



RIYADH CABLES GROUP

Earnings Presentation Q1 / FY23



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Disclaimer

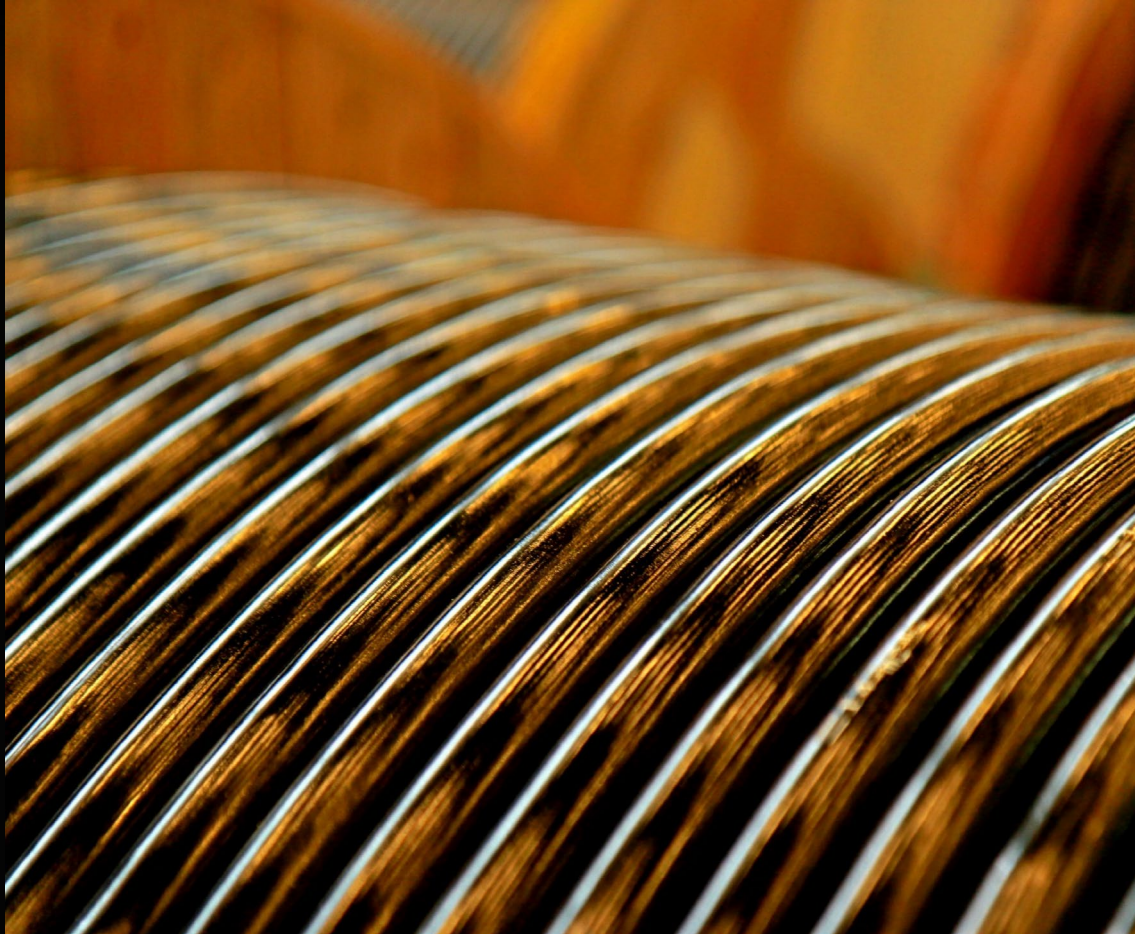


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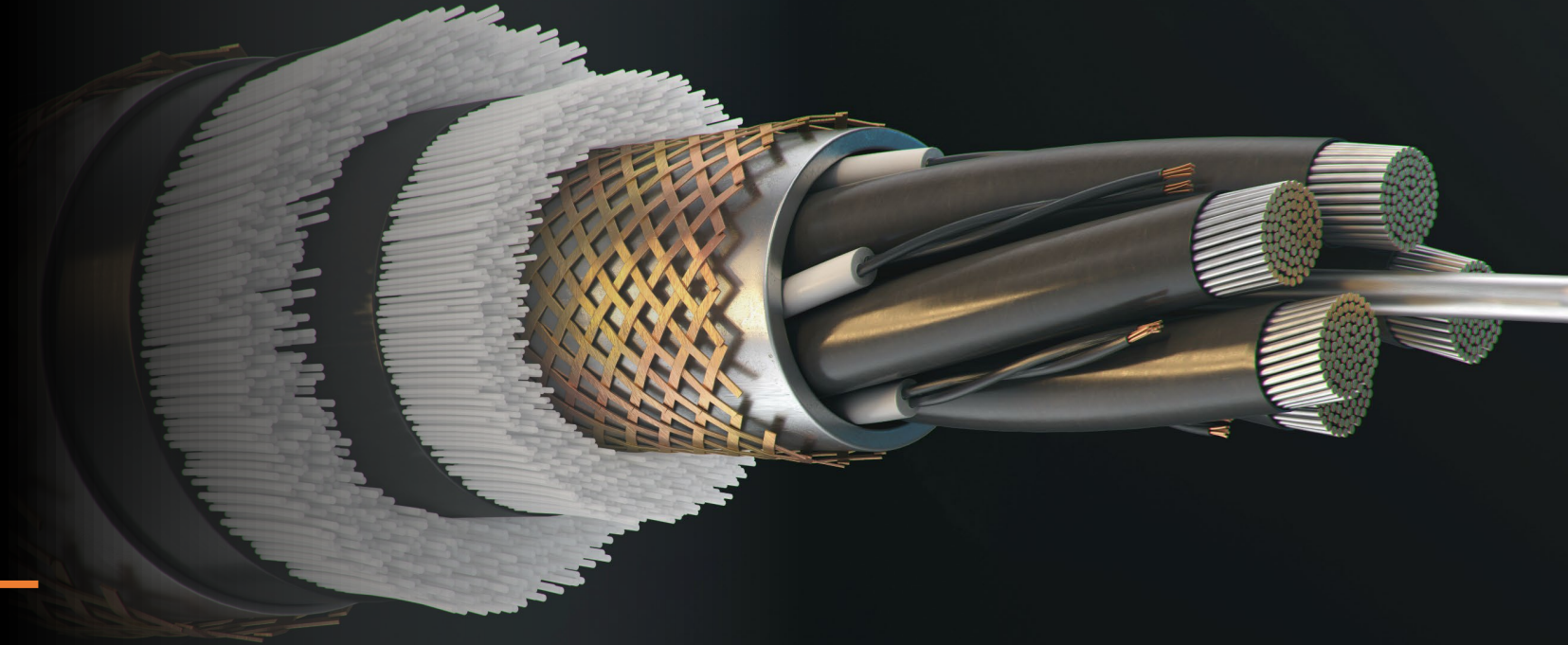
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The Way Forward



