



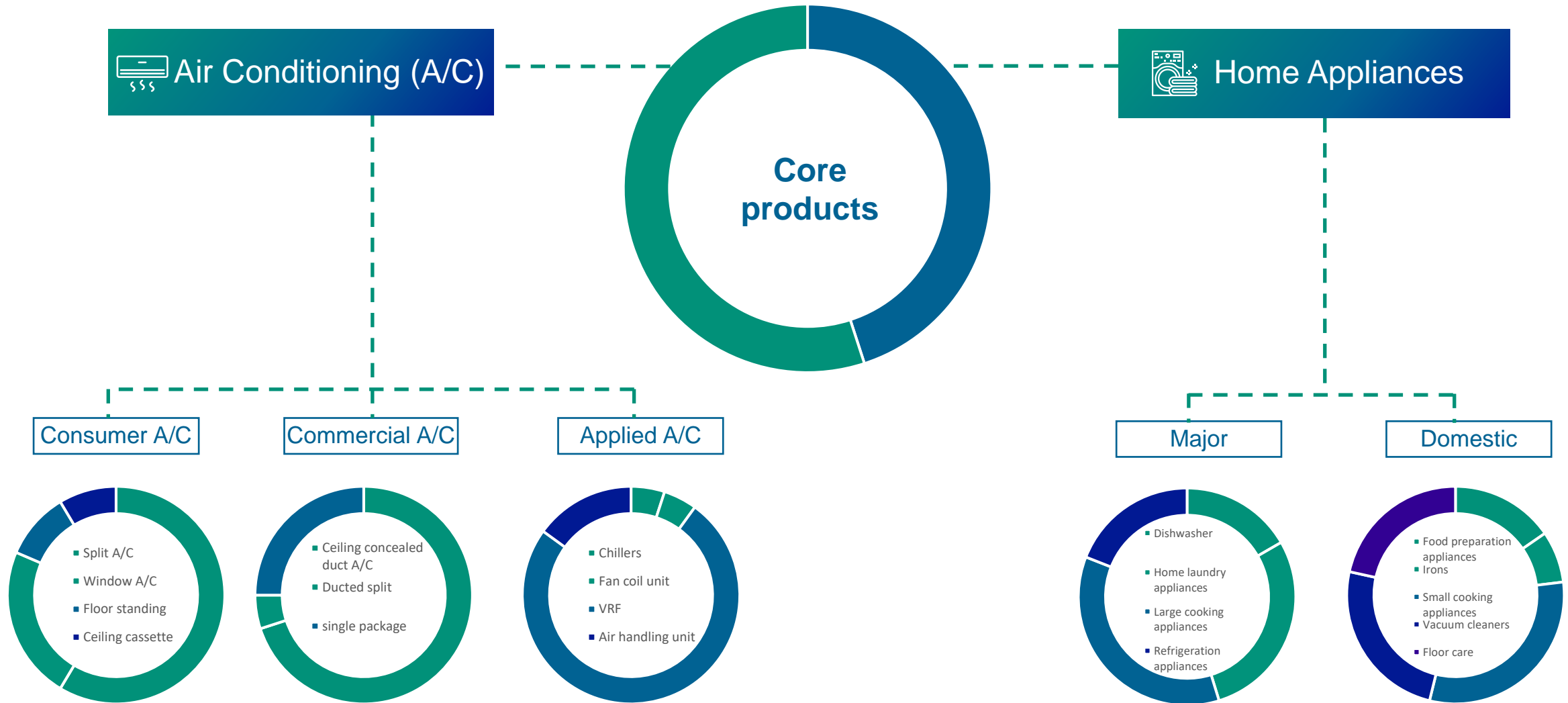
منذ
SINCE
1950

Shaker

Investor Presentation FY 2020

as at 31 December 2020

Core products

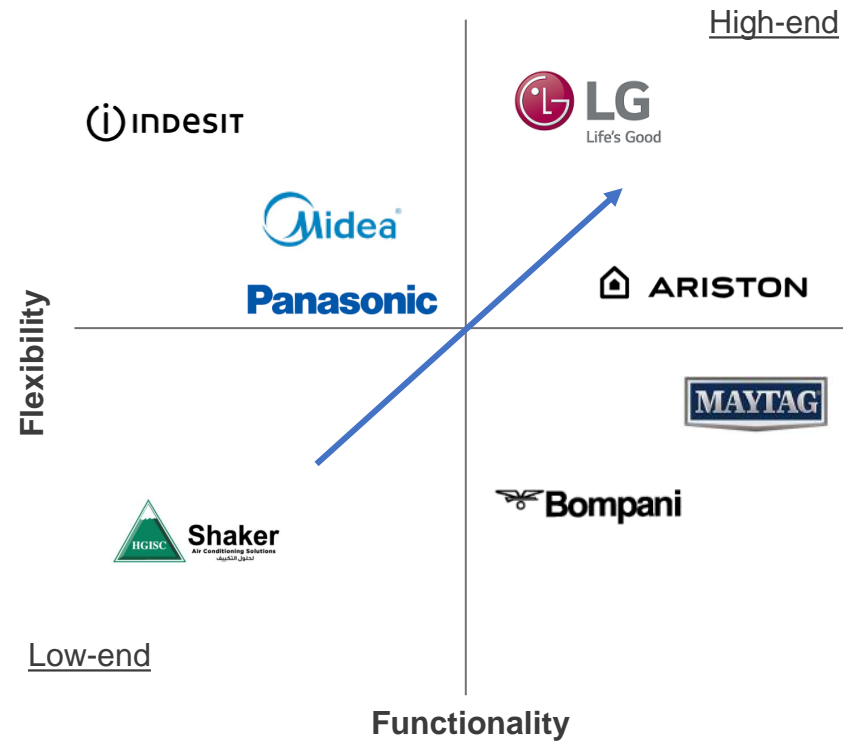


Brand portfolio

Air Conditioners

Home Appliances

Competitive positioning



Brand portfolio targets most consumer segments

In focus: LG-Shaker manufacturing



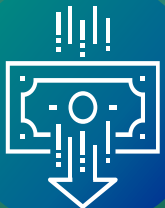
49%
ownership



900K units
manufacturing
capacity



200
employees



Strong
investment in
technology



Riyadh expansion
facility in 2019



Cost efficient
manufacturing

- **Current products:** Window, Wall mounted Split units, Concealed units, Cassette units, Free stand units, Single Package units, Air Handling Units
- **Year opened:** 2008
- **Site size:** 75,000 square meter



Attractive industry experiencing growth



Saudi air conditioner market
forecast to reach **\$1.3bn**
by 2024 ¹



Household appliances
revenue in KSA shows
annual growth of **2%** ²



Mega projects in Saudi will see
investment of
\$ 3bn over next decade ³



Government commitment of approx.
SAR 2bn for retrofit



Alignment with socioeconomic objectives
of **Vision 2030** in two key areas:

