



# Ali Alghanim Sons Automotive Company K.S.C.P Analyst Conference

Q2 2022

August 08, 2022

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## AGENDA

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# BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM



# BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

## BOARD OF DIRECTORS



**Eng. Fahad Ali Alghanim**  
Chairman  
Non - Executive



**Mr. Yousef Al Qatami**  
Vice Chairman  
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

## EXECUTIVE MANAGEMENT TEAM



**Mr. Yousef Al Qatami**  
Chief Executive Officer



**Mr. Chavijit Singh Bawa**  
Chief Financial Officer

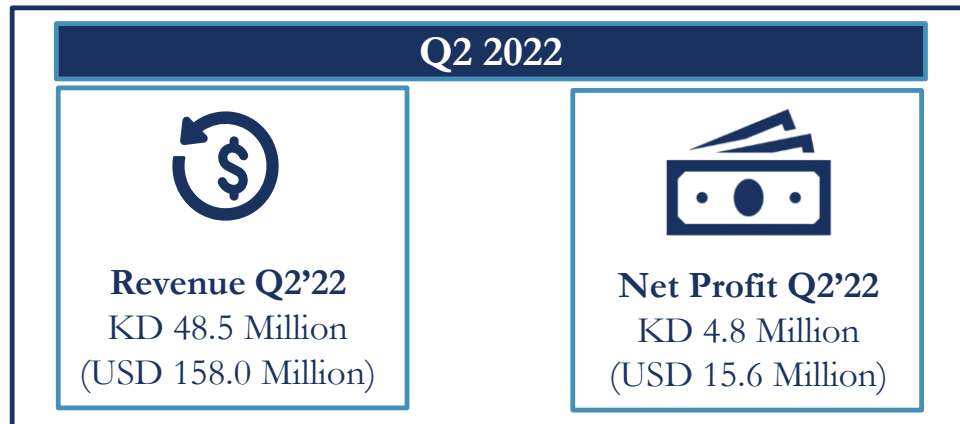
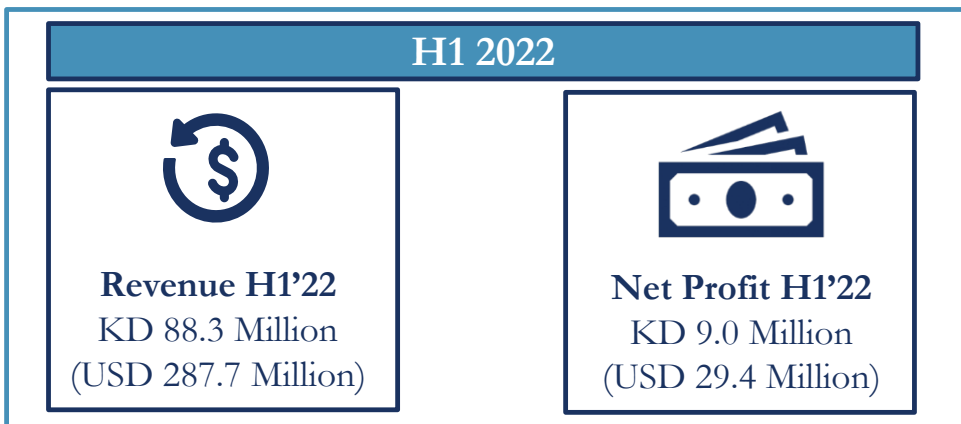


