



Boubyan Petrochemical Company

Investor Update – 30 April 2019 results



شركة بوبيان للبتروكيماويات (ش.م.ك.)

Boubyan Petrochemical Company (K.S.C)

Boubyan Petrochemical Company – April 2019 results

Business Highlights

- Boubyan continued to perform in line with its strategy to achieve non-Equate income of KWD20mn by 2020
- During FY 2019, Boubyan made 3 acquisitions for total amount of KWD 28.4 mn
- We are taking a number of initiatives at the operation level to continue improving performance

Financial Highlights

- Boubyan achieved operating net income of KWD 481.mn in FY 2019 compared to KWD 31.2 mn in FY 2018
- Reported EPS for FY 2019 is 20.3 fils per share, compared to EPS of 10.6 fils per share in FY 2018
- The investment portfolio value reached KWD 485.1mn as of 3Q18/19 where the core investments (excluding EQUATE) accounted for 31% of the portfolio



Core Investments Updates (1/2)



- EQUATE reported record results in 2018
- Boubyan's share of dividends from EQUATE is \$139.9m (KD 42.4m)
- EBITDA for 2018 grew by 22.5% to \$2.12bn
- NI for the year grew by 38% to \$1.56bn
- New Ethylene Glycol plant expected to start production in October 2019



- Despite the increase in electricity prices, Al Kout maintained a net income of KWD 6.3mn in 2018, compared to 6.2 mn in 2018
- A new Chairman and CEO have been appointed, both of whom are ex-Equate top executives



- Muna Noor took several initiatives to reduce costs, including closing down a loss-making factory in Salalah and upgrading the ERP system to reduce G&A costs
- Entering into new market segments to grow revenue in the face of competition and stagnant market



- Al Borg reported a net income of SAR 35 mn, down from SAR 58.5mn last year. The difference was largely due to a loss in Q4 driven by large provisions in the UAE subsidiary related to insurance claim rejections
- Despite the challenging market in Saudi, Al Borg continued to expand its market share and is expected to perform better in 2019

Core Investments Updates (2/2)



- Slowing construction activity and weaker demand in Saudi Arabia lead to a lower revenues at Awazel
- In 2019, the market is expected to remain constant, but construction demand is expected to pick up in 2020



- Record results during 2018
- KD 9.44 MN Vs. KD 8.8 MN last year
- AGM approved KD 7M in dividends
- Completed acquisition of an additional 20% in Mowasat Hospital, bringing total stake to 85%



- Boubyan continued to actively manage EDU – cost cutting efforts are positively impacting its bottom line
- EDU contributed KWD5.9mn to Boubyan's income in FY 2019 and is expected to continue this upward trend in the future



- Record results during first half ending February 2019
- KD 4.6 MN Vs KD 3.5 MN last year
- Cost rationalizing measures are being reflected in bottom line

Boubyan's investment portfolio reached KWD 462.6 as of April 2019

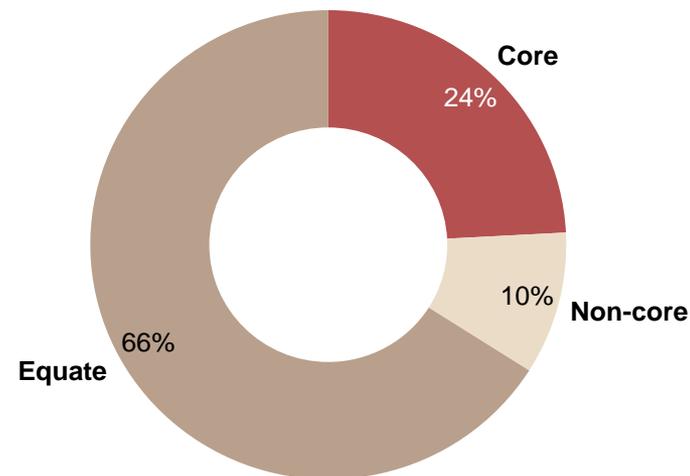
Amounts in KWD, millions

Core Investments	Ownership	Carrying Value
EQUATE	9.00%	173.4
The Kuwait Olefins Company (TKOC)	9.00%	131.8
The Equate group		305.3

Core Investments	Ownership	Carrying Value
EYAS	55.44%	30.1
EDU	82.70%	33.5
Al Kout	54.16%	31.1
Al Borg	24.00%	3.4
NAFAIS	21.12%	9.6
Awazel	20.78%	4.1
Total core investments		111.8

Total non-core investments	45.5
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Total investment portfolio	462.6
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Boubyan's recurring net income grew to KWD 48mn in FY 2019, compared KWD 31mn in FY 2018

