



بن داود
Bin Dawood
HOLDING القابضة

EARNINGS CALL Q3

BinDawood Holding Q3 2020
Results

16 Nov 2020

Disclaimer



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Today's Presenters



Ahmad Abdulrazzaq BinDawood
Chief Executive Officer



Muhammad Salim Patka
Chief Financial Officer



Hassan Javaid
Head of Investor Relations (interim)

CEO Message

01



Bulletin

Robust revenue and net profit growth, driven by strong execution:

- Despite impact of VAT increase and a drop in footfall to the Holy Cities for Hajj and Umrah.

Stands at 1st in Profit and 3rd in Sales¹

Financials: 9M 2020

SAR 4,043 million in sales (+11.6%) and SAR 390 million in net profit (+32.2%) for 9M 2020:

- Supported by effective cost management, strategic capital allocation and continuing competitive edge.
- Sales performance(excluding stores near the close vicinity of holy mosques) has recorded the growth of 19%.

**+11.6% growth in revenue
+32% Increase in net profits**

Financials: Q3 2020

SAR 1,082 million in sales and SAR 79 million in net profit for Q3 2020:

- Management's decision to temporarily close principal branches in the Holy Cities (COVID-19 restrictions).
- Absence of Hajj season and 'Back to School' marketing campaigns.

Decline in Sales by 9.5% and Net Profit by 36.8%

Brands

Danube has reflected the considerable growth of 23.5%(vs YTD'19) owing to pandemic buying, continued availability of stock (Including premium products) and large outlay of stores conducive to social distancing.

BinDawood Superstores (excluding stores near two holy mosques) have shown a growth of 8.5% (vs YTD'19) in contrast to overall performance that has impacted by 9.1 %(vs YTD'19) owing to temporary closure of stores near two holy mosques.

*Danube
+23.5%
growth*

*BinDawood
-9.1%
growth*

Operations

4 new stores opened during 9M 2020

- Total portfolio now stands at 73 stores overall

Significant upgrades to security / cleaning

- Social distancing restrictions, hygiene measures, larger store layouts

FMCG segment outperformed overall holding sales

- Increased product depth to prioritize availability of essential items at competitive price.
- Multiple marketing campaigns incl. Health Week, Coffee Festival and Chocolate Festival

Mature online sales platform enables competitive edge

- Improved online transaction experience

*Total Stores
Portfolio 73
as at Sep
2020)*

Q3 Trading Performance

02



YTD'20 Key Performance Highlights

<p>Sales performance</p>	<ul style="list-style-type: none"> ○ Performance of YTD'20 vs YTD'19 has once again corroborated the proven history of consistent top line growth alongside balanced network expansion. 	<p>+11.6% YoY Growth</p>
<p>Strong Margins</p>	<ul style="list-style-type: none"> ○ Strong margins driven by unique customer experience, strategic store footprint, operational excellence and successful supplier management. 	<p>32.5% Gross Margin</p>
<p>Strong Cashflow Generation</p>	<ul style="list-style-type: none"> ○ Disciplined approach to capital allocation mostly dedicated to measured network expansion alongside effective routine store maintenance leading to increased capex efficiency. 	<p>89% FFO¹ / Adjusted EBITDA²</p>
<p>Robust Capital Structure</p>	<ul style="list-style-type: none"> ○ BinDawood Holding continue to generate significant free cash flows and doesn't have any financials debt. 	<p>SAR 508m Cash Balance</p>
<p>Strong Capacity to Pay Dividends</p>	<ul style="list-style-type: none"> ○ Dividend paid to date SAR 90M and SAR 228.6M to be paid in Q4. ○ Stable dividends with significant capacity to increase payout on the back of increasing cashflow. 	<p>82% Dividend Pay-out³</p>

