



Investor Presentation

September 2021





Agenda

Evolution of SADAFCO

Key Milestones

Shareholding Structure

Management Team

Strategy

Product Portfolio

Manufacturing Facilities

Distribution & Supply Chain Network

Financial Overview

Product Profile Analysis

Benchmarking: Regional Peers

Saudi Arabia F&B Market



Evolution of SADAFCO

Evolution of SADAFCO



Established in 1976 with the formation of Saudi Danish Dairy Company, a joint venture between Saudi businessmen (48%), Kuwaiti businessmen (48%) and Danish Turnkey Dairies (4%)

Commercial production of Ultra High Treatment (UHT) Milk at the Jeddah factory commenced in 1977

The Company acquired the Saudi Danish Dairy Company of Riyadh in 1987

Merged with Gulf Danish Dairy Company and Medina Danish Dairy Company, and formed SADAFCO in 1991

Since the early 1990's, in addition to milk-related products including ice cream, the Company has expanded its product range with the introduction of tomato paste, cheese and snacks

Since its incorporation, the Company has expanded its product range to become a significant player in the Saudi food and dairy market

The Company currently holds the highest market share in UHT milk, tomato paste carton & is the market leader in ice cream in Saudi Arabia. It also has a growing presence in the snacks market



Key Milestones

Key Milestones



1. Saudi New Zealand Milk Products Limited – a JV with Milk Products Holdings (MPH), a subsidiary of New Zealand Dairy Board (NZDB)

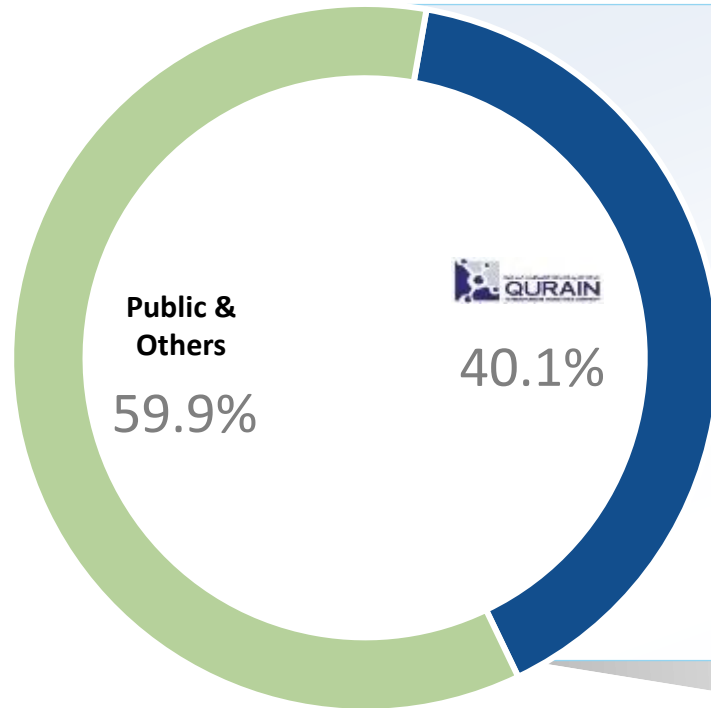


Shareholding Structure

Shareholding Structure

Shareholding

(as of 13th July 2021)



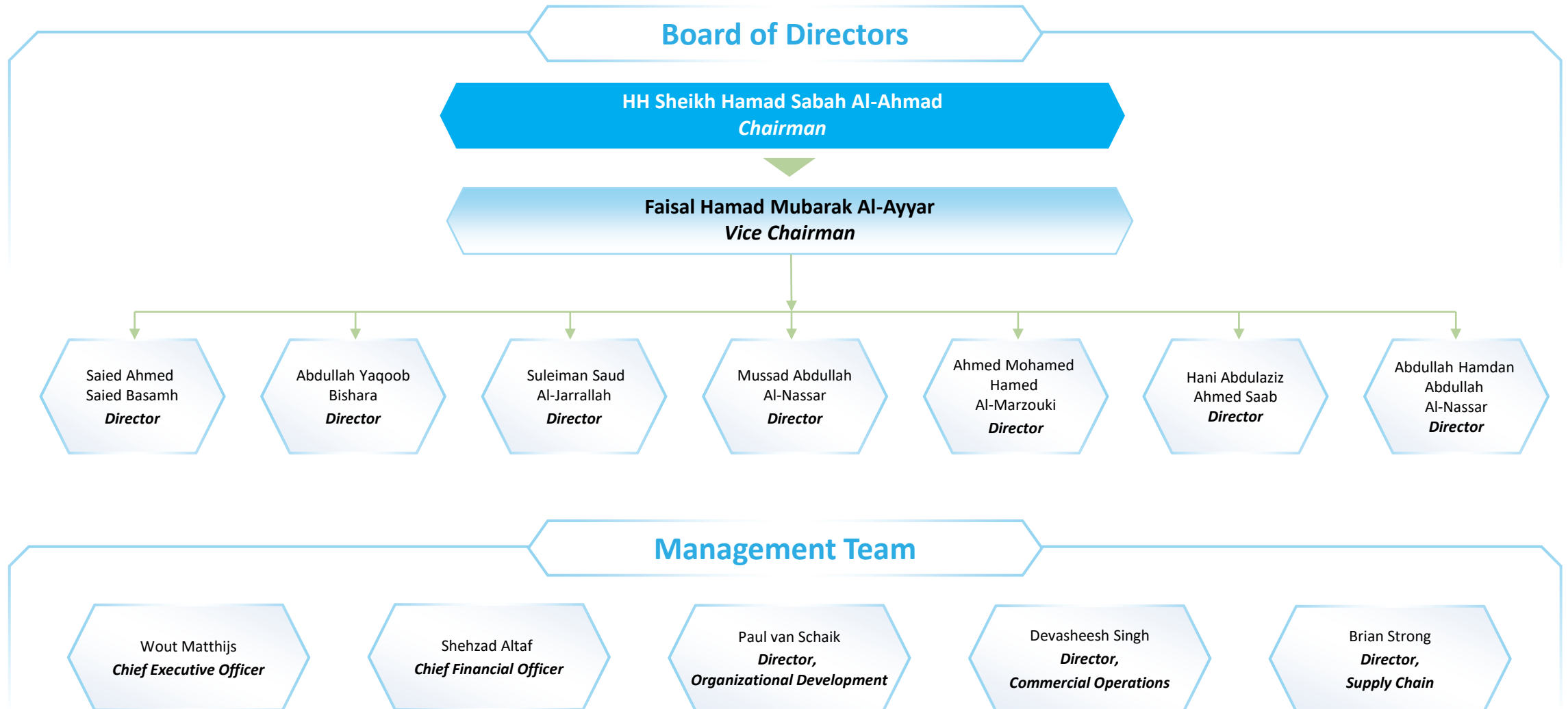
- Qurain Petrochemicals Industries (QPIC) is the largest shareholder of SADFACO
- QPIC, incorporated in 2004, is a private sector holding company in the energy, petrochemical, food and related sectors
- QPIC is an associate of KIPCO group, which is one of the biggest diversified holding companies in the Middle East and North Africa. KIPCO Group has assets of around USD 38 billion under management or control
- KIPCO and QPIC both are listed on the Kuwait Stock Exchange

Source: Tadawul Stock Exchange



Management Team

Directors and Management Team





Strategy

Our Vision, Mission & Values



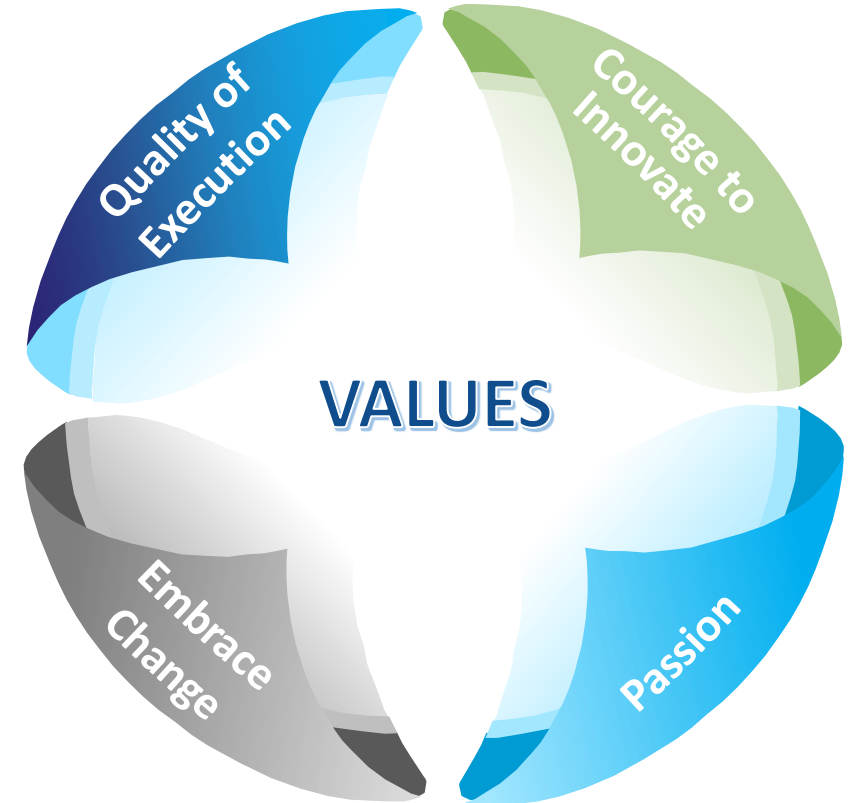
Vision

To be the Brand of Choice



Mission

To develop, produce and market a range of nutritious food propositions for consumers of all age groups and create maximum Share & Stake holder value through teamwork



SADAFCO Strategy: Recent Growth Initiatives

Upgrade of Jeddah Factory

Jeddah Milk Factory has undergone extensive improvements over last few years, increasing the capacity for long term growth



New Ice Cream Factory

Work on the **new ice cream facility** continues at pace. Frozen warehouse storage of **6,000 pallets** is already operational thereby providing key storage facility during peak season





Product Portfolio

Product Portfolio



Ice Cream



UHT Milk

- UHT Milk - Whole, Low Fat, Skimmed, Gold Milk, Functional Milk
- Flavored Milk
- Date Milk
- Milk Powder
- EVAP



