

EARNINGS PRESENTATION

Q1FY2023

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TODAY'S PRESENTERS



Ahmad AR. BinDawood

Chief Executive Officer



Muhammad Salim Patka

Chief Financial Officer



Hassan Javid

*Director Finance and
Head of Investor Relations*

ABOUT THE COMPANY



ABOUT THE COMPANY

BinDawood Holding Co. (the Company) is one of the leading grocery retail operators of hypermarkets and supermarkets in the Kingdom of Saudi Arabia. The Company has a total of 83 stores, of which 54 are Hypermarkets, 26 are Supermarkets and 3 are Express stores. The stores are strategically located across KSA with one international store in Bahrain. The Company operates its stores under two complementary brands: BinDawood & Danube and also has a strong online presence with 13 dark stores and 23 in-store online operations.

In 2022, the Company made two major acquisitions:

1. Ykone S.A.S ('Ykone'), a profitable international influencer marketing agency with a proprietary technology offering, focused on retail, travel, beauty, fashion and luxury brands, with presence in Europe, Asia, the US and the Middle East.
2. International Applications Company Ltd ('IAC'), the company which developed and currently operates BinDawood Holding's Danube and BinDawood ecommerce channels.



BINDAWOOD HOLDING AT A GLANCE:

TWO RETAIL STORE BRANDS:

BinDawood:

Operates a network of hypermarket and supermarket grocery retail outlets in KSA and well known brand for international pilgrims

Danube:

Premium hypermarket and supermarket brand, with exclusive imported product range, operates across KSA with one store in Bahrain.

TWO DIGITAL BRANDS:

Ykone S.A.S:

Global tech-enabled influencer marketing company

IAC:

Tech Company
International Applications
Company (IAC)



HIGHLIGHTS OF Q1FY2023

1,381 mn
(+17.5%)

Revenue (SAR) & YoY
growth % in Q1FY2023

417 mn
(+8.6%)

Gross Profit (SAR) & YoY
growth % in Q1FY2023

189 mn
(+4.4%)

Adj EBITDA (SAR) & YoY
growth % in Q1FY2023

83

Stores across several
major Saudi Arabian
cities and one in Bahrain

2 + 2

2 Retail Brands
+
2 Digital Brands

~3.8 mn

Customers in loyalty
program

1

Dividend (SAR) per share

MANAGEMENT MESSAGE



CEO MESSAGE

“The measures implemented by the Company in 2022 started to yield positive outcomes in Q1FY2023. During this quarter, both the financial performance and underlying fundamentals of our business have improved, resulting in stronger operational metrics and quality of earnings.

Our revenue for Q1 was SAR 1.4bn, reflecting a year-on-year increase of 17.5% and a sequential increase of 4.8%. Comparing Q1 FY 2023. The pilgrims’ number has increased, both domestic and international pilgrims, resulted in a significant uplift in the Haramain stores in Makkah and Madinah. We have also witnessed an increase in the number of customers enrolling in our loyalty customer program. That number currently stands at ~3.8 million and has become a source of repeat sales over the last one year. The above factors have contributed to double digit growth in retail sales of the Company. This was further enhanced by the increase in the new digital revenue segment that includes Ykone Group (“Ykone”) & International Applications Company (“IAC”).

The Company witnessed a sequential increase in gross margin by c.2.3% due to better product mix, cooling down of inflationary conditions, and revised, more advantageous contractual terms with suppliers. However, the gross margin was lower than c. 2.4% vs. Q1FY2022.

In Q1FY2023, our net profit, before accounting for non-recurring rental reliefs, rose by 7.9% to SAR 52.2 million from SAR 48.4 million in the corresponding period of the prior year. Sequentially, the net profit has more than doubled.



Ahmad AR. BinDawood
CEO, BinDawood Holding

CEO MESSAGE

Going forward, we plan to continue cost rationalization measures in conjunction with better supplier negotiations and improved operational efficiencies. The measures contemplated include re-sizing and relocation of stores based on strategic and technical research of customers footfall.

