



# **Abdullah Al-Othaim Markets Company (OMC)**

**Investors' Presentation December 2019**

# Company Information

# Abdullah Al-Othaim Markets Company (OMC)



## Profile Summary

Abdullah Al-Othaim Markets Company is a Saudi Arabia - based joint stock company.

Currently 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.

Abdul Aziz Abdullah Al-Othaim, CEO of Abdullah Al-Othaim Markets Co., won at the recent Top CEO Awards 2018.

Its main activities 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.

# MISSION & Objective

- **To be the Best in Fulfilling Consumer Needs.**
- **To provide products of superior quality at the best prices to our customers.**
- **To be the Most Wide Spread Retail Network in the Middle East.**
- **To maintain leadership in quality of services to our customers.**
- **To Meet all the Society Segments Needs from Foodstuffs and Consumables at Best Prices and High Quality Standards**
- **To Quickly Respond to the Market's Shifts to Meet the Customer Satisfaction.**
- **To Optimize the Latest Technologies in the Business and to Build Capacity on Our Experience and Strategic Alliances like Customers, Vendors, Employees and Investors.**
- **To Guarantee Continuity and Professional Development.**
- **To respect individual initiative and to provide opportunities for personal growth to our employees.**
- **To build a strong management team with effective leadership skills.**
- **To achieve profit and growth to make all values and objectives possible.**
- **To serve the community and we believe it is our social responsibility.**

## Key information

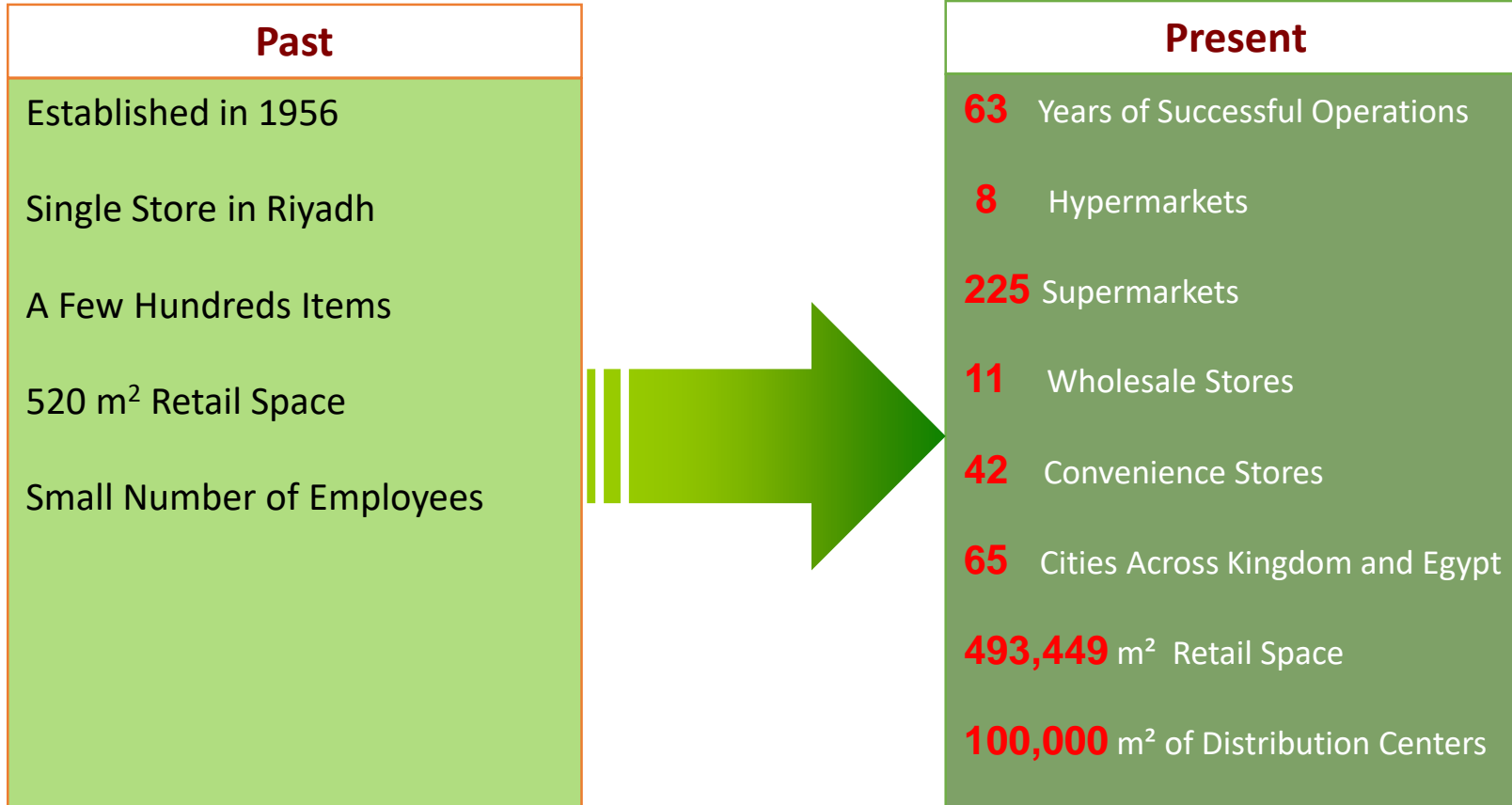
<b>Legal Structure</b>	<b>Saudi Joint Stock Company</b>
<b>Paid up Capital</b>	<b>SAR 900 million</b>
<b>Number of Shares</b>	<b>90 million</b>
<b>Market Capitalization</b>	<b>SAR 7.3 billion - USD 1.9 billion</b>
<b>Board size</b>	<b>8 members</b>
<b>Board Committees</b>	<b>Audit, Compensation and Nominations</b>
<b>Trading on Tadawul</b>	<b>Since 2008</b>
<b>Headquarters</b>	<b>Riyadh City</b>
<b>No. of Employees</b>	<b>15,594</b>

