



# Boubyan Petrochemical Company

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



شركة بوبيان للبتروكيماويات (ك.س.ج)

Boubyan Petrochemical Company (K.S.C)

# Boubyan Petrochemical Company – 2Q20/21 results

## Business Highlights

- During 2Q20/21, Boubyan's investments witnessed a gradual recovery from the economic downturn that resulted from the pandemic during the previous quarter.
- Boubyan received the outstanding amount of Equate Group's dividend – resulting in reversal of the remaining portion of the provision that was taken in FY2019/20

## Financial Highlights

- Boubyan reported net income of KWD2.6mn in 2Q20/21 compared to KWD1.1mn in 2Q19/20 (*EPS of 5.12 fils in 2Q20/21 vs 2.19 fils in 2Q19/20*)
- The investment portfolio value reached KWD450.6mn as of 2Q20/21 where the core investments (excluding Equate) accounted for 22.5% of the portfolio



# Core Investments Updates



- In 4Q19/20, EDU reported a net income of KWD1.5mn, compared to KWD1.7 in FY2019
- The slight decline in net income during the quarter was due to the Ministry of Education's decision to reduce school tuition fees for the 2<sup>nd</sup> half of the school calendar due to the ongoing pandemic.



- EYAS reported a net income of KWD355K in 4Q20 compared to KWD601K in 4Q19
- The decline in income was due to the pandemic restrictions that prevented the university from offering a summer term until end of July 2020



- In 3Q20, Nafais' net income decreased to KWD2.7mn from KWD3.5mn during the same period last year.
- The decline was a result of a sharp decrease in other income, which was mainly from a gain in a sale of an asset last year.

# Core Investments Updates



- Al Borg maintained its strong growth this quarter, as it reported a net income of SAR55.5mn in 3Q20, up 2.5x from SAR22.0mn in 3Q19. The main reasons for the surge in profits are increased revenues in KSA and UAE from COVID-19 testing.
- Al Borg continued to improve its regional performance during the quarter, as it witnessed revenue growth in KSA, UAE, Bahrain, and Oman



- AlKout reported net income of KWD1.0mn in 3Q20, compared to KWD1.4mn in 3Q19. This decline was driven by a decrease in sales of Chloralkali as a result of continued border closures and a decline in commodity prices i.e. caustic soda



- Muna Noor's net losses reached OMR0.26mn as of 2Q20/21, compared to income of OMR0.13mn in 2Q19/20, mainly due to significant decline in revenues as a result of plant shutdowns from the pandemic. However, Muna Noor was able to reduce its administrative expenses during the quarter, which enabled it to minimize the economic effects of the pandemic

# Boubyan's Investment Portfolio Reached KWD451mn as of 2Q20/21

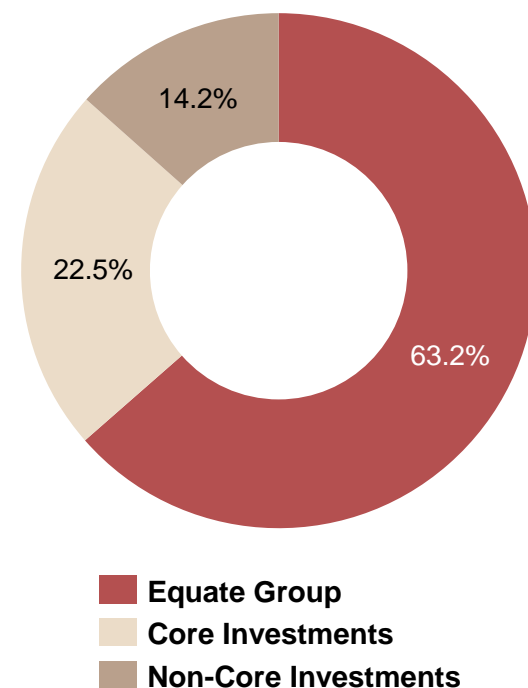
Amounts in KWD, millions

EQUATE Group	Ownership	Carrying Value
EQUATE	9.0%	161.5
The Kuwait Olefins Company (TKOC)	9.0%	123.4
<b>EQUATE Group Total</b>		<b>284.9</b>

