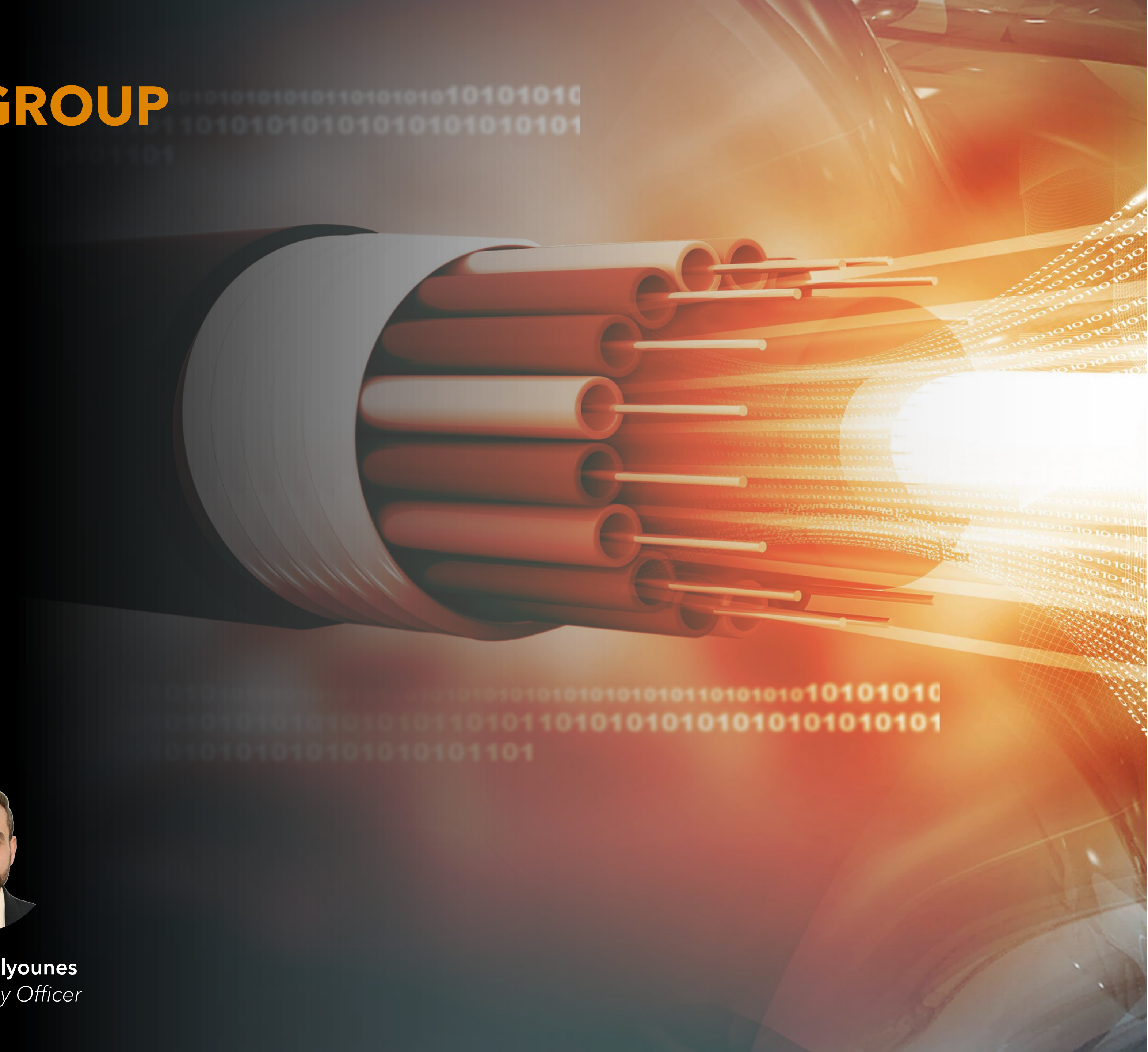
**RIYADH CABLES GROUP**



# Earnings Presentation H1-24

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# Disclaimer

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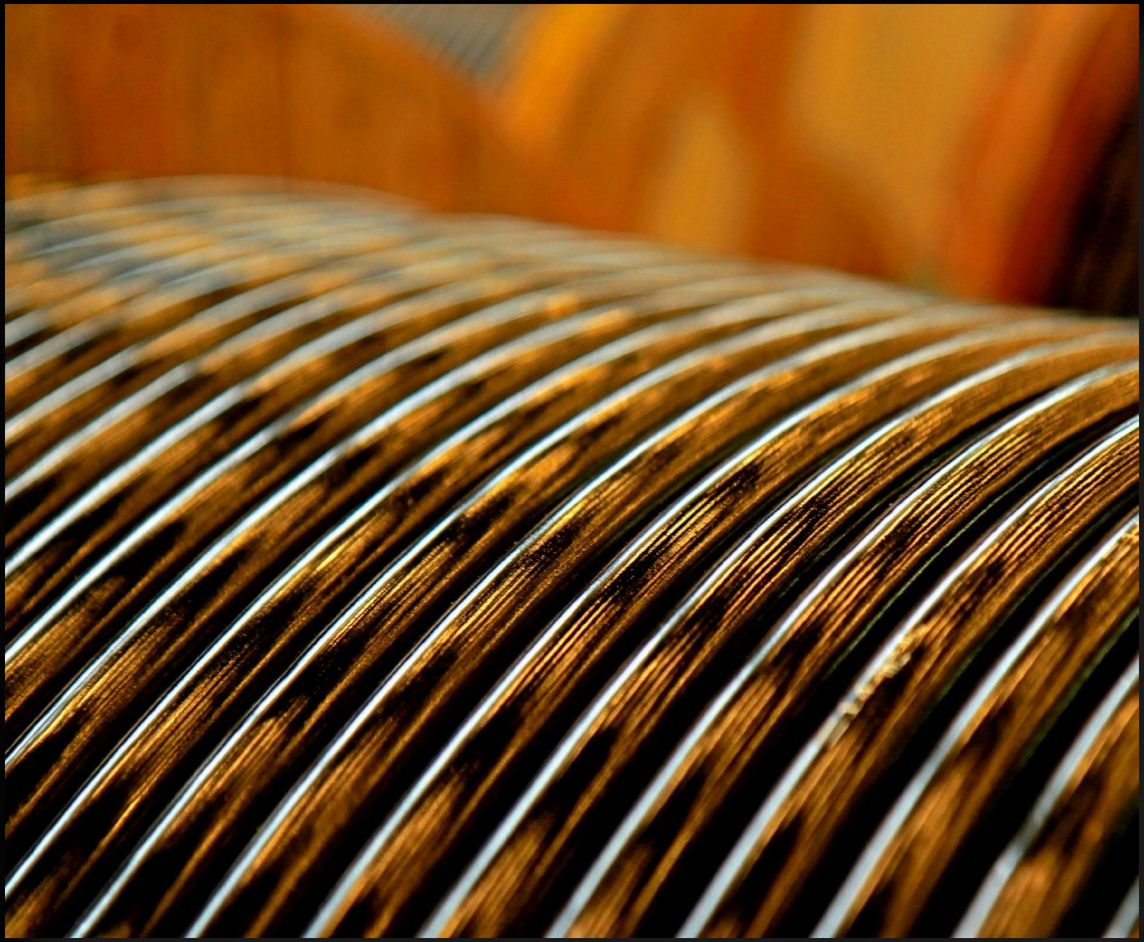
# In Today's Meeting



