



H1'2019 Earnings Presentation

August 7, 2019



شركة ميزان القابضة
MEZZAN HOLDING CO.



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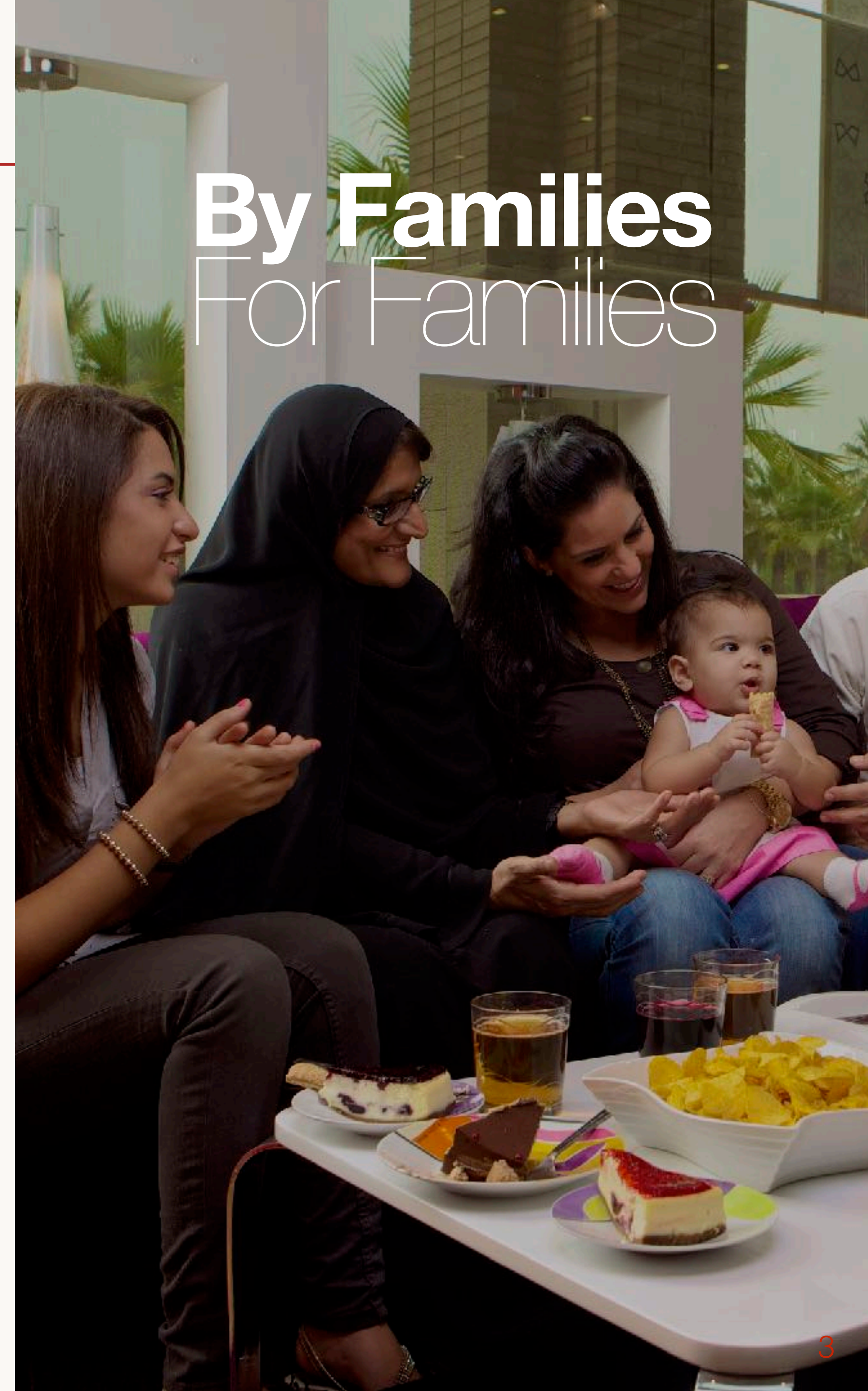
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Agenda

- Headwinds & Tailwinds
- H1 2019 Highlights
- Results
- Financial Review
- Q&A

By Families
For Families





Mezzan Today: H1 '19 Tailwinds

- Strong performance in Food Manufacturing and Distribution, Food Services, as well as non-Food FMCG segment.
- Significant improvement in UAE operations following cost cutting initiatives in 2018 and early signs of recovery in the energy drinks market.
- Catering in Qatar continues to outperform. Mezzan to expand kitchen and facility in 2019.
- Recently inaugurated manufacturing facilities are progressing as expected and gradually ramping up utilization.



Mezzan Today: H1 '19 Headwinds

- Increased spend in KSA on listing fees and expanding distribution have slowed down profitability despite growth in sales.
- Pricing pressure given fierce competition in water segment in Qatar.
- We continued to focus on improving bottom line in our catering business in Kuwait albeit at the expense of revenue
- Increased finance costs given recent capex program and increased interest rates.
- Actions taken to drive reduction in stocks and receivables throughout the rest of the year.



