



EARNING  
RELEASE  
3Q

2020



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Oriental Weavers

**C** AIRO, November 8<sup>th</sup>, 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 today, for 9M 2020, ending September 30<sup>th</sup>.

### 3Q 2020 vs 3Q 2019

|   |  |   |
|---|--|---|
| <b>Sales</b><br>(EGP million)<br><br>2,588<br>▲ 10% | <b>EBITDA</b><br>(EGP million)<br><br>403<br>▲ 56% | <b>Net Income</b><br>(EGP million)<br><br>302<br>▲ 152% |
| <b>Export Contribution</b><br><br>66%               | <b>EBITDA Margin</b><br><br>15.6%<br>▲ 431 bps     | <b>Export Rebates Backlog</b><br><br>EGP 467 million    |

#### Messages from Oriental Weavers Management:

##### **Yasmine Khamis, Chairman:**

"This has been a year like no other. With challenges set to continue into 2021, Oriental Weavers has adapted and grown stronger, buoyed by strategic decision making, and positioning within the e-commerce marketplace. In 3Q 2020 we experienced a surge in demand, with a 10% increase in sales, resulting in the best quarter of the year, as anticipated, recording margins of 15%, figures last seen in 2016.

"Heading into 4Q, we remain cautiously optimistic having secured orders that will carry us comfortably into 1Q 2021. Rest assured that we are committed to navigating through the difficult circumstances our industry currently faces, to continue to focus on our plans for the future, and to nourish Oriental Weavers' ever rising market position.

"With the passing of our founder, my father Mohamed Farid Khamis, we have lost a visionary, a philanthropist, and a mentor. His spirit remains the heart and soul of Oriental Weavers, and we will continue to lead by the examples he set and are dedicated to continuing his legacy.

##### **Hani Amin, Export Director - Woven Segment**

"2020 has been a challenging year for the team as our high expectations have been shaken by the negative impacts of the COVID-19 pandemic. However, with commitment and energy, the team has



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developed momentum to adapt to market changes. As a result, our export figures have begun to rebound, approaching the benchmarks we initially set out for the year.

“The results of Q3 2020 for us were outstanding as we managed to exceed the results of Q3 2019, both in dollar value and square meter export sales. The team believed that we could identify and capitalize on new initiatives to overcome the constraints resulting from the pandemic: focusing on innovative product development; working closely with customers to plan orders and identify solutions; and enhancing our digital display solutions to make sure our products and ideas are effectively shared with customers globally.

“We believe that the excellent results of Q3 2020 will continue with the same pace in Q4 2020 and well into 2021. We see our capacity being efficiently utilized with the orders steadily rising, in addition to several long-term contracts with prominent customers already confirmed in several major markets. We are optimistic for 2021 as we foresee an expanding market share, developing new sales channels, and identifying new customers.

“The export team has always been inspired by our mentor, the late Chairman Mr. Mohamed Farid Khamis, as he instilled in us the values of a strong work ethic, the necessity to plan and adapt to ever dynamic markets, and the importance of our customers. Such inspiration and experience will be an ongoing motivation for the team to continue his legacy through achieving our sales objectives specifically and contributing to achieve the company’s long-term objectives in general.”

[Rashad Ibrahim, Export Sales Director - Tufted Segment](#)

“We are very proud of the OW team’s discipline and commitment in the face of the pandemic, and the resulting exceptional performance.

“Although the third quarter rebound was significant, the recovery has been uneven across markets, and we expect this will continue in the short-term. We have had one of the best quarters in term of sales, shipping, cash flow, and profitability in Q3. We have entered the fourth quarter with momentum, improved financial flexibility, and consistent shipping which will continue into 2021. We are determined to continue the legacy of Mr. Farid Khamis, the founder of the OW Group, and to deliver against our strategic and operational objectives.”

[Jonathan Witt, OW USA President](#)

“COVID-19 and the related lockdowns and store closings during the first half of the year left us with a 17% deficit in sales through June. However, the time spent at home during the lockdowns and millions of people now working from home has proven to be a key business driver for our residential business. Consumers have decided to spend a greater percentage of their disposable income renovating and redecorating their homes versus vacations and other forms of entertainment outside the home.

“In Q3 2020 we experienced a 19% lift in sales value over Q3 2019, which brought our year to date deficit to -7% versus 2019. In addition to closing the gap in our sales deficit, our sales volumes in square meters were 3% higher than Q3 2019. Over the past few years, we have seen the average price sold per square meter diminish, so we are encouraged to see a 16% increase in the sales value per square meter during Q3. This increase of the average sales value per square meter also helped improve our gross sales margins during the quarter to 25.1% compared to 22.2% in Q2 2020. Operationally, we have closely monitored all spending, increased our liquidity and reduced our total inventory on-hand by 16% compared to December 2019. In addition to the positive results of this quarter, we also received several large commitments from national retail chains that will positively affect sales in Q1 2020.



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“While our business results for Q3 are positive, our team faced the loss of our founder, mentor and dear friend, Mr. Mohamed Farid Khamis. Our management teams in sales, product development and manufacturing, have been with our company for more than 20 years. We all had the privilege of working closely with, and learning directly from, Mr. Farid and understanding his vision for Oriental Weavers globally and specifically in the US marketplace. While he is greatly missed, we have an experienced and devoted team driven to continue his vision and build upon the unparalleled foundation he left for us.”

