



Investor Presentation



- 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 SADAFECO





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

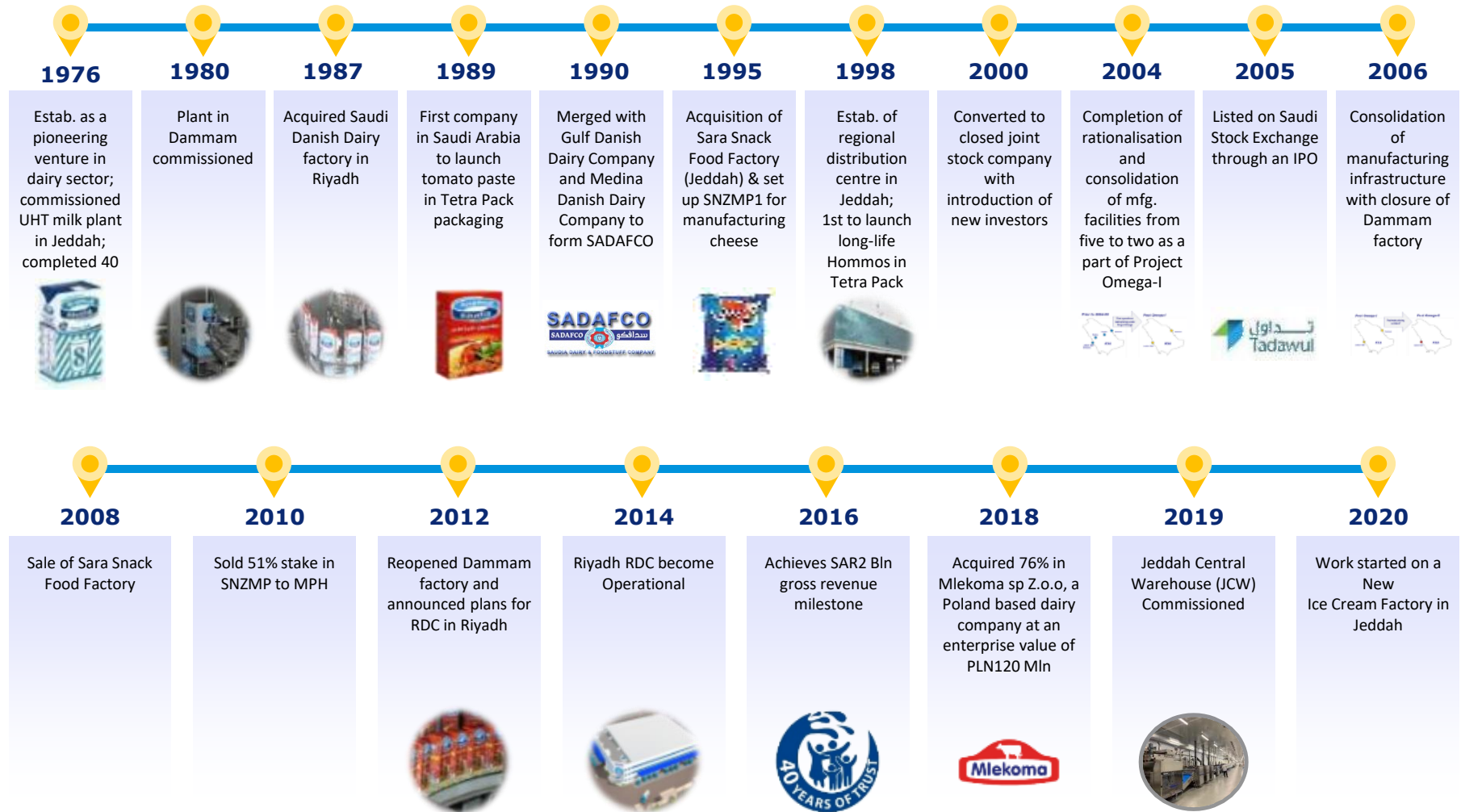
Since its incorporation, the Company has expanded its product range to become a significant player in the Saudi food and dairy market

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



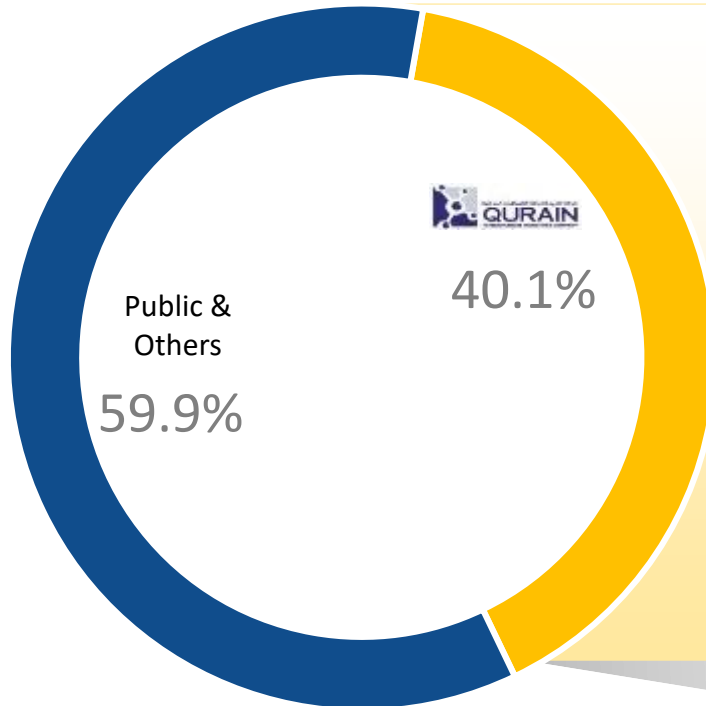
1. Saudi New Zealand Milk Products Limited – a JV with Milk Products Holdings (MPH), a subsidiary of New Zealand Dairy Board (NZDB)

Shareholding Structure



Shareholding

(as of 30th Aug 2020)



- Qurain Petrochemicals Industries (QPIC) is the largest shareholder of SADAFCO
- 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 34 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

Board of Directors

HH Sheikh Hamad Sabah Al-Ahmad
Chairman



Faisal Hamad Mubarak Al-Ayyar
Vice Chairman



Saied Ahmed Saied Basamh
Director

Abdullah Yaqoob Bishara
Director

Suleiman Saud Al-Jarrallah
Director

Mussad Abdullah Al-Nassar
Director

Ahmed Mohamed Hamed al Marzouki
Director

Management Team

Wout Matthijs
Chief Executive Officer

Shehzad Altaf
Chief Financial Officer

Paul van Schaik
*Director,
Organizational Development*

Devasheesh Singh
*Director,
Commercial Operations*

Strategy



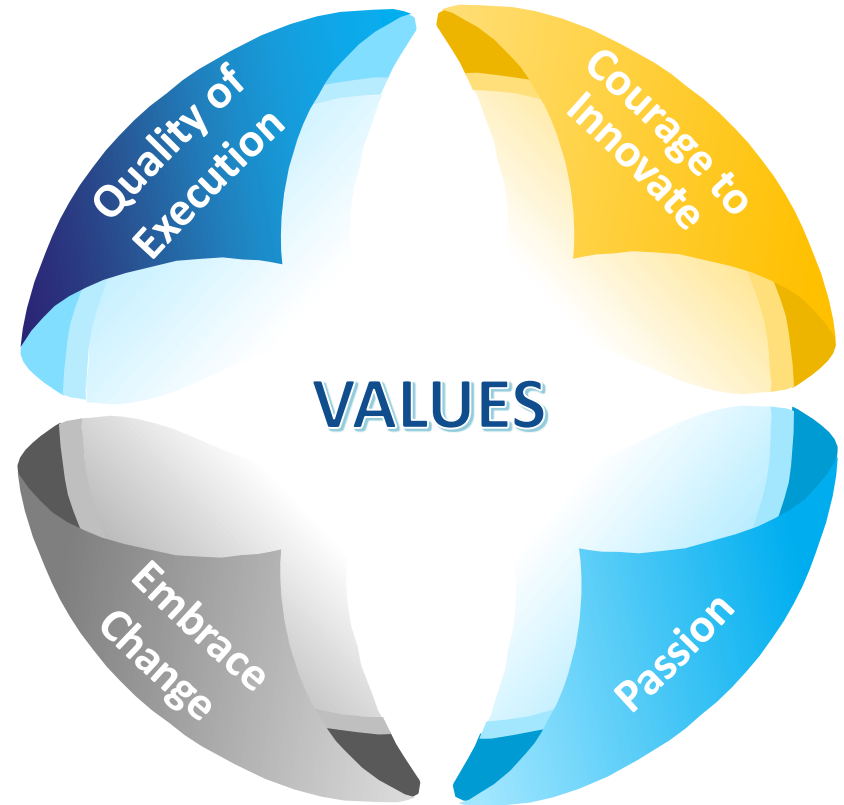
Our Vision, Mission & Values

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 shareholder value through teamwork



Solar Project at JCW

SADAFCO will become one of the first Saudi Companies to install solar panels to increase its sustainable energy source, and is currently working towards installing a full roof of solar panels at its Jeddah Central Warehouse (JCW)

New Ice Cream Factory

A New Ice Cream Factory is being built at Jeddah to support the growth plans of Ice Cream in the KSA

Jeddah Central Warehouse (JCW)

A central warehouse commissioned at Jeddah to manage further growth efficiently through effective warehouse management

Product Portfolio



Product Portfolio: Evolution/ Expansion





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)

