



RIYADH CABLES GROUP

Earnings Presentation H1 / FY23



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Disclaimer

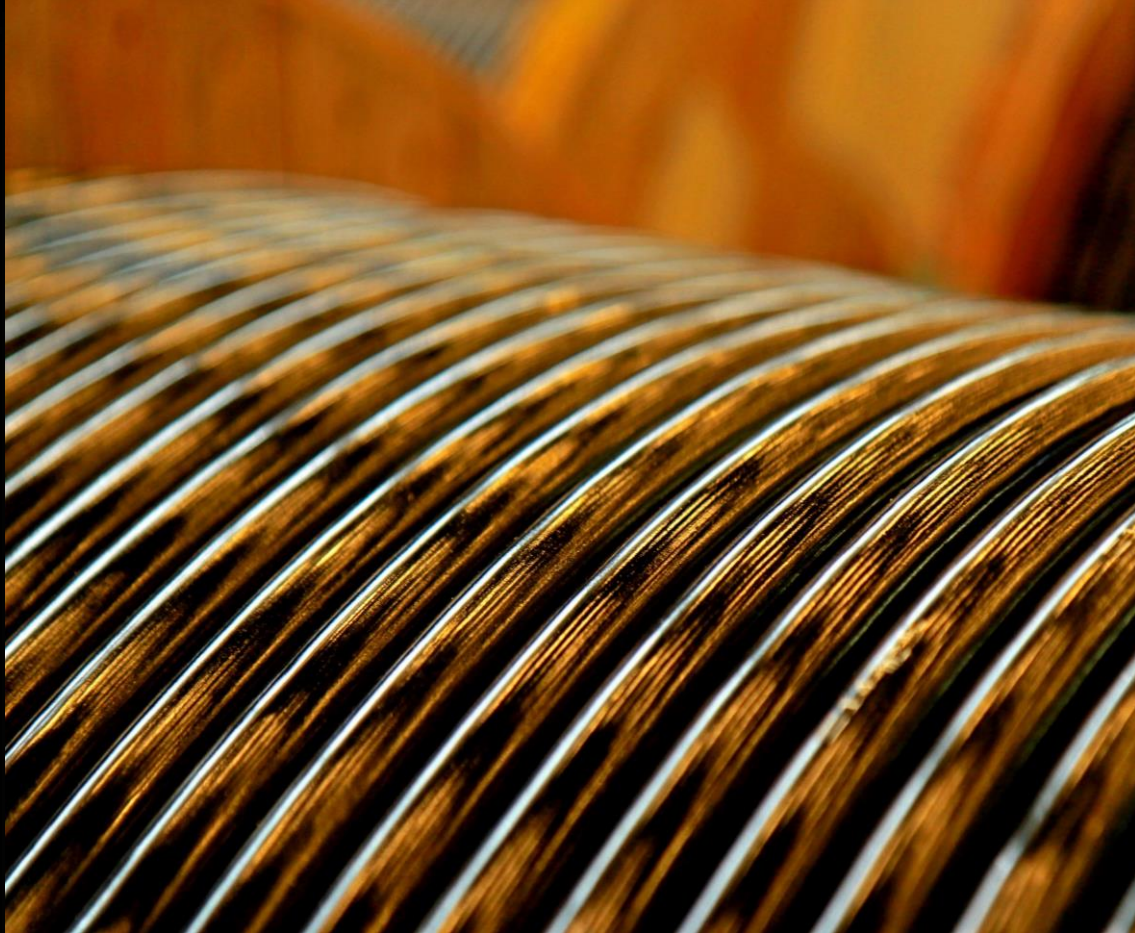


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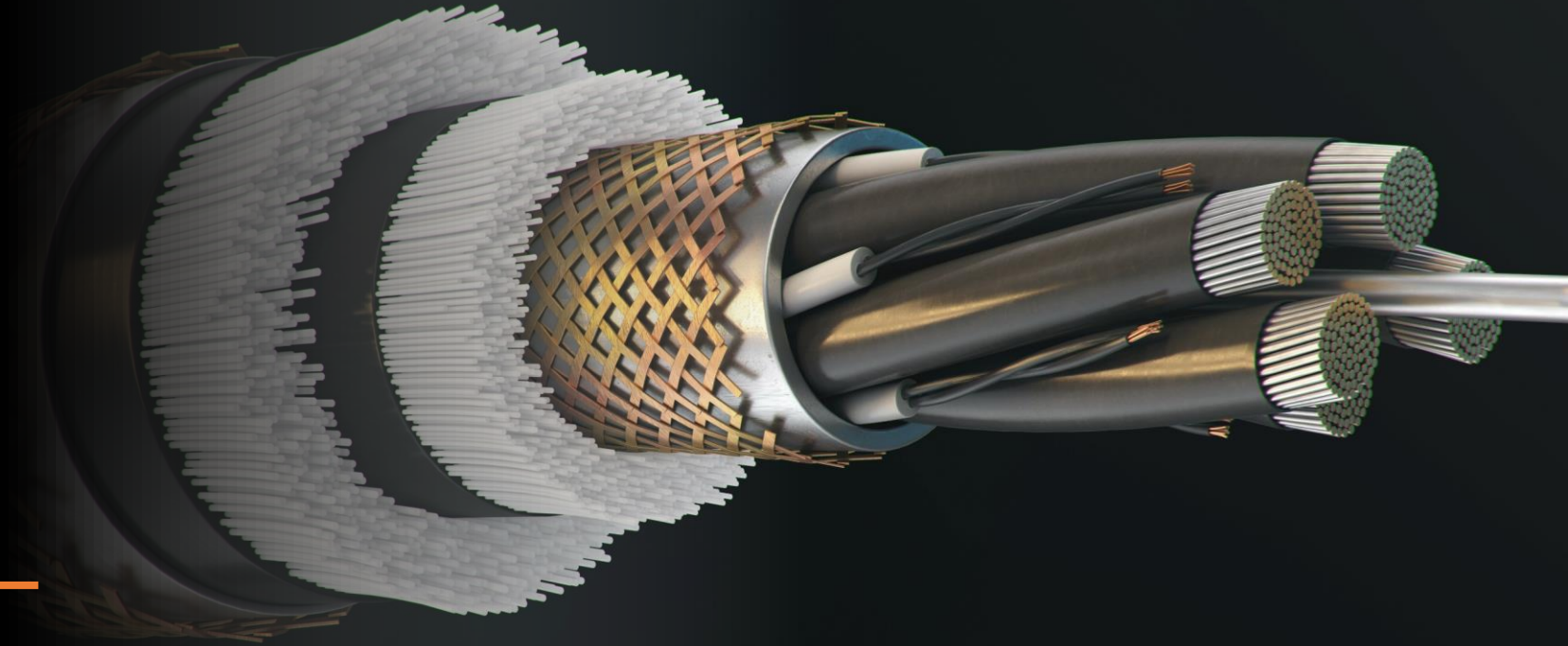
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Company Overview



