

بن داود  
DAWOOD  
HOLDING القابضة

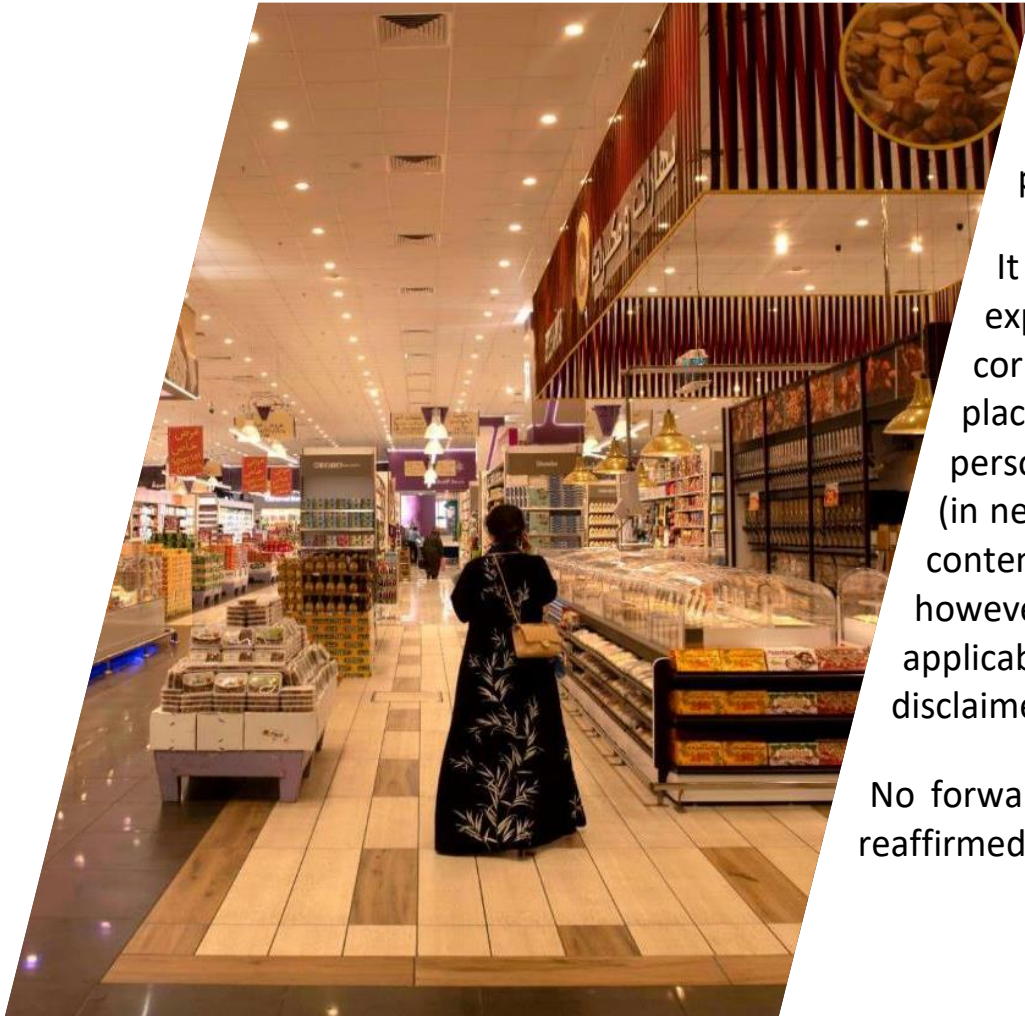
INVESTOR

PRESENTATION

H1 2023 & Q2 2023

15 August 2023 | BinDawood Holding HQ Jeddah, KSA

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# TODAY'S PRESENTERS



**Ahmad AR. BinDawood**

*Chief Executive Officer*



**Muhammad Salim Patka**

*Chief Financial Officer*



**Hassan Javaid**

*Director Finance and  
Head of Investor Relations*



# ABOUT THE COMPANY

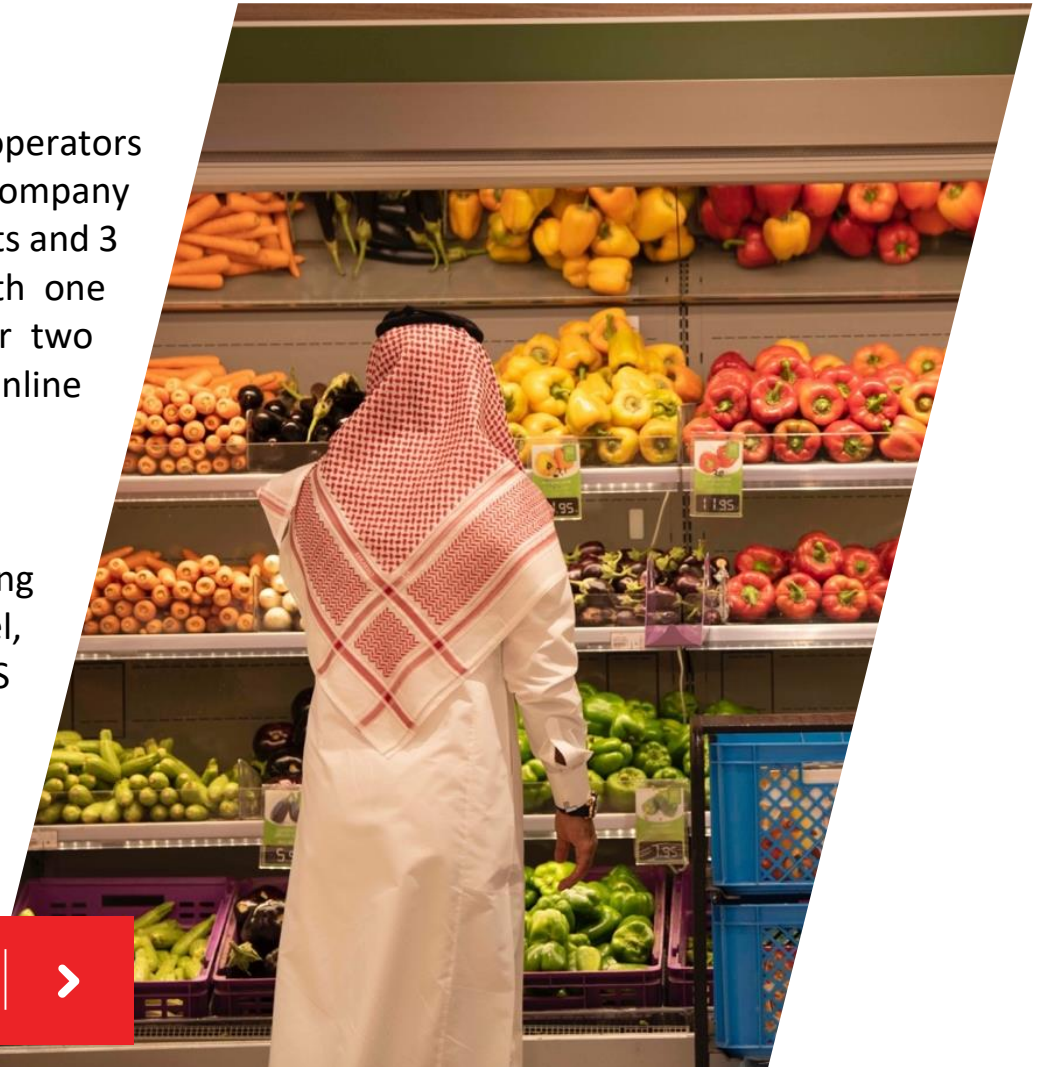


# ABOUT THE COMPANY

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 84 stores, of which 54 are Hypermarkets, 27 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 14 dark stores and 22 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 Trading Company ('IAC'), the company which developed and currently operates BinDawood Holding's Danube and BinDawood ecommerce channels.



