



Boubyan Petrochemical Company

Investor Updated – 2Q18 results



شركة بوبيان للبتروكيماويات (ش.م.ك.)

Boubyan Petrochemical Company (K.S.C)

Core Investment Update (1/2)



- Equate delivered strong Q3 2018 results driven by favorable pricing conditions for EG, PE and PET and reliable operations
- Equate reported \$406m in net profit, up 22% y-o-y and EBITDA of \$547m, up 12% y-o-y
- Year to date, net income was \$1.3bn, up 44% y-o-y EBITDA was \$1.7bn, up 26% y-o-y



- Boubyan acquired an additional 7.24% stake in Al Kout Industrial Projects Co. – bringing our total stake to 53.70%, making it a subsidiary.
- This resulted in reclassification gain of KWD1.1mn



- EDU continued to take further non-recurring provisions that affected its bottom line
- Profits are expected to improve starting its first quarter as cost optimization measures continue



- EYAS's bottom line witnessed a 2% increase from the previous year as it continued its cost cutting measures
- Boubyan's share of results from EYAS was KWD 0.4mn

Core Investment Update (2/2)



- Nafais continued its strong performance during the period and is expected to continue this trend
- Boubyan generated KWD 0.6mn from Nafais in vs. KWD 0.4mn last year



مختبرات البرج الطبية
Al Borg Medical Laboratories

- The Saudi market remains challenging for Al Borg as consumer demand slowed down particularly on the wellness programs
- Al Borg has recently relaunched its operations in Kuwait after signing up with new partners
- Boubyan's share of results from Al Borg was KWD 0.34mn in 2Q18 vs 0.30 last year



- Due to the introduction on IFRS 9 accounting standard, Muna Noor took provisions amounting to KWD 0.9mn in 2Q18
- Business is expected to pick up in the coming year on the back of Boubyan's restructuring efforts



- The Saudi economy continued to slow down as the construction sector was negatively affected

Boubyan at a Glance – Investment Portfolio as of 2Q18

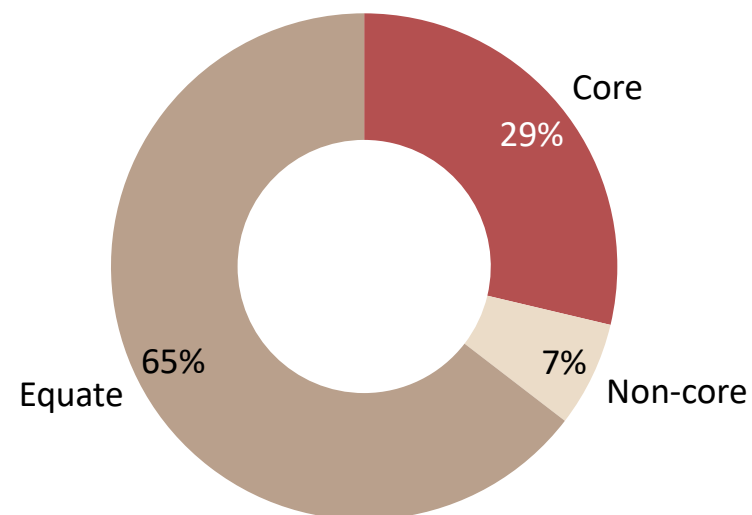
Amounts in KWD, millions

Core Investments	Ownership	Carrying value
EQUATE	9.00%	173.2
The Kuwait Olefins Company (TKOC)	9.00%	135.0
The Equate group		308.2

Core Investments	Ownership	Carrying value
EDU	82.70%	45.3
Al Kout	53.70%	29.7
EYAS	20.68%	20.2
Al Borg	24.00%	15.1
NAFAIS	21.12%	11.4
Awazel	20.78%	10.7
Muna Noor	100.00%	4.6
Total core investments		137.0

Total non-core investments	32.1
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Total investment portfolio	477.4
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Boubyan's reported net income grew to reach KWD0.8mn in 2Q18 against KWD0.3mn in 2Q17

Income (KWD, thousands)	EPS Contribution			
	2Q17	2Q18	2Q17	2Q18
Al-Kout ¹	445.7	1,755.3	0.86	3.38
Educational Group	719.1	847.8	1.39	1.63
Nafais	360.8	569.7	0.70	1.10
EYAS ²	-	384.3		0.74
Al Borg	295.7	342.3	0.57	0.66
Awazel	214.9	64.4	0.41	0.12
Muna Noor Group	(239.4)	(1,201.8)	(0.46)	(2.32)
Total core investments	1,796.8	2,762.0	3.46	5.33
Total Non-Core	(34.9)	157,136	(0.07)	0.30
Other income/(Loss)	0.1	44.7	NM	0.09
Forex exchange	(77.6)	(5.7)	(0.15)	(0.01)
Total other income	(77.5)	39.0	(0.15)	0.08
Total income	1,684.4	2,958.2	3.25	5.70
<i>Expenses</i>				
Finance Cost	(1,192.8)	(1,918.6)	(2.30)	(3.70)
Staff expenses	(137.1)	(122.5)	(0.26)	(0.24)
G&A Expenses	(84.6)	(95.9)	(0.16)	(0.18)
Board & govt. fees/Taxes	-	(59.2)	-	(0.11)
Total Expenses	(1,414.6)	(2,196.2)	(2.73)	(4.23)
Reported net income	269.8	762.0	0.53	1.47

