



مجموعة شاکر
SHAKER GROUP

Shaker Group

Elevate 2027 – Building on success to Elevate Strategy Roadmap

February 17, 2024



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Strategy Manager

Guided by a vision, lead by a mission, with our values as our north star



Guided by a
Vision

Be the go-to provider for all home appliance and HVAC needs for both businesses and consumers. We aim to enrich lives and enhance experiences through our best-in-class products and unrivaled after-sales services

Lead by a
Mission

Leverage our strengths to grow Shaker while aligning with Saudi Vision 2030 and become a key manufacturing and logistics partner, to add value to communities

Values
guiding our way

Committed to excellence in our business and seek to achieve our ambitious goals supported by our foundational values

Customer Centric | Reliability | Adaptability | People

We empower homes and lifestyles. We are Shaker.



We manufacture

We tailor & deliver on B2B projects



We distribute



We retail DTC



We serve consumers' after-sale needs

We empower homes and lifestyles

We are end-to-end.

Our value proposition has been unique, as a visionary local leader with global reach and partnerships



A market leader rooted in Saudi heritage and driven by a vision for the future



A local manufacturing champion with global reach



Robust distribution & aftersales network with expanding retail reach



Leading a growing market with proven financial strength with operational excellence

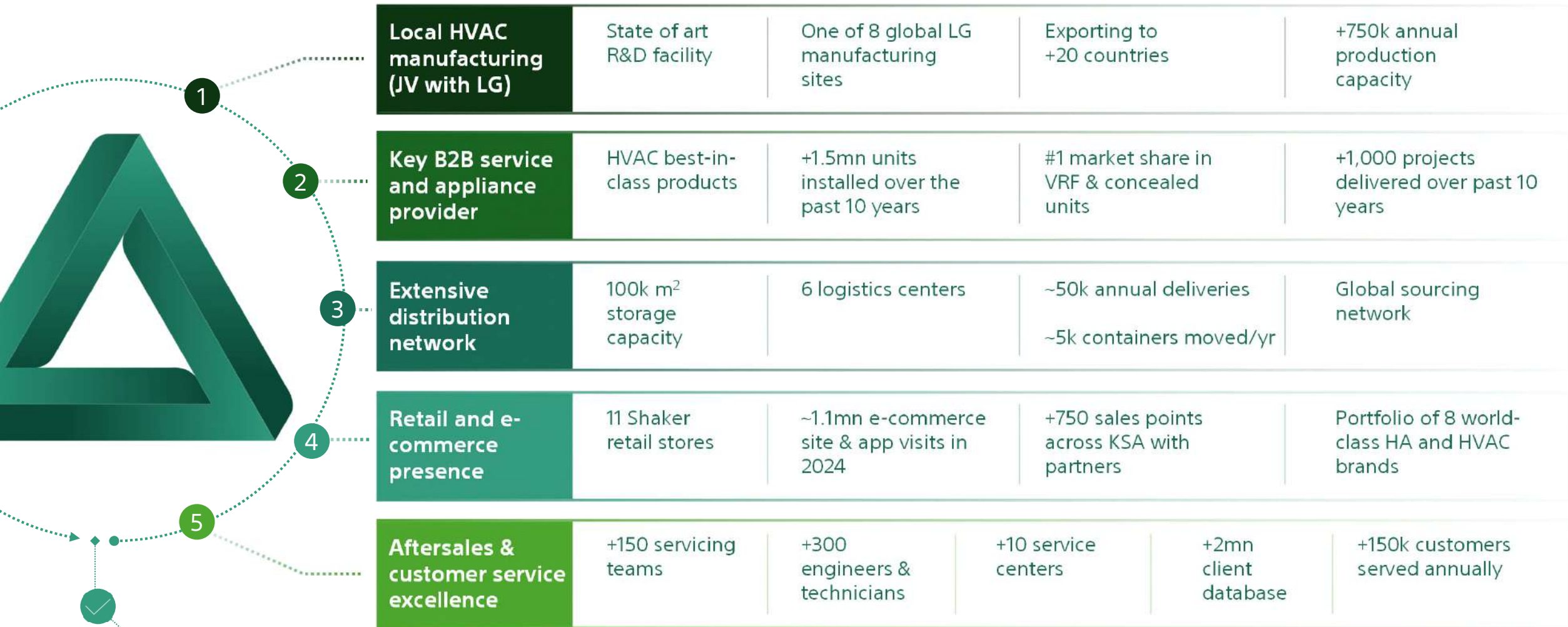


Visionary leadership driving long-term success



Forging strategic partnerships for market leadership

We have grown in over 70 years to be a market leader capturing the entire value chain



Our value chain is end-to-end, capturing and adding value to all stakeholders

We successfully executed our turnaround strategy since 2018, and continued to execute on our growth strategy since 2021

2018

Breakthrough Program

2018-2020

Our turnaround strategy focused on a return to profitability

2021

Growth Strategy

2021-2024

Optimizing our business to deliver on growth

2025



Now we are primed for our next phase to elevate Shaker to a powerhouse towards 2027

2018

Breakthrough Program

2018-2020

Our turnaround strategy focused on a return to profitability

2021

Growth Strategy

2021-2024

Optimizing our business to deliver on growth

2025



Elevate 2027

2025-2027

Turning a focus on our core and strategic adjacencies to accelerate

But first, a look back at what we promised...

01

Our Breakthrough Program

2018-2020

Our Growth Strategy

2021-2024

02



We launched and executed on a transformation strategy to restructure our organization and return to profitability

Our Goals 2018



2020 Our Achievements

1 Optimize operations

- Revenue growth across multiple product lines and business units
- Capital efficiency
- Cost reset and margin expansion
- Return to profitability

2 Organizational restructuring

- Re-structure B2C and B2B organization around customer segments (vs product)
- Talent upgrade plan – Identify key positions and upgrade of sales organization talent

3 Performance management

- Setup infrastructure and performance to drive the transformation
- Align incentives program with long term goals

4 Strategic moves

- Develop win-win partnerships with principals
- Explore strategic moves following fixing the core business

Recorded a net profit in 2020 after losses in 2018 and 2019

Revenue grew +21% in 2020 from 2018 baseline

Gross margin expanded by 8% to 21% by 2020 from the 2018 baseline of 13%

SG&A cost reduction from 32% to 19% (as percent of revenue)

Successfully restructured organization around B2C and B2B customer segments

Identified and strengthened key roles

Improved business insights and business unit accountability

Improved the company's ability to run a leaner organization structure

Improved performance monitoring and agile decision-making capabilities

Revised incentive program to align employee and corporate goals

Integrated Command Centers to monitor sales and inventory

Set the foundation of multiple key investments and divestitures in the following years

Launched e-commerce

Launched additional home appliance products and brands



We continued...

