



FY2018 Earnings Presentation

March 21, 2019



شركة ميزان القابضة
MEZZAN HOLDING CO.



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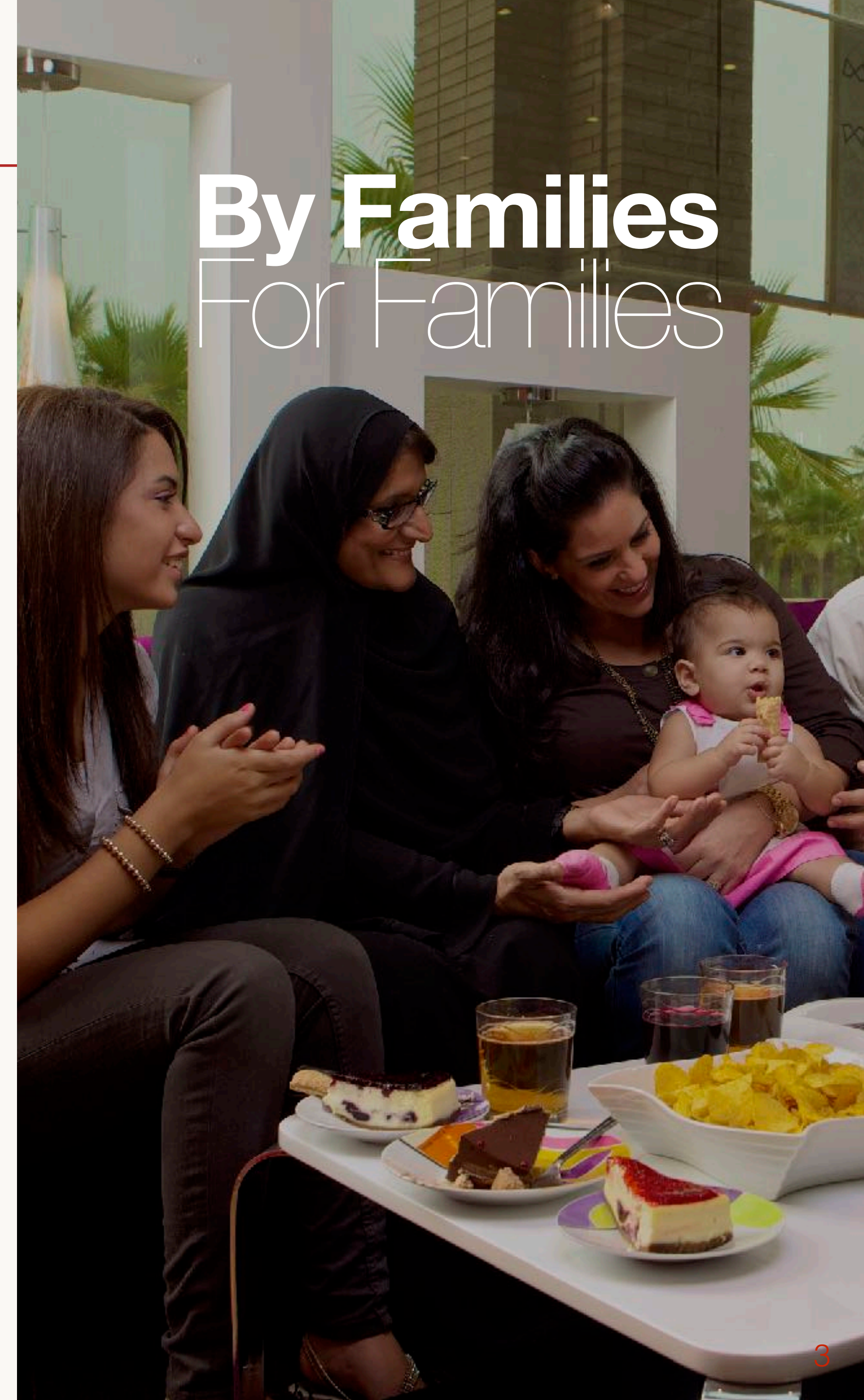
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Agenda

- **FY2018 Highlights**
 - Headwinds & Tailwinds
 - Results
 - Capex Update
- **Dividend Recommendation**
- **Financial Review**
- **2019 Guidance**

