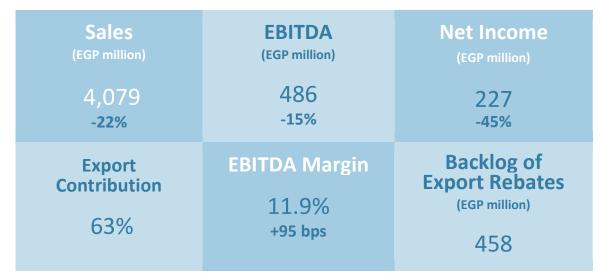
EARNING





AIRO, August 16, 2020 — Oriental Weavers Carpet Company [ORWE EY; ORWE.CA], one of the world's largest machine-made rug and carpet manufacturers, reported its financial results for 1H 2020 today, ending June 30.

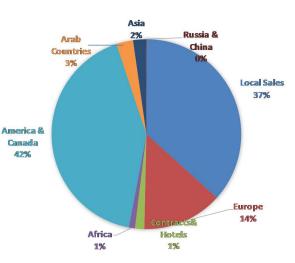
1H 2020 vs. 1H 2019



Revenue Performance Overview

The group recorded a 22% decline in revenue for a total of EGP 4,079 million in 1H 2020 as compared to EGP 5,236 million in 1H 2019. Export revenues, 63% of total revenues, dropped 21% in 1H 2020, while local sales declined by 23% when compared to 1H 2020.

For the second quarter, revenue was EGP 1,811 million, equating to a 31% drop. Local sales (37% of net sales) fell 33% during the quarter, while export revenues declined by 30% y-o-y.



Revenue Contribution by Market in 2Q 2020



Table 1: Net Sales (Volume and Value) in 2Q 2020 vs. 2Q 2019

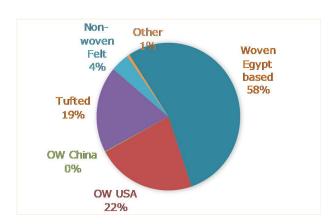
	Value	e (EGP million)	
	2Q 2020	2Q 2019	% Change
Woven- Egypt based	976.8	1,494.2	-34.6%
OW USA	403.4	589.2	-31.5%
OW China	2.6	21.1	-87.7%
Tufted	342.2	418.9	-18.3%
Non-woven Felt	75.6	93.7	-19.3%
Other	10.2	16.6	-38.8%
Total	1,811	2,634	-31.2%

Volume (million sqm)					
2Q 2020	2Q 2019	% Change			
9.76	14.03	-30.5%			
2.78	3.69	-24.7%			
0.01	0.21	-94.3%			
6.99	7.48	-6.5%			
3.32	4.22	-21.3%			
22.9	29.6	-22.9%			

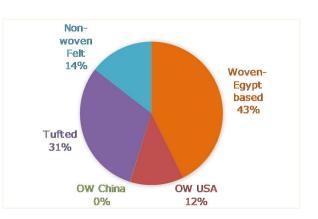
	Value (EGP million)					
	1H 2020	1H 2019	% Change			
Woven- Egypt based	2,196.8	2,903.7	-24.3%			
OW USA	895.6	1,195.3	-25.1%			
OW China	6.8	36.2	-81.3%			
Tufted	793.7	855.9	-7.3%			
Non-woven Felt	173.1	188.2	-8.0%			
Other	13.1	57.1	-77.1%			
Total	4,078.9	5,236.3	-22.1%			

Volume (million sqm)					
1H 2020	1H 2019	% Change			
22.0	27.2	-19.1%			
6.8	7.4	-7.6%			
0.1	0.4	-81.9%			
15.4	15.5	-0.4%			
7.7	8.5	-10.0%			
0.0	0.0				
52.0	58.9	-11.8%			

Revenue Breakdown 2Q 2020 (in value)



Revenue breakdown 2Q 2019 (in volume):





Segment Reporting

Local Sales

- Our local sales value reported a 33% decline in 2Q 2020 to EGP 667 million, compared to EGP 990 million in the same quarter of 2019. Volumes declined by 34% on y-o-y basis;
- 1H 2020 local sales were down by 23% y-o-y and volumes declined by 22% y-o-y.

