



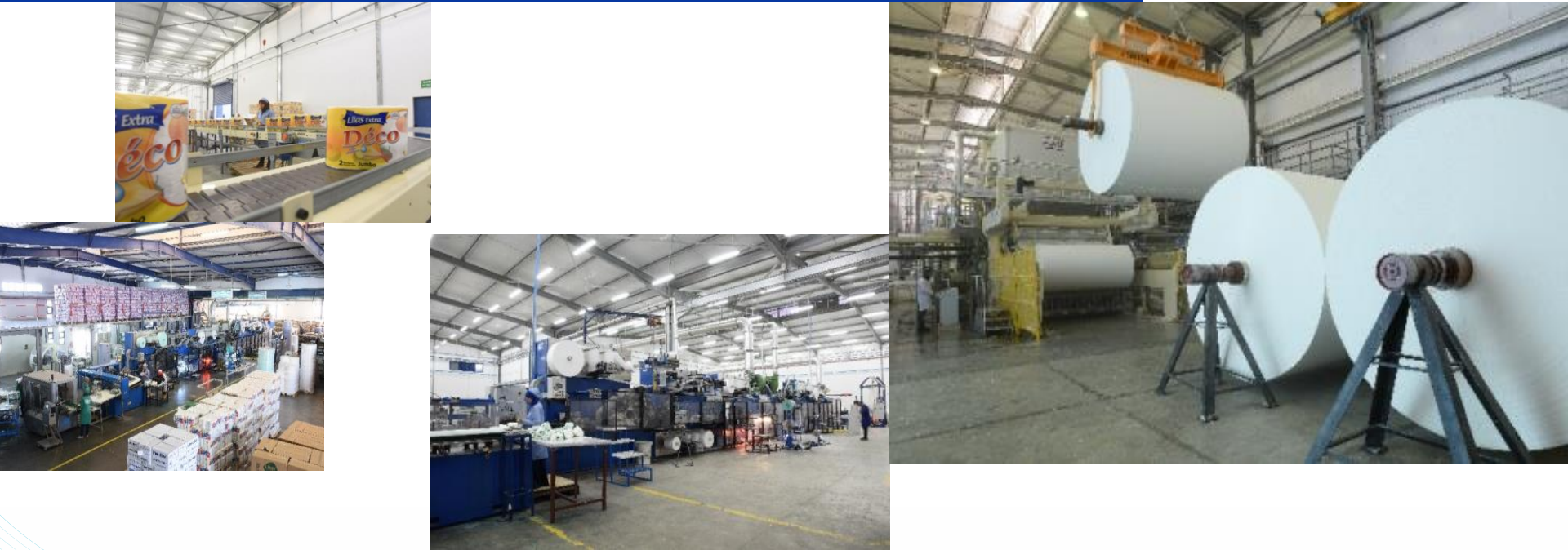
# Lilas®

Société d'Articles Hygiéniques « SAH »

