

Savola Group

Earnings Presentation | Q2 2023

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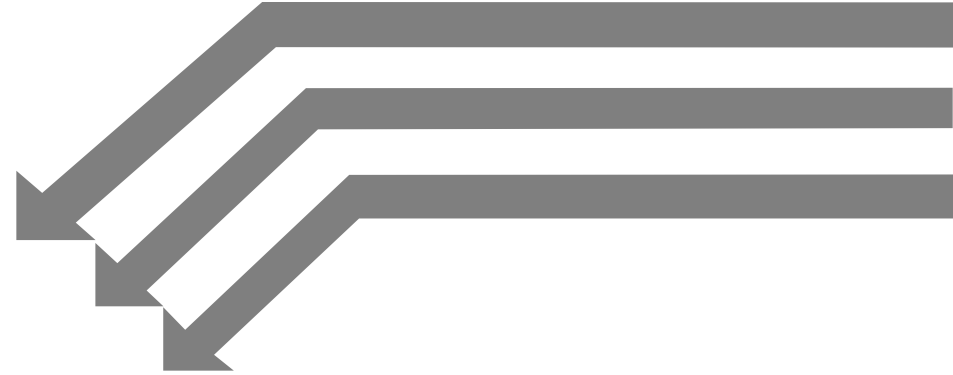
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Savola Group Key Highlights



Savola Group – H1 2023 Highlights

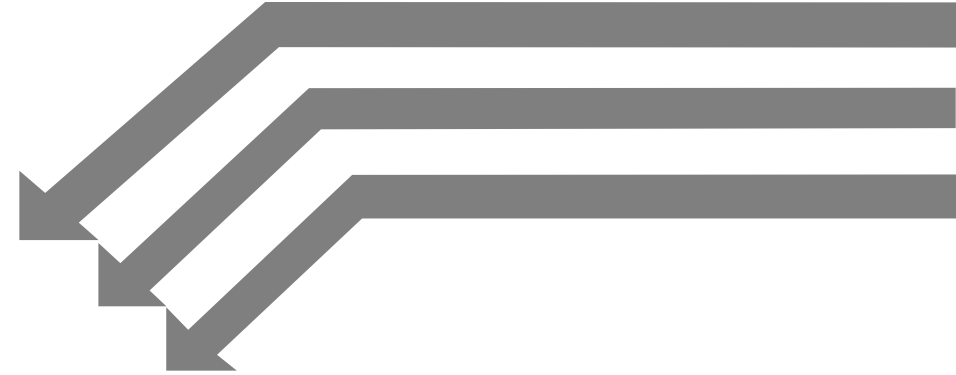
Continuous improvement in our core operations

- For YTD 2023, Savola Group continued its solid performance despite challenges in some of its territories and segments
- Savola Foods reported resilient performance, driven by higher gross profit margin in YTD 2023 period on account of lower average input costs and product mix strategies, despite oil segment volume decline in some territories, drop in sugar segment volumes and rolling contract losses
- Panda showed a positive LFL growth with improved margins which led to a significant decline in loss compared to last year. The CXR program continues to yield positive outcomes in terms of higher sales intensity in completed stores

Profitability

- Gross profit reached SAR 2.7 billion, higher by 9% YoY. The margin increased from 17.6% to 19.8% primarily due to improved margins across all managed portfolio companies
- The Group recorded EBITDA of SAR 1.7 billion compared to SAR 1.5 billion last year
- Net income reached SAR 525 million compared to SAR 485 million last year. The growth is primarily attributable to the improved gross margins both in Savola Foods and Panda, lower losses at Panda, and higher share of profit from associates which were partially offset by higher financial charges

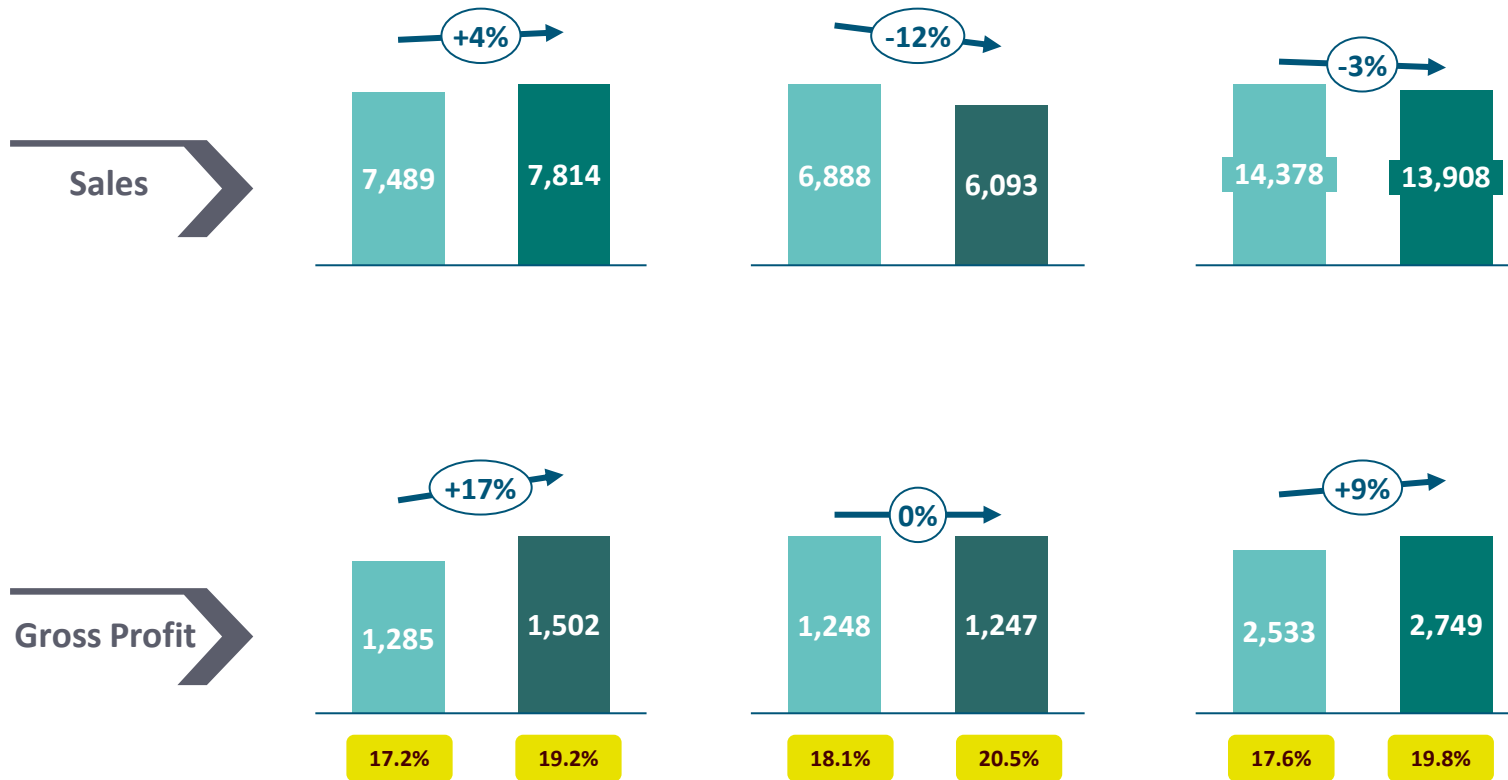
Group Financial Highlights



Savola Group – Consolidated Financial Highlights

Margin

SAR in millions



- During YTD 2023, Group reported a marginal decline in sales YoY
- During Q2 2023, sales declined YoY primarily due to
 - Drop in edible oil prices
 - Phasing effect of Ramadan by 10 days in Q1 2023
 - Disposal of investment in Savola Morocco, and
 - Temporary suspension of operations in Sudan
- During Q2 2023, the decline in sales was offset by higher gross profit margin both in Panda and Savola Foods

