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شركة ميزان القابضة  
MEZZAN HOLDING CO.

# Q1 2018 Earnings Presentation

May 10, 2018



August 9, 2017



AGENDA

AGENDA

AGENDA

AGENDA

AGENDA

Tailwinds & Headwinds |

Q1 2018 Highlights |

Historical Performance |

Financial Review |

Q&A |

TAILWINDS

TAILWINDS

TAILWINDS

TAILWINDS

TAILWINDS

Breakeven in KSA in the month of March 2018, launch of breadsticks produced in KSA and in Kuwait (with positive feedback), and more recently in UAE

Double digit growth in home market

Strong performance in Catering sector, turnaround in profitability since Q1'17

Strong performance in FMCG and Pharmaceuticals segment

Completion of UAE warehouse and PET project in Kuwait; other projects underway as planned (Chips in UAE and Qatar and Kuwait Warehouse in Q2'18)

HEADWINDS

HEADWINDS

HEADWINDS

HEADWINDS

HEADWINDS

Managing through impact of excise duty, VAT and general market conditions in the UAE through reducing operating expenses; continuous discussions with relevant authorities to enforce action aiming at stopping parallel import

New operating climate changing the competitive landscape of water in Qatar and Kuwait, however given the new plant in Kuwait, increased distribution and added new SKUs; assessing options to relocate old capacities to new markets

Low-margin tender business pressures services segment revenue but not on bottom line

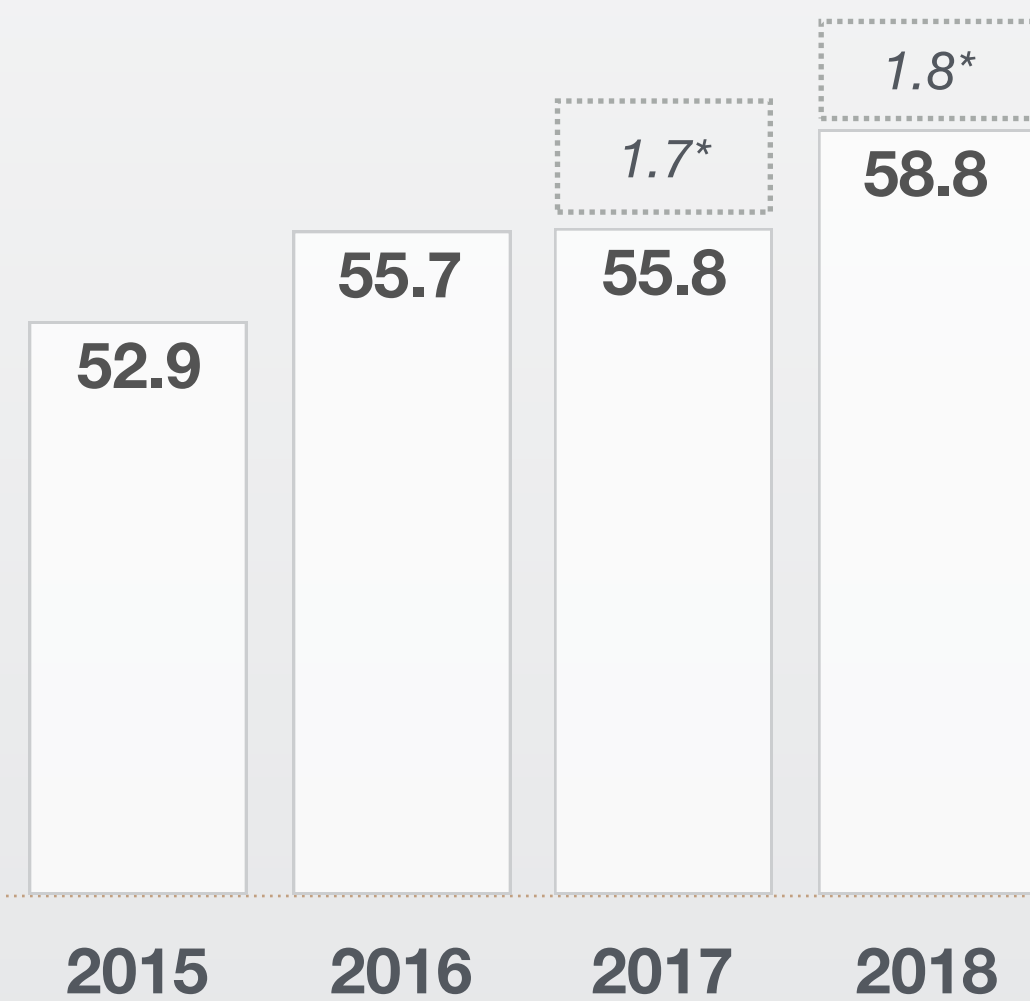
# Q1'18 Highlights

	Q1'18	Q1'17* <small>*Pro-forma after including IFRS 15 +9 changes</small>	% Change	Q1'17 <small>(Reported)</small>	% Change
Revenue	58.8 m	55.8 m	+5.4%	57.5 m	+02.2%
Gross Profit	13.4 m	13.4 m	-0.5%	15.2 m	-11.9%
EBITDA	7.2 m	7.1 m	+1.5%	7.3 m	-01.8%
Net Profit Attributable to Equity Holders of Parent Company	5.0 m	5.1 m	-2.1%	5.3 m	-6.2%

- Effective 1 January 2018, New IFRS standards 15 and 9 for revenue and investments resulted in changes in accounting treatment of sales returns, selling and distribution expenses relating to customers and investments and trade receivables.
- In Q1-2017, selling and distribution expenses of KWD1.5 m and sales returns of KD 0.2 m would have been netted off against sales had the IFRS changes been implemented then. The Q1-2018 reported numbers include these changes.