Cables are the backbone of the economy, touching every segment

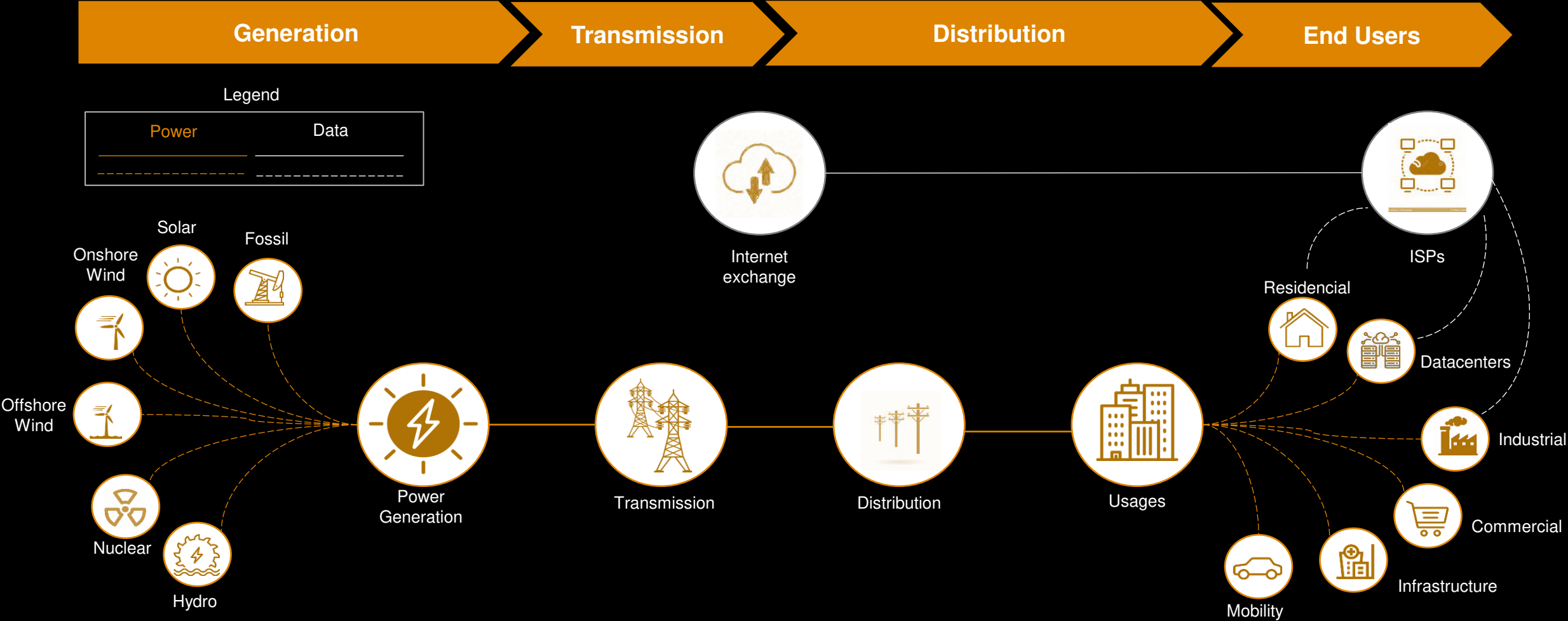
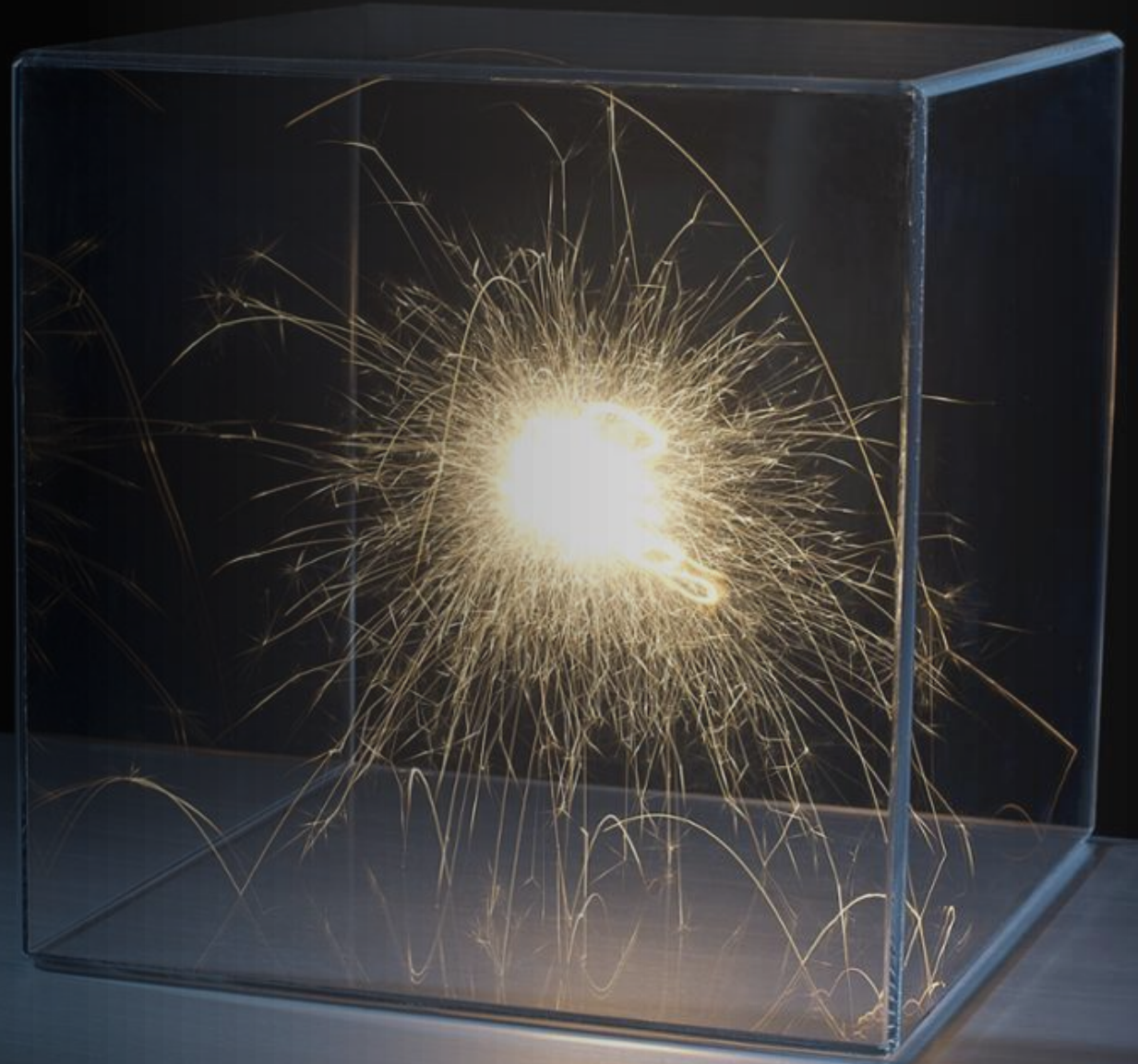