Savola Group – Consolidated Financial Highlights

Margin

SAR in millions

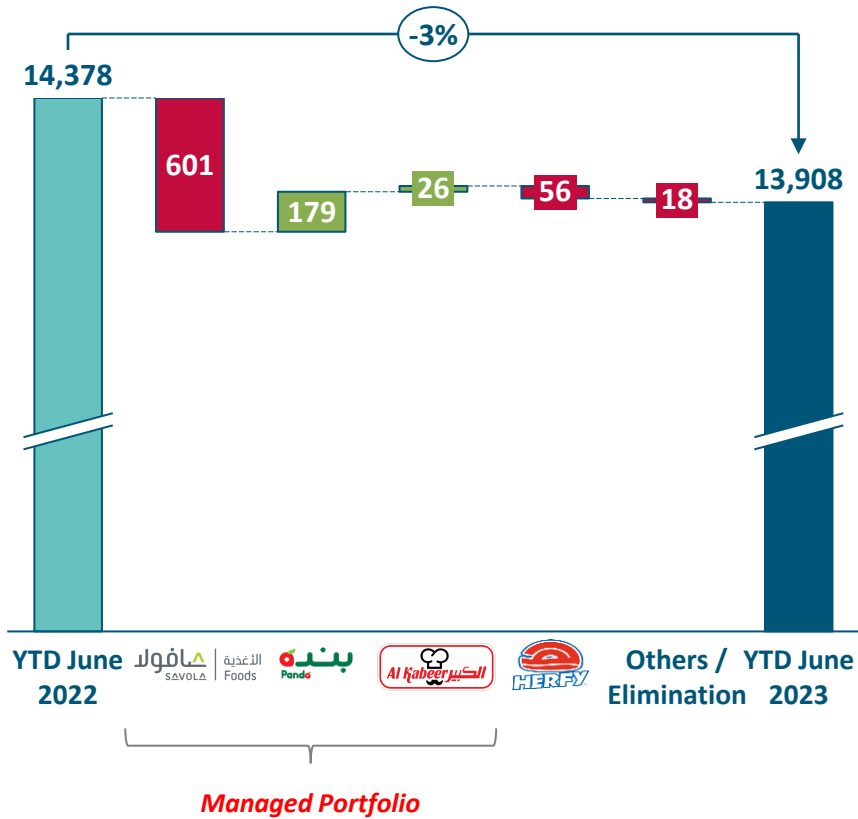


- During YTD 2023, net income witnessed YoY growth of 8% primarily driven by:
 - Increase in gross profit of Savola Foods and Panda,
 - Higher share of profit from associates,
 - Capital gain on disposal of investment, and
 - Refund of custom duty from a regulatory authority

Savola Group – Revenue & Net Income Bridge By Business

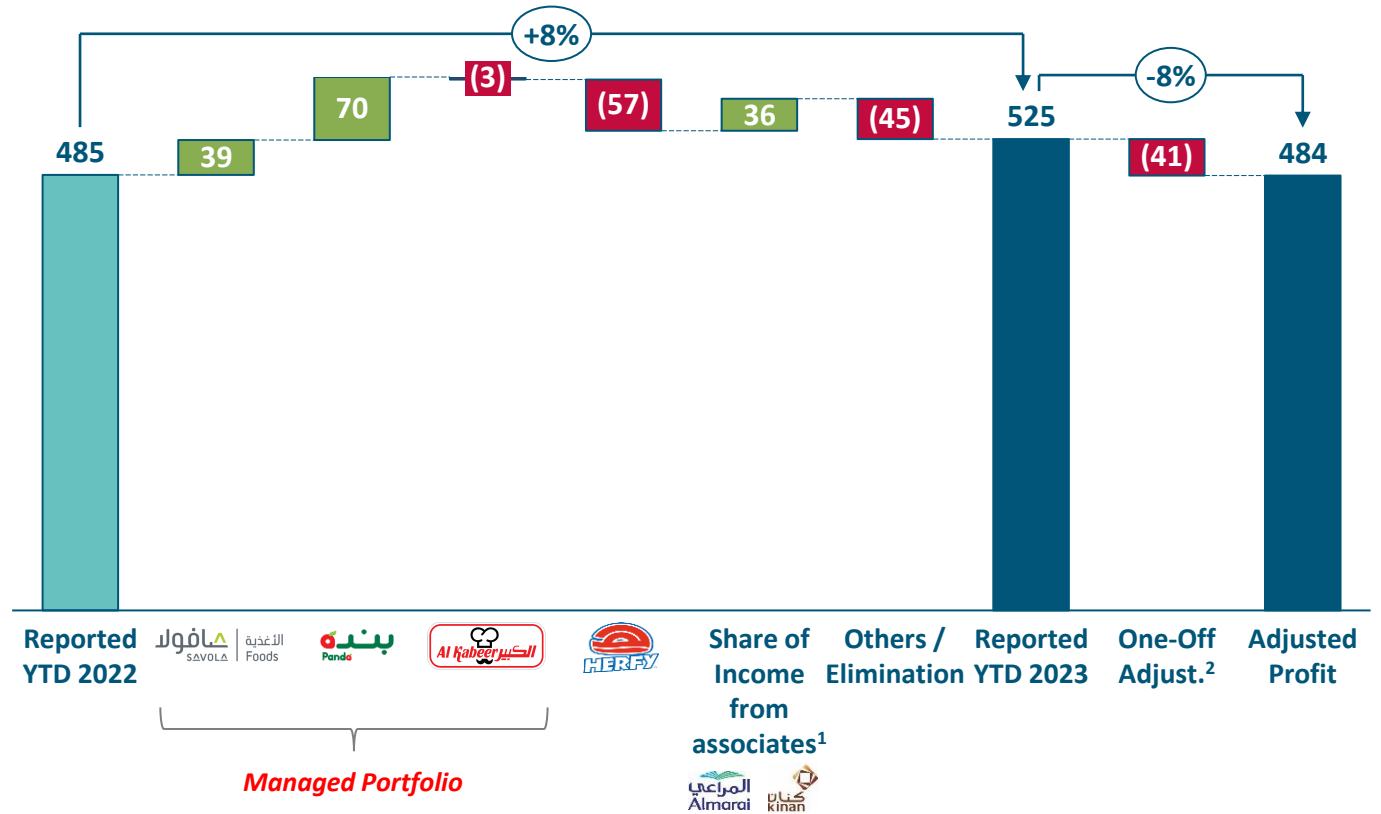
Revenue Bridge by Business

SAR in millions



Net Income Bridge by Business

SAR in millions



Note:

