

4Q 2022 Earnings Release

Cairo 27th Feb 2023



Oriental Weavers Carpet Releases 4Q 2022 Earnings Results

Oriental Weavers Carpet Company [ORWE EY; ORWE.CA], continued to record solid year-on-year growth, in 4Q sales revenues were up 25.3%, with GP margins reaching 7% and EBITDA Margin of 11%. On Full year basis, revenues are up 16.2% y-o-y and GP margins of 9.5% and EBITDA Margin of 11.1%.

Key Highlights of 4Q 2022

<p>EGP 3,767 mn in Revenues ▲ 25.3% y-o-y</p> <p>▲ 57% local Revenues ▲ 9% Export Revenues</p>	<p>EGP 263 mn in Gross Profit ▼ 38% y-o-y 7% GP margin</p> <p>EGP 409 mn EBITDA ▼ 2.3% y-o-y 11% margin</p>	<p>EGP 436 mn Rebates Collected</p> <p>EGP 316 mn in Attributable Net Income ▲ 39% y-o-y</p>
---	---	--

Key Highlights of FY 2022

<p>EGP 13,256 mn in Revenues ▲ 16.2% y-o-y</p> <p>▲ 34% local Revenues ▲ 8% Export Revenues</p>	<p>EGP 1,256 mn in Gross Profit ▼ 32% y-o-y 9.5% GP margin</p> <p>EGP 1,471 mn EBITDA ▼ 24% y-o-y 11.1% margin</p>	<p>EGP 800 mn Rebates Collected</p> <p>EGP 843 mn in Attributable Net Income ▼ 22% y-o-y</p>
--	--	--

4Q 2022 Highlights

- **Revenues** increased by 25.3% y-o-y (26.5% q-o-q) in 4Q 2022 reaching EGP 3,767 million. Export revenue, 58% of sales, increased by 9% y-o-y (+19% q-o-q), impacted by the devaluation of the local currency. While local sales increased by 57% y-o-y (+38% q-o-q) as a result of increase in prices; in addition to, consumers making early purchasing decision as a result of the inflationary environment locally.
- **Volumes** declined by 20% y-o-y (+7% q-o-q) in 4Q 2022. The drop was attributed to export volumes decline by 38% y-o-y (-9% q-o-q). While local volumes increased by 21% y-o-y (+35% q-o-q).
- **Gross Profit** recorded EGP 263 million, a decline of 38% y-o-y (+3.2% q-o-q) with an associated margin of 7% versus 14.2% in 4Q 2021. Contraction in Gross Profit margin was attributable to, lower volumes by 20%, resulted in higher unabsorbed cost. In addition to highly priced inventory of PP, this impact is expected to diminish by 1Q 2023.
- **EBITDA** (1) recorded EGP 409 million in 4Q 2022, representing a decline of 2.3% y-o-y, with EBITDA margin of 10.9% compared to EBITDA margin of 13.9% in 4Q 2021. The year-

4Q 2022 Earnings Release

Cairo 27th Feb 2023



on-year contraction comes on the back of lower gross profitability coupled with higher SG&A outlays for the period. While adjusted EBITDA, which includes export rebates, reached EGP 846 million, an increase of 94%, with associated margins of 22.4% compared to 14.5% in 4Q 2021.

- **Net Attributable Profit** increased by 39.5% y-o-y (+398% q-o-q) to EGP 316 million compared to EGP 227 million in 4Q 2021, boosted by exceptional collection of export rebates.
- **Export Rebates** collected for the quarter were EGP 436.7 million, compared to EGP 16.9 million in 4Q 2021, covering backlog till June 2022

