

Savola Group

Earnings Presentation | Q2 2020

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Key Highlights - Q2 2020

GROUP

- Q2 2020 Revenue of SAR 6.0 bn (Q2 2019: SAR 5.8 bn)
- Q2 2020 Net Income of SAR 410 mn (Q2 2019: SAR 110 mn)

RETAIL

- Q2 2020 Revenue of SAR 3.5 bn (Q2 2019: SAR 3.0 bn)
- Q2 2020 Net Income of SAR 147.3 mn (Q2 2019: Net Loss of SAR 119.2 mn)

FOODS

- Q2 2020 Revenue of SAR 2.2 bn (Q2 2019: SAR 2.3 bn)
- Q2 2020 Net Income of SAR 106.4 mn (Q2 2019: SAR 65.4 mn)

HERFY

- Q2 2020 Revenue of SAR 170.1 mn (Q2 2019: SAR 309.3 mn)
- Q2 2020 Net Loss of SAR 36.8 mn (Q2 2019: Net Profit of SAR 40.8 mn)

FROZEN FOOD

- Q2 2020 Revenue of SAR 211.2 mn (Q2 2019: SAR 181.7 mn)
- Q2 2020 Net Income of SAR 42.3 mn (Q2 2019: SAR 20.4 mn)

INVESTMENTS

- Share of Almarai Net Income of SAR 222.2 mn in Q2 2020 (Q2 2019: SAR 201.1 mn)

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

Margin

SAR in millions



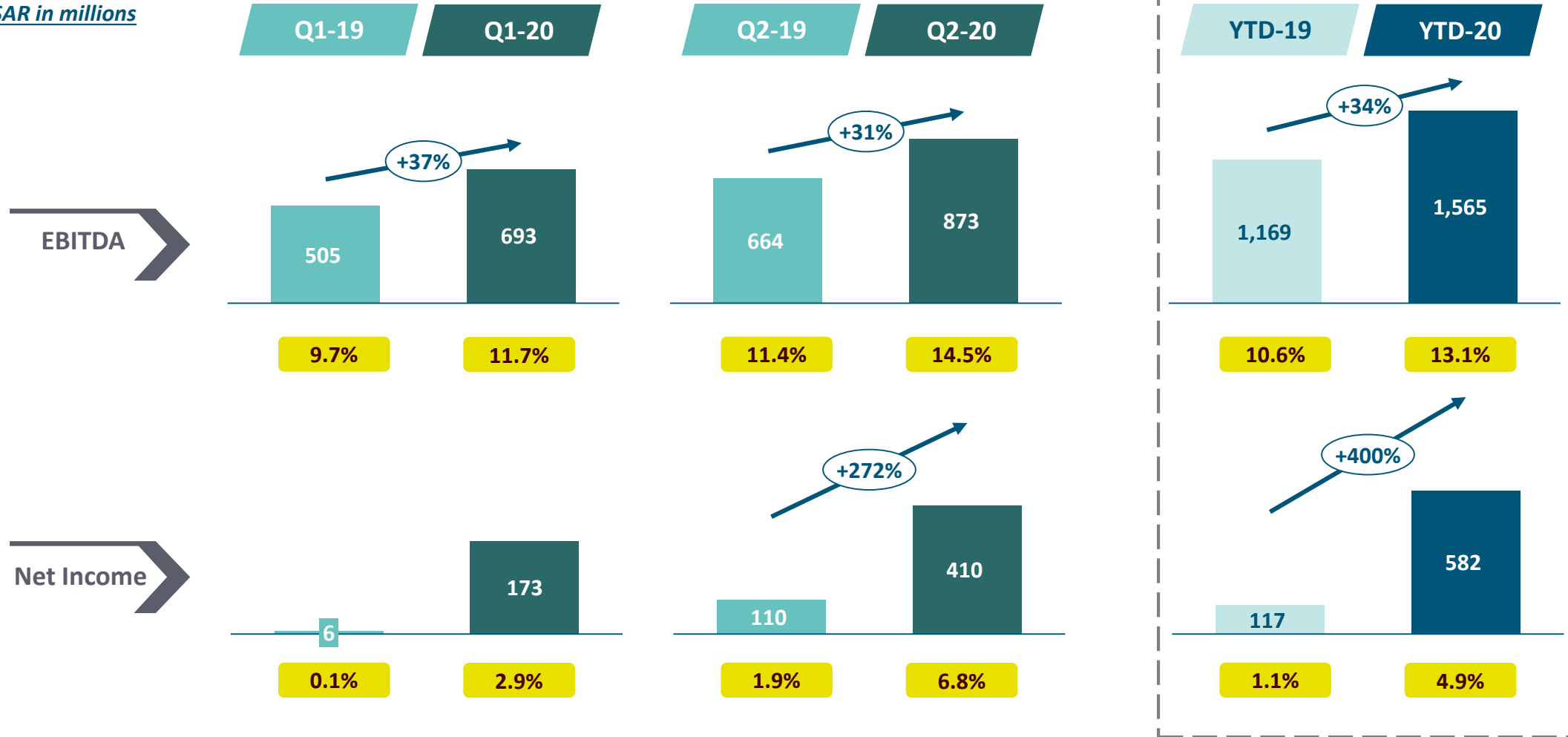
*Revenues from commercial and promotional income in the retail segment were reclassified. For more information, please refer to note (3) of the Group's Q2 2020 financial statements.