# HIGHLIGHTS OF H1 2023

**2.8 bn**  
**(+17%)**

Revenue (SAR) & YoY growth  
% in H1 2023

**868.7 mn**  
**(+14%)**

Gross Profit (SAR) & YoY  
growth % in H1 2023

**400.2 mn**  
**(+13%)**

Adj EBITDA (SAR) & YoY  
growth % in H1 2023

**118 mn**  
**(+30%)**

Net Profit(SAR) & YoY  
growth % in H1 2023

**31.1%**  
**(+410bps YoY)**

Gross Profit Margin(%)

**4.2%**  
**(+40bps YoY)**

Net Profit Margin (%)



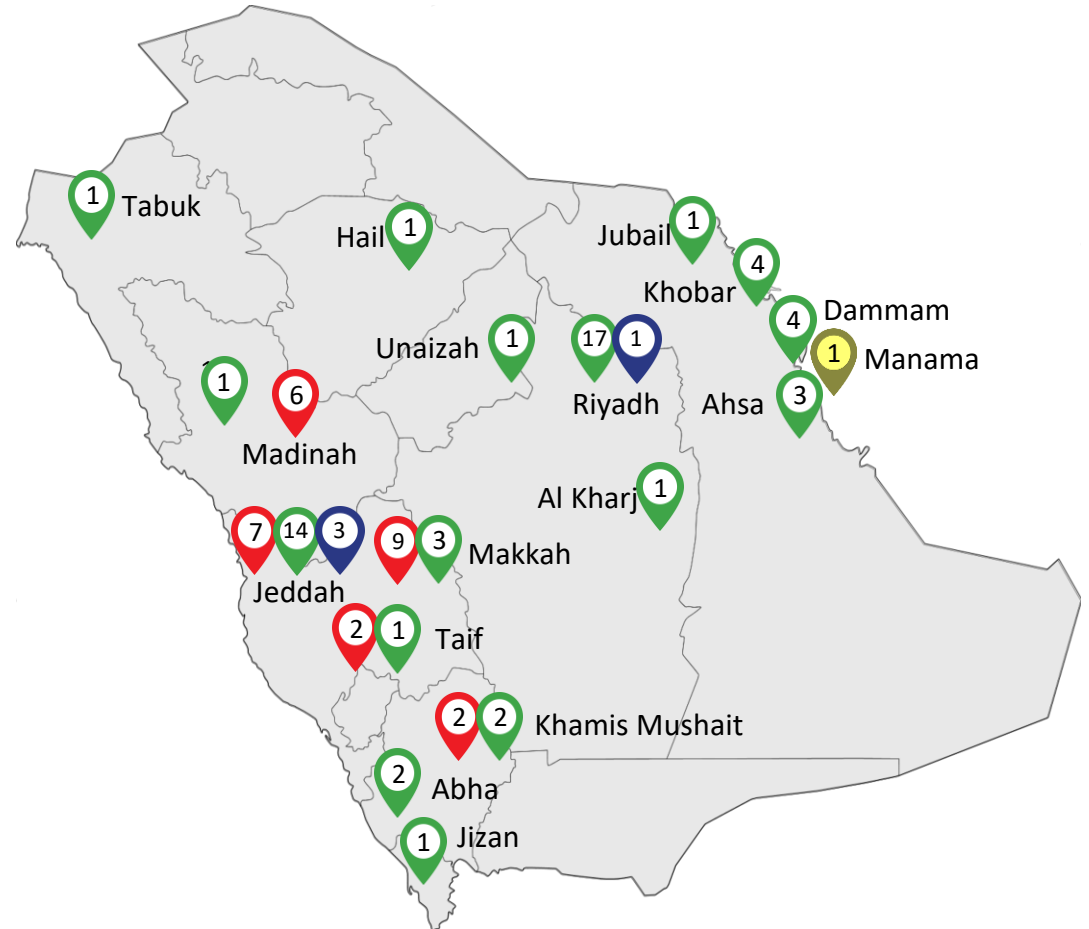
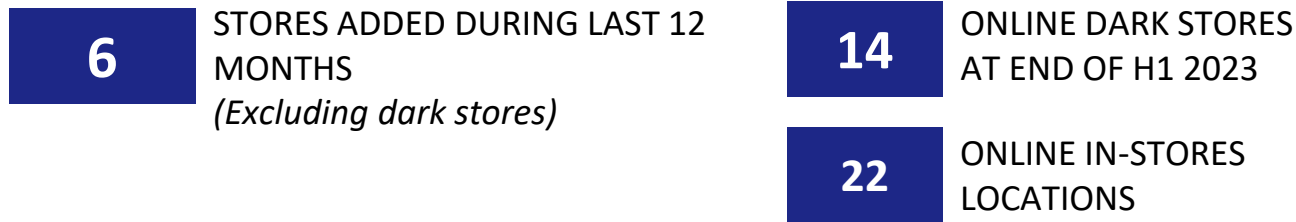
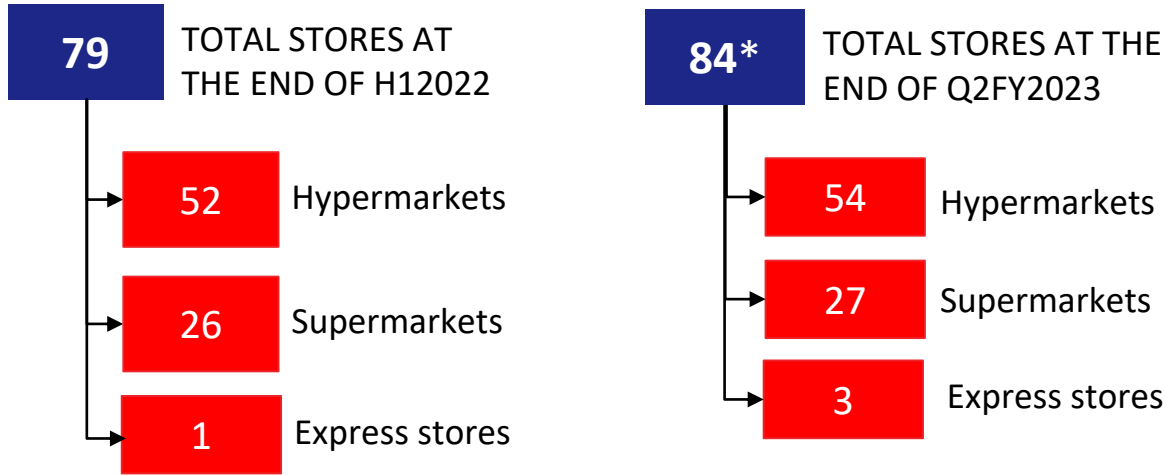


