# Compiled Email Content

## Content from: FW ALPHA DATA 2Q25 FIRST GLANCE Solid beat at all levels on impressive... (171 KB).msg

This is classified as Wisayah: Company General Use by Ayub Ansari at 08/17/2025 15:31Z  
From:  
Omar Maher <omaher@efg-hermes.com>  
Sent:  
Friday, August 15, 2025 10:50 AM  
To:  
Wisayah Equity Research <research@wisayah.com>  
Subject:  
\*ALPHA DATA 2Q25 FIRST GLANCE: Solid beat at all levels on impressive operating performance; reiterate Buy  
⚠️  
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Alpha Data: AED1.75 as of 13 Aug. 2025, Rating: Buy, TP: AED2.54, MCap: USD476mn, ALPHADAT UH/ALPHADATA.AD  
Alpha Data 2Q25 results: Solid beat at all levels on impressive operating performance; reiterate Buy  
2Q25 results highlights  
Net profit  
– AED45.0mn, -5% Y-o-Y, +41% Q-o-Q, +30% vs EFGe of AED34.7mn  
Revenue  
– AED710mn, -7% Y-o-Y, +19% Q-o-Q, +11% vs EFGe of AED638mn  
EBITDA margin  
– 7.1%, +0.8pp Y-o-Y, +1.1pp Q-o-Q, +0.9pp vs EFGe of 6.2%  
Results overview  
Alpha Data’s 2Q25 results surprised positively at all levels, with net income coming in at AED45mn (-5% Y-o-Y, +41% Q-o-Q), beating our estimate of AED35mn by 30%; this was mainly due to stronger-than-expected revenue – especially in the solutions segment –  
 and a higher-than-usual EBITDA margin that was also above our estimate. We note that the slight earnings decline on a Y-o-Y basis is misleading as 2Q24 was an exceptionally high base. Moreover, 2Q25 was surprisingly high relative to the usual seasonality trends,  
 as 1Q and 4Q tend to be the strongest quarters of the year on the back of clients’ residual IT spending, while 2Q and 3Q are usually softer. Management did not clarify the driver for strong performance in 2Q25 specifically but explained that 1H25 overall was  
 a strong period due to favourable market dynamics in the regional ICT and AI services landscape.  
Total revenue landed at AED710mn, beating our estimate of AED638mn by 11%, primarily because of better-than-expected performance in the solutions segment. On a Y-o-Y basis, revenue fell 7% because of an unusually strong base in 2Q24, while  
 on a Q-o-Q basis revenue was up 19%; yet again, the direction was dictated largely by the solutions segment given that it contributed 87% of 2Q25 revenue. Solutions revenue came in at AED618mn (-11% Y-o-Y, +24% Q-o-Q), beating our estimate of AED534mn by 16%;  
 the company cited a surge in demand for AI-based solutions as a reason for the segment’s strong growth in 1H25. Revenue from the second largest segment, services, expanded 66% Y-o-Y but fell 24% Q-o-Q to AED52mn vs our estimate of AED76mn (-31% vs EFGe); the  
 main growth drivers here in 1H25 were managed services and cloud migration. Lastly, revenue from the talent segment improved visibly by 22% Y-o-Y and 52% Q-o-Q to AED40mn, widely beating our estimate of AED28mn by 42%.  
Consolidated gross profit jumped 14% Y-o-Y – despite revenue declining in that period – and 16% Q-o-Q to AED100mn, beating our estimate of AED77mn by a substantial 30%; this translated into a GP margin of 14.1% for the quarter (+2.5pp Y-o-Y,  
 -0.4pp Q-o-Q, +2.1pp vs EFGe of 12.0%). On a Y-o-Y basis, there was significant improvement in the solutions segment’s GP margin to 10.3%, mainly due to an improvement in product mix with more contribution coming from cloud, cybersecurity, and AI. As a result,  
 EBITDA also grew well by 6% Y-o-Y and 42% Q-o-Q to AED50mn (+27% vs EFGe), implying a healthy margin of 7.1% (+0.8pp Y-o-Y, +1.1pp Q-o-Q, +0.9pp vs EFGe of 6.2%), which in turn helped in maintaining the net profit margin above 6% as targeted by management.  
