



النساجون الشرقيون
Oriental Weavers

EARNING RELEASE 3Q

2020

Oriental Weavers in Numbers

No. 1

World Largest
producer by volumes

EGP 10.1 bn

Record Turnover in
2019

66%

Export contribution
in 3Q2020

80%

Market share in
Egypt
255 Showrooms
Across Egypt

c. 80%

Utilization rate

EGP 467 mn

Backlog of export
incentives

Main segments of OW

	Woven				Tufted		Non-woven
Description	Surface yarn is woven simultaneously with the backing. Then a latex compound is added.				The surface yarn is inserted into a polypropylene sheet		Fibers bonded together using chemicals and heat.
Subsidiaries	OWC	OWI & OWT	OWUSA	OW China	MAC	New MAC	EFCO
% of Revenues	34%	22%	21%	0.1%	19%		4%
Tax rate	22.5%	Exempted	25%	17%	22.5%	Exempted	22.5%
Capacity mn sqm (Dec 2018)	21	44	NA	3.4	46		19

*Capacities vary by grade



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A Vertically Integrated Business Model

Oriental Weavers has complete control over the manufacturing process.

- ❑ **Raw material procurement:** The wool is sourced from suppliers in Egypt, New Zealand and the UK; Polypropylene granules are sourced from local and regional suppliers.
- ❑ **Fiber extrusion:** Raw wool and PP granules are converted into fibers and then spun into yarn. OW produces internally 100% of its own polypropylene fibers and 60% of its nylon needs.
- ❑ **Weaving & Tufting:** The carpets are woven at one of our facilities in Egypt, China or the US, depending on the end user. The designs are determined by the customer needs; we offer more than 4 million copyrighted designs to choose from.
- ❑ **Retail & Distribution:** Locally, the rugs are sold through our 251 retail & wholesale outlets. Internationally, rugs are distributed worldwide through our list of prominent agents. In the US, rugs are distributed through OW USA.

Fiber extrusion

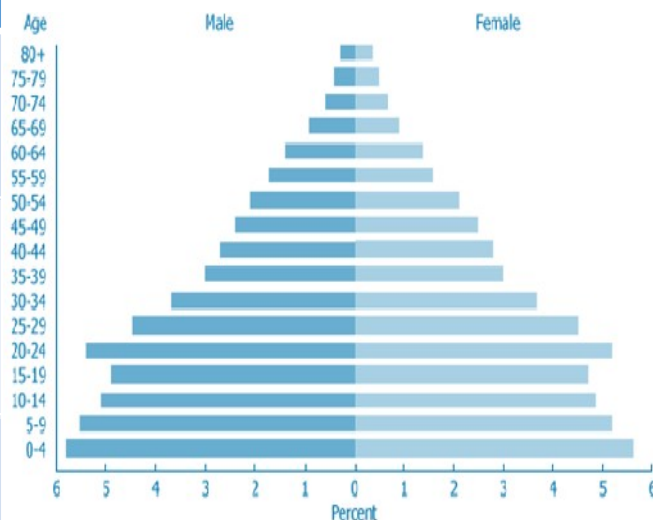
Weaving & Tufting

Retail & Distribution

Demand Drivers in Egypt

Growing economy	GDP is expected to grow by 5.9% annually up to 2024 as per the IMF.
Sizeable youth population	50% of the Egyptian population are near the marriage with around one million marriages taking place annually.
Housing gap	Housing gap is about 3 million units which creates potential for the development of new private and social housing projects.
Egyptian culture habits	Soft floor coverings are considered essential in every house

Sizeable youth bracket



3Q 2020 Revenue summary



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	Value (EGP million)			Volume (sqm)		
	3Q 2020	3Q 2019	% Change	3Q 2020	3Q 2019	% Change
Woven- Egypt based	1,481	1,351	+10%	14.6	12.3	+19%
OW USA	489	436	+12%	3.0	2.8	+12%
OW China	-	15	-	-	0.2	-
Tufted	488	436	+12%	9.3	7.9	+18%
Non-woven Felt	108	87	+23%	4.4	3.7	+19%
Other	22.5	21.4	+5%			
Total	2,587	2,347	+10%	31.5	26.8	+17%