# COMPANY OVERVIEW AND ACCOMPLISHMENTS



# 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.



\*Conversion rate: KD 1 = USD 3.26

**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





# COMPANY OVERVIEW – REVENUE BREAKDOWN – H1 and Q2 2022

Passenger Cars	After Sales	Certified Used Cars	Commercial Heavy Equipment
<ul style="list-style-type: none"> <li>• BMW</li> <li>• Land Rover</li> <li>• Rolls Royce</li> <li>• McLaren</li> <li>• MINI</li> <li>• Geely</li> <li>• Great Wall</li> <li>• Haval</li> </ul>	<ul style="list-style-type: none"> <li>• Service</li> <li>• Body Shop</li> <li>• Parts and Accessories</li> </ul>	<ul style="list-style-type: none"> <li>• BMW</li> <li>• Land Rover</li> <li>• MINI</li> <li>• Geely</li> <li>• Haval</li> </ul>	<ul style="list-style-type: none"> <li>• MAN Truck &amp; Bus</li> <li>• Putzmeister</li> <li>• Hyundai</li> <li>• Baoli</li> <li>• Fassi</li> </ul> <p>Servicing and spare parts sale</p>
<div style="display: flex; justify-content: space-around;"> <div style="background-color: #003366; color: white; padding: 5px;">H1 73%</div> <div style="background-color: #003366; color: white; padding: 5px;">Q2 75%</div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: #003366; color: white; padding: 5px;">H1 14%</div> <div style="background-color: #003366; color: white; padding: 5px;">Q2 13%</div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: #003366; color: white; padding: 5px;">H1 6%</div> <div style="background-color: #003366; color: white; padding: 5px;">Q2 6%</div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: #003366; color: white; padding: 5px;">H1 3%</div> <div style="background-color: #003366; color: white; padding: 5px;">Q2 2%</div> </div>
Rental and Leasing	Synergistic Lines		Technology Initiatives
<ul style="list-style-type: none"> <li>• Renting among the available selection of affordable, luxury and ultra luxury vehicles</li> <li>• Leasing of vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Aftermarket Products:               <ul style="list-style-type: none"> <li>• Tires – Sumitomo, Roadstone, Kinforest</li> <li>• Lubricants – Liquimoly</li> <li>• Batteries – Exide, Livguard</li> <li>• Sparkplugs – NGK</li> </ul> </li> <li>• Technical inspections and renewal of vehicle registration for all types of passenger cars</li> </ul>		<ul style="list-style-type: none"> <li>• Luxury car booking service (Rove)</li> <li>• Car valuation app (Oogoo)</li> </ul>
<div style="display: flex; justify-content: space-around;"> <div style="background-color: #003366; color: white; padding: 5px;">H1 1%</div> <div style="background-color: #003366; color: white; padding: 5px;">Q2 1%</div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="background-color: #003366; color: white; padding: 5px;">H1 3%</div> <div style="background-color: #003366; color: white; padding: 5px;">Q2 2%</div> </div>		<div style="display: flex; justify-content: space-around;"> <div style="background-color: #003366; color: white; padding: 5px;">H1 1%</div> <div style="background-color: #003366; color: white; padding: 5px;">Q2 1%</div> </div>

**Note :** Segment revenue composition is calculated before intercompany eliminations & consolidations amounting to KD 0.6 Million for Q2' 2022 and KD 1.2 Million for H1' 2022 .  
: Above figures are rounded off.





## ACCOMPLISHMENTS



BOD proposed interim dividend of 23.78 FILS which is 3% of IPO share price



Exceptional growth in the affordable cars segment for H1' 2022 compared to H1' 2021: +63% Geely and +86% GWM



Over 2000 paid customer bookings on the premium car segment



Opening new facilities in Al Jahra  
BMW 3S Facility (Q3' 22)  
Geely 3S Facility (Q4' 22)



Continued excellence in OEM retail standards and sales processes achieving 100% scores in Q2' 2022



Successful launch of the BMW 7 series flagship model with around 100 cars confirmed bookings

Launch of exciting new product lines on the Affordable segment including:



Geely Monjaro - Full-sized SUV targeting high volume Affordable cars (September 2022)



Geely New Emgrand - Economy Sedan targeting fleet sales (November 2022)



