

impact



Issue

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Zamilindustrial

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Dear Colleagues,

Greetings and welcome to the latest issue of *Impact*.

At Zamil Industrial, we strive to maintain an awareness of the economic, technological and social changes taking place in our region and in the major markets of each of our sector businesses. We have spent the initial months of 2016 planning our company's development in accordance with these changes, using the reliable compass of our vision and core values to navigate challenges and locate new opportunities in each sector.

One of our key tools in achieving growth and development is a firm dedication to providing training and educational opportunities to our employees. Our focus on training has resulted in healthier and safer working conditions, producing benefits that extend to the surrounding communities and exert measurable impacts on the environment. We also continue to seek growth as we explore new opportunities in emerging regional economies and focus on the production of concept materials such as our Total Building Solutions line.

This issue of *Impact* updates readers on our company's engagement in industry and trade shows throughout the region and beyond. It reports on youth-oriented educational initiatives, corporate sponsorships and events that benefit the most vulnerable in our communities. You'll also find the latest news about employee sports and activities that strengthen our relationships as part of a unified team, preparing us to achieve our common goals in the workplace, at home and in the community.

I hope you enjoy this issue of our newsletter, and will take note of your comments and suggestions for future editions.

With respectful regards,

Abdulla M. Al Zamil
Chief Executive Officer



Zamil Industrial Posts SAR 51.4 Million Net Profit in First Quarter 2016

Zamil Industrial Investment Company (Zamil Industrial) has announced its consolidated financial results for the period ended 31 March 2016.

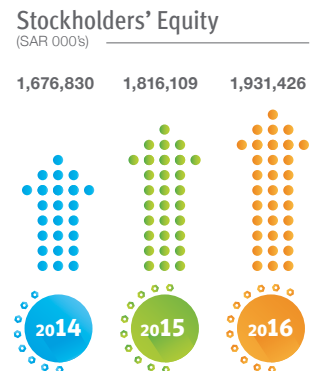
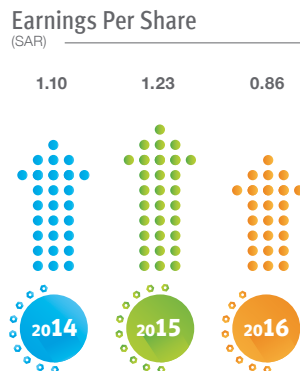
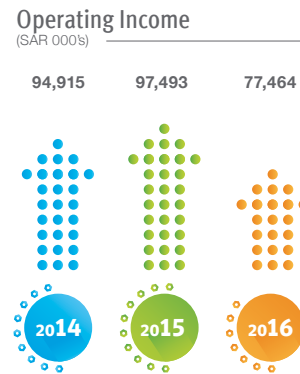
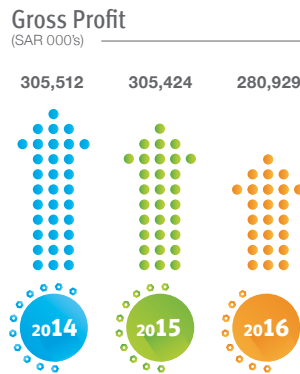
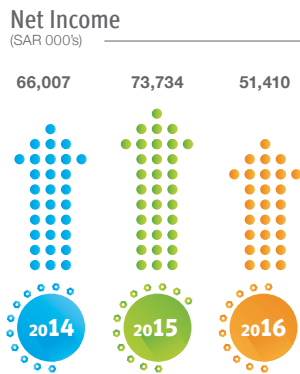
Net profit for the first quarter of 2016 was SAR 51.4 million (USD 13.7 million), compared with SAR 73.7 million (USD 19.6 million) during the same period in 2015, a decrease of 30.3 percent, and compared with SAR 57.4 million (USD 15.3 million) posted in the previous quarter (Q4 2015), a drop of 10.5 percent.

Gross profits for the first quarter of 2016 were SAR 280.9 million (USD 74.9 million), compared with gross profits of SAR 305.4 million (USD 81.4 million) for the same period in 2015.

Operating profits during the first quarter were SAR 77.5 million (USD 20.7 million), compared with SAR 97.5 million (USD 26 million) for the same period in 2015, a decrease of 20.5 percent.

Earnings per share for the quarter ended 31 March 2016 were SAR 0.86, compared with SAR 1.23 during the same period in 2015.

Comparison Charts of Q1 2014 – 2016 Financials (three months)



Zamil Industrial Announces Extraordinary General Assembly Resolutions

- **Zamil Industrial Investment Co. convened its extraordinary general assembly in the Zamil Air Conditioners auditorium in Dammam's First Industrial City on 18 April 2016. The majority of the shareholders agreed to the proposed agenda items and took the following actions:**