01

Our Breakthrough Program

2018-2020

Our Growth Strategy

2021-2024

02



With momentum carrying us, we launched a successful growth strategy to propel us towards leadership

Our Goals 2021



2024 Our Achievements

1 Market leadership & expansion

- Expand product portfolios
- Broaden retail operations
- Focus B2B and aftersales on mega project opportunities
- Accelerate e-commerce

Revenue grew +33% by 2023 from 2020 baseline

Net profit grew +586% by 2023 from 2020 baseline

Gross margin expanded +474 bps by 2023 from 2020 baseline

11th retail store opening

2 Operational & organizational excellence

- Leverage tech for operational and supply chain optimization
- Streamline assets
- Prioritize efficient distribution and strategic partnerships

Roll-out of industrial robotics & AI at manufacturing facility

None core assets divested

Eliminated long-term debt

3 Sustainable innovation & customer focus

- Infuse tech for sustainable product development
- Foster strategic collaborations for innovation
- Deliver exceptional customer experiences

Increased localization of manufacturing from 65% to 95% (HVAC)

Improved response rate of aftersales to customers by 3 days (from ~7 days to ~3 days)

Developed efficient HVAC products for SEEC catered to the Saudi market

4 Strategic alliances & growth opportunities

- Leverage JVs and partnership success models for mutual value creation
- Identify and pursue collaborative projects in line with Vision 2030

Signed MoU for LG compressor manufacturing

Began manufacturing of LG Multi-V units at LG-Shaker JV facility

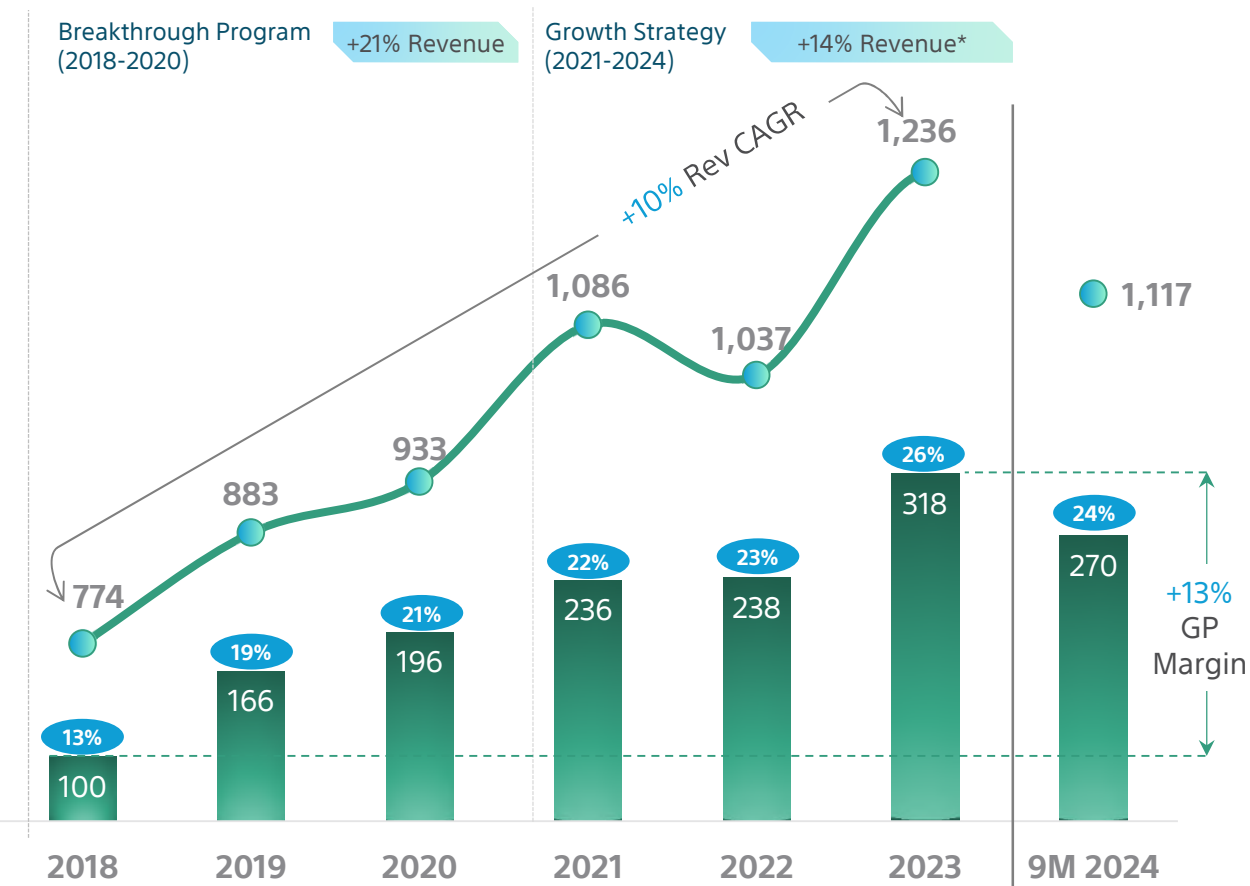
Expanded LG supply agreement to include full product range of HA/HE portfolio



The successful execution of our Breakthrough Program and Growth Strategy led to a record revenue and net profit since 2017...

We achieved record revenue since 2017 and expanded our gross profit margin by 13pp since 2018...

