



Date: 12/08/2024

إشارة: ALG/CO/71/2024

التاريخ: 2024/08/12

Dear Boursa Kuwait Company
Greeting,

السادة/ شركة بورصة الكويت المحترمين
تحية طيبة وبعد،

Subject: Analysts / Investors Conference
Transcript for The Q2 of the FY 2024

الموضوع: محضر مؤتمر المحللين / المستثمرين
للربع الثاني من السنة المالية 2024

With reference to the above subject, and in the interest of Ali Alghanim Sons Automotive Company (ALG) to adhering with requirements of article No. (7-8-1/4) of Boursa Kuwait Rulebook. Kindly find attached the Analysts/ Investors Conference Transcript for the Q2 of the financial year ended 2024.

بالإشارة إلى الموضوع أعلاه، وحرصاً من شركة أولاد علي الغانم للسيارات (الغانم) على الإلتزام بمتطلبات المادة رقم (7-8-1/4) من كتاب قواعد البورصة، نرفق لكم محضر مؤتمر المحللين/ المستثمرين للربع الثاني من السنة المالية 2024.

Sincerely yours,

وتفضلوا بقبول فائق التحية والإحترام،

يوسف عبدالله القطامي
Vice Chairman
& CEO
نائب رئيس مجلس الإدارة
والرئيس التنفيذي





شركة أولاد علي الغانم للسيارات ش.م.ك.ع
Ali Alghanim Sons Automotive Company K.S.C.P

**Analysts/ Investors Conference Transcript
for Q2 of the Financial Year 2024**



Analysts / Investors Conference Transcript

For Q2 of the Financial Year 2024

Ali Alghanim Sons Automotive Company

Analysts/Investors Conference Transcript for Q2 of the Financial Year 2024 of Ali Alghanim Sons Automotive Company held on Thursday 08/08/2024.

Participants of Ali Alghanim Sons Automotive Company:

Mr. Yousef Al Qatami – Vice Chairman and CEO.

Mr. Chavijit Singh Bawa - Chief Financial Officer.

Mr. Yousef Mustafa - Managing Director - Ali Alghanim & Sons Automotive Company.

Chairperson:

EFG Hermes.

Mr. Ahmed Moataz.



Ahmed Moataz

Hello, everyone. This is Ahmed Moataz from EFG HERMS, and welcome to Ali Alghanim Sons Automotive Second Quarter of '24 Results Conference call. I'm pleased to be joined from the management team with Yousef Al Qatami, Vice Chairman and CEO; Chavijit Bawa, CFO; and Yousef Mustafa, Managing Director.

The company, as usual, starts with a brief presentation, and then we'll open the floor for Q&A. Gentlemen, please go ahead.

Yousef Mustafa

Thank you. Good day to you all. Thanks for attending the call. Today we're going to take you through the results of the first half of 2024.

Overall, there is no change in the board of directors and the executive management team. Hence, I'm going to jump directly to the company overview. We have managed to achieve a revenue of 66.23 million in Kuwaiti dinars in quarter 2, 2024, with a net profit of 9.49 million for the quarter Kuwaiti dinars. The total revenue grew to 130 million Kuwaiti dinars in the first half of the year, and then a profit for the first half of 16.9 million Kuwaiti dinars.

The revenue split is very similar to what we're usually having in our business. However, there was a growth in the used car sales, a positive growth in the used car sales. It constituted around 7% of the total revenue. And obviously, the renting and leasing doubled from 1% to 2% approximately for the first half.

In terms of the financial overview, revenue-wise, as mentioned, the growth quarter-on-quarter versus last year is around 3.08% for the quarter and first half versus first half last year, 2.16%. In terms of net profit, the growth quarter-on-quarter is 7.15% and for the first half, 9.73% versus the same period last year.

Profit attributed to equity holders, healthy growth of 6.95% versus last year same quarter. And in terms of the first half versus last year same period is 6.28% increase. Earnings per share attributed to equity holders, there is a growth of 7% quarter-on-quarter and 6.31% first half versus the same period last year.

The revenue, as mentioned a bit in details in terms of the income statement, the revenue growth is very healthy. And also, our gross profit was maintained at the same levels of last year first half. And in terms of the quarter, also very strong total gross profit and net profit. The performance in the company on all cylinders is doing extremely well.