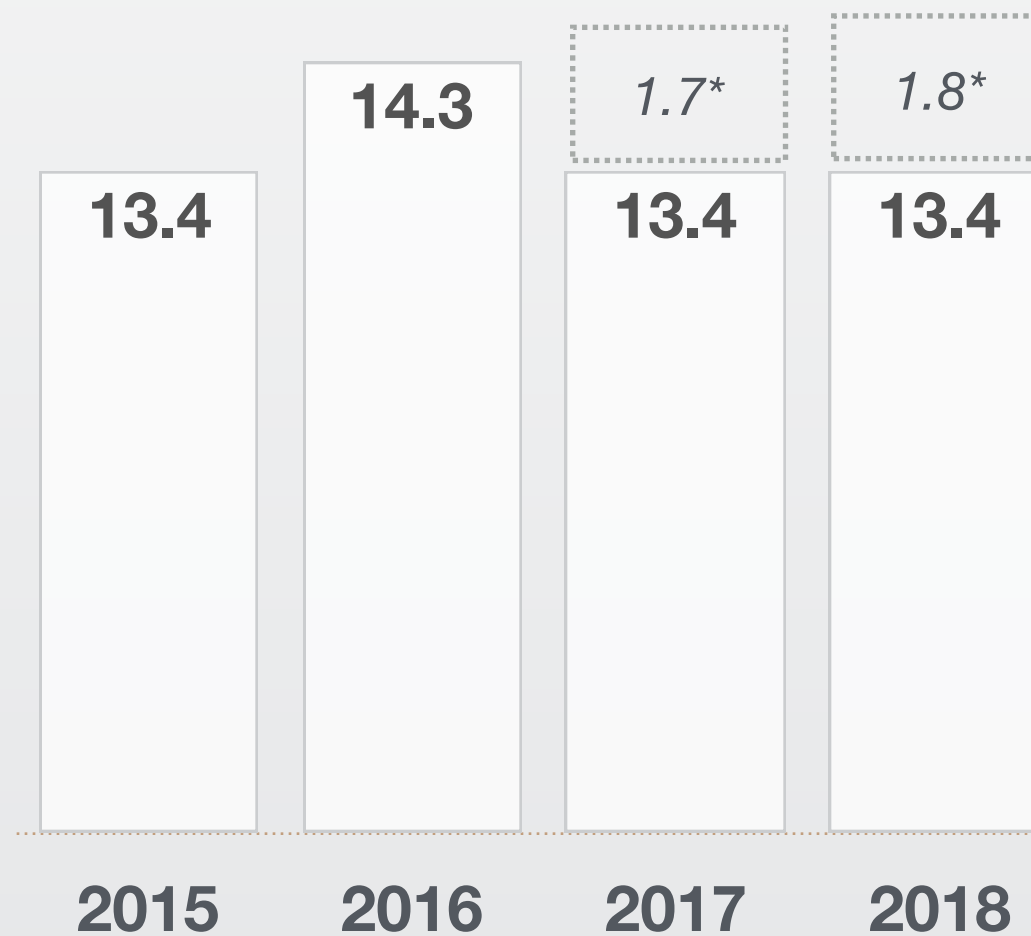
# Historical Performance

## Revenue



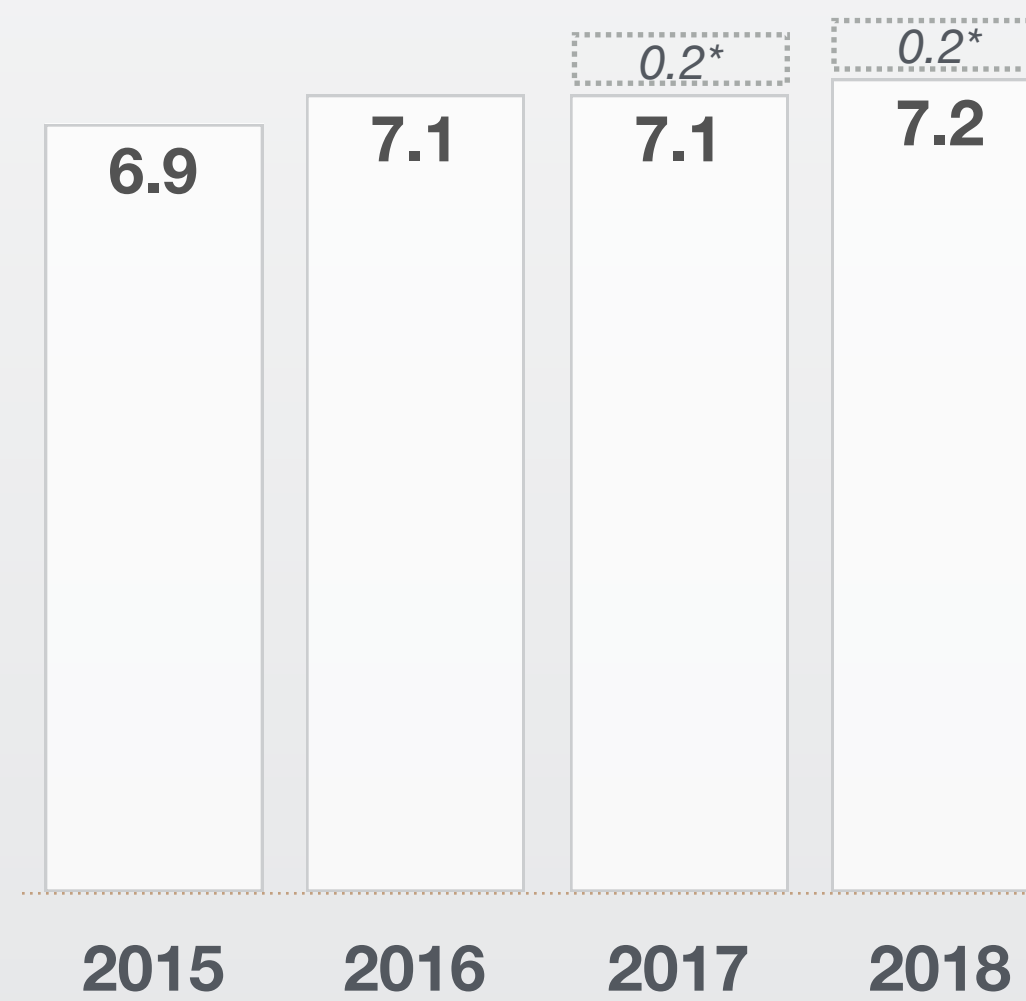
Revenue improved by 5.4% for the period with both food and non-food growing favorably