(SAR millions)

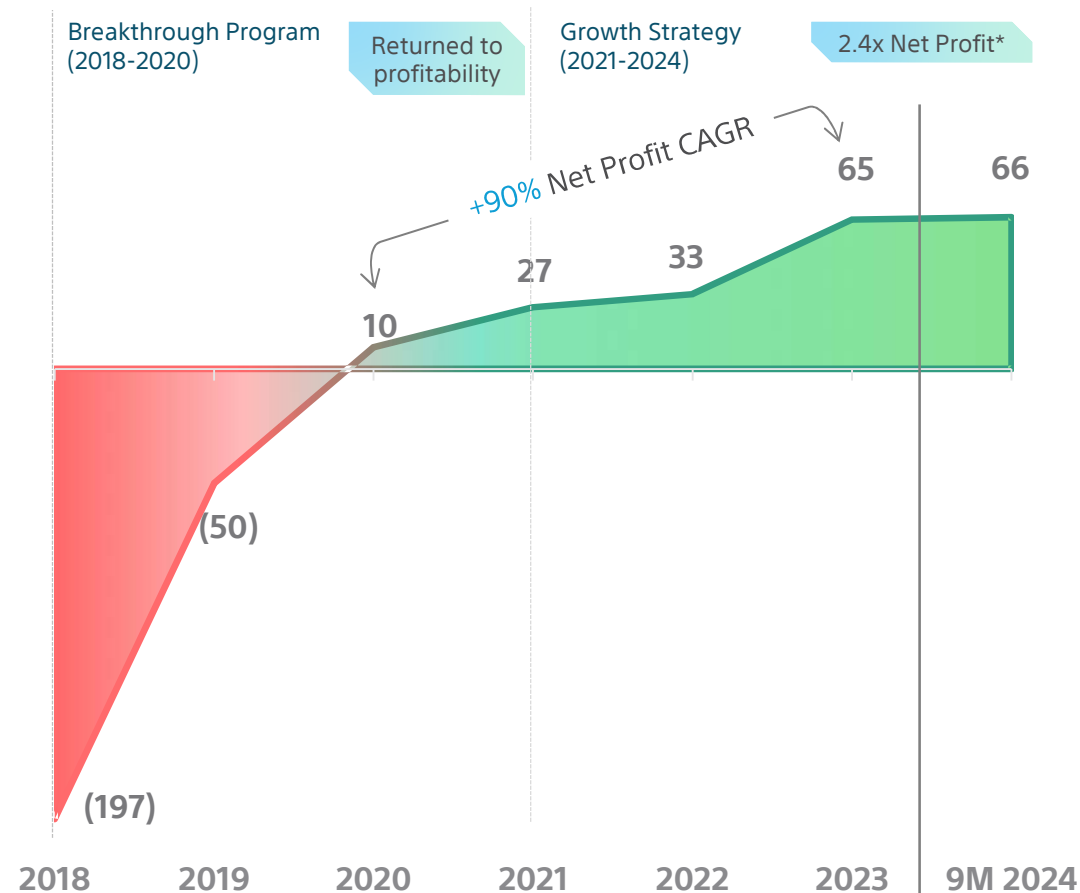


*Until 9M 2024



...and returned to profitability in 2020, with continued Net Profit growth at a CAGR of 90%

(SAR millions)

