



النساجون الشرقيون
OrientalWeavers

2019

Earnings Presentation



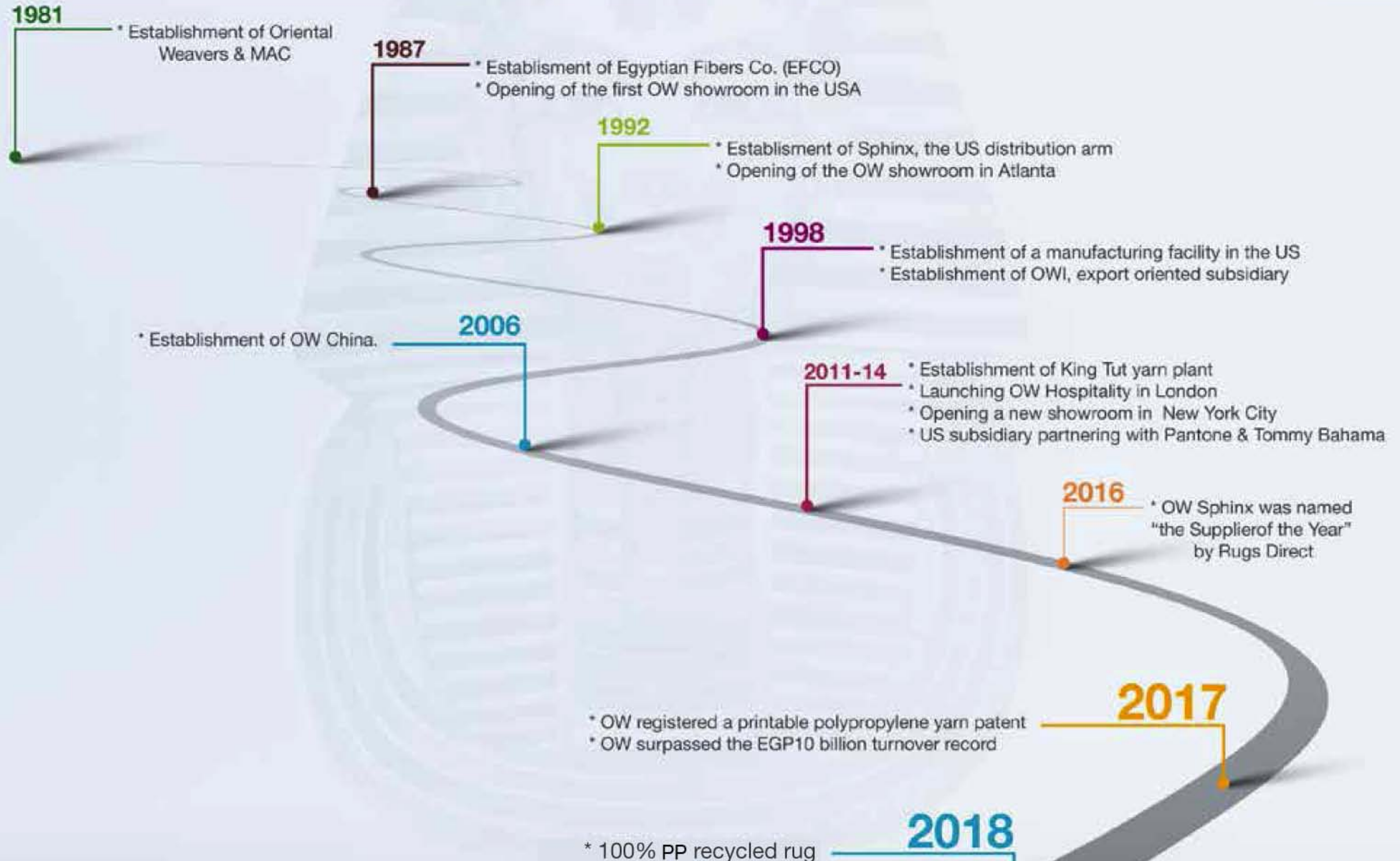
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Oriental Weavers International Facility