Superior technology for the
Saudi market

Creation of new sectors
and domestic projects

Nationwide energy efficiency
consultancy and retrofitting
services



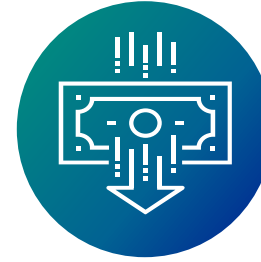
Highlights: FY 2020



SAR 10.1 million
net profit



5.6% growth
in revenue Y-o-Y



14.1% reduction
in KSA employee costs



Completion of
**Breakthrough
Program**



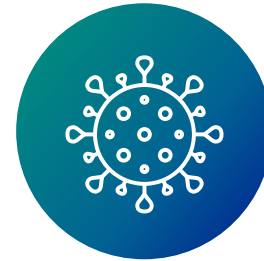
First profitable year since
2016



Working capital
substantially optimized



18.1%
Gross profit increase
Y-o-Y



Covid-19
Agile response

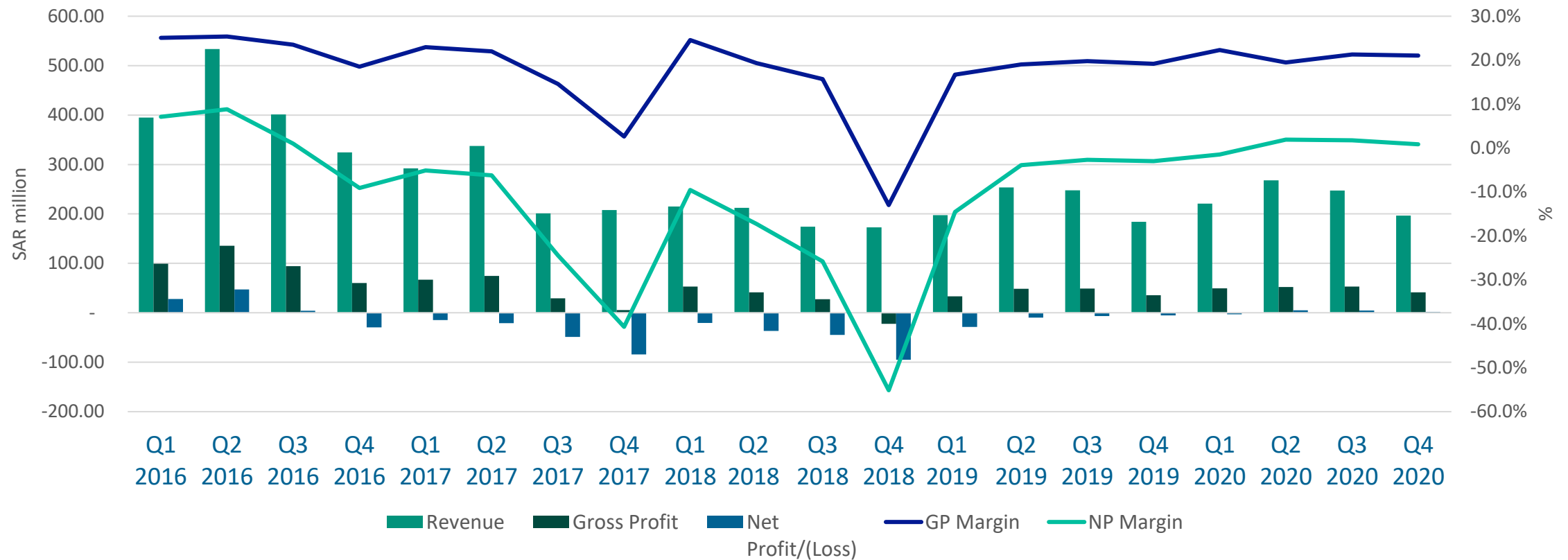
Key messages



- Successful completion of the Breakthrough Program had a **tangible impact** on the Group's long-term **sustainable performance**, achieving significant operational and structural efficiencies
- Welcomed a new home appliances brand, **Bompani**, to the Group's **growing portfolio** of companies
- **Agile response** to the pandemic, acting rapidly **safeguard** inventory levels, **reassess** manufacturing processes and **navigate** challenging market conditions
- Launched **new strategy** for growth to ensure the Group's **market leadership** in AC units, consumer electronics and appliances, to be carried out until **2023**
- The Group is well-positioned to **grow its market** share across segments its already operates in, and **expand into adjacent segments** to meet customer demand
- Shaker Group has already obtained **a significant share of the government's SEEC projects**, and will continue to grow its participation in the scheme, alongside **Tarsheed, the Saudi Government's National Energy Services Company**, and mega projects such as **Neom** and **Red Sea**

Performance highlights

Revenue and Income vs. Margins Q1 2016 – Q4 2020





BUSINESS PROFILE

Strategy overview



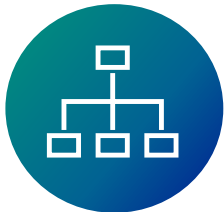
Grow market share and product mix

- Become top 3 supplier in existing business segments & add new brands and products to portfolio
- B2B and after sales revamp – increase presales and capture mega project opportunities
- Boost e-commerce sales



Operational efficiency

- Increase brand awareness and marketing activities
- Organic growth enhanced by efficient distribution channels, solid partnerships and dynamic sales strategy
- Optimize supply chain function and inventory management
- Control operational costs



Organization & Talent

- Digitize and enhance reporting structures
- Improve controls, processes and procedures
- Develop and retain talent

2023 targets

High single digit percentage **profit increase**

Adjusted **EBITDA increase**

Average annual **FCF increase**

Portfolio growth **growth**

Growth avenue highlights

| AC Sales | | | HA Sales | Services & Support | |
|--|--|---|--|--|--|
| Housing | SEEC | Mega projects | Home Appliances | ESCO & Retrofit | Aftersales |
| <p>670,000 planned houses requiring 4-5m ACs</p> <p>Potential value share: SAR 2bn</p> | <p>Multifold rise in KSA energy tariff from 2018</p> <p>Stimulus of SAR 400m for energy efficient ACs = SAR 1.5-2bn market size</p> <p>Potential value share: SAR 300m</p> | <p>Multiple mega projects under development including Neom, Amaala, Red Sea Touristic Development, Al-Qiddiya, among others</p> <p>Potential total value: SAR 50m</p> | <p>Growing the size and diversity of the home appliances portfolio</p> <p>New brand acquisitions, enter new segments</p> <p>Improved sales infrastructure, including e-commerce platform</p> | <p>250,000 government buildings 25-30 yrs old = retrofit opportunity</p> <p>Government commitment of approx. SAR 2bn for retrofit</p> <p>Potential market value: SAR 2bn annually across value chain</p> | <p>Growing replacement market with shift to energy efficiency</p> <p>Continuing maintenance contract initiatives with large entities</p> |
| 2% market growth | | | 3% market growth | | |

Breakthrough Program pillars

Four pillars

Core Business Turnaround (CBT)

- Profitable and responsible sales
- Deliver excellence in cost management

Talent Upgrade Plan (TUP)

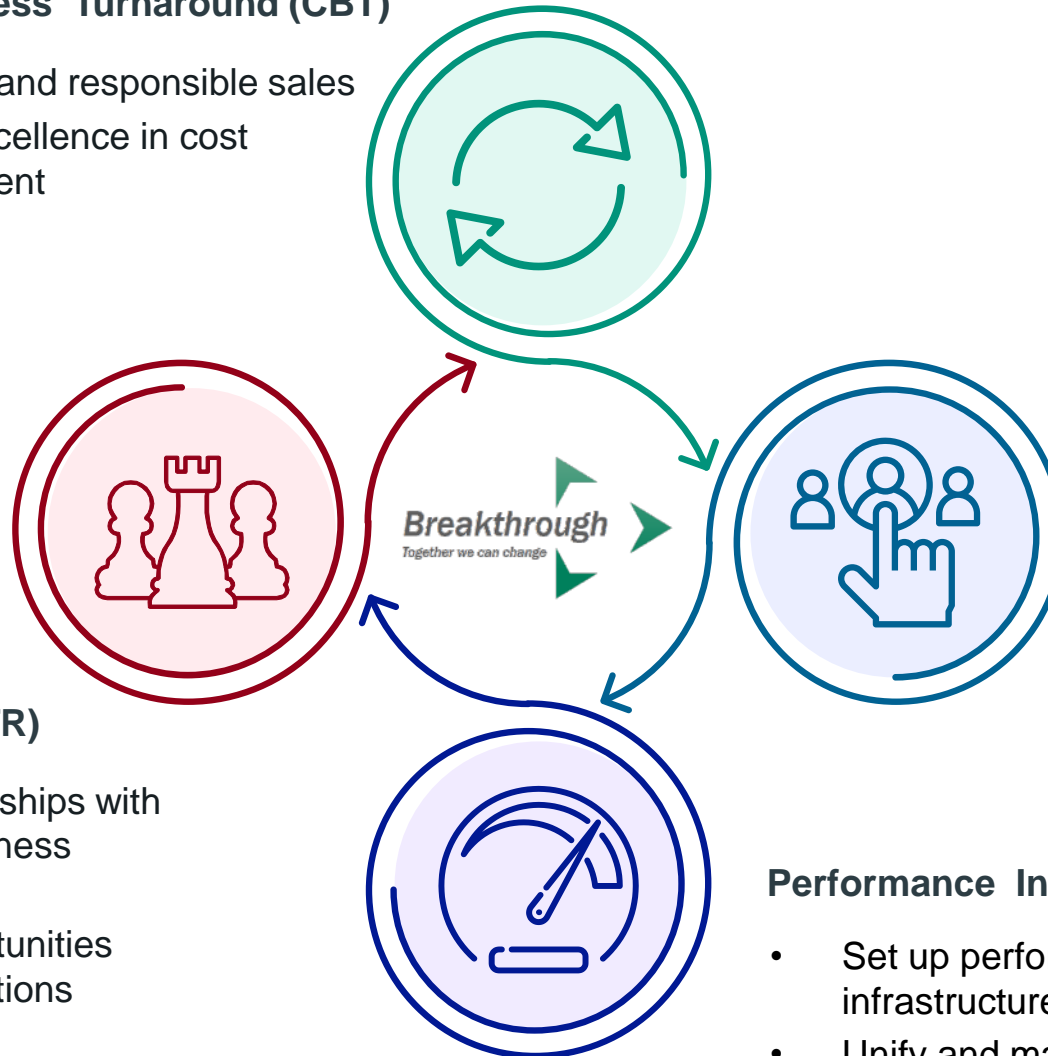
- Attract and develop talent
- Organization restructuring