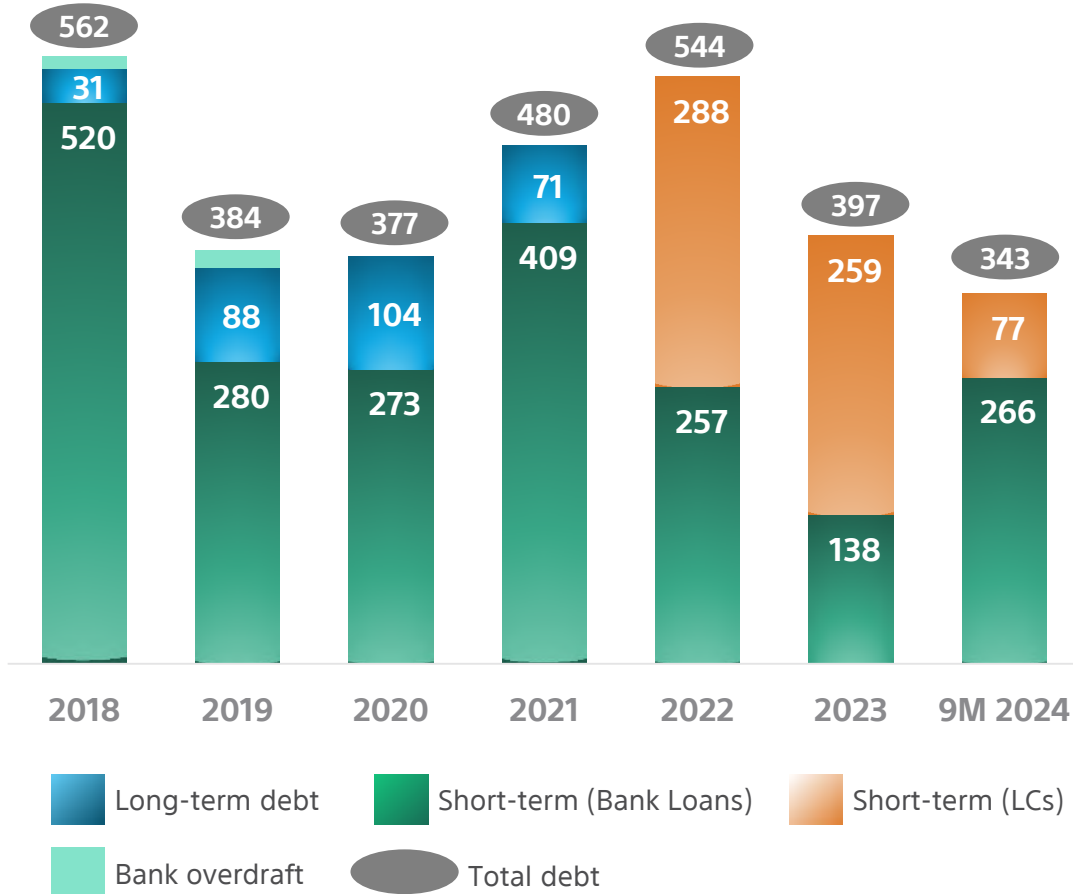


*Until 9M 2024

...with a strengthened balance sheet and elimination of long-term debt

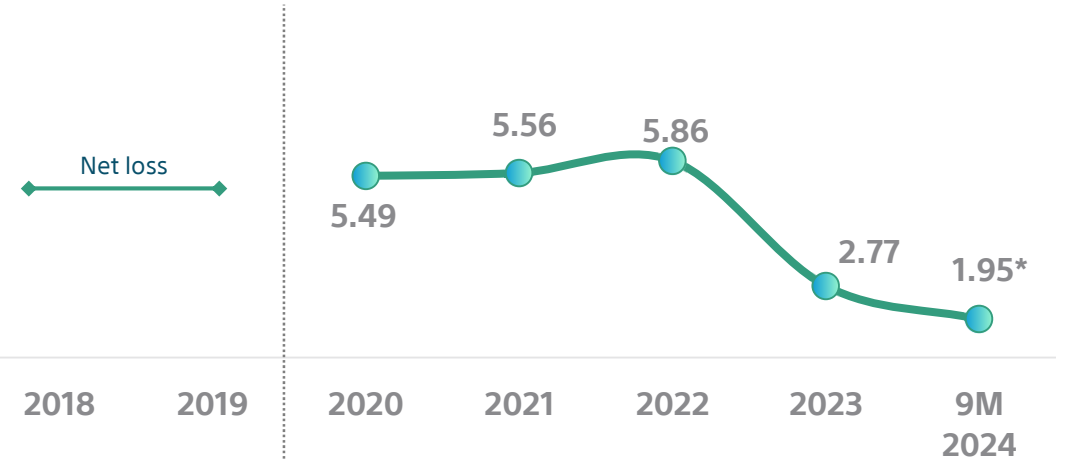
We deleveraged our balance sheet and eliminated our long-term debt...

(SAR millions)

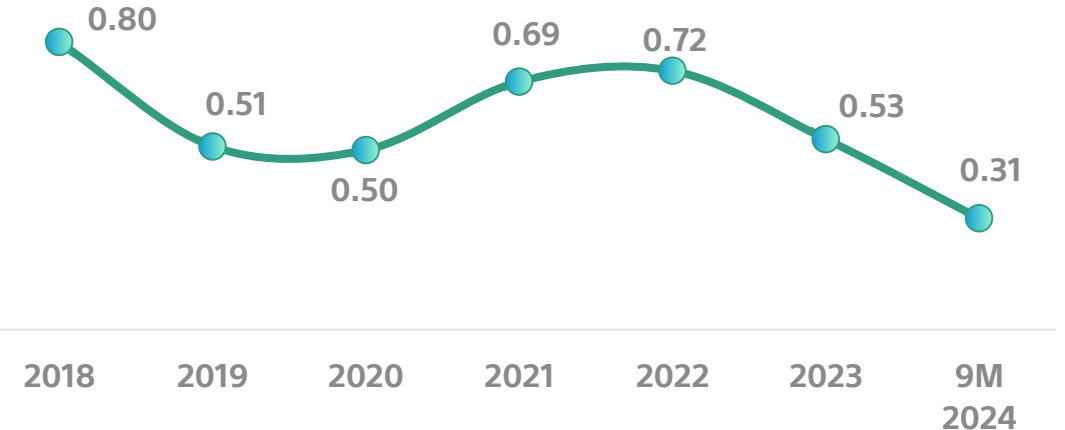


...and improved our leverage ratios

Net Debt¹/EBITDA²

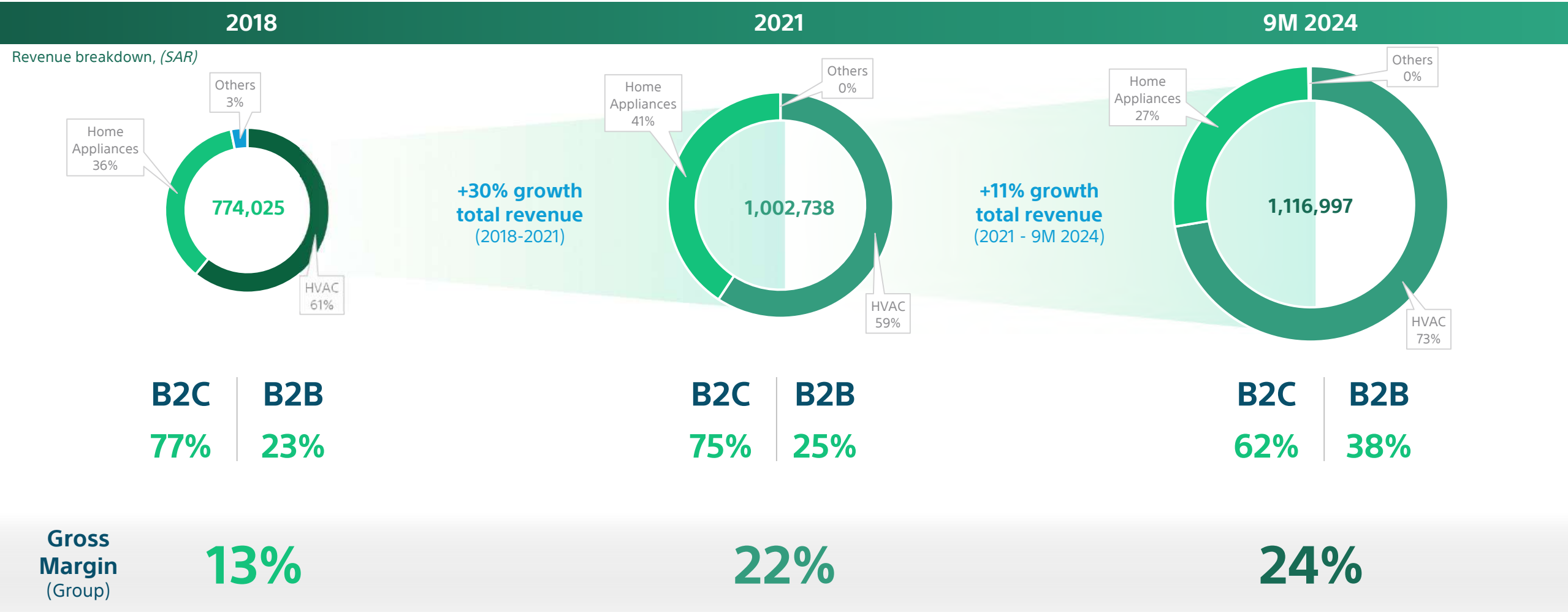


Net Debt/Equity³



1: Net debt defined as short and long-term borrowings (ex-lease liabilities) less cash & cash equivalents | 2: EBITDA calculated as: Net Profit + Depreciation & Amortization + Finance Cost + Zakat | 3: Equity defined as equity attributable to shareholders of company | * Annualized using TTM

As a result, we optimized our portfolio and channel mix, with B2B revenue share rising from 23% to 38%, supporting group GP margin improvement



We are redefining the next phase of our growth strategy with a supportive macro environment in KSA