Our view  
This was a very strong quarter for Alpha Data, beating our estimates at all levels on solid organic performance, which we see as very encouraging. We reiterate our Buy rating on the stock as the results confirm our positive view on the overall IT market  
 in UAE and KSA, as well as the company’s strong positioning and its execution abilities. Moreover, the strong results YTD in 1H25 put Alpha Data in a comfortable position to meet its FY25 guidance; management reaffirmed the guidance despite the strong numbers  
 so far this year, and we believe there could be room for beating this guidance. The UAE’s macroeconomic momentum remains positive, which supports a continuation of the growth story for Alpha Data.  
Actual vs forecast quarterly income statement highlights  
In AEDmn, unless otherwise stated  
2Q24a  
3Q24a  
4Q24a  
1Q25a  
2Q25a  
Y-o-Y  
Q-o-Q  
2Q25e  
vs EFGe  
Revenue  
761  
471  
682  
594  
710  
-6.7%  
19.4%  
638  
11.3%  
Cost of sales  
(673)  
(415)  
(594)  
(509)  
(610)  
-9.4%  
19.9%  
(561)  
8.6%  
Gross profit  
88  
56  
87  
86  
100  
13.9%  
16.5%  
77  
30.4%  
Gross profit margin  
11.5%  
11.9%  
12.8%  
14.4%  
14.1%  
2.5pp  
-0.4pp  
12.0%  
2.1pp  
G&A expenses (ex-depreciation)  
(40)  
(38)  
(43)  
(50)  
(50)  
23.3%  
-1.6%  
(37)  
34.0%  
EBITDA  
47  
18  
44  
35  
50  
6.0%  
42.2%  
40  
27.0%  
EBITDA margin  
6.2%  
3.9%  
6.5%  
5.9%  
7.1%  
0.8pp  
1.1pp  
6.2%  
0.9pp  
Depreciation & amortisation  
(1)  
(1)  
(1)  
(1)  
(1)  
-17.2%  
15.3%  
(1)  
-29.1%  
EBIT  
46  
17  
43  
35  
49  
6.6%  
42.9%  
38  
28.9%  
EBIT margin  
6.1%  
3.6%  
6.4%  
5.8%  
7.0%  
0.9pp  
1.1pp  
6.0%  
1.0pp  
Other income  
5  
5  
1  
1  
1  
-79.7%  
47.4%  
0  
393.4%  
Net finance income (cost)  
1  
(2)  
(2)  
(0)  
(1)  
N/M  
515.3%  
(0)  
44.2%  
Net FV gain on advances  
-  
-  
2  
-  
-  
N/R  
N/R  
-  
N/R  
EBT  
52  
20  
44  
35  
50  
-4.0%  
41.7%  
38  
30.7%  
Income tax  
(5)  
(2)  
(4)  
(3)  
(5)  
4.1%  
49.8%  
(3)  
39.2%  
Net profit  
47  
18  
40  
32  
45  
-4.8%  
40.9%  
35  
29.8%  
Net profit margin  
6.2%  
3.8%  
5.8%  
5.4%  
6.3%  
0.1pp  
1.0pp  
5.4%  
0.9pp  
Source: Alpha Data, EFG Hermes estimates  
Actual vs forecast quarterly revenue breakdowns  
In AEDmn, unless otherwise stated  
2Q24a  
3Q24a  
4Q24a  
1Q25a  
2Q25a  
Y-o-Y  
Q-o-Q  
2Q25e  
vs EFGe  
Solutions  
696  
380  
433  
499  
618  
-11.3%  
23.8%  
534  
15.7%  
Services  
31  
60  
211  
69  
52  
65.9%  
-24.3%  
76  
-31.2%  
Talent  
33  
32  
38  
26  
40  
21.6%  
52.1%  
28  
42.1%  
Total  
761  
471  
682  
594  
710  
-6.7%  
19.4%  
638  
11.3%  
Source: Alpha Data, EFG Hermes estimates  
Actual vs forecast quarterly gross profit breakdowns  