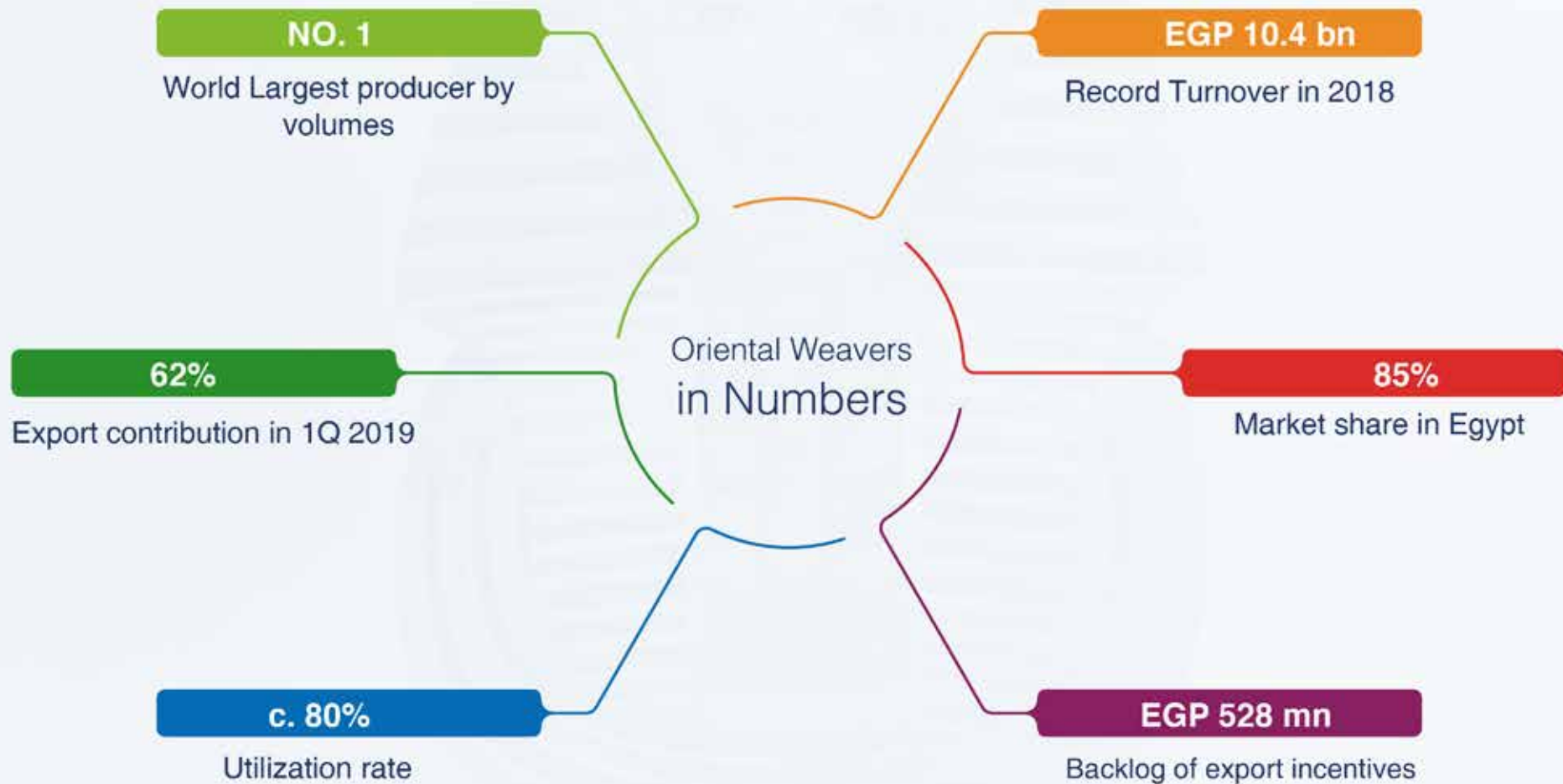


Group's key Milestones





Oriental Weavers in Numbers





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	32%	23%	23%	1%	17%		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



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: Carpets are woven at one of our facilities in Egypt, China or the US. 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 247 retail & wholesale outlets. Internationally, rugs are distributed worldwide through our list of prominent agents. In the US, rugs are distributed through OW USA.



Positive triggers for OW

- 1 The US Tit for Tat tariffs on imports from China should open more room for growth.
- 2 Reversed amounts related to free zone fees.
- 3 Pending export subsidy collection (EGP 528 million).



