



1Q20 + 2Q20 Earnings Presentation

August 12, 2020



شركة ميزان القابضة
MEZZAN HOLDING CO.



Disclaimer

This confidential document is provided for informational purposes only. THE INFORMATION SET OUT IN THIS PRESENTATION AND PROVIDED IN THE DISCUSSION SUBSEQUENT THERETO DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES IN ANY JURISDICTION. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. THIS PRESENTATION HAS BEEN PREPARED BY AND IS THE SOLE RESPONSIBILITY OF MEZZAN HOLDING COMPANY (“MEZZAN” OR THE “COMPANY”).

Investors should make decisions to acquire investments solely on the basis of the information contained in the offering document published in connection with the offer of investments.

The information contained in this document is proprietary and confidential to Mezzan Holding Company (“Mezzan”). You must only use such information for the purposes of discussions with Mezzan and you must hold such information in strict confidence and not reproduce it or disclose it to any person, except as may be required by law.

You must not place any reliance for any purpose whatsoever on the information contained in this document. No representation or warranty, express or implied, is given by or on behalf of Mezzan or any other person as to the accuracy or completeness of the information or opinions contained in this document and no liability whatsoever is accepted by Mezzan or any other person for any loss howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith.

The information contained in this document has been obtained from sources prepared by other parties and it may not have been independently verified.

The supply of this document does not imply that the information within is correct at any time subsequent to the date of this document.

The information herein may be amended and supplemented and may not as such be relied upon for the purpose of entering into any transaction. This presentation may not be reproduced in whole or in part, distributed or transmitted to any other person without the Company's prior written consent. The information in this presentation and the views reflected there in are those of the Company and are subject to change without notice. All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of matters described herein. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance. These materials are not intended to provide the basis for any recommendation that any investor should subscribe for or purchase any securities. This presentation does not disclose all the risks and other significant issues related to an investment in any securities / transaction. Past performance is not indicative of future results. The Company is under no obligation to update or keep current the information contained herein. No person shall have any right of action against the Company or any other person in relation to the accuracy or completeness of the information contained in this presentation. No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation and if given or made such information or representation must not be relied upon as having been authorized by or on behalf of the Company. This presentation does not constitute an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including the provision of any services). No assurance is given that any such transaction can or will be arranged or agreed. Certain statements in this presentation may constitute forward-looking statements. These statements reflect the company's expectation and are subject to risk and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plan described herein. You are cautioned not to rely on such forward-looking statements. The Company does not assume any obligation to update its view of such risk and uncertainties or to publicly announce the result of any revision to the forward-looking statements made herein.

This document may contain forward-looking statements which, by their nature, involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by these statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described within this document. In particular, actual results may be adversely affected by future developments affecting inflation, interest rates, taxation, social instability or other economic, political or diplomatic or other matters. Forward-looking statements contained in this document that reference past trends or activities should not be taken as a representation that such trends or activities will continue.



Agenda

- Tailwinds & Headwinds
- H1 2020 Highlights
- Historical Performance
- Financial Review
- Q&A



COVID-19 Opportunities and Challenges

Opportunities: **Positively Impacted**

Challenges: **Adversely Impacted**

Portfolio

- ✓ Kuwait:
- ✓ Baked Goods
- ✓ Frozen Goods
- ✓ Rice
- ✓ Tuna
- ✓ Cleaning & Detergents
- ✓ Medicine

- ✗ Vanity products
- ✗ Energy drinks
- ✗ Water
- ✗ Industrial Segment

Channel

- ✓ Cooperative Supermarkets
- ✓ Key Accounts
- ✓ Government Accounts

- ✗ Schools
- ✗ Food Service
- ✗ Exports
- ✗ Wholesale/Distributors
- ✗ Minimarts in Kuwait

Service Offering

- ✓ Catering in Kuwait

- ✗ Catering in Qatar



Mezzan Today: Tailwinds

- Strong top line performance in all key segments: Food M&D, Catering, FMCG, and Healthcare
- Opportunistic business given COVID
- Enhancing operating margins
- Enhanced profitability margins driven by economies of scale, operating leverage
- Strong performance in Kuwait, where our market depth is most observed, as well as organic growth
- Reduced borrowing on back of working capital management



Mezzan Today: Headwinds

- Performance was despite challenges in select sales channels impacted by full lockdowns, curfews, and closures (schools, food service etc.)
- Supply chain disruptions issues for some portfolio items
- Timed interruptions of business in select areas, such as Qatar
- One off costs

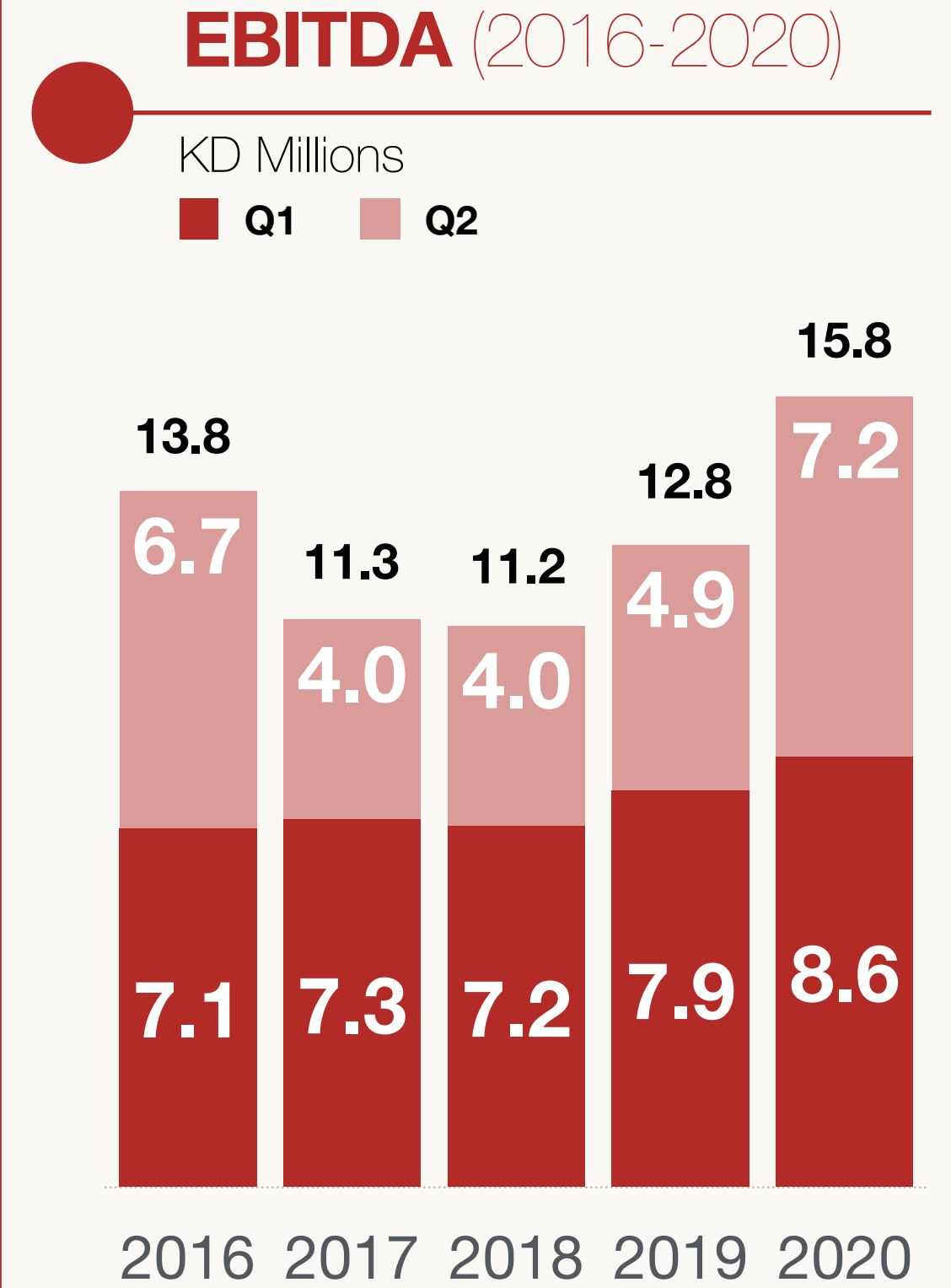


Mezzan Today: Highlights

KD Millions

	<u>1Q20</u>	<u>1Q19</u>	% Diff	<u>2Q20</u>	<u>2Q19</u>	% Diff	<u>1H20</u>	<u>1H19</u>	% Diff
Revenue	74.4	62.6	+18.8%	59.9	52.4	+14.2%	134.3	115.0	+16.7%
Gross Profit	16.6	14.5	+14.6%	15.3	11.8	+29.5%	31.9	26.3	+21.3%
EBITDA	8.6	7.9	+8.8%	7.2	4.9	+46.3%	15.8	12.8	+23.2%
Net Profit	4.6	5.1	-8.4%	3.5	2.2	+55.2%	8.1	7.3	+11.1%

