



# Earnings Presentation

## Q2 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 Q2 2018 numbers are based on interim unaudited financials.

## GROUP – HIGHLIGHTS

- In Q2 2018, the Group reported a net income of SAR 140.7 m; compared to a net profit of SAR 229.3 m from Q2 2017 largely due to higher losses from our retail segment and lower profitability from the foods segment
- Savola's retail segment recorded a net loss of SAR 210.5 m in Q2 2018 compared to a net loss of SAR 160.2 m in Q2 2017
- Savola Foods recorded a net profit of SAR 134.6 m in Q2 2018 compared to a net profit of SAR 191.4 m in Q2 2017; largely driven by lower profitability in the edible oils and sugar segments
- Herfy recorded a net income of SAR 45.9 m in Q2 2018, an YoY growth of 5.7%
- Almarai recorded a net profit of SAR 660.6 m in Q2 2018 (YoY decline of 2.0%), translating into net profit contribution of SAR 228.1 m to the Group

## Q2 2018 - SNAPSHOT

GROUP	<ul style="list-style-type: none"> <li>» Q2 2018 Revenue of SAR 6.2 B (Q2 2017: SAR 6.7 B)</li> <li>» Q2 2018 Net profit of SAR 140.7 m (Q2 2017: Net Profit of SAR 229.3 m)</li> </ul>
RETAIL	<ul style="list-style-type: none"> <li>» Q2 2018 Revenue of SAR 3.2 B (Q2 2017: SAR 3.3 B)</li> <li>» Q2 2018 Net loss of SAR 210.5 m (Q2 2017: Net loss of SAR 160.2 m)</li> </ul>
FOODS	<ul style="list-style-type: none"> <li>» Q2 2018 Revenue of SAR 2.7 B (Q2 2017: SAR 3.1 B)</li> <li>» Q2 2018 Net income of SAR 134.6 m (Q2 2017: SAR 191.4 m)</li> </ul>
HERFY	<ul style="list-style-type: none"> <li>» Q2 2018 Revenue of SAR 286.6 m (Q2 2017: SAR 272.1 m)</li> <li>» Q2 2018 Net income of SAR 45.9 m (Q2 2017: SAR 43.4 m)</li> </ul>
INVESTMENTS	<ul style="list-style-type: none"> <li>» Almarai recorded quarterly Net income of SAR 660.6 m in Q2 2018 (Q2 2017: SAR 674.1 m)</li> </ul>

# GROUP – CONSOLIDATED FINANCIAL SNAPSHOT

SAR m	Revenue	Gross Profit	Net Income / (Loss)	Adjusted Net Income / (Loss)
Q2 2018	6,160 -7.4% vs. Q2 2017	1,067 -6.4% vs. Q2 2017	141 -38.7% vs. Q2 2017	111 -44.8% vs. Q2 2017: 201
YTD 2018	11,268 -9.4% vs. YTD 2017	1,975 -9.4% vs. YTD 2017	56 -75.9% vs. YTD 2017	53 -70.7% vs. YTD 2017

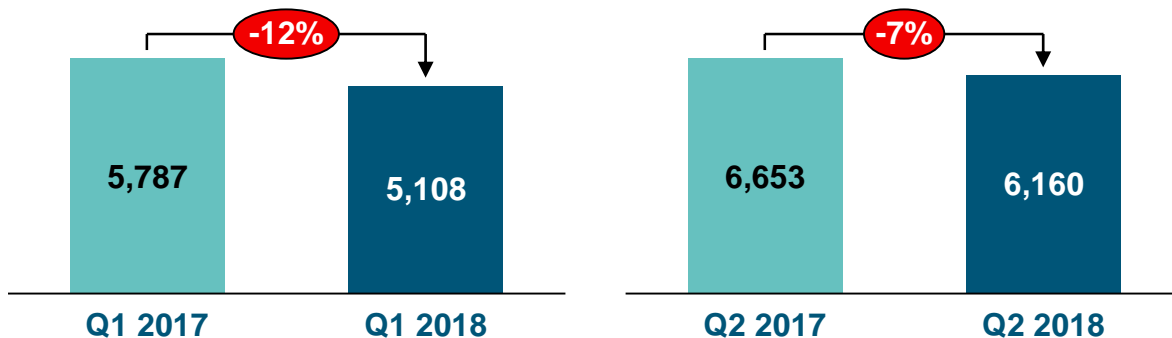
Note: 2017 and 2018 numbers have been restated

# GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

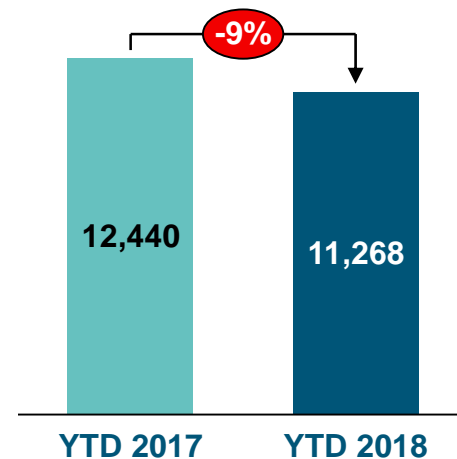
SAR m

● Growth ● Margin

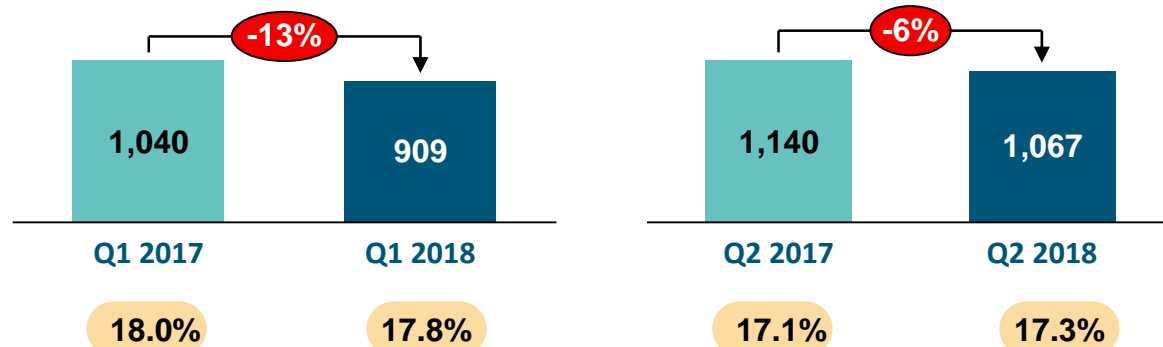
## YoY Sales



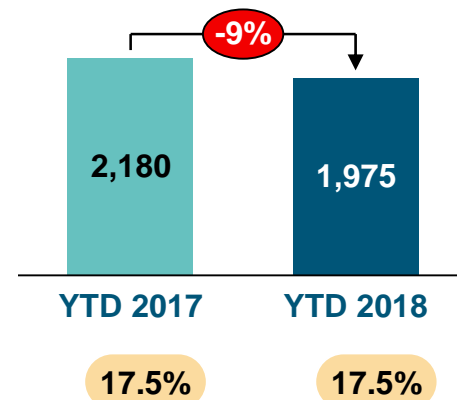
## YTD Sales



## YoY Gross Profit



## YTD Gross Profit

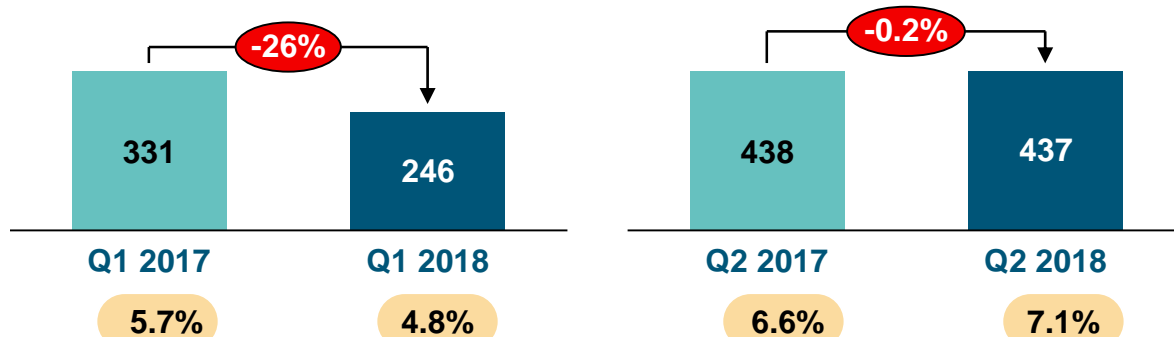


# GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

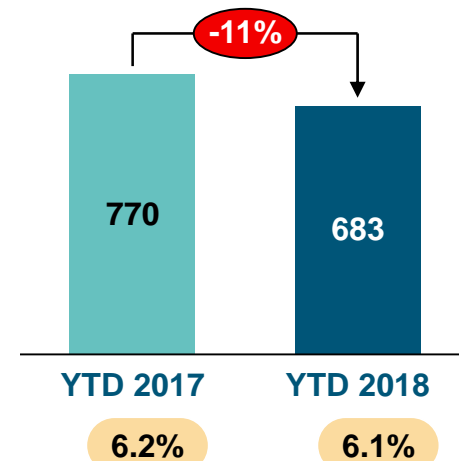
SAR m

● Growth ● Margin

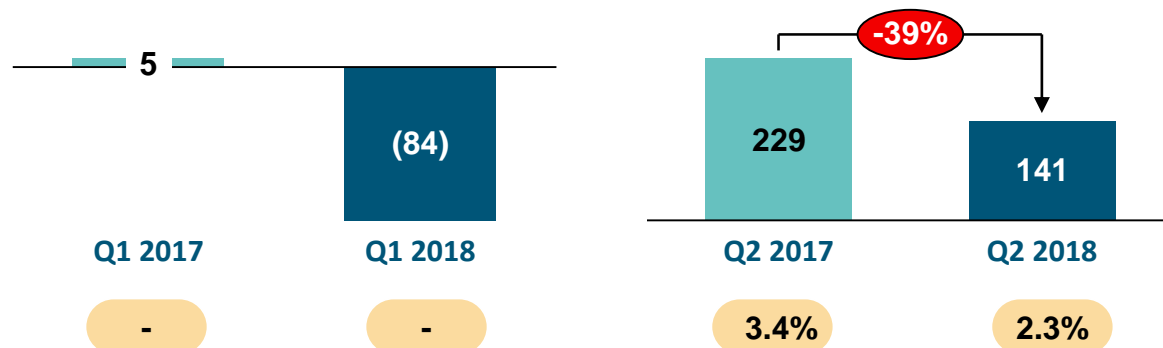
## YoY EBITDA



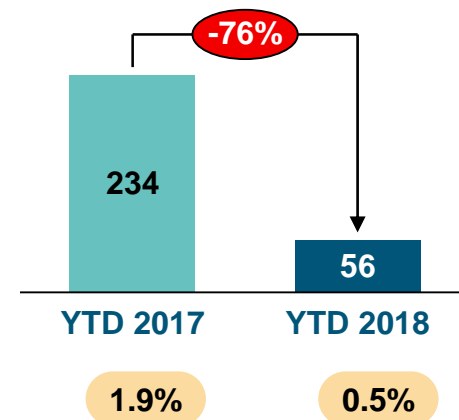
## YTD EBITDA



## YoY Net Profit



## YTD Net Profit

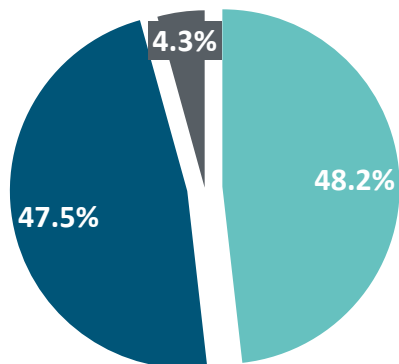


# GROUP – CONSOLIDATED REVENUE MIX, NET DEBT & CAPEX

SAR B

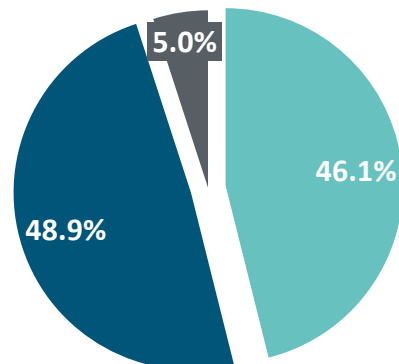
## Revenue by Business

**YTD 2017**  
**SAR 12.4 B**

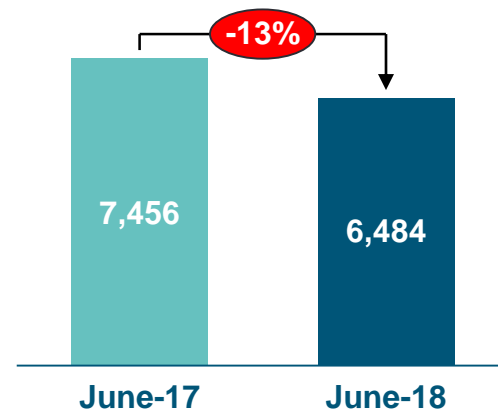


Foods  
Retail  
Food Services

**YTD 2018**  
**SAR 11.3 B**

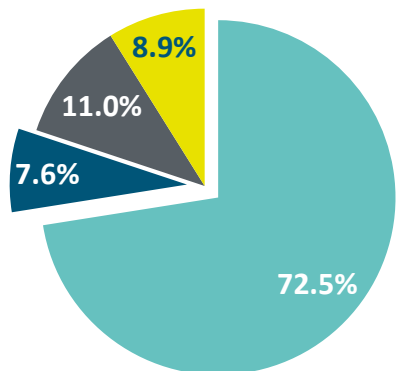


## Net Debt



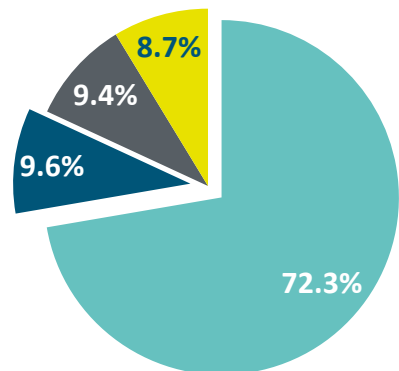
## Revenue by Geography

**YTD 2017**  
**SAR 12.4 B**

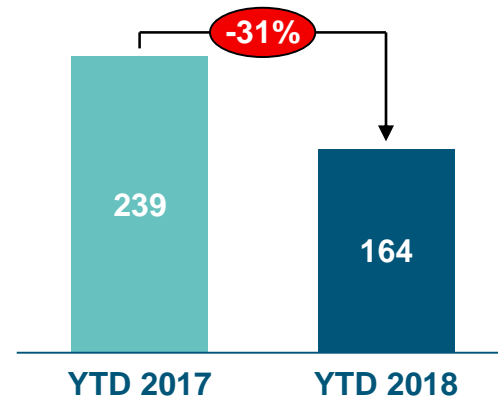


KSA  
Egypt  
Iran  
Others

**YTD 2018**  
**SAR 11.3 B**



## CAPEX

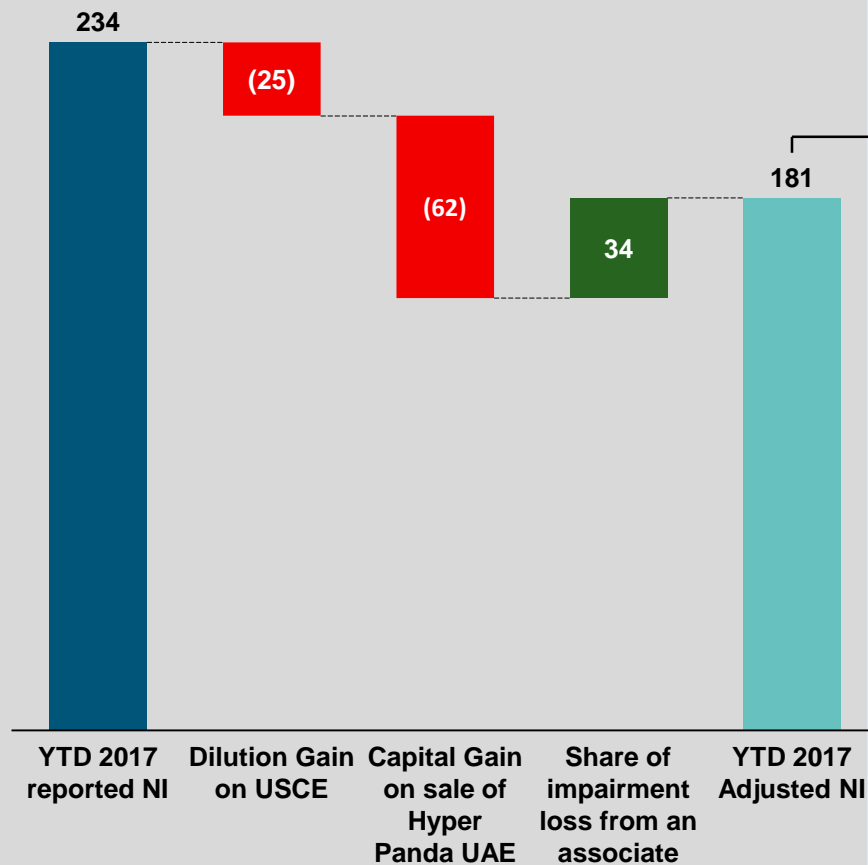




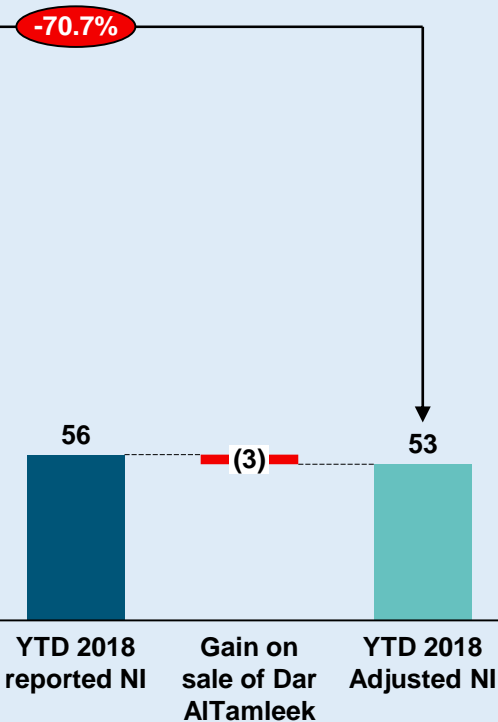
# IMPLICATIONS OF EXCEPTIONAL ITEMS

SAR m

