



النساجون الشرقيون
Oriental Weavers

Earnings Release

4Q

2020

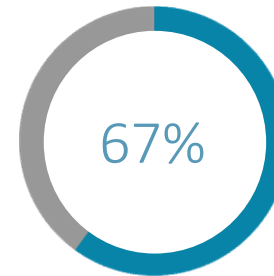
Oriental Weavers in Numbers



World Largest producer by Volume



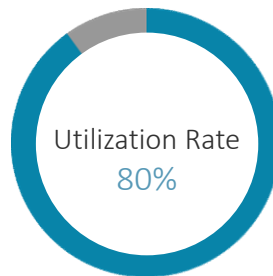
Turnover as of 2020



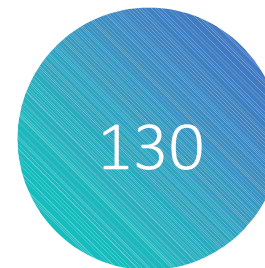
Export Contribution in 4Q 2020



Showrooms Across Egypt



Utilization Rate



Export Countries





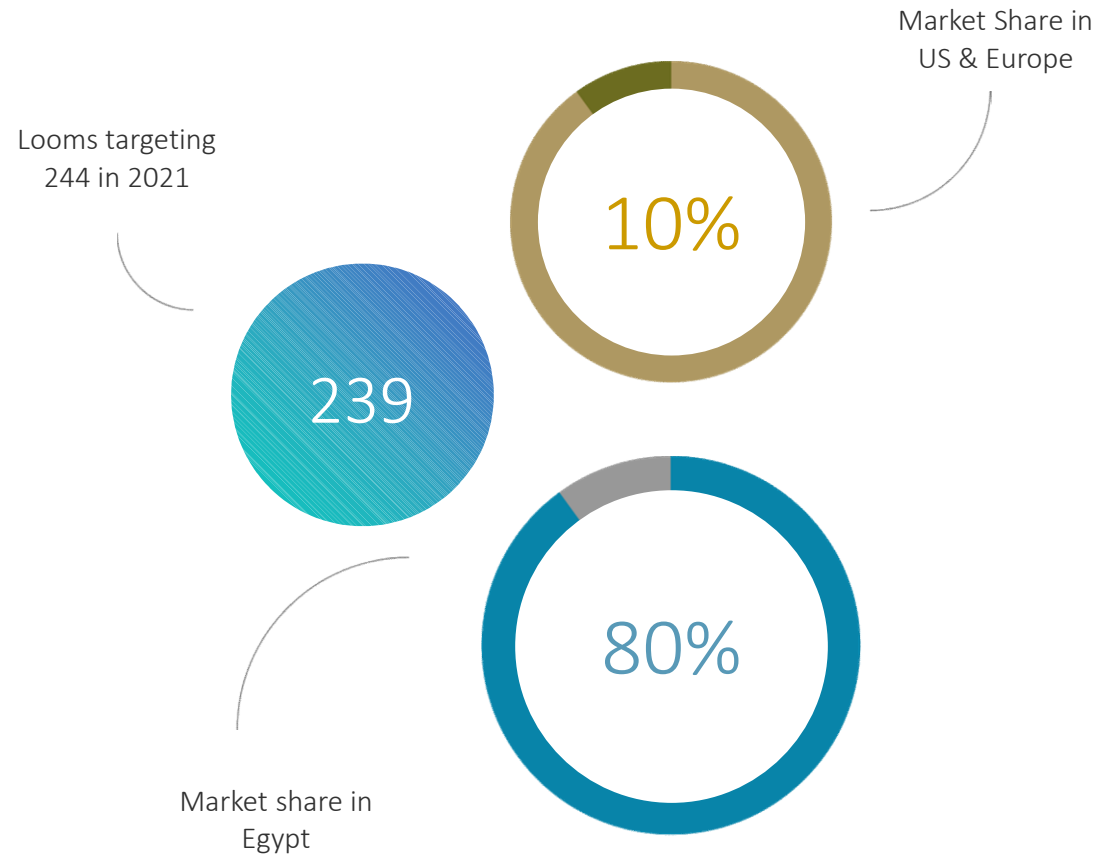
Main Segments of OW

	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	OW USA	OW China	MAC	New MAC	EFCO
% of Revenues	33%	24%	20%	0%	19%		4%
Tax rate	22.5%	Exempted	25%	17%	22.5%	Exempted	22.5%
Capacity mn sqm	76				46		19



Market Share

- Oriental Weavers Carpets have managed to penetrate 130 markets across the world. Our biggest markets are Egypt ,US and Europe.
- 20% of ORWE export sales are from online portals, this figure is expected to increase given the market dynamics
- OW represents 93% of Egypt's Exports in carpets as of 2019





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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 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