*Attributable to
Equity Holders of
Parent Company*



Driven by organic and inorganic expansion programs recently completed, EBITDA improved by **46.3%** in Q2 on the back of higher gross profit and an enhanced operating leverage.

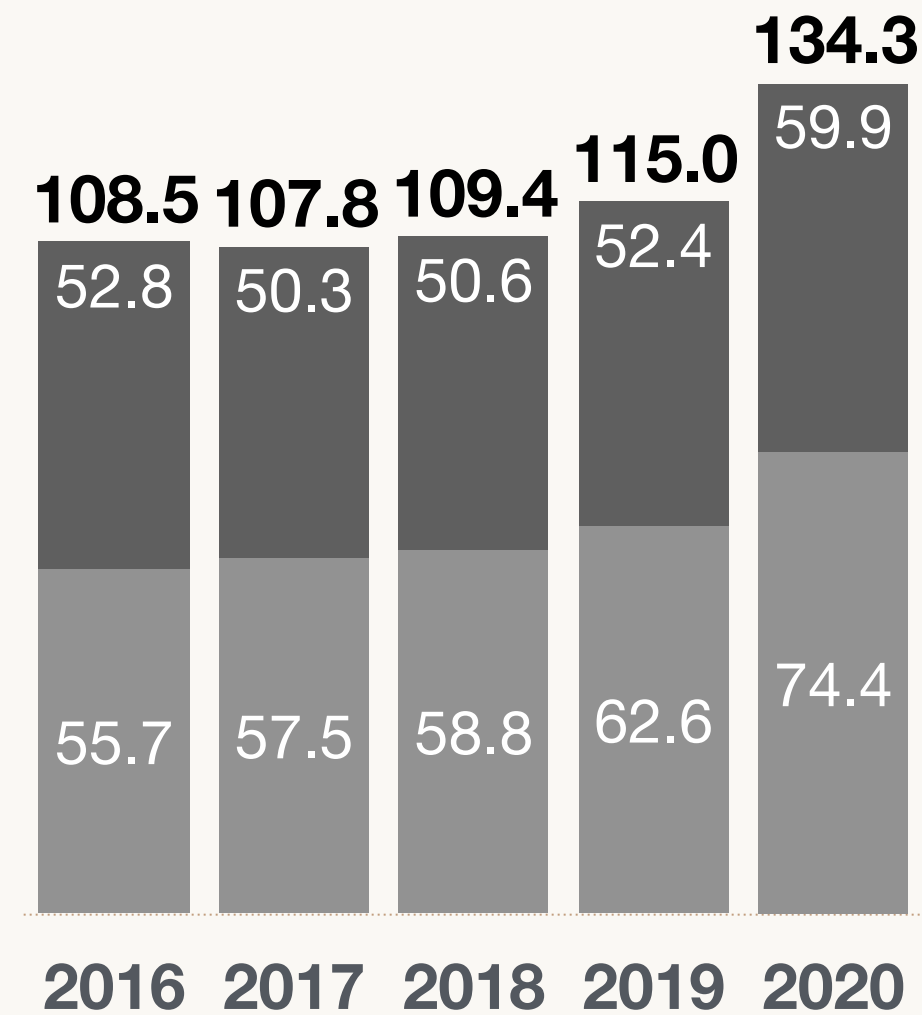


Mezzan Today: Historical Performance

KD Millions

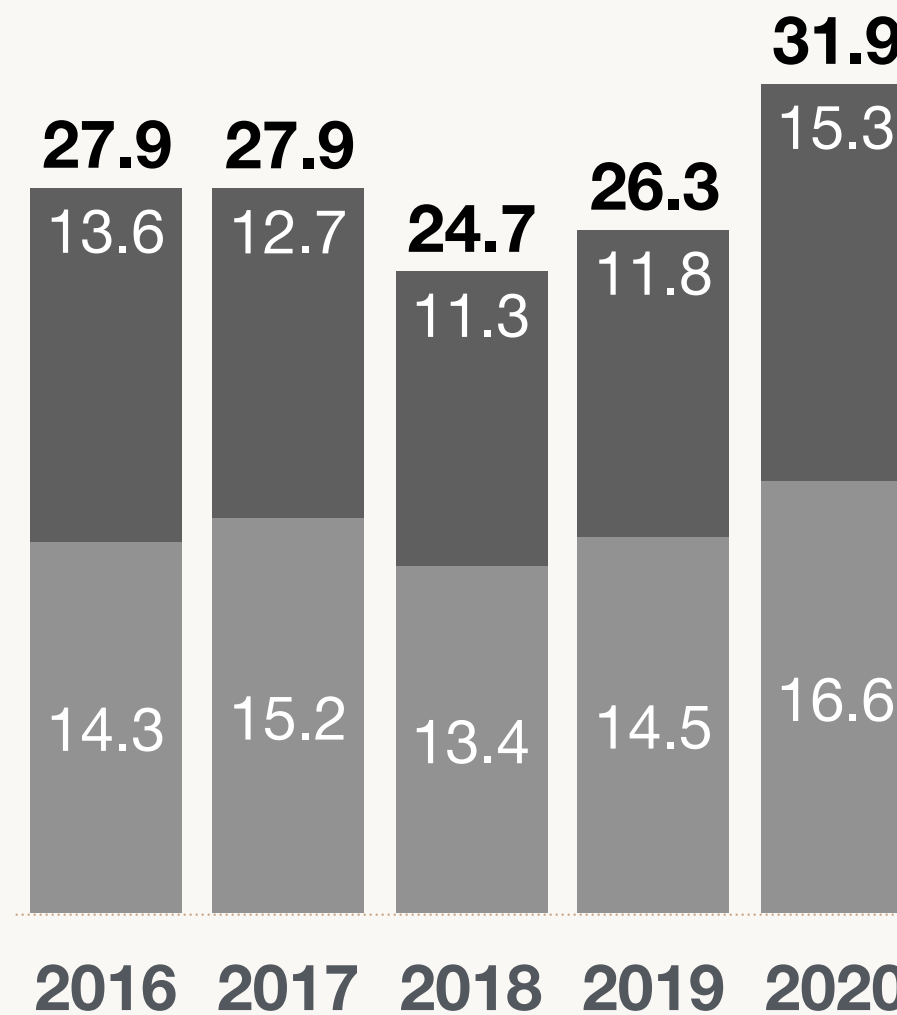
1H Revenue

■ 1Q ■ 2Q



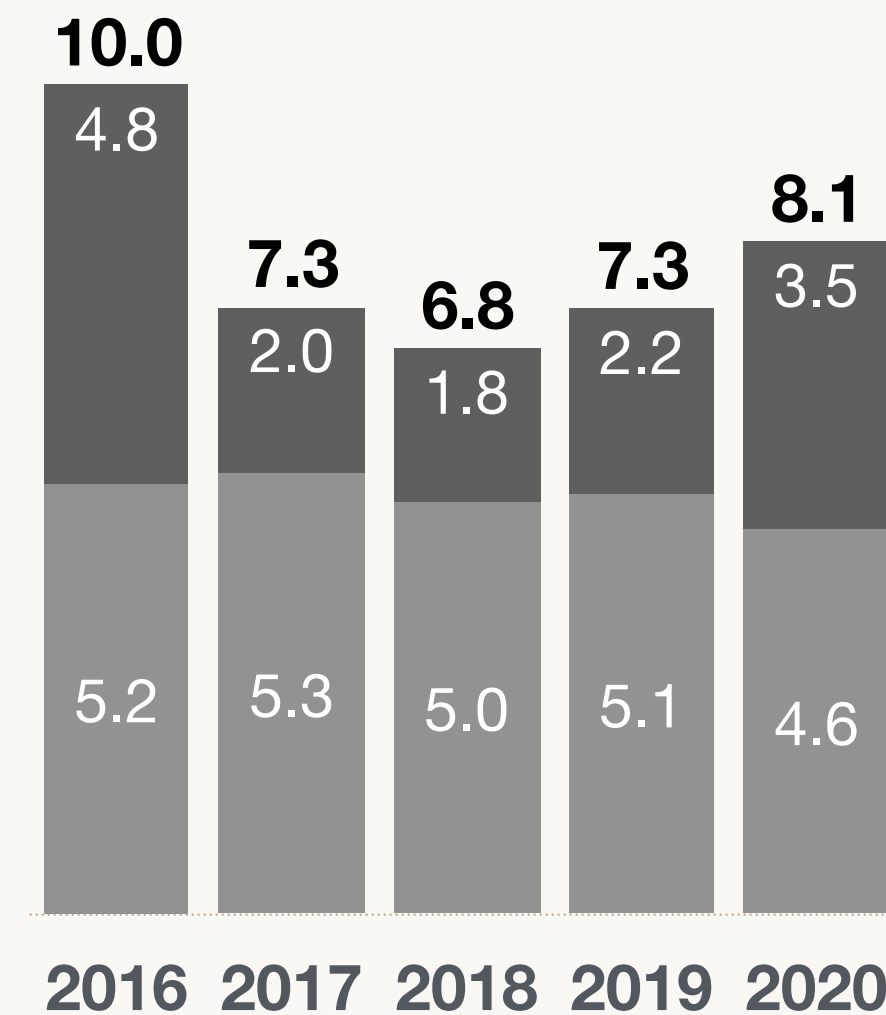
1H Gross Profit

■ 1Q ■ 2Q



1H Net Profit

■ 1Q ■ 2Q



In H1 Revenue grew by 16.7% as both the food and non-food segment displayed strong results. The growth was largely driven by Food M&D, as well as FMCG and healthcare.



In H1 Gross profit increased by 21.3%, while margins were at 23.7%, up by 80 basis points from previous period



Net income improved on the back of higher operating leverage, economies of scale, as well as inorganic growth.
(a) Attributable to equity holders so parent company

