



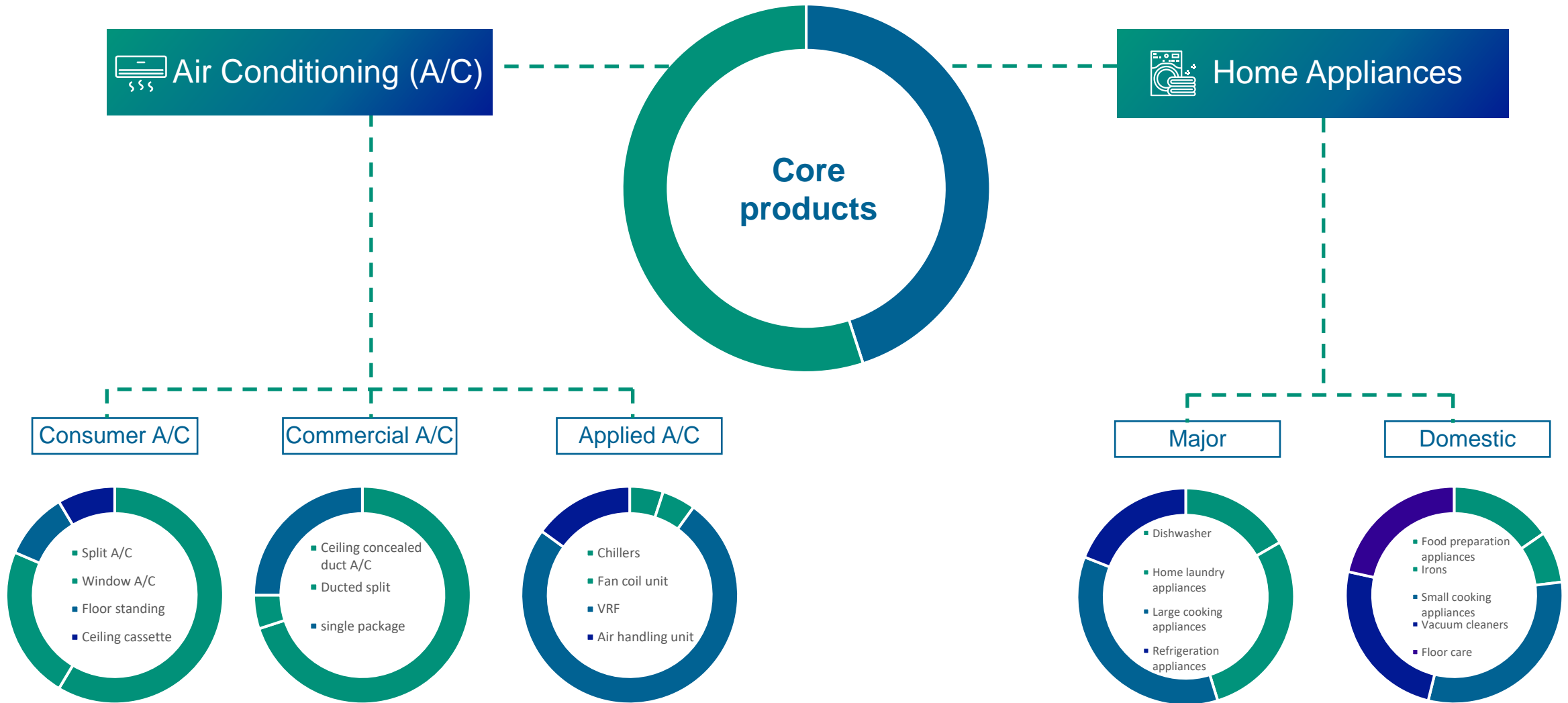
SINCE منذ
1950

Shaker

Investor Presentation Q1 2021

as at 31 March 2021

Core products

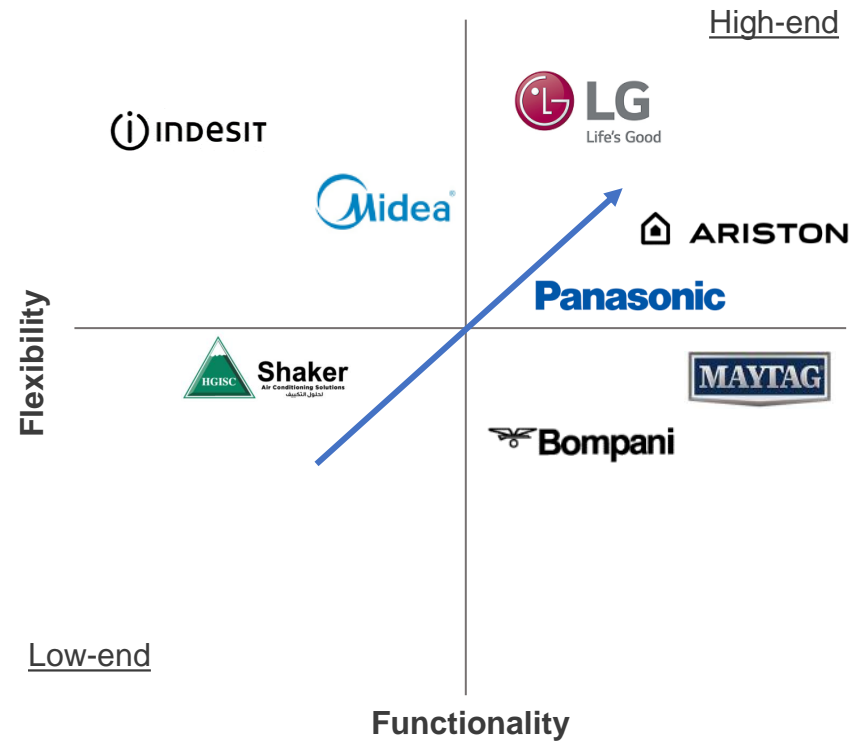


Brand portfolio

Air Conditioners

Home Appliances

Competitive positioning



Brand portfolio targets most consumer segments

In focus: LG-Shaker manufacturing



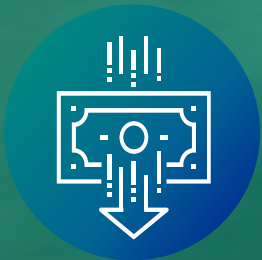
Integration of **robotics and AI** to improve manufacturing