## Adjusted YTD 2017 Net Income



## Adjusted YTD 2018 Net Income





PANDA RETAIL COMPANY

سافولا  
SAVOLA

## RETAIL - SNAPSHOT

	Revenue	Gross Profit	Net Income / (Loss)	Selling Space
<i>SAR m</i>				
<b>Q2 2018</b>	<b>3,229</b> -3.1% vs. Q2 2017	<b>603</b> 1.3% vs. Q2 2017	<b>(210)</b> Q2 2017: (160)	Reduced by <b>13,732 m2</b>
<b>YTD 2018</b>	<b>5,606</b> -6.6% vs. YTD 2017	<b>1,103</b> -1.1% vs. YTD 2017	<b>(434)</b> YTD 2017: (390)	Total Space <b>729,888 m2</b>

## RETAIL – HIGHLIGHTS

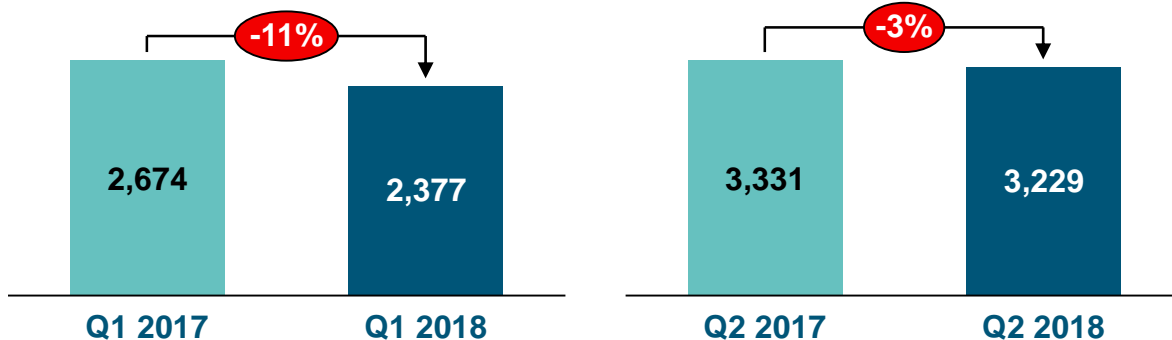
- The transformation plan is gaining momentum as new management is striving to implement turnaround initiatives to improve customer experience in product availability, freshness and offering attractive promotions
- LFL sales were down YoY in Q2 2018 albeit in single digit; driven by a decline in customer count
- On a positive note, QoQ sales were up driven by larger basket size and higher customer count coinciding with the month of Ramadan
- 7 supermarkets and 2 Pandati stores were closed in Q2 2018 as part of ongoing space rationalization exercise. Total retail selling space declined by 2.2% in Q2 2018 versus year end 2017 and by 3.8% vis-à-vis Q2 2017
- Reported net loss of SAR 210.5 m in Q2 2018, compared to SAR 160.2 m net loss in Q2 2017