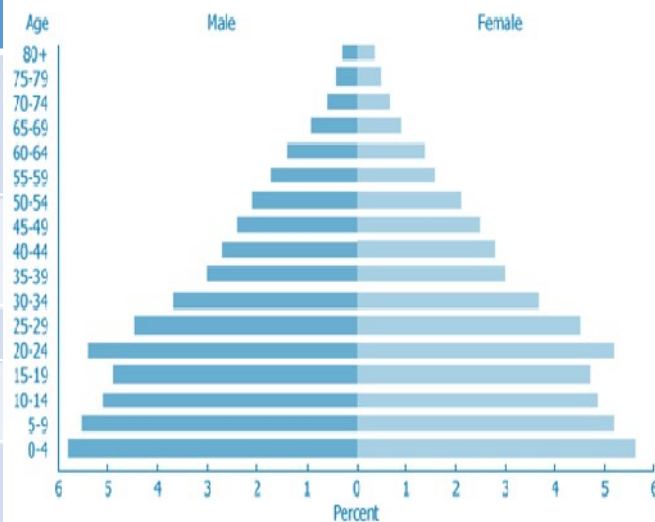
Weaving & Tufting

Retail & Distribution

Demand Drivers in Egypt

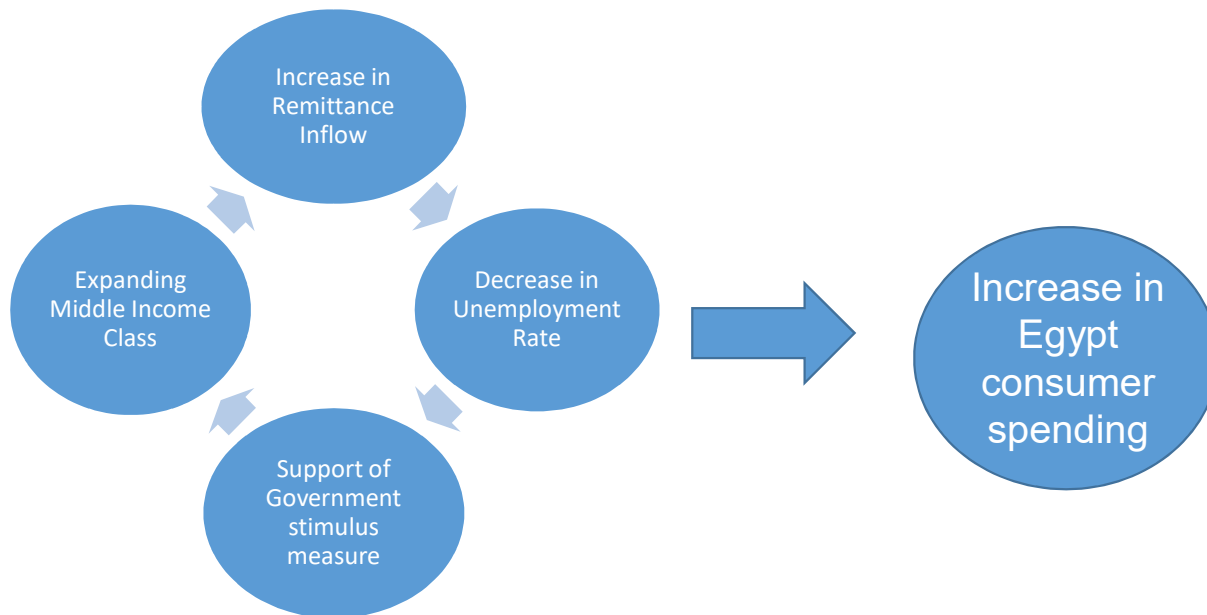
Growing economy	GDP is expected to grow by 5.9% annually up to 2024 as per the IMF.
Sizeable youth population	With a population approaching 100mn, Egypt offers one of the largest consumer bases in the region, with huge long-term growth potential for retailers. 50% of the Egyptian population are near 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
Decrease in unemployment Rate	Fitch Expect unemployment rate to reach 9.5% by end of 2021. this will support Disposable income and consumer spending
Modern Spending Habits	The country's increasingly affluent and youthful population is adopting modern spending habits. This will boost the demand for non-essential items such as household goods, over the medium-to-long term
Income Levels	Income levels are rising rapidly in the country over the medium term.

Sizeable youth bracket



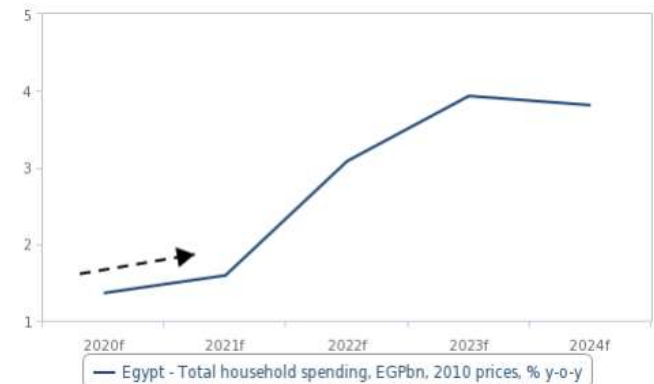
Consumer Spending in Egypt

- Fitch expect spending on essential items will contract slightly in 2021, while consumers to spend more on non-essential consumer items. By 2024, essential spending will account 65.0% of total spending while non-essential spending will make up for 35.0% 2024, up from 34.2% in 2021.
- Fitch expect expenditure on household goods to grow at a CAGR of 7.5% in local currency terms , rising from EGP46.6bn (USD2.9bn) in 2021, to EGP61.6bn (USD3.6bn) by 2024

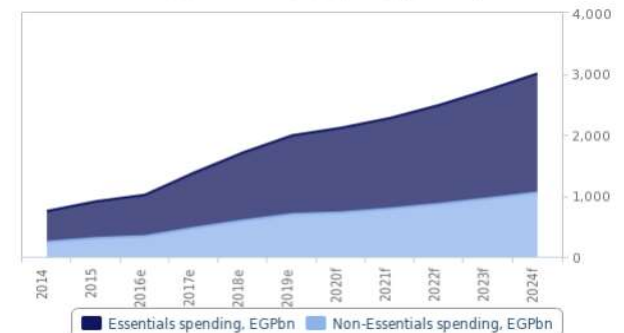


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Real Household Spending To Slightly Tick Up In 2021
Egypt – Total Household Spending, real % y-o-y (2020-2024)