# S STORE COUNT

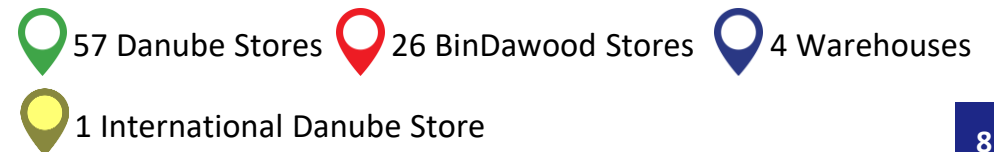
H1FY2023



# STRATEGICALLY LOCATED STORES



- Company opened its first international store in Bahrain in FY2022
- Company added 6 stores during the last one year & has 14 dark stores in the online space at end of H1 2023
- Its area under retail was up from 374k sqm in H1 2022 to 387k sqm in H1 2023
- No. of cities covered is up from 15 in H1 2022 to 17 in H1 2023, including Manama-Bahrain



\*Closure of one store due to demolition work by local authorities



# EXECUTIVE MANAGEMENT



**AbdulKhalig BinDawood**  
Executive Vice Chairman



**Khalid BinDawood**  
Managing Director



**Ahmad AR. BinDawood**  
Chief Executive Officer



**Tariq Abdullah BinDawood**  
Chief Development Officer



**Muhammad Salim Patka**  
Chief Financial Officer



**Waleed Abdulrazzaq  
BinDawood**  
Chief Commercial Officer



**Basem Hijaz**  
Chief Audit and GRC Officer



**Medhat AboelSoud**  
Chief Corporate Affairs  
Officer



**Mohammed Belkhatte**  
Chief Transformation  
Officer



**Mark Lack**  
Chief Operations Officer



**Dawood Ismail BinDawood**  
Deputy Chief Executive  
Officer



# CEO MESSAGE



# CEO MESSAGE



**Ahmad AR. BinDawood**

*Chief Executive Officer*

“H1 2023 has witnessed accelerated growth, both in terms of revenue and profitability, consolidating the bounce back to normalcy post the pandemic. H1 2023’s reassuring growth narrative is a testimony to management’s success in navigating through turbulent waters over the last two years, while remaining true to the Group’s core value of quality and customer-centric service. A number of prudent measures taken in 2022 have borne fruit in 2023 and this becomes even more evident when the profitability of Q2 2023 is compared with that of the corresponding period of 2022 and sequentially with Q1 2023. A 26.1% increase in Net Profit sequentially on the back of a 2.2% increase in Revenue is indeed heartening.

Our revenue for H1 2023 was SAR 2.8 billion, reflecting a year-on-year increase of 16.6% and a sequential increase of 11.7%. This robust growth has been driven by an increase in customer spending across both brands and represents the cumulative impact of:

- The return of international pilgrims due to the full resumption of the Hajj season.
- Adroitly planned marketing and promotion activities that have boosted the number of customers enrolling in our customer loyalty program. This number currently stands at above 4 million and has become a source of repeat sales over the last year. The extent of the engagement gained with our loyalty customers is a source of great pride for me and allows us to “mine” data to further improve the customer experience.

Our performance also benefitted from the increase in the new digital revenue segment that includes Ykone S.A.S (“Ykone”) and the International Applications Company (“IAC”).

# CEO MESSAGE

Compared to H2 2022, gross margin improved by 410bps to 31.1% in H1 2023, due to a better product mix, cooling down of inflation to normal levels, and support from suppliers. In H1 2023, our net profit, before accounting for non-recurring rental reliefs, rose by 30.1% to SAR 118.0 million from SAR 90.7 million in the corresponding period of the prior year. Sequentially too, the net profit has shown significant improvement from SAR 52.2 million to SAR 65.8 million.

We continue to look at operational improvements. On the store re-sizing front, we have expanded the size of one of our Haramain stores in Madinah. We continue to monitor and analyze data to effect cost rationalization measures that include re-sizing and relocation of stores based on strategic and technical research of customers' footfall. This is being done in conjunction with better supplier negotiations and enhanced operational efficiencies such as improved layouts and product displays.

With regard to addition of new stores, we have opened a new Danube store in Jeddah. Over H2 2023, we plan to roll out 5-6 new stores across all the formats we operate. This will be executed with a strategic focus on major cities in the Western and Central regions. In addition, we will continue to explore opportunities to expand our regional footprint in grocery retailing and our global footprint in tech related investments. Our strong liquidity and debt-free position allow us to undertake acquisitions whenever an attractive opportunity is identified.

We are consistently striving to strengthen our presence in the rapidly growing online space by adding more dark stores, including a mega-dark store. At the end of H1 2023, we have 14 dark stores and 22 in-store online operations.

In a nutshell, H1 2023 has demonstrated commendable improvement across all performance parameters after the last two tumultuous years. We are optimistic that we will continue with this progress, steadily moving onwards and upwards."



