



النساجون الشرقيون
Oriental Weavers

ORIENTAL
WEAVERS
PRESENTATION

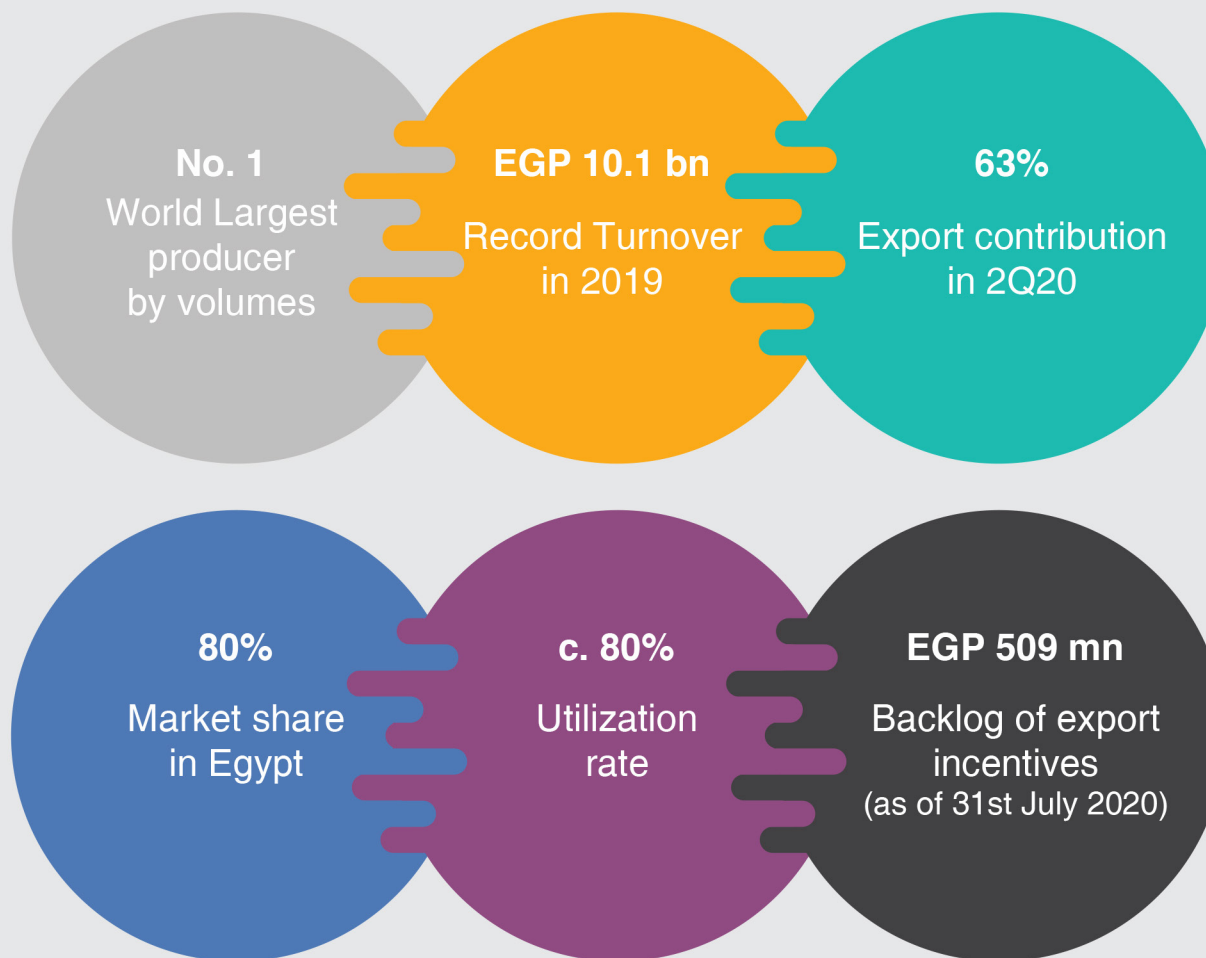
Q2

2020



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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	OW USA	OW China	MAC	New MAC	EFCO
% of Revenues (June 2020)	34%	24%	22%	0.2%	19%		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