- Approved the Board of Directors' report for the fiscal year ending 31 December 2015.
- Approved the consolidated financial statements for the fiscal year ending 31 December 2015.
- Approved the external auditors' report for the fiscal year ending 31 December 2015.
- Approved discharging the Board of Directors from any liabilities for the fiscal year ending 31 December 2015.
- Approved the Board's recommendation for the distribution of second half 2015 dividends at SAR 1.00 per share, which represents 10 percent of paid-up capital, in addition to the previously distributed first half 2015 dividends at SAR 1.00 per share. This brings the total distribution for the year ending 31 December 2015 to SAR 2.00 per share, representing 20 percent of paid-up capital. Dividend eligibility will be for shareholders registered at the close of trading on the general assembly date. Dividend distribution will be effective 2 May 2016 by means of transfer through the National Commercial Bank.
- Approved the distribution of SAR 2,000,000 as Board remuneration for the year ending 31 December 2015 at SAR 200,000 per Board director.
- Approved the amendment of Article (14-1) of the company bylaws with regard to the composition of the Board, to be read as follows: "The management of the company shall be entrusted to a Board composed of eight members appointed by the ordinary general assembly for a period of no more than three years".
- Approved electing Board members for the Board's seventh term convening 1 May 2016 and ending 30 April 2019 from the following members:
 1. Khalid Abdullah Al Zamil
 2. Soliman Abdulaziz Al Solaim
 3. Abdallah Saleh Jum'ah
 4. Ahmed Abdullah Al Zamil
 5. Adib Abdullah Al Zamil
 6. Abdulla Mohammed Al Zamil
 7. Mohammed Ahmed Al Ghaith
 8. Mohammad Sulaiman Al Harbi
- Approved electing Board members for the Board's seventh term convening 1 May 2016 and ending 30 April 2019.
- Approved amending the company Corporate Governance Charters in line with the amendment of Article (14-1) of the company bylaws.
- Approved the related party transactions between the company and affiliated companies of Zamil Group Holding Company that took place during 2015 and approved them for an additional year. They have been agreed upon with normal and standard applied commercial terms and as per internal company policies. These agreements are as follows:
 - A. Approve related party transactions for the value of SAR 3,410,268 from Zamil Architectural Holding Company, which is owned by Zamil Group Holding Company. The latter is represented by Mr. Khalid Al Zamil, who is also the Chairman of Zamil Industrial.
 - B. Approve related party transactions for the value of SAR 12,342,802 from Zamil Chem-Plast Industries, which is owned by Zamil Group Holding Company. The latter is represented by Mr. Khalid Al Zamil, who is also the Chairman of Zamil Industrial.
 - C. Approve related party transactions for the value of SAR 21,619,666 from Zamil Trade & Services Holding Company, which is owned by Zamil Group Holding Company. The latter is represented by Mr. Khalid Al Zamil, who is also the Chairman of Zamil Industrial.
 - D. Approve related party transactions for the value of SAR 15,174,056 from Zamil Real Estate Holding Company, which is owned by Zamil Group Holding Company. The latter is represented by Mr. Khalid Al Zamil, who is also the Chairman of Zamil Industrial.
- Approved the appointment of Ernst & Young as the external auditors and agreed to their service fee, as per the recommendation of the Audit Committee, to review and audit the company's quarterly and annual accounts for the year 2016 and the first quarter of 2017.

Zamil Steel Construction Co. Wins Turnkey Contract for the United Carton Industries Factory in Al-Kharj

- Zamil Steel Construction Co. (ZSCC) has been awarded a turnkey project contract by the United Carton Industries Co. (UCIC) for its new manufacturing facility in Al-Kharj in the central region of Saudi Arabia.



The scope of the contract includes the design, fabrication, supply and erection of pre-engineered steel buildings, as well as the provision of all other works on a turnkey basis, including civil works, electrical works, mechanical and structural works, external and utilities works, and finishing works for the new UCIC factory in Al-Kharj Industrial City. The new plant will add a further 120,000 metric tons to UCIC's existing installed capacity of more than 330,000 metric tons.

The UCIC factory construction project is a fast-track undertaking that includes many components. The complex safety and security requirements and challenging time frame associated with the construction will necessitate an extraordinary level of attention to detail.

“As specialists in turnkey projects, we will depend on our company-wide network to provide the highest quality materials and most efficient management and coordination for this prestigious project,” said Mohammed Al Sahib, director of ZSCC. “We are confident that the results will satisfy our client and match or exceed the standards that have built our reputation for quality, efficiency and innovation across the region.”

Mohnish Rikhy, general manager of UCIC, commented, “The industry requirements for corrugated products and services are changing in a dynamic way. The new plant is expected to meet the industry demands and growing customer needs in the future. We have put our trust in ZSCC for the construction of this world-class manufacturing facility.”

Zamil Steel Construction Co. caters to clients that require comprehensive solutions for industrial and commercial steel structures. The company provides engineering, procurement and construction services for setting up new projects in different market sectors; and the design, fabrication and supply of steel buildings as well as related civil and concrete works; erection of steel buildings; and installation of firefighting and fire alarm systems, architectural materials, and mechanical, electrical and plumbing works through turnkey contracts using full-site management teams.



Zamil Steel Construction Co. Awarded SAR 39.8 Million Turnkey Contract for the Tamimi Markets Store in Al-Khobar

- Zamil Steel Construction Company (ZSCC) has been awarded a turnkey project contract valued at SAR 39.8 million (US\$ 10.6 million) by the Tamimi Markets Company Ltd. for the company's new store in the eastern region of Saudi Arabia.**

The scope of the contract includes the provision of all engineering, procurement, and construction works, including civil, electrical, mechanical, structural, and architectural works as well as external and utilities works, at the store number 106 of Tamimi Markets,



located in Al Rakah district on Dammam-Khobar highway.

The new store project is a fast-track undertaking that includes many components. It will require an extraordinary level of attention to detail due to complex safety and security requirements, which must be satisfactorily completed within a challenging time frame.

"ZSCC is well-suited to this type of project, since we specialize in turnkey operations and maintain the level of staffing and supply connections needed to ensure the quickest completion time possible," said Mohammed Al Sahib, director of ZSCC.

"We have a reputation for promptness, quality, and attention to detail, and we look forward to applying our coordination skills and access to the highest quality materials to this new project in order to achieve the complete satisfaction of our valued client."