INVESTOR PRESENTATION  
November 2020

# I. SAH Overview

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# At a Glance

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**TND564.3m**

2019 Revenues  
(US\$ 192.4m)

**TND81.3m**

2019 EBITDA  
(US\$ 27.7m)

**TND300m**

Of CapEx over  
2017 – 2019

**37%**

Of International sales

**Public**

Company since 2014

Presence in

**20**

African countries

**9**

Production facilities

**+4 000**

Employees

*\*: Based on an average FX USD/TND: 2.9331*

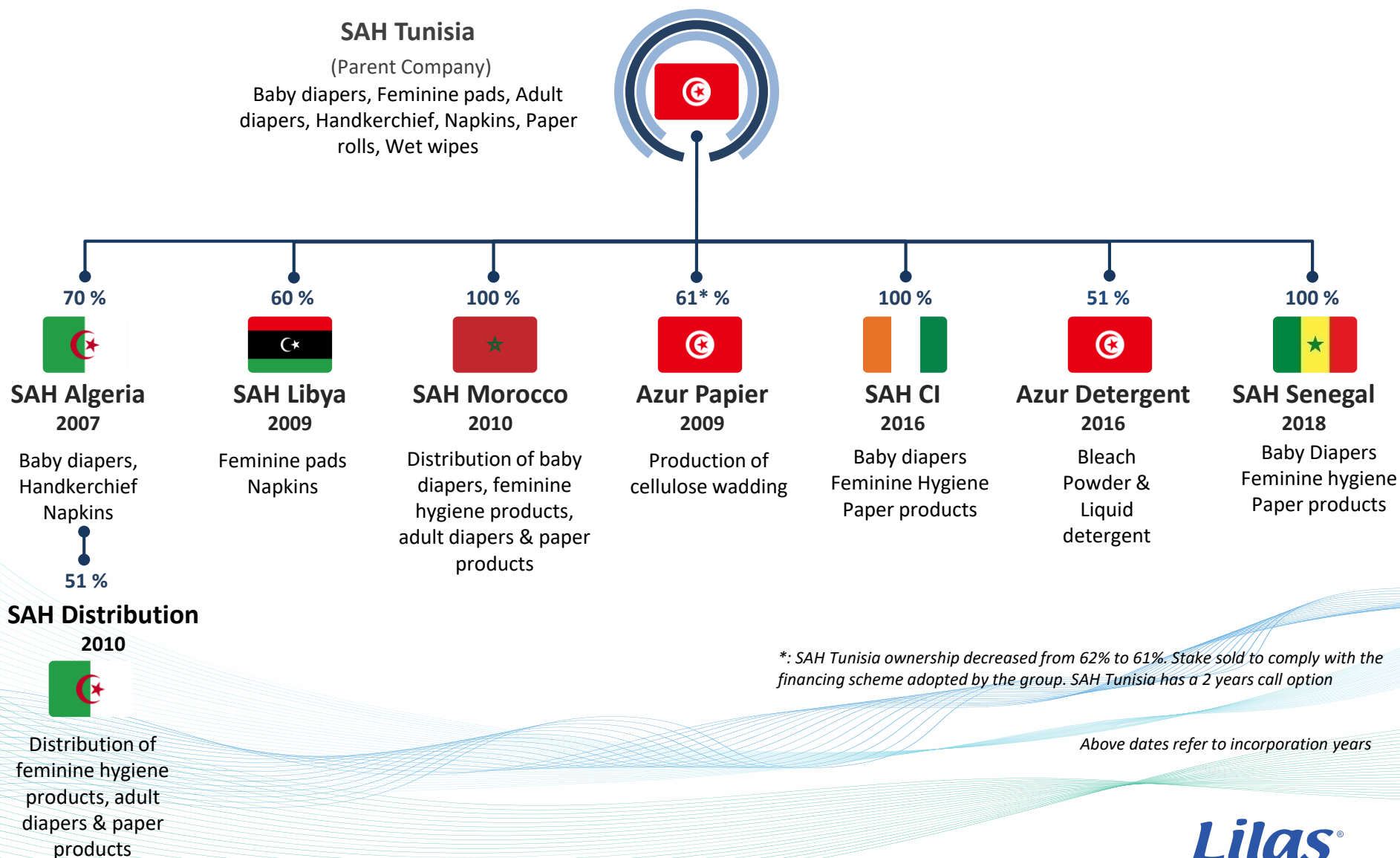
**Lilas®**



# Group Structure & Product Offering by Subsidiary

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A compelling rooting scheme in the attractive African market



# Product Offering

A singular offering reaching three promising markets

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## 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

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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 Bebe (Tunisia)</li> <li>&gt; Beja (Tunisia)</li> <li>&gt; Algeria</li> <li>&gt; Ivory Coast</li> <li>&gt; Senegal (In progress)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 9 Production lines</li> <li>&gt; In # of items/year: 915 538k (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 Bebe (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: 418 995k (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 Bebe (Tunisia)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 1 Production line</li> <li>&gt; In # of items/year: 40 392k</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 Bebe (Tunisia)</li> <li>&gt; Algeria</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 2 Production lines</li> <li>&gt; In # of items/year: 533 460k</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> <li>&gt; Algeria</li> <li>&gt; Libya</li> <li>&gt; Senegal</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 11 Production lines</li> <li>&gt; In # of items/year: 321 130k</li> </ul>

