



Middle East Paper Company
شركة الشرق الأوسط لصناعة وإنتاج الورق

EARNING RELEASE

12M FY 2024

Recovery in international prices reduces MEPCO's net loss

Gross Profit margin 10%, Adjusted EBITDA margin 1% and Net loss margin -7%

Jeddah, Saudi Arabia | March 31, 2024

The Middle East Paper Co. ('MEPCO'), the region's leading paper manufacturer, announced its results for Fiscal Year 2024.

MEPCO's containerboard segment revenues continued to be impacted by the downward pressure on international prices, although prices did show signs of recovery, despite the marginal increase in the sales volume compared to the previous year and the continuity of a diversification strategy, along with increased tissue segment revenues.

Key 12M FY 24 Highlights

Continued, solid, Market & Operational leadership

TISSUE ROLLS

- **YoY total sales volume Increased 160%, total sales revenue Increased 192%.**

YoY: Local sales volume Increased 147% & Local sales revenues Increased 177%

YoY: Export sales volume Increased 7,321% & Export sales revenues Increased 8,014%

CONTAINER BOARD

- **YoY total sales volume Decreased 2%, total sales revenue Increased 1%.**

YoY: Local sales volume Increased 4% & Local sales revenues Increased 6%

YoY: Export sales volume Decreased 12% & Export sales revenues Decreased 9%

Key Financial Highlights

- **Sales revenue**

YoY Increased by 23%, from SAR 867 M to SAR 1,065 M.

- **Gross profit**

YoY Increased by 146%, from SAR 44 M to SAR 108 M

- **Gross profit margin**

YoY Increased by 506 bps, from 5% to 10%.

- **Adjusted EBITDA**

YoY Increased by 134%, from SAR 52 M to SAR 121 M.

- **Adjusted EBITDA margin**

YoY Increased by 539 bps, from 6 % to 11 %.

- **Net Loss**

YoY decreased by 12% from SAR 88 M net loss to SAR 77 M net loss.

- **Net Loss margin**

YoY decreased by 284 bps, from -10 % to -7%.

Musab Sulaiman Al-Muhaidib, Chairman of the Board of Directors of the Middle East Paper Company, commented:

For over 2 decades, MEPCO has been a pioneering force in the Saudi circular economy. The launch of Saudi Arabia's green initiative, as outlined in Vision 2030, has meant that we readjusted our priorities to ensure the achievement of this as one of our main goals. We continue to pursue our ambition to move towards sustainable business development in the paper and recycled waste sector. The Public Investment Fund's investment in MEPCO in 2023 is testament to the strength in depth of the Company, and the continued growth potential. This will also give us greater opportunities for continued reinvestment in MEPCO to increase production, raise operational efficiency and drive our vision to support environmental sustainability through recyclable products we manufacture, specifically in the paper sector.

2024 saw some signs of recovery in performance figures compared to 2023, with an increase in gross profit margin, which reached 10% compared to the 5% achieved in 2023. Despite the continued downward pressure on international pricing, MEPCO was able to increase sales prices by 15%, whilst improving volumes by 5%. This all resulted in an increase in revenue of 23%. Furthermore, the increase in revenue reduced the losses by 4%. As we continue to see significant growth in our Tissue Roll business, specifically in the export sector, this is expected to continue to drive performance improvements.

Faisal Haddawi, Group President of the Middle East Paper Company, commented:

Despite a 2% decrease in our containerboard business, total sales revenue increased by 1%, driven by an increase in local sales prices and volumes. The improved performance figures were mainly due to the significant 160% increase in sales volume of Tissue Rolls, which resulted in a 192% revenue increase in the segment, driven by a massive increase in exports, which witnessed a 7,321% increase in sales volume and an even greater 8,014% increase in sales revenues. Overall, our sales mix witnessed an increase in both local sales trading and local sales manufacturing compared to 2023 with a slight reduction in export sales manufacturing.