# RETAIL – FINANCIAL HIGHLIGHTS

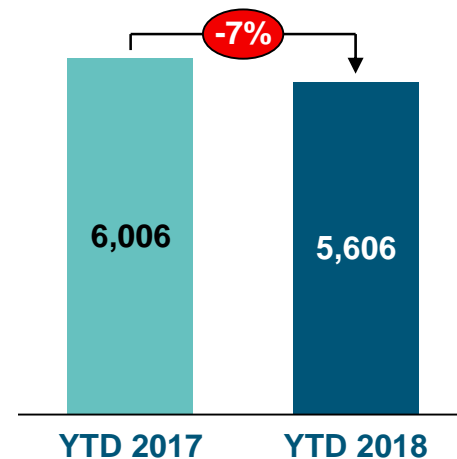
SAR m

● Growth ● Margin

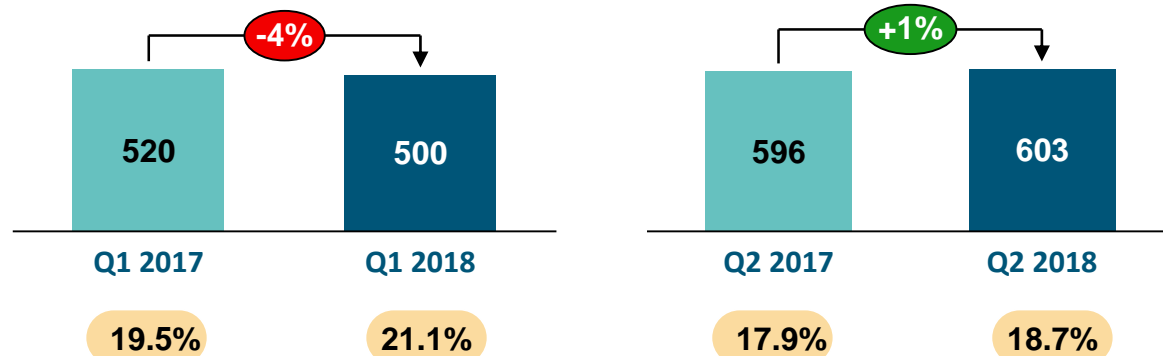
## YoY Sales



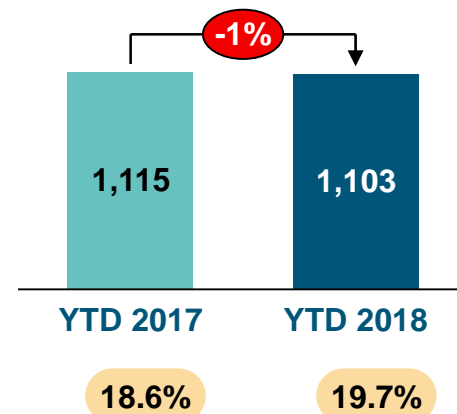
## YTD Sales



## YoY Gross Profit



## YTD Gross Profit

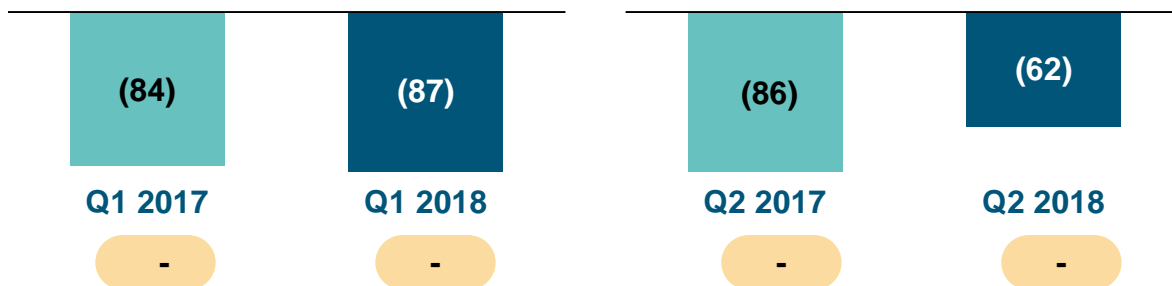


# RETAIL – FINANCIAL HIGHLIGHTS

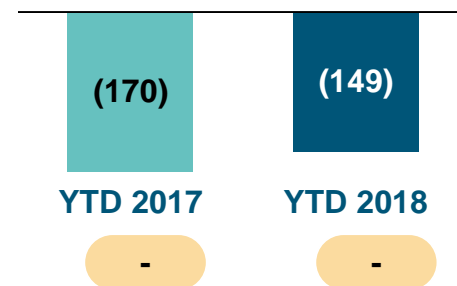
SAR m

● Growth ● Margin

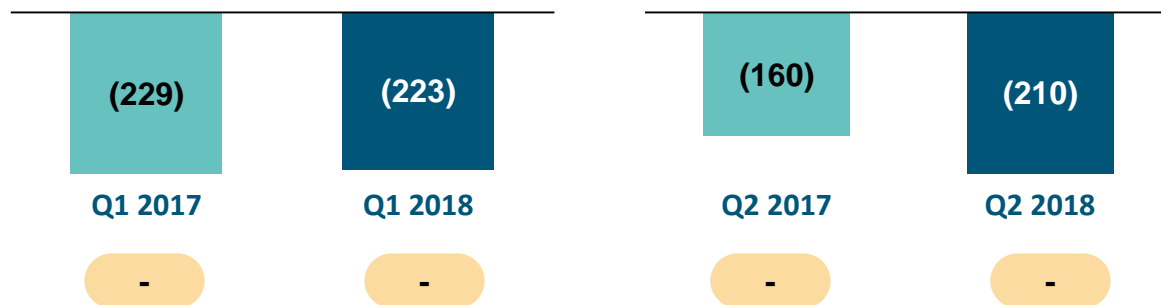
## YoY EBITDA



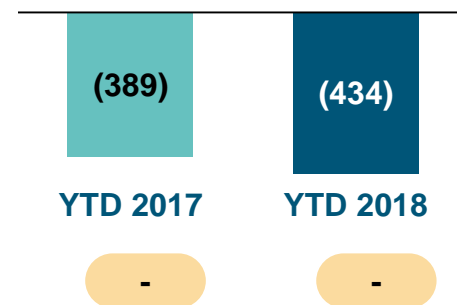
## YTD EBITDA



## YoY Net Profit

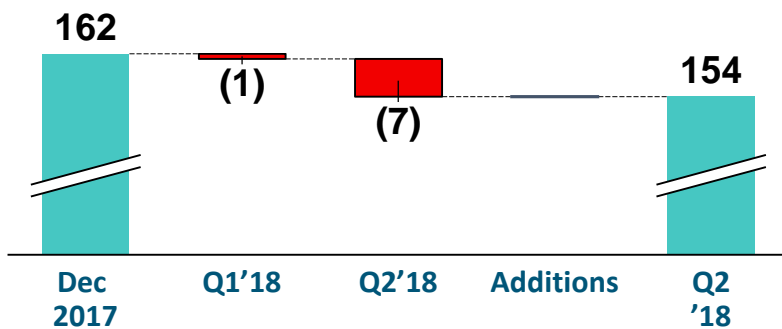


## YTD Net Profit

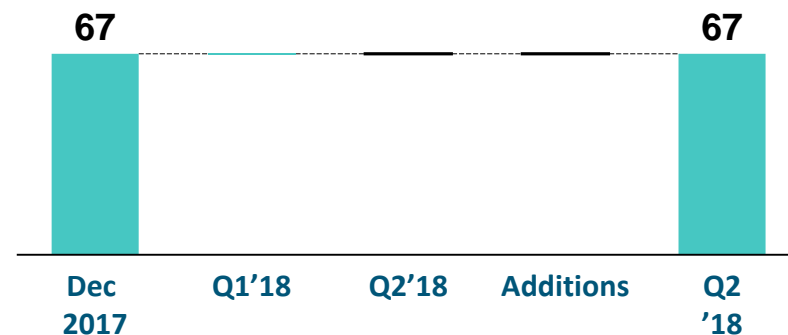


# RETAIL – NUMBER OF STORES BY QUARTER

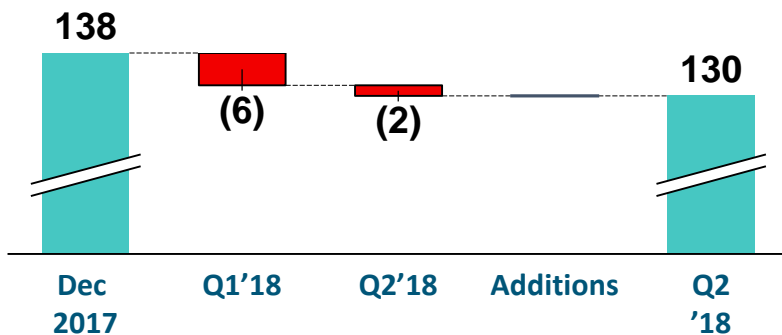
## Super



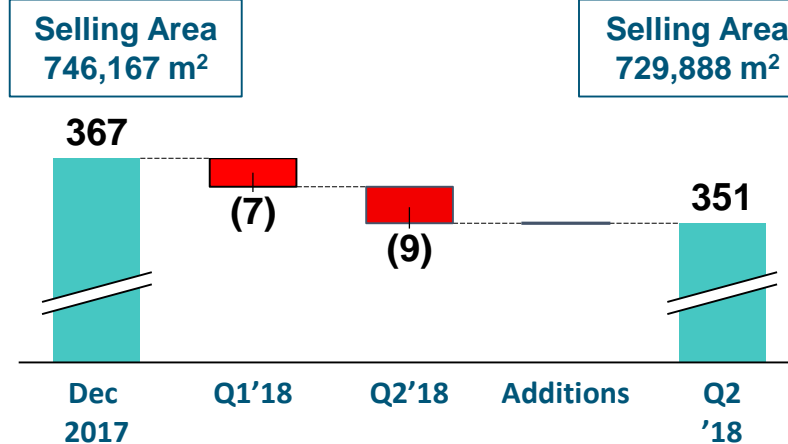
## Hyper



## Pandati



## Total







SAVOLA FOODS



