



Abdullah Al-Othaim Markets Company (OMC)

Investors' Presentation Q2/2020

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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



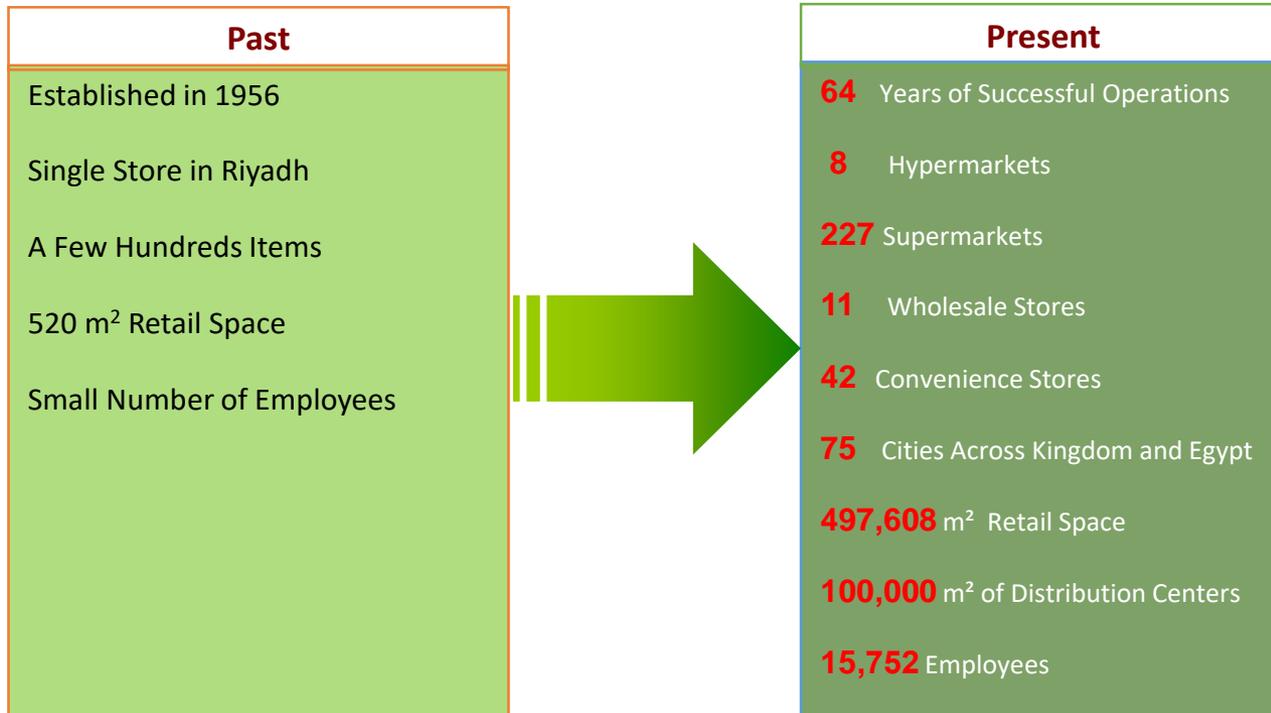
Legal Structure	Saudi Joint Stock Company
Paid up Capital	SAR 900 million
Number of Shares	90 million
Market Capitalization	SAR 10.80 billion - USD 2.88 billion
Board size	8 members
Board Committees	Audit, Compensation and Nominations
Trading on Tadawul	Since 2008
Headquarters	Riyadh City
No. of Employees	15,752

Board Of Directors



Name	Title	Age	Background Information
Abdullah Saleh Al-Othaim	Chairman (non- executive)	63	<ul style="list-style-type: none"> • Founder & Chairman of OMC • Director of Al-Othaim Holding Co. • 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)	41	<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)	39	<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)	50	<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)	58	<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)	59	<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)	39	<ul style="list-style-type: none"> • Master In Human Resource management (HRM), Hawaii Pacific University, USA 2006G • Bachelor of Business Administration, King Saud University, in the Kingdom of Saudi Arabia.
Abdulaziz Abdullah Al-othaim	Board Member & CEO	31	<ul style="list-style-type: none"> • Bachelor of Business Administration with honor from the University of Suffolk (Massachusetts) USA in 2011G • Board member - AlOthaim Holding Co. (LLC) - KSA. • 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:

- **277** stores with a total of sales area **479.07** thousands Sq. m, located across **KSA** and **Egypt**.
 - **234** stores with a total of **456.13** thousands Sq. m , located across **KSA**.
 - **43** stores with a total sales area of **22.94** thousands Sq. m, located across **Egypt**.
- Contribution to Total Sales is **88.60%** (Q2 2020)

Wholesale Division:

- **11** stores with a total of **18.54** thousands Sq. m, located across **KSA**.
- Contribution to Total Sales is **11.40%** (Q2 2020)

- Growth in number of stores (Q2/2019 – Q2/2020) is **7%**.
- Growth in area of stores (Q2/2019 – Q2/2020) is **8%**.

