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

Analysts/ Investors Conference Transcript for Q2 of the Financial Year 2026

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Analysts/Investors Conference Transcript for Q2 of the Financial Year 2026 of Ali Alghanim Sons Automotive Company held on Sunday 16/08/2026.

Participants:

Mr. Yousef Al Qatami – Vice Chairman and CEO

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

Mr. Arpit Bohara - Chief Financial Officer

Chairperson:

Mr. Abdullah Kandeel

EFG Hermes

Abdullah Kandeel

Hello, everyone. This is Abdullah Kandeel from EFG Hermes. I would like to welcome you all to Ali Alghanim Q2 2026 Earnings Call. I am pleased to have on the call from the management of Ali Alghanim, Mr. Yousef Al-Qatami, Vice Chairman and CEO; Mr. Yousef Mustafa, Managing Director; and Mr. Arpit Bohara, CFO. We will start with a short presentation from management, and then we'll open the floor for the Q&A session. If you would like to ask a question, please use the raise hand function or type it in the chat box. Management, you now have the floor. Please go ahead.

Yousef Mustafa

Thank you, and a good day to everyone. Today, we're here to present our quarter 2 results for the year 2026. Overall, what we're going to cover is the Board constitution, the company overview, our financial performance and at the end, Q&A session. There is no change in the Board of Directors still as is. In terms of company overview, I would like to start with saying that we had one of the longest, if not the longest, supply disruption in the group's history overall due to the war since it broke out on the 28th of February this year.

Being in Kuwait, it sits at the north of the Arabian Gulf, meaning that it is usually anyway the last discharge port in that corridor. Having said so, it took us quite a while, us and our suppliers, to be able to find alternative routes and deliver our goods to us and undisruptly going forward. Having said that, we have managed to get to KWD 108.5 million in revenue year-to-date. Our net profit is KWD 10.3 Million. Our earnings per share is 26.01 Fils and our return on equity is still standing very strong at 26.05%.

What I've just mentioned in terms of the disruption, it started, as I've mentioned, end of February. And until we managed to get the alternative routes sorted and ironed out to make sure that the supply continues firmly, it took a few months from every one of the suppliers. We have managed to capitalize on that. We knew that there will be operating issues in terms of supply chain. So I will take you through the details of what we did in terms of OpEx, cost reduction, optimizing our working capital and making sure that our ratios, especially on balance sheet look even better.

In terms of operating cash flow, KWD 16.6 million, which is quite strong, and it covers fully our dividends payout that is standing strong as the same dividend paid before. Total equity went up by 5.83% at KWD 102.3 million. Our bank debt-to-equity is 0.46, which reduced from 0.59. And our current ratio also improved from 1.29 to 1.34. The split of the business is still very healthy. You will see that the business that is basically at the tail end of new car sales, which is usually aftersales and used cars, managed also to help carry the revenue and the profit in the company.

Passenger cars and bikes is standing at 62.5%. And here, I would like to mention that we have concluded and finalized and started selling and servicing BMW Motorrad bikes. This is a new add-on to our portfolio in Kuwait. Our commercial and heavy equipment is standing at 4.7% and others, which is overall synergetic business, rental and leasing and our technology initiative like Oogoo and Rove is standing at 5.7% of the overall.

To go into the financial performance in a bit more detail, you will see that in terms of profit, we have done extremely well, as I've mentioned, given all the conditions that the region have went through. We have managed to keep fantastic margins, and we were standing at KWD 10.3 million year-to-date in 2026 and KWD 5.4 million in quarter 2 2026 in terms of profit. The EPS, 26.01 fils and in quarter 2, the EPS constituted 13.81 fils. As I've mentioned, revenue considering is extremely strong. Cost of sale and service rendered, as you can see, we have managed to reduce it to optimize the operation.

Gross profit did not really dilute much. Our gross profit is standing very similar to what it used to be. Share of equity accounting is also doing extremely well, which is mostly Egypt. Our net expenses, as you can see, is also quite reduced. Our net profit, as mentioned, standing strong and profit attributed to equity holders is steady. Earnings per share, as mentioned, 13.81 fils in quarter 2. The year-to-date results, I've mentioned before, we're very happy with the results that we got to given the conditions. And I'm happy to say that in quarter 2, we managed to optimize the shipping routes.

We found 4 different alternatives that we are receiving our goods from both parts and cars, and they are still working quite well. So the first disruption that we got and usually, whenever there is a disruption in supply, it takes you a month or 2 until you get it done, and this is where the gap that we carried and now we have managed to close it. Our balance sheet is quite strong. We have managed to the retriming of debt was deliberate. We're looking at all the ratios improving. Our current ratio, as mentioned, standing at 1.34. The overall the balance sheet parent equity is standing at KWD 102.3 million, which is backed up by KWD 121.6 million of PPE and investment properties.

Very strong balance sheet. We're going to continue to maintaining and hopefully grow our equity value. Cash flow is very strong, as mentioned. It covers the dividends fully, and we're very happy with how the operation is performing. Overall, we don't see really an issue with demand. What happened was the disruption in supply, but the demand is still strong, and we're getting the cars to the customers now in much more balanced and linear way. So rather than the sudden arrival of cars, thousands of cars and then nothing for a month or 2, we have managed to optimize the shipping routes to make sure that our cash flows continue to grow and stay strong.

Our ratios I've mentioned, are extremely strong in terms of liquidity. You're looking at a quick ratio of 0.44 versus 0.43 the year before. Cash ratio 0.25 versus 0.21 profitability. As I've mentioned, our gross profit is 22.19% versus last year, 23.74%, very strong performance given the conditions that we're operating in. Net profit margin is 10.95%. Bank debt to assets is 0.19 and which is quite an improvement. Bank debt to equity is 0.46 versus 0.59, which is also quite a very good improvement. Our return on assets is standing at 10.71% and our return on equity, as mentioned, is 26.05%. I'll leave it to you if you have any questions.

Abdullah Kandeel

Thank you, management, for the present. We will now proceed with the Q&A session. If you would like to ask a question, please use the raise hand function or type it in the chat box. Maybe we can start with a question from our end. So basically, from what I understood, the gross margin pressure you saw in Q2 was purely driven by supply, which obviously had an impact on the sales mix for Q2, but you would expect that to recover in the following quarters given that the supply issues are now resolved?

Yousef Mustafa

I think you can see it also in our balance sheet with in terms of our working capital. Our inventory is really healthy. We have managed to receive big shipments towards the end of quarter 2. We did not have the time to deliver the cars, and hence, they were not reflected in our income statement. But the indication of our inventory position gives you a healthy position to look into quarter 3 and onwards.

Abdullah Kandeel

Thank you. Thank you so much. If -- this is a reminder that if you would like to ask a question, please use the raise hand function or type that in the chat box.

Yousef Alqatami

Are there any further questions, Abdullah?

Abdullah Kandeel

No, I see no further questions. So maybe I can pass the floor back to you.

Yousef Alqatami

I just want to close it with the following statement. We've been through a rough first quarter, the war being in March, where we everything fully stopped. It went into the second quarter less than March, but it affected all the months rather than the first month. So that was a problem also. In the past month, let's say, July, we have not seen anything. And as long as that is the case, we're due to get back or even be better than we were during other years. So pending war conditions, we are on a very good path.

Abdullah Kandeel

Thank you so much, management. Thank you, participants. This concludes today's call. Please have a good day.

Yousef Alqatami

Thank you. Take care. Bye-bye.