



## MEPCO GROWS

### BUSINESS MODEL EXPANDS TO INCLUDE PRODUCTION OF TISSUE JUMBO ROLLS

With an investment of SAR 338, operating out of KAEC, KSA, and using the latest technology

**Jeddah, Saudi Arabia, 7 December 2020** | MEPCO's Board of Directors approved expanding the Company's operational model through investing in tissue jumbo roll manufacturing. This form of horizontal expansion acts as the second step in MEPCO's long-term growth strategy, after the restructuring of WASCO's.

The tissue factory, starting with one tissue machine with an installed capacity of 60,000 tons per annum, has an approximate investment is SAR 338 million. MEPCO's strong balance sheet enables it to finance the bigger part of the project through debt. On 30 September 2020, the debt to equity ratio level was below 1x (0.90x).

Management plans to commence construction in the first quarter of 2021, and the test-run to take place in the first quarter of 2023, followed by commercial production.

**Abdullah AlMoammar, Chairman of MEPCO, commented:** "The paper industry is vast, and offers tremendous growth opportunities. We are expanding MEPCO into several strategic directions, using organic and inorganic growth venues.

We built this important step on the legacy we created in containerboard manufacturing. MEPCO has become the leading containerboard maker on the local and regional levels by being able to produce top quality products at cost levels among the lowest in the region. We are confident of our ability to create a similar success story in tissue making and aspire to have the majority of this basic consumer product made by Saudi youth.

Entering the tissue making business will have multiple benefits, and will enable us to realize many synergies with existing operations. We aim to make a significant change of MEPCO and WASCO and maximize their size in record time.

The Saudi 2030 vision, particularly in terms of enhancing the non-oil sector, inspires our vision and strategic plan. We pride ourselves for taking this milestone decision, turning this belief into tangible reality".



**Sami Safran, CEO of MEPCO, commented:** “I am filled with pride and joy for taking this pivotal step in our strategic growth plan that aims at multiplying MEPCO’s size. We promised shareholders that MEPCO will grow to become a bigger, more integrated papermaker. Today, we substantiate our promises with actions.

MEPCO will capitalize on its long experience in papermaking to establish a strong position in an important consumer product segment, while realizing noteworthy synergies.

We look forward for further growth, backed by the business acumen of our Board of Directors, and the knowledge of a seasoned management team”.

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#### **About MEPCO**

MEPCO is the leading vertically-integrated paper manufacturer in the Middle East, 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](#).

#### **Investor relations and press contact**

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