By Families
For Families





Mezzan Today: FY18 Headwinds

- Full year impact post implementation of excise duty on energy drinks in UAE – persistence of parallel market
- Further delay in reaching breakeven point in KSA due to shortage of supply and delay in listings through-out the year, albeit commenced
- Delay in commissioning of new lines in Qatar, UAE and warehousing in Kuwait. Now done.
- Compression of margins driven by increasing competition, raw materials and operating costs



Mezzan Today: FY18 Tailwinds

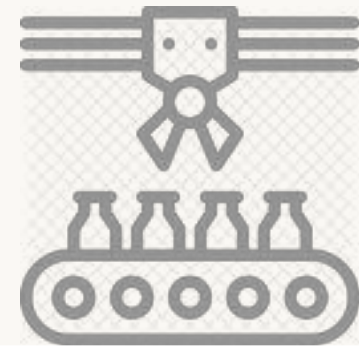
- Stable revenue base despite challenging and complex conditions
- Strong performance in Catering and Services within Food group as well as non-Food FMCG segment
- New Water Line in Kuwait growth within Food M&D
- Strong performance in FMCG sector
- Completed 2 year capex program, despite delayed commissioning in number of projects
- Continued investing in IT infrastructure : WMS in new warehouse in Kuwait and increased coverage of HH on vans regionally








Mezzan Today: Capex Update

2-year capex program completed



Growth / New Plants



Project		Due
Water	KWI	 Q1
KITCO Breadsticks Line	KSA	 Q2
KITCO Chips	UAE	 Q4
KITCO Chips	QTR	 Q4
KSA Extruder Line	KSA	 Q4



Warehouses



Project		Due
Umm Al Ramoul	UAE	 Q3
JAWS 2	KWI	 Q4

PET Bottles Plant



Project	Due
PET Kuwait	 Q2
PET Qatar	 Q2

I.T.



Project
Warehouse Management Software upgrade. Partial Deployment in Q4
Systems & Hand Held Terminals, deployed in most operation centers in Q4



FY2018 Dividend Recommendation

The Board has recommended the distribution of **16 fils per share for the year.**

**CASH
DIVIDEND
PAYOUT RATIO:**

64%



Mezzan Today: FY18 Highlights

KD Millions

	<div></div> FY'18 (Reported)	<div></div> FY'17 (Reported)	<div></div> % Change	<div></div> FY'17 (Pro-forma)*	<div></div> % Change
Revenue	207.5	204.5	+1.4%	200	+3.7%
Gross Profit	44.0	53.4	-17.6%	48.9	-10.0%
EBITDA	16.4	20.9	-21.8%	20.8	-21.1%
Net Profit	7.7	12.9	-40.7%	12.8	-39.1%

*Attributable to Equity Holders of
Parent Company*

Why is Mezzan Holding presenting Reported & Pro-Forma figures?

