



Forty Years

Weaving the Threads of Innovation



النساجون الشرقيون
OrientalWeavers

Earnings Presentation | 4Q2019



النساجون الشرقيون
Oriental Weavers

Oriental Weavers in Numbers

No. 1

World Largest
producer by volumes

EGP 10.1 bn

Record Turnover in
2019

64%

Export contribution
in 2019

80-85%

Market share in
Egypt

c. 80%

Utilization rate

EGP 579 mn

Backlog of export
incentives (as of 31st
Jan 2020)



النساجون الشرقيون
Oriental Weavers

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%	24%	21%	1%	17%		4%
Tax rate	22.5%	Exempted	25%	17%	22.5%	Exempted	22.5%
Capacity mn sqm (Dec 2019)	21	44	NA	3.4	46		19

*Capacities vary by grade



النساجون الشرقيون
Oriental Weavers

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 255 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

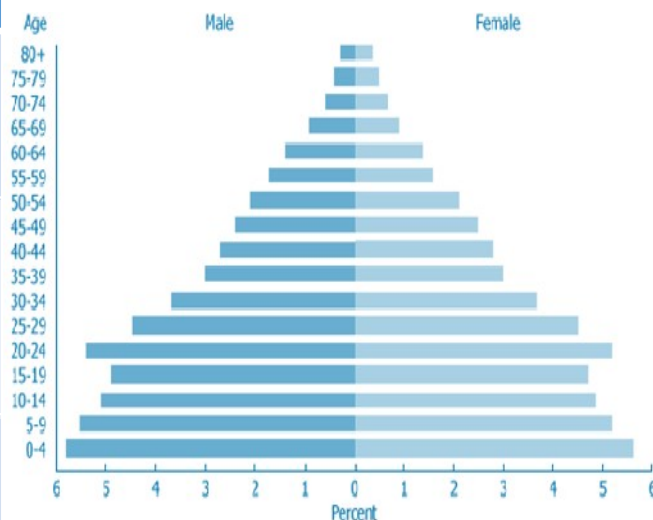


النساجون الشرقيون
Oriental Weavers

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



4Q 2019 Revenue summary



النساجون الشرقيون
Oriental Weavers

Value (EGP million)

	4Q2019	4Q 2018	% Change
Woven- Egypt based	1,430.1	1,586.5	-9.9%
OW USA	504.7	567.1	-11.0%
OW China	15.4	21.5	-28.6%
Tufted	466.4	488.8	-4.6%
Non-woven Felt	113.7	92.4	23.1%
Other	20.2	48.5	-58.4%
Total	2,551	2,805	-9.1%

Volume (mn sqm)

	4Q2019	4Q 2018	% Change
Woven- Egypt based	13.76	14.55	-5.4%
OW USA	3.43	3.17	8.2%
OW China	0.20	0.18	12.9%
Tufted	8.31	8.63	-3.8%
Non-woven Felt	4.92	4.20	17.0%
Other			
Total	30.6	30.7	-0.4%

2019 Revenue summary



النساجون الشرقيون
Oriental Weavers

Value (EGP million)

	2019	2018	% Change
Woven- Egypt based	5,684.6	5,977.2	-4.9%
OW USA	2,136.1	2,133.9	0.1%
OW China	66.8	80.9	-17.4%
Tufted	1,758.4	1,778.9	-1.2%
Non-woven Felt	389.1	299.6	29.9%
Other	98.6	134.2	-26.5%
Total	10,133.6	10,404.7	-2.6%

Volume (mn sqm)