Illustration not exhaustive



H1 / FY23 Performance Highlights



H1-FY23 Financial and Operational Performance Snapshot

Percentage changes refer to YoY change

SARm 3,855

Revenue
+ 18.5%

Kt 110

Sales Volume
+ 28.3%

% 98

Current Utilization
Rate

SAR 4,041

Gross Profit Per Ton
+ 18.1%

SARm 352

EBITDA
+ 55.9%

SARm 252

Net Profit
+ 64%

SARm 43

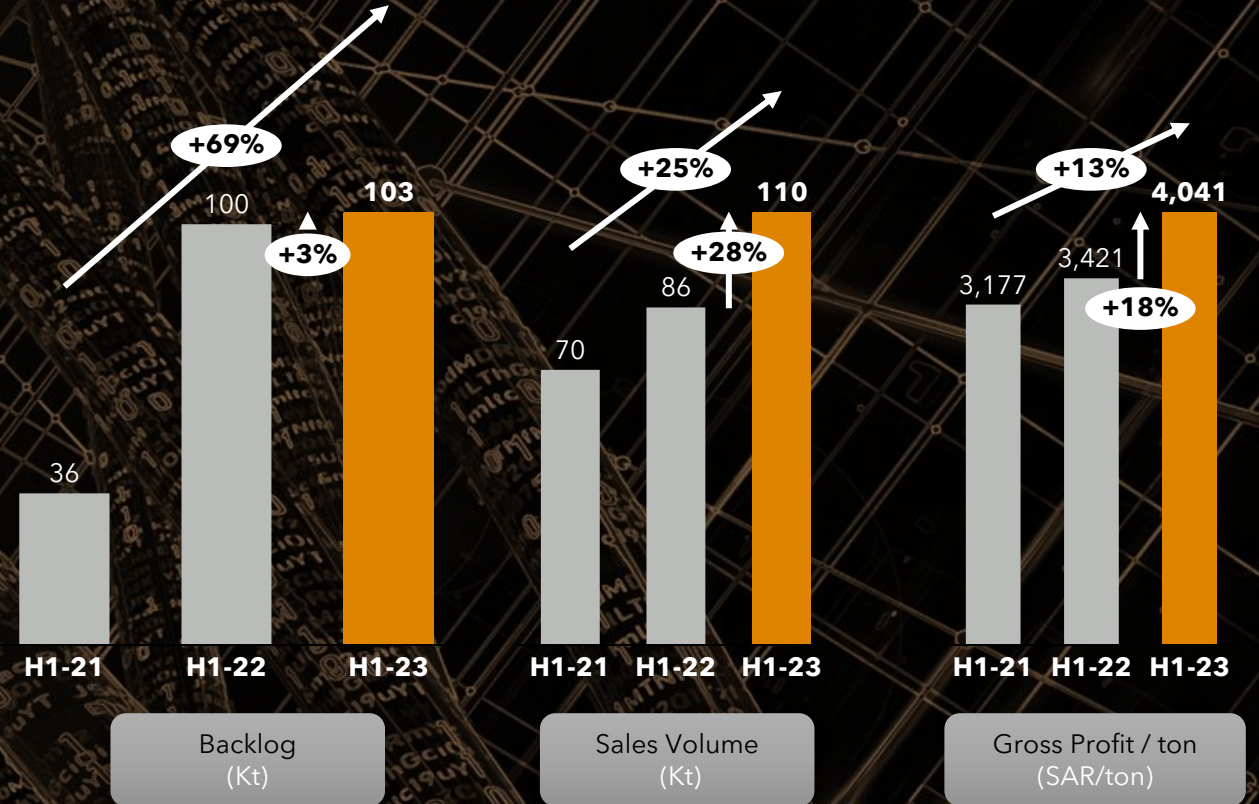
CAPEX (spent)
+ 51%

SARm 619

FCF
+ 447%

X 0.3

Net D/E
-19%



Ton = 1,000 KG



H1-FY23 Key Performance Drivers

Percentage changes refer to YoY change



Sales Volume

28% increase in sales volume. Strong Local transmission projects. Growing volume also for Export.



Revenue

Strong demand-driven revenue increased by 19% as RCG maintains its market share. Excellent performance in Services.



Gross Profit per tonne

Steadily growing, with an increase of 18% as a result of better mix, pricing and operational efficiencies.



Net Profit

Increased sharply by 64% backed by stronger operating income driven by higher volumes and firm control on SG&A.



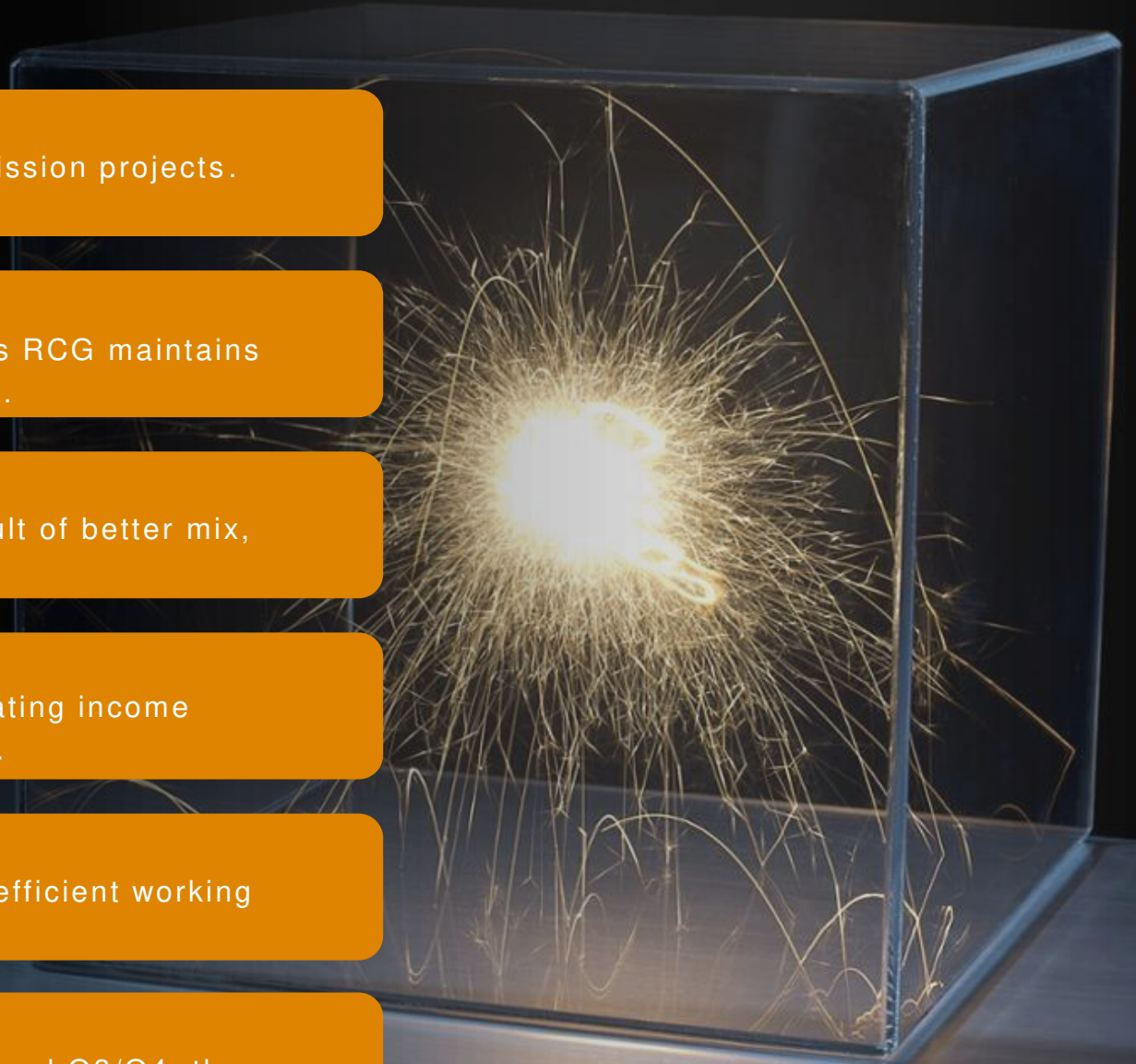
Free Cash Flow

Reached a record SAR 619 million backed by more efficient working capital management.



Additional Capacity

First phase of ongoing expansions will be fully realized Q3/Q4, thus additional capacity will be available given high utilization rate.



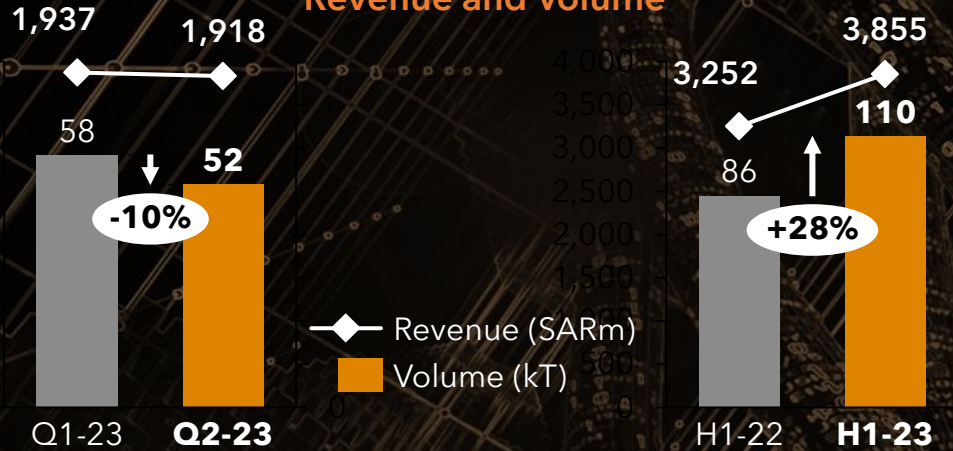


Financial Review



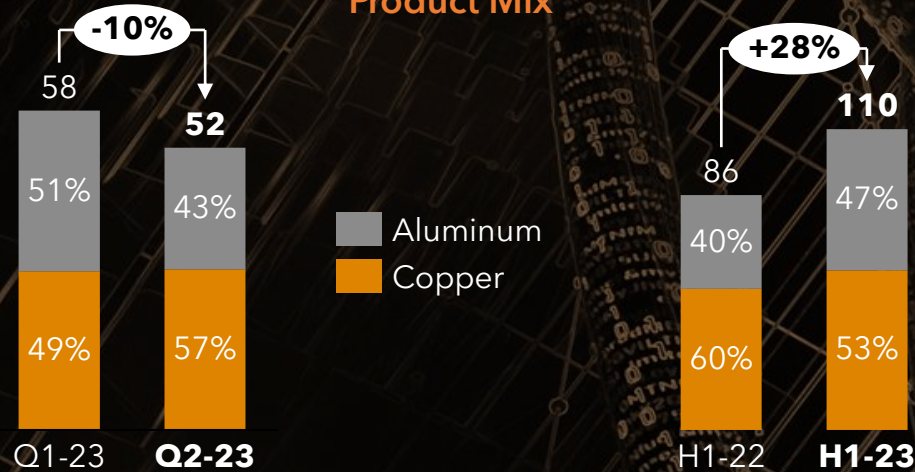
H1-FY23 Financial and Operational Performance

