



Q1 2021 | Earnings Release

Q1'21 Revenues cross SR 200 M and SR 17.2 M in Net Income

GPM at 23.9%, EBITDA records 25.0%, Net Income soars by 329.7%

Jeddah, Saudi Arabia | 2 May, 2021 | The Middle East Paper Co. ('MEPCO'), the region's leading vertically-integrated paper manufacturer, today announced its Q1 2021 results.

MEPCO posted exceptional growth in the first quarter of 2021 across all metrics. Backed by a healthy price recovery, and continuing implementation of its operational efficiency initiatives. Prices climbed globally, backed by healthy demand as many nations recover from the negative economic impact of the pandemic in 2020. MEPCO raised its prices twice during Q4'20 and Q1'21, giving a strong boost to its sales revenues and profitability metrics, while maximizing output and efficiency.

Strategic Highlights.

- **Production** – 105,000 tonnes for the quarter, at par with last year's production level.
- **Sales revenue** – Recorded SR 200.5 million for the quarter, up 5.7% and 15.3% QoQ and YoY, respectively. Strong local and international demand boosted prices significantly and in turn, sales revenues.
- **Gross profit** – Recorded SR 48.0 million, representing a 23.9% margin. The SR value compares quite favourably with QoQ and YoY marking 27.5% and 34.8% increase, respectively. Fuelled by the increase of sales revenues and firm control on cost. Raw materials (fiber) prices are climbing and could affect profitability in following quarters.
- **EBIT** – (operating profit) recorded SR 23.0 million, representing a 11.5% margin, and a significant increase of 83.5% compared to the previous quarter (Q4'20), and 137.0% compared to last year's Q1'20.
- **Net profit** – Recorded SR 17.7 million with outstanding growth on the QoQ and YoY comparable figures.

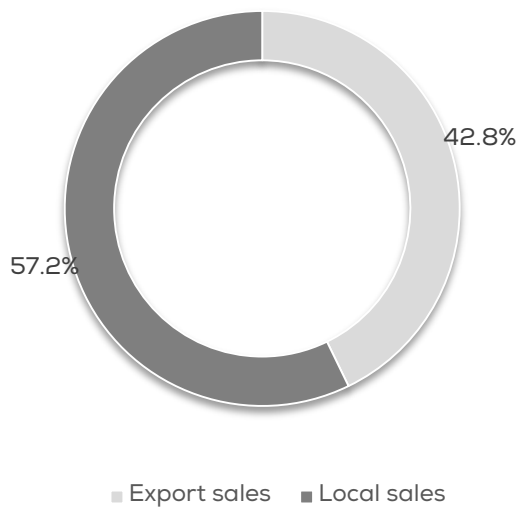
Eng. Sami Safran, MEPCO CEO, commented: "Today, we have an outstanding set of results across all metrics. We witnessed the start of price recovery in the last quarter of 2020, and today we see the result of the continuation of this trend. I am also proud to see our profitability margins in a lucrative zone. The increased demand on containerboard in the past two quarters, pushed raw material prices up as well. This is not a concern for MEPCO as we leverage on WASCO's ability to secure the required quantities for production needs. We focus our strategic inertia on waste management initiatives in 2021, realizing the vitality of this industry on both the corporate and national levels. Furthermore, we are focusing on engraining ESG into our operations, and have a clear objective to achieve in this regard, as we formulate the first ESG report to be published in the 3rd quarter of this year. This comes as an integral part of the strategic transformation of MEPCO and WASCO, which started in Q4 2020. The transformation encompasses operations, investment, governance, and most importantly, human capital; which is the most valuable asset we have at MEPCO and WASCO. I am looking forward for a fruitful, and yet, pleasantly challenging year.

