



AL HOKAIR

ALHOKAIR  الحكير
Fashion Retail أزياء التجزئة

Investor Presentation

FY 2020

The Region's Leading Franchise Retailer



AlHokair Fashion Retail is the leading franchise retailer in KSA, MENA, Central Asia and Caucasus regions



29+ yrs

Operational History

81

Portfolio Brands

13

Country Footprint

1,580

Store Locations

472,100 sqm

Retail Space

10,000+

Employees

SAR 5.3 bn

Revenues FY2020

SAR 545.5 mn

EBITDA FY2020

FY2020 Results



Q4-FY20 Highlights

SAR 1,085 mn

Revenues

▲ 1.1% y-o-y / LFL -1.2%

SAR 541 mn

Gross Loss

-49.9% margin

SAR 805 mn

Operating Loss

-74.1% margin

SAR 898 mn

Net Loss

-82.7% margin

FY2020 Highlights

SAR 5,342 mn

Revenues

▼ 1.6% y-o-y

SAR 408 mn

Gross Profit

▼ 62.4% y-o-y / 7.6% margin

SAR 14.8 mn

EBITDA Loss

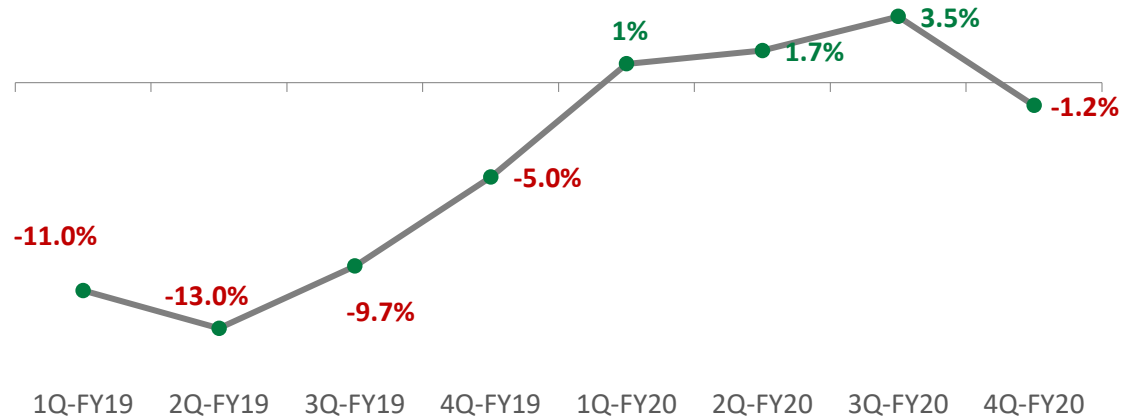
-0.3% margin

SAR 681 mn

Net Loss

-12.8% margin

Strong Like-for-Like Growth Pre-COVID-19



Operational KPIs

472K sqm

Total Store Space

▼ 7% y-o-y

81

Total Brands

1.77

Units / Transaction

▲ 1% y-o-y

1,580

Total Stores

▼ 6% y-o-y / 1,689 stores

FY2020 Results



FY2020 Highlights

SAR 5,342 mn

Revenues

▼ 1.6% y-o-y / LFL -1.2% in Q4-FY20

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Gross Profit

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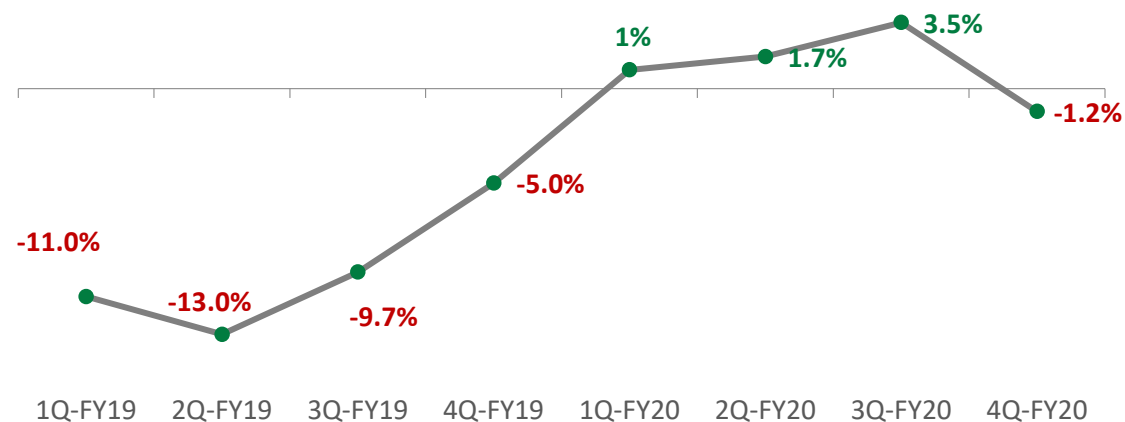
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1,580

Total Stores

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COVID-19 Developments



External Measures Impacting Alhokair Fashion Retail



Curfews & Restrictions

- **March 16:** Temporarily closed most retail units in KSA
- **April 26:** Retail units outside of Makkah Region began to reopen on a partial basis;
- **May 23-27:** 24hr curfew with closure of all units
- **May 28 – Jun20:** Reopening with extended hours; F&B permitted to take dine-in orders
- **June 20:** Lifting of all curfews and restrictions, units resume normal operations



External Support

- **Salaries:** The Government of KSA introduced the SANED program which covers 60% of payroll for 70% of Saudi staff
- **Rent Relief:** Alhokair Fashion Retail has managed to secure rent-relief from its landlords for the closure periods

Alhokair Fashion Retail Internal Measures



Health & Safety Measures

- Establishment of **spatial limits** on the number of customers
- Mandatory use of **personal protective equipment (PPE)** by store personnel
- Hand **sanitizing stations** across all stores
- Frequent of disinfection and sanitization as well as the **closure of changing rooms**
- Encouragement of **contactless payment**
- Lenient **sick-leave and work from home policies**



Business Continuity

- **Accelerating online activities**, which recorded a 311% growth in Q1-FY21 vs Q4-FY20
- **Strengthening supplier relationships** to mitigate supply-chain disruptions
- **Strong liquidity position** having recently concluded debt refinancing transaction with longer tenors and wider flexibility
- **Launched asset tests** to emerge a leaner organization

A man and a woman are shown from the chest up, both wearing quilted leather jackets. The man on the left is wearing a dark jacket and a thick scarf, with his arms crossed. The woman on the right is wearing a red and black patterned jacket, also with her arms crossed. A semi-transparent dark rectangle is centered over the image, containing the text 'STRATEGY OVERVIEW' and 'FY2020' in white. The entire image has a reddish-pink color cast.