- 1) Share of Income from Associates include income from Almarai and Kinan
- 2) One-Off Adjustments include custom duty refund of AAR 23 million and gain on Savola Morocco divestment of SAR 18 million

Note: numbers are rounded

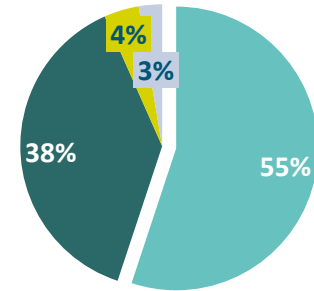
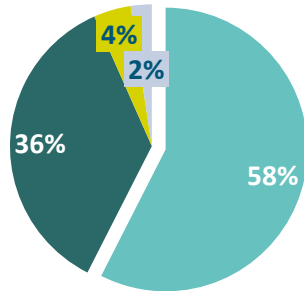
Group – Revenue Mix, Net Debt & Capex

SAR in millions

Revenue by Business¹

YTD-22

YTD-23

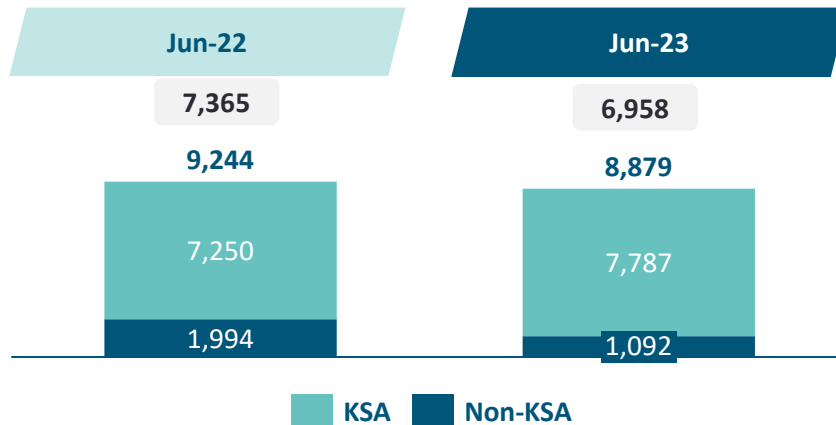


Loans and Net Debt²

Jun-22

Jun-23

Net Debt
Total Loans

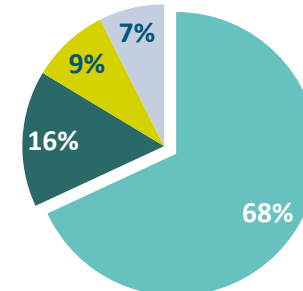
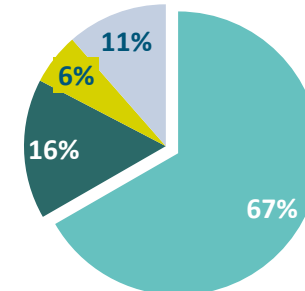


KSA Non-KSA

Revenue by Geography

YTD-22

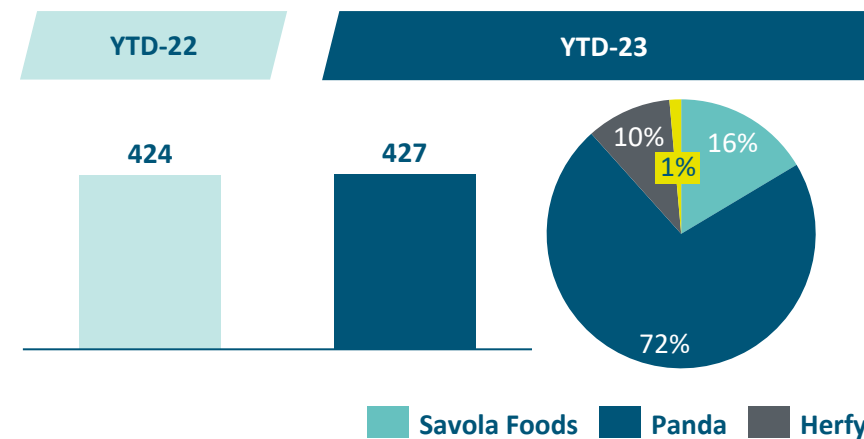
YTD-23



CAPEX

YTD-22

YTD-23

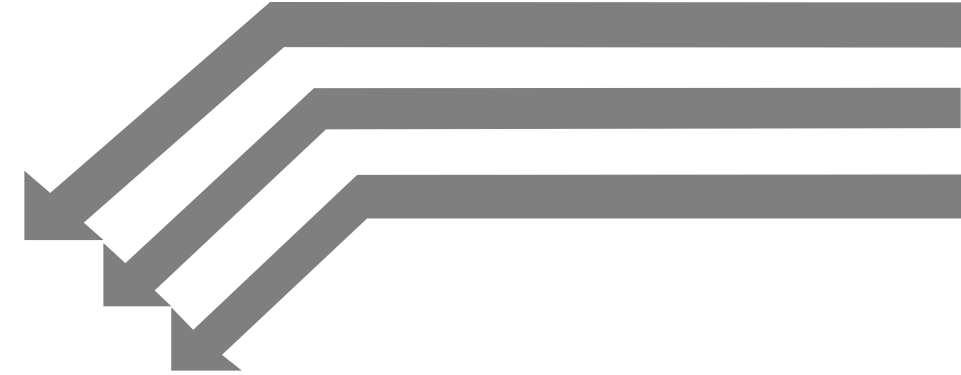


Savola Foods Panda Herfy Al Kabeer

Note 1- Revenue breakdown is based on gross sales
2- Net debt excludes lease liabilities