Tomato Products

- Tomato Paste
- Organic Tomato Paste
- Ketchup
- Fiery Ketchup



Cheese Products

- Feta Cheese
- Processed Cheese – Triangles



Snacks (Crispy)



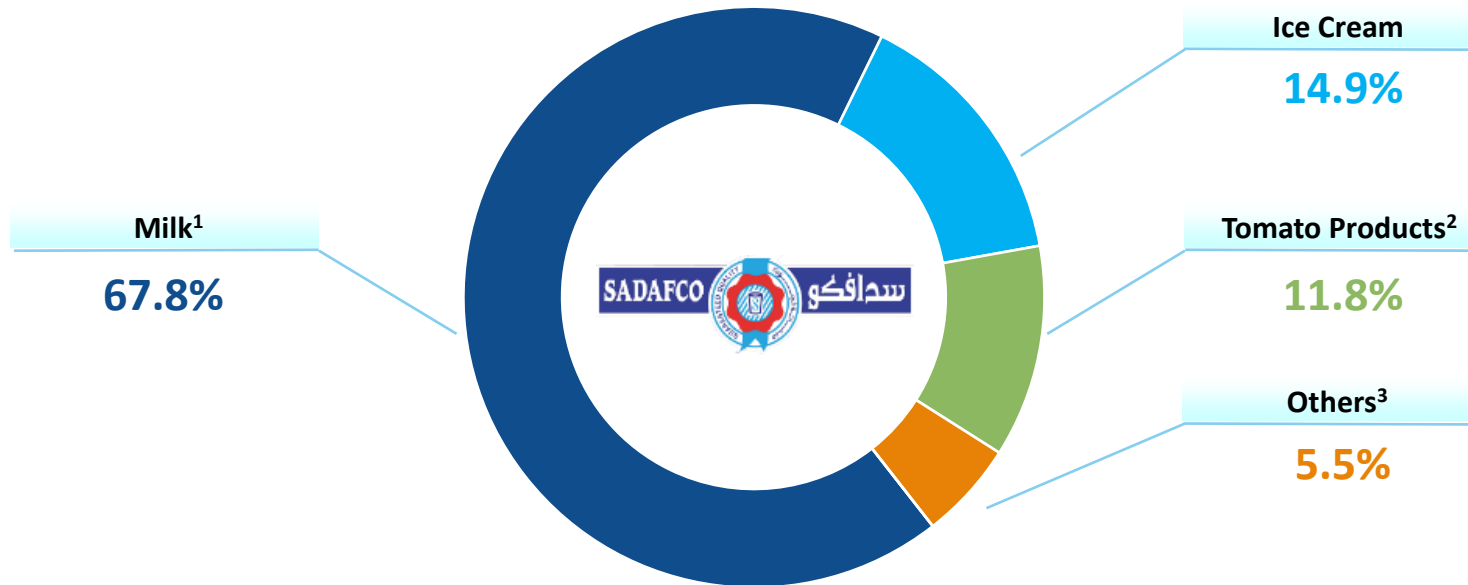
Other Products

- Butter
- French Fries
- Laban Fruit Drink
- Cream (Thick & Sterilized)
- Soy Drink
- Water (Still & Flavored)
- Treato (Drinkable Snacks)



Product Portfolio: Contribution in 2020/21

Net Sales* Contribution By Category



- Milk is the largest contributor to company's Net Sales (67.8% share)
- SADFACO has the highest market share in KSA's Plain UHT milk market of 61.9% as of March'21 (MAT)
- Ice Cream contributes 14.9% and Tomato products contribute 11.8% to Net Sales

Note: * SADFACO (without Mlekoma) figures

¹ Milk includes Plain Milk, Flavored Milk, Junior, Milk Powder, EVAP, Cream and Laban Fruit Drink

² Tomato Products include Tomato Paste and Ketchup

³ Others include Snacks, Cheese, French Fries, Butter, Drinks etc

Key Products: SADAFCO Market Share

Key Categories



Plain Milk#

#Includes Fresh and UHT Plain Milk



Plain UHT Milk



Tomato Paste



Ice Cream

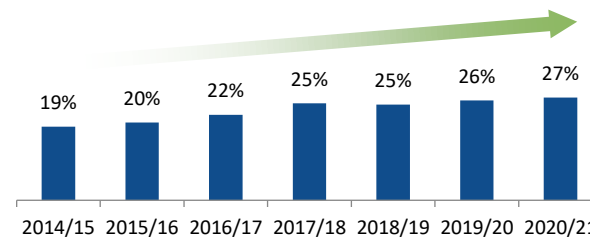
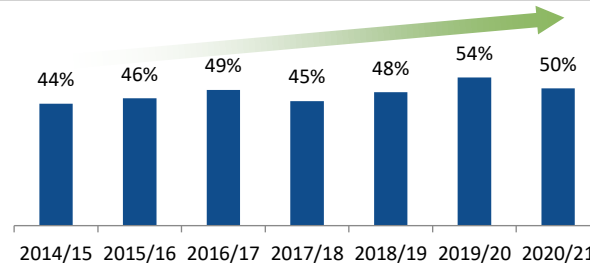
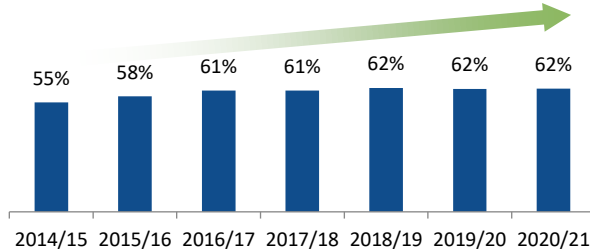
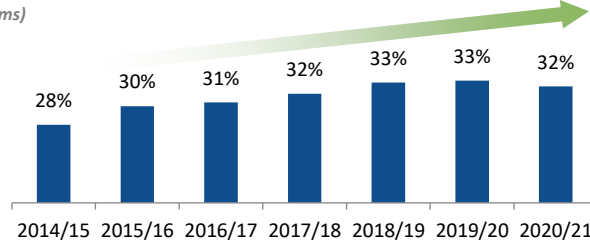
Source: Nielsen Data

*Market Share Nielsen Data March'21

**part of IFFCO group

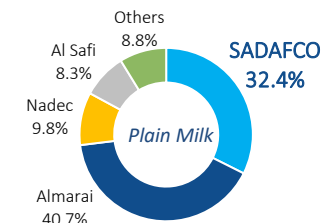
Evolution of SADAFCO's Market Share

(in Value terms)



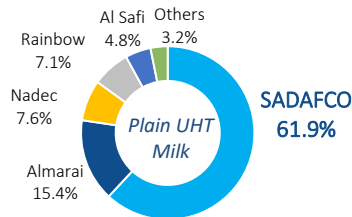
Market Shares (March' 21*)

(in Value terms)



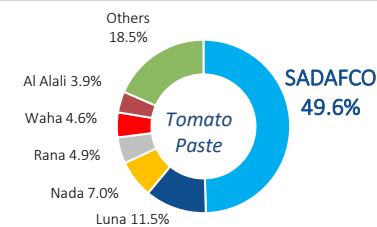
Current Market Share MAT*

32.4%



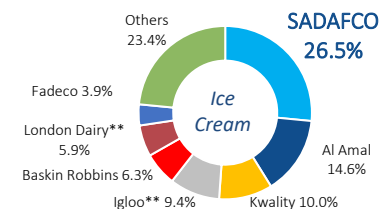
Current Market Share MAT*

61.9%



Current Market Share MAT*

49.6%



Current Market Share MAT*

26.5%



Manufacturing Facilities

Manufacturing Facilities

	Jeddah Factory	Jeddah Ice Cream Factory	Dammam Factory
Establishment	1976	2004	1980 Suspended 2006 2012 Re-opened
Area	21,713 m ²	7,608 m ²	22,500 m ²
Production Capacity	496,585 MT	46,240 MT	73,000 MT
Product Line	Liquid Dairy Products	Ice Cream, Cone Wafers, Sandwich Biscuits	Snacks, Tomato Paste, Feta Cheese, Flavored Water
Staff	223 (157 Permanent, 66 casual)	190 (109 Permanent [of which 35 females], 81 casuals)	215 (137 Permanent [of which 62 females], 78 casuals)



Distribution & Supply Chain Network

Supply Chain Facilities



JCW - Jeddah Central
Warehouse

Establishment

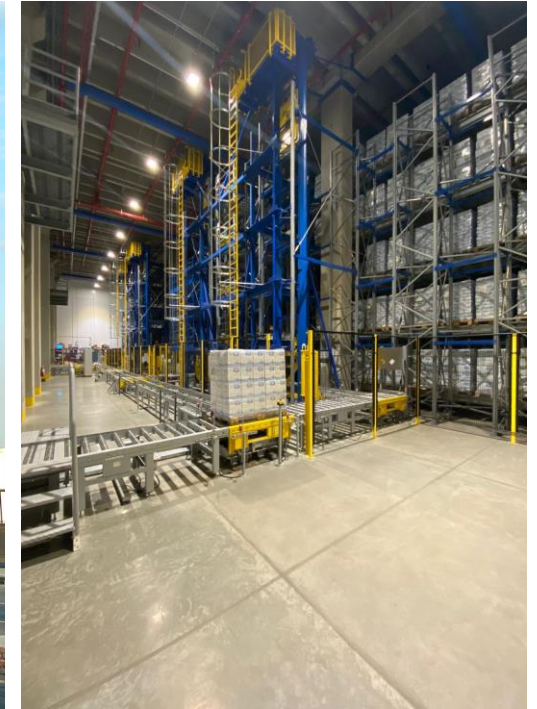
Fully operational in
Q1 - 2019

Finished
Goods

16,500 pallets

Raw Materials
& Packaging

25,900 pallets



Distribution Network (Frozen & Ambient)

- From the factories in Jeddah and Dammam, finished products are dispatched to the Jeddah Central Warehouse (JCW) and (from where) the products are transported to 23 distribution warehouses in Saudi Arabia, Gulf and Jordan
- Distribution centres have ambient & frozen storage infrastructure along with requisite transportation and distribution facilities
- SADAFCO operates 600+ routes delivering to a regional retail network of 35K+ outlets across the Arabian peninsula, monitored via hand held technology

