

Food Investments

Our Foods business delivered strong topline growth for 2021 while investing in further strategic diversification towards a higher-value, healthier asset mix and value proposition.





2021 Sales Volume by Business Line

(million MT)



Savola Foods acquired 100% of Bayara for SAR 975 million. The acquisition is pivotal to Savola's growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population.

(SAR million)

975

FOOD INVESTMENTS

Savola Foods Company

Savola Foods Company (SFC) is a leading food manufacturer creating branded products from facilities across 8 countries and supplying to more than 50 markets around the globe.





SFC Market Share in Key Categories

Category	Addressable Market Value (SAR million)	SFC Share
Edible Oil	12,404	20.8%
Ghee	1,123	37.8%
Pasta	624	40.2%
Sugar	648	68.6%
Seafood	1,832	3.2%
Baked Goods	1,594	3.3%

Savola Shareholding



CAPEX (SAR million)

164

Revenue (SAR billion)

12.63

Throughout 2021, SFC was able to deliver strong results despite the high commodity prices environment and challenging market conditions across the various geographies where it operates. Numerous innovations and commercial initiatives successfully implemented during the course of the year, resulted in significant positive impacts on our market share and net income from our core businesses.

Savola Foods achieved a significant milestone of activating the Conquer and Bet pillars of its **ABCD (Anchor, Bet, Conquer, Disrupt)** growth strategy. To this end, Savola Foods acquired 100% of Bayara for SAR 975 million. The acquisition is pivotal to Savola's growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population.

Bayara brings well-established sourcing and go-to-market capabilities together with strong potential for synergies with Savola Foods Company. Its business is driven by the prevailing trend towards achieving a healthy lifestyle and a growing younger population.

Savola Foods also completed the first 'Bet' under the ABCD strategy in 2021, by investing in Munchbox, which is a promising startup in the healthy snacking space in the UAE with great traction and growth ambitions in the KSA. Savola Foods has now begun to support the brand with its expansion into the Saudi market, beginning with the penetration into multiple channels and retailers including Panda and others.

Savola Foods Company in 2021

Despite the lingering effects of the COVID-19 pandemic in 2021, Savola Foods Company witnessed a significant improvement in performance, buoyed by strong oil sales growth in 2021, largely driven by our value for money brands and growth in B2B and HORECA channels owing to the gradual return to outlets following the relaxation of measures to stem the spread of COVID-19.

These new segments included tuna in both Egypt and Central Asia, and the expansion of our pasta presence in the Saudi market with the addition of the flagship Italiano brand in Panda stores, which already accounts for a 15% share of the segment for our retail arm.

FOOD INVESTMENTS

Savola Foods Company

SFC delivered an improvement in terms of profitability in 2021 despite several businesses facing a variety of non-operational challenges.

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SFC's oil businesses in Saudi Arabia and Egypt generated significantly better gross margins in the first half of the year backed by advanced procurement of edible crude oil at low prices.

SFC's owned subsidiary, International Food Industries (IFI), successfully reduced its losses through increased volumes in 2021, whilst Alexandria Sugar Company achieved a turnaround from a loss in 2020 to achieve a profit for the year on the back of higher sugar prices, better yields and higher refined quantities.

In Sudan, we exceeded our targets to deliver an increase in performance over 2020, with both volumes and processing increasing for the year.

Nonetheless, our businesses were undermined by inflated raw material prices, and packaging and freight costs, which all rose substantially in 2021. Whilst management moved to offset these increases through price rises, the shift in consumer preferences toward value-for-money brands led to a reduction in margins.

United Sugar Co. Egypt (USCE) profits declined due to lower non-operational income and higher raw sugar prices that could not be passed into the local market, while the performance of our Turkey business was impacted by currency devaluation.

In Saudi Arabia, new entrants in the local market and intensifying competition have impacted local sugar sales.

