



Cenomi Retail

Earnings Presentation

For the quarter ended 30 June 2024

Disclaimer

This presentation has been prepared solely for use as an Earnings presentation for Cenomi Retail. (the "Company"). By attending or by reading this presentation, you agree to be bound by the following limitations.

The information contained in this presentation is for background purposes only and does not purport to be comprehensive and has not been independently verified, nor does it constitute or form part of any invitation or inducement to engage in any investment activity, nor does it constitute an offer or invitation to buy or subscribe to any securities in any jurisdiction, or a recommendation in respect of buying, holding or selling any securities.

No representation or warranty, express or implied, is made as to, and no reliance should be placed by any person for any purpose on the information contained in this presentation, fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation.





The information in this presentation is subject to change, update, revision, verification and amendment and such information may change materially. The Company is under no obligation to update or keep current the information contained in this presentation and any opinions expressed in it is subject to change without notice. This presentation has not been approved by any competent regulatory authority.

Neither this presentation nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. The contents of this presentation are not to be construed as legal or financial.

The distribution of this presentation may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein come should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This presentation may include statements that are, or may be deemed to be, "forward-looking statements" with respect to the Company's financial position, results of operations and business and certain of the Company's plans, intentions, expectations, assumptions, goals and beliefs. The contents of this presentation have been prepared by and are the sole responsibility of the Company.

Table of Contents

TOPICS	Page No.
 Cenomi Retail Strategic Review	6
 Operational Overview	10
 Financial Overview	13
 Appendix	24

Cenomi Retail at a glance



SAR 1.3 BN
Revenues

▼ 12% YOY



SAR 212 MN
EBITDA

▼ 28% YOY



SAR 84 MN
Net profit

▼ -50% YOY



SAR 330 MN
International
Revenue

▲ 15% YOY



SAR 84 MN
Online Sales

▼ 8% YOY

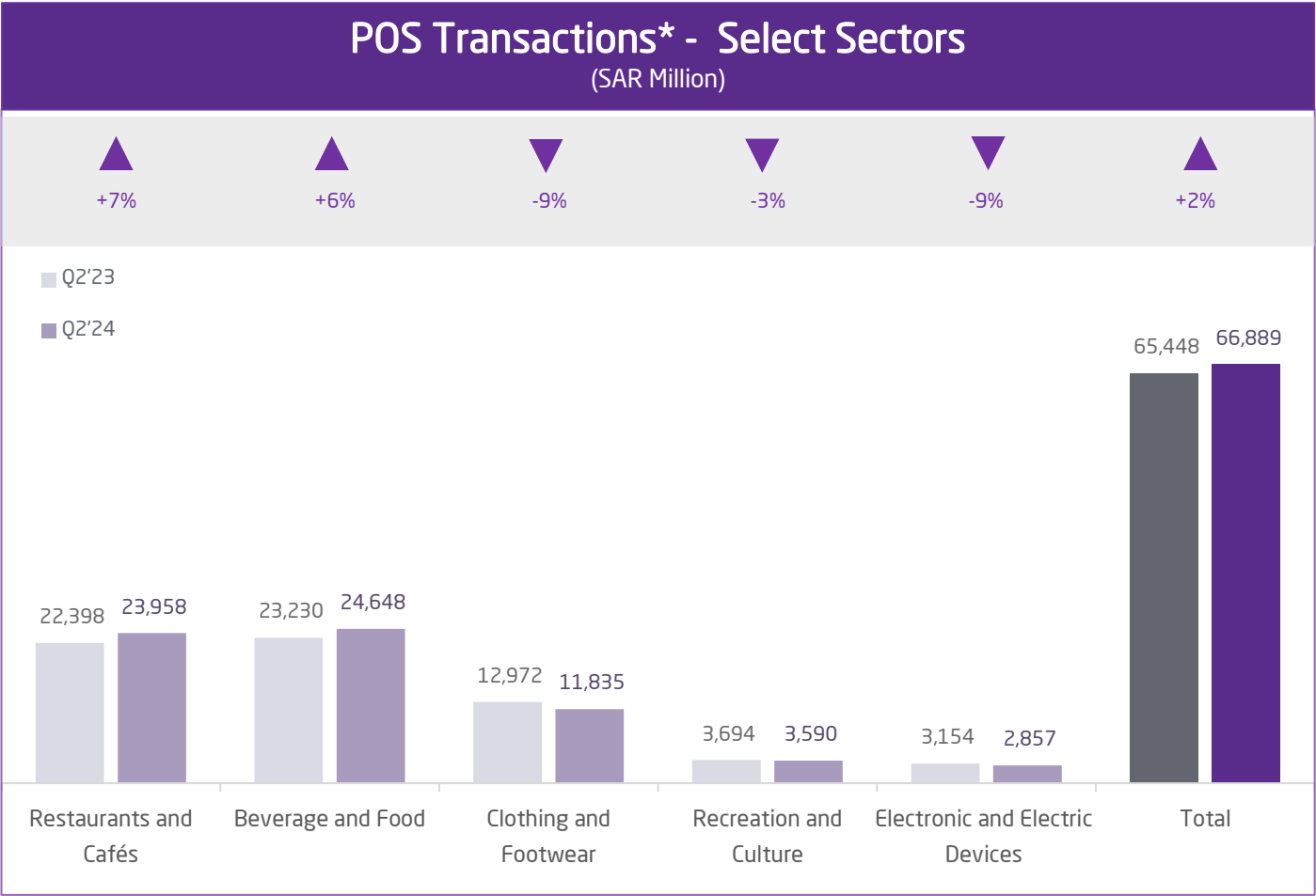
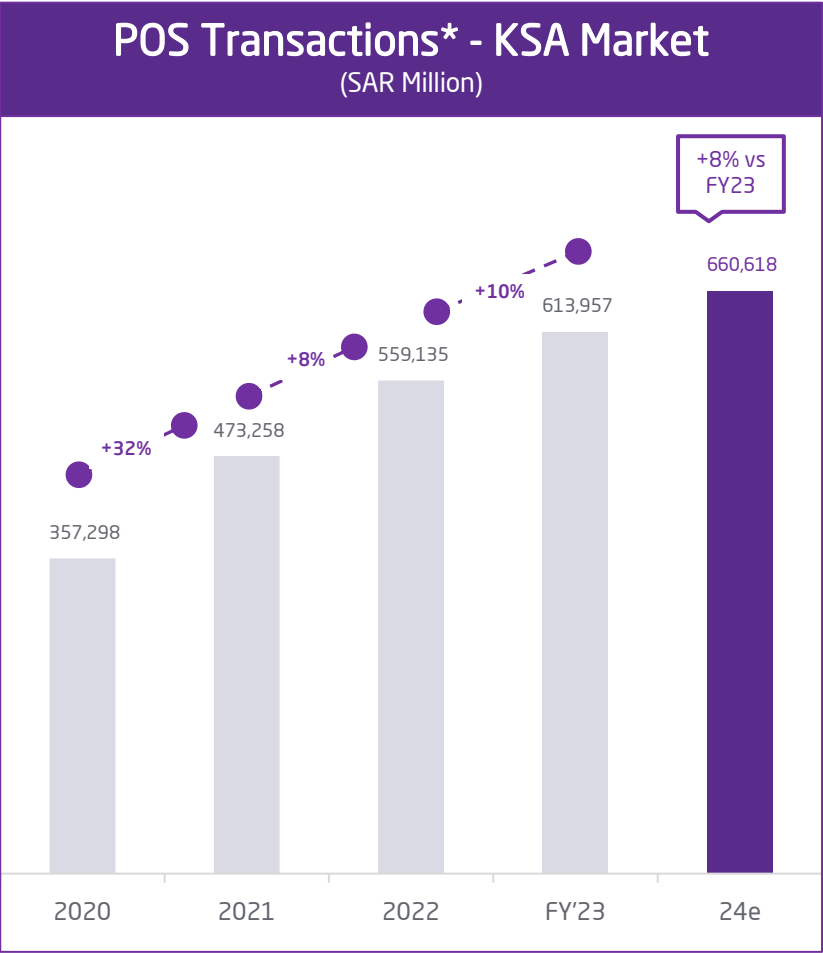


13 Weeks
Inventory Turnover

▼ 32% YOY



KSA consumer spending continues to rise



01



Cenomi Retail Strategic Review



Transforming portfolio, expanding brand champions and enhancing operational efficiency



Geography



'Saudi First' Strategy

- Exited Morocco and the US is in process, and rationalized Egypt operations
- Double down on Saudi market and wider MENA region



Category



Evolve from apparel champion to multi category lifestyle retailer

- Defend & maintain Fashion & Accessories market leadership
- Replicate Fashion & Accessories leadership in F&B



Brands



Lead with winning brands

- BOD approval for exiting 24 brands
- Scale current leading brands to their full potential
- Spearhead growth with Brand Champions (BC) and Tier 1 (T1)









