

# Rami Levy Hashikma Marketing

The cheapest shopping basket in Israel

April  
2021



# In a nutshell...



45

Years of Activity



53

Discount Branches



36

City Branches



30

Pharm Branches



# In a nutshell...



**6,465,660**

Thousands NIS Revenue in 2020



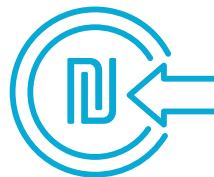
**95%-60%**

Of the Net Profit – Dividend Distribution



**1 B NIS**

Dividend Distributed Since the Issuance Date  
in 2007



**853 M NIS**

Company Cash



**20% Sales**

Rami Levy Private Brand



**10% Sales**

Rami Levy Online Shopping Site



**Rami Levy Hashikma Marketing**

The cheapest shopping basket in Israel



In Branches



On the App



Online



# In a nutshell...



**400,000**

Costumer Club Member of Rami Levy



**290,000**

MVNO Cellular Clients



**7,400**

Employees



**Rami Levy Hashikma Marketing**

The cheapest shopping basket in Israel



In Branches |



On the App |



Online





# Business Strategy

- 1. Strengthening the Ramy Levi Brand**  
Committed to the cheapest shopping basket in the country without compromising quality and service
- 2. Expansion of the Discount Field**  
Opening rate of 5-8 discount branches every year, there is room for another 20 discount branches without cannibalizing the current ones
- 3. Expansion of the City Branches**  
Opening another 30-50 supermarkets in the format of 'Rami Levy in the neighborhood'

- 4. Expansion of the Pharm Field**  
Opening 30-50 additional 'Pharm Branches

- 5. The Logistics Center in Modiin**  
Additional potential for cost savings, operational flexibility and support for the future growth of the network



# Business Strategy

## 6. Online Optimization

The company intends to double the rate of online sales nationwide by establishing 12 designated robotic centers for online sales only

## 7. The Private Brand

The company intends to reach a rate of 30% of sales in the short to medium term

## 8. Credit Cards and Customer Club

Expanding operations to other financial areas, Examining collaborations with Israair

## 9. Technological Innovation

Digital Wallet Development, Upgraded Website, Upgraded App, Autonomous Self Checkout

## 10. Rami Levy for Business

Expansion of activity to the institutional market, Opening a warehouse in the north next quarter





# The Activity in the Discount Branches



**Rami Levy Hashikma Marketing**  
The cheapest shopping basket in Israel



In Branches |



On the App |



Online



# Growth in discount branches

- 📍 The company works to strengthen the brand by meeting its commitment to the cheapest shopping basket in the country that does not come at the expense of quality and service.
- 📍 The company currently operates 53 discount branches (3 branches under the franchise method)
- 📍 During 2021, 2 more discount branches will open: Or Akiva and Hadera
- 📍 The company intends to open discount branches at a rate of 5-8 branches each year
- 📍 The company expects to set up discount branches in 20 localities where it is currently inactive. In most cases, when the network enters a new locality, it generates competition and becomes a significant influx center for new audiences without causing cannibalization to existing activity.





# Consistent Growth in the Number of Branches



# Consistent Growth in the Number of Branches



Haifa and the north  
Kiryat Haim (franchise)  
Zichron Yaacov  
(franchise)  
Tiberias  
Nesher, Haifa  
Binyamina  
Pardes Hanna  
Afula  
Akko  
Nahariya  
Carmiel  
Kiryat Shmona  
Hadera  
Azrieli Haifa



Jerusalem and the  
Surrounding Area  
HaOman  
Rav Hen  
Hahim Israel  
Shilat Junction, Modi'in  
Yshfar, Modi'in  
Mishor Adumim  
Ramot  
Gush Etzion  
Beitar Illit  
Givat Shaul  
Benjamin Gate  
Mevaseret Zion  
Atarot



Shfela and the South  
Ashdod  
Beer Sheva  
Netivot  
Castina  
Ashkelon  
Yavne  
Rehovot  
Lod  
Beit Shemesh  
Eilat (franchise) Ramla  
Kiryat Gat