Products and Innovation

Despite the negative effects of inflationary movements in commodity prices in 2021, our Food Investments innovation pipeline remained robust, with product launches continuing throughout the year across our various segments.

Savola's product rollout in 2021 in the B2B space was marked by exceptionally high activity, with 25 new product launches in multiple segments ranging from new Bakery and Dairy items, through Fats, Confectionary and Food Service, leveraging the active engagement of all operating units with business partners in developing and customizing product formulas.

During the year, SFC also commenced on a digital transformation project for its manufacturing capabilities by collaborating with international leaders in this space, Deloitte and Amazon Web Services. Together, we're implementing an innovative smart factory solution that will bring cloud-based IoT applications into our manufacturing operations. Our vision for the new factory will be an integrated value chain of production activities enabled by digital technologies to efficiently meet evolving customer expectations by leveraging smart production processes.



Products	BU	Application
Procake (Premium Shortening)	BIC	Bakeries
Fonta Butter Blend BB100 Y	IFI	Bakeries
Bareeq Almas Margarine	IFI	Bakeries
Vala Bella Trans Free	SFT	Bakeries
Al Tahi Oil 650 ml.	AICE	Bakeries
Fonta Butter Blend BB310 Y	IFI	Dairy/ Baking
Fonta Butter Blend BB110 W	IFI	Dairy/ Baking
Al Nahar Shortening	AICE	Dairy, Bakeries
Fonta Butter Blend (White)	IFI	Dairy
Culina RBD Palm Olein 224 Bulk	IFI	Basic Fat for Fontera
Culina Liquid fat 101 (Premium Shortening)	IFI	Biscuits
Culina Shortening NH36M (Basic Shortening)	IFI	Biscuits/Dough fat
Sirma Ghee 5L	SFT	Foodservice
Frying Oil 5L	BIC	Foodservice
Olive Oil 3L	BIC	Foodservice
16 Kg Ghee/Frying/SBO	BIC	Foodservice
17L 80% Palm Olein and 20% SFO	AICA	QSR
Culina Shortening BKFS (Premium Shortening)	IFI	Frying
Culina Shortening Cube NH (Premium Shortening)	IFI	Chicken Broth Cube
Non-Hydrogenated Vegetable Fat (Chicken Stock Fat)	AICE	Chicken Broth Cube
ChocoSpread (Premium Shortening)	BIC	Confectioneries
Wafer Fat (Premium Shortening)	BIC	Confectioneries
Amsfill (Premium CBS)	IFI	Confectioneries
Cullina Spread Fat SCF 300 S (Premium Shortening)	IFI	Confectioneries
Culina White Shortening NHG 40	IFI	Filing Cream for Cake

Afia Top chef launch in Q4



Olive oil rebranding in Turkey in Q4



CSR campaign in Turkey supporting local farmers in Q4



Olive oil brand won 3 prestigious global awards Turkey



Ganna won an EFFIE award in Q4



FOOD INVESTMENTS

Savola Foods Company

● Health	● Novelty	● Value for money	● Sustainability
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INNOVATION LAUNCHED DURING 2021

OILS

● Corn Plus Egypt	● Ladan Sesame Central Asia	● Afia All Natural Algeria	● Dakwa Sudan	● Corn Plus Algeria	● Cooking Olive Oil KSA	● Olive Oil New Shape Central Asia
						
Q1		Q2		Q3		Q4






GHEE AND MARGARINE

● Non Hydro Egypt	● New Ganna Egypt (new formula)	● Ladan Central Asia	● Corn Ghee Central Asia	● Pouch Egypt		
						
Q1		Q2		Q3		Q4

PASTA AND SUGAR

● Sugar Cubes KSA	● New OSRA KSA	● Gourmet	● Jumbo	● Brown Sugar 2 kg KSA		
						
Q1		Q2		Q3		Q4

BAKERY AND TUNA

● Cakes Central Asia	● Double Filling Central Asia	● Strudel Central Asia	● Ladan Tuna Central Asia	● Afia Tuna Egypt		
						
Q1		Q2		Q3		Q4

OUR FOOD INVESTMENTS IN 2022

SFC will continue to actively pursue initiatives under each of the 4 pillars of the ABCD growth strategy in 2022, by building equity and growing its market share for key brands across our geographies, supported by a strong innovation agenda and proactive price management to retain customers in a period of unprecedented commodity price increases.

