



شركة ميزان القابضة
MEZZAN HOLDING CO.

H1 2017 Earnings Presentation

Aug 9, 2017



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AGENDA

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H1 2017
Highlights

Historical
Performance

Financial
Review

Q&A

HEADWINDS

HEADWINDS

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HEADWINDS

Impact of Qatar blockade: Supply chain complexities, disruption of inflow of raw material and exports from regional platform, adversely affecting profitability.

Services sector experiencing challenges Afghanistan as US stopped order amid a revamp its security and procedures.

A soft Ramadhan season regionally, combined with impact on orders from the roll out of Co-op inventory system upgrade in Kuwait.

MOH delay in tenders and price reductions drags on FMCG's performance.

The delayed implementation of factoring transaction of existing book.

Issues being resolved, expected unwinding positions expected by Q4'17.

TAILWINDS

TAILWINDS

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Our food business, which brings in over 70% of total revenue, continues to prove its resilience in the face of current market conditions with a growth of +1.2% in Q2.

Both the turn-around of our Saudi business and its integration into the Mezzan ecosystem is progressing well.

Catering business continues to grow by double digits.

KLOC continues to improve its business and grow profitability, but segment results were undermined by a slowdown in plastics.

New projects on track, including new warehouses and production lines.

Technology Infrastructure: Roll out of WMS.

