



Abdullah Al-Othaim Markets Company (OMC)

Investors' Presentation Q3/2020

Abdullah Al-Othaim Markets Company (OMC)

Profile Summary

Abdullah Al-Othaim Markets Company is a Saudi joint stock company listed on Tadawul security exchange market.

Currently is operating in Saudi Arabia and Egypt.

It is considered one of the leading retail companies in the Kingdom and has ranked fourth in brand contribution and is the 17th most valuable brand in the Kingdom in 2017.

In May 13, 2020, the Company was added to MSCI Saudi Arabia Standard Index.

Abdulaziz Abdullah Al-Othaim, CEO, has been awarded Top CEO Award 2018.

The main activities of the Company are food wholesale and retail, grocery stores, and malls. Ownership and operation of supermarkets, hypermarkets, grocery and convenience stores.

Through its subsidiaries, it provides direct investments in various sectors such as manufacturing and distribution of general food, engineering and contracting for buildings, and provides manpower services.

OMC is working as part of a strategy designed to increase the base of its branches to cover all regions of the Kingdom, and to enable them to provide outstanding services to clients on a wide geographical distribution, as well as providing all the needs and desires to be accessible to everyone.

Key information

Legal Structure	Saudi Joint Stock Company
Paid up Capital	SAR 900 million
Number of Shares	90 million
Market Capitalization	SAR 11.66 billion - USD 3.10 billion
Board size	8 members
Board Committees	Audit, Compensation and Nominations
Trading on Tadawul	Since 2008
Headquarters	Riyadh City
No. of Employees	15,691

Abdullah Al-Othaim Markets Company (OMC) - Snapshot



Retail Division:

- **277** stores with a total of sales area **475.78** thousands Sq. m, located across **KSA** and **Egypt**.
 - **234** stores with a total of **452.84** thousands Sq. m , located across **KSA**.
 - **43** stores with a total sales area of **22.94** thousands Sq. m, located across **Egypt**.
- Contribution to Total Sales is **89.01% (Q3 2020)**

Wholesale Division:

- **10** stores with a total of **17.56** thousands Sq. m, located across **KSA**.
- Contribution to Total Sales is **10.99% (Q3 2020)**

- Growth in number of stores (**Q3/2019 – Q3/2020**) is **4%**.
- Growth in area of stores (**Q3/2019 – Q3/2020**) is **5%**.

Our Presence

	Format	Aljohfah Province	Riyadh Province	Gassim Province	Tabuk Province	Eastern Province	Aseer Province	Aljof Province	Northern Province	Jazan Province	Najran Province	Hael Province	Makka Province	Madina Province	Total	%	EGYPT
Hypermarket	3	-	-	2	-	-	-	-	1	-	-	1	-	-	7	2.9%	43
Supermarket	90	18	3	24	19	5	3	7	3	1	9	3	3	185	75.8%	43	
Wholesale	6	1	1	1	1	1	-	-	-	-	-	-	-	10	4.1%	43	
Corner	38	1	-	1	-	-	-	1	-	-	-	1	-	42	17.2%	43	
Total	137	20	4	28	20	5	5	7	3	2	10	3	3	244	100%	43	
%	56.1%	8.2%	1.6%	11.5%	8.2%	2.0%	2.0%	2.9%	1.2%	0.8%	4.1%	1.2%	1.2%	100%			
Cities	19	11	1	7	10	4	4	7	2	1	6	2	2	74		1	

Quick glance



OMC reported **3Q 2020** results with revenues of SAR **6,767** Mn (**11.53%** YoY) , **3Q 2020** Net income was SAR **285** Mn (**41.02%** YoY).

Sales growth of (11.53%) was driven by high demand to buy food and grocery supplies during the closure periods imposed by the government to mitigate Corona virus outbreak during the first half of the year. In addition to the improvement of the gross margin and the savings in operating costs resulted from the governmental initiatives to mitigate the impact of Corona pandemic. On the other hand, the real estate activity was negatively affected during the first half of the year, as the company granted discounts and exemptions to tenants as a compensation for the closure periods, and the operations of the subsidiaries and associates were negatively affected by the closure during the first half of the year.

5 new stores were opened in 2020, three stores were shut down (one Supermarket, one corner and one wholesale). In addition, according to the management plan the company will add 24 stores in 2020 in KSA. The actual number might drop to 14 stores due to the closure conditions.

Financial Performance

- Strong Revenue Acceleration.
- Sustained Profit Growth.
- Strong Balance Sheet with Healthy Financial Ratios.
- Highly liquid.
- Low Leverage.
- Highly ROE and ROCE.
- Steadily Growing EPS and Dividends.

