



Q3 2019 Earnings Presentation

November 7, 2019



شركة ميزان القابضة
MEZZAN HOLDING CO.



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Agenda

- Tailwinds & Headwinds
- 9m 2019 Highlights
- Historical Performance
- Financial Review
- Q&A

By Families
For Families





Mezzan Today: Tailwinds

- Strong performance in Food Manufacturing and Distribution, Food Services, as well as non-Food FMCG segment.
- Pickup in energy drink sales and ramp up of new manufacturing line is generating healthy pickup in UAE profitability
- Rebound of Catering profitability underway
- Expansion in healthcare business within FMCG & Healthcare (KSPICO – effective 6 August) and Medtronics (July, albeit ramp up in Q4) performing well and in line with expectations



Mezzan Today: Headwinds

- Continue investing behind in house distribution and listing fees for KSA operation
- Pressure continues in the Qatari bottled water market given capacity surplus, albeit countered by chips production
- Increased finance costs given recent healthcare acquisition



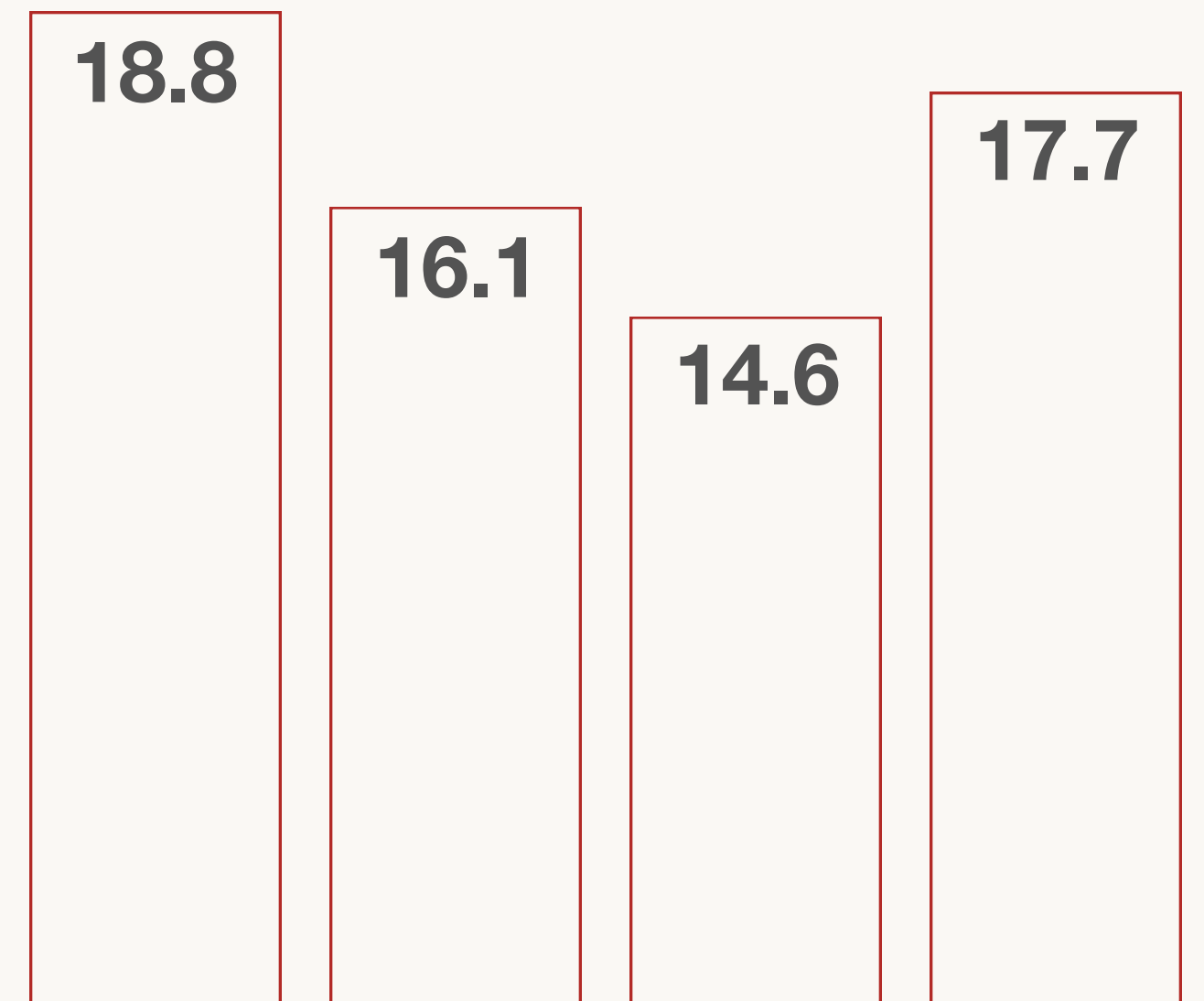
Mezzan Today: Highlights

KD Millions

	Q3'19	Q3'18	<i>Change</i>	9m'19	9m'18	<i>Change</i>
Revenue	54.8	52.0	+5.3%	169.8	161.5	+5.2%
Gross Profit	12.4	10.4	+19.4%	38.7	35.1	+10.4%
● EBITDA	4.9	3.4	+42.8%	17.7	14.6	+21.1%
Net Profit <i>Attributable to Equity Holders of Parent Company</i>	1.8	1.2	+49.8%	9.1	8.0	+13.5%

9m EBITDA (2016-2019)

KD Millions



EBITDA improvement (42.8% in Q3, +21.1% YTD) driven by turnaround in UAE operations (cost cutting and topline recovery), and performance of Catering and services, as well as new acquisitions

The reported numbers include the impact of IFRS 16 of KWD766k that became effective from Jan 1, 2019. There was no change in profit and the only impact was on the EBITDA by KWD766k.