Revenue and Volume



- HoH basis sales revenues and volumes increased in parallel on strong domestic and GCC demand.
- QoQ basis slight decrease in volumes sold due to holiday season, backed by good product mix and direct export growth.
- Overall market is strong, witnessed with solid backlog of confirmed orders and increasing of Lol/LoA together with tendering activities.

Product Mix



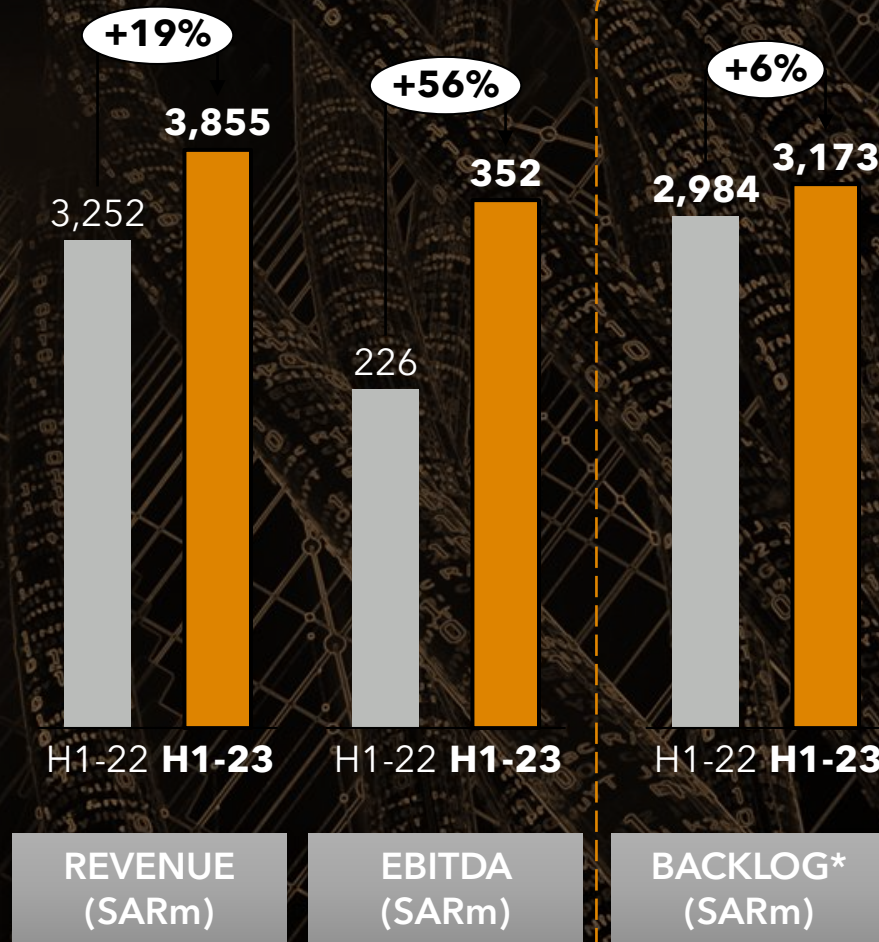
- The share of Aluminum products normalized in Q2, good export and renewable, while the demand on Transmission products remains strong.

Backlog, profitability, and capacity utilization

SAR **3.2** billion

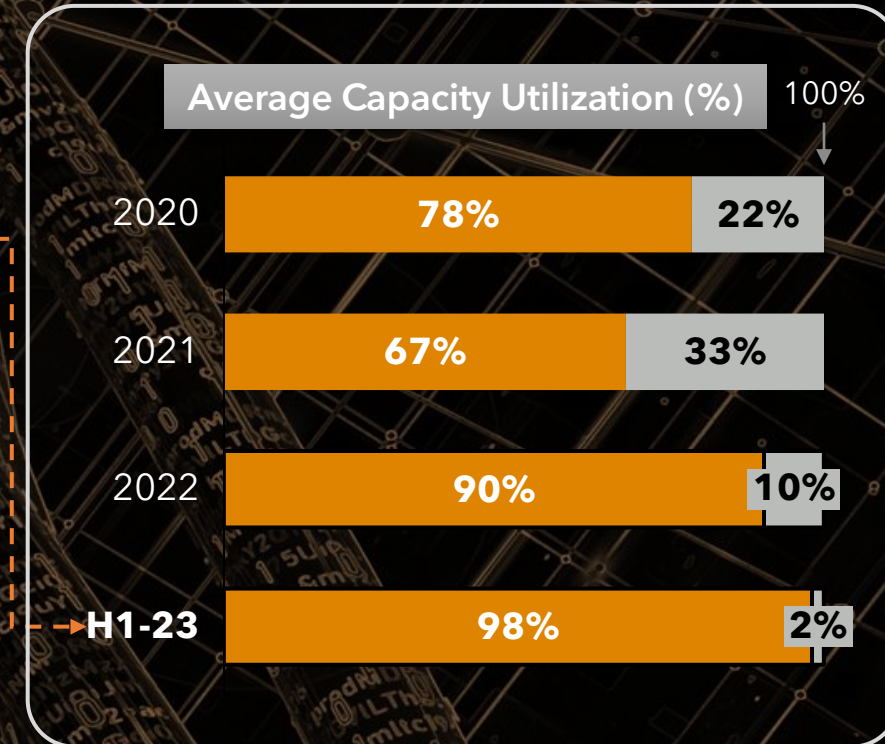
Confirmed orders backlog

- Increased production throughput.
- Quote pipeline size grew >+100% in H1-23 Vs H1-22.
- Clients continue to reserve slots in production pipeline as more demands ramps up.



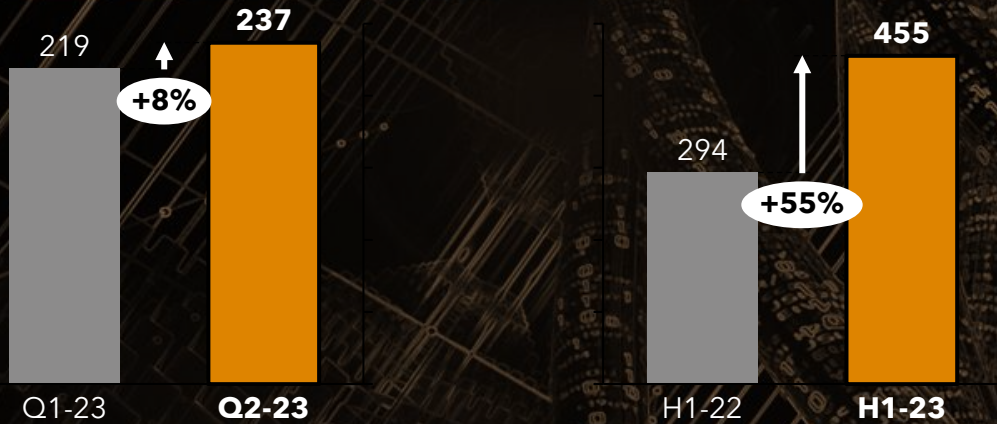
*Confirmed orders

Strong backlog in H1-2023 pushing utilization rate to 98%



Gross profit and EBITDA show healthy improvement on better mix and successful variable / fixed cost optimization