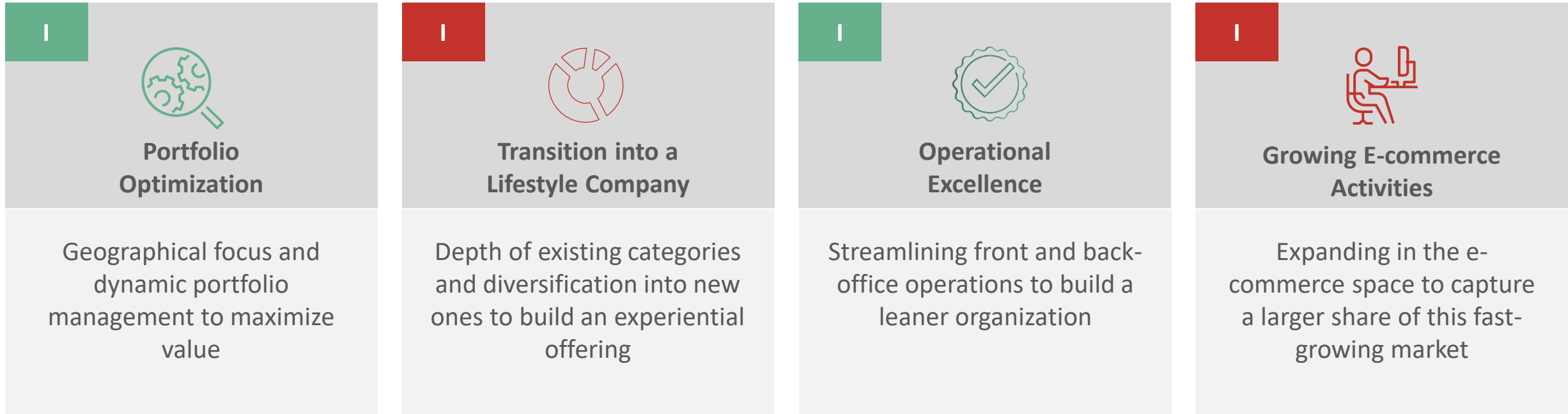
STRATEGY OVERVIEW

FY2020

Turnaround Strategy



Since 2019, Alhokair Fashion Retail has been implementing a turnaround strategy to improve operational efficiency and build a foundation for long-term growth



Strategy Implementation

FY2020

Realignment & Focus

FY2021

Strengthening & Transformation

Portfolio Optimization



An empirically-driven approach to strengthen portfolio performance and extract higher value

FY2020: Realignment & Focus

Closure of Nonperforming Stores

Closure of 308 nonperforming stores since January 2019 and disposal of weak / losing brands

Yield Maximization

Extract maximum value from lower-quantity but higher-quality store portfolio and increase EBITDA / sqm

SAR 124

FY2020 EBITDA / sqm

▲ 3% y-o-y

1.8

FY2020 Units / transaction

▲ 3% y-o-y

SAR 980

FY2020 Revenue / hour

▲ 7% y-o-y

FY2021: Strengthening & Transformation

Normalization of Store Closures / Expansion

Major store closure initiatives are complete, with new stores with attractive locations were sourced , focusing on KSA and other growth markets

Exit from US

The Group expects to finalize its exit from its US business within months as part of its efforts to focus on key growth geographies

Transitioning into a Lifestyle Company



A key driver for future growth is transforming from a fashion retailer into a lifestyle company by venturing into new categories

FY2020: Realignment & Focus

Expansion into New Categories

✓ **Beauty & Cosmetics**

ESTÉE LAUDER
COMPANIES

✓ **Electronics**

aleph



✓ **Food & Beverage**
(Innovative Union Company)

CINNABON
WORLD FAKES DIVISION

SEATTLE'S BEST
COFFEE



Azal
Taste of the Palmyra

Siti's
EMIRGAN

20%

F&B Revenue Growth in FY2020

58

New Stores Added
Across New Categories – 53 F&B

FY2021: Strengthening & Transformation

Deepening F&B Presence with Launch of Dark Kitchen Concept

Offering back-office kitchen services to virtual F&B brands

Adding New Brand Categories

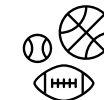
Alhokair is negotiating with several new brands that will accelerate its transition into a lifestyle

KIKO
MILANO

Cosmetics
(Signed)

PUBLIC DESIRE

Footwear
(Signed)



Athleisure
(Advanced stages with top international player)



Beauty & Cosmetics
(Advanced negotiations with worldwide player)

Focus on Food and Beverage



Alhokair is rapidly deepening its exposure to Saudi Arabia's lucrative and fast-growing F&B sector

Landmark F&B Portfolio Acquisition

10

New F&B franchises acquired in FY2020

200+

Locations across KSA



Acquisition geared towards café/dessert brands encouraging extended visits, repeat business



New units benefit from existing relationships with landlords, shared central services incl. information, tech, finance and procurement

Expanding F&B portfolio has already proved value-accretive...

F&B Segment: Income Statement

SAR '000	FY2020	FY2019	Change
Net Revenues	419,843	350,634	20%
Gross Profit	303,572	246,976	23%
GPM	72.3%	70.4%	1.9 pts
EBITDA	70,099	45,110	55%
EBITDA Margin	16.7%	12.9%	3.8 pts
Net Profit	25,436	3,819	566%
NPM	6.1%	1.1%	5.0 pts
Net Profit After Minority Interest	18,784	(8,190)	-
NPAMI Margin	4.5%	-2.3%	-

Achieving Operational Excellence



Streamlining operations and building a leaner organization

FY2020: Realignment & Focus



Shedding Non-Core Assets

Sale of Dubai Warehouse, Kingdom Center, Tahliya Building, and disposal of Burberry brand



Collaborating with Brand Partners

Increased alignment with brand partners to streamline payments, coordinate renovations and collaborate on online development



Strengthening Liquidity

New facility for USD 800 mn, including USD 650 mn to refinance existing debt and USD 150 mn to finance operational needs



Retail Excellence

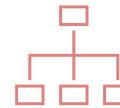
Investment in training, refurbishments, technology and supply chain to enhance in-store experience and speed-to-market

FY2021: Strengthening & Transformation



Shared Services Center

Launch of shared services center within 9-12 months



Restructuring Back Office

Complete restructuring exercise with targeted annual payroll savings



Mark to Market Inventory

Provisions for ageing inventory and normalization of week-sales ratio to industry norms



Asset Impairment Tests

Appraisal of investments and booking necessary impairment to accurately reflect asset base

Growing E-Commerce Activities



AlHokair has developed a calibrated plan to broaden and deepen the Company's e-commerce footprint across multiple channels

FY2020: Realignment & Focus



Acquired Online Rights

Alhokair has acquired rights for 58 brands across its markets, of which 48 are currently trading, with more to be deployed

Launched Zara Online

Delivering strong results and with no cannibalization of store sales



300%
Growth in Q1-FY21 vs
previous Q4-FY20

Launched Alephksa.com

Alhokair's
Apple store



Alhokair's Products Sold Across Third-Party Platforms



FY2021: Strengthening & Transformation



Launch Multi-Brand Flagship Platform

Alhokair is on track to launch its flagship e-commerce platform, **FAHFashion.com**, for licensed brands on 2 July 2020

Launch Additional Mono-Brand Platforms

The Group is in the advanced stages of launching two new mono-brand platforms for Mango and Aldo in Saudi Arabia



Build Omnichannel Experience

Extract synergies between store-based and online toward building omni-channel experience to our customers

A man and a woman are shown from the chest up, both wearing quilted leather jackets. The man on the left is wearing a dark jacket and a thick scarf, with his arms crossed. The woman on the right is wearing a red and black patterned jacket, also with her arms crossed. They are both smiling. A semi-transparent dark rectangle is centered over the image, containing the text 'FINANCIAL & OPERATIONAL REVIEW FY2020' in white. The rectangle has white L-shaped corner brackets at the top-left and bottom-right.

