



## Q3 & 9M 2024 EARNINGS PRESENTATION

November 2024



# Disclaimer

No statement in this document is intended to be nor may be construed as a profit forecast.

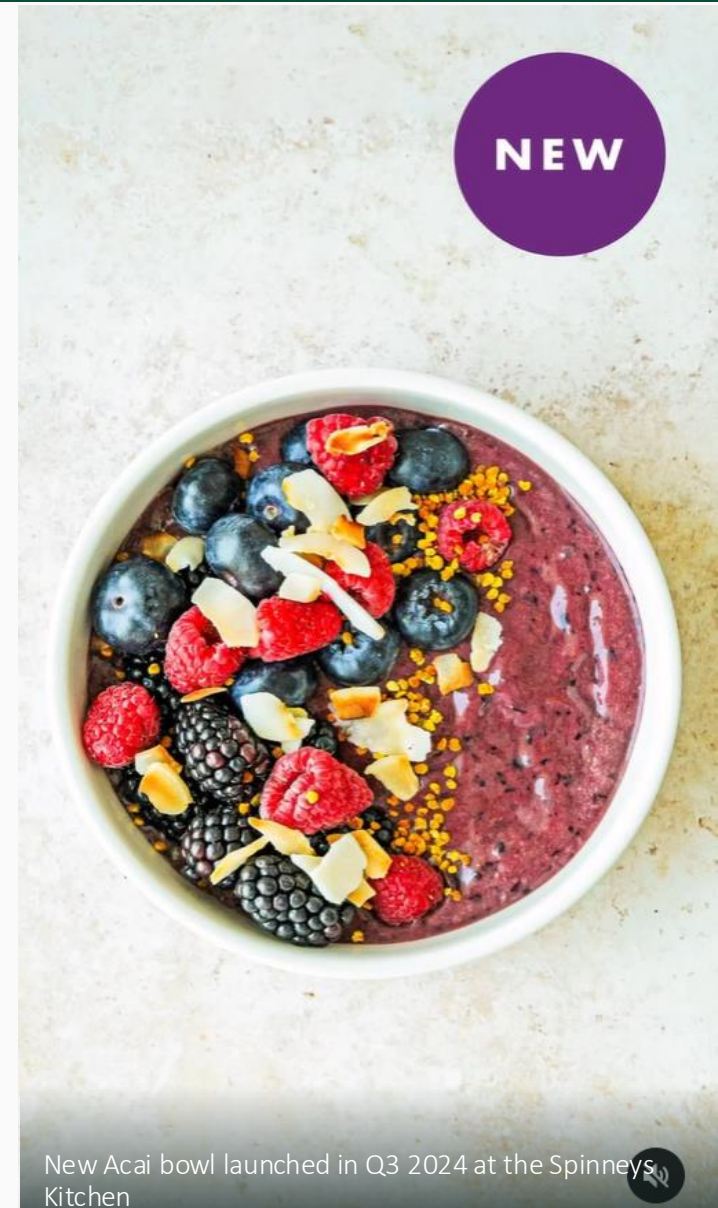
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No reliance should be placed on any forward-looking statement.



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# Our Purpose and Vision: What Makes Spinneys Different



Strong link to food  
Holistic - nourish body, mind & soul

Healthier, happier, more meaningful,  
tastier, more sustainable

It's personal for us, we treat our  
customers with personalized service

To nourish and inspire our communities to live better lives, day by day

We strive to be a pillar throughout  
our communities – the Spinneys  
family, our suppliers & our  
communities of customers

Ongoing, consistency  
& resilience

Inspirations from our colleagues'  
journeys & focus on health,  
wellbeing, as well as indulgence



Mr. Ali Saeed Juma Albwardy  
Chairman

*“We don’t want to be the  
biggest retailer, we want to  
be the best retailer”*





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# BUSINESS OVERVIEW

Sunil Kumar, Chief Executive Officer



Visiting our Spinneys Food Cheddar Cheese producers in Ireland, July 2024.

# Business Overview

With **strong momentum** in 9M 2024, Spinneys continues to build on its **unique market position**

Revenues hit record high of AED 2.3bn for 9M 2024

Like-for-like revenue up 11.1% and adjusted EBITDA margin at an industry-leading 18.3%

Profit before tax for the period at AED 203m, up 27.1%

Profit for the period at AED 182m, up 14.6% *despite* corporate tax impact



In-season Spinneys' stone fruit sourced from growers in California.

# 9M Business Highlights (YoY)



Transactions

24.6m → 27m

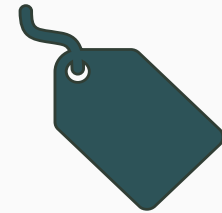
▲ 9.8%



Fresh Sales

61.3% → 63.2%

▲ +1.9%



Private Label Penetration

40.2% → 42.9%

▲ +2.7%



Average Basket Size

AED 85 → AED 86

▲ 1%



Store Footprint

75 → 79

▲ 5%



Ecommerce Participation

13.1% → 14.5%

▲ +1.4%



# Market Conditions

## TRENDS AND EVENTS

### Supportive macroeconomic dynamics

- 30% increase in HNWI & UHNWI expected in UAE over next 5 years (1)
- Strong indicators for growing Dubai population
  - DEWA saw 4% increase in customers in 1H24 (2)
  - Salik saw 15% growth in user accounts in 1H24 (2)
- Population expected to increase to 12.1m by 2030 (11% increase) (3)
- Forecasted GDP for 2025 at 5.1% (4)
- Forecast inflation between 2-4% in the medium term (4)

### Continued supply chain challenges due to Red Sea blockades

- Longer sailing times due to rerouting and port congestion causing longer lead times
- Shortages of equipment, such as reefer containers, have caused intermittent delays