SADAFCO Distribution Network – List of Distribution Depots



 Distribution Warehouses in Saudi Arabia and the Gulf

Established Distribution Network - Fleet

Distribution

More than 60 trailers are transporting finished goods and raw materials from factories to warehouses which are further supported by a fleet of 750+ sales trucks covering 600+ routes

Over the course of year 2020/21, SADAFCO has transported over 53 million cases of finished goods from the factories and the RDC's to the depots travelling in excess of 37 million kms using its primary and secondary fleet. These vehicles are tracked through advanced telematics that facilitate instant fleet location, product protection, temperature monitoring and route optimization

In order to enhance the distribution efficiency, SADAFCO has added 37 vehicles to its sales fleet in 2020/21. Further, SADAFCO has enhanced use of technology to optimize routes, ensuring that Mobile Sales automation assists in meeting coverage of all stores with the right level of replenishment



Strong Retail Presence

Distribution Format

- ▶ Sales & Distribution team at SADAFCO ensured efficient distribution and right level of availability of the entire product portfolio across all trade channels resulting in strong growth
- ▶ Traditional trade & wholesalers continued to dominate with organised formats gaining greater importance. Modern trade also continues to grow due to store expansion. Further, SADAFCO's OOH channel also grew during the year

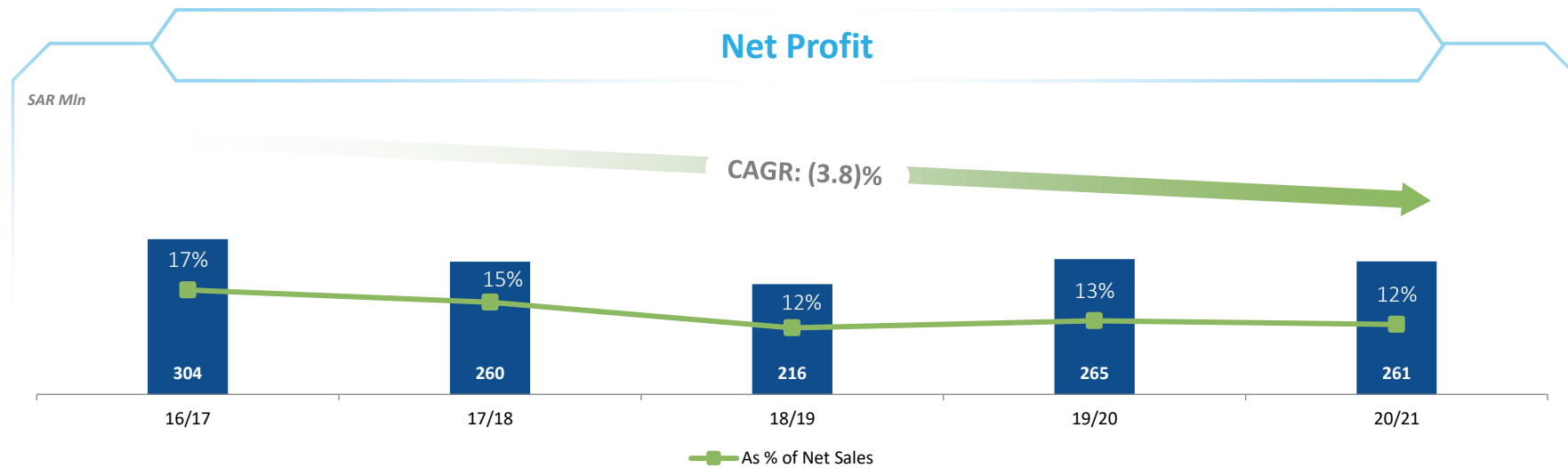
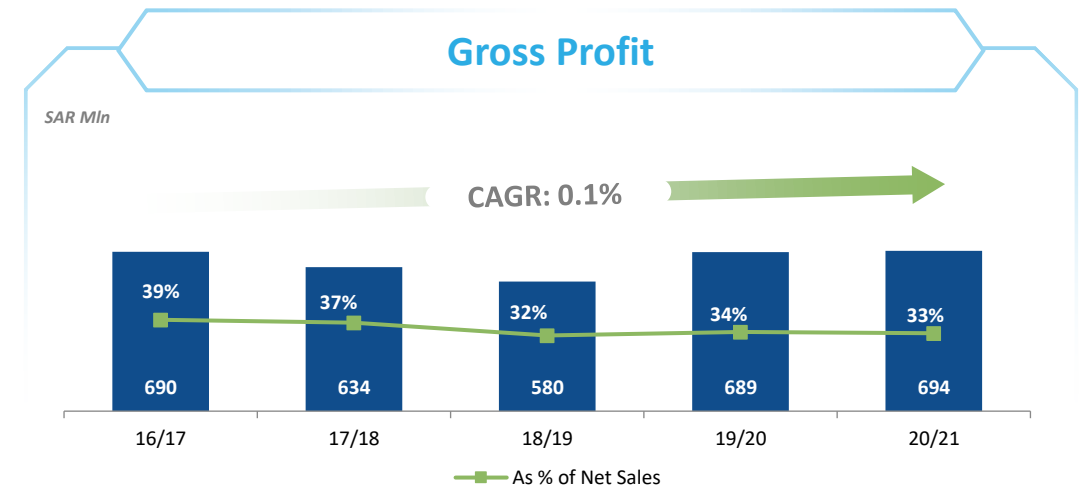
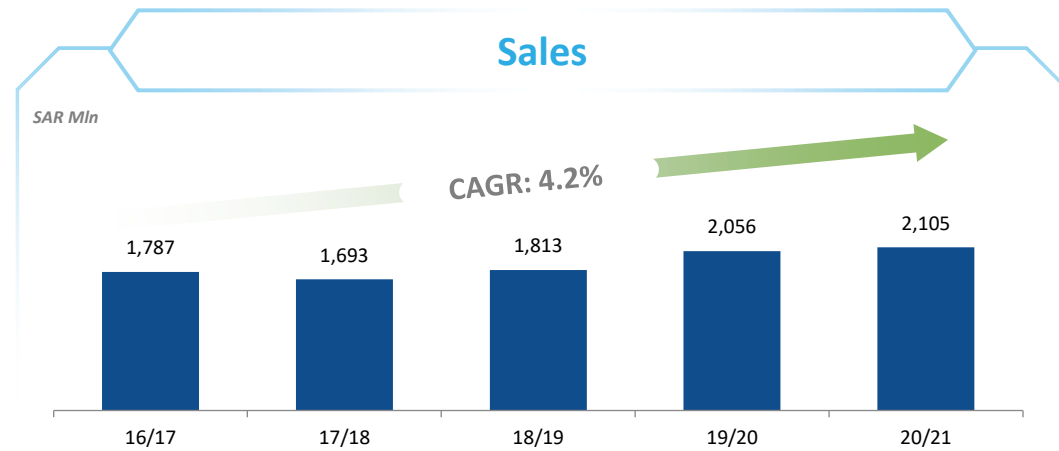


Strong regional retail network of over 35,000 outlets across Arabian peninsula has helped SADAFCO in improving visibility and shopper communication in stores



Financial Overview

Sales & Profitability

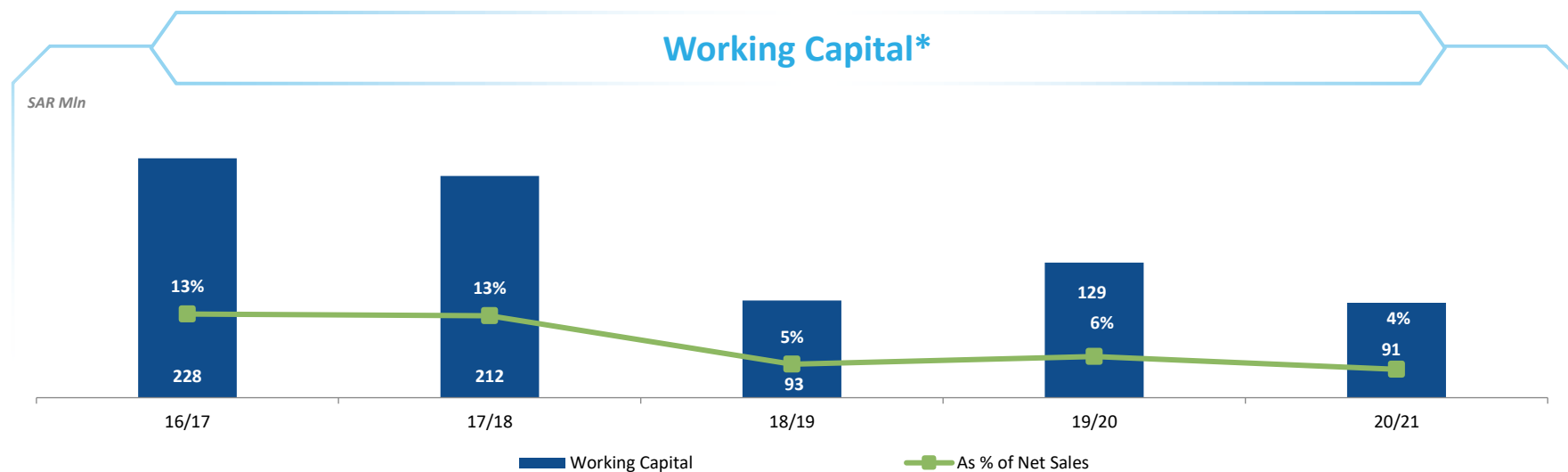
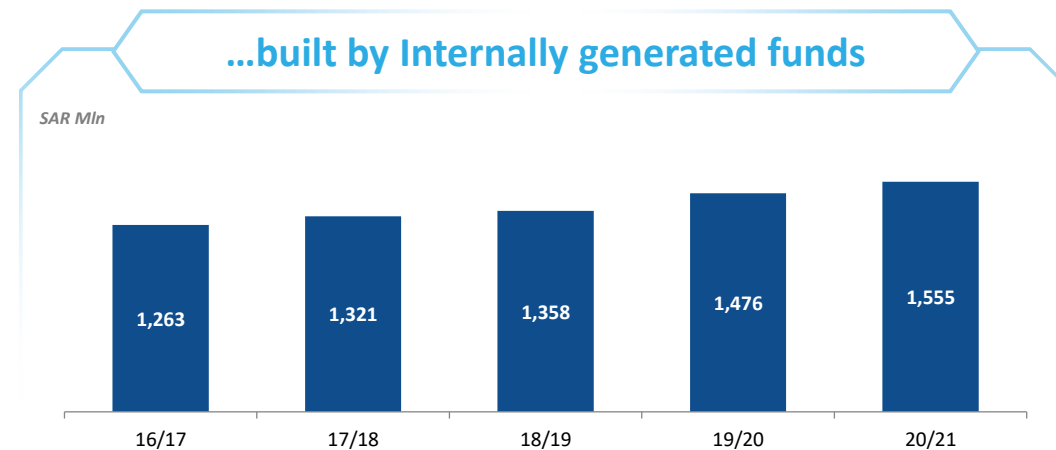
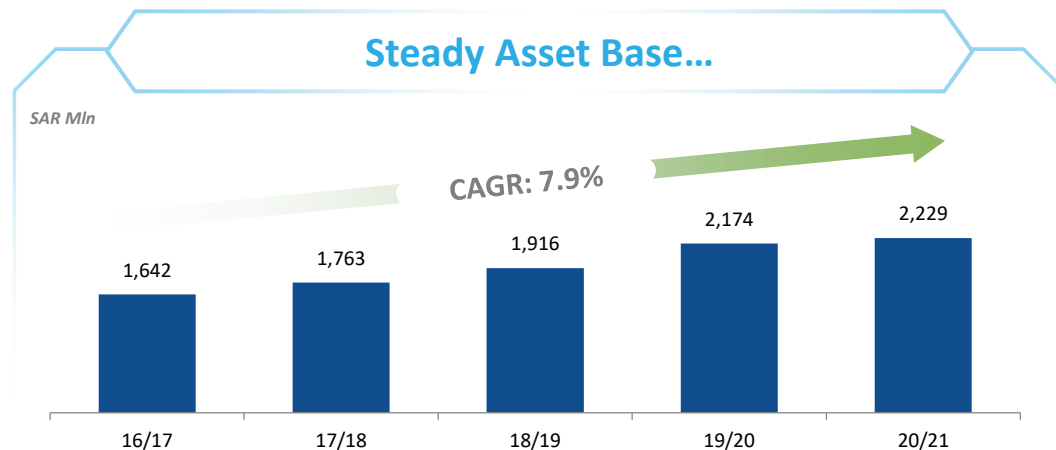


