

MEPCO Announces 22% Net Profit Growth for Third Quarter 2017

- Net profit of SAR 22.2 million for Q3 2017, a 22% increase on previous quarter
- Gross profit of SAR 55.3 million showed 92% improvement on third quarter 2016
- Quarterly sales revenues increased by 14% to SAR 212.7 million compared to the previous quarter
- MEPCO achieved earnings per share (EPS) of SAR 0.87 for the period

Jeddah, Saudi Arabia, 23 October 2017: The Middle East Paper Co. ('MEPCO'), the region's leading vertically-integrated paper manufacturer, has announced its financial results* for the third quarter of 2017. Net profit increased from SAR 18.2 million in the second quarter to reach SAR 22.2 million in the third quarter of 2017, representing an improvement of 22%. Gross profit for the third quarter was SAR 55.3 million, an increase of 92% as compared to the same quarter of last year and an increase of 22% as compared to the previous quarter in 2017.

Commenting on the announcement, **Eng. Sami Safran, CEO of MEPCO**, said:

"We're pleased to announce continued improvements in performance during 2017. Recent net profit and gross profit growth has been driven mainly by increases in sales value, sales volume and improvements to average selling prices. While the impact of these growth drivers is partially offset by increases in the cost of sales per ton and operating expenses, we are pleased with our growth this year."

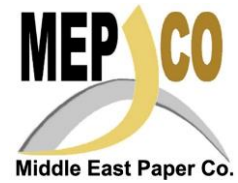
Operational profit in the third quarter of 2017 was SAR 27.7 million, an increase of 198% compared to the same quarter last year, and an increase of 6% on the previous quarter. Earnings per share (EPS) stood at SAR 0.87 on a year-to-date (YTD) basis. A year-on-year decrease of 60% on net profit for the current period was due to the recording of a non-recurring profit of SAR 92 million in 2016, resulting from the expropriation of land and premises.

Commenting on the Company's results, **Dr. Mohamed Saleh Darweesh, CFO of MEPCO**, said:

"Sales revenues for the third quarter reached SAR 212.7 million, delivering a year-on-year increase of 44% and an increase of 14% on the previous quarter of 2017, when we achieved sales revenues of SAR 186.7 million. On a year-to-date basis, our sales revenues have exceeded SAR 566 million, compared to SAR 489.5 million for the corresponding period of 2016. This is an increase of 16%, and a clear testament to the continued success of our growth strategy."

MEPCO's total shareholders' equity during the current period amounts to SAR 699.6 million. The Company has adopted International Financial Reporting Standards (IFRS), effective from 1 January 2017.

-Ends-



PRESS RELEASE

***Rounding:** all reported figures are rounded to one (1) decimal point

About MEPCO

MEPCO is one of the largest vertically-integrated paper manufacturers in the Middle East and Africa, offering a diverse range of containerboard and specialty paper products serving the packaging, construction, furniture, and paper core industries around the world. MEPCO supplies its products to the local Saudi market, as well as the GCC, Middle East and Africa. Furthermore, the Company has developed a growing presence in South Asia, the Americas, and Europe.

The Company's innovative approach to doing business enables it to deliver a significant environmental and economic benefit to its home market. The use of energy- and water-efficient production processes enables MEPCO to offer environmentally-friendly and recyclable products to the market. Through its wholly-owned subsidiary, WASCO, MEPCO's raw materials are sourced from locations across the Kingdom, securing business sustainability while providing measurable benefits to the Saudi economy.

MEPCO is listed on the Saudi Stock Exchange, under Tadawul symbol 'MEPCO'. For more information about MEPCO, click [here](#).

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