Our Presence

Format	Province	Riyadh Province	Gassim Province	Tabuk Province	Eastern Province	Aseer Province	Aljof Province	Northern Province	Jazan Province	Najran Province	Hael Province	Makka Province	Madina Province	Total	%	EGYPT
Hypermarket	3	-	-	2	-	-	-	1	-	-	1	1	-	8	3.3%	
Supermarket	89	18	3	24	19	5	3	7	3	1	9	3	184	75.1%	43	
Wholesale	7	1	1	1	1	-	-	-	-	-	-	-	11	4.5%		
Corner	37	1	-	1	-	-	1	1	-	-	1	-	42	17.1%		
Total	136	20	4	28	20	5	5	8	3	2	11	3	245	100%	43	
%	55.5%	8.2%	1.6%	11.4%	8.2%	2.0%	2.0%	3.3%	1.2%	0.8%	4.5%	1.2%	100%			
Cities	19	11	1	7	10	4	4	7	2	1	6	2	74		1	

Quick glance



OMC reported **2Q 2020** results with revenues of SAR **4,954** Mn (**19.94%** YoY) , **2Q 2020** Net income was SAR **225** Mn (**76.92%** YoY).

Sales growth of (19.94%) driven by high demand to buy food and grocery supplies during the closure periods imposed by the government to mitigate Corona virus outbreak. Moreover, most customers spent Eid al-Fitr holiday and the following days of the summer in the Kingdom due to the pandemic, also, the customers' appetite to buy their needs before applying the higher VAT rate effective from 1/7/2020, 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 by the closure, as the company granted discounts to tenants for the closure periods, and the operations of the subsidiaries and associates were negatively affected by the closure due to the Corona pandemic.

3 new stores were opened in 2020. In addition, according to the management plan the company will add 24 stores in 2020 in KSA. The actual number might be less due to the closure conditions.

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	Q2/2016	Q2/2017	Q2/2018	Q2/2019	Q2/2020
Sales	3,582	3,632	3,821	4,130	4,954
Gross profit	578	676	717	781	971
EBIT	103	138	149	137	235
Interest	(6)	(9)	(1)	0	(1)
Zakat	(2)	(4)	(4)	(4)	(7)
Net income from continuing operations	96	125	141	130	226

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

Balance Sheet Highlights

In SAR Million	31-12-2016	31-12-2017	31-12-2018	31-12-2019	30-06-2020
Non-current assets	1,953	2,182	2,332	3,478	3,481
Current Assets	1,398	1,165	1,316	1,288	1,555
TOTAL ASSETS	3,351	3,347	3,648	4,766	5,036
Equity	1,263	1,528	1,699	1,525	1,612
Non- current liabilities	496	176	122	1273	1,286
Current Liabilities	1,592	1,643	1,827	1,968	2,138
TOTAL LIABILITIES & Equity	3,351	3,347	3,648	4,766	5,036

