مجموعة ش.م.ك.
الصناعات الوطنية
(القابضة)
NI Group
National Industries Group
(Holding)

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الكويت في 2019/3/28
اشارة م ص و/١٤/٥ - ١٢٤

السادة / سوق دبي المالي المحترمين

تحية طيبة وبعد،،،،

<u>الموضوع : محضر مؤتمر المحللين لمجموعة الصناعات الوطنية القابضة عن الفترة المالية المنتهية في 2018/12/31</u>

بالاشارة الى الموضوع اعلاه، وعملا باحكام المادة رقم 8-4-2 الالتزامات المستمرة للسوق الاول من قواعد البورصة الصادرة بموجب القرار رقم 1 لسنة 2018.

يرجى العلم بأن مؤتمر المحللين قد انعقد يوم الخميس الموافق 2019/3/28 في تمام الساعة الثانية بعد الظهر عن طريق بث مباشر على شبكة الانترنت LIVE WEBCAST.

مرفق لكم محضر مؤتمر المحللين .

<u>Subject: NIND's minute of analyst conference for the year ended on 31/12/2018</u>

With reference to the aforementioned subject, and as per article no. 8-4-2 continuing obligations in the premier market of Boursa Kuwait rule book issued as per decision no.1 for year 2018.

Kindly be informed that the analyst conference was held on Thursday 28/3/2019 at 2.00pm through LIVE WEBCAST.

Attached, the minute of the conference.

Sincerely

وتفضلوا بقبول وافر الاحترام،،،،،

Ahmed M. Hassan — **احمد محمد حسن**

CEO — **الرئيس التنفيذي**

مجموعة ش.م.ك. الصناعات الوطنية (القابضة) NI Group National Industries Group (Holding) (S.A.K.)

نسخة الى السادة / هيئة الاوراق المالية والسلع المحترمين

Analyst/Investor Conference
Year Ended 31 December 2018

Thursday, March 28, 2019. Edited transcript of National Industries Group Holding KPSC analyst/investor conference call for the year ended 31 December 2018 at 14:00 Kuwait time.

Corporate participants:

- Mr. Ahmad Mohammed Hassan, CEO
- Mr. Reyadh Al-Edrissi – Deputy CEO of Investment and Mega Projects
- Mr. Mubasher Sheikh, Chief Financial Officer

Analysts:

- Mr. Ahmad Ali Asiri, Financial Analysis Manager – MENA Equities Department from Kuwait Financial Centre K.P.S.C. "Markaz"

- Mr. Burhan Kamali, Senior Vice President – International Investment from Kuwait Pillars for Financial Investment

- Mr. Ahmed Jaber of City of London Investment Management Company Limited

Introduction:

Mr. Ahmad Ali Asiri:

Distinguished Attendees,

Peace be upon you and Allah's mercy and Blessings.

Good afternoon, everyone and welcome to the National Industries Group Holding (NIG) analyst/investors conference call for the Year Ended 2018. My name is Ahmad Asiri, I am the financial analysis manager of Kuwait Financial Centre.

I am joined by Mr. Ahmad Hassan Chief Executive Officer of NIG, Mr. Reyadh Al Edrissi Deputy CEO of Investment and Mega Projects of NIG and Mr. Mubasher Sheikh Chief Financial Officer of NIG.

We would like to thank you for attending the conference and May God bring blessing and goodness over you.

I would like to handover the call now to Mr. Ahmad Hassan, CEO of NIG.

Mr. Ahmad Hassan:

Good afternoon, thank you all for attending. We begin the conference with the text of the disclaimer, "The information set out in this presentation and provided in the discussion subsequent thereto does not constitute an offer or solicitation of an offer to buy or sell securities. It is solely for use at an investor presentation and is provided as information only. This presentation does not contain all the information that is material to an investor".

I would also like to refer you to our full disclaimer on page 2 of the presentation.

Our format for today's call will include the financial presentation, where speakers will explain and elaborate the financial performance of the Group. Afterwards, we will be having a Q&A session.

I will now share with you a quick overview of NIG, its performance and outlook during the year 2018.

NIG maintained its profitability during the year 2018 earning a net profit of KD 19.8 million and earnings per share (EPS) of 15 fils. We managed to increase our total revenue to KD 214.3 million in 2018 as compared to KD 184.7 million in 2017, which represents an increase of 16%. Net operating profit for the year ended 31 December 2018 amounted to KD 72 million as compared to KD 58 million in the year 2017. We have reduced our borrowings for the year 2018 to KD 634 million as compared to KD 696 million for the year 2017 which represents a reduction of 9%.

Here I would like to elaborate our expansion plans and progress in Real Estate sector.

The Group owns a diversified portfolio of Investment Properties amounting to KD 76.9 million as at 31 December 2018 which comprises of income generating buildings and buildings under construction.

Income generating buildings include residential buildings, commercial complexes, hotels and administrative towers and we have commenced the development in the Real Estate investments through our local subsidiaries.

In 2018, the Group opened a hotel apartment of 36 flats in the Kuwait city. Also the construction of NIG tower in the Qibla area of Kuwait city is progressing well and we expect the completion in the 3rd quarter of 2019.

Furthermore, the Group is currently building a residential tower in Dubai and a hotel apartment in Reyadh (KSA).