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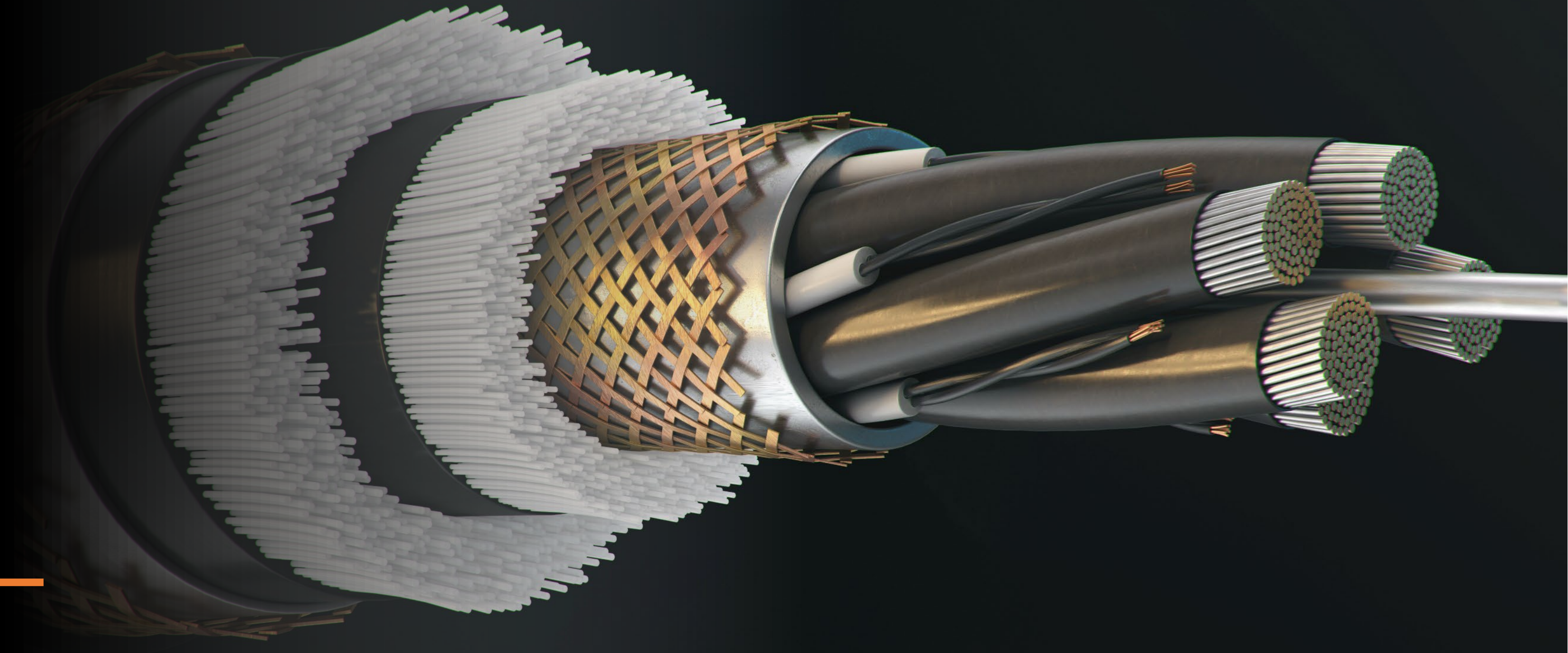
# Company Overview



# Cables are the backbone of the economy, touching every segment

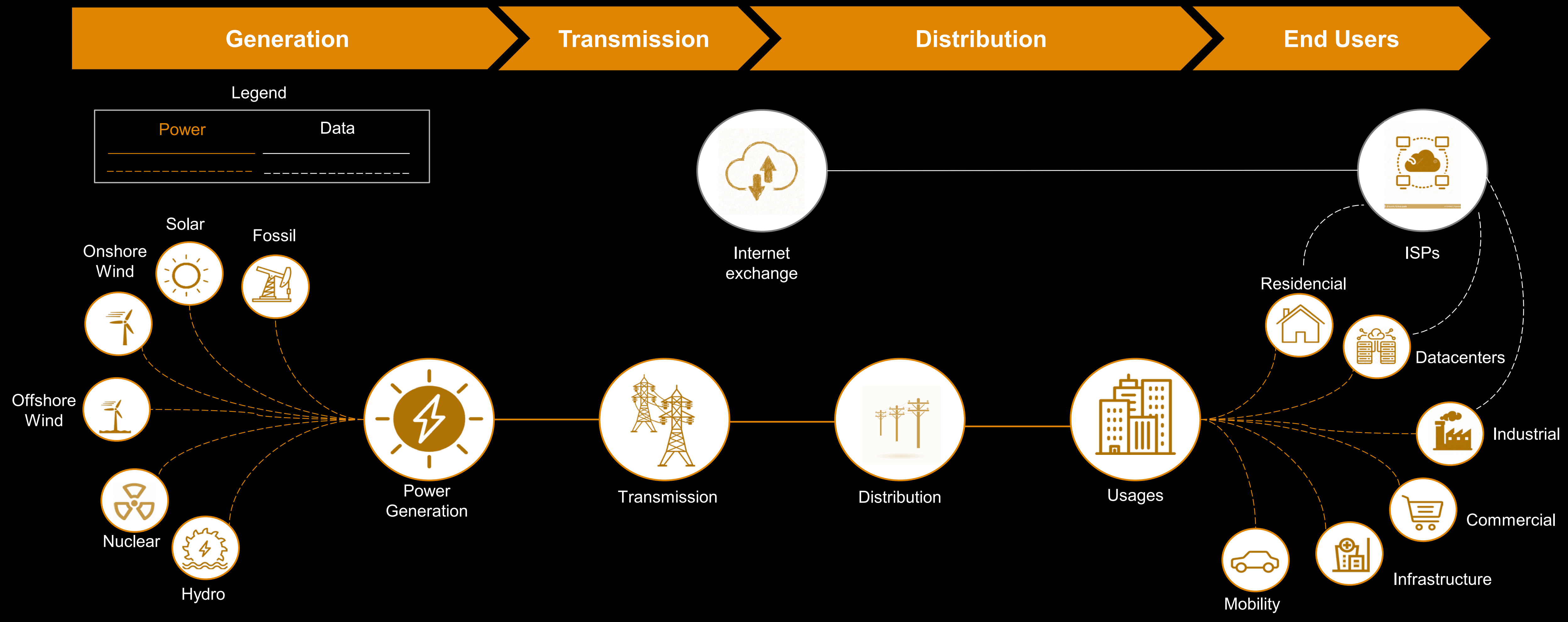
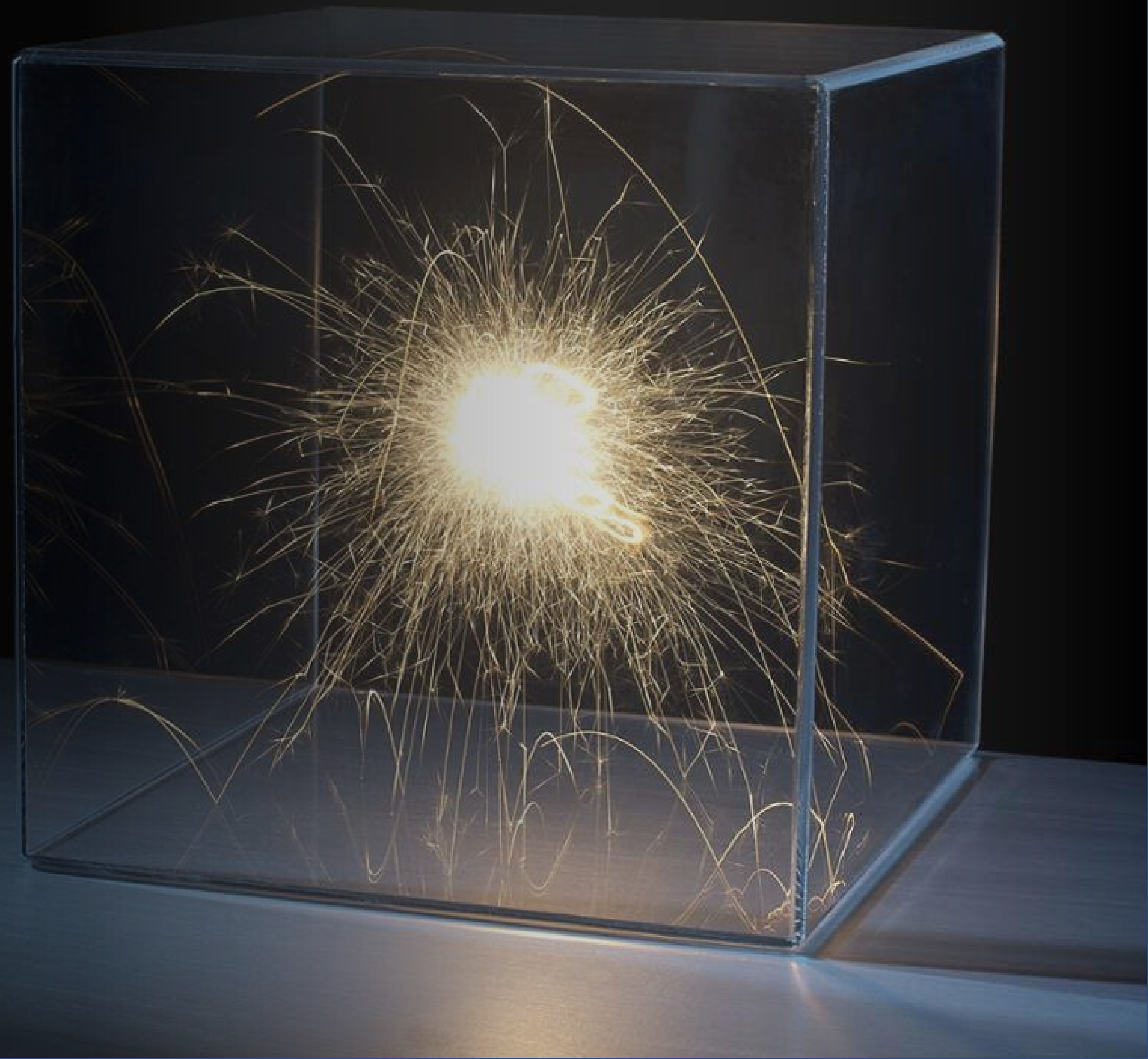



