



شركة ميزان القابضة  
MEZZAN HOLDING CO.

# H1 2017 Earnings Presentation

Aug 9, 2017



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AGENDA

AGENDA

AGENDA

AGENDA

AGENDA

H1 2017  
Highlights

Historical  
Performance

Financial  
Review

**Q&A**

HEADWINDS

HEADWINDS

HEADWINDS

HEADWINDS

HEADWINDS

Impact of Qatar blockade: Supply chain complexities, disruption of inflow of raw material and exports from regional platform, adversely affecting profitability.

Services sector experiencing challenges Afghanistan as US stopped order amid a revamp its security and procedures.

A soft Ramadhan season regionally, combined with impact on orders from the roll out of Co-op inventory system upgrade in Kuwait.

MOH delay in tenders and price reductions drags on FMCG's performance.

The delayed implementation of factoring transaction of existing book.

Issues being resolved, expected unwinding positions expected by Q4'17.

TAILWINDS

TAILWINDS

TAILWINDS

TAILWINDS

TAILWINDS

Our food business, which brings in over 70% of total revenue, continues to prove its resilience in the face of current market conditions with a growth of +1.2% in Q2.

Both the turn-around of our Saudi business and its integration into the Mezzan ecosystem is progressing well.

Catering business continues to grow by double digits.

KLOC continues to improve its business and grow profitability, but segment results were undermined by a slowdown in plastics.

New projects on track, including new warehouses and production lines.

Technology Infrastructure: Roll out of WMS.