# Product Offering by Category: Detergent

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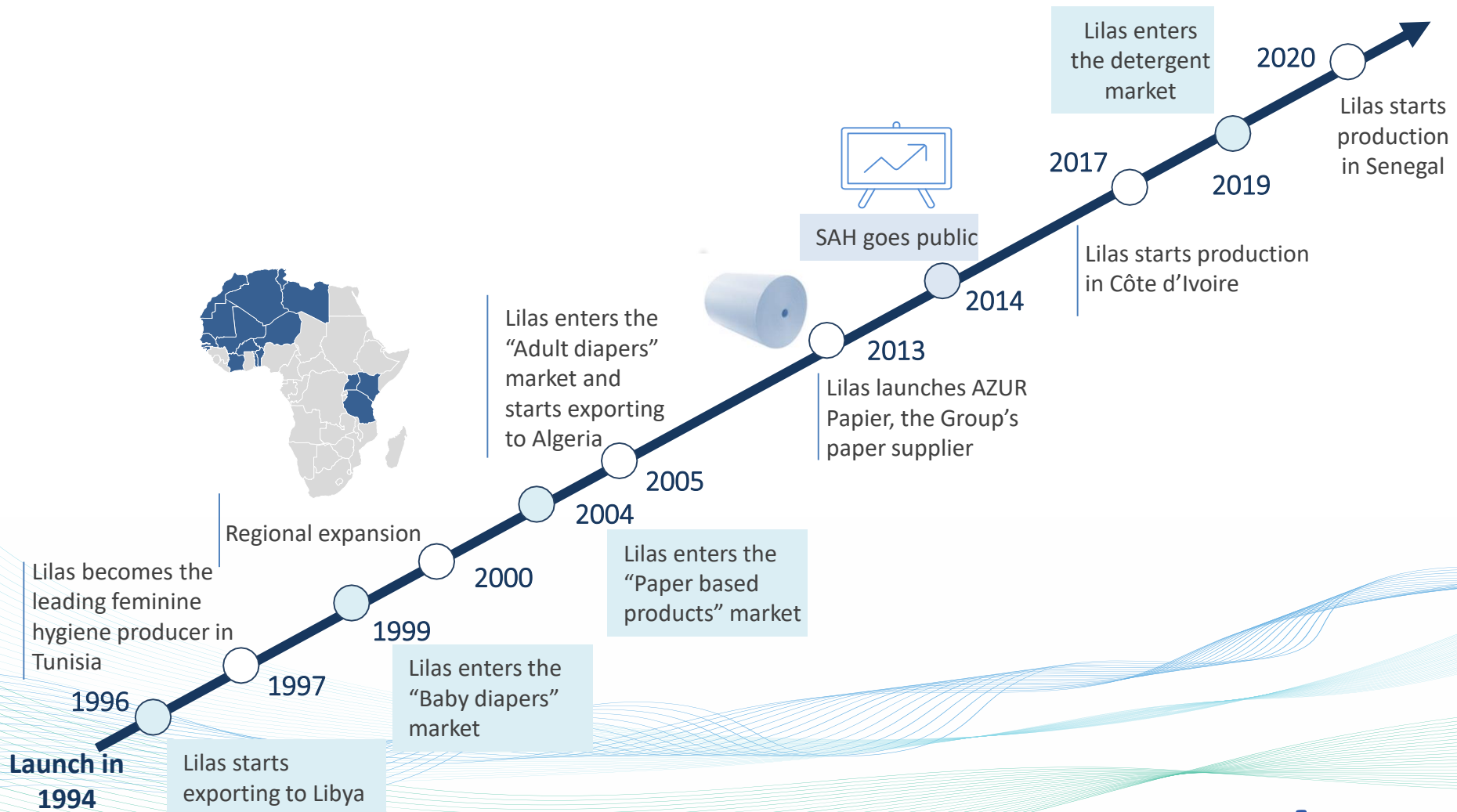
Product Category	Formats (SKUs)	Production Capacity	Competition
<b>BLEACH</b> 	<b>18 SKUs:</b> <ul style="list-style-type: none"> <li>6 Sizes: 0.9L, 1L, 1.5L, 3L, 4.75L &amp; 5L</li> <li>5 Fragrances: Classic, Woods, Lavender, Pine &amp; Lemon</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 50k tons/year</li> <li>&gt; 3 Production lines</li> </ul>	
<b>POWDER</b> 	<b>31 SKUs</b> <ul style="list-style-type: none"> <li>&gt; <b>Machine washing powder:</b> 16 SKUs                             <ul style="list-style-type: none"> <li>5 Sizes &amp; 3 Fragrances</li> </ul> </li> <li>&gt; <b>Hand washing powder:</b> 15 SKUs                             <ul style="list-style-type: none"> <li>5 Sizes &amp; 6 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>	     
<b>LIQUID</b> 	<b>98 SKUs</b> <ul style="list-style-type: none"> <li>&gt; <b>Machine washing gel:</b> 14 SKUs</li> <li>&gt; <b>Semi-automatic machine &amp; Hand washing liquid:</b> 6 SKUs</li> <li>&gt; <b>Softeners:</b> 8 SKUs</li> <li>&gt; <b>Floor &amp; Surfaces liquid:</b> 20 SKUs</li> <li>&gt; <b>Multi-purpose liquid:</b> 12 SKUs</li> <li>&gt; <b>Deodorizer:</b> 21 SKUs</li> <li>&gt; <b>Dishwashing liquid:</b> 14 SKUs</li> <li>&gt; <b>Hydro alcoholic gel :</b> 3 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..

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# Strategy Pillars

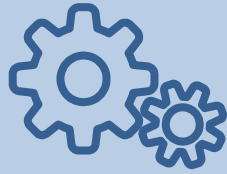
...operating with a clearly defined strategy

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## Innovation and Differentiation

Deploying innovation to continue rolling differentiated products across the price spectrum



## Integration and Optimization

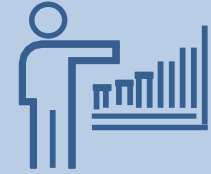
An upstream integration by increasing the production capacity of Azur Papier (Cellulose wadding)

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

# Strategy Pillars

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



Innovation & Differentiation

Historically, SAH has been able to successfully:

