



RIYADH CABLES GROUP

Earnings Presentation FY-23



Borjan Sehovac
Chief Executive Officer



Baha Essa
Chief Financial Officer



Mouaaz Alyounes
Chief Strategy Officer

Disclaimer

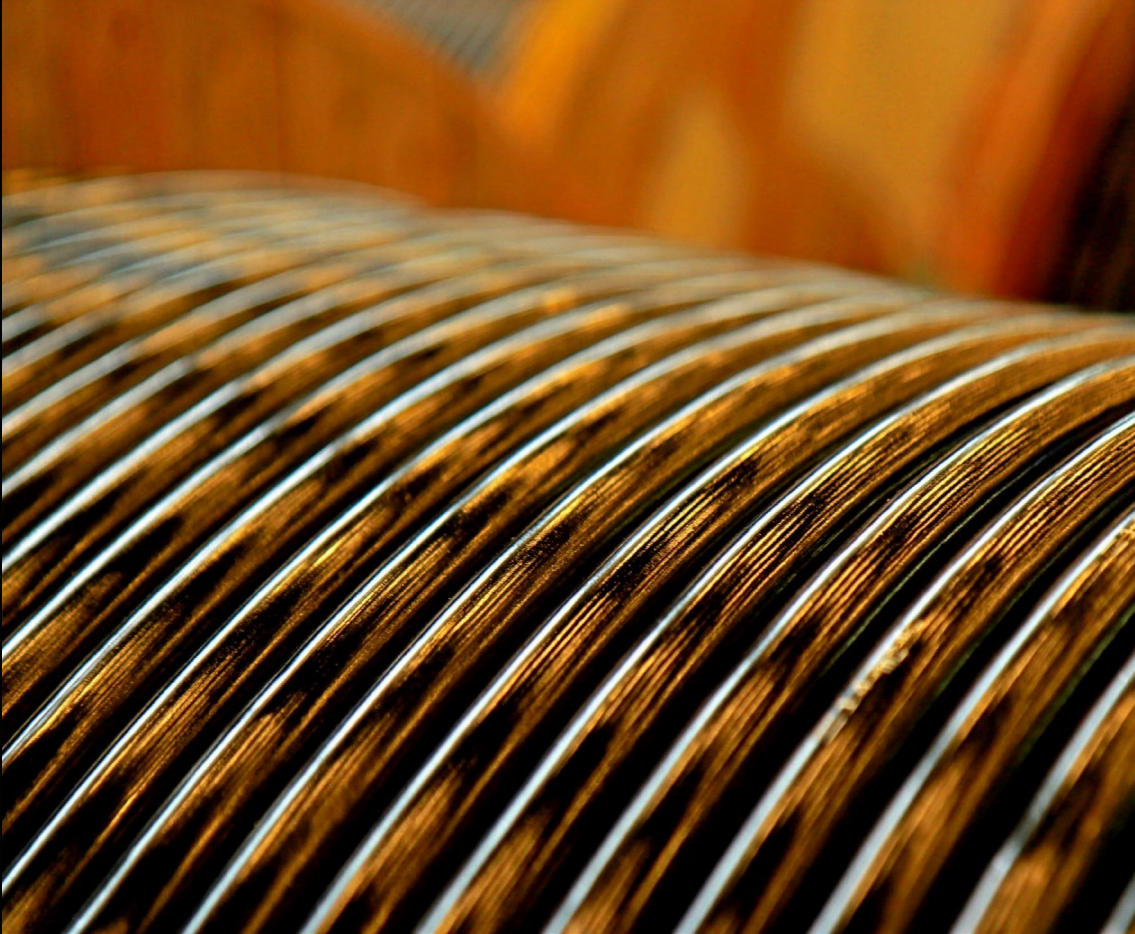


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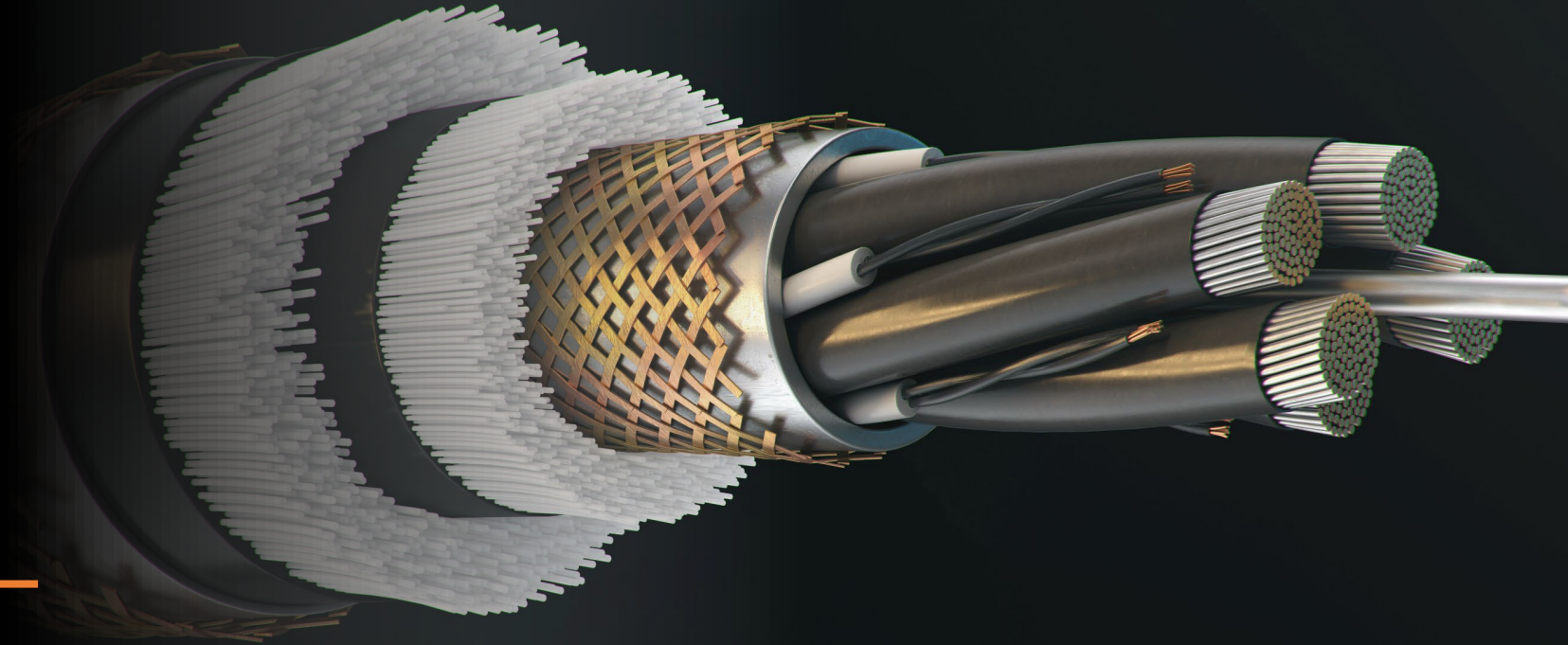
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The Way Forward