Shehta Farouk, Group financial Controller

“Although it has been a difficult year, we have managed to adapt and profit under the dynamic market conditions, recording our best margins in five years. First, committees were formed to monitor and control all items of expenditures and costs that could be controlled resulting in reduced rent and electricity costs. Second, we took advantage of the low raw material prices and purchased significant quantities, which impacted our margins positively. Third, we worked on reducing our inventory in showrooms through promotions. Fourth, we worked on increasing efficiency throughout our operations, which is apparent in MAC and EFCO especially.

“With the loss of our great leader we were more determent to make him proud and continue to build on his success.”

Radwa Kamel, Group Treasurer and Budgeting Manager

“Given the importance of cash flow in times of crisis, we had to develop an agile treasury plan as a part of the overall business risk and continuity plan. We had to ensure sustained liquidity under different scenarios, thus, we worked on promptly increasing our credit lines with different banks and we took the liberty to reduce dividends. Excess foreign currency proceeds were not used to reduce borrowing and were put aside instead, as a buffer and as a part of our backup plan, same were invested in short term deposit to offset for the lost interest. We created committees to review daily spending and to assess how critical purchase requests are to the business, and we postponed low priority spending and expansions. We focused on ensuring an uninterrupted production cycle, hence we increased the inventory DOH of raw material mainly polypropylene to account for any ruptures in supply.

“Through 9M 2020 recorded credit interest was equal to EGP 102 million compared to EGP 89 million, 14% higher than that recorded last year despite the decline of average T-bills rates. In terms of financing charges, despite the increase in our EGP borrowing compared to last year, and to benefit from CBE initiative, OW recorded in 9M 2020 EGP 69 million compared to EGP 99 million recorded last year, which is 30% lower than last year. This was due to better cash management in addition to the reduction of the USD libor rates.

“Oriental Weavers signed an agreement last year with our big European customer that amends prices to instantly reflect changes in both FX and polypropylene prices. As for next year, we are now in talks with several banks to secure foreign currency medium-term loans in order to finance next year expansion plans, in light of our low leverage and strong financial position we are expecting the deals to be closed at appealing rates.

“While no words can describe our sadness with Mr. Farid’s departure, we will honor his memory by dedicating ourselves to continuing the work he cherished.”



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Ahmed Kamal, Business Development Director

“With the loss of our legendary founder, OW has risen to the occasion, inspired by his commitment to his family, the staff, and his ideals. As such, we tackled the challenge of the pandemic, identifying opportunities and maintaining steady growth through our diverse products and services. We have adapted to the changing markets, the changing needs of our consumers, by facilitating access to our company through electronic show rooms, virtual platforms and tele-conferences – constructing bridges to overcome the barriers.

“Accordingly, in 2020 Q3 we’ve not only rebounded, but lead the industry in expansion, as Mr. Khamis would have expected.”



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## Revenue Performance Overview

The group reported an increase of 10% in its 3Q 2019 revenues reaching EGP 2,588 million. Export revenues (66% of total revenues) increased by 20% y-o-y during the quarter, while local sales declined by 5% when compared to 3Q 2019.

In 9M 2020, top line was at EGP 6,667 million, compared to EGP 7,583 million recorded in 9M 2019, which is a drop of 12%

Revenue Contribution by Market  
in 3Q 2019

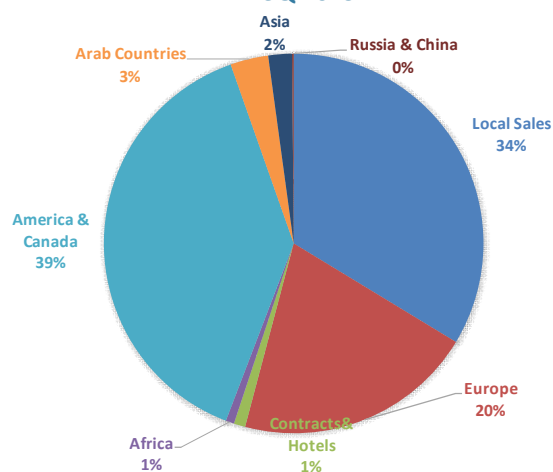


Table 1: Net Sales (Volume and Value) in 3Q 2020 vs. 3Q 2019

|                    | Value (EGP million) |              |              |
|--------------------|---------------------|--------------|--------------|
|                    | 3Q 2020             | 3Q 2019      | % Change     |
| Woven- Egypt based | 1,481.0             | 1,350.8      | 9.6%         |
| OW USA             | 488.6               | 436.1        | 12.0%        |
| OW China           | 0.0                 | 15.3         | -100.0%      |
| Tufted             | 488.0               | 436.0        | 11.9%        |
| Non-woven Felt     | 107.6               | 87.2         | 23.4%        |
| Other              | 22.5                | 21.4         | 5.4%         |
| <b>Total</b>       | <b>2,588</b>        | <b>2,347</b> | <b>10.3%</b> |

|              | Volume (mn sqm) |             |              |
|--------------|-----------------|-------------|--------------|
|              | 3Q 2020         | 3Q 2019     | % Change     |
|              | 14.66           | 12.28       | 19.4%        |
|              | 3.09            | 2.75        | 12.4%        |
|              | 0.00            | 0.20        | -100.0%      |
|              | 9.30            | 7.87        | 18.2%        |
|              | 4.44            | 3.74        | 18.5%        |
|              |                 |             |              |
| <b>Total</b> | <b>31.5</b>     | <b>26.8</b> | <b>17.3%</b> |