Note: numbers are rounded

Savola Foods Company



Savola Foods – Consolidated Financial Highlights

Margin

SAR in millions

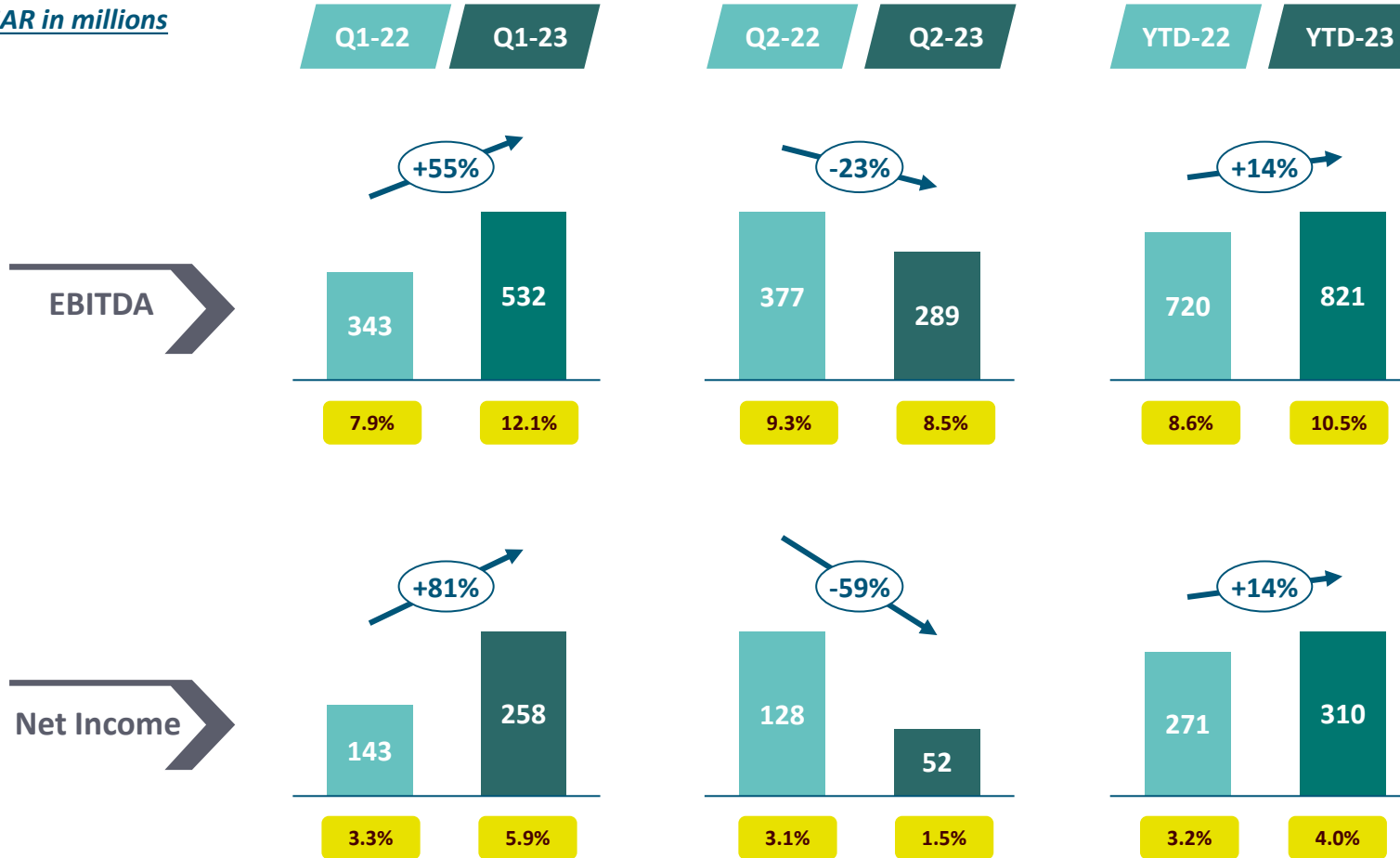


- During YTD 2023, Savola Foods sales dropped by 7% (LFL⁽¹⁾ -4%) primarily as Q2 2023 performance was mainly impacted by:
 - Drop in edible oil prices,
 - Supply issues due to forex,
 - Lower volumes in the sugar segment,
 - Morocco exit, and
 - Temporary suspension of operations in Sudan
- Despite decline in Sales YTD 2023, gross profit has improved due to higher contribution margin, which is driven by average lower input costs and product mix strategies

Savola Foods – Consolidated Financial Highlights

Margin

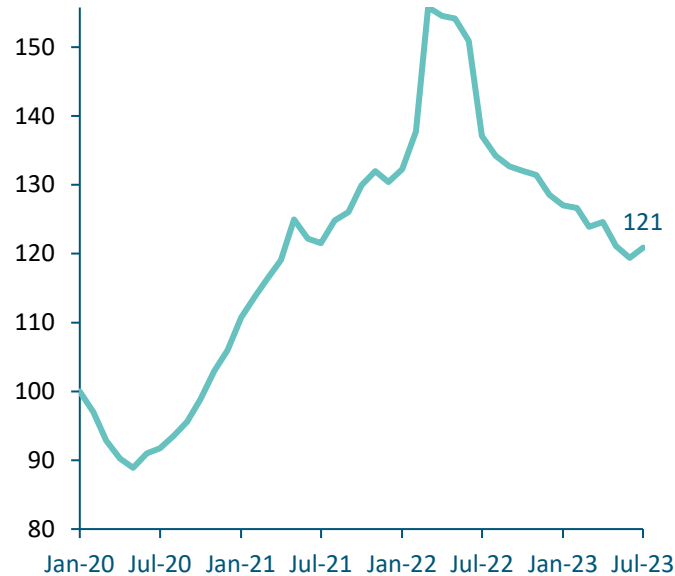
SAR in millions



- Net income YoY growth is 14% in YTD 2023 driven by higher gross profit margin in YTD 2023
- However, Q2 net income has dropped by 59% mainly due to reasons highlighted on previous slide, alongside rolling contract losses in Sugar segment

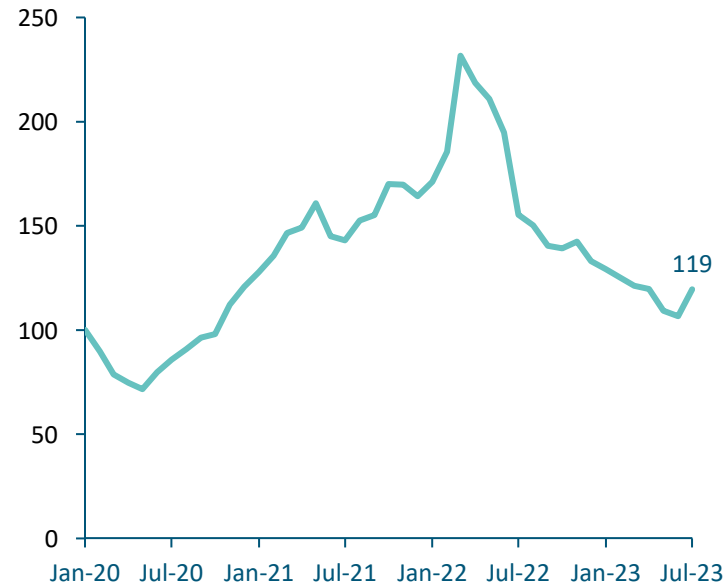
Stability in Vegetable Oils, and Sugar coming off from the peak in last two months

FAO Food Price Index (rebased)⁽¹⁾



- Food price index has been stable for the last two months mainly due to the drop in coarse grain prices, offsetting the rise in the wheat prices
- Wheat prices rebounded in July, marking their first MoM increase in nine months mainly driven by uncertainty over Ukraine's exports following Russia decision to terminate Black Sea grain initiative

FAO Vegetable Oils Index (rebased)⁽²⁾



- Vegetable prices increased in the month of July after seven months of declines. This increase was driven by higher world quotations across sunflower, palm, soy, and rapeseed oils
- Sunflower oil prices rebounded, primarily due to renewed uncertainties on exports from Russia and Ukraine. Soy and rapeseed oils, prices increased on concerns over the production from US and Canada

