



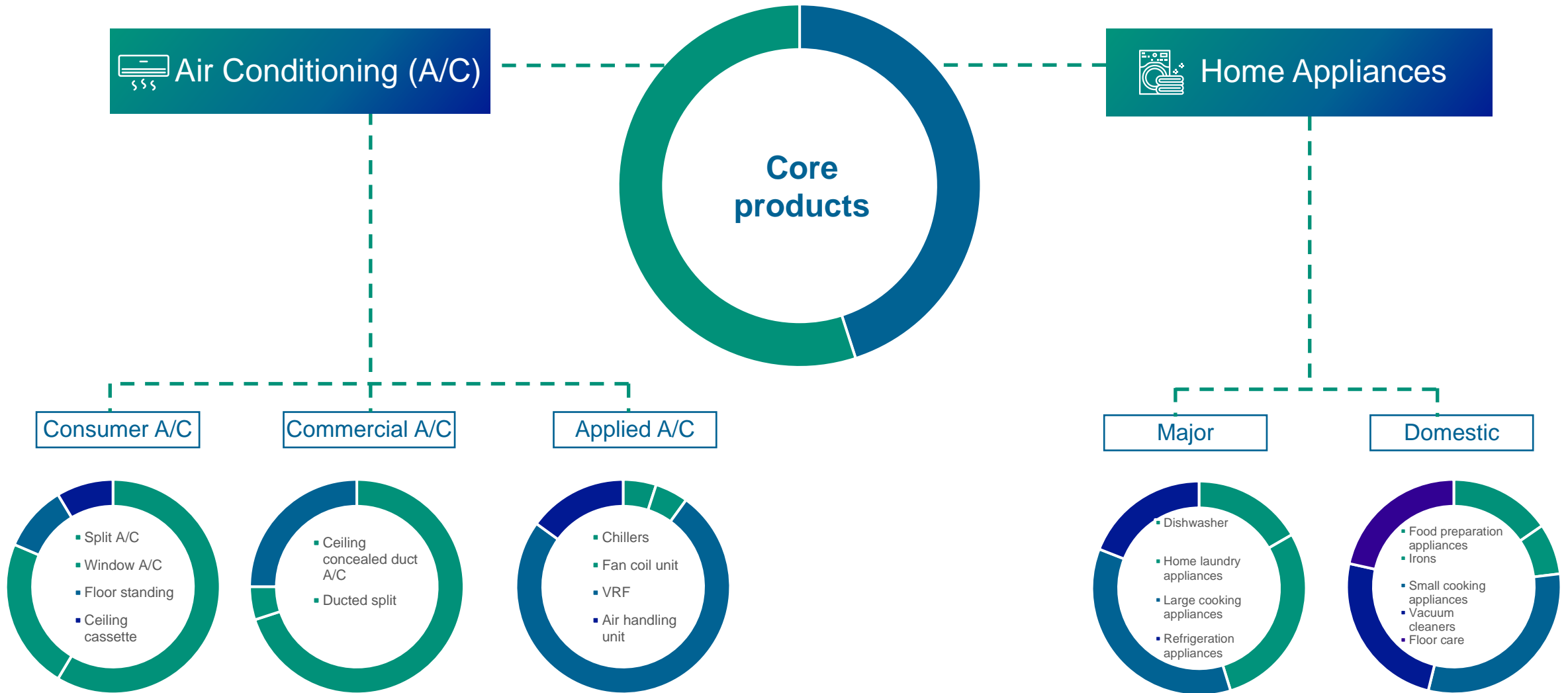
منذ
SINCE
1950

Shaker

Earnings Presentation – H1 2021

as at 30 June 2021

Core products

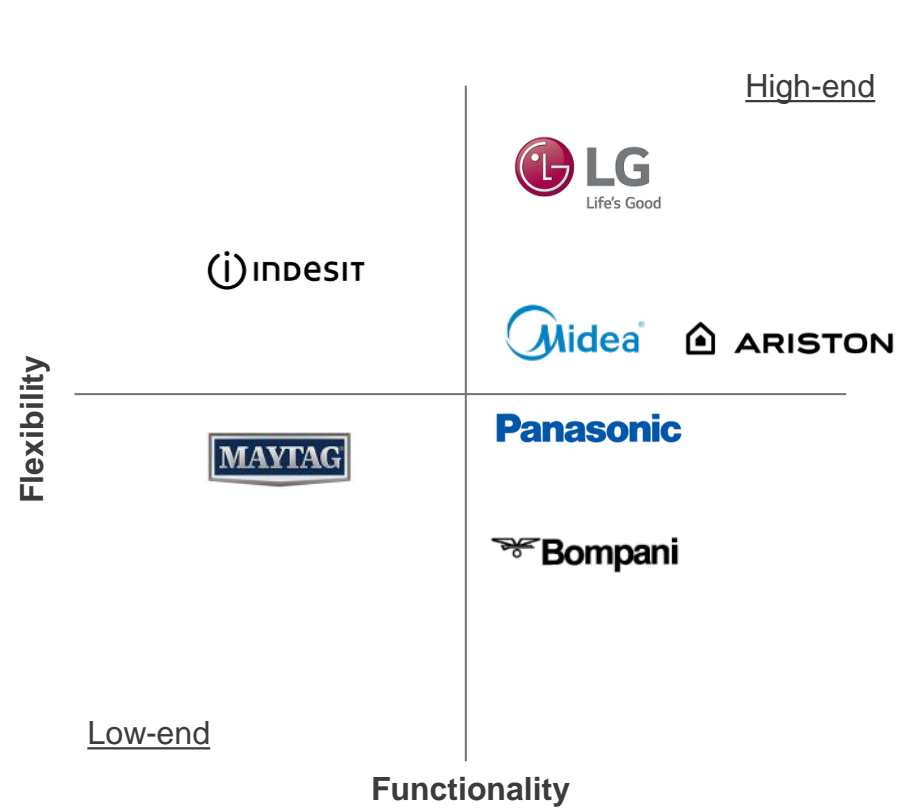


Brand portfolio

Air Conditioners

Home Appliances

Competitive positioning



Brand portfolio targets most consumer segments

In focus: LG-Shaker manufacturing



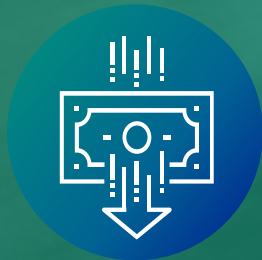
Integration of **robotics and AI** to improve manufacturing