## FOODS – HIGHLIGHTS

- YTD June 2018 volumes are 3% higher than the same period last year registering 1,824 KMT mainly due to stronger volumes in Egypt across most segments
- YTD 2018 total revenue of SAR 5.3 billion is 13.5% below YTD 2017 revenue of SAR 6.1 billion largely attributed to:
  - a. Oil revenues decreased by 12.8% mainly due to lower commodity prices and the impact of overseas currency devaluation
  - b. Sugar revenues decreased by 23.4% largely due to lower sugar prices
  - c. Pasta revenues increased by 26.5% due to continued improvement in volume and price increases in Egypt
- Reported net income for Q2 2018 for Food was SAR 134.6 m; compared to a net income of SAR 191.4 m last year

## FOODS - SNAPSHOT

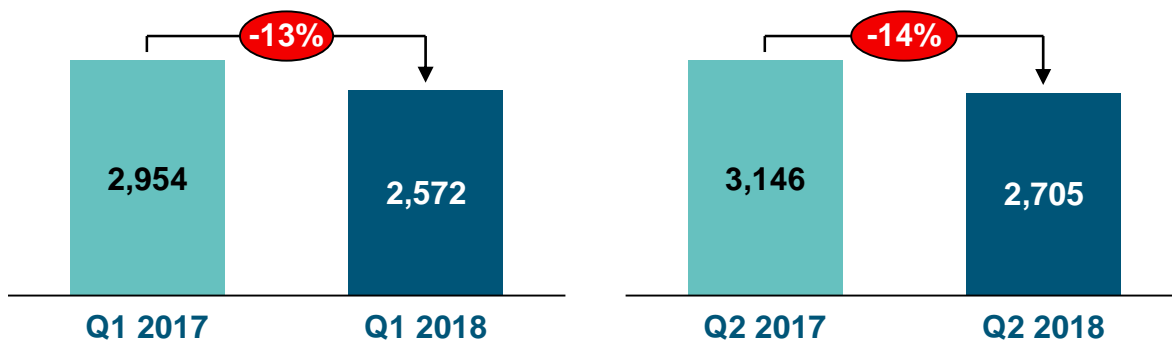
SAR m	Revenue	Gross Profit	Net Income / (Loss)
Q2 2018	2,705 -14.0% vs. Q2 2017	385 -19.9% vs. Q2 2017	135 -29.7% vs. Q2 2017
YTD 2018	5,276 -13.5% vs. YTD 2017	716 -21.0% vs. YTD 2017	143 -52.7% vs. YTD 2017