Company Overview



Cables are the backbone of the economy, touching every segment

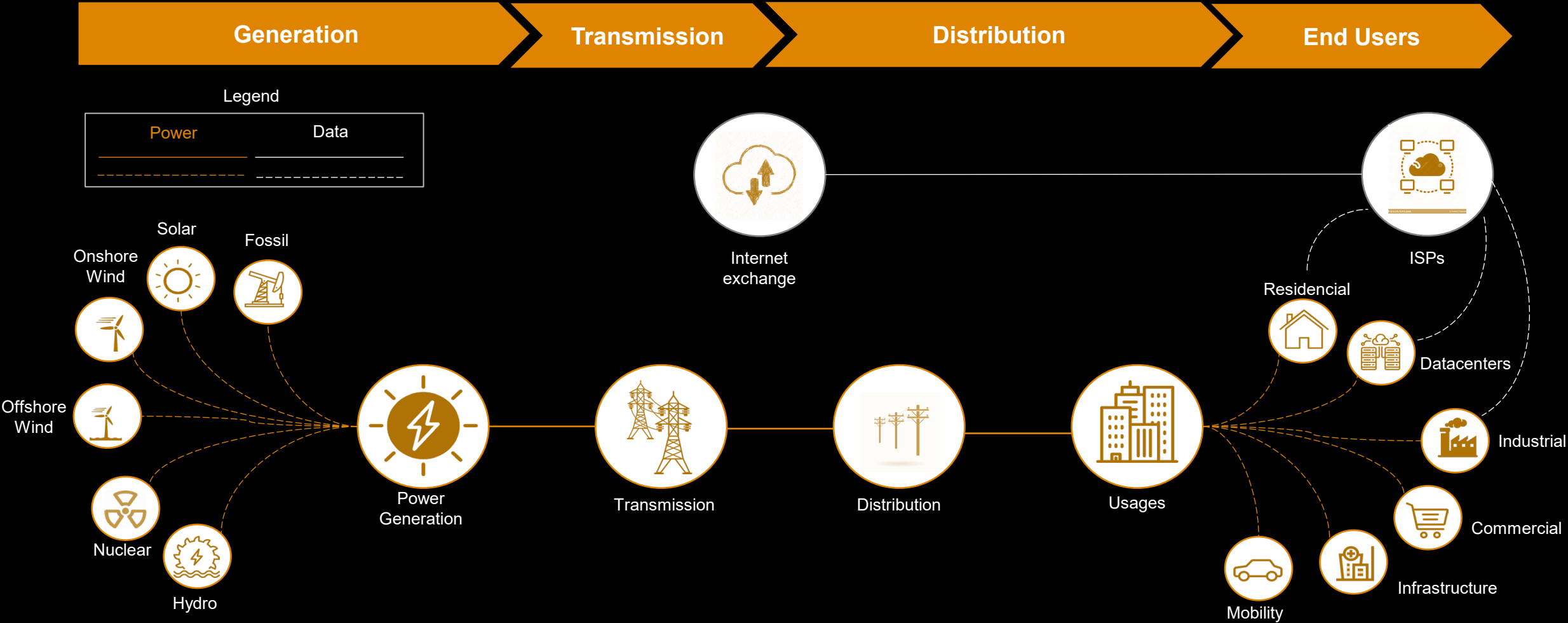
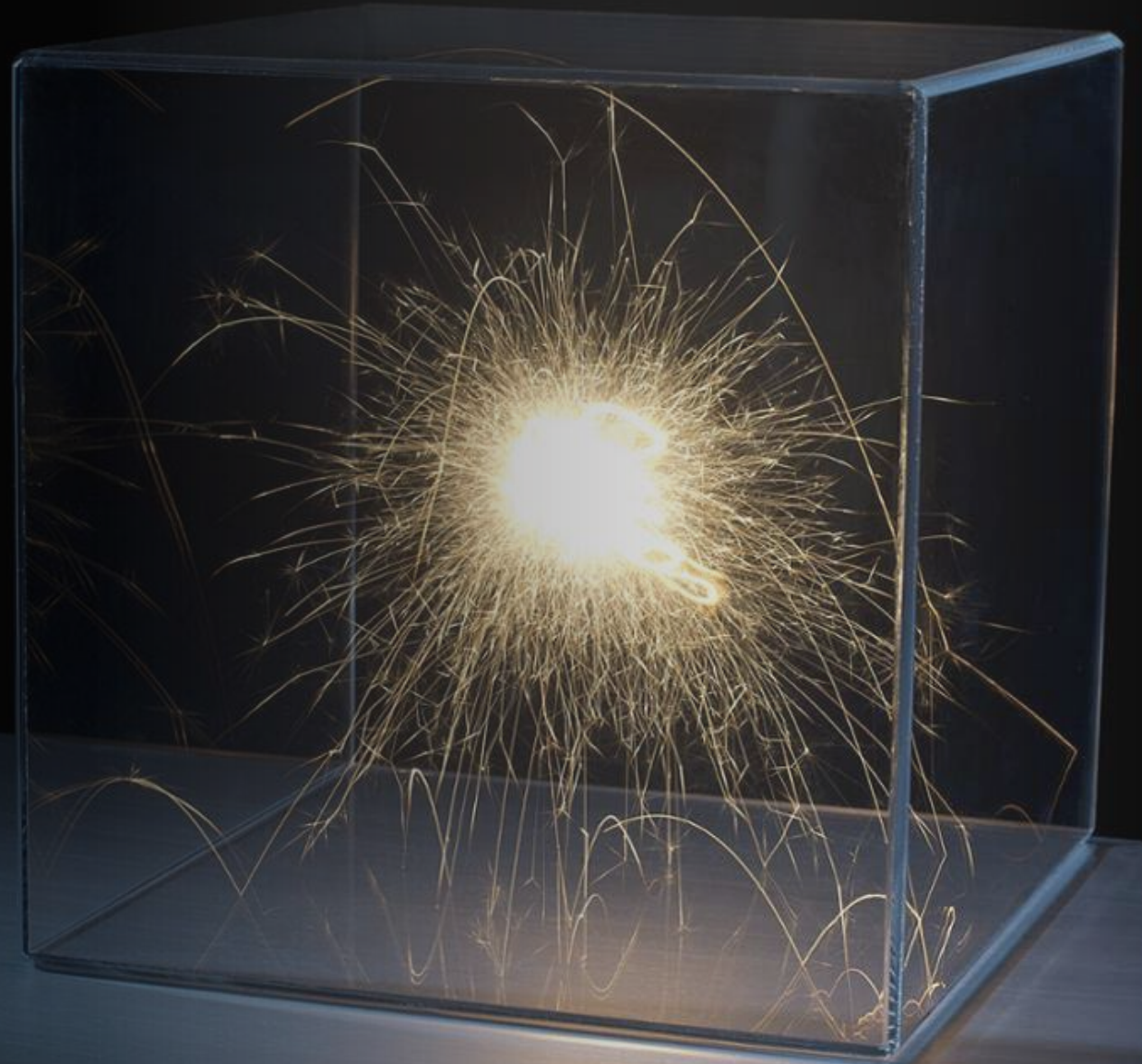


