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Oriental Weavers

Investor Presentation

4Q2016 Results

Global Macro Fundamentals

Egyptian Market

- Sustained economic growth
GDP is expected to record a growth ranging from 4 -5% annually up to 2021 as per the IMF.
- Healthy demographics
The demand for floor coverings is increasing as almost 50% of the Egyptian population are near the marriage with around 800,000 marriages taking place annually.
- Housing gap
The market gap for housing is about 3 million units which creates potential for the development of new private and social housing projects.

International Markets

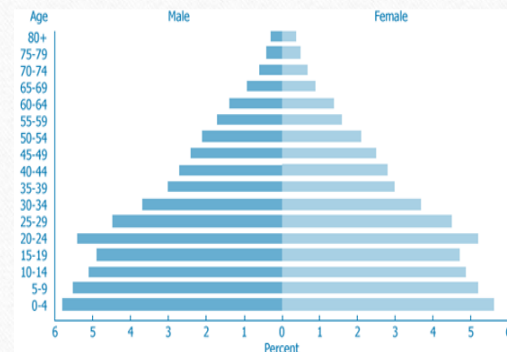
- US fundamentals are strong.
- Strong potential in African beside East Asian markets.
- European markets start to recover.



Demand Triggers in Egypt

- Strong growth in the real estate market driven by economic growth, increasing interest in gated-urban communities and increasing government social housing.
- Sizeable youth population with 50% below the age of 25.
- Increasing stringent procedures on imports of rugs starting March 2016.

Sizeable youth bracket



Strong US fundamentals

- Expected steady gradual recovery of the housing market.
- Further growth in new home sales is expected throughout the year, spurred on by employment gains and a rise in household formations.
- As the supply of existing homes remains tight, more consumers will turn to new construction, according to National Association of Home Builders chief economist



