



شركة مجموعة كابلات الرياض
Riyadh Cables Group Company

**Riyadh Cables Group Company
announces its intention to
proceed with its initial public
offering and listing of its
ordinary shares on the Saudi
Stock Exchange “Tadawul”.**



Offering Overview

- Riyadh Cables Group Company "RCGC", "the Group", or "the Company" operating in the production, marketing and sales of cables, electrical wires, overhead conductors, fiber optics, and electrical contracting projects for High & Extra-High Voltage cables in Saudi Arabia and other Arab countries, announces its intention to proceed with its initial public offering and listing of its ordinary shares on the Saudi Stock Exchange "Tadawul".
- Riyadh Cables Group Company obtained the approval of the Capital Market Authority "the Authority" on 17/10/2022G on its application to offer thirty-three million (33,000,000) ordinary shares representing 22% of its share capital of one billion and five hundred million (1,500,000,000) Saudi Riyals for public subscription.

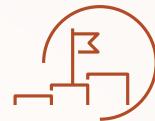
Company Overview

- Riyadh Cables Group Company "RCGC", "the Group", or "the Company", established in 1984, is the largest power and communications cables manufacturer in the middle east region and is ranked among the top cable manufacturers in terms of production in the world. The total production capacity of the Company is approximately 264,000 tons of metals.
- Energy is central to every economy especially in the modern era of digitisation and communication. RCGC has been a key player in the energy and communication eco-system and grown tremendously since its inception almost 40 years ago. RCGC now has presence across the region with Saudi Arabia being its biggest and most important market (accounting for 65% of the Group's sales in 2021) where it has an estimated market share of 30%-32%. It also has manufacturing facilities in UAE and Iraq and is currently constructing a manufacturing facility in Kuwait. RCGC has eighteen (18) distribution branches across Saudi Arabia and has five (5) overseas distribution branches, including four (4) branches located in United Arab Emirates and one branch located in Kuwait. It also has subsidiaries in the UAE, Kuwait, Oman, Qatar, Iraq, Egypt as well as representative offices in Iraq and Jordan.
- RCGC also has a track record of global exports and has succeeded in opening markets for its products in several countries in Africa, Europe, and Australia.
- RCGC's strategy is focussed on its geographic footprint, scale, deep customer relationships, product and technical innovation and operational excellence. RCGC also prides itself for its "Environmental, Social and Governance" initiatives which are central to its strategy. RCGC's large and diverse workforce will be the engine that executes this strategy and RCGC is keenly focussed on developing its workforce through training, support and wellbeing programmes.
- The world including the GCC region is going through an energy transition with the establishment of new renewable energy generation infrastructure. When coupled with grid upgrades and regional connectivity this is expected to create exponential demand for power cables. RCGC being the largest manufacturer in the region plans to be a leader in facilitating this transition, upgrade and connectivity. Additionally the Kingdom of Saudi Arabia is implementing its Vision 2030 programs and initiatives and other GCC countries are also embarking on similar economic transformation initiatives. These include mega projects, development initiatives, and quality of life initiatives, all of which have components that require energy transmission and distribution and therefore include power and energy cables. In order to be prepared for the upcoming demand RCGC is investing in its manufacturing capacity to expand its capabilities and continue to be the preferred choice for utilities, major developers and industrial companies.

Riyadh Cables Group Company in figures.



1984
Riyadh Cables Group
Company was established



The **largest** cable
manufacturer in the
Middle East and North Africa



264,000 tons
Total production capacity



Cables length supplied
equivalent to **2,000** times
the circumference of the earth



Products reached
37 countries
across **5** continents



18
Branches
in Saudi Arabia



15
Factories
in GCC & Iraq



13
Subsidiaries, branches and
representative offices
outside Saudi Arabia



30% to 32%

Market share
in Saudi Arabia



22%

Market share
in the UAE



138,000 tons

Volume of deliveries
as of September 30, 2022



176,000 tons

Volume of order backlog,
frame agreements and LOI
as of October 15, 2022



SAR 5 billion

Revenue as of
September 30, 2022



34%

Of revenues from
export sales



3,700+

Employees
Company-wide



Message of Engineer Khalid bin Abdulrahman bin Abdullah Al-Quwaiz, Board Chairman

The approval of the Capital Market Authority on the initial public offering of Riyadh Cables Group marks the commencement of a new phase in the company's growth journey, which has been full of achievements and success. The steady expansion in our business and financial performance, the extensive operational experience and our vast production capabilities are the key enablers to achieving the leading position in the manufacturing, marketing and selling of cables and wires of all types in the Kingdom and across the Globe.

As we embark on a new phase of the company's history, Riyadh Cables Group is excited about starting a new and promising horizon as a public company that is listed on the Saudi Stock Exchange "Tadawul". While welcoming new shareholders, we will remain entirely committed to working with them to shape and support the company's expansion, realizing growth aspiration and continuing an active role in the growth of Saudi Arabia's economy.