Over the rest of 2023, we plan to roll out 6-7 new stores across all the three formats we operate in – Hypermarkets, Supermarkets and Express stores with a strategic focus on major cities in Western and Central Regions. In addition, we will continue exploring international opportunities, both organic and inorganic, to achieve geographical diversity. Our strong liquidity and debt-free position allows us to undertake acquisitions whenever an attractive opportunity is identified.

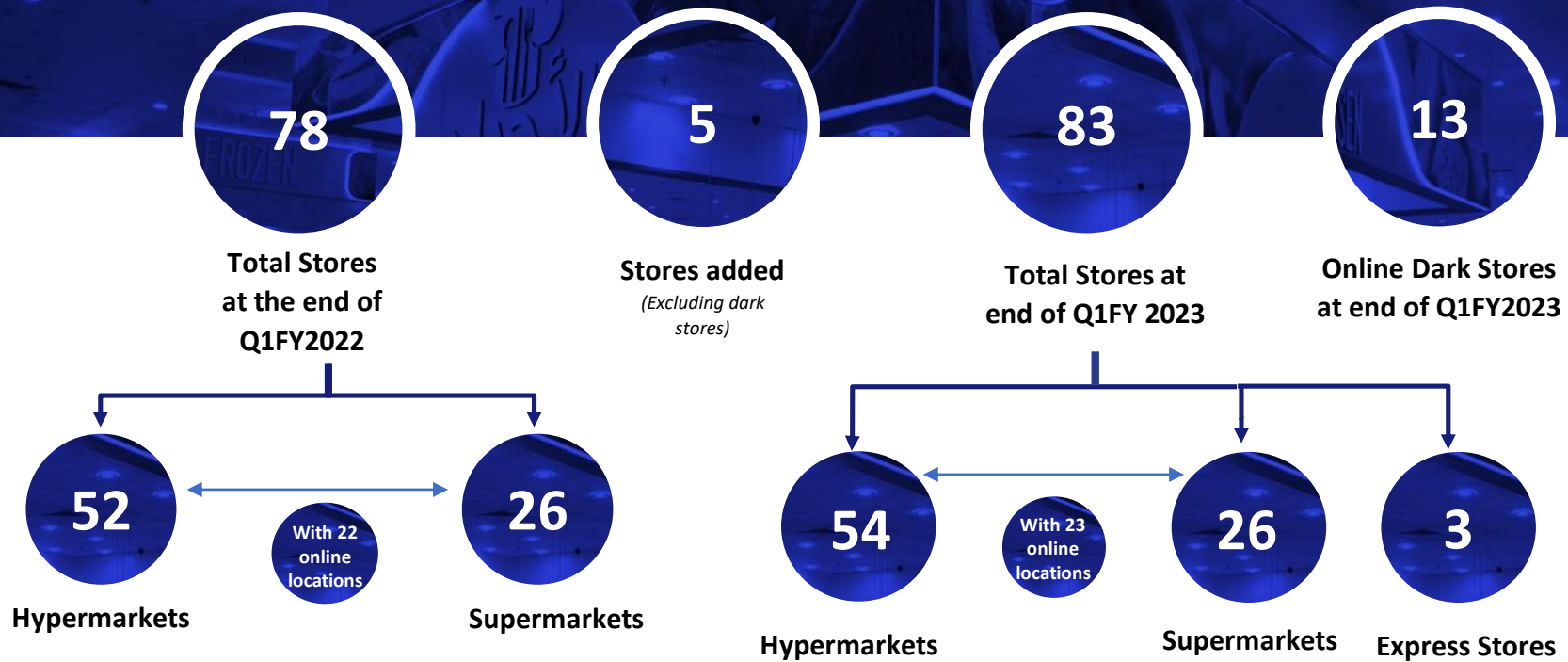
We are continuing to augment our presence in the rapidly growing online space by adding more dark stores including a mega-dark store. The Company had 13 dark stores & 23 online locations within its stores at the end of Q1FY2023.

