



**MEPCO thrives through sustaining its strong market position  
achieving a strong Gross profit of SAR 426 M an increase of 72 %  
YoY and net profit SAR 245 M an increase of 95% YoY**

**Gross Profit margin records 46%, EBIT margin 29% and Net Income margin 26 %**

**Jeddah, Saudi Arabia | November 1, 2022 |** The Middle East Paper Co. ('MEPCO'), the region's leading vertically integrated paper manufacturer announced its results for the 9M period of 2022. Results portrayed MEPCO's Market strength and sustainable position in the paper manufacturing industry. Retaining a higher market share and sustaining a strong financial position.

The financial results show MEPCO's resilience YoY towards sustainable growth despite the current global challenges. MEPCO continues to sustain its market growth and fulfilling market's demands.

## Highlights

- **Sales revenue** – recorded SAR 955 M representing 31 % increase compared to 9M'21 and decrease of 12% compared to 2Q'22. The YoY increase is primarily attributed to the increase in international price. while the QoQ decrease was also due to international prices as result of the global geopolitical situation and the global recession that is affecting the paper and packaging industry globally and regionally.
- **Gross profit** – recorded SAR 426 M up from SAR 247 M with a significant increase of 72% YoY but a decrease of 24% QoQ from SAR 161 M to SAR 122 M. The gross profit margin increased from 34% to 45 % in 9M'22 mounting 11 basis points YoY and a decrease of 6 basis points QoQ from 46% to 40%.
- **EBIT** – have achieved an increase YoY by 94 % and decreased QoQ by 36 %, rising from SAR 143M to SAR 277 M YoY and from SAR 107 M to SAR 68 M QoQ. MEPCO achieved an EBIT margin increase YoY with 9 basis point from 20 % to 29 %. The EBIT margin has decreased by 8 basis point QoQ from 31% to 23%, because of the current geopolitical situation. But it is also worth mentioning other slight increase in expenses in 9M'22 that is due early loan payment settlement charges of SAR 0.5 M.
- **Net income** – rose from SAR 126 M to SAR 245 M YoY an increase of 95 % and decreased QoQ from SAR 99 M to SAR 54 M with decrease 45 % . The Net Profit margin significantly improved on the YoY by 9 basis points mounting from 17 % to 26 %. But declined from 28 % to 19 % QoQ.

**Eng. Sami Safran, President of MEPCO, commented:**

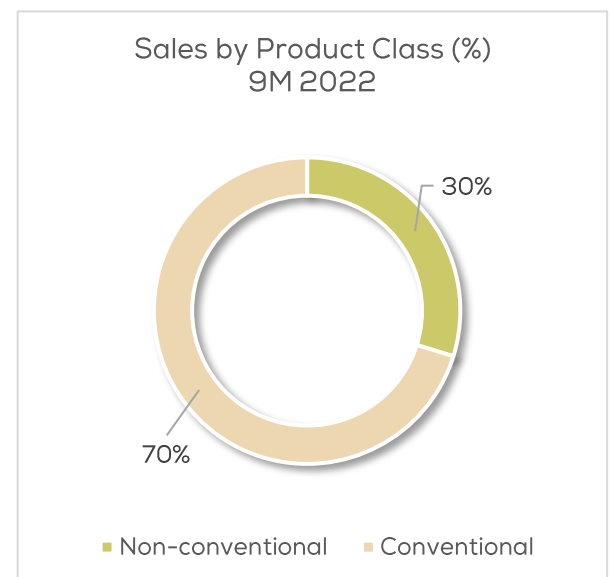
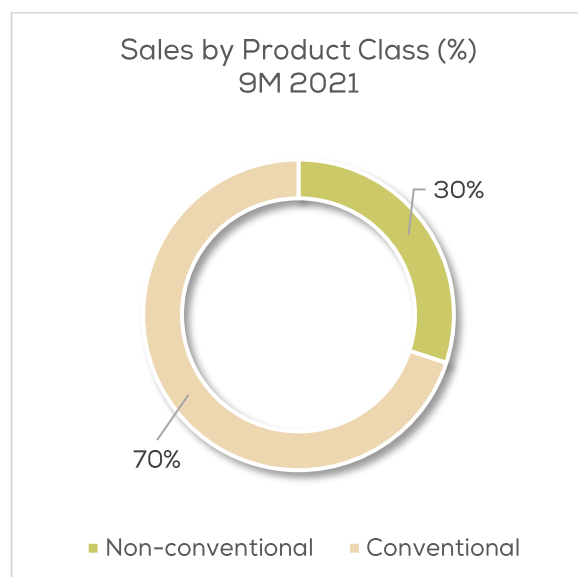
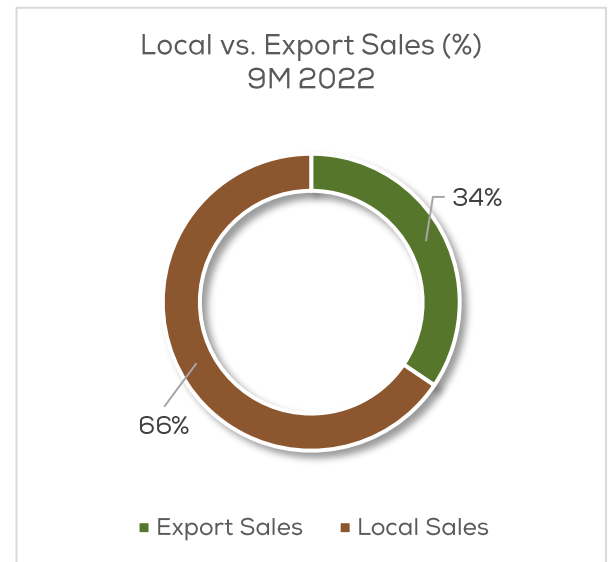
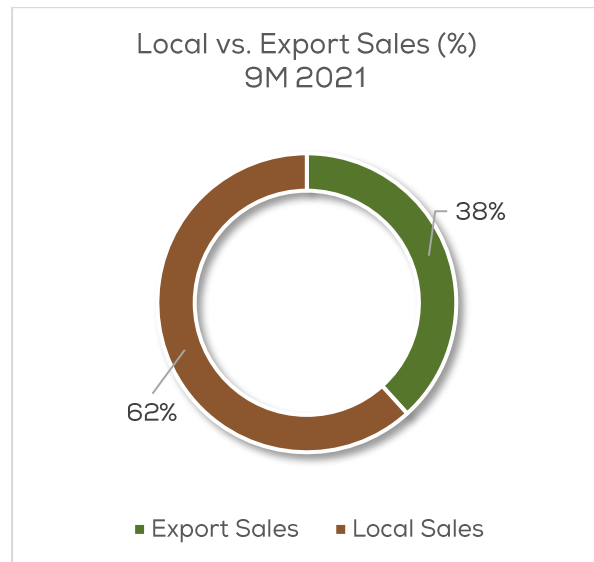
"In the third quarter of 2022, we continued to sustain our strong position in the market, we continued to fulfill our customer's demands locally and internationally. We achieved success in maintaining high profitable margins despite the alarming geopolitical global situation and despite the foreseen recession which undeniably all global economies and industries will be impacted by but with different degrees.