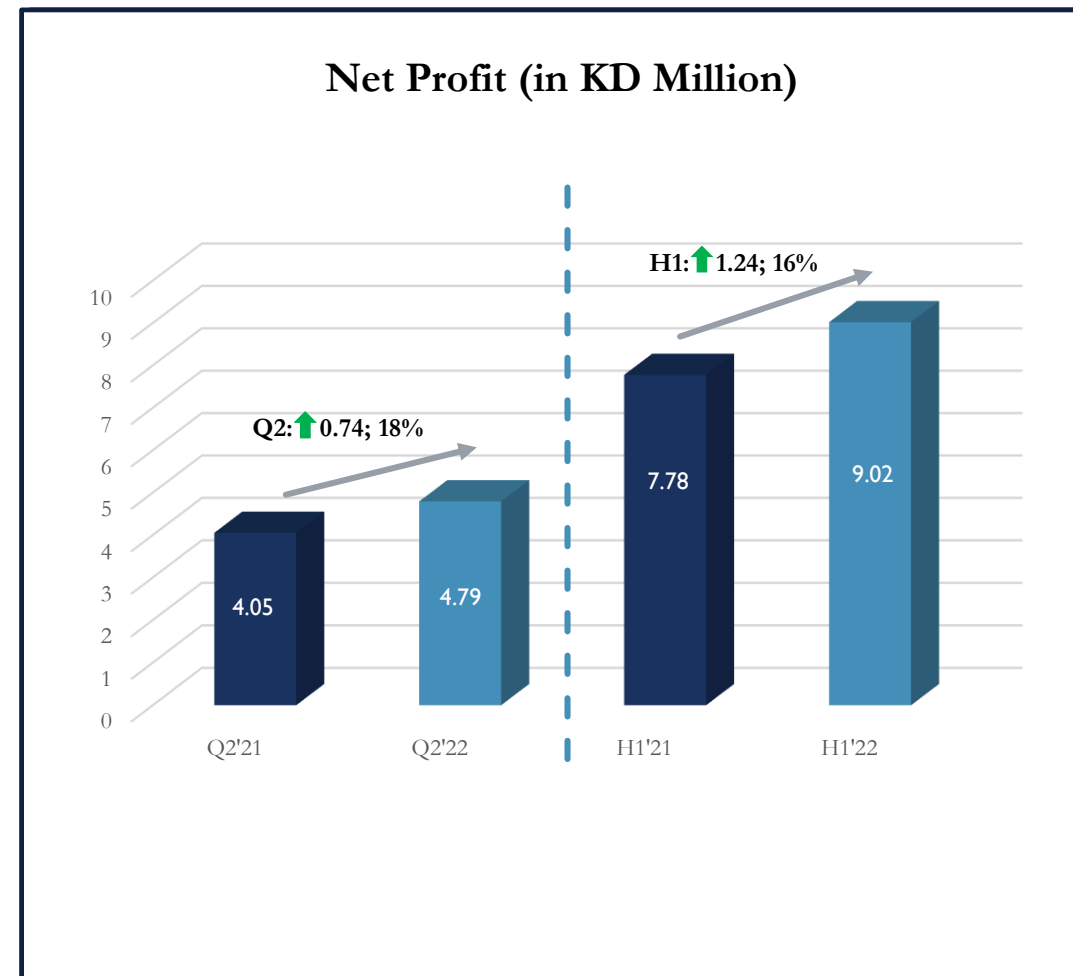
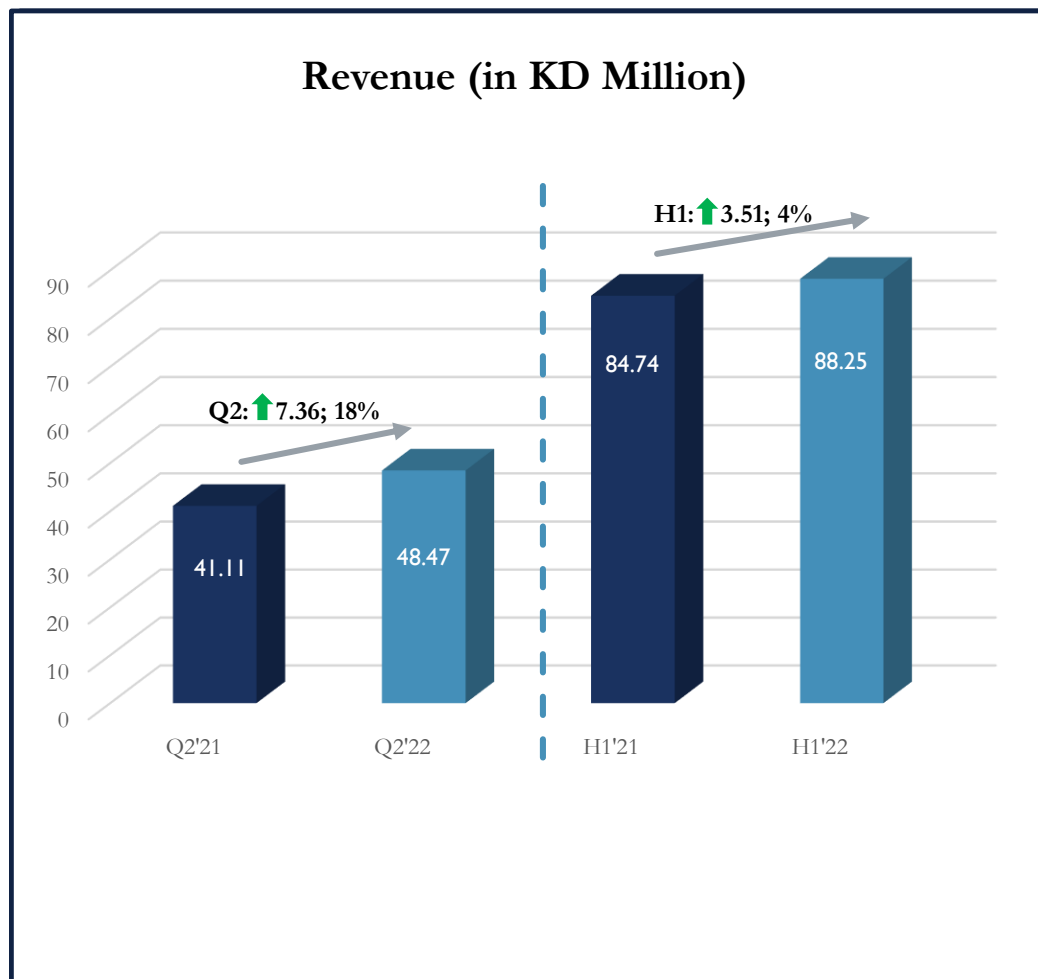
Tank - A whole-new anticipated brand under Great Wall Motors that will introduce a full line of SUVs targeting the Japanese car makers such as Nissan and Toyota. (September 2022)