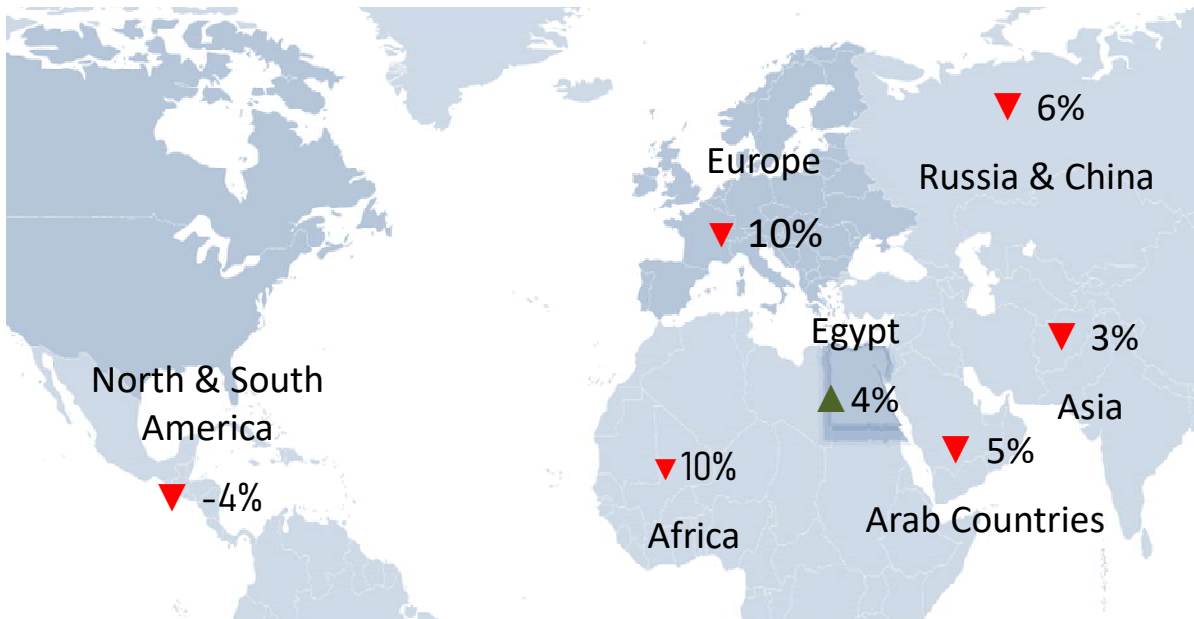
	2019	2018	% Change
	53.3	55.9	-4.6%
	13.5	11.4	18.8%
	0.8	0.9	-16.2%
	31.6	30.9	2.2%
	17.2	14.4	19.2%
	0.0	0.0	
Total	116.4	113.6	2.5%



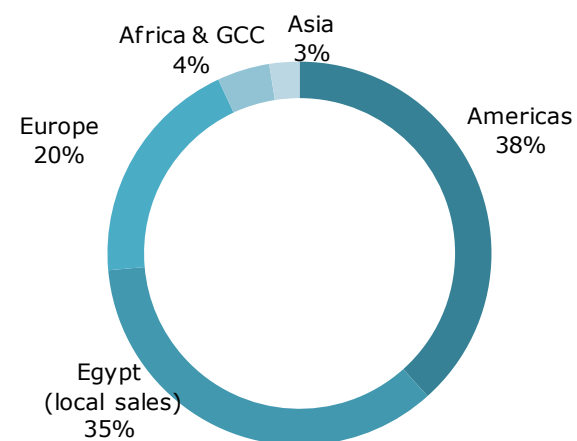
النساجون الشرقيون
Oriental Weavers

Export Market development

Performance by region in 2019



Revenue Breakdown by region in 4Q 2019





النساجون الشرقيون
Oriental Weavers

Export Market Development in 4Q 2019

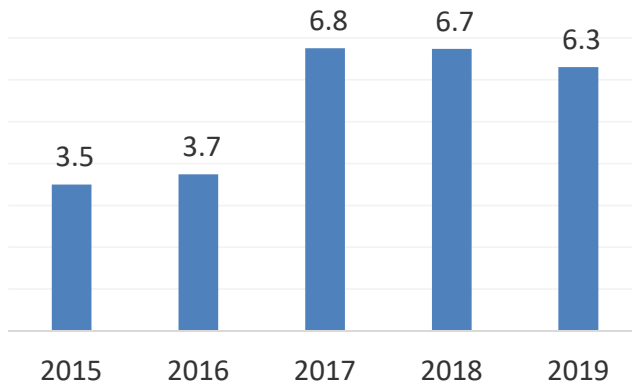
Percentage Δ	4Q 2019 Volume (y-o-y)	4Q2019 Value (y-o-y)	Average Price in EGP	Contribution to Export Revenues		2019 Volume	2019 Value
				4Q 2019	4Q 2018		
Woven	▼ 8%	▼ 20%	▼ 13%	73%	77%	▼ 3%	▼ 9%
Tufted	▲ 6%	▼ 2%	▼ 8%	23%	20%	▲ 10%	▼ 1%
Non-woven Felt	▲ 32%	▲ 27%	▼ 4%	4%	3%	▲ 58%	▲ 43%
Total (in EGP)	0%	▼ 15%	▼ 14%	100%	100%	▲ 5%	▼ 6%
In USD		▼ 8%					▲ 5%