So that's the year to date numbers. We're going to get to a bit of details in terms of ratios, but the gross profit maintained in terms of percentage, at the same percentage from revenue and there is growth obviously in it. And you will see that the net profit in terms of percentage grew, displaying better efficiency in running the business the more we grow.

In terms of balance sheet, very healthy balance sheet. We have, obviously, a little bit of growth in terms of assets and our inventory is growing to healthier levels to cater to the demand. What we have kept mentioning that the more inventory we have, the better results we're going to end up showing is reflected in this quarter also as inventory levels are improving and we can deliver the demand that we're facing from the market at better levels.

Cash from operating activities, as you can see, very healthy, 21.4 million in June '24 end in comparison to 20.779 in June '23 end. A very strong performance. Also, in terms of a change in working capital, as you can see here, that's what I alluded to, there is a change in working capital which is helping us pump more profit, and hopefully it will be shown also in the quarters to come.

All our ratios are trending positive, very strong and healthy balance sheet and income statement. Cash flow reflected here within the ratios. And again, I just want to highlight because these are questions that we've been asked in the last few quarters that hopefully with inventory going back to normal, are we expecting any pressure on margins. As you can see, like we kept reiterating, the quarters that passed, our gross profit margin is maintained at the same level, and our net profit margin even enhanced year to date, June versus last year same period.



The strong performance is not only ahead of whatever forecast we have announced during the memorandum that published during the listing time, not only that, it's also quarterly wise, it was our highest ever quarter in net profit and net profit attributed to equity holders since listing. We had questions in the first quarter, mentioning that our profit in first quarter was a little bit less than quarter four last year. And we said that usually first quarter is not one of the strongest for a few reasons. One of them is, for example, the change in the model year of the models that we're selling; hence, we would end up ordering less cars and selling less. And this quarter is proof that the performance is as promised on track, and we're very confident of the results of the company.

And I will leave it now open for any questions, if anyone has any.

Ahmed Moataz

Thank you very much. To all participants on the call, if you wish to ask questions, you can either send them through the Q&A, or you can use the raise hand function.

So there are two questions. I'll take them one by one, easier. The first one is if you can give us an update on the Egyptian operations given the current turbulent economic conditions. And the second is if you can update us on your current backlog overall.

Yousef Mustafa

I'll start with the second part. In terms of backlog, we still do have pockets of backlogs within some of the models from two of the brands, BMW, Land Rover, and obviously Rolls Royce, there is a backlog, a big one. But in general, the supply is good, as you can see, the increase in revenue and obviously the increase in profit. And most of the growth that you saw and the profit is coming from cars that were not severely backlogged anyway. So we really positive with regards to how healthy the demand in the market for our products and services is. But in general, we do have a little bit of backlog in both BMW and Land Rover and Rolls Royce. And I will leave the first part to Yousef Al Qatami to comment on Egypt operation.

Yousef Al Qatami

In terms of Egypt, as you can see, the share of results was positive. There was a decline in the currency because of the adjustment that happened. At the same time, we also had dollar positions that were unutilized, and this kind of made up for it.

Now, with these positive share and results, we already took the hit of the currency, so we look at that as a positive sign. The operations are going back to normal. There was a stop in the sales of the Egyptian market in general, in, let's say, end of March towards April and May, because they were waiting for the currencies to adjust, and the market as a whole was waiting for that. And, we're almost back to normal. And as you can see from the share of results, we're withstanding that, and we're moving forward.

Ahmed Moataz

Thank you. Faisal Hussein has asked two questions. The number one is your expectations when it comes to revenue from Iraq. And the second is, do you have any plans to expand in other countries, and if so, what's the expected Capex for it?

Yousef Al Qatami

There are plans that we are continuously studying, as you can see from our track record. Nothing that we can announce so far. But yes, we're looking into opportunities everywhere.

In terms of Iraq, is doing very well. Of course, Iraq is not part of the share of the share of results. It's consolidated. But they're doing very well, and we're expanding our footprint in Iraq with a couple of new showrooms and 3S facilities within the next two years.



Ahmed Moataz

Thank you. We currently have no further questions. Final reminder to everyone, if you wish to ask questions, please either send them through the Q&A, or alternatively, you can use the raise hand function.