# FINANCIAL OVERVIEW

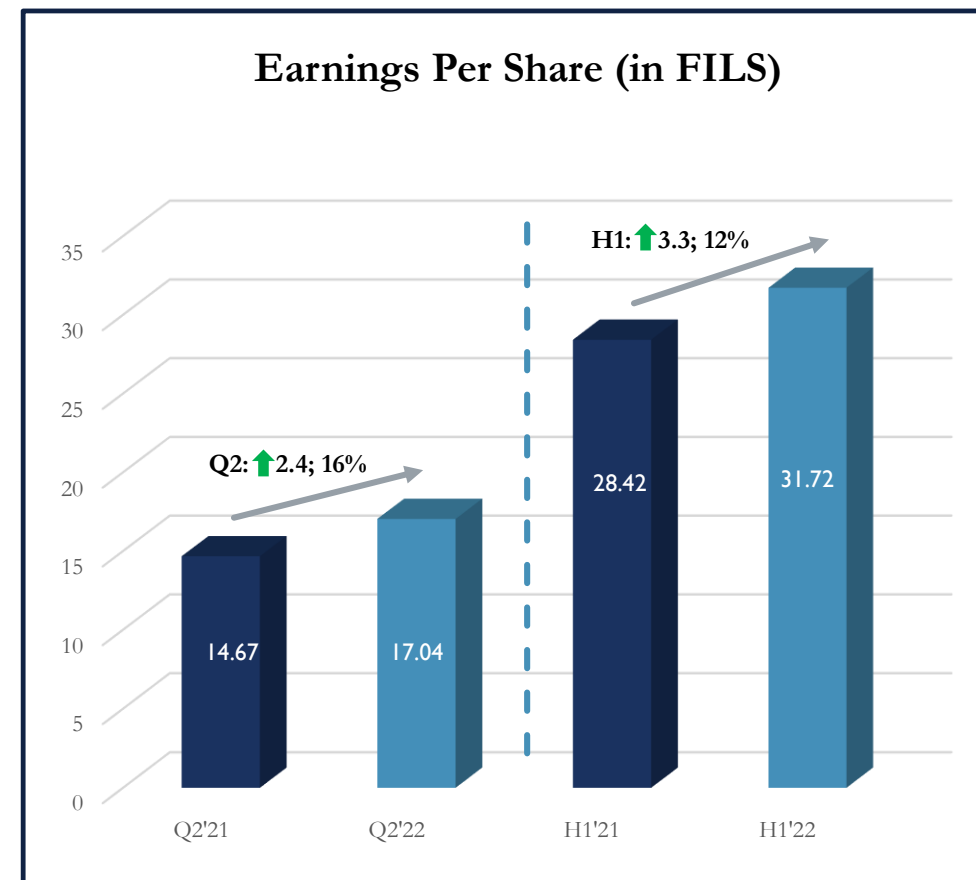
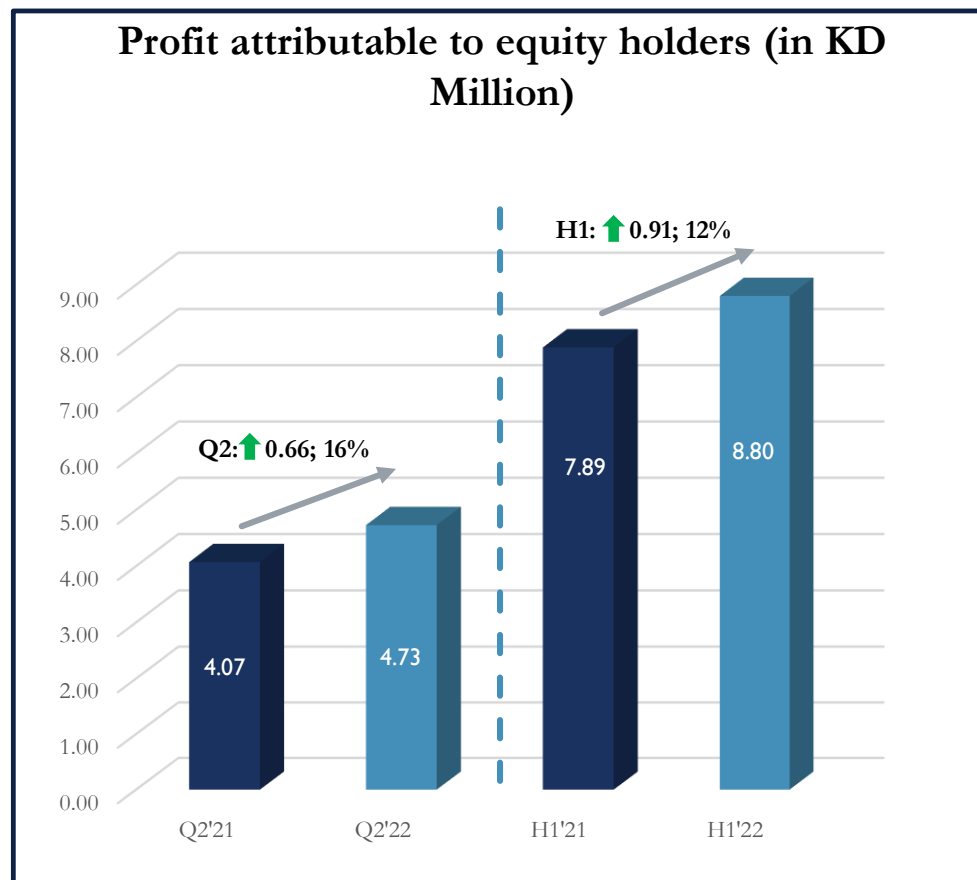


