



النساجون الشرقيون
ORIENTAL WEAVERS

9M Results

14th November 2023

One of the world's
leading carpet manufacturers



Disclaimer

This presentation contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “aims”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Company.

Forward-looking statements reflect the current views of the Company’s management (“Management”) on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Company’s actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

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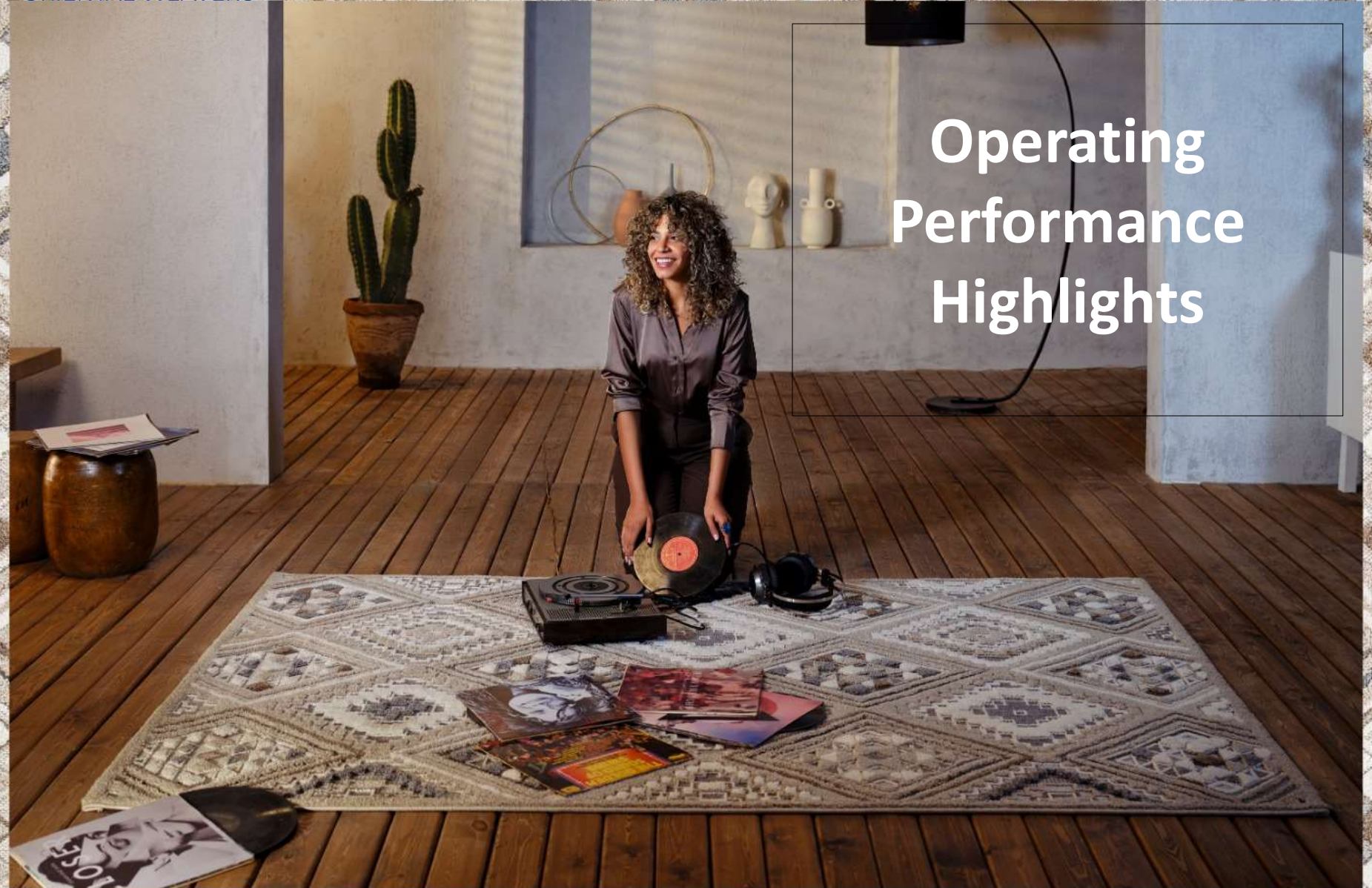
9M23 Operating Performance Highlights