Note: *Working Capital calculated as Current Assets net of Current Liabilities.

Current Assets: Accounts receivable + Inventories + Deposits, prepayments & other current assets

Current Liabilities: Accounts payable + Due to related parties + Accrued zakat + Dividend payable + Accruals & other current liabilities

Balance Sheet

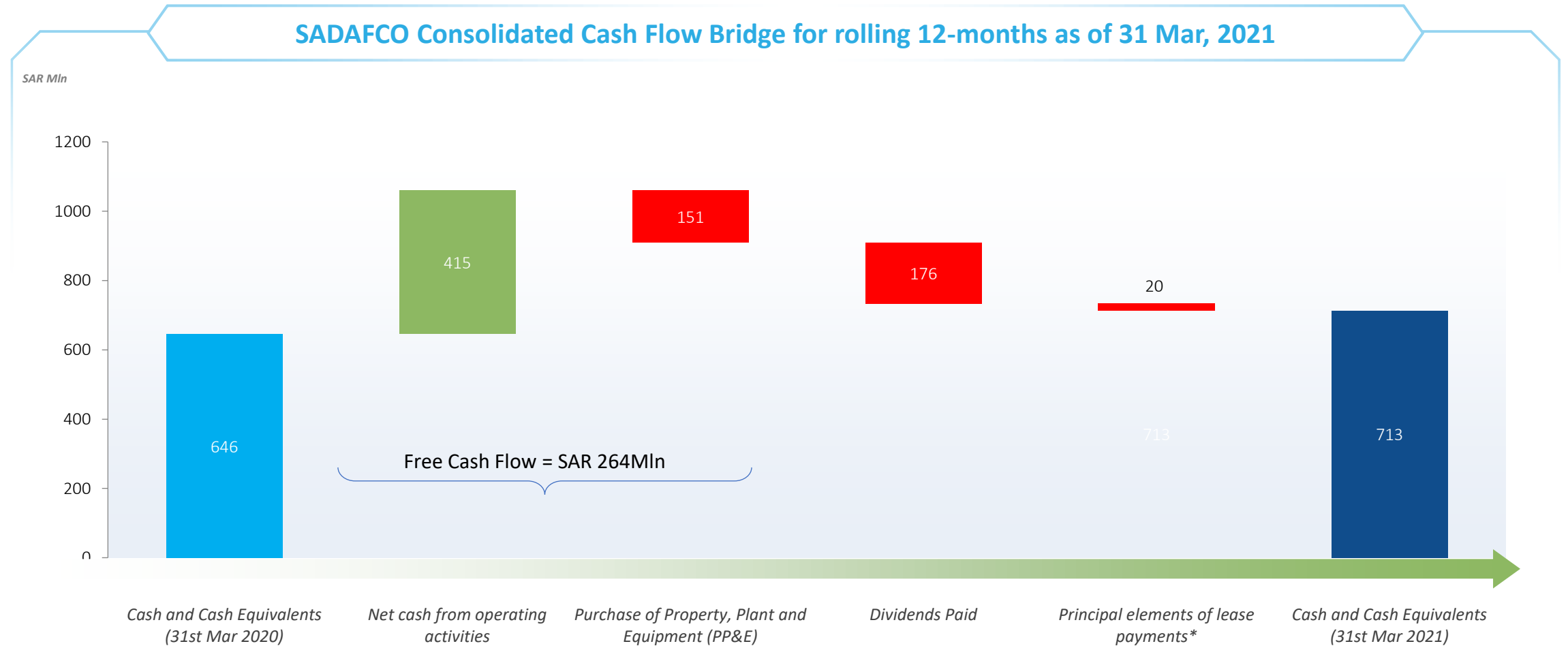


Note: *Working Capital calculated as Current Assets net of Current Liabilities.

Current Assets: Accounts receivable + Inventories + Deposits, prepayments & other current assets

Current Liabilities: Accounts payable + Due to related parties + Accrued zakat + Dividend payable + Accruals & other current liabilities

Cash Flow Summary

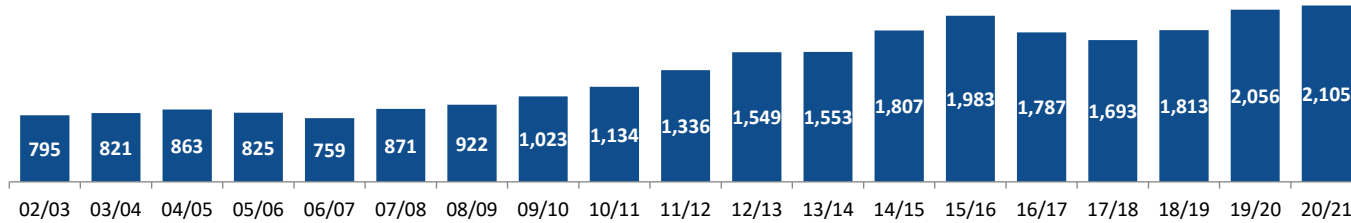


*Note: Includes Effect of exchange rate fluctuations on cash and cash equivalents