Oriental Weavers in Numbers

38 years

In the global rugs
market

8

Manufacturing
companies

130

Export countries

230

Showrooms in
Egypt

117

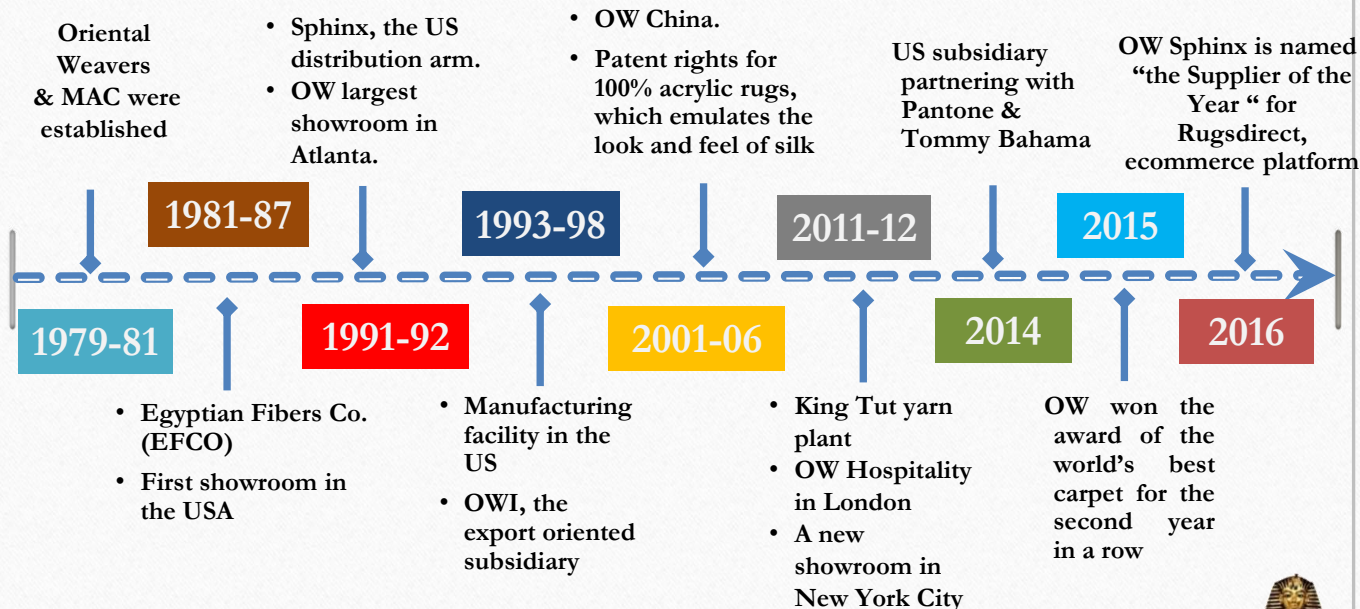
mn sqm sold in
2016

55%

Export
contribution in
FY2016

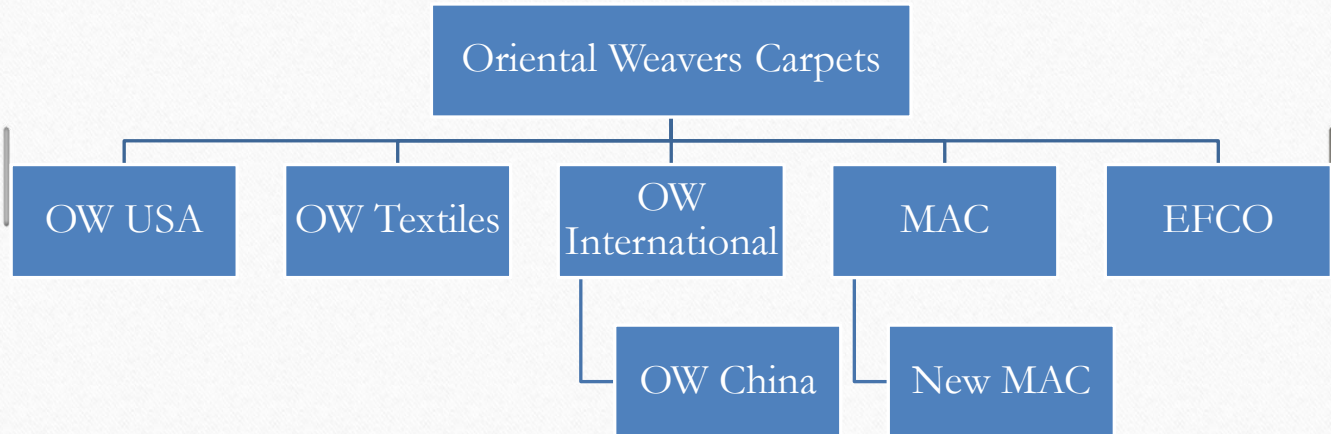


Group's key Milestones



The Group's structure

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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	35%	28%	17%	1%	15.5%		3.5%
Tax rate	22.5%	Exempted	34%	17%	22.5%	Exempted	22.5%
Capacity mn sqm	23	43	NA	3.4	56		18.5

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 +230 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



OW: A large player in the Egyptian market

- Capturing a strong market share in the local market.
- Sells directly through a network of 230 showrooms.
- 80k sqm of retail and wholesale selling area.