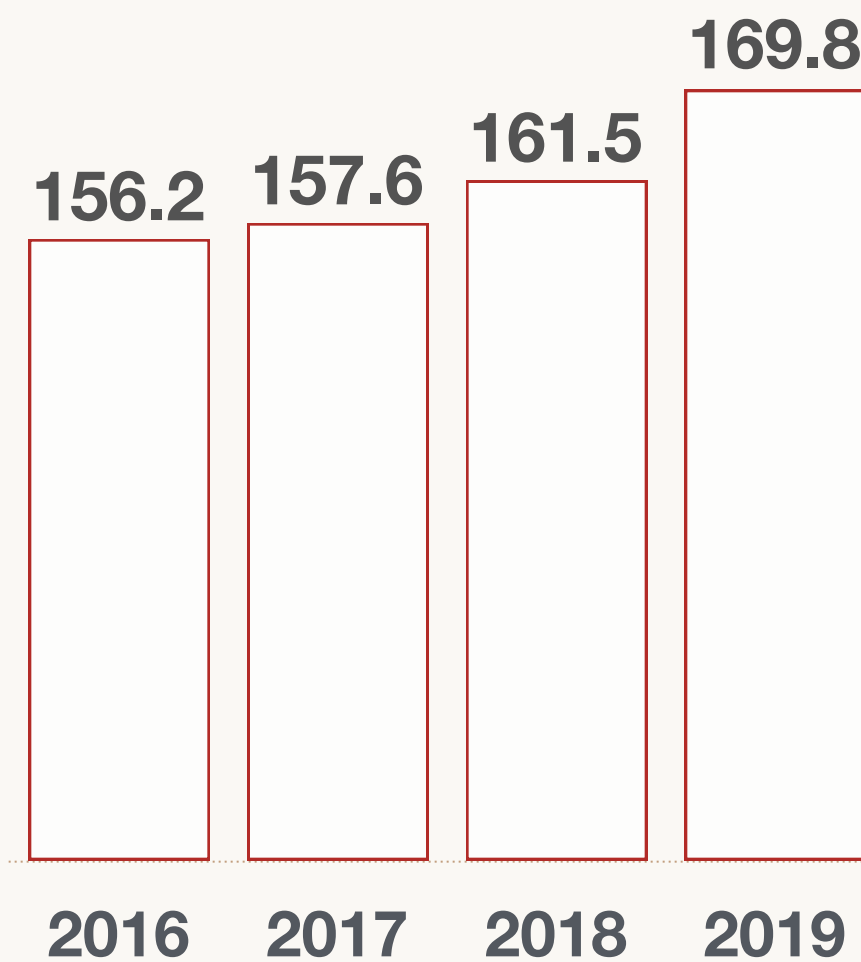


Mezzan Today: Historical Performance

As of September 30th for each year

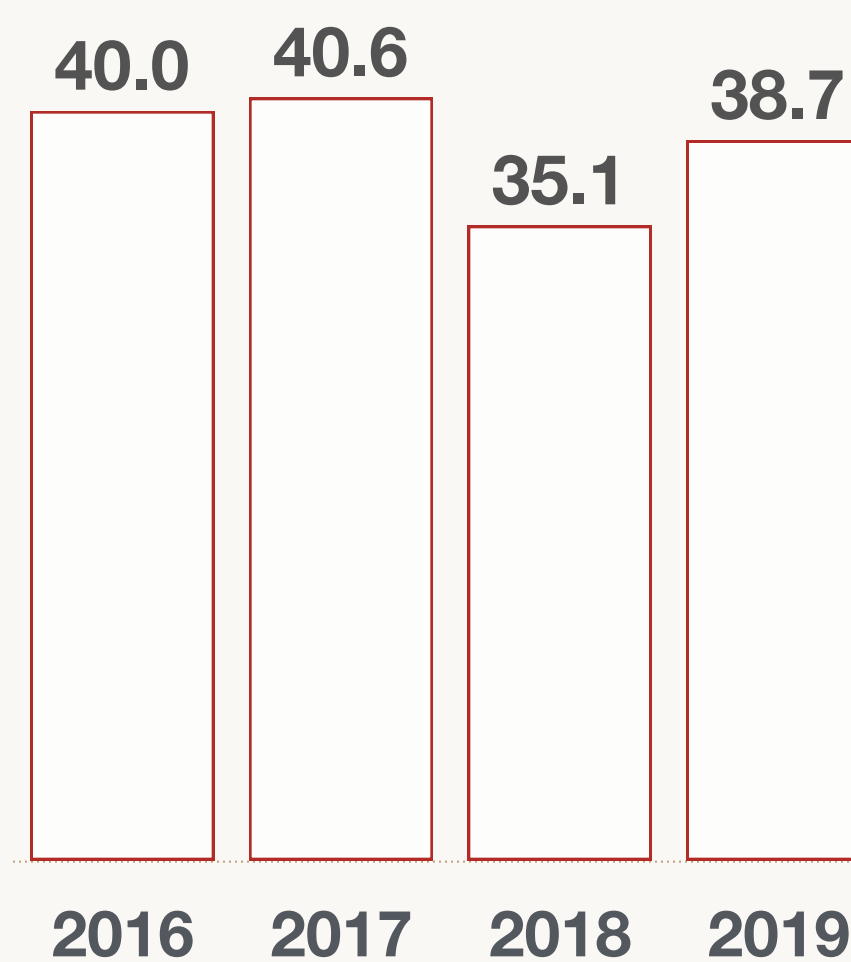
KD Millions

Revenue



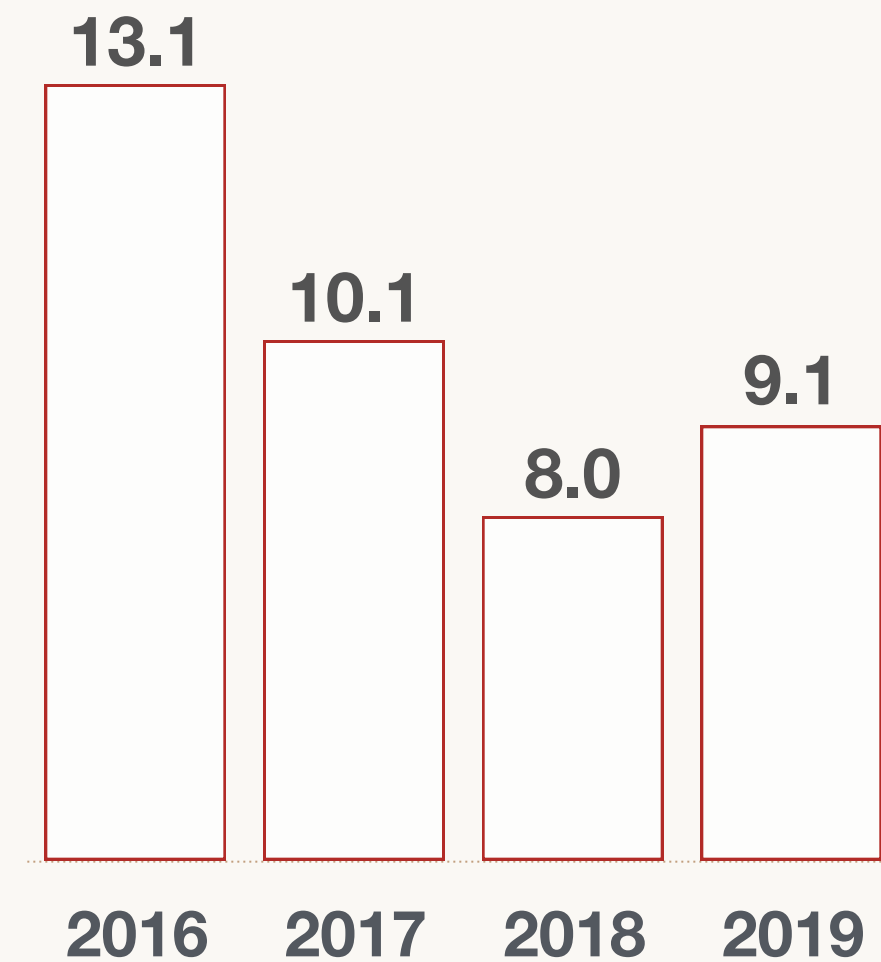
Revenue grew by c.5.3% on the back of strong performance of all key business units and acquisitions, which more than compensated the decline in catering revenue (one off LY) – albeit without impairing profitability

Gross Profit



Profit margins increased by UAE recovery and new capacities added, Qatar chips line, new acquisitions

Net Profit*



Operating leverage support
New business
Higher interest expense due to added borrowing

