



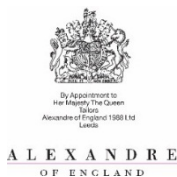
Investor Presentation, Q1 2018

- 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 +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:



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



Baird Group (UK & EU)

- 235 stores in UK
- 15% market share of formal menswear in UK market
- Exclusive concessionaire for menswear in Debenhams
- Standalone shops & department stores
- Online business 17% of turnover
- Turnover GBP 112 million in FY 2017

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 350 million in FY 2017

Euromed (Egypt)

- 15 stores in Egypt
- Homegrown middle segment specialty store & wholesale business in Egypt
- Turnover EGP 70 million in FY 2017



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

ALEXANDRE
OF ENGLAND

RACING GREEN
BRITISH STYLE

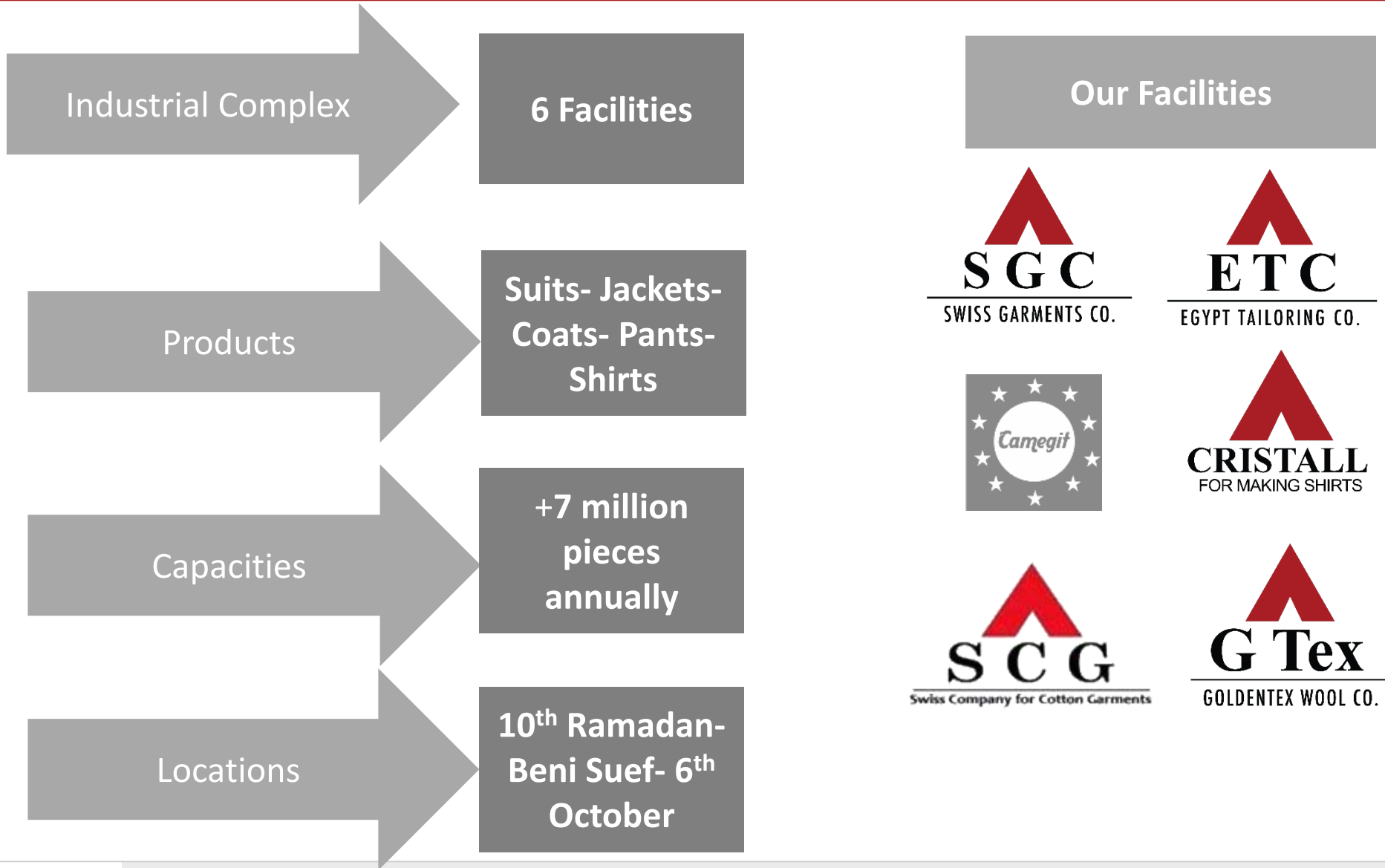
Gibson
LONDON

CONCRETE
EST. 1989

suit DIRECT

THE ORIGINAL
Ben Sherman®

brandshub.co



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

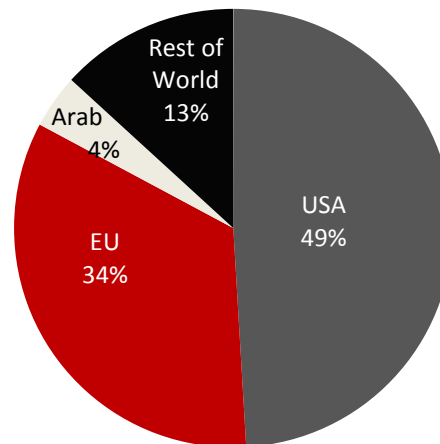
- The government maintains the **long encouraged export activity**, a policy management anticipates will continue
- Egypt's free zones offer **tax incentives to export-oriented manufacturers**; Arafa's manufacturing facilities in free zone areas allow it to benefit from these incentives.

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**, which contributed **49% & 34%** respectively in **July 2018**.
- Sector benefits from government support due to being a labor intensive sector and a source for foreign currency inflows.

RMG Sector Contribution (USD)	2013	2014	2015	2016	2017	July 2018
RMG Exports	1,430	1,431	1,386	1,274	1,442	907

Regional Breakdown of RMG Exports,
July 2018



Source: RMGEC Reports,

Income Statement (USD 000's)	FY 2015	FY 2016	FY 2017
Net Revenues	269,920	240,878	239,937
% change	1.5%	(10,8%)	(0.4%)
Gross Profit	91,886	82,926	91,101
Gross Profit Margin	34.0%	34.4%	38.0%
EBITDA	28,236	14,809	23,891
EBITDA Margin	10.5%	6.1%	10.0%
Operating Profits (EBIT)	21,256	8,135	18,169
EBIT Margin	7.9%	3.4%	7.6%
Net Profit After Tax	12,452	7,803	7,037
Net Profit Margin	4.6%	3.2%	2.9%

Balance Sheet (USD 000's)	FY 2015	FY 2016	FY 2017
Cash & Marketable Securities	33,027	34,016	39,932
Net Receivables	53,457	49,335	57,683
Inventory	109,093	93,949	107,221