Table 2: Net Sales (Volume and Value) in 9M 2020 vs. 9M 2019

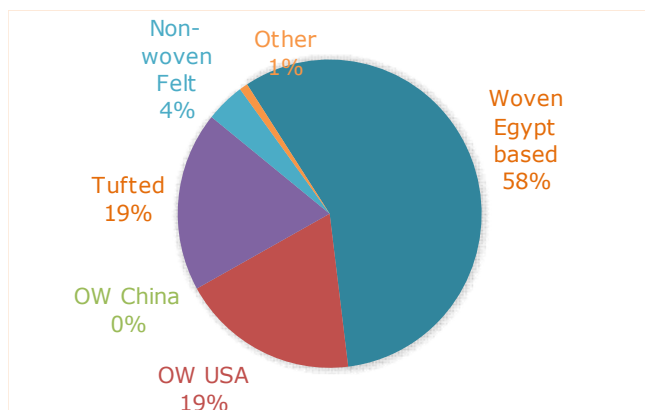
|                    | Value (EGP million) |                |               |
|--------------------|---------------------|----------------|---------------|
|                    | 9M 2020             | 9M 2019        | % Change      |
| Woven- Egypt based | 3,677.8             | 4,254.5        | -13.6%        |
| OW USA             | 1,384.2             | 1,631.4        | -15.2%        |
| OW China           | 6.8                 | 51.5           | -86.8%        |
| Tufted             | 1,281.7             | 1,291.9        | -0.8%         |
| Non-woven Felt     | 280.7               | 275.4          | 1.9%          |
| Other              | 35.6                | 78.4           | -54.6%        |
| <b>Total</b>       | <b>6,666.7</b>      | <b>7,583.1</b> | <b>-12.1%</b> |

|              | Volume (mn sqm) |             |              |
|--------------|-----------------|-------------|--------------|
|              | 9M 2020         | 9M 2019     | % Change     |
|              | 36.7            | 39.5        | -7.1%        |
|              | 9.9             | 10.1        | -2.2%        |
|              | 0.1             | 0.6         | -88.2%       |
|              | 24.7            | 23.3        | 5.9%         |
|              | 12.1            | 12.3        | -1.3%        |
|              | 0.0             | 0.0         |              |
| <b>Total</b> | <b>83.5</b>     | <b>85.8</b> | <b>-2.7%</b> |

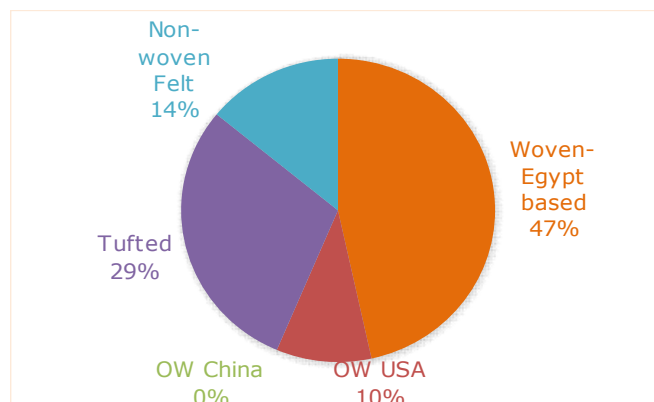


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Revenue Breakdown in 3Q 2020



Sales Volumes Breakdown (sqm) in 3Q 2020



## Segment Reporting

### Local Sales

Our local net sales declined by 5% in 3Q 2020 to EGP 871 million, compared to EGP 920 million in the same quarter of 2019. Grade A products recorded 12% increase y-o-y (+37% q-o-q). While the tufted products sales declined 17% y-o-y (+33% q-o-q), we do not expect this trend to continue in 4Q as the tufted segment started to supply Carrefour with significant volumes in November. The non-woven segment sales were up 8% y-o-y.

#### In terms of Volume:

Volumes were flat during the quarter on y-o-y basis. Demand was tilted towards high quality products, with Woven Grade A up 24% y-o-y (+33% q-o-q). While the tufted segment declined 12% y-o-y (+28% q-o-q).

#### In terms of Sales Channels:

Showroom sales (56% of local sales) grew by 2% y-o-y in 3Q 2020, while wholesale revenues reported a 17% decline primarily from the low demand of Grade C products.

#### In terms of Showrooms:

As we continue to manage our showroom network, five new showrooms were added during 9M 2020 for the woven segment. As for the tufted segment (MAC) four new showrooms were added and one closed. All new showrooms were opened outside Cairo, in order to expand our network in underpenetrated areas.

#### In terms of 9M 2020 Results:

Overall, this brought our local revenues in 9M 2020 to EGP 2,389 million, -18% y-o-y, while volumes came in 16% lower y-o-y.