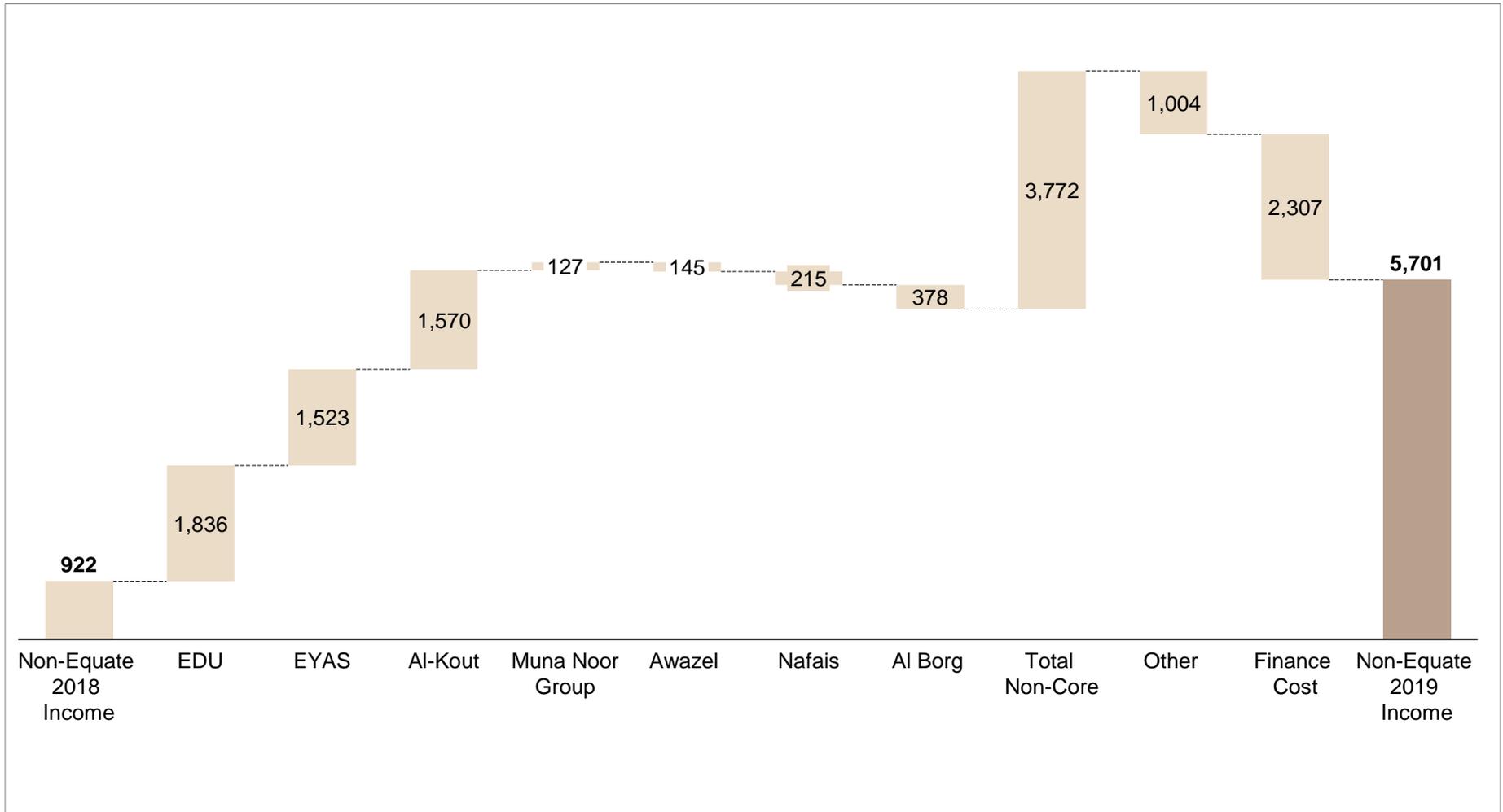
Income (KWD, thousands)	Apr 2018		Apr 2019	
Equate	30,344	42,449	56.7	81.7
Core Investments				
EDU	4,080	5,916	7.6	11.4
EYAS	-	1,523	-	2.9
Al-Kout	1,486	3,056	2.8	5.9
Nafais	2,271	2,056	4.2	4.0
Awazel	461	316	0.9	0.6
Al Borg	1,031	653	1.9	1.3
Muna Noor Group	(2,195)	(2,068)	(4.1)	(4.0)
Total core investments	7,134	11,452	13.3	22.1
Total Non-Core	333	4,105	0.6	7.9
Other income/(Loss)	93	97	0.2	0.2
Forex exchange	474	31	0.9	0.1
Total other income	567	128	1.1	0.3
Total income	38,378	58,134	71.8	111.9
Expenses				
Finance Cost	(5,230)	(7,537)	(9.8)	(14.5)
Staff expenses	(854)	(1,608)	(1.6)	(3.1)
G&A Expenses	(815)	(582)	(1.5)	(1.1)
Board & govt. fees/Taxes	(213)	(256)	(0.4)	(0.5)
Total Expenses	(7,111)	(9,983)	(13.3)	(19.2)
Net income	31,266	48,151	58.5	92.7

