



شركة ميزان القابضة  
MEZZAN HOLDING CO.

# Q1 2017 EARNINGS PRESENTATION

May 10, 2017







# Today's Agenda

- Q1 2017 Highlights
- Historical Performance
- Financial Review
- Q&A





# Q1'17 Highlights (KD)

**Q1 2017**

**Revenue**

**57.5 m +3.4%**

**EBITDA**

**7.3 m +2.2%**

**Reported Net Profit**

(Attributable to equity holders of parent company)

**5.3 m +2.4%**

**Underlying Net Profit\***

**5.3 m +2.4%**

\*Excluding the previously anticipated KSA losses attributable to shareholders of the parent company KD 242K, underlying net profit attributable to shareholders grew by +7.1%







# Q1'17 Highlights

## Tailwinds → → →

- Strong growth in core sector: +9.1% F&B Manufacturing and Distribution (in all key markets)
- Regional platform is starting to pay off as Mezzan leverages its manufacturing capabilities in Kuwait & the UAE to help expand penetration in KSA
- UAE business stabilizes and KSA turnaround underway as planned
- Catering business continues to progress well, heading towards profitability within the timeframe communicated previously
- New Projects on track
- Factoring c.25% of receivables commenced in April
- Effective cost controls increasing operating profit margins (150 bps vs Q4'16)

## Headwinds ← ← ←

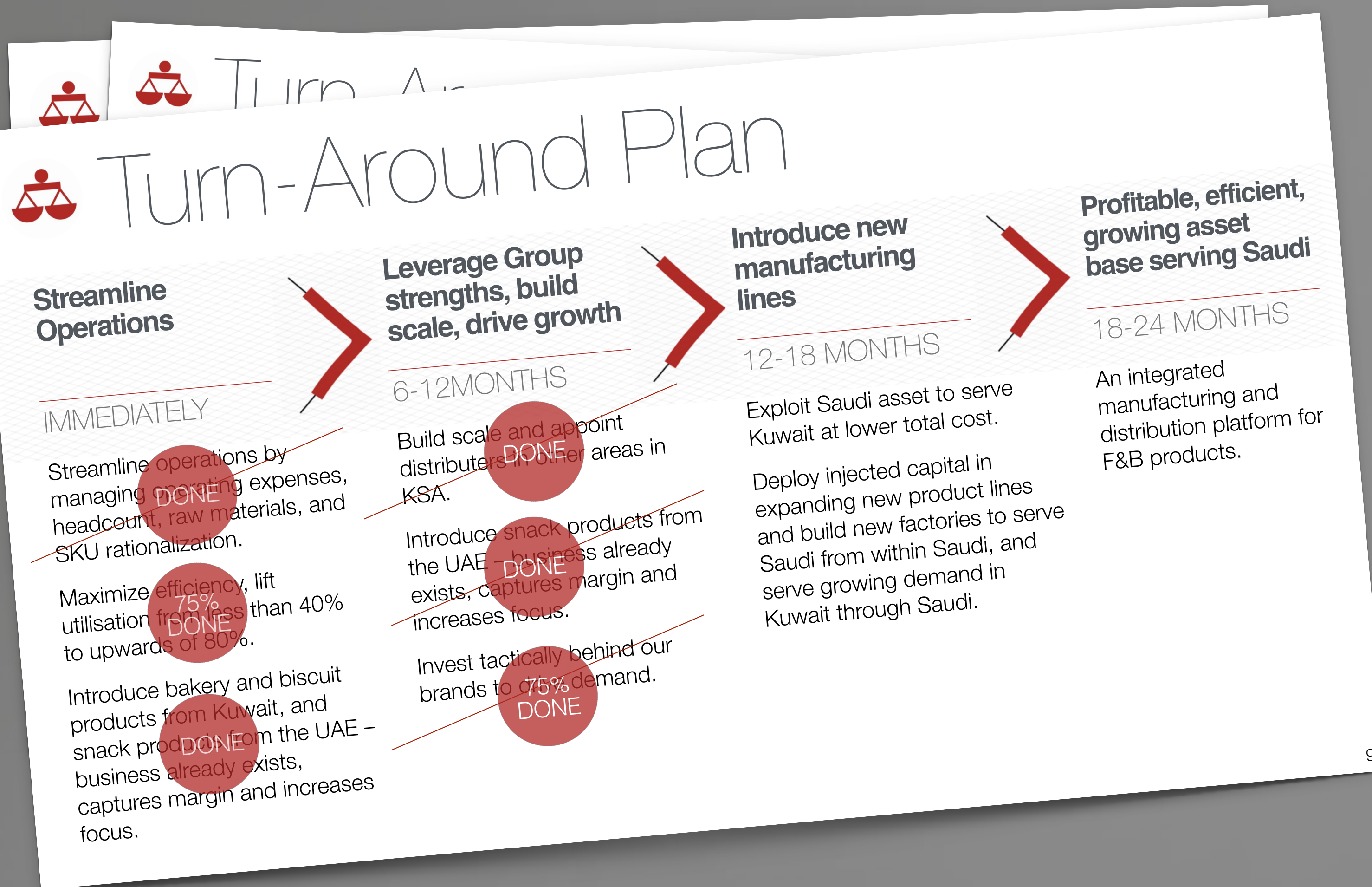
- Challenging and rapidly changing macro environment and consumer behavior impacting return on marketing activities
- Commodity price increases to impact FY top line, priority is to protect bottom line
- Challenged Services sector (from top line) but no adverse impact on bottom line
- MOH delay in tenders and price reductions drags on FMCG's top line
- Interest rates and taxes







# Mezzan Foods KSA - update



Expansion planned in 2017 with new factory

Turnaround in progress

Entity expected to break even by Q4'17 as previously communicated

Progress of Mezzan Foods is tracking favorably with number of chips boxes sold growing by 6.5x since October 2016

