



AL HOKAIR

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ALHOKAIR  الحكير  
Fashion Retail أزياء التجزئة

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Investor Presentation

Q 2 - F Y 2 1

A man and a woman are shown from the chest up, smiling and standing side-by-side. The man on the left is wearing a dark quilted leather jacket over a dark scarf and a watch on his left wrist. The woman on the right is wearing a red quilted leather jacket over a patterned scarf. A semi-transparent dark rectangle is centered over the image, containing the text "Key Developments" and "Q2-FY21" in white. The entire image has a reddish-pink tint.

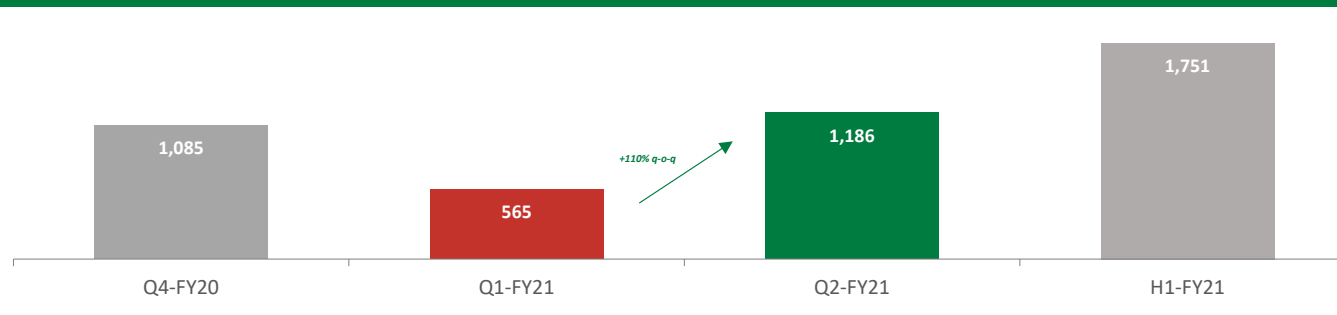
# Key Developments

Q2-FY21

# Recovery Initiated Despite Headwinds

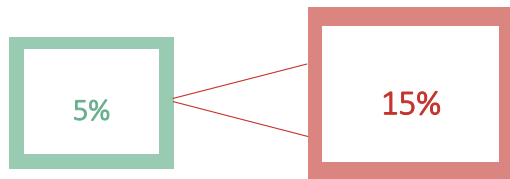


## Strong Quarter-on-Quarter Rebound as Conditions Normalize



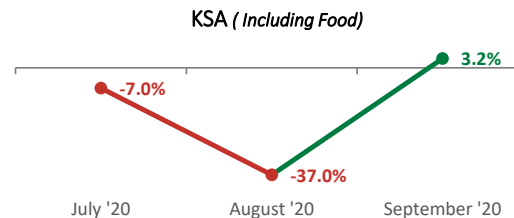
**Revenues up more than twofold** as Alhokair stores in Saudi Arabia returned to normal, pre-COVID working hours during the quarter. Operations were ramped up as commercial activity began to normalize.

## Recovery Resilient to External Pressures



Quarterly recovery sustained despite **tripling of VAT rate on 1 July 2020**, indicating **robust consumer confidence**

## Return to LFL Growth



Alhokair **returned to positive LFL growth during September**. Prior to the pandemic, LFL growth had recorded 17% for the period between January and 15 March 2020. **LFL growth for Saudi operations booked 8.0% y-o-y** for September.

**SAR 364.2 million**  
2020 Eid Al-Adha LFL Sales

*Alhokair generated healthy LFL revenues for the festive period, with sales booking c.95.4% of their traditional level.*

**1.78**  
Units Per Transaction, Q2-FY21

*UTP was up by 1.3% q-o-q, indicating robust consumer demand.*

# Food and Beverage: On An Upward Trend



F&B segment's performance continues to improve as the economic climate stabilizes

Strong quarterly recovery following Q1-FY21 mall closures...