* Attributable to equity holders so parent company

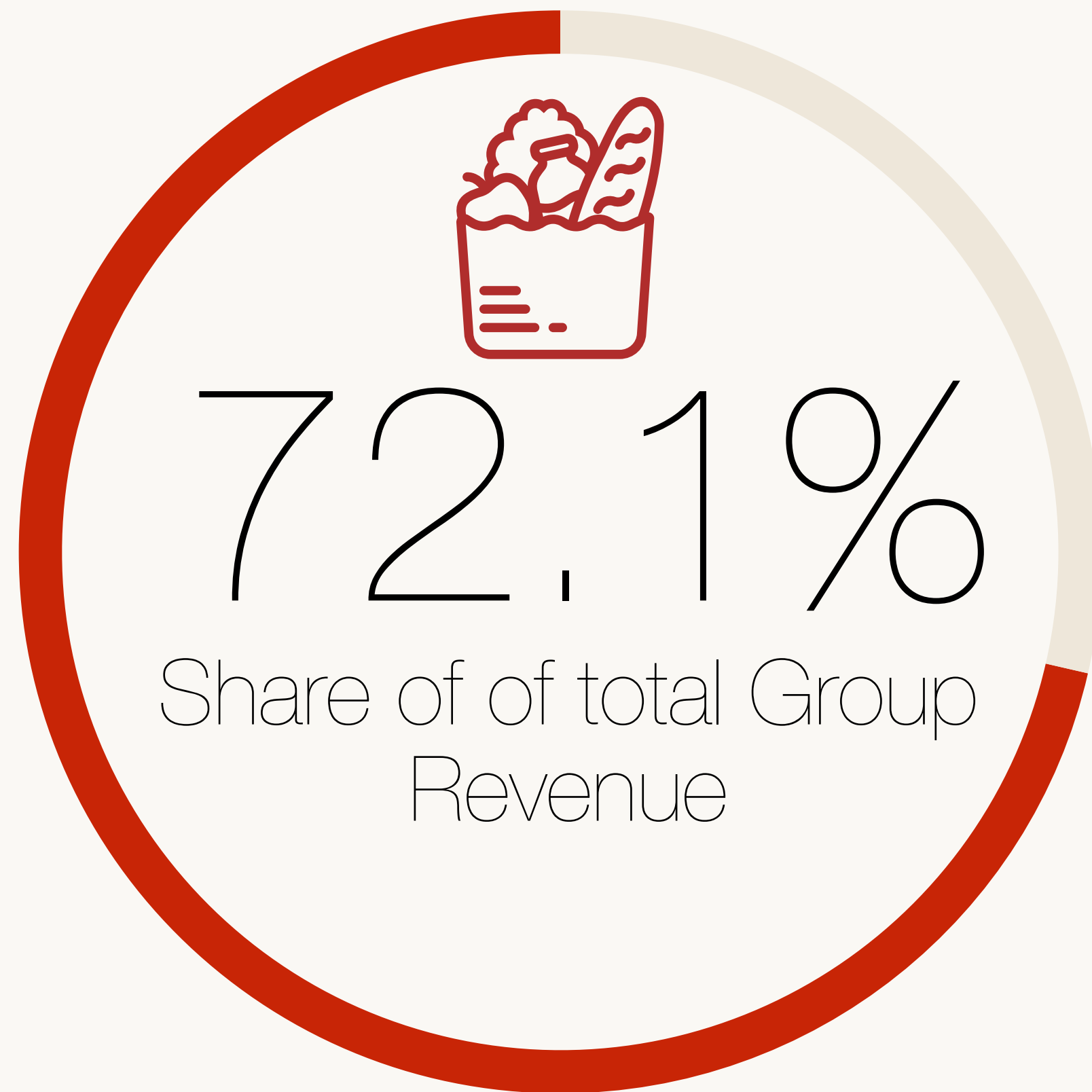
Financial Review



Revenue: Contribution by Business Line

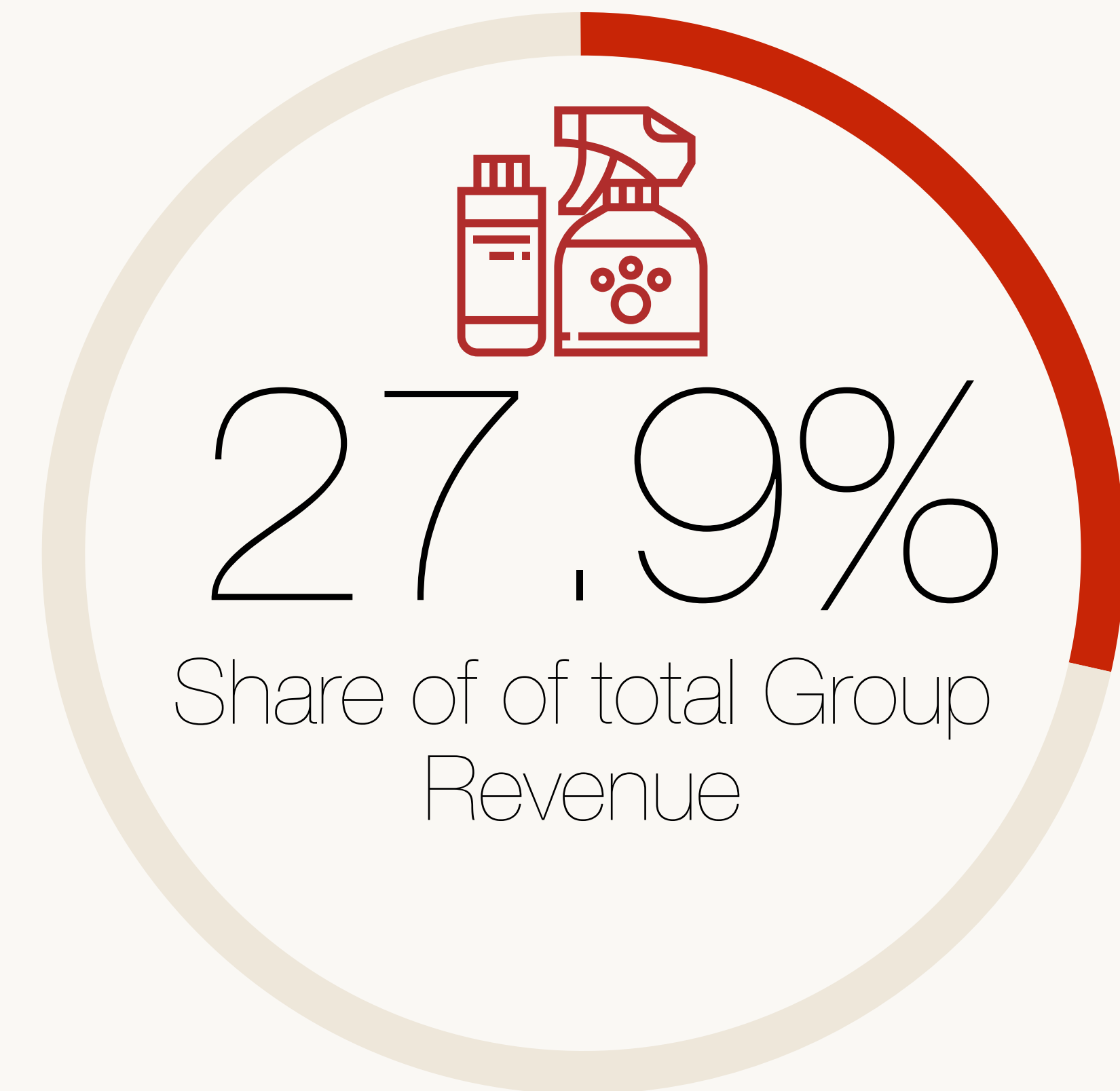
FOOD REVENUE +3.8%

Vs. 9m'18



NON-FOOD REVENUE +8.9%

Vs. 9m'18

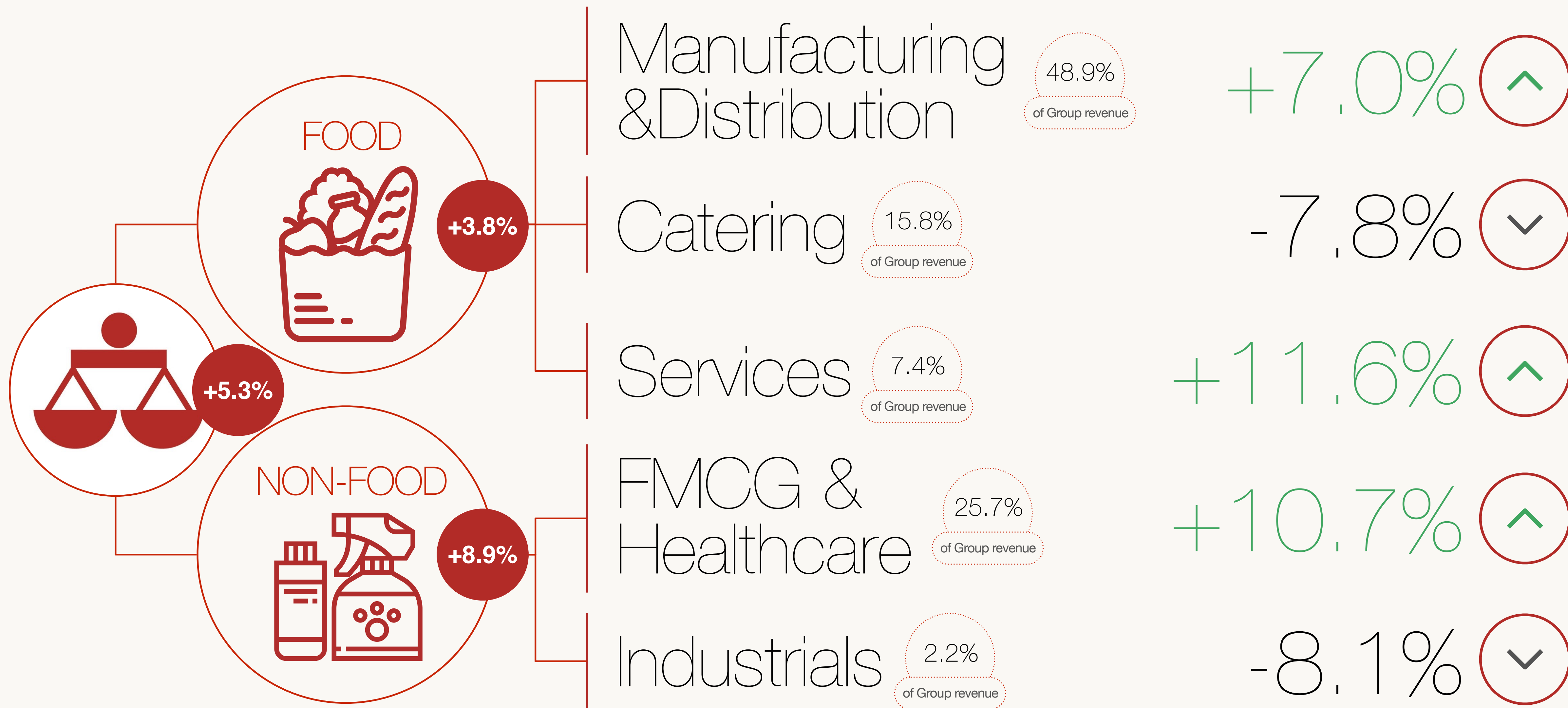


The reported numbers include the impact of IFRS 16 of KWD766k that became effective from