



Earnings Presentation

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Business Highlights

Business Environment

- ▶ The overall economic activity has picked up lately due to higher oil prices, consumer credit uptake and women driving which may cause the prices to move higher from a demand perspective. Though concerns around expats leaving the country remain which might cause a slight dent to the demand
- ▶ In spite of the multiple headwinds, SADAFCO has been committed to remain focused on delivering profitable sales and retain/ strengthen key market share position
- ▶ The overall plain milk market volume is recovering as result of UHT's strong growth. The value growth remains in the negative territory for both the overall market and UHT, however, the fall in growth has moderated in the last three months
- ▶ SADAFCO's performance in the overall plain market on the volume and value front has been better than the market whereas it has lagged the market in UHT volume growth. SADAFCO aims to leverage it's leadership position to protect/grab market share
- ▶ The Tomato Product market continues to decline and SADAFCO's market share has also slightly declined vis-à-vis last year. However, in recent months SADAFCO's decline has slowed
- ▶ Ice Cream market saw a fall due to the impact of Ramadan but SADAFCO has shown resilience and continues to grow in both volume and value terms outperforming the market

Recent Developments

Acquisition of Mlekoma
sp Z.o.o (POLAND)



SADAFCO has completed the acquisition of 76% stake of Mlekoma sp Z.o.o. during this quarter through a cash purchase. Mlekoma integration adds to the top line as sales start flowing from this quarter onwards

Business Highlights

Financial Highlights-SADAFCO KSA

Sales

6.1%

YoY

H1'2018/19 :
SAR839mn

H1'2017/18 :
SAR894mn

Consolidated Sales including SADAFCO Poland are SAR 887mn for H1'2018/19

Net Profit

31.9%

YoY

H1'2018/19 :
SAR104mn

H1'2017/18 :
SAR152mn

Consolidated Net Profit including SADAFCO Poland are SAR 104mn for H1'2018/19

Operating Cash Flow

5.9%

YoY

H1'2018/19 :
SAR147mn

H1'2017/18 :
SAR156mn

Consolidated Operating Cash Flow including SADAFCO Poland are SAR 145mn for H1'2018/19