## IUC: Income Statement

SAR '000	Q1-FY21	Q2-FY21	Change
Net Revenues	19,144	105,878	86,734
Gross Profit	-26,460	8,459	34,919
GPM	-138%	8%	-
EBITDA	-40,613	2,471	43,084
EBITDA Margin	-212%	2%	-
Net Profit	-38,288	-8,540	29,748
NPM	-200%	-8%	-
Net Profit After Minority Interest	-30,259	-7,789	22,470
NPAMI Margin	-158%	-7%	-



Café/dessert brands leading recovery, with strong LFL growth



Dine-in gradually recovering in line with consumer confidence



Mitigating risk from any further mall closures



Negotiating with delivery aggregators as single entity

## Strategy Update...

Opening **new locations** considered central to growth strategy

Building KSA-wide **central kitchen network** to improve logistics

Several **new brands** in development pipeline

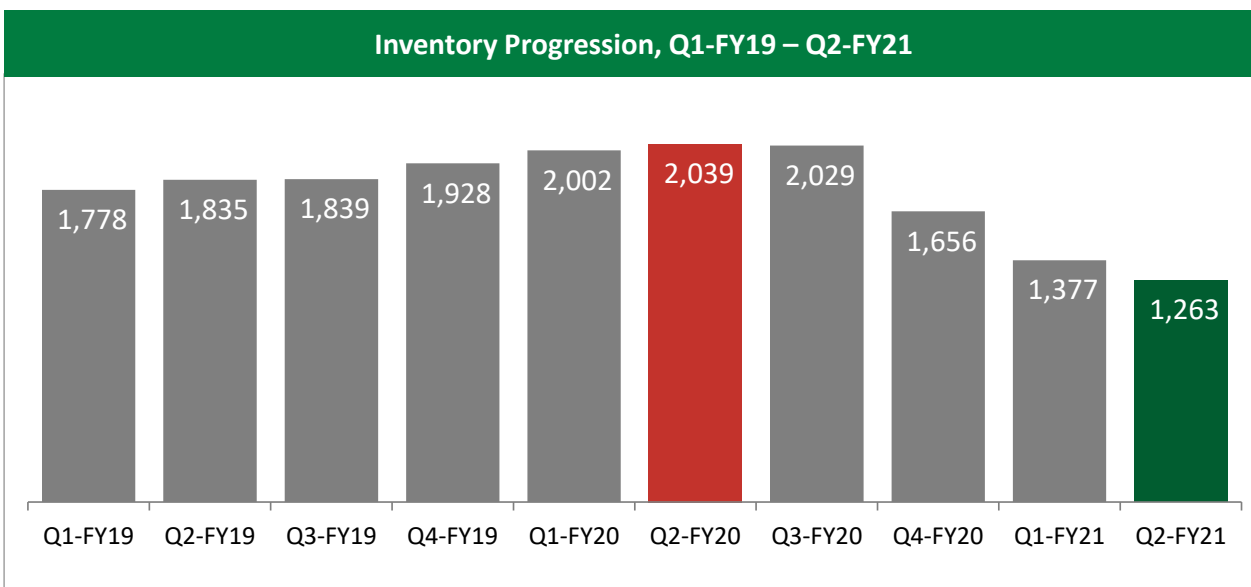


# Rapid Progress on Inventory & Supply Chain Management



Alhokair continuously refreshes inventory policies to maintain optimum levels

Inventory Progression, Q1-FY19 – Q2-FY21



▼ **38.1%** y-o-y

*Q2-FY21 Inventory vs Q2-FY20*

▼ **8.3%** q-o-q

*Q2-FY21 Inventory vs Q1-FY21*

**Shrinkage Policy**

*Continuously Revised*

*Started Supply chain operations consolidation  
under **one warehouse**...*

Returns/Internal Stock

Fixed Assets

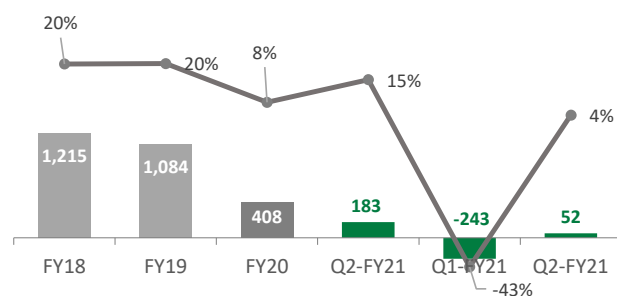
Archives

Alhokair wrote off **SAR 106 million** in ageing  
inventory during Q1-FY21 (one time)...

