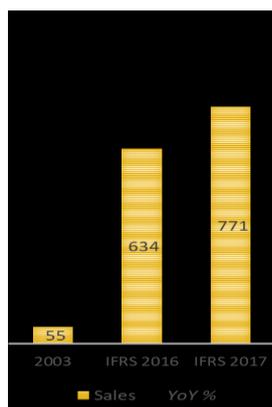


MEPCO announces 2017 full year results: sales revenue up 21.5%, operating profit up 182.8%

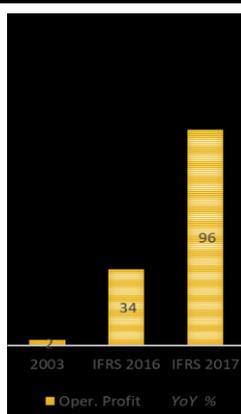
- Sales revenue increased 21.5% from 2016, volume increased by 5.8%¹
- Gross profit increased 41.8% from 2016, margin of 24.1%
- Operating profit increased by 182.8%, margin of 12.4%
- Full year results reported in accordance with IFRS

Jeddah, Saudi Arabia, 19 March 2018: The Middle East Paper Co. ('MEPCO'), the region's leading vertically-integrated paper manufacturer, has announced its financial results for the year ended 31 December 2017. Sales revenue increased by 21.5% compared to 2016, due to increases in both sales volume and average sales price. Profitability levels improved significantly compared to 2016 IFRS-adjusted figures. Gross profit of SAR 186.1 million (at a 24.1% margin) increased by 41.8%, operating profit reached SAR 95.8 million representing a 182.8% increase and the EBITDA margin stood at a comfortable level of 24.2%.



Commenting on the full year results, **Eng. Sami Al Safran, CEO of MEPCO**, said:

"In 2017, MEPCO made a number of important structural adjustments, from systems updates to overall compliance. We are already seeing the fruits of investment in revamping production lines as well as refinement of operating processes. These efforts have led to overall improvements to efficiency and will support future sustainable growth. The strong financial results of 2017 are demonstrative of the efforts that MEPCO has made to bring the business to a new level in this globally competitive industry. MEPCO's commercial and CSR activities are fully aligned with Saudi Arabia's Vision 2030 programme. We are proud to be a successful, award winning company, as evidenced by winning the King Khalid Award for responsible competitiveness in 2017 and CFI's Best Corporate Governance Award in Saudi Arabia in early 2018."



Dr. Mohamed Saleh Darweesh, CFO at MEPCO, commented:

"We are pleased to announce MEPCO's financial results in its first full year of reporting in accordance with IFRS. Share of sales for niche products increased during 2017, to represent a greater share than in previous years. The increase in profitability is attributed to the improvement in average sales volume and selling prices compared with 2016, which rose by 5.8% and 11.7% respectively. It should also be noted that 2016 EBITDA and net income figures were positively impacted by an SAR 92 million net gain on claims for expropriated land and premises, and this should be considered when comparing annual figures."

We made significant headway in improving efficiencies, with cost of sales increasing by 16.3% compared to an increase in sales revenue of 21.5% year-on-year. Selling, general and administrative expenses were SAR 91.3 million, decreasing by 7.5% from the previous year.

Total debt has decreased to reach SAR 706.0 million, delivering a comfortable debt to equity ratio of 0.98% compared to 1.07% in 2016. The Board of Directors' recommendation of a dividend of SAR 0.75 per share leaves MEPCO in a financial position that has significant capacity to fuel future growth."

Percentage changes in this announcement are calculated per IFRS-adjusted results for full year 2016.

