

Spinneys سبينيس



 Spinneys

Q1 2024 Earnings Presentation

May 2024

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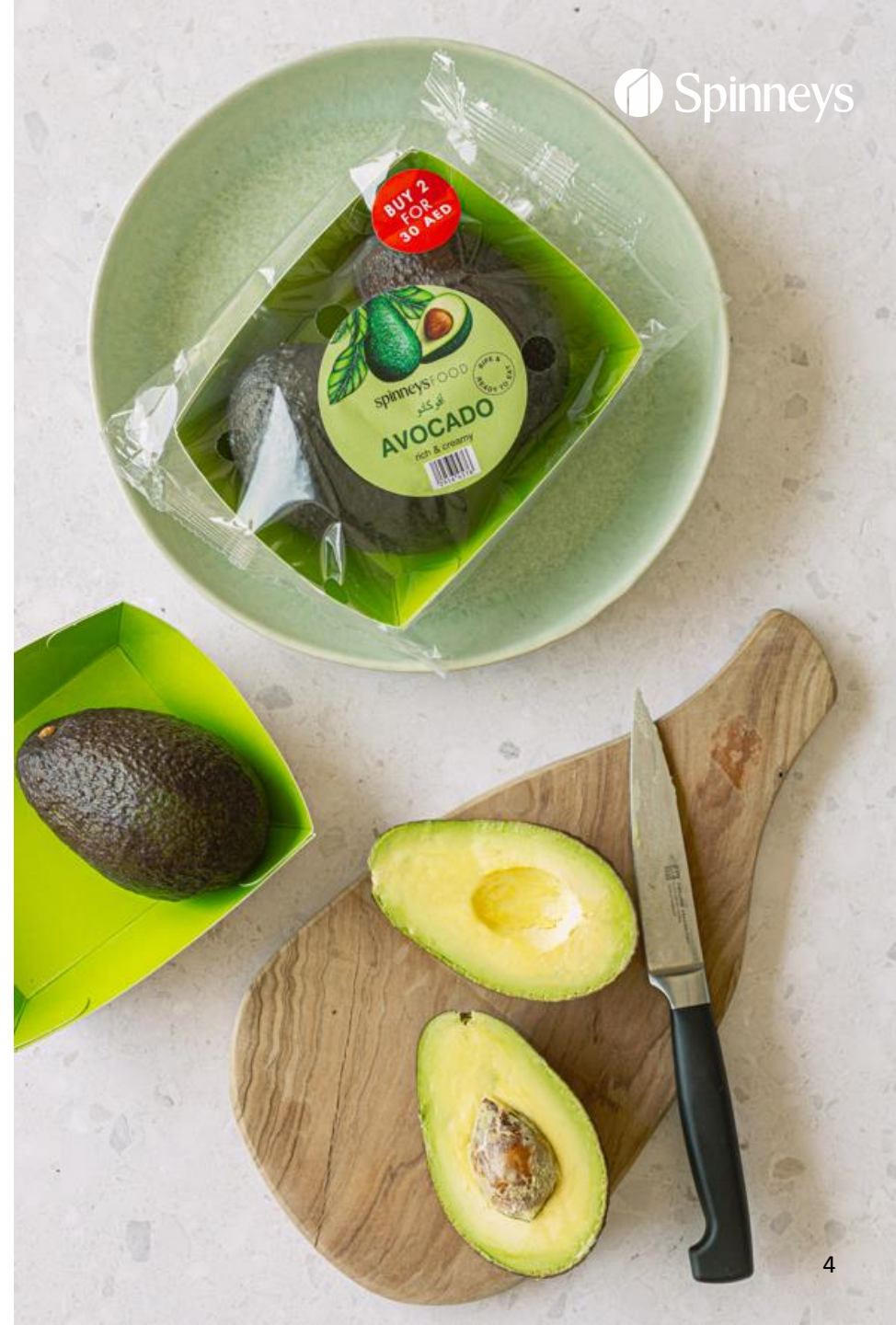
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Business Overview