There is one final question for the time being that we've received, if you can comment on how the costs for logistics have been faring recently, is it normalizing? Is it higher than last year? And your expectations in the coming period,

Yousef Al Qatami

The cost of logistics has gone up. However, this is all part of our costing anyway, and our margins are based on the increased costing. It seems that it's stabilizing now and little bit going down, but it's something that we'll have to wait and see and monitor. However, we've been managing that. And as you can see from the results, our margins and our sales include that anyway, and we've achieved the numbers.

Ahmed Moataz

Thanks a lot. We haven't received any questions, nor has anyone requested to raise their hands for audio questions as well, so I'll pass it back to you if you have any concluding remarks. Otherwise, we can conclude the call.

Yousef Al Qatami

Thank you. Thank you, everyone, for joining, and let's hope for a better third quarter.

Ahmed Moataz

Thank you very much to the company and to all participants. This concludes today's call. Have a good rest of the day, everyone.



Ali Alghanim Sons Automotive Company K.S.C.P.

Analyst Conference

Q2 2024

August 8th 2024



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AGENDA

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BOARD OF DIRECTORS AND
EXECUTIVE MANAGEMENT TEAM

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BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

BOARD OF DIRECTORS



Eng. Fahad Ali Alghanim
Chairman
Non - Executive



Mr. Yousef Al Qatami
Vice Chairman and CEO
Executive



Mr. Ali Marzouq Alghanim
Member of the Board
Non - Executive



Mr. Mohammad Khaled Alghanim
Member of the Board
Non - Executive



Mr. Ali Abduljaleel Behbehani
Member of the Board
Non - Executive



Mr. Ahmad Meshari Abdulwahab Al-Fares
Member of the Board
Independent Director



Mr. Jehad Mohammad Ahmed Al-Qabandi
Member of the Board
Independent Director

EXECUTIVE MANAGEMENT TEAM



Mr. Yousef Al Qatami
Chief Executive Officer



Mr. Chavijit Singh Bawa
Chief Financial Officer



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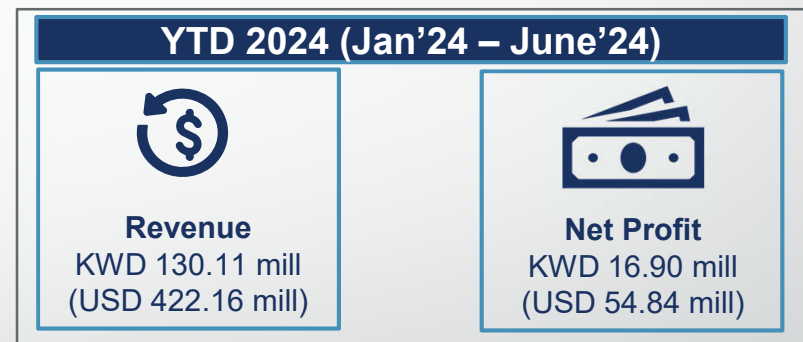
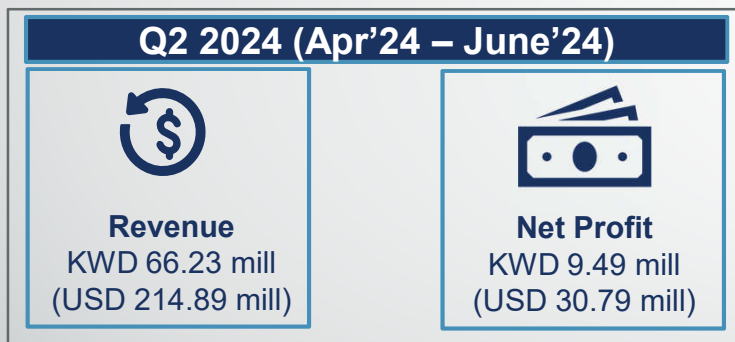
COMPANY OVERVIEW

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COMPANY OVERVIEW: PERFORMANCE HIGHLIGHTS

A large-scale Kuwaiti shareholding company comprising of a group of automotive businesses that supply the Kuwaiti market, and some of the Arab Markets, with the finest international automotive brands and services.