FINANCIAL & OPERATIONAL REVIEW FY2020

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

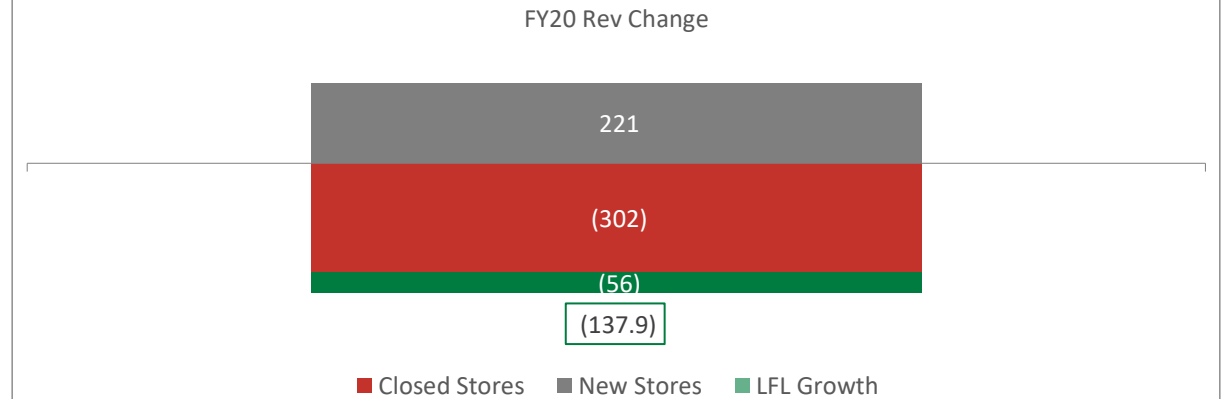


Slower y-o-y decline in FY2020 as store closures reach completion

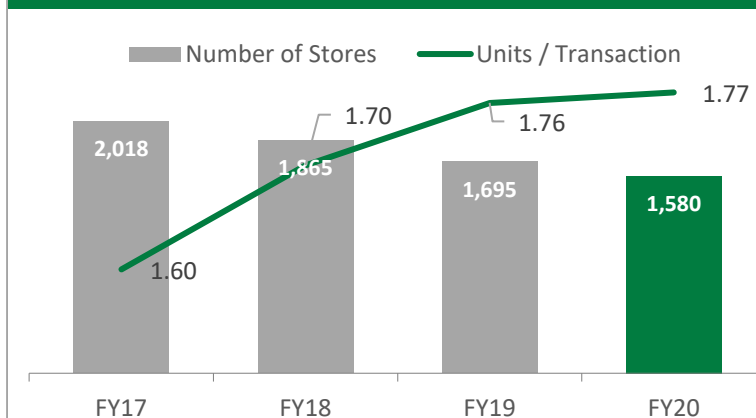


Despite COVID-related closures, revenue declined by just 2% y-o-y as the Group implemented its portfolio optimization strategy, **including closure of non-performing stores and disposal of weak brands.**

Top-line decline recorded SAR 138 mn at year-end FY2020

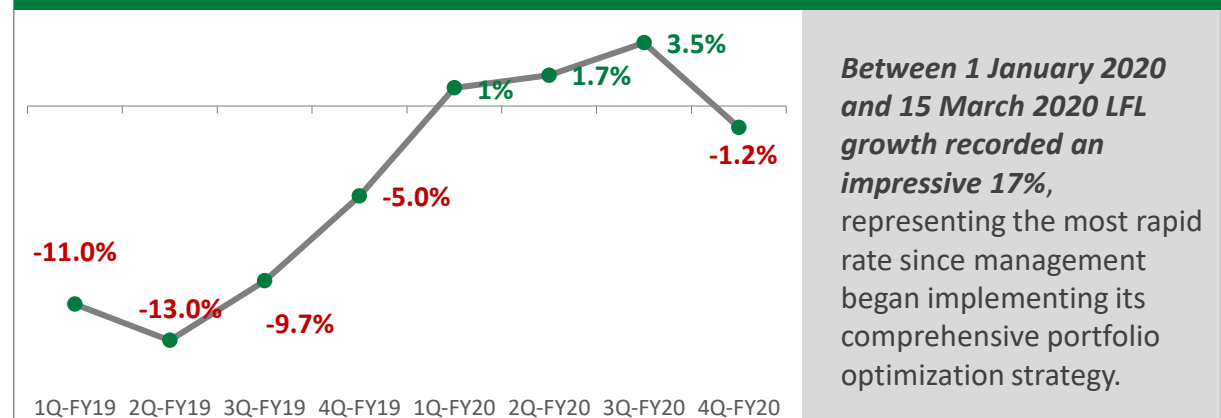


Smaller portfolio of higher quality stores to extract maximum value



While the Company 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.**

Strong like-for-like growth prior to COVID-19

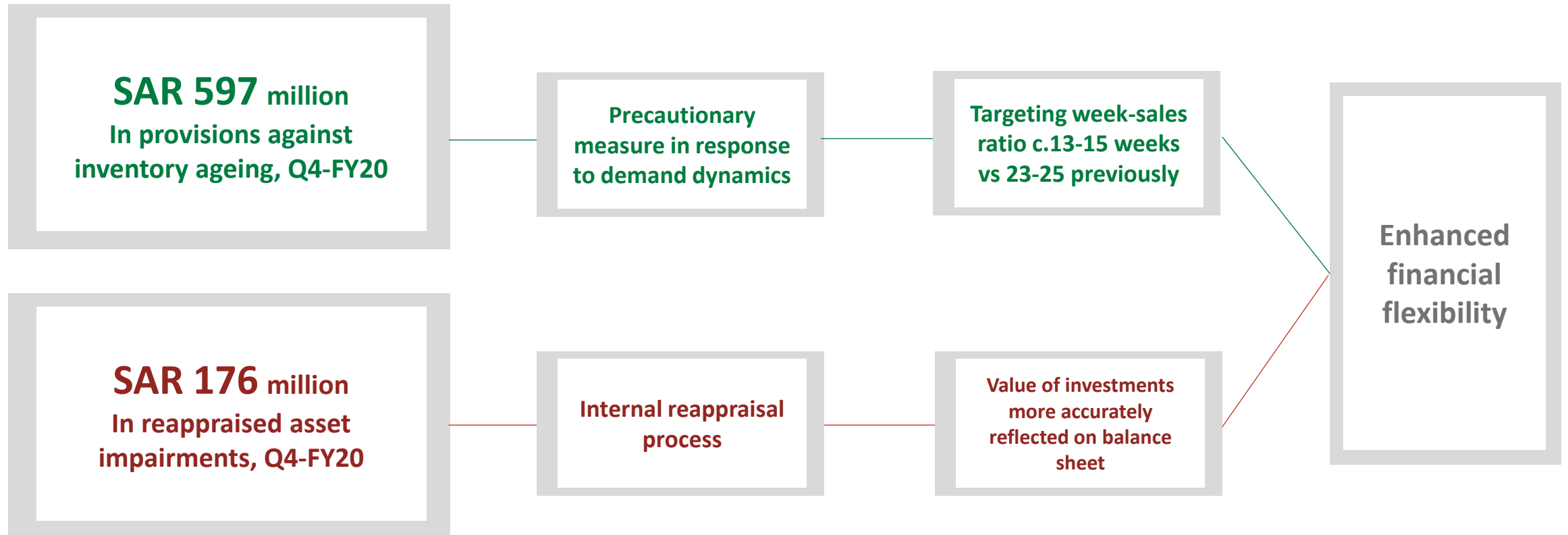


Between 1 January 2020 and 15 March 2020 LFL growth recorded an impressive 17%, representing the most rapid rate since management began implementing its comprehensive portfolio optimization strategy.