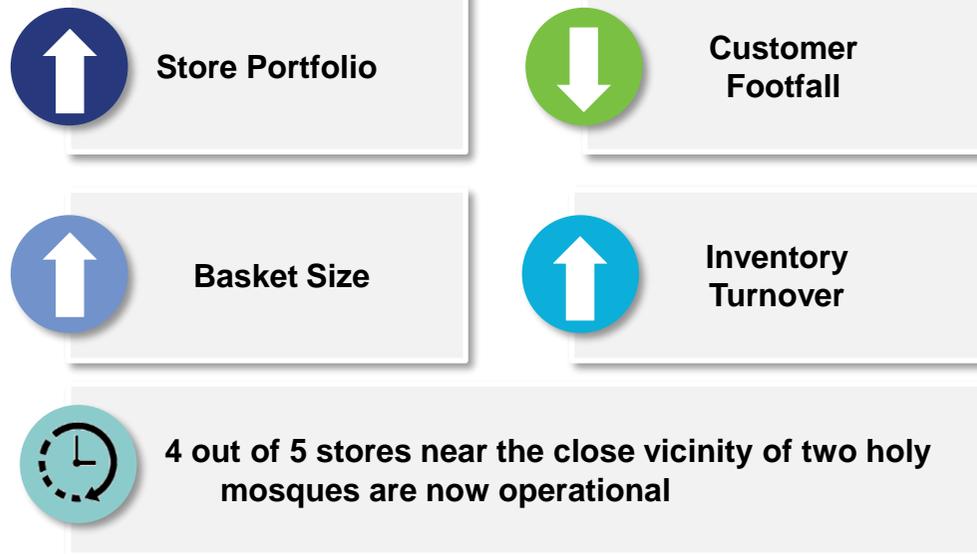
Source: Company Information

¹ FFO is defined as net cash from operating activities excluding change in capex payables. ² Adjusted EBITDA is defined as operating profit + D&A + recurring portion of other income (empty carton sales). ³ Dividend pay-out defined as dividends paid divided by net income. Declared dividend of 228.6m post Q3 results announcement

YTD'20 Performance Dashboard

Performance Dashboard

Physical Stores¹



- Store portfolio increased from 69 to 73. Danube expanded its presence further across the Central and Southern Regions. In addition, one more supermarket is planned to be opened in Q4'20 in Western Region.
- Customer Footfalls is affected mainly due to no Hajj Season, Back to School Campaign owing to COVID19 restrictions and decline in discretionary spending due to increase in VAT.
- Improvement of basket size due to reduction in frequent visits by customers during COVID19, customers prefer to have a large basket size with lesser number of visits.
- Inventory turnover has increased owing to decline in sales (specifically in Q3) due to absence of Hajj Season, Back to School Campaign and unfavourable impact of increase in VAT from 5% to 15% with effect from July 1, 2020.

Online Stores¹



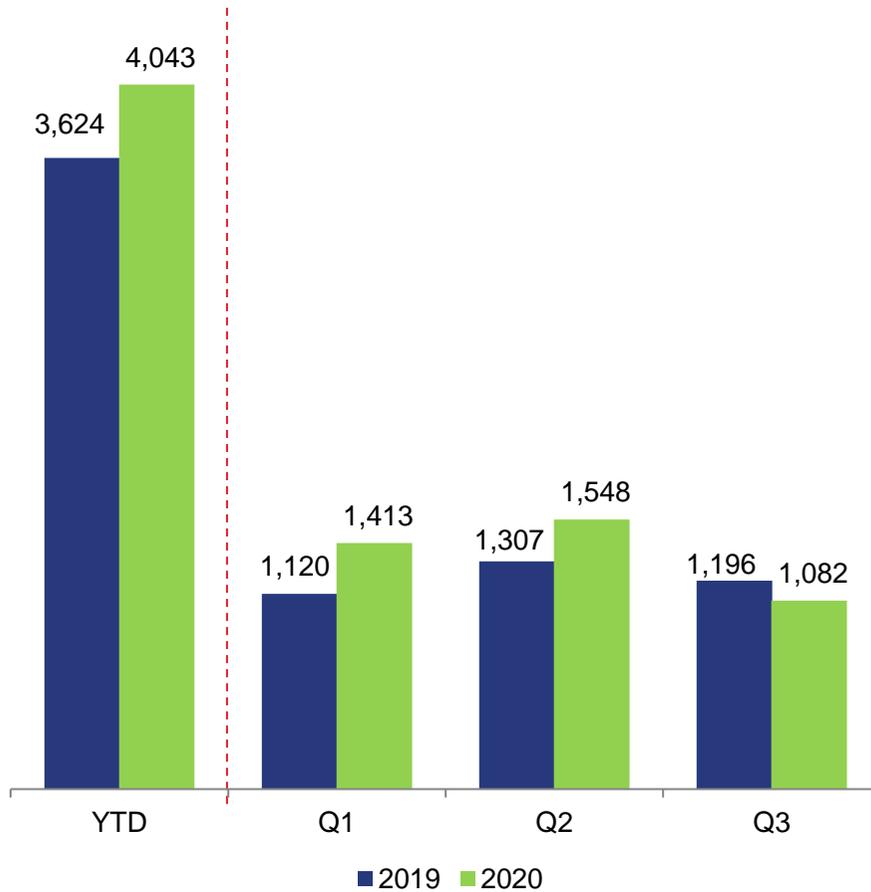
- Increased store connectivity from 13 stores to 31 stores
- Enhanced availability of SKUs
- Redeployed employees to help with online boom
- Collaborated with delivery aggregators to cope with demand
- Benefitted from years of testing ensuring minimum glitches

Source: Company Information. ¹ In comparison to YTD 2019.

