

# INVESTOR PRESENTATION

9M 2023 and Q3 2023



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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

بن داود  
**DAWOOD**  
القابضة HOLDING



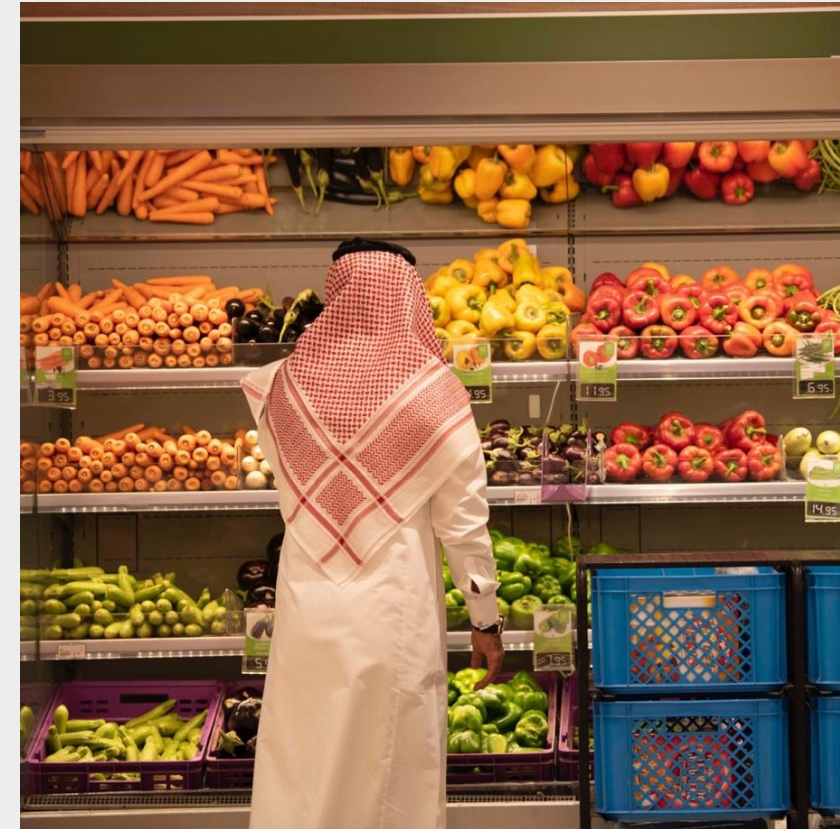


# ABOUT THE COMPANY

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 87 stores, of which 55 are Hypermarkets, 28 are Supermarkets and 4 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 16 dark stores and 16 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.



# BDH at a Glance

## Key differentiation points

- ✓ 2 Unique brands
- ✓ Multiple store formats
- ✓ Strong national coverage
- ✓ Omni-channel/1st Mover in Omni-channel
- ✓ Digital transformation
- ✓ Sophisticated Loyalty Engine

## Strong national coverage

Multiple store formats with unrivalled infrastructure platform

Strong presence in Western Region	397,451 Total Store selling space	308 Fleet size	114.3MN Dividend H1 2023
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## Distinguished nationwide footprints

87 Stores across several major Saudi Arabian cities and in Bahrain	4.2BN Revenue in 9M 2023 (SAR)	7.1% Market share in 2022	2 Unique online grocery platforms – Danube online and the BinDawood app
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# OPERATIONAL HIGHLIGHTS OF 9M 2023

**4,151.5 mn (+16%)**

Revenue (SAR) & YoY growth % in  
9M 2023

**1,289.5 mn (+21%)**

Gross Profit (SAR) & YoY growth  
% in 9M 2023

**573.6 mn (+30%)**

Adj EBITDA (SAR) & YoY growth %  
in 9M 2023

**152.1 mn (+154%)**

Net Profit(SAR) & YoY  
growth % in 9M 2023

**31% (+120bps YoY)**

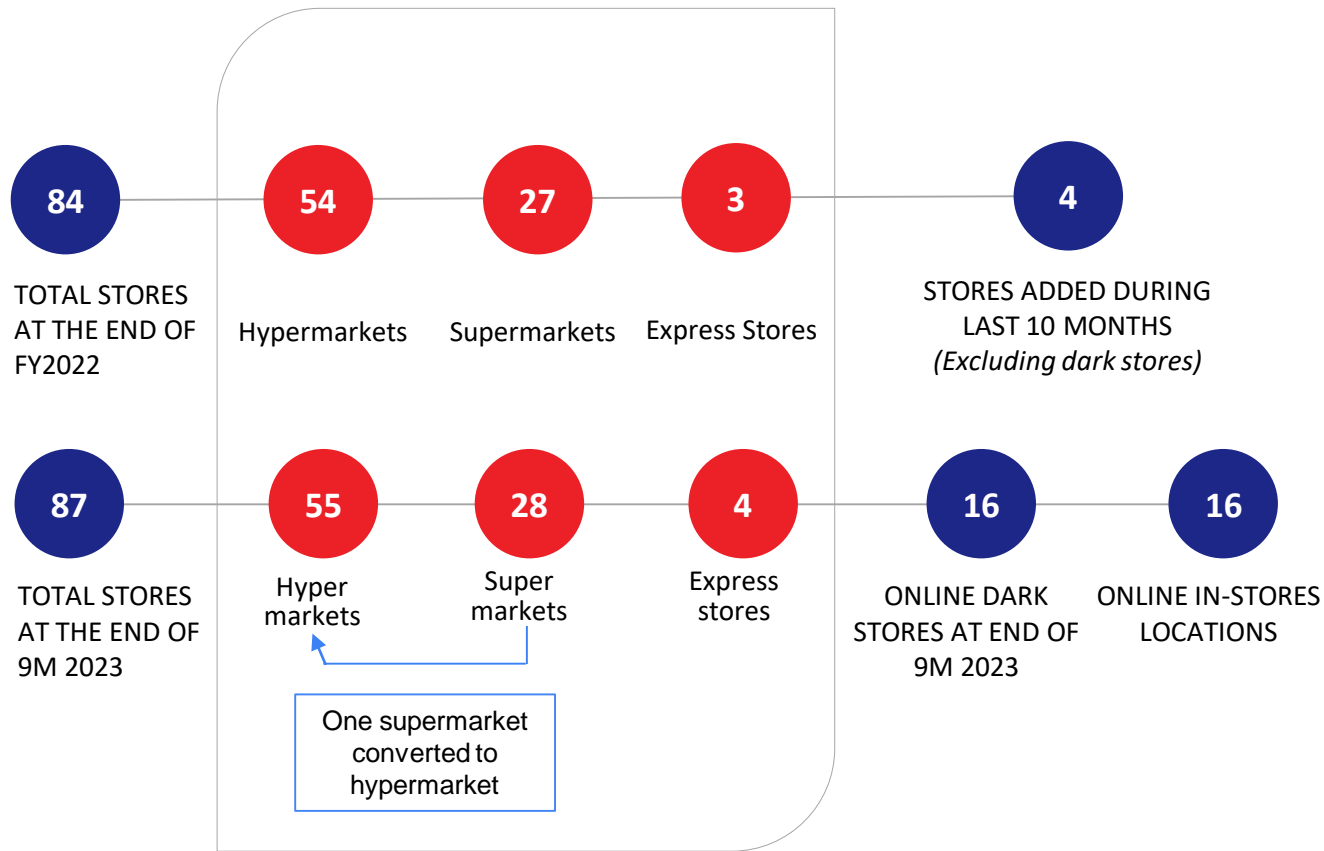
Gross Profit Margin(%)