# FOODS – FINANCIAL HIGHLIGHTS

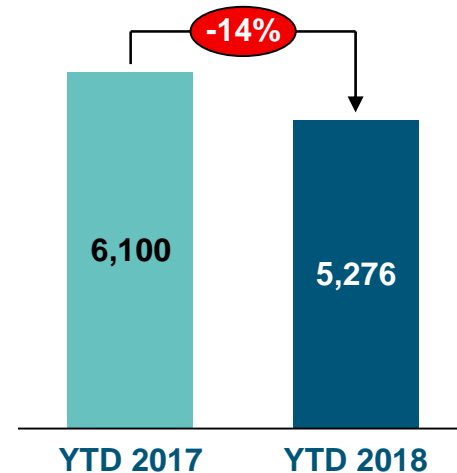
SAR m

● Growth ● Margin

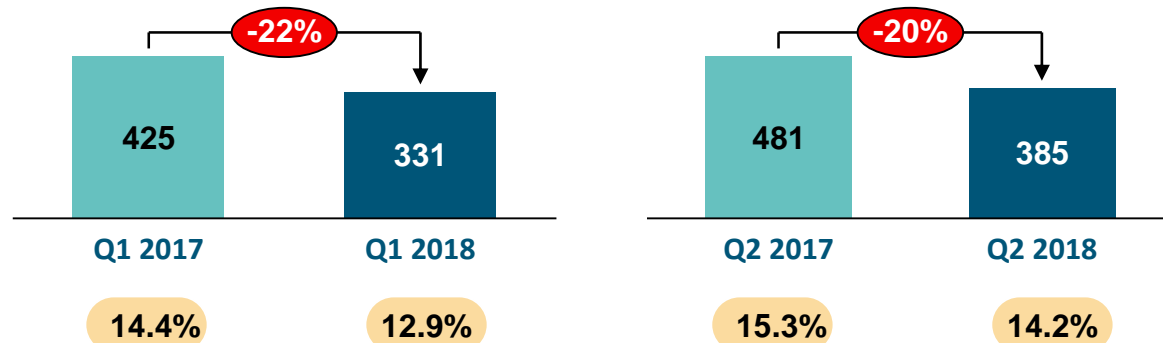
## YoY Sales



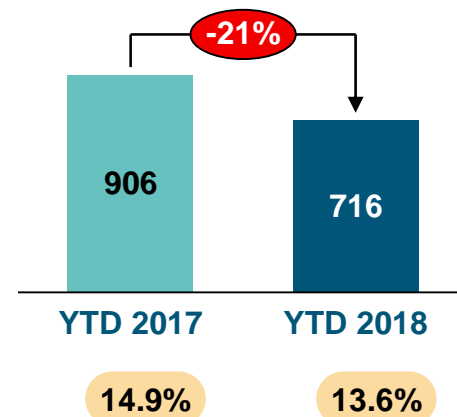
## YTD Sales



## YoY Gross Profit



## YTD Gross Profit

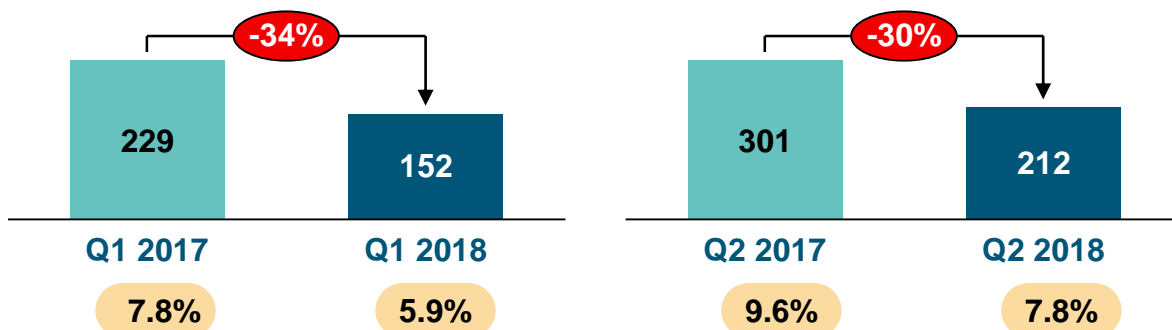


