



# Boubyan Petrochemical Company

## Investor Update – 30 April 2020 results



شركة بوبيان للبتروكيماويات (ش.م.ك.)

Boubyan Petrochemical Company (K.S.C)

## Business highlights

- Resilient financial performance across Boubyan's investments that continued to support the company's 2020 vision during FY19/20
- In FY19/20, Boubyan completed three successful divestments resulting in KWD1.9mn in profits
- Boubyan subscribed to the capital increase of Warba Capital and was allocated 27.9 million shares. In Mar-20, Boubyan acquired an additional stake of 1.39%, thus increasing its ownership to 50.26% and reclassifying Warba from an associate to a subsidiary
- Boubyan reached a settlement with AlBorg shareholders and received an additional stake of 1.125%

## Financial highlights

- Boubyan achieved net income of KWD11.8mn in FY19/20 compared to KWD10.5mn in FY18/19
- Reported EPS for FY19/20 is 23.1 fils per share, compared to EPS of 20.3 fils per share in FY18/19
- The investment portfolio value reached KWD455.5mn as of FY19/20 where the core investments (excluding EQUATE) accounted for 23% of the portfolio



# Core Investments Updates (1/2)



- EQUATE reported US\$3.3bn (KWD1.bn) in revenues in FY19, a decline of 31% from FY18.
- Ethylene Glycole (EG) and Polyethylene (PE) prices in 2019 declined by 36% and 20%, respectively, compared to 2018
- EBITDA margin > 36%, and net profits of US\$0.6bn (KWD0.2bn) in FY19



- AlKout reported net profits of KWD4.8mn in FY2019, compared to KWD6.3mn in FY2019
- Signed 6 new tenders for several projects with the Ministry of Electricity and Water with for a total consideration of KWD15.0mn in 2019
- In Mar-20, signed a US\$7.7mn (KWD2.3mn) contract with Rawabi Marketing International Company in KSA to supply 70mn kgm of hydrochloric acid



- In FY18/19, EDU's bottom line reached KWD8.0mn, compared to a loss of KWD1.5mn in FY17/18 (the loss was due to the KWD7.7mn in provisions taken in FY17/18)
- Continued strong profitability during the fiscal year 19/20, as of 1H19/20 EDU achieved a net profits of KWD4.4mn, compared to KWD3.8mn during the same period last year



- EYAS reported net profits of KWD8.4mn in FY18/19, compared to KWD5.7mn in FY17/18
- As of 1H19/20, EYAS's net profits reached KWD4.8mn, compared to KWD4.6mn in 1H18/19
- GUST: Despite the unforeseen circumstances due to COVID-19 and the universities mandatory closures, students were able to continue their education through online learning and virtual classes

# Core Investments Updates (2/2)



- Nafais revenues increased of KWD47.5mn in FY19 from KWD45.8mn in FY18
- Reported net profits reached KWD12.1mn in FY19, compared to KWD11.4mn in FY18



- Achieved significant improvements as the company continues to focus on production efficiency. This resulted in a reduction in scrap and downtime and a better raw material spread
- Net losses shrank from OMR2.6mn in FY18/19 to OMR0.5mn in FY19/20



مختبرات البرج الطبية  
Al Borg Medical Laboratories

- AlBorg financial performance improved as the company continues to focus on its regional presence and the B2B segment
- Net profits grew by 31% to reach SAR49.4mn in FY19 compared to SAR37.7mn in FY18



- The company continued to improve its operating efficiencies during the year
- Awazel net profits grew by 9.0% to SAR25.5mn in FY19/20 compared to FY23.4mn in FY18/19