Income Highlights

In SAR Million	Q3/2016	Q3/2017	Q3/2018	Q3/2019	Q3/2020
Sales	5,152	5,260	5,565	6,067	6,767
Gross profit	849	995	1,056	1,181	1,383
EBIT	143	195	209	220	298
Interest	(10)	(13)	(3)	(2)	(1)
Zakat	(3)	(6)	(5)	(6)	(9)
Net income from continuing operations	133	175	196	208	287

* Performance is significantly affected by the precautionary measures taken by the government against the outbreak of Covid-19

Balance Sheet Highlights

In SAR Million	31-12-2016	31-12-2017	31-12-2018	31-12-2019	30/09/2020
Non-current assets	1,953	2,182	2,332	3,478	3,523
Current Assets	1,398	1,165	1,316	1,288	1,411
TOTAL ASSETS	3,351	3,347	3,648	4,766	4,934
Shareholders Equity	1,232	1,495	1,660	1,487	1,361
Non-controlling interest	31	33	40	38	40
Non- current liabilities	495	176	121	1,273	1,348
Current Liabilities	1593	1643	1827	1968	2,185
TOTAL LIABILITIES & Equity	3,351	3,347	3,648	4,766	4,934

Cash Flow Highlights

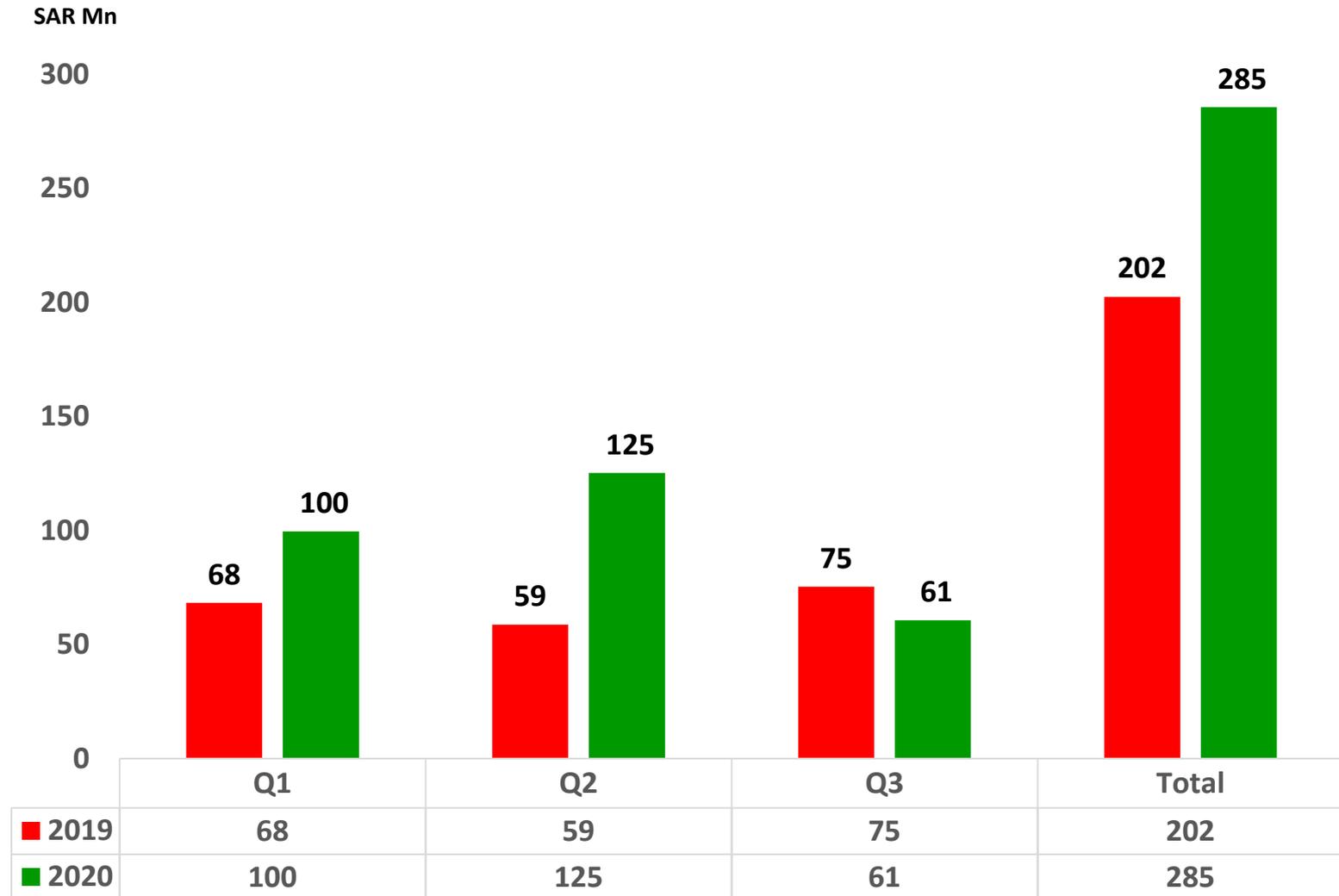
In SAR Million	Q3/2016	Q3/2017	Q3/2018	Q3/2019	Q3/2020
Cash provided from or (used) in operation activity	287	301	296	375	665
Cash provided from or (used) in investment activities	(371)	111	(291)	(121)	(87)
Free Cash Flow	(84)	412	5	254	578
Cash provided from or (used) in financing activities	(3)	(362)	(77)	(234)	(412)
Net Change in Cash	(87)	50	(72)	20	166