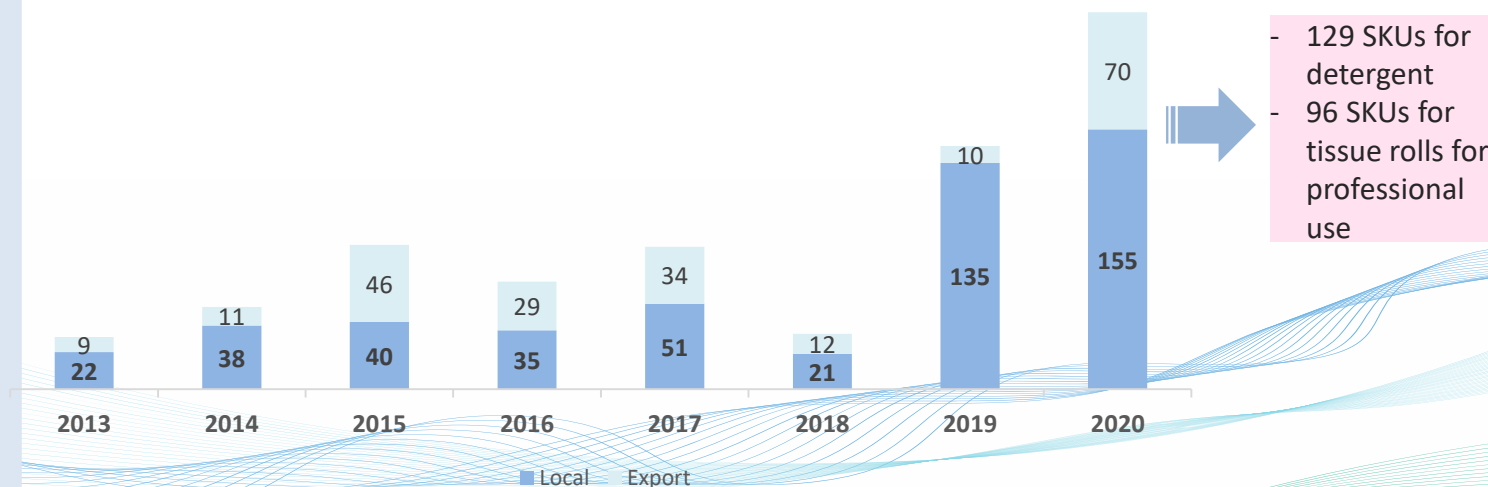
- Launch a wide range of products every year and
- Customize its products for each market (packaging, sizes, etc.), while emphasizing on product quality and affordability

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

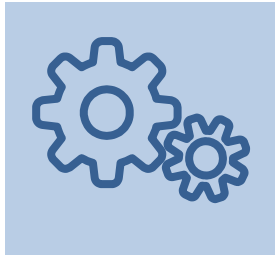
### New SKUs by product type



# Strategy Pillars

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## Vertical integration for cost optimization and speed to market



### Integration & Optimization

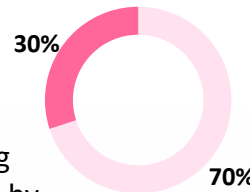
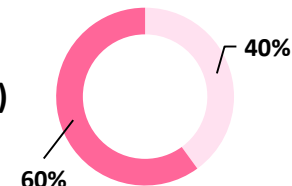
An upstream integration by increasing the production capacity of Azur Papier (Cellulose wadding)

Streamline operations in existing markets

- 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 42% in YTD Q'3 2020**;
- First production line reached full capacity, leading to a capacity increase with the acquisition of a second production line.

• **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**

Before 2013

2013

2019

Cellulose wadding sold to: ■ Non-Group ■ Group

■ line 1 capacity (kT)

■ line 2 capacity (kT)