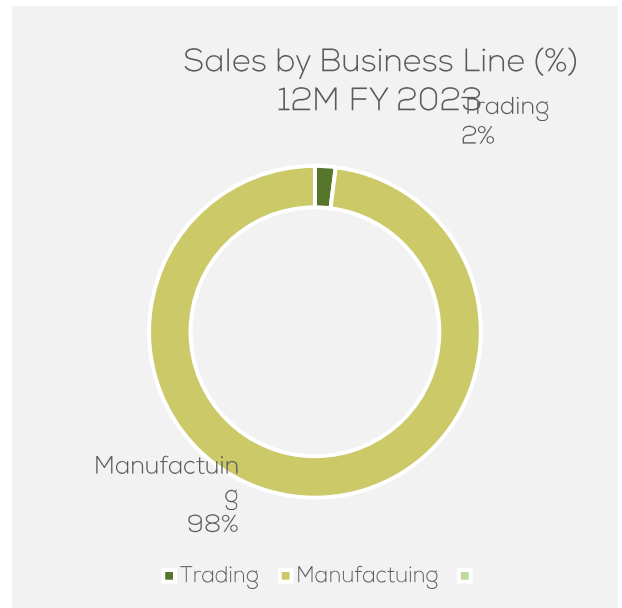
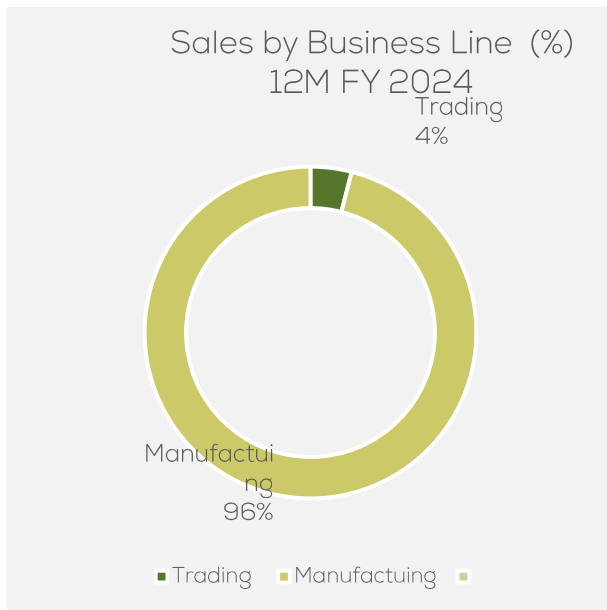
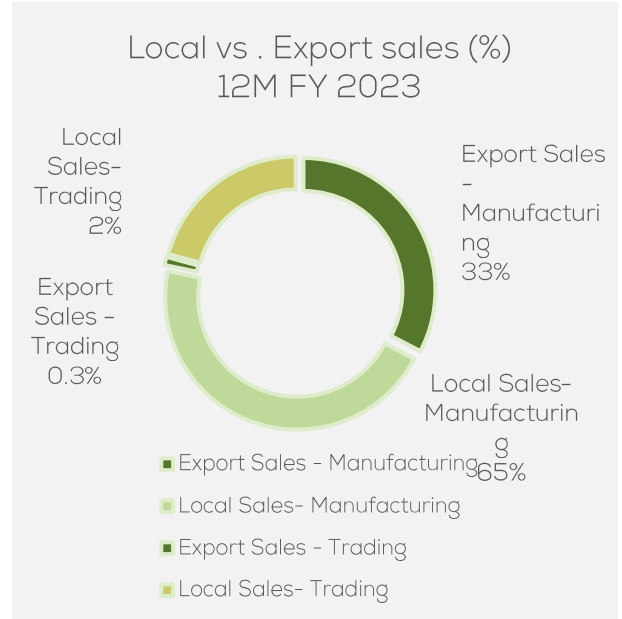
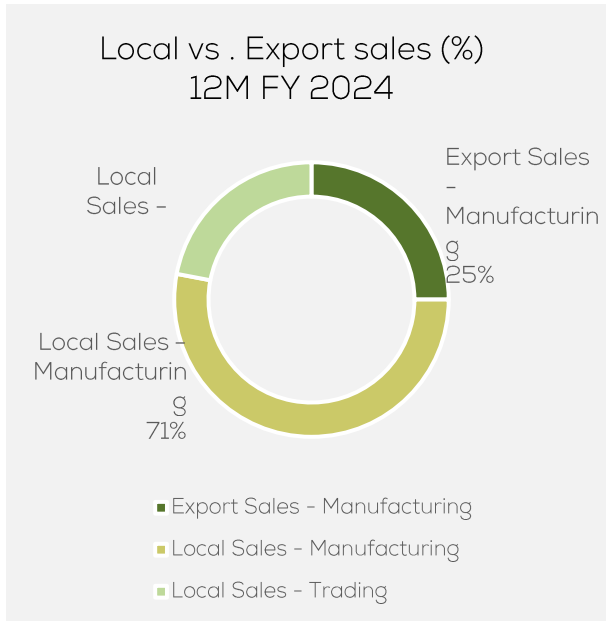
The Company has made significant strides in improving its operational performance, successfully reducing net losses excluding provisions from SAR 88 million to SAR 9.5 million, equating to an 89% reduction. This achievement reflects our ongoing efforts to optimize efficiency, enhance cost control, and strengthen our core business operations. This had a knock-on effect, however, as our bottom line figures were notably impacted by the recorded provisions during 2024. The management team took these provisions as a strategic measure to further strengthen the core of the Company in preparation for the next phase in MEPCO's growth, ensuring that we operate with a solid foundation of efficient, well-optimized, and high-performing assets across the group.

