



Abdullah Al-Othaim Markets Company (OMC)

Investors' Presentation 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.



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

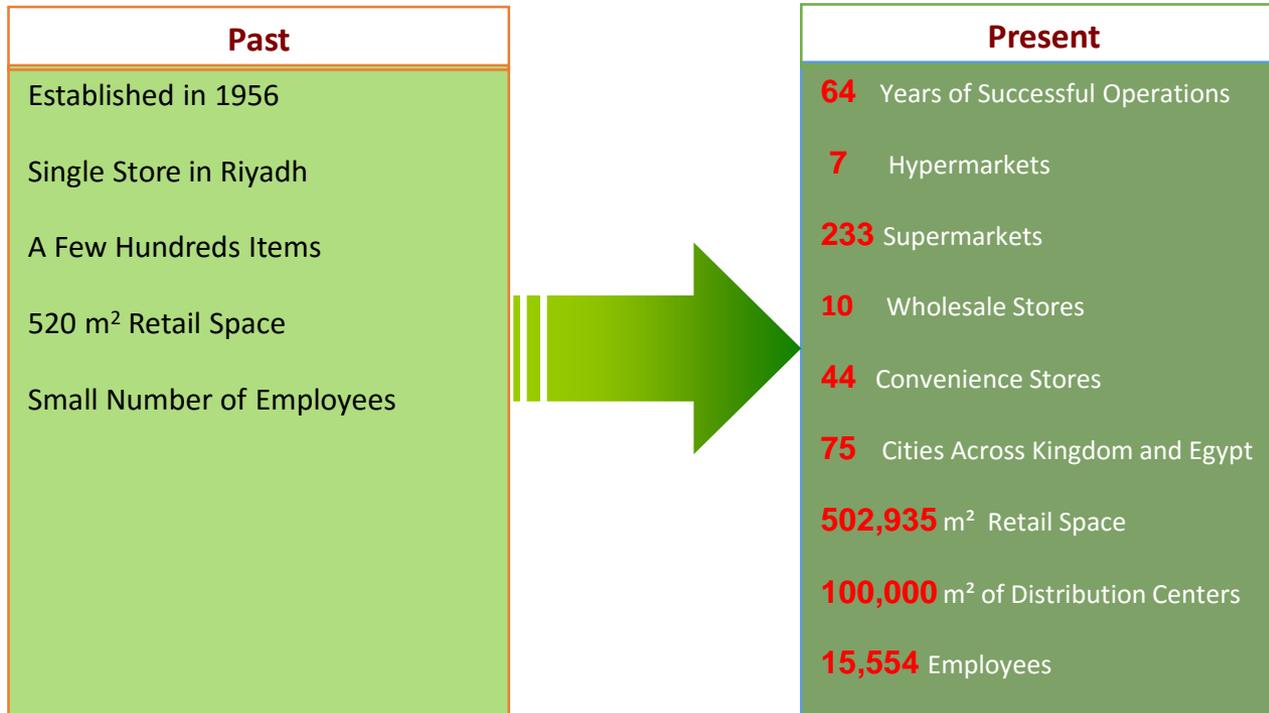
| | |
|------------------------------|---|
| Legal Structure | Saudi Joint Stock Company |
| Paid up Capital | SAR 900 million |
| Number of Shares | 90 million |
| Market Capitalization | SAR 11.05 billion - USD 2.94 billion |
| Board size | 8 members |
| Board Committees | Audit, Compensation and Nominations |
| Trading on Tadawul | Since 2008 |
| Headquarters | Riyadh City |
| No. of Employees | 15,554 |

Board Of Directors



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

Over 60 Years of Experience & Commitment to Excellence



Over the Last 64 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:

- **284** stores with a total of sales area **485.38** thousands Sq. m, located across **KSA** and **Egypt**.
 - **240** stores with a total of **462** thousands Sq. m , located across **KSA**.
 - **44** stores with a total sales area of **23** thousands Sq. m, located across **Egypt**.
- Contribution to Total Sales is **89.23% (2020)**.

Wholesale Division:

- **10** stores with a total of **17.56** thousands Sq. m, located across **KSA**.
- Contribution to Total Sales is **10.77% (2020)**.

