



Investor Presentation, H1 2017

- 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:

CONCRETE
EST. 1989



G Tex
GOLDENTEX WOOL CO.



ALEXANDRE
OF ENGLAND

Gibson
LONDON

RACING GREEN
BRITISH STYLE

Clients:

PAL ZILERI

THE ORIGINAL
Ben Sherman


GIORGIO ARMANI

Massimo Dutti

MOSCHINO 

JASPER CONRAN

ZARA

DEBENHAMS

GAP


JEFF BANKS
LONDON

BANANA REPUBLIC

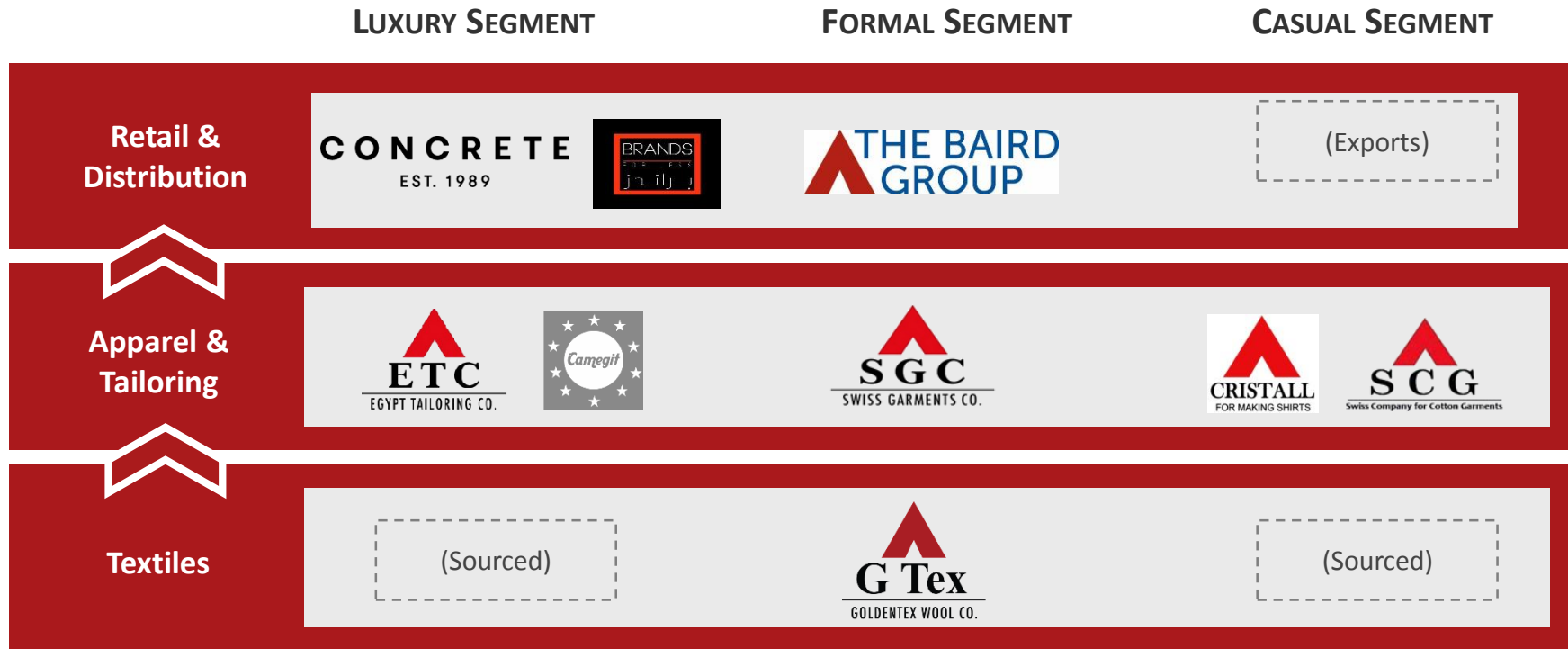
the magic of
macy's


CERRUTI 1881

Ermenegildo Zegna

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

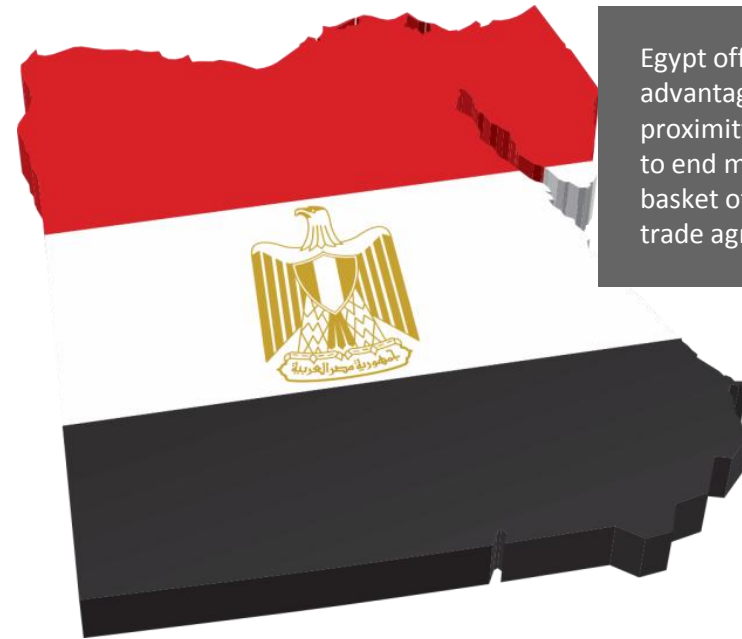
- Egypt's location allows a **competitive lead time** on shipments and relatively **low transportation costs**
- Close proximity to end markets enables Arafa Holding to **respond quickly** to seasonal shifts in demand and changes in consumer tastes