Company Overview



Cables are the backbone of the economy, touching every segment

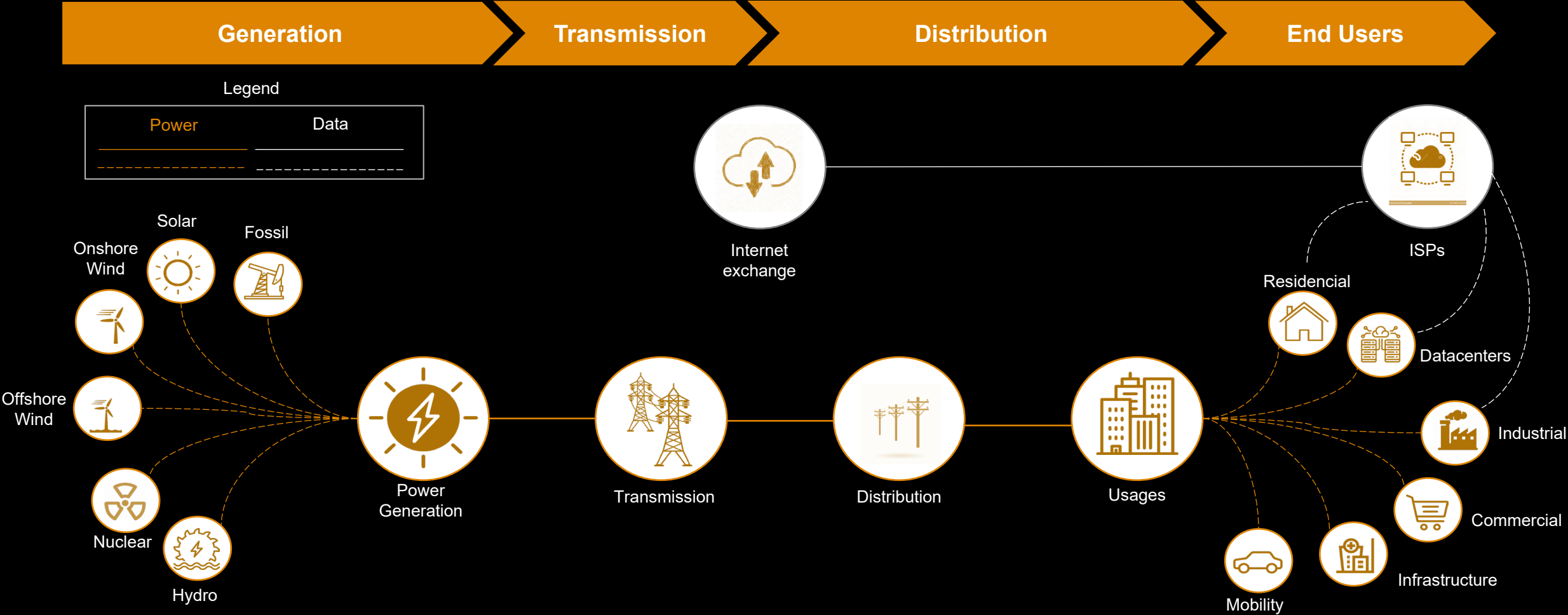
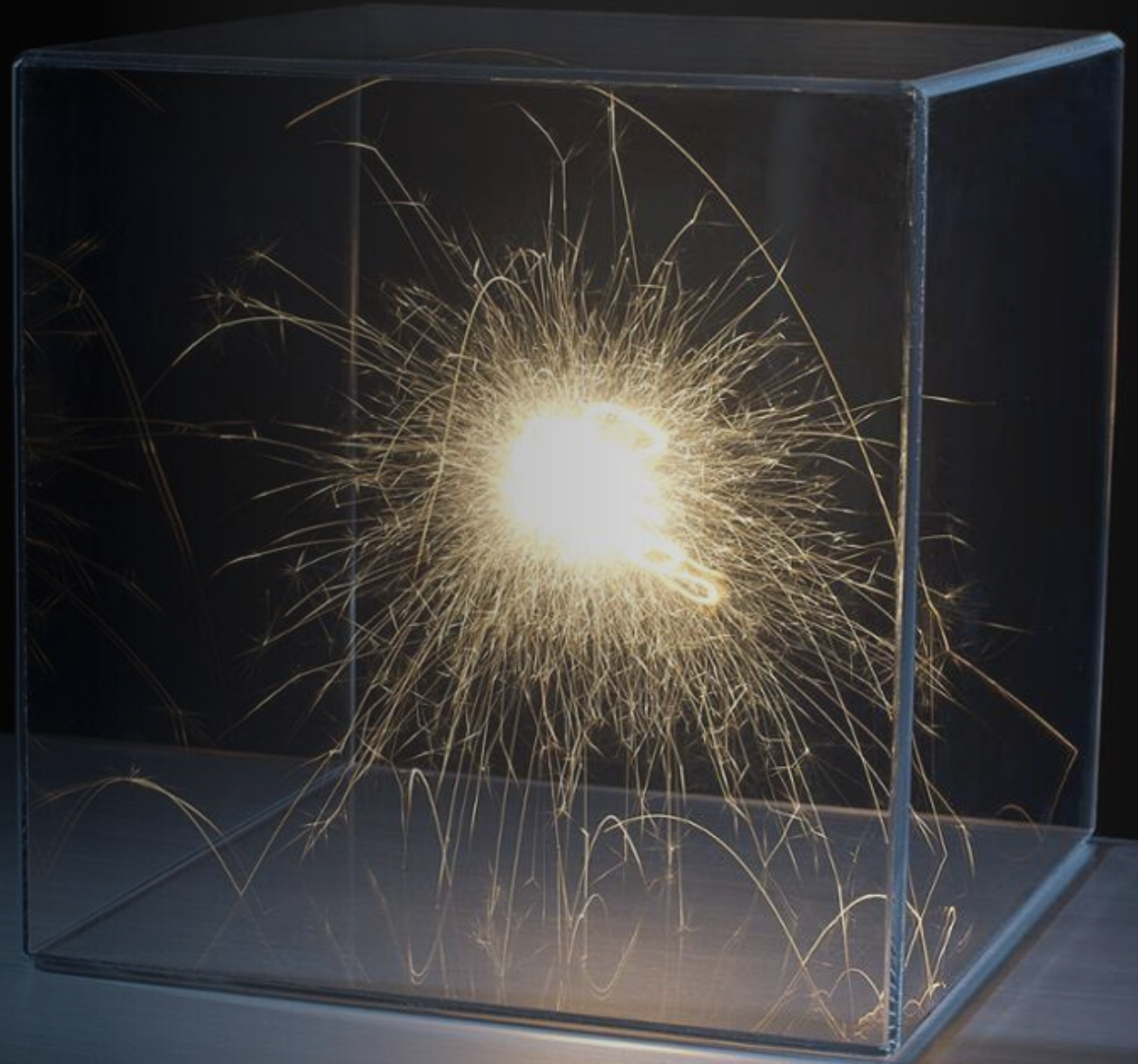


Illustration not exhaustive



FY-23 Performance Highlights



FY-23 Financial and Operational Performance Snapshot

Percentage changes refer to YoY change

SARm 7,825

Revenue
+ 14.2%

Kt 219

Sales Volume
+ 15.2%

% 92

Current Utilization
Rate

SAR 4,395

Gross Profit Per Ton
+ 29.0%

SARm 728

EBITDA
+ 39.6%

SARm 518

Net Profit
+ 47%

SARm 156

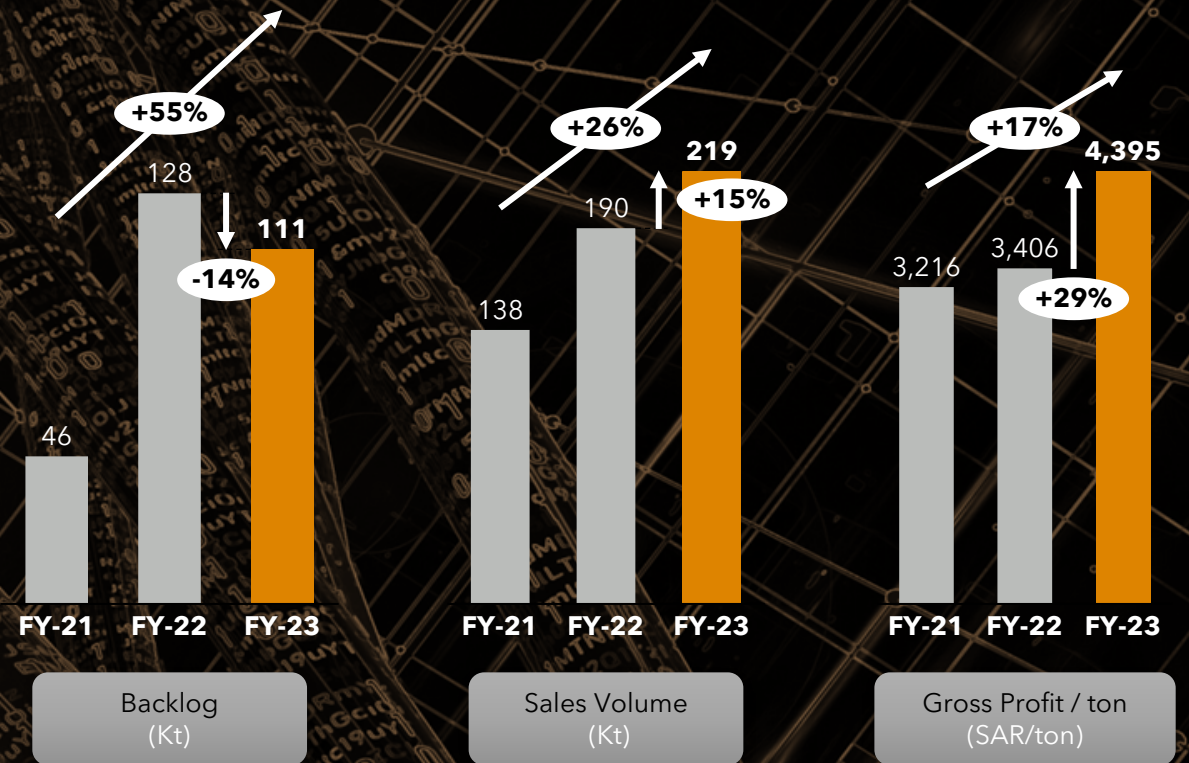
CAPEX (spent)
+ 319%

SARm 1,187

FCF
+ 704%

X 0.25

Net D/E
- 60%



Ton = 1,000 KG



FY-23 Key Performance Drivers

Percentage changes refer to YoY change



Sales Volume

15% increase in sales volume, supported by strong transmission projects, together with renewable and export. Minor slowdown in Utility segment.