9M 2020 Revenue summary



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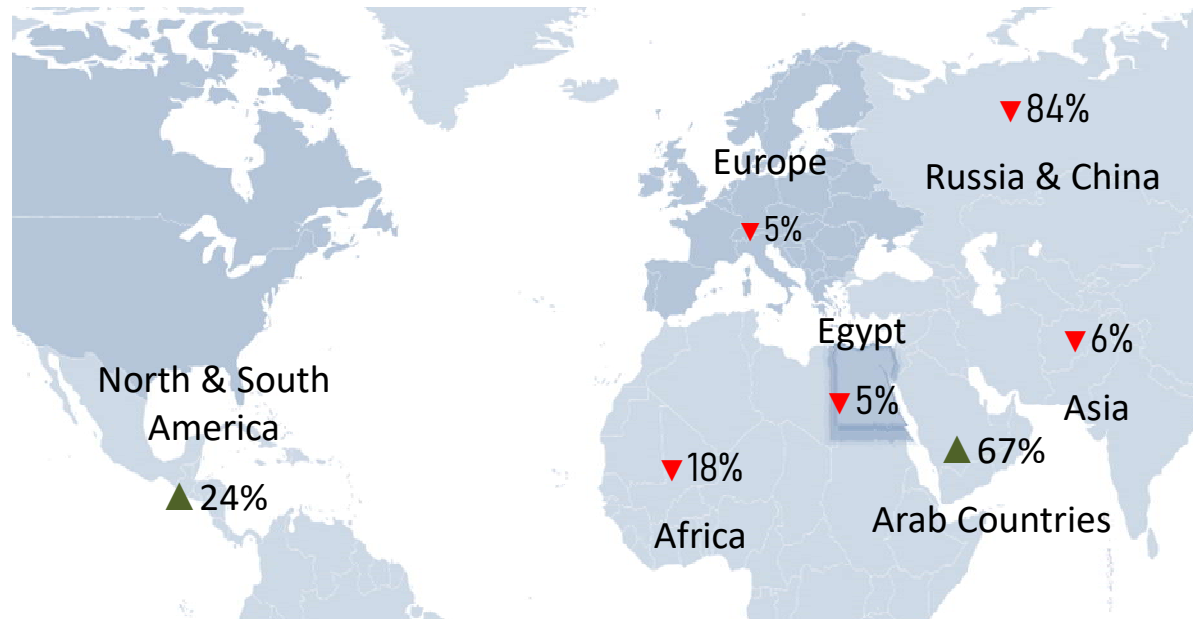
	Value (EGP million)			Volume (sqm)		
	9M 2020	9M 2019	% Change	9M2020	9M2019	% Change
Woven- Egypt based	3,677	4,255	-14%	37	40	-7%
OW USA	1,384	1,631	-15%	9.8	10.1	-2%
OW China	0.67	51	-87%	0.1	0.6	-88%
Tufted	1,281	1,292	-1%	25	23	6%
Non-woven Felt	281	275	2%	12	12	-1%
Other	36	78	-55%	0	0	
Total	6,666	7,583	-12%	83	86	-3%



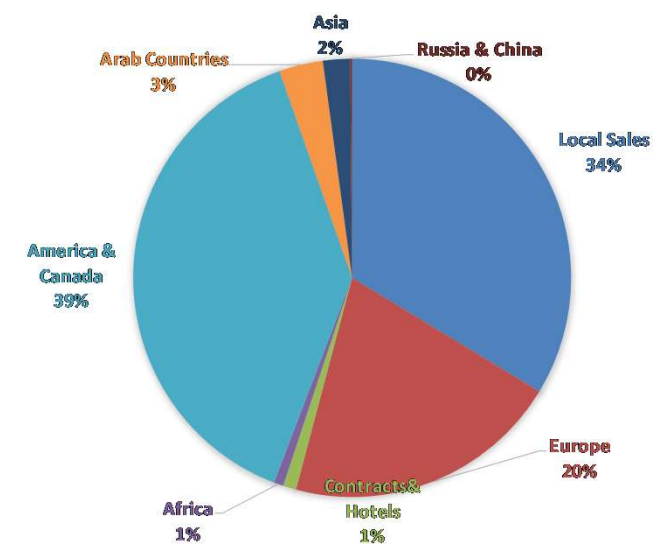
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Export Market development