Financial Review



1H2020: Contribution by Business Line

FOOD REVENUE +9.5%

Vs.1H19



66.9%

Share of of total Group Revenue

	Growth	Share
1Q20	+8.6%	62.2%
2Q20	+10.4%	72.9%

NON-FOOD REVENUE +34.8%

Vs.1H19



33.1%

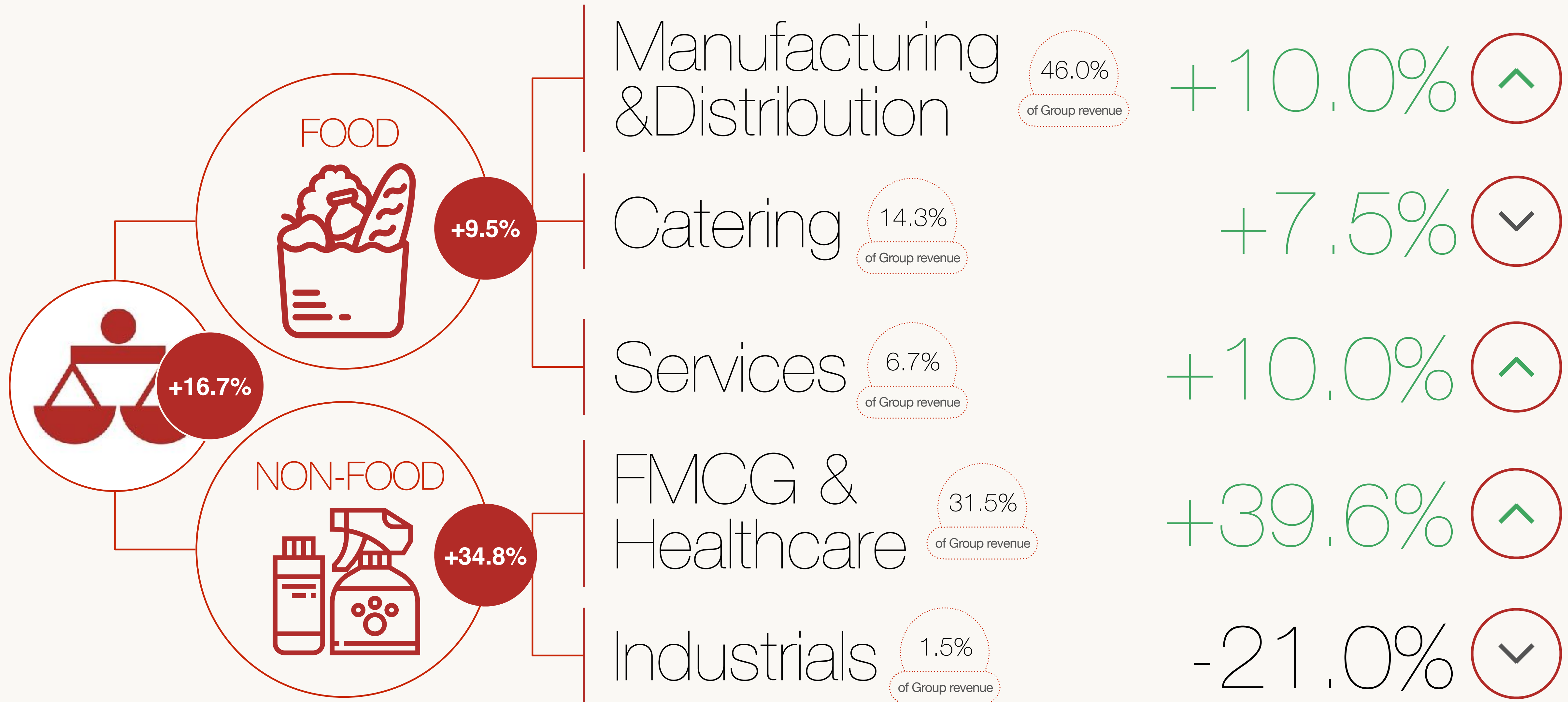
Share of of total Group Revenue

	Growth	Share
1Q20	+40.3%	37.8%
2Q20	+26.3%	27.1%



1H2020 Revenue: Growth by Business Division

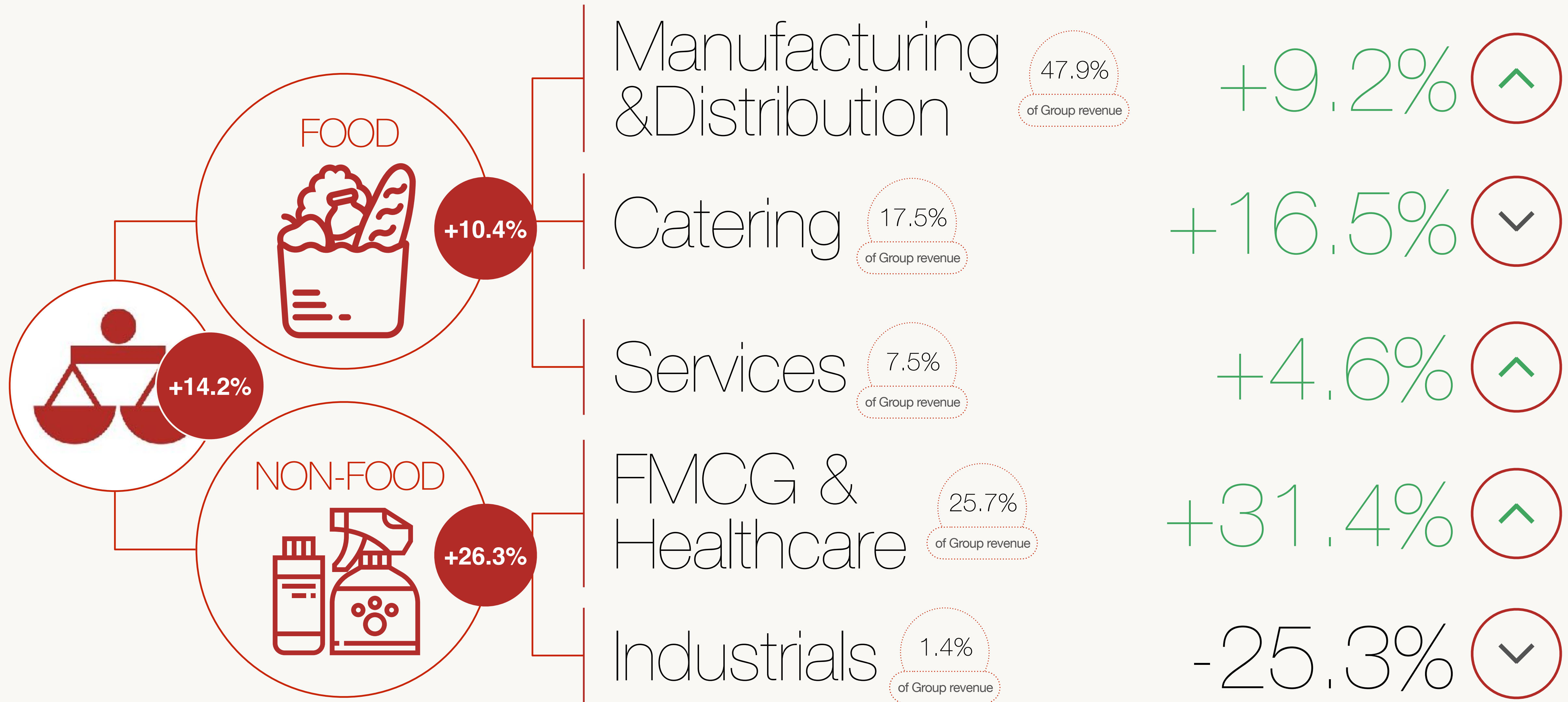
Vs.1H19





2Q2020 Revenue: Growth by Business Division

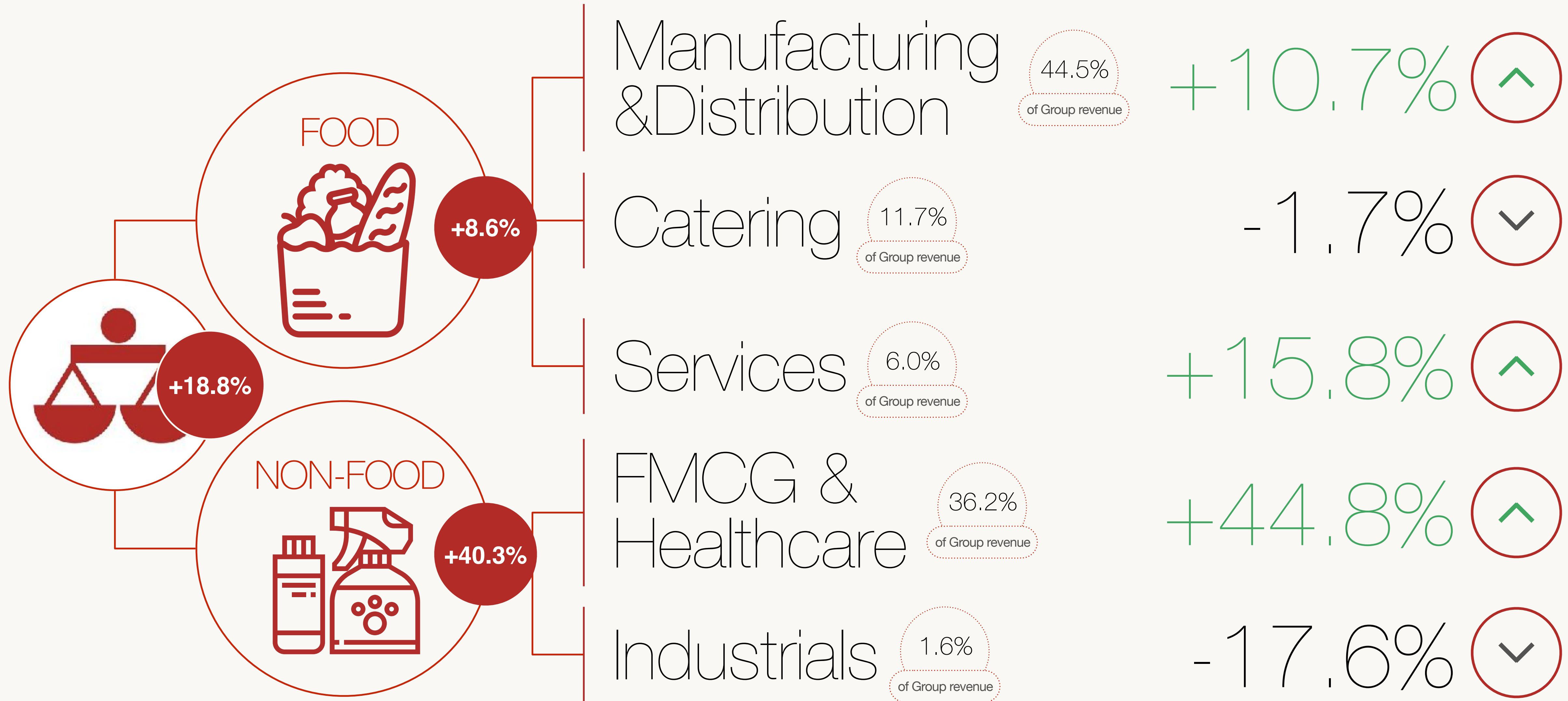
Vs.2Q19





1Q2020 Revenue: Growth by Business Division

Vs.1Q19



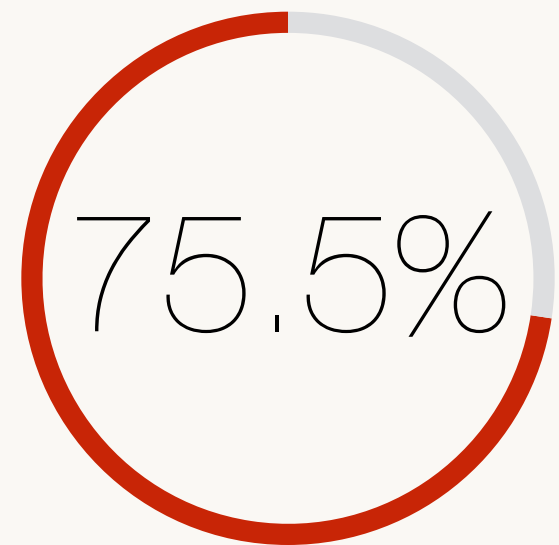


Revenue: Contribution and Growth by Country

Vs.1H19

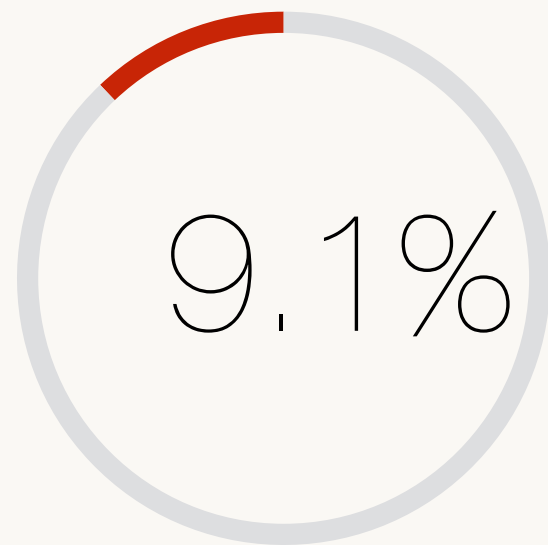
1H20

Kuwait



+23.6%

UAE



-2.4%

Qatar



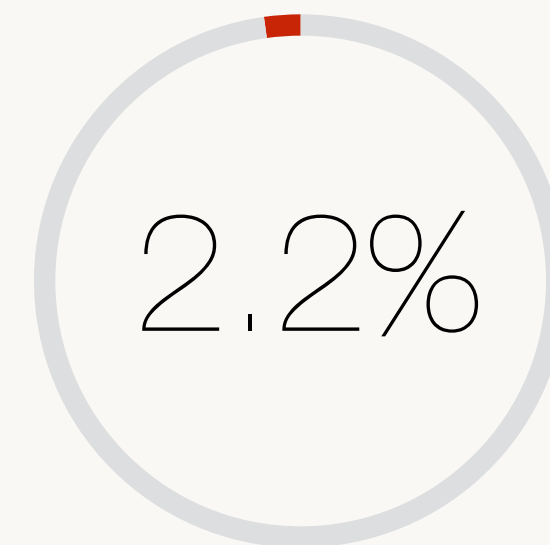
-5.7%

KSA



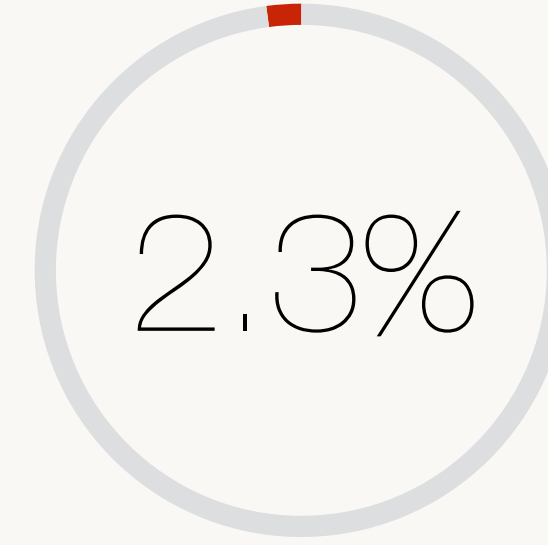
+0.5%

Jordan



+6.5%

Afghanistan



+0.1%

Iraq