Zamil Steel Construction Co. Wins SAR 31 Million Contract for the Saudi Calcined Petroleum Coke Project in Jubail

- Zamil Steel Construction Company (ZSCC) has been awarded a new contract worth SAR 31.7 million (US\$8.5 million) by the Saudi Calcined Petroleum Coke Co. (SCPC) for the company's new warehouse in the eastern region of Saudi Arabia.

The scope of the contract includes the supply and erection of more than 3,000 metric tons of pre-engineered steel buildings for the SCPC's new GPC warehouse in Jubail Industrial City. SCPC is one of the largest kiln coke calciners in the Middle East. Upon the start of production in 2017, the company will have the capacity to produce 666 kilotons of calcined petroleum coke per year, which will serve the aluminum, steel, and titanium oxide markets in Saudi Arabia and the GCC region.

The project is made up of several component parts that require completion within a defined time frame and demand an exceptional degree of attention to detail in keeping with the company's needs for stringent safety and security controls. It also requires a high level of coordination among different parties during the various stages of the project in order to ensure the quickest completion time possible and to achieve the complete satisfaction of the client.

"ZSCC is widely recognized as an experienced provider of top-notch building materials, product innovations and project management services throughout the region," said Mohammed Al Sahib, director of ZSCC. "This project is a perfect match for our company, since we are turnkey project specialists and thus able to provide access to the top quality supplies and the highly skilled staff required to complete this complex undertaking on time and to the client's satisfaction."

... and Wins SAR 13.95 Million Contract for the Saudi Aramco Ras Tanura Refinery



Zamil Steel Construction Company has been awarded a new contract valued at SAR 13.95 million by the Saudi Arabian Oil Company (Saudi Aramco) to supply and erect steel structures for the Ras Tanura refinery in the eastern region of Saudi Arabia.

The scope of the contract includes the supply and erection of 160 metric tons of steel structures

for the refinery, which is fully owned and operated by Saudi Aramco and is the largest oil refinery in the Middle East. These steel structures will serve to upgrade the current facilities by strengthening the existing structures of the primary processing facilities.

The project will require an extraordinary level of attention to detail due to complex safety and security requirements, which must be satisfactorily completed within a challenging time frame.

"Our company has been built upon a reputation for promptness, accuracy and quality, and we look forward to applying our coordination skills and access to the highest quality materials to this vital project," said Mohammed Al Sahib, director of ZSCC.

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saudi aramco



Zamil Projects Awarded SAR 25 Million Contract for Saudi Aramco Master Gas System Expansion Project

Zamil Projects, a business unit of Zamil Air Conditioning and Refrigeration Services Company, has been awarded a new contract worth SAR 25.4 million (US\$ 6.8 million) from China's Shandong Electric Power Construction Corporation (SEPCO) to provide engineering, procurement, and construction services, as well as mechanical works, for the HVAC systems and equipment at Saudi Aramco's Master Gas System Expansion (MGSE) project in Saudi Arabia.

Under the contract with SEPCO, Zamil Projects will supply an assortment of HVAC equipment and custom power and control panels. Zamil Projects will also perform all essential HVAC system engineering, supply, installation, testing, and commissioning services for various

buildings and compression stations at the MGSE project. Scheduled for implementation in phases, the MGSE project is one of the world's largest hydrocarbon networks and provides vital support for the development of Saudi Arabia's non-associated gas, unconventional gas, and related condensate reserves. The first phase of the network's expansion is projected to meet increased demand in Saudi Arabia's central and western regions by providing 9.6 billion standard cubic feet per day (bscfd) of gas by the end of 2016. This will be accomplished through the installation of new pipelines and booster gas compression stations. The second phase will further expand the Master Gas System's capability, so that it can deliver 12.5 bscfd by 2018.

Companies competing for this project were prequalified according to a demonstrated capability to comply with its aggressive six-month time frame, and Zamil Projects emerged as the winner after the rigorous bidding ended. Zamil Projects is firmly committed to completing the work on time and to the satisfaction of SEPCO and the end user.

The specialized work and quality products supplied by Zamil Air Conditioning and Refrigeration Services are integral to the successful expansion of complex industrial operations in Saudi Arabia. The company looks forward to the new challenges presented by diverse client requirements and is dedicated to addressing them with appropriate, cost-effective solutions that result in high levels of customer satisfaction.

Zamil Air Conditioning and Refrigeration Services Wins SAR 11.8 Million Contract for Saudi Aramco Sulphur Railcar Loading Facility

Zamil Air Conditioning and Refrigeration Services Company, a subsidiary of Zamil Industrial, was awarded a contract worth SAR 11.8 million from POSCO Engineering & Construction Co., Ltd. (POSCO E&C), one of South Korea's major construction firms. The agreement calls for the provision of engineering, procurement, construction and commissioning services for the fire-alarm, firefighting and fire-suppression systems at Saudi Aramco's Sulphur Railcar Loading Facility project, located in Jubail Industrial City in the eastern region of Saudi Arabia.

According to the contract with POSCO E&C, Zamil Air Conditioning and Refrigeration Services will provide

engineering design services; materials procurement, supply, installation, testing and commissioning; and third-party consultancy services. The company will be responsible for the review and certification of the high-pressure water mist suppression system, automatic wet sprinkler system and the addressable extinguishing control system for the railcar loading facility at the Wasit Gas Plant and Berri Gas Plant. This facility is part of Saudi Aramco's Sulphur Railcar Loading Facility project. Implemented by Saudi Aramco, this project is the first of its kind to involve a molten sulphur loading facility. This railcar loading operation is built to facilitate the removal of molten sulphur from the Wasit and Berri gas plants in Khursaniyah and transports

about 10,000 metric tons of molten sulphur per day to the Ma'aden facilities at Wa'ad Al Shammal and Ras Al Khair.

