

# Shaker

Investor Presentation

Q1 2023



SINCE منذ  
1950



# Today's Presenters



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# Agenda

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- Strategic Highlights
- Financial Performance
- A Strong Start to the Year While Growing Market Share
- Strategic Priorities for 2023
- Q&A Session



**Q1 2023  
Strategic Highlights**



# Q1-FY23 Highlights



Successful integration of LG's full range of HA/HE in Shaker's portfolio



Finalized 10% acquisition in BNPL company "Cashew KSA"



Progressing on internal process enhancement with SAP (S/4 Hana)



Support for Vision 2030 goals and benefit from macro growth drivers including megaprojects

## Revenue

SAR **346.56** mn

**+17%**  
YoY

## Gross Profit

SAR **87.11** mn

**+20%**  
YoY

## EBITDA

SAR **46.03** mn

**+80%**  
YoY

## Net Profit<sup>1</sup>

SAR **28.77** mn

**+95%**  
YoY

## EPS<sup>2</sup>

SAR **0.60**

**+155%**  
YoY

Core business sustained growth through maximized brand and product portfolio mix



1: Attributable to shareholders of Company | 2: Post-capital reduction in H2-FY22

# Progressing on Our Growth Strategy

## Breakthrough Program

2018 - 2020



Upgraded talent

Restructured organization

Reduced employee costs

Unified and managed KPIs & reporting

Solidified strategic partnerships

Achieved leading share of SEEC project

Explored opportunities beyond core operations

Grew revenue from 2018 to 2020 by 9.8% CAGR

Returned to profitability in 2020

## Growth Strategy

2021 - 2023



Expanding brand & product portfolio

Diversifying into complementary verticals

Expanding retail operations

Upskilling and expanding salesforce

Growing market share: #1 Residential HVAC, #2 Commercial HVAC, #2 HA/HE

Driving B2B growth through megaprojects

Boosting e-commerce sales

Divesting EMS & NV to focus on core market

Digitizing internal processes and reporting

Integrating AI & robotics at LG Shaker factory



A photograph of a business meeting. Two people are seated at a table, looking at a document with a bar chart. The image is overlaid with a semi-transparent blue and white geometric design consisting of diagonal lines. The text 'FINANCIAL PERFORMANCE' is written in white, bold, uppercase letters on the left side of the image.

# FINANCIAL PERFORMANCE



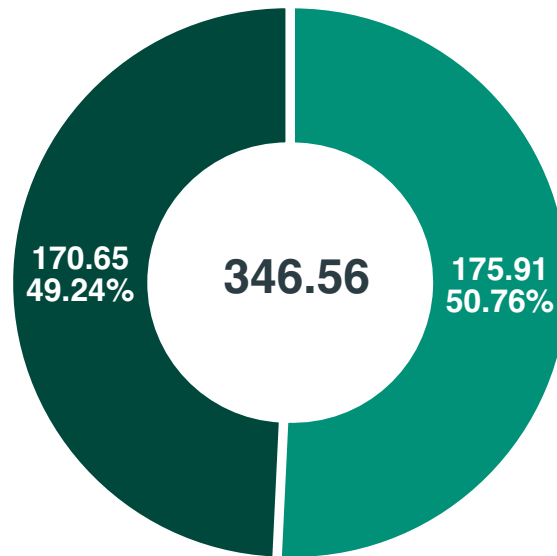
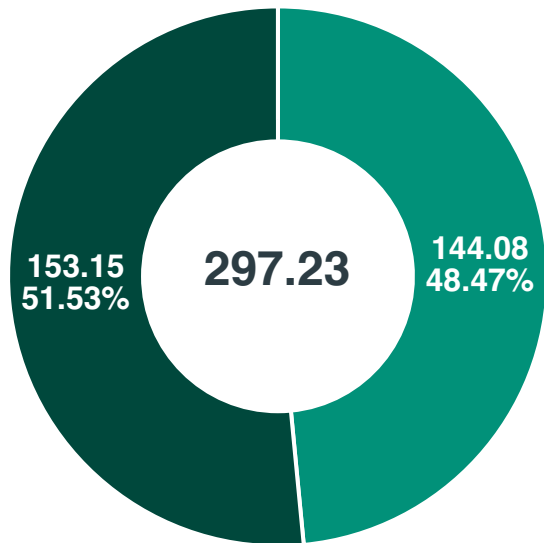
# Key Highlights: Q1 2023