The center and the  
Sharon  
Ayalon, Bnei Brak  
Rosh HaAyin  
Netanya  
Kadima  
Petah Tikva  
Kfar Saba  
Netanya North  
Raanana  
Bat Yam  
Rishon LeZion  
Ramat Hachayal  
Ariel  
Holon

New branches in 2021  
Hadera  
Or Akiva



# Activity in the Discount Branches

Continuous improvement in the maturation of the branches that have opened during the last 3 years

## Revenue from Identical Stores

In 2020 an increase of 6.3% compared to 2019  
In 2019 an increase of 1.6% compared to 2018  
In 2018 an increase of 2.5% compared to 2017

## The Logistics Center in Modi'in

In June 2018, a logistics center with a total area of about 25,000 square meters was opened in order to improve operational flexibility, contribute to cost savings and support the future growth of the entire network. Currently, there is additional potential for cost savings as the logistics center is not yet fully operational.

## Private Brand

Over the past few years, the company has accelerated its private label sales to about 20%. The company intends to increase its private label share to about 30% of the chain's sales. In the short-medium term, with the transition of products from the "penetration phase" to the "maturation phase", the private label is expected to contribute to a further improvement in the chain's gross margin, along with the expected improvement in terms of trade with suppliers.



# Activity in the Discount Branches

## Credit card activity



In April 2018, a credit card and customer club company was established, in partnership with Isracard (80% by the Rami Levy chain - 20% by Isracard). In the coming year the company is expected to expand the activities of the club, add new members, add new activities in the field of finance.

## The Online Activity



During 2020, with the outbreak of the corona virus, the Rami Levy chain doubled its online sales rate to about 10%.

The increase in online sales has contributed to an increase in the number of new customers.

In December 2019, the Rami Levy chain, in cooperation with the "Fabric" company ('Common Sense') Robotics, launched a first-of-its-kind robotic center for collecting online orders. During 2021, the company is expected to open two more robotic centers in Be'er Sheva and Petah Tikva - each robotic center is expected to provide a response to up to 2,000 orders per day. The company intends to establish 9 more robotic online sales centers by the end of 2022. In the company's estimation, the robotic centers are expected to improve the profitability of online sales activity, along with an increase in the volume of activity and an improvement in the quality of service.

## Digital Wallet Development



Rami Levy is developing a digital wallet by which it will be possible to pay at the chain's branches and other businesses. The wallet relies on the infrastructure of the SWIICH company and is a center of innovation that will enable advanced technological and financial services to the customer.





# The Robotic Center for Online Sales



13



**Rami Levy Hashikma Marketing**  
The cheapest shopping basket in Israel



In Branches |



On the App |



Online







The Logistics Center, Modi'in





# The Growth Strategy in the City Branches

- Operation of city branches in an area of 300-1000 square meters per branch, by opening new branches and purchasing existing chains
- The group intends to work to open about a hundred city branches in the coming years



15



# Subsidiaries



- Currently operating 35 city supermarkets and about 70 cafes
- Conversion of Cofix supermarkets to "Rami Levy in the neighborhood" format
- In 2020, 13 Cofix supermarkets were converted to the "Rami Levy in the neighborhood" format
- Rami Levy gave Super Cofix a non-exclusive right to use several branches of the "Rami Levy in the Neighborhood" brand, the consideration for which will be discussed between the parties
- In January 2020, the company completed the purchase of 4 supermarkets of the "Little Switzerland" chain
- Cofix has changed the design of the cafes to Go & Grab format and intends to submit new franchises under this format
- Cofix's operations abroad, through an investee company, continue to expand to about 200 cafes; the goal is to expand the scope of operations to other countries, including Poland, Brazil, the United Kingdom and Germany.



- It currently operating 30 pharm branches in the center of the country
- The company intenAccelerated growth rate - Over the past two years, the company has opened close to 20 new pharm branches
- ds to open about 30 more sharm branches in the coming years