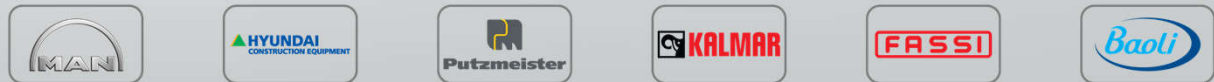


Brands: Ali Alghanim Sons Automotive deals with numerous brands in the category of Passenger Cars, Heavy Commercial Equipment and Auto parts

Passenger Cars



Heavy Commercial Equipment



Auto Parts



REVENUE BREAKDOWN (H1 2024)



Passenger Cars	After Sales	Used Cars	Commercial Heavy Equipment																
<ul style="list-style-type: none"> • BMW • Land Rover • Rolls Royce • McLaren • MINI • Geely • Great Wall • Haval <div style="text-align: right;"> <p>Revenue</p> <table border="1"> <tr><td>H1 24</td></tr> <tr><td>74%</td></tr> <tr><td>H1 23</td></tr> <tr><td>78%</td></tr> </table> </div>	H1 24	74%	H1 23	78%	<ul style="list-style-type: none"> • Service • Body Shop • Parts and Accessories <div style="text-align: right;"> <p>Revenue</p> <table border="1"> <tr><td>H1 24</td></tr> <tr><td>11%</td></tr> <tr><td>H1 23</td></tr> <tr><td>11%</td></tr> </table> </div>	H1 24	11%	H1 23	11%	<ul style="list-style-type: none"> • BMW • Land Rover • MINI • Geely • Haval <div style="text-align: right;"> <p>Revenue</p> <table border="1"> <tr><td>H1 24</td></tr> <tr><td>7%</td></tr> <tr><td>H1 23</td></tr> <tr><td>4%</td></tr> </table> </div>	H1 24	7%	H1 23	4%	<ul style="list-style-type: none"> • MAN Truck & Bus • Putzmeister • Hyundai • Baoli • Fassi • Service & Parts <div style="text-align: right;"> <p>Revenue</p> <table border="1"> <tr><td>H1 24</td></tr> <tr><td>3%</td></tr> <tr><td>H1 23</td></tr> <tr><td>3%</td></tr> </table> </div>	H1 24	3%	H1 23	3%
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Rental and Leasing	Synergistic Lines		Technology Initiatives																
<ul style="list-style-type: none"> • Renting among the available selection of affordable, luxury and ultra luxury vehicles • Leasing of vehicles <div style="text-align: right;"> <p>Revenue</p> <table border="1"> <tr><td>H1 24</td></tr> <tr><td>2%</td></tr> <tr><td>H1 23</td></tr> <tr><td>1%</td></tr> </table> </div>	H1 24	2%	H1 23	1%	<ul style="list-style-type: none"> • Sale of Aftermarket Products: <ul style="list-style-type: none"> • Tires – Sumitomo, Roadstone, Kinforest • Lubricants – Liquimoly • Batteries – Exide, Livguard • Sparkplugs – NGK • Finance & Insurance • Technical inspections and renewal of vehicle registration for all types of passenger cars <div style="text-align: right;"> <p>Revenue</p> <table border="1"> <tr><td>H1 24</td></tr> <tr><td>2%</td></tr> <tr><td>H1 23</td></tr> <tr><td>2%</td></tr> </table> </div>	H1 24	2%	H1 23	2%		<ul style="list-style-type: none"> • Luxury car booking service (Rove) <div style="text-align: right;"> <p>Revenue</p> <table border="1"> <tr><td>H1 24</td></tr> <tr><td>1%</td></tr> <tr><td>H1 23</td></tr> <tr><td>1%</td></tr> </table> </div>	H1 24	1%	H1 23	1%				
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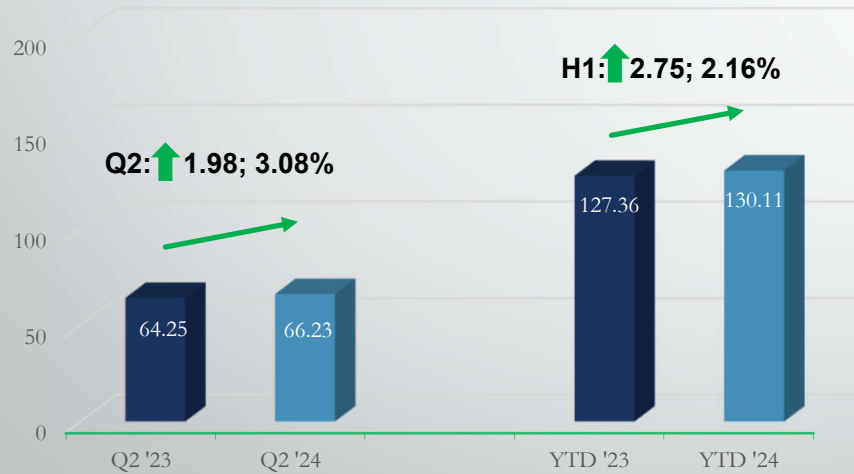
FINANCIAL OVERVIEW

