AL HOKAIR

ALHOKAIR Fashion Retail

الحكير أزياء التجزئة

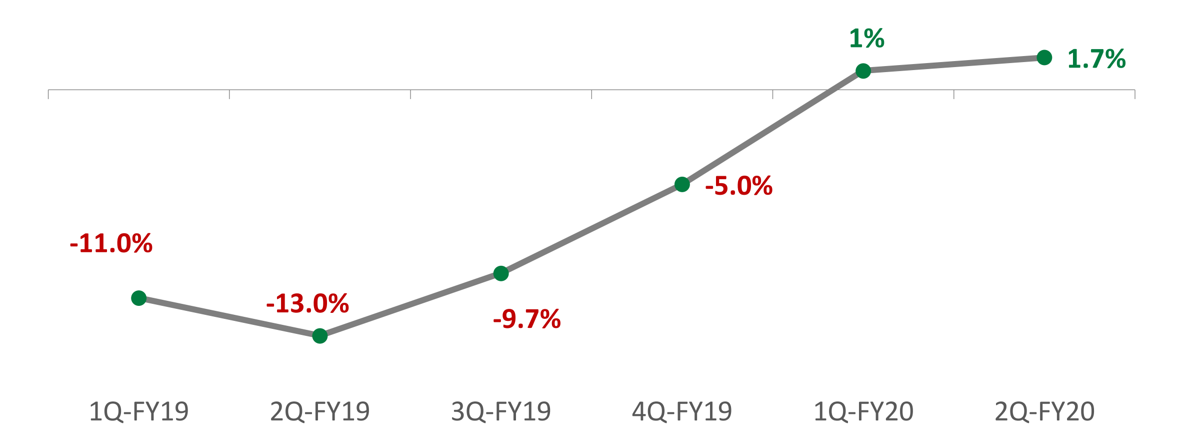
Results Presentation

1H-FY2020

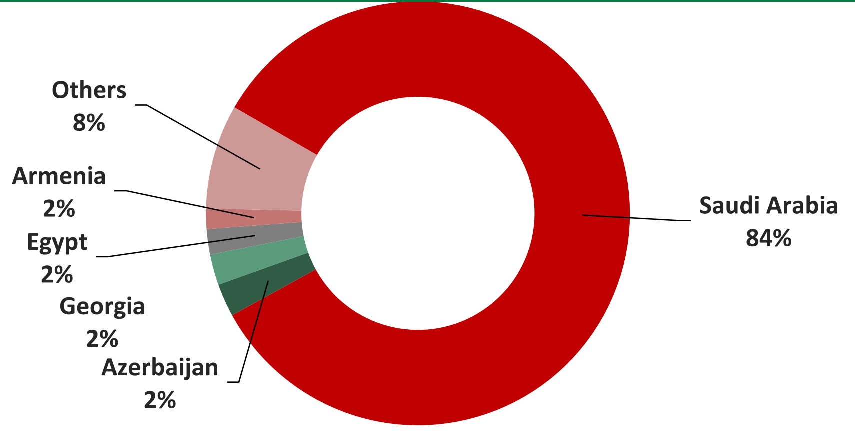
1H-FY2020 Results Snapshot

SAR **2,967** mn Revenues ▲ **LFL +1.7% in 2Q**	SAR **1,002** mn Gross Profit ▲29.6% y-o-y / 33.8% margin	SAR **901** mn EBITDA ▲70% y-o-y / 30.4% margin	SAR **250** mn (SAR 198 mn after IFRS 16 impact) Net Profit ▼ 2.0% y-o-y / 8.4% margin
1.77 Units / Transaction ▲ 2% y-o-y	**1,615** Total Stores ▼**10%** y-o-y / 1,789 stores	479K sqm Total Store Space ▼ 11% y-o-y	**85** Total Brands

Continued Like-for-Like Growth in Q2-FY2020



Revenue Breakup by Geography



Focused Strategy Leading to Strengthening Performance

The Group's forward-looking strategy is built on four primary pillars to accelerate its growth trajectory

Active Portfolio Management

An empirically-driven approach to portfolio optimization

Focus on KSA + Growth Markets

- ✓ KSA is largest contributor to Revenue
- ✓ Economic tailwinds and retail turnaround
- ✓ Expansion in profitable and high-growth markets, including Egypt, Georgia, Armenia and Azerbaijan
- ✓ Explore exits or alternatives for other geographies

Dynamic Portfolio Optimization

- ✓ Closure of non-performing stores
- ✓ Disposal of weak / losing brands
- ✓ Add new brands that offer unique customer experience
- ✓ Extract maximum value from lower-quantity but higher-quality store portfolio
- ✓ Increase EBITDA / sqm

In-Store Retail Excellence

Invest in winning concepts and targeting increased alignment with market trends

Improve Standards in Existing Stores

- ✓ The Group will revert back to normalized rate of store openings upon completion of portfolio cleanup efforts
- ✓ Invest in refurbishment and renovation of existing stores and enlarge proven winners
- ✓ Invest in people and cultural alignment for better customer experience
- ✓ Streamline merchandising and supply chain and investing to technology to ensure availability of stock and improve "speed-to-market"
- ✓ Improve customer satisfaction and provide an overall entertaining experience

Focused Strategy Leading to Strengthening Performance

The Group's forward-looking strategy is built on four primary pillars to accelerate its growth trajectory

Building a Lifestyle Company

A key driver for future growth is transforming from a fashion retailer into a lifestyle company

Expansion into New Categories

- ✓ **Beauty & Cosmetics**
- ✓ **Electronics**

ESTĒE LAUDER COMPANIES

aleph | Premium Reseller

- ✓ **Food & Beverage**

(Innovative Union Company)
2Q-FY2020

CINNABON · SEATTLE'S BEST COFFEE · MammaBunz · Azal · Emirgan Sütiş

Growing E-Commerce Activities

The Group is actively expanding in the e-commerce space to capture a larger share of this fast-growing market

Online Retail to Deliver Bulk of Growth

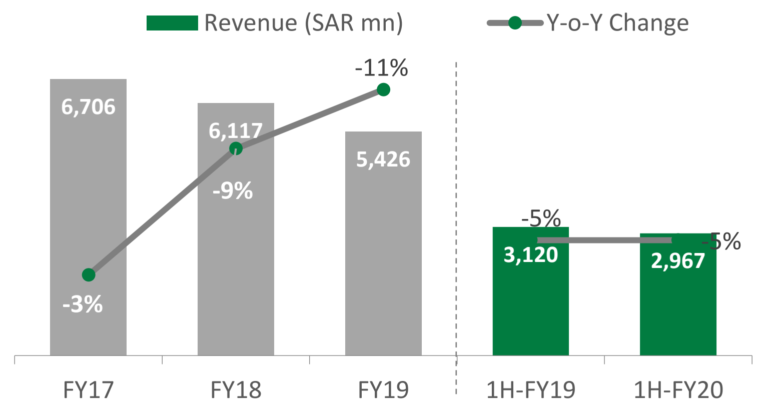
- ✓ Acquiring online rights from partner brands
- ✓ Already launched Zara online which is delivering strong results and with no cannibalization of store sales and with strong month-on-month LFL growth
- ✓ Remaining Inditex brands in the pipeline by September 2019
- ✓ Extract synergies between store-based and online toward building omni-channel experience to our customers

