



# Boubyan Petrochemical Company

Investor Update – July 31<sup>st</sup>, 2020 results



شركة بوبيان للبتروكيماويات (ك.س.ج)

Boubyan Petrochemical Company (K.S.C)

# Boubyan Petrochemical Company – 1Q20/21 results

## Business Highlights

- During 1Q20/21, Boubyan's focus was on mitigating the impact of the COVID-19 pandemic on our investments. We expect an improved performance in the upcoming quarters as the economic conditions begin to stabilize.
- During Q1, we received 60% of Equate's dividend – resulting in partial reversal of the provision.
- Last week, we received the remaining dividend from Equate. This will be reflected in Q2 results.

## Financial Highlights

- Boubyan reported net income of KWD2.5mn in 1Q20/21 compared to KWD2.2mn in 1Q19/20 (EPS of 5.00 fils in 1Q20/21 vs. 4.23 fils in 1Q19/20)
- The investment portfolio value reached KWD448.6mn as of 1Q20/21 where the core investments (excluding Equate) accounted for 23.0% of the portfolio



# Core Investments Updates



- Al Borg reported a net income of SAR46.7mn in 2Q20, up almost 3x from SAR12.1mn in 2Q19. The main reasons for the surge in profits are increased revenues in KSA and UAE from COVID-19 testing.
- Al Borg improved its regional performance during the quarter, as it witnessed strong growth in Bahrain, Oman, and Kuwait.



- AlKout reported net income of KWD410k in 2Q20, compared to KWD1.3mn in 2Q19. This was driven by two factors: 1) decline in sales of Chloralkali as a result of border closures; and 2) decline in commodity prices (e.g. caustic soda)



- In 2Q20, Nafais' net income decreased to KWD1.0mn from KWD1.7mn during the same period last year.
- The decline was a result of a 35% fall in revenues from medical services, due to decreased patient visits as a result of the partial and full curfew measures during the quarter.



- Muna Noor's net losses expanded to KWD0.63mn as of 1Q20/21, compared to KWD0.12mn in 1Q19/20, mainly due to ECL provision of KWD.24mn and a 26% decline in revenues resulting from plant shutdowns because of the coronavirus pandemic.
- The company is expecting an improved performance in the 2<sup>nd</sup> half of 2020 as restrictions are eased and trade begins to return to normal conditions.



- We are unable to share EDU's results as it is a listed company that has not yet disclosed its latest quarterly results.

# Boubyan's Investment Portfolio Reached KWD448mn as of 1Q20/21

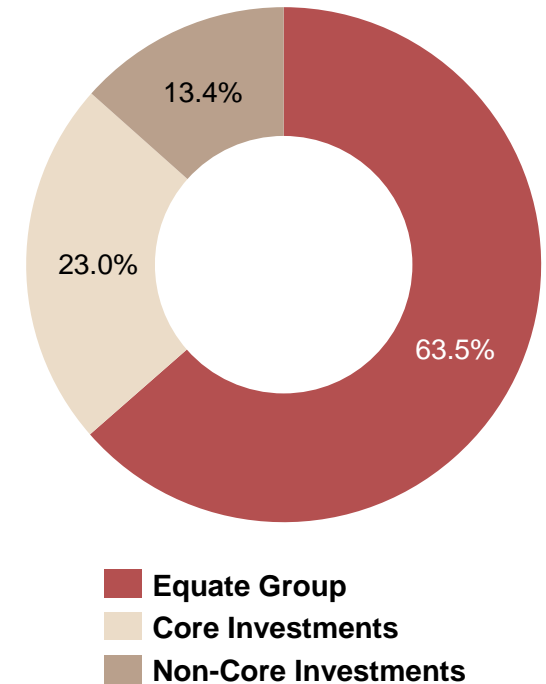
Amounts in KWD, millions

EQUATE Group	Ownership	Carrying Value
EQUATE	9.0%	161.6
The Kuwait Olefins Company (TKOC)	9.0%	123.5
<b>EQUATE Group Total</b>		<b>285.1</b>

Core Investments	Ownership	Carrying Value
EDU	83.1%	25.8
Al Kout	54.2%	20.8
EYAS	55.6%	29.7
NAFAIS	21.1%	8.9
Awazel	20.8%	4.2
Al Borg	25.1%	4.1
Muna Noor	100.0%	9.7
<b>Total Core Investments</b>		<b>103.3</b>

<b>Total Non-Core Investments</b>	<b>60.2</b>
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<b>Total Investment Portfolio</b>	<b>448.6</b>
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# Boubyan achieved a net income of KWD2.5mn in 1Q20/21 compared to KWD2.2mn in 1Q19/20