# COVID Hit to Profitability Concentrated in First Quarter

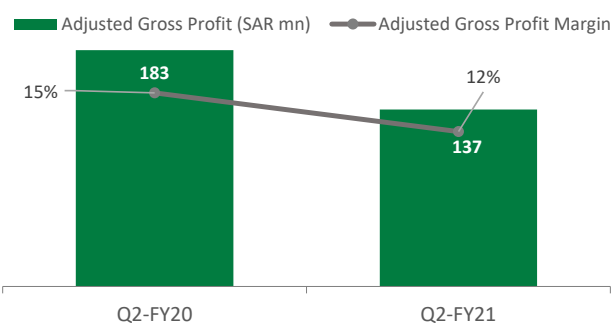


## Gross profitability up sharply q-o-q as stores return to normal hours



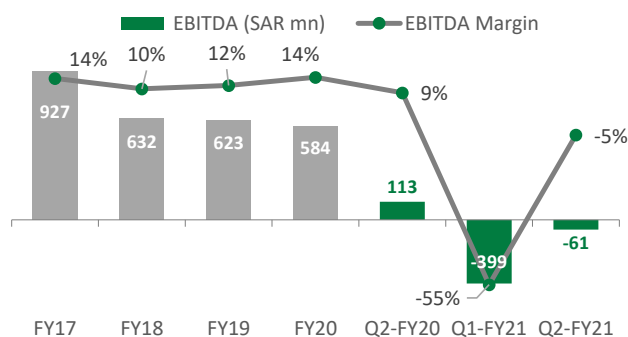
Gross profit returned to the green after booking a loss in Q1-FY21, reflecting the ramp-up of operations following previous quarter's COVID-related closures. On a y-o-y basis, gross profit was down on relatively subdued top-line growth and partial absorption of VAT increases.

## Adjusted gross profit accounts for one-time rent discounts



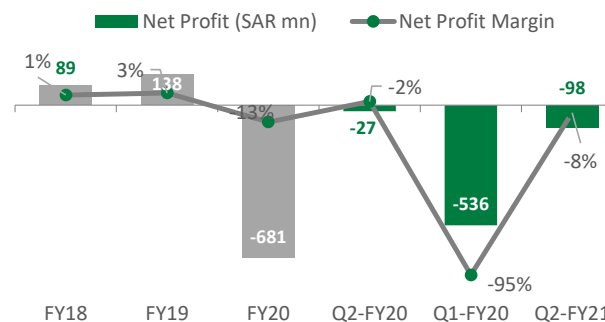
Adjusted gross profit accounts for one-time rental discounts received during Q2-FY2021, with the adjusted GPM recording 11.5%.

## EBITDA-level loss has narrowed significantly q-o-q



Alhokair's EBITDA loss was down sharply from the previous quarter, reflecting improved operating leverage. The y-o-y decline was due primarily to reduced gross profitability and heightened SG&A expenses for the period.

## Net profit further impacted by one-offs



Alhokair's net loss narrowed significantly from one quarter previously, booking SAR 98.2 million for Q2-FY2021.

# Network Evolution



	KSA	International	Total
	# of Stores	# of Stores	# of Stores
Stores as at 30 Jun 2020	1,508	344	1852
New Stores	13	2	15
Closed Stores	-22	-10	-32
Net Change	-9	-8	-17
<b>Stores as at 30 Sep 2020</b>	<b>1,499</b>	<b>336</b>	<b>1,835</b>
Forecasted Openings	34	10	44
Forecasted Closings	-21	-16	-37
Net Changes	13	-6	7
<b>Forecasted Stores as at 31 Mar 2021</b>	<b>1,512</b>	<b>330</b>	<b>1,842</b>

## Key Considerations the Network Evolution

- ✓ The major initiatives in terms of store closure is slowing down.
- ✓ KSA is be back to expansion mode led by new real estate production by Arabian Centers and other retail landscape.
- ✓ New Stores are also planned in Georgia, Egypt and potentially in Armenia.