SADAFCO's Market Share



UHT Milk

61.3%



Tomato Paste

45.2%



Ice Cream

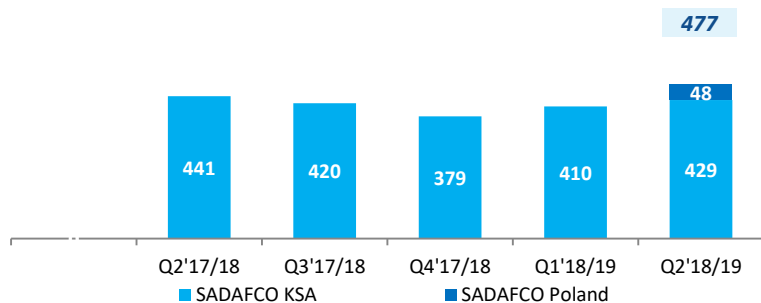
24.7%

Source: Neilson Retail Audit Sep'18

Sales & Profitability

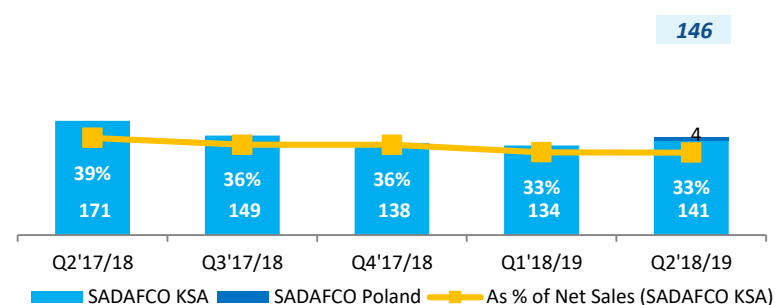
Sales

SAR mn



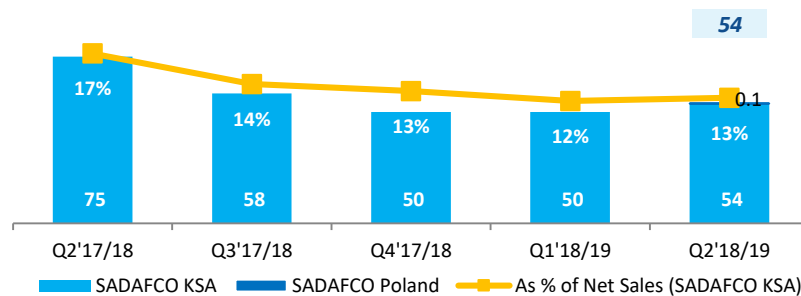
Gross Profit

SAR mn



Net Profit

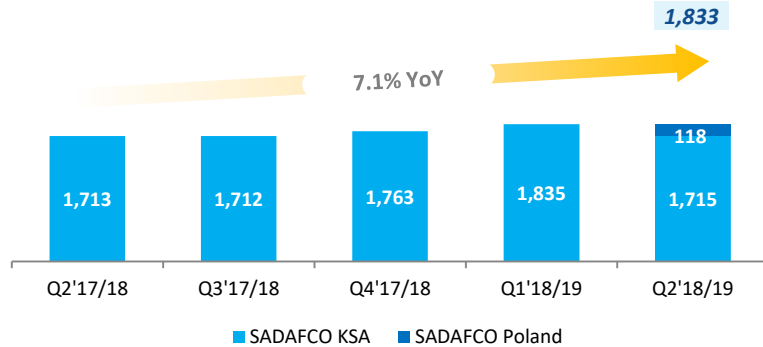
SAR mn



Balance Sheet

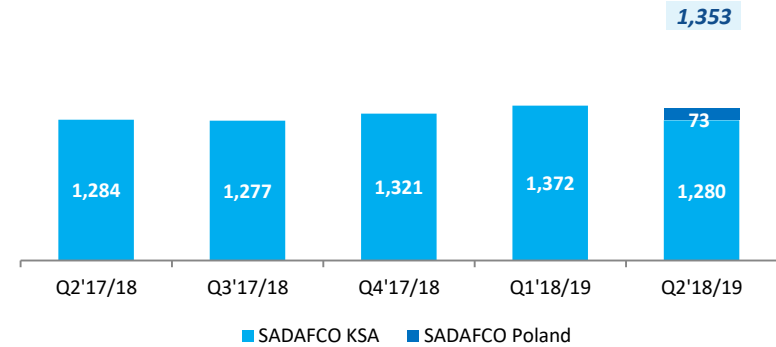
Steady Asset Base...