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# Strategy Pillars

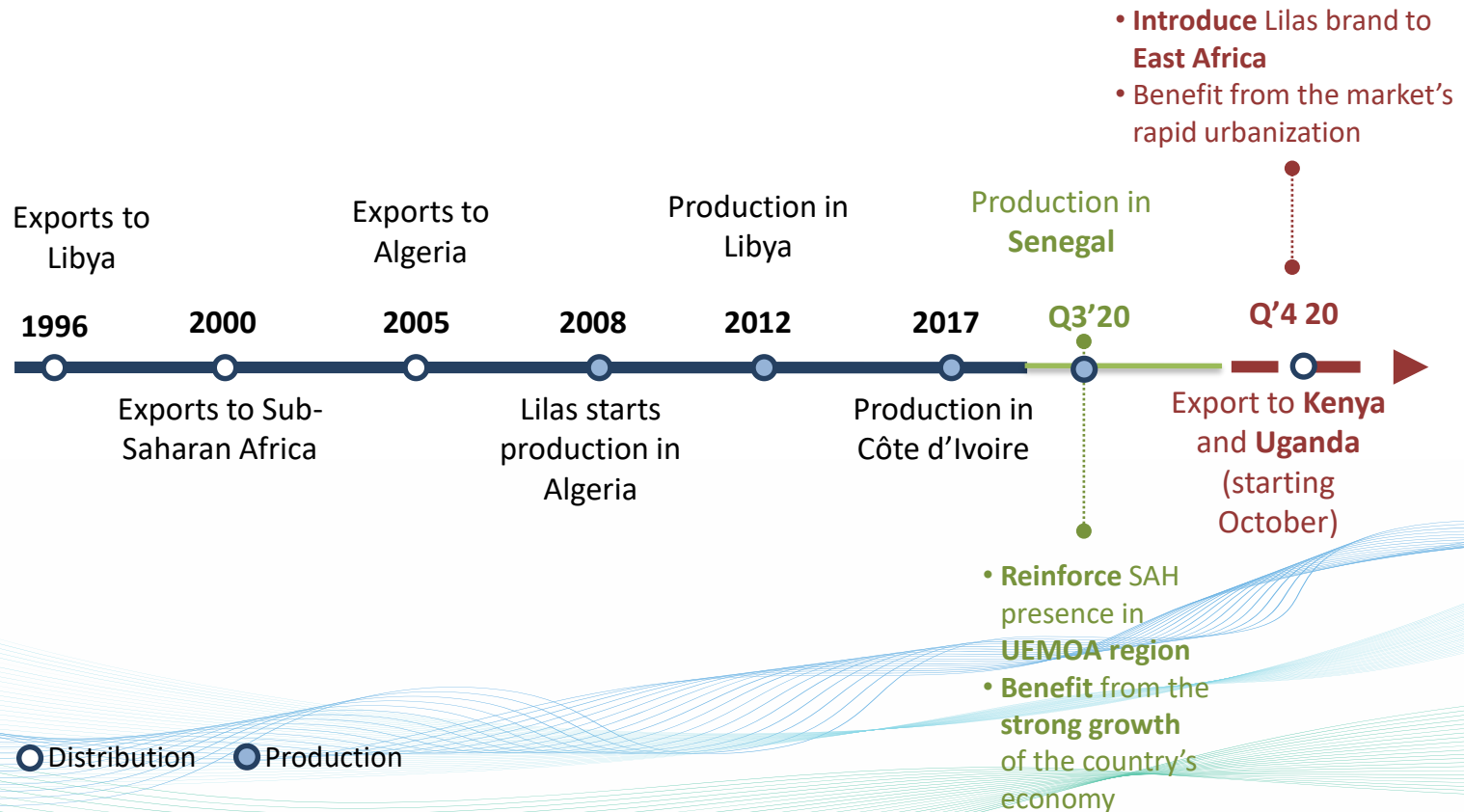
## Expanding into Africa through exploring new export markets and developing regional platforms <sup>12</sup>



### Regional Expansion

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

Exploring further organic and inorganic opportunities to penetrate new markets





# 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 110m  
(US\$ c.40m)  
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

- Width: **3 lines**
- Length: **10 products**
- Depth: **129 SKUs**



#### Place mix

- Traditional distribution
- Modern retail
- Healthcare facilities

#### Price mix

- In line with competition

#### Competitors

- 4 local producers
  - 3 foreign competitors
- 

**Lilas**

# Key Investment Highlights

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## 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. YTD Q3'20 Financial Performance

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# YTD Q3'20 Financial Performance

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## Key Financial Highlights

**TND469.1m**

of consolidated  
revenues  
(c.US\$ 165.5m)

**TND83.3m**

of EBITDA  
(US\$ 29.4m)

**c.18%**

EBITDA margin

**TND95.0m**

Detergent revenue  
(US\$ 33.5m)

**+18.3%**

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

**+66.6%**

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

**+34.6%**

y-o-y growth of Azur  
Papier  
(in local currency terms)



**+25.8%**

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

*\*: Sales after deduction of discounts & Including other operating income*

*Note: Based on an average FX USD/TND: 2.8348 (YTD Sep'20)  
Based on management accounts, non audited financials*