# FINANCIAL OVERVIEW – H1' 2022





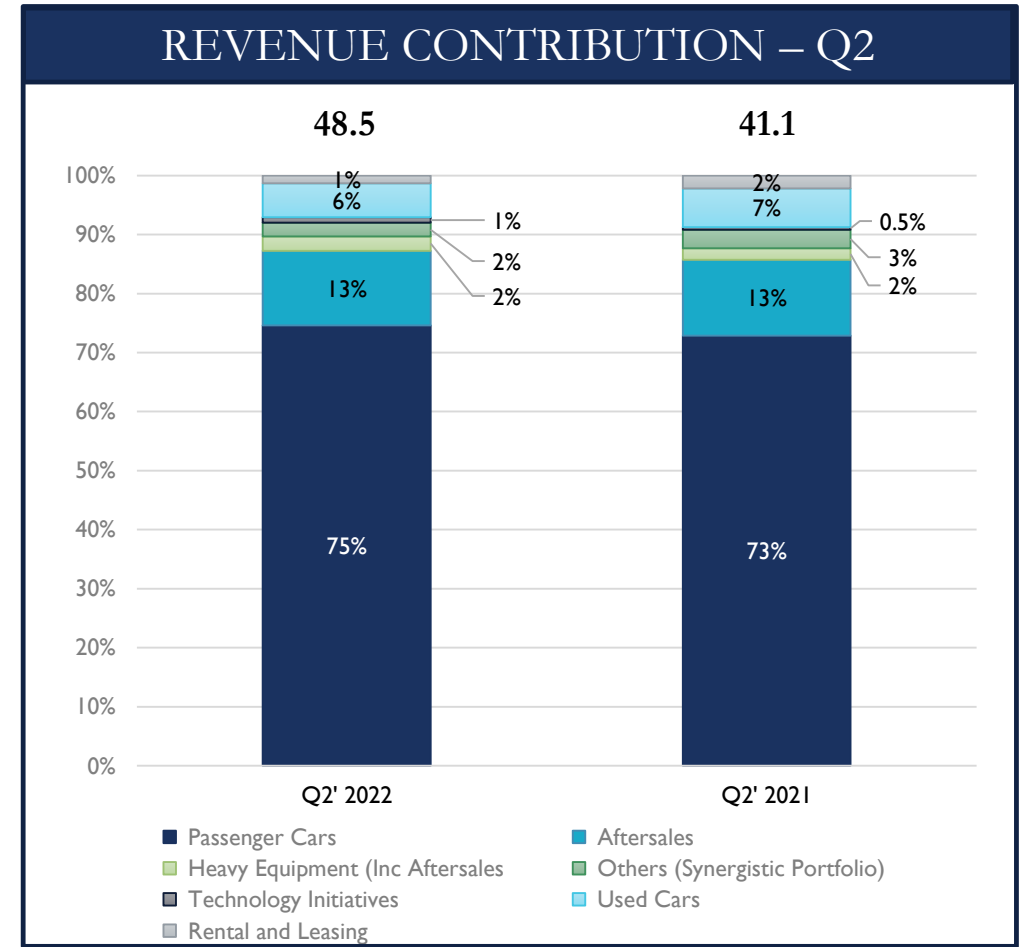
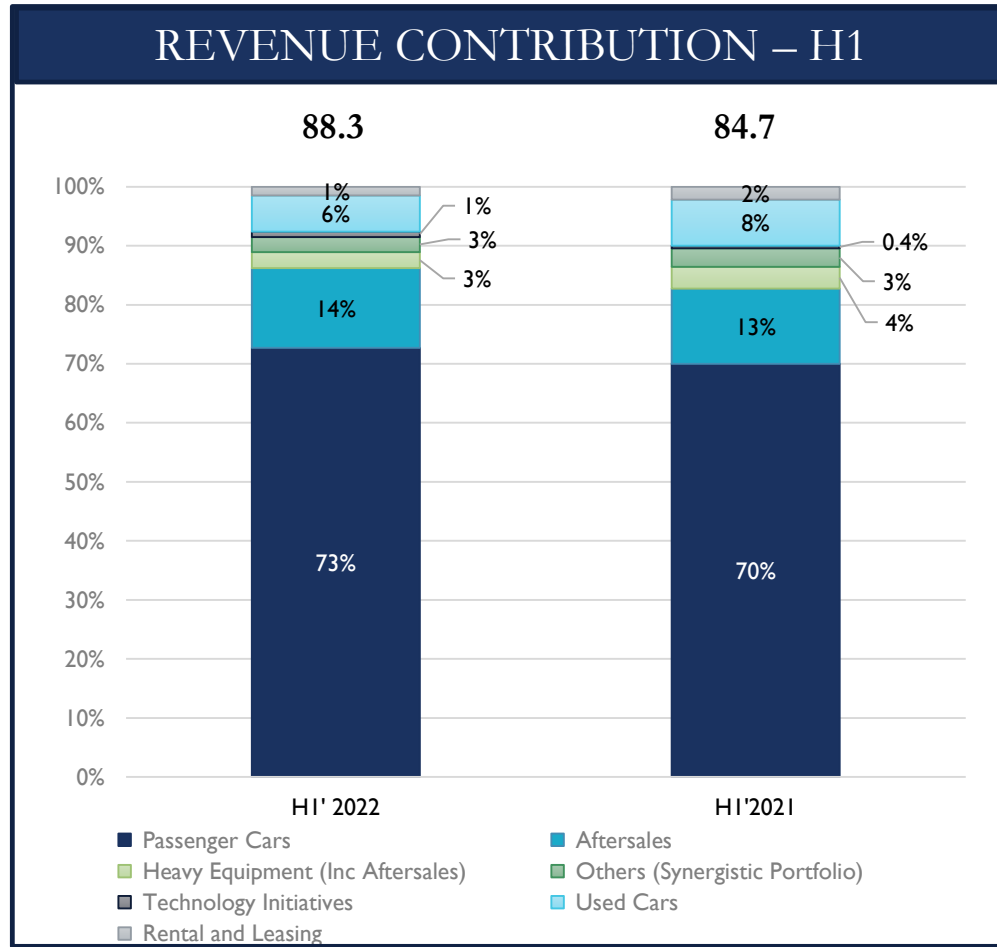
# FINANCIAL OVERVIEW – H1' 2022