Commitment to Sound Inventory Management and Accurate Value Appraisal



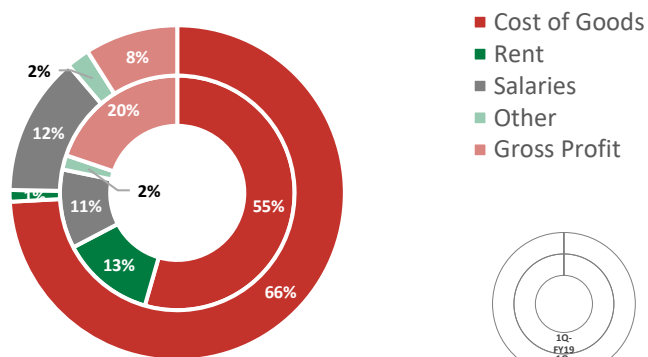
In the final quarter of FY2020, management took the strategic decision to reassess legacy assets in line with Alhokair's optimization and restructuring strategy. Despite the resulting bottom-line impact, management is confident that the move will put Alhokair's evolving business model on a sounder financial footing.



Cost-Cutting and Operational Efficiencies Leading to Expanding Margins

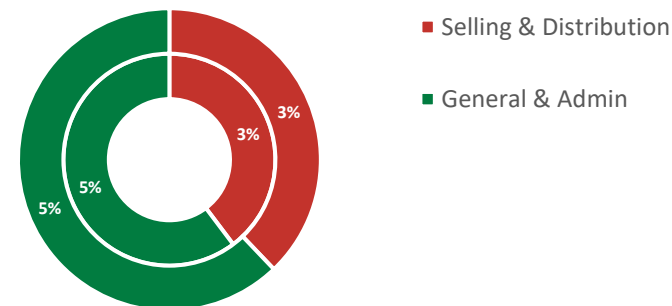


Cost of Revenue as a Percentage of Sales



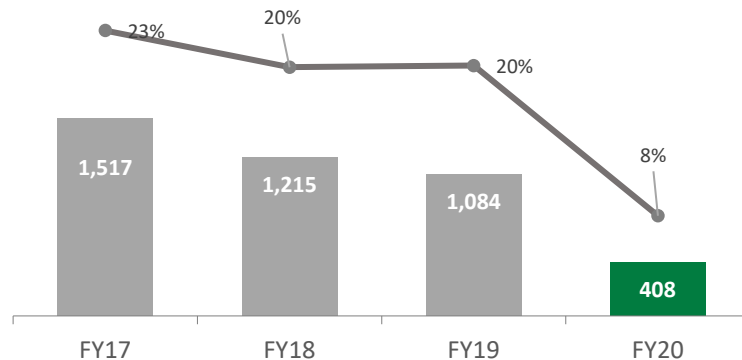
Gross Profit Margin recorded 7.6%, a decrease driven by the implementation of one-time provisions for ageing inventory during FY-2020. IFRS 16 continues to support the Gross Profit Margin due to rent reclassification.

SG&A as a Percentage of Sales



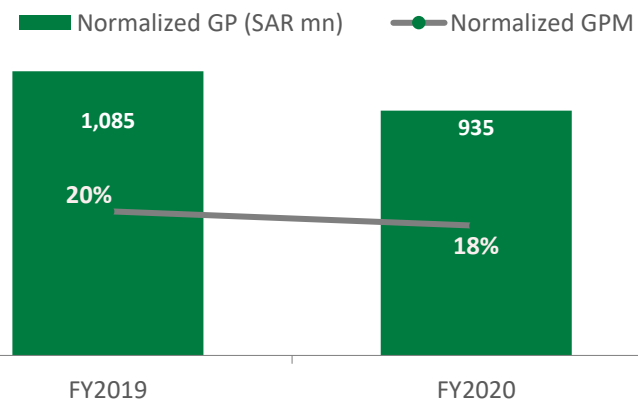
Selling, general and administrative expenses decreased 3.6% y-o-y despite the Company booking total one-off impairments of SAR 176 million in FY2020.

Expanding Gross Profitability



The decrease in gross profit for FY2020 reflects SAR 597 million in inventory provisions as the Company marks ageing stocks to market.

Normalized Gross Profitability for IFRS and Inventory Provision Effect



The reduction in normalized gross profit reflects the impact of COVID-19 as well as the residual impact of store closures completed during FY2020.

Network Evolution



	KSA		International		Total	
	# of Stores	Space (SQM)	# of Stores	Space (SQM)	# of Stores	Space (SQM)
Stores as at 31 March 2019	1,346	384,637	343	123,631	1,689	508,268
New Stores	91	28,227	34	13,798	125	42,025
Closed Stores	(200)	(69,697)	(34)	(8,546)	(234)	(78,225)
Net Change	(109)	(41,452)	-	5,252	(109)	(36,200)
Stores as at 31 March 2020	1,237	343,185	343	128,883	1,580	472,068
Forecasted Openings	35	6,701	18	4,031	53	10,732
Forecasted Closings	(44)	(11,978)	(8)	(2,299)	(52)	(14,277)
Net Changes	(9)	(5,277)	10	1,732	1	(3,545)
Forecasted Stores as at 31 March 2021	1,228	337,908	353	130,615	1,581	468,523

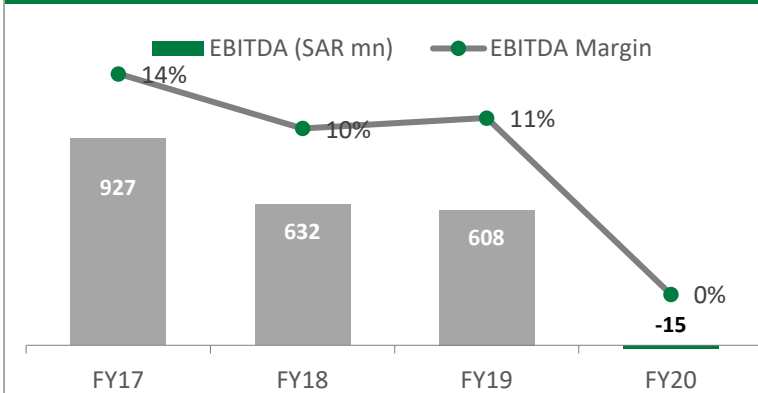
Key Considerations the Network Evolution

- ✓ 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.
- ✓ New Stores are also planned in Georgia, Egypt and potentially in Armenia.