HIGHLIGHTS

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HIGHLIGHTS

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Revenue

EBITDA

Underlying Net Profit

Net Profit to Shareholders

H1'17

Q2'17

107.8 m
-0.6%

50.3 m
-4.8%

11.3 m
-18.5%

4.0 m
-40.6%

7.4 m
-28.9%

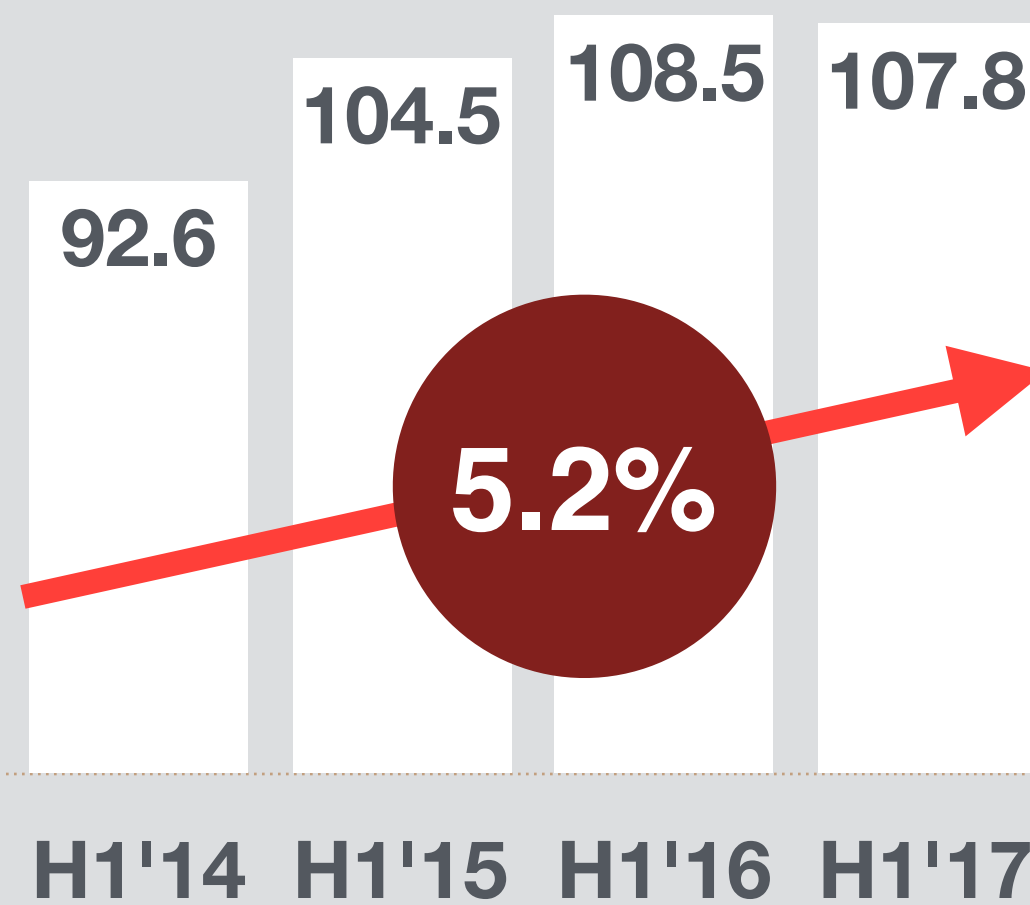
2.0 m
-59.9%

7.3 m
-26.7%

2.0 m
-58.1%

Historical Performance

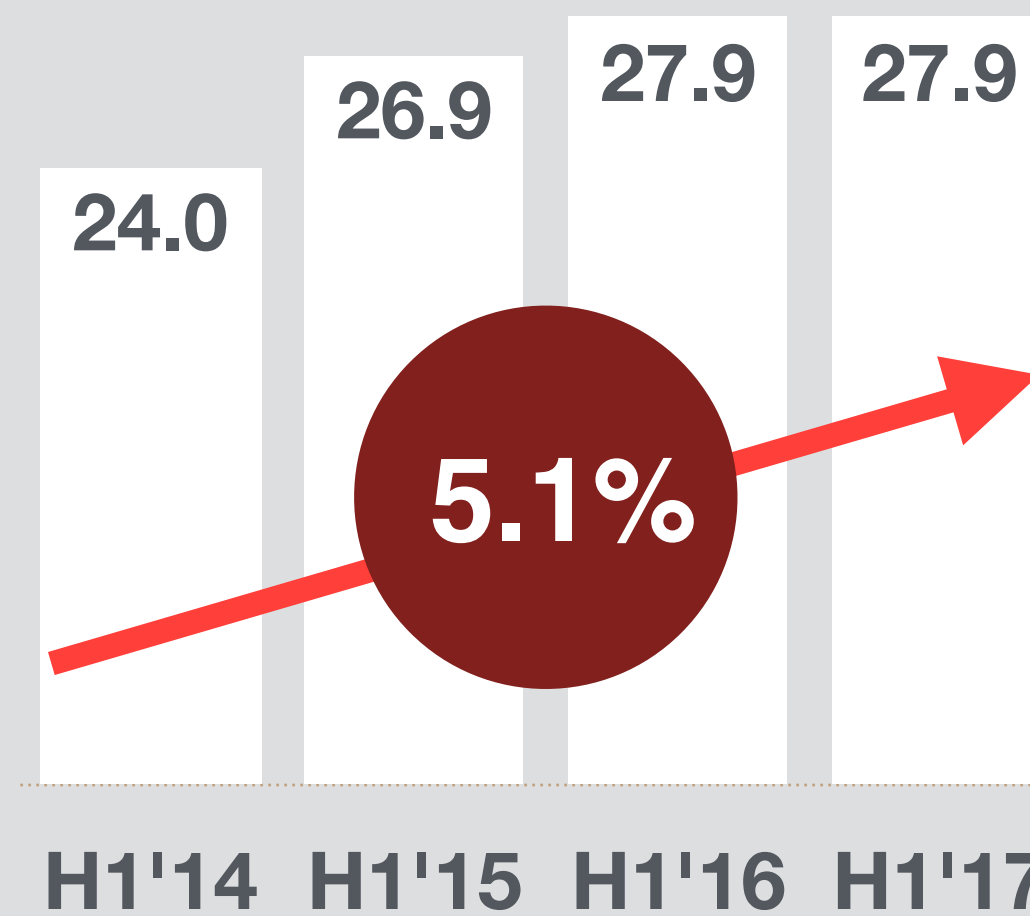
Revenue



Despite the challenging regional market faced in H1 2017, Mezzan reported revenue consistent with last year.