- Growth in number of stores is **3%**.
- Growth in area of stores is **2%**.

Our Presence



| Format | Riyadh Province | Gassim Province | Tabuk Province | Eastern Province | Aseer Province | Ajlof Province | Northern Province | Jizan Province | Najran Province | Hael Province | Makka Province | Madina Province | Total | % | EGYPT |
|--------------|-----------------|-----------------|----------------|------------------|----------------|----------------|-------------------|----------------|-----------------|---------------|----------------|-----------------|------------|-------------|-----------|
| Hypermarket | 3 | 0 | 0 | 2 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 7 | 2.8% | |
| Supermarket | 92 | 18 | 3 | 25 | 19 | 5 | 3 | 7 | 3 | 1 | 10 | 3 | 189 | 75.6% | 44 |
| Wholesale | 6 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 4.0% | |
| Corner | 40 | 1 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 44 | 17.6% | |
| Total | 141 | 20 | 4 | 29 | 20 | 5 | 5 | 7 | 3 | 2 | 11 | 3 | 250 | 100% | 44 |
| % | 56.4% | 8.0% | 1.6% | 11.6% | 8.0% | 2.0% | 2.0% | 2.8% | 1.2% | 0.8% | 4.4% | 1.2% | 100% | | |
| Cities | 19 | 11 | 1 | 7 | 10 | 4 | 4 | 7 | 2 | 1 | 6 | 2 | 74 | | 1 |

Quick glance



OMC reported **2020** results with revenues of SAR **8,811** MM (**7.91%** YoY) , **2020** Net income was SAR **451** MM (**30.84%** YoY).

In addition to retail sales revenue, revenue from rental activity amounted to **116** MM

Sales growth of (**7.91%**) 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.

11 new stores were opened in 2020, three stores were shut down (one Supermarket, one corner and one wholesale).

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 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|--------------|--------------|--------------|--------------|
| Sales | 7,015 | 7,231 | 7,504 | 8,166 | 8,811 |
| Gross profit | 1211 | 1,440 | 1,531 | 1,693 | 1,911 |
| EBIT | 257 | 366 | 361 | 371 | 470 |
| Interest | (15) | (14) | (5) | (5) | (1) |
| Zakat | (8) | (11) | (9) | (11) | (16) |
| Net income from continuing operations | 237 | 338 | 340 | 352 | 446 |

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

Balance Sheet Highlights

| In SAR Million | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Non-current assets | 1,953 | 2,182 | 2,332 | 3,478 | 3,602 |
| Current Assets | 1,398 | 1,165 | 1,316 | 1,288 | 1,363 |
| TOTAL ASSETS | 3,351 | 3,347 | 3,648 | 4,766 | 4,965 |
| Shareholders Equity | 1,232 | 1,495 | 1,660 | 1,487 | 1,524 |
| Non-controlling interest | 31 | 33 | 40 | 38 | 45 |
| Non-current liabilities | 495 | 176 | 121 | 1,273 | 1,451 |
| Current Liabilities | 1,593 | 1,643 | 1,827 | 1,968 | 1,945 |
| TOTAL LIABILITIES & Equity | 3,351 | 3,347 | 3,648 | 4,766 | 4,965 |