Revenue Contribution by Market 4Q 2022 Vs 4Q 2021

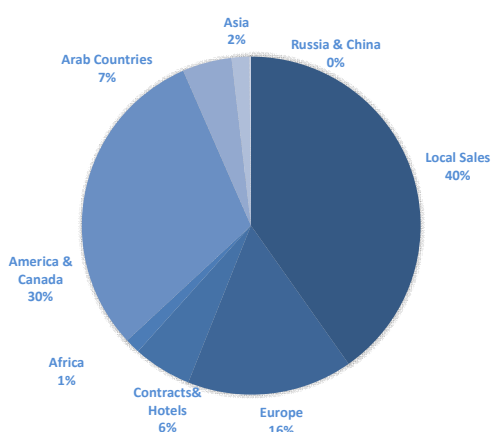


Figure 1: Revenue contribution 4Q 2022

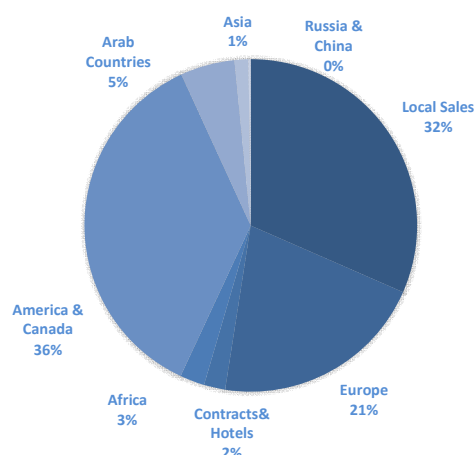


Figure 2: Revenue contribution 4Q 2021

Table 1: Net Sales (Volume and Value) in 4Q 2022 vs. 4Q 2021

	Value (EGP million)			Volume (mn sqm)		
	4Q 2022	4Q 2021	% Change	4Q 2022	4Q 2021	% Change
Woven- Egypt based	2,462.6	1,827.5	34.8%	15.10	16.77	-9.9%
OW USA	603.1	458.8	31.4%	1.85	2.76	-33.0%
OW China	0.0	2.9	-100.0%	0.00	0.02	-100.0%
Tufted	512.5	530.9	-3.5%	6.89	9.80	-29.7%
Non-woven Felt	152.8	152.3	0.3%	4.24	5.67	-25.2%
Other	36.2	33.6	7.6%			
Total	3,767	3,006	25.32%	28.1	35.0	-19.8%

(1) EBITDA is calculated as operating profit plus depreciation and amortization

4Q 2022 Earnings Release

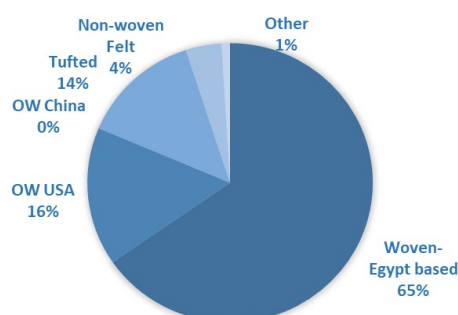
Cairo 27th Feb 2023



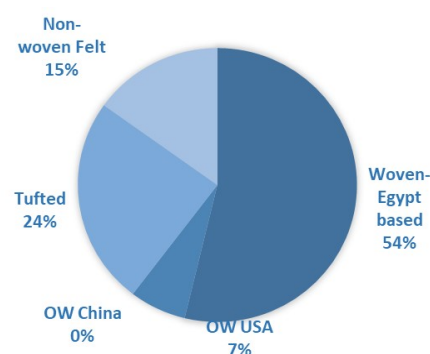
Table 2: Net Sales (Volume and Value) in FY 2022 vs. FY 2021

	Value (EGP million)			Volume (mn sqm)		
	FY 2022	FY 2021	% Change	FY 2022	FY 2021	% Change
Woven- Egypt based	8,367.1	6,685.5	25.2%	61.03	62.47	-2.3%
OW USA	2,165.5	1,949.6	11.1%	11.85	14.44	-17.9%
OW China	1.2	22.3	-94.7%	0.01	0.23	-96.4%
Tufted	2,057.2	2,138.2	-3.8%	32.21	41.72	-22.8%
Non-woven Felt	555.3	522.3	6.3%	16.71	19.88	-16.0%
Other	109.4	85.5	27.9%			
Total	13,255.7	11,403.4	16.2%	121.8	138.7	-12.2%

Revenue Breakdown 4Q 2022



Sales Volume Breakdown (sqm) 4Q 2022



Segment Reporting

Local Sales (42% of Revenues Including local hospitality)

OW local revenues reported an impressive 57% increase in 4Q 2022 to EGP 1,564 million, compared to EGP 993 million in 4Q 2021, (+38% q-o-q), driven primarily by price adjustments. Meanwhile, local volumes increased by 21% on y-o-y basis (35% q-o-q).