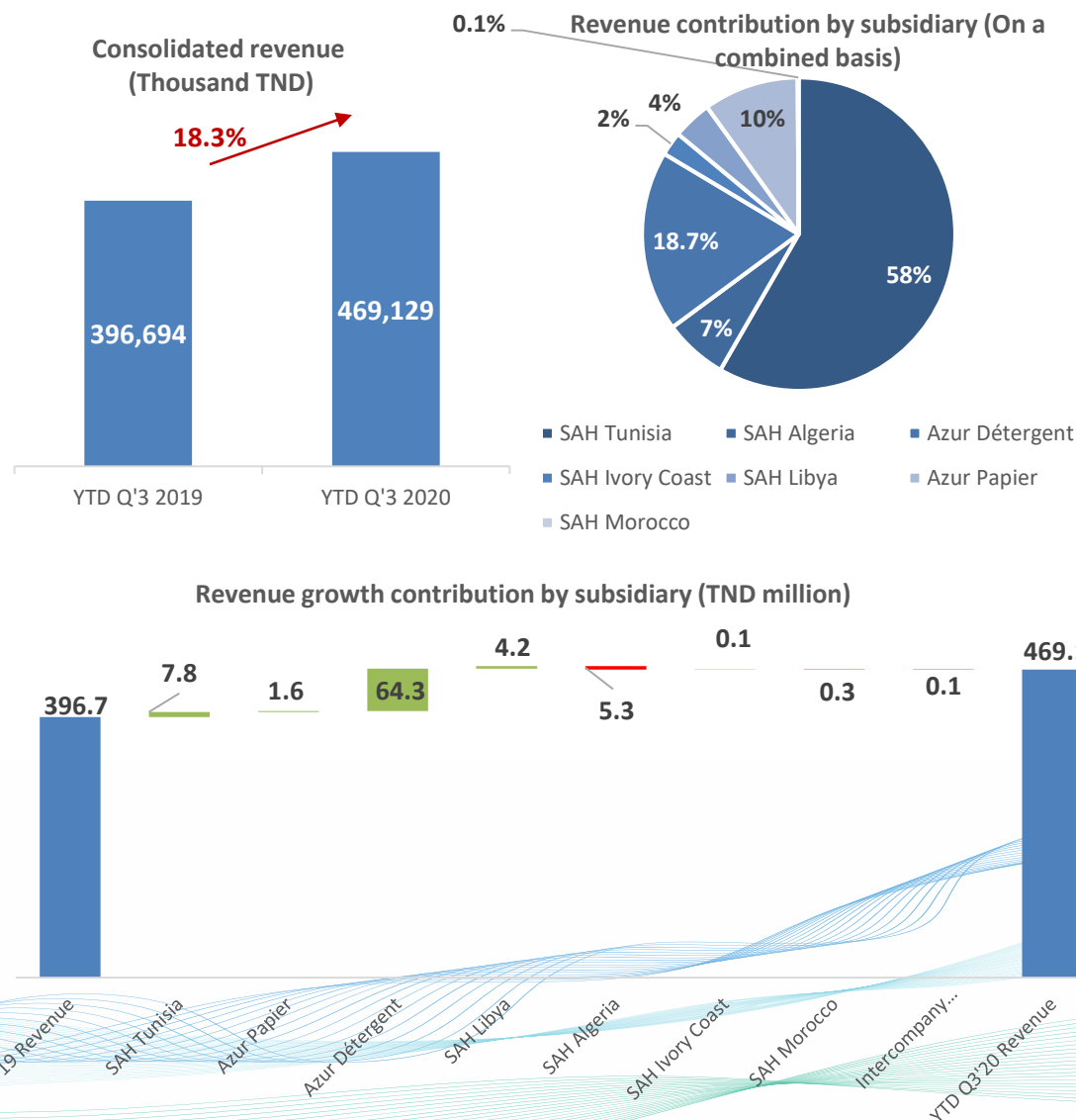


# YTD Q3'20 Financial Performance

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## Revenue Analysis

- ✓ Lilas continues to show sustained solid performance despite the sanitary lockdown and restrictions imposed by the resurgence of Covid-19 in the country and regionally. As of September 2020, SAH reported YTD consolidated revenues of TND 469.1 million (US\$ 165.5 million), up by 18.3% compared to last year in local currency terms;
- ✓ Consolidated sales growth has been essentially driven by detergent sales increase, which reached TND 95.0 million (US\$ 33.5 million), i.e. 3x YTD September 2019 sales. Azur Papier and SAH Tunisia reported 34.6% and 3.3% growth, respectively;
- ✓ The breakdown of consolidated revenue by subsidiary highlights the growing contribution of Azur Détergent, which revenue accounts for c. 19% of total revenue;
- ✓ During Q3'20, consolidated sales slightly decreased by 5.7%, impacted by the decreasing trend in household consumption and the temporary interruption in letter of credit payments with Libya.



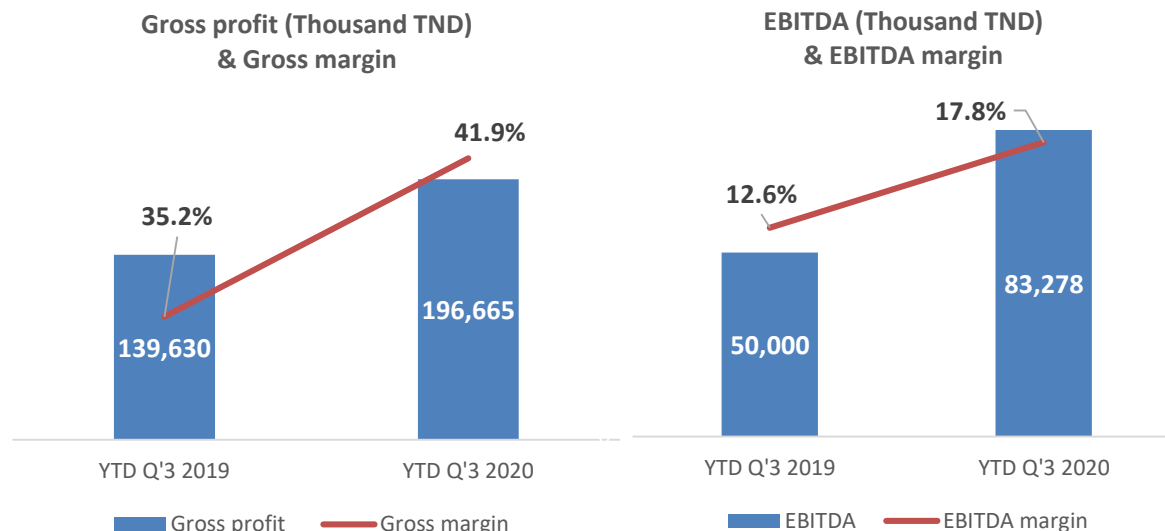
Note: Based on non-audited financials; Management estimates for YTD Q3'19

