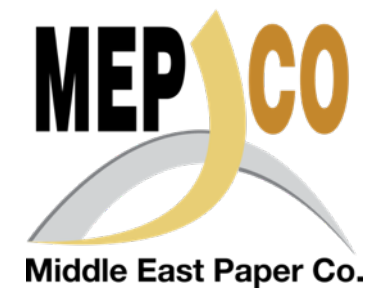


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INVESTOR PRESENTATION

As at 31 December 2018



Disclaimer



This presentation is prepared by MEPCO and contains basic information about Company activity as of the latest published results. The information is presented in summary rather than detailed form. This information, including any forward-looking statements, should not be taken as basis for investment recommendation/solicitation for any of the Company's tradable securities.

While management has made every effort to present a fair view of MEPCO's operational and financial performance in this presentation; it is important to note that expectations about the future results that come in light of prevailing operational, financial and market conditions may change in the future. Management does not recommend using such forward looking statements in financial modeling or investment decision making. It thus takes no liability to explain differences between future actual results and what was stated in the course of this presentation.



INDUSTRY OVERVIEW

Global – Economic Outlook

- Anticipated economic slowdown in 2019-2020
 - US economy showing good performance signs so far
 - China moving towards consumer-driven growth
 - Europe losing growth momentum, slowing down
- US-China trade war situation still not conclusive, uncertainty prevails
- Brexit situation scenarios can have multiple effects, yet uncertainty prevails
- Multiple geopolitical tensions
- Ecommerce is a significant catalyst to increasing demand on containerboard

Global – Containerboard China

- National Sword 2017 and Blue Sky 2018
- Mixed paper ban announced in July 2017, took effect at the end of 2017
- New 0.5% contaminant standard took effect at the beginning of 2018
- Total Chinese imports dropped by 34%, or 8.7 million tons, to 17 million tons in 2018, compared to the 18.1 million tons
- China imports high quality OCC only and zero mixed paper
- Domestically-collected OCC became very expensive in China as demand/supply balance tightened significantly

Global – Containerboard (cont'd) China

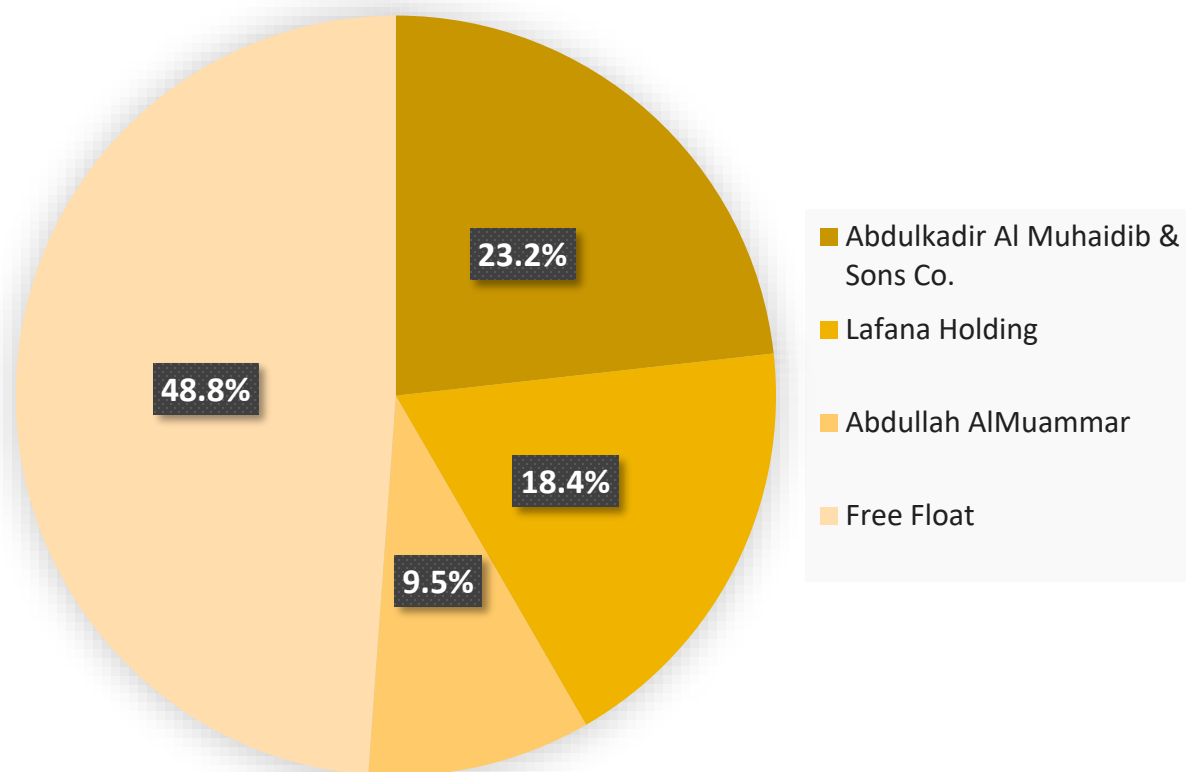
- Trade dispute between China and the USA, duty on US RCP (25%) and US recycled pulp (10%) ...
- Inspection and pre-inspection regulations: New rules about CCIC
- Proposal to ban the imports of all PfR grades by 2020?
- China unlikely to cancel regulation but could relax imports
- Asian-based paper mills are directing all capacity to serve the Chinese market, not sufficient



CORPORATE & OPERATIONAL REVIEW

Shareholding structure and share information

Shareholding structure



Share Information

Market	Tadawul, Saudi Arabia
Currency	SAR
ISIN code	SA13Q050IP16
Listing date	3 May 2015
Financial year end	31 December
Authorized capital (SAR)	500,000,000
Issued shares	50,000,000
Paid capital (SAR)	500,000,000
Par value (SAR)	10.00
Free float shares (as at 30 September 2018)	24,400,000
Percentage of non-Saudi ownership (as at 31 December 2018)	4.3%

Management



Sami Al Safran – CEO

- Over 25 years of professional experience
- 19 years in the paper industry
- Chemical Engineering graduate of King Fahd University of Petroleum & Minerals (KFUPM)



Najib Fakih Ibrahim – President, WASCO

- Over 37 years of industry experience
- 15 years of experience in waste management
- 20 years of experience with Savola Group
- Chemical Engineering graduate of KFUPM



Mohamed Saleh Darweesh – CFO

- Over 25 years of experience in financial management
- Doctorate in Finance, USA
- Certified Public Accountant (CPA), California, USA



Abdul Razik Askalani – Plant Manager

- Over 28 years of relevant experience
- 14 years of experience with MEPCO
- Graduated with a BSc in Geo-Chemistry



Wadia Malibari – COO

- Over 25 years of experience
- 10 years of experience with MEPCO and WASCO
- Qualified Chemical Engineer with an MBA