+71.2%

2Q20
74.4%
 +21.6%

2Q20
8.7%
 -6.2%

2Q20
8.8%
 -7.8%

2Q20
2.1%
 +19.1%

2Q20
2.3%
 +17.4%

2Q20
2.7%
 -3.5%

2Q20
1.1%
 -1.3%

1Q20
76.4%
 +25.3%

1Q20
9.5%
 +0.7%

1Q20
7.3%
 -3.6%

1Q20
1.7%
 -12.7%

1Q20
2.0%
 -2.0%

1Q20
2.0%
 +4.3%

1Q20
1.0%
 +346%

Vs.2Q19

Vs.1Q19



P&L

KD Millions

	1Q20	1Q19	% Diff	2Q20	2Q19	% Diff	1H20	1H19	% Diff
Revenue	74.4	62.6	+18.8%	59.9	52.4	+14.2%	134.3	115.0	+16.7%
Gross Margin	16.6	14.5	+14.6%	15.3	11.8	+29.5%	31.9	26.3	+21.3%
GM%	22.3%	23.1%		25.5%	22.5%		23.7%	22.9%	
SG&A	-10.2	-8.4	+21.2%	-10.3	-8.7	+19.1%	-20.6	-17.1	+20.1%
Others	-1.0	-0.8	+22.9%	-0.9	-0.8	+5.3%	-1.9	-1.7	+14.1%
Underlying profit before tax	5.4	5.3	+2.6%	4.1	2.3	+77.8%	9.4	7.5	+25.4%
Tax	-0.2	-0.2	-0.5%	-0.2	-0.1	+75.1%	-0.4	-0.3	+25.7%
Net Profit	5.2	5.1	+2.7%	3.9	2.2	+77.9%	9.0	7.2	+25.4%
NPM%	6.9%	8.0%		6.4%	4.1%		6.7%	6.2%	
Net Profit to Shareholders	4.6	5.1	-8.4%	3.5	2.2	+55.2%	8.1	7.3	+11.1%



