

Shaker

Investor Presentation

September 2023



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Presenters



Mohammed Abunayyan

Chief Executive Officer



Firas AlSayegh

Director – Strategy &
Transformation



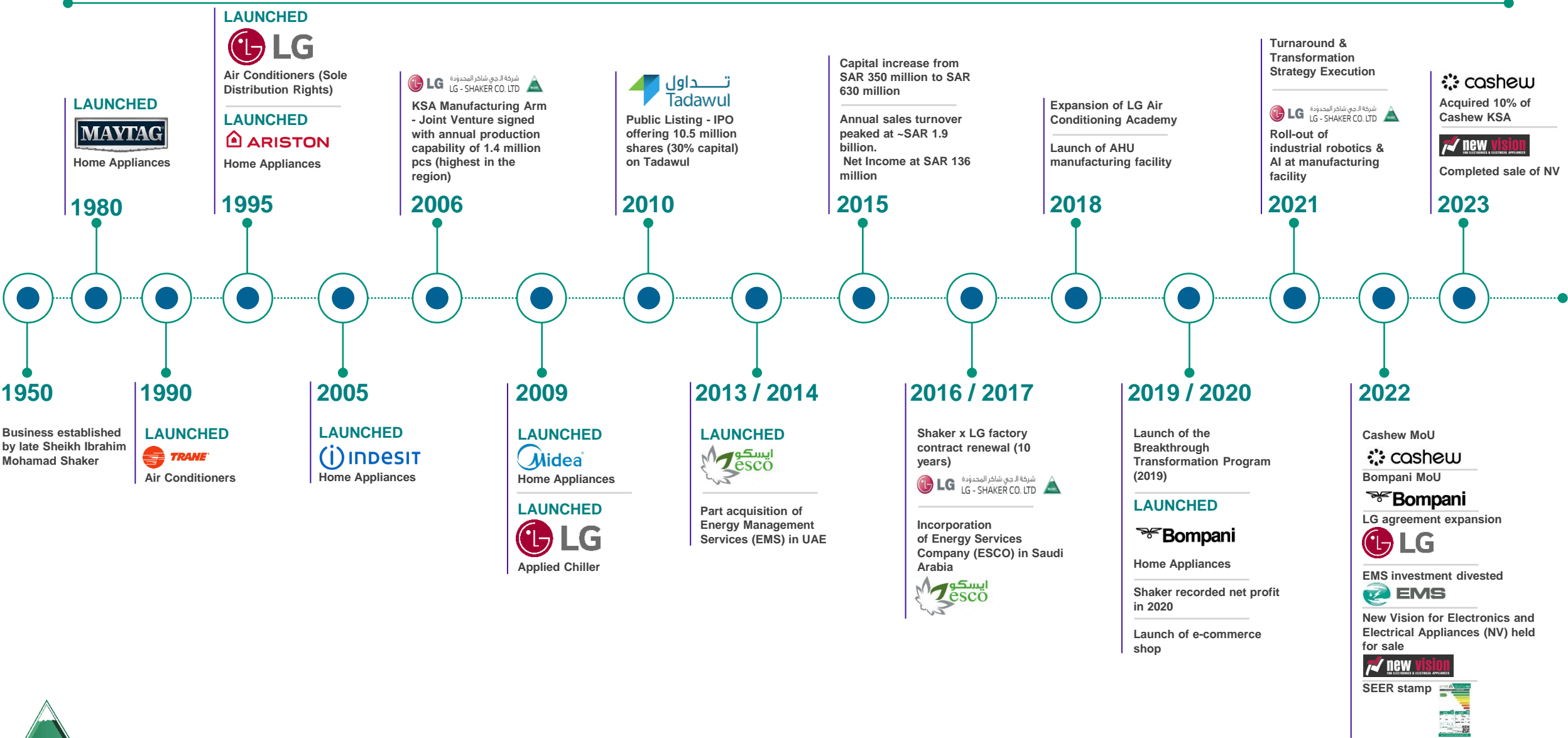
Mazen ElGhafeer

Vice President – Finance



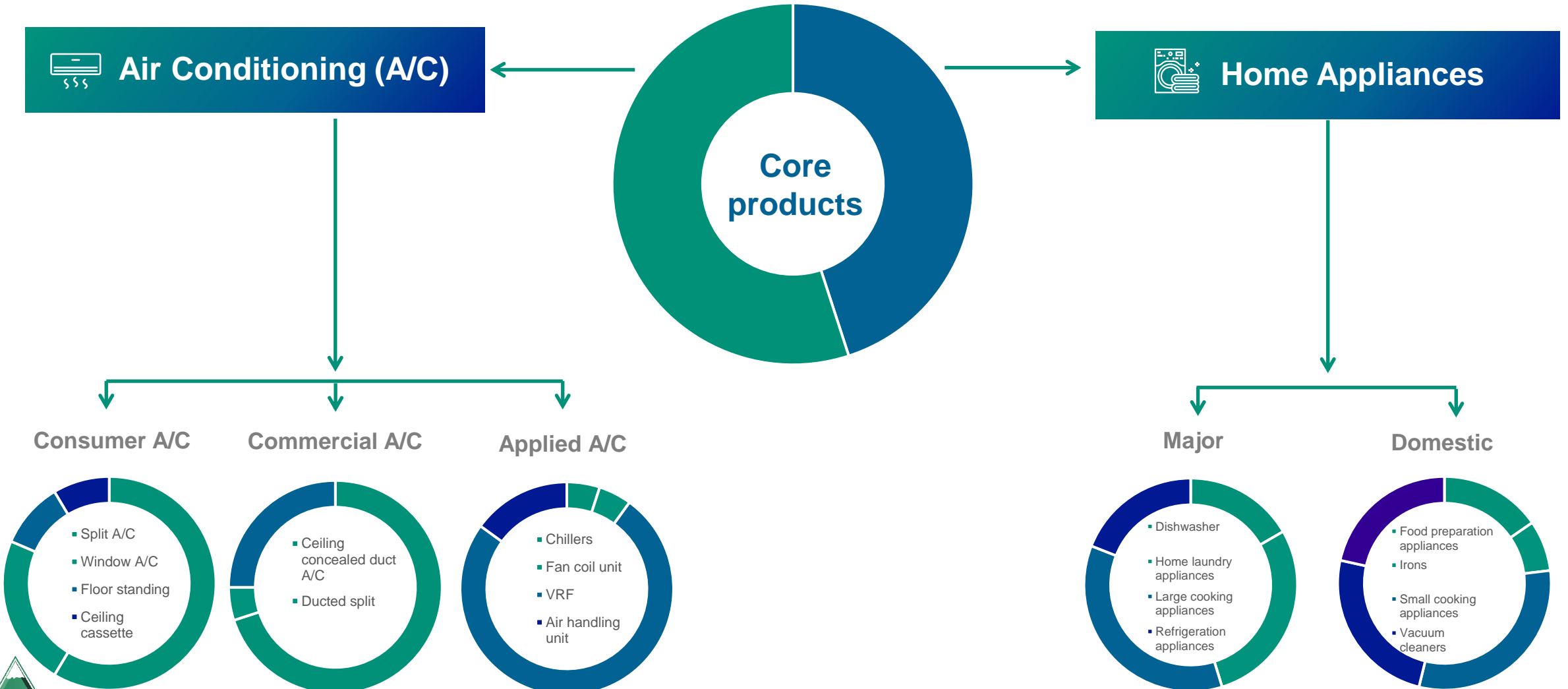
Business Overview

Shaker's Story



Middle East's Leading A/C & Home Appliance Solutions Company

Saudi's leading authorized importer & distributor of key international brands

