



میزان القابضة ش.م.ك.ع.
MEZZAN HOLDING K.S.C.P.

Date: 11/11/2018

Ref.: MHC/Disclosure/2018/053

Bursa Kuwait Company

Mubarak Al Kabeer St.
AlSharq, Kuwait
P.O.Box 22235 Safat, 13083 Kuwait

Subject: Supplementary Disclosure from Mezzan Holding on Investor Conference Call for Q3-2018

Reference to the above subject and pursuant to the provisions of Clause 24 of Article (4-1-1), Chapter 4 of Module 10 (Disclosure and Transparency) of the Executive Bylaws of Law No. 7 of 2010 concerning establishment of the Capital Markets Authority.

Attached is the PowerPoint presentation shared with of the Analysts and Investors at the Conference Call for Q3-2018 results.

Mezzan Holding Company KSCP

Walid Ali Khalil

Group Legal Manager





Supplementary Disclosure Form

Date	11/11/2018
Name of Listed Company	Mezzan Holding Company KSCP
Disclosure title	Subject: Supplementary Disclosure from Mezzan Holding on Investor Conference Call for Q3-2018
Date of Previous Disclosure	11/11/2018
Developments that occurred to the disclosure	Attached is the PowerPoint presentation shared with of the Analysts and Investors at the Conference Call for Q3-2018 results.
The financial effect of the occurring developments (if any)	-

Mezzan Holding Company KSCP

Walid Ali Khalil

Group Legal Manager





Q3 2018 Earnings Presentation

November 8, 2018



شركة ميزان القابضة
MEZZAN HOLDING CO.



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Agenda

- Headwinds & Tailwinds
- Q3 2018 Highlights
- Historical Performance
- Financial Review



By Families
For Families



Mezzan Today: Q3'18 Headwinds

- Unsubsidized impact of excise duties on energy drinks & persistence of grey market. Savings on restructuring effective Q4
- Delay in delivering products of recent snack capacities on the shelves in KSA, UAE and Qatar toward end of the quarter
- Further delay in moving into the centralized Kuwait Warehouse, now moving in Q4
- Trend of potato prices putting pressure on the relevant unit's margins, with no opportunity to recover and likely to persist through Q4'18 before reversing in Q1'19







Mezzan Today: Q3'18 Tailwinds

- Continued strong top-line growth from Kuwait and Catering
- Listings completed in key accounts in KSA towards end of Q3 and expanded distribution capacities into Jeddah & Dammam
- Water sales continue to grow in Kuwait as we continue to ramp-up utilization of the new line
- Continue rollout of HHT technologies across business regionally



Mezzan Today: Q3'18 Highlights

KD Millions

	 Q3'18 (Reported)	 Q3'17 (Reported)	% <i>Change</i>	Q3'17 (Pro-forma)*	% <i>Change</i>	 YTD'18 (Reported)	 YTD'17 (Reported)	% <i>Change</i>	YTD'17 (Pro-forma)*	% <i>Change</i>
Revenue	52.0	49.8	+4.5%	48.9	+6.3%	161.5	157.6	+2.5%	154.0	+4.9%
Gross Profit	10.4	12.7	-17.9%	11.8	-12.1%	35.1	40.6	-13.5%	36.9	-5.0%
EBITDA	3.4	4.7	-28.3%	4.8	-28.3%	14.6	16.1	-9.2%	15.9	-8.1%
Net Profit	1.2	2.8	-56.3%	2.8	-56.4%	8.0	10.1	-20.5%	9.9	-18.9%

*Attributable to Equity
Holders of Parent
Company*

- 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 YTD 2017, selling and distribution expenses of KD3.4 million and sales returns of KD0.2 million would have been netted off against sales had the IFRS changes been implemented then. The YTD'2018 *reported* numbers include these changes (to the tune of KD4.0 million and KD0.2 million, respectively).