In AEDmn, unless otherwise stated  
2Q24a  
3Q24a  
4Q24a  
1Q25a  
2Q25a  
Y-o-Y  
Q-o-Q  
2Q25e  
vs EFGe  
Solutions  
54  
38  
51  
58  
64  
17.8%  
8.8%  
48  
32.2%  
Services  
26  
13  
29  
23  
29  
12.5%  
27.6%  
18  
60.5%  
Talent  
8  
6  
7  
4  
7  
-8.2%  
61.2%  
10  
-31.3%  
Total  
88  
56  
87  
86  
100  
13.9%  
16.5%  
77  
30.4%  
Source: Alpha Data, EFG Hermes estimates  
Actual vs forecast quarterly gross profit margin breakdowns  
2Q24a  
3Q24a  
4Q24a  
1Q25a  
2Q25a  
Y-o-Y  
Q-o-Q  
2Q25e  
vs EFGe  
Solutions  
7.7%  
9.9%  
11.8%  
11.7%  
10.3%  
2.5pp  
-1.4pp  
9.0%  
1.3pp  
Services  
82.6%  
22.2%  
14.0%  
33.2%  
56.0%  
-26.6pp  
22.8pp  
24.0%  
32.0pp  
Talent  
23.4%  
17.2%  
18.3%  
16.7%  
17.7%  
-5.7pp  
1.0pp  
36.6%  
-18.9pp  
Total  
11.5%  
11.9%  
12.8%  
14.4%  
14.1%  
2.5pp  
-0.4pp  
12.0%  
2.1pp  
Source: Alpha Data, EFG Hermes estimates  
(results table attached)  
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## Content from: FW PULSE Salik Company PJSC Off The 2Q25 Call (184 KB).msg

This is classified as Wisayah: Company General Use by Ayub Ansari at 08/14/2025 19:03Z  
From:  
Ricardo Rezende CFA <Ricardo.Rezende@morganstanley.com>  
Sent:  
Thursday, August 14, 2025 3:13 PM  
To:  
Ayub Ansari <ayub.ansari@wisayah.com>  
Subject:  
PULSE: Salik Company PJSC: Off The 2Q25 Call  
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Salik Company PJSC (SALIK.DU)  
Off The 2Q25 Call  
Read  
 Full Report  
(PDF: 8 Pages)  
Europe  
Stock Rating  
Overweight  
Price Target  
AED 6.40  
Ricardo Rezende, CFA, Giuseppe Villari, Jonathan Chung, Sylvia C Richards  
August 14, 2025  
Guidance.  
Guidance assumes that the floating bridge will remain closed in 2025.  
Concession fee.  
Potential changes to the current 22.5% rate will only take place based on actual data on traffic and on 2025 inflation (to be published in early 2026).  
New gates.  
There are no updates on potential new gates, with management reiterating this is an RTA decision. Given how recent the last two gates are (introduced in November 2024), management mentioned that the regulator would likely need a full year of data before proceeding  
 with potential new gates.  
Dynamic pricing.  
There could be a new trend for traffic going forward (share of off-peak and past midnight trips), but it should take a few more quarters of data to be able to make any  
 conclusions.  
Parkonic.  
Salik is currently at 70 Parkonic locations. It expects to reach 'at least' 120-130 by year end.  
Sukuk.  
Salik might consider a Sukuk issuance, to be planned early next year.  
Dividends.  
Potential updates to the current dividend policy are subject to Board approval and might be decided in 2H.  
Read  
 more...  
