



Al Arafa for Investments and Consultancies

Earnings Release | FY 2015 Results

May, 2016

Al Arafa for Investments & Consultancies ("Arafa Holding" or "AIVC" or the "Company"), the leading Company in Retail, Garments & Textile manufacturing released its financial results for the financial year ending 31st of January 2016.

Arafa Holding witnessed a remarkable increase in operating profits (EBIT) during FY 2015/2016 reporting USD 17.1 million compared to USD 10.4 million during FY 2014/2015 supported by reductions in Group's operating costs.

Arafa Holding recorded 12 months Consolidated Net Profit after Tax of USD 12.5 million for the period compared to USD 12.4 million last year. Earnings of the Retail Segment in both Egypt and the United Kingdom contributed almost 66% of Group's Consolidated Net Profit, adding to that an increase in Textiles segment's earnings on the back of growth in sales by 47.4%.

Financial Highlights for FY 2015 Results

Consolidated Results USD '000	FY 2015	FY 2014
Net Revenues	269 920	266 001
EBITDA	24 069	17 646
<i>EBITDA margin%</i>	8.9%	6.6%
Operating Profits (EBIT)	17 090	10 415
<i>EBIT margin%</i>	6.3%	3.9%
Net Profit After Tax	12 452	12 408
<i>NPM %</i>	4.6%	4.7%
Net Profit After Minority	10 693	10 389
<i>NPM %</i>	4.0%	3.9%

- ▲ Arafa Holding reported **Consolidated Net Revenues** of USD 269.9 million during FY 2015 compared to USD 266.0 million last year. Textiles segment's revenues grew by 47.4%, while the Industrial and Retail segments' revenues were affected by currencies translation on the back of the USD appreciation against Group's revenues basket of currencies including the Egyptian Pound, Euro and the British Pound.
- ▲ **Operating Profits (EBIT)** reached USD 17.1 million with an increase of 64.1% compared to USD 10.4 million during last year driven by the decline in both Group's Operating costs and the Selling, General and Administrative expenses.
- ▲ **Net Profit after Tax** recorded USD 12.5 million which is almost matching last year's profitability, yet last year's financial results included USD 2.0 million profit from a non-recurring activity (one-off gain).

Breakdown by Business Segment:

Luxury Segment

Luxury USD '000	FY 2015	FY 2014
Net Revenues	84 677	89 505
Operating Profits (EBIT)	8 012	8 538
<i>EBIT margin%</i>	9.5%	9.5%
Net Profit After Tax	4 074	4 645
<i>NPM%</i>	4.8%	5.2%

Luxury Segment recorded **Net Revenues** of USD 84.7 million compared to USD 89.5 million during same period last year. Segments' **Operating profits** (EBIT) reached USD 8.0 million maintaining last year's EBIT margin of 9.5%. Luxury Segment reported **Net profit after Tax** of USD 4.1 million with a net margin of 4.8%.

Concrete for Ready-Made Garments S.A.E. (Concrete)

Concrete reported Revenues of USD 35.1 million during FY 2015 compared to USD 37.3 million during last year, noting that revenues were affected by financial statements translation due to the depreciation of EGP against USD by 7.7% despite the uptick in sales on local currency (EGP) by 1.9%. The company outweighed the decline in sales through maintaining last year's Operating Profits of USD 7.2 million. Moreover, Net Profit after Tax increased by 16.7% during the year recording USD 5.6 million compared to USD 4.8 million attributed to the drop in both the financial expenses and the effective tax rate.

Egyptian Fashion Garments Company S.A.E

Egyptian Fashion Garments recorded Revenues of USD 49.2 million during FY 2015 compared to USD 52.1 million during last year. Although the company managed to increase the sold volumes during the year, revenues were adversely affected as a result of the depreciation of the Euro against the US dollar by 16.5% during the year given that the European market is considered one of the company's major strategic exports destination. The Company's Operating Profits increased to reach USD 1.4 million compared to USD 1.2 million as a result of operational saving.