# Board Of Directors



Name	Title	Age	Background Information
<b>Abdullah Saleh Al-Othaim</b>	<b>Chairman (non- executive)</b>	<b>63</b>	<ul style="list-style-type: none"> <li>• Founder &amp; Chairman of OMC</li> <li>• Director of Al-Othaim Holding Co.</li> <li>• Chairman of Abdullah Al Othaim Market Company- Egypt.</li> <li>• Former Chairman of Abdullah Al Othaim Investment Co.</li> <li>• Former Chairman of Al-Qassim Chamber of Commerce and Industry.</li> <li>• Former Board Member of Riyadh Chamber of Commerce and Industry (RCCI).</li> <li>• Former Board Member of Saudi Commission for Industrial and IT Zones.</li> <li>• Founding Member of Board of Director of King Salman Charitable Housing Project.</li> </ul>
<b>Fahad Abdullah Al Othaim</b>	<b>Vice-Chairman (non- executive)</b>	<b>41</b>	<ul style="list-style-type: none"> <li>• BBA in Business Administration (Marketing with honor) from KSU in the Kingdom of Saudi Arabia, 2001.</li> <li>• Deputy chairman of OMC.</li> <li>• Chairman of Abdullah Al Othaim Investment Co.</li> <li>• Several Executive Development Courses/Workshops in United States</li> </ul>
<b>Saleh M. Al-othaim</b>	<b>Board Member (non- executive)</b>	<b>39</b>	<ul style="list-style-type: none"> <li>• Masters in Investment Management from City University, UK (2008)</li> <li>• Bachelor of Science in Business Administration with honor from Northeastern University, USA (2004)</li> </ul>
<b>Abdulsalam Saleh Al-Rajhi</b>	<b>Board Member (independent)</b>	<b>50</b>	<ul style="list-style-type: none"> <li>• M.A. In Executive Business from Faculty of Economic and Administration –KAU in the Kingdom of Saudi Arabia &amp; Bachelor of Business Administration KAU.</li> <li>• Intermediate University Degree in Computer Information System From the Faculty of North Hampton College, Pennsylvania, USA</li> <li>• General Trustee of the Saleh Al Rajhi Business Counsel</li> <li>• Former General Manager/Vice-Chairman of Al Rajhi Travel &amp; Tourism</li> </ul>
<b>Abdulaziz Saleh Al-Rebdi</b>	<b>Board Member (independent)</b>	<b>58</b>	<ul style="list-style-type: none"> <li>• Bachelor of Science in the Industrial Management from king Fahad petroleum and Minerals University, in the Kingdom of Saudi Arabia 1985.</li> <li>• CEO of ASR Consulting ( Authorized by CMA)</li> <li>• Ex-CEO of NADEC / Ex- GM of Lazurde' Group/ Manager Credit – SIDF</li> </ul>
<b>Abdullah Ali Al-Dubaikhy</b>	<b>Board Member (independent)</b>	<b>59</b>	<ul style="list-style-type: none"> <li>• Masters in Business Administration from Oxford University, UK (2010)</li> <li>• BSc in Electrical Engineering Science from king Fahad petroleum and Minerals University, 1986</li> </ul>
<b>Bandar Nasser H. Altamimi</b>	<b>Board Member (non- executive)</b>	<b>39</b>	<ul style="list-style-type: none"> <li>• Master In Human Resource management (HRM), Hawaii Pacific University, USA 2006G</li> <li>• Bachelor of Business Administration, King Saud University, in the Kingdom of Saudi Arabia.</li> </ul>
<b>Abdulaziz Abdullah Al-othaim</b>	<b>Board Member &amp; CEO</b>	<b>31</b>	<ul style="list-style-type: none"> <li>• Bachelor of Business Administration with honor from the University of Suffolk (Massachusetts) USA in 2011G</li> <li>• Board member - AIOthaim Holding Co. (LLC) - KSA.</li> <li>• Board member and CEO - Abdullah AIOthaim Markets Co. - (closed joint stock) - Egypt.</li> <li>• Chairman of the Board - Mueen Human Resources Co. (closed joint stock) - KSA.</li> <li>• Vice Chairman of the Board - Riyadh for Food Industries Co., (closed joint stock) - KSA.</li> <li>• Board member - Alwusta Food Services Co. (AlBaik Restaurants), LLC - KSA.</li> </ul>

# Over 60 Years of Experience & Commitment to Excellence



Over the Last 63 Years OMC has evolved into a top class retailer, competing head on with the best of the world

# Abdullah Al-Othaim Markets Company (OMC) - Snapshot

## Retail Division:

- **275** stores with a total of sales area Sq. m **474.9** thousands, located across **KSA** and **Egypt**.
  - **231** stores with a total of Sq. m **451.1** thousands, located across **KSA**.
  - **44** stores with a total sales area of Sq. m **23.8** thousands, located across **Egypt**.
- Contribution to Total Sales is **87.5%**

## Wholesale Division:

- **11** stores with a total of Sq. m **18.5** thousands, located across **KSA**.
- Contribution to Total Sales is **12.5%**

- Growth in number of stores is **10%**.
- Growth in area of stores is **11.5%**.