Now I would request Mr. Reyadh Al-Edrissi our Deputy CEO of Investment and Mega Projects to present expansion plan of our Petrochemical division.

Mr. Reyadh Al-Edrissi:

Good afternoon Gentlemen,

During the year, one of the local subsidiary **Ikarus Petroleum Industries Company** has acquired a controlling stake in a KSA- based Saudi Factory of Chlor and Alkali (Factory), which produces caustic soda, chlorine, hydrochloric acid and sodium hypochlorite.

The Factory supplies to a well-known customer base which includes ARAMCO, Schlumberger, SABIC, Unilever, SIPCHEM etc. which speaks well of its products / services and brand image in the market.

The Factory capacity currently stands at 60 tons/day, the factory embarked expansion project in 2018 to double its capacity to 120 tons/day. The expansion is expected to be completed by Q1 2020.

The financial performance of the factory is excellent with an achieved CAGR of 15.4% in revenues over 2012-2018 and a CAGR of 26% in Net income over the same period. The factory achieved its highest ever Revenue (SAR 71m) and Net income (SAR 12m) in 2018.

The AGM of IKARUS petroleum industries company on 24 March 2019 has approved the distribution of cash dividend of 25 fils per share.

Also on 1 April 2019 the EGM of IKARUS petroleum industries company will be held to approve the reduction of share capital by 15 fils per share (15%).

Now I would like to hand over the call to Mr. Mubasher Sheikh our Chief Financial Officer to present financial information for the year ended 31 December 2018. After concluding this presentation, we will take your questions.

Mr. Mubasher Shiekh:

Good Afternoon Gentlemen.

I present the financial statements for the year ended 31 December 2018, the Group continued its stable performance in the year 2018 with a net profit of KD 19.8

million. Also for the year ended 31 December 2018, the Group achieved a 16% growth in total revenue **(Page 12)** amounting to KD 214.3 million compared with KD 184.7 million for the comparative period in 2017. During the year ended 31 December 2018, the Group achieved a 20% increase in investment revenue that amounted to KD 88.9 million as compared to KD 74.2 million for the same period in 2017.

Additionally, specialist engineering and chemicals division revenue increased by 21% that amounted to KD 58.1 million as compared to KD 48 million for the same period in 2017.

As for the financial position progression **(Page 14)**, the total assets as at 31 December 2018 stand at KD 1,203 million as compared to 31 December 2017 amounting to KD 1,265 million; whereas the liabilities have reduced by 7% and amounted to KD 706 million as compared to KD 759 million as at 31 December 2017. Major contribution towards the reduction in liabilities was settlement of outstanding loans. The NIG Shareholders Equity **(Page 15)** amounted to KD 353 million as at 31 December 2018 as compared to KD 376 million as at 31 December 2017.

The Group invests in diversified asset classes, of which 48% of the total assets represent investments, which are carried at fair value and classified either as financial assets at fair value through profit or loss (IFVPL) or as financial assets through other comprehensive income (IFVOCI). 45% of these investments are quoted investments.

Group investment in associates represent 26% of the total assets and 94% of these investments are quoted associates.

During the year, Group successfully repaid the Syndicated Murabaha of KD 85 million and got new syndicated Murabaha facility of KD 76 million for further three years.

During the fourth quarter of 2018, one of the local subsidiaries has settled loans due to two lenders amounting to KD 66.6 million against a payment of KD 49.5 million with a 25.6% discount. The gain amounting to KD17 million which resulted from the waiver of the principal has been recognized under interest and other income during the year. NIG share of this gain amounted KD8.7 million.

I would like to thank you for your time this afternoon and open the floor for any questions.

Q&A:

Mr. Ahmed Jaber of City of London Investment Management Company Limited:

Do you have any plans to divest or sell out any of your subsidiaries? Namely Ikarus Petroleum?

Mr. Ahmad Hassan:

No, we do not have any current plan to dispose of any of our subsidiary including IKARUS petroleum Industries Company but there is some plans to liquidate some of the subsidiaries assets where the group's strategy is to exit and from the start of 2018 we exited some of the assets e.g. National Industrialization Company (Tasnee) in Saudi Arabia.

Mr. Ahmed Jaber of City of London Investment Management Company Limited:

What is the update on K-Electric Sale?

Mr. Reyadh Al-Edrissi:

As you know that this deal was signed in 2016 and since that time we are trying to keep this deal.

The completion of the sale contemplated in the conditional agreement has been further extended during the year 2018 until the receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein and therefore profit or loss expected from the above sale has not yet been determined.

As you know that one of the main conditions to finish this deal is to finalize the audited financial statements from international audit firm and one of the major requirement is to finish the audit is the approved tariff from government authorities

Karachi Electric is currently finalizing its 2018 audit after which we expect to receive the regulatory approvals. At the earliest, we expect the deal to complete in the 2nd half of 2019. However, please note that it is not possible to predict the conclusion.

Mr. Burhan Kamali of Kuwait Pillars for Financial Investment:

What are the reasons of low EPS and Net Profit?

Mr. Ahmad Hassan:

The Net profit for 2017 was buoyed by the sale of an associate Airport International Group, which contributed a profit of 17 million to the bottom line. Excluding this deal the overall performance of 2018 was better.

Total operating profit of the group has increased in 2018 by 25% with the total amounting to KD 72 million when compared to KD 57.7 million in 2017.

