CHALHOUB GROUP
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هيئة الأزياء
Fashion Commission

GCC Personal Luxury in 2021:

A STORY OF EARLY RECOVERY & GROWTH

Market Report
March 2022

PREFACE

This document includes data from Chalhoub Group, its partners and teams' estimates for offline and online markets, excluding pre-loved market. The scope is limited to the luxury segments across the four categories:

(1) 90 high-end fashion brands,
(2) ~750 prestige beauty brands and retailers,
(3) 50 luxury watches brands and
(4) 23 fine jewellery brands.

Consumer insights across the document are based on proprietary Chalhoub Group research conducted in 2021 across the different GCC markets. The 4 main studies are:

- Changing Nature of GCC Consumers (UAE=419, KSA=409, KWT=201),
- GCC Luxury Sentiment (KSA=750, UAE=500),
- Understanding the Modern Saudi Consumer (N=1,500) and
- True Luxury Consumers in KSA (N=584).

All other external sources are listed on the slide where mentioned.

DISCLAIMER

This document may contain certain forward-looking statements which are based on certain assumptions, estimations and forecasts, and/or which may not directly relate to a historical or current fact. By their nature, these forward-looking statements are subject to important risks and uncertainties and factors that go beyond control of the Chalhoub Group's ability to predict.
These forward-looking statements should not be considered as a guarantee of future performance: the actual results could differ materially from those expressed or implied by them. The forward-looking statements only reflect Chalhoub Group's views and opinions as of the date of this document, and Chalhoub Group does not undertake to revise or update these forward-looking statements. The forward-looking statements should be used with caution and circumspection and in no event can Chalhoub Group and/or its Management be held responsible for any investment or other decision based upon such statements. The information in this document does not constitute an invitation or inducement to engage in any investment activities.

We are delighted to publish our report "**GCC personal luxury in 2021: A story of early recovery and growth**"; with a deep dive on KSA.
In partnership with the Fashion Commission, we are bringing together to the industry proprietary insights and data to support regional and international brands and businesses.

Today's GCC luxury customers are young, digital natives and hyper informed. They are in search of meaningful brands and personalised experiences, and like experimentation, newness, and uniqueness.
We are seeing the rise of local creative talents and passionate designers from the region with disruptive and innovative ideas.
To resonate with local consumers, international brands are creating capsule collections, exclusives, and GCC-first launches with localisation in mind.

With over 65 years of presence in the GCC region, Chalhoub Group has always contributed and supported the community. The Group has invested in understanding the market, the consumers and the partners through its Intelligence team positioned at the beginning of the funnel to spot and identify shifts and new trends in the industry.

PATRICK CHALHOUB
Group President, Chalhoub Group

EXECUTIVE SUMMARY

- **GCC Personal luxury in 2021 has reached $9.7Bn**, outpacing pre-pandemic level by **+23% vs 2019**, **a stronger and quicker recovery than anticipated**. **Luxury fashion was the driving force of growth**, representing 43% of the total market and growing +39% vs 2019. **All key markets showed a strong growth** ranging from 20% up to 35%

- **Six drivers of the growth** are: 1/ **New luxury consumer**, researched and informed, and willing to experiment; 2/ **Spend repatriation** where 60% of the spending now happens in-country; 3/ **Brand investments** in marketing and localized events; 4/ **Retail developments** across the region, with new store opening, pop-ups and new malls; 5/ **Tourism recovery in UAE**, fueled by Expo 2020; 6/ **e-commerce** market more than doubling, led by pure players

- **Saudi Arabia**, the largest country in GCC, has shown remarkable growth in personal luxury, reaching **$2.2Bn** and growing at +19%, driven by **spend repatriation, female empowerment, boiling retail landscape, events and activities, and e-commerce** boom. KSA will likely be the driving force of regional growth thanks for government led initiatives such as education, legislation changes and Ministry of Culture efforts, new retail developments, luxury brands plans to invest into stores and services, and tourism ambition underpinned by Vision 2030

- By **2023 GCC personal luxury market market is expected to reach ~$11Bn** through growth of KSA market, return of international tourists to UAE, new luxury consumer in the region with growing appetite to purchase locally, development of new categories (e.g. skincare, clean beauty, preloved fashion), and further acceleration of e-commerce (especially brand.coms). However, with certain risks such as potential shift in consumer focus from goods to experiences, inflationary pressures, uncertainty due to geo-political situation and supply-chain challenges

Agenda

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2021 GCC PERSONAL LUXURY MARKET

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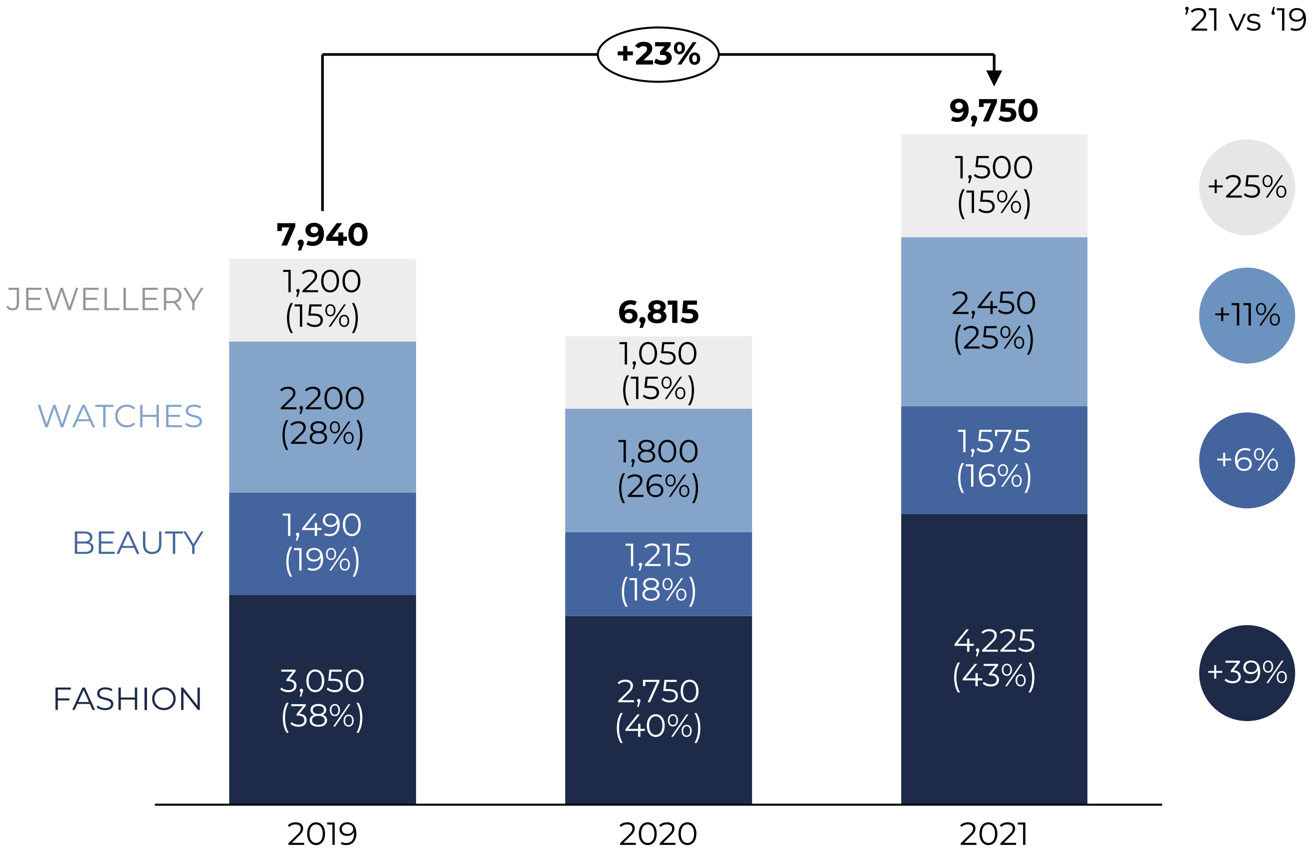
THE FUTURE OF LUXURY IN THE GCC

