



بن داود
DAWOOD
HOLDING القابضة

EARNINGS CALL Q2 2022

24th August 2022
BinDawood Holding HQ
Jeddah, KSA

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DAWOOD

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

H1 2022 Overview

Our strong start to the year in terms of sales has been driven by a return of pilgrims for Hajj and Umrah, coupled with marketing campaign carried out during Ramadan and Back to School seasons.

The slight reduction in gross margin was due to the affect of marketing campaign and loyalty program activities and a conscious management decision to reduce margins in certain product categories to spur sales.

The reduction in gross margin coupled with higher operating expenses due to store openings and other affiliated costs have resulted in lower net profits for the second quarter and half-year 2022. These costs are expected as we build for the future.

What is important is our store count is continuing to grow, our revenues are normalizing, we have made two serious acquisitions (both of which closed in July 2022) that will benefit the business significantly in the long-run , we are generating strong free cash flows and we remain debt free. In this current macro-economic situation, it is a position we are happy to be in.

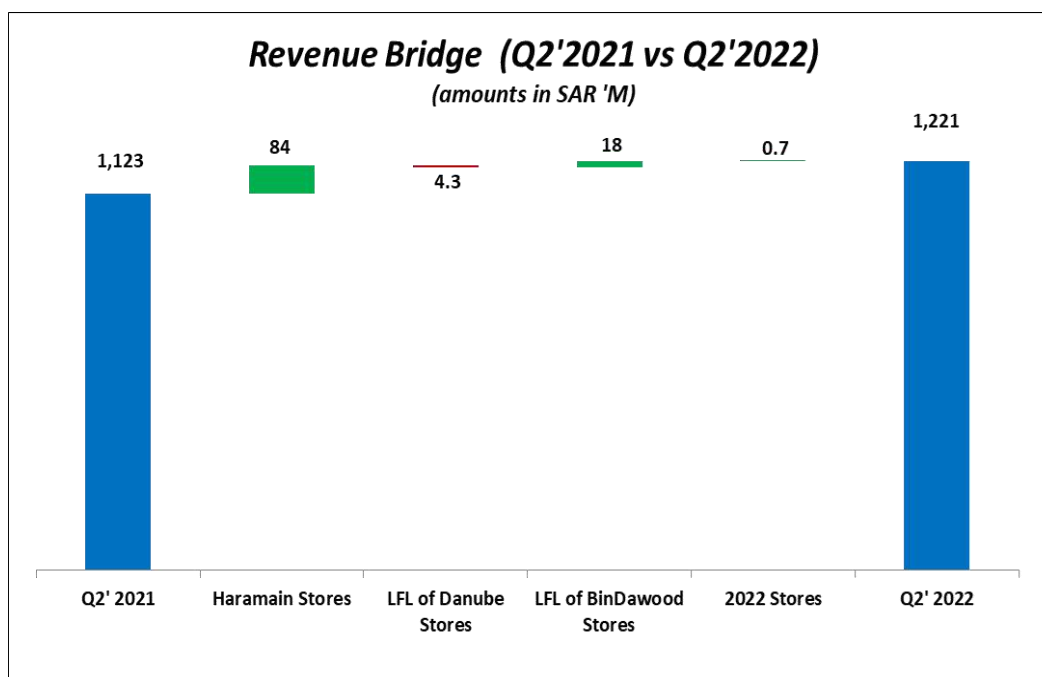
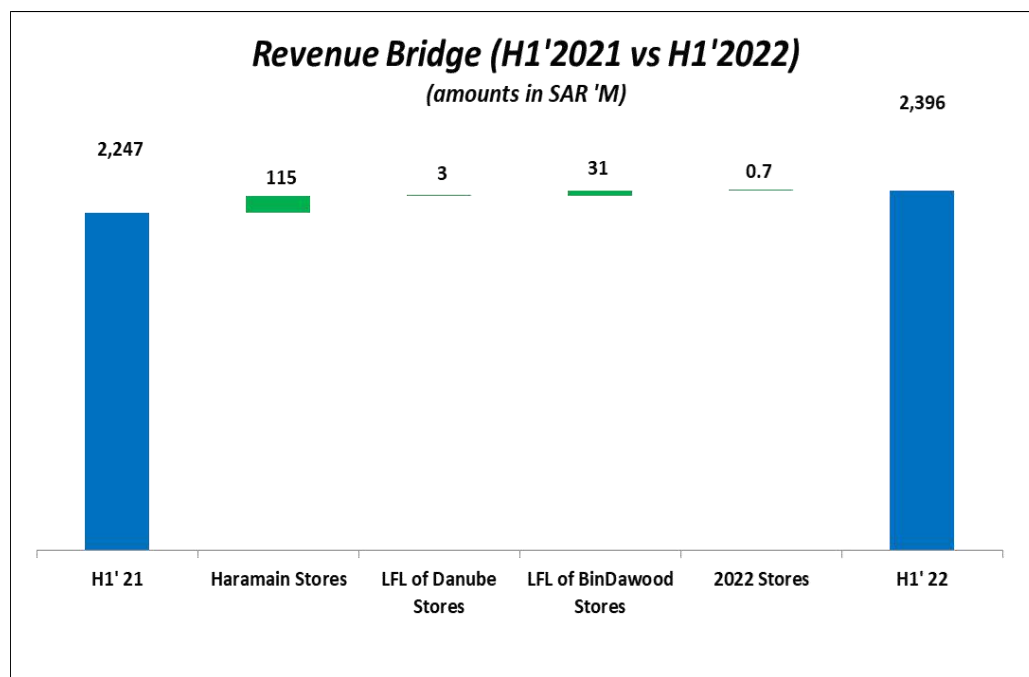