Cash Flow Highlights

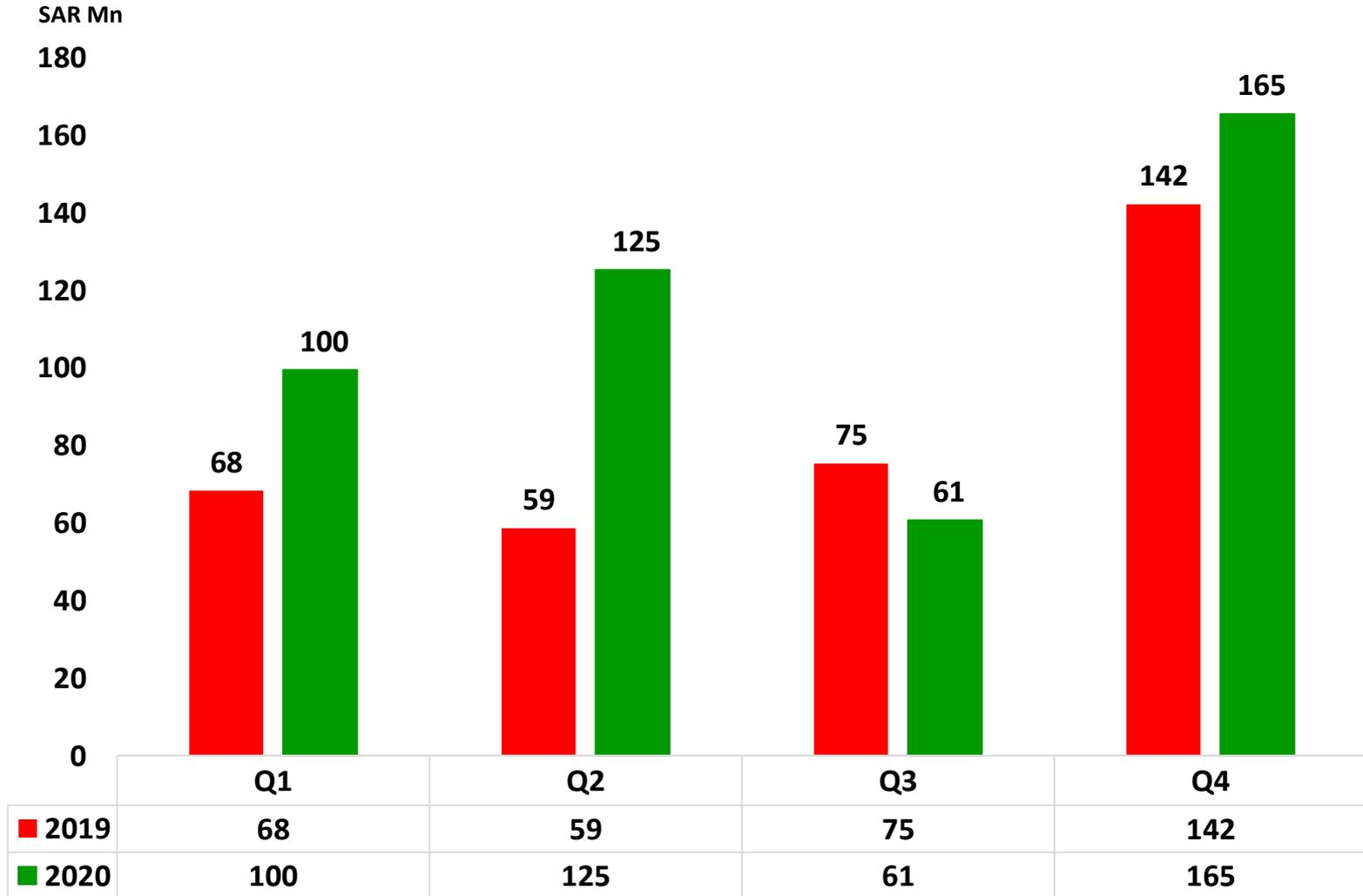
| In SAR Million | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|------------|------------|
| Cash provided from or (used) in operation activity | 585 | 616 | 596 | 658 | 887 |
| Cash provided from or (used) in investment activities | (496) | 22 | (365) | (155) | (114) |
| Free Cash Flow | 89 | 638 | 231 | 503 | 773 |
| Cash provided from or (used) in financing activities | (125) | (662) | (275) | (460) | (758) |
| Net Change in Cash | (36) | (24) | (44) | 43 | 15 |