Performance by region in 3Q 2020



Revenue Breakdown by region in 3Q 2020



Export Market Development in 9M 2020

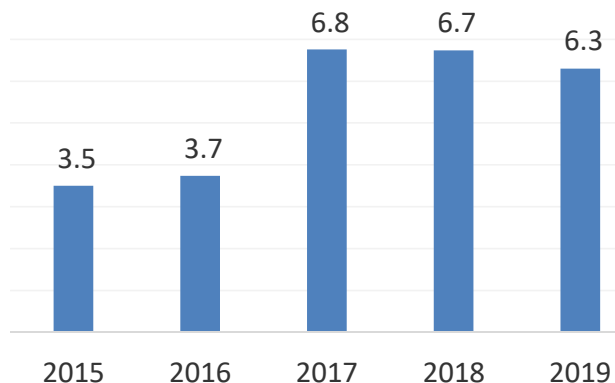
Percentage Change	3Q 2020	3Q2020	Average Price	Contribution to			9M 2019	9M2019
	Volume	Value		Export		Volume	Value	
				Revenues				
				3Q 2020	3Q 2019			
Woven	▲ 31%	▲ 20%	▼ 8%	73%	73%		▲ 1%	▼ 14%
Tufted	▲ 25%	▲ 20%	▼ 4%	24%	24%		▲ 15%	▲ 8%
Non-woven Felt	▲ 31%	▲ 39%	▲ 6%	3%	3%		▲ 5%	▲ 7%
Total	▲ 28%	▲ 20%	▼ 6%	100%	100%		▲ 6%	▼ 9%
USDEGP		▼ 4%						



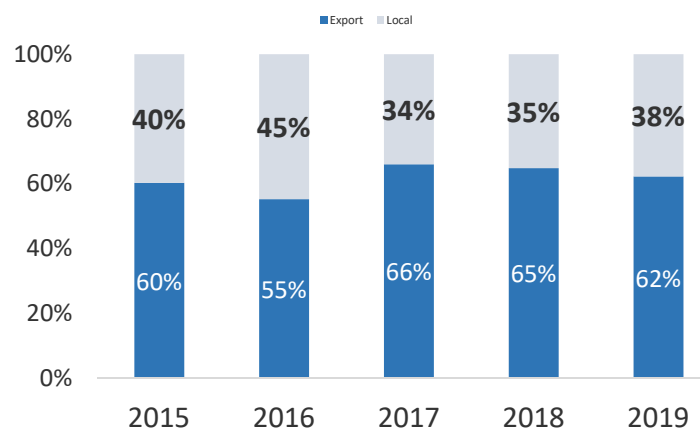
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Export performance overview

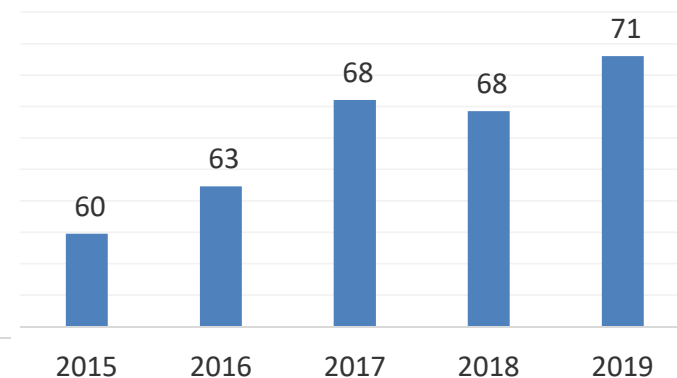
Export revenues (EGPbn)



Export vs. Local Revenue volume %



Export volumes (mn sqm)