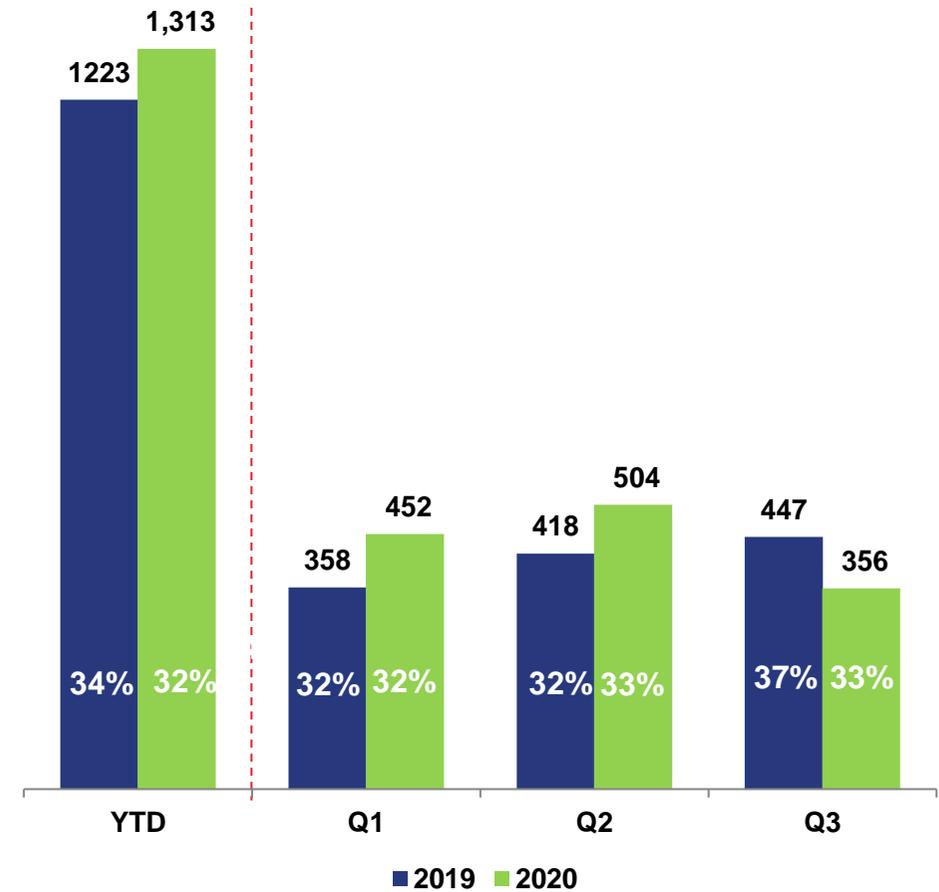
YTD 2020 Trading Update (1/5)

Financial Performance (SARm)