FINANCIAL & OPERATIONAL REVIEW

1H-FY2020

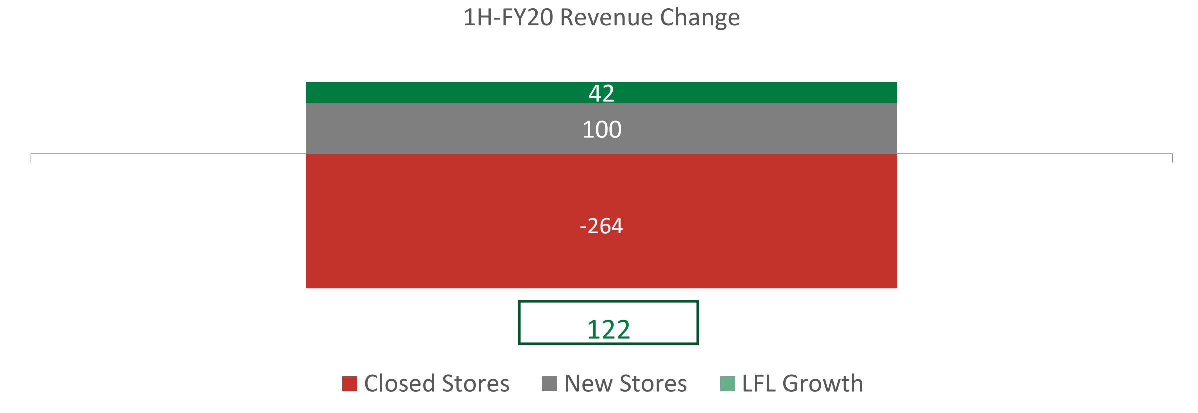
The Group's Strategy of Extracting More from Less is Delivering Results

Slower y-o-y decline in 1H-FY20 as store closures reach completion

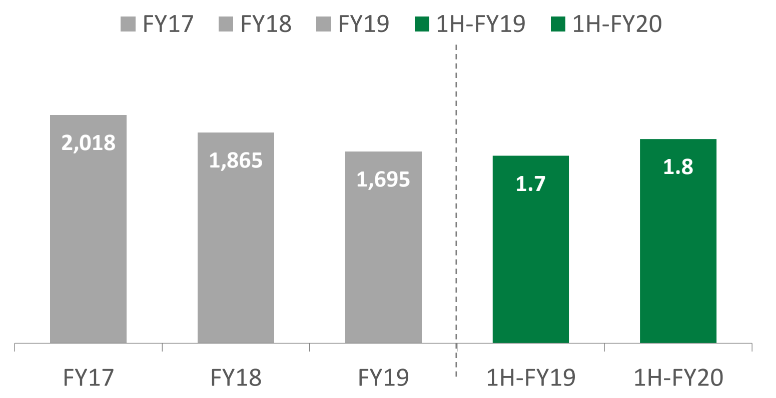


Revenue declined by 5% y-o-y as the Group implements its portfolio optimization strategy, ***including closure of non-performing stores and disposal of weak brands.***

Breakdown of SAR 122 mn revenue decline Y-O-Y

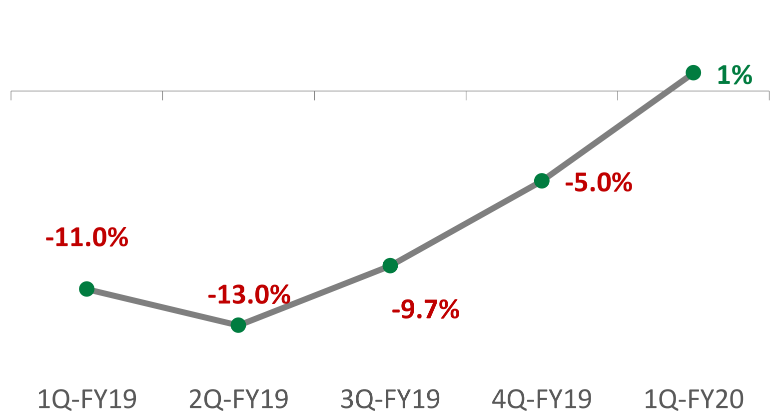


Smaller portfolio of higher quality stores to extract maximum value



While the Group has been decreasing its number of stores, efforts to improve quality and customer experience is leading to ***higher value extracted from each store as indicated by rising units per transaction***.

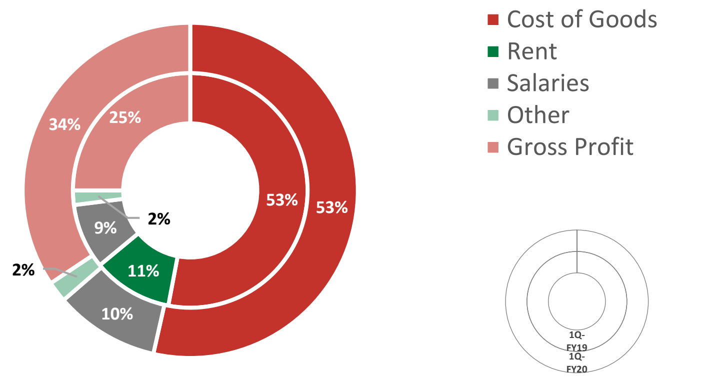
Return to Like-for-Like Growth in 1H-FY2020



Alhokair Fashion Retail's net revenue was up 1.7% for the quarter ended 30 September 2019, the first consecutive quarters LFL growth since 2016 owing to management's ***optimization efforts as well as a recovering retail segment*** in Group's primary market of Saudi Arabia.