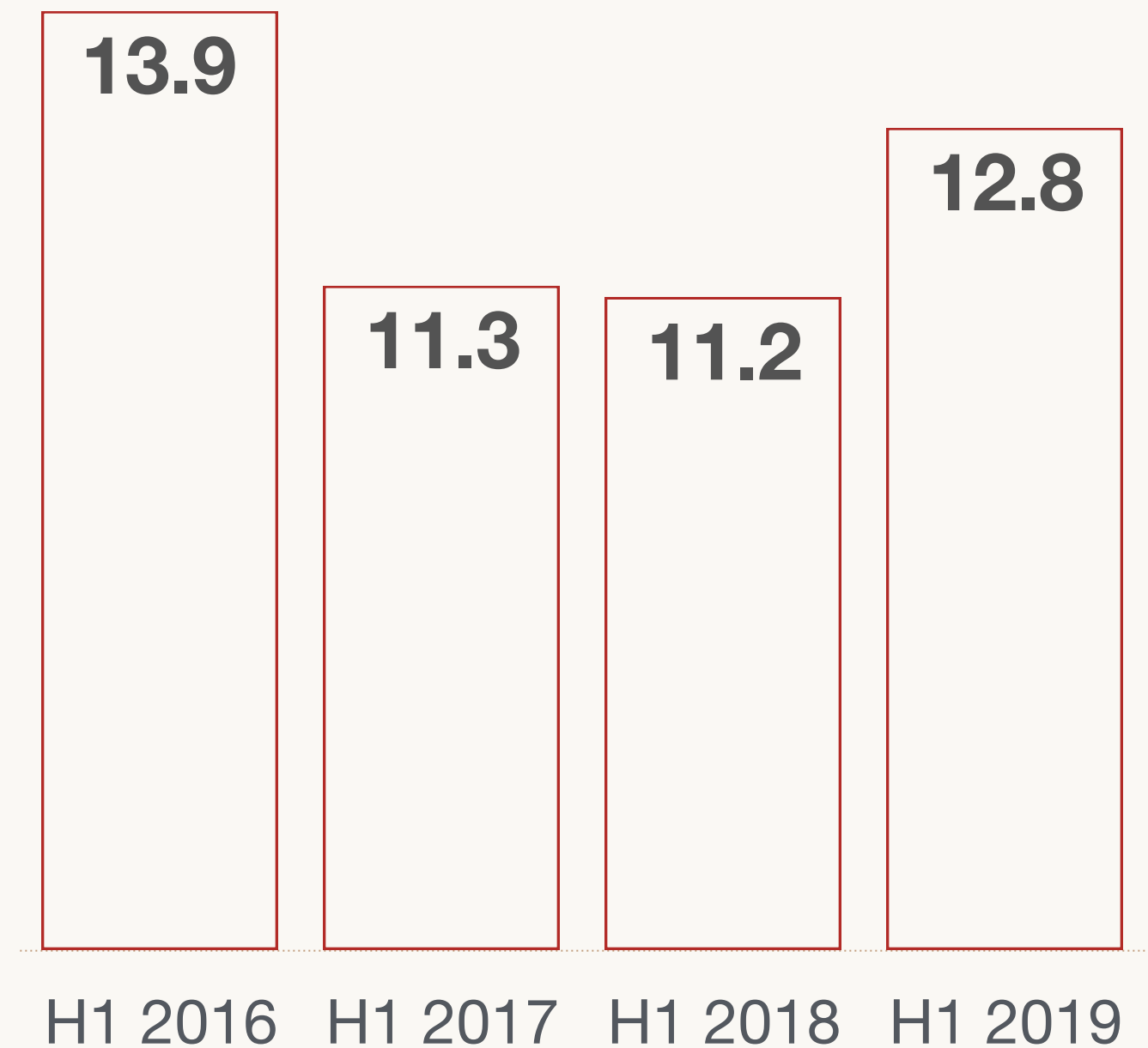
Mezzan Today: H1 '19 Highlights

KD Millions

	Q2'19	Q2'18	<i>Change</i>	H1'19	H1'18	<i>Change</i>
Revenue	52.4	50.6	+3.5%	115.0	109.4	+5.1%
Gross Profit	11.8	11.3	+4.3%	26.3	24.7	+6.5%
● EBITDA	4.9	4.0	+22.8%	12.8	11.2	+14.5%
Net Profit <i>Attributable to Equity Holders of Parent Company</i>	2.2	1.8	+21.5%	7.3	6.8	+7.0%

Q1 EBITDA (2016-2019)

KD Millions



Significant growth in EBITDA of 14.5% in H1 2019, driven by gross margins expansion while holding general expenses steady vs LY

The reported numbers in 2019 include impact of IFRS 16 which became effective on 1 Jan 2019: EBITDA increased by KWD498k in H1 and 248k in Q2. There was no impact to Profit and loss from this change.