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

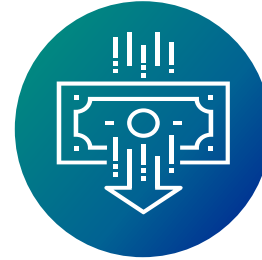
Highlights: H1 2021



SAR 15.3 million
net profit



18.2% growth
in revenue Y-o-Y



9% increase
in KSA employee costs



17.2%
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 0.24

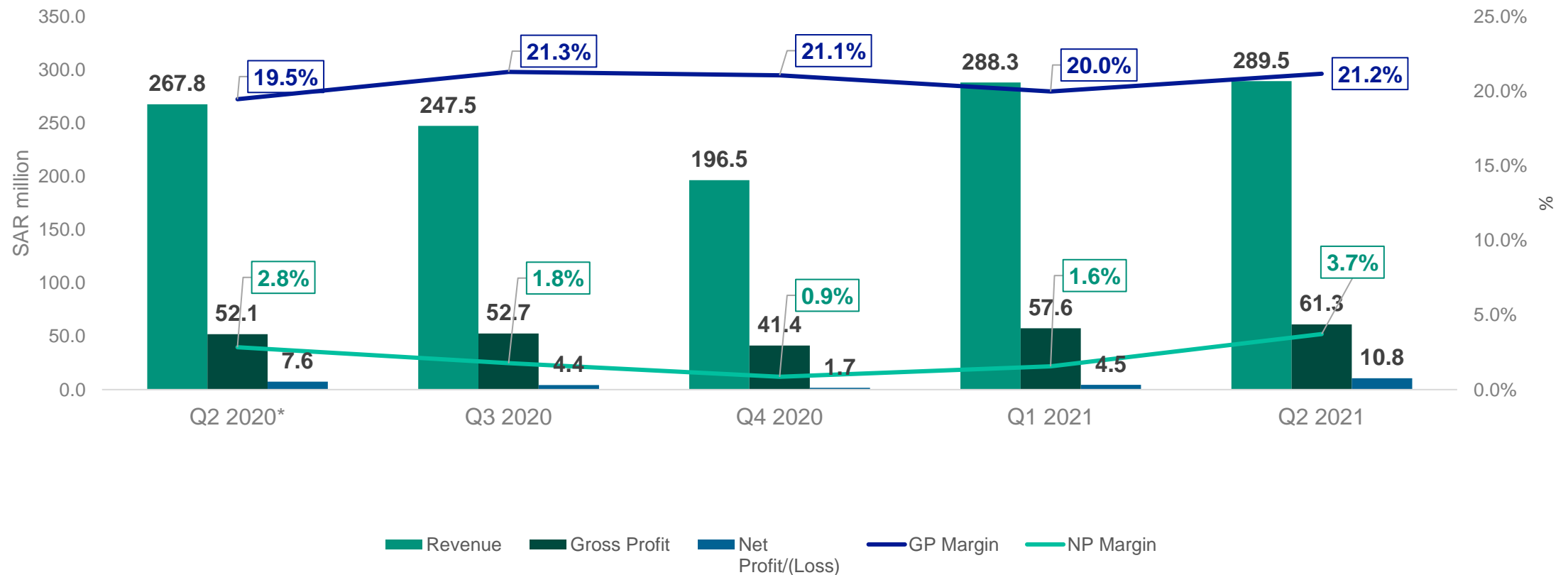
Key messages: H1 2021



- **Four sequential quarters** of sustained improvement in **profitability**
- Sustained pursuit of **opportunities** emerging from government mandated **mega projects** across the Kingdom
- **Successfully** entered the TV segment through addition of **Panasonic** brand to our portfolio
- **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
- The Group is well-positioned to **grow its market** share across core segments, and **expand into new segments** to meet customer demand
- Achieved **optimal portfolio mix** in line with medium-term targets, agile approach to **strategic acquisitions** in Home Appliances segment

Performance highlights

Strong top-line performance and sustained profitability improvements



* Figures restated as at 30th June 2021



BUSINESS PROFILE

Strategy overview



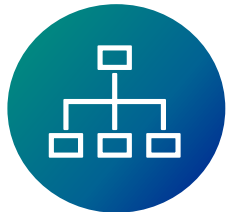
Grow market share and product mix

- 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**

EBITDA increase

FCF optimization

Portfolio **growth**

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

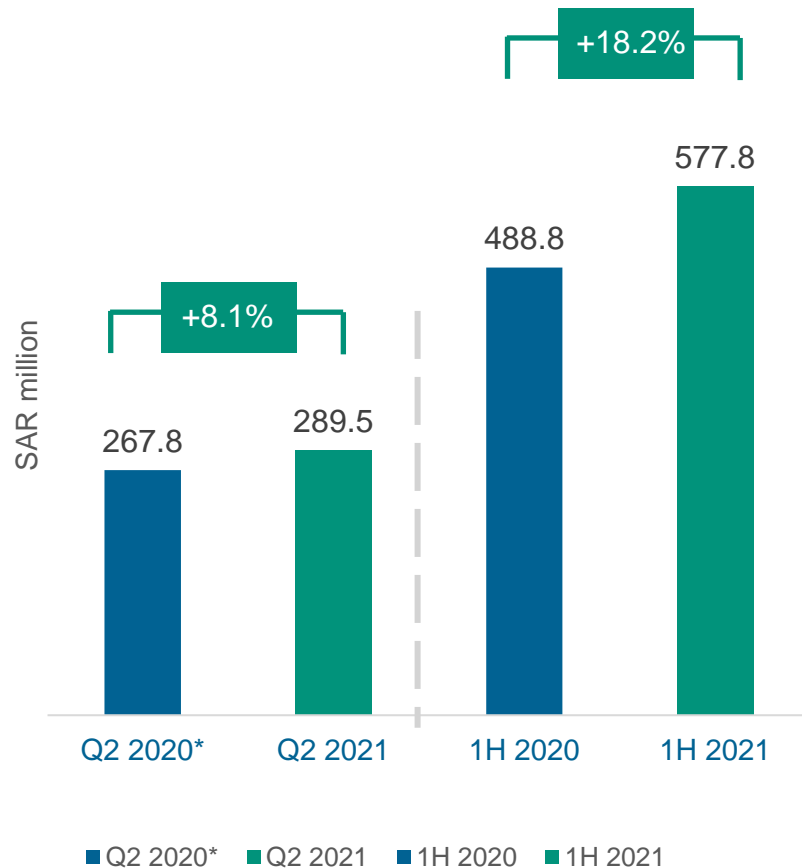
3% market growth

A photograph of a white Midea juicer on the left, with a clear glass pitcher filled with orange juice next to it. To the right is a white bowl filled with fresh fruit, including green apples, whole oranges, and slices of grapefruit. The background is a soft, out-of-focus light blue. The text 'FINANCIAL PERFORMANCE' is overlaid in white, bold, sans-serif font across the center of the image.