# GROWTH STRATEGY



# WELL-DEFINED GROWTH STRATEGY



Improving the performance of the existing stores



Achieving full potential for recently opened stores



Customer centric approach - Focusing on providing a unique shopping experience



Continuous store expansion



Strategic acquisitions



Strengthening of online platforms



Resizing of Stores



Rewarding the loyal customers base of more than 4 million





# KEY DEVELOPMENTS OF 2023



# KEY DEVELOPMENTS OF 2023

## Top Developments



Growth – bouncing back to normalcy



Visible improvement in online sales contribution & customer base



Reinstated and busy Hajj and Umrah seasons



Split of company shares



Transfer of statutory reserve to retained earnings



Expanded the size of one of our Haramain stores in Madinah



Achieved maturity in Loyalty Program within 1 year with over 4 million customers



Enhanced performance of FTR Subsidiaries



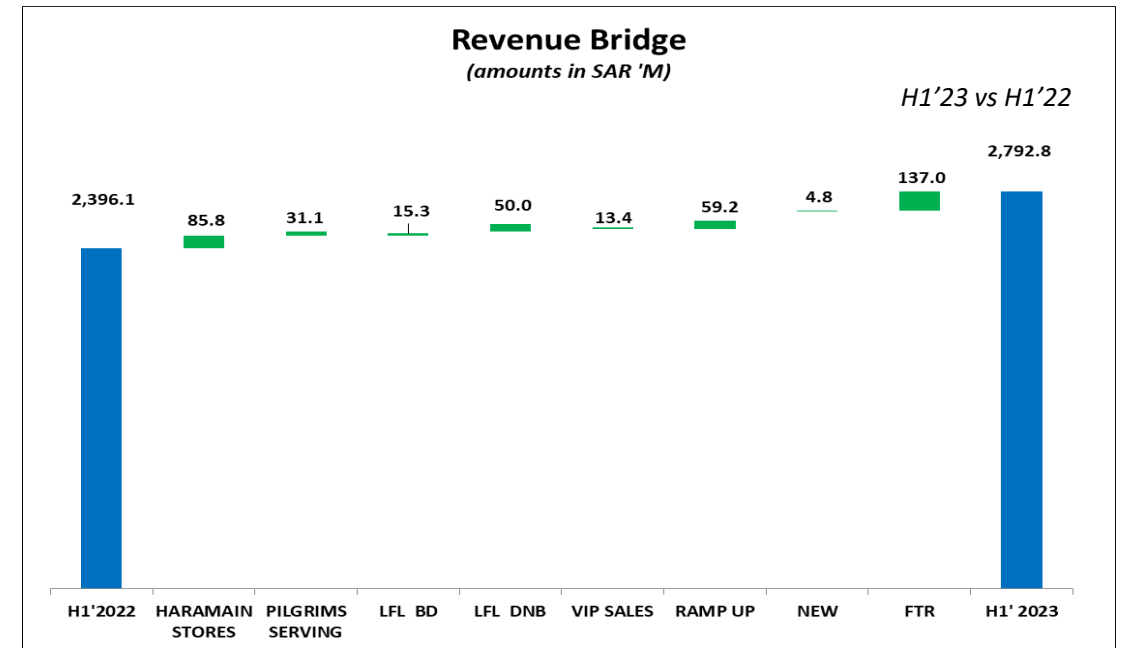
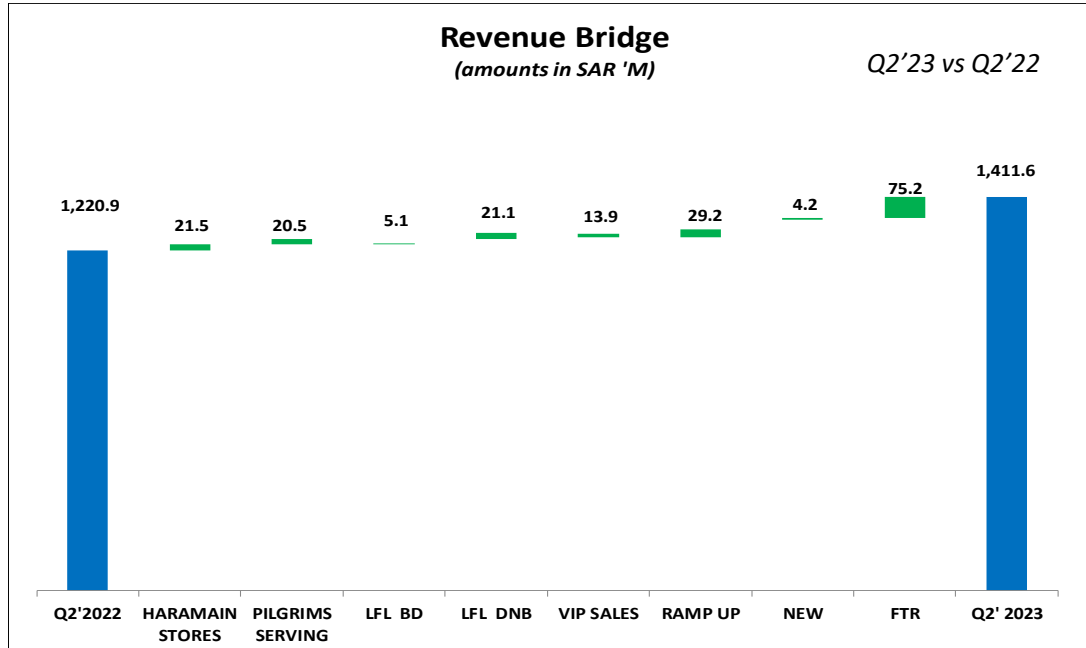


# T TRADING UPDATE





# REVENUE BRIDGE: H1'23 VS H1'22 & Q2'23 VS Q2'22



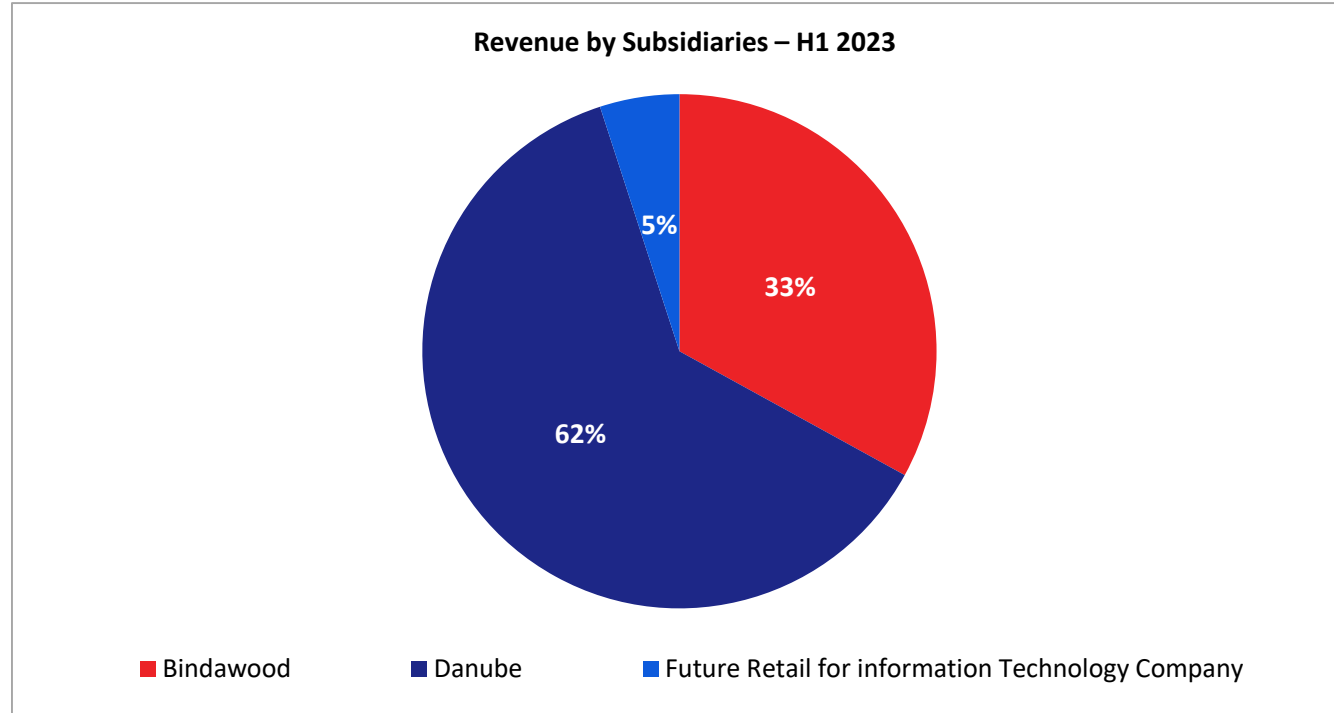
## Revenue for H1 2023 increased by 16.6% vs H1 2022 driven by both BinDawood and Danube stores:

- BinDawood stores saw an increase of 17% on the back of a sharp increase in international pilgrims for Hajj and Ramadan, which resulted in enhanced performance in our Makkah and Madinah stores
- Danube stores posted an 7.9% on the back of continuous marketing campaigns and good pre Ramadan season
- In addition, the loyalty program has played a positive role in enhancing growth under both brands.

