



النساجون الشرقيون
ORIENTAL WEAVERS

Oriental Weavers Carpet FY 2023 Results

One of the world's
leading carpet manufacturers

28th February 2024

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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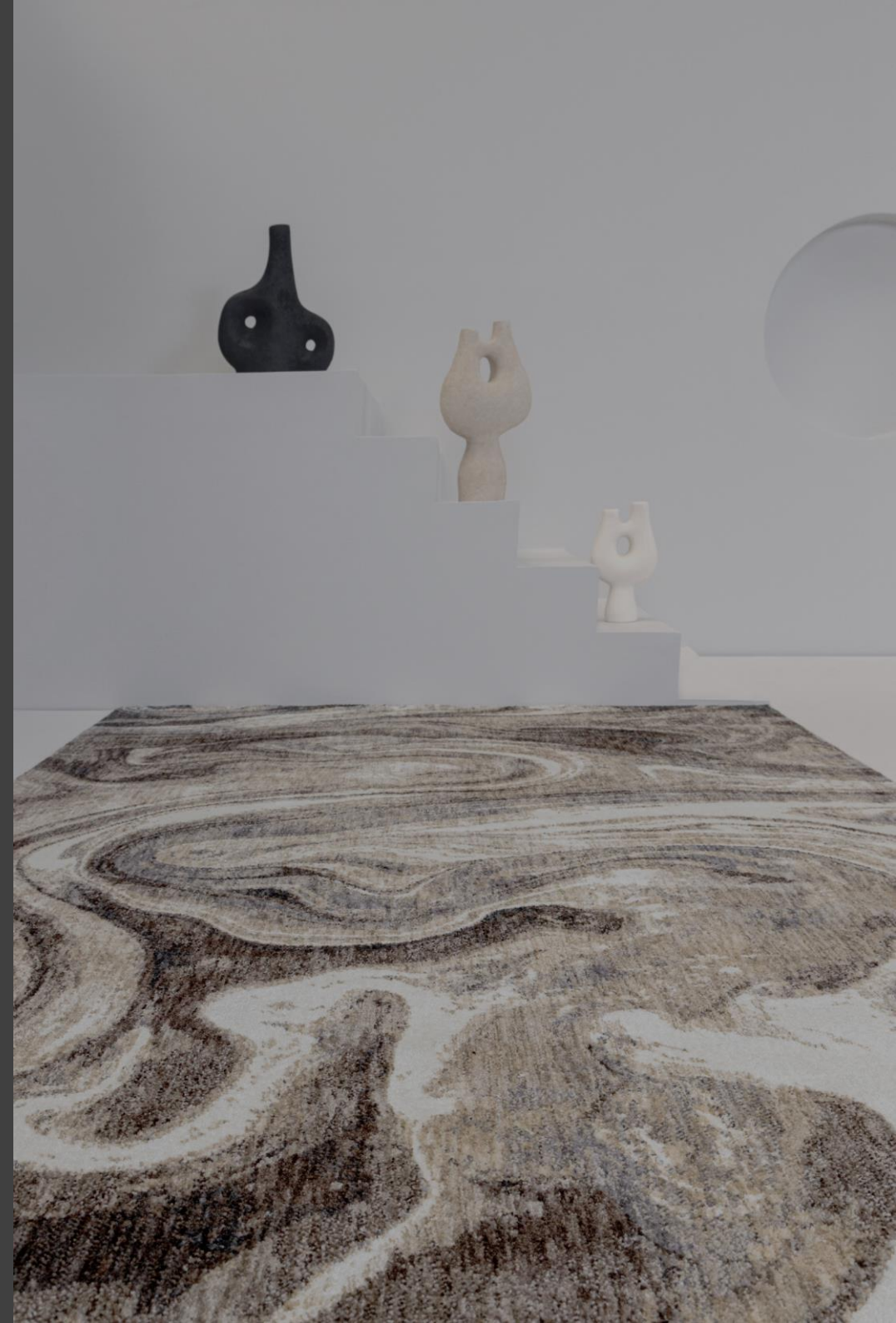
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A woman with long dark hair, wearing a grey suit and white shoes, is sitting on a light blue armchair. She is in a modern, minimalist interior with a large patterned rug, a black side table with a white bust, and a tall white vase with a dried branch. The background is a plain, light-colored wall.