SAR mn



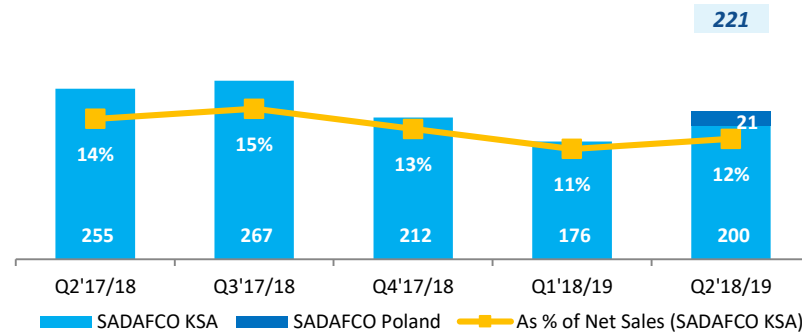
...build by Internally generated funds

SAR mn



Working Capital*

SAR mn



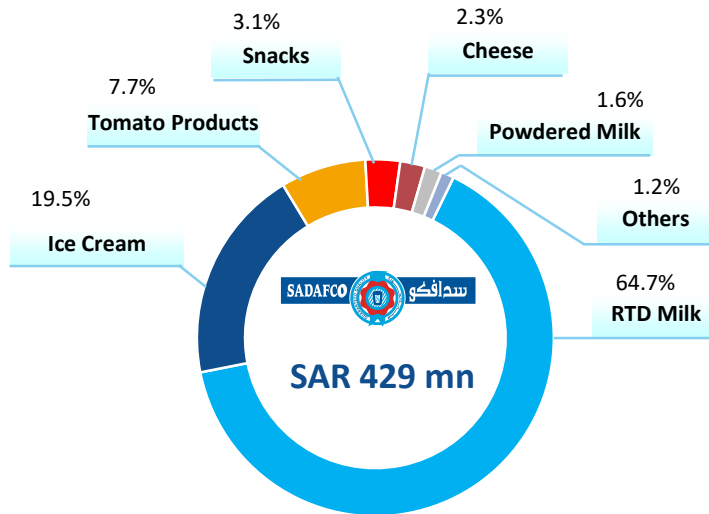
Note: *Working Capital calculated as Current Assets net of Current Liabilities.

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

**Rolling 12-months net sales

Q2'18/19 Sales By Category*

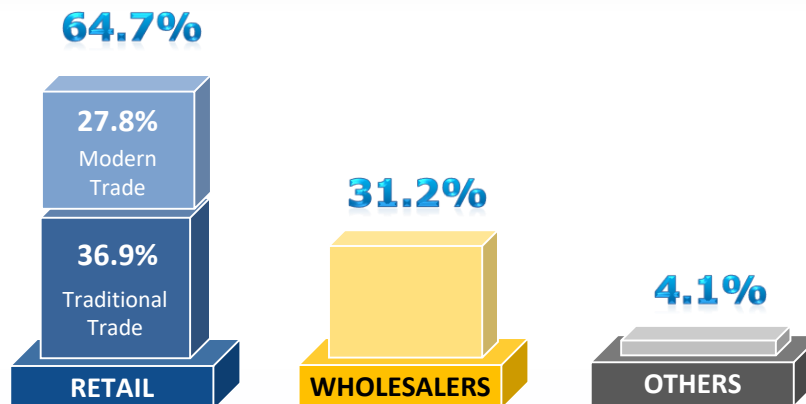


Key Category – Sales*

Categories	Net Sales – Q2'18/19 (SAR mn)	% y-o-y growth
 RTD Milk	277.4	-4.4%
 Ice Cream	83.5	3.6%
 Tomato Products	33.2	-4.1%