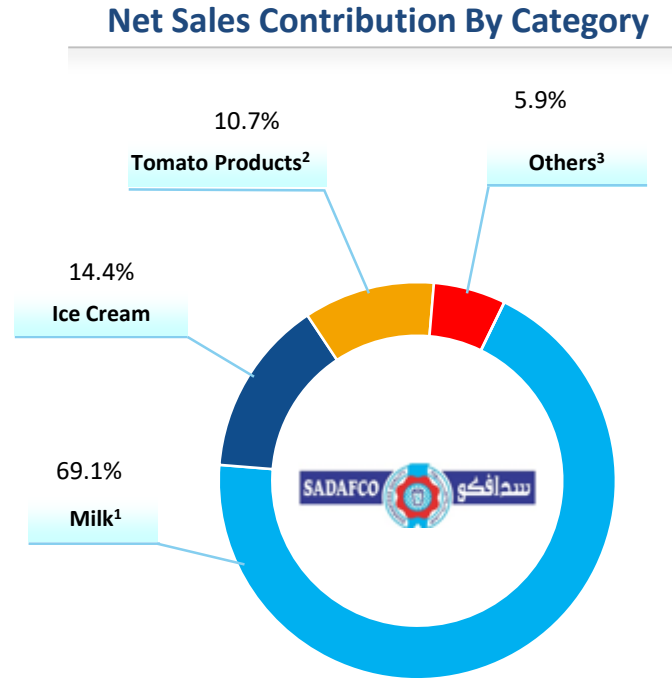


Other Products

- Butter
- French Fries
- Jump
- Cream (Thick & Sterilized)
- Soy Drink
- Water (Still & Flavored)



Product Portfolio: Contribution in 2019/20



- Milk is the largest contributor to company's Net Sales (69.1% share)
- SADAFCO has the highest market share in KSA's Plain UHT milk market of 62.9% as of June'20
- Ice Cream contributes 14.4% and Tomato products contribute 10.7% to Net Sales

¹ Milk includes Plain Milk, Flavored Milk, Junior, Milk Powder, EVAP, Cream and Jump!

² Tomato Products include Tomato Paste and Ketchup

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

Key Products: SADAFCO Market Share

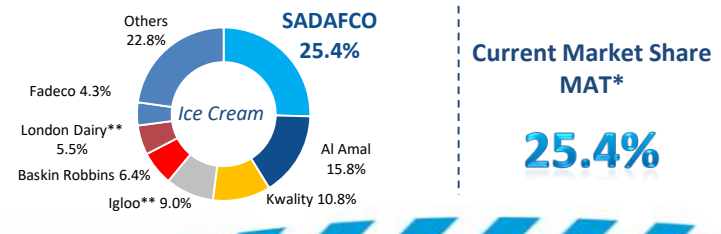
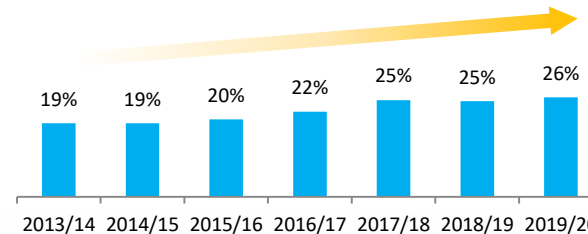
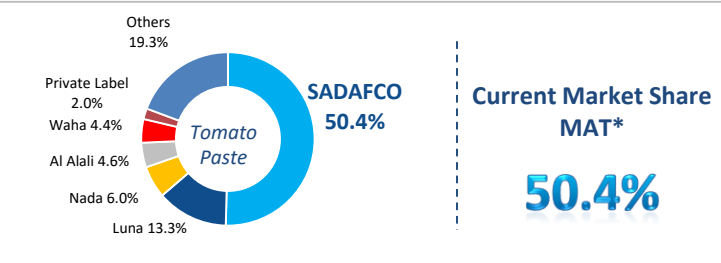
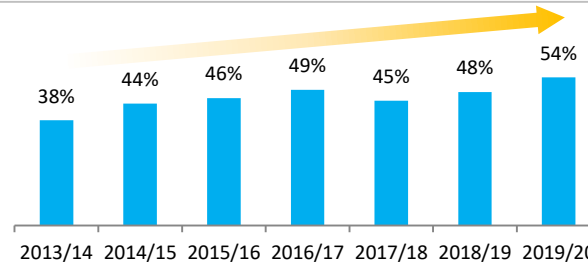
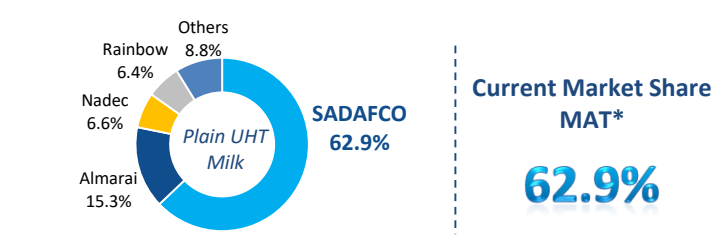
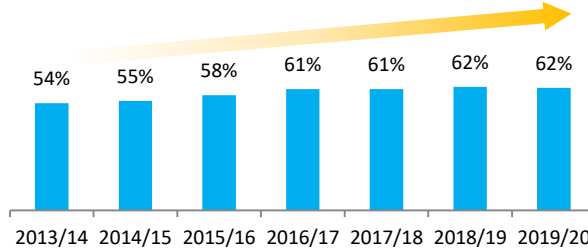
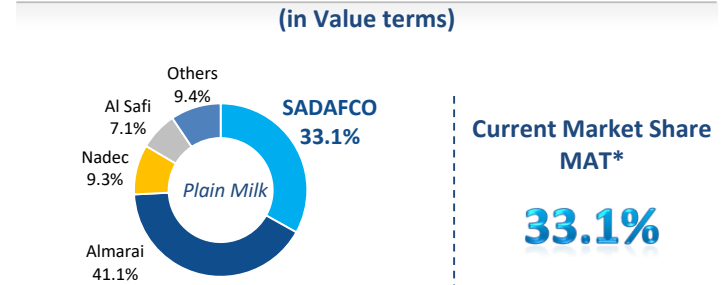
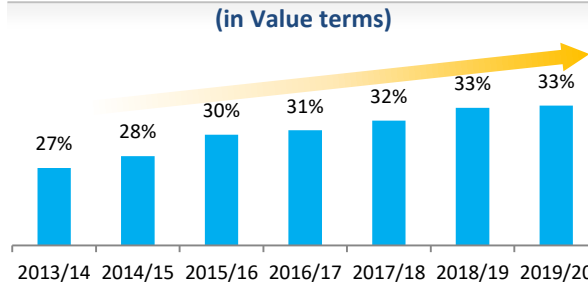
Key Categories

Evolution of SADAFCO's Market Share

Market Shares (June '20*)



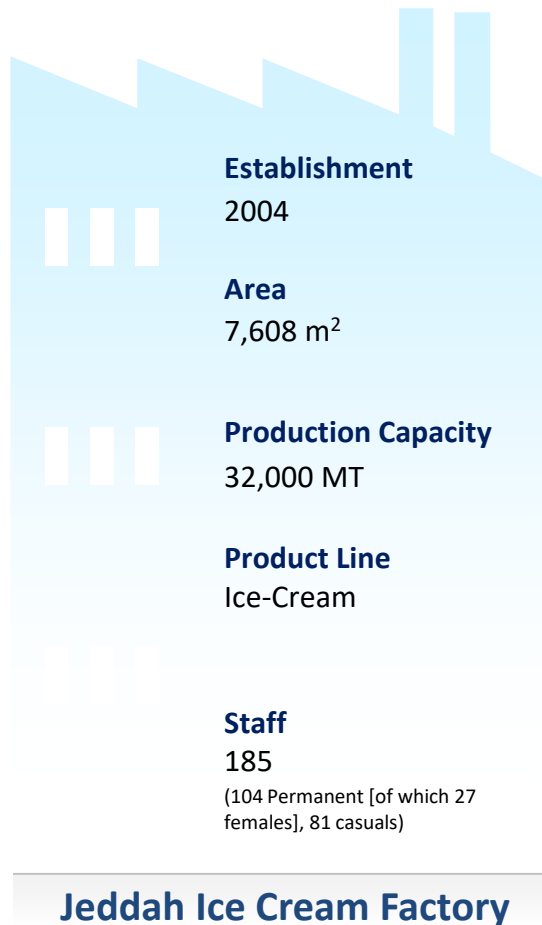
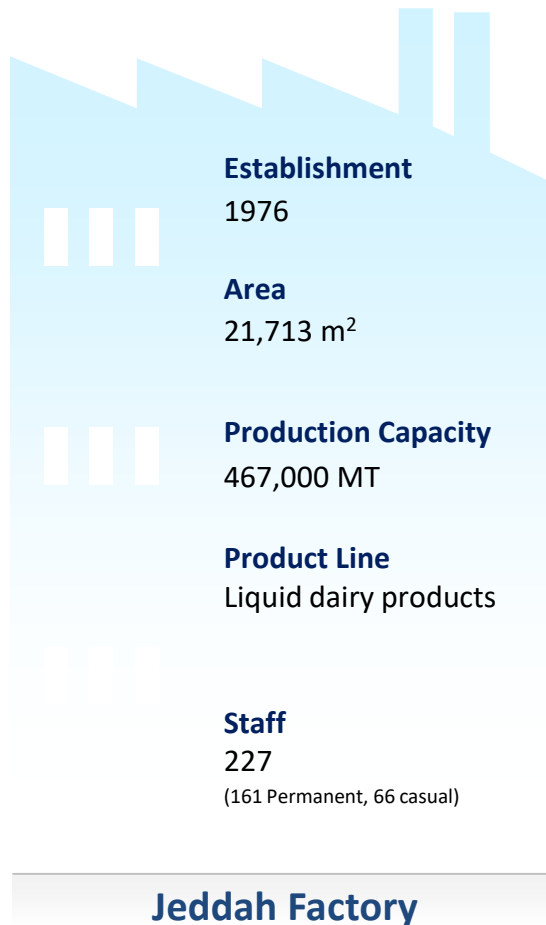
#Includes Fresh and UHT Plain Milk