Export performance overview

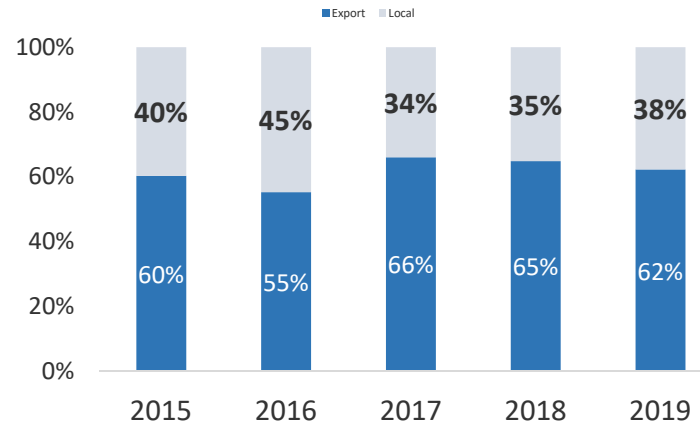


النساجون الشرقيون
Oriental Weavers

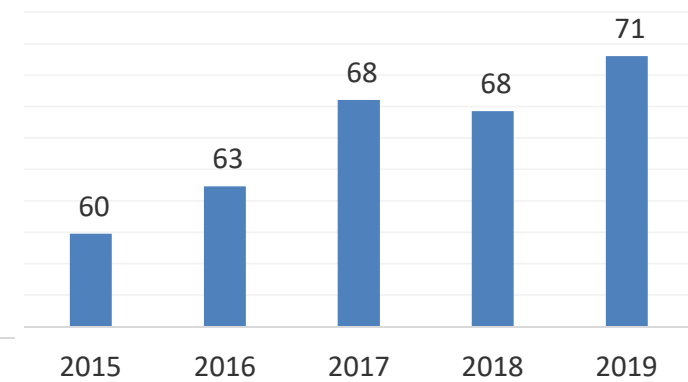
Export revenues (EGPbn)



Export vs. Local Revenue volume %



Export volumes (mn sqm)





Local Market Development in 4Q 2019

Percentage Δ	4Q Volume (y-o-y)	4Q Value (y-o-y)	Average Price	Contribution to Local Revenues		2019 Volume	2019 Value
				4Q 2019	4Q 2018		
				Woven	▲ 7%		
Tufted	▼ 33%	▼ 13%	▲ 30%	10%	12%	▼ 20%	▼ 2%
Non-woven Felt	▲ 7%	▲ 19%	▲ 11%	6%	5%	▲ 2%	▲ 19%
Other (yarn sales)		▼ 53%		2%	5%		▼ 31%
Total	▼ 1.1%	▲ 5%	▲ 9%	100%	100%	▼ 1%	▲ 4%

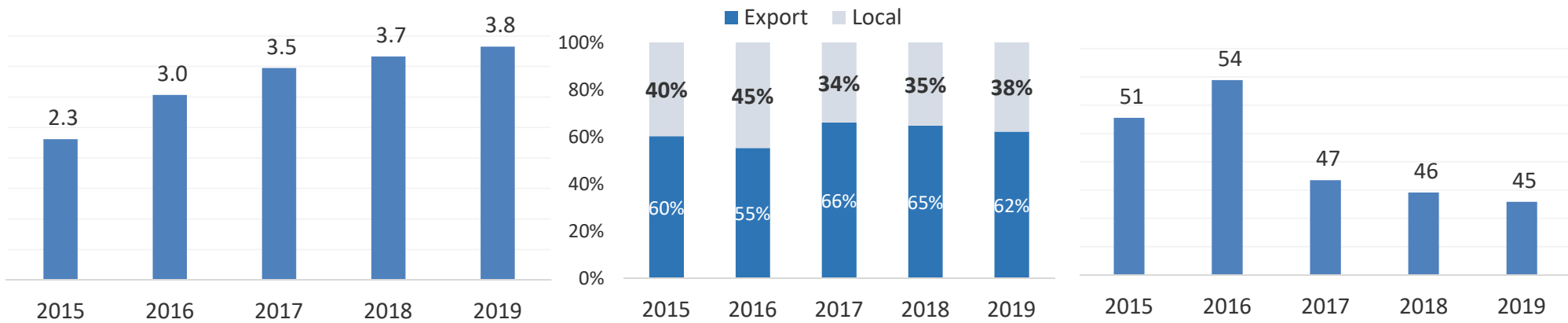
Local market overview



Growing local revenues (EGPbn)