by 3.7% and 9.1%, respectively.

## Gross Profit



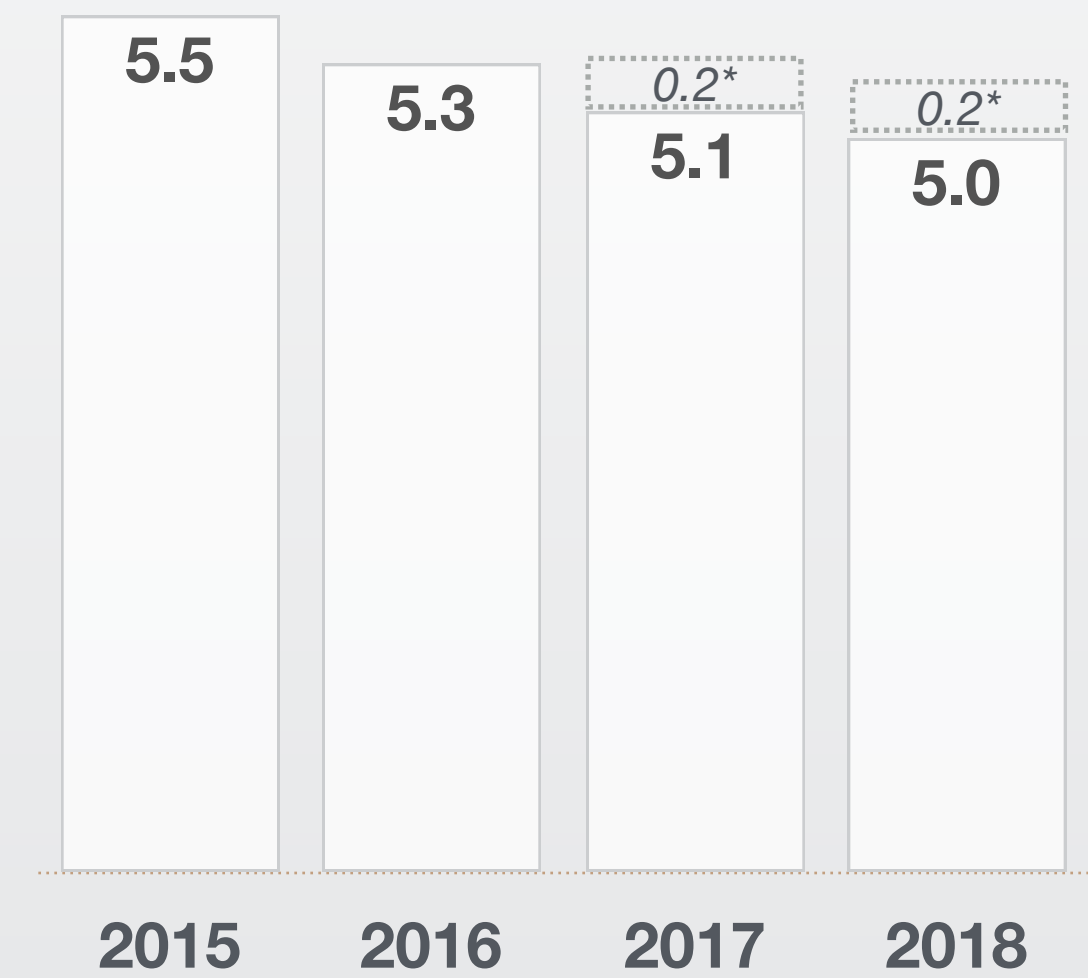
Gross profit improvement in Kuwait and KSA weighed by performance in UAE, resulting in overall GP drop by -0.5%.