# FOODS – FINANCIAL HIGHLIGHTS

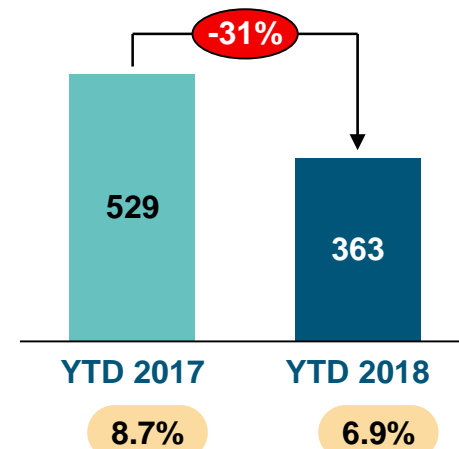
SAR m

● Growth ● Margin

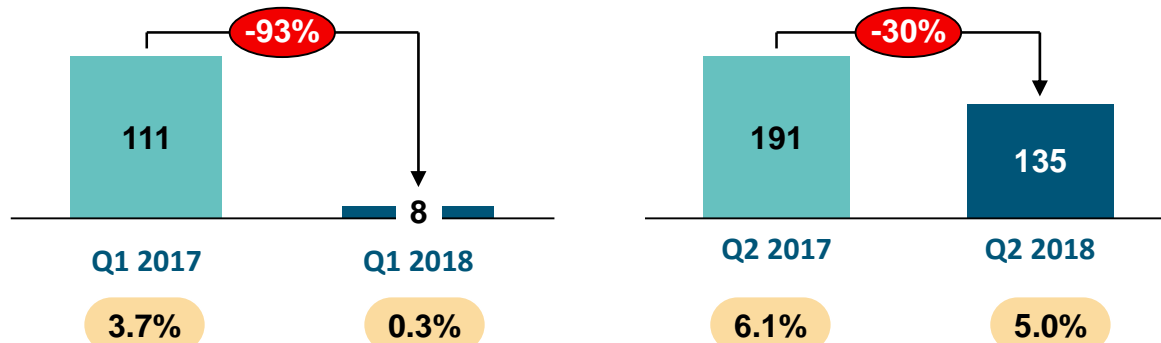
## YoY EBITDA



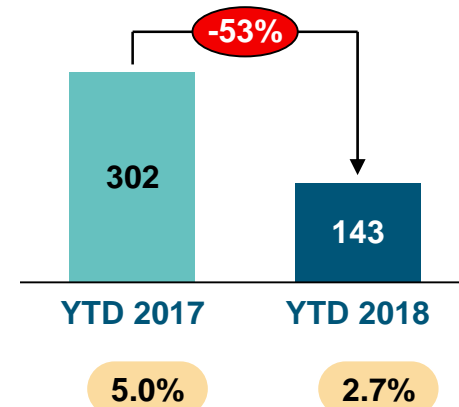
## YTD EBITDA



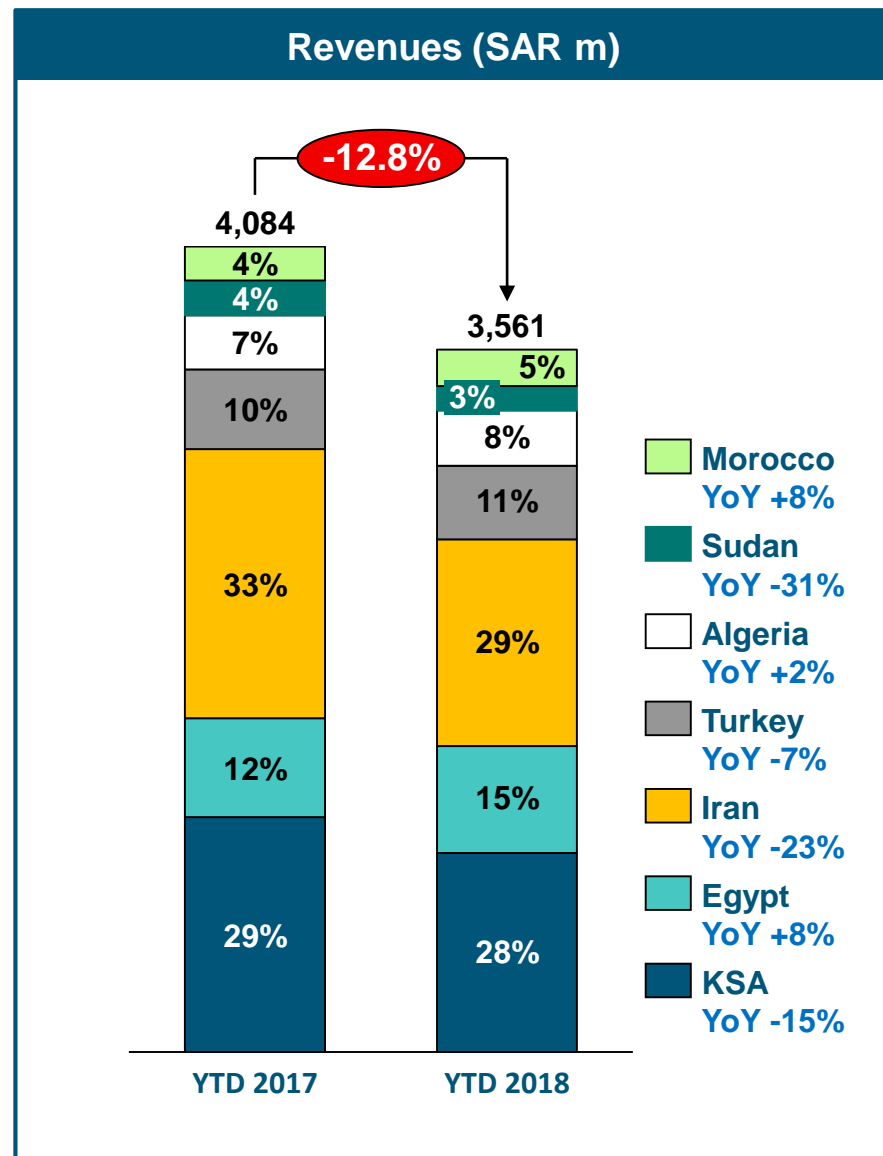
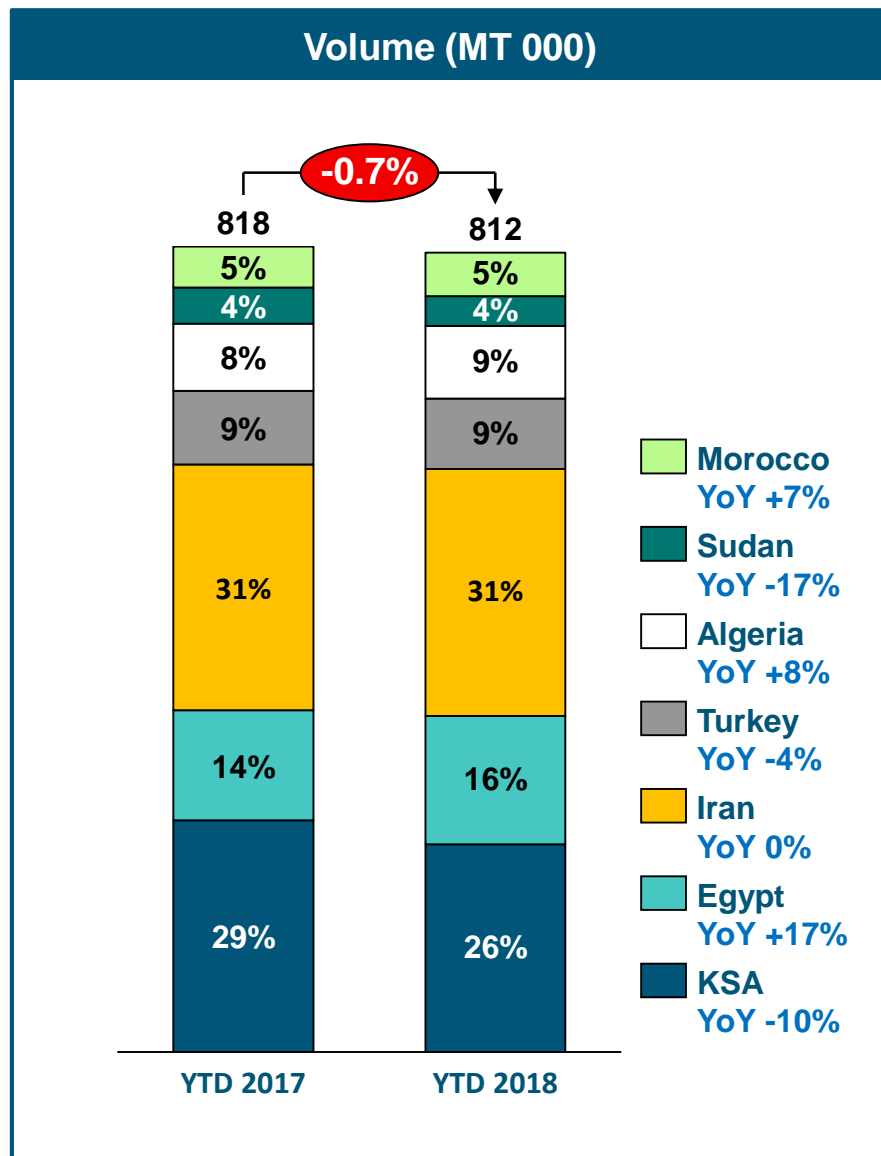
## YoY Net Profit



