



شركة ميزان القابضة  
MEZZAN HOLDING CO.

# Q3 2017 Earnings Presentation

Nov 8, 2017



August 9, 2017

AGENDA

AGENDA

AGENDA

AGENDA

AGENDA

Q3 2017  
Highlights

Historical  
Performance

Financial  
Review

**Q&A**

HEADWINDS

Opportunistic re-directing snack exports of snacks delays breakeven in KSA by one quarter until 2018

HEADWINDS

Ramp-up of the Afghanistan business within the quarter put pressure on the first part of the quarter - fully resumed by mid-August

HEADWINDS

Delays in the Kuwait Warehouse and UAE chips line projects

HEADWINDS

MOH delay in tenders, and price reductions, dragged down performance of our FMCG's pharmaceuticals topline performance

HEADWINDS

Implementation of excise duty in UAE on select categories ahead – impact to be assessed in Q4'17

Increased finance cost due to implementation of factoring transaction towards the end of Q3'17

TAILWINDS

TAILWINDS

TAILWINDS

TAILWINDS

TAILWINDS

+9.2% growth in Food Manufacturing and Distribution business, proving the resilience of Mezzan's core consumer driven business

+400% pickup in Qatar sales of KITCO products within the quarter; supply chain resolved towards end of the quarter

Double digit growth in Catering business

Saudi turnaround update: Staffing complete, launched new product recipes in KSA under the KITCO-Bonjour brand towards end of quarter, more SKUs to come on board in Q4'17

Good progress on growth/efficiency projects:

- New 60,000 bottle per hour water line in Kuwait commenced production - ahead of schedule
- UAE warehouse on track for a Q4'17 move
- New chips line in Qatar and PET projects in Kuwait and Qatar on track

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Enhanced operating cash flow and reduction of leverage ratios with implementation of the factoring transaction within the quarter

