



***Lilas***®

**Société d'Articles Hygienes « SAH »**

**INVESTOR PRESENTATION**

May 2020

# I. SAH Overview



# At a Glance

**TND560.1m**

2019 Revenues  
(US\$ 191m)

**TND81.3m**

2019 EBITDA  
(US\$ 27.7m)

**TND300m**

Of CapEx over  
2017 – 2019  
(US\$ 102.3m)

**37%**

Of exports

**Public**

Company since 2014

Presence in

**20**

African countries

**9**

Production facilities

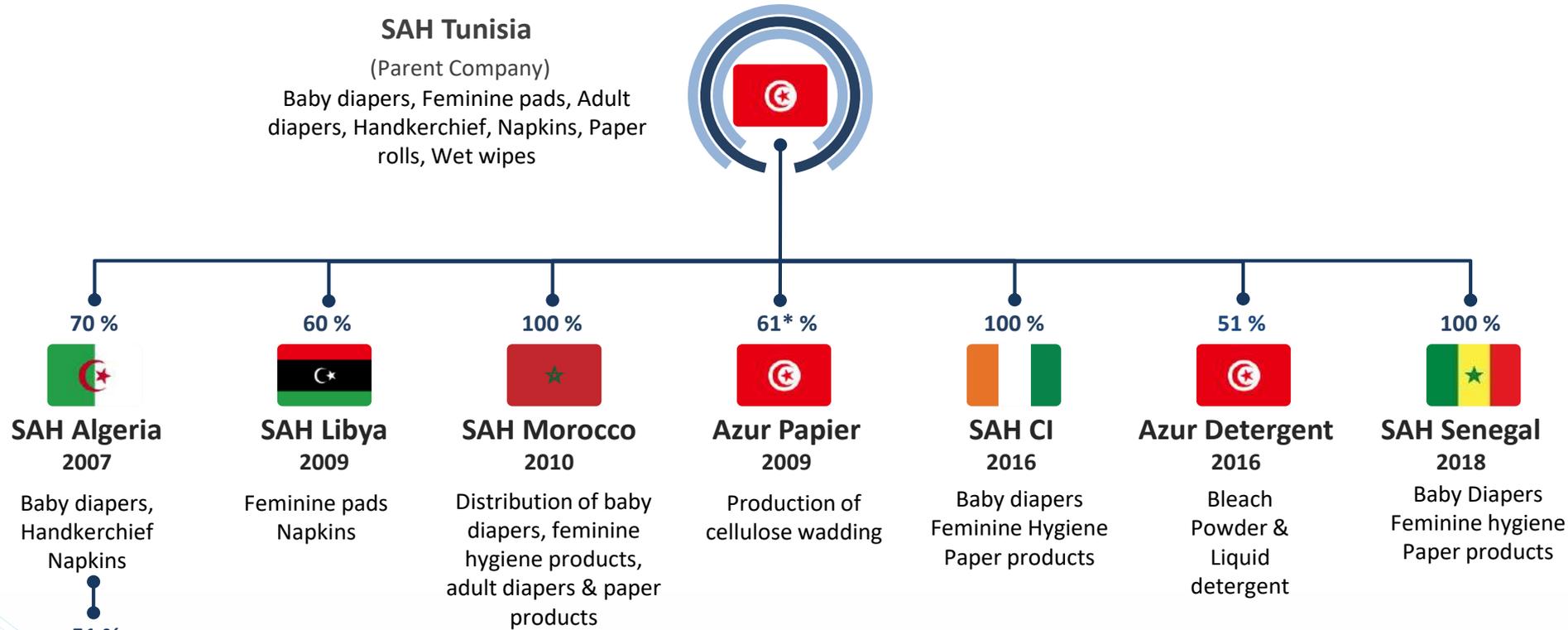
**+4 000**

Employees

\*: Based on an average FX USD/TND: 2.93

# Group Structure & Product Offering by Subsidiary

A compelling rooting scheme in the attractive African market



## SAH Distribution 2010



Distribution of feminine hygiene products, adult diapers & paper products

\*: SAH Tunisia ownership decreased from 62% to 61%. Stake sold to comply with the financing scheme adopted by the group. SAH Tunisia has a 2 years call option

Above dates refer to incorporation years

# Product Offering

A singular offering reaching three promising markets

## HYGIENE



Development and production of hygiene products :

- Baby care



- Feminine care



- Incontinence care



- Family care



(Paper, Kitchen towels, Wipes, Toilet paper, etc..)

## CELLULOSE WADDING



Supply of cellulose wadding internally to the group's companies and to third parties across Africa

## DETERGENT



Development and production of detergent products:

- Bleach



- Powder detergent



- Liquid detergent



# Product Offering by Category: Hygiene

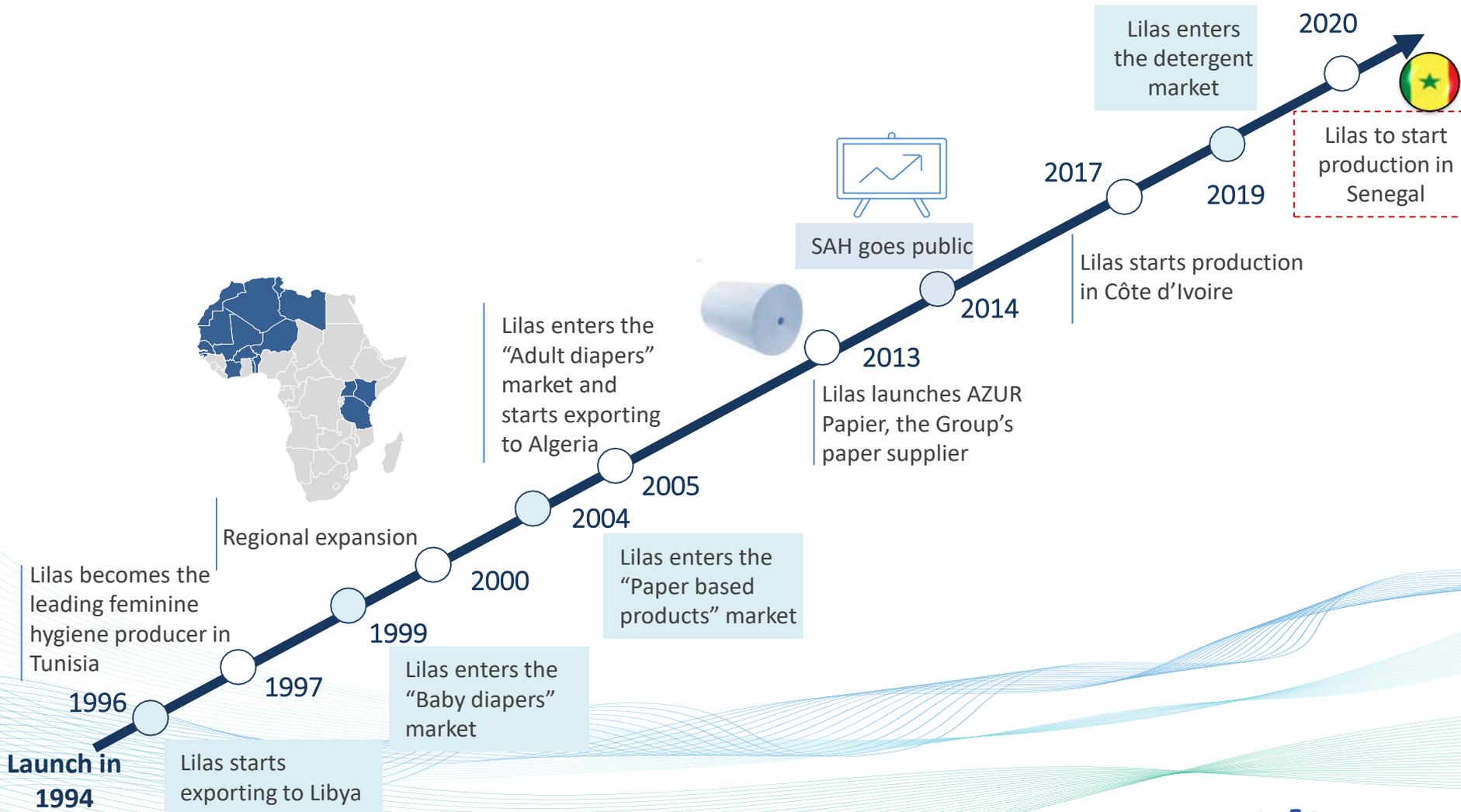
Product Category	Formats (SKUs)	Production Site (s)	Current Production Capacity
<b>Baby Diapers</b> 	<ul style="list-style-type: none"> <li>&gt; 3 Types : Comfort max, Unisex &amp; Pharmacy</li> <li>&gt; 6 sizes (2 to 25 kg)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mjez El Beb (Tunisia)</li> <li>&gt; Beja (Tunisia)</li> <li>&gt; Algeria</li> <li>&gt; Ivory Coast</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 9 Production lines</li> <li>&gt; In # of items/year: 1 103 940k (Tunisia only)</li> </ul>
<b>Feminine Hygiene</b> 	<ul style="list-style-type: none"> <li>&gt; 2 Subcategories : Sanitary pads &amp; Panty liners</li> <li>&gt; 7 Types for Sanitary pads &amp; 3 Types for Panty liners</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mjez El Beb (Tunisia)</li> <li>&gt; Beja (Tunisia)</li> <li>&gt; Libya</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 6 Production lines</li> <li>&gt; In # of items/year: 556 518k (Tunisia only)</li> </ul>
<b>Adult Hygiene</b> 	<ul style="list-style-type: none"> <li>&gt; 2 Types: Protect &amp; Protect comfort</li> <li>&gt; 3 sizes (Small, Medium &amp; Large)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mjez El Beb (Tunisia)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 1 Production line</li> <li>&gt; In # of items/year: 43 022k</li> </ul>
<b>Wet wipes</b> 	<ul style="list-style-type: none"> <li>&gt; 5 Types: Fresh (Baby &amp; Feminine), Comfort max, Pharmacy &amp; Protect</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mjez El Beb (Tunisia)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 2 Production lines</li> <li>&gt; In # of items/year: 577 638k</li> </ul>
<b>Paper based products</b> 	<ul style="list-style-type: none"> <li>&gt; 7 Subcategories: Handkerchief, Tissue, Kitchen napkins, Kitchen roll, Paper rolls (2) &amp; Industrial roll</li> </ul>	<ul style="list-style-type: none"> <li>&gt; El Zriba (Tunisia)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 11 Production lines</li> <li>&gt; In # of items/year: 377 426k</li> </ul>