Illustration not exhaustive

# H1-24 Performance Highlights



# H1-24 Financial and Operational Performance Snapshot

*Percentage changes refer to YoY change*

**SARm 4,078**
Revenue
*+ 5.8%*

**Kt 112**
Sales Volume
*+ 1.9%*

**% 92**
Utilization Rate

**SAR 4,778**
Gross Profit Per Ton
*+ 18.2%*

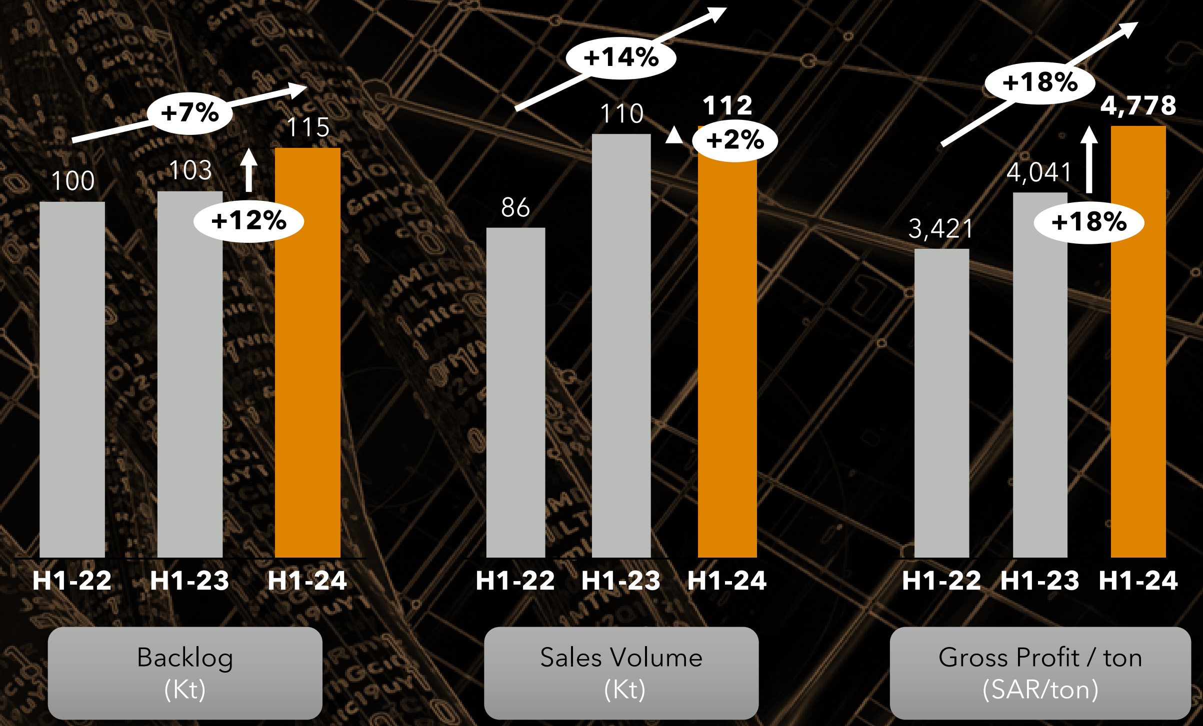
**SARm 441**
EBITDA
*+ 25.3%*

**SARm 328**
Net Profit
*+ 30%*

**SARm 45**
CAPEX (spent)
*+ 6%*

**SARm 42**
FCF
*- 94%*

**X 0.31**
Net D/E
*-11%*




Ton = 1,000 KG

# H1-24 Key Performance Drivers

*Percentage changes refer to YoY change*

**Sales Volume**
2% increase in sales volume, solid sales in transmission projects, together with renewable and export. Slowdown in Utility segment.

**Revenue**
Good demand-driven revenue increased by 6%. Continue very good performance in Domestic market (excl. Utility), UAE and Turn-Key projects.

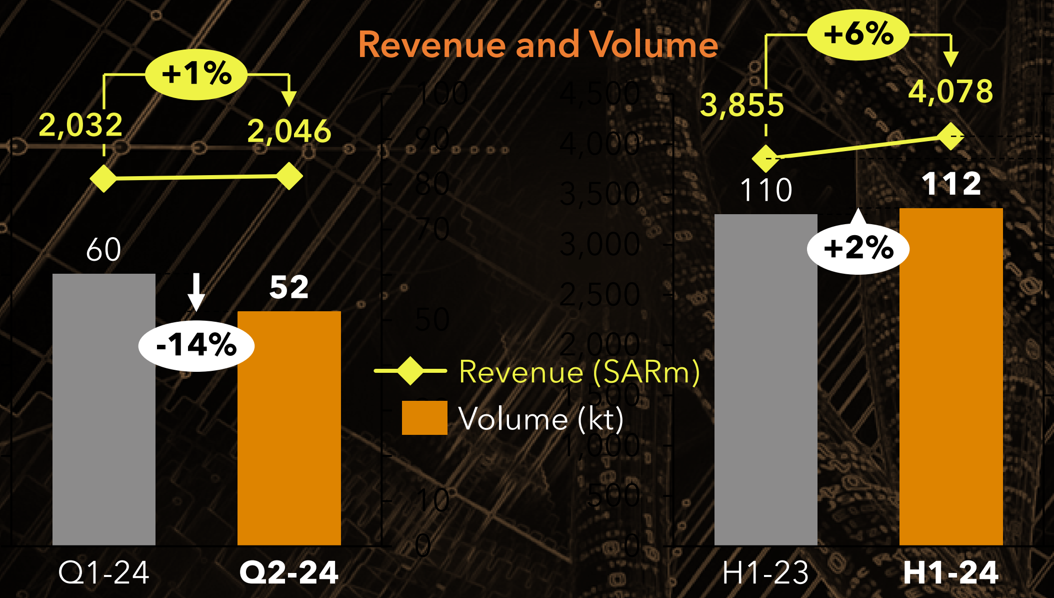
**Gross Profit per tonne**
Excellent growth, with an increase of 18% as a result of better mix, pricing and operational efficiencies.

**Net Profit**
Increased sharply by 30% backed by stronger operating income driven by good efficiencies and firm control on SG&A.