Notes: 1. Bloomberg. 2. AFS 3. World Population Review 4. imf.org



New Spinneys Food Easy to Cook vegetable range



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# DELIVERING ON OUR STRATEGY

Sunil Kumar, Chief Executive Officer



Spinneys Food Greek Yoghurt

# Strategic Progress

## Expanding store footprint

- 12 signed leases

## Saudi expansion

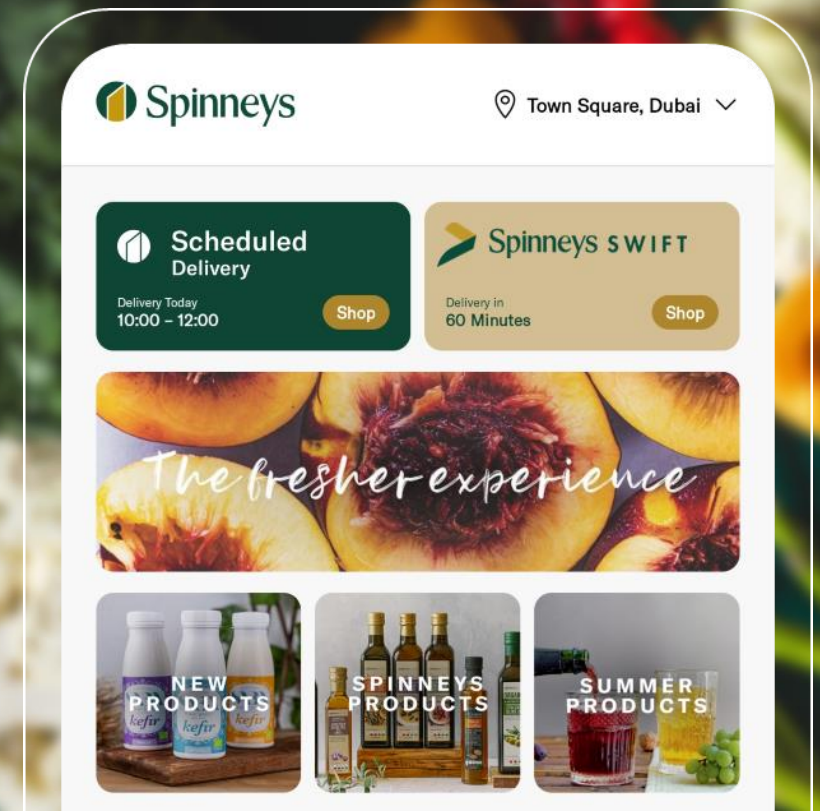
- Sales in line with expectations after market entry hype and customers returning from summer holidays
- Focused on refining product range and supply chain to drive down costs and expand margins

## Spinneys Swift

- 60-minute delivery service expanded to cover **31% of catchment area**
- Swift service is contributing **18%** of own platform online sales within months of launching

## The Kitchen by Spinneys/Grocerant

- Enhanced central production capabilities to support expansion of future The Kitchen locations and supply core products to selected supermarkets





# Building for the Future | Warehousing

## Kezad 2

Inaugurated **new warehouse facility in Kezad (UAE)**, adjacent to existing facility

New facility adds 26,000sqm to owned warehouse facilities, a **74% increase in floor space**

Increased space is utilized for ambient and frozen storage, a **220% increase in storage capacity**



# Building for the Future | Production

## New Production Facility at Food Tech Valley

UAE-government-led initiative to build a **sustainable food ecosystem** has partnered with Spinneys

**27-year agreement** between Wasl and Spinneys for the lease of a **500,000sqft plot** in Food Tech Valley

Spinneys will establish a **state-of-the-art food processing facility** planned to be operational by **2027**

Investment in the facility will contribute to **increasing the UAE's domestic food production capacity**, reducing reliance on imports





# Building for the Future | Store Refurbishment

## Spinneys RAK Al Hamra

- Extended store by 515sqm (26%)
- Expanded meal solutions and produce sections and added souq and cheese island, as well as dedicated entrance lobby direct from parking

## Waitrose Saadiyat Beach

- Extended store by 400sqm (51%)
- Expanded meal solutions and produce sections and added butchery and fish serviced counters

## Spinneys Town Centre

- Expanded meal solutions, produce sections and health and beauty sections
- Added flower shop, walk-in boulangerie style bakery and Fresh Fruit and Veg preparation Concept



# Showcasing our Heritage

## 100 Years Campaign

Building on our heritage brand credentials

Primary channel focus: instore and digital

Digital and social reach of 3.6m+ views



*It has to be Spinneys*



# Recognition for Strength of Brand & Strategy

## Advantage Survey

Ranked by suppliers as **best retailer in UAE** for Partnership, Reputation and Vision

Singled out for strengths in collaborative forecasting, capability & experience and communication of business **strategy and sustainability**