Rising economic prosperity provides a robust foundation for increased consumer spending

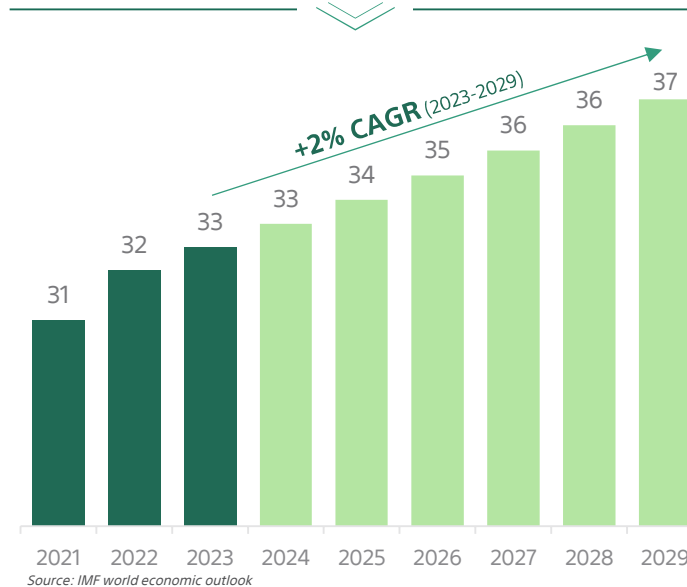
GDP per capita, KSA (USD)



Rising GDP per capita, supported by Vision 2030 initiatives and favorable policies, boosts consumer spending power and creates opportunities for HVAC and home appliance market growth

A growing, urbanized, and youthful population underpins long-term demand

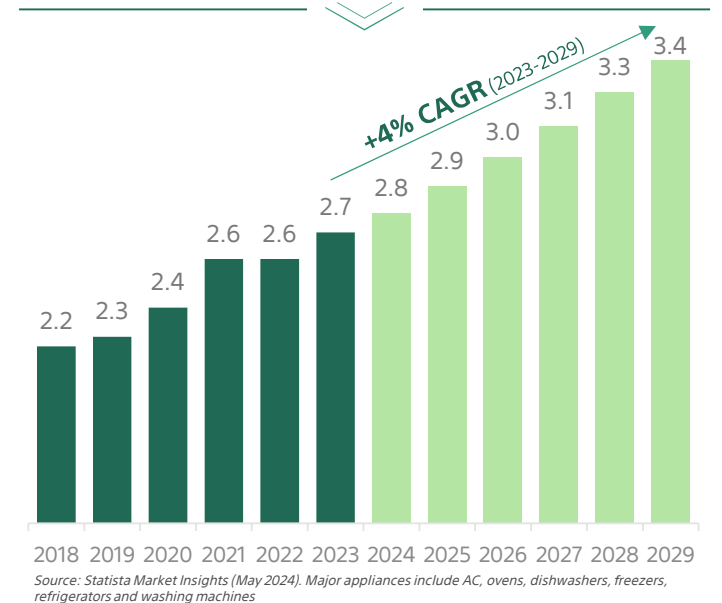
Population growth, KSA (millions)



Young, tech-savvy demographics and +80% urban population drive sustained demand for B2B and residential goods as KSA's population grows to 37 million by 2029

Megaprojects and government initiatives accelerate market growth

Major Appliance Market, KSA (USD, bn)



The appliance market is set to grow to USD 3.4 bn by 2029, fueled by megaprojects increasing residential and commercial demand. Additionally, government-backed initiatives to boost home ownership are creating new market opportunities

And now, we Elevate

We have set a strategy to build on our success and lead Shaker towards the next phase of growth and leadership with **Elevate 2027**



Our vision remains rooted, but elevated to unlock further growth

Rooted

Be the go-to provider for all home appliance and HVAC needs for both businesses and consumers. We aim to enrich lives and enhance experiences through our best-in-class products and unrivaled after-sales services

We will protect and grow our *core business* while looking to *strategic adjacencies*

Elevated

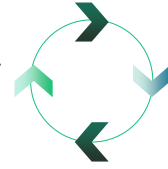
Elevate 2027 strategy is based on two pillars to grow our core and leverage adjacent strategic opportunities

Elevate 2027

Core

1

- ▲ Maintain HA and HVAC leadership
- ▲ Strengthen Shaker's brand recognition
- ▲ Increase large-scale B2B tender participation and services
- ▲ Scale and unlock aftersales service opportunities
- ▲ Expand brand portfolio and product range
- ▲ Expand retail footprint and e-commerce platform

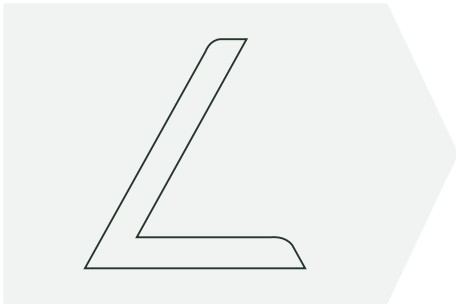


Strategic Adjacencies

2

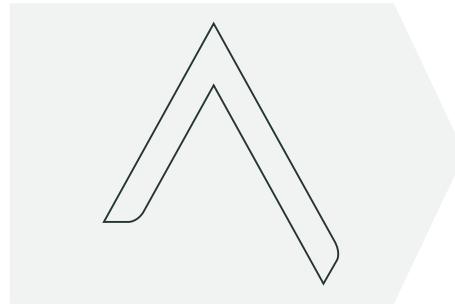
- ▲ Offer appliance leasing opportunities to capture broader demographic by providing more purchasing options
- ▲ Become a 3PL partner of choice providing logistics services to local market
- ▲ Launch Shaker's own brand - contract manufacture and source "own brand" appliances to capture mid-segment market

Protect and grow the core



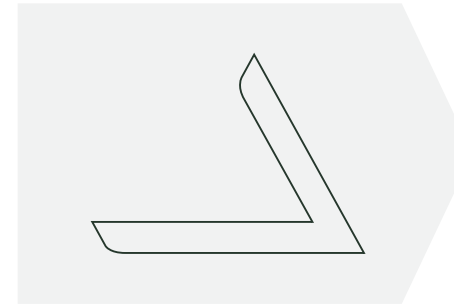
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Grow strategic adjacencies