SFC plans to launch its flagship brand Afia's strong equity for Bayara products during 2022 to penetrate the nuts, pulses, herbs and spices categories in Saudi Arabia, that represents a key growth enabler going forward.



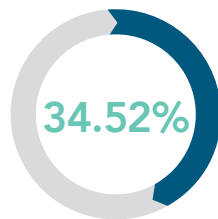
FOOD INVESTMENTS

Almarai

The #1 FMCG brand in the MENA Region, Almarai is the world's largest vertically integrated dairy company and the region's largest food and beverage manufacturing and distribution company. With a 34.52% holding in the company, Savola Group is the largest shareholder in Almarai.



Savola Shareholding



Market Share



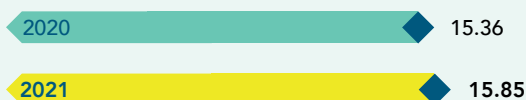
Almarai preserved its leading market share across multiple segments, including dairy, juice and poultry



Revenue

(SAR billion)

15.85



About Almarai

Founded in 1977 and one of Saudi Arabia's leading brands, Almarai is trusted for its quality throughout the Kingdom, the GCC and beyond. As a key pillar of the MENA food market and a leader in major food categories such as dairy, bakery, poultry and juice, Almarai provides quality and nutritious products to millions of customers across the region. Almarai remains at the forefront of innovation in the sector, introducing new product offerings that cater to the evolving needs of the local population while playing a key role in the Kingdom's food security.

Net Income

(SAR million)

1,564



Financial and Strategic Highlights in 2021

In 2021, Almarai navigated a challenging operating environment to deliver on its promises to its stakeholders across the Kingdom and throughout its international markets. It demonstrated considerable resilience to ensure product quality and availability in its markets, while investing for growth in its core categories and strategic markets.

Almarai announced new investments worth SAR 6.6 billion to double production operations in the poultry sector in the Kingdom by 2026. These investments are intended to increase the company's share of chilled chicken, which currently represents 96% of its total production, along with its production and share of frozen poultry. It also invested in the growth of its bakery businesses, entered the red meat industry with an initial investment of SAR 250 million, and expanded its strategic footprint through the acquisition of a dairy and juice production facility in the UAE.

Almarai preserved its leading market share across multiple segments, including dairy, juice and poultry. Overall revenue for 2021 grew by 3% over 2020, while net income declined by 21% for the year.

Earnings Per Share

(SAR)

1.59



Driven by its enduring commitment to provide 'quality that you can trust', Almarai launched a range of new products to meet consumer tastes, as it worked closely with partners, customers and suppliers across its value chain to increase efficiency, performance and dependability throughout the continuing volatility and uncertainty generated by the COVID-19 pandemic.

FOOD INVESTMENTS

Al Kabeer

Al Kabeer is a leading frozen food supplier and a household name in the Middle East, having served the people of the GCC since 1974. With a 51% holding in the company, Savola Group is the largest shareholder in Al Kabeer.



Savola Shareholding



Expanding the Kingdom's Manufacturing Base



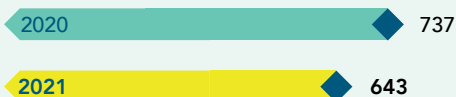
Al Kabeer supports the ongoing efforts to expand the Kingdom's local manufacturing base, cold chain distribution and food security orientation, from its new processing facility in King Abdullah Economic City (KAEC).