In summary, Q1FY2023 represents a new beginning of complete normalcy after two challenging years, and we are confident that our positive trajectory will continue in the coming quarters.”

TOTAL STORES ADDED



STORES ADDED DURING Q1FY2022-Q1FY2023

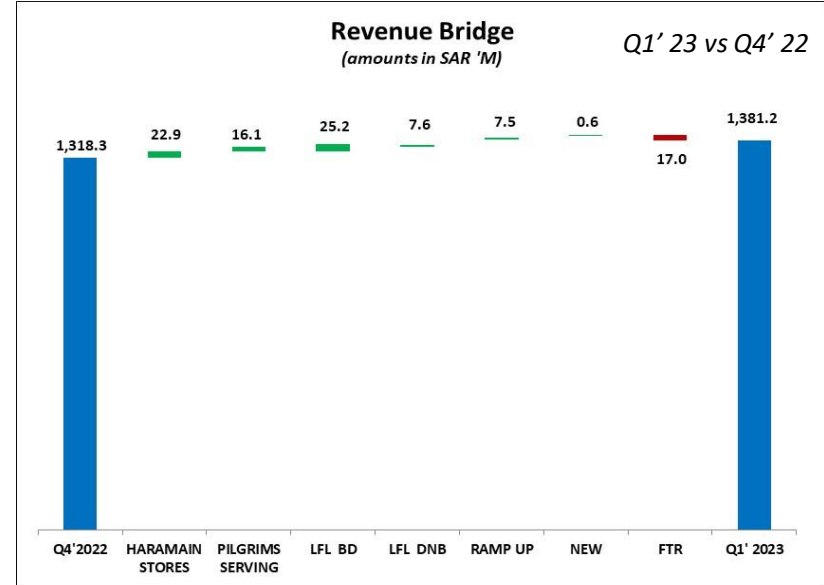
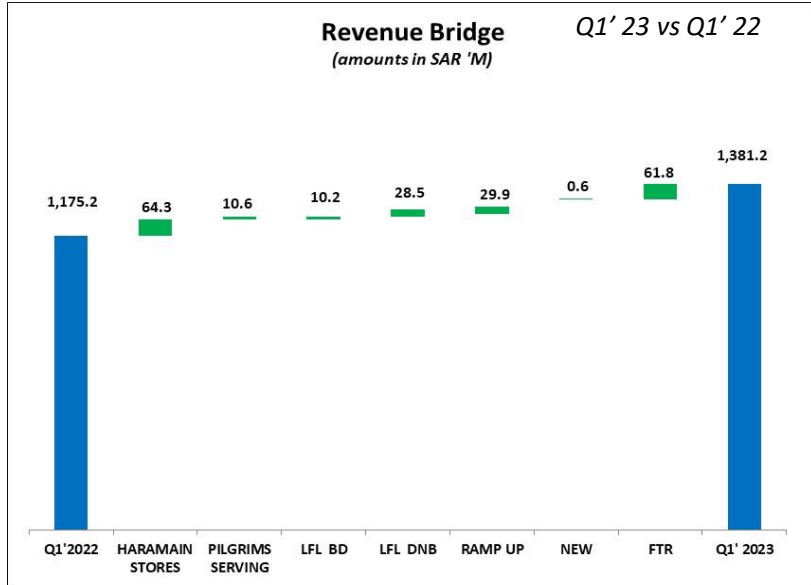


- The Company added 5 stores (including hypermarkets, supermarkets & express stores) over last 12 months
- There are 13 dark stores and 23 in-store online operations as of Q1FY2023
- The Company's area under retail was up from 374k sqm in Q1FY2022 to 385k sqm in Q1FY2023
- No. of cities covered is up from 15 in Q1FY2022 to 17 in Q1FY2023, including one international store in Manama-Bahrain