Strategic Moves (STR)

- Strengthen relationships with principals and business partners
- Explore new opportunities beyond core operations

Performance Infrastructure (PI)

- Set up performance infrastructure
- Unify and manage reporting standards and KPIs



As at 31 December 2020

Progress highlights



Core Business Turnaround

- **FY 2020 sales in Saudi Arabia increased 8.1%** compared to FY 2019 with momentum achieved across business segments
- **Achieved net profit of SAR 10.1 million** compared to a net loss of SAR 50.8 million in FY 2019
- **Employee costs** in Saudi Arabia **decreased by 14.1%** from FY 2020 compared to same period in the previous year
- Operating income for Saudi Arabia reached increased **112%** to **SAR 5.8 million**



Talent Upgrade Plan

- **Completed roll-out of talent upgrade plan** at senior level and restructuring of the sales organization model
- The HR structure is being evaluated and revisited on an ongoing basis



Performance Infrastructure

- **Performance Management Systems** established across the Company
- **Execution and tracking of key initiatives** is conducted on an ongoing basis



Strategic Choices

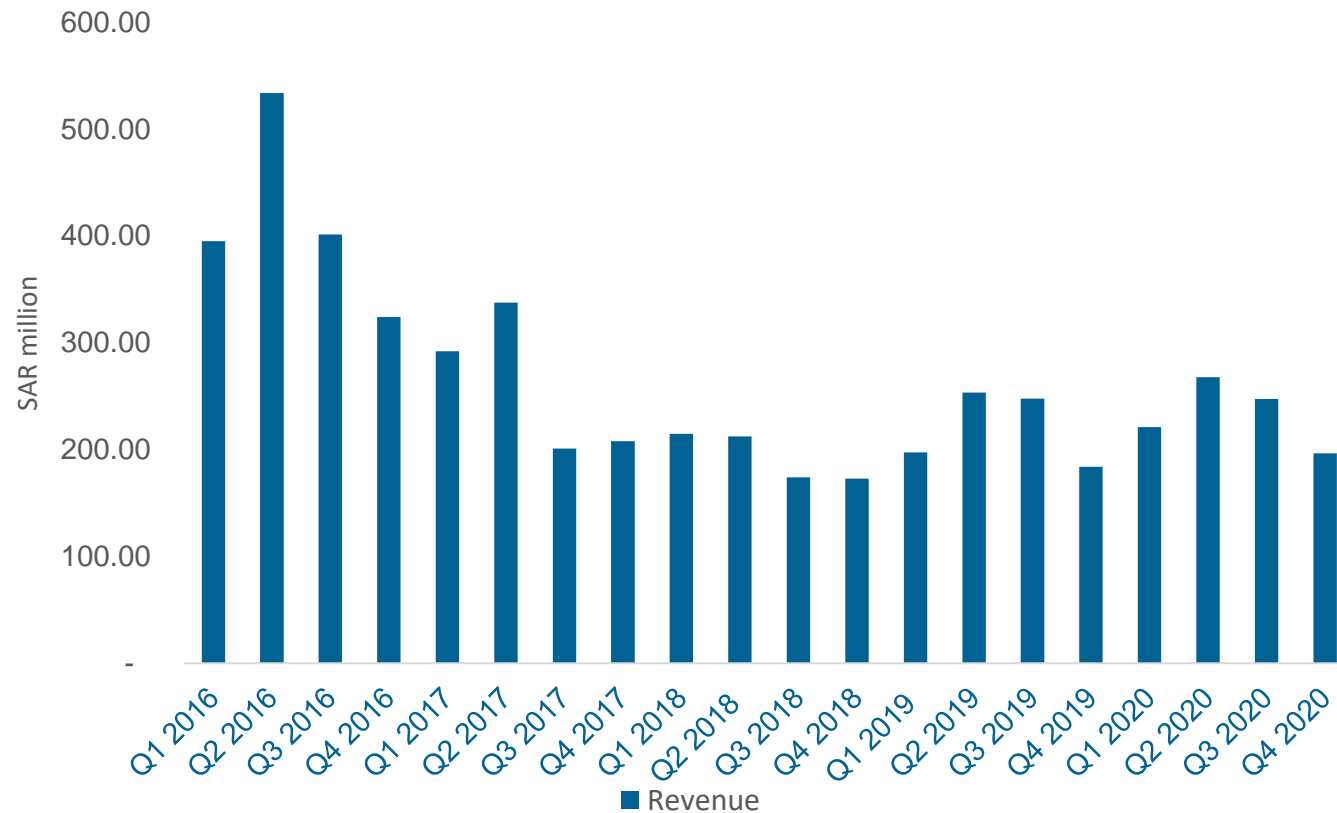
- **Engagement with key principals** has been completed
- **Joint collaboration** is delivered with principals on new strategic initiatives

A Midea juicer is shown on the left, with a glass of orange juice next to it. To the right is a bowl filled with various fruits, including green apples, oranges, and grapefruit slices. The entire scene is overlaid with a semi-transparent blue filter.

FINANCIAL PERFORMANCE

Sales recovery

Revenue growth driven by transformation initiatives



Revenue growth in 2019 and 2020 driven by impact of the **Breakthrough Program**

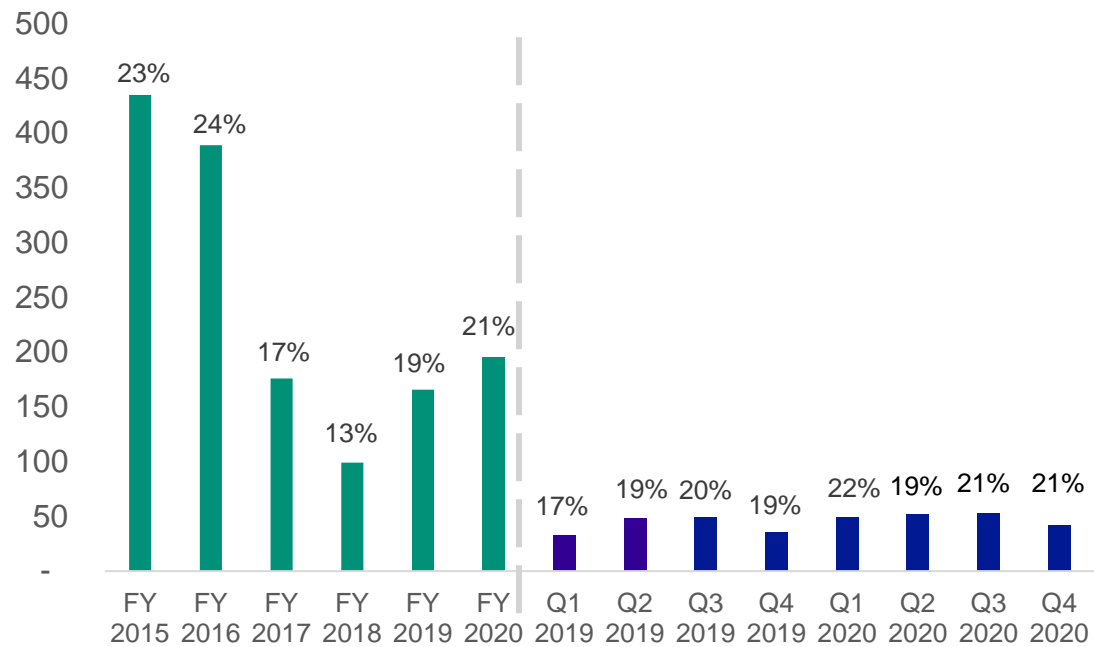
- Enhanced **distribution** network, **sales** processes and training
- Investment in technology to **manage inventory**
- Strategic** seasonal sales
- Growth of **services offer**, e.g. SEEC program and ESCO
- Growth in **higher margin** Home Appliances sales
- Agile response** to Covid-19