The improvement in the operating profit stems from the increase in building material division and specialist engineering & chemical division sales of 17% and 21% respectively in the year 2018.

Also the investment division revenue increased by 20% in 2018.

Mr. Ahmad Ali Asiri:

Thank you for attending the conference. I would request NIG team to separately respond to any questions that they might receive from the participants.

If you have any further questions, please send an e-mail to NIG's Investor relations Department:

Investor.relation@nig.com.kw

Presentation discussed during the session is available at NIG's web site.

From our side I would like to thank the management team of NIG for taking the call and I would like to thank all participants.

National Industries Group Holding (KPSC)

Analysts and Investors Presentation

Year Ended 2018

Disclaimer

- The information set out in this presentation and provided in the discussion subsequent thereto does not constitute an offer or solicitation of an offer to buy or sell securities. It is solely for use at an investor presentation and is provided as information only. This presentation does not contain all of the information that is material to an investor. This presentation has been prepared by, and is the sole responsibility of NIG.
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About NIG

مجموعة الصناعات الوطنية (القابضة) ش.م.ك
NI Group
National Industries Group (Holding)

National Industries Group was Listed on the Kuwait Stock Exchange in 1984.

NIG commenced its operation as a building materials manufacturing company founded back in 1961. It grew from that stage to a multinational conglomerate is a great saga of dedication and commitment. Today, NIG manages several and manifold activities in core businesses, in Building Materials, Petrochemicals, Oil & Gas Services, Mechanical Industries, Utilities, Real estate Infrastructure, Financial Services, and financial investments.

About NIG

- Through the asset management expertise in managing financial portfolios, equity shares, and direct investment has brought home creditable and laudable profits to its shareholders.
- The Group now owns major equities in various companies thriving in the financial investment and industrial investment sectors both regionally and internationally. NIG has spread its wings far and wide with simultaneous Investments in the Kingdom of Saudi Arabia, UAE, Indonesia, UK and the US with major equities in several prominent companies in the region including Oil & Gas and Petrochemical Companies.

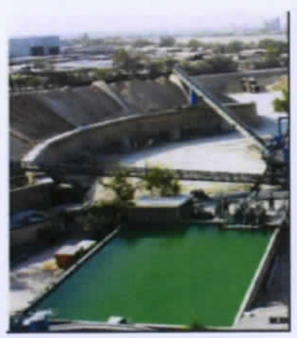
Analyst and Investors Presentation

Subsidiaries Outlook

Subsidiaries
Outlook

National Industries Company – KPSC (NICBM)

NIC was established in Kuwait in 1961 to manufacture and market building materials and infrastructure products. NIC remains a leader in the construction and building material sector in Kuwait and GCC due to the expansion of its industrial base and its commitment to a product diversification strategy to guarantee income growth and an increase in shareholders' equity. NIC owns and operates 16 production plants and 2 quarries and has 1900 employees.






Subsidiaries Outlook

Ikarus Petroleum Industries Company - KSCC

Ikarus Petroleum Industries is well established as a leading investor in the energy industry throughout the Middle East. The Middle East region is rapidly growing as a global center in the production of petrochemicals.

Subsidiaries Outlook

Noor Financial Investment Company - KPSC

Noor Financial Investment Company (NOOR) is an investment and financial services company based in Kuwait. The company has further expanded its enterprise beyond Kuwait by engaging in activities throughout the Middle East and North Africa.

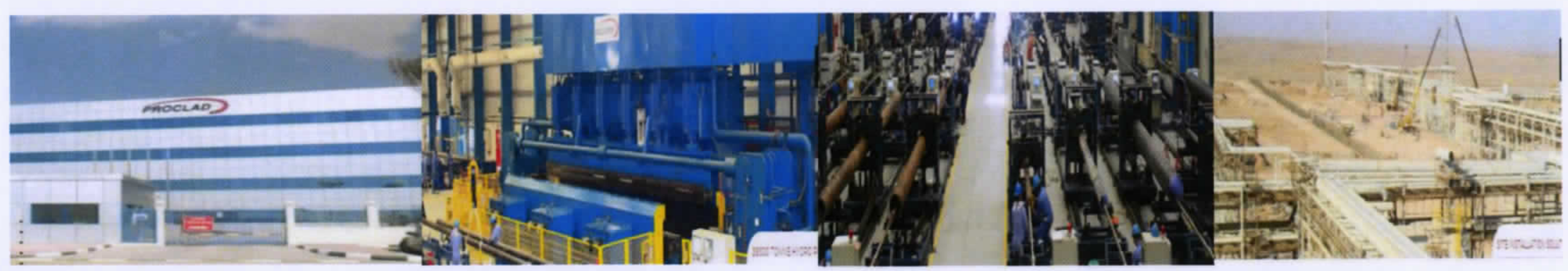
Subsidiaries Outlook

Al Durra National Real Estate

Al Durra National Real Estate Company was established in 2005 to provide leadership in the expanding real estate industry throughout the GCC countries and the MENA region.

Proclad Group

Proclad Group has firmly established itself as one of the leading suppliers of integrated solutions to a diverse range of market sectors with manufacturing facilities in Dubai, Abu Dhabi, UK and Indonesia. With a commitment to providing clients with the complete service, Proclad has developed a group of specialist companies through a combination of investment and acquisition.