Consolidation Financial Snapshot

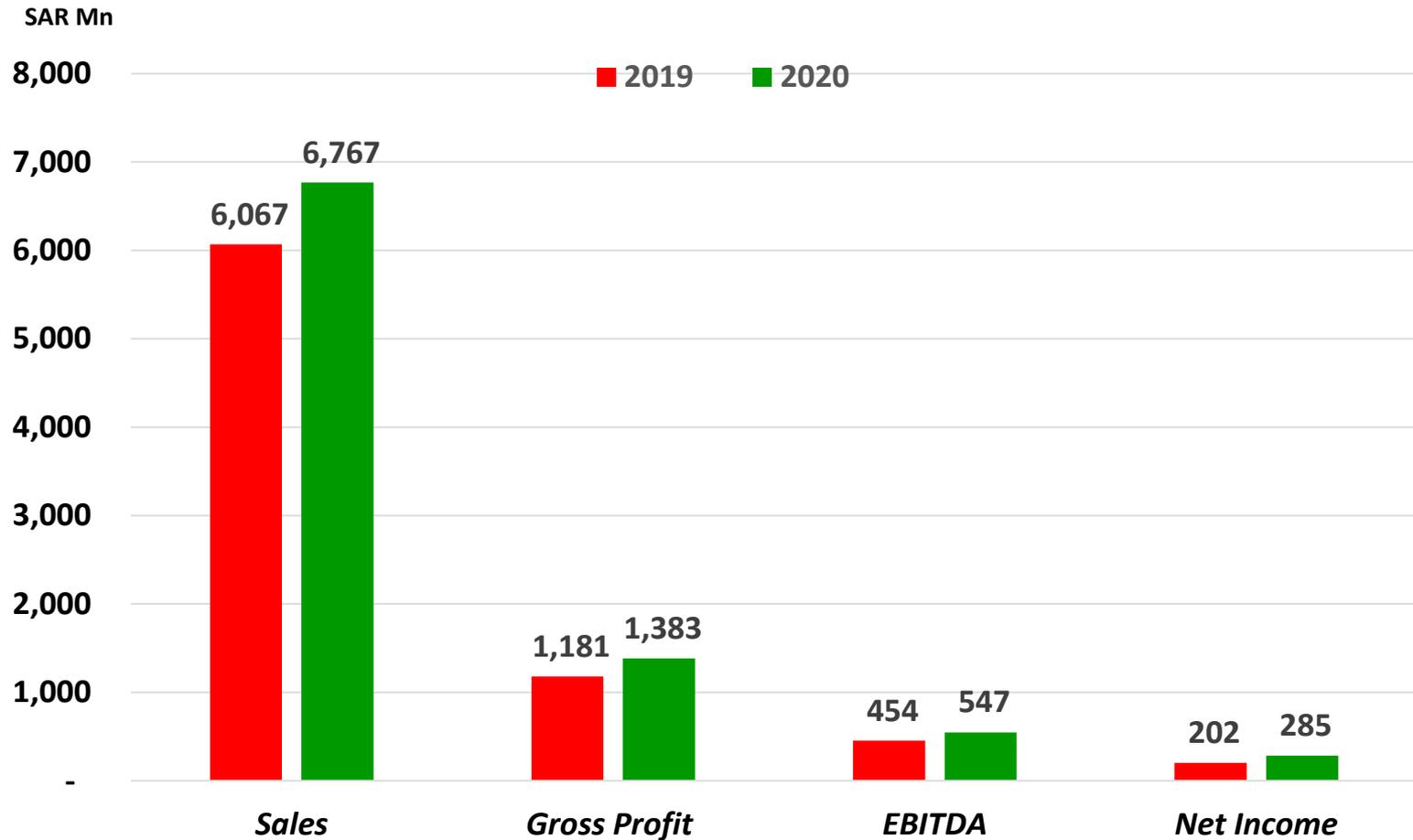
SAR Mn	Sales	Gross Profit	EBITDA	Net Income from continuing operations
3Q 2020	6,767 +12% Vs. Q3 2019	1,383 +17% Vs. Q3 2019	547 +20% Vs. Q3 2019	287 +38% Vs. Q3 2019