## EBITDA



EBITDA reached KD7.2 m up by 1.5% vs pro-forma Q1'17 as in line with expectations.

## Net Profit



Mezzan Net Income reached KD5 m in the quarter, a decrease of 2.1% from pro-forma Q1'17 – driven by increasing interest rate environment.

\*Information on Q1'18 include the impact of implementation of IFRS 15 revenue from contracts with customers (KWD 1.8 m) and Q1'17 numbers are presented assuming change took place in that quarter to enable like for like comparison.



# Financial Review



Q1'18 Revenue  
**contribution**  
by business line

**GROUP**

FOOD



67.8%  
of total Group Revenue

NON-FOOD



32.2%  
of total Group Revenue

# Q1'18 Revenue **growth** by business line

FOOD  +3.7%  
vs. Q1'17 (Pro-forma)

NON-FOOD  +9.1%  
vs. Q1'17 (Pro-forma)

*Growth numbers vs. Q1-2017 have been calculated based on pro-forma Q1-2017 assuming IFRS 15/9 changes were done then, to enable a like for like comparison.  
Growth in Food Business Line in Q1'18 reported vs. Q1'17 reported numbers is -0.5% and +8.4% for the Non-Food Business Line.*



# Q1'18 Revenue **growth** by business division

*Growth numbers vs. Q1-2017 have been calculated based on pro-forma Q1-2017 assuming IFRS 15/9 changes were done then, to enable a like for like comparison.*

FOOD

Manufacturing & Distribution

Contributed 45.8% to Q1'18 Revenues



-1.8%  
vs. Q1'17 (Pro-forma)

FOOD

Catering  
Contributed 16.3% to Q1'18 Revenues



+28.6%  
vs. Q1'17 (Pro-forma)

FOOD

Services  
Contributed 5.8% to Q1'18 Revenues



-5.8%  
vs. Q1'17 (Pro-forma)

FOOD

*Compared to reported Q1'17 numbers, M&D declined by 7.3%, Catering grew by +28.6% and Services declined by -5.8%.*

# Q1'18 Revenue growth by business division

NON-FOOD

NON-FOOD

NON-FOOD

NON-FOOD

FMCG & Pharma  
Contributed 29.7% to Q1'18 Revenues



+10.8%  
vs. Q1'17 (Pro-forma)

Industrials  
Contributed 2.4% to Q1'18 Revenues



-8.0%  
vs. Q1'17 (Pro-forma)

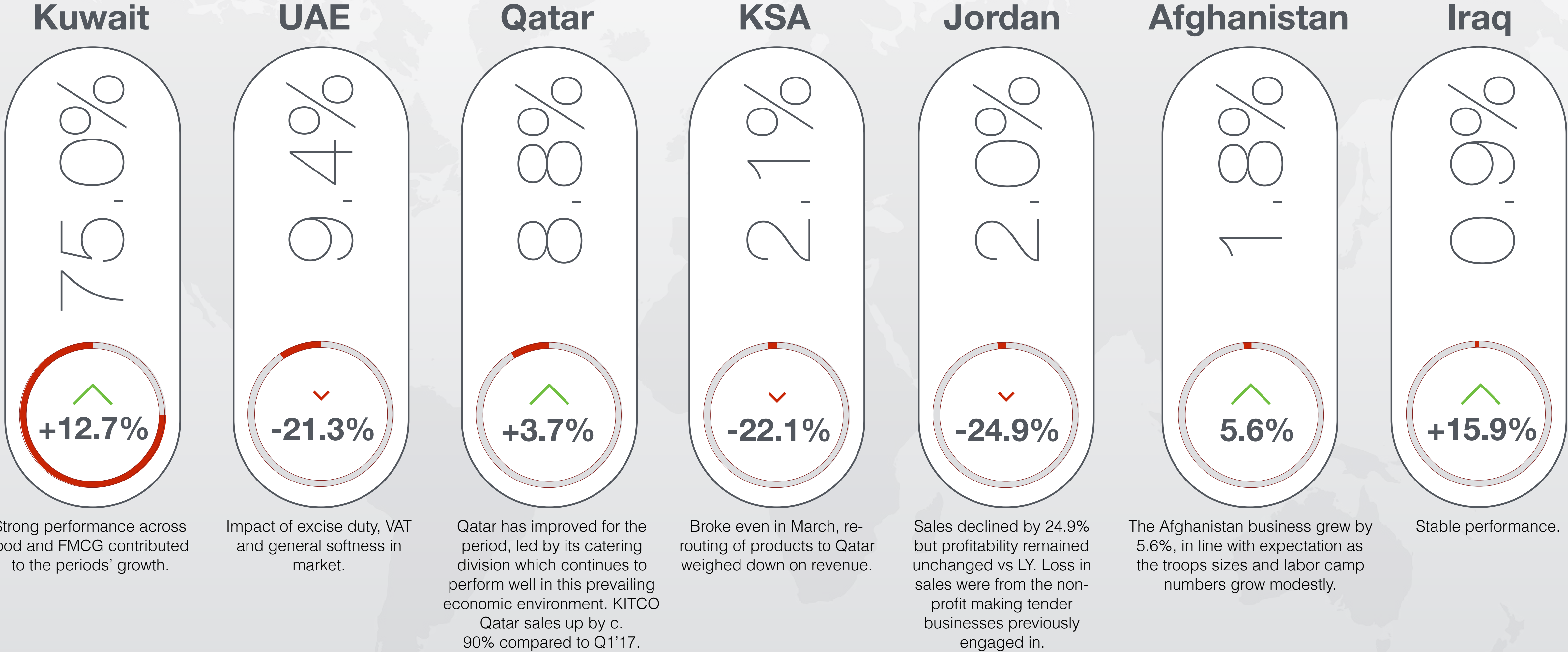
Growth numbers vs. Q1-2017 have been calculated based on pro-forma Q1-2017 assuming IFRS 15/9 changes were done then, to enable a like for like comparison.  
Compared to reported Q1'17 numbers, FMCG & Pharma grew by 10% and Industrials declined by 8.3%