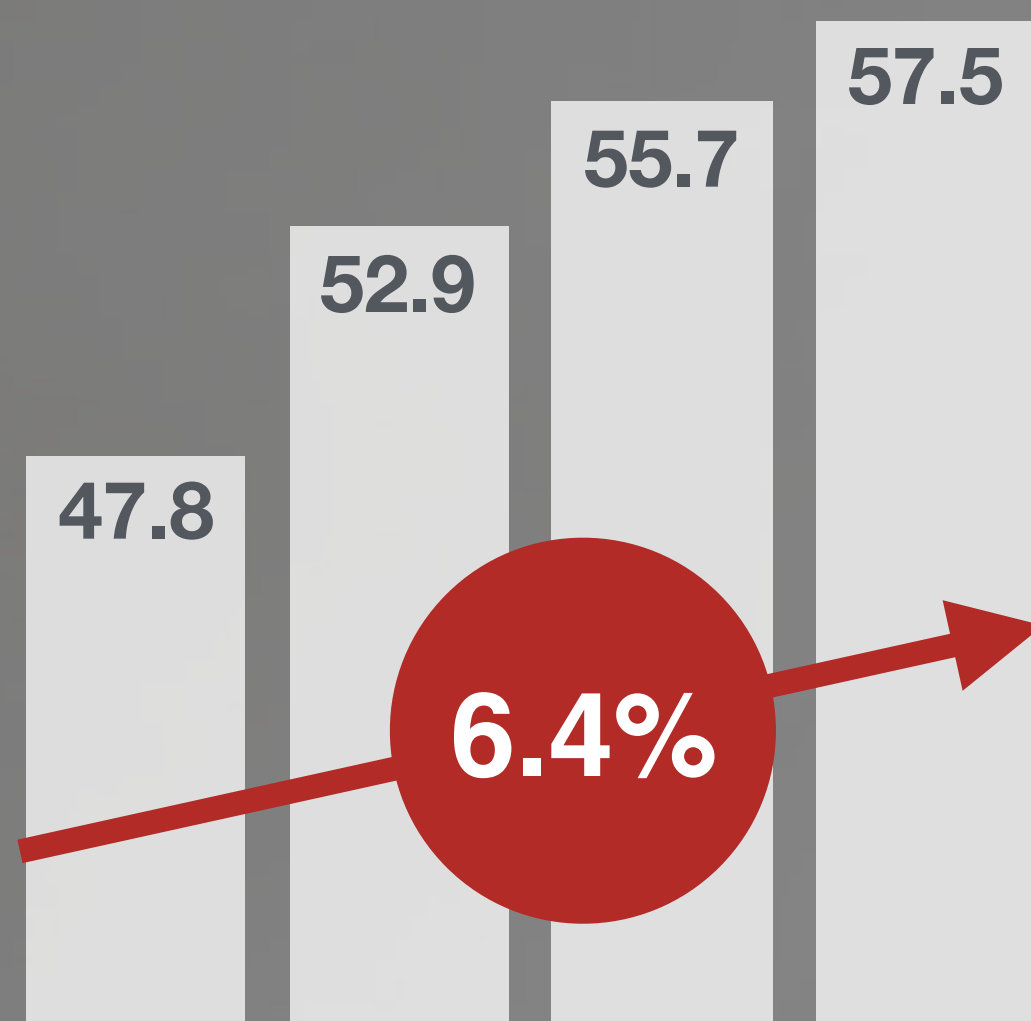






# Historical Performance (KD m)

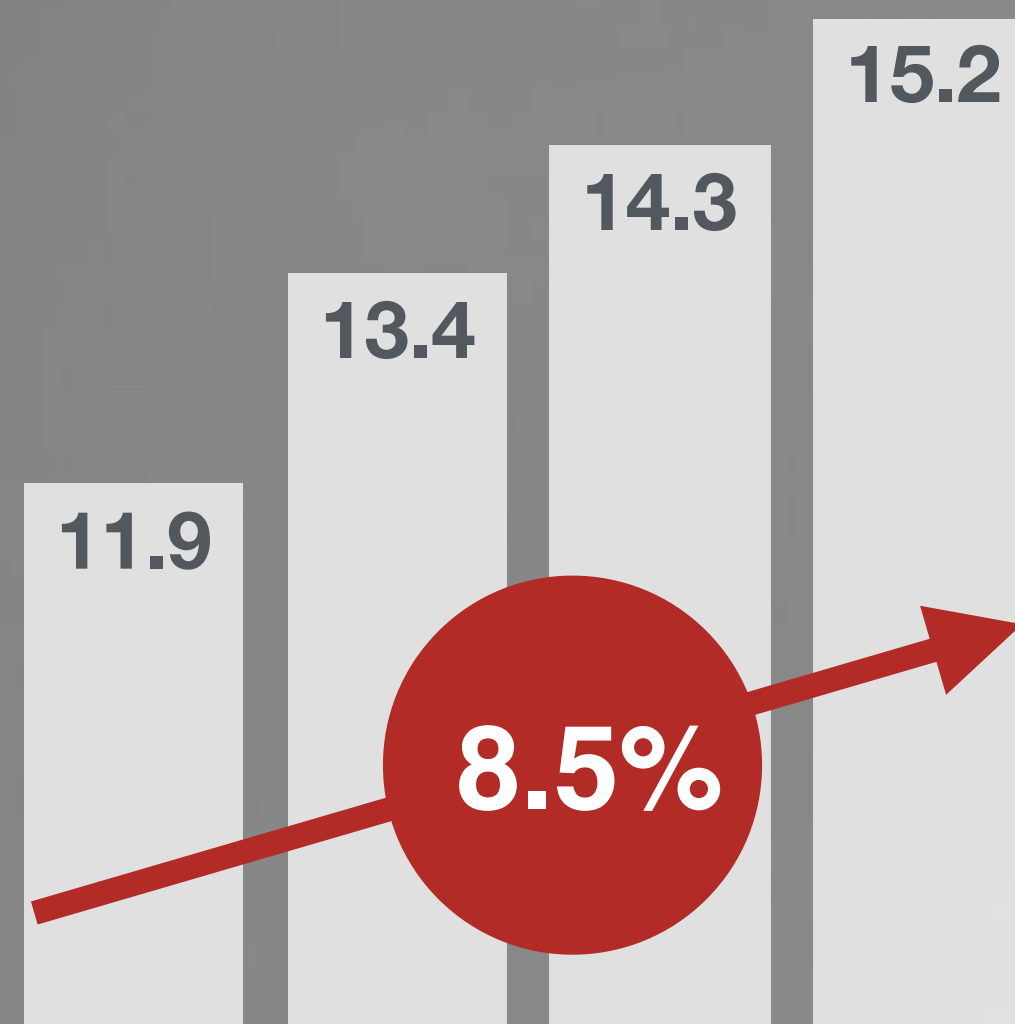
## Revenue



Q1'14 Q1'15 Q1'16 Q1'17

Revenue continues to improve, driven by strong growth in Food M&D and Catering divisions.

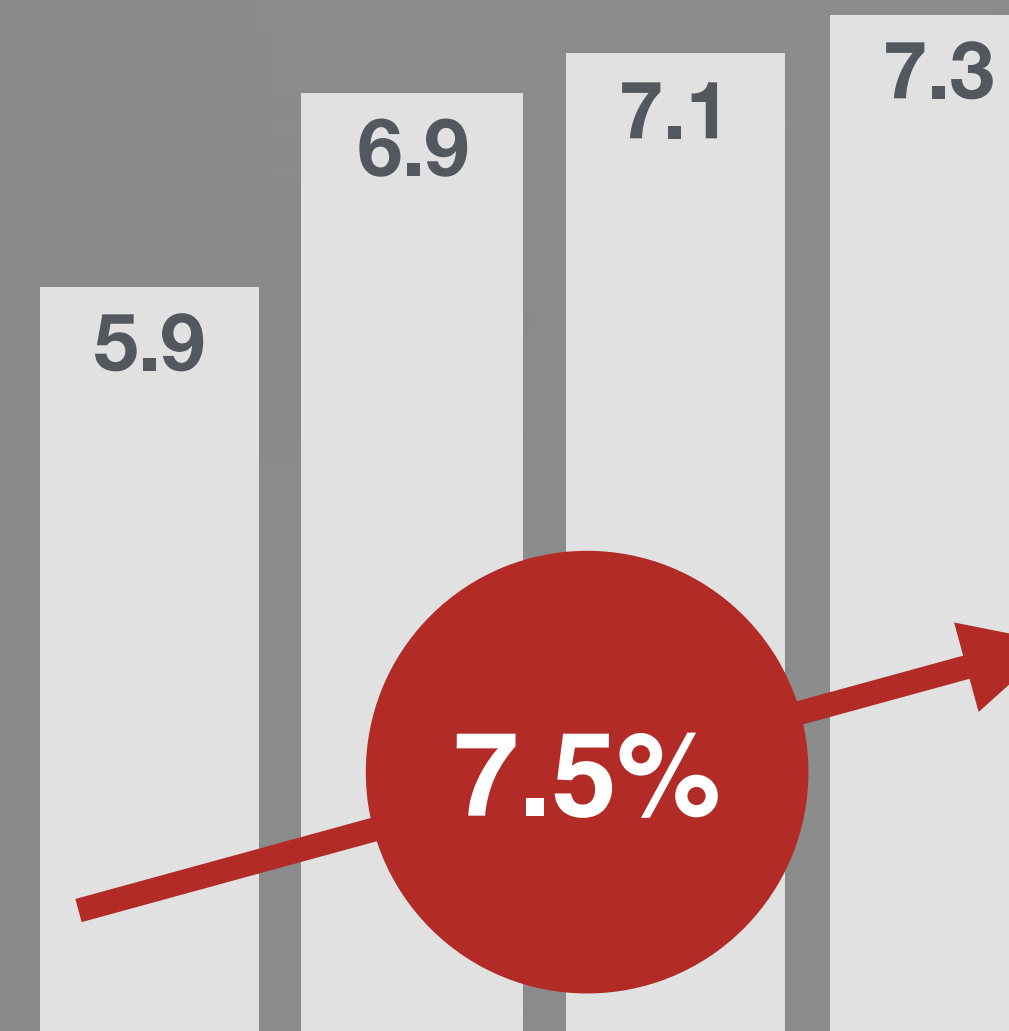
## Gross Profit



Q1'14 Q1'15 Q1'16 Q1'17

Increased by +6.0% vs Q1'16 with overall gross margins improving by 67bps.