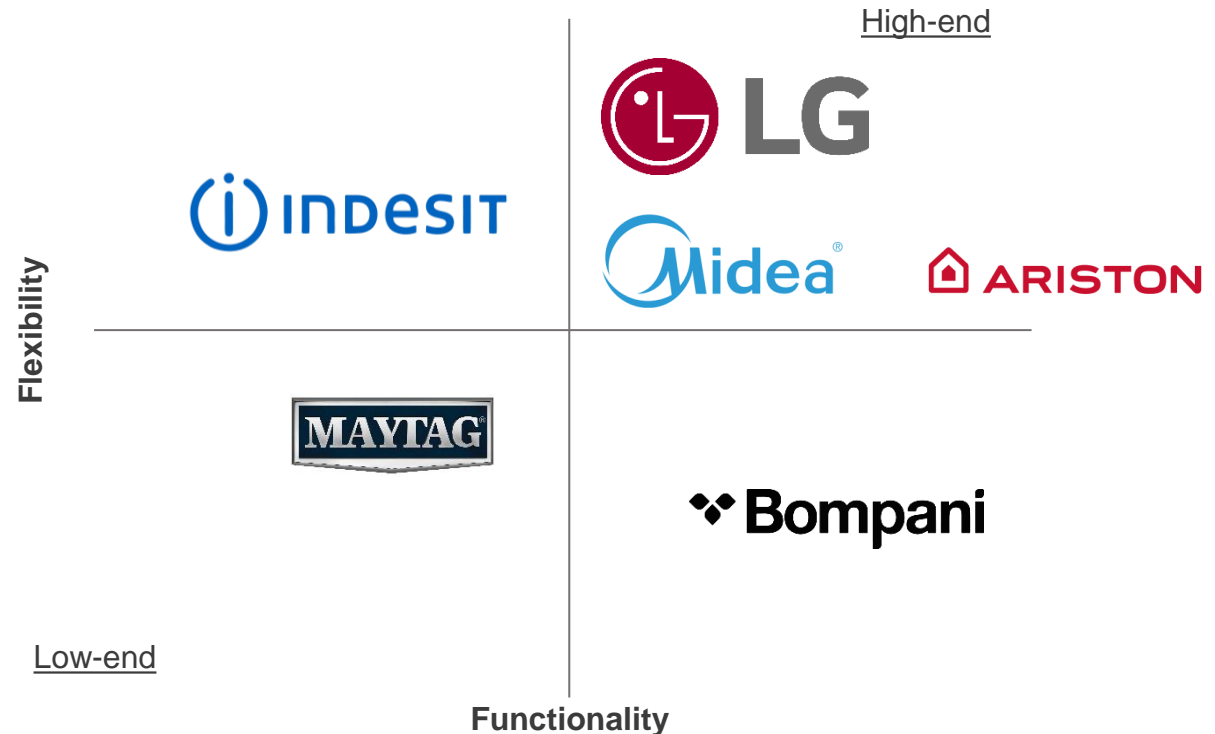


World-Class Brand Portfolio & Competitive Positioning

Air Conditioners

Home Appliances

Competitive positioning



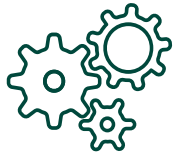
Manufacturing partner of choice for LG A/C in Middle East



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



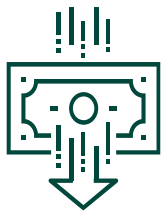
Alignment with **Vision 2030** National Industrial Program



Manufacturing capacity: **900K units**



Facility expansion in 2019