# Product Offering by Category: Detergent

Product Category	Formats (SKUs)	Production Capacity	Competition
<p><b>BLEACH</b></p> 	<p><b>16 SKUs:</b></p> <ul style="list-style-type: none"> <li>• 4 Sizes: 1L, 1.75L, 3L &amp; 4.75L</li> <li>• 4 Fragrances: Classic, Woods, Lavender &amp; Lemon</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 50k tons/year</li> <li>&gt; 3 Production lines</li> </ul>	
<p><b>POWDER</b></p> 	<p><b>30 SKUs</b></p> <ul style="list-style-type: none"> <li>&gt; <b>Machine washing powder:</b> 18 SKUs                             <ul style="list-style-type: none"> <li>• 7 Sizes &amp; 3 Fragrances</li> </ul> </li> <li>&gt; <b>Hand washing powder:</b> 12 SKUs                             <ul style="list-style-type: none"> <li>• 4 Sizes &amp; 3 Fragrances</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>&gt; 50k tons/year</li> <li>&gt; 6 Production lines</li> <li>&gt; Atomization tower with an annual capacity of 45k tons of base powder</li> </ul>	   
<p><b>LIQUID</b></p> 	<p><b>83 SKUs</b></p> <ul style="list-style-type: none"> <li>➤ <b>Machine washing gel:</b> 6 SKUs</li> <li>➤ <b>Semi-automatic machine &amp; Hand washing liquid:</b> 6 SKUs</li> <li>➤ <b>Softeners:</b> 8 SKUs</li> <li>➤ <b>Floor &amp; Surfaces liquid:</b> 15 SKUs</li> <li>➤ <b>Multi-purpose liquid:</b> 16 SKUs</li> <li>➤ <b>Deodorizer:</b> 20 SKUs</li> <li>➤ <b>Dishwashing liquid:</b> 12 SKUs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 40k tons/year</li> <li>&gt; 4 Production lines</li> </ul>	    

# Key Dates

A unique success story of a continuously expanding business..



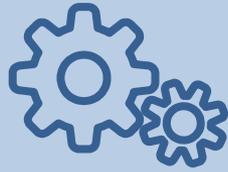
# Strategy Pillars

...operating with a clearly defined strategy



## Innovation and Differentiation

Deploying innovation to continue rolling differentiated products across the price spectrum



## Integration and Optimization

An upstream integration by increasing the production capacity of Azur Papier (Cellulose wadding)

Streamline operations in existing markets



## Regional Expansion

Exploring further organic and inorganic opportunities to penetrate new markets



## Diversification of Revenue Streams

Diversification of business lines by launching the detergent activity

# Strategy Pillars

## Production innovation is at the core of Lilas' operations



Innovation & Differentiation

Historically, SAH has been able to successfully:

- Launch a wide range of products every year and
- Customize its products for each market (packaging, sizes, etc.), while emphasizing on product quality and affordability

SAH creates well-tailored products to match its markets needs through:

- In-house R&D strategy;
- Technical know-how, and
- Close collaboration with business partners (Suppliers, companies and laboratories)

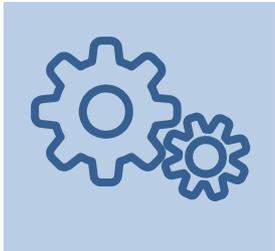
Deploying innovation to continue rolling differentiated products across the price spectrum

### New SKUs by product type



# Strategy Pillars

## Vertical integration for cost optimization and speed to market



Integration & Optimization

- In 2013, SAH launched Azur Papier, a company specialized in the production of cellulose wadding, its main raw material in order to secure its availability and reliability while increasing margins. Gross margin moved from **34% in 2013 to 41% in 2017**;
- First production line reached full capacity, leading to a capacity increase with the acquisition of a second production line.

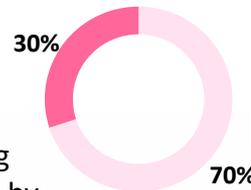
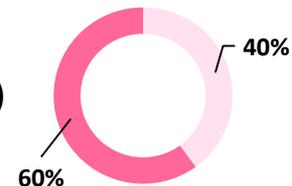
An upstream integration by increasing the production capacity of Azur Papier (Cellulose wadding)

Streamline operations in existing markets

• TND 86m (c. US\$ 30m)

CAPEX

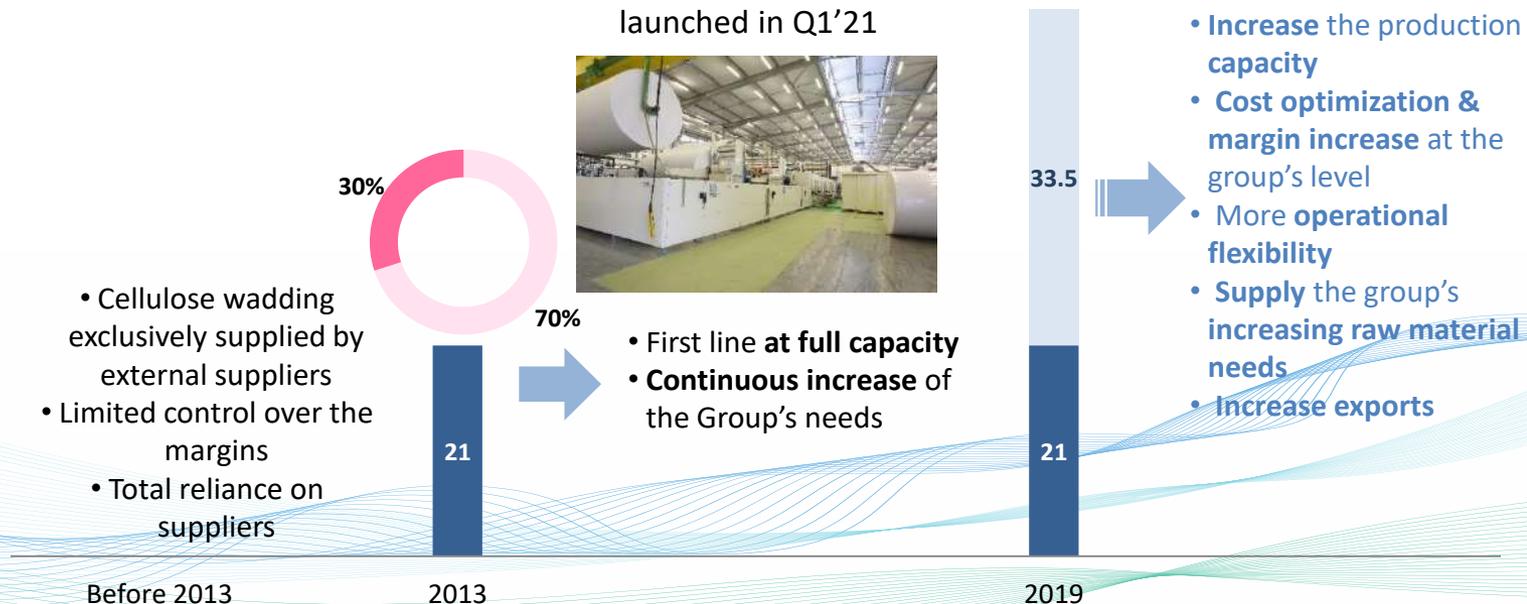
- Second line to be launched in Q1'21



- Cellulose wadding exclusively supplied by external suppliers
- Limited control over the margins
- Total reliance on suppliers