Note: numbers are rounded

GROUP – CONSOLIDATED FINANCIAL HIGHLIGHTS

Margin

SAR in millions



Note: numbers are rounded

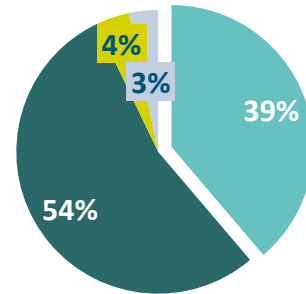
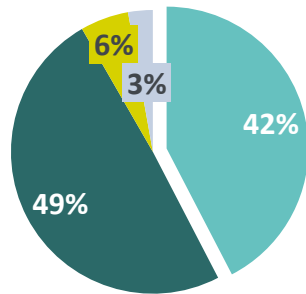
GROUP – REVENUE MIX, NET DEBT & CAPEX

SAR in millions

Revenue by Business*

YTD-19

YTD-20

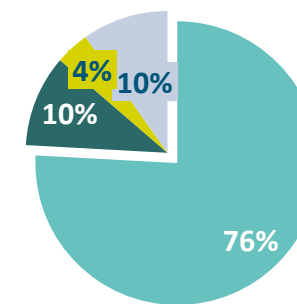
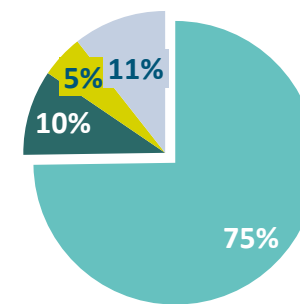


Food Processing Retail Food Services Frozen Food

Revenue by Geography

YTD-19

YTD-20



KSA Egypt Central Asia Others

Net Debt and Net Debt to Liquid Assets (%)**

Jun-19

Jun-20

6,991

6,111

35%

32%

-13%

Net Debt to Liquid Assets (%)