Revenue



Gross Profit

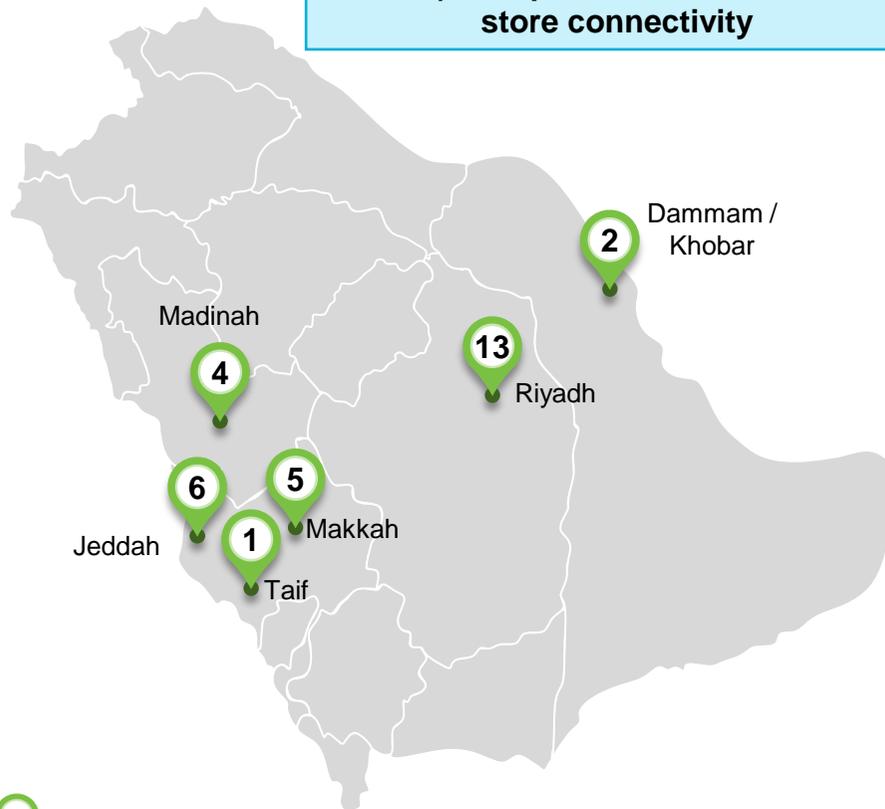


Source: Company Information, Audited Financial Statements.

YTD 2020 Trading Update – Online (2/5)

Online and Mobile App in a Nutshell

Online and mobile platform currently performs deliveries from 31 stores (in 7 cities) with plans to further increase store connectivity



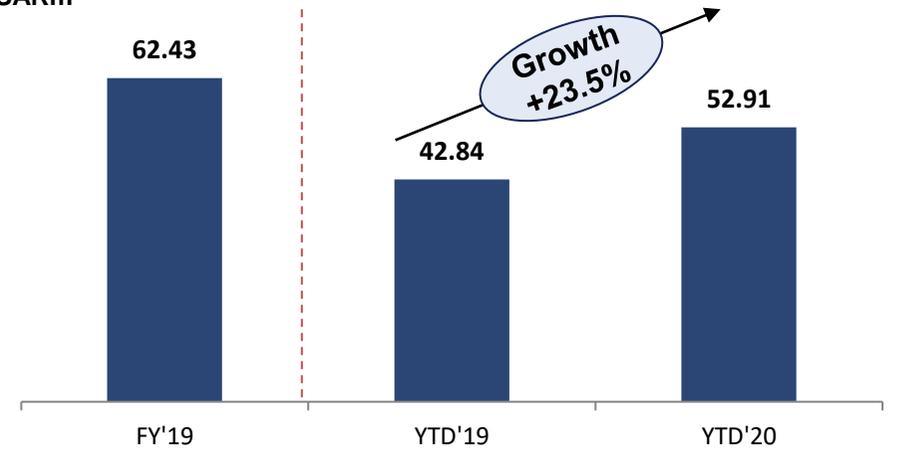
 Existing Stores

Total Stores: 31

Source: Company Information. Note: Store count as of 30-Sep-2020.

