



Date: 14/05/2024

ALG/CO/49/2024 إشارة:

التاريخ: 2024/05/14

Dear Bursa Kuwait Company
Greeting,

السادة/ شركة بورصة الكويت المحترمين
تحية طيبة وبعد،

Subject: Analysts/Investors Conference

الموضوع: محضر مؤتمر المحللين/ المستثمرين

Transcript for The Q1 of the FY 2024

للمربع الأول 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 Bursa Kuwait Rulebook. Kindly find attached the Analysts/ Investors Conference Transcript for the Q1 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 للمربع الأول 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 Q1 of the Financial Year 2024**



Analysts/Investors Conference Transcript

For Q1 of the Financial Year 2024

Ali Alghanim Sons Automotive Company

Analysts/Investors Conference Transcript for Q1 of the Financial Year 2024 of Ali Alghanim Sons Automotive Company held on Sunday 12/05/2024.

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:

Mrs. Mirna Maher

EFG Hermes

**Mirna Maher**

Hello, everyone. This is Mirna Maher from EFG Hermes. Welcome to Ali Alghanim Sons Q1 2024 results conference call. I'm pleased to be joined today by Yousef Al-Qatami, Vice Chairman & CEO, Chavijit Bawa, CFO, and Yousef Mustafa, Managing Director. We will first start with a presentation from management's side, and then we'll open the floor for the Q&A session. Gentlemen, please go ahead.

Yousef Mustafa

Thank you for your time. I'm happy to be presenting to you our results for quarter one 2024. I will start with the agenda. First thing, take you through the board of directors. Going to be very quick. There is no change in the board of directors. The company overview, our financials for the quarter, and leave a couple of minutes for Q&A at the end. The board of directors, as mentioned, no change, still same board of directors. In terms of our results for quarter one, the highlight is that we came in with \$209 million in revenue, and \$24.12 million in net profit.

In terms of the split of revenue, in quarter one our passenger vehicles came in at 75% of revenue. After sales at 12% of revenue. As we have mentioned always before that after sales have a delayed effect from sales, so the increase in sales that we have in the past two years started showing up now, and our revenue split, as you can see, grew to 12%. Certified used cars at 7%, 2% at machinery and equipment, driven mainly by MAN Trucks and Buses, Rental and leasing increased to 2% in terms of revenue. With the enhancement of supply of cars, we can do better rental and leasing volume. Synergetic lines at 2%, and 1% in terms of our technological initiatives, mainly driven by the Rove cars.

Our revenue, as mentioned, in total is KD64 million, equivalent to \$209 million, and our net profit is KD7.41 million for quarter one. In comparison to quarter one last year, we have an increase of 13.3% in terms of net profit. Profit attributed to equity holders, we had an increase of 5.44% in comparison to the same quarter last year, and 5.44% with regards to earnings per share to equity shareholders, at 23.05 Fils per share.

Our income statement, we came in strong with KD 64,227,000, that's a 1.77% increase versus quarter one 2023. As mentioned before, our gross profit grew with 1.73% in comparison to the first quarter last year and net profit 13.24%, and 5.44% in earnings per share, in comparison to quarter one 2023.

Our balance sheet, straightforward as we can see, we basically had a growth in our PPE to 110 million. A slight growth, just shy of 1%, and we still maintain a very healthy and strong balance sheet overall for the quarter in comparison to last year.

Cash flow, we have an increase in operating cash flow, as you can see, at KD 10,269,000 in comparison to KD 9,797,000 for the same period last year, a strong performance for the quarter in comparison to last year, definitely driven by a better supply of cars in comparison to last year same period and the new models that drove the demand to our showrooms. Also, after sales played a big role, as mentioned before, after sales started showing basically more volume from the cars that we sold in the last two years and the growth in volume that we had. Still to come going forward, as usually cars to start having major service takes more than two years to start having major service and major repair done on them, so we anticipate a strong performance going forward in after sales also.

The ratios are very healthy, no big change overall. The return on assets and return on equity, as you can see, is fantastic. Return on assets is 15.89% and return on equity at 42.58%. Back to our promises that we did a couple of years ago with regards to our projections and forecasts for the period that we listed the company at in our memorandum, we have managed to achieve 36% of the forecasted net profit for the year just in the first quarter and 33.09% of the forecasted net profit attributed to equity holdings in the first quarter of the year itself. I will leave the floor to you for any questions if you have any.