Revenue

(SAR million)

643



Net Profit

(SAR million)

81



About Al Kabeer

Manufacturing and distributing a portfolio of more than 200 products, from frozen poultry, beef and seafood to snacks and ready-to-eat meals, Al Kabeer is trusted by consumers across the Middle East. It maintains 3 key manufacturing facilities, located in the UAE and Saudi Arabia, producing items for distribution via a network of 9 cold storage facilities and 11,000 outlets in the GCC.

Financial and Strategic Highlights in 2021

Al Kabeer continued to play an important role in providing high-quality frozen foods to customers across the GCC, despite a complex and challenging market this year. The frozen food segment contracted in 2021 due to higher one-off base of last year and a changing regulatory environment in Saudi Arabia, leading to supply disruptions and higher input costs for Al Kabeer.

While Al Kabeer's revenue grew marginally from pre-COVID levels, this year saw 13% decrease in revenues vs 2020, primarily driven by lower sales in Saudi Arabia on account of supply disruptions. Gross profit reached SAR 230 million, a decline of 13%, however gross margins remained largely in line with 2019 (pre-COVID) levels. EBITDA reached SAR 114 million with 18% margins, while net income reached SAR 81 million with a 13% net margin.

Nevertheless, Al Kabeer continued to play a prominent role in delivering Savola Group's strategy to increase the contribution of value-added categories to its food portfolio. Al Kabeer also supports the ongoing efforts to expand the Kingdom's local manufacturing base, cold chain distribution and food security orientation, from its new processing facility in King Abdullah Economic City (KAEC), with additional complementary expansions to manufacturing lines and cold storage planned in the years to come.

Retail Investments

Our Retail business continued to transform and innovate during 2021, while navigating the changing landscape and pressure on the Saudi modern trade and retail market.

Panda's strategic direction and objectives remained unchanged in 2021. Since 2018, the key goal of our turnaround program has been to deliver a "well-oiled traditional brick and mortar retail machine," thereby fulfilling the Panda purpose to deliver strong financial performance and maximize business value.

Panda Selling Area (m²)

594,357





Total Number of Panda Stores

195



Total Number of Herfy Branches

387



RETAIL INVESTMENTS

Panda Retail

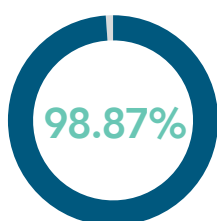
Panda Retail Company (Panda) is one of the Middle East's largest grocery retailers, with 195 stores serving Saudi Arabia and Egypt.



Panda's Transformation Journey

At the important juncture of completing its turnaround and embarking on its transformation journey, Panda underwent a detailed strategy exercise of its Customer Experience ('CX') program which entails deployment of the strategic building blocks across Panda's footprint. The strategy aims to improve overall customer experience while optimizing utilization of our stores and wider footprint; achieving market-related overall rate of growth through store upgrades whilst also achieving the right balance in terms of geographical presence and catchment coverage to serve strategic locations and communities. To this end, one store was successfully piloted in Riyadh which yielded an encouraging improvement in performance.

Savola Shareholding



Revenue (SAR billion)

10.48

Customers served (million)

90+

The lingering effects of the COVID-19 pandemic continued to undermine grocery sales across the sector in 2021, exacerbated by changing consumer behavior in the Kingdom, characterized by a shift towards essential products and value for money in response to the VAT increase which is impacting customer preferences alongside a continued net expat exodus.

Consequently, based on the Nielsen Retail audit for the 11 months ending November 2021 (latest available number at the time of publishing this report), the Saudi hypermarket/supermarket channel recorded its first contraction on record in 2021, declining 9% (VAT adjusted) year-on-year, whilst the fast-moving consumer goods (FMCG) market declined by 4.8% (VAT adjusted) over 2021.

Driven by our enduring goal to consistently improve customer experiences while protecting our market share in a challenging environment, Panda decided to invest in its margins by launching the Lowest-Price-Guaranteed campaign on selected items during the year – mainly in food categories – whilst also expanding its omnichannel.