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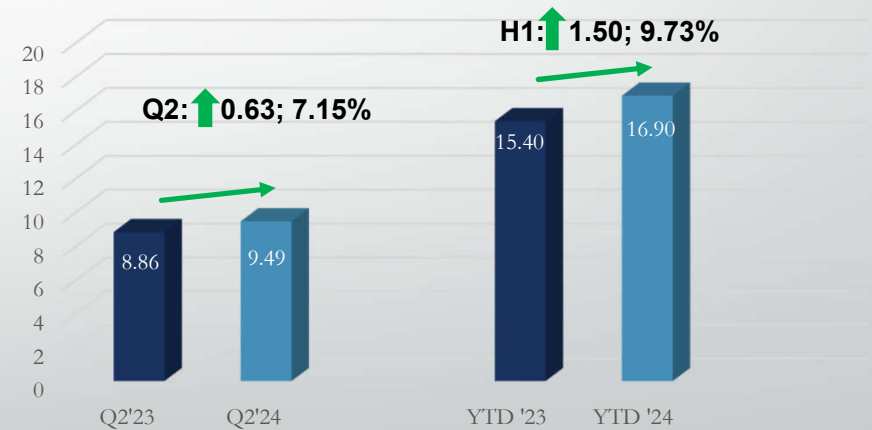


FINANCIAL OVERVIEW: Q2 2024 & H1 2024

Revenue
(in KWD Million)



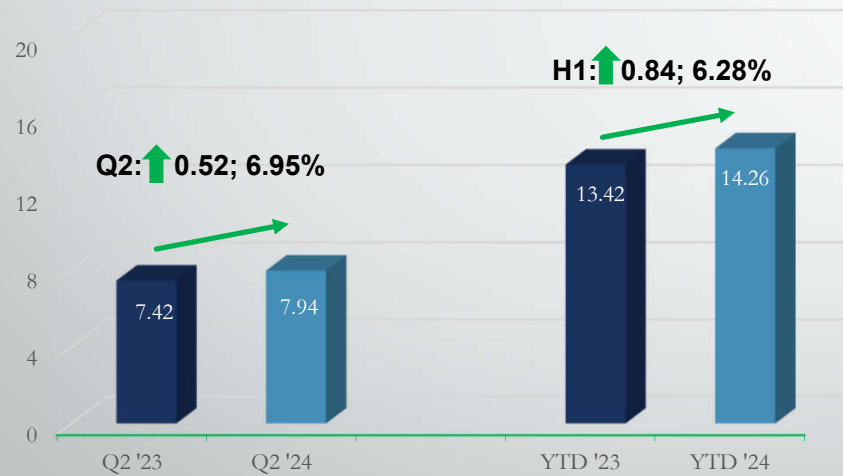
Net Profit
(in KWD Million)



