



Investor Presentation, H1 2016

- Publicly traded since **2006** with a **40%** free float and rest owned by **Arafa Family**
- Stock is denominated in **USD**
- 3** target segments: luxury, formal and casual
- 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 47 retail stores across Egypt
- 15%** of the UK suits market

Offering customers **World-Class Quality and Global Competitiveness** for more than 100 years

Brands:



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

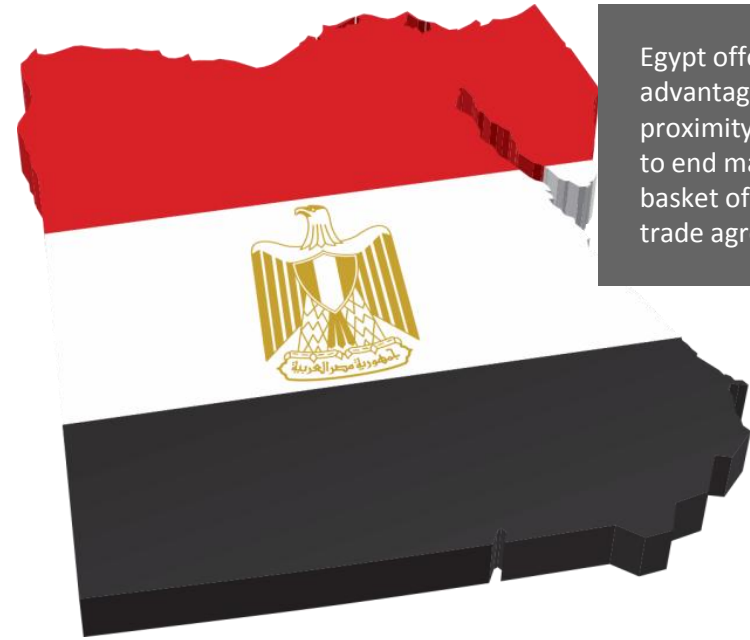
- Egypt's location allows a **competitive lead time** on shipments and relatively **low transportation costs**
- Close proximity to end markets enables Arafa Holding to **respond quickly** to seasonal shifts in demand and changes in consumer tastes

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

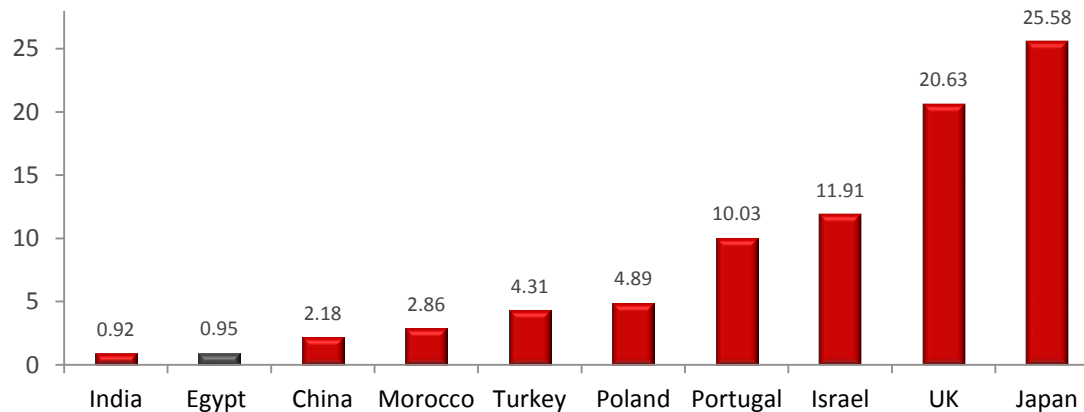
Gov't Incentive Programs

- The government maintains the **long encouraged export activity**, a policy management anticipates will continue
- 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.