Illustration not exhaustive



Q1 / FY23 Performance Highlights



Q1-FY23 Financial and Operational Performance Snapshot

Percentage changes refer to YoY change

SARm 1,937

Revenue
+ 24.1%

Kt 59

Sales Volume
+ 31.4%

% 97

Avg. Utilization Rate
+ 7.8%

SAR 3,711

Gross Profit Per Ton
+ 18.7%

SARm 172

EBITDA
+ 46.7%

SARm 125

Net Profit
+ 48%

SARm 15

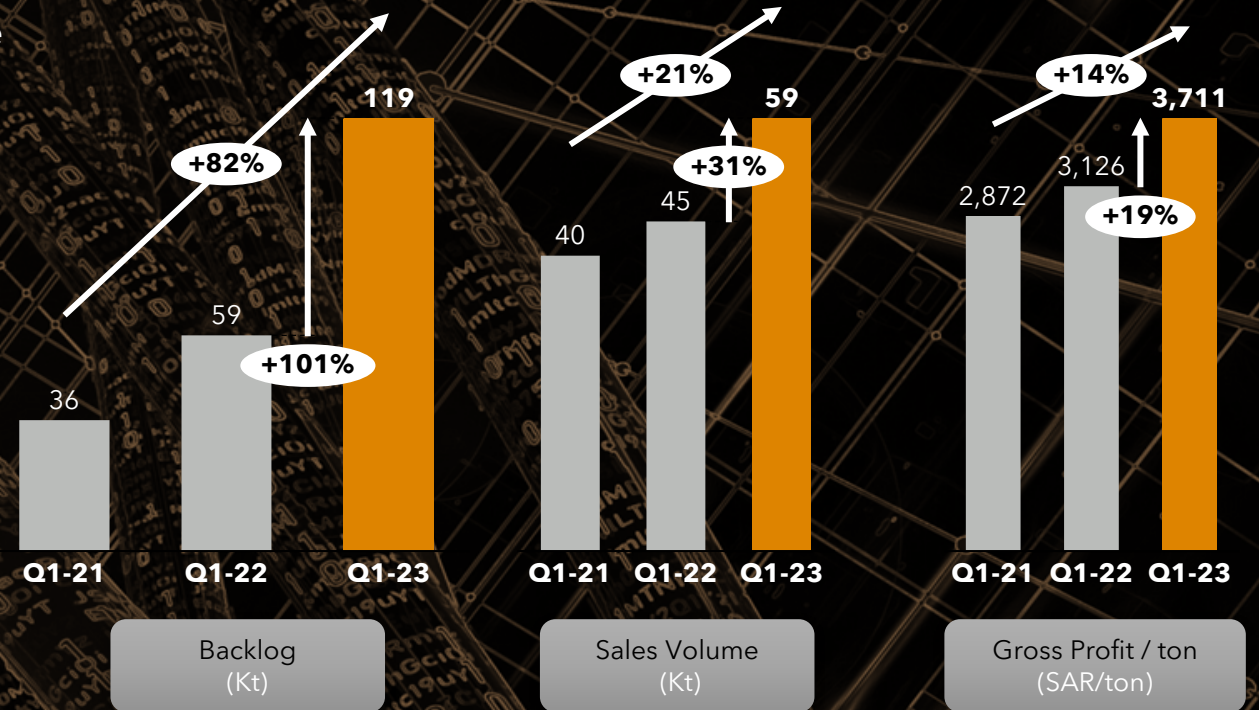
CAPEX (spent)
+ 105%

SARm 415

FCF
+ 336%

X 0.4

Net D/E
- 0.4 X



*PP: Percentage Point

Ton = 1,000 KG



Key Performance Drivers

Percentage changes refer to YoY change



Sales Volume

31% increase in sales volume backed by a healthy backlog and growing demand, especially in Projects and Utilities.



Revenue

Strong demand-driven revenue increased by 24% as RCG maintains its market share.



Gross Profit per tonne

Steadily growing, with an increase of 19% as a result of better mix, pricing and cost efficiencies.