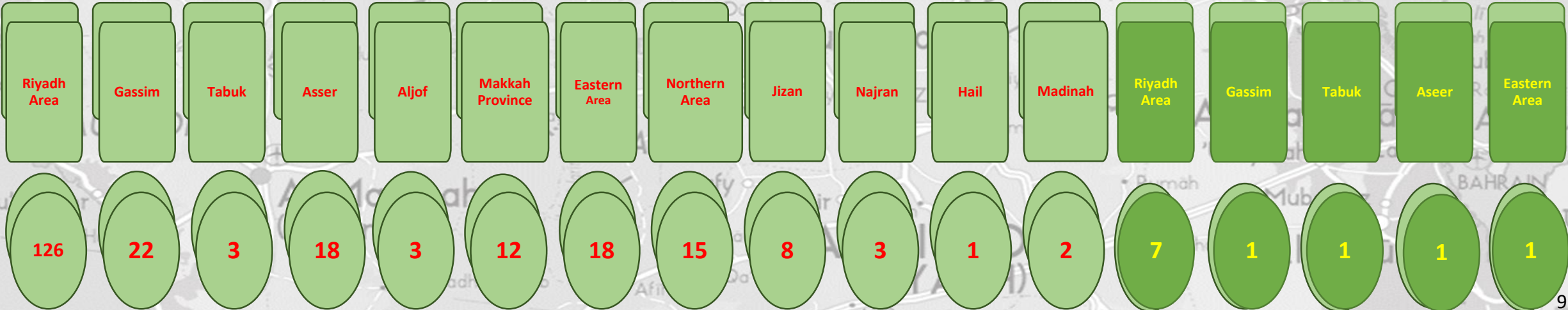


# Number of sales channel- KSA

**OMC stores in KSA**

**Retail**

**Wholesale**



## Quick glance

OMC reported 2019 results with revenues of SAR **8,166** Mn (**8.8%** YoY) , 2019 Net income was SAR **345** Mn (**13.9%** YoY).

The increase in revenues of **8.8%** YoY are due to the addition of stores as well as savings in financial expenses due to early repayment of long-term loans.

**39** new stores were opened in 2018, additionally, management had stated earlier that they had added **28** stores up to 4Q19 across **KSA** and **Egypt**.

## 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	2015	2016	2017	2018	2019
Sales	6,036	7,015	7,231	7,504	8,166
<b>Gross profit</b>	<b>998</b>	<b>1,211</b>	<b>1,440</b>	<b>1,531</b>	<b>1,693</b>
EBIT	245	257	366	361	371
Interest	-9	-15	-14	-5	-5
Zakat	-5	-8	-11	-9	-11
<b>* Net income from continuing operations</b>	<b>229</b>	<b>237</b>	<b>338</b>	<b>340</b>	<b>352</b>

\* Attributable to the company's shareholders

## Balance Sheet Highlights

In SAR Million	2015	2016	2017	2018	2019
Non-current assets	1,893	1,953	2,182	2,332	3,492
Current Assets	1,201	1,398	1,165	1,316	1,274
<b>TOTAL ASSETS</b>	<b>3,094</b>	<b>3,351</b>	<b>3,347</b>	<b>3,648</b>	<b>4,766</b>
Equity	1,173	1,263	1,528	1,699	1,525
Non- current liabilities	469	496	176	121	1,273
Current Liabilities	1,452	1,592	1,643	1,828	1,968
<b>TOTAL LIABILITIES &amp; Equity</b>	<b>3,094</b>	<b>3,351</b>	<b>3,347</b>	<b>3,648</b>	<b>4,766</b>

