



# **Al Arafa for Investments and Consultancies**

**Earnings Release | FY 2016 Results**

**April, 2017**

Al Arafa for Investment & Consultancies ("Arafa Holding" or "AIVC" or the "Company"), the leading Company in Retail, Garments & Textile manufacturing released its financial results for the FY 2016/2017.

**Arafa Holding recorded Consolidated Net Profit of USD 7.8 million Compared to USD 12.5 million, results reflected the impact of the flotation of the EGP-that took place in November 2016-on group local retail operations.**

**Arafa Holding reported Net Sales of USD 240.9 million compared to USD 269.9 million. The slowdown of European retail markets, and the depreciation of the GBP against the U.S. dollar after Brexit voting had a strong impact on export sales performance during the year. Also sales of local Companies were hit with financial statements translation due to EGP flotation during Q4 2016.**

**Financial Highlights for 2016/2017 Results**

<b>Consolidated Results   USD '000</b>	<b>FY 2016</b>	<b>FY 2015</b>
Net Revenues	240 878	269 920
Net Profit After Tax	7 803	12 452
<i>NPM %</i>	<i>3.2%</i>	<i>4.6%</i>

- ▲ Arafa Holding reported **Consolidated Net Revenues** of USD 240.9 million during FY 2016 compared to USD 269.9 million during last year. The slowdown of European retail markets pushing international retail chains to change their selling strategies, and the depreciation of the GBP against the U.S. dollar by an average of 12.4% after Brexit voting had a strong impact on export sales performance during the year. Also sales of local Companies were hit with financial statements translation due to EGP flotation during Q4 2016.
- ▲ **Consolidated Net Profit after Tax** reported USD 7.8 million during the FY 2016 compared to USD 12.5 million during the FY 2015.

**Breakdown by Business Segment:**

**Luxury Segment**

<b>Luxury   USD '000</b>	<b>FY 2016</b>	<b>FY 2015</b>
Net Revenues	71 479	84 677

**Concrete for Ready Made Garments S.A.E**

Sales stood at USD 29.3 million during FY 2016 compared to USD 35.1 million during previous year, sales performance were affected by impact of EGP flotation on financial statements translation.

Net profit came at USD 4.5 million, compared to USD 5.6 million during last year due to higher SG&A expenses incurred from the implementation of concrete's restructuring plan. The plan aims to increase the brand's competitiveness among other fashion brands and gain market share through revamping the brand "**Concrete** ", creating new stores concept and producing a huge marketing campaign capitalizing on the expected re-shuffling in local retail markets after flotation.

It is worth mentioning that the company achieved positive results on both sales and profits during Q4 2016.

**Egypt Tailoring Company S.A.E (ETC)**

Net sales stood at USD 43.3 million during FY 2016 compared to USD 49.2 million during previous year. Export sales were negatively affected by witnessed global political and economic events in European retail markets pushing world retail chains to change their selling strategies. Despite lower sales, the company achieved growth of 22% YOY in net profits.

**Formal Segment**

<b>Formal   USD '000</b>	<b>FY2016</b>	<b>FY2015</b>
Net Revenues	220 326	236 147

**Baird Group**

Net sales came at USD 135.8 million during FY 2016 compared to USD 128.8 million in the previous year, with growth of 20.4% YoY over the local currency and 5.5% over the US dollar due to the depreciation of GBP against the US dollar. Baird Group anchored its 15% market share of UK formal menswear through a portfolio of notable brands operating in the UK market, in addition to obtaining the exclusive rights of Ben Sherman during 2016.

Net profits were negatively affected with higher financial costs and non-recurring administrative costs of obtaining the exclusive rights of Ben Sherman during the year.

**Swiss Garments Company S.A.E (SGC)**

Sales recorded USD 95.7 million during FY 2016 compared to USD 120.6 million during last year. Sales performance were impacted with the suspension of Bed Sheets manufacturing activities which represented around USD 20 million annual sales, in addition to the depreciation of the GBP against the U.S dollar by an average of 12.4% during the year.

The company achieved net profits of USD 4.5 million compared to USD 2.9 million during last year.

**Golden Tex for Wool S.A.E**

Sales stood at USD 18.8 million during the FY 2016 compared to USD 21.6 million during previous year. Despite the uptick in sales on local currency by 6.2% YOY, sales were negatively affected after financial statements translation with the EGP flotation.

Net profit came in at USD 1.0 million compared to USD 1.5 million during last year. Profits were reduced with higher operating costs and SG&A expenses , in addition to impact of EGP flotation on financial statements translation.

It is worth mentioning that company achieved positive results on both sales and profits during Q4 2016.

## **Casual Segment**

<b>Casual   USD '000</b>	<b>FY 2016</b>	<b>FY 2015</b>
Net Revenues	13 330	24 186

The Casual Segment recorded Net Revenues of USD 13.3 million during FY 2016 compared to USD 24.2 million during FY 2015. Operating profits were negatively affected with the decline in sales of *Swiss Cotton Garments Company S.A.E* during FY 2016.

## **About Al Arafa for Investment & Consultancies**

Al Arafa for Investment and Consultancies ("Arafa Holding") is a leading player in the fashion industry, 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 such as Ermenegildo Zegna.

## **Investor Relations:**

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