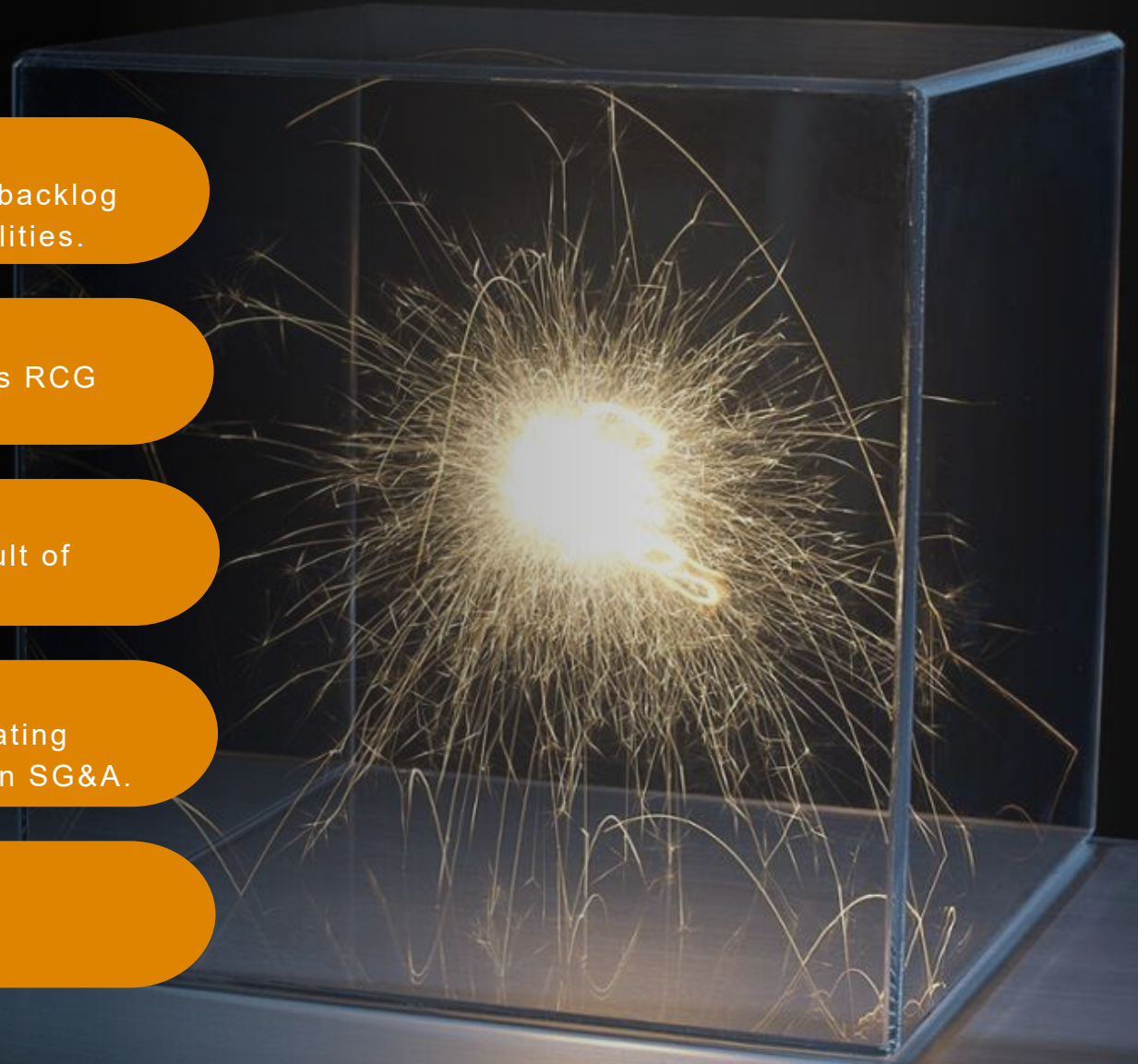
Net Profit

Increased sharply by 48% backed by stronger operating income driven by higher volumes and firm control on SG&A.



Free Cash Flow

Reached a record SAR 415 million backed by more efficient working capital management.



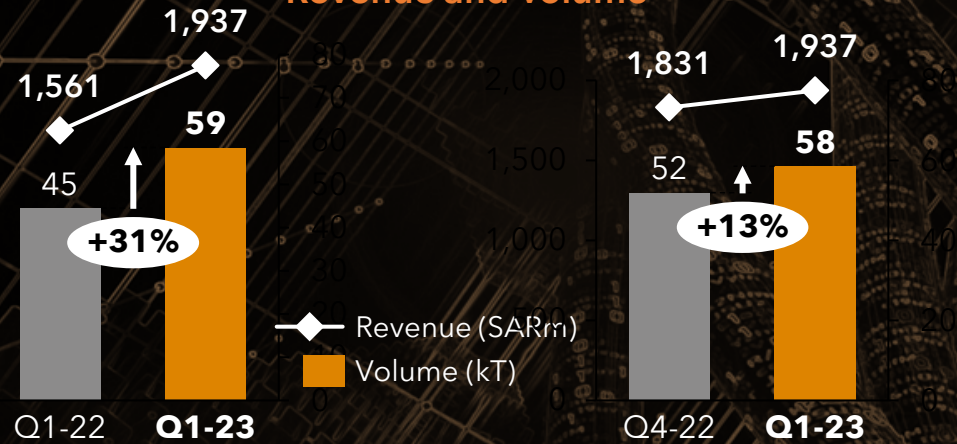


Financial Review



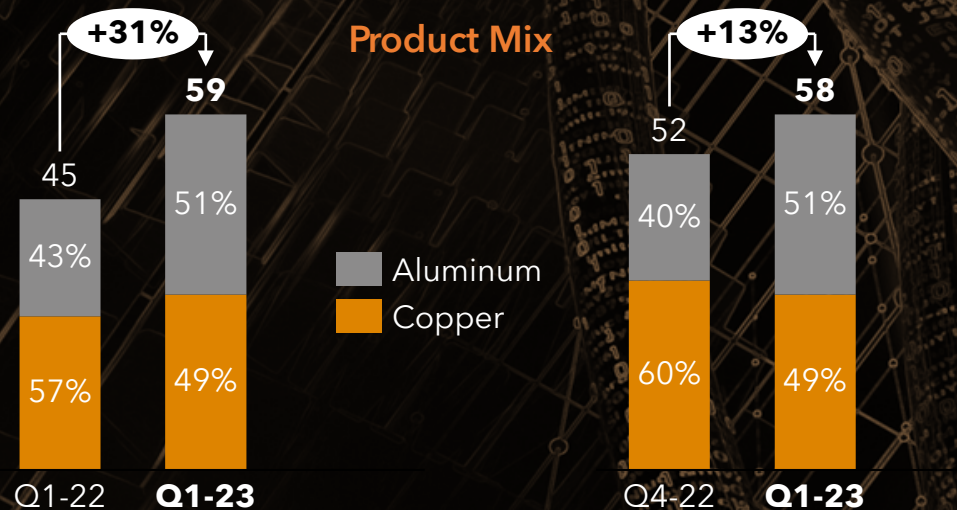
Q1-FY23 Financial and Operational Performance

Revenue and Volume



- Sales revenues and volumes increased in parallel on strong domestic and GCC demand.
- RCG is the supplier of choice by Vision 2030 realization contractors due to quality and timeliness of delivery.
- RCG delivers a larger stake of Medium Voltage (MV) and Overhead Lines (OHL) contracts, the trend to continue as per solid backlog.