Targeting Sustainable Long-Term Value

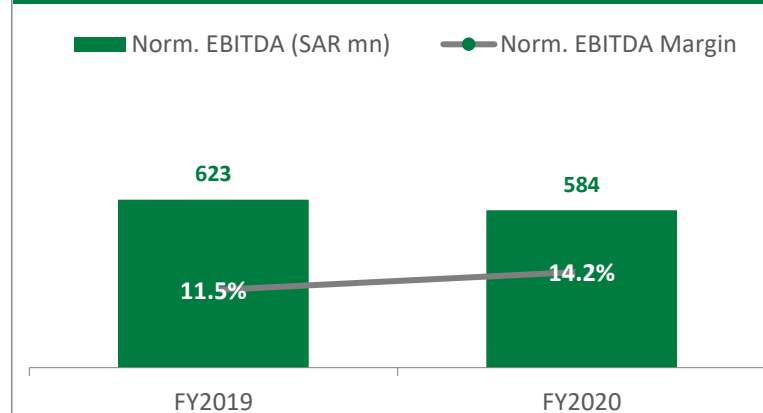


EBITDA impacted by one-off expenses in final quarter



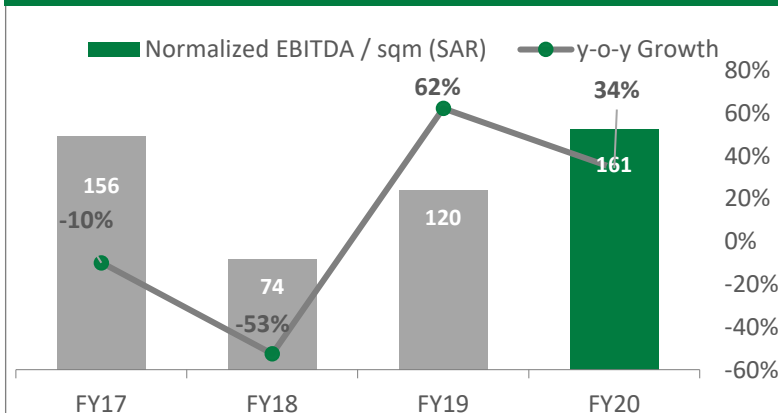
EBITDA decreased following the adoption of IFRS 16 during FY2020, with further impacts from one-time inventory provisions and asset impairments, as well as one-time debt restructuring costs following a refinancing transaction.

Adjusted EBITDA reflects cost efficiency + portfolio optimization



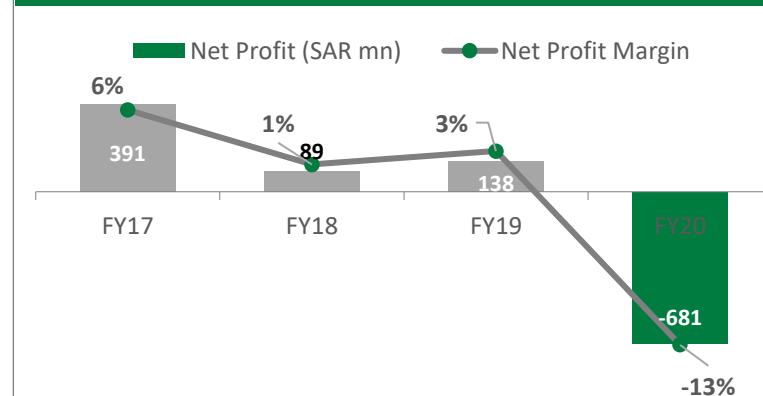
Normalizing for the effects of IFRS 16 and one-time expenses, **EBITDA improves to c.14%. A healthy level resulting from the improved operating model.**

Rising EBITDA per sqm



Normalized EBITDA per square meter continues to show solid growth, testament to the success of management's optimization strategies.

Net profit further impacted by one-offs



Alhokair's bottom line was negatively affected by the one-off charges totalling SAR 782 million as well as the impact of IFRS 16 on the Company's financial charges related to lease liabilities.

Focus on International Performance



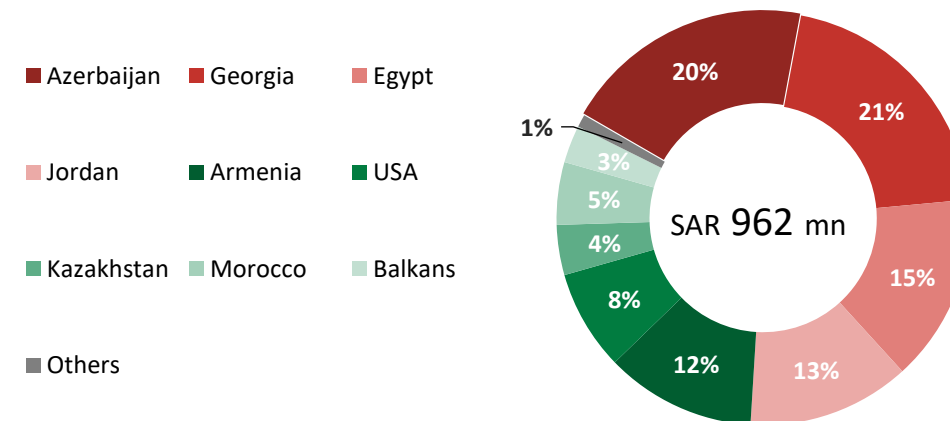
International Segment Key Performance Indicators

SAR mn	FY2019	FY2020	Change
Net Revenue	951.7	962.1	1.1%
Gross Profit	151.9	236.2	55.5%
Operating Income	(25.1)	63.3	352.3%
EBITDA	47.1	197.0	318.2%
Net Income	(65.9)	(83.6)	26.9%

International Markets Profitability

SAR mn	Net Revenues			Net Income			No. of Stores
	FY2019	FY2020	Change	FY2019	FY2020	Change	
Azerbaijan	179.6	192.2	7%	8.2	2.1	-75%	29
Georgia	171.3	197.2	15%	9.1	8.2	-10%	58
Egypt	129.7	144.6	12%	2.3	(19.4)	-	77
Armenia	127.9	123.5	-3%	(2.7)	3.7	-	33
Jordan	125.7	115.6	-8%	(3.2)	(5.6)	76%	57
USA	87.0	75.4	-13%	(26.7)	(32.7)	23%	17
Kazakhstan	43.6	34.0	-22%	(4.5)	(9.0)	-	35
Morocco	42.7	44.4	4%	(31.6)	(21.3)	-33%	24
Balkans	29.6	23.8	-20%	(1.1)	(2.8)	-150%	18
Others	14.7	11.5	-22%	(24.9)	(6.9)	-72%	1
Total	951.7	962.1	1.1%	(65.9)	(83.6)	26.9%	349

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.