Consolidation Financial Snapshot

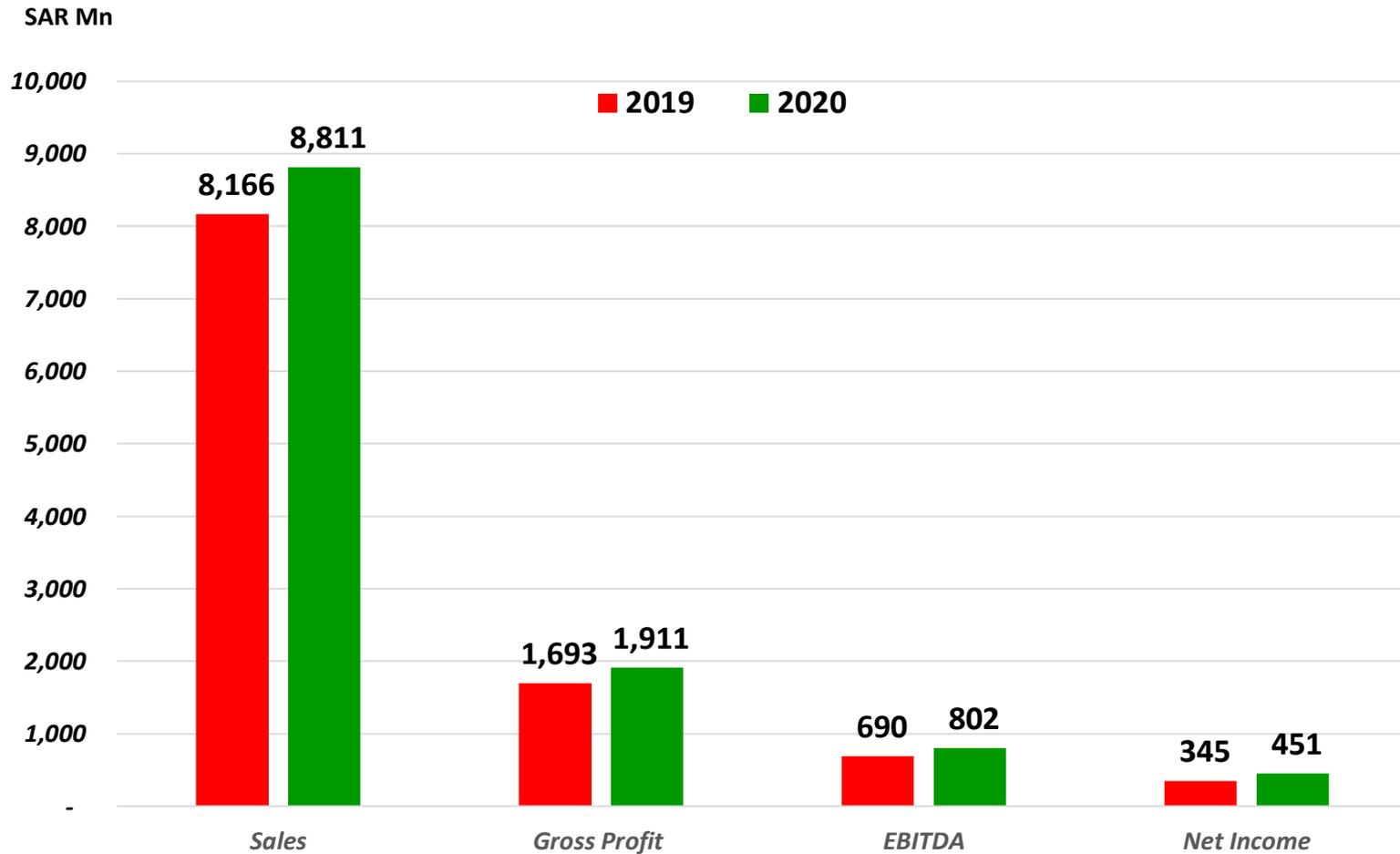
| SAR Mn | Sales | Gross Profit | EBITDA | Net Income from continuing operations |
|-------------|------------------------------|-------------------------------|-----------------------------|---------------------------------------|
| 2020 | 8,811 +8% Vs. 2019 | 1,911 +13% Vs. 2019 | 802 +16% Vs. 2019 | 446 +27% Vs. 2019 |

