Agenda

- Evolution of SADAFCO
- Key Milestones
- Shareholding Structure
- Management Team
- Strategy
- SADAFCO Positioning
- SADAFCO Strategy: Recent Growth Initiatives
- Product Portfolio
- Key Products: SADAFCO Market Share
- Manufacturing Facilities
- Distribution & Supply Chain Network
- Financial Overview
- Product Profile Analysis
- Benchmarking: Regional Peers
- Saudi Arabia F&B Market
- Q2’19-20 Review
Agenda

Evolution of SADAFCO
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.


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.
Agenda

Key Milestones
### Key Milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>Estab. as a pioneering venture in dairy sector; commissioned UHT milk plant in Jeddah; completed 40 years</td>
</tr>
<tr>
<td>1980</td>
<td>Acquired Saudi Danish Dairy factory in Riyadh</td>
</tr>
<tr>
<td>1987</td>
<td>Merged with Gulf Danish Dairy Company and Medina Danish Dairy Company to form SADAFCO</td>
</tr>
<tr>
<td>1990</td>
<td>Estab. of regional distribution centre in Jeddah; 1st to launch long-life Hommos in Tetra Pack</td>
</tr>
<tr>
<td>1995</td>
<td>Completion of rationalisation and consolidation of mfg. facilities from five to two as a part of Project Omega-I</td>
</tr>
<tr>
<td>1998</td>
<td>Consolidation of manufacturing infrastructure with closure of Dammam factory</td>
</tr>
<tr>
<td>2000</td>
<td>Sold 51% stake in SNZMP to MPH</td>
</tr>
<tr>
<td>2004</td>
<td>Riyadh RDC Operationalized</td>
</tr>
<tr>
<td>2005</td>
<td>Shake Factor boutique opening</td>
</tr>
<tr>
<td>2006</td>
<td>1st to launch long-life Hommos in Tetra Pack</td>
</tr>
<tr>
<td>2008</td>
<td>Plant in Dammam commissioned</td>
</tr>
<tr>
<td>2010</td>
<td>First company in Saudi Arabia to launch tomato paste in Tetra Pack packaging</td>
</tr>
<tr>
<td>2012</td>
<td>Acquisition of Sara Snack Food Factory (Jeddah) &amp; set up SNZMP¹ for manufacturing cheese</td>
</tr>
<tr>
<td>2014</td>
<td>Converted to closed joint stock company with introduction of new investors</td>
</tr>
<tr>
<td>2016</td>
<td>Listed on Saudi Stock Exchange through an IPO</td>
</tr>
<tr>
<td>2017</td>
<td>Sale of Sara Snack Food Factory</td>
</tr>
<tr>
<td>2018</td>
<td>Reopened Dammam factory and announced plans for RDC in Riyadh</td>
</tr>
<tr>
<td></td>
<td>Achieves SAR2bn gross revenue milestone.</td>
</tr>
<tr>
<td>2018</td>
<td>Acquired 76% in Mlekoma sp Z.o.o, a Poland based dairy company at an enterprise value of PLN120mn</td>
</tr>
</tbody>
</table>

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

Shareholding Structure
Shareholding Structure

Shareholding
(as of 31st Oct 2019)

- 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
Agenda

Strategy
Our Vision, Mission & Values

VISION
To be the Brand of Choice

MISSION
Develop, produce and market a range of nutritious food propositions for all age groups and create maximum shareholder value through teamwork

VALUES
Quality
Respect for All
Passion
Integrity
SADAFCO Positioning

Strong #2 position in Plain Milk and **Strong #1 position in Tomato Paste and Ice Cream** in KSA

Wide distribution **Network** with deep customer relationship

**Superior Financial Performance** with steady margins

**Strong balance sheet position with no leverage**

**Diversified product portfolio**

**Strong Management Team**
SADAFCO Strategy: Recent Growth Initiatives

- **Jeddah Central Warehouse (JCW)**: A central warehouse being built at Jeddah which will manage further growth efficiently through effective warehouse management.

- **Jeddah Factory**: Ongoing expansion (since 2014) of the existing factory at Jeddah which will further increase capacity and drive operational efficiency through automation.

- **Riyadh Regional Distribution Center (RRDC)**: The Riyadh RDC, which currently serves as sales depot for Riyadh and also as the redistribution center for ice cream for the Eastern & Central Region.

