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*The Savola Group*

# The Savola Group Press Conference

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**Group results for the three months and  
the year ended 31/12/2009**

**Dr. Sami M. Baroum – Managing Director**

**Monday, 18 January 2009**



## Agenda for today

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1. Savola Group Strategy
2. Key achievements from the strategy execution
3. Business Results for Year 2009
4. Savola Group and the community
5. Group Projections for Year 2010

# Savola Group Strategy





## Key directions of the growth strategy

### Focus



**Focus on accelerating sustainable growth in our core businesses**

- Buying out minorities in core businesses
- Acquiring or merging with competitors
- Organic expansion
- Profitability enhancement and cost rationalization
- Moving away from non-core investments

And

### Leverage



**Leverage on our strategic assets and core competencies**

- Distribution network
- Repeatable success formula
- Branding power
- Operations excellence
- Logistics infrastructure
- Scale of buying
- Geographical footprint
- Market and consumer knowledge
- Inspiring culture

## **Prudent provision policy in 2008 resulted in releasing substantial cash**



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- Relieved the Group from carrying over-priced inventory and investments
- Enabled the Group to competitively price its products to grow sales and market share
- Allowed the Group to free-up cash from working capital

**Cash flow from operations exceeded SR 2,300 Million in 2009**



## Exiting from non-core investments

- Total liquidation of the portfolio in the Saudi Stock Exchange
- Sale and lease back of Panda Real Estate assets
  - Sold Panda central warehouse for SR 299 Million with a long-term lease back

**Cash released amounted to SR 550 million**

## **Buying out the minorities in core sectors & acquisition of competitors**



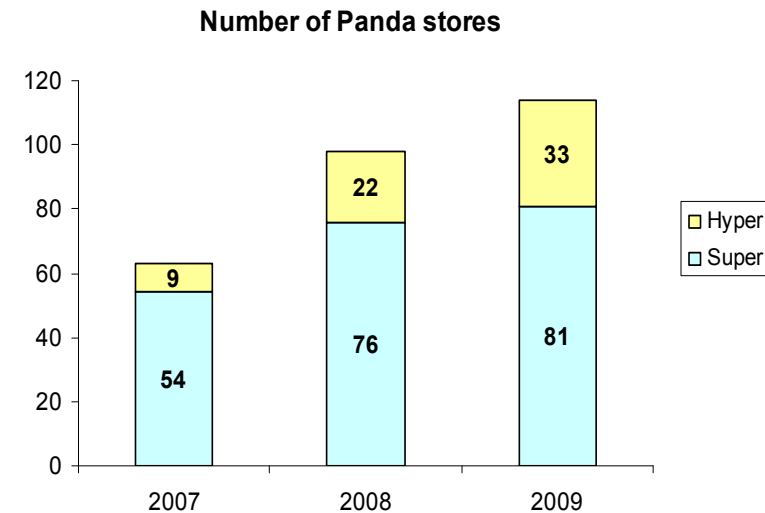
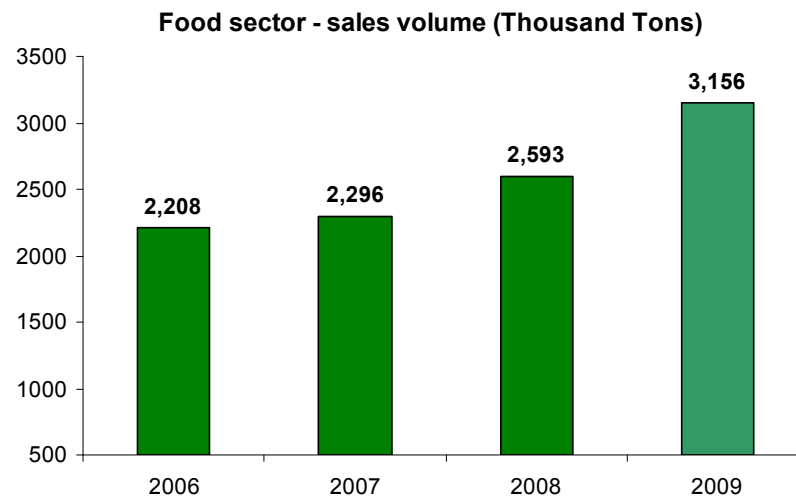
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- Buying an additional 5% stake in Savola Foods to reach 90% shareholding
- Acquired the stake of minority shareholders in Afia Egypt
- Acquired the stake of minority shareholders in New Marina Plastics Egypt
- Acquired foreign partner's (Tate & Lyle) minority stake in the sugar business
- Acquired the assets of Saudi Geant