Cashflow

KD Millions

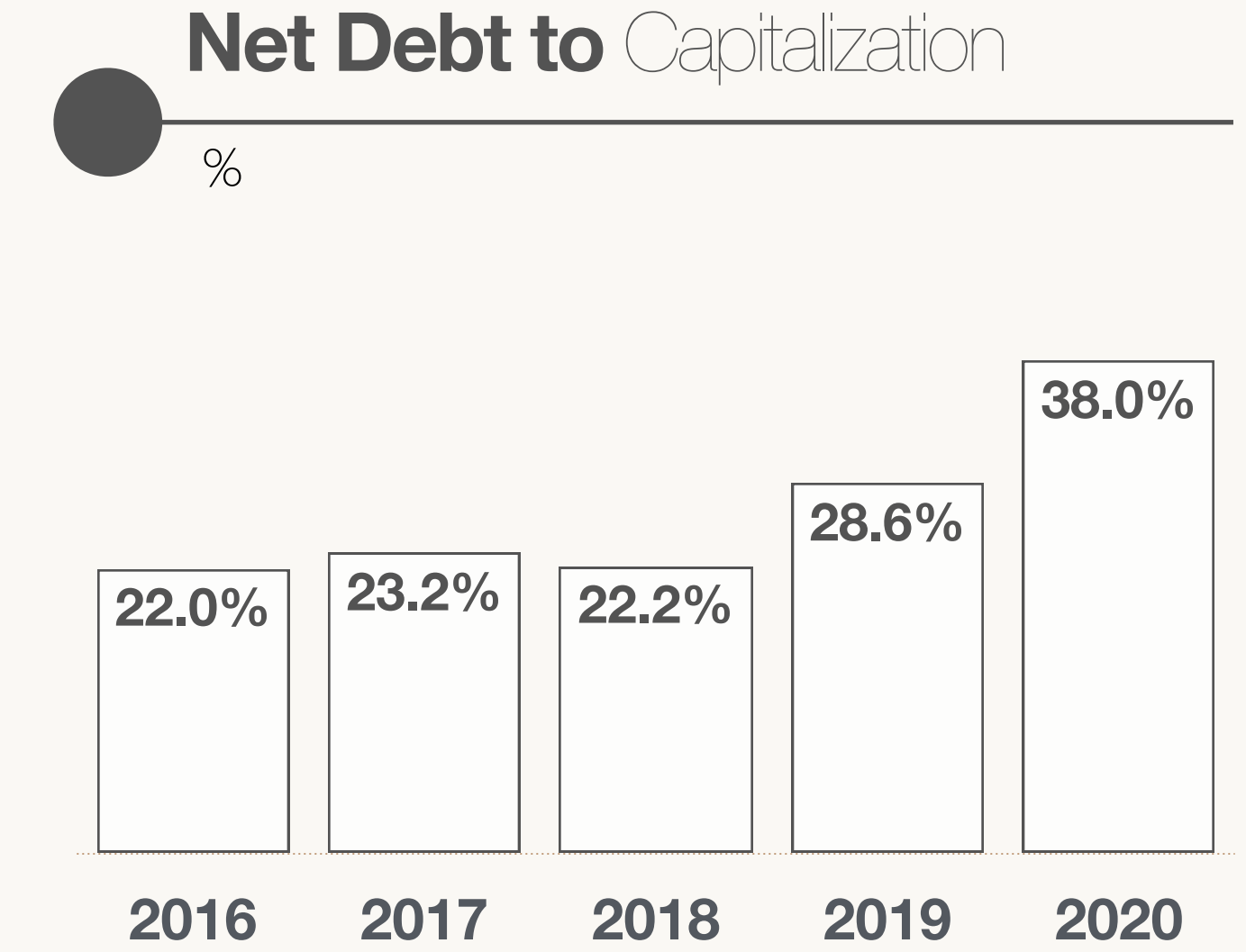
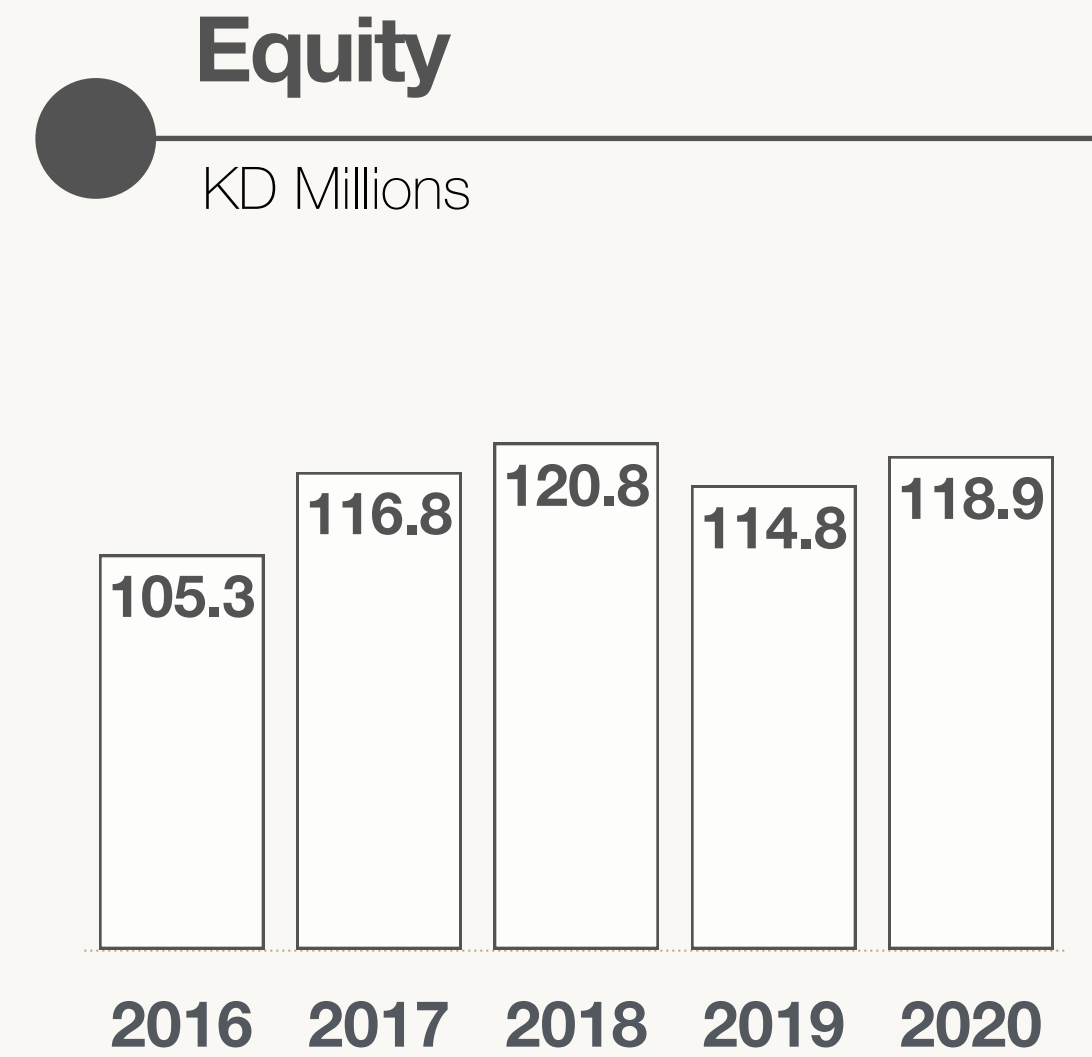
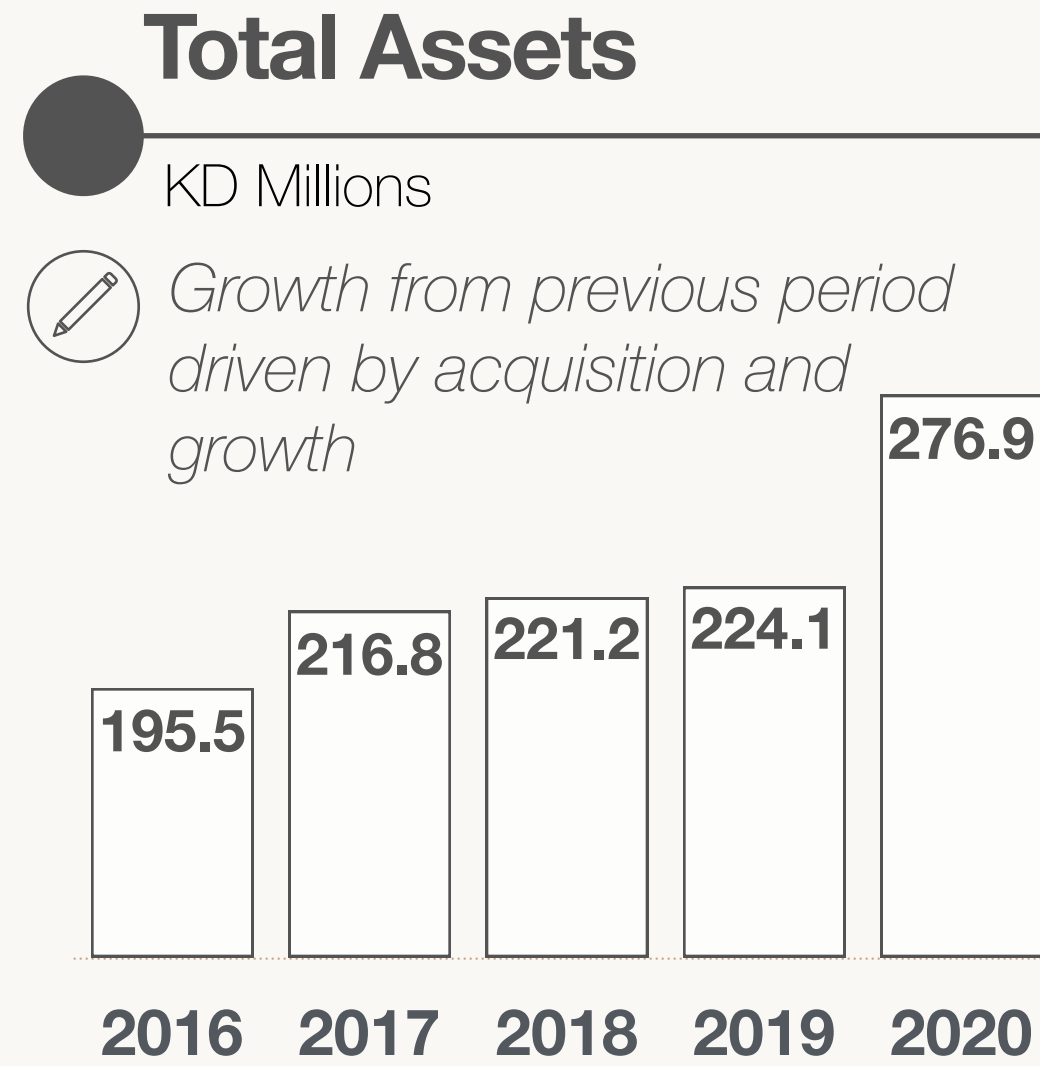
	1Q20	1Q19	<i>Diff</i>	2Q20	2Q19	<i>Diff</i>	1H20	1H19	<i>Diff</i>
Operating Cash Flow <i>before WC changes</i>	9.2	7.9	1.29	8.9	5.1	3.77	18.1	13.0	5.06
Working Capital	-3.8	-6.0	2.16	7.9	-5.0	12.97	4.1	-11.0	15.13
Operating Cash Flow	5.4	2.0	3.45	16.8	0.1	16.74	22.2	2.0	20.19
CAPEX / Other investing activities	-2.1	-1.2	-0.86	-0.4	-1.2	0.84	-2.4	-2.4	-0.02
Cash Flow before financing	3.3	0.8	2.59	16.4	-1.2	17.58	19.8	-0.4	20.17
Dividends / Financing / Other	-1.3	-1.1	-0.23	-1.2	-6.2	4.99	-2.5	-7.2	4.76
Decrease (Increase) in Net Debt	2.0	-0.3	2.36	15.3	-7.3	22.57	17.3	-7.6	24.93



