



بن داود
DAWOOD
HOLDING القابضة

EARNINGS CALL Q1 2022

23rd May 2022
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



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CEO Message



01



Ahmad AR. BinDawood

CEO, BinDawood Holding

Q1 2022 Overview

We are finally beginning to see a marked improvement in trading. The removal of the pandemic restrictions stipulated by the government has seen a return of pilgrims to the Holy Sites of Makkah and Madinah, as well as the more regular tourist and business travelers.

Additionally, greater freedom of movement for the local population has led to higher consumer spending in general, and more specifically, an increase in footfall through our stores.

Our Q1 revenue is SAR 1.2bn, which is 4.5% higher year-on-year and 11.2% sequentially. The gains were driven primarily by BinDawood stores, which saw a 13.8% and 18.5% uptick in sales respectively. Danube stores were up 0.9% year-on-year, and 8.2% sequentially. The higher revenue has translated into significantly higher profitability. The net profit of SAR 65.5m in Q1 2022 is 5.5% higher year on year and 396.2% sequentially.

We are also pleased to have signed a definitive agreement for the acquisition of International Apps (IATC), the company which developed and operates our two ecommerce channels. The transaction, subject to customary closing conditions and completion of regulatory review, is expected to close in the second half of 2022.

We plan to invest up to SAR 160m more over a two-year period to further support the platform and roll-out a network of state-of-the-art dark stores and fulfillment centers. It's a strategic acquisition for us, enabling BinDawood Holding to plan and control the future growth of its business in an increasingly digitally-connected world.

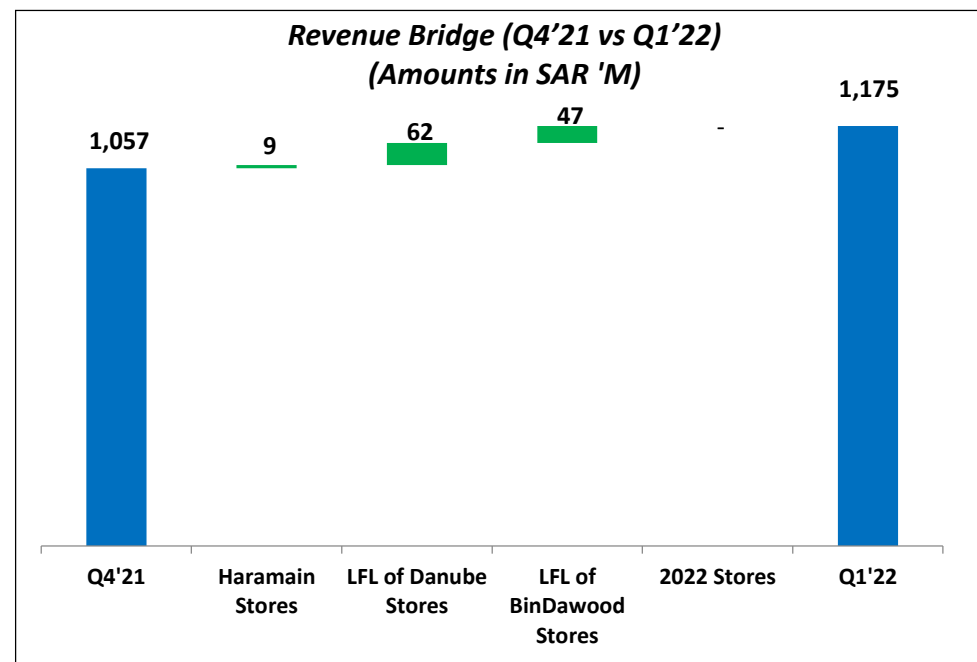
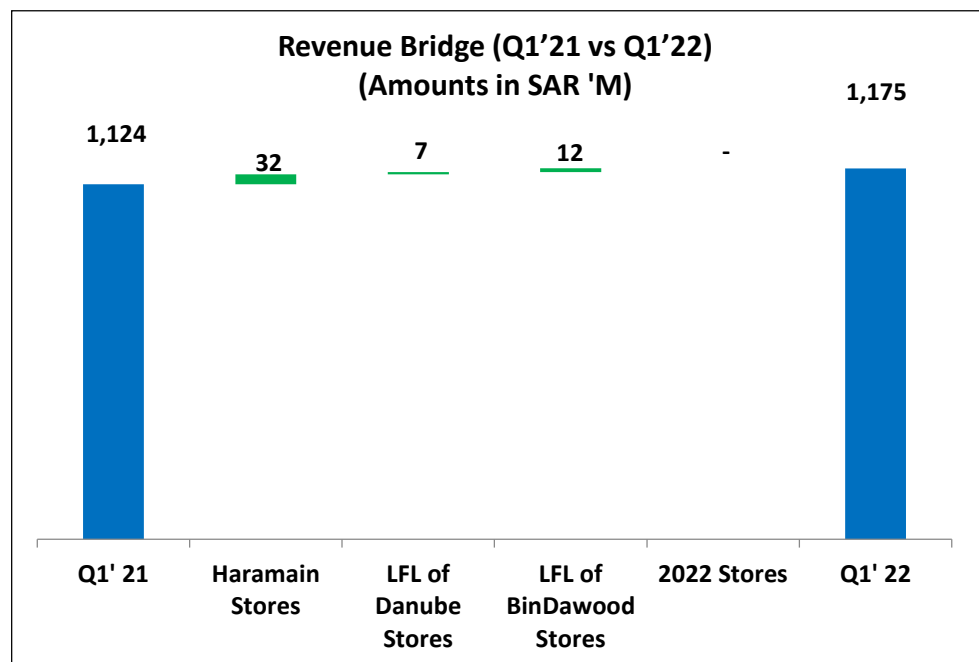