Technology Infrastructure: Roll out of WMS underway

HIGHLIGHTS

HIGHLIGHTS

HIGHLIGHTS

HIGHLIGHTS

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Revenue

**Q3'17** **YTD'17**

**49.8 m** **157.6 m**

+4.3% +0.9%

Gross Profit

**12.7 m** **40.6 m**

+4.6% +1.3%

EBITDA

**4.8 m** **16.1 m**

-3.6% -14.6%

Underlying Net Profit\*

**2.7 m** **10.1 m**

-13.8% -25.3%

Net Profit to Shareholders

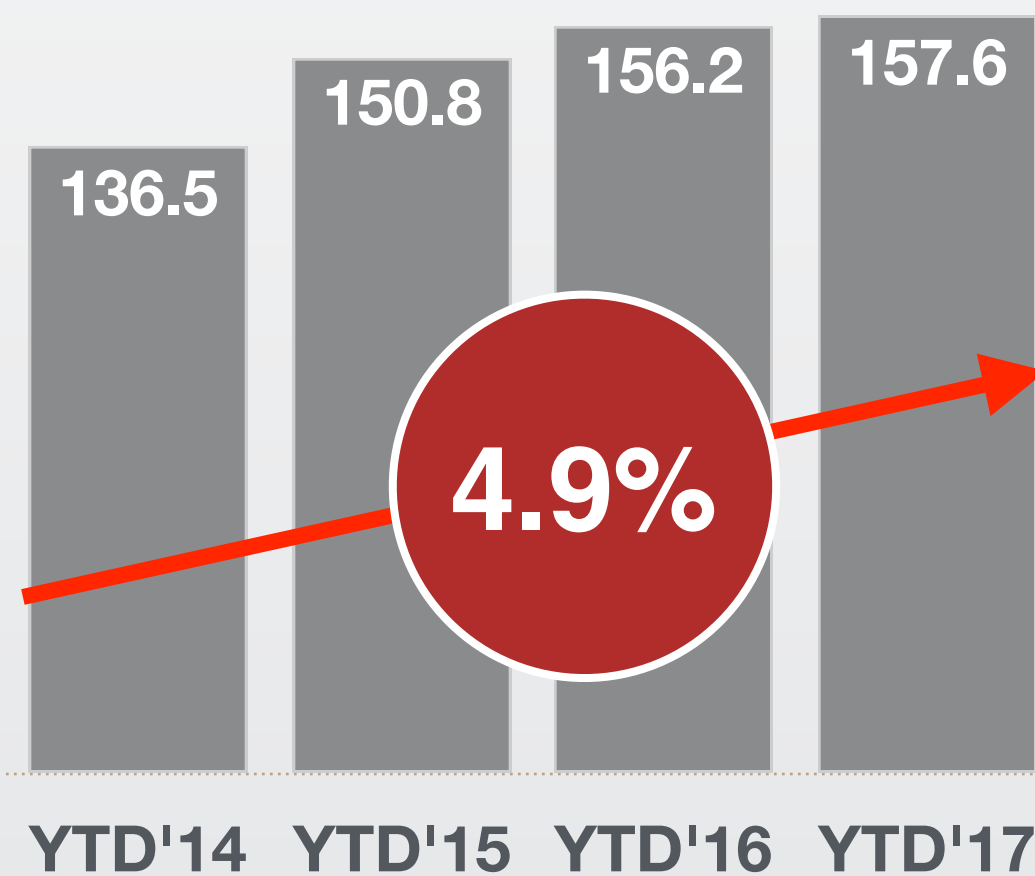
**2.8 m** **10.1 m**

-11.1% -23.0%

\*Excluding the previously anticipated KSA losses attributable to shareholders of KD 388K in Q3 and KD 913K YTD, underlying net profit attributable to shareholders improved for Q3 by 1.3% and dropped for YTD by -16.0%