Revenue

Strong demand-driven revenue increased by 14% as RCG slightly increases its market share. Good performance in Turn-Key projects.



Gross Profit per tonne

Steadily growing, with an increase of 29% as a result of better mix, better volumes sold, pricing and operational efficiencies.



Net Profit

Increased sharply by 47% backed by stronger operating income driven by higher volumes and firm control on SG&A.



Free Cash Flow

Reached a record SAR 1,187 million focus on efficient working capital management.



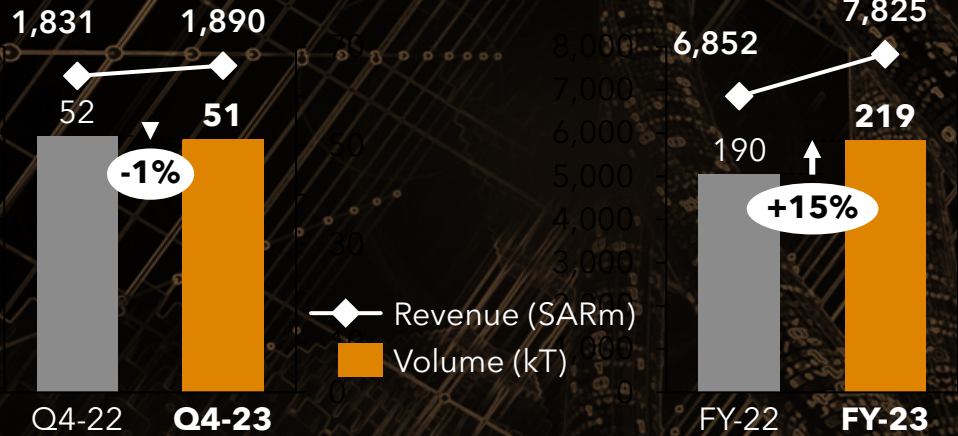


Financial Review



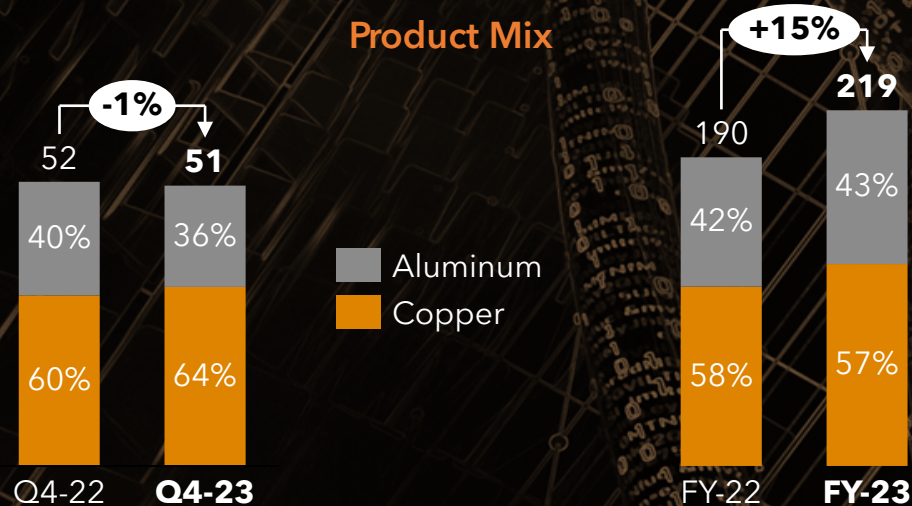
FY-23 Financial and Operational Performance

Revenue and Volume



- Q4-FY23 revenue ~ 1.9bnSAR, still on high side even if volume slightly below Q3-FY23.
- FY23 Vs FY22 sales revenues and volumes increased due to strong domestic and GCC demand.
- Overall market is strong, witnessed with record high backlog of confirmed orders (SAR3.9bn) and increasing of Lol/LoA together with tendering activities.

Product Mix



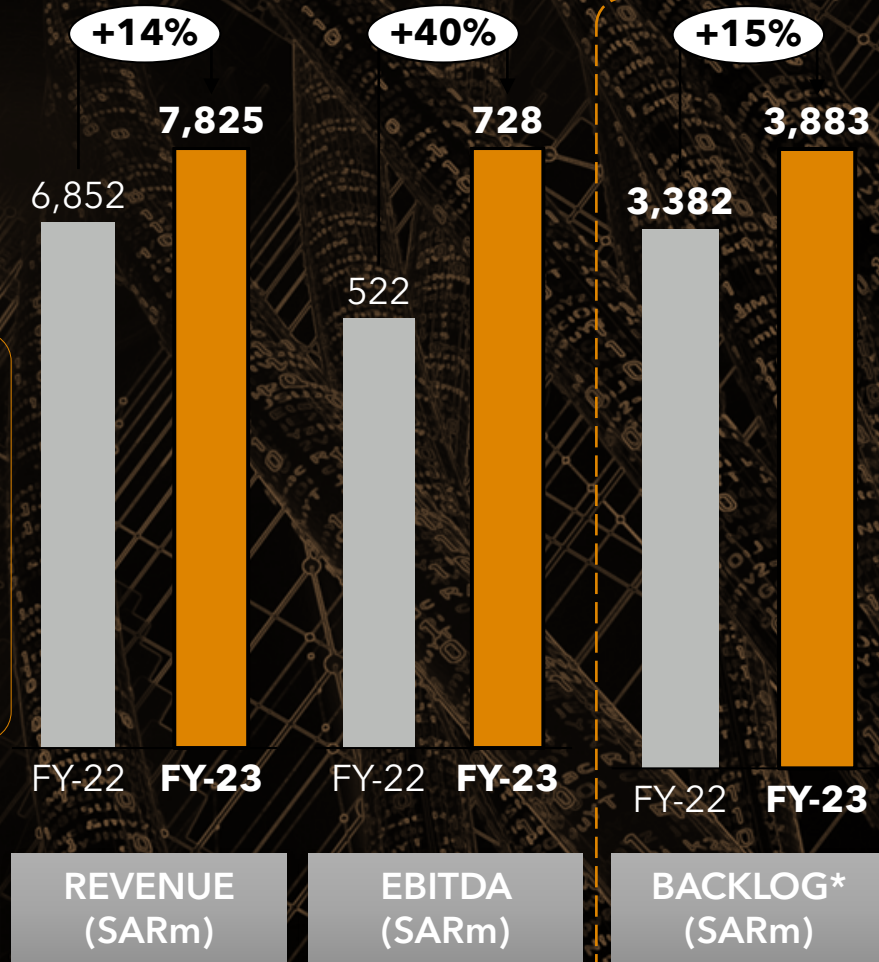
- Q4-FY23 Product mix in favor of Copper due to minor slowdown of Aluminum products.
- Increased deliveries of export and renewable energy products, while the demand on Transmission products remains strong.