Channel



Rise to meet the online opportunity

- Double down on mono-brand sites to achieve record market online penetration rates

Continuing our path to enhanced potential and profitability

Focus	Phase 1: Fix The House (2023-2024)	Phase 2: Embark on Growth (2024-2026)	Phase 3: Achieving Optimal Potential (2026+)
Turnaround			
Growth			
	<ul style="list-style-type: none"> Rationalize brand and store portfolio Exit/stabilize non-strategic markets Revamp processes and systems to ensure efficiency Onboard new Brand Champions in core markets Deleverage company and secure cash for growth 	<ul style="list-style-type: none"> Invest to scale existing brands across markets Identify white space opportunities and secure new franchise in key markets 	<ul style="list-style-type: none"> Scale existing brands to maximum potential ensuring comprehensive coverage of key cities in target markets Invest in scaling new brands

Our turnaround strategy is steadily advancing across all fronts



Market Rationalization

- Successfully exited Morocco .
- Exiting US operations



Brand Rationalization

- Finalized the sale of 19 brands with capital gain SAR 165 million in H1-24
- Upcoming sale of 5 further brands to Al Othaim & Apparel group (expected to result in a further SAR 77 million of sales proceeds plus inventory and a decrease of 70 stores in KSA)



Store Rationalization

- Closure of 122 stores in Q2-24 and 422 stores in H1-24 in total
- Q2-24:
 - KSA Retail: 120
 - International: 2
 - F&B: 0
- H1-24:
 - KSA Retail: 386
 - International: 28
 - F&B: 8



Operational Enhancement

- Average revenue per store continued to improve in Q2-24:
 - +5% QoQ
 - +28% YoY



Governance

- 40+ Operational Policies & Procedures developed to align with best practice governance
- Launched an OPEX optimization and control committee to review & take corrective actions

02



Operational Overview



Continued focus on optimizing market, brand & store footprint



Retail

Q2'24 Retail

- 15 stores opened
- 122 stores closed
- 107 net closures

H1'24 Retail

- 27 stores opened
- 414 stores closed
- 387 net closures



F & B

Q2'24 F&B

- 4 stores opened
- 0 stores closed
- 4 net openings

H1'24 F&B

- 9 stores opened
- 8 stores closed
- 1 net closure

Market Rationalization



122 underperforming stores were closed in Q2'24 and 422 in H1'24 across KSA (retail and F&B), Egypt, Azerbaijan, Kazakhstan, and others

Brand Rationalization



Successful completion of the sale of 19 brands in H1'24 resulting in a capital gain of SAR 165 million. An Asset Purchase Agreement was signed with Apparel Group in H2'24 for the sale of 4 brands (Charles & Keith, Pedro, Estee Lauder and Nine West), and another with Al Othaim Fashion Company for the sale of Call it Spring.

Store Rationalization

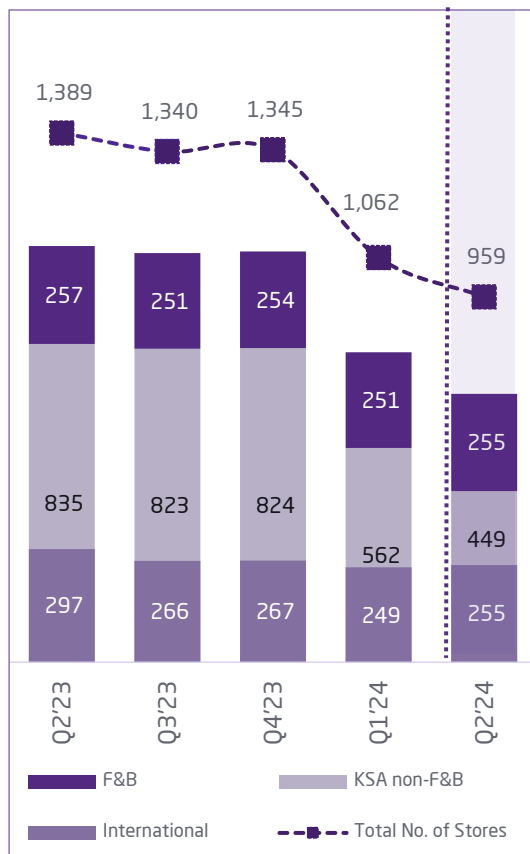


Closure of 122 underperforming stores in Q2'24 and 422 stores in H1'24

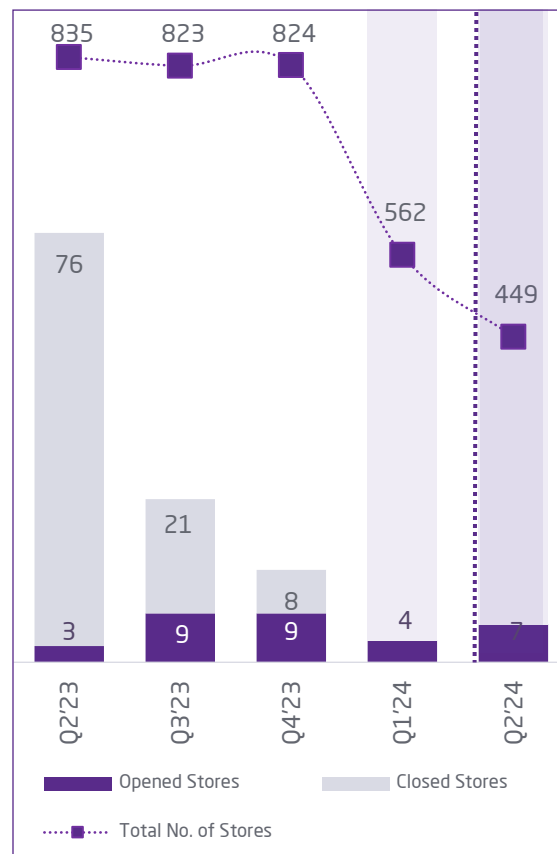
"Fix the House" phase progressing well, with ongoing store rationalization



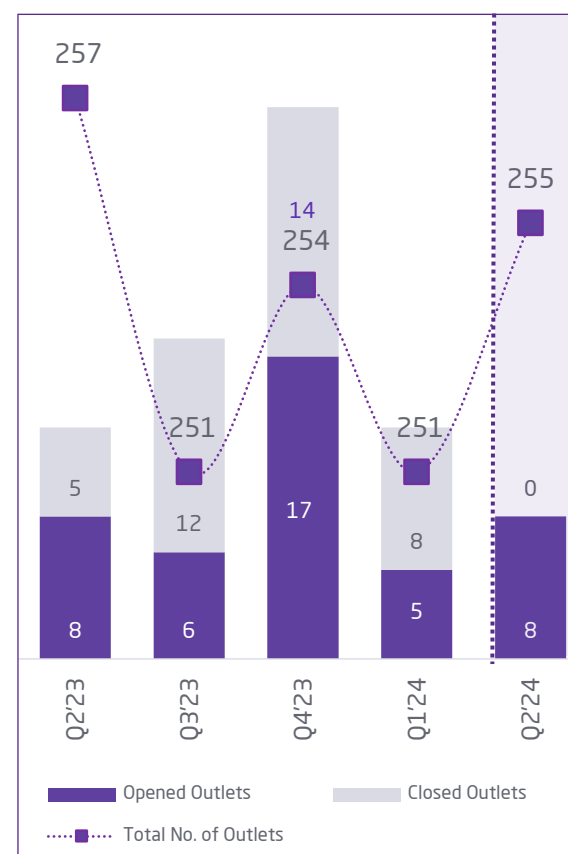
Store network evolution



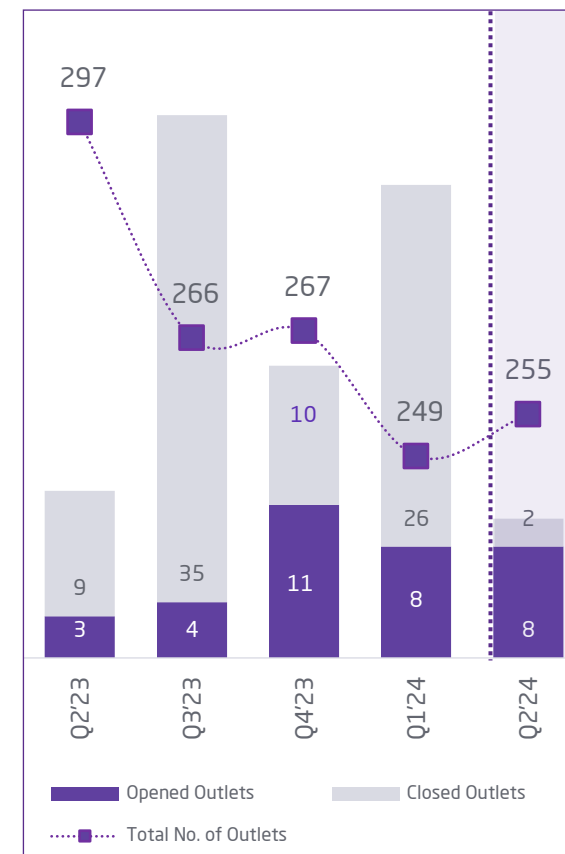
Saudi retail store network evolution



F&B store network evolution



International store network evolution



03



Financial Overview



Financial performance overview



Total revenues of SAR 1.3 BN in Q2'24 (-12% YoY)

- Saudi retail revenues down 19%, due to shift in Ramadan and Eid, and portfolio optimization program
- International retail operations sustained strong momentum, with 15% rise in Q2'24
- F&B segment reported 13% drop in revenues



EBITDA declined 28% to SAR 212 MN, in line with revenue performance, and due to non-recurring restructuring costs of SAR 120 million relating to net assets disposed off due to the sale of brands.