LOCAL_MARKET_DEVELOPMENT

A. 4Q 2016

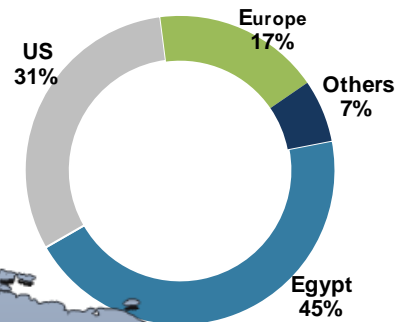
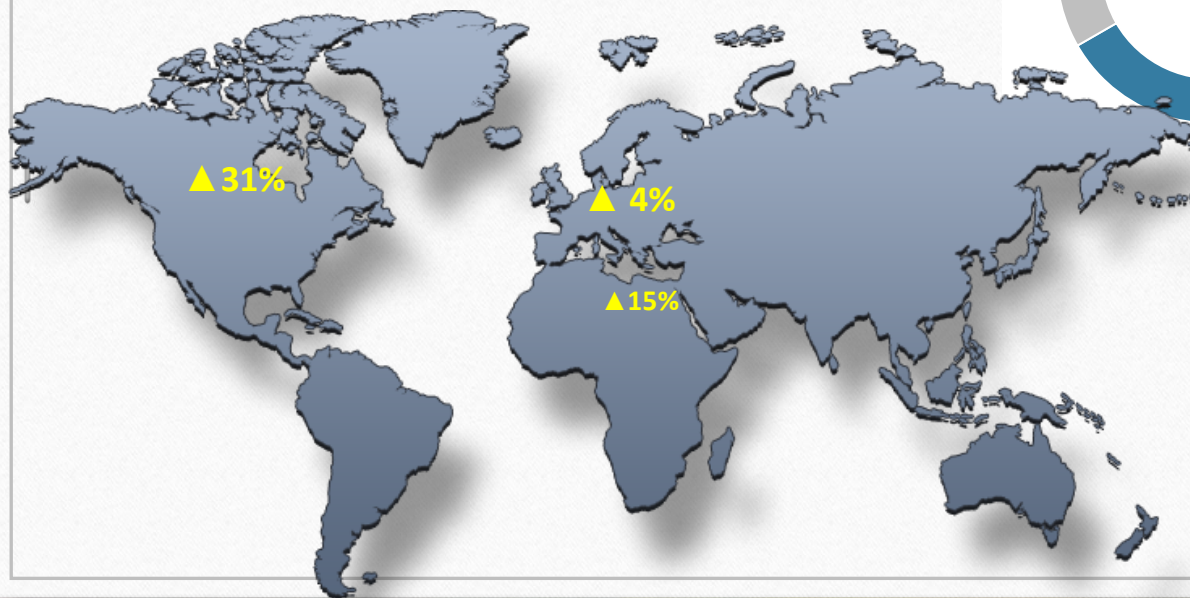
- Local revenues were up 30% on implemented price increase and 3% higher volumes.

B. JANUARY & FEBRUARY

- OW volumes slowed 10%

EXPORT MARKET DEVELOPMENT

Revenue contribution & performance by region in FY16



International Premier Partners

Relationships count – Oriental Weavers' enduring relationships with the world's best retailers, clients, resorts and other lifestyle centers ensure continued market leadership.



American & Canadian Premier Partners

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TJ-maxx®



STANTON
BED BATH & BEYOND



Zellers



ETHAN ALLEN



OW's long standing position in the US

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- Extended partnership agreement with Tommy Bahama.
- America's most magnificent rug award in Atlanta Floor covering exhibition.
- Opened corporate showrooms in 2012 in Fifth Avenue, New York and Las Vegas
- Growing online business with Target, Kohl's, Amazon, and Wayfair in addition to more focused sites such as Rugsdirect.com and rugsusa.com



EXPORT MARKET DEVELOPMENT

A. New orders in the US Market	B. New Orders in the European Market
<ul style="list-style-type: none"> -Home Depot in 2017 -Mohawk -QVC -Growing online business 	<ul style="list-style-type: none"> -IKEA. -French retailers such as <ul style="list-style-type: none"> -St. Mclau, -Gifi, -Amazon France -Italy retailers such as Natotci and OBI
C. African Market	D. GCC Market
<ul style="list-style-type: none"> -OW is targeting to double its market share in Kenya and Tanzania to 60-70%. 	<ul style="list-style-type: none"> - Growing exposure in Qatar, Dubai and KSA



Premier Partners: Hospitality Segment

- OW Hospitality, the London-based hospitality carpeting arm, is the preferred supplier for the Four Seasons and several other major hotel chains.
- We continue to see solid and continuous growth in the US and the KSA.



The Ritz-Carlton®



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OW Hospitality: Recently delivered Projects

In Egypt: 200% growth in FY2016

- ☐ Part of Al-Azhar Mosque
- ☐ Four Seasons renovations, Marriott Mena House, Radisson Blu, Hilton Ramses
- ☐ Cinemas of the Mall of Egypt and Citystars
- ☐ Terminal 2 of Cairo Airport

In the US

- ☐ Ritz Chicago
- ☐ Four seasons Dallas
- ☐ Disney Cruise
- ☐ Fairmont Empress
- ☐ Caesars main Casino

In the UAE

- ☐ The Atlantis
- ☐ Fountainview Towers 1,2,3 and 4
- ☐ Damac Paramount Towers
- ☐ The Westin

JW Marriott Grosvenor House, London



Marriott Richmond, Virginia



Export Incentive Program:



Export cash
proceeds

Documents
submitted to
Export
Subsidy Fund

EGP4 bn
allocated to
FY16/17 budget



Exports

Export
subsidies
(% of exports
in EGP)

OW recorded
EGP214 mn as of
Dec 2016.