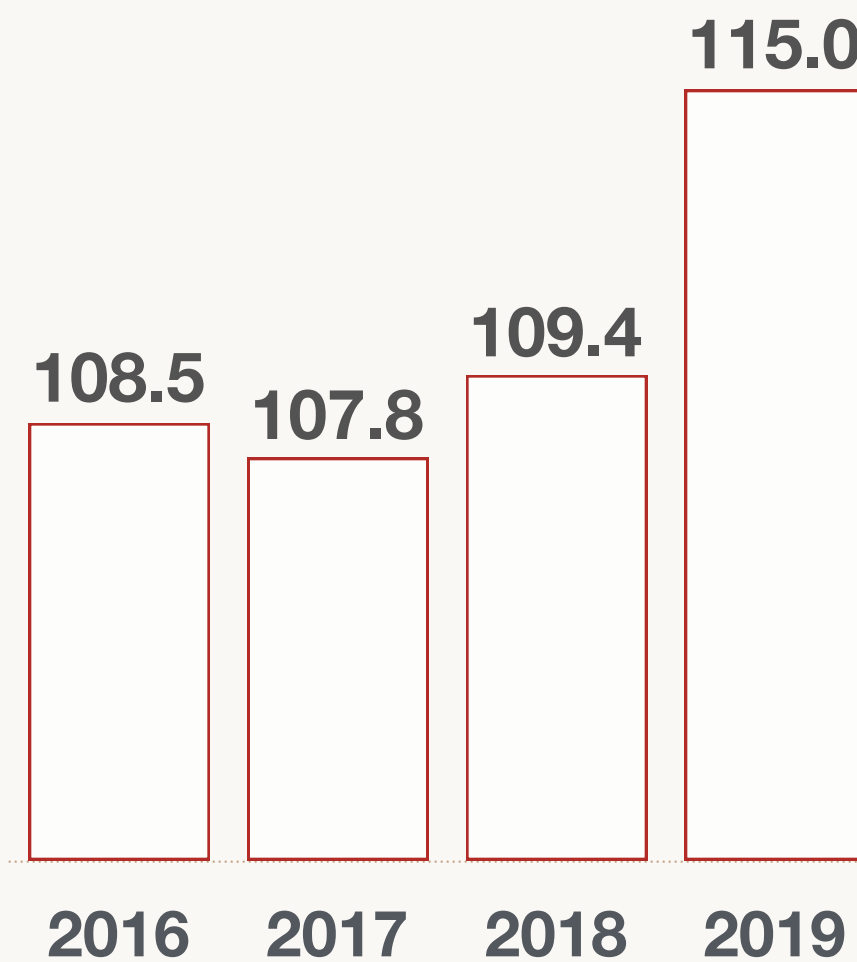


Mezzan Today: H1 Historical Performance

As of June 30th for each year

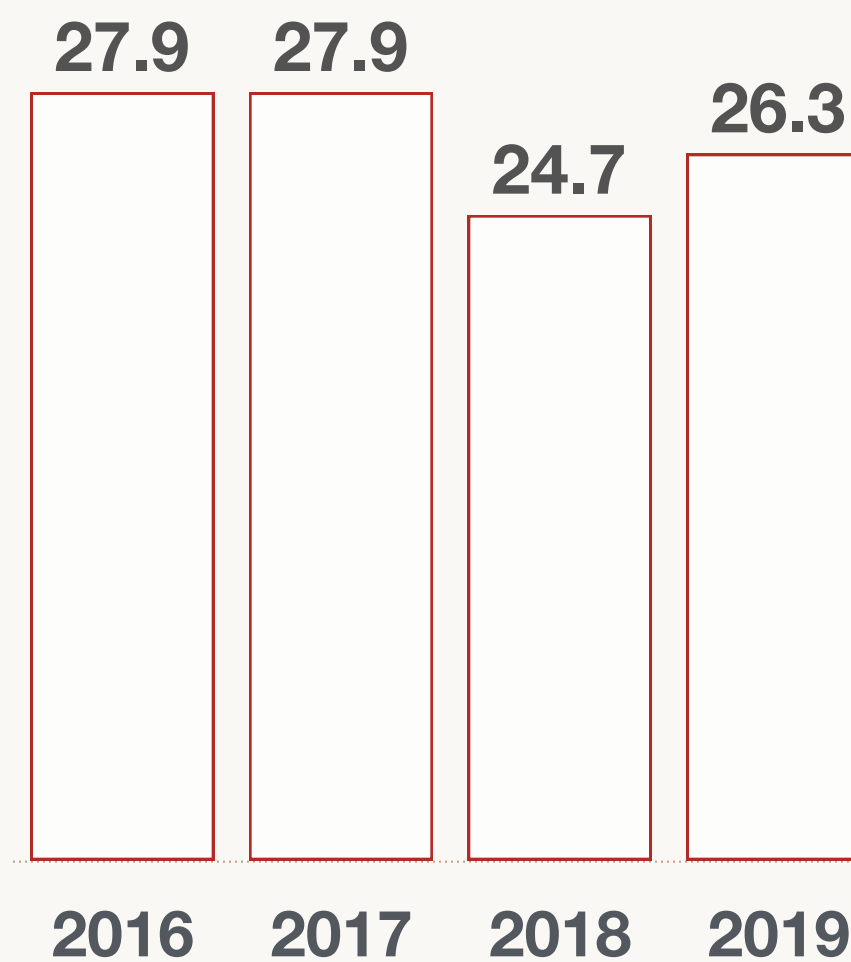
KD Millions

Revenue



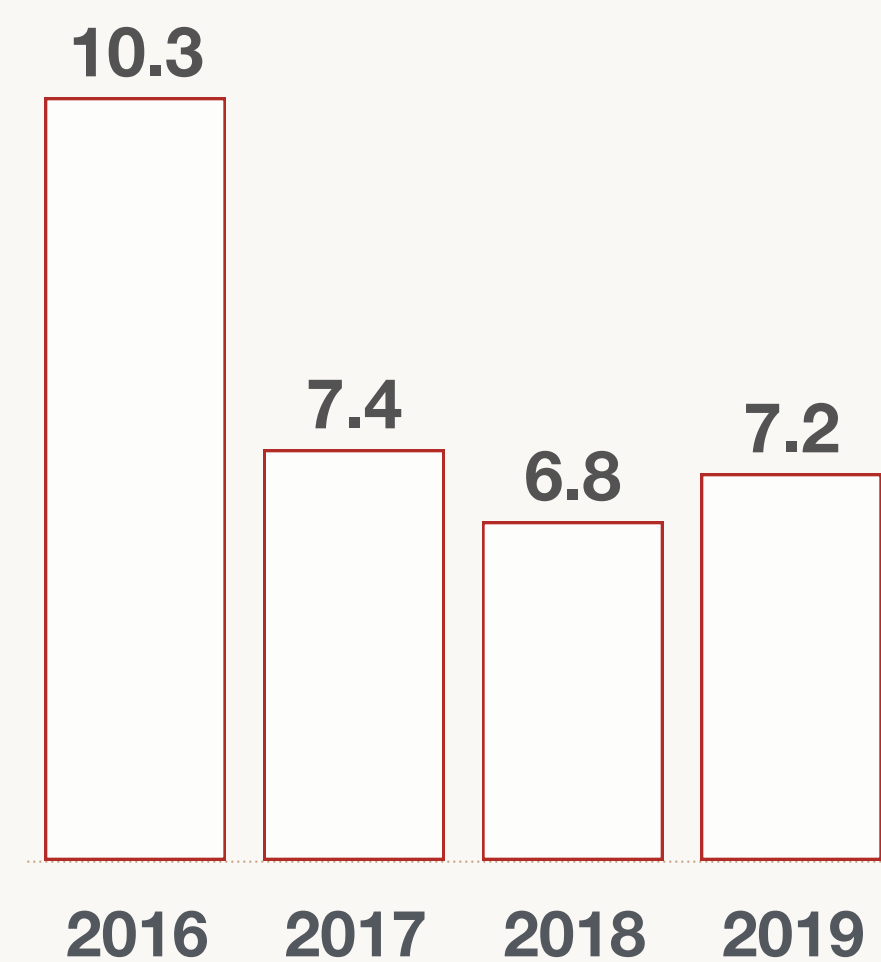
A strong period for both the Food Business Line and the Non Food Business Line, with revenue up 5.1% for the period. Food M&D, Services and FMCG all performed well for the period but results were slightly offset by modest declines in both Catering and Industrials.

Gross Profit



Sales growth drove improvement in gross profit. Margins were up by 0.3%, reaching 22.8% for the period.