Essential and Non Essential Spending
Essential and Non Essential Spending (2014-2024)



Export Market Drivers

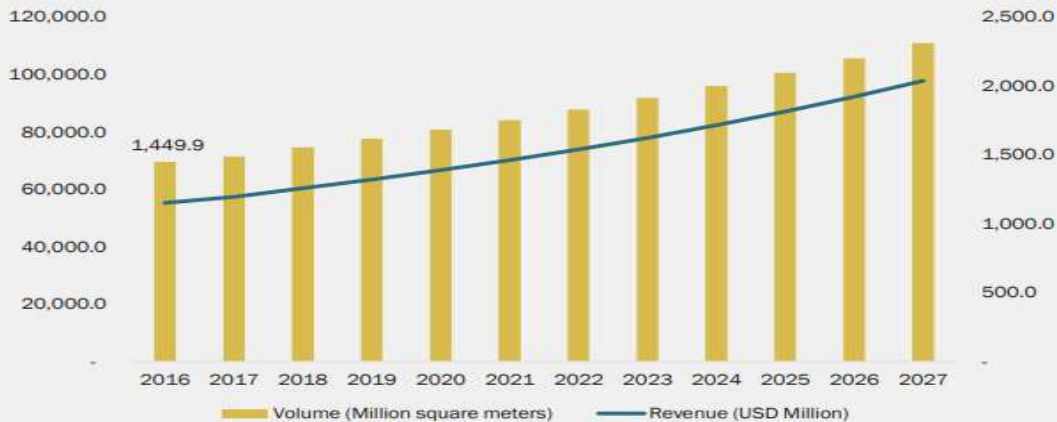
A growing market with solid dynamics

Change in consumer behavior after spending time at home, has caused more household spending

Significant pick up in sales due to Online shopping. Online merchants require large inventories and thus they continue to secure sufficient stocks of goods which led to consistently solid sales for OW.

ORWE positioning in big boxes, Costco for example, that sell essentials, has played a major role in securing sales. Consumers tend to buy household items while shopping for their essentials

Fig.10 North America Flooring market estimates and forecasts, 2016–2027, (Million square meters) (USD Million)

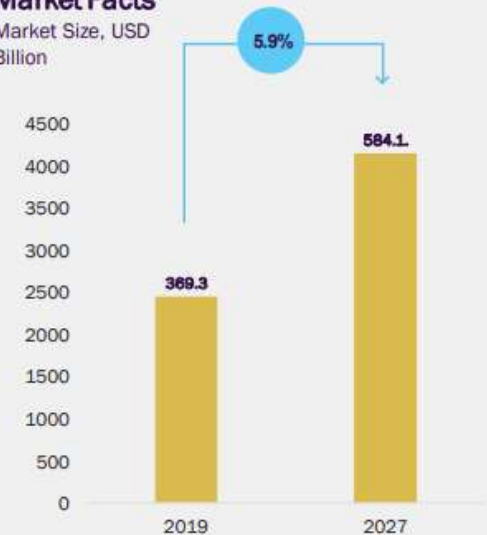


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Flooring Market Data

Market Facts

Market Size, USD Billion



Market Growth Stage

HIGH

Low | Medium | High | Exponential

Pace of Market Growth

ACCELERATING

Accelerating | Decelerating

4Q 2020 Revenue summary



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	Value (EGP million)			Volume (sqm)		
	4Q 2020	4Q 2019	% Change	4Q 2020	4Q 2019	% Change
Woven- Egypt based	1,677	1,430	+17%	17	13.7	+24%
OW USA	480	505	-5%	3	3.4	-13%
OW China	1.7	15	-	0	0.2	-
Tufted	539	466	+16%	10.7	8.3	+29%
Non-woven Felt	116	113	+2%	4.8	4.9	-1%
Other	1.7	20.2	-91%			
Total	2,817	2,550	+10%	35.5	30.6	+16%