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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



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Demand Drivers in Egypt

Growing economy

Sizeable youth population

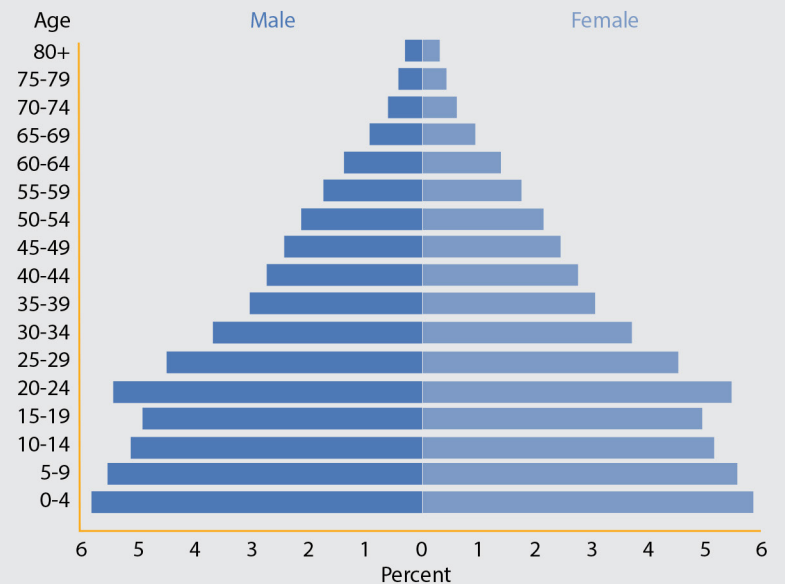
50% of the Egyptian population are near the marriage with around one million marriages taking place annually.

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





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2Q 2020 Revenue summary

Value (EGP million)

	2Q2020	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 (mn sqm)

	2Q2020	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%



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1H 2020 Revenue summary

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 (mn 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%



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2019 Revenue summary

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)

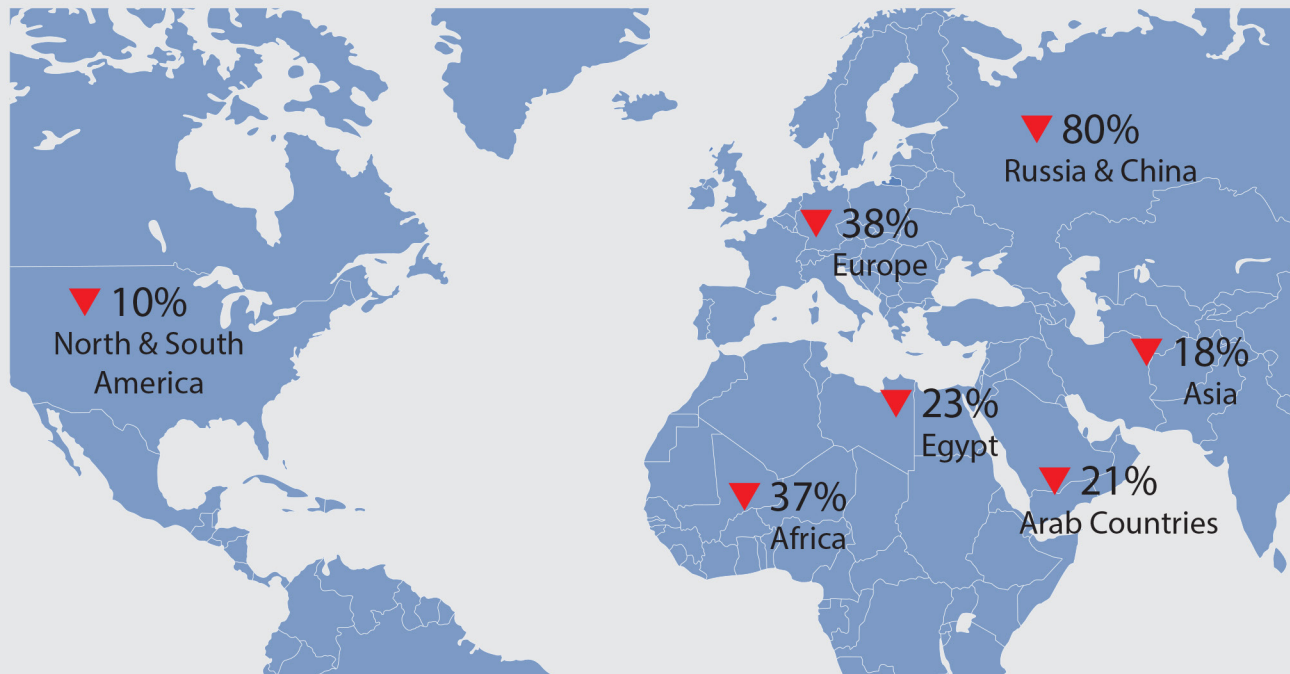
	2019	2018	%Change
	53.3	55.9	-4.6%
	13.5	11.4	18.8%
	0.8	0.9	-16.2%
	31.6	30.9	2.2%
	17.2	14.4	19.2%
	0.0	0.0	
	116.4	113.6	2.5%



