



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

**Analysts/ Investors Conference Transcript
for Q3 of the Financial Year 2024**



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For Q3 of the Financial Year 2024

Ali Alghanim Sons Automotive Company

Analysts/Investors Conference Transcript for Q3 of the Financial Year 2024 of Ali Alghanim Sons Automotive Company held on Wednesday 13/11/2024.

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:

Mr. Krim Sahan - EFG Hermes



Karim Hi, everyone. This is Karim Sahar from EFG Hermes, and welcome to Ali Alghanim Sons Automotive's Third Quarter 2024 results conference call. I'm pleased to be joined on the call by Yousef Al-Qatami, the Vice Chairman and CEO of the company; Chavijit Bawa, the CFO; and Yousef Mustafa, the Managing Director. As usual, we'll be starting from a brief presentation from the management side, and then we'll open the floor for your Q&A's. Management please go ahead.

Yousef Mustafa Thank you very much. Welcome, everyone, to our quarter three results presentation. We'll take you through all the financial results we managed to achieve year to date and quarter three of the year. We'll start with first the board of directors. There is no change in the board of directors as of now.

With regards to our performance highlights, we have managed to achieve in quarter three a total revenue of KWD 56.4 million with a net profit of KWD 8.46 million. Our revenue year to date is KWD 186.5 million and our net profit is KWD 25.36 million.

In terms of the revenue breakdown, the passenger cars stood at 71% of our revenue with growth and after sales revenue to 12% of the total, used cars is at 9% grew from 5% to 9%, and the remaining are almost the same.

Revenue wise, year to date, we have a drop of approximately 5.24% year to date. However, our net profit increased by 3.2% year to date to KWD 25.36 million, as I said earlier. The reasons of the drop in the year to date is dominantly in quarter three, mostly related to the stop delivery from BMW Group on some of the cars. I'm sure that you saw the news already where BMW had to halt sales for at least three weeks in our region, and specifically in Kuwait, and it took us around three to four weeks of almost no sales until the recall campaign finished. However, even with that, we have managed to have growth in our year to date net profit, as you can see.

Profit attributed to equity holders, a growth of 2.66%. And in terms of earnings per share, a growth of 2.68% year to date, standing at 78.42 fils.

Our revenue, as mentioned, there was a drop, dominantly due to BMW. Other than that, our profits continue to be healthy, as mentioned before, with a growth of 3.2%. We reached KWD 25.358 million as you can see in the income statement here, and the earnings per share, 78.42 fils.

The balance sheet, property, plant and equipment, as you can see, there is a growth of 3% non-current assets and others, 3.34%. Current assets is 20.44% growth. Our total assets standing at 10.78% growth year to date versus last year.

Total equity and liability is up 10.78 obviously percent overall.

The cash flow statement, strong performance year to date. As you can see, we're standing at KWD 31.85 million cash from operating activities. And overall, the performance of the year has been strong given the fact that we had almost four weeks of no BMW sales and disruption in after sales with regards to the recall campaign, until we managed to get all the recall campaign components fixed on the cars and start selling again. We're very happy with the results and our ability to overcome it with the diversified portfolio that we have from other brands and geographical coverage.



Ratios, straightforward, very healthy. Our gross profit margin is something to mention. We're standing at a very good gross profit margin of 24.88%. Given all what I've mentioned before, we're very happy with the results for the quarter and the year to date.

Something, just to go back to, we have achieved 126% of the forecasted net profit mentioned in the offering memorandum within nine months of the year only. And we have achieved 112% of the forecasted net profit attributed to equity holders of the parent company mentioned in the offering memorandum within nine months of the year. We're still ahead of what we have promised, and, inshallah, we're going to continue to perform ahead of our promises in the memorandum.

I'll leave the floor for you guys if you have any questions. Thank you.

Karim

Thank you, management. Now we'll be opening the floor for the Q&A session. Just as a reminder, if you'd like to ask a question, you can either type it through the Q&A chat box, or alternatively, you can use the raise hand function at the bottom of your screen, and I'll unmute your line.