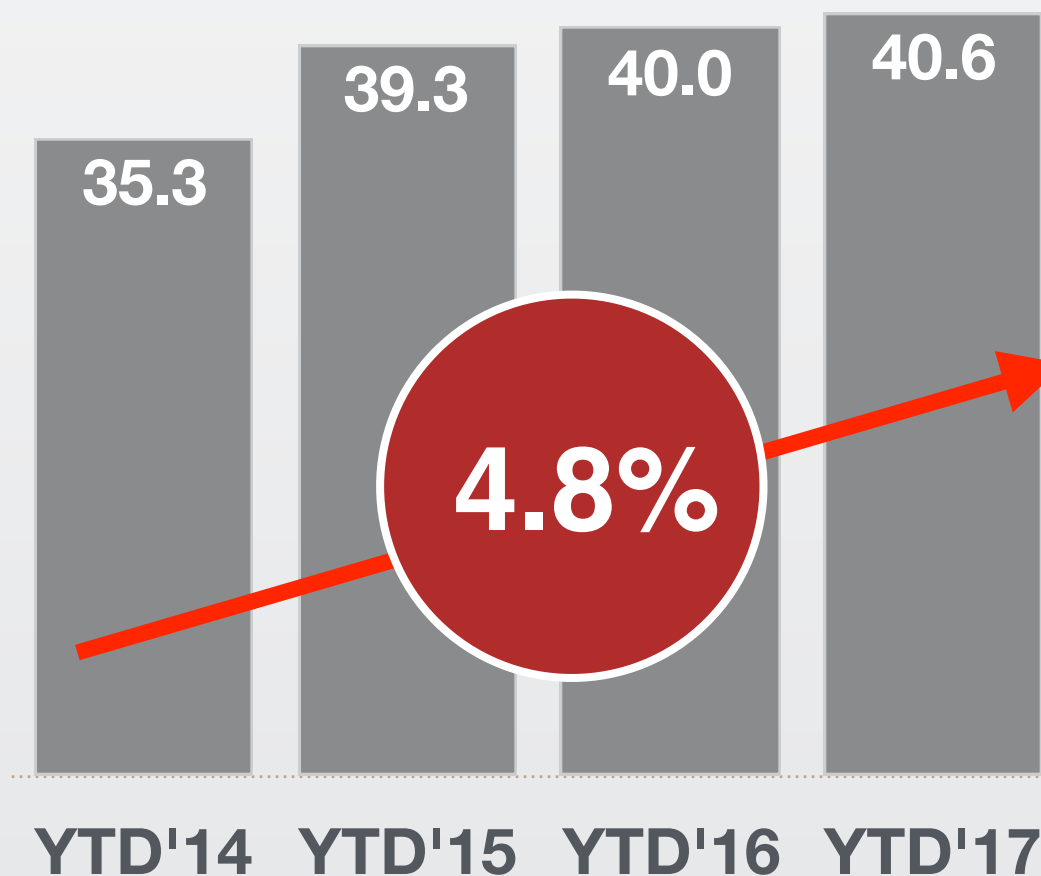
# Historical Performance

## Revenue



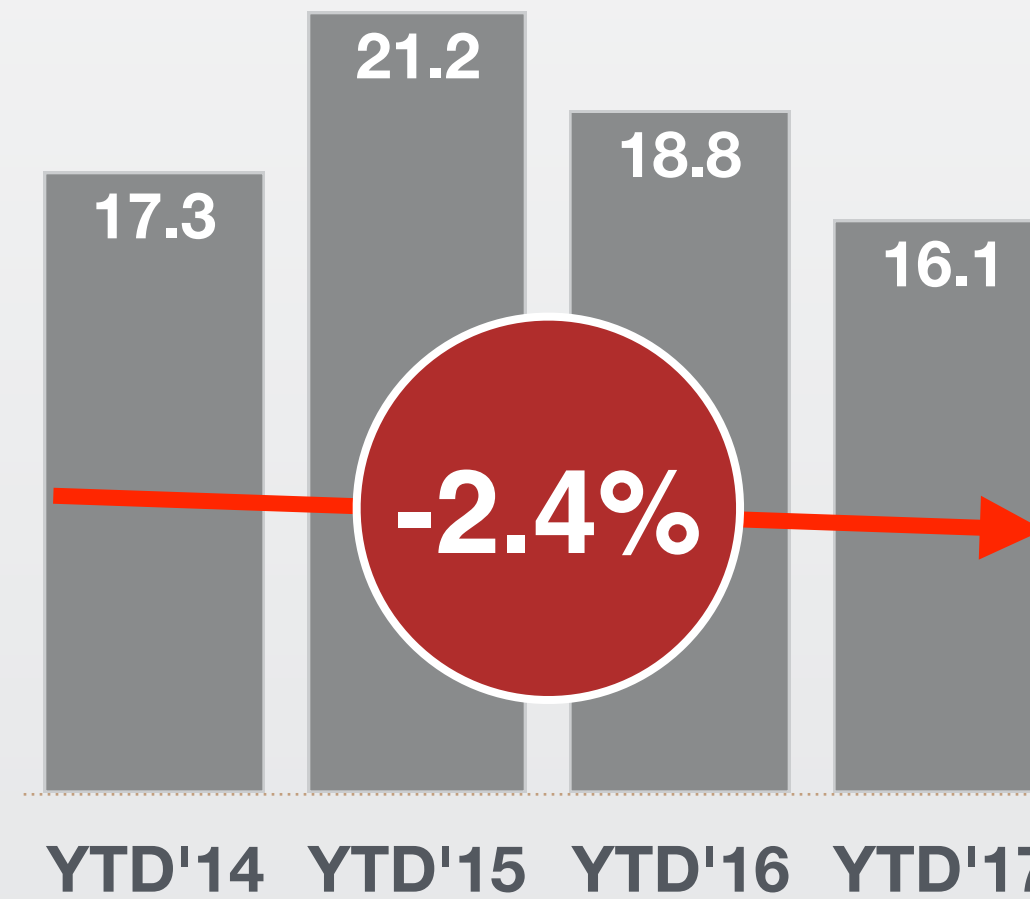
Food segment performed well in the quarter, with Food M&D and Catering division up 9% and 10% respectively, only to be weighed down by the Services division. FMCG and Industrial both reported stable growth at 4% and 7%, respectively.

## Gross Profit



Gross margins remained steady at 25.5% for the quarter and 25.7% YTD.