Profitability



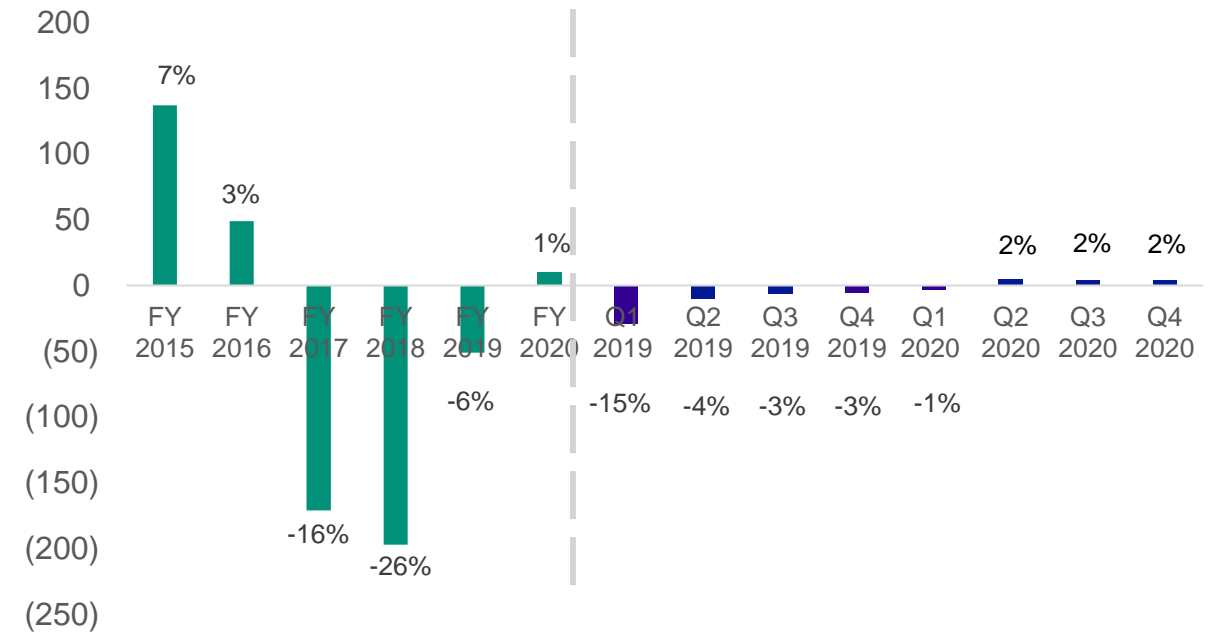
Gross Profit (SAR million)

% = GP margin



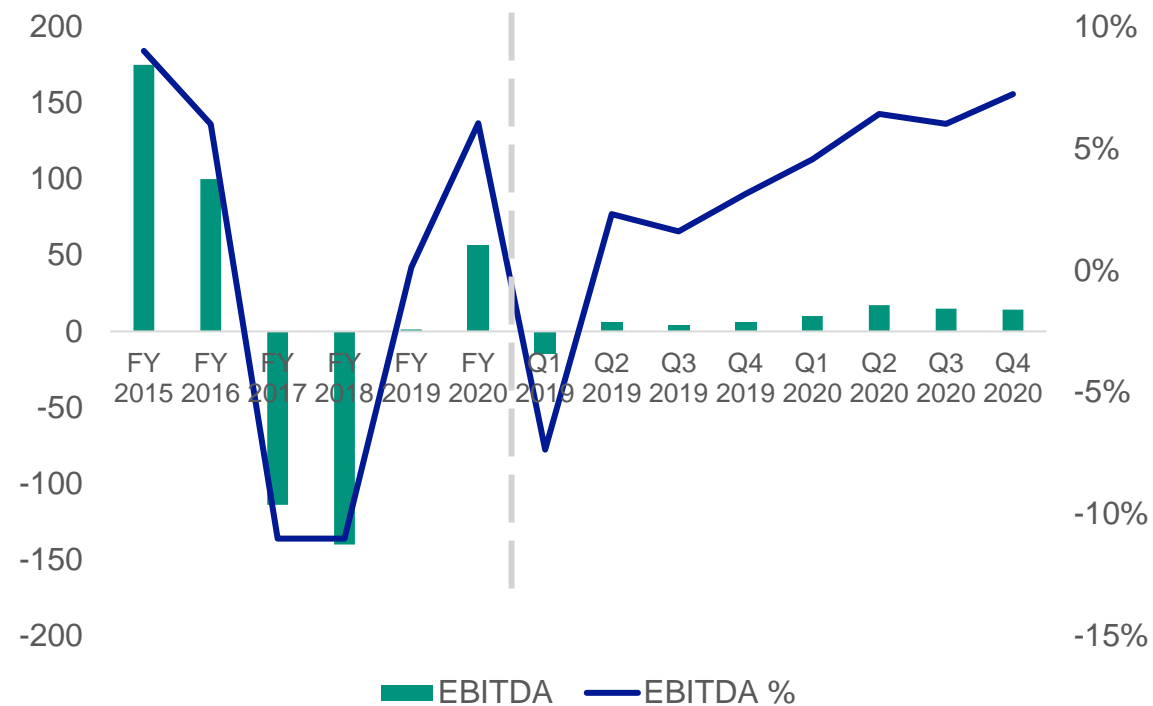
Net profit/(loss) (SAR million)

% = NP margin

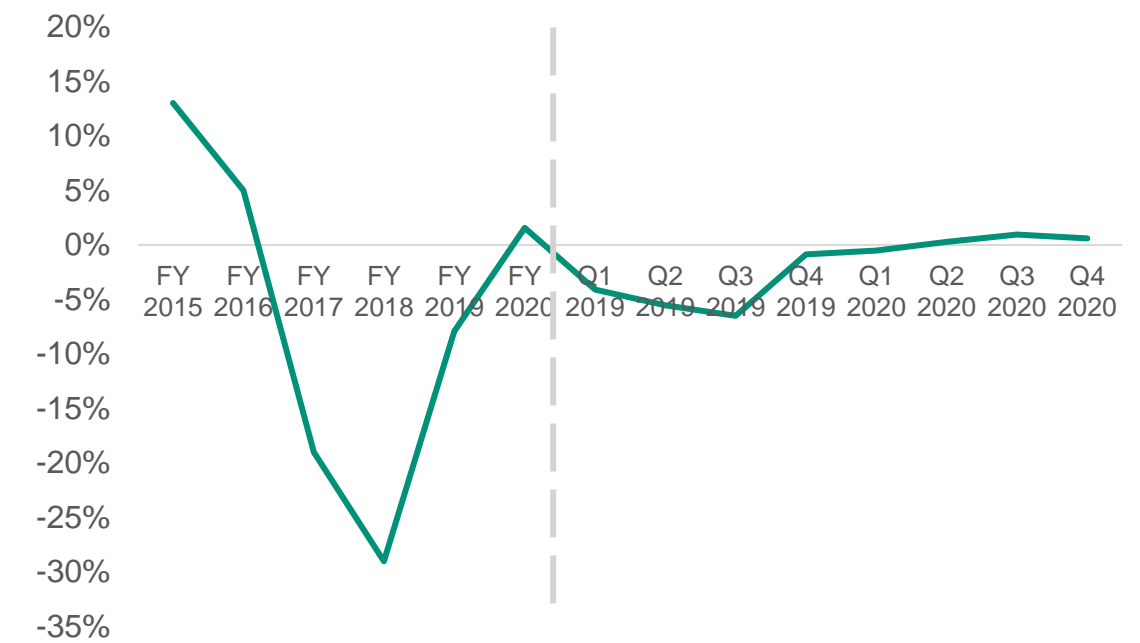


EBITDA & RoE

EBITDA (SAR million)