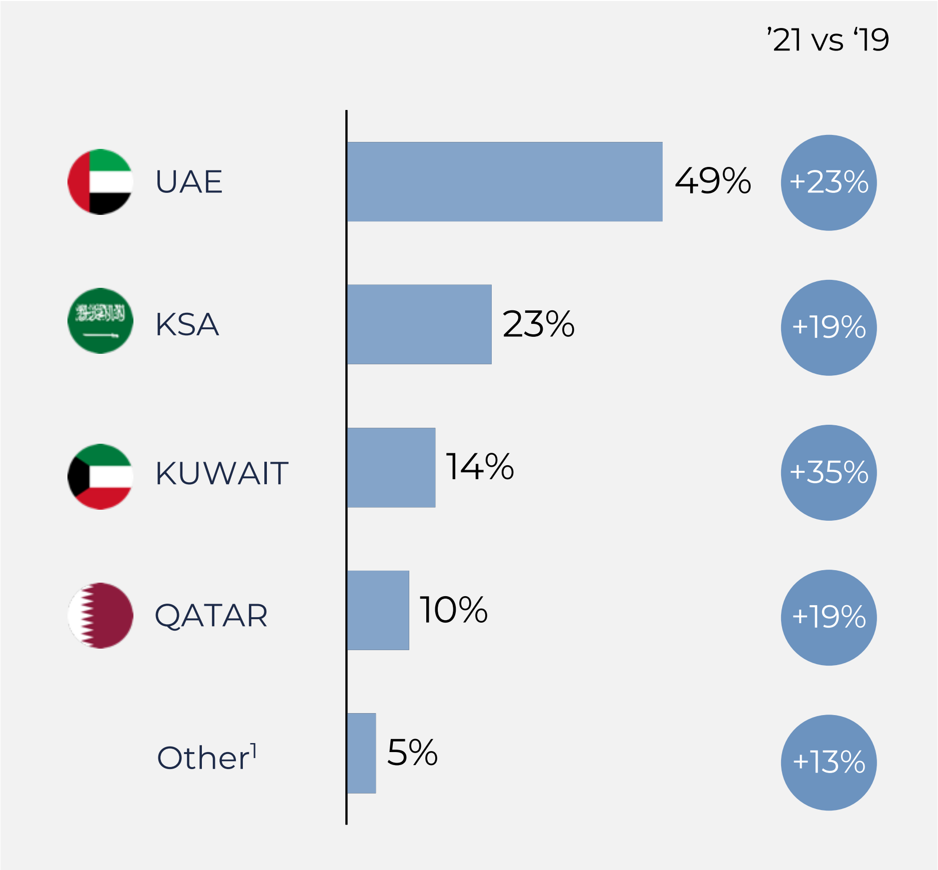
01

2021 GCC PERSONAL LUXURY MARKET

GCC Luxury market in 2021 has shown an early recovery to pre-Covid levels, ending the year at $9.7Bn, an increase of 23% VS 2019

GCC personal luxury market size by category and country (USD million)





[1] Other countries include Bahrain and Oman; Numbers might not add due to rounding.
SOURCE: Chalhoub Group Intelligence

There are six key drivers of market growth in 2021

1.
New luxury consumer

2.
Spend repatriation

3.
Local events

4.
Retail developments

5.
Tourism recovery

6.
e-commerce growth

SOURCE: Chalhoub Group Intelligence

GCC luxury consumers are constantly evolving – a true reflection of their surroundings

HISTORICALLY

Spontaneous shoppers
Buying here and now

Sticking to what they know
Primarily interested in global brands

Keen to fit in
Buying classic or proven pieces

Wary of e-commerce
Only 26% claimed to shop online

TODAY

Researched & informed shoppers
With 58% focusing more on reviews vs pre-pandemic

Experimenting beyond mainstream
Almost 60% interested in pre-loved

Looking to stand out
Craving limited editions & personalization

Comfortable with e-commerce
65% are buying online more than pre-covid

SOURCE: Chalhoub Group Proprietary Consumer Studies

Local consumers today spend 60% of their luxury spending in country, a significant increase compared to pre-Covid

Repatriation of spending and drivers

60%

% luxury bought **in country**

40%

% luxury bought **abroad**

Why have consumers been shopping more locally?

- Travel restrictions and border closures
- Improved availability of brands and stock levels
- Elevated customer service
- Strong efforts on clientelling

During the pandemic, **GCC nationals** had no options but to **shop in their countries**. Some of them even shopped their favourite brands locally for the first time.

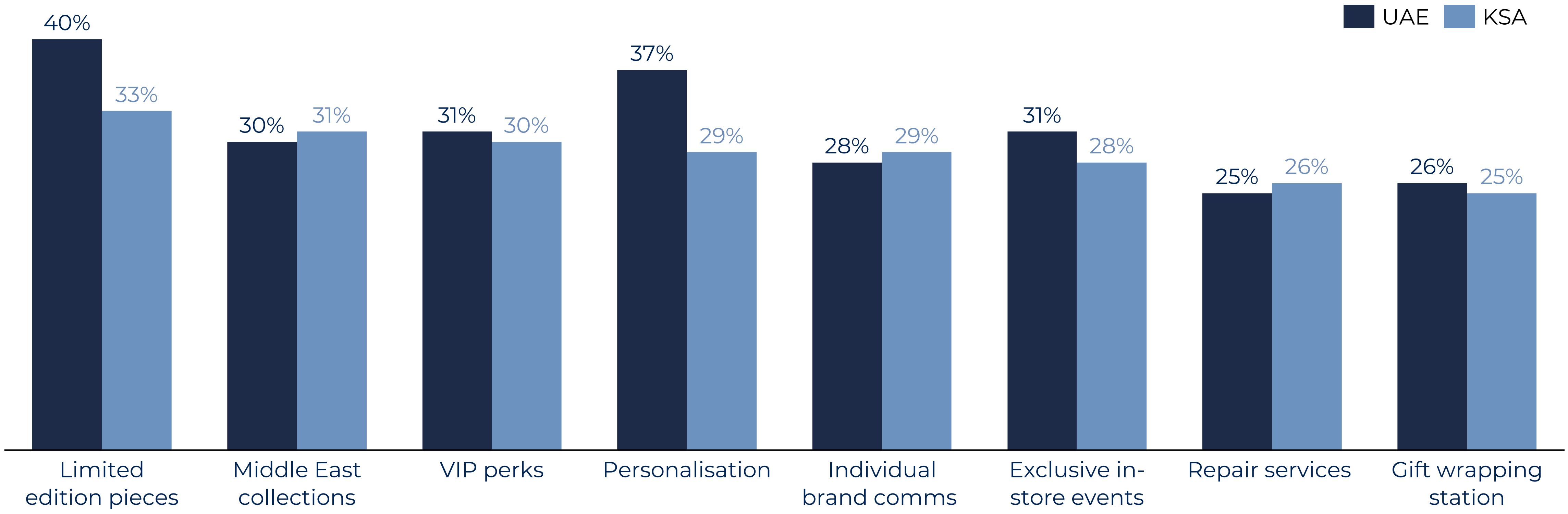
On the other hand, brands also had to adapt to survive. As stores closed, they had to find creative way to reach out to their customers.

In the end, the pandemic helped strengthen and sometimes create a bond between brands and consumers.

SOURCE: Chalhoub Group Proprietary Consumer Studies

Consumers are keen on buying in the region, however with certain expectations from the brands

Which of the below features do you think can help a premium/luxury fashion brand differentiate itself from the rest?



SOURCE: Chalhoub Group Proprietary Consumer Studies

Global brands have been focusing on the region via collaborations, dedicated collections & events

Selection of events for luxury brands across the GCC

2021

Chanel 'Cruise Collection 2021/2022' – Dubai
Hermes 'CarreClub' Event – Dubai
Louis Vuitton Exclusive Jewellery Showcase – Dubai
Tiffany 'Blue Book Gala' – Dubai
Louis Vuitton 'Cruise 2022 Show' – Dubai
Giorgio Armani 'One Night Only' – Dubai
Cartier 'Pasha de Cartier' – Riyadh
Dior Villa Private Event – Riyadh
Dior Beauty 'Sauvage' event – Al Ula
Fenty Skin 'The Island' – Dubai
Hermes 'Please Check In' Event – Dubai
Christian Dior 'Designer of Dreams' Exhibition – Doha (ongoing)
Virgil Abloh 'Figures of Speech' Exhibition – Doha

2022

Dolce & Gabbana 'Alta Sartoria Show' – Al Ula
Louis Vuitton 'See LV Exhibition' – Dubai
Fenty Beauty New Lipsticks Collection – Dubai
Hugo Boss 'Be Your Own Boss' Campaign – Dubai
Chaumet "Tiara Dream" - Riyadh

Fenty Beauty 'New Lipsticks Collection Launch on Burj Khalifa, Dubai

SOURCE: Chalhoub Group Intelligence

The retail scene has seen a lot of activity in 2021, and is expected to continue evolving in the next few years

Example of new retail developments in 2021 (non-exhaustive)