Export vs. Local revenues%

Local sales volumes (mn sqm)

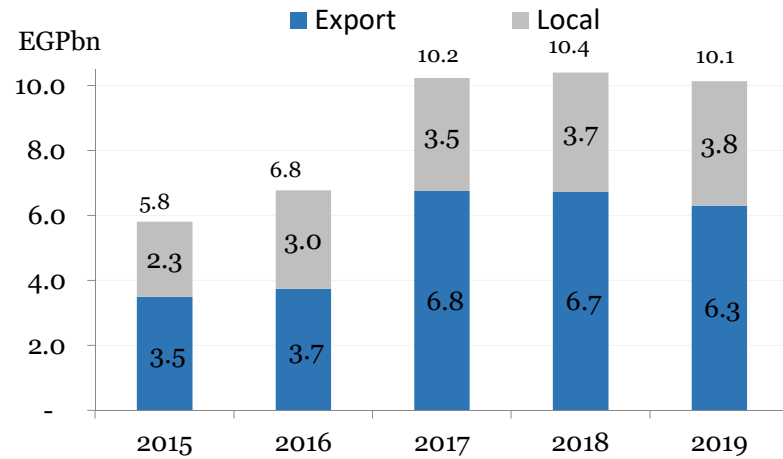


Revenue progress

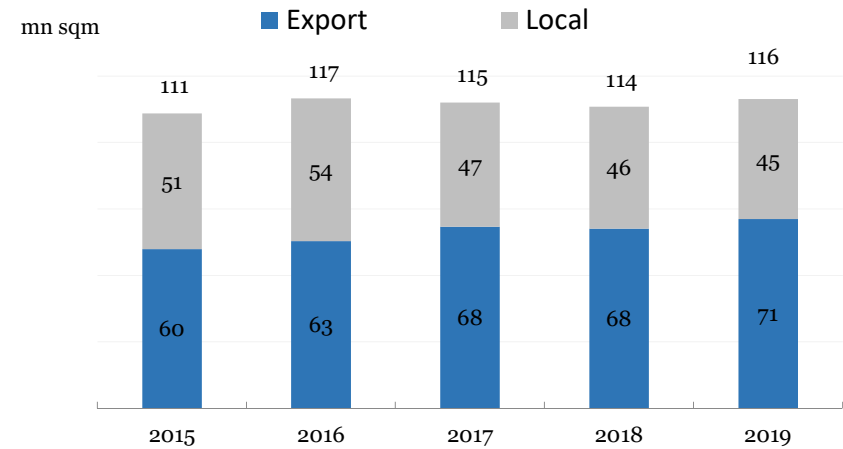


النساجون الشرقيون
Oriental Weavers

Revenues (EGPbn)



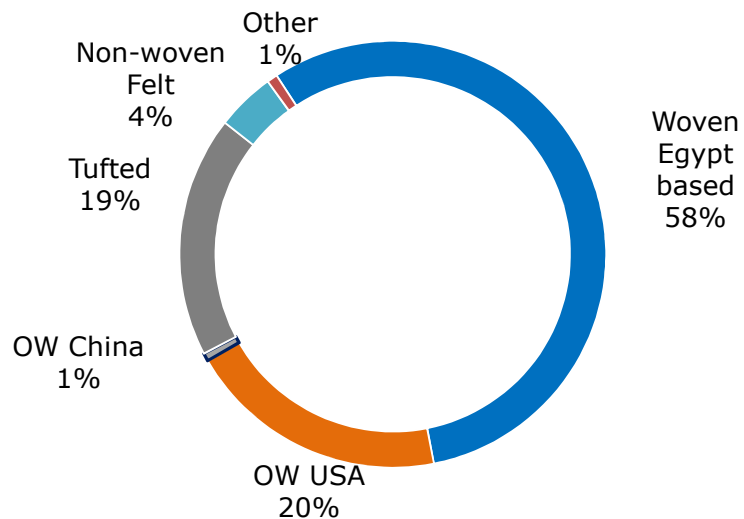
Sales volumes (mn sqm)