* Normalized EBITDA & Net income

Quarterly Net Income CY Vs. LY



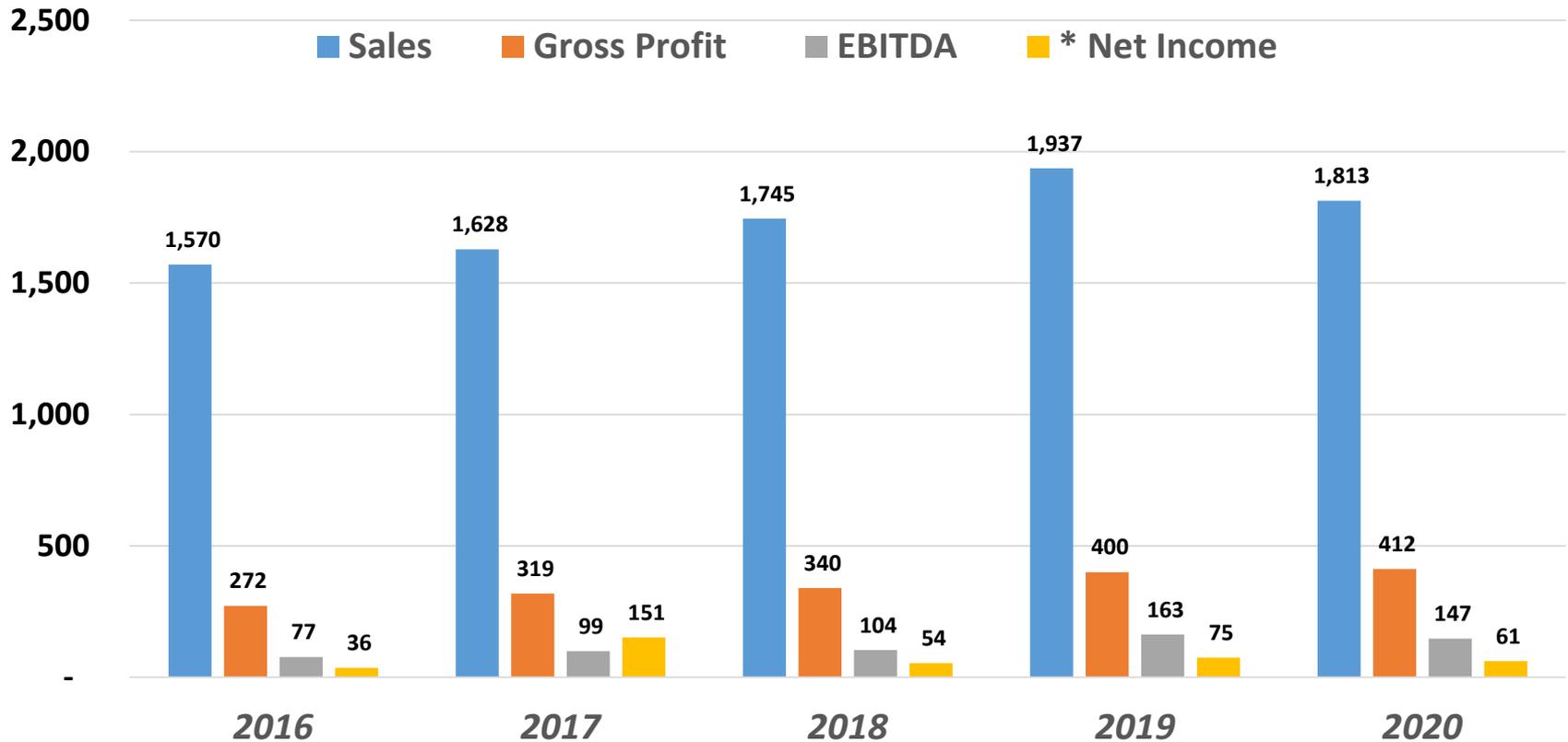
Consolidation Financial Highlights - YoY