Local Market Development in 9M 2020

Percentage Change	3Q 2020 Volume	3Q 2020 Value	Average Price	Contribution to Local Revenues		9M 2020 Volume	9M 2020 Value
				3Q 2020	3Q 2019		
Woven	▼ 1%	▼ 6%	▼ 4%	83%	83%	▼ 17%	▼ 16%
Tufted	▼ 12%	▼ 17%	▼ 6%	9%	10%	▼ 28%	▼ 29%
Non-woven Felt	▲ 10%	▲ 8%	▼ 1%	6%	5%	▼ 6%	▼ 3%
Others (yarn sales)		▲ 35%		3%	2%		▼ 42%
Total	Flat	▼ 5%	▼ 6%	100%	100%	▼ 16%	▼ 18%

Local market overview

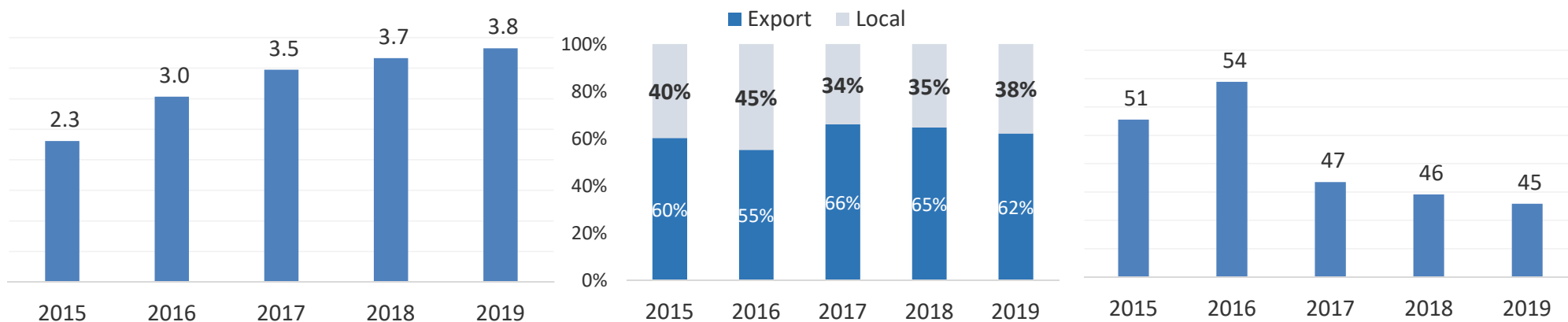


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Growing local revenues (EGPbn)

Export vs. Local revenues%

Local sales volumes (mn sqm)