2020 Revenue summary



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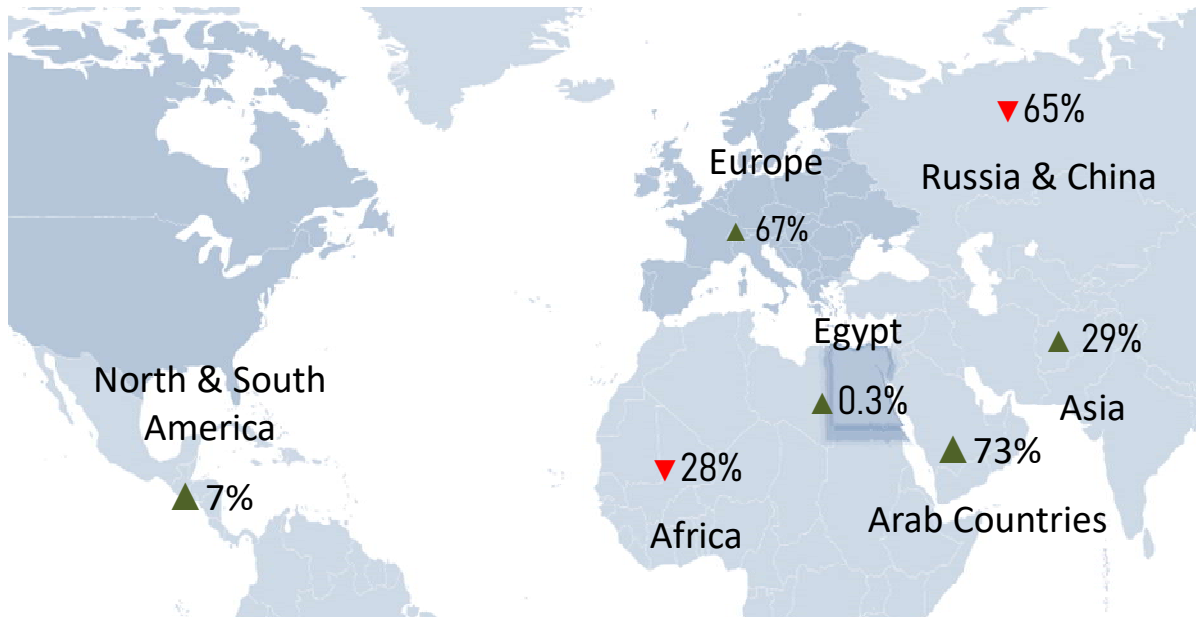
	Value (EGP million)			Volume (sqm)		
	2020	2019	% Change	2020	2019	% Change
Woven- Egypt based	5,355	5,684	-6%	53.7	53.2	1%
OW USA	1,864	2,136	-13%	12.8	13.5	-5%
OW China	0.8	66	-87%	0.1	0.7	-88%
Tufted	1,821	1,758	4%	35.4	31.6	12%
Non-woven Felt	396	389	2%	16.9	17	-1%
Other	37	98	-62%	0	0	
Total	9,484	10,133	-6%	119	116	2%



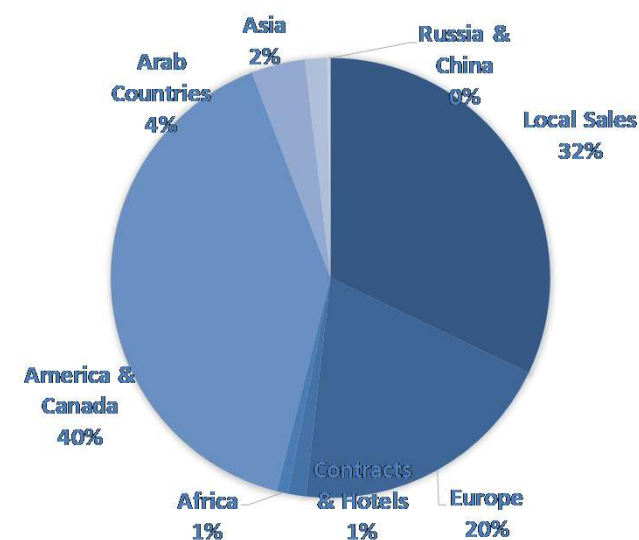
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Export Market development

Performance by region in 4Q 2020



Revenue Breakdown by region in 4Q 2020

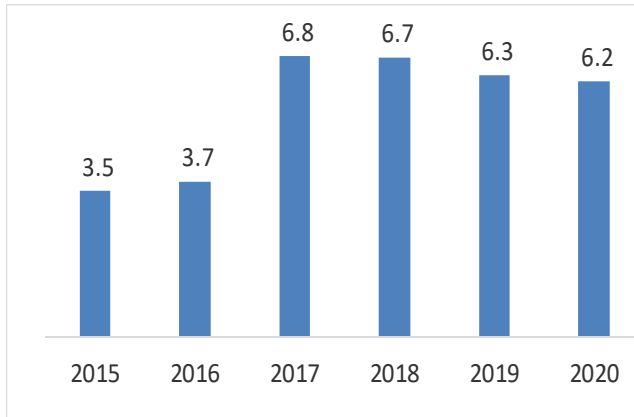


Export Market Development in 4Q 2020

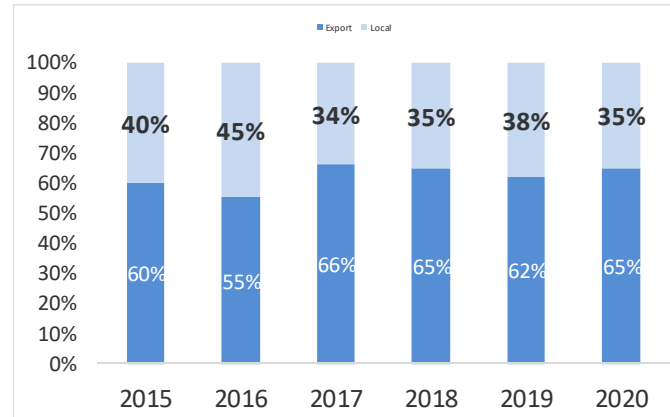
Percentage Δ	Volume	Value	Average Price	Contribution to Export Revenues	
				4Q 2020	4Q2019
Woven	▲ 20%	▲ 16	▼ 4%	73%	73%
Tufted	▲ 29%	▲ 17%	▼ 9%	23%	23%
Non-woven Felt	▲ 7%	▲ 20%	▲ 12%	4%	4%
Total	▲ 22%	▲ 16%	▼ 3%	100%	100%

