



بن داود
DAWOOD
HOLDING **القبضة**

EARNINGS CALL Q1 2021

10th May 2021
BinDawood Holding HQ
Jeddah, KSA

بن داود
DAWOOD

الدانوب
Danube

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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)



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CEO Message



01

CEO Message



Ahmad Abdulrazzaq BinDawood



Forbes Top CEOs In the Middle East 2021

Q1 2021 Overview

It has been a tough start to the year as the local Saudi grocery retail market continues to remain subdued. It is heartening to see some green shoots of recovery but overall, we see a return to pre-Covid sales only in the second half of 2021. Our revenue for Q1 2021 is SAR 1.12bn compared sequentially to SAR 1.11bn in Q4 2020. The marginal gain was driven by higher sales across BinDawood stores. Our net profit this quarter is SAR 62.1m compared sequentially to SAR 57.4m in Q4 2020, an 8.2% improvement. Our performance is significantly down year-on-year basis. While making the comparison, it is important to bear in mind that Haramain Stores were being operated on a limited scale in Q1 2021 due to restricted Umrah operations in contrast to Q1 2020 when Haramain Stores were being operated at full scale. In addition, there was a one-off gain in sales from pantry-buying in March 2020 as a result of the national lockdown.

The easing of restrictions, the gradual return of pilgrims and the implementation of promotions and festivals are all due to restart in late-May. A reduction in costs incurred as a result of Covid-19 and an improvement in the performance of the BinDawood stores in Makkah and Madinah and the surrounding areas, the sales of which are already higher by 5.6% in Q1 2021 versus Q4 2020, makes us cautiously optimistic that the sales and profits for this year will start to converge with those of 2020 during the second half of the year.

We are excited to announce that we will be bringing our eponymous BinDawood brand to the Riyadh Province as part of Vision 2030 plans for Riyadh to become a regional hub. We plan to open 10 BinDawood stores across the province over a five year period from 2022-2027 and to increase that number in line with market demand. These store openings are in addition to the 5 to 6 store openings per year we have already committed to and of course, our international expansion into Bahrain.

Q1 2021 Financial and Operational Highlights



Financial Highlights (SAR)

Revenue:

1,124.4M +1.0% sequential growth
-20.4% decline vs. Q1 2020

Gross Profit:

373.4M +4.0% sequential growth
-17.5% decline vs. Q1 2020

Operating Profit:

86.8M +37.3% sequential growth
-42.7% decline vs. Q1 2020

Net Profit:

62.1M +8.2% sequential growth
-50.8% decline vs. Q1 2020

BinDawood sales declined by -31.3% vs Q1 2020
but showed sequential growth of +5.6%

Danube sales declined by -15.2% vs Q1 2020
and -0.7% sequentially

Operational Highlights

Customer footfall in Danube fell by -24.6% as compared to Q1 2020 and by -14.5% on a sequential basis. The decline for BinDawood was -33.2% vs Q1 2020 but sequentially there was an increase of +2.1%. The decline mainly reflected the restriction on movements as a result of the pandemic.

However, encouragingly, the average basket size showed a rise of +2.4% for Bindawood and +12.7% for Danube on a year on year basis. Sequentially, the average basket size increased by 16% in Danube and +3.2% in BinDawood reflecting customers' preference to have larger baskets with lesser visits.

Two new Danube stores were opened as compared to Q1 2020.



Q1 2021 Trading Performance

02

Q1 2021 Trading Update (1/4)