Online Sales

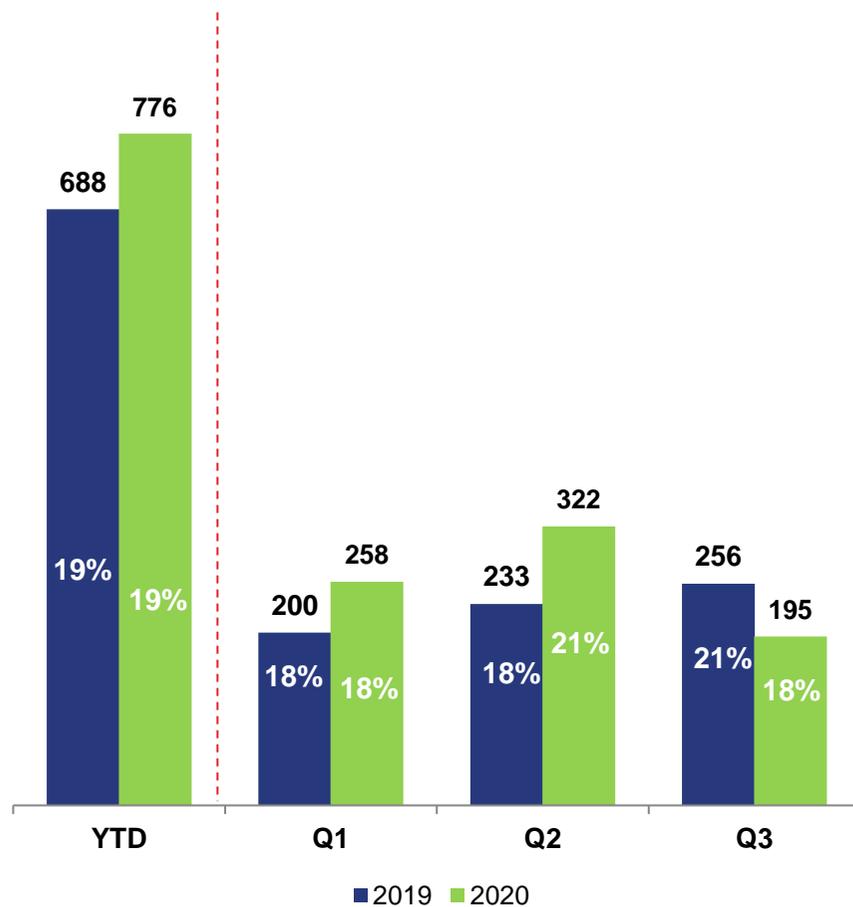
SARm



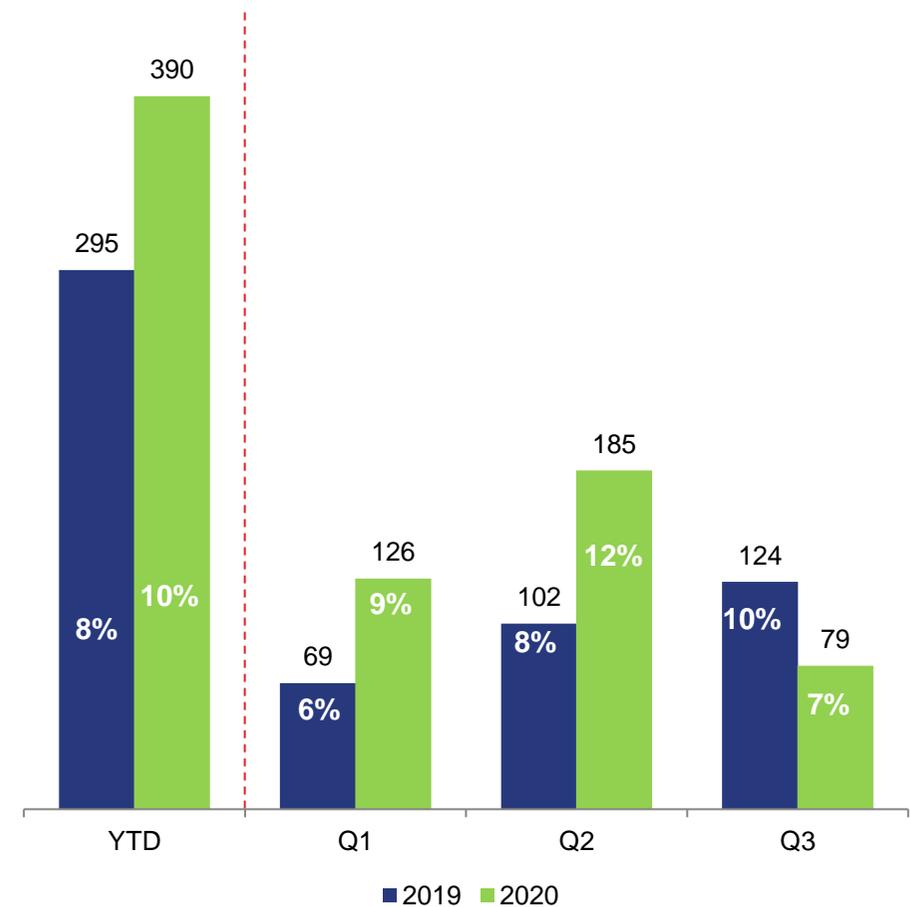
YTD 2020 Trading Update (3/5)

Profitability (SARm)