Cash Flow Highlights

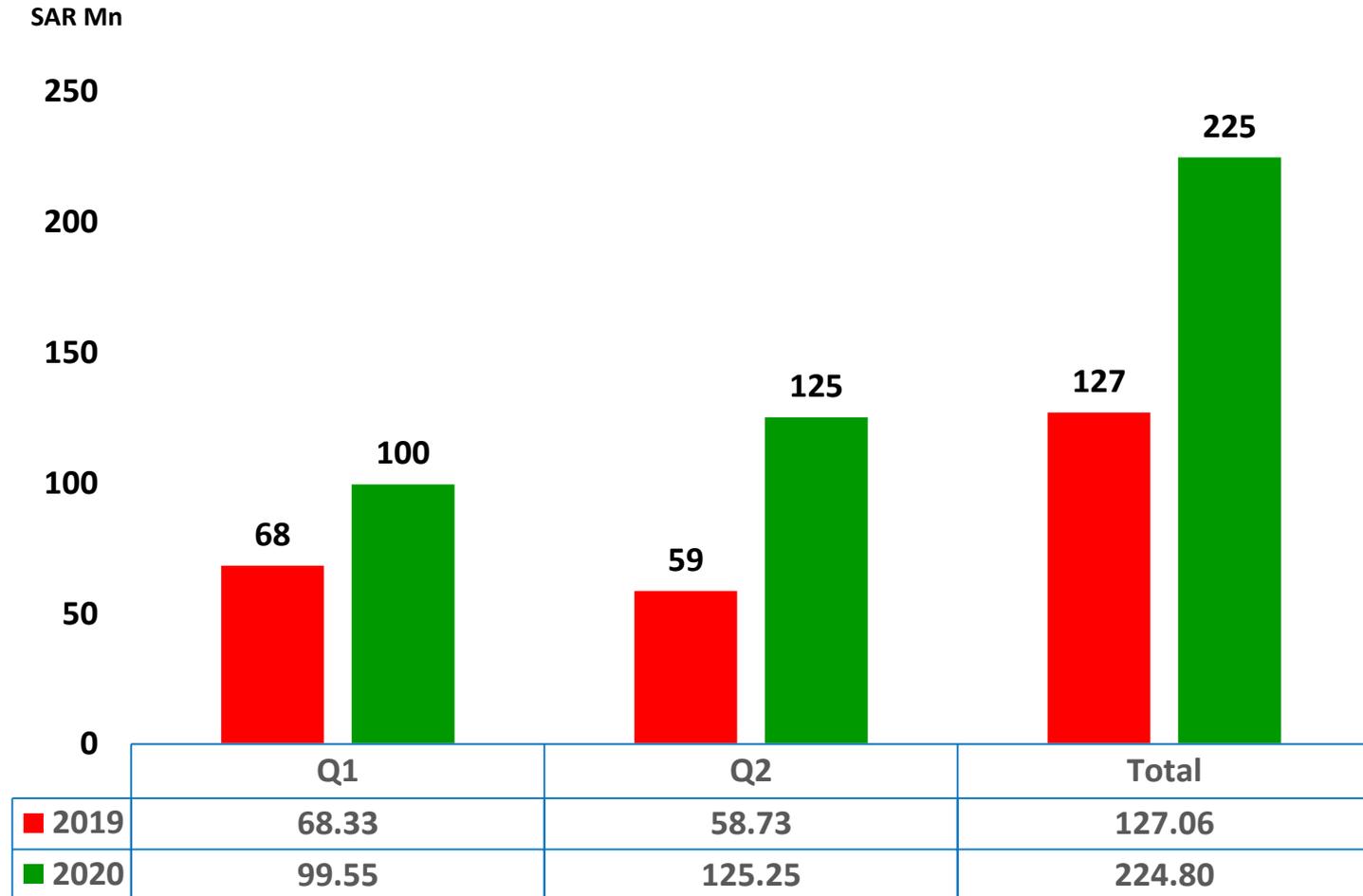
In SAR Million	Q2/2016	Q2/2017	Q2/2018	Q2/2019	Q2/2020
Cash provided from or (used) in operation activity	345	275	301	214	804
Cash provided from or (used) in investment activities	(310)	(180)	(240)	(84)	(76)
Free Cash Flow	35	95	62	130	729
Cash provided from or (used) in financing activities	(162)	(173)	(121)	(208)	(369)
Net Change in Cash	(127)	(78)	(59)	(78)	360