Export performance overview

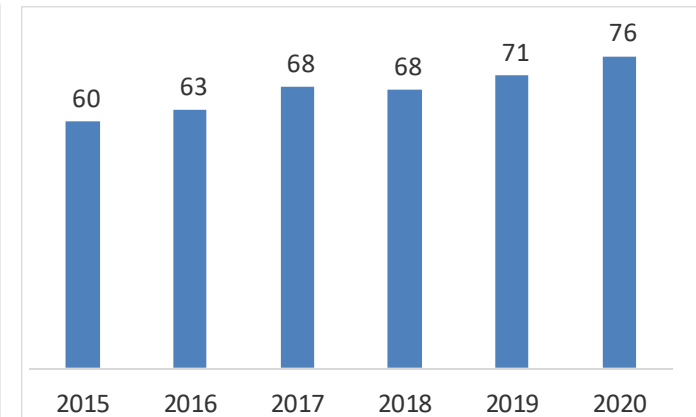
Export revenues (EGPbn)



Export vs. Local Revenue volume %



Export volumes (mn sqm)



Local Market Development in 2020

Percentage Δ	Volume	Value	Average Price	Contribution to Local Revenues	
				4Q 2020	4Q 2019
Woven	▲ 6%	▲ 3%	▼ 3%	84%	82%
Tufted	▲ 30%	▲ 10%	▼ 13%	11%	10%
Non-woven Felt	▼ 7%	▼ 16%	▼ 10%	5%	6%
Others (yarn sales)		▲ 87%			2%
Total	▲ 6%	▲ 0.3%	▼ 0.3%	100%	100%

Local market overview

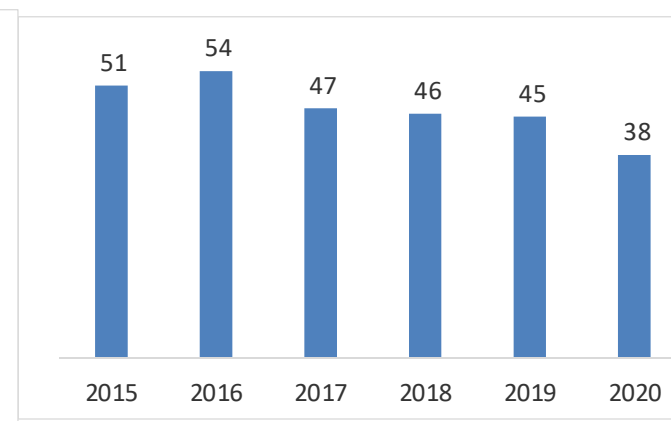
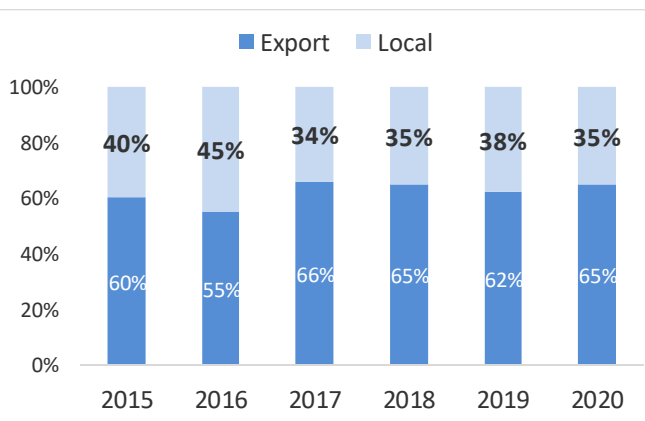
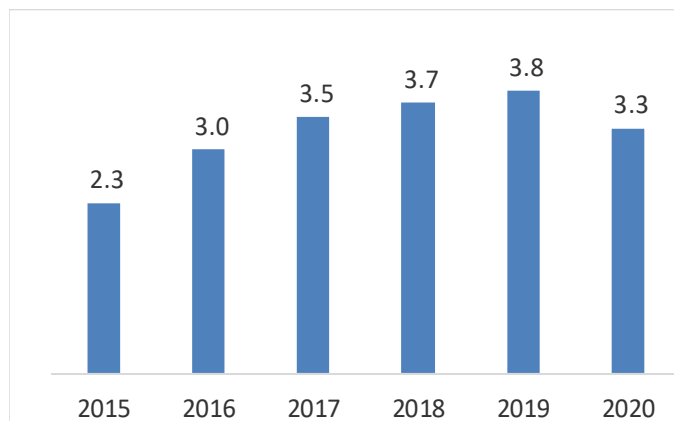


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Growing local revenues (EGPbn)

Export vs. Local revenues%

Local sales volumes (mn sqm)

