



Investor Presentation FY 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



By Appointment to
Her Majesty The Queen
Alexandre of England 1988 Ltd
LONDON
ALEXANDRE
OF ENGLAND

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THE ORIGINAL
Ben Sherman

Gibson
LONDON

RACING GREEN
BRITISH STYLE

Clients:

Massimo Dutti  Brooks Brothers **ZARA**

Ermenegildo Zegna  the magic of macy's **GHERARDI s.r.l.**

 **GIORGIO ARMANI** **MANGO** **PAL ZILERI**

DEBENHAMS   **PEERLESS CLOTHING INTERNATIONAL** 

JASPER CONRAN **BANANA REPUBLIC**  **JEFF BANKS LONDON**

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 USD 120 million in FY 2019

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 23 million in FY 2019

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 5 million in FY 2019



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Tailors
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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



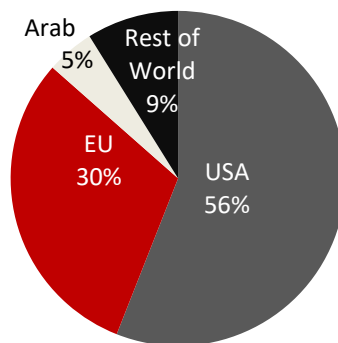
Overview on Egypt's Ready-Made Garments (RMG) Industry

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 **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.

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 2017	FY 2018	FY 2019
Net Revenues	239,937	236,554	224,997
<i>% change</i>	<i>(0.4%)</i>	<i>(1.4%)</i>	<i>(4.9%)</i>
Gross Profit	90,799	85,899	79,999
<i>Gross Profit Margin</i>	<i>37.8%</i>	<i>36.3%</i>	<i>35.6%</i>
EBITDA	23,891	13,028	12,717
<i>EBITDA Margin</i>	<i>10.0%</i>	<i>5.5%</i>	<i>5.7%</i>
Operating Profits (EBIT)	18,169	7,145	7,022
<i>EBIT Margin</i>	<i>7.6%</i>	<i>3.0%</i>	<i>3.1%</i>
Net Profit After Tax	7,037	3,085	15,205
<i>Net Profit Margin</i>	<i>2.9%</i>	<i>1.3%</i>	<i>6.8%</i>

Balance Sheet (USD 000's)	FY 2017	FY 2018	FY 2019
Cash & Marketable Securities	39,932	64,010	85,404
Net Receivables	57,683	57,224	55,996
Inventory	107,221	115,014	108,344
Fixed Assets	53,510	50,832	54,307
Total Assets	<u>440,479</u>	<u>396,337</u>	<u>411,987</u>
Total Liabilities	272,670	296,042	317,287
Total Shareholder's Equity	167,809	100,295	94,699
Total Liabilities & Shareholder's Equity	<u>440,479</u>	<u>396,337</u>	<u>411,987</u>

FY 2019

- Arafa Holding reported **Consolidated Net Revenues** of USD 225.0 million during FY 2019 compared to USD 236.6 million during FY 2018 . Retail sales in the UK declined during the year, especially in Q4 2019 as UK retailers endured the worst Christmas season since decades. Sales of Manufacturing segment increased during FY 2019 by attracting new clients from the US market in addition to the rise in the local retail market contributed to Concrete & Euromed sales
- Arafa Holding recorded **Net profit after tax** of USD 15.2 million in FY 2019, with net profit margin of 6.8% compared to USD 3.1 million and net profit margin of 1.3% during FY 2018.

THANK YOU!

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