FAO Sugar Index (rebased)⁽³⁾



- After touching an all-time high in May, Sugar prices declined recently due to the good progress of the 2023/24 sugarcane harvest in Brazil, and improved rains benefiting production in India
- However, persistent concerns over the potential impact of the El Niño on the 2023/24 sugarcane crops, particularly in Thailand, along with higher international crude oil prices, will continue to weigh on the support of the prices

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

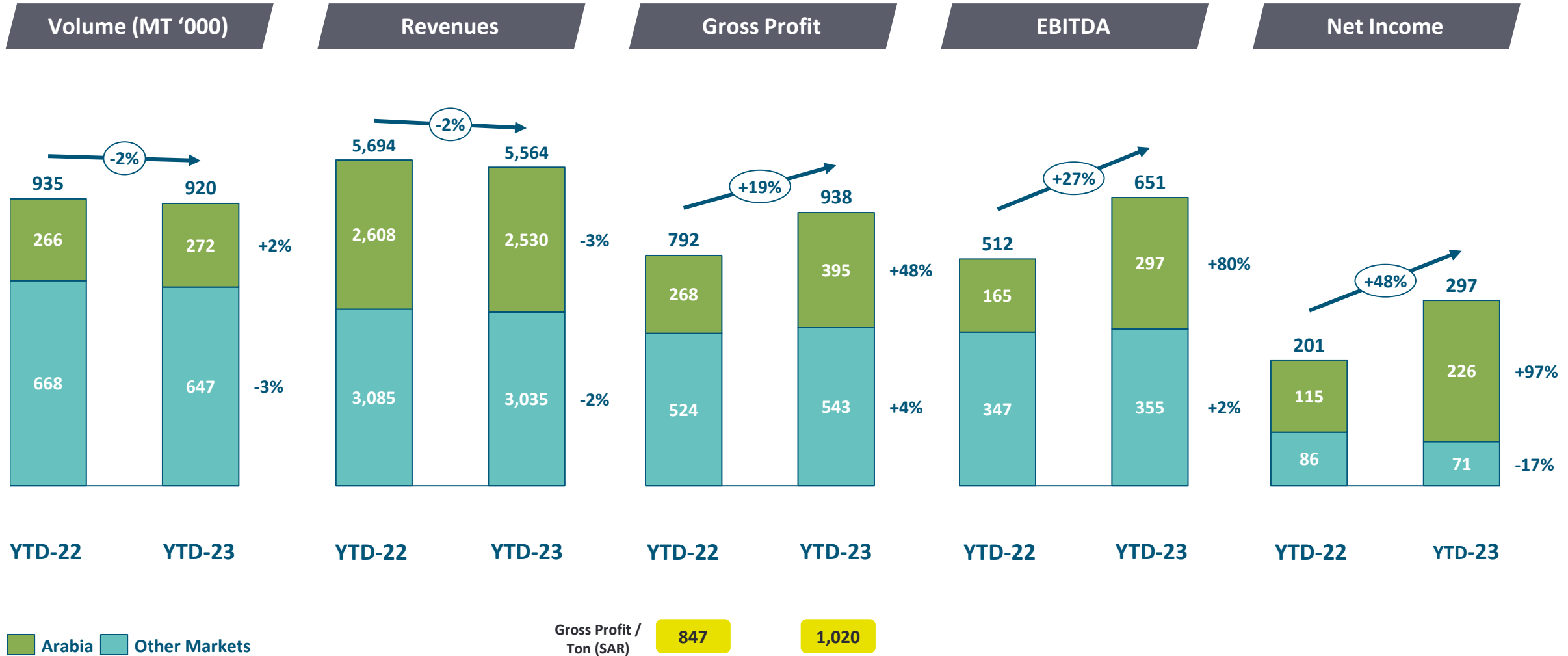
(1) Food Price Index consist of average of 5 commodity group price indices (Meat, Dairy, Cereals, Vegetables oils and Sugar) weighted with average export shares of the groups

(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,

Savola Foods – Oil Segment Analysis

SAR in millions



Note:

1) Certain comparative amounts have been reclassified to conform with current year presentation

2) Arabia represents GCC and Levant except Turkey

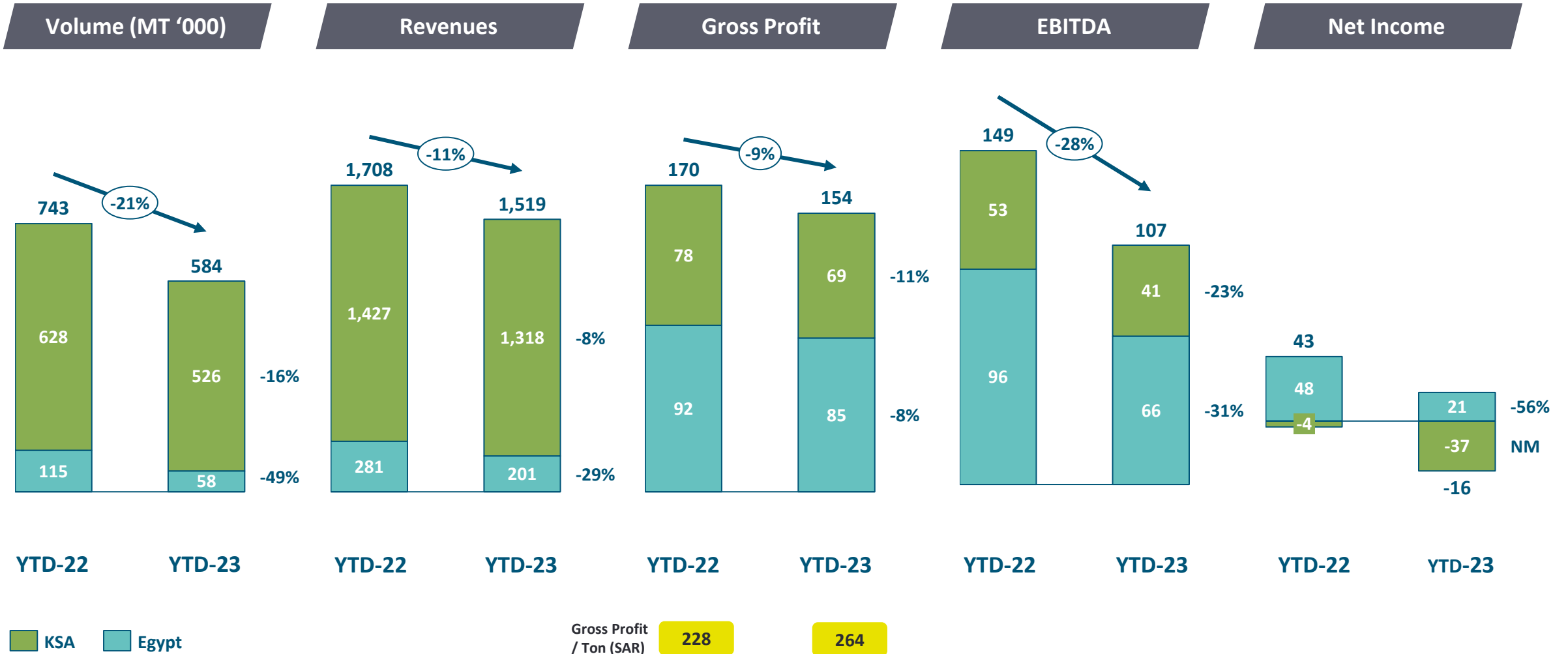
3) Above numbers exclude Morocco results as it was divested in Q1-2023