HIGHLIGHTS

HIGHLIGHTS

HIGHLIGHTS

HIGHLIGHTS

HIGHLIGHTS

Revenue

EBITDA

Underlying Net Profit

Net Profit to Shareholders

**H1'17**

**Q2'17**

**107.8 m**  
-0.6%

**50.3 m**  
-4.8%

**11.3 m**  
-18.5%

**4.0 m**  
-40.6%

**7.4 m**  
-28.9%

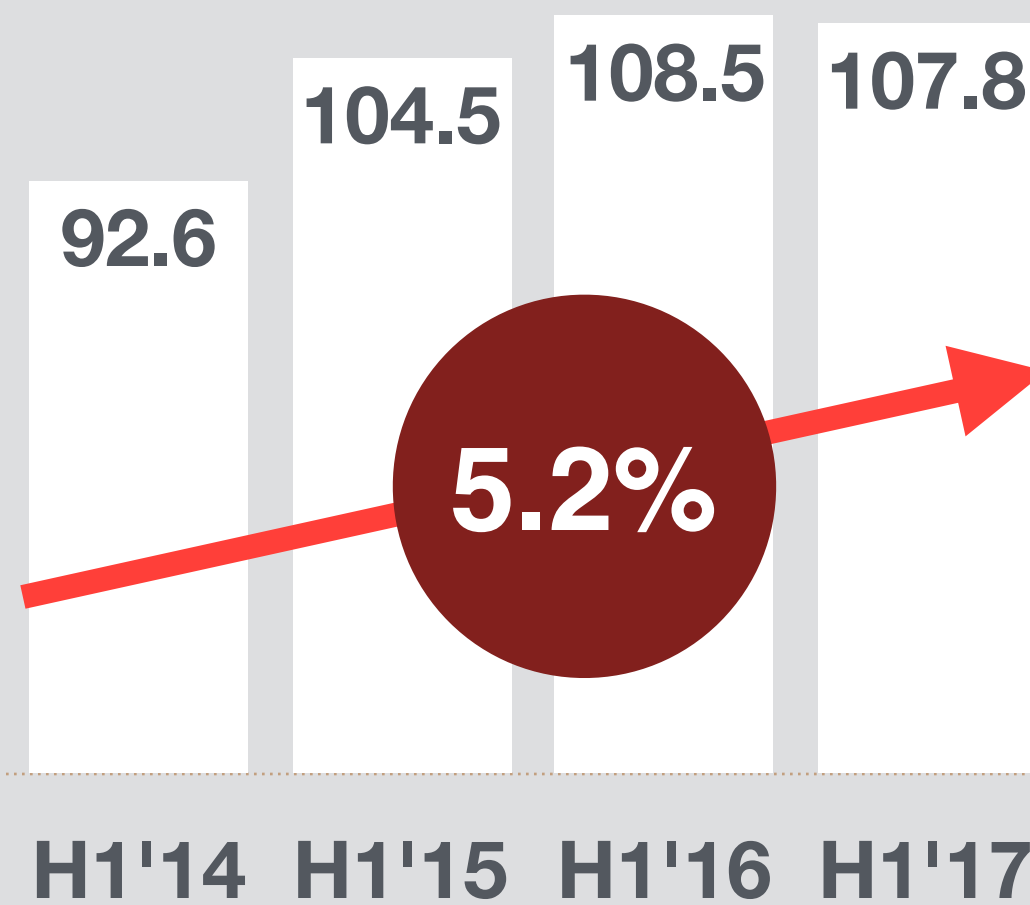
**2.0 m**  
-59.9%

**7.3 m**  
-26.7%

**2.0 m**  
-58.1%

# Historical Performance

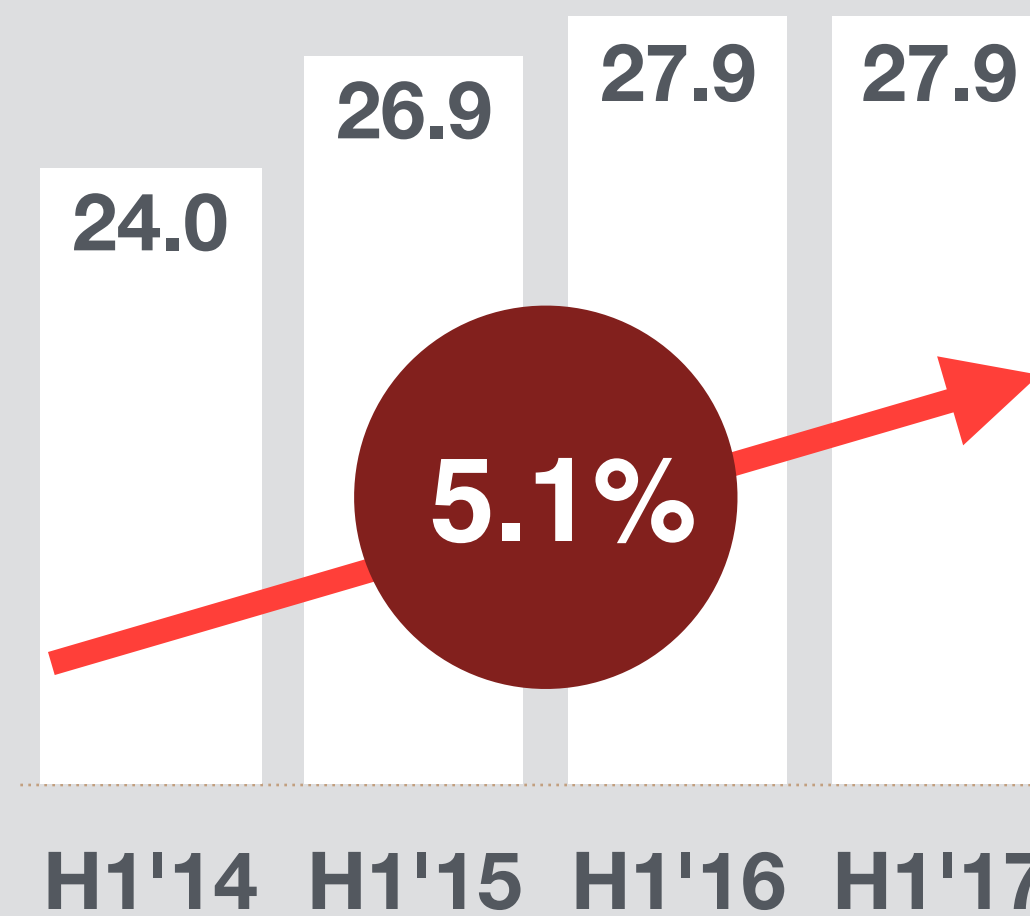
## Revenue



Despite the challenging regional market faced in H1 2017, Mezzan reported revenue consistent with last year.