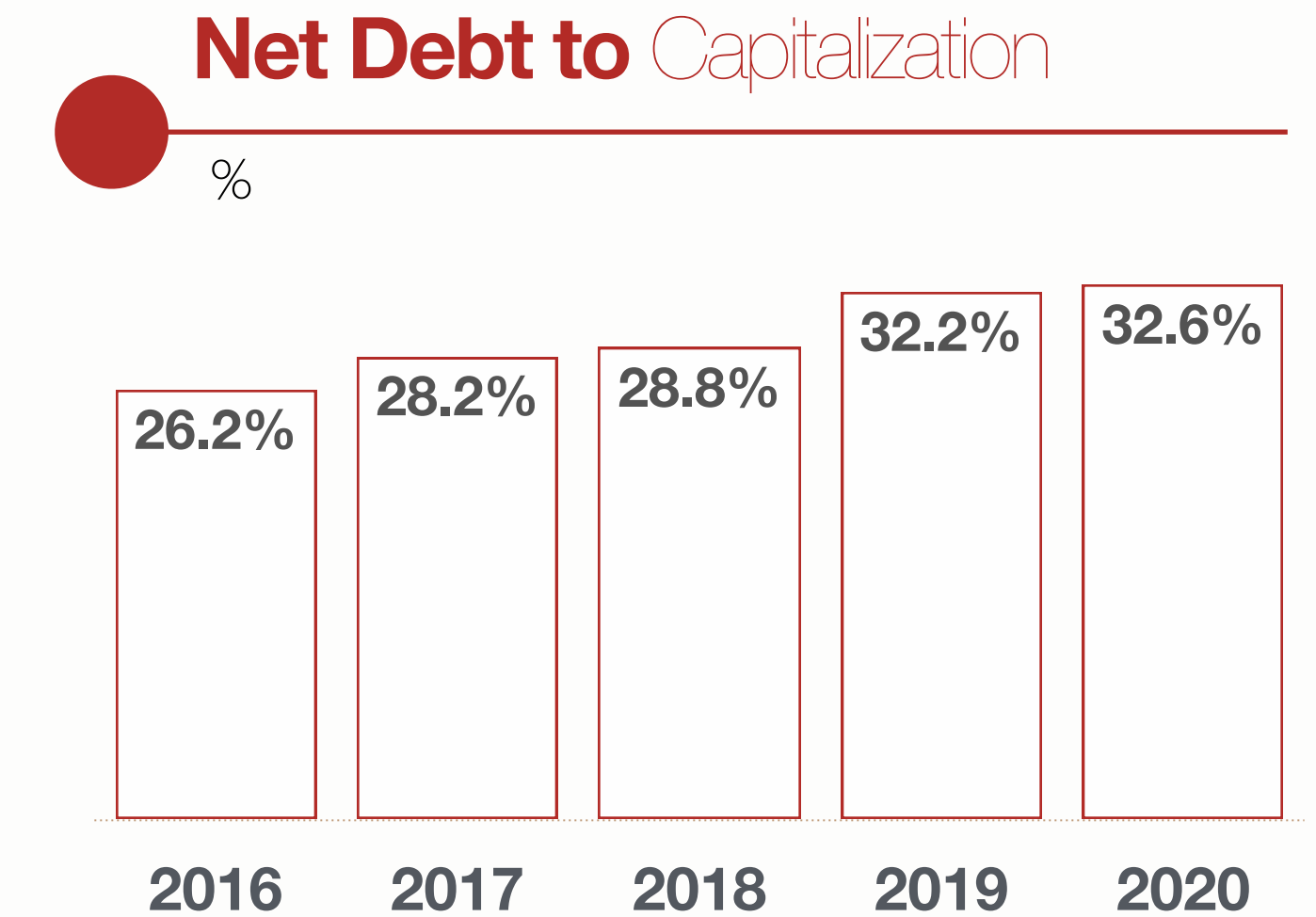
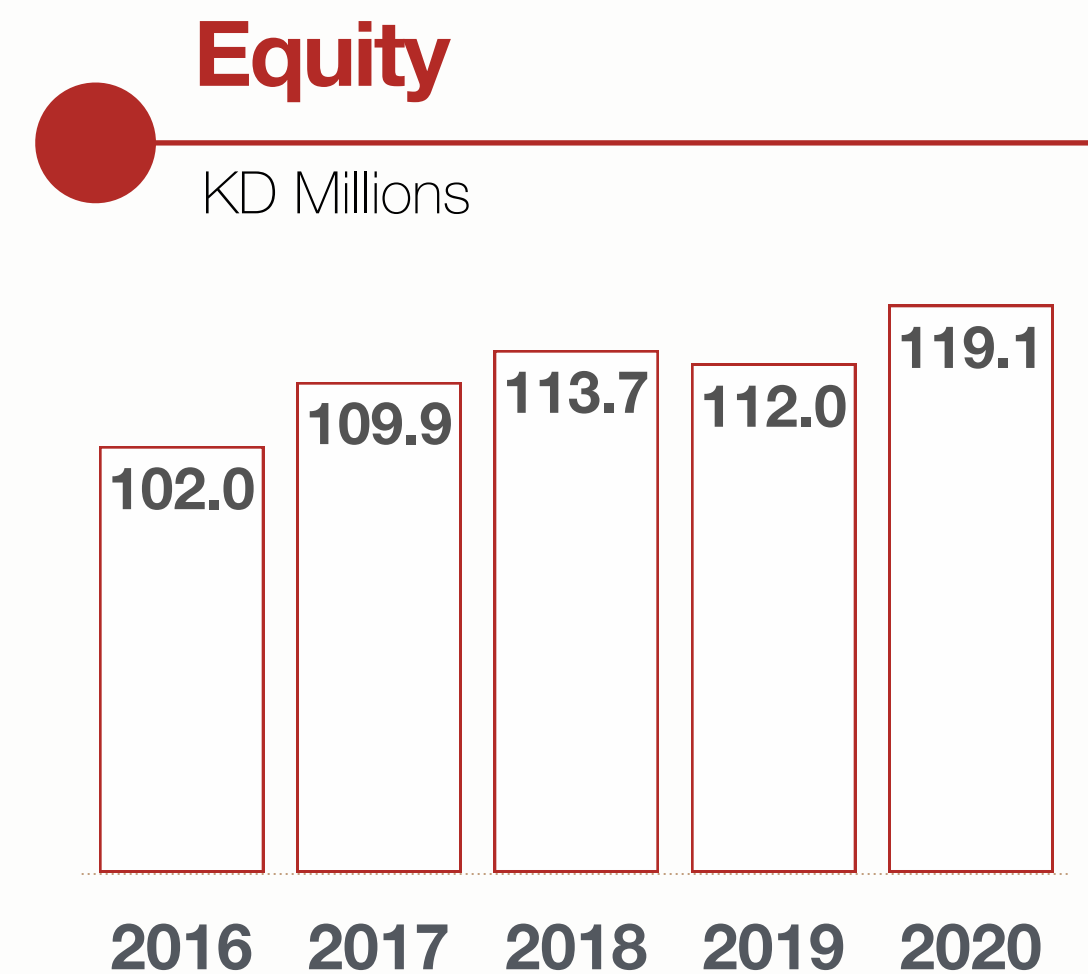
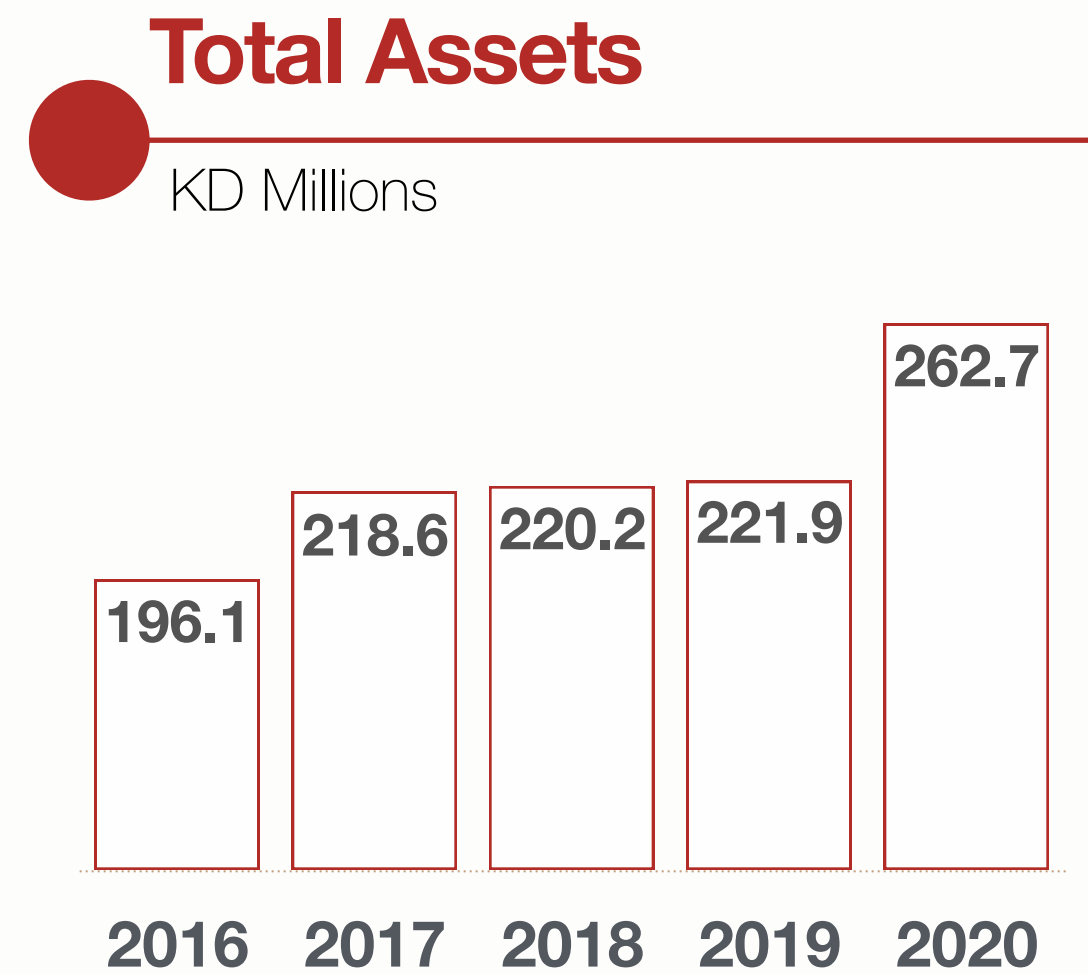
Balance Sheet as of March 31