Mirna Maher

Thank you. If you'd like to ask a question, please use the raise hand function or you can type your question in the Q&A chat. The first question in the chat from Metehan Mete. What is your full year guidance on sales growth, given that 2023 was an exceptionally strong year? Do you still see continued pent up demand in luxury cars and any further room to gain market share for Chinese brands in Kuwait?

Yousef Mustafa

I think the performance of quarter one this year in comparison to quarter one last year is indicative enough of how the year is going to be, inshallah. We see the market being healthy, the demand is very strong and not only our luxury segment is growing, also our entry Chinese brands into the market is also doing really well and our Iraqi operation and Egyptian operation is also doing really well, so we see the year to be strong, inshallah.

Mirna Maher

Thank you. Again, as a reminder, if you'd like to ask a question, please use the raise hand function or you can type your question in the chat. The next question is from Abdul Mohsen Al Hamed. Thanks for the call. Can you please comment on the mix of cars sold in Q1, especially luxury versus Chinese?

Yousef Mustafa

Sorry, the question is the split between luxury and Chinese?

Mirna Maher

Yes, the mix of cars sold between luxury and Chinese in Q1.

Yousef Mustafa

Mix of cars sold between luxury and Chinese. Let me answer you on that. The Chinese growth is obviously much higher in terms of luxury. Luxury is established brands that we had for years, almost 38 years in BMW and 20-plus years in Land Rover, so the growth in Chinese is much higher in terms of percentage. We do see Chinese growing. Overall, I think Chinese almost now is 24%. Overall, Chinese brands are almost 24% of the total TIV, and we are the major player in the market with both Geely and Haval put together against the rest, so we do see the growth coming up for the Chinese and the ratios will continue to change because the Chinese have grown really fast.

Mirna Maher

Thank you. Yousef, just a couple of questions from my side. Can you comment on the volume of growth in Kuwait in Q1, and can you also please give an update on Egypt post the devaluation?

Yousef Mustafa

The volume of growth in Kuwait in comparison, as I've mentioned, to quarter one last year is driven by the Chinese and the luxury side. The major player in the Chinese is the organic growth of the brand itself is getting established in Kuwait more and more, both of them, Great Wall and Geely. And on the luxury side, the supply is getting better on the Land Rover side and the new models from BMW are growing strongly too. Overall, on every cylinder basically the performance is doing really well within Kuwait. And with regards to Egypt, I'll leave Yousef Al-Qatami to answer that part.

**Yousef Al-Qatami**

In terms of Egypt, Mirna, obviously everyone knows the step that took place. And it was, while you say it's a devaluation, we see the opposite because the actual rates were much higher than that, more towards the 70. So, for it to go back to 48 was a positive thing. And a more positive thing is that it stabilised around that area between, let's say, the 47 to the dollar, 47, 48.5, EGP49. And that is a very good sign for things going forward. And surely with time with the deal of UAE with Egypt and the IMF getting involved, there would be a lot more liquidity and hard currency in the county. And that obviously only makes it easier for us to operate in terms of having availability of currency to purchase and in terms of growing the market.

Mirna Maher

Thank you. Just a final question from my side. What was the reason behind the spike in finance costs in Q1? It was up by over 100%.

Chavijit Singh Bawa

Yes, the finance costs actually if you look from December, it's maintaining its run rate. But for Q1'24, essentially it was some funding into Egypt, maintenance capex was there, and working capital normalisation.

Mirna Maher

Thank you. Again, as a final reminder, if you'd like to ask a question, please use the raise hand function or you can type your question in the Q&A chat. We don't have any other questions in the chat, so back to you if you have any concluding remarks.

Yousef Al-Qatami

Thank you. We had positive quarter and let's hope to see a positive full year, inshallah. Thank you, everyone.

Mirna Maher Thank you, everyone, for joining. This concludes today's call.

Yousef Al-Qatami Thank you.

Yousef Mustafa Thank you. Bye-bye.

Chavijit Singh Bawa Thank you.