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NI Group
National Industries Group (Holding)

Analyst and Investors Presentation

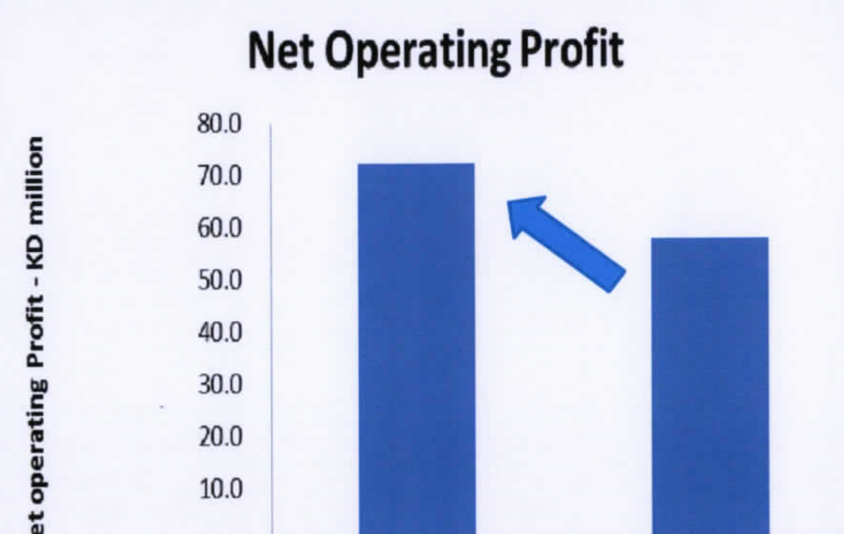
Financial Performance

Financial Performance

Gross Profit and Net Operating Profit

2018 - 2017

	2018	2017
Gross Profit	22.1	20.1



	2018	2017
Net Operating Profit	72.0	57.7