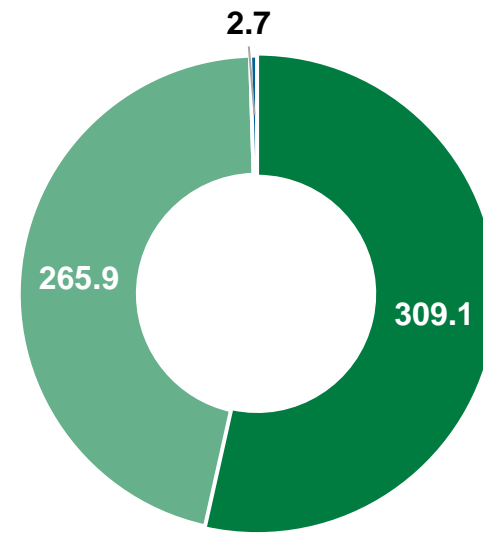
FINANCIAL PERFORMANCE

Sales growth

Revenue growth driven by improved sales infrastructure



1H Segmental revenues (SAR m)



■ HVAC Solutions ■ Home Appliances ■ Other

Revenue growth in H1 2021 driven by improved sales strategy

- **Enhancements** to group-wide IT framework and **upgraded** security infrastructure
- Supply chain updates implemented for **enhanced operations**
- Seasonal promotions and strengthened relationship with distributors
- **B2B sales restructuring** to solidify operations in preparation for 2H 2021

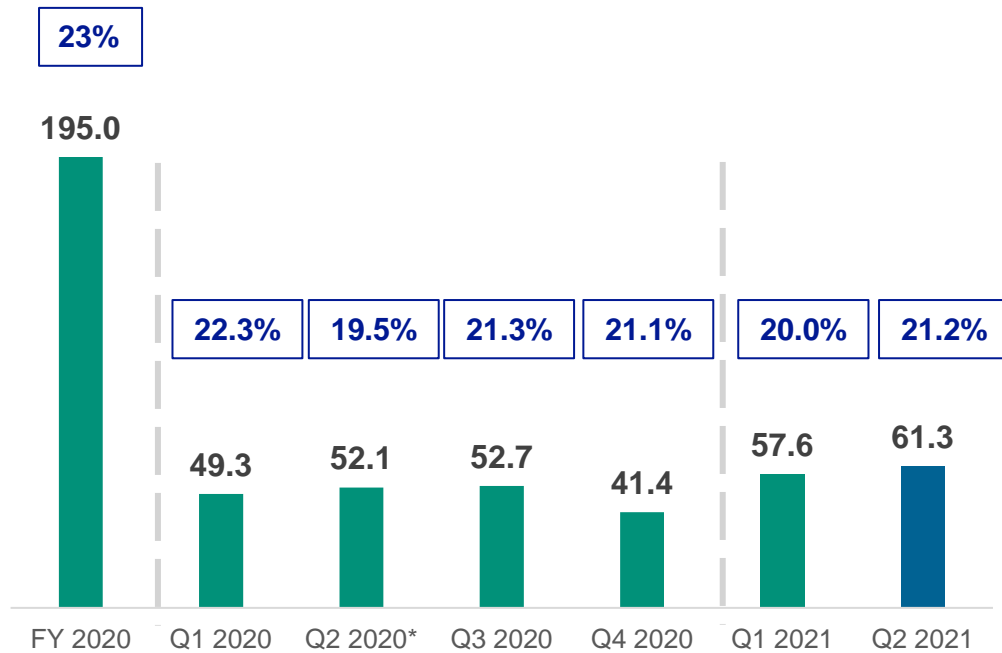
* Figures restated as at 30th June 2021

Profitability



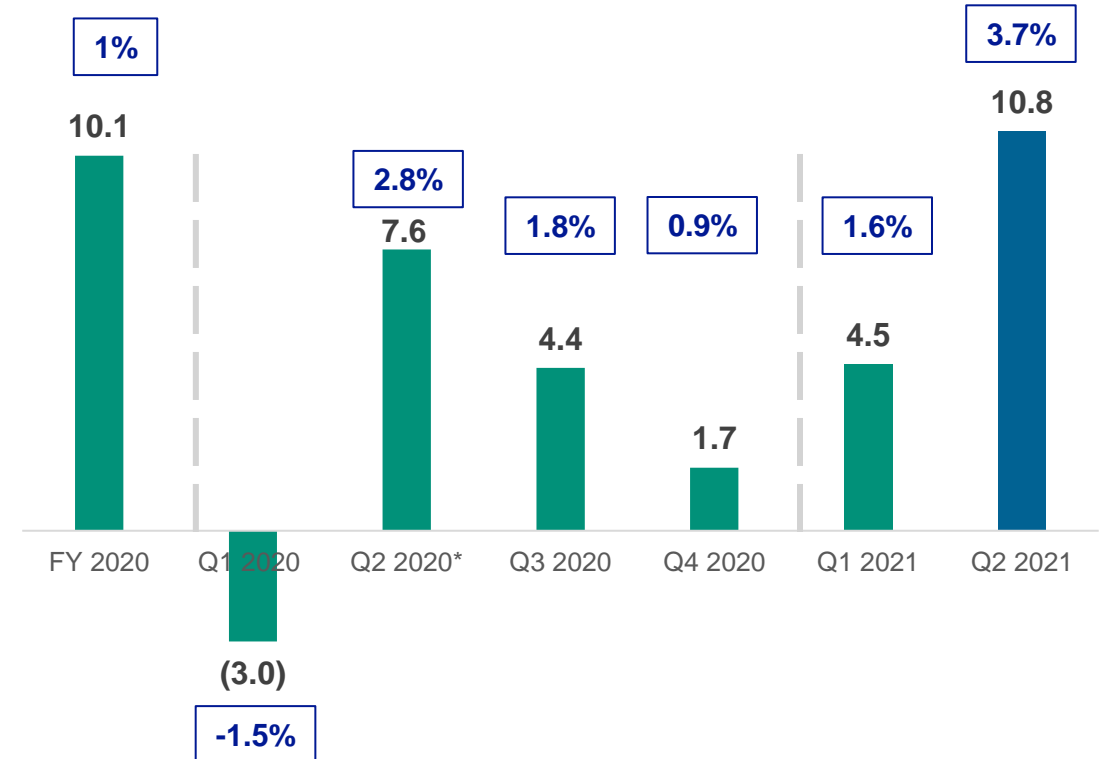
Gross Profit (SAR million)