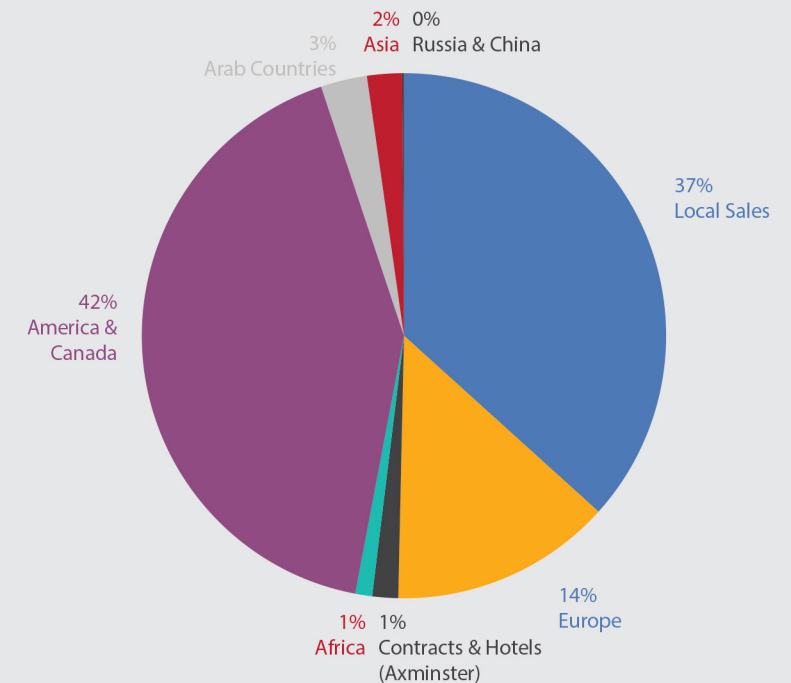
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Export Market development

Performance by region in 1H 2020



Revenue Contribution by Market in 1H 2020





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Export Market Development in 2Q 2020

Percentage Δ	Volume	Value	Average Price in EGP		Contribution to Export Revenues		1H Volume	1H Value
				2Q 2020				
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%	▼21%	