Financial Performance

Revenue Analysis

2018 - 2017

	2018	2017
Total Revenue	214.3	184.7

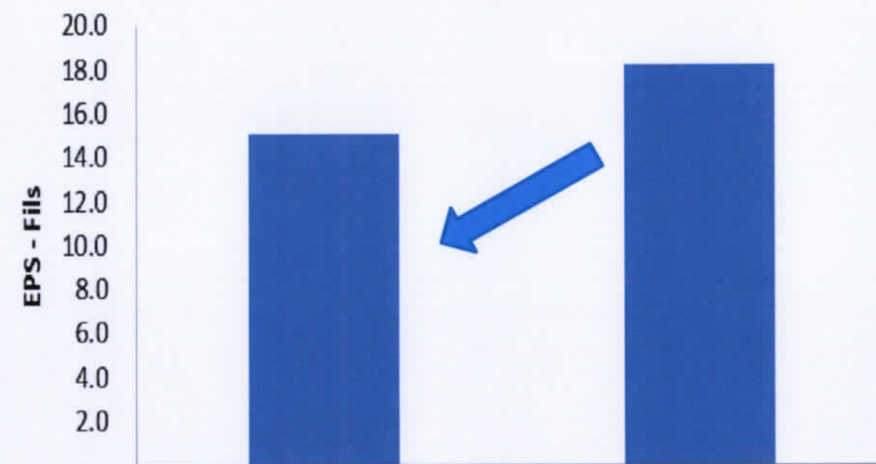
	2018	2017
Investment Revenue	88.9	74.2

Financial Performance

Earnings Per Share & Net Profit

2018 - 2017

	2018	2017
Net Profit	19.8	24.2

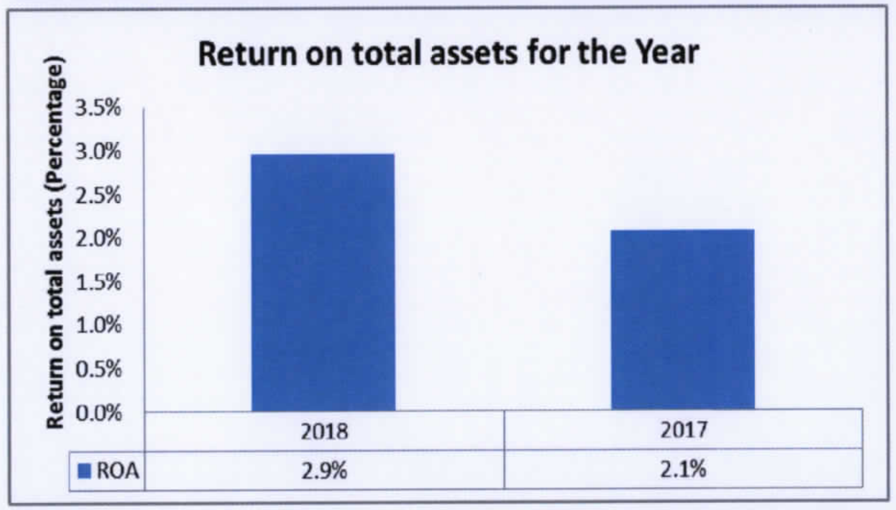


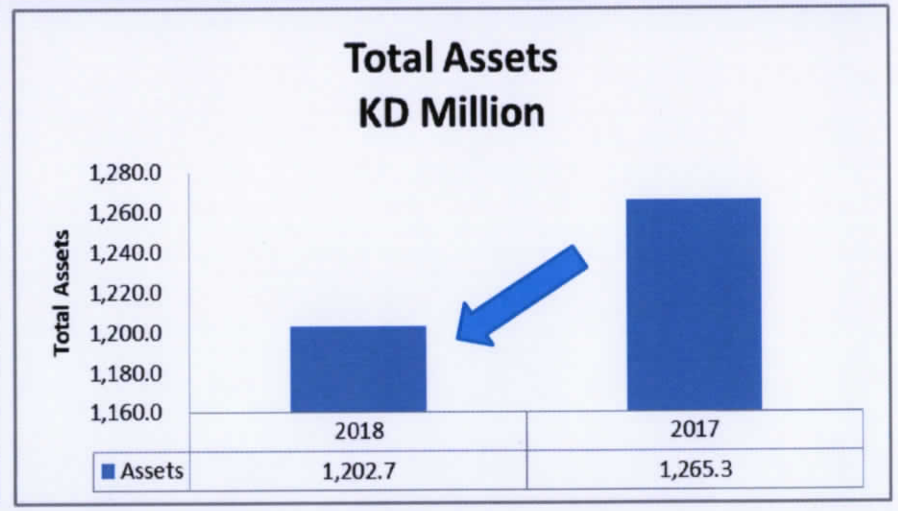