## Cash Flow Highlights

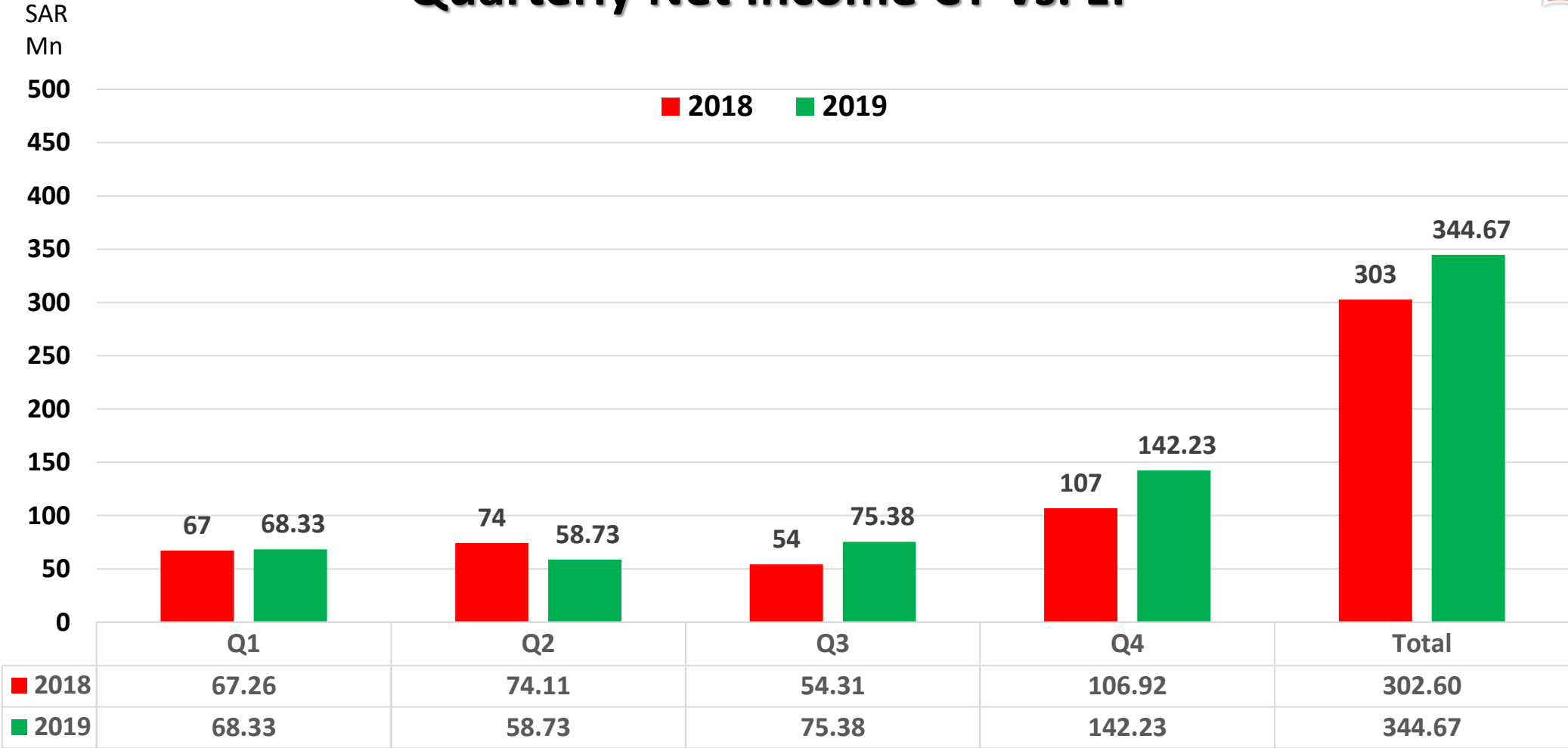
In SAR Million	2015	2016	2017	2018	2019
Cash provided from or (used) in operation activity	216	585	616	596	659
Cash provided from or (used) in investment activities	(397)	(496)	22	(365)	(156)
<b>Free Cash Flow</b>	<b>(181)</b>	<b>89</b>	<b>638</b>	<b>231</b>	<b>503</b>
Cash provided from or (used) in financing activities	327	(125)	(662)	(275)	(460)
<b>Net Change in Cash</b>	<b>146</b>	<b>(36)</b>	<b>(24)</b>	<b>(44)</b>	<b>43</b>

## Consolidation Financial Snapshot

SAR Mn	Revenue	Gross Profit	EBITDA	Net Income from continued operations
<b>2019</b>	<b>8,166</b> +9% Vs. 2018	<b>1,693</b> +11% Vs. 2018	<b>690</b> +26% Vs. 2018	<b>352</b> +4% Vs. 2018