Trading
Update

02

Q1 2022 Trading Update (1/6)

Revenue Bridge (H1 2021 vs H1 2022) & (Q2 2021 vs Q2 2022)

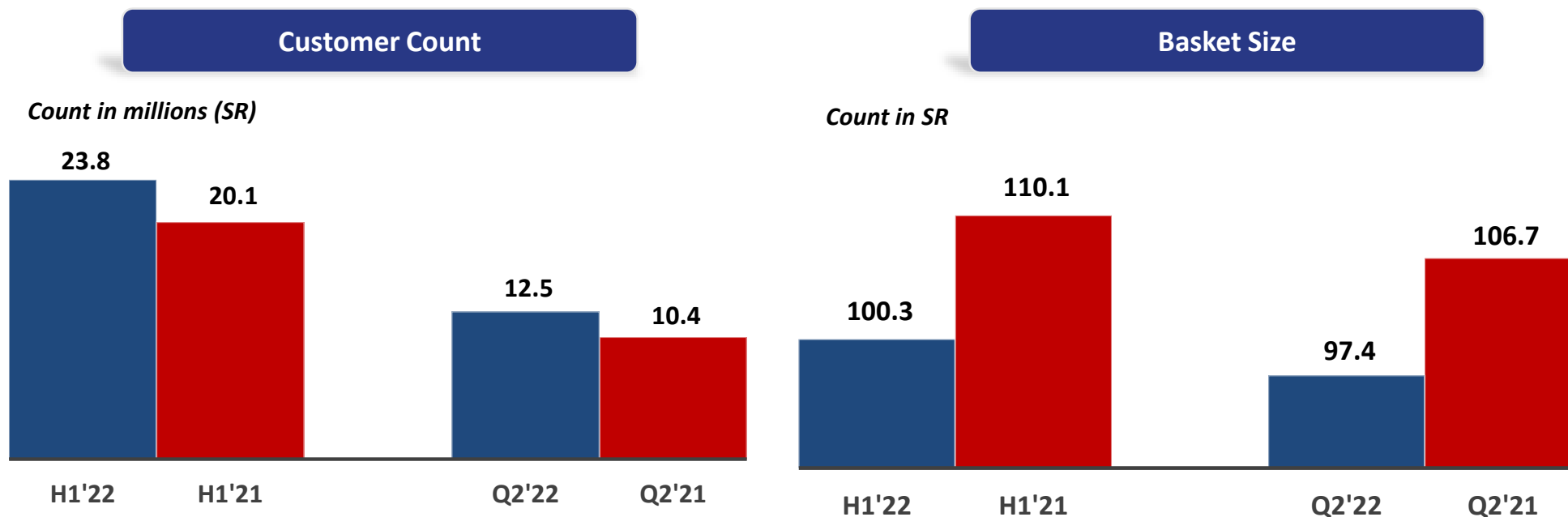


- Revenue in H1'22 is improved by +6.6% vs H1'21 due to:
 - Significantly improved sales performance of Haramain stores owing to increase in footfall of local and foreign pilgrims.
 - Growth in sales performance of non-Haramain BinDawood Stores by +4.3%
 - Growth in sales performance of Danube Stores by +0.2%
- Revenue in Q2'22 improved by +8.7% vs Q2'21 due to:
 - Increased footfall of Haramain stores during Ramadan season. In addition, even non-pilgrim focused BinDawood stores had +4.7% higher sales, reflecting a strong across the board performance by BinDawood stores. This increase was marginally offset by a -0.5% decline in Danube sales.