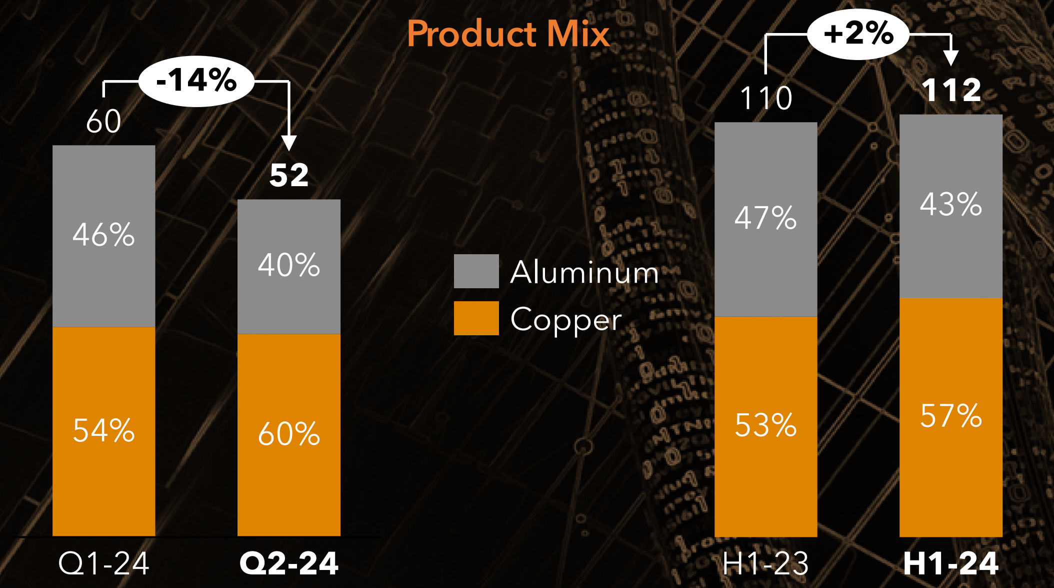
**Free Cash Flow**
Free Cash Flow SAR 42 million, focus on working capital management for H2-24.

# Financial Review

# H1-24 Financial and Operational Performance




- Q2-24 revenue above 2bnSAR, volume drop due to holiday season (same volume as in Q2-23).
- H1-24 sales revenues characterized by strong Local and GCC demand, lower volume from local Utilities.
- Overall market continues to be strong, witnessed with another increase of backlog of confirmed orders (SAR5.2bn).



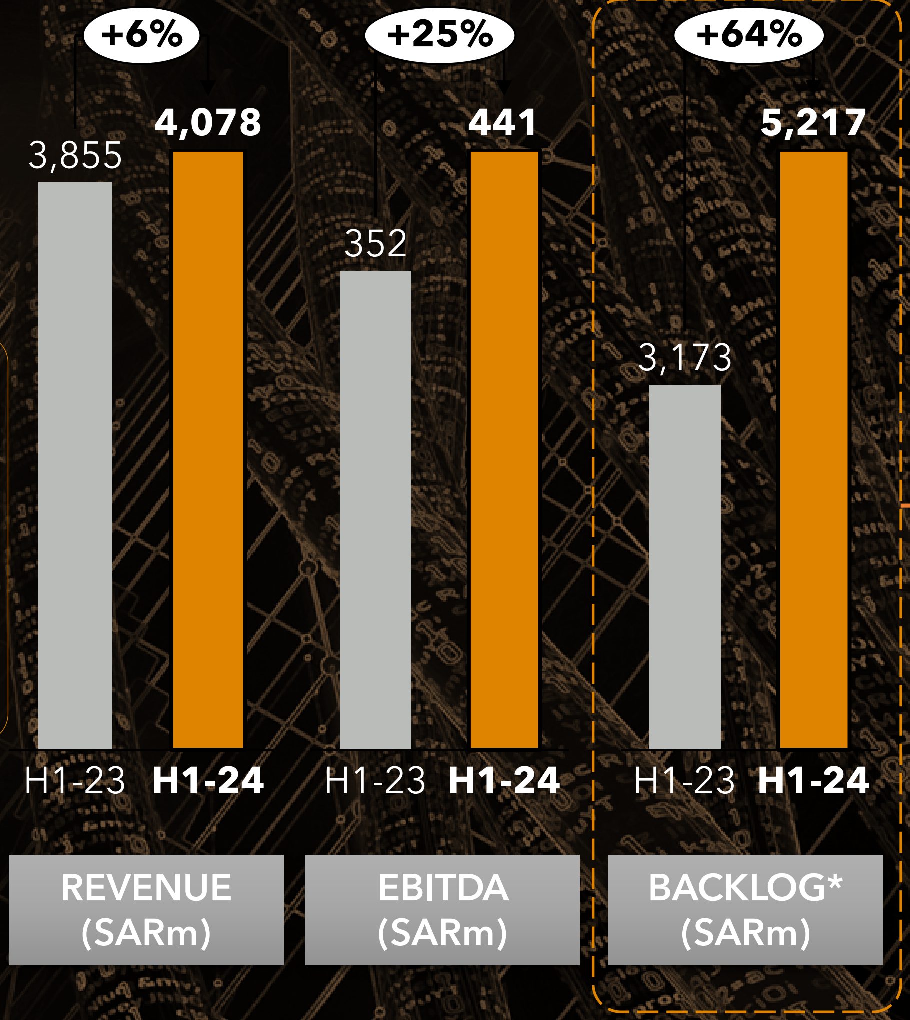

- The share of Aluminum products decreased due to Utilities slowdown.
- We are expecting similar mix for the rest of the year.

# Backlog, profitability, and capacity utilization

**SAR 5.2 billion**

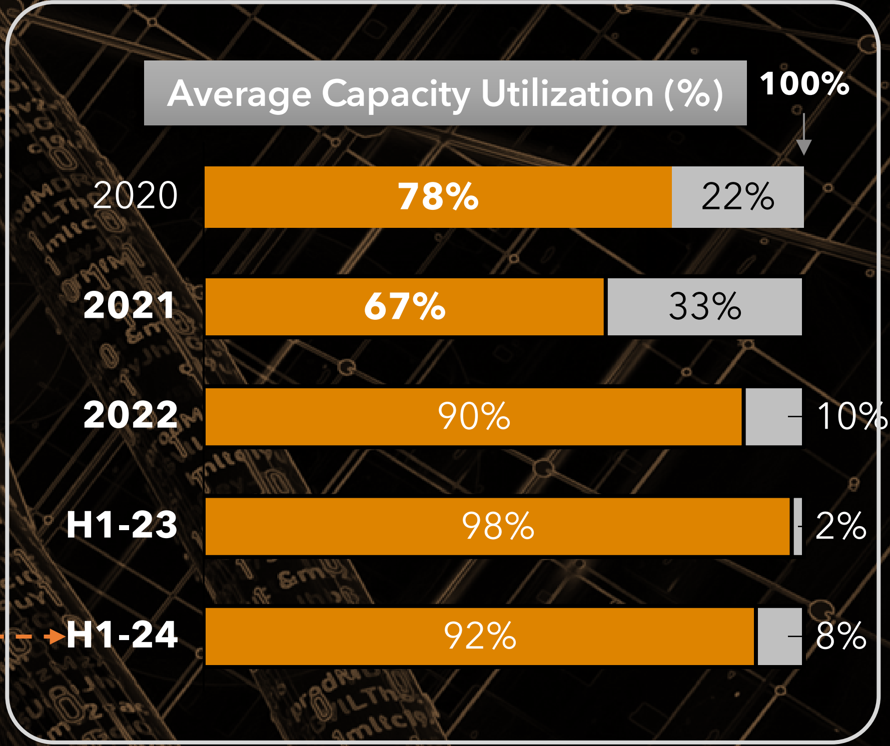
**Record of confirmed orders backlog**

- Record high of confirmed orders backlog, +0.4bn SAR Vs Q1-24.
- Strong Tendering pipeline confirms positive outlook.
- Customers reserving future capacity.




*Confirmed orders

*Strong backlog in Q2-24, utilization rate to 92 %*



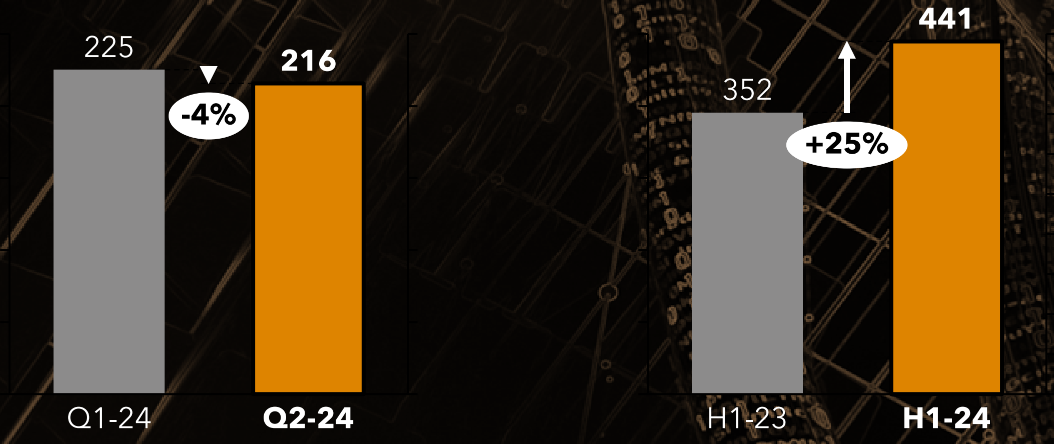
# Gross profit and EBITDA show healthy improvement on better mix and successful variable / fixed cost optimization

## Gross Profit (SARm)


## Gross Profit

- H1 gross profit increased compared to 2023 as a result of efficiencies and improved mix.
- On Quarterly basis slight reduction of Gross Profit due to lower volume sold (due to Holiday season).