Global Macro Fundamentals

US Market

- US economy continues to move forward, albeit at a slower rate in the second half of 2019.
- Expected slower growth in new home sales.
- Slower growth in renovation and remodeling activities

Homeowners improvements & repairs (USDbn)



Europe

- Slower path of growth in Europe

Asia & Africa

- Strong potential in African beside East Asian markets.

- Developing consumer trends driving growth in these regions.

- Growing Urbanization



Industry overview | Global carpets & rugs market

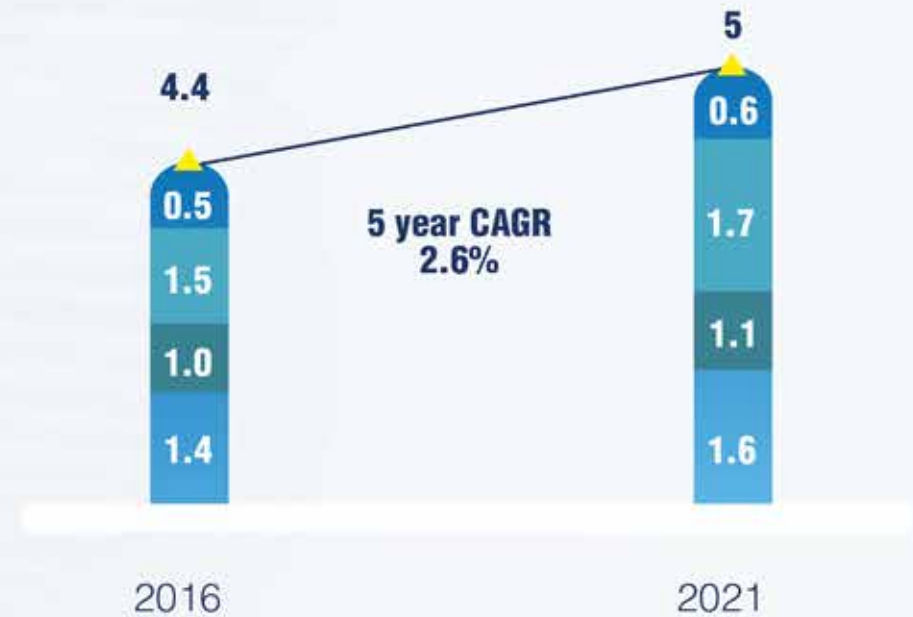
Global Carpets & rugs market by value (USD bn)



Source: Freedonia group

Global Carpets & rugs market by bn sqm (5 yr CAGR)

- North America: 2.6%
- Europe: 1.1%
- Asia & pacific: 3.2%
- others: 3.8%



Source: Freedonia group, Company estimates



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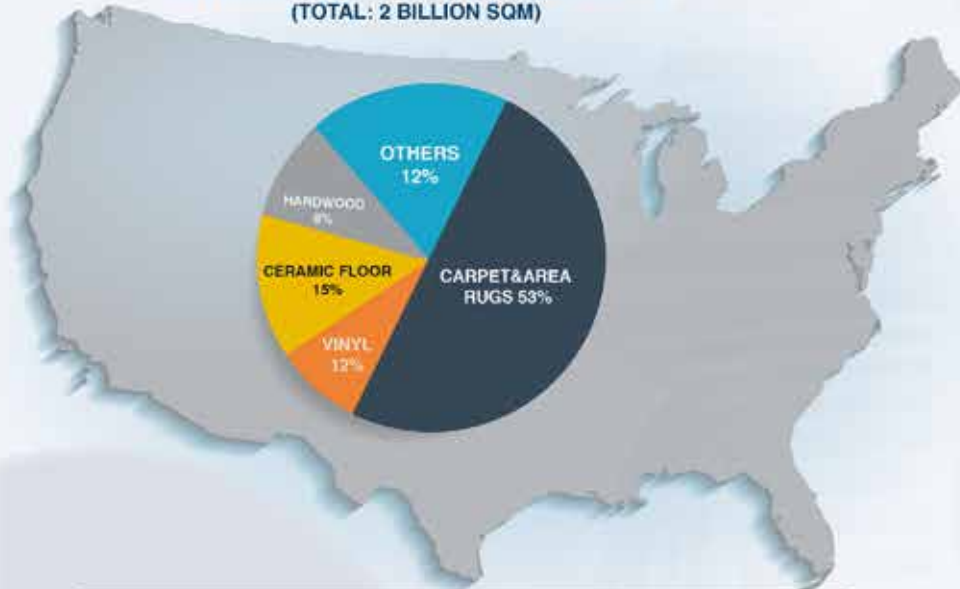
U.S. Carpet Market In 2017