Despite the continued pricing impact on our net profit, the market continues to recover, as seen by the increase in sales revenues. This, coupled with the sales prices improvement over 2024, resulted in our EBITDA and gross profit margin increasing, showing more positive signs of recovery. We will continue to strive for operational efficiencies and excellence, as we push to improve the overall financial performance of MEPCO, where we aim to leverage the investment by PIF in the Company to achieve our expansion goals in line with the Company strategy, specifically in the packaging and specialized building materials sector to continue to support the local supply chain for the rapidly growing number of local projects, along with continued growth in the expanding Tissue Roll segment.

As we look towards 2025 and beyond, we remain committed to driving long-term sustainability, growth, operational excellence, and value creation for our stakeholders.

Sales Highlights Consolidated Financial Statement

by value in (SAR) Sales breakdown



Financial Review

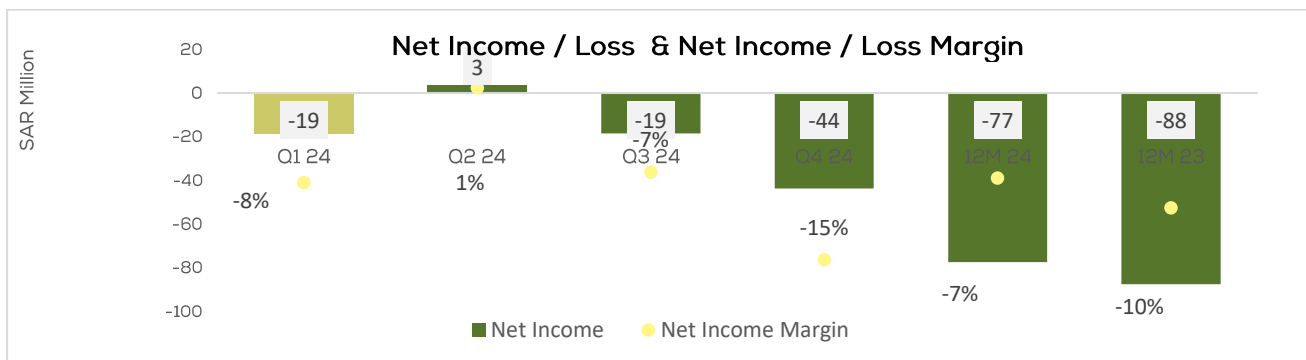
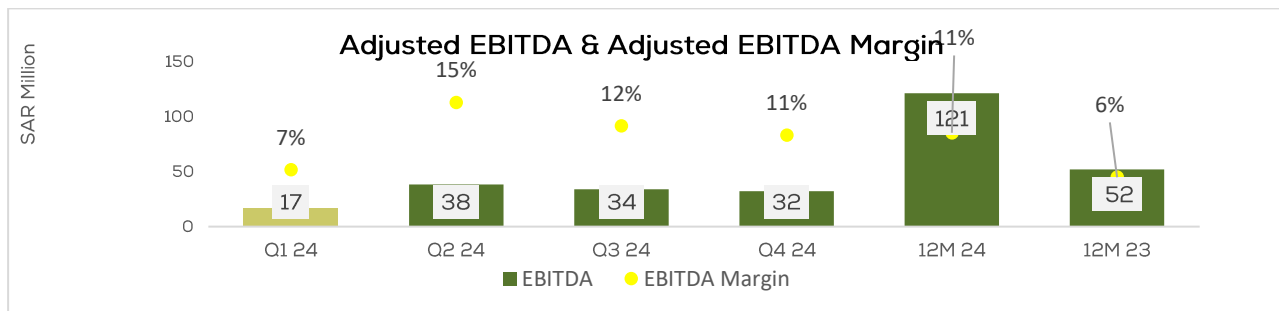
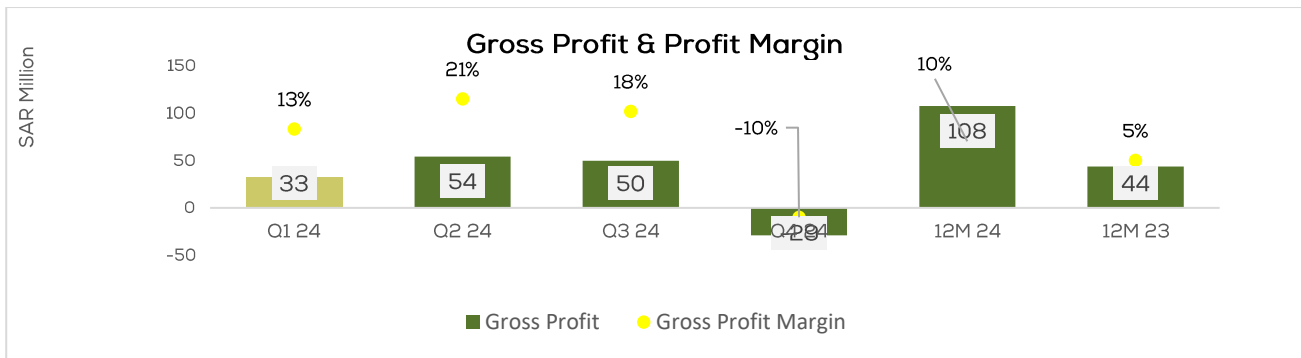
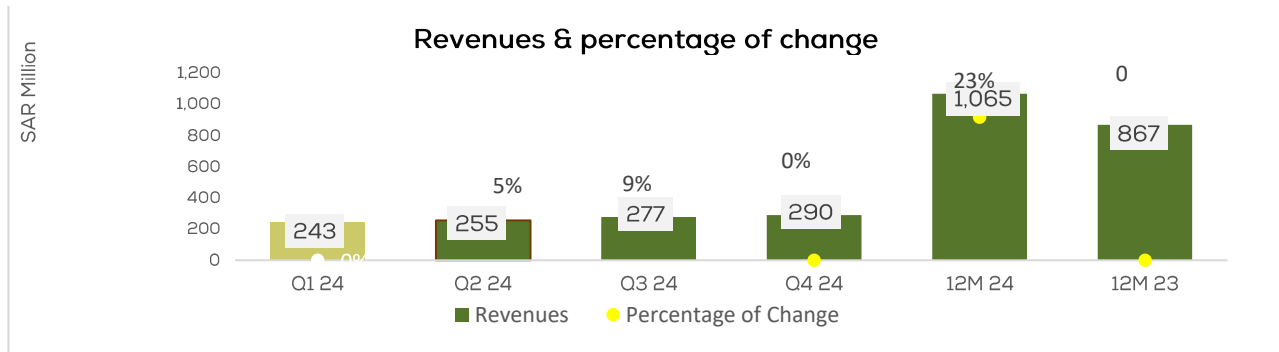
For the financial period ended 31December 2024; all figures are in SAR '000, unless stated otherwise.

