

Al Arafa for Investments and Consultancies

Earnings Release | 9M 2014 Results

14 December 2014

Al Arafa for Investments & Consultancies ("Arafa Holding" or "AIVC" or the "Company") released its 9M 2014 financial results for the period ending October 31st, 2014.

Arafa Holding reported Consolidated Revenues of USD 196.7 million during the first 9M of FY 2014 up 10.8% from USD 177.5 million for the same reporting period last year.

Arafa Holding achieved also a Consolidated Net Income after Tax of USD 7.2 million up 31.7% compared to USD 5.5 million in the same period of FY 2013.

Net Income after Minority reached USD 5.6 million versus USD 3.3 million in FY2013 same period

Financial Highlights for 9M 2014 Results

Consolidated Results USD '000	9M 2014	9M 2013
Net Revenues	196 737	177 494
EBITDA	16 372	16 878
EBITDA margin%	8.3%	9.5%
EBIT	10 815	11 337
EBIT margin%	5,5%	6,4%
Net Profit After Tax	7 185	5 456
NPM%	3,7%	3,1%
Net Profit After Minority	5 619	3 304
NPM%	2,9%	1,9%

- ▲** Arafa Holding reported **Consolidated Net Revenues** of USD 196.7 million in the first 9M of FY 2014 compared to USD 177.5 million reported during same period last year adding USD 19.2 million to the top line of the Group. The growth is due to improvement across both retail and manufacturing segments.
- ▲** **Operating Profits (EBIT)** reached USD 10.8 million with a margin of 5.5% compared to USD 11.3 million in 9M 2013 with a margin of 6.4%.
- ▲** **Net Profit after Tax** reached USD 7.2 million with a margin of 3.7% marking an increase of 31.7% compared to USD 5.5 million for the same period last year with net profit margin of 3.1%. The growth in profitability is mainly attributed to the decline in the group's financial expenses by 16.0% during the reporting period.

- ▲ **Net Profit after Minority** reached USD 5.6 million with a margin of 2.9%, compared to USD 3.3 million with margin of 1.9% last year, the decrease in the group's minority stake is due to the acquisition of 38% of Concrete for Ready Made Garments S.A.E which increased the group's stake in the company to 91.6%.
- ▲ On a *standalone* basis, Arafa Holding reported a Net Loss after Tax of USD 158K for the reporting period compared to loss of USD 767K last year.

Breakdown by Activity

Luxury Segment

Luxury USD '000	9M 2014	9M 2013
Net Revenues	64 549	53 861
EBIT	5 233	5 305
EBIT Margin %	8.1%	9.8%
Net Profit After Tax	2 512	1 683
NPM%	3.9%	3.1%

Luxury Segment recorded revenues of USD 64.5 million, an increase of USD 10.7 million compared to last year. The Segment has witnessed a remarkable revenue growth of 83.5% in Q3 2014 compared to Q2 2014 and an increase of 52.6% compared to the Q3 2013.

The segment reported operating profits of USD 5.2 million with an operating margin of 8.1% compared to USD 5.3 million and an operating margin of 9.8%. The decline in operating margin is attributed to the increase in the segment's operating costs to revenues.

Net profit for the segment witnessed an increase of 49.2% to reach USD 2.5 million with a net margin of 3.9%, compared to USD 1.7 million and a net margin of 3.1% in the comparable period, as a result of a 42.5% (USD 1.1 million) decline in the segment's financial expenses for the current period compared to the same period last year.

Formal Segment

Formal USD '000	9M 2014	9M 2013
Net Revenues	178 886	174 130
EBIT	6 511	5 350
EBIT Margin %	3,6%	3,1%
Net Profit After Tax	4 182	4 167
NPM%	2,3%	2,4%

Formal Segment recorded revenues of USD 178.9 million compared to USD 174.1 million last year. Revenues of Swiss Garments Company has witnessed recovery in Q3 2014 with a growth of 27.0% compared to Q3 2013, in addition to the continuous improvement in revenues of the UK Subsidiary Baird Group that increased by 16% in the first 9 month of 2014 compared to same period last year.

The segment reported Operating Profits of USD 6.5 million with an operating margin of USD 3.6% compared to USD 5.4 million and a margin of 3.1%. Baird Group succeeded in reducing the Selling, General and Administrative Costs-to-Sales during the period by 16.3% compared to same period last year.

Net Profit for the segment came in at USD 4.2 million with a net margin of 2.3% maintaining comparable period's profitability due to an increase in segment's financial costs.

Casual Segment

Casual USD '000	9M 2014	9M 2013
Net Revenues	16 909	14 317
EBIT	417	218
EBIT Margin %	2,5%	1.5%
Net Profit After Tax	470	241
NPM%	2,8%	1,7%

The Casual Segment continued to reflect strong positive results, where its revenues achieved 18.1% growth to reach USD 16.9 million, compared to USD 14.3 million in 2013 same period as a result of a growing clients' base and penetrating new markets.

The segment's Net Profit reached USD 470K during the period with a margin of 2.8% compared to USD 241K during the same comparable period and a net margin of 1.7% last year.

About Al Arafa for Investments & Consultancies

- Al Arafa for Investments and Consultancies ("Arafa Holding") is a leading player in the Textiles & Apparel 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 that holds a market share of 12% of the UK suits market. Moreover the Company holds a 35% stake in Gruppo Forall the Italian company owning the prestigious brand PAL ZILERI.

For more information:

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