**Rami Levy Hashikma Marketing**

The cheapest shopping basket in Israel



In Branches |



On the App |



Online











# Financial Data



**Rami Levy Hashikma Marketing**  
The cheapest shopping basket in Israel



In Branches |



On the App |

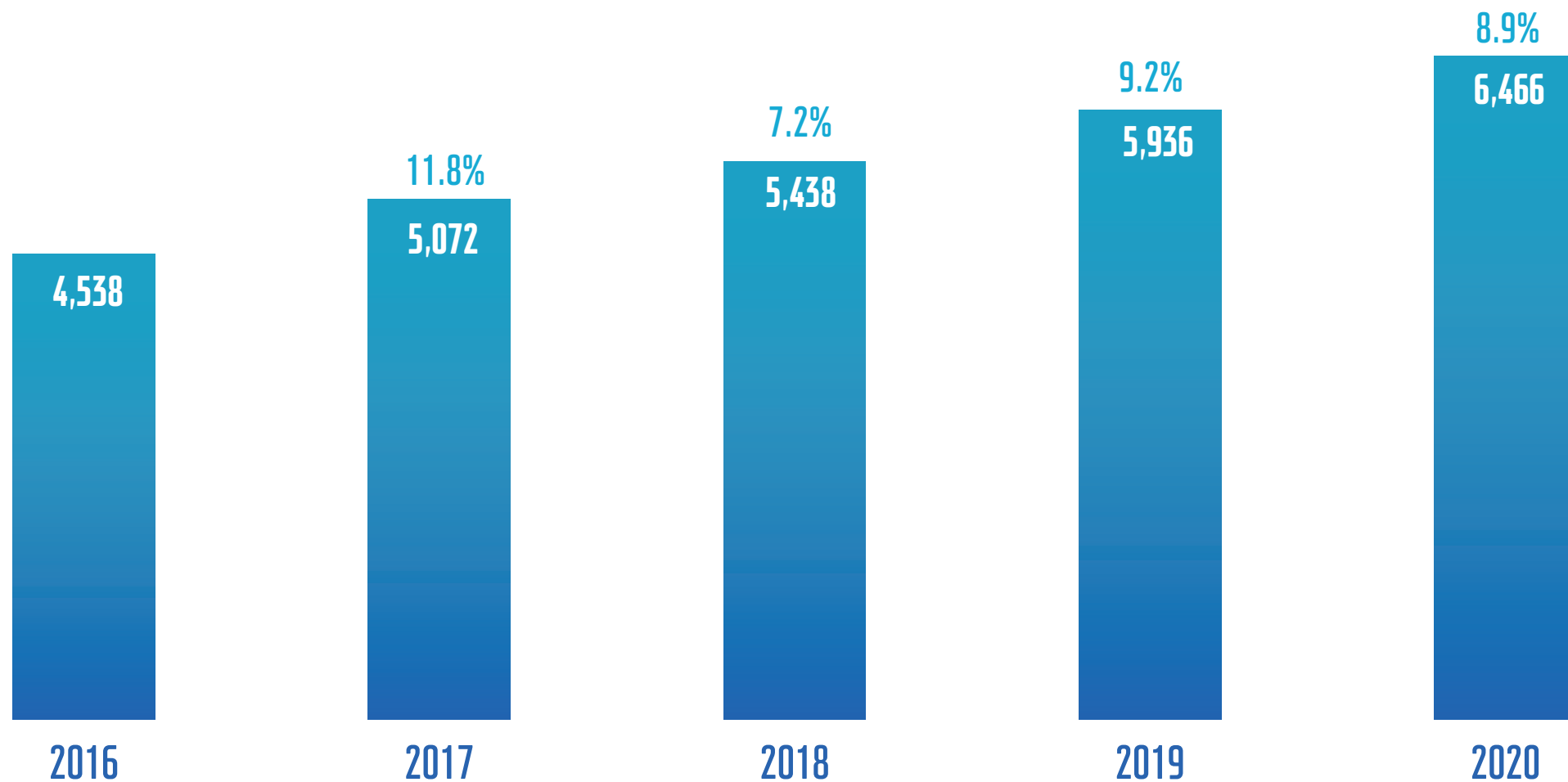


Online



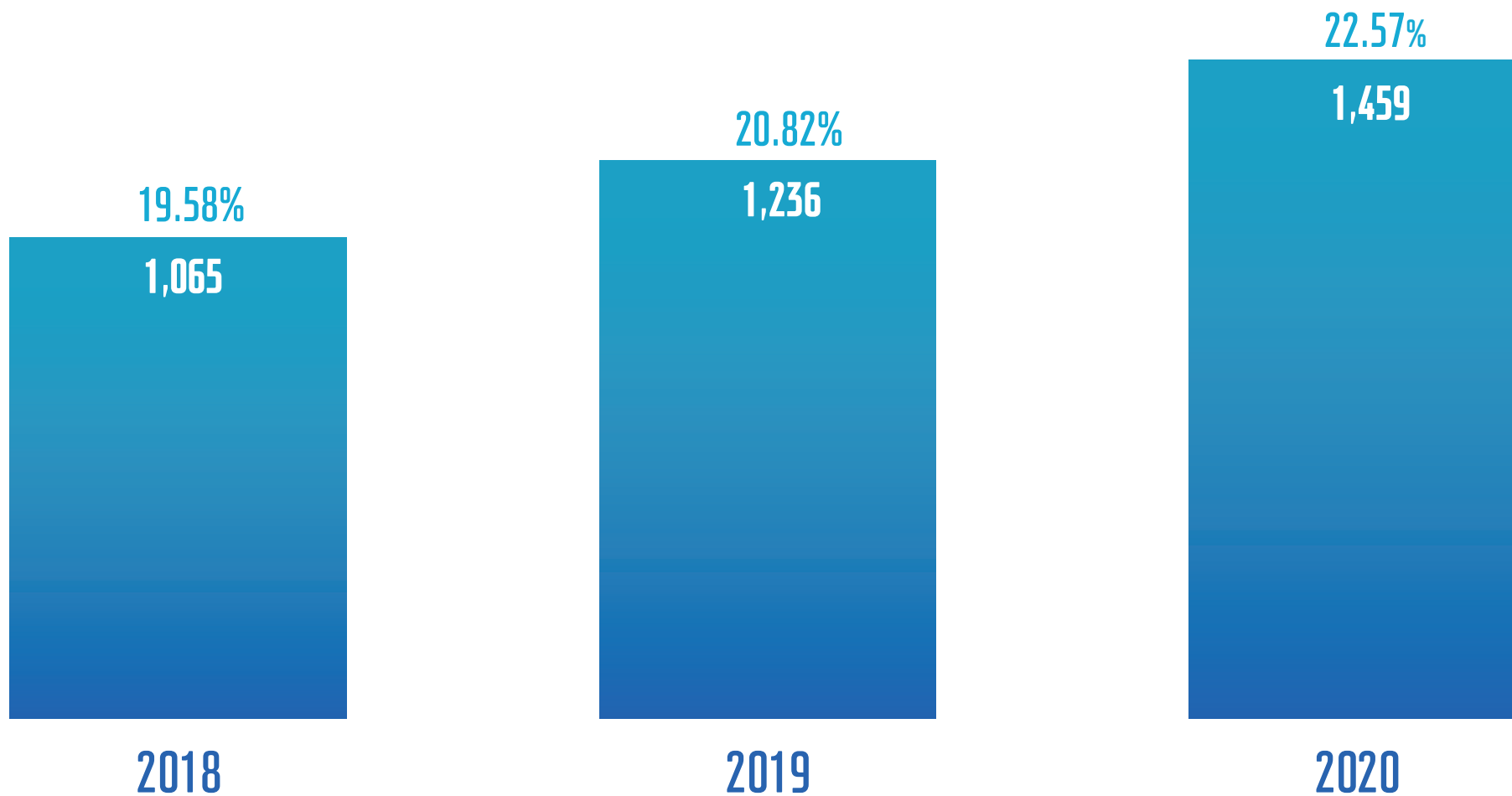


## Revenues (M NIS)





## Gross Profit (M NIS)



\*

In 2020, the company reclassified its expenses - cost of sales, sales and marketing and management and general. Accordingly, the comparison numbers are also displayed after the reclassification. It should be emphasized that the change in classification did not affect the total operating profit and net profit.