Operating Performance Highlights

FY 2023 Operating Performance

Total Revenue + **33% y-o-y**

- International Markets + **34% y-o-y**
- Egypt + **31% y-o-y**

EBITDA **EGP 2,729 million + 85% y-o-y**

EBITDA Margin **15.5% y-o-y**

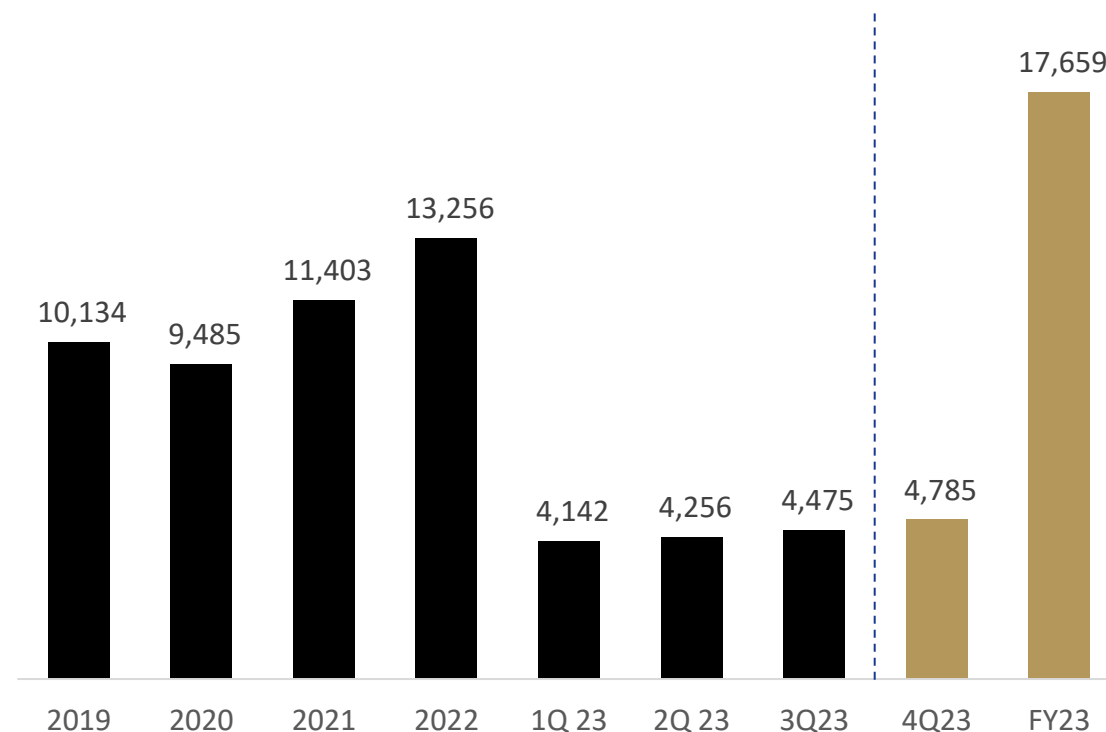
Net Income **EGP 1,892 million**

Net Attributable Income **EGP 1,740 million**

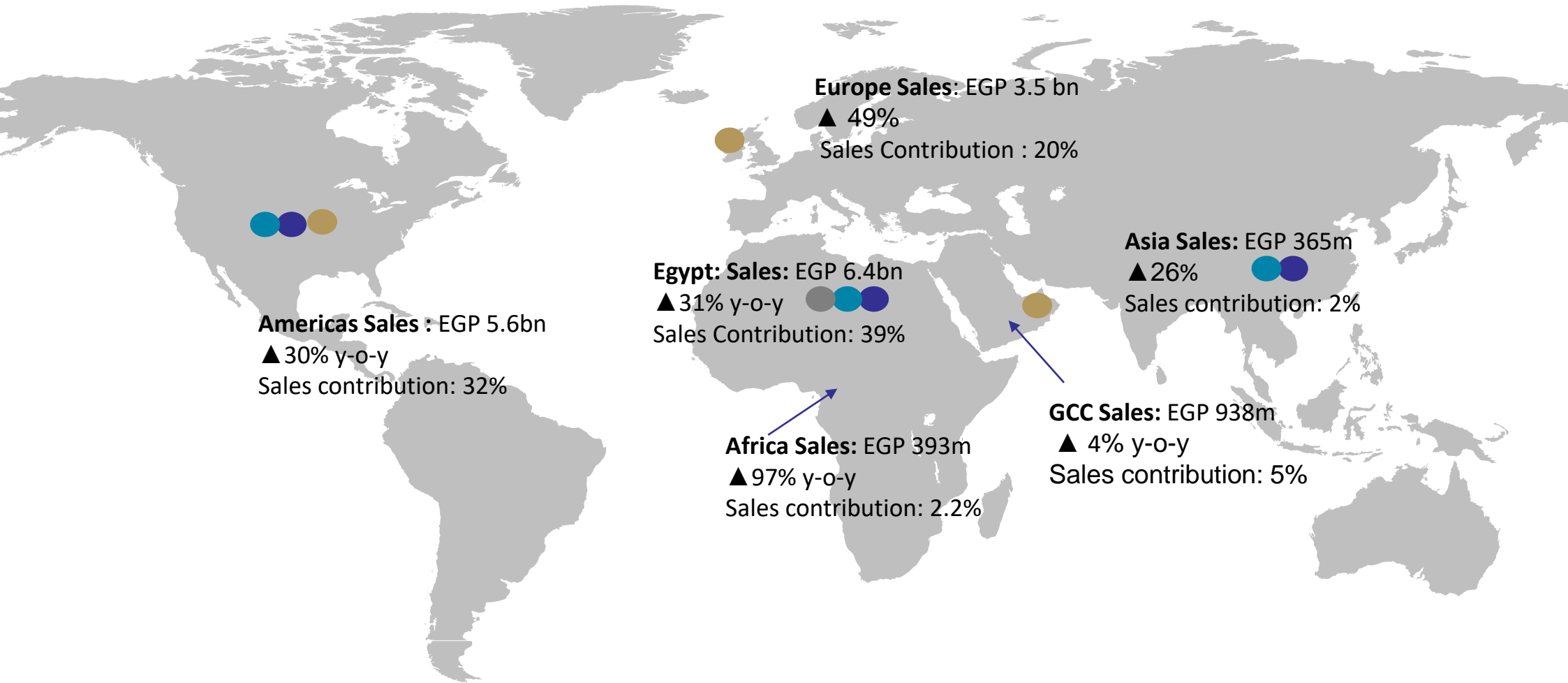
Net Profit Margin **10.7%**

EPS **EGP 2.6 + 106%**

Total Revenue (EGP m)