Product Mix



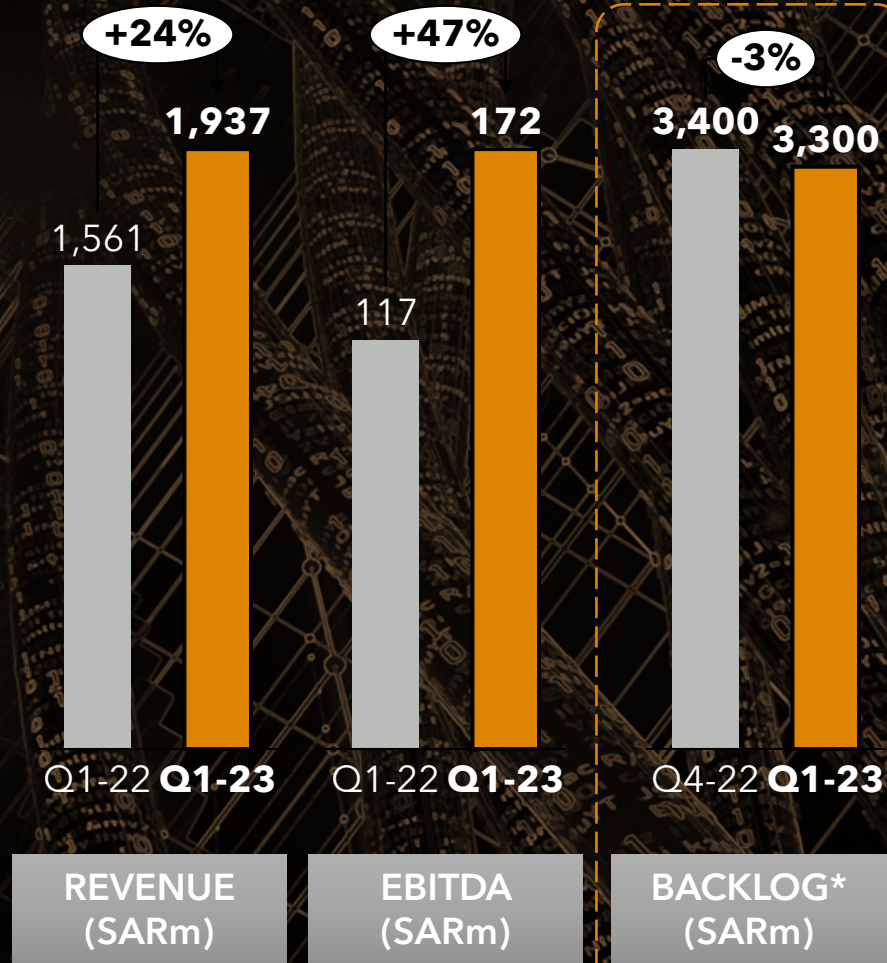
- The share of Aluminum products significantly increased on a QoQ basis due to heavier demand on Overhead Lines (OHL) products and larger share of local strategic tenders.

Backlog, profitability, and capacity utilization

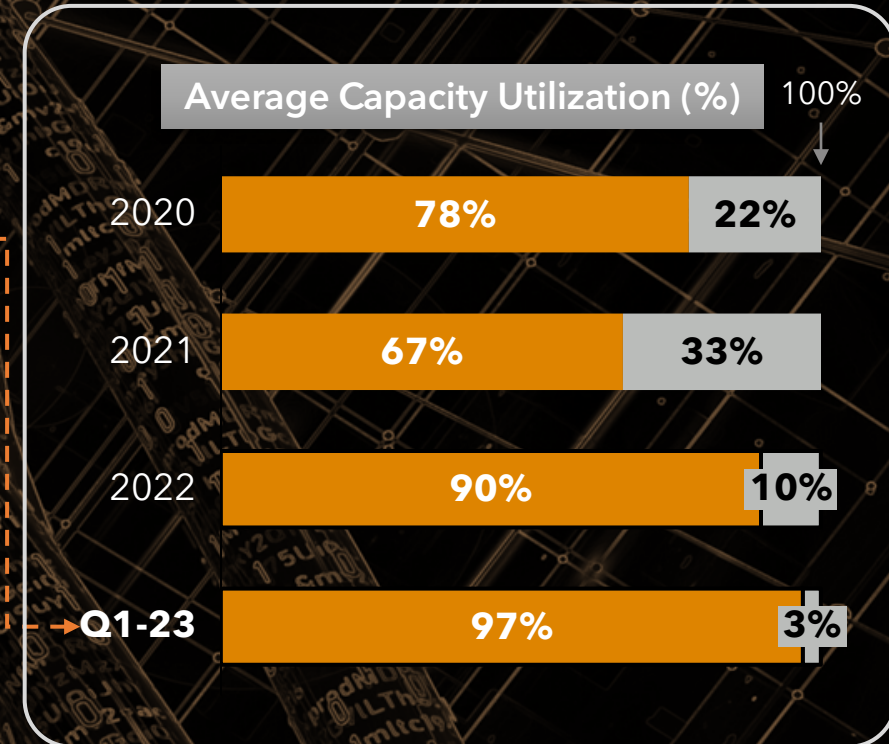
SAR **3.3** billion

Confirmed orders
backlog YTD

- Increased production throughput.
- Quote pipeline size grew ~40% in Q1-23 Vs Q4-22.
- Clients continue to reserve slots in production pipeline as more demands ramps up.



Strong backlog in Q1-2023 pushing utilization rate to 97%



*Confirmed orders

Gross profit and EBITDA show healthy improvement on higher sales and successful variable / fixed cost optimization

Gross Profit (SARm)



Gross Profit

- Quarterly gross profit increased as a result of higher sales volumes, realized efficiencies, and improved mix.
- RCG adopts a vigilant order selection methodology to maximize profitability and streamline order fulfillment and delivery time.

EBITDA (SARm)

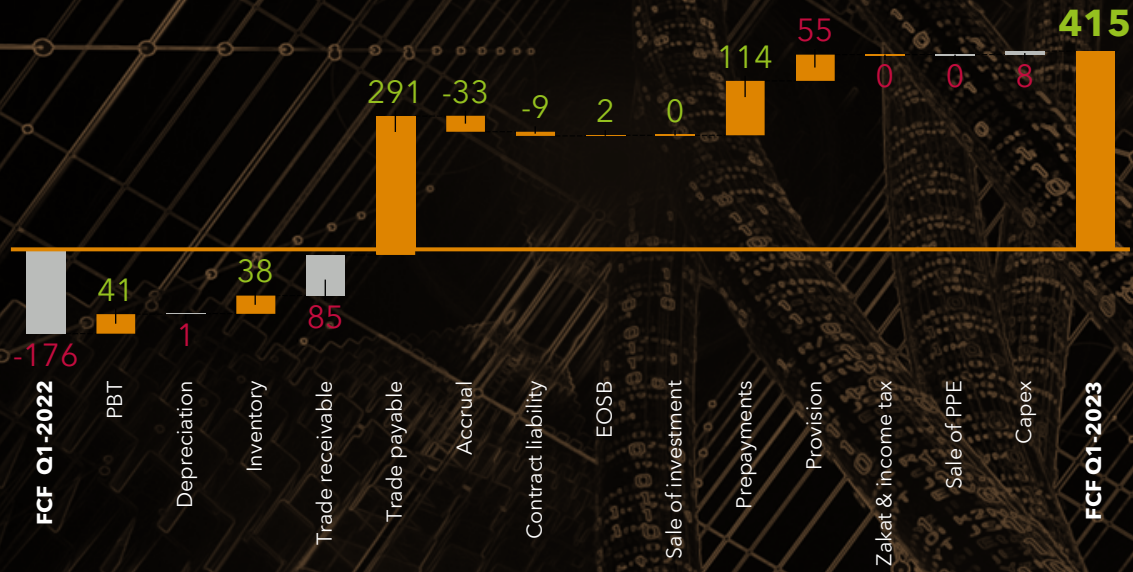


EBITDA

- EBITDA improvement was attributed to stronger sales revenues and efficient overall cost control.