Ahmad El Fazary – Chief Commercial Officer

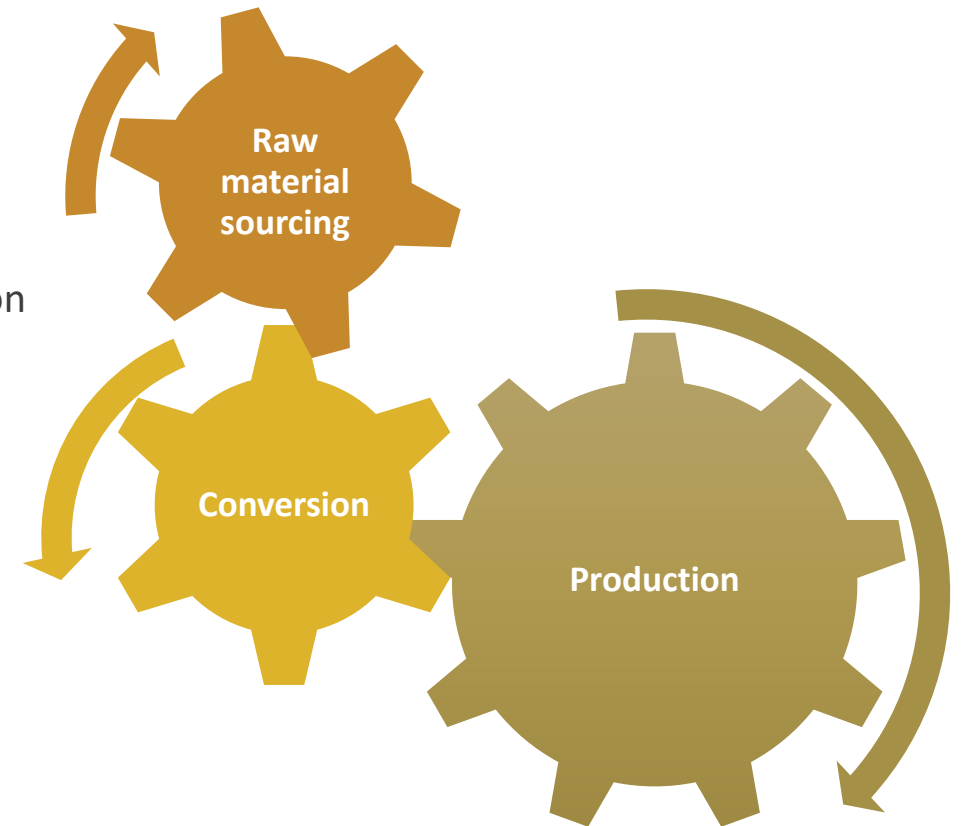
- Over 12 years of international marketing experience
- 5 years of experience at MEPCO
- Post-Graduate diploma in International Trading

Core strengths

Sales growth of 700% in 15 years

80% of raw materials sourced by subsidiary

- One of the largest and fastest growing paper manufacturers in the region
- High level of vertical integration, driving industry-leading efficiency
- Consistently lower production costs than the industry average
- Strong financial performance since inception
- Highly-experienced management team



Benefits of recycling paper

Recycling paper has a quantifiable impact on the global environment and on industry, replacing polluting manufacturing processes with renewable, greener and more efficient technology, while allowing forests to thrive and grow

Energy conservation

- Uses 28-70% less energy
- Uses less water
- Puts industrial waste water to good use

Forest conservation

- Preserves natural ecosystems

Pollution reduction

- Reduces the need for landfills and incinerators
- Prevents water pollution

This is how the story begins...



Overview of operations




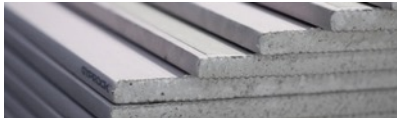



Plant

Installed capacity	475,000 tons
Total lines	3
Total plant investment	SAR 1,774 million
Total production and storage sites (Jeddah)	471,000 sq. m

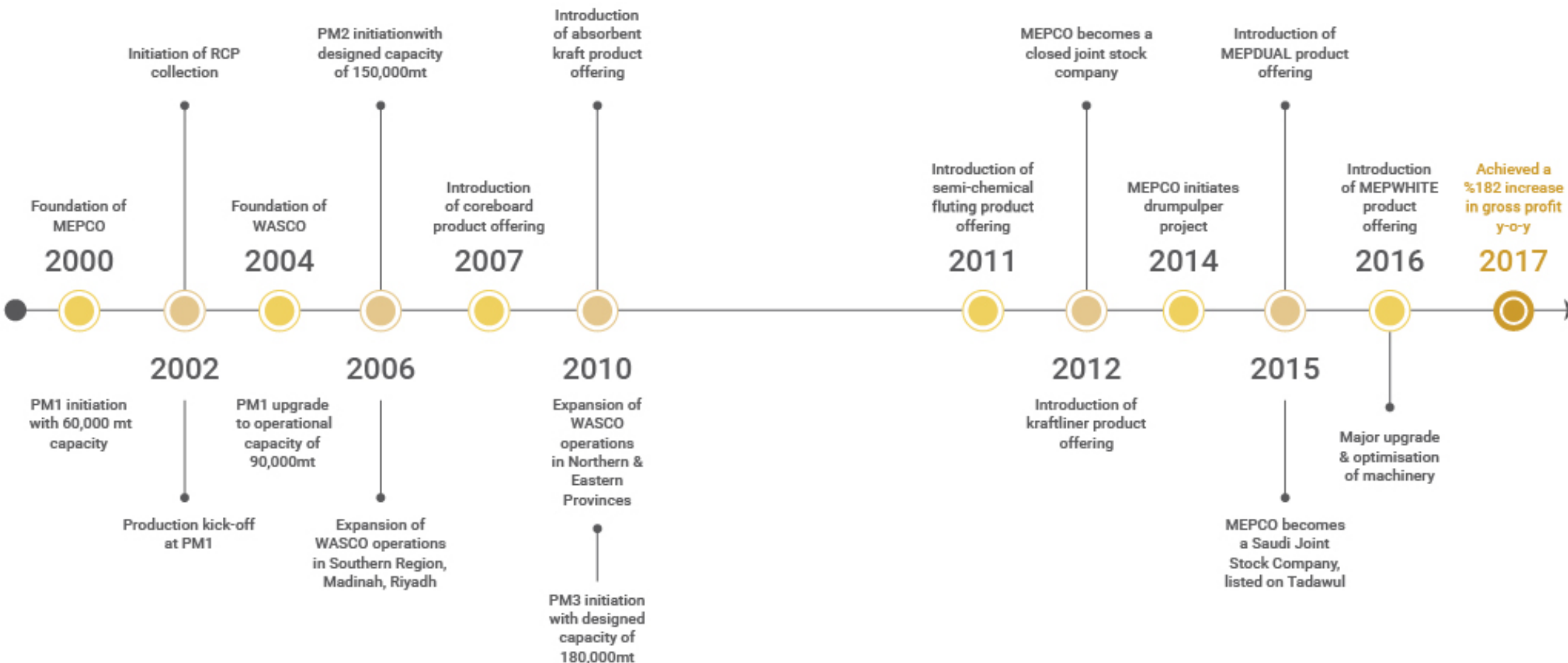
Utilities

In-house power plant	48 MW
Grid connection	7 MW
Captive power generated	40 MW
Captive water supplied	6,000 m ³ /day