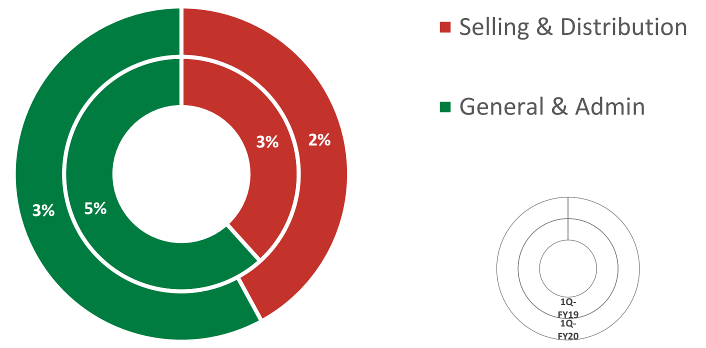
Cost-Cutting and Operational Efficiencies Leading to Expanding Margins

Cost of Revenue as a Percentage of Sales



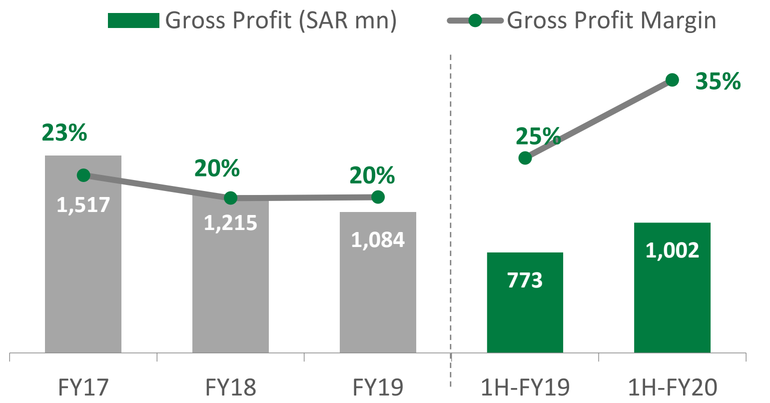
Gross Profit Margin is stable at 24% before IFRS 16 impact. Thanks to a well controlled commercial strategy as well as cost control. IFRS 16 is adding 10 points improvement to the Gross Profit Margin due to rent reclassification.

SG&A as a Percentage of Sales



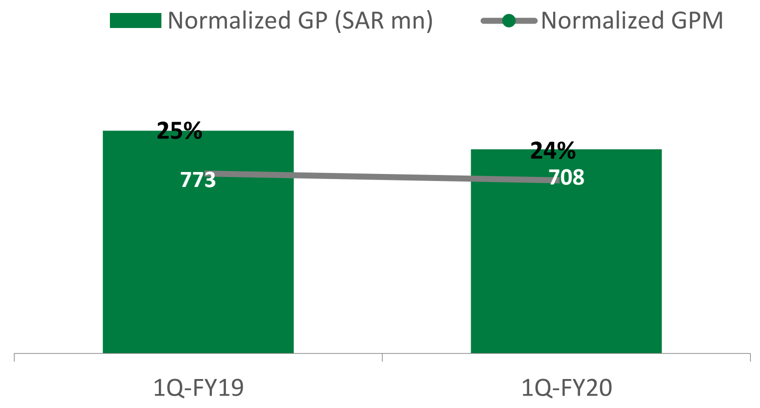
Consistent effort into driving efficiency and implementing strategies leading to a cost reduction without jeopardizing the business needs. ***Closure of Dubai Office is paying off going forward as an example***.

Expanding Gross Profitability



10% additional points are added to our Gross Profit Margin from IFRS 16 implementation.

Normalized Gross Profitability for IFRS 16 Effect



28% Gross Profit Margin achieved last year was maintained thanks to the improved buying, pricing and markdown strategies.

Network Evolution

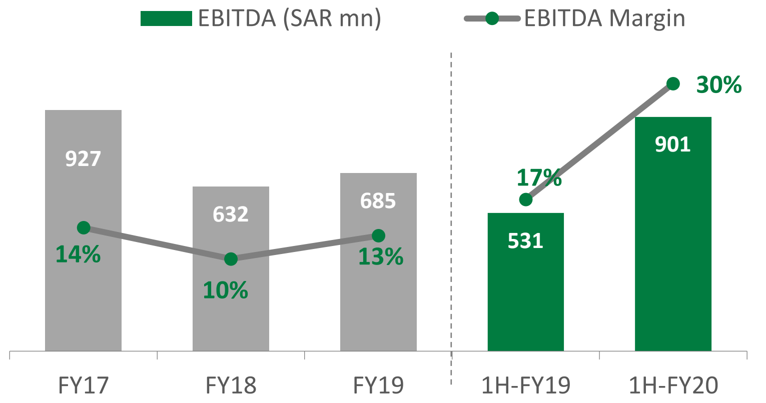
	KSA		International		Total	
	# of Stores	Space sqm	# of Stores	Space sqm	# of Stores	Space sqm
Stores as at 30 September 2018	1,418	406,100	371	132,729	1,789	538,829
New Stores	82	28,471	9	1,451	91	29,922
Closed Stores	(224)	(78,193)	(42)	(11,484)	(266)	(89,677)
Net Change	(142)	(49,722)	(33)	(10,033)	(175)	(59,755)
Stores as at 30 September 2019	**1,276**	**356,378**	**338**	**122,696**	**1,614**	**479,074**
Forecasted Openings	80	20,000	28	11,000	108	31,000
Forecasted Closings	(40)	(8,000)	(12)	(3,600)	(52)	(11,600)
Net Change	40	12,000	16	7,400	56	19,400
Forecasted Stores as at 30 Sept 2020	**1,316**	**368,378**	**354**	**130,096**	**1,670**	**498,474**

Key Considerations the Network Evolution

- ✓ The major initiatives in terms of store closure is slowing down.
- ✓ KSA will be back to expansion mode led by new real estate production by Arabian Centers. We expect over 55 stores to open by end of December 2019 in Nakheel Dammam Mall
- ✓ New Stores are also planned in Georgia, Egypt and potentially in Armenia.

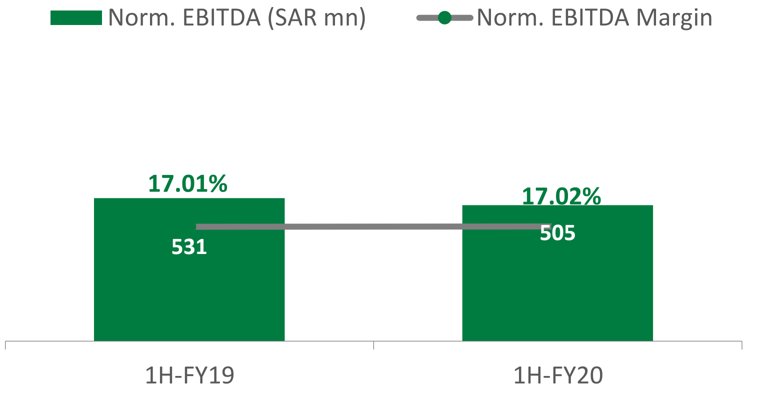
An EBITDA Positive Strategy

Portfolio optimization + cost efficiency = an EBITDA Positive Strategy



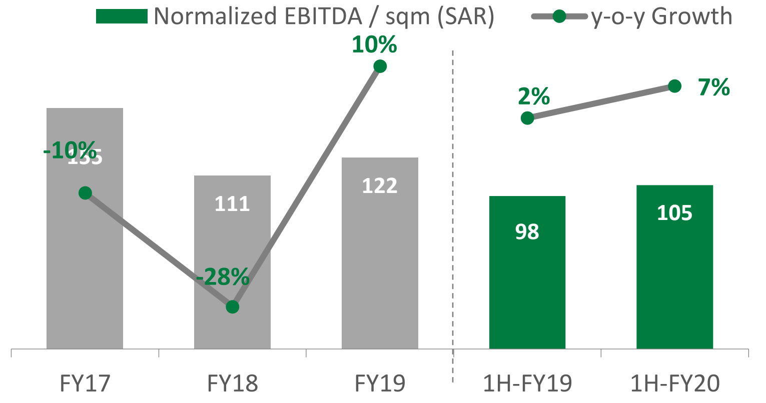
IFRS 16 implementation added 13% improvement to our EBITDA.