Backlog, profitability, and capacity utilization

SAR **3.9** billion

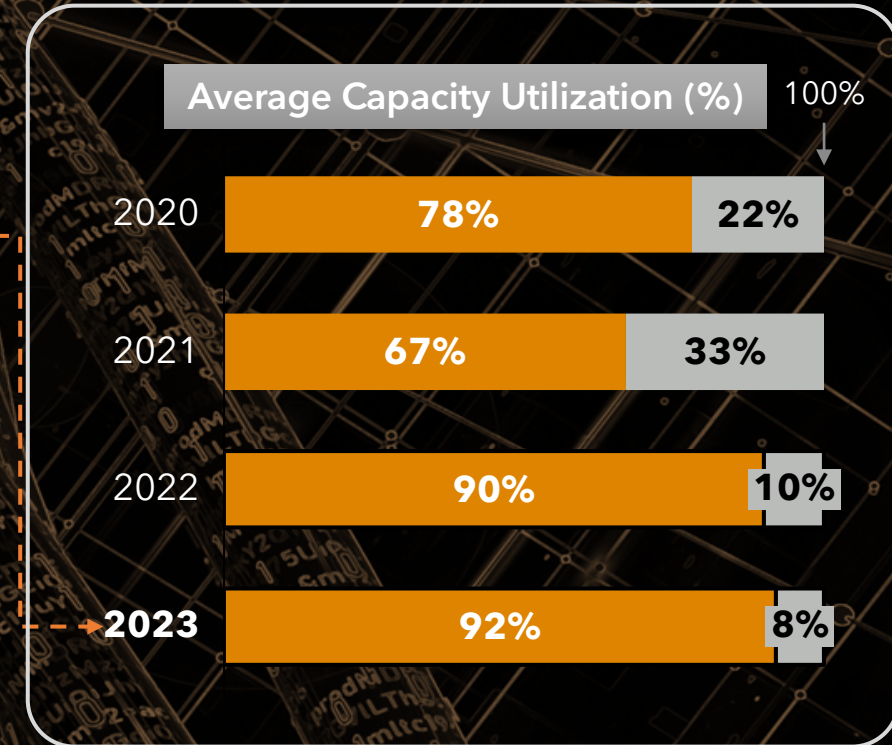
Record of confirmed orders backlog

- Quote pipeline size grew + 145 % in FY-23 Vs FY-22
- Clients continue to reserve slots in production pipeline as more demands ramps up.



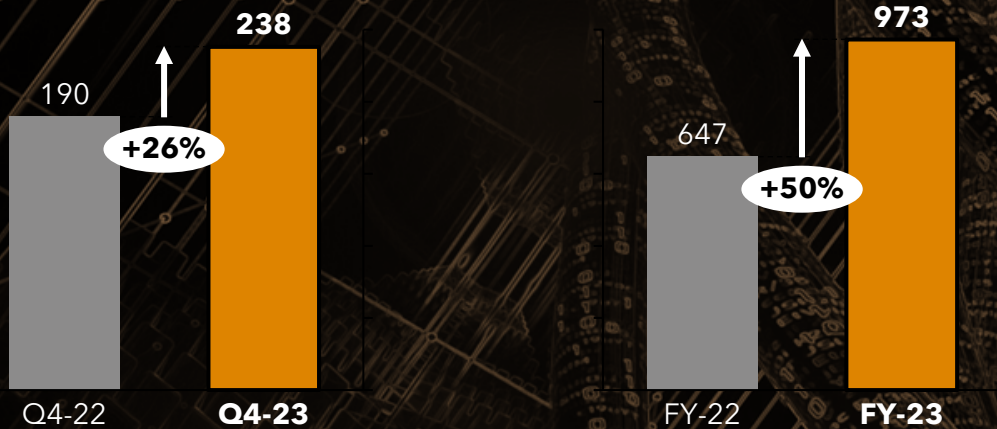
*Confirmed orders

Strong backlog in Q4-2023 pushing utilization rate to 92 %



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 efficiencies and improved mix.
- Strategic orders selection methodology to maximize profitability and streamline order fulfillment and delivery time.

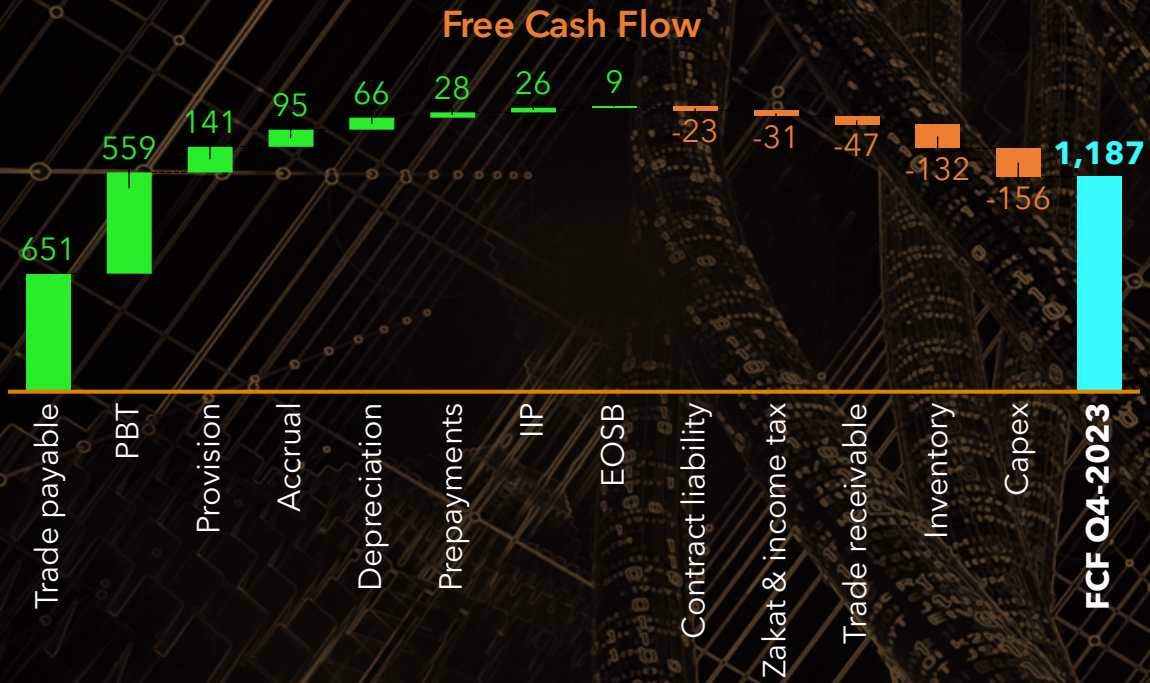
EBITDA (SARm)



EBITDA

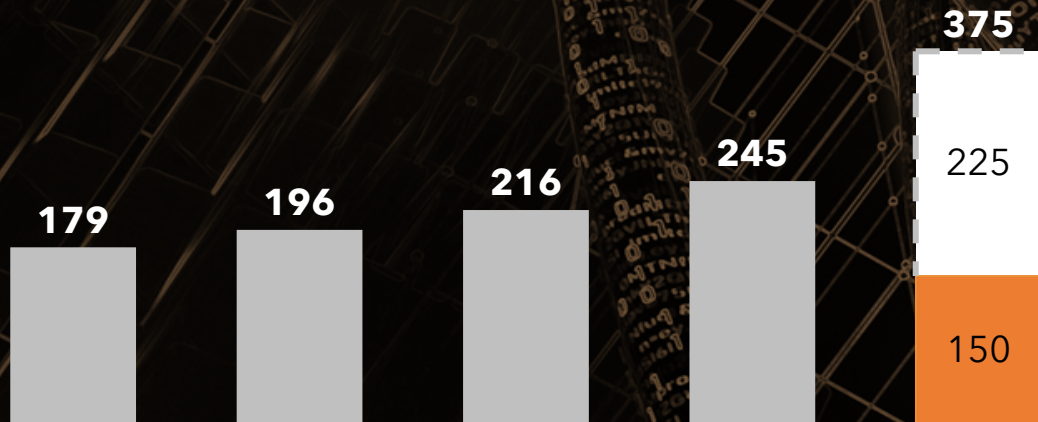
- On YoY basis excellent EBITDA improvement was attributed to stronger sales revenues (+ 15.2%) and efficient overall cost control.