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

Analyst Conference

Q1 2024

May 12th 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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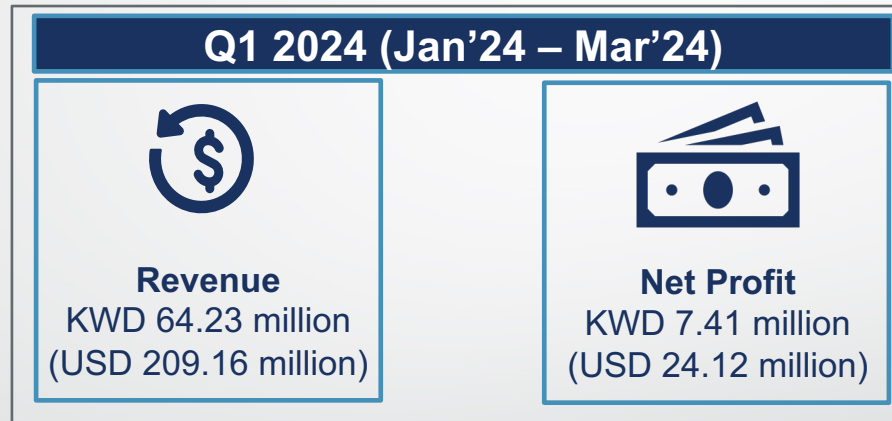
COMPANY OVERVIEW

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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 (Q1 2024)



Passenger Cars	After Sales	Certified Used Cars	Commercial Heavy Equipment												
<ul style="list-style-type: none"> • BMW • Land Rover • Rolls Royce • McLaren • MINI • Geely • Great Wall • Haval <table border="1"> <thead> <tr> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>Q1 24 75%</td> </tr> <tr> <td>Q1 23 78%</td> </tr> </tbody> </table>	Revenue	Q1 24 75%	Q1 23 78%	<ul style="list-style-type: none"> • Service • Body Shop • Parts and Accessories <table border="1"> <thead> <tr> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>Q1 24 12%</td> </tr> <tr> <td>Q1 23 11%</td> </tr> </tbody> </table>	Revenue	Q1 24 12%	Q1 23 11%	<ul style="list-style-type: none"> • BMW • Land Rover • MINI • Geely • Haval <table border="1"> <thead> <tr> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>Q1 24 7%</td> </tr> <tr> <td>Q1 23 4%</td> </tr> </tbody> </table>	Revenue	Q1 24 7%	Q1 23 4%	<ul style="list-style-type: none"> • MAN Truck & Bus • Putzmeister • Hyundai • Baoli • Fassi • Service & Parts <table border="1"> <thead> <tr> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>Q1 24 2%</td> </tr> <tr> <td>Q1 23 3%</td> </tr> </tbody> </table>	Revenue	Q1 24 2%	Q1 23 3%
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Q1 23 3%															
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 <table border="1"> <thead> <tr> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>Q1 24 2%</td> </tr> <tr> <td>Q1 23 1%</td> </tr> </tbody> </table>	Revenue	Q1 24 2%	Q1 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 <table border="1"> <thead> <tr> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>Q1 24 2%</td> </tr> <tr> <td>Q1 23 3%</td> </tr> </tbody> </table>	Revenue	Q1 24 2%	Q1 23 3%	<ul style="list-style-type: none"> • Luxury car booking service (Rove) <table border="1"> <thead> <tr> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>Q1 24 1%</td> </tr> <tr> <td>Q1 23 1%</td> </tr> </tbody> </table>	Revenue	Q1 24 1%	Q1 23 1%				
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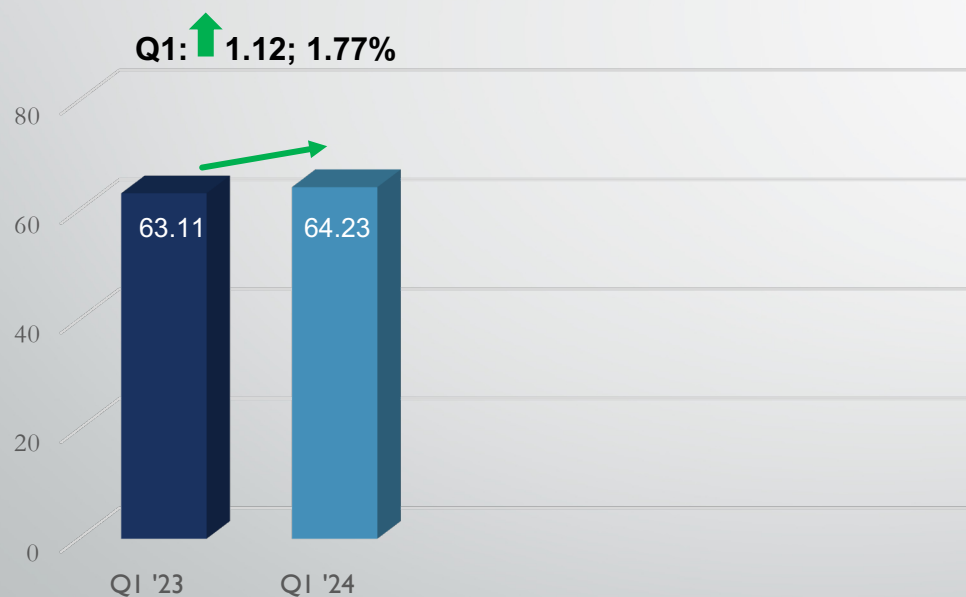
FINANCIAL OVERVIEW