% = GP margin



Net profit/(loss) (SAR million)

% = NP margin

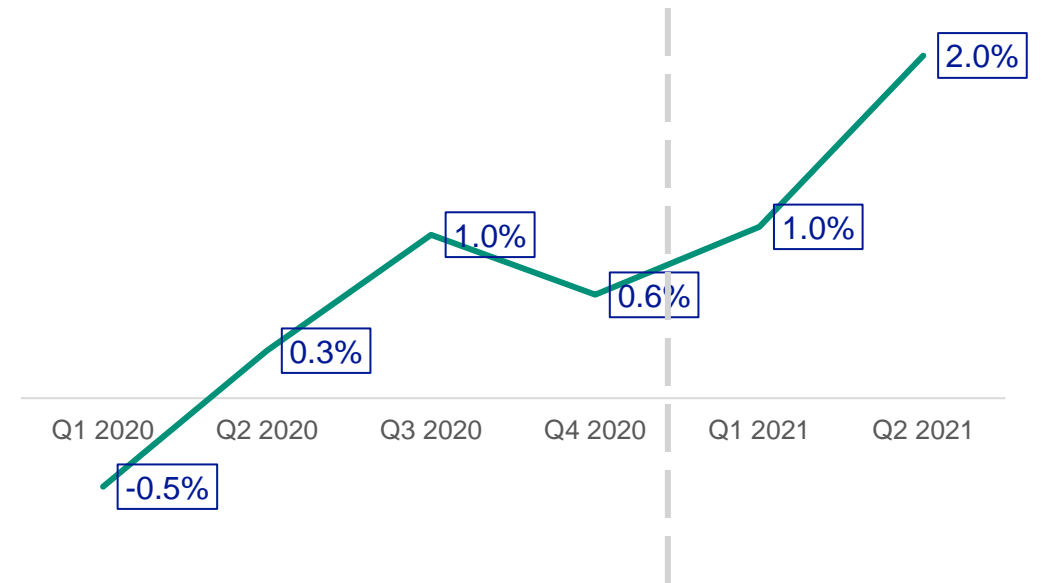
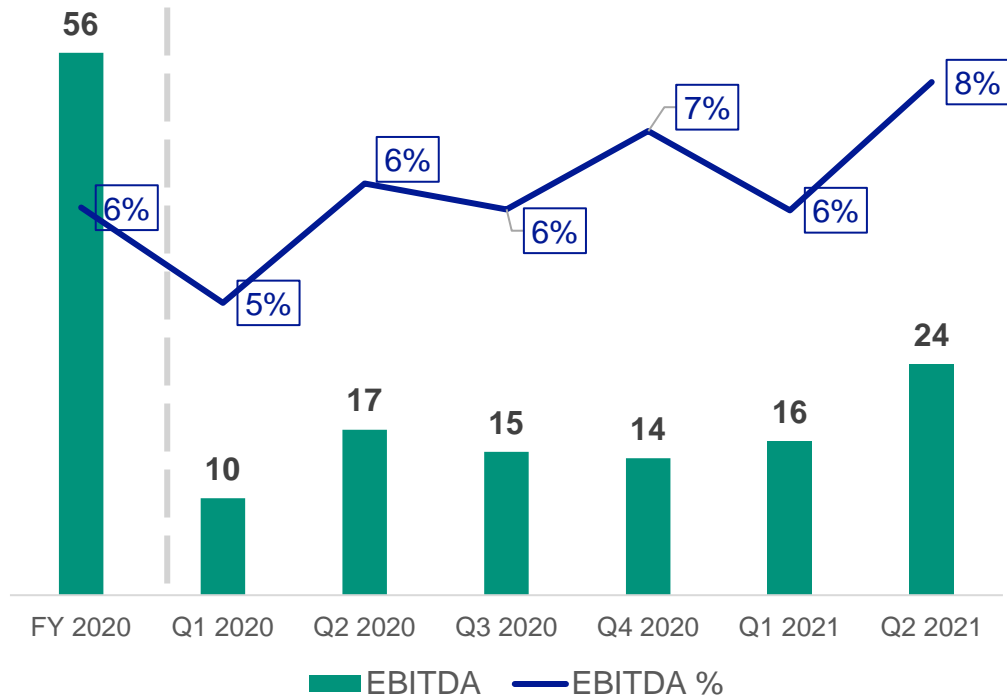