**Sustained improvement** in performance since 2018

## Retail Middle East Awards 2024

**Most Admired Grocery Retailer of the Year**

**Market Expansion of the Year** – Spinneys Saudi Arabia



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# KEY FINANCIAL HIGHLIGHTS

Mukesh Agarwal, Chief Financial Officer

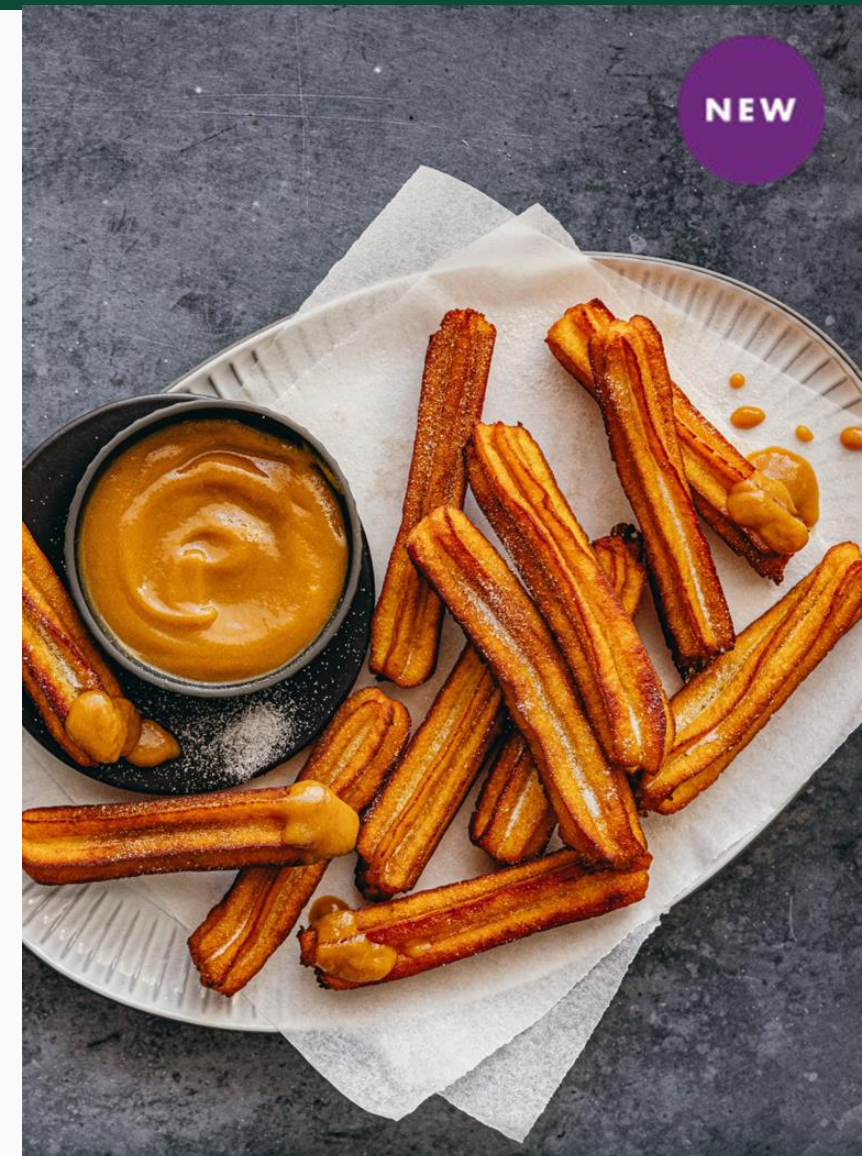
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# 9M Financial Highlights

REVENUE			
AED <b>2.3bn</b> +11.4% YOY			
AED <b>948m</b> +12% YOY	AED <b>421m</b> +8.8% YOY	AED <b>203m</b> +27.1% YOY	AED <b>182m</b> +14.6% YOY
GROSS PROFIT	ADJ. EBITDA	PROFIT BEFORE TAX	PROFIT
AED <b>97m</b> 37.4% FCF Conversion	AED <b>640m</b> 1.52 Net Debt / Adj. EBITDA	AED <b>379m</b>	AED <b>103m</b>
FREE CASH FLOW <sup>1</sup>	NET DEBT <sup>2</sup>	CASH AND BANK BALANCES	INTERIM DIVIDEND PAID

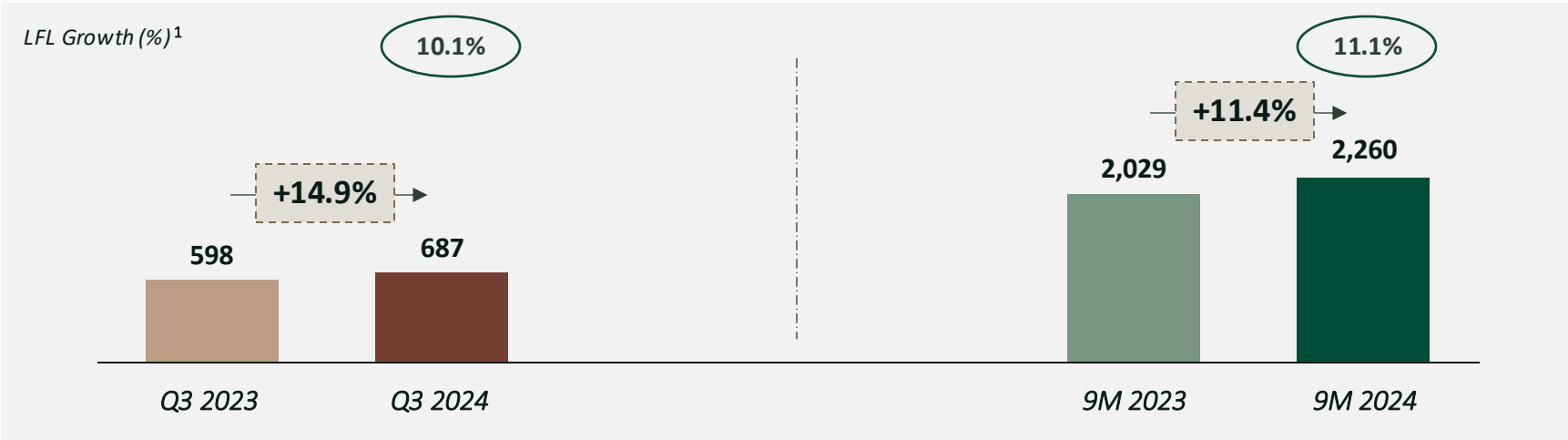


New Spinneys Food Sweet Potato Churros

17 **Notes:** 1. FCF: Adjusted EBITDA +/- change in net working capital (NWC) +/- change in related party balances, minus purchase of property, plant and equipment, depreciation and impairment on right-of-use assets and interest on lease liabilities. 2. Total interest-bearing loans and borrowings plus lease liabilities minus cash and short-term deposits.

