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DAWOOD
HOLDING القابضة

EARNINGS CALL Q3 2021

10th November 2021
BinDawood Holding HQ
Jeddah, KSA

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الدانوب
Danube

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Today's Presenters



Ahmad AR. BinDawood

Chief Executive Officer



Muhammad Salim Patka

Chief Financial Officer



Hassan Javaid

Head of Investor Relations (interim)



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CEO Message



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Ahmad AR. BinDawood
CEO, BinDawood Holding

Q3 2021 Overview

“Overall, revenue during this quarter was in line with that achieved in Q3 2020 but softer than that achieved in the previous quarter because of the number of residents returning to their home countries following the easing of travel restrictions and the continuing limit on pilgrims visiting Makkah and Madinah.

However, it is encouraging to see a healthy gross margin of 36.9%, testifying to the success of the operational strategy implemented by the management which partially offset the decline in sales.

We are opening two new Danube stores this month and one more in December. This will give us an enhanced presence in key consumer areas as we prepare for 2022 and as the country eases restrictions for residents and opens its doors to travelers. Our teams continue to deliver on our mission of providing our customers an exceptional grocery shopping experience, with unmatched standards of quality and convenience and we remain committed to expanding our footprint and reaching more customers across the Kingdom.”

Q3 2021 Financial and Operational Highlights



Financial Highlights (SAR)

Revenue:

1,077.8M -0.4% vs. Q3 2020
-4% vs Q2 2021

BinDawood Sales:

-5.4% vs Q3 2020 and -14.7% vs Q2 2021

Danube Sales:

+1.3% vs Q3 2020 and +0.2% vs Q2 2021

Gross Profit:

397.3M +11.5% vs Q3 2020
-0.5% vs Q2 2021

Net Profit:

70.2M +10% vs. Q3'2020 (excluding rent relief)
-10.8% vs. Q3'2020 (including rent relief)
-26.1% vs Q2 2021

Operational Highlights

Basket Size Table: YOY/Seq [Q3'21/Q3'20, Q2'21]

Company	Q3'21	Q3'20	Q2'21
BinDawood	79.93	87.74	88.21
Danube	121.16	112.85	116.39
BinDawood Holding	107.18	104.86	106.68

Overall , the basket size is comparatively better in Q3'21 vs Q2'21 & Q3'20, reinforcing the resilience of Danube's premium product offerings and a gradual shift to normalized business volume, corroborated by an increase in customer footfall in Sep'21 vs July'21.

Procurement efficiency and the new inventory management system rolled-out in 2019 are playing a key role in boosting our gross margin.

Company is on track to open further 3 new Danube stores in Q4 2021.