Net Debt

CAPEX

YTD-19

YTD-20

117

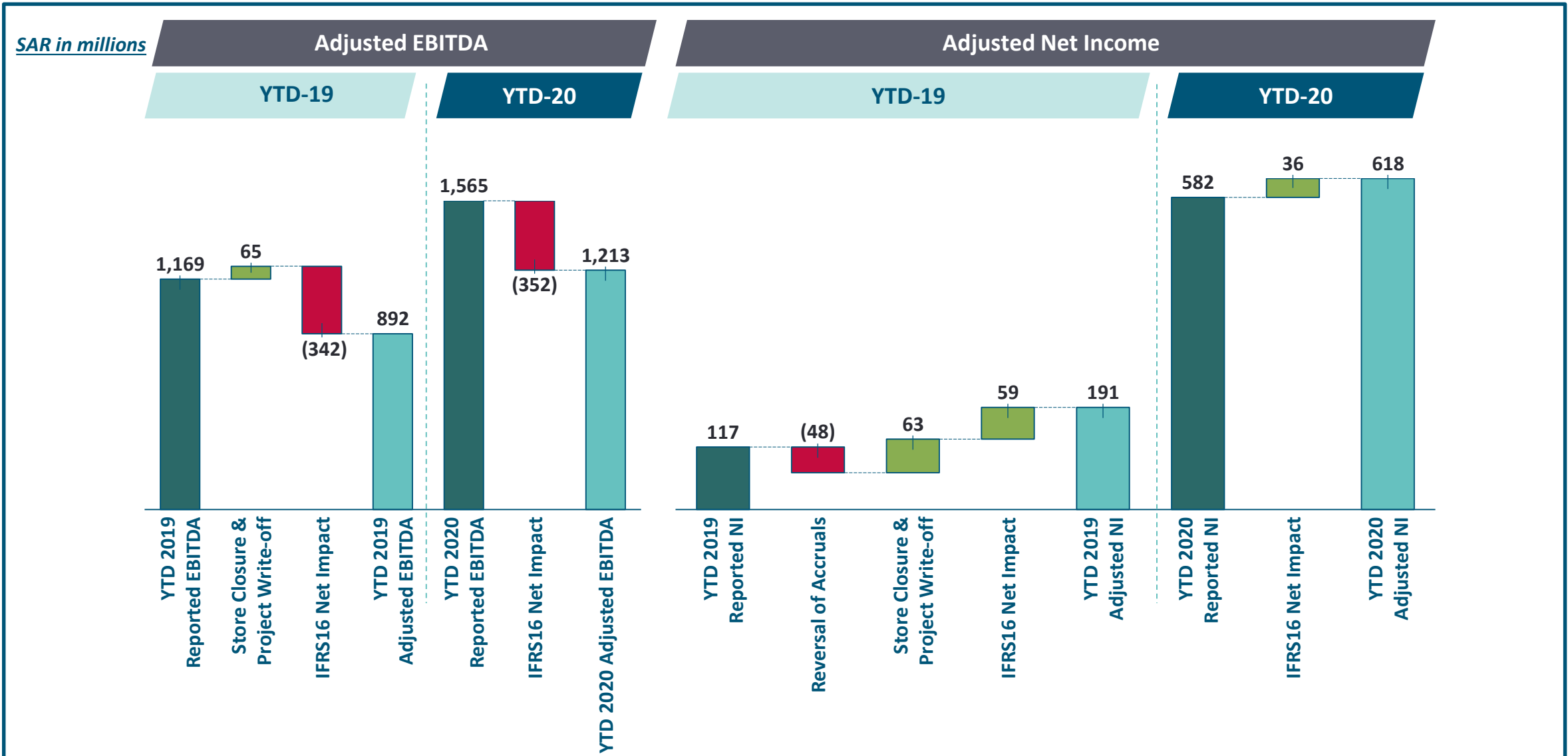
149

+27%

*Revenues from commercial and promotional income in the retail segment were reclassified. For more information, please refer to note (3) of the Group's Q2 2020 financial statements.

**Net debt excludes lease liabilities, liquid assets refers to the market value of Savola Group's investment in Almarai and Herfy.

IMPLICATIONS OF EXCEPTIONAL ITEMS



Note: Numbers are rounded

Panda Retail Company



RETAIL - HIGHLIGHTS

Key Highlights

- Our retail business continued to show strong performance in the first half of 2020, mainly driven by higher consumer demand for in-house food consumption

Store Count

- Store count increased to 206 stores by end of Q2, including 4 stores in Egypt
- During Q2 2020, we opened one supermarket in Saudi Arabia taking our supermarket store count to 142; we continue to actively monitor and assess our portfolio