# Retail Revenue

Retail Revenue (AED m)



9M 23 – 9M 24 Retail Revenue Bridge (AED m)

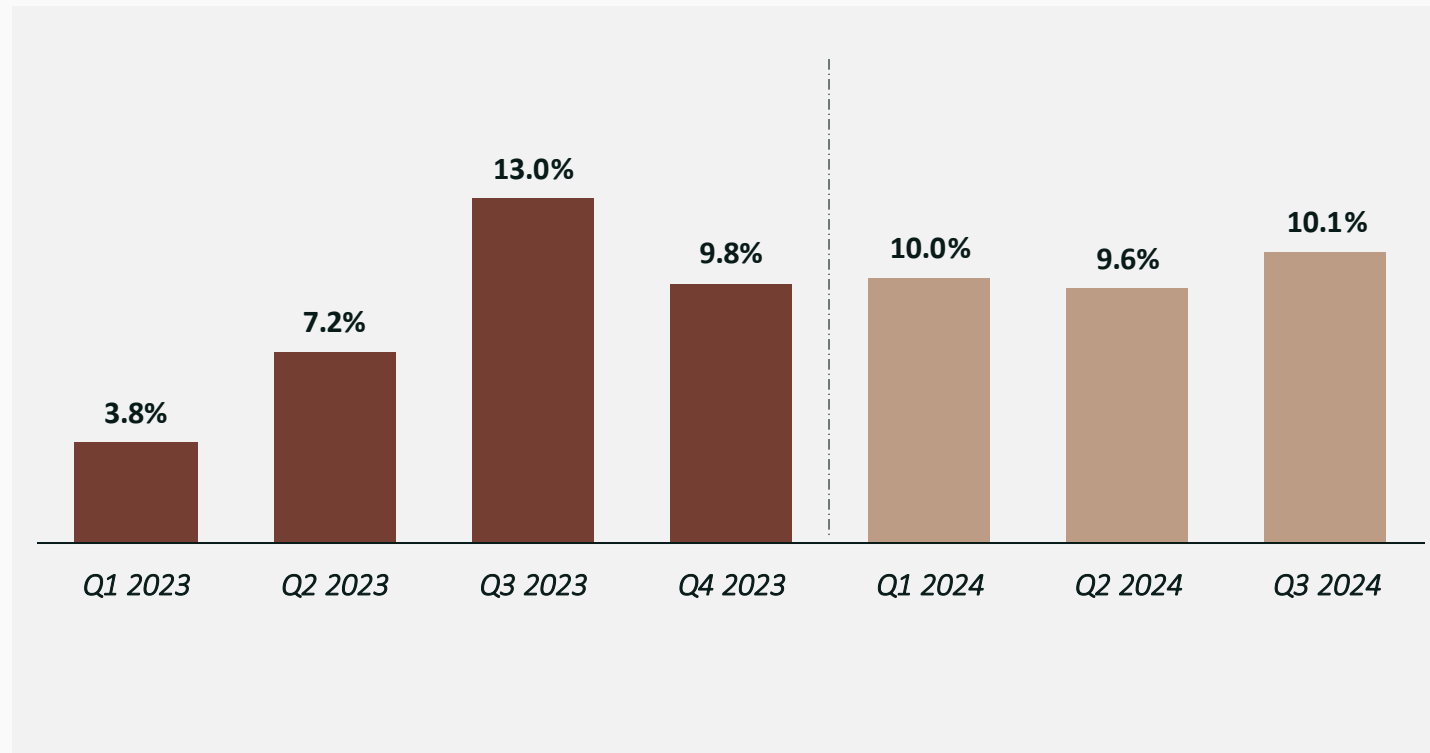


- 4 stores opened since October 2023
  - The Kitchen by Spinneys (Q2 2024)
  - Al Khawaneej (Q2 2024)
  - Sobha (Q2 2024)
  - La Strada Riyadh (Q2 2024)
- Online sales penetration increased to 14.5 %
- LFL growth of 11.1% from existing stores