New Stores

Valentino Beauty - Dubai Mall

MUFE - Mall of Qatar, Doha

Chanel Beauty - Red Sea Mall, Jeddah

Dior Beauty - Yas Mall Abu, Dhabi

Off-White - Faisaliah, Riyadh

Jimmy Choo - Jeddah Boulevard

Boggi Milano - Faisaliah, Riyadh

Bvlgari - Al Khayyat, Jeddah

Stella McCartney – Dubai Mall

Versace – Salhia, Kuwait

Rolex – The Galleria, Abu Dhabi

Tiffany & Co. – Faisaliah, Riyadh

Pop-ups

Dior - Nammos Dubai

Gucci - Burj Al Arab Dubai

Amiri - Dubai Mall

Louis Vuitton - MOE Dubai

Prada - Mall of Emirates

Panerai - Dubai Mall

Fendi - Nammos Dubai

YSL - Dubai Mall

Armani - Dubai Mall

New Developments

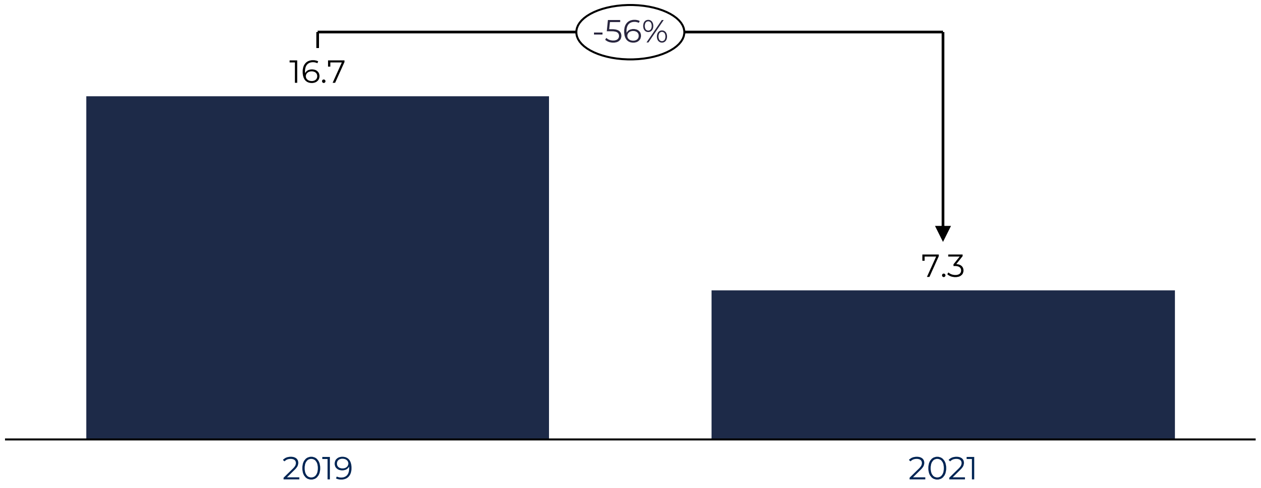
Jeddah Park – Jeddah 2021

Riyadh Boulevard – Riyadh 2021

SOURCE: Chalhoub Group Intelligence

In 2021, UAE tourism has not fully recovered, …

Dubai visitors (in millions) and top 5 origin countries



2019

#1	India	**12%**
#2	KSA	**9%**
#3	UK	**7%**
#4	Oman	**6%**
#5	China	**6%**

2021

#1	India	**13%**
#2	KSA	**7%**
#3	Russia	**6%**
#4	UK	**6%**
#5	USA	**4%**

#4
2019 Global destination rank

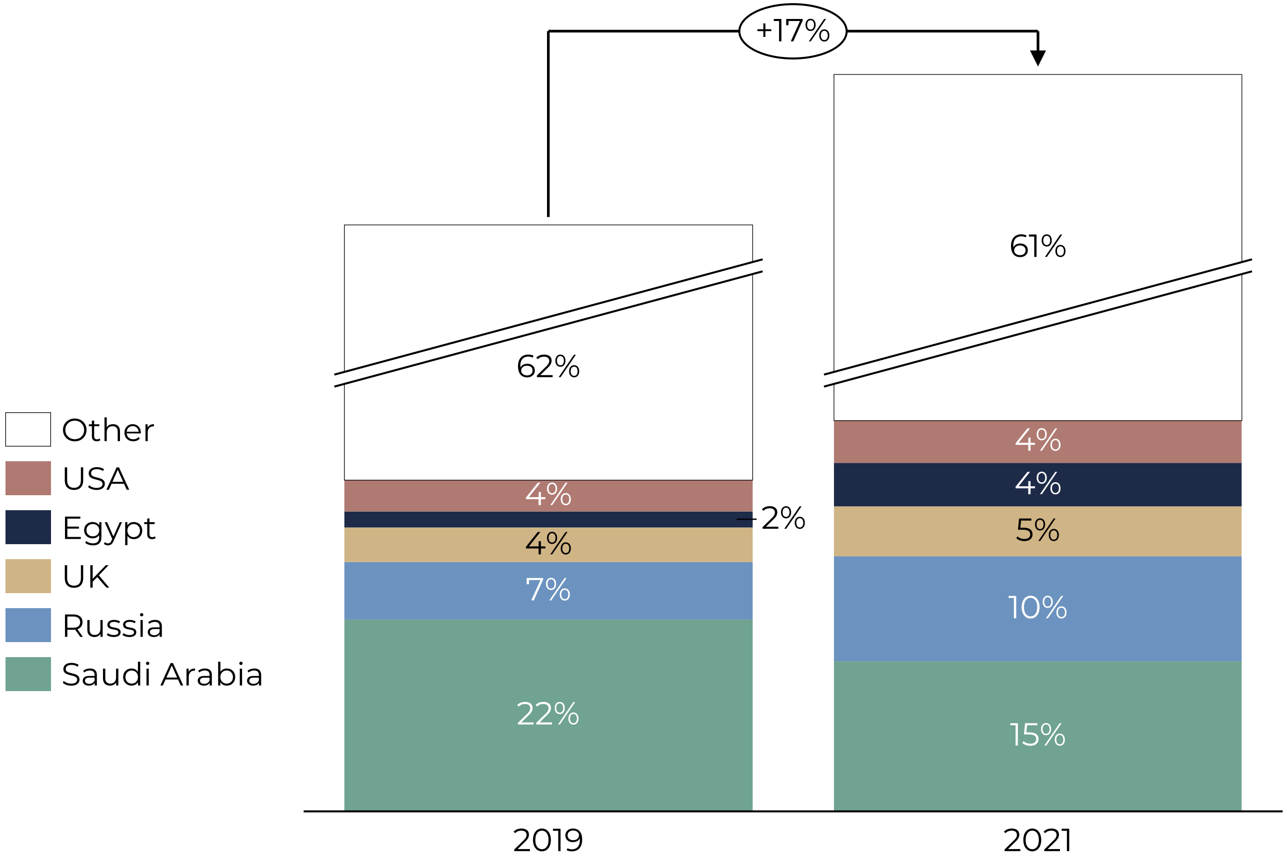
Expo 2020 has had a positive impact on attracting tourists to UAE in 2021 and beginning of 2022

We expect that region will be further boosted by the **FIFA World Cup** 2022 in Qatar

SOURCE: DTCM, Mastercard Global Destinations Cities Index

… yet these fewer tourists seem to be spending more on luxury

Contribution of visitors by nationality in Chalhoub Group UAE sales

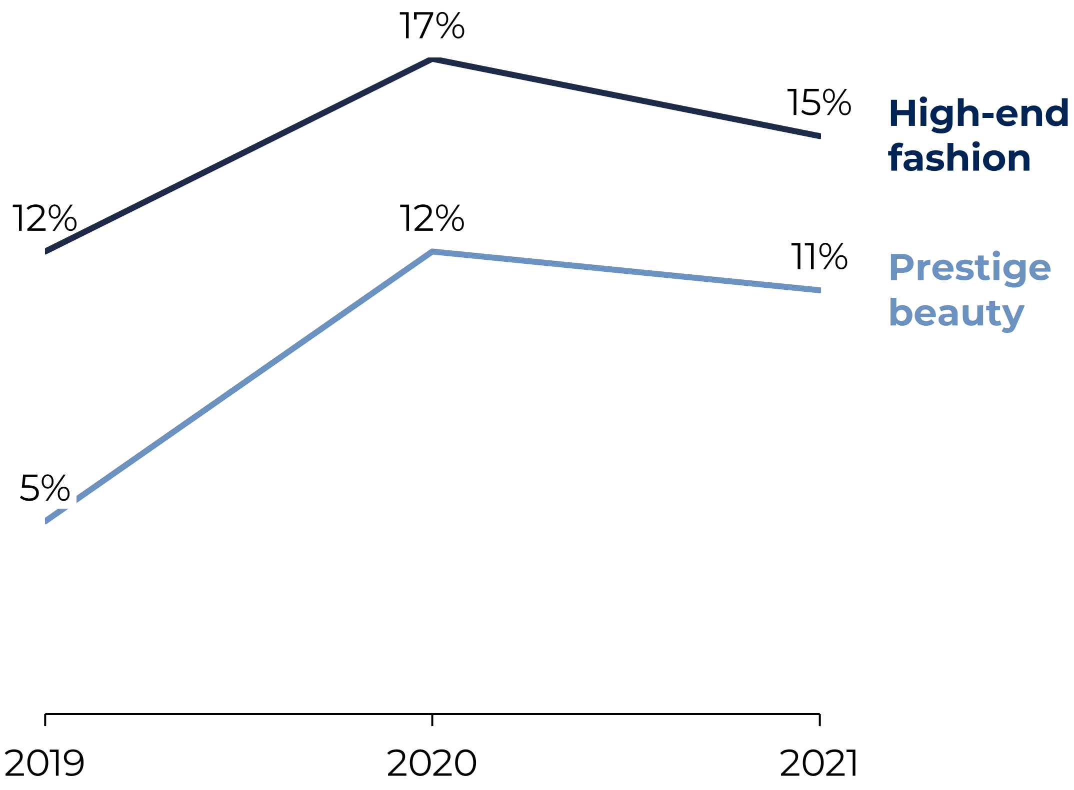


- **Top-3 nationalities:** KSA, Russia and UK on a group-level unchanged compared to 2019 and generated ~30% of our revenues
- Biggest increase in revenue comes from **Egyptian visitors** (+170%)