Net debt down 20% YTD, to SAR 1.8 billion, with a focus on deleveraging of the balance sheet



Net profit of SAR 84 MN (-50% YoY)

- Losses from discontinued operations amounted to SAR 1 MN compared to a gain of SAR 15 MN in Q2'23
- Non-recurring landlord support of SAR 163 million impacted other income in Q2'23

Financial highlights



SAR 1.3 BN
Revenue
▼ 12% vs Q2'23



SAR 212 MN
EBITDA
17% EBITDA Margin
▼ 28% vs Q2'23



SAR 207 MN
Gross Profit
16% Gross Margin
▼ 31% vs Q2'23



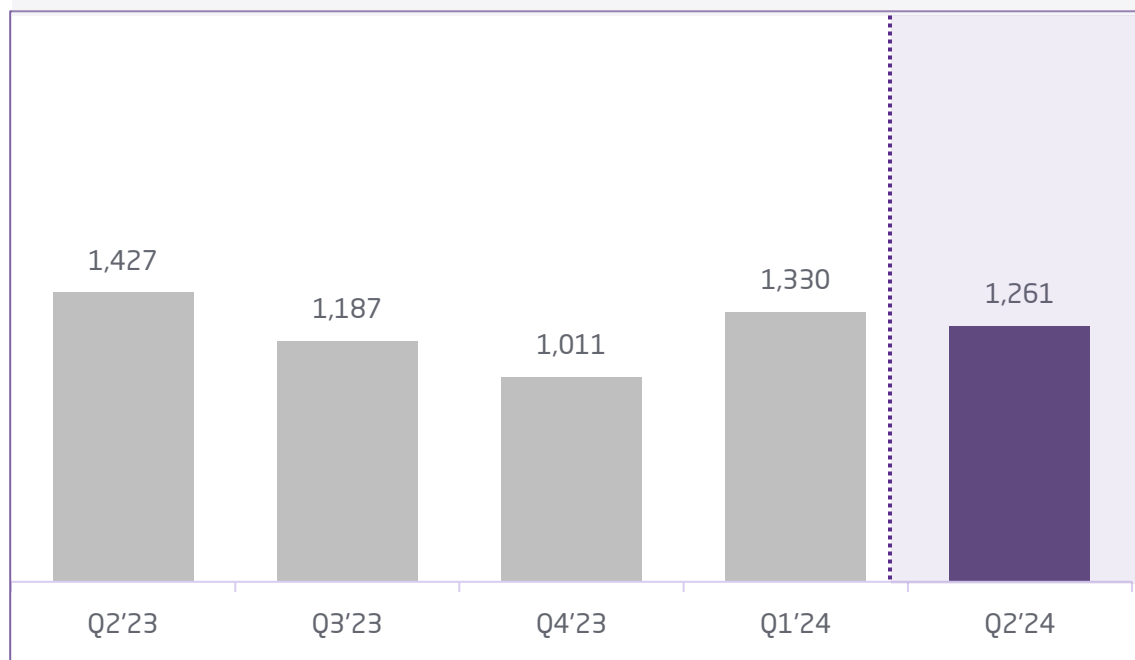
SAR 84 MN
Net Profit
7% Net Margin
▼ 50% vs Q2'23

International portfolio supports top line, with portfolio optimization shaping up



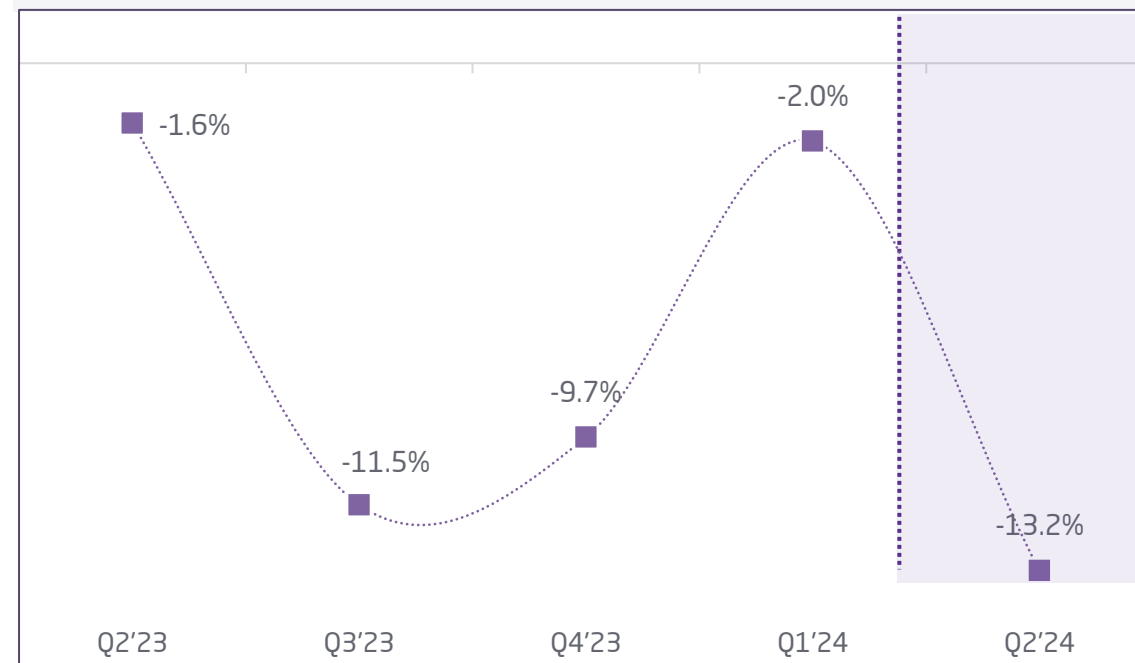
Revenue, SAR MN

- International retail recorded 15% growth in revenues in Q2-24, mitigating the impact of 19% decline in KSA retail and 13% decline in F&B during the period.



LFL consolidated sales growth, %

- LFL growth impacted by shift in Ramadan and Eid sales periods, but expected to ease as "Fix the House" phase winds down and focus turns to growth.