**3.7% (+200bps YoY)**

Net Profit Margin (%)



# GEOGRAPHICAL COVERAGE



- Company opened its first international store in Bahrain in FY2022
- Company added 4 stores and closed 1 store during the last 10 months & has 16 dark stores in the online space at end of 9M 2023
- Area under retail increased from 375k sqm in 9M-2022 to 397k sqm in 10M-2023
- No. of cities covered increased from 15 in 9M-2022 to 17 in 10M-2023 (including Manama-Bahrain)





# PERFORMANCE ACROSS FORMAT

Hyper Market

## Key operating statistics

Selling space, thousand sqm

**325** 4.2%  
Increase YoY

Basket size

(excl. VAT) Q3 2023, SAR

**93.9** -1.1%

Sales growth

**11%**

Number of stores

 **55**

Stores converted /added

In Last 12 Months

 **1**

Number of transactions

In Q3 2023

 **9.9m** +10.1%



Sales mix



11.7%

Non-food Items

88.3%

FMCG & Fresh

# PERFORMANCE ACROSS FORMAT

Super Market

## Key operating statistics

Selling space, thousand sqm

**70** 8.9%  
Increase YoY

Basket size

(excl. VAT) Q3 2023, SAR

**65.8** +2.3%

Sales growth

**12%**

Number of stores

 **28**

New Stores added

In Last 12 Months

 **3**

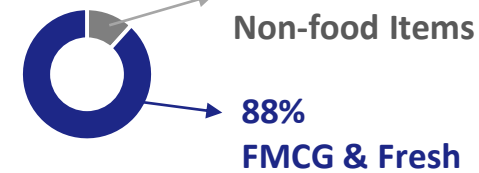
Number of transactions

In Q3 2023

 **4.2m** +20.4%



Sales mix





# CEO MESSAGE

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# CEO MESSAGE

**Ahmad AR. BinDawood**  
Chief Executive Officer

*"Our inherent resilience and a strong focus on serving our customers, coupled with continuous improvement in operational efficiency, has resulted in a solid performance for the first 9 months of the year.*

*Our robust performance in Q3 2023 reflects our strategy of enhancing customer engagement through festive campaigns and leveraging the insights provided by the loyalty program to make the shopping experience more customer-centric and relevant.*

*Whilst remaining focused on our loyal customer base, we have also implemented strategic cost rationalization measures which have included, inter alia, improved layouts and product displays, resizing and relocation of stores and better supplier negotiations.*

*With an ever-increasing demand for Express delivery, we transformed 6 of our in-store online applications into dark stores, thereby enhancing their operational capacity. Consequently, the infrastructure supporting our online operations includes 16 in-store online applications and 16 dark stores, after having opened the doors of two new locations during the quarter. Unveiling of more dark stores and having a mega-dark store is aimed at further strengthening our presence in the rapidly growing online space.*

*Looking ahead, management continues to focus on increasing customer footfall and retention, improving sales mix and basket size, expanding the geographical footprint through a careful selection of sites and formats and using our significant cash reserves and debt servicing ability to seek inorganic growth that complements our existing business."*

# GROWTH STRATEGY

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# WELL-DEFINED GROWTH STRATEGY



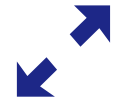
Improving the performance of the existing stores



Achieving full potential for recently opened stores



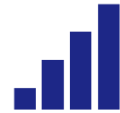
Customer centric approach - Focusing on providing a unique shopping experience across both Danube and BinDawood brands



Continuous store expansion



Strategic acquisitions



Strengthening of the online platforms



Resizing the existing Stores



Rewarding the loyal customers base of more than 4.4 million





# TRADING UPDATE

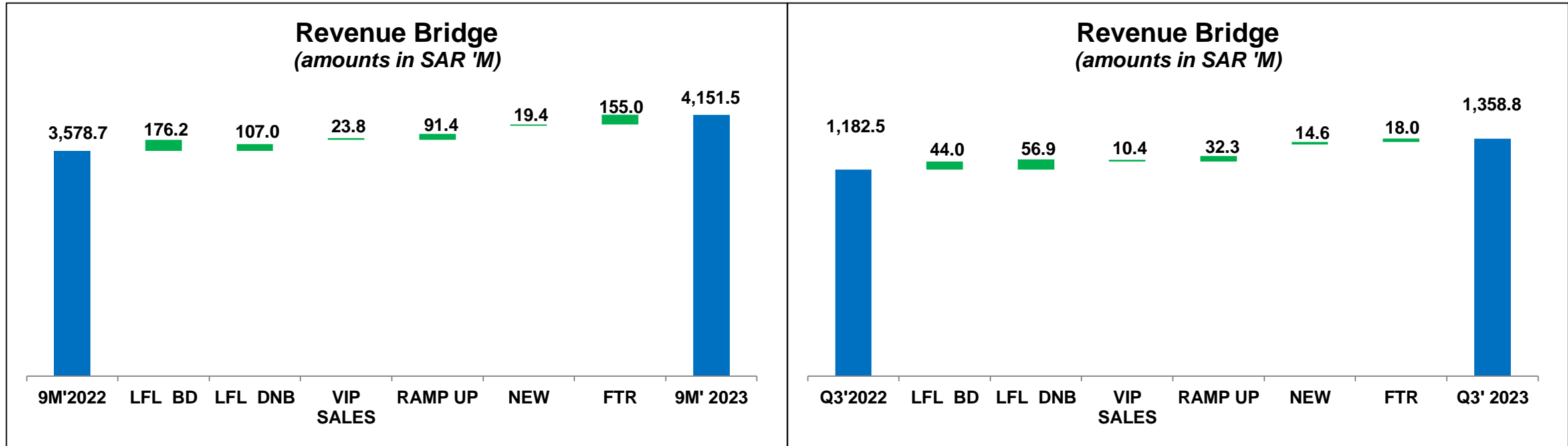
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# REVENUE BRIDGE: 9MFY2023 VS 9MFY2022 & Q3FY23 VS Q3FY22