Carpet Market

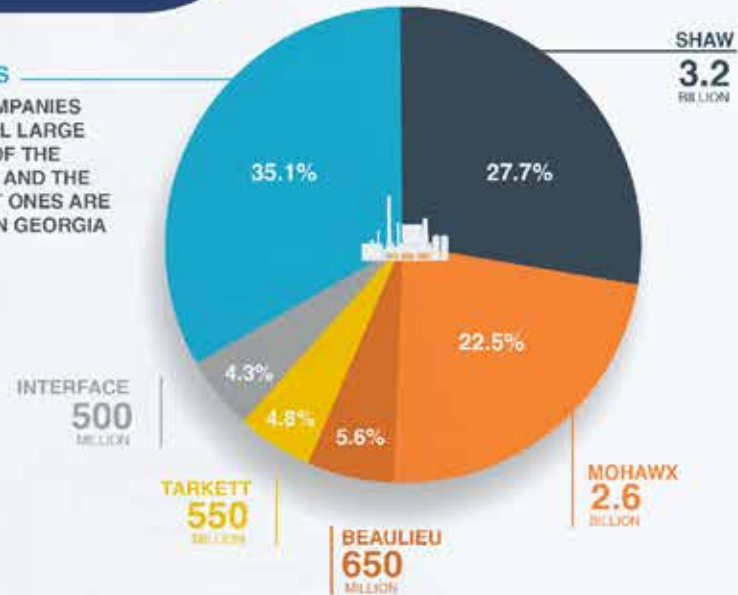
THE UNITED STATES ARE THE SINGLE BIGGEST MARKET FOR CARPETS

US FLOOR COVERING MARKET SALES VOLUME
(TOTAL: 2 BILLION SQM)



OTHERS

FEW COMPANIES CONTROL LARGE SHARE OF THE MARKET AND THE BIGGEST ONES ARE BASED IN GEORGIA



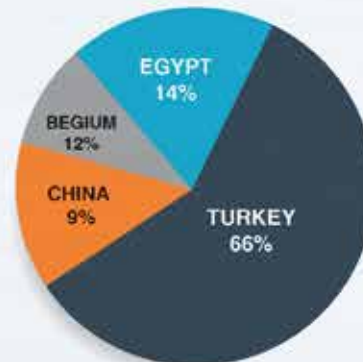
11.7 BILLION SQUARE FEET OF CARPETS & RUGS

3% ANNUALLY IS PROJECTED GROWTH OF THE U.S. CARPET & RUG MARKET

CARPET & RUGS DEMAND BY MARKET



US rug imports in 2017
From Major Countries: USD 661 MILLION



Area rugs and carpets Market Size (USD bn)





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European Carpet Market In 2016

CARPET DEMAND BY SECTOR

55%

RESIDENTIAL BUILDING



39%

NON-RESIDENTIAL BUILDING



6%

OTHERS

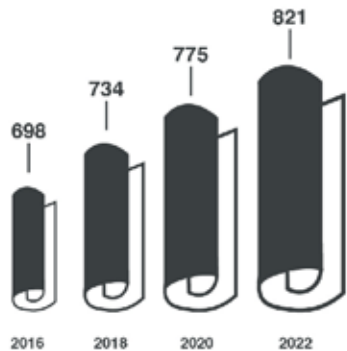


PROJECTED GROWTH OF THE EU CARPET MARKET

MILLION SQUARE METERS

ANNUALLY
2.7%

VALUED AT
\$56
BILLION



DEMAND

698

MILLION METERS*



NET REVENUE

\$47

BILLION



EUROPE IS THE WORLD'S SECOND LARGEST MARKET FOR CARPETS

65%

OF EU DEMAND FOR CARPETS IS FULFILLED BY- BASED MANUFACTURING



Demand Drivers in Egypt

Growing economy	GDP is expected to grow by 5-6% annually up to 2020 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



