

# EARNINGS PRESENTATION

Q4 & FY2022

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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

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# ABOUT THE COMPANY

BinDawood Holding (4161, BDH) is one of the leading grocery retail operators 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, with each of these being strategically located across KSA and one international store in Bahrain. The Company operates its stores under two well-known brands: BinDawood & Danube and also has a strong online presence and currently operating 21 dark store across KSA.

In 2022, BDH 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:

## RETAIL

### **BinDawood:**

Popular grocery hypermarkets and supermarkets in KSA and well known for international pilgrims

### **Danube:**

Premium supermarket brand with exclusive imported goods in KSA and one in Bahrain.

## FUTURE TECH RETAIL

### **Ykone S.A.S:**

Global tech-enabled influencer marketing company

### **IAC:**

International Applications Company (IAC)





# MANAGEMENT MESSAGE

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## CEO MESSAGE

“2022 can be defined as a year when investments across technology, inventory management and talent yielded better results in terms of revenue growth, supported by a rebound in customer footfall. We registered more than 3 million customers in our loyalty program in less than one year, with a majority of these being repeat customers, helping to further reinforce the power and resilience of our brand.

However, with the global macro-economic environment facing major headwinds on account of geo-political developments and peaking inflation, management made a conscious decision to absorb part of the inflationary increase on a temporary basis, predicated on the view that the resultant loss in margin would be more than compensated in the future through the increase in our client base and, consequently higher market share. The margins were also impacted by the reluctance of principals to make investments and provide the rebates and discounts they normally provide due to increasing economic uncertainty faced by them in their home countries.

As we continue to execute on our strategic priorities, we acquired a majority interest in International Applications Company (“IAC”) as a means of getting better control and visibility over our online sales strategy. We also acquired majority control in Ykone Group (“Ykone”), a global tech-enabled influencer marketing company that specializes in the retail sector. Both IAC and Ykone have performed better than anticipated following their acquisition by the BDH.



**Ahmad AR. BinDawood**  
CEO, BinDawood Holding



# CEO MESSAGE

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Looking ahead, we're focusing on capturing customer behavior and targeting customers by enhancing their experience in the loyalty program. With peak inflation now behind us at a global level, we anticipate higher seasonality driven investment in customer engagement programs and product offerings. We believe that these initiatives derived from the successful implementation of our loyalty program will positively impact our sales and margins in FY2023. This has already started to manifest itself in the trading for the first quarter. These tail winds together with the adoption of aggressive cost rationalization measures including re-sizing and relocation of stores based on strategic and technical research of customers footfall, coupled with improved operational efficiency should help our profitability to gradually move upwards to the industry leading margins witnessed earlier in 2019.

In FY2023, 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.

Further, we are working on augmenting our presence in the rapidly growing online space by adding more dark stores including a mega dark store. During the year, we also made investments in a fleet of cars to improve our fulfillment rates and reduce the delivery times. Notably, today we have managed to reduce our delivery time to 60 minutes in our Express delivery format.