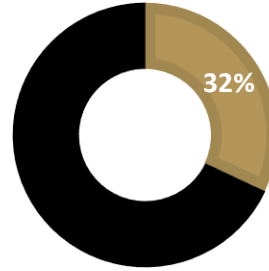
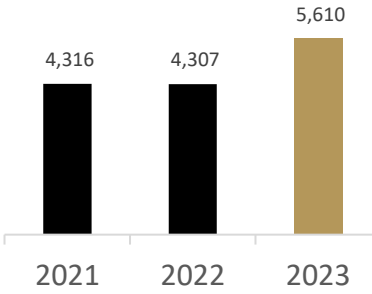





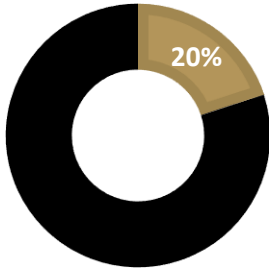
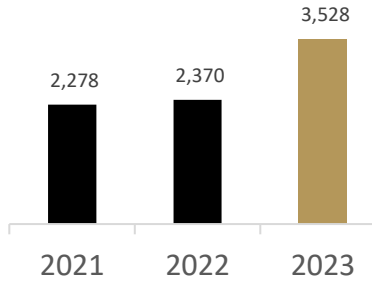


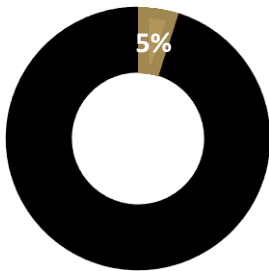
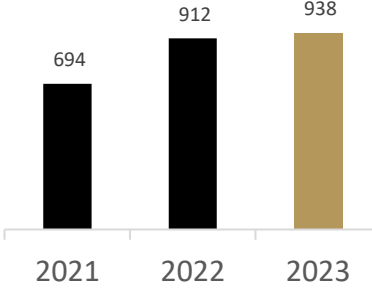



Diversified Footprint Provides a Unique Platform to Lead & Grow



- 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 FY23 Revenues	Revenues (EGP 000's)	Remarks	Key Accounts
	Americas			<ul style="list-style-type: none"> - 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. - Sales to Americas increased by 30% y-o-y in FY 23 -The U.S.-based subsidiary of Oriental Weavers, situated in Dalton, Georgia and established in 1991, integrates both manufacturing and sales operations. 	   
	Europe			<ul style="list-style-type: none"> -The European market, ranking as the 2nd-largest globally for carpets and rugs, commands a substantial 25% market share of the global Mrkt share. As for OW, our focus centers on four key markets: the United Kingdom, Germany, France, and the Netherlands. -In FY23, European sales experienced a 49% y-o-y growth. This growth was driven by a weaker EGP, coupled with an uptick in sales, particularly in the tufted segment 	
	GCC			<ul style="list-style-type: none"> -Saudi contributes the biggest share in the GCC revenues, followed by the UAE - In FY23, GCC revenues increased by a modest 3% compared to FY22. This is primarily a result of overstocking in the Saudi market and the reintroduction of Turkish carpets to the market. While management expects improved figures in 2024 	

II. Egypt Performance By Segment (36% of revenue)

Woven + 32% YoY

Revenues from the woven segment grew by 32% YoY to EGP 5.3bn, it contributed the majority to overall revenue growth, while increased 2% in the same period. The growth was attributed to an increase in ASP in the local market in expanding our showrooms network by 10 new showrooms.

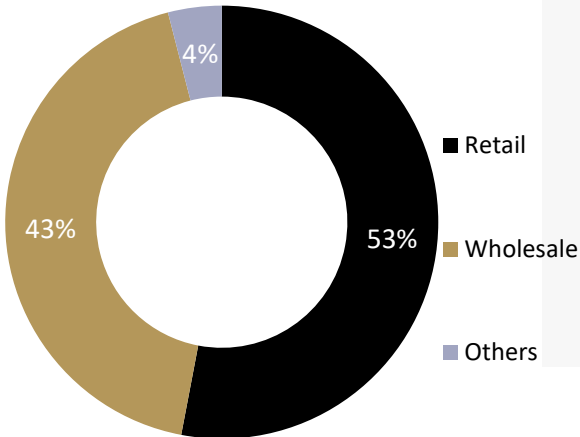
Tufted +22% YoY

In FY23, revenues from the tufted segment witnessed a substantial 22% year-on-year increase, reaching EGP 742 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 +41% YoY