**Revenue for 9MFY2023 increased by 16% vs 9MFY2022 driven by both BinDawood and Danube stores:**

- BinDawood stores witnessed an increase of 15% in revenue due to marketing campaigns and improvement in non-food sales
- Danube stores posted 10% increase owing to our continuous marketing campaigns and better product mix
- In addition, our loyalty program played a significantly positive role in augmenting growth under both the brands

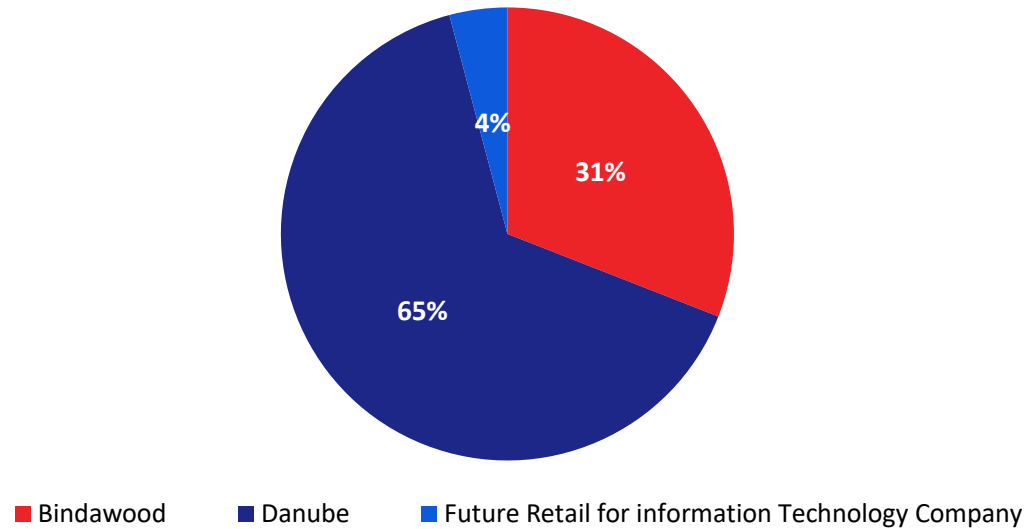
**Revenue for Q3FY2023 increased by 15% vs Q3FY2022 due to:**

- Strong targeted marketing campaigns across both the brands
- Assisted by the market intelligence gathered from the loyalty program

