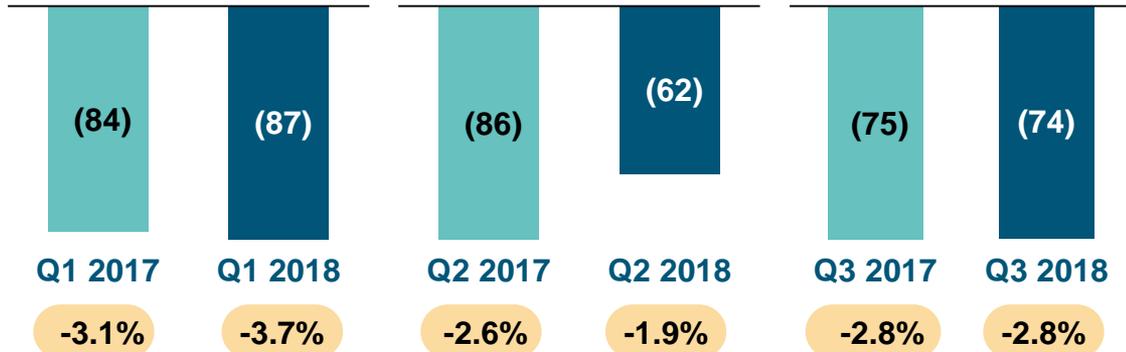
Note: Numbers in the charts are rounded

RETAIL – FINANCIAL HIGHLIGHTS

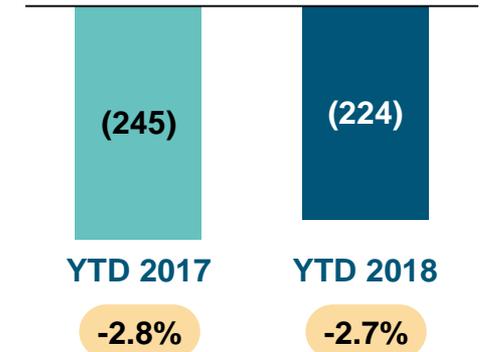
SAR m

● Growth ● Margin

YoY EBITDA



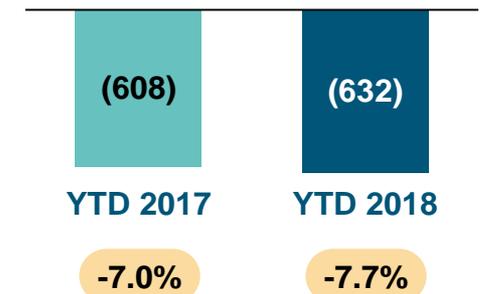
YTD EBITDA



YoY Net Profit

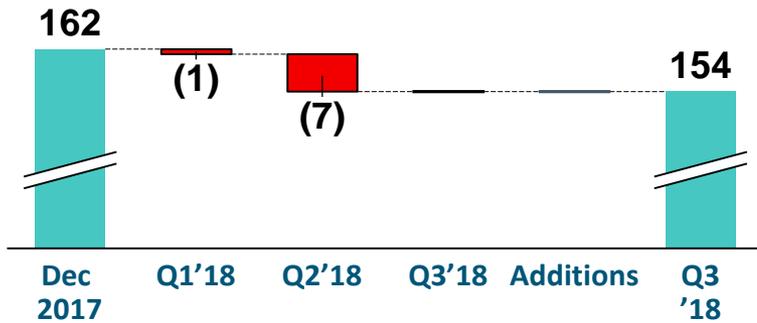


YTD Net Profit

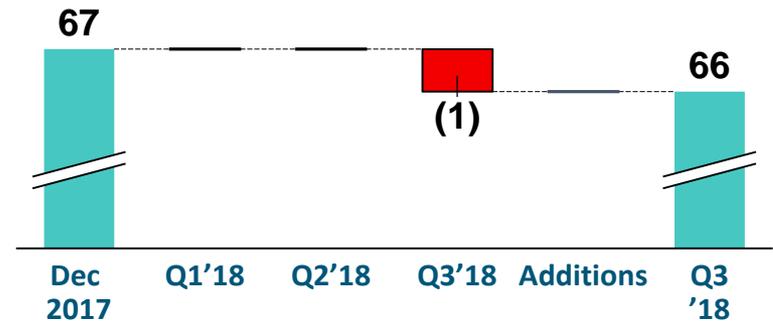


RETAIL – NUMBER OF STORES BY QUARTER

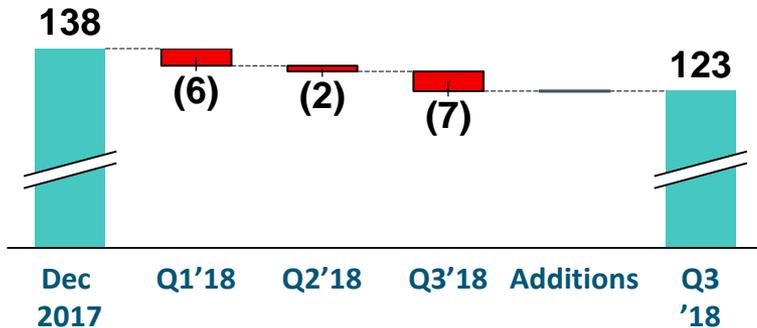
Super



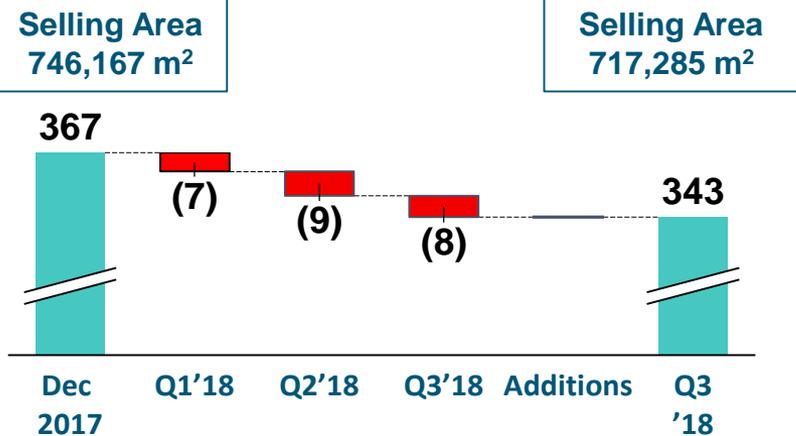
Hyper



Pandati



Total





SAVOLA FOODS

FOODS – HIGHLIGHTS

- Volumes were relatively stable in Q3 2018 at 819 KMT
- Q3 2018 total revenue of SAR 2.3 billion is 14.4% below Q3 2017 revenue largely attributed to:
 - a. Oil revenues decreased by 14.8% mainly due to currency devaluation and end product price controls in overseas markets, combined with higher promotions in KSA market due to shift in the segment
 - b. Sugar revenues decreased by 17.5% largely due to lower commodity prices driven by a combination of the global sugar surplus, lower volumes in Egypt and unfavorable local market dynamics in Saudi Arabia
 - c. Pasta revenues increased by 1.8% due to continued improvement in pricing, as well as the launch of new pasta lines
- Reported net loss for Q3 2018 for Foods was SAR 43.8 m; compared to a net income of SAR 105.7 m last year; this includes SAR 73 m of losses that are related to the direct impact from devaluation of the Iranian Rial