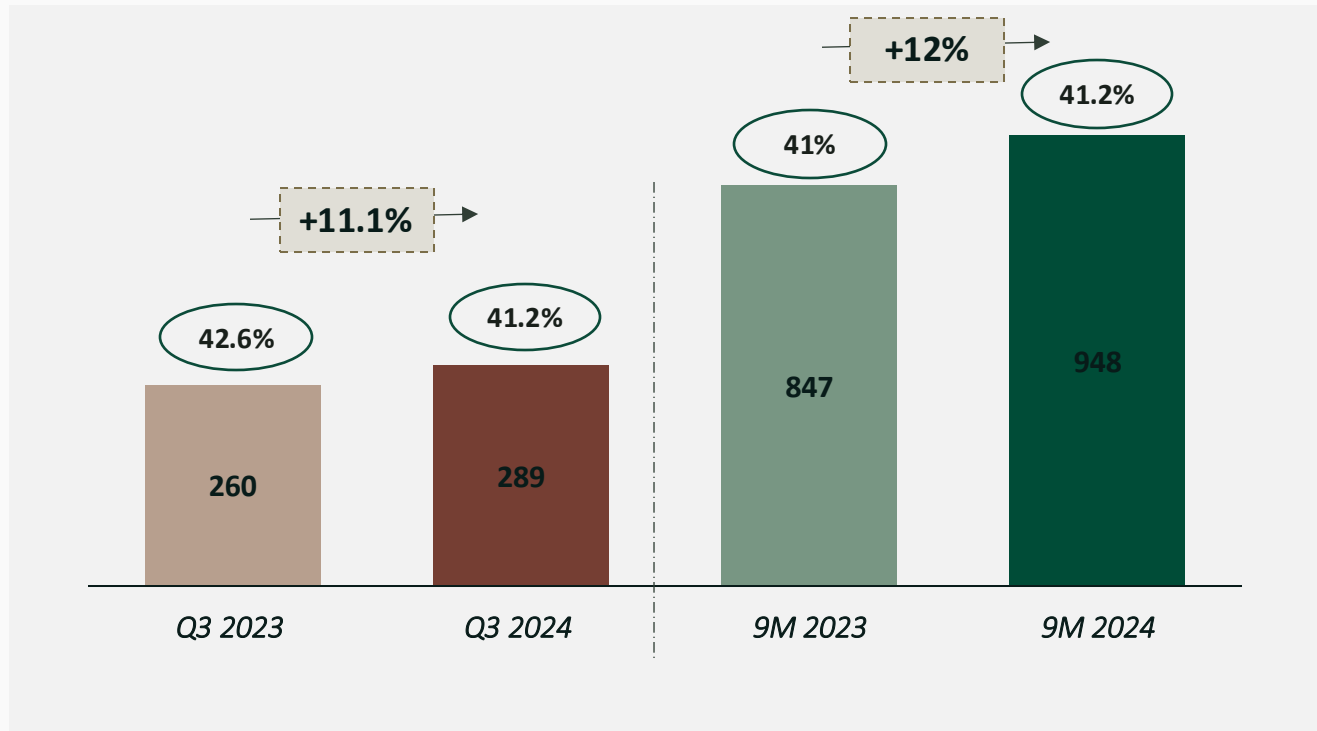
# Like-for-Like Retail Revenue Growth

Quarterly Like-for-Like Retail Revenue Growth (2023-2024)



# Gross Profit

Gross Profit (AED m) and GM %



- Q3 2024 margin consistent with Q2 2024 margin of 41.2%
- Overall margin positively impacted by increase in private label penetration and offset by lower margin in KSA and higher wastage in new stores

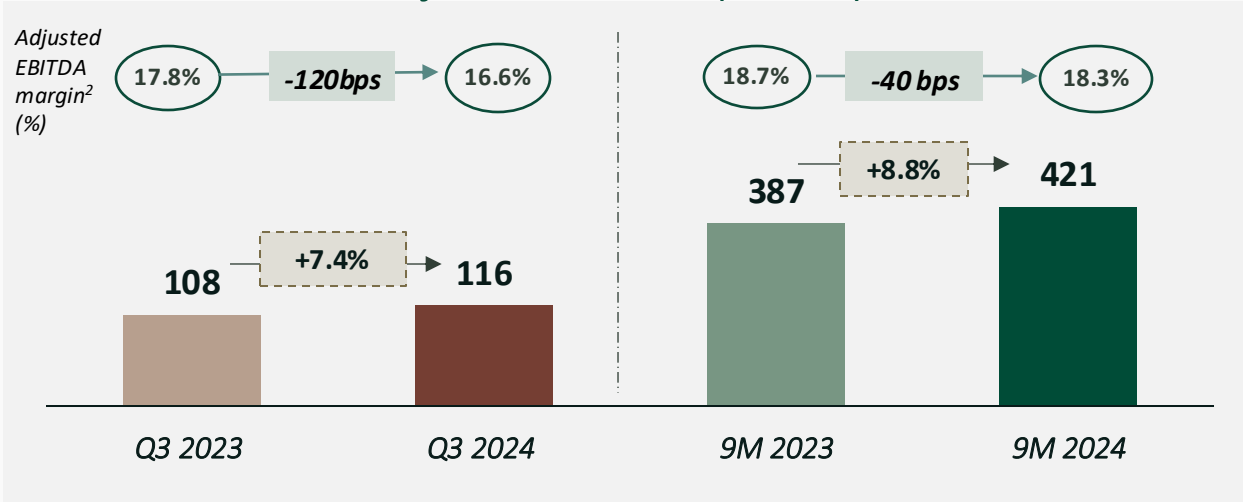
## Spinneys' Secret Recipe for Best-in-Class Profitability

- Efficient sourcing and supply chain, achieved through proximity to suppliers providing significant cost advantage
- “Fresh premium” offering targeting affluent customers belonging to mid-high income socio-economic group – no comparable peer in the market
- Successful private label strategy, underpinned by a strategic shift towards high margin products
- Strong and unique brand reputation securing favourable supplier terms, optimizing both front- and back-end margins

