شركة ميزان القابضة
MEZZAN HOLDING CO.

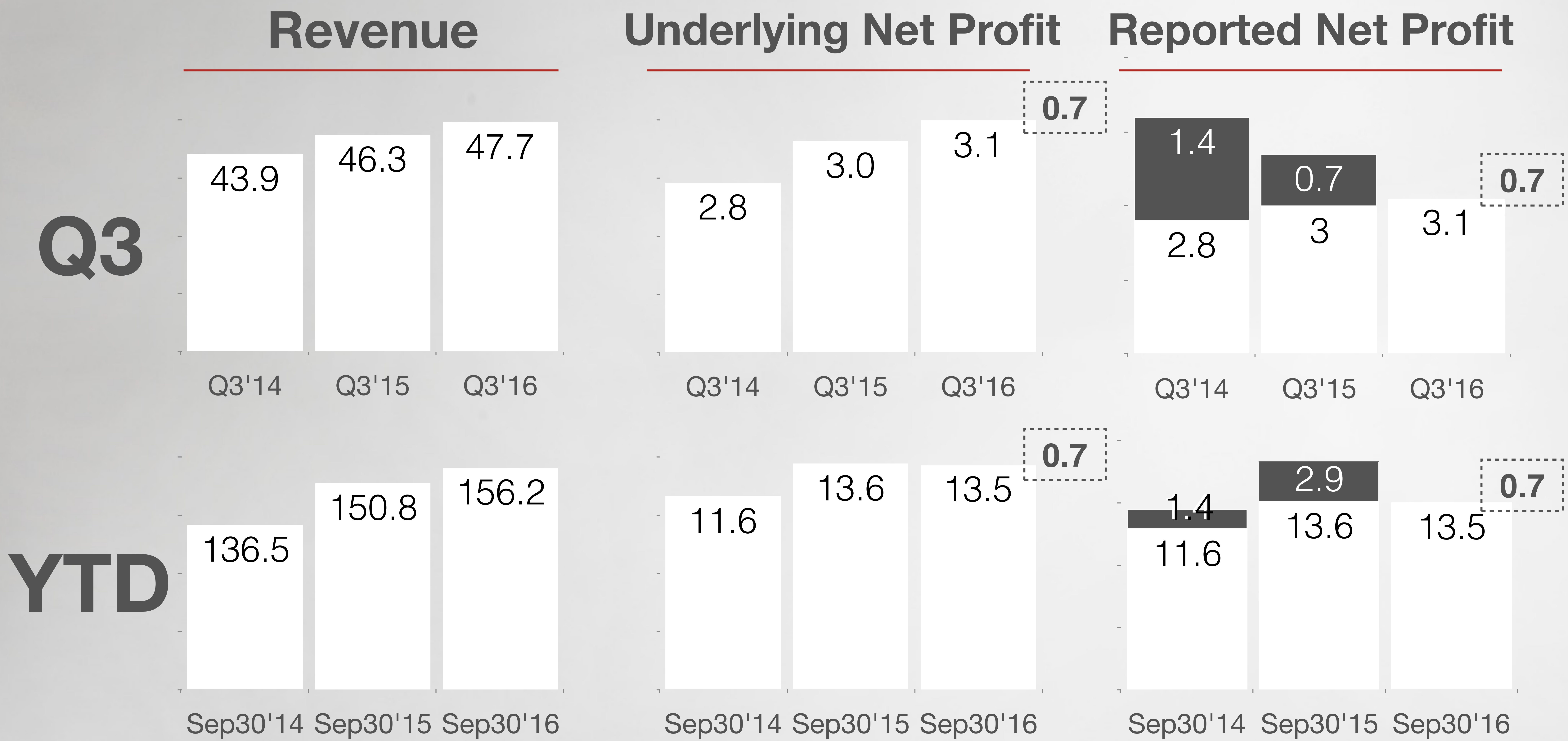
Q3 2016 Earnings Presentation

November 9, 2016

Today's Agenda

- YTD Headline Results
- Mezzan Foods KSA - update
- Q3 Highlights
- YTD Revenue Segmentation and Discussion
- 2016 Outlook
- Q&A