+

Supportive macro environment



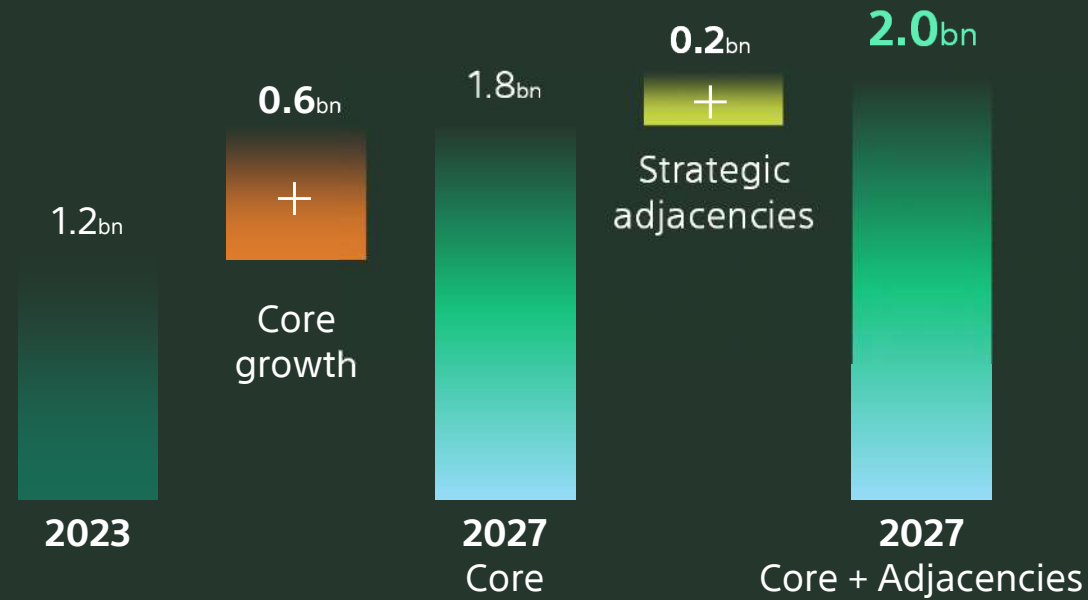
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Elevate 2027



We have set our 2027 targets to grow our top-line, double our net profit, while maintaining discipline

Reaching
2 billion
in revenue



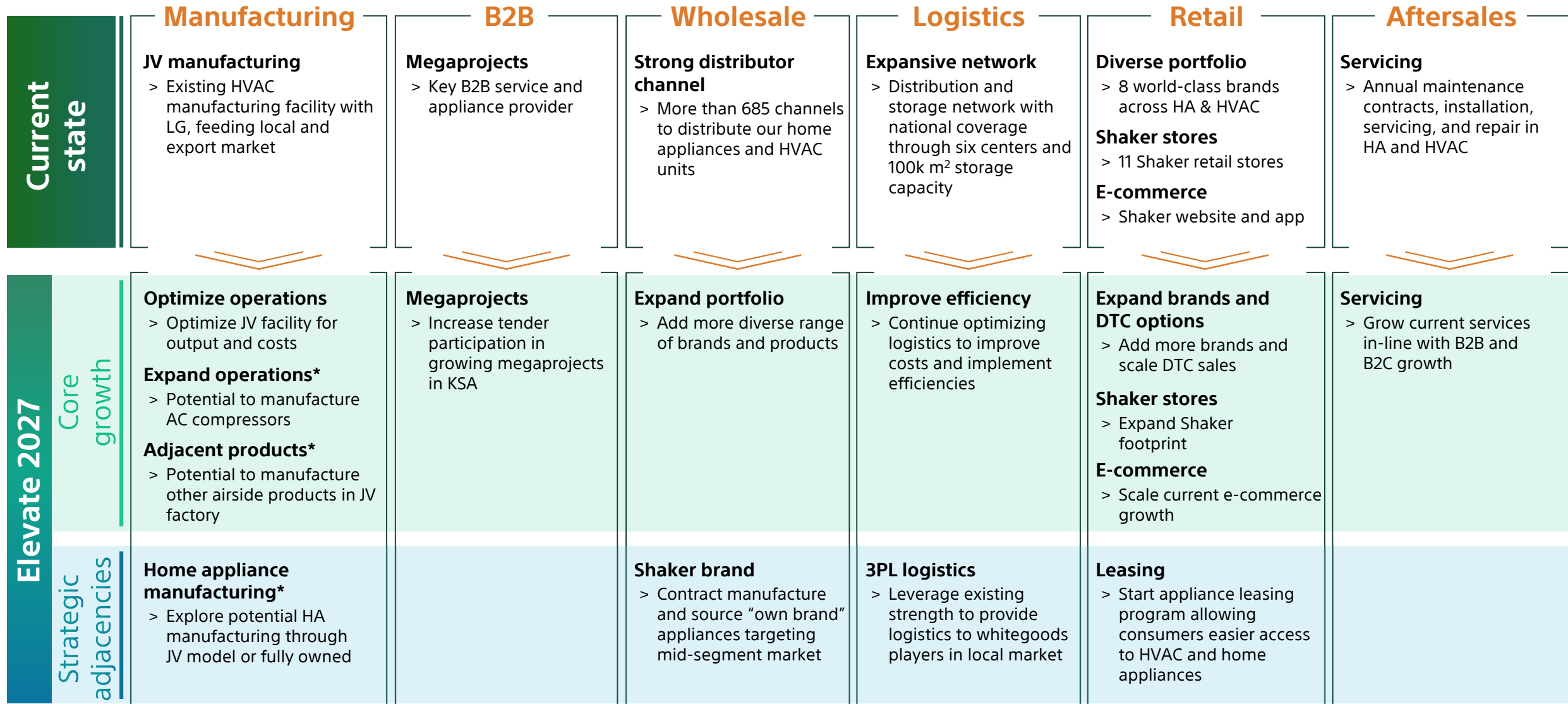
Revenue capture projections (SAR billions)

Achieving
2x in
net
profit*

Maintaining
>10%
ROIC

**baseline comparison is 2023 net profit*

Our current state serves as an ideal springboard for growth capture across the value chain



* Not embedded in 2027 target revenue, net profit and ROIC projections

Let's take a deeper look at our various growth opportunities

Manufacturing



B2B



Logistics



Retail & DTC



Manufacturing opportunities include optimizing current facilities and potentially expanding operations