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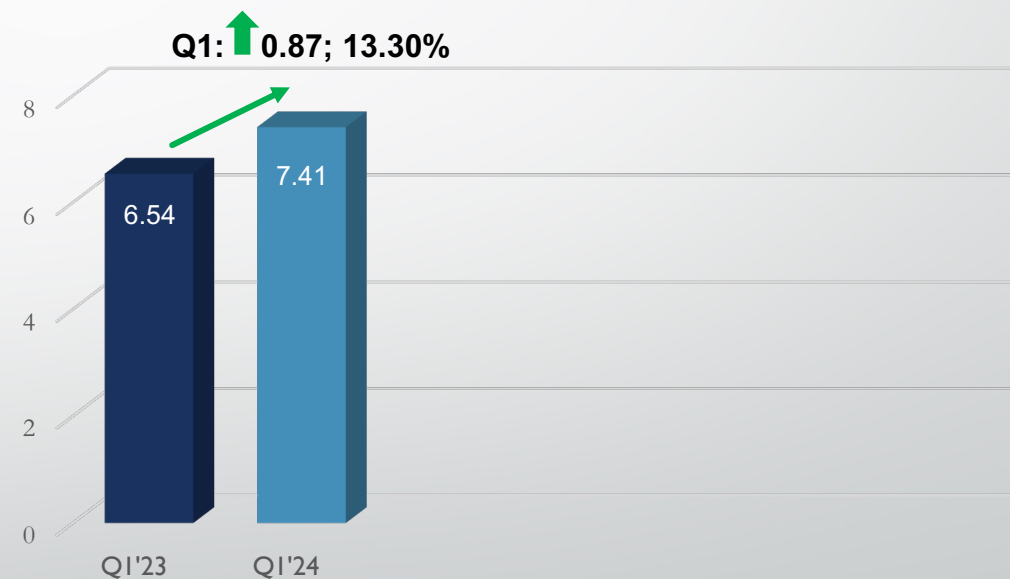


FINANCIAL OVERVIEW: Q1 2024

Revenue (in KWD Million)