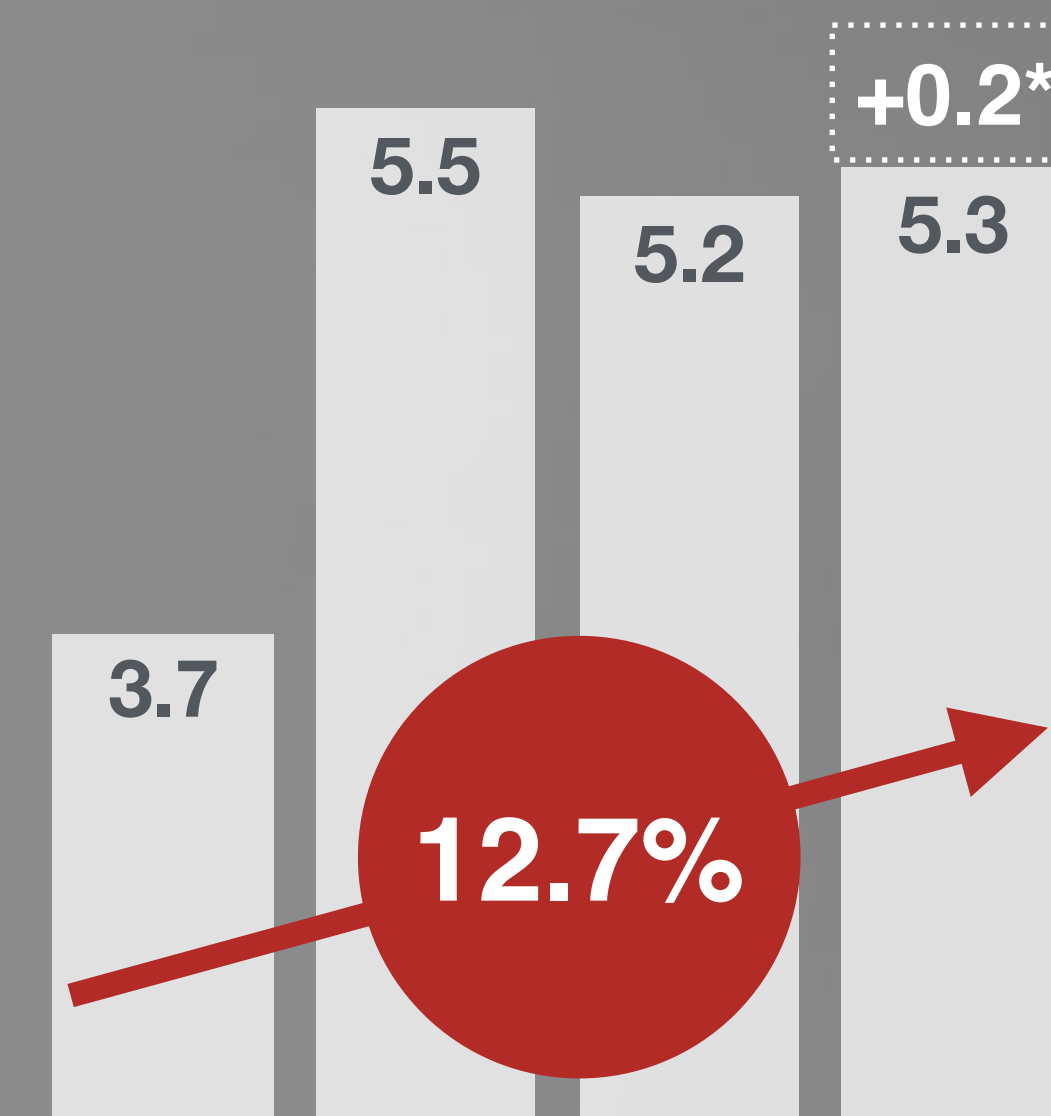
## EBITDA



Q1'14 Q1'15 Q1'16 Q1'17

Increase by +2.2% vs Q1'16 as the company continues to strive for efficiencies and savings in general and administrative expenses. EBITDA grew by +6.7% excluding Mezzan Foods KSA losses

## Underlying Net Profit



Q1'14 Q1'15 Q1'16 Q1'17

Improved by +2.4% vs Q1'16.  
\*Excluding the previously anticipated KSA losses (KWD0.2MM) net income grew by +7.1% compared to Q1 2016.







# Financial Review







# Q1'17 Revenue Segmentation and Discussion

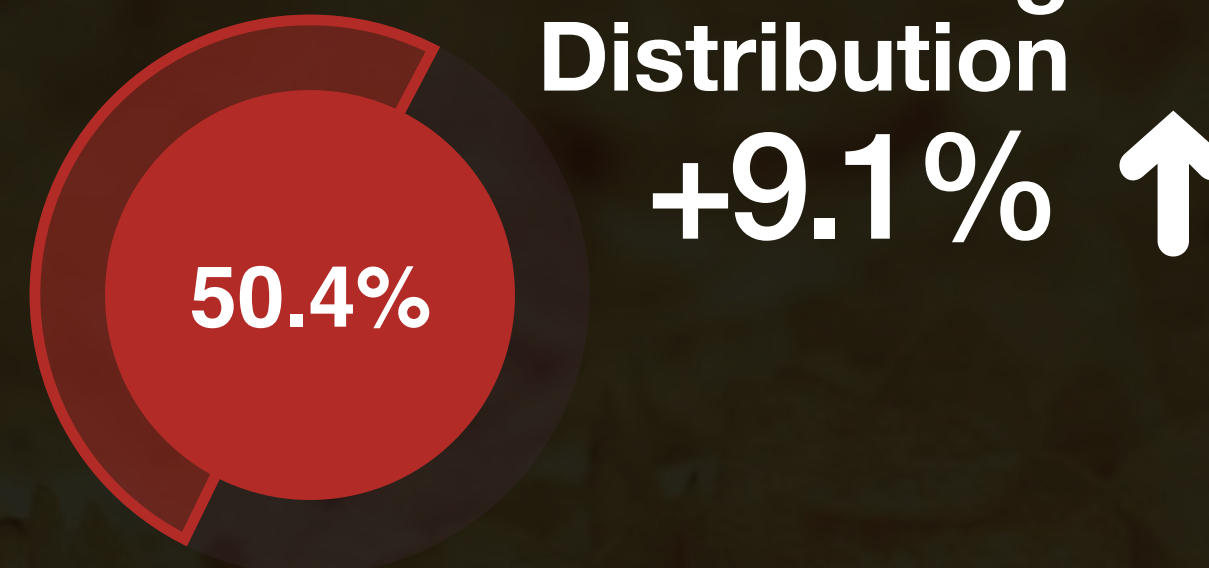
**Red:** Revenue contribution to total Group revenue in Q1 2017.