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

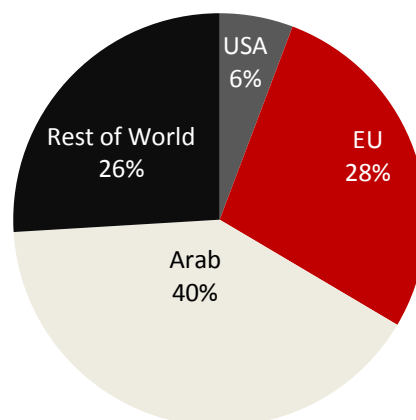
Gov't Incentive Programs

- 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 1.2 million in 2016** representing **6.1%** of Egypt's non-oil exports.
- Main export regions include **Arab & Europe**, which contributed **40% & 28%** respectively during **Sep 2017**.
- Sector benefits from government support due to being a labor intensive sector and a source for foreign currency inflows.

RMG Sector Contribution (USD)	2013	2014	2015	2016	Sep-17
RMG Exports	1,430	1,431	1,386	1,240	1,044
Total Non-oil Exports	22,090	22,267	18,670	20,203	16,389
Sector Contribution (%)	6.5%	6.4%	7.4%	6.1%	6.4%

Regional Breakdown of RMG Exports, September 2017



Source: RMGEC Reports,

Income Statement (USD 000's)	FY 2014	FY 2015	FY 2016
Net Revenues	266,001	269,920	240,878
<i>% change</i>	<i>3.1%</i>	<i>1.5%</i>	<i>(10,8%)</i>
Gross Profit	91,164	91,886	82,926
<i>Gross Profit Margin</i>	<i>34.3%</i>	<i>34.0%</i>	<i>34.4%</i>
Net Profit After Tax	12,408	12,452	7,803
<i>Net Profit Margin</i>	<i>4.7%</i>	<i>4.6%</i>	<i>3.2%</i>

Balance Sheet (USD 000's)	FY 2014	FY 2015	FY 2016
Cash & Marketable Securities	38,606	33,027	34,016
Net Receivables	50,778	53,457	49,335
Inventory	115,925	109,093	93,949
Fixed Assets	71,372	67,056	51,643
Total Assets	<u>472,798</u>	<u>463,506</u>	<u>394,512</u>
Total Liabilities	263,284	257,046	230,812
Total Shareholder's Equity	209,514	206,460	163,700
Total Liabilities & Shareholder's Equity	<u>472,798</u>	<u>463,506</u>	<u>394,512</u>

FY 2016

- Arafa Holding reported **Consolidated Net Revenues** of USD 240.9 million during FY 2016 compared to USD 269.9 million last year. Sales were affected with witnessed political and economic events that occurred during FY 2016/2017, in addition to the influence of FX translation on the results of local companies due to EGP floatation during Q4 2016.
- **Net Profit after Tax** reported USD 7.8 million during FY 2016 compared to USD 12.5 million during last year including FX translation losses of local retail operations due to the floatation of Egyptian Pound during last quarter.

3 Markets, 3 Activities,
a **Fully Integrated**
business model

Income Statement (USD 000's)	H1 2016	H1 2017
Net Revenues	122 589	114 378
<i>% change</i>	-9.9%	-6.7%
Gross Profit	44 895	43 850
<i>Gross Profit Margin</i>	36.6%	38.3%
Operating Profits	5 663	9 665
<i>Operating Profits margin</i>	4.6%	8.4%
Net Profit	3 549	2 403
<i>Net Profit Margin</i>	2.9%	2.1%

H1 2017

- Arafa Holding reported **Consolidated Net Revenues** of USD 114.4 million in H1 2017 compared to USD 122.6 million in H1 2016, Sales of companies operating in Egyptian market where negatively affected after translation of financial statements with depreciation of EGP against US dollar by 52.0% during the period in addition to continuous slow down in global retail markets.
- **Operating Profits** recorded USD 9.7 million during H1 2017 with margin of 8.4% compared to USD 5.7 million with margin of 4.6% during comparative period despite sales were negatively affected and the witnessed contraction in local retail market.
- **Net Profit after Tax** recorded USD 2.4 million during H1 2017 with a net margin of 2.1% compared to USD 3.5 million with a margin of 2.9% in H1 2016 due to higher financial costs used to finance retail operations' expansions in both Egypt and UK , as well as non-recurring losses arising from sale of available-for-sale marketable securities.

THANK YOU!

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