YTD Highlights (KD m)



One-off gains

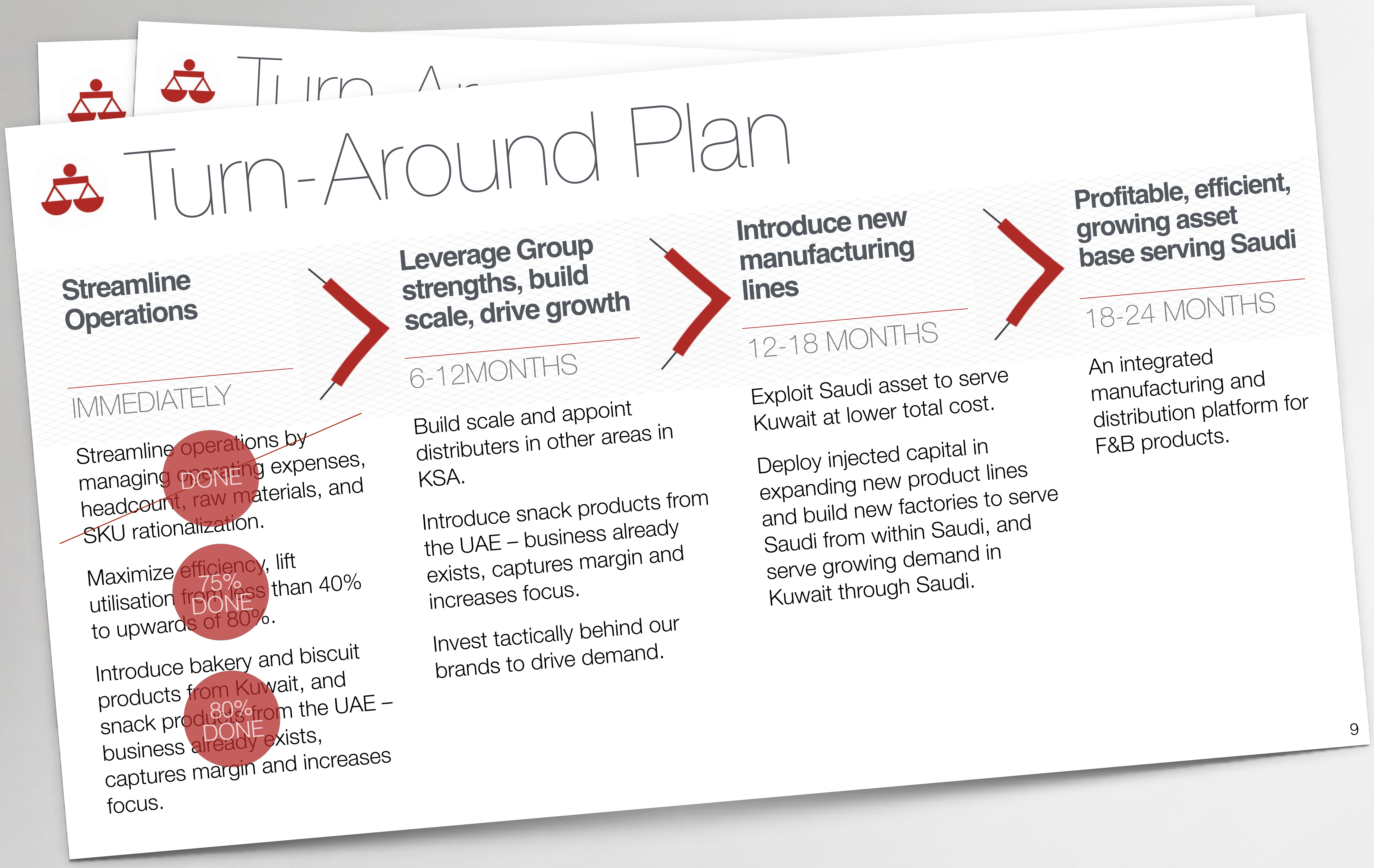
Q3'14: KD 1m resulting from a land sale plus KD 0.4 million from indemnity accrual reduction.