9M23 Financial Overview





النساجون الشرقيون
ORIENTAL WEAVERS



Operating Performance Highlights

9M 2023 Operating Performance

Total Revenue **+36% y-o-y**

- International Markets **+37% y-o-y**
- Egypt **+34% y-o-y**

EBITDA **EGP 1,971 million +85% y-o-y**

EBITDA Margin **15.3% y-o-y**

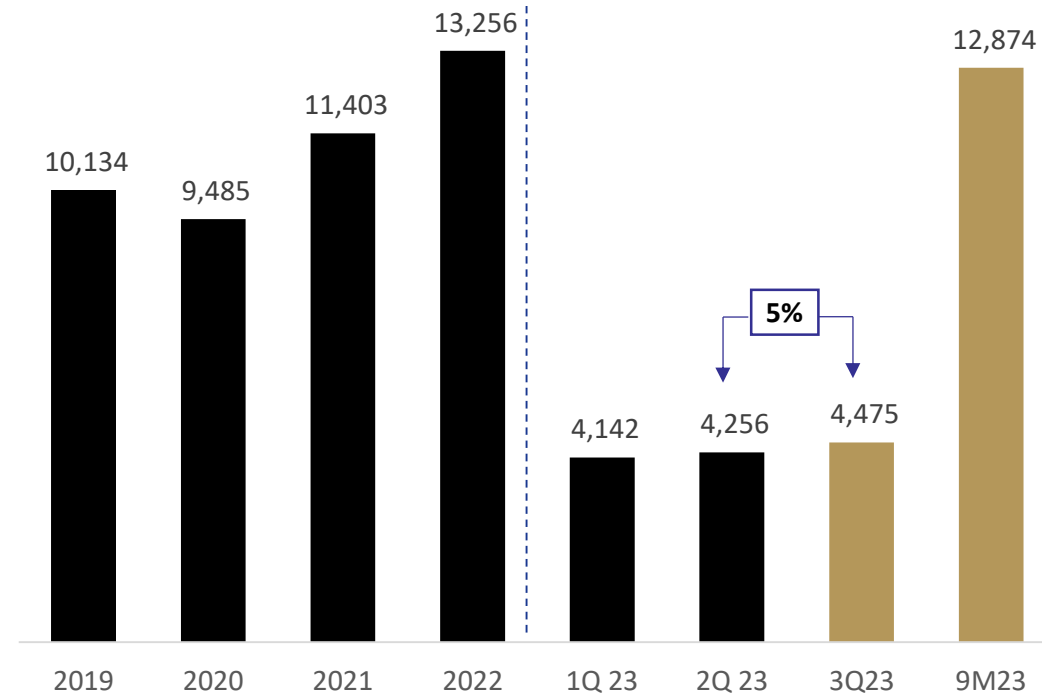
Net Income **EGP 1,382 million**

Net Attributable Income **EGP 1,296 million**

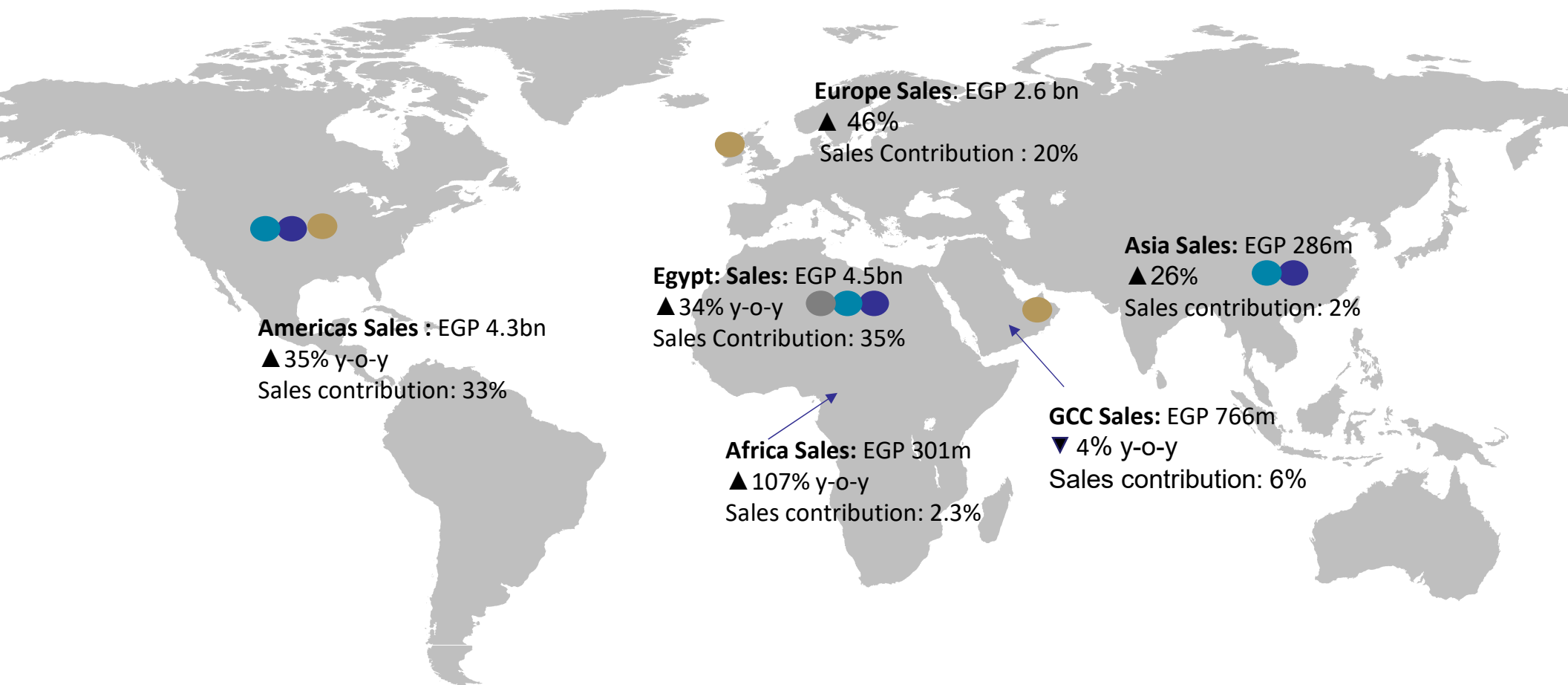
Net Profit Margin **10.74%**

EPS **LE1.95 +146%**

Total Revenue (EGP m)