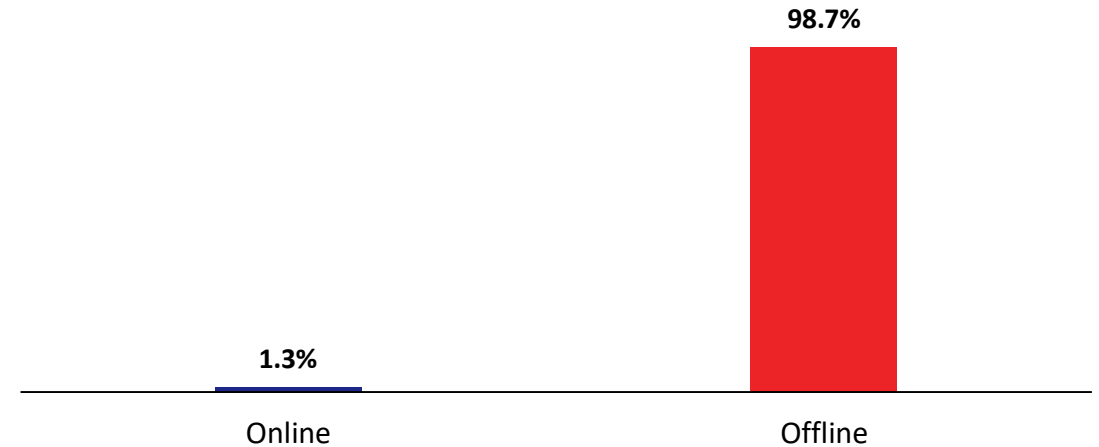


# REVENUE BY SUBSIDIARIES & ONLINE vs OFFLINE

Revenue by Subsidiaries – Q3 FY2023



Online vs Offline- 9M 2023



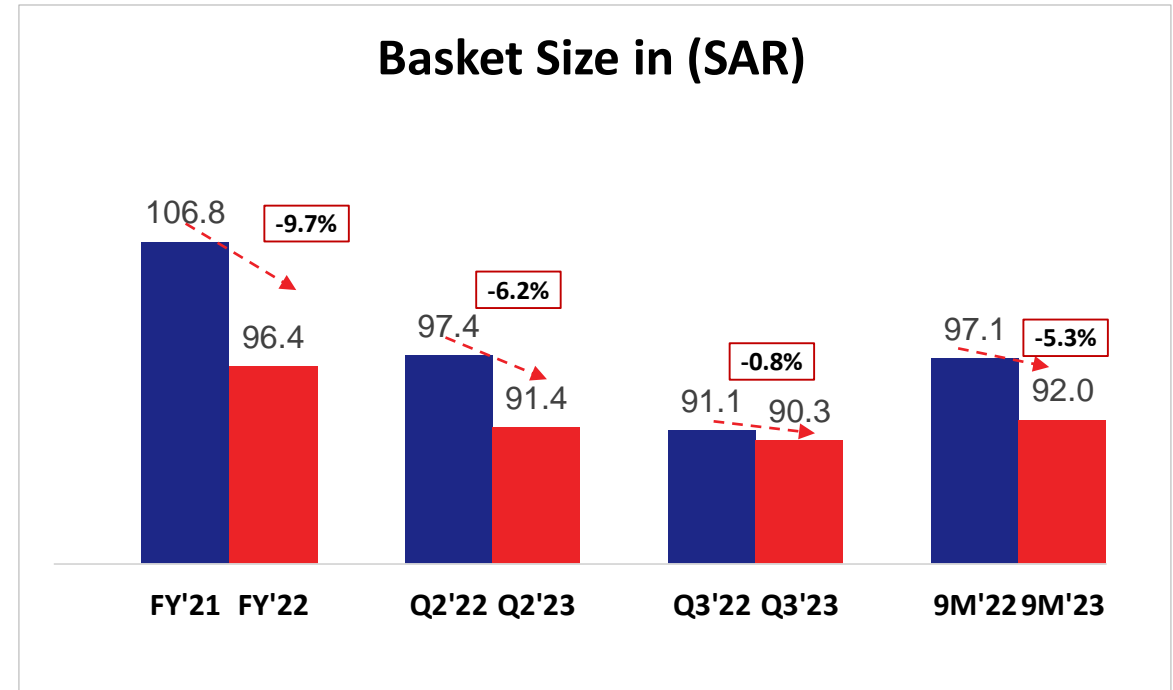
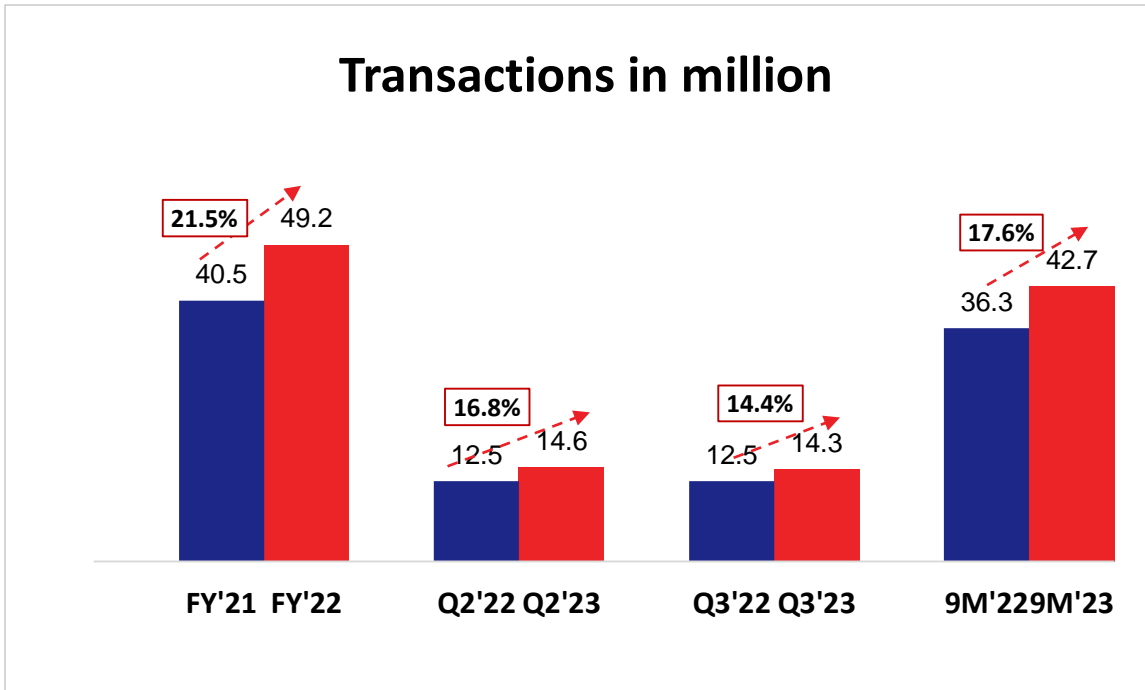
## Revenue by Subsidiaries:

- Among the subsidiaries, Danube contributes 65% of the Group's overall revenues, followed by BinDawood which contributes 31% to the Revenues. The digital piece of Future Retail contributes 4% of the overall Revenues.

## Online vs Offline:

- Offline Retail Sales contributed 98.7% to Total Revenue in 9M 2023 vis-à-vis 1.3% contributed by Online Retail Sales

# TRANSACTIONS AND BASKET SIZE

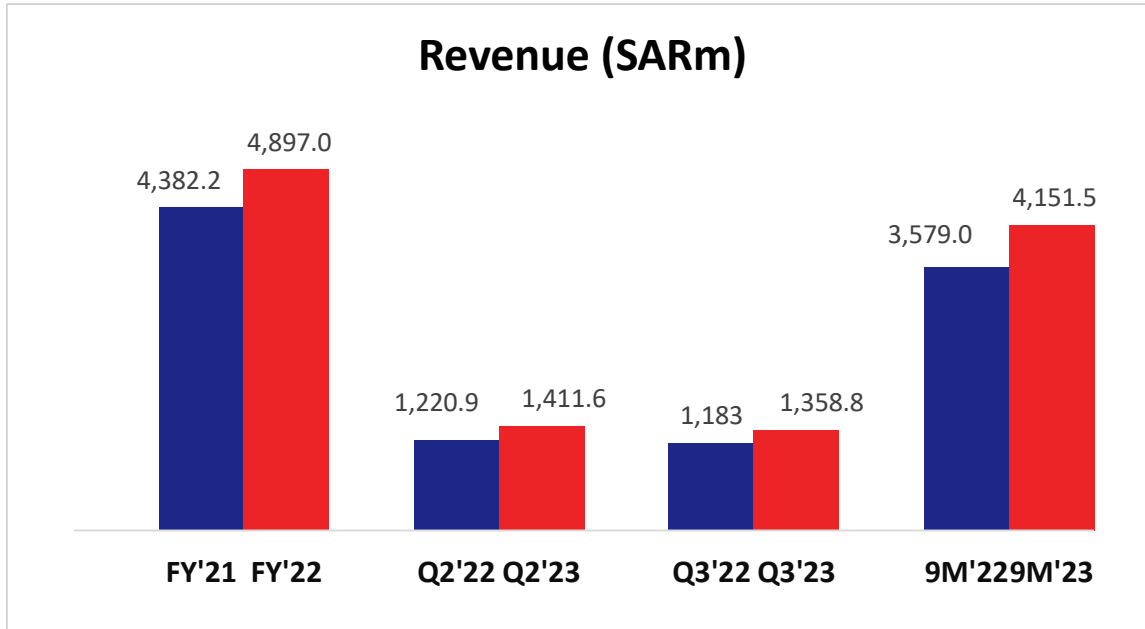


- Total transactions continue to show strong growth both in 9MFY2023 v 9MFY2022 and in Q3FY2023 v Q3FY2022 due to enhance customer engagement through festive campaigns
- Total transactions increased by +17.6% in +9MFY2023 versus 9MFY2022 & +14.4% in Q3FY2023 v Q3FY2022 reflecting sustained frequency of customer visits to stores
- In contrast, like for like basket size decline is lower in Q3 period due to better understanding of customer behavior through our loyalty engine.