Strong free cash flow generation and consistent dividend payment



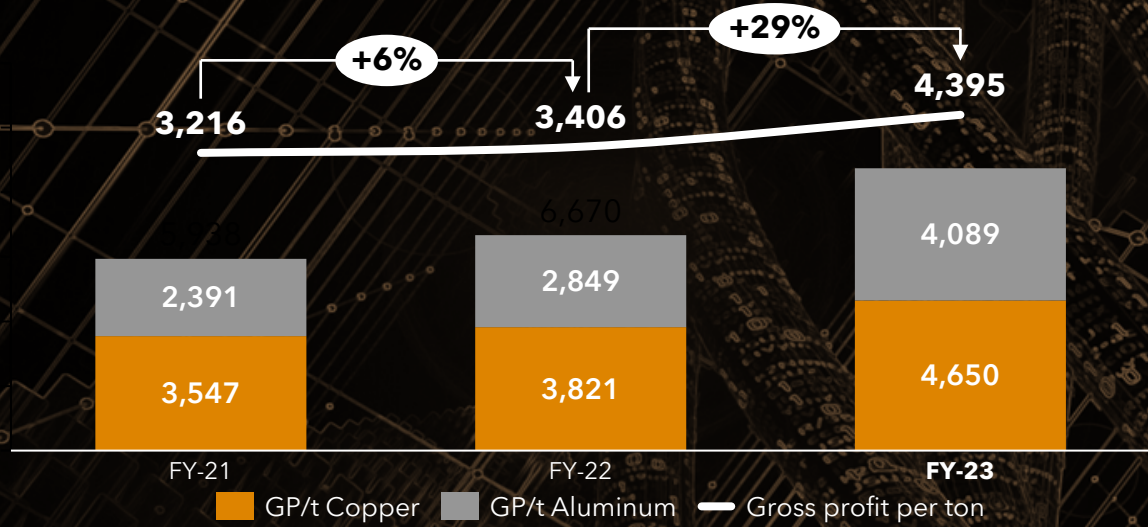
Excellent working capital management backs strong free cash flow generation, allowing RCG to accelerate investments in capacity with ability to sustain attractive dividend payouts.

Dividends Paid (SARm)



- H1-23 interim dividends (SAR150m) paid in October 2023.
- BoD recommended the H2-23 interim dividends payout of the amount of SAR225m (subject to General Assembly approval).
- Subject to General Assembly approval, total FY-23 dividend payout will be SAR375m.

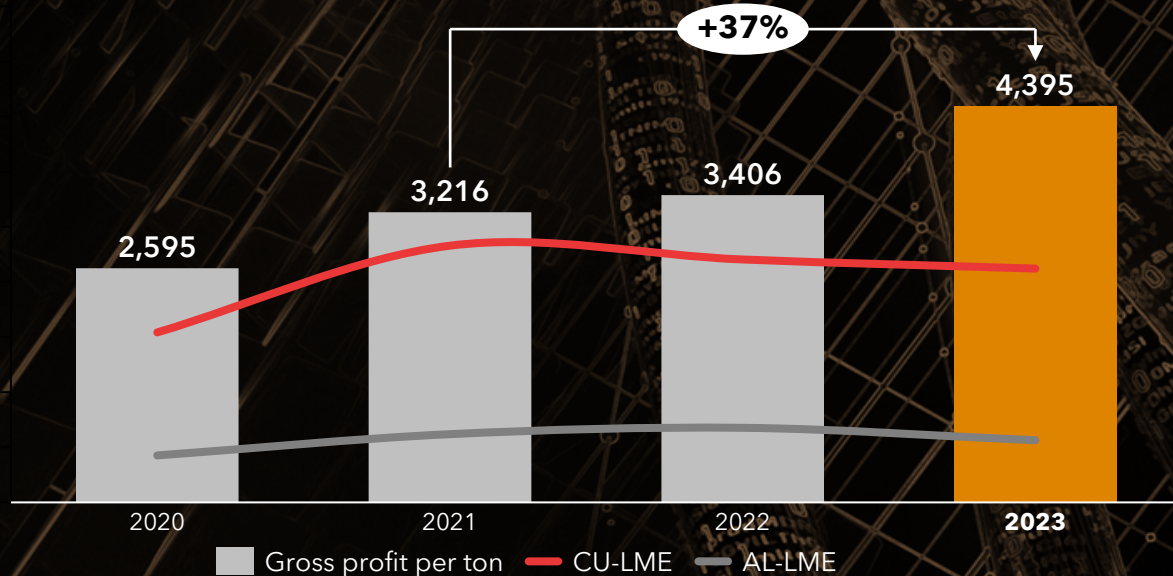
Hedging and pricing mechanisms neutralize commodity price fluctuations, granting stability to gross profit per tonne



Gross Profit per ton (SAR/tonne)

Main drivers:

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



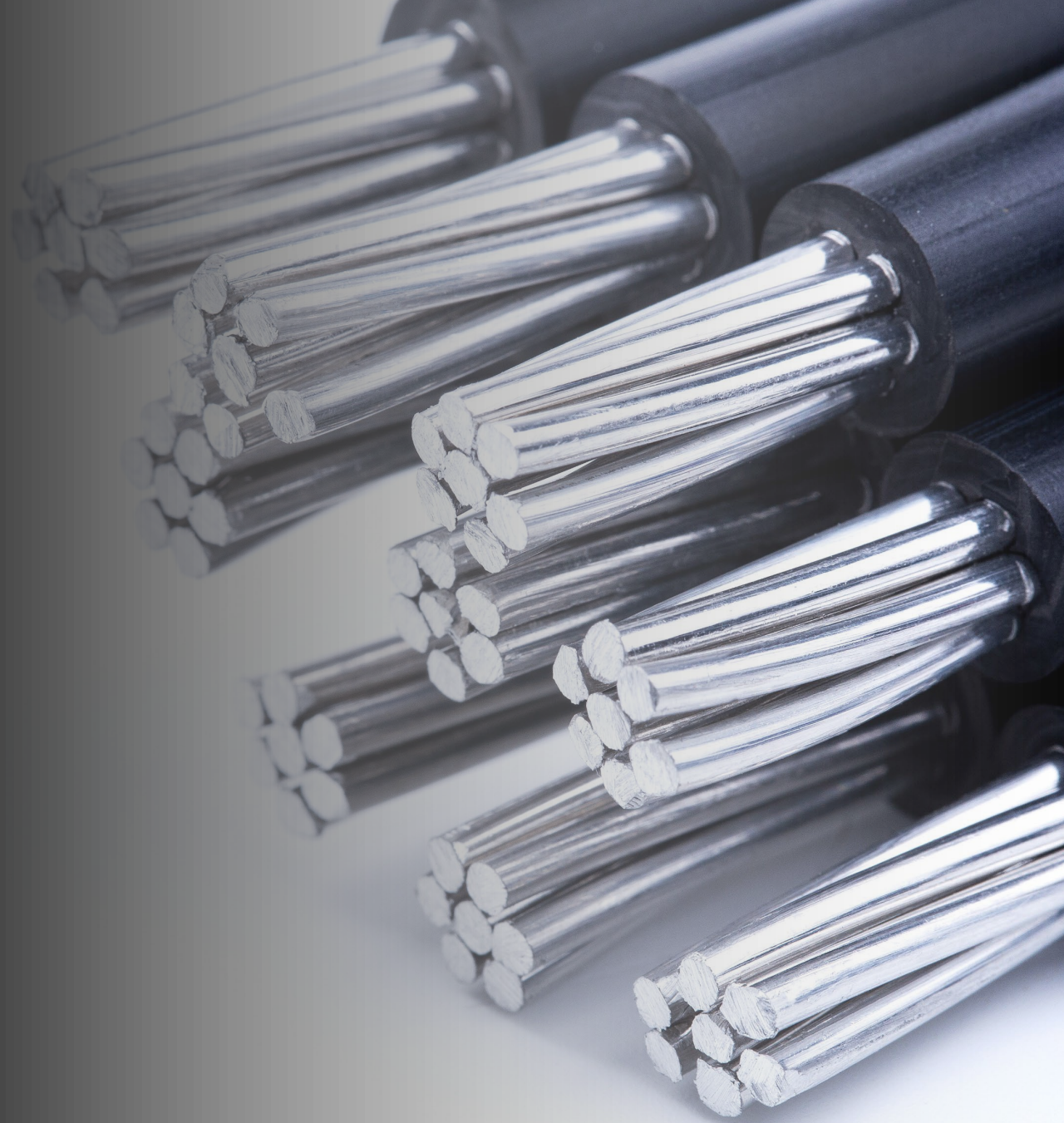
Steady profitability despite volatile commodity prices

