



Al Arafa for Investment and Consultancies

Earnings Release | Q1 2018 Results

June 2018

Al Arafa for Investment & Consultancies ("Arafa Holding" or "AIVC" or the "Company"), the leading Company in Retail, Garments & Textile manufacturing released its financial results for the 1st quarter of the financial year 2018/2019.

Arafa Holding recorded Net Sales of USD 55.6 million during Q1 2018 with an increase of 2.9% compared to USD 54.1 million during Q1 2017 due to increase in sales of the retail arm by 11.1%, represented by *Concrete for Ready-Made Garments S.A.E* and *Euromed for Trading and Marketing S.A.E* in Egypt and Baird Group in UK. This is in addition to noticeable increase in export sales of casual wear segment, despite the seasonal decline in volumes exported to the Spanish market following the abnormal increase in exports during Q4 2017.

Arafa Holding recorded consolidated Net profit After Tax of USD 1.9 million during Q1 2018 compared to USD 2.6 million during Q1 2017.

Financial Highlights for Q1 2018 Results

Consolidated Results USD '000	Q1 2018	Q1 2017
Net Revenues	55 639	54 096
EBIT	3 199	6 538
<i>EBIT Margin%</i>	<i>5.7%</i>	<i>12.1%</i>
Net Profit After Tax	1 882	2 614
<i>NPM %</i>	<i>3.4%</i>	<i>4.8%</i>

- ▲ Arafa Holding reported **Consolidated Net Revenues** of USD 55.6 million during Q1 2018 with an increase of 2.9% compared to USD 54.1 million during Q1 2017 due to increase in sales in the retail arm by 11.1%, represented by *Concrete for Ready-made Garments S.A.E* and *Euromed for Trading and Marketing S.A.E* in Egypt and Baird Group in UK. In addition to noticeable increase in export sales of casual wear segment, despite the seasonal decline in volumes exported to the Spanish market following the abnormal increase in exports during Q4 2017.
- ▲ **Operating Profits** stood at USD 3.2 million during Q1 2018 with a margin of 5.7% compared to USD 6.5 million during Q1 2017 with a margin of 12.1% due to higher SG&A expenses during

Q1 2018 associated with Concrete Made to Measure marketing campaign (Su Misura) that was launched 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% during Q1 2017.

Breakdown by Business Segment:

Luxury Segment

Luxury USD `000	Q1 2018	Q1 2017
Net Revenues	13 589	12 163
Operating Profits (EBIT)	816	1 029
<i>EBIT margin%</i>	<i>6.0%</i>	<i>8.5%</i>

Luxury Segment recorded **Net Revenues** of USD 13.6 million compared to USD 12.2 million during same period last year with an increase of 11.7% supported by increase in sales of local retail arm, represented by increase of 15% in sales of *Concrete for Ready-made Garments S.A.E* and significant increase in sales of *Euromed for Trading and Marketing S.A.E* during the period despite decrease in *Egypt Tailoring company S.A.E* export sales during Q1 2018.

The segment reported **Operating Profits** of USD 0.8 million with a profit margin of 6.0% compared to USD 1.0 million with a margin of 8.5% during the same period last year due to higher SG&A expenses during Q1 2018 associated with Concrete Made to Measure marketing campaign (Su Misura) that was launched at the beginning of the year and had a positive impact on Concrete Made to Measure sales during Q1 2018 compared to the same period last year. Concrete is working to expand its offered platform of products and services to improve the quality of service provided and increase its customers' base.

Formal Segment

Formal USD '000	Q1 2018	Q1 2017
Net Revenues	46 845	49 455
Operating profits (EBIT)	1 566	4 313
<i>EBIT margin%</i>	<i>3.3%</i>	<i>8.7%</i>

Formal Segment recorded **Net Revenues** of USD 46.8 million during Q1 2018 compared to USD 49.5 million for the comparative period. Despite increase in Baird Group sales by 6.6% during the period , the decline in *Swiss Garments Company S.A.E* export sales to the Spanish market - seasonal decline- and the decrease in *Goldentex Wool Group S.A.E* export sales had a negative effect on Segment revenues during period

The segment **operating profits** stood at USD 1.6 million during Q1 2018 with a profit margin of 3.3% compared to USD 4.3 million with a margin of 8.7% during the comparative period due to decrease in sales and increase in SG&A expenses of the segment during period.

Casual Segment

Casual USD '000	Q1 2018	Q1 2017
Net Revenues	5 669	4 004
Operating profits (EBIT)	612	485
<i>EBIT margin%</i>	<i>10.8%</i>	<i>12.1%</i>

The Casual Segment witnessed a significant growth in Net Revenues during Q1 2018 up 41.6% to reach USD 5.7 million compared to USD 4.0 million during the same period last year supported by an increase in sales of *Swiss Cotton Garments company S.A.E* by 17.9% and increase in *sales of Cristall for Making Shirts S.A.E* by 29.8% during Q1 2018.

Operating profits reached USD 0.6 million with a margin of 10.8% compared to USD 0.5 million with a margin of 12.1% supported by lower operating costs and higher sales during the period.

About Al Arafa for Investment & Consultancies

Al Arafa for Investment and Consultancies ("Arafa Holding") is a leading player in retail industry backed by a huge industrial platform, listed on Egyptian Stock Exchange and holds approximately 15% market share of the UK formal menswear market through its subsidiary "Baird Group" that manages 235 stores in the UK.

Arafa Holding owns the homegrown brand, Concrete, in Egypt, which is considered the largest retailer for luxurious men's & kids' wear in the country. The company's retail operations are vertically integrated with a state of the art industrial platform that is considered the largest in the Middle East & Africa. In addition to some other strategic investments with leading international fashion players such as Ermenegildo Zegna.

Investor Relations:

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