

Spinneys Reports Highest Ever First-Half Revenues of AED 1.6bn, with Profit Before Tax Up 27%; Will Pay First Post-IPO Interim Dividend of AED c.103m

- Record revenues were driven by strong like-for-like growth, up 10% in H1 2024
- Profit for H1 2024 increased 15% YoY despite impact of 9% UAE Corporate Tax
- H1 ecommerce sales increased 22% year-on-year to AED 217 million, accounting for 14% of sales
- Spinneys is executing on its strategy, with solid progress on new store openings, including launching in Saudi Arabia for the first-time, the launch of foodhall concept “The Kitchen, by Spinneys”, and expansion of the ecommerce platform
- Board approves interim dividend of AED c.103 million, or 2.85 fils per share, for H1 2024

Dubai, UAE – 8 August 2024: Spinneys (“Spinneys” or the “Company”), one of the UAE’s leading fresh food retailers, today announced its financial results for the three-month and six-month periods ended 30 June 2024. First-half revenues reached a record high of AED 1.6 billion, increasing by 9.9% year-on-year, with Profit for the period of AED 146 million, up 15.2% despite the impact of the recently introduced UAE Corporate Tax and one-off expenses associated with the Company’s recent IPO. Spinneys will pay its first post-IPO interim dividend of AED 102.6 million, equivalent to 2.85 fils per share and 70% of distributable profits, in [August] 2024.

Financial highlights

AED (m)	Q2 2024	Q2 2023	YoY Growth (%)	H1 2024	H1 2023	YoY Growth (%)
Revenue	783	719	8.9%	1,598	1,454	9.9%
Gross Profit	323	295	9.6%	659	587	12.3%
Adj. EBITDA ¹	153	139	10.2%	304	278	9.4%
Profit Before Tax	80	61	30.4%	163	128	27.1%
Profit	72	61	17.8%	146	127	15.2%

Sunil Kumar, Chief Executive Officer at Spinneys, commented: *“We are delighted to report record revenues for H1 2024, reflecting robust and growing demand for our unique proposition. These results also mark a significant milestone as we announce our first post-IPO interim dividend, demonstrating our commitment to delivering value to our shareholders.*

“During the first half of the year, we made a number of important steps in the execution of our strategy, expanding our footprint by opening four new stores including our new innovative foodhall concept, The Kitchen, by Spinneys. We also opened our first-ever store in Saudi Arabia, entering a compelling market where we see immense potential for growth. The La Strada Yard store in Riyadh has already experienced an exceptional response from customers, highlighting the strong demand that exists for our offering, with early performance reinforcing our already very positive outlook for Spinneys in the Kingdom.

“Coupled with the successful upgrade of our ecommerce app, which now includes hyperlocal option Spinneys Swift, these achievements underscore our commitment both to growth and innovation and provide us with powerful momentum to carry into the second half of the year.”

¹ Adjusted EBITDA is profit before tax plus depreciation and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, impairment of goodwill, finance costs minus finance income.

Record revenues in H1 2024, with strong profitability metrics to match

Revenue: grew by 9.9% year-on-year to reach AED 1.6 billion in the first six months of 2024, driven by like-for-like sales growth of 9.8% supplemented by the H1 2024 opening of four new locations in Al Khawaneej (Dubai), Sobha (Dubai), The Kitchen, by Spinneys in Dubai Mall and the launch of Spinneys' first store in Riyadh, Saudi Arabia, having previously opened one new store at Damac Ventura (Dubai) in the second half of 2023.

Profitability: Gross profit increased by 12.3% year-on-year to reach AED 659 million in the six months ended 30 June 2024. Spinneys' gross profit margin was robust, at 41.3%, a 90 basis point improvement versus the prior year. Margin expansion was mainly due to the Group's efficient sourcing and supply chain capabilities, and successful fresh premium offering and private label strategy.

Adjusted EBITDA² totaled AED 304 million in the first six months of 2024, up 9.4% year-on-year with an Adjusted EBITDA margin³ of 19%, despite the impact of one-off IPO related costs and pre-store opening expenses in Saudi Arabia. Profit before tax grew by 27.1% year-on-year to AED 163 million, while profit for the period increased by 15.2% year-on-year to AED 146 million, despite the introduction of 9% Corporate Tax in the UAE. Spinneys' net profit margin of 9.2% represented a 50 basis point improvement from the prior year.

Transaction growth: was healthy, up by 9% year-on-year to 18.3 million for the H1 2024 period.

Average basket size: was stable, up 0.6% year-on-year, supported by continued strength in customer demand.

First-half business highlights – delivering on strategy

New store openings: Spinneys opened four new stores in H1 2024, adding 7.9% to its gross selling area (GSA), with the Company operating a total of 79 stores as at 30 June 2024, having opened one new store in the second half of 2023. The new store openings were partially offset by the closure of two locations in the corresponding period of the previous year. Spinneys remains committed to expanding its store footprint, with a healthy pipeline of new locations planned in the UAE, as well as in Saudi Arabia following the highly successful opening of Spinneys at Riyadh's La Strada Yard. The Kitchen, by Spinneys launched the Company's first-ever foodhall concept in Dubai Mall during the second quarter, with margins well above grocery retail margins and further locations set to open in the UAE later this year.

Online sales and penetration: Spinneys' ecommerce sales increased by 21.7% year-on-year, surpassing AED 217 million for the H1 2024 period. Overall ecommerce sales as a percentage of revenue reached 13.6%, and Spinneys remains committed to enhancing its digital retail offering through the recent refresh of its app to include the Spinneys Swift hyperlocal delivery option, successfully piloting a 60-minute delivery service in four key locations with roll-out continuing across the UAE.

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² Adjusted EBITDA is profit before tax plus depreciation and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, impairment of goodwill, finance costs minus finance income.

³ Adjusted EBITDA margin: Adjusted EBITDA divided by revenue

About Spinneys

Spinneys' story started in 1961 when the first supermarket opened in Al Nasr Square. It has since grown to be one of the leading premium supermarket retailers in the UAE, with 79 stores (including Waitrose) across the UAE, Oman and Saudi Arabia. Much loved by expats and locals in the region, Spinneys enjoys a well-deserved reputation for forward thinking, keeping pace with changes in cooking trends and the emergence of new products worldwide. Today, Spinneys is majority owned by UAE national Mr. Ali Albwardy, has built a strong name for supplying top-quality produce and offering an elevated level of customer service. Food quality, safety and freshness have always been at the forefront of the company's ethos – just one reason the Spinneys brand is defined as 'The fresher experience'.

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