Historical Trends

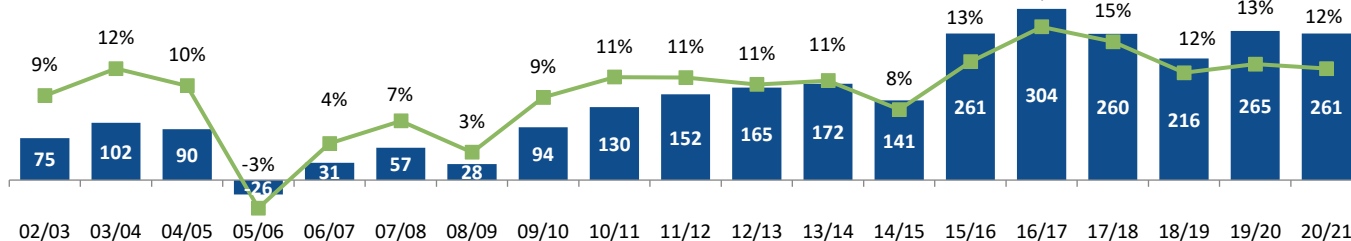
Revenue

SAR Mln



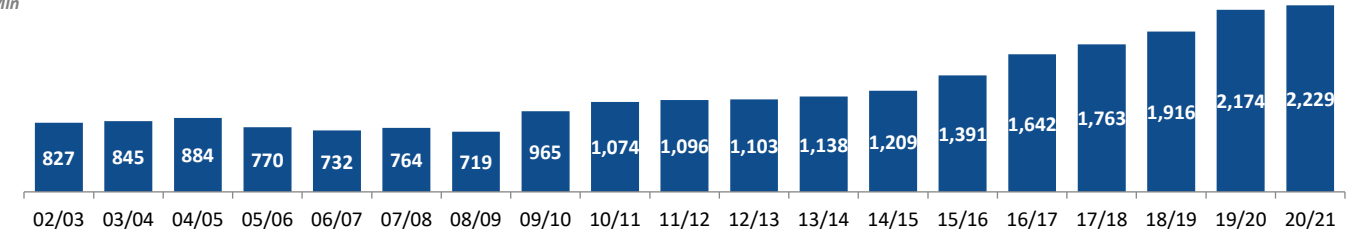
Net Income & Margin

SAR Mln



Total Assets

SAR Mln



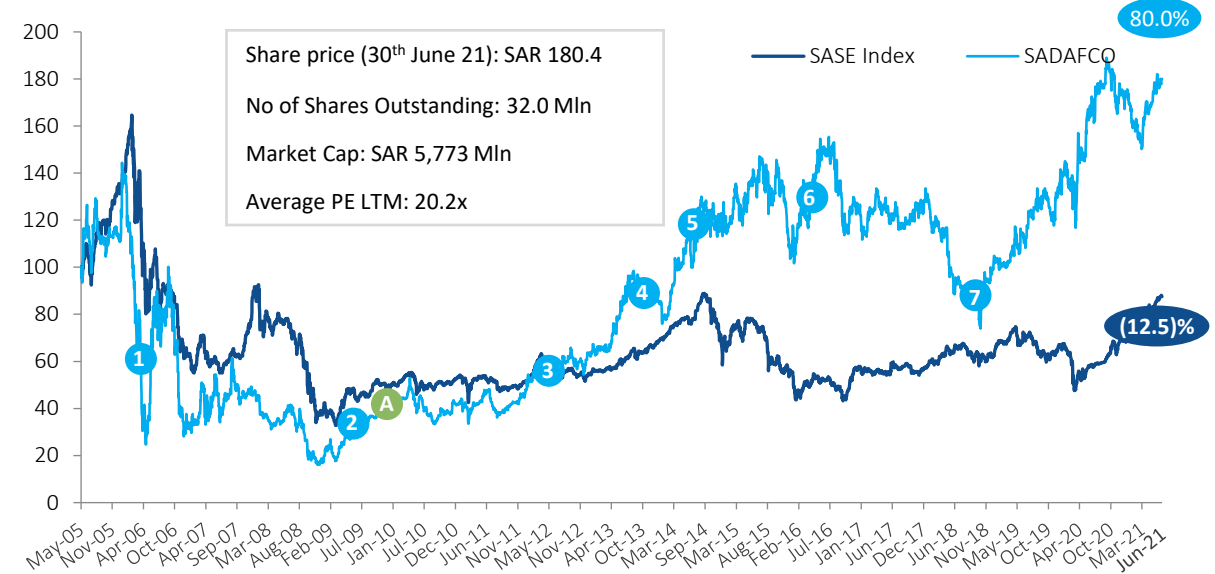
Source: 2002/03-2004/05: SADAFCO Prospectus; 2005/06-2019/20: SADAFCO Annual FS; Numbers from 2016/17 are adjusted for IFRS

SADAFCO has shown consistent growth in its revenues and margins. Continuous efforts have led to strengthening of our financial position

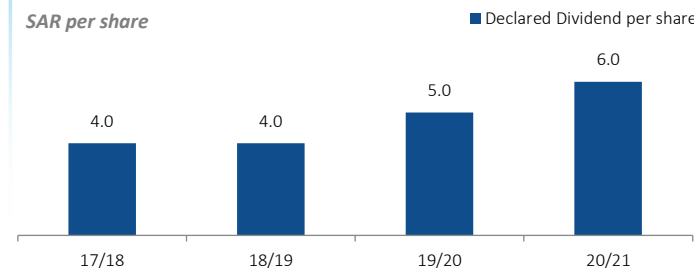
Share Price Performance Since IPO

Annotations

- April, 2006** 1 5 for 1 stock split for all companies was applied. Nominal value per share became SAR10 instead of SAR50
- June, 2009** 2 Management expected 200% increase in Q1'10 net profit as compared to Q4'09
- May, 2012** 3 Announced partial reopening of its Dammam factory
- Oct, 2013** 4 QPIC purchased 29% stake of SADAFCO from UIC
- Jul, 2014** 5 QPIC purchased another 11% stake in SADAFCO from UIC; increasing QPIC's total stake to 40%
- Apr, 2016** 6 Announced 84% increase in Y-o-Y net profit for FY2015/16
- Nov, 2018** 7 Announced buyback of up to 10% of its shares
- Dec, 2009** A Decided to sell 51% stake in Saudi New Zealand Dairy products. (Deal value: USD32.7Mln)



Consistently Higher Dividends



**Compounded
Annual Return[#]
of **17.3%**
over the last 10 years**

Source: Tadawul, Bloomberg

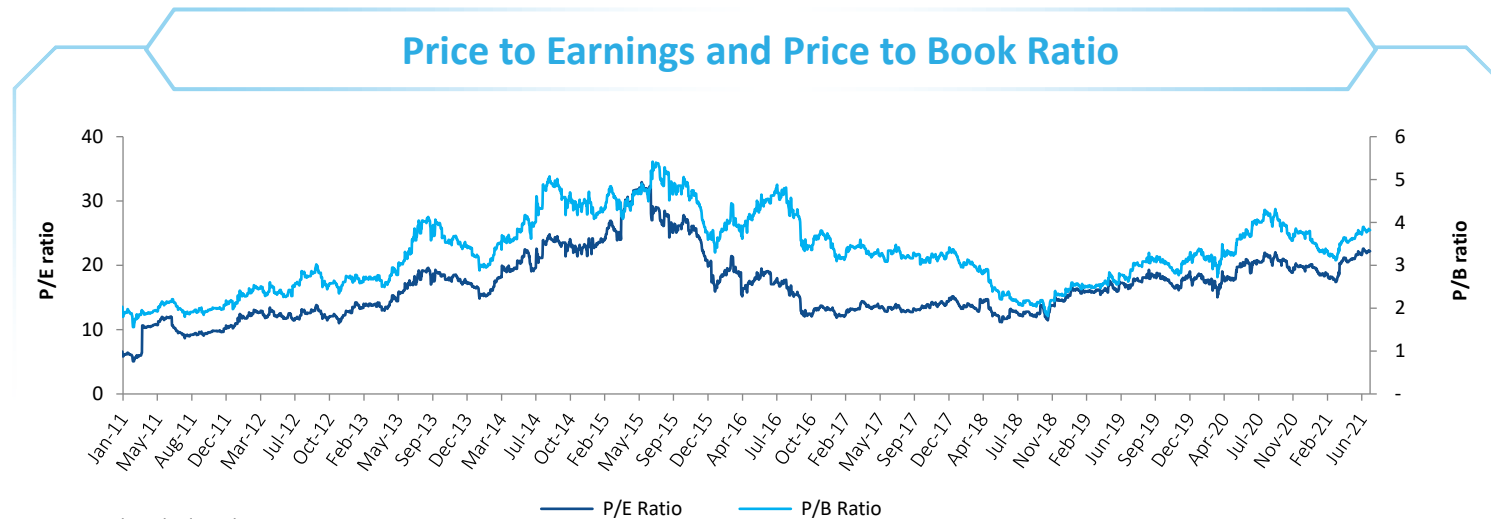
Note: Price rebased to 100 for SADAFCO and SASE Index on 23May'05

Note: [#]Annualized Return calculated as sum of share price appreciation/depreciation and dividends paid during the period ending 30th June 2021, assuming no reinvestment of dividends

Market Performance



SADAFCO's market cap has grown at a CAGR of **17.3%*** over the last 10 years



SADAFCO's **P/E** and **P/B** ratio has been in the range of **11-23x** and **2-4x** respectively during the last three years

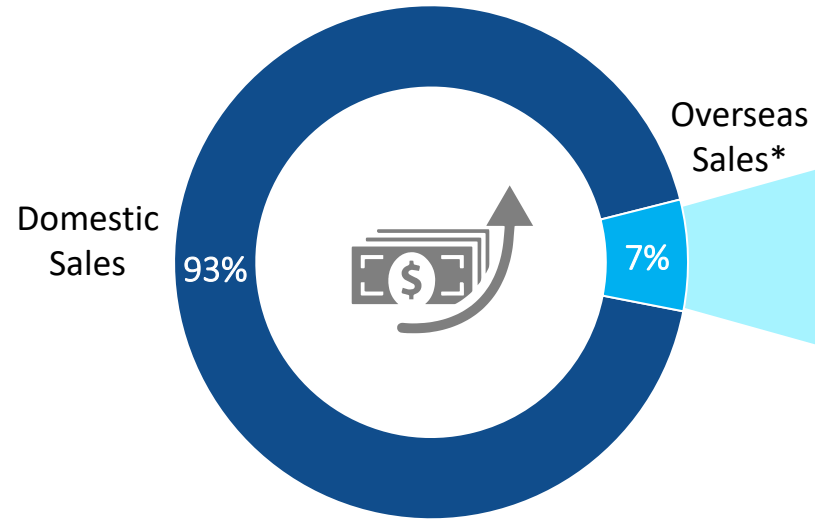
Source: Tadawul, Bloomberg

Note: *Annualized Return calculated as sum of share price appreciation/depreciation and dividends paid during the period ending 30th June 2021, assuming no reinvestment of dividends

Complemented by Exports

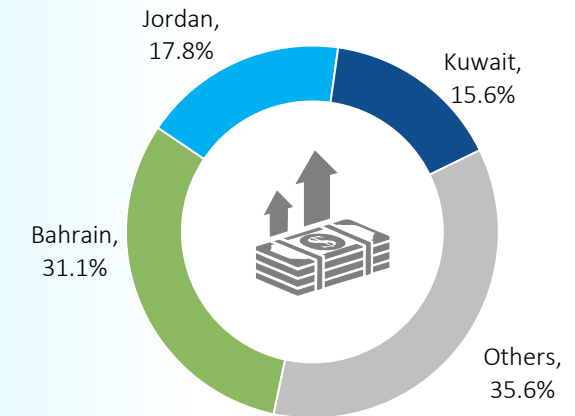
SADAFCO's Revenue Breakdown

(2020/21)



SADAFCO's Overseas Sales Breakdown

(2020/21)



■ SADAFCO continues to diversify geographically – currently 7%* of SADAFCO's sales are outside KSA

■ The key markets outside KSA are Bahrain, Jordan and Kuwait

**Does not include revenue of SADAFCO Poland*



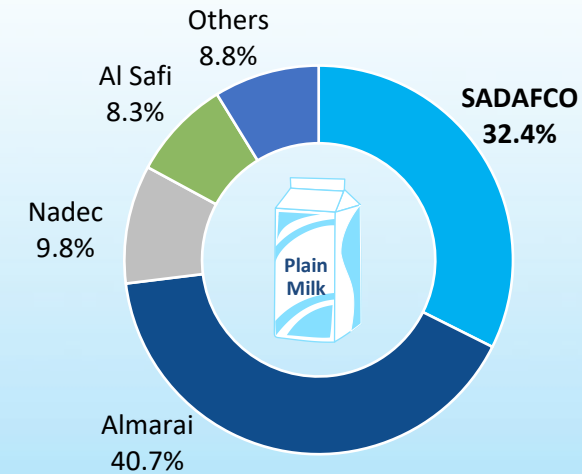
Product Profile Analysis

Plain Milk Overview

- SADAFCO's Plain milk product category comprises of items like whole milk, low-fat milk, skimmed milk, gold milk, junior milk and functional Milk
- SADAFCO commenced operations with the production of UHT (Ultra High Temperature pasteurized) Milk in 1977
- SADAFCO introduced two categories of low-fat Functional Milk: Calcium Enriched, and Cholesterol Reducing Plant Sterols
- These products are marketed under the flagship brand "SAUDIA"