Adjusted EBITDA



Net Income

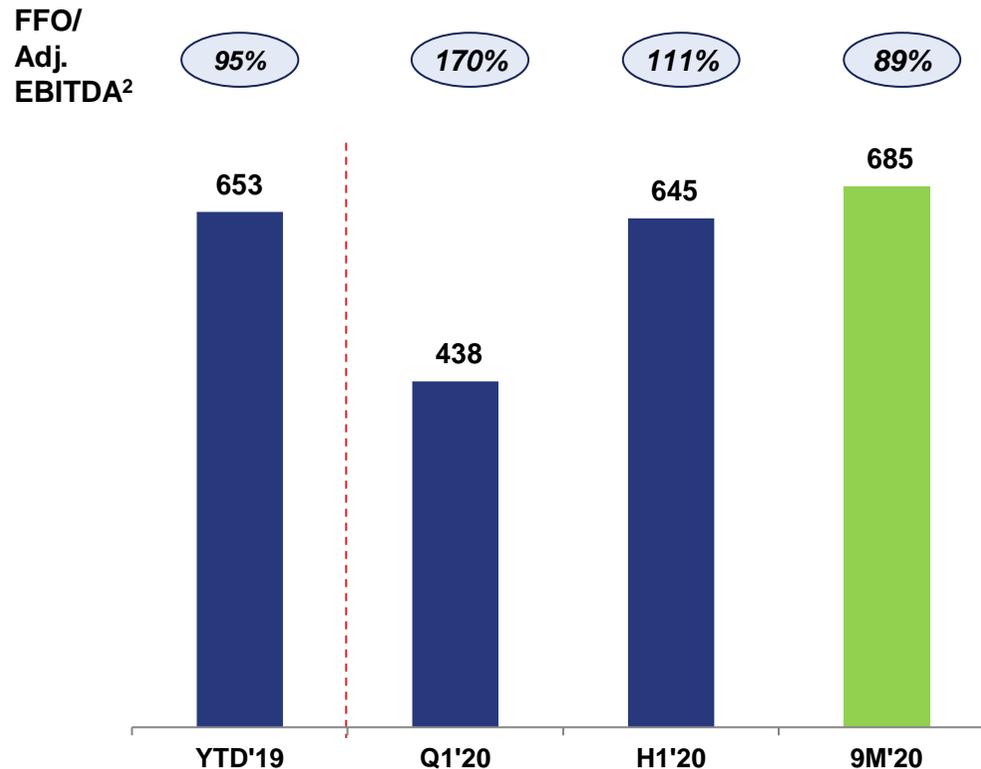


Source: Company Information, Audited Financial Statements. ¹ Adjusted EBITDA is defined as operating profit + D&A + recurring portion of other income (empty carton sales).

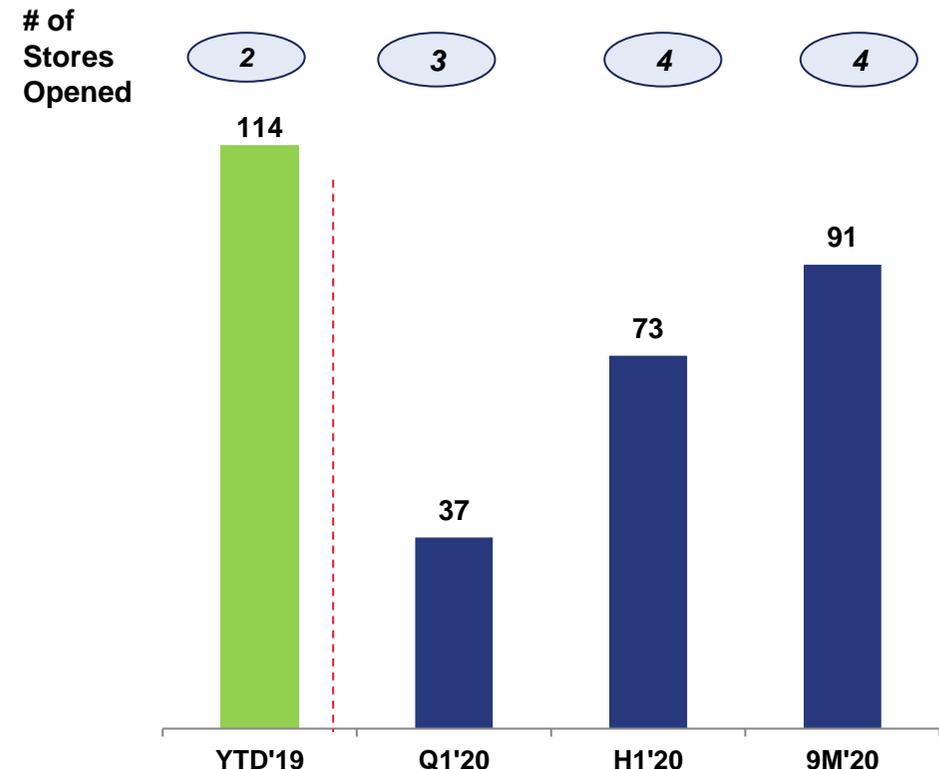
YTD 2020 Trading Update (4/5)

Key Cashflow and Balance Sheet Items (SARm)