**White:** Revenue growth in Q1 2017.

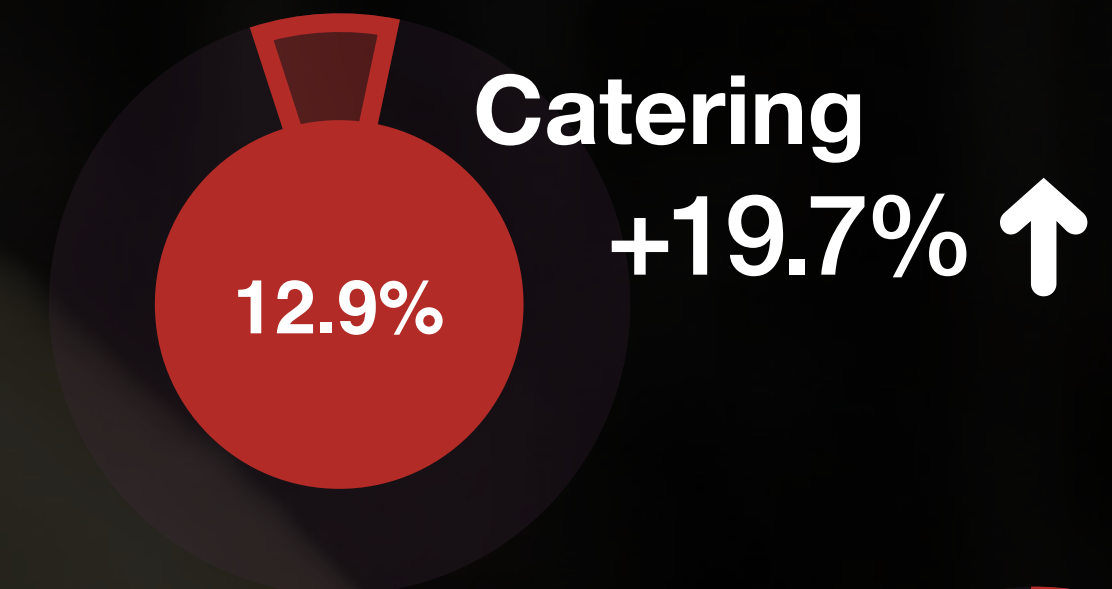
## Food Business Line +7.7% ↑



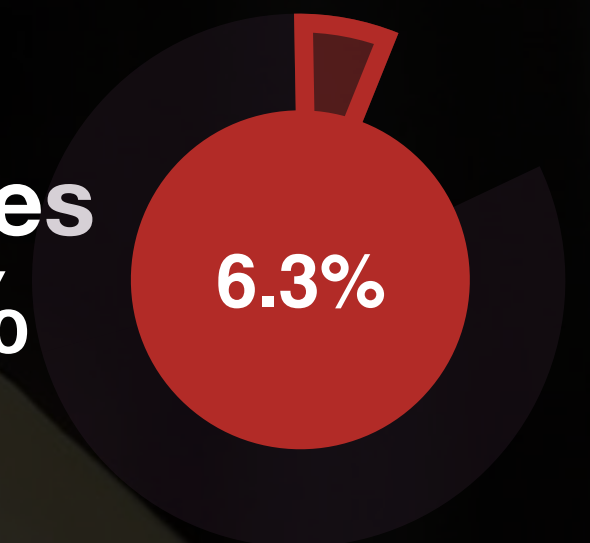
## Manufacturing Distribution



## Catering



## Services ↓ -17.8%



## Commentary

Continued strong performance in Food Manufacturing and Distribution and Catering divisions helped drive the +7.7% growth vs Q1'16 of the overall food group.

- Strong growth in catering given contracts won in Q3'16.
- Mezzan Foods in Saudi and Danone also provided meaningful contributions to growth





# Q1'17 Revenue Segmentation and Discussion

**Red:** Revenue contribution to total Group revenue in Q1 2017.

**White:** Revenue growth in Q1 2017.

## Non Food Business Line

↓ -5.2%

**KD17.5 m**  
(30.3% of total  
revenue)

## Industrials

↑ +1.0%

2.7%

## FMCG and Pharma

↓ -5.8%

27.6%

### Commentary

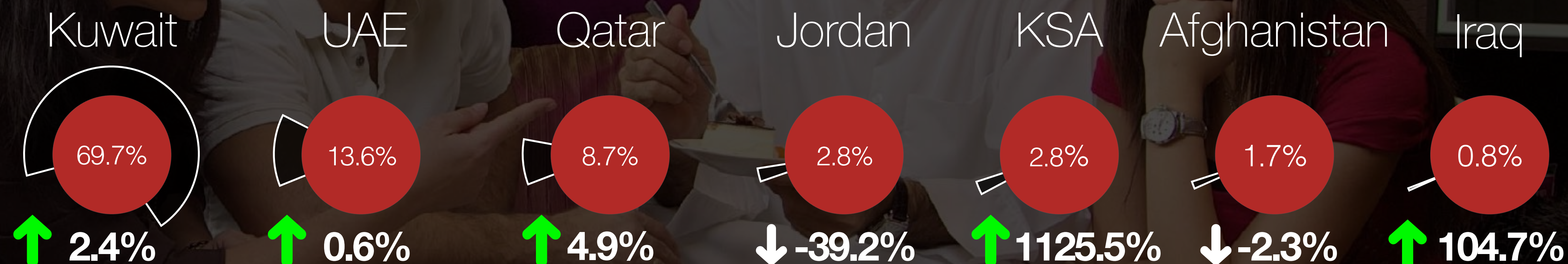
Decline in FMCG was driven by the continued slowdown in the Ministry of Health tenders and pricing - slightly compensated by other FMCGs.  
Industrials grew by 1% as KLOC continues its turnaround story





