

BinDawood Holding 9M 2024 Results

Key Highlights

- 9M 2024 reported revenue of **SAR 4,252.1 million**, reflecting a **2.4% growth**, with an improved gross margin of **32.5%**.
- Q3 2024 reported revenue of **SAR 1,361.3 million** with a gross margin of **33.0%**.
- Signed an agreement to acquire 100% of the shares of Zahrat Al Rawdah Pharmacies ("Zahrat"), enabling BDH to enter health and wellness, create synergies, and become the first KSA retailer to offer in-store pharmacy services.
- Entered into franchise agreement with a well-known brand in Qatar to open BinDawood stores in Qatar.
- Completed the acquisition of Jumairah Trading Company (JTC also referred to as "Distribution Business").
- Launched the first-ever Danube flagship hypermarket in Madinah.
- Board of Directors approved H1 2024 cash dividends distribution of SAR 0.1 per share, totaling SAR 114.1 million

Jeddah, Saudi Arabia; 7th November 2024 – BinDawood Holding Co. (Tadawul: 4161 and the "Company" or "BDH"), one of Saudi Arabia's leading retail conglomerates, which operates prominent grocery stores under Danube and BinDawood brands, along with a Distribution Business supporting its supply chain, continues to enhance its market position by integrating advanced information technology solutions into its core operations and pursuing strategic acquisitions, as it announces its financial results for Q3 and 9M 2024.

Financial Highlights (SAR Million)

	Q3 2024	Q3 2023	% Up / (Down)	Q2 2024
Revenue	1,361.3	1,358.8	0.2%	1,417.8
Gross Profit	449.5	420.9	6.8%	480.4
Operating Profit	56.6	56.1	1.1%	101.7
Net Profit	35.0	34.0	2.8%	75.0

	9M 2024	9M 2023	% Up / (Down)
Revenue	4,252.1	4,151.5	2.4%
Gross Profit	1,381.0	1,289.5	7.1%
Operating Profit	241.7	222.0	8.9%
Net Profit	170.6	152.1	12.2%

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

"The performance for 9M 2024 has set us on a trajectory of stable growth, underscoring our unwavering focus on efficiency. As of 9M 2024, we achieved revenue growth of 2.4%, whilst improving gross margin to 32.5% from 31.1% in the corresponding period of 2023. Despite the competitive market, we have maintained our Q3 2024 performance, with revenue reported at SAR 1,361.3 million compared to SAR 1,358.8 million in Q3 2023. However, we have improved our gross profit margin from 31.0% to 33.0%.

Our commitment to growth and customer-centric strategies has propelled sales increases and expanded our market share, backed by a loyal customer base of over 5.5 million. To further enhance convenience and optimize e-commerce fulfilment, we are set to launch a new mega dark store in Q4 2024, alongside ongoing improvements to our express store format to align even more closely with customer needs.

Recent unveiling of our flagship store in Madinah and the acquisition of JTC have broadened our distribution network and market reach, paving the way for further growth opportunities and positioning us for sustained expansion. FTR & Distribution Business delivered impressive revenue growth in Q3 2024, driven by the growth in e-commerce, rising demand for digital services, and the strength of our Distribution Business.

I am excited to share that BDH has signed an agreement for the acquisition of 100% of the shares of Zahrat. This acquisition is in perfect alignment with our strategic vision and bolsters Saudi Arabia's Vision 2030 by venturing further into the health and wellness sector and enriching our store network. By incorporating Zahrat's 173 pharmacies into our retail landscape, we are set to establish a comprehensive destination for our clients, offering an extensive array of medical, wellness, and personal care products. This move positions BinDawood Holding as the pioneering retailer in the Kingdom of Saudi Arabia to integrate pharmacy services within its stores, facilitating smooth access to healthcare products alongside everyday essentials. This reflects our dedication to enhancing customer engagement and fostering sustainable growth in the long term.

To conclude, I am thrilled to announce our exciting new franchise agreement with The Regional Group Company, which will see the development of our cherished BinDawood brand in Qatar, by opening of new branches."

Financials: 9M 2024

Revenue for the first 9 months of 2024 increased by 2.4% to SAR 4,252.1 million, compared to SAR 4,151.5 million for the first 9 months of 2023. The Company improved its revenue and increased its market share among point-of-sales customers. This can be attributed to the continued success of our loyalty program, an emphasis on data-driven decisions, and a better product mix.

