

BinDawood Holding Reports Q4 and FY 2023 Financial Results

- Record-breaking year with SAR 5.6 billion of revenue achieved in 2023, marking a 14.4% increase year-on-year
- Company's profits soared to SAR 275.1 million in 2023, surging by an impressive 120.6% year-on-year

Jeddah, Saudi Arabia; 27 March 2024 – BinDawood Holding Co. (Tadawul: 4161 and the “Company”), one of the leading grocery retail operators of hypermarkets and supermarkets in the Kingdom of Saudi Arabia (‘KSA’), today reported its Q4 and FY 2023 financial results.

Financial Highlights (SAR Million)

	FY 2023	FY 2022	% Up / (Down)
Revenue	5,602.9	4,897.0	14.4%
Gross Profit	1,809.8	1,437.1	25.9%
Net Profit	275.1	124.7	120.6%
Net Profit*	275.1	67.5	307.6%

	Q4 2023	Q4 2022	% Up / (Down)	Q3 2023	% Up / (Down)
Revenue	1,451.4	1,318.3	10.1%	1,358.8	6.8%
Gross Profit	520.3	368.1	41.3%	420.9	23.6%
Net Profit	123.0	64.9	89.4%	34.0	261.8%

(*) Net Profit excluding non-recurring rent relief of SAR Nil million in 12M 2023 and SAR 57.2 million in 12M 2022

Comments from Ahmad AR. BinDawood, CEO of BinDawood Holding:

"We recorded the highest-ever sales and achieved double-digit revenue growth while maintaining our earnings guidance, driven by our agile business model. A number of prudent measures taken in 2022 have borne fruit in 2023, resulting in a healthy turnaround in our revenue and profitability, underscoring the inherent resilience of the business. Both our brands performed strongly and contributed significantly to our overall success.

One of our key accomplishments has been the implementation of data-driven decisions by “mining” the information and insights gained from our very successful loyalty programme comprising of more than 4.7 million customers. This has revolutionized the way customers engage with both of our brands, allowing us to connect with our customers on a deeper level and to anticipate their needs more effectively. We

continue to focus on providing a unique shopping experience across both the Danube and BinDawood brands, through expansion of stores, introduction of new formats and the strengthening of the online platform.

We are consistently monitoring and analyzing data to implement cost rationalization measures, which involve resizing and relocating stores based on strategic and technical analysis of customer foot traffic. These actions allow us to enhance operational efficiencies through improved store layouts and product displays.

Furthermore, the introduction of our Express format has been met with great enthusiasm from our customers, offering them greater convenience and flexibility in their shopping experience. Our strategic investments through Future Retail for Information Technology (“FTR”), our technology focused investment subsidiary, in dark stores and social media influencer partnerships have added value to our core business. These initiatives reflect our commitment to staying at the forefront of industry trends and embracing new growth opportunities.

We are working on making our stores smarter and our online shopping faster and better. Our target is to widen our online presence by adding more dark stores, while at the same time, reducing the delivery time in the Express delivery format.

Looking Ahead, our focus remains on expanding our presence in major cities such as Riyadh, Jeddah, Makkah, Madina, and Taif. We are dedicated to delivering a premium shopping experience that reflects the latest trends in consumer preferences. 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 look forward to forging ahead on our path of progress and to drive sustainable profitability.

FINANCIALS: FY 2023

Revenue for the full year 2023 was SAR 5,602.9 million, compared to SAR 4,897.0 million in 2022, showing a 14.4% year-on-year growth, driven by impressive performances from both BinDawood and Danube stores. This was achieved through enhancing the premium quality of our products and using the knowledge gained from our customer loyalty programme to undertake strategic marketing campaigns and to update our product offerings to cater to emerging trends and demands.

Our ability to connect better with our customers is borne out by a significant improvement in store footfall and a 15% surge in transaction volumes.

Both brands recorded impressive growth in revenues, showing the highest ever sales during any year. BinDawood stores witnessed aggregate sales of SAR 1,739.8 million in FY 2023, reflecting an increase of 13.2% over the corresponding period in 2022. Revenue from Danube stores came in at SAR 3,540.3 million in FY 2023, compared to SAR 3,243.7 million in FY 2022. A contributory factor to the increase in revenue was the impact of FTR subsidiaries acquired in July 2022.