# Boubyan's investment portfolio reached KWD456mn as of FY2019/20

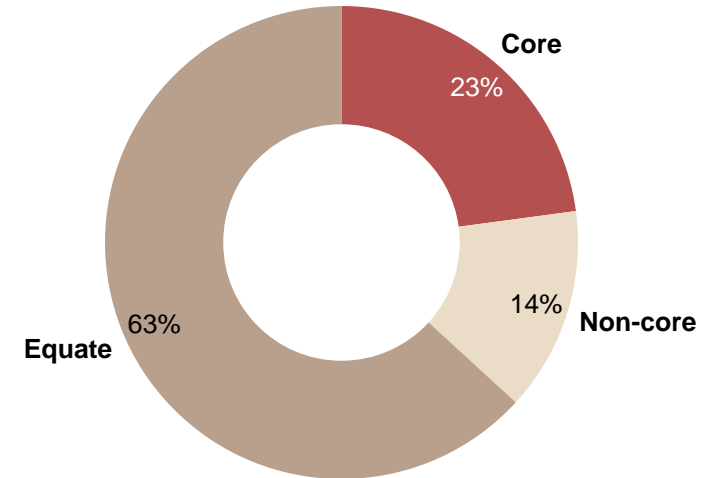
Amounts in KWD, millions

EQUATE	Ownership	Carrying Value
EQUATE	9.0%	163.1
The Kuwait Olefins Company (TKOC)	9.0%	124.7
<b>The Equate group</b>		<b>287.8</b>

Core Investments	Ownership	Carrying Value
EYAS	55.6%	29.1
EDU	83.1%	25.1
Al Kout	54.1%	22.1
Muna Noor	100.0%	10.4
NAFAIS	21.1%	10.0
Awazel	20.8%	4.3
Al Borg	25.1%	3.2
<b>Total core investments</b>		<b>104.2</b>

<b>Total non-core investments</b>	<b>63.5</b>
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<b>Total investment portfolio</b>	<b>455.5</b>
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# Boubyan recorded pre-provisions net income of KWD27.0mn in FY19/20