**Note:** As per offering memorandum the EPS for FY 2022 was 52 FILS, however already achieved till H1 2022 is 31.72 FILS (61%)



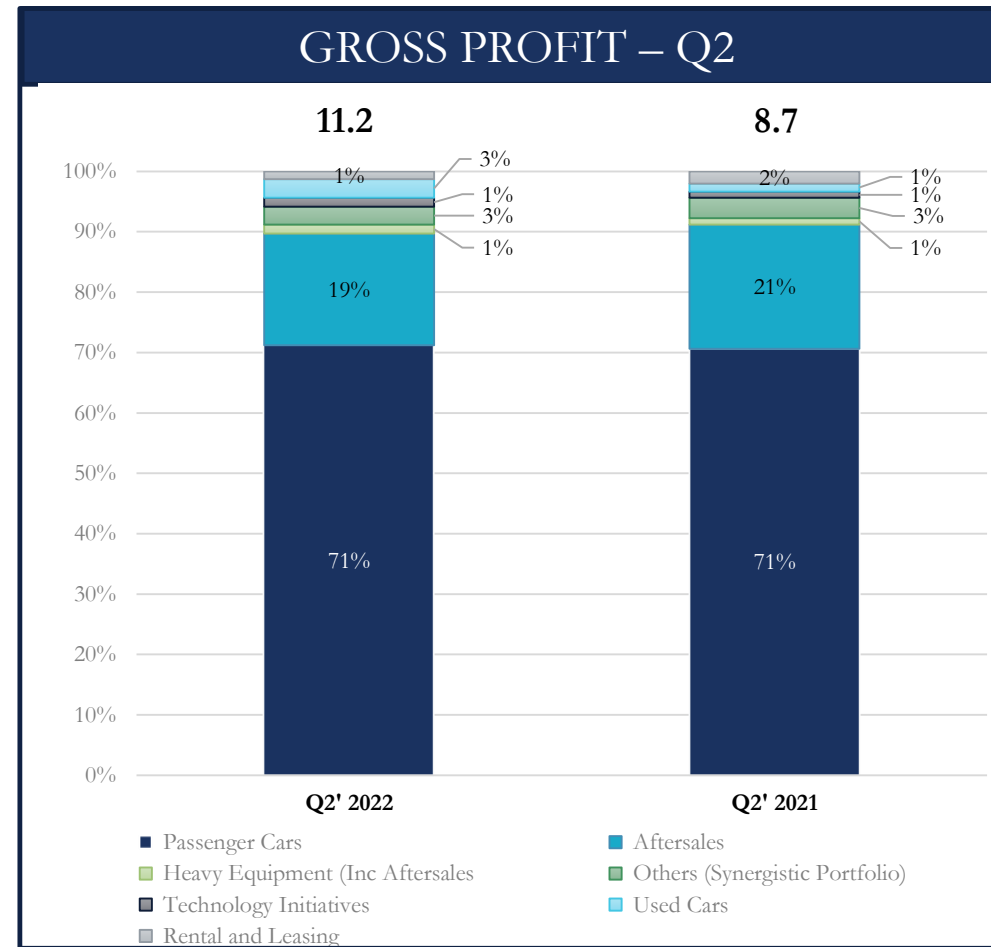
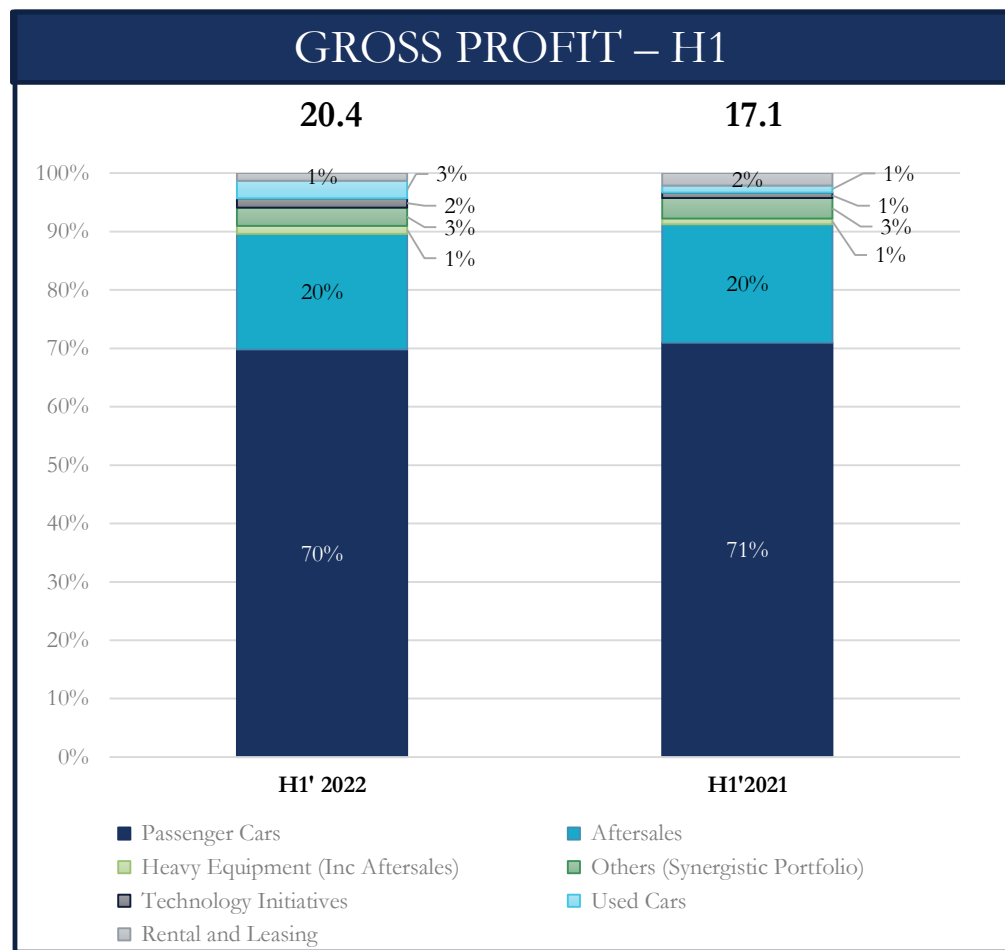
# SEGMENT WISE REVENUE CONTRIBUTION (In KD Million)