Core Investments	Ownership	Carrying Value
EDU	83.1%	30.3
Al Kout	54.2%	13.6
EYAS	55.6%	29.7
NAFAIS	21.1%	10.0
Awazel	20.8%	4.3
Al Borg	25.1%	4.8
Muna Noor	100.0%	7.8
<b>Total Core Investments</b>		<b>101.5</b>

<b>Total Non-Core Investments</b>	<b>64.1</b>
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<b>Total Investment Portfolio</b>	<b>450.6</b>
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# Boubyan achieved a net income of KWD2.6mn in 2Q20/21 compared to KWD1.1mn in 2Q19/20

*KWD, thousands*

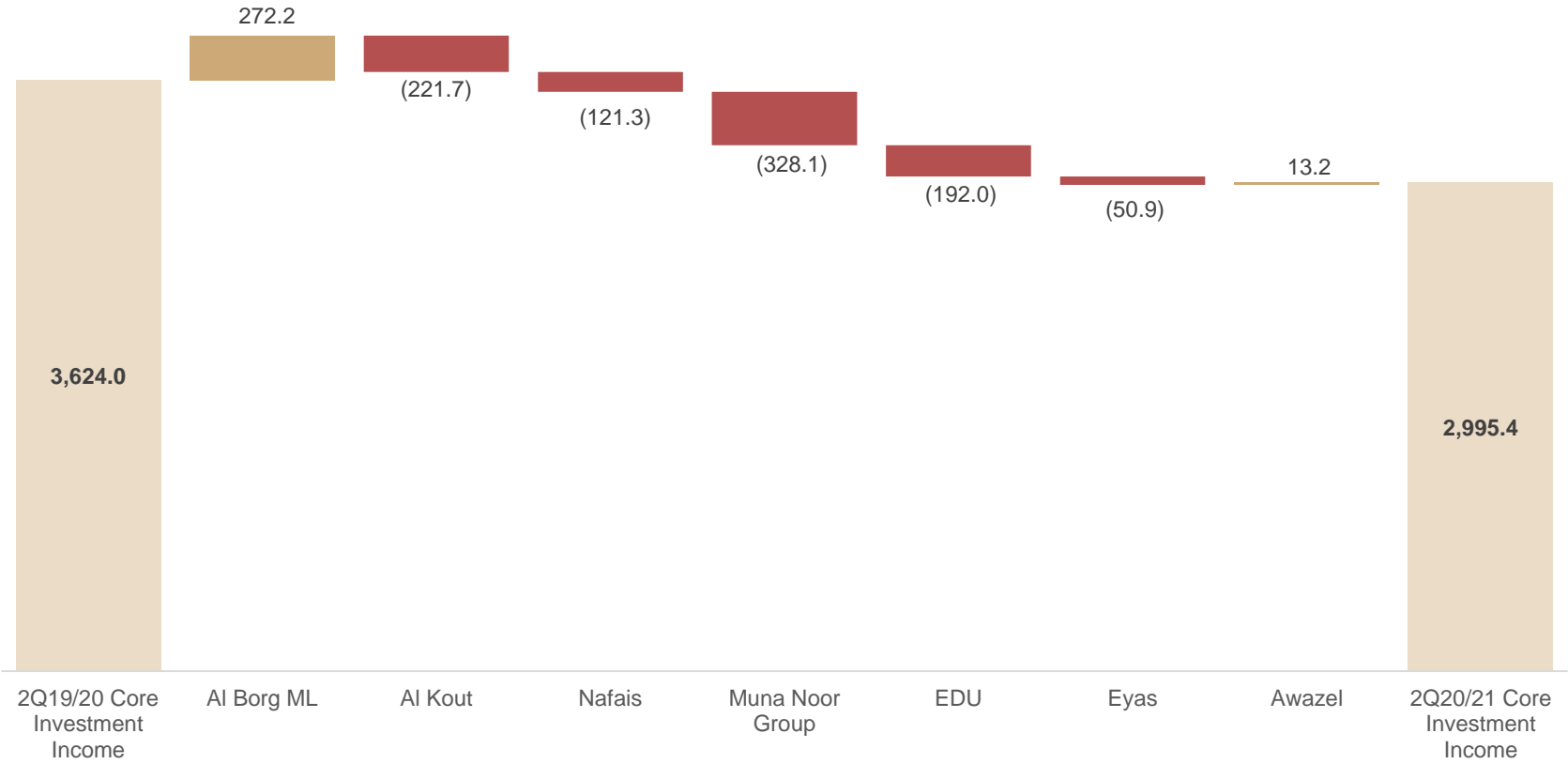
	<b>KWD, thousands</b>		<b>EPS Contribution (fils)</b>	
	<b>2Q20/21</b>	<b>2Q19/20</b>	<b>2Q20/21</b>	<b>2Q19/20</b>
<b>Income</b>				
Al Borg ML	696.3	424.1	1.38	0.82
Al Kout	551.4	773.1	1.09	1.49
Nafais	625.2	746.5	1.24	1.44
Muna Noor Group	(227.4)	100.7	(0.45)	0.19
EDU	1,218.0	1,410.4	2.41	2.71
Eyas	73.4	124.3	0.15	0.24
Awazel	58.5	45.3	0.12	0.09
<b>Total Core Investments Income</b>	<b>2,995.4</b>	<b>3,624.0</b>	<b>5.94</b>	<b>6.98</b>
Total Non-Core Investments Income	(179.2)	399.0	(0.36)	0.77
<i>Reversal of EQUATE dividend provision</i>	<i>6,969.6</i>	<i>-</i>	<i>13.82</i>	<i>-</i>
Other Income	39.8	-	0.08	-
Foreign Exchange Gain (Loss)	12.1	-	0.02	-
Increase in Portfolio Fair Value	(165.6)	(116.1)	(0.33)	(0.22)
<b>Total Other Income</b>	<b>51.9</b>	<b>(116.1)</b>	<b>(0.23)</b>	<b>(0.22)</b>