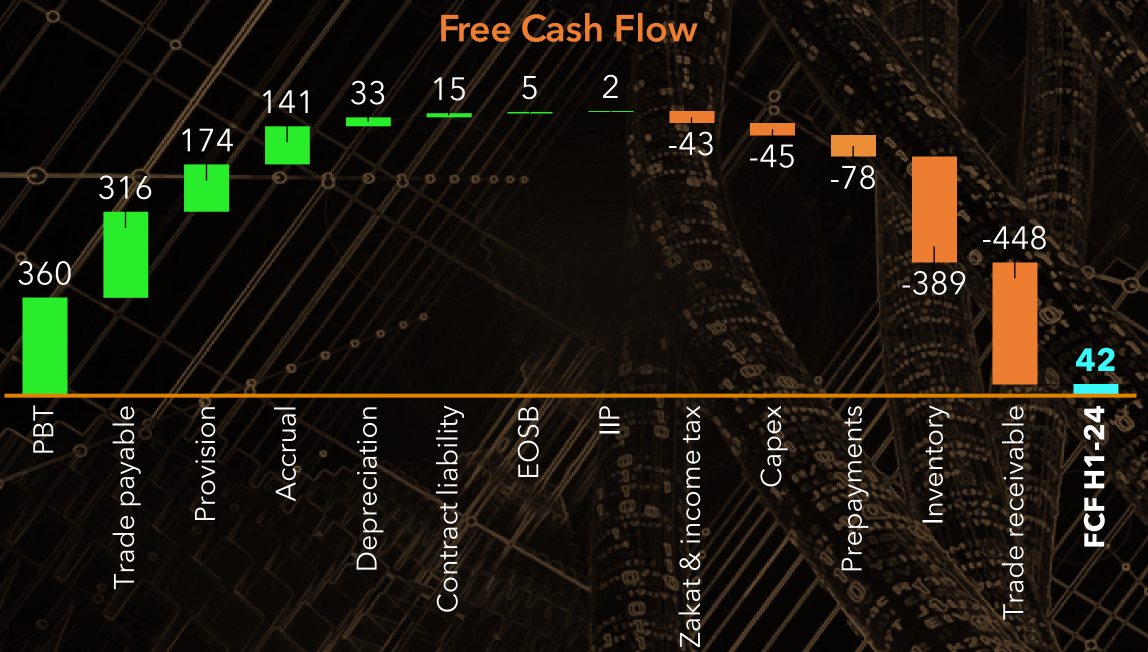
## EBITDA (SARm)




## EBITDA

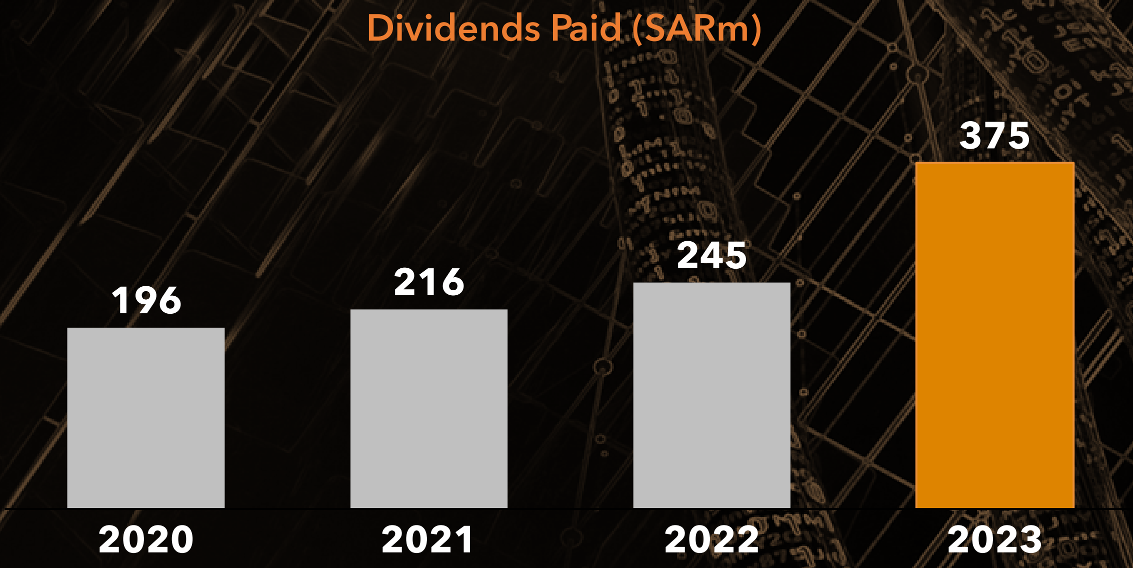
- On YoY basis excellent EBITDA improvement was attributed to efficient overall cost control, backed by a solid revenue.

# Positive free cash flow generation and consistent dividend payment



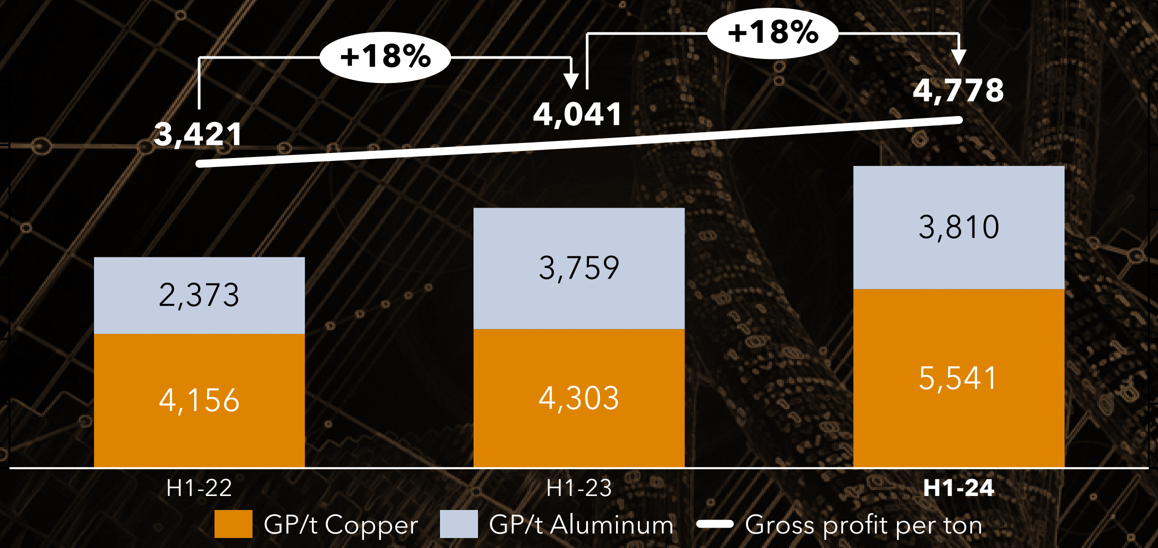

Inventory and Receivables on a higher side pushing the Free Cash Flow to positive SAR42m.

