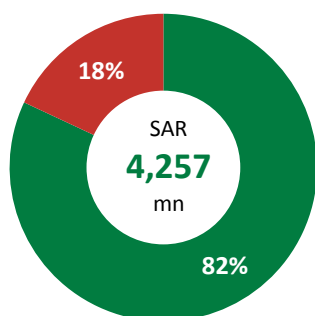


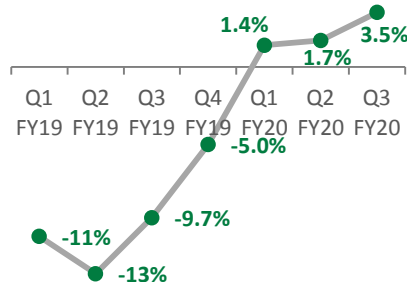
Fawaz A. Alhokair & Co Releases Results for the Nine-Month Period Ended 31 December 2019

Revenue by Geography

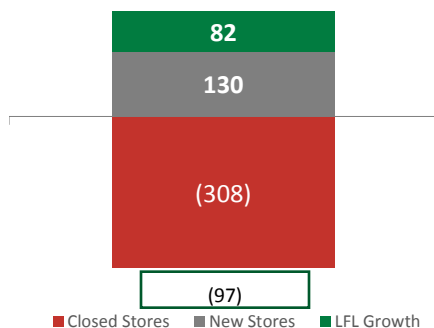


■ Saudi Arabia ■ International

Like-for-Like Net Revenue Growth



9M-FY20 Revenue Change (SAR mn)



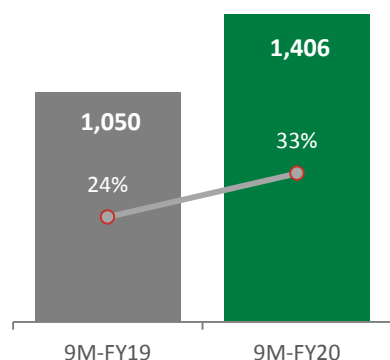
(Riyadh, 11 February 2020) Fawaz Abdulaziz Alhokair Co. (Alhokair Fashion Retail, the “Group” or “Alhokair,” 4240 on the Tadawul), the largest franchise retailer in Saudi Arabia, the Middle East and North Africa, Central Asia and the Caucasus, announced today its results for the nine-month period ended 31 December 2019, reporting a **normalized net profit before minority interest of SAR 313.5 million** for the period, up 11.5% y-o-y from the SAR 281.2 million booked one year previously, with the net profit margin expanding to 7.4% from 6.5% in 9M-FY19.

Financial & Operational Highlights

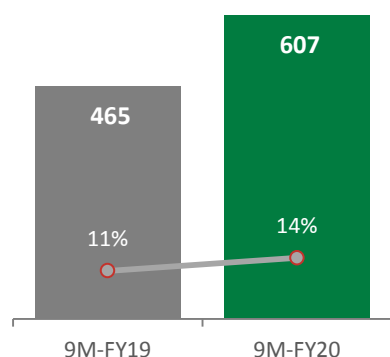
SAR Million	9M-FY19	9M-FY20 Before IFRS 16	Change without IFRS 16	9M-FY20 After IFRS 16	Change
Revenue	4,353.2	4,256.8	(2.2%)	4,256.8	(2.2%)
Cost of Revenue	(3,303.3)	(3,235.0)	(2.1%)	(2,850.6)	(13.1%)
Gross Profit	1,049.9	1,021.8	(2.7%)	1,406.2	33.8%
<i>Gross Profit Margin</i>	24.1%	24.0%	(0.1 pt)	33.0%	8.0 pt
Selling and Distribution Expenses	(173.0)	(175.1)	1.2%	(118.2)	(31.2%)
General and Administrative Expenses	(231.4)	(227.4)	(1.7%)	(131.1)	(43.3%)
Other Income (loss), net	44.9	76.1	69.7%	113.0	152.1%
EBITDA	645.5	619.2	(4.1%)	1,156.9	79.1%
<i>EBITDA Margin</i>	14.8%	14.5%	(0.3 pt)	27.2%	12.7 pt
Depreciation and Amortization	(225.2)	(205.5)	(8.7%)	(662.7)	19.4%
Operating Income	465.2	489.8	5.3%	607.3	30.3%
<i>Operating Income Margin</i>	10.7%	11.5%	0.8 pt	14.3%	3.0 pt
Financial Charges	(151.4)	(141.4)	(6.6%)	(338.0)	12.2%
Profit before Zakat and Tax	313.8	348.5	11.0%	269.2	(14.1%)
Zakat and Income Tax	(32.6)	(34.9)	7.2%	(34.9)	0.0%
Net Profit for the Period	281.2	313.5	11.5%	234.3	(16.9%)
<i>Net Profit Margin</i>	6.5%	7.4%	0.9 pt	5.5%	(1.0 pt)
Attributable to:					
Shareholders of the Company	285.8	310.5	8.7%	231.3	(19.1%)
Non-Controlling Interest	(4.6)	3.0		3.0	0.0%
Earnings per Share	1.36	1.47		1.10	