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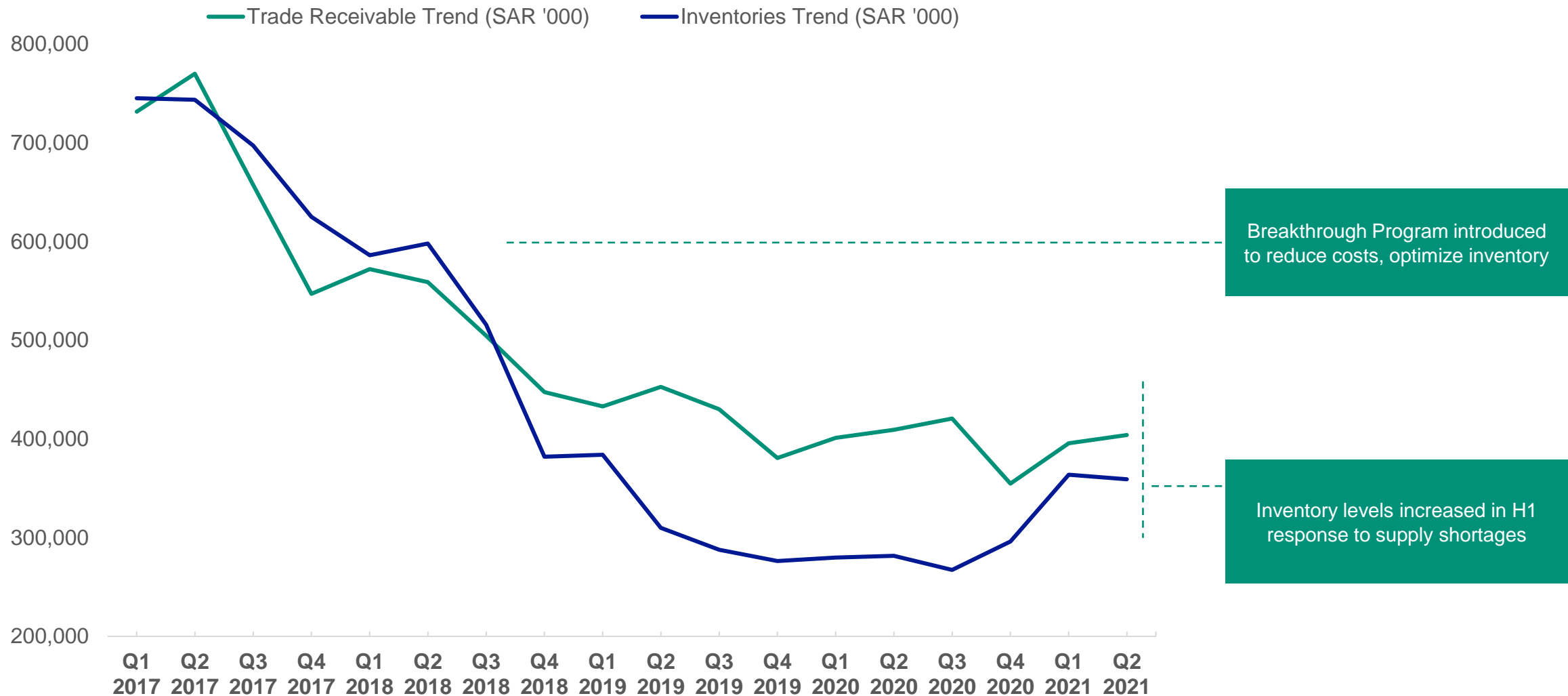
EBITDA & RoE

EBITDA (SAR million)

Return on Equity (%)

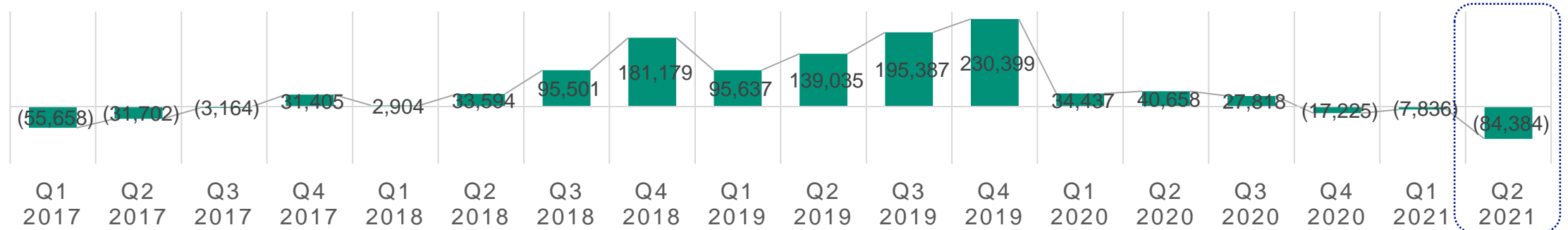


Trade receivables vs. inventory trend

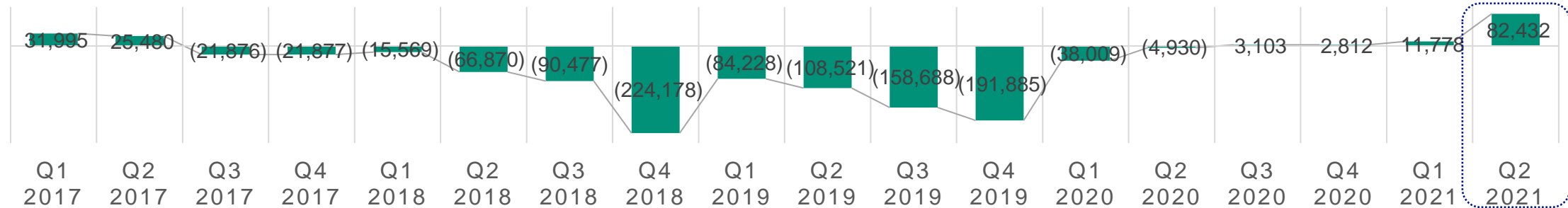


Cash flow: operational and financing

Cash Flow From Operations Trend (SAR '000)