*KWD, thousands*

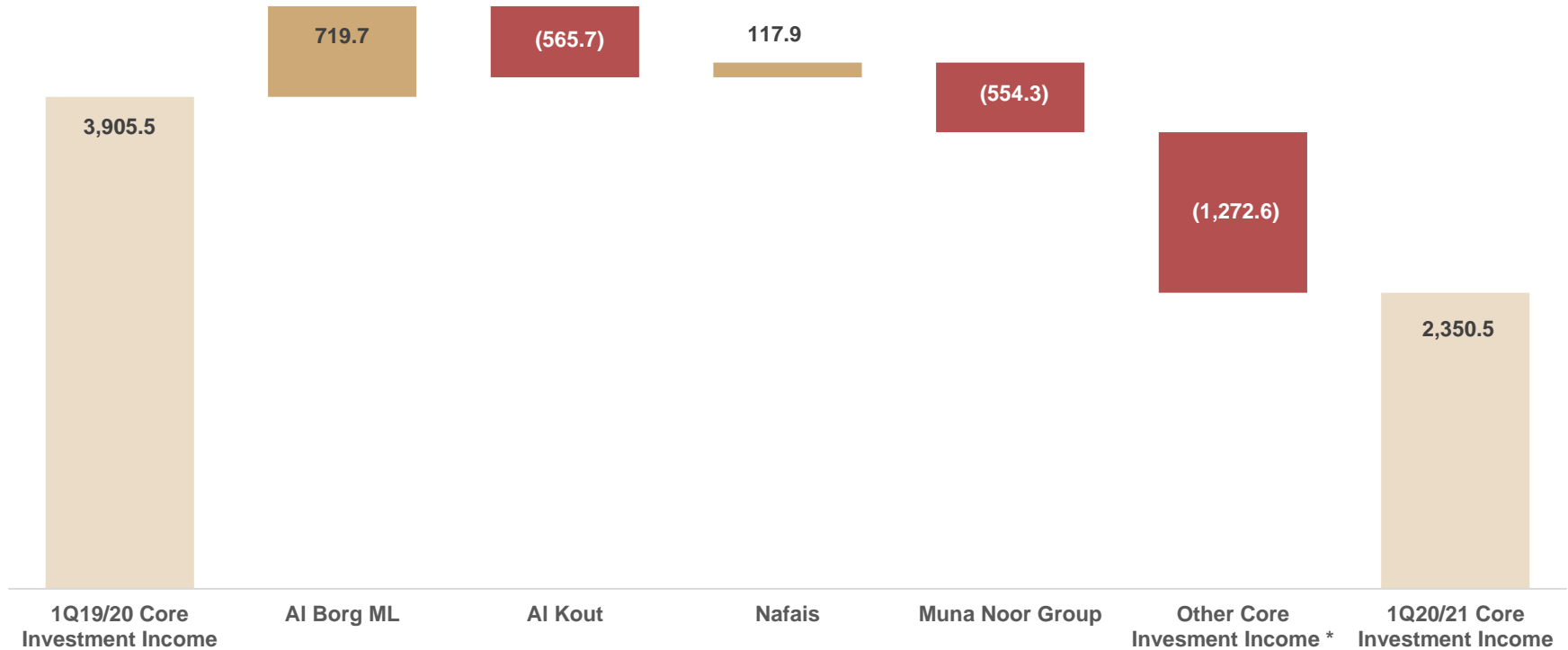
			EPS Contribution	
	1Q20/21	1Q19/20	1Q20/21	1Q19/20
<b>Income</b>				
Al Borg ML	957.9	238.2	1.90	0.46
Al Kout	253.7	819.4	0.50	1.58
Nafais	409.7	291.8	0.81	0.56
Muna Noor Group	(654.7)	(100.4)	(1.30)	(0.19)
EDU, Eyas, and Awazel	1,384.0	2,576.5	2.74	4.95
<b>Total Core Investments Income *</b>	<b>2,350.5</b>	<b>3,905.5</b>	<b>4.66</b>	<b>7.52</b>
<b>Total Non-Core Investments Income</b>	<b>179.1</b>	<b>343.0</b>	<b>0.35</b>	<b>0.66</b>
<b>Reversal of EQUATE dividend provision</b>	<b>1,742.4</b>	<b>-</b>	<b>3.45</b>	<b>-</b>
Other Income	153.3	79.6	0.30	0.15
Foreign Exchange Gain (Loss)	99.2	(6.3)	0.20	(0.01)
Increase in Portfolio Fair Value	-	180.5	-	0.35
<b>Total Other Income</b>	<b>252.5</b>	<b>253.8</b>	<b>0.50</b>	<b>0.49</b>
<b>Total Income</b>	<b>4,524.6</b>	<b>4,502.3</b>	<b>8.96</b>	<b>8.67</b>
<b>Expenses</b>				
Finance Cost	(1,569.6)	(1,956.7)	(3.11)	(3.76)
G&A Expenses	(255.1)	(205.9)	(0.51)	(0.40)
Staff Expenses	(142.0)	(114.6)	(0.28)	(0.22)
Board & Govt. Fees/Taxes	(37,805)	(22,964)	(0.07)	(0.04)
<b>Total Expenses</b>	<b>(2,004.6)</b>	<b>(2,300.1)</b>	<b>(3.97)</b>	<b>(4.42)</b>
<b>Net Income</b>	<b>2,519.8</b>	<b>2,202.3</b>	<b>5.00</b>	<b>4.23</b>

## Commentary

- During FY2019/20, Boubyan recognized a loss allowance of KWD8.7m against dividends receivable from Equate and TKOC. However, in 1Q20/21, Boubyan received dividend income from Equate and TKOC of KWD10.45m. Hence, Boubyan has reversed KWD1.74m of the provision during the same quarter.
- Core investments income declined to KWD2.35mn in 1Q20/21 from KWD3.91mn during the same period last year.
- Reported net income grew to KWD2.5mn in 1Q20/21 from KWD2.2mn in 1Q19/20 on the back of the reversal of the provision taken on EQUATE dividend.

# Core Investment Income Shrank to KWD2.35m in 1Q20/21

Amounts in KWD, thousands



During 4Q19/20, BPC had to estimate Nafais' earnings as they had not been published. The estimate turned out to be lower than actual figures, hence the difference was recorded as an additional profit during 1Q20/21

\* = Other Core Investment Income includes EDU, EYAS, and Awazel

Q&A

Thank you



شركة بوبيان للبتروكيماويات (ش.م.ك.)

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