Funds from Operations¹



Cash Capex³



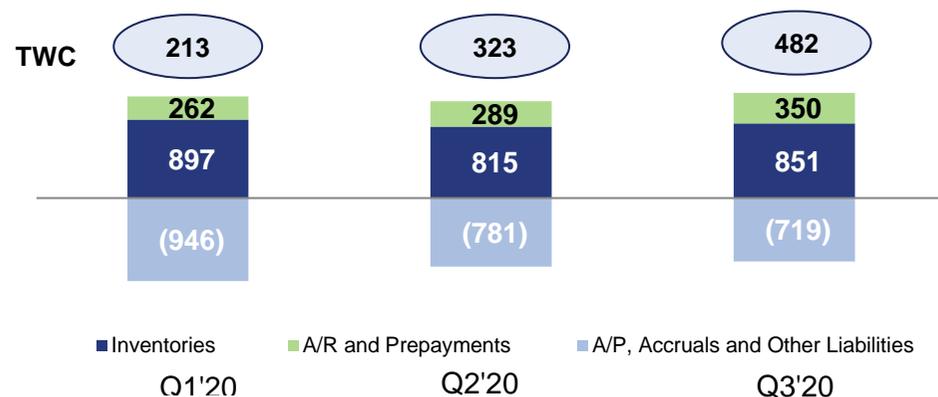
- YTD'20 FFO is 5% higher than YTD'19 despite no hajj and Ramadan season coupled with back to school season.
- Opening of 3 warehousing and production facilities and 4 new stores achieved with higher capex efficiency on the back of smaller store sizes and better utilization of existing fittings/machinery.
- During Q3'20, increase of 6.3% in FFO is directly attributable to facilitate the capex required for one supermarket planned to be opened in Q4'20.
- Dividend of SAR 90M was declared during Q2 for profits of Q1'20. Interim cash dividend of SAR 228.6M is declared against the profits for Q2'20 and Q3'20 that will be distributed in Q4'20.
- Cash balance stands at SAR 508M as at 30 September 2020.

Source: Company Information, Audited Financial Statements. ¹ FFO is defined as net cash from operating activities excluding change in capex payables. ² Adjusted EBITDA is defined as operating profit + D&A + recurring portion of other income (empty carton sales). ³ Cash capex is defined as (capital expenditure + change in capex payables).

YTD 2020 Trading Update (5/5)

Key Cashflow and Balance Sheet Items (SARm)

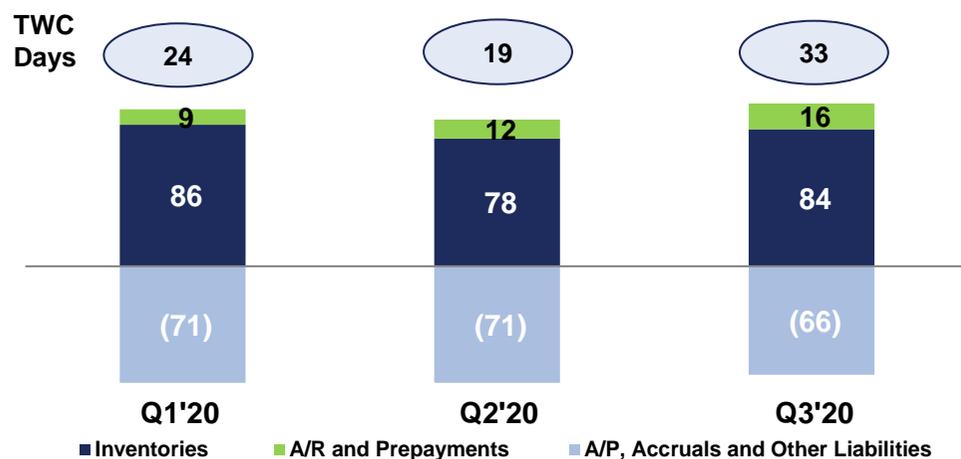
Trade Working Capital (TWC)¹



Inventory

- Higher inventory turn-over supported by COVID-19 elevated consumption trends
- No sell-down of slower moving non-perishable items (pilgrim related) due to subdued Ramadan/Hajj season
- Lower sales during Q3 also contributed towards increasing the turnover days due to absence of Hajj Season and no Back to School season.

Trade Working Capital Days



Accounts Receivables & Prepayments

- Increased purchasing of goods by VIP customers

Accounts Payables, Accruals and Other Liabilities

- Lower purchases were made during Q3 owing keeping in view the sales trend in addition to settlement of supplier balances against the purchases made during Q2.
- Pay-down of supplier invoices in Q2 2020 relating to large purchase volumes made in Q1 2020 (start of COVID-19).
- Secured supply of products during COVID-19 by offering suppliers one-off enhanced payment terms, thereby reducing accounts payables.

Source: Company Information, Audited Financial Statements. Note: Q1 2020A TWC days annualized using Q1 2020A financials, Q2 2020A TWC days annualized using H1 2020A financials. And Q3 2020A TWC days annualized using 9M 2020A financials ¹ Trade working capital defined as inventories + A/R and prepayments – A/P, accruals and other liabilities excluding payables to capex suppliers. ² Inventory days defined as (average of opening and closing inventory / cost of sales) x 365 days. ³ Receivable days defined as (average of opening and closing A/R and prepayments excl. other receivables (debit balances of suppliers) / revenue) x 365 days. ⁴ Payable days defined as (average of opening and closing A/P, accruals and other liabilities excl. capex payables and adjusted for other receivables (debit balances of suppliers) / cost of sales) x 365 days.