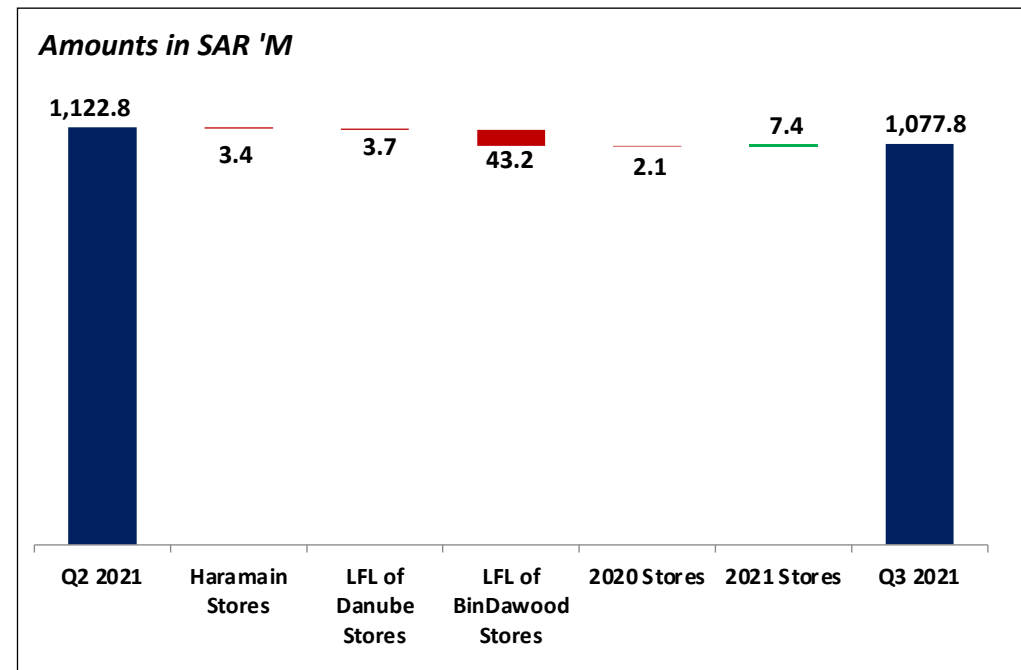
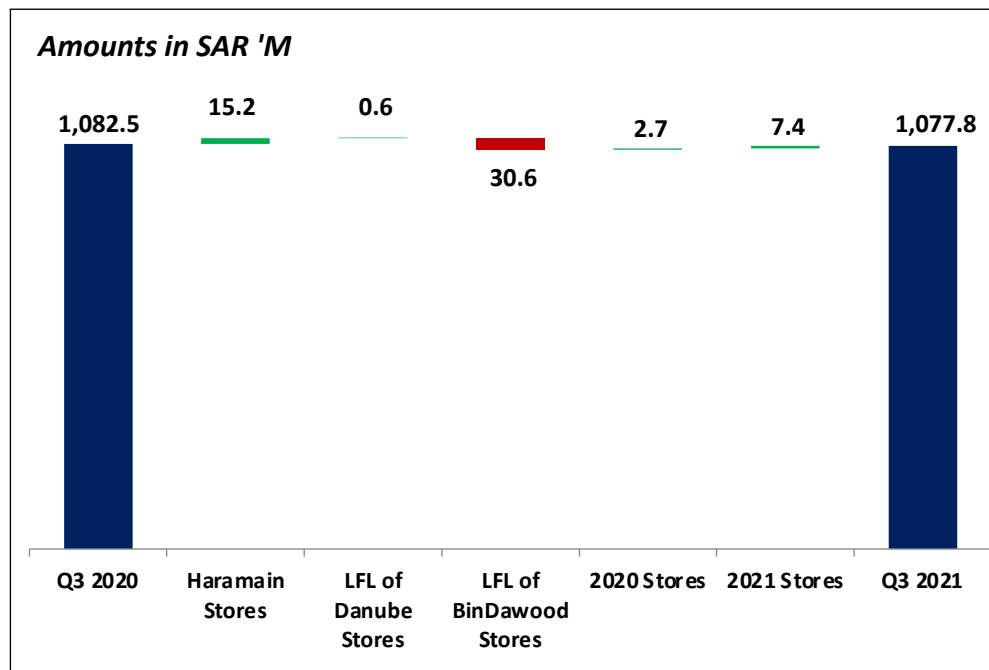


Trading
Update

02

9M 2021 Trading Update (1/5)

Revenue Bridge (Q3 2020 vs Q3 2021) & (Q2 2021 vs Q3 2021)



- LFL stores are those open before FY 2020 (excluding Haramain).
- LFL stores means stores that have operated for the last 12 months in the aforementioned comparative periods i.e., Q3'21, Q2'21 and Q3'20.

9M 2021 Trading Update (2/5)

Revenue Bridge (9M 2020 vs 9M 2021)