SOURCE: Chalhoub Group POS Data analysis (excl. e-commerce and payments in cash)

Prestige beauty and high-end fashion e-commerce remain strong at 11% and 15% share, respectively

GCC e-commerce share (%)



SOURCE: Chalhoub Group Intelligence

Pure players lead the market, with a **market share of 82%**

Brand.com represents only 6%, yet is the strongest growing segment with +132% VS 2019

Top 3 players

#1	Farfetch
#2	Ounass
#3	NAP

Pure players lead with a **market share of 63%**, showing strongest growth at +29% VS 2019

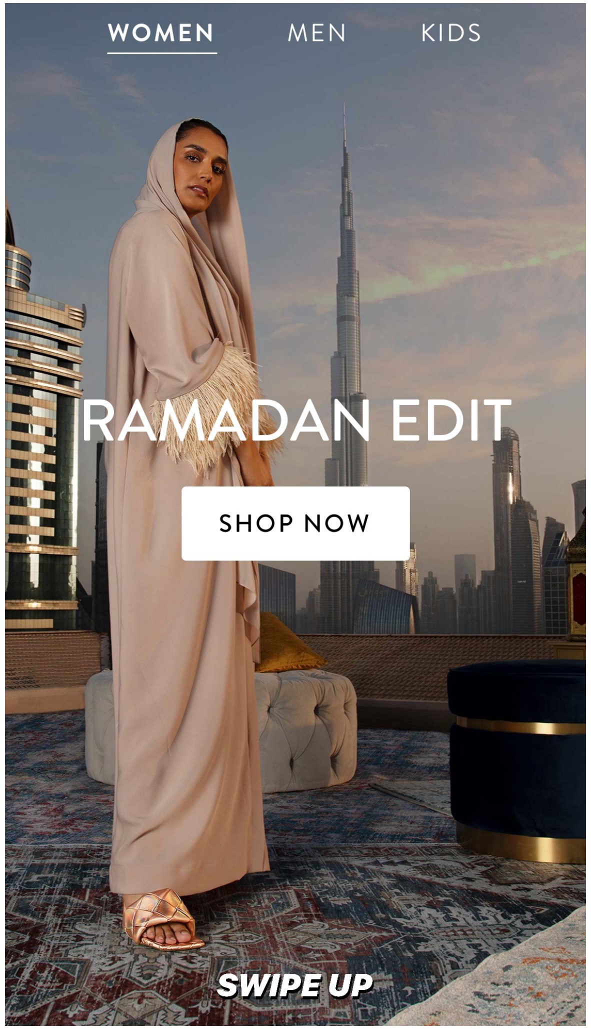
Consumers responding with a strong appetite to shop more online (63% claim to buy more)

Brand.com represents less than 10% of prestige beauty e-commerce market

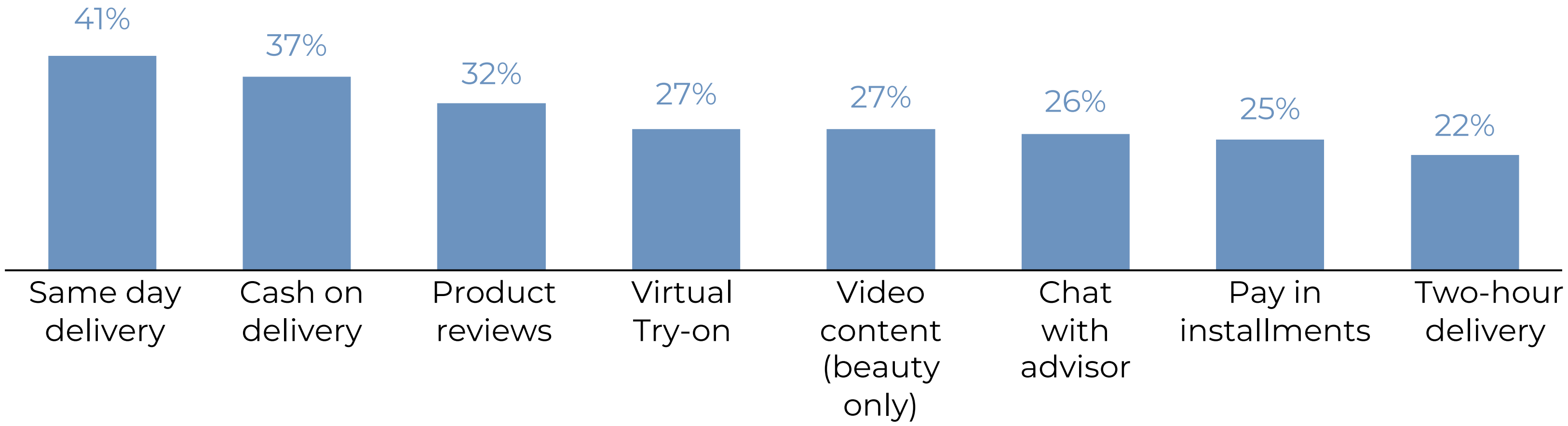
Top 3 players

#1	Boutiqaat
#2	Sephora
#3	Namshi

Consumers are becoming more comfortable with shopping luxury online, with rising expectations particularly on last mile



Which of the below features would you be most interested in having to enhance your online shopping experience?



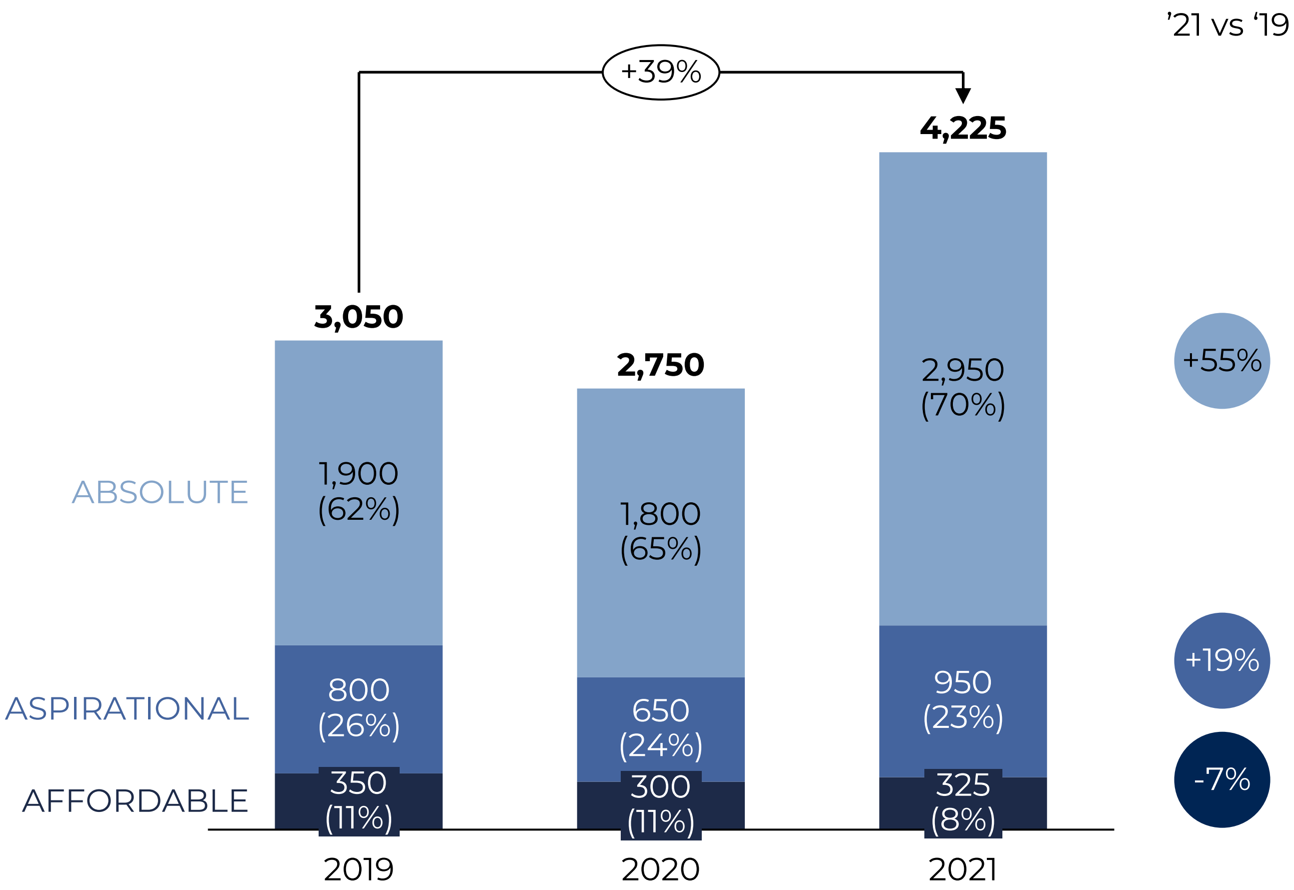
Players are adapting to changing consumer demands: for example, Level Shoes offers 90 minutes delivery in Dubai, Ounass offers 2-hour delivery in Dubai, and Faces launched quick commerce in partnership with Careem with delivery of selected products in 30 minutes directly from the store