Zamil Air Conditioning and Refrigeration Services was selected for this prestigious contract by the client and end user following a stringent prequalification process that included closed bidding. This indicated a significant level of trust in the company and its capacity to meet and exceed industry standards for quality and timeliness. It also places Zamil Air Conditioning and Refrigeration Services, particularly its Fire Protection Department, in a position to leverage its reputation and capabilities to take advantage of new opportunities in the region.

Zamil Steel and Eiffage Genie Civil Sign MoU to Cooperate on Infrastructure and Steelworks Projects

- Zamil Steel Company has signed a Memorandum of Understanding (MoU) with Eiffage Genie Civil, a member of Eiffage Infrastructures Group specializing in infrastructure projects, to cooperate and share expertise on infrastructure steelworks projects in the Gulf Cooperation Council (GCC) region.



Vincent Papait, managing director for the Middle East at Eiffage TP International, and Nawaf Al Zamil, vice president of Zamil Steel, signed the MoU at the Zamil Steel headquarters in Dammam, Saudi Arabia.

The MoU will enable the two companies to cooperate on major infrastructure development and steelworks projects and share knowledge and expertise in the engineering and management of existing and future projects in the GCC region.

Areas of coordination will also include technical and engineering assistance in several prefabricated structural steel

building projects and other areas of shared interest in order to reach and put forward the best strategy. The MoU will enhance the ability of both organizations to achieve their respective objectives and mandates.

According to Al Zamil, the MoU benefits both companies as well as countries within the GCC region planning new infrastructure development. “The cooperation between Zamil Steel and Eiffage Genie Civil is expected to maximize the expertise in all aspects of steel infrastructure projects — from engineering to production technology and project management — that we are able to offer to our clients,” he said. “We look forward to combining our knowledge and providing world-class, sustainable solutions to infrastructure development issues across the GCC region.”



Eiffage is one of France’s leading construction and civil engineering groups, posting nearly FFr 32 billion in total sales. Conceived as a federation of companies — with more than 500 subsidiaries in France alone — Eiffage is the result of the 1993 acquisition by Fougereolle of Société Auxiliaires des Entreprises. Eiffage member companies specialize in private sector and public construction and civil engineering projects, including building construction, highway and road construction, electrical installation, and civil engineering (bridges, stadiums and other public structures).

BCOMS Receives FM Approvals Certificate for Its Sandwich Panels

- **Building Component Solutions Co. (BCOMS), a subsidiary of Zamil Industrial, recently earned the FM Approvals Class 4480 and 4881 Certificates of Compliance from FM Approvals, which is part of FM Global, for the company's metal-faced, combustible core, interior wall/ceiling and exterior wall assembly building panels, as well as the FM Approvals Class 4471 certification for BCOMS insulated roof panels.**

FM Standard 4480 evaluates insulated wall or wall and roof/ceiling panels, interior finish materials or coatings, and exterior wall systems for their performance with regard to fire resistance; FM Standard 4471 evaluates the performance of metal roof panels when exposed to fire and wind, foot traffic resistance, and water leakage.

FM Approvals is a leading provider of testing and certification to determine product compliance with industry standards for hazardous locations and product performance. Recognized and respected worldwide, the FM Approvals certification process assures consumers that products and services have been objectively tested and proven to conform to the highest engineering standards for property loss prevention.

In addition to testing BCOMS products, FM Approvals examined the company's manufacturing facilities and audited its quality control procedures during its verification process, determining that BCOMS produces a consistently uniform and reliable product.

"We are extremely proud to receive the FM Approvals certification, which assures customers that our products have been objectively tested and conform to international standards," said Nasri Majzoub, general manager of BCOMS.

"This designation is a reflection of the hard work and dedication of our entire team, in addition to the consistent quality control maintained during the entire production process, all with the goal of providing safe, innovative, and reliable products and solutions to our clients."

Building Component Solutions Co. is the largest supplier of sandwich panels in Saudi Arabia, producing more than 1.5 million square meters of sprayed polyisocyanurate (PIR) foam and mineral wool sandwich panels annually, in compliance with international standards. Export markets include the Middle East, North Africa, GCC and Asia. BCOMS also offers engineering services and turnkey solutions for the supply and installation of new roof coverings and wall cladding, plus all accessories and retrofits.



Zamil Industrial Selected as 2015 United Safety Council Bronze Award Winner

- The Independent Awards Selection Committee of the United Safety Council has chosen Zamil Industrial Investment Co. (Zamil Industrial) as the winner of the 2015 Bronze Award for Corporate Safety. Zamil Industrial was selected from hundreds of participating companies and government agencies from across the USA and around the world.



The award recognizes the company for achievements in the field of loss prevention, particularly as measured by its Annual Health, Safety and Environment Management Audit, the Safety Key Performance Index, and the Safety Task Analysis and Risk Reduction Talk initiative.

Innovative and judicious use of these valuable loss prevention tools resulted in an overall 38% improvement in the company's incident frequency rate, with further reductions in lost-time incidents and recordables during 2015. The committee cited these statistics as evidence that Zamil Industrial is serious when it comes to protecting the health and safety of its employees and curtailing financial losses, which the company managed to reduce by 30% during the past year.

In its report, the committee also evaluated the Zamil Industrial safety programs in terms of

employee and managerial participation, frequency of safety committee meetings, and inspection, incident investigation and reporting processes.

In addition to the Bronze Award, the director of the Corporate Loss Prevention Department (CLPD) at Zamil Industrial, Engr. Awadh Al-Ghamdi, received the Certificate of Recognition for Excellence in Safety from the United Safety Council for the second consecutive year. The selection committee was impressed with the results of the CLPD's excellent implementation of health and safety programs and procedures across the business units of Zamil Industrial.