## Revenue for Q2 2023 increased by 15.6% vs Q2 2022 due to:

- Strong Hajj season and targeted marketing campaigns across both banners
- Assisted by the market intelligence gathered from the loyalty program

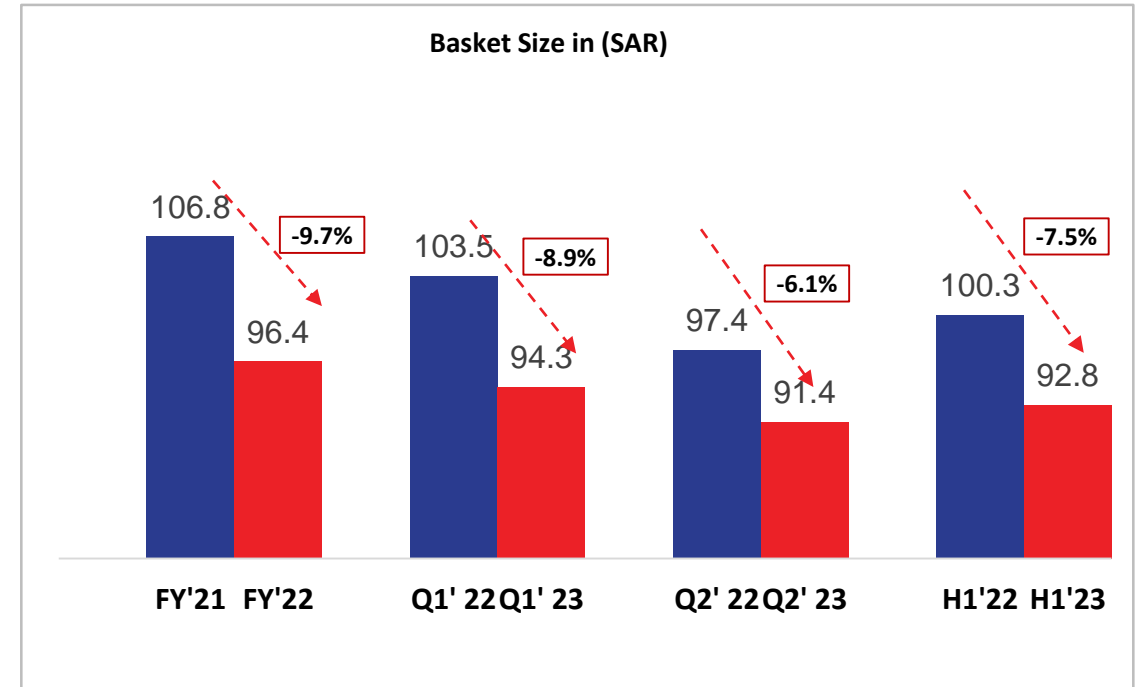
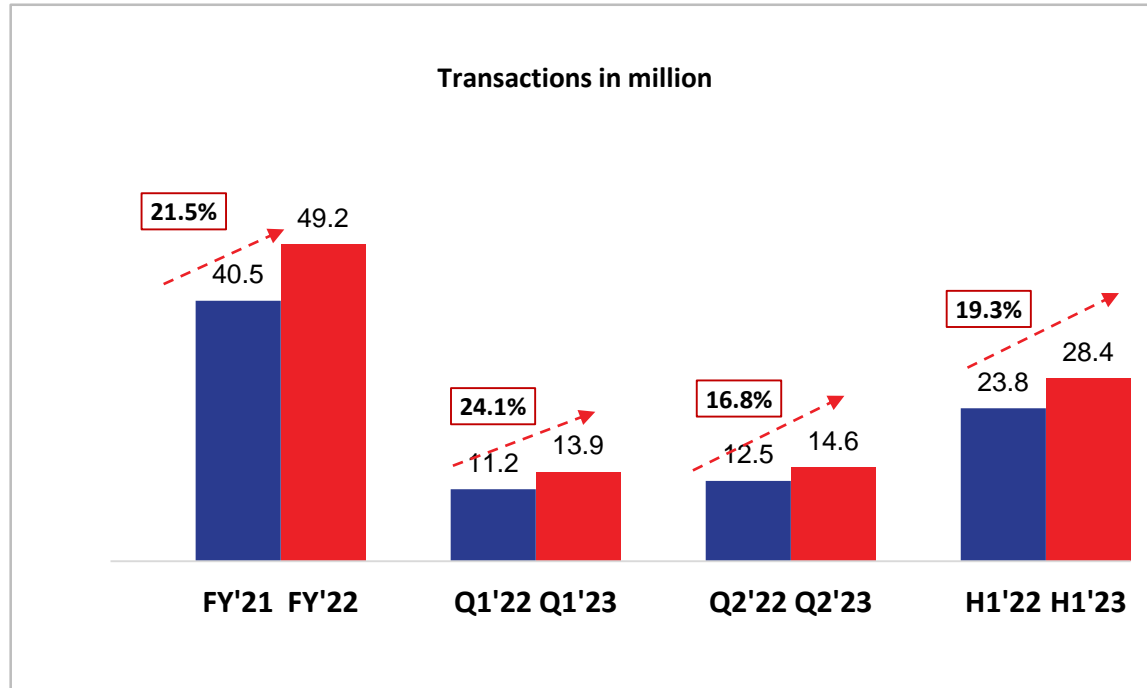
# REVENUE BY SUBSIDIARIES



### Revenue by Subsidiaries:

- Among the subsidiaries Danube contributes to 62% of overall revenues followed by BinDawood contributing to 33% which is followed by the digital piece of Future Retail contributing to 5% of the overall revenue.

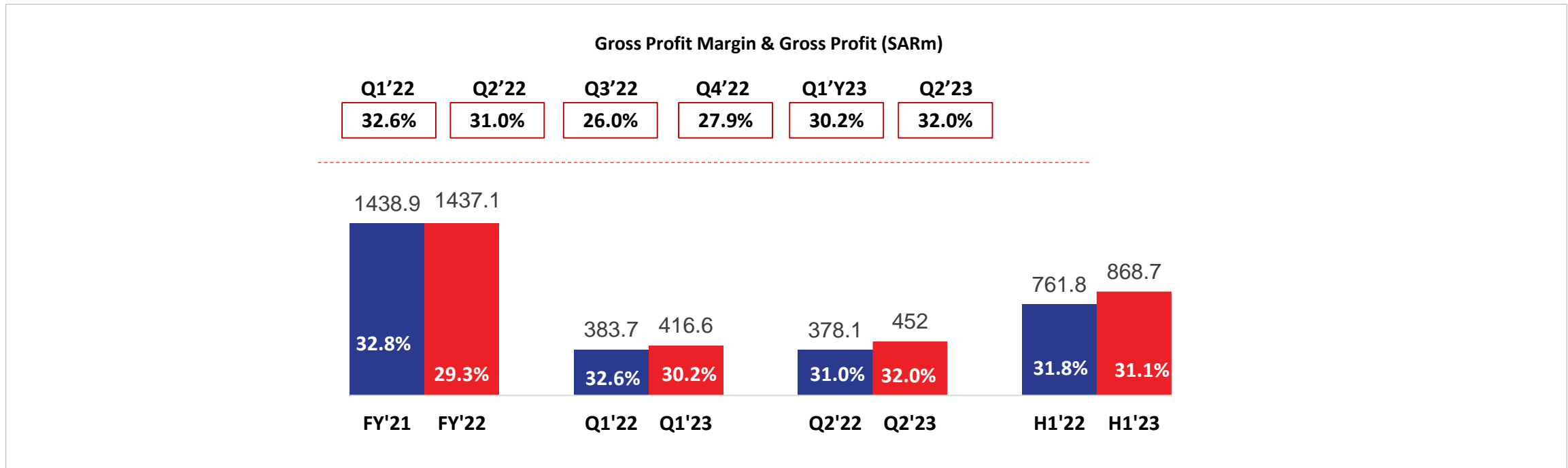
# TRANSACTIONS AND BASKET SIZE



- Total transactions continue to show strong growth both in H1 2023 v H12022 and in Q2 2023 v Q2 2022 due to increase in pilgrims including international pilgrims and increase in customer engagement activities
- Total transactions increased by +19.3% in H1 2023 versus H1 2022 & +16.8% in Q2 2023 v Q2 2022
- Basket size was down -7.5% v H2 2022 and down -6.1% v Q2 2022. However, the basket size has started stabilizing in Q2 2023 vs Q1 2023 after witnessing a drop in 2022.