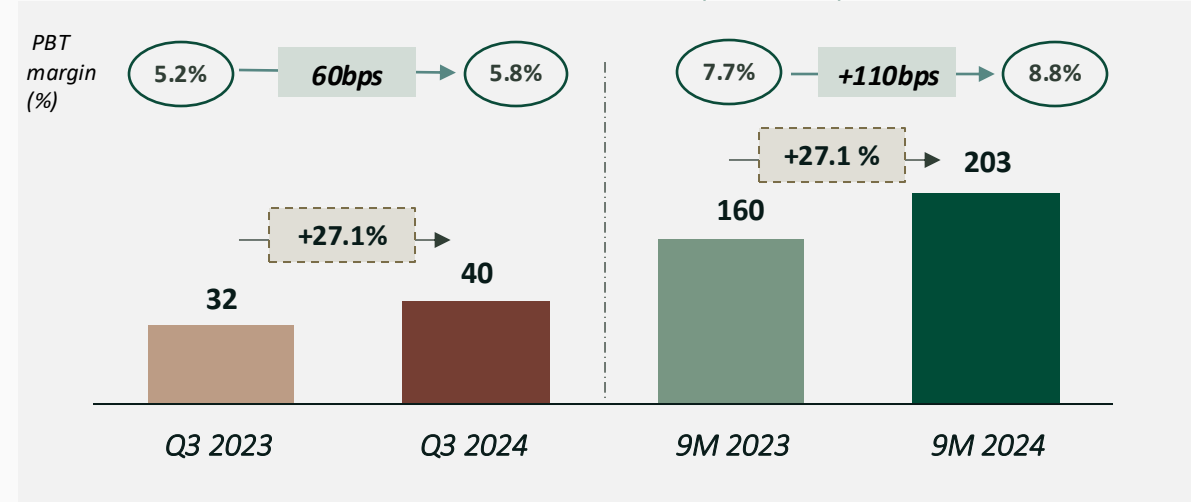


# Adjusted EBITDA and Profit

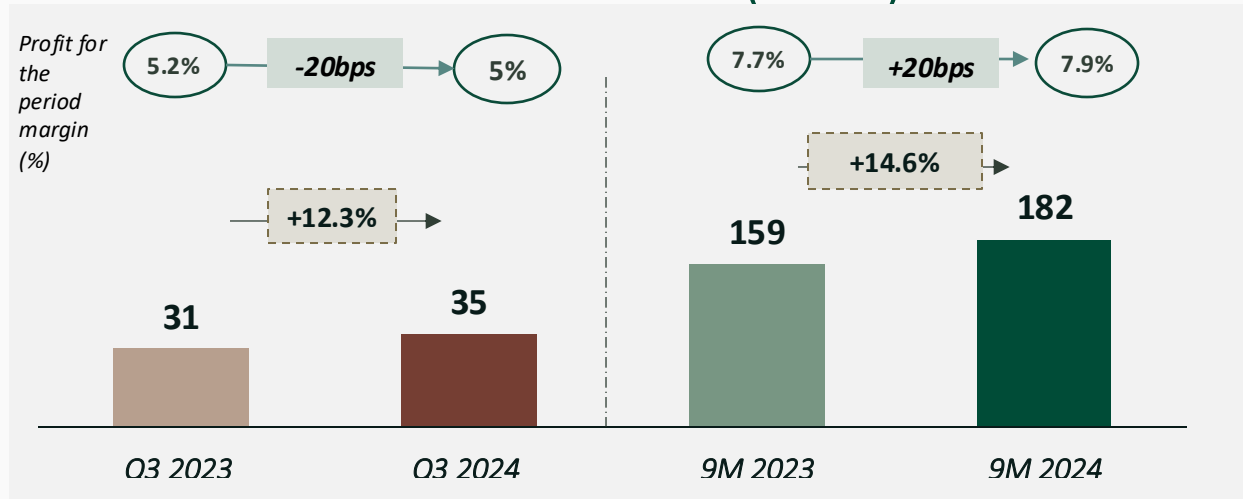
Adjusted EBITDA<sup>1</sup> (AED m)



Profit Before Tax (AED m)



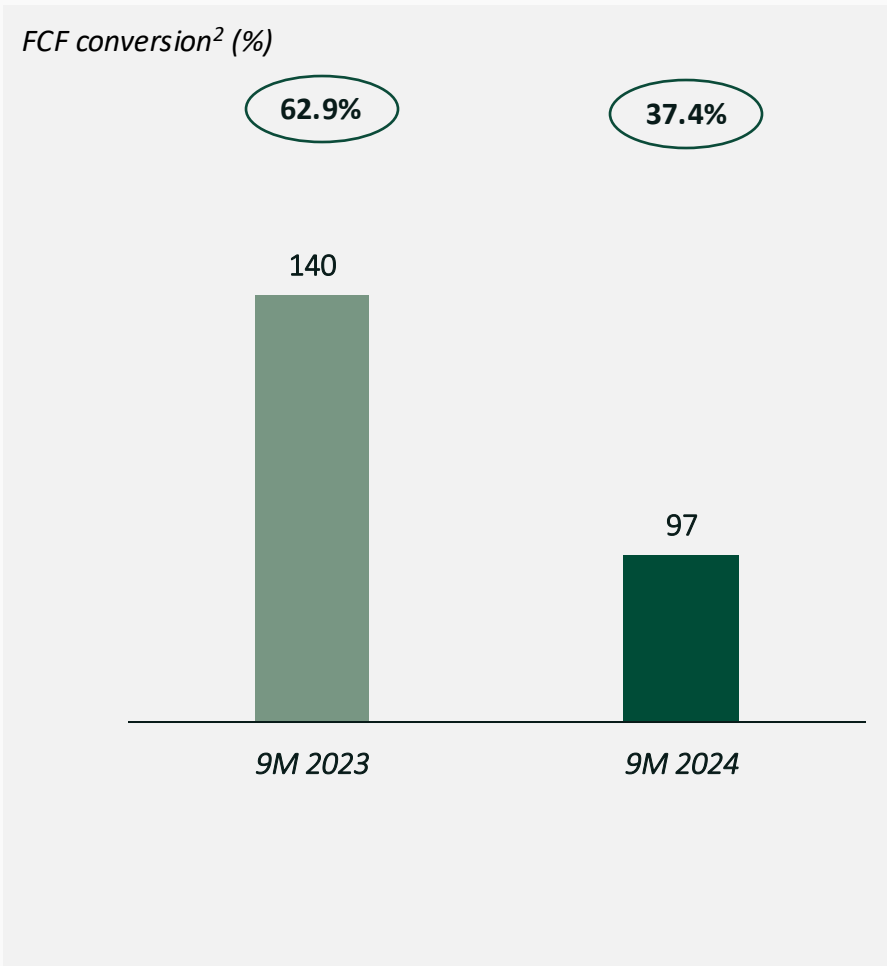
Profit for the Period (AED m)