Revenues

- Panda recorded revenues of ~SAR 6.6 bn in YTD June 2020, showing YoY growth of >18%
- The growth is mainly driven by higher like-for-like grocery demand during the preceding period due to consumer behavior (i.e. pantry loading, in-house consumption)

Profitability

- YTD June 2020, Panda reported EBITDA of SAR 618 mn, compared to SAR 201 mn last year
- Net income reached to SAR 158 mn in YTD June 2020 driven by topline growth and improvement in gross margins, compared to losses of SAR 312 mn last year

RETAIL – FINANCIAL HIGHLIGHTS

Margin

SAR in millions



Note: numbers are rounded

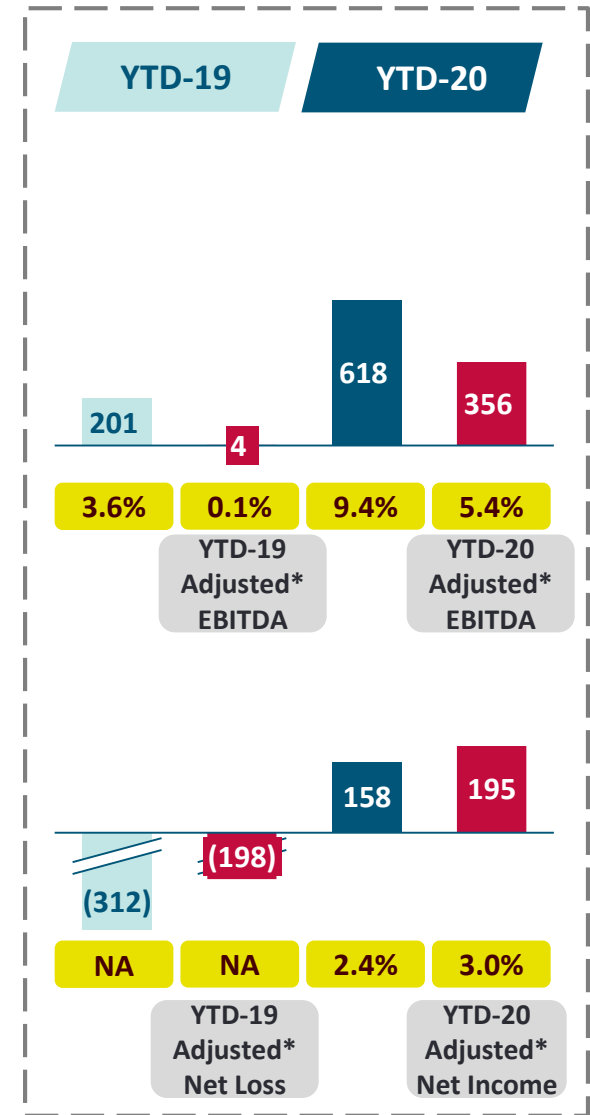
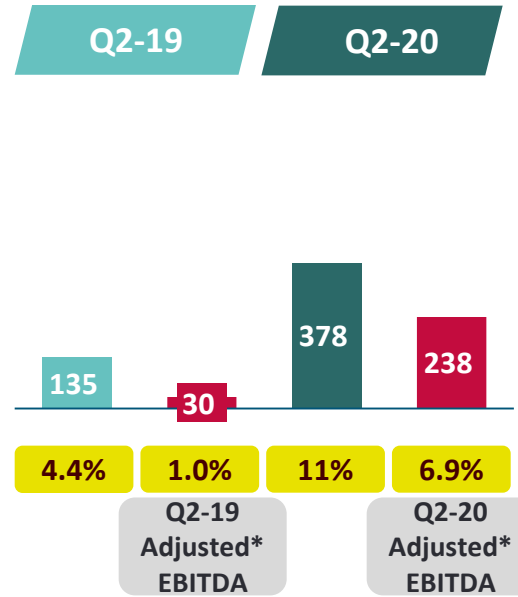
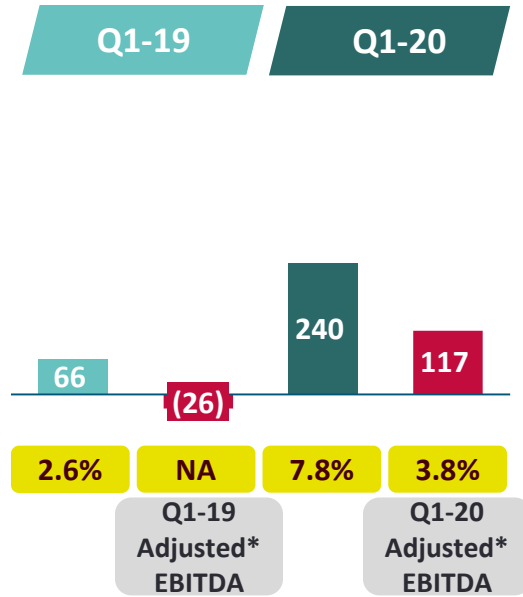
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RETAIL – FINANCIAL HIGHLIGHTS