* Normalized EBITDA & Net income

Quarterly Net Income CY Vs. LY



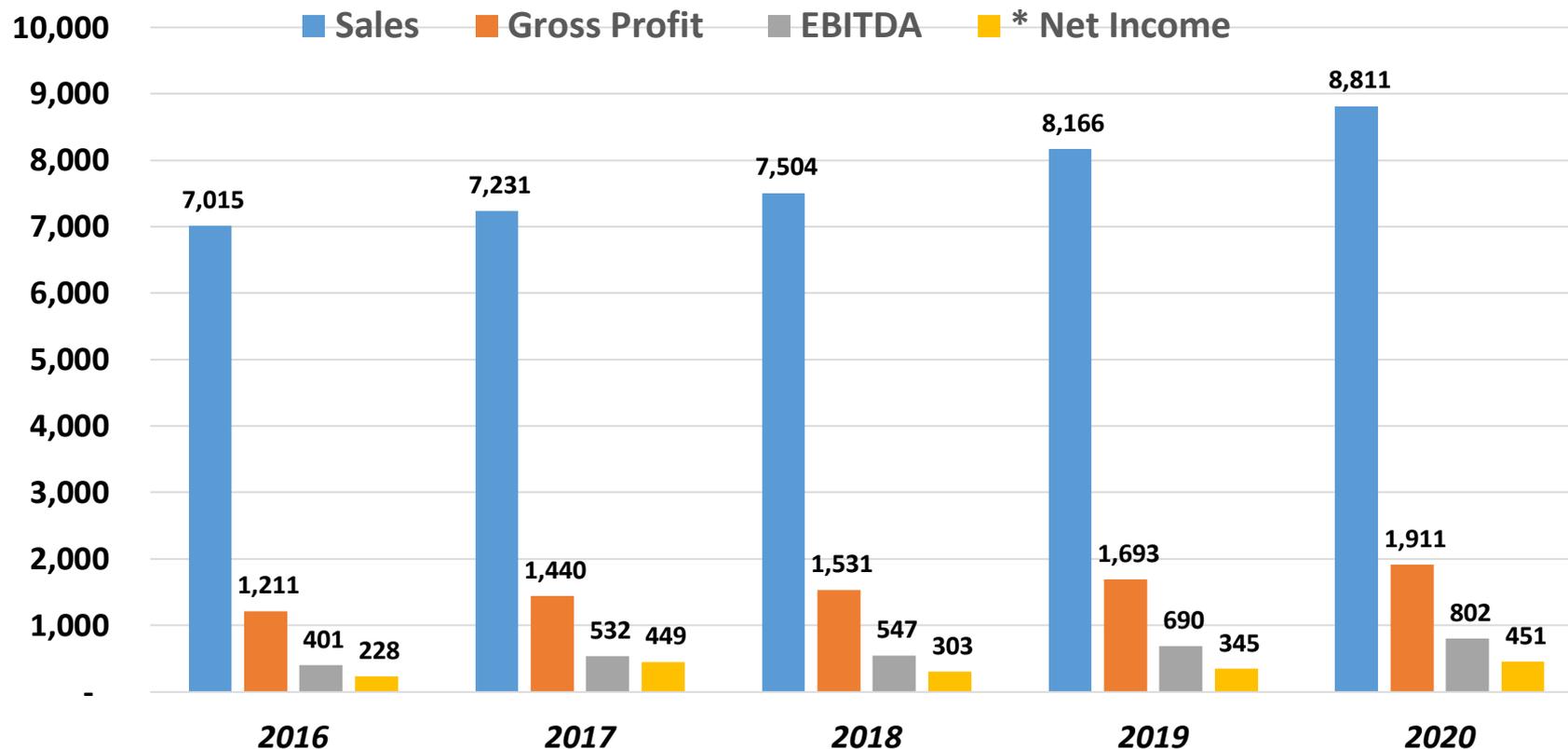
Consolidation Financial Highlights - YoY



Consolidation Financial Highlights – past 5 years (YoY)