900K units manufacturing capacity



Alignment with **Vision 2030** National Industrial Program



Strong investment in technology

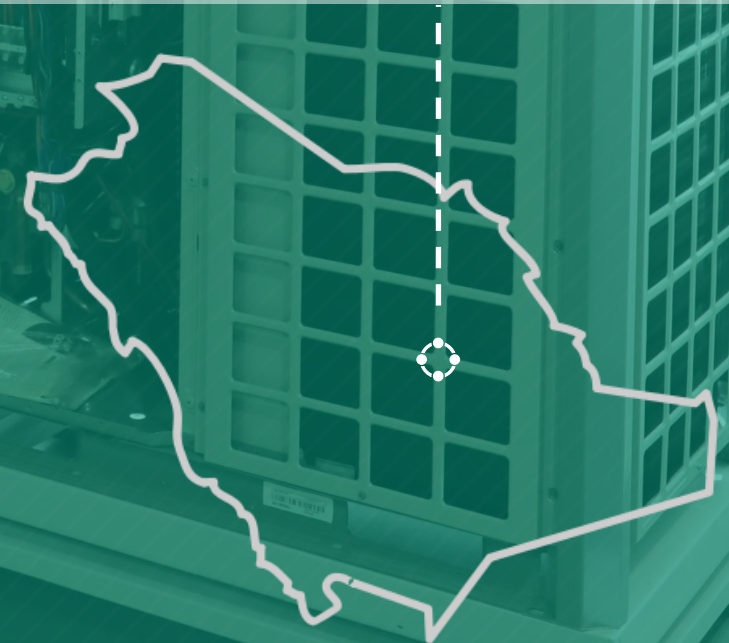


Facility expansion in 2019



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 meters



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



1. Saudi Arabia Air Conditioner Market (2018-2024) – 6W Research

2. Saudi Arabia Household Appliances Outlook – Statista

3. WEF, 2021

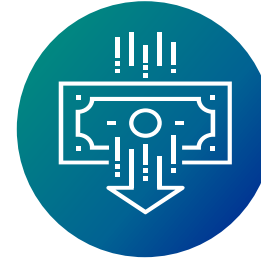
Highlights: Q1 2021



SAR 4.5 million
net profit



30.5% growth
in revenue Y-o-Y



3.1% reduction
in KSA employee costs



16.8%
Gross profit increase
Y-o-Y



Robotics and AI
introduced at the LG-
Shaker factory in Riyadh



**IT Framework
and Security**
Infrastructure upgraded



Ongoing enhancement of
Supply Chain



Earnings per share
reached
SAR 0.10

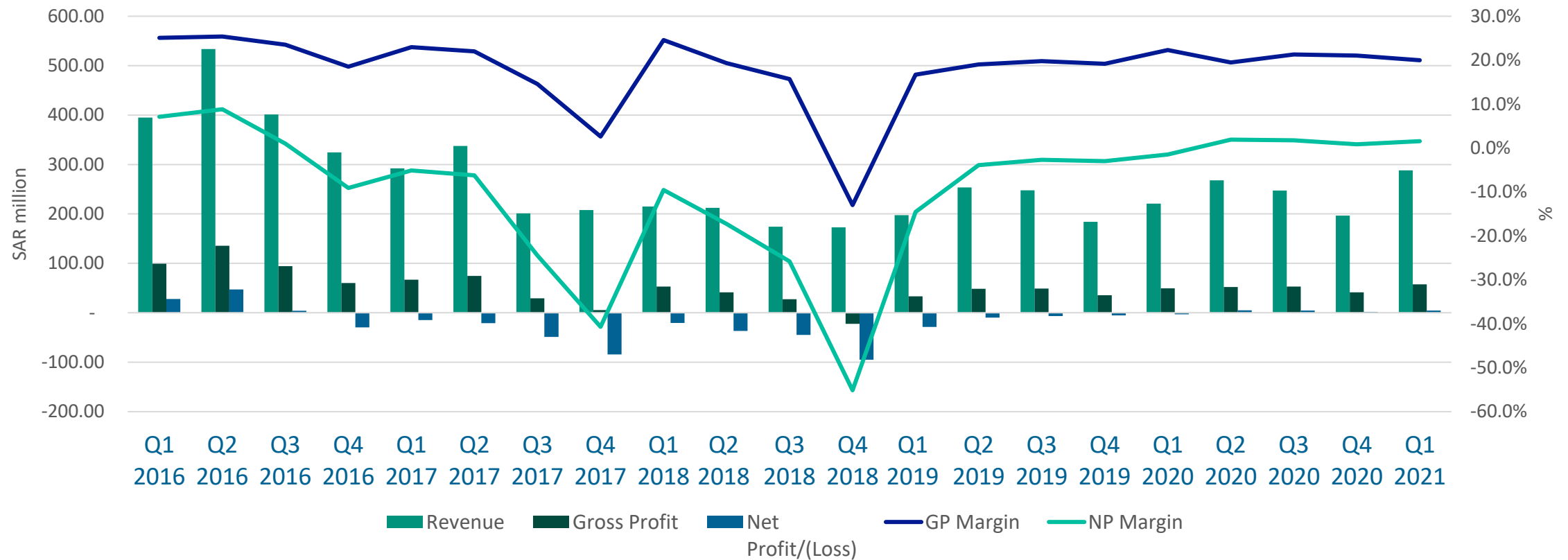
Key messages



- Rolled out **new strategy** for growth to ensure the Group's **market leadership** in AC units, consumer electronics and appliances, to be carried out until **2023**
- **Successfully** entered the TV segment through addition of **Panasonic** brand to our portfolio
- Sustained pursuit of **opportunities** emerging from government mandated **mega projects** across the Kingdom
- **Investing successfully** in technology and AI to optimise manufacturing at LG-Shaker facility in Riyadh. Bringing key component part manufacturing in-house has **enhanced our production speed** and output capabilities
- IT Framework and security infrastructure **upgraded**
- The Group is well-positioned to **grow its market** share across core segments, and **expand into new segments** to meet customer demand

Performance highlights

Revenue and Income vs. Margins Q1 2016 – Q1 2021



Strategy overview



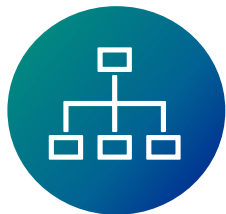
Grow market share and product mix

- 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**

EBITDA increase

FCF optimization

Portfolio **growth**



BUSINESS PROFILE

Growth avenue highlights

AC Sales

HA Sales

Services & Support

Housing

670,000 planned houses requiring 4-5m ACs

Potential value share: SAR 2bn

SEEC

Multifold rise in KSA energy tariff from 2018

Stimulus of SAR 400m for energy efficient ACs = SAR 1.5-2bn market size

Potential value share: SAR 300m

Mega projects

Multiple mega projects under development including Neom, Amaala, Red Sea Touristic Development, Al-Qiddiya, among others