Trading
Update

02

Q1 2022 Trading Update (1/6)

Revenue Bridge (Q1 2021 vs Q1 2022) & (Q4 2021 vs Q1 2022)

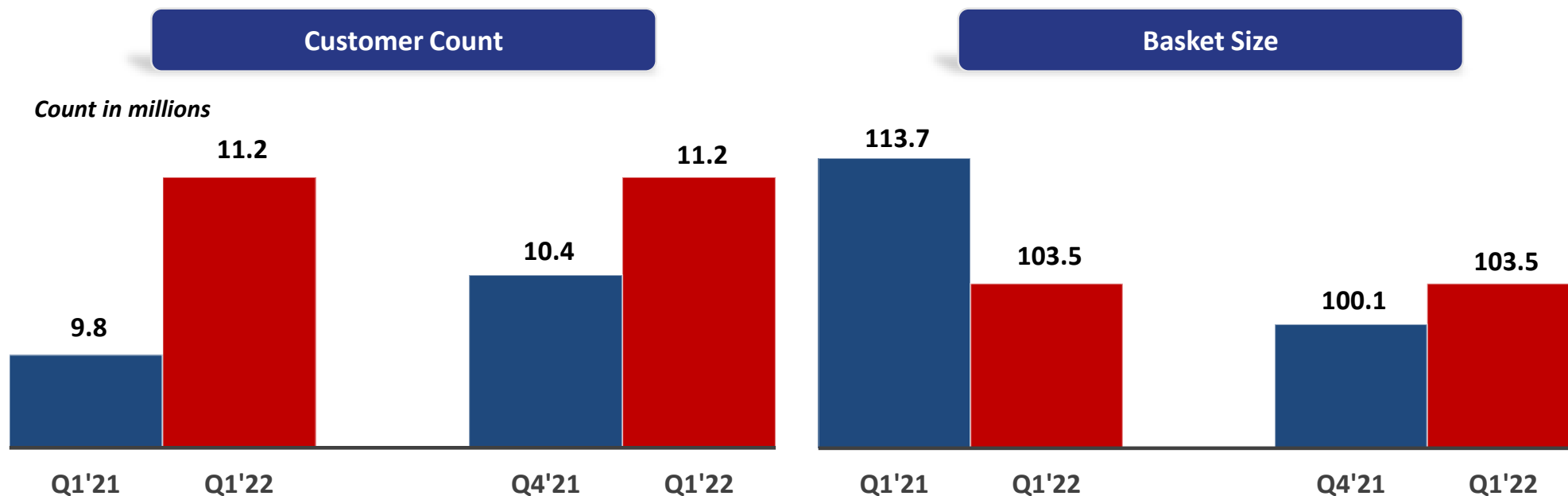


- Revenue of Haramain stores improved by 191.6% vs Q1'21 and 23.8% vs Q4'21 due to an increase in footfall of local and foreign pilgrims following the lifting of COVID-related restrictions by the government on pilgrims performing Umrah. The improved performance of Haramain stores was the main driver of the revenue growth of 13.8% v Q1 2021 and 18.5% vs Q4 2021 for the BinDawood stores.
- Danube stores improved by +0.9% vs Q1'21 and +8.2% vs Q4'21, benefitting from the return of Sha'ban and Back to School seasons.
- LFL stores excluding Haramain are those stores that have operated for the last 12 months in the afore mentioned comparative periods i.e., Q1'22, Q4'21 and Q1'21.