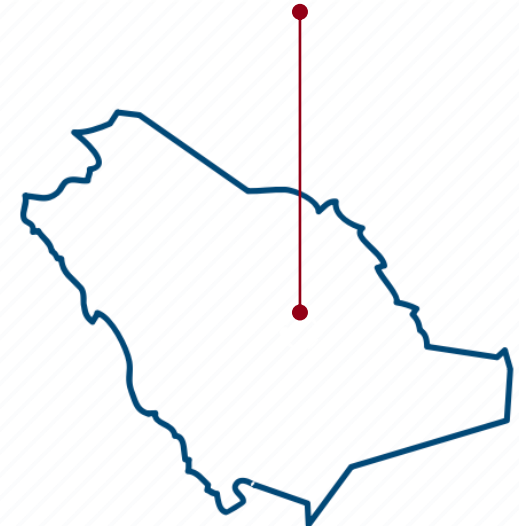


Strong investment in technology



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

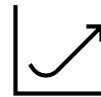


Strategic Priorities for Future Growth



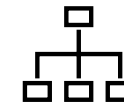
Grow market share and product mix

- Become **the leading supplier** in existing business segments & **add new brands and products to portfolio**
- **B2B and after sales growth** – increase presales and capture mega project opportunities
- Grow **e-commerce** sales