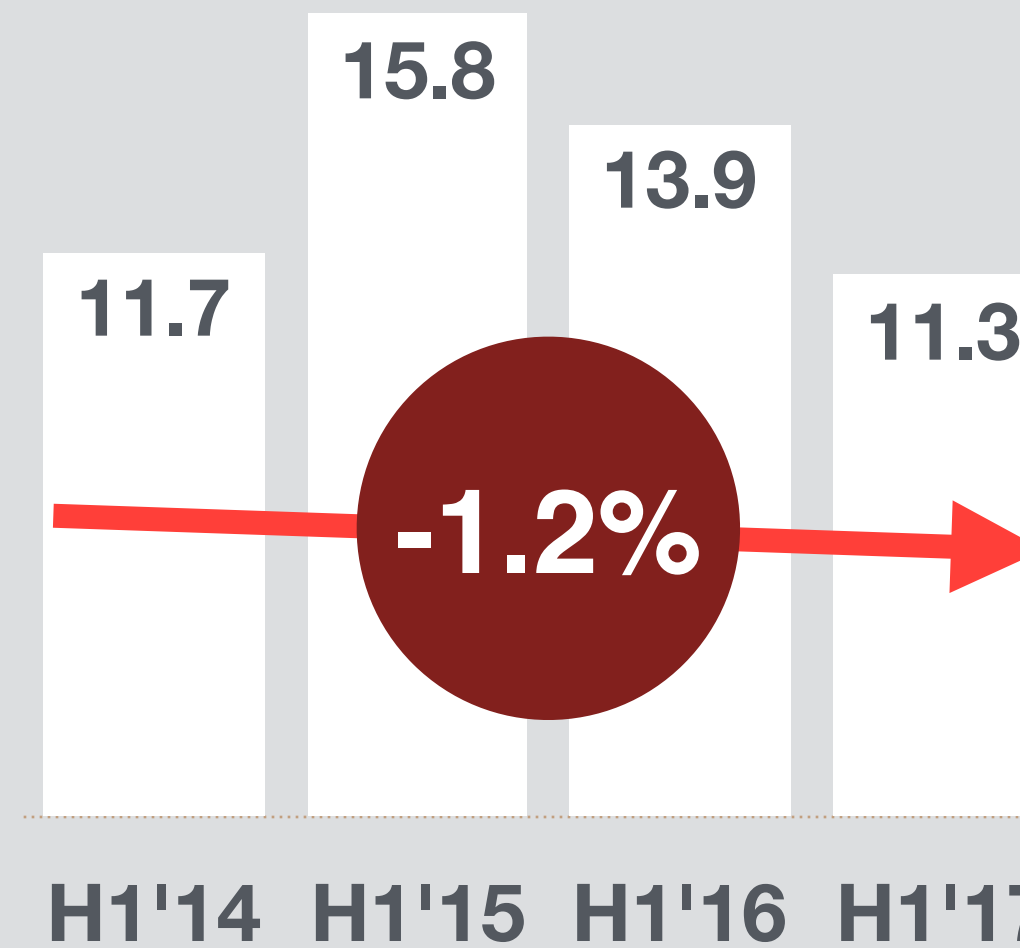
Growth in Food & Catering divisions were offset by declines in Services and FMCG