Potential total value: SAR 50m

Home Appliances

Growing the size and diversity of the home appliances portfolio

New brand acquisitions, enter new segments

Improved sales infrastructure, including e-commerce platform

ESCO & Retrofit

250,000 government buildings 25-30 yrs old = retrofit opportunity

Government commitment of approx. SAR 2bn for retrofit

Potential market value: SAR 2bn annually across value chain

Aftersales

Growing replacement market with shift to energy efficiency

Continuing maintenance contract initiatives with large entities

2% market growth

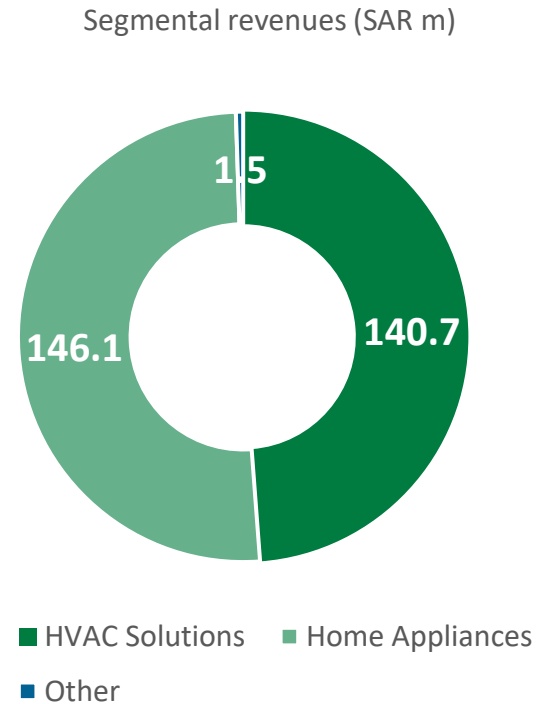
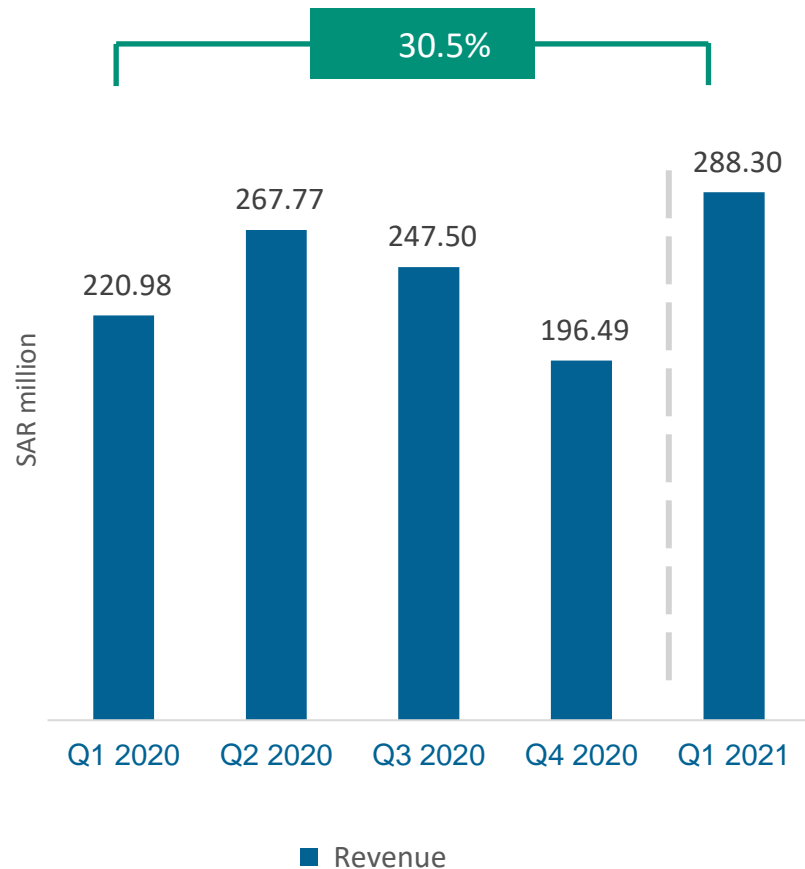
3% market growth

FINANCIAL PERFORMANCE



Sales recovery

Revenue growth driven by improved sales infrastructure



Revenue growth in Q1 2021 driven by improved sales strategy

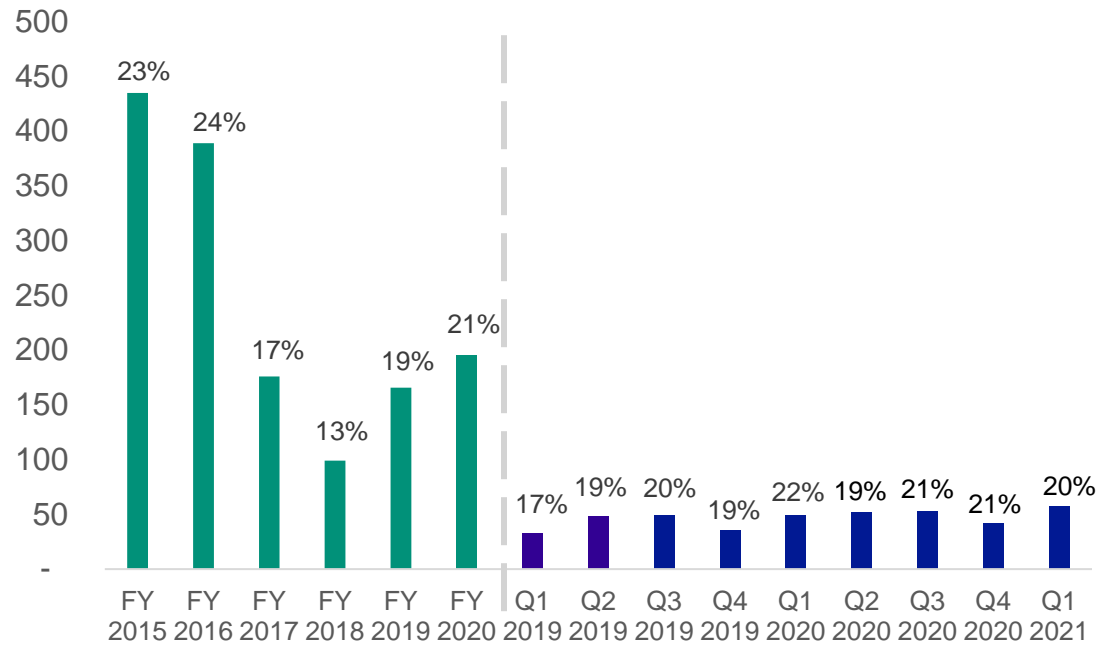
- **Enhancements** to group-wide IT framework and **upgraded** security infrastructure
- Employee costs **reduced** by 3.1%; headcount **decreased** to 619
- Supply chain updates implemented for **enhanced operations**
- Seasonal promotions and strengthened relationship with distributors

Profitability



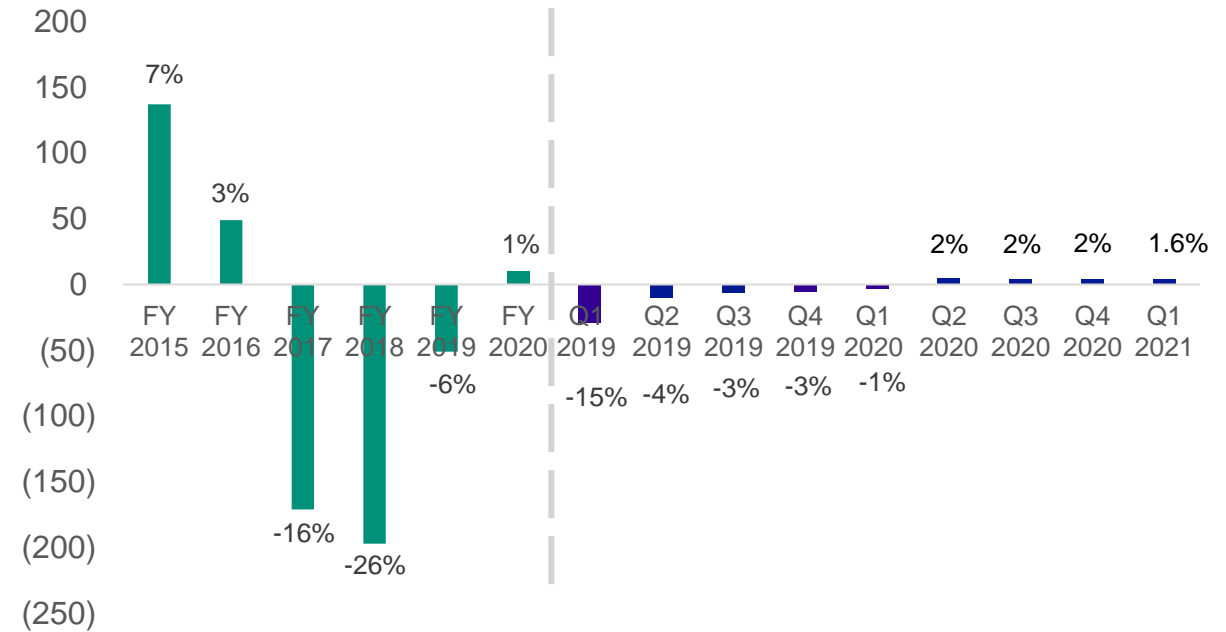
Gross Profit (SAR million)