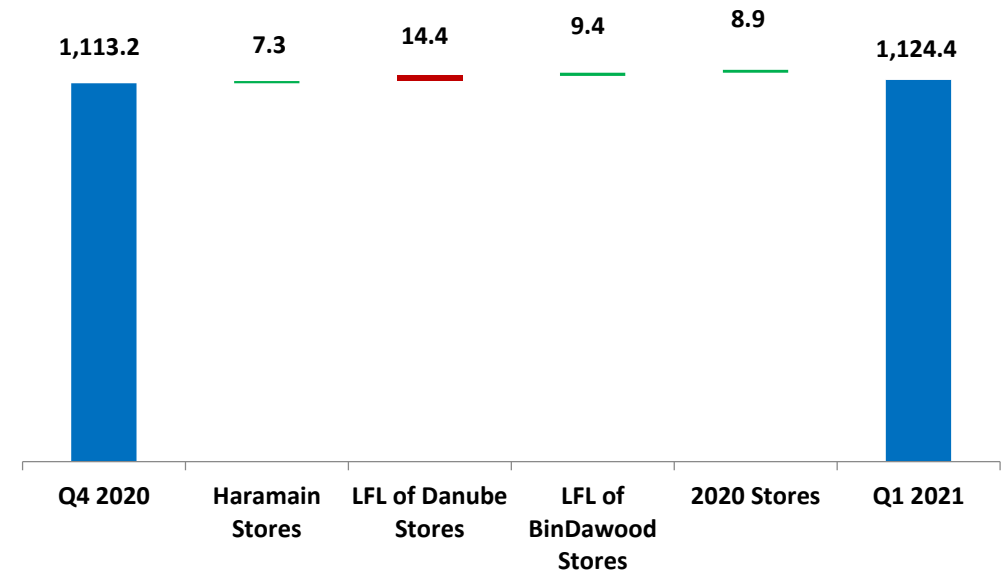
Revenue Bridge (Q1 2020 vs Q1 2121) & (Q4 2020 vs Q1 2021)



Amounts in SAR 'M



Amounts in SAR 'M

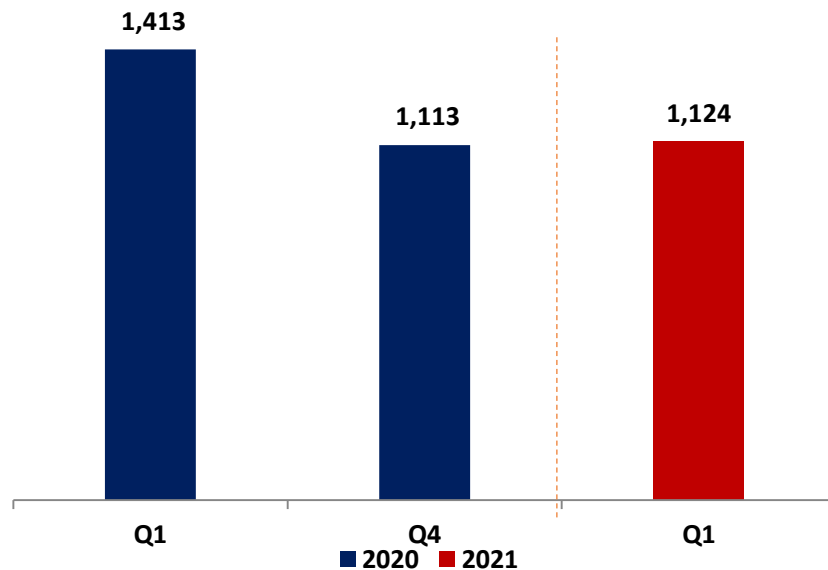


- LFL stores are those that had been opened for all three months in the quarters being compared.
- 2020 Stores include those stores that were opened in FY 2020 and do not fulfil the criteria established for LFL stores.

Q1 2021 Trading Update (2/4)

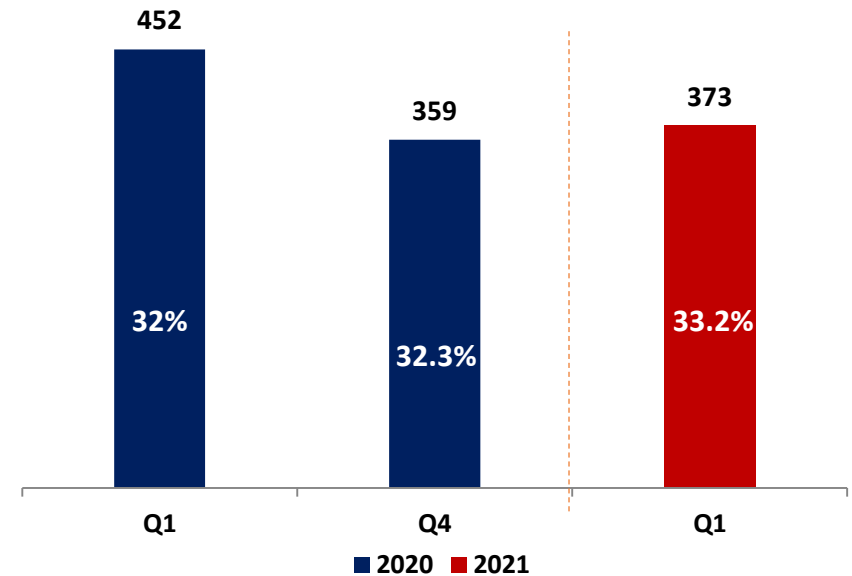
Financial Performance (SARm)