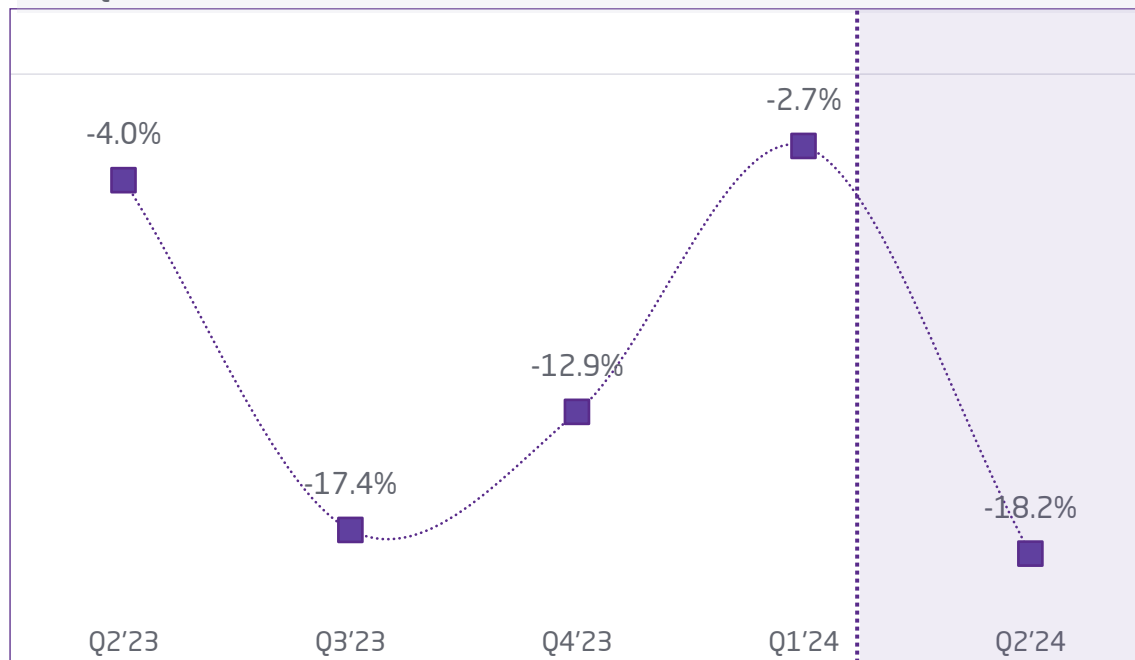


Network optimization in progress, to help enhance revenues and profitability



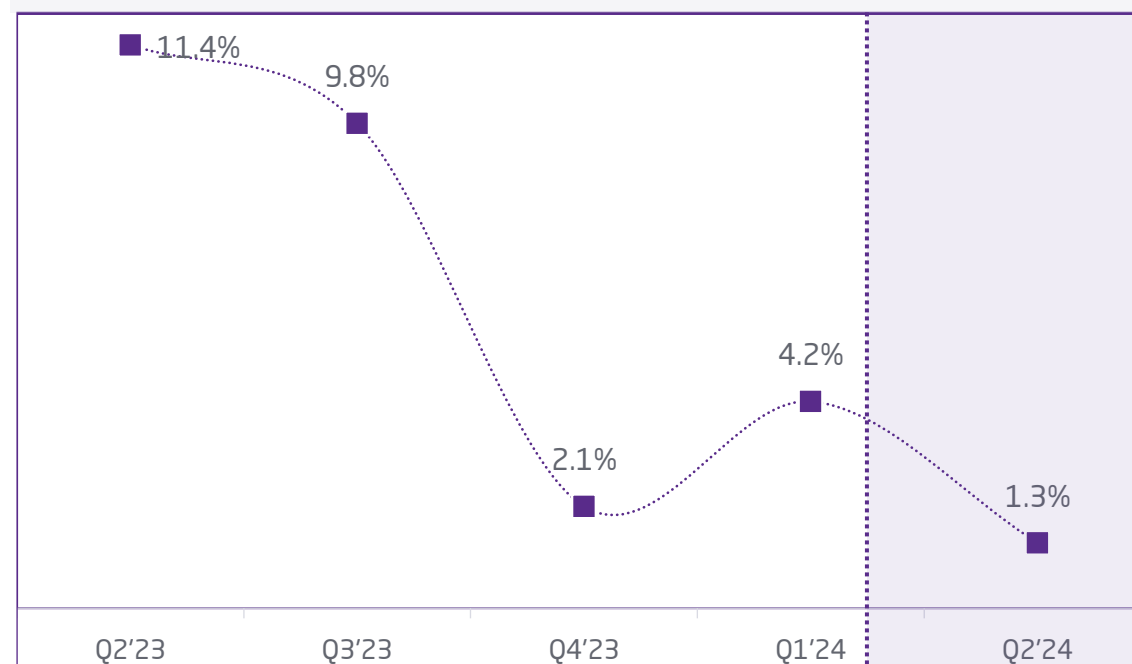
LFL Saudi retail sales growth %

- LFL sales witnessed a dip of 18.2%, driven by a shift in the Holy month of Ramadan, and the brands divestment program. Zara and Inditex witnessed a decline in LFL sales of 16.0% and 13.2%, respectively, in Q2.



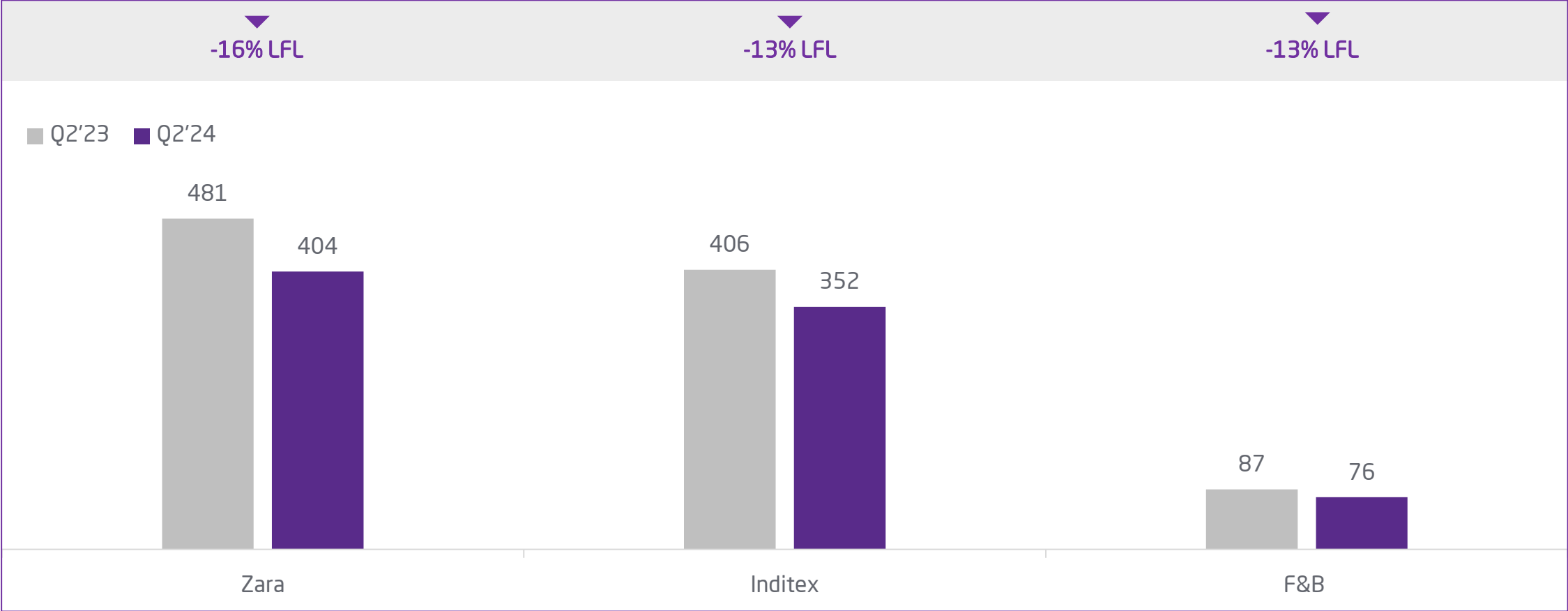
LFL International retail growth %

- International LFL sales supported primarily by strong performance of the CIS, particularly Azerbaijan, Georgia, and Uzbekistan.



Some brands experienced weakness during the period

Fashion & F&B Revenues (SAR Million)