# Focus on International Performance



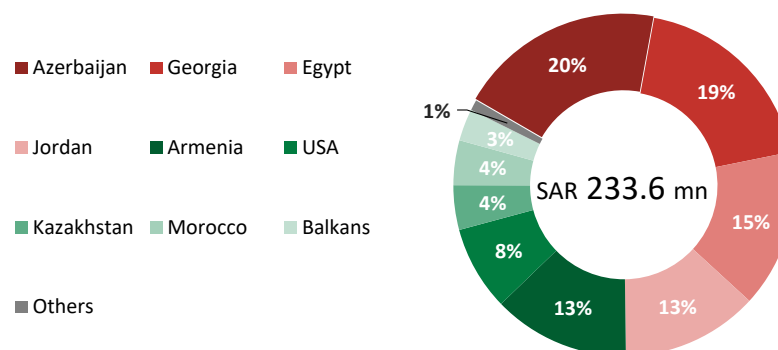
## International Segment Key Performance Indicators

SAR mn	Q2-FY20	Q2-FY21	Change
Net Revenue	486.5	233.6	-52.0%
Gross Profit	92.6	(10.7)	-111.6%
Operating Income	29.7	(48.5)	263.3%
EBITDA	63.3	(39.1)	-161.8%
Net Income	(9.1)	(67.0)	638.2%

## International Markets Profitability

SAR mn	Net Revenues			Net Income			No. of Stores
	Q2-FY20	Q2-FY21	Change	Q2-FY20	Q2-FY21	Change	
Azerbaijan	95.3	17.3	-82%	7.7	0.0	-100%	30
Georgia	90.8	55.5	-39%	6.0	0.2	-97%	58
Egypt	73.3	59.4	-19%	1.2	(7.8)	-738%	80
Armenia	63.1	30.7	-51%	4.0	6.7	70%	33
Jordan	65.4	43.6	-33%	0.7	(17.3)	-2739%	52
USA	36.5	0.8	-98%	(11.8)	(36.5)	211%	14
Kazakhstan	20.4	6.2	-70%	(3.3)	(4.7)	41%	29
Morocco	21.6	13.2	-39%	(8.0)	(6.8)	-15%	22
Balkans	13.5	5.9	-57%	0.1	0.8	607%	17
Others	6.7	0.9	-86%	(5.6)	(1.5)	-73%	1
<b>Total</b>	<b>486.5</b>	<b>233.6</b>	<b>-52.0%</b>	<b>(9.1)</b>	<b>(67.0)</b>	<b>638.2%</b>	<b>336</b>

## International Revenue Breakup by Country



## Key Considerations for International Segment

- ✓ Four countries, namely Azerbaijan, Georgia, Egypt and Armenia, are contributing c.65% of international revenue. The Group aims to focus on these markets and sustain its position while grabbing growth opportunities. Those 4 countries were still growing their top line per-COVID-19.
- ✓ Profitability across international markets continues to improve as the Group works to extract operational efficiencies.
- ✓ Focuss on having a leaner operation, assessing performance of stores performance, opening new stores and new brands.



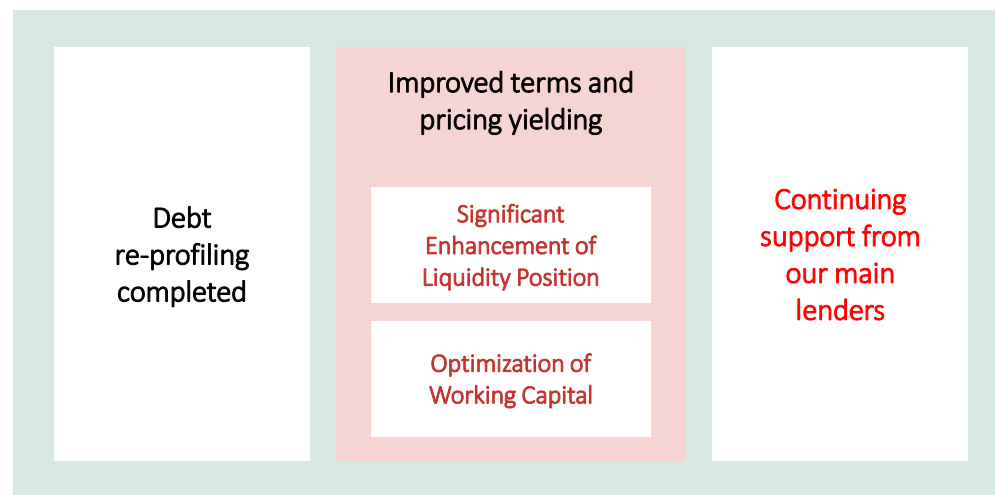
# Debt Management In Focus



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	Sep '19	Mar'20	Sep '20
Total Interest-Bearing Debt	2,719	3,183	3,117
Cash Position	409	686	665
Net Debt	2,310	2,497	2,452
EBITDA pre IFRS	702	695	(460)
Full-Year / Annualized EBITDA (12 months rolling-back) pre IFRS	702	788	(460)
<b>Net Debt * / EBITDA pre IFRS</b>	<b>3.29</b>	<b>3.17</b>	<b>(5.33)</b>