**Acquisitions of more than SR 1,200 Million**

## Continued Organic Growth

- Commissioned edible oil refinery in Algeria and reached 24% market share within one year
- Started the construction of beet sugar refinery in Egypt
- Increased production capacity in the Saudi edible oil refinery by 120,000 MT
- Opened new Panda stores (3 Hypermarkets, 7 Supermarkets)



**Capital Expenditures of around SR 700 Million**



## Cash Flow Generation

- Freeing cash flow has contributed in accelerating sustainable growth in the Group's core sectors with continued distribution of dividends in spite of the financial crisis

Cash inflow and its utilization	
Description	SAR (millions)
<b>Cash inflows</b>	
Cash flow from operation	2,300
Cash from exiting non-core investments	550
<b>Utilization</b>	
Buying out minorities and competitors	1,200
Capital expenditures	700
Dividends	500

# Results for Q4 2009 and the year ended on 31 December 2009





## Comparative analysis for the year 2009

SAR millions

Comparative analysis			
Description	2008	2009	Growth (%)
Net revenues	13,821	17,884	30.0%
Gross profit	1,814	3,087	65.4%
GP %	13.1%	17.3%	
EBIT	671	1,354	102%
Capital gains (net)	(294)	101	
Net profit/(loss)	202	952	371%
EPS (SAR)	0.4	1.90	
Cash flow from operations	472	2,300	



## Comparative analysis for Q4 2009

*SAR millions*

Comparative analysis			
Description	Q4 2008	Q4 2009	Growth (%)
Net revenues	3,593	4,788	33.0%
Gross profit	272	747	160%
<i>GP %</i>	7.6%	15.6%	
EBIT	(47)	252	
Capital gains (net)	(478)	74	
Net profit/(loss)	(464)	269	
EPS (SAR)	(0.93)	0.54	