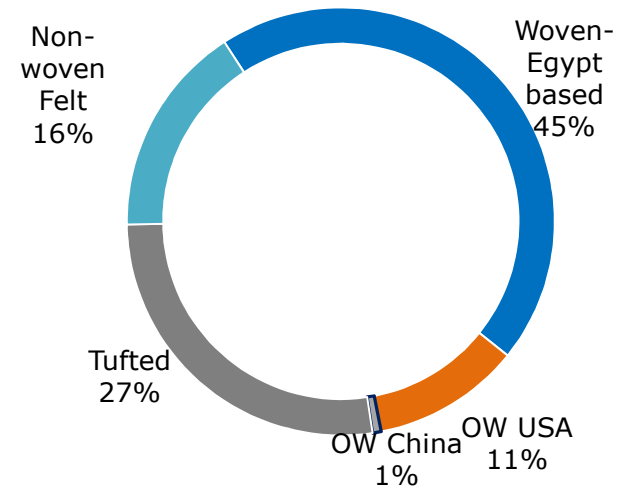
Diversified Product Mix

4Q 2019 Revenue Mix (by value)



Woven-Grade A		EGP237/sqm
Woven-Grade B		EGP126/sqm
Woven-Grade C		EGP70/sqm

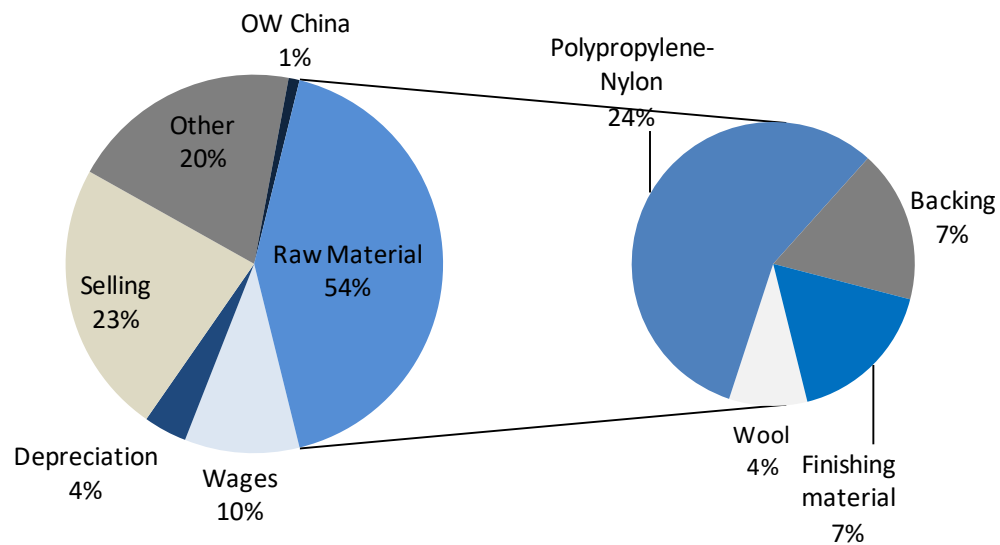
4Q 2019 Revenue Mix (by volume)



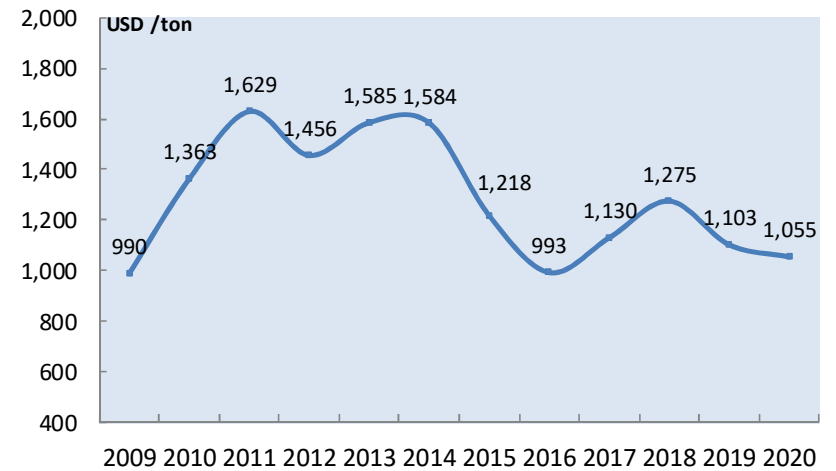
Tufted wall-to-wall		EGP62/sqm
Tufted pieces		EGP55/sqm
Non-woven (EFCO)		EGP23/sqm



