

BinDawood Holding H1 2024 Results

- Net profit for the first half of 2024 reached SAR 135.6 million, marking a 14.9% increase compared to the same period last year.
- Gross margin for the first half of 2024 stood at 32.2%, aligning with management's guidance.
- Acquisition of Jumairah Trading Co (JTC), funded entirely through internal resources, will enable the Company to expand its customer base and allow JTC to benefit from operational cost synergies.

Jeddah, Saudi Arabia; 11th August 2024 – BinDawood Holding Co. (Tadawul: 4161 and the “Company” or “BDH”), one of Saudi Arabia's premier retail conglomerates, which includes a distribution business supporting its supply chain, integrates information technology solutions into its core operations and strategically acquires companies to enhance its market position, has announced its financial results for the first half of 2024.

Financial Highlights (SAR Million)

	H1 2024	H1 2023	% Up / (Down)	H2 2023
Revenue	2,890.8	2,792.8	3.5%	2,810.1
Gross Profit	931.5	868.7	7.2%	941.1
Operating Profit	185.1	165.9	11.5%	188.4
Net Profit	135.6	118.0	14.9%	157.1

	Q2 2024	Q2 2023	% Up / (Down)	Q1 2024
Revenue	1,417.8	1,411.6	0.4%	1,472.9
Gross Profit	480.4	452.0	6.3%	451.0
Operating Profit	101.7	89.7	13.4%	83.4
Net Profit	75.0	65.8	14.0%	60.5

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

“The first half of 2024 outperformed the corresponding period of last year, both in terms of revenue and profitability. We were able to increase revenue by 3.5% and at the same time increase the gross margin from 31.1% in H1 2023 to an impressive 32.2% in H1 24. This success, in a highly competitive market, is largely attributed to our enhanced adaptability to meet customer needs and preferences effectively, reflecting our data-driven decision-making, innovative pricing strategies, superior product mix and a concerted effort to improve the shopping experience at the Company’s stores. This market driven approach has been backed by increased efficiency and sharp focus on supply chain management.”

The loyalty program at BDH is a key component of our strategy, with membership surpassing 5.2 million customers in Q2 2024 and forming a substantial portion of our retail sales, a market-leading metric. We are exploring fintech solutions to enrich our services, increase convenience, and deepen customer engagement. An example of this is our collaboration with Tamara, which allows us to offer customers installment payment options, accessible both in-store and online.

In addition, the acquisition of JTC is expected to positively impact our financials and benefit shareholders. It enables BDH to have greater control over its supply chain management, capture the margin that was being earned at the distribution level, offer a diverse product range to its loyalty customers and improve profitability of the acquired company through cost synergies.

International Applications Company (IACo) saw significant revenue growth in H1 2024, reflecting growth in e-commerce and digital services. Ykone's performance in the first half has also been strong driven by a very significant growth in its Middle East business which has more than offset the slow down in Europe. Recently, we have opened five new stores in Jeddah and Medina under the Danube and BinDawood banners. Looking forward, we are set to unveil four more stores in 2024, reinforcing our commitment to expanding our presence and serving more customers".

Financials: H1 2024

Revenue increased by 3.5% year-on-year to SAR 2,890.8 million in H1 2024, up from SAR 2,792.8 million in H1 2023. This growth is attributed to the continuing success of our loyalty programme, the emphasis on data-driven decisions, better product mix and enhancements to the shopping experience.

BinDawood stores reported sales of SAR 934.1 million in H1 2024, compared to SAR 912.1 million in H1 2023, marking an increase of 2.4%. This growth is linked to the performance of our Makkah and Madinah stores which benefited from an increase in religious tourism.

Danube stores achieved sales of SAR 1,819.3 million in H1 2024, up from SAR 1,743.6 million in H1 2023, reflecting an increase of 4.3% despite a reduction in sales to corporate customers. This trend vindicates our conscious attempts to improve customer engagement through a variety of means including innovative pricing strategies driven through effective use of data derived from our market-leading customer loyalty programme.

The revenue of Future Tech Retail ("FTR") through its subsidiaries registered a 0.2% growth in revenue, from SAR 137.0 million in H1 2023 to SAR 137.4 million in H1 2024.

Gross profit for the first half of 2024 reached SAR 931.5 million, or 32.2% of sales, compared to SAR 868.7 million, representing 31.1% of sales, in the same period of 2023. This performance underscores our commitment to maintaining margins as previously guided, influenced by product mix and enhanced visibility on supplier support.

Operating expenses reached SAR 751.0 million in H1 2024, compared to SAR 706.4 million in H1 2023. The ratio of operating expenses to sales increased marginally to 26.0% in H1 2024 from 25.3% in H1 2023. The marginal rise in operating expenses as a percentage of sales arises from increased investment in human capital, the inauguration of two new Danube stores and one BinDawood express store, and the cumulative impact of stores launched last year.