in SAR,000	Current Period	Previous Period	YoY Change
	12M 24	12M 23	
Sales Revenue	1,065,256	866,753	23%
Gross Profit	107,627	43,676	146%
Gross Profit %	10%	5%	506 bps
Adjusted EBITDA	121,078	51,833	134%
Adjusted EBITDA %	11%	6%	539bps
EBIT	-52,533	-51,234	3%
EBIT %	-5%	-6%	098 bps
Net Profit/Loss	-77,468	-87,637	-12%
Net Profit/ Loss %	-7%	-10%	284 bps
Earnings Per Share (SAR)	(0.89)	(1.20)	0.31 SAR

bps=basis points

*** Adjusted EBITA Excludes Allowance for Trade receivable, Allowance for Slow Moving, Write-off for property, plant and equipment and capital work in progress, and Provision of legal cases.

Key Financial Indicators | QoQ and YoY



	December 2024	December 2023	Change (SAR)	Change %
STL*	310,231	102,128	208,104	204%
MTL**	380,912	464,761	(83,849)	-18%
Total debt	691,143	566,889	124,254	22%
Cash Balance	610,683	56,549	554,134	980%
Net debt	80,460	510,340	(429,879)	-84%
Equity ***	1,600,033	1,068,203	531,830	50%
Debt/Equity (x)	0.43	0.53	(0.10)	-19%
Net debt/Equity (x)	0.05	0.48	(0.43)	-89%

Debt Analysis

As of 31 December 2024 (SAR '000)

* 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 (6,2) M.

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, with a growing global footprint spanning over 40 countries, including across the Middle East, 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 materials 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.

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[Investor relation page](#)

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