- **Mlekoma**: The acquisition of Mlekoma would contribute towards delivery of powdered raw materials and blended semi-finished goods mixes for SADAFCO’s use.
Agenda

Product Portfolio
Product Portfolio: Evolution/Expansion

- **UHT Milk**: 1977
- **Tomato Paste**: 1989
- **Snacks**: 1995
- **Sterilized Cream**: 2007
- **Milk Powder**: 2009
- **Evaporated milk, Thick Cream**: 2013
- **Majestique, Soy Drink, Date Milk**: 2016
- **Still Water, Organic Tomato Paste**: 2018
- **Ice Cream**: 1979
- **Cheese**: 1991
- **Flavored Milk**: 2004
- **Tomato Ketchup, Cheese Triangles**: 2008
- **Growing Up drinks, French Fries, Butter**: 2010
- **Laban**: 2014
- **Laban Fruit Drink (Jump!)**: 2017
Product Portfolio

UHT Milk
- UHT Milk - Whole, Low Fat, Skimmed, Gold Milk
- Flavored Milk
- Date Milk
- Milk Powder
- EVAP
- Laban

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

Ice Cream

Cheese Products
- Feta Cheese
- Processed Cheese – Triangles

Snacks (Crispy)
- Butter
- French Fries
- Jump

Other Products
- Cream
- Majestique
- Juice Drink
- Still Water
- Growing-up
Product Portfolio: Contribution in 2018/19

- Milk is the single largest contributor to company’s Net Sales (67.8% share)
- SADAFCO has the highest market share in KSA’s Plain UHT milk market of 62.3% as of Sept’19
- Ice cream and Tomato products are other major contributors; Ice Cream contributes 14.0% to Net Sales, and Tomato products contribute 11.2% to Net Sales

1. Milk includes Plain, Flavored, Junior, Milk Powder, EVAP and Laban
2. Tomato Products include Tomato Paste and Ketchup
3. Others include Cream, French fries, Butter, Drinks Junior, Majestique, etc.
Key Products: SADAFCO Market Share

**Key Categories**

<table>
<thead>
<tr>
<th>Product</th>
<th>Market Share (in Value terms)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plain Milk</strong></td>
<td>SADAFCO 32.9%</td>
</tr>
<tr>
<td><strong>Plain UHT Milk</strong></td>
<td>SADAFCO 62.3%</td>
</tr>
<tr>
<td><strong>Tomato Paste</strong></td>
<td>SADAFCO 54.6%</td>
</tr>
<tr>
<td><strong>Ice Cream</strong></td>
<td>SADAFCO 24.9%</td>
</tr>
</tbody>
</table>

**Evolution of SADAFCO’s Market Share**

- **Plain Milk**:
  - 2012/13: 27%
  - 2013/14: 27%
  - 2014/15: 28%
  - 2015/16: 30%
  - 2016/17: 31%
  - 2017/18: 32%
  - 2018/19: 33%

- **Plain UHT Milk**: 54%
  - 2012/13: 54%
  - 2013/14: 55%
  - 2014/15: 58%
  - 2015/16: 61%
  - 2016/17: 61%
  - 2017/18: 62%
  - 2018/19: 62%

- **Tomato Paste**: 38%
  - 2012/13: 38%
  - 2013/14: 44%
  - 2014/15: 46%
  - 2015/16: 49%
  - 2016/17: 45%
  - 2017/18: 48%
  - 2018/19: 48%

- **Ice Cream**: 20%
  - 2012/13: 20%
  - 2013/14: 19%
  - 2014/15: 19%
  - 2015/16: 20%
  - 2016/17: 22%
  - 2017/18: 25%
  - 2018/19: 25%

**Market Shares (Sept ’19*)**

- **Current Market Share MAT*:
  - SADAFCO 32.9%
  - SADAFCO 62.3%
  - SADAFCO 54.6%
  - SADAFCO 24.9%

**Source:** Nielsen Data

*Market Share Nielsen Data Sept’19
**part of IFFCO group

#Includes Fresh and UHT Plain Milk
Manufacturing Facilities
# Manufacturing Facilities

<table>
<thead>
<tr>
<th>Establishment</th>
<th>Area</th>
<th>Production Capacity</th>
<th>Product Line</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jeddah Factory</strong></td>
<td>1976</td>
<td>21,713 m²</td>
<td>Liquid dairy products</td>
<td>221 (153 Permanent, 68 casual)</td>
</tr>
<tr>
<td><strong>Jeddah Ice Cream Factory</strong></td>
<td>2004</td>
<td>7,608 m²</td>
<td>Ice-Cream</td>
<td>189 (106 Permanent [of which 28 females], 83 casuals)</td>
</tr>
<tr>
<td><strong>Dammam Factory</strong></td>
<td>1980 &amp; closed 2006 Re-opened 2012</td>
<td>22,500 m²</td>
<td>Snacks, Tomato Paste, Feta Cheese, Juice, CSD’s, Water</td>
<td>204 (133 Permanent [of which 52 females], 71 casuals)</td>
</tr>
</tbody>
</table>
Agenda