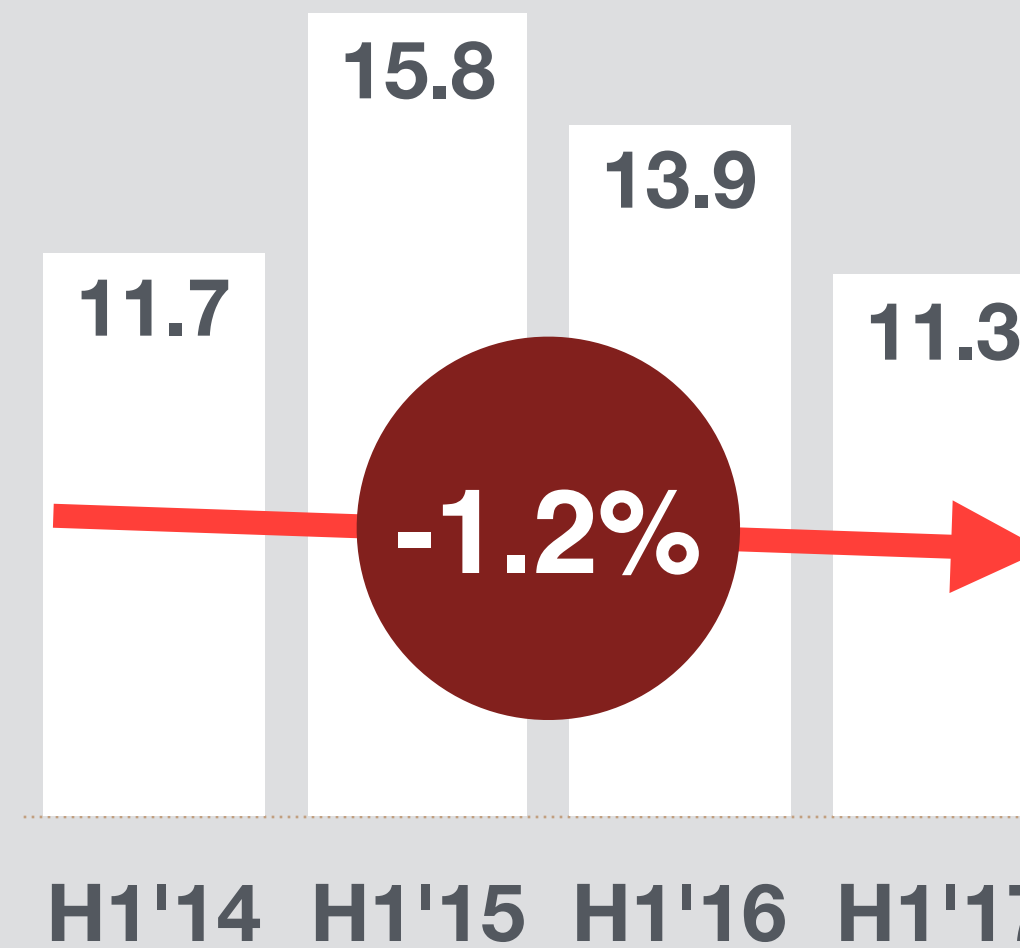
Growth in Food & Catering divisions were offset by declines in Services and FMCG