Commodity price fluctuations have no impact on profitability due to:

- Unique hedging mechanism
- Vigilant order selection
- Pricing strategy



Business Strategy Refresh & Market Update



RCG Strategy: Drive Growth and Performance



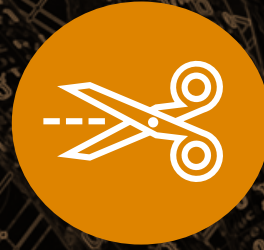
**Deepen And Expand
Geographical Footprint**

Leadership in
each target
market



**Products And
Services Innovation**

Complete cables
solutions



Cost Leadership

Focus on cost
and efficiency



Organisation

People and
processes



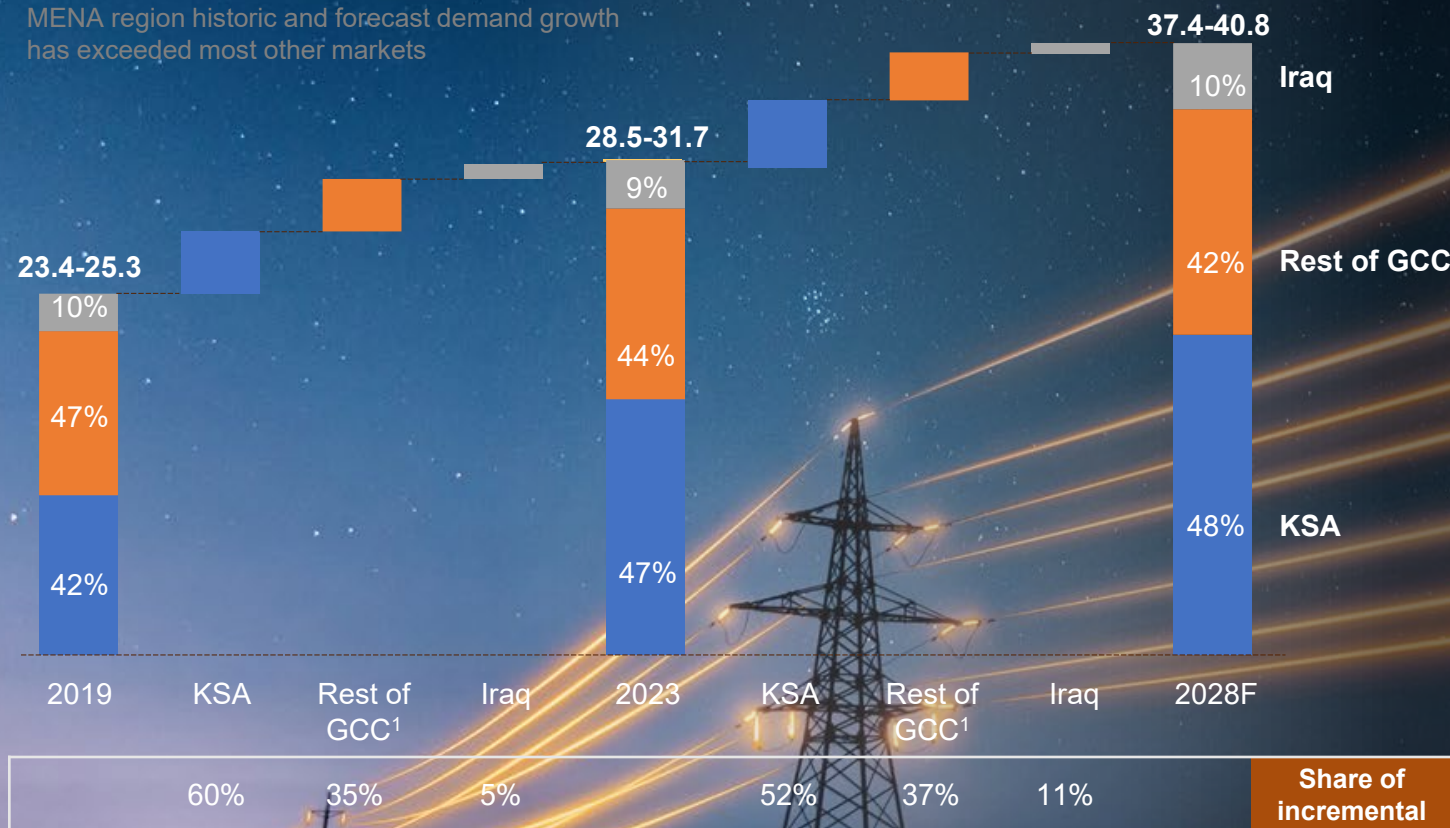
**Environment, Social And
Governance Focus**

Responsible
corporate culture

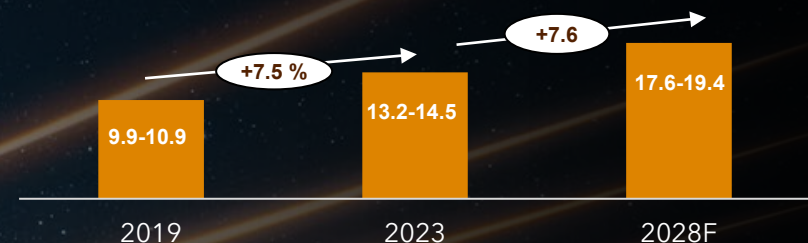
Overall Demand in Target Markets Displays Attractive Growth Lead by KSA

Wires and power cables market size in KSA, rest of GCC¹ and Iraq 2019 - 2028F (in SAR Billion)

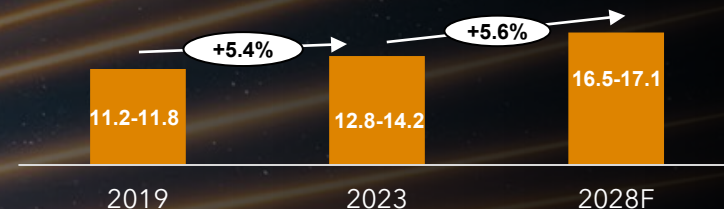
MENA region historic and forecast demand growth has exceeded most other markets



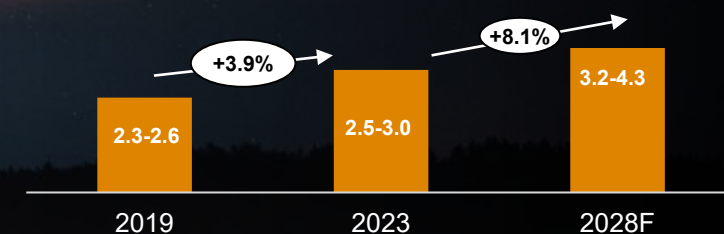
KSA Demand – SAR billion



Rest Of GCC – Demand SAR billion



Iraq – Demand SAR billion

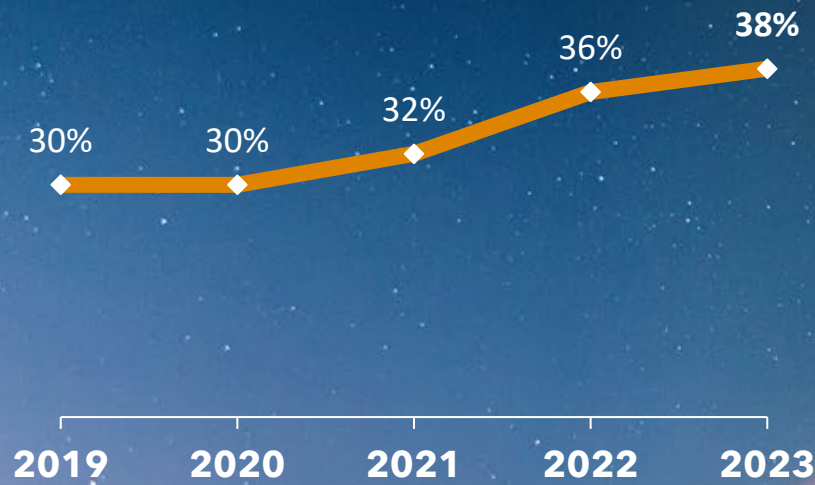


1) GCC countries excluding KSA

Source: Arthur D. Little analysis, Frost & Sullivan Analysis, AdaptaCorp, Company Analysis