Distribution & Supply Chain Network
### Supply Chain Facilities

<table>
<thead>
<tr>
<th>Facility</th>
<th>Establishment Information</th>
<th>Built up Area</th>
<th>Storage Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jeddah Central Warehouse</strong> (JCW)</td>
<td>Fully operational in Q1 - 2019</td>
<td>32,600 sq. mt</td>
<td>42,400 pallets</td>
</tr>
<tr>
<td><strong>Jeddah Regional Distribution Center</strong> (JRDC)</td>
<td>Built in 1996, extended in 2006</td>
<td>14,136 sq. mt</td>
<td>7,920 pallets</td>
</tr>
<tr>
<td><strong>Riyadh Regional Distribution Center</strong> (RRDC)</td>
<td>March 2015</td>
<td>14,680 sq. mt</td>
<td>17,815 pallets</td>
</tr>
</tbody>
</table>
Distribution Network

- 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 ~554 routes delivering to a regional retail network of over 32,088 outlets across the Arabian peninsula, monitored via hand held technology.
Established Distribution Network – Fleet

In order to enhance the distribution efficiency, the company has replaced 62 Sales trucks and added new 32 additional units for new Frozen business in 2018/19.
Strong Retail Presence

Distribution Format

% of Net Sales 2018/19

- **64.7%**
  - 31.1% Modern Trade
  - 33.5% Traditional Trade

- **31.2%**

- **4.1%**

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

Regional retail network of over 32,088 outlets across Arabian peninsula
Agenda

Financial Overview
Sales & Profitability

Sales

SAR mn

| Year | Sales
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15</td>
<td>1,807</td>
</tr>
<tr>
<td>15/16</td>
<td>1,983</td>
</tr>
<tr>
<td>16/17*</td>
<td>1,787</td>
</tr>
<tr>
<td>17/18</td>
<td>1,693</td>
</tr>
<tr>
<td>18/19</td>
<td>1,813</td>
</tr>
</tbody>
</table>

Gross Profit

SAR mn

| Year | Gross Profit
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15</td>
<td>31%</td>
</tr>
<tr>
<td>15/16</td>
<td>36%</td>
</tr>
<tr>
<td>16/17*</td>
<td>39%</td>
</tr>
<tr>
<td>17/18</td>
<td>37%</td>
</tr>
<tr>
<td>18/19</td>
<td>32%</td>
</tr>
</tbody>
</table>

Net Profit

SAR mn

| Year | Net Profit
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15</td>
<td>8%</td>
</tr>
<tr>
<td>15/16</td>
<td>13%</td>
</tr>
<tr>
<td>16/17*</td>
<td>17%</td>
</tr>
<tr>
<td>17/18</td>
<td>15%</td>
</tr>
<tr>
<td>18/19</td>
<td>12%</td>
</tr>
</tbody>
</table>

* Income Statement for FY 16/17 has been reclassified as per IFRS
Balance Sheet

Steady Asset Base...

<table>
<thead>
<tr>
<th>Year</th>
<th>SAR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15</td>
<td>1,209</td>
</tr>
<tr>
<td>15/16</td>
<td>1,391</td>
</tr>
<tr>
<td>16/17</td>
<td>1,642</td>
</tr>
<tr>
<td>17/18</td>
<td>1,763</td>
</tr>
<tr>
<td>18/19</td>
<td>1,916</td>
</tr>
</tbody>
</table>

CAGR: 12.2%

...built by Internally generated funds

<table>
<thead>
<tr>
<th>Year</th>
<th>SAR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15</td>
<td>949</td>
</tr>
<tr>
<td>15/16</td>
<td>1,094</td>
</tr>
<tr>
<td>16/17</td>
<td>1,263</td>
</tr>
<tr>
<td>17/18</td>
<td>1,321</td>
</tr>
<tr>
<td>18/19</td>
<td>1,358</td>
</tr>
</tbody>
</table>

Working Capital*

<table>
<thead>
<tr>
<th>Year</th>
<th>SAR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15</td>
<td>375</td>
</tr>
<tr>
<td>15/16</td>
<td>367</td>
</tr>
<tr>
<td>16/17</td>
<td>228</td>
</tr>
<tr>
<td>17/18</td>
<td>212</td>
</tr>
<tr>
<td>18/19</td>
<td>93</td>
</tr>
</tbody>
</table>

Working Capital as % of Net Sales

**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**
SADAFCO Consolidated Cash Flow Bridge for rolling 12-months as of 31 Mar, 2019


Free Cash Flow = SAR 204mn

Note: Does not depict other cash outflow of ~SAR0.976mn which includes effect of exchange rate fluctuations
SADAFCO has shown consistent growth in its revenues and margins but due to shrinking consumer base with less disposable income and irrational competitor Discounting, SADAFCO suffered a fall in the revenues in past two years. However, its continue efforts to boost revenue led it back to its growth trajectory.