1Q 2019 Revenue Summary

Value (EGP million)

	1Q 2019	1Q 2018	% Change
Woven-Egypt based	1,409	1,464	-4%
OW USA	606	521	16%
OW China	15	16	-6%
Tufted	437	428	2%
Non-woven Felt	94	73	29%
Other	40.4	6	583%
Total	2,603	2,507	4%

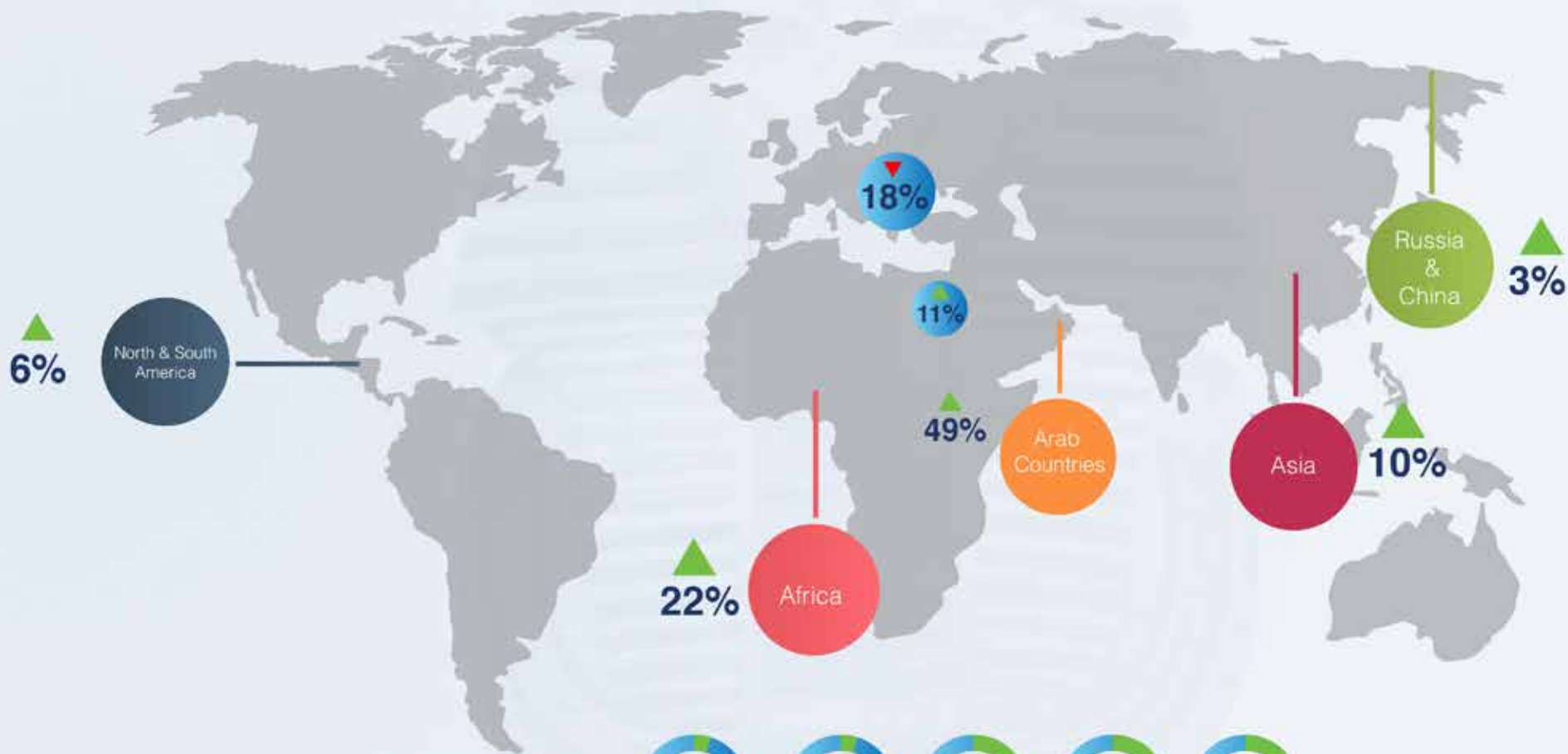
Volume (sqm)