Consolidation Financial Snapshot

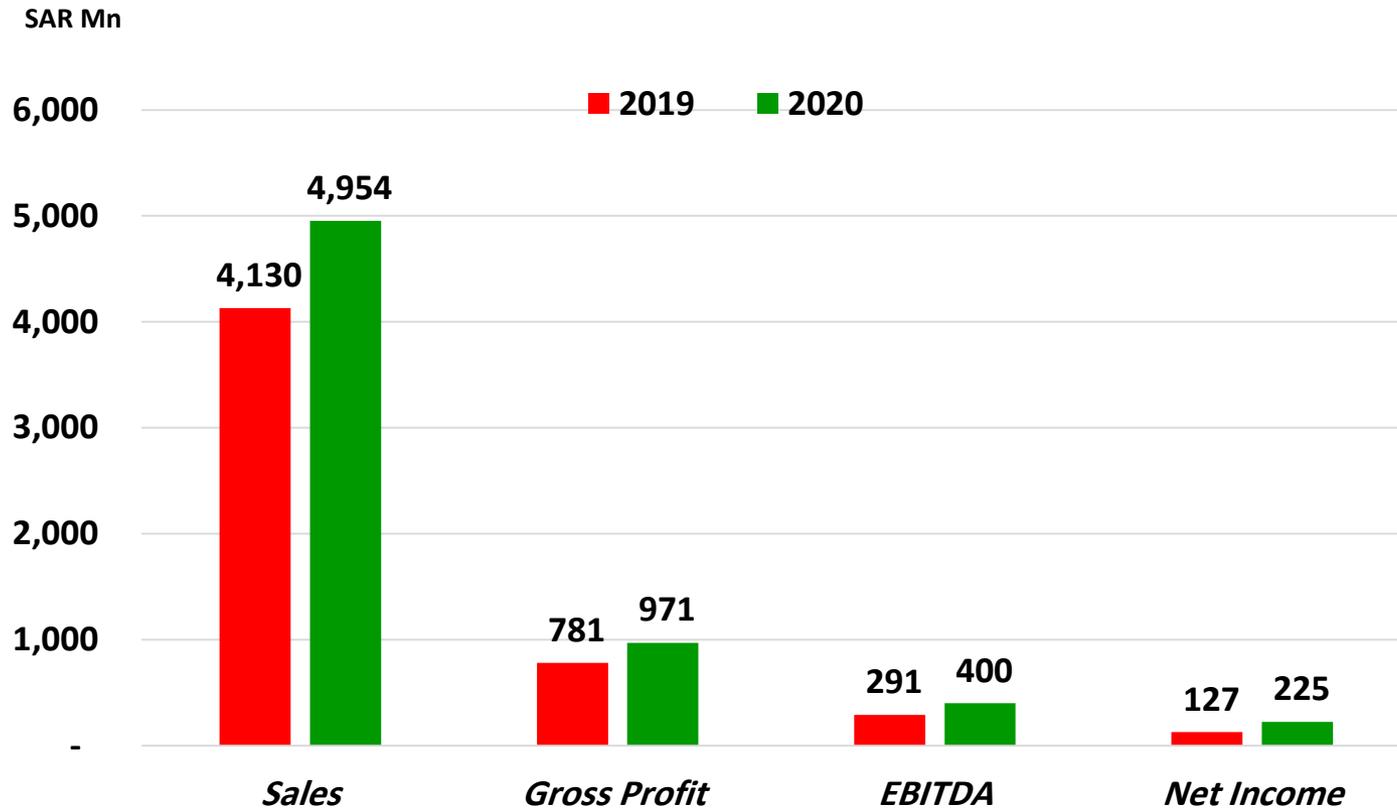
SAR Mn	Revenue	Gross Profit	EBITDA	Net Income from continuing operations
2Q 2020	4,954 +20% Vs. Q2 2019	971 +24% Vs. Q2 2019	