Jan 1, 2019. There was no change in profit and the only impact was on the EBITDA by KWD766k.



Revenue: Growth by Business Division

Vs. 9m'18

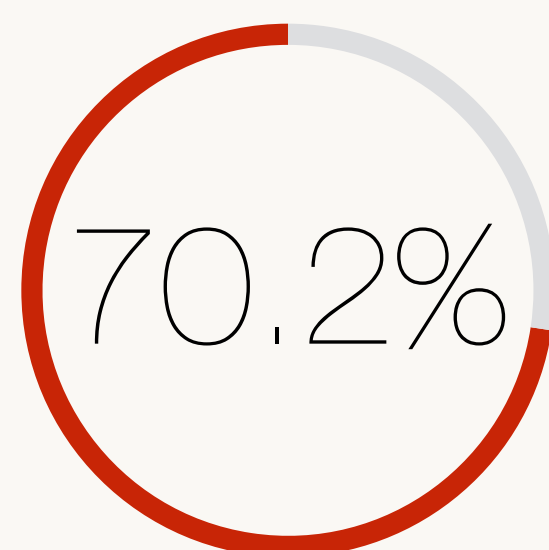




Revenue: Contribution and Growth by Country

Vs. 9m'18

Kuwait



+3.4%

Strong growth in Food and Non Food alike, countered by one-off transaction LY in Catering division, albeit no impact on profitability