Let's wait for a minute or two until the questions come in.

And again, if you'd like to ask a question, you can either type it through the Q&A chat box. Or alternatively, you can raise your hand and I'll unmute your line.

We have the first question in the Q&A box. "So would you please inform us when exactly the BMW issue will be resolved? Do you think the fourth quarter 2024 will also see a drop in revenues due to the same issue?"

Yousef Mustafa

No, we don't. Let me answer the question, as it's a two-part question. They issued it around August, and we were finished with the recall campaign by mid towards the last week of September. All the cars that are impacted with the recall campaign has been recalled and finished fully. There is no information on any more fixing required for the cars. Until now, we have been delivering cars back to normal, so we do not foresee any disruption from recall campaigns, as of the info that we have right now at all.

Karim

Alright. Thank you. We have another question on the same thing. "Hi team, so great numbers, despite the speed bump with BMW. What is the current backlog of orders?"

Yousef Mustafa

We still do have backlog in orders. On the Land Rover side, we do have, I think, if I'm not mistaken, is around 400 cars total backordered on different models. And the positive thing about the backorder is that most of the backorder that we have is on extremely high ticket items. For example, Land Rover has introduced a new Defender called OCTA. I'm not sure where the question came from, but I'll just convert it to dollar, so it's universal currency. The OCTA selling price is close to \$300,000 and we have a backorder for that car for more than a year. Likewise, on the Ranger Sport SV, we also have a backorder for that car for close to six to seven months, and it's almost in the same price range, around \$250,000 to \$300,000. We do have also a backorder on the new BMW M5, which is in the range of \$160,000 to \$170,000. That's on top of the usual backorder on the Defenders and the Range rover.



- Karim Thank you. As a reminder to everyone, if you'd like to ask a question, you can either type it through the Q&A chat box, or alternatively, you can use the raise hand function at the bottom of the screen, and I'll unmute your line. So, there do not seem to be any further questions at this point, so I'll be handing it back to the management for any concluding remarks.
- Yousef Al-Qatami Well, thank you. I'm looking forward to a very great big quarter four to close the year, inshallah.
- Karim Thank you, management and thank you to all participants for attending the call. This concludes today's call.



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

Analyst Conference

Q3 2024

November 13th 2024



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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.

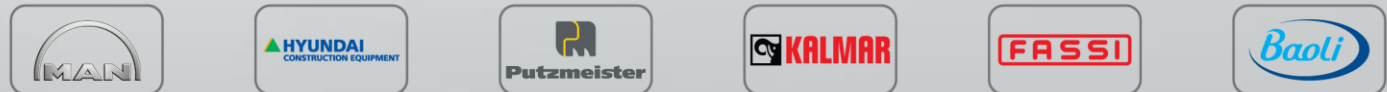


Brands: Ali Alghanim Sons Automotive deals with numerous brands in the category of Passenger Cars, Heavy Commercial Equipment and Auto parts

Passenger Cars



Heavy Commercial Equipment



Auto Parts



REVENUE BREAKDOWN (YTD Sept 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> <p>YTD 24 71%</p> <hr/> <p>YTD 23 76%</p> </div>	<ul style="list-style-type: none"> • Service • Body Shop • Parts and Accessories <div style="text-align: right;"> <p>Revenue</p> <p>YTD 24 12%</p> <hr/> <p>YTD 23 11%</p> </div>	<ul style="list-style-type: none"> • BMW • Land Rover • MINI • Geely • Haval <div style="text-align: right;"> <p>Revenue</p> <p>YTD 24 9%</p> <hr/> <p>YTD 23 5%</p> </div>	<ul style="list-style-type: none"> • MAN Truck & Bus • Putzmeister • Hyundai • Baoli • Fassi • Service & Parts <div style="text-align: right;"> <p>Revenue</p> <p>YTD 24 3%</p> <hr/> <p>YTD 23 4%</p> </div>
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> <p>YTD 24 2%</p> <hr/> <p>YTD 23 1%</p> </div>	<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> <p>YTD 24 2%</p> <hr/> <p>YTD 23 2%</p> </div>		<ul style="list-style-type: none"> • Luxury car booking service (Rove) <div style="text-align: right;"> <p>Revenue</p> <p>YTD 24 1%</p> <hr/> <p>YTD 23 1%</p> </div>