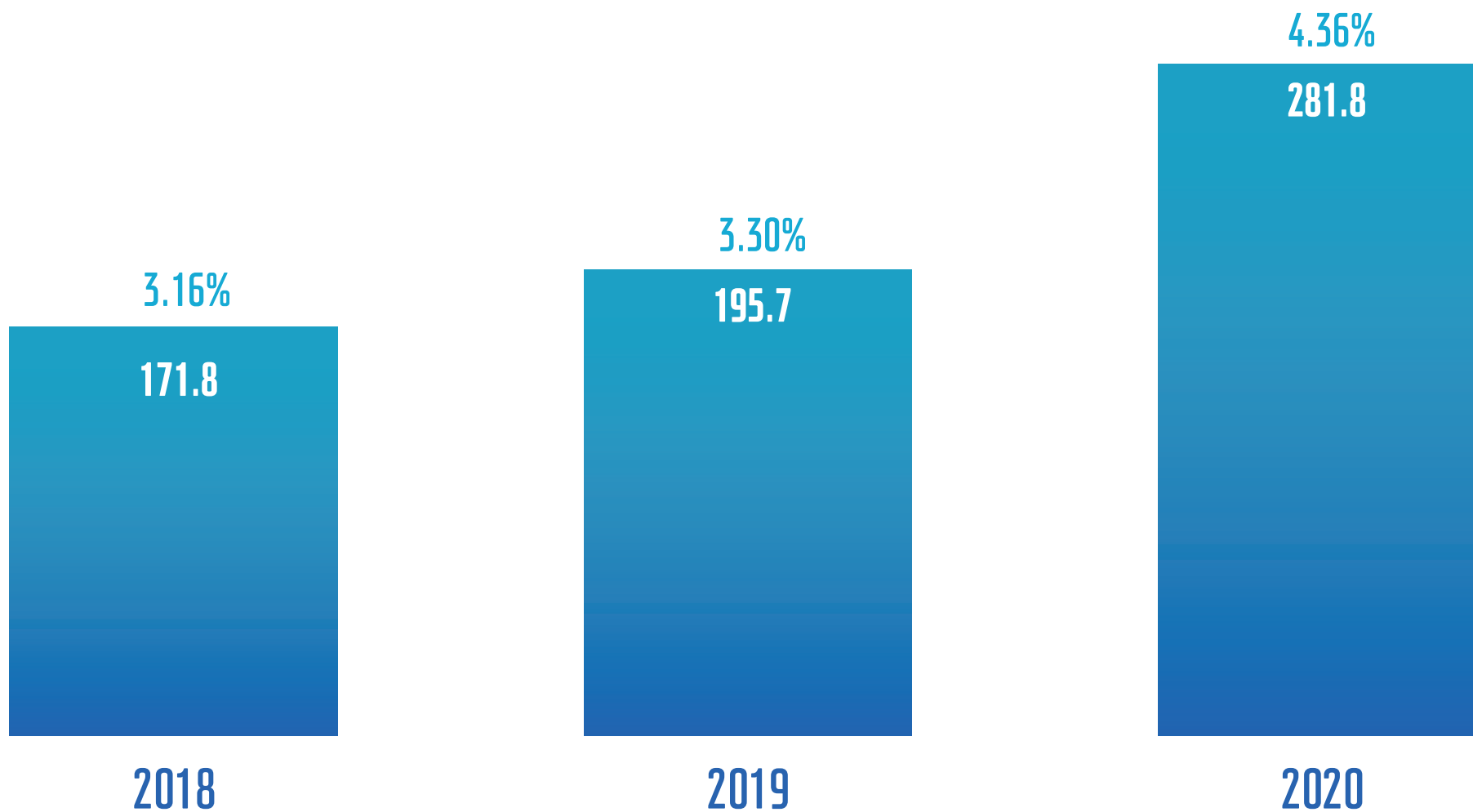
20