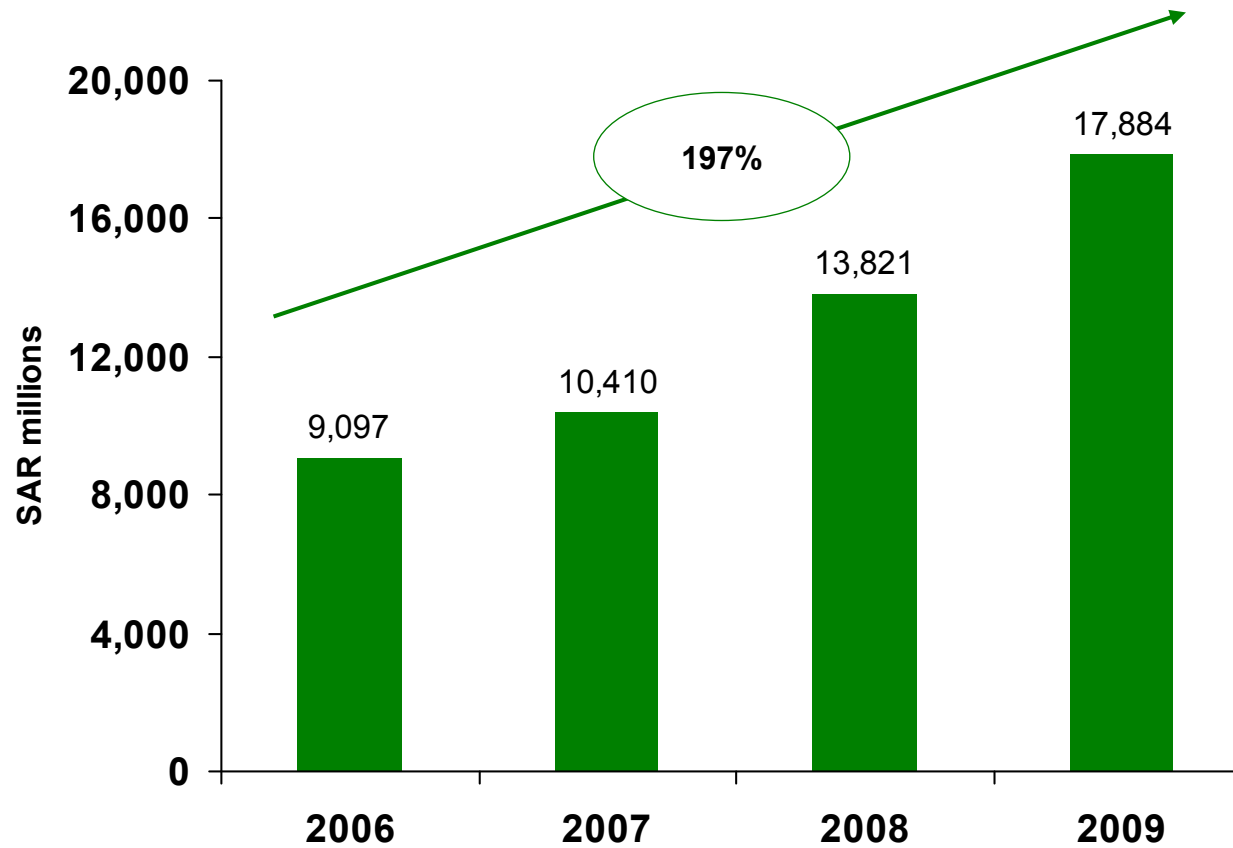
## Group's net revenues

*SAR millions*

Comparative analysis			
Description	2008	2009	Growth (%)
Foods	9,632	9,924	3%
Retail	5,649	7,356	30%
Plastics	767	751	-2%
Other strategic sectors	466	518	11%
Minorities and others	(2,693)	(665)	
<b>Net revenues</b>	<b>13,821</b>	<b>17,884</b>	<b>30%</b>