Operational efficiency

- Grow **market share**
- **Organic growth** - increase efficient distribution channels, solid partnerships and dynamic sales strategy
- **Optimize supply chain** and inventory management
- **Optimize** operational costs



Organization & Talent

- **Digitize** to enhance reporting mechanism
- **Enhance** controls, processes and procedures
- Develop and retain **talent**
- Build **dynamic capabilities**

Portfolio Optimization and Disciplined Capital Deployment

Portfolio Optimization

Optimal core business portfolio mix remains to be the integral business strategy for **maximizing returns** and **minimizing financial risks** for the long-term.

Strong progress has been made following a thorough portfolio assessment:

Successfully divested



Energy Management Services Emirates LLC (EMS)



New Vision for Electronics and Electrical Appliances (NV)

Partnerships / Framework

Our **strategic partnerships** such as with LG and Bompani, alongside acquiring stake in Cashew Payments for “Buy Now, Pay Later” provides a **platform for inorganic and organic growth** by:

- Expanding adjacencies and geographic coverage
- Accelerating digital and aftermarket growth
- Augmenting technology differentiation and disruption
- Enhancing sustainability leadership through energy efficient products surpassing SEER standards
- Supporting local manufacturing (Saudi Made) and local content

Shaker - A Unique Investment Opportunity

Products, Brands & Services

Market-leading products, internationally-renowned brands, high-quality after sales support and service offer

Manufacturing

Joint Venture with LG Air Conditioning delivers benefit of cost-effective manufacturing and local distribution within the Saudi market

Management

A senior executive management team offering a high level of sector expertise

Growing Market

The market for AC solutions and Home Appliances is expanding, supported by a growing population, increased consumer spending and disposable income

Distribution

Extensive distribution network covering Saudi Arabia and +20 countries in MENA region

Sustainability Champion

Energy-efficient products and solutions leading to significant reductions in carbon emissions and energy consumption, surpassing industry standards (SEER)

H1-FY23 Highlights



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

Expanded B2B HVAC portfolio with new Package Unit product



Finalized 10% acquisition in BNPL company "Cashew KSA"

Progressed in regulatory and licensing procedures



Successfully completed sale of New Vision for Electronics and Electrical Appliances ("NV")



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



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



Reduced short-term borrowings by SAR 47.4 million in Q2. (59.2 million in H1)