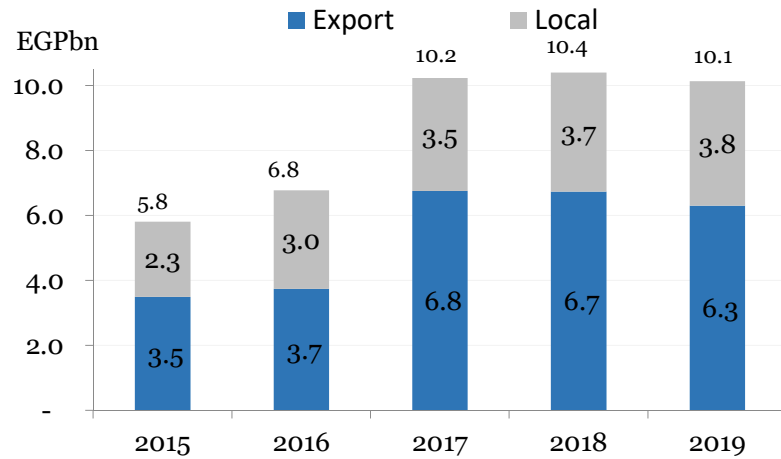


Revenue progress

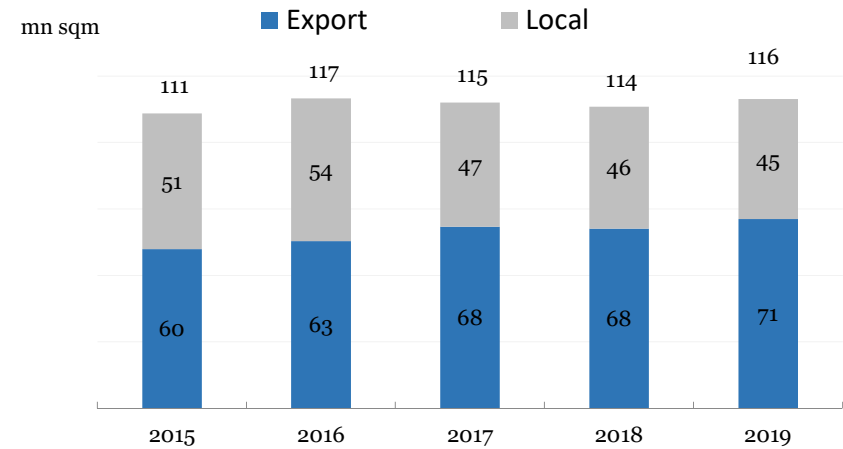


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Revenues (EGPbn)

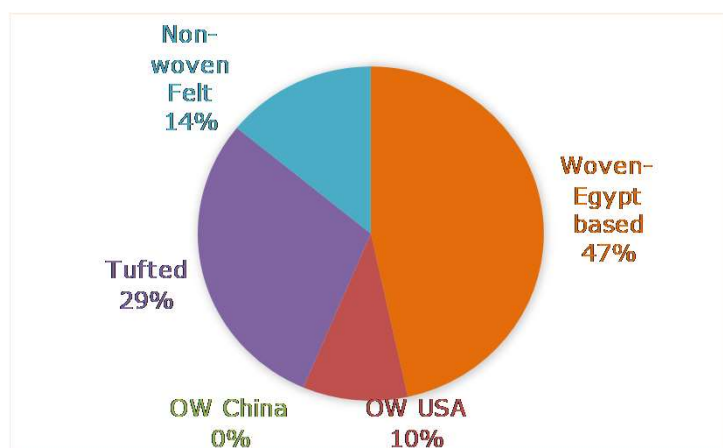


Sales volumes (mn sqm)



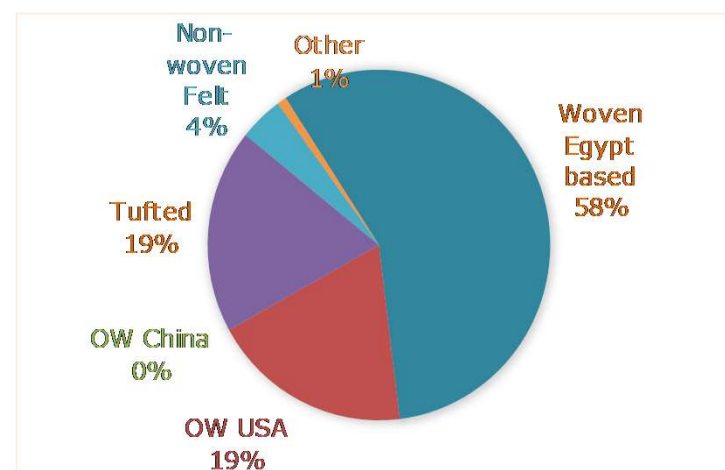
Diversified Product Mix




3Q 2020 Revenue Mix (by volume)



Woven-Grade A		EGP199/sqm
Woven-Grade B		EGP118/sqm
Woven-Grade C		EGP67/sqm

3Q 2020 Revenue Mix (by value)

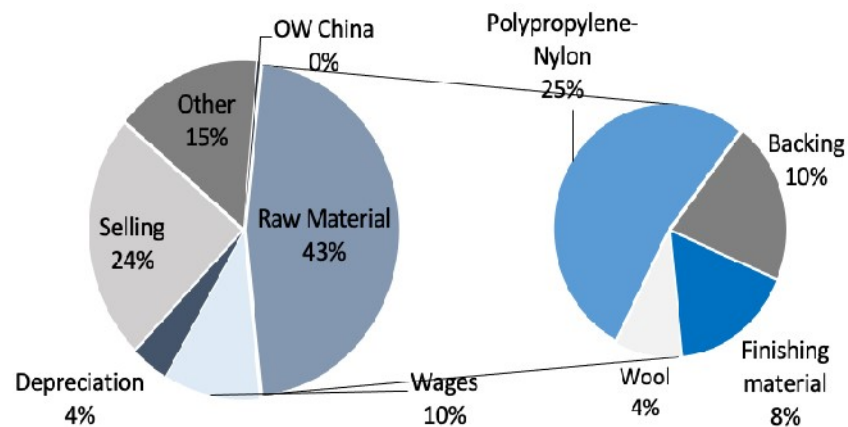


Tufted wall-to-wall		EGP45/sqm
Tufted pieces		EGP53/sqm
Non-woven (EFCO)		EGP23/sqm