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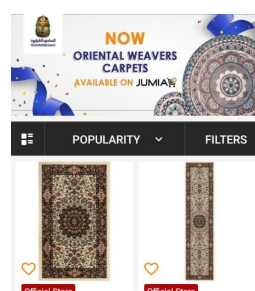
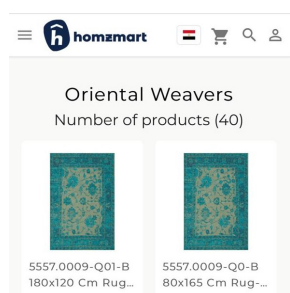
In order to boost local sales, a **marketing campaign** was initiated in mid-September, “Buy One Get Two,” boosting sales across all product ranges. Heading in to 4Q, the marketing team is working on new promotions which will be announced in due time

**Table 3: Percentage Change in Local Sales (Volume and Value)**

| Percentage Change   | 3Q 2020     | 3Q 2020    | Average Price | Contribution to Local Revenues |             | 9M 2020     | 9M 2020     |
|---------------------|-------------|------------|---------------|--------------------------------|-------------|-------------|-------------|
|                     | Volume      | Value      |               | 3Q 2020                        | 3Q 2019     | Volume      | Value       |
| Woven               | ▼1%         | ▼6%        | ▼4%           | 83%                            | 83%         | ▼17%        | ▼16%        |
| Tufted              | ▼12%        | ▼17%       | ▼6%           | 9%                             | 10%         | ▼28%        | ▼29%        |
| Non-woven Felt      | ▲10%        | ▲8%        | ▼1%           | 6%                             | 5%          | ▼6%         | ▼3%         |
| Others (yarn sales) |             | ▲35%       |               | 3%                             | 2%          |             | ▼42%        |
| <b>Total</b>        | <b>Flat</b> | <b>▼5%</b> | <b>▼6%</b>    | <b>100%</b>                    | <b>100%</b> | <b>▼16%</b> | <b>▼18%</b> |

Our **local hospitality segment** (4% of local revenues) continued its successful installations, recording a 32% y-o-y revenue growth. Among the projects completed during the third quarter were: Rixos Hurghada Hotel, Madinaty Cinemas, Galala University and the headquarters of the Ministry of Defense - The Octagon. During 9M 2020, sales were negatively impacted by the halt of the Nile cruises. However, mosques started operating once again, which led to an increase in sales, the results of which will be reflected in 4Q and 1Q 2021. For the hospitality segment, it is expected that we will achieve the targeted sales for 2020, approximately EGP 108 million, given the COVID-19 pandemic. Management expects to see a 10% increase in sales in 2021 for this segment.

Our online exposure is growing, and in late October our products appeared on the Homzmart and Manzili websites. Their impact will be apparent in 4Q 2020. This is in addition to our online portal of “Carpets Online.”





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## Export & Overseas Operations

Export revenues, at EGP 1,716 million, an impressive 20% increase in 3Q 2020, despite 4% depreciation EGP vs. USD.

### In terms of value:

All the segments sales were very impressive, except for the facility in China which is still closed due the COVID-19 pandemic. Woven segment sales were up around 20% y-o-y (+51% q-o-q). Sales tilted toward grade A, which were up by 49% y-o-y. Tufted segment was up 20% (+45% q-o-q), with wall to wall products up nearly 130%. Non-woven segment was up 39% (+54%).

### In terms of Volume:

Volumes were up across the board, with Grade A achieving an increase of 169%. Total volume was up 28% y-o-y.

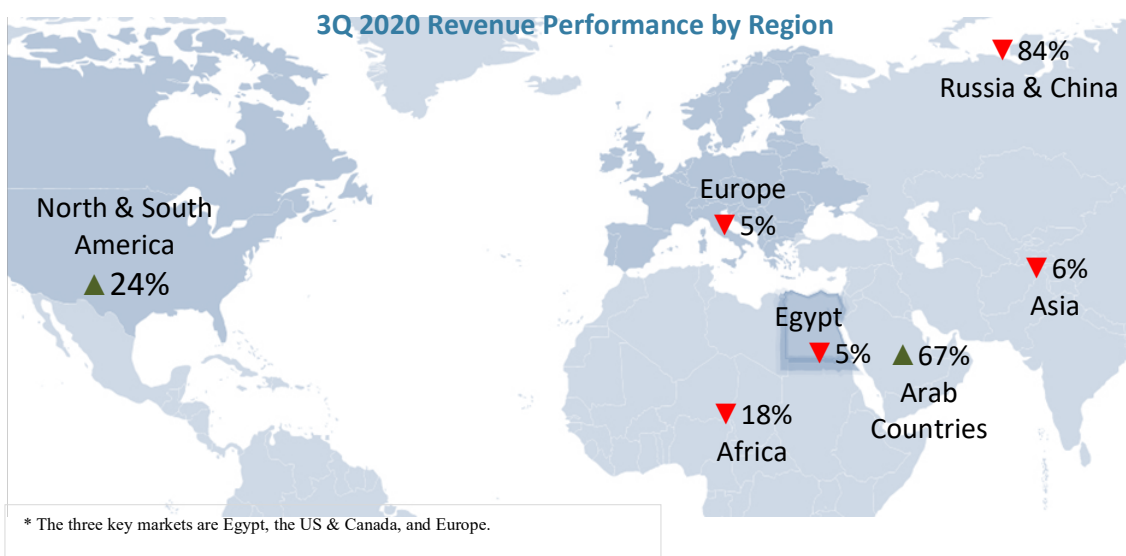




Table 4: Percentage Change in Export Sales (Volume and Value)