Quarterly Consolidation Financial Highlights – past 5 years (Q3)



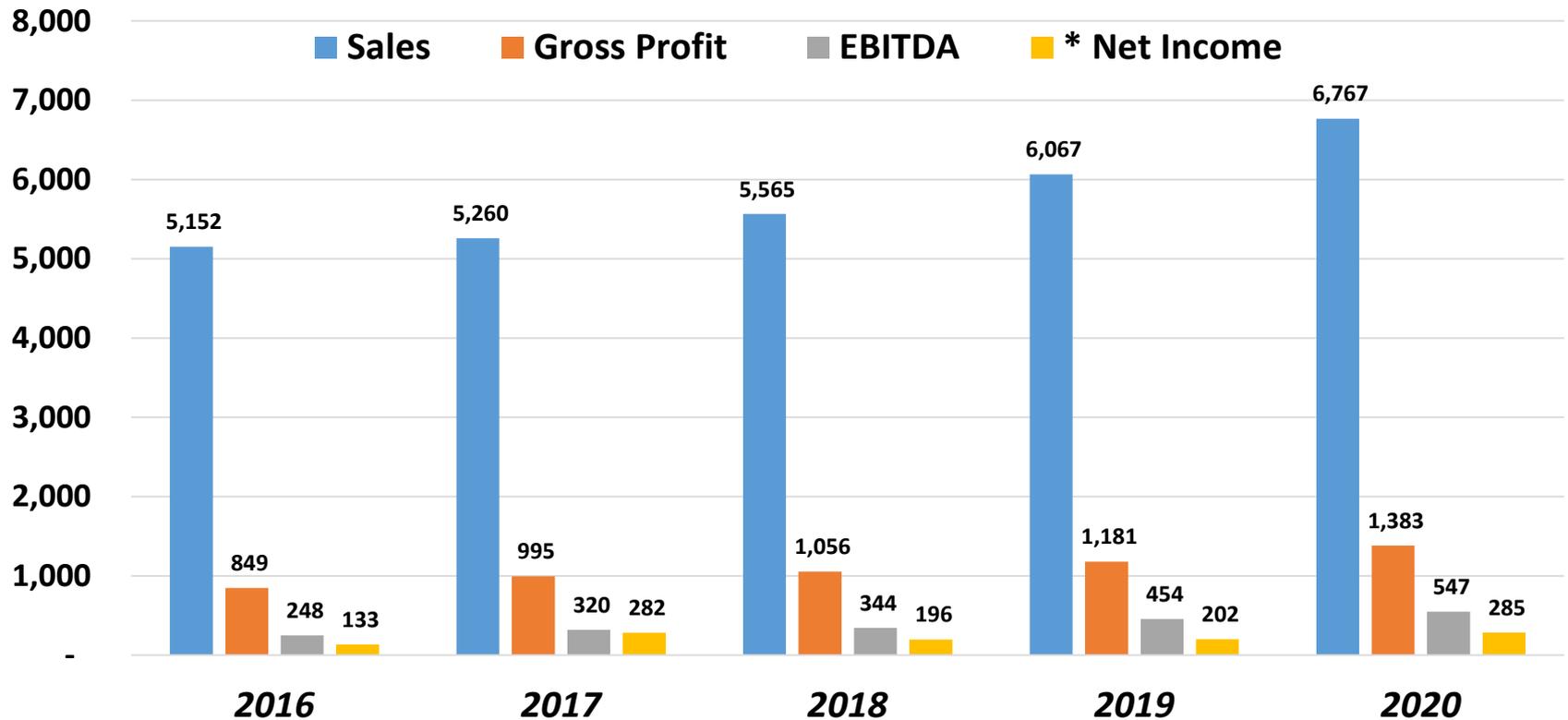
SAR Mn



* Normalized EBITDA & net income

Consolidation Financial Highlights – past 5 years (YoY)