TRADING UPDATE



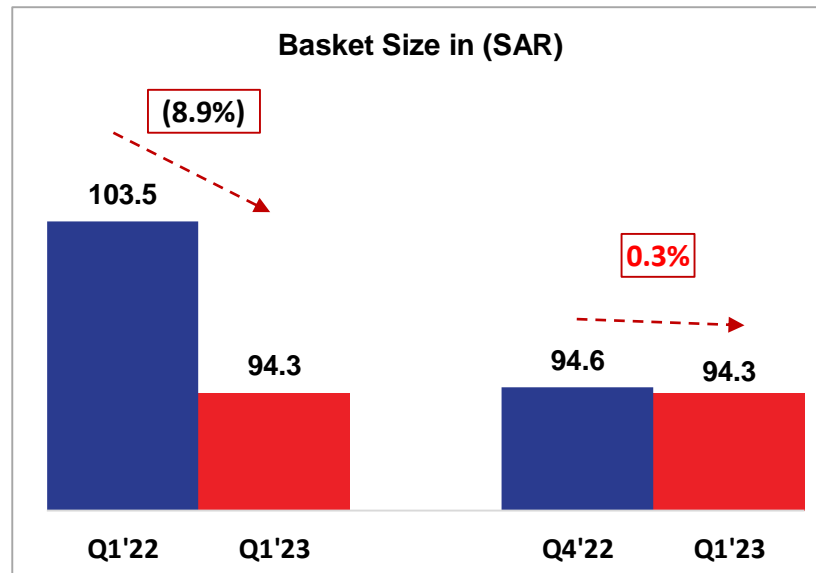
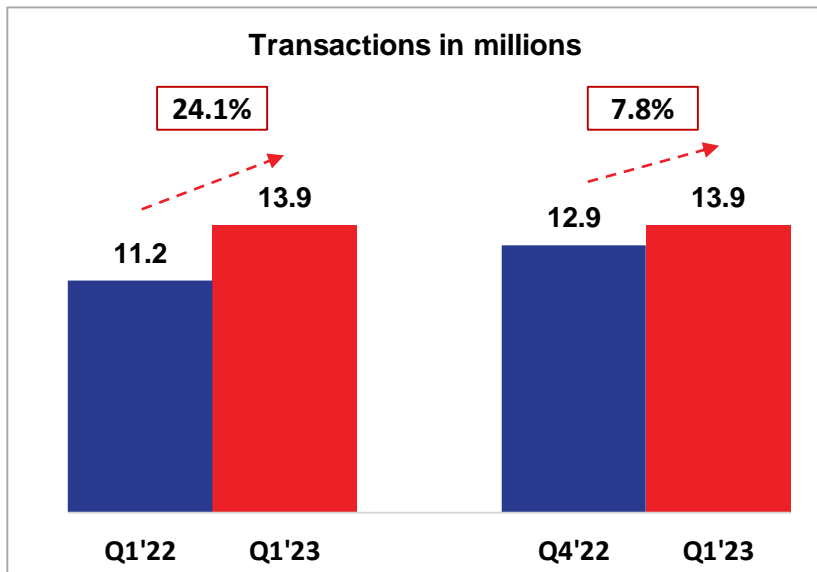
REVENUE BRIDGE



Revenue for Q1FY2023 increased by 17.5% vs Q1FY2022 due to:

- Revenue in Q1FY2023 was SAR 1,381.2 million, up 17.5% on YoY basis. On a sequential basis, revenue increased by 4.8%
- Danube's sales were SAR 873.1 million registering a growth of 7.3% & BinDawood's sales were SAR 446.3 million up 23.6% on YoY basis.
- The growth was driven by return of pilgrims, including international pilgrims, following an easing of COVID related restrictions in Q1FY2023
- This resulted in a significant uplift in the Haramain stores in Makkah and Madinah. Growth was also driven by better preparation for Ramadan season compared to the previous two seasons
- Digital segment, (Ykone and IAC), also contributed to overall sales with revenues of SAR 61.8 million.

