



# Boubyan Petrochemical Company

Investor Update – 31 July 2019 results



شركة بوبيان للبتروكيماويات (ش.م.ك.)

Boubyan Petrochemical Company (K.S.C)

# Boubyan Petrochemical Company – 1Q19/20 results

## Business Highlights

- Boubyan continued to expand its Non-Equate income streams during 1Q19/20 which increased its resilience to the cyclicity of the petrochemicals industry
- In 1Q19/20, Boubyan participated in the capital increase of its associate Warba Capital – increasing BPC's stake in Wabra from 29.2% to 48.9%
- We have accumulated a position of KWD 45mn in a publicly listed company and we will disclose details about it in due course

## Financial Highlights

- Boubyan reported net income of KWD2.2mn in 1Q19/20 compared to KWD1.4mn in 1Q18/19
- Reported EPS for 1Q19/20 is 4.23 fils per share, compared to EPS of 2.70 fils per share in 1Q18/19
- The investment portfolio value reached KWD500mn as of 1Q19/20 where the core investments (excluding EQUATE) accounted for 22.0% of the portfolio



# Core Investments Updates (1/2)



- AlKout reported net income of KWD1.3m as of 2Q19, compared to KWD1.6mn in 2Q18. This was mainly due to declining commodity prices (e.g. caustic soda)
- In July 2019, AlKout successfully signed three tenders with the Ministry of Electricity and Water for a total value of KWD9.3mn



- Initiatives have started to bear fruit and Muna Noor recorded a positive EBIT of increasing operational efficiencies and reduction in costs which resulted in recurring profits of OMR 73K in 1Q19/20 compared to a recurring loss of OMR (132K) in 1Q18/19
- The company is expected to witness further improvements in revenue and gross margins which can contribute to positive results



- Al Borg reported a net income of SAR11.8mn as of 2Q19, up from SAR9.8mn in 2Q18.
- Al Borg is currently working on improving its regional presence and B2B segment which will continue improve its bottom line in the future

# Core Investments Updates (2/2)



- In 2Q19, Nafais' net income declined to KWD1.68mn during the same period from KWD2.05 last year mainly due to a general increase in staff costs.



- In 3Q19, EDU reported a net income of KWD2.3mn, compared to KWD1.8mn in 3Q18
  - SAMA 2019 Q2 NI KWD2.08mn Vs. KWD1.95mn last year
  - AFAQ 2019 Q2 NI KWD210K Vs. KWD174K last year



- EYAS reported a net income of KWD3.2mn in 3Q19 compared to KWD1.5mn in 3Q18 driven mainly on the back of cost optimizing measures.

# Boubyan's investment portfolio reached KWD500mn as of 1Q19/20

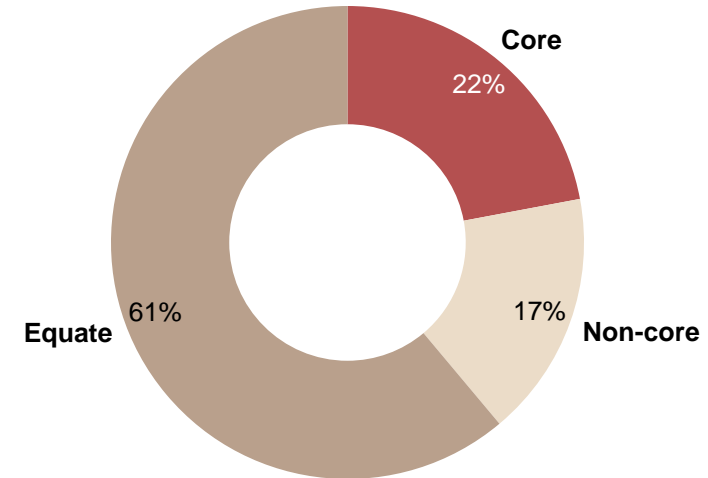
Amounts in KWD, millions

EQUATE	Ownership	Carrying Value
EQUATE	9.0%	173.4
The Kuwait Olefins Company (TKOC)	9.0%	131.8
<b>The Equate group</b>		<b>305.2</b>

Core Investments	Ownership	Carrying Value
EDU	83.0%	35.4
Al Kout	54.2%	27.5
EYAS	55.6%	31.0
NAFAIS	21.1%	8.4
Awazel	20.8%	4.2
Al Borg	24.0%	3.6
<b>Total core investments</b>		<b>110.1</b>

<b>Total non-core investments</b>	<b>84.1</b>
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<b>Total investment portfolio</b>	<b>499.5</b>
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# Boubyan achieved a net income of KWD2.2mn in 1Q19/20, compared to KWD1.4mn in 1Q18/19