% = GP margin



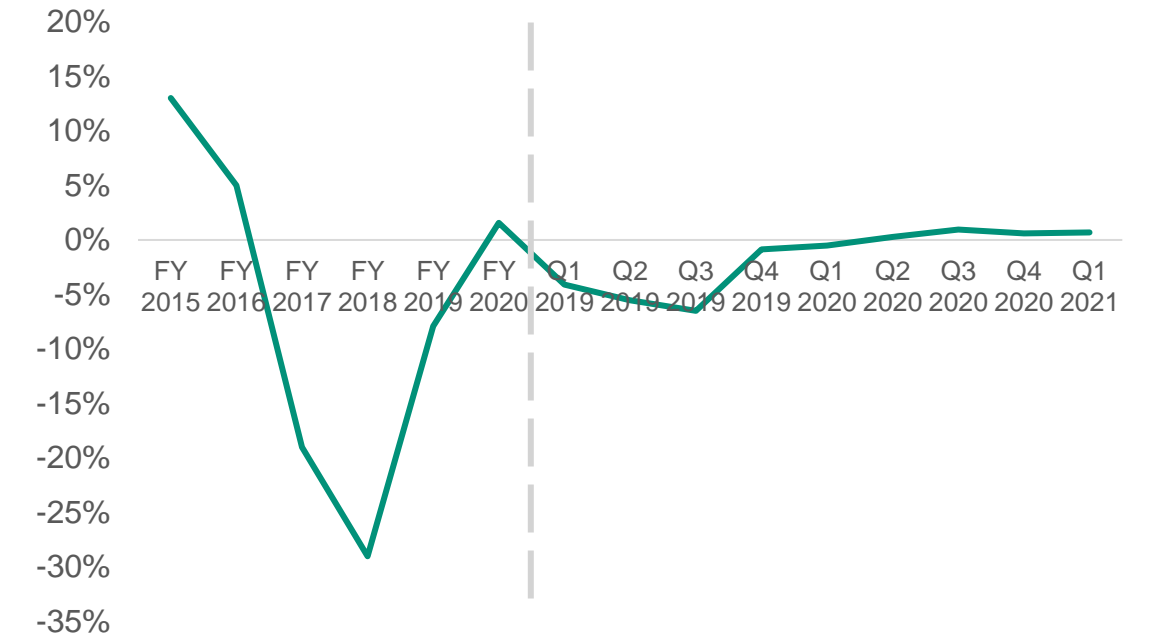
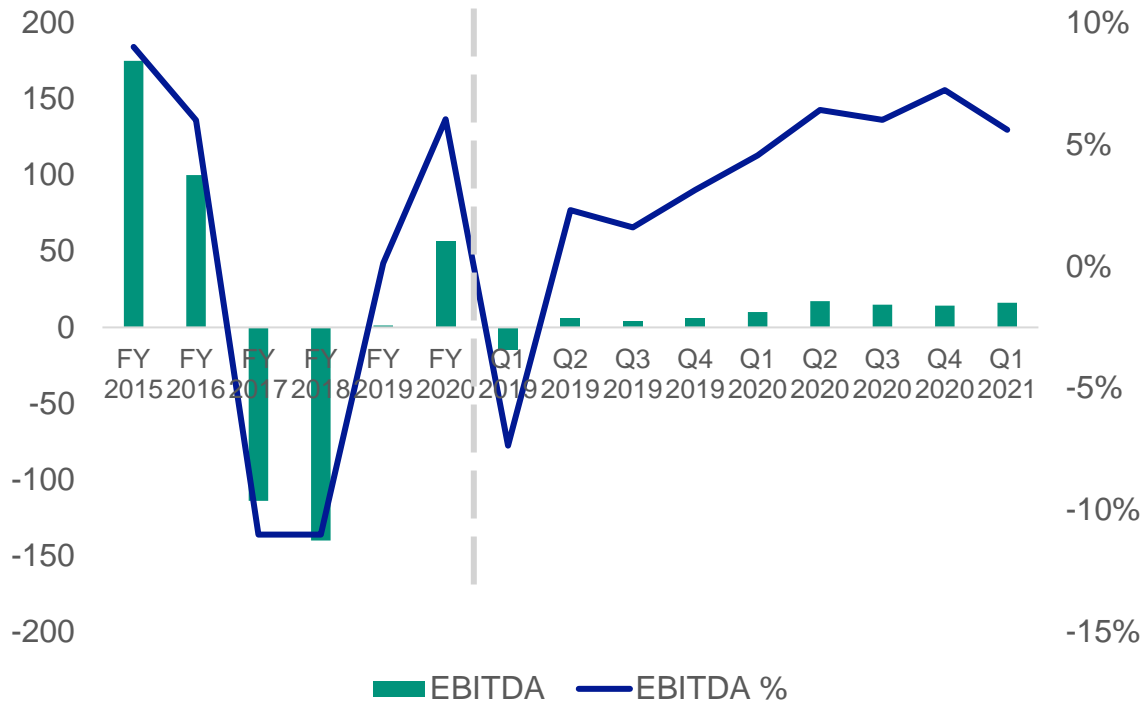
Net profit/(loss) (SAR million)

% = NP margin



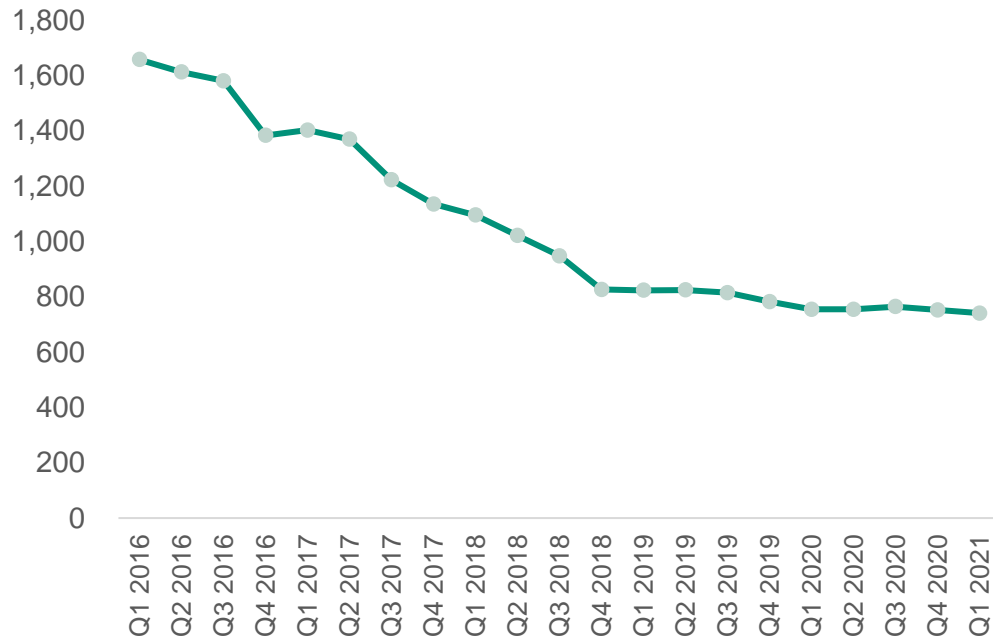
EBITDA & RoE

EBITDA (SAR million) | Return on Equity (%)