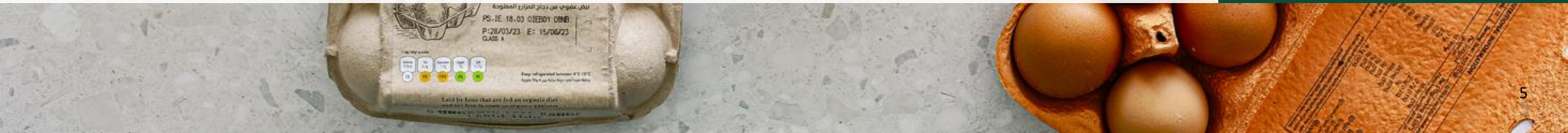


Our Purpose and Vision



Mr. Ali Saeed Juma Albwardy
Chairman

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



Q1 2024 Key Financial and Operational Highlights



Our Proposition			Q1 2024 Financial Highlights		Q1 2024 Operational Highlights
			75 Stores¹ in the UAE and Oman, as at 31 March 2024	AED 815mn Q1 2024 Revenue	 ▲ 26.8% YoY E-commerce Sales (14% of total revenue)
Customer-Centric		Quality, Freshness & Service	2 Key Brands 	+10.0% Q1 2024 LFL Revenue Growth ³	 ▲ 9.5% YoY Transaction Growth
	Mission Focused Stores			18.5% Q1 2024 Adjusted EBITDA ⁴ Margin ⁵	 AED 89 Average Basket Size ▲ 1.0% YoY
			14% Online Sales ²	AED 75mn Profit for the period	Successful Listing on DFM Listed on DFM on 9 th May 2024, achieving record oversubscription levels of over 64 times ⁶ . Total gross proceeds of c. AED 1.38 billion raised, with a market capitalisation at time of listing of AED 5.51 billion

Notes: All financial figures include the Spinneys, Waitrose and Al Fair brands but exclude Spinneys Abu Dhabi. 1. Includes 11 Spinneys Abu Dhabi stores under management services agreement; 2. As of Q1 2024A, includes Spinneys, Waitrose and Al Fair brands but exclude Spinneys Abu Dhabi. 3.LFL: % change in revenues for stores generating monthly revenues over the 12 months in a given financial year, excluding closed stores during the period. 4.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. 5. Adjusted EBITDA divided by revenue 6. Excludes cornerstone investors

Q1 2024 Highlights



Financial Highlights

Revenue



AED **815**mn

▲ 10.9% YoY

Gross Profit



AED **336**mn

▲ 15.1% YoY

Adjusted EBITDA¹



AED **151**mn

▲ 8.7% YoY

Profit for the period



AED **75**mn

▲ 12.8% YoY

Free Cash Flow²

AED **113**mn

113.7%
FCF Conversion

Q1 2024 Net Debt³

AED **480**mn

Q1 2024 Net Debt⁴ (Excl. lease liabilities)

AED **(463)**mn

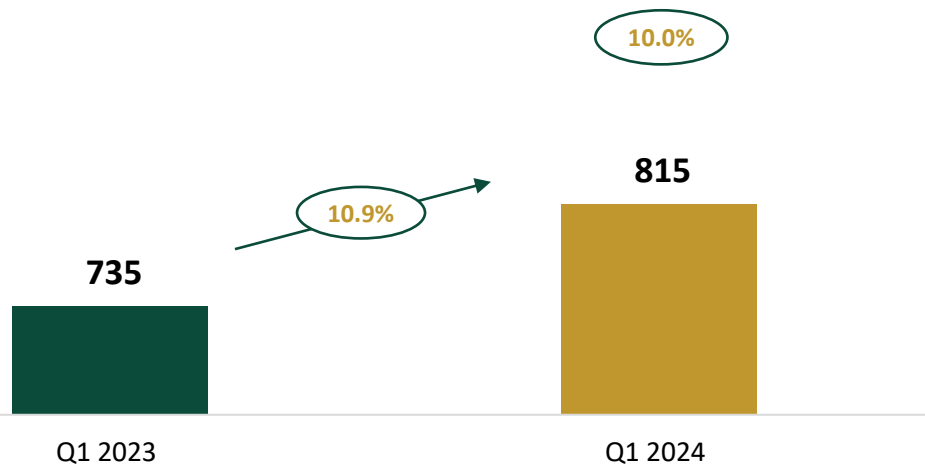
Source: Company Information.

Notes: 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. 2. 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. 3. Total interest-bearing loans and borrowings plus lease liabilities minus cash and short-term deposits. 4. Net Debt minus lease liabilities.