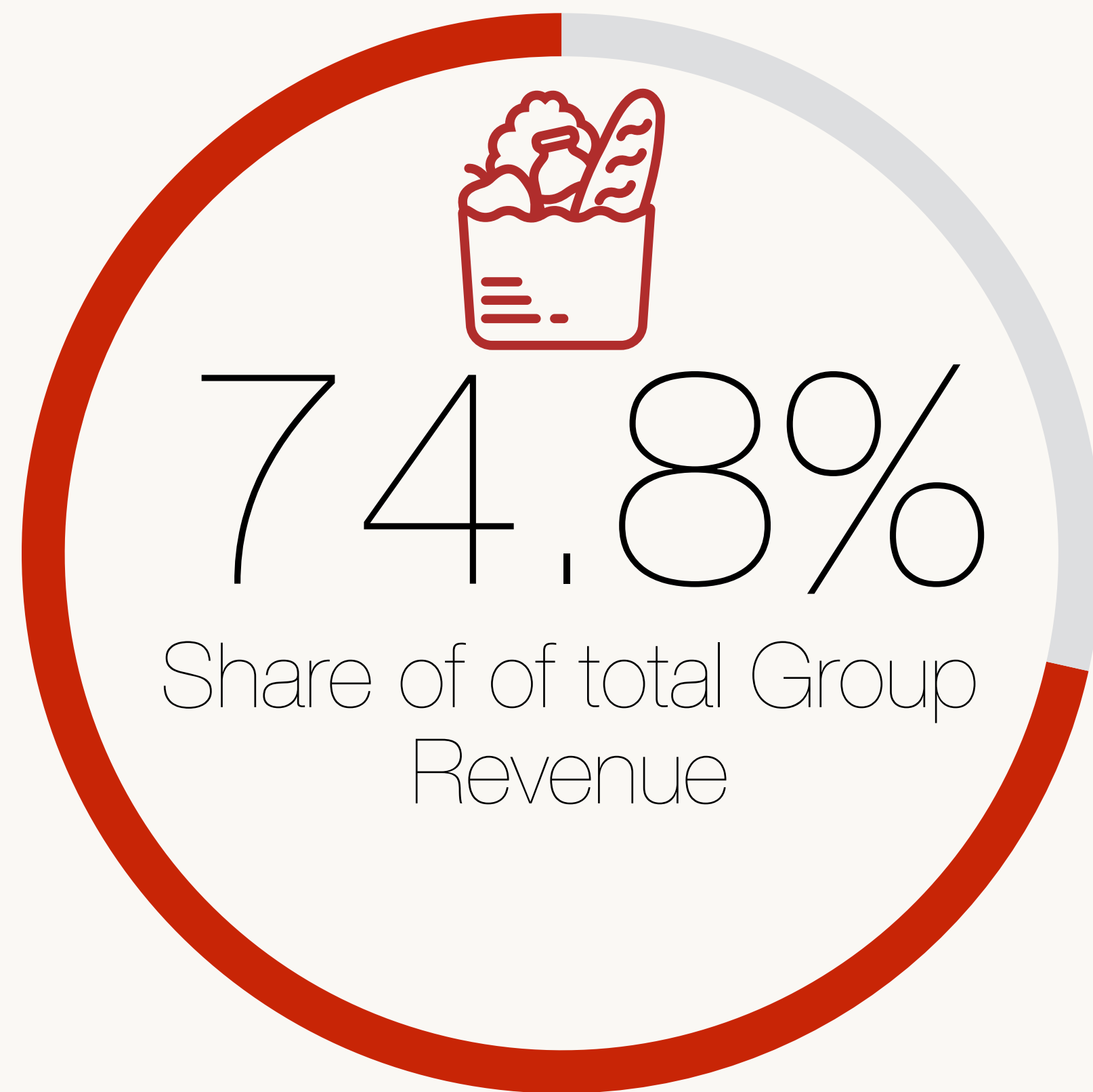
- Effective 1 January 2018, New IFRS standards 15 and 9 for revenue and investments resulted in changes in accounting treatment of sales returns, selling and distribution expenses relating to customers and investments and trade receivables.
- In YTD 2017, selling and distribution expenses of KD4.3 million 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 KD5.6 million and KD0.2 million, respectively).