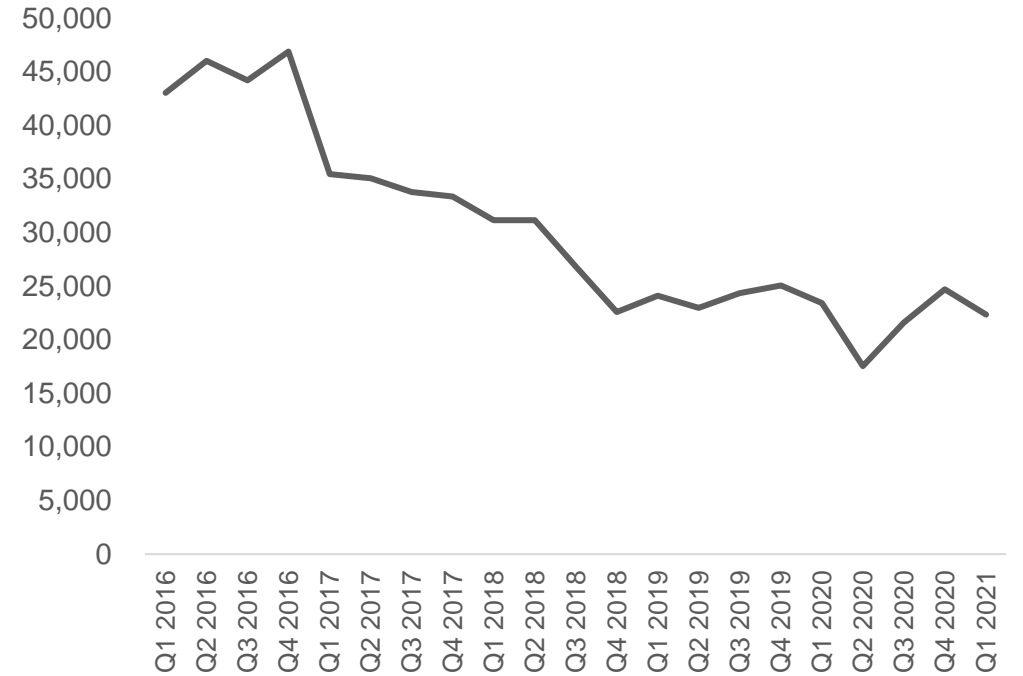
Rationalizing the workforce

Rationalizing employee headcount



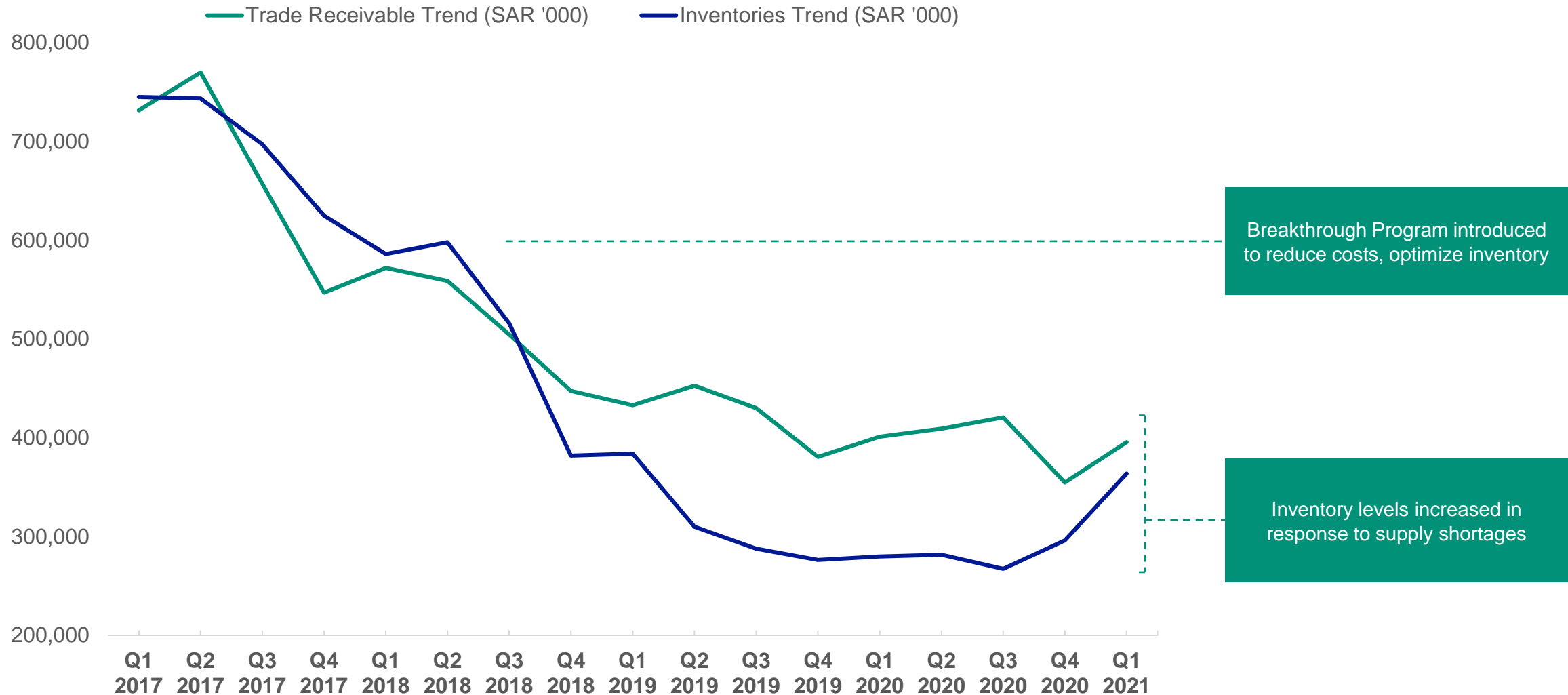
Employee headcount rationalization ongoing, productivity of workforce improving

Rationalizing employee costs (SAR 000)