\* Normalized EBITDA & Net income

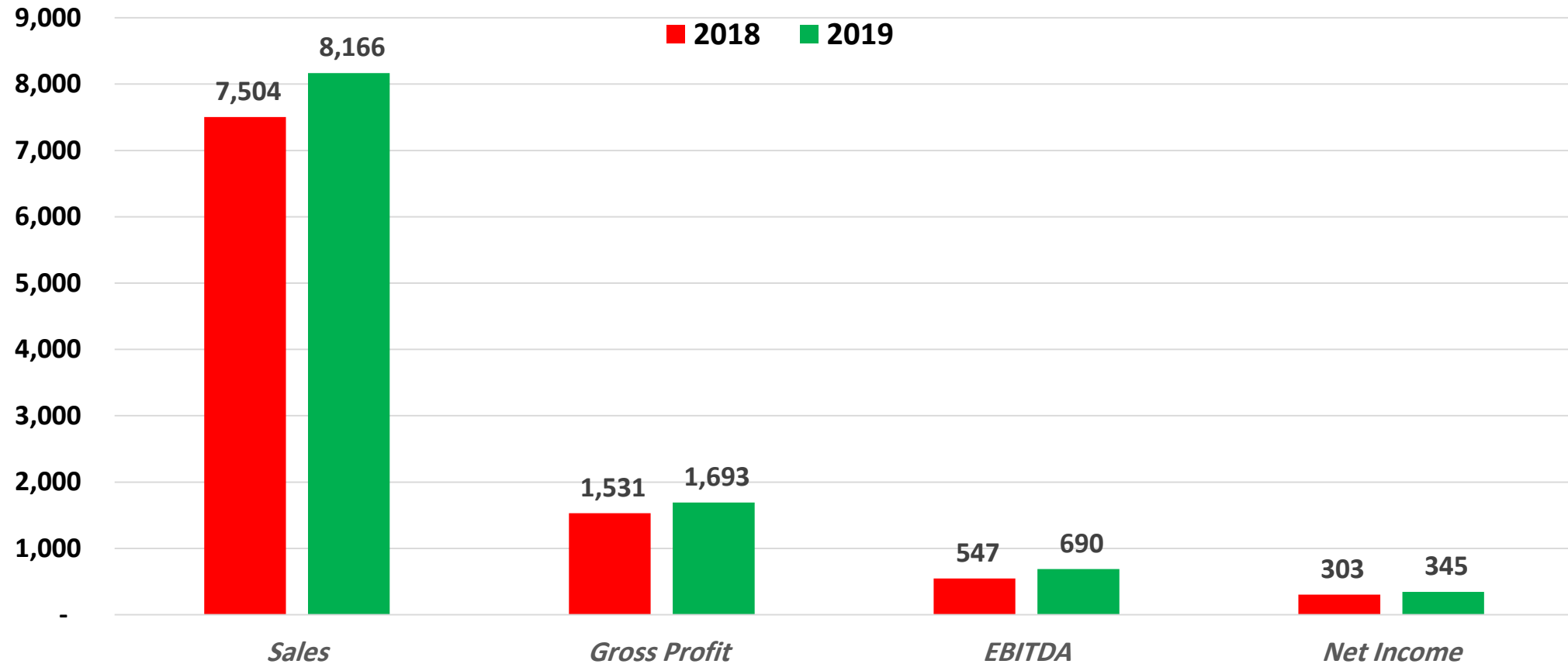
# Quarterly Net Income CY Vs. LY



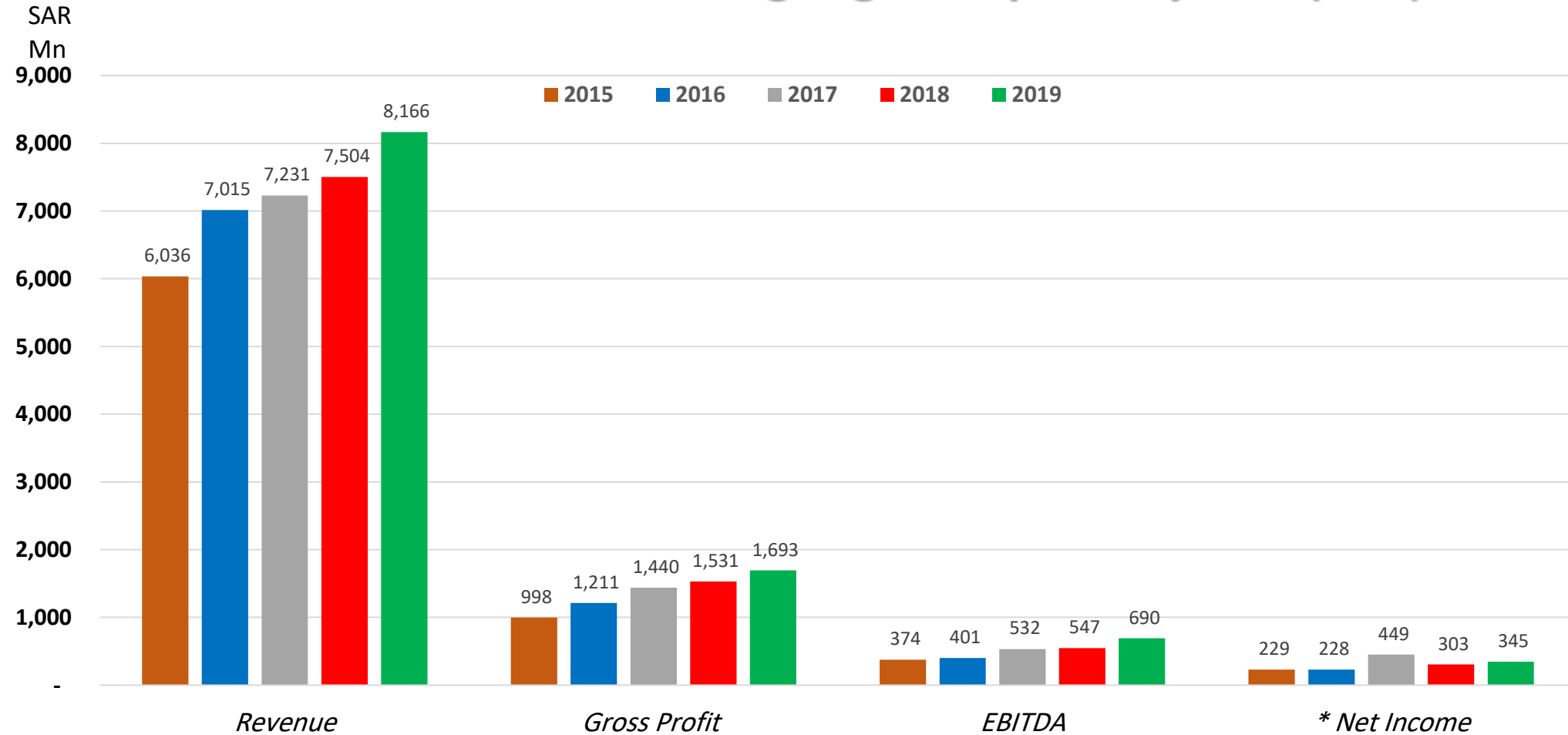