While “cash on delivery” is the second most important feature, growth of **buy-now-pay-later (BNPL)** has been significant: in some e-commerce stores that have introduced BNPL, we have seen **40% of customers** using this feature (6 months after launch), coupled with higher average order values and less returns

SOURCE: Chalhoub Group Proprietary Consumer Studies

High-end fashion outperformed 2019 by +39%, with performance driven mainly by the absolute luxury segment at +55%

GCC high-end fashion market size by segment (USD million) and key insights



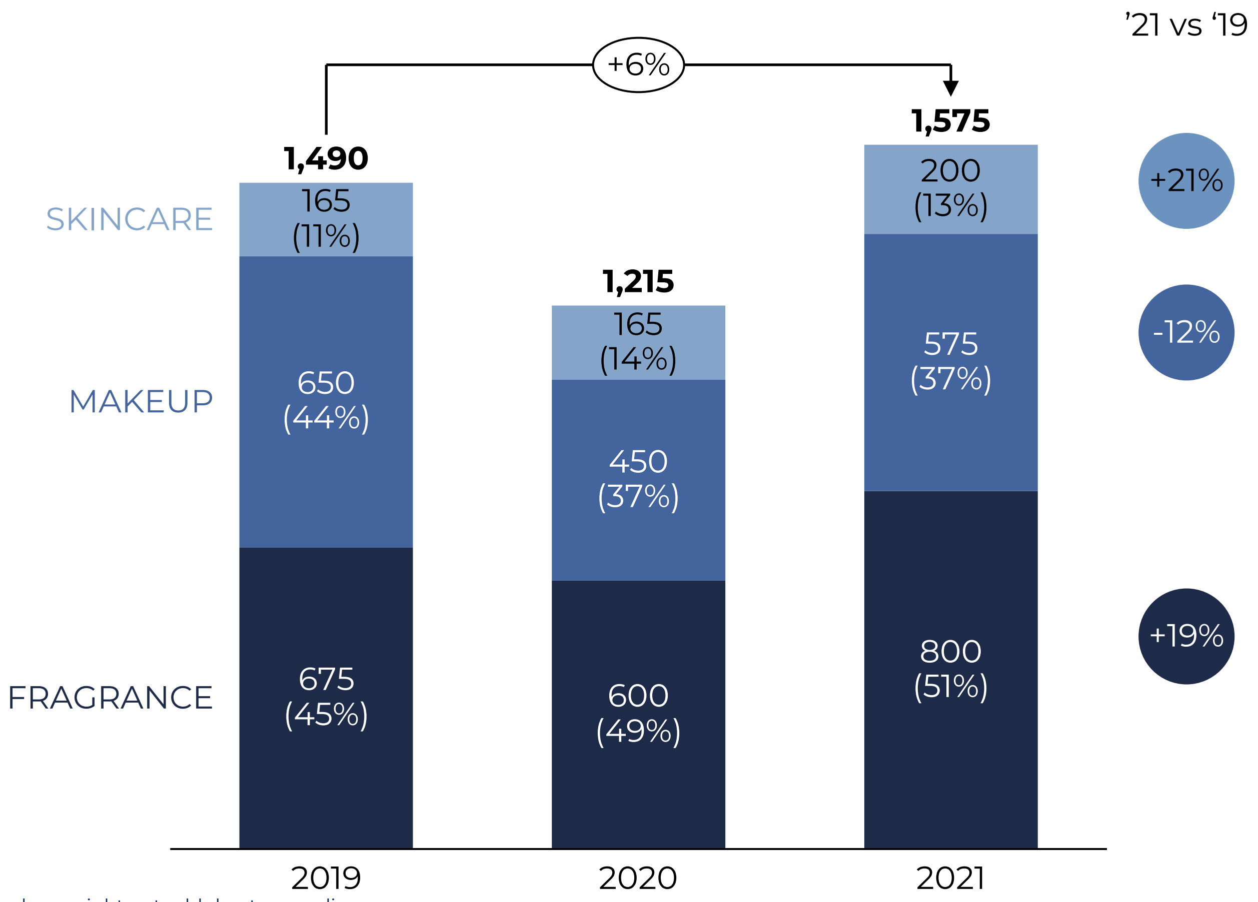
Numbers might not add due to rounding.

SOURCE: Chalhoub Group Intelligence

- Outstanding performance in 2021 with a recovery outpacing other regions worldwide
- **All markets, except Bahrain, closed the year at a double-digit growth** thanks to repatriation of spend: Kuwait and KSA grew +49% and +44% respectively, followed by UAE at +40%
- **The absolute luxury brands outpaced the market** closing the year at +55%, with 16 brands out of 19 in this segment performing above pre-pandemic levels

GCC prestige beauty market is worth $1.58Bn, growing at +6% VS 2019. Make-up is the only segment that didn't recover VS 2019

GCC prestige beauty market size by category (USD million) and key insights



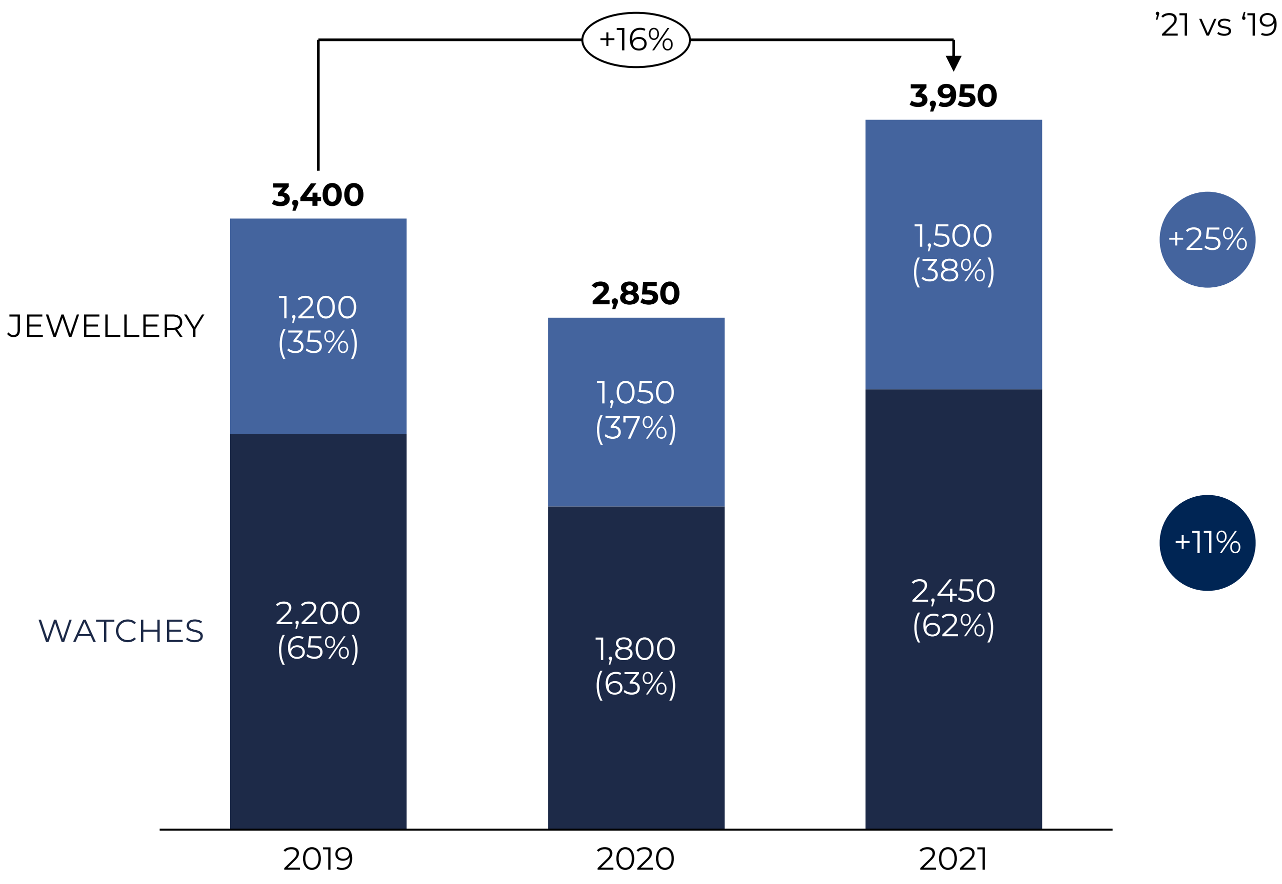
Numbers might not add due to rounding.