Even after normalizing for IFRS 16 effect



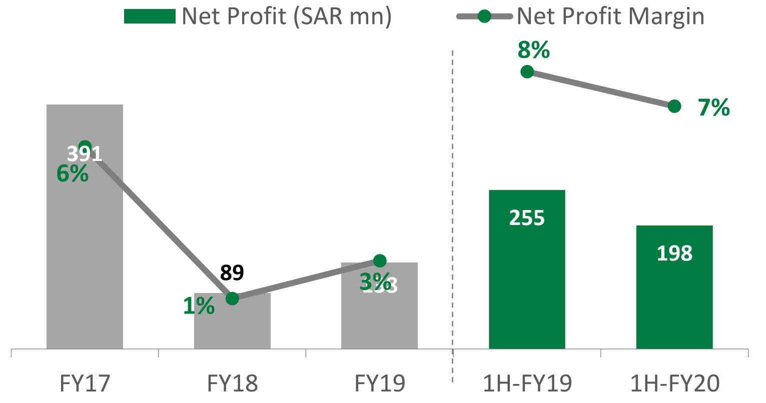
Normalizing for the effect of IFRS 16, ***EBITDA is maintained above 17%. A healthy level resulting from the improved operating model***.

Rising EBITDA per sqm



Normalized EBITDA per square meter is steadily rising, testament to the success of management optimization strategies.

Net profit expansion despite higher finance costs



IFRS 16 had SAR 57mn negative impact on our Net Profit. A normalized Net Profit before IFRS 16 would be SAR 250 mn or 2.0% down versus last year same quarter and with a 8.4% net profit margin versus 8.2% in 1H-FY19.

Focus on International Performance

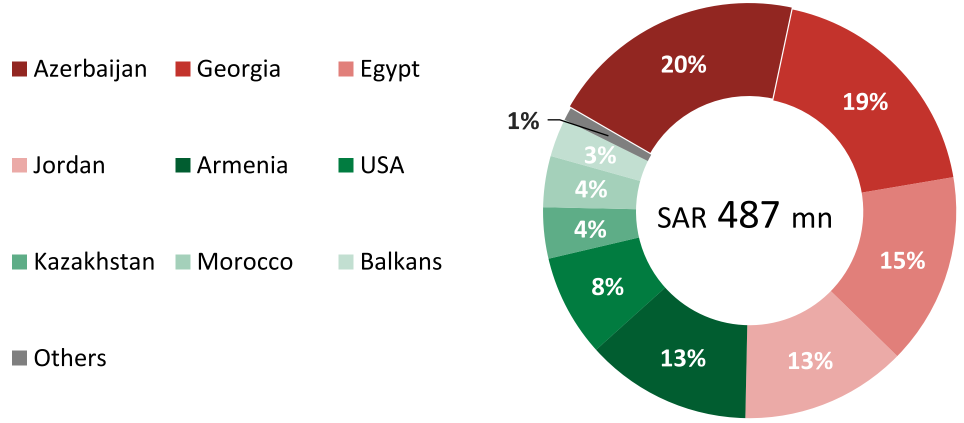
International Segment Key Performance Indicators

SAR mn	1H-FY19	1H-FY20	Change
Net Revenue	488.5	486.5	-0.4%
Gross Profit	94.8	142.2	50%
Operating Income	(19.4)	29.7	253%
EBITDA	16.9	112.8	568%
Net Income	**(19.1)**	(9.1)	**52%**

International Markets Profitability

SAR mn	Net Revenues			Net Income			# of Stores
Country	1H-FY19	1H-FY20	Change	1H-FY19	1H-FY20	Change	
Azerbaijan	88.2	95.3	8%	4.0	7.7	93%	29
Georgia	88.9	90.8	2%	5.7	6.0	4%	46
Egypt	64.8	73.3	13%	3.8	1.2	-67%	75
Armenia	62.6	63.1	1%	2.4	4.0	64%	33
Jordan	70.1	65.4	-7%	2.1	0.7	-69%	56
USA	39.9	36.5	-9%	(14.8)	(11.8)	21%	18
Kazakhstan	23.8	20.4	-15%	(1.0)	(3.3)	-222%	38
Morocco	21.1	21.6	2%	(1.1)	(8.0)	-644%	23
Balkans	16.4	13.5	-18%	0.3	0.1	-65%	19
Others	12.6	6.7	-47%	(20.4)	(5.6)	73%	1
Total	**488.5**	**486.5**	-0.4%	**(19.1)**	**(9.1)**	52%	**338**

International Revenue Breakup by Country



Key Considerations for International Segment

- ✓ Four countries, namely Azerbaijan, Georgia, Egypt and Armenia, are contributing c.67% of international revenue. The Group aims to focus on these markets and sustain its position while grabbing growth opportunities. Those 4 countries are still growing their top line.
- ✓ Profitability across international markets continues to improve as the Group works to extract operational efficiencies
- ✓ International operations are now conducted through KSA and specific functions through on-the-ground-operations in some countries following the closure of the warehouse in Dubai.