Gross Profit

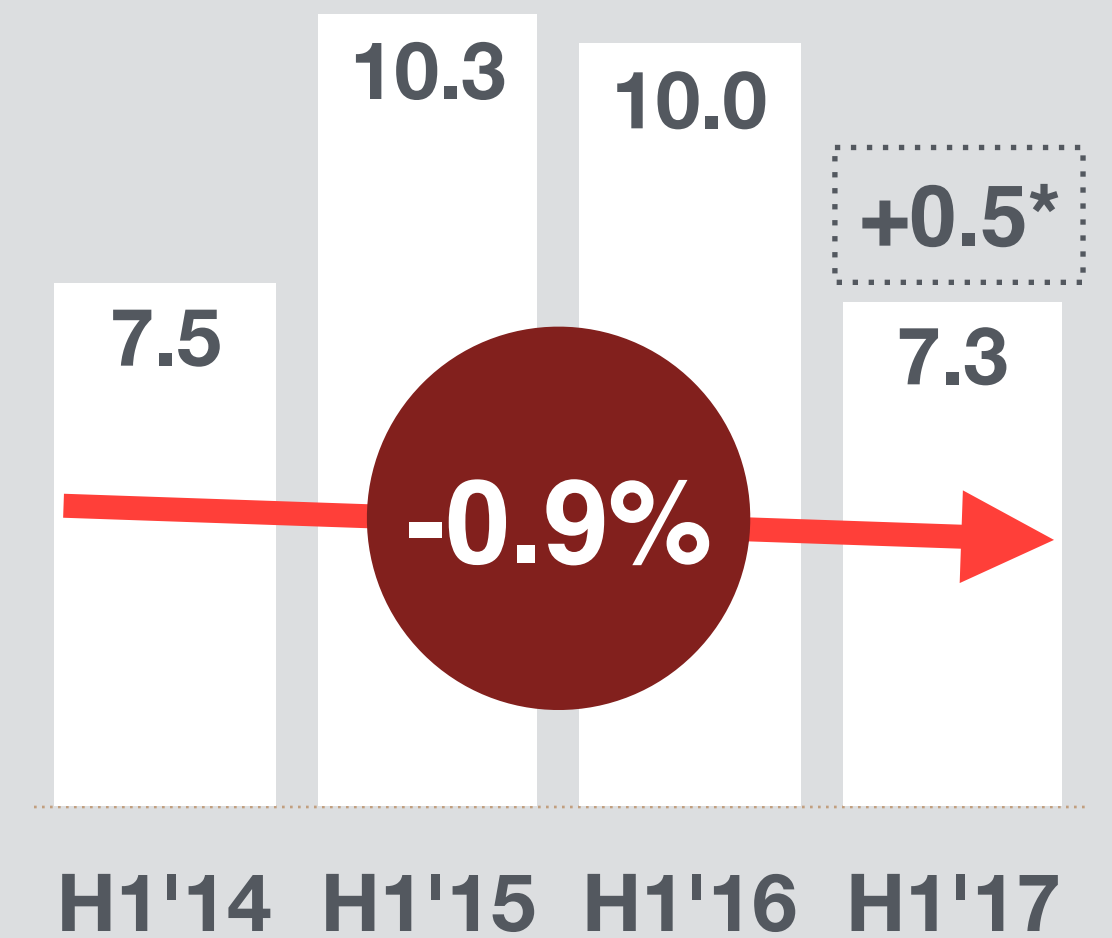


Gross margins remained consistent with last year as Mezzan continues to effectively manage costs.

EBITDA



Underlying Net Profit



*Previously anticipated losses from KSA attributable to shareholders.

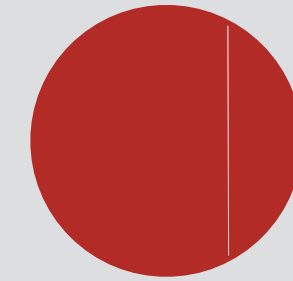
Mezzan's profitability was effected by a lackluster first half. Regional instability and increased spend on KSA drove up operating costs.