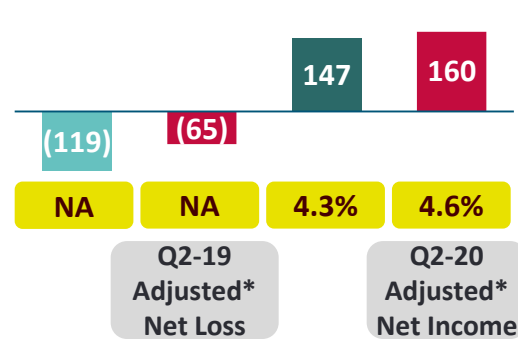
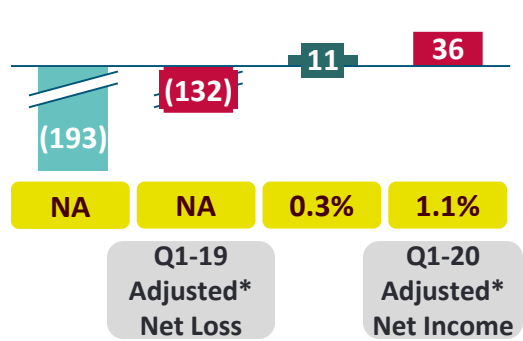
Margin

SAR in millions

EBITDA



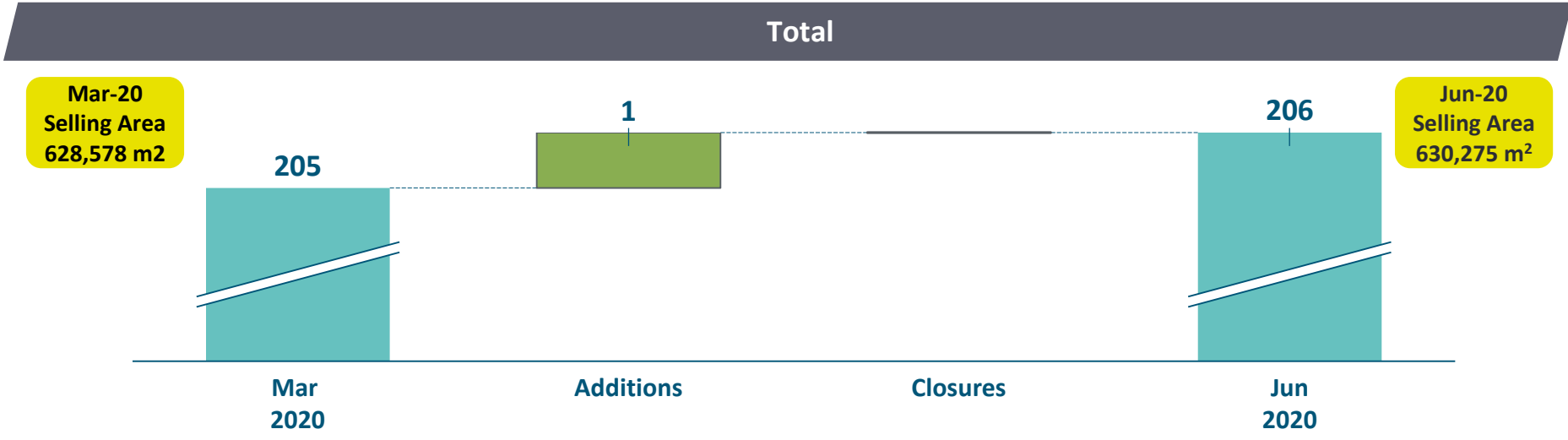
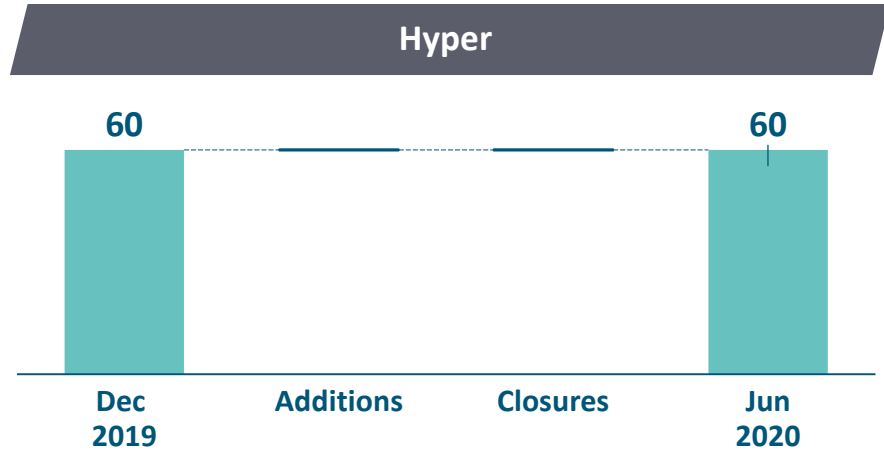
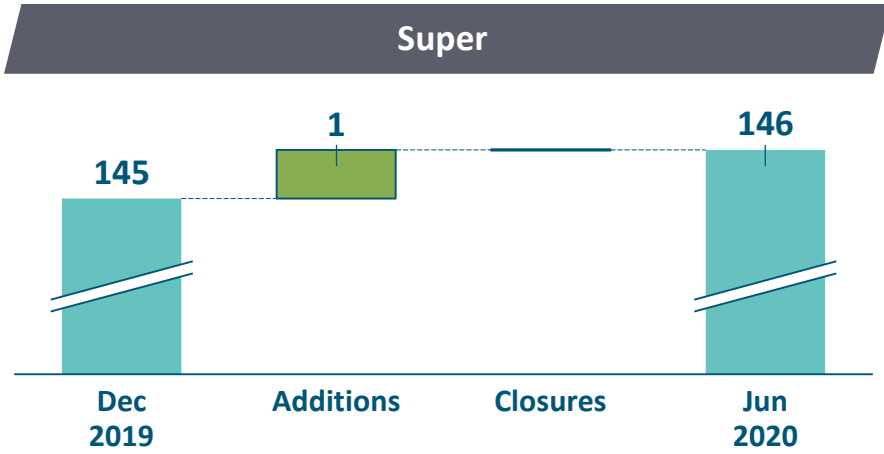
Net Income



Note: numbers are rounded

*Adjusted numbers include adjustments for IFRS16, store closures and project write offs

RETAIL – NUMBER OF STORES



Savola Foods Company

Key Highlights

- The performance of our foods segment continued to be relatively stable, despite a challenging macroeconomic and operating environment

Volume

- **Volume has increased by ~3% to 1,692 KMT in YTD June 2020**, driven primarily by a ~6% growth in edible oils and ~3% growth in pasta
- **Sugar volumes remained relatively flat at ~691 KMT in YTD June 2020**

Revenues

- **Revenues were relatively flat, coming in about ~1% lower than last year at SAR 4.7 bn in YTD June 2020**, which were largely impacted by lower sugar prices
- **Edibles oil and pasta revenues increased by 1% and 7%**, in YTD June 2020 compared to last year, led by strong growth in Egypt

Profitability

- **EBITDA improved to SAR 448 mn in YTD June 2020** compared to SAR 422 mn last year
- **Net Income increased to SAR 180 mn in YTD June 2020**, compared to SAR 178 mn last year (which included one-off of SAR ~48 mn reversal of accruals)