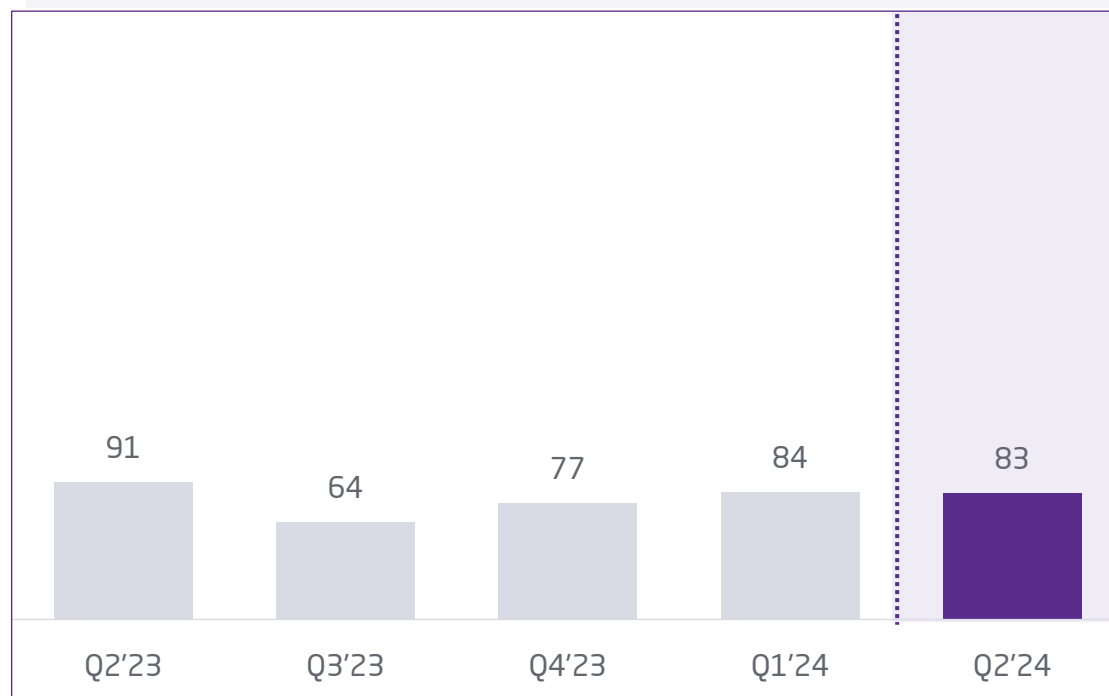


Online sales maintaining strong contribution to consolidated revenues



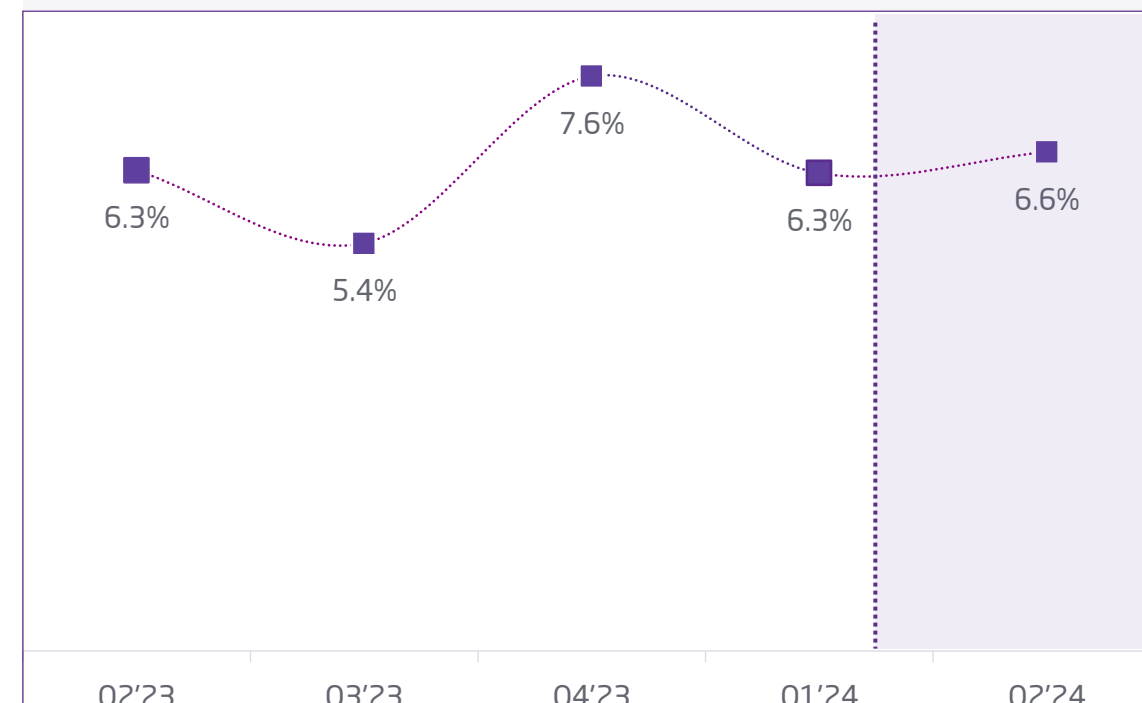
Online revenues, SAR MN

- E-commerce sales largely unchanged from last quarter, but focus remains on enhancing digital offering to deliver a genuine omnichannel experience to customers.

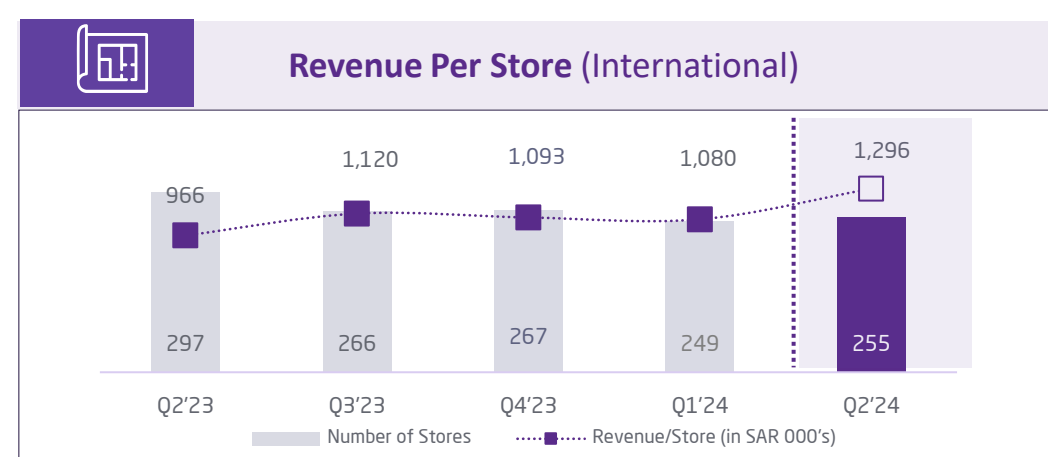
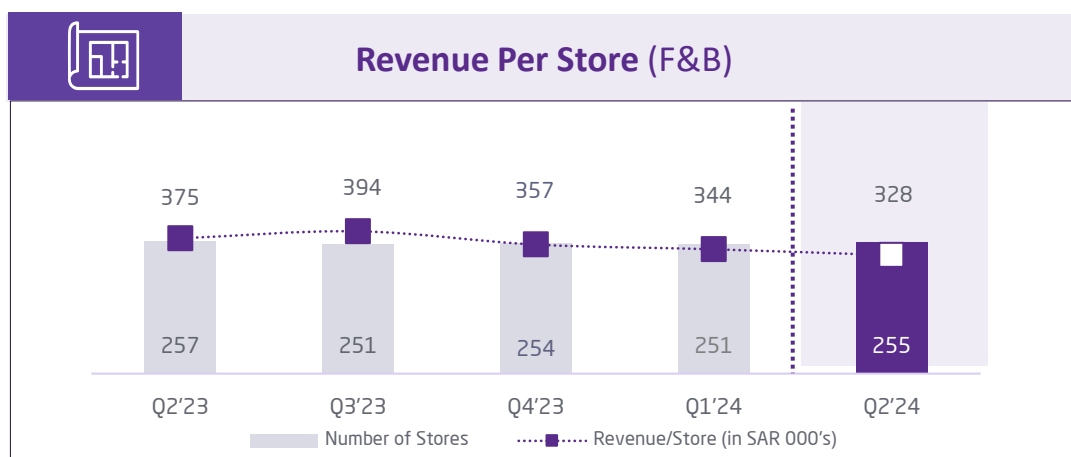
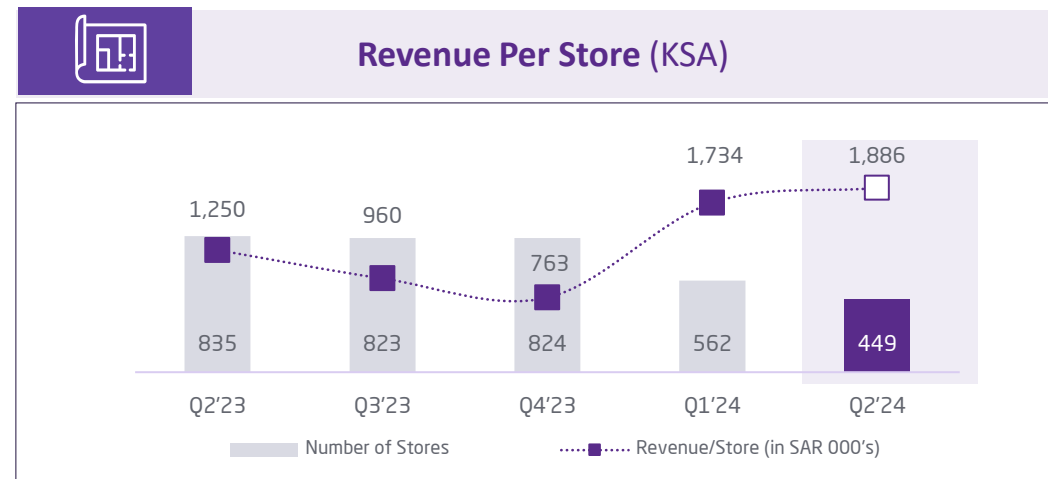
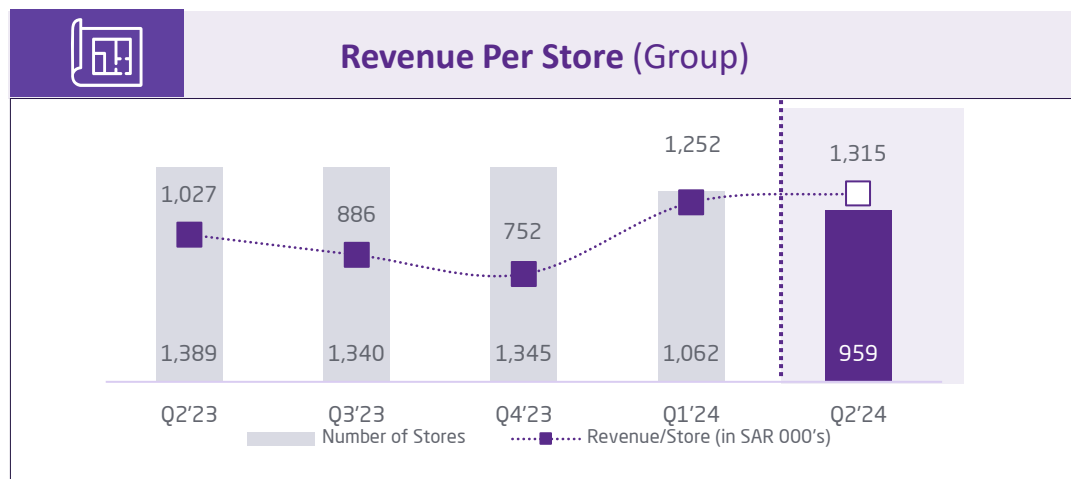


E-commerce, % of total retail sales

- Accessibility, convenience and technology adoption expected to further increase overall revenue share by e-commerce.