Revenue



- 1% Sequential growth in Q1 2021 versus Q4 2020. Growth primarily driven by BinDawood stores (+5.6%), principally from the Haramain stores, which witnessed the return of a select number of local pilgrims performing Umrah in Q1 2021 that helped to offset -0.7% decline in Danube revenues.
- Danube and BinDawood witnessed an overall decline of 20.4% in Q1 2021 sales from the corresponding period in the previous year due to non-recurring pantry buying, lack of promotional campaigns as a result of pandemic social distancing restrictions and a drop in sales of SAR 55.7M from Haramain Stores.

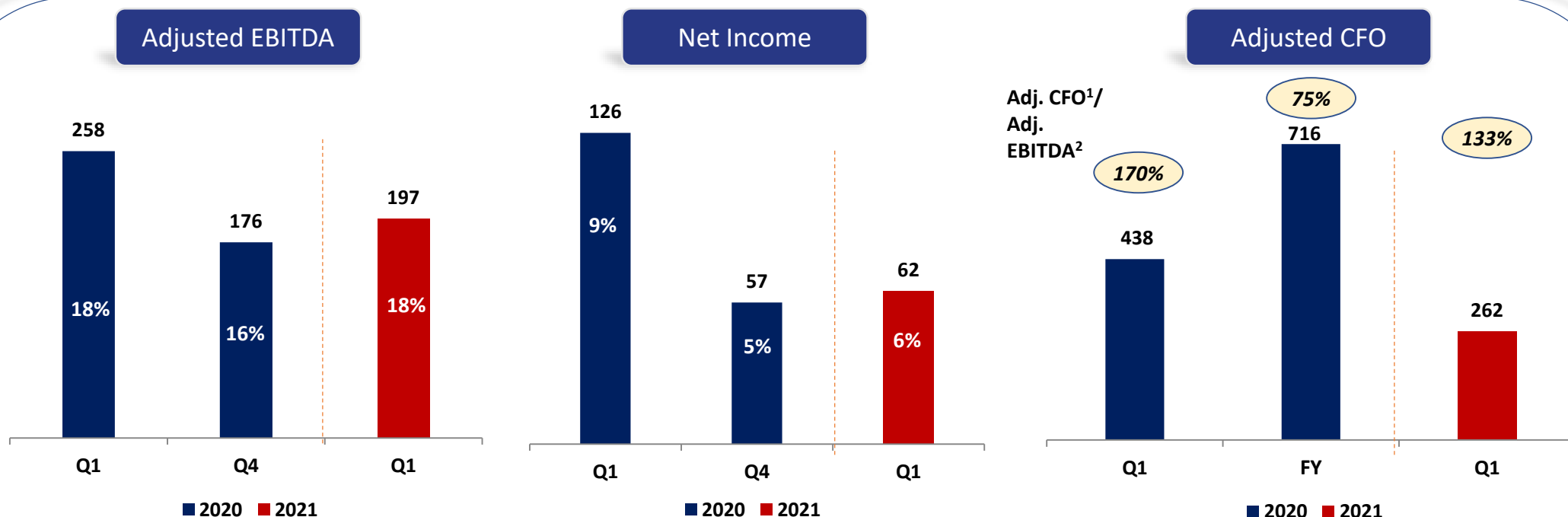
Gross Profit



- Sequential increase in gross profit of Q1 2021 vs Q4 2020 by SAR 14.3M driven by sales and margin increase from Haramain stores.
- YOY gross margin improved by 1.2% as a result of conscious management efforts to reduce shrinkage and wastage. This could not offset the reduction in revenue for the reasons previously explained under the revenue section.