## Consolidation Financial Highlights - YoY

SAR  
Mn



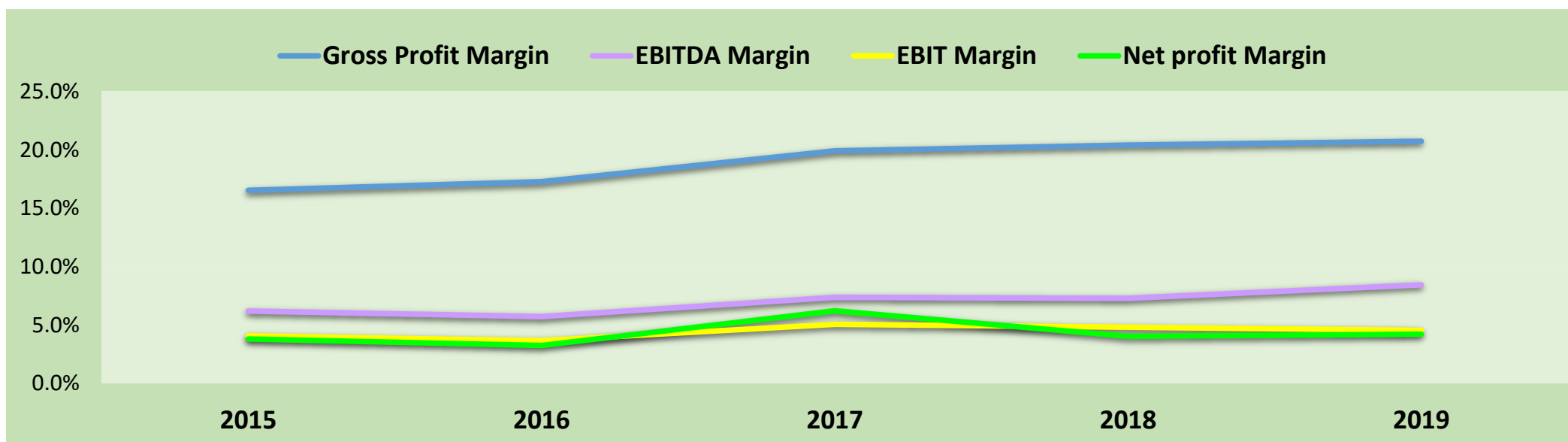
## Consolidation Financial Highlights – past 5 years (YoY)