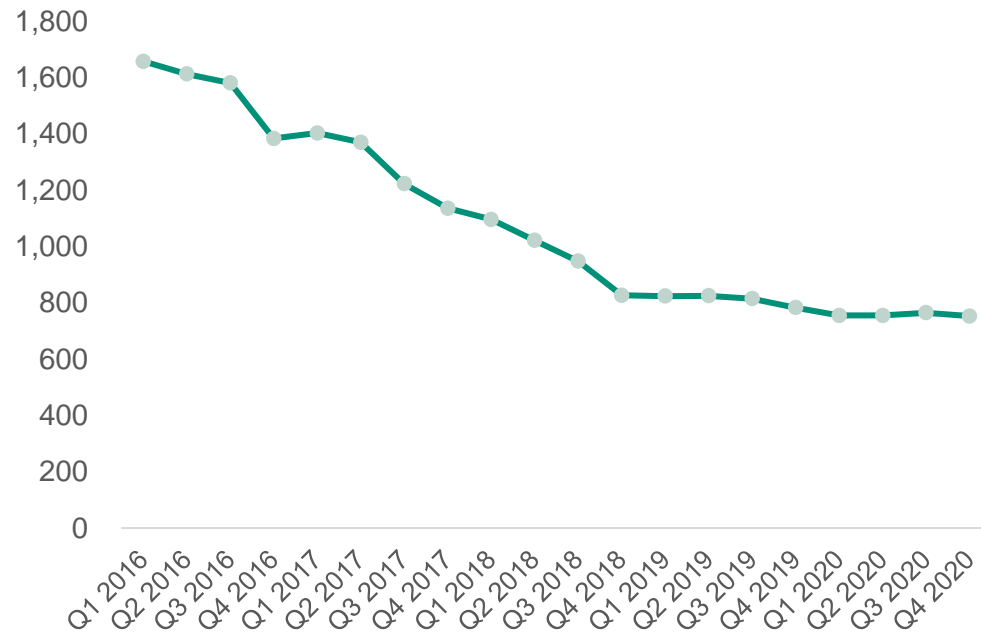


Return on Equity (%)



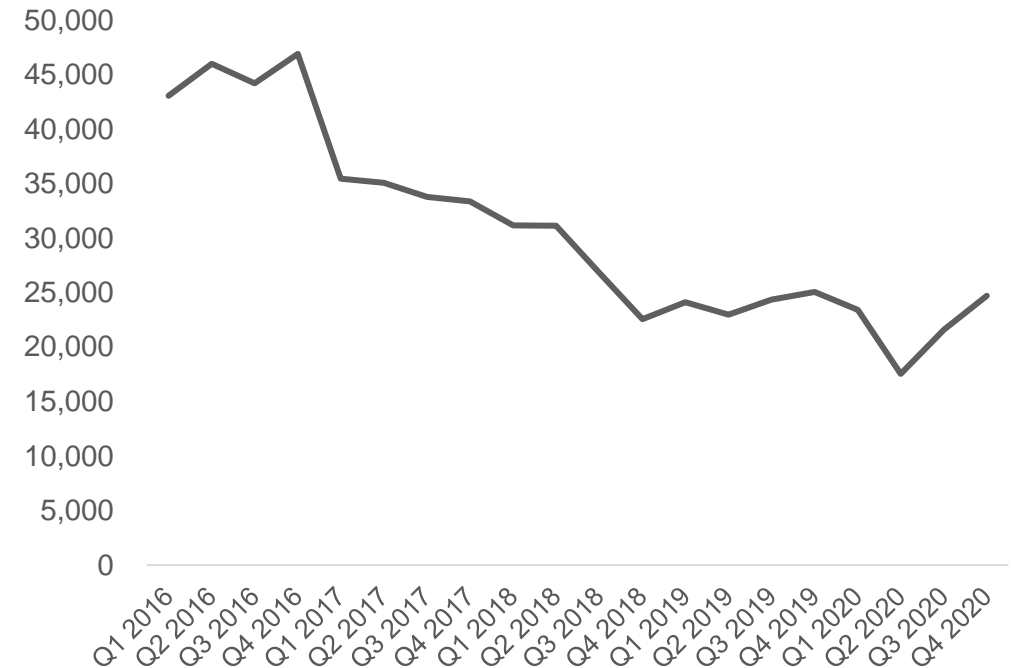
Rationalizing the workforce

Rationalizing employee headcount



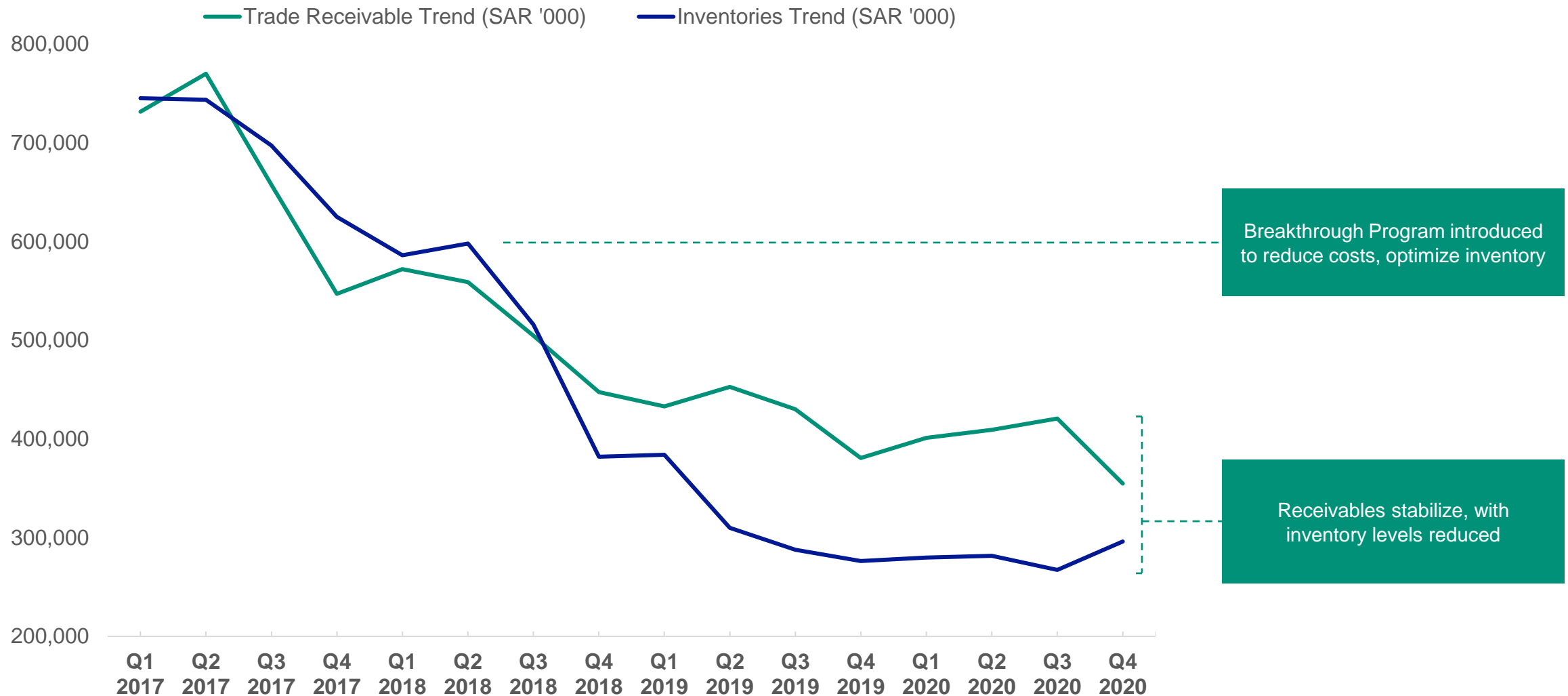
Employee headcount rationalization ongoing,
productivity of workforce improving