## Gross Profit

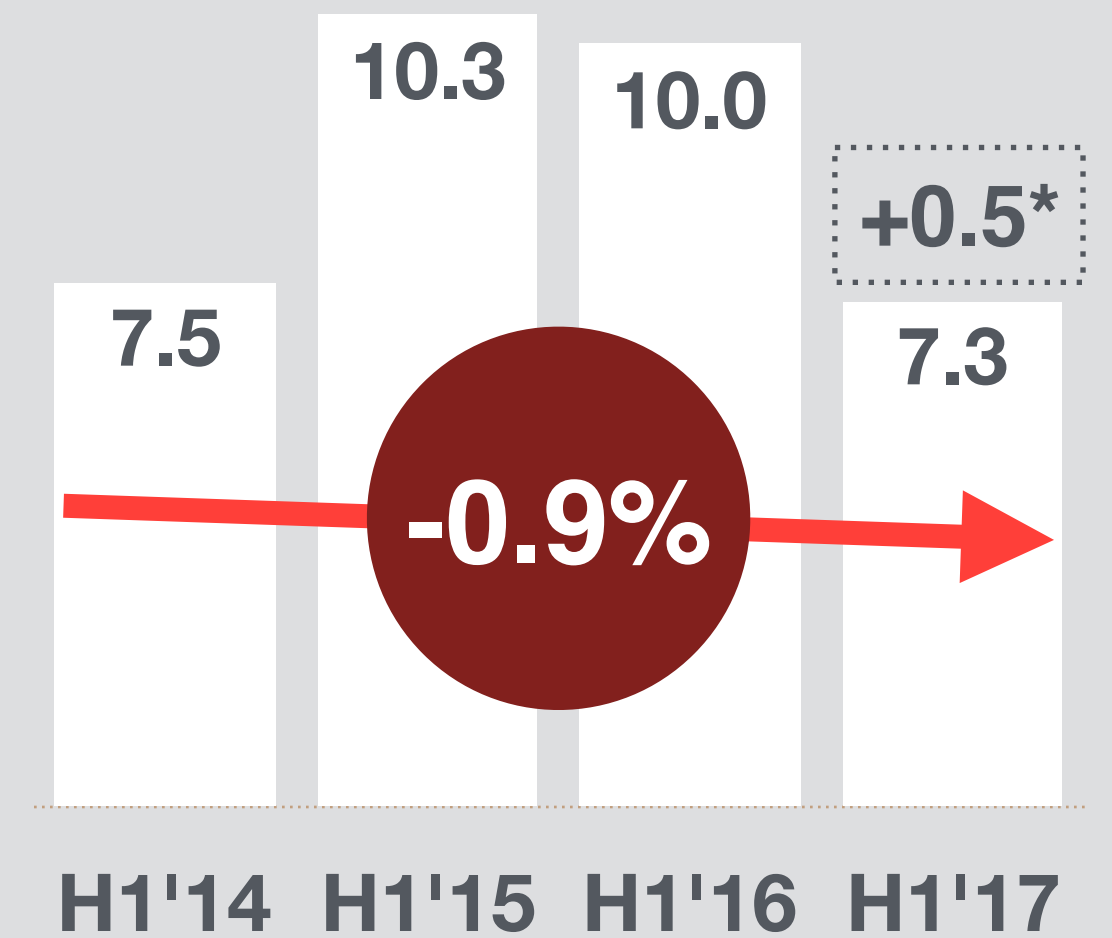


Gross margins remained consistent with last year as Mezzan continues to effectively manage costs.

## EBITDA



## Underlying Net Profit



\*Previously anticipated losses from KSA attributable to shareholders.

Mezzan's profitability was effected by a lackluster first half. Regional instability and increased spend on KSA drove up operating costs.