SOURCE: Chalhoub Group Intelligence, Chalhoub Group Proprietary Consumer Studies

- Strong recovery VS pre-pandemic level with **booming e-commerce >100%** VS 2019, and brick-and-mortar returning to growth
- **Top three markets, KSA, UAE & Kuwait, show strong recovery & growth** with 50% of consumers claiming to spend more, particularly driven by repatriation of spend
- **Fragrance remains the largest category (51%)** in the region, experiencing a great momentum, benefitting from consumers' habits for fragrance layering and paired with local spending
- **Skincare shows the most opportunity** in the region driven by interest in sustainability and wellness

Watches & jewellery market is worth $3.9Bn and growing at +16% VS 2019 after dropping by -16% in 2020

GCC luxury watches & jewellery market size by category (USD million)



Numbers might not add due to rounding.

SOURCE: Chalhoub Group Intelligence and Growth

- **2021 ended up on a high note for luxury watches and fine jewellery globally**. In the GCC, the market growth is estimated at +16% VS 2019
- **The watches segment rebounded** VS 2019 thanks to delayed purchase, price competitiveness and tourism activity mainly, however stocks have been a challenge
- **The jewellery segment proved more resilient** in the GCC, maintaining revenues in 2020 and growing +25% VS 2019 this year
- 2021 brought multiple major store openings in KSA (+8 stores in 2021 of which Boucheron, Bvlgari, Chopard, Tiffany & Co., Jaeger-LeCoultre)

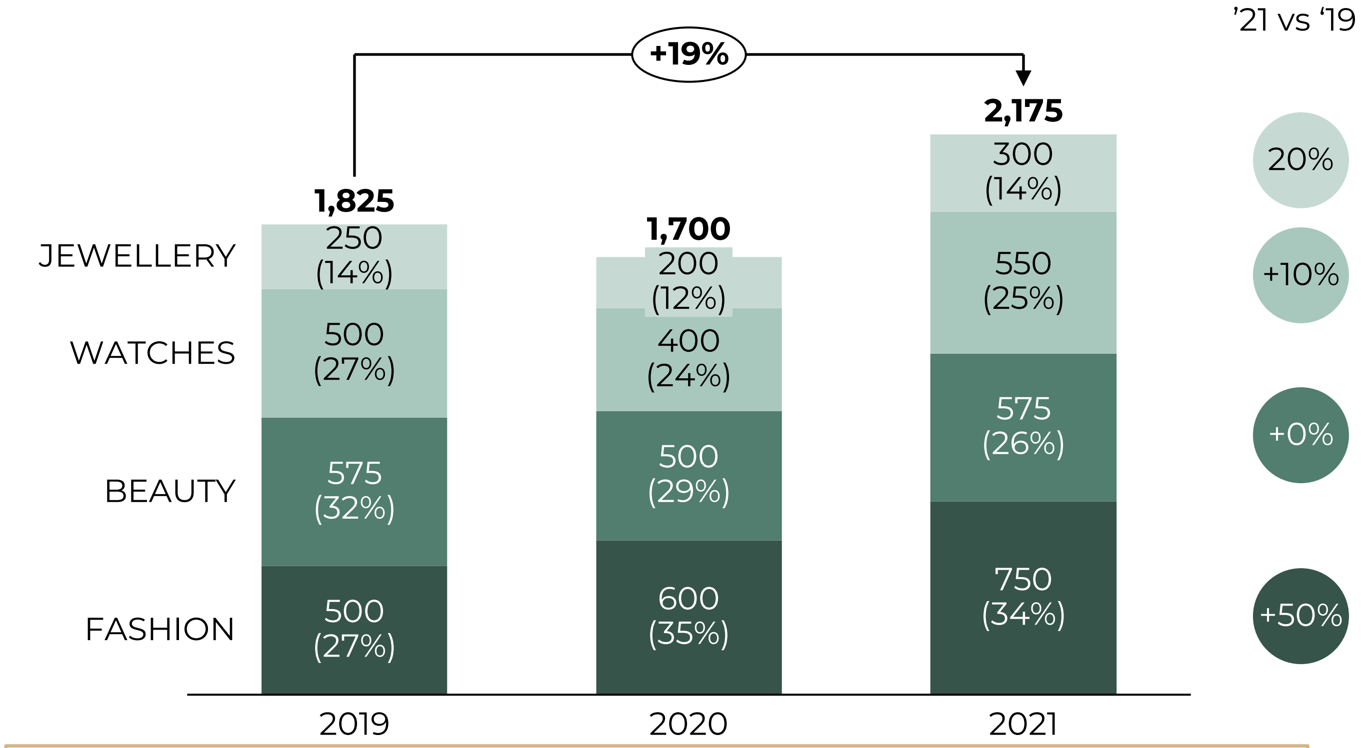
02

THE KSA LUXURY MARKET IN 2021

Deep dive

The KSA luxury market grew at +19% VS 2019, with the fashion segment growing the fastest

KSA personal luxury market by category (USD million)



Market size represents only the organized luxury market and excludes the total spending on luxury goods such as fragmented jewelry shops. This indicates the potential opportunity for organized luxury fashion in Saudi.

Numbers might not add due to rounding.

SOURCE: Chalhoub Group Intelligence and Growth

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Fashion Commission

"Our mission is to develop a thriving fashion ecosystem in KSA to uphold Saudi heritage, promote local talent, designers and brands, and also attract international brands to the Kingdom. We have already started executing key projects including the Saudi 100 Brands programme that attracted 1400 applications from Saudi brands and it was tailored to mentor local talents.
Going forward, we will continue to drive investments and build regulatory frameworks to catalyse Saudi Arabia's vision to emerge as a leading regional fashion hub. In doing so, strategic collaborations with leading private sector entities like Chalhoub Group will play a pivotal role to grow the fashion industry and publish intelligence and insights report, such as the GCC Personal Luxury Report. Such collaborations will ultimately benefit the regional fashion industry, nurture local talents and support the growth of retail."

BURAK CAKMAK
CEO, Fashion Commission

Five key drivers of Saudi personal luxury market growth

1.

Repatriation of demand

In 2020-2021 with Saudis not travelling and developing new purchase patterns locally

2.

Increased spending on luxury

Women now make up 33% of Saudi's labor force (nearly double what it was five years ago), contributing to a higher spend on luxury goods

3.

Retail landscape & 'retailtainment'

A boiling retail landscape with new stores, pop ups & brands (e.g. Christian Dior pop up in Kingdom Center), as well as emerging 'retailtainment' (e.g. Riyadh Boulevard)

4.

Localised marketing events & activities

(e.g. Dior Sauvage in Al-Ula, Cartier, ...)

5.