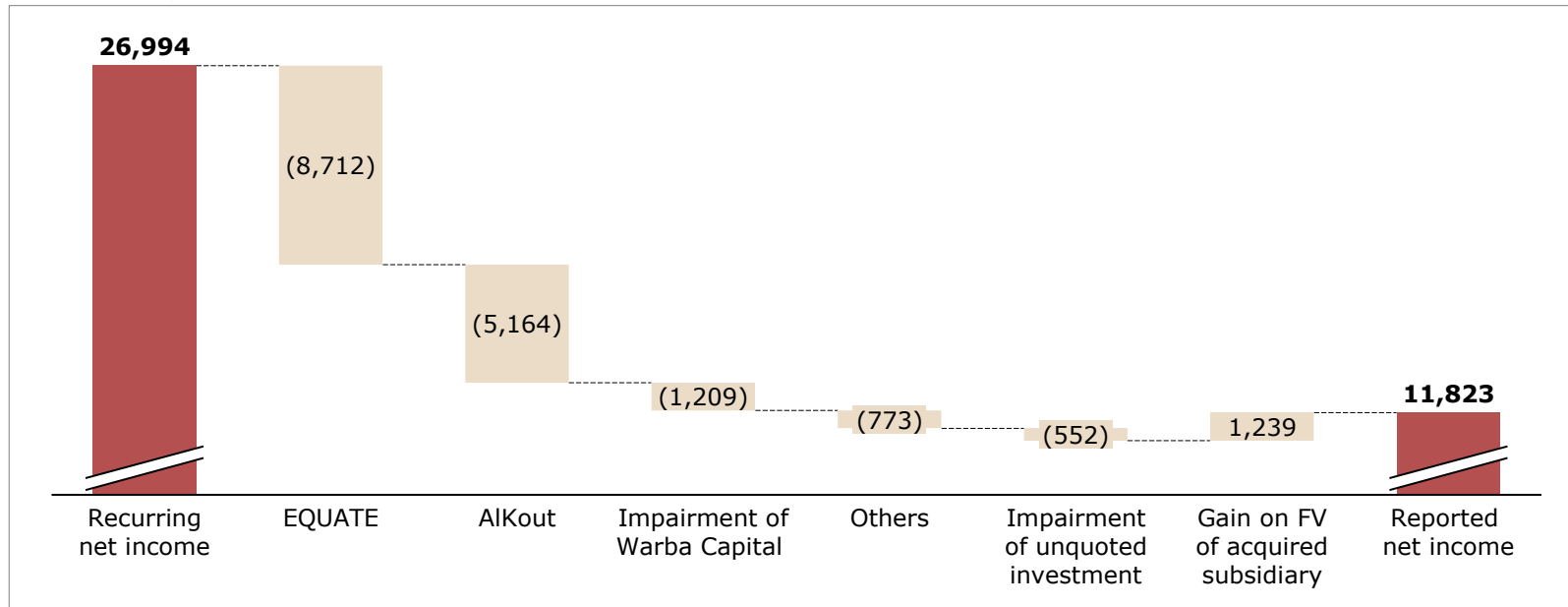
<i>Income (KWD, thousands)</i>			EPS Contribution	
	FY18/19	FY19/20	FY18/19	FY19/20
<b>EQUATE</b>	42,448.9	17,423.9	81.7	34.1
EDU	5,916.4	6,868.5	11.4	13.4
Al-Kout	3,056.4	2,623.3	5.9	5.1
Nafais	2,055.7	1,928.6	4.0	3.8
EYAS	1,523.0	1,778.9	2.9	3.5
Al Borg	652.8	831.9	1.3	1.6
Awazel	315.9	441.0	0.6	0.9
Muna Noor Group	(2,068.1)	(428.8)	(4.0)	(0.8)
<b>Total core investments</b>	<b>11,452.1</b>	<b>14,043.5</b>	<b>22.0</b>	<b>27.5</b>
<b>Total non-core investments</b>	<b>2,481.1</b>	<b>2,470.7</b>	<b>4.8</b>	<b>4.8</b>
Gain on sale of investments	924.1	1,882.7	1.8	3.7
Compensation from AlBorg	-	639.4	-	1.4
Other income	144.1	271.1	0.3	0.5
Forex exchange	31.3	86.2	0.1	0.2
Increase in portfolio fair values	149.4	-	0.3	-
<b>Total other income</b>	<b>1,248.9</b>	<b>2,933.4</b>	<b>2.4</b>	<b>5.7</b>
<b>Total income</b>	<b>57,630.9</b>	<b>36,871.5</b>	<b>110.9</b>	<b>72.1</b>
Finance Cost	(7,537.0)	(8,022.4)	(14.5)	(15.7)
Staff expenses	(255.7)	(490.3)	(0.5)	(1.0)
G&A Expenses	(1,179.6)	(1,149.6)	(2.3)	(2.2)
Board & govt. fees/Taxes	(621.7)	(215.2)	(1.2)	(0.4)
<b>Total expenses</b>	<b>(9,594.0)</b>	<b>(9,877.6)</b>	<b>(18.5)</b>	<b>(19.3)</b>
<b>Recurring net income</b>	<b>48,036.9</b>	<b>26,993.9</b>	<b>92.5</b>	<b>52.8</b>

## Commentary

- Boubyan's recurring net income was primarily impacted by the decline in EQUATE's dividends from KWD42.4mn in FY18/19 to KWD17.4mn in FY19/20
- Nonetheless, core investments continues to achieve higher earnings on the back of the continuous improvements in operational efficiencies. Core investments income reached KWD14.0mn in FY19/20
- Boubyan's investments in the education sector achieved strong results in FY19/20 (EDU, EYAS and Nafais)
- Boubyan's total other income increased to KWD2.9mn in FY19/20 supported by the successful divestments during the year
- Reported net income, after provisions, grew to KWD11.8mn in FY19/20 from KWD10.5mn in FY18/19