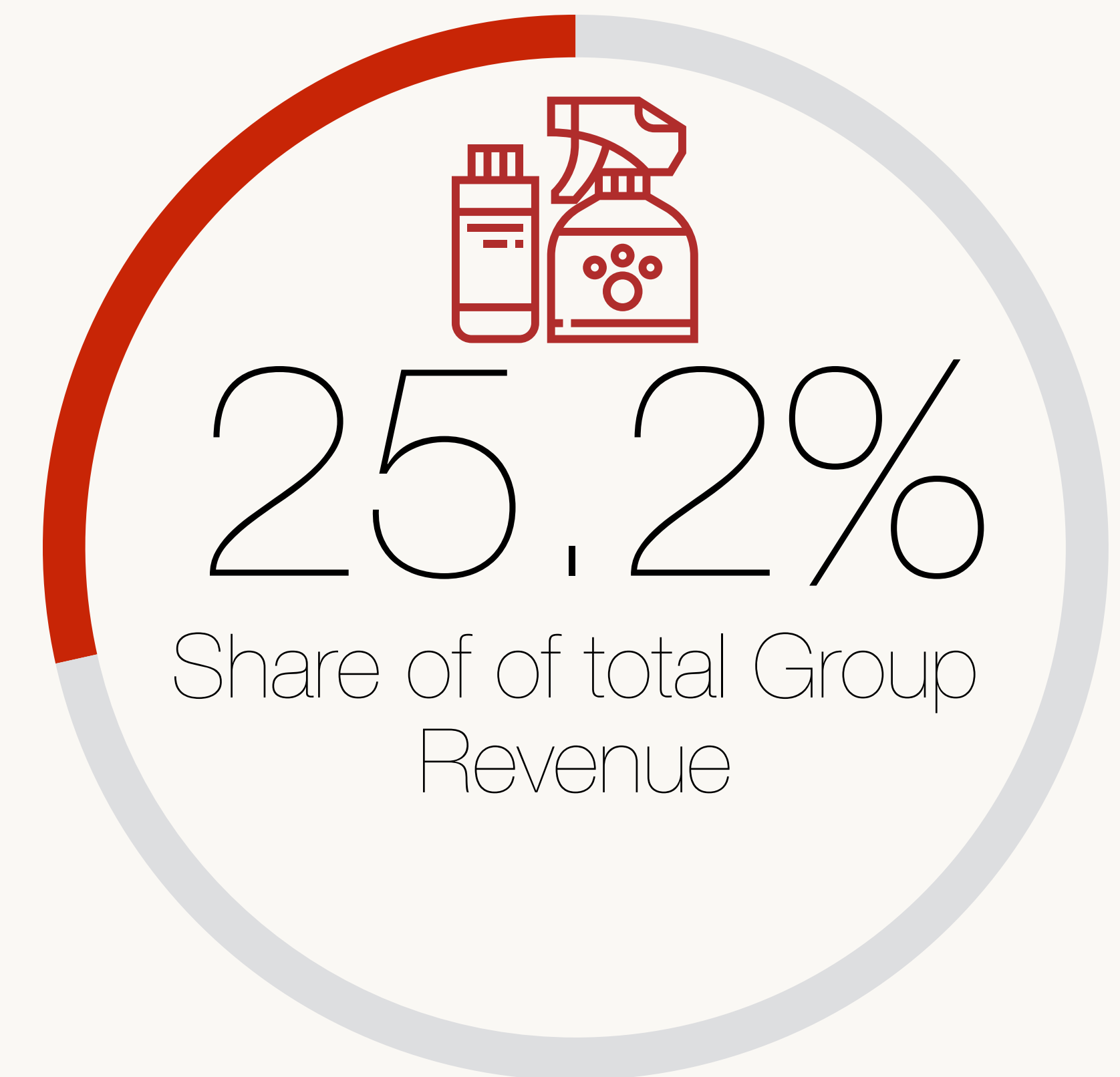
FY18 Revenue: Contribution by Business Line

Growth is Vs. FY17 (Pro-Forma)

FOOD REVENUE +3.6%



NON-FOOD REVENUE +4.0%



2018 revenue growth rates vs. 2017 presented above have been calculated based on pro-forma 2017 assuming IFRS 15+9 changes were done then, to enable a like for like comparison. Compared to reported FY'17 results however, revenue of food group grew by 0.7% while revenue of non food group grew by 3.7%.



FY18 Revenue Growth by Business Division

Growth is Vs. FY17 (Pro-Forma)

FOOD



Manufacturing & Distribution

Contributed 49.0%
to FY18 Revenues



-4.0%
vs. FY17 (Pro-forma)

Catering

Contributed 18.3% to
FY18 Revenues



+28.8%
vs. FY17 (Pro-forma)

Services

Contributed 7.5% to
FY18 Revenues



+8.1%
vs. FY17 (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 -7.8%, Catering grew by +28.8% and Services grew by +8.1%.



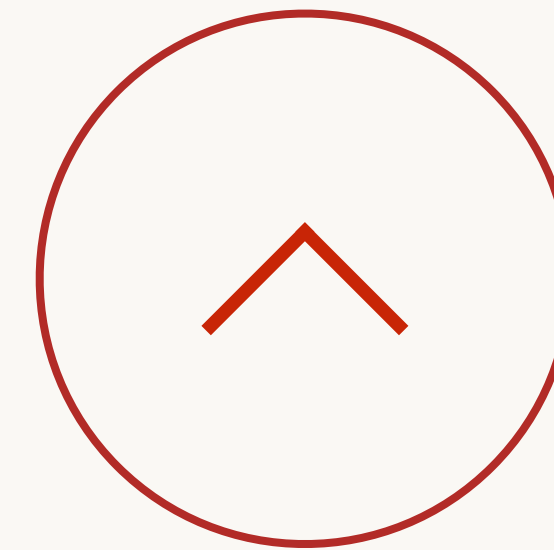
FY18 Revenue Growth by Business Division