# Q1'17 Revenue by country

**Red:** Revenue contribution to total Group revenue in Q1 2017.  
**White:** Revenue growth in Q1 2017.



## Commentary

**Kuwait:** Businesses have performed in line with expectations and GDP

**UAE:** Signs of stabilizing discretionary portfolio, strong exports

**Qatar:** Strong water sales continue to advance growth

**KSA:** Strong growth as Mezzan continues to focus on gaining a foothold in the region's largest consumer market

**Jordan:** Tender driven business challenged





# Q1'17 P&L

**Q1'17**

Commentary

Revenue	57.5	+3.4%	Driven by strong growth in Food M&D and Catering
Gross Profit	15.2	+6.0%	Improvements driven by Food M&D
	GM% 26.4%		
SG&A / Other	(9.1)	+8.9%	Driven by selling/distribution, staff, tax in Qatar primarily in Food M&D and Catering
Underlying Profit before tax	5.6	+0.7%	
Tax	(0.3)	+13.4%	Impact of NLST
Underlying Net Profit	5.4	+0.2%	
	UNPM% 9.3%		
Net Profit to Shareholders	5.3	+2.4%	







# Q1'17 Cash Flow (KD m)

	<u>Q1'17</u>	<u>Q1'16</u>	<b>Diff.</b>	<b>Commentary</b>
Operating Cash Flow before WC changes	7.5	7.6	(0.1)	
Working Capital	<u>(7.4)</u>	<u>(3.1)</u>	(4.3)	Investment in new business
Operating Cash Flow	0.1	4.5	(4.4)	
CAPEX / Other investing activities	<u>(3.0)</u>	<u>(2.4)</u>	(0.6)	Projects in progress
Cash Flow before financing	(2.9)	2.1	(5.0)	
Dividends / Financing / other	<u>(0.6)</u>	<u>(0.3)</u>	(0.2)	
Increase in Net Debt	(3.4)	1.8	(5.2)	