	2018	2017
EPS	15.0	18.2

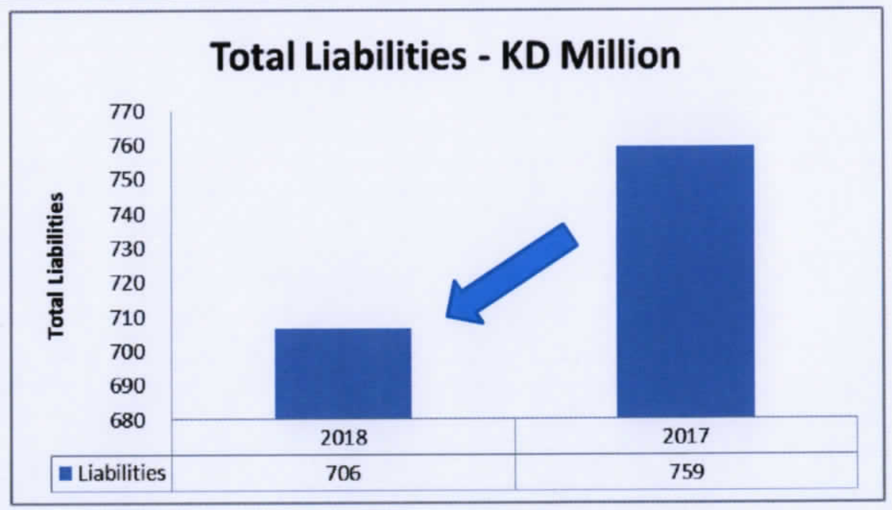
Financial Position

Assets & Liabilities

2018 - 2017



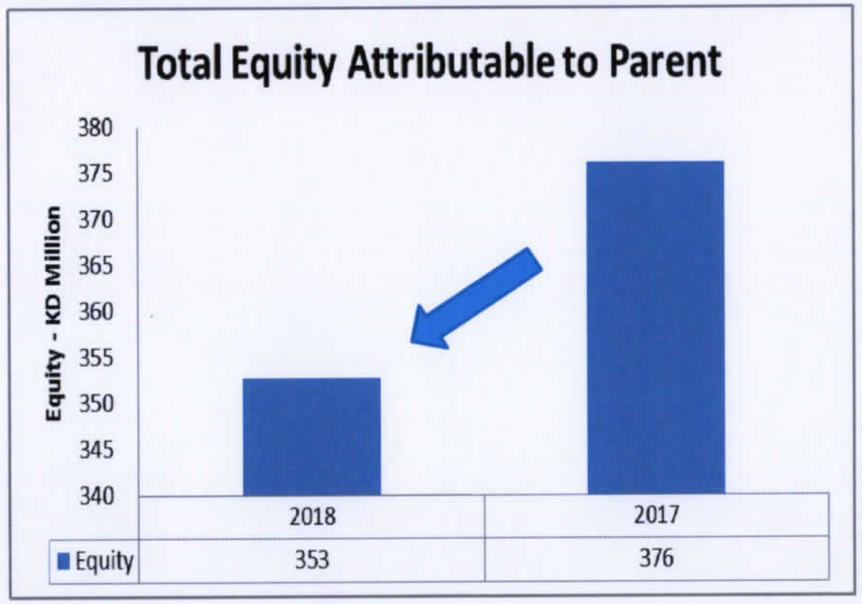


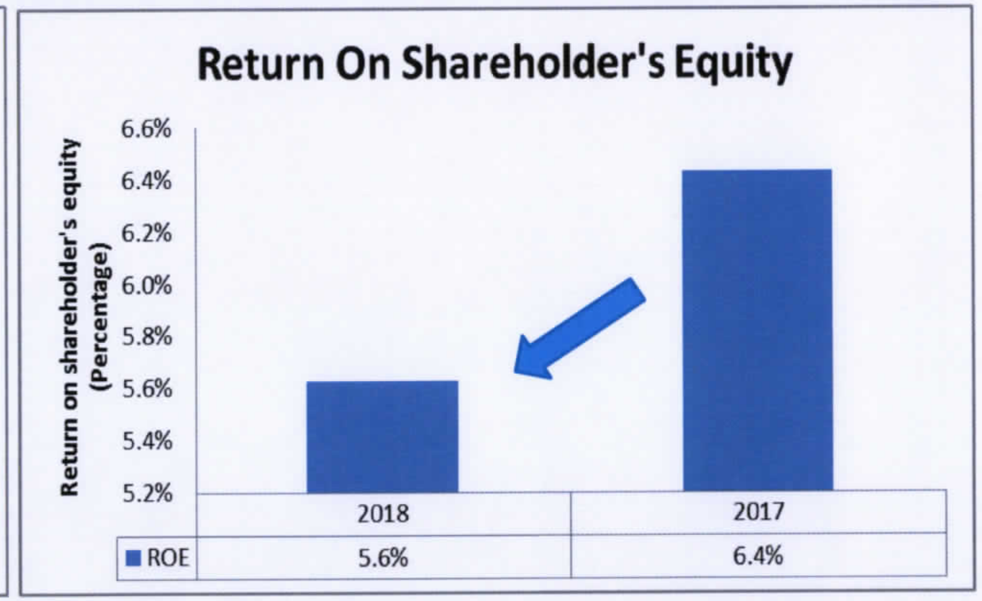


Financial Position

Equity

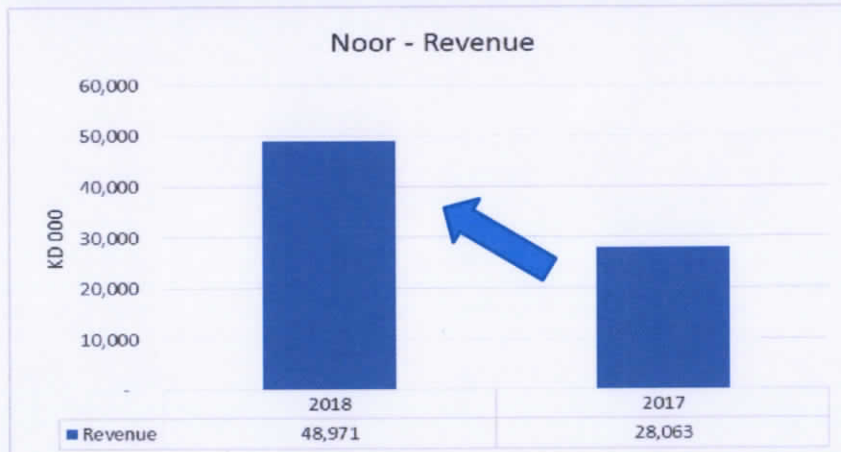
2018 - 2017

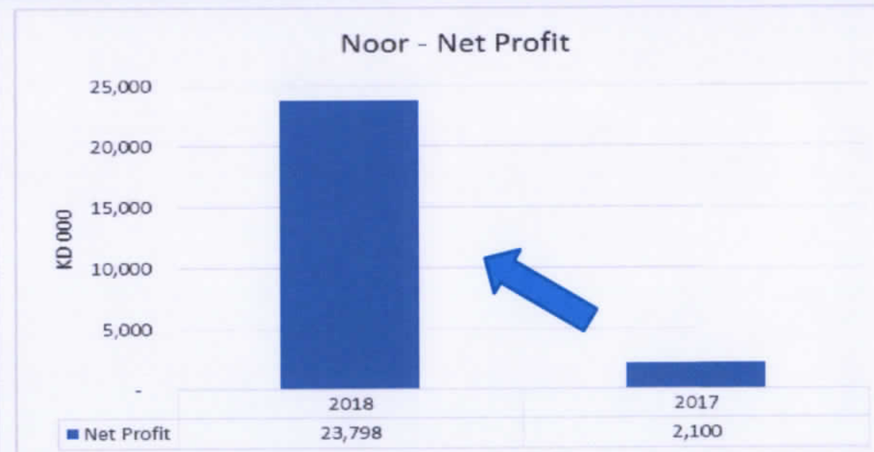