- Egypt has an abundant labor supply and low labor costs compared to a pool of developed and developing countries
- Egypt has a skilled labor pool with **more than 50% lower cost than China**, the next comparable country

Arafa benefits from Egypt's relatively **low labor costs** compared to international peers

Labor cost (USD/HR)



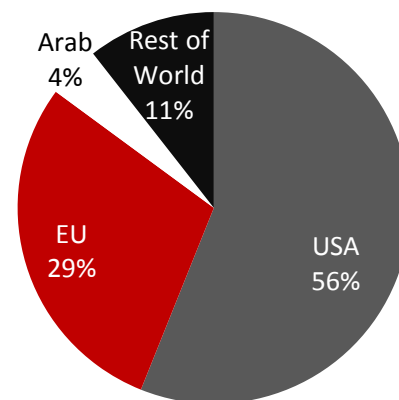
Source:

International Textile Manufacturers Federation (ITMF 2012 re-adjusted)
Werner International 2011 (adjusted for June 2013 exchange rates)

- RMG sector is the key player within the textile & apparel sector with the **majority privately owned**.
- **RMG exports reached USD 1.4 billion during FY 2015** representing **7%** of Egypt's non-oil exports.
- Main export regions include **US & Europe**, which contributed **55% & 29%** respectively during **2015**.
- Sector benefits from government support due to being a labor intensive sector and a source for foreign currency inflows.

RMG Sector Contribution (USD)	2011	2012	2013	2014	2015
RMG Exports	1,555	1,429	1,430	1,431	1,358
Total Non-oil Exports	23,326	22,856	22,090	22,267	18,726
Sector Contribution (%)	6.7%	6.3%	6.5%	6.4%	7.3%

Regional Breakdown of RMG Exports, 2015



Source: GAFI and RMGEC Reports, Dec 2015

Income Statement (USD 000's)	FY 2013	FY 2014	FY 2015
Net Revenues	258,088	266,001	269,920
<i>% change</i>	-4.3%	3.1%	1.5%
Gross Profit	90,151	91,164	91,886
<i>Gross Profit Margin</i>	34.9%	34.3%	34.0%
EBITDA	23,053	17,646	24,069
<i>EBITDA Margin</i>	8.9%	6.6%	8.9%
Operating Profits (EBIT)	15,451	10,415	17,090
<i>EBIT Margin</i>	6.0%	3.9%	6.3%
Net Profit After Tax	7,741	12,408	12,452
<i>Net Profit Margin</i>	3.0%	4.7%	4.6%

Balance Sheet (USD 000's)	FY 2013	FY 2014	FY 2015
Cash & Marketable Securities	37,387	38,606	33,027
Net Receivables	49,879	50,778	53,457
Inventory	115,277	115,925	109,093
Fixed Assets	78,439	71,372	67,056
Total Assets	<u>474,272</u>	<u>472,798</u>	<u>463,506</u>
Total Liabilities	242,041	263,284	257,046
Total Shareholder's Equity	232,232	209,514	206,460
Total Liabilities & Shareholder's Equity	<u>474,272</u>	<u>472,798</u>	<u>463,506</u>

FY 2015

- Arafa Holding reported **Consolidated Net Revenues** of USD 269.9 million during FY 2015 compared to USD 266.0 million last year. Textiles segment's revenues grew by 47.4%, while the Industrial and Retail segments' revenues were affected by currencies translation on the back of the USD appreciation against Group's revenues basket of currencies.
- **Operating Profits (EBIT)** reached USD 17.1 million with an increase of 64.1% compared to USD 10.4 million during last year driven by the decline in both Group's Operating costs and the Selling, General and Administrative expenses.
- **Net Profit after Tax** recorded USD 12.5 million which is almost matching last year's profitability, yet last year's financial results included USD 2.0 million profit from a non-recurring activity (one-off gain).

3 Markets, 3 Activities,
a Fully Integrated
business model

Income Statement (USD 000's)	H1 2015	H1 2016
Net Revenues	136 066	122 589
<i>% change</i>	6.7%	-9.9%
Gross Profit	45 916	44 895
<i>Gross Profit Margin</i>	33.7%	36.6%
EBITDA	10 203	6 800
<i>EBITDA Margin</i>	7.5%	5.5%
EBIT	6 603	3 601
<i>EBIT Margin</i>	4.9%	2.9%
Net Profit	3 446	3 549
<i>Net Profit Margin</i>	2.5%	2.9%

H1 2016

- Arafa Holding reported **Consolidated Net Revenues** of USD 122.6 million in H1 2016 compared to USD 136.1 million in H1 2015. Export Sales were negatively affected with the witnessed slowdown in European retail markets, while local retail sales were affected with financial statements translation due to depreciation of EGP against USD.
- **Net Profit after Tax** recorded USD 3.5 million during H1 2016 with a net margin of 2.9% compared to USD 3.4 million with a margin of 2.5% on the back of the reduction in both Industrial Segment's operating costs and Group's financial expenses during H1 2016.

THANK YOU!

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