**Note:** Segment revenue composition is calculated before intercompany eliminations & consolidations amounting to:  
 - KD 0.6 Million for Q2' 2022 and KD 0.8 Million for Q2' 2021; KD 1.2 Million for H1' 2022 and KD 1.7 Million for H1' 2021.  
 : Above figures are rounded off.



# SEGMENT WISE GROSS PROFIT CONTRIBUTION (In KD Million)



**Note:** Segment gross profit composition is calculated before intercompany eliminations & consolidations amounting to:  
 - KD 0.007 Million for Q2' 2022 and KD 0.004 Million for Q2' 2021; KD 0.02 Million for H1' 2022 and KD (0.02) Million for H1' 2021.  
 : Above figures are rounded off.



## INCOME STATEMENT - FINANCIAL HIGHLIGHTS (In KD)

INCOME STATEMENT	H1' 22	H1' 21	CHANGE
<b>REVENUE</b>	<b>88,250,611</b>	<b>84,739,117</b>	<b>4%</b>
Cost of sales and services rendered	(67,813,075)	(67,681,140)	0.2%
<b>GROSS PROFIT</b>	<b>20,437,536</b>	<b>17,057,977</b>	<b>20%</b>
Other income	1,387,333	1,225,525	13%
Total Expenses (Distribution, Admin, Finance cost and others)	(12,804,794)	(10,506,557)	22%
<b>NET PROFIT</b>	<b>9,020,075</b>	<b>7,776,945</b>	<b>16%</b>
Profit attributable to equity holders of parent company	8,801,495	7,886,559	12%
<b>EARNINGS PER SHARE</b>	<b>31.72</b>	<b>28.42</b>	<b>12%</b>

☛ Increase in sales of affordable brands contributed to growth in revenue.

☛ Increase in vehicle margin of luxury brands along with increase in sale of affordable brands positively impacting gross profit.

☛ H1'21 expenses is lower due to significant write back of provisions; on normalization increase is not significant.

☛ Net profit increased significantly due to impact of increase in sales of affordable brands and increase in margin of luxury brands.



