



Investor Presentation H1 2021

- Publicly traded since **2006** with a **40%** free float and the rest is owned by **Arafa Family**.
- Stock is traded in **USD**.
- 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:



ALEXANDRE OF ENGLAND



THE ORIGINAL



Clients:



Vertically Integrated Business Model

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

- 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 (**Duty free zones**).
- The government maintains the long encouraged export activity through offering **incentives programs** in support of **export-oriented manufacturers**.

Baird Group (UK & EU)

- 235 stores in UK.
- 15% market share of formal menswear in UK market.
- Managing Debenhams menswear concessions across UK.
- Standalone shops & department stores.
- Online business 17% of turnover.
- Turnover USD 42 million in FY 2020.

Concrete (Egypt)

- +40 stores in Egypt.
- Homegrown luxurious brand in Egypt inspired by Italian designs and materials.
- 20% market share of regulated market.
- Offering Made to Measure service with exclusive Italian fabrics.
- Turnover USD 19 million in FY 2020.

Euromed (Egypt)

- 16 stores in Egypt.
- Homegrown middle segment family stores & wholesale business in Egypt.
- Owner of group's specialized online platform for Apparel, Leather products and Accessories.
- Turnover USD 7.1 million in FY 2020.



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Backed by World-Class Manufacturing and Exporting Capabilities

Arafa Holding industrial facilities serve a variety of markets from Casual Wear segment to Luxury Wear segment through large capacities of well diversified product range:

In "1 minute" Arafa Holding industrial facilities produce
 14 Jackets
 14 Formal Trousers
 12 Casual Pants &
 7 Shirts

| Wool Fabrics | Jackets | Formal Trousers | Casual Pants | Shirts | Casual Shorts | Vests |
|----------------------|---------------|-----------------|---------------|---------------|---------------|-----------|
| • 2.2 Million Meters | • 2.0 Million | • 2.0 Million | • 1.8 Million | • 1.0 Million | • 500,000 | • 500,000 |



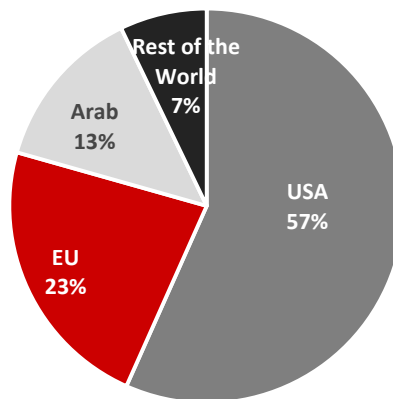
Overview on Egypt's Ready-Made Garments (RMG) Industry

Great Growth Opportunity in Garments industry with Egypt currently contributing less than 1% of global garments industry

- RMG sector is the key player within the textile & apparel sector with the **majority privately owned**.
- Main export regions include **USA & Europe** contributing **57% & 23%** respectively of total RMG exports during **July 2021**.
- **Swiss Garment Company (SGC)** – a Arafa Holding subsidiary for producing and exporting formal menswear – is one of the largest Egyptian exporters of ready-made garments to **USA & Europe**.
- Sector benefits from government support due to being a labor intensive sector and a source of foreign currency inflows.

| RMG Sector Contribution (USD in millions) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | July 2021 |
|-------------------------------------------|--------|--------|--------|-------|-------|---------|-----------|
| RMG Exports | 1,386 | 1,274 | 1,459 | 1,604 | 1,697 | 1,455 | 1,084* |
| Growth Rate % | -3.15% | -8.08% | 14.52% | 9.94% | 5.36% | -14.26% | 44.15%* |