Sources: Company

EXPORT INCENTIVE PROGRAM

- The program includes only very minor changes to incentive rates, but does offer exporters extra incentives in growing USD exports from 10%–25%, exporting to Africa and opening new markets (such as Russia, China, Latin America, CIS).
- These amendments should be implemented retroactively on export shipments starting July 1, 2016.

Program	Non-free Zone area (NFZ)		Weighted average 50%/50%	Free Zone area (FZ)		Weighted average 50%/50%	Average rate based on 70% of exports from FZ
	Local materials	Imported materials		Local materials	Imported materials		
Old	10%	6%	8%	9%	5.0%	7.0%	7.3%
New*	12%	6%	9%	9%	4.5%	6.8%	7.4%

OW'S POLICY TOWARDS EGP FLOATATION

- ❑ Revising local selling prices

- ❑ Increasing focus on export exposure (55% as of Dec 2016)
 - to secure foreign currency,
 - ensure better profitability, and
 - increase our receipts from export subsidies.



Recent and Future Expansions

	2015	2016	2017
Woven	13 looms added increasing production capacity by 6%	4 new goblin looms 9 new looms 2 yarn production lines	8-10 looms to be added (pending market conditions).
Tufted	MAC penetrated the artificial turf segment following the addition of two new machines		2017: Digital Printing Machine
Non-woven	Two new machines added	Two new machines added	2-3 machines added



Financial and Operational Performance

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FY 2016 financial Summary

Net sales
(EGP bn)

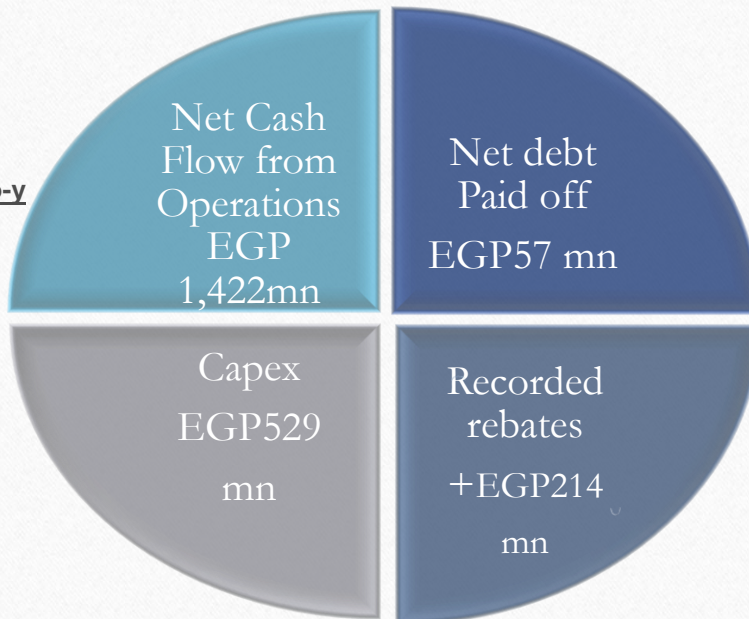
6.8

+15% growth y-o-y

Net Profit
(EGP mn)

484

+36% y-o-y



EBITDA
(EGP mn)