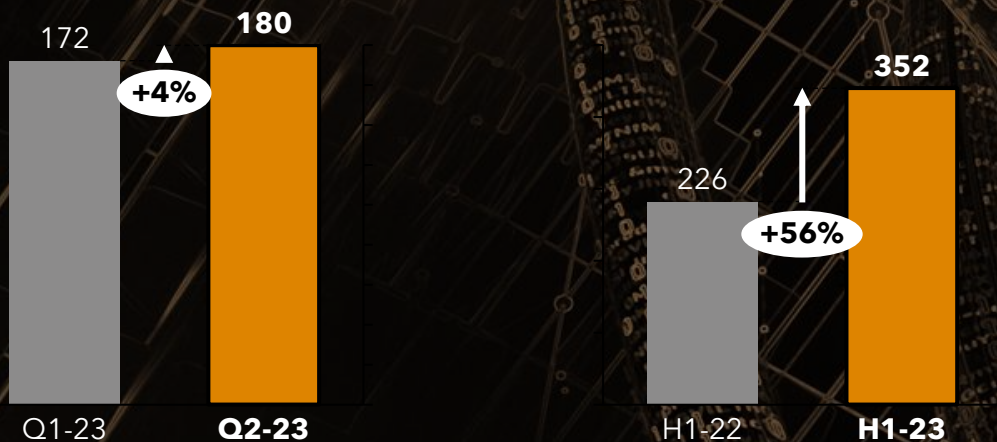
Gross Profit (SARm)



Gross Profit

- Quarterly gross profit increased as a result of realized efficiencies and improved mix.
- Strategic orders selection methodology to maximize profitability and streamline order fulfillment and delivery time.

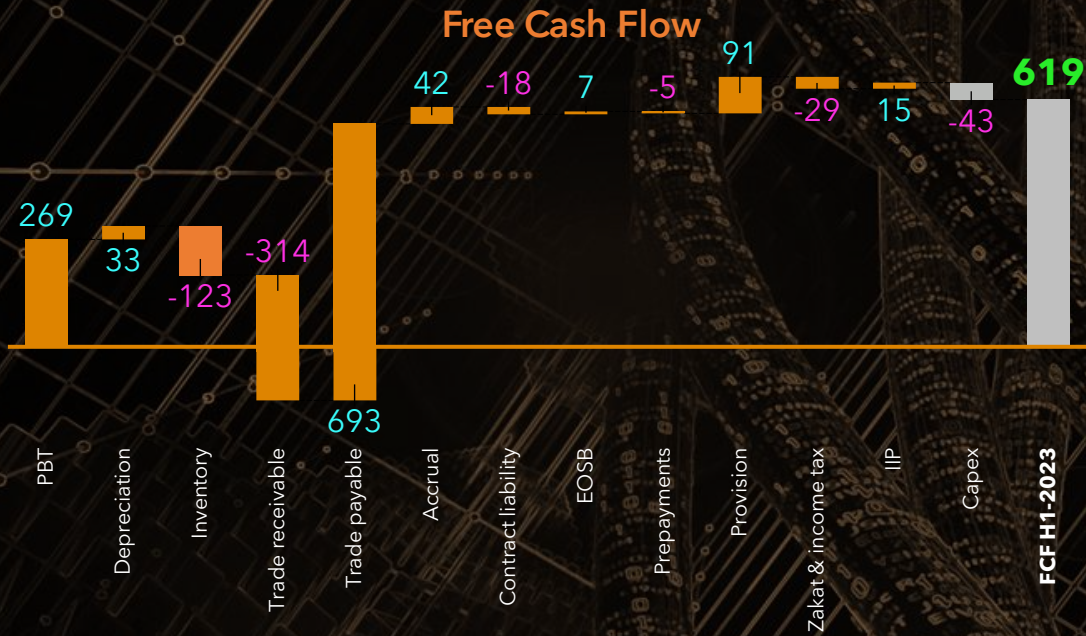
EBITDA (SARm)



EBITDA

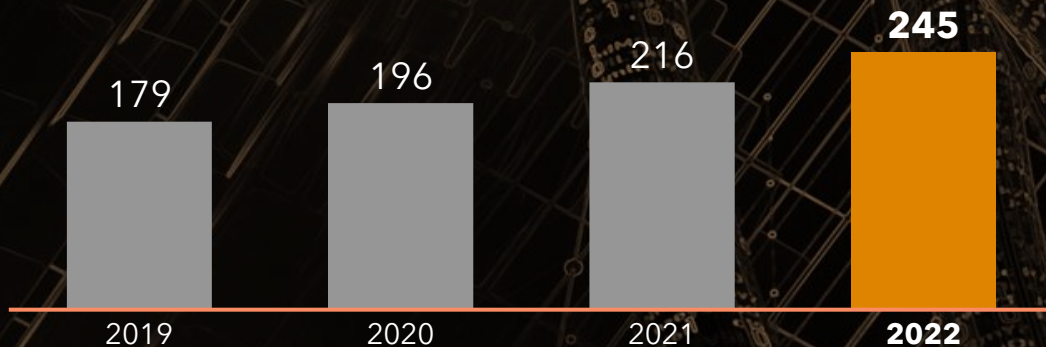
- On HoH basis excellent EBITDA improvement was attributed to stronger sales revenues (+28%) and efficient overall cost control.

Strong free cash flow generation and consistent dividend payment



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

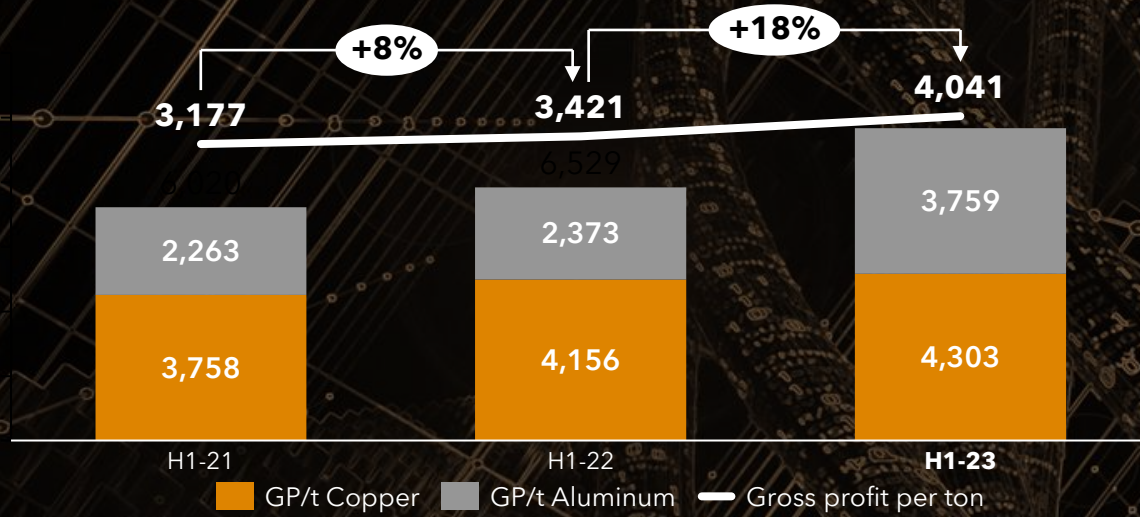
Dividends Paid (SARm)



- 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 paid in JUL 2023. SAR 245m includes SAR 20m interim dividend paid during 2022.

