



Al Arafa for Investments and Consultancies

Earnings Release | H1 2015 Results

13th September, 2015

Al Arafa for Investments & Consultancies ("Arafa Holding" or "AIVC" or the "Company") released its financial results for 1st half of the year ending July 31st, 2015.

Arafa Holding reported Consolidated Revenues of USD 136.1 million in H1 2015 up 6.7% compared to USD 127.5 million for same period of 2014.

Arafa Holding reported Consolidated Net Profit after Tax of USD 3.4 million with a net margin of 2.5% compared to USD 5.3 million in H1 2014 with a net margin of 4.2%, as a result of the devaluation of the Euro versus the other currencies and in specific its approximately 20% devaluation against the Egyptian pound compared to same period last year.

Financial Highlights for H1 2015 Results

Consolidated Results USD '000	H1 2015	H1 2014
Net Revenues	136 066	127 473
EBIT	6 603	7 784
<i>EBIT margin%</i>	4,9%	6,1%
Net Profit After Tax	3 446	5 332
<i>NPM %</i>	2,5%	4,2%

- ▲** Arafa Holding reported **Consolidated Net Revenues** of USD 136.1 million during H1 2015 up 6.7% compared to USD 127.5 million during same period last year. The growth in revenues was mainly driven by the local and British retail markets, in addition to the continued improvement in Textile segment Turnover.
- ▲** **Operating Profits (EBIT)** recorded USD 6.6 million with a profit margin of 4.9% during H1 2015 compared to USD 7.8 million with a margin of 6.1% during same period last year. Profits were affected by the manufacturing sector results which got hit by the devaluation of the Euro versus other currencies and in specific against the Egyptian pound where it devalued by around 20% noting that the sector's fixed costs are in Egyptian pounds and that the European market is considered one of the group's strategic destination for exports.
- ▲** **Net Profit after Tax** reached USD 3.4 million with a net profit margin of 2.5% in H1 2015 compared to USD 5.3 million and a margin of 4.2% during H1 2014.

Breakdown by Activity

Luxury Segment

Luxury Segment marked an 18.2% increase in revenues during H1 2015, recording USD 41.6 million compared to USD 35.2 million during same period last year. The growth is attributed to the surge in revenues of the local retailer – *Concrete for Ready Made Garments S.A.E.* by 6.5% and the Luxury garment maker, *Egyptian Fashion Garments S.A.E* by 24.2%.

Segments' Operating profits (EBIT) reached USD 3.9 million with a profit margin of 9.4% compared to USD 4.1 million with a margin of 11.5% during same period last year.

Net profit after Tax for the segment reported USD 1.7 million and a net margin of 4.2% compared to USD 2.1 million and a margin of 5.9% during same period last year on the back of the Euro significant devaluation.

Luxury USD '000	H1 2015	H1 2014
Net Revenues	41 624	35 224
EBIT	3 920	4 065
<i>EBIT margin%</i>	9,4%	11,5%
Net Profit After Tax	1 735	2 094
<i>NPM%</i>	4,2%	5,9%

Formal Segment

Formal Segment recorded revenues of USD 117.0 million, up 3.6% in H1 2015 compared to USD 113.0 million during same period last year driven by revenue growth from Goldentex S.A.E and The British subsidiary, Baird Group. Baird's revenues increased by 2.7% to reach USD 64.7 million, while Goldentex's revenues grew to reach USD 11.3 million compared to USD 7.5 million in H1 2014, supported by local sales.

Segments' Operating Profits (EBIT) recorded USD 4.4 million with a profit margin of 3.8% compared to USD 4.5 million with a margin of 3.9% in H1 2014.

Net Profit after Tax reported USD 2.6 million with a net margin of 2.2%, compared to a Net Profit of USD 2.0 million and a net margin of 1.8%. It is worth noting that Baird Group's net profits were more than doubled during H1 2015, as it recorded a net profit after tax of USD 1.2 million versus USD 573K last year, as a result of further efficiencies and decline in SG&A expenses.

Formal USD '000	H1 2015	H1 2014
Net Revenues	117 046	112 987
EBIT	4 403	4 458
<i>EBIT margin%</i>	<i>3,8%</i>	<i>3,9%</i>
Net Profit After Tax	2 623	2 040
<i>NPM%</i>	<i>2,2%</i>	<i>1,8%</i>

Casual Segment

The Casual Segment recorded revenues of USD 11.8 million in H1 2015 compared to USD 10.7 million in H1 2014.

The segment reported a Net Loss of USD 277K in H1 2015 an improvement from the USD 414K loss recorded in Q1 2015.

Casual USD '000	H1 2015	H1 2014
Net Revenues	11 815	10 674
EBIT	(61)	474
<i>EBIT margin%</i>	<i>(0.5)%</i>	<i>4.4%</i>
Net Profit After Tax	(277)	573
<i>NPM%</i>	<i>(2.3)%</i>	<i>5.4%</i>

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 14% market share of the UK formal men’s wear market through its subsidiary “Baird Group” that manages 235 stores in 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.

For more information:

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