



SOCIETE D'ARTICLES HYGIENIQUES « SAH »
TUNIS, 5 MAY 2020

SOCIETE D'ARTICLES HYGIENIQUES « SAH »

SIEGE SOCIAL : 5 Rue 8610 Z.I Chargaia 1 - 2035 Tunis Carthage -

MESSAGE FROM CO-FOUNDERS MR. MOUNIR EL JAIEZ AND MRS JALILA MEZNI



*"Dear shareholders, **first of all, we would like to thank you for the trust you have placed in us over the past two critical years in the history of our group.** You gave up on your dividends during two successive years and injected 50 million dinars into our business. You have strongly supported the management in its ambitious development strategy, i.e. an investment of c. 300 million dinars over the last two years.*

2019 was a successful transformational year for SAH, stepping up from a major regional player in the diapers, feminine pads and paper business to an innovative group aiming for continental leadership in the hygiene sector. The successful launch of more than 140 SKUs of detergent speaks for such success. In 2019, the group's EBITDA grew by 31% compared to the previous year.

*Benefiting from Lilas brand notoriety and a very efficient distribution network, this new range had immediate commercial success in Tunisia since its launch in July 2019 and more recently in neighboring countries with an encouraging kick off in exports. **Accordingly, the group consolidates its new strategy based on two main pillars: geographic expansion with more than 15 exporting countries in Africa and the diversification of its portfolio products.***

With twenty years of steady growth in its traditional market, our group has now entered a new era with wider market and further promising development perspectives. We will leverage our resources to consolidate our "hygiene" market share in Africa.

We are therefore starting 2020 with a renewed confidence, owing to the solidity of our fundamentals and the relevance of our business model, to continue creating value for our shareholders.



After two years of sustained investment, 2020 will be the year of take-off for a very promising new 5-year cycle during which priority will be given to profitability, dividend distribution and cash generation to reduce indebtedness level. Our group will also put focus on the implementation of a communication strategy in line with international standards. To this end, an Investor Relations department has recently been created and will be entirely dedicated to managing relations with investors and financial institutions. The objective is to establish regular and transparent communication that meets the expectations of our shareholders, who remain at the heart of our strategy.

The year 2020 gets off to a promising start with SAH benefiting from diversified product offering and renovated production capabilities. The group announced a tremendous financial performance for the first quarter, in line with our forecasts, despite the logistical hurdles related to the sanitary situation in Tunisia and in the region.

SAH reported an EBITDA of 31 million dinars for the first quarter of 2020 compared to 18 million dinars last year. EBITDA margin reached 19% as of Q1'20 versus an EBITDA margin of 14% as of Q1'19, boosted by high margin products' sales and optimized raw materials costs.

Consequently, our net margin considerably improved, in line with our 2020 assumptions. Such margins would be further boosted by the ramp-up of the detergent activity which revenues should reach 140 million dinars by the end of 2020.

Dear shareholders, thank you once again for your invaluable support during these 5 past years that followed our IPO. We also thank our 4,000 employees based in our factories in Tunisia, Algeria, Libya and Ivory Coast who have contributed to the success of our group, and more particularly during these exceptional sanitary circumstances. They have shown a full sense of responsibility and courage. We commit to provide the best working conditions to enable them to give the best of themselves. Our employees are our valuable assets, with whom we have built this success story over the past 25 years."



EARNINGS RELEASE

1- FY19 Financial performance

SAH group releases its audited consolidated financial statements:

TND 560.1m
of revenues
(US\$ 191m)

TND 363.4m
of local revenues
(US\$ 124m)

TND 81.3m
of EBITDA
(US\$ 27.7m)