## Revenue by Segment

+16.60%

Q1 2022

Q1 2023



■ HVAC 
 ■ Home Appliances

SAR (Millions)

**Gross Profit** ▲ +20.37%

Q1 2023 87.11

Q1 2022 72.37

**Gross Profit Margin** ▲ +0.79pp

Q1 2023 25.13%

Q1 2022 24.35%

**EBITDA** ▲ +79.75%

Q1 2023 46.03

Q1 2022 25.61

**EBITDA Margin** ▲ +4.67pp

Q1 2023 13.28%

Q1 2022 8.61%

**Net Income\*** ▲ +94.91%

Q1 2023 28.77

Q1 2022 14.76

**Net Income\* Margin** ▲ +3.34pp

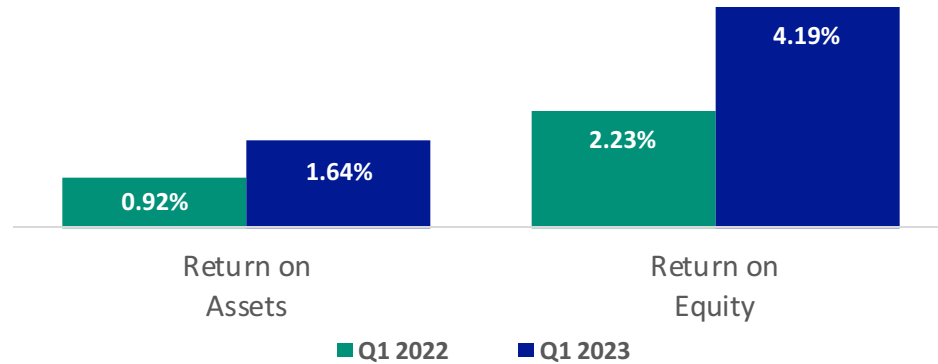
Q1 2023 8.30%

Q1 2022 4.97%

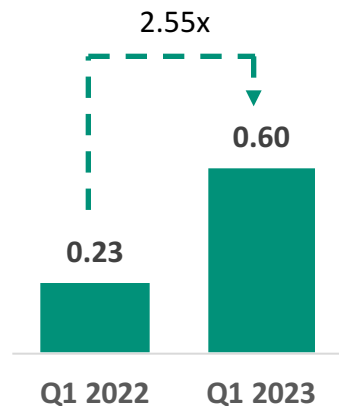
\*Attributable to shareholders of company