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

**Dec, 2009**: Decided to sell 51% stake in Saudi New Zealand Dairy products. (Deal value: USD32.7mn)

Source: Bloomberg

Note: Price rebased to 100 for SADAFCO and SASE Index on 23 May’05
Market Performance

Market Cap

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Cap (SAR mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008</td>
<td>1,073</td>
</tr>
<tr>
<td>FY 2009</td>
<td>783</td>
</tr>
<tr>
<td>FY 2010</td>
<td>1,469</td>
</tr>
<tr>
<td>FY 2011</td>
<td>1,398</td>
</tr>
<tr>
<td>FY 2012</td>
<td>1,853</td>
</tr>
<tr>
<td>FY 2013</td>
<td>2,121</td>
</tr>
<tr>
<td>FY 2014</td>
<td>3,104</td>
</tr>
<tr>
<td>FY 2015</td>
<td>3,922</td>
</tr>
<tr>
<td>FY 2016</td>
<td>4,027</td>
</tr>
<tr>
<td>FY 2017</td>
<td>4,298</td>
</tr>
<tr>
<td>FY 2018</td>
<td>3,831</td>
</tr>
<tr>
<td>31-Oct-19</td>
<td>4,128</td>
</tr>
</tbody>
</table>

Price to Earnings and Price to Book Ratio

SADAFCO’s market cap has grown at a CAGR of 12.3% from FY 2008 till 31Oct’19

SADAFCO’s P/E and P/B ratio has been in the range of 11.2-19.3x and 1.8-3.4x respectively in recent times

Source: Bloomberg
SADAFCO’s Revenue Breakdown (2018/19)

- Domestic Sales: 94%
- Overseas Sales*: 6%

SADAFCO’s Overseas Sales Breakdown (2018/19)

- Bahrain: 42.0%
- Jordan: 19.0%
- Kuwait: 16.0%
- Others: 23.0%

- 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
Key Raw Material

Skimmed Milk Powder (SMP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (MT)</th>
<th>Price (USD/MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>14,209</td>
<td>2,208</td>
</tr>
<tr>
<td>2010/11</td>
<td>15,668</td>
<td>3,250</td>
</tr>
<tr>
<td>2011/12</td>
<td>17,545</td>
<td>3,490</td>
</tr>
<tr>
<td>2012/13</td>
<td>19,800</td>
<td>3,315</td>
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<tr>
<td>2013/14</td>
<td>18,056</td>
<td>4,158</td>
</tr>
<tr>
<td>2014/15</td>
<td>23,425</td>
<td>3,956</td>
</tr>
<tr>
<td>2015/16</td>
<td>22,848</td>
<td>2,031</td>
</tr>
<tr>
<td>2016/17</td>
<td>21,402</td>
<td>2,353</td>
</tr>
<tr>
<td>2017/18</td>
<td>17,318</td>
<td>2,524</td>
</tr>
<tr>
<td>2018/19</td>
<td>20,847</td>
<td>2,062</td>
</tr>
</tbody>
</table>

Butter Milk Powder (BMP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (MT)</th>
<th>Price (USD/MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>1,499</td>
<td>2,900</td>
</tr>
<tr>
<td>2010/11</td>
<td>882</td>
<td>1,236</td>
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<tr>
<td>2011/12</td>
<td>937</td>
<td>1,210</td>
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<tr>
<td>2012/13</td>
<td>940</td>
<td>1,102</td>
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<td>2013/14</td>
<td>1,203</td>
<td>1,105</td>
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<tr>
<td>2014/15</td>
<td>1,223</td>
<td>1,279</td>
</tr>
<tr>
<td>2015/16</td>
<td>5,231</td>
<td>4,541</td>
</tr>
<tr>
<td>2016/17</td>
<td>2,118</td>
<td>2,281</td>
</tr>
<tr>
<td>2017/18</td>
<td>1,340</td>
<td>1,778</td>
</tr>
<tr>
<td>2018/19</td>
<td>1,095</td>
<td>2,125</td>
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Anhydrous Milk Fat (AMF)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (MT)</th>
<th>Price (USD/MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>4,602</td>
<td>2,496</td>
</tr>
<tr>
<td>2010/11</td>
<td>5,137</td>
<td>4,700</td>
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<td>6,044</td>
<td>5,346</td>
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<td>6,100</td>
<td>4,232</td>
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<tr>
<td>2013/14</td>
<td>5,498</td>
<td>4,865</td>
</tr>
<tr>
<td>2014/15</td>
<td>6,032</td>
<td>3,583</td>
</tr>
<tr>
<td>2015/16</td>
<td>7,030</td>
<td>3,876</td>
</tr>
<tr>
<td>2016/17</td>
<td>6,810</td>
<td>6,235</td>
</tr>
<tr>
<td>2017/18</td>
<td>5,620</td>
<td>6,523</td>
</tr>
<tr>
<td>2018/19</td>
<td>6,354</td>
<td></td>
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</table>