- First line **at full capacity**
- **Continuous increase** of the Group's needs

- Increase the production capacity
- **Cost optimization & margin increase** at the group's level
- More **operational flexibility**
- **Supply** the group's increasing raw material needs
- Increase exports



Cellulose wadding sold to: ■ Non-Group ■ Group

■ line 1 capacity (kT) ■ line 2 capacity (kT)

# Strategy Pillars

## Expanding into Africa through exploring new export markets and developing regional platforms 12

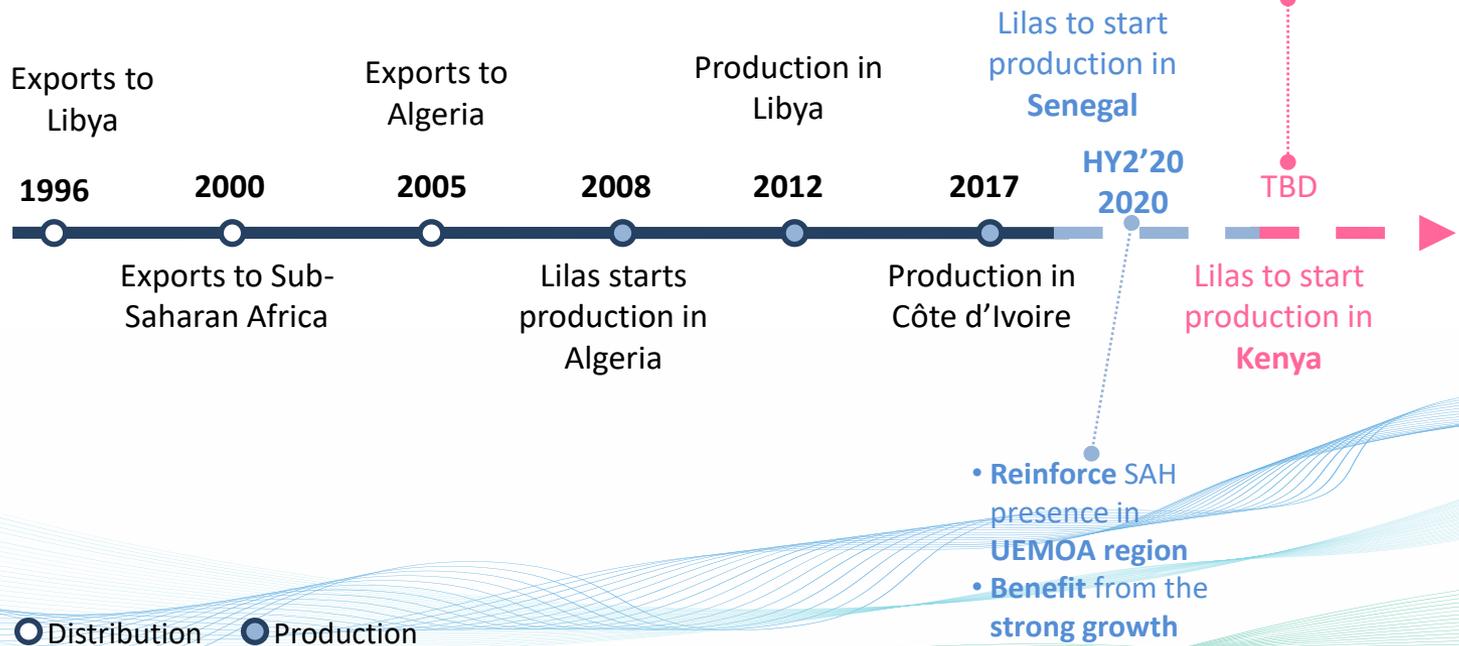


### Regional Expansion

- SAH has proven ability to penetrate and establish manufacturing capabilities in new markets with the successful launch of the Algerian, Libyan and Ivorian subsidiaries

- **Introduce SAH activity to East Africa**
- **Establish a production unit of baby diapers and feminine products intended to domestic and neighboring markets**
- **Benefit from the market's rapid urbanization**

Exploring further organic and inorganic opportunities to penetrate new markets



- Reinforce SAH presence in UEMOA region
- Benefit from the strong growth of the country's economy

# Strategy Pillars

## Diversifying product portfolio to use Lilas' brand notoriety and distribution network

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Diversification of Revenue

Diversification of business lines by launching the detergent activity

### Project rationale

- Limited growth of the hygiene market
- Fast growing, yet fragmented and imports' driven market (detergent)
- Limited local competition
- Leverage the existing distribution network
- Leverage Lilas' strong brand notoriety
- Enlarge consumer reach by entering new markets



Creation of Azur Detergent



TND 86m  
(US\$ c.30m)  
CAPEX

**Total capacity of 140k tons/year & A large range of Laundry & Home care products:**

Powder: **50k tons/year**

Liquid: **40k tons/year**

Bleach: **50k tons/year**

Product mix	Place mix	Price mix	Competitors
<ul style="list-style-type: none"> <li>- Width: <b>3 lines</b></li> <li>- Length: <b>10 products</b></li> <li>- Depth: <b>129 SKUs</b></li> </ul> 	<ul style="list-style-type: none"> <li>- Traditional distribution</li> <li>- Modern retail</li> <li>- Healthcare facilities</li> </ul>	<ul style="list-style-type: none"> <li>- In line with competition</li> </ul>	<ul style="list-style-type: none"> <li>- 4 local producers</li> <li>- 3 foreign competitors</li> </ul> 

# Key Investment Highlights

## A solid track record and a healthy financial performance

- 1** Markets dynamics
  - High birth rates and increasing female working ratio in targeted countries. Ratios reached 36% and 45% respectively in Sub-Saharan Africa
  - Rapid urbanization and increasing levels of disposable income
  - Low penetration rate of paper based products
  - Increased awareness and access to health and hygiene
- 2** Unparalleled growth track record & Healthy profit margins
  - Solid and sustainable growth: **10%** Revenue CAGR over the last 5 years
  - Gross margin expansion: **+7%** following the integration of the paper mill (Azur Papier)
- 3** Leading brand
  - Well-known brand in Tunisia, Algeria, Libya, Gabon, Congo & Mauritania
  - Market leader with 65% and 45% market shares in Tunisia and Libya respectively
- 4** Vertical integration
  - Vertical integration providing SAH Group full control of its supply chain and allowing sustainable margins. Additional capacity of 33.5 thousand tons planned for Q1'2021
- 5** Strong distribution network
  - 40 000 Distribution points in Africa
  - 113 Regional warehouses of which 40 owned by Lilas in Africa
  - 223 Vehicles of which 157 owned by distributors
- 6** Strong product development capabilities
  - Sustained CapEx investment with **+US\$ 100m** over the last 2 years
  - Continuous upgrade and maintenance of production lines and equipment

# II. FY19 Financial Performance



# FY19 Financial Performance

## Key Financial Highlights

**TND560.1m**

of revenues  
(US\$ 191m)

**TND363.4m**

of local revenues  
(US\$ 124m)

**TND81.3m**

of EBITDA  
(US\$ 27.7m)

**37%**

of exports

**+27.2%**

y-o-y growth in  
revenues  
(in local currency terms)

**+48%**

y-o-y growth in local  
revenues  
(in local currency terms)