INCOME STATEMENT



SAR Million	FY2019	FY2020 Pre-IFRS 16	Change	FY2020 Post IFRS 16	Change
Net Revenue	5,425.8	5,341.8	-1.5%	5,341.8	-1.6%
Cost of Revenue	(4,341.3)	(5,004.5)	15.3%	(4,933.9)	13.7%
Gross Profit	1,084.5	337.3	-68.9%	407.8	-62.4%
<i>Gross Profit Margin</i>	<i>20.0%</i>	<i>7.2%</i>	<i>-13.7 pts</i>	<i>7.6%</i>	<i>-12.4 pts</i>
SG&A	(458.8)	(442.1)	-3.6%	(442.1)	-3.6%
Impairments	(2.6)	(66.3)	-	(66.3)	-
EBITDA	623.1	(85.4)	-	(14.8)	-
<i>EBITDA Margin</i>	<i>11.5%</i>	<i>-1.6%</i>	<i>-</i>	<i>-0.3%</i>	<i>-</i>
Other Income (loss), net	79.1	93.6	18.4%	159.9	102.1%
Depreciation & amortization	(289.9)	(295.5)	1.9%	(295.5)	1.9%
Interest Expense	(200.9)	(211.0)	5.0%	(451.5)	124.7%
Profit before Zakat and Tax	193.4	(529.8)	-	(633.5)	-
Zakat and Income Tax	(55.3)	(47.6)	-13.9%	(47.6)	-13.9%
Net Profit	138.1	(577.5)	-	(681.2)	-
<i>Net Profit Margin</i>	<i>2.5%</i>	<i>-10.8%</i>	<i>-</i>	<i>-12.8%</i>	<i>-</i>
One-off Adjustments					
Inventory Provisions	-	596.7	-	596.7	-
Asset Impairments	-	176.2	-	176.2	-
Debt Restructuring Costs	-	8.8	-	8.8	-
Total One-off Adjustments	-	781.7	-	781.7	-
Adjusted EBITDA	623.1	696.3	11.8%	758.1	21.7%
<i>Adjusted EBITDA Margin</i>	<i>11.5%</i>	<i>13.0%</i>	<i>1.5 pts</i>	<i>14.2%</i>	<i>2.7 pts</i>
Cash Balances	516.3	686.5	33.0%	686.5	33.0%

BALANCE SHEET

SAR Million	Mar '19	Dec '19	Mar '20	Change vs March	Change vs Dec
Assets					
Property, Plant and Equipment	1,752	1,468	1,541	-12%	5%
Right-of-Use Assets	-	4,136	4,058		-2%
Goodwill and Intangible Assets	874	868	1,080	24%	
Investment Property	63	4	4	-94%	0%
Investment in Associates & Others	389	253	251	-36%	-1%
Receivables from Disposal of Subsidiaries /	75	75	75		
Total Fixed Assets	3,153	6,803	7,008	122%	3%
Inventories	1,928	2,029	1,655.6	-14%	-18%
Advances, Deposits and Other Receivables	698	480	570	-18%	19%
Prepayments, Rentals and Insurance	207	78	68	-67%	-12%
Receivables from Disposal of Subsidiaries /	204	75	75	-63%	
Cash & Cash Equivalents	516	446	686	33%	54%
Assets held for sale	-	340	-		-100%
Total Current Assets	3,554	3,448	3,056	-14%	-11%
Total Assets	6,707.0	10,251.4	10,063.3	0.5	(0.0)
Equity & Liabilities					
Share Capital	2,100	2,100	2,100		
Reserves (Statutory, Foreign Currency and Fair	(247)	(417)	(373)	51%	-10%
Retained Earnings	624	985	(112)	-118%	-111%
Equity Attributable to the Shareholders of the	2,477	2,668	1,615	-35%	-39%
Non-Controlling Interest	(67)	(63)	(85)	27%	34%
Total Equity	2,411	2,605	1,530	-37%	-41%
LT Loans and Borrowing	2,101	1,689	2,424	15%	44%
Lease Liabilities	-	3,922	3,359		-14%
Post-Employment Benefits	84	92	102	21%	10%
Total Non-Current Liabilities	2,184	5,704	5,884	169%	3%
Trade Payables	682	379	473	-31%	25%
Accruals and Other Liabilities	641	486	478	-25%	-2%
Zakat & Tax Liabilities	28	1	11	-62%	825%
Lease Liability – current portion	-	232	928		299%
ST Loans and Borrowings	762	844	760	0%	-10%
Total Current Liabilities	2,112	1,943	2,650	25%	36%
Total Liabilities	4,296	7,647	8,534	99%	12%
Total Equity & Liabilities	6,707	10,251	10,063	50%	-2%

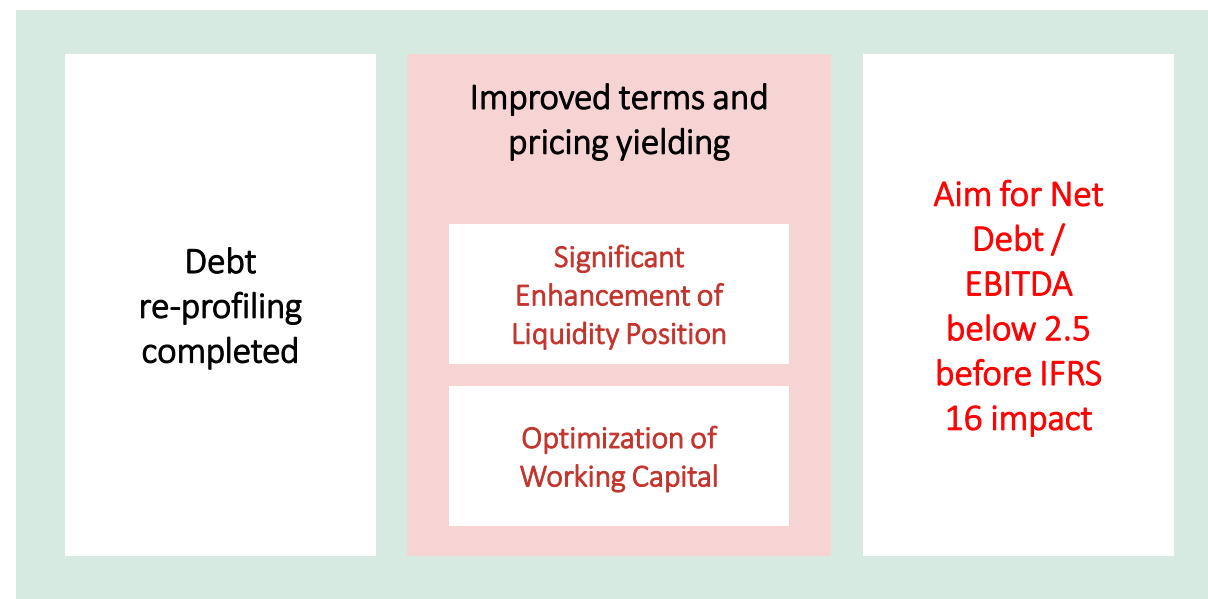
DEBT MANAGEMENT IN FOCUS



Re-financing furthers capital structure optimization with an eye to boosting liquidity position and flexibility to invest in the business.