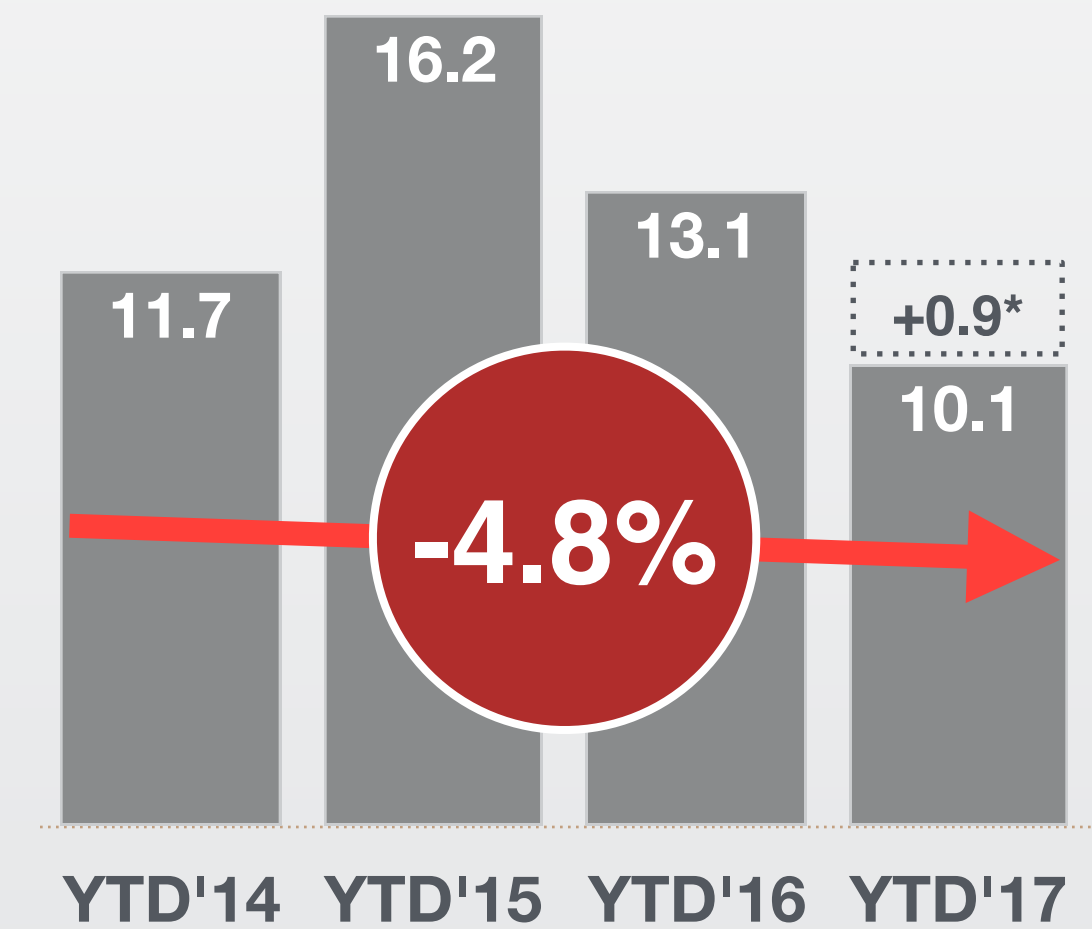
## EBITDA



Q3 EBITDA has decreased by 3.6% vs LY due to increased G&A, primarily driven by KSA business expansion.

## Net Profit

*\*Previously anticipated losses from KSA attributable to shareholders.*



Q3 Reduced by 11.1% vs Q3'16.

Excluding the previously anticipated KSA losses (KW 554KMM), Q3 Mezzan net income would have increased by 1.3% vs. LY.