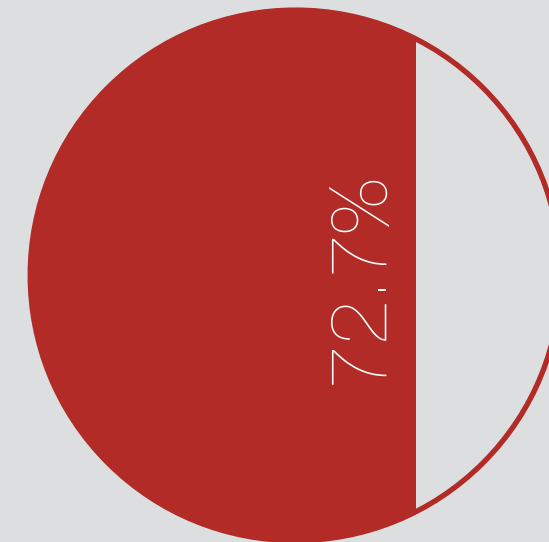
Financial Review

H1'17 Revenue **contribution** by business line

GROUP

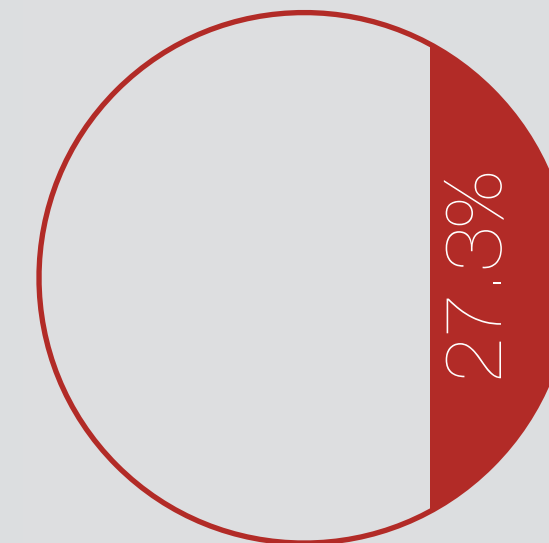


FOOD



72.7%
of total Group Revenue

NON-FOOD



27.3%
of total Group Revenue

H1'17 Revenue **growth** by business line

FOOD  +1.2%
vs. H1'16

NON-FOOD  -4.7%
vs. H1'16

H1'17 Revenue
growth by
business division

FOOD

Manufacturing
Distribution
Contributed 52.8% to
H1 Revenues



+01.4%
vs. H1'16

FOOD

Catering
Contributed 13.3% to
H1 Revenues



+13.2%
vs. H1'16

FOOD

Services
Contributed 6.6% to
H1 Revenues



-17.7%
vs. H1'16

FOOD

H1'17 Revenue **growth** by business division

NON-FOOD

NON-FOOD

NON-FOOD

NON-FOOD

FMCG &
Pharma
Contributed 24.7% to
H1 Revenues



-04.5%
vs. H1'16

Industrials
Contributed 2.6% to
H1 Revenues

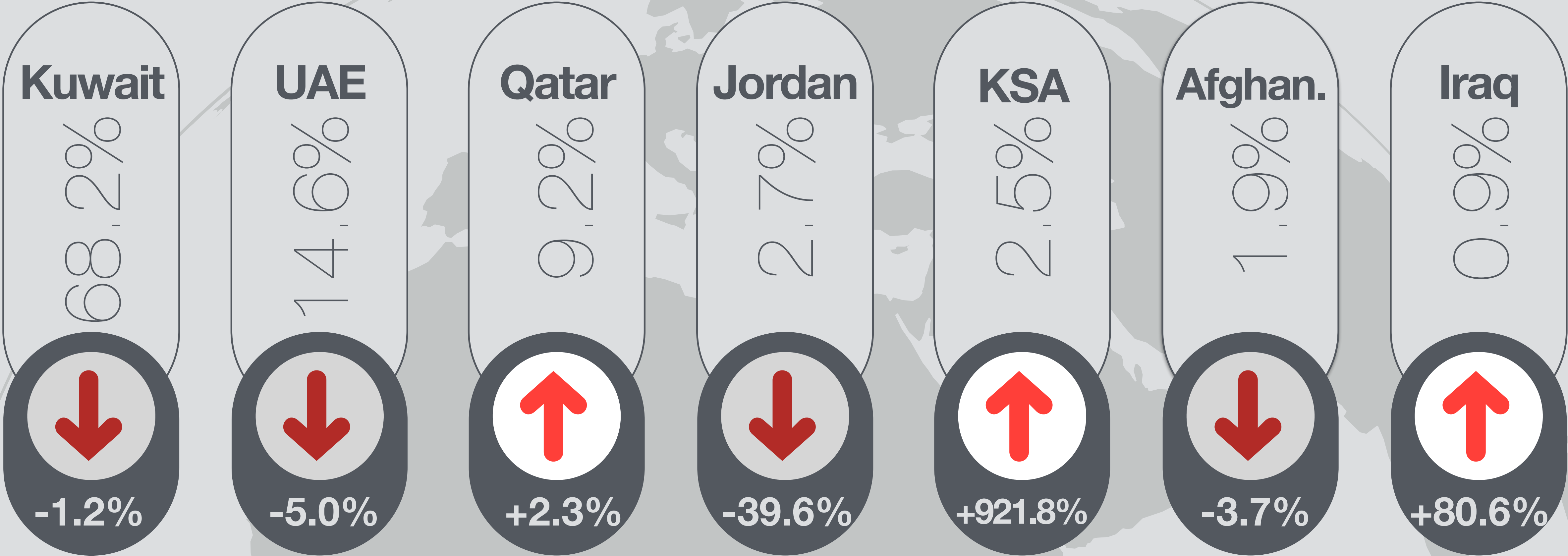


-06.9%
vs. H1'16

H1'17 Revenue by contribution & growth by country

Revenue contribution to total Group revenues in H1'17 compared to H1'16

Revenue growth in H1'17 compared to H1'16



Strong start curbed by a lackluster Ramadan

Revenue down by 5.0% with signs of stabilizing discretionary portfolio and strong exports

Operations continue to face challenges due to slowdown in tender business

H1'17

P&L (KD m)

	H1'17		Q2'17	
Revenue	107.8	-0.6%	50.3	-4.8%
Gross Margin	27.9	-0.1%	12.7	-6.5%
	25.9%		25.2%	
SG&A / Other	(20.2)	-17.9%	(10.6)	-26.7%
Underlying Profit before tax	7.7	-28.6%	2.1	-59.9%
Tax	(0.3)	+21.5%	(0.1)	+60.1%
Underlying Net Profit	7.4	-28.9%	2.0	-59.9%
	6.9%		4.0%	
Net Profit to Shareholders	7.3	-26.7%	2.0	-58.1%