| Percentage Change | 3Q 2020 | 3Q2020 | Average<br>Price | Contribution to<br>Export<br>Revenues |         | 9M 2019 | 9M2019 |
|-------------------|---------|--------|------------------|---------------------------------------|---------|---------|--------|
|                   | Volume  | Value  |                  |                                       |         | Volume  | Value  |
|                   |         |        |                  | 3Q 2020                               | 3Q 2019 |         |        |
| Woven             | ▲ 31%   | ▲ 20%  | ▼ 8%             | 73%                                   | 73%     | ▲ 1%    | ▼ 14%  |
| Tufted            | ▲ 25%   | ▲ 20%  | ▼ 4%             | 24%                                   | 24%     | ▲ 15%   | ▲ 8%   |
| Non-woven Felt    | ▲ 31%   | ▲ 39%  | ▲ 6%             | 3%                                    | 3%      | ▲ 5%    | ▲ 7%   |
| <b>Total</b>      | ▲ 28%   | ▲ 20%  | ▼ 6%             | 100%                                  | 100%    | ▲ 6%    | ▼ 9%   |
| <b>USDEGP</b>     |         | ▼ 4%   |                  |                                       |         |         |        |

We remain confident of our position in the US market and we continue to exploit new opportunities and develop products for several new programs targeting mass merchants, discount warehouse clubs, and home centers. Sales in the US were up 24% y-o-y in 3Q 2020. Our recent agreements with leading home-furnishing stores for indoor and outdoor rugs, along with e-commerce business development will continue to drive our growth. We have identified a noticeable surge in online business during the COVID-19 pandemic. We expect 4Q sales, to continue with the same momentum supported by holiday shopping.

Our exports to Europe reported a minor decline of 5% in 3Q 2020. Our sales to our key European customer increased by 17% while sales to the rest of Europe was down in the range of 17%. As our key European customer picked up after the 2Q drop in sales. So far, we have not seen a slowdown of, or cancellations in, orders from Europe given that the second wave of COVID-19 infections has begun, nor do we expect sales to be negatively impacted as occurred during the initial wave of infections. This is based largely on our secured orders through 1Q 2021.

Our exports in 3Q to Asia saw a 6% decline as the Asian markets did not revive like the rest of the markets, given that online shopping is not as advanced as other markets and lockdowns remained in the region due to COVID-19. In Japan we are focusing on increasing volumes with existing clients.

Sales to Arab countries witnessed an increase of 67% y-o-y this quarter, primarily in Saudi Arabia. We are very optimistic with regards to the Saudi Arabian market given the following: their embargo on Turkish products; and 80% of their local production is the tufted segment, creating a gap in the market for the woven carpet demand - an opportunity that Oriental Weavers will capitalize upon. The expected sales for the region will be \$11 million in 2020, increasing to \$20 million in 2021.

Meanwhile, our exports to Africa declined 18%, mainly on low demand from Kenya and Tanzania, but we expect increased demand during the last quarter of the year. We continue to secure new orders from Morocco, Algeria, and South Africa. We secured three new clients in Kenya and one in Ethiopia, which will be reflected in 1Q 2021.

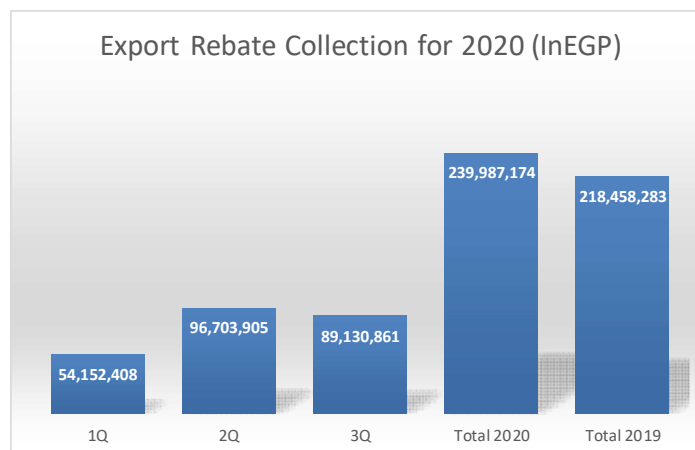
#### Tufted segment in Focus:

The tufted segment has seen a great year given the challenges created by COVID-19. We currently have secured orders through 1Q 2021. The major sales increase is largely a result of the markets in the US and Canada. We worked extensively on new developments - digital printing, artificial grass, and cut and loop machinery. In addition, the update in the printing machinery has increased efficiency drastically as we expect a 10-15% sales increase in 2021.

Our **International hospitality segment** declined 19% y-o-y during the quarter with fewer installations in some regions due to the COVID-19 pandemic. OW completed a number of projects in the US and UK including: the Marriott Heathrow Windsor, The Four Seasons - Atlanta, the Fairmont Banff Springs, and the Hyatt Grand Cypress.

We remain committed to solidifying and expanding our existing client base through marketing campaigns, the development of new products, and our ongoing dedication to produce products of notable quality and value. Given our strong, reputable brand, and diverse, high-quality product range, we are confident that we will experience continued growth.