Source: Nielsen Data
 *Market Share Nielsen Data June'20
 **part of IFFCO group

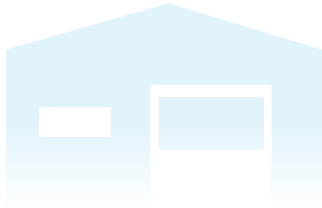
Manufacturing Facilities





Distribution & Supply Chain Network





JCW - Jeddah Central Warehouse

Establishment

Fully operational in Q1 - 2019

Built up Area

32,600 sq. mt

Storage Capacity

42,400 pallets



JRDC - Jeddah Regional Distribution Center

Establishment

Built in 1996, extended in 2006

Built up Area

14,136 sq. mt

Storage Capacity

7,920 pallets



RRDC - Riyadh Regional Distribution Center

Establishment

March 2015

Built up Area

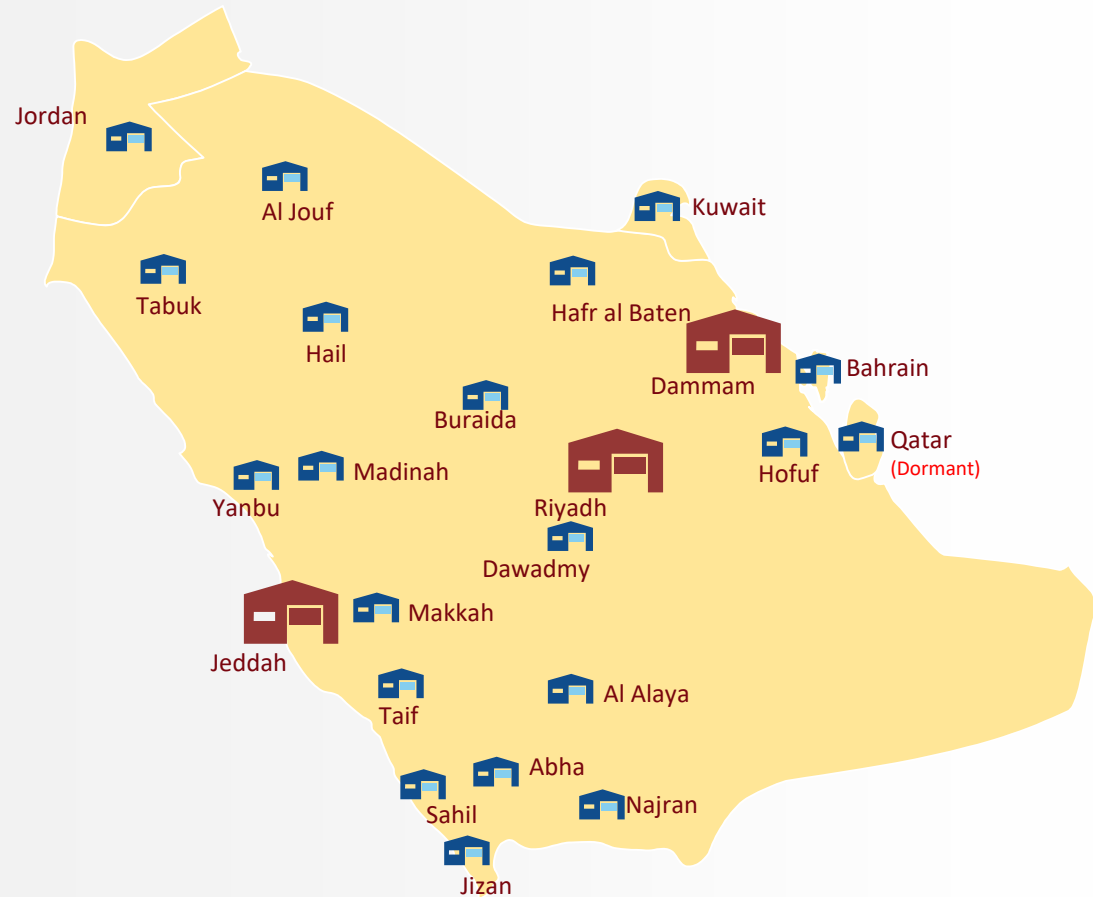
14,680 sq. mt


Storage Capacity

17,815 pallets

- From the factories in Jeddah and Dammam, finished products are shipped to the Jeddah Central Warehouse and Regional Distribution Centers in Jeddah, Riyadh and Dammam plus 20 other 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 33K+ outlets across the Arabian peninsula, monitored via hand held technology

SADAFCO Distribution Network – List of Distribution Depots



 Regional Distribution Center

 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 800 sales trucks covering 600+ routes

Over the course of year 2019/20, SADAFCO has transported over 50 million cases of finished goods from the factories and the RDC's to the depots travelling in excess of 21 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 28 vehicles to its sales fleet in 2019/20. 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



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

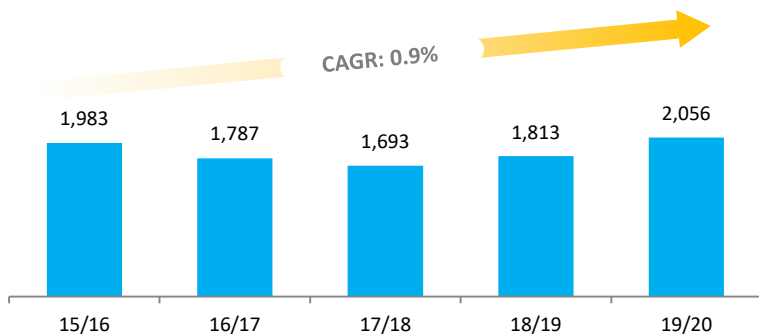


Strong regional retail network of over 33,000 outlets across Arabian peninsula has helped SADAFCO in improving visibility and shopper communication in stores

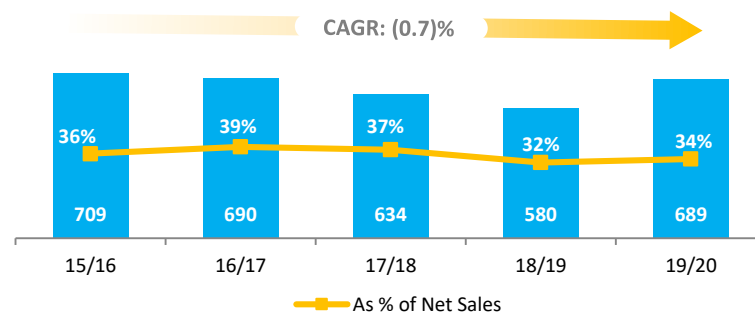
Financial Overview



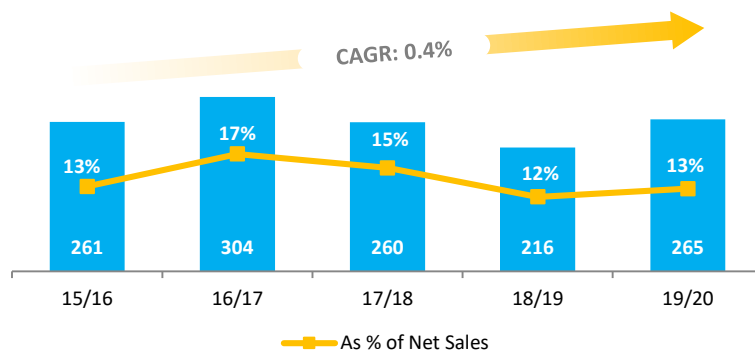
Sales SAR MIn



Gross Profit SAR MIn

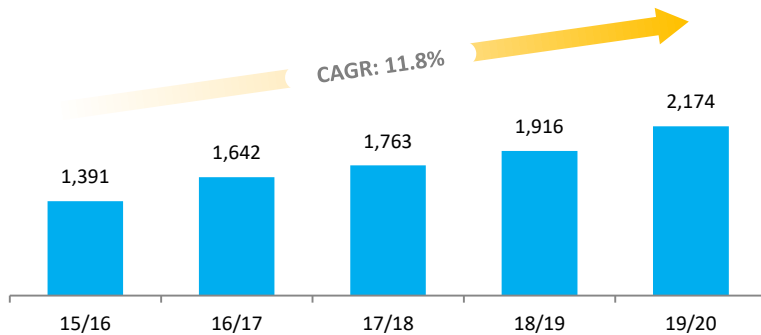


Net Profit SAR MIn



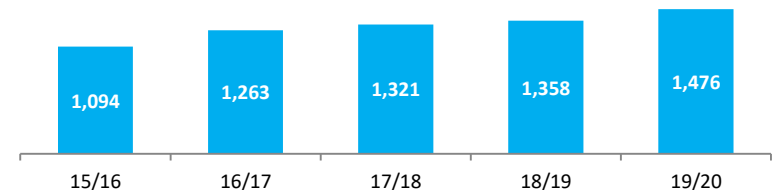
Steady Asset Base...