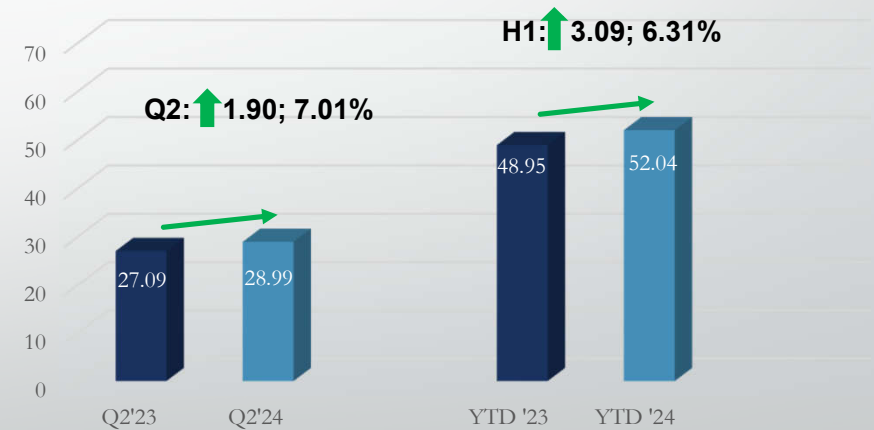


FINANCIAL OVERVIEW: Q2 2024 & H1 2024

**Profit attributable to equity holders
(in KWD Million)**



**Earnings per share attributable to
equity holders (in FILS)**



INCOME STATEMENT – Q2 2024

Amount in KWD

INCOME STATEMENT	Q2'24	Q2'23	CHANGE
REVENUE	66,226,732	64,246,217	3.08%
Cost of sales and services rendered	(49,657,495)	(48,423,950)	2.55%
GROSS PROFIT	16,569,237	15,822,267	4.72%
Share of results of equity-accounted investees	1,342,171	1,729,788	(22.41)%
Net Expenses (S&D, Admin & Others)	(8,416,703)	(8,690,554)	(3.15)%
NET PROFIT	9,494,705	8,861,501	7.15%
Profit attributable to equity holders of parent company	7,941,129	7,424,864	6.95%
EARNINGS PER SHARE	28.99	27.09	7.01%



INCOME STATEMENT – YTD 2024(JAN-JUNE)

Amount in KWD

INCOME STATEMENT	YTD June '24	YTD June '23	CHANGE
REVENUE	130,114,140	127,358,518	2.16%
Cost of sales and services rendered	(98,385,433)	(96,300,861)	2.16%
GROSS PROFIT	31,728,707	31,057,657	2.16%
Share of results of equity-accounted investees	1,873,259	1,496,790	25.15%
Net Expenses (S&D, Admin & Others)	(16,700,712)	(17,152,303)	(2.63)%
NET PROFIT	16,901,254	15,402,144	9.73%
Profit attributable to equity holders of parent company	14,257,697	13,415,468	6.28%
EARNINGS PER SHARE	52.04	48.95	6.31%



BALANCE SHEET

Amount in KWD

BALANCE SHEET	June'24	Dec'23	CHANGE
ASSETS			
Property, plant, and equipment	113,487,915	109,949,266	3.22%
Other Non-Current assets	13,460,049	13,920,455	(3.31)%
Current assets	109,629,236	99,312,747	10.39%
TOTAL ASSETS	236,577,200	223,182,468	6.00%
Equity and Liability			
TOTAL EQUITY	92,110,904	92,428,822	(0.34)%
Non-current liabilities	58,124,247	51,277,462	13.35%
Current liabilities	86,342,049	79,476,184	8.64%
TOTAL LIABILITY	144,466,296	130,753,646	10.49%
Total Equity and Liabilities	236,577,200	223,182,468	6.00%

CASH FLOW STATEMENT

Amount in KWD

CASH FLOW STATEMENT	June'24	June'23
Cash from operating activities before working capital changes	21,410,643	20,779,812
Changes in working capital	(18,031,327)	(7,569,090)
Other items	(1,581,170)	(835,250)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,798,146	12,375,472
PPE & Intangible Assets	(7,936,698)	(4,183,504)
Investment in Associates & Others	(4,579,125)	(6,817,562)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(12,515,823)	(11,001,066)
Net movement in Islamic Finance payables & Finance Costs	15,213,002	7,193,552
Dividends Paid to Equity Holders & NCI	(10,442,190)	(10,126,970)
Lease Liability & Movement in Payables	973,573	3,016,257
NET CASHFLOW (USED IN) FROM FINANCING ACTIVITIES	5,744,385	82,839
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(4,973,292)	1,457,245