#### Export Rebates collection



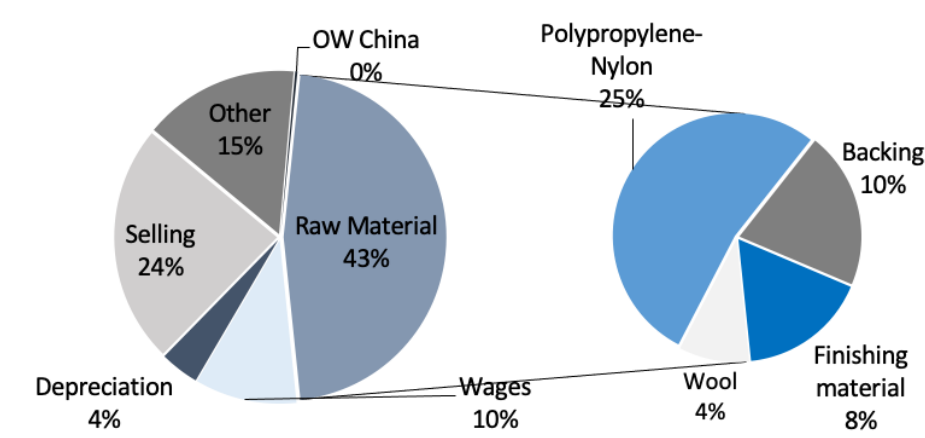
We recorded export rebate collection of EGP 89 million in 3Q 2020, which was part of the protocol signed in late 2019. This brings the total collected in 9M 2020 to EGP 240 million.



### Margins improve on deflated raw material costs

The third quarter has recorded a +10% increase in sales y-o-y, which is our best performing quarter since 2016. Gross profit increased 50.7% to EGP 383 million, mainly on lower raw material prices, in addition to lower COGS to sales ratio, reaching 85% in 3Q 2020 compared to 89% in 3Q 2019. Gross margin grew 397 bps y-o-y to 14.81%, versus 10.85% in 3Q 2019 and 8.87% in 2Q 2020. Polypropylene average price for 9M 2020 was \$1,010/ton compared to \$1,160/ton in 9M 2019, a 13% decrease in price. Nylon prices averaged \$2,280 in 9M 2020 compared to \$3,020 in 9M 2019, a 24% decline. Currently, our average polypropylene three month inventory is a \$985/ton.

3Q 2020 COGS Breakdown



Meanwhile, EBITDA margin recorded a 431 bps increase to 15.6% compared to EBITDA margin of 11.3% in 3Q 2019 due to lower SG&A expenses, and a higher gross profit. EBITDA for 3Q 2020 came in at EGP 403 million, a 56% increase y-o-y.

Our interest expense decreased by 13% y-o-y this quarter. We recorded a 78% higher interest income mainly on higher interest rates on EGP time deposits and interest-bearing current accounts. The company recorded an overall net interest income of EGP 6 million, compared to a net interest expense of EGP 13 million in 3Q 2019.

### Debt breakdown:

On September 30, 2020, our debt breakdown was 63% USD, 13.2% Euro and 23.2% EGP, compared to 76.5% USD, 21% Euro and 2.5% EGP on September 30, 2019. OW increased



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borrowing in EGP to benefit from the CBE's initiative that allows companies to borrow EGP at a rate below corridor rate.

The factors outlined above caused our pre-tax earnings to increase by 137% in 3Q 2020 to EGP 380 million. Our effective tax rates were reduced to 10.3% in 3Q 2020, compared to 15.5% in 3Q 2019, due to lower earnings contributions from taxable subsidiaries, as well as the higher earnings contribution from our non-taxable subsidiaries such as Oriental Weavers International and Oriental Weavers Textiles.

Consequently, Oriental Weavers has seen a 152% increase in its attributed earnings in 3Q 2020, reaching EGP 302 million. By comparison, the attributable earnings figure for 3Q 2019 was EGP 120 million. In addition, 9M 2019 attributed earnings declined by 2% y-o-y to EGP 525 million.

## **Latest Corporate Developments**

### **Update on the Export Rebate programme:**

Oriental Weavers has applied for the latest initiative announced by the government, which entails a 15% discount on the export rebate backlog. We have yet to receive further details in regards to the settlement amount.

### **Expansions of Egypt-based Facilities:**

Given the current change in market dynamics, where demand is increasing relative to the current global supply, management has decided to spend Capex in the range of \$15 million in 2021 to address bottlenecks and to address the growing demand in the Saudi Arabian market specifically. Investments will be made as follows: five looms for the woven segment, two tufted machines and one digital machine, and for the non-woven segment a new digital machine. Capex spent as of 9M 2020 in the range of \$9.6 million.