Q3'15: KD0.7m, a settlement resulting from a distribution agreement termination.

Sep30'15: KD 2.2m resulting from insurance claim and KD 0.7 million resulting from settlement as a result of a distribution agreement termination.

A profitability scenario that excludes losses generated from Mezzan Foods KSA, a strategic acquisition that was executed in Q3'16 and is currently undergoing a successful turn-around.

Mezzan Foods KSA - update



- Trading in-line with our expectations and turn-around plan
- Confident the entity will break even by Q4'17 as previously communicated
- New team in place since October
- New SKUs (Chips) introduced from KITCO Sharjah Factory

Q3 Highlights

Q3 **Tailwinds**

- Core Food Business performed well, led by in-house brands
- New catering contracts reversed a previously declining top-line trend, bottom-line to catch up
- Sequential improvement in UAE trends
- Strong performance in Services Sector
- Distribution gain in key products lines
- Continued growth in market share

Q3 **Headwinds**

- Macro environment still challenging
- Catering profitability to follow
- Mezzan Foods (KSA) one-off acquisition cost, Operating Losses (previously announced)
- Delay in tenders and price reduction of Medicines by MOH

YTD Revenue Segmentation and Discussion

Red: Revenue contribution to total Group revenue in YTD 2016.
White: Revenue growth in YTD 2016.

Food Business Line

+4.5% ↑

KD114.0 m
(73.0% of total revenue)

Manufacturing Distribution
+7.3% ↑
52.3%

Catering
↓ -7.1%
12.3%

Services
↑ +6.5%
8.5%

Strong performance in Food Manufacturing and Distribution business primarily driven by Mezzan brands in Kuwait and regionally

YTD Revenue Segmentation and Discussion

Red: Revenue contribution to total Group revenue in YTD 2016.
White: Revenue growth in YTD 2016.

Non Food Business Line

↑+0.8%

KD42.0 m (27% of total revenue)

FMCG and Pharma

↑+2.4%

24.2%

Industrials

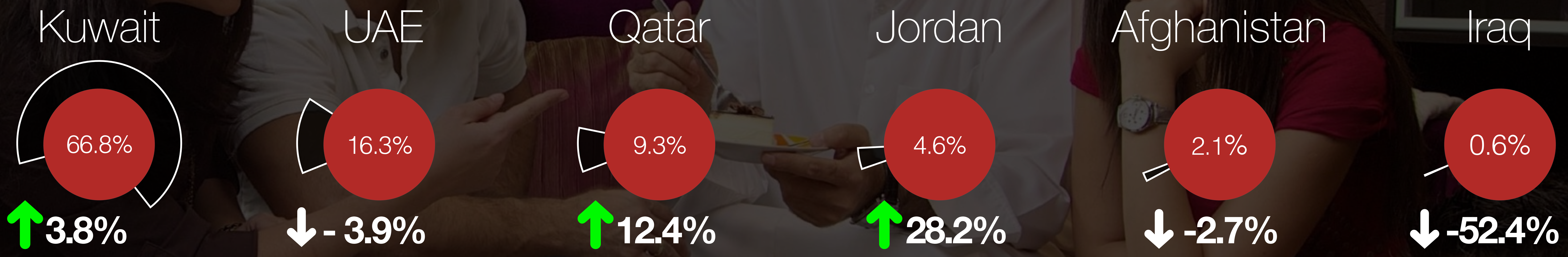
↓-11.3%

2.8%

FMCG business holding well despite softening consumer market and government spending restrictions

YTD Revenue by country

Red: Revenue contribution to total Group revenue YTD 2016.
White: Revenue growth YTD 2016.