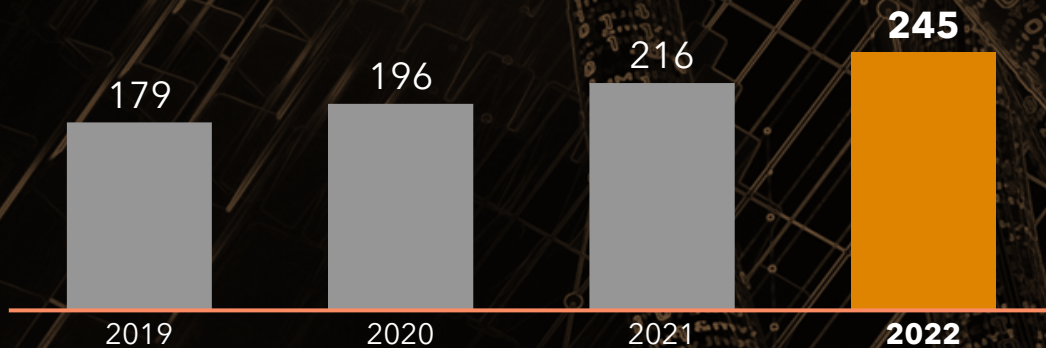
Strong free cash flow generation and consistent dividend payment

Free Cash Flow



Prudent working capital management backs strong free cash flow generation, fueling RCG's ability to sustain attractive dividend payouts.

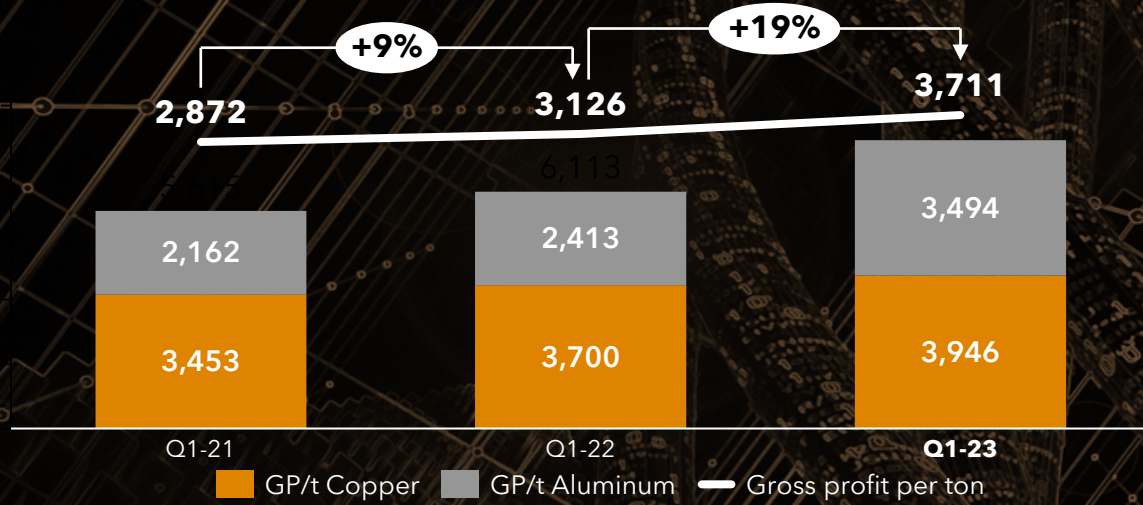
Dividends Paid (SARm)



- 2022 dividend payout seen, commensurate with previous years.
- RCG endeavors to pay consistent dividend to shareholders while fueling its growth strategy at optimal financing cost.

* SAR 225m proposed by the Board of Directors on 12 MAR 2023. SAR 245m includes SAR 20m interim dividend paid during 2022.

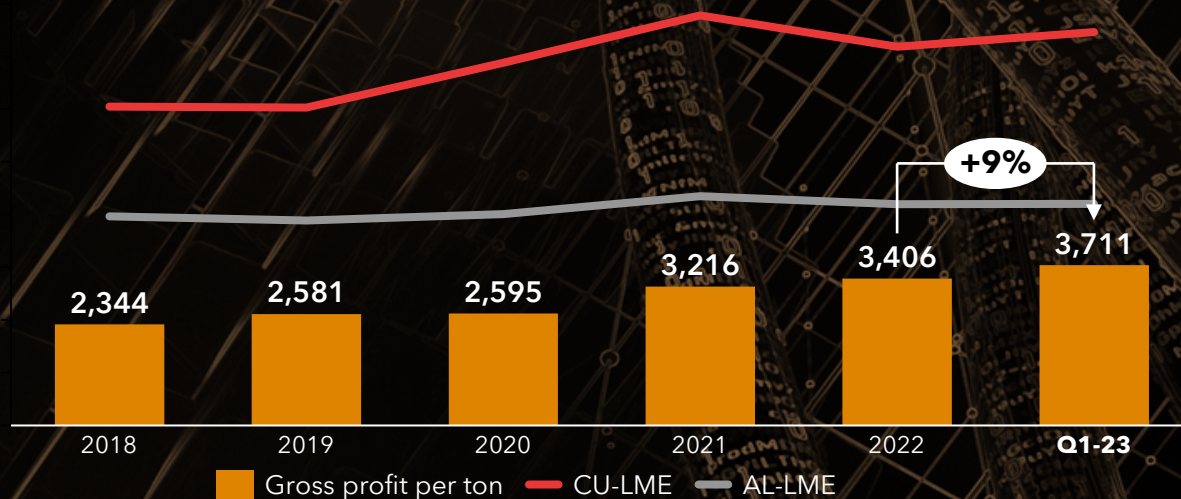
Hedging and pricing mechanisms neutralize commodity price fluctuations, granting stability to gross profit per tonne .