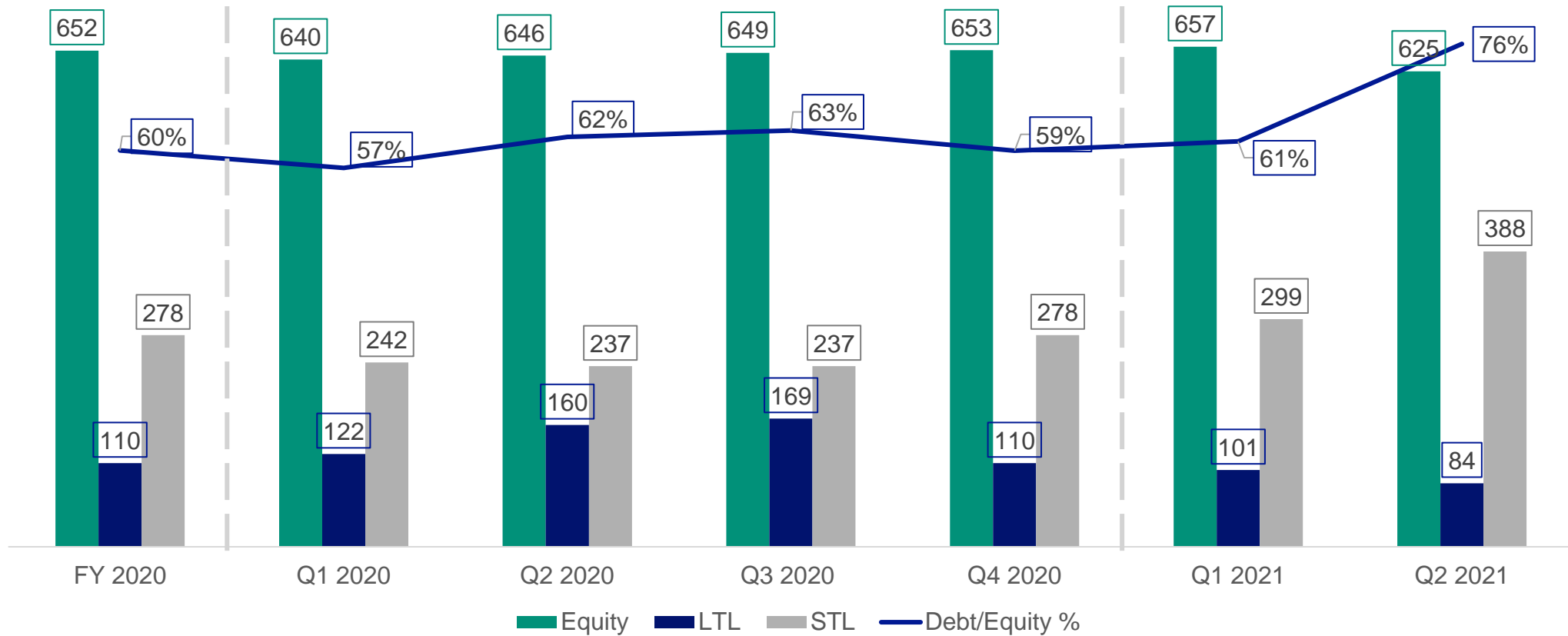


Cash Flow From Financing Trend (SAR '000)



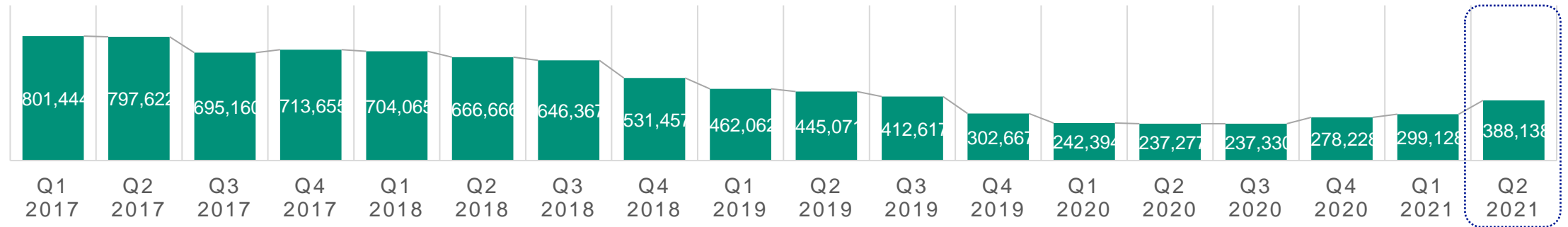
Capital structure

Capital Structure (SAR million / %)

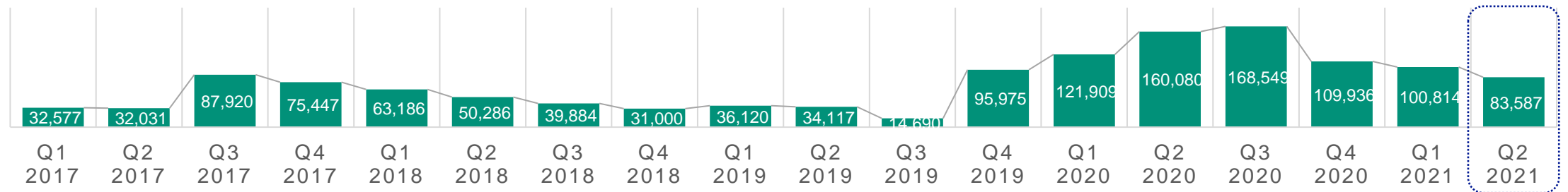


STLs & MTLs trend

Short Term Loans Trend (SAR '000)



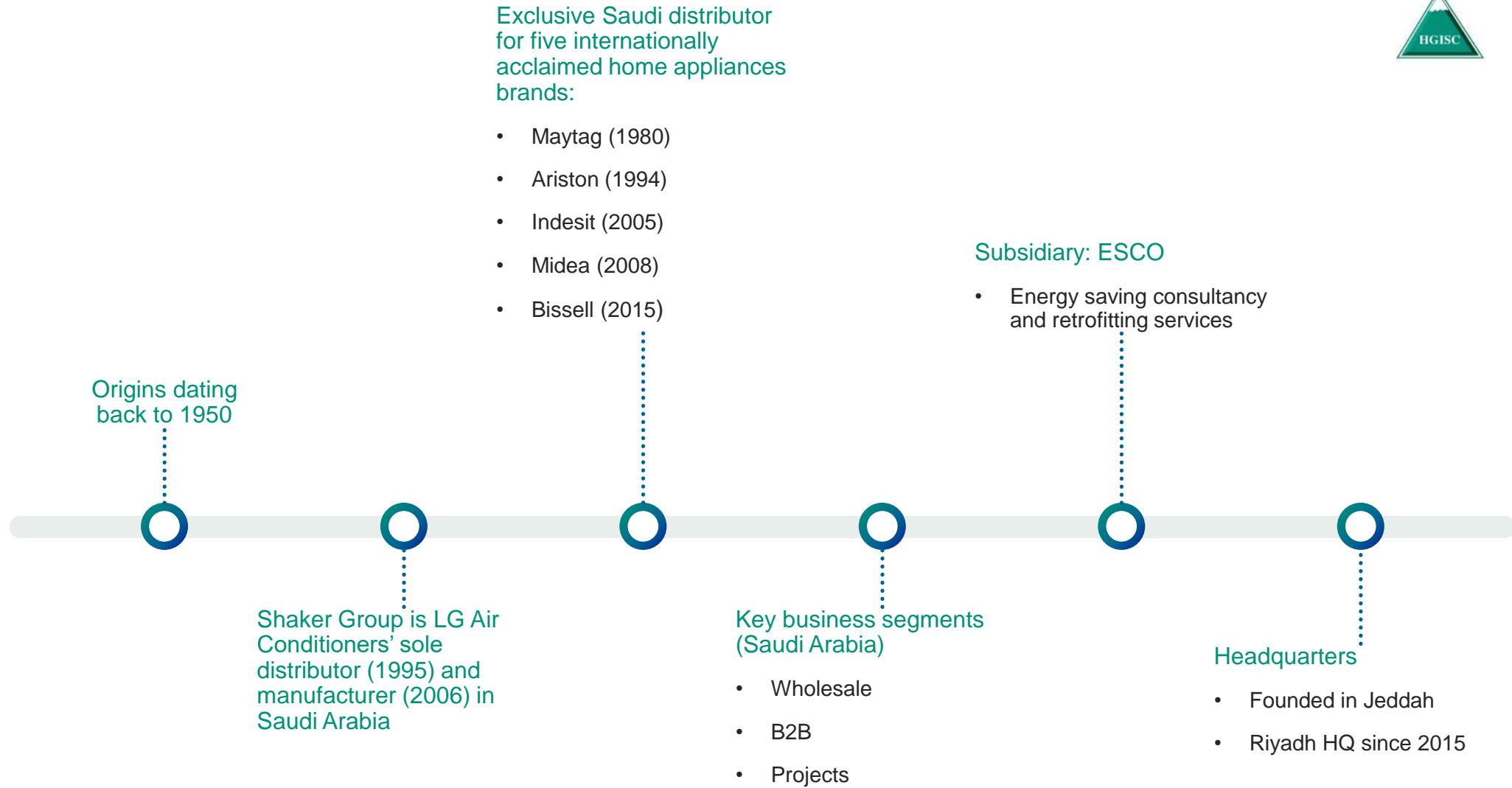
Medium Term Loans Trend (SAR '000)



