

Investor Presentation, 9M 2016

- Publicly traded since **2006** with a **40%** free float and rest owned by **Arafa Family**
- Stock is denominated in **USD**
- **3** target segments: luxury, formal and casual
- **3** operational activities: textiles, apparel & tailoring, retail & distribution
- **+10%** of Egypt's total garment exports
- **+13,000** employees

- Manufacturing **home for luxury garments**
- In March 2012 inaugurated **Camegit** a 50:50 JV with "Ermenegildo Zegna" in Egypt
- **Homegrown luxury brand "CONCRETE"** with +40 retail stores across Egypt
- **15%** of the UK suits market

Offering customers **World-Class Quality and Global Competitiveness** for more than 100 years

Brands:



Clients:



Within each of the three key segments, operations are further vertically integrated across the 3 main activities: Textiles, Apparel & Tailoring and Retail & Distribution

The Vertical Integration of the 3 Business Activities provides a buffer against market swings



Proximity to End Markets

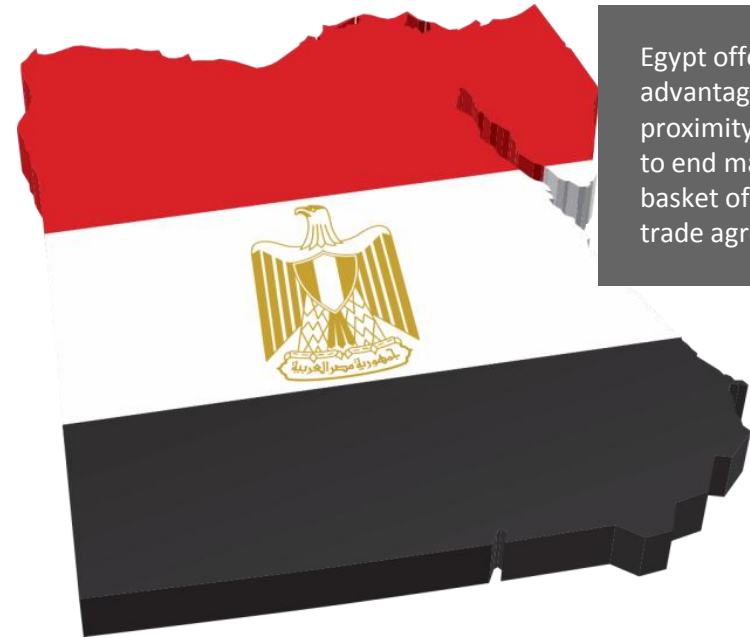
- Egypt's location allows a **competitive lead time** on shipments and relatively **low transportation costs**
- Close proximity to end markets enables Arafa Holding to **respond quickly** to seasonal shifts in demand and changes in consumer tastes

Low Cost Environment

- Egypt offers a **sizeable young labor force**, with over 50% of the population under the age of 30, at a **relatively low cost** compared to other emerging markets that operate in the labor-intensive Apparel & Tailoring segment
- Costs of inputs for **infrastructure** and **utilities** are among the least expensive in the region

Preferential Trade Agreements

- A number of preferential trade agreements — including agreements with the United States, the European Union, COMESA, Turkey and the GCC countries — position Egypt as a **prominent hub for export-oriented companies**



Egypt offers advantages including proximity & low-cost to end markets and a basket of beneficial trade agreements

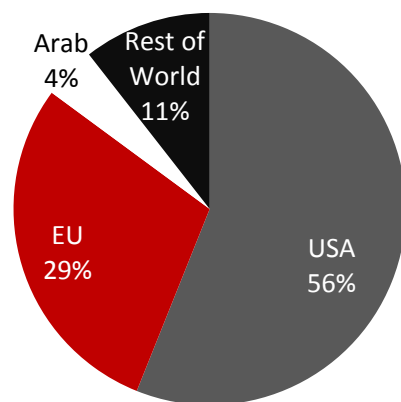
Gov't Incentive Programs

- The government maintains the **long encouraged export activity**, a policy management anticipates will continue
- Egypt's free zones offer **tax incentives to export-oriented manufacturers**; Arafa's manufacturing facilities in free zone areas allow it to benefit from these incentives.

- RMG sector is the key player within the textile & apparel sector with the **majority privately owned**.
- **RMG** exports recorded **USD 1.1 million till November 2016** representing **6.2%** of Egypt’s non-oil exports.
- Main export regions include **US & Europe**, which contributed **55% & 29%** respectively during **2015**.
- Sector benefits from government support due to being a labor intensive sector and a source for foreign currency inflows.

RMG Sector Contribution (USD)	2012	2013	2014	2015	2016*
RMG Exports	1,429	1,430	1,431	1,358	1,133
Total Non-oil Exports	22,856	22,090	22,267	18,726	18,375
Sector Contribution (%)	6.3%	6.5%	6.4%	7.3%	6.2%

Regional Breakdown of RMG Exports, 2015



Source: *RMGEC Reports, Nov 2016

Income Statement (USD 000's)	FY 2013	FY 2014	FY 2015
Net Revenues	258,088	266,001	269,920
<i>% change</i>	-4.3%	3.1%	1.5%
Gross Profit	90,151	91,164	91,886
<i>Gross Profit Margin</i>	34.9%	34.3%	34.0%
EBITDA	23,053	17,646	24,069
<i>EBITDA Margin</i>	8.9%	6.6%	8.9%
Operating Profits (EBIT)	15,451	10,415	17,090
<i>EBIT Margin</i>	6.0%	3.9%	6.3%
Net Profit After Tax	7,741	12,408	12,452
<i>Net Profit Margin</i>	3.0%	4.7%	4.6%

Balance Sheet (USD 000's)	FY 2013	FY 2014	FY 2015
Cash & Marketable Securities	37,387	38,606	33,027
Net Receivables	49,879	50,778	53,457
Inventory	115,277	115,925	109,093
Fixed Assets	78,439	71,372	67,056
Total Assets	<u>474,272</u>	<u>472,798</u>	<u>463,506</u>
Total Liabilities	242,041	263,284	257,046
Total Shareholder's Equity	232,232	209,514	206,460
Total Liabilities & Shareholder's Equity	<u>474,272</u>	<u>472,798</u>	<u>463,506</u>

FY 2015

- 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.
- **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).

3 Markets, 3 Activities,
a Fully Integrated
business model

Income Statement (USD 000's)	9M 2015	9M 2016
Net Revenues	199 748	186 845
<i>% change</i>	1.5%	(6.5%)
Gross Profit	68 375	64 697
<i>Gross Profit Margin</i>	34.2%	34.6%
Net Profit excluding non recurring	6 508	6 082
<i>Net Profit Margin</i>	3.3%	3.3%
Net Profit	6 508	3 036
<i>Net Profit Margin</i>	3.3%	1.6%

9M 2016

- Arafa Holding reported **Consolidated Net Revenues** of **USD 186.8 million** in 9M 2016 compared to **USD 199.7 million** in 9M 2015. Export Sales were negatively affected with the ongoing slowdown in European retail markets, while local retail sales were affected with financial statements translation due to depreciation of EGP against USD.
- **Net Profit after Tax** recorded **USD 3.0 million** during 9M 2016 compared to **USD 6.5 million** ,results included USD 3.0 million non-recurring FX loss .

THANK YOU!

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