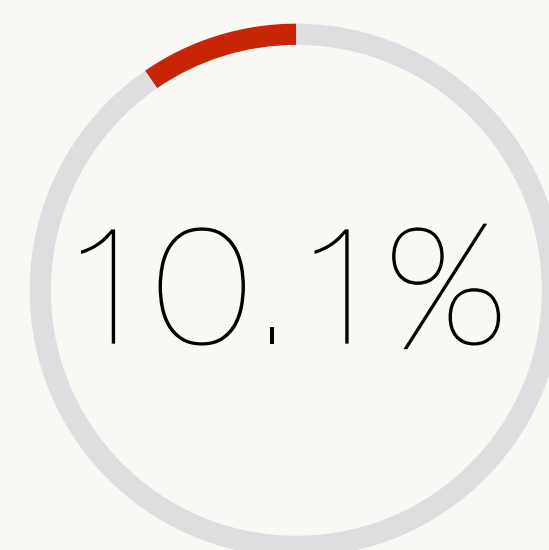
UAE



+9.9%

Recovery of sales of energy drink and enhanced sales growth by new chips line

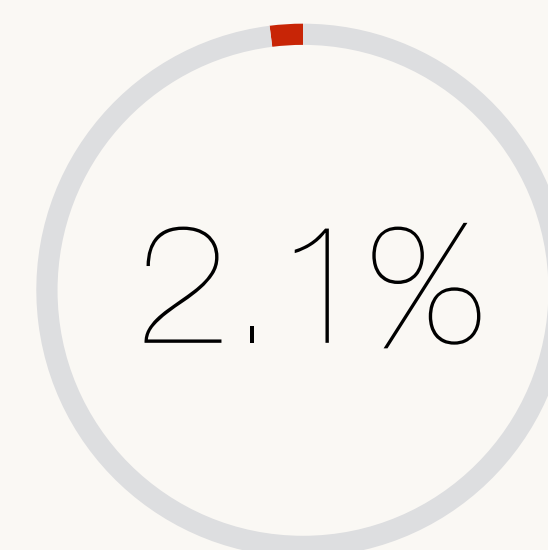
Qatar



+7.2%

Strong performance in Catering and chips /snacks lines alike

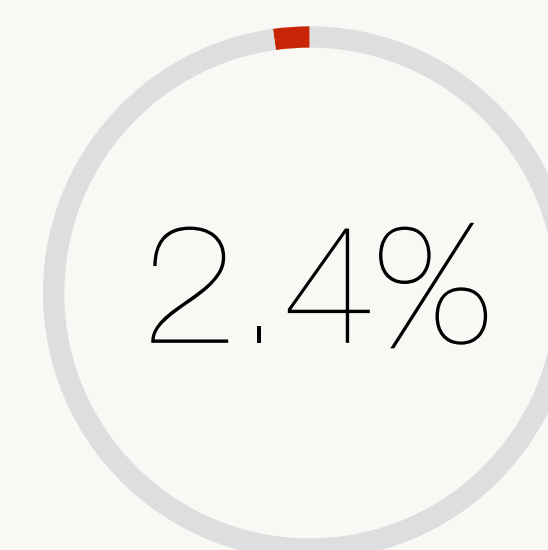
KSA



+16.3%

Listing and increased sales distribution

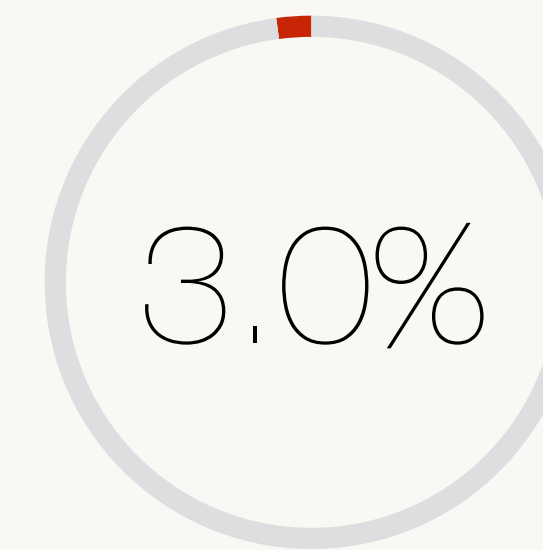
Jordan



+10.6%

Increased by service segment performance

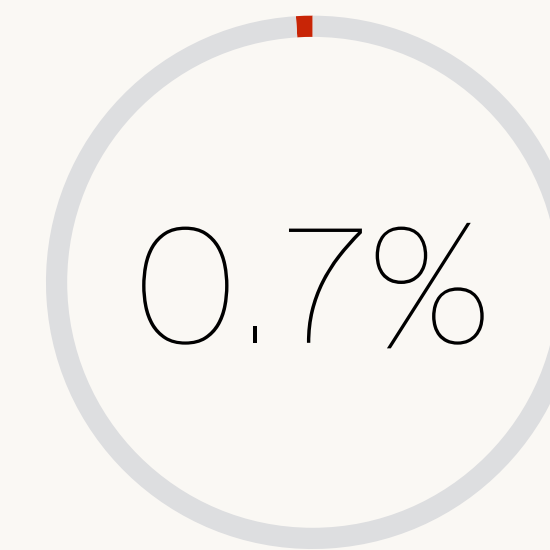
Afghanistan



+24.0%

Increased by service segment performance

Iraq



-25.9%

Minor impact on Mezzan group



P&L

KD Millions

	Q3'19	Q3'18	Change	YTD'19	YTD'18	Change
Revenue	54.8	52.0	+5.3%	169.8	161.5	+5.2%
Gross Margin	12.4	10.4	+19.4%	38.7	35.1	+10.4%
GM%	22.7%	20%		22.8%	21.7%	
SG&A	-9.5	-8.5	+12.3%	-26.6	-24.7	+7.6%
Others	-1.0	-0.8	+27.4%	-2.6	-2.0	+29.7%
Underlying profit before tax	2.0	1.2	+65.4%	9.5	8.3	+14.0%
Tax	-0.1	-0.1	+60.8%	-0.4	-0.4	+14.8%
Net Profit	1.9	1.1	+65.6%	9.0	7.9	+13.9%
UNPM%	3.4%	2.1%		5.3%	4.9%	
Net Profit	1.8	1.2	+49.8%	9.1	8.0	+13.5%

Attributable to Equity Holders of
Parent Company



Cash flow

KD Millions

	Q3'19	Q3'18	Diff	YTD'19	YTD'18	Diff
Operating Cash Flow <i>before WC changes</i>	5.6	3.7	1.9	18.7	15.5	3.2
Working Capital	-2.4	0.3	-2.7	-13.5	-6.0	-7.5
Operating Cash Flow	3.2	4.0	-0.8	5.2	9.5	-4.3
CAPEX / Other investing activities	-23.7	-1.6	-22.1	-26.1	-8.0	-18.1
Cash Flow before financing	-20.5	2.4	-22.9	-20.9	1.5	-22.4
Dividends/Financing/Other	-1.0	-2.3	1.3	-8.2	-12.8	4.6
Increase in Net Debt	-21.5	0.1	-21.6	-29.1	-11.3	-17.8