## **INVESTOR RELATIONS CONTACTS**

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## Income Statement (EGP million)

|  | Third Quarter ending<br>September 30 |              |               | 9M ended September 30 2020 |              |               |
|--|--------------------------------------|--------------|---------------|----------------------------|--------------|---------------|
|  | 2020                                 | 2019         | Change        | 2020                       | 2019         | Change        |
| <b>Net Sales</b>                                       | 2,588                                | 2,347        | 10%           | 6,667                      | 7,583        | -12%          |
| <b>Less:</b>   |                                      |              |               |                            |              |               |
| <b>COGS</b>  | 2,204                                | 2,092        | 5%            | 5,841                      | 6,801        | -14%          |
| <b>Gross Profit</b>                                    | 383                                  | 255          | 21%           | 826                        | 782          | 5.6%          |
| <i>Gross Profit Margin*</i>                            | <b>14.82%</b>                        | <b>10.8%</b> | <b>397bps</b> | <b>12.4%</b>               | <b>10.3%</b> | <b>208bps</b> |
| <b>Less:</b>   |                                      |              |               |                            |              |               |
| Selling & Distribution Expenses                        | 37                                   | 30           | 21%           | 99                         | 89           | 11%           |
| General & Administrative Expenses                      | 73                                   | 87           | -16%          | 243                        | 243          | 0%            |
| <b>Sum</b>   | <b>110</b>                           | <b>117</b>   | <b>-6%</b>    | <b>342</b>                 | <b>332</b>   | <b>3%</b>     |
| <b>Net Income from Operation Activities</b>            | <b>273</b>                           | <b>137</b>   | <b>99%</b>    | <b>484</b>                 | <b>450</b>   | <b>8%</b>     |
| <b>Operation Activities Margin</b>                     | <b>10.56%</b>                        | <b>5.8%</b>  | <b>471bps</b> | <b>7.2%</b>                | <b>5.9%</b>  | <b>134bps</b> |
| <b>Add / Less:</b>                                     |                                      |              |               |                            |              |               |
| Provisions & Impairment                                | -9                                   | -26          | -66%          | -90                        | -108         | -16%          |
| Investment Income                                      | 0                                    | 0            |               | 0                          | 8            |               |
| Interest Income  | 7                                    | 16           | -54%          | 22                         | 47           | -52%          |
| Treasury Income  | 27                                   | 3            | 711%          | 80                         | 42           | 88%           |
| Other Revenues   | 92                                   | 34           | 173%          | 248                        | 209          | 18%           |
| Capital Gain   | 2.3                                  | 0            |               | 4                          | 5            | NA            |
| Financing Expenses                                     | -28                                  | -32          | -13%          | -69                        | -100         | -31%          |
| Foreign Exchange Differences                           | 16                                   | 28           | -44%          | 24                         | 123          | NA            |
| <b>Sum</b>   | <b>107</b>                           | <b>23</b>    | <b>362%</b>   | <b>219</b>                 | <b>227</b>   | <b>275%</b>   |
| <b>Net Profit for the Period before<br/>Income Tax</b> | <b>380</b>                           | <b>160</b>   | <b>137%</b>   | <b>703</b>                 | <b>677</b>   | <b>34%</b>    |
| <b>EBT Margin</b>                                      | <b>14.7%</b>                         | <b>7%</b>    | <b>787bps</b> | <b>10.5%</b>               | <b>9%</b>    | <b>230bps</b> |
| <b>Add / Less:</b>                                     |                                      |              |               |                            |              |               |
| Current Income Tax                                     | -39                                  | -23          | 75%           | -97                        | -78          | 15%           |
| Deferred Tax   | 0                                    | -2           | NA            | -2                         | -1           | NA            |
| <b>Income Tax for the Period</b>                       | <b>-39</b>                           | <b>-25</b>   | <b>57%</b>    | <b>-95</b>                 | <b>-80</b>   | <b>-45%</b>   |
| <b>Net Profit for the Period</b>                       | <b>341</b>                           | <b>136</b>   | <b>152%</b>   | <b>608</b>                 | <b>597</b>   | <b>37%</b>    |
| <b>Net Profit Margin</b>                               | <b>13%</b>                           | <b>6%</b>    | <b>742bps</b> | <b>9%</b>                  | <b>8%</b>    | <b>213bps</b> |
| <b>Attributable to:</b>                                |                                      |              |               |                            |              |               |
| <b>Equity Holders of the Parent</b>                    | <b>302</b>                           | <b>120</b>   | <b>152%</b>   | <b>529</b>                 | <b>535</b>   | <b>34%</b>    |
| <b>Minority Interest</b>                               | <b>40</b>                            | <b>16</b>    | <b>155%</b>   | <b>79</b>                  | <b>62</b>    | <b>70%</b>    |
| <b>Earnings Per Share (EPS)</b>                        | <b>0.11</b>                          | <b>0.27</b>  |               | <b>0.90</b>                | <b>0.75</b>  |               |