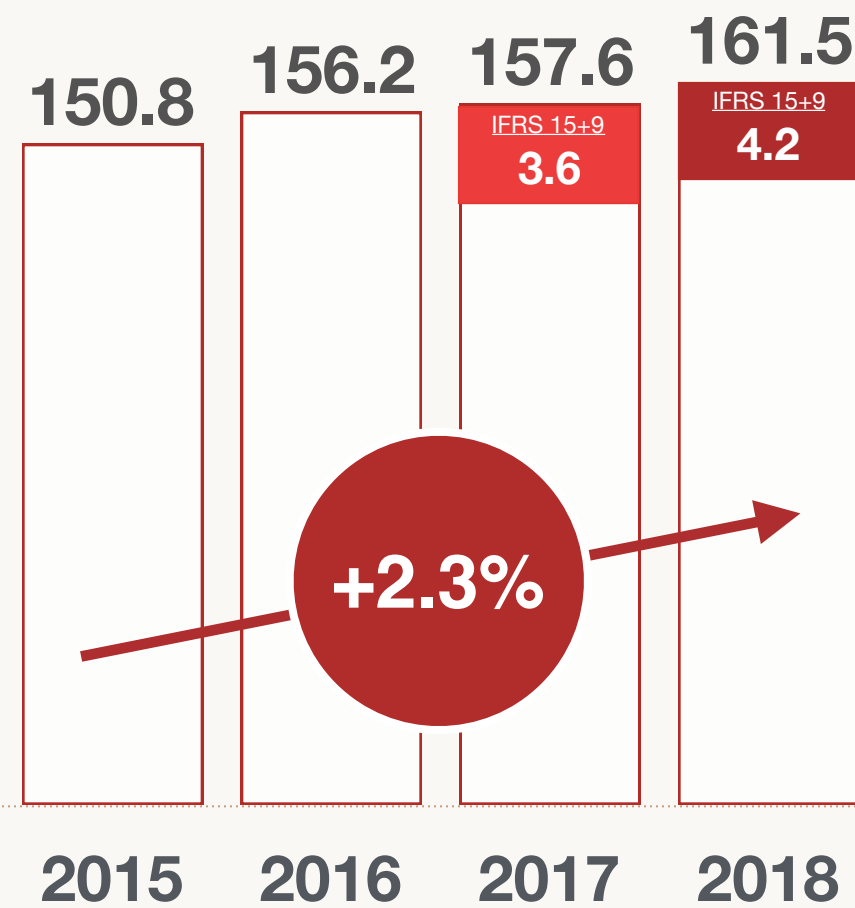


Mezzan Today: Historical Performance.

As of Sep 30, 2018 for each year

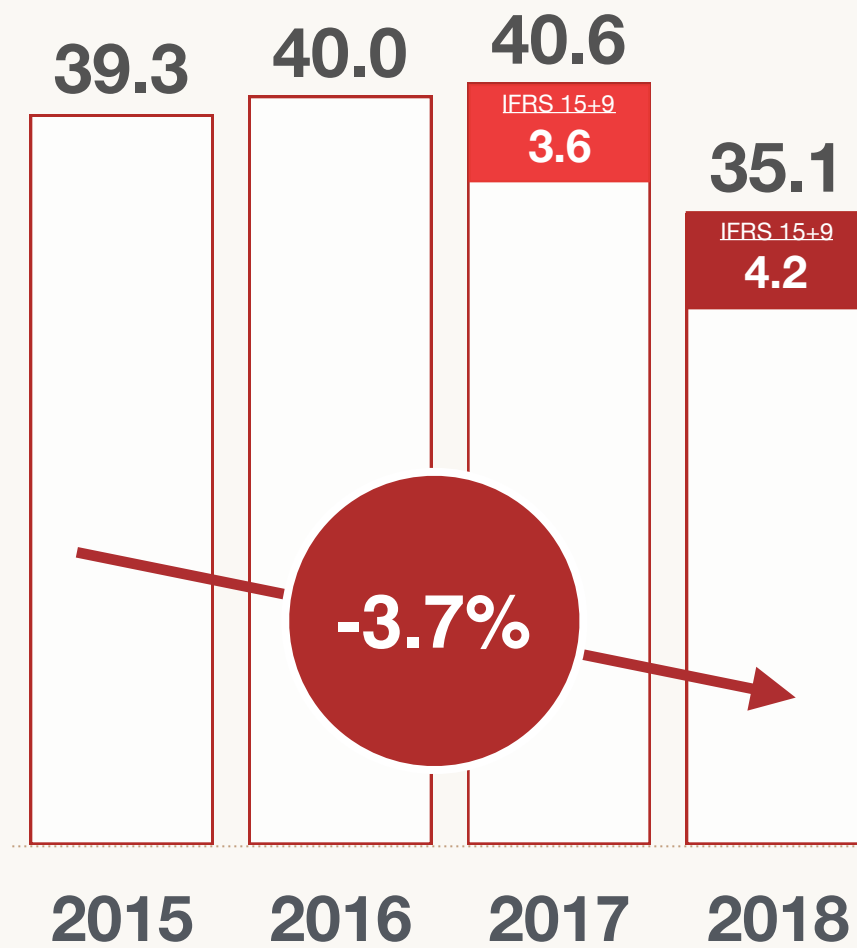
KD Millions

Revenue



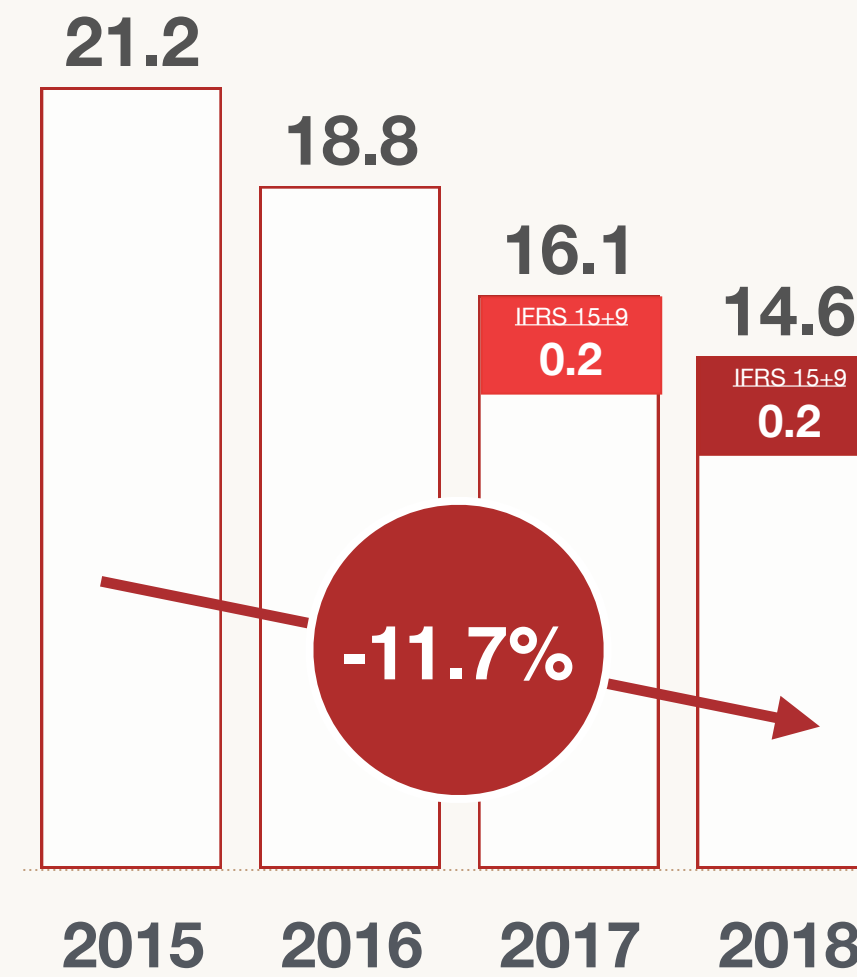
Revenue for the period was up a modest 2.5%; supported by Food Catering and Services as well as non Food FMCG but constrained by Food M&D