Consumer demand was under pressure in the second quarter due to the COVID-19 pandemic. In addition, the shortened working hours of the local showrooms (showrooms operated from 9 to 5, and were closed on weekends), had a pronounced impact on the decline in sales. Typically, sales occur in the evenings, but with showrooms forced to close early, sales fell. Showroom sales, which are 56% of local sales, declined by 18% in 1H 2020 and 24% in 2Q 2020 y-o-y, while wholesale revenues, which accounts for 40% of local sales, declined by 31% in 1H 2020 and 44% in 2Q y-o-y.

Oriental Weavers has taken part in the **government recently launched initiative** to encourage local consumption named "Not Too Expensive for You (Ma Yeghlash Aleik)" program. Oriental Weavers is taking part in this initiative at 22 of its branches. Management is hoping this initiative will promote consumer activity and confidence. Ration card holders are subsidized by the government in the initiative, with Oriental Weavers receiving payment within 48 hours.

E-commerce continues to be one of the management's priorities. We have recently updated our products on the Jumia and Souq websites to be more appealing to the online consumer. Oriental Weavers is also in the process of signing with eight new local platforms, which include Efreshely, Noon, and Homzmart. Furthermore, the company recently signed a contract with EG-Gate, a governmental portal to promote local production, in both local and international markets.

Revenues from the **local hospitality segment** remained resilient despite the Covid-19 pandemic. Revenues increased by 14% in 1H 2020 on a y-o-y basis, and 4% in 2Q 2020 y-o-y. In Q2 we managed several projects in hotels including the Four Seasons - San Stefano, the Hilton Cairo - Ramses, and the Renaissance - Sharm El Sheik among others, in addition to the Alexandria Library, Armed forces Hall, and several universities and schools. There are several additional projects in the pipeline in the new administration capital and in the Al-Alamein area.

We believe that the local demand was significantly effected in 2Q, which we consider to be the lowest point of the year, and we expect better figures in 2H 2020, as consumer confidence and access to markets return.



Local Pricing:

Local Pricing remains resilient with an increase of 1% in 2Q y-o-y basis.

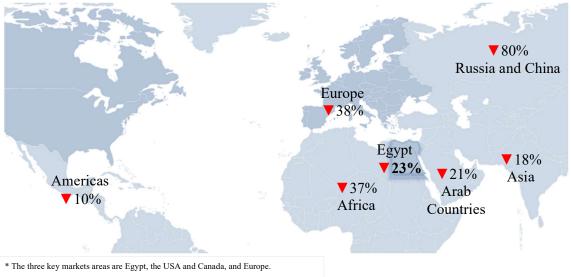
Percentage ∆	2Q Volume	2Q Value	Average Price		bution to Revenues	1H Volume	1H Value
	volume	value		2Q 2020	2Q 2019		
Woven	▼34%	▼32%	▲2%	84%	83%	V 23%	▼21%
Tufted	▼42%	▼45%	▼6%	9%	11%	▼35%	▼34%
Non-Woven Felt	▼29%	▼28%	▲2%	6%	5%	▼12%	▼9%
Other (Yarn Sales)	_	▼4%		2%	1%		
Total	▼34%	▼33%	▲ 1%	100%	100%	▼22%	▼23%

Table 2: Percentage Change in Local Sales

Export and Overseas Operations

- Export revenues dropped by 30% y-o-y in 2Q 2020 reaching EGP 1,146 million. The decline includes the 7% y-o-y currency appreciation of the Egyptian Pound vs USD;
- Export revenues dropped in 2H 21% y-o-y reaching EGP 2,560 million.





From the map above, the Covid-19 pandemic caused our sales figures to decline worldwide. Due to country-wide lockdowns in major markets and the clousres of serveral big retailers



worldwide, sales were stagnant. However, by the end of June 2020, and as lockdowns were lifted, we are beginning to see an increase in market demand.

Export Market Pricing Mechanism:

Prices were pressured in the export market, partially due to the appreciation of the EGP. In US Dollar terms, the woven segment pricing declined by 6%, the tuffted segment by 6%, with the non-woven segment increasing by 1%. Furthermore, discounts were applied to several customers in order to promote sales during the global economic slowdown.