In 4Q, **woven products** recorded an incredible 61% y-o-y (+34% q-o-q) increase in revenues. Supported by 29% y-o-y (+24% q-o-q) increase in volumes. As consumers made early purchasing decision ahead of further price increases. Additionally, the **tufted products** witnessed an impressive sales recovery due to diversifying the distribution channels, including prominent local retailers. Tufted revenue increased by 61% y-o-y (+54% q-o-q), with solid figures from the wall-to-wall segments in specific. Furthermore, volumes in the tufted segment increased 40% y-o-y (+57% q-o-q) in 4Q 2022.

Showroom sales (55% of local sales) increased by an impressive 42% y-o-y (+35% q-o-q) in 4Q 2022, supported by the launch of the new collection "Geo". **Wholesale** revenues reported an

4Q 2022 Earnings Release

Cairo 27th Feb 2023



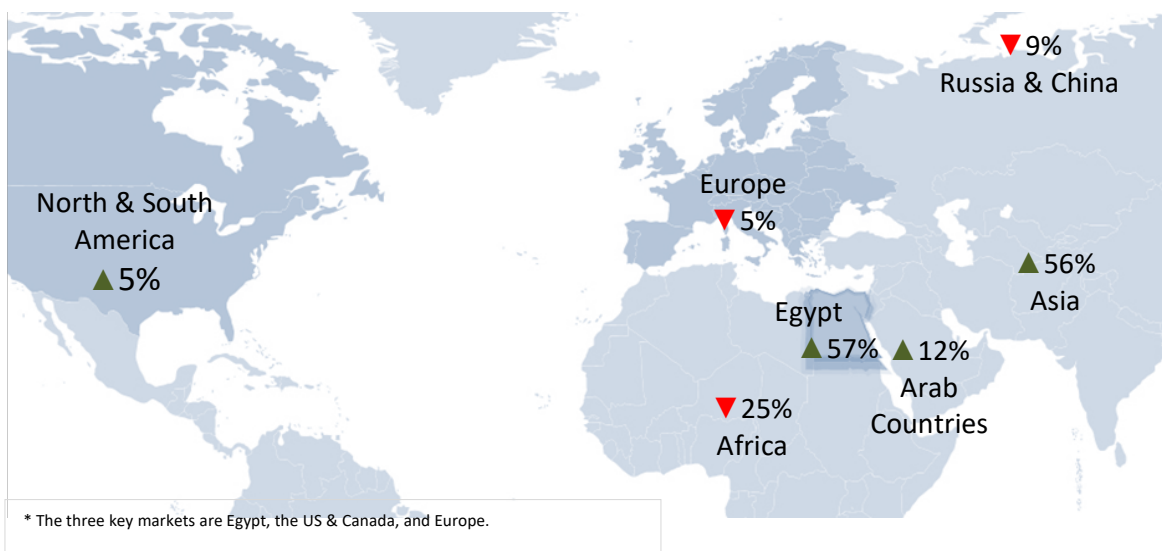
89% y-o-y (+41% q-o-q) increase, as a result of wholesalers pilling up inventory in anticipation of further price increase.

Export & Overseas Operations (58% of revenues)

Across OW's export markets, inflation resulted in consumers reducing discretionary spending and in turn, retailers lowering inventory levels. Export revenues increased by 9% y-o-y (+19% q-o-q) in 4Q 2022 reaching EGP 2,202 million supported by local currency devaluation, while volumes declined by 38% y-o-y (-9% q-o-q).

OW export team managed to open business with 40 new clients in FY 2022, mainly from Germany, Middle East, Australia, Japan, Tanzania, Algeria, Oman and Brazil. Management is focusing on increasing market share and cementing long term customer relations.

4Q 2022 Revenue Performance by Region



European Sales decreased by 5% y-o-y (+15% q-o-q) in 4Q 2022; due to the energy crisis and high inflation that has slowed the region's economy. This was attributable to our main European client lowering inventory levels and consumers reducing their spending on renovation.

The **US region** recorded an increase in sales by 5% y-o-y (+22% q-o-q) in 4Q 2022, benefiting from weaker EGP. Despite the challenging economic conditions in the US market, as consumer discretionary spending is being eroded by energy and other inflationary pressure. Remodeling has slowed down, and our product mix has been impacted as consumers trade down to options that fit their budgets.

4Q 2022 Earnings Release

Cairo 27th Feb 2023



The **GCC region** continues to be one of the strongest performing markets, primarily from OW's increasing presence in Saudi Arabia, with sales increasing 12% y-o-y in 4Q 2022.