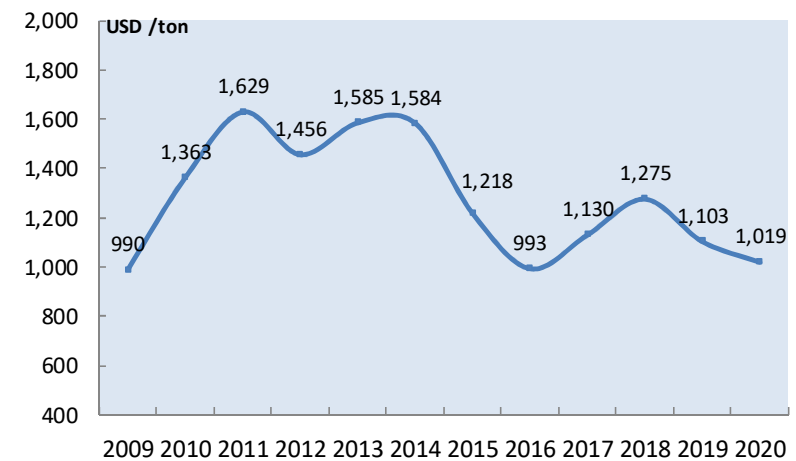


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3Q 2020 Cost Breakdown



PP Prices (USD/ton)



Source: Company

- Almost 63% of costs are dollar based.



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Recent Expansions

	2017	2018	2019	2020	2021
Woven	<ul style="list-style-type: none"> Establishing a new factory 10 new looms One Heat-set yarn machines 	<ul style="list-style-type: none"> 9 new looms Seven yarn machines 	<ul style="list-style-type: none"> 4 looms Packing machines Yarn machine 	<ul style="list-style-type: none"> 3 weaving looms Dying machine Wrapping machine 4 Goblin Machines 	<ul style="list-style-type: none"> 5 weaving looms Dying machine Shearing line 2 Goblin Machines
Tufted	One digital printing Two yarn machines	Two yarn machines & other equipment	<ul style="list-style-type: none"> upgrade chromo jet printers to digital ones, one printing machine, three new tuft machines, Carpet Tiles press cutting machine. 	<ul style="list-style-type: none"> 2 artificial grass machines 2 rolling and backing machines 	<ul style="list-style-type: none"> 2 tufted Machines Digital machines
Non-woven	Finishing and coloring machines	Two new machines			<ul style="list-style-type: none"> Digital printing