Percentage ∆	Volume	Value	Average Price	Contrib Export R		1H	1H Makus
			(EGP)	2Q 2020	2Q 2019	Volume	Value
Woven	▼27%	▼36%	▼12%	72%	78%	▼13%	▼27%
Tufted	▲3%	▼9%	▼12%	25%	19%	▲9%	▲2%
Non-woven Felt	▼4%	▼9%	▼5%	3%	3%	▼7%	▼7%
Total	▼15%	▼30%		100%	100%	▼5%	7 21%

Table 3: Percentage Change in Export Sales

As for our **U.S.-based subsidiary OW USA**, it is important to note that in April, the country was in complete lockdown. This played a significant part in the drop of sales, we ended 2Q 2020 down 31% y-o-y and down 25% for 1H 2020 y-o-y. Sale volumes were down by only 8%, as mass merchants remained opened during the lockdown enabling customers to buy our lower price products available in hypermarkets. Sales rebounded in May as some states began to reopen with sales only down by 7%, while June was spectacular posting an increase of 18% on a y-o-y basis.

Export revenues of the **Tufted Segments** grew by 2% in 1H 2020 y-o-y, while it declined by only 9% in 2Q y-o-y basis. This was due to a profitable 1Q as a result of secured orders as of 4Q 2019, from our North American customers and winning new placements and programs with Walmart and Home Depot, which also supported 2Q sales. Export volumes also increased by 3% in 2Q and 9% in 1H y-o-y basis.

Shipments to our **key European customer** experienced a significant drop in 2Q 2020 due to the temporary closure of 95% of their stores worldwide. However, as we begin 3Q there is an increase in sales and shipments, as operations return back to normal. We are optimistic that 2H 2020 with our key European customer will improve, as new product ranges have been agreed upon. In addition to "free range" products which provide better margins. Overall, European sales declined by 50% in 2Q and 38% in 1H 2020 on a y-o-y basis.



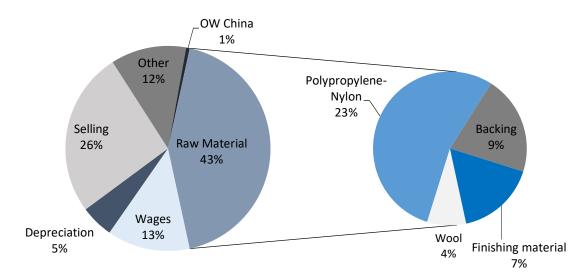
Our hospitality segment declined 41% y-o-y during the quarter with fewer installations in some regions given the impact of the pandemic.

Other Regions Update:

- Saudi Arabia: the Saudi market has been on the rise for a number of reasons: 1) New credit lines were opened and more flexible terms of credit were made available; 2) OW has entered the market with a competitive pricing strategy; 3) Focused product development; and 4) An increase in custom fees on Turkish carpets from 12% to 15%. In 2019, the total woven sector sales to Saudi Arabia was \$3.9m, an amount already equaled thus far in 1H 2020 management is confident that 2H 2020 sales in the region will further increase.
- **Germany:** online sales are growing, representing 50% of sales in 1H 2020. A major client shifted from a Turkish supplier to OW, due to our ability to stay operational regardless of the global pandemic.
- Japan: sales in the region remained relatively strong in 1H 2020, as the country did not go into total lock down. We continue to focus on product development for the region.

Operating margin reflect lower raw material costs

In 1H 2020, there was a 15% y-o-y decline in EBITDA to EGP 486 million, with EBITDA margin improving by 95 bps y-o-y to 12%, against 11% in 1H 2019. This was a result of the overall decline in raw material prices with average polypropylene prices 10% lower at USD 1,041/ton in 1H 2020 compared to USD 1,156/ton in 1H 2019.



2Q 2020 COGS Breakdown

COGS declined by 29% y-o-y in 2Q 2020, 22% in 1H 2020 due the decline in raw material costs.

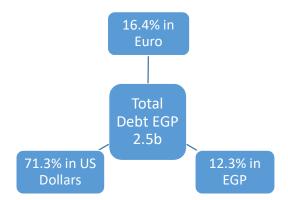


Net Interest:

The company recorded a net interest income of EGP 15 million in 2Q 2020 compared to a net interest expense of EGP 12 million in 2Q 2019. Our finance costs declined by 48%, whereas interest and treasury income increased by 44%. The decline in the financing cost is due to a lower LIBOR rate and better cash management.