# Healthy Balance Sheet

## Key Return Ratios (YoY)



## Earnings per Share (YoY)



### ROA\*

▲ +0.72pp



### ROE\*

▲ +1.96pp



### Current Ratio

▼ -0.59%



### Int. Bearing Loans/Equity

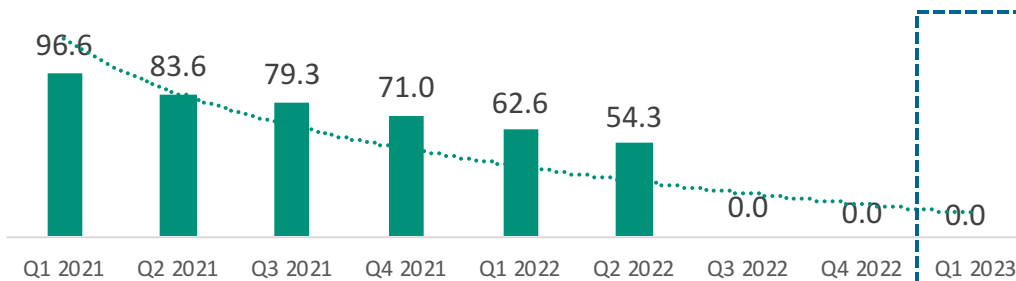
▼ -26.46%



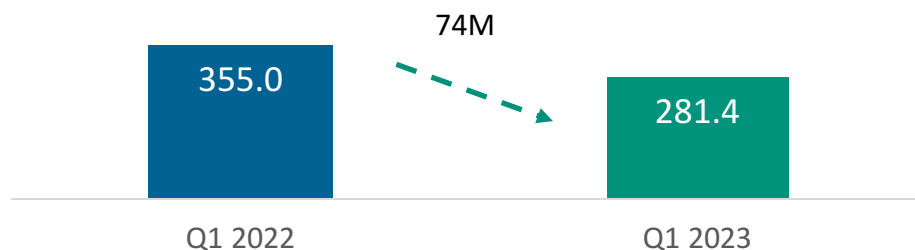
\*Using net profit including NCI

# Leverage Levels: Q1 2023

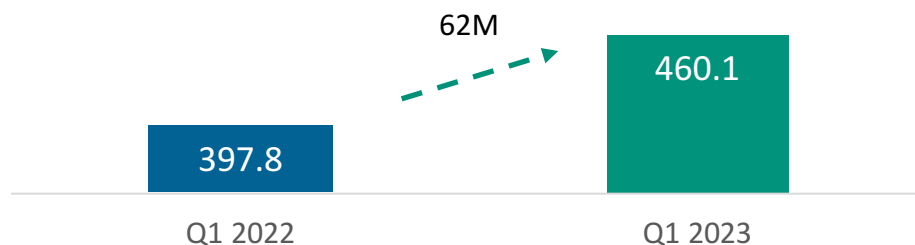
## Long-term Debt – Paid down in-full



## Interest Bearing Debt



## Net Debt



(SAR millions)