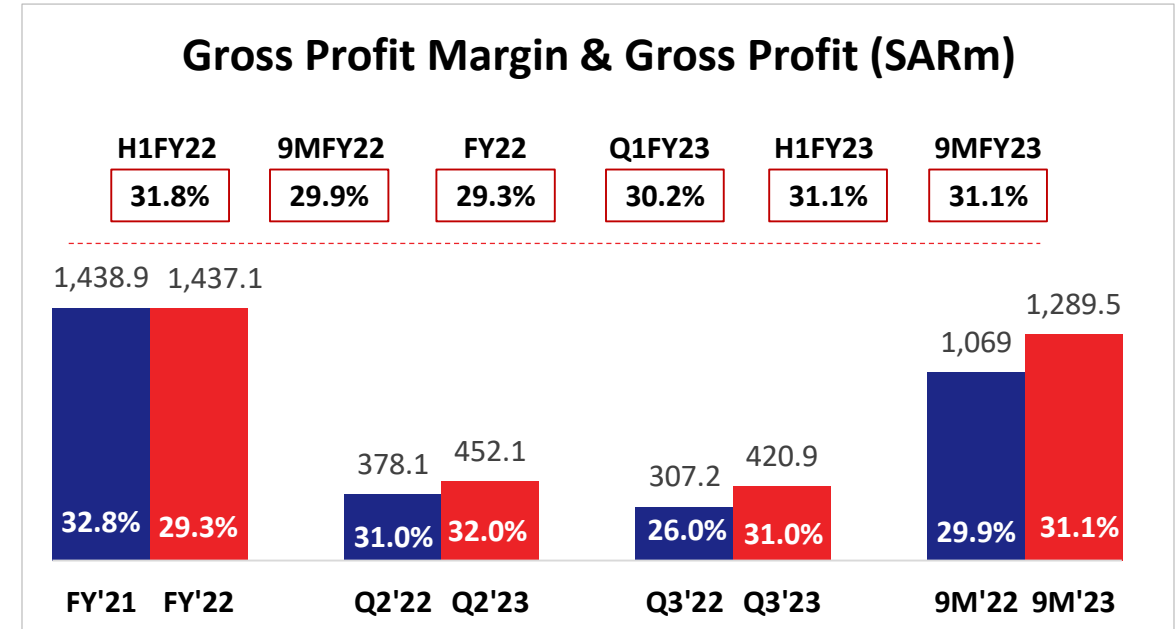


# FY 2023 TRADING UPDATE

## Financial Performance (SARm)



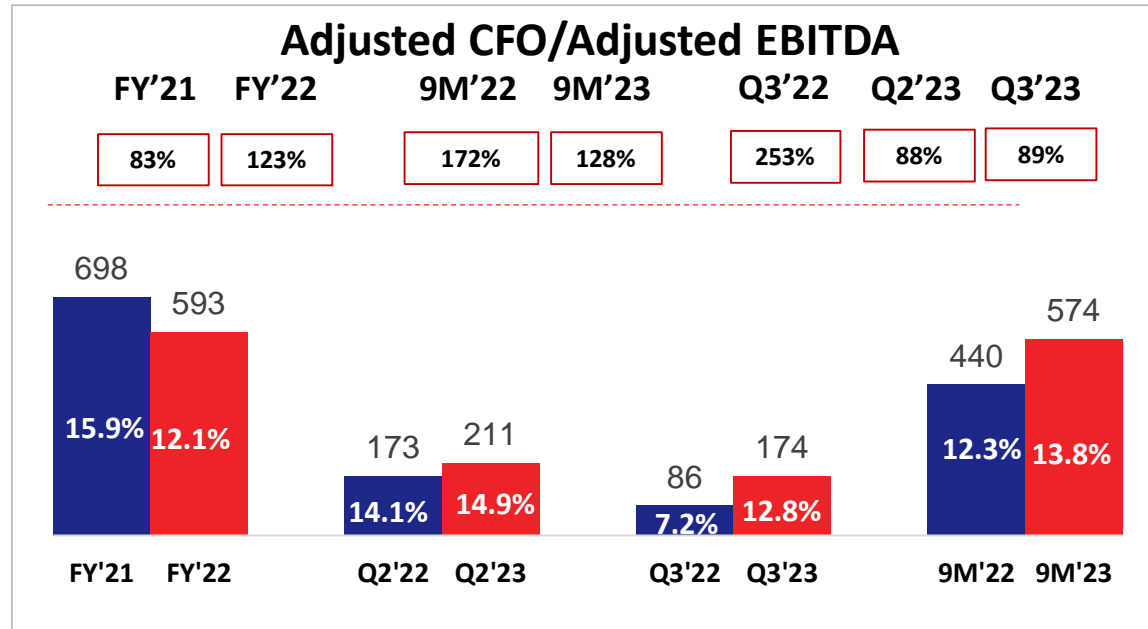
- Revenue in 9MFY2023 was SAR 4151.5 million, up 16.0% compared to 9MFY2022.
- Revenue in Q3FY2023 was SAR 1358.8 million, up 14.9% compared to the same period last year. On a sequential basis, revenue decreased by 3.7%, from SAR 1411.6 million



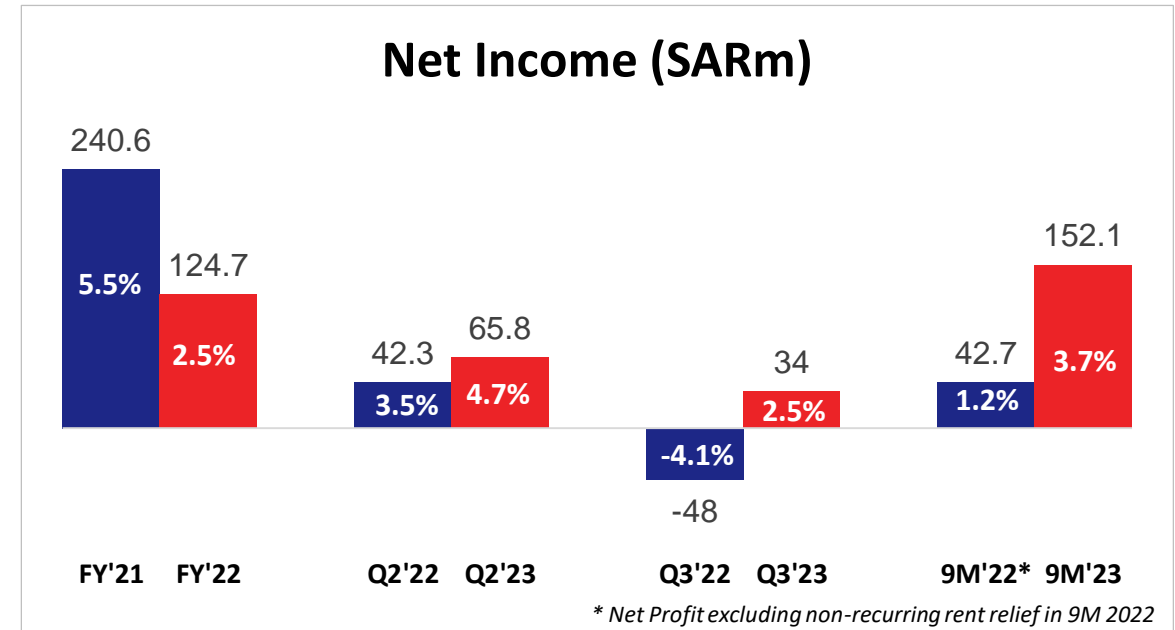
- Gross profit was SAR 1289.5 million or 31.1% of sales in 9M 2023 versus SAR 1069.0 million in 9M 2022 or 29.9% of sales.
- Gross profit margins have been recovering substantially from Q3 2022 which was 26.0% increased to 30.2% in Q1 2023 and further strengthened in Q3 2023 to 31.0%.
- Margin improvement was on the back of better product mix and increase in support from suppliers.