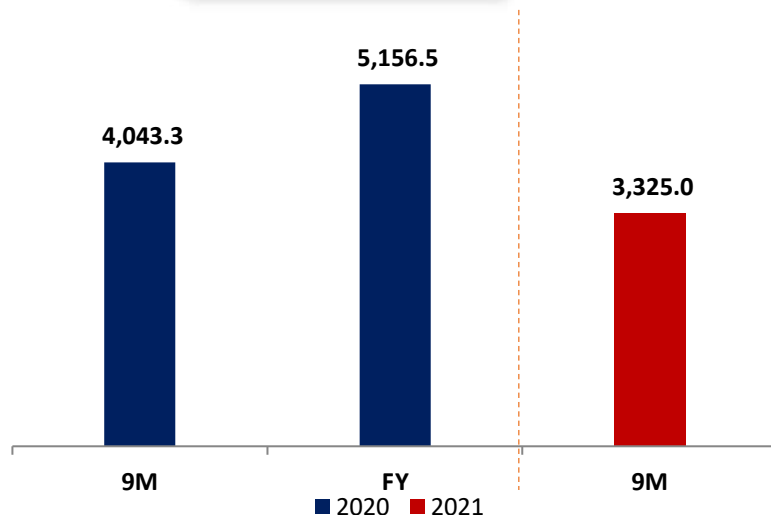


- Revenue performance comparison for 9M'20 and 9M'21 is not meaningful due to extenuating circumstances and unprecedented disruption caused by pandemic in H1'20 (pantry buying in response to the pandemic and bulk buying in anticipation of the change in VAT with effect from 1 July 2020).
- LFL stores are those that had been opened before FY 2020(excluding Haramain).
- LFL stores signifies stores operating for the last 12 months in the aforementioned comparative periods i.e., Q3'21, Q2'21 and Q3'20.

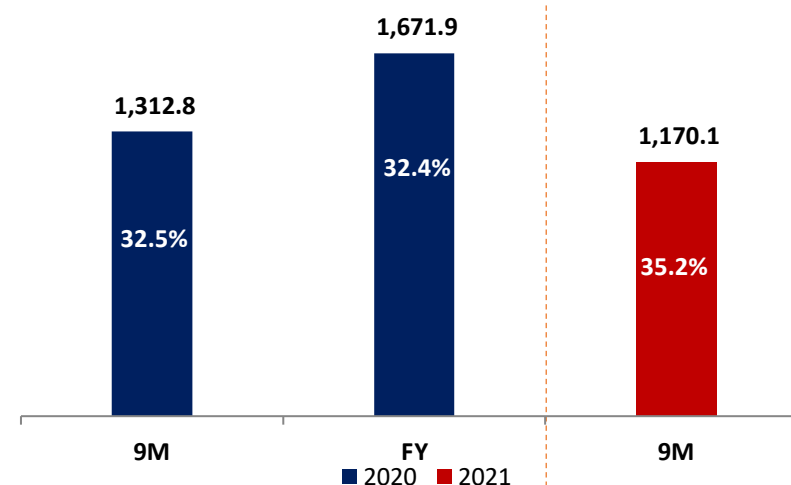
9M 2021 Trading Update (3/5)

Financial Performance (SARm)