Q1 2024 - Financial Highlights

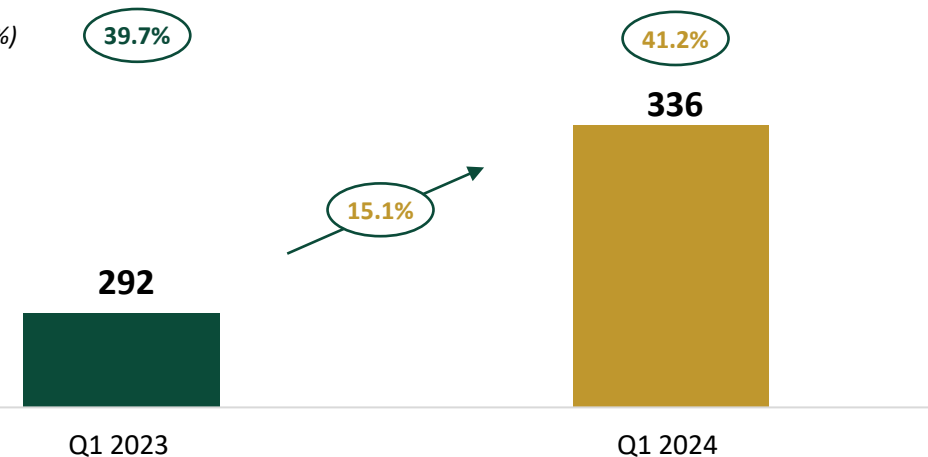
Revenue¹ (AED mn)

LFL Growth (%)



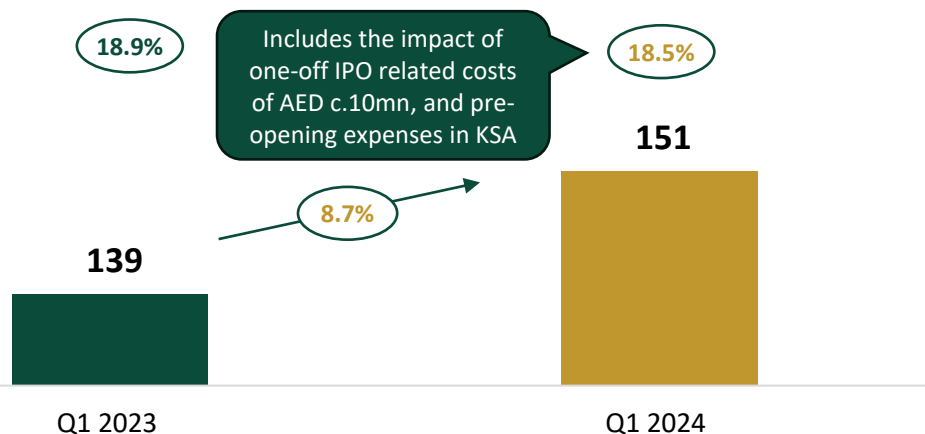
Gross Profit (AED mn)

Gross Margin (%)



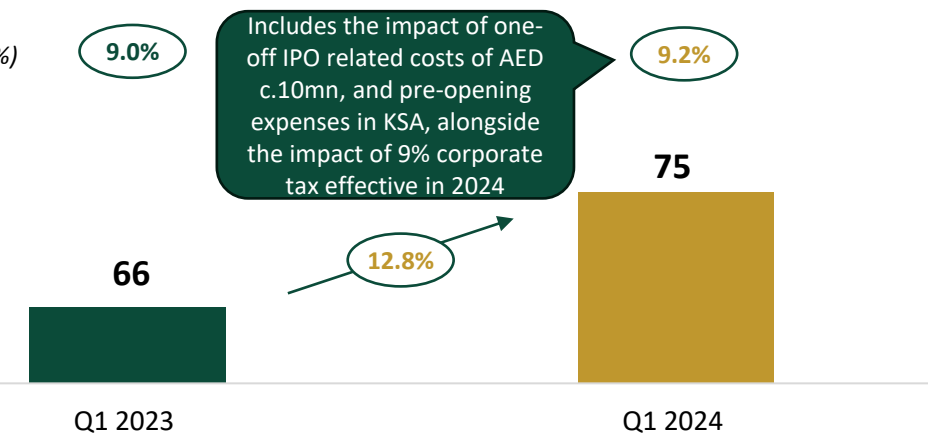
Adjusted EBITDA² (AED mn)

Adjusted EBITDA Margin³ (%)



Profit for the Period (AED mn)

Profit for the period Margin (%)