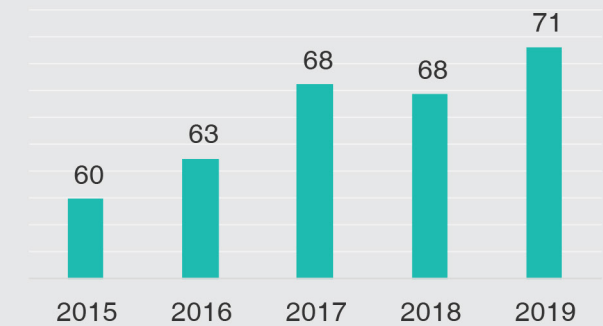
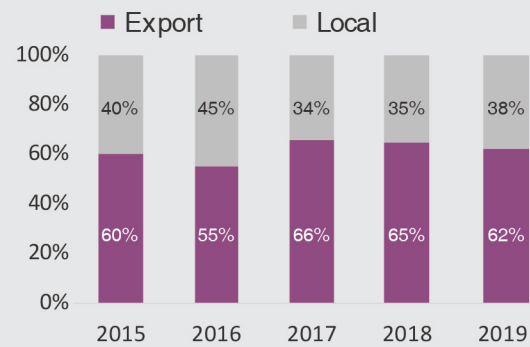
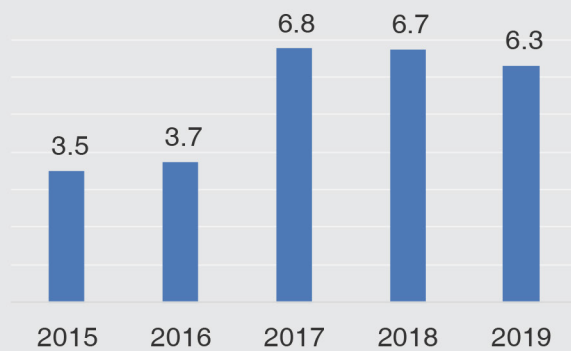
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Export performance overview

Export revenues (EGPbn)

Export vs. Local Revenue volume %

Export volumes (mn sqm)





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Local Market Development in 2Q 2020

Percentage Δ	2Q Volume	2Q Value	Average Price		Contribution to Local Revenues		1H Volume	1H Value
				2Q 2020				
Woven	▼34%	▼32%	▲ 2%	84%	83%	▼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%	



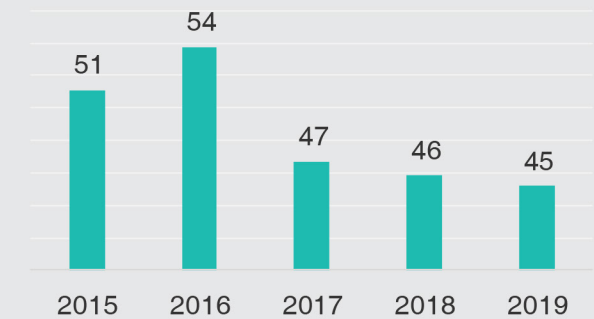
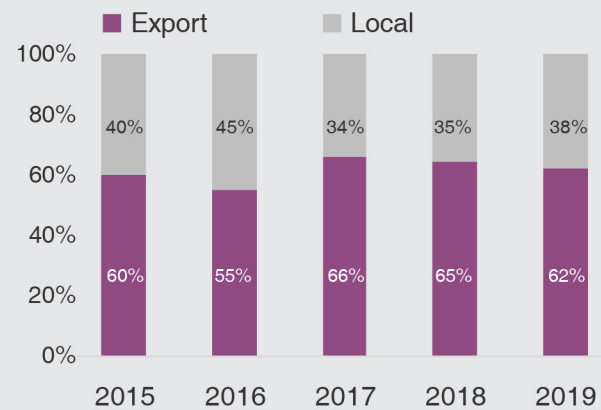
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Local market overview

Growing local revenues (EGPbn)

Export vs. Local revenues%

Local sales volumes (mn sqm)