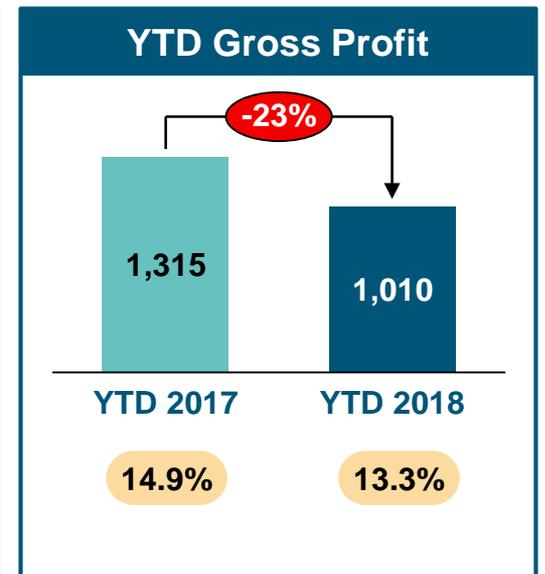
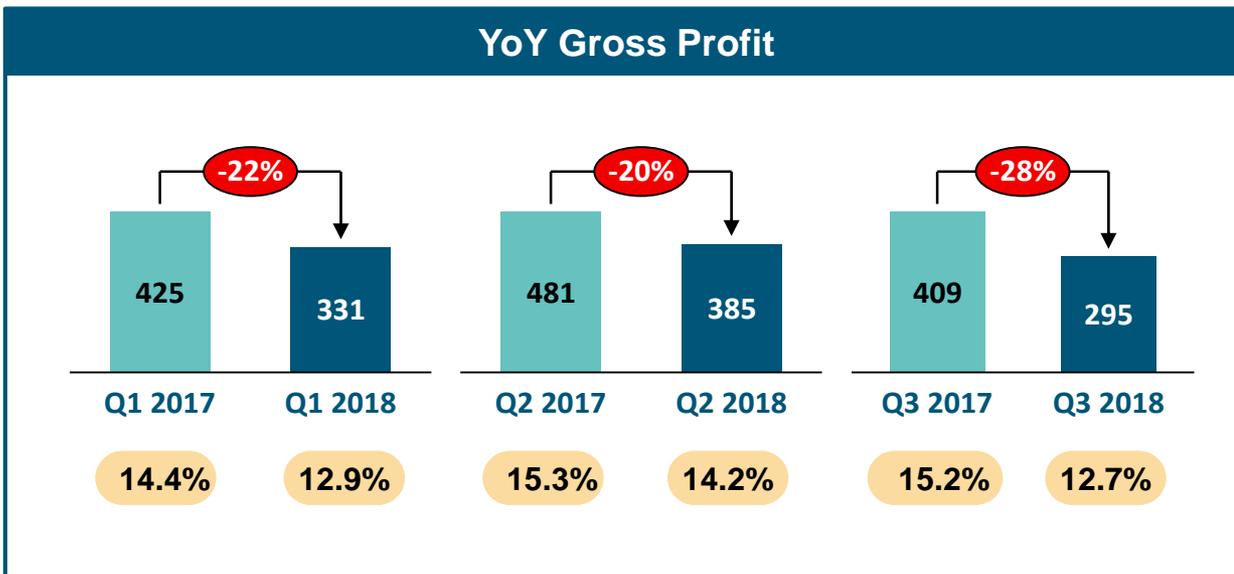
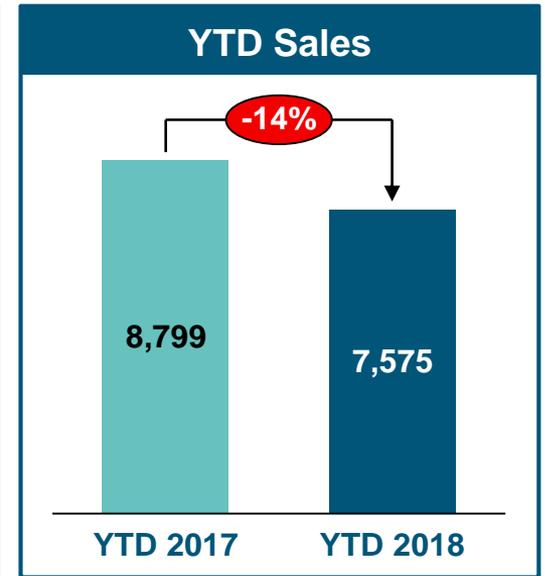
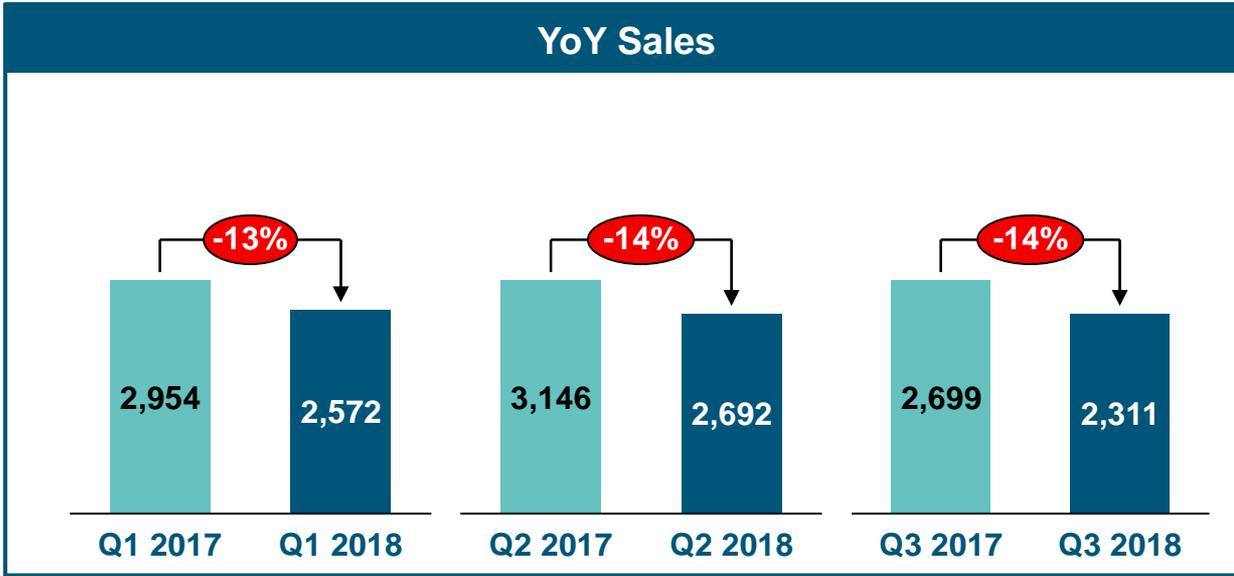
FOODS - SNAPSHOT