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## Content from: FW Salik Co. (SALIK.DU) 2Q25 First Take (184 KB).msg

This is classified as Wisayah: Company General Use by Ayub Ansari at 08/13/2025 11:39Z  
From:  
Faisal AlAzmeh, CFA <faisal.alazmeh@alerts.publishing.gs.com>  
Sent:  
Wednesday, August 13, 2025 2:38 PM  
To:  
Ayub Ansari <ayub.ansari@wisayah.com>  
Subject:  
Salik Co. (SALIK.DU): 2Q25 First Take  
⚠️  
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Print  
|  
Read  
Salik Co. (SALIK.DU): 2Q25 First Take  
13 August 2025 | 3:35PM GST  
Salik reported 2Q25 results on August 13.  
Results overview  
Revenues  
for 2Q25 came in at c.AED776mn, +6%/+8% vs. GSe/Bloomberg consensus, respectively, up +46% yoy (+3% qoq), with total chargeable trips at 160.4mn for the quarter, of which  
 trips during peak tariff periods stood at 57.7mn (27% of chargeable trips, vs. c.54% off-peak trips). Topline performance was driven by yoy growth across revenue lines, including a +49% yoy increase in toll usage fees on the back of the full impact from the  
 introduction of the two new gates, implementation of variable pricing from Jan-end, and ongoing favorable macro backdrop (tourism in Dubai).  
EBITDA  
stood at AED545mn, +7%/+6% vs. GSe/consensus, reflecting a c.70% margin for the quarter, up from 69% in 1Q25.  
Net income  
of AED400mn was 10/11%% ahead of GS/consensus, up 50% yoy (+8% qoq).  
Net debt stood at AED4.85bn at June-end, reflecting a TTM net debt/EBITDA of 2.55x (vs 2.7x in 1Q25), while FCF  
 for the quarter came in at AED485mn (c.63% margin, vs. 83% in 1Q25). The company's board proposed a dividend of AED770.9mn for 1H25 (or AED0.103/sh).  
Guidance revised upwards.  
The company upgraded its FY25 guidance whereby it now expects: (1) revenue growth to be the range of 34-36%, compared to 28-29% previously (Visible Alpha Consensus currently at 31.6%), and (2) EBITDA margins to range between 68.5%-69.5% compared with 68-69%  
 previously (consensus currently at 69.8%).  
GS view  
:  
Salik reported strong results ahead of expectations; we view the strong yoy growth and revised guidance as favorably and believe the momentum is likely to continue into the  
 coming quarters. We are Buy-rated on the name, and see Salik well positioned to capitalize on the favorable backdrop in Dubai. We look forward for management's conference call to be held tomorrow (August 14) at 15:00 UAE time, and believe investor focus will  
 be largely centered around trends seen post the implementation of dynamic pricing (e.g. impact on consumer behavior) and monetization of the new initiatives.  
Exhibit 1: Salik 2Q25 results checksheet  
Source: Company data, Goldman Sachs Global Investment Research, Bloomberg  
Valuation methodology  
We are Buy rated on Salik, and derive our 12-month price target of AED6.80 using a target 2026E EV/EBITDA of 24.0x.  
 Key risks to our rating and price target include (1) lower-than-expected economic/population growth, (2) unfavorable changes of the concession agreement/TransCore contract, (3) higher-than-expected capex arising from new investments, and (4) increase in gasoline  
 prices impacting traffic.  
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 Report Online  
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## Content from: FW Savola 2Q25 results call takeaways (94.3 KB).msg

This is classified as Wisayah: Company General Use by Ayub Ansari at 08/17/2025 15:31Z  
From:  
Hatem Alaa <halaa@efg-hermes.com>  
Sent:  
Friday, August 15, 2025 9:45 AM  
To:  
Wisayah Equity Research <research@wisayah.com>  
Subject:  
Savola 2Q25 results call takeaways  
⚠️  
CAUTION: This email  
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Do not click links or open attachments unless you recognize the sender and know the content is safe.  