# 9M'23 TRADING UPDATE

## Profitability (SARm)



- Adj EBITDA was up by 30.5% to SAR 574 million in 9MFY2023 from SAR 440 million in 9MFY2022.
- 9M 2023 operating expenses were higher by SAR 108.8m due to new store in Jeddah, resizing of Taiba store, impact of stores opened in H2 2022, Ykone & IAC expenses, and one-time increase from intangible asset amortization related to 2022 acquisition. Further, the ratio of Operating Expenses to Revenue declined from 28.5% in Q3 2022 to 27% in Q3 2023.



- Net profit was SAR 152.1 million in 9M 2023 compared to SAR 42.7 million in 9M 2022, representing a net profit margin of 3.7% and 1.2% respectively. The increase in net profit reflects the cumulative impact of increase in sales and gross profit
- Q3 2023 net profit was SAR 34.0 million versus Q3 2022 net loss of SAR 48 million. This significant turnaround was the cumulative impact of higher sales and improved Gross Margin, which was partly offset by an increase in Operating Expenses.

Source: Company Information, 9M 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).

# 9M 2023 TRADING UPDATE

## Key Cashflow and Balance Sheet Items (SARm)

### Trade Working Capital

Trade Working capital decreased by 27.3% vs. FY'22, mainly due to:

### Accounts Receivables & Prepayment

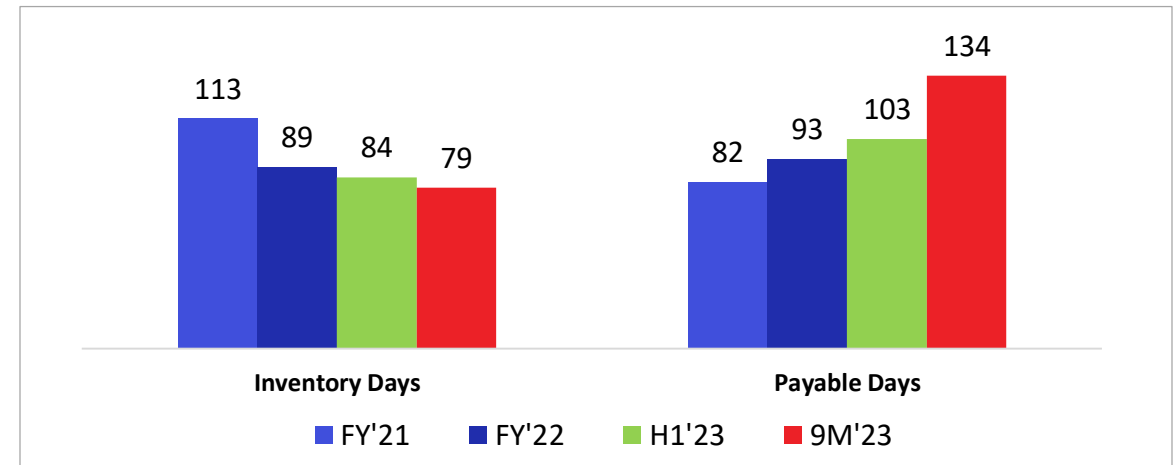
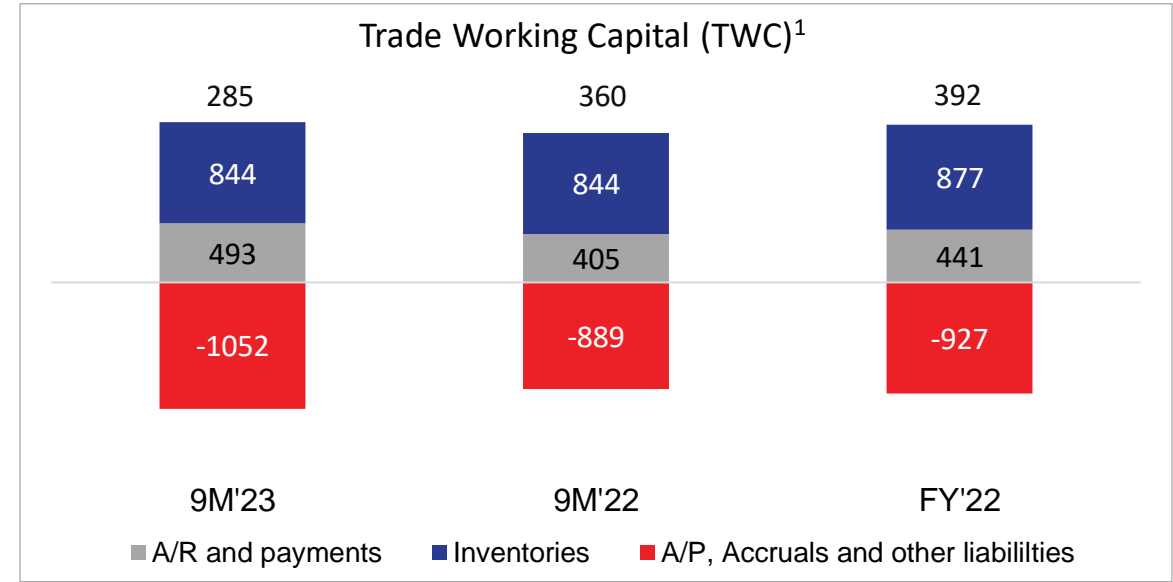
Higher receivable balances in 9M'23 vs. FY'22 owing to increased business volume with the corporate customers, whereas, the recoverability rate remains uniform

### Inventory

Inventory was not increased with the same momentum owing to quick liquidation of non-food inventory which is corroborated by an improved sales of non-food category indicating an increase of 15.6% vs. 9M'22 and 5.2% vs. Q3'22.