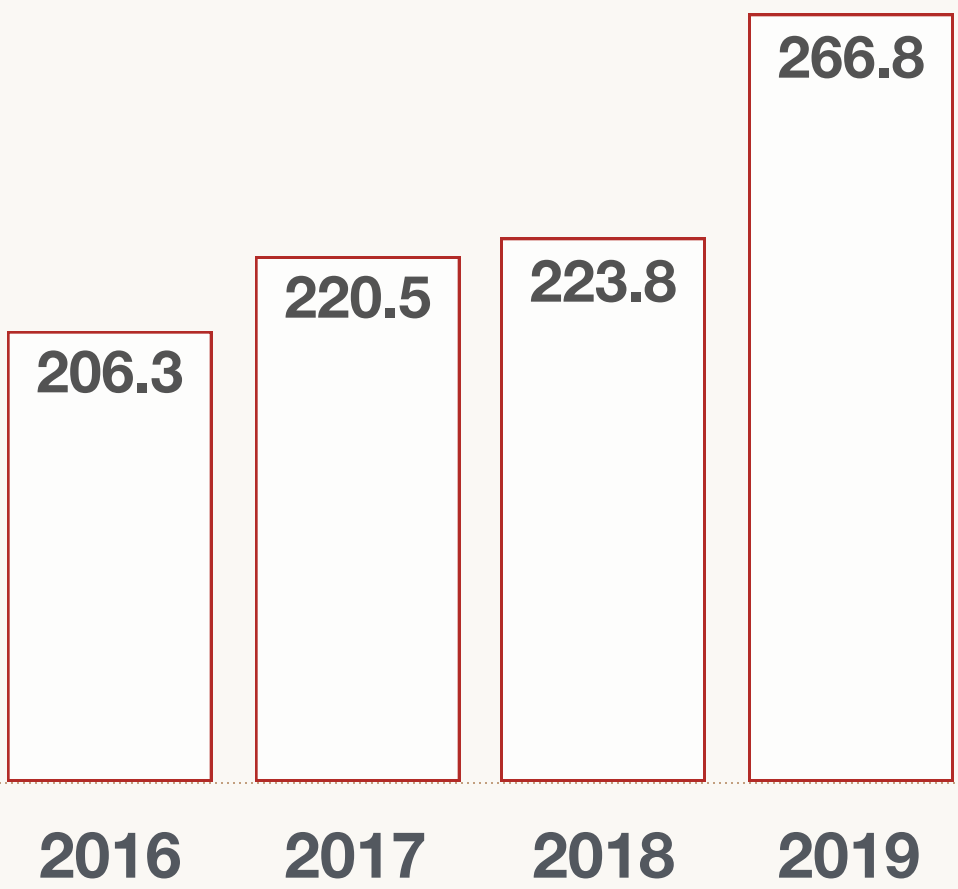
Balance Sheet as of September 30th

KD Millions

Total Assets



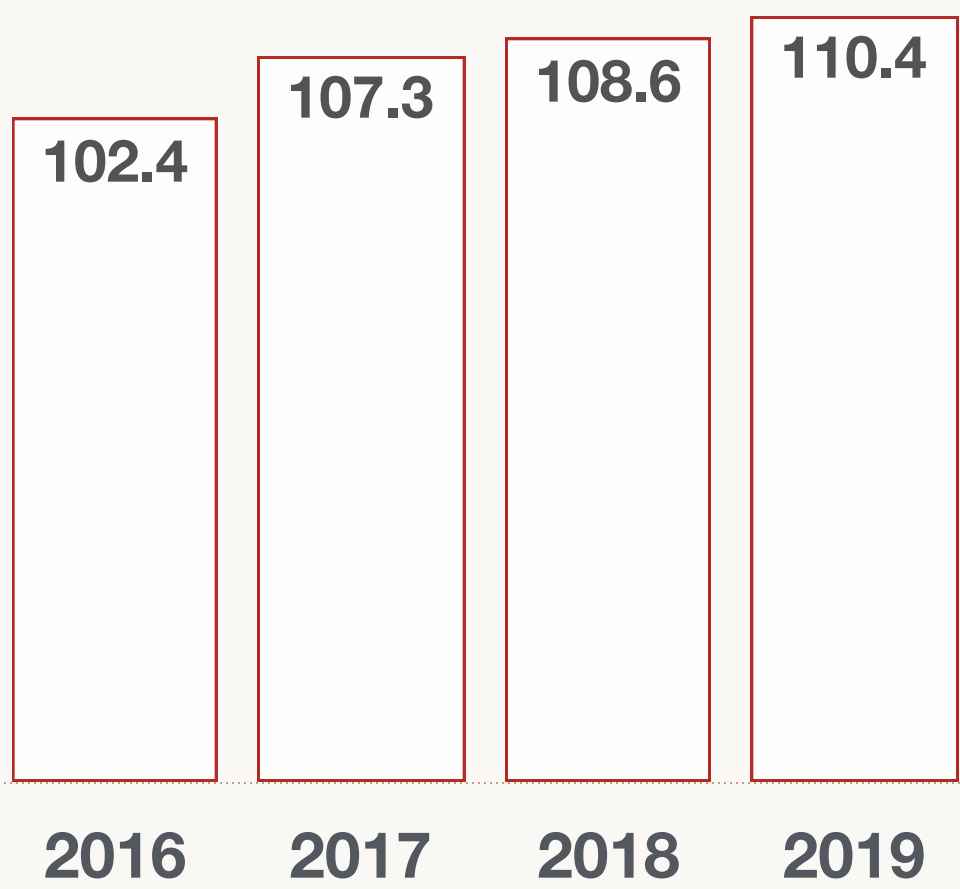
KD Millions



Equity



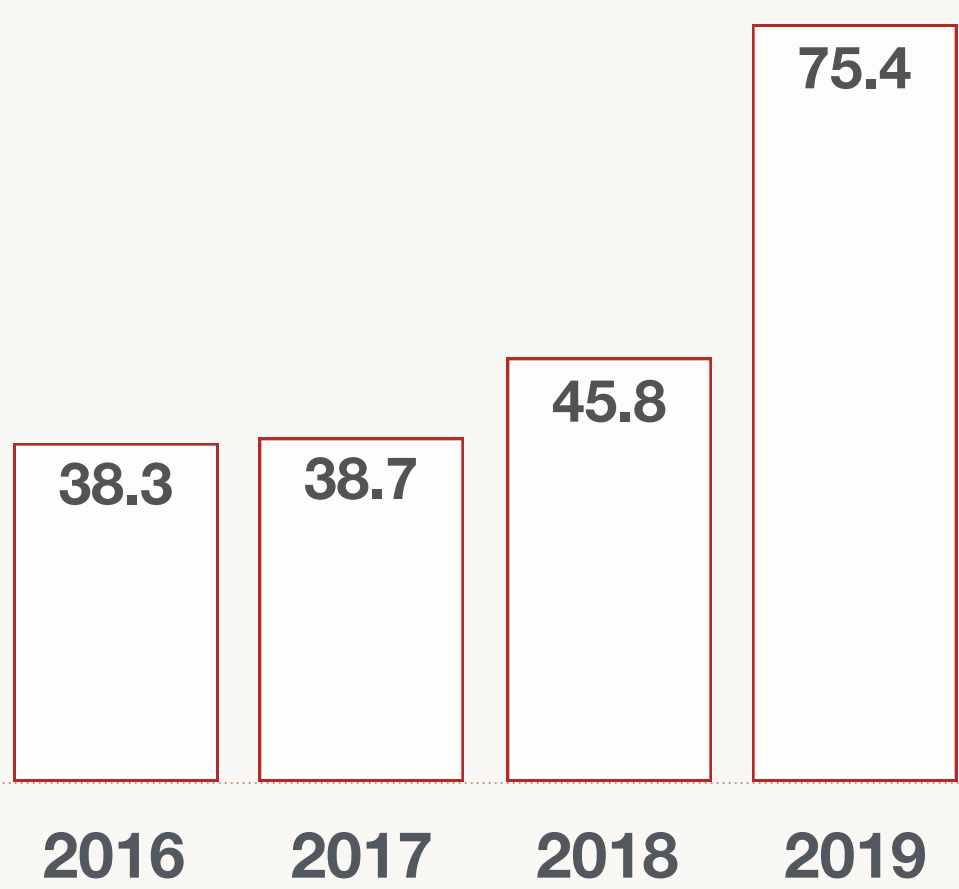
