

Al Arafa for Investment and Consultancies

Earnings Release | 9M 2019 Results

15 December 2019

Al Arafa for Investment & Consultancies ("Arafa Holding" or "AIVC" or the "Company"), the leading Company in Retail, Garments & Textile manufacturing released its results for the 9M 2019

Arafa Holding recorded Net Sales of USD 159.9 million during 9M 2019 compared to USD 174.2 million during 9M 2018 due to lower sales from Baird Group which was negatively affected by general shrinking of UK retail market and continuous uncertainty since Brexit voting followed by political and economical instability in the United Kingdom. This is despite the increase in exports of manufacturing segment during the period.

Arafa Holding recorded Net profit after Tax of USD 10.8 million with net profit margin of 6.8% during 9M 2019 compared to USD 1.4 million with net profit margin of 0.8% during 9M 2018 supported by less selling, general and administrative expenses.

Financial Highlights for 9M 2019 Results

Consolidated Results USD '000	9M 2019	9M 2018
Net Revenues	159 914	174 190
Net profit after tax	10 849	1 386
<i>Net profit margin %</i>	<i>6.8%</i>	<i>0.8%</i>

Financial Highlights for subsidiaries:

Concrete for Ready Made Garments S.A.E (Concrete)

Concrete for Ready Made Garments S.A.E - the owner of CONCRETE trademark – recorded net sales of USD 15.8 million during 9M 2019 compared to USD 15.3 million during the same period of comparison.

Concrete operating profits increased to USD 2.4 million during 9M 2019 compared to USD 2.1 million during the same period of comparison. It is worth to mention that Concrete has opened two anchor stores during Q3 2019 in City Centre Almaza shopping mall and Tanta governorate.

Euromed for Trading and Marketing (Euromed)

Euromed for Trading & Marketing S.A.E, the owner of "Brandshub.co" stores in the local market, recorded sales of USD 3.5 million during 9M 2019 compared to USD 4.3 million during the same period of comparison due to the delay of important tenders during 2019.

The company recorded an operating loss of USD (419k) during 9M 2019 compared to USD 66k during the same period of comparison affected by investing in launching of "Brandshub.co" network of new stores in the Egyptian market. It is worth to mention that the company has launched 3 new stores during Q3 2019 in major shopping malls and governorates that led to an increase in the SG&A expenses during the period. This is in addition to investing in specialized online garments platform to keep pace with the global trends of online shopping to achieve larger customer base. It is worth mentioning that online sales contributes around 10% of net retail sales of the company.

Baird Group

The UK subsidiary Baird Group recorded net sales of USD 86.3 million during 9M 2019 compared to USD 102.1 million during the same period of comparison. The company's sales were affected due to continuous instability and uncertainty in the UK market since Brexit voting.

Baird Group recorded operating profits of USD 692K during 9M 2019 compared to operating loss of USD (2.6 million) during the period of comparison. Q3 2019 witnessed a significant increase in the operating profits to record USD 328K compared to operating losses of USD (1.9) million supported by lower operating costs and less SG&A expenses on the back of managements' efforts in implementing a comprehensive restructuring plan, including the exit from the loss making stores, reducing employment and investing in the online shopping website.

Swiss Garments Company S.A.E (SGC)

Swiss Garments Company S.A.E recorded Net sales of USD 83.1 million during 9M 2019 compared to USD 65.8 million during the same period of comparison. Q3 2019 witnessed a significant growth in sales with an increase of 36.5%. It is worth mentioning that the company is exerting efforts to open new European markets to achieve diversified portfolio of clients and markets

SGC recorded operating profits of USD 2.2 million during 9M 2019 compared to USD 1.9 million during the same period of comparison with an increase of 15.7% due to decrease in SGA expenses to sales during the period.

Egypt Tailoring Company S.A.E (ETC)

Egypt Tailoring Company S.A.E recorded net sales at USD 35.7 million during 9M 2019 compared to USD 27.5 million during the same period of comparison. The third quarter witnessed a significant growth in sales with an increase of 33.2% supported by increasing export sales especially to the US market.

The company recorded an operating loss of USD (127k) compared to USD 939K during the period of comparison. The third quarter witnessed a remarkable growth in the operating income to record USD 642K compared to USD 252K during the period of comparison supported by lower operating costs during the period.

Swiss Cotton Garments Company S.A.E (SCGC)

Swiss Cotton Garments Company S.A.E recorded net sales of USD 10.4 million during 9M 2019 compared to USD 11.4 million during the same period of comparison due to less export sales to Turkish market since the deterioration of Turkish lira last year. The company succeeded to restore sales volumes during the third quarter supported by export sales to US market.

The company recorded operating profits of USD 98K during 9M 2019 compared to operating profits of USD 42K during the same period of comparison supported by lower SG&A expenses to sales during the period.

Cristall for Making Shirts S.A.E (Cristall)

Cristall for Making Shirts S.A.E recorded net sales of USD 4.3 million during 9M 2019 compared to USD 3.1 million during the same period of comparison supported by export sales to US and Spanish market. The third quarter witnessed an increase in sales volume to record USD 1.8 million compared to USD 1.2 million during the same period of comparison with an increase of 44.5%.

The company recorded an operating profit of USD 122K during 9M 2019 compared to USD 268K during the same period of comparison due to increased operating costs and SGA expenses to sales during the period.

About Al Arafa for Investment & Consultancies

Al Arafa for Investment and Consultancies (“Arafa Holding”) is a leading player in retail industry backed by a huge industrial platform, listed on Egyptian Stock Exchange and holds approximately 15% market share of the UK formal menswear market through its subsidiary “Baird Group” that manages 235 stores in the 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. In addition to some other strategic investments with leading international fashion players.

Investor Relations:

Al Arafa for Investment & Consultancies (Arafa Holding - AIVC)

Address: Nasr City Public Free Zone – 15st. near North Area

Tel: +202 267 140 44

Email: ir@arafaholding.com

Website: www.arafaholding.com