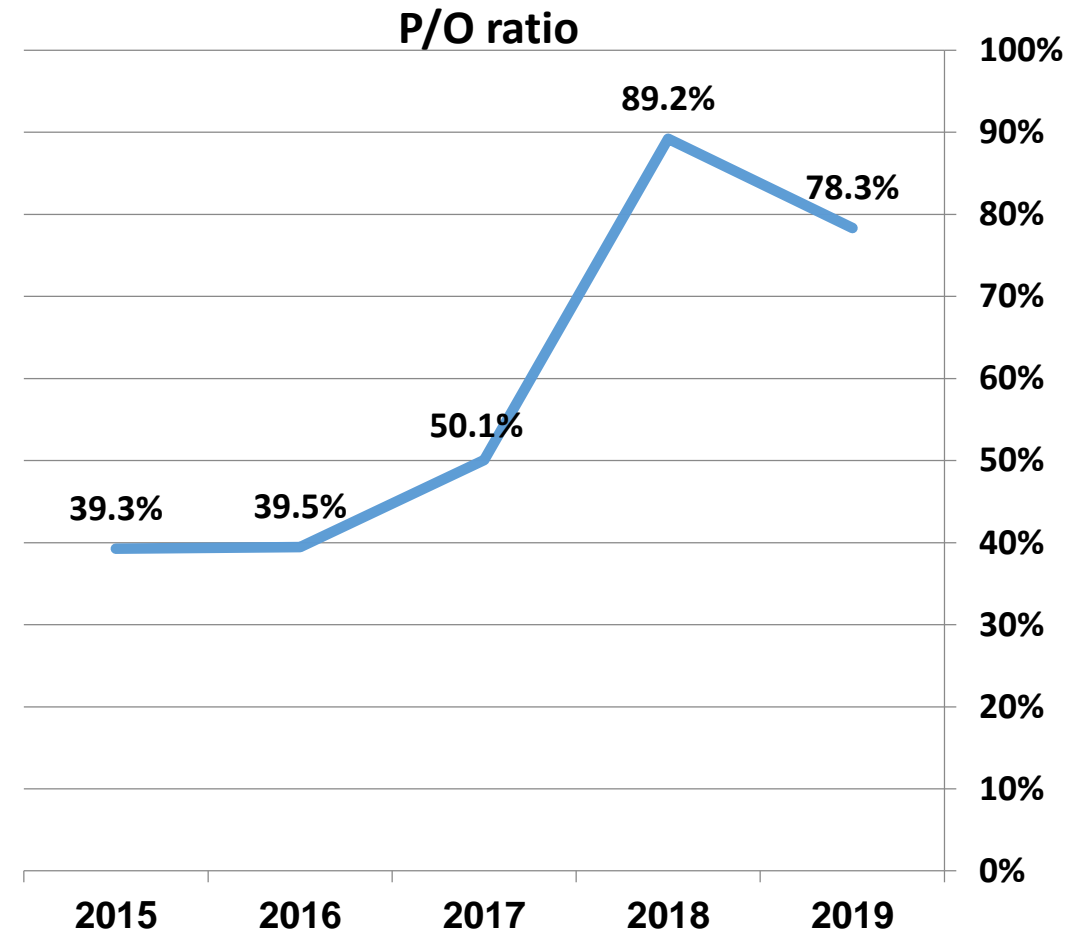
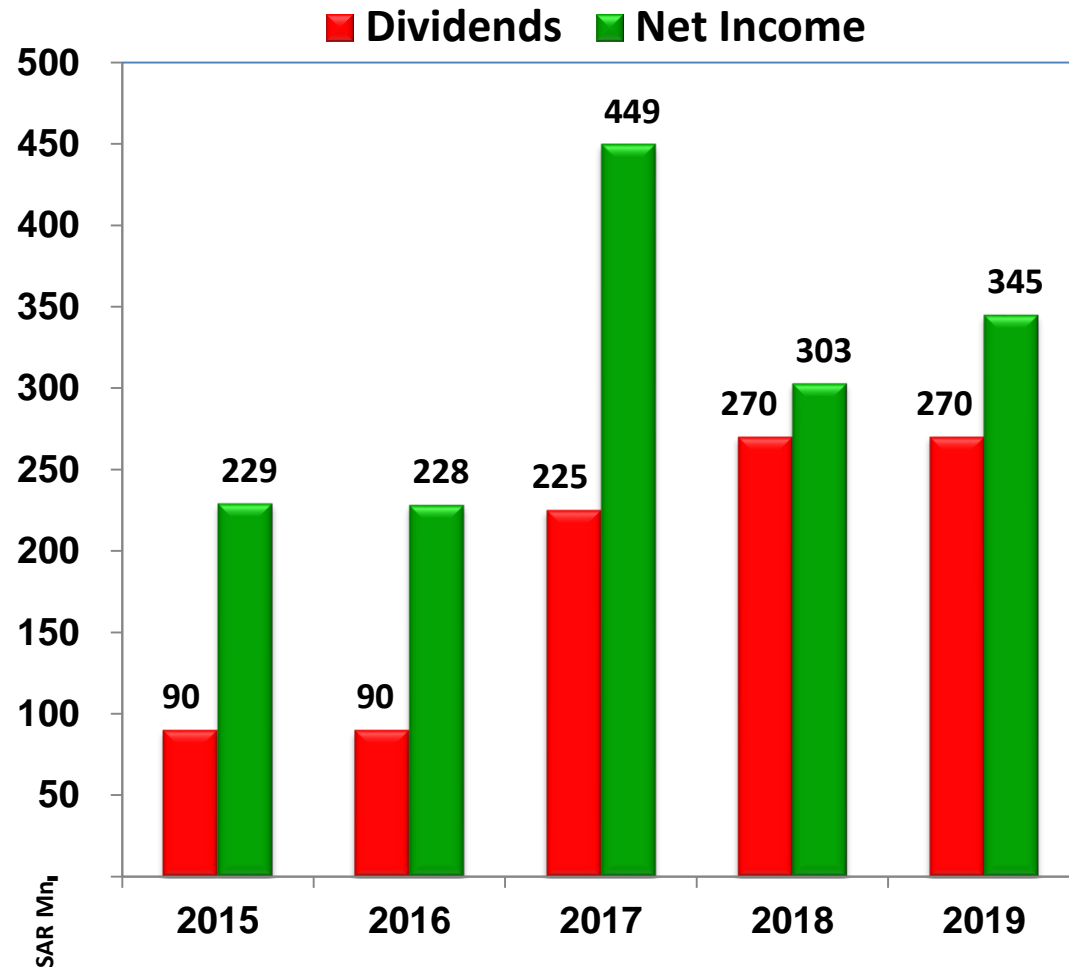
\* Normalized EBITDA & net income

## Trends in Margins

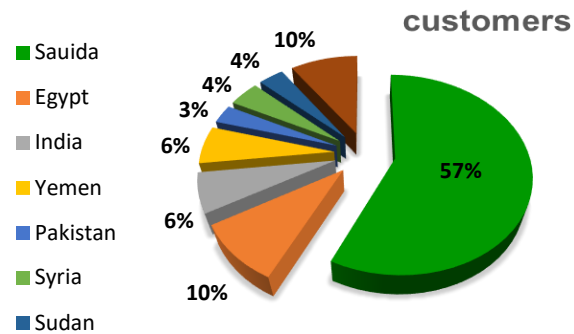
Margins	2015	2016	2017	2018	2019
Gross Profit Margin	16.54%	17.27%	19.91%	20.40%	20.73%
EBITDA Margin	6.20%	5.72%	7.36%	7.29%	8.45%
EBIT Margin	4.06%	3.66%	5.06%	4.80%	4.54%
Net profit Margin	3.80%	3.25%	6.22%	4.03%	4.22%