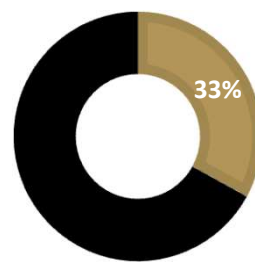
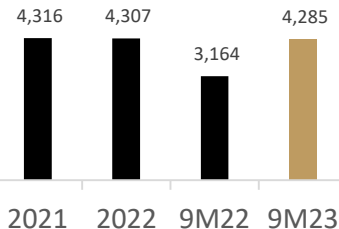


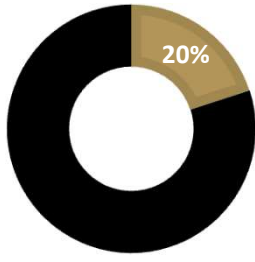
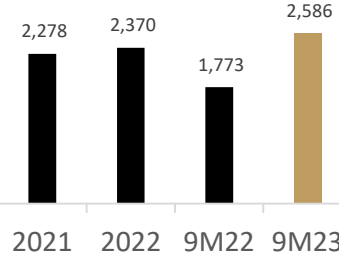


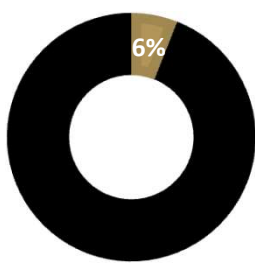
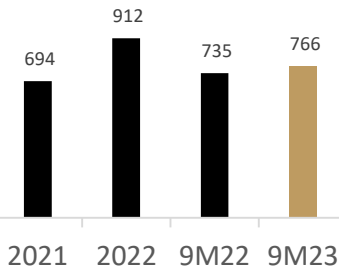



Diversified Footprint Provides a Unique Platform to Lead & Grow



- Production Facilities: Egypt and the U.S
- Warehousing: Egypt & U.S.
- Distribution Offices: U.S, U.A.E. & England
- Showrooms Egypt (> 260)

I. Key International Markets Performance

	Share in 9M23 Revenues	Revenues (EGP 000's)	Remarks	Key Accounts
 Americas	 33%	 2021 2022 9M22 9M23	<p>- OW actively participates in various U.S. Furniture and Rug fairs, including High Point in North Carolina, World Market in Las Vegas, and New York Market Week, totaling six fixed fairs annually.</p> <p>-The U.S.-based subsidiary of Oriental Weavers, situated in Dalton, Georgia and established in 1991, integrates both manufacturing and sales operations. It reported a 39% y-o-y increase in revenues in EGP in 9M23.</p>	
 Europe	 20%	 2021 2022 9M22 9M23	<p>-The European market, ranking as the 2nd-largest globally for carpets and rugs, commands a substantial 25% market share. Within the prominent carpet and rug markets in Europe, our focus centers on four key markets: the United Kingdom, Germany, France, and the Netherlands.</p> <p>-In 9M 2023, European sales experienced a 46% y-o-y growth. This growth was driven by a weaker EGP, coupled with an uptick in sales, particularly in the tufted segment</p>	
 GCC	 6%	 2021 2022 9M22 9M23	<p>-Saudi contributes the biggest share in the GCC revenues, followed by the UAE</p> <p>- In 9M 2023, GCC revenues increased by a modest 4% compared to 9M 2022. This is primarily a result of overstocking in the Saudi market and the reintroduction of Turkish carpets to the market.</p>	

II. Egypt Performance Across All Distribution Channel (35% of revenue)

Woven + 35% YoY

Revenues from the woven segment grew by 35% YoY to EGP 3.6bn, it contributed the majority to overall revenue growth, while volumes declined by 14%. The growth was attributed to an increase in ASP in the local market.

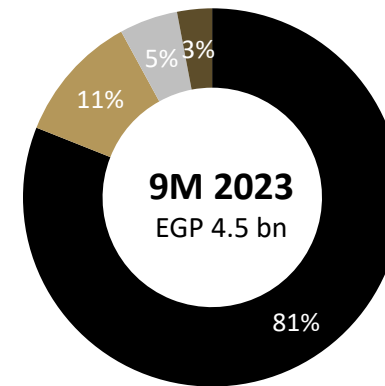
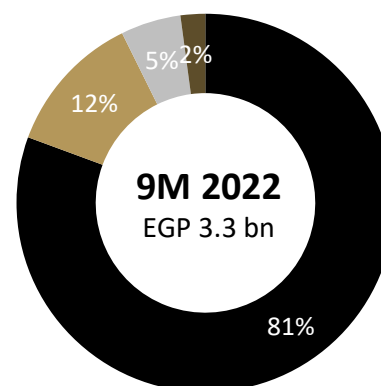
Tufted +23% YoY

In the nine months of 2023, revenues from the tufted segment witnessed a substantial 23% year-on-year increase, reaching EGP 507 million. This growth can be attributed to an increase in the Average Selling Price (ASP) within the tufted segment, despite a decline in volumes

Non-Woven +35% YoY

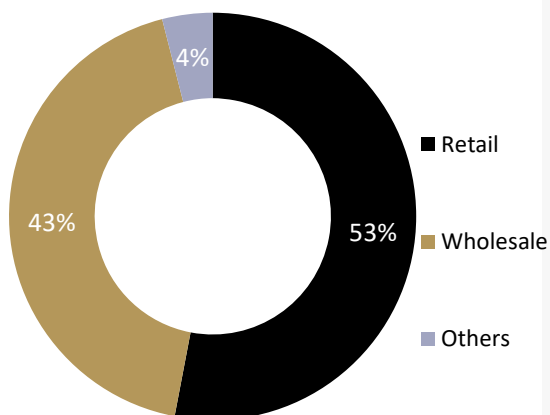
Revenues from OW's non-woven segment grew by 35% YoY to EGP 229 m in 9M23. Revenue growth was driven by increase in ASP, while volumes decline by 3%.