Q1 2021 Trading Update (3/4)

Profitability (SARm)



- Adjusted EBITDA has increased sequentially by SAR 21 million (+11.9%).
- Reported sequential increase in net income is 8.2%. Had rental relief been received in Q1 2021 for a similar amount as in Q4 2020, the reported sequential increase would be 30.1%

Source: Company Information, Audited Financial Statements(FY 2020) and Condensed Consolidated Interim Financial Statements (unaudited 31 March 2021).

¹ Adjusted CFO is defined as net cash from operating activities excluding change in capex payables. ²Adjusted EBITDA is defined as operating profit + D&A + recurring portion of other income (empty carton sales).

Q1 2021 Trading Update (4/4)

Key Cashflow and Balance Sheet Items (SARm)

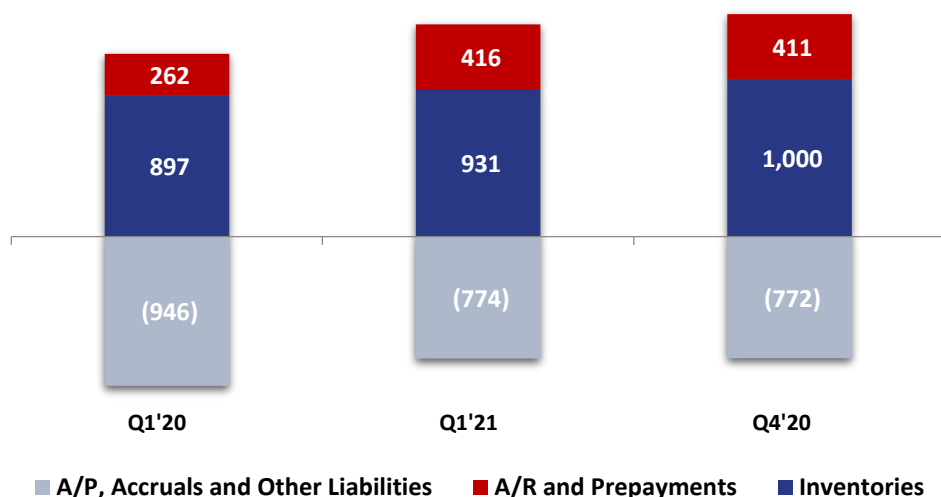
Trade Working Capital (TWC)¹

213

573

639

TWC



Inventory

Accounts
Receivables &
Prepayments

Accounts
Payables,
Accruals and
Other Liabilities

- Trade Working Capital reduced sequentially by SAR 66m, reflecting a conscious management decision to reduce inventory levels notwithstanding purchases effected in Q12021 to cater for the Shaban season.
- Operational teams controlled inventory level in line with the customer demand patterns on a coherent basis.
- Receivable balances as at Q1 2021 maintained at similar level of Q4 2020. Increase in sales to VIP during Q1 2021 offset by the realization of receivables from suppliers and partial collections from VIP.
- Increase in supplier payables due to purchases made for Shaban season during late Q1 2021.



**Concluding
Remarks & Q&A**

04

Our Strategy and Concluding remarks

Key Focus Areas

Expand Store Network

- Continue organic growth by opening 5-6 stores per year as originally planned. Additionally, aggressively considering further expansion in light of the changing economic, commercial & regulatory landscape. BinDawood stores Riyadh region expansion announced.

Drive Like-for-Like Growth

- Continue to drive initiatives to enhance sales levels in its mature stores, focusing on enhancing the in-store shopping experience for its customers, thereby increasing average basket size. This strategy is supported by promotional initiatives, including in-store seasonal and festive events and the adoption of the latest technologies to enhance supply chain efficiency.