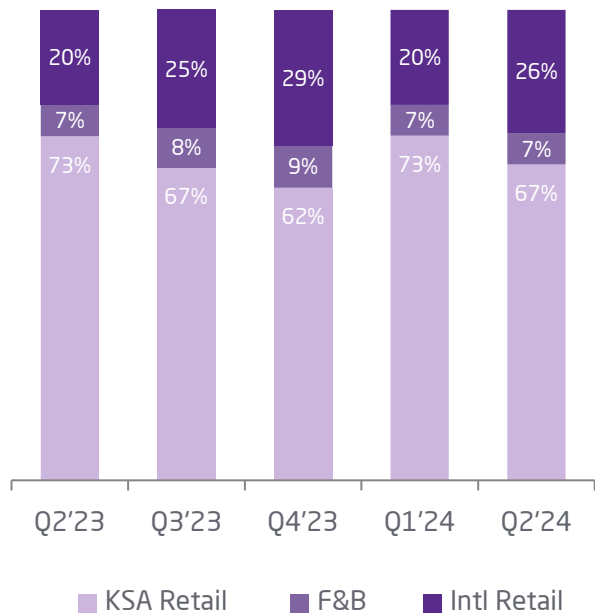
Revenue per store continues to improve, driven by progress on portfolio optimization



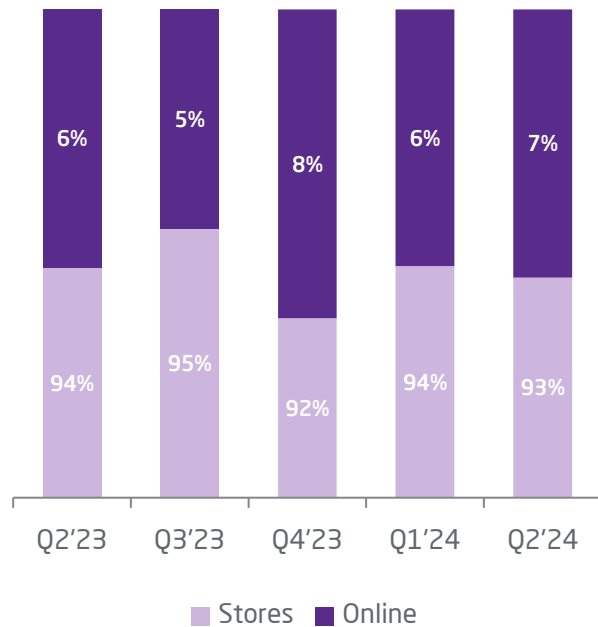
Revenue diversification



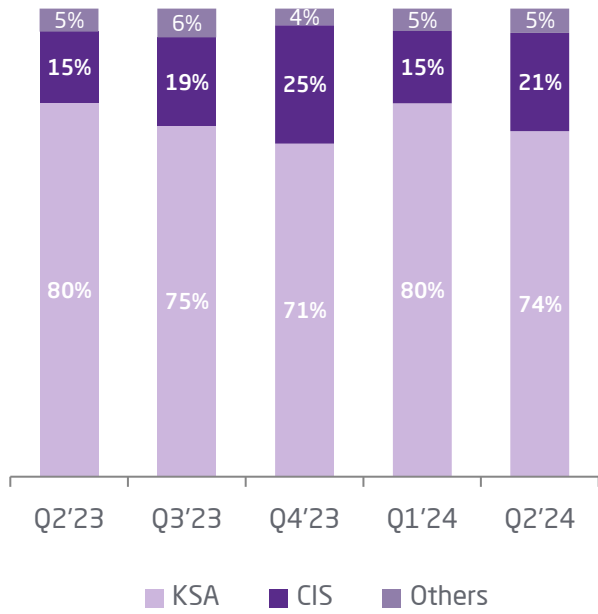
Revenue by division



Revenue by channel



Revenue by geography

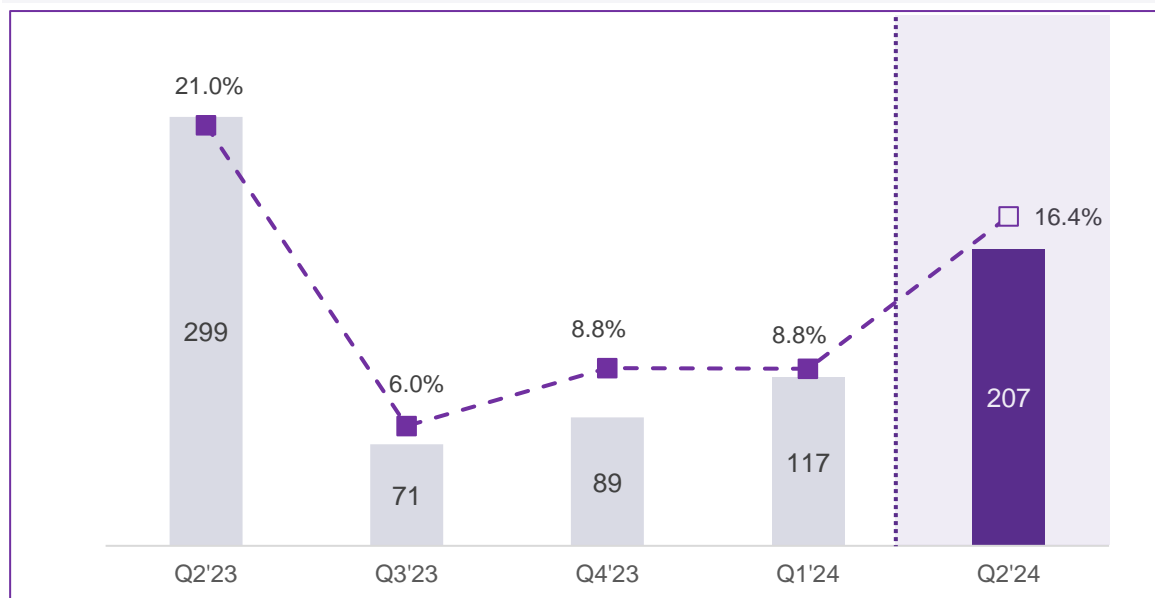


Brands divestment program supporting margins



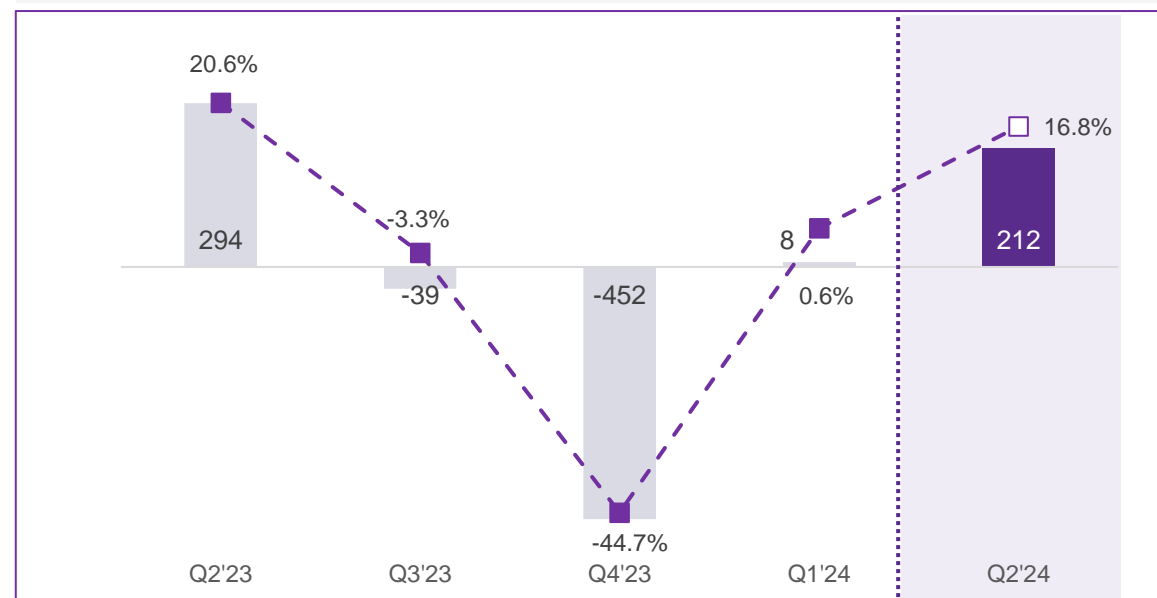
Gross Profit, SAR MN - GPM, %

- Gross profit declined 31% YoY in Q2-24, due to the muted top line performance, as the typically busy sales period during the Holy month of Ramadan shifted.