**+31%**

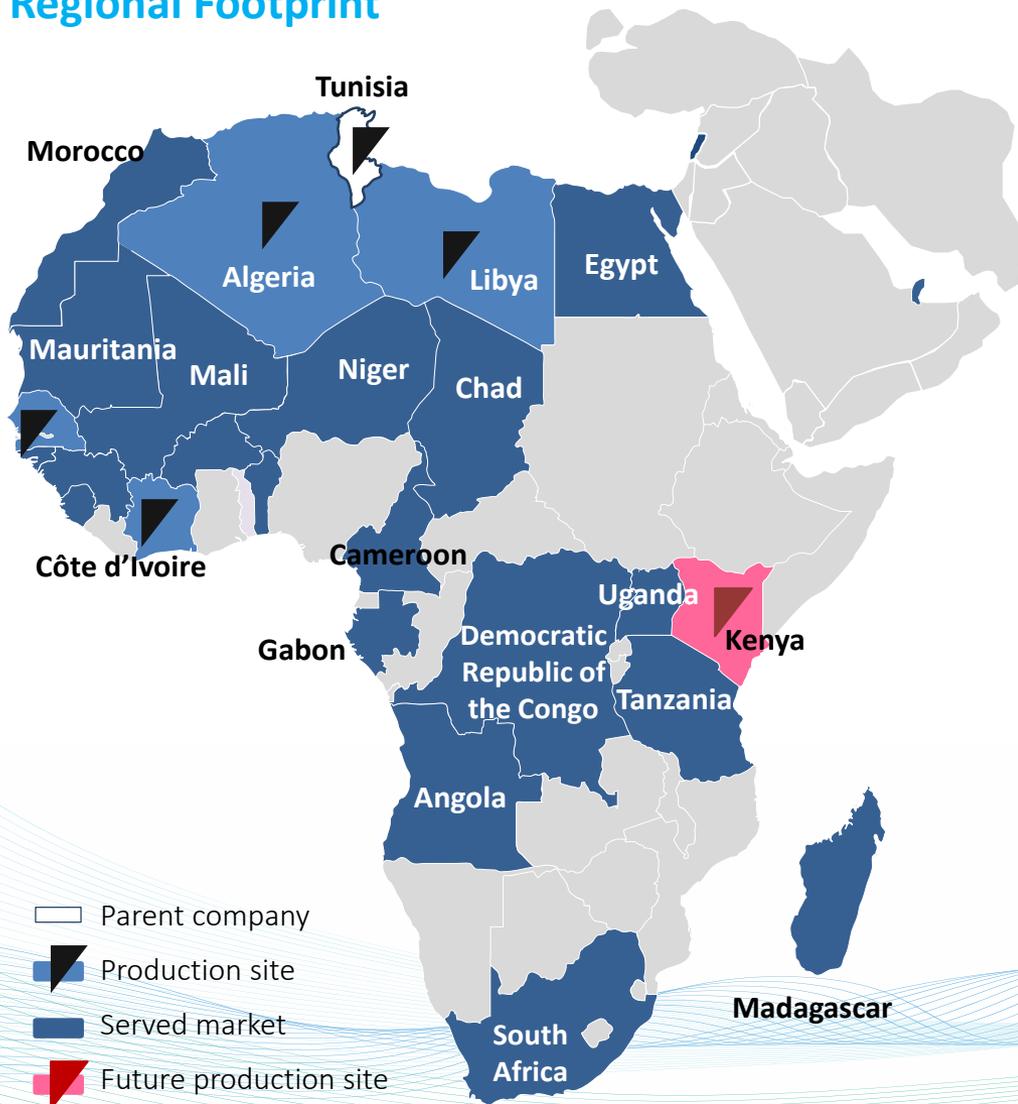
y-o-y growth in  
EBITDA  
(in local currency terms)

**+7%**

y-o-y growth in  
exports  
(in local currency terms)

\*: Based on an average FX USD/TND: 2.93

## Regional Footprint



### In North Africa :

- SAH group reported a **17% growth within the North African markets**, driven by the great performances of the Tunisian, Libyan and Algerian markets. Moroccan and Mauritanian markets reveal to be challenging markets;

### In the WAEMU and CEMAC regions:

- WAEMU sales almost doubled driven by Ivory Coast sales' increase;
- Penetration of the new Sub-Saharan African markets would offset the slowdown observed in the traditional African markets of CEMAC, going through difficult economic situation;

### In the EAC region:

- Selected distributors for the region
- A Kenyan production site is being explored

### In the Middle East :

- Selected distributors for the region: Distribution already started in Lebanon and Qatar

- Parent company
- Production site
- Served market
- Future production site

\*:WAEMU: West African Economic and Monetary Union  
 \*\*: CEMAC: Central African Economic and Monetary Community)

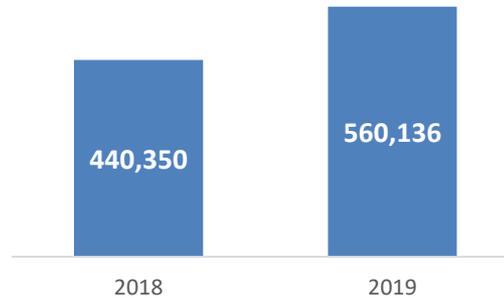
# FY19 Financial Performance

## Revenue Analysis

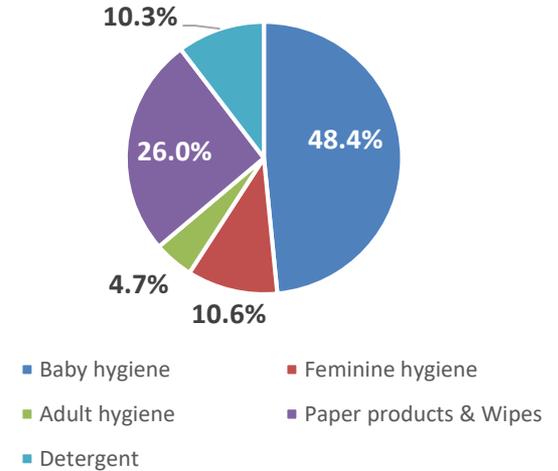
✓ SAH group's revenues amounted to TND 560.1 million as of December 31, 2019 compared to TND 440.3 million as of December 31, 2018, implying an **increase of 27.2%**. The group's performance is driven by the **strong sales increase at SAH Tunisia and SAH Ivory Coast, i.e. 22% and 250%** respectively, as well as the solid launch of Azur Detergents, which generated a turnover of **TND 57.8 million for the first six months of activity**;

✓ **Baby hygiene sales account for almost half of SAH group's revenues**, followed by sales of paper products and wipes contributing up to 26% of the group's total revenues. Detergent sales reached 10.3% of group sales after the first six months of Azur Detergent activity.

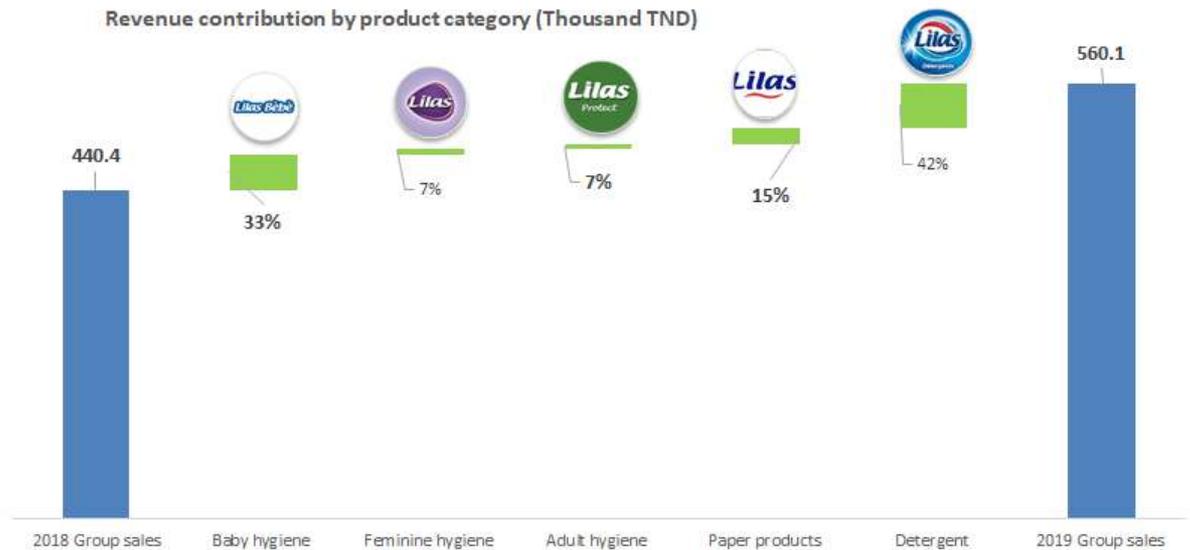
Revenues  
(Thousand TND)



Revenue breakdown by category



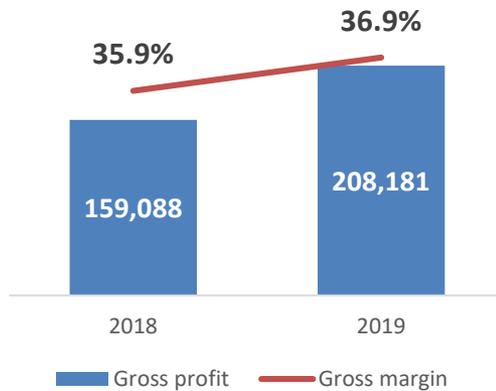
Revenue contribution by product category (Thousand TND)