## YTD Net Profit

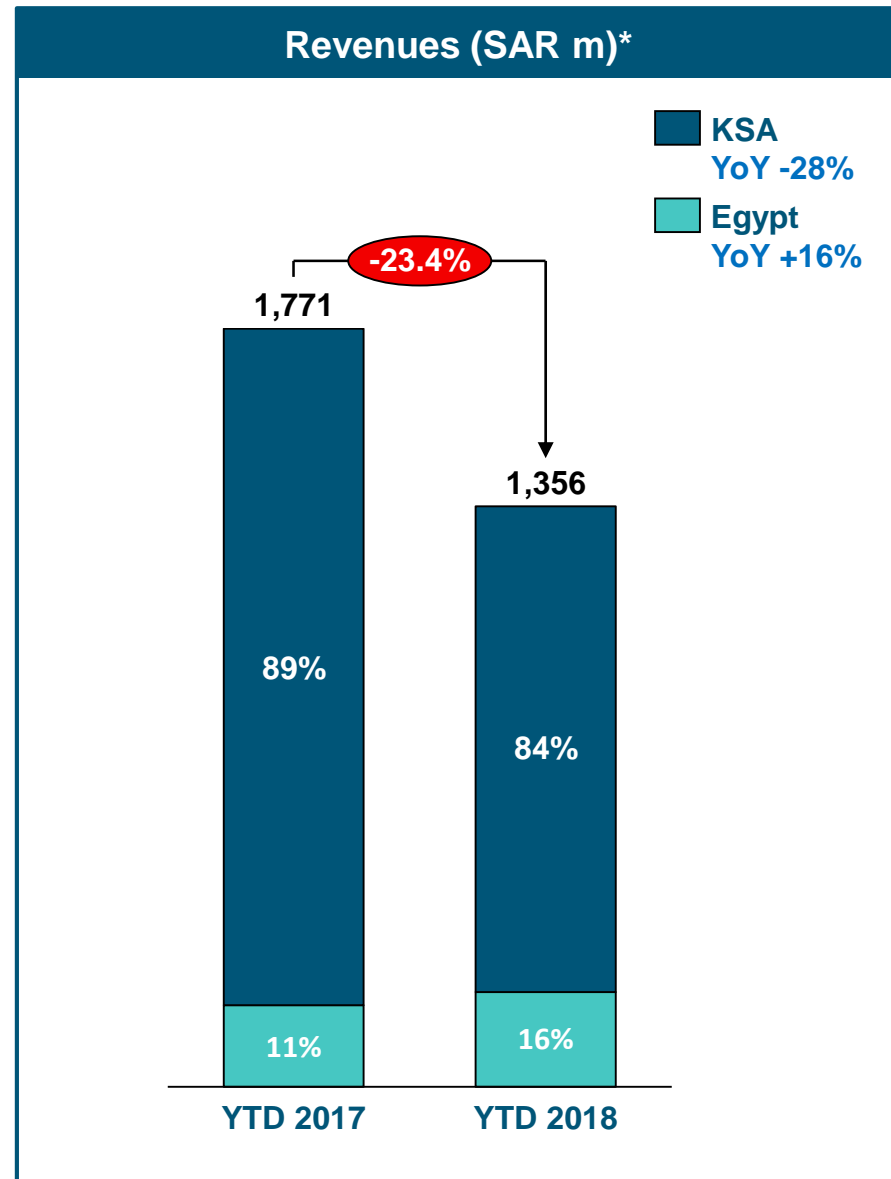
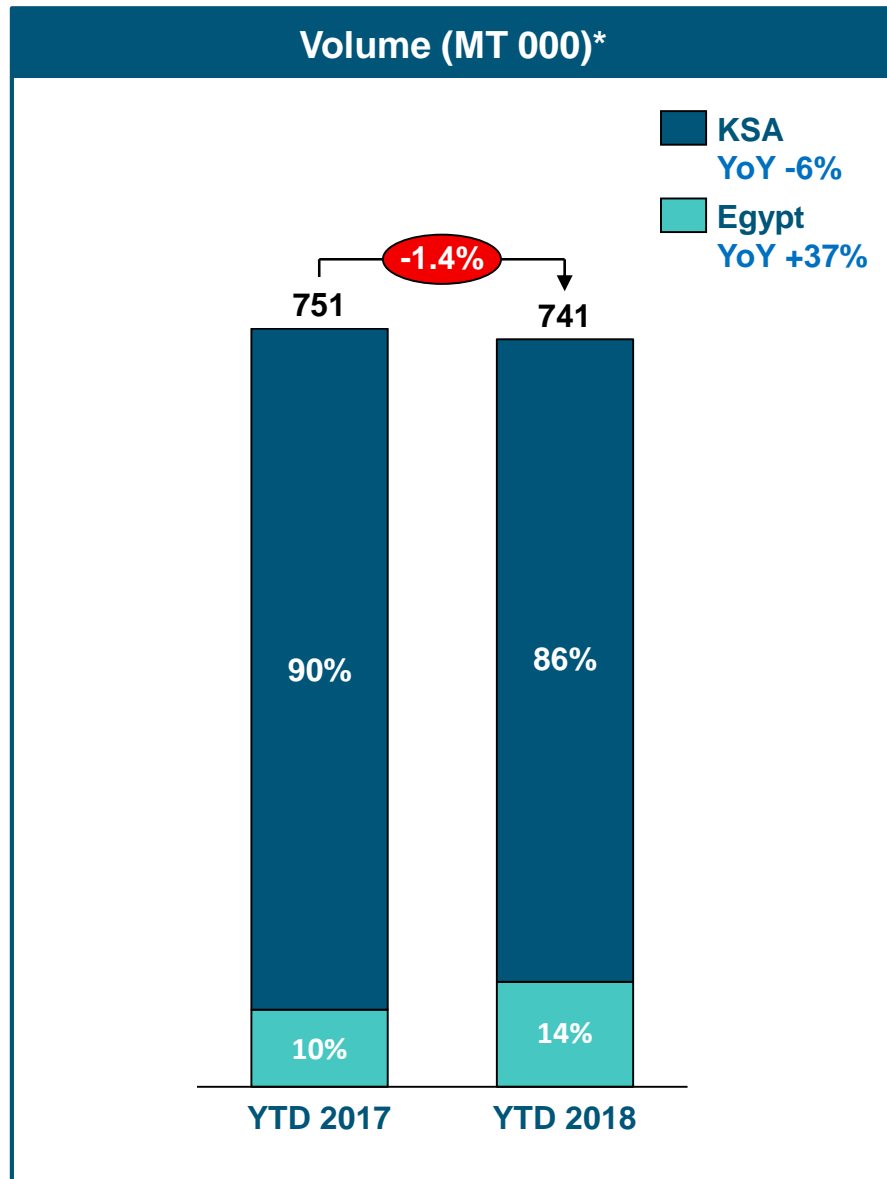


# FOODS – OIL SEGMENT ANALYSIS



Note: the above charts were adjusted to remove contribution from emerging non-oil categories and include net oil distribution volume

## FOODS – SUGAR SEGMENT ANALYSIS



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



# FINANCIAL SUMMARY



# FINANCIALS – Q2 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>Foods</b>										
Oil-Mature Markets	3,039	460	164	105	207	3,492	611	286	223	318
Oil-Start-up Markets*	588	70	29	16	35	623	67	20	9	26
Total Oil	3,627	529	193	121	242	4,115	678	305	232	344
Sugar	1,397	153	71	17	100	1,785	200	136	65	169
Pasta	253	33	13	5	21	200	27	10	5	17
<b>Total Foods</b>	<b>5,276</b>	<b>716</b>	<b>278</b>	<b>143</b>	<b>363</b>	<b>6,100</b>	<b>906</b>	<b>451</b>	<b>302</b>	<b>529</b>
<b>Retail</b>										
KSA	5,557	1,096	(396)	(425)	(145)	5,883	1,101	(417)	(447)	(163)
Overseas	49	7	(8)	(8)	(4)	123	14	(10)	57	(7)
<b>Total Retail</b>	<b>5,606</b>	<b>1,103</b>	<b>(404)</b>	<b>(434)</b>	<b>(149)</b>	<b>6,006</b>	<b>1,115</b>	<b>(427)</b>	<b>(390)</b>	<b>(170)</b>
Herfy	573	158	103	94	140	547	162	103	96	138
Real Estate	0	0	11	11	11	0	0	(33)	(33)	(33)
Al Marai-Savola Share	0	0	347	347	347	0	0	366	366	366
HQ/Elimination/Impairments	(188)	(2)	(40)	(105)	(29)	(213)	(3)	(31)	(108)	(61)
<b>Total</b>	<b>11,268</b>	<b>1,975</b>	<b>294</b>	<b>56</b>	<b>683</b>	<b>12,440</b>	<b>2,180</b>	<b>430</b>	<b>234</b>	<b>770</b>
<b>Adjustments</b>										
Gain on sale of Dar AlTamleek				(3)						
Dilution Gain on USCE									(25)	
Capital Gain on sale of Hyper Panda UAE									(62)	
Share of impairment loss from an associate									34	
<b>Adjusted Profit</b>				<b>53</b>					<b>181</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 in the foods segment