Products

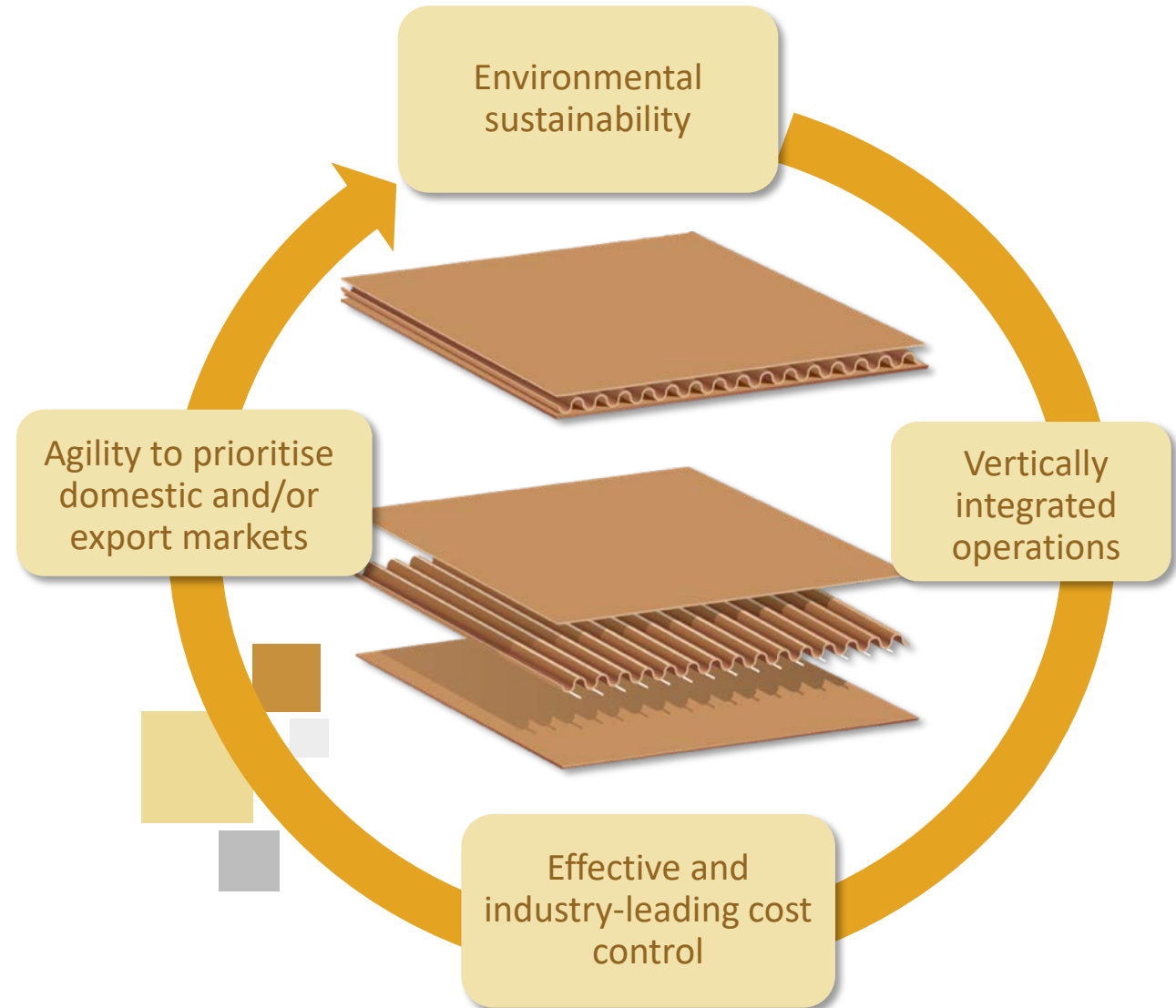
Product lines	Category		Product description		End use	
	Containerboard	MEPLINER	Outer & inner layers of a carton box		Consumer goods packaging Industrial goods Carton boxes for logistics Food and fresh produce packaging	
		MEPFLUTE	Corrugating medium layer of a carton box			
		MEPCHEM	Corrugating medium layer of a carton box, chemically treated			
		MEPKRAFT	Outer & inner layers of a carton box			
		MEPWHITE	Outer & inner layers of a carton box			
		MEPDUAL	Mixture of MEPFLUTE & MEPLINER Outer & inner layers of a carton box			
		MEPCORE	Paper tube or core used in textile, paper or other reels		Film/tape/label cores Textile and paper roll cores	
		MEPGYPSUM	Layers of linerboard bonded to a gypsum plaster core forming a wallboard		Interior wall linings Gypsum board	
		MEPLAMINATE	Layers of laminates applied in finishing surfaces of furniture		Wood furniture, flooring, and industrial films	

Fifteen-year growth story



Sustainable operating model

- Environmental and economic sustainability is the heart of MEPCO's operating model
- Captive power generation ensures low cost and efficiency for manufacturing plant
- Captive waste water treatment dramatically reduces strain on local water supply
- WASCO provides raw material availability and logistical convenience for MEPCO



Localized raw materials sourcing



MEPCO secures consistent supply of raw materials through its subsidiary WASCO



WASCO is the largest recyclable paper collector in the MENA region, collecting over 40% of KSA's waste paper through 20+ hubs



WASCO collects about half a million tons of waste material



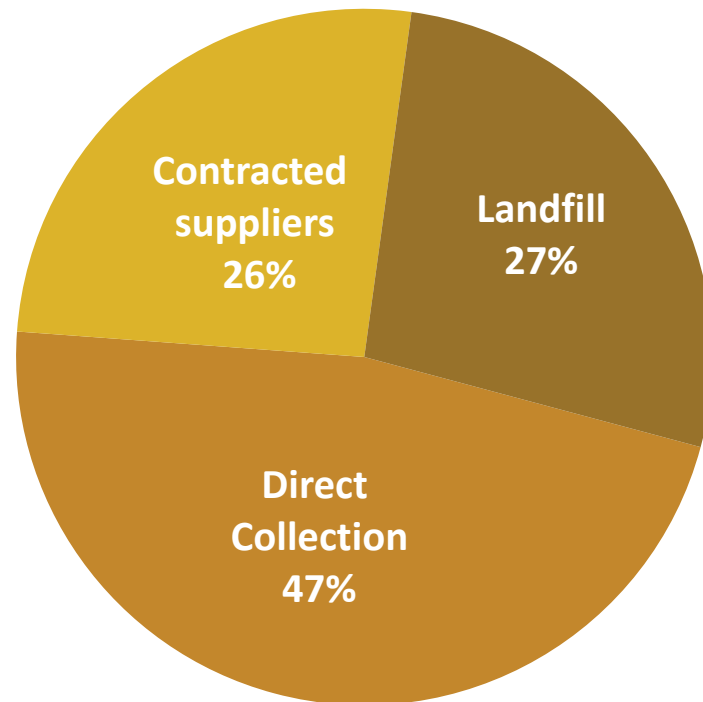
WASCO expects further increases in collection once regulations for waste management are in place



Sources of RCP include 9 leased landfills, third-party landfills, converting businesses, printing companies, supermarkets, shopping centres and others

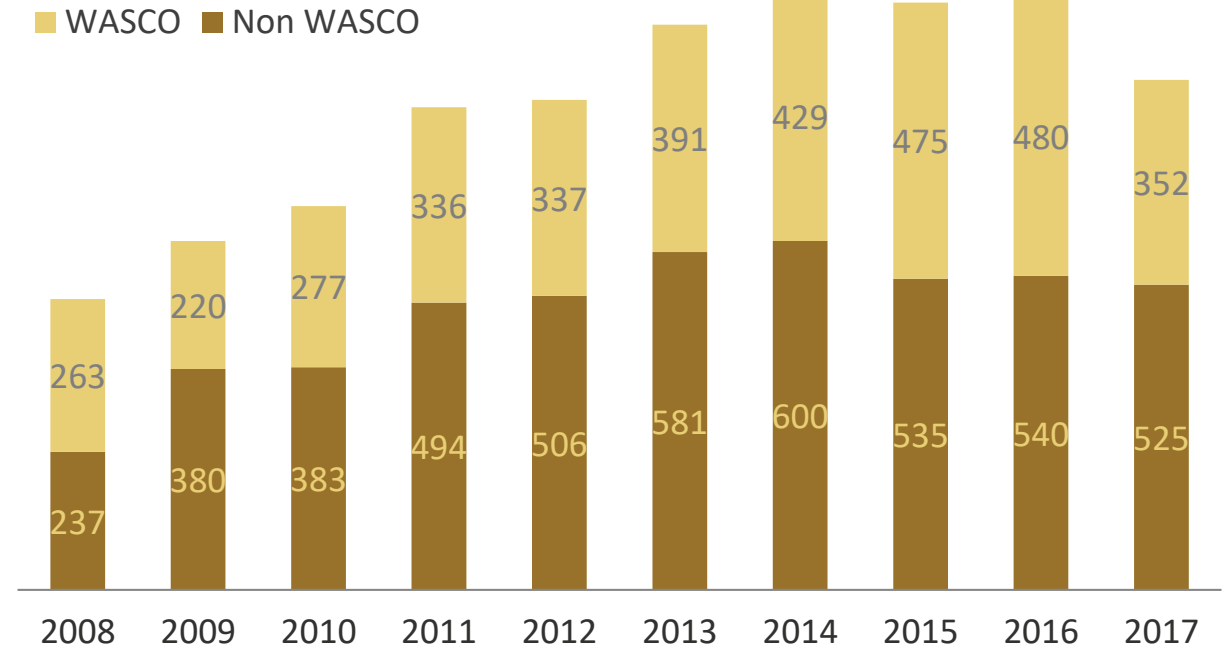
Localized raw materials sourcing

WASCO RCP sources



Source: MEPCO management

RCP collection in Saudi Arabia (tons/year)