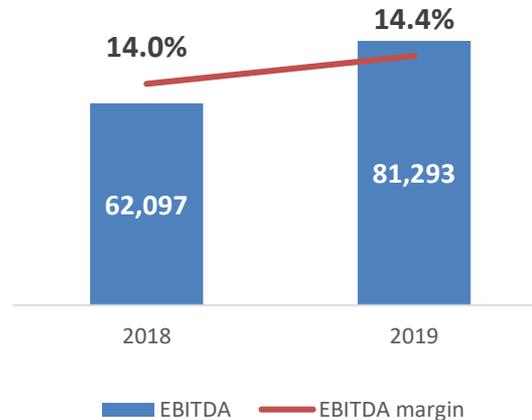
# FY19 Financial Performance

## Margin Analysis

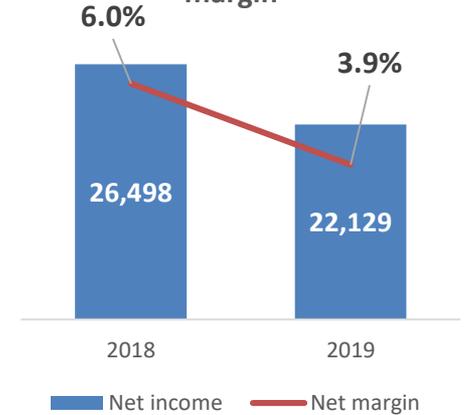
Gross profit (Thousand TND) & Gross margin



EBITDA (Thousand TND) & EBITDA margin



Net income (Thousand TND) & Net margin



✓ SAH Group consolidates its financial performance by posting **margin growths of 31%**. Gross profit reached TND 208.2 million, implying a gross margin of 36.9%. The gross margin increase is generated by the combined effect of higher selling prices and lower raw materials prices;

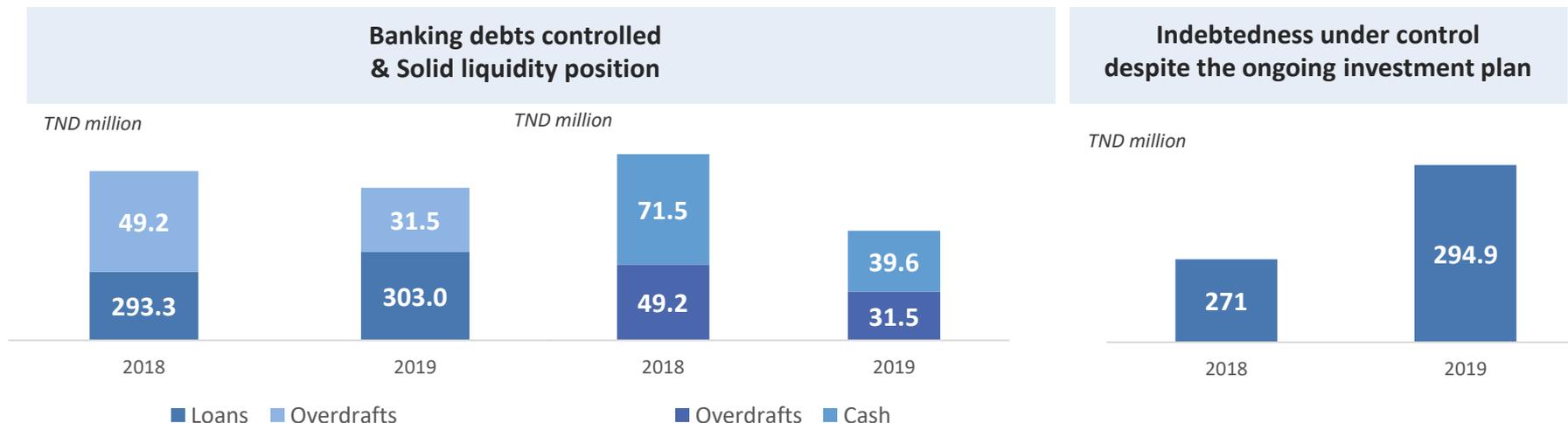
✓ The consolidated EBITDA reached TND 81.3 million, i.e. a margin of 14.4%;

✓ Reported net income reached TND 22.1 million as of December 2019, implying a net margin of 4%. Adjusted net income for 2018 is estimated at TND 15.5 million, taking into consideration the exceptional proceeds of Azur Papier and Azur Detergents shares' sales. Adjusted growth would have reach 42.8%

# FY19 Financial Performance

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## Debt Analysis



- ✓ Short term financing (overdrafts) decreased in 2019, in line with the group's strategy to reduce its reliance on bank financing;
- ✓ The group has easy access to financing at attractive conditions

- ✓ Net debt increased from TND 271 million as of December 31, 2018 to TND 294.9 million as of December 31, 2019, mainly due to the group's sustained investments, i.e. the launch of Azur Detergent, the expansion of Azur Papier, the creation of the Senegalese subsidiary and the capacity increases of SAH Tunisia;
- ✓ **The adjusted net debt is estimated at TND 274.9 million**, accounting for non-paid VAT credit and "Azur Detergents" subsidy.

# FY19 Financial Performance

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## Financial Statements Snapshot

Thousand TND	Audited FY19	Audited FY18	Variation
Revenues	560,136	440,350	27.2%
Other operating income	4,122	2,364	74.4%
<b>Total operating income</b>	<b>564,257</b>	<b>442,714</b>	<b>27.5%</b>
Consumed purchases	-356,076	-283,625	25.5%
<b>Gross profit</b>	<b>208,181</b>	<b>159,088</b>	<b>30.9%</b>
Payroll costs	-52,757	-40,986	28.7%
Other operating expenses	-74,131	-56,005	32.4%
<b>EBITDA</b>	<b>81,293</b>	<b>62,097</b>	<b>30.9%</b>
Depreciation & Provision	-26,558	-16,782	58.3%
<b>EBIT</b>	<b>54,735</b>	<b>45,315</b>	<b>20.8%</b>
Net financial expenses & Other ordinary gains/losse	-31,272	-18,273	71.1%
Income tax	-1,334	-543	145.7%
<b>Net income</b>	<b>22,129</b>	<b>26,498</b>	<b>-16.5%</b>
<i>Group net income</i>	<i>22,954</i>	<i>22,783</i>	<i>0.8%</i>
<i>Minorities net income</i>	<i>-824</i>	<i>3,715</i>	
<b>Gross margin</b>	<b>36.9%</b>	<b>35.9%</b>	
<b>EBITDA margin</b>	<b>14.4%</b>	<b>14.0%</b>	
<b>EBIT margin</b>	<b>9.7%</b>	<b>10.2%</b>	
<b>Net margin</b>	<b>3.9%</b>	<b>6.0%</b>	
Financial debt	334,429	342,532	
Cash & Cash equivalents	39,579	71,507	
<b>Net debt</b>	<b>294,851</b>	<b>271,025</b>	
<b>Operating cash flows</b>	<b>30,196</b>	<b>-53,123</b>	
<b>Investing cash flows</b>	<b>-132,384</b>	<b>-76,630</b>	
<b>Financing cash flows</b>	<b>61,636</b>	<b>88,688</b>	

# III. Q1'20 Financial Performance



# Q1'20 Financial Performance

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## Key Financial Highlights

**TND162m**

of revenues  
(c.US\$ 57m)

**+20%**

y-o-y growth in  
revenues  
(in local currency terms)

**TND12m**

of net income  
(US\$ 4.2m)



**+53%**

y-o-y growth of  
Libyan subsidiary  
revenues  
(in local currency terms)

**TND31m**

of EBITDA  
(US\$ 10.9m)

**+70.3%**

y-o-y growth in  
EBITDA  
(in local currency terms)

**+62.3%**

y-o-y growth in net  
income  
(in local currency terms)



**+29%**

y-o-y growth of  
Ivorian subsidiary  
revenues  
(in local currency terms)

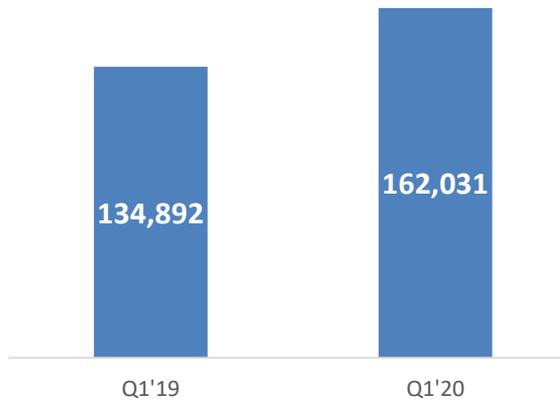
\*: Based on an average FX USD/TND: 2.85