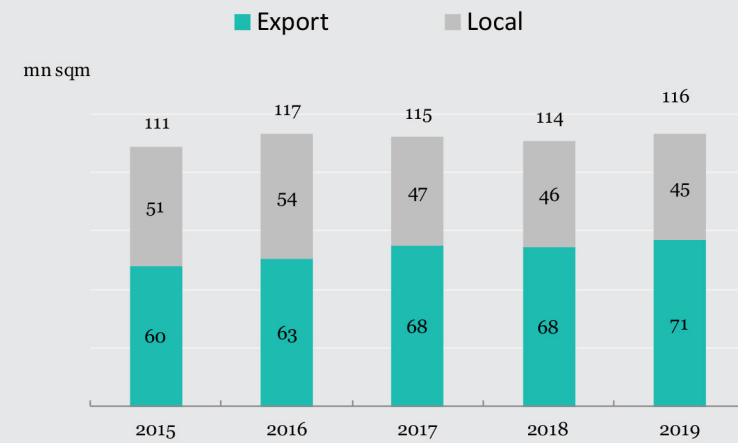
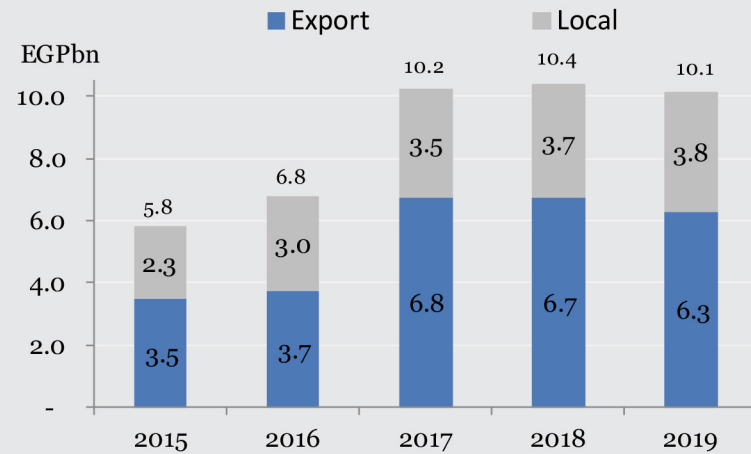


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Local market overview

Revenues (EGPbn)

Sales volumes (mn sqm)