**Total Liabilities/Total Assets** ▲ **+3.84%**

Q1 2023 0.61x

Q1 2022 0.59x

**Total Liabilities/Equity** ▲ **+9.81%**

Q1 2023 1.55x

Q1 2022 1.42x

**Interest Coverage Ratio** ▼ **-39.00%**

Q1 2023 2.33x

Q1 2022 3.82x

**Net Debt/Equity** ▲ **+7.31%**

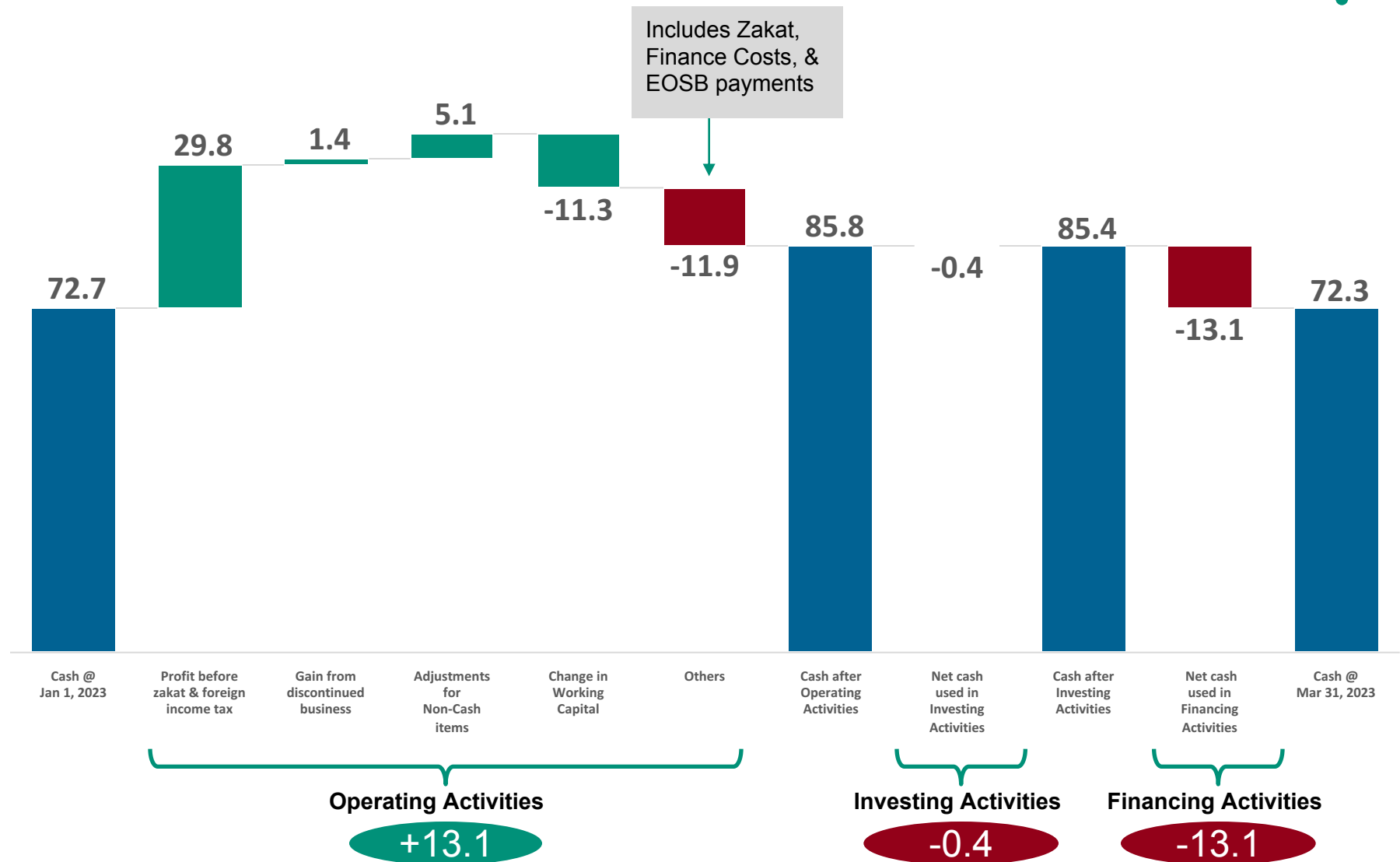
Q1 2023 0.66x

Q1 2022 0.61x

# Cash Flow Bridge

## Highlights

- Net Cash Position was 72.3M compared to YE 72.7 M mainly driven by higher Operating Cash offset by financing activities.
  - Change in WC is mainly driven by higher trade receivables offset by higher Trade Payables
  - Change in Financing Activities is due to settlement of STLs



(SAR millions)



# A Strong Start to the Year While Growing Market Share

**Total  
Addressable  
Market**

HVAC B2C

SAR **2.5bn**

HVAC B2B

SAR **3-4bn**

HA/HE Retail

SAR **8-9bn**

## Top 3 Position<sup>1</sup>

- AC Split
- Washing Machines
- Cookers
- Dishwashers
- Dryers
- Microwave Ovens

## New HA/HE Segments

- LG TVs
- Full LG HA/HE product range

## HVAC B2C

- Inverter technology
- #1 by far in the Kingdom

## Cashew BNPL Synergies

- Complementary vertical
- Retail enhancement: integration at checkout
- Improve e-commerce shopping experience
- Increase market penetration through other retailers and channel partners
- Capitalize on digital lending in KSA



# Strategic Priorities for 2023

## Expanding Market Footprint

- Expand HVAC solutions (B2B & B2C)
- 2 new retail stores planned in 2023
- Aim to manufacture full portfolio of ACs in LG Shaker factory

## Optimize Inventory Levels

- Streamlining inventory for efficiency
- Maximizing value from stock management

## Progress on Cashew

- Finalizing regulatory readiness
- Targeting integration and roll-out by 2024

## Bompani MoU

- Renewing in-place distribution agreement
- Feasibility study stage – new opportunities

## Maintaining discipline in capital allocation

Deleveraging of balance sheet: Targeting STL reduction by SAR  $\approx$  50mn

No set cash dividends at this time



# Q&A Session



## CONTACT

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