SAR Mln



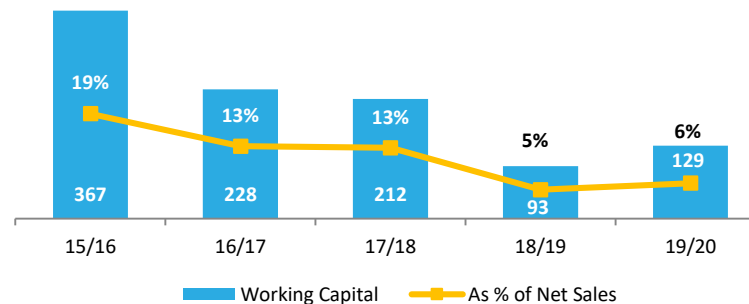
...built by Internally generated funds

SAR Mln



Working Capital*

SAR Mln

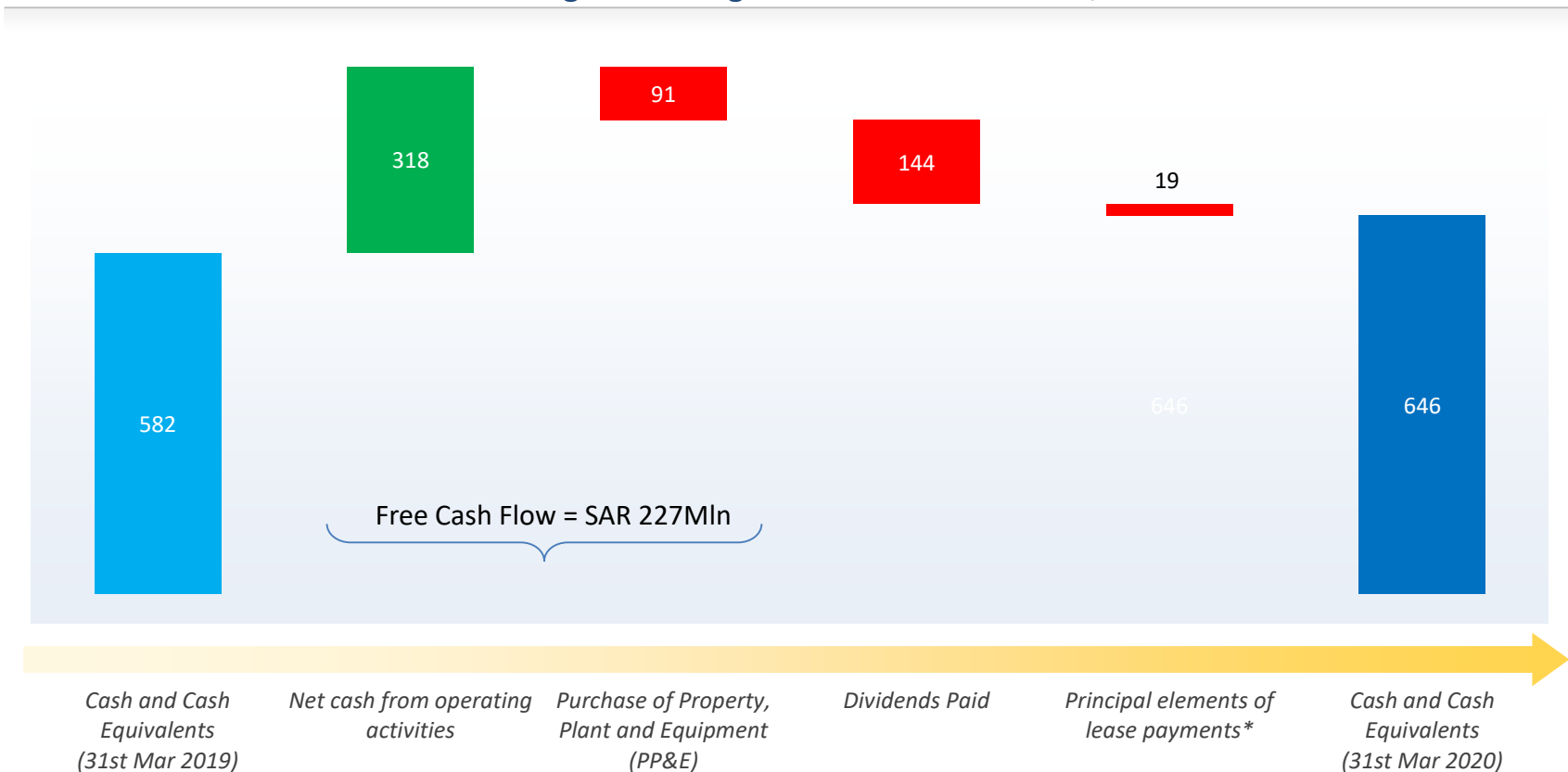


Note: *Working Capital calculated as Current Assets net of Current Liabilities.
 Current Assets: Accounts receivable + Inventories + Deposits, prepayments & other current assets
 Current Liabilities: Accounts payable + Due to related parties + Accrued zakat + Dividend payable +
 Accruals & other current liabilities

Cash Flow Summary

SADAFCO Consolidated Cash Flow Bridge for rolling 12-months as of 31 Mar, 2020

SAR MIn

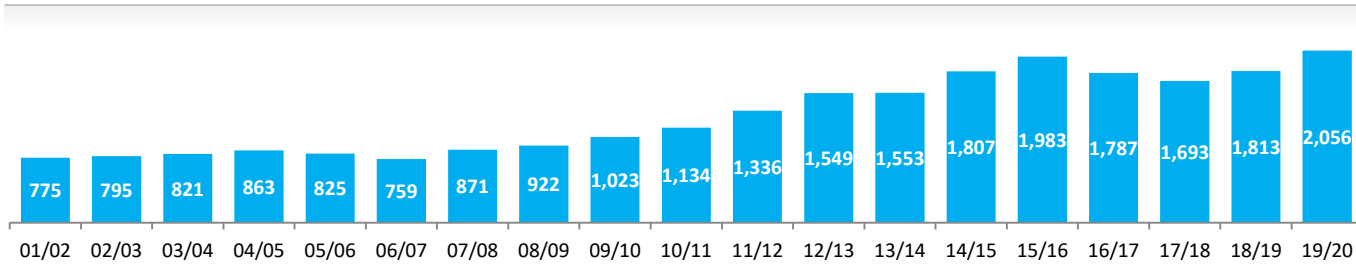


*Note: Includes Effect of exchange rate fluctuations on cash and cash equivalents

Historical Trends

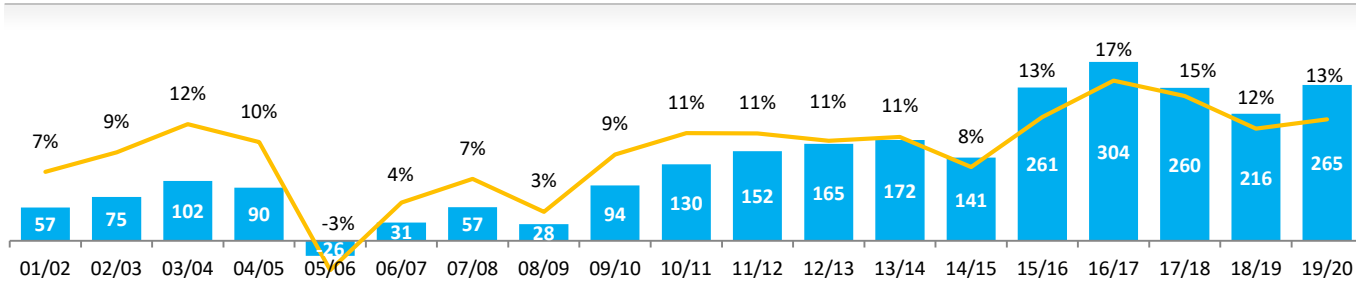
Revenue

SAR Mln



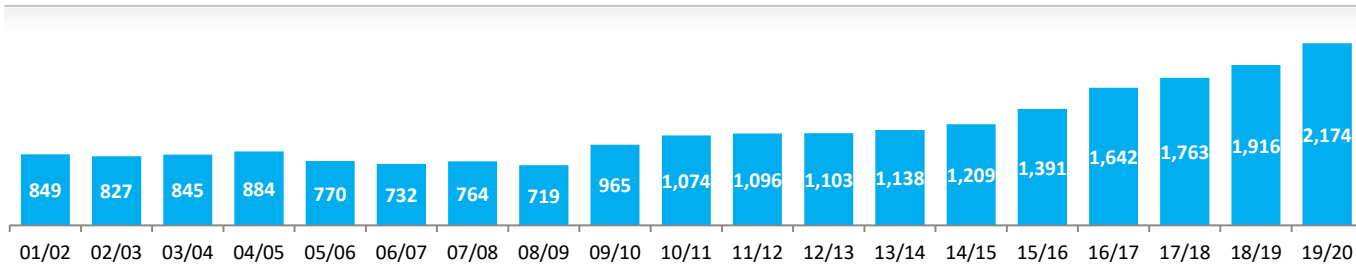
Net Income & Margin

SAR Mln



Total Assets

SAR Mln



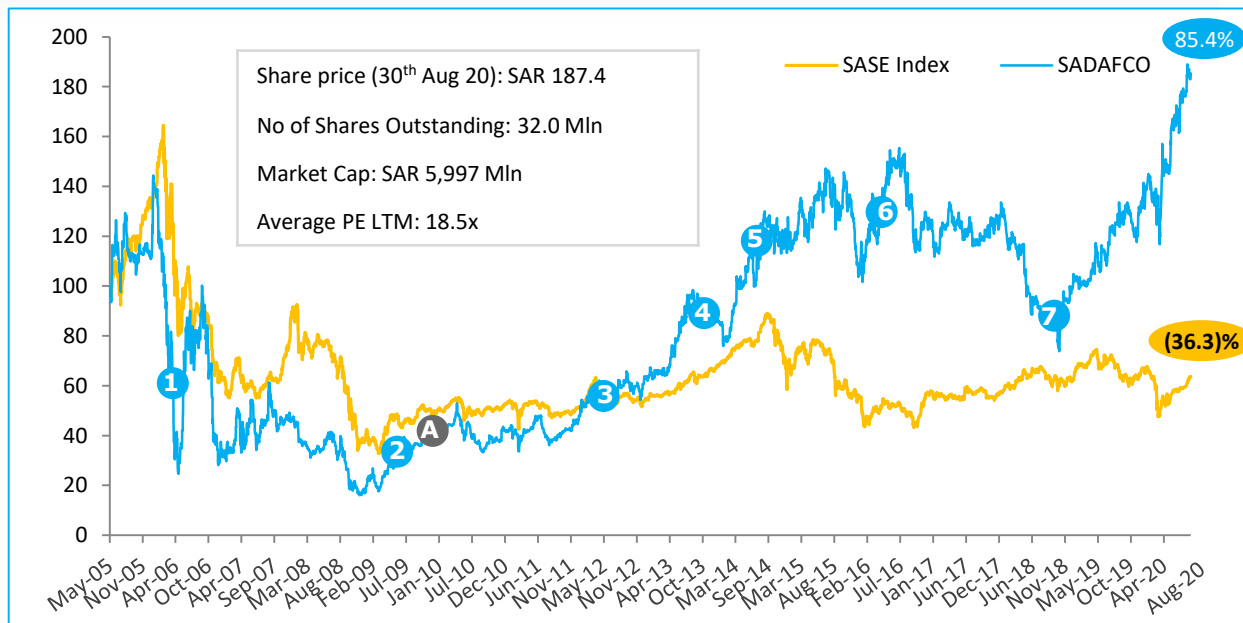
SADAFCO has shown consistent growth in its revenues and margins. Economic headwinds seen over the previous couple of years seems to have weakened. Continuous efforts have led to good recovery of our growth in 2019-20