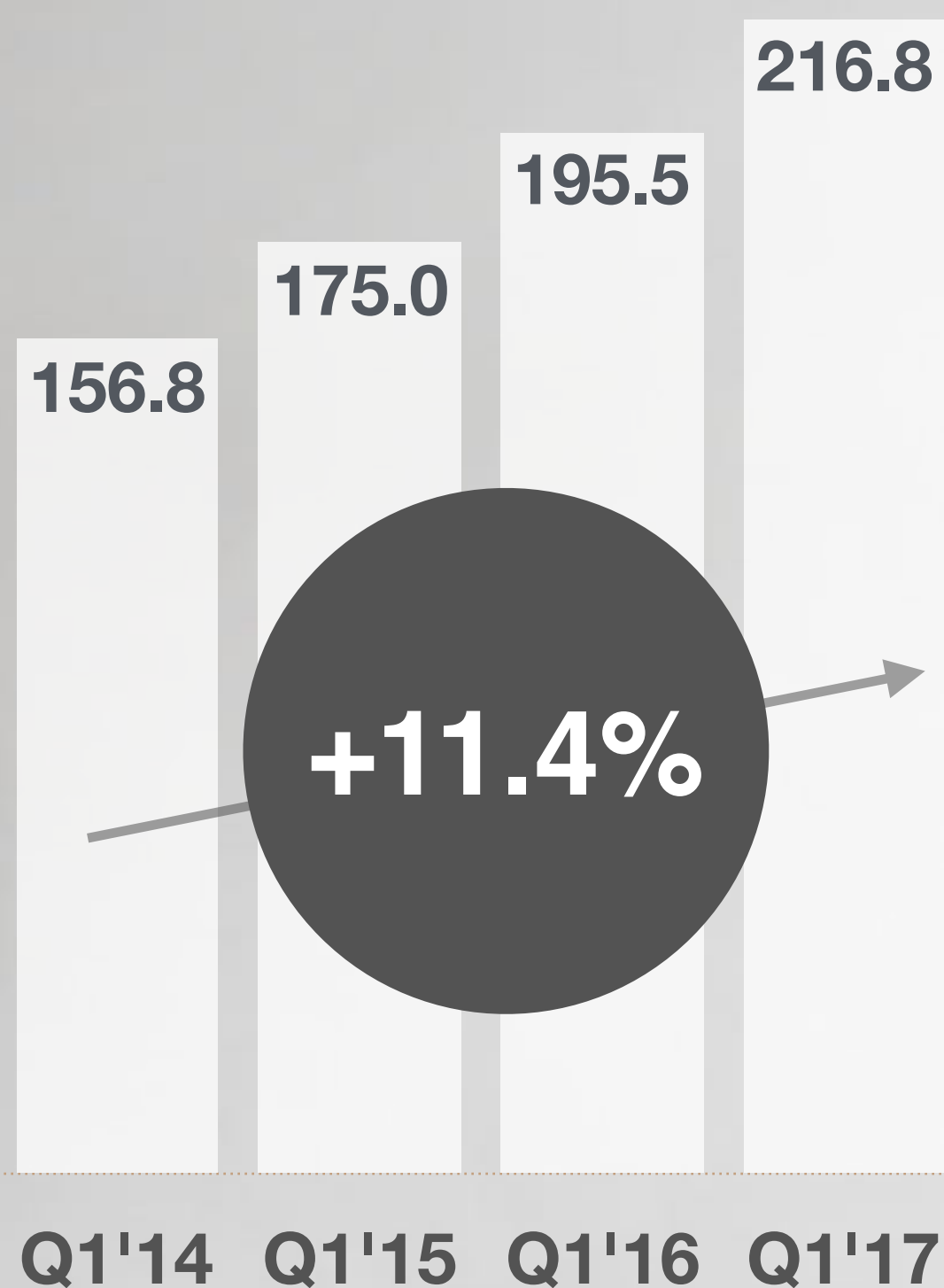




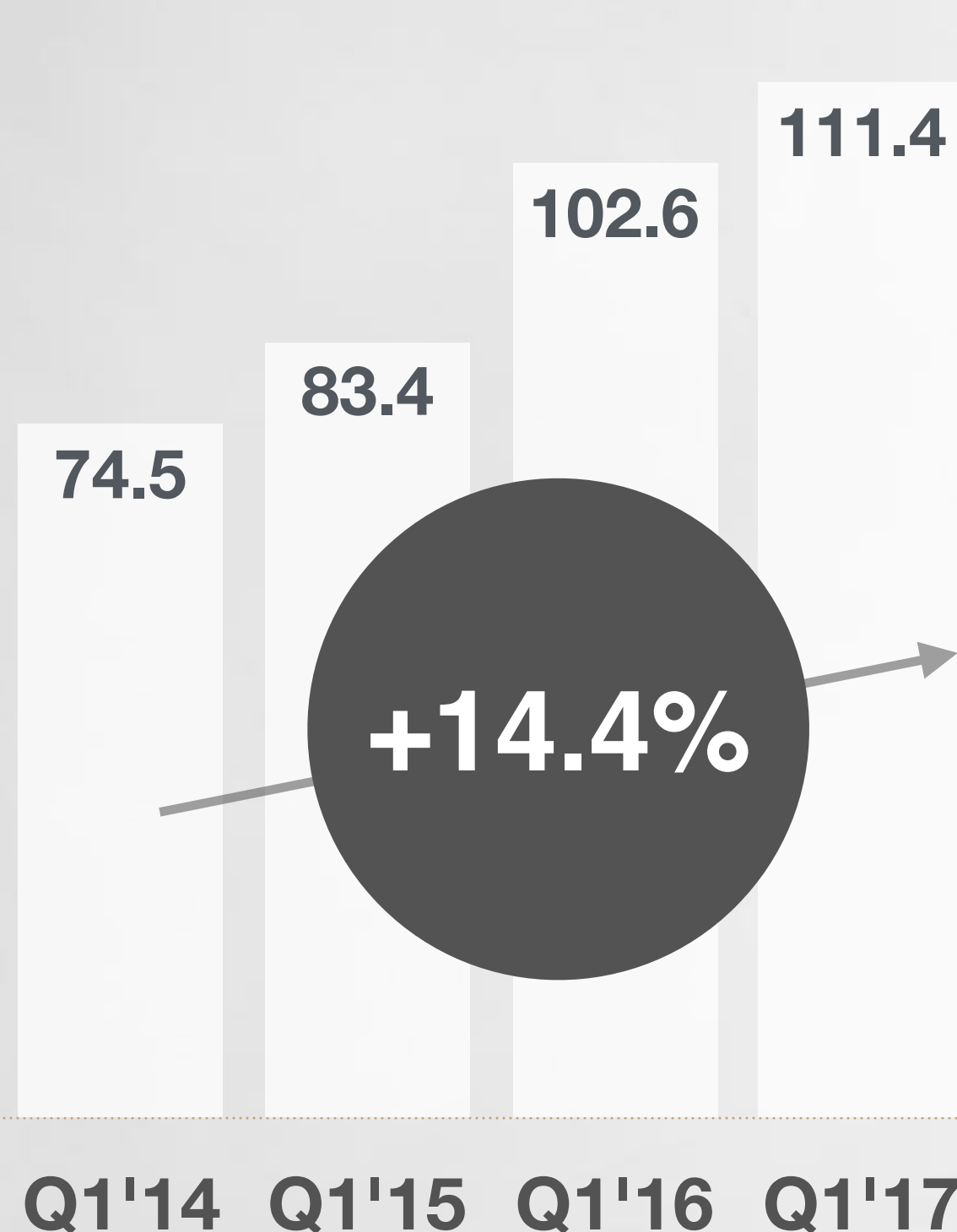