# Q1'20 Financial Performance

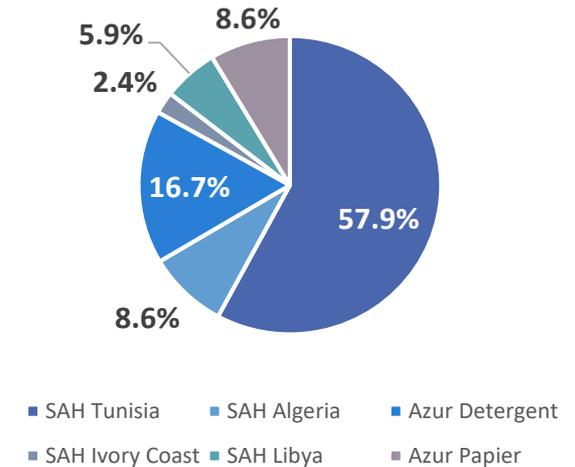
## Revenue Analysis

- ✓ As of March 31, 2020, group revenues amounted to **TND 162 million** compared to TND 135 million as of March 31, 2019, i.e. **growth of 20%**. Adjusted sales are estimated at **TND 175 million**, considering the undelivered orders in March 2020. **Growth would have reached 29.8%**. In fact, deliveries were temporarily disrupted during the month of March following restrictions on travel on Tunisian territory and the suspension of international flights as well as the closure of land borders in response to the spread of the COVID-19 pandemic. Having secured a maritime solution for its exports to Libya and obtained all the necessary authorizations for local circulation, SAH managed to deliver its pending orders during the month of April;
- ✓ Sales growth was driven by a solid performance on the local market supported by additional revenues from Azur Detergent as well as **the good performance of SAH Libya up by 53% and SAH Ivory Coast up by 29%**. The growth of the Libyan and Ivorian subsidiaries combined with stable revenues at SAH Algeria offset the overall decrease of other SAH units by (-6%);
- ✓ Further, the group reported **monthly sales of TND 58.6 million as of April 2020, up by 76% compared to April 2019**. Such a growth confirms the **upward trend of the first quarter 2020** despite the exceptional circumstances related to COVID-19.

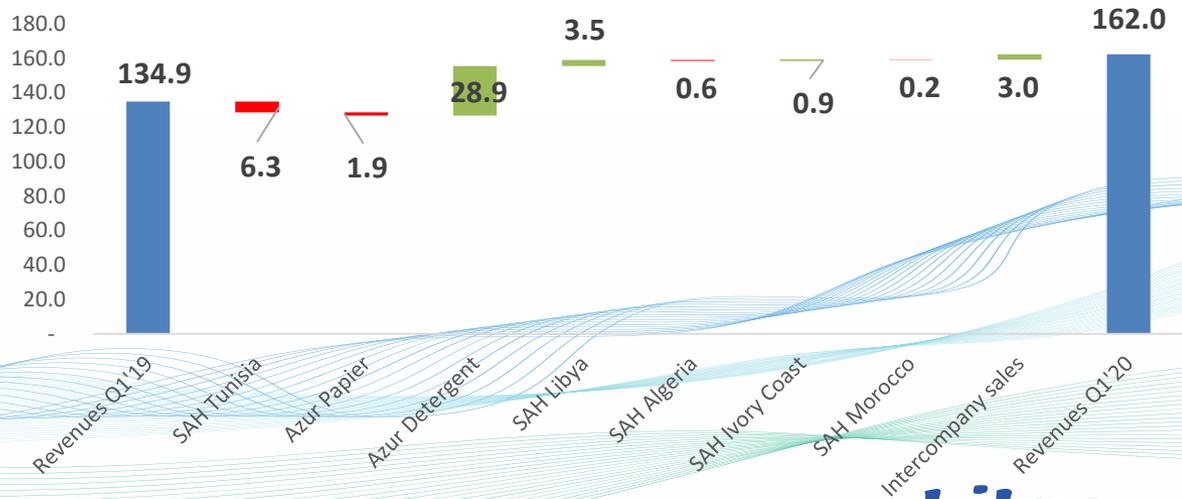
Revenues (Thousand TND)



Revenue contribution by subsidiary



Revenue growth contribution by subsidiary (TND million)



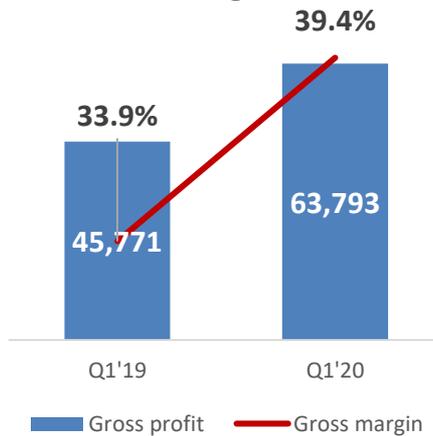
\*: Based on non-audited financials

# Q1'20 Financial Performance

## Margin Analysis

- ✓ In terms of profitability, SAH Group reports strong margins' growth;
- ✓ Gross profit increased from TND 45.8 million to TND 63.8 million, implying a **gross margin of 39.4% as of March 2020** versus a gross margin of 34% as of March 2019;
- ✓ Consolidated EBITDA reached TND 31 million, i.e. an increase of 70.3% compared to the first quarter of 2019. **EBITDA margin increased from 13.5% to 19.1%;**
- ✓ **Margin improvement is explained by the successful launch of new activities, especially the detergent, optimization of production costs and lower raw material costs.** The group particularly monitors the evolution of raw material prices, in order to secure its supplies at the lowest cost;
- ✓ Net profit increased from TND 7.4 million in the first quarter of 2019 to TND 12 million in the first quarter of 2020, i.e. a **growth of 62.3%**. Net margin reached 7.4%, compared to a net margin of 5.5% as of March 31, 2019.

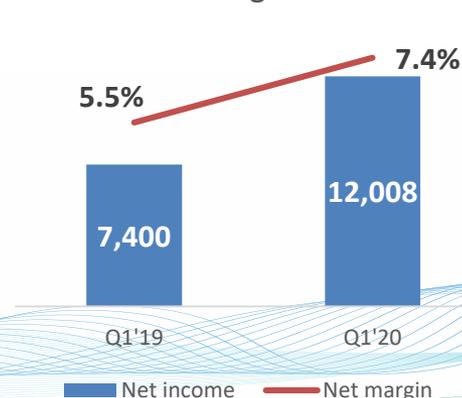
Gross profit (Thousand TND) & Gross margin



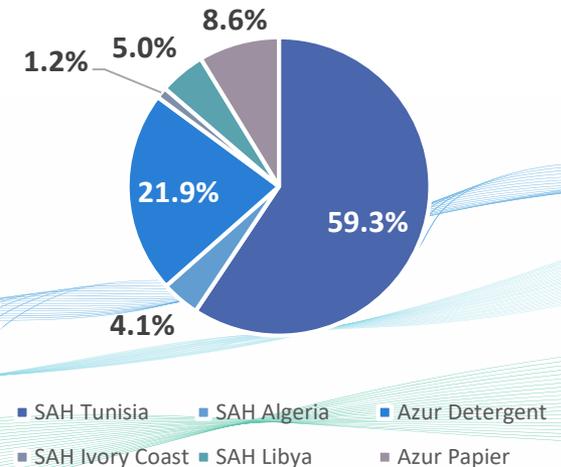
EBITDA (Thousand TND) & EBITDA margin



Net income (Thousand TND) & Net margin



EBITDA contribution by subsidiary



\*: Based on non-audited financials

# IV. 2020 Outlook & Perspectives



# 2020 Outlook & Perspectives

## 2020 Guidance



**SAH Tunisia:** New products development with a focus on technological innovation

**SAH Senegal:** Launch of production in H2'20

**Azur Papier:** Capacity extension operational in Q1'21

**Azur Detergents:** Market share improvement & launch of new products

**New Markets:** Kenya & Uganda in East Africa

01



**Gross Margin Rate Improvement** to reach 2016 & 2017 levels, i.e. 40%

**Optimization of operations processes**

**Financial expenses reduction** by reducing its reliance on financial debts

**Solvency ratio improvement** by putting focus on cash collection.

02



Reporting change applying IFRS principles to reflect a new integrated management in the segment information

03



Revenue growth with close monitoring of the impact of the current health crisis on the group activities

04

# 2020 Outlook & Perspectives

## 2020 Expansion Plan

COMPLETION JUNE 2020

**SAH Tunisia**



COMPLETION 2H 2020

**SAH Senegal**



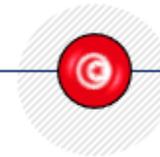
COMPLETION 2H 2020

**Azur Papier**



COMPLETION 2021

**Azur Detergents**



Acquisition of new production lines at the cutting edge of technology for adult diapers and paper towel

The production facility for baby care and family care will start operations in the second quarter of 2020