Distribution Format*

% of Net Sales Q2'18/19



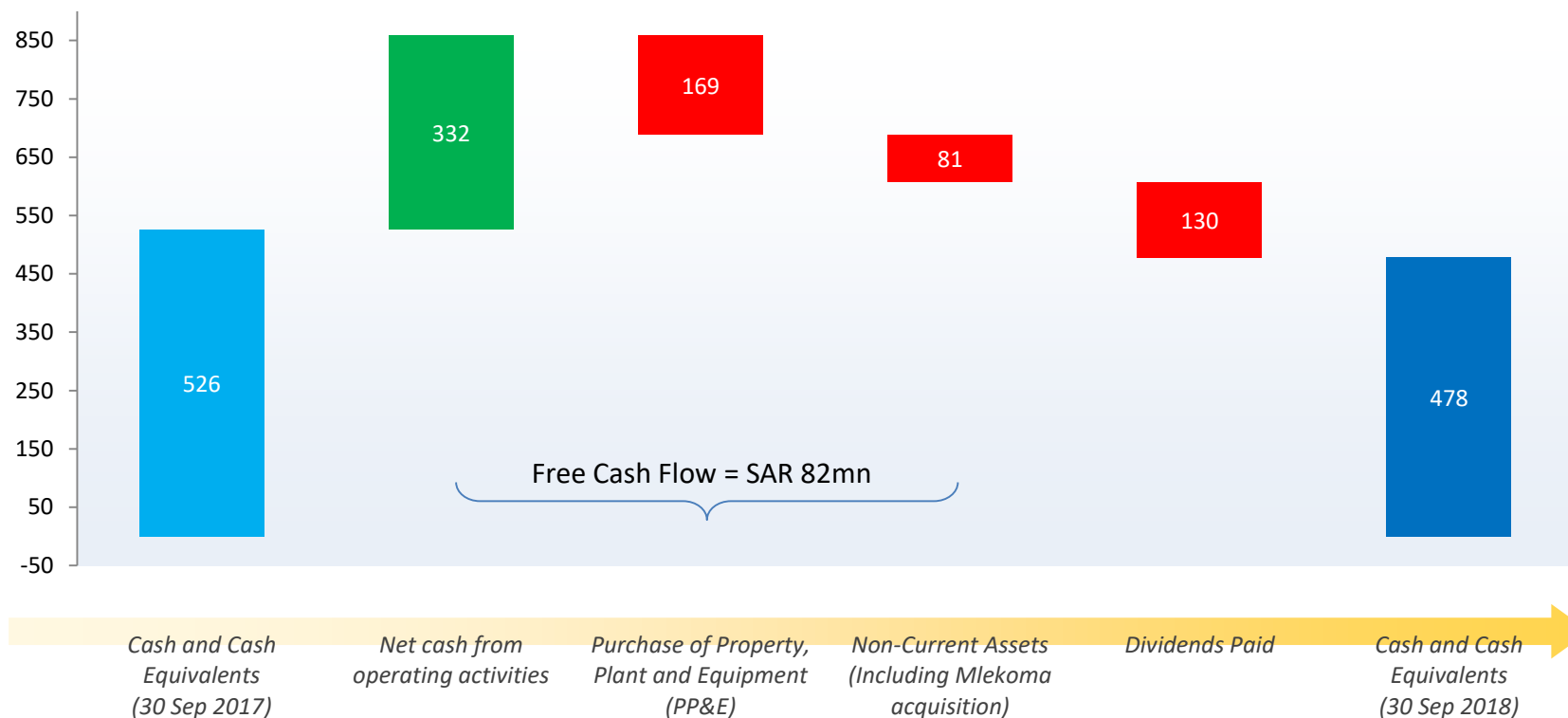
Traditional Trade & Wholesalers continue to dominate ...
...with organised formats gaining importance

*Note: SADAFCO Standalone figures.

Cash Flow Summary

SADAFCO KSA Cash Flow Bridge for rolling 12-months as of 30 Sep, 2018

SAR mn



Note: Does not depict other cash outflow of ~SAR0.494mn which includes non-controlling interest, effect of exchange rate fluctuations and others

Jeddah Central Warehouse

Estimated Capex: SAR 145 mn

Jeddah Central Warehouse provides an opportunity to manage the production growth efficiently through effective warehouse management. It would enable:

- Seamless flow of raw materials and finished goods
- Enhanced efficiency with improved rotation of stock
- Cost Savings and reduction in dependency on rented warehouses



**Construction
nearing
completion and
forecasted to
be begin
operations by
end of 2018**





UHT Milk

- UHT Milk– Whole, Low Fat, Skimmed, Gold Milk
- Flavored Milk
- Date Milk



Frozen

- Ice cream
- French Fries



- Butter

Cheese Products

- Feta Cheese
- Processed Cheese – Triangles



Milk Powder

- Milk Powder – Instant



Tomato Products

- Tomato Paste
- Ketchup
- Organic Tomato paste
- Fiery Ketchup
- Tomato Paste Sachet