The awards were presented at the United Safety Council's 63rd Annual Awards Banquet, held on January 22, 2016, at the Rosen Plaza Hotel and Conference Center in Orlando, Florida, USA.



Zamil Central Air Conditioners Factory Wins Safety Excellence Award Four Years in a Row

Zamil Industrial 'Award for Excellence in Safety' Program

- Once again, the management and employees of Zamil Central Air Conditioners (ZCA) have demonstrated exemplary effort and teamwork while achieving the number one ranking among Zamil Industrial business units in terms of both profits and safety, making 2015 another year of milestone achievement.

The top-ranking Zamil Industrial business unit was named as the recipient of the 2015 Gold Award in the Zamil Industrial Safety Award of Excellence Program. The Corporate Loss Prevention Department (CLPD) director, Awadh Eid Al-Ghamdi, along with Osama Bunyan, COO of Zamil Industrial, and Ahmed Zaatari, presented the award on March 2, 2016.

With a perfect rating of 100% and an A+ grade in all the key aspects and criteria defined

in the 2015 Safety Key Result Areas (SKRAs) and Safety Key Performance Indicators (SKPIs), the ZCA factory is the only Zamil Industrial business unit to receive this prestigious award and has been named the "Factory with Best Safety Performance" for four consecutive years (2012–2015) since the program was established in 2010.

Major achievements by the ZCA factory in 2015 include: improved the Health, Safety and Environment (HSE) rate by 46%; improved the Frequency and Severity rates by 50% and 21%, respectively; reduced Lost Time Injury (LTI) cases by 35%; reduced Recordable Incidents by 15%; increased/improved Normal Days (incident-free days) by 3.65%; reduced Indirect Costs due to occupational injuries by approximately 27%; and received the highest average Emergency Action Plan (EAP) performance evaluation of 99%.

In addition, the Zamil Structural Steel Company (ZSSC) factory earned second place and was the recipient of the 2015 Silver Award, with a total rating of 99.5% and an A+ grade in almost all the key elements of the SKRAs and SKPIs. The ZSSC factory has maintained its number two ranking since 2013.

Significant accomplishments also noted in 2015 include: improved the HSE rate by 50%; improved the Frequency and Severity rates by 48%; reduced LTI cases by 48%; reduced Recordable Incidents by 49%; increased/improved Normal Days (incident-free days) by 10.78%; and reduced Indirect Costs

due to occupational injuries by approximately 50%.

The CLPD congratulates both factory leaders, Robert Rayappen, ZCA Production Director, and Ashraf Eisouh, general manager of ZSSC, along with their teams, for their faithful and enduring commitment to providing a morally safe and healthy work environment for their employees, and protecting company property and the environment through continuous implementation of the most effective health, safety and environment management systems and best practices.





Saudi Minister of Labor Visits **Zamil Industrial**

- On January 31, 2016, His Excellency the Saudi Minister of Labor, Dr. Mufarrij Al-Haqbani, accompanied by Dr. Abdulkarim Alnujaidi, Director General of the Human Resources Development Fund, and Ziad Al-Sayegh, Deputy Labor Minister for Customer and Labor Relations, paid a special visit to Zamil Industrial facilities in Dammam, where he was welcomed by Abdulla M. Al Zamil, CEO of Zamil Industrial, and other company officials.



The visit included a tour of the facilities on offer at the Zamil Higher Institute for Industrial Training, where the delegation

was welcomed by the Institute's officials and toured the training and educational workshops, laboratories, and other amenities.

The delegates enjoyed taking the opportunity to learn more about the various aspects of the facility and the wide range of engineering, technical and vocational training programs that are available to both Zamil Industrial employees and trainees from other national companies.

The guests also toured the ladies section of the sub-assembly line in the Zamil Air Conditioners factory as well as other female sections of the company, where they observed the results of Zamil Industrial's efforts to recruit and employ Saudi women in various departments.



ASME-PMU Students Visit Zamil Central Air Conditioners Factory



The American Society of Mechanical Engineers, Prince Mohammad Bin Fahd University Chapter (ASME PMU), in coordination with the Campus Life Department, organized a field trip to the Zamil Central Air Conditioners factory in Dammam on April 21, 2016.

The group arrived at the plant eager to learn more about industrial operations and explore

the specific processes and products of Zamil Central Air Conditioners. The students toured the factory's production lines to learn about the manufacturing processes used to produce high-capacity air-conditioning systems, such as chillers, air handling equipment, and heat exchangers, and were impressed by the advanced level of ongoing operations at the high-tech manufacturing facilities.

The tour fulfilled part of the requirements for students enrolled in the HVAC and manufacturing courses offered at the Mechanical Engineering Department of the University. The Department of Campus Life and ASME Chapter thanked the company for providing the tour and making the visit an overall success and beneficial experience for all who attended.

Zamil Steel Welcomes Visiting Delegation from King Salman Airbase



A delegation of six architectural engineers from King Salman Airbase paid a visit to the Zamil Steel Pre-engineered Buildings (PEB) factory in Dammam on Wednesday, March 30, 2016. The visit aims at strengthening the relationship and cooperation between Zamil Steel and King Salman Airbase in various fields.

The corporate marketing team welcomed the delegation prior to attending a presentation that described the company, its products and services, and the latest manufacturing operations and methods applied at the Zamil Steel factories.

The delegation also toured the production lines within the factory and members were impressed by the advanced level of ongoing operations at the high-tech manufacturing facilities.