# H1 2023 TRADING UPDATE

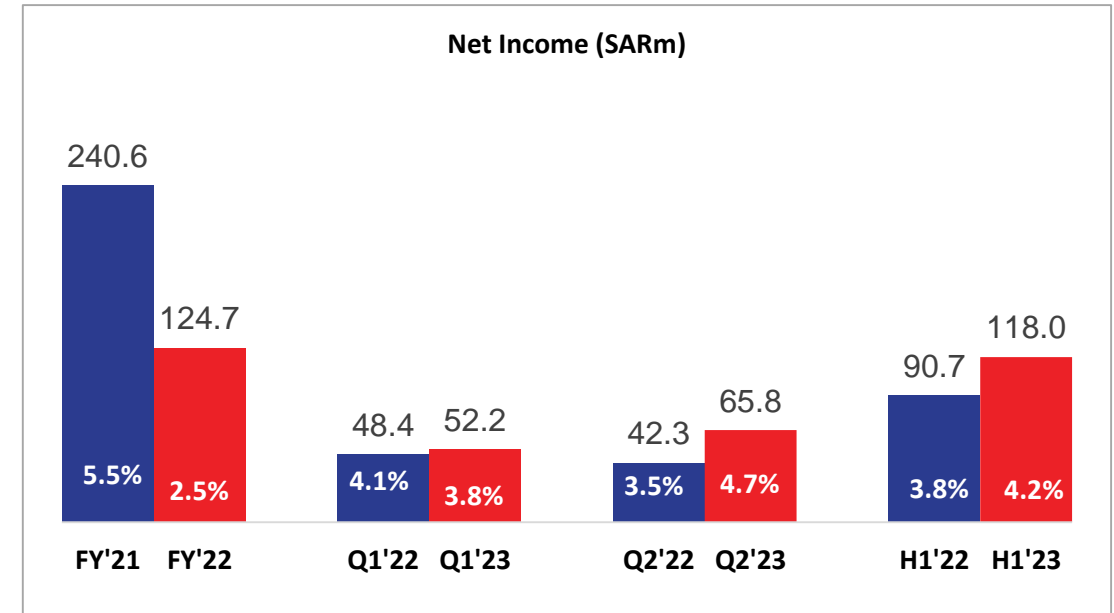
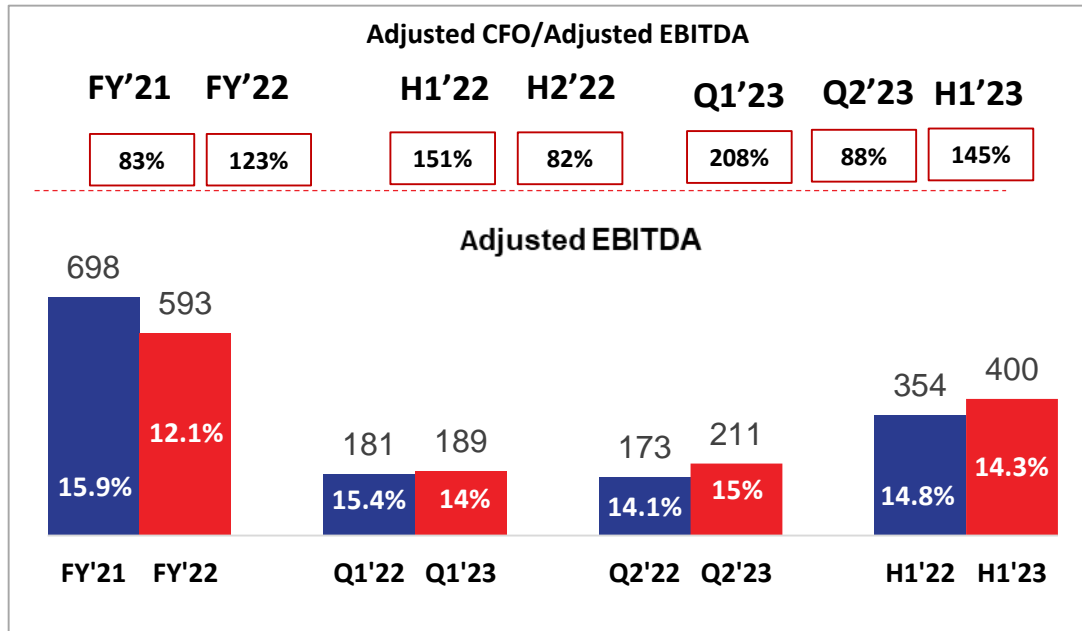
## Profitability (SARm)



- Gross profit was SAR 868.7 million or 31.1% of sales in H1 2023 versus SAR 761.8 million in H1 2022 or 31.8% of sales in H1 2022.
- Gross profit margins had dropped to 27.0% in H2 2022 (29.3% in FY 2022) recovering substantially in Q1 2023 to 30.2% and further strengthened in Q2 2023 to 32.0%
- Margin improvement was on the back of better product mix and increase in support from suppliers.

# H1 2023 TRADING UPDATE

## Profitability (SARm)



*Net Profit excluding non-recurring rent relief of SAR 17.1 mn in H1'22 and SAR 40.1 mn in H2'22*

- Adjusted EBITDA was up by 13% to SAR 400 million in H1 2023 from SAR 354 million in H1 2022.
- CFO/EBITDA ratio at 145% has improved over 2022 on account of better working capital management with lower inventory days, higher payable days and better recoverability

- Net profit was SAR 118.0 million in H1 2023 compared to SAR 90.7 million in H1 2022 (after elimination of non-recurring rent relief), representing a net profit margin of 4.2% and 3.8% respectively.
- Q2 2023 net profit was SAR 65.8 million versus Q2 2022 net profit of SAR 42.3 million. The increase in net profit reflects the cumulative impact of increase in sales and gross profit

**Source:** Company Information, H1 2023 & 2022 (interim FS) and FY 2022, FY2021 Audited FS.

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

# H1 2023 TRADING UPDATE

## Key Cashflow and Balance Sheet Items (SARm)

### Trade Working Capital

Trade Working capital decreased by -31.6% at the end of H1 2023 versus FY 2022. Factors impacting TWC :

### Accounts Receivables & Prepayment

Comparatively higher receivable balances in H1'23 vs. FY'22 owing to a slow down recoverability rate from the corporate customers.

### Inventory

Inventory has gone up by 3.9% on account of new store opening. However, inventory days are lower at 84 days in H1FY2023 compared to 89 days in 2022 and 113 days in 2021, showing better inventory management and better working capital management.