Boosting cost competitiveness



MEPCO has achieved cost efficiency through:

Localized RCP Collection

Strategically located water treatment plant with efficient water collection

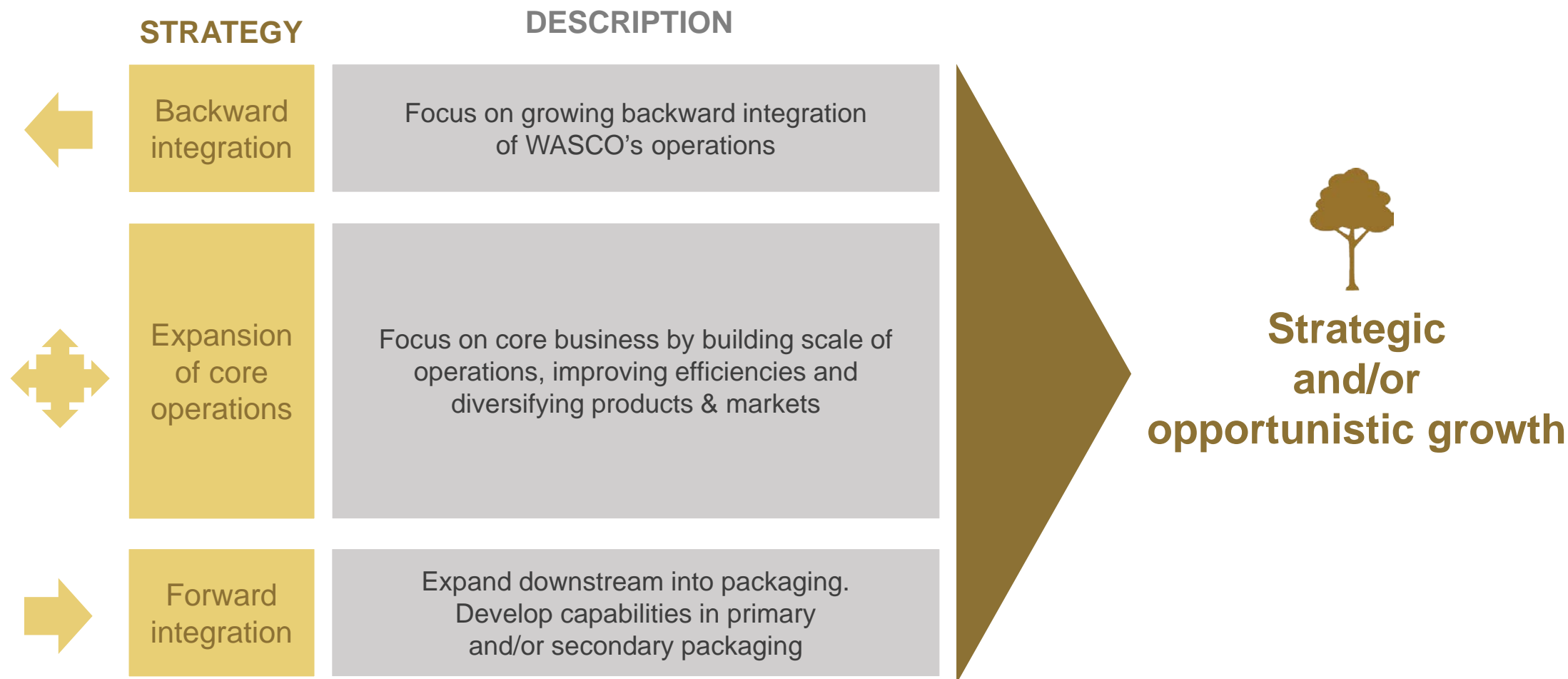
Self generated power

Efficient logistics infrastructure supported by centralized plant location (near Jeddah Port)

Customized in-house production of chemicals

Continuous operational improvement programs

Potential growth avenues



Alignment with Vision 2030



Vision 2030 is a plan to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors such as health, education, infrastructure, recreation, and tourism. Goals include reinforcing economic and investment activities, increasing non-oil industry trade between countries through goods and consumer products, and increasing government spending on the military, manufacturing equipment and ammunitions.

- MEPCO provides tangible social and economic benefit by adding value to the economy through business revenues, social investments, job opportunities, and improving environmental awareness through programmes, campaigns and community initiatives
- Our commercial and CSR programmes are aligned, and are aligned with the agenda of Saudi Vision 2030
- Most of MEPCO's business processes and operations are in line with Vision 2030. Being an eco-friendly company and generating foreign revenue for Saudi Arabia are both important factors in the new economic agenda

Key partners



Waste Collection and Recycling Company

An integrated subsidiary of MEPCO, established in 2004 and specialized in management of recyclable waste paper and other materials



Higher Institute for Paper & Industrial Technologies

An educational institution established in 2013 by MEPCO for Saudi students taking the Academic Diploma in Paper & Industrial Technologies

NGOs

Collaborating with NGOs to achieve CSR mission

MEPCO works with leading CSR partners, promoting social awareness on the subject of waste recycling and environmental protection through waste management



COMMERCIAL REVIEW

Dynamics of international paper market

- **Supply and demand**

- Demand for containerboard products has a direct link with population and GDP growth rates

- **Availability and cost of raw materials**

- Virgin fibers are affected by regularized manmade forestation outputs, while recovered fibers are affected by recovery and utilization rates

- **Direct manufacturing costs & logistics**

- Water and energy costs are material elements of direct cost in the paper industry

- **Other factors**

- Technology, environmental concerns, etc...