Savola: SAR24.6 as of 13 Aug 2025, Rating: Buy, TP: SAR35.00, MCap: USD1,968mn, SAVOLA AB/2050.SE  
Savola 2Q25 results call takeaways  
We hosted Savola’s 2Q25 results conference call, attended by Wajid Khan (Group CFO) and Mohammad Nasr (CIO). We summarise key takeaways  
 below:  
General highlights  
\*  
Revenue increased 18% Y-o-Y in 2Q25 while 1H25 revenue increased 11% with Arabia markets contributing 71% of total  
 revenue in 1H25 (vs 76% in 1H24). Arabia markets’ revenue increased 4% Y-o-Y in 1H25, Egypt +32% (includes positive impact from USCE consolidation of SAR739mn in 1H25), and other markets +42% Y-o-Y in 1H25.  
\*  
Headline net profit was SAR105.7mn in 2Q25 (vs SAR134.4mn in 2Q24), while adjusted 2Q25 net profit was SAR57mn  
 (vs losses of SAR6mn in 2Q24).  
\*  
Drop in finance costs mainly on debt repayment; still witnessing higher finance costs  
in Turkey  
on higher rates and working capital needs (6-9 month loans); +SAR10mn is related to consolidation of United Sugar in Egypt (USCE).  
\*  
Net debt (ex. IFRS 16 leases) dropped to SAR937mn in 2Q25 (vs SAR6.9bn in 2Q24) on rights issue proceeds.  
\*  
Capex increased 4.5% Y-o-Y to SAR355mn in 1H25 mainly spent on Panda’s store expansions and CXR programme.  
\*  
No update on potential disposal of non-core assets.  
Net profit adjustments  
\*  
2Q24 net profit adjustments  
:  
 excluding i) SAR23.1mn impact of discontinued operations; ii) SAR210.8mn share of profit from former investment in Almarai; and iii) SAR92.2mn financial charges related to debt settled in 2024, the  
group’s net losses reached SAR6.3mn in 2Q24  
\*  
1H25 one-offs:  
i) SAR2.1mn impact from discontinued operations; ii) SAR53mn reversal of accruals; and iii) SAR6mn assets write off.  
\*  
Change in 1H25 net income is broken down as follows:  
i) +SAR7mn from Savola Foods, ii) +SAR9.4mn from Panda; iii) -SAR3.5mn from Al Kabeer; iv) +SAR5.6mn from Herfy; v) +SAR22.7mn from Kinan; and vi) +SAR89.6mn others/elimination.  
Grocery retail (Panda)  
\*  
Panda reported revenue growth of 9.5% in 2Q25 with LFL revenue +2% in 1H25 despite an increasingly competitive environment  
 on rollout of new stores, continued execution of CXR program.  
\*  
Basket size slightly smaller post Ramadan; promotional intensity continues to be high.  
\*  
Network expansion: Panda further strengthened its retail footprint, expanding its total store count to 214 as  
 of 2Q25, up from 209 in 2024;  
expect 10-20 additional stores to be opened by the end of the year  
.  
\*  
Increased its market share  
reinforcing its position as the largest modern trade retailer in KSA.  
\*  
New regulations banning baqqalas from selling meat, chicken, etc. should have a positive impact on smaller supermarkets  
 and quick commerce apps but too early to assess impact on market.  
\*  
E-commerce  
: Panda’s online platform strong  
 growth in 1H25, as it continued to roll out its e-commerce program with Ocado’s partnership – to be fully launched next year; online grocery market in KSA is estimated at SAR3-5bn.  
\*  
Online channel expected to reach 3% of revenue in 2025e  
(vs less than 1% in 2024).  
\*  
Do not consolidate revenue from Clix JV with eXtra – revenue is recorded by eXtra.  
\*  
EBITDA increased +11.5% in 2Q25 primarily attributed to higher sales and improved margins.  
