

Lulu Retail Reports Q3 2024 Results Following ADX Listing Revenue of USD 1.86 Billion, up 6.1%, 12 New Stores Opened in 9M 2024

Key Financial & Operational Highlights:

- Q3 2024 Revenue of \$1.86 billion, up 6.1% YoY; 9M 2024 revenue growth of 5.7% YoY
- Q3 2024 EBITDA increased 9.9% to \$176.3 million; EBITDA margin improved to 9.5% from 9.2% in Q3 2023
- Q3 2024 Net profit from Continuing Operations of \$35.1 million, an increase of 126.0% YoY
- 12 new stores added in 9M 2024, including three in Q3 2024, taking total store count to 241 as at 30 September; further five stores opened post-period end with 17 new stores now opened so far in 2024
- Lulu Happiness Loyalty program membership increased to approximately 5.0 million; now live across all GCC countries, driving improved customer engagement and increased average basket size
- Partnership deal with Modon Holding signed in October 2024 to develop retail stores in the UAE, providing access to prime locations and presenting further growth opportunities.
- Record IPO on ADX in November 2024 raising \$1.72 billion with total aggregate demand of \$37 billion - an oversubscription level of 25 times

Abu Dhabi, UAE – 20 November 2024: Lulu Retail (“Lulu” or the “Company”), the largest and fastest growing pan GCC full line retailer, today announced its financial results for the three-month and nine-month periods ended 30 September 2024 (“Q3 2024” and “9M 2024”) in its first financial update since its record IPO on ADX on 14 November 2024.

Robust Revenue Driven by Large, High-Growth Markets

Lulu Retail delivered robust revenue growth in Q3 2024 reaching \$1.86 billion, up 6.1% YoY. The strong sales performance was driven by significant growth in key markets, including UAE, the Kingdom of Saudi Arabia and Kuwait with sales growth across key product categories, including double-digit growth in Fresh Food and mid to high single-digit improvement in Electrical Goods.

Like-for-like (LFL) sales in Q3 2024 increased by 1.2% to \$1.7 billion, while LFL sales for 9M 2024 increased by 2.2% to \$5.3 billion.

The UAE saw strong revenue growth of 7.5% in Q3 2024, mainly driven by healthy LFL growth of 4.7% during the quarter and the benefit of strong market tailwinds in the region. Three new stores were opened in the 9M 2024 period.

Revenue in KSA grew by 5.7% to \$369.3 million in Q3 2024, driven by an improvement in Lulu’s fresh food offer, as it tailored its product mix to cater to the growing demand for fresh products in the Kingdom. Five new stores were opened in KSA in the 9M 2024 period, including two Hypermarkets, two Express stores and one Mini Market.

Oman, Kuwait and Bahrain all achieved robust revenue growth, with Qatar delivering stable revenue and maintaining its leading market share position.

Omnichannel remains a key focus area for Lulu, with e-commerce sales increasing to \$237.4 million during the nine-month period, up 83.5% YoY. E-commerce sales now constitute 4.3% as a percentage of total retail sales.

EBITDA in the Q3 2024 was \$176.3 million, up 9.9% YoY, with an EBITDA margin of 9.5%, a c.30bps improvement YoY. The strong EBITDA performance was driven by Gross Margin expansion of c.130bps in Q3 2024, enabled by an improvement in Lulu Retail’s product mix and an increase in sales across higher margin categories, including Private Label products, which now represent 29.3% of total retail sales compared to 28.6% in Q3 2023. Lulu’s Private Label products span fresh food, consumer packaged goods, lifestyle products and electrical goods.

Net Profit from Continuing Operations increased to \$35.1 million for the Q3 period, an increase of 126.0%, driven by improved operating profit and improved cost management. For the nine-month period, Net Profit from Continuing Operations improved by 73.3% to \$151.5 million.

Focused Investment in Expansion Continues

Capital expenditure (for continuing operations) totaled \$98.5 million during the 9M 2024 period, constituting 1.7% of total sales. Capex was primarily invested in the opening of 12 new stores, including five in KSA and three in the UAE, Lulu's two largest markets. Capex as % of sales was 1.7% for 9M 2024 as compared to 1.9% for 9M 2023. This was on account of lower store openings and a gradual shift towards asset light model that requires less capex.

Net Debt as at 30 September 2024 totalled \$2.54 billion, representing Net Debt/EBITDA of 3.2x on an IFRS-16 basis. Net Debt/EBITDA excluding leases remained stable at 1.4x, with the Company in a strong position to continue investing in growth.