Summary Credit Metrics

SAR mn	Mar'19	Dec'19	Mar'20
Total Interest-Bearing Debt	2,862.20	2,533.00	3,182.91
Cash Position	516.30	446.41	686.93
Net Debt	2,345.90	2,086.65	2,495.98
EBITDA pre IFRS	702.19	695.31	584.42
Full-Year / Annualized EBITDA (12 months rolling-back) pre IFRS	702.19	788.14	584.42
Net Debt * / EBITDA pre IFRS	3.34	2.65	4.27



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 2.5-3 billion from current SAR 2.6 billion and at better conditions

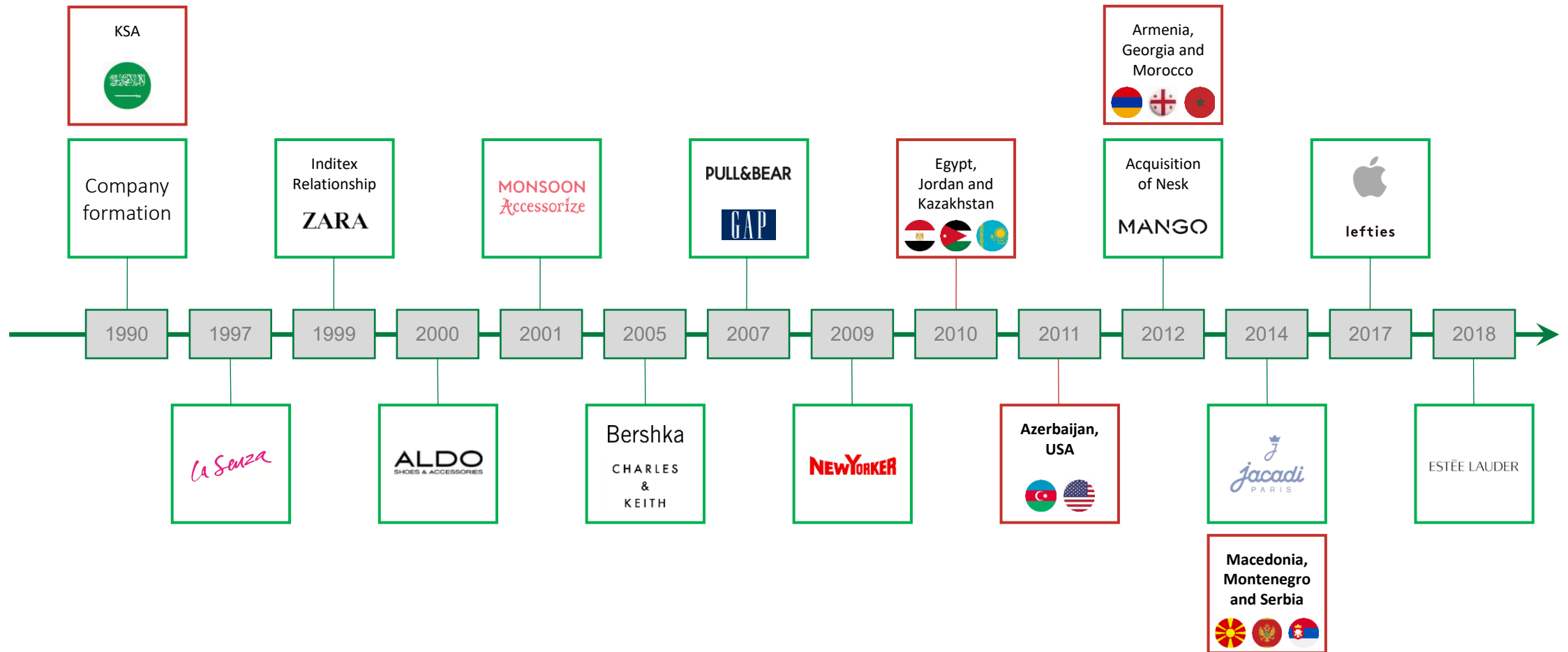
A woman with long, wavy hair is wearing a dark, belted trench coat. The image is framed by a white L-shaped border. The word "APPENDIX" is centered in the middle of the image.

APPENDIX

Group History



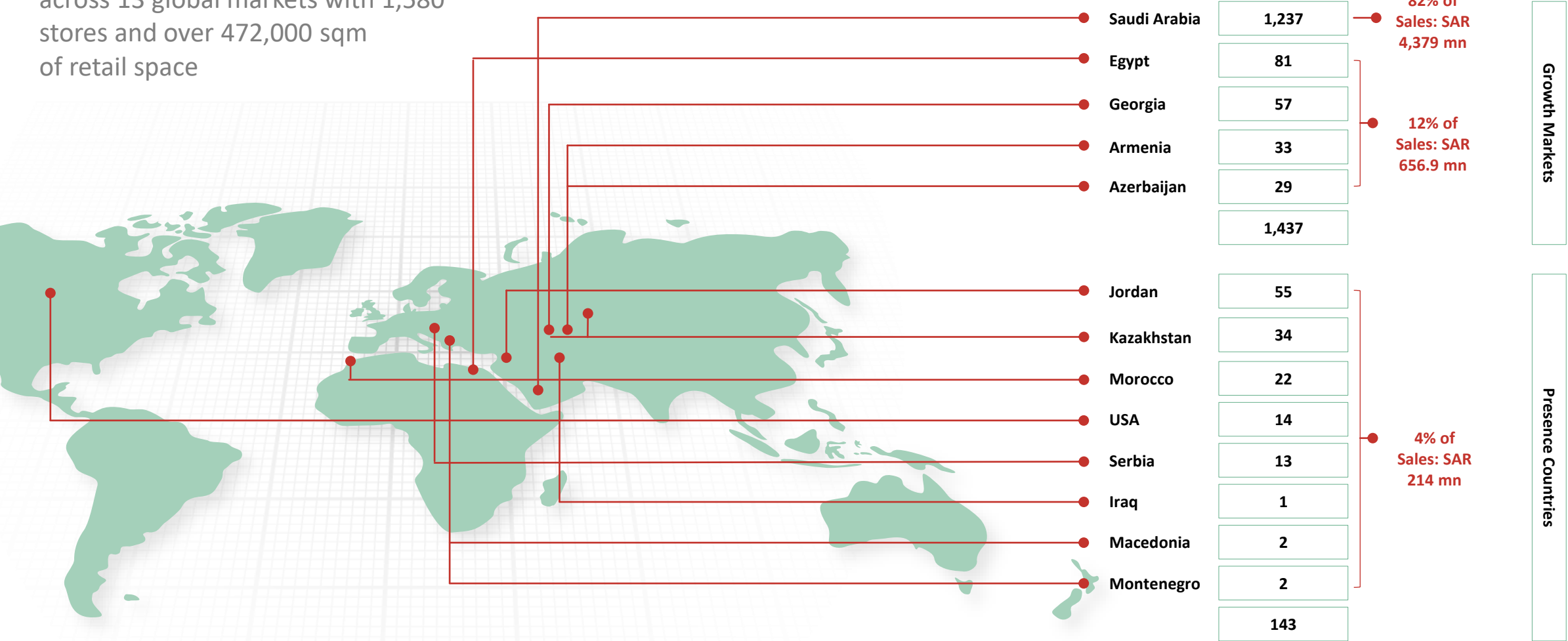
Established in 1990 with two operational stores, the Group has since built a track record of introducing global Brands to KSA and entering new markets