## 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



# APPENDIX

# INCOME STATEMENT



SAR Million	Q2-FY20	Q2-FY21	Change	H1-FY20	H1-FY21	Change
<b>Net Revenue</b>	<b>1,234.6</b>	<b>1,185.6</b>	<b>-4.0%</b>	<b>2,967.0</b>	<b>1,750.6</b>	<b>-41.0%</b>
Cost of Revenue	(1,051.3)	(1,133.7)	7.8%	(2,276.2)	(1,941.4)	-14.7%
<b>Gross Profit</b>	<b>183.3</b>	<b>51.9</b>	<b>-71.7%</b>	<b>690.8</b>	<b>(190.9)</b>	<b>-</b>
<i>Gross Profit Margin</i>	14.8%	4.4%	(10.5)	23.3%	-10.9%	-
Selling & Distribution Expenses	(28.1)	(44.9)	60.1%	(67.1)	(80.8)	20.5%
General & Administrative Expenses	(40.7)	(63.3)	55.6%	(88.5)	(118.9)	34.4%
Impairment Loss on Receivables	-	-	-	-	(28.5)	-
Other Operating Expense	(1.4)	(5.0)	-	(8.8)	(41.4)	-
<b>EBITDA</b>	<b>113.1</b>	<b>(61.4)</b>	<b>-</b>	<b>526.4</b>	<b>(460.4)</b>	<b>-</b>
<i>EBITDA Margin</i>	9.2%	-5.2%	-	17.7%	-26.3%	-
Other Income (loss), net	62.9	133.4	112.1%	63.0	198.1	214.3%
Depreciation & amortization	(70.7)	(76.2)	7.9%	(134.4)	(154.0)	14.6%
Finance Costs	(121.5)	(84.6)	-30.4%	(234.1)	(191.9)	-18.0%
<b>Profit before Zakat and Tax</b>	<b>(16.1)</b>	<b>(88.8)</b>	<b>-</b>	<b>221.0</b>	<b>(608.3)</b>	<b>-</b>
Zakat and Income Tax	(10.6)	(9.4)	-11.2%	(22.8)	(25.5)	12.1%
<b>Net Profit</b>	<b>(26.7)</b>	<b>(98.2)</b>	<b>-</b>	<b>198.2</b>	<b>(633.8)</b>	<b>-</b>
<i>Net Profit Margin</i>	-2.2%	-8.3%		6.7%	-36.2%	
<b>Cash Balances</b>	<b>408.8</b>	<b>665.0</b>	<b>62.7%</b>			