Concluding
Remarks & Q&A

03



Concluding remarks

Key Focus Areas

<p>Expand Store Network</p>	<ul style="list-style-type: none"> ○ Systematic and disciplined site selection process: <ul style="list-style-type: none"> ○ Catchment area analysis ○ Cannibalization analysis ○ Financial profitability and viability analysis ○ Historical analysis of peer performance in similar catchment area ○ Opened 4 stores (YTD Sep-2020). One additional store to be opened later this year ○ Opened 3 storage and production facilities (YTD Sep-2020): Riyadh Warehouse, Fruit & Vegetables Warehouse and Central Bakery Production Facility
<p>Drive Like-for-Like Growth</p>	<ul style="list-style-type: none"> ○ Host in-store seasonal and festive events ○ Attract customers by retailing high value imported goods ○ Offer an agile and balanced product mix to provide a complete shopping experience ○ Strive to continually improve customer shopping experience in line with operating playbook ○ Analyze customer behaviors & needs to take better retailing decisions
<p>Strengthen Online Platform</p>	<ul style="list-style-type: none"> ○ Increase coverage area across KSA ○ Enhance online product mix and SKU range ○ Offer tailor made bundles and promotions

2020 Target Objectives

	<p>Revenue</p> <p><i>Annual target Growth: 10%-13</i></p>
	<p>Profitability</p> <p><i>Deliver consistent margins in line with 2019</i></p>
	<p>Dividend Guidance</p> <p><i>Pay-out of 80%</i></p>
	<p>Store Development</p> <p><i>On track to open one more store in Dec 2020</i></p>

Appendix: Additional Materials

04

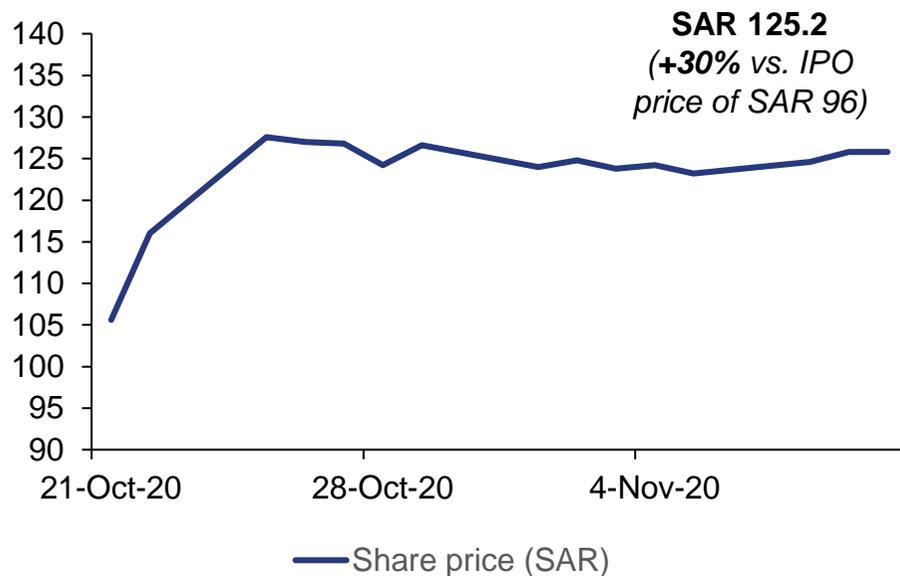


YTD 2020 Key Share Data

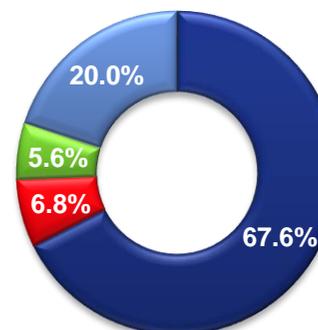
Profitability (SARm)

Share price performance

BinDawood Holding (Symbol: 4161)	
Share price (SAR) as at 15 Nov 2020	125.2
Shares outstanding (millions)	114.3
Market Capitalization (SAR millions)	14,310



BDH Shareholding Structure



- Akasiya Star Trading Company Limited
- Abdullah Dawood Bin Dawood Sons & Partners Company
- Commercial Growth Development
- Public equity float

The logo for Bin Dawood Holding features a stylized blue and red icon of a person's head and shoulders. To the right of the icon, the text "بن داود" is written in red Arabic script. Below this, the word "BIN" is in blue, "DAWOOD" is in a larger, bold blue font, and "HOLDING" is in a smaller blue font. To the right of "HOLDING", the Arabic word "القابضة" is written in red. The entire logo is centered on a white background.
بن داود
BIN
DAWOOD
HOLDING القابضة