Tomato Paste

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (MT)</th>
<th>Price (USD/MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>6,361</td>
<td>1,236</td>
</tr>
<tr>
<td>2010/11</td>
<td>6,762</td>
<td>1,210</td>
</tr>
<tr>
<td>2011/12</td>
<td>14,601</td>
<td>1,102</td>
</tr>
<tr>
<td>2012/13</td>
<td>11,980</td>
<td>1,105</td>
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<tr>
<td>2013/14</td>
<td>14,717</td>
<td>1,279</td>
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<tr>
<td>2014/15</td>
<td>16,924</td>
<td>1,388</td>
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<tr>
<td>2015/16</td>
<td>19,334</td>
<td>1,073</td>
</tr>
<tr>
<td>2016/17</td>
<td>20,515</td>
<td>1,203</td>
</tr>
<tr>
<td>2017/18</td>
<td>21,745</td>
<td>1,182</td>
</tr>
<tr>
<td>2018/19</td>
<td>18,684</td>
<td>1,068</td>
</tr>
</tbody>
</table>
Product Profile Analysis
Plain Milk Overview

- Plain milk is SADAFCO’s primary product comprising items like whole milk, low-fat milk, skimmed milk and gold milk.

- SADAFCO commenced operations with the production of UHT (Ultra High Temperature pasteurized) Milk in 1977.

- These products are marketed primarily under the flagship brand "SAUDIA".

Market Position (Sept’19*)

- SADAFCO: 32.9%
- Al Marai: 42.0%
- Nadec: 8.7%
- Al Safi: 7.8%
- Others: 8.6%

*S Nielsen Retail Audit

SKUs:
- Whole Milk: 125ml, 200ml, 500ml, 1-liter and 2-liter
- Low-Fat Milk: 200ml, 1-liter and 2-liter
- Skimmed Milk: 200ml and 1-liter
- Gold 5% Fat Milk: 1-liter
Plain Milk Overview ...Cont’d

Product Pricing

Premium Pricing Advantage

<table>
<thead>
<tr>
<th>Product</th>
<th>Package</th>
<th>Price (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole Milk</td>
<td>1x12 Ctn</td>
<td>53.45</td>
</tr>
<tr>
<td>Almawaf</td>
<td>1x12 Ctn</td>
<td>46.37</td>
</tr>
<tr>
<td>Nadec</td>
<td>1x12 Ctn</td>
<td>50.75</td>
</tr>
<tr>
<td>KDD</td>
<td>1x12 Ctn</td>
<td>59.80</td>
</tr>
</tbody>
</table>

Source: Company Sources, prices mentioned are the last 3M average (Apr-Jun 2019)

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

Product Innovation

- Sales growth in milk through product innovation and increased focus on quality
- SADAFCO was the first company to launch skimmed milk specially formulated for children
SADAFCO expanded its product range of milk in 2004 with the launch of flavored milk. Date milk was launched in 2016

Flavored milk is offered in 4 choices – Banana and Strawberry are available in 200ml packs while Chocolate milk and Date milk in 200ml and 1000ml packs

These products are also marketed under the flagship brand "SAUDIA"
Milk Powder Overview

- SADAFCO launched instant milk powder in 2009

- Milk powder contribution to Gross sales has increased from 1.4% in 2009/10 to 2.2% in 2018/19 which totals to SAR 40.3mn

- IMP products are marketed primarily under the "SAUDIA" brand

- SADAFCO’s key competitor brands for milk powder products are Nido, Almarai and Anchor

Market Position (Value Share Sept ’19*)

- Nido 50.5%
- Almarai 9.2%
- Anchor 9.0%
- Luna 8.0%
- AL TAIE 5.9%
- Others 14.6%
- Saudia 2.8%

*Nielsen Retail Audit
Ice Cream Overview

- Ice cream product line was launched in 1979

- Over the years, SADAFCO has launched variety of new products to establish itself and increase sales in this segment

- Ice cream’s are available in tubs, cones, push-ups, sandwich, cups, bars and sticks

- These products are marketed under ‘SAUDIA’ and ‘BABOO’ brands

---

Market Position (Sept’19*):

- Saudia & Baboo 24.9%
- Al Amal 15.4%
- London Dairy** 5.2%
- Baskin Robbins 5.4%
- Igloo** 8.6%
- Kwality 12.5%
- Others 23.7%

---

*Nielsen Retail Audit
**part of IFFCO group
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

- SADAFCO has 54.6% market share (as of Sept’19) in Saudi Arabia’s tomato paste carton market