Gross Profit per ton (SAR/tonne)

Main drivers:

- Improved pricing policy on higher demand
- Higher demand on High and Extra-High Voltage (HV/EHV) products
- Higher demand on Aluminum-based products



Steady profitability despite volatile commodity prices

Commodity price fluctuations have no impact on profitability due to:

- Unique hedging mechanism
- Vigilant order selection
- Strong markup strategy



Business Strategy Refresh & Market Update



RCG Strategy: Drive Growth and Performance



Deepen And Expand Geographical Footprint

Leadership in each target market



Products And Services Innovation

Complete cables solutions



Cost Leadership

Focus on cost and efficiency



Organisation

People and processes

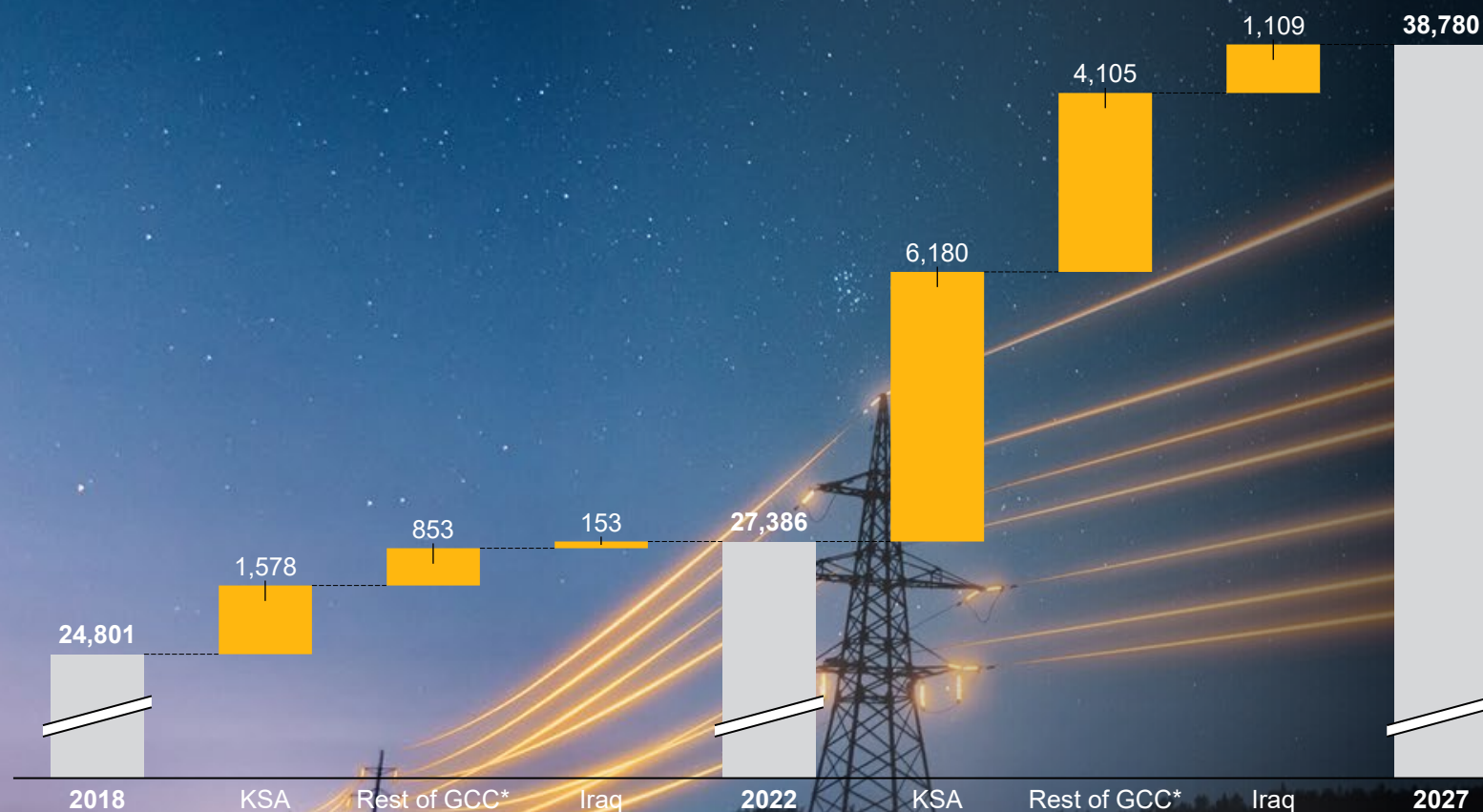


Environment, Social And Governance Focus

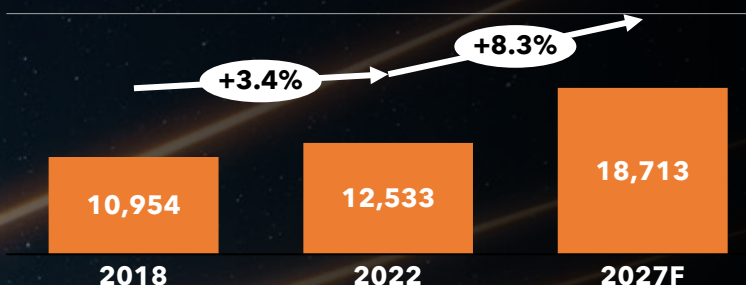
Responsible corporate culture

Overall Demand in Target Markets Displays Attractive Growth Lead by KSA

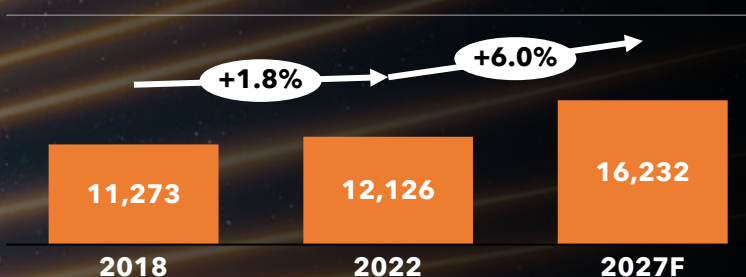
Wires and power cables market size in KSA, rest of GCC¹ and Iraq
2018 - 2027F (in SAR Billion)