Gross Profit



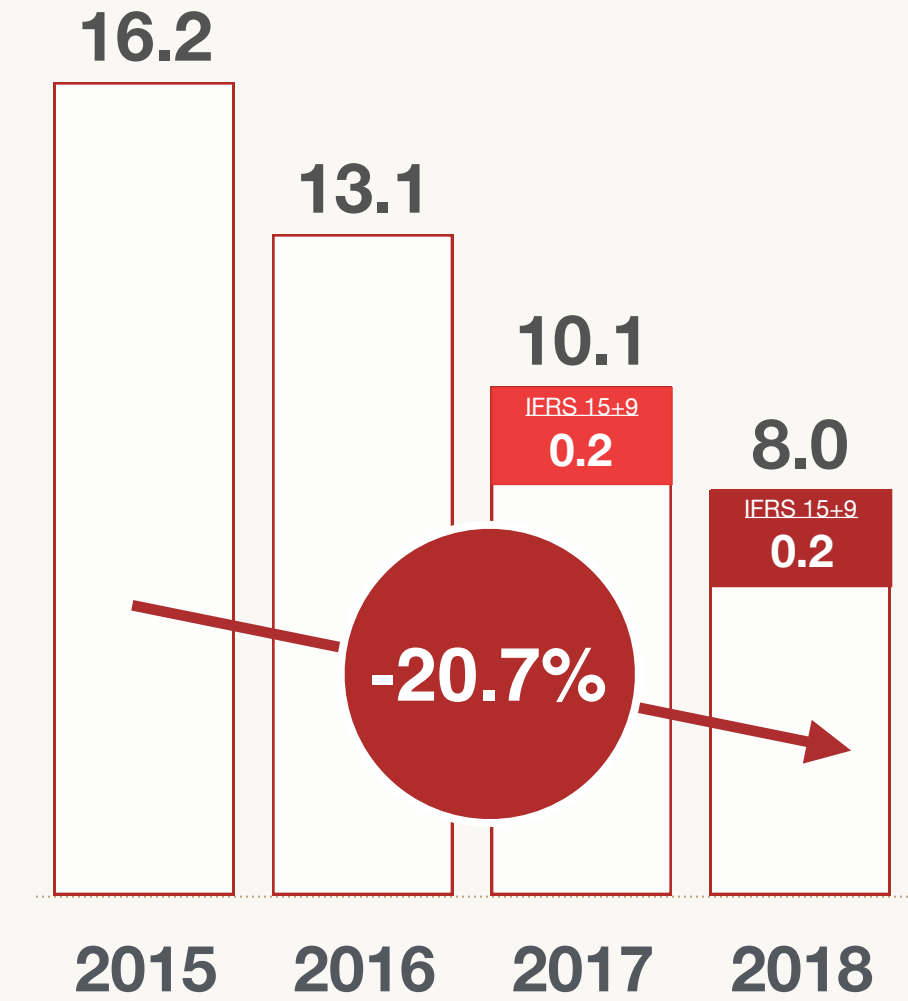
Gross Profit under pressure given reclassification of IFRS treatment; and drop in sales in the UAE and recent trends in potatoes prices

EBITDA



EBITDA fell by 1.5% vs LY driven mainly by a decline in overall gross margins primarily driven by performance in UAE

Net Profit



Mezzan net income decreased by 21.3% compared to LY driven by the decline of operating profits. Finance costs also increased