Vs. YTD'17 (Pro-Forma)

NON-FOOD



FMCG &
Pharma
Contributed 22.5%
to FY18 Revenues



+5.0%
vs. YTD'17 (Pro-forma)

Industrials
Contributed 2.6% to
FY18 Revenues



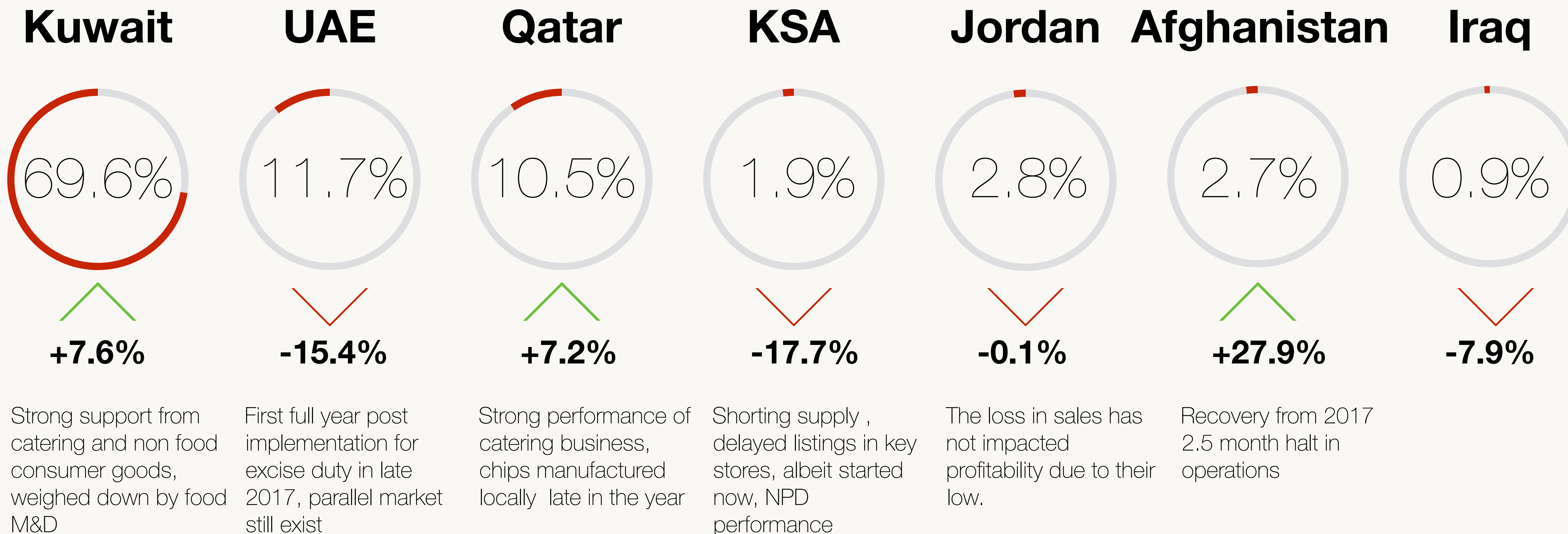
-3.7%
vs. YTD'17 (Pro-forma)

2018 revenue growth rates vs. 2017 presented above have been calculated based on pro-forma 2017 assuming IFRS 15+9 changes were done then, to enable a like for like comparison. Compared to reported FY'17 results however, revenue of FMCG business unit grew by 4.6% YoY while revenue of industrial unit declined by 3.8%.



FY18 Revenue by Contribution and Growth by Country

Vs. FY17 (Pro-Forma)



Compared to reported FY2017 numbers, revenue in Kuwait were +5.4% YoY, -19.9% in UAE, +7.1% Qatar, -18.1% in KSA, -0.7% in Jordan, +27.9% in Afghanistan and -7.9% in Iraq.