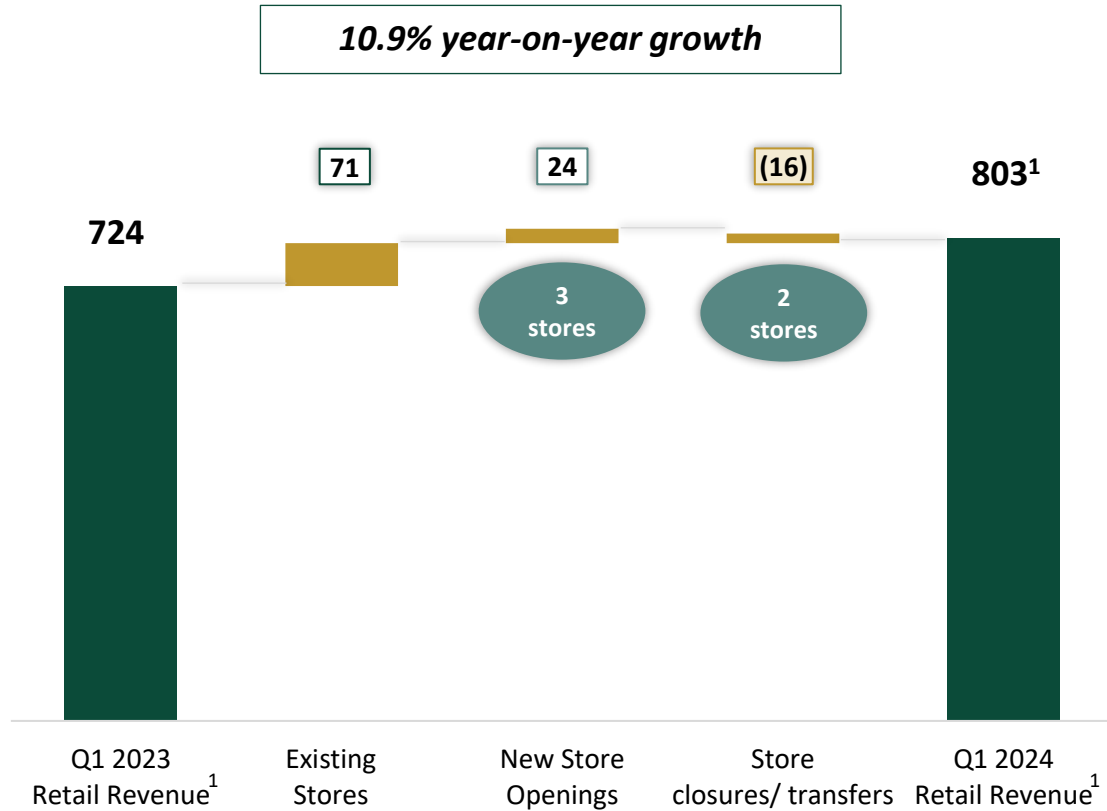


Source: Company Information.

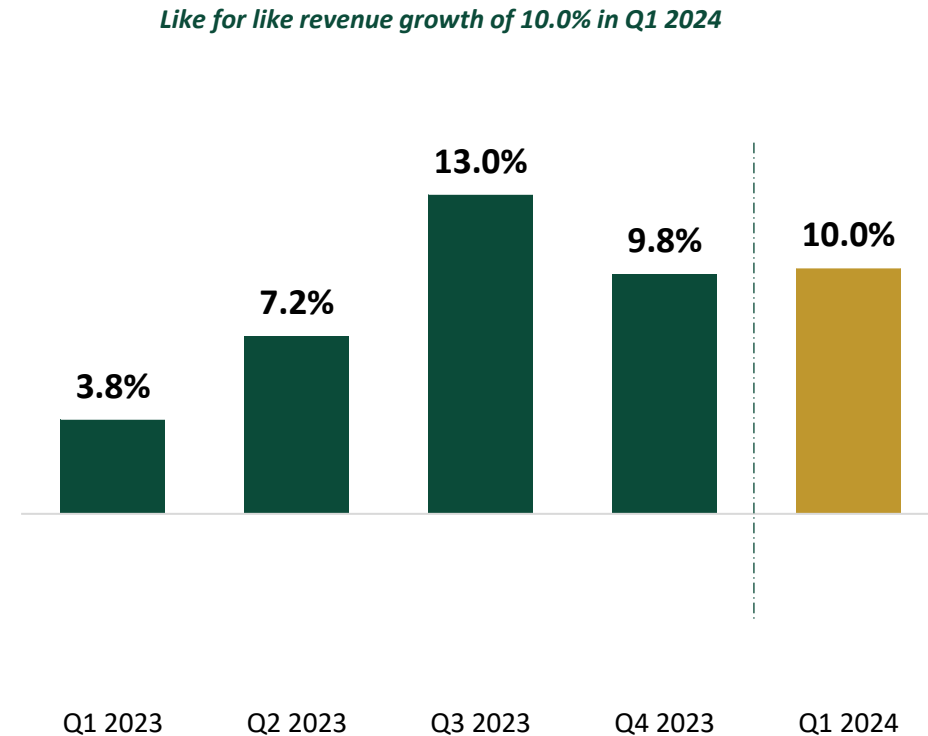
Notes: 1. Revenue includes rental income. 2. Adjusted EBITDA is profit before tax plus depreciation and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, impairment of goodwill, finance costs minus finance income. 3. Adjusted EBITDA divided by revenue.