<i>SAR m</i>	Revenue	Gross Profit	Net Income / (Loss)	Volume (MT '000)
Q3 2018	2,311 -14.4% vs. Q3 2017	295 -28.0% vs. Q3 2017	(44) vs. 106 in Q3 2017	819 -0.1% vs. Q3 2017
YTD 2018	7,575 -13.9% vs. YTD 2017	1,010 -23.2% vs. YTD 2017	99 vs. 408 YTD 2017	2,547 -1.6% vs. YTD 2017

FOODS – FINANCIAL HIGHLIGHTS

SAR m

● Growth ● Margin



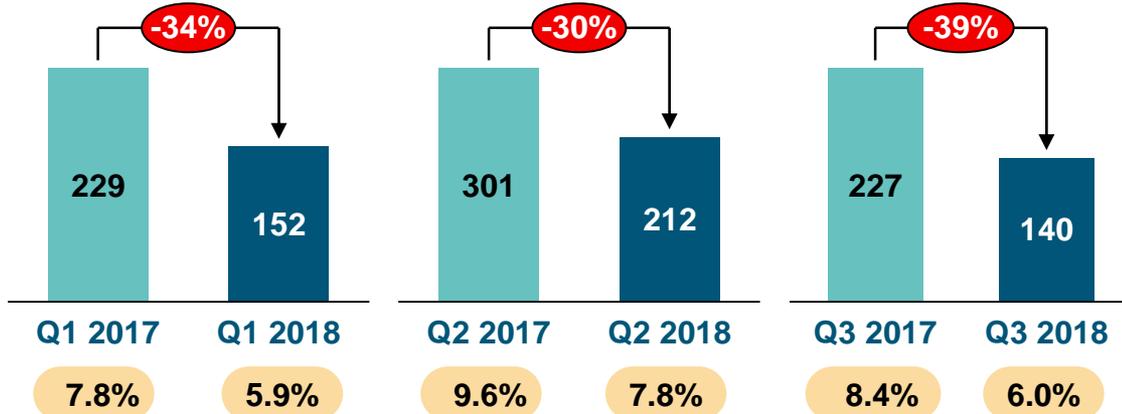
Note: Numbers in the charts are rounded

FOODS – FINANCIAL HIGHLIGHTS

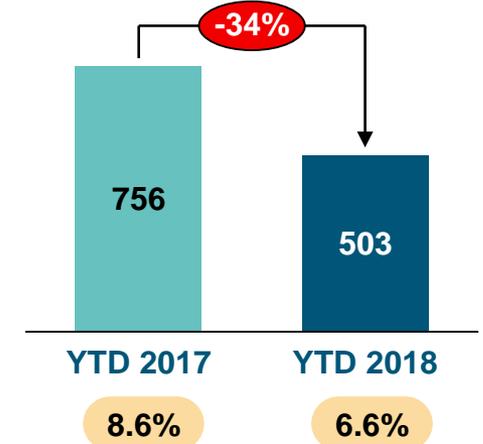