Fixed Assets	67,056	51,643	53,510
Total Assets	<u>463,506</u>	<u>394,512</u>	<u>440,479</u>
Total Liabilities	257,046	230,812	272,670
Total Shareholder's Equity	206,460	163,700	167,809
Total Liabilities & Shareholder's Equity	<u>463,506</u>	<u>394,512</u>	<u>440,479</u>

FY 2017

- Arafa Holding reported **Consolidated Net Revenues** of USD 240.0 million during FY 2017 compared to USD 240.9 million despite sales of companies operating in Egyptian market were negatively affected after financial statements translation, in addition to contraction of local retail markets and continuous slowdown in the UK market since Brexit Voting.
- Arafa Holding recorded **Operating profits** of USD 18.2 million in FY 2017, with profit margin of 6.7% compared to USD 8.1 million and profit margin of 4.3% during FY 2016 on back of higher profit margins from companies operating in Industrial Segment.
- **Net Profit after Tax** reported USD 7.0 million during FY 2017 compared to USD 7.8 million during last year despite the depreciation of EGP against USD by average of 47.6% during FY 2017.

Income Statement (USD 000's)	Q1 2017	Q1 2018
Net Revenues	54 097	55 639
<i>% change</i>	<i>-10.1%</i>	<i>2.9%</i>
Gross Profit	21 592	22 119
<i>Gross Profit Margin</i>	<i>39.9%</i>	<i>39.8%</i>
EBITDA	7 924	4 683
<i>EBITDA Margin</i>	<i>14.6%</i>	<i>8.4%</i>
Operating profits (EBIT)	6 538	3 199
<i>EBIT Margin</i>	<i>12.1%</i>	<i>5.7%</i>
Net Profit	2 614	1 882
<i>Net Profit Margin</i>	<i>4.8%</i>	<i>3.4%</i>

Q1 2018

- Arafa Holding reported **Consolidated Net Revenues** of USD 55.6 million in Q1 2018 compared to USD 54.1 million in Q1 2017 with an increase of 2.9% due to increase in sales in the retail sector by 11.1%, represented by Concrete and Euromed in Egypt and Baird Group in UK. In addition to noticeable increase in export sales of casual wear from industrial sector.
- **Operating profits (EBIT)** recorded USD 3.2 million during Q1 2018 with margin of 5.7% compared to USD 6.5 million with a margin of 12.1% due to higher SG&A during Q1 2018 which was affected by the marketing campaign (Su Misura) that was launched for Concrete at the beginning of the year
- **Net Profit after Tax** recorded USD 1.9 million during Q1 2018 with a net margin of 3.4% compared to USD 2.6 million with a margin of 4.8%.

THANK YOU!

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