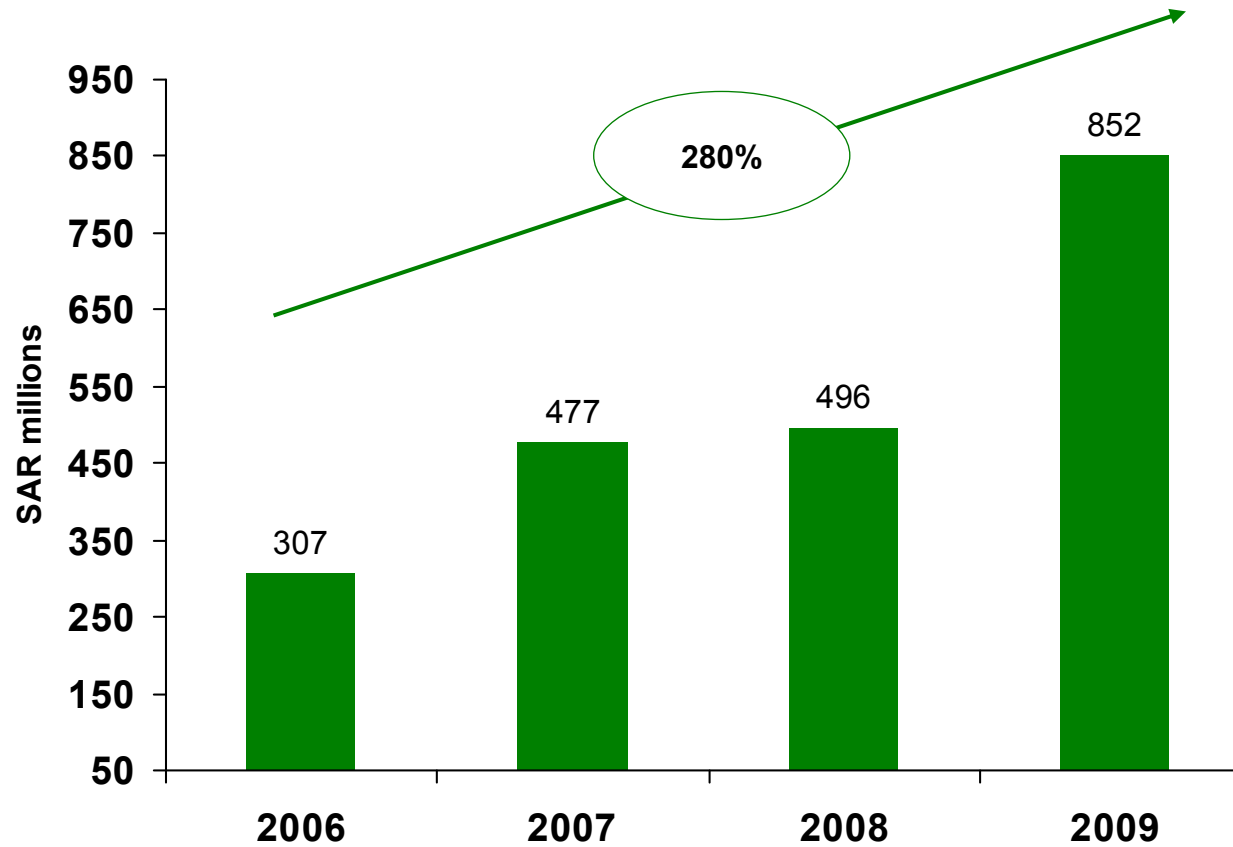


## Net revenues: Sustainable Growth

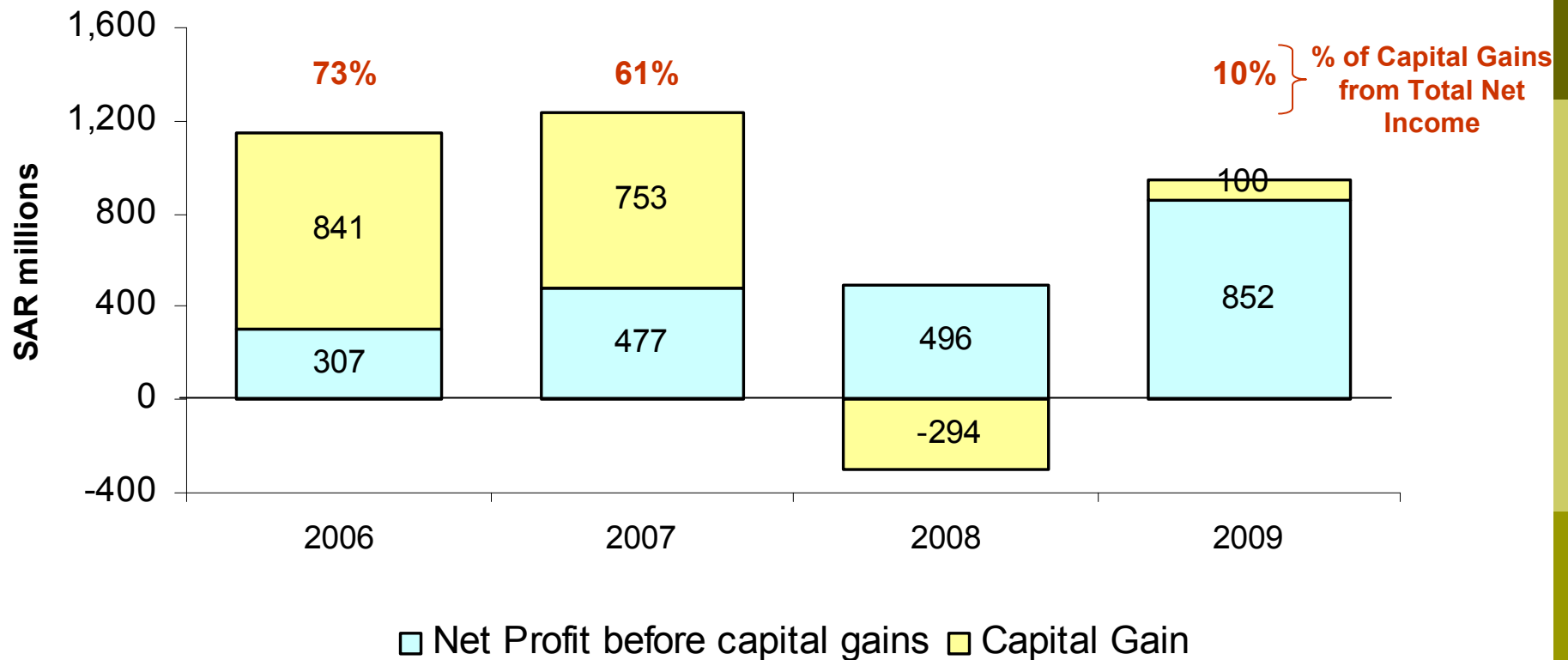




## Growth in Net Profit Before Capital Gains



## Diminishing reliance on capital gains





## Profitability by core sectors

SAR millions

Comparative profitability analysis		
Description	2008	2009
Foods <sup>1</sup>	1	400
Retail <sup>2</sup>	113	84
Plastics	57	103
Investments, Minority Interests & Others	325	264
Capital gains (Net) <sup>3</sup>	(294)	101

<sup>1</sup> 2008 profit includes provisions of SR 250 million against raw materials prices

<sup>2</sup> 2009 profit includes provisions of SR 50 million for slow moving inventory items in addition to absorption of the integration costs of Geant stores. The sector is expected to return to normal profitability levels by second half 2010

<sup>3</sup> Provisions against investments of SR 434 million in year 2008

## Savola and the Community



**1% of the Group's income from operations**



**Establishment of Savola Center for  
Empowering of Disabled Persons  
with the target to train and help place jobs  
for 2,000 disabled people by end of year 2012**

Launching of the pilot training program for Savola Center for empowering disabled persons



Institute for Professionals Training & Development



Ibsar Charity Organization with Jeddah Int'l Training Institute



Saudi Institute for Retail Sales and Marketing



Al-Rida Training Center for Women