Rationalizing employee costs (SAR 000)



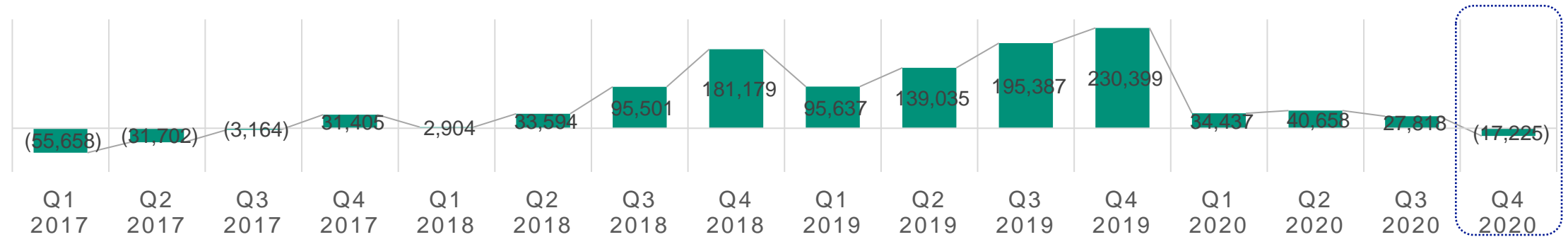
Employee costs in Saudi Arabia decreased by 14.1% for
in 2020

Trade receivables vs. inventory trend

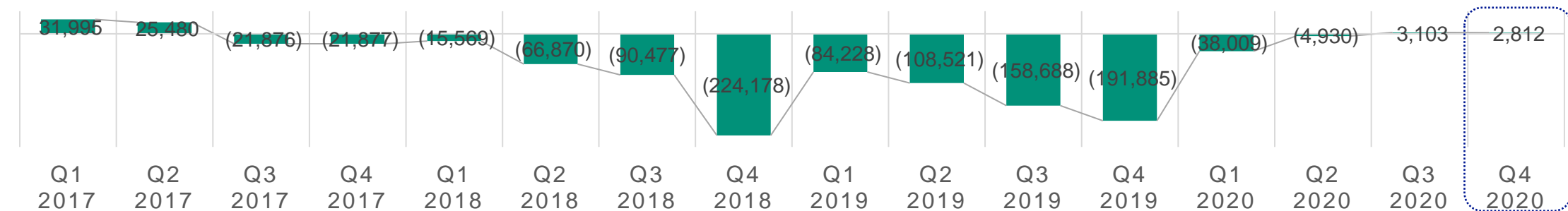


Cash flow: operational and financing

Cash Flow From Operations Trend (SAR '000)

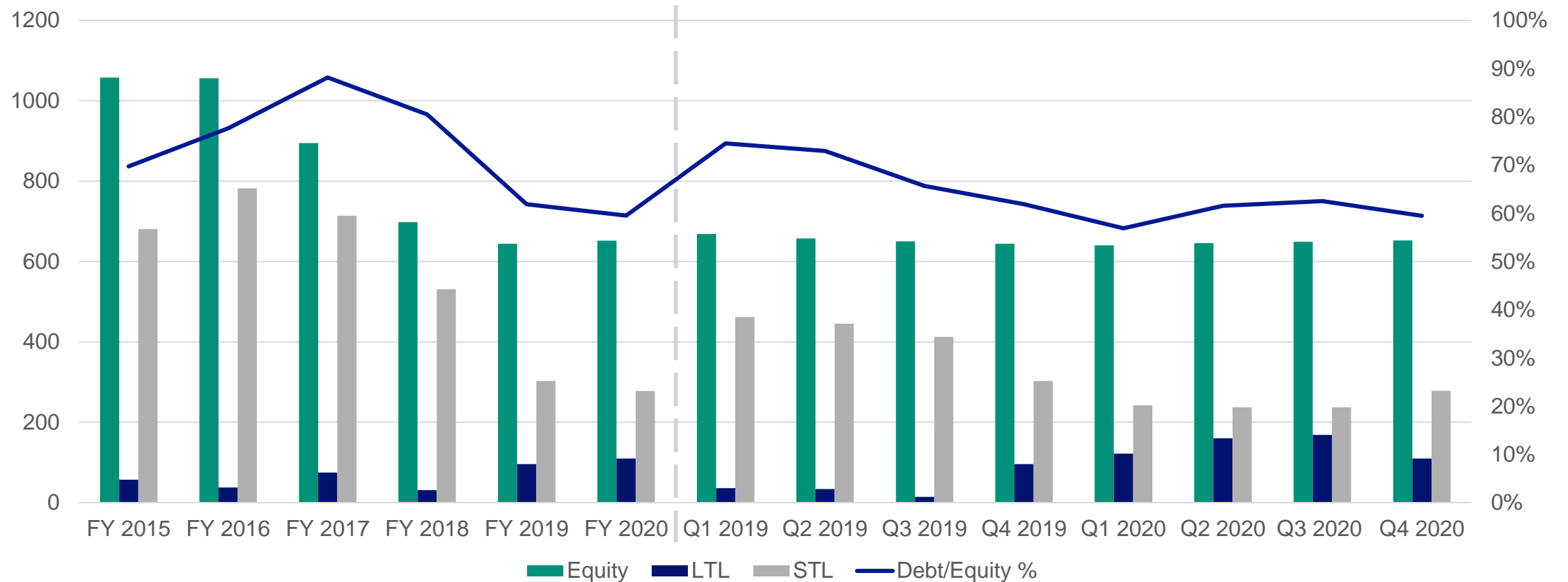


Cash Flow From Financing Trend (SAR '000)



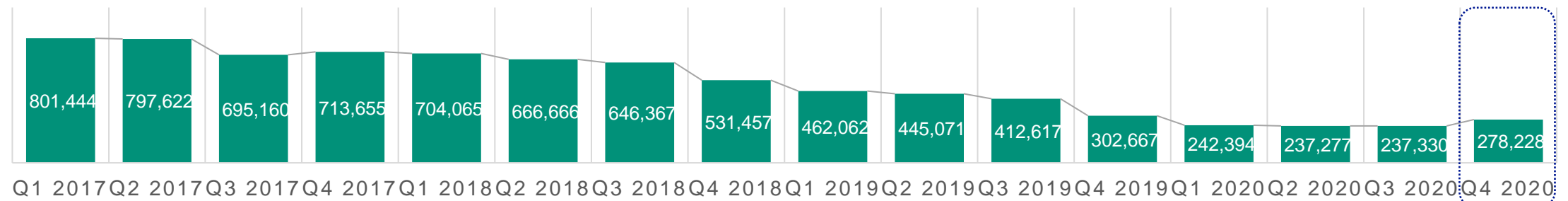
Capital structure

Capital Structure (SAR million / %)

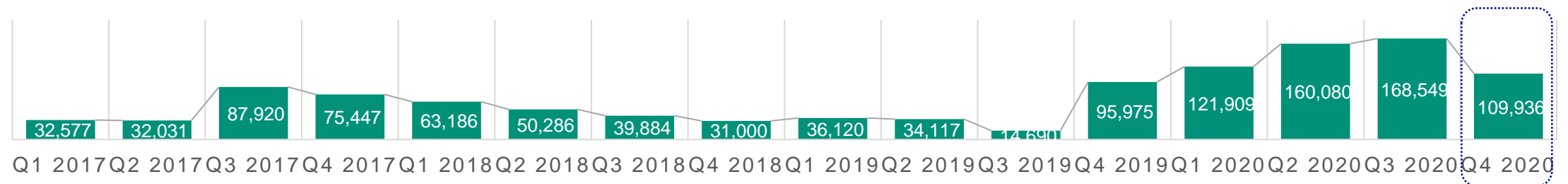


STLs & MTLs trend

Short Term Loans Trend (SAR '000)