# Boubyan achieved reported net income of KWD11.8mn in FY19/20

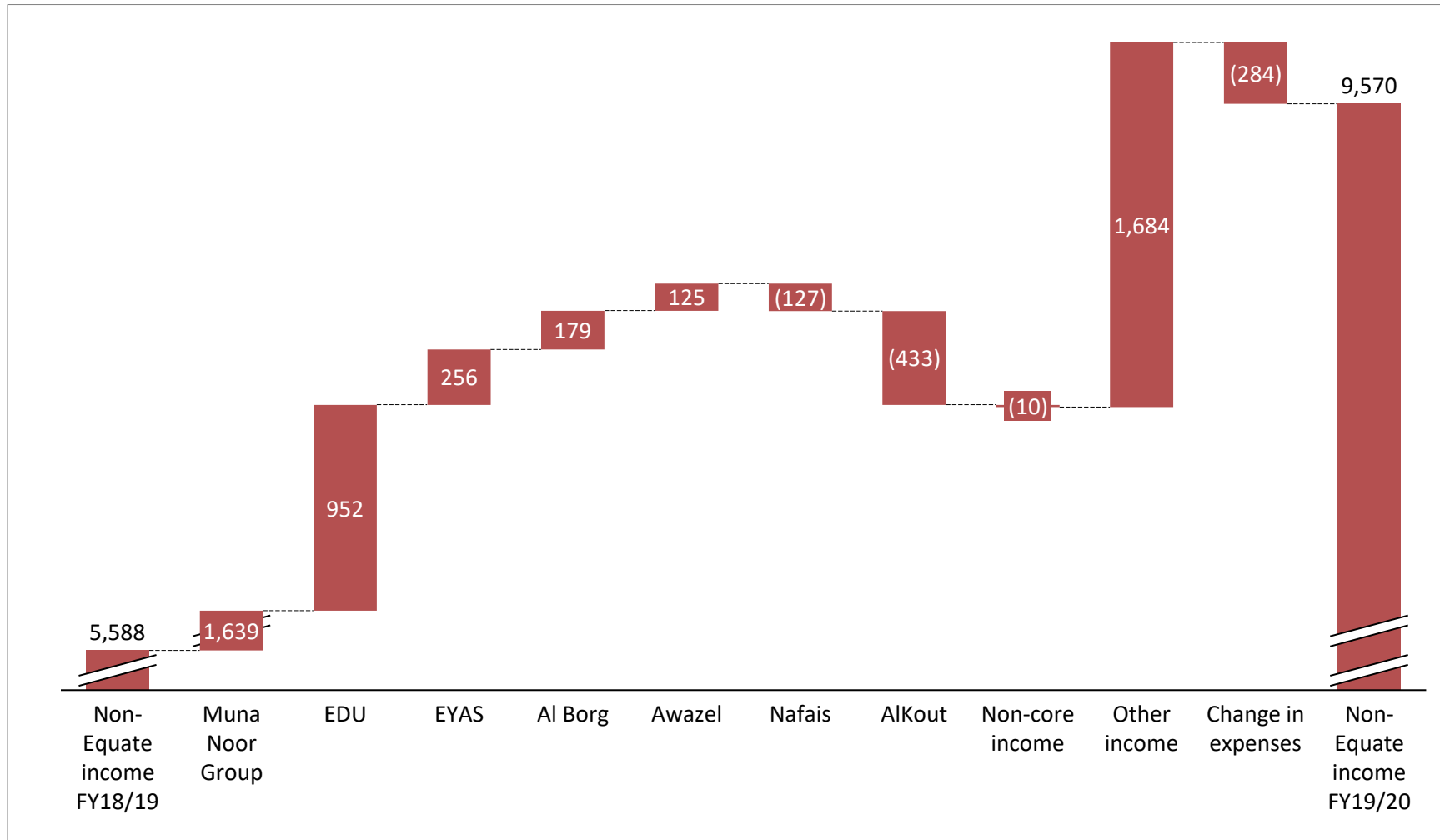
Amounts in KWD, thousands



- In line with Boubyan’s conservative strategy, the following provisions and impairments were booked during the year:
  - EQUATE: the payment of dividends from EQUATE was delayed this year (normally scheduled during April) thus BPC decided to book a provision of KWD8.7mn
  - AIKout goodwill provision of KWD3.28mn & impairment of an associate in AIKout KD1.88mn
  - Warba Capital (as an associate) impairment due to the decline in its fair value
  - Boubyan took impairments as well on some of its unquoted investments
  - The gain on fair value of previously held interest in the acquired subsidiary - Warba Capital

# Boubyan's income from its non-Equate investments continues to grow in line with the company's strategy

Amounts in KWD, Thousands





Q&A

Thank you



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Boubyan Petrochemical Company (K.S.C)