DEBT MANAGEMENT IN FOCUS

Deleveraging effort underway to strengthen capital structure and support implementation of strategy initiatives

Summary Credit Metrics

SAR mn	March'19	September'19
Total Interest-Bearing Debt *	2,862.20	2,569.20
Cash Position	516.30	408.75
Net Debt	2,345.90	2,160.45
Six-Month EBITDA	530.53	910.70
Full-Year / Annualized EBITDA (12 months rolling-back)	685.00	1,441.22
Net Debt ** / EBITDA	**3.42**	**1.50**

** SAR 150M was deducted from the short term as it is not a financing.*

*** Before IFRS Impact*

Debt re-profiling completed

Sustained cash position while driving both:

- Debt reduction by SAR 293 mn in 1Q-FY20 vs. previous year
- Optimization of Working Capital

Aim for Net Debt / EBITDA below 2.5 before IFRS 16 impact

Debt Management Strategy			
	Balanced debt position with matched maturity profile	Deleveraging with potential accelerated repayment supported by strengthening EBITDA (Kingdom deal is a proof of concept)	Targeting debt level of SAR 2.7-2.0 billion from current SAR 2.6 billion and at reduced cost

INCOME STATEMENT 1Q-FY2020

SAR Million	1H-FY19	1H-FY20 Before IFRS 16	Change without IFRS 16	1H-FY20 After IFRS 16	Change
Revenue	3,119.7	2,967.0	*(4.9%)*	2,967.0	*(4.9%)*
Cost of Revenue	(2,346.5)	(2,259.3)	*(3.7%)*	(1,965.0)	*(16.3%)*
Gross Profit	**773.3**	**707.7**	***(8.5%)***	**1,002.0**	***29.6%***
Gross Profit Margin	*24.8%*	*23.9%*	*(0.9 pt)*	*33.8%*	*9.0 pts*
Selling and Distribution Expenses	(101.1)	(85.5)	*(15.4%)*	(67.1)	*(33.7%)*
General and Administrative Expenses	(162.2)	(130.2)	*(19.7%)*	(97.3)	*(40.0%)*
Other Income (loss), net	20.6	12.9	*(37.1%)*	63.0	*206.5%*
EBITDA	**530.5**	**504.9**	***(9.6%)***	**900.7**	***69.8%***
EBITDA Margin	*17.0%*	*17.0%*	-	*30.4%*	*13.4 pts*
Depreciation and Amortization	(150.6)	(134.6)	*(10.6%)*	(445.6)	*195.9%*
Operating Income	**379.9**	**370.3**	***(2.5%)***	**455.1**	***19.8%***
Operating Income Margin	*12.2%*	*12.5%*	*(0.3 pt)*	*15.3%*	*3.2 pts*
Financial Charges	(103.6)	(97.3)	*(6.1%)*	(234.1)	*126.0%*
Profit before Zakat and Tax	**276.4**	**273.1**	***(1.2%)***	**221.0**	***(20.0%)***
Zakat and Income Tax	(20.9)	(22.8)	*9.1%*	(22.8)	*9.1%*
Net Profit for the Period	**255.5**	**250.3**	***(2.0%)***	**198.2**	***(22.4%)***
Net Profit Margin	*8.2%*	*8.4%*	*0.2 pt*	*6.7%*	*(1.5 pts)*
Attributable to:					
Shareholders of the Company	**259.2**	**248.9**	***(13.8%)***	**196.8**	***(24.1%)***
Non-Controlling Interest	(3.8)	1.4		1.4	
Earnings per Share Basic and Diluted	**1.22**	**1.19**		**0.94**	