	1Q 2019	1Q 2018	% Change
Woven-Egypt based	13.2	13.9	-5%
OW USA	3.7	2.9	28%
OW China	0.2	0.2	-9%
Tufted	8.0	7.4	8%
Non-woven Felt	4.3	4.0	8%
Other			
Total	29.3	28.3	3%

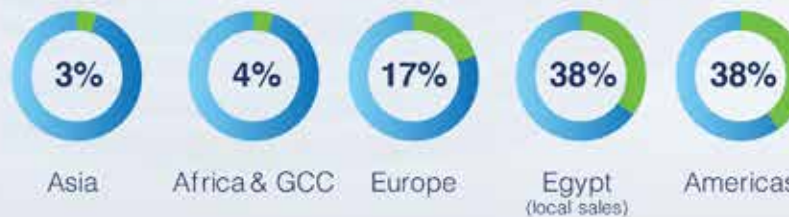


Export Market development

Performance by region in 1Q 2019



Revenue contribution by region





Export Market Development in 1Q 2019

Percentage ▲	Volume 1Q	Value 1Q	Average Price 1Q	Contribution to Export Revenues	
				1Q 2019	1Q 2018
Woven	▼ 4%	▼ 2	▲ 2%	77%	78%
Tufted	▲ 13%	0%	▼ 11%	20%	20%
Non-woven Felt	▲ 111%	▲ 66%	▼ 21%	3%	2%
Total	▲ 9%	0%	▼ 9%	100%	100%



Export performance overview

Export revenues (EGPbn)



Export vs. Local Revenue volume %

● Export ● Local



Export volumes (mn sqm)





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Oriental Weavers

Longstanding relationship with major customers





International Hospitality segment recorded

A 5% y-o-y growth was exhibited in 1Q 2019:

OW completed a number of projects including:

- installations at **the Fairmont Royal York Hotel, the Encore Macau, and the Marriott Odessa.**

Installations were also completed in the UAE including:

- **Paramount Towers A, B, and D,**
- **Phase 2 of the Atlantis Hotel, and**
- **Hilton & Metropolitan Al-Habtoor**

In Saudi Arabia – Midan Hotel; in Bahrain - Swiss Bell Hotel; and in Democratic Republic of Congo –Serena Goma.



Local Market Development in 1Q 2019

Percentage ▲	Volume	Value	Average Price	Contribution to Export Revenues	
				1Q 2019	1Q 2018
Woven	▲ 6%	▲ 8%	▲ 2%	81%	82%
Tufted	▼ 6%	▲ 9%	▲ 15%	12%	12%
Non-woven Felt	▼ 26%	▲ 3%	▲ 39%	4%	5%
Others (yarn sales)		▲ 55.2%		3%	1%
Total	▼ 4%	▲ 11%		100%	100%



Local Market Overview

Growing Local revenues (EGPbn)



Local Sales volume (mn sqm)





Revenue progress

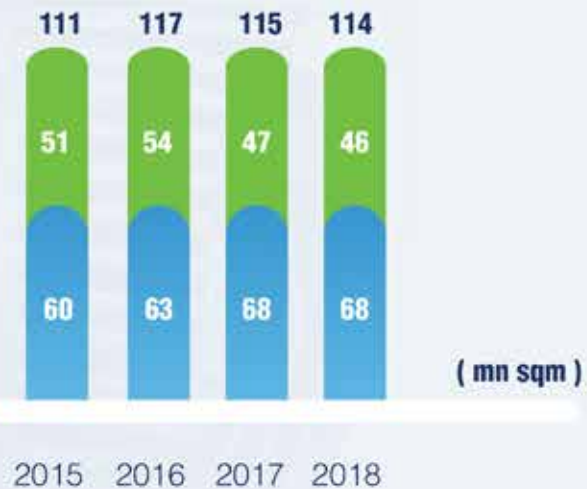
Revenues (EGPbn)

● Export ● Local



Sales volumes (mn sqm)

● Export ● Local



3 -Year (**GAGR 21%**)



Diversified Product Mix

1Q 2019 Revenue Mix (by volume)



- Woven-Grade A — EGP300/sqm
- Woven-Grade B — EGP128/sqm
- Woven-Grade C — EGP70/sqm

1Q 2019 Revenue Mix (by value)