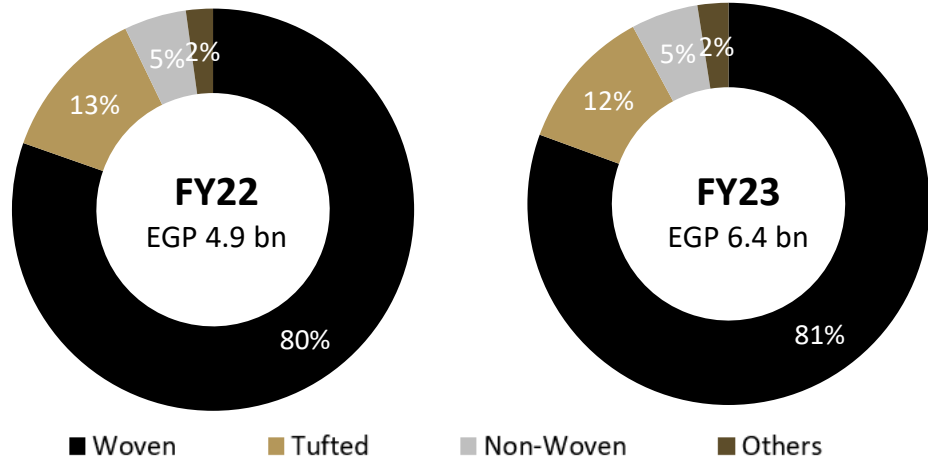
Revenues from OW's non-woven segment grew by 41% YoY to EGP 347 m in FY23. Revenue growth was driven by increase in ASP, while volumes remained flat.

Distribution Channels



Given that 70% of our customers are newlyweds, this created solid demand in our local presence. Retail revenues, which constitute 53% of Egypt sales in FY23, showed a 28% y-o-y increase, driven by price increases and OW's marketing campaigns and expansive showroom strategy. Meanwhile, wholesale revenues reported a 35% y-o-y increase. OW inaugurated 10 new showrooms during FY23, in selected/underpenetrated areas, to expand our customer reach.

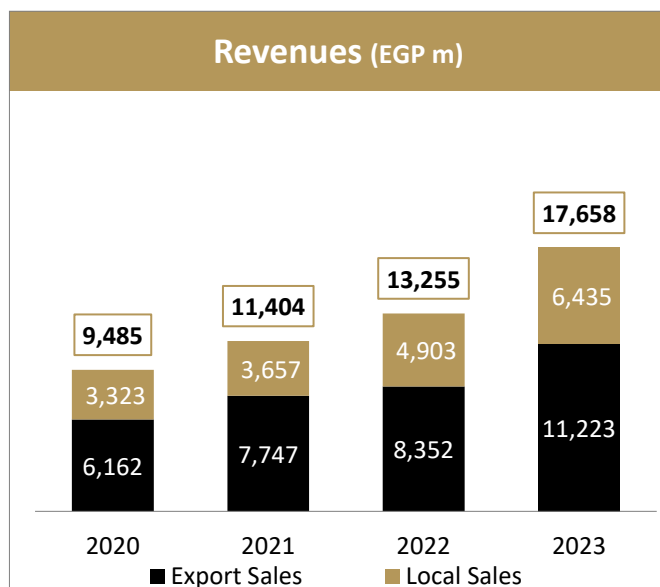
Revenue Breakdown | FY 2022/2023





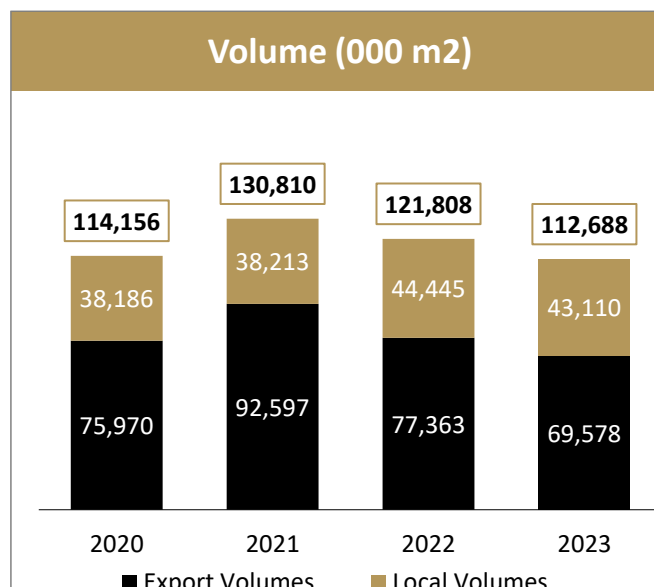
Financial Overview

Income Statement Highlights



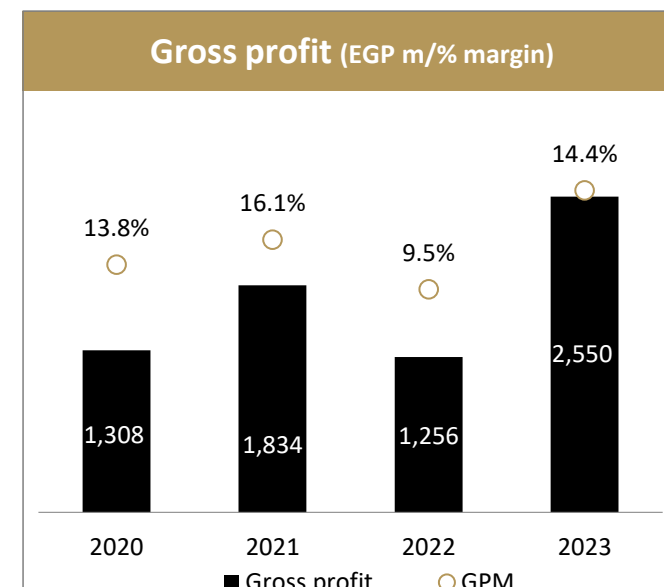
Revenues

Total Revenues grew by 33% y-o-y to EGP 17.6 billion in FY23. Export revenue, 64% of total revenues, increased by 34% y-o-y supported by local currency devaluation. While local sales increased by 31% y-o-y supported by increase in ASP.