# Q1'18 Revenue by contribution & growth by country

Revenue contribution to total Group revenues in Q1'18 compared to Q1'17

Revenue growth in Q1'18 compared to Q1'17



Compared to reported Q1'17 numbers, Kuwait grew by 10.1%, UAE declined by 29.2%, Qatar grew by 3.5%, Saudi declined by 22.9%, Jordan declined by 25.5%, Afghanistan grew by 5.6% and Iraq grew by 15.9%.

# Q1'18 P&L (KD m)

		Q1'18 (Reported)	Q1'17* <small>*Pro-forma after including IFRS 15 +9 changes</small>	% Change	Q1'17 (Reported)	% Change
Revenue		58.8	55.8	+5.4%	57.5	+2.2%
Gross Profit		13.4	13.4	-0.5%	15.2	-11.9%
	GPM%	22.7%	24.1%		26.4%	
SG&A Expenses		-7.6	-7.6	+0.8%	-9.1	+17.2%
Financing Costs and Others		-0.5	-0.4	-31.1%	-0.4	-31.1%
Underlying Profit before tax		5.3	5.4	-2.6%	5.6	-6.6%
Tax		-0.2	-0.3	+11.3%	-0.3	+11.3%
Net Profit		5.0	5.1	-2.1%	5.4	-6.4%
	UNPM%	8.5%	9.2%		9.3%	
Net Profit Attributable to Equity Holders of Parent Company		5.0	5.1	-2.1%	5.3	-6.2%



# Q1'18

## Cash Flow (KD m)

Operating Cash Flow before WC changes

Working Capital

### Operating Cash Flow

CAPEX / Other investing activities

### Cash Flow before financing

Finance Cost and Others

### Change in Net Debt

**Q1'18**  
(Reported)

**Q1'17\***  
\*Pro-forma  
after including  
IFRS 15 +9 changes

Diff.

**Q1'17**  
(Reported)

Diff.