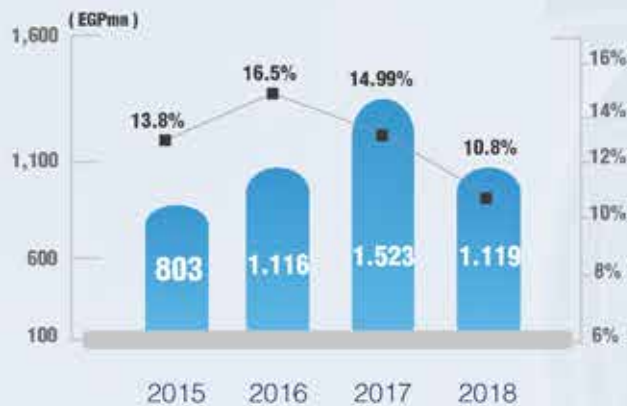
- Tufted wall-to-wall — EGP51/sqm
- Tufted pieces — EGP56/sqm
- Non-woven (EFCO) — EGP22/sqm



Financial Summary

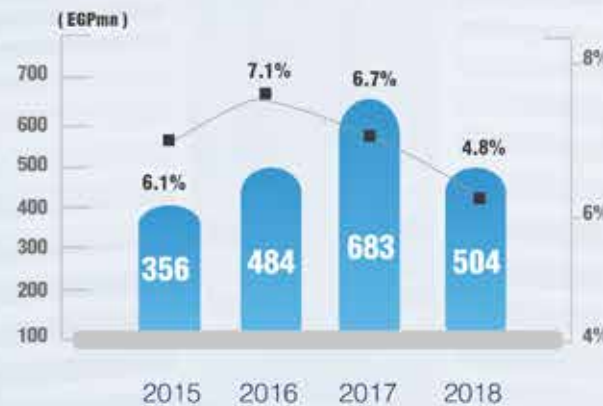
EBITDA Performance (EGPmn)

- EBITDA
- EBITDA margin



Net Income Performance

- Net income
- Net margin



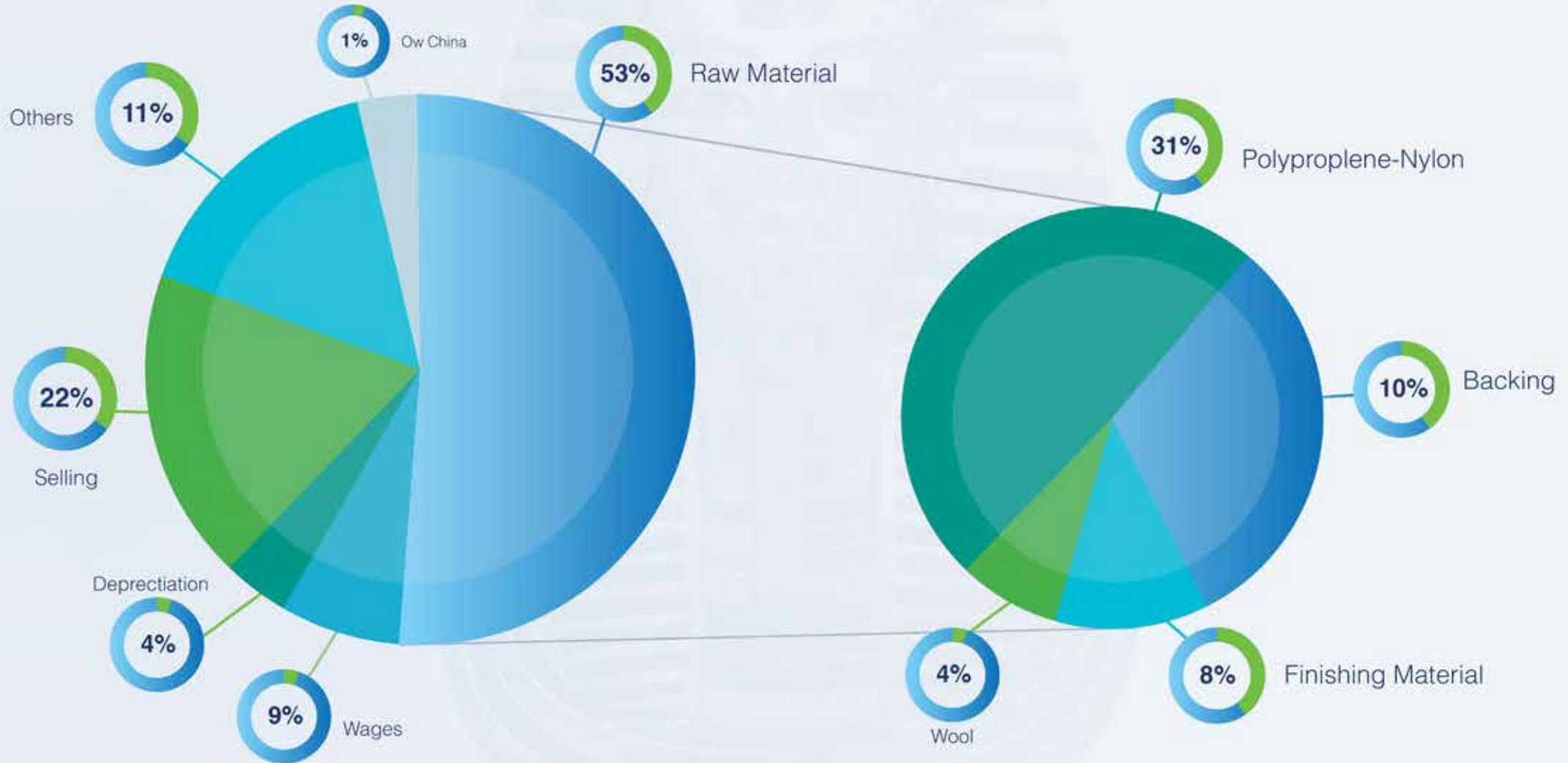
Net Debt (EGPmn)