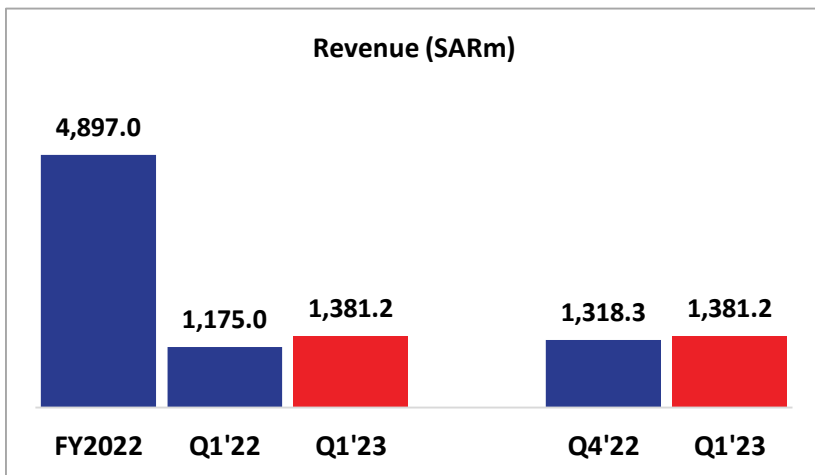
TRANSACTIONS AND BASKET SIZE



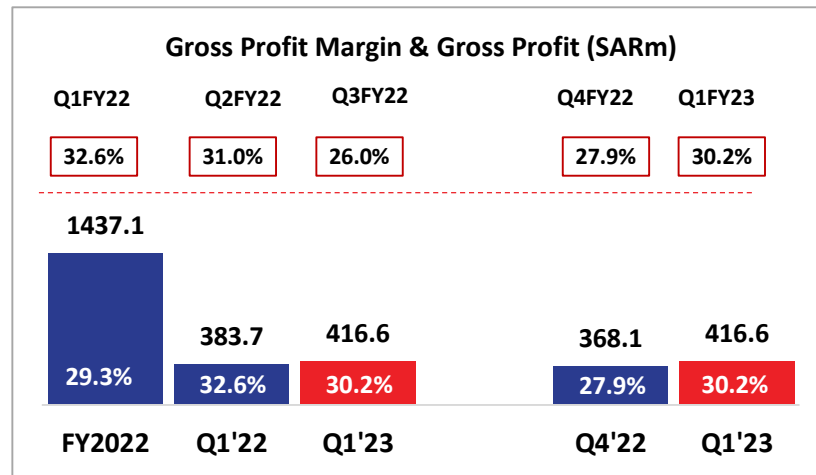
- Total transactions increased by +24.1% in Q1FY2023 versus Q1FY2022 & +7.8% v Q4FY2022 due rise of pilgrims including international pilgrims and increase in customer engagement activities.
- Increase in transactions of Danube Stores by +16.8% vs Q1FY2022 & +4.8% vs Q4FY2022 and BinDawood Stores by +35.7% vs Q1FY2022 & +11.4% vs Q4FY2022
- However, basket size was down -8.9% v Q1FY2022 and was flat sequentially at SAR 94.3 reflecting sustained frequency of customer visits to stores. On YoY basis, BinDawood's basket size was down to SAR 78.3 from SAR 85.8 and Danube's basket size was down to SAR 105.3 from SAR 114.1

Q1FY 2023 TRADING UPDATE

Revenue & Gross Profit (SARm)