KD Millions

As of March 31



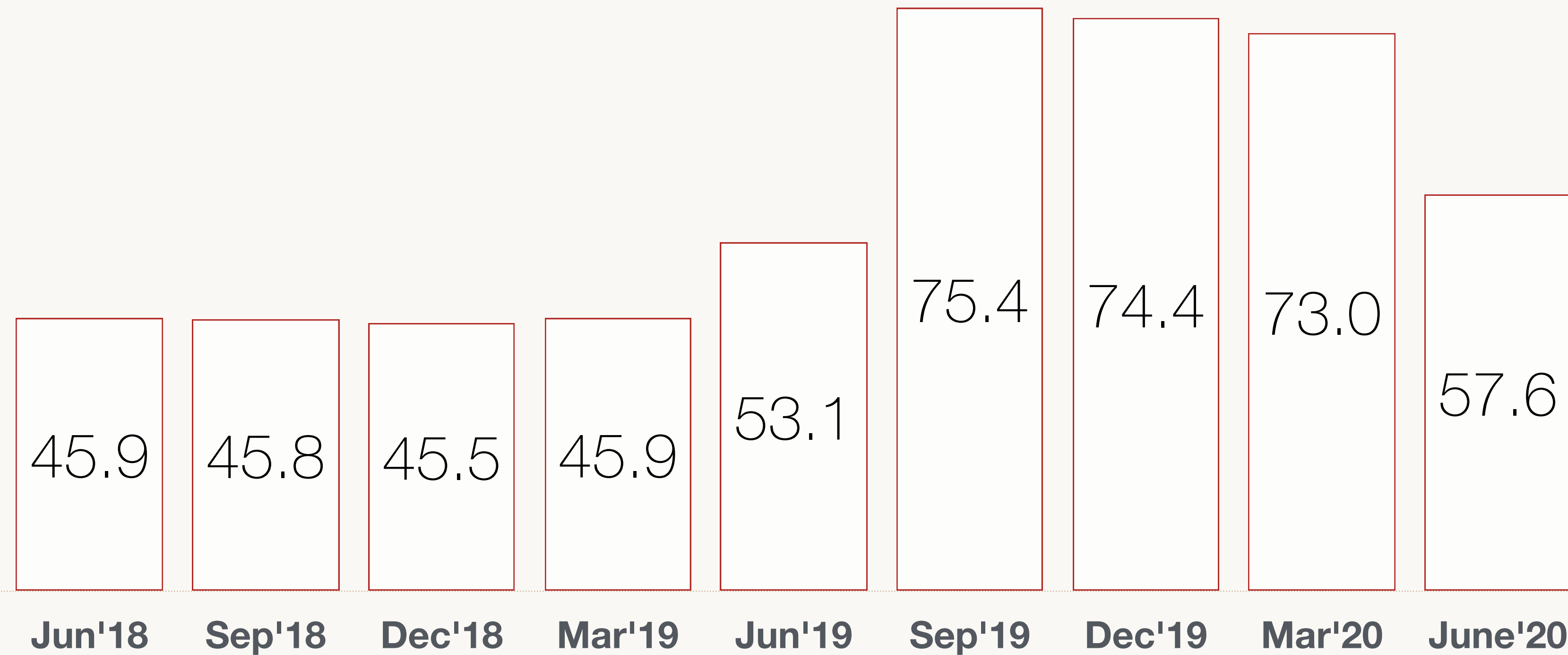
As of June 30





Net Debt as of June 30

KD Millions



Net Debt (LHS)



Net debt dropped from KWD74.4m in Dec 2019, to KWD73.0m in March 2020 to KWD 57.6m in June 2020

Growth from pervious driven by acquisition and growth



Q & A