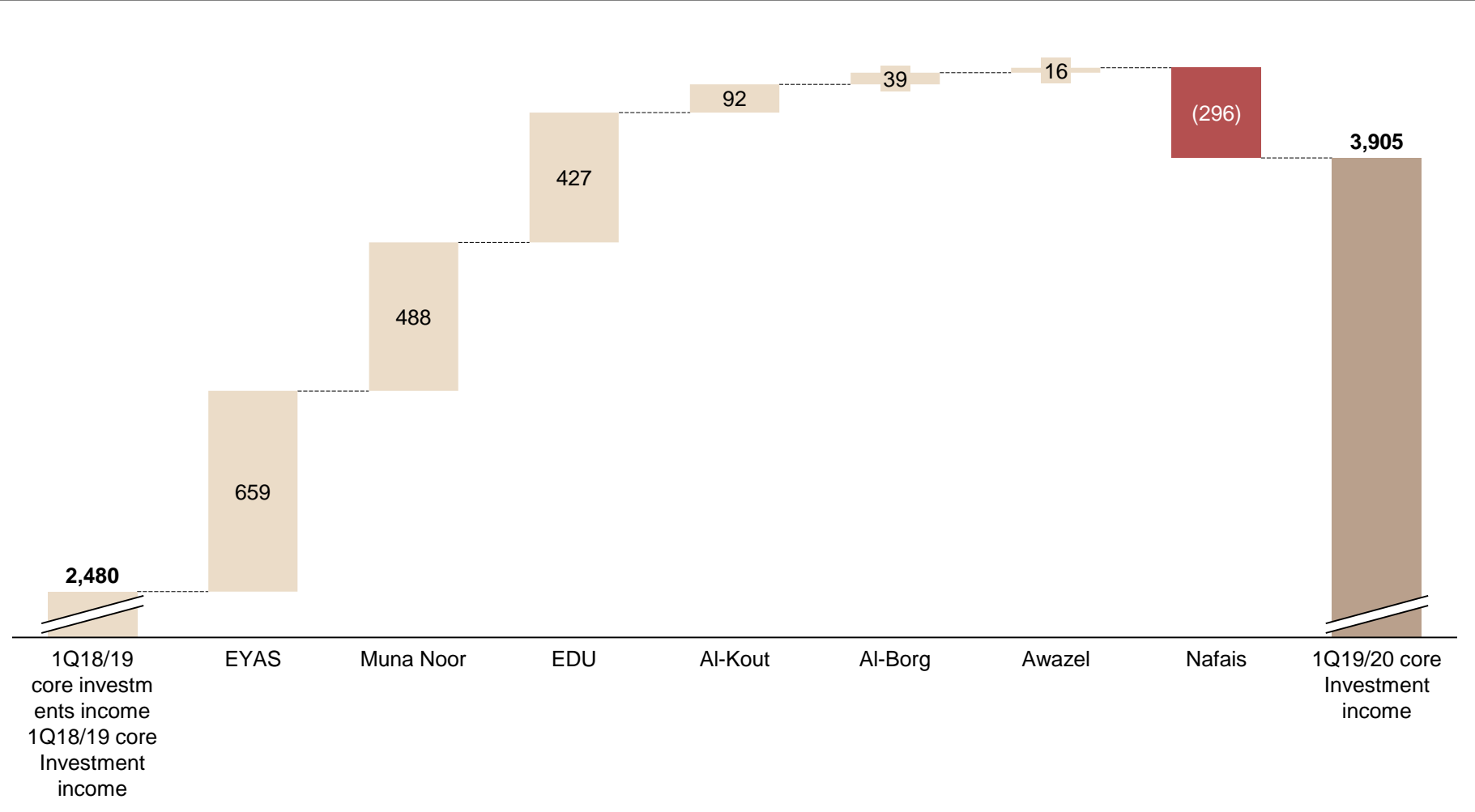
<b>Income (KWD, thousands)</b>			<b>EPS Contribution</b>	
	<b>1Q18/19</b>	<b>1Q19/20</b>	<b>1Q18/19</b>	<b>1Q19/20</b>
EDU	1,489.9	1,917.2	2.88	3.69
Al-Kout	727.6	819.4	1.40	1.58
EYAS	-	659.3	-	1.27
Nafais	588.1	291.8	1.14	0.56
Al Borg	199.2	238.2	0.38	0.46
Awazel	64.4	80.0	0.12	0.15
Muna Noor Group	(588.4)	(100.4)	(1.14)	(0.19)
<b>Total core investments</b>	<b>2,480.9</b>	<b>3,905.6</b>	<b>4.79</b>	<b>7.51</b>
<b>Total Non-Core</b>	<b>682.5</b>	<b>523.5</b>	<b>1.32</b>	<b>1.01</b>
Other income/(loss)	12.5	79.6	0.02	0.15
Forex exchange	(0.6)	(6.3)	NM	(0.01)
<b>Total other income</b>	<b>12.0</b>	<b>73.2</b>	<b>0.02</b>	<b>0.14</b>
<b>Total income</b>	<b>3,403.6</b>	<b>4,502.4</b>	<b>6.57</b>	<b>8.65</b>
<b>Expenses</b>				
Finance Cost	(1,751.9)	(1,956.7)	(0.26)	(3.76)
G&A Expenses	(92.0)	(205.9)	(0.18)	(0.40)
Staff expenses	(132.8)	(114.6)	(3.38)	(0.22)
Board & govt. fees/Taxes	(30.6)	(23.0)	(0.06)	(0.04)
<b>Total expenses</b>	<b>(2,007.3)</b>	<b>(2,300.1)</b>	<b>(3.88)</b>	<b>(4.42)</b>
<b>Net income</b>	<b>1,396.3</b>	<b>2,202.3</b>	<b>2.70</b>	<b>4.23</b>

## Commentary

- Boubyan's core investments achieved a total income of KWD3.9mn in 1Q19/20, compared to KWD2.5mn in 1Q18/19 driven by Boubyan's strategic initiatives and revenue improvement measures
- EDU's profits grew to KWD1.9mn during 1Q19/20 from KWD1.5mn in 1Q18/19
- Muna Noor's improved gross margin, restructuring and cost cutting measures resulted in recurring profits of KWD62K during 1Q19/20 vs. recurring losses of KWD456K in 1Q18/19
- G&A expenses increased due to amortization and depreciation of newly acquired subsidiary assets
- Finance costs increased to KWD2.0mn in 1Q19/20 on the back on Boubyan's ongoing acquisitions

# Core investments income grew to KWD3.9mn in 1Q19/20 from KWD2.5m in 1Q18/19

Amounts in KWD, thousands



Q&A

Thank you



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