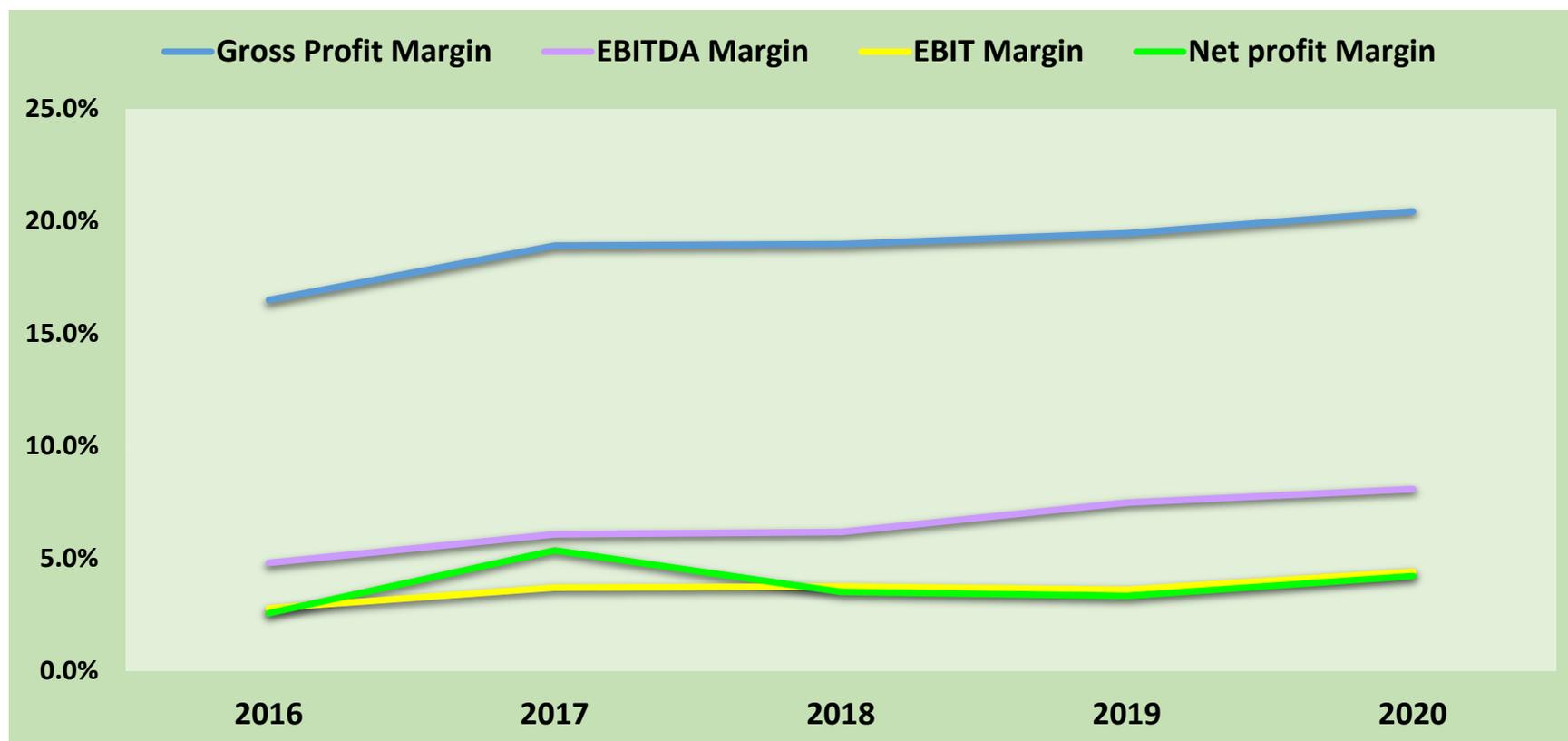
SAR Mn



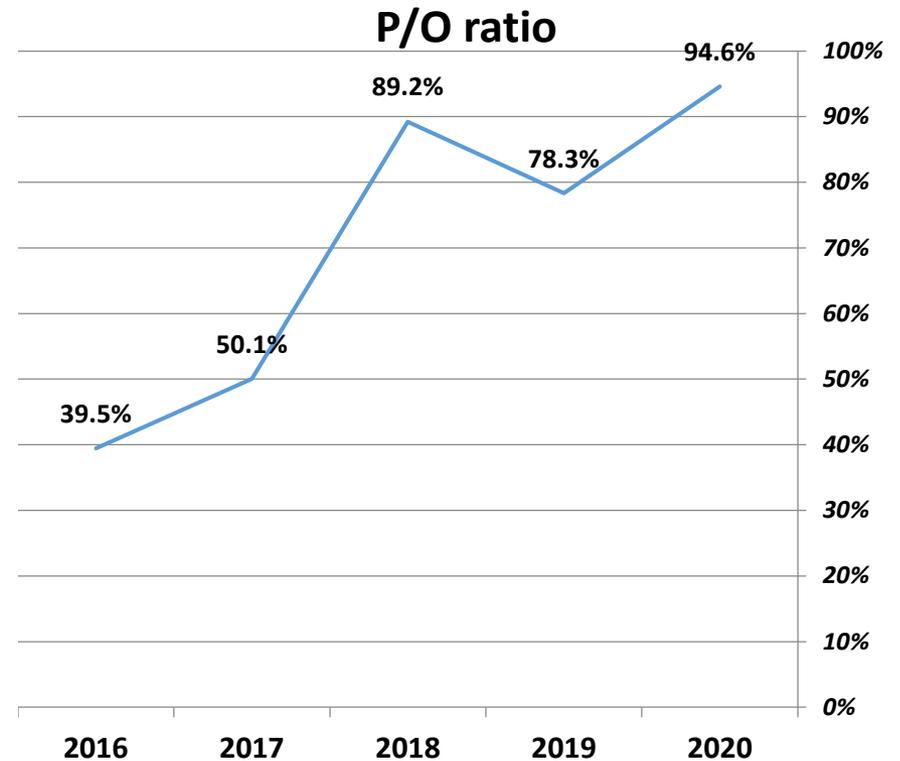