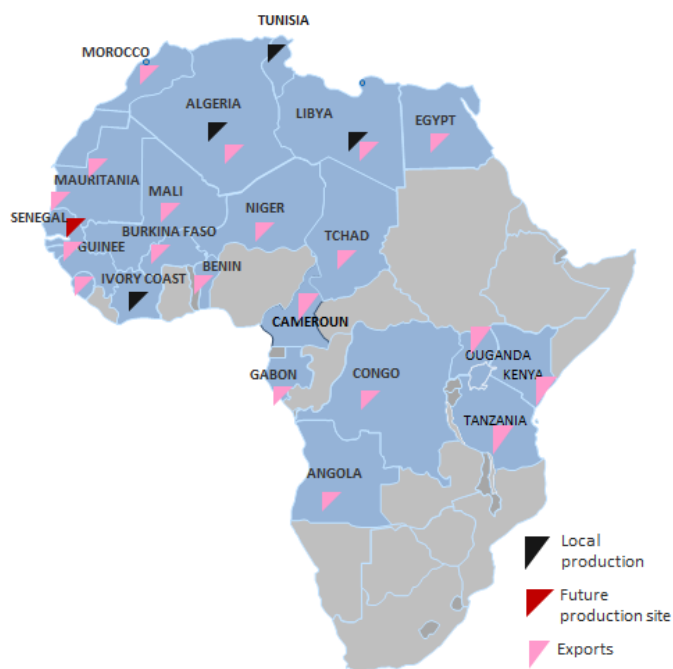
32%
of exports

+27.2%
y-o-y growth in
revenues
(in local currency terms)

+48%
y-o-y growth in local
revenues
(in local currency terms)

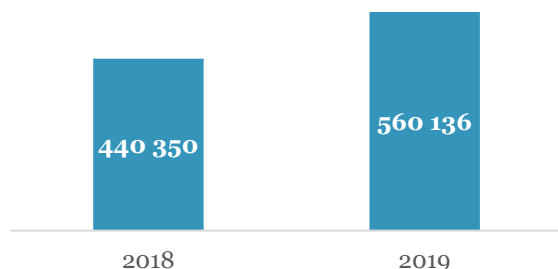
+31%
y-o-y growth in
EBITDA
(in local currency terms)

+7%
y-o-y growth in
exports
(in local currency terms)



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 revealed to be challenging markets. WAEMU (West African Economic and Monetary Union) 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 (Central African Economic and Monetary Community), going through difficult economic situation.

Revenues
(thousand TND)

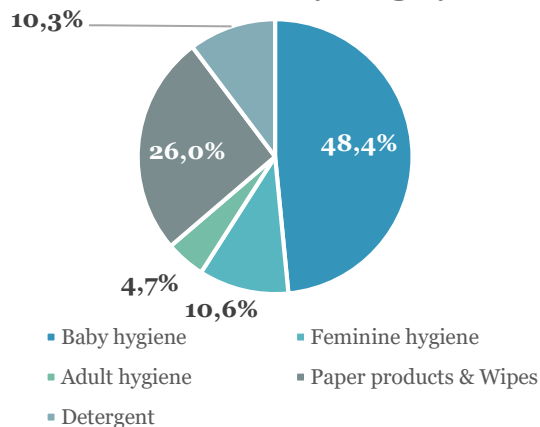


SAH group's revenues amounted to TND 560.1 million as at December 31, 2019 compared to TND 440.3 million as at December 31, 2018, implying an **increase of 27.2%**. The group's performance is driven by the **strong sales increase at SAH Tunisia and SAH Ivory Coast of 22% and 250%** respectively, as well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

Revenue contribution by product category (Thousand TND)

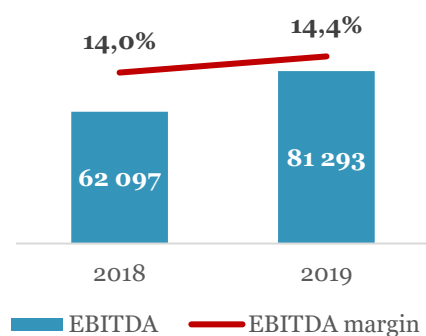


Revenu breakdown by category (2019)