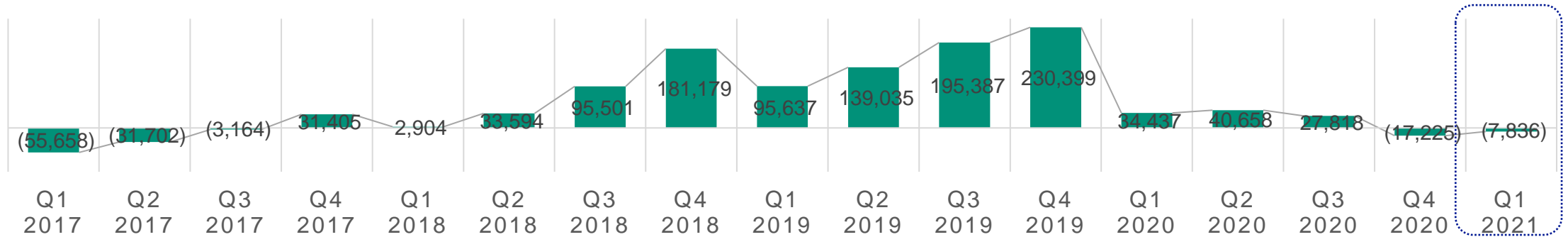
Employee costs in Saudi Arabia decreased by 6.6% in Q1 2021

Trade receivables vs. inventory trend

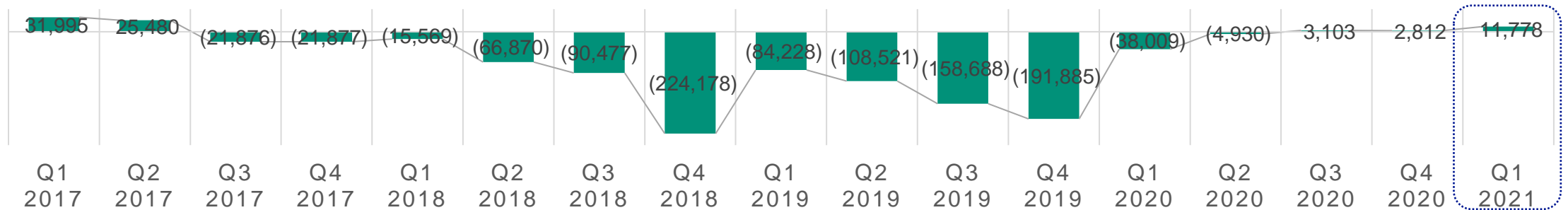


Cash flow: operational and financing

Cash Flow From Operations Trend (SAR '000)

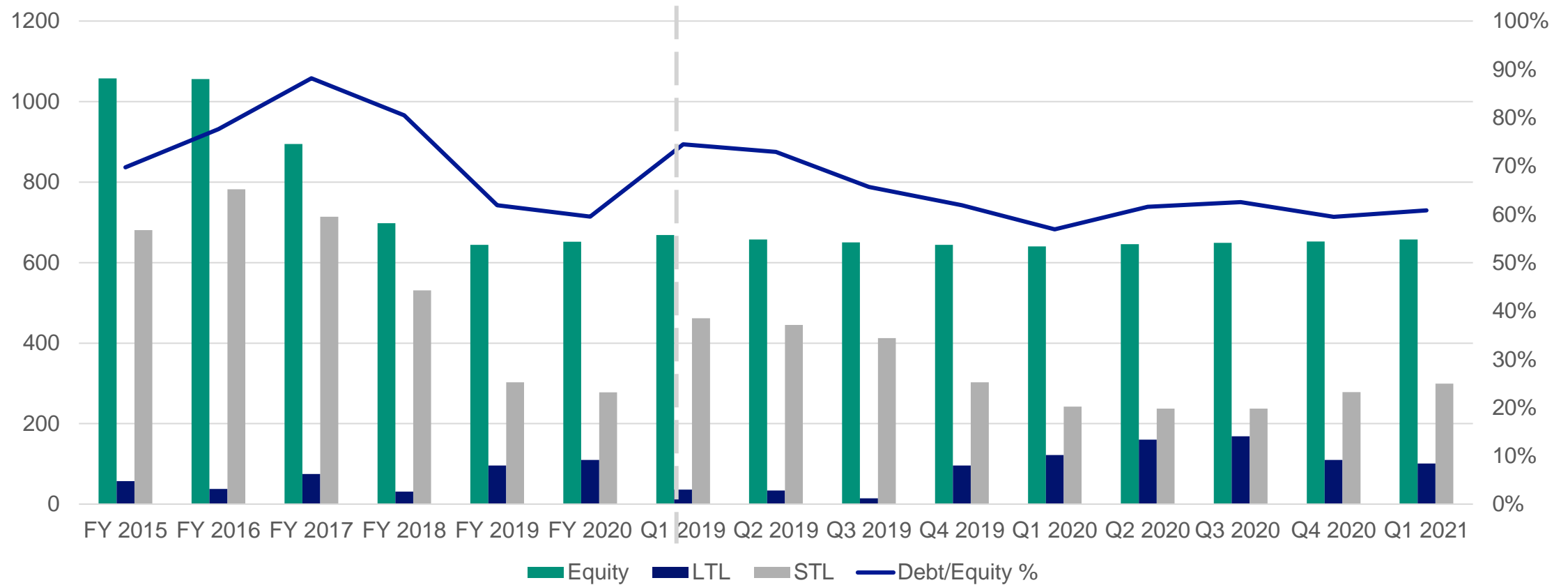


Cash Flow From Financing Trend (SAR '000)



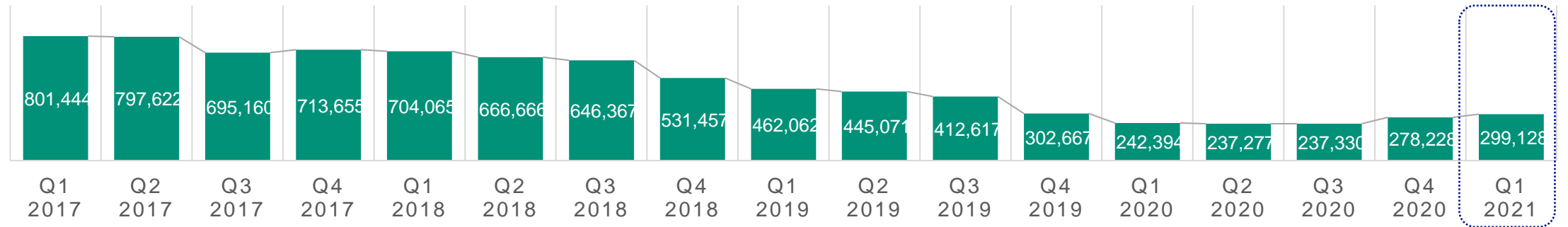
Capital structure

Capital Structure (SAR million / %)

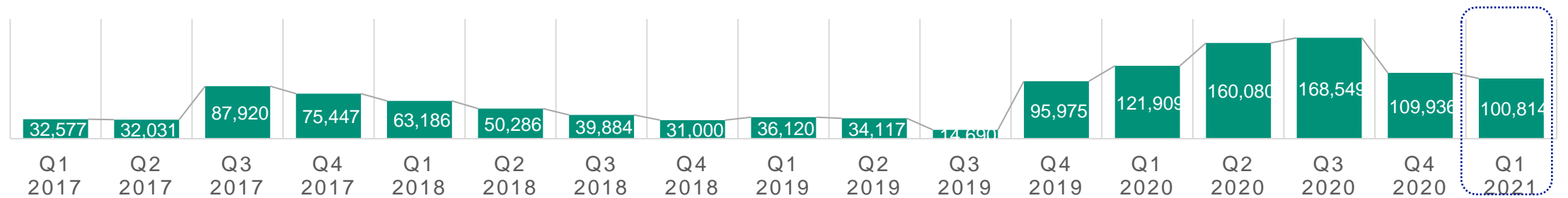


STLs & MTLs trend

Short Term Loans Trend (SAR '000)



