



Investor Presentation H1 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



ALEXANDRE
OF ENGLAND

brandshub.co

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
J CONRAN

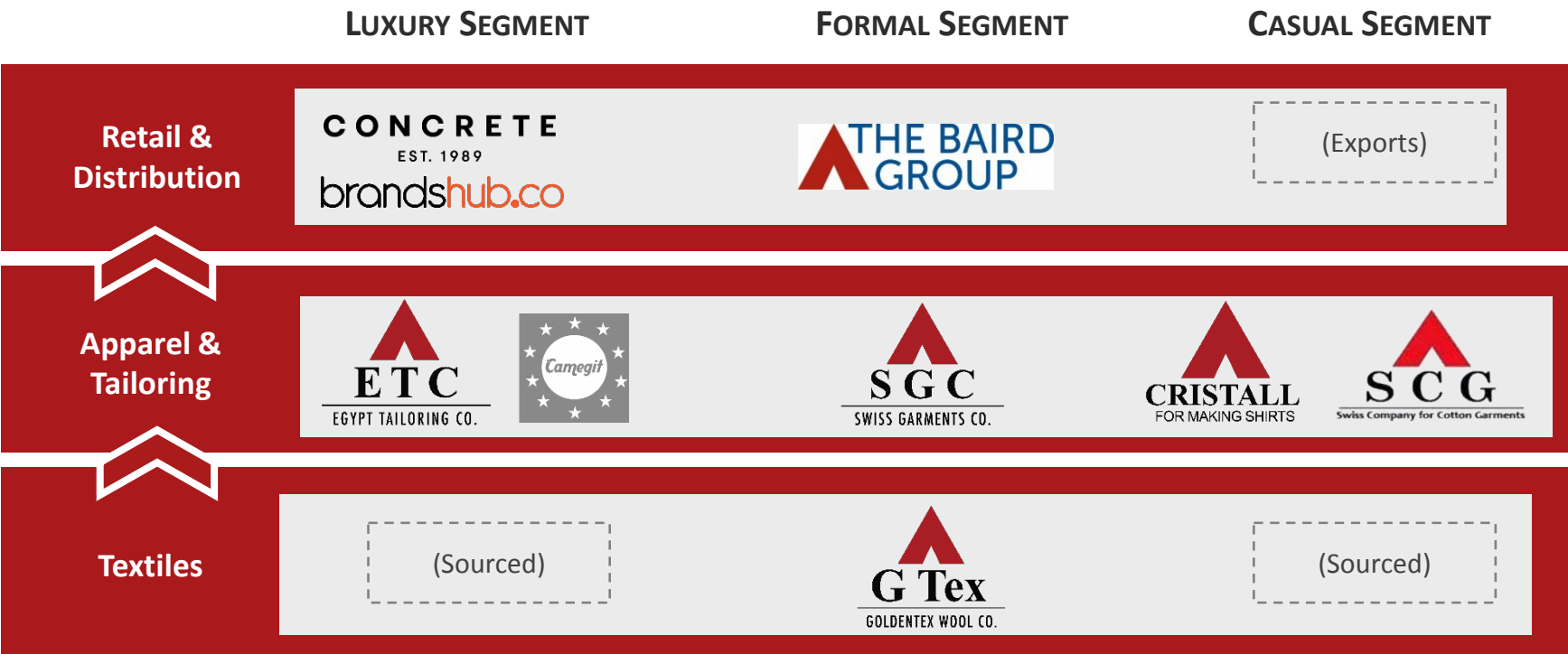
BANANA REPUBLIC



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 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

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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

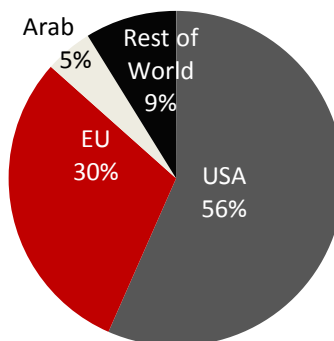
RMG Sector

- 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 **August 2019**.
- **Swiss Garment Company (SGC)** – Arafa Holding subsidiary for producing and exporting formal menswear- is the fifth 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	Till August 2019
RMG Exports	1,430	1,431	1,386	1,274	1,459	1,604	1,111
Growth Rate	0.21%	0.07%	-3.15%	-8.08%	14.52%	9.94%	6.52%

Regional Breakdown of RMG Exports,
August 2019



Source: Apparel Export Council of Egypt Report dated August 2019

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

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)	H1 2018	H1 2019
Net Revenues	117 960	104 308
<i>% change</i>	<i>3.1%</i>	<i>-11.6%</i>
Gross Profit	44 898	35 126
<i>Gross Profit Margin</i>	<i>38.1%</i>	<i>33.7%</i>
Net Profit	3 261	7 758
<i>Net Profit Margin</i>	<i>2.8%</i>	<i>7.4%</i>

H1 2019

- Arafa Holding reported **Consolidated Net Revenues** of USD 104.3 million in H1 2019 compared to USD 118.0 million in H1 2018 despite the increase in export sales of the industrial segment during the period, In addition to the increase in sales of Concrete for Readymade Garments, however, the continued uncertainty in the UK market after Brexit and the devaluation of the GBP & Euro against the US dollar with average of 6.6% and 6.8% was reflected negatively on the consolidated sales of the company during the period after the translation of the financial statements during the period.
- Net Profit after Tax** recorded USD 7.8 million during H1 2019 with a net margin of 7.4% compared to USD 3.3 million with a margin of 2.8% supported by lower selling costs of retail segment and lower SG&A expenses for the Group's industrial segment. Net profit for the period included non-recurring FX gains during the period.

THANK YOU!

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