

Al Arafa for Investments and Consultancies

Corporate Release | Ben Sherman Exclusive Rights

13th of Feb 2016

Arafa Holding's British Subsidiary "Baird Group" successfully concluded a deal by which it obtained the exclusive rights in connection with: designing, manufacturing, marketing, selling, distributing and managing the well-known trademark Ben Sherman in the UK and Ireland following the successful restructuring of the company's operations where market share increased to 15% of the UK formal menswear market. Baird Group has reported operating profits of GBP 1.5 million in the first 9M of 2015 representing an increase of 37.3% compared to GBP 1.1 million during the same period of 2014.

Al Arafa for Investments and Consultancies S.A.E (Arafa Holding), the leading player in the fashion and apparel industry proudly announces the conclusion of a deal by which its British subsidiary, Baird Group (98.2% owned by Arafa Holding), obtains the exclusive rights to operate and manage the notable international trademark Ben Sherman, in connection with designing, manufacturing, marketing, selling, distributing and the managing of its retail stores, in-store concessions, and online business in UK and Ireland.

Ben Sherman is one of the well-known international menswear clothing and retail brands with annual revenues in the range of GBP 15-20 million. As per the agreement with Marquee - the owner of the brand - the business comprises of 7 retail stores, including the iconic store of Carnaby Street, in addition to running House of Fraser concessions, wholesale accounts (including a significant business with Debenhams and other clients in Australia and the Middle East), as well as managing the UK online business. The exclusive rights to the Ben Sherman brand represents a strategic opportunity for the group, reinforces the vertical integration between Arafa Holding's subsidiaries and contributes to the manufacturing business through the group's state of the art industrial platform that is considered the largest in Egypt and the Middle East; manufactured products include formal menswear suits and shirts.

Mark Cotter, CEO of Baird commented on the deal: "We are delighted that Baird concluded such deal. This new business is a great strategic fit into our existing business model and allows us to fully leverage our infrastructure, expertise and skills of the UK team to significantly increase our business in the UK menswear market and expand our clients' base. We are looking forward to growing this iconic brand and working with other overseas partners to provide Baird's UK designed product ranges".

Dr. Alaa Arafa, Chairman and Managing Director of Arafa Holding also commented on the deal: "The Group's success to close such a deal represents an important achievement that comes along with the rebound of the company's retail sales in the UK market, reassuring confidence in the group's investments and opening doors to more exports through Arafa Holding's industrial platform in Egypt".

The Ben Sherman deal also reflects the continuous efforts Baird witnessed since the start of the restructuring operations following the significant losses the company suffered post the financial crisis in 2009. Efforts included cutting overheads of calibers of executive and middle management positions in the UK, in addition to shutting down the high-cost non-performing stores and replacing them with cost efficient better-located stores. As a result of the fruitful restructuring process, the company's revenues were back to healthy growth and its market share increased from 11% (in 2012 at start of restructuring) to a current 15% of the UK's formal menswear market. Moreover, Baird Group witnessed an increase in operating profits and an improvement in margins as it reported operating profits of GBP 1.7 million in FY2014 after the company managed to reduce the cost base by GBP 7 million. It's worth noting that Baird Group reported operating profits of GBP 1.5 million in the first 9 months of 2015 compared to GBP 1.1 million for the same period of 2014 with an increase of 37.3%.

Baird Group manages 235 stores in the UK with total Group sales of GBP 85 million consisting of: 33 standalone stores, including stores of Jeff Banks and Suit Direct, with turnover of GBP 18 million, running the concessions in more than 150 Debenhams stores in addition to that of House of Frasers and Harvey Nicholas stores in the UK with total turnover of GBP 50 million and managing wholesale accounts and online sales for GBP 16 million. Baird Group targets a growth of 15% in revenues and profits, coming closer to the GBP 100 million mark in revenues once more aiming for further growth of the group's market share through the wide variety of brands it offers in the British market including Alexander, Racing Green, Jeff Bank and Suit Direct.

About AI Arafa for Investments & Consultancies

AI Arafa for Investments and Consultancies ("Arafa Holding") is a leading player in the fashion industry, 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. Moreover, the company owns a significant stake in the prestigious Italian brand PAL ZILERI, in addition to some other strategic investments with leading international fashion players such as Ermenegildo Zegna.

Investor Relations:

AI Arafa for Investments & Consultancies (Arafa Holding - AIVC)
Address: Nasr City Public Free Zone – 15st. near North Area
Tel: +202 267 140 44
Email: ir@arafaholding.com
Website: www.arafaholding.com