The Company's net profit surged by 14.9% to SAR 135.6 million in H1 2024, compared to SAR 118.0 million in H1 2023, representing a net profit margin of 4.7% as compared to 4.2% in the corresponding period of 2023. This the cumulative impact of increase in sales and gross margin, the positive impact of which was partially offset by operating expenses.

Cash generated from operations in H1 2024 was SAR 653.8 million, compared to SAR 604.5 million in H1 2023. Net Working Capital amounted to SAR 198 million as of June 30, 2024, compared with SAR 269 million as of June 30, 2023. The Company's financial position remains strong, with no bank debt.

Financials: Q2 2024

Second quarter revenue reached SAR 1,417.8 million, marking a 0.4% increase compared to SAR 1,411.6 million in Q2 2023. Despite the shifting of the Ramadan Season to Q1 in 2024 as compared to Q2 in 2023 and a decline in sales to corporate customers, the revenue in Q2 2024 showed a marginal increase, supported by improved product mix, increased engagement with customers, competitive offerings that prioritize a premium experience and enhanced performance by FTR's subsidiaries.

Sales of BinDawood stores declined marginally from SAR 465.8 million in Q2 2023 to SAR 450.1 million in Q2 2024, primarily due to the shift in the Ramadan season to Q1 2024, whereas it had fallen in Q2 the previous year. Danube's sales rose to SAR 884.4 million in Q2 2024 from SAR 870.5 million in Q2 2023, despite a reduction in corporate sales. This impressive performance was driven by new store openings, enhanced customer engagement, supported by AI-driven data decisions, premium offerings, and improved shopping experiences. The combined revenue of Ykone and IACo rose to SAR 83.3 million in Q2 2024, from SAR 75.2 million in Q2 2023, reflecting an impressive sales growth of 10.7% on a year on year basis.

Gross profit increased to SAR 480.4 million in Q2 2024, representing 33.9% of sales, up from SAR 452.0 million, or 32.0% of sales, in Q2 2023. The improvement in gross margin was due to a better mix of products and enhanced support from suppliers, and favorable rebates as compared to Q2 2023.

Operating expenses rose to SAR 381.5 million in Q2 2024, compared to SAR 364.3 million in Q2 2023. The ratio of operating expenses to revenue increased from 25.8% in Q2 2023 to 26.9% in Q2 2024. This rise is attributed to increased investment in human capital and the expenses relating to new store launches.

In Q2 2024, the Company's net profit rose by 14.0% to SAR 75.0 million, compared to SAR 65.8 million in Q2 2023, reflecting the cumulative impact of an increase in sales and gross margin which was partly offset by the increase in operating expenses.

Note:

BDH has repurchased 2,000,000 ordinary shares which represent 0.175% of the Company's ordinary shares, designating them as treasury stocks and allocating them for the employees' stock long-term incentive program.

About BinDawood Holding Co:

BinDawood Holding (Tadawul: 4161 and the Company), a retail conglomerate, which includes a distribution business supporting its supply chain, integrates information technology solutions into its core operations and strategically acquires companies to enhance its market position, leveraging these investments to fuel sustained long-term growth. Driven by a vision for sustained growth, BDH continues to solidify its position as a frontrunner in the retail industry, poised to capitalize on emerging opportunities and deliver exceptional value to stakeholders. BDH continues to shape the retail landscape through constant innovation and a steadfast commitment to excellence by operating its business under the following brands:

BinDawood superstores: Renowned as one of Saudi Arabia's premier grocery superstore retail brands with 24 locations across various cities of KSA. It prioritizes exceptional value for money and superior customer service, making it an iconic choice for shoppers.

Danube: Positioned as a high-end grocery retail brand with a total of 57 stores in KSA and Bahrain, Danube is synonymous with quality and freshness. Offering a wide array of organic and specialty products, it caters to discerning customers seeking premium offers.

BinDawood Dash and Danube Dash: Under its purview, BinDawood and Danube pioneered the express store concept, which currently includes 9 locations, featuring exclusive outlets at the Haramain High-Speed Railway Stations. These outlets showcase premium quality and carefully curated imported goods, offering added convenience for busy shoppers and passengers.

Ykone: Headquartered in Paris, Ykone is a global leader in influencer marketing services with a presence in 12 countries and 16 cities. Offering comprehensive solutions in strategy, talent management, content production, and monitoring, it serves leading brands worldwide, including those in Europe, Asia, the US and MENA region.

International Applications Company (IACo): The developer and operator of BDH's Danube and BinDawood e-commerce channels. Furthermore, it is expanding its network of dark stores throughout the Kingdom, aiming not only to ensure prompt delivery and an unwavering 100% fulfillment rate but also to elevate customer satisfaction. In addition, it provides digital support services and implements a loyalty program, equipping BinDawood and Danube with the tools necessary for data-driven decision-making and customer engagement. At present, IACo operates 15 in-store applications and 21 dark stores.

Jumairah Trading Company (JTC): Jumairah operates as a limited liability company engaged in wholesale, retail and distribution business. Jumairah conducts its business through four divisions, include luggage, food, toys and households.

INVESTOR ENQUIRIES:

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