- These products are marketed primarily under the "SAUDIA" brand

**Market Position (Sept’19*)**

- SADAFCO 54.6%
- Private Label 2.5%
- Rana 3.6%
- Al Alali 5.3%
- Nada 5.8%
- Luna 11.4%
- Others 16.8%

**SKUs**

- Tomato Paste
  - 135g packs
  - 70g Pouches

- Tomato Paste (Organic)
  - 135g packs

- Tomato Ketchup
  - 340g glass bottles
  - 510g and 825g plastic & squeeze bottles

- Fiery Ketchup
  - 510g plastic & squeeze bottle

*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 primarily under the "SAUDIA" brand

**Market Position (Portion Value Share Sept’19*)**

- Almarai 59.7%
- VQR 32.7%
- Saudia 1.3%
- Others 10.8%
- Picon 17.8%
- Puck 5.8%
- Nadec 7.8%
- 3 Cows 20.5%
- Others 14.6%

**Market Position (Triangle Cheese Value Share Sept’19*)**

- Almarai 27.8%
- Saudia 1.2%
- Others 14.6%
- VQR 32.7%
- 3 Cows 20.5%
- Picon 17.8%
- Puck 5.8%
- Nadec 7.8%

10kg and 16kg tins
250g and 450g tubs
120g packs
600g packs

*Nielsen Retail Audit
Snacks Overview

- 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
- Early this year, Crispy introduced a new flavor “Salt & Vinegar” successfully adding to the existing Ketchup and Cheese flavors
- Gross Sales for the category were SAR 56.4mn for 2018/19
- Crispy’s key competitors in the extruded snacks segment are Cheetos, Al Batal and Marami

Market Position (Value Share July ’19*)

- Cheetos 29.8%
- Saudia 7.0%
- Nasma 4.2%
- Quavers 5.4%
- Marami 7.5%
- Bugles 7.7%
- Others 38.4%

*NIelsen Retail Audit
Other Products

- SADAFCO also offers range of other products including cream, butter, french fries, growing-up juices etc.

- In 2018/19, other products contributed 1.4% to Gross Sales

- 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

---

**Launch**
- **2007**
  - **SKUs**
    - 200 ml pack and 155g tins

**Launch**
- **2017**
  - **SKUs**
    - 200 ml and 900ml

**Launch**
- **2010**
  - **SKUs**
    - 2.5kg and 1kg packs

**Launch**
- **2016**
  - **SKUs**
    - 1-liter

**Launch**
- **2018**
  - **SKUs**
    - 500 ml

**Launch**
- **2016**
  - **SKUs**
    - 330ml

**Launch**
- **2010**
  - **SKUs**
    - 100g and 200g packs

**Note:**
* Others includes Cream, EVAP, Drinks Junior, Majestique and Coffee (discontinued)
1. Sparkling Fruit Drink named Majestique
2. Laban Fruit Drink named as Jump!
Agenda

Benchmarking: Regional Peers
## Return to Investors and Financial Strength

### ROA

<table>
<thead>
<tr>
<th>Company</th>
<th>ROA (LTM ending 30th Sept, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SADAFCO</td>
<td>11.8%</td>
</tr>
<tr>
<td>Almarai</td>
<td>6.7%</td>
</tr>
<tr>
<td>Juhayna</td>
<td>6.6%</td>
</tr>
<tr>
<td>ACP</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

### ROE

<table>
<thead>
<tr>
<th>Company</th>
<th>ROE (LTM ending 30th Sept, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SADAFCO</td>
<td>16.0%</td>
</tr>
<tr>
<td>Almarai</td>
<td>15.3%</td>
</tr>
<tr>
<td>Juhayna</td>
<td>13.2%</td>
</tr>
<tr>
<td>ACP</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

### Dividend Yield

<table>
<thead>
<tr>
<th>Company</th>
<th>Dividend Yield (LTM ending 30th Sept, 2019)</th>
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</thead>
<tbody>
<tr>
<td>SADAFCO</td>
<td>3.1%</td>
</tr>
<tr>
<td>Almarai</td>
<td>1.7%</td>
</tr>
<tr>
<td>Juhayna</td>
<td>0.0%</td>
</tr>
<tr>
<td>ACP</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

### Leverage

<table>
<thead>
<tr>
<th>Company</th>
<th>Leverage (As of 30th Sept, 2019)</th>
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</thead>
<tbody>
<tr>
<td>SADAFCO</td>
<td>0.0%</td>
</tr>
<tr>
<td>Almarai</td>
<td>92.3%</td>
</tr>
<tr>
<td>Juhayna</td>
<td>48.3%</td>
</tr>
<tr>
<td>ACP</td>
<td>66.8%</td>
</tr>
<tr>
<td>3rd Party</td>
<td>120.7%</td>
</tr>
</tbody>
</table>