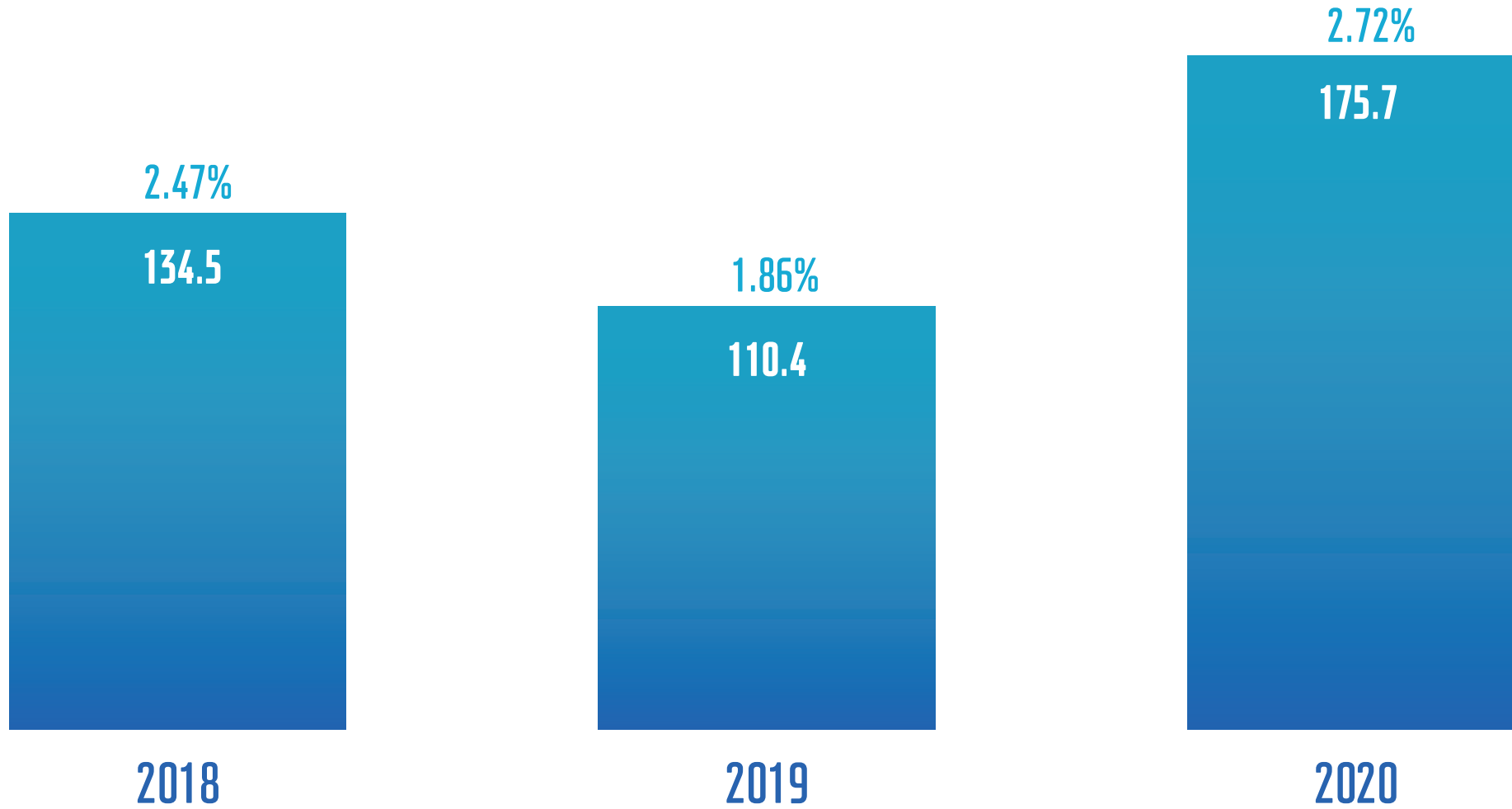