Gross profit for the full year of 2023 was SAR 1,809.8 million versus SAR 1,437.1 million in 2022. The Company posted a higher gross profit margin of 32.3% in 2023 compared with 29.3% in 2022. Elevated customer engagement, enhanced product mix, strategic supplier negotiations, relentless attention to managing costs and a rigorous focus on quality output, all led to this impressive increase in gross margin. Furthermore, our investments in supply chain processes and inventory management automation resulted in decreased shrinkage and improved efficiency.

Operating expenses (“Opex”) for the full year 2023 stood at SAR 1,464.3 million, compared to SAR 1,294.7 million in 2022. As a percentage of revenue, Opex reduced to 26.1% in 2023 from 26.4% in 2022 despite:

- Opex incurred to enhance our dark store mechanism.
- The full period impact of Opex incurred by the two subsidiaries of FTR acquired in July 2022.
- A charge of SAR 13.6 million from the amortization of intangible assets arising from those acquisitions. No amortization cost was recorded in 2022, as the purchase price allocation was conducted in 2023.
- The incremental operating cost of new stores opened in 2023 and full period impact of stores opened in 2022.
- An exceptional cost incurred for Merger & Acquisition related consultancy services.

Net Profit stood at SAR 275.1 million in FY 2023, compared to SAR 124.7 million in FY 2022, reflecting an increase in Net Profit Margin to 4.9% in 2023 as compared with 2.5% in 2022. This increase in Net Profit Margin is largely attributable to the cumulative impact of an increase in revenue and gross margin and is without the impact of any rent relief, which amounted to SAR 57.2 million in 2022.

BinDawood Holding’s financial position continues to be strong with no bank debt. As of December 31st, 2023, the Company had Cash and Cash Equivalents of SAR 532.4 million, including term deposits, reflecting higher profitability and efficient working capital management with Net Working Capital at the 2023 year-end reflecting 16 days sales as compared with 29 days sales at the end of 2022.

Financials: Q4 2023

In the fourth quarter of 2023, reported revenue reached SAR 1,451.4 million, marking a notable 10.1% increase from SAR 1,318.3 million in the corresponding quarter of the previous year. The increase in revenue is attributed to enhanced customer experience and enriched product offerings made possible through data-driven decisions from the loyalty programme. Footfall at stores improved visibly, as demonstrated by a 7.4% increase in the number of transactions in Q4 2023.

Gross Profit in Q4 2023 amounted to SAR 520.3 million, representing 35.8% of sales, a substantial increase from SAR 368.1 million (27.9% of sales) in Q4 2022 and SAR 420.9 million (31.0% of sales) in Q3 2023. This significant improvement in Gross Margin is credited to the realization of higher rebates through achievement of revenue targets, improvements in product mix and the alleviation of inflationary pressures.

Operating expenses in Q4 2023 stood at SAR 390.9 million, up from SAR 330.1 million in Q4 2022. The ratio of operating expenses to revenue was 26.9% in Q4 2023, up from 25.0% in Q4 2022. The rise in expenses was fuelled by costs associated with new store openings in Q4 2023, the full-period impact of stores opened in 2022, and the amortization of intangible assets of the FTR subsidiaries, as opposed to no amortization in Q4 2022.

Net profit soared to SAR 123.0 million, compared to SAR 64.9 million in the corresponding quarter of the previous financial year. This remarkable turnaround was the cumulative result of increased sales and improved gross margin and is without the impact of any rent relief, which amounted to SAR 40.1 million in 2022.

About BinDawood Holding Co :

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, 25 are Supermarkets and 7 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 and Danube, and also has a strong online presence with 19 dark stores and 15 in-store online operations.

In 2022, the Company made two major acquisitions:

1. Ykone S.A.S ('Ykone'), an international influencer marketing agency with a proprietary technology offering, focused on retail, travel, beauty, fashion and luxury brands, with a 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 E-Commerce channels.

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