<b>Total Income</b>	<b>9,672.0</b>	<b>3,906.9</b>	<b>19.17</b>	<b>7.53</b>
<b>Expenses</b>				
Finance Cost	(1,142.8)	(2,270.3)	(2.27)	(4.37)
G&A Expenses	(240.2)	(210.2)	(0.48)	(0.40)
Staff Expenses	(127.9)	(121.4)	(0.25)	(0.23)
Impairments	(5,555.5)	-	(11.01)	-
Board & Govt. Fees/Taxes	(21.5)	(10.5)	(0.04)	(0.02)
<b>Total Expenses</b>	<b>(7,087.9)</b>	<b>(2,601.9)</b>	<b>(14.05)</b>	<b>(5.01)</b>
<b>Net Income</b>	<b>2,584.1</b>	<b>1,122.3</b>	<b>5.12</b>	<b>2.19</b>

## Commentary

- During FY2019/20, Boubyan recognized a loss allowance of KWD8.7m against dividends receivable from Equate and TKOC. However, in 1H20/21, Boubyan received the full dividend income from Equate and TKOC, and therefore has reversed the entire provision of KWD8.7m (KWD1.7m during 1Q20/21 and KWD7.0m during 2Q20/21)
- Core investments income declined to KWD2.4mn in 2Q20/21 from KWD3.6mn during the same period last year
- Net income grew to KWD2.6mn in 2Q20/21 from KWD1.1mn in 2Q19/20 on the back of the reversal of the provision taken on EQUATE dividend
- Awazel's 2Q20/21 income includes 1Q20/21 income, as it had not yet disclosed its quarterly figures by the time we announced our 1Q20/21 results. Hence, we booked Awazel's 1H20/21 income this quarter

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

Amounts in KWD, thousands



Q&A

Thank you



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