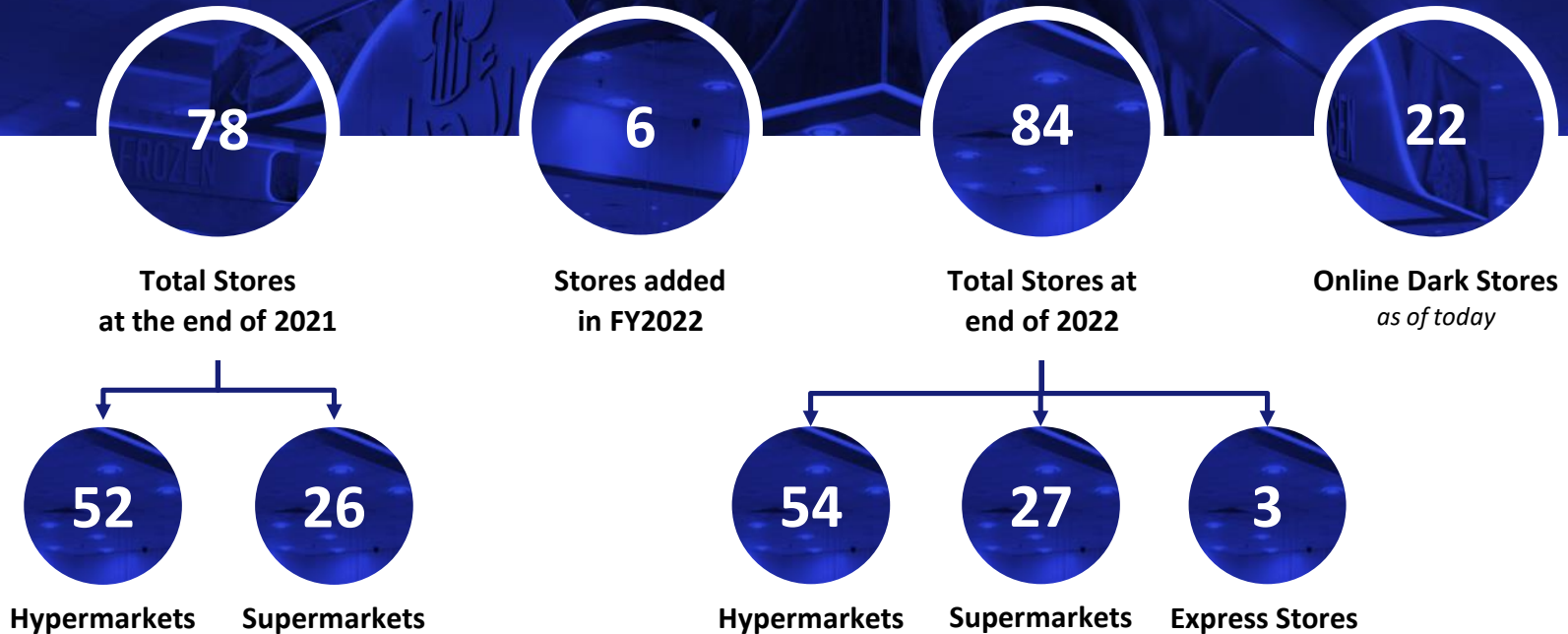
In summary, after three extremely challenging years for the retail sector in general, I look forward to driving the future revenue and profitability of the company with renewed hope and optimism.”

# TOTAL STORES ADDED

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# STORES ADDED DURING FY2022



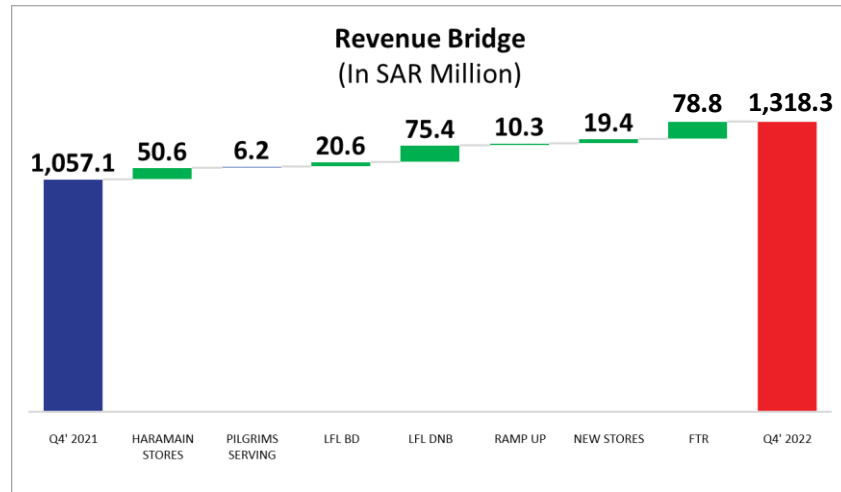
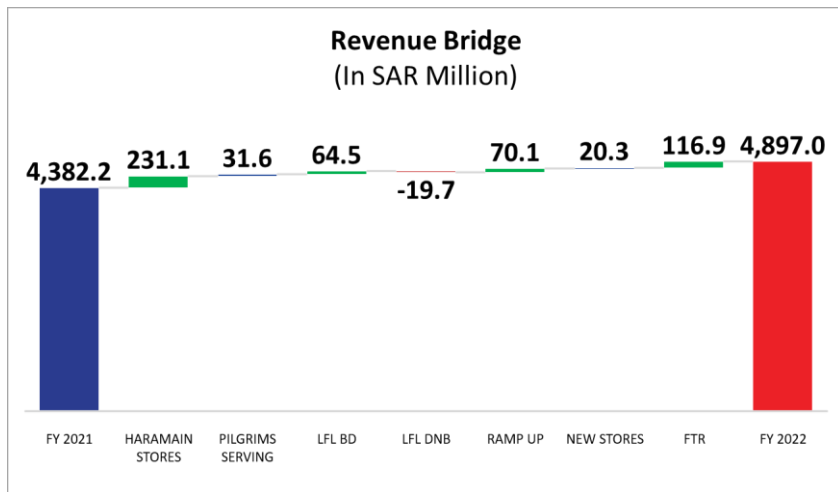
- Company opened its first international store in Bahrain in FY2022
- Company added 6 stores during the year FY2022 & 22 dark stores in the online space at end of Q1FY 2023
- Its selling area under retail was up from 373k sqm in FY2021 to 385k sqm in FY2022
- No. of cities covered is up from 15 in FY2021 to 17 in FY2022, including Manama-Bahrain