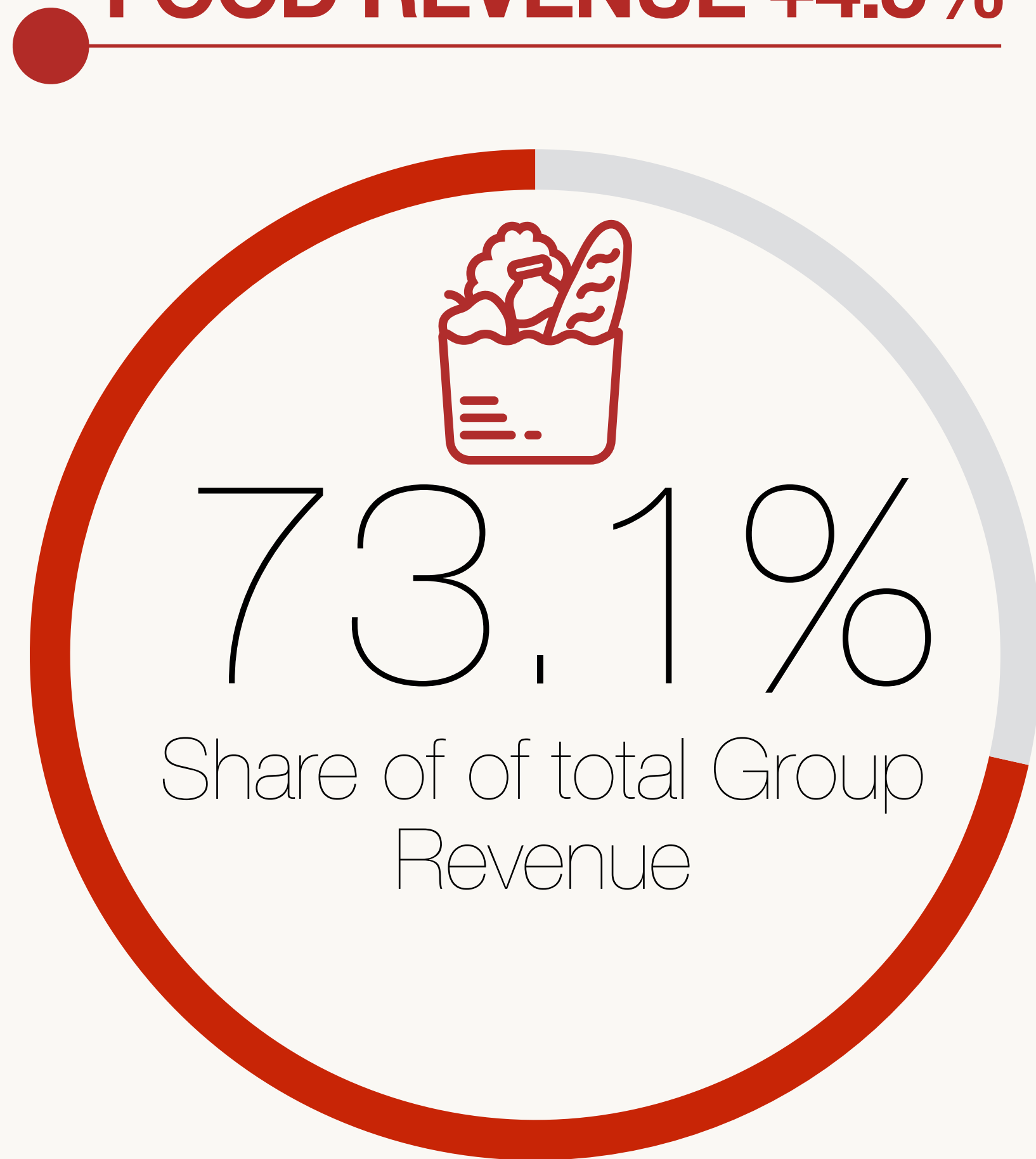
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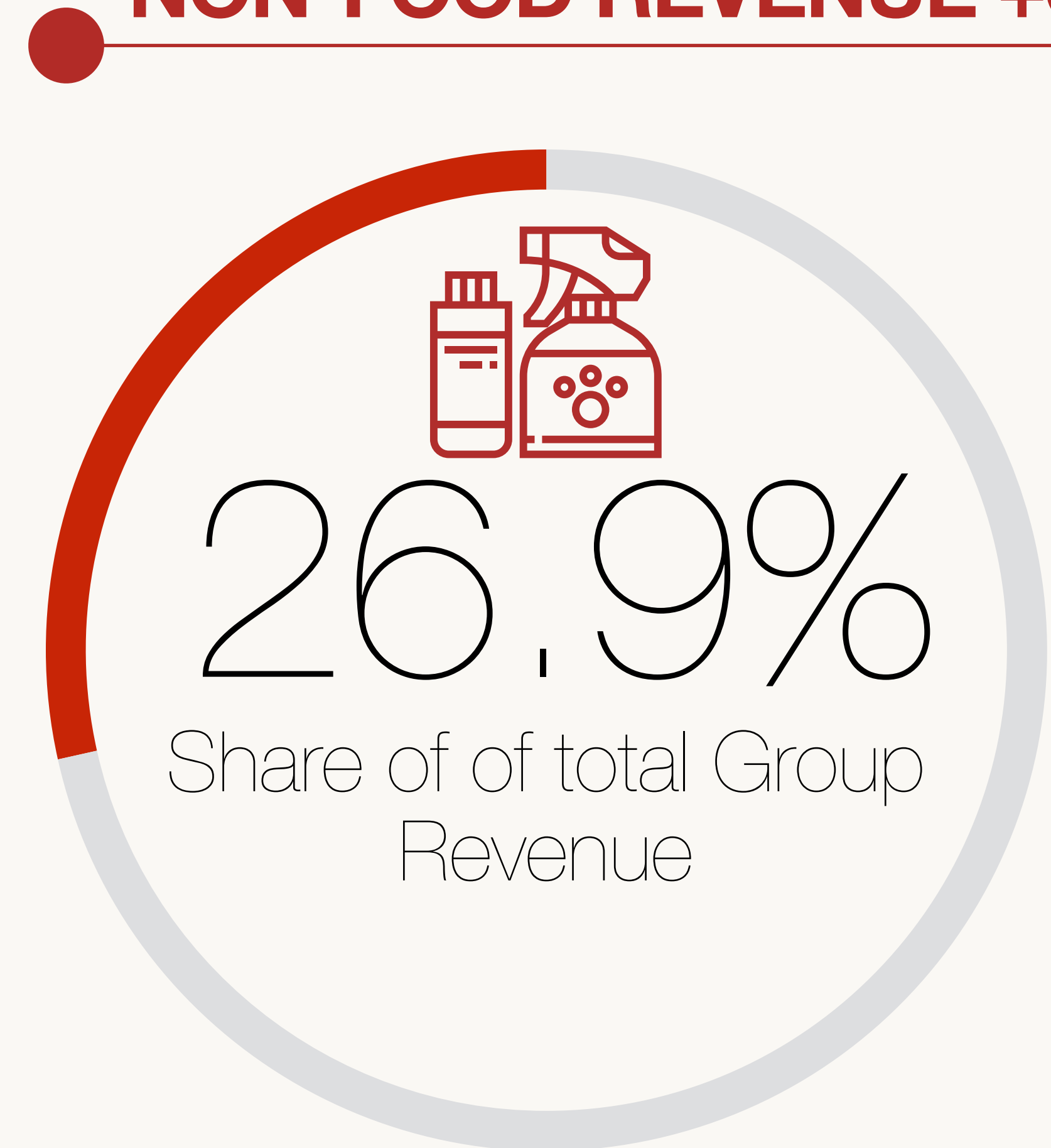
YTD'18 Revenue: Contribution by Business Line