This allowed us to outperform our market to achieve a 0.5% year-on-year growth in market share to reach 24.4% within the hypermarket and supermarket channel in 2021, maintaining our leadership despite an increasingly competitive environment, which saw 16 new store openings by our competitors in 2021 alone.

Panda's Financial Performance in 2021

Panda Retail recorded a revenue of SAR 10.48 billion for the year, representing a decline of 10% from 2020, primarily driven by lower basket size, especially in comparison to the surge experienced during lockdown in 2020. However, despite continued pressure on the Saudi modern trade and retail market, Panda's revenue in 2021 was largely reflective of pre-pandemic levels.

Gross profit for the year stood at SAR 2 billion with a lower gross margin compared to 2020, at 22%.

RETAIL INVESTMENTS

Panda Retail



Panda achieved an EBITDA of SAR 610 million, compared to SAR 1,000 million in 2020, largely driven by the lower revenues and gross profit, despite lower overhead costs in 2021.

We closed 10 stores during 2021, reducing our footprint to 195 stores in total, including 4 in Egypt. The store closure was driven by our approved footprint strategy to optimize our network and improve quality earnings.

Creating the Panda Store of the Future

Panda's strategic direction and objectives remained unchanged in 2021. Since 2018, the key goal of our turnaround program has been to deliver a "well-oiled traditional brick and mortar retail machine," thereby fulfilling the Panda purpose to deliver strong financial performance and maximize business value.

In 2021, we successfully delivered the prototype of this new "retail machine," triggering a rollout across the network of existing Panda stores and generating financial projections that demonstrate Panda is well underway to achieving its financial ambitions.

The prototype store represents a seminal moment in Panda's evolution, showcasing the latest concepts in the fresh, grocery food, and non-food sections of our stores that incorporate emerging consumer preferences for frozen and healthy foods, beauty sections and coffee shops.

Rolled out to one store in 2021, the prototype aims to deliver unparalleled in-store customer experiences by providing a carefully designed customer journey, featuring key touchpoints and in-store communications as well as customer service amenities, such as single queue checkouts; self-checkouts; click and collect services; and value-adding facilities such as coffee shops.

The prototype also advanced our strategic objectives by bringing together a cross-functional Panda team to deliver under a tight timeline, creating essential bonds between our people that will form a fundamental springboard for the successful rollout of the concept across the entire network.

The reception among our customers was highly enthusiastic, demonstrated by the volume of unsolicited expressions of satisfaction among shoppers and on social media, as well as through a formal focus group study conducted in the first prototype store with customers that shop almost exclusively with our competitors.

The success of the concept has served to pivot Panda toward a customer-centric mindset, inspiring the launch of the new CXR program.

Dedicated to Customer Experience

The Brick and Mortar footprint strategy has triggered the launch of a Customer Experience (CXR) program that entails upgrading the look and feel of our stores, as well as enhancing the entire in-store customer experience.

In 2021, Panda introduced an initiative to ensure consistency in its execution and impact through a Mystery Shopping program, backed by a quantitative Net Promoter Score (NPS) exercise, to pave the way for the successful initiation of the full rollout of the CXR program.

Since 2018, Panda has continued to improve the quality of its grocery offerings, making them more customer-centric and transitioning Panda from a Push Model to a Pull Model – whereby Panda takes back control of its shelves to meet the demands of consumers and satisfies their shopping needs. This has led Panda to re-think its range of categories, mix of products, merchandizing rules and store layouts through the delivery of new zones that refine the customer journey.

In 2021, Panda placed significant focus on developing its workforce models for all roles operating in Panda stores, and on implementing associated recommendations to ensure delivery on the Panda Promise.

Key to the successful operations of the new Pull Model is the need to ensure the right availability of products at store level; to this end, Panda has developed and implemented innovative replenishment methodologies that enable a seamless integrated supply chain based on fluid communications between all the departments concerned.