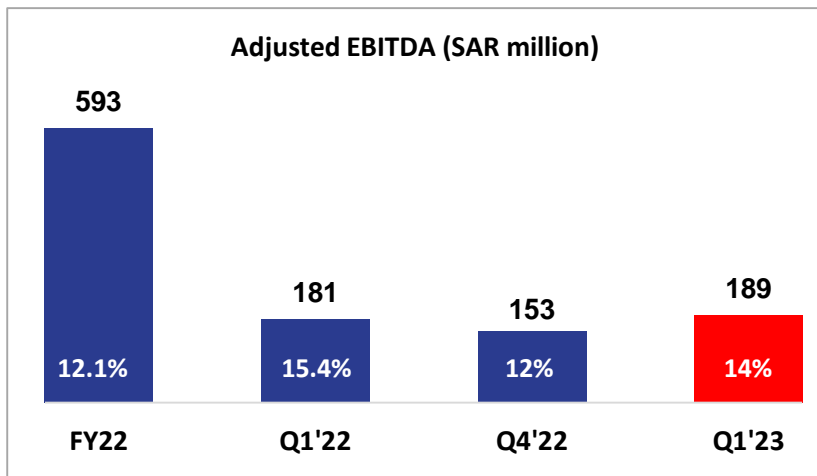
- Revenue in Q1FY2023 was SAR 1,381.2 million, up 17.5% as compared to the same period last year. On a sequential basis, revenue increased by 4.8%, from SAR 1318.3 million in Q4FY2022.
- There was increase in customers in loyalty customer program that stands at ~3.8 million against ~3mn in previous quarter leading to higher repeat sales



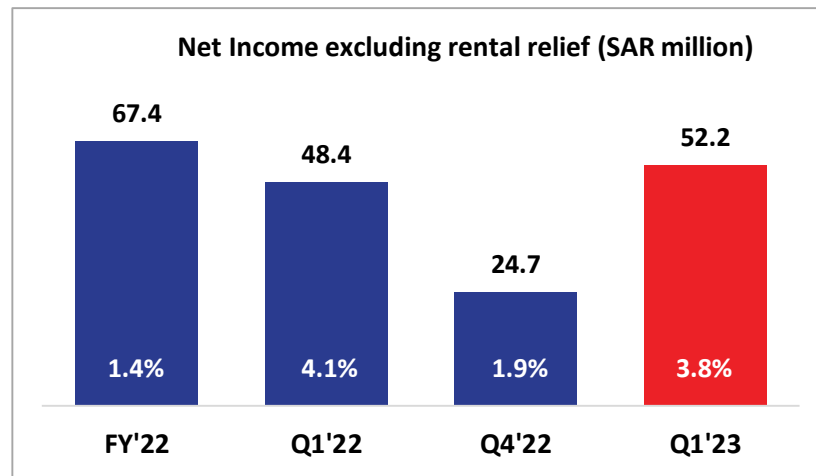
- Gross profit in Q1FY2023 was higher at SAR 416.6 million versus SAR 383.7 million in Q1FY2022. The company showed an improvement in gross profit margin in Q1FY2023 at 30.2% against the FY2022 gross profit margin of 29.3%. Sequentially also there was improvement in gross profit margin by 2.3% vs 27.9% in Q4FY2022 due to higher supplier support on sales, better product mix and cooling down of inflation. However, gross profit margin of Q1FY2023, was lower compared to 32.6% in Q1FY2022 down by c.2.4%.

Q1FY 2023 TRADING UPDATE

Profitability (SARm)



- On YoY basis, Adj EBITDA was up by 4.4% from SAR 181 million in Q1FY2022 to SAR 189 million in Q1FY2023.
- Operating expenses in Q1FY2023 were SAR 342.1 million versus SAR 312.8 million in Q1FY2022 and SAR 330.1 million in Q4FY 2022 on account of new store openings and tech subsidiary operational cost. The expenses in Q4 2022 included certain one-time credits.