On a like-for-like (LFL) basis, net revenue grew by 3.5% y-o-y in Q3-FY20. This

Gross Profit (SAR mn / margin)



Operating Profit (SAR mn / margin)



marks a significant acceleration from the rates of 1.4% and 1.7% recorded during the first and second quarters of FY-2020, respectively, and signifies the third consecutive quarter of positive LFL growth following a 24-month period of LFL decline. In statutory terms, the Company's top line was up by 4.6% y-o-y in 3Q-FY20. Sustained revenue growth comes as the rate of nonperforming store closures normalizes to between 30 and 40 units per annum, releasing pressure on the Company's top-line. Closures of nonperforming stores had been at an elevated level as management implemented a portfolio optimization strategy involving the intensive disposal of weak brands. With these efforts coming to a close, the Company is successfully generating higher quarterly rates of organic revenue growth.

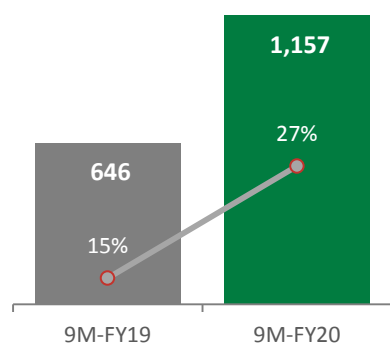
Commenting on the period's results and the Company's outlook, Alhokair Chief Executive Officer Marwan Moukarzel said: "Alhokair is heading into the final weeks of the fiscal year with growing momentum. Like-for-like revenue growth has recorded the highest rate since it returned to positive territory during the first quarter of FY-2020. Visible progress is being made in our strategy to extract more value from a leaner portfolio, and the residual effects of nonperforming store closures are tangibly wearing off. We are also delivering on our efforts to introduce new brand offerings and retail dimensions, as demonstrated by our acquisition of franchise rights for ten international food and beverage brands with over 200 locations across Saudi Arabia. We expect the transaction to profitably deepen our exposure to the lucrative and fast-growing F&B sector. Furthermore, Alhokair is looking forward to adding new experiential and relevant lifestyle brands to our already rich portfolio.

We're also seeing a greater strengthening of our position on the balance sheet front. Our total balance of interest-bearing debt recorded SAR 2.5 billion as at 31 December 2019, down by 11.5% since the beginning of the fiscal year on 31 March 2019. Optimized buying and markdown strategies have led to significant improvement in Alhokair's inventory profile, marked by reduced terminal stock. Meanwhile, our related party balance fell by 35% during the nine-month period, recording SAR 252.9 million. Alhokair is moving forward with our resources optimized for the successful pursuit of our strategic plan," **Moukarzel added.**

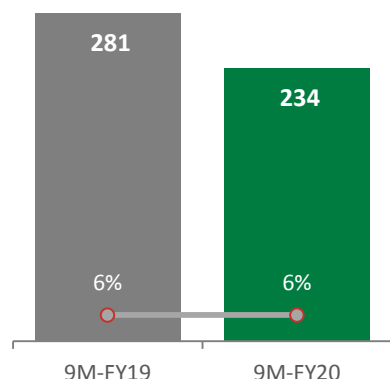
Alhokair's global network encompassed 1,616 stores as at 31 December 2019 against 1,757 stores one year previously. Saudi operations remain the Company's core revenue generator, contributing 82% of the Company's top line for 9M-FY20. On a quarterly basis, the Company's store count was up from 1,615 stores at end-September 2019, marking Alhokair's official return to its expansion plan.

Units per transaction (UPT) recorded 1.77 in 9M-FY20 versus 1.75 one year

EBITDA
(SAR mn / margin)



Net Profit after Minority Interest
(SAR mn / margin)



previously. Alhokair has experienced a steady, long-term increase in UPT rates, with the figure having stood at 1.60 for FY-2017. The focus on organic growth entailed by management's portfolio optimization strategy has seen the Company make significant efforts to raise the quality of service, enhance the customer's retail experience. In 9M-FY20 the Company recorded a steady improvement in customer engagement in its core Saudi market, where 75% of its employees are now Saudi nationals and 88% of these are female. The consequent increase in cultural rapport between the Company's representatives and its customers has contributed to heightened quality of service across Alhokair's portfolio.

Besides such efforts, the Company continues to optimize its supply chain processes, resulting in the reduction of unnecessary handling and storage costs and improved anticipation of customer demand. Streamlined supply chain processes helped deliver a **normalized EBITDA per square meter** of SAR 1,445.7 in 9M-FY20, up by 12% from the SAR 1,287.2 recorded in 9M-FY19. It is worth noting that the period saw Alhokair successfully adopt the Saber electronic platform developed by the Saudi Standards, Metrology and Quality organization. Saber registers and issues conformity assessment certificates for products prior to their entering Saudi Arabia and provides several advantages, including speed of achievement in registering products and searching for certified conformity bodies, as well as reducing the time taken to ensure product conformity and obtain the required certificates.