Source: Company Information, Interim Financial Statements Q2 2022 and Q2 2021.

H1 2022 Trading Update (2/6)

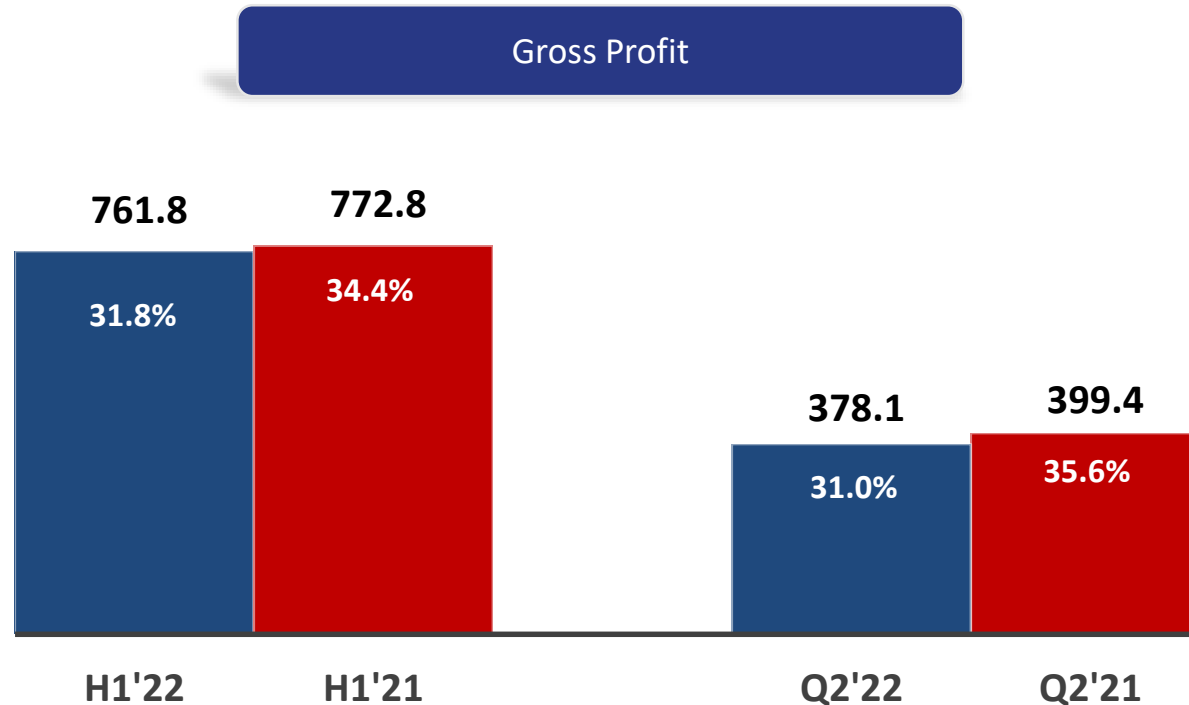
Customer Count and Basket Size



- Total footfall increased by +18.4% in H1'22 v H1'21 and by +20.2% in Q2'22 v Q2'21
- Increase in footfall witnessed in H1'22 and Q2'22 was largely attributable to the return of pilgrims in Makkah and Madinah stores during Ramadan and Hajj Season.
- In contrast , basket size decreased by -8.9% in H1'22 v H1'21 and -8.7% in Q2'22 v Q2'21

H1 2022 Trading Update (3/6)

Financial Performance (SARm)



- Gross profit declined by -1.4% in H1'22 vs H1'21 and -5.3% in Q2'22 v Q2'21 due to the combined affect during Q2'22 of marketing campaign and loyalty program activities and a conscious management decision to reduce margins in certain product categories to generate higher sales.