Commentary

- Boubyan's core investments achieved a total income of KWD 11.4mn in 2019, compared to KWD 7.1mn in 2018
- This was mainly driven by both EDU and EYAS, which contributed KWD5.9mn and KWD1.5mn to Boubyan's income, respectively.
- Finance cost increased to KWD 2.3mn due to acquisitions during the year.
- The cost of debt, however, had declined by 20 bps.
- Pre-provision net income grew to KWD 48mn for FY 2019 compared to KWD 31mn in FY 2018

Non-Equate net income grew to KWD 5.7 mn in FY 2019 from 0.9 in FY 2018

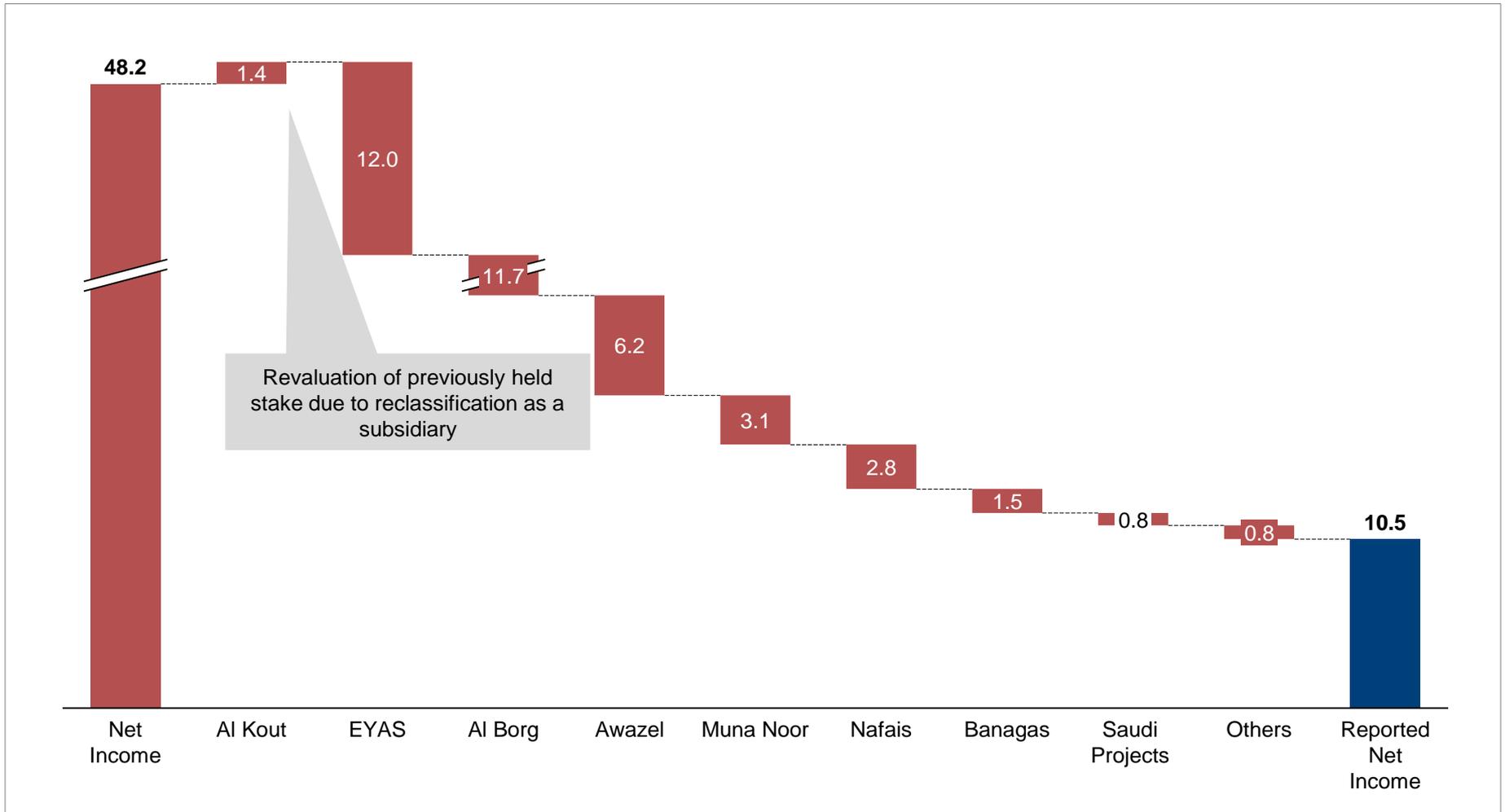
Amounts in KWD, thousands



*Net income adjusted for non-recurring, non-cash expenses at the level of associates and subsidiaries

Boubyan continues its conservative approach to valuing assets and took impairments & provisions of KWD 39.1mn

Amounts in KWD, millions



Q&A

Thank you



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