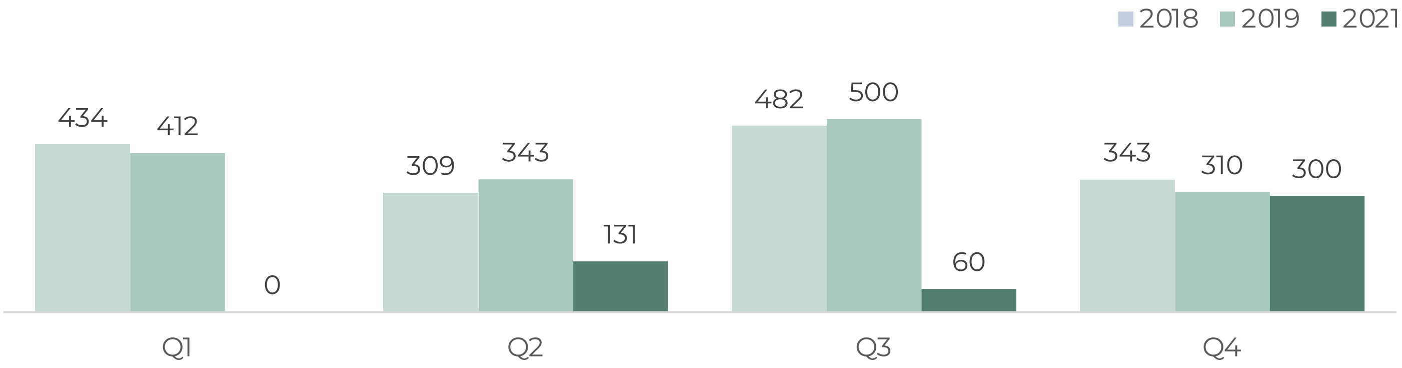
E-commerce acceleration

Consumer who has become more familiar with online purchasing, and major online players investing in the country by opening warehouses (Ounass, Boutiqaat)

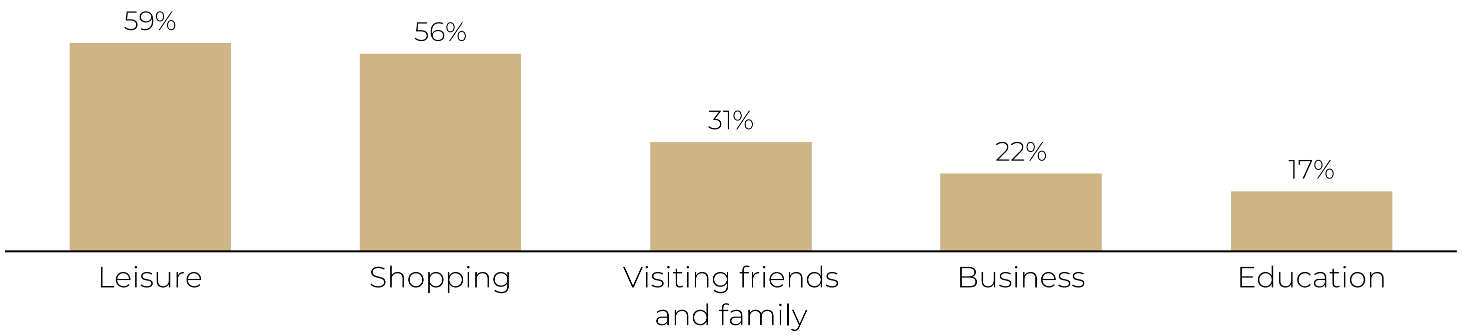
SOURCE: Chalhoub Group Intelligence

1. Saudis started travelling again towards the end of 2021, with Dubai being the preferred leisure and retail destination

KSA visitors to Dubai ('000)



Why they travel?



Top shopping destinations

#1 Dubai

#2 London

#3 Paris

What they buy abroad

#1 Clothes

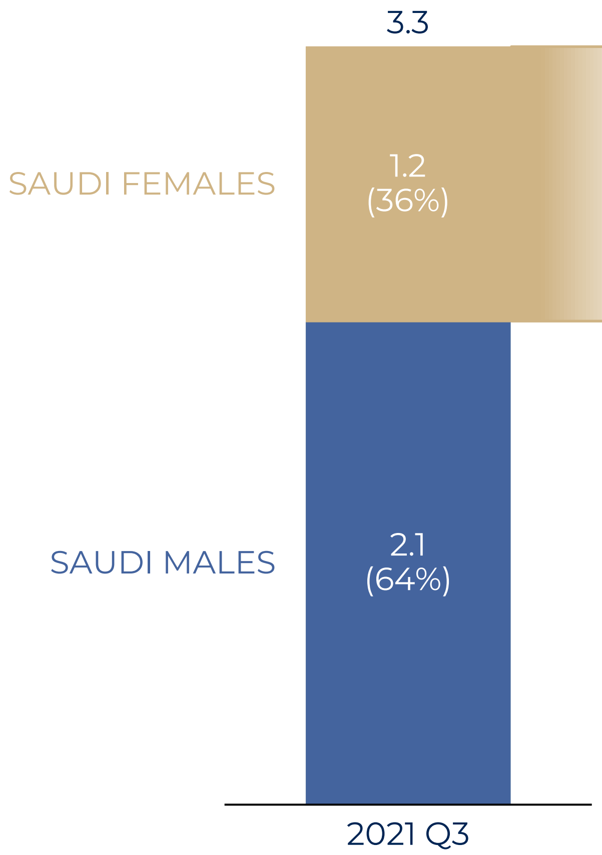
#2 Fragrances

#3 Shoes

SOURCE: DTCM, Chalhoub Group Proprietary Consumer Studies

2. Saudi women make up more than one third of the national labour force - contributing to a higher spend for luxury goods

Saudi population employment statistics (million)



Participation rate: 34.1% (41.7% in Riyadh)

Employment-to-population ratio: 26.7%

Unemployment rate: 21.9% (vs 5.9% Saudi males)

SAR 8,187 monthly income

86%

women say that shopping is a top area of discretionary spending (VS 68% men)

55%

women look for unique pieces (VS 44% men)

38%

women shop from less than 5 brands (VS 21% men)

SOURCE: GSTAT, Labour Market 2021 Third Quarter (based on GOSI, MHRSD ,NIC)

2. The interest in ‘luxury’ is increasing among Saudis with shopping being a key pastime with great upward potential

High-end luxury gaining traction

Almost 50% stared buying luxury in the last year

Brand first approach, **design second** when selecting luxury items

Strong preference for **clearly branded** items (67%)

“For the love of shopping”

~1 in 2 view **shopping as a hobby**, with high spend and purchase frequencies

High awareness of **top-tier luxury brands** (led by Chanel, Dior, Gucci, LV) – 74%+

Shopping a **key driver** to visiting KSA **seasons events** (63%) along with **entertainment**

Drivers behind shopping

Friends and family are the main sources of information for 55% of Saudi female consumers

67% express strong interest in **regional fashion shows**

Growing interest in **sustainability** (e.g. preloved) and **local beauty and fashion brands**

SOURCE: Chalhoub Group Proprietary Consumer Studies

3. Most brands have actively invested during 2021 in developing high standard stores across key cities in KSA

Selected openings of luxury brands in KSA in 2021

LUXURY FASHION

CAROLINA HERRERA	Al Khayyat
LACOSTE	Riyadh Park Al Rashid Mall Abha
MICHAEL KORS	Rashid Mall Abha
GEOX	Red Sea Mall Jeddah
BOGGI	Faisaliah Riyadh
RALPH LAUREN	Mall of Dhahran
TORY BURCH	Al Khayyat Centre

PRESTIGE BEAUTY

BENEFIT	Riyadh Park
CHANEL	Red Sea Mall
DIOR	Granada Center
FACES	Al Rashid Mall Abha Boulevard Riyadh
ECHO BEAUTY	U Walk Riyadh Boulevard Riyadh Nakheel Mall Riyadh
L'OCCITANE	Mall of Dhahran Jeddah Park
SEPHORA	Al Faisaliah Mall Al Rashid Mega Mall Riyadh Front

LUXURY W&J

A. LANGE & SÖHNE	Faisaliah Riyadh
BOUCHERON	Faisaliah Riyadh
BREITLING	Rashid Mall Abha
BULGARI	Kingdom Riyadh Al Khayyat Jeddah
CHOPARD	Al Basateen Jeddah
JAEGER-LECOULTRE	Faisaliah Riyadh
TIFFANY & CO.	Faisaliah Riyadh

SOURCE: Chalhoub Group Retail Property Development

4. Major international luxury brands have started organizing luxury events in the Kingdom in 2021

Select events in 2021 in KSA

- **Dior Sauvage event in Al-'Ula** (November 2021) celebrated the launch of its new fragrance for men against the backdrop of the Elephant Rock
- Flagship **Riyadh Boulevard** event: many brands have explored opening stores (Sephora, Faces and Dior Backstage) and concepts such as the Fashion House
- **Dior Villa** (November 2021) private event in Riyadh was invitation-only, and showcased full spectrum of Dior offering
- **Cartier Pasha** (October 2021) celebrated the relaunch of an iconic product from the 1980s by organizing a party in the Garden of Riyadh Faisaliah tower

70% of Saudi luxury consumers show interest in brands hosting local events and shows

Dior Sauvage event

SOURCE: Chalhoub Group Intelligence

5. In 2021, e-commerce for beauty & fashion in KSA grew VS 2019 +63% and +89% respectively

2021 KSA e-commerce penetration

PRESTIGE BEAUTY

In 2021, e-commerce prestige beauty segment had a **strong growth of +63% VS** 2019, yet a flat growth of +0.3% VS 2020