Export revenues in the **Tufted Segments** dropped by 23% y-o-y (-14% q-o-q) in 4Q 2022 and 47% y-o-y (-26% q-o-q) in volume; this drop was owing to the fact that the US region constitutes around 50% of the tufted export segment revenues. Management is progressing in diversifying the client base for the tufted segment in order to decrease volatility going forward.

OW USA

OW **U.S. based subsidiary** recorded sales increase by 31% y-o-y (+26% q-o-q) in 4Q 2022 in local currency and volumes decline by 33% y-o-y (-22% q-o-q). OW USA sales declined by 15% in dollar terms as a result of demand slowing down, as the U.S. housing market is struggling from rising interest rates and inflation. In addition to retailers adjusting their inventory levels to reflect the reduced consumer spending

OW Hospitality (6% of Revenues)

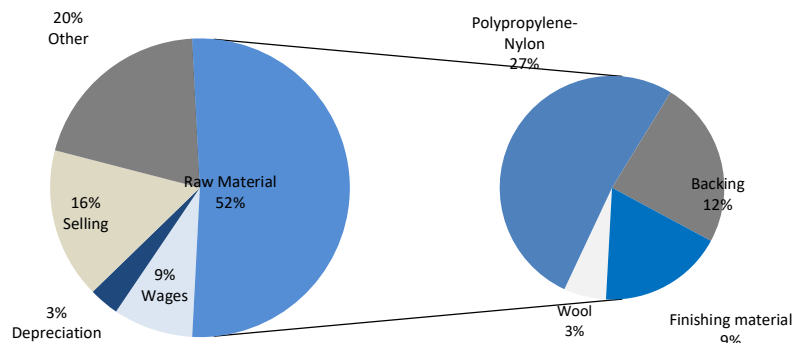
Oriental Weavers hospitality segment caters to several prominent global names, in addition to its local presence. In the local segment, sales are up around 14% y-o-y in 4Q 2022, as OW installed several projects, including Hotels, Mosques, Universities and New Administrative Capital related projects. In the export segment, sales increased 955% y-o-y (+317% q-o-q) in 4Q 2022, as a result of Marriot UK roll-out order, which is the biggest Axminster order in the company's history, reaching 195,000 m², covering around 13 hotels. We have also signed agreements with Hilton Middle East and Europe and expect the hospitality segment to perform well heading into 2023.

Cost of Goods Sold

OW's COGS increased 36% y-o-y (+29% q-o-q) to EGP 3,505 million in 4Q 2022, representing 93% of revenues in 4Q 2022 compared to 86% in 4Q 2021. COGS figure increased at a higher pace than the group's top line figure, which weighed down on the group's gross profit that recorded EGP 263 million in 4Q 2022, down 38% y-o-y. With associated margins of 7% versus 14.2% in 4Q 2021. Margin contraction was primarily due to 1) lower utilization rates compared to 2021 levels, where the facility was operating at full capacity. 2) lower manufacturing volumes, led to unfavorable cost absorption. 3) highly priced inventory of PP, this impact is expected to diminish by 1Q 2023. OW management is actively implementing restructuring plans and operational re-engineering to lower both fixed and variable costs, in addition to implementing a pricing strategy with different product offering.

4Q 2022 Earnings Release

Cairo 27th Feb 2023



Raw material costs, which include wool, Polypropylene, backing and finishing materials, reached EGP 1.8 million in 4Q 2022, compared to EGP 1.4 million 4Q 2021, which is an 25% y-o-y increase.

EBITDA ⁽¹⁾

OW EBITDA came in at EGP 409 million in 4Q 2022, down 2.3% y-o-y. EBITDA margin on consolidated revenue recorded 10.9% in 4Q 2022 versus 13.9% in 4Q 2021. The decline in EBITDA level profitability comes on the back of lower gross profitability for the period coupled with higher SG&A. While adjusted EBITDA, which includes export rebates, reached EGP 846 million, an increase of 94%, backed by export rebate collection in the quarter. With associated margins of 22.4% compared to 14.5% in 4Q 2021.