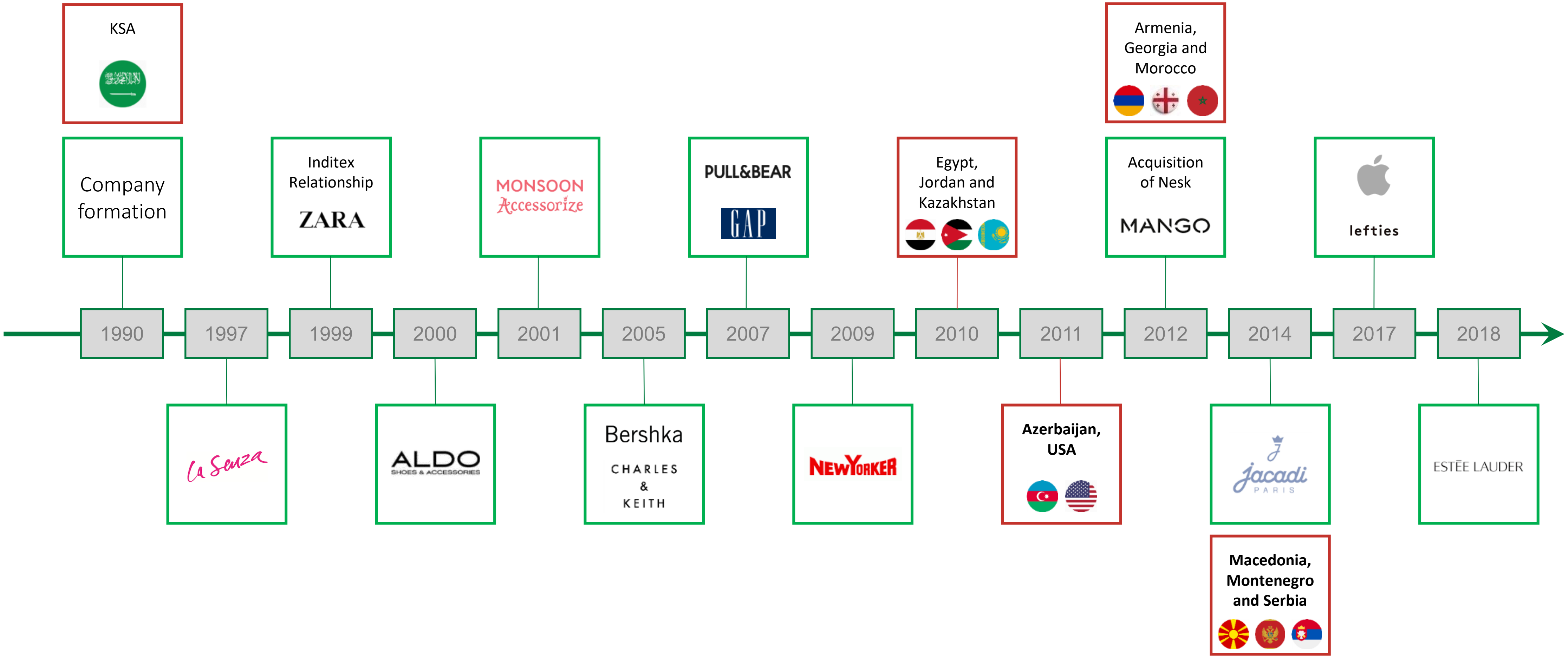
BALANCE SHEET AS AT JUNE 2019

SAR Million	Mar '19	Sept '19	Change
Assets			
Property, Plant and Equipment	1,752.4	1,633.6	-7%
Right-of-Use Assets	-	4,447.5	-
Goodwill and Intangible Assets	873.8	867.9	-1%
Investment Property	62.8	60.3	-4%
Investment in Associates & Others	389.3	81.3	-79%
Receivables from Disposal of Subsidiaries / Brands	75.0	75.0	-
Total Fixed Assets	**3,153.2**	**7,166**	**127%**
Inventories	1,927.5	2,039.1	6%
Advances, Deposits and Other Receivables	698.4	584.5	-16%
Prepayments, Rentals and Insurance	207.3	56.0	-73%
Receivables from Disposal of Subsidiaries / Brands	204.5	75.0	-63%
Cash & Cash Equivalents	516.4	408.8	-
Assets Held for Sale	-	563.6	-
Total Current Assets	**3,554.0**	**3,727.0**	**5%**
Total Assets	**6,707.2**	**10,892.6**	**62%**
Equity & Liabilities			
Share Capital	2,100.0	2,100.0	0%
Reserves (Statutory, Foreign Currency and Fair Value)	(246.5)	(288.8)	17%
Retained Earnings	623.9	820.8	32%
Equity Attributable to the Shareholders of the Company	2,477.5	2,632.0	6%
Non-Controlling Interest	(66.6)	(65.0)	-2%
Total Equity	**2,410.9**	**2,567.0**	**6%**
LT Loans and Borrowing	2,100.5	1,846.9	-12%
Lease Liabilities	-	4,005.6	100%
Post-Employment Benefits	83.7	89.7	7%
Total Non-Current Liabilities	**2,184.2**	**5,942.2**	**172%**
Trade Payables	681.7	530.9	-22%
Accruals and Other Liabilities	640.6	469.2	-27%
Zakat & Tax Liabilities	28.1	12.5	-55%
Lease Liability – current portion		498.4	100%
ST Loans and Borrowings	761.7	872.3	15%
Total Current Liabilities	**2,112.1**	**2,383.3**	**13%**
Total Liabilities	**4,296.3**	**8,325.6**	**94%**
Total Equity & Liabilities	**6,707.2**	**10,892.6**	**62%**

APPENDIX

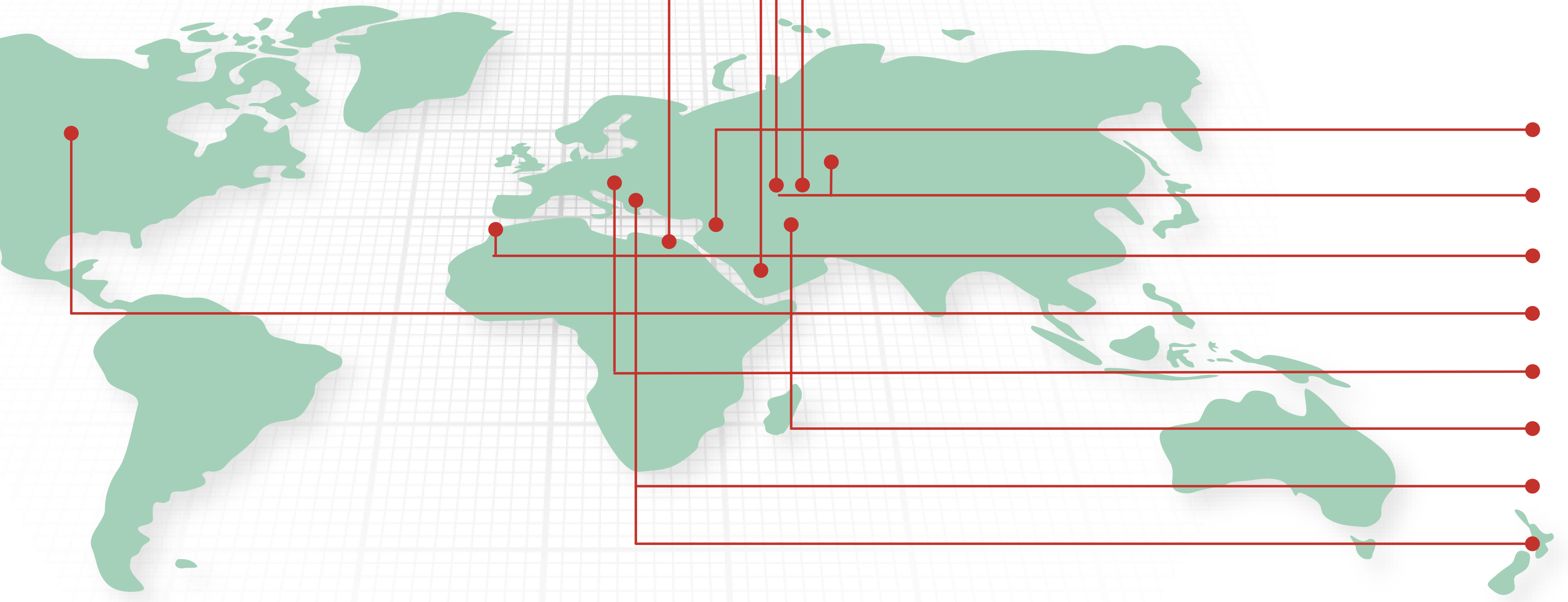
Group History

Established in 1990 with two operational stores, the Group has since built a track record of introducing global Brands to KSA and entering new markets



Our Footprint

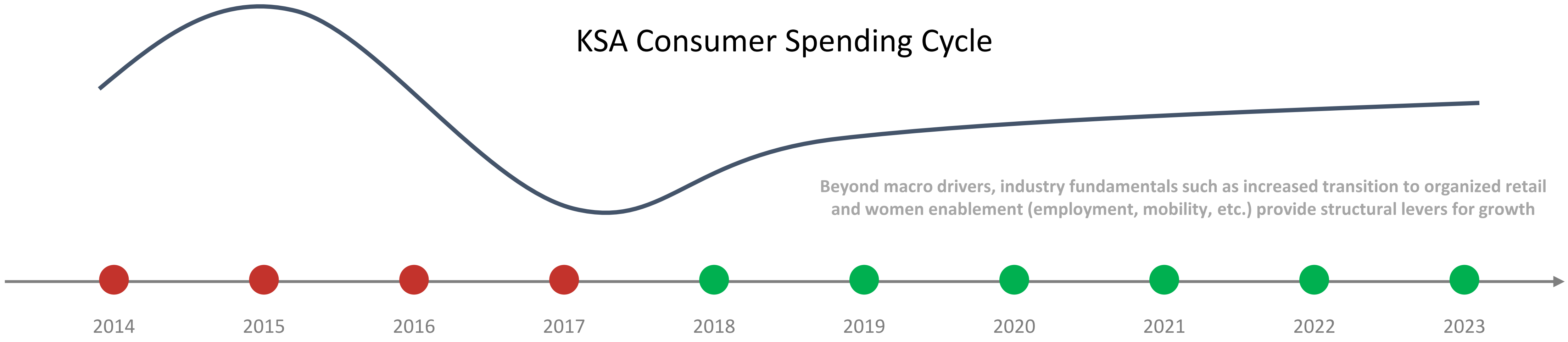
Our Group maintains a presence across 13 global markets with over 1,615 stores and 480,000 sqm of retail space