Vs. YTD'17 (Pro-Forma)

FOOD REVENUE +4.5%



NON-FOOD REVENUE +6.4%



Growth results vs. YTD-2017 have been calculated based on pro-forma YTD-2017 assuming IFRS 15+9 changes were done then, to enable a like for like comparison. Growth in YTD'18 "reported" vs. YTD'17 "reported" results are +1% for the Food Business Line, and +6% for the Non-Food Business Line.



YTD'18 Revenue Growth by Business Division

Vs. YTD'17 (Pro-Forma)

FOOD



Manufacturing & Distribution

Contributed 48.1% to YTD'18 Revenues



-4.3%
vs. YTD'17 (Pro-forma)

Catering

Contributed 18.0% to YTD'18 Revenues



+34.6%
vs. YTD'17 (Pro-forma)

Services

Contributed 7.0% to YTD'18 Revenues



+11%
vs. YTD'17 (Pro-forma)

Growth results vs. YTD-2017 have been calculated based on pro-forma YTD-2017 assuming IFRS 15+9 changes were done then, to enable a like for like comparison. Compared to reported YTD'17 results, M&D declined by -8.3%, Catering grew by +34.4% and Services grew by +8.2%.



YTD'18 Revenue Growth by Business Division

Vs. YTD'17 (Pro-Forma)

NON-FOOD



FMCG &
Pharma
Contributed 24.4%
to YTD'18 Revenues



+7.5%
vs. YTD'17 (Pro-forma)

Industrials
Contributed 2.5% to
YTD'18 Revenues



-3.2%
vs. YTD'17 (Pro-forma)

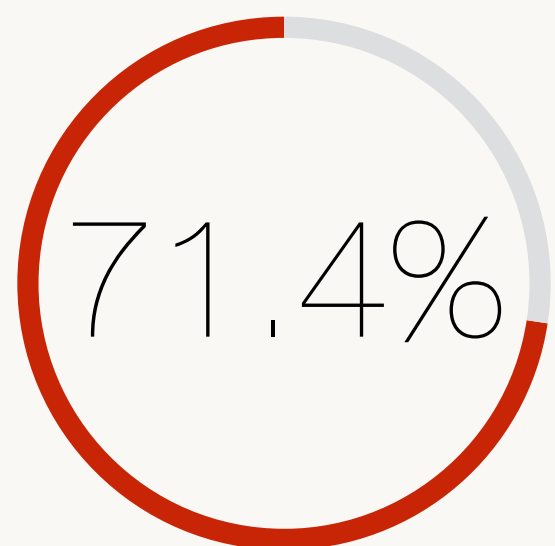
Growth results vs. YTD-2017 have been calculated based on pro-forma YTD-2017 assuming IFRS 15+9 changes were done then, to enable a like for like comparison. Compared to reported YTD'17 results FMCG & Pharma grew by +7.3% and Industrials declined by -3.0%



Q3'18 Revenue by Contribution and Growth by Country

Vs. YTD'17 (Pro-Forma)

Kuwait



+11.4%

Continued strong performance especially in Water, FMCG & Catering

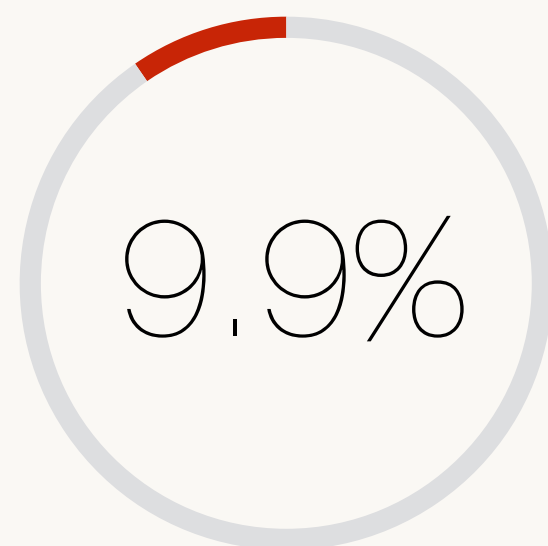
UAE



-23.6%

Persistence of impact of excise duty which annualized 1 October 2018. Restructuring savings to commence in Q4 Supply of locally manufactured snacks towards end of Q3.

Qatar



+6.8%

Sales have grown given the strong performance of Catering. Supply of local snacks towards end of Q3.