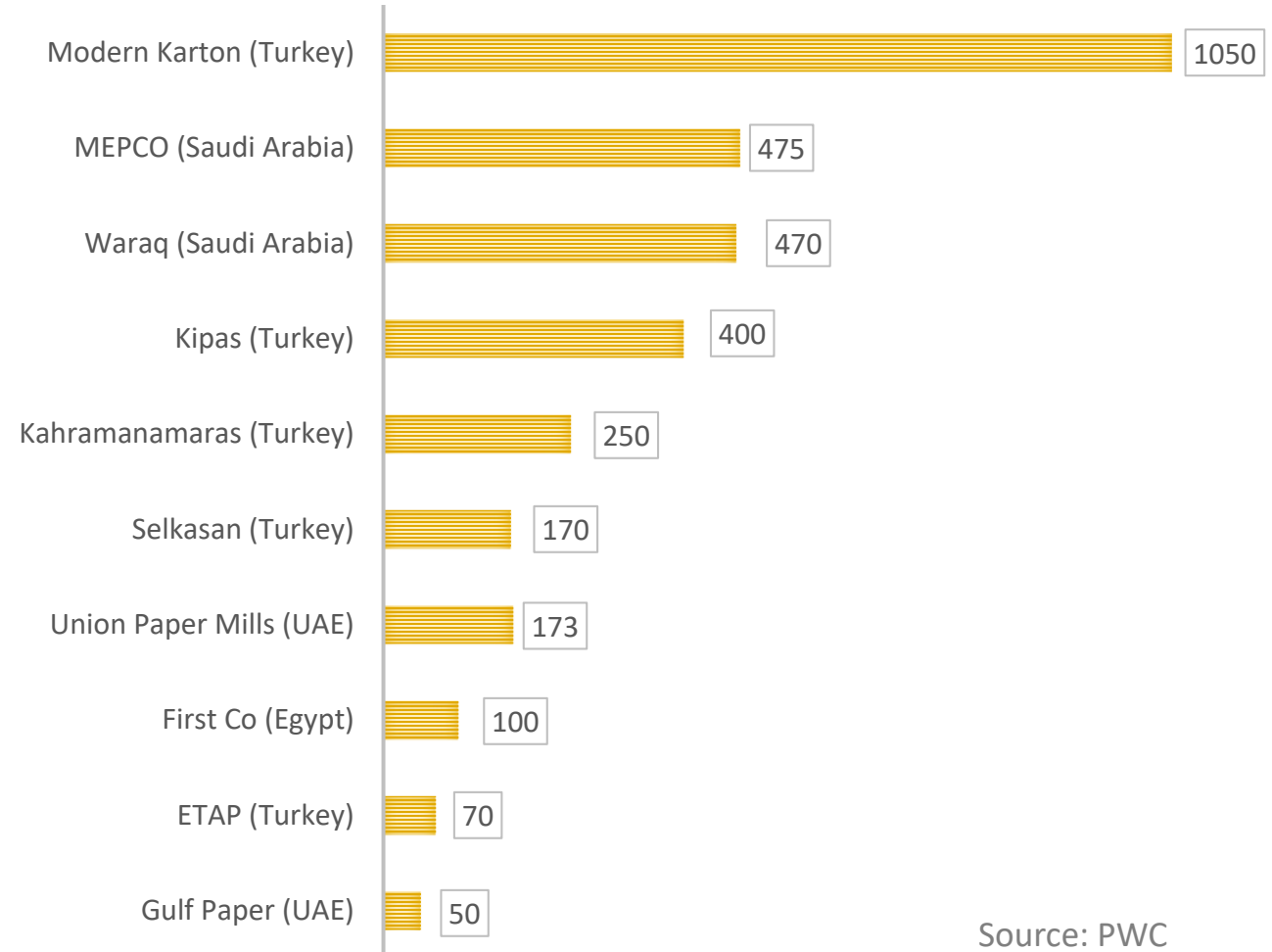
Strong regional position



- Now second largest containerboard producer in the region
- Exports to over 40 countries in 2018 representing 55.7% of total consolidated sales
- Local sales account for 26% share of KSA's containerboard market
- Limited MENA competition in niche products indicate strong growth potential in coming years

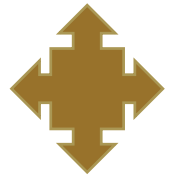
Source: RISI | Pulp & Paper Industry Intelligence

Regional production capacity ('000 tons)

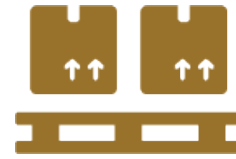


Source: PWC

Diversified and flexible sales



MEPCO's **sales** are **diversified** across markets and products



Exports to over **50 countries** ranged between **40% - 60%** of total consolidated sales



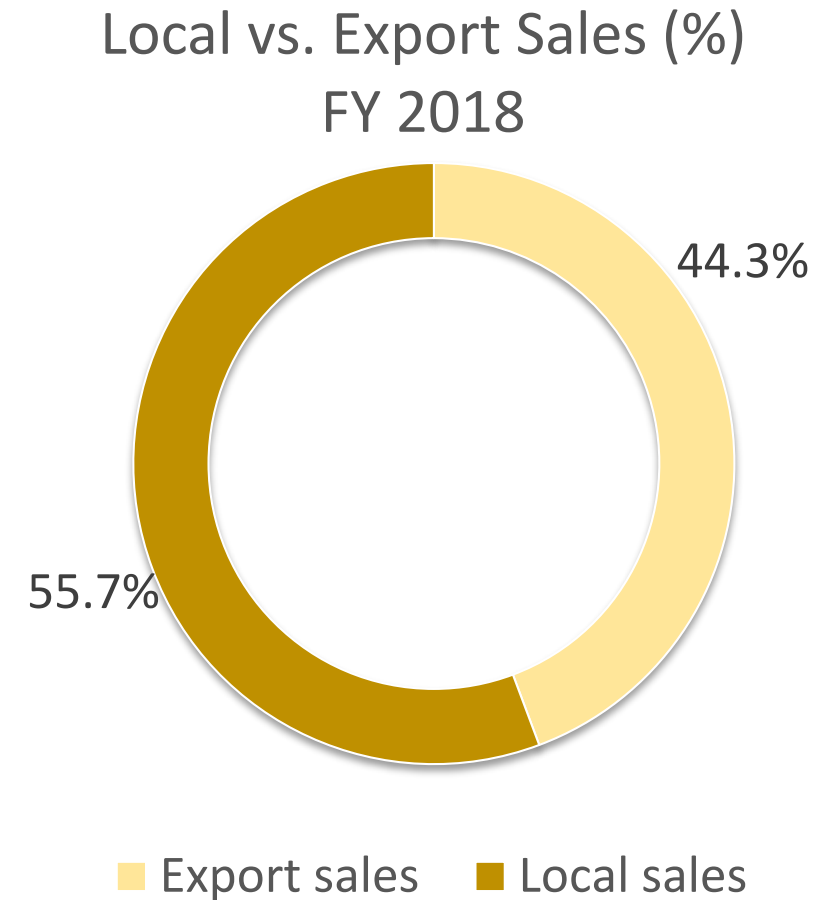
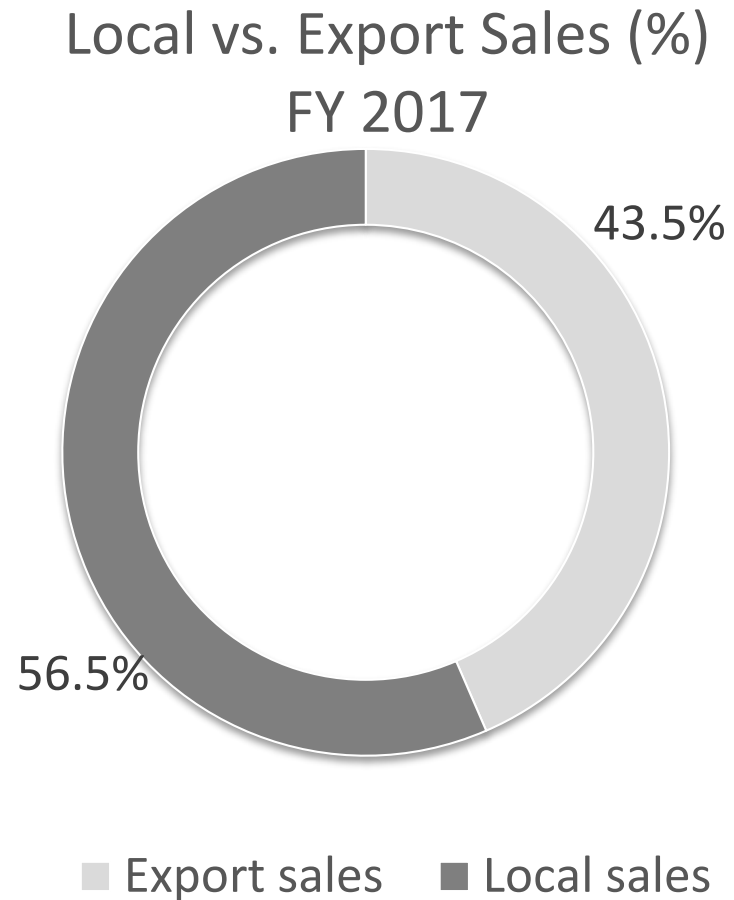
Diversified customer base (**over 200**)



MEPCO has **complete flexibility** to re-focus manufacturing output and exports:
Enables switching between emphasis on exports or local sales to meet market demand and exploit opportunities for improved margins