400 +37% Vs. Q2 2019	226 +74% Vs. Q2 2019

* Normalized EBITDA & Net income

Quarterly Net Income CY Vs. LY



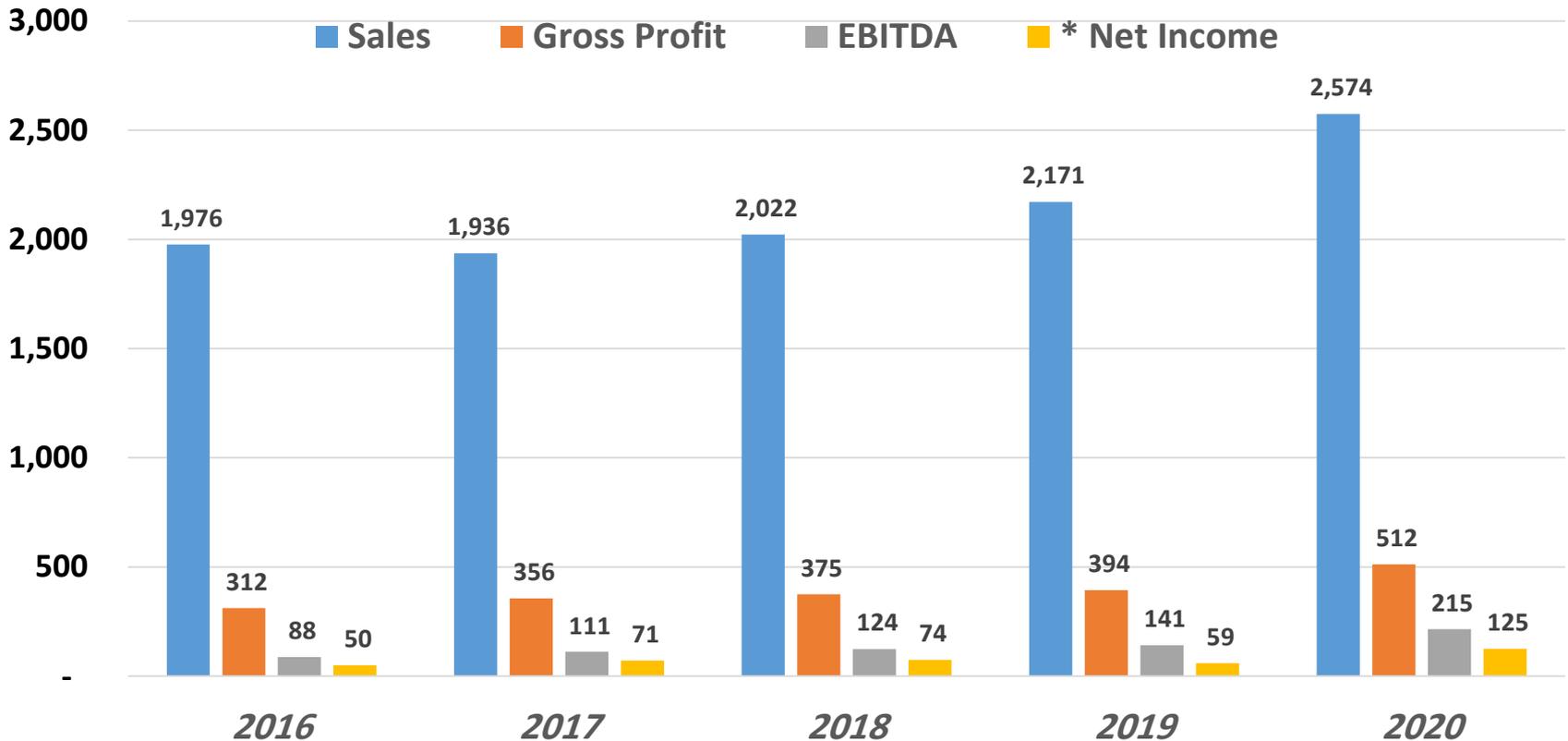
Consolidation Financial Highlights - YoY