SAR m

● Growth ● Margin

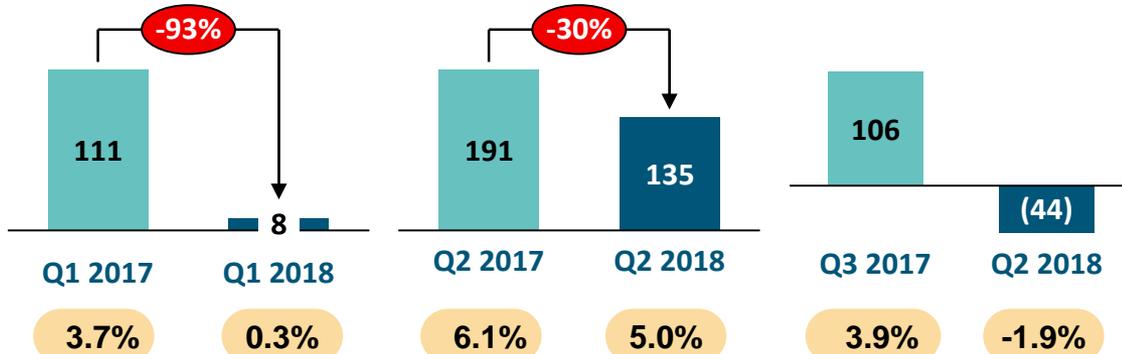
YoY EBITDA



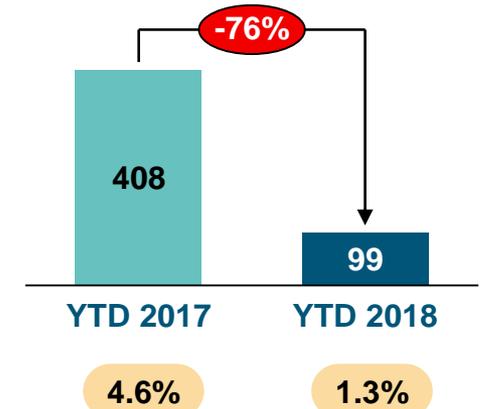
YTD EBITDA



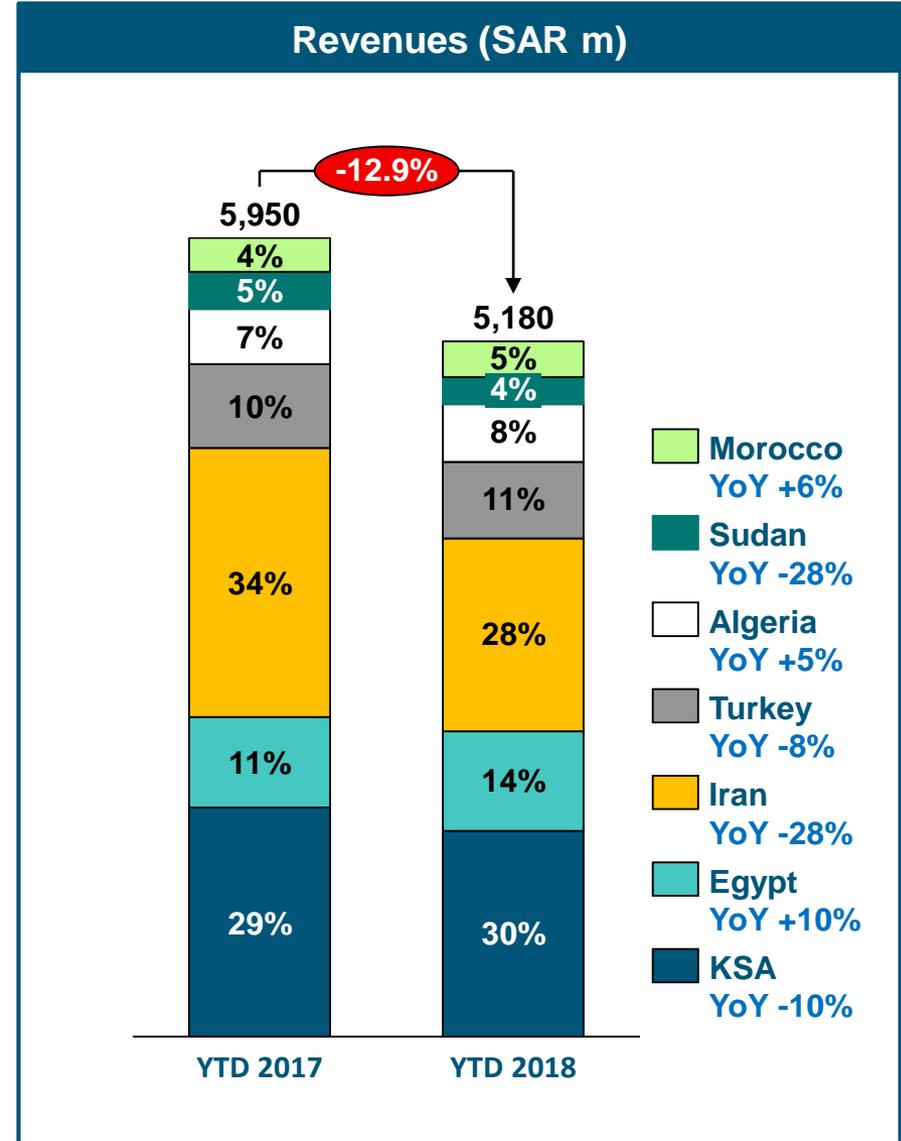
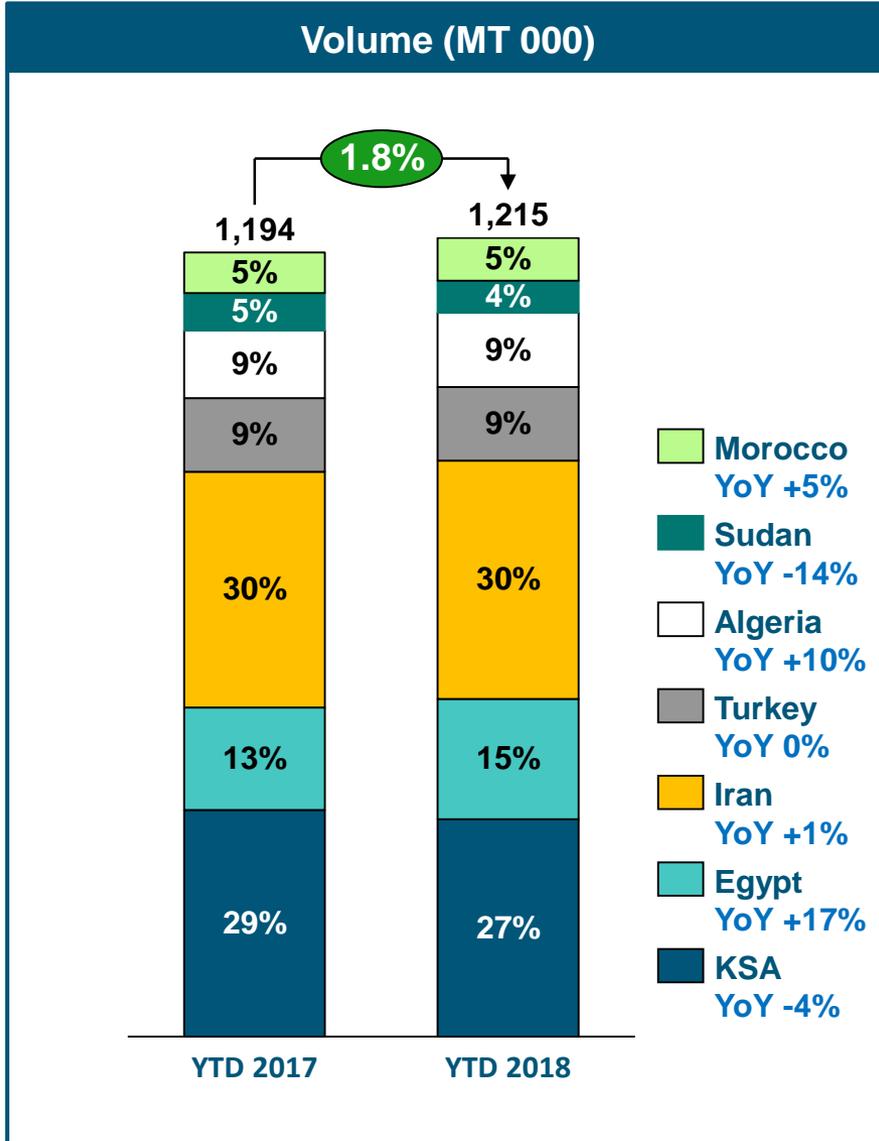
YoY Net Profit