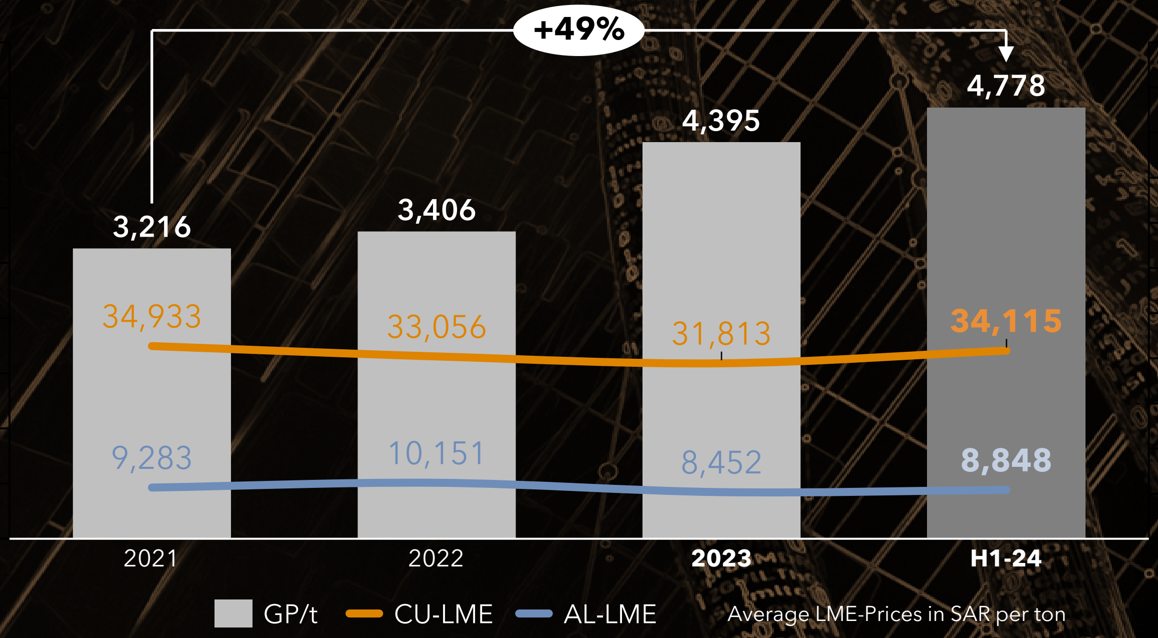
Focus during H2-24 on Working Capital management.




- Total FY-23 dividends paid SR375m.
- Consistent dividend payout throughout the years, with an increase +53% during FY-23 Vs FY-22.

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




## Gross Profit per ton (SAR/ton)

Main drivers:

- Operational Efficiencies due to high Utilization
- High demand on Transmission products
- Cost efficiencies continuous improvement
- Vertical integration of production processes

## 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**

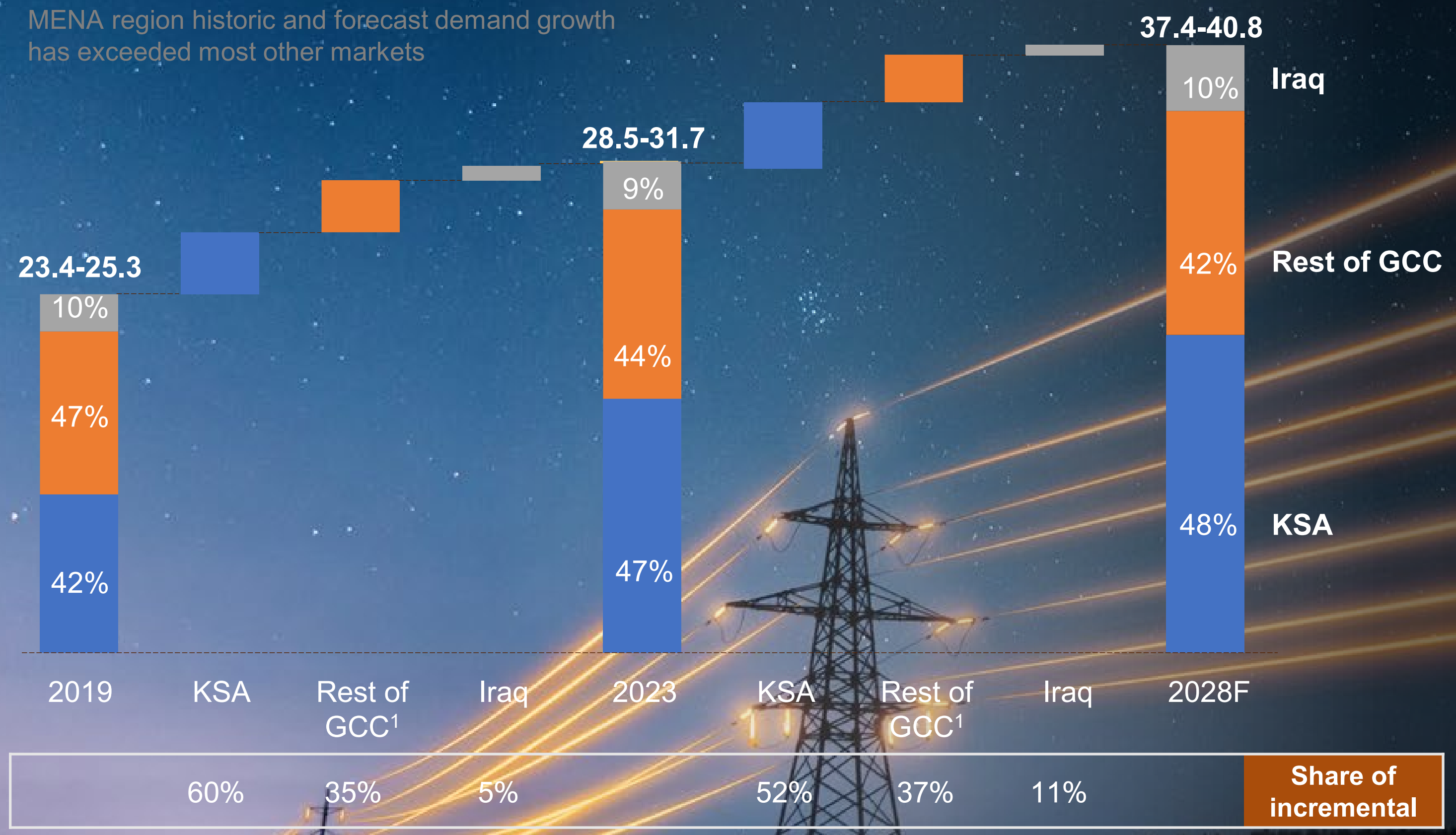
People and processes

**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 GCC[1] and Iraq
2019 - 2028F (in SAR Billion)

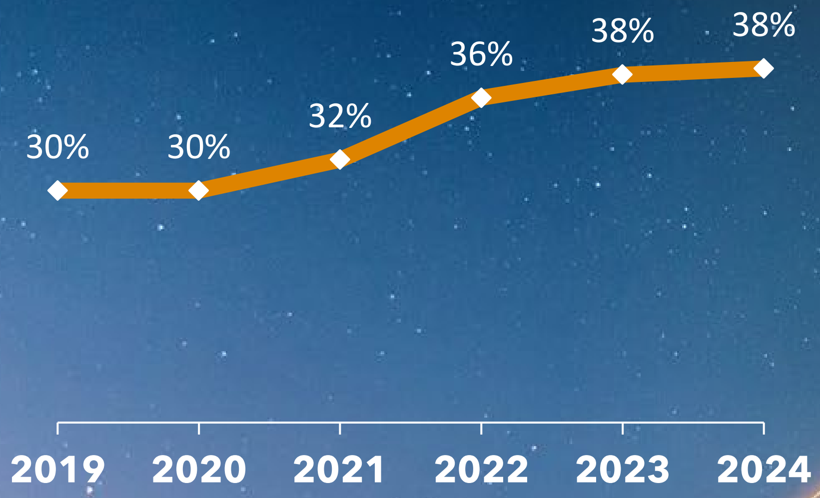




1) GCC countries excluding KSA
Source: Arthur D. Little analysis, Frost & Sullivan Analysis, AdaptaCorp, Company Analysis