Quarterly Consolidation Financial Highlights – past 5 years (Q2)

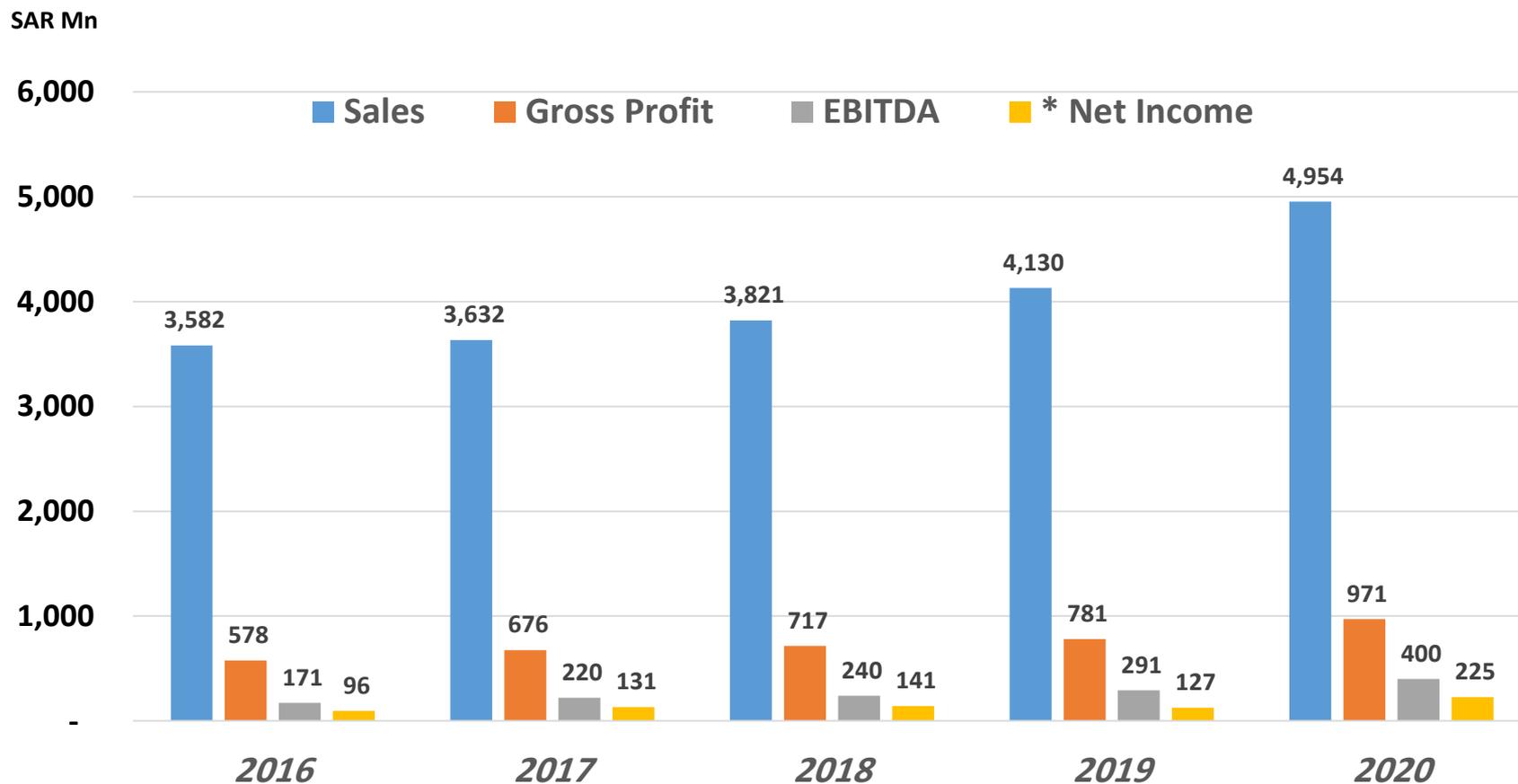


SAR Mn



* Normalized EBITDA & net income

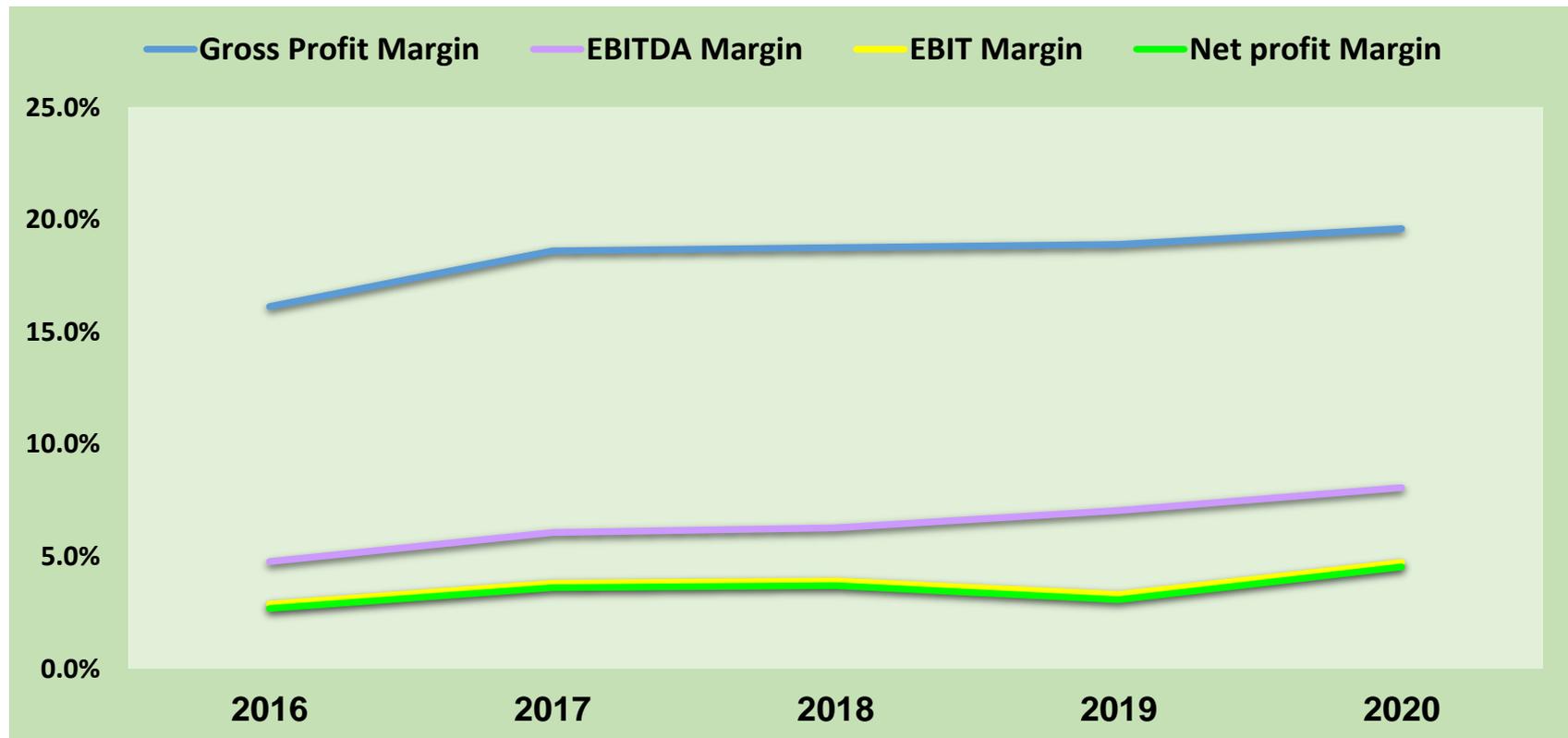
Consolidation Financial Highlights – past 5 years (YoY)