EBITDA, SAR MN - EBITDA Margin, %

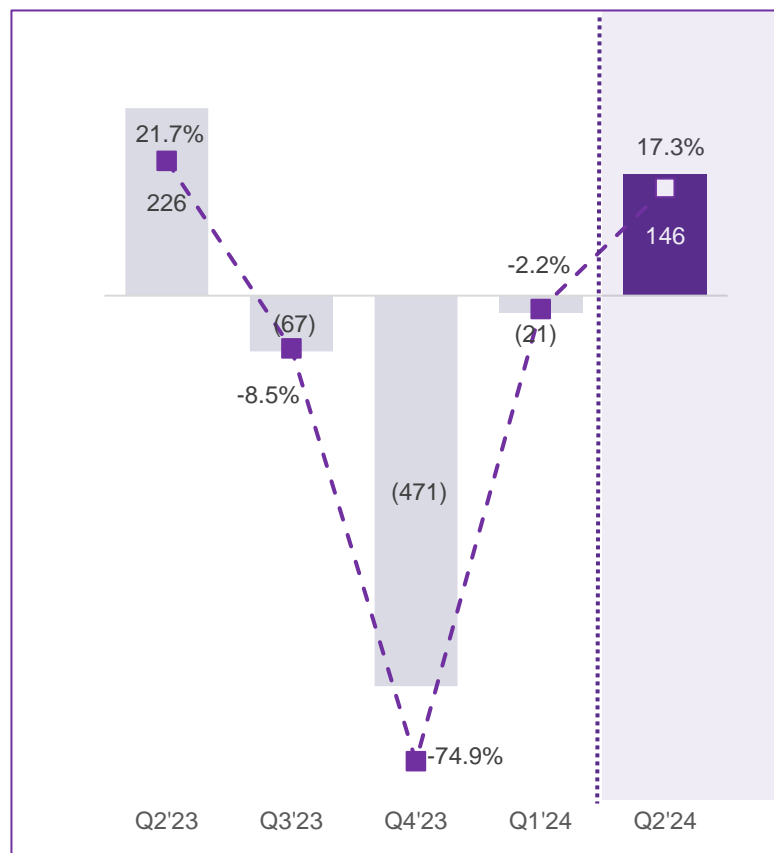
- EBITDA declined 28% YoY in Q2-24 in line with the drop in revenues, and non-recurring restructuring costs of SAR 120 million relating to net assets disposed off due to the brands divestment program.



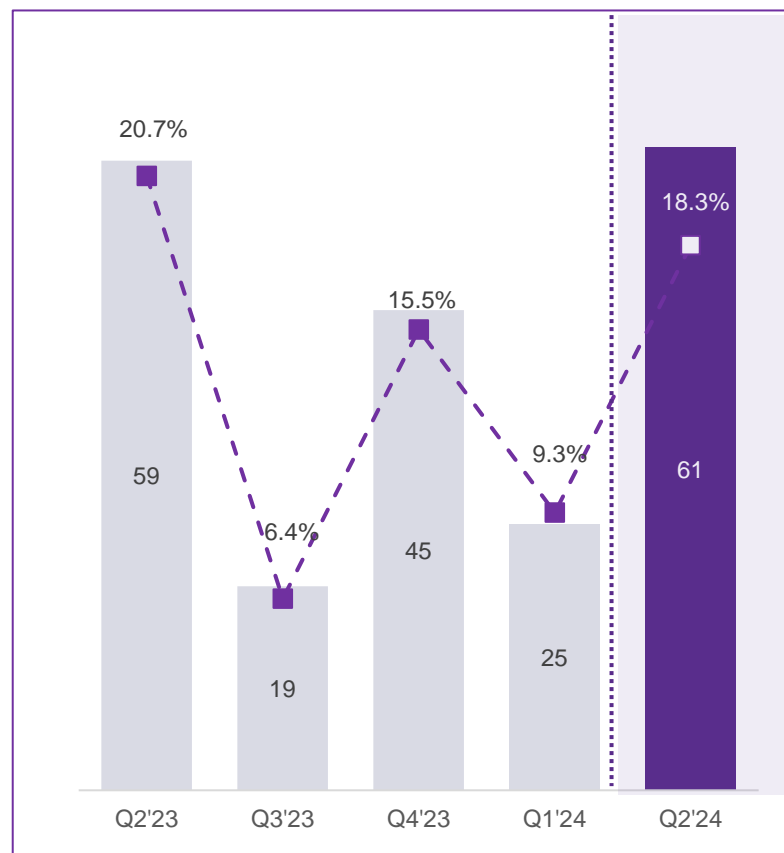
EBITDA Performance across segments



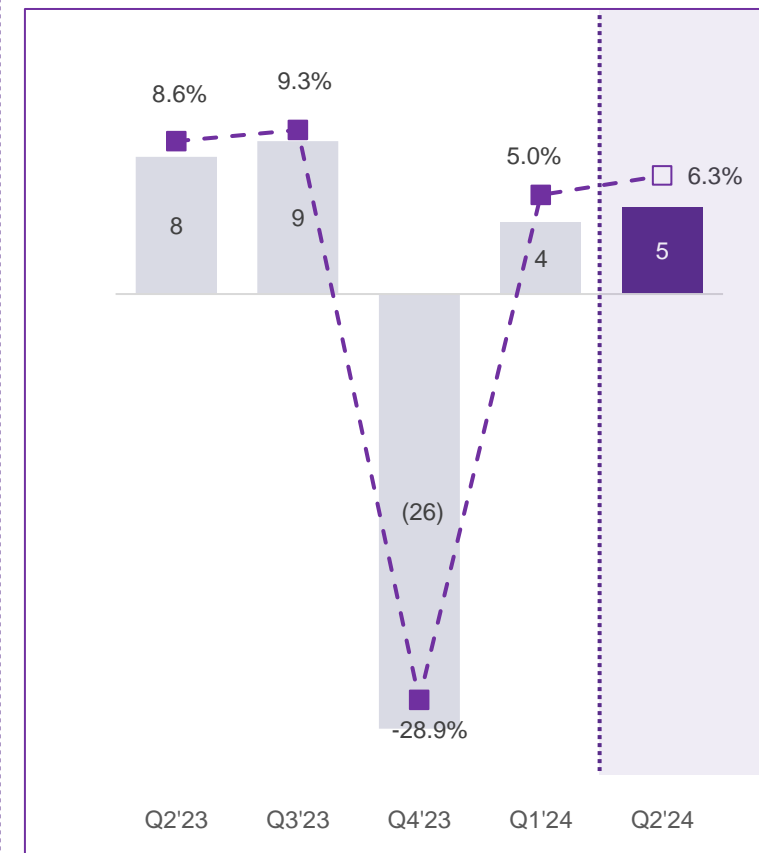
EBITDA KSA Retail, SAR MN - EBITDA Margin, %