Net Profit



Despite an increase in debt and finance costs, net income was up 5.5% for the period.

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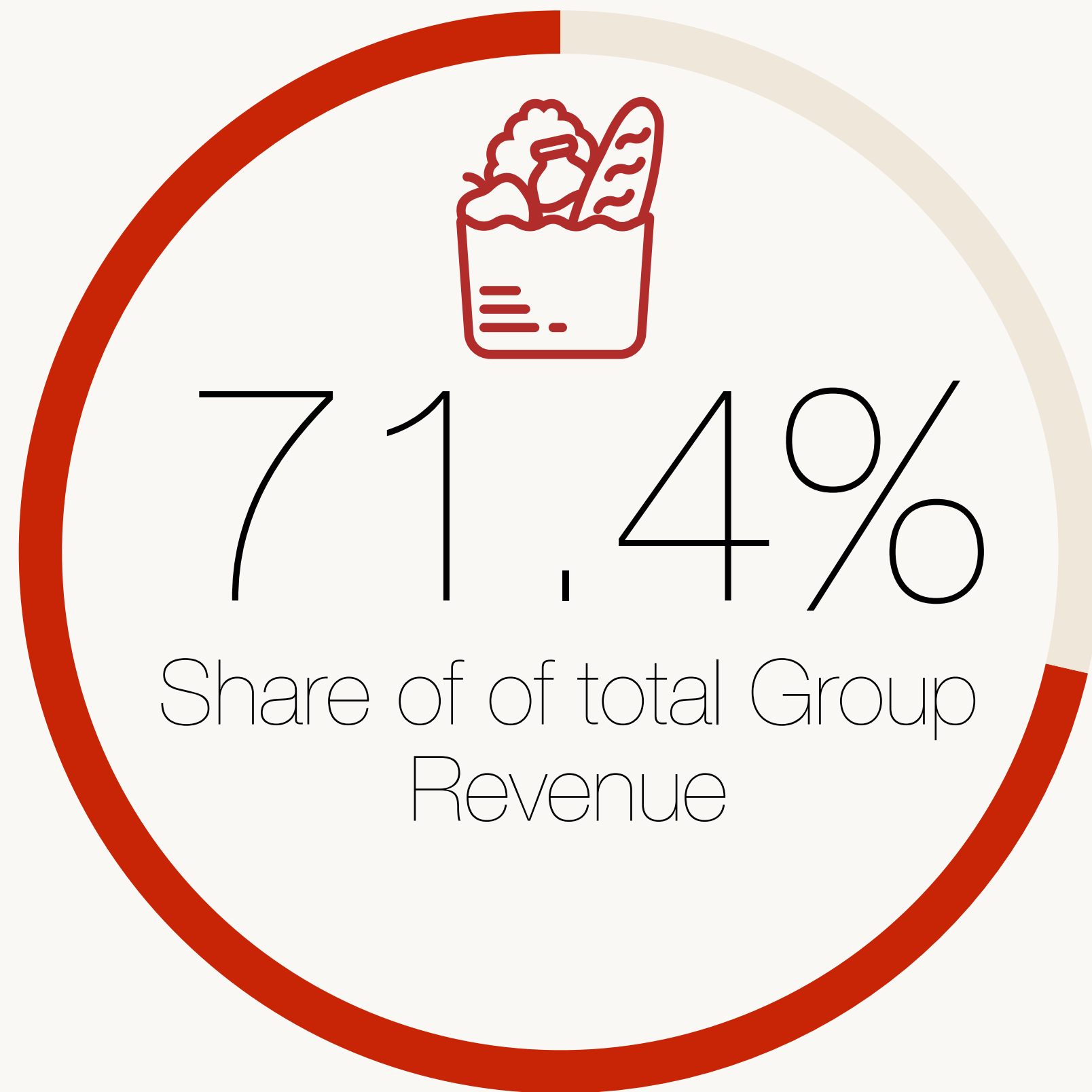
Financial Review