But MEPCO's thrives on agility and competencies in the marketing and operational strategy that promotes sustainable profitable financial position. We have achieved a decrease in the total net debt from M 468 SAR to M 424 SAR by 9 % YoY. And we have completed the distribution of 0.5 SAR as cash dividends per share to our shareholders for 1H FY22 as part of our dividend policy approach to provide the highest profitability gain to our shareholders.

MEPCO as a group is growing fast and sustainably despite current global challenges, we continue to serve the growing demand of the container boards in the short and the long term. As part of our strive to satisfy the market demand, we have announced the Board of directors' approval for the preparation of PM5 project (the much-anticipated largest paper machine in the middle east), which also, comes in line with MEPCO's expansion plan in all recycled paper manufacturing segments. We are on schedule with JUTHOR launching for jumbo tissue rolls, which is expected to be on 1Q FY 23 followed by its commercial launching phase. And on the operational side we are continuously working on market and business tactics that sustains MEPCO profitable margins to support its' expansions' plans"

## Sales Highlights

Sales breakdown<sup>1</sup> by value in (SAR)



<sup>1</sup> Refers to MEPCO standalone sales.

## 9M 2022 | Earnings Release

### Financial Review

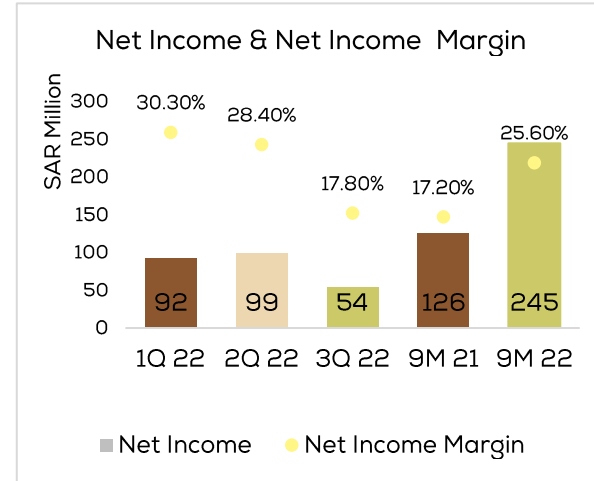
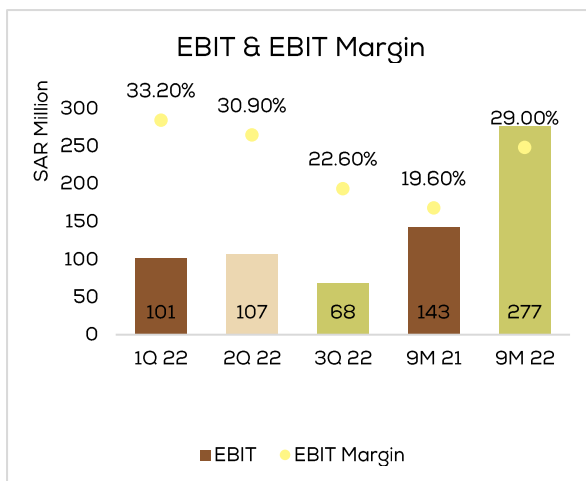
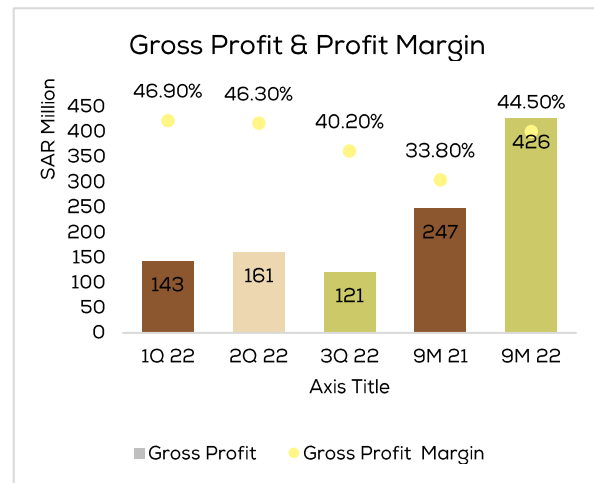
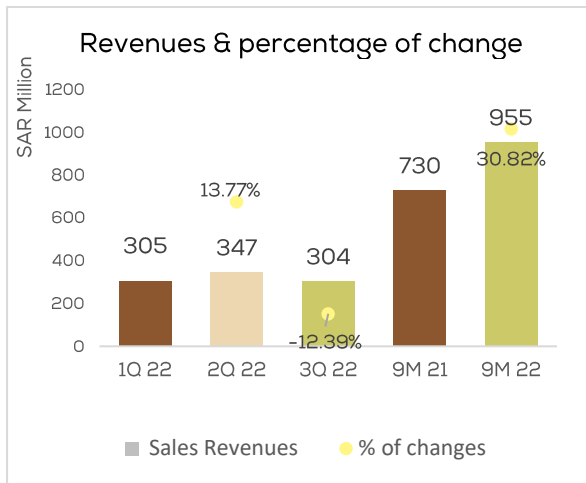
For the financial period ended 30 September, 2022; all figures are in SAR '000, unless stated otherwise.

in SAR ,000	Previous Quarter	Current Quarter	QoQ Change	Previous Period	Current Period	YoY Change
	2Q 22	3Q 22		9M 21	9M 22	
Sales Revenue	346,948	303,522	-12.5%	730,450	955,487	30.8%
Gross Profit	160,559	121,906	-24.1%	247,242	425,621	72.1%
Gross Profit %	46.3%	40.2%	-6.1 bps	33.8%	44.5%	10.7 bps