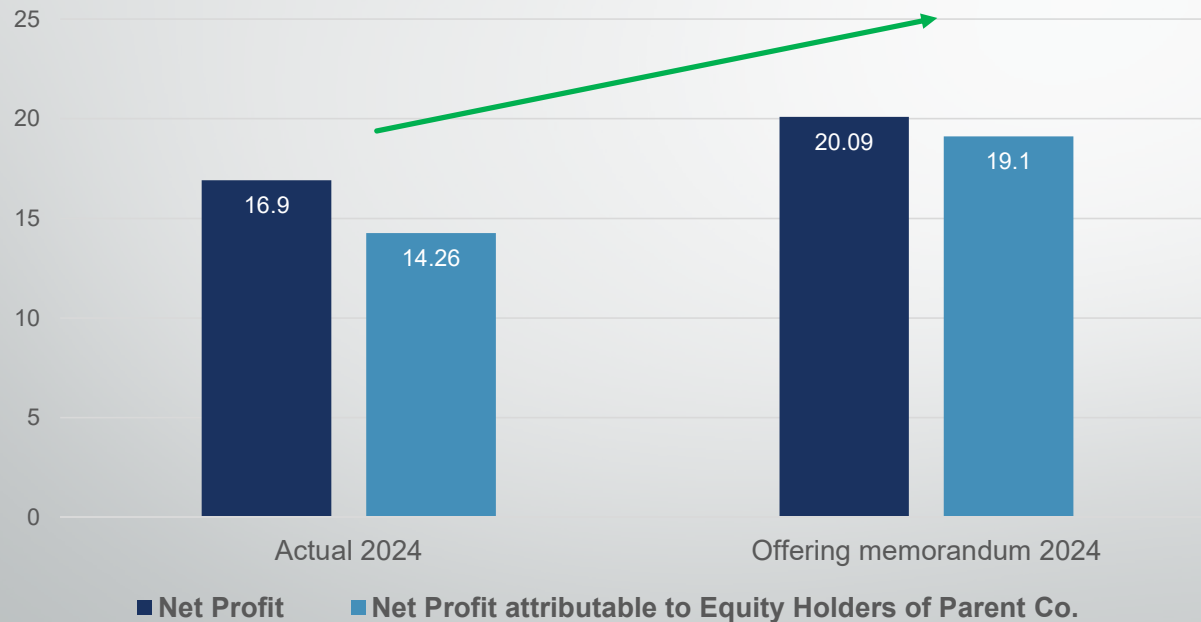
KEY RATIOS – June 24 (JAN – JUNE)

KEY RATIOS		YTD June '24	YTD June '23
LIQUIDITY RATIOS			
Current Ratio	(Current Assets/Current Liabilities)	1.27	1.13
Quick Ratio	(Current Assets-Inventories/Current Liabilities)	0.45	0.40
Cash Ratio	(Cash/Current Liabilities)	0.21	0.20
PROFITABILITY RATIOS			
Gross Profit Margin	(Gross Profit/Revenue)	24.39%	24.39%
Net Profit Margin	(Net Profit/ Revenue)	12.99%	12.09%
PERFORMANCE RATIOS			
Return on Asset (ROA) ^{TTM}	(Net Profit/ Average Assets)	15.65%	14.03%
Return on Equity (ROE) ^{TTM}	(Net Profit/ Average Equity)	39.18%	33.79%
SOLVENCY RATIOS (Cash not adjusted)			
Bank Borrowing to Asset Ratio	(Debt/Total Assets)	0.22	0.12
Bank Borrowing to Equity Ratio	(Debt/Total Equity)	0.57	0.29



STRONG PERFORMANCE AND AHEAD OF FORECAST

Net Profit (in KWD Million)



- ☞ Achieved 84.12% of the Forecasted Net Profit mentioned in the Offering Memorandum within 6 Months of the year.
- ☞ Achieved 74.66% of the Forecasted Net Profit attributable to Equity Holders of the Parent Co. mentioned in the Offering Memorandum within 6 Months of the year.
- ☞ Achieved highest ever Quarterly Net Profit & Net Profit attributable to Equity Holders of Parent Co. in Q2 2024



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Q&A SESSION

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Thank you

For Investor Relations

Please Visit or Contact us on

Website: <https://alg.com.kw>

Email Address: investors@alg.com.kw

Telephone: 22246000