1,116

+39% y-o-y performance

EBITDA Margin

16.5%

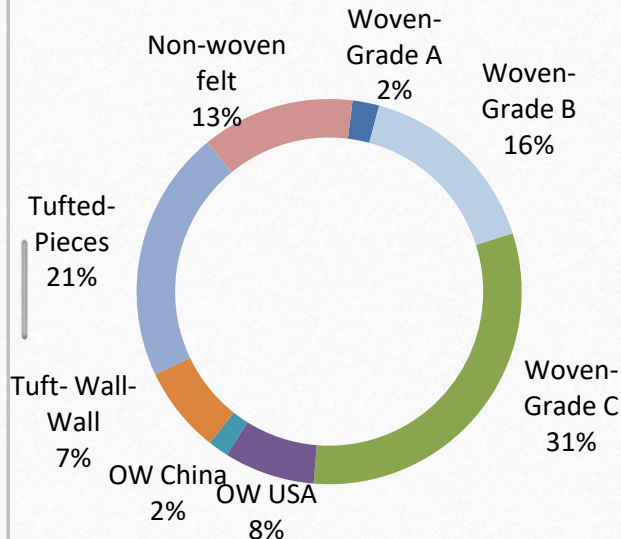
+243 bps y-o-y



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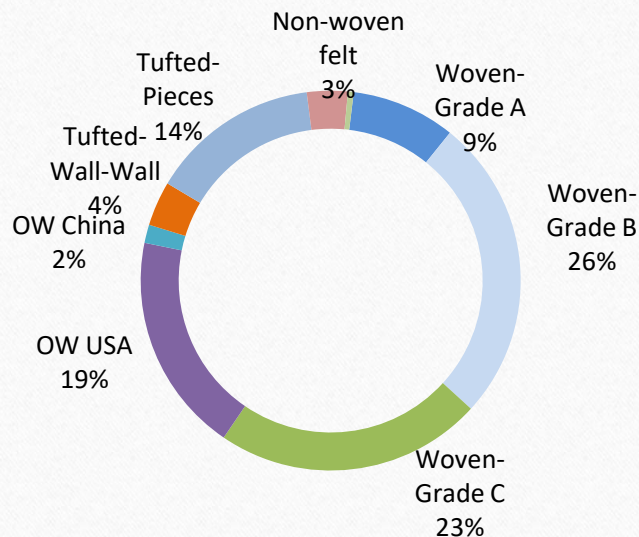
Diversified Product Mix

4Q 2016 Revenue Mix (by volume)



Woven-Grade A	EGP274/sqm
Woven-Grade B	EGP113/sqm
Woven-Grade C	EGP50/sqm

4Q 2016 Revenue Mix (by value)

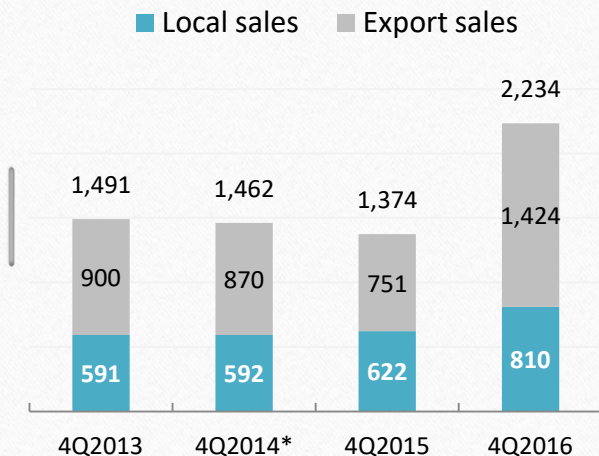


Tufted wall-to-wall	EGP36/sqm
Tufted pieces	EGP47/sqm
Non-woven (EFCO)	EGP19/sqm

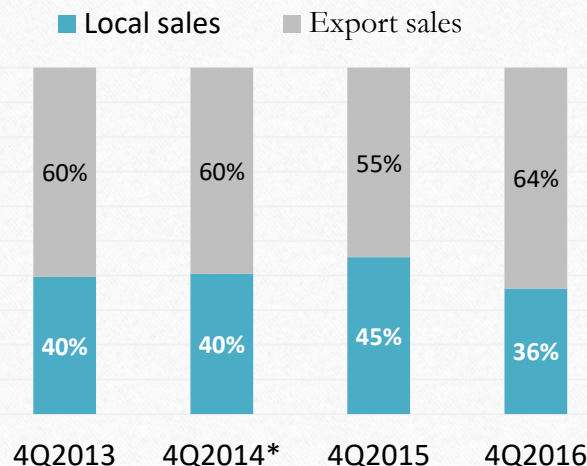
4Q 2016 Financial summary

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4Q Revenue Performance (EGP mn)



Revenue Contribution (%)