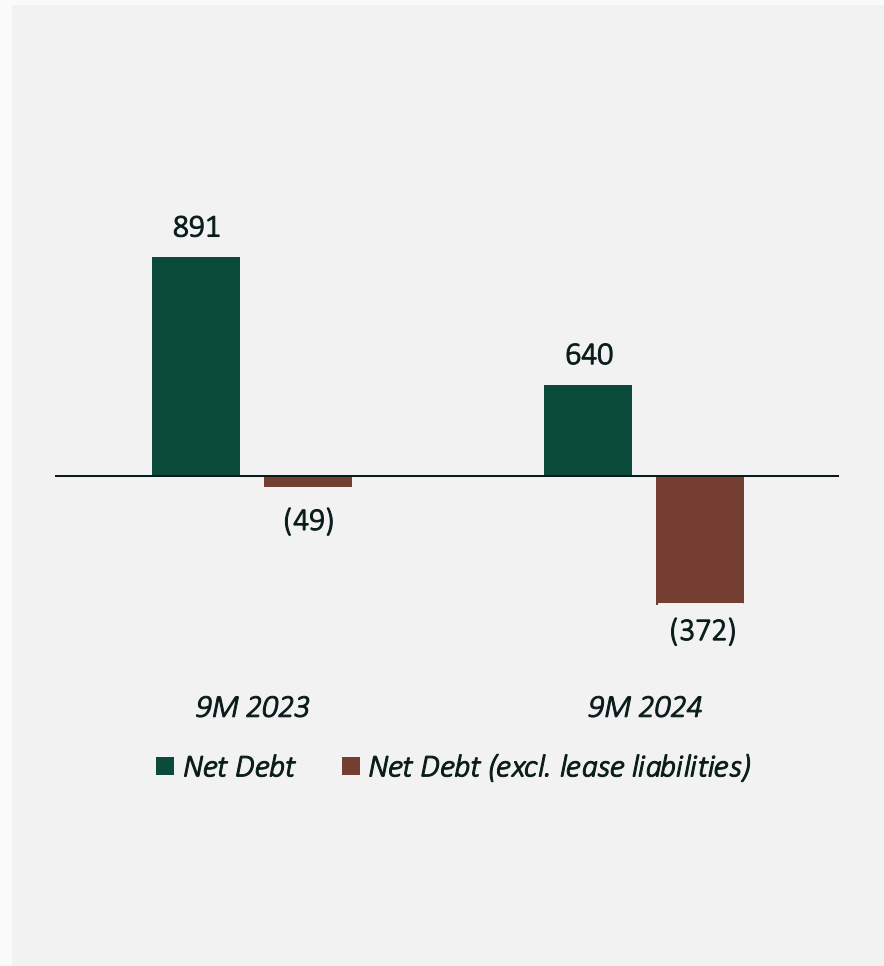
- Includes impact of **one-off IPO-related costs** incurred in H1 2024, and **pre-opening expenses in Saudi Arabia** amounting to more than AED 10m
- **Impact of 9% corporate tax**, effective from January 2024, affects profit for the period vs. 2023

# Free Cash Flow and Net Debt

Free Cash Flow<sup>1</sup> Evolution (AED m)



Net Debt Evolution<sup>3</sup> (AED m)



- > 99% of gross debt relates to lease liabilities
- Self-funded growth with minimal financial debt on balance sheet
- Cash and bank balance of AED 379m

**Notes:** 1. FCF: Adjusted EBITDA +/- change in net working capital (NWC) +/- change in related party balances, minus purchase of property, plant and equipment, depreciation and impairment on right-of-use assets and interest on lease liabilities. 2. FCF conversion: FCF divided by Adjusted EBITDA (post lease related expenses). 3. Total interest-bearing loans and borrowings plus lease liabilities minus cash and short-term deposits.



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# OUTLOOK

Sunil Kumar, Chief Executive Officer

NEW



Spinneys Food Thai Prawn Skewers

# Positive Outlook

## Key Growth Levers Continue to Support Spinneys' Unique Value Proposition

### Supportive Macro Environment



Robust macroeconomic conditions, with strong GDP growth momentum and a growing affluent population

### Healthy Pipeline of New Stores in the UAE



Significant whitespace opportunity in the UAE, continuing to expand our footprint in 2024 and 2025

### Saudi Arabia Market Entry



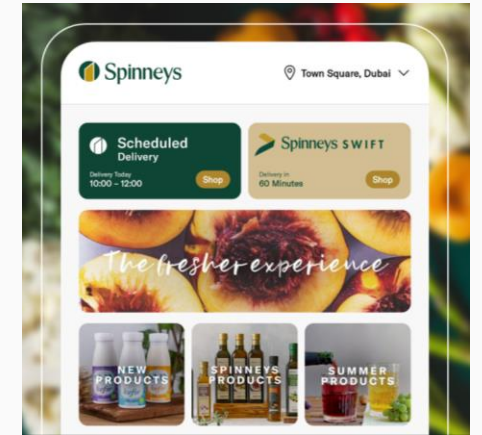
After highly successful opening of Spinneys La Strada, we will continue the expansion in the Kingdom

### The Kitchen, by Spinneys/Grocerant



Standalone dining concept 'The Kitchen by Spinneys' has opened new revenue vertical that will continue to grow

### Spinneys Swift



Launch of hyperlocal delivery service complete, with focus on continued wider roll-out to enhance customer experience

