

March 27th, 2018

FY 2018 Earnings Release:

Highest profits in company history in 2018

Arabia Investments records consolidated net profits after tax of EGP 73 million, and resolves EGP 300+ million of legacy dues

I. Progress Made at the Holding Level

In 2018, AIH made strong progress in the turnaround plan that started 18 months earlier with the entry of new main shareholder and management team.

AIH consolidated financial summary since listing

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|------|------|------|------|-------|-------|-------|-------|--------------|
| Revenue | 433 | 282 | 340 | 820 | 1,328 | 1,395 | 1,474 | 1,392 | 1,418 |
| Consolidated Net Profit/(Loss) | 59 | 58 | 61 | 62 | 40 | (7) | (266) | (180) | 73 |
| Net Profit/(Loss) After Minorities | 43 | 43 | 35 | 44 | 35 | (13) | (274) | (189) | 60 |

We made it to the EGX30

Our daily trading volumes have gone up substantially since new main shareholder and new management took over 18 months ago, and our high liquidity has qualified us for the EGX30.

Record financial results in the company's history

- EGP 72 million in consolidated net profit after tax
- EGP 60 million in net profit after minority interest
- ROE of 40% and ROIC of 27% including shareholders' loan balance
- Paid off EGP 5million of shareholders' loan with current balance at EGP 72 million
- Shareholder's loan was used to funded capital injection in NBF businesses and Kahromika

Clean-Up of Legacy Issues exceeding EGP 300 million

- We paid off over EGP 128 million in debt in our auto business
- We paid off EGP 134 million of bank debt and supplier dues in Kahromika
- We addressed and resolved EGP 63 million in legacy tax issues on the holding level
- We cleaned up a portion of non-performing assets with legacy issues

Corporate Governance

- Implemented New policies for corporate governance, money laundering, conflict of interest and insider trading and established corporate governance, internal audit and risk functions
- We've brought in new independent members to the Boards of our subsidiaries to add breadth to the range of expertise directing the businesses

Legal and Financial Restructuring

- We've completed our financial restructuring via capital reduction
- We've transferred Toblat to be directly owned subsidiary to remove an unnecessary level of cost and to streamline our ownership structure

Operational Restructuring

- Completed senior management restructuring at subsidiary level
- Reduction in staff count to reduce cost in both Auto and Kahromika businesses

We present to you our financial results across our three lines of business:

| (EGP million) | 2017 Consolidated | 2018 Consolidated | Growth % |
|--|-------------------|-------------------|------------|
| Revenue: | | | |
| Construction and Building Materials | 620 | 609 | (2%) |
| Non-Banking Financials | 364 | 598 | 64% |
| Total Automotive | 408 | 220 | (46%) |
| <i>of which, Non-Recurring</i> | 288 | 155 | NR |
| Holding Company & Investments Held for Sale* | 9 | 3 | (69%) |
| Total Revenue | 1,400 | 1,430 | 2% |
| Total Recurring Revenue | 1,112 | 1,275 | 15% |
| EBITDA: | | | |
| Construction and Building Materials | 45 | 53 | 17% |
| Non-Banking Financials | 96 | 156 | 63% |
| Total Automotive | 19 | 22 | NR |
| Of which, Recurring | (11) | 4 | 134% |
| Holding Company & Investments Held for Sale* | (13) | (14) | (8%) |
| Total EBITDA | 147 | 216 | 47% |
| Total Recurring EBITDA | 117 | 198 | 70% |

* Note that some items have been re-categorized for comparative purposes; holding company numbers are net of intercompany accounts

II. The Contracting & Building Materials Segment

Kahromika : focus on improving margins, international expansion supported by a growing backlog

- Current backlog of EGP 940 million
- 2.2% YoY improvement in gross profit margin and 1.1% increase in EBITDA margin
- EGP 134 million reduction in debt to banks and suppliers
- Doubling of capital in early Q3 2018 to reach EGP 200 million
- Resolution of huge legacy issues:
 - Successful re-negotiation of 3 important contracts to recuperate potential losses of EGP 64 million associated with FX exposure and client delays
 - Initial agreements with Libyan counterparts for legacy contract compensation, with successful retrieval of EGP 6 million in dues outstanding since 2010
 - Closing off of 33 LGs worth EGP 55 million, some of which outstanding since 1994
 - Net reduction in staff count from 747 to 691
- Final delivery for 22 long-standing legacy contracts and initial delivery to 5
- Successful strides in regional expansion strategy
 - Re-opening of Kuwait and opening of Iraq branches
 - Signed strategic partnership in Abu Dhabi
 - Preparing to resume operations in Libya
 - Distribution contracts signed with partners in Saudi
- Organizational restructuring
 - Hiring of 39 young talents in various areas, including project management, expense control and a new sales and marketing division
 - Application of an incentive-based compensation system
- Revamp of company image and substantial improvement in relationships with various stakeholders, including shareholders, suppliers, advisors, employees and lending institutions

Toblat : strong cash flow and growth while remaining cost efficient

- 30% increase in net profits YoY
- Overheads remain flat YoY, leading to a 1.1% increase in net profit margin
- Acquired 8,400 square meters of land in Alamein, North Coast in March 2018 for expansion and servicing of existing client base in the Alamein area – licensing in process
- Finalized construction of new headquarters and showroom in April 2018 with total BUA of 1,120 square meters
- New production line in Abu Rawash commenced operation in Q4 2018

Looking Forward

Kahromika expects strong contributions from international business and manufacturing.