Commentary

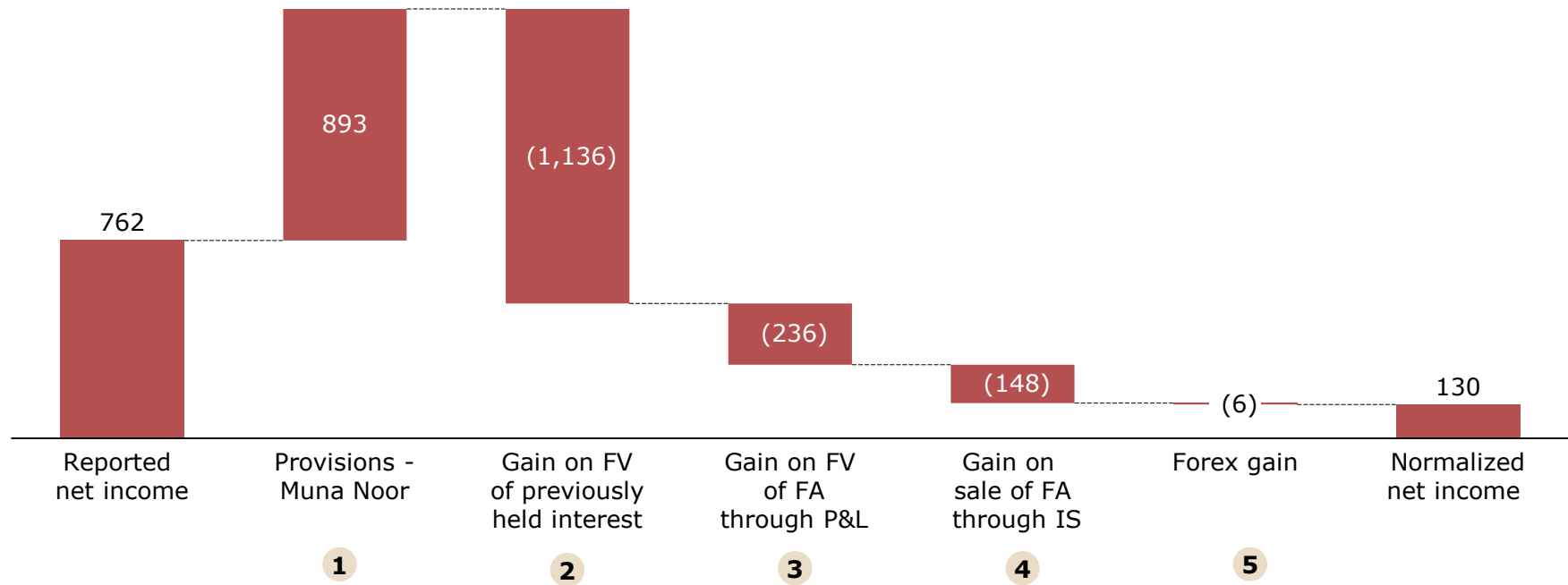
- Boubyan's core investments achieved a total income of KWD1.6mn in 2Q18, adjusted for Alkout's non-recurring gain
- Boubya's non-core investments achieved positive results of KWD0.2mn in 2Q18 compared to a loss of KWD.03mn in 2Q17
- Finance cost increased to KWD1.9mn as Boubyan continued to make successful acquisitions
- Reported net income increased to KWD0.8mn as of 2Q18 against KWD0.3mn in 2Q17

¹This includes a non-recurring amount of KWD1.1mn due to gain on fair value of previously held interest in Alkout

²Share of results from the stake owned directly by Boubyan

Boubyan's normalized net income – 2Q18

Amounts in KWD, thousands



Commentary

1. Boubyan took further provisions on the account receivables of its subsidiary Muna Noor
2. This gain due to the reclassification of AlKout Industrial after the acquisition of the additional stake
3. The gain on fair value of financial assets is from Boubyan's portfolio with National Investments Company
4. The gain on financial assets through income statement represent Boubyan's proceeds from ARCAPITA
5. The foreign gain is from treasury operations at Boubyan

Q&A

Thank you



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