Interest Income / Expense

Net interest expense reached EGP 23.4 million in 4Q 2022, compared to net interest expense of EGP 11.6 million in 4Q 2021. Interest expense recorded EGP 96 million in 4Q 2022, up 87% versus 4Q 2021. The increase is attributable to:

1. Increase in USD Libor rate
2. Local Currency depreciation by more than 57%, impacting the cost of foreign currency borrowing
3. Increase in working capital to account for increase in commodity pricing and supply chain disruption

Other Revenues

OW recorded other revenues of EGP 436.7 million compared to EGP 16.9 million, this figure represents export rebates collected during the quarter, covering backlog till June 2022, as part of the government commitment and support to exporters.

4Q 2022 Earnings Release

Cairo 27th Feb 2023



Taxation

Income tax recorded in 4Q 2022 was EGP 75.5 million compared to EGP 40 million in the same quarter of last year. The effective tax rate stood at 17.3% in the quarter versus 13.8% in 4Q 2021. As it is a function of earnings contributions from taxable subsidiaries versus non-taxable free zone subsidiaries.

Net Profit

OW's attributable net Profit recorded EGP 316 million in 4Q 2022, an increase of 40% y-o-y. Net profit margin stood at 9.6% in 4Q 2022, compared to 8.3% in 4Q 2021. Bottom line figures were supported by the exceptional export rebate collection during the quarter.

Debt

Debt recorded EGP 5.3 billion in 4Q 2022 compared to EGP 3.5 billion on December 31st 2021, primarily due to the local currency devaluation and the increase in working capital needs. On December 31st 2022, OW debt breakdown was 58% USD, 15% Euro and 27% EGP.

Cash

Cash and Treasury bills recorded EGP 3.2 billion in 4Q 2022 compared to EGP 2.5 billion on December 31st 2021. Cash breakdown is as follows 7% Euro, 73% EGP and 20% in dollars.

Proposed Dividends

The Board of Directors (BoD) proposes a DPS of EGP 0.6/share, pending AGM approval which will be held on the 2nd of April 2022.

(1) EBITDA is calculated as operating profit plus depreciation and amortization

4Q 2022 Earnings Release

Cairo 27th Feb 2023



INVESTOR RELATIONS CONTACTS

For further information, please contact:

Yasmine El Gohary
Investor Relations Manager
Oriental Weavers Carpet Company
E-mail: yelgohary@orientalweavers.com
Tel (Direct): +2 (02) 2268 5166

4Q 2022 Earnings Release

Cairo 27th Feb 2023



Income Statement (EGP million)

	4Q 2022	4Q 2021	Change	2022	2021	Change
Net Sales	3,767	3,006	25%	13,256	11,403	16.2%
Less:						
COGS	3,505	2,580	36%	12,000	9,569	25%
Gross Profit	263	426	-38%	1,256	1,834	-32%
<i>Gross Profit Margin*</i>	7%	14%		9.5%	16%	
Less:						
Selling & Distribution Expenses	49	42	17%	172	156	10%
General & Administrative Expenses	113	97	16%	437	363	20%
Sum	162	139	16%	609	519	17%
Net Income from Operation Activities	101	287	-65%	647	1,315	-51%
Operation Activities Margin	2.7%	9.5%		4.9%	11.5%	
Add / Less:						
Provisions & Impairment	87	22		-118	-36	
Investment Income	2	15.3		28	23.8	
Interest Income	16	4.5		48	16.7	
Treasury Income	56	35		150.6	167	
Other Revenues	436	17		800	101	
Capital Gain	10	5		12.4	16.3	
Financing Expenses	-96	-51		-304	-197	
Foreign Exchange Differences	13.8	-8.8		-72.6	-20.7	
Provision ECL	-17.6	4.7		-49	4.7	
Sum	335	3.4		495	79	529%
Net Profit for the Period before Income Tax	436	290	50%	1,142	1,394	-18%
EBT Margin	11.6%	9.7%		8.6%	12.2%	
Add / Less:						
Current Income Tax	-73.4	-21.5	240%	-200	-162	23%
Deferred Tax	-2.2	-18.6	-88%	1.6	-20.7	-108%
Income Tax for the Period	-75.5	-40	88%	-198.5	-183.5	8%
Net Profit for the Period	360	250	44%	944	1,210	-22%
Net Profit Margin	9.6%	8.3%		7.1%	10.6%	
Equity Holders of the Parent	316	227	40%	843	1,085	-22%
Minority Interest	44.3	23.8	86%	101	125	-19%