Normalized for the effects of IFRS16, **the Company recorded a gross profit** of SAR 1,021.8 million in 9M-FY20, down by 2.7% y-o-y, with a 0.1-percentage point reduction in the gross profit margin to 24.0%, reflecting the continued impact of previous store closures. On a statutory basis, meanwhile, Alhokair booked a gross profit of SAR 1,406.2 million in 9M-FY20, an increase of 33.9% from 9M-FY19 supported by the adoption of IFRS 16 accounting standards. Alhokair's statutory gross profit margin climbed by 8.9 percentage points during the period to reach 33.0%.

Selling, general and administrative expenses (SG&A) came in at SAR 249.3 million for 9M-FY20, down by 38.4% y-o-y against the SAR 404.4 million recorded for 9M-FY19. Reduced SG&A outlays reflect the previously mentioned efforts to streamline supply chain processes, which have subdued growth in warehousing, freight and distribution costs. Alhokair has also successfully implemented initiatives to control operating costs associated with local and global staffing. SG&A to sales stood at 5.9% in 9M-FY20, down by 3.4 percentage points from 9.3% in 9M-FY19. Costs associated with Alhokair's head office headcount were a particular target, with a 130-FTE reduction driving a decrease in manpower costs amounting to SAR 1 million per month. Management expects further savings in this area to be made moving forward.

Normalized **EBITDA** booked SAR 619.2 million for 9M-FY20, down by 4.1% y-o-y and yielding an EBITDA margin of 14.5% against 14.8% as at 9M-FY19. On a post-IFRS basis, EBITDA recorded SAR 1,156.9 million for 9M-FY20, an increase of 79.0% y-o-y. Rapid EBITDA growth during the period reflects the heightened depreciation expense associated with the adoption of the new accounting standards, under which the Company has booked SAR 4.1 billion in right-of-use assets as at 31 December 2019. Consequently, depreciation expense booked SAR 662.7 million in 9M-FY20, up from SAR 225.2 million in 9M-FY19. Alhokair booked an EBITDA margin of 27.2% in 9M-FY20, an increase of 12.3 percentage-points on the 14.8% recorded one year previously.

Other income rose by 69.7% y-o-y during 9M-FY20 to book SAR 76.1 million, reflecting changes to Alhokair's accounting treatment of Riyadh Gallery Mall. The Company had previously owned a 17% stake in Riyadh Gallery, which it later sold to a fund newly established by Fawaz Abdulaziz Alhokair & Co. The net book value of Alhokair Fashion Retail's stake in Riyadh Gallery had been assessed at SAR 55 million, while the units allocated to the fund following the transaction were nominally valued at SAR 200 million. This led to a gain of SAR 145 million, of which SAR 101 million were allocated by the Company as provisions to prepare write-offs on some non-performing investments and or an exit from certain territories.

Alhokair Fashion Retail recorded a **normalized net profit before minority interest** of SAR 313.5 million for the nine-month period, up by 11.5% y-o-y from the SAR 281.2 million booked in 9M-FY19. Alhokair's net profit margin recorded 7.4% in 9M-FY20, up from the 6.5% booked one year previously. On a statutory basis, the Company booked a net profit before minority interest of SAR 234.3 million in 9M-FY20, down by 16.7% y-o-y and yielding a net profit margin of 5.5% against 6.5% as at 9M-FY19. This contraction in the bottom line was driven primarily by a more than doubling of financial charges during the period to SAR 338.0 million following the adoption of IFRS 16 accounting standards.

–Ends–

About Fawaz A. Alhokair & Co

Fawaz A. Alhokair & Co (known as “Alhokair Fashion Retail”) was formed in 1990 by Fawaz, Salman and Abdulmajeed Alhokair. The company has since become the largest franchise retailer in the KSA, MENA, Central Asia and Caucasus regions, and the only listed business of its type in the Middle East. Quality, innovation, service and trust are the guiding principles for all Alhokair Fashion Retail operations. These values are coupled with an ability to move quickly, to seize new opportunities and to enter emerging markets. Since the opening of its first store in 1991, Alhokair Fashion Retail has grown considerably and now trades in more than 1,600 stores across 100 shopping malls in 13 countries, with a retail platform operating on a total GLA of over 500,000m². All of this is managed by a workforce numbering more than 12,000. Alhokair Fashion Retail currently represents over 80 brands, spanning from womenswear, menswear, kids and baby, department stores, shoes and accessories, cosmetics and coffee shops. For more information, please visit www.fawazalhokairfashion.com

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Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management’s (“Management”) current views of future events, are based on Management’s assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Saudi Arabia, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management’s ability to timely and accurately identify future risks to our business and manage the risks mentioned above.