Diversified and flexible sales¹

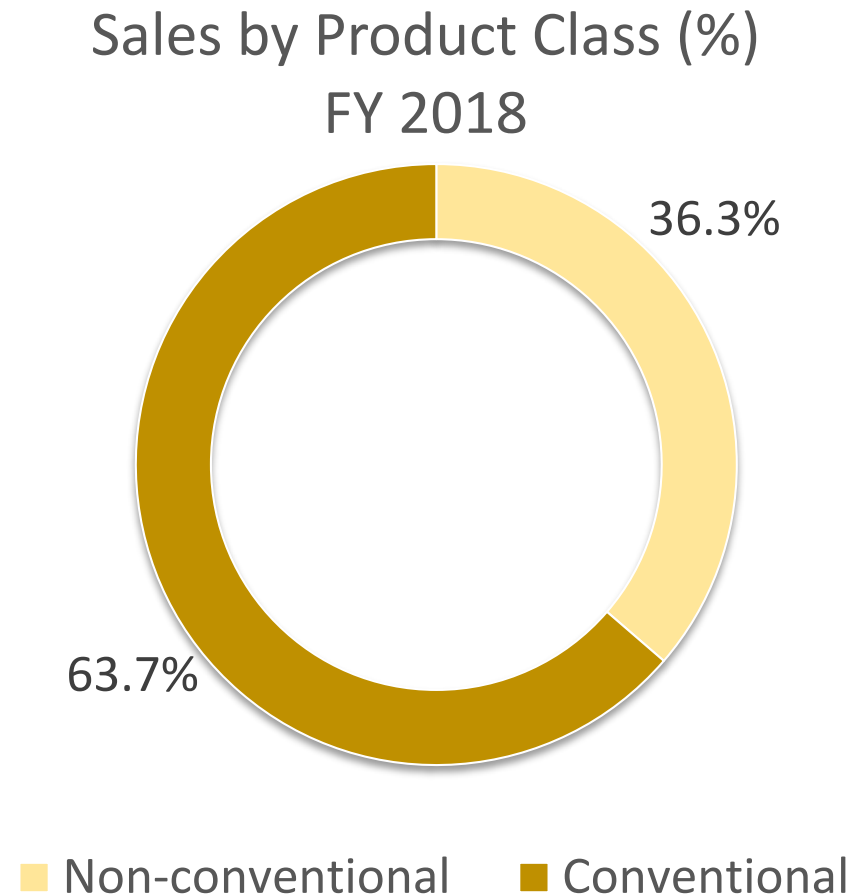
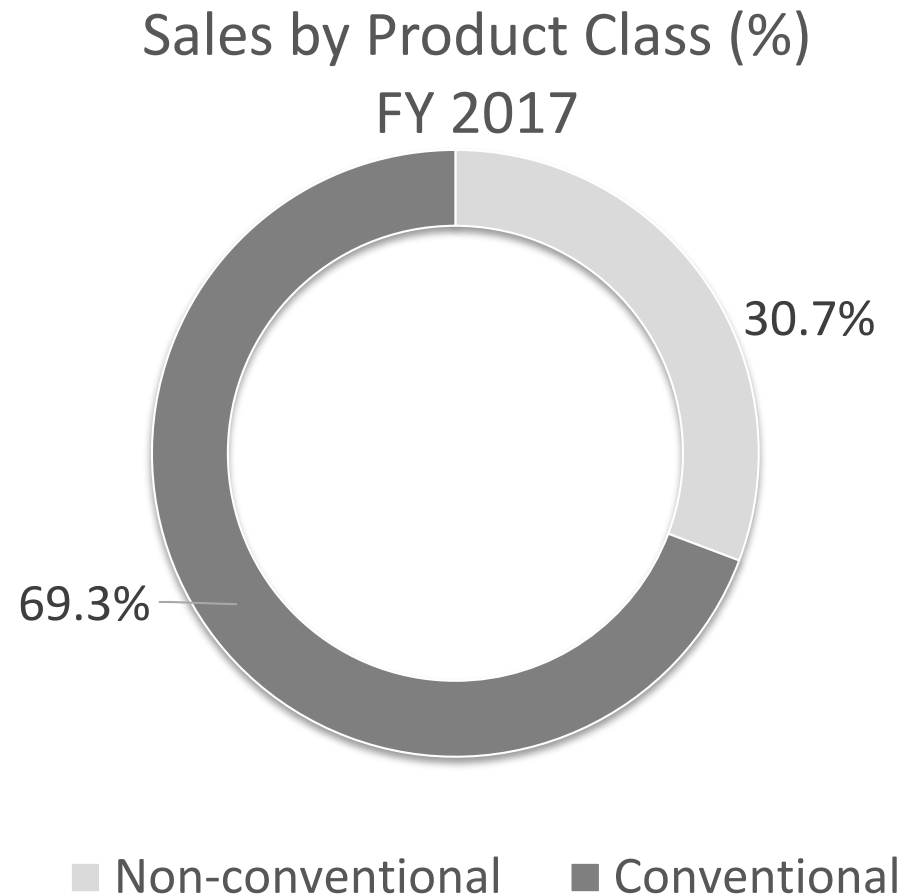
Local vs export sales by value



¹ Refers to MEPCO standalone sales.