\*  
Driving earnings growth through supplier rebates with Panda headline earnings reaching SAR9mn in 2Q25 (+56% Y-o-Y)  
Food segment (edible oils and sugar)  
\*  
Revenue +8% Y-o-Y in 2Q25 includes the positive impact of USCE consolidation. Adjusting for USCE consolidation  
 impact,  
revenues in 2Q25 declined by c7% Y-o-Y  
.  
\*  
Gross profit and EBITDA declined on normalisation of margins in the oil segment.  
\*  
Savola Foods earnings increased 56% Y-o-Y in 2Q25 – adjusted for SAR6mn asset write-off in 2Q25, Savola Foods  
 net income increased by 74% Y-o-Y in 2Q25.  
\*  
Oil volumes +10% in 1H25 with Arabia +11%; other markets volumes +9%  
\*  
Oil revenue was up 14% in 1H25 (Arabia +21%, other markets +9%).  
\*  
Oil net profit was almost flat (+1% in 1H25) mainly on a drop in profitability in Arabia (-18%); gross profit per tonne  
 declined to SAR823 (vs SAR1,088 last year)  
as 1H24 was inflated due to EGP devaluation impact  
– recorded high profits in 1H24 as they were pricing ahead of devaluation (black market rate pricing but translating at official rate), which even offset the  
 impact of FX losses.  
\*  
Gross profit per tonne for oil expected to remain stable between  
SAR825-875 –  
seeing downtrading from consumer side and competition from private labels especially in Arabia  
.  
\*  
Savola Foods enhanced its market share in Arabia oil segment, led by B2B growth in the industrial and QSR segments,  
 offsetting competitive pressure from value-for-money brands.  
\*  
Overall, edible oil business continued its resilient performance, supported by growth in volumes and momentum  
 in both B2B and B2C segments primarily in Arabia and Egypt.  
\*  
Sugar volumes -2% in 1H25 (Egypt +4%, KSA -6%), while sugar revenue dropped 14% (Egypt -19%, KSA -8%). Net profit  
 was up 3% to SAR55mn in 1H25.  
\*  
Pasta volumes increased 17% in 1H25, while revenues -4% on EGP devaluation impact and commodity price fluctuations;  
 net profit +23% to SAR23mn.  
\*  
Delivering strong performance in Egypt backed by increase in edible oil volumes and growth in pasta segment across  
 all channels.  
\*  
Savola Food’s specialty fats business sustained its growth in 2Q25, driven by continued innovation and new product  
 development tailored for industrial and QSR channels.  
Al Kabeer  
\*  
Al Kabeer (frozen foods business) revenue increased 8% Y-o-Y in 2Q25.  
\*  
Poultry performance continued to be under pressure in both premium and non-premium product ranges amid intensified  
 competition, resulting in increased trade discounts and promotions and thereby impacting margins.  
\*  
The company continues to work on diversifying its product mix with non-poultry categories such as seafood, potatoes  
 etc.  
\*  
Frozen industry is witnessing structural shift, leading Al Kabeer to focus on channel diversification through  
 expansion in the discounter and food services segment while continuing to focus on modern trade.  
\*  
Al Kabeer Professional (B2B platform) delivered strong growth in 1H25 driven by gains in both chicken and non-chicken  
 categories.  
\*  
The company is also focusing on the e-commerce channel to drive growth, supported by strengthened partnerships  
 with leading online platforms both in KSA and UAE.  
\*  
Net income dropped 55% on lower gross margin (32.9% in 2Q25 vs. 34% in 2Q24).  
Bayara  
\*  
Bayara KSA revenue +38%, while UAE revenue +17% in 1H25.  
\*  
Bayara net losses in KSA reached SAR17mn in 1H25, while UAE profits declined 30% Y-o-Y to SAR18mn in 1H25.  
\*  
Challenges in HORECA channel in both UAE and KSA which is expected to continue.  
Please click  
 here  
for the company’s presentation.  