Source: Company Information, Interim Financial Statements Q1 2022 and Q1 2021.

Q1 2022 Trading Update (2/6)

Customer Count and Basket Size

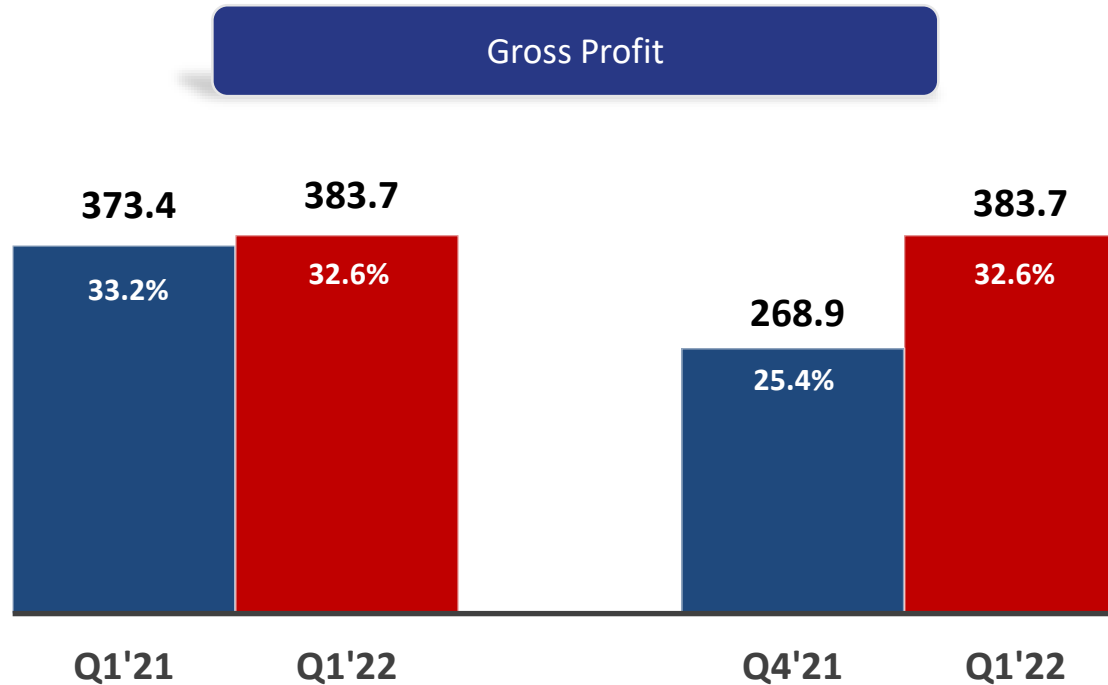


- Increase in footfall of Danube Stores by +13.3% vs Q1'21 & +6.3% vs Q4'21 and BinDawood Stores by +17.6% vs Q1'21 & +10.1% vs Q4'21.
- Footfall increase attributable to return of Sha'ban and Back to School Seasons and the return of pilgrims to Holy Mosques due to lifting of pandemic related restrictions by the government.
- Basket size increased sequentially owing to improvement in BinDawood (from SAR 79.7 to SAR 85.8) and Danube Stores (from SAR 111.9 to SAR 114) due to reasons explained above.