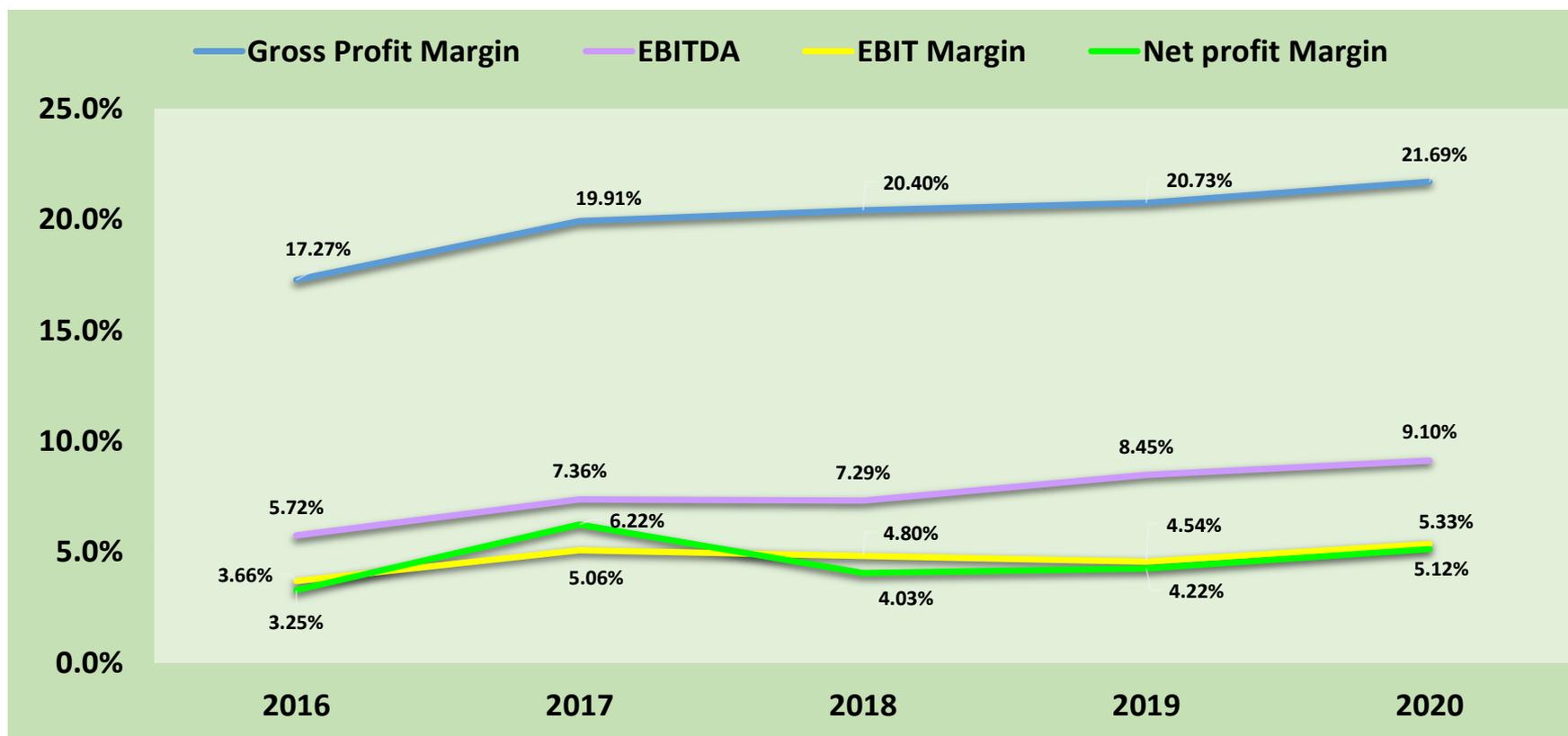
SAR Mn



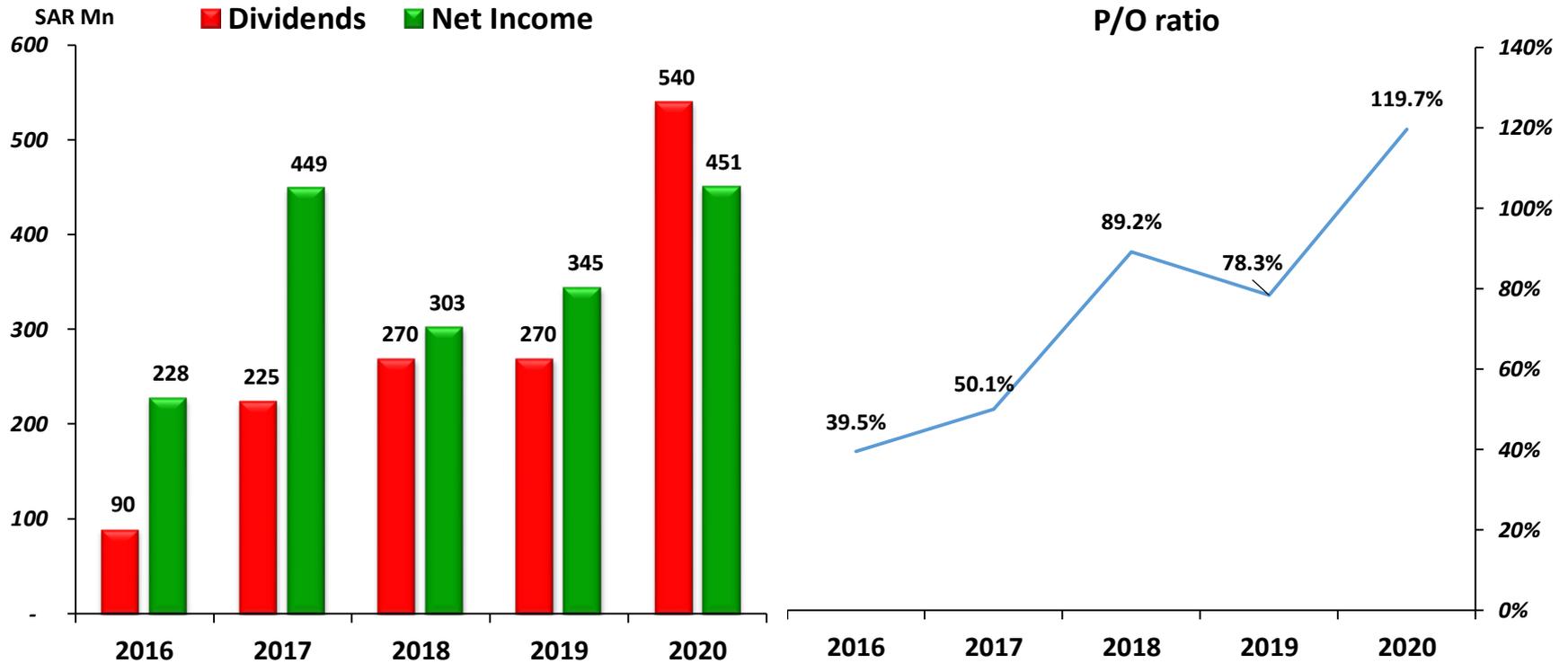
* Normalized EBITDA & net income

Trends in Margins

| Margins | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 17.27% | 19.91% | 20.40% | 20.73% | 21.69% |
| EBITDA Margin | 5.72% | 7.36% | 7.29% | 8.45% | 9.10% |
| EBIT Margin | 3.66% | 5.06% | 4.80% | 4.54% | 5.33% |