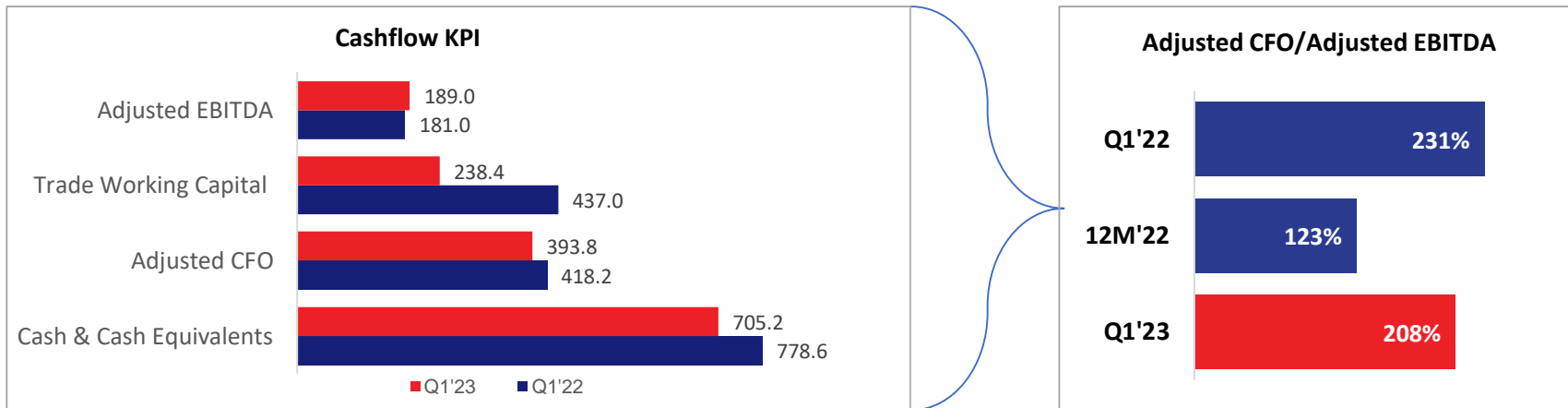
- The Company's Q1FY2023 net profit was up by 7.9% at SAR 52.2 million versus SAR 48.4 million for the same period last year, after the exclusion of non-recurring rent reliefs of SAR 17.1 million.
- The net profit was higher by 111.3% on QoQ basis after exclusion of non-recurring rent relief of SAR 40.2 million

Source: Company Information, Q1 2023 & 2022 (interim FS) and FY 2022 Audited FS.

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

Q1FY2023 TRADING UPDATE

Cashflow KPI



Robust Cashflow Generation

Adj EBITDA ↑

Working Capital ↓

Adj Cashflow From Operation ↓

- Cashflow generation continues to be robust with **Adj CFO to Adj EBITDA** at +208% in Q1FY2023 slightly lower from +231% in Q1FY2022. The **working capital** investment was lower by 39.3% and Adj EBITDA has gone up slightly as compared to same quarter last year.
- The quarter end cash balance was SAR 705.2 million with no bank debt

Q1FY2023 TRADING UPDATE

Key Cashflow and Balance Sheet Items (SARm)

Trade Working Capital

Trade Working capital decreased by -39.3% in Q1FY2023 versus FY2022 mainly on account of increase in payables. Other factors impacting TWC :

Accounts Receivables & Prepayment

Relatively higher receivable balances up by 4.8% in Q1FY2023 vs FY2022 owing to a slight decline in rate of recoverability from the corporate customers.

Inventory

Increase in number of stores has led to higher inventory up by 17%. However, inventory days have come down to 89 in Q1FY2023 compared to inventory at the end of FY2022 which is 91 days, showing better inventory management and better working capital management.