Message of Engineer Borjan Sehovac Company CEO

Riyadh Cables Group today is the largest cable manufacturer in the Middle East and Africa, and amongst the largest cable companies globally. Our huge production capacity and competitiveness allowed us to be undisputable cable market leader in Saudi Arabia and the largest cable market in the Region. We are actively contributing to the implementation of the ambitious Vision 2030 in supplying our cables to all major projects, in fact we are also targeting to increase our market share as we are expanding in both capacity and capability. Riyadh Cables Group is looking forward to further enhance its track record in the expansion of its geographical footprint serving local customers at the highest quality level with fastest delivery time.

Given our vast manufacturing footprint with its center of excellent in Riyadh, in addition to the highest local content combined with highest level of vertical integration and widest product & services portfolio, Riyadh Cables has become an unsurpassed Saudi company well positioned for the future growth. Riyadh Cables Group is playing an active part in global energy market trends, such as Energy Transition and Digital Transformation, contributing to the Net Zero target of the Country while delivering safe and sustainable products.

Competitive Advantages and Strengths

- **The largest cable manufacturer in the Kingdom and one of the largest across the globe in terms of production**

Riyadh Cables Group Company is the largest cable manufacturer in the Middle East and North Africa and is one of the largest power cable manufacturers across the world, with a total production capacity of 264,000 tons of metals. Its products are available in thirty-seven (37) countries across five (5) continents.

- **World-Class Integrated Industrial Facilities**

The Group operates 15 manufacturing facilities spread over 1,500,000 sqm. Its manufacturing infrastructure is integrated across the value chain including six factories to manufacture raw materials used in the cables industry to support the nine cables factories in Saudi Arabia, United Arab Emirates, and Iraq. This makes it self-reliant while also improving RCGC's manufacturing efficiency by being able to control the cost and quality of its manufacturing ingredients.

- **Broad Range of Quality Products and Services**

The Company is distinguished by its ability to produce a wide range of high-quality cables and wires of different types and applications (in different specifications and sizes) that are used in the generation, transmission and distribution in energy, oil, gas, transportation, industrial, and telecommunications sectors. It also focuses on implementing full-fledged (turnkey) projects, especially in the mega projects carried out regionally. The company has succeeded recently in concluding several contracts and completed turnkey projects in Saudi Arabia, UAE, Kuwait, and Egypt during the preceding three years period.

- **Technical Expertise, Quality Control and Research and Development**

The company has invested heavily in its manufacturing infrastructure with equipment sourced from leading suppliers in the world. This is augmented by robust quality control. RCGC strongly believes in technical and product innovation with research and continuous development of its products to maintain its technological leadership among the competitors in the region.

- **Wide Regional Footprint**

RCGC has manufacturing facilities in KSA, UAE and Iraq and is constructing a new plant in Kuwait. It also has sales and distribution presence across the GCC as well as Jordan and Egypt.

- **Professional Management Team and Governance that Enhance the Company's Pioneering Position**

The company's senior management team is comprised of members that have diverse experience including in leading global cable manufacturers. The senior management is committed to applying the highest standards of governance in line with best practices that contribute to enhancing the values of integrity, transparency, accountability and responsibility.

- **Distinct and Strong Relations with Key Customers**

The Company has established strong relationships with its customers, via its track record of providing a wide range of high-quality products. As a leader in the manufacturing of cables in the region, the Company has been a regional reference for its customers in improving and developing the applicable specifications and in providing them with a variety of technical services.

- **Environmental, Social And Governance Practices**

ESG is at the heart of RCGC's strategy. The Company owns state-of-the-art recycling facilities for the re-use of recyclable metals, polymers, and cable drums, contributing effectively to the sustainability processes. It is committed to reducing waste and CO₂ emissions. RCGC has implemented industry best practices with respect to governance and strongly believes in corporate responsibility and citizenship.

- **Highly Reputable Shareholders**

The company has a strong shareholder base, experienced in manufacturing and business sectors, including 4 decades of experience in the cables sector.

- **Accelerating Growth of the Power Cables Market**

The power cables market is expected to grow globally based on the ambitious development plans in the field of energy in the advanced economies. On a local level, the power cables market in the Kingdom is expected to grow at a compound annual growth rate of 8.3% between 2022G to 2027G to reach 16.8-18.7 billion Saudi Riyals in the upcoming five years. RCGC being the largest player in the region is ideally positioned reap benefit of this growth.

