

Top Priorities Q&A



In a challenging operating environment, CEO Ahmad AR. BinDawood gives his perspective on the strategic priorities of the business to create sustainable shareholder value in 2022 and beyond.

Q. BinDawood Holding is a proven market maker in the omnichannel retail space – you launched the Kingdom’s first grocery e-commerce platform in 2017. How does the Company intend to hold on to its position as an innovator in an increasingly competitive digital economy?

A. When we launched Danube Online in 2017, we were trailblazers in the e-commerce space. The sector is still nascent but evolving rapidly. Consumer behaviours have been transformed by the Covid-19 pandemic, with the grocery retail landscape around the world witnessing a paradigm shift. Businesses need to rapidly upscale their digital operations to embrace the change and reach customers whenever they want and wherever they are. The acquisition of a majority stake in IATC is a major step towards enhancing our e-commerce offering and strengthening our omnichannel presence – enabling BinDawood Holding to control the future growth of its business in an increasingly digitally-connected world. Saudi Arabia is amongst the largest and the fastest growing e-commerce markets in the region. I am confident that this strategic acquisition will put BinDawood Holding in a prime position to capitalise on the growth of the sector.

In addition, BinDawood Holding is focused on leveraging advanced data analytics and deploying new artificial intelligence solutions – technologies that will improve real-time inventory management,

minimise shrinkage and wastage, and ensure better product availability whilst improving our customers’ overall experience. The development, acquisition, and deployment of new technologies are fundamental to our ability to deliver on our promise to our customers.

Q. What is your approach to mergers and acquisitions in the context of Saudi Arabia’s rapidly expanding digital economy and rising activity in capital markets?

A. The acquisition of 62% of IATC’s shares was managed by a newly established BinDawood Holding subsidiary called Future Technology Retail. The new subsidiary is specifically mandated to explore strategically relevant acquisition opportunities within the technology space that leverage and complement the Company’s existing operations and provide it a competitive edge.

Apart from the technology sector, the Company continues to explore acquisition opportunities to secure geographical diversity and/or market share. The Company’s debt free status and significant cash balances position it well to undertake meaningful acquisitions but given the high valuation expectations in the current market the Management and the Board are assessing potential acquisition opportunities with caution and prudence.

Q. What are your plans for the BinDawood brand now that travel restrictions are being eased and the number of religious tourists returning to Saudi Arabia are expected to rise?

A. With such a strong historical presence in and around Makkah (where we opened our first store in 1984) and Madinah, the BinDawood stores have earned the nickname ‘the Pilgrim’s Brand’. Many visitors to Saudi Arabia like to visit BinDawood stores and, as borders across key source markets for religious tourists reopen, we are hopeful that pilgrim footfall will recover to pre-Covid levels.

To leverage our role as the Pilgrim’s Brand, our strategy is to drive like-for-like growth without sacrificing margins by enhancing the in-store experience that our pilgrim customers recognise and expect. This will be achieved by deploying sophisticated price optimisation strategies, reducing fixed costs and by applying a rigorous approach to inventory management.

We are also excited about bringing the BinDawood brand to the Riyadh Province for the first time in 2022. BinDawood Holding is committed to the opening of 10 stores across the Province over a five-year period from 2022–2027 and increasing that number if there is further market demand.

This expansion is in addition to the Company’s current commitment of opening 5 to 6 stores per year until 2024.

Q. BinDawood Holding opened several new stores in Saudi Arabia in 2021 – what kind of geographic expansion do you have in mind for 2022 and beyond?

A. BinDawood Holding’s organic growth strategy saw the Company’s store portfolio increase in 2021 to 78 across 15 Saudi Arabian cities: 51 Danube and 27 BinDawood. Looking ahead, within the context of growing urbanisation rates and increasing per capita disposable income, BinDawood Holding is strategically targeting to expand the network of both brands across Saudi Arabia. We are committed to adding 5–6 new stores per year to the portfolio until 2024. In addition to this expansion, we plan to take the BinDawood retail brand to Riyadh in 2022, with plans to open ten stores across the province over the five years to 2027.

Regarding international growth, we actively explore strategic acquisition opportunities that will allow the Company to establish a presence in other attractive GCC markets. Our first international Danube store will debut in Bahrain in 2022.