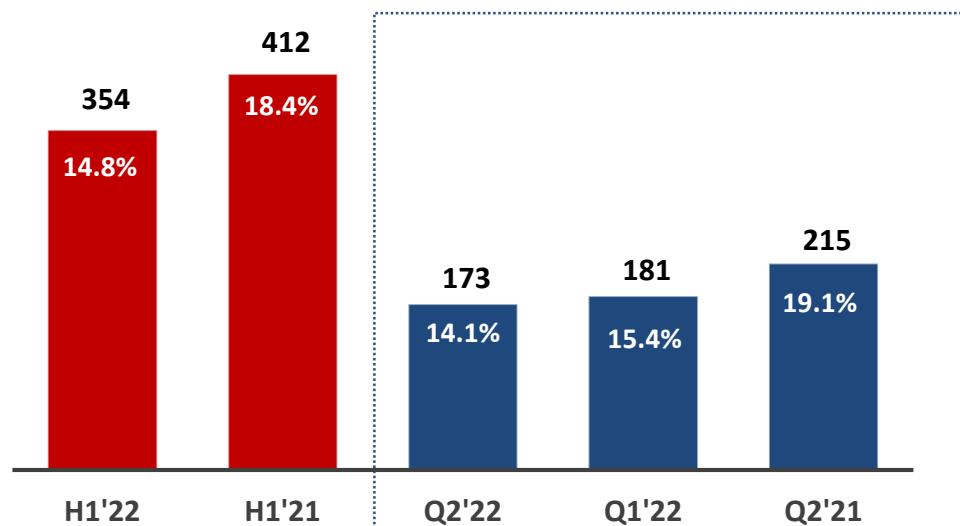
Source: Company Information, Interim Financial Statements Q2 2022 and Q2 2021.

H1 2022 Trading Update (4/6)

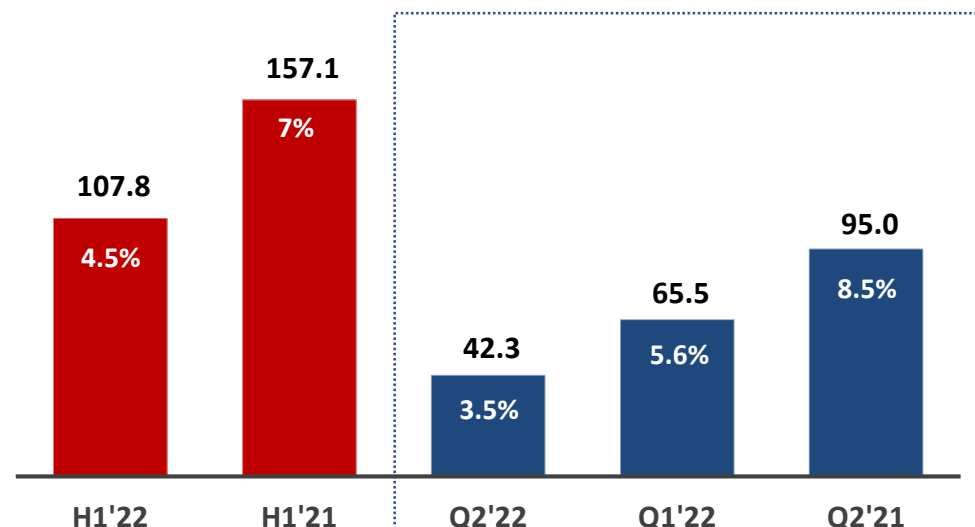
Profitability (SARm)



Adjusted EBITDA¹



Net Income



- Decline in Adjusted EBITDA and Net Income in absolute and margin terms for H1'22 vs H1'21 and Q2'22 vs Q2'21 is the cumulative impact of reductions in gross profit and gross margin, higher costs associated with new stores and pre operating expenses of stores in the process of being opened, increase in G&A salaries as the management team continues to be reinforced and the cost of acquisition of IATC by FTR.