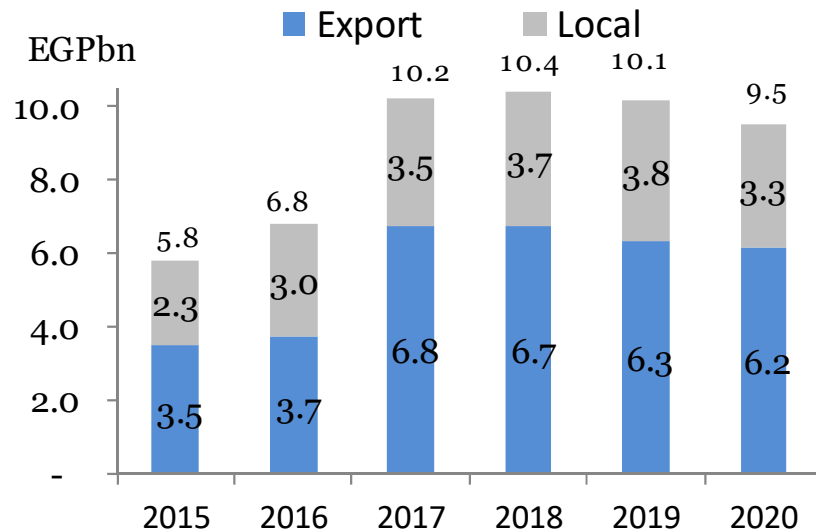


Revenue progress

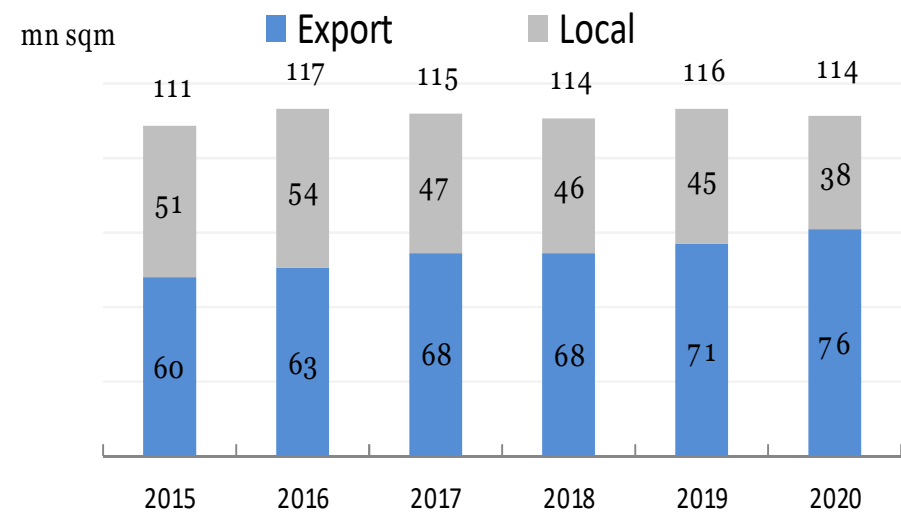


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Revenues (EGPbn)

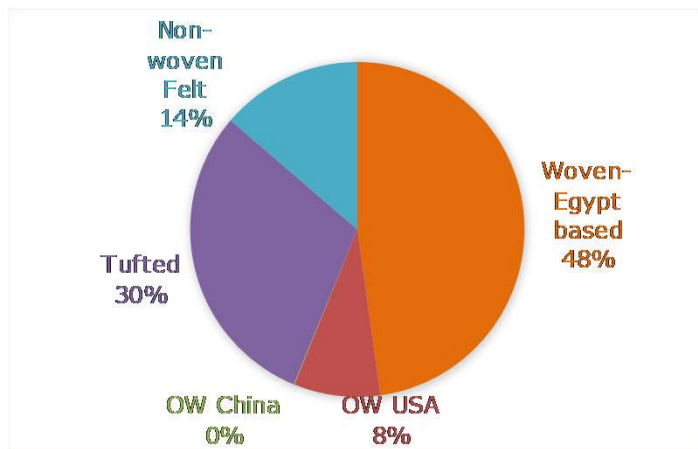


Sales volumes (mn sqm)



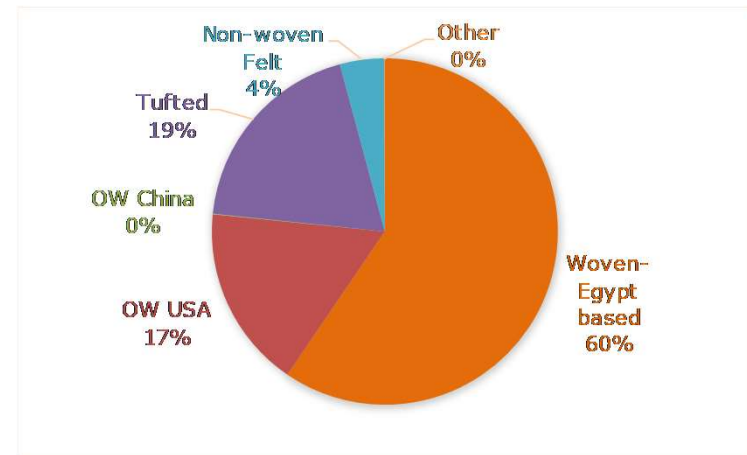
Diversified Product Mix




4Q 2020 Revenue Mix (by volume)



Woven-Grade A		EGP158/sqm
Woven-Grade B		EGP114/sqm
Woven-Grade C		EGP65/sqm

4Q 2020 Revenue Mix (by value)

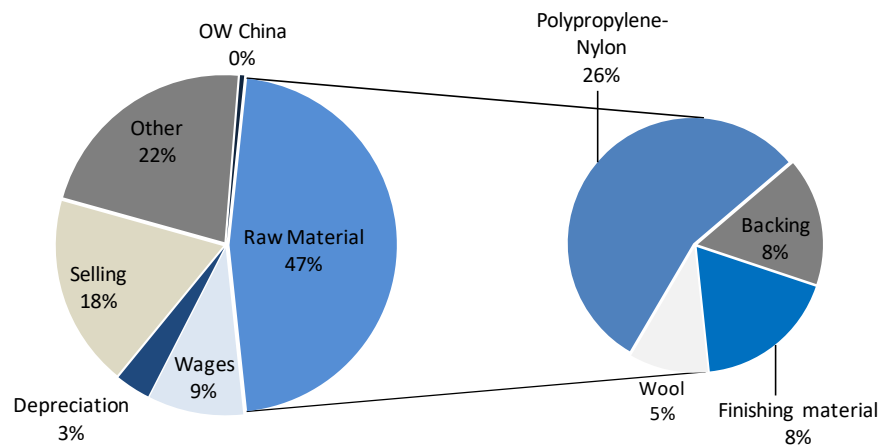


Tufted wall-to-wall		EGP47/sqm
Tufted pieces		EGP51/sqm
Non-woven (EFCO)		EGP24/sqm