FOODS – FINANCIAL HIGHLIGHTS

Margin

SAR in millions

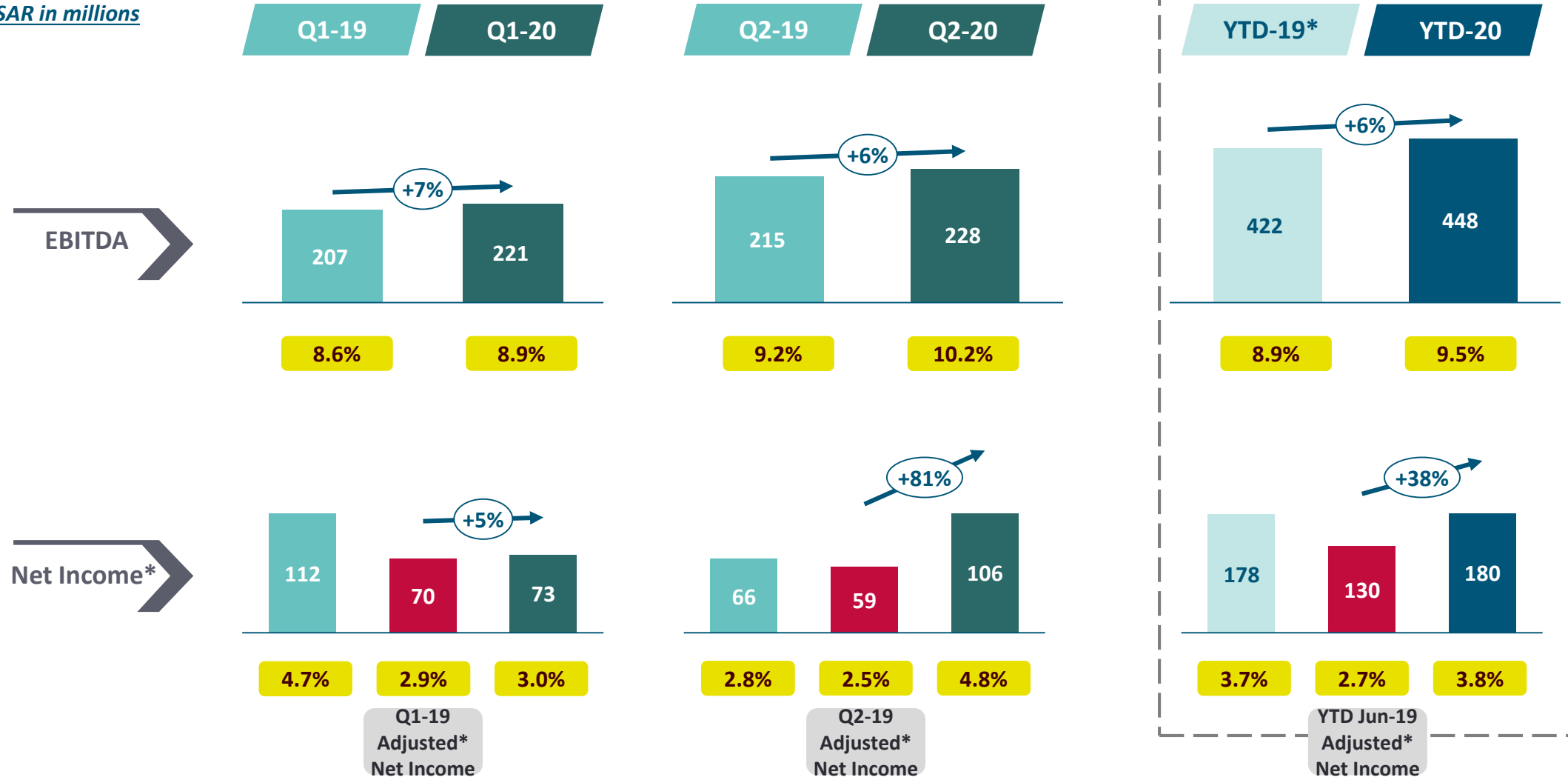


Note: numbers are rounded

FOODS – FINANCIAL HIGHLIGHTS

Margin

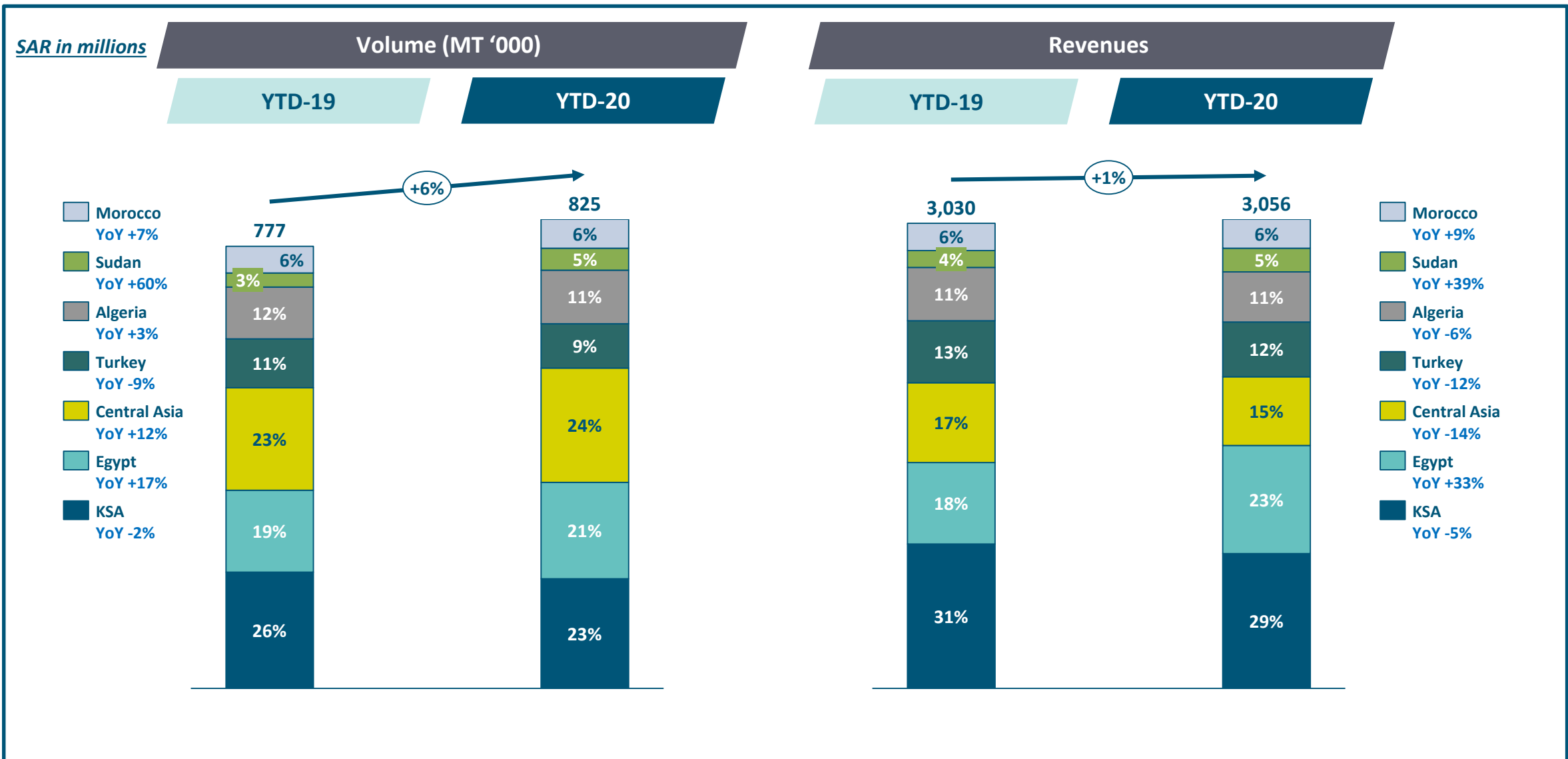