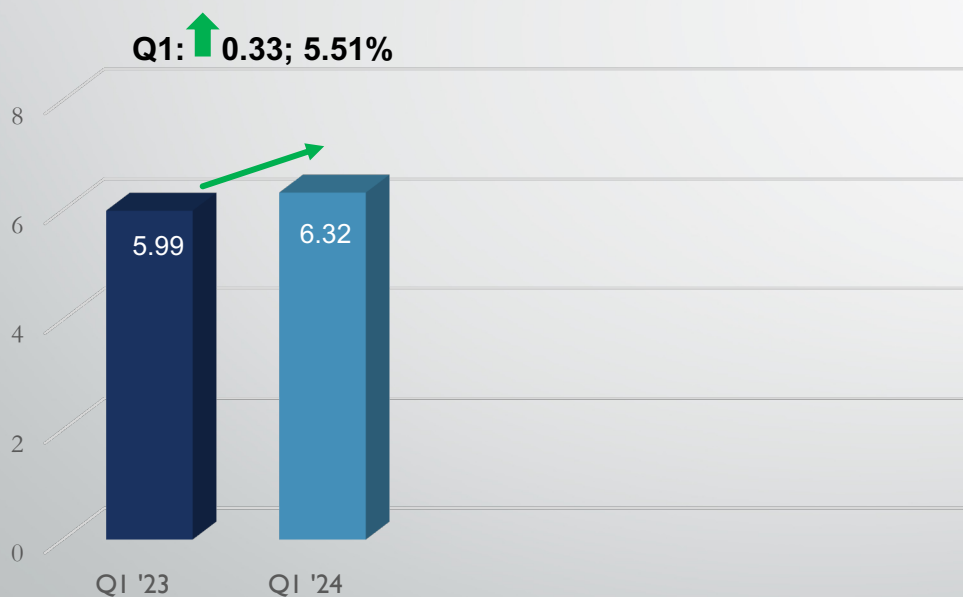
Net Profit (in KWD Million)





FINANCIAL OVERVIEW: Q1 2024

Profit attributable to equity holders
(in KWD Million)



Earnings per share attributable to
equity holders (in FILS)





INCOME STATEMENT – Q1 2024

Amount in KWD

INCOME STATEMENT	Q1'24	Q1'23	CHANGE
REVENUE	64,227,026	63,112,301	1.77%
Cost of sales and services rendered	(48,727,938)	(47,876,911)	1.78%
GROSS PROFIT	15,499,088	15,235,390	1.73%
Share of results of equity-accounted investees	531,088	(232,998)	327.94%
Net Expenses (S&D, Admin & Others)	(8,623,627)	(8,461,749)	1.91%
NET PROFIT	7,406,549	6,540,643	13.24%
Profit attributable to equity holders of parent company	6,316,568	5,990,604	5.44%
EARNINGS PER SHARE	23.05	21.86	5.44%



BALANCE SHEET

Amount in KWD

BALANCE SHEET	Mar'24	Dec'23	CHANGE
ASSETS			
Property, plant, and equipment	110,638,532	109,949,266	0.63%
Other Non-Current assets	12,848,200	13,920,455	(7.70)%
Current assets	110,929,521	99,312,747	11.70%
TOTAL ASSETS	234,416,253	223,182,468	5.03%
Equity and Liability			
TOTAL EQUITY	83,070,354	92,428,822	(10.13)%
Non-current liabilities	49,149,140	51,277,462	(4.15)%
Current liabilities	102,196,759	79,476,184	28.59%
TOTAL LIABILITY	151,345,899	130,753,646	15.75%
Total Equity and Liabilities	234,416,253	223,182,468	5.03%

CASH FLOW STATEMENT

Amount in KWD

CASH FLOW STATEMENT	Mar'24	Mar'23
Cash from operating activities before working capital changes	10,269,333	9,797,175
Changes in working capital	(394,798)	1,073,704
Other items	(171,657)	(201,465)
NET CASH FLOWS FROM OPERATING ACTIVITIES	9,702,878	10,669,414
PPE & Intangible Assets	(2,535,117)	(1,920,527)
Investment in Associates & Others	(4,605,375)	(3,215,855)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(7,140,492)	(5,136,382)
Net movement in Islamic Finance payables & Finance Costs	(4,493,953)	1,590,556
Dividends Paid to Equity Holders & NCI	(862,149)	(353,343)
Lease Liability & Movement in Payables	1,649,093	1,019,076
NET CASHFLOW (USED IN) FROM FINANCING ACTIVITIES	(3,707,009)	2,256,289
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(1,144,624)	7,789,321