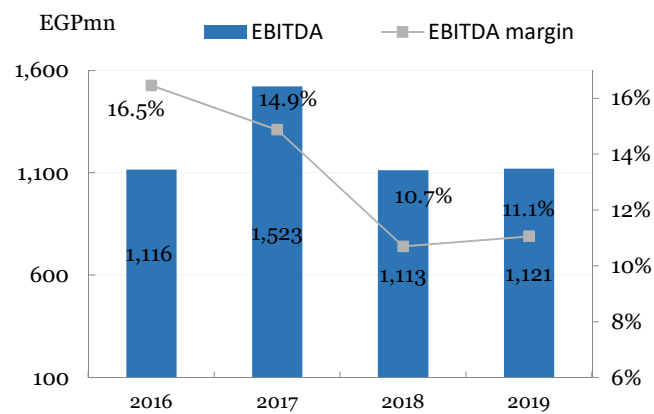
**Total
Capex**

\$10million

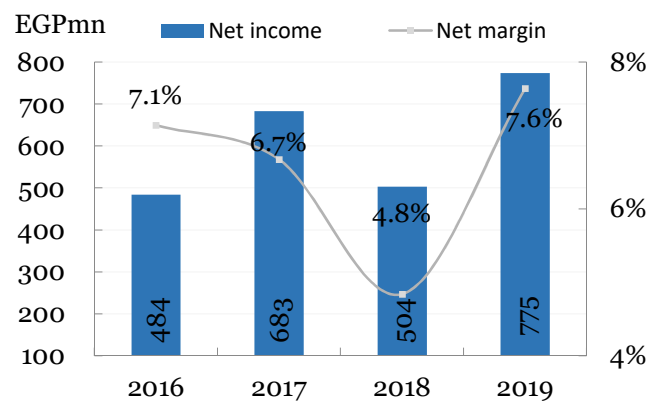
\$15million

Financial Summary

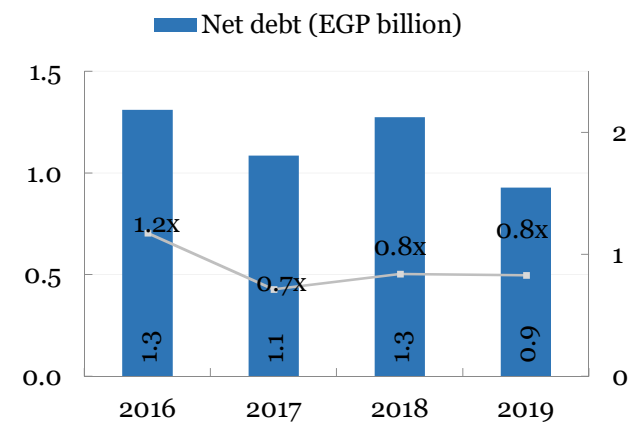
EBITDA Performance (EGPbn)



Net Income Performance



Net Debt (EGPbn)



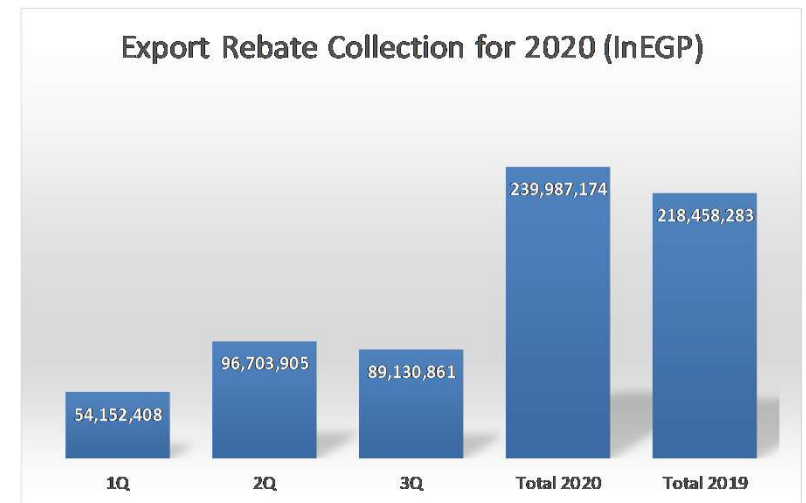
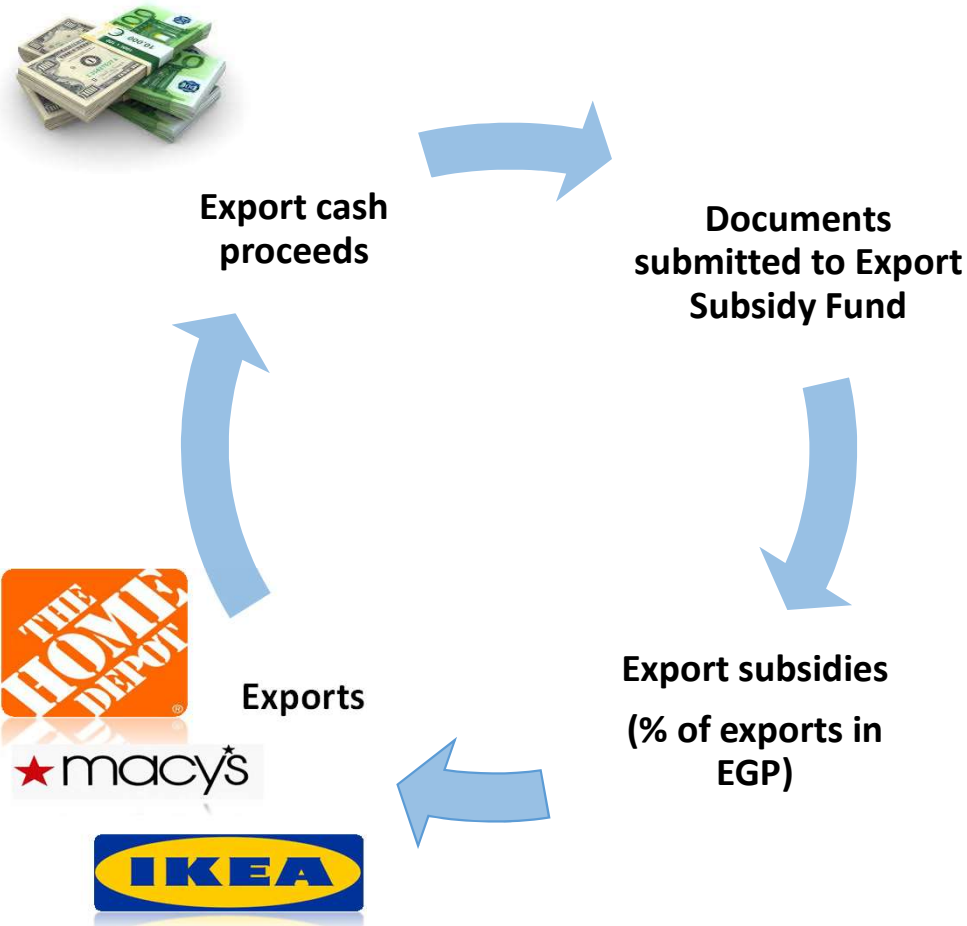