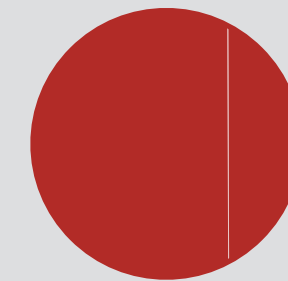


# Financial Review

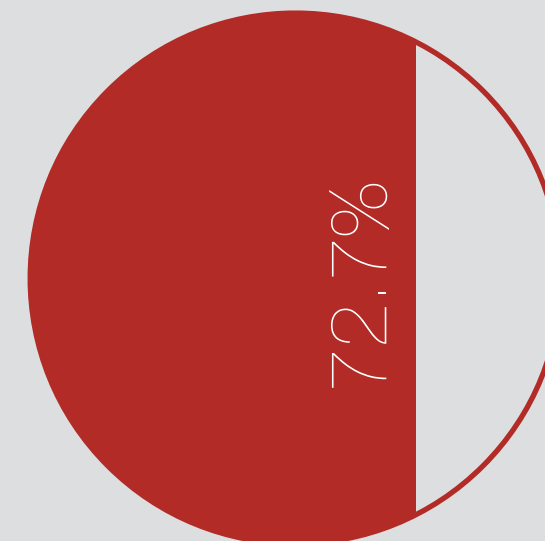


# H1'17 Revenue **contribution** by business line

**GROUP**

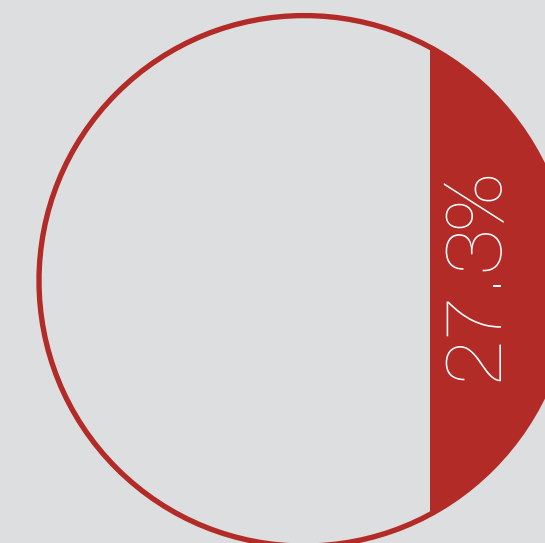


FOOD



72.7%  
of total Group Revenue

NON-FOOD



27.3%  
of total Group Revenue



# H1'17 Revenue **growth** by business line

FOOD  +1.2%  
vs. H1'16

NON-FOOD  -4.7%  
vs. H1'16

H1'17 Revenue  
**growth** by  
business division

FOOD

Manufacturing  
Distribution  
Contributed 52.8% to  
H1 Revenues



+01.4%  
vs. H1'16

FOOD

Catering  
Contributed 13.3% to  
H1 Revenues



+13.2%  
vs. H1'16

FOOD

Services  
Contributed 6.6% to  
H1 Revenues



-17.7%  
vs. H1'16

FOOD



# H1'17 Revenue **growth** by business division

NON-FOOD

NON-FOOD

NON-FOOD

NON-FOOD

FMCG &  
Pharma  
Contributed 24.7% to  
H1 Revenues



-04.5%  
vs. H1'16

Industrials  
Contributed 2.6% to  
H1 Revenues

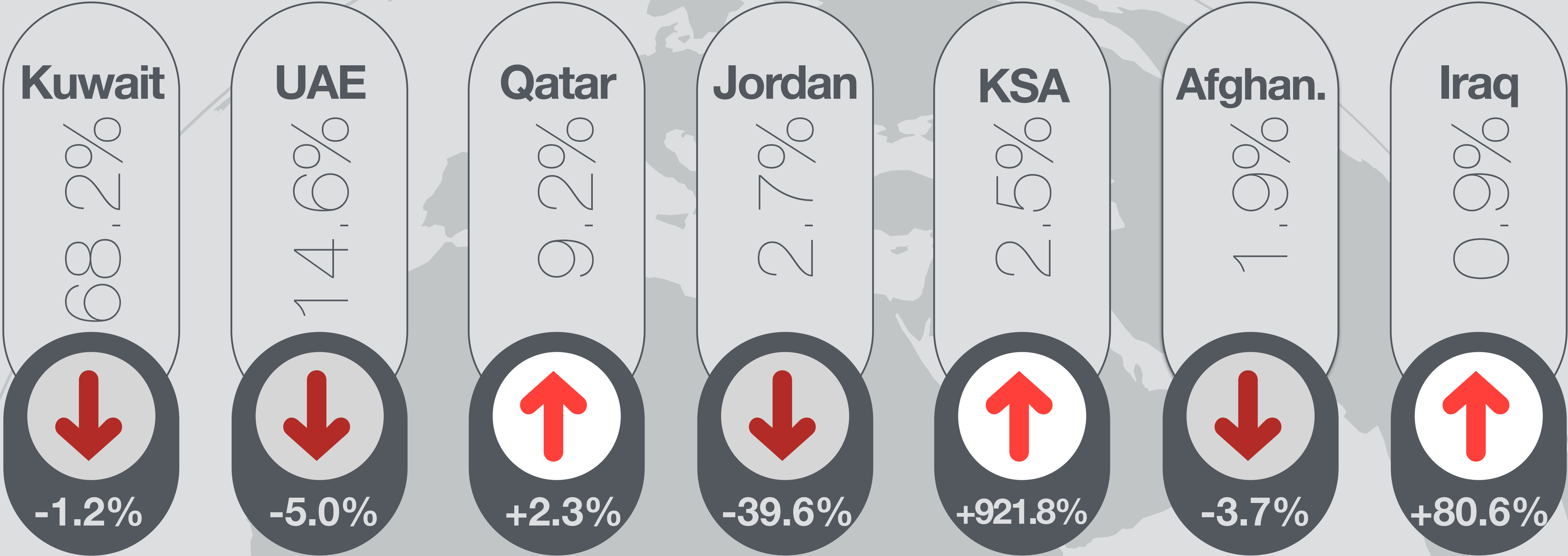


-06.9%  
vs. H1'16