Strengthen Online Platform and Technological Advancement

- Seek to enhance online offering to reflect the change in consumption trend and buying habits by ensuring greater fulfillment through increasing the number of stores supporting online shopping, by improving delivery infrastructure and by using advanced data analytics and AI to improve predictability of online demand.
- Seek to harness technology to improve real time inventory management so as to minimize shrinkage and wastage, ensure better product availability and reduce working capital investment.

Cash flow generation and cost-efficient approach

- Use the cash balance and the debt capacity of the Group to actively seek M&A opportunities to expand into other geographies and/or to acquire businesses that complement the existing business.

Forward Look 2021

Revenue



Performance is expected to remain subdued in Q2 but to improve from Q3 onwards subject to the resumption of international flights, Hajj operations for international pilgrims, back to school & other festivals and continued progress of the national vaccination program.

Profitability



Profitability is expected to begin to normalize from Q3 2021 through increase in revenue, cost efficiencies and more marketing campaigns at competitive price offerings.

Store Development



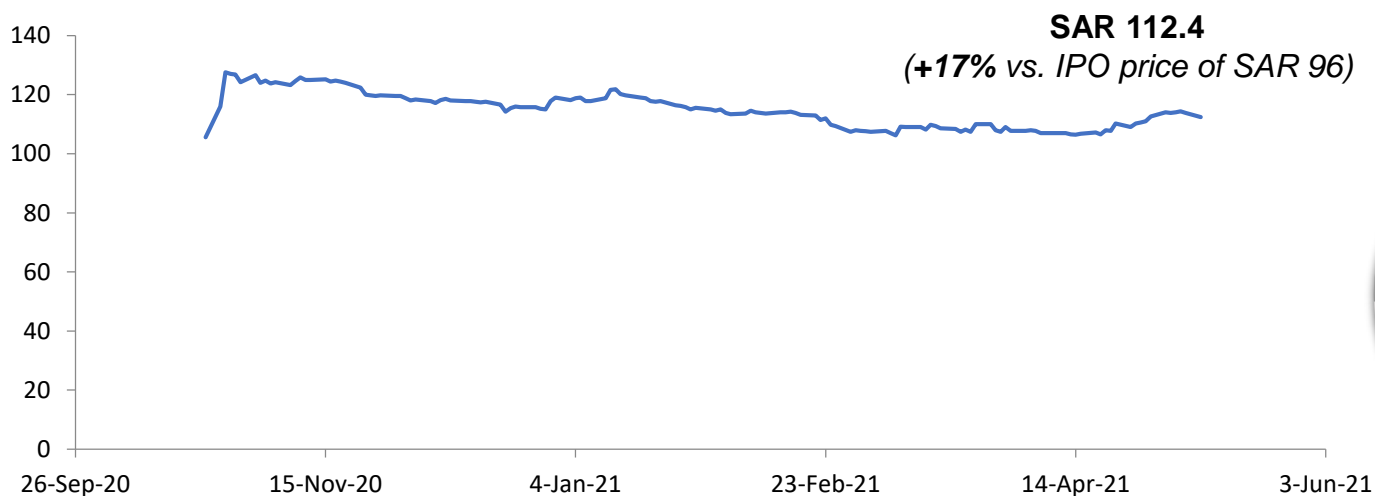
On track to open 5-6 new stores including one international store in Bahrain.



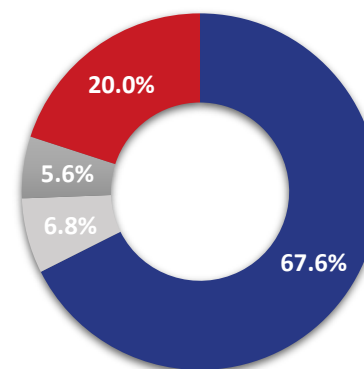
Appendix:
Additional Materials

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Q1 2021 Key Share Data



BDH Shareholding Structure



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

Share price performance

BinDawood Holding (Symbol: 4161)	
Share price (SAR) as at 9 May 2021	112.4
Current P/E Ratio	208.1
Earnings per share (SAR) as at 31 March 2021	0.5
Shares outstanding (millions)	114.3
Market Capitalization (SAR millions)	12,847



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