Value Proposition

Current state

Manufacturing

JV manufacturing

- > Existing HVAC manufacturing facility with LG, feeding local and export market



Shaker has a JV with LG to manufacture air conditioning units in KSA for local & international supply

Facility enabled with state-of-the-art AI & robotics

+750k annual production capacity, exporting to +20 countries

In February 2024, Shaker, LG, and MISA signed an MoU to explore local AC compressor manufacturing



Local Saudi production and exported globally



Specified to local environment and tastes



Strong local support and after-market servicing



Shaker brand to offer mid-segment market

Elevate 2027

Core growth

Optimize operations

- > Optimize JV facility for output and costs

Expand operations¹

- > Potential to manufacture AC compressors

Adjacent products¹

- > Potential to manufacture other airside products in JV factory

Optimize JV factory for improved output and lower costs

Expand operations with LG to **manufacture AC compressors** locally

Potential additional manufacturing in JV factory to **produce adjacent airside products**

Targeting 25-30% revenue growth of JV factory vs 2023 baseline*

Strategic adjacencies

Home appliance manufacturing¹

- > Explore potential HA manufacturing through JV model or fully owned

Expand manufacturing product range to adjacent home appliances:



Dishwashers



Laundry



Refrigerators



Cookers

* Baseline 2023: JV factory revenue was SAR 612mn.
1: Not embedded in 2027 target revenue, net profit and ROIC projections.

The financial targets and projections presented on this slide are based on internal company forecasts, macroeconomic assumptions, and market conditions as of the date of this presentation. These projections are subject to change and should not be interpreted as guarantees of future performance. Actual results may differ materially due to various risks and uncertainties, including but not limited to economic conditions, market dynamics, regulatory changes, and operational challenges. The company undertakes no obligation to update or revise these projections in response to new information or future events.

B2B opportunities in increasing megaproject tender participation and expanding services

Current state

B2B

Megaprojects
 > Key B2B service and appliance provider

More than 1,000 projects supplied and installed in past 10 years in various sectors (+1.5mn units installed)

Executing on the largest projects in KSA while supporting Vision 2030 megaprojects

AMCs servicing key clients (SEC & KAUST)

Over 150 servicing teams operating from +20 service centers

Elevate 2027

Core growth

Megaprojects
 > Increase tender participation in growing megaprojects in KSA

Increase **tender participation** in growing number of mega/giga projects

Expand current **aftersales servicing** business in turnkey appliance and HVAC, from sourcing to installation

Grow **retrofit service** of existing legacy systems to energy-efficient standards

Targeting ~2x B2B revenue by 2027 from 2023 baseline*

Value Proposition



Design



Supply



Installation



Commissioning



Aftersales



End-to-end execution



Residential Apartments/Villas



Offices



Schools & Universities



Hotels



Hospitals



Airports & Major infrastructure

* Baseline 2023: B2B sales was SAR 398mn (32% of total 2023 group revenue)

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Iconic B2B reference projects

Residential

ROSHN

Multi V (1,990+ sys.) Sedra 1
Multi V (2,160+ sys.) Sedra 2
Multi V (1,700+ sys.) Kaheel

SUMO LAMAR TOWER

HVAC Solution
Multi V S+
AHU (7,755HP)

NHC RUWAA

HVAC Solution
CAC + RAC (12,180 RT)

Entertainment

RIYADH BOULEVARD

HVAC Solution
Multi V (146HP)

SAUDI e-SPORT

HVAC Solution
Multi V S (968HP)

Education

TBC MEDINA

HVAC Solution
Multi V 5 VRF (10,206HP)

Tourism

SHEYBARAH ISLAND

HVAC Solution
Multi V (190 HP)

Hospitality

MINA BUILDINGS

HVAC Solution
Multi V 5 VRF (10,206HP)

Logistics to leverage our strong infrastructure to expand our service offering across the value chain

Value Proposition

Current state

Logistics

Expansive network

- > Distribution and storage network with national coverage through six centers and 100km2 storage capacity

Robust distribution network with nationwide capabilities

100k m² storage facilities across 6 centers in KSA

~50k annual deliveries

~5k containers moved annually

Global sourcing network spanning EU, South Korea, China, Thailand, USA, Mexico



Access to logistics across the nation



Customizable offerings enabled by tech



Specialized in bulky good handling, down to the last mile



Advanced systems to offer real-time visibility for clients

Elevate 2027

Core growth

Strategic adjacencies

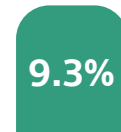
Improve efficiency

- > Continue optimizing logistics to improve costs and implement efficiencies

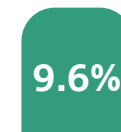
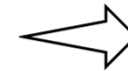
Improved Selling & Distribution cost as % of Revenue (2018 – 2023)



2018



2021



9M 2024

3PL logistics

- > Provide logistics to players in market

Establish Shaker as a **leading 3PL provider**, becoming the partner of choice for international suppliers entering KSA's growing economy

Leverage economies of scale by utilizing Shaker's high import volumes, reducing costs, and offering competitive logistics solutions to other importers

Monetize warehouse capacity by renting out storage space, optimizing asset utilization, and enhancing supply chain efficiency.

Targeting SAR 30mn from 3PL logistics initiative by 2027

Improving Shaker's retail experience and expanding product reach...

Current state

Retail

Diverse portfolio

- > 8 world-class brands across HA & HVAC

Shaker stores

- > 11 Shaker retail stores

E-commerce

- > Shaker website and app

11 Shaker physical stores across Riyadh, Jeddah, Dammam, Jazan, and Qassim

+750 sales points across KSA with partners

Retail DTC sales potential for growth as share of B2C channel sales

Current brand portfolio: Ariston, Midea, LG, Maytag, Samsung, Stanley Black&Decker, Bompani, Indesit

Value Proposition



Increase Shaker's retail awareness as a retail provider



Increase higher margin DTC consumer sales



Address young & tech savvy consumer needs through e-commerce and leasing program



Increase online presence as the go-to e-marketplace

Elevate 2027

Core growth

Expand brands and DTC options

- > Add more brands and scale DTC sales

Shaker stores

- > Expand Shaker footprint

E-commerce

- > Scale current e-commerce growth

Introduce **more brands** to the region and expand into **adjacent appliance products**

Expand Shaker retail footprint strategically with 15 Shaker stores by 2025 to increase higher-margin DTC sales