Zamil Steel Welcomes Visiting Delegation from Eiffage Métal

On January 27, 2016, Zamil Steel PEB hosted a visiting delegation from Eiffage Métal, part of the Eiffage Group in France, an industrial design and comprehensive supply leader in turnkey metal construction markets around the world.

The visit began with a corporate presentation by the Zamil Steel marketing team, and was followed by a tour of the production lines at the Zamil Steel PEB facilities.

During the visit, the delegates discussed potential areas of cooperation with Zamil Steel engineers, including opportunities in the areas of manufacturing and



erection, the scope of each party's capabilities with regard to the Line 3 project, and possibilities for other upcoming projects.

The Eiffage Métal delegation ended its productive and enjoyable visit with a lunch hosted by Zamil Steel executives.

Zamil Industrial and Zamil Group

Participate in Armed Forces Exhibition for Diversification in Riyadh

- Zamil Industrial and Zamil Group participated as Diamond Sponsors in the Armed Forces Exhibition for Diversification of Local Manufacturing (AFED), which was organized by the Saudi Ministry of Defense and held at the Riyadh International Convention and Exhibition Center from February 21 to 27, 2016.



provide scientific support for the manufacture of various materials and spare parts, and to facilitate the transfer, nationalization and resolution of key constraints involved in the process.

The purpose of AFED is to support the government strategy to localize the Kingdom's defense industry and diversify the economy and to break the monopoly of international companies in the defense sector. Reaching these goals will help further enhance national security and allow the private sector, local factories and specialized labs to introduce their products and display their capabilities in order to participate in local industrialization operations.

The exhibition highlighted the objectives of these national programs, which include achieving economic diversification and raising the level of local content to encourage investment and support non-oil exports, globalize local facilities and support a new knowledge economy of innovation and productivity.

The Ministry of Defense and several state-owned firms offered approximately 40,000 opportunities for the manufacturing sector to supply equipment, spare parts, medical equipment and tools as part of the government's efforts to boost the manufacturing industry and diversify the economy.

Many esteemed officials, ministers and governors visited the exhibition. AFED also assembled a special scientific program that included many seminars, workshops, lectures and panel discussions presented by a group of experts and specialists from the industrial sector. The presentations were designed to open and strengthen the channels of communication between the armed forces and major public and private-sector companies, to





Zamil Industrial Participates in “The Big 5 Saudi 2016” in Jeddah

Zamil Industrial sector businesses, Zamil Steel PEB, Zamil Air Conditioners, Building Component Solutions Co., and Gulf Insulation Group companies: Arabian Fiberglass Insulation Co. (AFICO) and Saudi Rockwool Factory Co., participated in the sixth annual International Building and Construction Show, “The Big 5 Saudi 2016,” which was opened by Jeddah Municipality Mayor Dr. Hani Mohammad Aburas. The show was held at the Jeddah Center for Forums and Events from March 7 to 10, 2016.

Since its launch in February 2011, the Big 5 Saudi has seen unprecedented success and has increased in size as a result, adding an additional multi-purpose hall and outdoor area. More than 16,000 visitors and more than 500 exhibitors from 35 countries participated

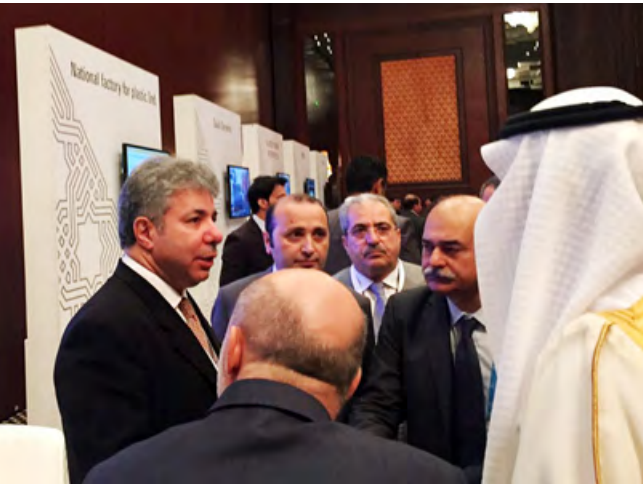
in this year’s event. The Saudi construction market is likely to continue to increase in size as the country plans to invest US\$806 billion in upcoming projects, from now until 2030.

On-site representatives from the Zamil Industrial businesses reported brisk activity on each day of the event. Current customers came to the stands to check on new developments and renew connections, while many potential clients took the opportunity to become acquainted with the company’s total building solutions philosophy and the product offerings of the individual sector businesses. Attendees included contractors, consultants and construction professionals from the entire GCC region as well as Saudi Arabia.

Exhibitors showcased the latest products and technologies to support the more efficient and sustainable construction drive by the Kingdom. Visitors who attended the show gained knowledge from the many workshops and seminar series, which provided professionals with the training needed to progress within their careers.

The success of the show is testimony to Saudi Arabia’s commitment to investing in and building a sustainable nation that will ultimately benefit the economy. The Big 5 Saudi has become the leading international building and construction event in the country. The event provides a platform for experts across the industry to exchange knowledge and showcase their products and services in one of the world’s most buoyant construction markets.

Zamil Industrial Participates in the Saudi Exports Development Authority Exhibitions in Cairo and Istanbul



Zamil Industrial participated in the exhibition of the Saudi Exports Development Authority, which accompanied the Saudi-Egyptian Business Opportunities Forum that was organized by the Ministry of Commerce and Industry in collaboration with the Ministry of Agriculture and held on April 9, 2016, in Cairo, concurrent with the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud's visit to the Arab Republic of Egypt.

The exhibition and forum were distinguished by the presence and participation of many experts and



officials from the government and private sectors of both countries. The high level of participation reflected the importance of enhancing mutual trade between the two countries, and the Saudi-Egyptian strategic partnership is considered a key base upon which to build more productive economic and trade relationships.