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

## KSA Market Share

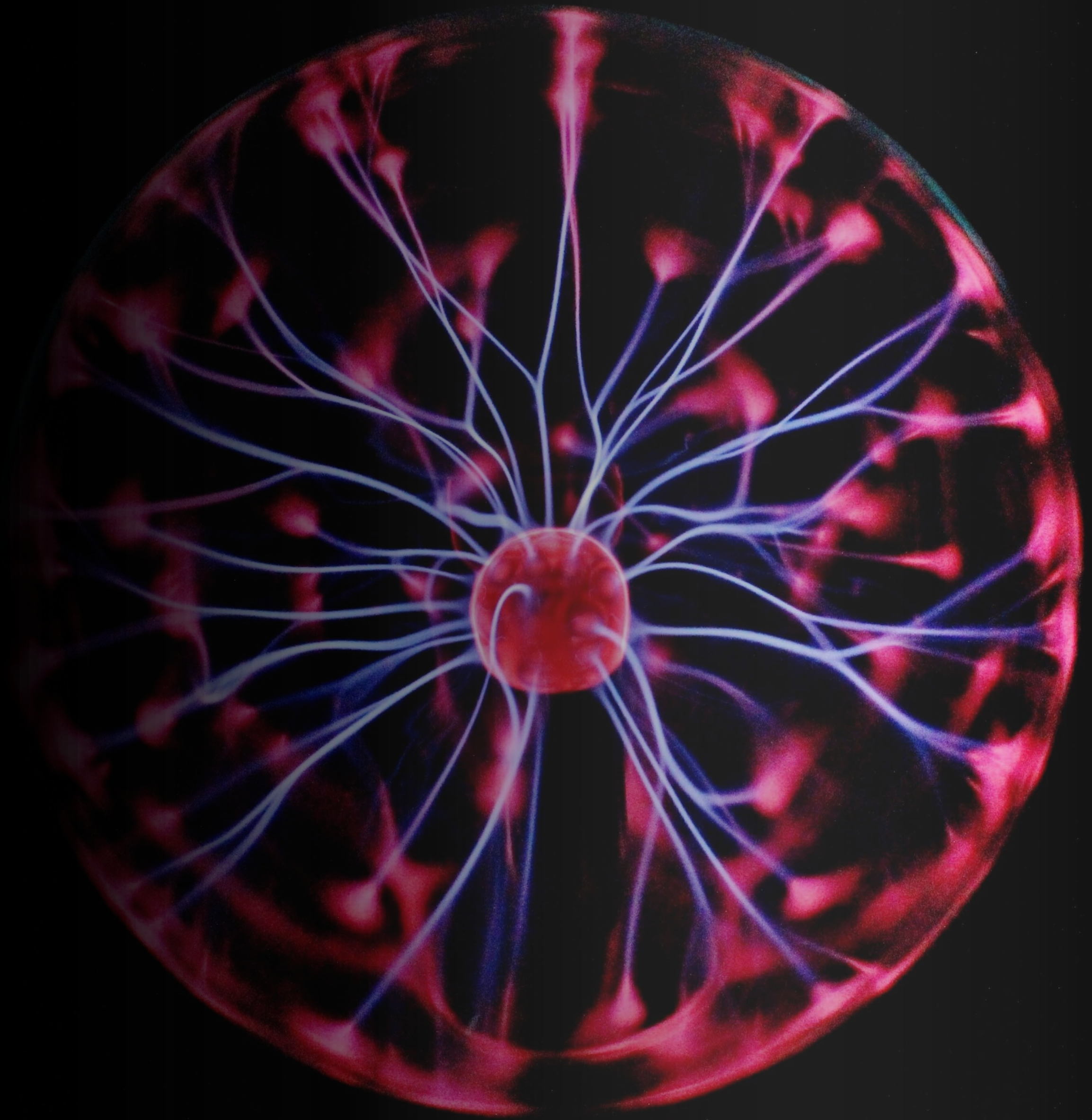



## RCGC Sector Leadership

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

Source: ADL Market study
Source: Company

# Upgraded Way Forward



# Upgraded 2024 Management Outlook

**2024 TARGETS & GUIDANCE**

***- WE UPGRADED THE PREVIOUS GUIDANCE -***

| | |
|---|---|
| Expected CAPEX<br>**SAR ~200 million** | *New Guidance*<br>Net Profit<br>**20% - 30% increase** |
| As per previous guidance | Previous guidance<br>10% - 15% increase |