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Thursday, August 7, 2025 12:42 PM  
To:  
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>  
Subject:  
\*SAVOLA 2Q25 FIRST GLANCE: Adjusted net income at SAR106mn on higher Panda, food processing and associate earnings (ex-Almarai); below EFGe on lower margins  
Savola: SAR24.8 as of 6 Aug 2025, Rating: Buy, TP: SAR35.00, MCap: USD1,987mn, SAVOLA AB/2050.SE  
Savola 2Q25: Adjusted net income at SAR106mn on higher Panda, food processing and associate earnings (ex-Almarai); below EFGe on lower margins  
2Q25 results highlights  
Adjusted net income (company calculation): SAR105.7mn, vs loss of SAR6.3mn in 2Q24, -44% Q-o-Q, -9% vs. EFGe of SAR116.3mn  
Net profit: SAR105.7mn, -22% Y-o-Y, -44% Q-o-Q, -9% vs. EFGe of SAR116.3mn  
Revenue: SAR6,061.6mn, +18% Y-o-Y, -20% Q-o-Q, +6% vs. EFGe of SAR5724.3mn  
Gross profit: SAR1,221mn, +8% Y-o-Y, -14% Q-o-Q, -6% vs. EFGe of SAR1293.7mn  
Operating profit: SAR255.7mn, -34% Y-o-Y, -36% Q-o-Q, -14% vs. EFGe of SAR295.8mn  
Savola reported 2Q25 KPIs, with  
headline earnings down 22% Y-o-Y to SAR105.7mn in 2Q25  
, mainly on the absence of share of profit from its prior investment in Almarai (34.52% stake distributed to Savola shareholders in 4Q24; vs SAR210.8mn in 2Q24), which was partially offset by lower  
 financial charges related to debt settled in 2024 from its SAR6bn rights issue proceeds (-SAR92.2mn Y-o-Y).  
We note that 2Q24 numbers were restated to exclude results of recently divested Iran business and reclassification of Sudan to discontinued operations  
 (SAR23.1mn total impact)  
.  
Excluding the following adjustments in 2Q24  
: i) SAR23.1mn  
 impact of discontinued operations; ii) SAR210.8mnmn share of profit from former investment in Almarai; and iii) SAR92.2mn financial charges related to debt settled in 2024, the  
group’s net profit increased +  
SAR112mn vs. adjusted net losses of SAR6.3mn in 2Q24  
.  
Earnings missed our estimate by 9% mainly on weaker-than-expected margins.  
The increase in net profit on an adjusted basis is mainly driven by:  
i.  
A 57% Y-o-Y increase in Panda’s net profit  
to SAR9.4mn in 2Q25 (vs SAR6mn in 2Q24), primarily due to favorable impact of the CXR program  
ii.  
Food processing segment  
:  
 Net profit rose from SAR33.2mn to SAR55.5mn (+67% Y-o-Y), largely driven by edible oil volume growth in Saudi Arabia, other GCC countries, and Levant markets.  
iii.  
Food services (Herfy):  
Shifted from a net loss of SAR24mn to a net profit of cSAR1mn.  
iv.  
An improvement in the group’s share of results from associates  
(excluding Almarai and United Sugar Co. Egypt), shifting from an adjusted share of loss of SAR13mn to a share of profit of SAR8mn.  
v.  
Higher other operating income primarily due to reversal of accruals no longer required amounting to SAR52.7mn,  
 partly off-set by net loss on derecognition of certain non-current assets impacted by a regulatory authority's project (SAR7.9mn).  
vi.  
Lower zakat and income tax expenses.  
Results were negatively impacted by:  
i)  
Higher operating expenses  
ii)  
Higher net finance cost (excluding the benefit of debt repayment from rights issue proceeds) primarily due to the consolidation of United Sugar Co. of Egypt  
 in the current period, which was classified as an associate in the comparative period, and additional lease arrangements.  
Revenue increased 18% Y-o-Y in 2Q25  
(+6% vs. EFGe) driven by a 9.5% increase in Panda revenues, supported by an expanded store footprint and the positive impact of the Customer Experience Revival (CXR) programme.  