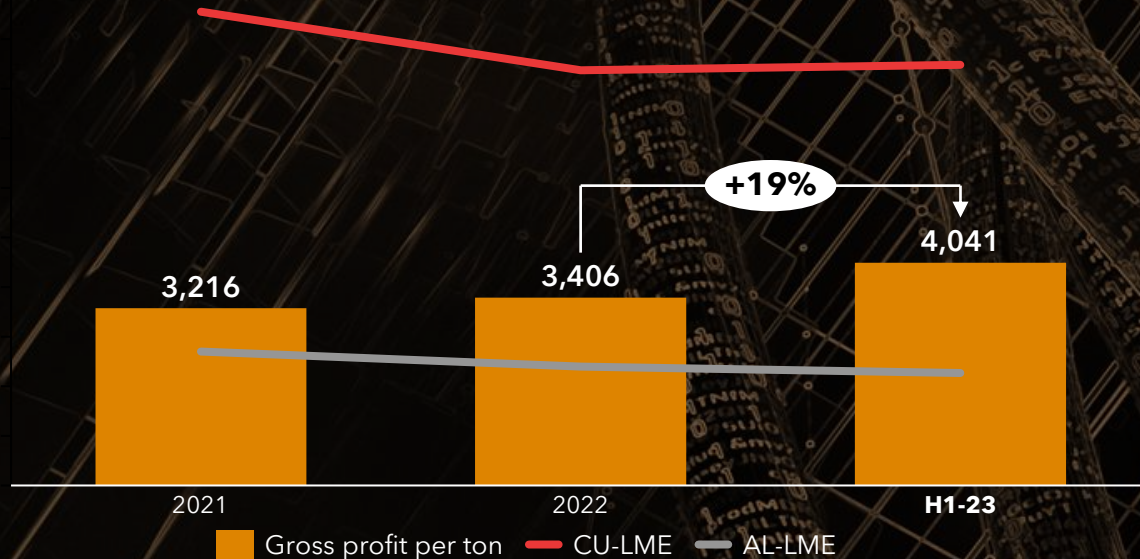
Hedging and pricing mechanisms neutralize commodity price fluctuations, granting stability to gross profit per tonne



Gross Profit per ton (SAR/tonne)

Main drivers:

- Operational Efficiencies due to high Utilization
- Higher demand on Transmission products
- Cost efficiencies continuous improvement



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

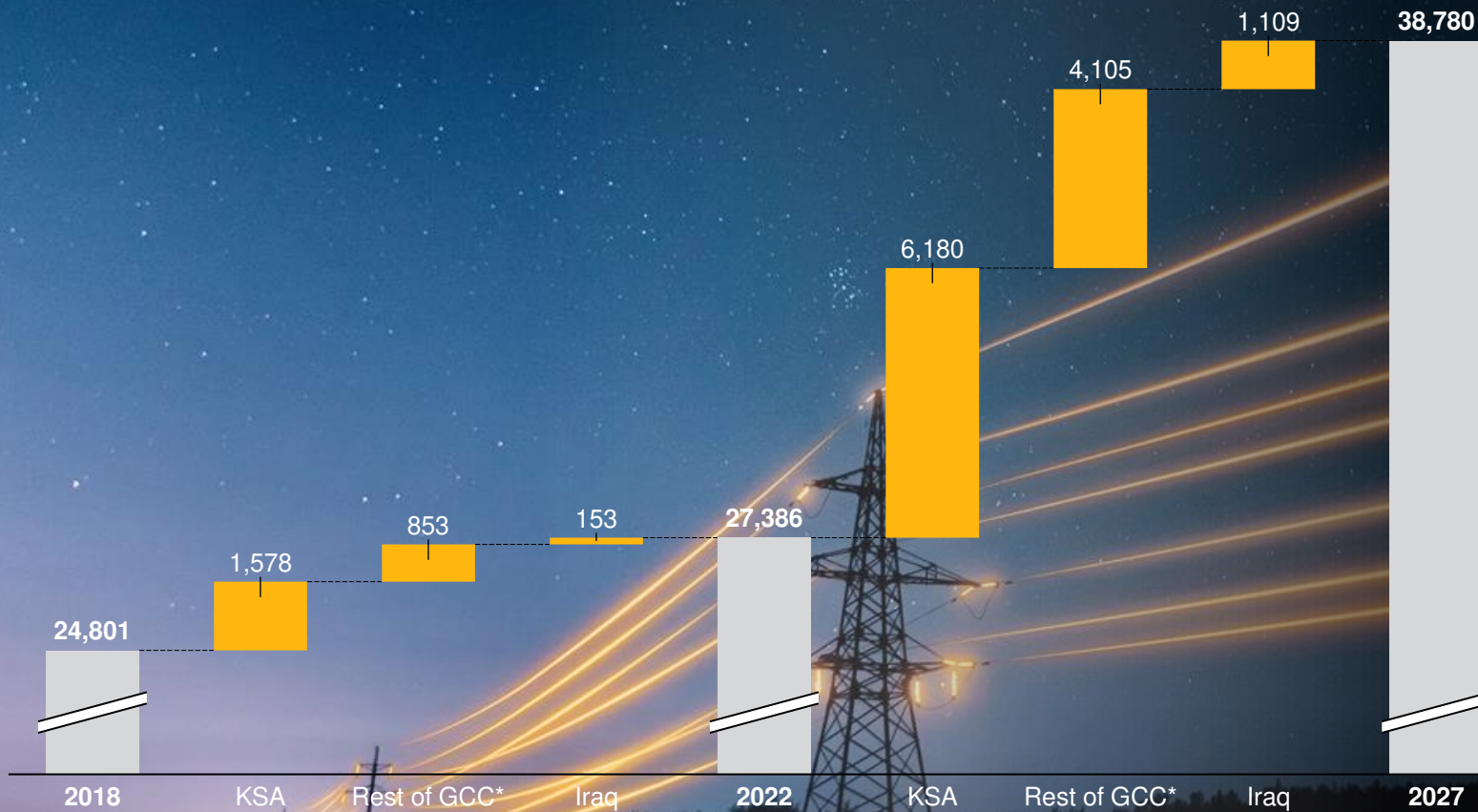


**Environment, Social And
Governance Focus**

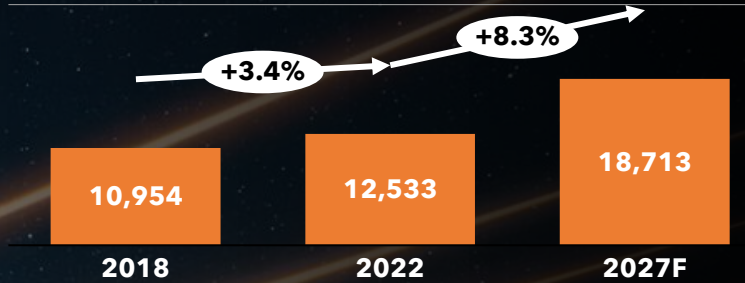
Responsible
corporate culture

Overall Demand in Target Markets Displays Attractive Growth Lead by KSA

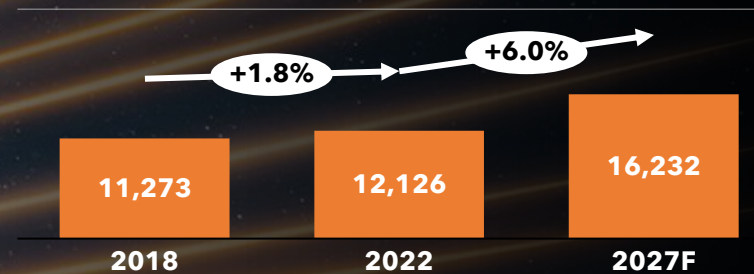
Wires and power cables market size in KSA, rest of GCC¹ and Iraq
2018 - 2027F (in SAR Billion)