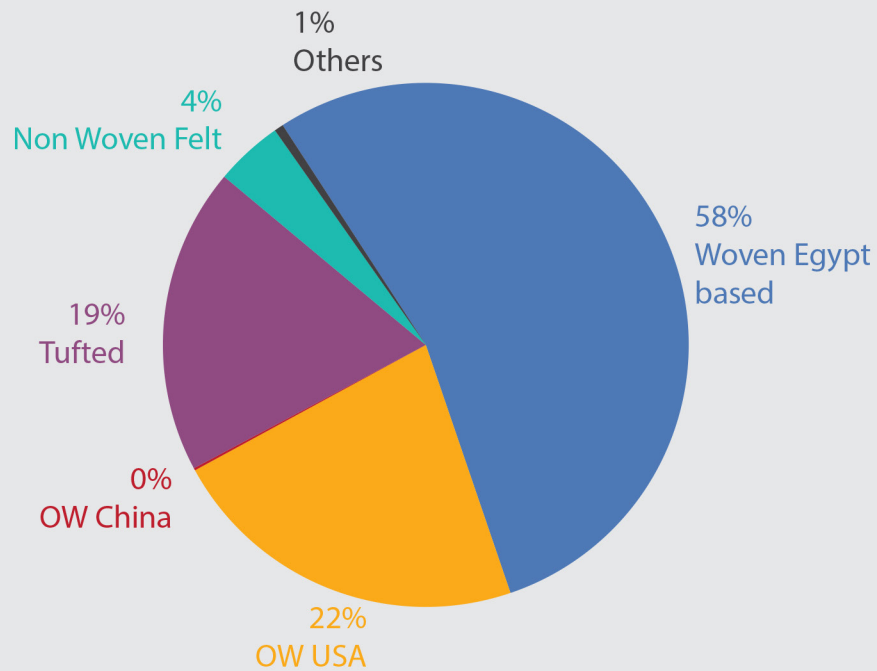




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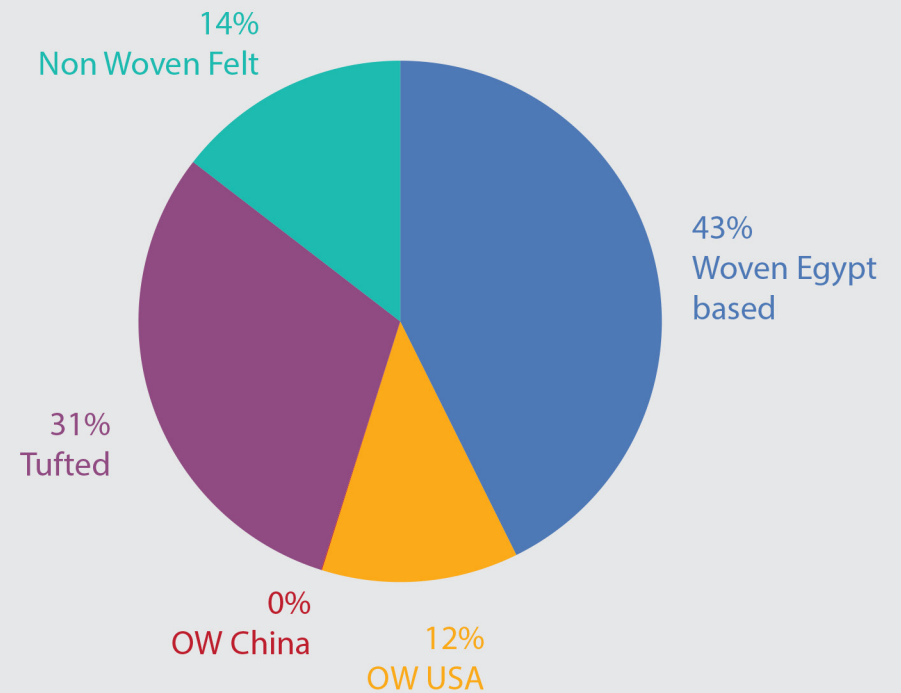
Diversified Product Mix

2Q 2020 Revenue Mix (by value)



Woven-Grade A EGP283/sqm
Woven-Grade B EGP115/sqm
Woven-Grade C EGP66/sqm

2Q 2020 Revenue Mix (by volume)

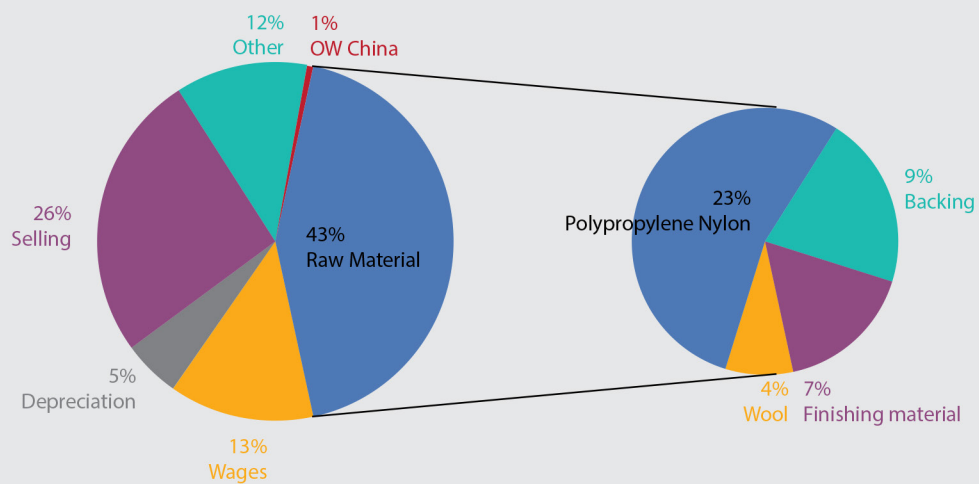


Tufted wall-to-wall EGP283/sqm
Tufted pieces EGP115/sqm
Non-woven (EFCO) EGP66/sqm