Debt breakdown:

On June 30, 2020, our debt balance of EGP 2.5 million was denominated into 71.3% in USD, 16.4% in Euro, and 12.3% in EGP. OW increased borrowing in EGP to benefit from the CBE's initiative that allows companies to borrow EGP at a rate below corridor rate, which stands at 10.25%. This CBE initiative, among other measures, was taken to soften the impact of COVID-19 on the industrial sector.



Other Revenues:

EGP 102 million was recorded in other revenues:

- Export rebate collection for 2Q 2020 with a value of EGP 98m. Currently, our export rebate backlog, as of July 31, 2020, stands at EGP 509 million;
- EBRD Grant with a value of EGP EGP 4m.

In 2019, other revenues were higher, as the figure included the reversal of the GAFI fees.

In 2Q 2020, provisions of EGP 52 million were recorded, mainly on doubtful receivables and contingent liabilities. The depreciation of the EGP against the USD in 2Q 2020 was reflected in an FX loss of EGP 17 million, primarily from the EGP-denominated receivables of Oriental Weavers International (our free-zone entity with USD as the reporting currency).



Accordingly, our pre-tax earnings declined by 61% in 2Q 2020 to EGP 104 million. Consequently, Oriental Weavers has seen a 75% decline in its attributed earnings in 2Q 2020, reaching EGP 53 million compared to 2Q 2019 earnings of EGP 215 million.

Latest Developments

• On the 29th of June 2020, it was published in "the official gazette" that the government is opening a case against the Turkish imported machine-made carpets and is considering anti-dumping fees. This is welcome news for Oriental Weavers as imported Turkish products have increased in Egypt over the last two years. Currently, the government is in the process of gathering information from all concerned parties.

INVESTOR RELATIONS CONTACTS

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STOCK SYMBOL

ORWE.CA

CAPITAL

Issued and Paid-in Capital: EGP 665 million Number of Shares: 665 million shares Par Value: 1 EGP per share

SHAREHOLDER STRUCTURE

56.5% Khamis Family23.6% Foreign Institutions13.4% Local Institutions6.5% Retail



Income Statement (EGP million)

	2Q 2020			1H 2020			
	2020	2019	Change	2020	2019	Change	
Net Sales	1,811	2,634	-31%	4.079	5.236	-22%	
Less:				1,070	0,200	22,0	
COGS	1,650	2,342	-29%	3636	4,709	-22.78%	
Gross Profit	161	292	-45%	443	527	-16%	
Gross Profit Margin*	8.87%	11.1%	-219 bps	10.85%	10.1%	78 bps	
Less:							
Selling & Distribution Expenses	28	28	-1%	62	59	6%	
General & Administrative Expenses	74	73	2%	169	156	8%	
Sum	102	101	1%	231	215	8%	
Net Income from Operation Activities	58	190	-69%	211	312	-32%	
Operation Activities Margin	3.23%	7.2%	-399 bps	5%	6.0%	-79 bps	
Add / Less:							
Provisions & Impairment	-53	-69	-23%	(82)	(82)	0%	
Investment Income	0	0	0%	۰ ٥	8	NA	
Interest Income	10	17	-41%	15	31	-51%	
Treasury Income	23	6	289%	53	39	36%	
Other Revenues	102	115	-12%	156	176	-11%	
Capital Gain	0.9	4	NA	1	5	NA	
Financing Expenses	-18	-35	48%	-41	(68)	39%	
Foreign Exchange Differences	-19	39	NA	8	95	3390%	
Sum	46	77	-41%	112	204	-45%	
Net Profit for the Period before							
Income Tax	104	267	-61%	323	517	-38%	
EBT Margin	5.8%	10%	-439bps	8%	10%	-195bps	
Add / Less:							
Current Income Tax	-37	-26	43%	(58)	(56)	4%	
Deferred Tax	1.4	0	199%	1	1	-24%	
Income Tax for the Period	-36	-26	40%	-56	-55	3%	
Net Profit for the Period	68	242	-72%	266	462	-42%	
Net Profit Margin	4%	9%	-539bps	7%	9%	-229bps	
-							
Attributable to:							
Equity Holders of the Parent	53	214	-75%	227	416	-45%	
Minority Interest	15	27	-45%	39	46	-16%	

* Reported figures include depreciation expenses



Balance Sheet (EGP million)