4Q 2019 Cost Breakdown



PP Prices (USD/ton)



*As of Feb 2020

Source: Company

- Almost 63% of costs are dollar based.

CapEx Spending



النساجون الشرقيون
Oriental Weavers

	2016	2017	2018	2019	2020
Woven	4 new goblin looms 9 new looms 2 yarn production lines	<input type="checkbox"/> Establishing a new factory <input type="checkbox"/> 10 new looms <input type="checkbox"/> One Heatset yarn machines	<input type="checkbox"/> 9 new looms <input type="checkbox"/> Seven yarn machines	<input type="checkbox"/> 4 looms <input type="checkbox"/> Packing machines <input type="checkbox"/> Yarn machine	<input type="checkbox"/> 3 weaving looms <input type="checkbox"/> Dying machine <input type="checkbox"/> Wrapping machine
Tufted		One digital printing Two yarn machines	Two yarn machines & other equipment	<input type="checkbox"/> upgrade chromo jet printers to digital ones, <input type="checkbox"/> one printing machine, <input type="checkbox"/> three new tuft machines, <input type="checkbox"/> Carpet Tiles press cutting machine.	<input type="checkbox"/> 2 artificial grass machines <input type="checkbox"/> 2 rolling and backing machines
Non-woven	Two new machines added	Finishing and coloring machines	Two new machines		

Financial Summary

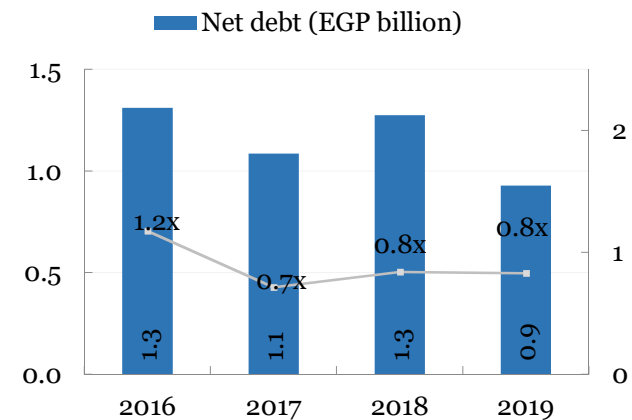
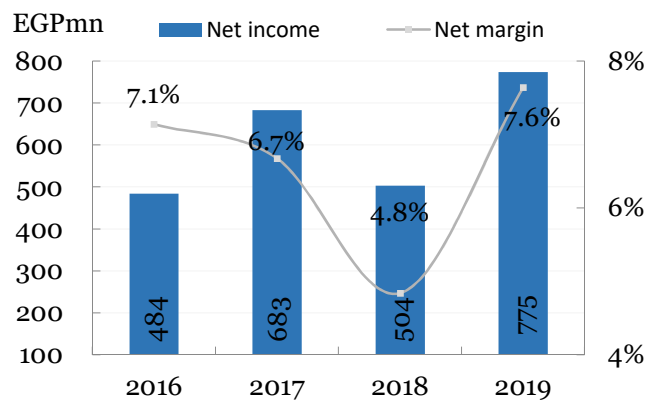
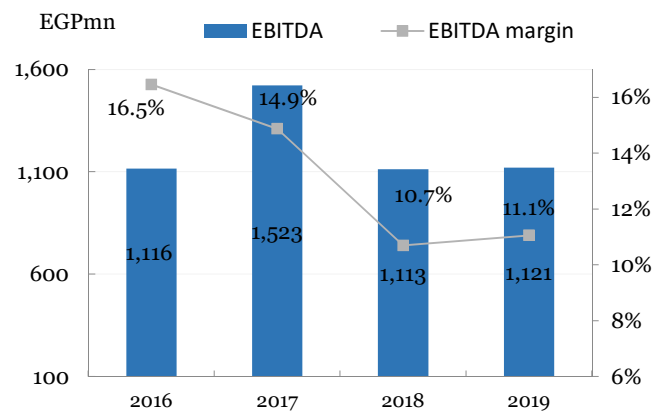