Revenue Breakdown | 9M 2022/2023



■ Woven ■ Tufted ■ Non-Woven ■ Others

Distribution Channels



Retail revenues, which constitute 53% of Egypt sales in 9M 2023, showed a 30% y-o-y increase, driven by price increases and OW's marketing campaigns and expansive showroom strategy. Meanwhile, wholesale revenues reported a 39% y-o-y increase. OW inaugurated 8 new showrooms during 9M 2023, in selected/underpenetrated areas, to expand our customer reach.



Branding Oriental Weavers in Egypt

- OW Marketing team has been working on a new outdoor thematic campaign, in order to build brand image as the industries' leader .



- Oriental Weavers is committed to fostering creativity and innovation. As part of this commitment, we have engaged in collaborations with two esteemed artists, namely Britt Boutros and Hossam Dirar, to showcase their artistry through our carpets.
- Oriental Weavers has successfully launched its inaugural Egypt-based virtual showroom.

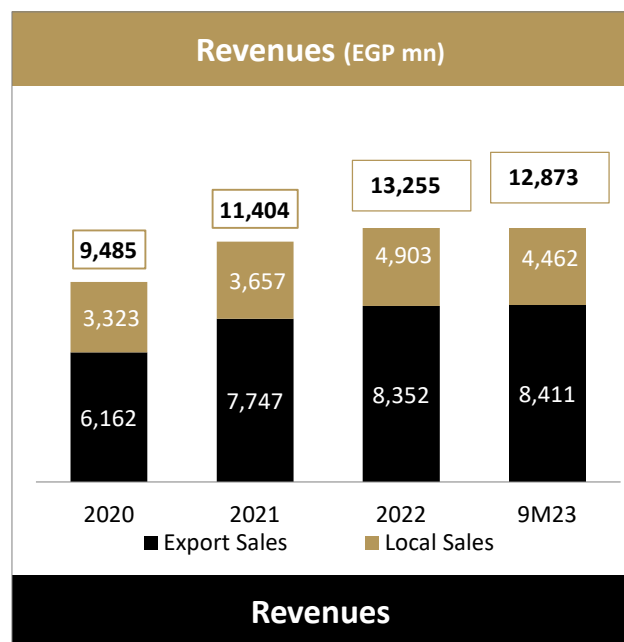




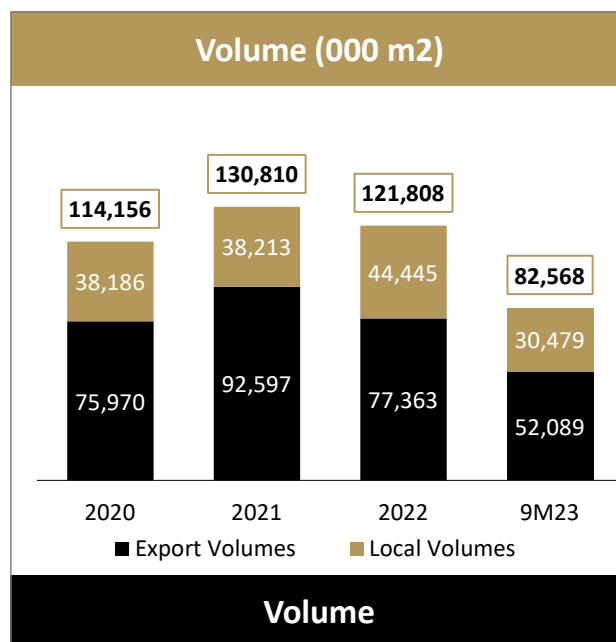
Financial Overview

9M23 Financial Performance

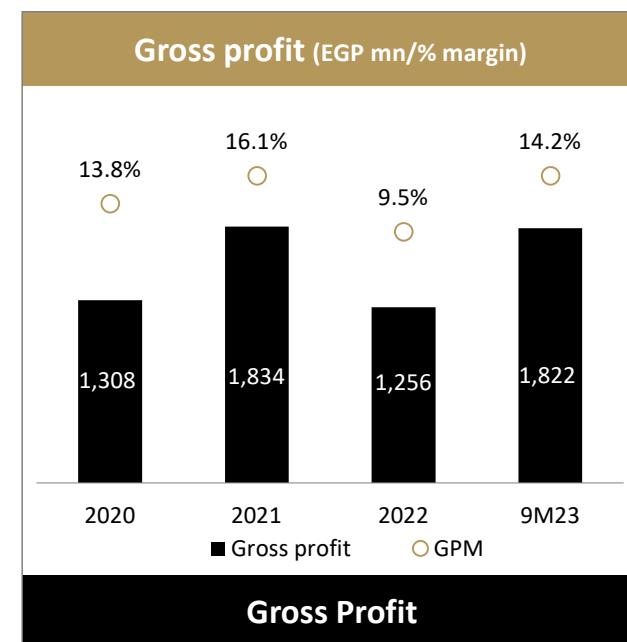
Income statement Highlights



Total Revenues grew by 36% YoY to EGP 12.8 billion in 9M23. Export revenue, 65% of total revenues, increased by 37% y-o-y supported by local currency devaluation. While local sales increased by 34% y-o-y supported by increase in ASP.