Country	Stores		
Saudi Arabia	1,277	84% of Sales: SAR 2,492 mn	Growth Markets
Egypt	75	10% of Sales: SAR 297 mn	Growth Markets
Georgia	46		Growth Markets
Armenia	33		Growth Markets
Azerbaijan	29		Growth Markets
	1,460		Growth Markets
Jordan	56	6% of Sales: SAR 178 mn	Presence Countries
Kazakhstan	38		Presence Countries
Morocco	19		Presence Countries
USA	18		Presence Countries
Serbia	15		Presence Countries
Iraq	1		Presence Countries
Macedonia	2		Presence Countries
Montenegro	2		Presence Countries
	160		Presence Countries

Our Primary Market

Looking beyond macro headwinds in the KSA – recovering consumer environment conducive to growth in the retail sector



Economic downturn with significant impact on retail sector

- Low oil prices limited the government's spending power and subsidies
- Introduction of Saudization and VAT for retailers shocked cost structures
- Expat exodus shrank consumer base

Recovery in macro environment with increased spending power

- Record Government expansionary budget after oil prices stabilized above USD 60 / bbl
- Reap benefits of Saudization - expected to further expand consumer spending base and capacity
- Government initiatives under Vision 2030 supporting retail sector through push on tourism and entertainment

Source: Euromonitor

Note: Consumer Expenditure includes the items such as (Food and Non-Alcoholic Beverage, Beer (Malt Beverages), Tobacco, Clothing and Footwear, Housing, Household Goods and Services, Health Goods and Medical Services, Transport, Communications, Education, Hotels and Catering, Miscellaneous Goods and Services).

OUR BRAND PORTFOLIO

AlHokair Fashion Retail holds a portfolio of over 75 brand representations and ownership covering all market segments

Department Stores

F&F
GAP
NEW LOOK
lefties
NEW YORKER
KOTON
LC Waikiki
MARKS & SPENCER LONDON
TOPSHOP
TOPMAN
OLD NAVY
(Sfera)
TATI
ZARA

Kids Fashion

FG4 LONDON
IKKS
MONSOON CHILDREN
OKAÏDI OBAÏBI
PANÇO
mayoral
THE CHILDREN'S PLACE
TAPE À L'OEIL
ZIDDY
SERGENT MAJOR

Fashion Boutique

BANANA REPUBLIC
MANGO
collezione
CORTEFIEL
GERRY WEBER
Massimo Dutti
ORIGEM
TIFFOSI
U.S. POLO ASSN. SINCE 1890
promod BOUTIQUE FRANÇAISE
SPRINGFIELD Man & Woman
Desigual

Shoes & Accessories

Accessorize
ALDO
CALL IT SPRING
PARFOIS
BIJOU BRIGITTE
NINE WEST
KURT GEIGER
primadonna COLLECTION
Clarks
CHARLES & KEITH
Iam
SIX
Pedro
STEVE MADDEN
MIGATO
FLO
Obag
UTERQÜE

OUR BRAND PORTFOLIO

Women's & Men's Fashion

CAMAÏEU
DYNAMITE
eclipse
IPEKYOL
LIPSY LONDON
MONSOON
OXXO
Gelco
celio*
Wallis
QUIZ
ANOTAH
FG4 LONDON
adL

Youth Fashion

Bershka
PULL&BEAR
COMPANYS
GARAGE
GIRLS ON FILM
Jennyfer
Miss Selfridge
POLO GARAGE
Stradivarius
Salsa
Terranova

Lingerie

La Senza
la Vie en Rose
MARKS & SPENCER Lingerie & Beauty
undiz
women'secret
OYSHO