7.5

7.3

0.2

7.5

0.0

-3.6

-7.5

3.9

-7.5

3.8

**3.9**

**-0.2**

**4.1**

**0.0**

**3.8**

-3.5

-3.0

-0.5

-3.0

-0.5

**0.4**

**-3.2**

**3.6**

**-3.0**

**3.4**

-0.4

-0.5

0.1

-0.5

0.1

**0.0**

**-3.7**

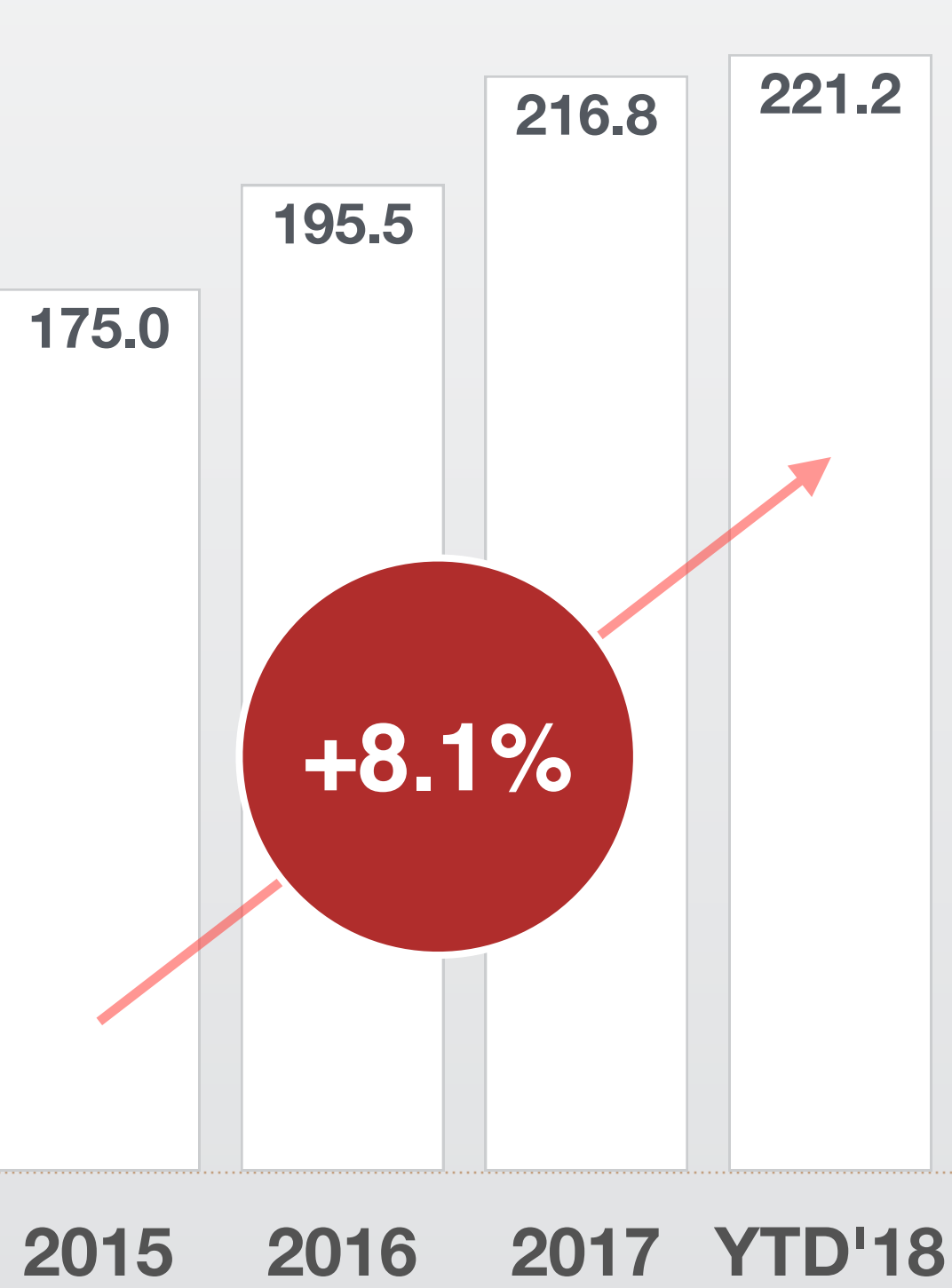