In 2021, Panda placed significant focus on developing its workforce models for all roles operating in Panda stores, and on implementing associated recommendations to ensure delivery on the Panda Promise. This culminated in the establishment of a “Boot Camp” to develop the required competencies among Store Managers and Assistant Store Managers, to familiarize them with Panda’s new model, thereby helping them to acquire key customer-centric, operational and financial competencies.

Leveraging Technology and Innovation

As part of our ongoing digitalization journey, we have committed to major investments in technology to position Panda as a data-driven organization with an unrivalled understanding of consumer behavior.

Panda implemented 2 new foundational systems in 2021 – Oracle Core Merchandising and Oracle Fusion – to support all of our commercial activities and improve the financial management and reporting of these core business processes.

The implementation of these 2 systems lie at the heart of Panda’s IT transformation journey and will enable additional new capabilities such as CRM and improved demand forecasting and planning for replenishment in 2022. Being cloud-based, these new systems will also allow Panda to benefit from the continuous development of the new capabilities Oracle will incorporate in the future.

We also developed and deployed a dedicated employee app in 2021, which brings together key information to support our people in their day-to-day work whilst also allowing improved employee communication.

PANDA IN 2022

Our strategy is now firmly focused on driving sustainable, profitable growth by accelerating value realization in our core business through the existing brick and mortar footprint of our stores, leveraging all initiatives going forward inspired by the success of our prototype store of the future.

Capitalizing on market trends, Panda will continue to allocate strategic investments to grow its digital infrastructure, expanding its offerings and enabling increased efficiency, particularly through improvements in last-mile delivery capabilities and a variety of in-store automation programs, enhancing experiences for all of our customers across our various channels.



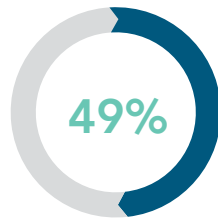
RETAIL INVESTMENTS

Herfy Food Services Company

Herfy is one of Saudi Arabia's best known and most popular fast-food brands and a key player of the nation's Quick Service Restaurant space. With a 49% holding in the company, Savola Group is the largest shareholder in Herfy.



Savola Shareholding



Geographic Footprint



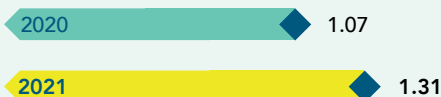
Herfy took a strategic step to expand its geographic footprint this year by signing a Memorandum of Understanding with Eight Right to grant it the franchise rights to open 50 Herfy branches over the next decade.



Revenue

(SAR billion)

1.31



About Herfy

Established in 1981, Herfy Food Services Company is Saudi Arabia's leading fast-food chain, with 387 branches serving communities across the Kingdom and an international franchise with a presence in Kuwait and Bangladesh. Herfy also operates a network of pastry shops in the Kingdom and creates value as a diversified and integrated food services company, operating its own bakery, cake, rusk and meat processing facilities.

Net Profit

(SAR million)

161



Financial and Strategic Highlights in 2021

For over 2 decades, Herfy has provided Savola Group with a trusted and beloved brand in the growing Quick Service Restaurant (QSR) space. This year, as the Saudi market began to reopen and rebound from the worst impacts of the COVID-19 pandemic, Herfy was able to gain momentum and capitalize on growing demands for affordable dining options.

Herfy took a strategic step to expand its geographic footprint this year by signing a Memorandum of Understanding with Eight Right to grant it the franchise rights to open 50 branches of Herfy restaurants over a period of 10 years in Nigeria, Africa's most populous country. Herfy also opened its fifth branch in Bangladesh, building on the success of the first 4 branches in the Asian nation.

Herfy achieved a gross profit of SAR 385 million, representing a rise of 54% over 2020, while the company's net profit reached SAR 161 million and its revenues reached SAR 1,314 million.

Earnings Per Share

(SAR)

2.49

