



Investor Presentation, January 2016

Arafa Holding at a Glance

OVERVIEW

- 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" Group in Egypt
 - Homegrown luxury brand "CONCRETE"** with 47 retail stores across Egypt
 - 14%** of the UK suits market

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

Brands:

PAL ZILERI



ALEXANDRE
SAVILE ROW



RACING GREEN
BRITISH STYLE



Gibson
LONDON

Clients:



Massimo Dutti



ZARA

MOSCHINO



DEBENHAMS

BANANA REPUBLIC



Vertical Integration and Horizontal Diversity

OVERVIEW

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



Egypt's Unique Value Proposition

EGYPT ADVANTAGE

Low Cost Environment

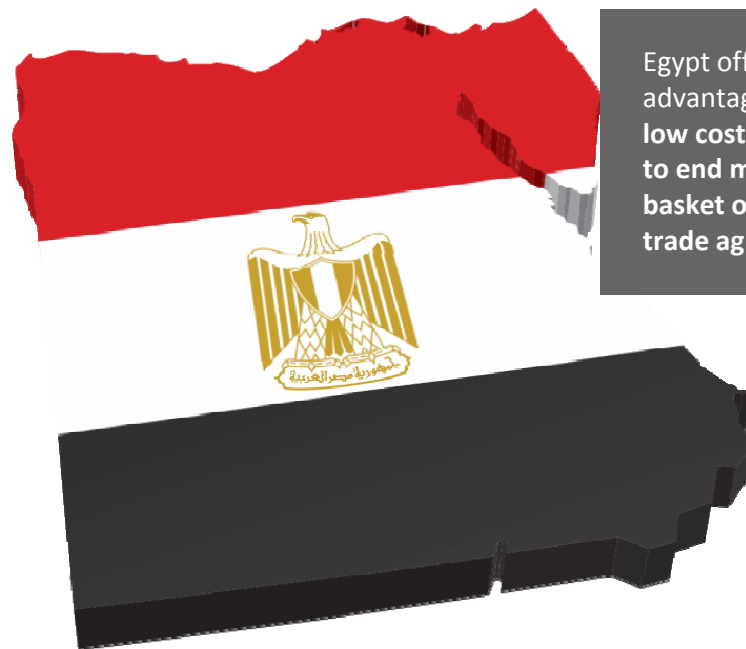
- Egypt offers a **sizeable young labor force**, with over 50% of the population under the age of 30, at a **relatively low cost** compared to other emerging markets that operate in the labor-intensive Apparel & Tailoring segment
- Costs of inputs for **infrastructure** and **utilities** are among the least expensive in the region

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

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 **low costs, proximity to end markets** and a **basket of beneficial trade agreements**

Gov't Incentive Programs

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

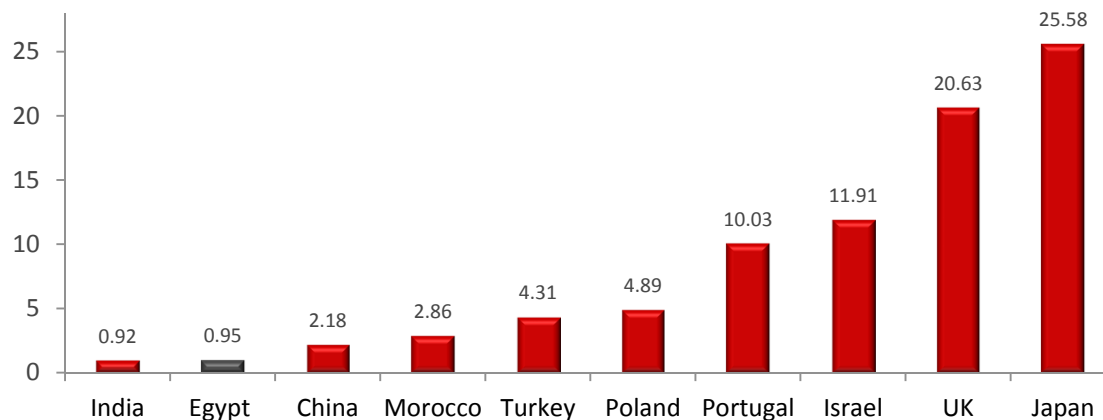
Egypt's Low Cost Environment

LOW COST ENVIRONMENT

- 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:

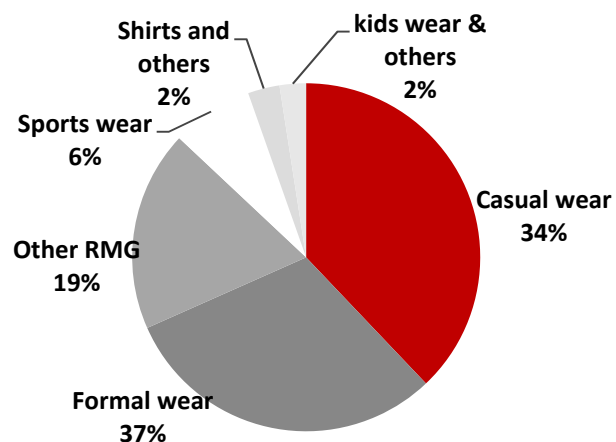
International Textile Manufacturers Federation (ITMF 2012 re-adjusted)
Werner International 2011 (adjusted for June 2013 exchange rates)