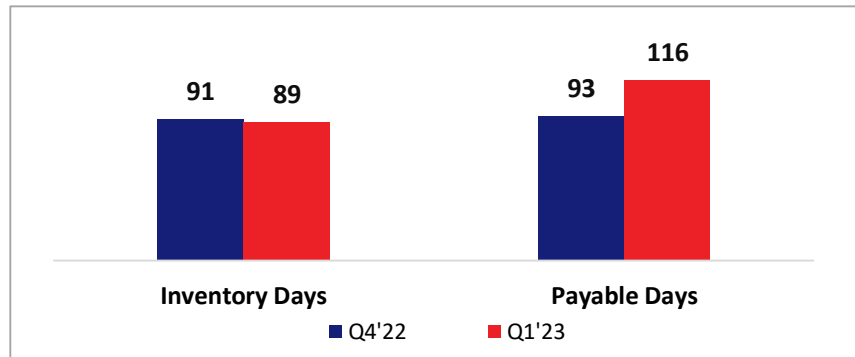
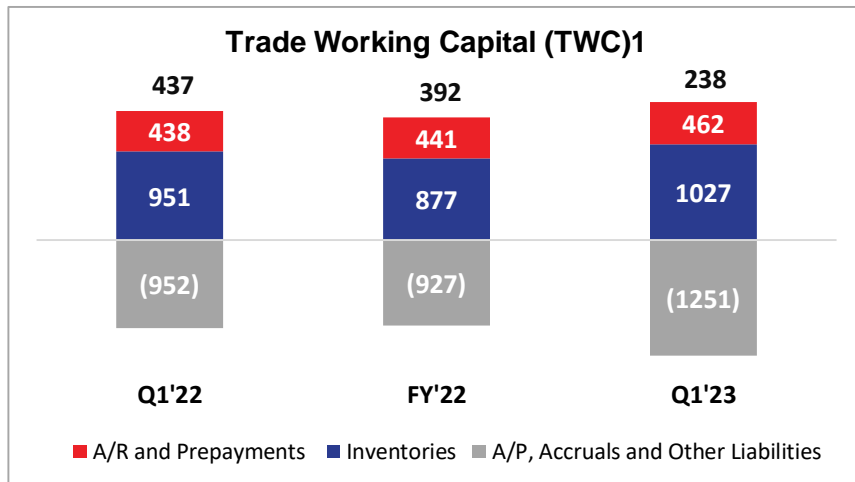
Accounts Payables, Accruals and other Liabilities

Significant increase is due to increase in trade payables by 35% against higher purchases for Ramadan. Payable days has increased in Q1FY2023 to 116 days from 93 days in Q4FY2022

Source: Company Information, Q1 2023 & 2022 (interim FS) and FY 2022 Audited FS. 1Trade working capital defined as inventories + A/R and prepayments – A/P, accruals and other liabilities excluding payables to capex suppliers.

Inventory Days = Avg inventory / COGS * Number of Days

Payable days = Accounts Payable X Number of Days/Cost of Goods Sold (COGS)



CONCLUDING REMARKS & Q&A



CONCLUDING REMARKS & Q&A



Organic Growth

- Roll out 6-7 new stores across all three formats – Hypermarkets, Supermarkets and Express stores.
- Strategic focus on major cities in Western and Central Regions that are witnessing high customer growth.



Open Hajj, Repeat customers to drive LFL growth

- Open Hajj in 2023 & KSA's aspiration to boost tourism will lead to higher footfalls, which has started in Q1FY2023
- The Company has achieved more than 3.8 million customers in its loyalty program over the last one year.
- Led to increase in repeat sales reflecting successful rollout of the customer loyalty program



Synergies with tech/digital companies will get stronger

- Operational synergies with tech companies acquired, IAC & Ykone, giving it a unique competitive advantage
- IAC building the Company's online business, commissioned 13 dark stores & 23 in-stores reflecting well in its financial performance
- Launch of a Mega dark Store and multiple mini dark stores (25 by end of 2023) to improve fulfillment rates and reduce delivery times
- Partnership with Ykone is attracting new opportunities for the Company in KSA and propelling us towards achieving our strategic goals.



Margin improvement & cost rationalization in Q1 to continue

- Continuing with costs rationalization & operational efficiency will lead to further improvement in margins.
- Cost rationalization includes re-sizing and relocation of stores based on customers footfalls
- Gross margin improvement on track with better product mix, cooling down of inflation & more advantageous contractual terms with suppliers



Unleveraged balance sheet & Robust Cashflow generation

- Cash generated from operations in Q1FY2023 was SAR 403.2 million led by improvement in working capital efficiency.
- Board approved an interim dividend of SAR 114.3 million (1 Riyal per share)
- Being unleveraged with strong cash balance puts the Company in a good position to explore new opportunities
- Open for any attractive acquisitions in the Kingdom and in other GCC states to achieve geographical diversity



**بن داود**
DAWOOD
HOLDING القابضة

THANK YOU

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