# YTD Q3'20 Financial Performance

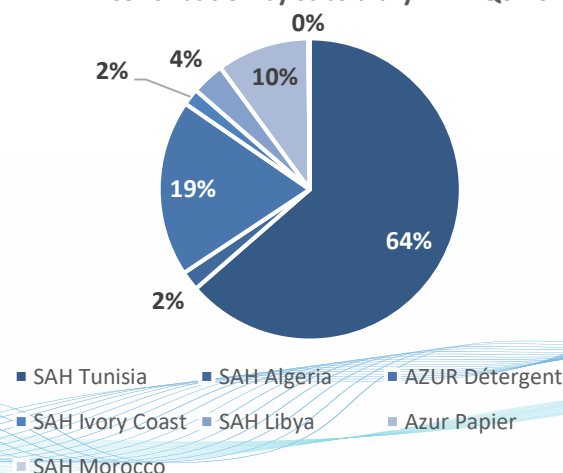
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## Margin Analysis

- ✓ In terms of profitability, SAH reported a marked margin increase owing to lower raw materials' prices, better management of production processes and more economies of scale;
- ✓ Gross profit reached TND 196.7 million (US\$ 69.4 million), up by 41% compared to the same period last year. Implied gross margin is of 42% versus 35.2% YTD September 2019;
- ✓ EBITDA amounted to TND 83.3 million (US\$ 29.4 million), representing an EBITDA margin of c.18% compared to an EBITDA margin of 12.6% as of September 2019;
- ✓ EBITDA breakdown by subsidiary shows the decreasing contribution of Azur Détergent, i.e. 19%.



EBITDA contribution by subsidiary- YTD Q3'20



Note: Based on non-audited financials; Management estimates for YTD Q3'19

# YTD Q3'20 Financial Performance

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## Financial leverage

- ✓ As of June 30, 2020, SAH reported a consolidated net debt of TND 352.8 million. SAH adjusted net debt is of TND 274.6 million, mainly accounting for non-operational CapEx, unpaid investment grants and Azur Papier additional stock in preparation for the launch of the second line;
- ✓ The company has sufficient capital buffers to withstand a prolonged impact from Covid-19 despite leverage at c. 3.1x net debt / LTM EBITDA.

Item	In TND Thousand
<b>Reported consolidated net debt</b>	<b>352,847</b>
<i>Adjustments</i>	
Investment grant non paid yet- Azur Détergent	9,200
Investment grant non paid yet- Azur Papier	10,000
Non operational CapEx- Adult diapers SAH Tunisia	11,500
Non operational CapEx- SAH Senegal	6,372
Financial debt- Azur Papier second line	7,000
Additional stock in preparation of Azur Papier second line	34,147
<b>Adjusted consolidated net debt</b>	<b>274,628</b>
<b>Reported net debt/ LTM EBITDA</b>	<b>3.1x</b>
<b>Adjusted net debt/ LTM EBITDA</b>	<b>2.4x</b>

Note: Based on non-audited financials; Management estimates for YTD Q3'19

# III. 2020 Outlook & Perspectives

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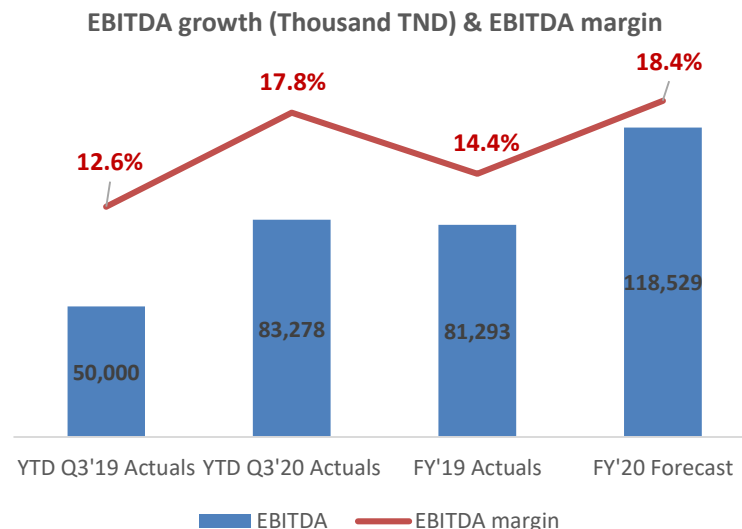
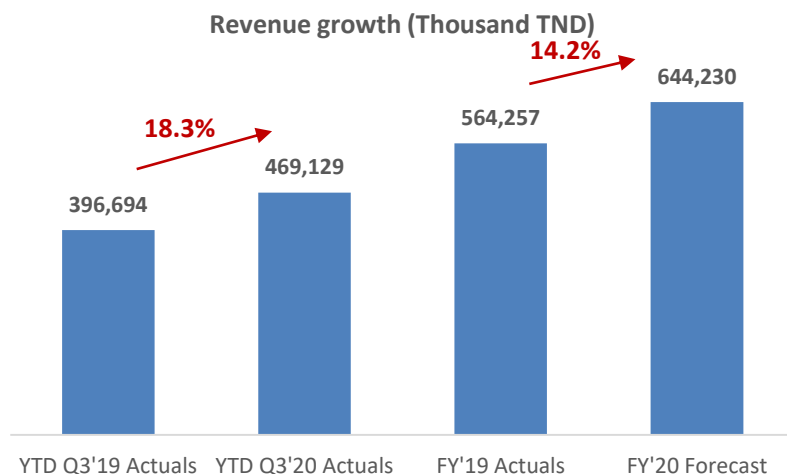