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

KSA Market Share

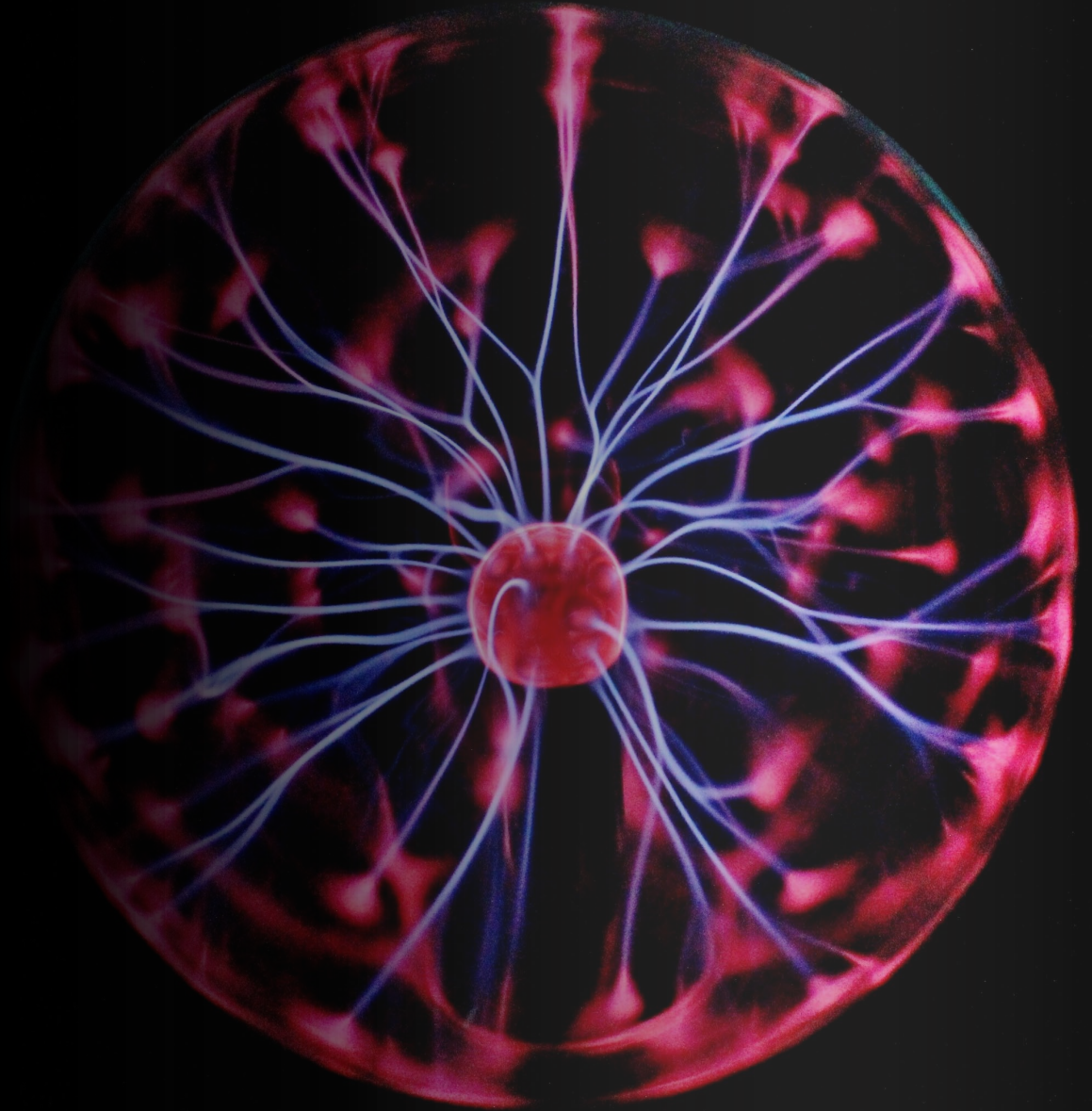


RCGC Sector Leadership

- 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



2024 Management Outlook

2024 TARGETS & GUIDANCE

Expected CAPEX
SAR ~200 million

10% - 15%
Increase of Net Profit

DIVIDENDS



Backlog



Macro trends



Product portfolio

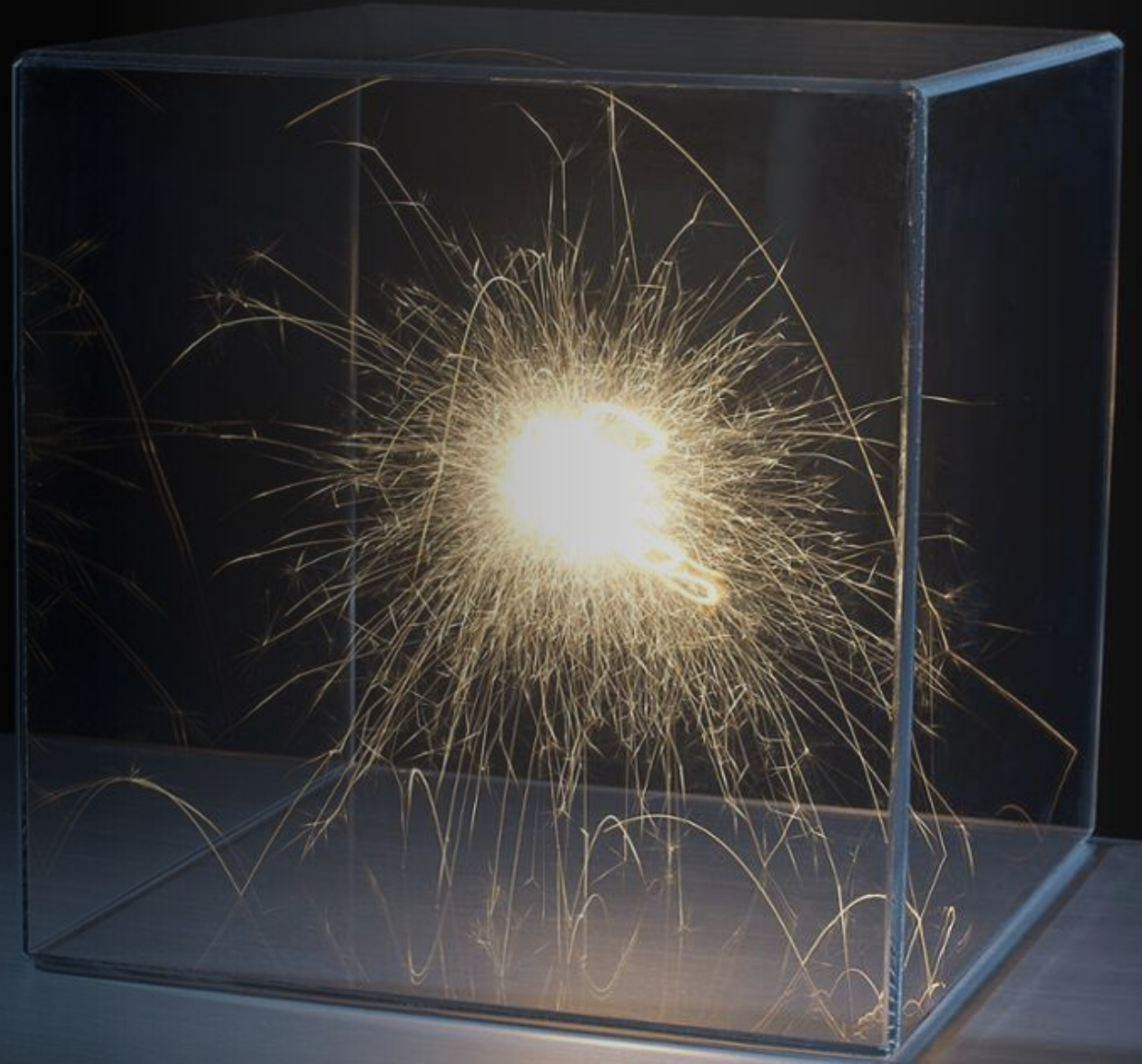


Capacity

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.