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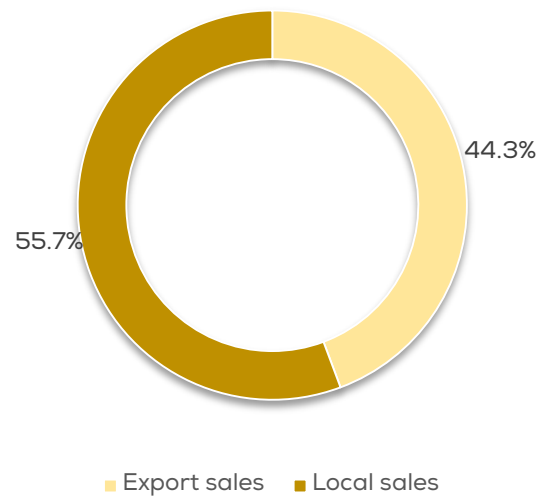
Sales Highlights

Sales breakdown¹ by value (SAR)

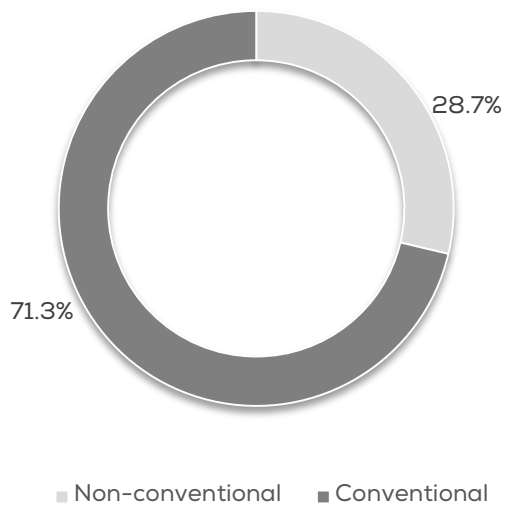
Local vs. Export Sales (%)
Q1 2020



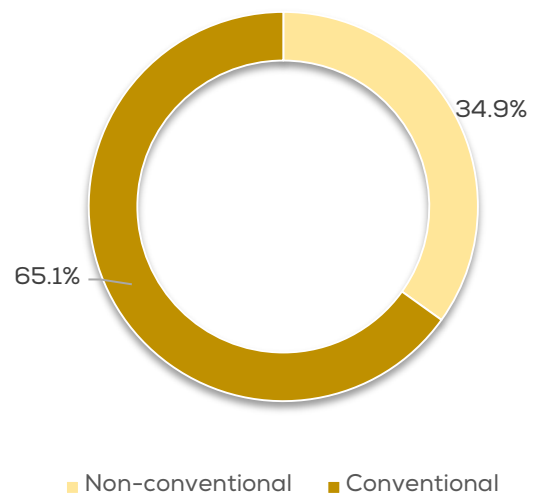
Local vs. Export Sales (%)
Q1 2021



Sales by Product Class (%)
Q1 2020



Sales by Product Class (%)
Q1 2021



¹ Refers to MEPCO standalone sales.