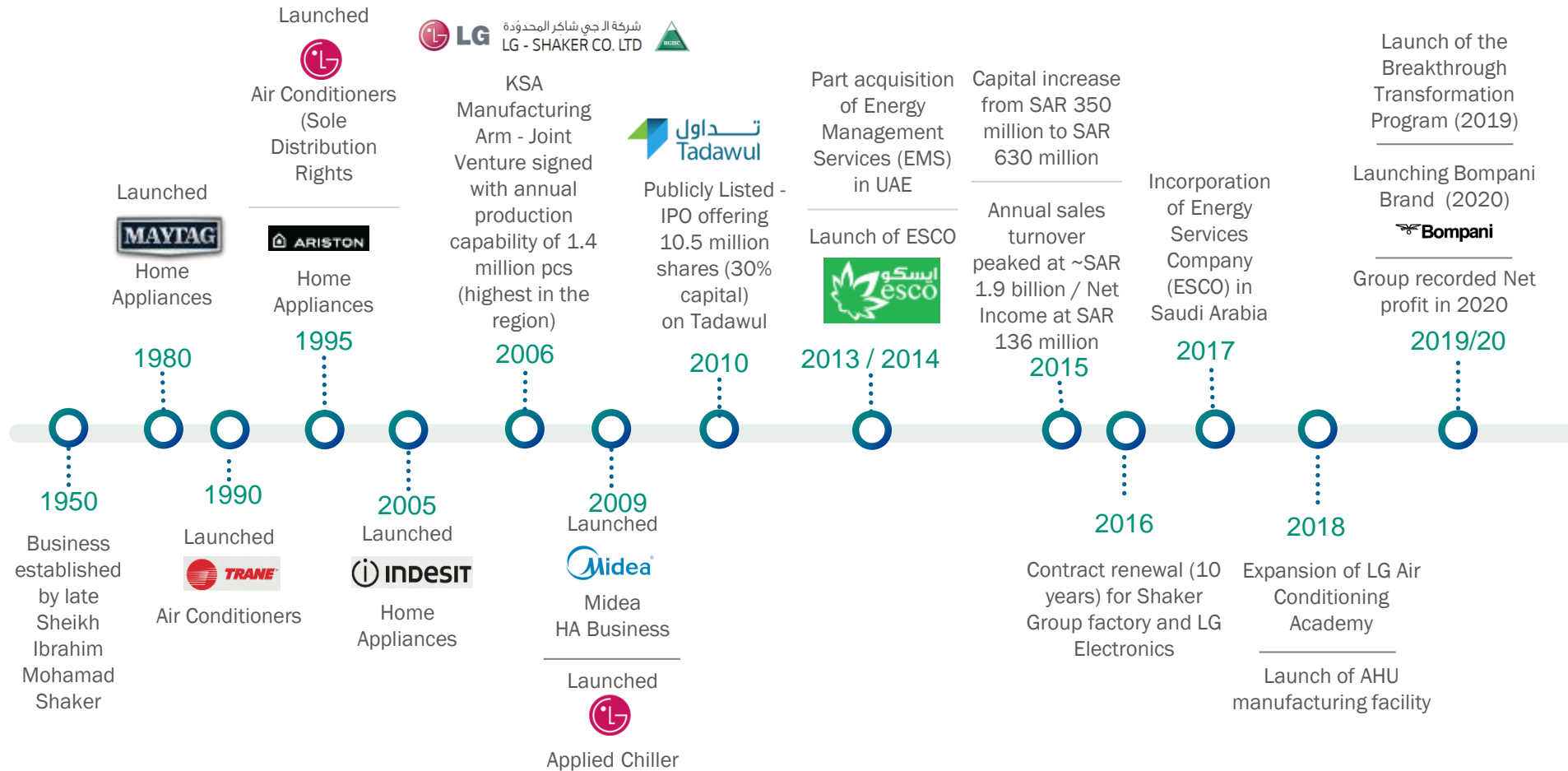


APPENDIX I: ABOUT THE COMPANY

What is Shaker Group?