EBITDA	131,306	92,912	-29.2%	217,966	350,057	60.6%
EBITDA %	37.8%	30.6%	-7.2 bps	29.8%	36.6%	6.8 bps
EBIT	107,065	68,452	-36.1%	142,962	276,811	93.6%
EBIT%	30.9%	22.6%	-8.3 bps	19.6%	29.0%	9.4 bps
Net Profit	98,595	53,927	-45.3%	125,851	244,908	94.6%
Net Profit %	28.4%	17.8%	-10.7 bps	17.2%	25.6%	8.4 bps
Earnings Per Share (SAR)	1.97	1.08	-0.89 SAR	2.53	4.90	2.37 SAR

bps=basis points

## 9M 2022 | Earnings Release

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



## 9M 2022 | Earnings Release

As of 30 September, 2022 (SAR '000)

	Sep-21	Sep-22	Change (SAR)	Change %
STL*	99,459	102,016	2,556	2.6%
MTL**	417,782	460,438	42,655	10.2%
Total debt	517,242	562,453	45,212	8.7%
Cash Balance	49,493	138,226	88,733	179.3%
Net debt	467,749	424,228	(43,521)	-9.3%
Equity	887,990	1,181,881	293,892	33.1%
Debt/Equity (x)	0.58	0.48	(0.11)	-18.3%
Net debt/Equity (x)	0.53	0.36	(0.17)	-31.9%

\* STL includes: Notes Payable liability against import bills

\*\* MTL includes: Current Portion of Term Loans and net-off Deferred Finance Charges (DFC)

\*\*\* Total Equity including Non-Controlling Interest with value of SR 2,111 thousand.



-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 for the packaging, construction, furniture, and paper core industries worldwide. MEPCO supplies its products to the local Saudi market, GCC countries. Its growing global footprint spans over 40 countries, including across South Asia, the Americas and Europe.

The company's innovative approach, including energy and water-efficient production; enables it to deliver significant environmental and economic benefits. Through its wholly owned subsidiary, WASCO, MEPCO sources raw material from across the Kingdom and neighboring countries, ensuring a secure supply while providing measurable value to the Saudi economy.

MEPCO is listed on the Saudi Stock Exchange under Tadawul symbol 'MEPCO'. For more information, visit [www.mepco.biz](http://www.mepco.biz).

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