Source: 2000/01-2004/05: SADAFCO Prospectus; 2005/06-2019/20: SADAFCO Annual FS; Numbers from 2016/17 are adjusted for IFRS

Share Price Performance Since IPO

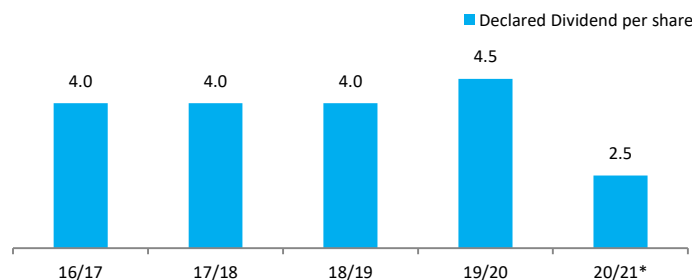
Annotations

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



Consistent Dividends

SAR per share



*Dividend of SAR2.5 per share has been declared in Jun' 20

Compounded Annual Return[#] of
~20.8%
over the last 10 years

Note: [#]Annualized Return calculated as sum of share price appreciation/depreciation and dividends paid during the period ending 30th Aug 2020, assuming no reinvestment of dividends

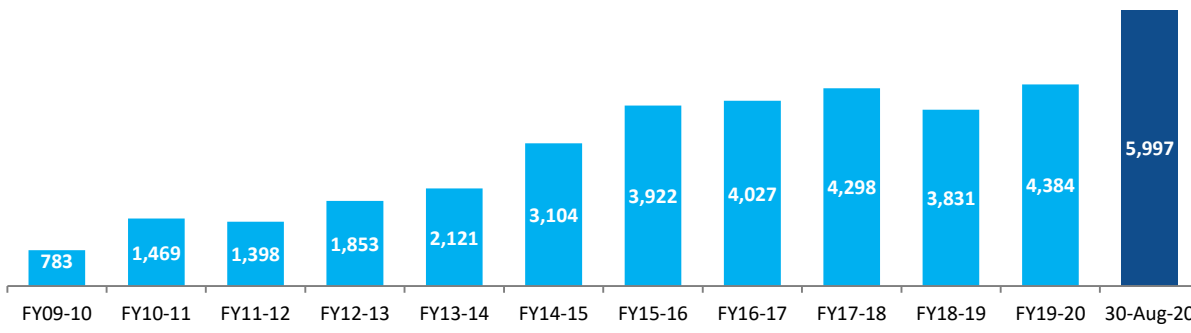
Source: Bloomberg

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

Market Performance

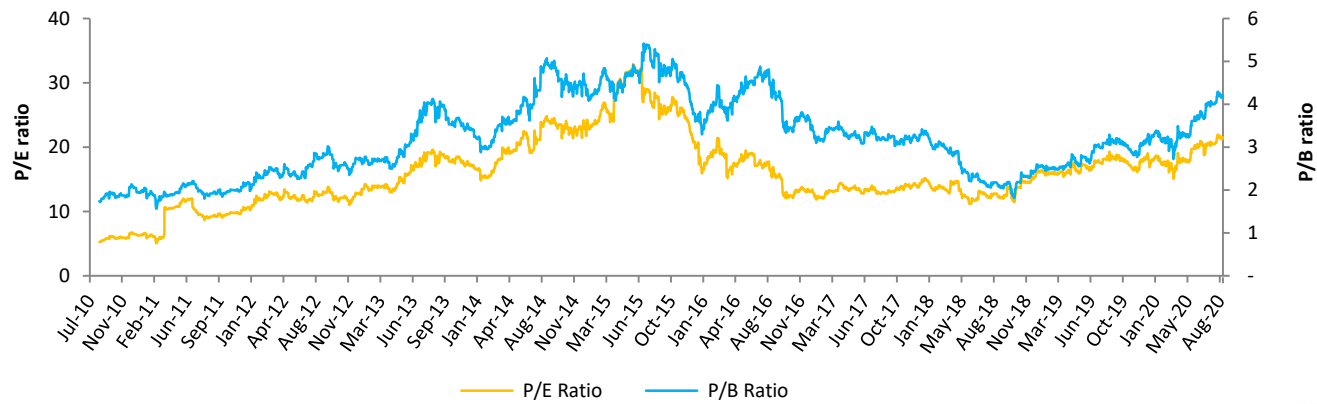
Market Cap

SAR Mln



“SADAFCO’s market cap has grown at a **CAGR of 20.8%*** over the last 10 years”

Price to Earnings and Price to Book Ratio



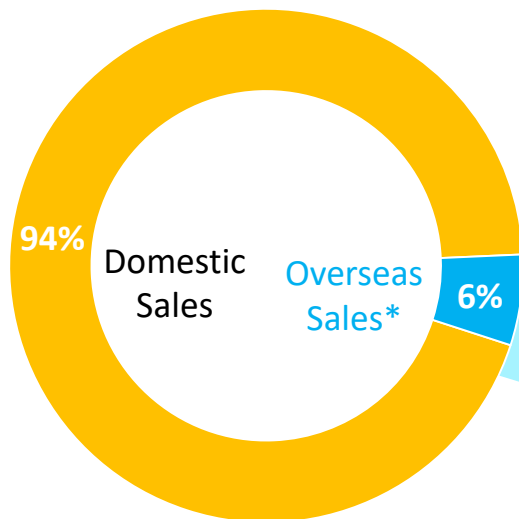
“SADAFCO’s **P/E and P/B ratio** has been in the range of 11-22x and 2-4x respectively during the last three years”

Source: Bloomberg

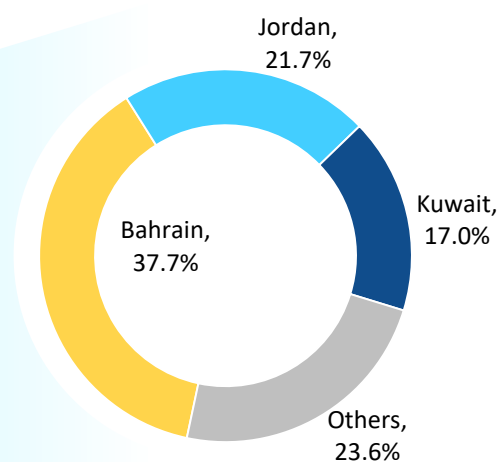
Note: *Annualized Return calculated as sum of share price appreciation/depreciation and dividends paid during the period ending 30th Aug 2020, assuming no reinvestment of dividends

Complemented by Exports

SADAFCO's Revenue Breakdown (2019/20)



SADAFCO's Overseas Sales Breakdown (2019/20)



- SADAFCO continues to diversify geographically – currently 6%* of SADAFCO's sales are outside KSA
- The key markets outside KSA are Bahrain, Jordan and Kuwait

*Does not include revenue of SADAFCO Poland

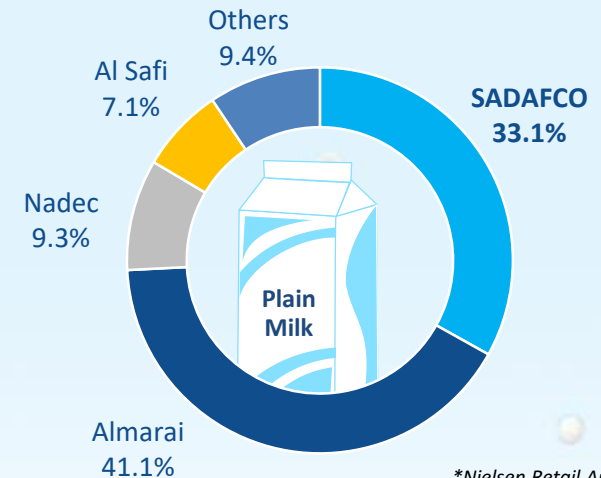
Product Profile Analysis



Plain Milk Overview

- SADAFECO's Plain milk product category comprises of items like whole milk, low-fat milk, skimmed milk, gold milk, junior milk and functional Milk
- SADAFECO commenced operations with the production of UHT (Ultra High Temperature pasteurized) Milk in 1977
- SADAFECO 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 (June'20*)



SKUs
125ml, 200ml,
500ml, 1-liter
and 2-liter



SKUs
1-liter



SKUs
200ml, 1-liter
and 2-liter



SKUs
200ml



SKUs
200ml and
1-liter



SKUs
1-liter

Product Pricing

Premium Pricing Advantage

Product	Package	Price (SAR)
 SADAFCO 	1x12 Ctn	53.06
	1x12 Ctn	45.88
	1x12 Ctn	51.14
	1x12 Ctn	59.98