H1'19 Revenue: Contribution by Business Line

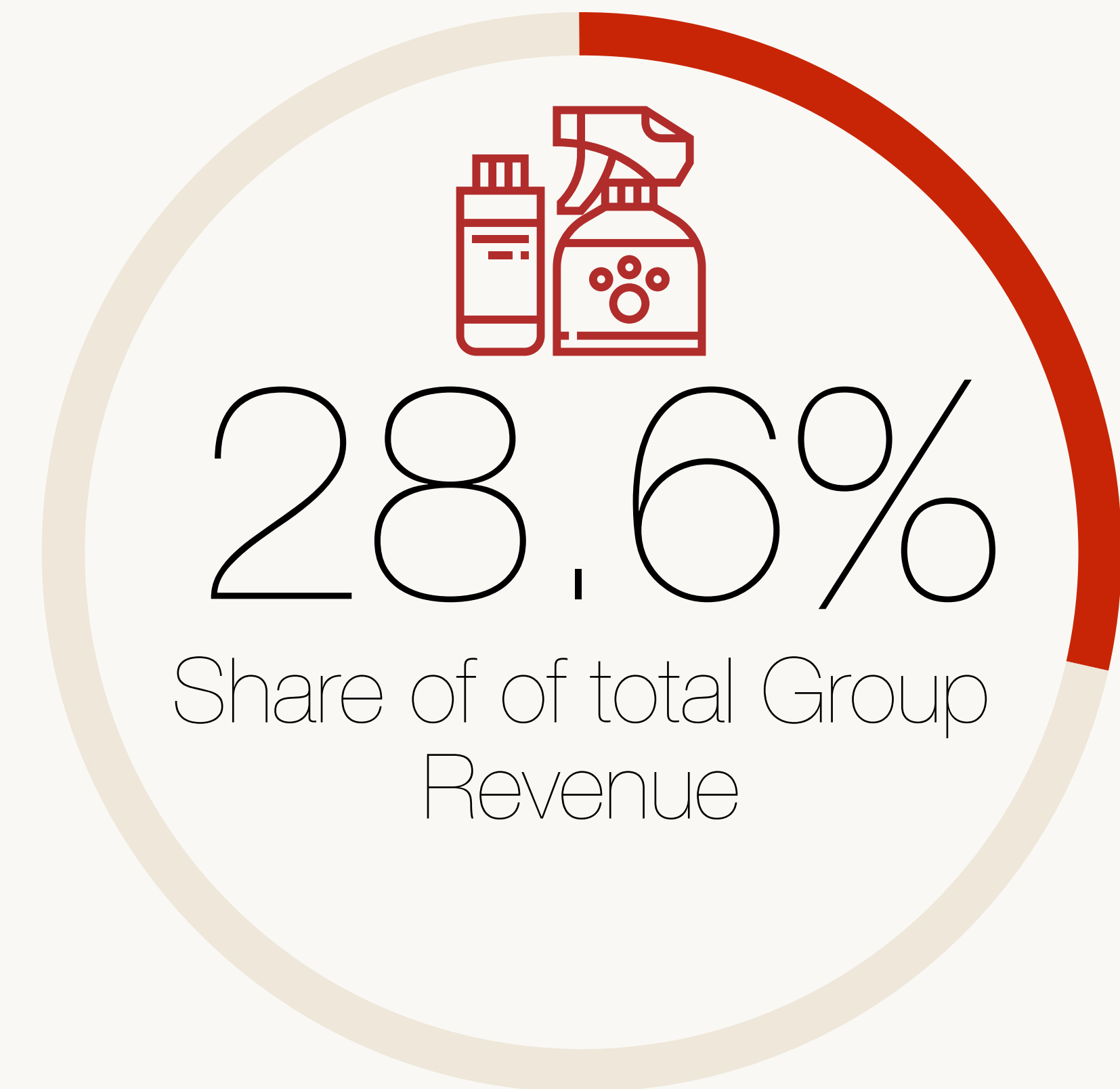
FOOD REVENUE +5.0%

Vs. H1'18



NON-FOOD REVENUE +5.7%

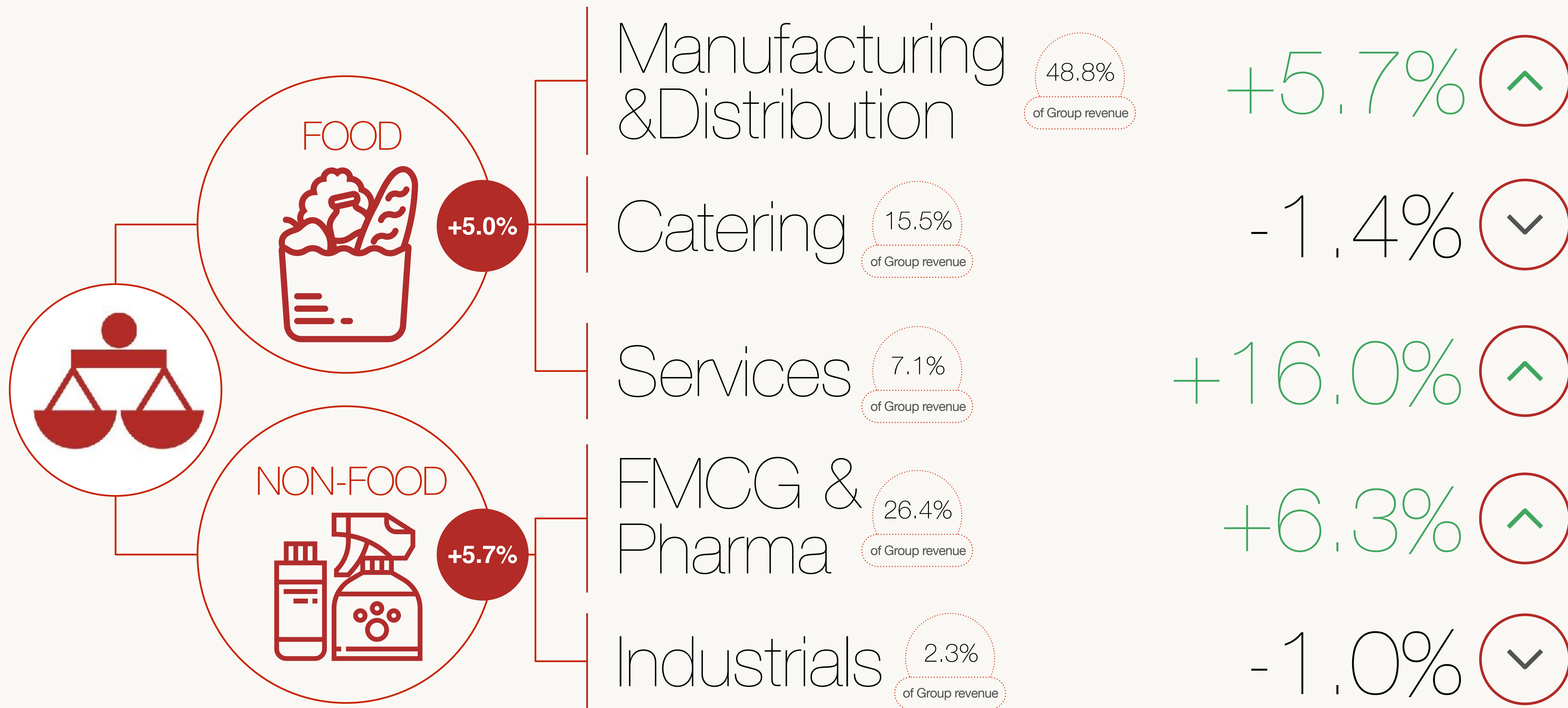
Vs. H1'18





H1'19 Revenue: Growth by Business Division

Vs. H1'18

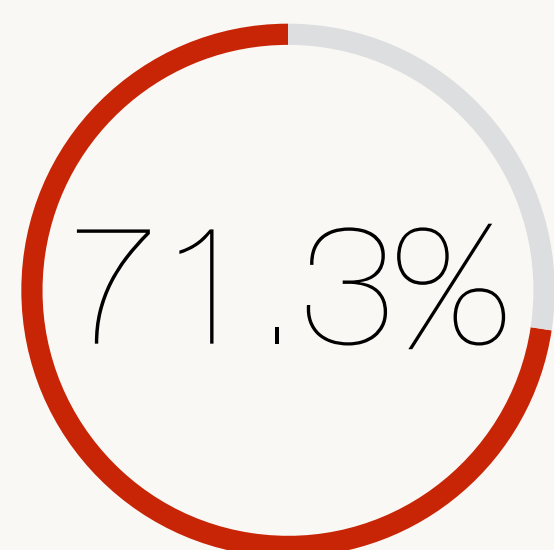




H1'19 Revenue: Contribution and Growth by Country

Vs. H1'18

Kuwait



+3.3%

Kuwait continues to post steady results on the back of healthy performance from both Food and FMCG divisions

UAE



+9.2%

Significant improvement witnessed in the UAE as a testament to the successful cost cutting initiative, in addition to healthy pickup in sales driven expansion of Chips category.