¹ Refers to production of MEPCO in the consolidated financial statements ending 31 December 2017

PRESS RELEASE

Events and news in 2017

23 May 2017	Annual General Meeting
27 November 2017	MEPCO Analyst Briefing
23 October 2017	MEPCO participates in the 44th session of the Baghdad International Fair MEPCO participated in the 44th session of the Baghdad International Fair from 21st – 30th October. The Company joined a delegation of around 60 leading Saudi Arabian companies in the Saudi Pavilion.
30 November 2017	MEPCO announced as winner of the King Khaled Award for Responsible Competitiveness MEPCO was awarded the King Khaled Award for Responsible Competitiveness (RC Award). The accolade is held under the patronage of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, and is known for honouring companies that have built competitive advantage through a commitment to sustainability and corporate social responsibility (CSR).
12 December 2017	MEPCO Participates in Paper One Show 2017 MEPCO was proud to participate in the three-day Paper One Show, the international exhibition for the paper industry in the MENA region. The fourth international Paper One Show, held at the Expo Centre in Sharjah, United Arab Emirates, allowed MEPCO to continue building strong relationships in the UAE while meeting new, high-profile clients and showcasing the Company's broad range of products and services.

PRESS RELEASE

MIDDLE EAST PAPER CO. (MEPCO) CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 31 2017

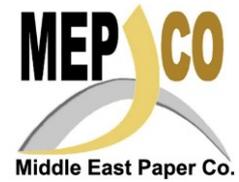
SAR	FS 31-Dec-17	FS 31-Dec-16
ASSETS		
Non-Current assets:		
Property, plant and equipment	1,064,989,269	1,087,099,482
Intangible assets -ERP Software	5,143,778	5,581,962
Derivative financial instruments - Profit Rate Swaps	1,357,238	2,715,795
Total non-current assets	1,071,490,285	1,095,397,239
Current assets:		
Inventories	180,172,467	175,673,920
Trade receivable -Net	209,617,581	174,324,793
Prepayments and other receivables	12,189,151	14,614,638
Other current assets	44,037,269	45,350,911
Investment in fair value	512,303	-
Cash and cash equivalents	31,015,660	34,379,773
Total current assets	477,544,431	444,344,035
TOTAL ASSETS	1,549,034,716	1,539,741,274
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	500,000,000	500,000,000
Statutory reserve	73,663,228	66,850,116
Retained earnings	148,716,962	126,615,343
Total equity	722,380,190	693,465,459
Non-current liabilities:		
Long-term loans	358,354,589	390,024,783
End of service indemnities	35,330,773	29,837,970
Total non-current liabilities	393,685,362	419,862,753
Current liabilities:		
Zakat Payable	3,006,659	1,630,533
Dividend Payable	-	-
Current portion of long-term debt	124,333,703	113,548,364
Short-term bank debts	223,253,221	242,070,059
Tarde and other payables	77,688,708	67,158,902
Other liabilities	4,686,873	2,005,204
Total current liabilities	432,969,164	426,413,062
TOTAL LIABILITIES	826,654,526	846,275,815
TOTAL EQUITY AND LIABILITIES	1,549,034,716	1,539,741,274

PRESS RELEASE

MIDDLE EAST PAPER CO. (MEPCO) CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
For the Period ended December 31, 2017

SAR	YE 2017	YE 2016
Sales	771,008,091	634,404,523
Cost of sales	(584,898,147)	(503,121,781)
Gross profit	186,109,944	131,282,742
Selling and distribution	(34,634,837)	(39,370,626)
General and administrative	(56,704,237)	(59,391,336)
Fair Value (Loss)/Gain on Derivative Instrument -PRS	(1,358,557)	2,632,113
Other income/(expenses) - net	2,421,167	(1,260,225)
Operating profit	95,833,480	33,892,668
Net gain on claim for expropriated land and premises	-	91,963,702
Financial charges – net	(26,288,287)	(29,636,242)
Profit before Zakat	69,545,193	96,220,128
Zakat expense	(1,414,078)	(1,312,740)
Profit for the period	68,131,115	94,907,388
Actuarial gain and (loss)	(1,716,384)	(1,400,446)
Total comprehensive income	66,414,731	93,506,942
Basic and diluted earnings per share	1.36	1.90
Weighted average number of shares	50,000,000	50,000,000

-Ends-



PRESS RELEASE

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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