# Inauguration of Saudi Institute for Retail Sales & Marketing



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Establishing and operating the Saudi Institute for Retail Sales & Marketing, which aims at training and placement of 10,000 young Saudis in collaboration with the Technical & Vocational Training Corporation and support from Human Resources Development Fund

# Ongoing Sponsorship of the “Leave the change for them”



- Encourage Panda’s shoppers to donate the change for the benefit of disabled children



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## Supporting flood victims in Jeddah





## CSR Initiatives sponsored during 2009



- Launching of the Madinah Institute for Leadership and Entrepreneurship (MILE) that aims to develop and train executive talent in Saudi Arabia and the region
- Participating in Injaz Saudi Arabia, a project that aims to foster, encourage and promote young entrepreneurs in Saudi Arabia to become successful future business owners
- In addition, several other CSR initiatives were sponsored by the Group during the year 2009

# Year 2010 Projections





## 2010 Projections

- Savola Group is InshaAllah targeting a net profit of SR 920 million for the year 2010 excluding any capital gains
- The Group's expected net profit for Q1 2010 is SR 180 million which excludes capital gains and exceptional items.

*SAR millions*

Projections		
Description	2009	2010
Food	400	450
Retail	84	190
Plastics	103	120
<b>Net profit excluding capital gain</b>	<b>852</b>	<b>920</b>

**Thank you**

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