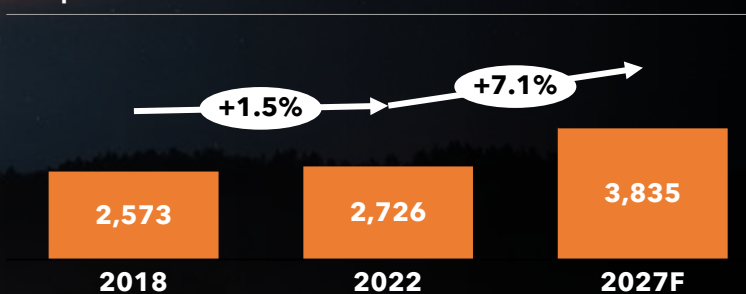
KSA Demand – SAR billion



Rest Of GCC – Demand SAR billion



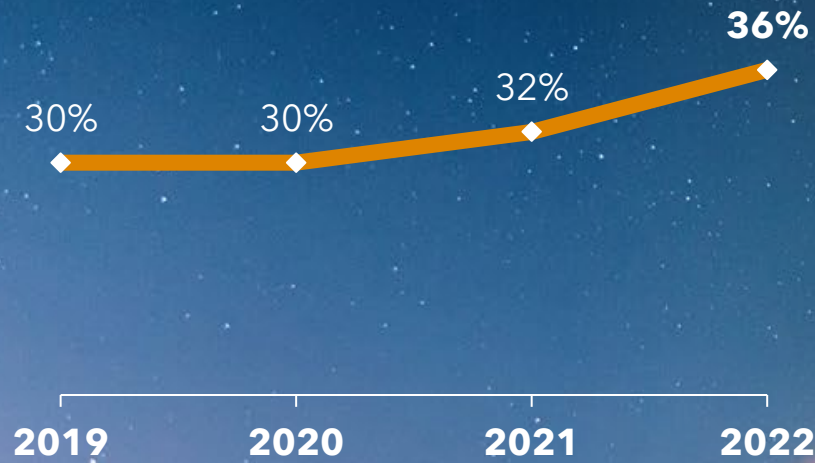
Iraq – Demand SAR billion



1) GCC countries excluding KSA
Source: Arthur D. Little analysis

Clear market leader in the region and amongst the largest global players

KSA Market Share

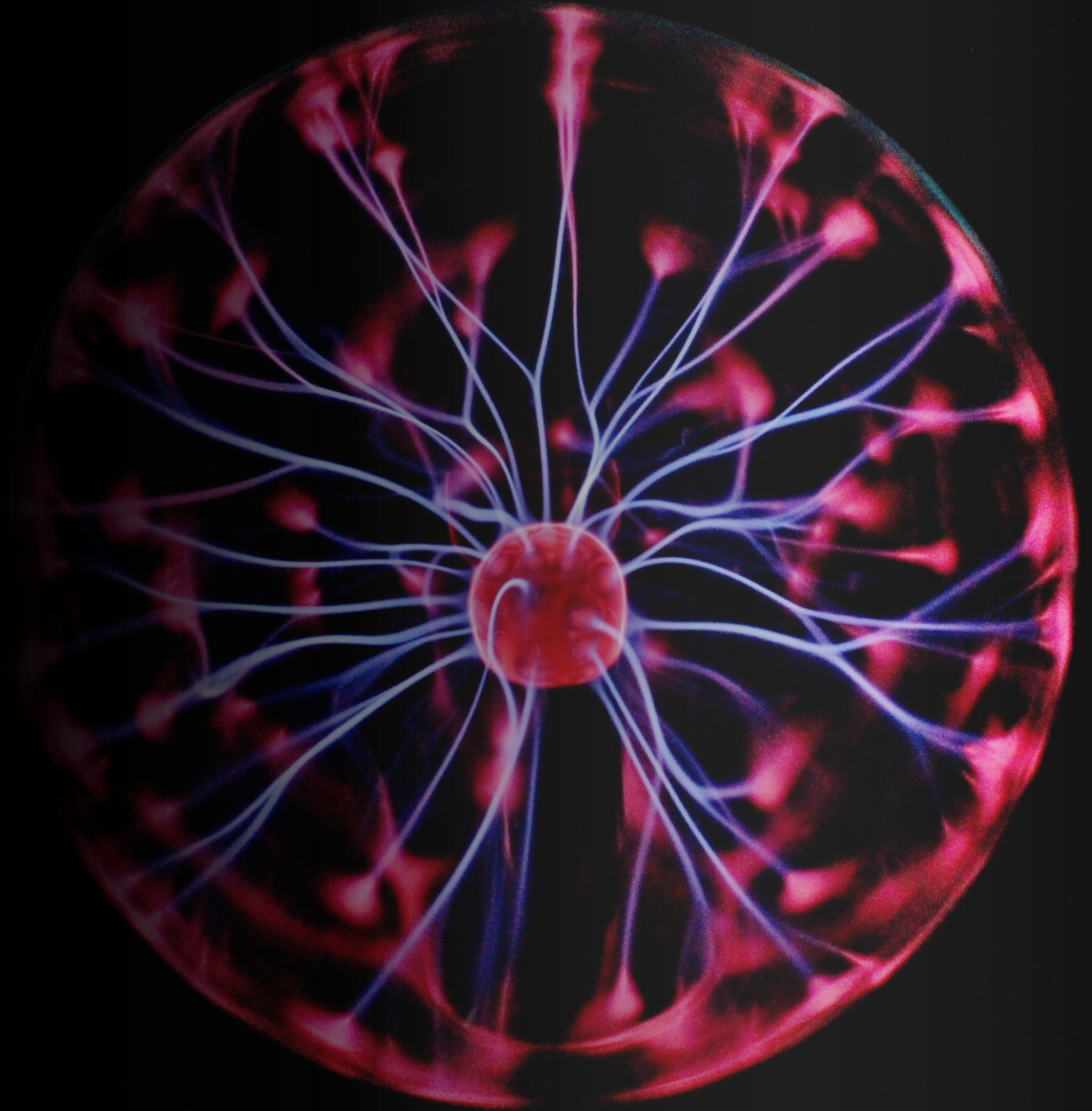


RCGC Sector Leadership

- 1 Almost 2X capacity as closest regional competitor
- 2 Comprehensive product range
- 3 Technical leadership
- 4 Localisation advantage (high score from local content)
- 5 Strong financial position



The Way Forward



Management Outlook

2023 TARGETS & GUIDANCE
- WE CONFIRM THE PREVIOUS GUIDANCE -

CAPEX
SAR 200+ million

Net Profit
15-25% increase

DIVIDENDS: 1.5 SAR/share (*)

(*) BoD recommendation for AGM approval

Management outlook reflects expectations that may happen in the future. These expectations are subject to risks, uncertainties and other factors, many of which are not under RCG's control. Actual results may differ materially from the what is expressed or implied in this section. RCG undertakes no obligation to revise any forward-looking statement to reflect changes to its expectations or any change in circumstances, events, strategy or plans.



Backlog



Macro trends



Product portfolio



Capacity



Q & A