Strong financial & operational performance and Promising growth opportunities that align with the growth of development projects

- The power cables market in the Kingdom and GCC countries has grown significantly in the past years, driven by positive economic factors. Considering the increasing investment in the upcoming years in energy transition, grid upgrades, developmental projects, housing and industry, the power cables market is expected to continue to grow at a higher pace. The Company seeks to leverage the supporting market conditions and governmental initiatives to support its expansion strategy and increase its market share.
- The Company's financial performance has been outstanding during the past years. Revenues have consistently exceeded SAR 4 billion and the Company has always remained profitable throughout its almost 40 year history. In addition to the growth of its revenue, the Company demonstrated its ability to translate this growth into a robust increase in its profits, which grew at a rate of 10.7%, 10.0% and 10.4% in the fiscal years 2019G, 2020G and 2021G respectively. Its net profit grew to SAR 240 million 2021.
- Riyadh Cables has continued to grow in 2022G, and recorded increase in revenues by 44% to reach 5.0 billion Saudi Riyals in the nine-months period ended 30/9/2022G, compared to 3.5 billion Saudi Riyals in the nine-months period ended 30/9/2021G. Its net profit during the same period grew by 59% to SAR 246 million compared to SAR 155 million in the same period last year.
- The company has a strong balance sheet and strong cash flows to support the financing of its growth plans in the upcoming years and will continue to maintain its dividend track record in the following fiscal years.

IPO Details

- Riyad Capital is appointed as the Financial Advisor, Institutional Bookrunner, Underwriter and Lead Manager of the IPO. EFG Hermes and ANB Capital have also been appointed as Institutional Bookrunners.
- Riyad Bank, Alrajhi Bank, Saudi National Bank and Arab National Bank have been appointed as receiving agents

Subscription to the shares of Riyadh Cables Group Company is restricted to the two following categories of investors:

A- Participating Parties: This tranche consists of the parties entitled to participate in the book-building process as specified under the Instructions on the Book Building and Allocation of Shares in Initial Public Offerings issued by the Capital Market Authority. The number and percentage of offer shares that will be finally allocated to the participating parties will be determined by the Financial Advisor as agreed upon with the company and deemed appropriate by them, following completion of the individual investors' subscription process. The number of offer shares to be provisionally allocated to the participating parties is thirty-three million (33,000,000) million shares, representing (100%) of total offer shares. In the event individual investors have subscribed to the entire offer shares allocated to them, the financial advisor, in consultation with the company, will be entitled to reduce the number of offer shares allocated to the participating parties to a minimum of twenty-nine million, and seven hundred thousand (29,700,000) shares, representing (90%) of total offer shares. The offer shares will be allocated to the participating parties applying the elective shares allocation mechanism. No shares may be allocated for some categories of the participating parties, as deemed appropriate by the company and the financial advisor.

B- Individual Investors: This tranche includes Saudi natural persons, including any divorced or widowed Saudi woman with minor children from a marriage to a non-Saudi, who is entitled to subscribe to the offer shares in her name or the names of her minor children, on a condition that she provides proof that that she is divorced or widowed and is the mother of her minor children. It also includes any natural non-Saudi resident person or GCC citizens who have bank accounts with the receiving agents and have the right to open an investment account. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is demonstrated to have occurred, then the law will be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of three million and three hundred thousand (3,300,000) shares, equivalent to 10% of the total offer shares, will be allocated for individual investors, on a condition that the participating parties have subscribed to the total offer shares allocated to them. If individual investors have not subscribed to the entire number of shares allocated to them, the financial advisor shall be entitled to reduce the number of offer shares allocated to individual investors in proportion to the number of offer shares subscribed to thereby.

For more information and Inquiries

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Investors may only subscribe in the Offer Shares on the basis of the CMA approved Arabic language prospectus to be issued and published in due course (the “**Prospectus**”). The information in this announcement is subject to change. In accordance with Article 51(d) of the OSCO Rules, copies of the Prospectus will, following publication, be available on the websites of the Company at www.riyadh-cables.com, the Saudi Exchange at www.saudiexchange.sa, the CMA at www.cma.org.sa and the Financial Advisor at www.riyadcapital.com.

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This announcement may include statements that are, or may be deemed to be, “**forward-looking statements**”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “aim,” “anticipate,” “believe,” “can,” “consider,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “ought to,” “potential,” “plan,” “projection,” “seek,” “should,” “will,” “would,” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Any forward-looking statements reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those expressed or implied by any such forward-looking statements or contained in projections, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in Saudi Arabia. These factors will be described in more detail in the Prospectus. Forward-looking statements speak only as of the date they are made. Each of the Company, the Financial Advisor and its respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company's intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering nor any declaration or undertaking by any means. Acquiring Offer Shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested.

Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments. The Financial Advisor is acting exclusively for the Company and no-one else in connection with the Offering.

It will not regard any other person as its respective client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

The contents of this announcement have been prepared by and are the sole responsibility of the Company. Neither the Financial Advisor nor any of its affiliates or respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offering, the Financial Advisor and any of its affiliates, may take up a portion of the Offer Shares in connection with the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Offer Shares and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in the Prospectus, once published, to the Company's shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Financial Advisor and any of its affiliates acting in such capacity. In addition, the Financial Advisor and any of its affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which the Financial Advisor and any of its affiliates may from time to time, acquire, hold or dispose of securities. The Financial Advisor does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.



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