# BALANCE SHEET

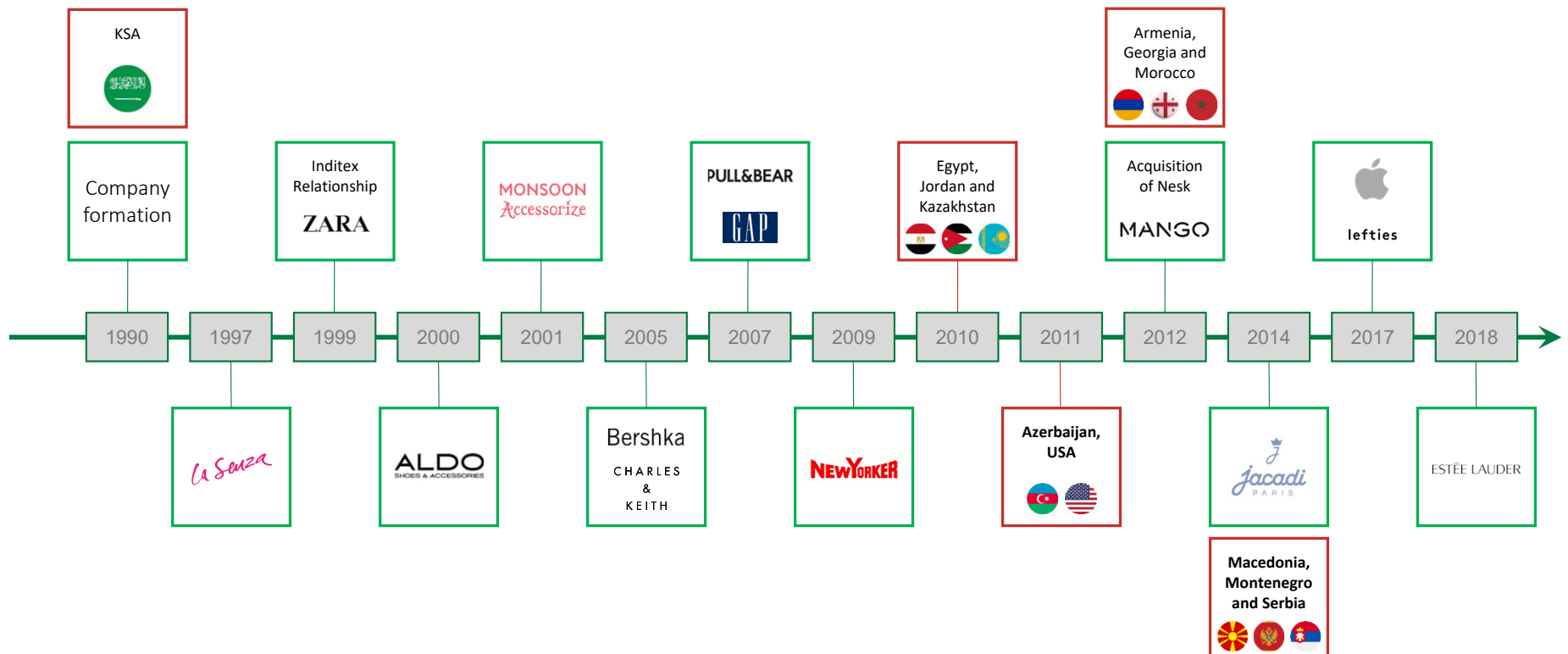


SAR Million	Sep '19	Mar '20	Sep '20	Change vs Sep-19	Change vs Mar-20
<b>Assets</b>					
Property, Plant and Equipment	1,634	1,514	1,390	-15%	-8%
Right-of-Use Assets	4,448	4,058	3,680		-9%
Goodwill and Intangible Assets	868	1,080	1,060	22%	
Investment Property	60	4	4	-94%	0%
Investment in Associates & Others	81	232	232	185%	0%
Receivables from Disposal of Subsidiaries / Brands	75	75	-	-100%	
<b>Total Fixed Assets</b>	<b>7,166</b>	<b>6,962</b>	<b>6,366</b>	<b>-11%</b>	<b>-9%</b>
Inventories	2,039	1,656	1,263	-38%	-24%
Advances, Deposits and Other Receivables	584	570	651	11%	14%
Prepayments, Rentals and Insurance	56	68	33	-41%	-52%
Receivables from Disposal of Subsidiaries / Brands	75	75	75	0%	
Cash & Cash Equivalents	409	686	665	63%	-3%
Assets held for sale	564	-	-		0%
<b>Total Current Assets</b>	<b>3,727</b>	<b>3,056</b>	<b>2,686</b>	<b>-28%</b>	<b>-12%</b>
<b>Total Assets</b>	<b>10,893</b>	<b>10,018</b>	<b>9,052</b>	<b>-17%</b>	<b>-10%</b>
<b>Equity &amp; Liabilities</b>					
Share Capital	2,100	2,100	2,100		
Reserves ( Statutory, Foreign Currency and Fair Value)	(289)	(373)	(361)	25%	-3%
Retained Earnings	821	(112)	(736)	-190%	556%
Equity Attributable to the Shareholders of the Company	2,632	1,615	1,003	-62%	-38%
Non-Controlling Interest	(65)	(85)	(95)	46%	12%
<b>Total Equity</b>	<b>2,567</b>	<b>1,530</b>	<b>908</b>	<b>-65%</b>	<b>-41%</b>
LT Loans and Borrowing	1,847	2,424	2,364	28%	-2%
Lease Liabilities	4,006	3,611	3,268		-10%
Post-Employment Benefits	90	102	99	10%	-3%
<b>Total Non-Current Liabilities</b>	<b>5,942</b>	<b>6,137</b>	<b>5,731</b>	<b>-4%</b>	<b>-7%</b>
Trade Payables	531	473	514	-3%	9%
Accruals and Other Liabilities	469	462	464	-1%	0%
Zakat & Tax Liabilities	13	11	29	132%	169%
Lease Liability – current portion	498	647	654	31%	1%
ST Loans and Borrowings	872	760	753	-14%	-1%
<b>Total Current Liabilities</b>	<b>2,384</b>	<b>2,352</b>	<b>2,414</b>	<b>1%</b>	<b>3%</b>
<b>Total Liabilities</b>	<b>8,326</b>	<b>8,488</b>	<b>8,144</b>	<b>-2%</b>	<b>-4%</b>
<b>Total Equity &amp; Liabilities</b>	<b>10,893</b>	<b>10,018</b>	<b>9,052</b>	<b>-17%</b>	<b>-10%</b>