Revenue

SAR **307.39**mn

+4.4%
YoY²

Gross Profit

SAR **74.23**mn

+23.4%
YoY²

EBITDA

SAR **36.30**mn

+31.4%
YoY²

Net Profit¹

SAR **15.89**mn

+36.3%
YoY²

EPS

SAR **0.33**

+36.3%
YoY²

Core business sustained growth building on strong Q1 performance

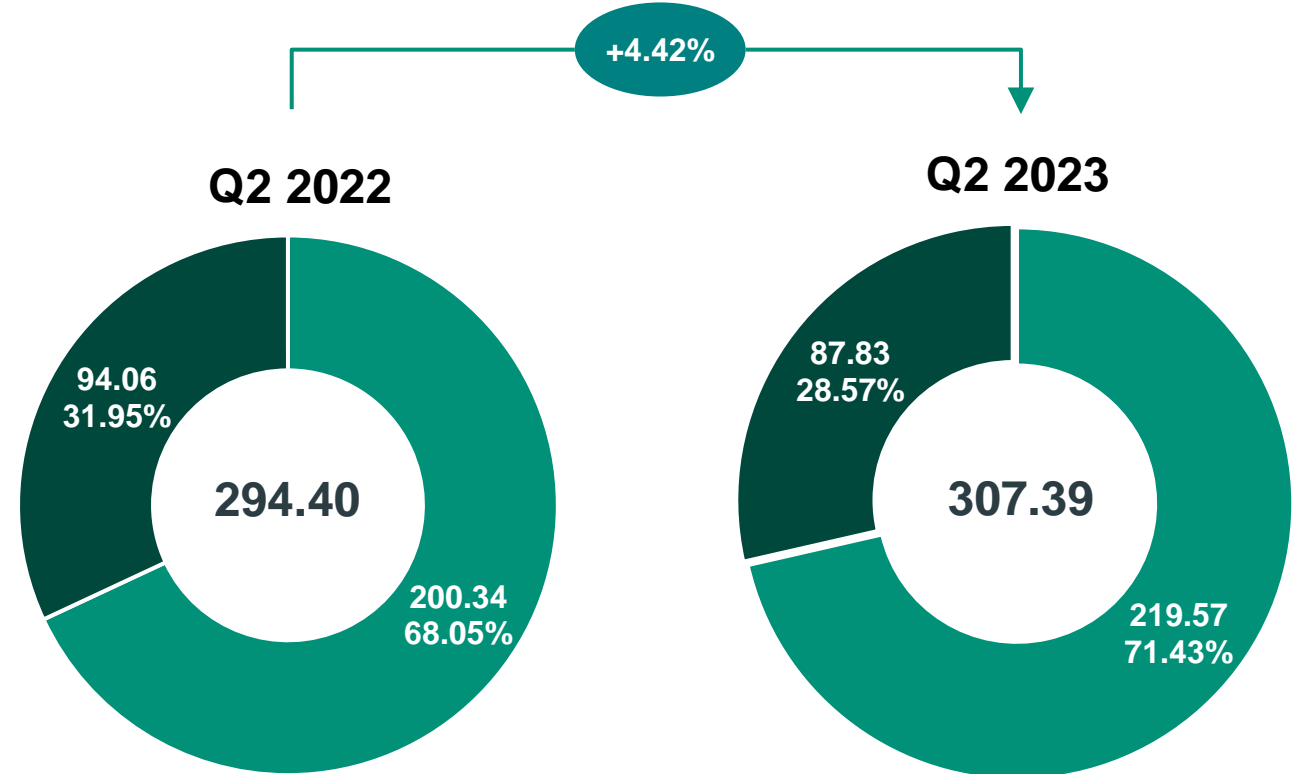
1: Attributable to shareholders of Company | 2: Q2 2023 vs Q2 2022

A photograph of two business professionals in a meeting, looking at financial documents on a desk. The image is overlaid with a large, semi-transparent white triangle pointing downwards. The background is a blurred office setting with a laptop, a keyboard, and a notebook.

Q2 & H1 2023
FINANCIAL PERFORMANCE

Key Highlights: Q2 2023

Revenue by Segment



SAR (Millions)