Q1 2024 - Robust Like-For-Like Retail Revenue Performance

Q1 2023 – Q1 2024 Retail Revenue Bridge¹ (AED mn)



Quarterly YoY Like-For-Like² Retail Revenue¹ Growth



Source: Company Information.

Notes: 1. Retail revenue refers to revenue from sales of goods. 2. LFL: % change in revenues for stores generating monthly revenues over the 12 months in a given financial year, excluding closed stores during the period

Robust And Expanding Gross Profit Margin

Gross Profit (AED mn)

Gross Margin (%)

39.7%

41.2%



Q1 2023

Q1 2024

15.1%

Spinneys' Secret Recipe to Distinguished 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


- Successful **private label strategy**, underpinned by a strategic shift towards **high margin products**


- Strong **brand reputation** securing **favorable supplier terms**, optimizing both the **front and back-end margins**

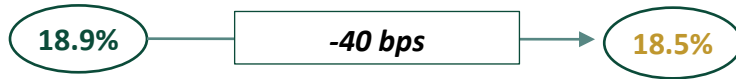


Source: Company Information.

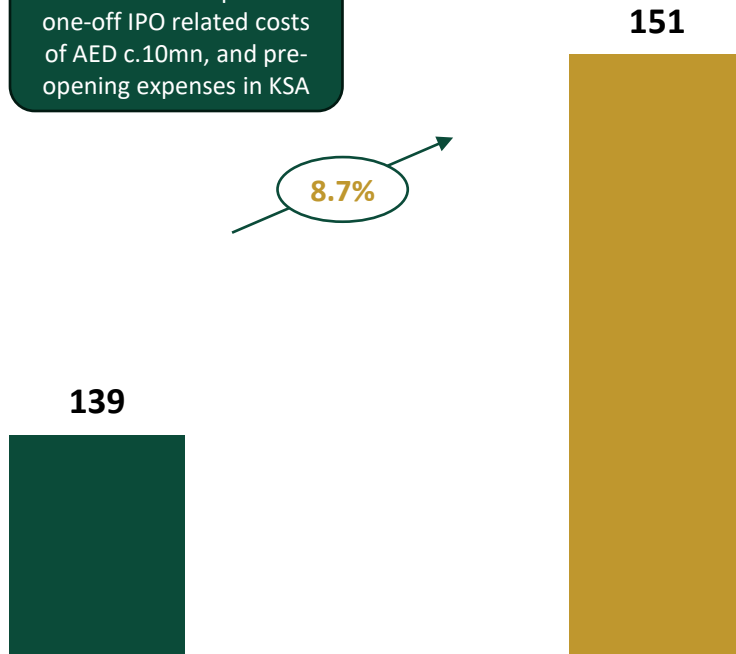
EBITDA and Profit for the Period Margins

Adjusted EBITDA¹ (AED mn)

Adjusted EBITDA margin² (%)



Includes the impact of one-off IPO related costs of AED c.10mn, and pre-opening expenses in KSA