In related developments, Zamil Industrial also participated in the exhibition of the Saudi Exports Development Authority that accompanied the Saudi-Turkish Business Opportunities Forum, which was inaugurated by the former Minister of Commerce and Industry, Dr. Tawfiq Al-Rabiah, and the Turkish Minister of Commerce, and held on April 14, 2016, in Istanbul, in conjunction with the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud's visit to the Republic of Turkey.

Officials from public and private sectors from the Kingdom of Saudi Arabia and Turkey attended

the forum to discuss the most prominent aspects of trade and economic cooperation between the two countries. The Zamil Industrial booth witnessed the visits of a number of Saudi and Turkish officials and many Turkish businessmen, in addition to several company executives from various countries.

Several bilateral initiatives and agreements have emerged from these forums, which were aimed at enhancing trade cooperation between Saudi Arabia and both Egypt and Turkey. Participants also discussed a number of recommendations and initiatives in an effort to form a solid and continuous base of bilateral partnership designed to keep business decision-makers on all sides updated on the latest developments and techniques of modern business and to discover new business opportunities in Saudi Arabia and both the Egyptian and Turkish markets.



Zamil Central Air Conditioners Participates in AHRI Events in USA



The Zamil Central Air Conditioners team attended the 2016 International Air-Conditioning, Heating, Refrigerating Exposition (AHR Expo), held January 25 to 27 at the Orange County Convention Center in Orlando, Florida, and the Air-Conditioning, Heating, and Refrigeration Institute's (AHRI's) Low-Global Warming Potential Alternative Refrigerants Evaluation Program (Low-GWP AREP) Phase II Conference, held January 20 to 26, 2016, at the Rosen Centre Hotel in Orlando, Florida, USA.

The 2016 AHR Expo welcomed more than 60,900 registered attendees as well as tens of thousands of contractors and engineers, OEMs, distributors, and plant managers from all facets of the global HVACR industry to the world's largest HVACR marketplace.

The AHRI Low-GWP AREP Conference included discussion

on major research issues in the identification and evaluation of promising alternative refrigerants for major product categories in response to environmental concerns raised by the use of high-GWP refrigerants. The objective of the Low-GWP AREP program is to identify potential replacements for high-GWP refrigerants by evaluating their performance in a consistent and standardized manner. Phase II of the program expanded the study to include new refrigerants and testing in high-ambient conditions.

Mohammed Khawaldeh, director of Unitary and Applied Product Units at Zamil, was one of the resource speakers at the AHRI Low-GWP AREP II Conference. His talk focused on the soft-optimization test of R-410A Alternative Refrigerant R-32 in a six-ton rooftop packaged air conditioner.

Zamil Steel Participates in Oman's Oil & Gas Exhibition and Conference 2016

- **Zamil Steel companies participated in the 10th edition of the Oil & Gas West Asia 2016 exhibition and conference, which was inaugurated under the auspices of His Excellency Mohammed bin Al Zubair, advisor for economic planning and affairs to His Majesty Sultan Qaboos bin Said. The exhibition was held at the Oman International Exhibition Center March 21-23, 2016.**

More than 240 companies participated in the three-day event, which was organized by Omanexpo in collaboration with the Ministry of Oil & Gas. The OGWA exhibition and conference attracts the participation of companies from the Gulf Cooperation Council, Arab countries, Asia, America, Europe and Africa. The event brought together a group of international oil and gas companies and suppliers of technology and services in the industry.

On-site representatives of Zamil Steel businesses reported brisk activity on each day of the event. Current customers came to Zamil Steel's booth to check on new developments and renew connections, while many potential clients took the opportunity to become acquainted with Zamil Steel's product offerings and solutions. Attendees included contractors, consultants and construction professionals from the entire GCC region and from around the world.

OGWA is a biennial international exhibition and conference that brings together local and international oil and gas companies from the GCC, technology and service providers, equipment suppliers and other companies directly serving the industry's requirements. It is a platform for discussing the latest developments and directions of the industry, as well as for trade and business opportunities among local and international oil and gas companies. New technologies were exhibited at this year's show, such as for exploration, seismic studies, drilling, production and maintenance.





Zamil Industrial CLPD Lists Achievements for the First Quarter of 2016

Zamil Industrial CLPD Director Selected as Keynote Speaker at SEC Safety Forum

Zamil Industrial Corporate Loss Prevention Department director, Awadh Eid Al-Ghamdi, was invited as a guest keynote speaker to the eighth Safety Forum 2016, which was organized by Saudi Electricity Company (SEC) and took place on February 17, 2016, at the Intercontinental Hotel in Jeddah, Saudi Arabia.

Awadh's presentation, titled "Safety Performance Implementation by Applying Safety Key Result Areas (SKRAs) and Safety Key Performance Indicators (SKPIs)," divulged the implementation strategy used to improve the safety performance of organizations, which incorporated basic management processes such as planning, organizing, leading, monitoring and controlling. SKRAs and SKPIs, along with the implementation strategy, help the organization manage changes with appreciable results: SAVE People, REDUCE Losses and IMPROVE Profits.

A plaque of appreciation was awarded to Awadh at the end of the forum.

Certified Occupational Safety Specialist Training and Certification

In line with the goals and objectives of the Zamil Industrial Corporate Loss Prevention Department (CLPD) to stay competitive with the world's leaders in the occupational safety and health arena, a total of eleven Zamil Industrial employees have been trained and certified by the United Safety Council (USC) to specialize in Occupational Safety. Selected staff took part in the five-day Certified Occupational Safety Specialist (COSS) course, held March 6-10, 2016, at the CLPD office and conducted by Asim Bukhari, an authorized Occupational Safety and Health Administration (OSHA) trainer from the USC.