YTD Net Profit

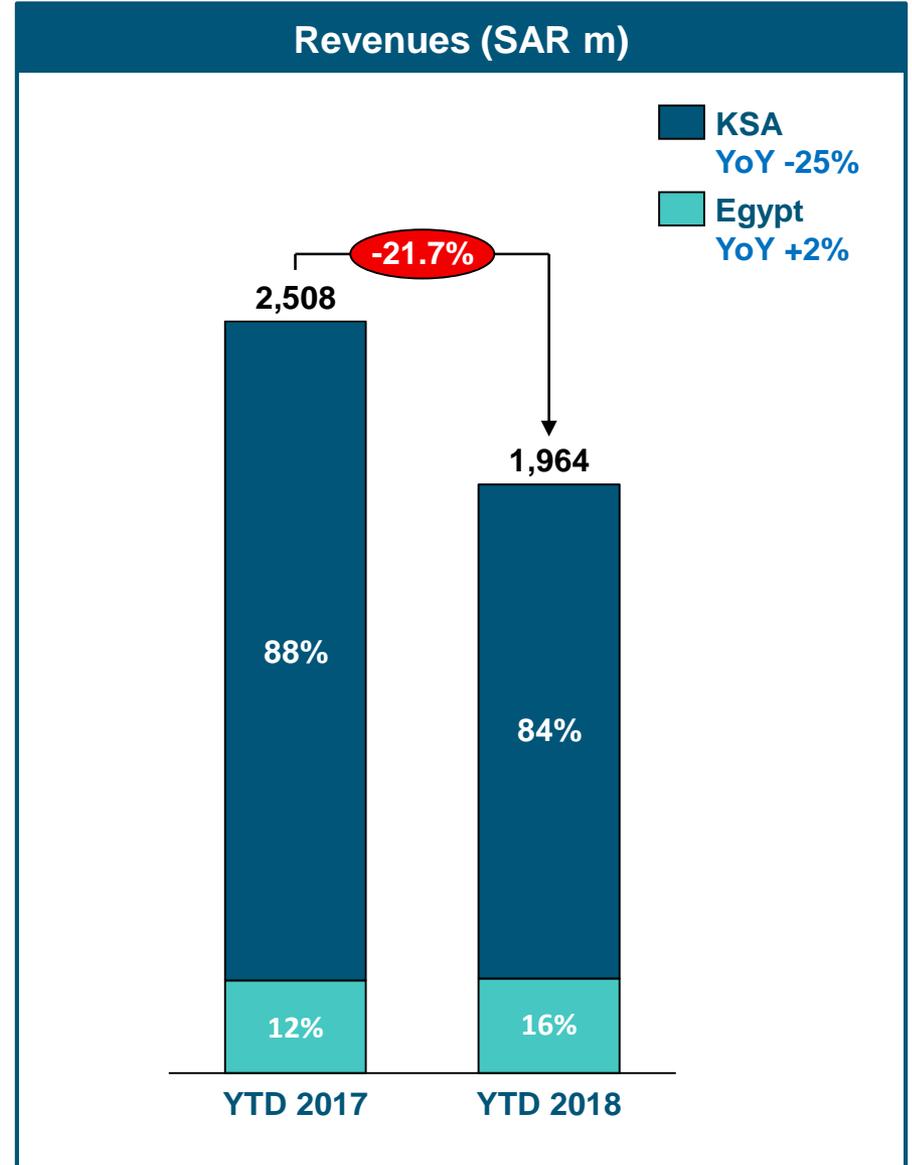
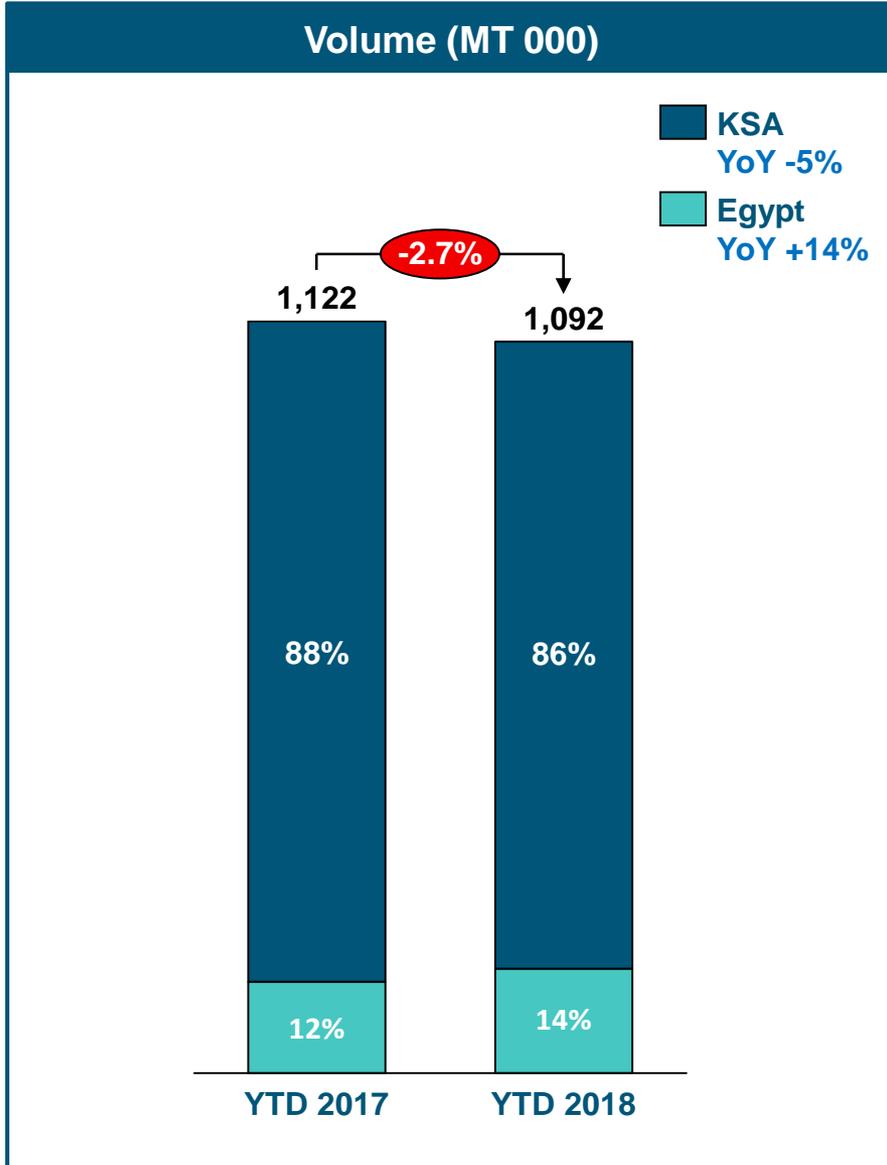