Volume

The overall volume witnessed a 7% y-o-y decline in FY23. Export volume, specifically, experienced a 10% decline, primarily attributed to softness in the international consumer market and high inventory levels. However, this trend is showing signs of improvement, which will be reflected in 2024. Meanwhile, local volumes declined by 3% in FY23.

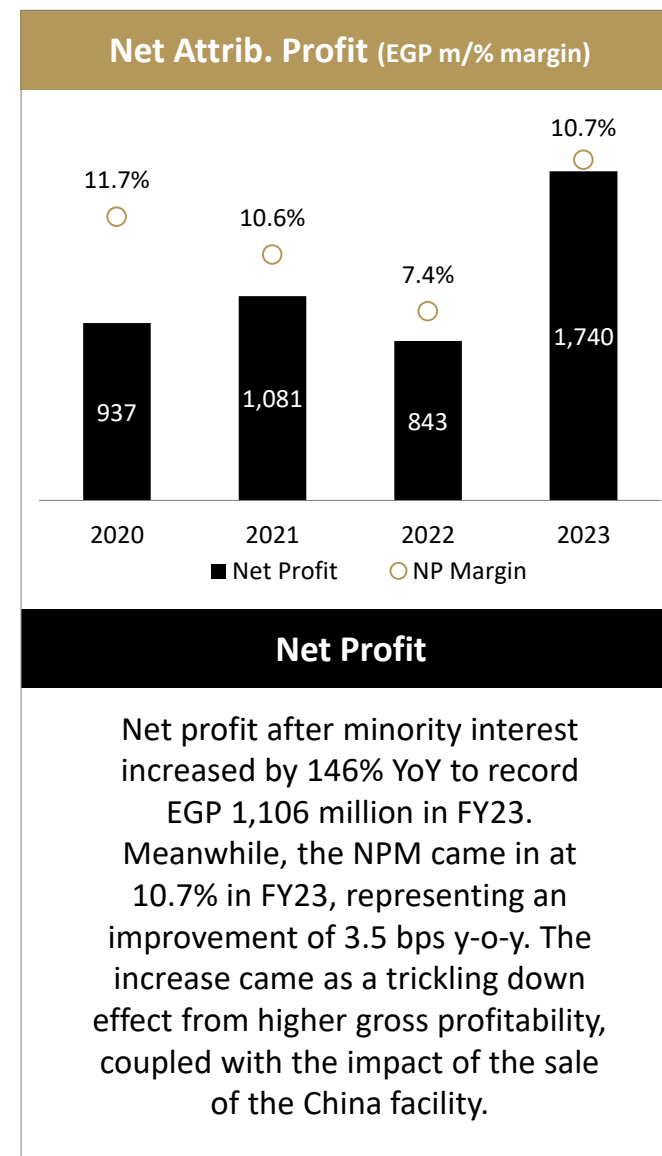
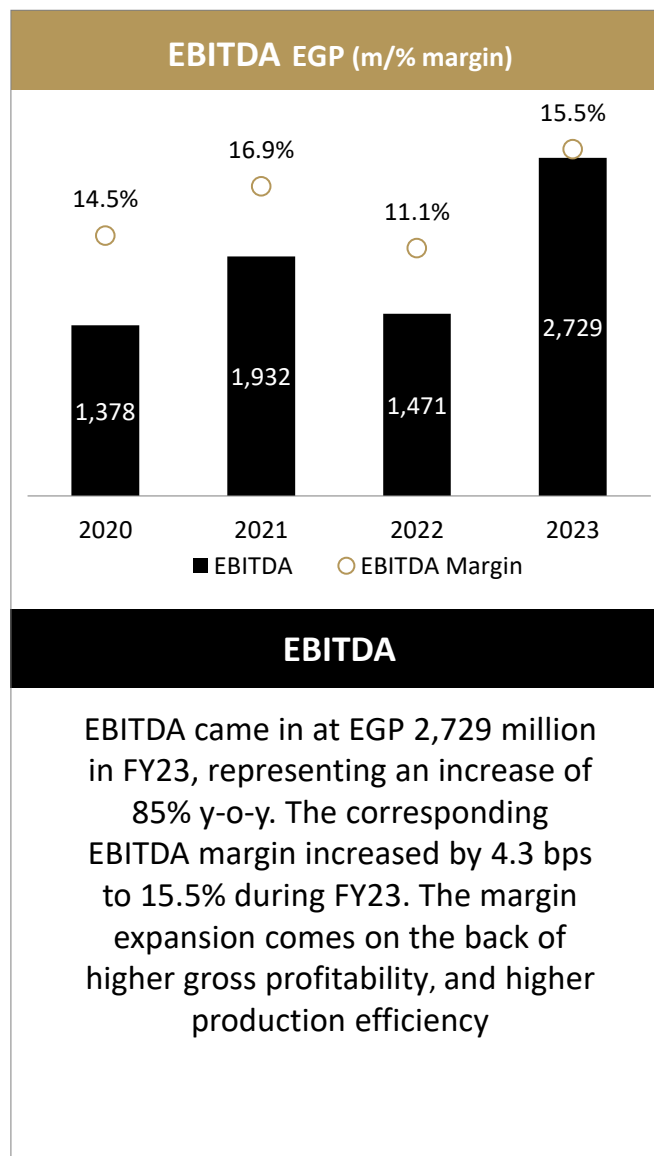
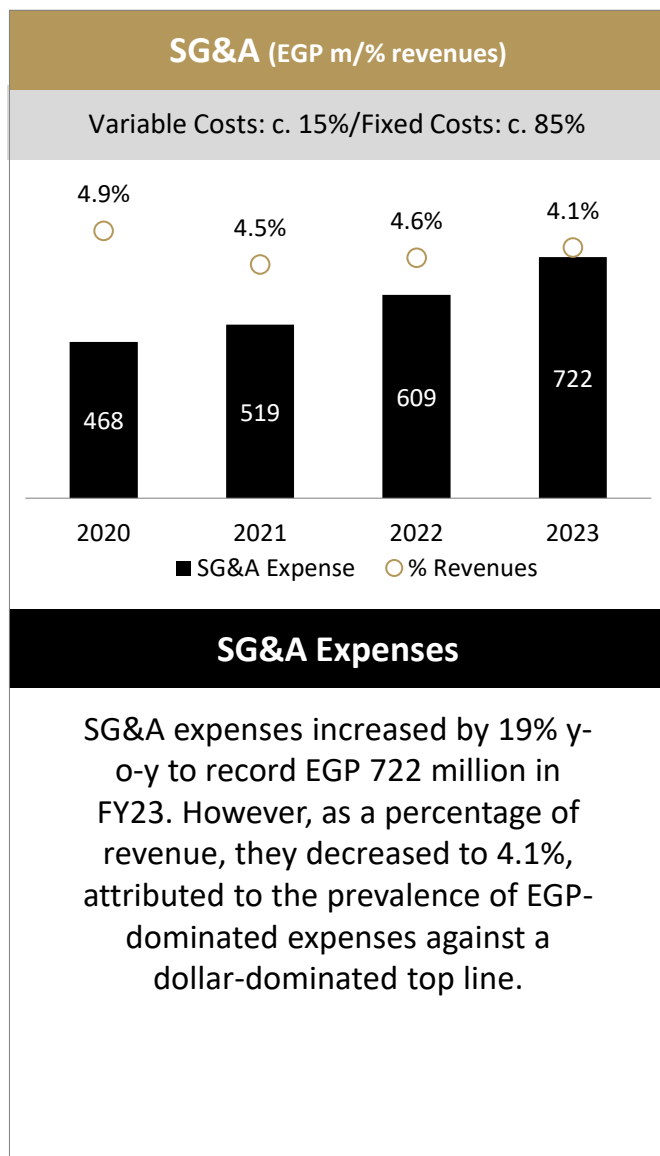