**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 31st Oct, 2019.

Source: Bloomberg
Trading Multiples

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SADAFCO</td>
<td>17.4x</td>
<td>3.2x</td>
</tr>
<tr>
<td>Almarai</td>
<td>26.3x</td>
<td>3.4x</td>
</tr>
<tr>
<td>Mousawi</td>
<td>56.6x</td>
<td>2.0x</td>
</tr>
<tr>
<td>Juhayna</td>
<td>23.5x</td>
<td>3.1x</td>
</tr>
<tr>
<td>Zain</td>
<td>465.4x</td>
<td>1.5x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>EV/Sales (As of 31st Oct, 2019)</th>
<th>EV/EBITDA (As of 31st Oct, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SADAFCO</td>
<td>1.7x</td>
<td>10.4x</td>
</tr>
<tr>
<td>Almarai</td>
<td>4.5x</td>
<td>14.1x</td>
</tr>
<tr>
<td>Mousawi</td>
<td>1.3x</td>
<td>12.5x</td>
</tr>
<tr>
<td>Juhayna</td>
<td>1.3x</td>
<td>9.0x</td>
</tr>
<tr>
<td>Zain</td>
<td>1.8x</td>
<td>7.8x</td>
</tr>
</tbody>
</table>

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

Note: SADAFCO has March ending financial years, hence 2018 means FY ending Mar’19
Regional Peers Average includes the average of the margins of Almarai, Halwani Brothers, Juhayna and NADEC
LTM refers to margins of last 4 quarters i.e. Sept’18 to Sept’19
Source: Bloomberg
Saudi Arabia F&B Market
F&B Industry: Recent Market Trends

**Demographic Tailwinds**
- Large population base in GCC with huge expatriate population, rising religious tourism, increasing proportion of women in workforce, and unprecedented government focus on expanding entertainment industry. All these factors augur well for local F&B industry

**Change in consumer lifestyle**
- Consumer purchases shifting more towards healthier variants driven by increasing health-consciousness
- Government push for healthier eating, to combat obesity and diabetes, further contributing to this changing lifestyle

**Growth in organized retail**
- Traditional trade growth to diminish due to VAT implementation and expat exodus leading to closure of bakalas
- Organized retail will benefit due to slowdown in traditional trade and a secular shift to modern trade

**Investment in Infrastructure**
- Country’s growing Investments in infrastructure aims to improve transport and logistics network which will bolster the growth of Saudi Arabia’s F&B industry

**Shift in consumer preference**
- Evolving consumer preferences: Factors of affordability and value consciousness seen to drive consumption towards smaller and larger quantity packs at the expense of mid-size packs
- Greater demand for product innovation among consumers

**Discounting in long life milk category**
- Sale of excess fresh milk (previously exported) in the long life segment may persist in the near future; however rationalizing cattle farms to rapidly realign supply with demand
The category registered a 2% decline in sales value growth in 2018 on account of reduced expenditure by consumers on various food and drinks products.

- Manufacturers of milk ran heavy price discounting on their products for most of the year.
- In contrast, manufacturers of fresh milk drinks resorted to pack downsizing and price hikes.

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

Ice Cream showed a negligible increase in Sales value terms in 2018.

The extremely hot climatic conditions in Saudi Arabia, the high proportion of children and young adults in the overall population, longer summer holidays, coupled with hotter Ramadan and Hajj seasons, increasing variety and availability of products are the key factors driving demand of Ice Cream.

Source: Market Estimates Nielsen
Agenda

Q2’19-20 Review
Key Highlights

- Higher net profit mainly driven by higher sales and favourable product and channel mix
- Milk sales were higher primarily due to lower intensity of milk category discounting
- Gross margin for the quarter was higher than last year due to number of factors including stronger sale of ice creams and lower discounting pressure on milk
- Higher selling and distribution costs were due to increased A&P investment securing our premium position

New Product Launches

- Baboo Stick Vanilla
- Milk Powder 800g Pouch

Recent Developments

Installation and commissioning of bakery section in Jeddah Central Warehouse (JCW) ongoing
Business Highlights

Financial Highlights – SADAFCO*

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Net Profit</th>
<th>Operating Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1’2019/20 :</td>
<td>H1’2019/20 :</td>
<td>H1’2019/20 :</td>
</tr>
<tr>
<td></td>
<td>SAR1,006mn</td>
<td>SAR123mn</td>
<td>SAR124mn</td>
</tr>
<tr>
<td>YoY 13.5%</td>
<td>H1’2018/19 :</td>
<td>H1’2018/19 :</td>
<td>H1’2018/19 :</td>
</tr>
<tr>
<td></td>
<td>SAR887mn</td>
<td>SAR104mn</td>
<td>SAR145mn</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SADAFCO’s Market Share