# TRADING UPDATE

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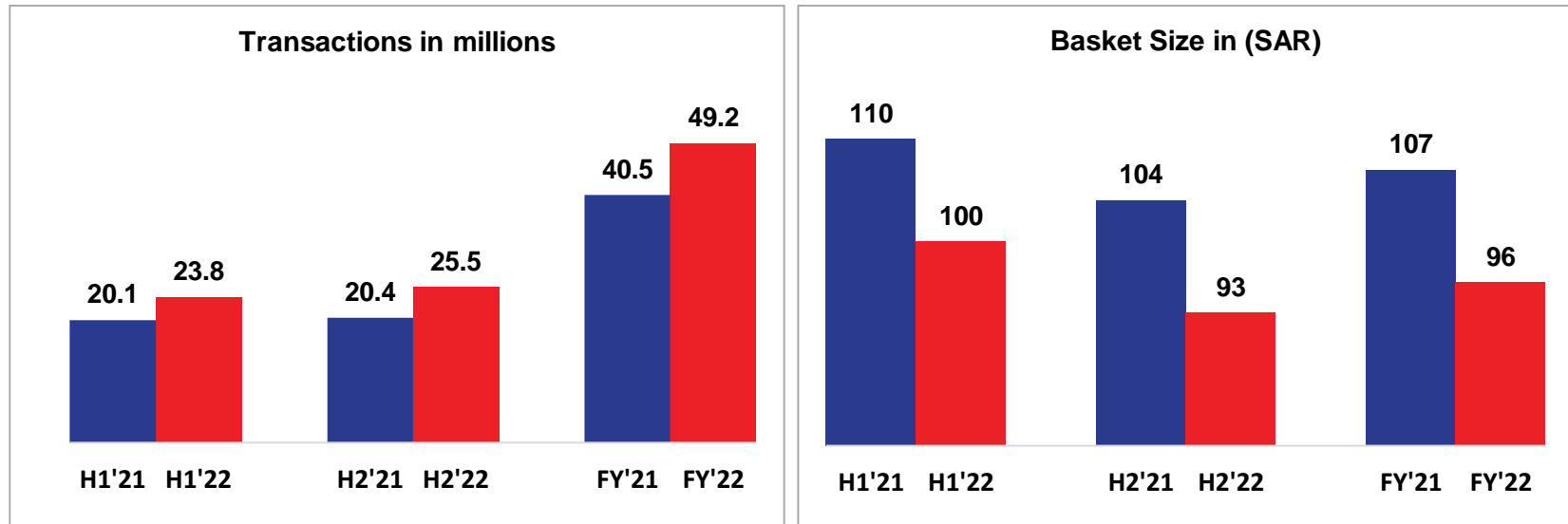
# REVENUE BRIDGE: FY2022 VS FY2021 & Q4FY22 VS Q4FY21



## Revenue for FY2022 increased by 11.7% vs FY2021 due to:

- Gradual return of pilgrims following the lifting of the travel ban (post-pandemic) during Hajj and Umrah. BinDawood store sales were higher at 27.1% versus Danube store sales at 2.2%.
- BinDawood stores showed higher LFL sales. There was a decline in LFL sales in Danube stores mainly due to a slow-down in sales related to corporate customers. However, Danube showed a positive volume growth
- The Digital segment, which includes Ykone and IAC, also contributed to the overall sales with revenue of SAR 116.9 million.
- Revenue in Q4'22 improved by +24.7% vs Q4'21 due to the net impact increase of 25.4% in sales of BinDawood store, increase of 14% of Daube store and revenue contribution from digital subsidiaries. LFL sales for both BinDawood & Danube were positive in Q4