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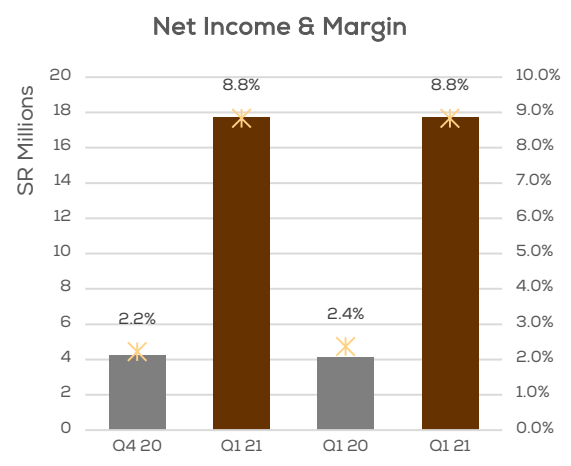
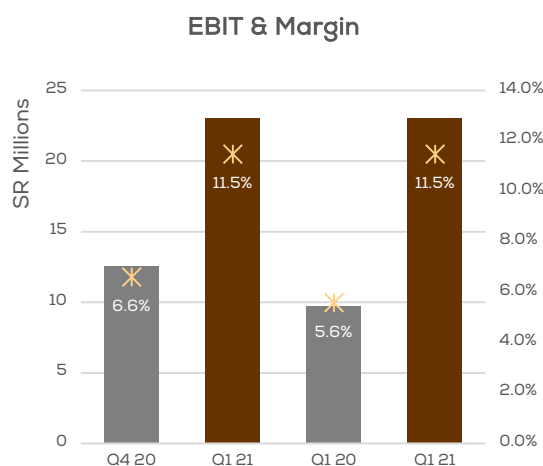
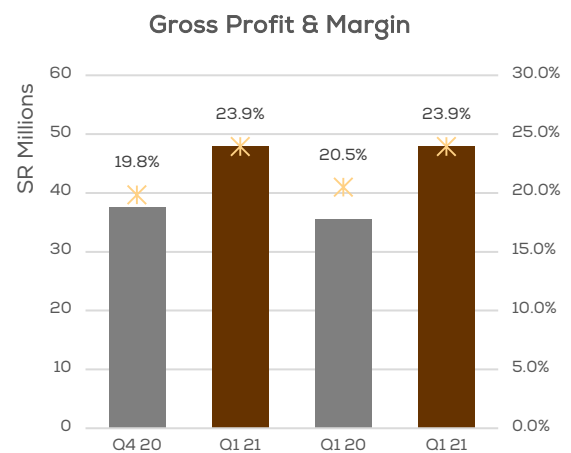
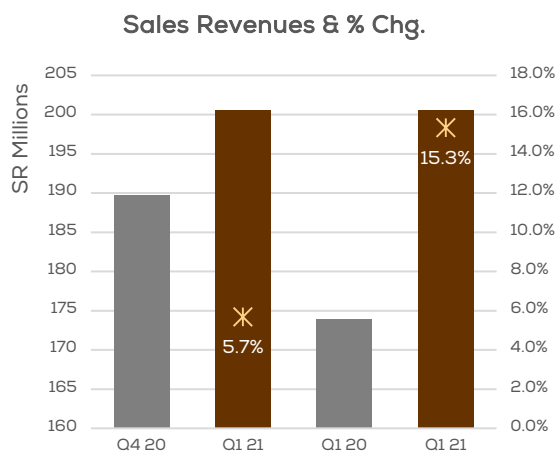
Financial Highlights

For the 3 months ended 31 March 2021, all figures are in SAR '000, unless stated otherwise.

	Previous Quarter	Current Quarter	QoQ Change	Previous Period	Current Period	YoY Change
	Q4 20	Q1 21		Q1 20	Q1 21	
Sales Revenue	189,718	200,514	5.7%	173,866	200,514	15.3%
Gross Profit	37,646	48,011	27.5%	35,613	48,011	34.8%
<i>Gross Profit %</i>	19.8%	23.9%	4.1 bps	20.5%	23.9%	3.5 bps
EBITDA	39,019	50,074	28.3%	35,758	50,074	40.0%
<i>EBITDA %</i>	20.6%	25.0%	4.4 bps	20.6%	25.0%	4.4 bps
EBIT	12,542	23,017	83.5%	9,712	23,017	137.0%
<i>EBIT %</i>	6.6%	11.5%	4.9 bps	5.6%	11.5%	5.9 bps
Net Income	4,229	17,722	319.1%	4,124	17,722	329.7%
<i>Net Income %</i>	2.2%	8.8%	6.6bps	2.4%	8.8%	6.5 bps
Earnings Per Share (SAR)	0.09	0.36	0.27	0.08	0.36	0.28

bps=basis points

Sales Revenues, Gross Profit, EBIT, and Net Profit Trends | QoQ and YoY





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Debt Structure

As of 31 March 2021 (SAR ,000)

	March-21	March-20	Change (SAR)	Change %
STL*	121,911	169,888	-47,977	-28.2%
MTL**	424,032	463,455	-39,423	-8.5%
Total debt	545,944	633,343	-87,400	-13.8%
Cash Balance	32,834	23,134	9,700	41.9%
Net debt	513,110	610,209	-97,100	-15.9%
Equity	769,715	735,502	34,213	4.7%
Debt/Equity (x)	0.71	0.86	(0.15)	-
Net debt/Equity (x)	0.67	0.83	(0.16)	-

* STL includes: Notes Payable liability against import bills

** MTL includes: Current Portion of Term Loans

-Ends-

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. The Company's innovative approach to doing business enables it to deliver significant environmental and economic benefits to Saudi Arabia. MEPCO is listed on the Saudi Stock Exchange (Tadawul) under symbol '1202'. For more information about MEPCO, click [here](#).

Investor Relations

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