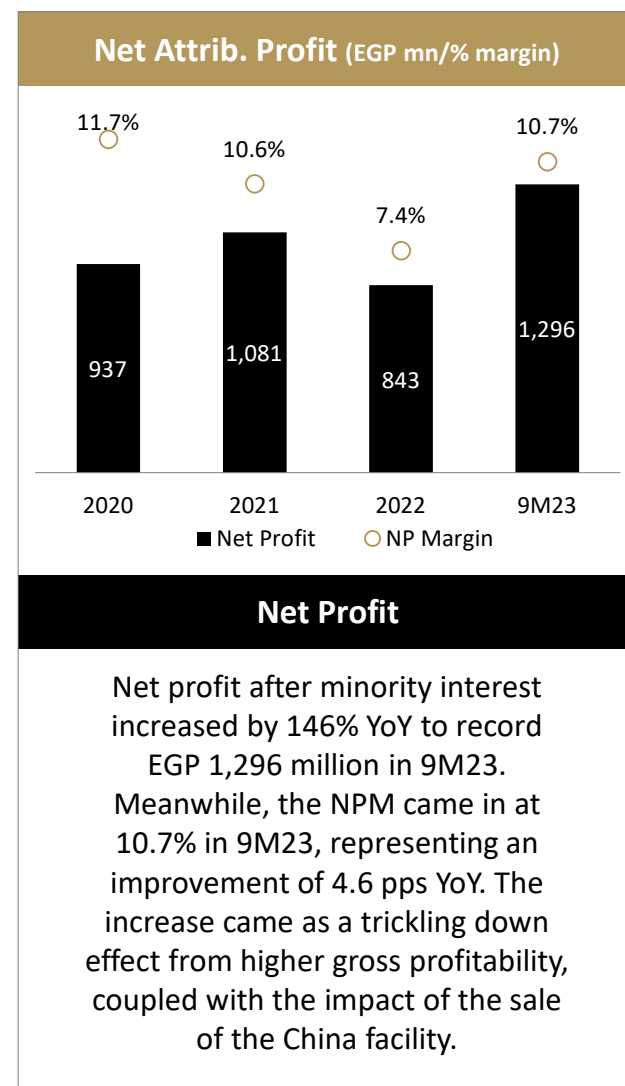
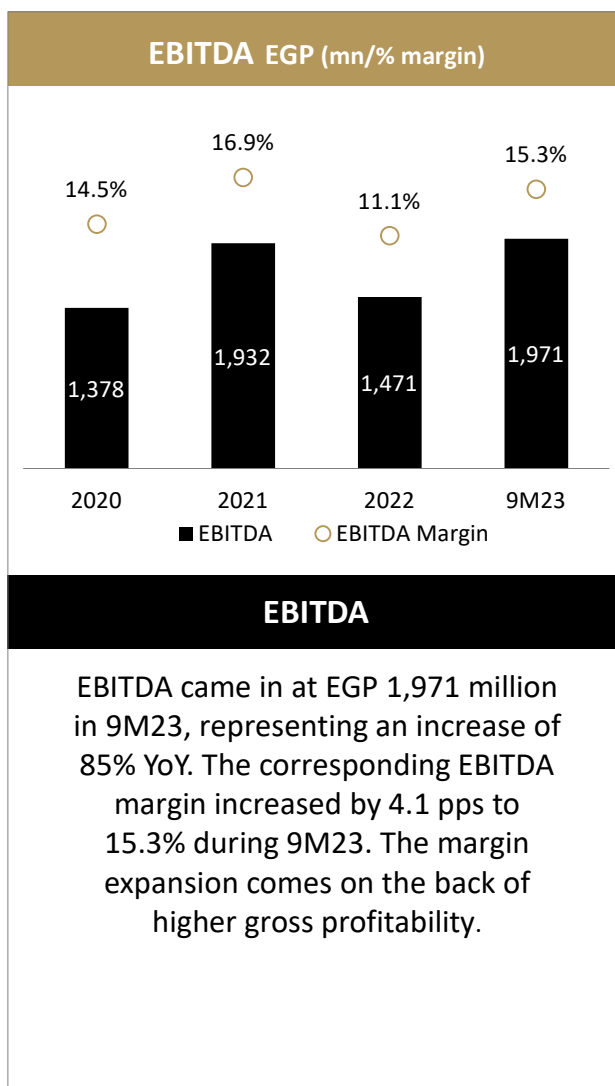
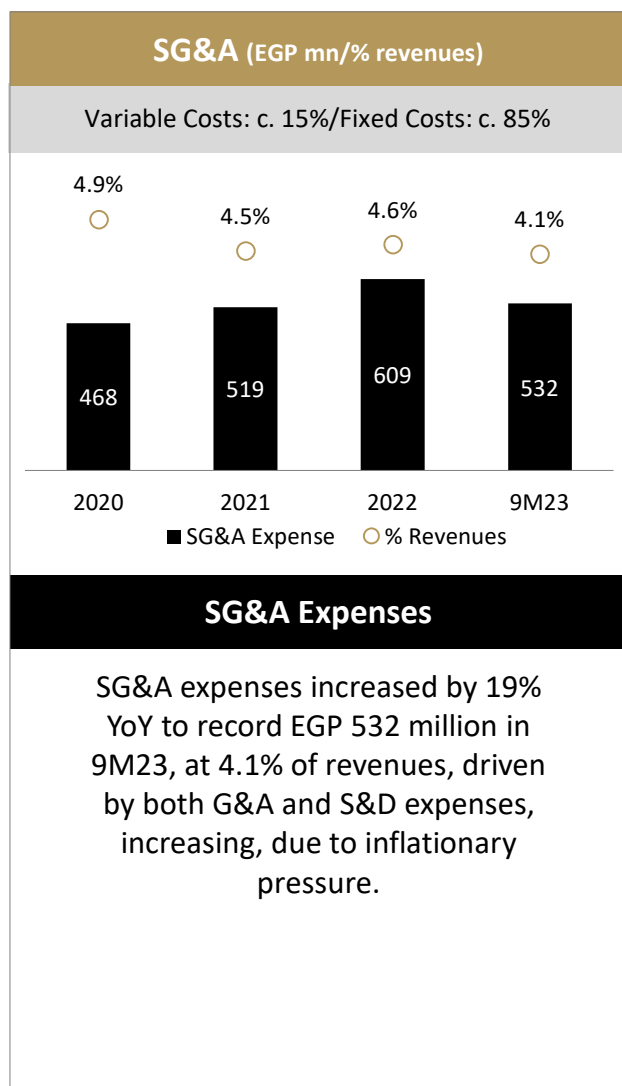
The overall volume witnessed a 12% YoY decline in 9M23. Export volume, specifically, experienced a 16% decline, primarily attributed to softness in the international consumer market and high inventory levels. However, this trend is showing signs of improvement, particularly evident in the third-quarter volumes. Meanwhile, local volumes declined by 3% in 9M23.