4) All % above refer to growth numbers

Note: numbers are rounded

Savola Foods – Sugar Segment Analysis

SAR in millions



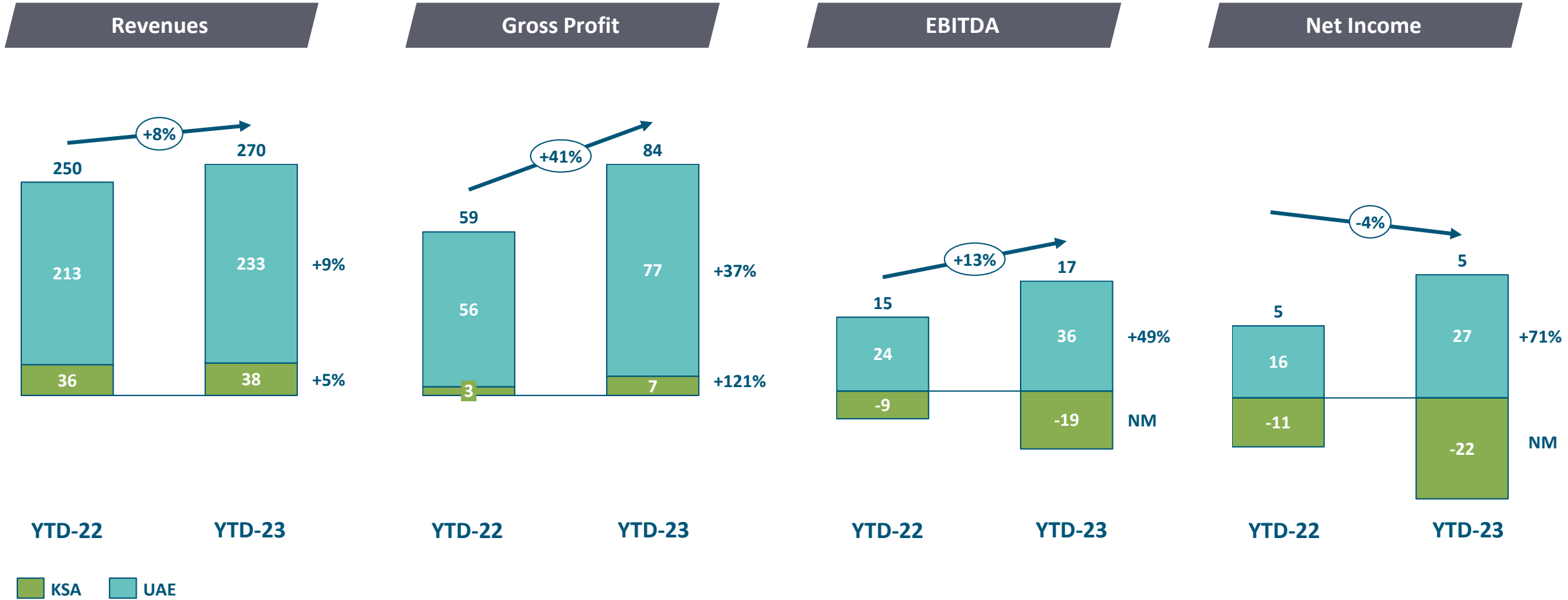
Note:

- 1) Certain comparative amounts have been reclassified to conform with current year presentation
- 2) All % above refer to growth numbers

Note: numbers are rounded

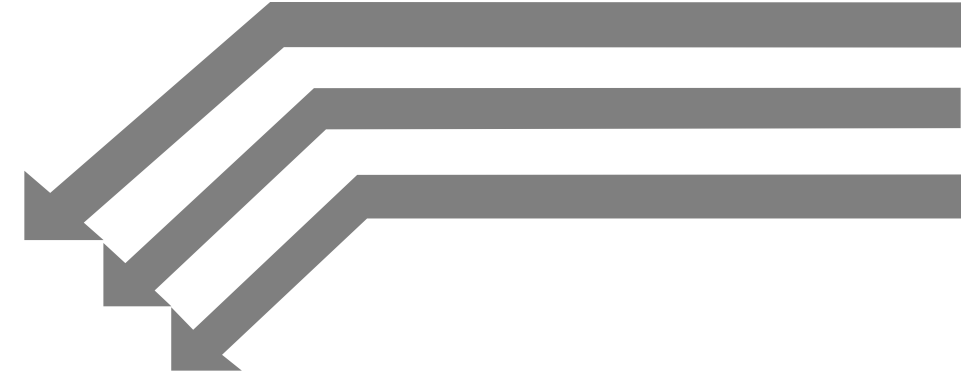
Savola Foods – Nuts, Spices And Pulses Segment Analysis