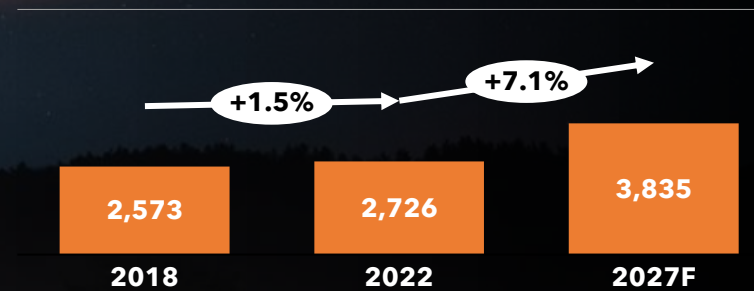
KSA Demand – SAR billion



Rest Of GCC – Demand SAR billion



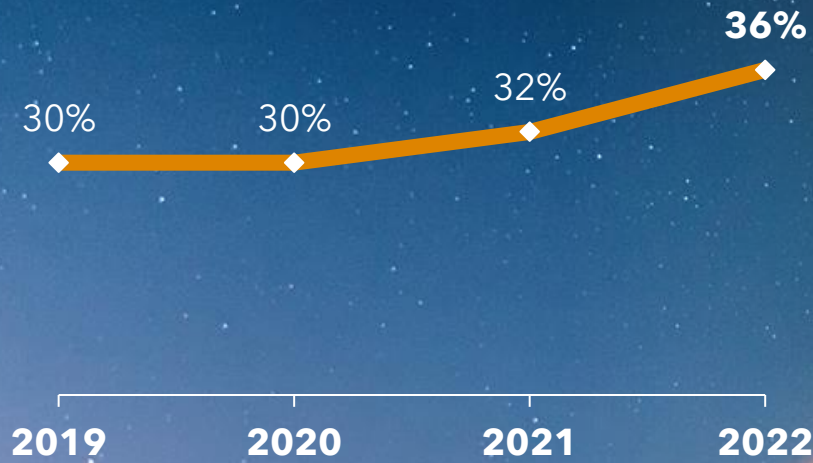
Iraq – Demand SAR billion



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

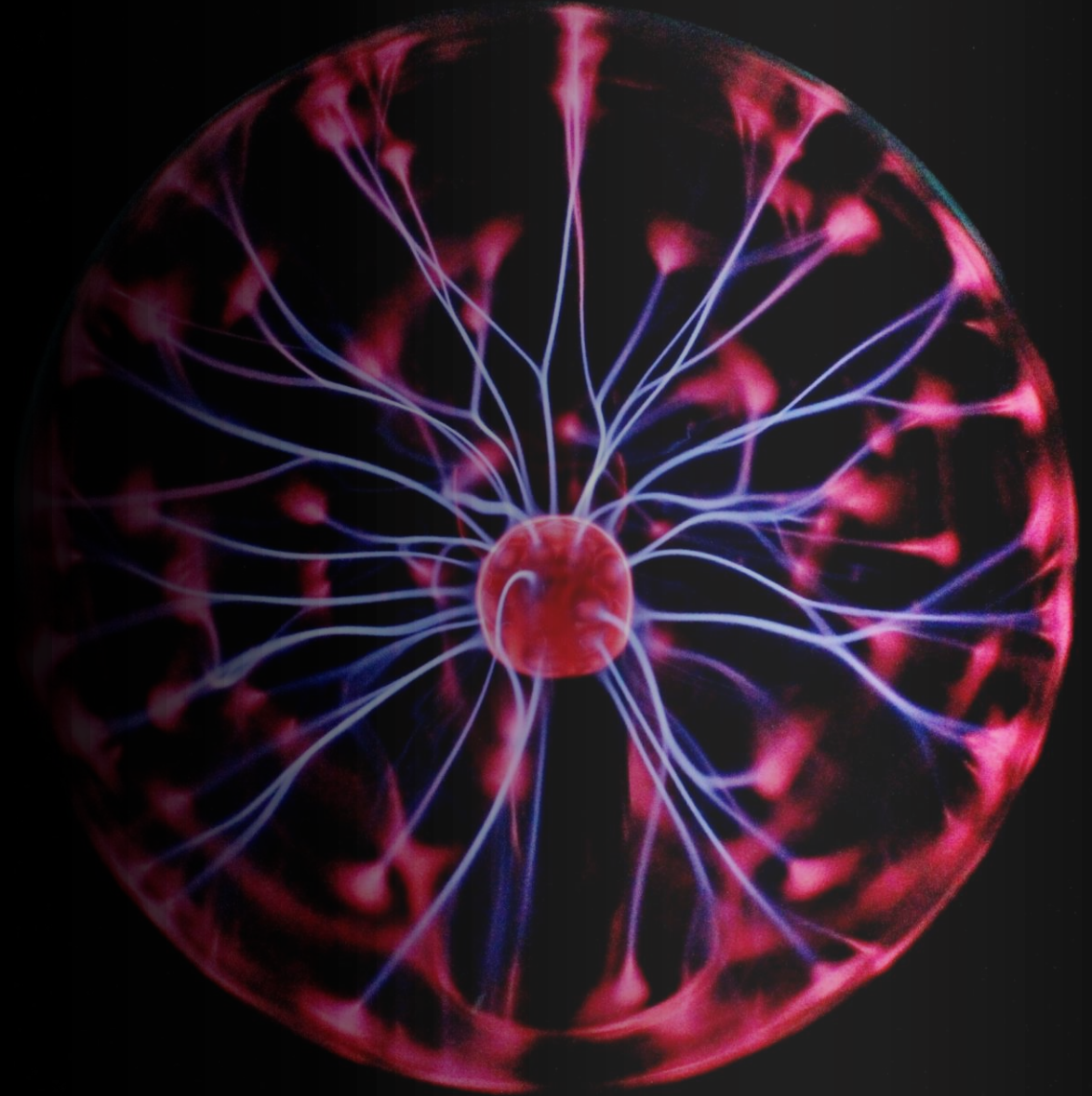


RCGC Sector Leadership

- 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 Upgraded Way Forward



Upgrading 2023 Management Outlook

2023 TARGETS & GUIDANCE *- WE UPGRADED THE PREVIOUS GUIDANCE -*

Expected CAPEX
SAR ~200 million

New Guidance

Net Profit
25% - 35% increase

As per previous
guidance

Previous guidance
15% - 25% increase



Backlog



Macro trends



Product portfolio

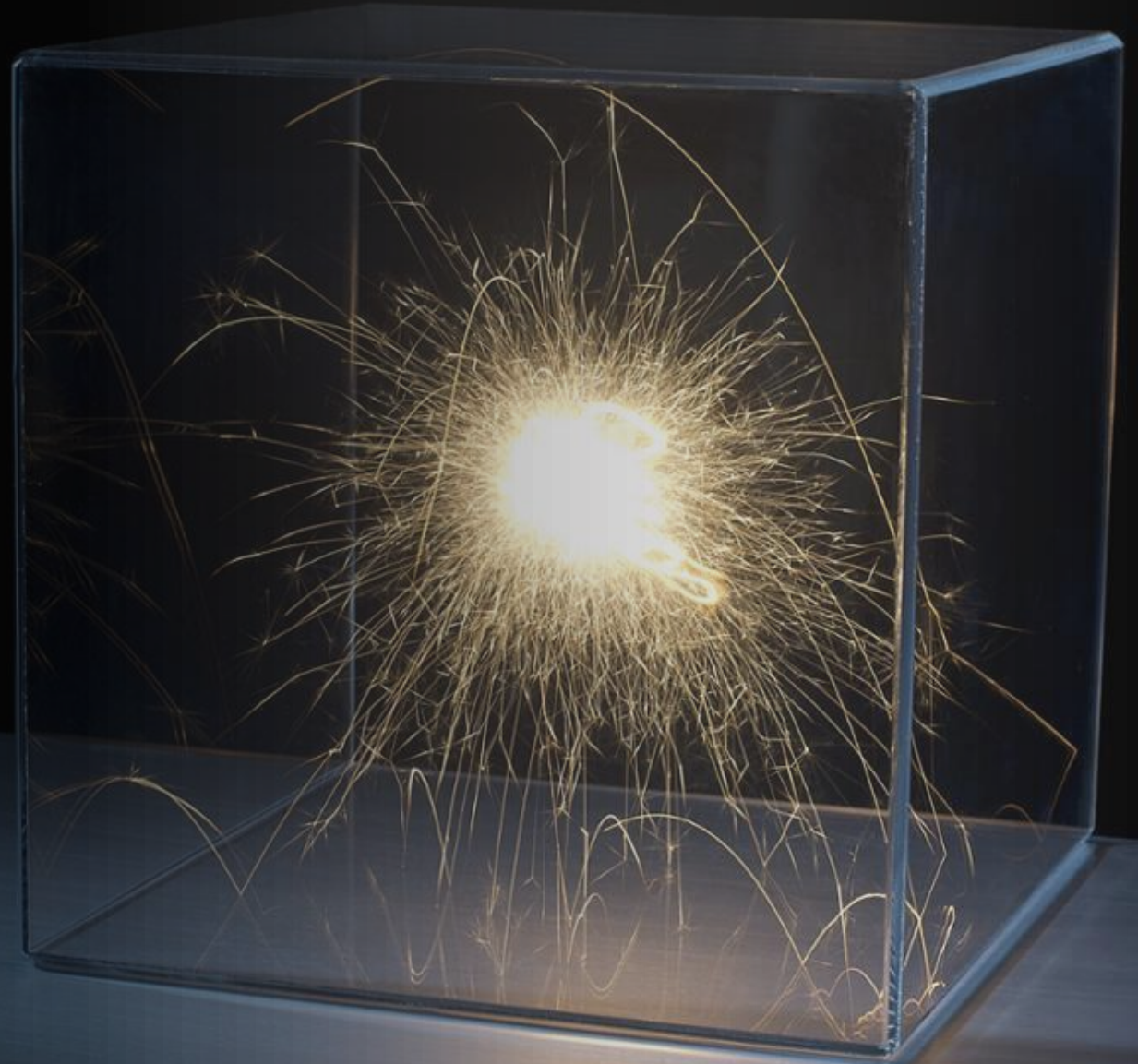


Capacity

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.

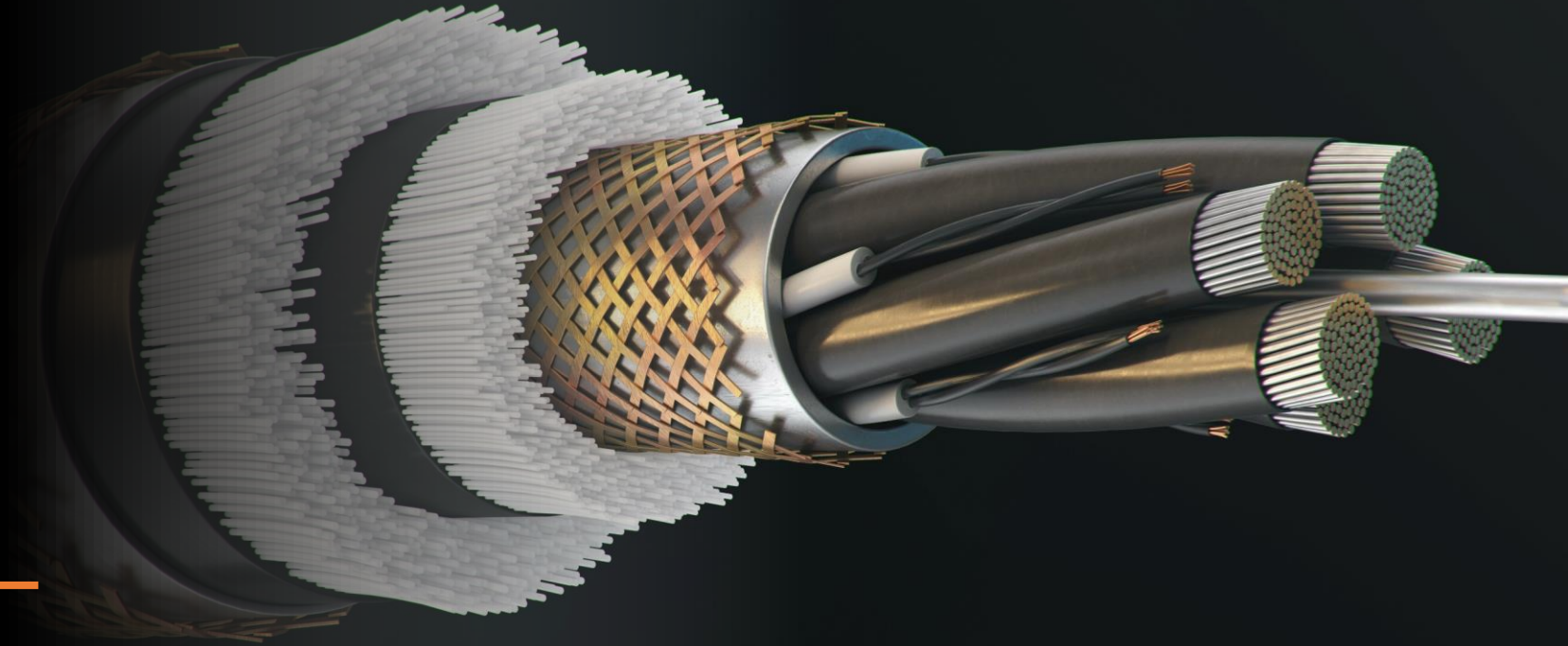


Q & A





Appendix



Summarized income statement (SARm)

6-months ending 30 June 2023



	H1-22	H1-23	Var.	Var. %
Revenue*	3,252	3,855	603	18.5%
Direct costs*	-2,959	-3,399	-441	14.9%
Gross profit	294	455	162	55.1%
Operating expenses	100	137	37	37.3%
Operating profit	194	319	125	64.3%
Investment income	-0	-0		
Finance charges	-26	-49	-24	93.4%
Other income / expenses & Zakat	-15	-18	-3	17.0%
Group net income	153	252	99	64.3%
Minority interest	0	0	0	-175.6%
Net income - reported	153	252	98	64.2%

Summarized income statement - quarterly (SARm)

3-months ending 30 June 2023



	Q1-23	Q2-23	Var.	Var. %
Revenue*	1,937	1,918	-20	-1%
Direct costs*	-1,719	-1,681	38	-2%
Gross profit	219	237	18	8%
Operating expenses	63	74	10	16%
Operating profit	155	163	8	5%
Investment income	-0	-0	-0	
Finance charges	-22	-27	-4	19%
Other income / expenses & Zakat	-8	-9	-1	16%