Market Position

(March'21*)



*Nielsen Retail Audit



Plain Milk Overview ...Cont'd

Product Pricing

Premium Pricing Advantage

Product		Package	Price (SAR)
		1x12 Ctn	58.49
		1x12 Ctn	47.25
		1x12 Ctn	53.28
		1x12 Ctn	67.63

Source: Company Sources, prices mentioned are average of the period Apr20-Mar21

1

The company's products command a significant premium vis-à-vis other players in the market

2

SADAFECO has a strong brand due to which it has been able to maintain premium pricing of products , despite increased competition from global and local players

Product Innovation

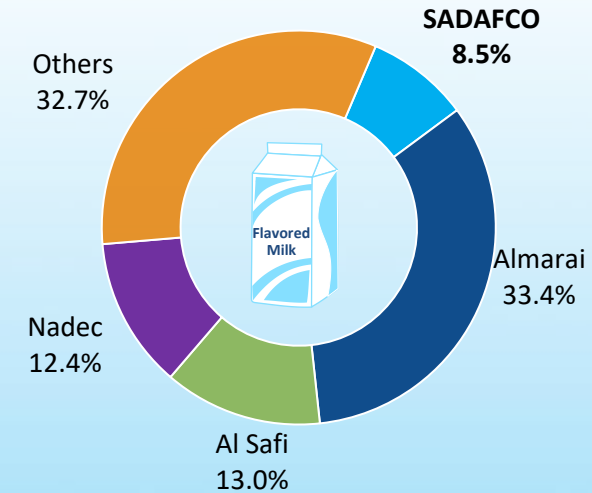
- Sales growth in milk through product innovation and increased focus on quality
- SADAFECO launched calcium enriched and cholesterol lowering functional milks to cater the health-conscious consumers who want to enjoy happy and healthy lifestyle.

Flavored UHT Milk Overview

- SADFACO expanded its product range of milk in 2004 with the launch of flavored UHT milk. Date milk was launched in 2016
- Flavored UHT milk is offered in 4 choices – Banana and Strawberry are available in 200ml packs while Chocolate milk and Date milk in 200ml and 1-liter packs.
- These products are marketed under the flagship "SAUDIA" brand

Market Position

(March'21*)



*Nielsen Retail Audit



Milk Powder Overview

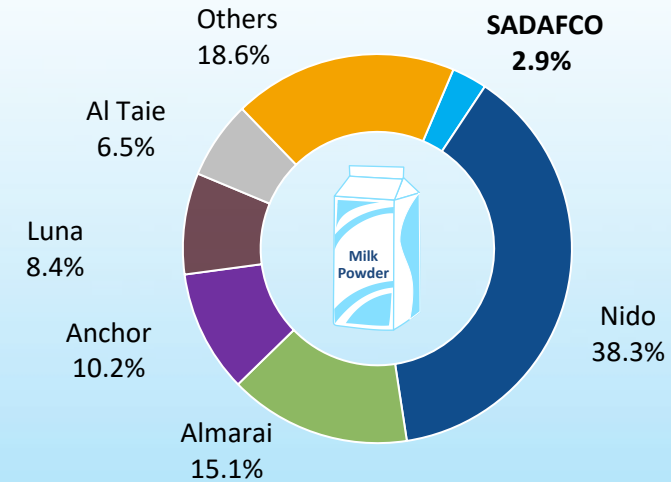
- SADFACO launched instant milk powder in 2009
- IMP products are marketed under the "SAUDIA" brand
- SADFACO's key competitor brands for milk powder products are Nido, Almarai and Anchor

Pouch	Tin	Tin	Tin
800g	1.8Kg	900g	2.5Kg



Market Position

(March'21*)



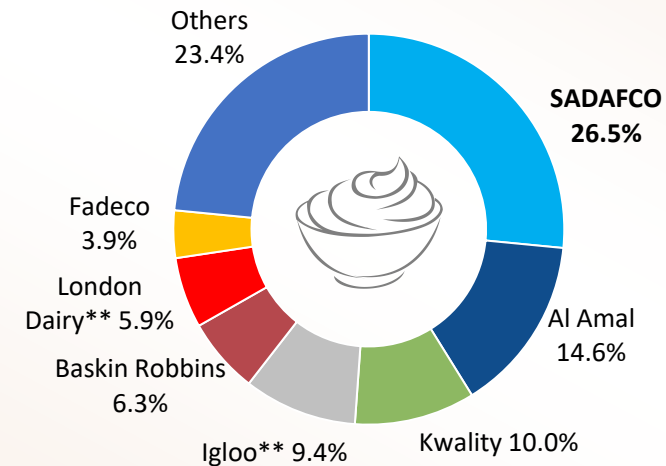
*Nielsen Retail Audit

Ice Cream Overview

- Ice cream product line was launched in 1979
- Over the years, SADAFCO has launched variety of new products to establish itself and increase sales in this segment
- Ice creams are available in tubs, cones, push-ups, sandwich, cups, bars and sticks
- These products are marketed under 'SAUDIA' and 'BABOO' brands

Market Position

(March'21*)



*Nielsen Retail Audit;

**part of IFFCO group

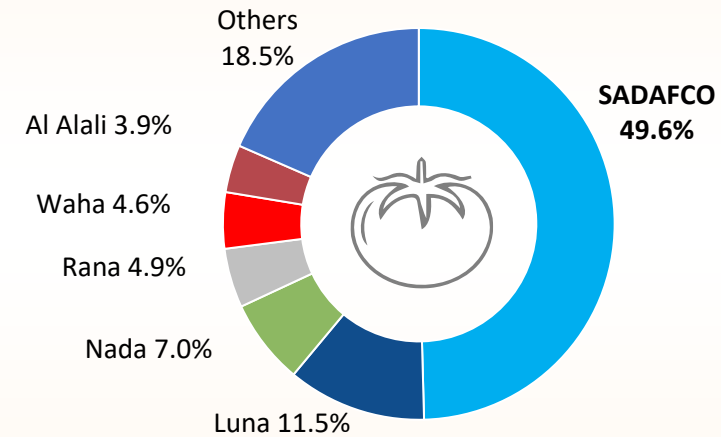


Tomato Products Overview

- Tomato Products include Tomato Paste and Tomato Ketchup
- SADFACO was the first company in Saudi Arabia to launch tomato paste in Tetra Pak in 1989
- The range was further expanded with the introduction of tomato ketchup in 2008
- These products are marketed under the "SAUDIA" brand

Market Position

(March'21*)



*Nielsen Retail Audit



SKUs

- 135g packs
- 70g Pouches

Tomato Paste



SKUs

- Organic
- 135g packs
- 70g Pouches

Organic Tomato Paste



SKUs

- 340g glass bottles
- 510g and 825g plastic & squeeze bottles

Tomato Ketchup



SKUs

- 510g plastic & squeeze bottle

Fiery Ketchup



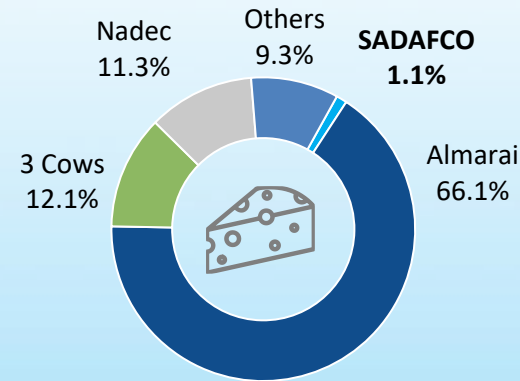
Cheese Products Overview

- SADAFCO launched cheese product line in 1991
- Range of products include Feta cheese, Feta Tubs and Triangles
- The company is a leading domestic producer of bulk feta cheese sub-segment
- These products are marketed under the "SAUDIA" brand

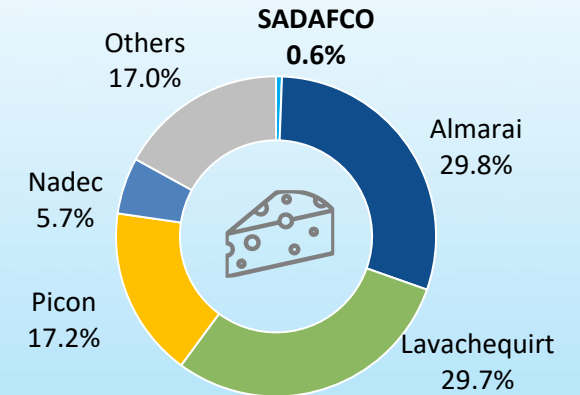


Market Position

(Feta Cheese March'21*)



(Triangle Cheese March'21*)



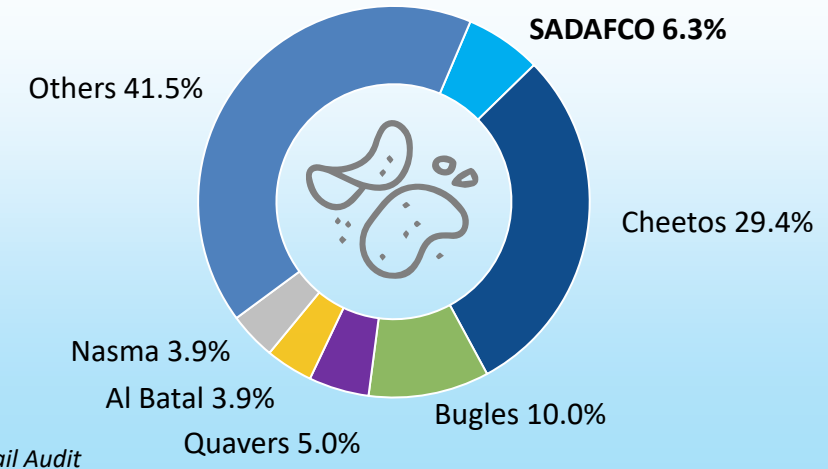
*Nielsen Retail Audit

Snacks Overview

- SDAFCO entered the snacks market in 1995, by acquiring Sara Snacks factory
- The Snacks range consist of two well known formats: Crispy Rings and Letters, each of these are offered in individual and family size
- Crispy's key competitors in the extruded snacks segment are Cheetos, Al Batal and Marami

Market Position

(March'21*)



80g size

11g, 23g
and
80g size

11g, 23g
and 80g
size

12g, 23g
and
90g size



Snacks (Crispy)