The USC is an independent, non-profit, nongovernmental safety training and educational organization based in Orlando, Florida, USA. The heart of the COSS program is the solid foundation built on learning to read and apply the OSHA safety and training requirements in 29 CFR 1910 (General Industry Standards) and 1926 (Construction Industry Standards). The program is designed to benefit those in the occupational safety and health field who coordinate the successful implementation of corporate safety and health plans, coordinate and conduct safety and health training, and/or provide support to safety and training managers.



During the training, competencies of the participants were evaluated using reading assignments, daily quizzes, a final written examination, a five-minute safety presentation and a demonstration of compliance. Zamil Industrial is the first private company to participate in the COSS program in the Kingdom of Saudi Arabia, after the program was initially introduced at Saudi Aramco.



Zamil Industrial CLPD Celebrates Ten Years of Safety Achievements

On February 28, 2016, the Zamil Industrial Corporate Loss Prevention Department (CLPD) celebrated its tenth anniversary. CLPD began its operation in 2006 as four employees with expertise in loss prevention and occupational safety and health. Since then, CLPD has expanded and provided a significant contribution to the safety and well-being of Zamil Industrial's employees by conducting and integrating industry best practices in Loss Prevention and Risk Control; Workplace Health, Safety and Environmental (HSE) Management; and HSE Training and Awareness.

Osama Bunyan, COO of Zamil Industrial, attended the event, along with representatives from the management of Zamil Steel, Zamil Air Conditioners, and AFICO. During the celebration, the various section heads of the CLPD gave presentations that discussed the substantial involvement and achievements of the organization. In addition, fire devices and other types of equipment commonly used in HSE operations were displayed in a mini exhibit.

The occasion was also used to acknowledge specific CLPD employees for outstanding performance of their assigned tasks and responsibilities. Tokens of recognition were provided.

Statistics (Rates and Index)

Significant reductions in occupational incidents at Zamil Industrial sector businesses have been achieved each year, through continuous and intensive implementation of Corporate Loss Prevention Department (CLPD) programs and activities. During the first quarter of 2016, Zamil Industrial Health, Safety and Environment (HSE) Incident rates show remarkable improvements, which are noted as follows:

1. Zamil Industrial HSE Incident rates improved by 48% in comparison to the same quarter of the previous three years. The minimum improvement recommended by CLPD is just 5%.
2. Lost Time Injury cases were reduced by 77% in comparison to the same quarter of the previous three years.
3. Frequency and Severity rates were reduced by 92% and 75%, respectively, in comparison to the same quarter of each previous year's performance since ZI CLPD was established in 2006.
4. Zamil Industrial Normal Days (incident-free days) improved by 23% when compared to the average Normal Days of the same quarter of the past three years.
5. Zamil Industrial Indirect Costs due to occupational injuries have been reduced by 37%, as there were significant reductions in Lost Time Injuries and/or the severity of recorded injuries.



Zamil Industrial Employees Gather to Enjoy Sports Fest 2016

- The Zamil Industrial Sports Fest 2016 began on March 25 at the Zamil Camp in Rakah, Khobar, with more than 670 participating employees from across seventeen business units.

The event came to a spectacular end on May 6, when the final games were conducted with the support and coordination of the Event Organizing Committee, managed by Corporate Facility Management. The tournament was dedicated to the Late **Sheikh Hamad Abdullah Al Zamil**.



Ahmed A. Al Zamil, Zamil A. Al Zamil, Khalid A. Al Zamil, Abdul Mohsin Al-Ghamdi, Abdullah Hamad Al Zamil, Sufyan Al Zamil, Musaad Al Zamil, Sattam Al Zamil, Yasser Al Zamil, Mohammed Batarfi, and Moeen Hassan were some among the dignitaries who supported Sports Fest 2016 with their honorable presence.

The motto and theme of this year's sporting event "**We Are One Team,**" was chosen to highlight the importance of teamwork in the workplace as well as on the court or field. The concept established a strong platform from which to empower and motivate the competing employees.

This year's Sports Fest consisted of four main events: Football, Cricket, Basketball, and Volleyball.

Football – The tournament was managed by chairperson Mohammed Al Khulaifi. Ten teams participated, facing each other in head-to-head competitions. Zamil Offshore won the champion's trophy, defeating Zamil AC Corporate in the final game. Mohammed Saqar, the captain of the Zamil Offshore team, accepted the trophy from the dignitaries.





Cricket – The event was managed by chairperson Abdul Aleem A. Shaik. Thirteen teams participated in the tournament, playing in two separate pools. ZAC Corporate snatched the victory, ending ZAC Applied’s winning streak with excellent bowling and batting. Captain Sam Mathew received the championship trophy from the dignitaries.



Captain Renji Raju accepted the trophy from the dignitaries.

The closing ceremony featured Spot Marathon and Tug of War competitions. Congratulations to the winning teams at this year’s Sports Fest, and good luck and success to all participating teams in upcoming tournaments.



Basketball – Chairpersons Miguelito Placino and Jeffrey Ortiz managed the tournament, composed of twelve teams, all of them focused on the race to grab the champion’s trophy. Once again, Zamil CoolCare won the championship. Captain Emar Harder received the championship trophy from the dignitaries.

Volleyball – Under the guidance of event manager and chairperson Ibrahim Sabu, nine teams began the quest to bag the championship trophy. In the end, Zamil CoolCare and Zamil Applied faced each other in the final match, where Zamil Applied won the championship once again.