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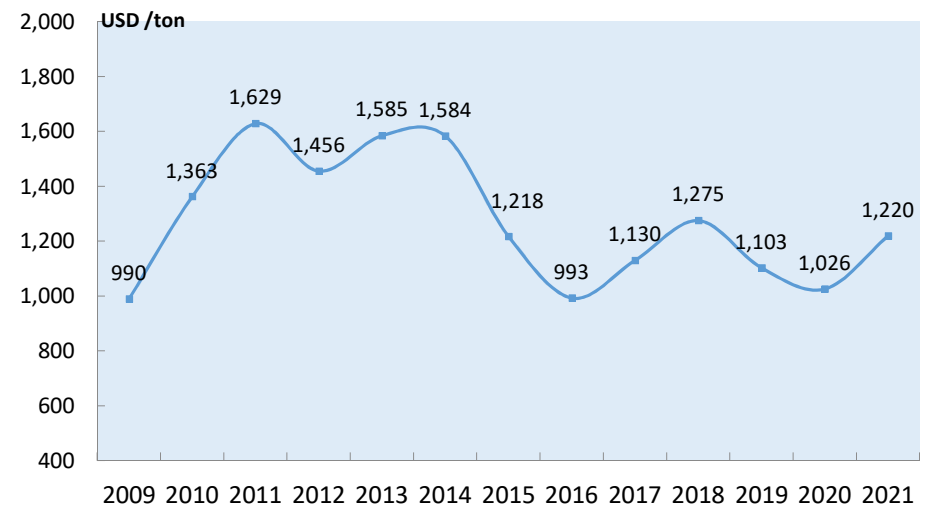
4Q 2020 Cost Breakdown



Source: Company

- Almost 63% of costs are dollar based.

PP Prices (USD/ton)





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Recent Expansions

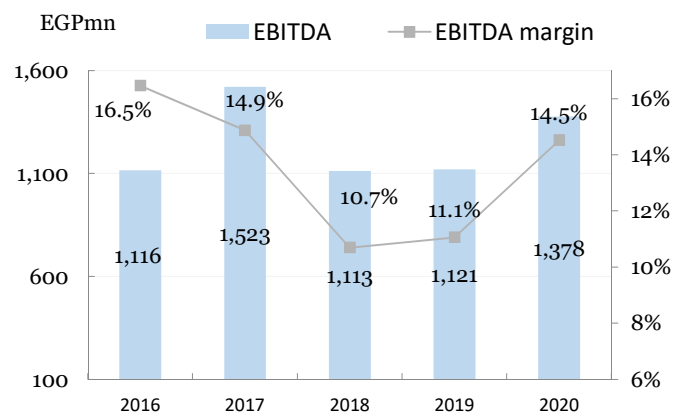
	2017	2018	2019	2020	2021
Woven	<ul style="list-style-type: none"> Establishing a new factory 10 new looms One Heat-set yarn machines 	<ul style="list-style-type: none"> 9 new looms Seven yarn machines 	<ul style="list-style-type: none"> 4 looms Packing machines Yarn machine 	<ul style="list-style-type: none"> 5 weaving looms Dying machine Wrapping machine 4 Goblin Machines 	<ul style="list-style-type: none"> 5 weaving looms 2 automatic rolling machine 2 two tying machine one yarn machine
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 	Digital machines
Non-woven	Finishing and coloring machines	Two new machines			Digital printing
Total Capex				\$11.2 million	\$20 million



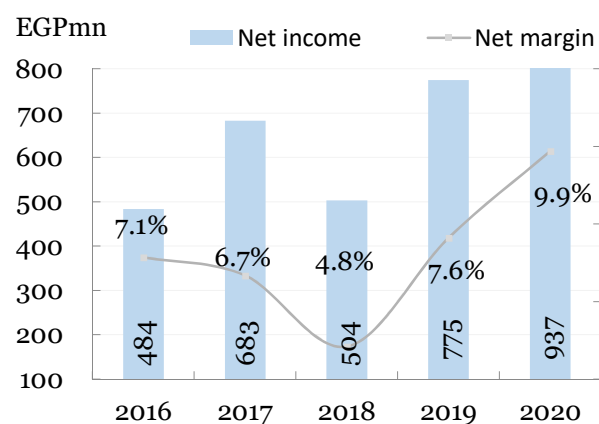
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Financial Summary

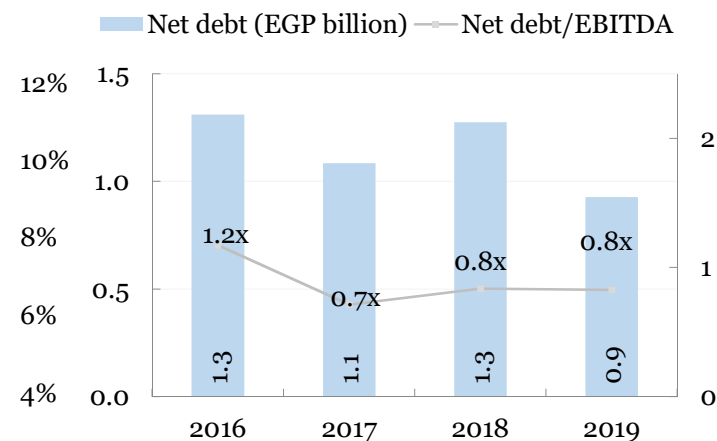
EBITDA Performance (EGPbn)