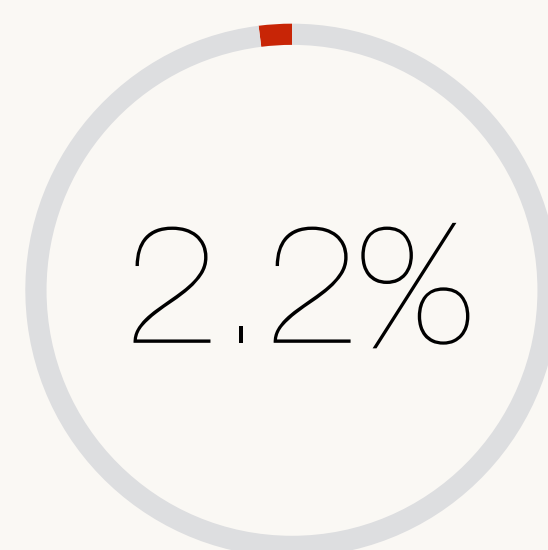
Qatar



+7.5%

Driven by strong performance of catering and newly introduced chips business

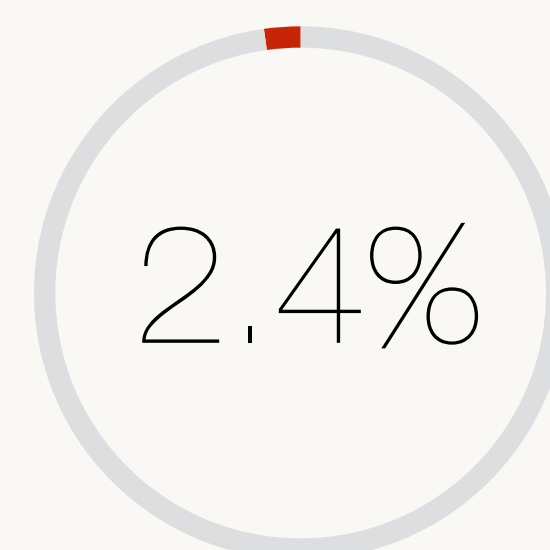
KSA



+14.2%

Expansion of sales team and coverage, new channels opened in Jeddah, Hafr al Batin and Dammam

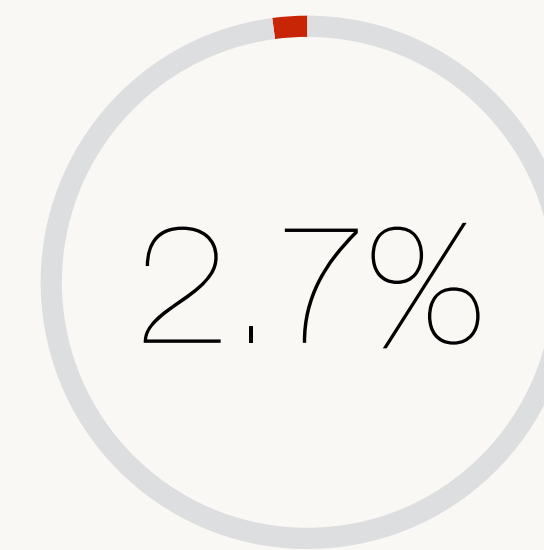
Jordan



+13.5%

Stable performance

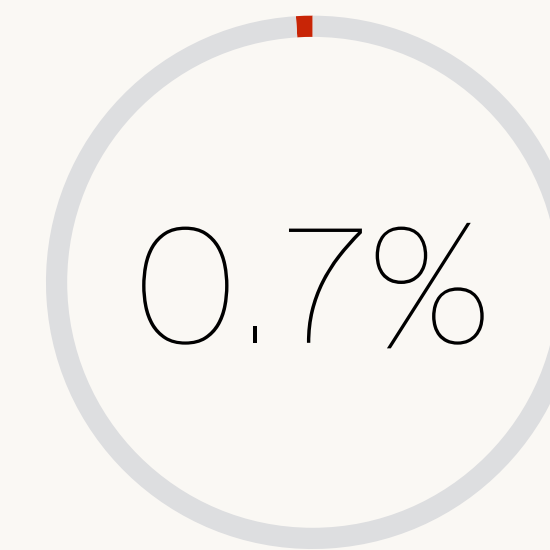
Afghanistan



+32.4%

Strong performance drive by introduction of new items to portfolio

Iraq



-21.9%

Slight reduction in sales for the period



H1'2019 P&L

KD Millions

	Q2'19	Q2'18	<i>Change</i>	H1'19	H1'18	<i>Change</i>
Revenue	52.4	50.6	+3.5%	115.0	109.4	+5.1%
Gross Margin	11.8	11.3	+4.3	26.3	24.7	+6.5%
<i>GM%</i>	22.5%	22.3%		22.8%	22.5%	
SG&A	-8.7	-8.7	+0.1%	-17.1	-16.3	-5.1%
Others	-0.8	-0.7	+14.6%	-1.7	-1.3	-31.1%
Underlying profit before tax	2.3	1.9	+21.3%	7.5	7.1	+5.5%
Tax	-0.1	-0.1	+35.2%	-0.3	-0.3	-5.5%
Net Profit	2.2	1.8	+20.6	7.2	6.8	+5.5%
<i>UNPM%</i>	4.1%	3.5%		6.2%	6.2%	
Net Profit	2.2	1.8	<i>21.5%</i>	7.3	6.8	<i>+7.0%</i>