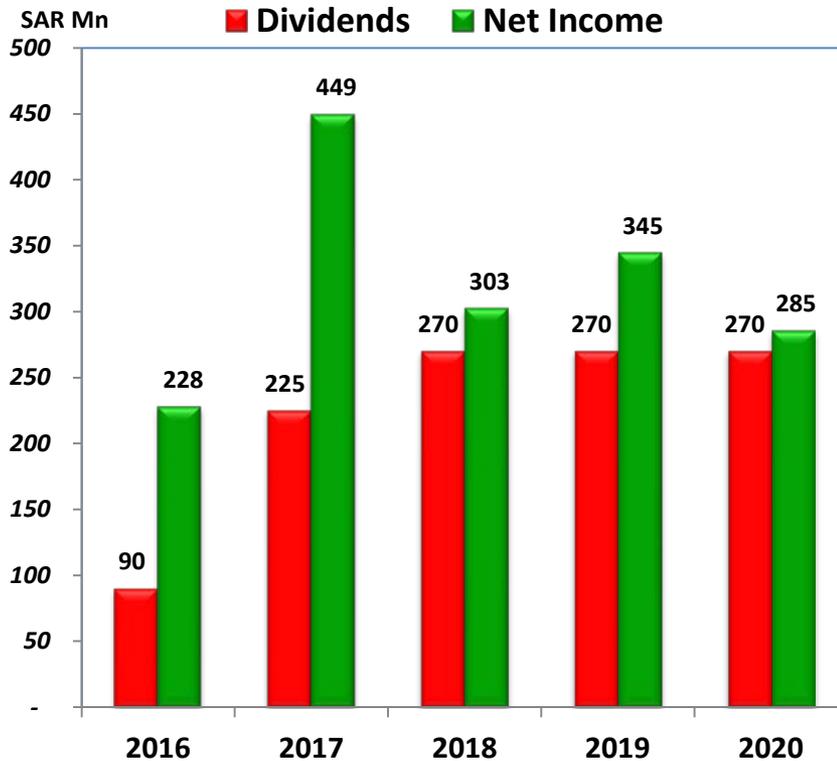
* Normalized EBITDA & net income