النساجون الشرقيون
Oriental Weavers

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:



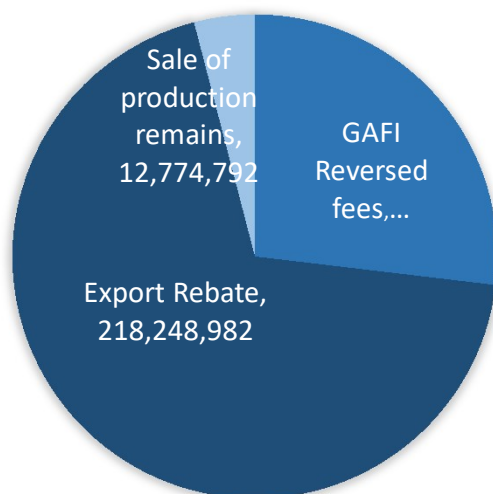
EGP546 mn delayed disbursement till July 2019

OW collected EGP 93 mn in 1H 2019

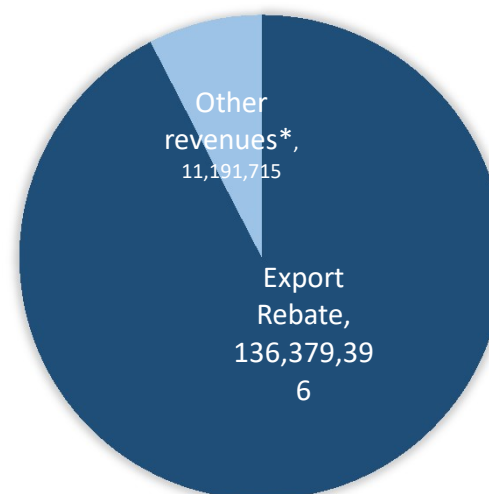


Other Revenues Breakdown:

2019 Revenue breakdown (in EGP)



2018 Revenue Breakdown (in EGP)





Export Rebate Updates 2019/2020:

- OW received a total of EGP **218 million** in export rebates in 2019, with the **current backlog standing at EGP 579 million** as of 31st Jan 2020.

OWI & OWT

- **In December 2019:** OW signed a settlement agreement with the Ministry of Finance and Ministry of Trade & Industry to settle the backlog of export incentives until June 30, 2019, worth EGP 322 million. The value will be paid in five installments, in the third quarter over the next five years. By virtue of this agreement, Oriental Weavers and two of its subsidiaries are required to inject CAPEX during the five-year period starting 2019 until 2023, in order to be eligible for the receipt of the settlement

MAC & New MAC

- **In February 2020:** Signed a settlement agreement concerning MAC and New MAC, with a total value of EGP 229 million, which will be received in installments over the next five years, in the third quarter of each year as well. Similar to the previous settlement in which a CapEx injection will be required.

The Government to launch a new Export Incentive Program soon

The Ministry of Trade and Industry is preparing a new export incentive program to replace the current program, with export incentives to be based on 40% of the value to be paid in cash and 60% of the value to offset payments to the government (taxes, social insurance payments).

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 292 mn (as of Aug 8, 2019).
- 2018 DPS of EGP1.5.
- Reuters; Bloomberg ORWE.CA; ORWE EY.



النساجون الشرقيون
Oriental Weavers

Shareholders' structure

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

Sources: Company

Disclaimer



النساجون الشرقيون
Oriental Weavers

Certain information contained in this document consists of forward-looking statements reflecting the current view of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including worldwide economic trends, the economic and political climate of Egypt and the Middle East and changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in such forward-looking statements. Recipients of this document are cautioned not to place any reliance on these forward-looking statements. The Company undertakes no obligation to republish revised forward-looking statements to reflect changed events or circumstances.

For More Information, please contact



النساجون الشرقيون
Oriental Weavers

Yasmine El Gohary

Investor Relations Manager



+202-22685166



yelgohary@orientalweavers.com



www.orientalweavers.com