# Financial Review

Q3'17 Revenue  
**contribution**  
by business line

**GROUP**

FOOD



76.3%  
of total Group Revenue

NON-FOOD



23.7%  
of total Group Revenue

# Q3'17 Revenue **growth** by business line

FOOD  +4.0%  
vs. Q3'16

NON-FOOD  +4.1%  
vs. Q3'16

Q3'17 Revenue  
**growth** by  
business division

FOOD

Manufacturing  
& Distribution  
Contributed 55.6% to  
Q3'17 Revenues



+9.2%  
vs. Q3'16

FOOD

Catering  
Contributed 14.6% to  
Q3'17 Revenues



+10.4%  
vs. Q3'16

FOOD

Services  
Contributed 6.1% to  
Q3'17 Revenues



-33.7%  
vs. Q3'16

FOOD

Q3'17 Revenue  
**growth** by  
business division

NON-FOOD

NON-FOOD

NON-FOOD

NON-FOOD

FMCG &  
Pharma  
Contributed 20.6% to  
Q3'17 Revenues



+3.8%  
vs. Q3'16

Industrials  
Contributed 2.6% to  
Q3'17 Revenues

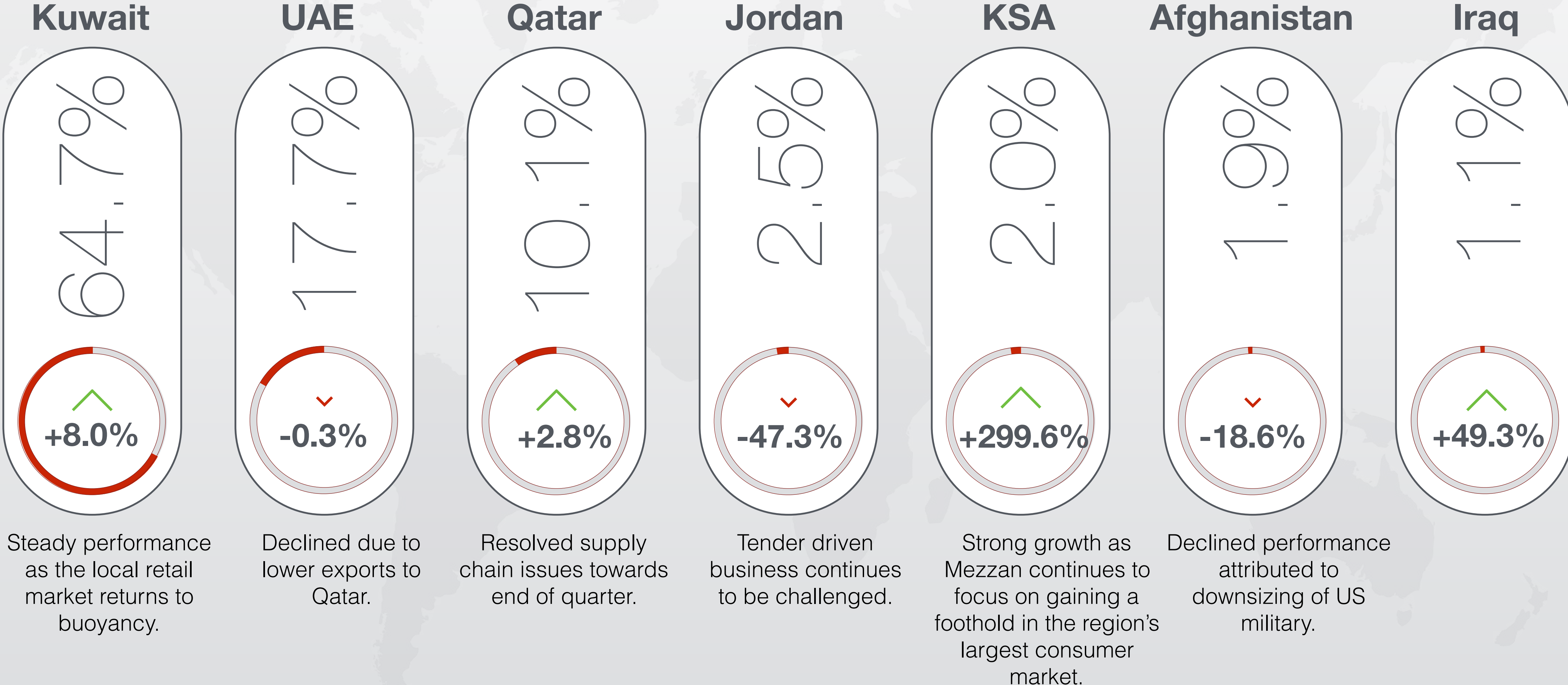


+6.7%  
vs. Q3'16

# Q3'17 Revenue by contribution & growth by country

Revenue contribution to total Group revenues in Q3'17 compared to Q3'16

Revenue growth in Q3'17 compared to Q3'16



# Q3'17 P&L (KD m)

|                              | Q3'17 |        | YTD'17 |        |
|------------------------------|-------|--------|--------|--------|
| Revenue                      | 49.8  | +4.3%  | 157.6  | +0.9%  |
| Gross Margin                 | 12.7  | +4.6%  | 40.6   | +1.3%  |
| GM%                          | 25.5% |        | 25.7%  |        |
| SG&A/Other                   | (9.8) | +11.1% | (30.0) | +15.6% |
| Underlying Profit before tax | 2.8   | -13.0% | 10.6   | -24.9% |
| Tax                          | (0.1) | +5.5%  | (0.5)  | +15.5% |
| Underlying Net Profit        | 2.7   | -13.8% | 10.1   | -25.3% |
| UNPM%                        | 5.4%  |        | 6.4%   |        |
| Net Profit to Shareholders   | 2.8   | -11.1% | 10.1   | -23.0% |

## Commentary

Growth in food offset by decline in services. FMCG aided by improvements in retail market but MOH policies have put a dampened performance.