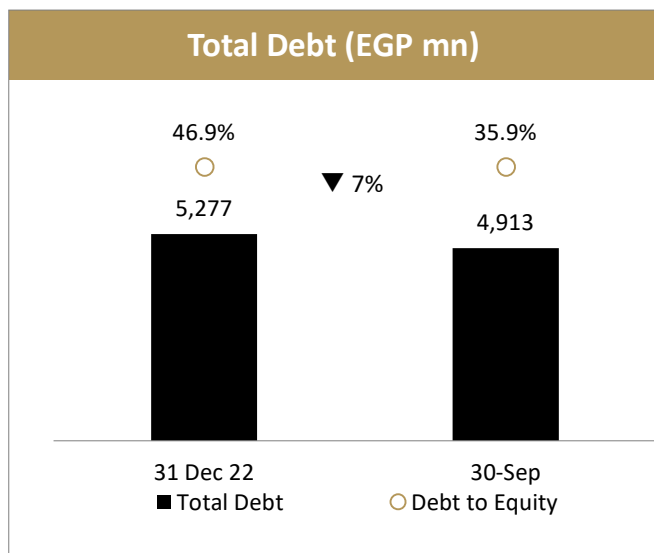
In 9M23, Gross Profit surged by 83% YoY, reaching EGP 1,822 million. Simultaneously, the gross profit margin achieved 14.2%, marking a YoY increase of 3.68 pps. This improvement in the gross profit margin can be attributed to the rise in average selling prices, which outpaced the increase in raw material costs when measured in EGP terms