Store and Loyalty Expansion

Lulu Retail introduced a total of 12 new stores in the 9M 2024 period, with three new stores rolled out in the Q3 2024 period, comprising of three express stores, adding a total of 8,033 square meters during the quarter. Total selling space as at 30 September 2024 was 1.3 million square metres.

Lulu's Happiness Loyalty program continues to gain strong traction, with the program now rolled out across all GCC countries, with a total of approximately 5.0 million members at the end of the 9M 2024 period.

Post-period, Lulu announced a strategic partnership with Abu Dhabi's Modon Holding to build retail facilities, including hypermarkets, supermarkets and other retail stores. In addition, Lulu also opened a further five stores taking total stores opened so far in 2024 to 17 stores.

Outlook Maintained

Lulu Retail's growth strategy is focused on four key pillars: Enhancing its existing store network, expanding its store network, driving operational efficiencies and delivering revenue upside through private label and loyalty program expansion. Lulu remains on track to deliver on its 2024 guidance, as communicated at the time of its IPO.

Management Comment

Yusuffali MA, Chairman of Lulu Retail, commented: *"It has been a milestone period for our team, with our record listing on ADX and our first set of results as a listed company. The vision and ambition of nations across the GCC is enabling businesses like Lulu to thrive and creating opportunities for growth. The flexibility of our three store format and growing e-commerce presence allows us to grow in diverse communities and to form strong partnerships across the region, as seen with the 12 stores we opened in the first nine months of this year and our recent partnership with Modon Holding. We're excited to continue our growth journey as a listed company, delivering on the targets we've communicated to investors and ensuring Lulu remains where the world comes to shop."*

Saifee Rupawala, Chief Executive Officer of Lulu Retail, commented: *"The third quarter and nine-month period were marked with ongoing revenue and profit growth across our business, driven by sales growth across our six GCC markets, strategic expansion in higher margin segments like Private Label and through investment in operational efficiencies and customer-focused engagement. Our Happiness Loyalty Program continued its strong momentum with 5.0 million members by the end of Q3 – a remarkable achievement given it was only launched in January 2023. The program provides valuable data insights for our teams that are driving sales and repeat purchase across the Group. We are encouraged by the growth we have seen in the business and are pleased to reiterate our guidance for the 2024 period, with the fourth quarter seasonally stronger, supported by promotional campaigns and higher footfall"*

given the holiday period.”

Financial Highlights

(All financial data presented in USD'000)

	Q3 2023	Q3 2024	YoY growth	9M 2023	9M 2024	YoY growth
Revenue	1,752,753	1,858,991	6.1%	5,416,927	5,726,713	5.7%
<i>Like-for-like sales⁽¹⁾</i>			1.2%			2.2%
EBITDA	160,374	176,304	9.9%	535,433	567,161	6.0%
<i>EBITDA Margin</i>	9.2%	9.5%	30bps	9.9%	9.9%	-
Profit for the Period from continuing operations	15,540	35,118	126.0%	87,461	151,535	73.3%

(1)The Group defines Like-for-Like Sales as a measure of growth in sales from the Group's stores that have been in operation for at least 12 full calendar months, but excludes prior year sales of stores closed during the 12-month period.

	As at 31 March 2024	As at 30 September 2024	% Change
Non-current assets	3,201,992	3,197,438	-0.1%
Current assets	2,221,342	2,188,544	-1.5%
Total assets	5,423,334	5,385,982	-0.7%
Total equity, net	861,583	929,346	7.9%
Total non-current liabilities	1,867,350	1,903,699	1.9%
Total current liabilities	2,694,401	2,552,937	-5.3%
Total liabilities	4,561,751	4,456,636	-2.3%
Total equity and liabilities	5,423,334	5,385,982	-0.7%

Store Network Composition

	As at 31 December 2023	As at 30 September 2024
Total Store Network	233	241
UAE	102	103
KSA	53	56
Oman	29	31
Qatar	22	23
Kuwait	15	16
Bahrain	12	12



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About Lulu Retail:

Founded in 1974, Lulu Retail, together with its subsidiaries, is the largest pan-GCC full-line retailer by selling space, sales and number of stores, operating more than 241 hypermarket, express and mini-market stores across the six GCC countries. The Group also operates a growing e-commerce presence through its mobile app, webstore and partner channels. To serve more than 600,000 shoppers from 130 nationalities every day, the Group sources products from 85 countries, enabled by an on-the-ground sourcing presence in 19 countries. The Group's strong brand recognition and trust among consumers in the GCC is enabling the growth of its existing stores, expansion of its store network and elevated loyalty across its customer base.

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