SAR in millions



Note:
 1) All % above refer to growth numbers

Panda Retail Company



Panda – Consolidated Financial Highlights

Margin

SAR in millions

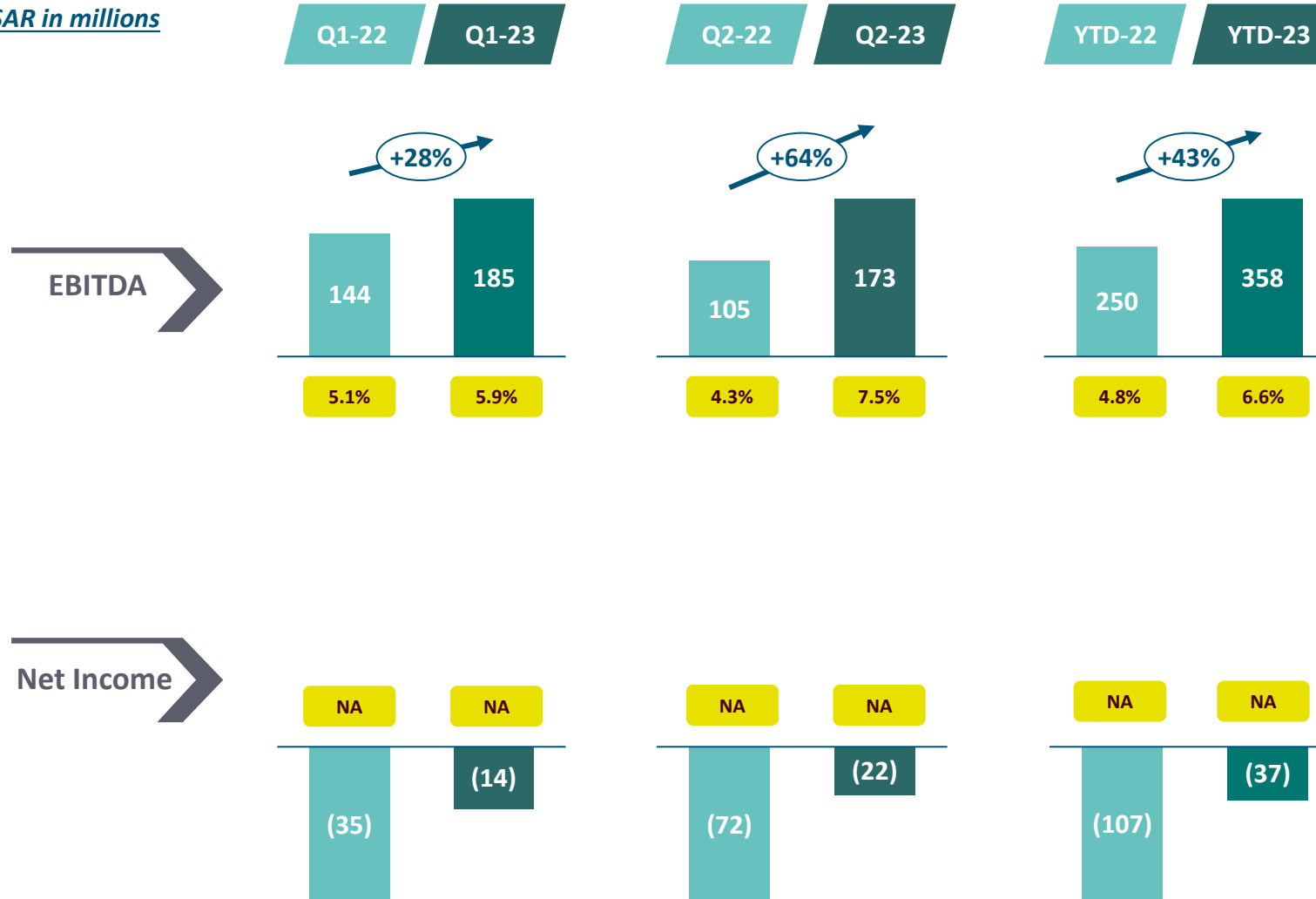


- YTD 2023 revenue is higher YoY by 3% mainly driven by performance of CXR wave 1, and promotional campaign in Q1 2023
- YTD 2023 performance is showing positive LFL growth at 9% driven by CXR stores
- Gross profit margin improved mainly due to favorable product mix and higher supplier incentives

Panda – Consolidated Financial Highlights

Margin

SAR in millions



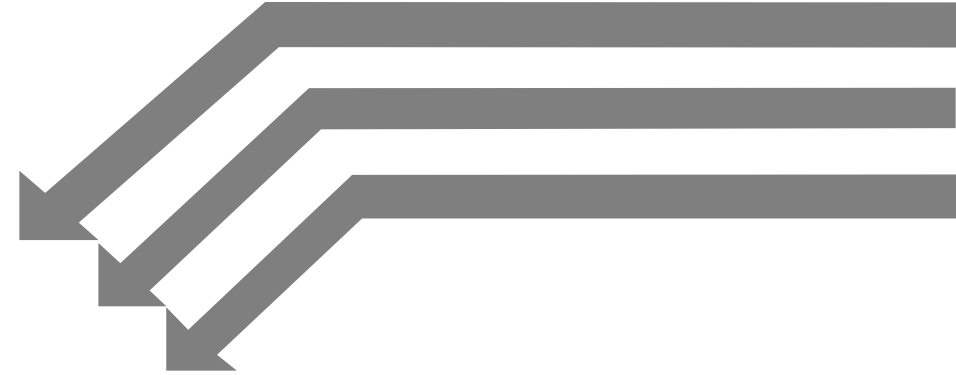
- EBITDA and net income improved in YTD 2023 compared to the LY, on the back of a higher revenue base and increase in gross margin