Toblat has placed orders for 2 new mobile production lines targeted to be operational in Q3 2019.

III. The Non-Bank Financial Segment

Our NBF business continues to show strong momentum

UE Finance – SME leader with focus on Upper Egypt

- 64% increase in annual net income, translating into a 3-year CAGR of 39%
- Portfolio exceeds EGP 530 million, up 44% YoY
- 4% increase in RoAE to reach 22%
- 91% increase YoY in new leased assets
- 85% increase in new amounts financed
- 33% capital increase agreed with 25% of increase paid in 2018
- Take-over of management of UE Finance

Rawaj Auto Finance – Consumer finance arm turning a corner towards sustained profitability

- First full year of profitability after 5 years of losses since inception
- Full recuperation of retained losses
- First securitization transaction worth EGP 227 million in December 2018
- Auto sales up over 120% YoY
- 59% increase YoY in number of new contracts
- Successful entry into the used car segment, representing 10% of portfolio

Tawriq – Securitization SPV a strategic component of our NBF platform

- Establishment and licensing of our securitization vehicle, Tawriq, a Law 95 company
- Tawriq complements and serves our SME leasing and consumer financing arms
- Tawriq plans to serve entire market offering competitive securitization offering to clients

Looking Forward

UE Finance: further geographical expansion in UE and introducing value added offerings to customers.

Rawaj Auto: Focus on high margin segments of direct sales, used cars, and big tickets in addition to seeking to set up partnerships with Auto distributors to accelerate top line growth

IV. The Automotive Segment

Auto business in a better position but not out of the woods

- EGP 128.5 million in debt reduction
- Settlement of EGP 15 million in dues
- Major cost-cutting, including headcount reduction of 30%
- Service business moves from EGP 10.9 million of loss in 2017 on a stand-alone basis to EGP 3.7 million in net operating profits
- Retention of 65% of clients in the service business after loss of Peugeot
- Successful clearance in Q1 2018 of car inventory of 452 passenger cars from customs in spite of cash constraint, to be sold profitably
- Successful sale of two non-operating and loss-making assets
- Retention of core manpower that would enable the start-up of any new business

Legal Disputes

Our case against Peugeot is ongoing in Egyptian courts. We also continue to pursue our longstanding case with members of the Abaza family against unfilled obligations as per our sale and purchase agreement with the sellers.

Looking Forward

The auto business continues to pose risks to the group because of its negative equity position, tight cash situation and legacy issues. Going forward, we have 3 strategic options:

1. Continue to seek distribution opportunities that will capitalize on our long expertise and infrastructure
2. Set up new Auto company with new partners that act as vehicle for new opportunities
3. Evaluate partial exit to fund Auto growth or complete exit to fund AIH growth

V. Financial Summary – Consolidated

Here's our consolidated net profits, adjusted for non-operating and/or potentially non-recurring items:

| Net Profit Results, Actual and Normalized | 2017 | 2018 | 2017 | 2018 |
|--|---------------------|---------------------|-------------------|-------------------|
| | Consolidated | Consolidated | Normalized | Normalized |
| Non-Banking Financials/Construction & Building Materials | 29 | 48 | 37 | 48 |
| Auto Business | 11 | 37 | 4* | 4* |
| Non-Cash Impairments in AIND on Auto Business | (196) | - | - | - |
| Non-Recurring FX Gain/(Loss) on Investment in Auto | (4) | - | - | - |
| AIH Stand-alone and Investments Held for Sale** | (21) | (13) | (14) | (14) |
| Consolidated Net Profit/(Loss) | (181) | 73 | 27 | 38 |
| Consolidated Net Profit/(Loss) After Minorities | (189) | 60 | 15 | 25 |

* Auto Business numbers in 2017 Normalized represents net operating income, and in 2018 Normalized, represents net operating and recurring items only

** Holding company shown net of intercompany transactions

Our Strategic Priorities in 2019

In 2019 we will:

- Seek to further strengthen our investor base by reaching out to long-term strategic investors
- Execute the acquisition of Incolease stake in UE and seek to increase stakes in other subsidiaries where we can create value for our shareholders
- Seek strategic financial partner in the NBF segment to kick-start horizontal expansion and strengthen the companies' access to low cost capital and/or new technology
- Study our funding options for the next stage of business growth/expansion
- Seek to rectify status of outstanding shareholders' loan balance of EGP 72 million; options under consideration are to apply interest, find repayment solutions or transfer to equity
- Seek to complete last phase of clean-up of our legacy issues
- Continue to build a strong organization across holding and subsidiaries
- Implement management retention plans such as ESOP

Investor Relations Officer
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