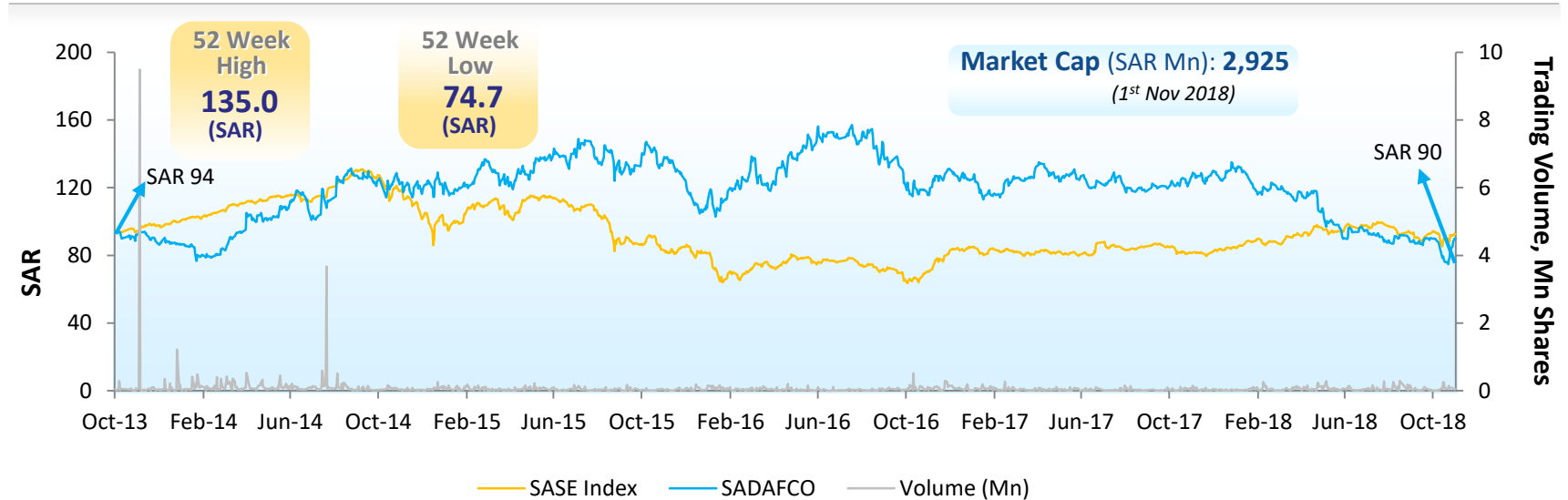
Others

- Arabic Coffee
- Cream
- Majestique
- Laban
- Juices– Growing-up
- Soy Drink
- Jump
- EVAP
- Still Water
- Crispy



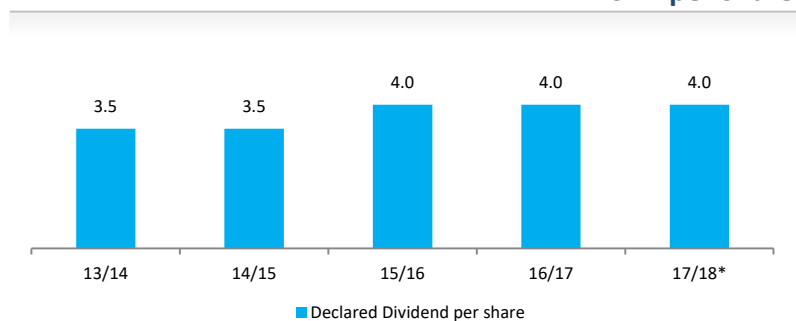
Shareholders' Returns

Share Price Performance



Source: Bloomberg; SAR Saudi Riyal; SASE Index (Rebased to SAR 94 on 01 October 2013)

Consistent Dividends



Compounded Annual
Return[#] of

2.9%

over the last 5 years

Note: [#]Annualized Return calculated as sum of share price appreciation/depreciation and dividends paid during the period ending 1 Oct 2018, assuming no reinvestment of dividends

* Interim dividend of SAR 2/ share had been declared in Dec'17. The Board also declared an additional dividend of SAR2/ share resulting into a total of SAR 4/ share for the full financial year.

The domestic consumer goods sector remains under stress due to **multiple headwinds** of expat exodus, higher labor costs, higher cost of living and lower consumer confidence. Particularly for the dairy category, the domestic glut of fresh milk has led to **irrational price cutting** by the competitors, which we have decided to contend with.

We remain focused on **delivering profitable sales** through continuous investment in our brands, in order to remain in the forefront of consumer's minds and hence **retain/ strengthen key market share position**.

The **acquisition of Mlekoma completed** in the quarter would contribute towards delivery of powdered raw materials and blended semi-finished goods mixes for our use.

Our SAR 145 Million Jeddah Central Warehouse, as announced earlier, is nearing completion.

This will deliver **future cost savings & improved effectiveness** in our supply chain.

The company maintains a **healthy cash position of SAR 484 million** with zero leveraging.