**3.7**

**-3.4**

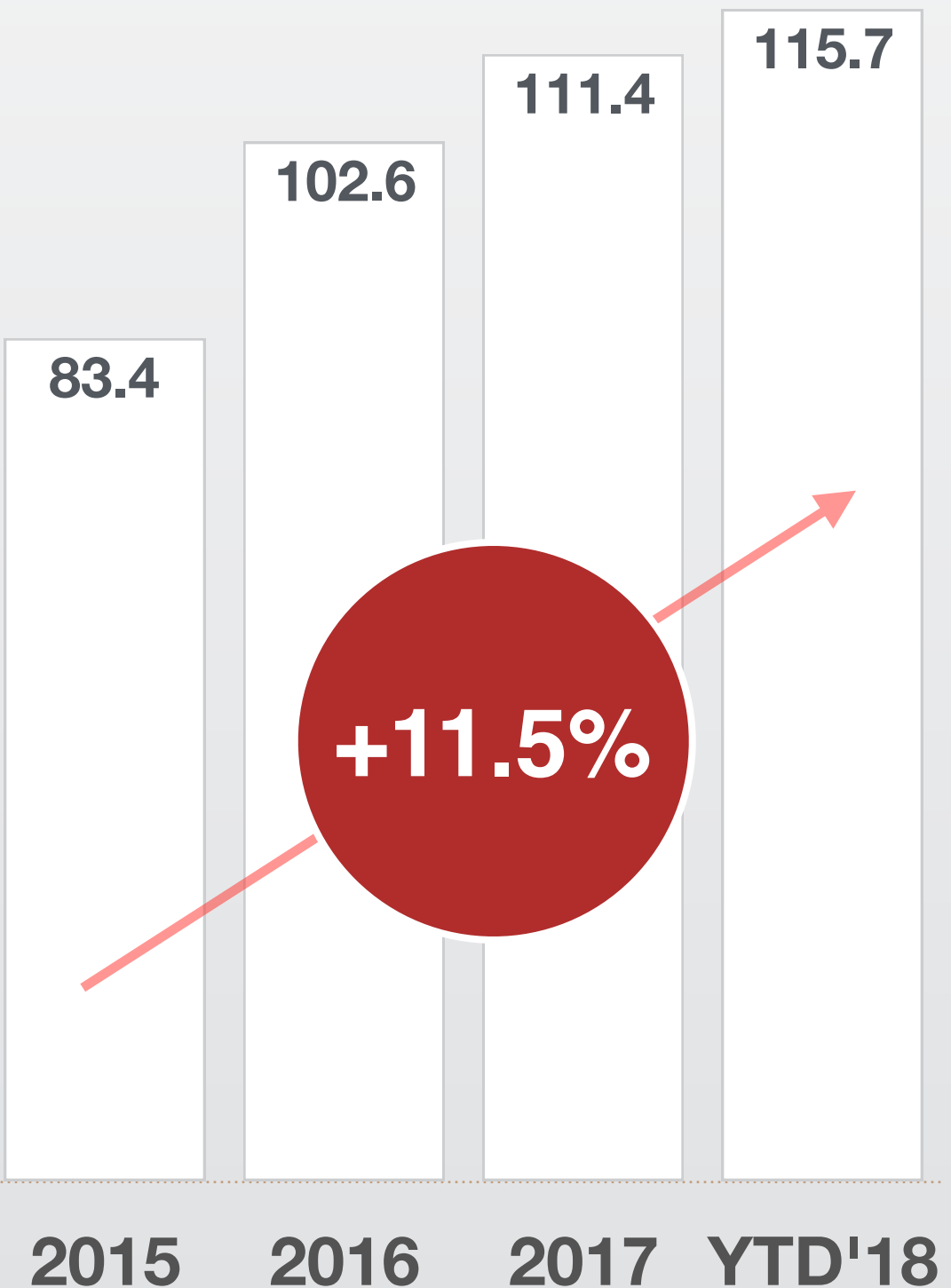
**3.4**

# Q1'18 Balance Sheet (KD m)

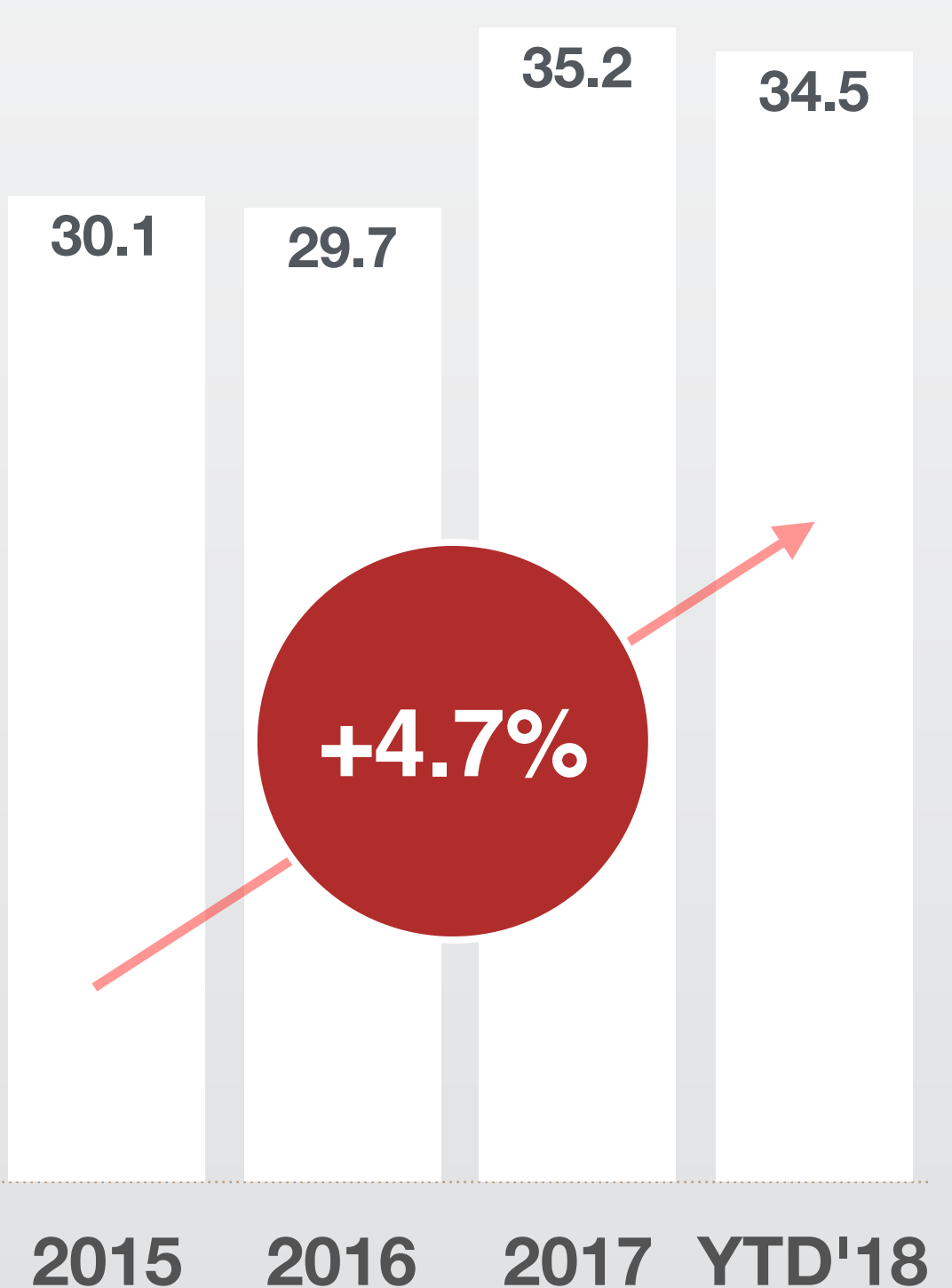
## Total Assets



## Equity

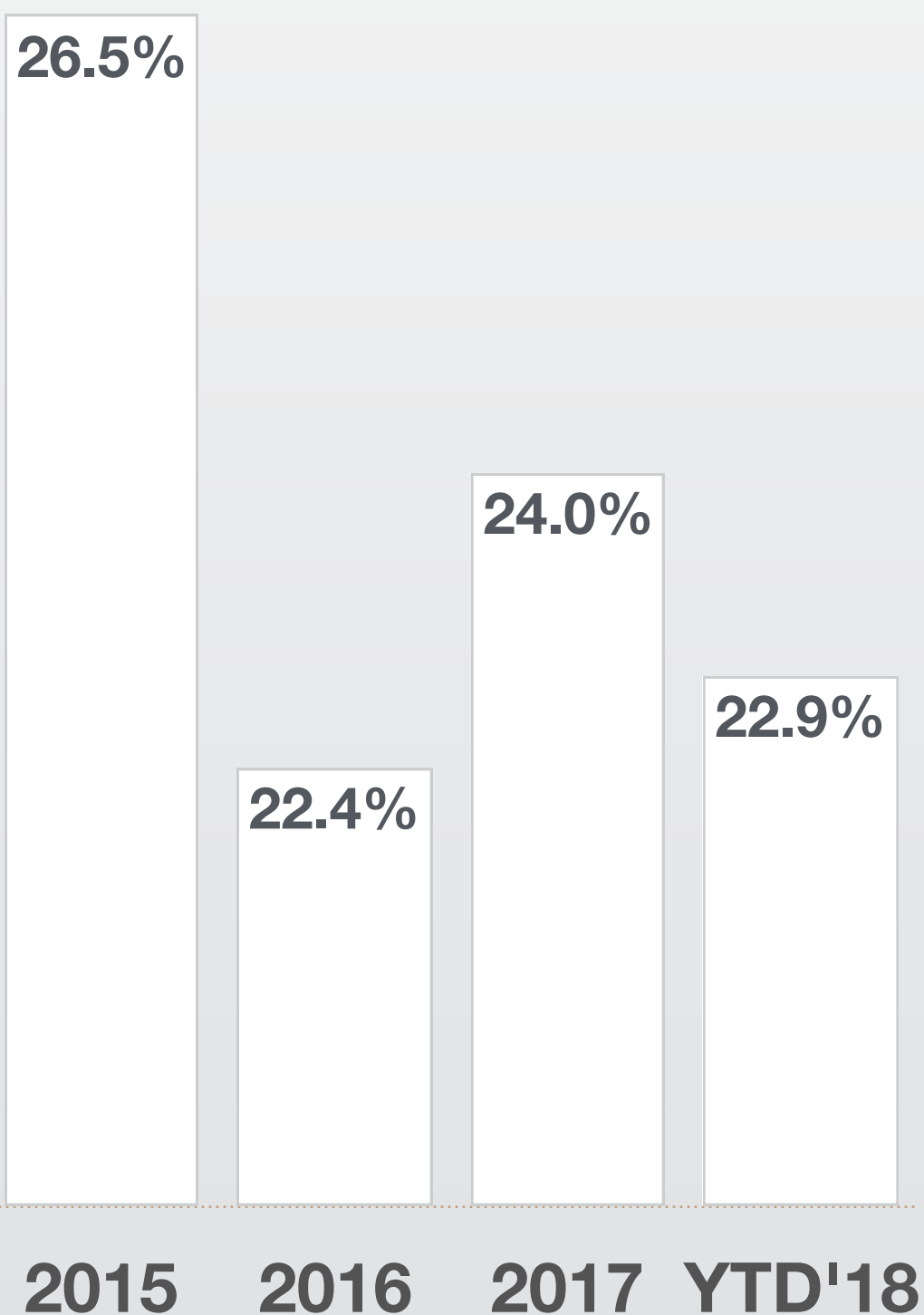


## Net Debt



## Net Debt to Equity (%)

Shareholder Equity







# 2018 Guidance

*No Change*

**Revenue**

**2017**

204.5 m

**2018 Guidance**

HSD to LDD  
Growth

**Net Profit**

12.9 m

DD Growth

**Capex**

c.8%  
of Revenue

c.5%  
of Revenue



# 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)