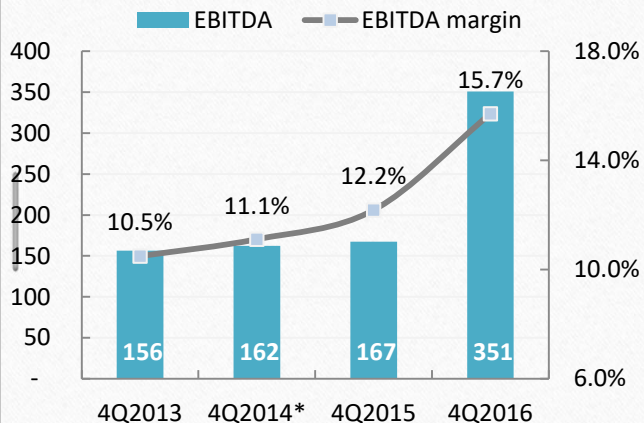


*4Q 2014 is adjusted for the merger of New EFCO

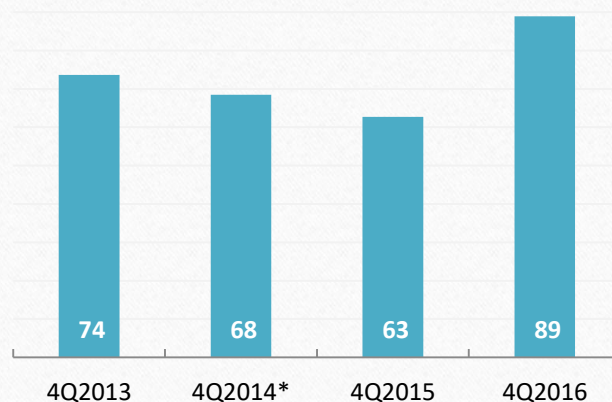
4Q 2016 Financial summary

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4Q EBITDA Performance (EGP mn)



4Q Net Income (EGP mn)

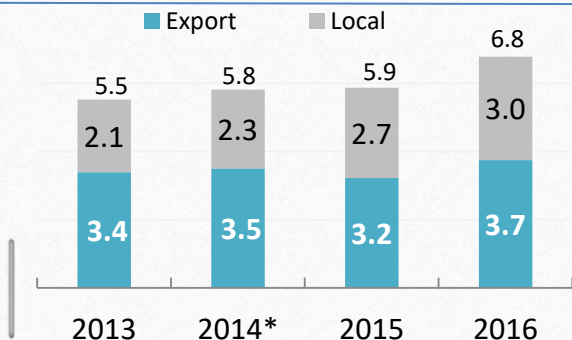


*4Q14 adjusted for the merger of New EFCO

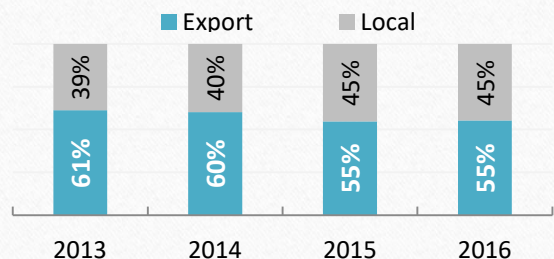
Annual Financial Overview

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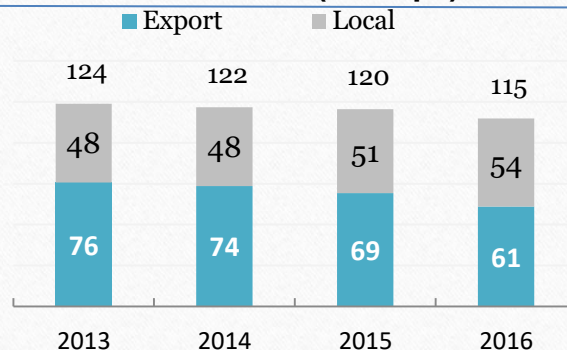
Growing revenue base (EGPbn)



Export vs. Local Revenue Contribution



Sales Volumes (mn sqm)