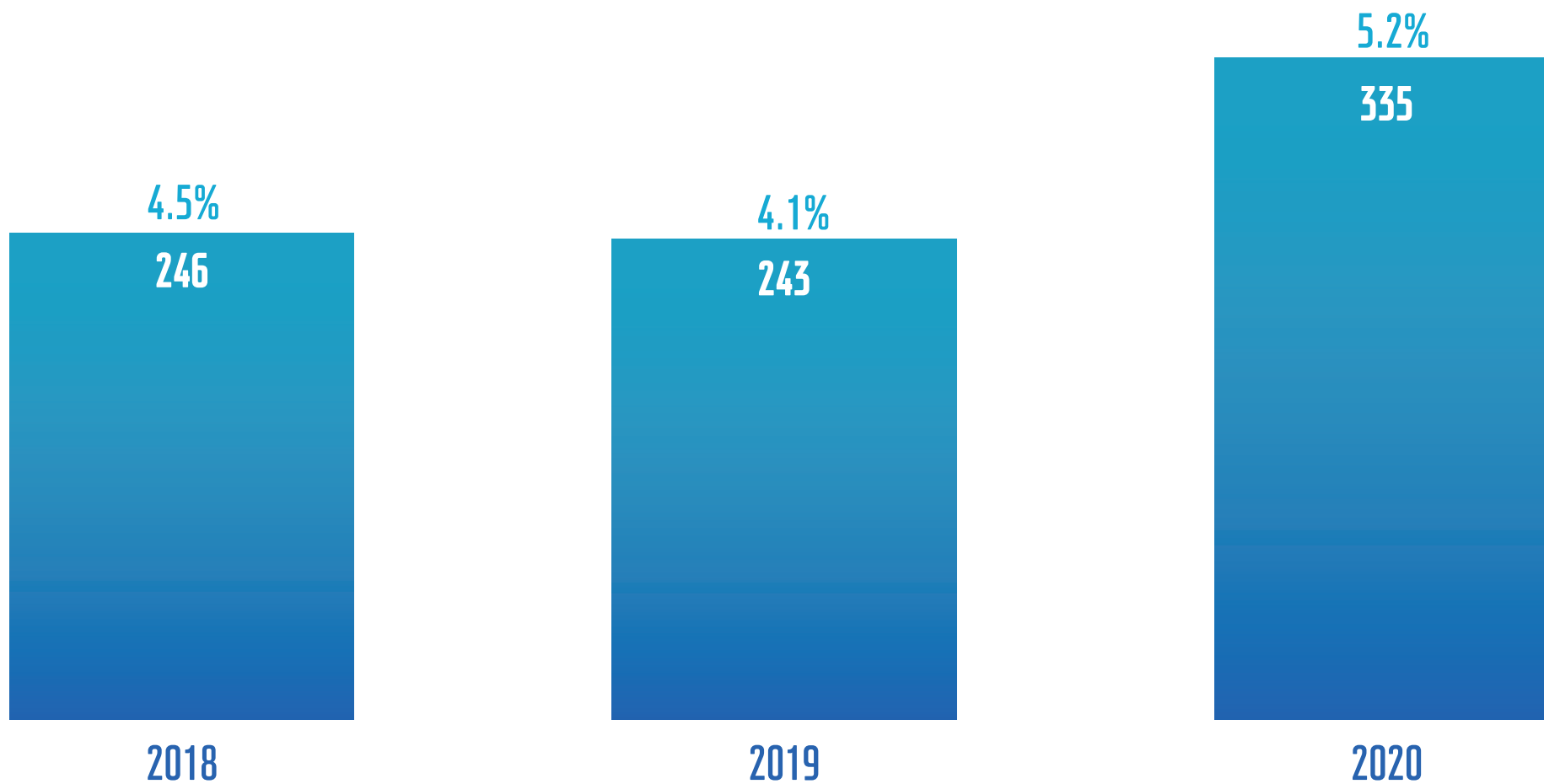
## Operational Profit (M NIS)