Gross margins remained steady at 25.5% for the quarter and 25.7% YTD

Increase in labor costs vs LY, mostly driven by expansion into KSA

KD 96K lesser than LY driven by lower profits

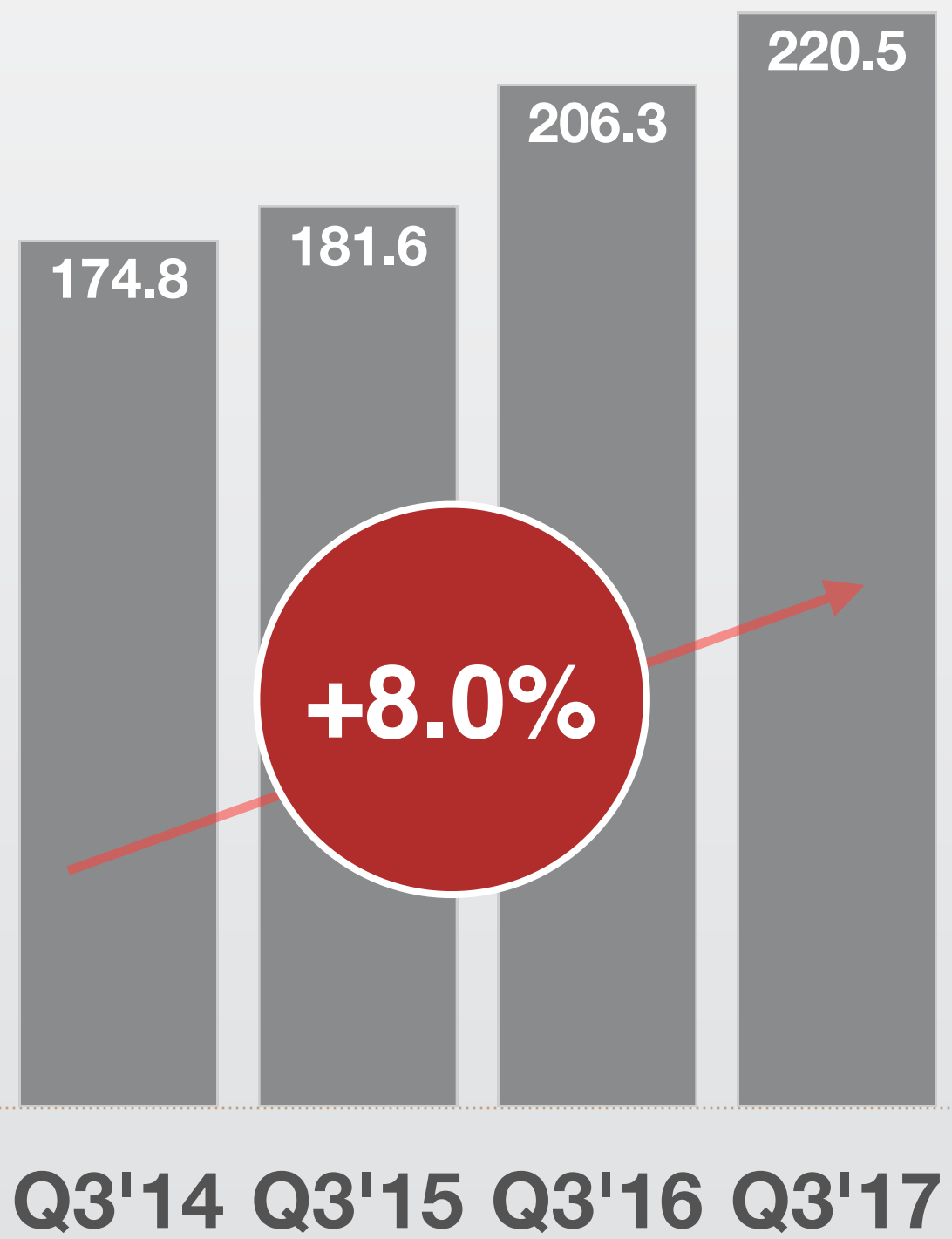
Q3'17

## Cash Flow (KD m)

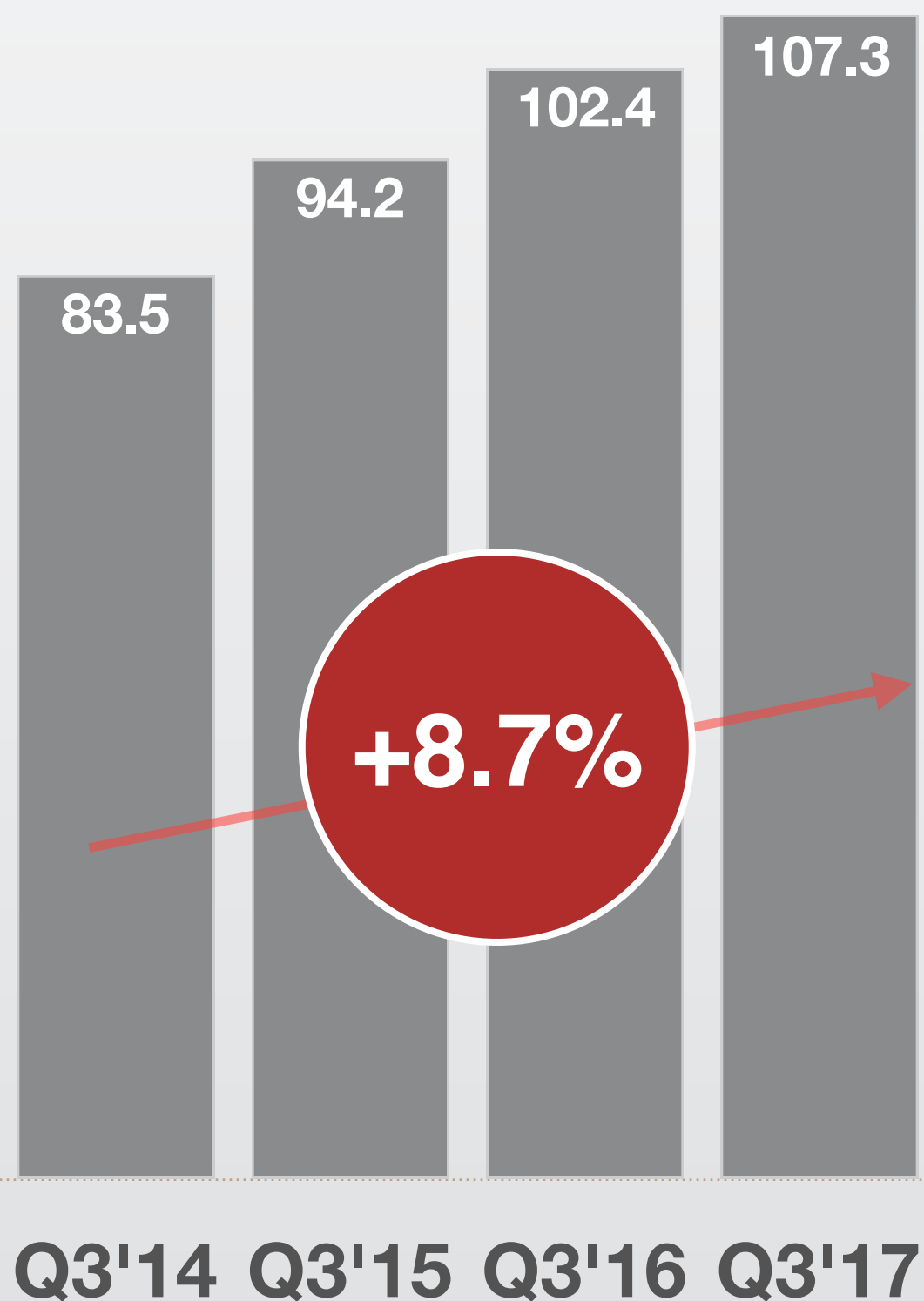
|                                       | <u>Q3'17</u>  | <u>Q3'16</u>  | <b>Diff.</b> |
|---------------------------------------|---------------|---------------|--------------|
| Operating Cash Flow before WC changes | 17.7          | 19.2          | (1.5)        |
| Working Capital                       | <u>(4.1)</u>  | <u>(11.8)</u> | 7.7          |
| <b>Operating Cash Flow</b>            | <b>13.6</b>   | <b>7.3</b>    | <b>6.2</b>   |
| CAPEX / Other investing activities    | <u>(9.8)</u>  | <u>(4.9)</u>  | <u>(4.9)</u> |
| <b>Cash Flow before financing</b>     | <b>(3.8)</b>  | <b>2.4</b>    | <b>1.4</b>   |
| Dividends / Financing / other         | <u>(10.7)</u> | <u>(9.3)</u>  | (1.4)        |
| <b>Increase in Net Debt</b>           | <b>(6.9)</b>  | <b>(6.9)</b>  | <b>0.0</b>   |