# 5 APPENDIX





# Consolidated Statement of Profit or Loss

AED '000	Q3 2023	Q3 2024	9M 2023	9M 2024
Revenue from contracts with customers	597,679	686,818	2,029,176	2,260,450
Rental income	12,828	14,575	34,895	38,451
<b>Revenue</b>	<b>610,507</b>	<b>701,393</b>	<b>2,064,071</b>	<b>2,298,901</b>
Cost of sales	(350,350)	(412,380)	(1,217,304)	(1,350,905)
<b>Gross Profit</b>	<b>260,157</b>	<b>289,013</b>	<b>846,767</b>	<b>947,996</b>
Other income	4,064	1,788	7,746	6,092
Selling, general and administrative expenses	(155,763)	(174,409)	(467,996)	(533,407)
Depreciation and impairment of right-of-use assets	(43,725)	(42,421)	(131,816)	(124,212)
Depreciation and impairment of property, plant and equipment	(18,713)	(24,720)	(58,316)	(65,715)
Impairment of goodwill	(2,523)	-	(3,463)	-
Finance income	-	4,056	-	9,443
Finance costs	(11,771)	(12,975)	(33,254)	(37,222)
<b>Profit Before Tax</b>	<b>31,726</b>	<b>40,332</b>	<b>159,668</b>	<b>202,975</b>
Income tax expense	(230)	(4,972)	(988)	(21,119)
<b>Profit for the Period</b>	<b>31,496</b>	<b>35,360</b>	<b>158,680</b>	<b>181,856</b>
<b>Earnings per Share*</b> (AED per share)	<b>0.009</b>	<b>0.011</b>	<b>0.044</b>	<b>0.053</b>

# Consolidated Statement of Financial Position

AED '000	31-Dec 2023	30-September 2024
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	408,582	417,192
Intangible assets	34,000	34,000
Right of use assets	808,475	884,576
Other non-current assets	50,148	55,994
Deferred tax assets	1,250	1,254
<b>Total Non-current Assets</b>	<b>1,302,455</b>	<b>1,393,016</b>
<b>Current assets</b>		
Inventories	133,161	148,303
Trade receivable, prepayments and other receivables	59,244	62,763
Amounts due from related parties	6,722	4,217
Bank balances and cash	354,061	378,950
<b>Total Current Assets</b>	<b>553,188</b>	<b>594,233</b>
<b>TOTAL ASSETS</b>	<b>1,855,643</b>	<b>1,987,249</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	36,000	36,000
Restricted reserve	4,778	4,778
Retained earnings	66,155	155,782
Actuarial reserve	7,585	7,585
Foreign currency translation reserve	851	1,255
<b>Equity Attributable to equity holders of the company</b>	<b>115,369</b>	<b>205,400</b>
Non-controlling interest	(1,688)	(12,059)
<b>Total Equity</b>	<b>113,681</b>	<b>193,341</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	6,355	6,081
Other non-current liabilities	14,308	18,278
Lease liabilities	779,324	843,376
Employees EOS benefits	68,480	78,740
<b>Total Non-current Liabilities</b>	<b>868,467</b>	<b>946,475</b>
<b>Current liabilities</b>		
Trade payable, accruals and other payables	689,607	630,004
Lease liabilities	143,833	169,153
Interest bearing loans and borrowings	762	802
Amounts due to related parties	38,830	26,799
Income tax payable	463	20,675
<b>Total Current Liabilities</b>	<b>873,495</b>	<b>847,433</b>
<b>TOTAL LIABILITIES</b>	<b>1,741,962</b>	<b>1,793,908</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,855,643</b>	<b>1,987,249</b>

# Consolidated Statement of Cash Flows

AED '000	30-September 2023	30-September 2024
<b>OPERATING ACTIVITIES</b>		
Profit for the period before tax	159,668	202,975
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Net gain on disposal of property, plant and equipment and intangible assets	(3,970)	(1,020)
Finance income	-	(9,443)
Finance costs	33,254	37,222
Depreciation and impairment of PPE	58,316	65,715
Depreciation and impairment of ROU	131,816	124,212
Impairment of goodwill	3,463	-
(Gain) / loss on change in fair value of forward exchange contracts	4,527	59
Provision for old and obsolete inventories	7,431	8,443
Loss/ (gain) on termination of leases	(45)	831
Provision for employees' end of service benefits	8,791	12,065
<b>Total Adjustments</b>	<b>403,251</b>	<b>441,059</b>
<b>Working capital changes:</b>		
Inventories	(10,618)	(23,585)
Trade receivable, prepayments and other receivables	(22,793)	(9,424)
Related parties' balances	(11,470)	(6,614)
Trade payable, accruals and other payables	4,261	(55,633)
Employees' end of service benefits paid	(4,675)	(4,730)
Interest paid	(361)	(376)
Income tax paid	(955)	(907)
<b>Net cash flows from operating activities</b>	<b>356,640</b>	<b>339,790</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(53,052)	(73,864)
Proceeds from disposal of property, plant and equipment and intangible assets	8,015	1,701
Investment in short-term deposits	-	(79,000)
Interest received	-	9,443
<b>Net cash flows used in investing activities</b>	<b>(45,037)</b>	<b>(141,720)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(134,565)	(102,600)
Repayment of lease liabilities	(159,414)	(148,607)
Repayment of loans and borrowings	(552)	(448)
<b>Net cash flows used in financing activities</b>	<b>(294,531)</b>	<b>(251,655)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>17,072</b>	<b>(53,585)</b>
Cash and cash equivalents at 1 January	39,671	354,061
Net foreign exchange difference	(251)	(526)
<b>CASH AND CASH EQUIVALENTS AT 30 SEP 2024</b>	<b>56,492</b>	<b>299,950</b>





**THANK YOU**

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