EBITDA Intl, SAR MN - EBITDA Margin, %



EBITDA F&B, SAR MN - EBITDA Margin, %

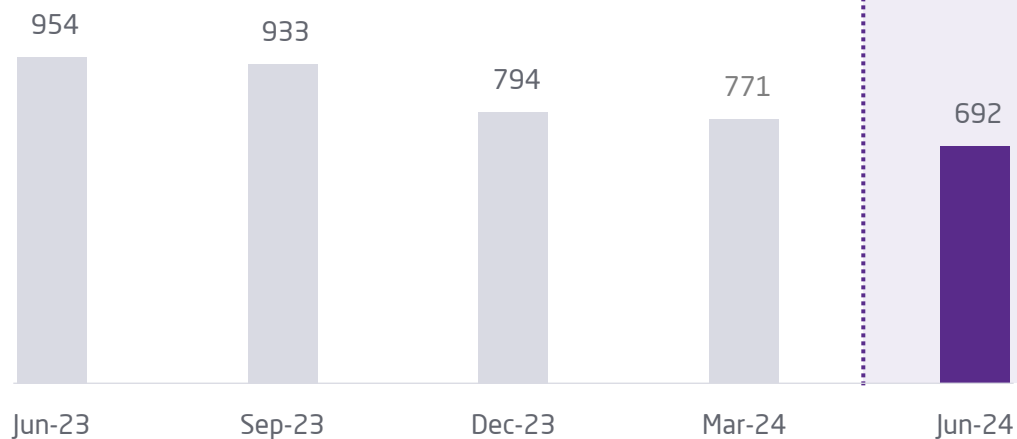


Inventory optimization leading to enhanced efficiency



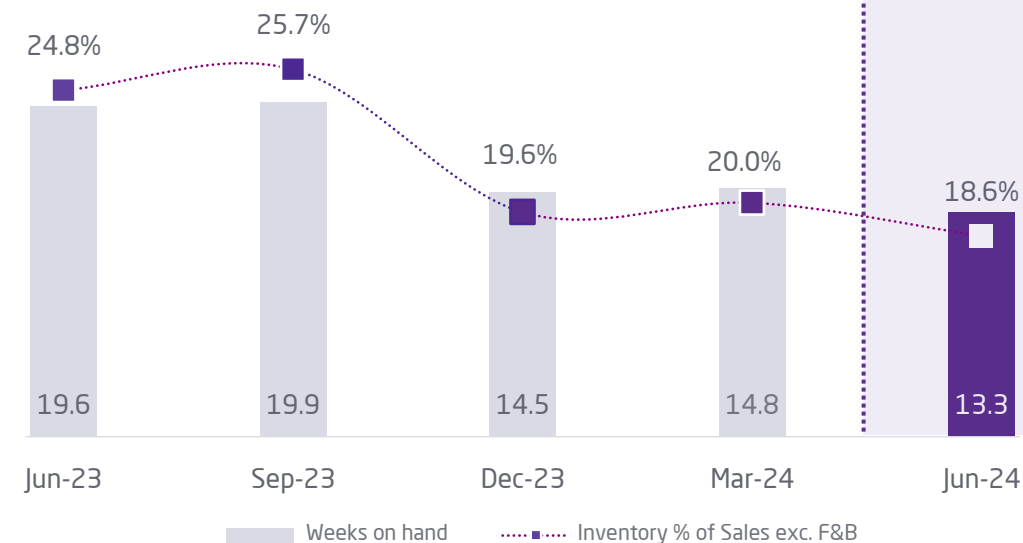
Inventory balance (SAR MN)

- Inventory continues to trend downwards, reaching SAR 692 million, as focus increases on inventory optimization.



Inventory efficiency ratios

- Inventory on hand improving compared to last year, due to measures undertaken to enhance efficiency, including streamlined procurement techniques, and supply chain optimization



04



Appendix



Income statement

SAR million	Q2-23	Q2-24	Change
Revenue	1,427	1,261	-12%
Cost of revenue	-1,128	-1,054	-7%
Gross profit/(loss)	299	207	-31%
margin	21.0%	16.4%	(4.6pp)
Selling and distribution expenses	-42	-30	-28%
General and administrative expenses	-78	-79	1%
Other operating income	113	138	22%
Other operating expense	1	-24	-1802%
EBITDA	294	212	-28%
margin	20.6%	16.8%	(3.8pp)
Depreciation, amortization	-39	-36	-8%
Operating profit / (loss)	255	176	-31%
Net finance costs	-83	-76	-9%
Share of loss of equity-accounted investees	-4	-2	-46%
Profit / (loss) before zakat and income tax	167	98	-41%
Zakat and Income tax expense	-12	-13	3%
Loss for the year from continuing operations	155	85	-45%
Loss for the year from discontinued operations	15	-1	-107%
Profit / (loss) for the year	170	84	-50%
Non-controlling interests	4	3	-21%
Net profit group share	166	81	-51%

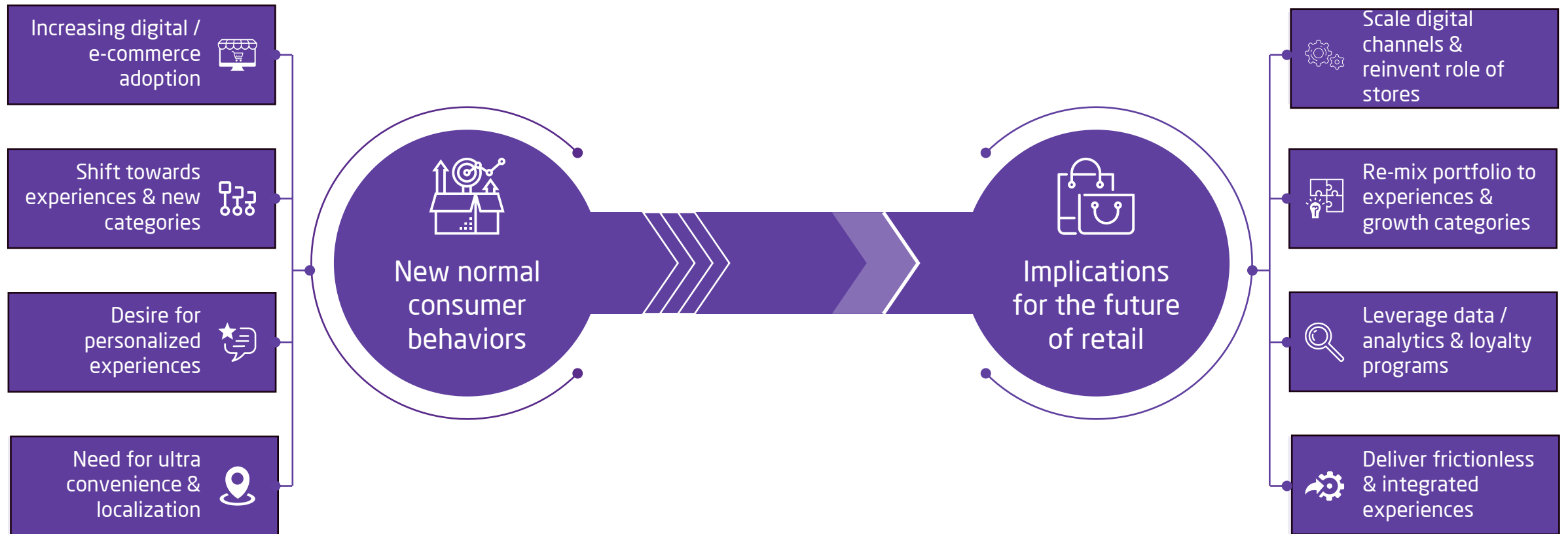
Balance sheet

SAR million	31 Dec 23	30 June 24	Change
Assets			
Property, Plant and Equipment	1,150	1,125	-2%
Right-of-Use Assets	2,045	1,698	-17%
Goodwill and Intangible Assets	756	752	0%
Investment Property	1	1	-5%
Investment in associates and joint venture	65	66	1%
Other investments	74	37	-50%
Total Fixed Assets	4,091	3,679	-10%
Inventories	794	692	-13%
Advances, Deposits and Other Receivables	302	288	-5%
Prepayments, Rentals and Insurance	26	41	59%
Cash & Cash Equivalents	235	276	17%
Assets included in disposal group classified as held for sale	310	-	-100%
Total Current Assets	1,667	1,297	-22%
Total Assets	5,758	4,976	-14%

SAR million	31 Dec 23	30 June 24	Change
Equity & Liabilities			
Share Capital	1,148	1,148	0%
Reserves (Statutory, Foreign Currency and Fair Value)	(565)	(609)	8%
Fair value reserve	42	31	-26%
Accumulated Losses	(1,404)	(1,475)	5%
Equity Attributable to the Shareholders of the Company	(779)	(905)	16%
Non-Controlling Interest	(28)	(25)	-9%
Total Equity	(806)	(930)	15%
LT Loans and Borrowing	209	164	-21%
Lease Liabilities	1,556	1,404	-10%
Derivative liability	32	43	36%
Post-Employment Benefits	89	92	3%
Total Non-Current Liabilities	1,885	1,703	-10%
Trade and other payables	1,400	1,765	26%
Bank Overdraft	47	11	-77%
Zakat & Tax Liabilities	87	83	-4%
Lease Liability – current portion	579	423	-27%
ST Loans and Borrowings	2,298	1,922	-16%
Liabilities included in disposal group classified as held for sale	268	-	-100%
Total Current Liabilities	4,679	4,204	-10%
Total Liabilities	6,564	5,906	-10%
Total Equity & Liabilities	5,758	4,976	-14%

Consumer trends

Moving forward, Cenomi Retail will need to cater to new consumer trends with significant implications for the future of the industry.



Cenomi Retail



THANK YOU

Contacts

Sarah Moussa
Director of Earnings Relations
Email: IR.retail@cenomi.com

For more information, visit
<https://ir.cenomiretail.com/>