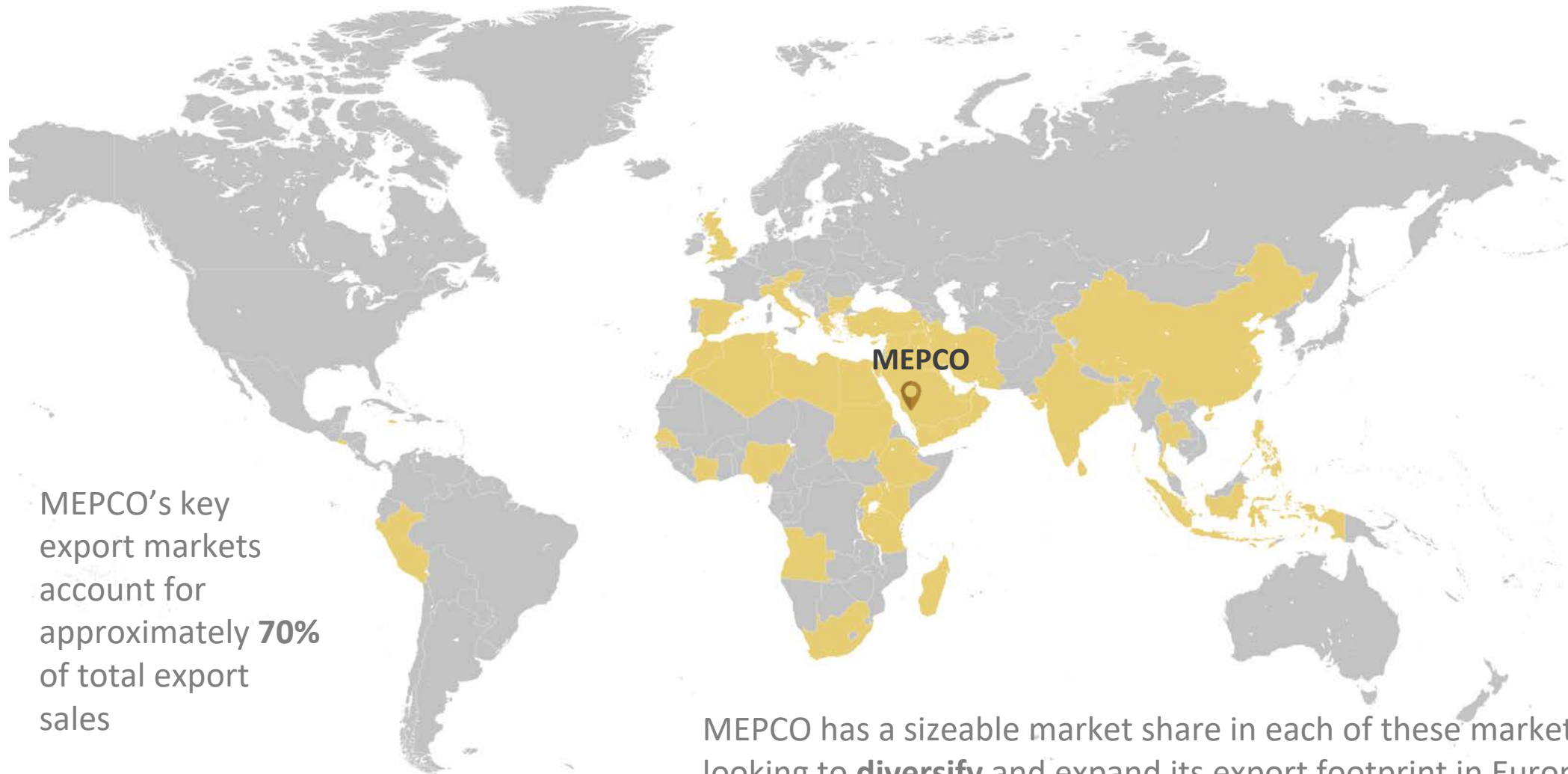
Diversified and flexible sales¹

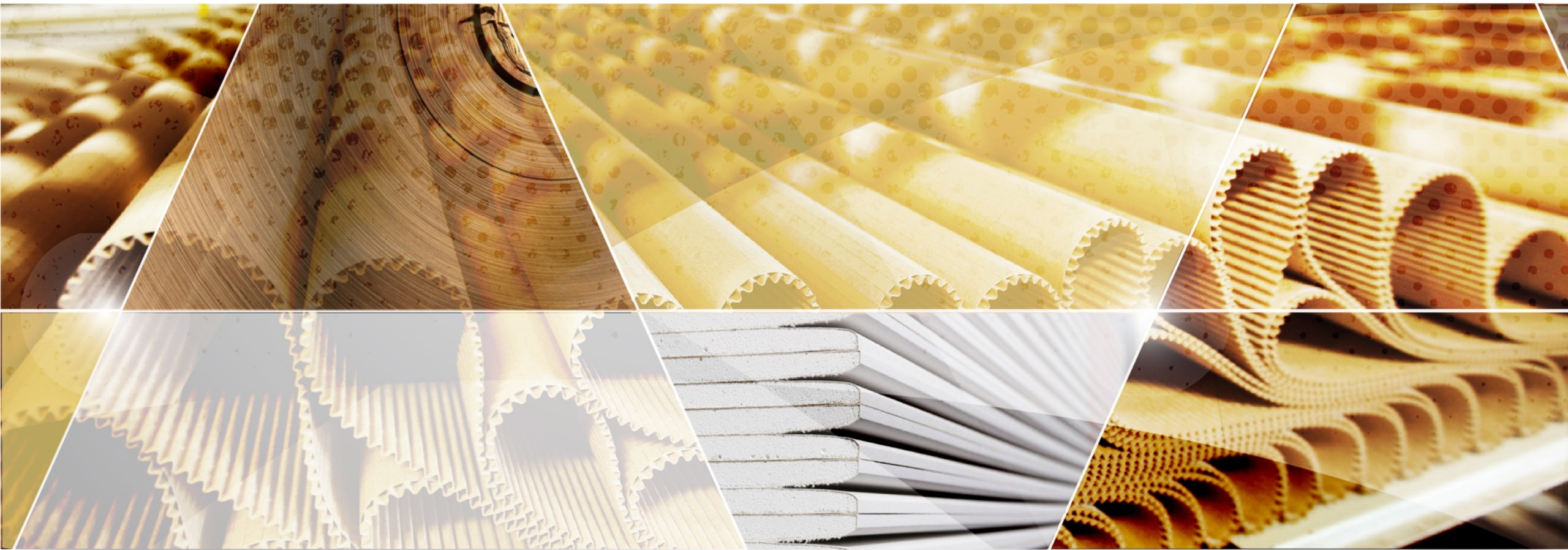
Sales by product class, value



¹ Refers to MEPCO standalone sales.

International export footprint





FINANCIAL REVIEW

Financial performance highlights



Financial Review

Annual sales revenue – The highest ever recorded, up 8.1% YoY as a direct result of increasing average prices.

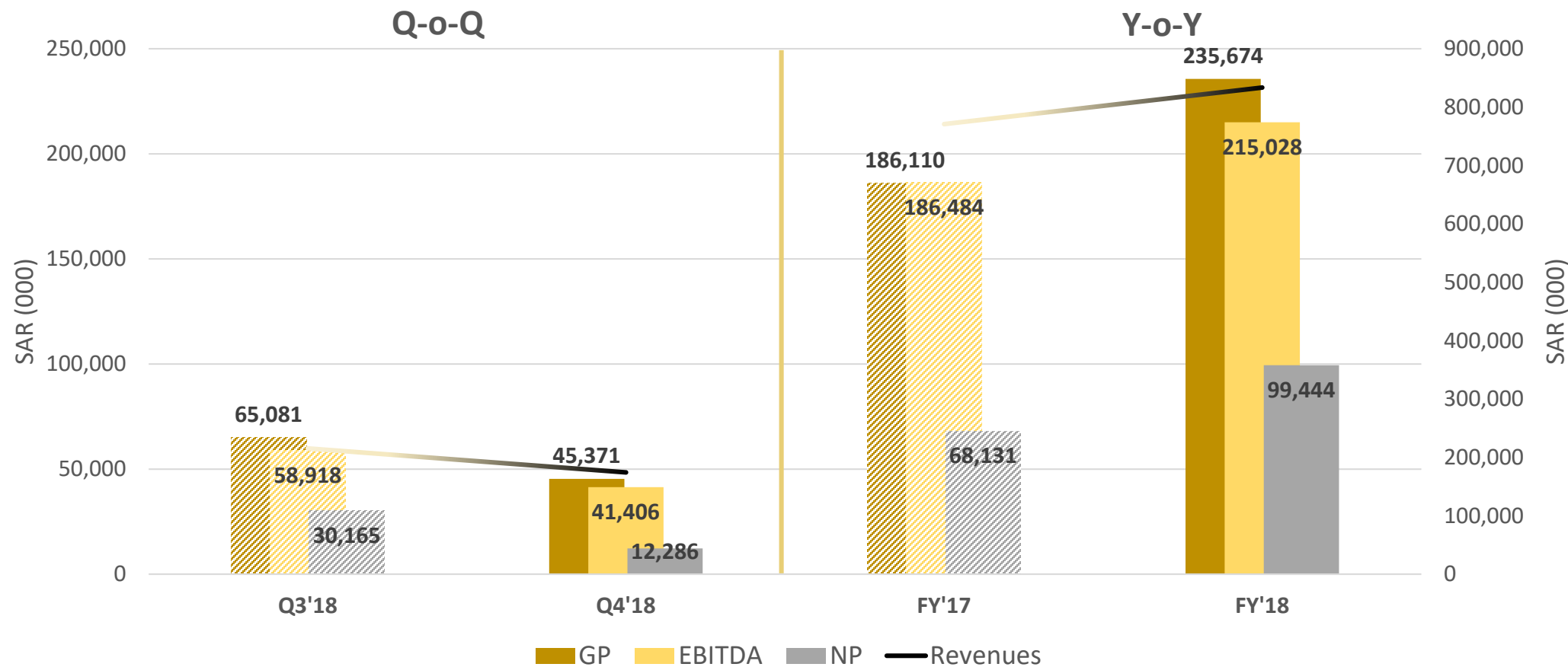
Annual gross profit – Increased 26.6% compared to 2017. This improvement was despite rising prices for virgin pulp and expat levies, the former being a component in the specialty-grade products that comprised 36.3% of 2018 sales. The gross profit margin remained strong for the year end, in the mid-to-high 20% range in Q4 18.

EBITDA line and margin – Improved by 15.3% and 1.6 bps YoY, respectively. Q4 18 EBITDA came under pressure due to the impact of derivate financial instruments.