FY18 P&L

KD Millions

	<div>●</div> FY'18 (Reported)	<div>●</div> FY'17 (Reported)	<div>●</div> % Change	<div>●</div> FY'17 (Pro-forma)*	<div>●</div> % Change
Revenue	207.5	204.5	1.4%	200	3.7%
Gross Pofit	44	53.4	-17.6%	48.9	-10.0%
<i>GM%</i>	21.2%	26.1%		24.5%	
SG&A	(33.5)	(37.5)	10.7%	(33.2)	-1.0%
Others	(2.8)	(2.4)	-11.7 %	(2.4)	-11.7%
Underlying Profit (Pre-tax)	7.8	13.5	-42.2%	13.3	-41.4%
Tax	(0.4)	(0.6)	35.5%	(0.6)	35.5%
Net Profit	7.4	12.9	-42.6%	12.7	-41.7%
<i>UNPM%</i>	3.6%	6.3%		6.3%	
Net Profit	7.7	12.9	(40.7%)	12.8	(39.9%)

Attributable to Equity
Holders of Parent Company



FY18 Cash Flow

KD Millions

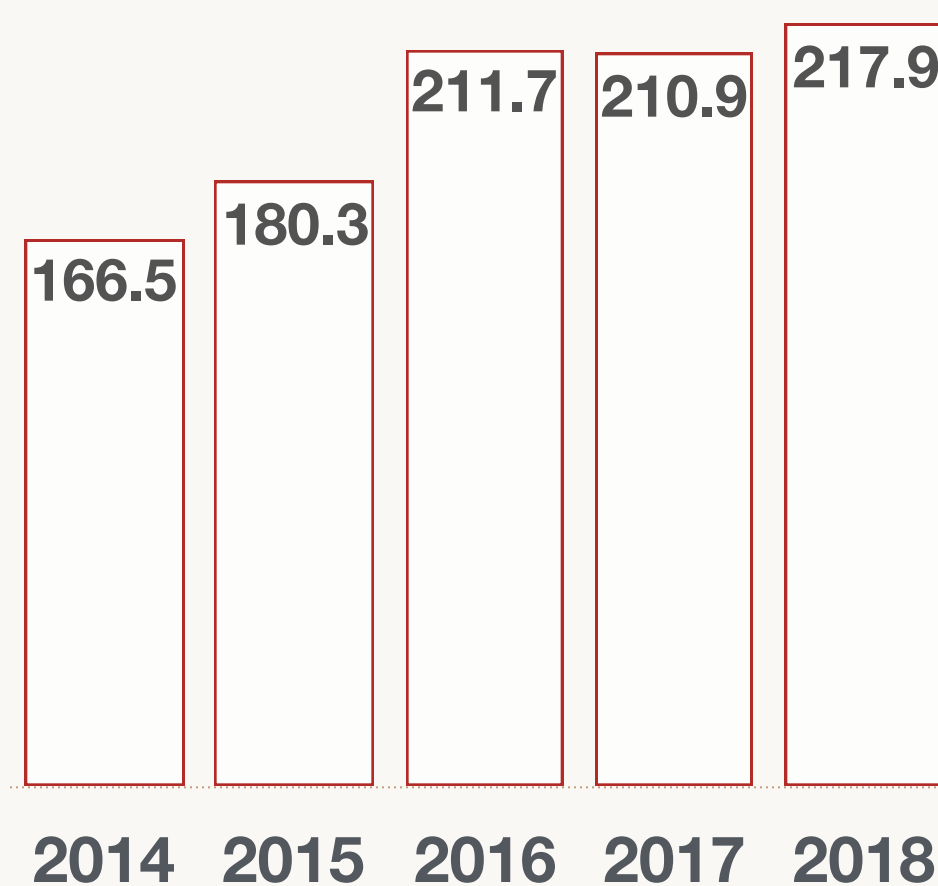
	<div><div></div><div>FY18</div><div>(Reported)</div></div>	<div><div></div><div>FY17</div><div>(Reported)</div></div>	Diff.
Operating Cash Flow before WC Changes	17.3	23.0	-5.7
Working Capital	-6.7	1.6	-8.3
Operating Cash Flow	10.6	24.7	-14.0
CAPEX/Other Investing Activities	-7.2	-16.4	9.2
Cash Flow Before Financing	3.5	8.3	-4.8
Dividends/Financing/Other	-14.5	-11.6	-2.9
Increase in Net Debt	-11.0	-3.3	-7.7