	1H 2020	FY 2019
Long-Term Assets		
Fixed Assets (Net)	4 363	4 474
Projects in Progress	141	205
Investments - Available for Sale	118	118
Goodwill	160	160
Total Long-Term Assets	4,782	4,957
Current Assets		
Inventory	3,558	3,342
Trades and Notes Receivable	1,556	1,592
Debtors and Other Debit Accounts	317	288
Treasury Bills	296	845
Cash on Hand and at Banks	1,466	454
Total Current Assets	7,192	6,520
Current Liabilities		
Provisions	122	62
Banks - Credit Accounts	2 177	1.887
Long Term Liabilities - Current Portion	62	110
Suppliers and Notes Payable	978	833
Dividends Payable	503	8
Creditors and Other Credit Accounts	460	566
Deferred Tax Liability	46	88
Total Current Liabilities	4,348	3,553
Working Capital	2,844	2,967
Total Investment	7,626	7,924
		, -
Financed as Follows:		
Shareholder's Equity Issued and Paid Capital	665	443
Reserves	1,487	
Retained Earnings	348	1,665 210
Net Profit for the Period	227	775
Exchange Differences Arising on Translation of Foreign Currency	3,657	3,635
Total Equity Attributable to Equity Holders of the Parent	6,385	6,728
Non-controlling Interest	823	824
Total Equity	7,207	7,552
Long - Term Liabilities		
Long Term Loans	278	230
Housing and Development Bank Loan	0	0
Deferred Taxes Liabilities	140	141
		070
Total Long Term Liabilities	418	372



Statement of Cash Flows (EGP million)

Cash flows from Operating Activities: Net Profit for the Period before Income Tax Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities Fixed Assets Depreciation	2020 323	2019 517
Net Profit for the Period before Income Tax Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities	323	E47
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities	323	E47
Net Cash Provided by Operating Activities		517
Fixed Assets Depreciation		
	274	261
Provisions other than Deprecation	81	82
Interest Income	(15)	(31)
Financing Expenses	41	68
Investment Income	0	(8)
Capital gain	(1)	(5)
Operating Profits before Changes in Working Capital	703	883
Change in Working Capital		
(Increase) in Inventory	(204)	(55)
Decrease (Increase) in Trades and Notes Receivable and other Debit	(10)	(124)
Accounts	(10)	(124)
Decrease (Increase) in Suppliers and Notes Payable and other Credit	43	(21)
Accounts		()
Cash Flows Provided by Operating Activities	532	683
Interest Income	15	31
Paid Financing Expenses	(41)	(68)
Paid Income Tax Expense	(73)	(76)
Net Cash Flows Provided by Operating Activities	433	570
Oracle Elizabet for an International Articletter		
Cash Flows from Investing Activities	(00)	(101)
Payments for Purchase of Fixed Assets and Projects in Progress	(82)	(191)
Proceeds from the Sale of Fixed Assets	2	5
Proceeds from Treasury Bills	8	17
Net Cash Flows (used in) Investing Activities	(72)	(169)
Cash Flows from Financing Activities:		
Proceeds (Payment) from Banks - Credit Accounts	283	75
Dividends Paid	(138)	(829)
Translation Differences of Financial Statements	(37)	(6)
Increase in paid-in capital of subsidiary	-	-
(Payment) Proceeds in Long Term Liabilities	(2)	(31)
Net Cash Flows (used in) Provided by Financing Activities	(107)	(792)
Net Change in Cash and Cash Equivalents During the Period	468	(391)
Cash and cash equivalents at beginning of the period	1,196	
		1,322
Translation Differences Related to Cash and Cash Equivalents Cash and Cash Equivalents at End of the Period	2 1,666	(33) 898



ABOUT ORIENTAL WEAVERS CARPET COMPANY

Oriental Weavers is a global player in machine-woven rugs and carpets; the company is renowned for superior product design and quality, as well as technological innovation. Today, the company is one of the largest producers of machine-made woven rugs in the world. It is management's vision to build a state-of-the-art, internationally competitive carpet and home textile company, characterized by a sharp focus on its customers and driven by marketing- and export-oriented strategies. (www.orientalweavers.com)

FORWARD-LOOKING STATEMENTS

Certain information contained in this document consists of forward-looking statements reflecting the current view of the Company with respect to future events, and is therefore 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 as well as 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.

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