Regional Breakdown of RMG Exports as of July 2021



*July 2021 growth rate is calculated in relation to July 2020

Source: Apparel Export Council of Egypt Report dated July 2021

| Income Statement (USD 000's) | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------|----------------|----------------|----------------|
| Net Revenues | 236,554 | 224,997 | 116,765 |
| <i>% change</i> | <i>(1.4%)</i> | <i>(4.9%)</i> | <i>(48.1%)</i> |
| Gross Profit | 85,899 | 79,999 | 31,393 |
| <i>Gross Profit Margin</i> | <i>36.3%</i> | <i>35.6%</i> | <i>26.9%</i> |
| EBITDA | 13,028 | 12,717 | 5,142 |
| <i>EBITDA Margin</i> | <i>5.5%</i> | <i>5.7%</i> | <i>4.4%</i> |
| Operating Profits (EBIT) | 7,145 | 7,022 | (0,403) |
| <i>EBIT Margin</i> | <i>3.0%</i> | <i>3.1%</i> | <i>-0.3%</i> |
| Net Profit After Tax | 3,085 | 15,205 | (6,364) |
| <i>Net Profit Margin</i> | <i>1.3%</i> | <i>6.8%</i> | <i>-5.5%</i> |

| Balance Sheet (USD 000's) | FY 2018 | FY 2019 | FY 2020 |
|-----------------------------------------------------|-----------------------|-----------------------|-----------------------|
| Cash & Marketable Securities | 64,010 | 85,404 | 76,644 |
| Net Receivables | 57,224 | 55,996 | 86,004 |
| Inventory | 115,014 | 108,344 | 98,589 |
| Fixed Assets | 50,832 | 54,307 | 48,886 |
| Total Assets | <u>396,337</u> | <u>411,987</u> | <u>385,683</u> |
| Total Liabilities | 296,042 | 317,287 | 310,928 |
| Total Shareholder's Equity | 100,295 | 94,699 | 74,755 |
| Total Liabilities & Shareholder's Equity | <u>396,337</u> | <u>411,987</u> | <u>385,683</u> |

FY 2020

- Arafa Holding reported **Consolidated Net Revenues** of USD 116.8 million during FY 2020 compared to USD 225.0 million during FY 2019 . Retail sales in Egypt & the UK were negatively affected by the closure of malls & Shops due to COVID19 Pandemic . The manufacturing Sector was affected by fall back in export sales due to lockdowns all over the world resulting in many clients cancelled their orders and some of them declared their bankruptcy .
- Arafa Holding recorded **Net Loss after tax** of USD (6.4) million in FY 2020 , with net Loss margin of (5.5%) compared to a net consolidated profit of USD 15.2 million and net profit margin of 6.8% during FY 2019.

| Income Statement (USD 000's) | H1 2020 | H1 2021 |
|---------------------------------|----------|----------|
| Net Revenues | 55,745 | 67,040 |
| <i>% change</i> | (46.6%) | 20.3% |
| Gross Profit | 15,349 | 17,808 |
| <i>Gross Profit Margin</i> | 27.5% | 26.6% |
| EBITDA | (6,687) | (10,649) |
| <i>EBITDA Margin</i> | -12% | -15.9% |
| Operating Profits (EBIT) | (9,491) | (10,649) |
| <i>EBIT Margin</i> | -17% | -15.9% |
| Net Profit After Tax | (10,687) | (12,894) |
| <i>Net Profit Margin</i> | -19.2% | -19.2% |

H1 2021

- Arafa Holding recorded **Consolidated Net Revenues** of USD 67 million in the first 6 months of 2021, compared to USD 55.7 million of in 2020. The group witnessed an upside performance of Q2 2021 as sales recorded USD 38.3 million compared to USD 15.5 million in 2020, driven by retail sector increase in sales (Baird Group and Concrete) along with manufacturing sector sales growth as the clients Peerless, Walmart and Macy's increased their orders during the period.
- Arafa Holding recorded **Net Loss after Tax** of USD 12.9 million during the first half of 2021, compared to USD 10.7 million in 2020, even though the group managed to cut down its net loss in from USD 9.9 million in Q1 2021 to USD 2.9 million in Q2 2021 as the UK and many European markets were reopened along with high vaccination rates in those markets.

THANK YOU!

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