SAR in millions



Note: numbers are rounded

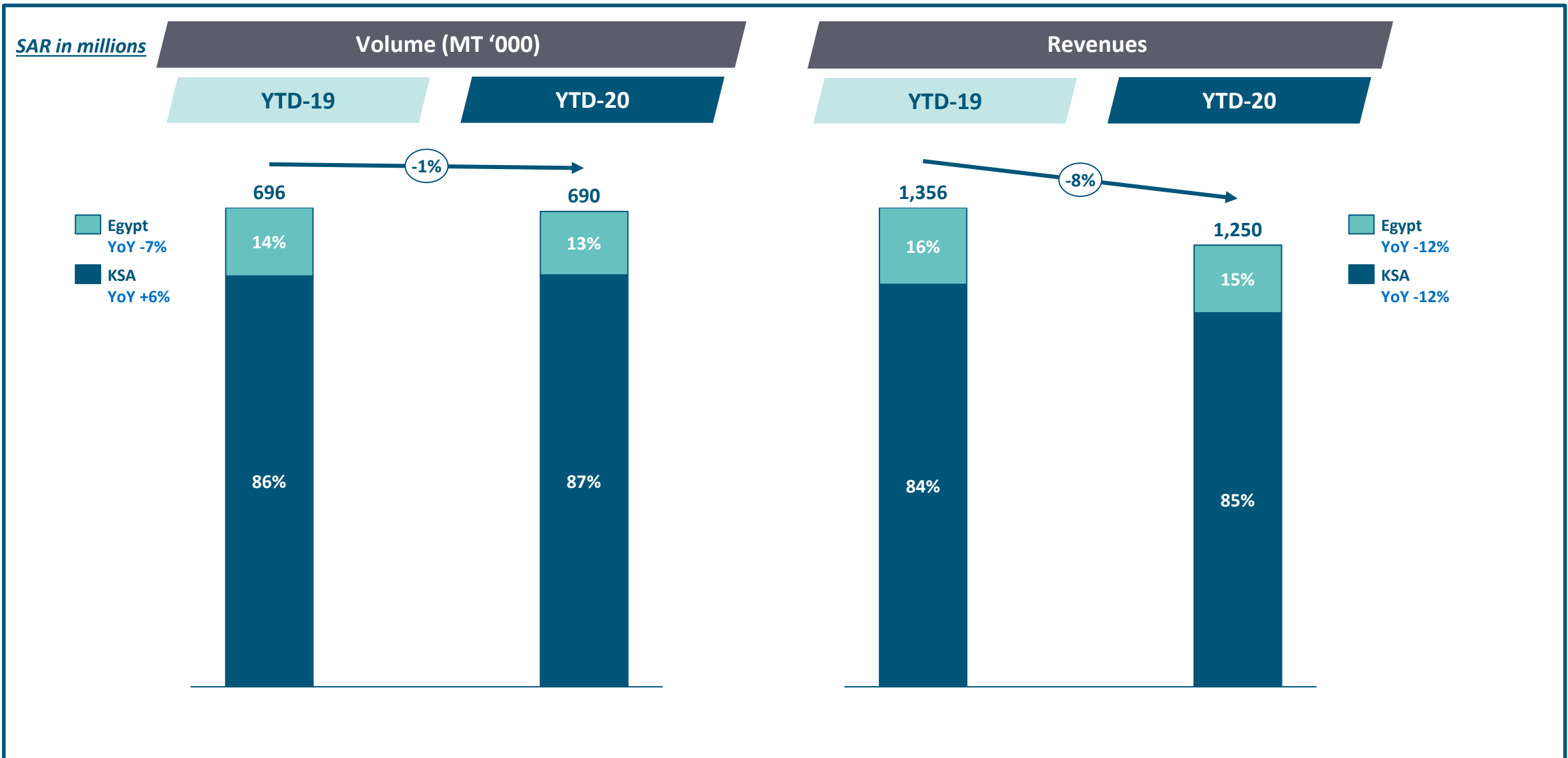
*In YTD June 2019, Savola Foods recorded non-operational income of about SAR 48 million due to reversal of accruals