- Net debt (EGP billion)
- Net debt/EBITDA





1Q 2019 Cost Breakdown



Source: Company

■ Almost 63% of costs are dollar based.



1Q 2019 Cost Breakdown

PP Prices (USD/ton)





Recent Expansions

	2015	2016	2017	2018	2019
Woven	13 looms added increasing production capacity by 6%	<ul style="list-style-type: none"> • 4 new goblin looms • 9 new looms • 2 yarn production lines 	<ul style="list-style-type: none"> • Establishing a new factory • 10 new looms • One Heatset yarn machines 	<ul style="list-style-type: none"> • 9 new looms • 7 yarn machines 	<ul style="list-style-type: none"> • 3 looms (confirmed) • packing machines • Yarn machines
Tufted	MAC penetrated the artificial turf segment following the addition of two new machines		<ul style="list-style-type: none"> • One digital printing • Two yarn machines 	<ul style="list-style-type: none"> • Two yarn machines & other equipment 	<ul style="list-style-type: none"> • upgrade chromo jet printers to digital ones, • one printing machine • two new tuft machines • carpets Tiles press • cutting machine.
Non-woven	Two new machines added	Two new machines added	Finishing and coloring machines	Two new machines	



Impact of Energy Subsidy Reform on Costs

Energy cost	Jun-14	Jul-17	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	1.07	9%
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:

- EGP 528 mn delayed disbursement till May 2019
- OW collected EGP 61 mn in 1Q 2019.





Export Incentive Program

The Government to launch a new Export Incentive Program on July 1st, 2019

1

Currently, the Ministry of Trade & Industry is preparing a new export incentive program for implementation on July 1st, 2019, replacing the current program.

2

The Egyptian Prime Minister meets separately the export councils to discuss proposals and different non-cash alternatives in addition to mechanism through which the backlog will be disbursed.



Share Data

- 443.4 mn shares at par value of EGP 1 per share.
- Issued and Paid-in Capital EGP 443.4 mn.
- Listed in EGX since September 1997.
- 3 Month average daily value EGP8.3mn.
- Market Cap USD 240 mn (as of May 15, 2019).
- 2018 DPS in 2018 of EGP1.5.
- Reuters; Bloomberg ORWE.CA; ORWE EY.

Shareholders' structure

Khamis Family	56.6%
Institutions	37.6%
• Foreign Institutions	24.4%
• Local Institutions	13.2%
Retail	5.8%





Disclaimer

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For More Information, please contact

Ingy El-Diwany, CFA

Investor Relations Manager

 +202-22685166

 ieldiwany@orientalweavers.com

 www.orientalweavers.com