1

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

2

SADAFCO 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

Source: Company Sources, prices mentioned are average of the period Apr19-Mar20

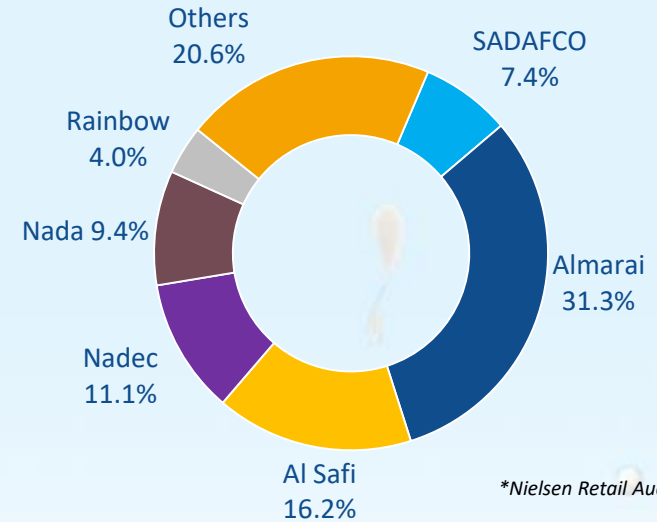
Product Innovation

- Sales growth in milk through product innovation and increased focus on quality
- SADAFCO 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

- SADAFCO 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 (Value Share June '20*)



SKUs
200ml and
1-liter

Chocolate



Banana

SKUs
200ml



Strawberry

SKUs
200ml



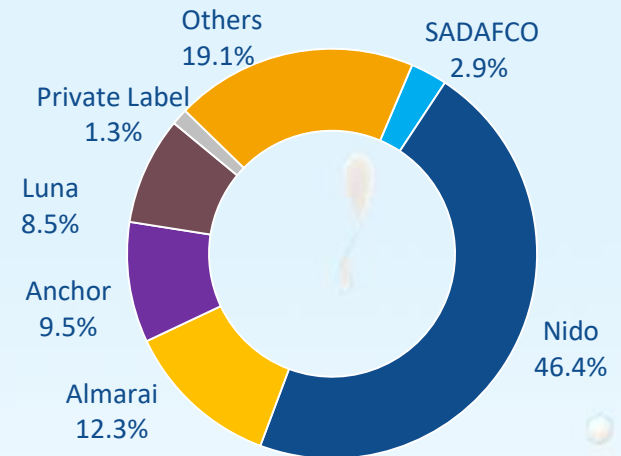
SKUs
200ml and
1-liter

Date Milk

Milk Powder Overview

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

Market Position (Value Share Mar '20*)



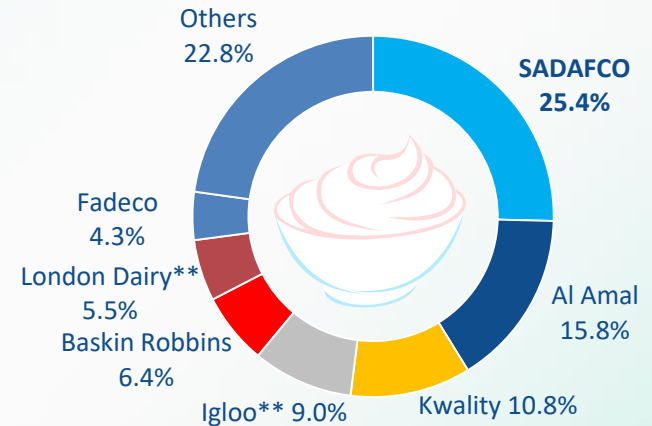
*Nielsen Retail Audit



Ice Cream Overview

- Ice cream product line was launched in 1979
- Over the years, SADAFECO 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 (June'20*)



*Nielsen Retail Audit;
**part of IFFCO group



Mix of chocolate biscuit, Strawberry and vanilla/chocolate



Vanilla, Chocolate and Strawberry



Vanilla, Dark and White chocolate



Blend of vanilla, peanut and caramel



Orange and Raspberry



Choco, Choco Lite, Vanilla, Vanilla Lite, Mango, Strawberry, Caramelita, Choco Chip, Vanilla/Blackberry, Black & White, Macadamia, Pistachio

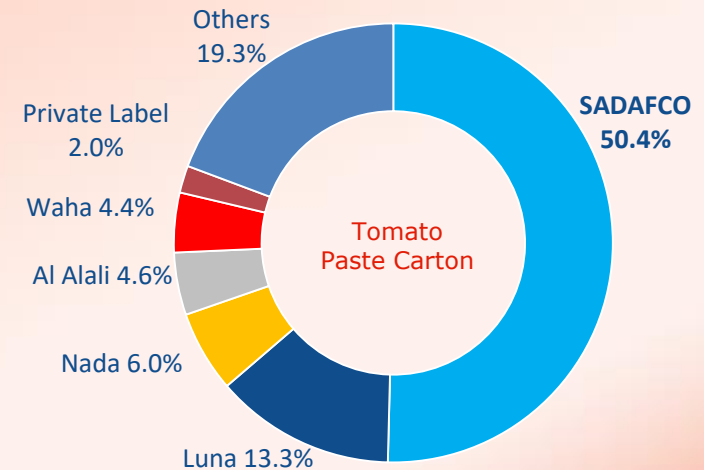


Vanilla, Choco, Strawberry, Sesame, Blackberry, Macadamia, Black & White, Pistachio

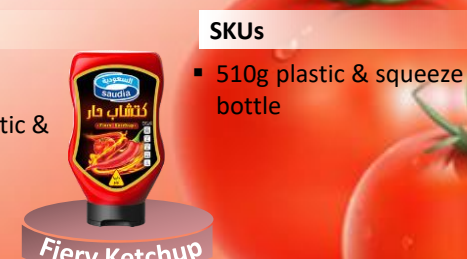
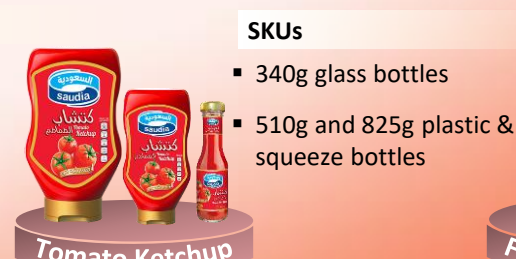
Tomato Products Overview

- Tomato Products include Tomato Paste and Tomato Ketchup
- SADAFCO 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 (June'20*)



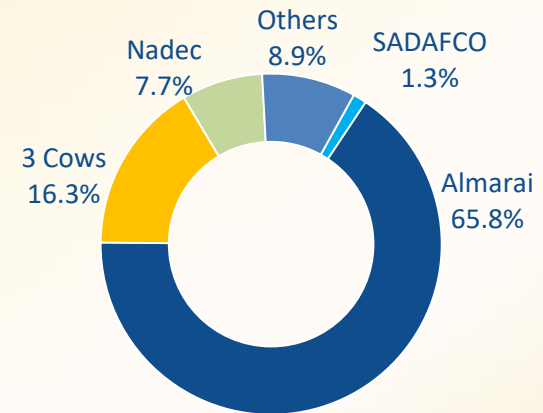
*Nielsen Retail Audit



Cheese Products Overview

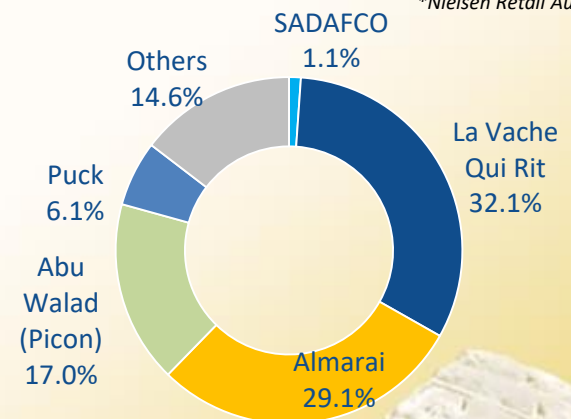
- SADAFCO launched cheese product line in 1991
- Range of products include Feta cheese, Feta Tubs and Triangles
- The company is a leading domestic producer of bulk feta cheese sub-segment
- These products are marketed under the "SAUDIA" brand

Market Position
(Portion Value Share Mar'20*)



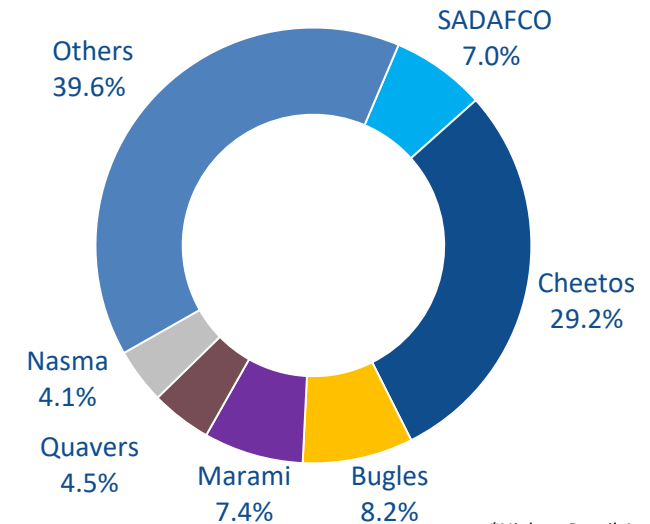
*Nielsen Retail Audit

Market Position
(Triangle Cheese Value Share Mar'20*)



- SADAFCO 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 (Value Share Mar '20*)