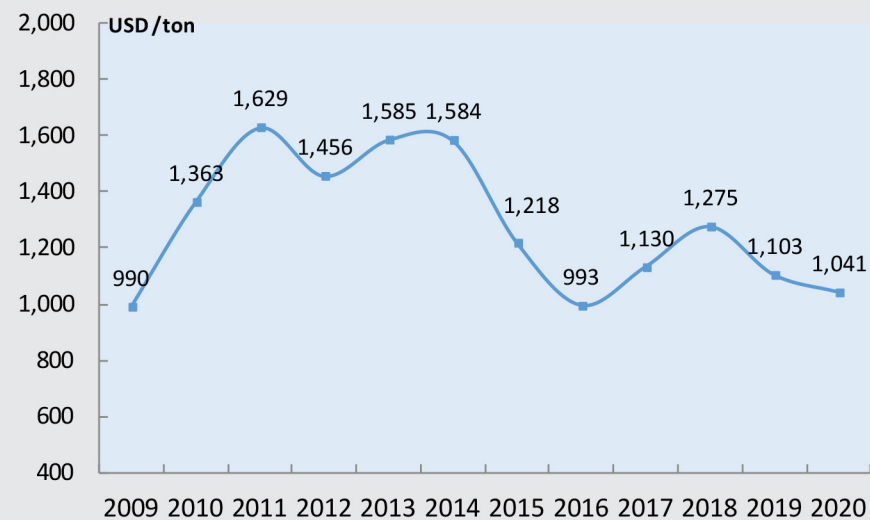
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2Q 2020 Cost Breakdown



Source: Company
Almost 63% of costs are dollar based.

PP Prices (USD/ton)



*As of June 2020



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CapEx Spending

	2016	2017	2018	2019	2020
Woven	<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 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
Tufted		<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, * three new tuft machines, * Carpet Tiles press cutting machine 	<ul style="list-style-type: none"> * 2 artificial grass machines * 2 rolling and backing machines
Non-woven	<ul style="list-style-type: none"> * Two new machines added 	<ul style="list-style-type: none"> * Finishing and coloring machines 	<ul style="list-style-type: none"> * Two new machines 		



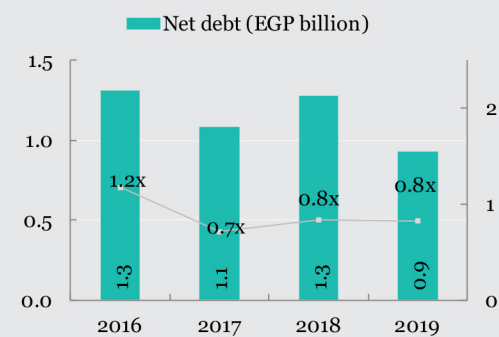
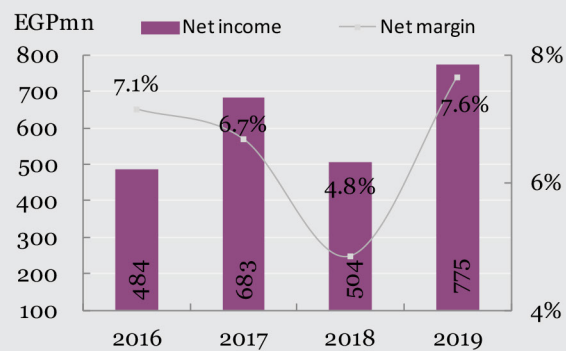
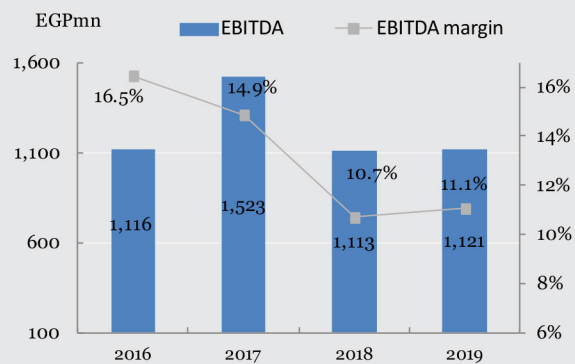
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Financial Summary

EBITDA Performance (EGPbn)

Net Income Performance

Net Debt (EGPbn)





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Impact of Energy Subsidy Reform on Costs