BinDawood stores reported sales of SAR 1,285.9 million in 9M 2024, a decrease from SAR 1,322.1 million in 9M 2023. This minor decline was due to the closures of two stores during Q4 2023 and Q1 2024. However, we recorded a 3.5% growth after excluding the impact of the two closed stores.

In 9M 2024, Danube stores reported sales of SAR 2,630.9 million, up from SAR 2,584.7 million in the same period of 2023, reflecting 1.8% growth on an overall basis, and 9.1% growth from point-of-sales customers. This growth was driven by the strong performance of like-for-like stores, new store openings and strong customer loyalty.

Our recent acquisition of JTC boosted overall revenue, along with Future Tech Retail (FTR) witnessing a 37% growth, increasing from SAR 244.8 million in 9M 2023 to SAR 335.3 million in 9M 2024. This growth was driven by the improved performance of International Applications Company and a revenue surge for Ykone in the Middle East.

Gross profit for 9M 2024 reached SAR 1,381.0 million, or 32.5% of sales, compared to SAR 1,289.5 million, or 31.1% of sales in 9M 2023. This performance underscores our commitment to maintaining margins as previously guided, supported by enhanced visibility on supplier support.

Operating expenses were SAR 1,146.9 million in 9M 2024, up from SAR 1,073.4 million in 9M 2023. The operating expense-to-sales ratio increased slightly to 27.0%, compared to 25.9% in the prior year. This rise was driven by investments in human capital, recent store openings, and the full-period impact of stores opened in 2023.

The Company's net profit surged by 12.2% to SAR 170.6 million in 9M 2024, compared to SAR 152.1 million in 9M 2023, representing a net profit margin of 4.0% compared to 3.7% in the corresponding period of 2023. This is the cumulative impact of increased sales and gross margin, offset by increased operational expenditure.

Financials: Q3 2024

In Q3 2024, revenue remained steady at SAR 1,361.3 million, compared to SAR 1,358.8 million in Q3 2023. Despite a competitive market, the Company maintained sales and improved market share among point-of-sales customers. The strong performance of FTR and its subsidiaries, along with contributions from the recently acquired Distribution Business, were key factors in this growth.

Sales at BinDawood stores declined slightly to SAR 361.9 million in Q3 2024, compared to SAR 414.6 million in Q3 2023. This decrease is due to the absence of the seasonal shift that contributed to the influx of pilgrims last year. Danube store sales decreased from SAR 867.2 million in Q3 2023 to SAR 844.4 million in Q3 2024, reflecting a 2.7% decline, but a 7.0% growth from point-of-sales customers. The combined revenue of FTR and the Distribution Business rose, reflecting impressive year-on-year growth.

Gross profit increased to SAR 449.5 million in Q3 2024, representing 33.0% of sales, up from SAR 420.9 million, or 31.0% of sales, in Q3 2023. This significant improvement in gross profit margin underscores the Company's success in optimizing its product mix and enhancing supplier support through improved visibility on contracts compared to the previous year.

Operating expenses increased to SAR 395.9 million in Q3 2024, up from SAR 367.0 million in Q3 2023. The ratio of operating expenses to revenue rose from 27.0% in Q3 2023 to 29.1% in Q3 2024. This rise was driven by investments in human capital, new store openings, and the acquisition of JTC.

In Q3 2024, the Company recorded a 2.8% increase in net profit, reaching SAR 35.0 million, up from SAR 34.0 million in Q3 2023. This growth was driven by an improvement in gross margin, partially offset by higher operating expenses, as previously disclosed.

About BinDawood Holding Co:

BinDawood Holding (Tadawul: 4161 and the Company), a retail conglomerate, which 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. 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: Recognized as one of Saudi Arabia's oldest grocery superstore retail brands. It prioritizes exceptional value for money and superior customer service, making it a preferred choice for shoppers.

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

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

Ykone: Headquartered in Paris, Ykone is a global leader in influencer marketing services. Offering comprehensive solutions in strategy, talent management and content production, it serves leading brands 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. Further, it is expanding its network of dark stores across the Kingdom, aiming to ensure prompt delivery and a near-complete fulfillment rate while also enhancing 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.

Jumairah Trading Company: JTC is engaged in wholesale, retail and distribution business. It conducts its business through four divisions - luggage, food, toys and households- in each of which it holds internationally acclaimed brands.

INVESTOR ENQUIRIES:

Hassan Javaid, Finance Director & Head of Investor Relations | hassan.javaid@danube.com