Q1 2023

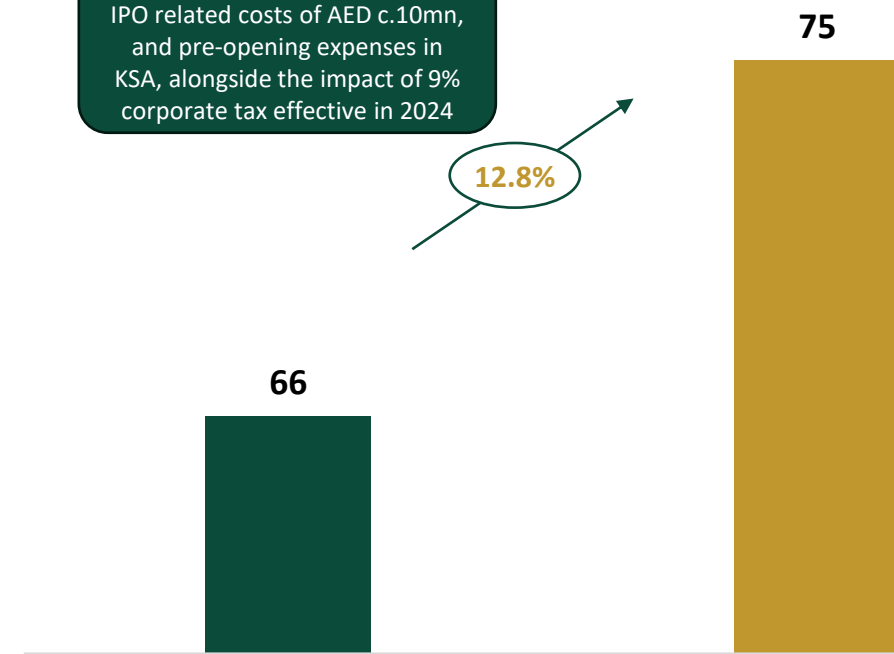
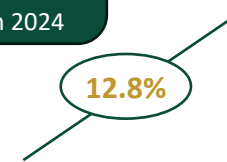
Q1 2024

Profit For The Period (AED mn)

Profit for the period margin (%)



Includes the impact of one-off IPO related costs of AED c.10mn, and pre-opening expenses in KSA, alongside the impact of 9% corporate tax effective in 2024



Q1 2023

Q1 2024

Source: Company Information.

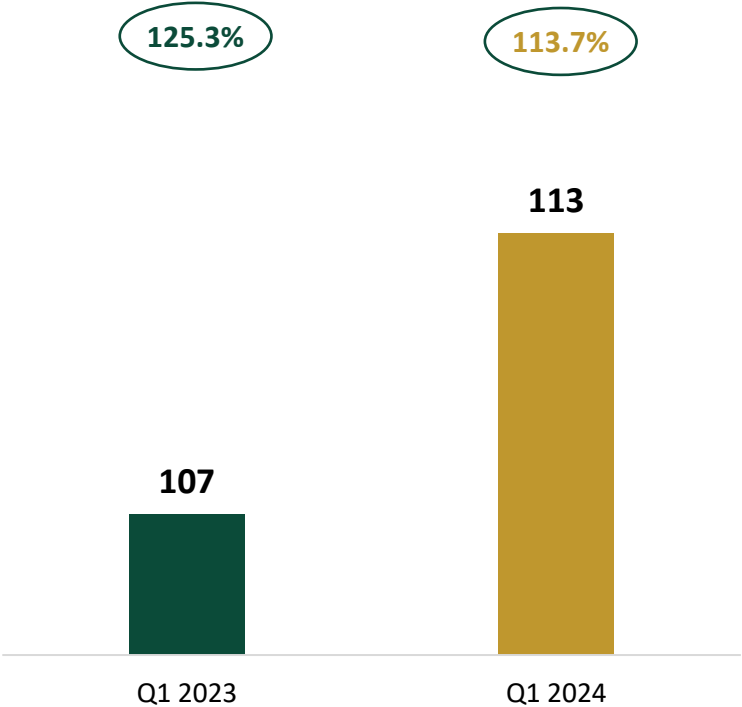
Notes: 1. Adjusted EBITDA is profit before tax plus depreciation and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, impairment of goodwill, finance costs minus finance income. 2. Adjusted EBITDA divided by revenue.