Other Products

- SADAFCO also offers range of other products including butter, french fries, still & flavored water, EVAP, cream etc.
- Most of these products are sold under 'SAUDIA' brand
- New products included in this category are expected to contribute to the growth of the company with the company having plans to widen its product portfolio through constant product innovation



Cream

Launch

2007

SKUs

200 ml pack
and 155g tins



French Fries

Launch

2010

SKUs

1kg and
2.5kg packs



EVAP

Launch

2013

SKUs

200 ml and
500 ml



Treato

Launch

2021

SKUs

200 ml



Butter

Launch

2010

SKUs

100g



Low Sodium Water

Launch

2020

SKUs

330 ml
600 ml



Flavored Water

Launch

2018

SKUs

500 ml



Laban Fruit Drink

Launch

2017

SKUs

200 ml



Soy Drink

Launch

2016

SKUs

1-liter

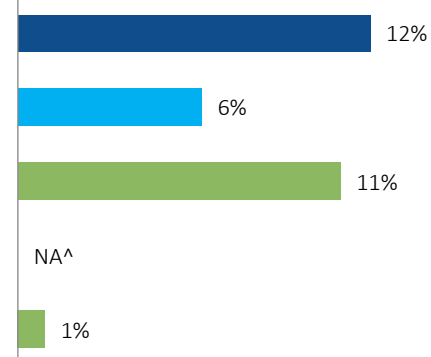


Benchmarking: Regional Peers

Return to Investors and Financial Strength

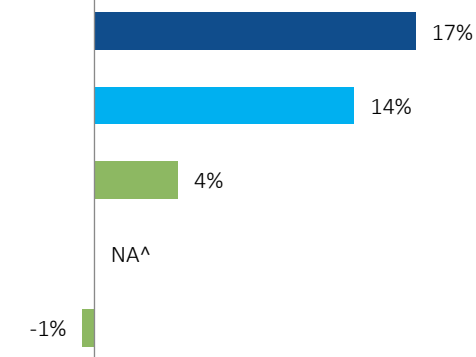
ROA

(12-Mo ending 31st Mar, 2021)



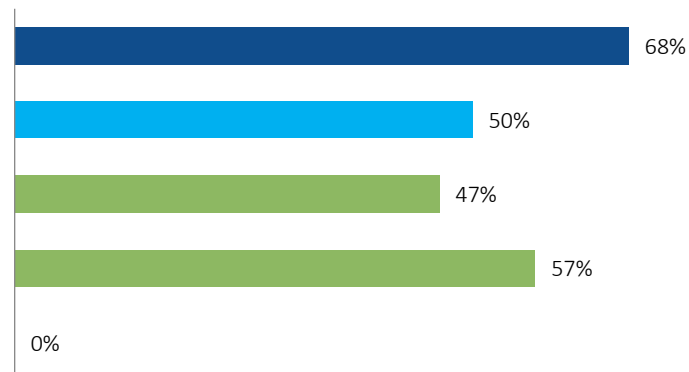
ROE

(12-Mo ending 31st Mar, 2021)



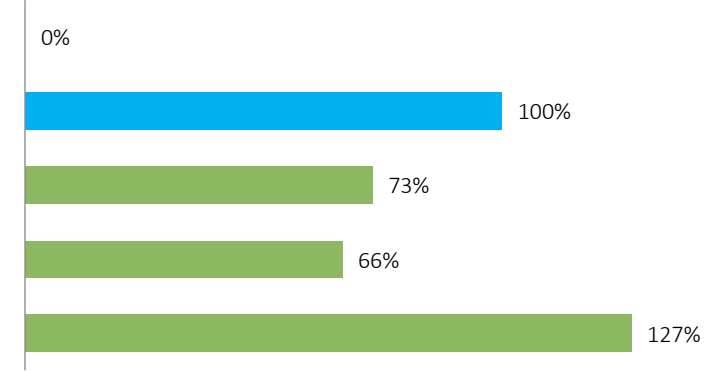
Dividend Payout#

(12-Mo ending 31st Mar, 2021)



Leverage

(12-Mo ending 31st Mar, 2021)



Note: #Dividend Payout is calculated by adding the gross dividends per share over the past 12 months and dividing it by EPS of the last twelve month as of 31st March, 2021

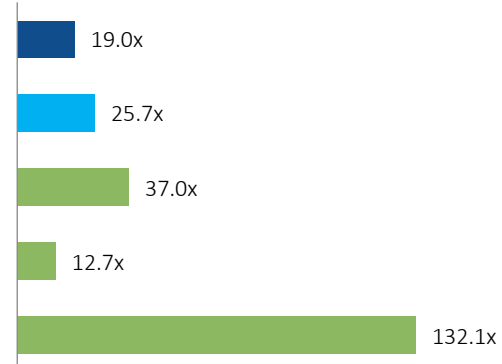
12-Mo refers to margins of last 4 quarters i.e. March'20 to March'21

Source: SADFACO Financials, Tadawul, Bloomberg; ^Data for Juhayna is not available

Trading Multiples

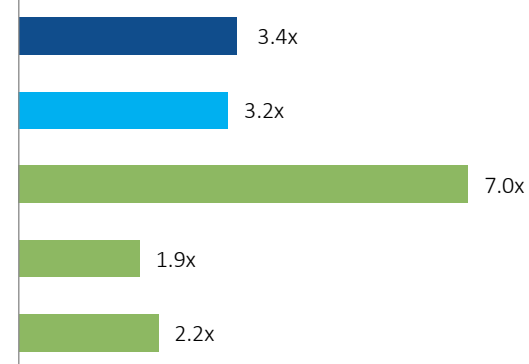
P/E

(As of 31st March, 2021*)



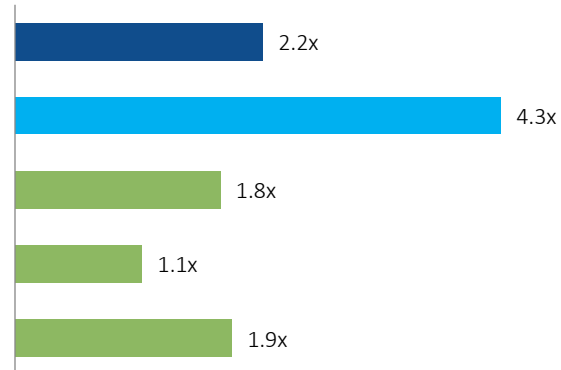
P/B

(As of 31st March, 2021*)



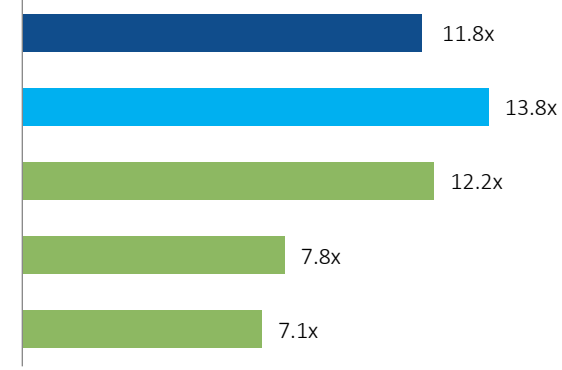
EV/Sales

(As of 31st March, 2021*)



EV/EBITDA

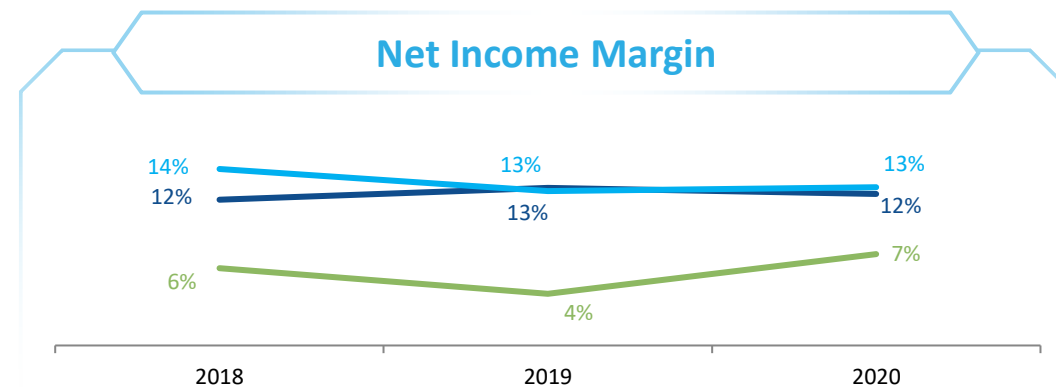
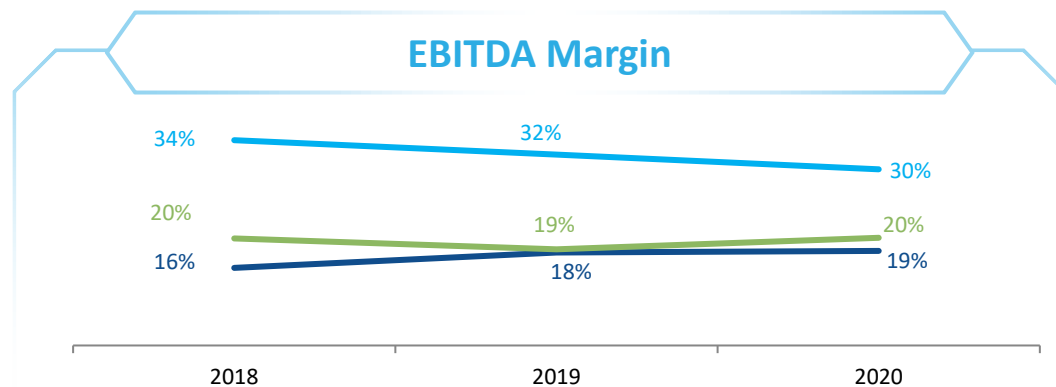
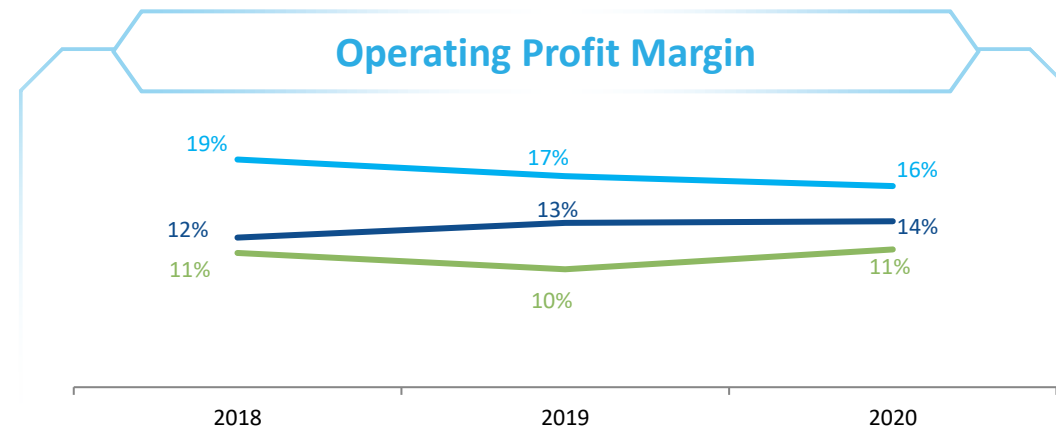
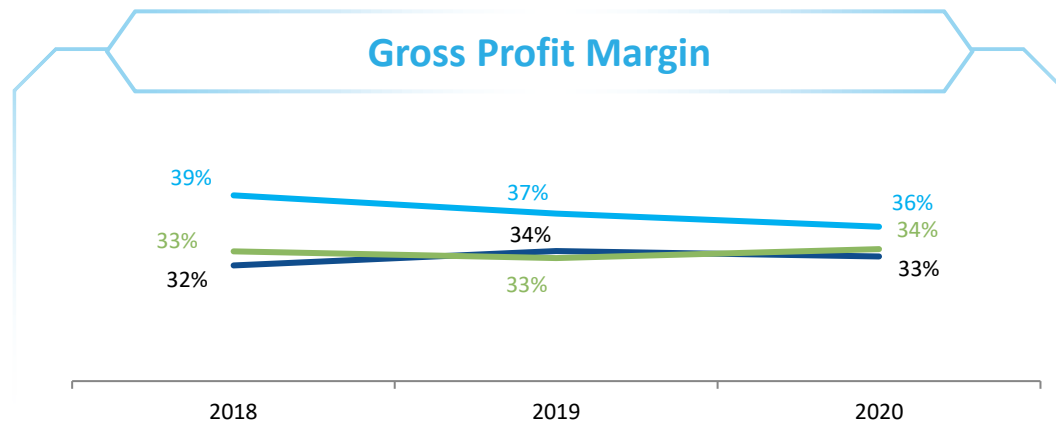
(As of 31st March, 2021*)



