



Al Arafa for Investments and Consultancies

Earnings Release | Q1 2015 Results

14th June, 2015

Al Arafa for Investments & Consultancies ("Arafa Holding" or "AIVC" or the "Company") released its financial results for 1st Quarter of the year ending January 31st, 2016.

Arafa Holding reported Consolidated Revenues of USD 62.0 million in Q1 2015 up 9.0% compared to USD 56.9 million for same period of 2014.

Arafa Holding reported Consolidated Net Profit after Tax of USD 1.2 million in Q1 2015 maintaining almost same profits of Q1 2014.

Financial Highlights for Q1 2015 Results

Consolidated Results USD '000	Q1 2015	Q1 2014
Net Revenues	61 985	56 874
EBIT	2 133	1 815
EBIT margin%	3.4%	3.2%
Net Profit After Tax	1 169	1 227
NPM %	1.9%	2.2%

- ▲ Arafa Holding reported **Consolidated Net Revenues** of USD 62.0 million during Q1 2015 up 9.0% compared to USD 56.9 million during same period last year. Top line growth is driven by Retail revenues and the significant improvement in Textiles' segment Turnover.
- ▲ **Operating Profits (EBIT)** recorded USD 2.1 million with a profit margin of 3.4% during Q1 2015 compared to USD 1.8 million with a margin of 3.2% during same period last year. The growth in operating profits is attributed to the drop in the Selling, General & Administrative (SG&A) expenses across the group companies.
- ▲ **Net Profit after Tax** reached USD 1.2 million with a net profit margin of 1.9% in Q1 2015 maintaining almost same profits of Q1 2014 with a margin of 2.2%. It is worth to note that Net Profit after Tax was affected with an increase of the effective tax rate during Q1 2015 compared to same period last year.
- ▲ On a *standalone* basis, Arafa Holding reported a Net Loss of USD 697k for Q1 2015.

Breakdown by Activity

Luxury Segment

Luxury Segment marked a 13.7% increase in revenues during Q1 2015, recording USD 21.9 million compared to USD 19.2 million during same period last year. The growth is attributed to the surge in revenues of *the local retailer - Concrete* by 20.0% and the Luxury garment factory, *Egyptian Fashion Garments S.A.E* by 6.9%.

Segments' Operating profits (EBIT) achieved USD 1.6 million with a profit margin of 7.1% compared to USD 1.2 million with a margin of 6.2% during same period last year. The improvement comes largely on the back of a decline in costs of *Concrete*, as the company managed to have less discounts thanks to better market conditions and shopping sentiment. Net profit after Tax for the segment witnessed an increase of 33.5%, reporting USD 716k and a net margin of 3.3% compared to USD 536k and a margin of 2.8% during same period last year.

Luxury USD '000	Q1 2015	Q1 2014
Net Revenues	21 871	19 241
EBIT	1 555	1 191
EBIT margin%	7.1%	6.2%
Net Profit After Tax	716	536
NPM%	3.3%	2.8%

Formal Segment

Formal Segment recorded revenues of USD 55.6 million, up 7.7% in Q1 2015 compared to USD 51.6 million during same period last year. Goldentex S.A.E achieved an increase in revenues by 56.3% while The British subsidiary, Baird Group and Swiss Garments Company S.A.E maintained their revenues during Q1 2015 in comparison with Q1 2014.

Segments' Operating Profits (EBIT) achieved USD 1.8 million with a profit margin of 3.2% compared to USD 726K with a margin of 1.4%. The improvement in profits and margins is a result of the growth in segments' revenues and the cut of expenses for The British subsidiary, Baird Group compared to the same period last year.

Net Profit after Tax reported USD 1.6 million with a net margin of 2.8%, compared to a Net Loss of USD 223K during same period last year.

Formal USD '000	Q1 2015	Q1 2014
Net Revenues	55 564	51 585
EBIT	1 776	726
EBIT margin%	3.2%	1.4%
Net Profit After Tax	1 558	(223)
<i>NPM%</i>	2.8%	(0.4%)

Casual Segment

The Casual Segment recorded revenues of USD 5.2 million in Q1 2015 compared to USD 4.3 million in Q1 2014.

The segment reported a Net Loss of USD 414K compared to a Net Profit of 172K. Despite top line growth of 22.1%, profits were hit by higher percentage of COGS/Sales during Q1 2015.

Casual USD '000	Q1 2015	Q1 2014
Net Revenues	5 220	4 274
EBIT	(295)	133
EBIT margin%	(5.7)%	3.1%
Net Profit After Tax	(414)	172
NPM%	(7.9%)	4.0%

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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