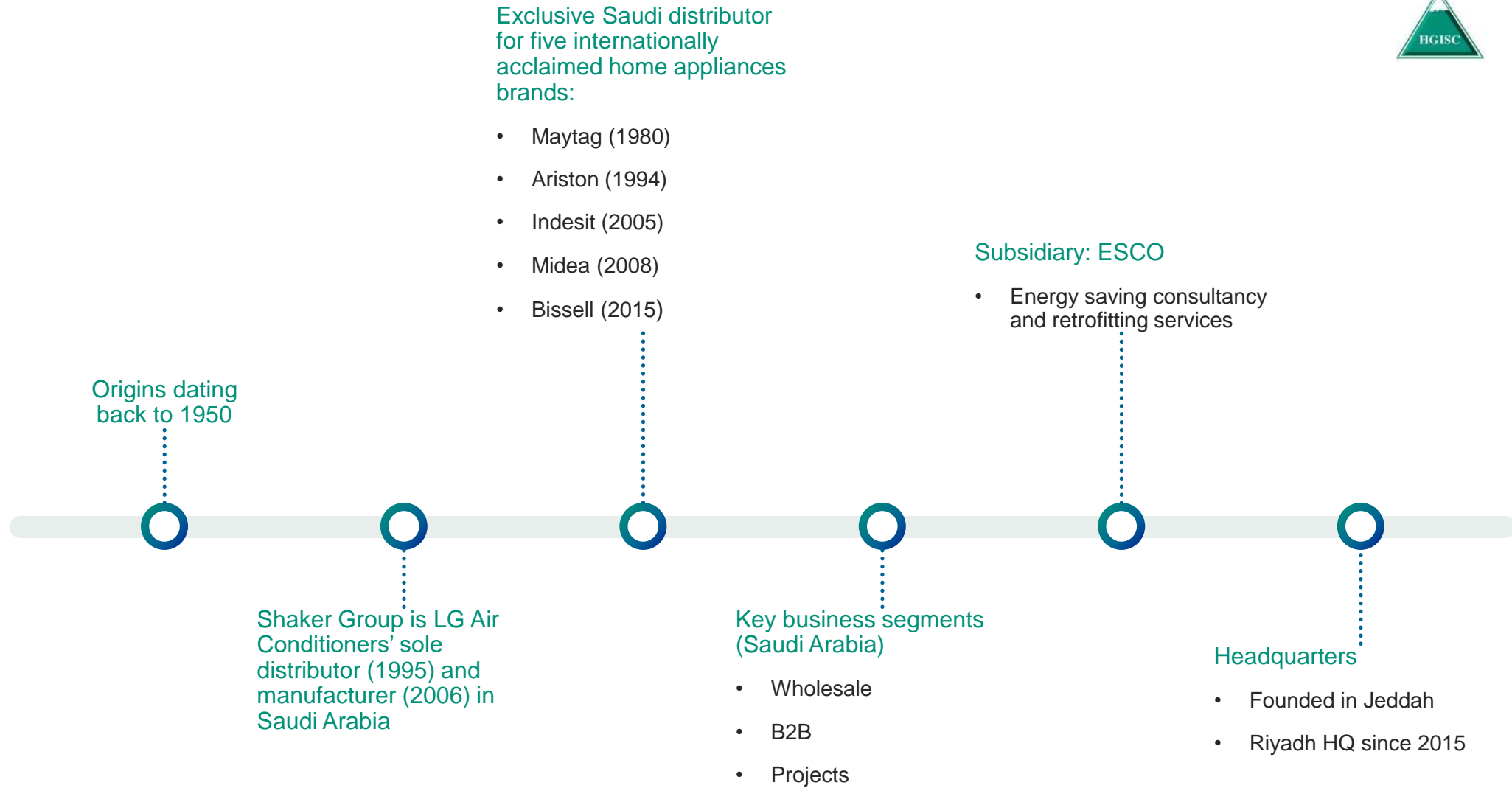
Medium Term Loans Trend (SAR '000)



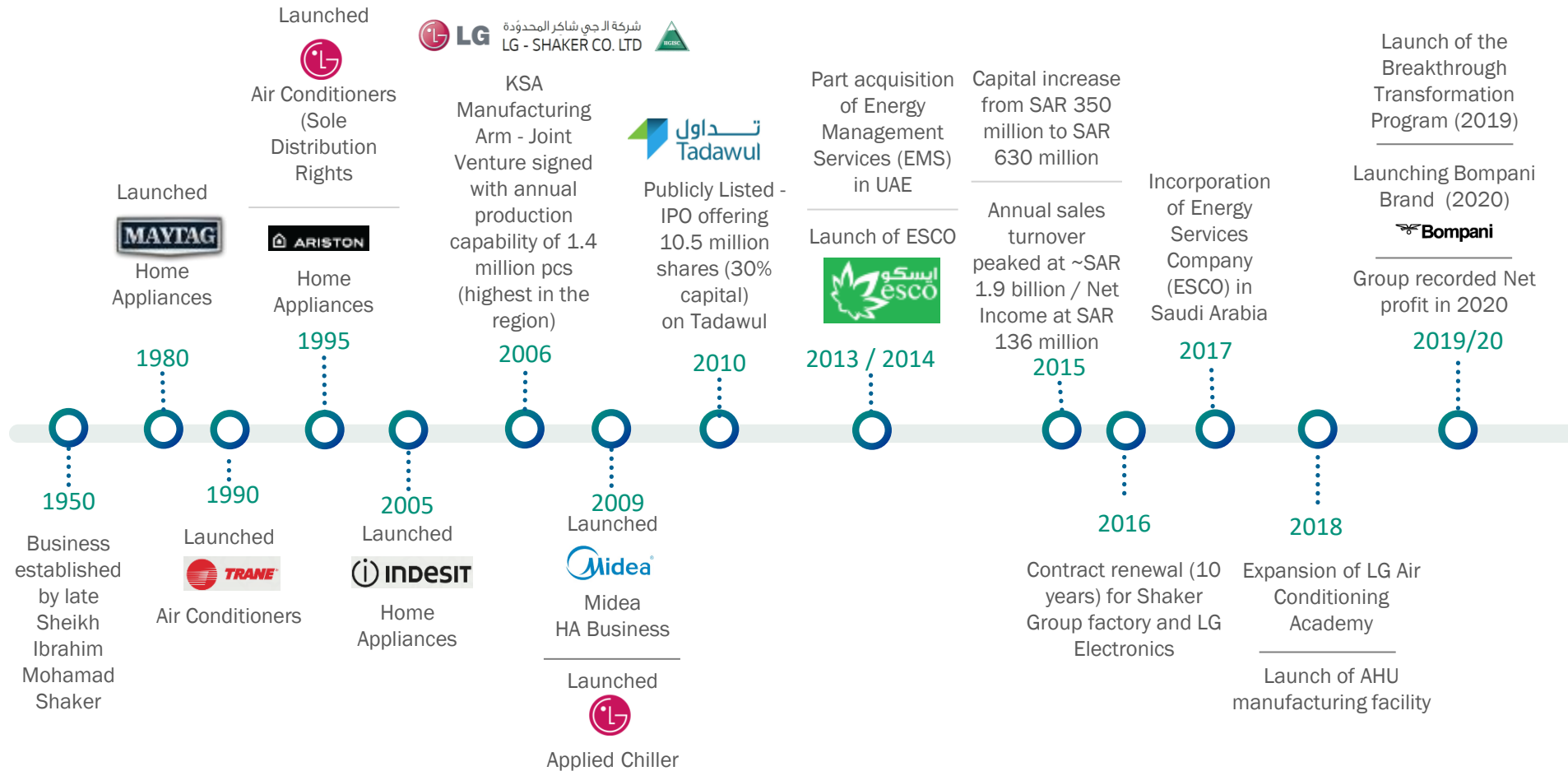


APPENDIX I: ABOUT THE COMPANY

What is Shaker Group?