Impact of Energy Subsidy Reform on Costs

Energy cost	Jun-14	Jul-15	Jul-16	Jul-17	Jul-18	Jul-19	% Change
Natural gas (US\$/mmbtu)	2.25	5	5	5	5	5	-
Electricity (EGP/KW)	0.28	0.435	0.53	0.69	0.99	1.1	11%
Transportation costs (EGP Diesel/Liter)	1.1	1.80	2.35	3.65	5.5	6.75	23%

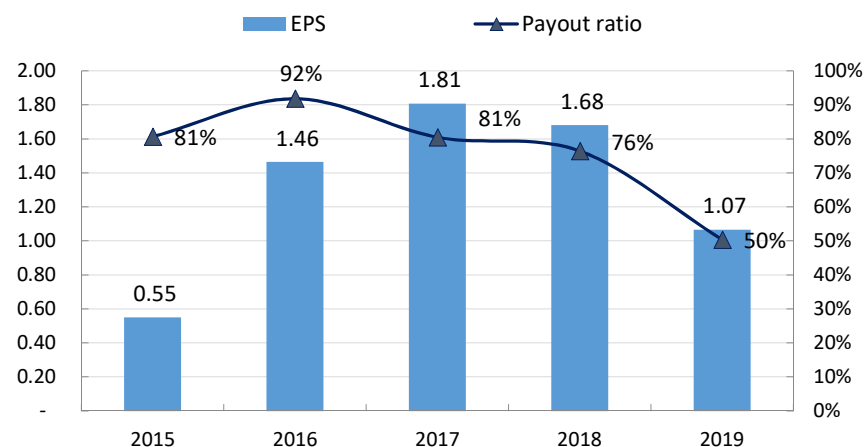
* Energy cost represents less than 4% of the company's total cost

Export Incentive Program:



Share Data

- 665.1 mn shares at par value of EGP 1 per share.
- Issued and Paid-in Capital EGP 665.1 mn.
- Listed in EGX since September 1997.
- 3 Month average daily value EGP8.3mn.
- Market Cap USD 292 mn (as of Aug 8, 2019).
- 2019 DPS of EGP0.65
- Reuters; Bloomberg ORWE.CA; ORWE EY.



Shareholders' structure

Khamis Family	56.5%
Institutions	37%
Foreign Institutions	23.6%
Local Institutions	13.4%
Retail	6.5%

Sources: Company

Disclaimer



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