Revenue



Gross Profit

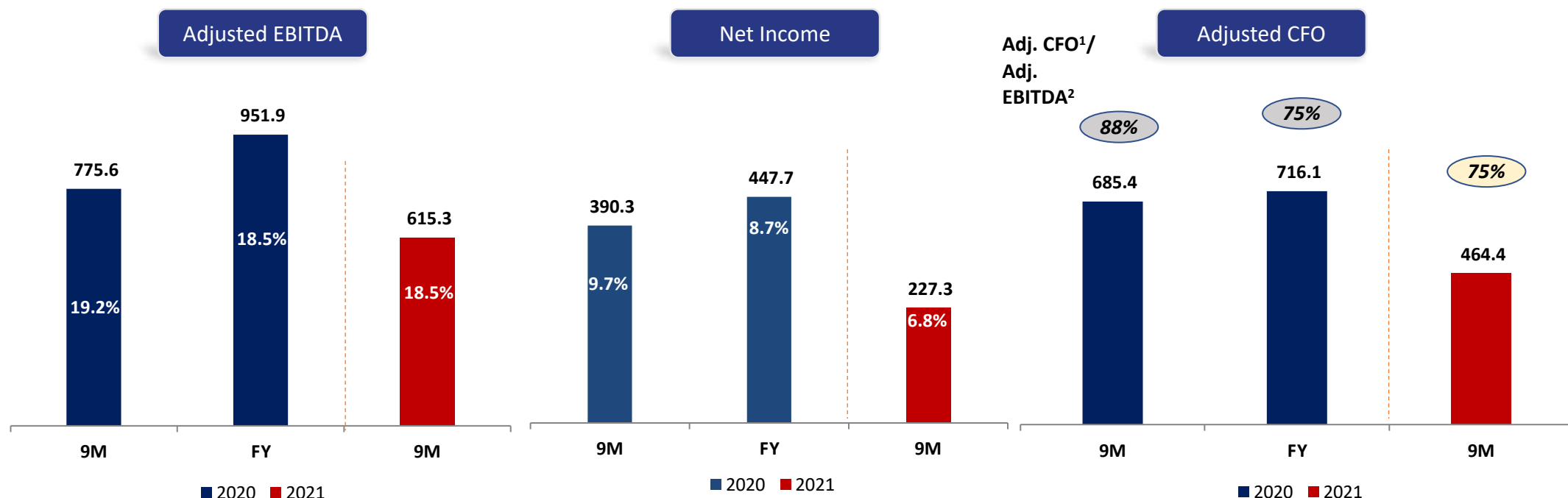


- BDH witnessed -0.4% vs Q3 2020 and -4% vs Q2 2021
- Danube and BinDawood witnessed an overall decline of 14.9% and 24.7% respectively in 9M 2021 sales versus 9M 2020

- 11.5% growth in gross profit vs Q3 2020
- Sequential decline in gross profit by SAR 2.1M
- YOY gross margin improved by 2.7%

9M 2021 Trading Update (4/5)

Profitability (SARm)



- Adjusted EBITDA% for 9M 2021 is in line with the FY 2020 i.e., 18.5% of sales.
- Q3 2021 Net profit margin did not offset the weaker margin in the first half, which was lower as a result of the greater impact of fixed costs following a decline in revenue.
- Adj. CFO/Adj. EBITDA is maintained at 75%, in line with FY 2020.

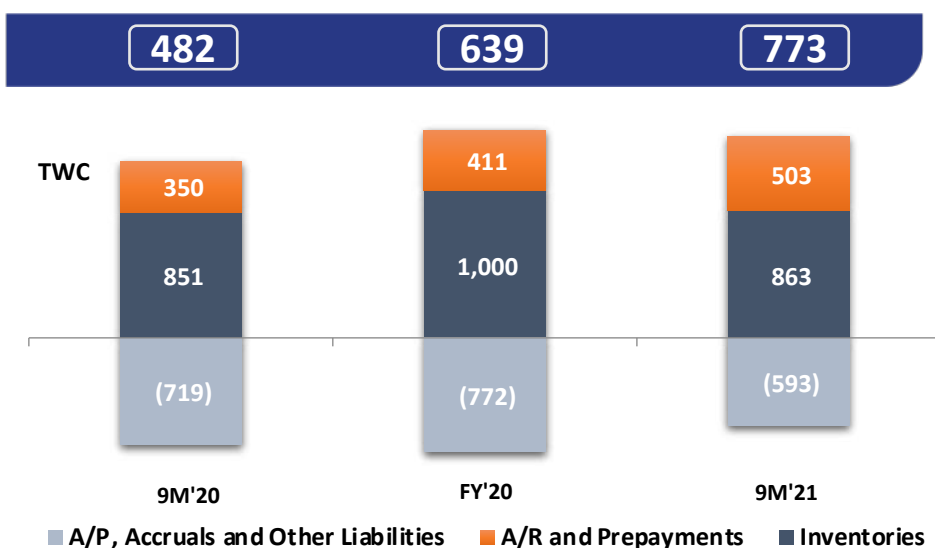
Source: Company Information, Reviewed Financial Statements (September 2021) and (September 2020).

¹ Adjusted CFO 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).

9M 2021 Trading Update (5/5)

Key Cashflow and Balance Sheet Items (SARm)

• Trade Working Capital (TWC)¹



Trade Working Capital

Accounts Receivables & Prepayments

Accounts Payables, Accruals and other Liabilities

Inventory

- Working capital increased by 21% which is mainly due to:
 - Rise in receivables due to an increase in volume of sales to VIP customers. Subsequent recoveries of SR 83.3m have been made against this balance.
 - Lower purchases in Q3 and payments to suppliers against the Shaban season purchases led to decline in payables balances by 19.9%.
 - The above increases have been offset by a decline of SAR 137 million in the inventory balance as compared with 31 December 2020 as a result of operational teams driving inventory optimization and executing the successful strategy of aligning the supply/procurement channels with demand on timely basis.