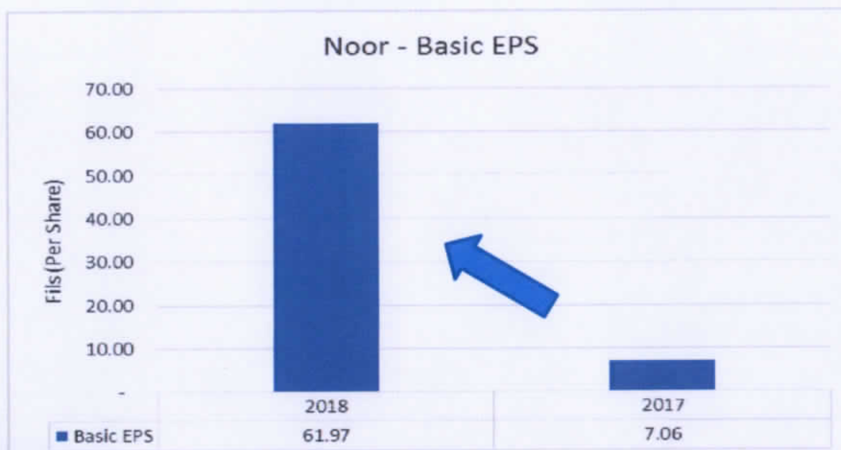


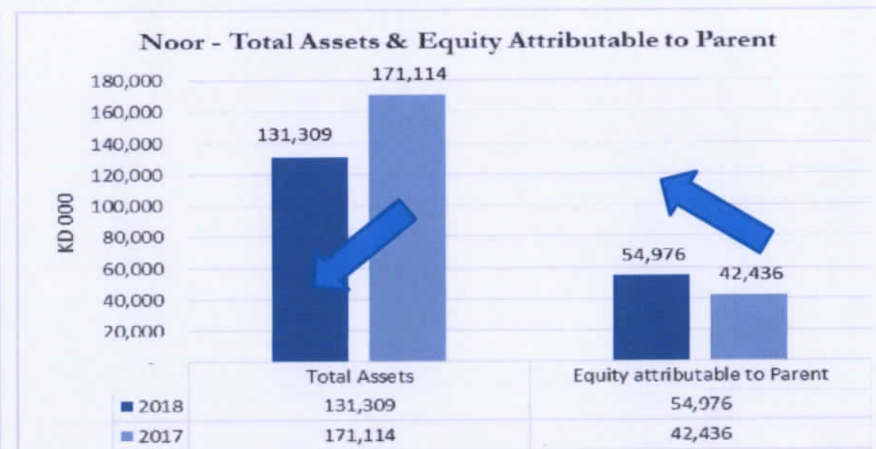
Subsidiaries Financial Performance

Noor Financial Investment Company - KPSC



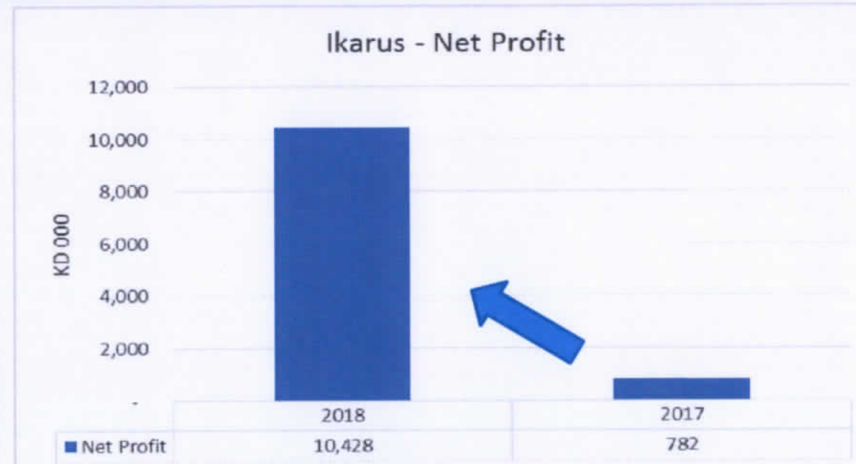


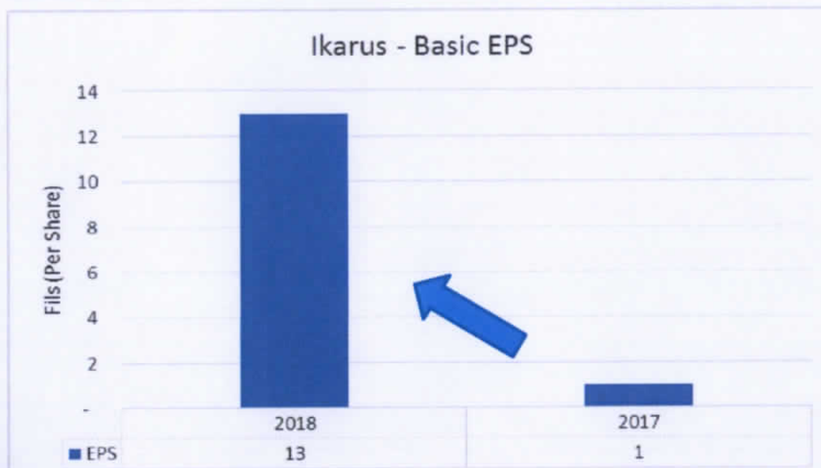


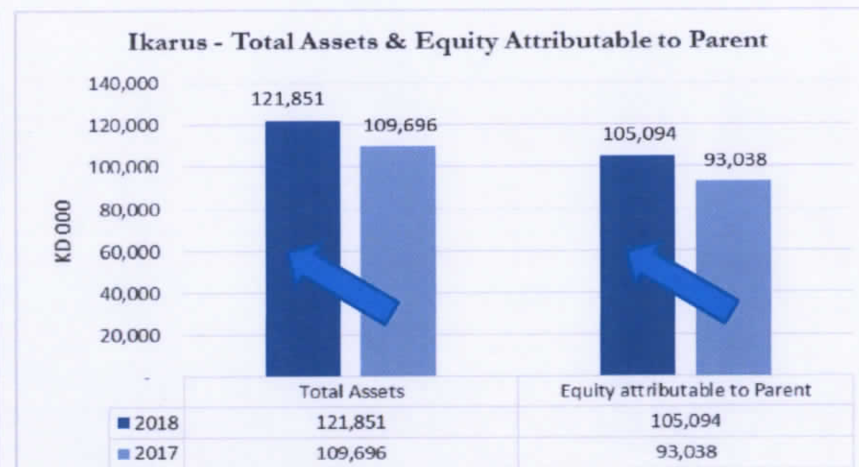


Subsidiaries Financial Performance

