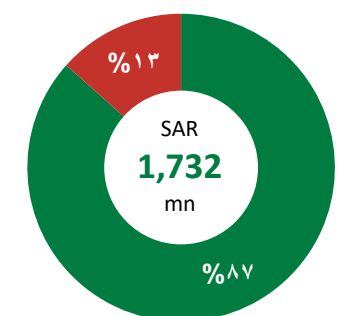


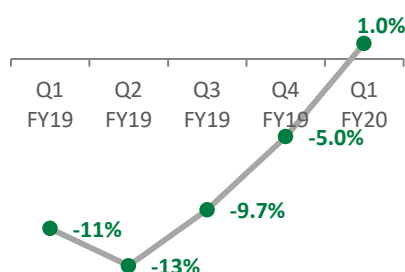
Fawaz A. Alhokair & Co Releases Results for the First Quarter Ended 30 June 2019

Revenue by Geography

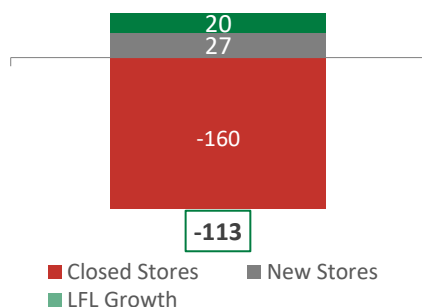


■ Saudi Arabia ■ International

Like-for-Like Net Revenue Growth



1Q-FY20 Revenue Change (SAR mn)



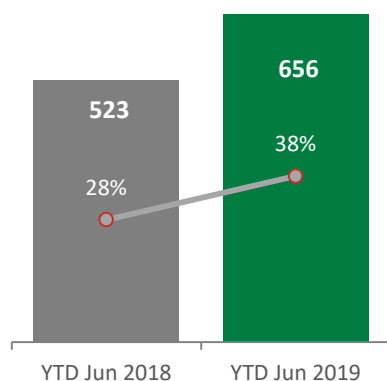
(Riyadh, 21 August 2019) Fawaz Abdulaziz Alhokair Co. (Alhokair Fashion Retail, the "Group" or "Alhokair," 4240 on the Tadawul), the largest franchise retailer in Saudi Arabia, the Middle East and North Africa, Central Asia and the Caucasus, announced today its results for the first quarter ended 30 June 2019, reporting **a normalized net profit after minority interest of SAR 249.5 million**, up by 0.1% compared to the SAR 249.2 million recorded in the same period last year, **setting a new record for quarterly net profit**.

Financial & Operational Highlights

SAR Million	1Q-FY19	1Q-FY20 Before IFRS 16	Change without IFRS 16	1Q-FY20 After IFRS 16	Change
Revenue	1,845.7	1,732.4	(6%)	1,732.4	(6%)
Cost of Revenue	(1,322.4)	(1,248.3)	(6%)	(1,076.5)	(19%)
Gross Profit	523.3	484.1	(7%)	655.9	25%
<i>Gross Profit Margin</i>	28%	28%	Stable	38%	10 pts
Selling and Distribution Expenses	(53.6)	(45.2)	(16%)	(39.0)	(27%)
General and Administrative Expenses	(86.7)	(65.4)	(25%)	(53.7)	(38%)
Depreciation and Amortization	(78.2)	(63.8)	(18%)	(212.1)	171%
Other Income (loss), net	9.8	(1.4)	n/a	(1.4)	n/a
Operating Income	314.6	308.3	(2%)	349.7	11%
<i>Operating Income Margin</i>	17%	18%	1 pts	20%	3 pts
Financial Charges	(56.6)	(45.7)	(19%)	(112.6)	99%
Profit before Zakat and Tax	258.0	262.6	2%	237.1	(8%)
Zakat and Income Tax	(11.6)	(12.2)	5%	(12.2)	5%
Net Profit for the Period	246.4	250.4	2%	224.9	(9%)
<i>Net Profit Margin</i>	13%	14%	1.5 pts	14%	1 pts
Attributable to:					
Shareholders of the Company	249.2	249.5	0.1%	224.0	(10%)
Non-Controlling Interest	(2.7)	0.9		0.9	
Earnings per Share	1.19	1.19		1.07	

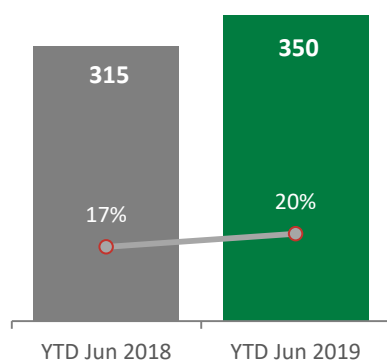
Gross Profit

(SAR mn / margin)



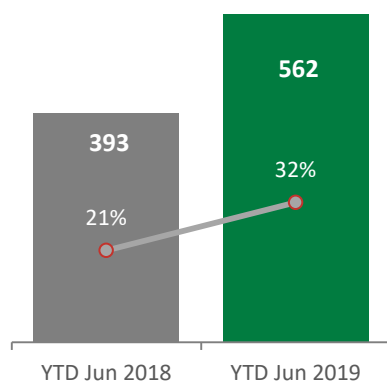
Operating Profit

(SAR mn / margin)



EBITDA

(SAR mn / margin)



On a like-for-like (LFL) basis, net revenue was up 1% y-o-y, the first positive LFL growth for the past 24-months. This follows a trend that began in December 2018, with the company recording a sustained month-on-month improvement. This trend has continued to drive revenue growth and reflects a market turnaround as well as management's efforts in the way of portfolio optimization, cost-cutting measures, supply chain efficiencies and the overall enhancement of customers' shopping experience.