Update on Inflation & Global Supply Chain Concerns

BinDawood Holding Perspective

Inflation

- Inflation impact effectively being managed through:
 - Sophisticated price optimization strategy; data driven approach to stabilize costs & eliminate inefficient spending.
 - Stringent inventory management achieved minimal shrinkage and wastage.
 - Automating processes to reduce fixed cost burden.

Supply Chain

- Supply chain challenges managed by:
 - Consistent dialogue with suppliers to avoid disruptions.
 - Enhanced procurement technology resulting in greater efficiency.
 - Strengthening the Commercial and the Supply Chain departments.
 - Securing right product mix.
 - Timely payment to suppliers.
 - Expanding presence in KSA and thereby consolidating 'critical partner' status with suppliers.



Concluding
Remarks & Q&A

04

Concluding Remarks & Q&A

Key Focus Areas

Expand Store Network

- 2 new Danube stores opened. Further 3 stores are planned to be opened in Q4 2021.
- Bahrain store set to debut in Q1 2022, marking the first international Danube store.
- Continue our legacy of organic growth by opening 5-6 stores PA.
- A review of suitable locations for BinDawood Riyadh launch is underway.

Drive Like-for-Like Growth

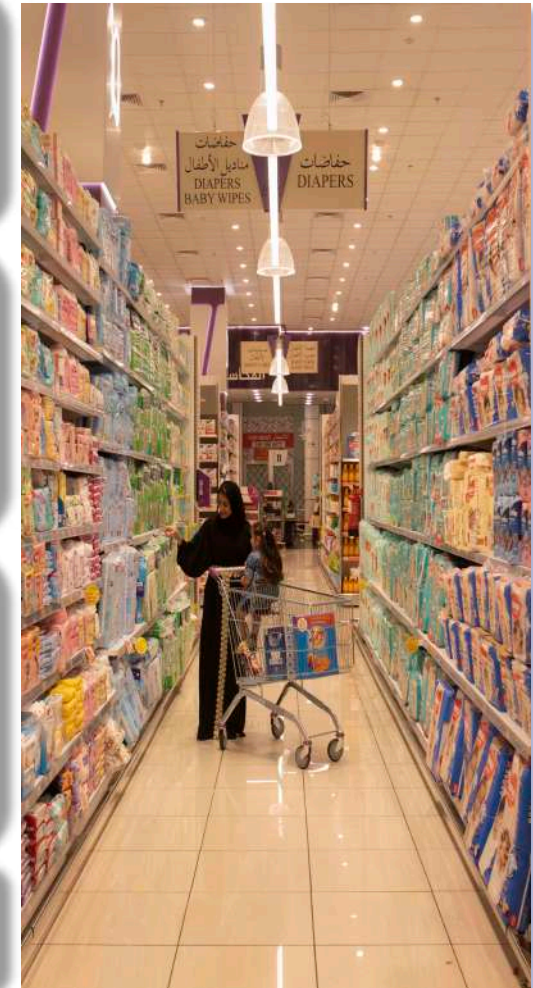
- Positive uplift is expected in Makkah and Madinah Stores following the Saudi Government's announcement to allow full capacity at the Holy Mosques for vaccinated pilgrims.
- Focus on enhancing in-store shopping experience for customers, thereby increasing average basket size (sequentially). Strategy is supported by promotional initiatives and the adoption of the latest technologies to enhance supply chain efficiency.

E-Commerce and technological advancement

- Considering investment in start-ups which complement our grocery business; online & offline.
- Enhance online offering, improving delivery infrastructure & leveraging advanced data analytics & AI to improve predictability & prescriptive analytics of online demand.
- Harness technology to improve real time inventory management to minimize shrinkage and wastage and ensure better product availability.

Cash flow generation and cost-efficient approach

- Leverage cash balance and debt capacity for M&A opportunities to expand into other geographies and/or to acquire businesses that complement our existing business.





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