Commentary

Kuwait: Strong growth in Food - buoyed by Danone and Non Food, offsetting Catering declines in previous quarters

UAE: Declines driven by discretionary portfolio, although we saw sequential improvement

Qatar: Continued strong growth in our Water business and Catering business.

Jordan: Strong growth as we successfully tendered for new business with UN/WFP. Launch of Azraq Camp store.

Afghanistan: New business offsetting troop withdrawals.

Q3 and YTD P&L (KD m)

	Q3'16		YTD'16		Commentary
Revenue	47.7	+3.0%	156.2	+3.6	Driven by strong growth in Food busines (incl. Danone), Services and FMCG
Gross Margin	12.1	-2.3%	40.0	+1.9%	Impact of new catering business (to ramp up to profitability)
GM%	25.4%		25.6%	-0.4	
SG&A / Other	(8.5)	+2.4%	(24.9)	+4.0%	Increased by 4.0%. primarily by marketing expenditures and previously announced one-off KSA acquisition costs and KSA losses
Underlying Operating Profit	3.7	-11.6%	15.1	-1.3%	
Other	(0.4)	+72.4%	(1.1)	+87.2%	Driven by finance costs
Underlying Profit before tax	3.3	-16.5%	14.1	-4.7%	
Tax	(0.1)	-38.5%	(0.6)	+21.3	Driven by Qatar and Jordan
Underlying Net Profit	3.1	+3.5%	13.5	-0.7%	
UNPM%	6.6%		8.6%		
Net Profit to Shareholders	3.1	-14.5%	13.1	-18.7%	

"If we exclude Mezzan Foods KSA losses and one-offs costs, Q3 Underlying Profit would have been up 26.6% and YTD Underlying Profit would have been up 4.4%, this reflects the company's strong core business especially in the current market environment"

YTD Cash Flow & Balance Sheet (KD m)

Operating Cash Flow before WC changes	19.2	
Working Capital	(11.8)	Progress on base; investment in new business
Operating Cash Flow	7.3	
Capital / Other	(4.9)	CAPEX at 3.3% of Revenue
Cash Flow before financing	2.4	
Dividends / Financing / Other	(9.3)	Includes dividends of KD 8.3 million
Increase in Net Debt	(6.9)	

Balance Sheet Highlights

Net Debt	38.3	KD 6.2m higher than last year, to fund new business acquisition and CAPEX.
Net Debt / Equity	35.5%	

2016 Commentary and Outlook

2016 Guidance

	2015	2016
Underlying Net Profit	KD 17.2 m	On-track- excluding KSA
Revenue	KD 196.1 m	~4% to 7%
Capital Investment	~ 3% of Revenue	~ 5% of Revenue

Underlying Net Profit: Net Profit attributable to equity shareholders of parent company of KD 14.9 m, less the impact of KLOC settlement income of KD 2.2 m.

Q&A


HUGGIES
Kleenex
Johnson's baby gentle cleansing
Sara Lee
Pecan Twist
Khazan
Smoked
NICE
BITES
CHEESE BALLS
Betty Crocker
Splenda
Sausages Jumbo
Kotex
NATURE VALLEY
CHOCOLATE POUND CAKE
HARPIC
AXE Softy
Scholl
LISTERINE ZERO
Vanish
Dettol
Strepsils
TYLENOL
BAND-AID
FLEXIBLE FABRIC
Olfen-75 SR
deep clean
GAVISCON
Xyzal
Zyrtec
RoC
DERMATOLOGIC
ENYDRIAL
KLASSNO
LURPAK
Volvic
AQua Gulf
Red Bull
BAIRD'S
TABASCO
ALWAZZAN
FOSTER CLARK'S
Flips
Marie BISCUITS
Calrose Rice

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