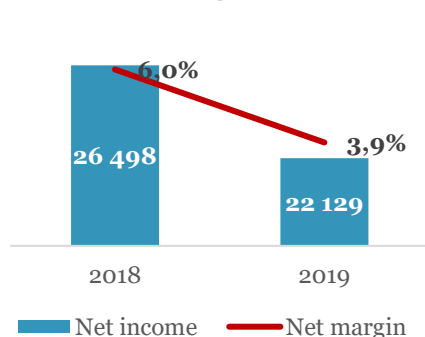
Baby hygiene sales account for almost half of SAH group's revenues, followed by sales of paper products and wipes contributing up to 26% of the group's total revenues. Detergent sales reached 10.3% of group sales after the first six months of Azur Detergent activity.

EBITDA (Thousand TND) & EBITDA 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%.

Net income (Thousand TND) & Net margin



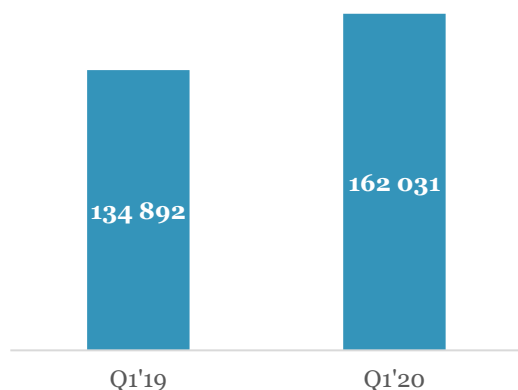
Yet, net margin decreased by 2% due to higher financial expenses. Net financial expenses reached TND 31.2 million in 2019, up by 26% compared to 2018. The group's indebtedness increased as part of its investment plan. It is also explained by the delay in the capital increase originally scheduled for January 2020 yet released in June 2020. Noting that some of SAH's investments are still not operational and have not generated any income to date.

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.

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

2- Q1'20 Financial Performance

Revenues (Thousand TND)

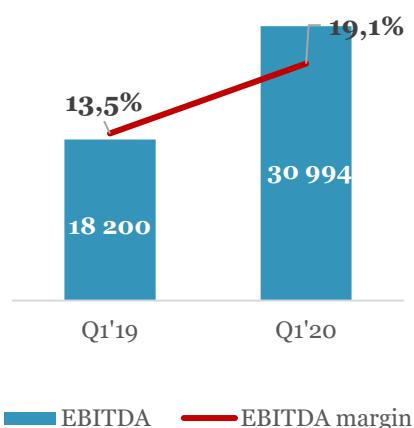


As of March 31, 2020, group revenues amounted to **TND 162 million** compared to TND 135 million as of March 31, 2019, i.e. **growth of 20%**. Adjusted sales are estimated at **TND 175 million**, considering the undelivered orders in March 2020. **Growth would have reached 29.8%**. In fact, deliveries 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 50% and SAH Ivory Coast up by 10%**. 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.

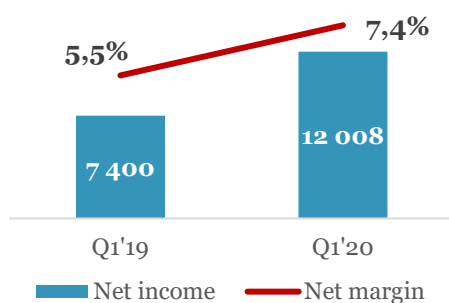
EBITDA (Thousand TND) & EBITDA margin



In terms of profitability, SAH Group reports strong growth in EBITDA and net profit. 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 income (Thousand TND) & Net margin