**Backlog**

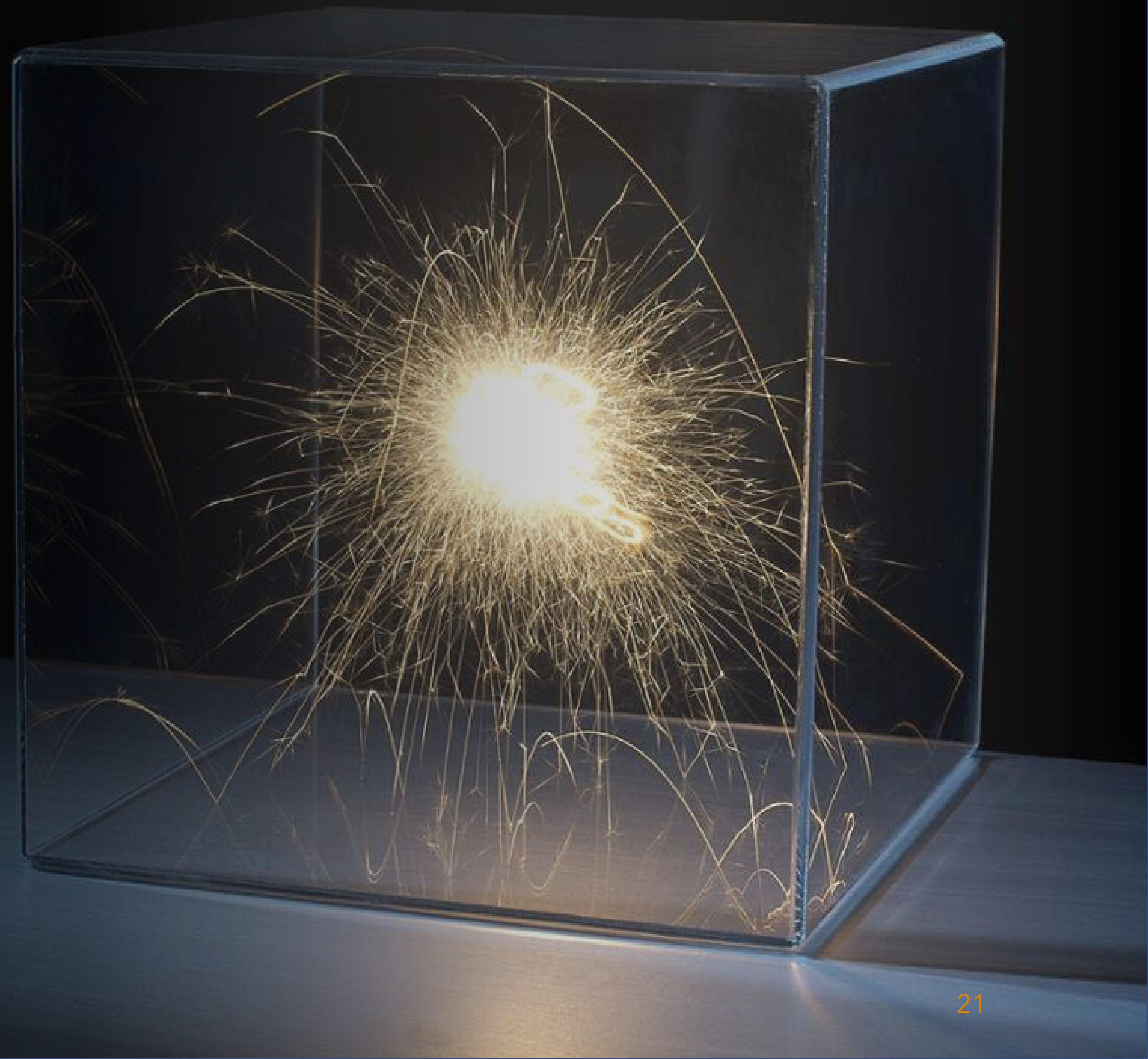
**Macro trends**

**Product portfolio**

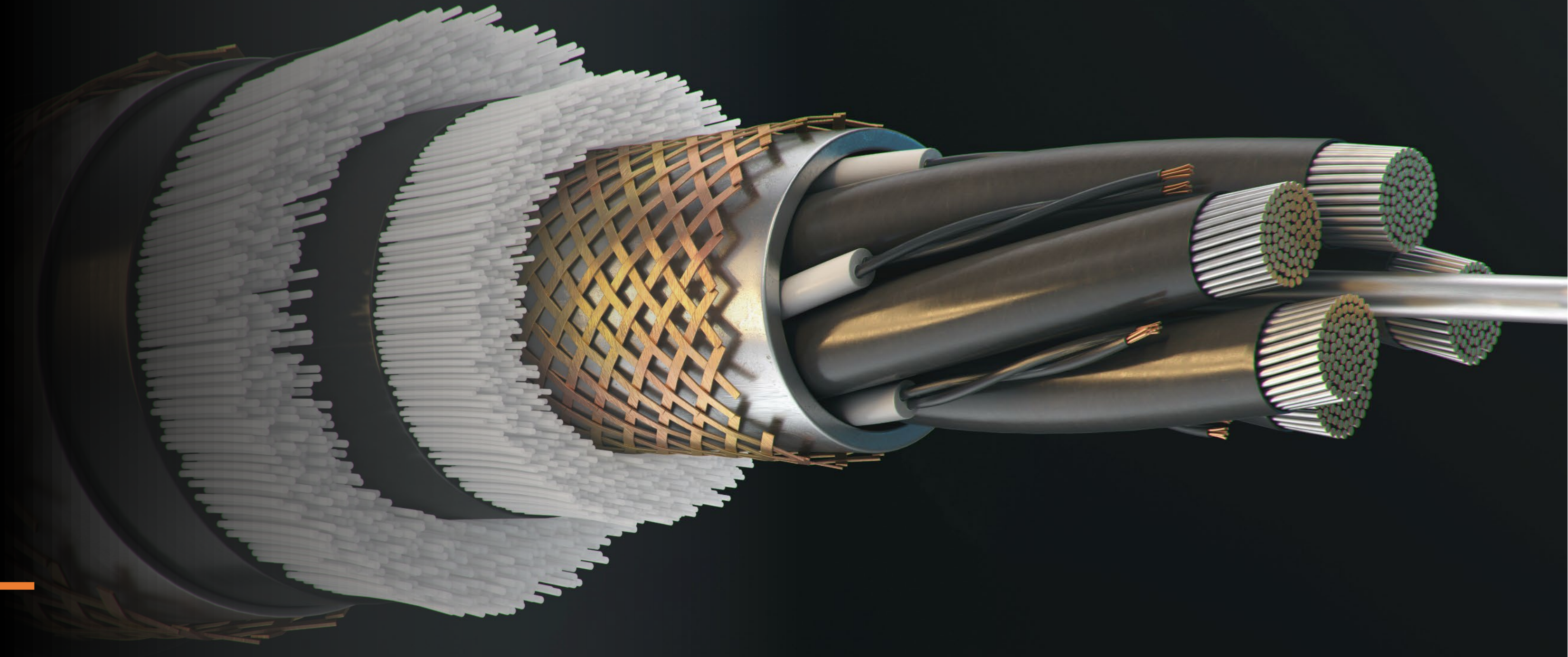
**Capacity**

*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.*

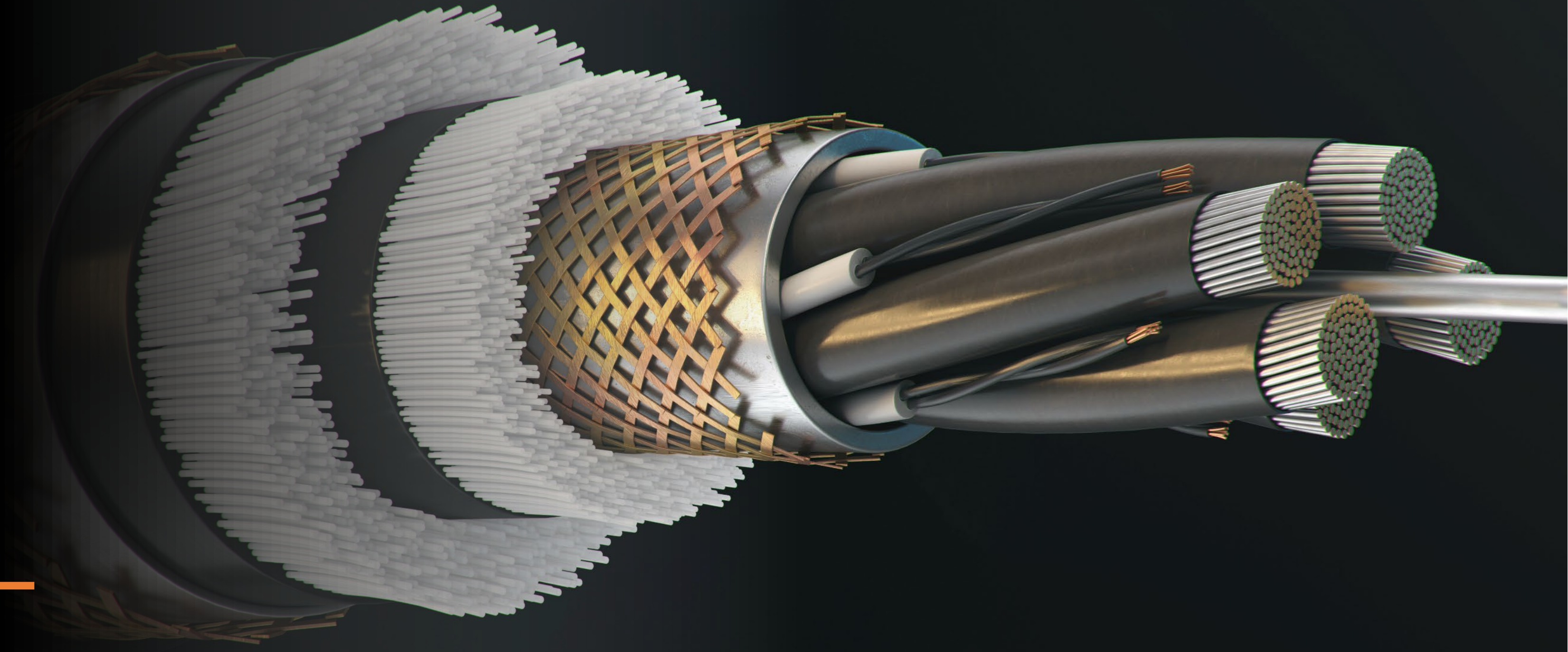
# Q & A



# Thank you



# Appendix



# Summarized income statement (SARm)

| | H1-23 | H1-24 | Var. | Var. % |
|---|---|---|---|---|
| Revenue* | 3,855 | 4,078 | 223 | 5.8% |
| Direct costs* | -3,399 | -3,525 | -126 | 3.7% |
| **Gross profit** | **455** | **553** | **97** | **2.1%** |
| Operating expenses | -115 | -127 | -12 | 10.6% |
| **Operating profit** | **319** | **409** | **90** | **2.8%** |
| Finance charges | -49 | -49 | 0 | -0.1% |
| **Group net income** | **252** | **330** | **78** | **3.1%** |
| **Minority interest** | **-0.06** | **-1** | **-1** | **197.0%** |
| **Net income - reported** | **252** | **328** | **77** | **3.0%** |

# Condensed balance sheet (SARm)

| | YE-23 | H1-24 |
|---|---|---|
| Fixed Assets | 1,281 | 1,283 |
| Investments | 48 | 50 |
| Other Long Term Assets | 13 | 13 |
| Current Assets | 3,489 | 4,349 |
| **Total Assets** | **4,831** | **5,695** |
| Borrowings | 722 | 916 |
| Long Term Liabilities | 135 | 139 |
| Current Liabilities (excl. borrowings) | 1,728 | 2,238 |
| **Total Liabilities** | **2,585** | **3,293** |
| Equity | 2,246 | 2,402 |
| **Total Equity & Liabilities** | **4,831** | **5,695** |

# Condensed cash flow statement (SARm)

| | H1-23 | H1-24 | Var. | Var. % |
|---|---|---|---|---|
| Operating cash flow before working capital | 494 | 746 | 252 | 51.0% |
| Net working capital movement | 246 | -565 | -811 | -329.7% |
| **Cash generated from operating activities** | **740** | **181** | **-559** | **-75.5%** |
| Finance charges, Zakat & income tax, EOSB | -78 | -94 | -16 | 20.5% |
| **Net cash flow from operating activities** | **662** | **87** | **-575** | **-86.8%** |
| Investment in short term deposits | -43 | -45 | -2 | 4.3% |
| Net cash used in financing activities | -444 | -31 | 413 | -93.0% |
| Net decrease in cash and bank balances | 175 | 19 | -156 | -89.1% |
| **Cash at the beginning of the period** | **107** | **150** | **43** | **40.1%** |
| **Cash at the end of the period** | **283** | **169** | **-114** | **-40.3%** |

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