## Net Profit (M NIS)

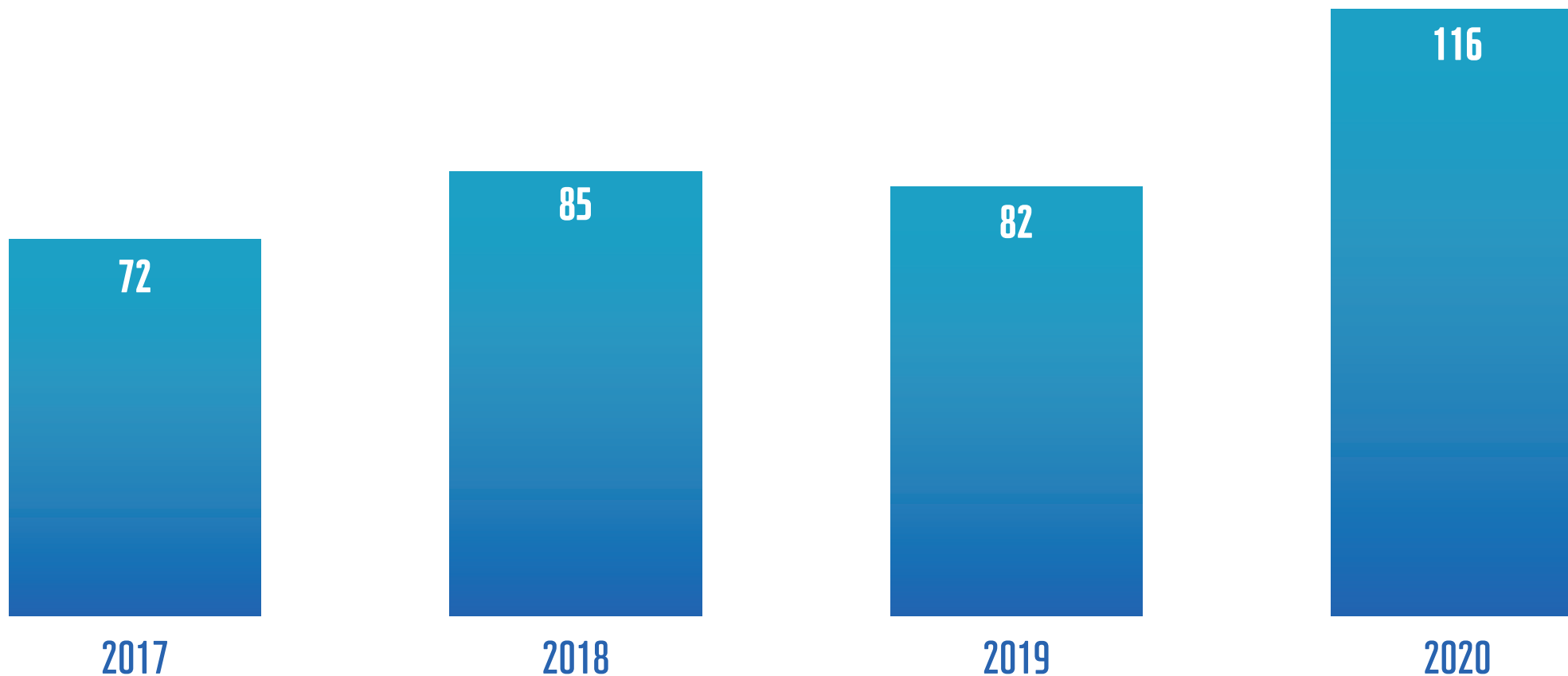






## Dividend Distribution (M NIS)

From the date of the company's issuance to the public in May 2007 until today, the company has distributed a total dividend of approximately NIS 1 billion.



# Company Balance Sheet Summary (M NIS)

31/12/2020

Holdings		Liabilities and Equity	
Cash and Cash Value	823.7	Short-Term Bank Credit	2.8
Short-term Investments	29.2	Current Applicable Bonds	0
Taxes to Receive	11.3	Suppliers	1,044
Clients	255.7	Taxes Due	3.1
Stock	321.6	Eligible	292.7
Leasing Net Investment	4.4	Current Liabilities Applicable in Respect of Leasing Net Investment	137.2
Total Current Assets	1,488	Total Current Liabilities	1,479
Fixed Assets, Net	465.8	Long-term Liabilities (including long-term employee benefits and long-term income)	43.6
Right of Use Assets, Net	1,578	Long-Term Liabilities for Leasing	1,563
Investment in a Holding Company	2.9	Long-Term Bank Credit	11.7
Intangible Assets, Net	83.6	Equity	596.6
<b>Total Balance</b>	<b>3,694</b>	<b>Total Balance</b>	<b>3,694</b>

\* The table includes the main items of the balance sheet



**Rami Levy Hashikma Marketing**  
The cheapest shopping basket in Israel



In Branches |



On the App |



Online



# Foresight Information

The information detailed in this presentation regarding revenue, cost and profit forecasts from the various projects that is initiated and will be initiated by the Company is forward-looking information, as defined in the Securities Law, 1968, which is not solely under the Company's control. The said information is based on data collected and analyzed by the Company and Information based on published studies.

This information reflects the Company's current position with respect to future events whose realization or occurrence is based on estimates and therefore there is a degree of risk and uncertainty regarding their realization. The actual occurrence or realization of the events may be materially different from the Company's assessment as stated above, due to the existence of a variety of factors that are not dependent on the Company.





# Thank You



**Rami Levy Hashikma Marketing**

The cheapest shopping basket in Israel