# 2020 Outlook & Perspectives

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## Outlook in numbers



- ✓ Consolidated revenues are expected to reach TND 644.2 million (c.US\$ 227.3 million) by the end of 2020, boosted by the higher growth expected for Q4'20, as already witnessed in October monthly sales, the recovery of the Algerian market, the growing trend in detergent sales and the ongoing expansion in new East African markets, namely Uganda and Kenya;
- ✓ Growth will be further lifted by the launch of baby diapers production at SAH Senegal as well as an additional production line for adult hygiene at SAH Tunisia;
- ✓ Accordingly, FY20 EBITDA is estimated at TND 118.5 million (US\$ 41.8 million), implying an EBITDA margin of 18.4% versus an EBITDA margin of 14.4% in 2019;

Note: Based on an average FX USD/TND: 2.8348 (YTD Sep'20)

## IV. HS&E & Community Impact

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# HS&E and Community Impact

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## 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 at each production site (SAH Beja, SAH Mjez El Beb, SAH Zriba, Azur Papier and Azur Détergent) 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;
- In September 2020, SAH renewed its ISO 9001 certification

**100%**

Of SAH employees are direct hires – No contracted workers

**32%**

Of female employees

**22%**

Of youth employees



**+340**

Of workers trained YTD October 2020

**US\$28k**

Of training expenditures YTD October 2020

**50** procedures

In place, related to health, safety and environment

**100%**

Of SAH workers are equipped with the required PPE

**ISO 9001<sup>v2015</sup>  
& ISO 2276**

Certifications\*

**Ongoing audits**

For fire & life safety verification

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

# HS&E and Community Impact

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## ECO-FRIENDLY IN OUR OPERATIONS

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

**40%**  
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 49% of SAH production is based on recycled paper/65% for Azur Papier, 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 basins 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. Projects are under study to reduce energy consumption by 50% over the next 5 years.



## WASTE MANAGEMENT – Toxic waste

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



# V. COVID-19 Update

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## 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 detergent 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;
- Temporary interruption in the set up of the second production line of Azur Papier, as Italian engineers flew back to their country. 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 and closing of inter-province borders, namely in Algeria;
- Logistical issues at the local level: Temporary permissions are required for the commercial trucks to circulate freely inside the country;
- Logistical issues at the regional level: Closure of land borders, especially with Libya, might have a negative impact on export sales.

### **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;
- Development of partnerships with local retailers to produce private label detergents;
- Deliveries to the local market secured through obtaining of required permissions;

## 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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<b>Mounir El Jaiez</b> Chairman	<b>Jalila Mezni</b>	Executive Director	CEO of SAH Group
	<b>Tarek Kabil</b>	Non-Executive Director	Independant
	<b>Abdelbasset Ben Moussa</b>	Non-Executive Director	Representative of Ekuity Capital
	<b>Amine Ben Malek</b>	Executive Director	Employee
	<b>Hammadi Mokdadi</b>	Non-Executive Director	Representative of Minority shareholders
	<b>Achref Mezni</b>	Non-Executive Director	Minority shareholder
	<b>Chokri Mezni</b>	Non-Executive Director	Minority shareholder
	<b>Ahmed Badreldin</b>	Non-Executive Director	Representative of JM Holding
	<b>Adel Goucha</b>	Non-Executive Director	Representative of JM Holding
	<b>Adel Grar</b>		Independant

Our Board of Directors has one tier structure and is composed of executive and non-executive directors, working together for long-term sustainable value of the Company. Our Board of Directors is composed of eleven directors, one of whom is representative minority shareholders and two independent directors. The Board of Directors delegates day-to-day operations to the CEO, who makes decisions with respect to the management of the Company.

### Independent Directors

Two independents directors: Tarek Kabil with an extensive experience in the FMCG and hygiene sectors & Adel Grar with an extensive experience in the financial sector.

### Transparency & Related Parties

As part of the consolidation of good governance standards and principles and the strengthening of the fight against corruption, SAH group has adopted a code of conduct in line with its values setting out the line of conduct, international norms and standards that will apply as well as the commitments arising therefrom vis-à-vis its stakeholders wherever it operates.



# Lilas®

Société d'Articles Hygiéniques « SAH »

## Stock Information

TUNINDEX : SAH

ISIN Code : TN 0007610017

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