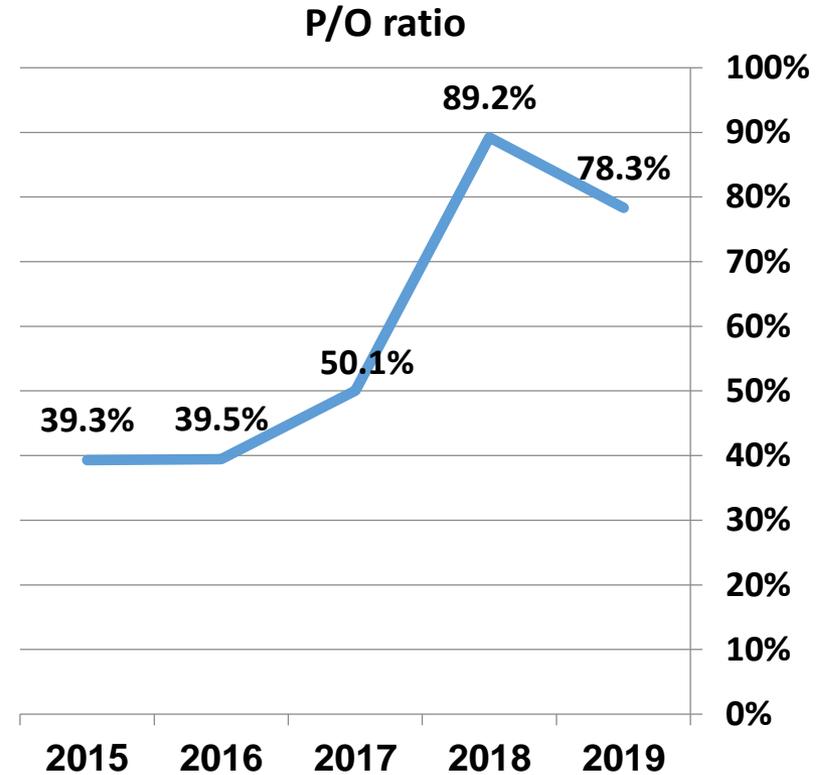
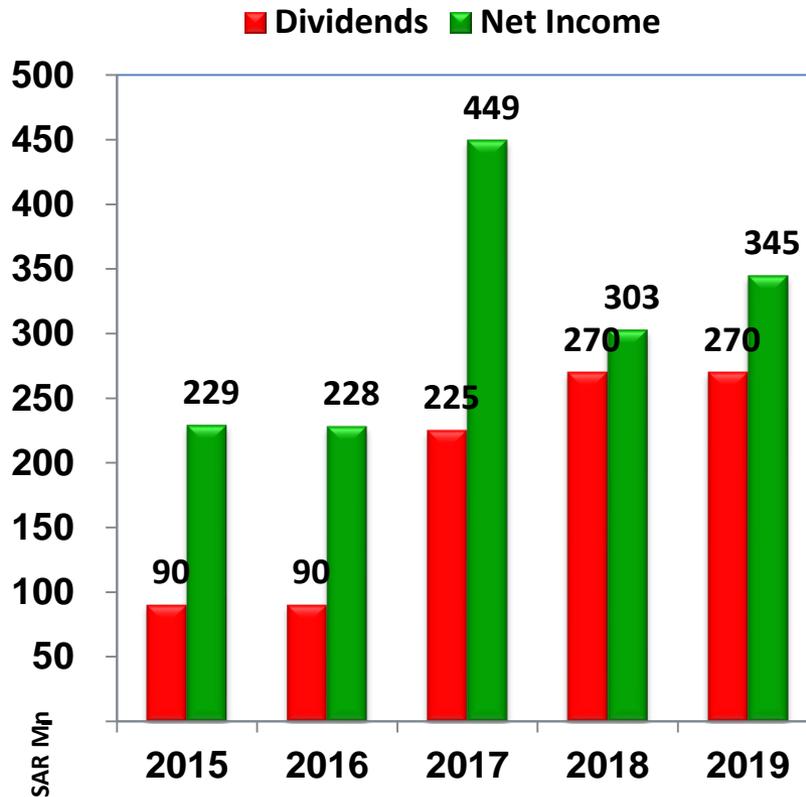
* Normalized EBITDA & net income

Trends in Margins

Margins	2016	2017	2018	2019	2020
Gross Profit Margin	16.13%	18.61%	18.75%	18.90%	19.61%
EBITDA Margin	4.78%	6.07%	6.27%	7.05%	8.07%
EBIT Margin	2.88%	3.81%	3.91%	3.31%	4.74%
Net profit Margin	2.69%	3.62%	3.70%	3.08%	4.54%