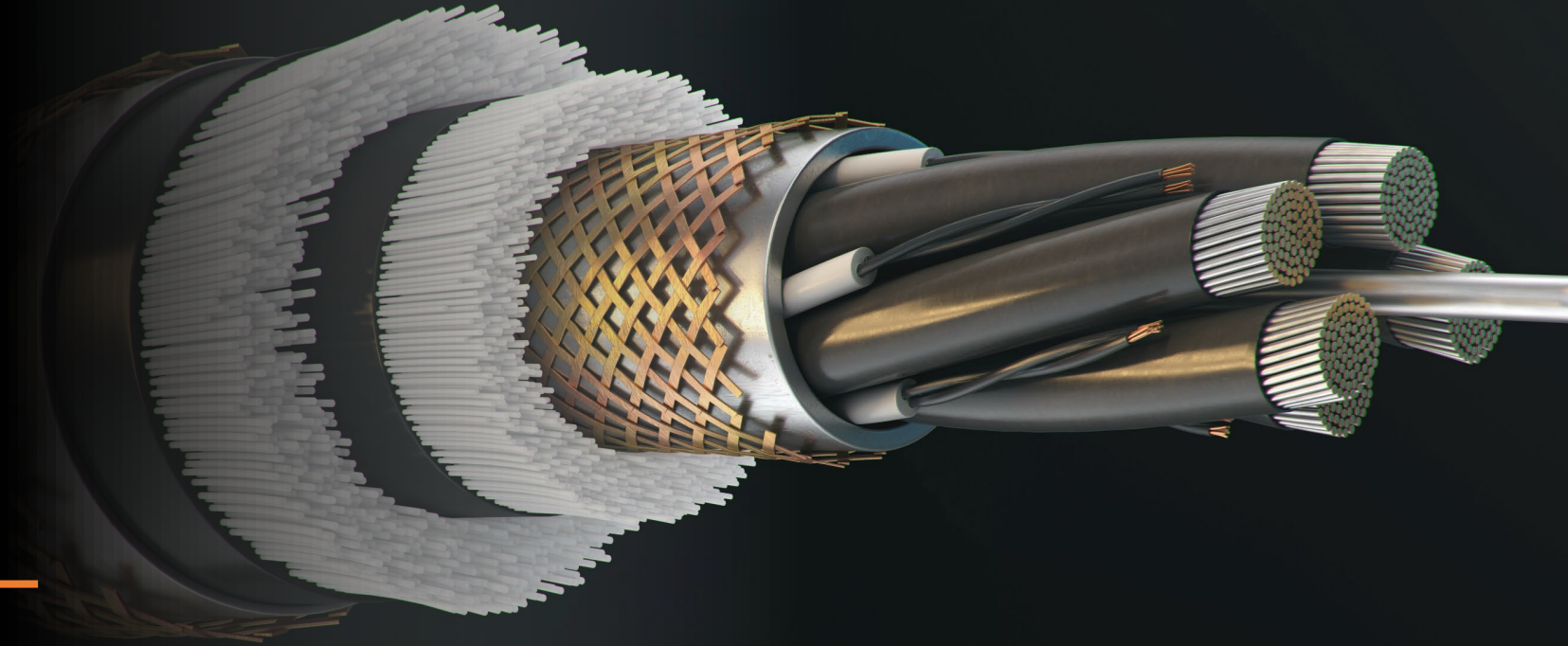


Q & A



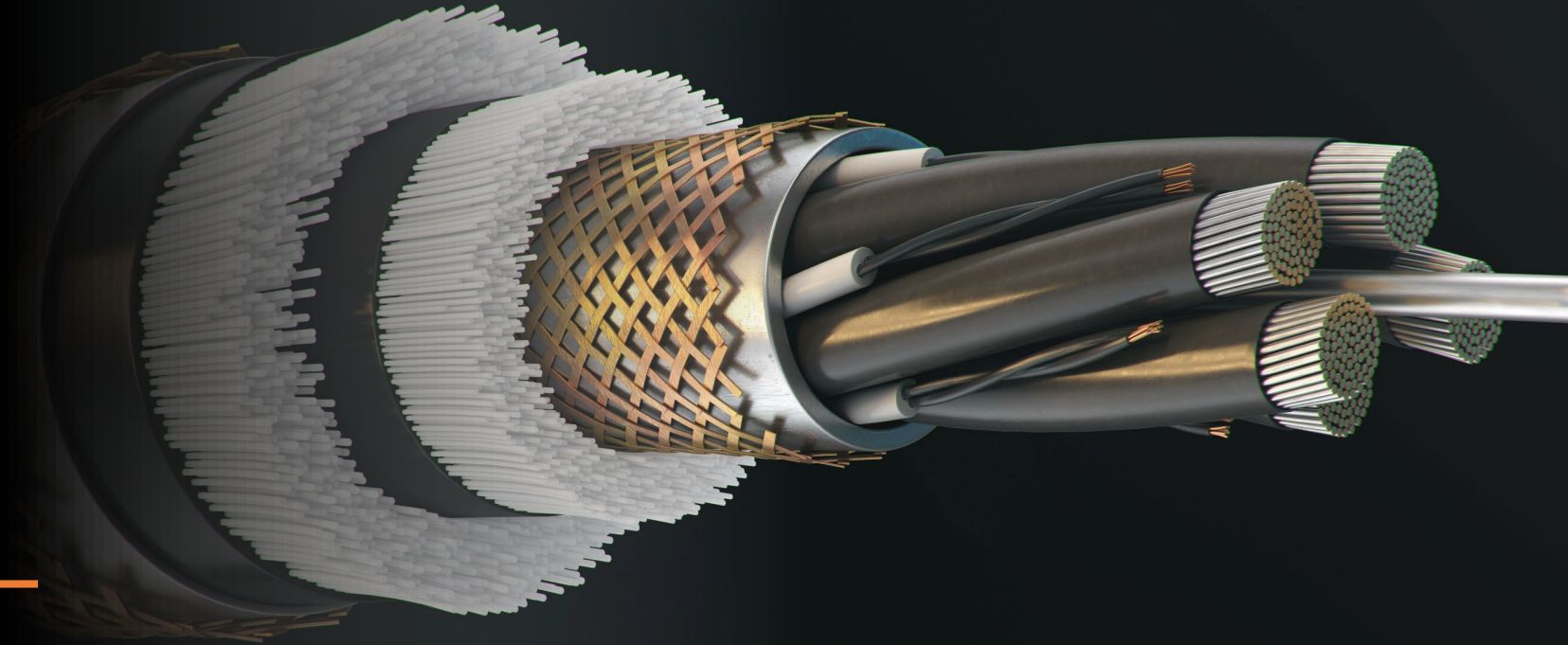


Thank you





Appendix



Summarized income statement (SARm)



	FY-22	FY-23	Var.	Var. %
Revenue*	6,852	7,825	973	14.2%
Direct costs*	-6,205	-6,853	-647	10.4%
Gross profit	647	973	326	50.3%
Operating expenses	-203	-242	-39	19.4%
Operating profit	444	730	286	64.4%
Investment income	-0	-0	-0	
Finance charges	-73	-103	-31	41.9%
Other income / expenses & Zakat	-19	-108	-89	468.7%
Group net income	352	519	166	47.2%
Minority interest	0	0	0	-39.4%
Net income - reported	352	518	167	47.4%

Condensed balance sheet (SARm)



	YE-22	FY-23
Fixed Assets	1,224	1,281
Investments	54	48
Other Long Term Assets	13	13
Current Assets	3,333	3,489
Total Assets	4,624	4,831
Borrowings	1,468	722
Long Term Liabilities	123	135
Current Liabilities (excl. borrowings)	913	1,728
Total Liabilities	2,503	2,585
Equity	2,121	2,246
Total Equity & Liabilities	4,624	4,831

Condensed cash flow statement (SARm)



	FY-22	FY-23	Var.	Var. %
Operating cash flow before working capital	399	856	457	114.5%
Net working capital movement	-194	508	702	-362.3%
Cash generated from operating activities	205	1,363	1,158	564.3%
Finance charges, Zakat & income tax, EOSB	-20	-21	-1	3.6%
Net cash flow from operating activities	185	1,342	1,157	626.3%
Investment in short term deposits	-37	-156	-119	0.0%
Net cash used in financing activities	-91	-1,144	-1,053	1158.6%
Net decrease in cash and bank balances	57	43	-14	-24.4%
Cash at the beginning of the period	50	107	57	112.7%
Cash at the end of the period	107	150	43	40.1%



Riyadh Cables Group