Source: Company Information, Interim Financial Statements Q1 2022 and Q1 2021.

Q1 2022 Trading Update (3/6)

Financial Performance (SARm)



- Gross margin of 32.6% in Q1 2022 was marginally lower than the 33.2% margin achieved in Q1 2021 due to the additional cost of the marketing campaigns run during Sha'ban Season. Such costs were not incurred in Q1 2021. The 7.2% increase in sequential gross reflects the cumulative impact in Q4 2021 of lower supplier rebates on lower sales in order to optimize inventory levels at year-end.

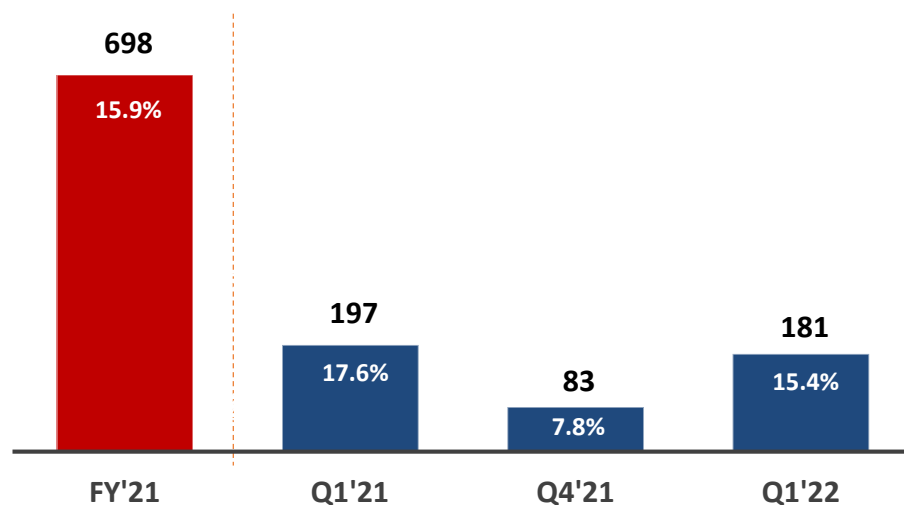
Source: Company Information, Interim Financial Statements Q1 2022 and Q1 2021.

Q1 2022 Trading Update (4/6)

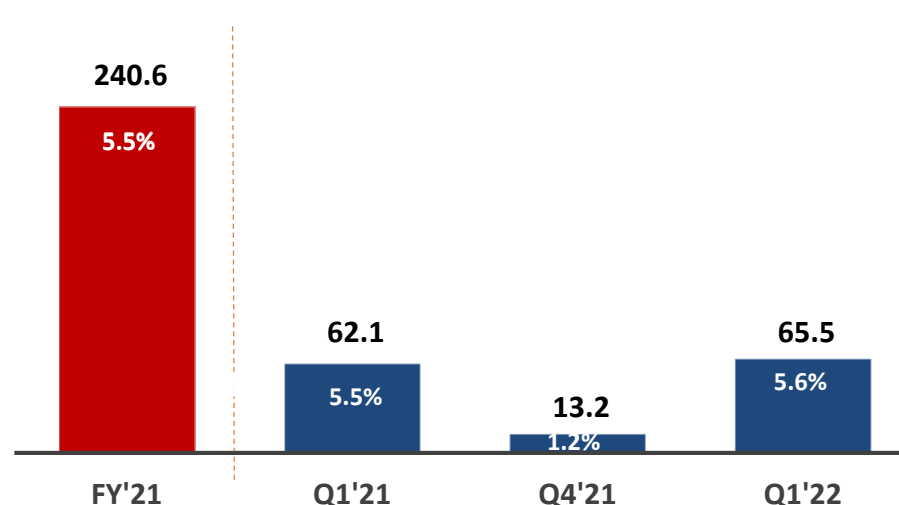
Profitability (SARm)