Group net income	125	127	2	2%
Minority interest	0	0	0	0%
Net income - reported	125	127	2	2%

Summarized income statement - quarterly (SARm)

3-months ending 30 June 2023



	Q2-22	Q2-23	Var.	Var. %
Revenue*	1,691	1,918	226	13%
Direct costs*	-1,549	-1,681	-131	8%
Gross profit	142	237	95	67%
Operating expenses	49	74	25	50%
Operating profit	93	163	70	76%
Investment income	-0	-0	-0	
Finance charges	-16	-27	-10	63%
Other income / expenses & Zakat	-7	-9	-3	37%
Group net income	68	127	59	86%
Minority interest	1	0	-1	-105%
Net income - reported	69	127	58	84%

Condensed balance sheet (SARm)

6-months ending 30 June 2023



	YE-22	H1-23
Fixed Assets	1,223.7	1,218.4
Investments	54.1	56.7
Other Long Term Assets	13.2	12.0
Current Assets	3,332.8	3,936.2
Total Assets	4,623.9	5,223.3
Borrowings	1,468.0	1,024.9
Long Term Liabilities	122.7	125.8
Current Liabilities (excl. borrowings)	912.6	1,716.7
Total Liabilities	2,503.3	3,092.3
Equity	2,120.5	2,130.9
Total Equity & Liabilities	4,623.9	5,223.3

Condensed cash flow statement (SARm)

6-months ending 30 June 2023



	H1-22	H-23	Var.	Var. %
Operating cash flow before working capital	214	438	224	104.9%
Net working capital movement	-396	246	642	-162.0%
Cash generated from operating activities	-182	684	866	-474.8%
Finance charges, Zakat & income tax, EOSB	-24	-22	2	-8.6%
Net cash flow from operating activities	-207	662	868	-420.4%
Investment in short term deposits	-28	-43	-14	0.0%
Net cash used in financing activities	281	-444	-725	-257.7%
Net decrease in cash and bank balances	47	176	129	276.4%
Cash at the beginning of the period	50	107	57	112.7%
Cash at the end of the period	97	283	186	191.5%



Riyadh Cables Group