Commenting on the year's results and the Company's outlook, Alhokair Chief Executive Officer Marwan Moukarzel said: "Over the past year management has been implementing a bold and necessary portfolio optimization strategy. Despite applying temporary pressure on our top line, this has laid the foundations for long-term, sustainable growth and value creation. In addition we have also elevated our retail experience, improved quality across our stores and streamlined our supply chain processes with the ultimate goal of extracting more from less. The merits of these strategies are beginning to bear fruit with the Group returning to positive LFL growth and with strengthened profitability."

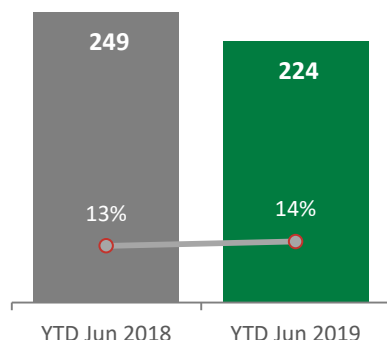
The decline in sales during the quarter was driven by the closure of non-performing stores and the disposal of weak brands as the Group pushed forward with its portfolio optimization strategy. Most notably, the Group disposed of Marks & Spencer and terminated its franchise agreements with some non-performing brands, which had contributed SAR 160 million to top-line in the first quarter of the previous year.

The Group operated a global network of 1,658 stores as at 30 June 2019 compared to 1,807 stores at the close of the same quarter last year, with over 87% of total sales for the quarter extracted from operations in Saudi Arabia.

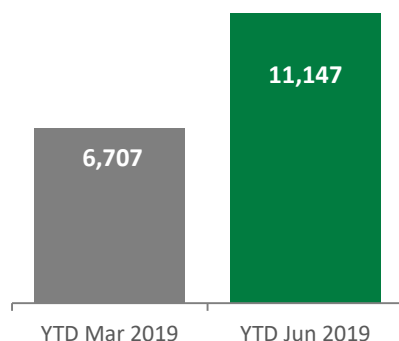
Management's efforts are clearly reflected in the significant improvement at the *gross profit level*, which recorded SAR 655.9 million or a 25% increase over the same quarter last year, yielding a ten percentage-point improvement in the gross profit margin to 38%. The expansion in gross profitability was supported by Alhokair's consistent cost-control efforts with management pushing through operational efficiencies, which together with the effect of IFRS 16 implementation helped deliver a 19% y-o-y decline in cost of revenue for the quarter.

Alhokair reported an *operating profit* of SAR 349.7 million in the first quarter ended 30 June 2019, up 11% y-o-y and with a three percentage-point improvement in operating profit margin. Operating profits grew despite the almost threefold increase in depreciation expense to SAR 212.1 million for

Net Profit after Minority Interest (SAR mn / margin)



Total Assets (SAR mn)



quarter compared to SAR 78.2 million recorded in the same quarter last year. The sharp rise in this non-cash expense was driven by the adoption of IFRS 16 and the recognition of SAR 4.7 billion in right-of-use assets on the company's balance sheet.

Selling, general and administrative expenses (SG&A) recorded a total of SAR 92.7 million year-to-date June 2019, down 34% y-o-y compared to the SAR 140.3 million recorded in the same quarter last year. SG&A to sales declined to 5.4% in the first quarter of the year from 7.6% in the quarter ended 30 June 2018.

"Among our key priorities is ensuring that our cost-control and efficiency efforts are sustainable in nature and help reaffirm the Group's strengthening profitability. We have done so by challenging all of our cost components, looking to extract efficiencies in marketing, local and global staffing, warehousing and freight and distribution. I am pleased to report that we are seeing tangible results month-on-month and are confident in the Group's ability to protect these gains going forward," **said Moukarzel**.

"I would also like to highlight that Alhokair Fashion Retail has now reached a 75% Saudization rate, of which 70% are female. Our Saudi staff are delivering an impressive performance, helping raise service quality across our stores and managing over 15 million transaction with average units per transaction increasing from 1.7 to 1.8," **Moukarzel added**.

The Group recorded **an EBITDA of SAR 562.0 million** in the first quarter ended 30 June 2019, up a significant 43% y-o-y on account of the higher depreciation expense related to the implementation of IFRS 16. The EBITDA margin for the quarter was up 11 percentage points to 32% in the first quarter of the year compared to 21% in the same period last year.

Alhokair Fashion Retail reported a **Net profit after minority interest for the quarter normalized for the effect of IFRS 16** (not reflected on 2018 numbers) of SAR 249.5 million, a 0.1% y-o-y increase versus the SAR 249.2 million recorded in the previous year, with a 1.5 percentage-point expansion in net profit margin to 14.5%.

Statutory net profit after minority interest declined 10% y-o-y to SAR 224.0 million for the quarter ended 30 June 2019, with the decline driven primarily by an increase in financial charges which recorded SAR 112.6 million in the first quarter of FY2020 compared to SAR 56.6 million in the same period last year as result of IFRS 16 implementation. Statutory net profit margin for 1Q-Fy2020 was 14%, up one percentage point versus the same quarter last year.

“With our store optimization strategy almost complete, we expect the rate of non-performing store closures to normalize back to the level of 30 to 40 stores per year, while new openings are to be deployed in accordance with our targeted growth strategy and in coordination with our brand partners and landlords. We remain cautiously optimistic as regards to the prospects of the Saudi retail market, which is showing early signs of recovery, and believe the Group is ideally positioned with the right assets, people and strategies to capture the upside,” **Moukarzel concluded.**

–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 1,650 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.