- **UHT Milk** 62.3%
- **Tomato Paste** 54.6%
- **Ice Cream** 24.9%

Source: Nielsen Retail Audit Sept’19

*Includes SADAFCO Poland financials
Sales & Profitability

Sales*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SAR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2'18/19</td>
<td>477</td>
</tr>
<tr>
<td>Q3'18/19</td>
<td>463</td>
</tr>
<tr>
<td>Q4'18/19</td>
<td>464</td>
</tr>
<tr>
<td>Q1'19/20</td>
<td>485</td>
</tr>
<tr>
<td>Q2'19/20</td>
<td>521</td>
</tr>
</tbody>
</table>

Gross Profit*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SAR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2'18/19</td>
<td>146</td>
</tr>
<tr>
<td>Q3'18/19</td>
<td>140</td>
</tr>
<tr>
<td>Q4'18/19</td>
<td>161</td>
</tr>
<tr>
<td>Q1'19/20</td>
<td>156</td>
</tr>
<tr>
<td>Q2'19/20</td>
<td>177</td>
</tr>
</tbody>
</table>

Net Profit*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SAR mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2'18/19</td>
<td>54</td>
</tr>
<tr>
<td>Q3'18/19</td>
<td>54</td>
</tr>
<tr>
<td>Q4'18/19</td>
<td>59</td>
</tr>
<tr>
<td>Q1'19/20</td>
<td>58</td>
</tr>
<tr>
<td>Q2'19/20</td>
<td>65</td>
</tr>
</tbody>
</table>

*Includes SADAFCO Poland financials
Balance Sheet

Steady Asset Base...

12.0% YoY

SAR mn

Q2’18/19 | Q3’18/19 | Q4’18/19 | Q1’19/20 | Q2’19/20
---|---|---|---|---
1,833 | 1,836 | 1,916 | 2,053 | 2,054

...built by Internally generated funds

SAR mn

Q2’18/19 | Q3’18/19 | Q4’18/19 | Q1’19/20 | Q2’19/20
---|---|---|---|---
1,353 | 1,342 | 1,358 | 1,352 | 1,417

Working Capital*

As % of Net Sales**

Q2’18/19 | Q3’18/19 | Q4’18/19 | Q1’19/20 | Q2’19/20
---|---|---|---|---
13% | 10% | 5% | 2% | 6%

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 + Accruals & other current liabilities + Current portion of lease liabilities
**Rolling 12-months net sales
Sales Reporting

Q2’19/20 Sales By Category*

- RTD Milk: 309.0, 11.4% growth
- Ice Cream: 97.2, 16.5% growth
- Tomato Products: 41.1, 23.6% growth
- Snacks: 2.8%
- Cheese: 2.1%
- Powdered Milk: 1.3%
- Ice Cream: 20.2%
- Others: 1.0%

Key Category – Sales*

<table>
<thead>
<tr>
<th>Categories</th>
<th>Net Sales – Q2’19/20 (SAR mn)</th>
<th>% y-o-y growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTD Milk</td>
<td>309.0</td>
<td>11.4%</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>97.2</td>
<td>16.5%</td>
</tr>
<tr>
<td>Tomato Products</td>
<td>41.1</td>
<td>23.6%</td>
</tr>
</tbody>
</table>

Distribution Format*

- Traditional Trade: 29.1%
- Modern Trade: 28.7%
- Wholesalers: 62.9%

% of Net Sales Q2’19/20

Traditional Trade & Modern Trade are the leading channels...with Wholesale also contributing significantly

*Note: SADAFCO Standalone figures.
Cash Flow Summary

SADAFCO Cash Flow Bridge for rolling 12-months as of 30 Sept, 2019 (SAR mn)

- Cash and Cash Equivalents (30 Sept 2018): 484
- Net cash from operating activities: 401
- Purchase of Property, Plant and Equipment (PP&E): -92 (negative indicates cash outflow)
- Dividends Paid: 129
- Purchase of Treasury Shares: -52 (negative indicates cash outflow)
- Principal elements of lease payments: -10 (negative indicates cash outflow)
- Cash and Cash Equivalents (30 Sept 2019): 605

Free Cash Flow = SAR 311 mn
Going Forward...

Our performance in Q2 represents a continuation of the encouraging trend seen in the last few quarters of higher year on year sales and profit delivery. Sales of all three key pillar categories are higher vs. last year (RTD Milk up 11%, Ice Cream up 16% and Tomato Paste up 25%).

Gross margin mix improved significantly by 341 basis points over the last year. This increase can be attributed to stronger sales of ice creams (seasonality), lower discounting pressure on milk; all more than offsetting a moderate increase in raw materials price pressure.

The results of our sustained investment in order to strengthen our premium position in the forefront of our customer’s minds.