 Food processing segment top-line also grew Y-o-Y on increased volumes and prices in the edible oil category and on consolidation of United Sugar Co. of Egypt, which was classified as an associate in the comparative period. The company’s

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Dear All,  
Please find below summary of 2Q25 earnings call of Savola  
Savola’s 2Q25 Earnings Call Summary  
Recent Result  
\*  
Savola Group posted 2Q25 earnings of SAR 106mn, down 21.9% YoY, primarily due to the absence of share of profit from Almarai.  
\*  
Revenue rose 18.2% YoY to SAR 6,062mn due to the combined impact of 1) consolidation of United Sugar Company of Egypt (previously an associate),  
 2) 9% YoY revenue growth at Panda Retail Company, and 3) Higher revenues in the Food Processing segment, led by strong volumes and commodity prices in Edible Oils, which offset weaker volumes and pricing in Sugar.  
\*  
Segment wise Performance Summary during 2Q25:  
\*  
Retail Segment:  
Net profit increased to SAR 9.4mn (from SAR 6mn)  
 supported by the CXR program.  
\*  
Food Processing Segment:  
Net profit rose to SAR 55.5mn (from  
 SAR 33.2mn), driven by volume growth in edible oils across Saudi Arabia, GCC, and Levant.  
\*  
Food Services (Herfy):  
Turned profitable with SAR 1mn net profit vs. a net loss of SAR 24mn last year.  
Key Points from the Meeting  
\*  
Management reiterated that lower reduction in finance cost post right issue and Almarai disposal was due to Turkish and Egyptian debt used  
 to meet local working capital.  
\*  
On non-core assets (real estate & financial assets), management reiterated these will be disposed of when value-accretive opportunities arise.  
Panda:  
\*  
Management reiterated that it is still early to gauge the full impact of the ban on selling meat, tobacco, fruits, vegetables, etc., but anticipates  
 a shift in demand toward smaller supermarkets and quick commerce platforms.  
\*  
Management stated that despite intensifying competition, Panda maintained 2% LFL growth in 1H25 driven by the CXR program, which is boosting  
 customer traffic and growth in fresh and food categories.  
\*  
Management said that Savola has a strategic partnership with HungerStation for quick commerce and is rolling out an omni-channel e-grocery  
 platform with Ocado (full launch expected next year). Management declined to disclose commercial terms of Ocado partnership. Clarified Ocado acts as a technology and process enabler, not a revenue-sharing partner.  
\*  
Management shared its opinion that the market size of e-commerce grocery in KSA is estimated at SAR 3-5bn (unverified). No material shift observed  
 from offline to online, however, frequent shopping has increased due to stronger fresh offerings. Non-grocery food remains the most competitive online category.  
\*  
Management stated that growth in Panda’s sales is helping negotiate better terms with suppliers. Any cost savings are passed on to customers,  
 driving further volume growth.  
\*  
In 2Q25, customer traffic increased but basket size fell post-Ramadan. Promo intensity remained high. Panda plans to open 10–20 additional  
 stores in 2H25. Online contribution is expected to improve, driven by Ocado rollout.  
\*  
Management reiterated that capex of ~SAR 300mn for Panda was a blend of growth and CXR investments during 1H25, with higher allocation to growth  
 capex.  
Foods Segment:  
\*  
GP/ton for oil is expected in SAR 825-875 range, broadly intact versus SAR 850-900 guidance, subject to market conditions. Saudi and Egypt  
 are key markets, consumer down-trading and private label pose challenges.  
\*  
Drop in GP/ton in the oil segment during 1H25 was attributed to the abnormality in 1Q24 due to EGP devaluation, creating an unfavorable YoY  
 comparison.  
\*  
On concerns over NRV losses amid declining sugar prices, management stated inventories are kept for ~3 months. Sugar is fully hedged via back-to-back  
 contracts in NY11 and London No.5 (white premium), insulating against NRV risks.  
Regards,  
Muhammad Saad, CFA, CAIA