



Investor Presentation Q1 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)

- 38 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)

- 8 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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Her Majesty The Queen  
Tailors  
Alexandre of England 1988 Ltd  
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OF ENGLAND

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THE ORIGINAL

Ben Sherman®

CONCRETE  
EST. 1989

TED BAKER  
LONDON

# 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



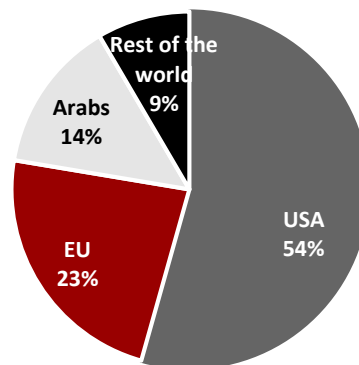
# Overview on Egypt's Ready-Made Garments (RMG) Industry

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 **54% & 23%** respectively of total RMG exports during **April 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	April.2021
RMG Exports	1,386	1,274	1,459	1,604	1,697	1,455	588*
Growth Rate %	-3.15%	-8.08%	14.52%	9.94%	5.36%	-14.26%	35.8%*

**Regional Breakdown of RMG Exports as of April 2021**



\*April 2021 growth rate is calculated in relation to April 2020  
 Source: Apparel Export Council of Egypt Report dated April 2021

Income Statement (USD 000's)	FY 2018	FY 2019	FY 2020
Net Revenues	<b>236,554</b>	<b>224,997</b>	<b>116,765</b>
<i>% change</i>	<i>(1.4%)</i>	<i>(4.9%)</i>	<i>(48.1%)</i>
Gross Profit	<b>85,899</b>	<b>79,999</b>	<b>31,393</b>
<i>Gross Profit Margin</i>	<i>36.3%</i>	<i>35.6%</i>	<i>26.9%</i>
EBITDA	<b>13,028</b>	<b>12,717</b>	<b>5,142</b>
<i>EBITDA Margin</i>	<i>5.5%</i>	<i>5.7%</i>	<i>4.4%</i>
Operating Profits (EBIT)	<b>7,145</b>	<b>7,022</b>	<b>(0,403)</b>
<i>EBIT Margin</i>	<i>3.0%</i>	<i>3.1%</i>	<i>-0.3%</i>
Net Profit After Tax	<b>3,085</b>	<b>15,205</b>	<b>(6,364)</b>
<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
<b>Total Assets</b>	<b><u>396,337</u></b>	<b><u>411,987</u></b>	<b><u>385,683</u></b>
<b>Total Liabilities</b>	<b>296,042</b>	<b>317,287</b>	<b>310,928</b>
<b>Total Shareholder's Equity</b>	<b>100,295</b>	<b>94,699</b>	<b>74,755</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b><u>396,337</u></b>	<b><u>411,987</u></b>	<b><u>385,683</u></b>

## 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)	Q1 2020	Q1 2021
Net Revenues	40,277	28,773
<i>% change</i>	(18.2%)	(28.6%)
Gross Profit	12,338	8,260
<i>Gross Profit Margin</i>	30.6%	28.7%
EBITDA	967	(6,928)
<i>EBITDA Margin</i>	2.4%	-24.1%
Operating Profits (EBIT)	(1,057)	(8,635)
<i>EBIT Margin</i>	-2.6%	-30.0%
Net Profit After Tax	(144)	(9,903)
<i>Net Profit Margin</i>	-0.4%	-34.4%

## Q1 2021

- Arafa Holding recorded **Consolidated Net Revenues** of USD 28.8 million in the first quarter of 2021, compared to USD 40.3 million in 2020. The group sales tumbled in Q1 2021 post the outbreak of Covid-19 second wave in November 2020, which caused a lockdown in the EU and the UK markets in January 2021, driving down the manufacturing segment sales represented by the Swiss Garments Company and Egypt Tailoring Company. Along with a decrease in the UK retail sales represented by the Baird Group.
- Arafa Holding recorded **Net Loss after Tax** of USD 9.9 million during the first quarter of 2021, compared to USD 144.0 K in 2020, the group bottom line was strongly affected by the lockdown renewal across the European markets. Nevertheless, the group management has initiated a strict cost reduction strategy, which is expected to reflect on the second half of 2021.

**THANK YOU!**

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