Overview on Egypt's Ready-Made Garments (RMG) Industry

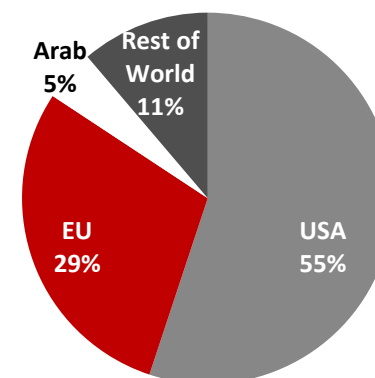
- RMG sector is the key player within the textile & apparel sector with the majority privately owned.
- **RMG exports** maintained level of **USD 808 million in July 2015**, representing **7.2% of total non-oil exports**.
- Major export regions include US & Europe, which contributed 55% & 29%, respectively to Egypt's 2015 exports.
- 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	808
Total Non-oil Exports	23,326	22,856	22,090	22,267	11,150
Sector Contribution (%)	6.7%	6.3%	6.5%	6.4%	7.2%

RMG Exports by Product, 2015



Regional Breakdown of RMG Exports, 2015



Source: GAFI and RMGEC Reports, Data till July 2015

Group Financials Overview

FINANCIALS

Income Statement (USD 000's)	FY 2012	FY 2013	FY 2014
Net Revenues	269,740	258,088	266,001
% change	-3.1%	-4.3%	3.1%
Gross Profit	102,052	90,151	91,164
Gross Profit Margin	37.8%	34.9%	34.3%
EBITDA	27,264	23,053	17,646
EBITDA Margin	10.1%	8.9%	6.6%
EBIT	19,104	15,451	10,415
EBIT Margin	7.1%	6.0%	3.9%
Net Profit After Tax	6,392	7,741	12,408
Net Profit Margin	2.4%	3.0%	4.7%

Balance Sheet (USD 000's)	FY 2012	FY 2013	FY 2014
Cash & Marketable Securities	40,528	37,387	38,606
Net Receivables	46,724	49,879	50,778
Inventory	111,102	115,277	115,925
Fixed Assets	85,070	78,439	71,372
Total Assets	<u>469,487</u>	<u>474,272</u>	<u>472,798</u>
Total Liabilities	234,275	242,041	263,284
Total Shareholder's Equity	235,212	232,232	209,514
Total Liabilities & Shareholder's Equity	<u>469,487</u>	<u>474,272</u>	<u>472,798</u>

FY 2014

- **Consolidated Net Revenues** recorded USD 266.0 million in FY 2014 compared to USD 258.1 million in FY 2013. The growth in FY 2014 revenues is due to the improvement in luxury segment sales, in addition to higher sales from the British subsidiary "Baird Group", where Baird's market share in formal menswear increased to approximately 14%
- **Net Profit after Tax** reached USD 12.4 million in FY 2014 compared to USD 7.7 million in FY 2013, yielding a net profit margin of 4.7% compared to 3.0% in FY 2013.

**3 Markets, 3 Activities,
a Fully Integrated
business model**

Group Financial Overview | 9M 2015 Results Update

FINANCIALS

Income Statement (USD 000's)	9M 2014	9M 2015
Net Revenues	196 737	199 748
<i>% change</i>	10.8%	1.5%
Gross Profit	69 026	68 375
<i>Gross Profit Margin</i>	35.1%	34.2%
EBITDA	16 372	15 206
<i>EBITDA Margin</i>	8.3%	7.6%
EBIT	10 815	9 915
<i>EBIT Margin</i>	5.5%	5.0%
Net Profit	7 185	6 508
<i>Net Profit Margin</i>	3.7%	3.3%

9M 2015 Results Update

- Arafa Holding reported Consolidated **Net Revenues** of USD 199.7 million during 9M 2015 compared to USD 196.7 million during same period last year despite the appreciation of the US dollar against revenues' currencies.
- **Operating Profits (EBIT)** amounted USD 9.9 million with a profit margin of 5.0% compared to USD 10.8 million with a margin of 5.5% pressured by an increase in the group's operating costs on the back of the appreciation of the Egyptian pound against the British pound and the Euro.
- **Net Profit after Tax** reached USD 6.5 million with a net profit margin of 3.3% compared to USD 7.2 million with a margin of 3.7%. It is worth mentioning that the group's financial expenses dropped by 16.0% during the reporting period.

THANK YOU!

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