The second line of Azur Papier is scheduled to enter production in early 2021

Extension of liquid & powder units as well as plastic unit for the development of new range of products for professionals as well as the sale of products under private labels in partnership with major retailers

TOTAL INVESTMENT  
FOR ADULT DIAPERS  
TND **23.8** million

PROGRESS **12%**  
TND **2.9** million

TOTAL INVESTMENT  
FOR PAPER TOWEL  
TND **21.8** million

PROGRESS **41%**  
TND **8.9** million

TOTAL INVESTMENT  
TND **13.5** million

PROGRESS **90%**  
TND **12.2** million

TOTAL INVESTMENT  
TND **83** million

PROGRESS **79%**  
TND **65.5** million

PRODUCTION CAPACITY  
**110 tons/day**

TOTAL INVESTMENT  
TND **20** million

PROGRESS **5%**  
TND **1** million

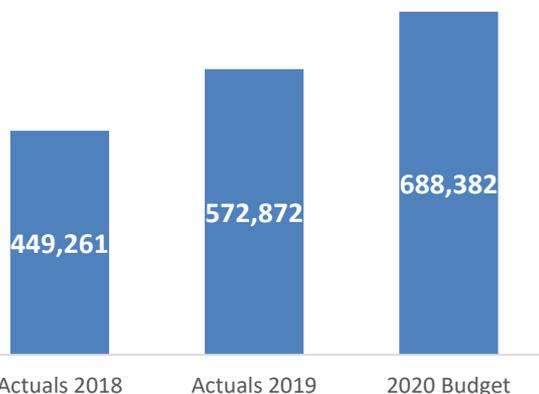
PRODUCTION CAPACITY  
**Powder 8 560 tons/year**  
**Liquid 6 000 tons/year**  
**Plastic 4 000 tons/year**

# 2020 Outlook & Perspectives

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## Outlook in numbers

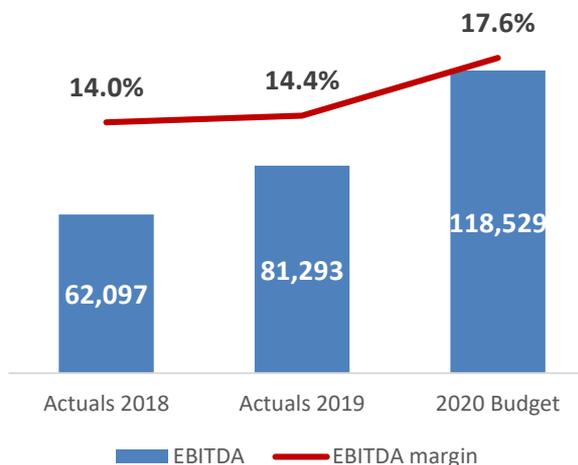
Sales\* growth (Thousand TND)



\*: Gross sales before reduction, rebates and discounts

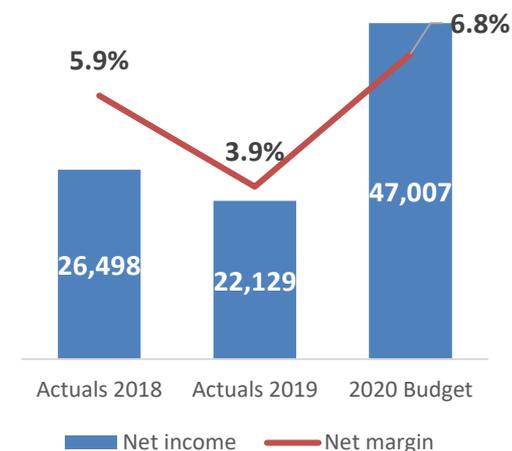
- ✓ Consolidated revenues will reach **TND 688.2 million at the end of 2020, i.e. a growth of 20.2%** compared to 2019. The growth will be generated by: 1- The capacity increase of SAH Tunisia following the acquisition of high technology lines dedicated for the production of adult hygiene and paper based products, 2- A first full year of Azur Detergent with the development of new products for professionals and the production of private labels; 3- The launch of the Senegalese subsidiary planned for the second half of 2020.

EBITDA growth (Thousand TND) & EBITDA margin



- ✓ Gross margin is estimated at **TND 255.9 million, implying an increase of 23%** compared to 2019. Gross margin is expected to improve from 37% in 2019 to 38% in 2020. Also, the group forecasts a **consolidated EBITDA of TND 118.5 million, i.e. an increase of 45.8%**. The **EBITDA margin will reach 17.6%**.

Net income growth (Thousand TND) & Net margin



- ✓ Net income would report a **2x growth** increasing from TND 22.1 million in 2019 to TND 47 million by the end of 2020.

# V. HS&E & Community Impact



# HS&E and Community Impact

## HS&E Key indicators

- A quality policy has been established since 2017, aligned with ISO 9001, ISO 45001 and ISO 14001 standards;
  - SAH group has appointed five regional managers in each production site (SAH Beja, SAH Medjez Beb, SAH Zriba, Azur Papier and Azur Detergents) to assist the HS&E group manager with risk assessment and definition of safety, hygiene and environmental protection policies. This team strives to reduce the impact of industrial activity on the environment, nuisances and operational incidents;
- The SAH group is committed to protecting the health of its employees and the community, protecting its assets and ensuring business continuity

**100%**

Of SAH employees are direct hires – No contracted workers

**32%**

Of female employees

**18%**

Of youth employees



**+470**

Of workers trained in 2019

**US\$64k**

Of training expenditures in 2019

**50** procedures

In place, related to health, safety and environment

**100%**

Of SAH workers are equipped with the required PPE

**ISO 9001  
& ISO 2276**

Certifications\*

**Ongoing audits**

For fire & life safety verification

\*: At the production sites of Beja, El Mjez and El Zriba (Tunisia)

# HS&E and Community Impact

## ECO-FRIENDLY IN OUR OPERATIONS

SAH group is committed to reduce the environmental footprint of its operations as business expands

**65%**  
Of production is based on recycled paper

**15%**  
Of recycled plastic

**35%**  
Of energy savings

**2**  
Water treatment stations

**4**  
Rainwater collection basins

**100%**  
Of the toxic waste is processed



## WASTE MANAGEMENT – Recycled plastic

SAH group committed to reduce its plastic footprint by collecting and transforming plastic packages. 15% of recycled plastic is incorporated in its packaging through the processing of wasted raw materials and the re-use of recycled plastics.



## Recycled Paper

Up to 65% of SAH production is based on recycled paper, in line with the group commitment to halt deforestation



## WATER TREATMENT

In line with its commitment to preserve the natural environment and avoid pollution of ecosystems, SAH group has two treatment stations at two different production sites. The set up of a third station is being validated in addition to the construction of four rainwater collection to avoid potential pollution.



## ENERGY SAVING

SAH group put in place a cogeneration system to recover the waste heat from existing electricity production by saving up to 35% of energy losses and helping to reduce CO2 emissions in the atmosphere.



## WASTE MANAGEMENT – Toxic waste

SAH group has signed agreements with certified organizations for the collection, treatment and destruction of all toxic waste

# VI. COVID-19 Update



## Risk Assessment – Demand and revenues

### **Demand in household and personal care products is historically resilient**

- Household and personal products demand is resilient to economic cycles and historically proven to be stable during economic shocks. The sector is estimated as vital in the current circumstances of COVID-19 pandemic;
- Sales of detergents and paper based products (Kitchen towel, sanitary paper, etc..) might report higher growth compared to other hygiene products such as baby diapers, feminine hygiene and incontinence care products;

### **Travel restrictions and local curfew enforced by the government**

- No interruption of production at the Tunisian sites, yet with limited presence of workers to prevent the risk of contamination;
- Temporary interruption in the set up of the second production line of Azur Papier, as Italian engineers flew back to their country. We might experience some delays in the launch of the second line. Operations starting date postponed to Q1'21 versus H2'20 initially;
- Slowdown of production at the production sites of Algeria, Libya and Ivory Coast, given commuting difficulties;
- Logistical issues at the local level: Temporary permissions are required for the commercial trucks to circulate freely inside the country. Minor slowdown in final products' delivery given the cumbersome administrative procedures. We might fall behind some orders' delivery;
- Logistical issues at the regional level: Closure of land borders, especially with Libya, might have a negative impact on export sales. We might fall behind some orders' delivery;

### **SAH Response and Revised Outlook**

- Enforcement of strict hygiene and distancing measures at the production sites to maintain the continuity of operations;
- Development of new range of detergent products for professionals;
- Prospection of partnerships with local retailers to produce private label detergents;
- Deliveries to the local market secured through obtaining of required permissions. Non-delivered orders in March were successfully delivered in April;
- Exports' delivery to Libya secured via a maritime solution. Non-delivered orders in March were successfully delivered in April