# Q1'17 Balance Sheet (KD m)

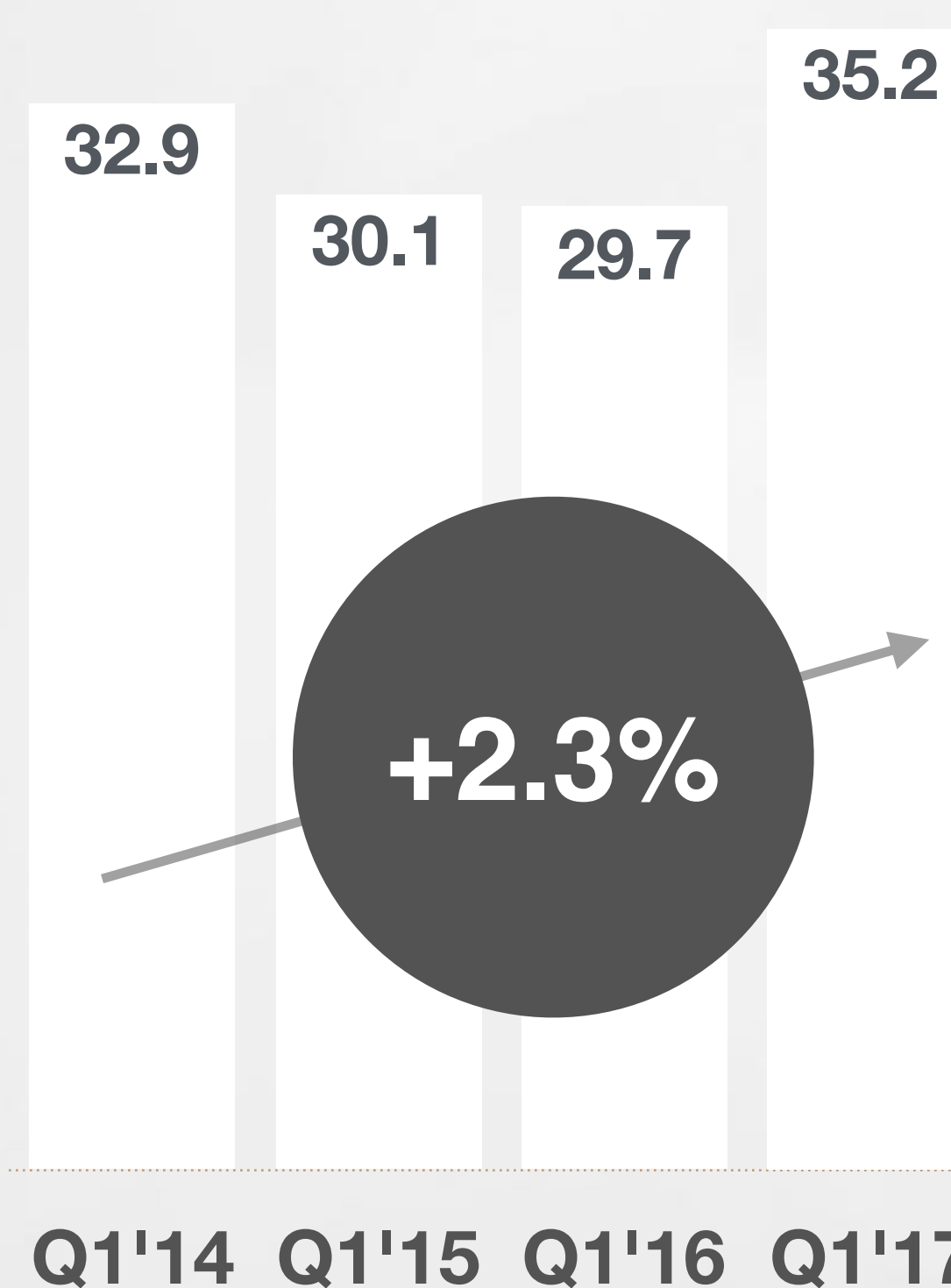
## Total Assets (KD m)