## INCOME STATEMENT - FINANCIAL HIGHLIGHTS (In KD)

INCOME STATEMENT	Q2' 22	Q2' 21	CHANGE
<b>REVENUE</b>	<b>48,465,886</b>	<b>41,110,413</b>	<b>18%</b>
Cost of sales and services rendered	(37,304,791)	(32,446,324)	15%
<b>GROSS PROFIT</b>	<b>11,161,095</b>	<b>8,664,089</b>	<b>29%</b>
Other income	650,145	598,424	9%
Total Expenses (Distribution, Admin and Finance cost and others)	(7,018,057)	(5,209,904)	35%
<b>NET PROFIT</b>	<b>4,793,183</b>	<b>4,052,609</b>	<b>18%</b>
Profit attributable to equity holders of parent company	4,728,946	4,071,241	16%
<b>EARNINGS PER SHARE</b>	<b>17.04</b>	<b>14.67</b>	<b>16%</b>

- ☛ Increase in revenue from premium models of luxury brands contributed to growth in revenue.
- ☛ Increase in revenue & vehicle margin of luxury brands positively impacting gross profit.
- ☛ Q2' 21 expenses is lower due to significant write back of provisions; on normalization increase is not significant.
- ☛ Net profit improved significantly due to impact of increase in margins of luxury brands.





## BALANCE SHEET - FINANCIAL HIGHLIGHTS (In KD)

BALANCE SHEET	JUNE' 22	JUNE' 21	CHANGE
<b>Assets</b>			
Property, plant, and equipment	91,828,970	100,670,623	(9)%
Other non current assets	2,042,797	2,215,513	(8)%
Current assets	58,581,874	67,861,430	(14)%
Assets held for sale	5,572,625	-	-
<b>TOTAL ASSETS</b>	<b>158,026,266</b>	<b>170,747,566</b>	(7)%
<b>Equity and Liability</b>			
<b>TOTAL EQUITY</b>	<b>66,518,516</b>	<b>73,873,545</b>	(10)%
Non-current liabilities	28,664,729	43,754,747	(34)%
Current liabilities	61,302,980	53,119,274	15%
Liability directly associated with asset classified as held for sale	1,540,041	-	-
<b>TOTAL LIABILITY</b>	<b>91,507,750</b>	<b>96,874,021</b>	(6)%
<b>Total Equity and Liabilities</b>	<b>158,026,266</b>	<b>170,747,566</b>	(7)%

- ☛ Property, plant, and equipment drop is related to: retirement of rental vehicles and low replacement capex.
- ☛ Current assets decreased due to improvement in receivables and repayment of term bank debts.
- ☛ Reduction in non-current liabilities is mainly due to settlement of bank debts (KD 19 Million)
- ☛ Current liabilities increased mainly due to increase in strong vehicle demand resulted in increase in customer advances received for booking vehicles.



## CASH FLOW STATEMENT - FINANCIAL HIGHLIGHTS (In KD)

CASH FLOW STATEMENT	JUNE' 22	JUNE' 21
Cash in operating activities before working capital changes	13,819,251	10,734,441
Changes in working capital	2,700,394	(3,813,355)
Other items	(91,777)	(127,363)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>16,427,868</b>	<b>6,793,723</b>
Capex & Investments	(900,246)	(1,100,865)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(900,246)</b>	<b>(1,100,865)</b>
Loans and borrowings	(8,451,126)	(725,856)
Dividend and movement in payables to related parties	(4,768,784)	2,039,262
Finance cost and other	(1,490,688)	(1,269,361)
<b>NET CASHFLOW (USED IN) FROM FINANCIANG ACTIVITIES</b>	<b>(14,710,598)</b>	<b>44,045</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>817,024</b>	<b>5,736,903</b>

- ☛ Improvement in free Cash flow is due to increase in profits along with the positive cash flow from working capital.
- ☛ Reduction in debt is due to settlement of loans.



## FINANCIAL OVERVIEW – KEY RATIOS

KEY RATIOS		H1' 22	H1' 21
<b>LIQUIDITY RATIOS</b>			
Current Ratio	(Current Assets/Current Liabilities)	1.02	1.28
Quick Ratio	(Current Assets-Inventories/Current Liabilities)	0.52	0.72
Cash Ratio	(Cash/Current Liabilities)	0.33	0.53
<b>PROFITABILITY RATIOS</b>			
Gross Profit Margin	(Gross Profit/Revenue)	23.2%	20.1%
Net Profit Margin	(Net Profit/ Revenue)	10.2%	9.2%
<b>PERFORMANCE RATIOS</b>			
Return on Asset (ROA)	(Net Profit/ Average Assets)	5.9%	4.6%
Return on Equity (ROE)	(Net Profit/ Average Equity)	13.8%	10.8%
<b>SOLVENCY RATIOS (Cash not adjusted)</b>			
Bank Borrowing to Asset Ratio	(Debt/Total Assets)	0.09	0.22
Bank Borrowing to Equity Ratio	(Debt/Total Equity)	0.21	0.50

☛ Liquidity Ratios dropped mainly due to drop in Cash & Cash equivalents on account of repayment of Loans & Bank Borrowings.

During H1'22 the Net Bank Borrowings (incl. of cash) is +ve KD 6.8 Million.

☛ Profitability ratios improved significantly due to increase in margins of luxury brands.

☛ Performance ratios improved due to increase in Net Profit.

☛ Solvency ratios improved due to settlement of loans.



# Q&A SESSION

# THANK YOU

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