FOODS – OIL SEGMENT ANALYSIS



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



Note: Excluding USCE which is no longer consolidated; the above charts were adjusted for inclusion of the net distribution volumes for sugar 22



FINANCIAL SUMMARY



FINANCIALS – Q3 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
Food										
Oil-Mature Markets	4,317	667	236	70	300	5,024	879	380	274	431
Oil-Start-up Markets*	896	109	51	30	60	941	109	41	23	50
Total Oil	5,213	776	287	100	360	5,965	988	421	297	481
Sugar	1,995	186	66	(8)	110	2,523	285	201	102	249
Pasta	366	49	21	7	32	310	42	17	9	27
Total Foods	7,575	1,010	375	99	503	8,799	1,315	639	408	756
Retail										
KSA	8,176	1,634	(580)	(622)	(219)	8,510	1,657	(609)	(656)	(230)
Overseas	75	11	(10)	(10)	(4)	149	17	(19)	48	(15)
Total Retail	8,251	1,645	(590)	(632)	(224)	8,659	1,673	(627)	(608)	(245)
Herfy	902	254	164	152	221	859	252	163	152	216
Real Estate	0	0	11	11	11	0	0	(26)	(26)	(26)
Al Marai-Savola Share	0	0	566	566	566	0	0	607	607	607
HQ/Elimination/Impairments	(260)	(3)	(61)	(190)	(43)	(281)	(7)	(46)	530	(27)
Total	16,468	2,907	464	6	1,034	18,036	3,234	710	1,063	1,282
Adjustments										
Gain on sale of Dar AlTamleek				(3)						
FX impact				73						
Dilution Gain on USCE									(25)	
Capital Gain on sale of Hyper Panda UAE									(62)	
Share of impairment loss from an associate									34	
Gain on sale of Marai shares									(694)	
Adjusted Profit				76					316	

* 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 in the foods segment