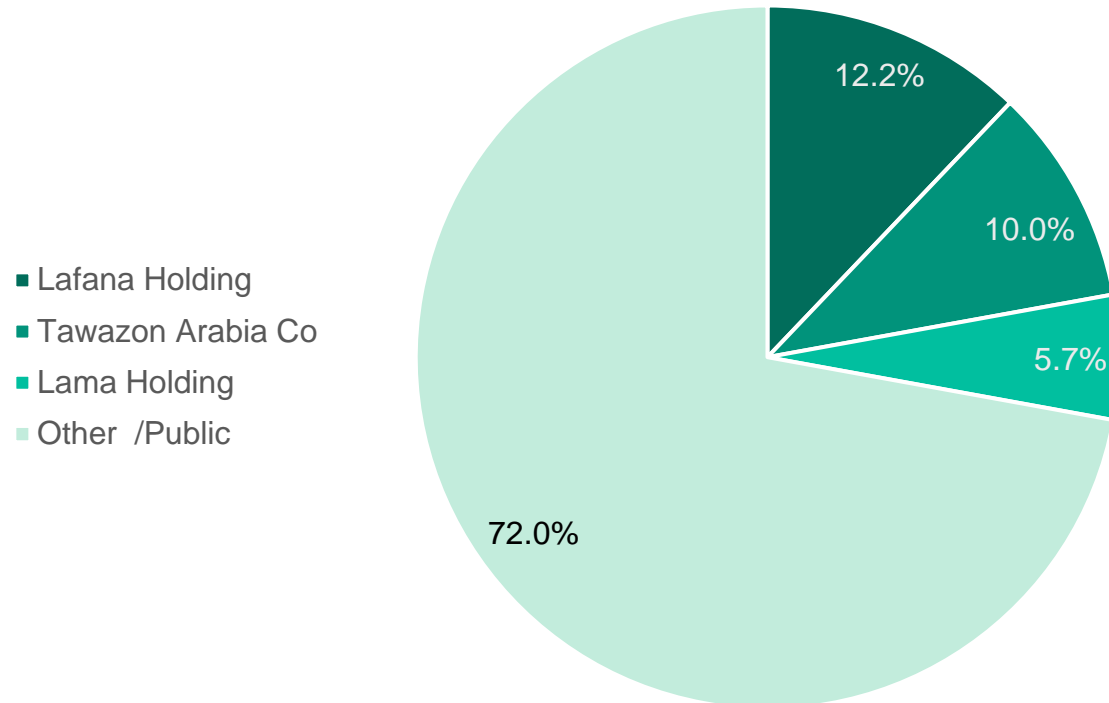


Corporate milestones



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 March 2021

APPENDIX II: FINANCIALS



Income statement

SAR '000	2016	2017	2018	2019	2020	Q1 2021
Sales	1,654,405	1,038,563	774,025	882,822	932,699	288,301
Cost of sales	(1,265,479)	(862,615)	(675,307)	(717,176)	(737,139)	(230,670)
Gross profit	388,926	175,948	98,718	165,646	195,560	57,631
S&D expenses	(181,536)	(162,530)	(140,336)	(104,454)	(95,567)	(21,731)
G&A expenses	(156,317)	(167,853)	(116,504)	(105,607)	(102,407)	(34,830)
Operating income	51,073	(154,435)	(158,122)	(44,415)	(2,414)	1,070
Other income, net	7,644	963	2,901	5,968	11,599	552
Financial charges	(30,298)	(34,044)	(32,862)	(29,302)	(18,769)	(3,534)
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	10,325
Income before Zakat and non-controlling interests	50,517	(169,067)	(195,308)	(50,680)	16,874	8,413
Zakat	(5,210)	(7,678)	(6,873)	(180)	(6,740)	(3,875)
Net income before non-controlling interests	45,308	(176,745)	(202,181)	(50,860)	10,134	4,538
Non-controlling interests in net loss of consolidates subsidiaries	3,509	5,706	5,639	1,075	(597)	1,782
Net income	48,817	(171,039)	(196,542)	(49,785)	9,537	6,320

Cash flow statement



SAR '000	2016	2017	2018	2019	2020	Q1 2021
<u>Cash flows from operating activities</u>						
Profit/(loss) for the period	45,308	(176,745)	(202,181)	(50,860)	10,134	4,538
Adjustments:	83,296	(69,357)	(103,841)	9,223	64,597	21,251
<u>Changes in operating assets & liabilities</u>	(18,128)	67,967	220,484	262,739	(55,964)	(21,378)
Employees' end of service benefits paid	-	-	-	(7,428)	(4,028)	(936)
Financial charges paid	(25,527)	(28,587)	(33,738)	(32,719)	(18,769)	(3,534)
Zakat and income tax paid	(6,878)	(7,975)	(5,567)	(1,416)	(3,061)	(3,239)
Net cash from operating activities	(50,533)	31,405	181,179	230,399	(17,225)	(7,836)
Net cash used in investing activities	(23,316)	(5,961)	(6,227)	2,546	47,115	(1,159)
Net cash used in financing activities	40,382	(21,877)	(224,178)	(191,885)	2,812	11,778
Net increase/(decrease) in cash and cash equivalents	(33,467)	3,567	(49,226)	41,060	32,702	2,783
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	79,906
Cash and cash equivalents at end of the period	51,803	55,370	6,144	47,204	79,906	82,689

Balance sheet



SAR '000	2015	2016	2017	2018	2019	2020	Q1 2021
<u>ASSETS</u>							
Non-current assets	840,349	860,595	818,770	754,766	719,090	682,851	690,129
Current assets	1,578,631	1,525,842	1,267,065	879,935	748,181	756,813	865,002
Total assets	2,418,980	2,386,437	2,085,835	1,634,701	1,467,271	1,439,664	1,555,131
<u>EQUITY</u>							
Total equity attributable to shareholders	1,041,975	1,044,194	874,399	676,981	624,012	632,007	639,047
Total equity	1,057,599	1,056,309	894,639	698,180	643,945	652,526	657,784
<u>LIABILITIES & EQUITY</u>							
Non-current liabilities	101,201	81,114	107,901	56,751	215,096	135,006	125,081
Current liabilities	1,260,180	1,249,014	1,083,295	879,770	608,230	652,132	772,266
Total liabilities	1,361,381	1,330,128	1,191,196	936,521	823,326	787,138	897,347
Total equity & liabilities	2,418,980	2,386,437	2,085,835	1,634,701	1,467,271	1,439,664	1,555,131

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