\* Reported figures include depreciation expenses



## Balance Sheet (EGP million)

|  | 9M 2020      | FY 2019      |
|--|--------------|--------------|
| <b><u>Long Term Assets</u></b>                                   |              |              |
| Fixed Assets (Net)   | 4 176        | 4 474        |
| Projects in Progress   | 173          | 205          |
| Investments - Available for Sale                                 | 116          | 118          |
| Goodwill   | 160          | 160          |
| <b>Total Long-Term Assets</b>                                    | <b>4,626</b> | <b>4,957</b> |
| <b><u>Current Assets</u></b>                                     |              |              |
| Inventory  | 3 363        | 3 342        |
| Trades & Notes Receivable  | 1 694        | 1 592        |
| Debtors & Other Debit Accounts                                   | 262          | 288          |
| Treasury Bills   | 1,229        | 845          |
| Cash on Hand & at Banks  | 943          | 454          |
| <b>Total Current Assets</b>                                      | <b>7,490</b> | <b>6,520</b> |
| <b><u>Current Liabilities</u></b>                                |              |              |
| Provisions   | 128          | 62           |
| Banks - Credit Accounts  | 2 357        | 1887         |
| Long Term Liabilities - Current Portion                          | 70           | 110          |
| Suppliers & Notes Payable  | 970          | 833          |
| Dividends Payable  | 11           | 8            |
| Creditors & Other Credit Accounts                                | 667          | 566          |
| Deferred Tax Liability   | 81           | 88           |
| <b>Total Current Liabilities</b>                                 | <b>4,284</b> | <b>3,553</b> |
| <b>Working Capital</b>   | <b>3,207</b> | <b>2,967</b> |
| <b>Total Investment</b>  | <b>7,832</b> | <b>7,924</b> |
| <b>Financed as Follows</b>                                       |              |              |
| <b><u>Shareholder's Equity</u></b>                               |              |              |
| Issued & Paid Capital  | 665          | 443          |
| Reserves   | 1,487        | 1,665        |
| Retained Earnings  | 348          | 210          |
| Net Profit for the Period  | 529          | 775          |
| Exchange Differences Arising on Translation of Foreign Currency  | 3,552        | 3,635        |
| Treasury Stocks  | 0            | 0            |
| <b>Total Equity Attributable to Equity Holders of the Parent</b> | <b>6,582</b> | <b>6,728</b> |
| <b>Non-controlling Interest</b>                                  | <b>852</b>   | <b>824</b>   |
| <b>Total Equity</b>  | <b>7,434</b> | <b>7,552</b> |
| <b><u>Long - Term Liabilities</u></b>                            |              |              |
| Long Term Loans  | 259          | 230          |
| Housing & Development Bank Loan                                  | 0            | 0            |
| Deferred Taxes Liabilities                                       | 140          | 141          |
| <b>Total Long-Term Liabilities</b>                               | <b>399</b>   | <b>372</b>   |
| <b>Total Shareholder's Equity &amp; Long-Term Liabilities</b>    | <b>7,833</b> | <b>7,924</b> |



## Statement of Cash Flows (EGP million)

|   | Nine Months Ended<br>September 30 |              |
|---|-----------------------------------|--------------|
|   | 2020                              | 2019         |
| <b>Cash flows from Operating Activities:</b>  |                                   |              |
| Net Profit for the Period before Income Tax   | 703                               | 677          |
| <b>Adjustments to Reconcile Net Profit to<br/>Net Cash Provided by Operating Activities</b> |                                   |              |
| Fixed Assets Depreciation   | 405                               | 382          |
| Provisions other than Depreciation  | 90                                | 108          |
| Reversed Provisions   |                                   |              |
| Interest Income   | (22)                              | (47)         |
| Financing Expenses  | 69                                | 100          |
| Investment Income   |                                   | (8)          |
| Capital Gain  | (4)                               | (5)          |
| <b>Operating Profits before Changes in Working Capital</b>                                  | <b>1,207</b>                      | <b>1,207</b> |
| <b>Change in Working Capital</b>  |                                   |              |
| (Increase) in Inventory   | (59)                              | (96)         |
| Decrease (Increase) in Trades & Notes Receivable and other Debit Accounts                   | (156)                             | (10)         |
| Decrease (Increase) in Suppliers & Notes Payable and other Credit Accounts                  | 237                               | (33)         |
| <b>Cash Flows Provided by Operating Activities</b>  | <b>1,264</b>                      | <b>1,068</b> |
| Interest Income   | 22                                | 47           |
| Paid Financing Expenses   | (69)                              | (100)        |
| Income Tax Expense  | (66)                              | (76)         |
| <b>Cash Flows Provided by Operating Activities</b>  | <b>1,151</b>                      | <b>938</b>   |
| <b>Cash Flows from Investing Activities</b>   |                                   |              |
| Payments for Purchase of Fixed Assets and Projects in Progress                              | (131)                             | (299)        |
| Proceeds from Sale of fixed assets  | 5                                 | 7            |
| Proceeds from Financial Investments   |                                   | 8            |
| Proceeds from Sale of Treasury Bills  | (105)                             | 1            |
| <b>Net Cash Flows (used in) Investing Activities</b>  | <b>(231)</b>                      | <b>(283)</b> |
| <b>Cash Flows from Financing Activities</b>   |                                   |              |
| Proceeds (Payment) from Banks - Credit Accounts   | 491                               | 171          |
| Dividends Paid  | (630)                             | (856)        |
| Translation Differences of Financial Statements   | (1)                               | (3)          |
| Increase in paid-in capital of subsidiary   | -                                 | -            |
| (Payment) Proceeds in Long Term Liabilities   | (6)                               | (72)         |
| <b>Net Cash Flows (used in) Provided by Financing Activities</b>                            | <b>(146)</b>                      | <b>(760)</b> |
| <b>Net Change in Cash &amp; Cash Equivalents During the Period</b>                          | <b>(774)</b>                      | <b>(104)</b> |
| Cash & cash equivalents at beginning of the period  | 1,196                             | 1,322        |
| Translation Differences Related to Cash & Cash Equivalents                                  | (5)                               | (44)         |
| <b>Cash &amp; Cash Equivalents at End of the Period</b>                                     | <b>1,965</b>                      | <b>1,173</b> |



النساجون الشرقيون  
Oriental Weavers

#### 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](http://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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