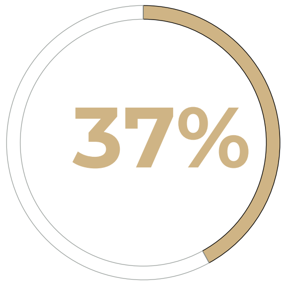
Market is characterized by **fierce competition with pure players** (Boutiqaat is leading the market with >30% market share) and strong presence of **the online unstructured market** driven by marketplaces

HIGH-END FASHION

In 2021, e-commerce HEF segment experienced **growth of +89% VS** 2019, and +20% VS 2020

Farfetch, Ounass and NAP are the main players

Last mile delivery remains key challenge, particularly in rural areas



SOURCE: Chalhoub Group Intelligence

The Fashion Commission has started to execute its strategy with the aim to enable the sector

Fashion Commission's Mandate

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Fashion Commission

The commission will **promote a flourishing** fashion industry locally and internationally by being both a **strategy setter** for the whole fashion value chain and a **narrative owner** to preserve Saudi's strong traditional identity

The commission will promote the flourishing of an **appropriate educative and cultural ecosystem** to enable and foster the expression of **Saudi's heritage and identity** and of its **designers' talents**

The commission will **actively participate as a system integrator** by **coordinating the stakeholders**, promoting constant improvement of the **legal framework** and developing **long term partnerships** across the ecosystem, thereby accelerating and ensuring **synergistic growth**

The commission role will progressively **shift from initiative executor to enabler** of the industry: programs will be handed over gradually and in the appropriate timing to an active **private and social sector**

The Fashion Commission has already started executing some of its key projects (1/2)

Fashion Commission's Initiatives

KSA FASHION SHOW

An unprecedented event in Saudi fashion which has allowed designers to exhibit their work that is inspired by the Kingdom's culture and heritage. The show was conducted as part of the KSA pavilion at Dubai Expo

SAUDI CUP

The Saudi Cup horse was established in 2020, and is held every year at the King Abdulaziz Racetrack in Riyadh. With a purse of US $20 million, it is the most lucrative horse racing event in the world

THE FASHION ASSOCIATION

A new platform that brings together all Saudi fashion professions and gradually grows to speak on behalf of the sector

SAUDI 100 BRANDS

The Saudi 100 Brands program provides the fashion brands with a one-year fundamental developmental process that delivers a tailored-made mentorship through one-to-one consultancy sessions)

FASHION FUTURES

Fashion Futures is a lively, engaging, and anchored in the sharing of practical expertise, Fashion Futures will see fashion's digital disruptors, design mavericks and inspiring leaders from the fashion scene globally – discussing their careers, engaging in debates, and participating in hands-on workshops, masterclasses, Q&A sessions, and multiple fashion activations

PHILIPS WATCH EXHIBITION

An exhibition that showcases vintage watches from high end brands such as: Rolex, Audemars Piguet, Patek Philipe, Richard Mille, and more. The watches were later auctioned in New York

The Fashion Commission has already started executing some of its key projects (2/2)

Fashion Commission's Initiatives

PRODUCT DEVELOPMENT STUDIO
Set up hub for product development, commercialization, and education support. KSA fashion designers and small brands are not able to produce samples and prototypes quickly. Therefore, centralized prototyping centers and spaces will be developed to eliminate the barriers to prototyping and support new and existing brands, and the whole sector

FASHION EDUCATION
Fashion curriculums focused on theory, lack flexibility, practical experiences, and creativity aspects, and largely reserved for women. Local education offerings will be developed by bringing leading design schools to KSA

DATA PROCESSING AND ISSUANCE OF PUBLICATION
Centralized research unit in charge of gathering market data and creating a repository that is accessible to the design community and businesses. Market size reports and analysis and forecasting of trends on local and international fashion design, retail, sustainability, etc.

REGULATION (LICENSING AND PERMITS)
Licensing process in KSA is complex with multiple stakeholder involved, and no specific bylaws for fashion. Interviews with fashion professionals underline how intellectual property is weakly enforced. The Commission will help develop and enable the fashion sector regulatory environment

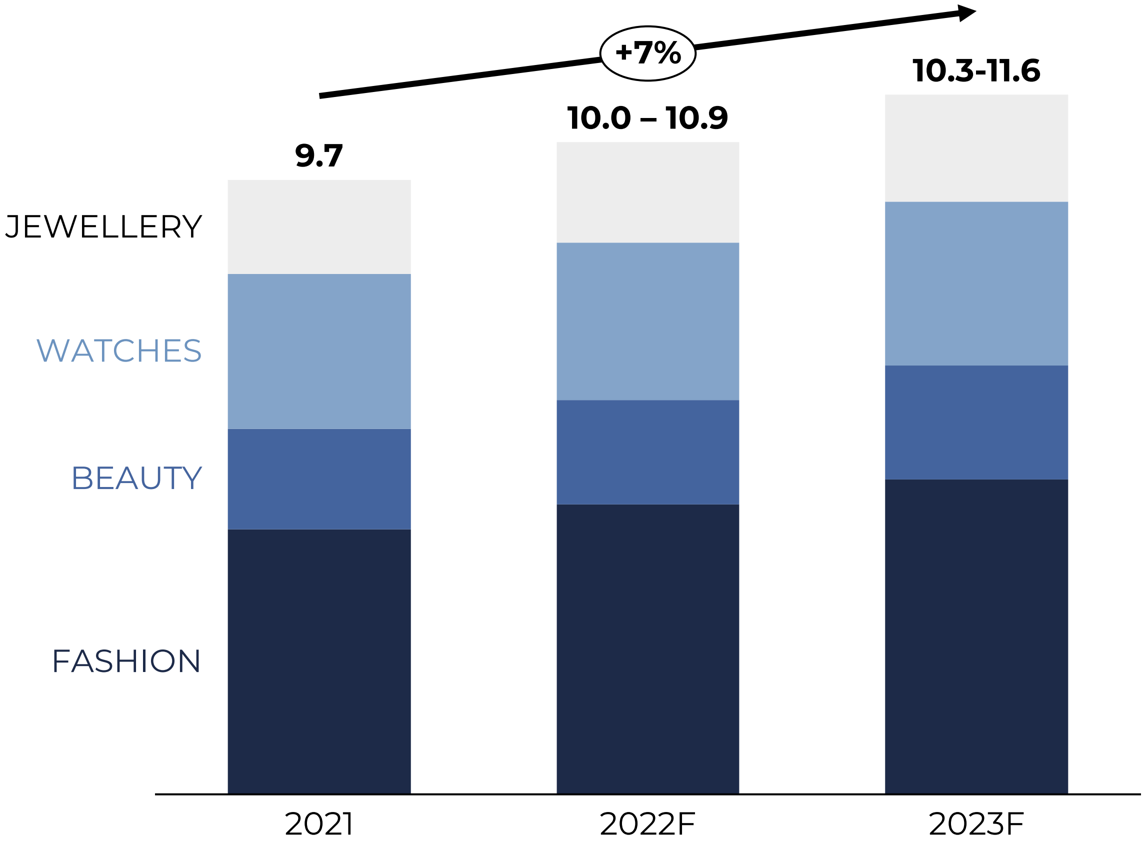
GLOBAL RESEARCH CENTER OF EXCELLENCE
Comprehensive, cutting-edge research facility focused on word-class textile analysis, research and development. Center will develop pilot-scale materials across selected topics, including sustainability, technical engineering and digital / ICT textile solutions

03

THE FUTURE OF LUXURY IN THE GCC

GCC Luxury market is projected to reach $11BN in 2023, growing at a CAGR of +7% for 2021-2023

GCC personal luxury market baseline forecast for 2022-2023 by segment (USD million)



SOURCE: Chalhoub Group Intelligence

Future growth is defined by

1. Growth in KSA through local spending
2. Return of international tourists in the UAE, including Chinese & African travelers
3. New luxury consumers with growing appetite to purchase locally
4. Development of new categories, e,g. wellness & skincare
5. e-commerce acceleration, particularly brands.com

… **however, with certain risks** such as consumer focus on experiences as opposed to goods with the pandemic measures further relaxing and KSA entertainment offering growing, inflationary pressures, uncertainty due to geo-political situation and supply-chain challenges

Future growth of GCC luxury industry is defined by KSA retail development, luxury retail maturity & local spending

HIGH END FASHION

Premiumisation of KSA

GCC focused events

New retail developments

Brand investments in stores and experiences

Collection diversification

New brands (global & local)

PRESTIGE BEAUTY

Premiumisation of KSA

Localised brand integration

New retail developments

e-commerce acceleration

New categories growth (skincare, clean beauty, haircare, etc.)

WATCHES & JEWELLERY

Affluent population of locals

New distribution (KSA & Kuwait)

New retail & concept development

Competitive pricing

Status-conscious luxury buyers

CAGR
2021 – 2023F

High End Fashion	Prestige Beauty	Watches & Jewellery
+3-9%	+4-9%	+3-8%

SOURCE: Chalhoub Group Intelligence

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