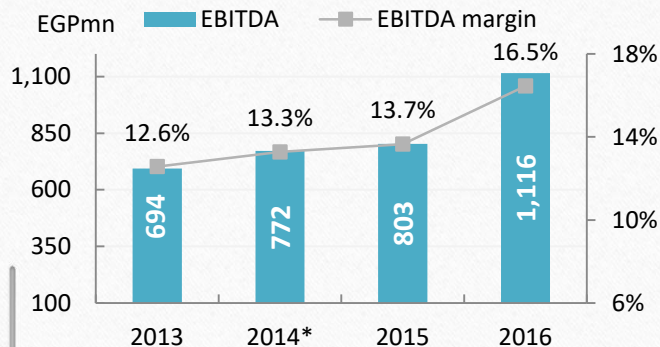
•On adjusted basis including sales of the merged Modern EFCO

** 2016 volumes include OW USA volumes sold and excludes OW China

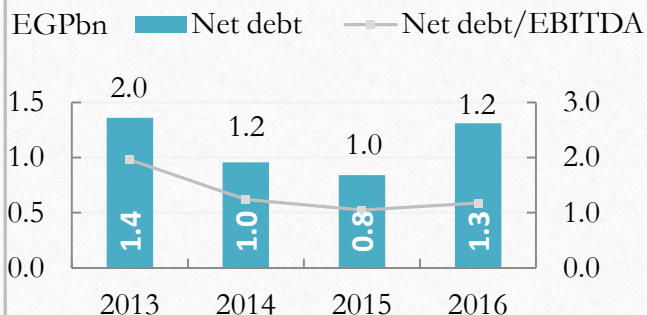
Financial Summary

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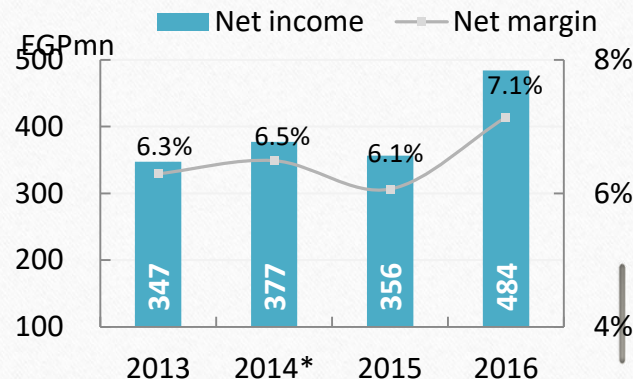
EBITDA Performance



Net Debt (EGPbn)