Gross Profit ▲ **+23.42%**

Q2 2023 74.23

Q2 2022 60.14

Gross Profit Margin ▲ **+3.72pp**

Q2 2023 24.15%

Q2 2022 20.43%

EBITDA ▲ **+31.36%**

Q2 2023 36.30

Q2 2022 27.63

EBITDA Margin ▲ **+2.42pp**

Q2 2023 11.81%

Q2 2022 9.39%

Net Income* ▲ **+36.34%**

Q2 2023 15.89

Q2 2022 11.65

Net Income* Margin ▲ **+1.21pp**

Q2 2023 5.17%

Q2 2022 3.96%

*Attributable to shareholders of company



■ HVAC ■ Home Appliances

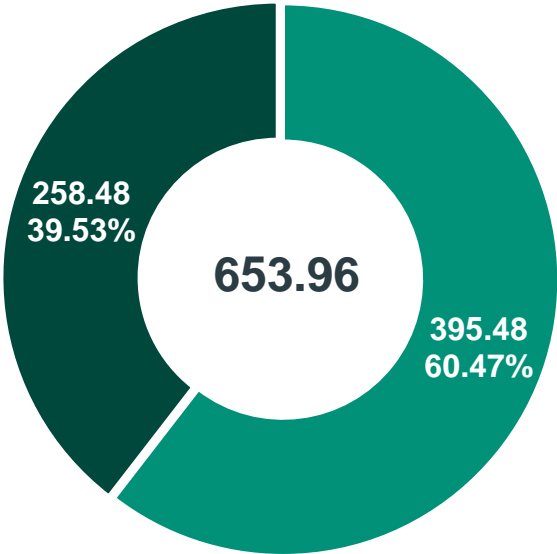
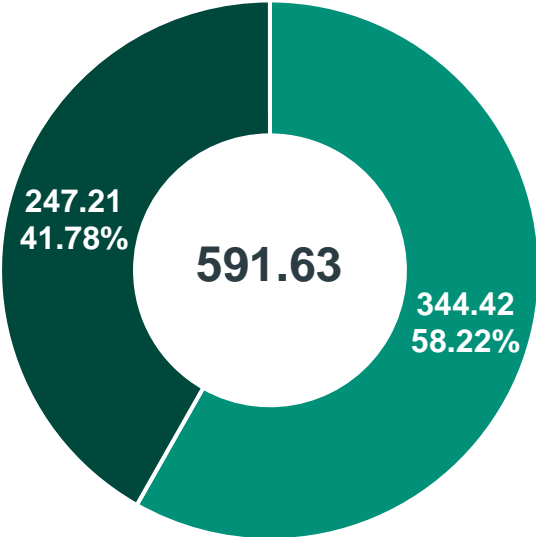
Key Highlights: H1 2023

Revenue by Segment

+10.54%

H1 2022

H1 2023



SAR (Millions)

Gross Profit +21.76%

H1 2023 161.34

H1 2022 132.51

Gross Profit Margin +2.27pp

H1 2023 24.67%

H1 2022 22.40%

EBITDA +61.85%

H1 2023 79.75

H1 2022 49.28

EBITDA Margin +3.87pp

H1 2023 12.20%

H1 2022 8.33%

Net Income* +69.06%

H1 2023 44.66

H1 2022 26.41

Net Income* Margin +2.36pp

H1 2023 6.83%

H1 2022 4.46%

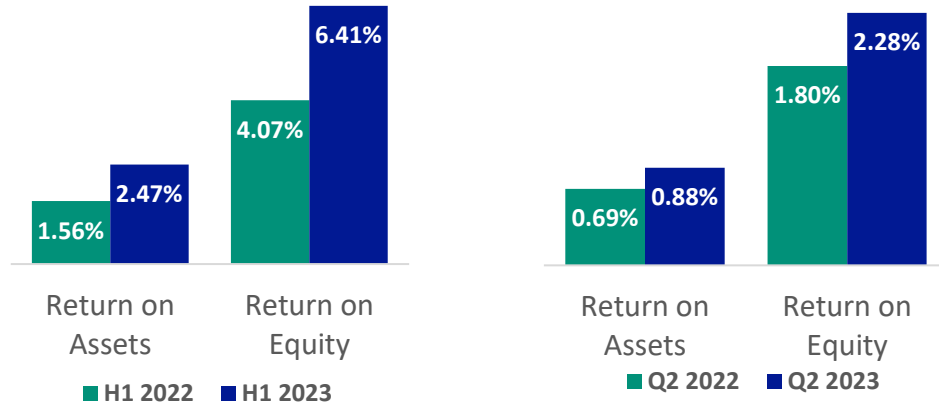
*Attributable to shareholders of company



HVAC Home Appliances

Healthy Balance Sheet

Key Return Ratios (YoY)



Earnings per Share (YoY)