Trends in Margins

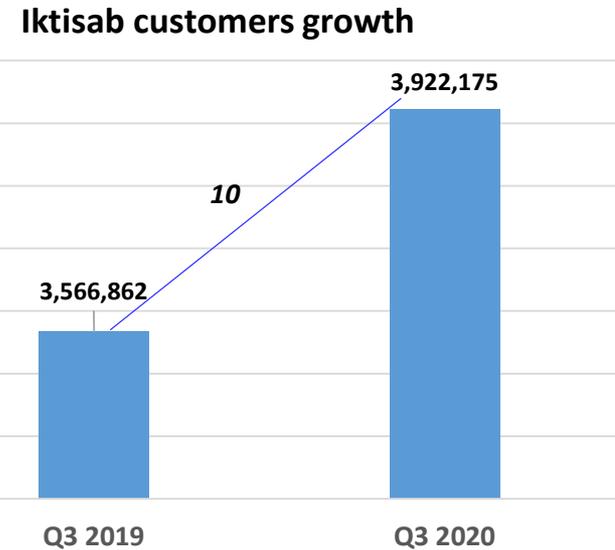
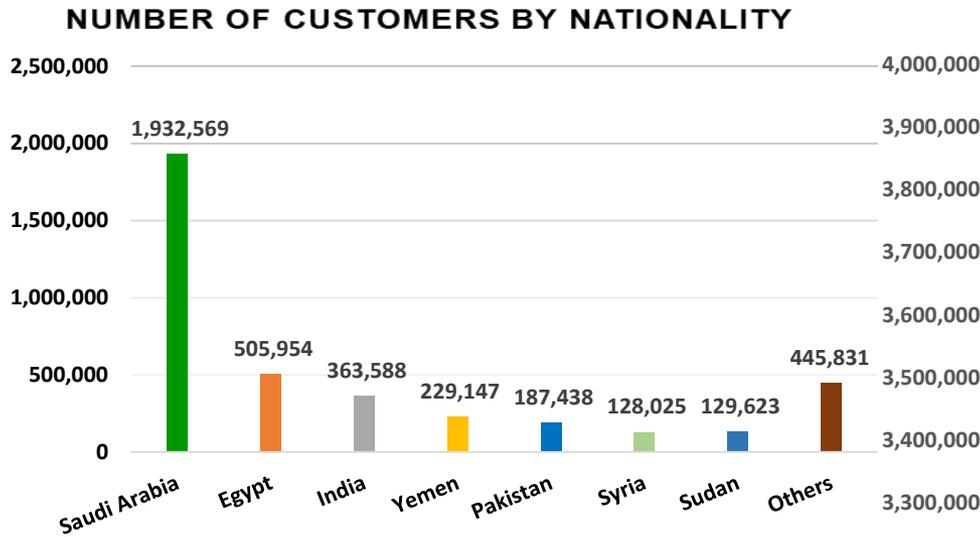
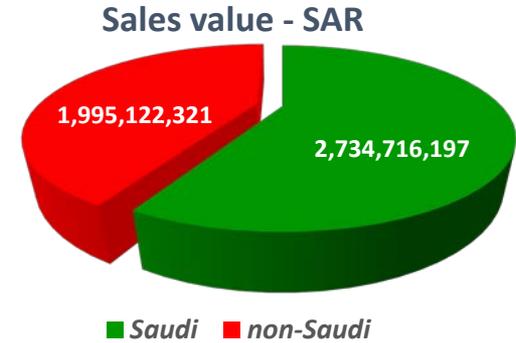
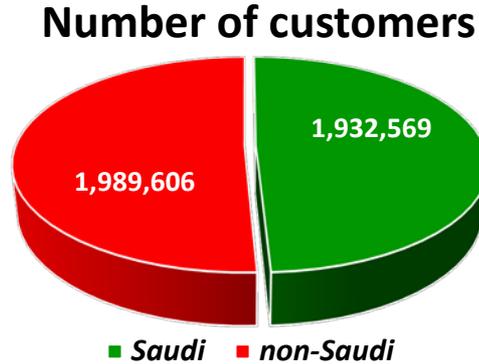
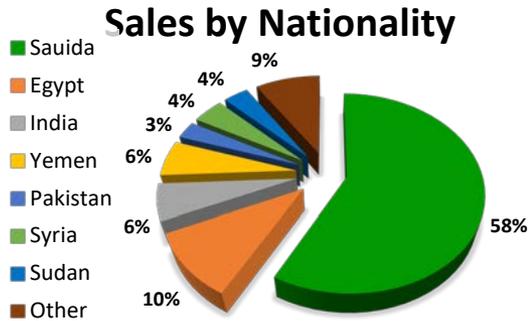
Margins	2016	2017	2018	2019	2020
Gross Profit Margin	16.49%	18.91%	18.98%	19.46%	20.44%
EBITDA Margin	4.81%	6.08%	6.18%	7.48%	8.08%
EBIT Margin	2.78%	3.71%	3.76%	3.62%	4.41%
Net profit Margin	2.57%	5.36%	3.52%	3.34%	4.22%



Dividends Vs. Net Income – 5 years



Loyalty program (IKTISSAB)



Highlights on Othaim Markets KSA Q3/2020



Statics	% YoY	SAR
Sales growth %	11.53%	
LFL sales growth %	4.99%	
No. of IKTISSAB customers growth %	10%	
No. of transaction growth	0.35%	
Basket size growth %	11.12%	
Basket size (SAR)		110.15
Sales / Sqm (SAR)		13,693

Key Financial Indicators Q3/2020



Return on Equity	19.6%
Return on Assets	5.92%
ROCE	10.90%
Fixed Assets Turnover	4.74X
Debt : Equity	2.5 : 1.0
Assets Growth	3.5%
Shareholders Equity Growth	(8.1%)
EPS (SAR)	3.17