Panda – Number Of Stores



Note: 182 Stores KSA and 5 in Egypt

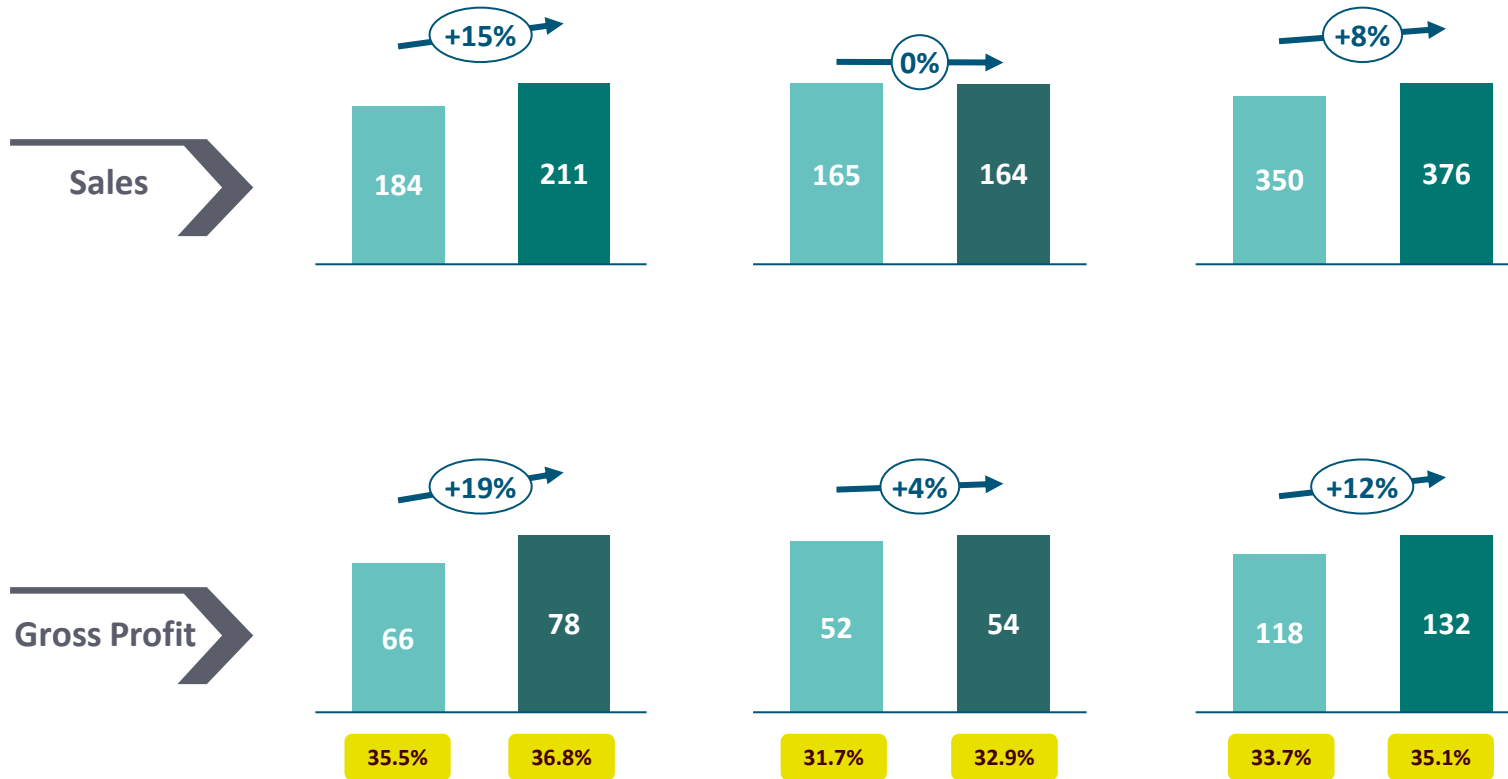
Al Kabeer



Al Kabeer – Consolidated Financial Highlights

Margin

SAR in millions

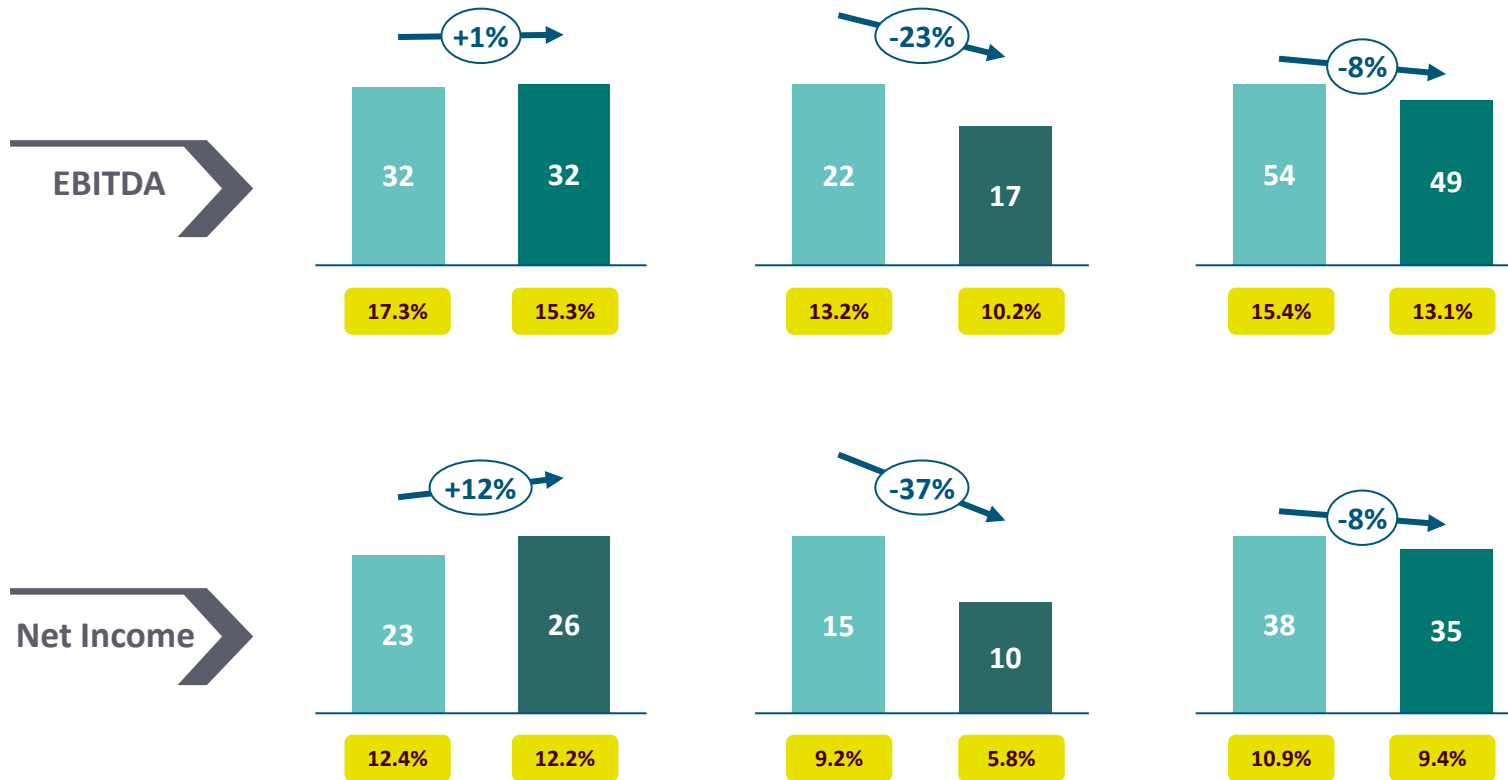


- During YTD 2023, Al Kabeer reported 8% growth in sales YoY
- Both its core markets of KSA and UAE saw growth YoY led by better performance in modern trade channel
- Gross profit margin improved due to lower input costs and a better sales mix

Al Kabeer – Consolidated Financial Highlights

Margin

SAR in millions



- EBITDA dropped by 8% in YTD 2023 YoY, mainly due to higher operating costs
- Higher operating costs were on account of company's continued investment in
 - Brand enhancement,
 - Marketing efforts, and
 - Product development

Q&A

Financial Summary



Financials – YTD 2023

(All figures are in SAR millions)

Segment Wise Financials ¹										
YTD 2023						YTD 2022				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Savola Foods										
Oil										
Arabia ²	2,530	395	268	226	297	2,608	268	136	115	165
Other Markets ³	3,153	563	332	80	370	3,425	532	305	82	347
Total	5,683	959	600	307	666	6,033	799	441	197	512
Sugar										
KSA	1,318	69	13	(37)	41	1,427	78	26	(4)	53
Egypt	201	85	59	21	66	281	92	85	48	96
Total	1,519	154	72	(16)	107	1,708	170	111	43	149
Pasta	285	41	22	14	25	314	54	24	16	30
Nuts, spices and pulses										
UAE	233	77	28	27	36	213	56	17	16	24
KSA	38	7	(21)	(22)	(19)	36	3	(10)	(11)	(9)
Total	270	84	7	5	17	250	59	7	5	15
Emerging Categories ⁴	39	13	4	0	5	92	28	14	9	14
Total Foods	7,795	1,251	705	310	821	8,397	1,110	596	271	720
Panda										
KSA	5,340	1,230	50	(40)	350	5,158	1,143	(29)	(110)	242
Egypt	76	14	4	3	8	78	16	4	3	8
Total Retail	5,416	1,244	54	(37)	358	5,236	1,159	(26)	(107)	250
Herfy	563	126	9	(8)	96	620	148	62	49	143
Al Kabeer	376	132	39	35	49	350	118	44	38	54
Share of profit from associates	-	-	428	428	428	-	-	392	392	392
HQ/Elimination/Impairments	(243)	(4)	(64)	(203)	(46)	(225)	(1)	(54)	(158)	(36)
Total	13,908	2,749	1,170	525	1,706	14,378	2,533	1,016	485	1,523
Adjustments										
Savola Foods - Gain on Morocco Divestment				(18)					-	
Savola Foods - Afia Custom Duty Refund				(23)					-	
Adjusted Profit				484					485	

Note:

1-All the numbers are rounded for the purpose of presentation and have been represented under different categories

2-Arabia includes GCC and Levant except Turkey

3-Other markets include all markets except Afia Arabia and IFI Speciality Fats

4-Includes Egypt seafood, Central Asia croissant



Thank you