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FINANCIAL OVERVIEW

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FINANCIAL OVERVIEW: YTD Sept 2024

Revenue
(in KWD Million)



Net Profit
(in KWD Million)



FINANCIAL OVERVIEW: YTD Sept 2024



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



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





INCOME STATEMENT – YTD 2024 (JAN-SEP)

Amount in KWD

INCOME STATEMENT	YTD Sep '24	YTD Sep '23	CHANGE
REVENUE	186,523,267	196,839,099	(5.24)%
Cost of sales and services rendered	(140,117,723)	(148,511,157)	(5.65)%
GROSS PROFIT	46,405,544	48,327,942	(3.98)%
Share of results of equity-accounted investees	2,853,545	2,270,442	25.68%
Net Expenses (S&D, Admin & Others)	(23,900,277)	(26,025,946)	(8.17)%
NET PROFIT	25,358,812	24,572,438	3.20%
Profit attributable to equity holders of parent company	21,485,861	20,928,834	2.66%
EARNINGS PER SHARE	78.42	76.37	2.68%



BALANCE SHEET

Amount in KWD

BALANCE SHEET	Sep'24	Dec'23	CHANGE
ASSETS			
Property, plant, and equipment	113,242,539	109,949,266	3.00%
Other Non-Current assets	14,385,170	13,920,455	3.34%
Current assets	119,610,577	99,312,747	20.44%
TOTAL ASSETS	247,238,286	223,182,468	10.78%
Equity and Liability			
TOTAL EQUITY	90,844,748	92,428,822	(1.71)%
Non-current liabilities	56,253,929	51,277,462	9.70%
Current liabilities	100,139,609	79,476,184	26.00%
TOTAL LIABILITY	156,393,538	130,753,646	19.61%
Total Equity and Liabilities	247,238,286	223,182,468	10.78%

CASH FLOW STATEMENT

Amount in KWD

CASH FLOW STATEMENT	Sep'24	Sep'23
Cash from operating activities before working capital changes	31,851,096	33,008,289
Changes in working capital	(17,616,031)	(16,095,572)
Other items	(2,027,900)	(1,213,628)
NET CASH FLOWS FROM OPERATING ACTIVITIES	12,207,165	15,699,089
PPE & Intangible Assets	(10,035,940)	(5,257,961)
Investment in Associates & Others	(4,579,125)	(7,788,775)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(14,615,065)	(13,046,736)
Net movement in Islamic Finance payables & Finance Costs	13,984,831	21,695,510
Dividends Paid to Equity Holders & NCI	(20,022,188)	(19,702,942)
Lease Liability & Movement in Payables	261,764	2,639,142
NET CASHFLOW (USED IN) FROM FINANCING ACTIVITIES	(5,775,593)	4,631,710
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(8,183,493)	7,284,063