Targeting 18% retail (DTC) revenue as share of total B2C channel sales by 2027

Program to be rolled out in Shaker retail stores and E-commerce

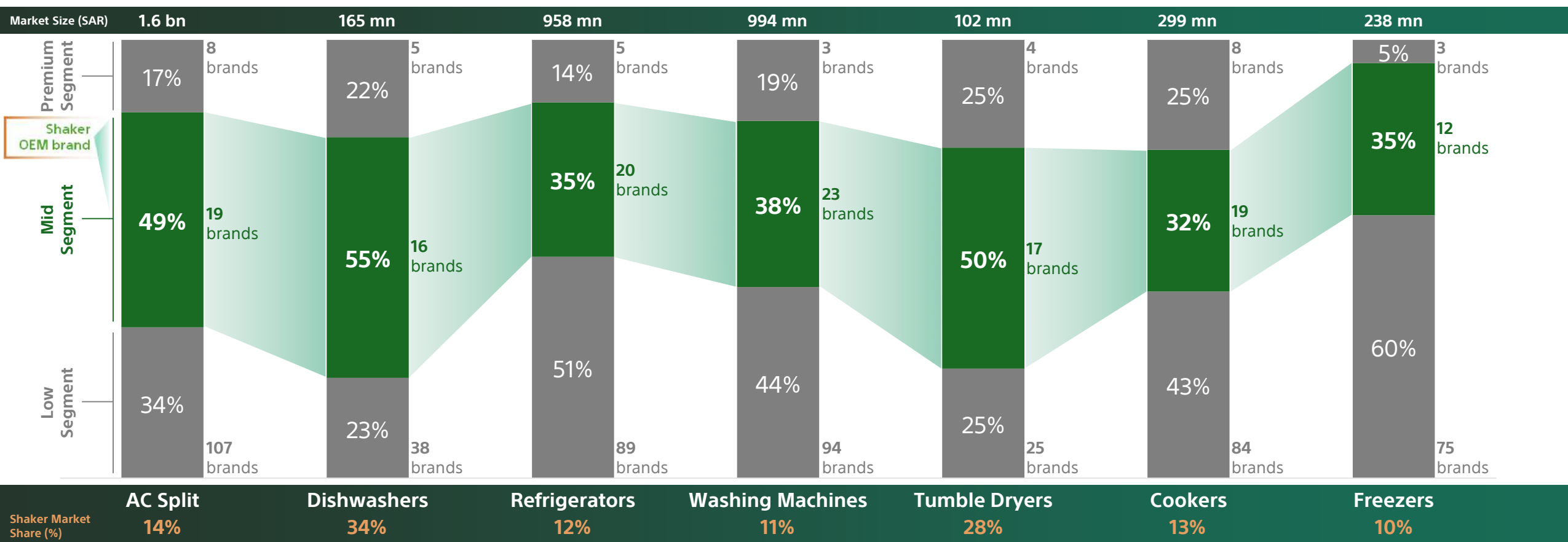
2-year leasing program addressing young and evolving end-user market

Targeting 15% leasing revenue as share of retail (DTC) sales by 2027

* Baseline 2023: Retail (DTC) sales was SAR 69mn (10% of total 2023 B2C channel sales)

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...and identified the Mid-market Segment as the optimal entry point for our OEM brand in consumer electronics



1 Expanding Mass Market Presence
Targeting a high-growth segment with a competitive, high-quality alternative

2 Enhancing Profitability
Higher margins through direct sourcing, cost control, and operational efficiencies

3 Localized Product Fit
Designed for Saudi consumers, ensuring energy efficiency and climate suitability

4 Leveraging Shaker's Strength
Strong logistics, retail, and B2C channels provide ready-made platform to scale the new brand quickly

Targeting SAR ~150mn in revenue from OEM brand by 2027

Note: Data source is GFK market data as of TTM Sept 2024.

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We aligned each of our reporting segments' targets with the Group objectives for Elevate 2027

Based on company forecasts with market and macro assumptions

*includes core and adjacencies relevant to HA

HVAC

~ **62-67%**

*includes core and adjacencies relevant to HA

Home Appliances

~ **29-34%**

*only includes 3PL

Others

~ **1-2%**

% Group Revenue in 2027

Revenue CAGR 2023-2027

~ **10-14%**

~ **8-12%**

na

Gross margin target

~ **23-28%**

~ **18-23%**

~ **25-30%**

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The Saudi Vision 2030 and broader government initiatives provide a supportive backdrop for growth across Shaker's entire value chain

Enablers



Megaprojects & Gigaprojects (Expo 2030, World Cup 2034, Red Sea, Roshn, etc.)



Urbanization & Population Growth: Expanding cities & rising demand for housing & consumer goods



Growth in religious & leisure tourism driving commercial demand



Industrialization & Local Manufacturing: Gov't-backed expansion of domestic production capabilities



Housing Initiatives: Increased residential development boosting demand for appliances & HVAC



Vision 2030 focus on eco-friendly and high-efficiency technologies

Capturing Growth

Expanding **local manufacturing** of HVAC and appliances, including potential AC compressor production, in partnership with global players

Increased participation in **large-scale B2B projects** across hospitality, tourism, residential, and commercial developments

Developing a **3PL platform** to provide warehousing, distribution, and last-mile solutions for local and international partners (whitegoods)

Supporting the Kingdom's energy transition by providing **eco-friendly, high-efficiency** AC units and appliances

Addressing rising homeownership, urbanization, and a young, tech-savvy population through **expanded retail, e-commerce, and leasing solutions**

Facilitating international companies' entry into Saudi Arabia through **manufacturing and distribution collaborations**

Launching our own Shaker brand. Initially through OEM, with an aim to be **Saudi Made** in the long term

Our track record of successfully executed strategies positions us for future success in realizing our next phase of growth

Proven Strategic Execution

1 Track Record of Success
Executed **profitability** and **growth** strategies

2 Strategic Milestones Achieved
Significantly grew **Revenue, Margin** and **Net Profit**

3 Foundation for Future Growth
Strategic partnership and **core business strength** positioning Shaker as a trusted leader

Vision for the Future – Elevate 2027

1 Primary Core Growth Focus
Further develop and grow our **core businesses**

2 Strategic Adjacent Opportunities
Capitalize on **adjacent opportunities** and **emerging market trends**

3 Leadership Commitment
Experienced leadership to deliver next phase of **transformative growth**



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THANK YOU

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