### Accounts Payables, Accruals and other Liabilities

Increase in payables recorded due to increased purchases made to cater the rising demand of new store openings,



Source: Company Information, 9M 2023 & 2022 (interim FS) and FY 2022, FY2021 Audited FS.

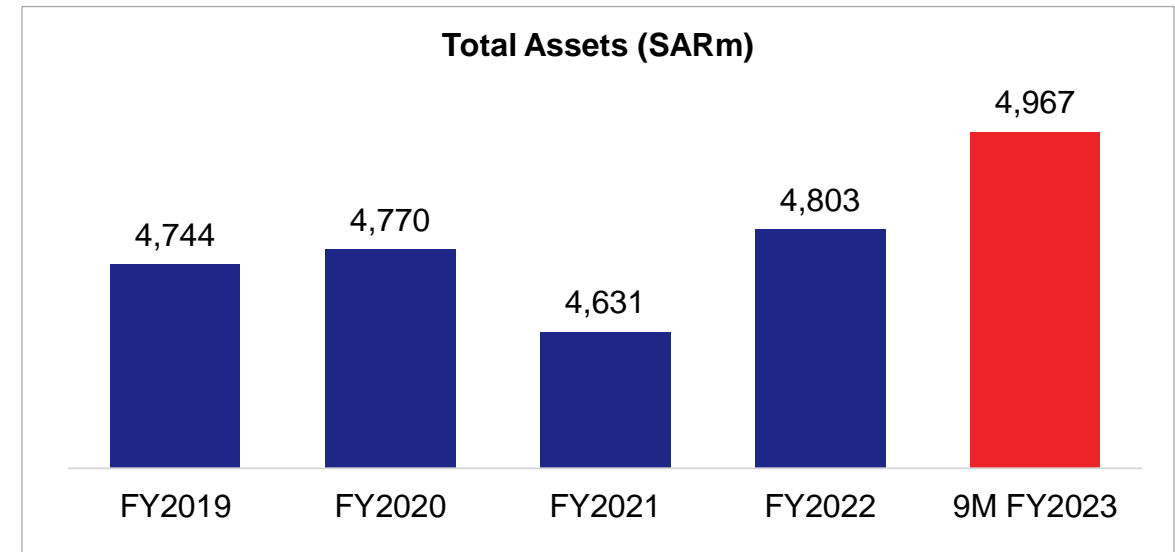
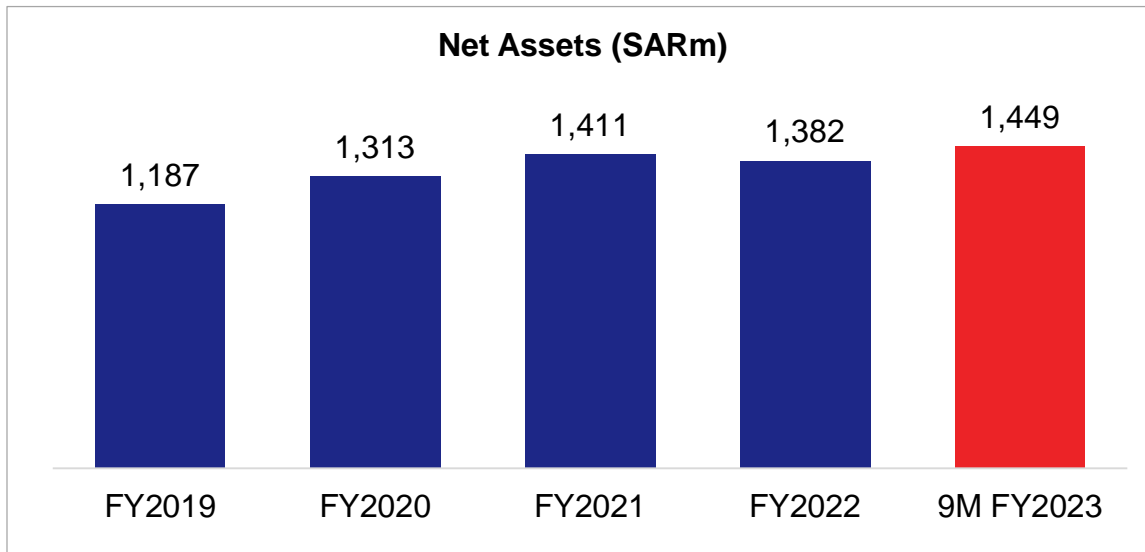
\*Trade working capital defined as inventories + A/R and prepayments – A/P, accruals and other liabilities excluding payables to capex suppliers.

\*\*Inventory Days = Avg inventory / COGS \* 365

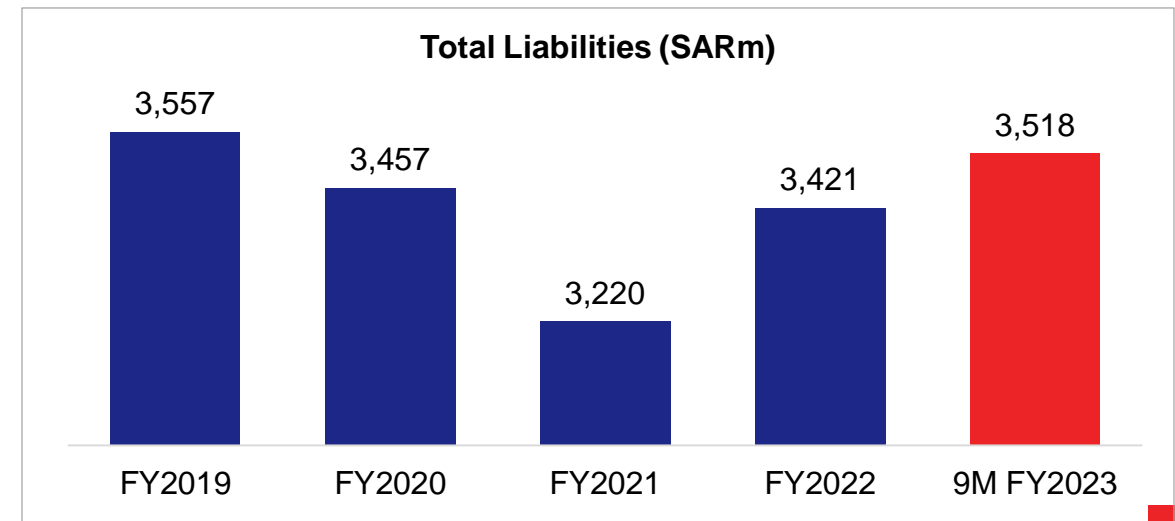
\*\*\*Payable days = Accounts Payable X Number of Days/Cost of Goods Sold (COGS)