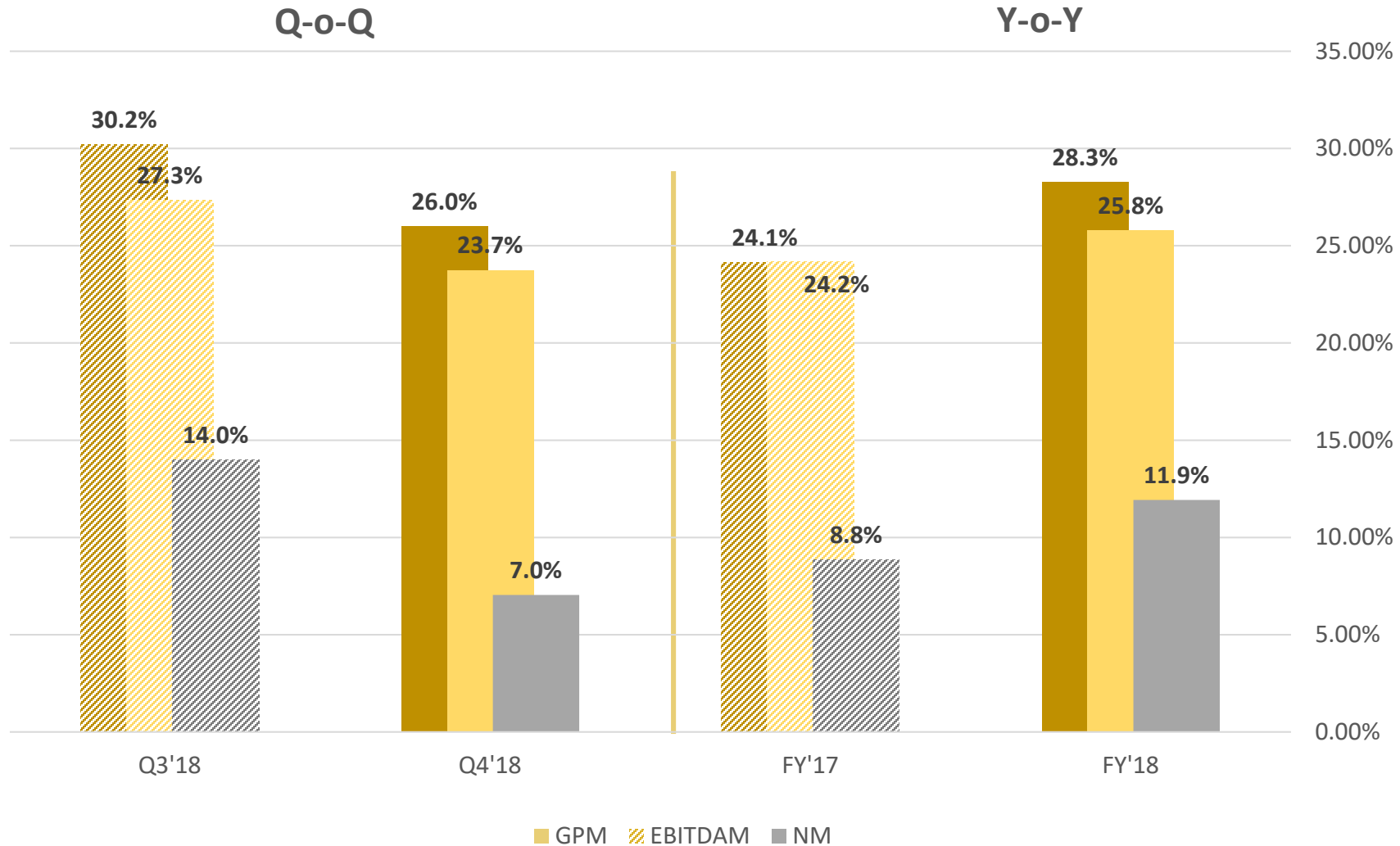
Annual consolidated net profit – A sharp YoY increase of 46.0% to come close to SAR 100 million with Net Margin reaching 11.9%.

	Previous Quarter Q3 18	Current Quarter Q4 18	QoQ Change	Previous Period FY 17	Current Period FY 18	YoY Change
Sales Revenue	215,590	174,445	-19.1%	771,008	833,614	8.1%
Gross Profit	65,081	45,371	-30.3%	186,110	235,674	26.6%
Gross Profit %	30.2%	26.0%	-4.2 bps	24.1%	28.3%	4.1 bps
EBIDTA	58,918	41,406	-29.7%	186,484	215,028	15.3%
EBIDTA %	27.3%	23.7%	-3.6 bps	24.2%	25.8%	1.6 bps
Net Profit	30,165	12,286	-59.3%	68,131	99,444	46.0%
Net Profit %	14.0%	7.0%	-6.9 bps	8.8%	11.9%	3.1 bps
Earnings Per Share (SAR)	-	-	-	1.36	2.00	0.64 SAR

Financial performance highlights



Financial performance: healthy margins



Financial performance: capital structure



	Dec-18	Dec-17	Change (SAR)	Change %
STL	128,301	223,253	-94,952	-42.53%
MTL	488,714	482,688	6,026	1.25%
Total debt	617,015	705,941	-88,926	-12.60%
Cash Balance	28,843	31,016	-2,173	-7.01%
Net debt	588,172	674,925	-86,753	-12.85%
Equity	751,313	722,380	28,933	4.01%
Debt/Equity	0.82	0.98	-0.16	-
Net debt/Equity	0.78	0.93	-0.15	-



APPENDIX

About: recycled paper processing



- Recycled paper processing mills use paper as their feedstock
- Recovered paper is combined with water in a pulper, which separates fibers
- The resultant slurry passes through separation processes to remove contaminants such as ink, clays, dirt, plastic and metals
- Mechanical separation equipment includes coarse and fine screens, centrifugal cleaners, and dispersion or kneading units that break apart ink particles
- Deinking processes use special systems aided by soaps or surfactants to wash or float ink and other particles away
- Recovered fiber can be used to produce new paper products made entirely of recovered fiber, or from a blend of recovered and virgin fiber
- It is generally accepted that a fiber can be used five to seven times before it becomes too short (as a result of repulping and other handling) to be useable in new paper products
- Recovered paper with long cellulose fibers (such as office paper) has the greatest flexibility for recycling
- For this reason, recovered paper with long fibers is generally of higher value than recovered paper with short fiber

Benefits of recycled paper



Benefits of recycling paper

- Recycling paper and paperboard waste provides raw materials to that can save money on the production of new goods
- Recycling also creates jobs and supports the growth of green technologies and industries
- From an environmental perspective, recycling paper products reduces the need for landfills and incinerators, while reducing water pollution and the release of greenhouse gas emissions

Energy conservation

- Less energy is required than for the production of virgin paper products
- Recycled paper production needs 28-70% less energy
- Production of recycled paper requires far less water because there is no need to turn wood into pulp (when most water is used)
- Recycling 1 ton of paper can save 30,000 litres of water

Benefits of recycled paper (cont.)



Forest conservation

- Tree farms are the primary source for wood converted into new paper
- The growing need for more wood has led to the need to clear forests, which are vital ecosystems and habitats. These forests are replaced by “sustainable” tree farms
- Lack of diversity of tree species on farms means wildlife is displaced and ecosystems are damaged
- Paper recycling reduces the need to clear old forests to plant tree farms, because demand is met by recycled products

Pollution reduction

- The production of new paper products requires the use of oil and chlorine (for bleaching), which results in the emission of toxins. When waste paper degrades in landfills, it releases methane gas
- Recycled paper is typically not re-bleached. If it is, oxygen rather than chlorine is the agent used. Moreover, recycling 1 ton of paper saves 1,800 litres of oil
- Recycling therefore directly reduces pollutants in air and water
- Recycling paper has a positive impact on industry and the environment, replacing polluting manufacturing processes with renewable, greener technology, while allowing natural forests to thrive

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