| Net profit Margin | 3.25% | 6.22% | 4.03% | 4.22% | 5.12% |



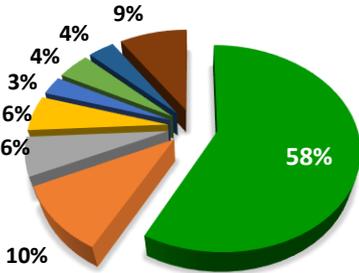
Dividends Vs. Net Income – 5 years



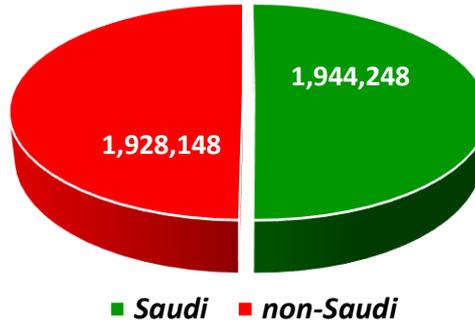
Loyalty program (IKTISSAB)

Sales by Nationality

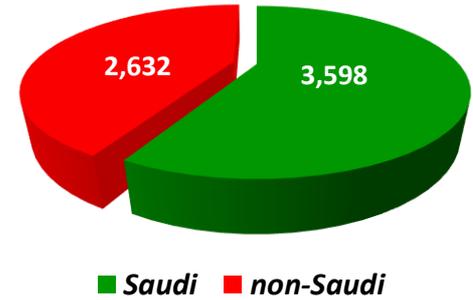
- Saudia
- Egypt
- India
- Yemen
- Pakistan
- Syria
- Sudan
- Other