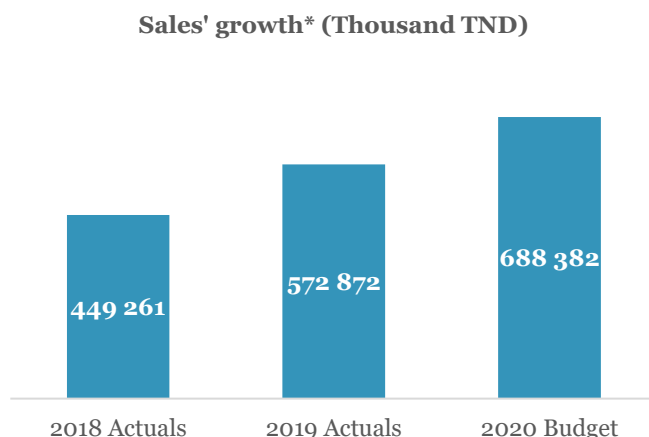
Net profit increased from TND 7.4 million in the first quarter of 2019 to TND 12 million in the first quarter of 2020, **i.e. a growth of 62.3%**. Net margin reached 7.4%, compared to a net margin of 5.5% as of March 31, 2019.

Thousand TND	Q1'20	Q1'19	Variation
Revenues	162,031	134,892	20.1%
EBITDA	30,994	18,200	70.3%
Net income	12,008	7,400	62.3%
EBITDA margin	19.1%	13.5%	
Net margin	7.4%	5.5%	

* : Non audited financials

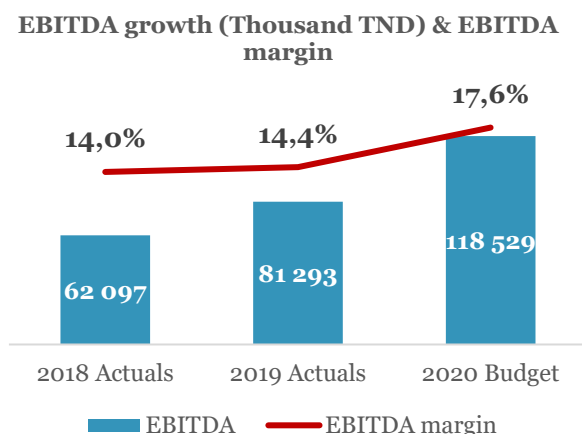
3- 2020 Budget & Outlook

SAH reiterates its commitment to meet its 2020 forecasts. Given its strong commercial and financial performance, the group anticipates a strong growth similar to 2019's growth, despite the exceptional circumstances related to COVID-19.



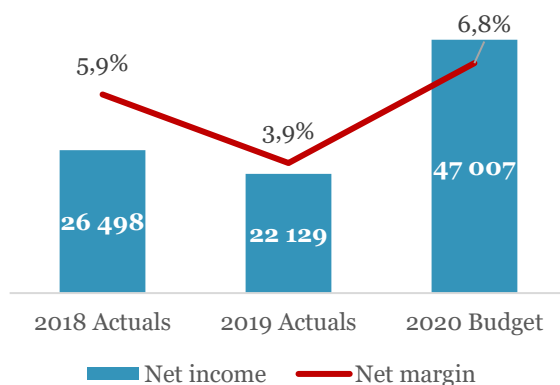
Consolidated revenues will reach **TND 688.2 million at the end of 2020, i.e. a growth of 20.2%** compared to 2019. The growth will be generated by: 1- The capacity increase of SAH Tunisia following the acquisition of high technology lines dedicated for the production of adult hygiene and paper based 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.

*: Gross sales before reduction, rebates and discounts



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.

The upcoming financial communication will be announced soon by SAH group. The meeting format will be determined in due time.

4- CODIV-2019 – Business continuity plan

SAH group reiterates its commitment to supply local and export markets, while preserving the health and safety of its employees. SAH management continues to ensure the rigorous application of the hygiene and social distancing measures implemented at the start of the health crisis.

—End—

About SAH Group

SAH Group is the leading Tunisian producer of disposable, paper-based personal care products for babies, women and adults. Founded in 1994 by Jalila Mezni and Mounir El Jaiez, Lilas started its operations with the production of sanitary protection. It lately moved into the production of cellulose wadding and in 2019 launched the detergent production. The Group operates state of the art plants with up to date technologies and high-speed lines, located in Tunisia, Libya, Algeria, Ivory Coast and Senegal.

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