Strong Free Cash Flow and Good Leverage Levels



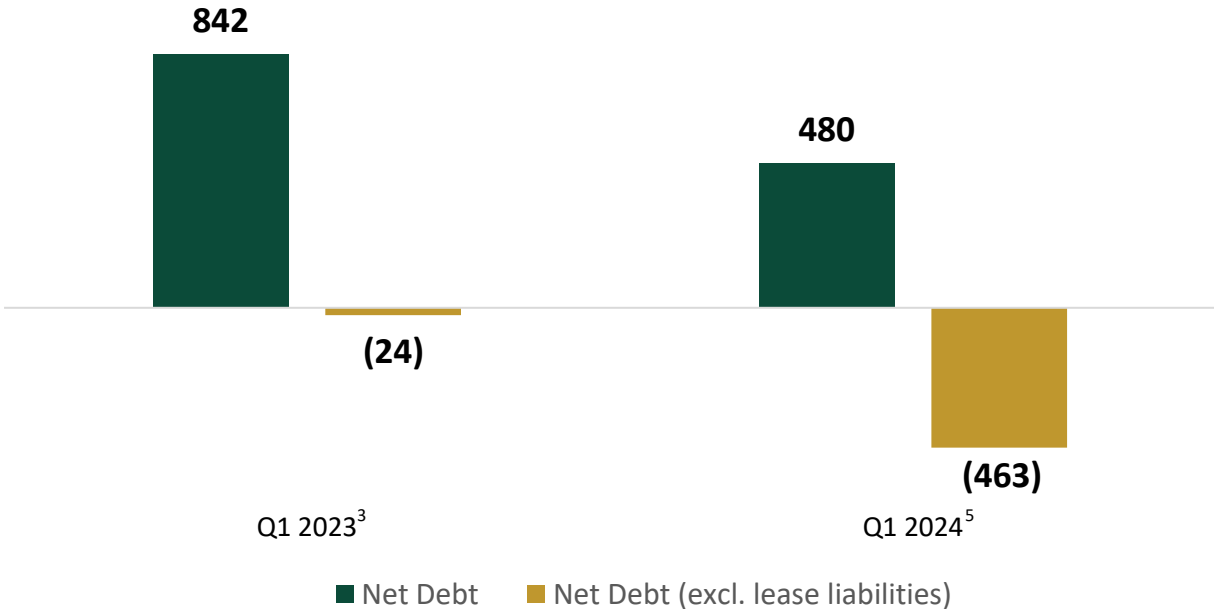
Free Cash Flow¹ Evolution (AED mn)

FCF conversion² (%)



Net Debt³ Evolution (AED mn)

- >99% of Gross Debt relates to lease liabilities⁴
- Self-funded growth with minimal financial debt on Balance Sheet



Source: Company Information.

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.. 4.Excludes one-off Capex injection related to the transfer of assets from Al Seer Group; 5. Net Debt minus lease liabilities.

Outlook



Medium-Term Outlook Remains Positive

Positive Macroeconomic Environment



Robust macroeconomic conditions, supported by strong GDP growth momentum and a growing and increasingly affluent population.

Healthy Pipeline of New Stores in the UAE



Significant whitespace opportunity in the UAE, with Spinneys expecting to open 3 stores in the UAE in 2024.

Kingdom of Saudi Arabia Market Entry



First store in Saudi Arabia expected to open in Riyadh in H1 2024, with three more stores targeted to open in the Kingdom by the end of the year.

The Kitchen, by Spinneys



Launch of standalone dining concept, *'The Kitchen, by Spinneys'*, expected to open in H1 2024 to provide high-quality ready-made food, complementary to Spinneys core business offer.

Spinneys Swift



Soft launch of hyperlocal delivery service complete, with a focus on wider roll-out to enhance the customer experience through the Group's e-commerce platform.

Appendix



Consolidated Statements Of Profit Or Loss

AED m	2021A	2022A	2023A	Q1 2023A	Q1 2024A
Revenue from contracts with customers	2,484	2,586	2,822	724	804
Rental income	39	44	49	11	11
Revenue	2,523	2,630	2,871	735	815
Cost of sales	(1,509)	(1,545)	(1,666)	(443)	(479)
Gross Profit	1,013	1,085	1,205	292	336
Other income	11	12	19	3	3
Selling, general and administrative expenses	(552)	(593)	(662)	(156)	(188)
Depreciation and impairment of right-of-use assets	(168)	(175)	(181)	(44)	(40)
Depreciation and impairment of property, plant and equipment	(71)	(74)	(78)	(18)	(18)
Impairment of goodwill	(2)	(3)	(3)	-	-
Operating Profit	232	251	300	77	93
Finance income	1	-	-	-	2
Finance costs	(39)	(36)	(45)	(10)	(12)
Profit Before Tax	193	215	256	67	83
Income tax expense	(1)	(1)	(1)	(0.5)	(8)
Profit for the Period	192	214	254	66	75