KD Millions



Net Debt



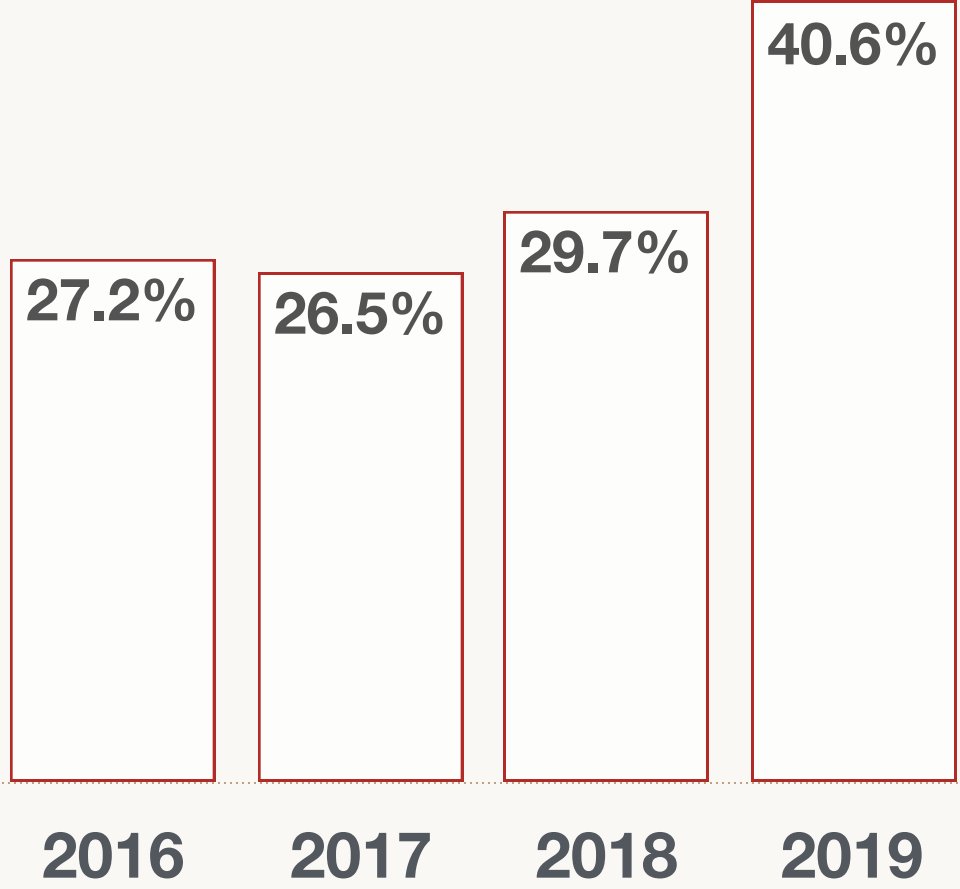
KD Millions



Net Debt to Capitalization



%





Q&A



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