

Press Release

Earnings Review



14th of September 2011
FY2011, H1 Results

AIVC reports Consolidated Net Profit of USD 4.0 million as at the 31st of July of FY 2011 versus only USD 0.5 million in the first quarter on the back of significant recovery in the manufacturing and retail revenues.

Cairo, **Al Arafa for Investments & Consultancies (Arafa Holding - AIVC)**, the leading textiles focused-investment company in Egypt reports its consolidated results as at the 31st of July of FY2011.

- Despite a 13.2% decline in the first quarter of FY 2011 compared to the same period of last year; Q2 FY 2011 witnessed a 22.3% growth compared to Q2 FY 2010 revenues. Accordingly, **Consolidated Revenues** during the first six months of FY2011 reached USD 134.6 million with a growth of 2.7% compared to the same period of last year. This successfully reflects AIVC's strategy to restore top line within its normal levels which smoothed down the impact of the political and social events in Egypt on its consolidated profits.
- Concrete's management did great efforts to retain its market share despite of the very tough conditions of the local retail market. By the 31st of July, Concrete recorded a y-o-y sales growth of 2.5%, after witnessing a y-o-y shrink of 9.6% during the first quarter of FY 2011. It is worth noting that Concrete's contribution to AIVC's consolidated top line was partially affected by the devaluation of its operational currency (EGP) against AIVC's reporting currency (USD).
- AIVC's international operations have also witnessed a noticeable growth in sales whereby the UK investment (Baird Group) recorded a 4.8% growth during H1 2011 compared to the same period of last year. Also, AIVC's Portugal-based investment (Egyptian Portuguese Co), started to pay off as it contributed revenues of USD 10.4 million during H1 2011 which is 2.5x revenues of the same period last year.
- By the end of H1 FY 2011; AIVC reported a **Consolidated Gross Profit** of USD 45.3 million versus USD 44.0 million for the same period last year which was a direct result of the growth in the top line.
- **Consolidated EBITDA** reached an amount of USD 11.2 million with a margin of 8.3% versus USD 13.1 million with a margin of 10.0% during the same period of last year. Also, **Operating Profits** registered USD 6.9 million representing a margin of 5.1% compared to USD 8.8 million for the same period of FY2010 with a margin of 6.7%. Profitability was mainly affected by an increase in the SG&A cost to accelerate the top line growth and retain customer base.
- AIVC recorded a **Consolidated Net Profit after Tax** of USD 4.0 million for the first half of FY 2011 versus a normalized figure of USD 7.6 million for the same period last year. AIVC's management is proud that its subsidiaries are regaining momentum and showing significant improvement in results during Q2 2011 amid tough times and slow economy.

AIVC managed to add to its accomplishments through its new partnership with the leading luxury men's wear group "Ermenegildo Zegna" in a 50:50 Joint Venture to establish a shirt factory under the name of **"CAMEGIT for Garment Manufacturing"** in Arafa Holding's industrial complex in Beni Suef.

It is worth noting that on August 16th, AIVC increased its paid in capital to USD 62.7 million through issuing a 1:5 stock dividend, whereby the total number of shares reached 313,500,000.

Retail Segment

- Consolidated Retail **Revenues** amounted to USD 95.7 million achieving a 7.7% growth compared to revenues of USD 88.9 million during the same period of last year.
- **Gross Profit** of USD 35.8 million was registered for the reporting period with a margin of 37.4% compared to USD 32.0 million with a margin of 36.0% for the same period last year.
- **Operating Profit** for the period reached USD 753K compared to an operating loss of USD 869k by the end of the first quarter of the year and operating profits of USD 774K by the end of H1 2010.

Apparel & Tailoring Segment (A&T)

- A&T **Revenues** reached USD 58.4 million to reflect a y-o-y increase of 3.3% compared to USD 56.5 million for the same period last year.
- **Gross Profit** amounted to USD 7.7 million reflecting a gross profit margin of 13.2% compared to an amount of USD 9.9 million with a margin of 17.6% for the same period of last year.
- **Operating Profit** for the period recorded USD 5.4 million compared to USD 7.0 million for the same period last year translated into a margin of 9.2% compared to a margin of 12.4%.

Textiles Segment

- Textile segment recorded **Sales** of USD 7.4 million during H1 FY2011 compared to USD 8.8 million during the same comparable period.
- **Gross Profit** for the segment was USD 1.8 million with a margin of 24.9% compared to USD 2.1 million with a margin of 23.3% for the same period last year.
- **Operating Profit** reached USD 1.3 million representing a margin of 18.1% compared to USD 1.2 million for the comparable period last year representing a 13.5% margin.

About Al Arafa for Investments & Consultancies

- Al Arafa for Investments and Consultancies is a leading player in the textiles industry operating a vertically integrated business model that places the Group as one of the largest export oriented and integrated apparel and textiles manufacturers in Egypt and the Middle East, and a prominent apparel retailer and wholesaler in Egypt and the UK.
- Our local retail operations include Concrete brand in Egypt, while our foreign retail operations include the Baird Group as a sub-holding Company that holds a market share of 12% of the UK suits market in the United Kingdom. Moreover the company holds a 35% stake in Gruppo Forall the Italian company owning the prestigious brand PAL ZILERI.

For more information:

Investor Relations

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