



Investor Presentation 9M 2019

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

CONCRETE
EST. 1989



brandshub.co

THE ORIGINAL
Ben Sherman

Gibson
LONDON

RACING GREEN
BRITISH STYLE

Clients:



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**.
- Egypt's export councils announced launching **new export incentives program** during FY 2019. However, **no details** still confirmed on implementation mechanism of new program.

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 GBP 103 million in FY 2018

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 EGP 376 million in FY 2018

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 EGP 91 million in FY 2018



By Appointment to
Her Majesty The Queen
Tailors
Alexandre of England 1988 Ltd
Leeds

ALEXANDRE
OF ENGLAND

RACING GREEN
BRITISH STYLE

suit DIRECT

Gibson
LONDON

THE ORIGINAL
Ben Sherman®

CONCRETE
EST. 1989

brandshub.co

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



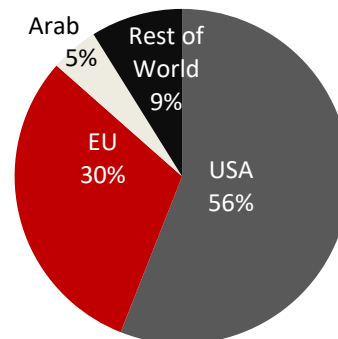
Overview on Egypt's Ready-Made Garments (RMG) Industry

- RMG sector is the key player within the textile & apparel sector with the **majority privately owned**.
- Main export regions include **USA & Europe** contributing **56% & 30%** respectively of total RMG exports during **December 2019**.
- **Swiss Garment Company (SGC)** – Arafa Holding subsidiary for producing and exporting formal menswear- is the fourth largest exporter of ready-made garments to **Europe**.
- Sector benefits from government support due to being a labor intensive sector and a source of foreign currency inflows.

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

RMG Sector Contribution (USD)	2013	2014	2015	2016	2017	2018	2019
RMG Exports	1,430	1,431	1,386	1,274	1,459	1,604	1,690
Growth Rate	0.21%	0.07%	-3.15%	-8.08%	14.52%	9.94%	5.36%

Regional Breakdown of RMG Exports, December 2019



Source: Apparel Export Council of Egypt Report dated December 2019

Income Statement (USD 000's)	FY 2016	FY 2017	FY 2018
Net Revenues	240,878	239,937	236,554
<i>% change</i>	<i>(10,8%)</i>	<i>(0.4%)</i>	<i>(1.4%)</i>
Gross Profit	82,926	90,799	85,899
<i>Gross Profit Margin</i>	<i>34.4%</i>	<i>37.8%</i>	<i>36.3%</i>
EBITDA	14,809	23,891	13,028
<i>EBITDA Margin</i>	<i>6.1%</i>	<i>10.0%</i>	<i>5.5%</i>
Operating Profits (EBIT)	8,135	18,169	7,145
<i>EBIT Margin</i>	<i>3.4%</i>	<i>7.6%</i>	<i>3.0%</i>
Net Profit After Tax	7,803	7,037	3,085
<i>Net Profit Margin</i>	<i>3.2%</i>	<i>2.9%</i>	<i>1.3%</i>

Balance Sheet (USD 000's)	FY 2016	FY 2017	FY 2018
Cash & Marketable Securities	34,016	39,932	64,010
Net Receivables	49,335	57,683	57,224
Inventory	93,949	107,221	115,014
Fixed Assets	51,643	53,510	50,832
Total Assets	<u>394,512</u>	<u>440,479</u>	<u>459,433</u>
Total Liabilities	230,812	272,670	295,146
Total Shareholder's Equity	163,700	167,809	163,699
Total Liabilities & Shareholder's Equity	<u>394,512</u>	<u>440,479</u>	<u>459,433</u>

FY 2018

- Arafa Holding reported **Consolidated Net Revenues** of USD 236.6 million during FY 2018 compared to USD 240.0 million during FY 2017. Local retail sales increased during the year despite the shrinking of retail markets in Egypt. Retail sales in the UK declined during the year, especially in Q4 2018 as UK retailers endured the worst Christmas season since 2008. Sales of Manufacturing segment increased during FY 2018 by attracting new customers from the US market despite the challenges that faced the segment during the year due to the Turkish crisis and the slowdown in the UK market.
- **Net Profit after Tax** reported USD 3.1 million during FY 2018 compared to USD 7.0 million during FY 2017 including non-recurring losses of Baird Group arising from House of Fraser going into administration.

Income Statement (USD 000's)	9M 2018	9M 2019
Net Revenues	174 190	159 914
<i>% change</i>	<i>2.6%</i>	<i>-8.2%</i>
Gross Profit	63 866	52 922
<i>Gross Profit Margin</i>	<i>36.7%</i>	<i>33.1%</i>
Net Profit	1 386	10 849
<i>Net Profit Margin</i>	<i>0.8%</i>	<i>6.8%</i>

9M 2019

- Arafa Holding reported **Consolidated Net Revenues** of USD 159.9 million in 9M 2019 compared to USD 174.2 million in 9M 2018 as a result of the decline in sales of Baird group affected by the decline in retail sales in the UK market and the consequent political and economic instability since Brexit voting. This is despite the increase in the export sales of the industrial segment of the group.
- Net Profit after Tax** recorded USD 10.8 million during 9M 2019 with a net margin of 6.8% compared to USD 1.4 million with a margin of 0.8% supported by lower SG&A expenses for the Group.

THANK YOU!

For further inquiries please contact:

Investor Relations

ir@arafaholding.com

www.arafaholding.com

Al Arafa for Investment and Consultancies (the “ Company” or “Arafa Holding”) gives notice that:

- This document is the property of Al Arafa Holding and it may contain confidential information solely for use as an investor presentation.
- It must be treated confidentially and should not be reproduced, redistributed or passed to any other person.
- The information contained in this presentation may contain certain projections and forward-looking statements that reflect the Company’s current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company’s assumptions are correct. Actual results may differ materially from those projected.
- No statement contained in this presentation is to be relied upon as a statement or representation of fact. All parties must satisfy themselves as to the correctness of each of the statements contained in this presentation. Arafa Holding does not make or give, and neither its subsidiaries nor any of their directors or officers or persons in their employment or advisors has any authority to make or give, any representation or warranty whatsoever in relation to this presentation.
- This presentation may not be stored, copied, distributed, transmitted, retransmitted or reproduced, in whole or in part, in any form or medium without the permission of Arafa Holding.
- This document is provided for informational purposes only. It is not an offer to buy or sell, or a solicitation to buy or sell Al Arafa Holding’s shares. Readers should take into account factors of uncertainty and risk when basing their investment decisions on information provided in this document.