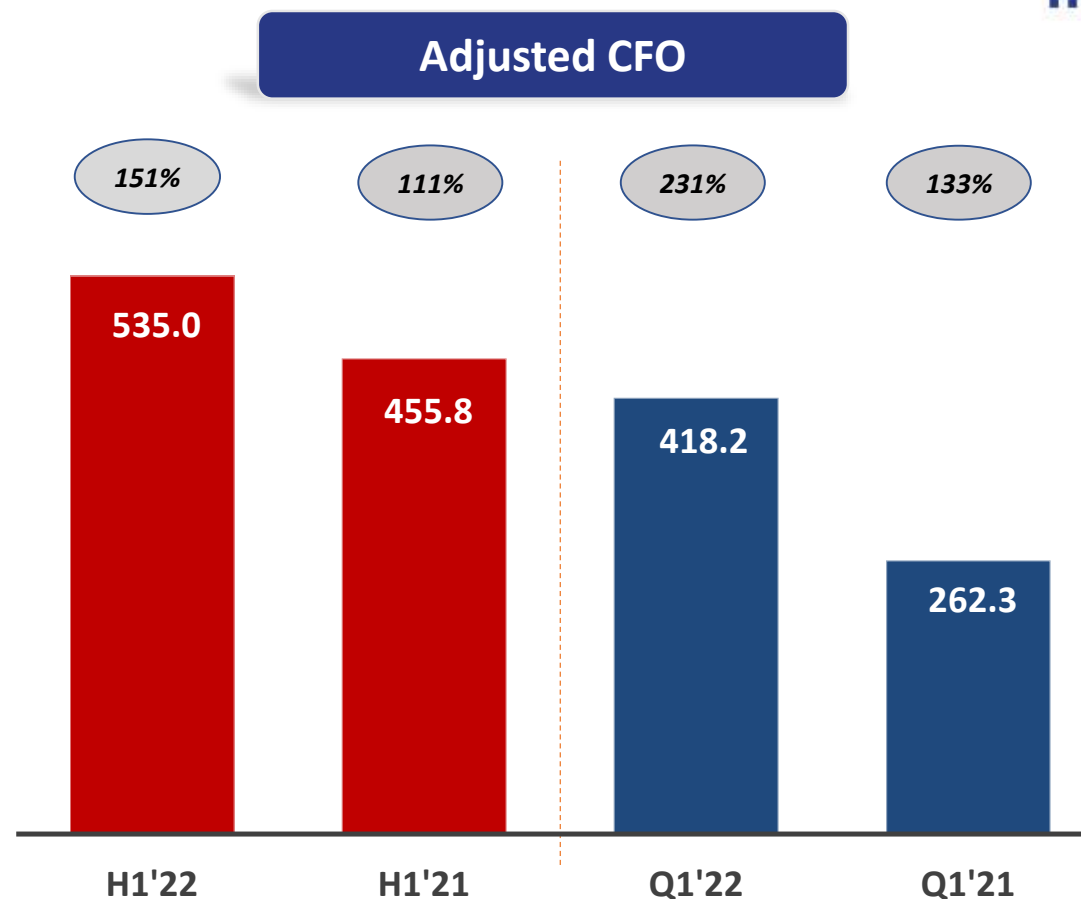
Source: Company Information, Interim Financial Statements Q2 2022 and Q2 2021.

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

H1 2022 Trading Update (5/6)

Cash flows (SARm)

Adj. CFO¹/
Adj.
EBITDA²



- The ratio of Adj CFO to Adj EBITDA increased to +151% in H1'22 from +111% in H1'21 as the reduction in working capital investment was higher than the reduction in Adj EBITDA as explained on the following slide.