Ikarus Petroleum Industries Company - KSCC

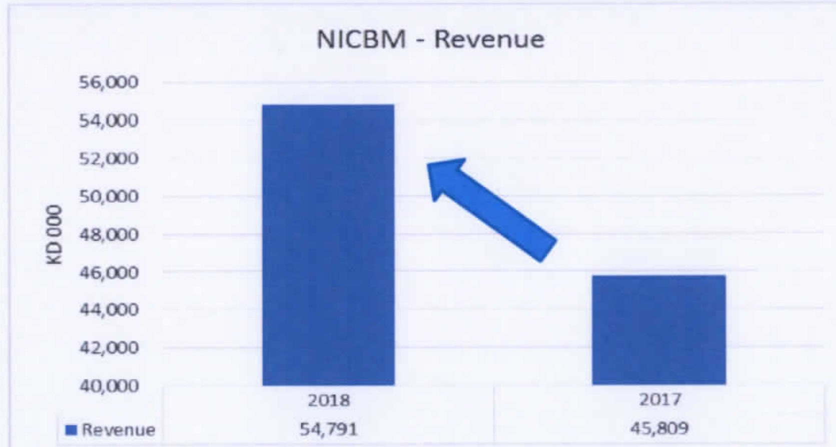


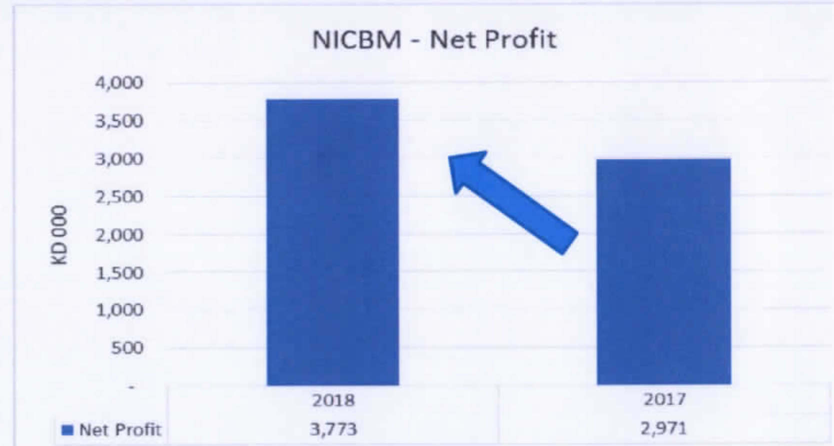


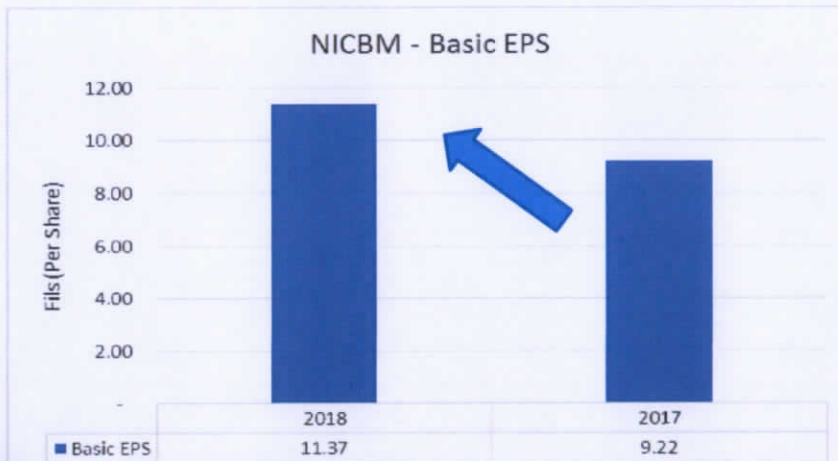


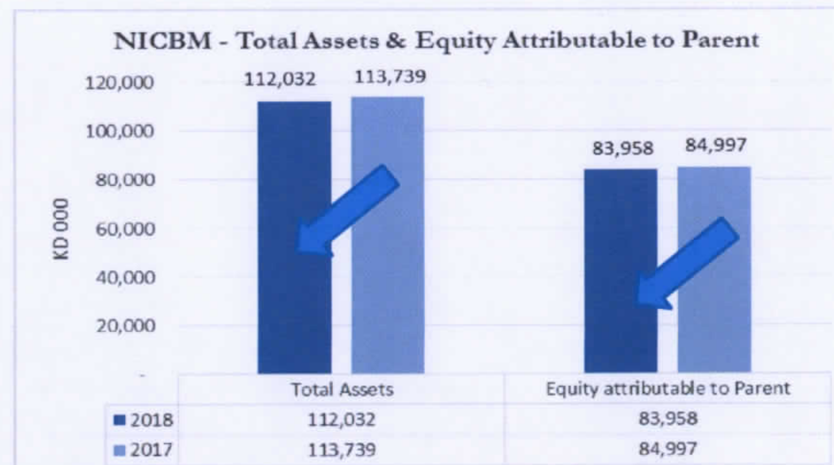
Subsidiaries
Financial Performance

National Industries Company – KPSC (NICBM)









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Thank You