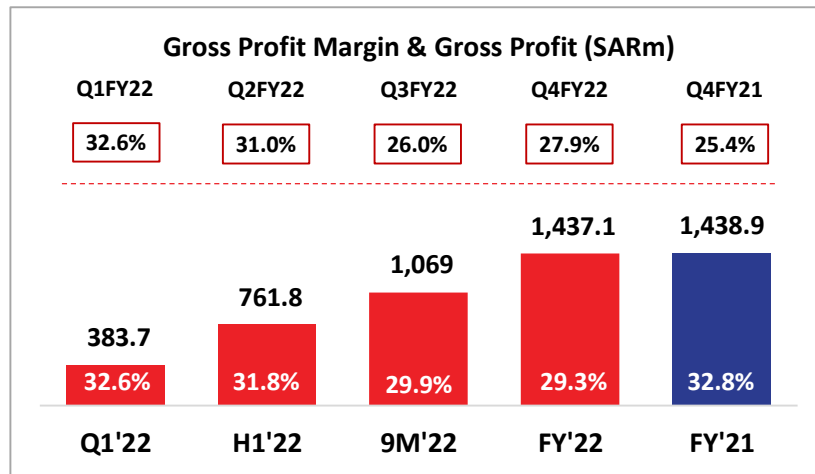
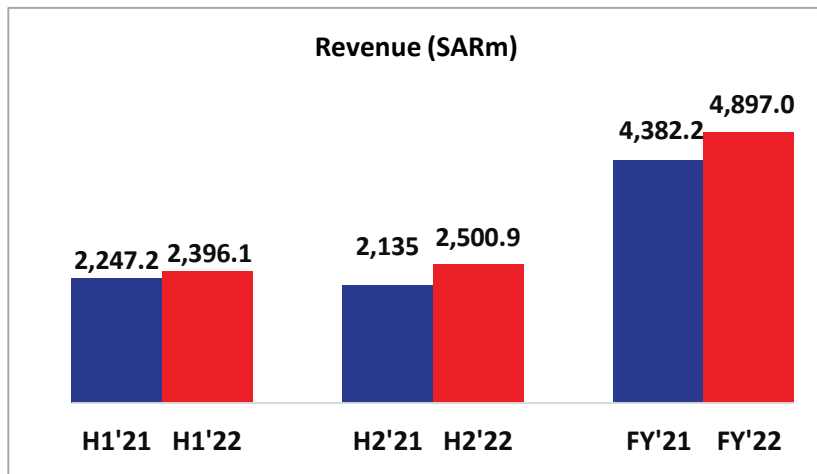
# TRANSACTIONS AND BASKET SIZE



- Total transactions increased by +21.5% in FY'22 v FY'21 due to the return of pilgrims and increase in customer engagement activities.
- In contrast , basket size decreased by -10.3% in FY'22 v FY'21 reflecting an increase in frequency of customer visits to stores.

# FY 2022 TRADING UPDATE

## Financial Performance (SARm)

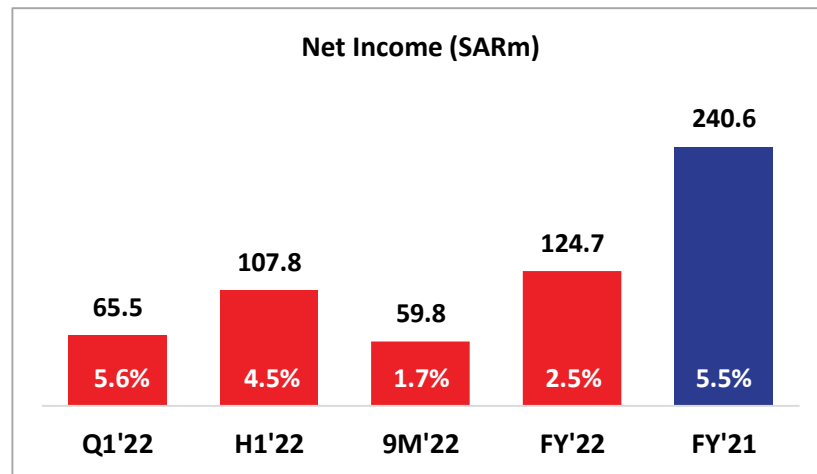
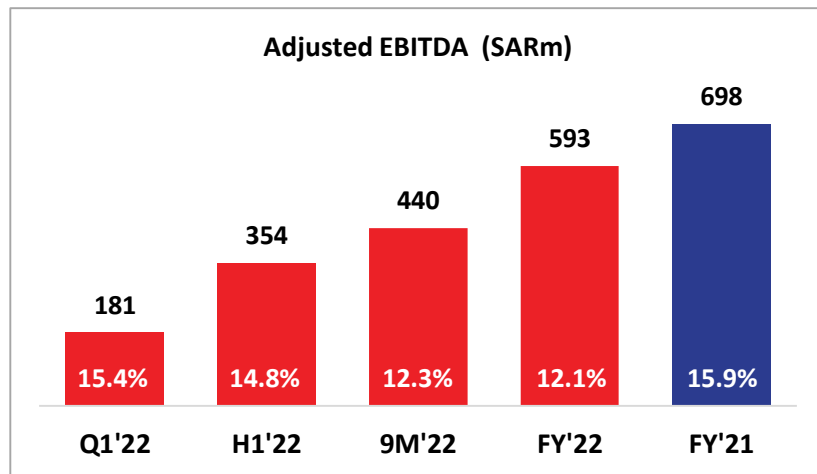