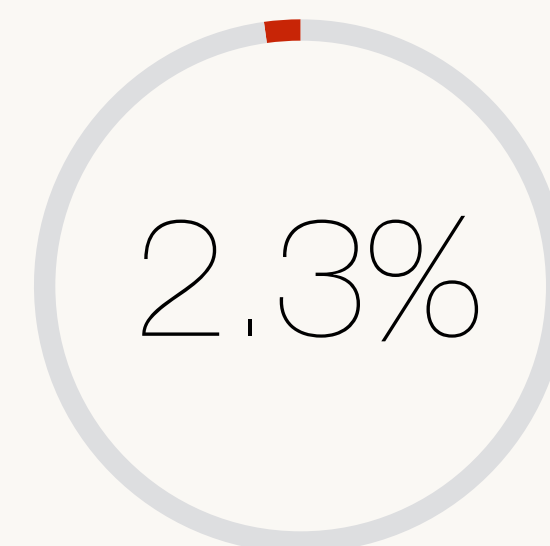
KSA



-16.6%

Delay in delivering products of recent snack capacities on the shelves in KSA and late listings with key accounts

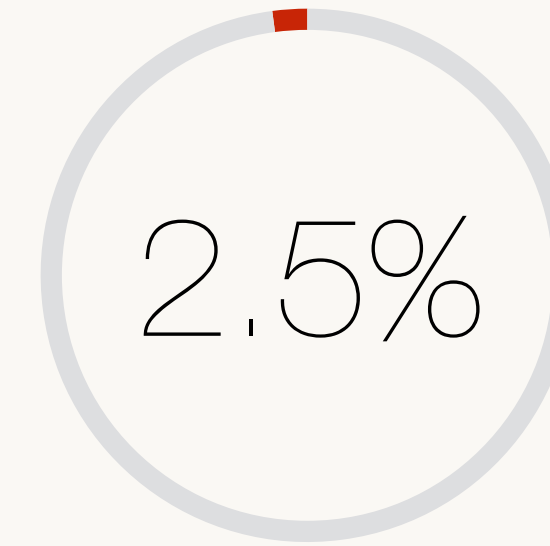
Jordan



-9.8%

The loss in sales has not impacted profitability due to their low.

Afghanistan



+34.8%

Strong growth due to increased sales in the fruits and vegetables business compared to a low LY

Iraq



+8.5%

Stable performance.

Compared to reported YTD'17 performance, Kuwait grew by 9.0%, UAE declined by 27.8%, Qatar grew by 6.7%, Saudi declined by 17.1%, Jordan declined by 10.5%, Afghanistan grew by 34.8% and Iraq grew by 8.5%.



YTD'18 P&L

KD Millions

	● Q3'18 (Reported)	● Q3'17 (Reported)	% <i>Change</i>	● YTD'18 (Reported)	● YTD'17 (Reported)	% <i>Change</i>
Revenue	52.0	49.8	+4.5%	161.5	157.6	+2.5%
Gross Profit	10.4	12.7	-17.9%	35.1	40.6	-13.5%
GM%	20.0%	25.5%		21.7%	25.7%	
SG&A	(8.5)	(9.2)	-7.7%	(24.7)	(28.1)	+11.8%
Others	(0.8)	(0.7)	+15.0%	(2.0)	(1.9)	-4.0%
Underlying Profit (Pre-Tax)	1.2	2.8	-58.5%	8.3	10.6	-21.2%
Tax	(0.1)	(0.1)	+51.7%	(0.4)	(0.5)	+20.2%
Net Profit	1.1	2.7	-58.8%	7.9	10.1	-21.3%
UNPM%	2.1%	5.4%		4.9%	6.4%	
Net Profit	1.2	2.8	-56.3%	8.0	10.1	-20.5%

Attributable to Equity Holders of Parent Company



YTD'18 Cash Flow

KD Millions

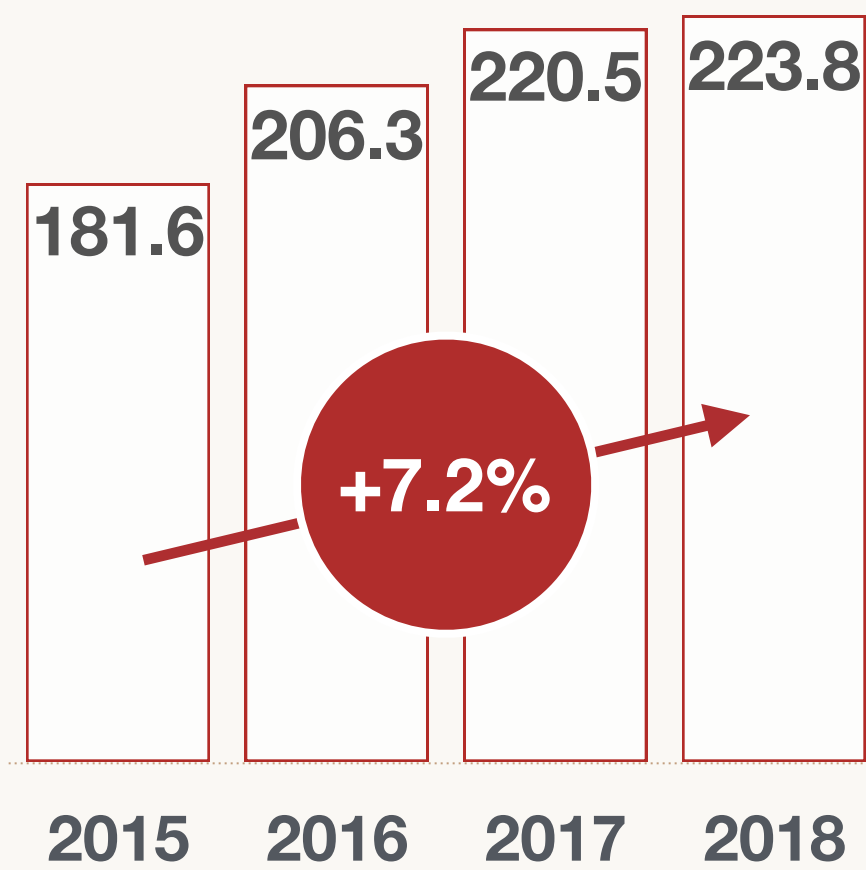
	● Q3'18 (Reported)	● Q3'17 (Reported)	Diff.	● YTD'18 (Reported)	● YTD'17 (Reported)	Diff.
Operating Cash Flow before WC Changes	3.7	5.3	-1.6	15.6	17.7	-2.1
Working Capital	0.3	4.2	-3.9	-6.0	-4.1	1.9
Operating Cash Flow	4.0	9.5	-5.5	9.6	13.6	-4.0
CAPEX/Other Investing Activities	-1.6	-4.0	2.4	-8.1	-9.8	1.7
Cash Flow Before Financing	2.4	5.5	-3.0	1.5	3.8	-2.3
Dividends/Financing/Other	-2.3	-0.9	-1.4	-12.8	-10.7	-2.1
Increase in Net Debt	0.1	4.6	-4.4	-11.3	-6.9	-4.4