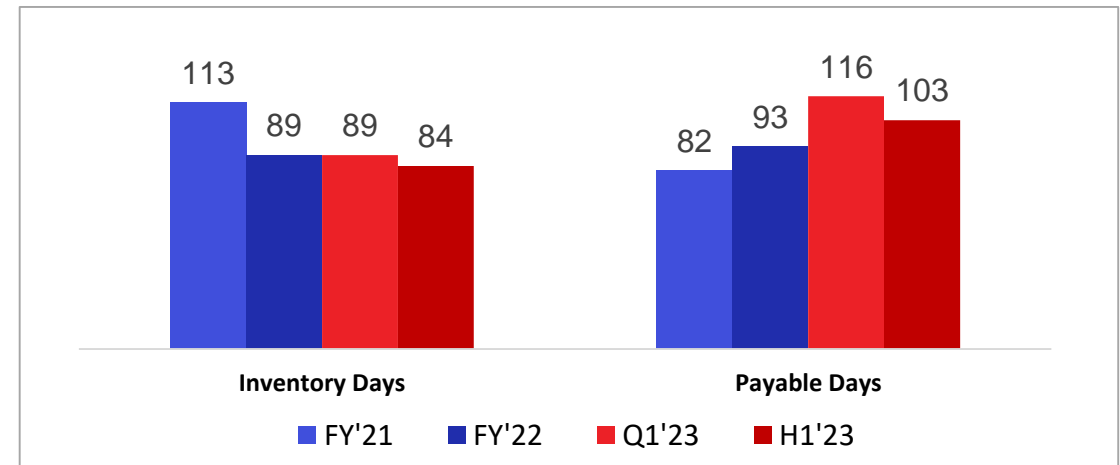
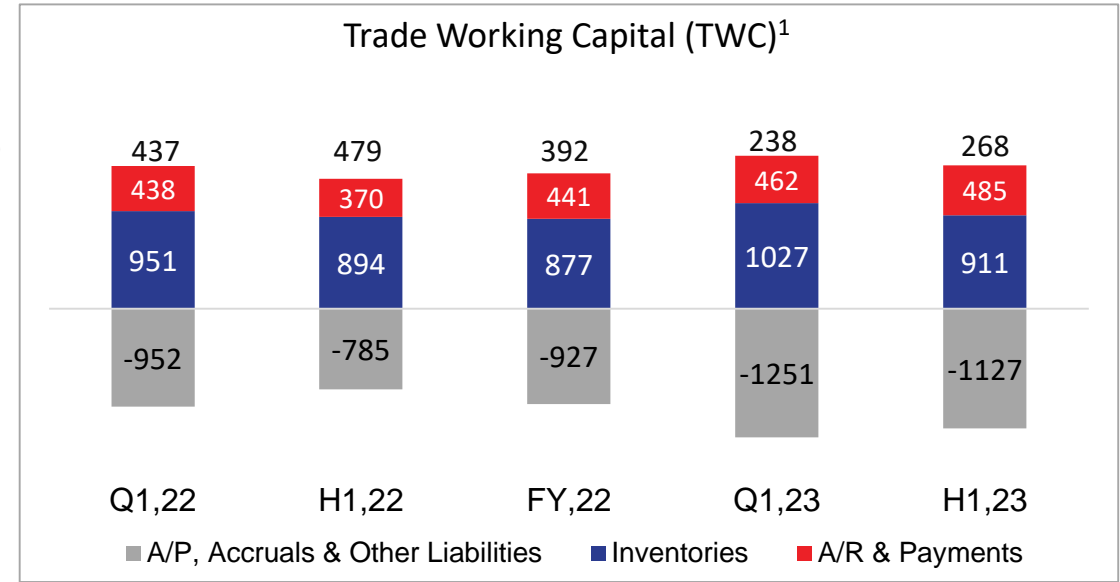
### Accounts Payables, Accruals and other Liabilities

Account payables were up by 21.6% at SAR 1,127 million in H1 2023 vs FY 2022 due to increased purchases made to cater the rising demand during Hajj and Umrah Seasons. Also, payable days were higher in H1 2023 at 105 days from 93 days in 2022.

**Source:** Company Information, H1 2023 & 2022 (interim FS) and FY 2022, FY2021 Audited FS.. 1Trade working capital defined as inventories + A/R and prepayments – A/P, accruals and other liabilities excluding payables to capex suppliers.

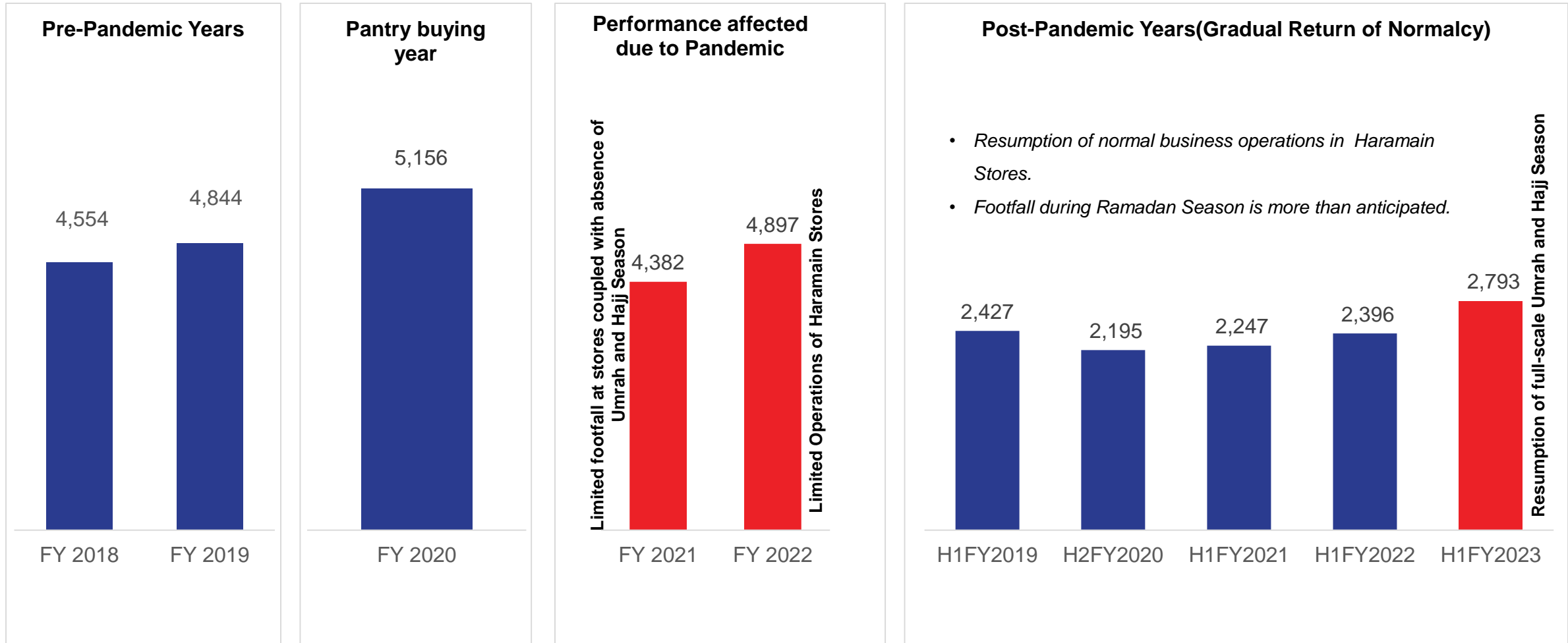
Inventory Days = Avg inventory / COGS \* no of days