# 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



The Company maintains a presence across 13 global markets with 1,834 stores

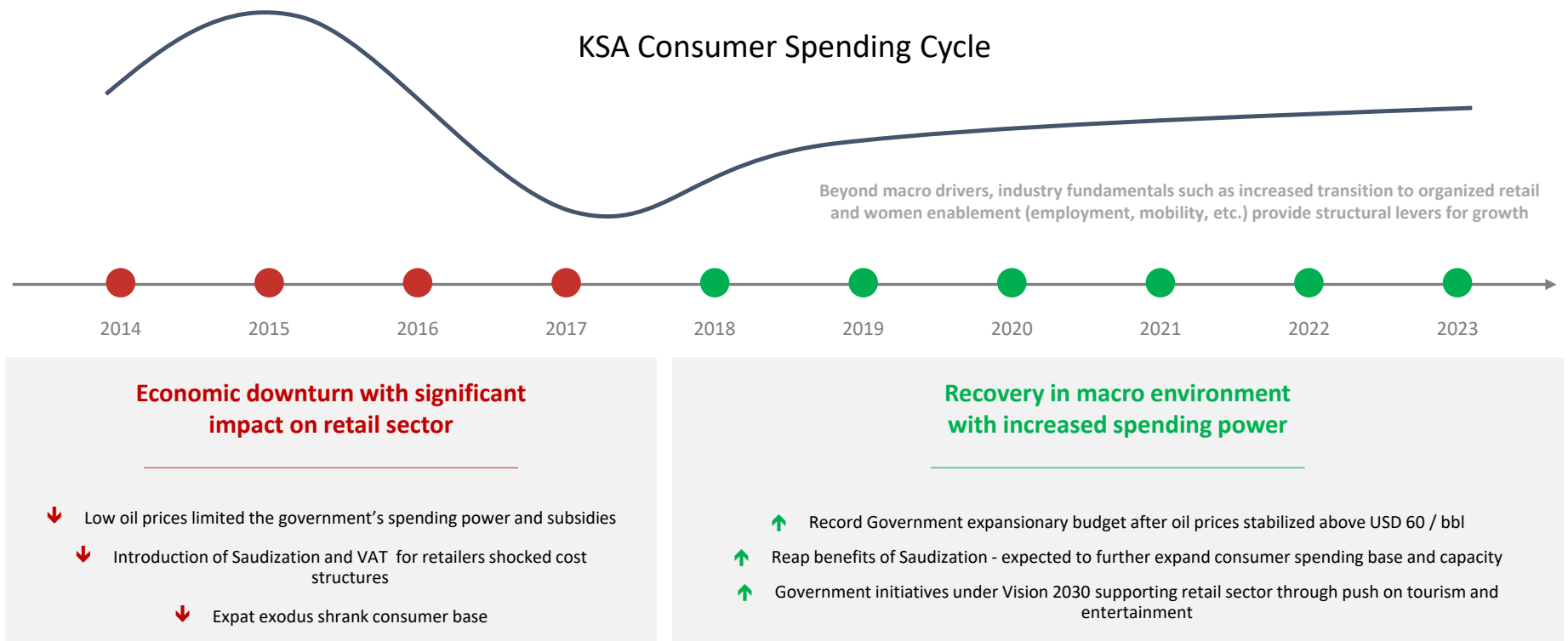




# Our Primary Market



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

CAMATEU

DYNAMITE

eclipse

IPEKYOL

LIPSY  
LONDON

MONSOON

O X X O

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

BURBERRY

USA



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