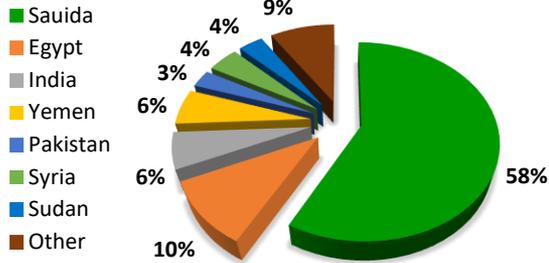


Dividends Vs. Net Income – 5 years

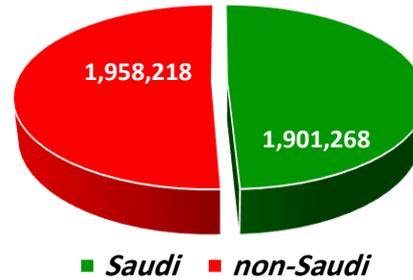


Loyalty program (IKTISSAB)

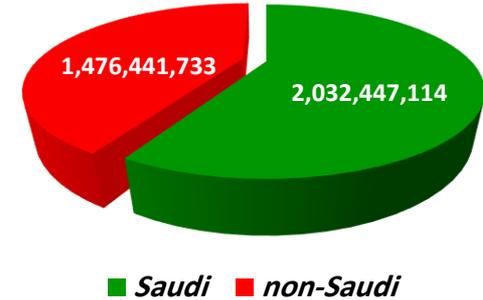
Sales by Nationality



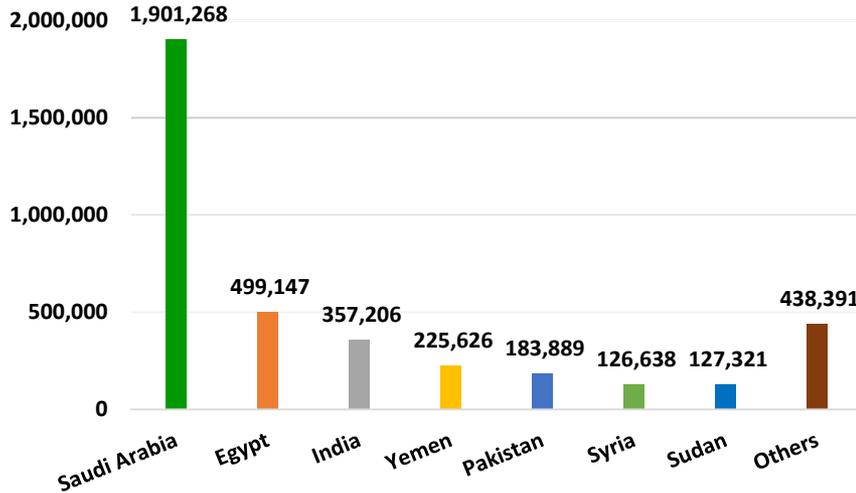
Number of Customers



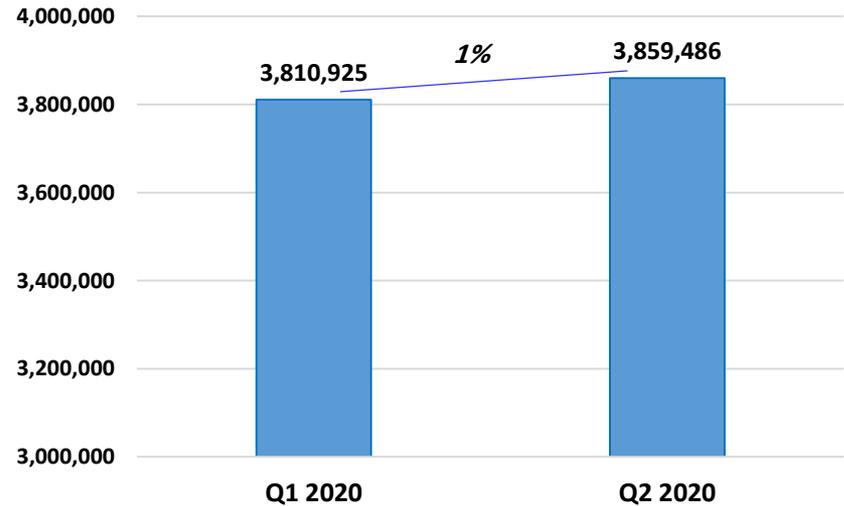
Sales value - SAR



NUMBER OF CUSTOMERS BY NATIONALITY



Iktisab customers growth



Highlights on Othaim Markets KSA Q2/2020



Statics	% YoY	SAR
Sales growth %	19.94%	
LFL sales growth %	15.59%	
No. of IKTISSAB customers growth %	1%	
No. of transaction growth	14.01%	
Basket size growth %	3.25%	
Basket size (SAR)		128.03
2Q/2020 Sales / Sqm (SAR)		10,883

Key Financial Indicators Q2/2020



Return on Equity	14.4%
Return on Assets	4.61%
ROCE	8.1%
Fixed Assets Turnover	3.45X
Debt : Equity	2.1 : 1.0
Assets Growth	5.7%
Shareholders Equity Growth	5.7%
EPS (SAR)	2.5

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.