## Risk Assessment – Liquidity

### Liquidity and access to financing

- The group's cash balance is of TND 39.6 million (US\$ 14.1 million) as of December 31, 2019., including a short-term financial investment of TND 5.5 million (c. US\$ 2 million). Limited impact on cash availability is expected given the ongoing operations, lower raw materials prices and lower Days of Sales Outstanding reported in 2019, i.e. 110 days versus 144 days in 2018;
- SAH has further access to overdraft and medium-term financing, up to TND 20 million (US\$ 8.4 million) for SAH Tunisia and up to TND 35 million (US\$ 12 million) including its subsidiaries Azur Papier and Azur Detergents;

### Cash Optimization Program

- SAH's cash position excludes the measures sought by the management to optimize cash availability, including hiring freeze and postponement of marketing expenses. Yet, we estimate that the below parameters might hamper the cash optimization process:
  - Higher inventory levels to secure availability of raw materials. SAH Tunisia current stock position is 2.5 months of main fluff and super absorbent;
  - Difficulty to renegotiate higher payment delays with foreign suppliers;
  - Investment cycle:
    - SAH Tunisia is expanding its capacity through the acquisition of additional adult hygiene line and paper lines, funded up to 73% through debt;
    - Azur Papier: Financing scheme is finalized and is a combination of debt and cash. Debt financing is secured;
    - Azur Detergents: Financing scheme is finalized and is combination of debt and cash. Debt financing is secured;

## Risk Assessment – Continuity of operations

### Pandemic risk, sanitary lockdown and curfew

- Production interruption due to workers' absenteeism out of fear of contamination;
- Production interruption due to workers' absenteeism as a consequence of restricted circulation;
- Delay in day to day operations due to unavailability of support staff as a consequence of restricted circulation;
- Risk of contamination in both the headquarters and production facilities

### SAH Response

- The group has implemented internal measures to preserve the safety and well-being of its partners and employees as well as their families. These measures were developed in conjunction with governmental services and public health authorities:
  - Intensive awareness sessions for the benefit of all employees through informative management memorandum and frequent visits of the occupational health doctor on sites;
  - Placement of alcohol hand sanitizers in all common areas;
  - Provision of antibacterial soaps for hand washing;
  - Disinfection of all premises including floors, surfaces, furniture and equipment using a certified bactericide;
  - Encouraging conference calls and limiting physical meetings, and if crucial, enforcing a safety distance of at least 1 meter between employees;
  - Enforcement of 14-day self-isolation for employees or partners who have traveled abroad and a general ban on travel in line with government recommendations;
  - Strict caution and spontaneous reporting against each employee showing symptoms of flu;
  - Encouraging carpooling among colleagues to limit the use of public transportation
- Additional measures were applied on production sites:
  - Reduced teams to minimize the risk of contamination;
  - Daily monitoring of health and safety measures by team leaders with managers;
  - Monitoring of body temperature and health condition of employees by a nurse at arrival and several times a day;
  - Disinfection of buses transporting employees of the three production sites of Azur Papier, Azur Detergents and SAH El Zriba

# VI. Shareholding & Governance

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# Governance & Shareholding

## Governance

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**Jalila Mezni**  
Chairman & CEO

**Tarek Kabil**

Independent Non-Executive Director

Expert in FMCG & Hygiene sectors

**Mohamed Fahed Alnemah**

Non-Executive Director

Representative of Ekuity Capital

**Anas Ben Malek**

Non-Executive Director

Employee

**Hammadi Mokdadi**

Non-Executive Director

Representative of Minority shareholders

**Mounir El Jaiez**

Executive Director

Co-Founder & Managing Director of Azur Detergent

**Achref Mezni**

Non-Executive Director

Minority shareholder

**Ahmed Badreldin**

Non-Executive Director

Representative of JM Holding

**Adel Goucha**

Non-Executive Director

Representative of JM Holding



### Audit Committee

The Audit Committee oversees the Group's financial controls with emphasis on: (1) integrity of internal controls and financial reporting; (2) performance of the internal auditors and the function (3) review of audited financials and external auditor performance (4) compliance with legal and regulatory requirements.



### Board Independence

One independent director: Tarek Kabil was appointed for a 3 year mandate 2019-2021. A second independent board member is to be appointed. Separation of functions between the Chairman and the Chief Executive Officer is under process.



### Transparency & Related Parties

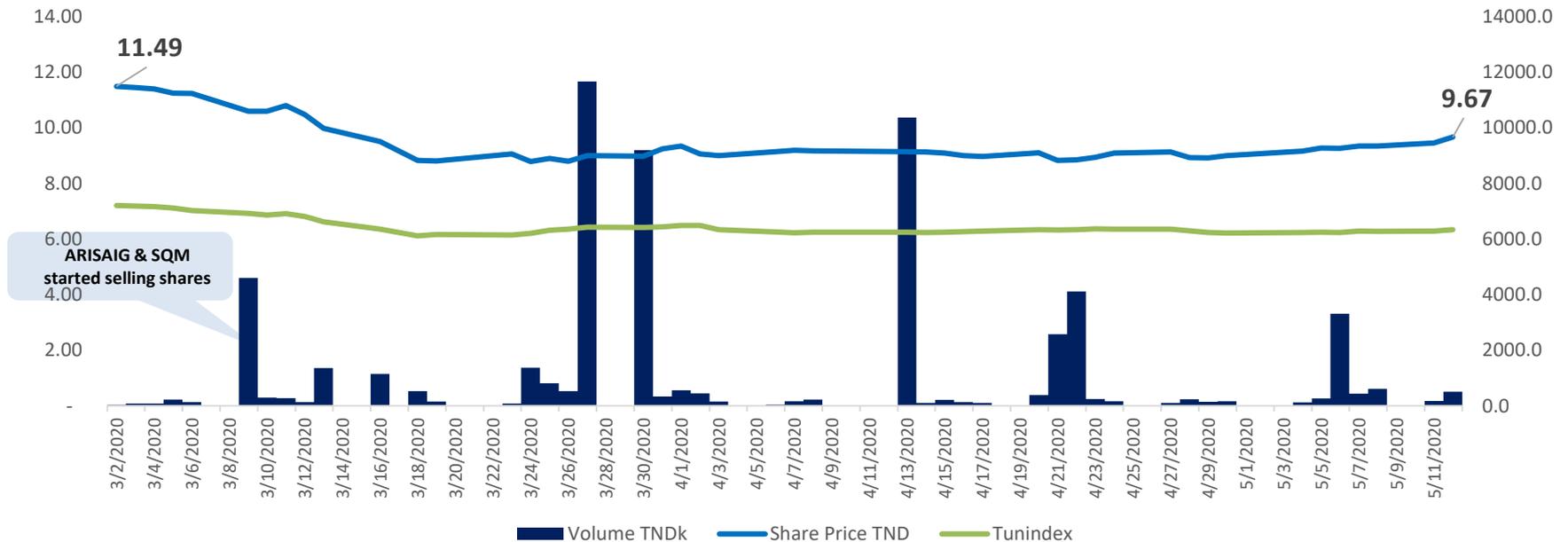
SAH Group adopted the principle of developing mutual trust-based relations with shareholders in addition to current and potential investors and operates in accordance with local laws and international good practice (including those intended to fight extortion, bribery and financial crime)

# Governance & Shareholding

## Shareholding & Share performance

**Last Close**  
12 May 2020  
**9.67**

**Market Cap**  
12 May 2020  
**TND 631.9m**



### Top 5 Shareholders

**As of Dec.19**

JM Holding\*

Ekuity Capital

ARISAIG PARTNERS

NEWLANDS  
INVESTMENT MANAGEMENT

**As of March.20**

JM Holding\*

BLAKENEY MANAGEMENT

Ekuity Capital

NEWLANDS  
INVESTMENT MANAGEMENT

citibank

BLAKENEY MANAGEMENT

Ekuity Capital

NEWLANDS  
INVESTMENT MANAGEMENT

Based in UK, the fund is one of the pioneers of institutional investment in Africa and the Middle East since 1995. They have been investing in both regions on behalf of some of the most sophisticated endowments, foundations, pension funds and family offices in the world.

Established in 1976 as a joint venture between Kuwait Investment Authority ("KIA") the sovereign wealth fund of the State of Kuwait, the Tunisian Government and the Tunisian private sector in order to promote the Tunisian hospitality and tourism sector.

Newlands Investment Management, a Africa and Middle East focused investment management company based in Singapore.

Note: SPV held by Jalila Mezni and Abraaj North Africa Fund II



### Stock Information

TUNINDEX : SAH

ISIN Code : TN 0007610017

### Contact :

**Khadija CHERIF**

Corporate Communication Head &  
Investor Relations Director

D: +216 71 809 222 | [Cherif.k@lilas.com.tn](mailto:Cherif.k@lilas.com.tn)

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