Commentary

H1 Revenue: Growth in food and catering offset by decline in other divisions

H1 Margins were well protected

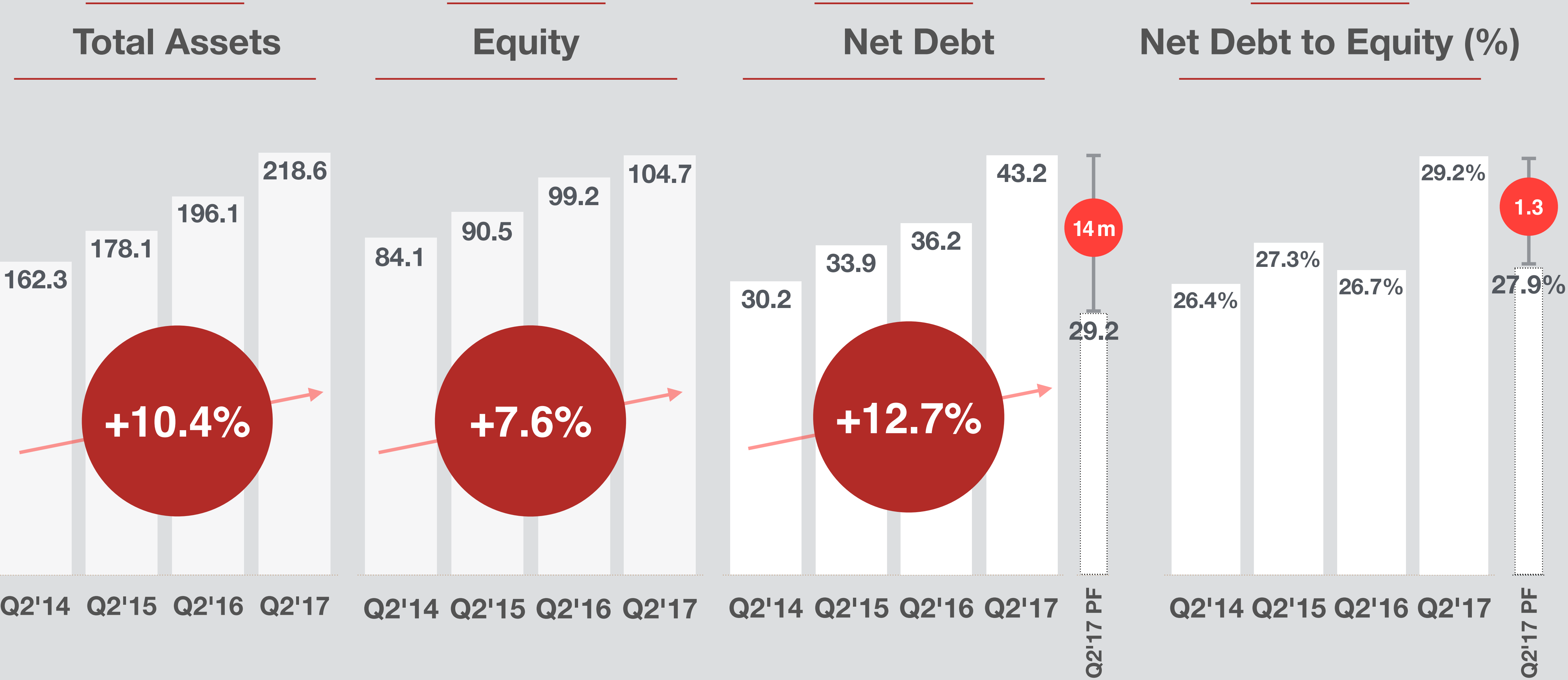
SG&A: Increased by 17.9% in H1, driven by staff costs related to acquisition of Mezzan Foods & Marketing costs. Higher financing charges due to increase to base rate and delay in factoring deal.

H1'17

Cash Flow (KD m)

	<u>H1'17</u>	<u>H1'16</u>	Diff.
Operating Cash Flow before WC changes	12.3	14.1	(1.8)
Working Capital	<u>(8.3)</u>	<u>(6.6)</u>	(1.7)
Operating Cash Flow	4.1	7.6	(3.5)
CAPEX / Other investing activities	<u>(5.8)</u>	<u>(3.3)</u>	<u>(2.4)</u>
Cash Flow before financing	(1.7)	4.2	(5.9)
Dividends / Financing / other	<u>(9.7)</u>	<u>(9.0)</u>	(0.8)
Increase in Net Debt	(11.4)	(4.7)	(6.7)

H1'17 Balance Sheet (KD m)





Q&A

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



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