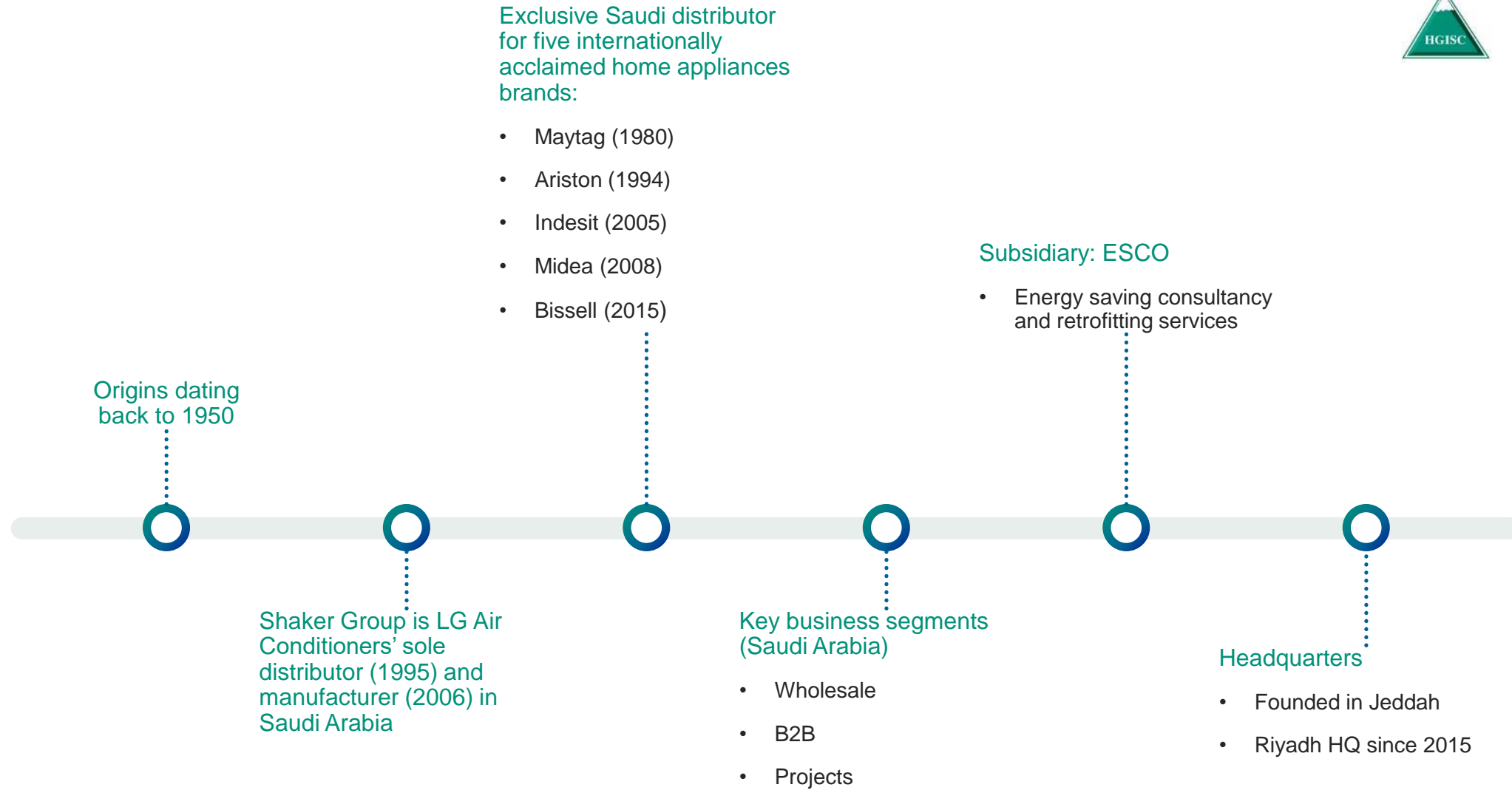
Medium Term Loans Trend (SAR '000)



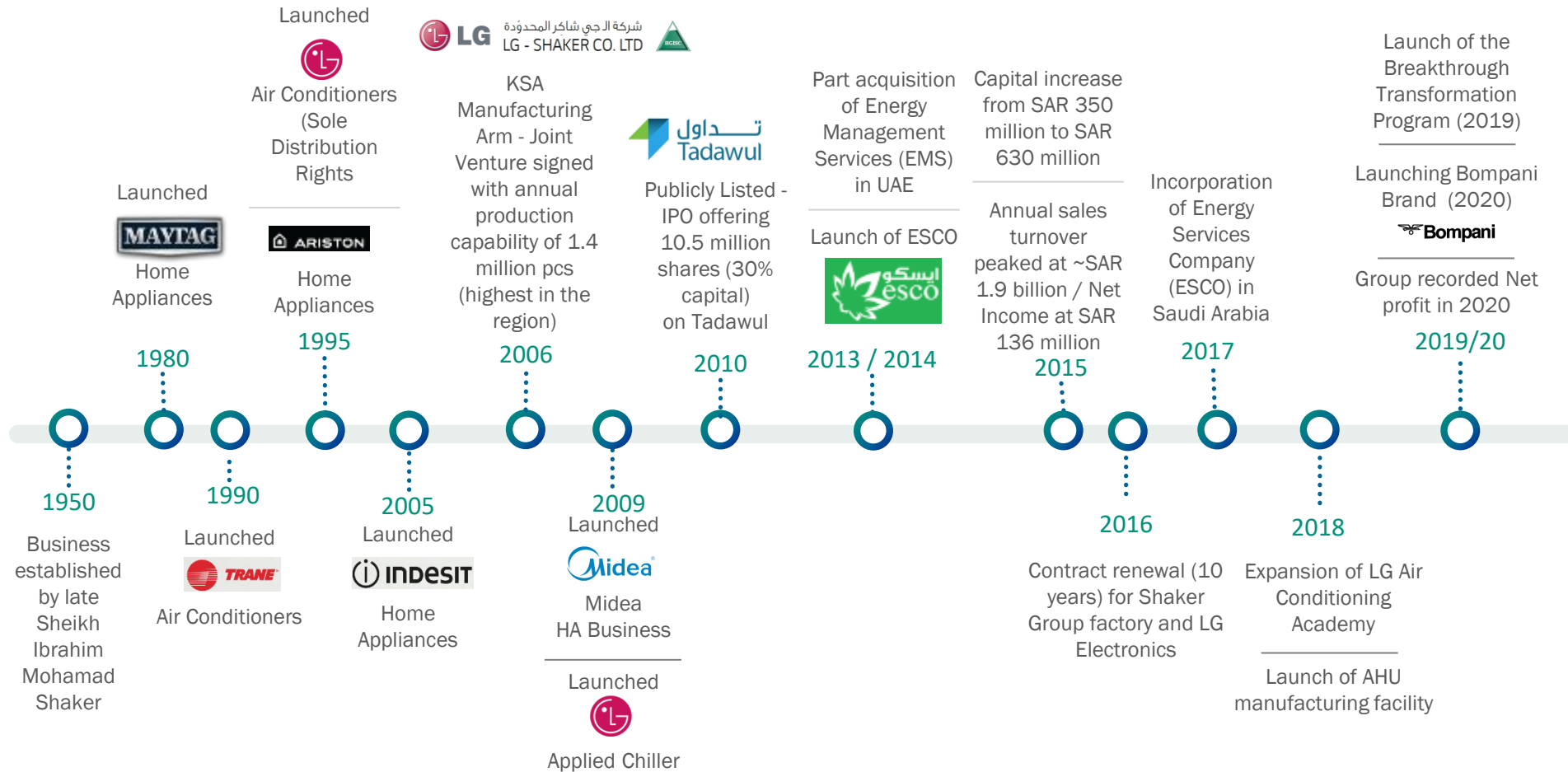


APPENDIX I: ABOUT THE COMPANY

What is Shaker Group?