Cosmetics

flormar Professional Make-Up
models own

Home

KARACA
ZARA HOME

Entertainment and Food & Beverage

COSTA COFFEE

Morocco & Spain

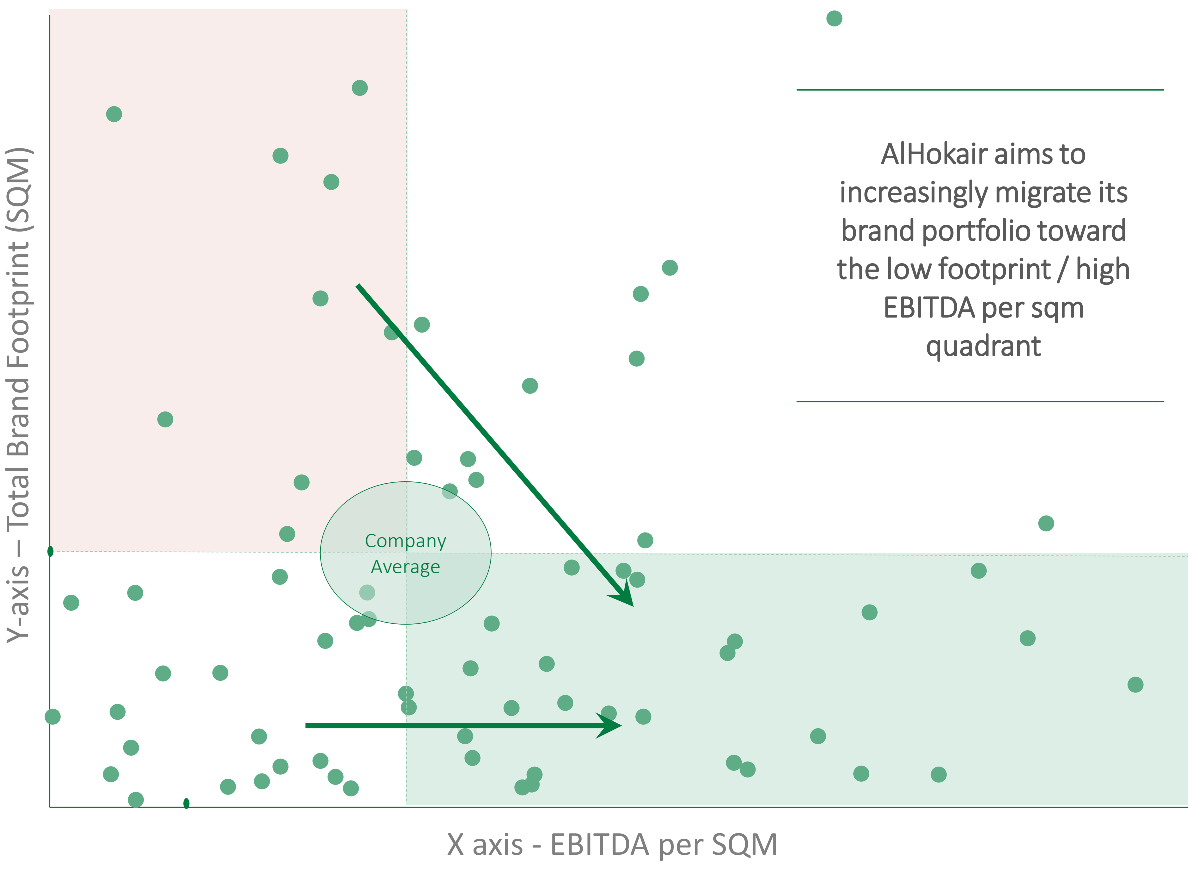
BILLY BEEZ

USA

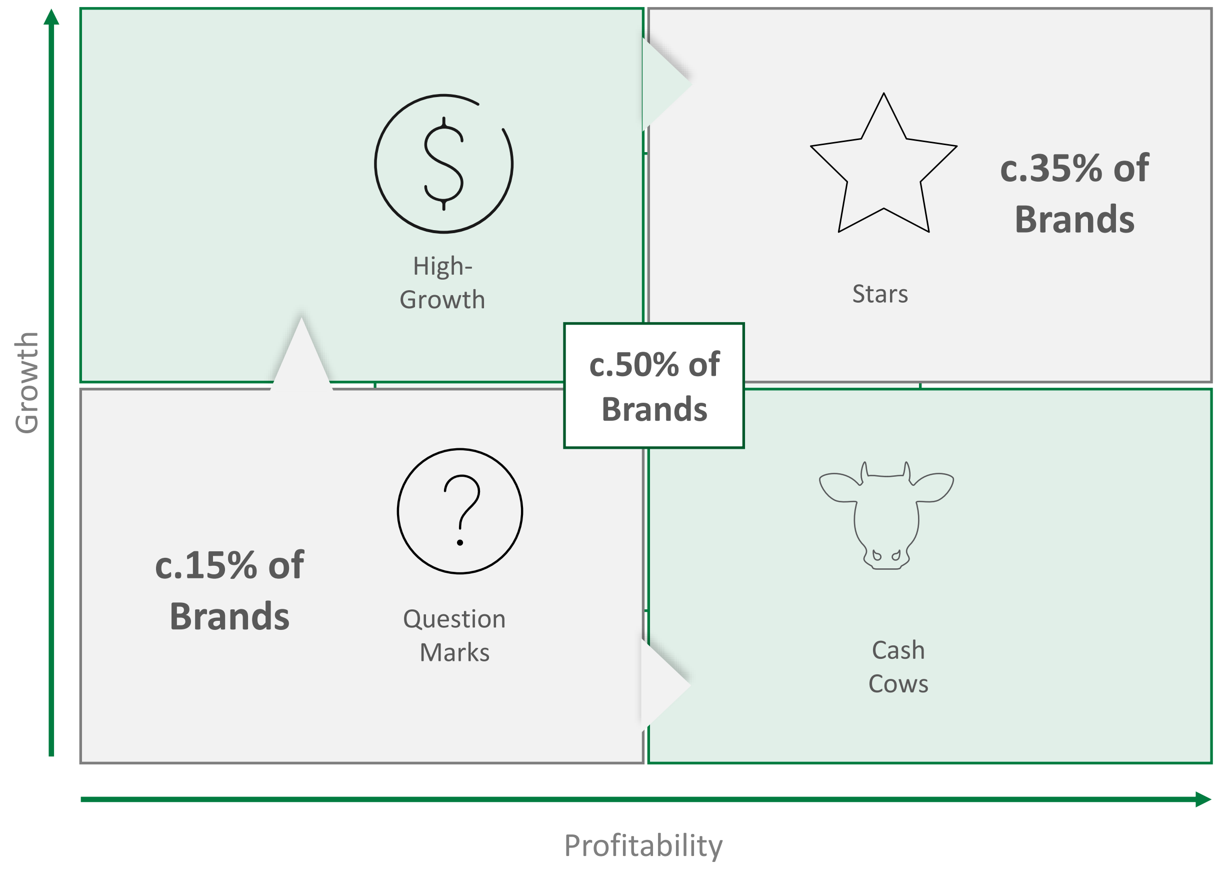
ACTIVE PORTFOLIO MANAGEMENT

Empirically-driven approach to brand portfolio optimization

AlHokair Brand Footprint vs. EBITDA per SQM



Migrating Brands to Create a Majority of Stars & Cash Cows



IN-STORE RETAIL EXCELLENCE

Leverage an integrated operating model to achieve retail excellence

ALHOKAIR Fashion Retail الحكير أزيــــاء التجــزئة

PEOPLE

- Culture evolution
- Talent acquisition
- Talent management
- Incentive schemes

PROCESS

- Disciplined decision-making process on strategy, investment, and financing
- Further enhancement of supply chain management and "speed to market"

TECHNOLOGY

- Implementation of Oracle ERP system to streamline reporting and information flow
- Data collection to provide further insight into consumer trends and enable better informed product positioning and efficient pricing
- Strengthened digital presence

MERCHANDISING

The merchandising function is the core of our commercial operations, with the Group deploying four different buying models in merchandising operations

Planning

Buying

Merchandising (Trade)

All merchandising functions operate with the same objective which is maximize the return on our annual Open-To-Buy (OTB) investment, whilst minimizing terminal stock at season end

Profitability

40%	**Push** Incentives received for push marketing efforts
30%	**Pull** Built on creating brand loyalty and fostering demand through marketing and brand positioning
5%	**Guaranteed Margin** A minimum margin guaranteed by vendors through a rebate mechanism
25%	**Consignment** Goods are placed in our stores with no transfer of ownership. AlHokair receives a share once the item sells

Exposure is maximized when the Groups owns the stock

Margins achieved increase in line with the assumed risk and skill required to sell

Degree of control is varied within each model

EXPANSION TO NEW CATEGORIES

A consumer-centric strategy to offer a complete lifestyle experience

Lifestyle Company

Depth of Offering

Fashion & Accessories

Athleisure, accessories

Core offering:
Apparel

Category Expansion

Beauty Products

ESTĒE LAUDER COMPANIES

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New Retail Categories

New Categories
Consumer Electronics

aleph | Premium Reseller

E-commerce

Entertainment & Experiential

Explore and evaluate opportunities

Breadth of Platform

Our expansion drive aims to add exposure in existing categories and venture into new categories to build a lifestyle company

DEVELOP E-COMMERCE CAPABILITIES

AlHokair is implementing a dual-pronged strategy to effectively capitalize on varying traffic levels across its brand portfolio

Selected Best Performing Brands			Implementation Status
TIER 1 **High traffic and high brand awareness** (10-15 brands)	Mono-Brand Platforms	Standalone e-commerce platform for licensed brands	Secured exclusive legal rights with multiple brands; launch in September 2019
TIER 2 **Other selected brands in the portfolio**	Multi-Brand Platform	Marketplace for selected categories for mid-sized brands	In-house platform solutions has been developed and tested

ALHOKAIR
Fashion Retail

الحكير
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Thank you