# H1'17 Revenue by contribution & growth by country

Revenue contribution to total Group revenues in H1'17 compared to H1'16

Revenue growth in H1'17 compared to H1'16



Strong start curbed by a lackluster Ramadan

Revenue down by 5.0% with signs of stabilizing discretionary portfolio and strong exports

Operations continue to face challenges due to slowdown in tender business



# H1'17

## P&L (KD m)

	H1'17		Q2'17	
Revenue	107.8	-0.6%	50.3	-4.8%
Gross Margin	27.9	-0.1%	12.7	-6.5%
	25.9%		25.2%	
SG&A / Other	(20.2)	-17.9%	(10.6)	-26.7%
Underlying Profit before tax	7.7	-28.6%	2.1	-59.9%
Tax	(0.3)	+21.5%	(0.1)	+60.1%
Underlying Net Profit	7.4	-28.9%	2.0	-59.9%
	6.9%		4.0%	
Net Profit to Shareholders	7.3	-26.7%	2.0	-58.1%

### Commentary

H1 Revenue: Growth in food and catering offset by decline in other divisions

H1 Margins were well protected

SG&A: Increased by 17.9% in H1, driven by staff costs related to acquisition of Mezzan Foods & Marketing costs. Higher financing charges due to increase to base rate and delay in factoring deal.