# Q3'17 Balance Sheet (KD m)

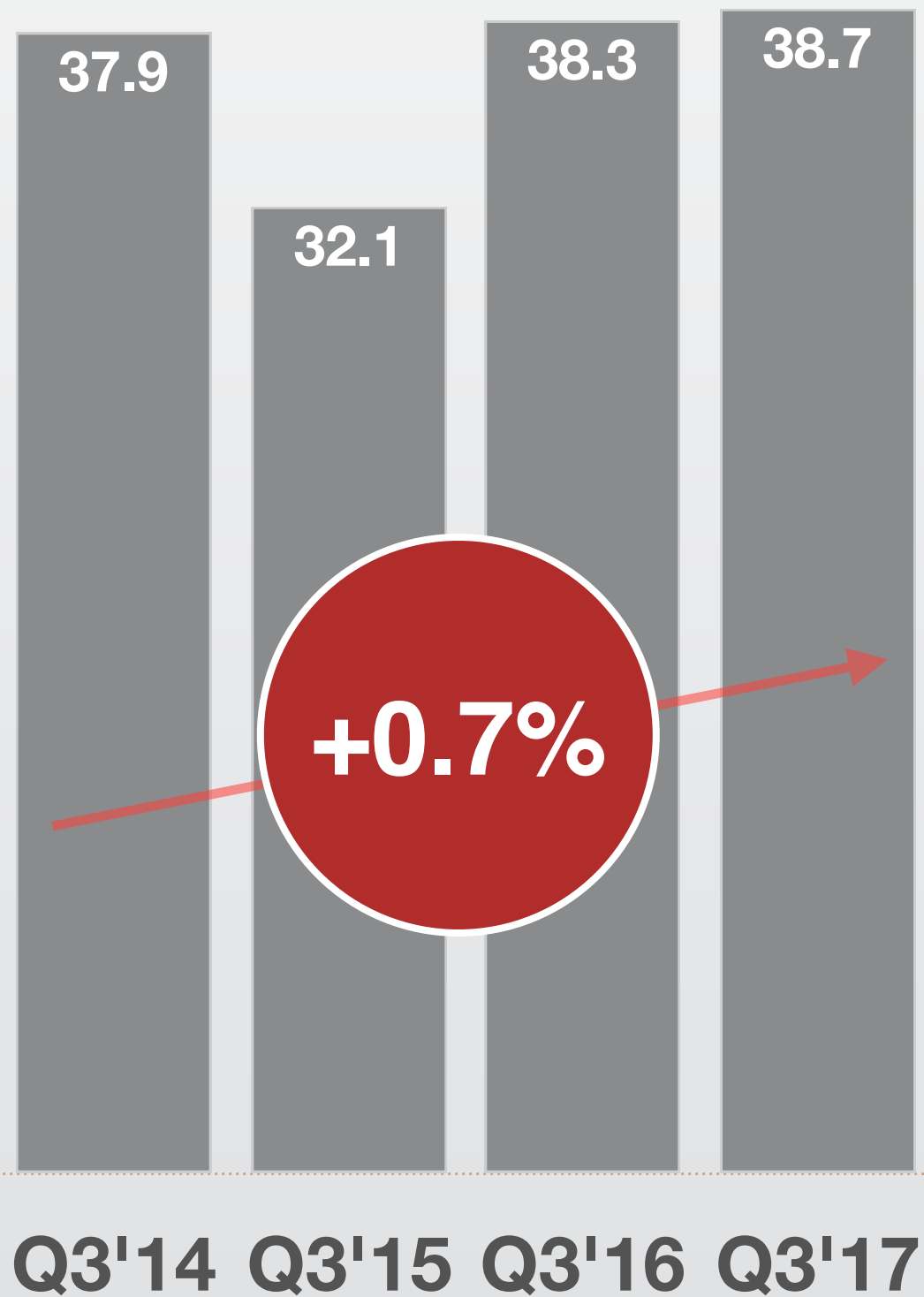
Total Assets



Equity

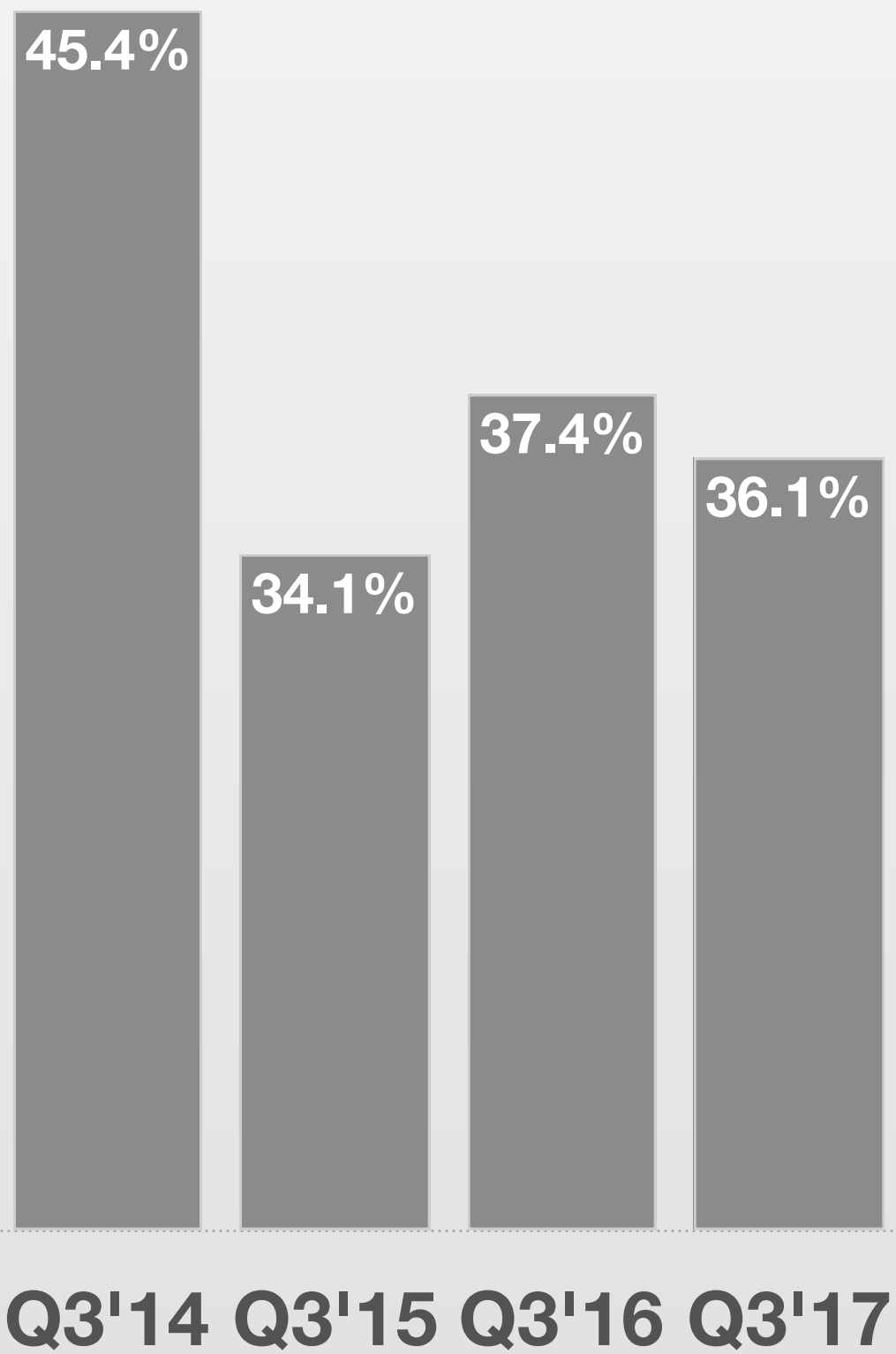


Net Debt



Net Debt to Equity (%)

Shareholder Equity





# Q&A

[ To ask a question look for 'ask a question' tab on your screen, then type your question ]



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