*Nielsen Retail Audit

11g and
80g size

11g and
80g size

12g and
90g size



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



Butter

Launch
2010
SKUs
100g



Launch
2020
SKUs
330 ml
600 ml



Flavored Water

Launch
2018
SKUs
500 ml



Jump!¹

Launch
2017
SKUs
200 ml



Soy Drink

Launch
2016
SKUs
1-liter

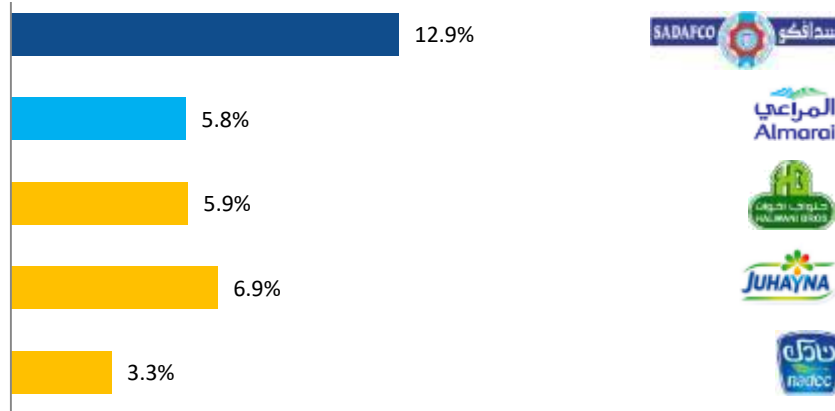
Note:
1. Laban Fruit Drink

Benchmarking: Regional Peers

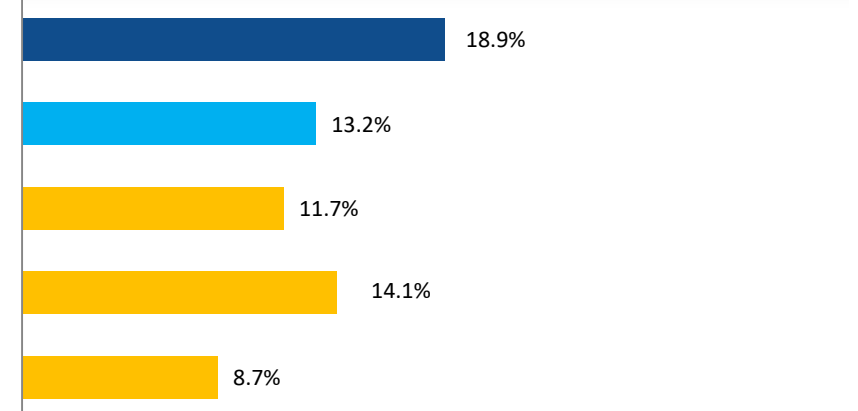


Return to Investors and Financial Strength

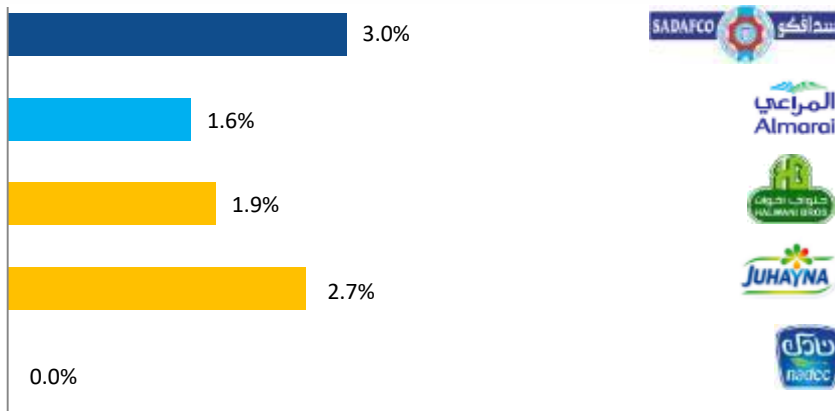
ROA (12-Mo ending 30th June, 2020)



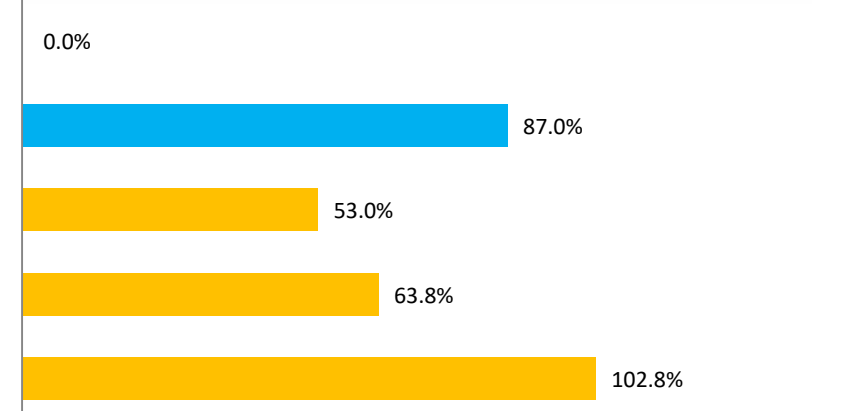
ROE (12-Mo ending 30th June, 2020)



Dividend Yield[#] (12-Mo ending 30th June, 2020)



Leverage (12-Mo ending 30th June, 2020)



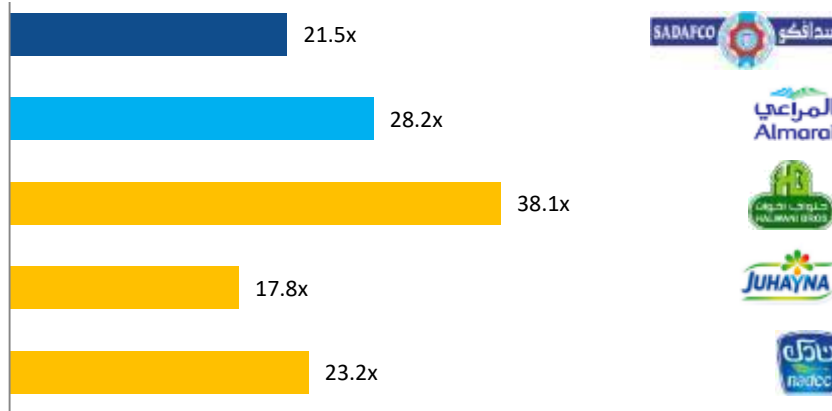
Note: [#]Dividend Yield is calculated by adding the gross dividends that have gone "ex" over the past 12 months and dividing it by the closing share price as of 30th Aug, 2020

12-Mo refers to margins of last 4 quarters i.e. June'19 to June'20

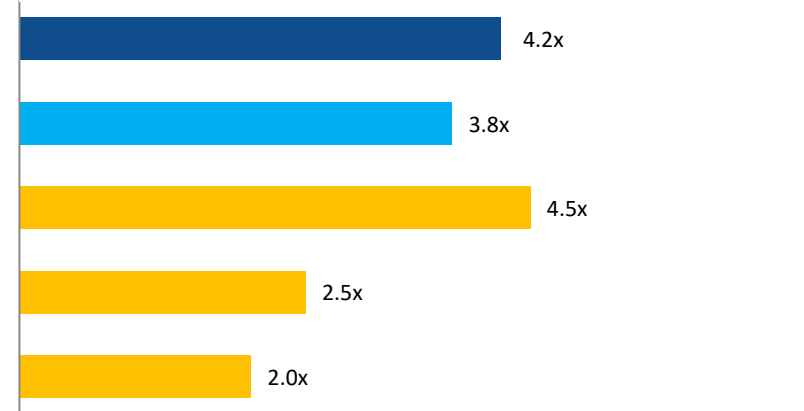
Source: SADAFCO Financials, Bloomberg

Trading Multiples

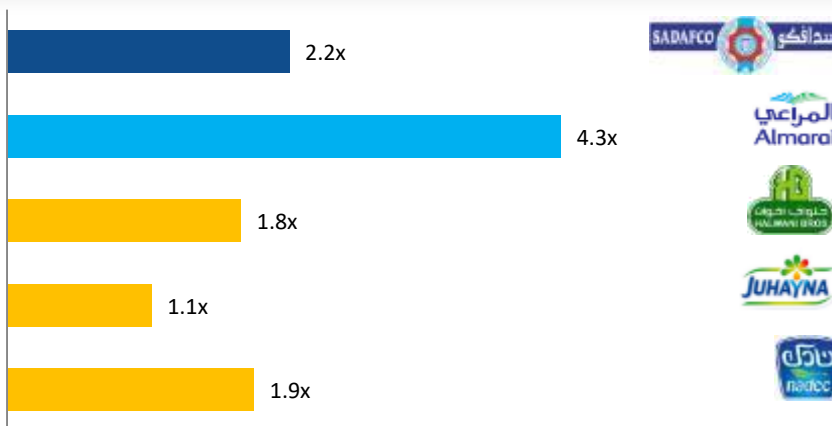
P/E (As of 30th June, 2020*)



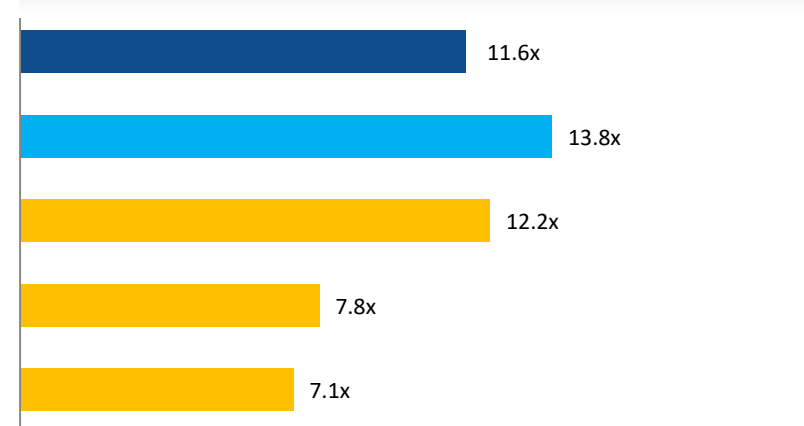
P/B (As of 30th June, 2020*)



EV/Sales (As of 30th June, 2020*)

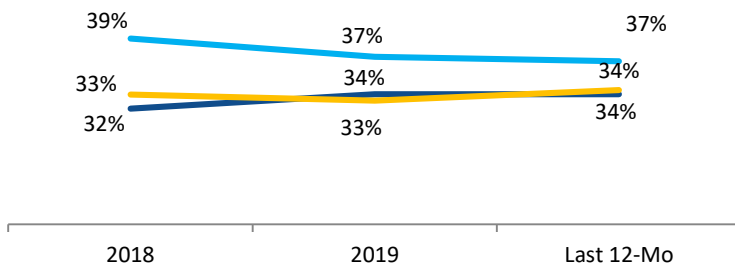


EV/EBITDA (As of 30th June, 2020*)