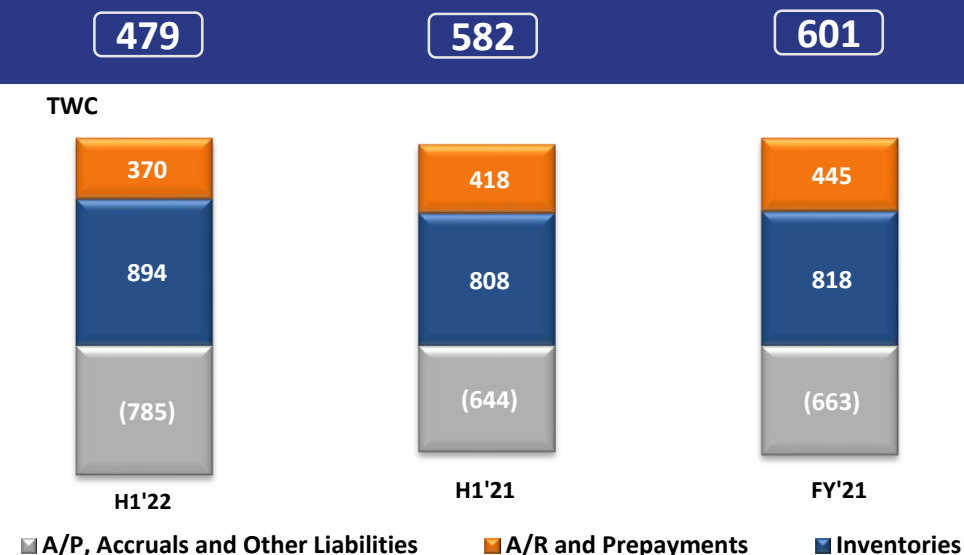
Source: Company Information, Interim Financial Statements Q2 2022 and Q2 2021.

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

Inventory And Accounts Receivables & Prepayments

Accounts Payables, Accruals and other Liabilities

- Trade Working capital decreased by -17.7% despite an increase in Inventory balances to ensure stock availability for Hajj season.
- Accounts receivable decreased due to speedy recovery of receivable balances despite growth in corporate customer sales in H1'22 vs H1'21.
- Trade payables were high because most of the marketing campaigns were carried out on the Company's own account. Hence the compensation due from suppliers - which directly reduces the Trade payables balance- was lower. This is corroborated by the reduction in gross margin.



Concluding
Remarks & Q&A

03

Concluding Remarks & Q&A

Key Focus Areas

Organic Growth

- 2 express stores opened.
- 8 more Danube stores to open including:
 - i) 2 express stores; ii) 1 hypermarket in Bahrain; iii) 1 supermarket in Riyadh;
 - iv) 2 supermarkets in Jeddah; v) 1 hypermarket in Tabuk; and vi) 1 pastry shop in Jeddah
- A review of suitable locations for BinDawood Riyadh launch is underway.

Drive Like-for-Like Growth

- LFL growth for BinDawood stores has improved quite significantly with the return of pilgrims. This is expected to continue as normalcy returns but the rate of growth is likely to slow down.
- Registered loyalty customers have surpassed the milestone of 2.3 million counts which indicates a successful launch of loyalty program and strong brand loyalty by customers of BinDawood and Danube.

Technological Advancement

- The Company has started the construction of a state of the art, fully automated dark store which is expected to be commissioned in FY23. This mega store will be supported by smaller dark stores that will improve fulfillment rates and reduce delivery times, both of which are extremely important to succeed in e-commerce.
- The Company is discussing a JV with a major logistic provider in the region for running and managing the dark stores business independently.

Strong Cash Flows

- The Company's financial position continued to be strong with no bank debt. Cash generated from operations in H1 2022 was SAR 564.9 million versus SAR 479.2 million in H1 2021. The increase of 17.9% in H1 2022 was due to an improvement in working capital efficiency.
- Board approved a dividend of SR 102.87m (0.9 Riyal per share) in line with dividend guidance.

Mergers & acquisitions

- Acquisitions of Ykone and IATC are in line with BinDawood Holding's vision to optimize operations, accelerate ecommerce business growth, strengthen omnichannel presence and seek profitable investment opportunities.
- Further M&A opportunities are currently being explored in other geographic regions.





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