Adjusted EBITDA¹



Net Income



- Adjusted EBITDA% for Q1'22 improved sequentially due to the improvement in gross margin as explained previously. The decline of 2.2% on a year on year basis is a function of the reduction in gross margin and the higher costs related to new branch openings post Q1'21.
- Net Profit Margin for Q1'22 remained at the same level as of Q1'21, notwithstanding the decline in Adjusted EBITDA by 2.2%, due to one-time rent relief of SAR 17 million received in Q1'22 from landlords of haramain stores. Sequentially, the improvement in Net Profit margin is lower than the increase in Adjusted EBITDA margin due to significant rental relief(recorded under other income) received in Q4'21.

Source: Company Information, Interim Financial Statements Q1 2022 and Q1 2021.

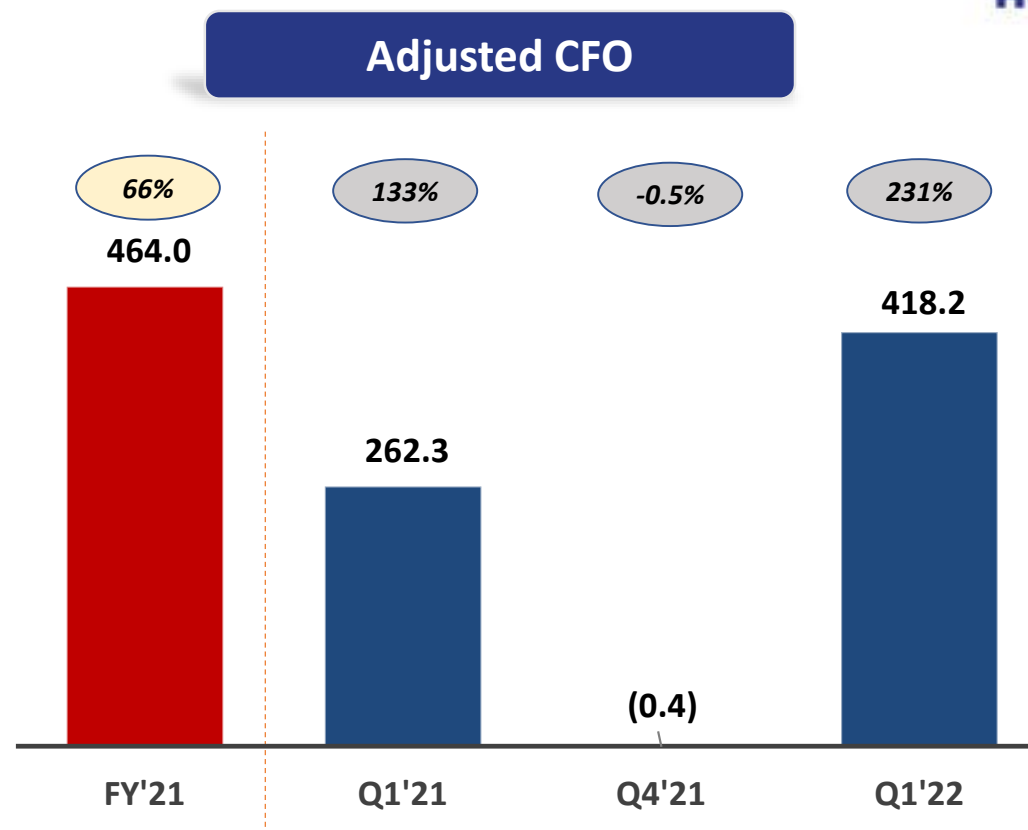
¹Adjusted EBITDA is defined as operating profit + D&A + recurring portion of other income (empty carton sales).

Q1 2022 Trading Update (5/6)

Cash flows (SARm)



Adj. CFO¹/
Adj.
EBITDA²



- The ratio of Adj CFO to Adj EBITDA improved significantly to 231% in Q1'22 from 133% in Q1'21 due to a reduction in working capital by SAR 157.8M as explained on the following slide.