Gross Profit

In FY23, Gross Profit surged by 103% y-o-y, reaching EGP 2,550 million.

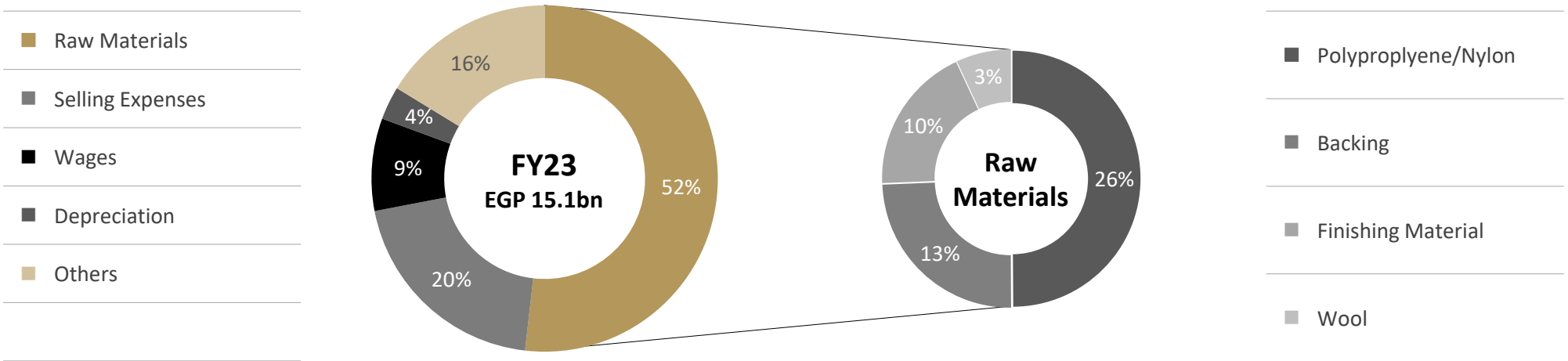
Simultaneously, the gross profit margin achieved 14.4%, marking a y-o-y increase of 4.96 pps. This improvement in the gross profit margin can be attributed to the rise in average selling prices, which outpaced the increase in raw material costs when measured in EGP terms. In addition to focusing on operational efficiency and reengineering.

