

Chairman's Statement

A Year of Optimism and Results



Sulaiman A. Al Muhaidib
Chairman

On behalf of the Board of Directors, I am pleased to present Savola Group's Annual Report for 2019.

The Savola Group's transition strategy demonstrated tangible results, with our key businesses showcasing stories of resilience, success and excellence. Our flagship businesses outperformed in the face of market headwinds and macro-economic uncertainty regionally, with single-minded implementation of focused strategies paying dividends.

We continued through the path paved over the past four decades emphasising our strengths in food and retail, playing a crucial role in safeguarding food security and contributing positively to people's daily lives through our businesses.

Consumer confidence has rebounded thanks to the initiatives put forward in the annual plan of the year 2019. While uncertainty persisted in some of our overseas markets, our businesses confronted these challenges with agility and drive, maintaining their leadership positions and recapturing market share.

Internally, our teams are more agile and cohesive. Our core businesses have undertaken restructuring where required, and have optimised cost and decision-making structures. These initiatives have not only borne results for 2019 but also hold the Group in excellent stead for taking advantage of future opportunities. We have strengthened our relationship with our subsidiaries, associates, companies that we hold stakes in, and also with global institutional investors. Savola Group is now represented to global investors through its inclusion in MSCI's Emerging Market Index.

We are also a responsible corporate citizen, and seek to benefit all our stakeholders in the markets we operate in. We firmly believe that employee engagement, community health and facing up to environmental challenges make the Group a stronger corporate performer. 2019 saw strides in transparent reporting and corporate governance at all levels of business, including our sustainability and CSR activities. With employee volunteering now a key part of our corporate culture, our teams continue making a beneficial impact on people's lives.

Savola Group is proud of its unique corporate governance system. Risk management continues to improve, as our integrated enterprise risk management framework continues

integrating with daily operations and informed decision-making across the Group.

During 2019, the Board of Directors' office term came to an end, where shareholders elected members for the new term during that year as well as electing Audit Committee members effective during July 2019. Hence, and upon commencing their duties, the newly elected Board of Directors restructured the remaining Board committees to enhance the Group's decision-making process.

2019 was also an encouraging year financially, and one where the Group witnessed a growth in top line while posting positive net income compared to a net loss the year before. These results came from an increase in food profitability, and lower retail losses. Our results are testament to our turnaround strategy, which is bearing fruit thanks to the dedication of our teams and the experience of our management. Meanwhile, the oversubscription of our refinanced sukuk in 2019 was a mark of investor confidence in Savola Group's track record and its prospects. Promising profit figures saw our Board recommend a SAR 160.2 million shareholder dividend for 2019.

On behalf of the Board of Directors, I wish to express our deep appreciation to the Saudi government, our shareholders and our stakeholders for their continued support and trust in Savola. We are also grateful to our employees and executive management, who have played a critical role in implementing our strategy and creating a culture of excellence that has yielded positive results this year. I am pleased to say Savola Group emerged from 2019 as a forward-looking, future-minded entity that is poised for continued and growth. We look forward to exploring new opportunities in Saudi Arabia and region-wide, while continuing to benefit our stakeholders and communities.

Sulaiman A. Al Muhaidib
Group Board Chairman

2019 was a year that saw us build momentum, resilience and excellence as we challenged the status quo while implementing and reinforcing a strategy first chalked out in 2018.