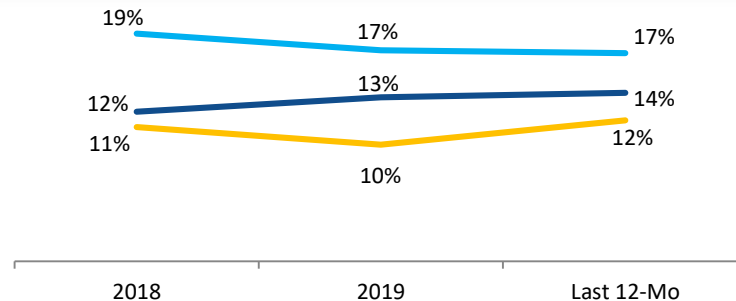


*Financials as of June'20, Share price as of 30th Aug 2020
Source: SADAFCO Financials, Bloomberg

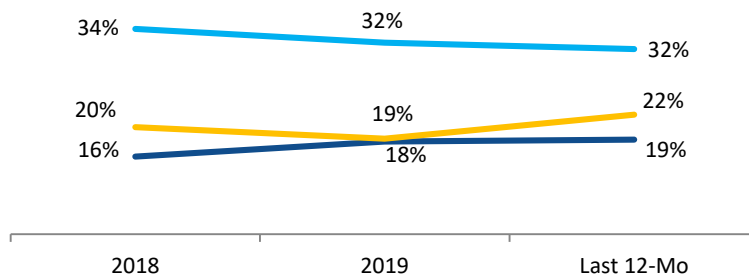
Gross Profit Margin



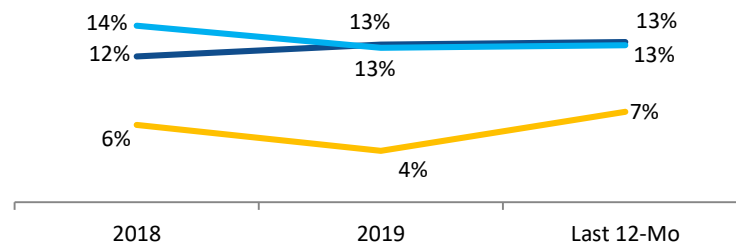
Operating Profit Margin



EBITDA Margin



Net Income Margin



— SADAFCO — Almarai — Regional Peers Avg[#]

Despite adverse macro-economic environment, SADAFCO has been able to maintain its margin.

Note: SADAFCO has March ending financial years, hence 2019 means FY ending Mar'20

[#]Regional Peers Average includes the average of the margins of Almarai, Halwani Brothers, Juhayna and NADEC

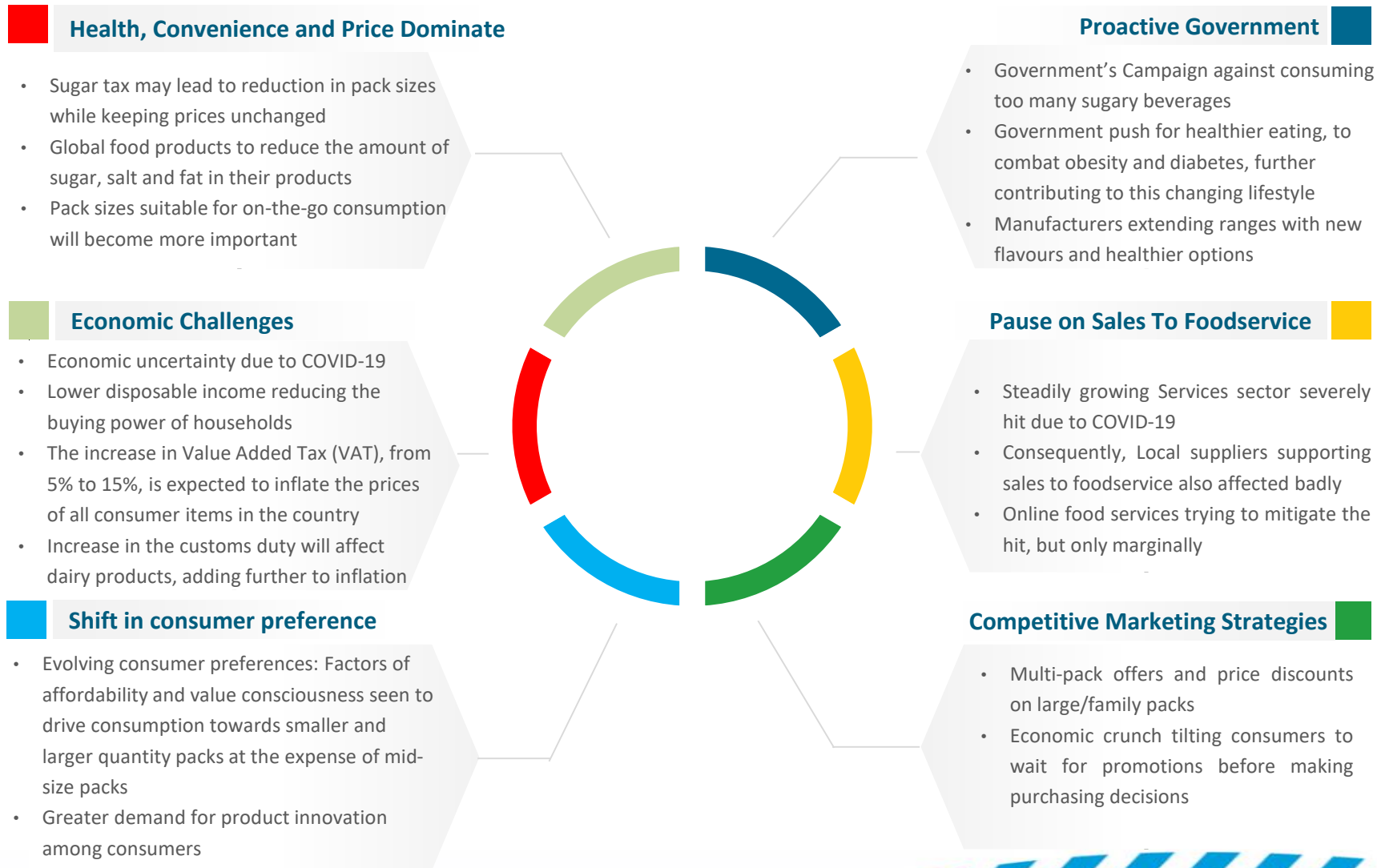
Last 12-Mo refers to margins of last 4 quarters i.e. June'19 to June'20

Source: SADAFCO Financials, Bloomberg

Saudi Arabia F&B Market



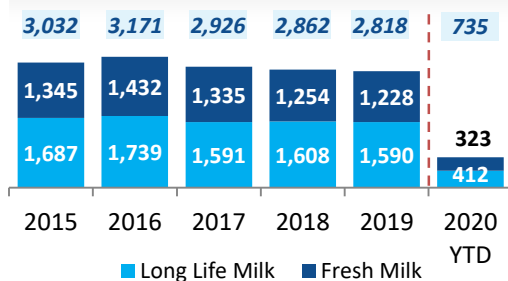
F&B Industry: Recent Market Trends



Saudi Arabia Key Markets for SADAFCO

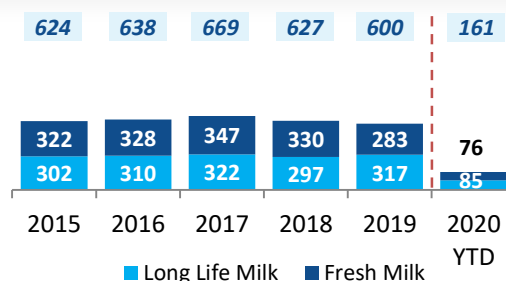
Milk (Sales Value)

(SAR Mln)



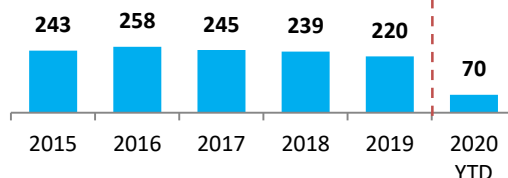
Milk (Sales Volume)

(Mln Ltrs)



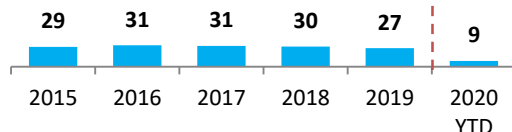
Tomato Paste (Sales Value)

(SAR Mln)



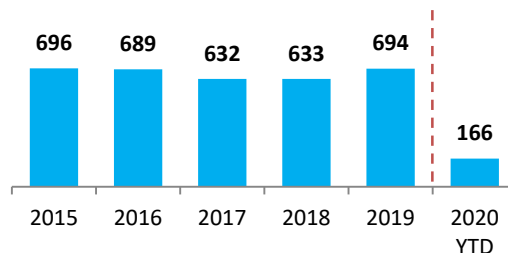
Tomato Paste (Sales Volume)

(Mln Ltrs)



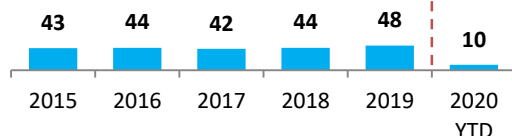
Ice Cream (Sales Value)

(SAR Mln)



Ice Cream (Sales Volume)

(Mln Ltrs)



- The category registered a 2% decline in sales value for 2019 on a YoY basis, mainly on account of increase in 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 a decline of 8% in Sales Value for 2019 on a YoY basis

- The category value growth is undermined by the increased contribution of private label brands

- Ice Cream showed a significant increase of 10% in Sales value for 2019 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 from Apr-20 to Jun-20



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