Balance Sheet as of Dec 31st

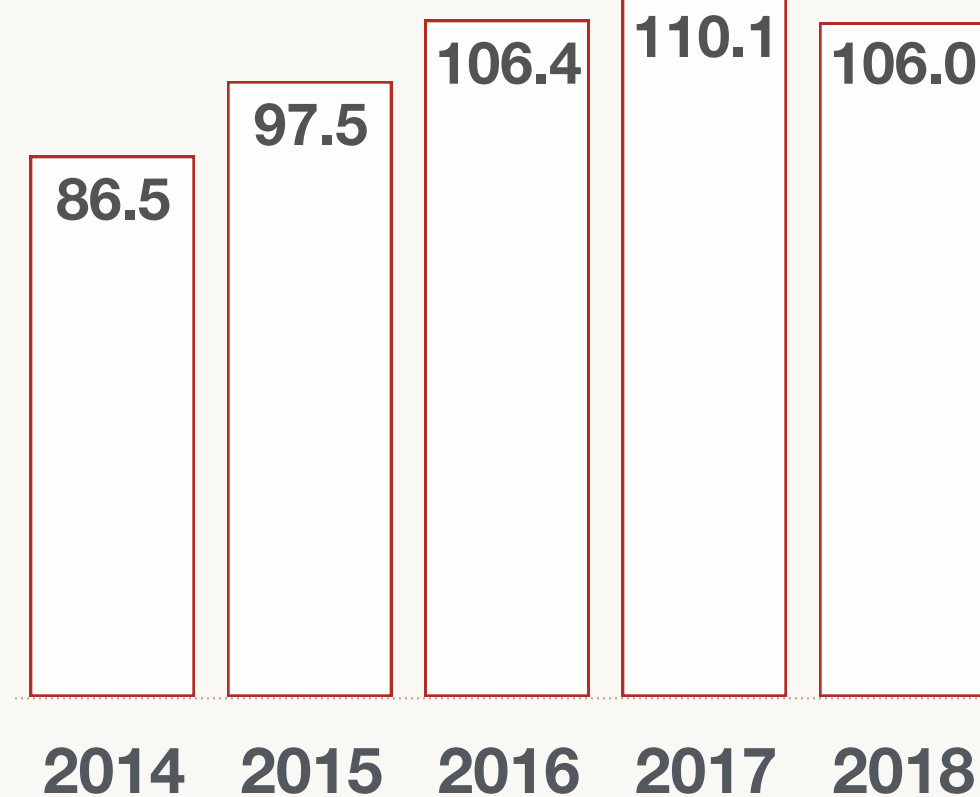
Total Assets

KD Millions



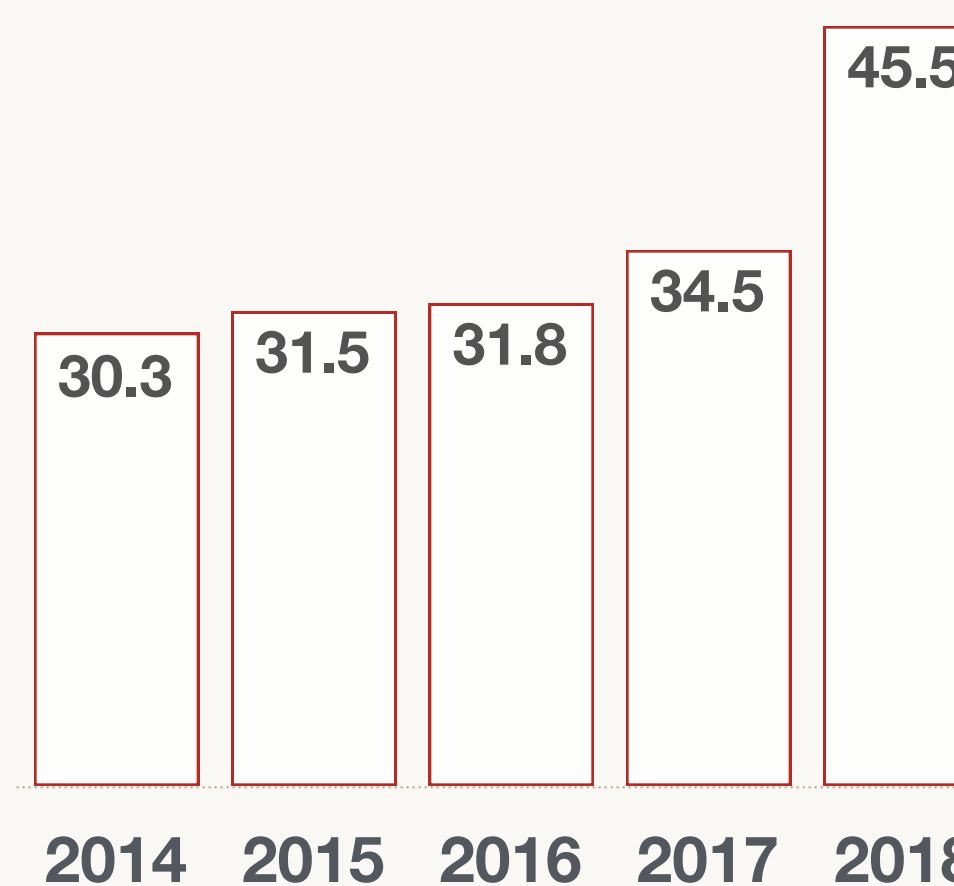
Equity

KD Millions



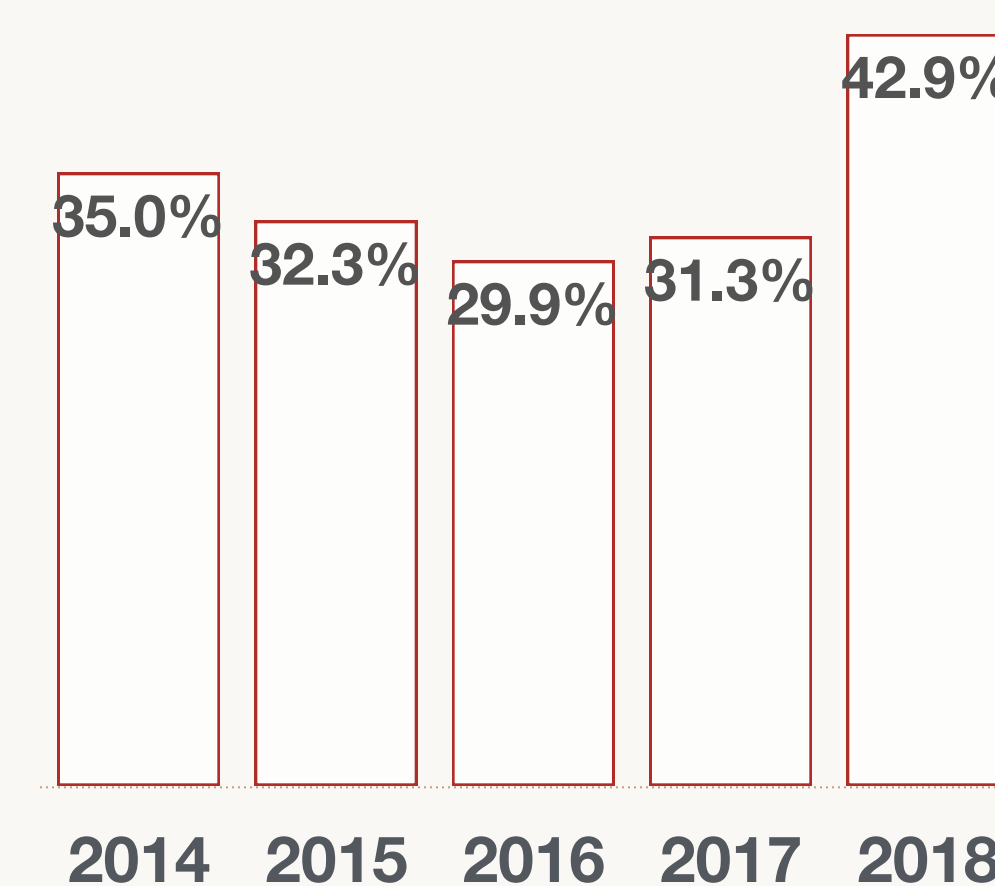
Net Debt

KD Millions



Net Debt to Equity (%)

KD Millions





2019 Guidance

	2018	2019
Revenue	207.5mn	HSD
EBITDA	16.5mn	HDD
Net Profit	7.4mn	HDD
Capex	c.5%	c.5%



Q&A



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