ROA* ▲ +0.91pp

H1 2023 2.47%

H1 2022 1.56%

ROE* ▲ +2.33pp

H1 2023 6.41%

H1 2022 4.07%

Current Ratio ▼ -2.93%

H1 2023 1.03x

H1 2022 1.06x

Total Borrowings/Equity ▲ +5.82%

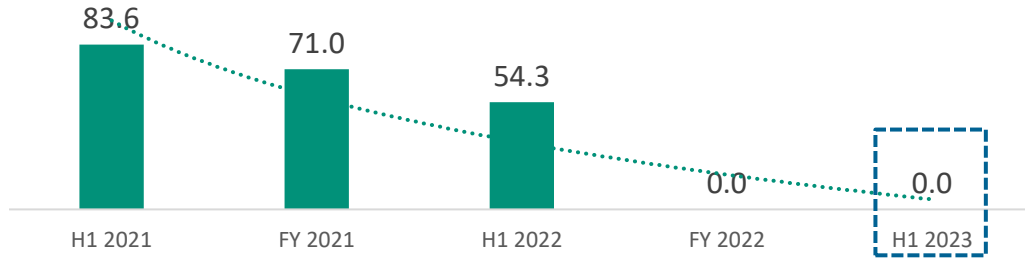
H1 2023 0.70

H1 2022 0.66

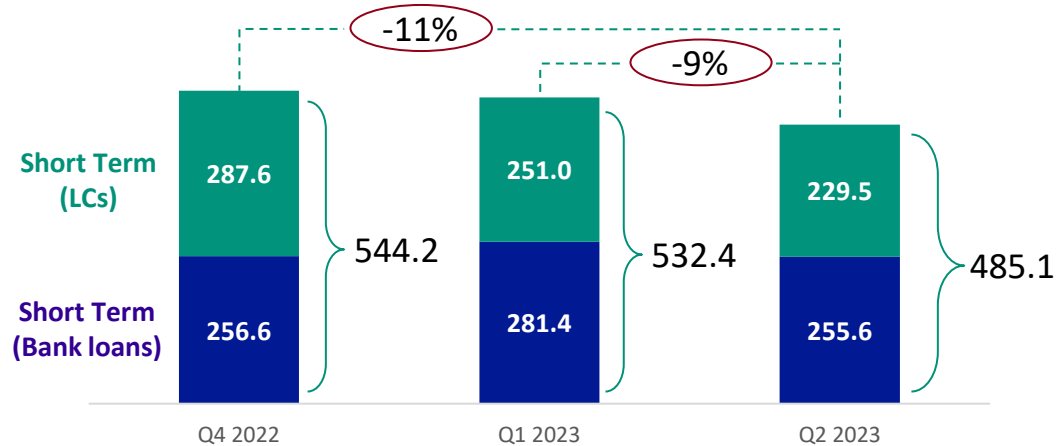
*Using net profit and equity attributable to shareholders