Our Current Footprint



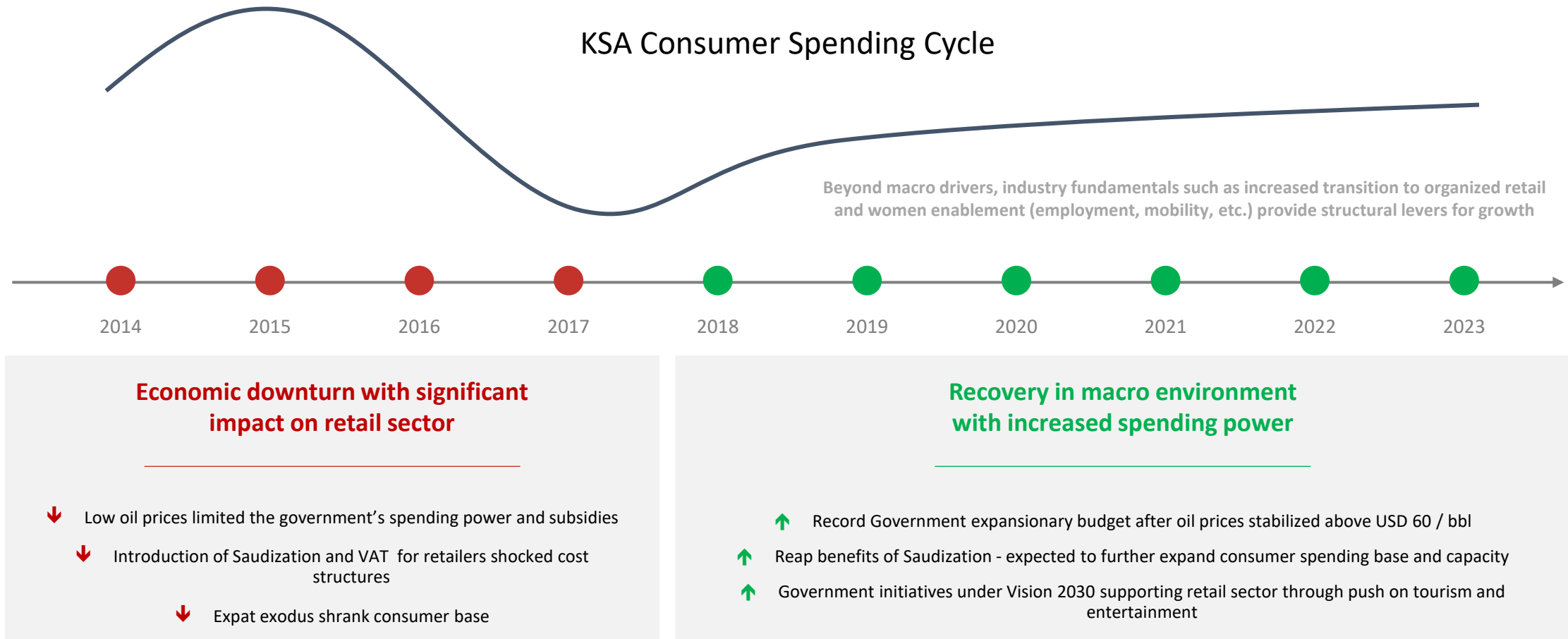
Our Group maintains a presence across 13 global markets with 1,580 stores and over 472,000 sqm of retail space



Our Primary Market



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



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



Kids Fashion



Fashion Boutique



Shoes & Accessories



OUR BRAND PORTFOLIO



Women's & Men's Fashion

CAMAÏEU

DYNAMITE

eclipse

IPEKYOL

LIPSY
LONDON

MONSOON

O X X O

gelco

celio*

wallis

QUIZ

ANOTAH

FG4
LONDON
DESIGNED BY GEORGE JAMES

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's secret

OYSHO

Cosmetics

flormar
Professional Make-Up

models
OWN

Home

KARACA

ZARA HOME

Entertainment and Food & Beverage

COSTA COFFEE

Morocco & Spain

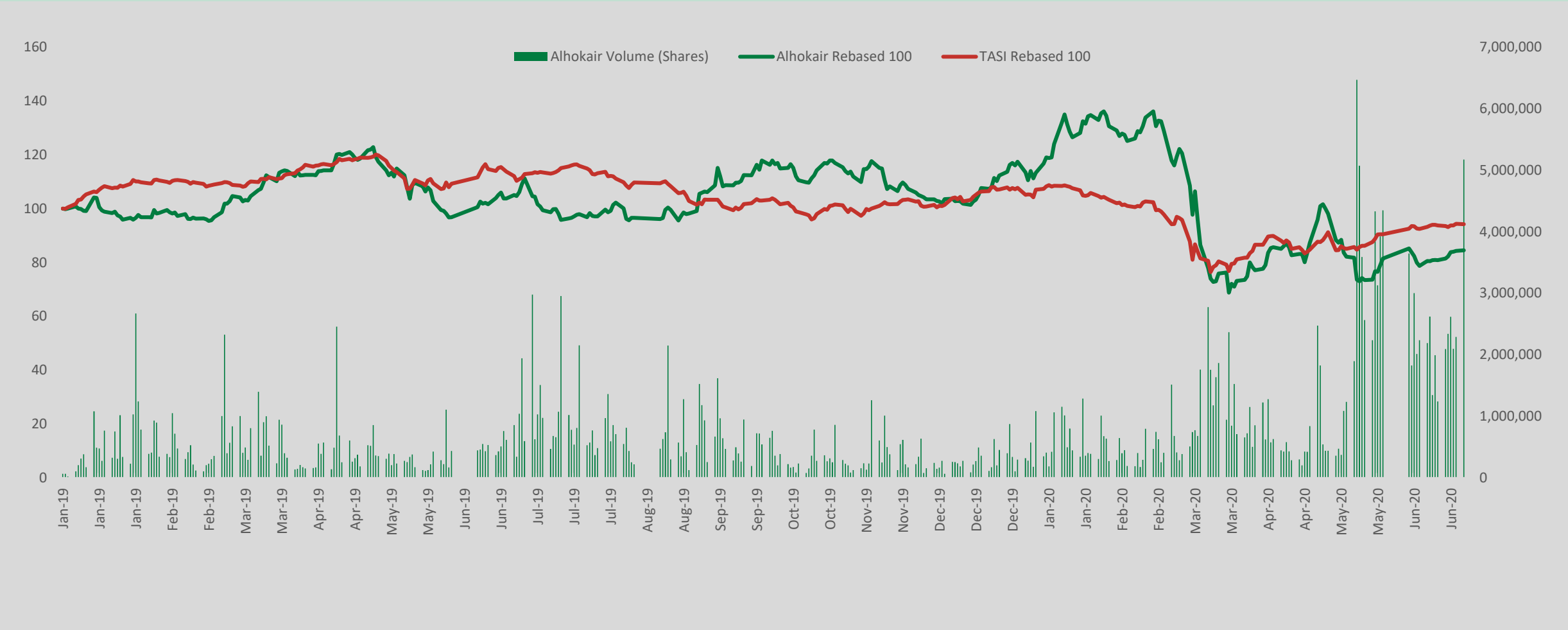


USA

Share Performance



Jan 2019 - June 2020 Share Performance





T h a n k y o u