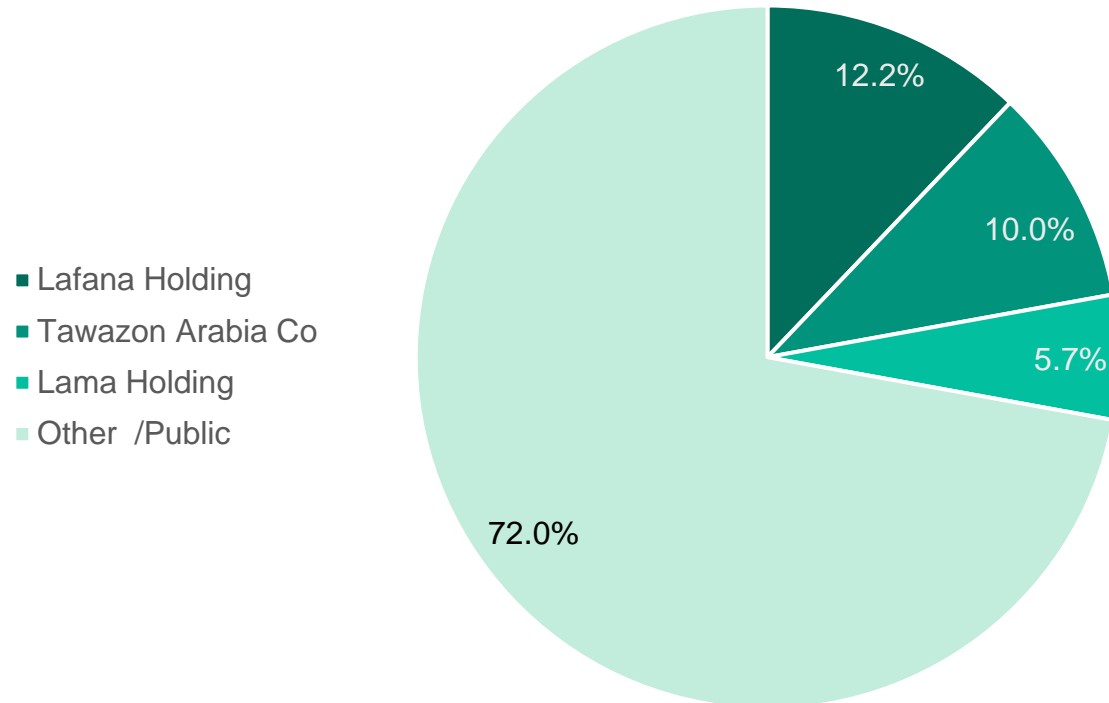


Corporate milestones



Shareholding structure & information

Shareholding structure



Share information

| | |
|---------------------------|-----------------------|
| Market | Tadawul, Saudi Arabia |
| Currency | SAR |
| Listing date | May 2010 |
| Financial year-end | 31 December |
| Authorized capital (SAR) | 630,000,000 |
| Issued shares | 63,000,000 |
| Paid capital (SAR) | 630,000,000 |
| Par value/share (SAR) | 10 |
| Paid up value/share (SAR) | 10 |

As at 31st December 2020

A photograph of a white Midea juicer on a light blue surface. The juicer has a silver handle and two control knobs. To its right is a clear glass pitcher filled with orange juice. Further right is a white bowl filled with various fruits, including green apples, whole oranges, and slices of grapefruit. A single green apple and a slice of grapefruit are also on the surface in front of the bowl. The background is a soft, out-of-focus light blue.

APPENDIX II: FINANCIALS

Income statement

| SAR '000 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------|------------------|------------------|-----------------|----------------|
| Sales | 1,654,405 | 1,038,563 | 774,025 | 882,822 | 932,699 |
| Cost of sales | (1,265,479) | (862,615) | (675,307) | (717,176) | (737,139) |
| Gross profit | 388,926 | 175,948 | 98,718 | 165,646 | 195,560 |
| S&D expenses | (181,536) | (162,530) | (140,336) | (104,454) | (95,567) |
| G&A expenses | (156,317) | (167,853) | (116,504) | (105,607) | (102,407) |
| Operating income | 51,073 | (154,435) | (158,122) | (44,415) | (2,414) |
| Other income, net | 7,644 | 963 | 2,901 | 5,968 | 11,599 |
| Financial charges | (30,298) | (34,044) | (32,862) | (29,302) | (18,769) |
| Re-measurement of equity accounted investees | - | - | - | (1,002) | - |
| Share in net income of equity accounted investees | 22,099 | 18,449 | (7,225) | 18,071 | 26,458 |
| Income before Zakat and non-controlling interests | 50,517 | (169,067) | (195,308) | (50,680) | 16,874 |
| Zakat | (5,210) | (7,678) | (6,873) | (180) | (6,740) |
| Net income before non-controlling interests | 45,308 | (176,745) | (202,181) | (50,860) | 10,134 |
| Non-controlling interests in net loss of consolidates subsidiaries | 3,509 | 5,706 | 5,639 | 1,075 | (597) |
| Net income | 48,817 | (171,039) | (196,542) | (49,785) | 9,537 |

Cash flow statement

| SAR '000 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------------|-----------------|------------------|------------------|------------------|
| <u>Cash flows from operating activities</u> | | | | | |
| Profit/(loss) for the period | 45,308 | (176,745) | (202,181) | (50,860) | 10,134 |
| Adjustments: | 83,296 | (69,357) | (103,841) | 9,223 | 64,597 |
| <u>Changes in operating assets & liabilities</u> | (18,128) | 67,967 | 220,484 | 262,739 | (55,964) |
| Employees' end of service benefits paid | - | - | - | (7,428) | (4,028) |
| Financial charges paid | (25,527) | (28,587) | (33,738) | (32,719) | (18,769) |
| Zakat and income tax paid | (6,878) | (7,975) | (5,567) | (1,416) | (3,061) |
| Net cash from operating activities | (50,533) | 31,405 | 181,179 | 230,399 | (17, 225) |
| Net cash used in investing activities | (23,316) | (5,961) | (6,227) | 2,546 | 47,115 |
| Net cash used in financing activities | 40,382 | (21,877) | (224,178) | (191,885) | 2,812 |
| Net increase/(decrease) in cash and cash equivalents | (33,467) | 3,567 | (49,226) | 41,060 | 32,702 |
| Cash and cash equivalents acquired during the year | - | - | - | - | - |
| Cash and cash equivalents at beginning of the year | 85,270 | 51,803 | 55,370 | 6,144 | 47,204 |
| Cash and cash equivalents at end of the period | 51,803 | 55,370 | 6,144 | 47,204 | 79,906 |

Balance sheet

| SAR '000 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| <u>ASSETS</u> | | | | | | |
| Non-current assets | 840,349 | 860,595 | 818,770 | 754,766 | 719,090 | 682,851 |
| Current assets | 1,578,631 | 1,525,842 | 1,267,065 | 879,935 | 748,181 | 756,813 |
| Total assets | 2,418,980 | 2,386,437 | 2,085,835 | 1,634,701 | 1,467,271 | 1,439,664 |
| <u>EQUITY</u> | | | | | | |
| Total equity attributable to shareholders | 1,041,975 | 1,044,194 | 874,399 | 676,981 | 624,012 | 632,007 |
| Total equity | 1,057,599 | 1,056,309 | 894,639 | 698,180 | 643,945 | 652,526 |
| <u>LIABILITIES & EQUITY</u> | | | | | | |
| Non-current liabilities | 101,201 | 81,114 | 107,901 | 56,751 | 215,096 | 135,006 |
| Current liabilities | 1,260,180 | 1,249,014 | 1,083,295 | 879,770 | 608,230 | 652,132 |
| Total liabilities | 1,361,381 | 1,330,128 | 1,191,196 | 936,521 | 823,326 | 787,138 |
| Total equity & liabilities | 2,418,980 | 2,386,437 | 2,085,835 | 1,634,701 | 1,467,271 | 1,439,664 |

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