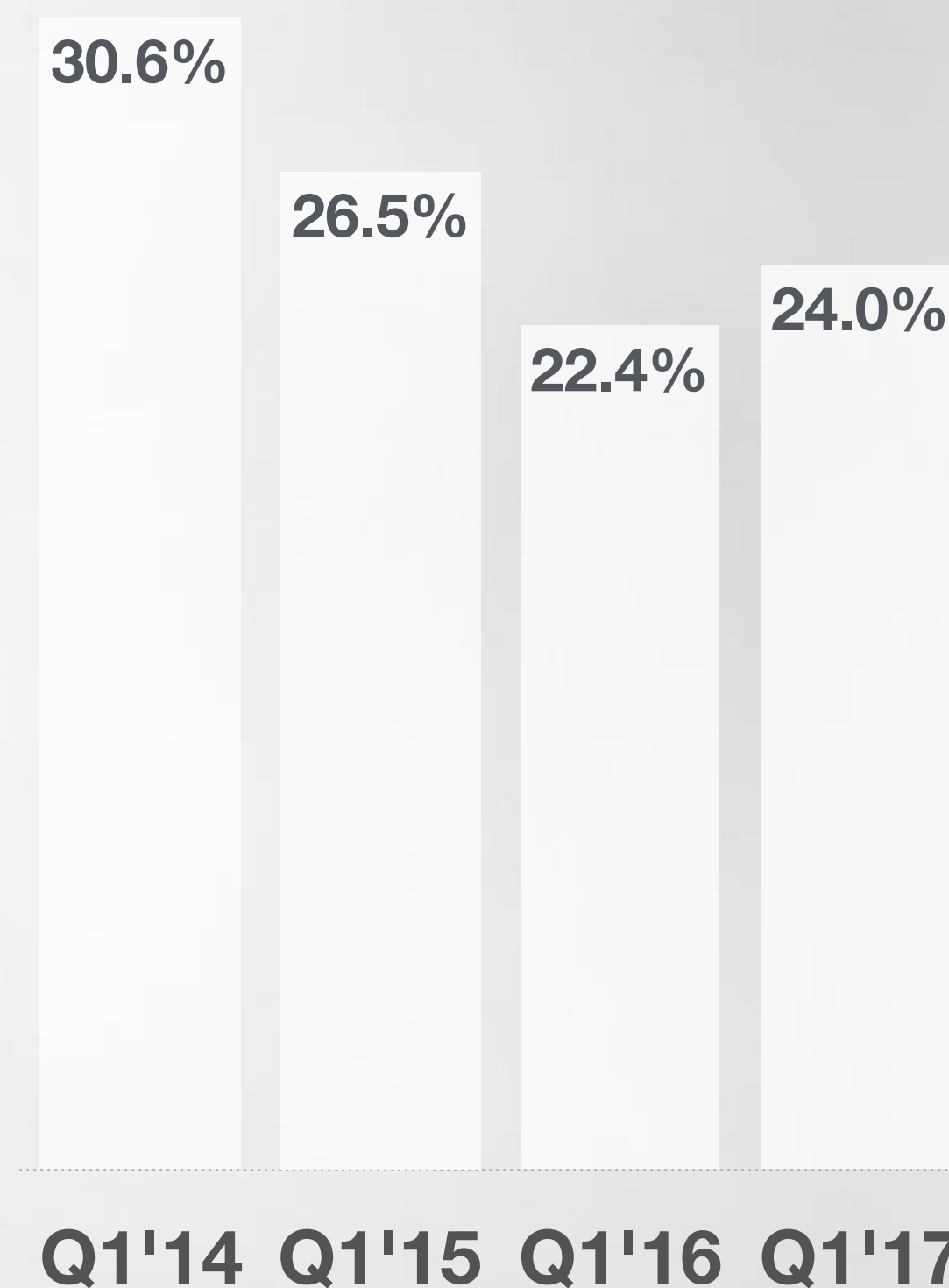
## Equity (KD m)\*



## Net Debt (KD m)



## Net Debt to Equity (%)\*



\*To Shareholders of the Parent Company







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