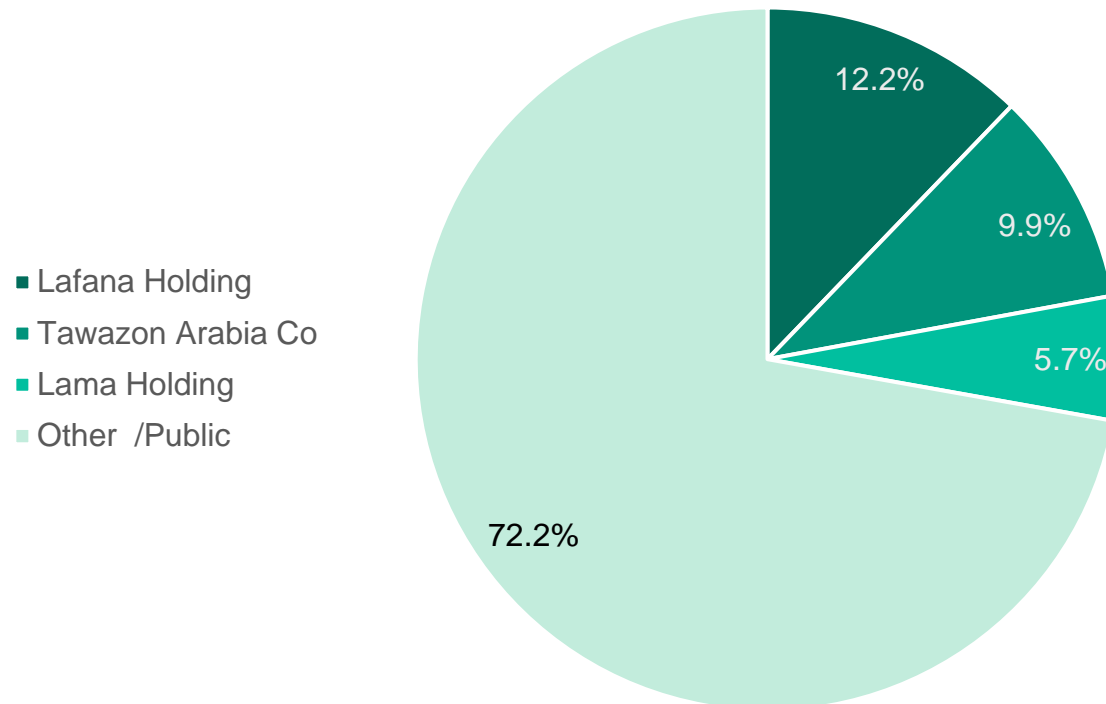


Corporate milestones



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 30th June 2021

APPENDIX II: FINANCIALS



Income statement

| SAR '000 | 2019 | 2020 | Q1 2021 | Q2 2020 | Q2 2020 (restated) | Q2 2021 |
|--------------------------------------------------------------------|-----------------|----------------|----------------|----------------|-----------------------|----------------|
| Sales | 882,822 | 932,699 | 288,301 | 288,301 | 267,773 | 289,481 |
| Cost of sales | (717,176) | (737,139) | (230,670) | (230,670) | (215,655) | (228,149) |
| Gross profit | 165,646 | 195,560 | 57,631 | 57,631 | 52,118 | 61,332 |
| S&D expenses | (104,454) | (95,567) | (30,932) | (21,731) | (16,001) | (24,449) |
| G&A expenses | (105,607) | (102,407) | (25,629) | 24,629 | (20,489) | (21,686) |
| Operating income | (44,415) | (2,414) | 1,070 | 1,622 | 7,256 | 15,197 |
| Other income, net | 5,968 | 11,599 | 552 | 720 | (753) | (781) |
| Financial charges | (29,302) | (18,769) | (3,534) | (3,534) | (4,549) | (4,074) |
| Re-measurement of equity accounted investees | (1,002) | - | - | - | - | - |
| Share in net income of equity accounted investees | 18,071 | 26,458 | 10,325 | 10,325 | 6,921 | 3,299 |
| Income before Zakat and non-controlling interests | (50,680) | 16,874 | 8,413 | 8,413 | 9,628 | 13,641 |
| Zakat | (180) | (6,740) | (3,875) | (3,875) | (2,060) | (2,875) |
| Net income before non-controlling interests | (50,860) | 10,134 | 4,538 | 6,320 | 7,618 | 10,766 |
| Non-controlling interests in net loss of consolidates subsidiaries | 1,075 | (597) | (1,782) | (1,782) | (50) | (2,011) |
| Net income | (49,785) | 9,537 | 6,320 | 4,538 | 7,568 | 8,755 |

Cash flow statement



| SAR '000 | 2019 | 2020 | Q1 2021 | Q2 2021 |
|-------------------------------------------------------------|------------------|------------------|----------------|-----------------|
| <u>Cash flows from operating activities</u> | | | | |
| Profit/(loss) for the period | (50,860) | 10,134 | 4,538 | 22,054 |
| Adjustments: | 9,223 | 64,597 | 16,713 | 23,585 |
| <u>Changes in operating assets & liabilities</u> | 262,739 | (55,964) | (21,378) | (97,946) |
| Employees' end of service benefits paid | (7,428) | (4,028) | (936) | (2,099) |
| Financial charges paid | (32,719) | (18,769) | (3,534) | (7,608) |
| Zakat and income tax paid | (1,416) | (3,061) | (3,239) | (22,370) |
| Net cash from operating activities | 230,399 | (17, 225) | (7,836) | (84,384) |
| Net cash used in investing activities | 2,546 | 47,115 | (1,159) | (627) |
| Net cash used in financing activities | (191,885) | 2,812 | 11,778 | 82,432 |
| Net increase/(decrease) in cash and cash equivalents | 41,060 | 32,702 | 2,783 | (2,579) |
| Cash and cash equivalents acquired during the year | - | - | - | - |
| Cash and cash equivalents at beginning of the year | 6,144 | 47,204 | 79,906 | 79,906 |
| Cash and cash equivalents at end of the period | 47,204 | 79,906 | 82,689 | 77,327 |

Balance sheet



| SAR '000 | 2019 | 2020 | Q1 2021 | Q2 2021 |
|-------------------------------------------|------------------|------------------|------------------|------------------|
| <u>ASSETS</u> | | | | |
| Non-current assets | 719,090 | 682,851 | 690,129 | 672,977 |
| Current assets | 748,181 | 756,813 | 865,002 | 884,286 |
| Total assets | 1,467,271 | 1,439,664 | 1,555,131 | 1,557,263 |
| <u>EQUITY</u> | | | | |
| Total equity attributable to shareholders | 624,012 | 632,007 | 622,296 | 611,388 |
| Total equity | 643,945 | 652,526 | 657,784 | 624,681 |
| <u>LIABILITIES & EQUITY</u> | | | | |
| Non-current liabilities | 215,096 | 135,006 | 100,814 | 107,884 |
| Current liabilities | 608,230 | 652,132 | 772,266 | 824,698 |
| Total liabilities | 823,326 | 787,138 | 897,347 | 932,582 |
| Total equity & liabilities | 1,467,271 | 1,439,664 | 1555,131 | 1,557,263 |

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