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

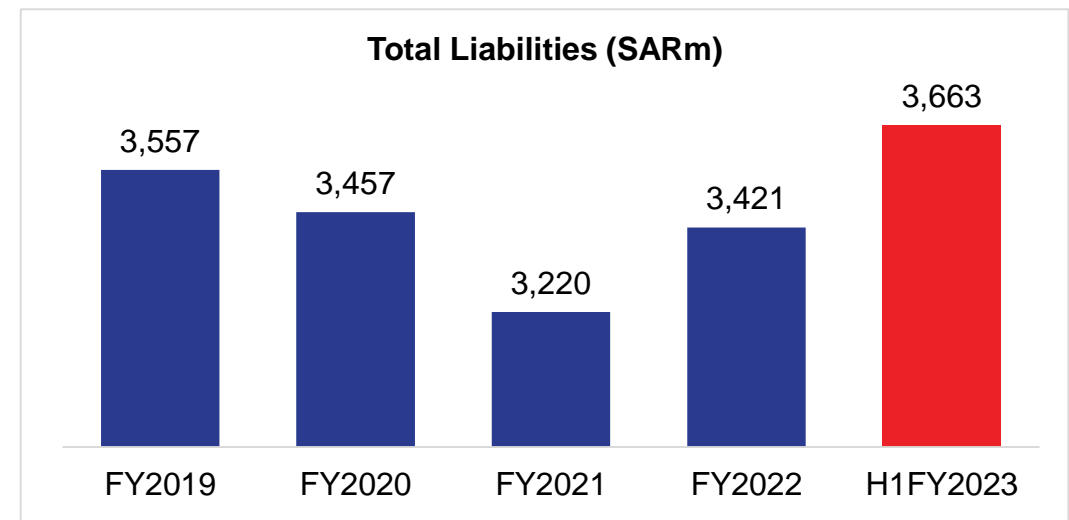
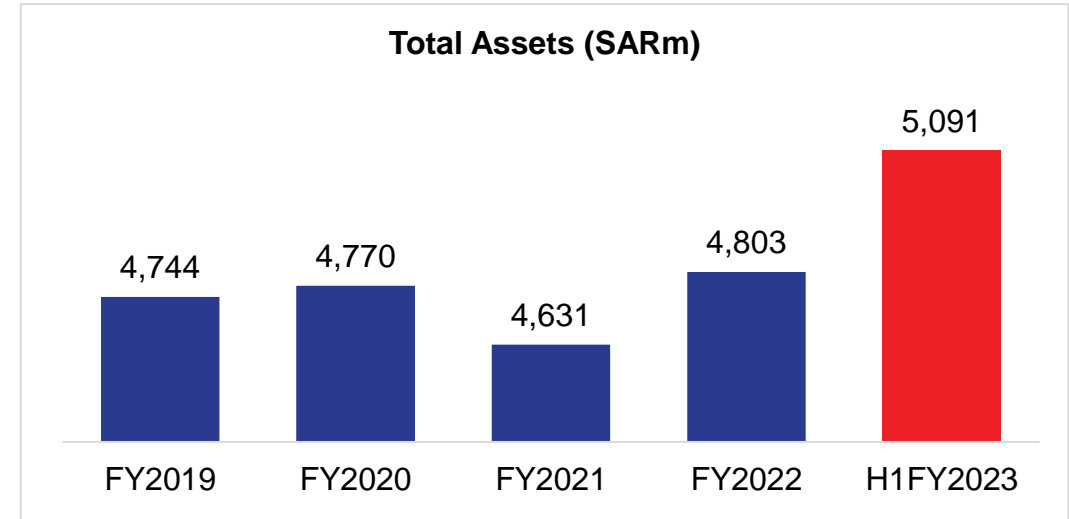
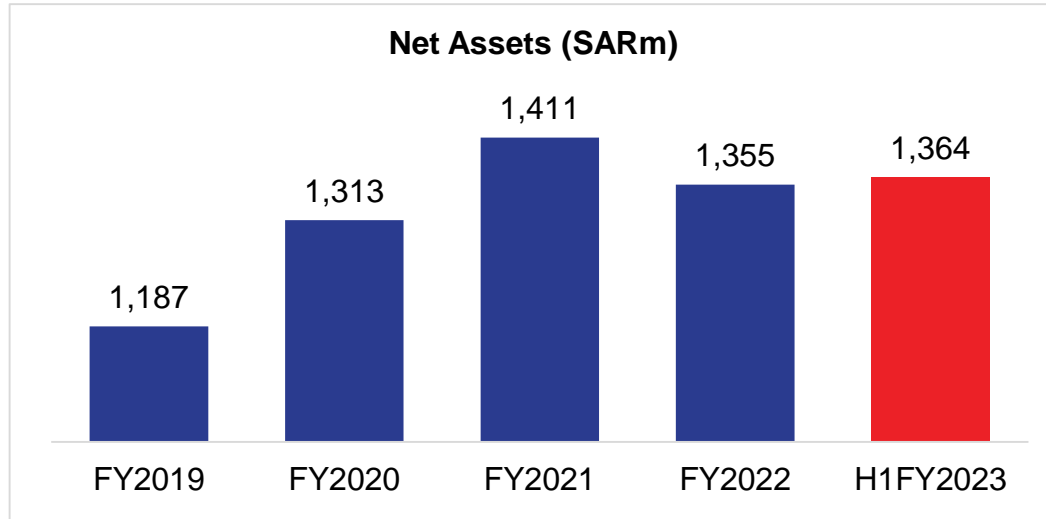




# 5 YEAR SALES TREND



# 5 YEAR ASSETS & LIABILITIES TREND



From 2019 onwards, owing to implementation of IFRS 16, Right-of-use Assets and Leased Liabilities were recognized that resulted in significant increase in total assets and total liabilities, whereas, net assets reported a steady growth over a period of 5 years.

# FUTURE OUTLOOK & GROWTH DRIVERS



# FUTURE OUTLOOK & GROWTH DRIVERS



## ORGANIC GROWTH

- Roll out 5-6 new stores across all the formats that the Company operates in.
- 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.
- The Company has achieved more than 4 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 ACQUIRED

- Operational synergies with tech companies acquired, IAC & Ykone, giving it a unique competitive advantage
- IAC building an online business, commissioned 14 dark stores & 22 in-stores reflecting a considerable improvement in online sales & customer counts.
- Launch Mega dark Store and multiple mini dark stores (25 by end of 2023) to improve fulfillment rates and reduce delivery times.
- Partnership with Ykone attracting new opportunities in KSA and propelling towards achieving strategic goals.



## MARGIN IMPROVEMENT & COST RATIONALIZATION

- Costs rationalization & operational efficiency will lead to improvement in margins.
- Cost rationalization includes re-sizing and relocation of stores based on customers footfalls.
- Gross margin improvement on track with improving macros & better supplier negotiation.



## UNLEVERAGED & ROBUST CASHFLOW GENERATION

- Cash generated from operations was higher led by improvement in working capital efficiency.
- Being unleveraged with strong cash balance puts the Company in a good position to explore new opportunities .
- In advanced stage of negotiation for acquisition in GCC to achieve geographical diversity



# THANK YOU

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