*Attributable to Equity Holders of
Parent Company*



H1'2019 Cash flow

KD Millions

	Q2'19	Q2'18	Diff	H1'19	H1'18	Diff
Operating Cash Flow <i>before WC changes</i>	5.2	4.3	0.9	13.1	11.8	1.3
Working Capital	-5.1	-2.7	-2.4	-11.1	-6.3	-4.8
Operating Cash Flow	0.0	1.6	-1.6	2.0	5.5	-3.5
CAPEX / Other investing activities	-1.2	-3.0	1.8	-2.4	-6.5	4.1
Cash Flow before financing	-1.2	-1.4	0.2	-0.4	-1.0	0.5
Dividends/Financing/Other	-6.1	-10.1	3.9	-7.2	-10.5	3.3
Increase in Net Debt	-7.3	-11.4	4.1	-7.6	-11.4	3.8



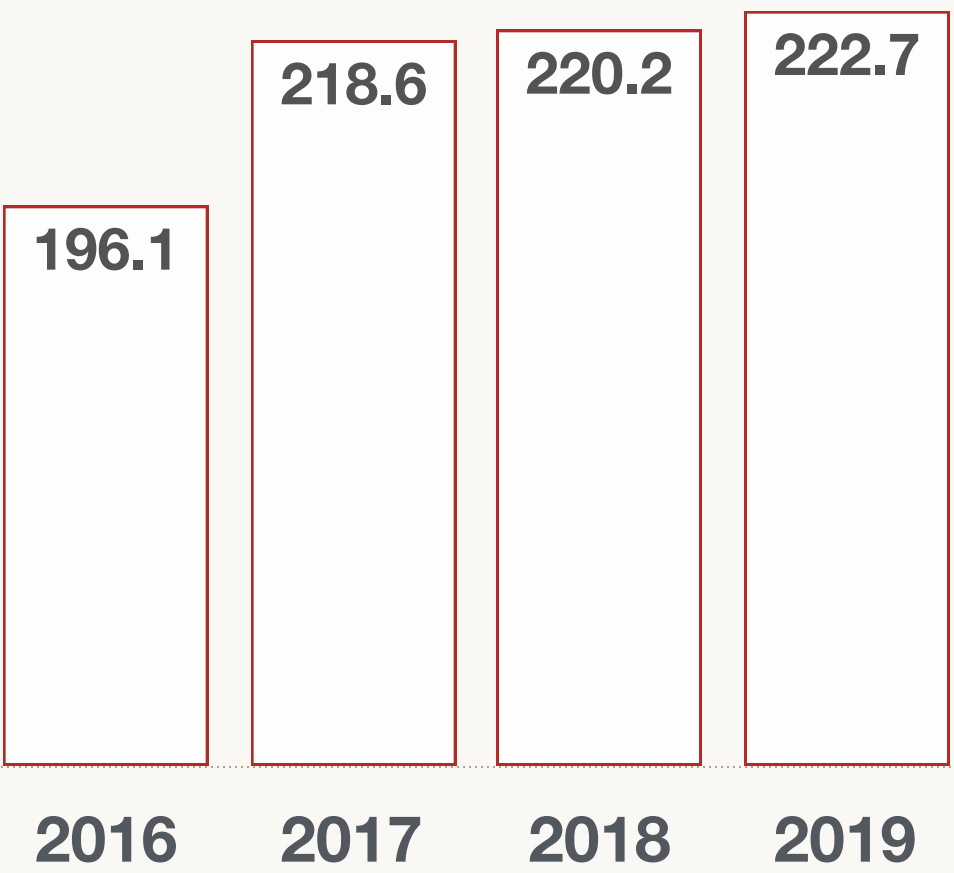
Balance Sheet as of June 30th

KD Millions

Total Assets



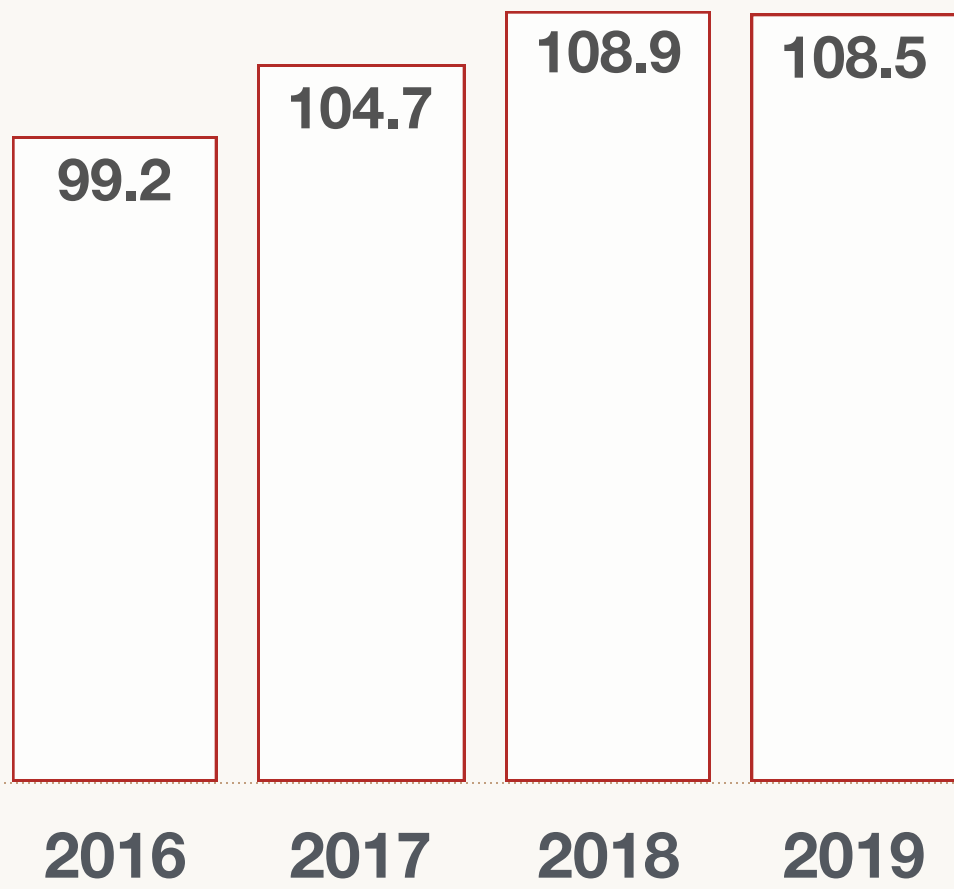
KD Millions



Equity



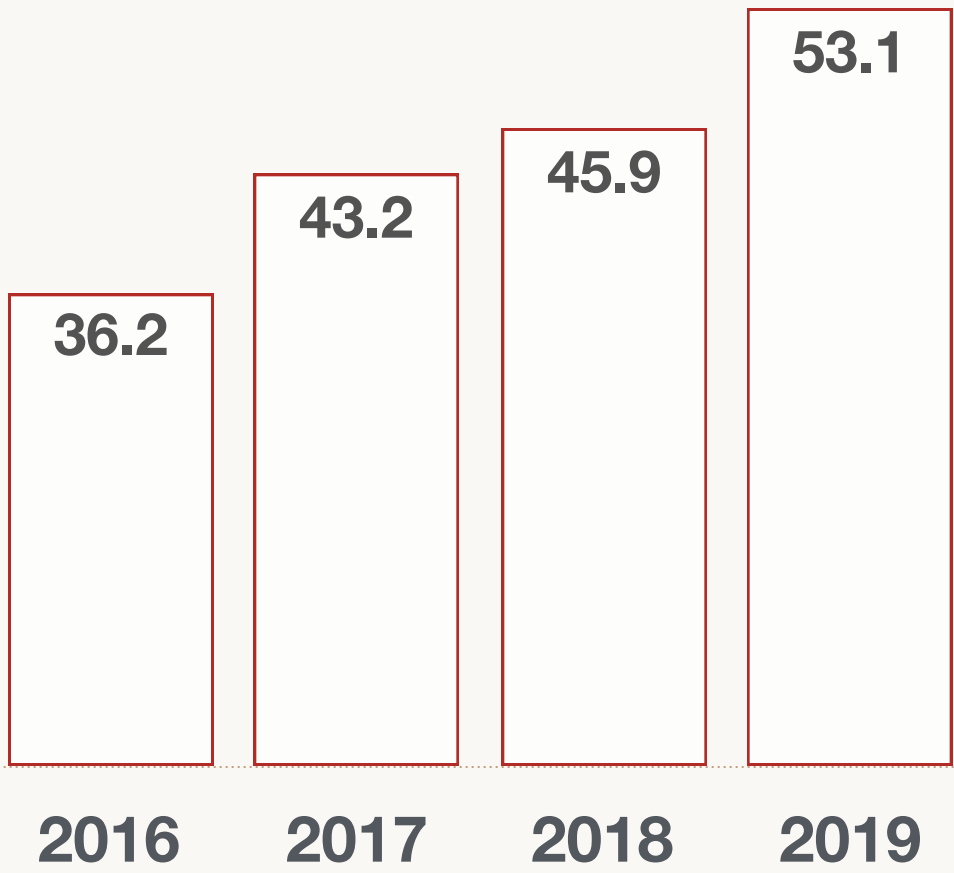
KD Millions



Net Debt



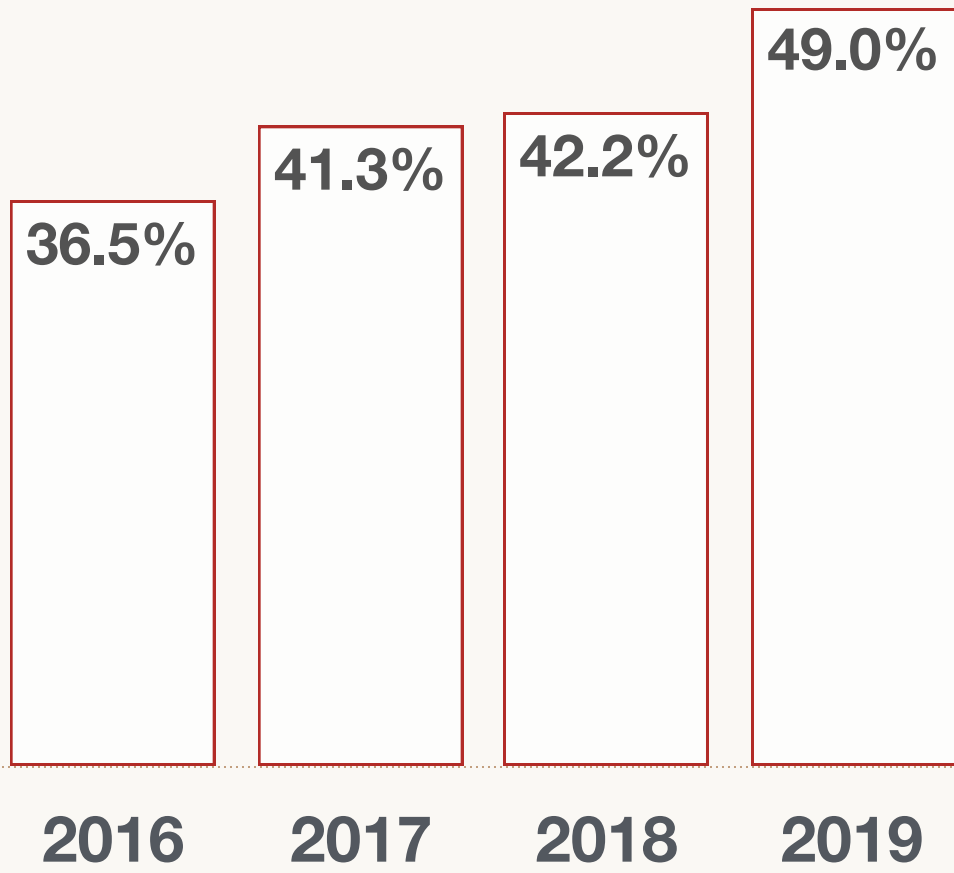
KD Millions



Net Debt to Equity



KD Millions





Q&A



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