Formal Segment

Formal USD '000	FY 2015	FY 2014
Net Revenues	236 147	242 647
Operating profits (EBIT)	11 732	8 175
<i>EBIT margin%</i>	<i>5.0%</i>	<i>3.4%</i>
Net Profit After Tax	9 117	5 885
<i>NPM%</i>	<i>3.9%</i>	<i>2.4%</i>

Formal Segment recorded **Net Revenues** of USD 236.1 million for the period compared to USD 242.6 million. Segments' **Operating Profits** (EBIT) witnessed a remarkable increase during FY 2015 to record USD 11.7 million with EBIT margin of 5.0% compared to USD 8.2 million on the back of improvements in operational efficiency and cost cutting initiatives among segment's companies. **Net Profit after Tax** reached USD 9.1 million compared to USD 5.9 million supported by the decline in segment's financial expenses during the year.

Baird Group

The British subsidiary, Baird Group reported Revenues of USD 128.8 million during FY 2015 compared to USD 130.1 million during FY 2014. USD appreciation against GBP had negatively affected the translation of Baird revenues, however on local currency (British Pound) revenues increased by 6.3% on the back of growing the formal menswear market share to 15%. Baird Group recorded an increase in Operating profits by 28.1% and Net Profit of USD 2.6 million during FY 2015 compared to USD 1.7 million during last year as a result of the successful transformation process of the business.

It is worth mentioning that Baird Group had recently obtained the exclusive rights to Ben Sherman, the well-known international menswear clothing and retail brand in UK and Ireland with annual revenues in the range of GBP 15 million.

Swiss Garments Company S.A.E. (SGC)

Swiss Garments Company recorded Revenues of USD 120.6 million for the period compared to USD 134.3 million last year, revenues were affected by foreign currency translation on the back of the depreciation of the Euro against USD during the year by 16.5% since the European market is considered one of the company's major strategic exports destination (*more than 50% of revenues' proceeds from the European market*). Also, revenues were affected by the depreciation of the British Pound against USD by 6.9% knowing that the UK market is a major exports destination as well. Operating profits increased by 13.0% on the back of the decline in the Operating costs and the SG&A expenses. Net profit reached USD 2.9 million during FY 2015 compared to USD 2.7 million during last year.

Goldentex for Wool S.A.E. (Goldentex)

Goldentex recorded remarkable growth on top and bottom lines where Revenues reached USD 21.6 million during FY 2015 with an increase of 35.9% compared to USD 15.9 million during last year despite of the depreciation of the Egyptian Pound. The company also marked an increase in the meters of Fabric sold by 26.4% in addition to expanding its clients' base among prestigious fashion houses including *Zara and Giorgio Armani*. Operating profits surged during the year by 62.0% thanks to the growth in sales and the reduced costs. Company's Net Profit multiplied during the year to reach USD 1.5 million compared to USD 390K. It is worth mentioning that the company's financial expenses dropped during the year by 65.7%.

Casual Segment

Casual USD '000	FY 2015	FY 2014
Net Revenues	24 186	23 203
Operating profits (EBIT)	830	721
<i>EBIT margin%</i>	3.4%	3.1%
Net Profit After Tax	373	660
<i>NPM%</i>	1.5%	2.8%

The Casual Segment recorded **Net Revenues** of USD 24.2 million during FY 2015 compared to USD 23.2 million during FY 2014. The segment recorded **Operating Profits** of USD 830K with EBIT margin of 3.4% compared to 721K with a margin of 3.1%. Segment reported **Net profit After Tax** of USD 373K in FY 2015 with a net margin of 1.5% compared to USD 660K in FY 2014 with a net margin of 2.8% due to higher financial expenses during the year of USD 370K.

About Al Arafa for Investments & Consultancies

Al Arafa for Investments and Consultancies ("Arafa Holding") is a leading player in the fashion industry, listed on Egyptian Stock Exchange and holds approximately 15% market share of the UK formal menswear market through its subsidiary "Baird Group" that manages 235 stores in the UK.

Arafa Holding owns the homegrown brand, Concrete, in Egypt, which is considered the largest retailer for luxurious men's & kids' wear in the country. The company's retail operations are vertically integrated with a state of the art industrial platform that is considered the largest in the Middle East & Africa. Moreover, the company owns a significant stake in the prestigious Italian brand PAL ZILERI, in addition to some other strategic investments with leading international fashion players such as Ermenegildo Zegna.

Investor Relations:

Al Arafa for Investments & Consultancies (Arafa Holding - AIVC)

Address: Nasr City Public Free Zone – 15st. near North Area

Tel: +202 267 140 44

Email: ir@arafaholding.com

Website: www.arafaholding.com