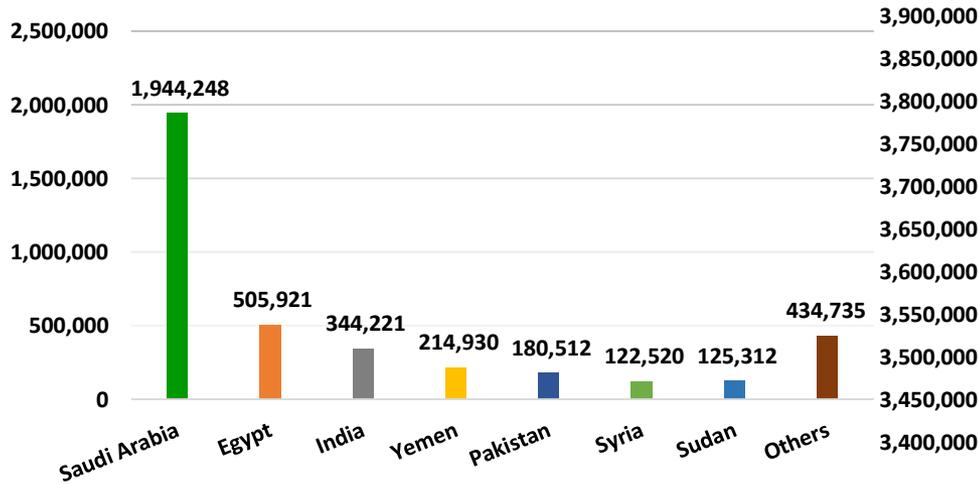
Number of customers



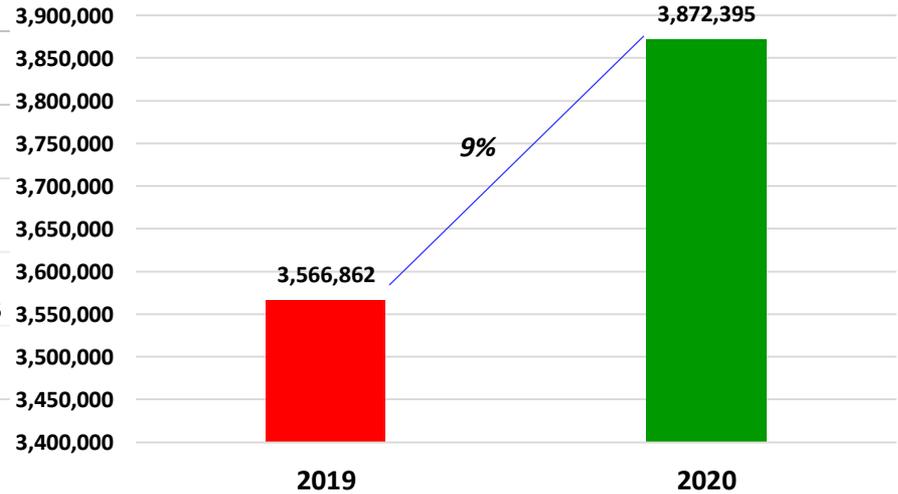
Sales value – SAR MN



NUMBER OF CUSTOMERS BY NATIONALITY



Iktisab customers growth



Highlights on Othaim Markets KSA 2020



| Statics | % YoY | SAR |
|------------------------------------|---------|--------|
| Sales growth % | 7.91% | |
| LFL sales growth % | 2.38% | |
| No. of IKTISSAB customers growth % | 9% | |
| No. of transaction growth | (1.06%) | |
| Basket size growth % | 7.36% | |
| Basket size (SAR) | | 118.31 |
| 2020 Sales / Sqm (SAR) | | 19,237 |

Key Financial Indicators 2020



| | |
|----------------------------|-----------|
| Return on Equity | 29.95% |
| Return on Assets | 9.27% |
| ROCE | 15.6% |
| Fixed Assets Turnover | 6.2 X |
| Debt : Equity | 2.2 : 1.0 |
| Assets Growth | 4.2% |
| Shareholders Equity Growth | 2.5% |
| EPS (SAR) | 5.01 |