FOODS – OIL SEGMENT ANALYSIS



Note: The above includes net distribution volume and excludes specialty fat business that used to be combined with the edible oil category and is now part of the emerging categories shown in slide 24

FOODS – SUGAR SEGMENT ANALYSIS



Note: Sugar volumes and revenues include only the contribution from our consolidated sugar operations (USC and ASC), and include the net volume and revenue from our KSA sugar distribution operations

Al Kabeer Group of Companies



FROZEN FOOD - HIGHLIGHTS

Key Highlights

- Demand for frozen food continued to show a healthy trend in the first half of 2020, with consumers preferring in-house cooking and dining during curfews, as well as, a general preference for longer life products and pantry loading during the period

Revenues

- Revenues increased by ~30% reaching SAR 403 mn in YTD June 2020 compared to SAR 311 mn last year, largely driven by strong growth in Saudi Arabia

Profitability

- YTD June 2020 EBITDA increased by ~56% compared to last year, reaching SAR 78 mn from SAR 50 mn last year
- YTD June 2020 net income registered at SAR 63 mn, representing growth of about ~63% compared to last year, where net income reached SAR 38 mn last year

FROZEN FOOD – AL KABEER FINANCIAL HIGHLIGHTS

Margin

SAR in millions



Note: numbers are rounded

FROZEN FOOD – AL KABEER FINANCIAL HIGHLIGHTS

Margin

SAR in millions



Note: numbers are rounded

Financial Summary



FINANCIALS – YTD June 2020

(all figures are in SAR millions)

Segment Wise Financials										
YTD June 2020						YTD June 2019				
	Revenue	Gross Profit	EBIT	Net Income	EBITDA	Revenue	Gross Profit	EBIT	Net Income	EBITDA
Food*										
Oil-Mature Markets	2,387	453	231	142	276	2,395	431	162	101	205
Oil-Start-up Markets**	669	64	21	10	29	635	73	40	24	46
Total Oil	3,056	517	252	151	305	3,030	504	201	125	252
Sugar	1,250	159	78	36	120	1,356	211	117	72	157
Pasta	296	54	17	9	25	278	32	10	1	18
Emerging Categories***	103	5	(10)	(16)	(2)	95	1	(13)	(20)	(4)
Total Foods	4,705	734	337	180	448	4,758	749	315	178	422
Retail										
KSA	6,504	1,507	278	165	615	5,491	1,172	(180)	(309)	199
Egypt	58	12	(4)	(7)	4	47	9	(6)	(3)	2
Total Retail	6,562	1,519	274	158	618	5,539	1,181	(186)	(312)	201
Herfy	467	87	8	(12)	96	623	182	110	89	190
Frozen Food	403	162	68	63	78	311	118	42	38	50
Real Estate	-	-	(6)	(6)	(6)	-	-	8	8	8
Al Marai-Savola Share	-	-	355	355	355	-	-	317	317	317
HQ/Elimination/Impairments	(207)	(1)	(43)	(154)	(24)	(204)	-	(38)	(201)	(19)
Total	11,930	2,502	993	582	1,565	11,027	2,229	570	117	1,169
Adjustments										
Store Closure and Project Write-off				-					63	
Reversals of Accrual				-					(48)	
Net Impact of IFRS16				36					59	
Adjusted Profit				618					191	

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

** Start-up markets include Algeria, Morocco and Sudan

*** Includes specialty fats, seafood, croissant...etc.

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