9M23 Financial Performance

Income Statement Highlights

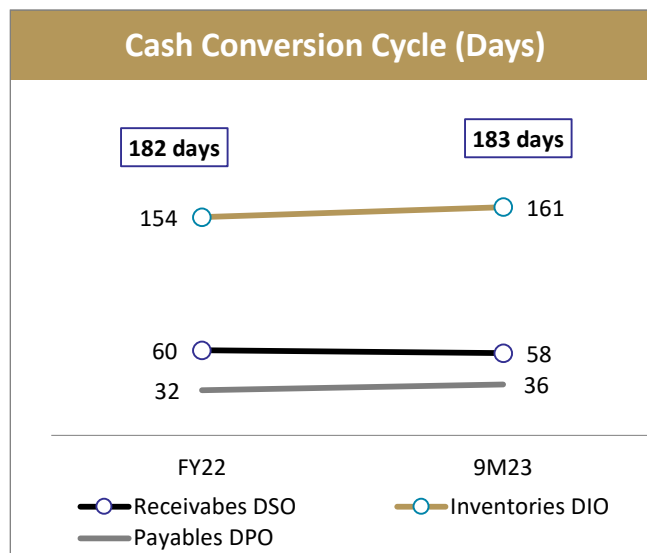


Balance Sheet & Other Highlights



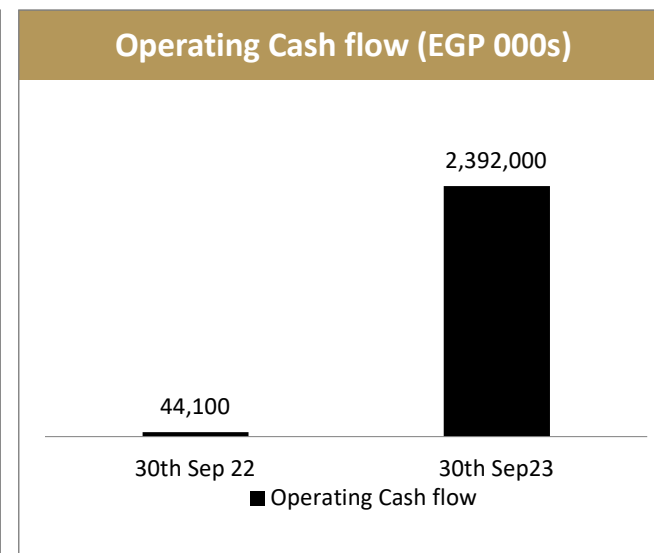
Total Debt

Total Debt came in at EGP 4.9 bn in 9M23, down by 7% YTD primarily due to the settlement of the subsidized government initiative and improvement in suppliers' payment terms. On Sep 30th 2023, OW debt breakdown was 72% USD, 15% Euro and 13% EGP, compared to 58% USD, 15% Euro and 27% EGP on December 31st 2022.



Cash Conversion Cycle

The Group's overall cash conversion cycle reached 183 days in 9M23. The increase in the CCC is mainly attributable to the increase in inventory DOH from 154 days to 161 days, due to increase in Showrooms inventory to cover new showrooms coupled with devaluation impact on repriced inventory. On the other hand, payables DOH increased, as OW negotiated better payment terms with suppliers.



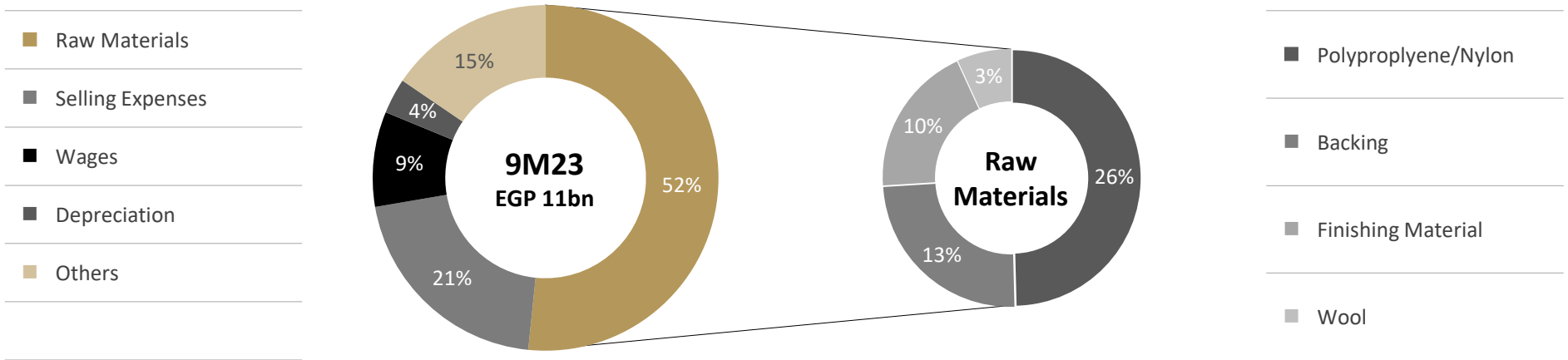
Operating Cash flow

Cash flow from operating activities increased dramatically to EGP2.3bn in Sep23.