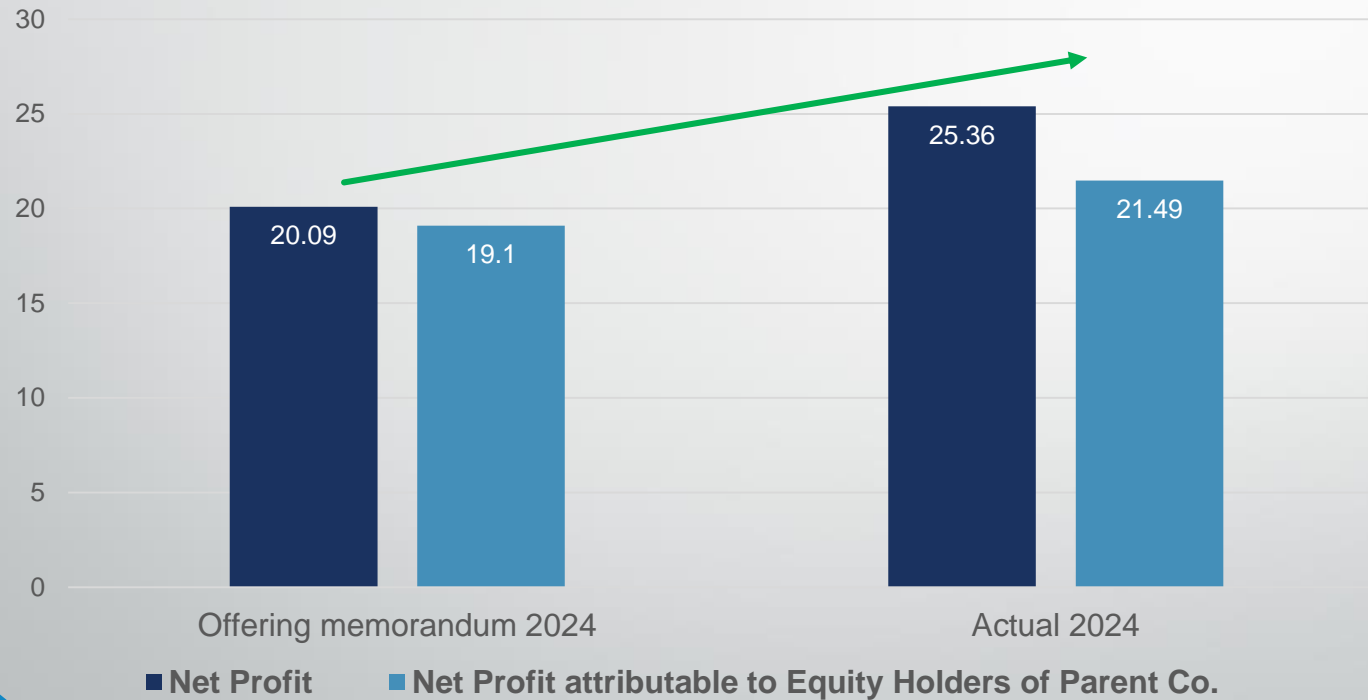
KEY RATIOS – SEP 24 (JAN – SEP)

KEY RATIOS		YTD SEP '24	YTD SEP '23
LIQUIDITY RATIOS			
Current Ratio	(Current Assets/Current Liabilities)	1.19	1.17
Quick Ratio	(Current Assets-Inventories/Current Liabilities)	0.36	0.44
Cash Ratio	(Cash/Current Liabilities)	0.16	0.25
PROFITABILITY RATIOS			
Gross Profit Margin	(Gross Profit/Revenue)	24.88%	24.55%
Net Profit Margin	(Net Profit/ Revenue)	13.60%	12.48%
PERFORMANCE RATIOS			
Return on Asset (ROA) ^{TTM}	(Net Profit/ Average Assets)	14.49%	15.69%
Return on Equity (ROE) ^{TTM}	(Net Profit/ Average Equity)	38.76%	41.01%
SOLVENCY RATIOS (Cash not adjusted)			
Bank Borrowing to Asset Ratio	(Debt/Total Assets)	0.22	0.18
Bank Borrowing to Equity Ratio	(Debt/Total Equity)	0.59	0.47



STRONG PERFORMANCE AND AHEAD OF FORECAST

Net Profit (in KWD Million)



- Achieved 126.23% of the Forecasted Net Profit mentioned in the Offering Memorandum within 9 Months of the year.
- Achieved 112.51% of the Forecasted Net Profit attributable to Equity Holders of the Parent Co. mentioned in the Offering Memorandum within 9 Months of the year.



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Q&A SESSION

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Thank you

For Investor Relations

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