* Reported figures include depreciation expenses

4Q 2022 Earnings Release

Cairo 27th Feb 2023



Balance Sheet (EGP million)

	Sep-2022	FY 2021
<u>Long Term Assets</u>		
Fixed Assets (Net)	5,584	4,123
Projects in Progress	355	252
Investments - Available for Sale	371	337
Beneficial interest in assets	645	331
Total Long-Term Assets	6,955	5,043
<u>Current Assets</u>		
Inventory	6,031	4,215
Trades & Notes Receivable	2,428	1,965
Debtors & Other Debit Accounts	482	421
Treasury Bills	1,813	1,539
Cash on Hand & at Banks	1,420	984
Available for Sale Asset	46	
Total Current Assets	12,220	9,123
<u>Current Liabilities</u>		
Provisions	157	101
Banks - Credit Accounts	4,610	3,029
Long Term Liabilities - Current Portion	276	122
Due within one year of rental contract obligations	111	87
Suppliers & Notes Payable	1,017	1,105
Dividends Payable	32	16
Creditors & Other Credit Accounts	673	585
Deferred Tax Liability	171	125
Liabilities related to available for sale assets	24	
Total Current Liabilities	7,046	5,171
Working Capital	5,174	3,953
Total Investment	12,130	8,996
Financed as Follows		
<u>Shareholder's Equity</u>		
Issued & Paid Capital	665	665
Reserves	1,871	1,627
Retained Earnings	453	398
Net Profit for the Period	843	1,085
Exchange Differences Arising on Translation of Foreign Currency	6,258	3,541
Total Equity Attributable to Equity Holders of the Parent	10,091	7,316
Non-controlling Interest	1,164	941
Total Equity	11,255	8,257
<u>Long - Term Liabilities</u>		
Long Term Loans	392	305
Deferred Taxes Liabilities	156	165
Lease contract obligations	303	269
Total Long-Term Liabilities	850	739
Total Shareholder's Equity & Long-Term Liabilities	12,105	8,996

4Q 2022 Earnings Release

Cairo 27th Feb 2023



Statement of Cash Flows (EGP million)

	2022	2021
Cash flows from Operating Activities:		
Net Profit for the Period before Income Tax	1,143	1,394
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities		
Fixed Assets Depreciation	719	532
Depreciation of usufruct assets	104	85
Provisions other than Depreciation	118	37
Provision for Expected Credit Loss (IFRS 9)	49	(5)
Provisions for no use		(4)
Interest Income	(48)	(17)
Financing Expenses	304	197
Investment Income	(26)	(24)
Treasury Income	(151)	(167)
Capital Gain	(12)	(16)
Operating Profits before Changes in Working Capital	2,201	2,012
Change in Working Capital		
(Increase) in Inventory	(227)	(1,021)
Decrease (Increase) in Trades & Notes Receivable and other Debit Accounts	653	(366)
Decrease (Increase) in Suppliers & Notes Payable and other Credit Accounts	(1,035)	75
Cash Flows Provided by Operating Activities	1,591	700
Interest Income	48	17
Paid Financing Expenses	(304)	(197)
Income Tax Expense	(101)	(117)
Cash Flows Provided by Operating Activities	1,234	403
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets and Projects in Progress	(744)	(566)
Buying investments available for Sale	-	(123)
Proceeds from Sale of fixed assets	21	31
Proceeds from Investments available for sale	28	24
Proceeds from buying of Treasury Bills	(1,204)	(2,086)
Proceeds from Sale of Treasury Bills	1,611	2,541
Net Cash Flows (used in) Investing Activities	(287)	(179)
Cash Flows from Financing Activities		
Proceeds (Payment) from Banks - Credit Accounts	751	565
Dividends Paid	(958)	(964)
Translation Differences of Financial Statements	20	15
Paid for Lease obligations	(159)	(60)
(Payment) Proceeds in Long Term Liabilities	67	121
Net Cash Flows (used in) Provided by Financing Activities	(279)	(324)
Net Change in Cash & Cash Equivalents During the Period	668	(100)
Cash & cash equivalents at beginning of the period	1,369	1,470
Translation Differences Related to Cash & Cash Equivalents	160	(0.8)
Cash & Cash Equivalents at End of the Period	2,197	1,369

4Q 2022 Earnings Release

Cairo 27th Feb 2023



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)

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.

###