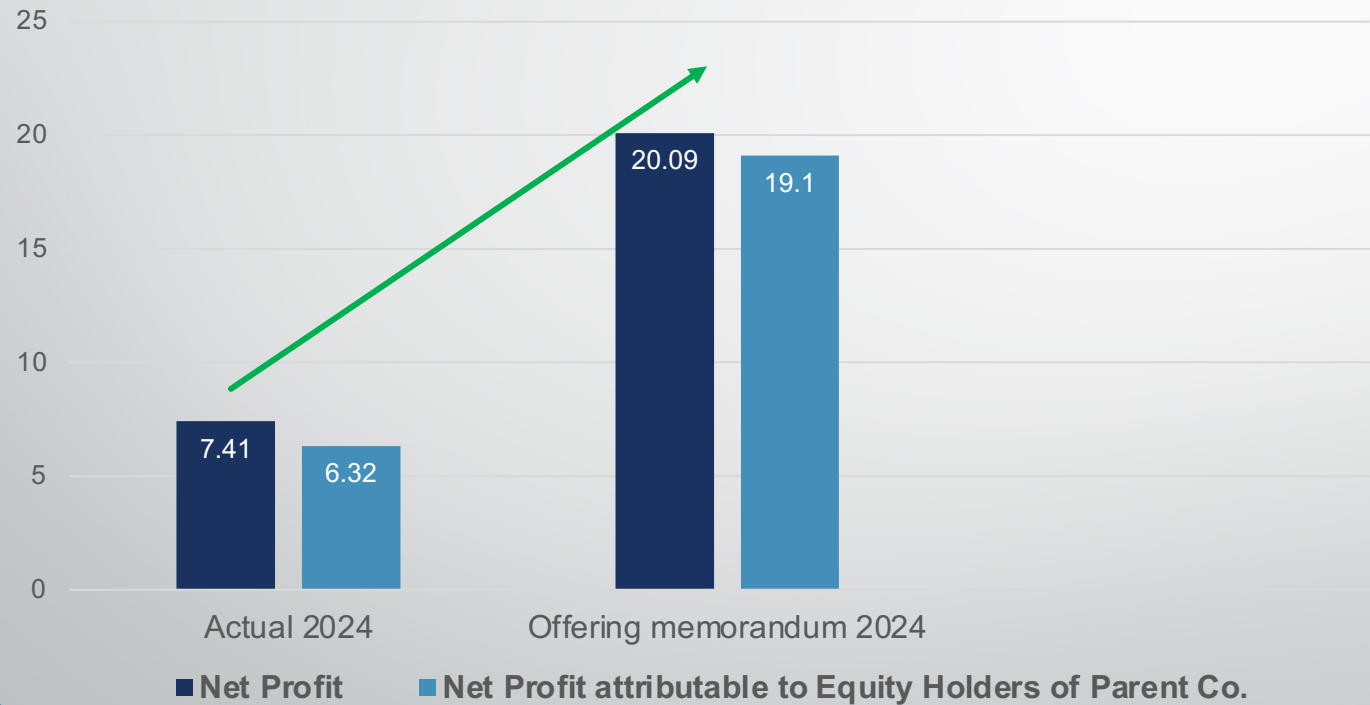
KEY RATIOS – Mar 24 (JAN – MAR)

KEY RATIOS		YTD Mar '24	YTD Mar '23
LIQUIDITY RATIOS			
Current Ratio	(Current Assets/Current Liabilities)	1.09	1.05
Quick Ratio	(Current Assets-Inventories/Current Liabilities)	0.36	0.47
Cash Ratio	(Cash/Current Liabilities)	0.19	0.28
PROFITABILITY RATIOS			
Gross Profit Margin	(Gross Profit/Revenue)	24.13%	24.14%
Net Profit Margin	(Net Profit/ Revenue)	11.53%	10.36%
PERFORMANCE RATIOS			
Return on Asset (ROA) ^{TTM}	(Net Profit/ Average Assets)	15.89%	12.45%
Return on Equity (ROE) ^{TTM}	(Net Profit/ Average Equity)	42.58%	30.90%
SOLVENCY RATIOS (Cash not adjusted)			
Bank Borrowing to Asset Ratio	(Debt/Total Assets)	0.13	0.09
Bank Borrowing to Equity Ratio	(Debt/Total Equity)	0.36	0.24



STRONG PERFORMANCE AND AHEAD OF FORECAST

Net Profit (in KWD Million)



- Achieved 36.88% of the Forecasted Net Profit mentioned in the Offering Memorandum within 3 Months of the year.
- Achieved 33.09% of the Forecasted Net Profit attributable to Equity Holders of the Parent Co. mentioned in the Offering Memorandum within 3 Months of the year.



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Q&A SESSION

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Thank you

For Investor Relations

Please Visit or Contact us on

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