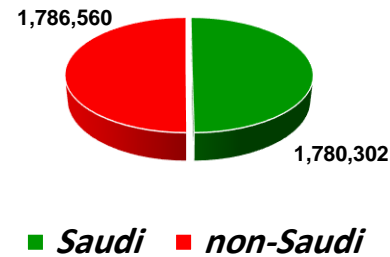
# Dividends Vs. Net Income – 5 years



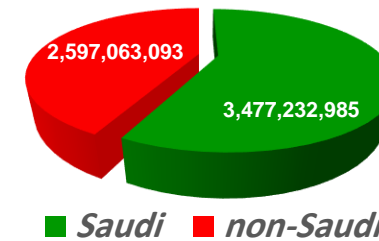
# Loyalty program (IKTISSAB)



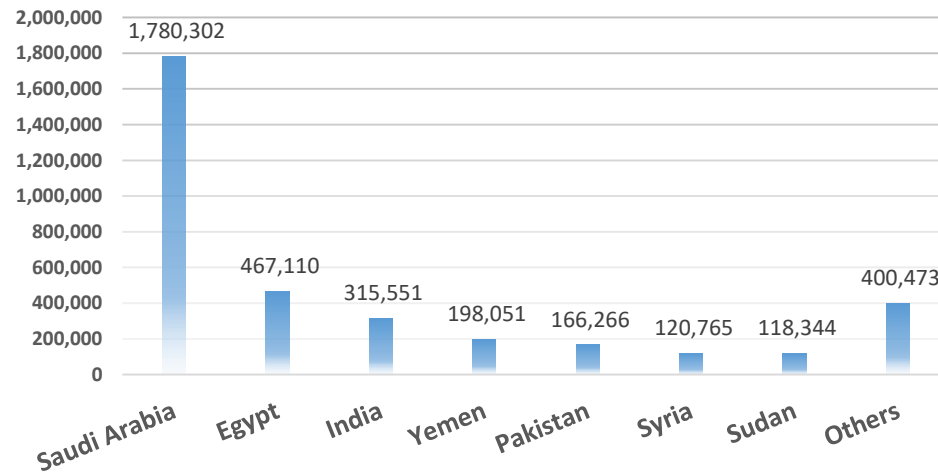
**Number of customers**



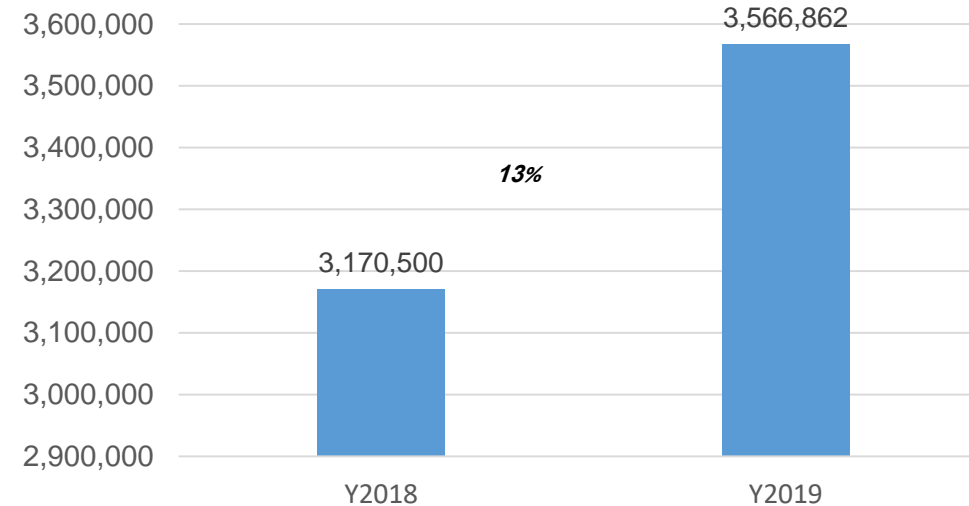
**Sales value - SAR**



**NUMBER OF CUSTOMERS BY NATIONALITY**



**Iktisab customers growth**



## Statics Highlights on Othaim markets KSA

Statics	% YoY	SAR
Sales growth %	7.16%	
LFL sales growth %	(0.10%)	
No. of IKTISAB customers growth %	13%	
No. of transaction growth	2.79%	
Basket value growth %	5.27%	
Basket value (SAR)		110.20
4Q19 Revenue / Sqm (SAR)		15,723

## Key financial ratios

<b>Return on Equity</b>	<b>22.6%</b>
<b>Return on Assets</b>	<b>7.23%</b>
<b>ROCE</b>	<b>13.3%</b>
<b>Fixed Assets Turnover</b>	<b>5.65x</b>
<b>Debt : Equity</b>	<b>2.1 : 1.0</b>
<b>Assets Growth</b>	<b>30.7%</b>
<b>Shareholders Equity Growth</b>	<b>(10%)</b>
<b>EPS (SAR)</b>	<b>3.83</b>

## Strategic Growth Priorities

- Continue to add new stores.
- Keep steadily growing.
- Diversification of investment in integrated activities (agricultural, industrial and manpower).
- Continue to improve inventory management to fit customers segmentation.
- Continue to maintain the value proposition.
- Continue to improve private label branding.
- Drive our Loyalty Program to its full potential.
- Increase the market share by expanding stores and developing existing stores to retain market leadership.
- Enhance organization structure to fit strategy goals.