Income Statement Highlights

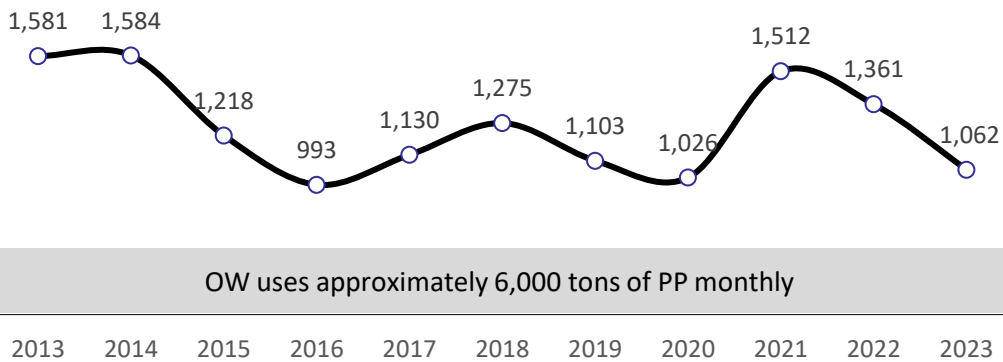


Cost of Sales Analysis

Cost of Sales Breakdown | FY 2023



Polypropylene Prices | USD/ton

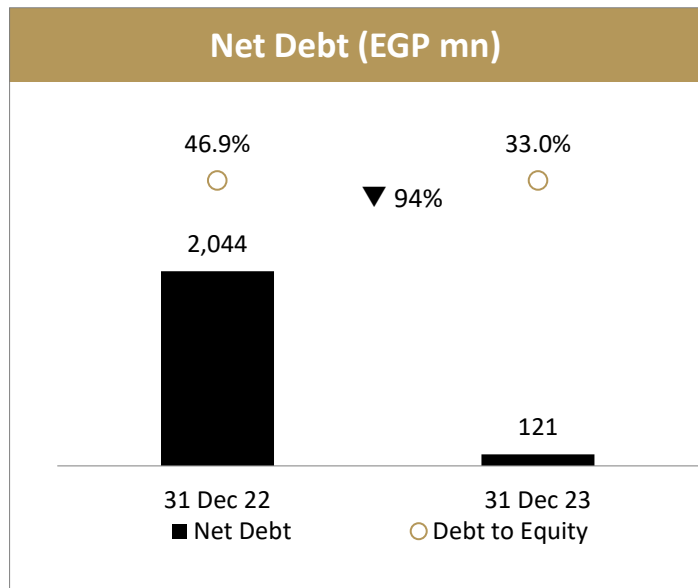


OW uses approximately 6,000 tons of PP monthly

Cost of Sales

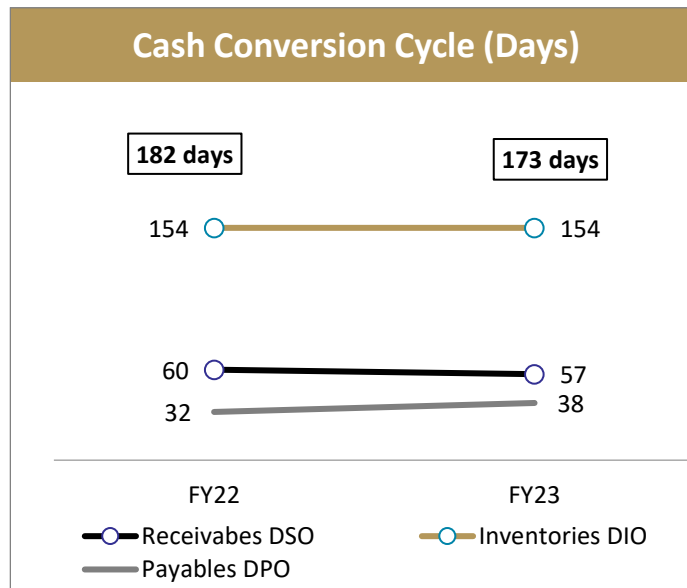
Raw materials makes up the majority of cost of sales, contributing 52% to its total in FY23, with polypropylene purchases being its largest component. OW's COGS increased by 26% y-o-y to EGP 15,109 million in FY23, rising at a slower pace than the group's top line figure, as a result of lower priced raw material during the quarter. Additionally, freight cost per meter declined. Raw material costs, which include wool, Polypropylene, backing and finishing materials, reached EGP 7.8 million in FY23, compared to EGP 6.4 million FY22, which is a 22% y-o-y increase.

