

Group CEO's Message

A Year of Positive Change



Anees Ahmed Moumina
Group Chief Executive Officer

The year 2019 was a positive transition year for Savola Group, where we built momentum toward a sustainable growth path while implementing initiatives to deliver key milestones.

We are pleased to note that 2019 was a strong year for many of our core businesses. The year marked a significant improvement in the Group's performance, moving from losses to profit in a remarkable turnaround. The Group achieved a net income of SAR 475.6 million compared to a net loss of SAR 520.4 million in the previous year. Revenues rose to SAR 22.24 billion compared to SAR 21.81 billion the year before. We successfully reissued SAR 1 billion sukuk which were oversubscribed as institutional investors took the opportunity to participate in our offerings, banking on our growth prospects.

We renewed our commitment to our retail and food business, while simultaneously focusing on optimising our asset allocation, and adapting our investment strategy to dynamic markets in Saudi Arabia and abroad. Our restructuring approach, which prioritised innovation while also focusing on group-wide cost rationalisation and efficiencies, yielded results throughout the year. This was reflected in increased shareholder confidence, with Savola Group stock price outperforming the market – increasing 28.2 percent during the fiscal year 2019, outpacing Tadawul's performance.

Business Improvements

Our Panda retail business continues to show improvement, with like-for-like growth in customer count and basket size supporting an increase in top-line for 2019. Savola Foods maintained market leadership positions in most of its global territories, while registering higher profitability compared to last year. We continue focusing on growth strategy, organisational uplift and institutionalisation efforts.

Internally, it was a year dedicated to ensuring strong focus on stakeholder value creation, including Panda's recovery milestones and Savola Foods' growth strategy. Our Group companies continue to find innovative ways to improve operations and introduce new products in support of growth priorities. Savola Group emphasised synergy while streamlining decision-making and resource allocation. These internal improvements supported growth and value-creation projects in line with strategic priorities.

Attracting Foreign Investment

2019 was also the year Savola Group became one of the key companies from Saudi Arabia included in MSCI's Emerging Market Index. The inclusion makes Savola Group a conduit for foreign investment as encouraged by the Saudi Vision 2030. In support of our inclusion, and the nation's Vision, we focused on investor outreach and communication through the year. We introduced ourselves to global institutional investors, building confidence and relationships while showcasing the world-class Saudi business opportunities to the world. Our efforts saw

our foreign investor shareholding rise from 2 percent at the beginning of 2019 to 9 percent by the end of the year, with both passive and active investors choosing our stock.

Our People

Our employee engagement continued bearing fruit, with a group-wide survey showing an increase in satisfaction and engagement. We are proud to have been certified as a "Great Place to Work". Our people and teams are an integral part of our success, and it is their commitment that powers us to stronger growth. As mandated in the Saudi Vision 2030, we are committed to Saudization while diversifying our workforce through the inclusion of women.

Corporate Social Responsibility

Savola Group continued its commitment to sustainability, safeguarding corporate performance along with community well-being and environmental health. Savola World, our global outreach programme for socially responsible behavioural change was registered as a Foundation, allowing new avenues of funding and partnership-building. Through the year, we also addressed food waste reduction through our "Negaderha" initiative. We also joined hands with the world's largest food retailers in the World Resources Institute's 10x20x30 initiative, which brings together 10 of the world's biggest food retailers to each engage with 20 of their priority suppliers, with the aim of halving rates of food loss and waste by 2030. Our "Makeen" programme continued making strides towards the inclusion of persons with disabilities into the workforce. 2019 also saw corporate volunteering take centre-stage, involving Group employees in social initiatives while promoting personal and professional growth.

Looking to the future

We look forward to the future with optimism. In 2020 and beyond, we will focus on delivering outperformance to our shareholders. We continue to support the Saudi Vision 2030 through focusing on consumer health and greener operations. In closing, I would like to thank all our shareholders, customers, employees, and partners for their support as we build a stronger Savola Group which continues to create value for all stakeholders, for years to come.

Eng. Anees Ahmed Moumina
Group Chief Executive Officer