# 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 6-7 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.



## REPEAT CUSTOMERS TO DRIVE LFL GROWTH

- KSA's aspiration to boost tourism will lead to higher footfalls.
- In the last one year, the Company has achieved more than 4.4 million customers in its Loyalty Program
- Resulted in an increase in repeat sales, reflecting successful roll-out of the Customer Loyalty Program



## OPERATIONAL SYNERGIES

- Operational synergies with tech companies acquired, IAC & Ykone, giving it a unique competitive advantage
- IAC building online business, commissioned 16 dark stores & 16 in-stores reflecting well in financial performance and 67% jump in online orders
- To launch Mega Dark Stores and multiple Mini Dark Stores (24 by 2024-end) to improve fulfillment rates and reduce delivery times
- Partnership with Ykone attracting new opportunities in KSA and propelling towards achieving strategic goals



## MARGIN GROWTH

- 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.



## ROBUST CASHFLOW & INORGANIC GROWTH

- Cash generated from operations was higher led by improvement in working capital efficiency.
- A strong cash balance makes it well-positioned to explore new opportunities
- In advanced stage of negotiation for acquisition in GCC to achieve geographical diversity



# Appendix



# FINANCIAL PERFORMANCE

## Core achievements

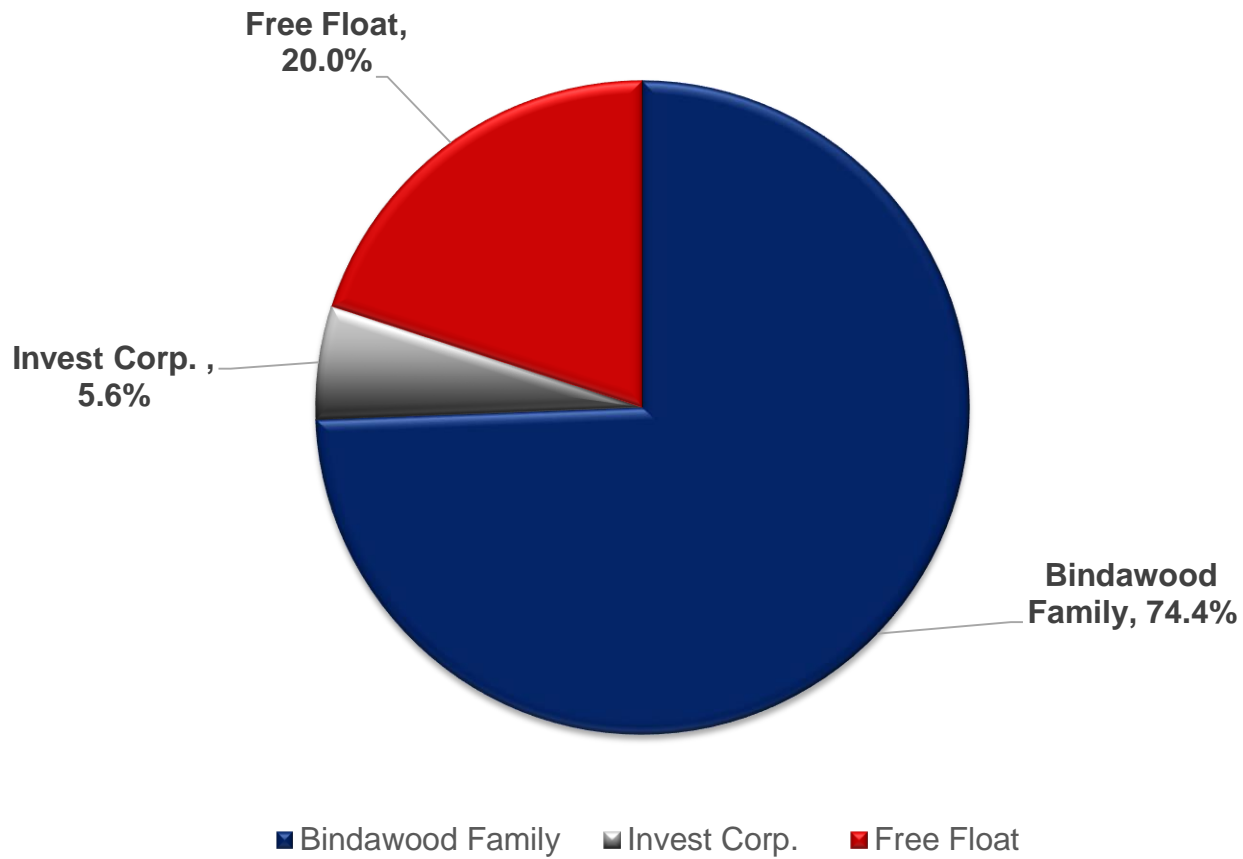
- ❖ Improvement of sales densities across all formats
- ❖ Sustainable margin
- ❖ Strict cost control
- ❖ Net working capital turned to negative driven by significant inventory days improvement
- ❖ Healthy financial position

## Concise Profit & Loss

(In SAR mn)

	9M 2022	9M 2023	YoY
<b>Sales</b>	<b>3,578.7</b>	<b>4,151.5</b>	+16.0%
<b>Gross Profit</b>	<b>1069.0</b>	<b>1289.5</b>	+20.6%
<b>Gross margin %</b>	<b>29.8</b>	<b>31.1</b>	+130Bps
<b>SG&amp;A</b>	<b>964.6</b>	<b>1,069.7</b>	+10.9%
<b>Adjusted EBITDA</b>	<b>438.3</b>	<b>573.6</b>	+30.9%
<b>Adjusted EBITDA %</b>	<b>12.2</b>	<b>13.8</b>	160Bps
<b>Net income</b>	<b>59.8</b>	<b>152.1</b>	154.3%
<b>Net income %</b>	<b>1.7</b>	<b>3.7</b>	+200Bps
<b>Profit (Loss) per Share</b>	<b>0.12</b>	<b>0.31</b>	158.3%

# SHAREHOLDER STRUCTURE





# THANK YOU

## BinDawood Holding Headquarters, KSA



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