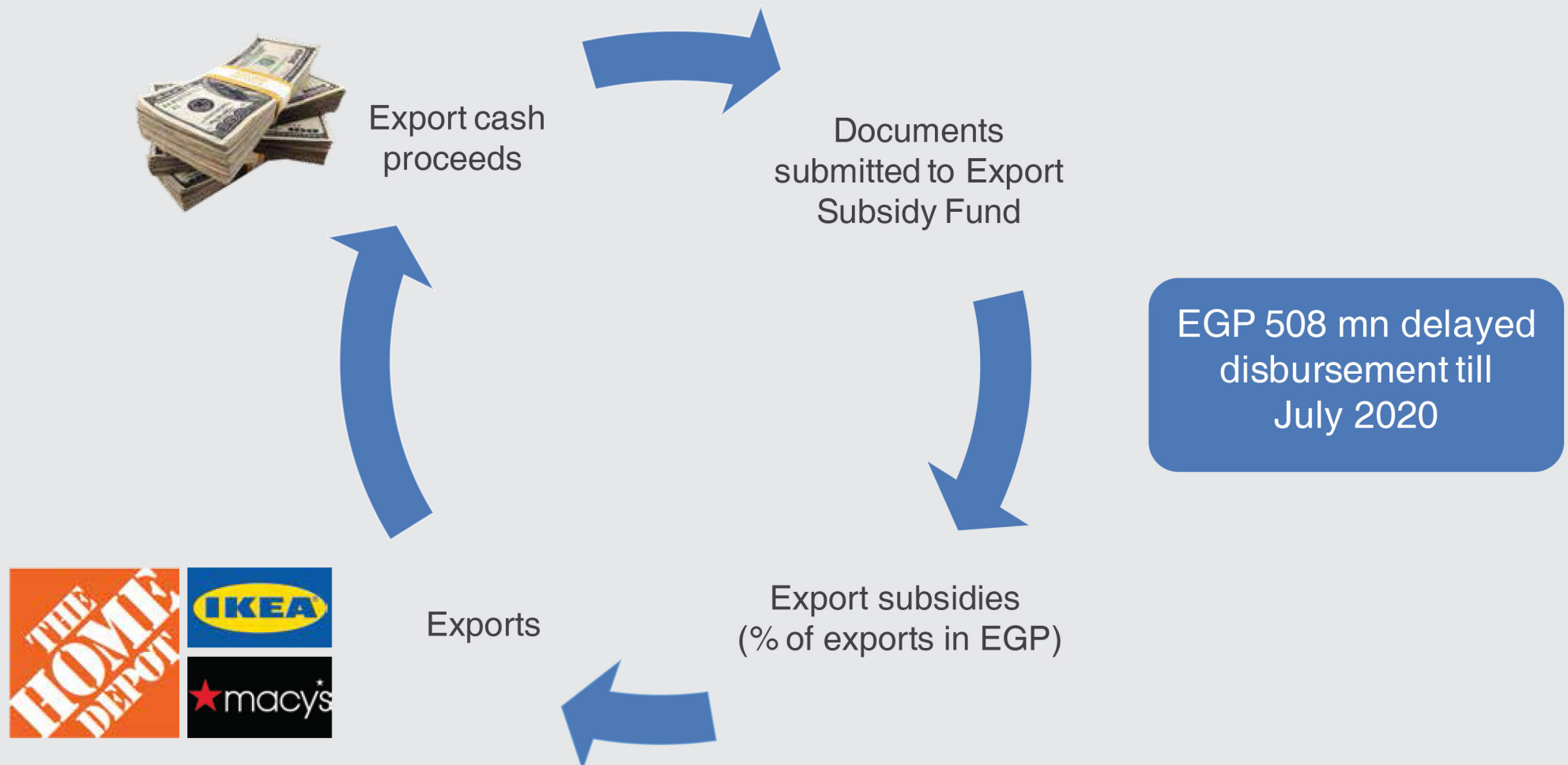
Energy cost	Jun-14	Jul-15	Jul-16	Jul-17	Jul-18	Jul-19	% Change
Natural gas (US\$/mmbtu)	2.25	5	5	5	5	5	-
Electricity (EGP/KW)	0.28	0.435	0.53	0.69	0.99	1.1	11%
Transportation costs (EGP Diesel/Liter)	1.1	1.80	2.35	3.65	5.5	6.75	23%

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



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Export Incentive Program:



Sources: Company



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Local market overview

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 the 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.

Government Recent announcement:

The government recently announced setting EGP7bn in 20/21 budget for the export incentive program



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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



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