- Revenue increased by 11.7% in FY'22 v FY'21. 1HFY22 saw growth in revenue of 6.6% vs 1HFY21. 2HFY22 saw higher sales growth at 17.1% versus 2HFY21.
- The revenue was higher on account of higher footfalls in stores serving the pilgrims, due to customer engagement activities and new stores opened

- Gross profit for the full year of 2022 was SAR 1,437.1 million versus SAR 1,438.9 million in 2021. The Company posted a lower gross profit margin of 29.3% in 2022, when compared with 32.8% in 2021.
- This decline was primarily due to higher inflation costs that were partially absorbed by the Company to remain competitive.

# FY 2022 TRADING UPDATE

## Profitability (SARm)

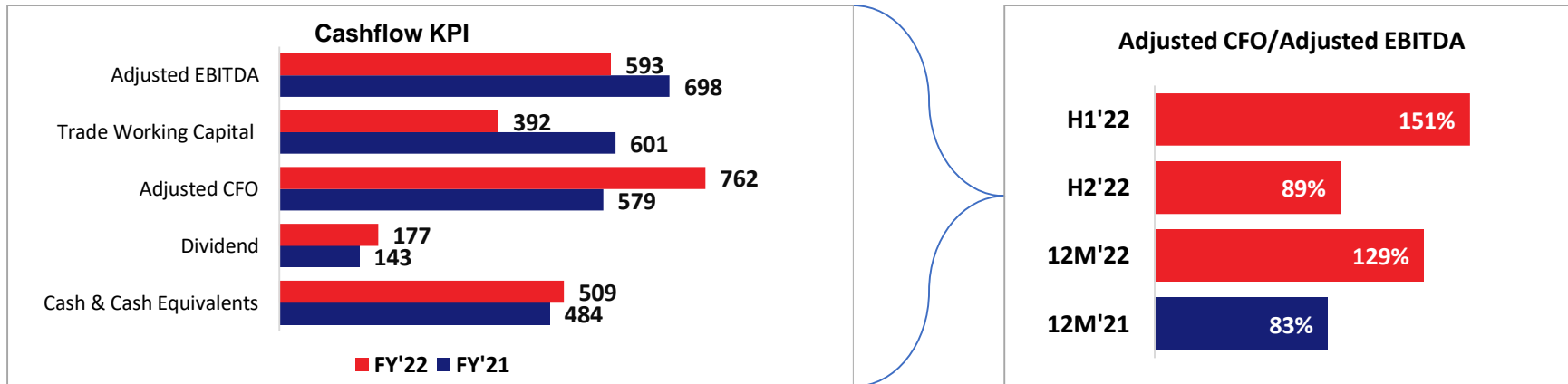


- Decline in Adjusted EBITDA in 12M'22 both in absolute terms and in terms of margins was due to expenses on new store openings, investments made in technology and human capital as well as the cost of acquisitions made during the year.
- Net profit for the full year 2022 was SAR 124.7 million versus SAR 240.6 million in 2021
- The increase in revenue was not enough to offset the cumulative impact of lower gross margin and higher operating expenses



# FY 2022 TRADING UPDATE

## Cashflows (SARm)



### Robust Cashflow Generation



- Cashflow generation continues to be robust with **Adj CFO to Adj EBITDA** increased to +129% in FY'22 from +83% in FY'21 as the **reduction in working capital** investment was significantly higher than the reduction in Adj EBITDA.
- The year-end cash balance was SAR 509 million with no bank debt after total payment of SAR 177 million as dividend and outflows of SAR 137 million and SAR 107 million in acquiring Ykone and IAC respectively.