Net Income Performance



Net Debt (EGPbn)





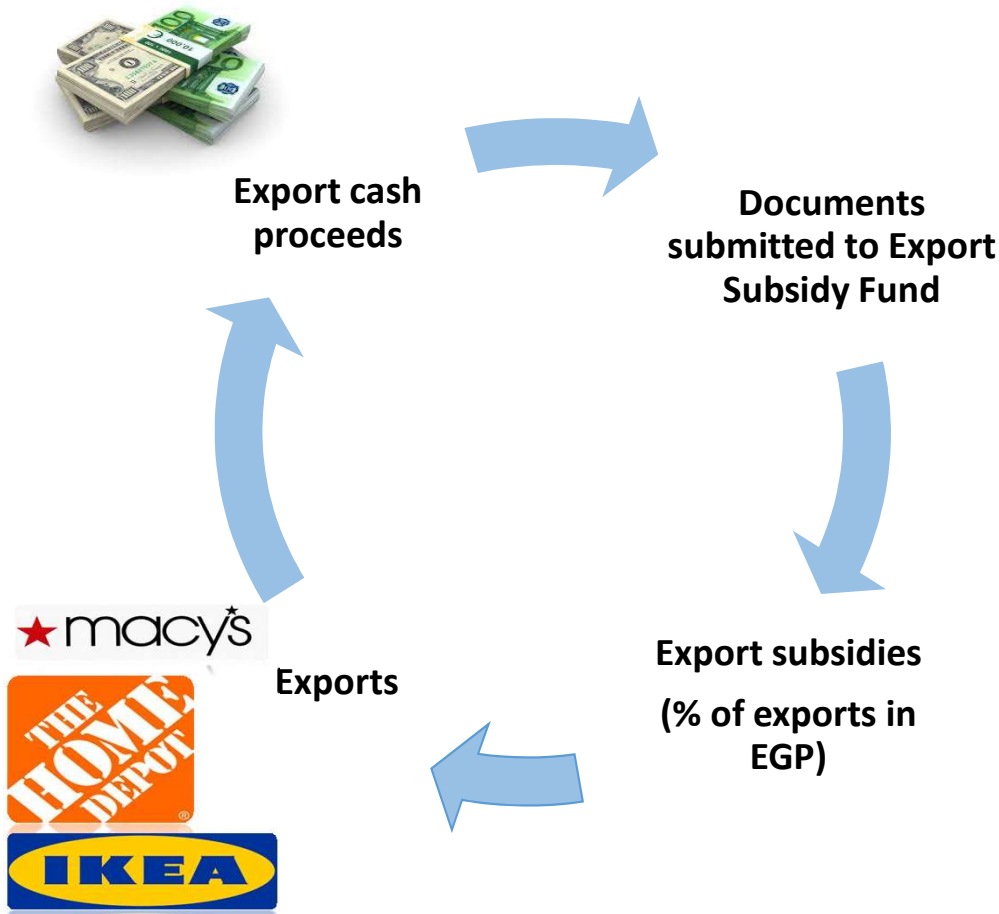
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Impact of Energy Subsidy Reform on Costs

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

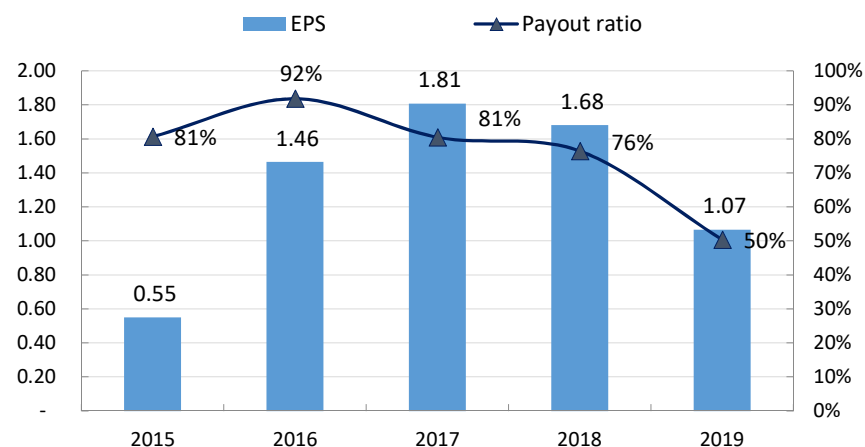
Export Incentive Program:



For the Period FY 2018/2019	We received a total of EGP 482m in 2020. EGP 235m out of which were under the government initiative, with a 15% discount for early settlement
For the Period FY 2019/2020	<p>The program will be as follows:</p> <ul style="list-style-type: none"> - 70% Cash Portion - 30% Freight Cost, Sales from International Expeditions. <p>The government recently announced that they will pay export rebates for that period, with a 15% discount on early settlement. Payment for this phase will be paid in April/June. We are expecting to receive around EGP 100 million (after applying the 15% discount).</p>
For the Period FY 2020/2021	We have not yet received an update regarding this period.

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.
- 2020 DPS of EGP0.90
- 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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