

## MEPCO Announces Strong Q2 Financial Results

- Net profit of SAR 18.2 million for Q2 2017, a 459% increase on previous quarter
- Gross profit of SAR 45.4 million showed 43% improvement on previous quarter
- MEPCO achieved earnings per share (EPS) of SAR 0.43 for the period

**Jeddah, Saudi Arabia, 31 July 2017:** The Middle East Paper Co. ('MEPCO') (Tadawul symbol: MEPCO), the region's leading vertically integrated paper manufacturer, has announced its financial results\* for the second quarter of 2017. Net profit increased from SAR 3.2 million in the first quarter to SAR 18.2 million in second quarter of 2017, representing an improvement of 459%. Gross profit for the second quarter was SAR 45.4 million, an increase of 60% as compared to the same quarter of last year and an increase of 43% as compared to the previous quarter.

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

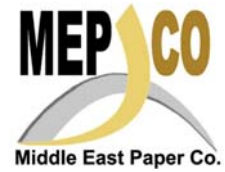
*"We're pleased to announce a strong performance in Q2 2017. MEPCO has shown consistent growth in both revenues and returns on a yearly and quarterly basis. Recent profit growth has been driven by focused strategic market and product distribution, which led to improved average selling prices, as well as by cost optimization and other controlled factors. It has also been supported by a decrease in selling and distribution expenses, although the impact of these factors has been partially offset by a slight increase in general and administrative expenses."*

A year-on-year decrease of 80% on quarterly net profit was due to significant capital gains from expropriated land and premises during the same period in 2016. Operational profit in the second quarter of the current year was SAR 26 million, an increase of 305% from the same period of last year, and an increase of 143% from the previous quarter. Earnings per share (EPS) stood at SAR 0.43 on a year-to-date (YTD) basis.

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

*"The main reasons for a year-on-year improvement in our operating profit were decreases in sales and marketing expenses and general and administration expenses. While net profits fell on a year-on-year basis, this was the result of an SAR 92 million capital gain in 2016, which was due to significant profits recognized from expropriated land and premises. In that respect, Q2 performance in 2016 was unusual."*

Sales revenues for the quarter amounted to SAR 186.7 million compared to SAR 164.8 million in Q2 2016, an increase of 13.2%. Total comprehensive income for the quarter amounted to SAR 18.2 million, compared to SAR 88 million for the same quarter last year. Total shareholders' equity for the period ending 30<sup>th</sup> June 2017 amounted to SAR 677.4 million compared to SAR 704.4 million for the corresponding period in 2016. In 2017, the Company successfully adopted International Financial Reporting Standards (IFRS), effective from 1<sup>st</sup> January.



## PRESS RELEASE

-Ends-

**\*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](#).