Leverage Levels: Q2 2023

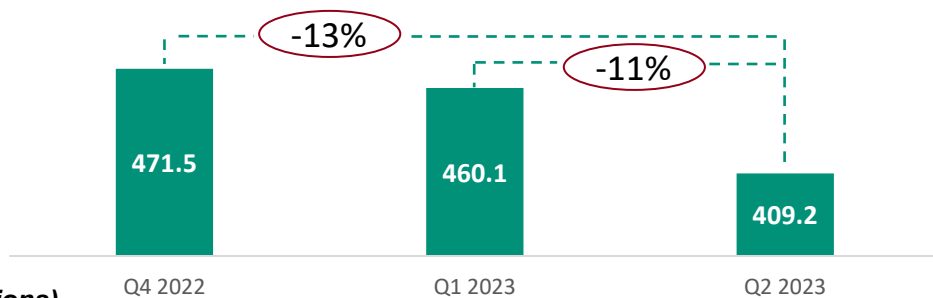
Long-term Borrowings



Short-term Borrowings



Net Debt



Total Liabilities/Total Assets



Total Liabilities/Equity



Interest Coverage Ratio



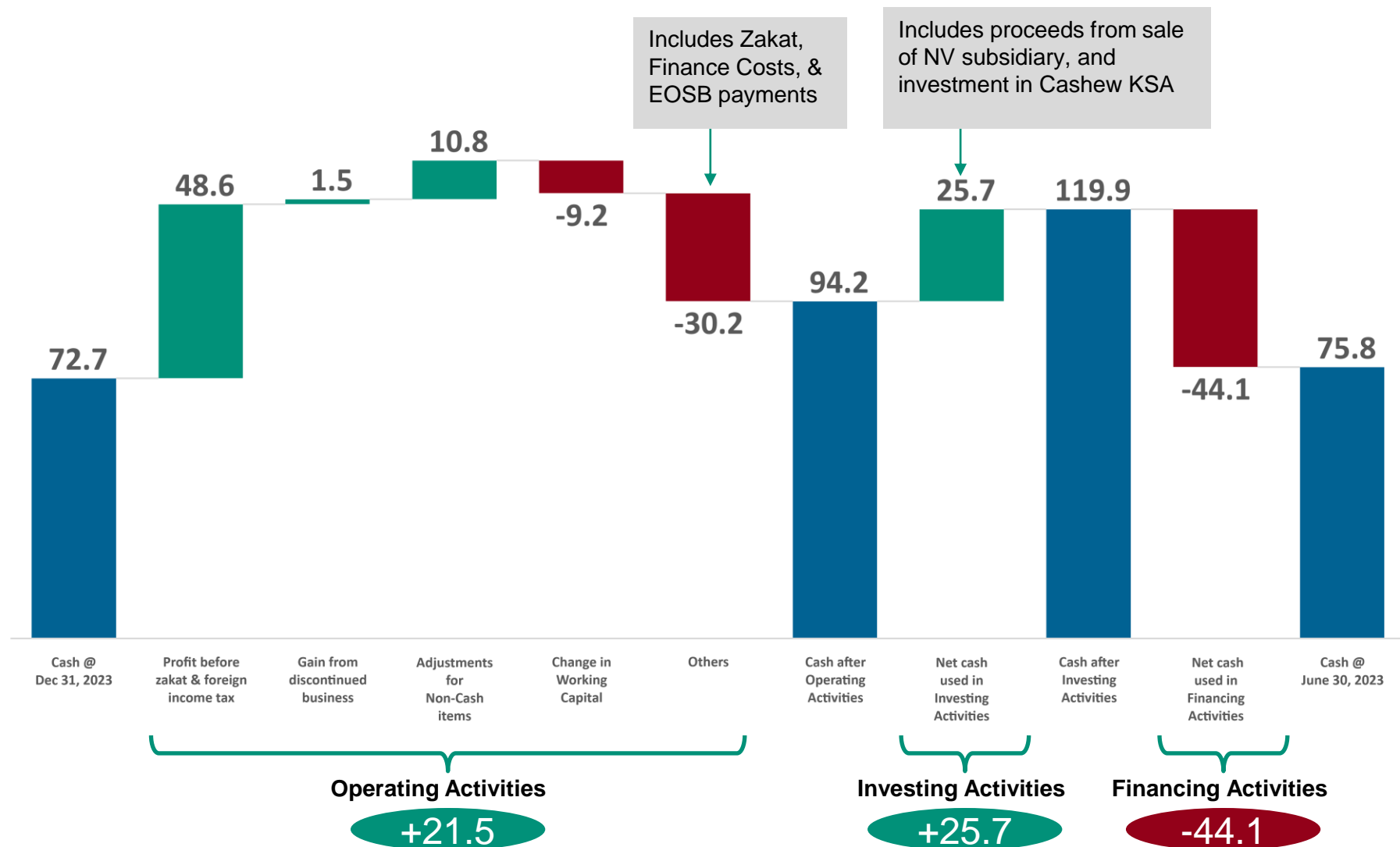
Net Debt/Equity



Cash Flow Bridge

Highlights

- Net Cash Position was 75.8mn compared to 2022 year end of 72.7mn mainly driven by higher Operating Cash offset by financing activities.
 - Cash flow from operating activities mainly impacted by finance costs (24.1mn)
 - Change in Financing Activities is mainly due to settlement of STLs



Includes Zakat, Finance Costs, & EOSB payments

Includes proceeds from sale of NV subsidiary, and investment in Cashew 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: Continued focus on STL reduction

No set cash dividends at this time



Q&A Session



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