

LULU RETAIL HOLDINGS PLC ANNOUNCES ITS INTENTION TO FLOAT ON THE ABU DHABI SECURITIES EXCHANGE (ADX)

UAE retail giant seeks to float 25%, to raise around \$1.8 billion.

Lulu Retail Holdings, the largest and fastest growing pan-GCC full-line retailer and a public company limited by shares incorporated in the Abu Dhabi Global Market (ADGM), today announces its intention to proceed with an Initial Public Offering and to list its shares for trading on the Abu Dhabi Securities Exchange (ADX).

KEY HIGHLIGHTS OF THE OFFERING :

- **Shares Offered:** A total of 2,582,226,338 (two billion five hundred eighty-two million two hundred twenty-six thousand three hundred thirty-eight) ordinary Shares, each with a nominal value of USD 0.014 (equivalent to AED 0.051), representing 25% of the total issued Shares in the Company, are to be sold by the Company's sole shareholder, Lulu International Holdings Limited.
- **Investor Categories:** The Offering will be made available to UAE Retail Investors, including Eligible Employees of the Group, Professional Investors as part of the Qualified Investor Offering; and to Eligible Senior Executives of the Group as part of the Senior Executives Offering.
- **Subscription Period:** The subscription period will open on Monday 28 October and end on Tuesday 5 November for UAE Retail Investors, Professional Investors and Eligible Senior Executives.
- **Pricing:** The final Offer Price will be determined through a book building process.

- Dividend Policy: The Company is targeting a total dividend pay-out ratio of 75% of annual distributable profits after tax, paid semi-annually. The Company targets that a dividend for the six months ended 31 December 2024 will be paid in the first half of 2025.
- Listing Date: Admission of the Shares to trading on the Abu Dhabi Securities Exchange is expected to take place on or around Thursday 14 November.

Commenting on the Offering, Yusuff Ali M.A., Founder, Chairman of Lulu Retail, said: “It’s with immense pride that we announce the planned IPO of Lulu Retail on ADX, bringing to market the largest pan-GCC full-line retailer by selling space, sales and number of stores. We founded Lulu in 1974 with the ambition to introduce and embed organized retail in the UAE and a commitment to create a shopping experience that customers would love and remain loyal to. We have exceeded our own expectations and currently Lulu operates more than 240 stores across six GCC countries, delivering immense value every day for new and loyal customers. Integral to our growth is the vision and ambition of the UAE, KSA and the other GCC nations where strong national leadership is enabling positive demographic and consumption trends and driving impressive economic growth. We’re looking forward to welcoming new shareholders to Lulu and are sure they will share our passion for the company and excitement for the future.”

The Company endeavours to maintain a total dividend pay-out ratio of 75% of annual distributable profits after tax, paid semi-annually following the approval and publication of the results for the respective periods, subject to applicable financial parameters, internal and external circumstances, and as per applicable legal provisions.

Lulu retail targets that a dividend for the six months ended 31 December 2024 will be paid in the first half of 2025.

- The objective of the Company’s dividend policy is to provide fairness, sustainability and consistency in distributing profits to shareholders.

The Offer Shares are being offered by the Selling Shareholder which, prior to the Offering, holds 100% of the share capital of Lulu Retail. The net proceeds generated by the Offering will be received by the Selling Shareholder. All expenses of the Offering will be borne by the Selling Shareholder.

Pursuant to an underwriting agreement to be entered into between Lulu Retail Holdings PLC, the Selling Shareholder and the Joint Bookrunners prior to the date of Admission, the Shares held by the Selling Shareholder following Admission shall be subject to a lock-up period, which ends 180 days after the date of Admission. Lulu Retail shall also be subject to the Lock-up Period.

Joint lead receiving banks are Abu Dhabi Commercial Bank and First Abu Dhabi. Joint lead managers are Abu Dhabi Commercial Bank, Emirates NBD Capital, First Abu Dhabi Bank, HSBC Bank Middle East and EFG Hermes UAE. The receiving banks are First Abu Dhabi Bank, Dubai Islamic Bank, Emirates Islamic Bank, Abu Dhabi Commercial Bank, Mashreq and Emirates NBD.

Overview of Lulu Retail:

Lulu Retail is the largest pan-GCC full-line retailer by selling space, retail sales value and number of stores in 2023. The company holds the top position in modern offline grocery retail in the GCC region, capturing 13.5% share of the GCC modern offline grocery market in 2023.

According to Euromonitor International Ltd, Lulu Retail was the second largest grocery retailer in the UAE and the largest retailer in Oman, Qatar, Bahrain and Kuwait and the fastest growing and largest pan-GCC retailer in the KSA, in each case based on the retail sales value for 2023.

Lulu also operates e-commerce retailing via the website and mobile application, supported by a partnership with Amazon in the UAE, Hunger Station in KSA, Snoonu in Qatar and a partnership with Talabat across all markets.

- Lulu launched its customer loyalty program, the "Happiness Programme," in the UAE in March 2023, and as of August 31, 2024, approximately 2.4 million members were registered.

- As a leading retailer, Lulu boasts an extensive global sourcing network, sourcing products from 85 countries. The Group operates 19 sourcing offices in key locations, including the UK, US, China, and Italy, enabling direct oversight of product quality and adherence to high standards throughout the supply chain.
- The logistics and distribution infrastructure is strategically positioned for future growth, operating 21 distribution centers with a total inventory space of 430,000 sqm. This capacity supports current store rollout plans effectively. An in-house fleet of approximately 1,400 vehicles transports products from distribution centers to stores.

Lulu believes that it is well positioned to increase its market share and grow its store network, with a primary focus on the KSA and UAE. In other markets, the company plans to grow by selectively opening stores and maintaining its market share and leadership positions.

In addition, the company plans to utilise technology to enhance automation, build on optimisation initiatives across its logistics network, inventory management, and in-store operations, and deploy more advanced technologies such as self-checkouts (in over 70 stores) and self-scanners in stores. Also plans to continue to grow its online channels and its existing strategic partnerships with third-party e-commerce providers.

FINANCIAL PERFORMANCE:

Currency: USD million	For the twelve-month periods ended 31 December			For the six-month periods ended 30 June	
	2021	2022	2023	2023	2024
Revenue	6,312	6,894	7,278	3,664	3,868
Gross profit	1,400	1,549	1,675	822	887
Gross Margin	22.2%	22.5%	23.0%	22.4%	22.9%
EBITDA	615	703	753	375	391

EBITDA Margin	9.7%	10.2%	10.4%	10.2%	10.1%
Net Income ¹	24	36	192	72	116
Net Income Margin ¹	0.4%	0.5%	2.6%	2.0%	3.0%

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 240 hypermarket, express and mini-market stores across the six GCC countries. Lulu 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, sources products from 85 countries, enabled by an on-the-ground sourcing presence in 19 countries. Lulu'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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