Balance Sheet as of Sep 30th

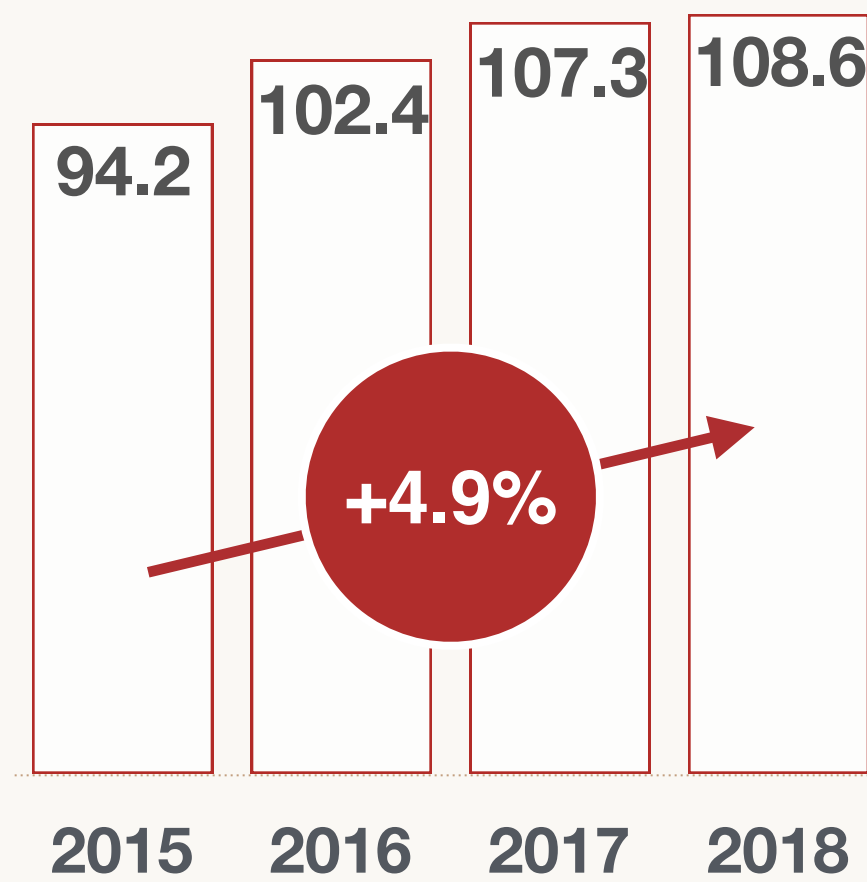
Total Assets

KD Millions



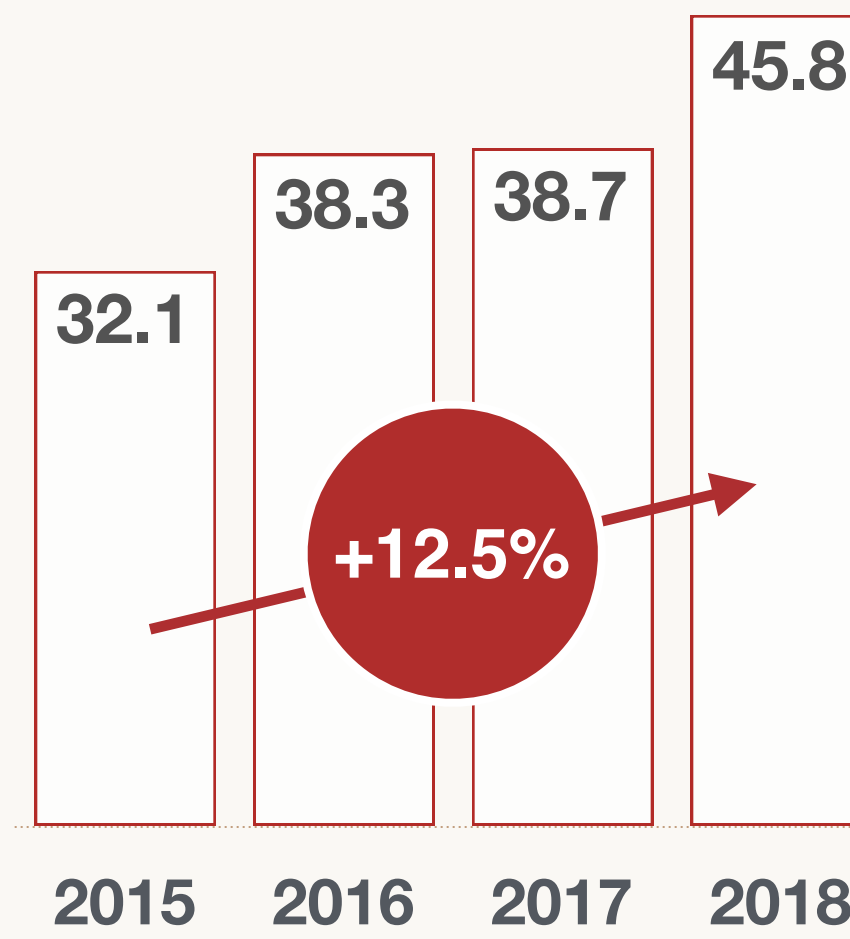
Equity

KD Millions



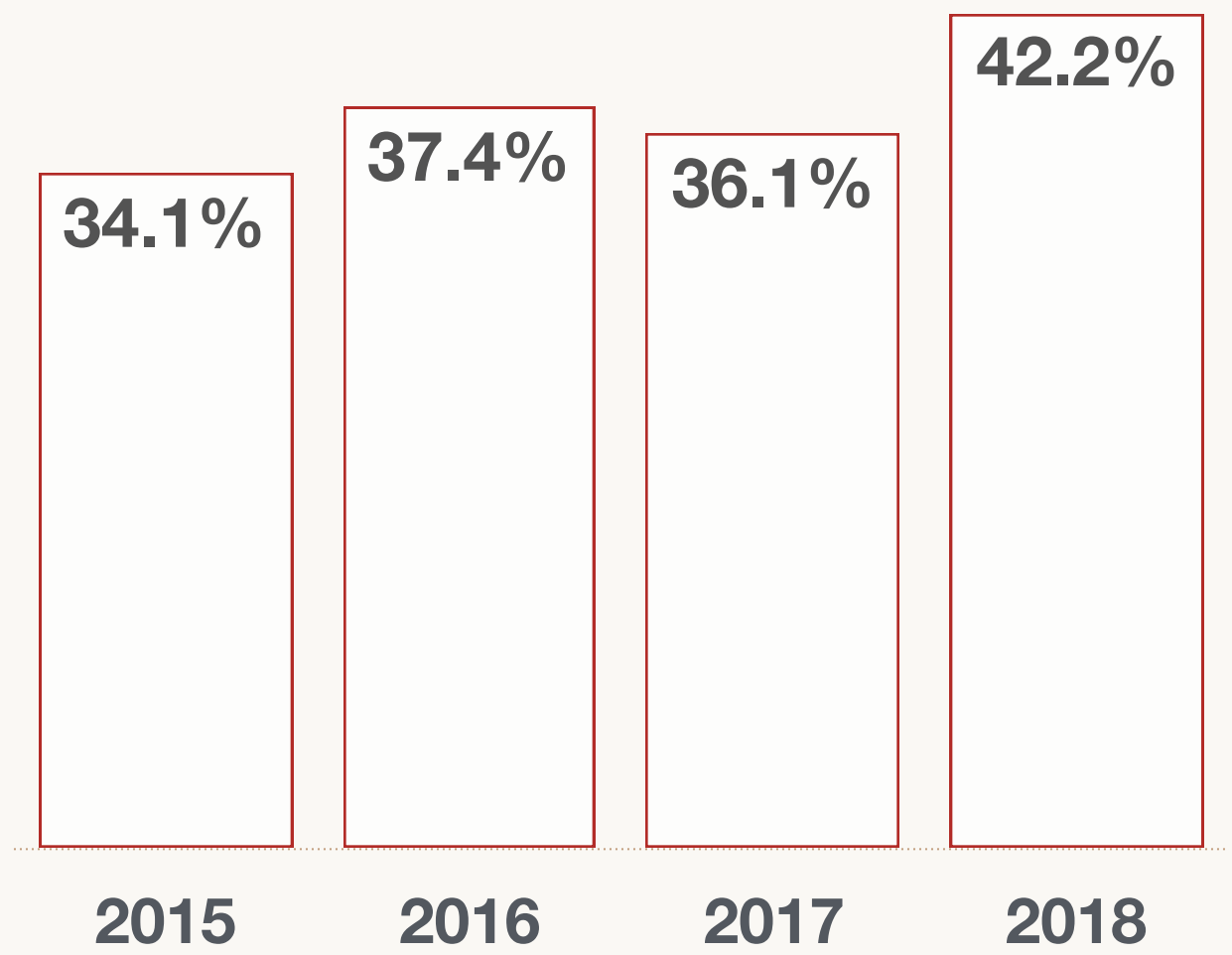
Net Debt

KD Millions



Net Debt to Equity (%)

KD Millions





Key Contacts

Mohammad Khajah

Head of Corporate Development and Investor Relations

Mezzan Holding

T: +965 2228 6336

M : +965 9977 0147

E : mohammed.Khajah@mezzan.com