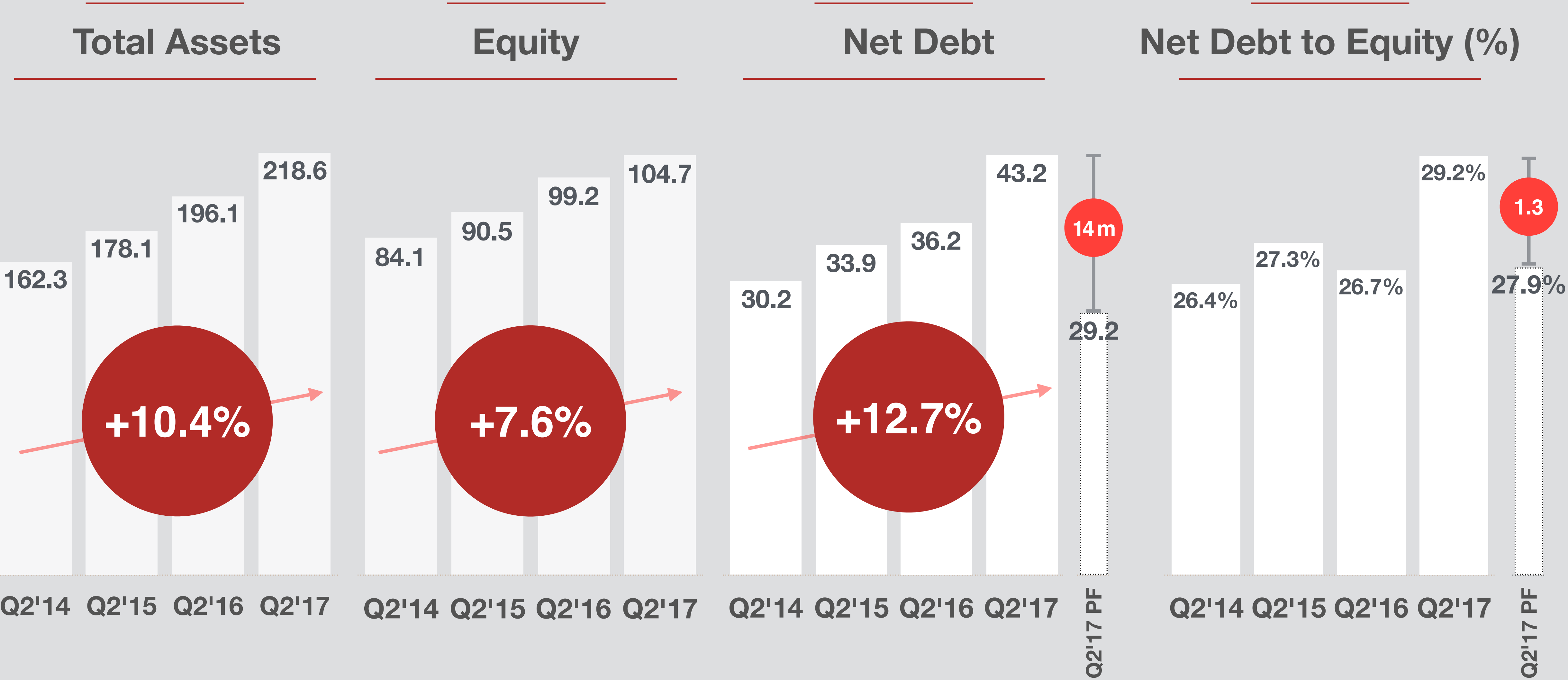
H1'17

## Cash Flow (KD m)

	<u>H1'17</u>	<u>H1'16</u>	<b>Diff.</b>
Operating Cash Flow before WC changes	12.3	14.1	(1.8)
Working Capital	<u>(8.3)</u>	<u>(6.6)</u>	(1.7)
<b>Operating Cash Flow</b>	<b>4.1</b>	<b>7.6</b>	<b>(3.5)</b>
CAPEX / Other investing activities	<u>(5.8)</u>	<u>(3.3)</u>	<u>(2.4)</u>
<b>Cash Flow before financing</b>	<b>(1.7)</b>	<b>4.2</b>	<b>(5.9)</b>
Dividends / Financing / other	<u>(9.7)</u>	<u>(9.0)</u>	(0.8)
<b>Increase in Net Debt</b>	<b>(11.4)</b>	<b>(4.7)</b>	<b>(6.7)</b>



# H1'17 Balance Sheet (KD m)





# Q&A

[ To ask a question look for ‘ask a question’  
tab on your screen, then type your question ]





شركة ميزان القابضة  
MEZZAN HOLDING CO.

# Key Contacts

Mohammed Khajah  
*Head of Corporate Development and Investor Relations*  
Mezzan Holding

T: +965 2228 6336

M : +965 9977 0147

E : [mohammed.Khajah@mezzan.com](mailto:mohammed.Khajah@mezzan.com)