Balance Sheet & Other Highlights



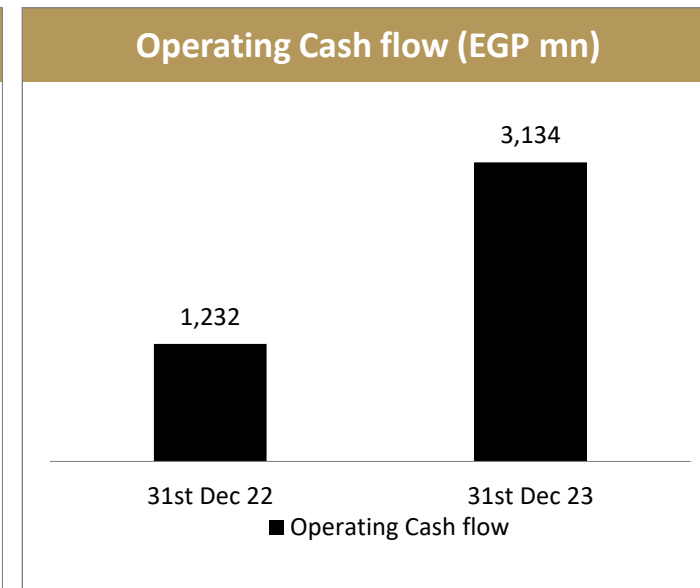
Net Debt

The company's total debt as of 31 Dec 23 stood at EGP 4,677 million, down from EGP 5,277 million as at year-end 22. OW's cash balance stood at EGP 4,556 million versus EGP 3,233 million at year-end 22. The Company recorded a net debt of EGP 121 million compared to a net debt of EGP 2,044 million as Dec 22. OW debt breakdown is 70% USD, 16% Euro and 14% EGP.



Cash Conversion Cycle

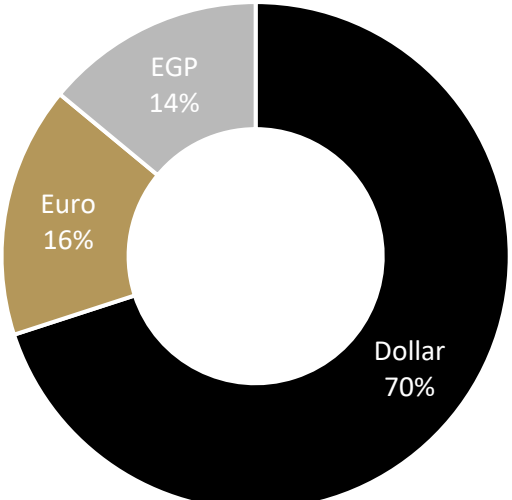
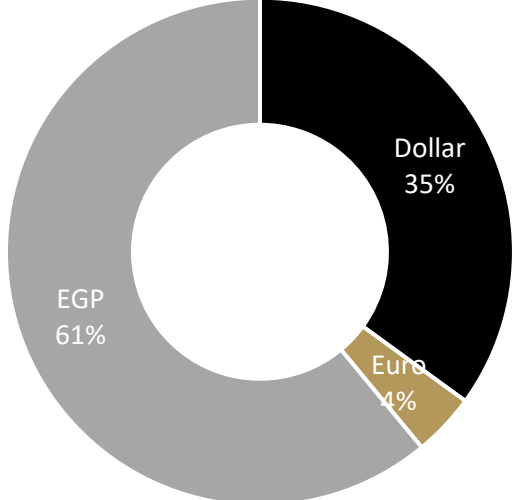
The Group's overall cash conversion cycle improved to 173 days in FY23. The decline in the CCC is mainly attributable to increase in payables DOH, as OW negotiated better payment terms with suppliers and increase in Receivables DOH. Despite devaluation impact, inventory DOH remained in the same level due to enhanced inventory management



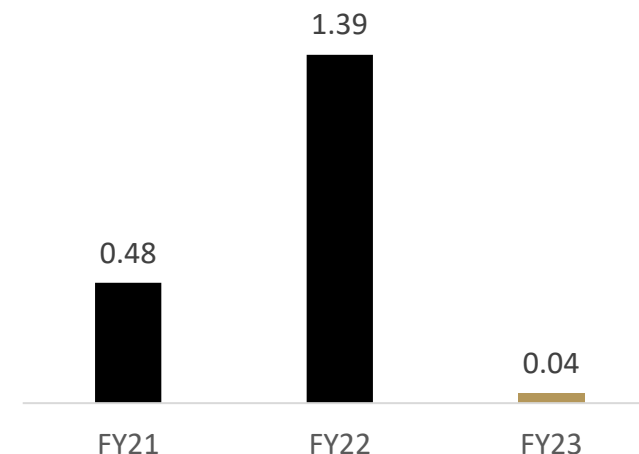
Operating Cash flow

Cash flow from operating activities enhanced to EGP 3.1bn in Dec 23.

Balance Sheet & Other Highlights

Debt	Cash
 <p>Dollar 70% Euro 16% EGP 14%</p>	 <p>Dollar 35% EGP 61% Euro 4%</p>
<p>Total Debt recorded EGP 4.6 bn in Dec-23 compared to EGP 5.3 bn in Dec-22 , with a decline of 11%, despite the devaluation impact, primarily due to improvement in the working capital.</p>	<p>Cash, T-bills and Eurobonds recorded EGP 4.5 billion in Dec-23, compared to EGP 3.2 bn in Dec-22.</p>

Net Debt/EBITDA



OW debt is mainly in USD, given its working capital needs. The Net debt/EBITDA ratio reached 0.04x in 2023.