# FY 2022 TRADING UPDATE

## Key Cashflow and Balance Sheet Items (SARm)

### Trade Working Capital

Trade Working capital decreased by -34.7% mainly on account of increase in payables. Other factors impacting TWC were:

### Accounts Receivables & Prepayment

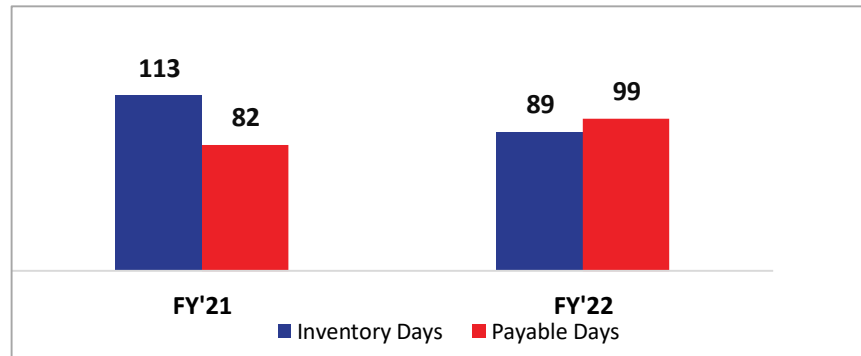
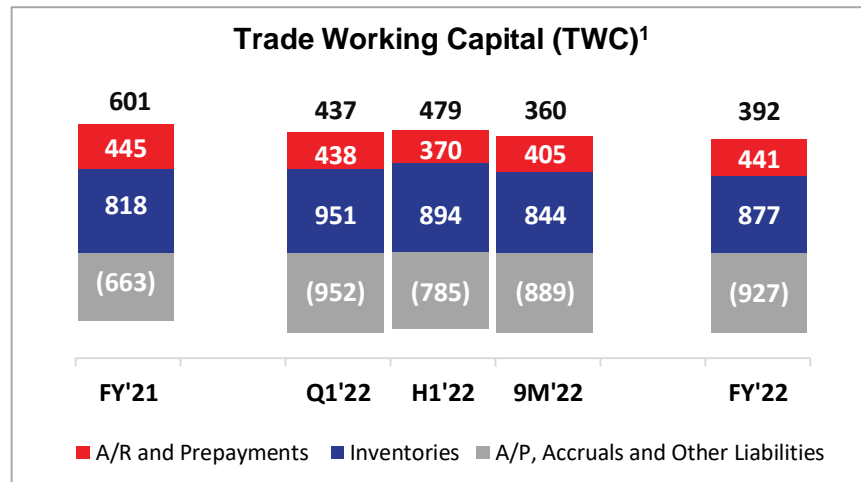
Accounts receivable balances were marginally lower despite addition of Ykone & International App receivables reflecting better corporate customer recovery

### Inventory

Increase in number of stores has led to higher inventory. However, inventory days have come down to 89 in FY 22 compared to FY 21 which is 113, showing better inventory management and better working capital management.

### Accounts Payables, Accruals and other Liabilities

Significant increase is due to increase in trade payables against higher purchases coupled with lower supplier support. Payable days has increased in FY22 to 99 days from 82 days in FY21



**Source:** Company Information, Interim & Audited Financial Statements FY 2021 and FY 2022. <sup>1</sup>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)

# CONCLUDING REMARKS & Q&A

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# 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
- BDH has achieved more than 3 million customers in its loyalty program in less than a year.
- Majority of which are repeat customers indicating successful roll out of loyalty program.



## Synergies with tech/digital companies acquired

- Operational synergies with tech companies acquired, IAC & Ykone, giving BDH unique competitive advantage
- IAC building BDH's online business, commissioned 22 dark stores reflecting well in its financial performance
- Launch of Mega dark Store and multiple dark stores to improve fulfillment rates and reduce delivery times in FY23
- Ykone, global influencer marketing company, will help in formulating tech enabled marketing strategy



## 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 & negotiation with suppliers in place



## Unleveraged & Robust Cashflow generation

- Cash generated from operations in FY'22 was SAR 509.3 million led by improvement in working capital efficiency.
- Board approved a dividend of SAR 177.2 million (1.55 Riyal per share) during 2022
- Being unleveraged with strong cash balance puts BDH 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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