Consolidated Statements Of Financial Position

AEDm	2021A	2022A	2023A	Q1 2024A
Non-current assets				
Property, plant and equipment	162	150	409	412
Intangible assets	10	7	34	34
Right-of-use assets	712	677	808	830
Other non-current assets	32	34	50	49
Deferred tax assets	1	1	1	1
Total non-current assets	918	869	1,302	1,327
Current assets				
Inventories	119	123	133	126
Trade receivable, prepayments and other receivables	51	45	59	53
Amounts due from related parties	345	406	7	7
Cash and short-term deposits	168	40	354	470
Total current assets	683	614	553	655
Total assets	1,601	1,483	1,856	1,982
Equity				
Share capital	-	-	36	36
Restricted reserve	5	5	5	5
Retained earnings	25	21	66	143
Actuarial reserve	0	8	8	8
Foreign currency translation reserve	1	1	1	1
Equity attributable to equity holders of the company	32	34	115	193
Non-controlling interest	-	-	(2)	(4)
Total equity	32	34	114	189
Non-current liabilities				
Interest-bearing loans and borrowings	8	7	6	6
Other non-current liabilities	6	8	14	16
Lease liabilities	657	630	779	790
Employees' end of service benefits	68	65	68	77
Total non-current liabilities	739	710	868	889
Current liabilities				
Trade payable, accruals and other payables	646	570	690	708
Lease liabilities	146	150	144	153
Interest-bearing loans and borrowings	1	1	1	1
Amounts due to related parties	38	19	39	34
Income tax payable	-	-	-	8
Total current liabilities	830	739	873	904
Total liabilities	1,569	1,449	1,742	1,793
Total equity and liabilities	1,601	1,483	1,856	1,982

Source: Company Information.

Consolidated Statements Of Cash Flows

AED m	2021A	2022A	2023A	Q1 2023A	Q1 2024A
Operating Activities					
Profit Before Tax	193	215	256	67	83
Net gain on disposal of property, plant and equipment	(2)	(3)	(4)	-	-
Finance income	(1)	-	-	-	(2)
Finance costs	39	36	45	10	12
Depreciation and impairment of PPE	71	74	78	18	18
Depreciation and impairment of ROU	168	175	181	44	40
Impairment of goodwill	2	3	3	-	-
Provision for old and obsolete inventories	(3)	2	11	2	(2)
Gain on termination of leases	(0)	(0)	(2)	-	-
Provision for employees' end of service benefits	8	9	10	2	7
Working capital changes:					
Inventories	21	(6)	(21)	-	9
Trade receivable, prepayments and other receivables	(18)	5	(31)	16	4
Related parties balances	(64)	(81)	134	(73)	(2)
) Trade payable, accruals and other payables	79	(53)	120	17	19
Operating cash flow	493	378	780	104	190
Employees' end of service benefits paid	(5)	(5)	(7)	(2)	(1)
Interest paid	(0)	(0)	(0)	(0)	(0)
Income tax paid	(2)	(1)	(1)	(0)	(0)
Net cash flows from operating activities	486	371	771	101	189
Investing Activities					
Purchase of property, plant and equipment	(87)	(64)	(92)	(13)	(22)
Proceeds from disposal of property, plant and equipment	2	4	8	(0)	(0)
Payment of purchase consideration	(6)	(22)	-	-	-
Interest received	1	-	-	-	2
Investments in short-term deposits	-	-	-	-	(100)
Net cash flows used in investing activities	(90)	(82)	(83)	(12)	(120)
Financing Activities					
Dividends paid	(197)	(219)	(198)	(41)	-
Issuance of shares	-	-	36	-	-
Repayment of lease liabilities	(184)	(199)	(211)	(56)	53
Repayment of loans and borrowings	(1)	(1)	(1)	(0)	(0)
Net cash flows used in financing activities	(382)	(418)	(373)	(97)	(53)
Net increase / (decrease) in cash	14	(129)	315	(8)	15
Cash and cash equivalents at 1 January	154	168	40	40	354
Net foreign exchange difference	(0)	1	(0)	(0)	0
Cash and cash equivalents at 31 December	168	40	354	31	370



Thank You

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