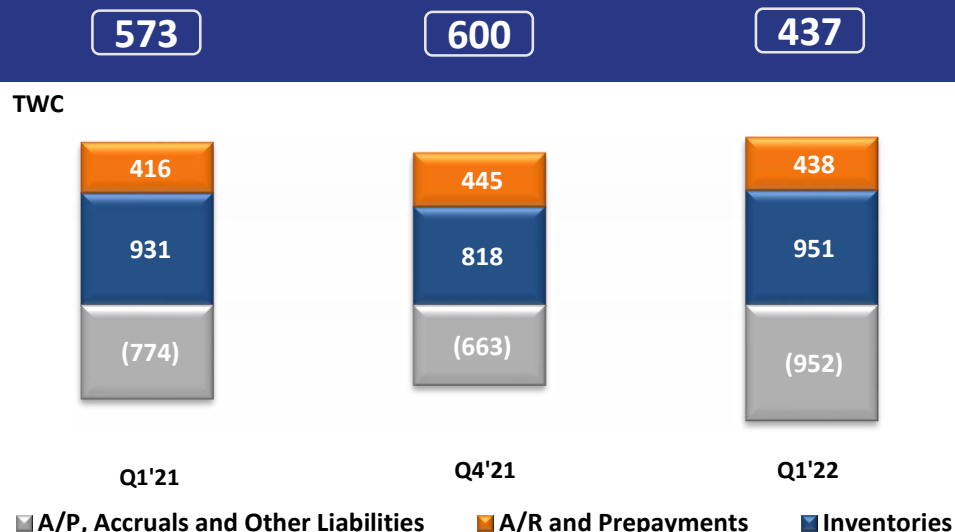
Source: Company Information, Interim Financial Statements Q1 2022 and Q1 2021.

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)

Q1 2022 Trading Update (6/6)

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

○ Trade Working capital decreased by 27.1% mainly due to:

○ Management's focus on keeping the receivables at optimal levels has resulted in a continuous decline in balances due from corporate customers notwithstanding an increase in VIP sales in Q1'22 by 4.8% vs Q4'21.

○ Increase in payables due to increased purchases to cater for the anticipated increase in demand during Sha'ban and Ramadan Season. The increase in inventory was relatively lower owing to quick liquidation of inventory during Sha'ban season, as corroborated by an increase in sales by 17.7% in Mar'22 vs Mar'21.



Concluding
Remarks & Q&A

03

Concluding Remarks & Q&A

Key Focus Areas

Expand Store Network

- 5 new store openings (including Bahrain & remaining Danube Riyadh store due to open in Q4 2021) are planned in FY 2022.
- 5 express stores (4 at Haramain High Speed Railway & 1 at Jeddah Airport) due to open in H2 2022.
- A review of suitable locations for BinDawood Riyadh launch is underway.

Drive Like-for-Like Growth

- Positive uplift witnessed in Makkah and Madinah Stores following the Saudi Government's announcement to allow full capacity at the Holy Mosques for vaccinated pilgrims.
- Lifting of precautionary and preventive measures related to combating Covid-19 pandemic resulted in increasing the customer footfall that enabled us to successfully conclude Sha'ban season.
- During the last 2 years, inflation has impacted the purchasing power/basket size, however, it is being managed through effective supply chain management to ensure product availability and sophisticated price optimization strategy by offering wide range of similar products.

Technological advancement and introducing Loyalty Programme

- IATC Acquisition. BDH is on track to complete the acquisition of tech-related company, IATC that will enable BinDawood Holding to plan and control the future growth of its business in an increasingly digitally-connected world.
- Customer loyalty program has been well received and is gaining traction with currently more than 1 million customer registrations. Further developments to enhance the loyalty program are planned for Q2 and Q3 2022.

Free Cash Flows

- The company generated FCF of SAR 294.5 million in Q1 2022 vs. SAR 164.4 million (+79.1%) in Q1'21 which is directly attributable to reduction in working capital by SAR 157.8 million.

Cash flow generation and cost-efficient approach

- Group to leverage cash balance(Q1'22: SAR 778.6 million) 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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