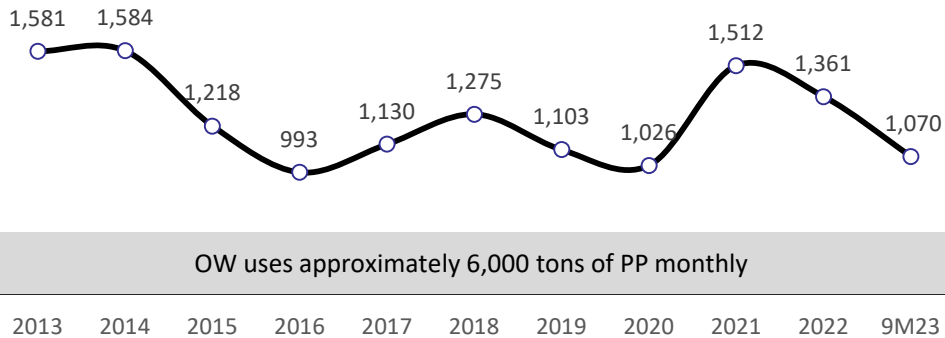
9M23 Financial Performance

Cost of Sales Analysis

Cost of Sales Breakdown | 9M 2023



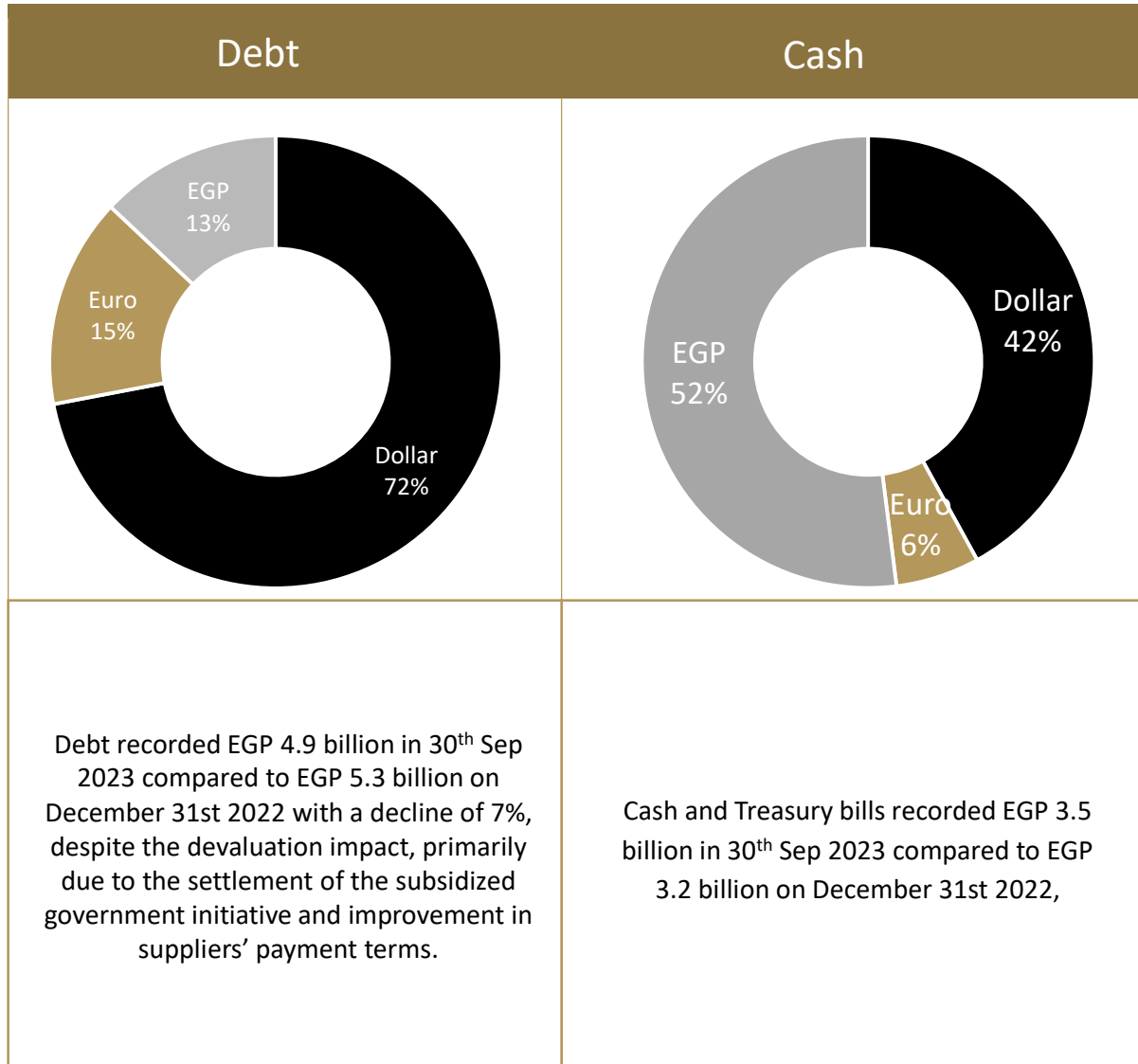
Polypropylene Prices | USD/ton



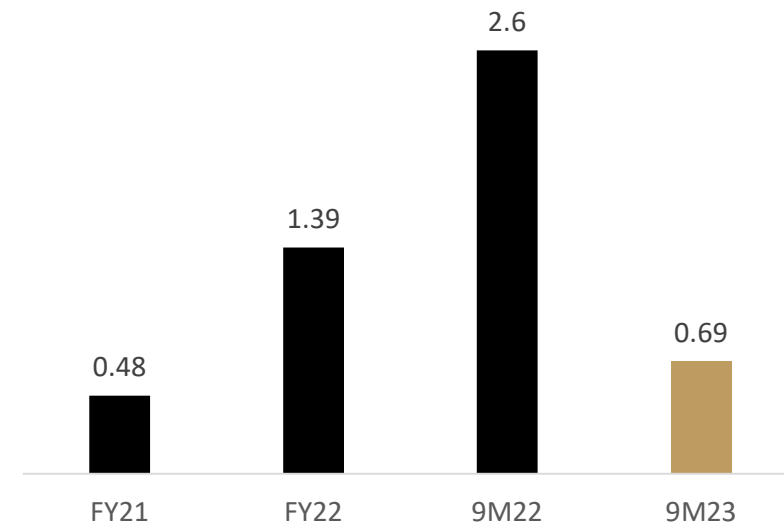
Cost of Sales

Raw materials makes up the majority of cost of sales, contributing 52% to its total in 9M23, with polypropylene purchases being its largest component. OW's COGS increased by 30% y-o-y to EGP 11,052 million in 9M23, rising at a slower pace than the group's top line figure, as a result of lower priced raw material during the quarter. Additionally, freight cost per meter declined dramatically by 40% in 9M 2023 compared to 9M2022. Raw material costs, which include wool, Polypropylene, backing and finishing materials, reached EGP 5.8 million in 9M 2023, compared to EGP 4.6 million 9M 2022, which is a 26% y-o-y increase.

Net Debt Normalized



Net Debt/EBITDA



OW debt is mainly in USD, given its working capital needs. The Net debt/EBITDA ratio is normalizing after reaching a peak, back in 2022.