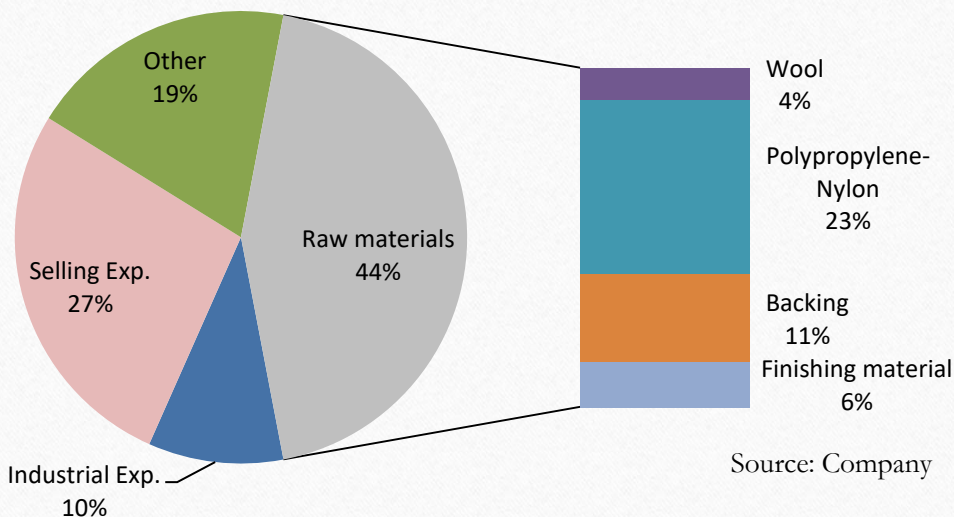
Net Income Performance



* On adjusted basis including sales of the merged Modern EFCO

Cost Breakdown

4Q2016 COGS breakdown



Source: Company

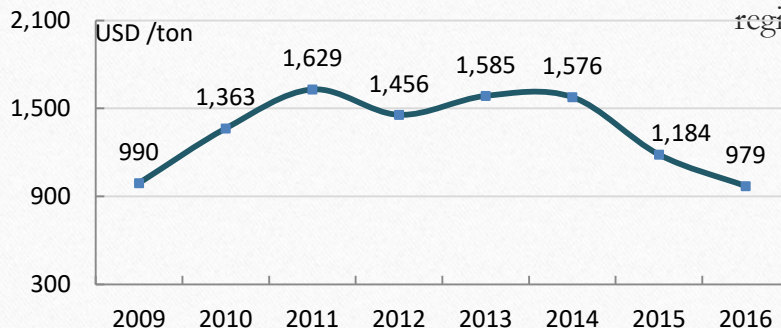
- Almost 65% of costs are dollar based.

Polypropylene is OW main raw material

Polypropylene — used in synthetic and blended rugs and carpets — is an oil derivative, representing around 26% of costs. Polypropylene prices are driven in large part by:

- i) Oil prices
- ii) Market demand for polypropylene

PP prices (in \$/ Metric Tons)



Sources: Company

➤ Polypropylene granules are carefully sourced after receiving monthly price quotations from different suppliers, taking into account other cost factors associated with importing the granules.

➤ Almost 50% of the polypropylene needs are sourced locally and the remaining needs are imported from regional suppliers.



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Impact of Energy Subsidy Reform on Costs

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Energy cost	Jun-14	Jul-15	Jul-16	% Change	OW costs (EGP000) and %			% Δ
					2014	2015	Est. 2016	
Natural gas (US\$/mmbtu)	2.25	5	5	-	23,485	34,727	34,727	-
% of costs					0.45%	0.70%	0.70%	
Electricity (EGP/KW)	0.28	0.435	0.53	22%	104,382	128,318	156,341	22%
% of costs					1.6%	2.6%	3%	
Transportation costs (EGP Diesel/Liter)	1.1	1.80	2.35	31%	5,709	6,826	8,911	31%
% of costs					0.1%	0.1%	0.2%	
Total energy costs (EGP 000)					133,576	169,871	199,980	18%
% of costs					2.7%	3.3%	3.8%	
Total costs (EGP 000)					5,027,724	5,208,796	5,238,905	

*Estimated costs assuming the same consumption as in 2015, Company sources

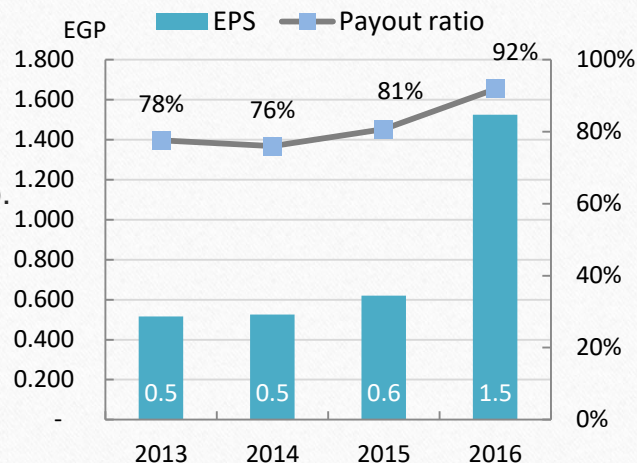


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Share Data

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- 450 mn shares at par value of EGP 1 per share.
- Issued and Paid-in Capital EGP 450 mn.
- Listed in EGX since September 1997.
- 3 Month average daily value USD0.5mn.
- Market Cap USD455mn (as of March 2017).
- Proposed DPS of EGP1.4.
- Reuters; Bloomberg ORWE.CA; ORWE EY.



Shareholders' structure

Khamis Family & Related Entities	57%
Institutions	38%
Foreign Institution	24%
Local Institution	14%
Retail	5%

Sources: Company

Disclaimer

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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.



الساجون الشرقيون
Oriental Weavers

For More Information, please contact

Ingy El-Diwany, CFA

Investor Relations Manager



+202-22685166



ieldiwany@orientalweavers.com



www.orientalweavers.com



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