*Financials as of March'21, Share price as of 31st March 2021

Source: SADAFCO Financials, Tadawul, Bloomberg

Margins



— SADFACO
 — Almarai
 — Regional Peers Avg#

Note: SADFACO has March ending financial years, hence 2020 means FY ending Mar'21

#Regional Peers Average includes the average of the margins of Almarai, Halwani Brothers, Juhayna and NADEC. Juhayna's Operating Profit Margin info for 2020 is not available-so excluded for that period in the averages

Source: SADFACO Financials, Tadawul, Bloomberg



Saudi Arabia F&B Market

F&B Industry: Recent Market Trends

Around the Globe

- Rise in at-home meal kits, restaurant kits
- Sustainability Takes Center Stage
- Consumers now expect food labels to provide greater transparency around the entire product life cycle
- The boom in online shopping to continue until there is a significant drop in illness rates and/or a vaccine becomes widely accessible

Proactive Government

- Government's eases subsidy cuts with petrol price ceiling
- Government pushing to decrease the burden of living costs on citizens and residents and support local economic activity
- COVID-19 vaccination (at least 1st dose) given to half the KSA population

Economic Challenges

- Saudi Arabia's inflation rate rose to 5.7 per cent in May reflecting a tripling of VAT to 15 per cent last year
- Saudi Arabia's unemployment surged after having stabilized in previous quarters and stands at 12% at end of Q1 2021
- Saudi Arabia's post-COVID recovery to accelerate in second half of 2021

Changing Face of Foodservice sector

- Increased focus on experience is likely to drive a shift in the market dynamic away from Fast Food to Fast Casual formats
- Home Delivery & Cloud Kitchens (emergence of delivery-only concepts)
- Restaurant's technology adoption rate is set to grow in the Saudi market

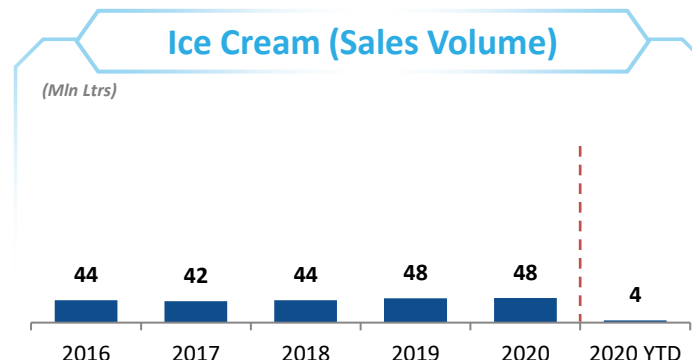
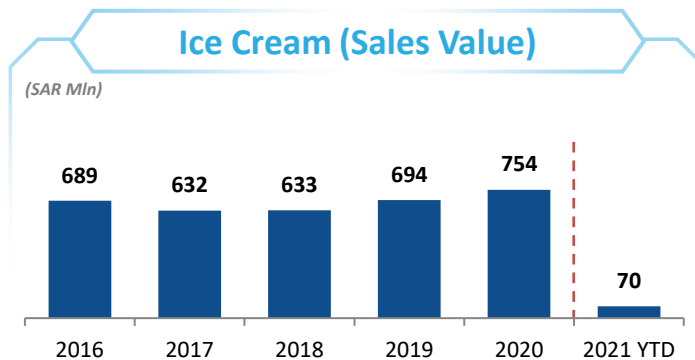
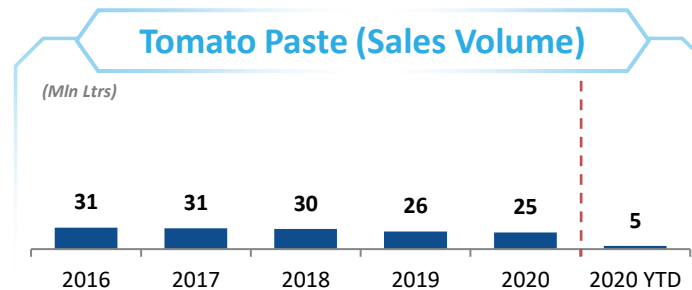
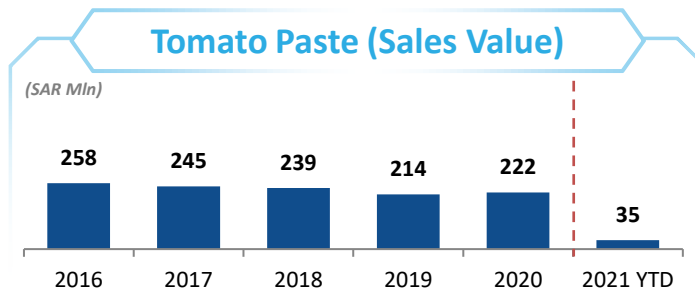
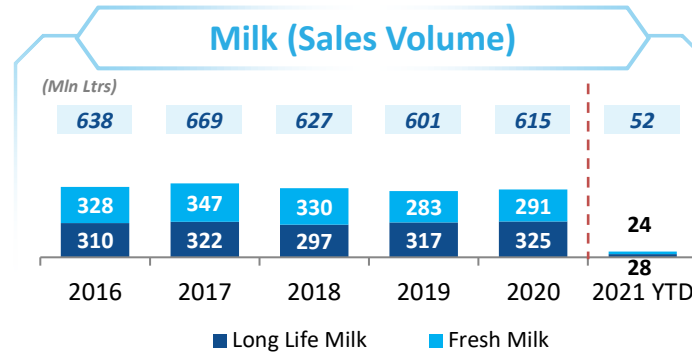
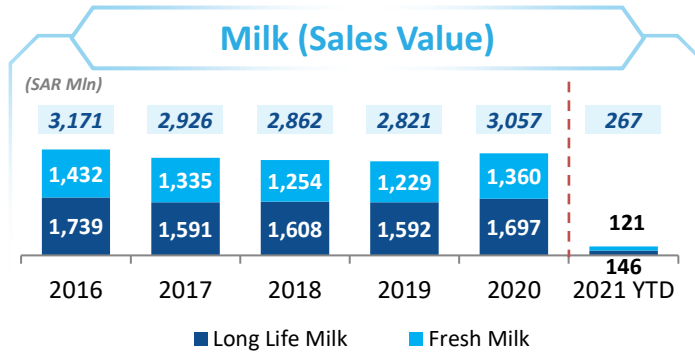
Shift in Consumer Preference

- Consumers in Saudi Arabia are becoming increasingly concerned with health & wellness and this has clear implications for their food choices
- Emergence of more 'home grown' brands as consumers become selective in their desire for more unique experiences

Market Dynamics

- FMCG value growth gradually improved in the third and fourth quarter of the year mainly driven by the additional VAT. However, FMCG volumes remained under pressure and showed a gradual decline in the second half of the year
- Dairy ahead of Total FMCG growth in Q4 but growing slower than Grocery (shelf stable products) where growth was led largely due to stocking up during the lockdown

Saudi Arabia Key Markets for SADAFCO



- The category registered an increase of 8% in sales value for 2020 on a YoY basis, driven by the additional VAT
 - Pushing of prices forced households to cut back on consumption or look to purchase lower priced options
 - Effects of Saudization programme were also felt, with sales falling as a result of an increasing number of expatriates leaving the country

- The category registered an increase of 4% in Sales Value for 2020 on a YoY basis
- The category value growth is led largely due to stocking up during the lockdown

- Ice Cream showed a significant increase of 9% in Sales value for 2020 on a YoY basis
- The extremely hot climatic conditions in Saudi Arabia, the high proportion of children and young adults in the overall population, changing health and wellness trend, increasing variety and availability of products are the key factors driving demand of Ice Cream

Source: Retail Market Estimates Nielsen - Data for each year relates to period of April-March
YTD refers to period of Apr-21

Trusted by **Generations**

