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Al Tijaria Analyst Conference 3Q 9M23

Wednesday, 15 November 2023

Mai Attia Good evening, everyone. This is Mai Attia from EFG Hermes. We're very happy to be hosting Al Tijaria's third quarter 2023 results call today. We have, from the management team, Engineer Abdulmutaleb Marafie, CEO, Mr Walid Wizani, Finance and Strategic Planning Department Manager, Mr Fuad Hassan, Accounting Department Manager, Mr Ahmad Abbas Shakib, Deputy Manager, Investment Department, and Mrs. Hager Abdel Baki, Investor Relations Unit Head. I will hand over the call now to Mrs. Hager to start.

Hager Abdel Baki Thank you, Mai. Good afternoon, ladies and gentlemen. Your presence is much appreciated. Thank you for joining Al Tijaria's conference. In this conference, we will discuss the results for the nine months ended 30th September 2023. And we will gladly answer all your questions. I'd also like to add that today's presentation will provide an overview of Al Tijaria business for the nine-month ending September 2023, a summary of the financial performance and update on its properties portfolio and investment. Following this presentation, we will have a Q&A session to answer any question received through the webcast platform.

Today's presentation will be available on Al-Tijaria's website and the Bursa Kuwait website for your reference. I would like to commence our call today by reading out a brief disclaimer.

"The information set out in this presentation and provided in this discussion subsequent thereto does not constitute an offer, an agreement or a solicitation of an offer to buy or sell securities. It is solely for use as an investor presentation and is provided as information only. I would also like to urge you all to read our full disclaimer in this presentation".

Hager Abdel Baki With this, I will hand over the mic to our CEO, Engineer Abdulmutaleb Marafie, to start the presentation.

Abdulmutaleb Marafie Good afternoon Everyone. It's an honour representing our dedicated team to share with you key insights from this period. The company has achieved net profit amounting to KWD8.987 million during the nine-month ended September 30th 2023, compared to net profit of KWD12.548 million to the same period in 2022. A contraction of KWD3.561 million. At the level of operating revenue from real estate and hospitality sector, an increase in net revenues was achieved by KWD 129,464. On the level of total revenue, it's noticed that there is a decrease in revenue by KWD 5.251 million.

It's worth mentioning that revenues from investment sector increased by KWD5.613 million. By looking at the financials, our real estate and hospitality sector recorded an uptick in gross revenue by KWD1.0 million. It's very pivotal to recognise that this dip in net profit is largely derived from the increase in the debt cost, as the Central Bank of Kuwait raised discounted rate over several sessions recently. Here, we affirm that Al Tijaria is dedicated to achieve a strategic initiative and maintaining quality of its properties, which based on enhancing and developing the real estate sector, real estate assets, despite the many challenges in the economy witnessed in the current and the past year, relative to high inflation and increase in interest rates.

Regarding our real estate portfolio, there has been an increase in occupancy rates, which increased from 90% in Q3 2022, reaching 92% in Q3 2023. As we endeavour to diversify our real estate portfolio both locally and globally, our board of executive leadership emphasise engaging with tenant, who shared long-term vision. And in line with this, we are keen on offering top-tier property management services, catering both residential and commercial stakeholders.

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In conclusion, Al Tijaria envision to generate added value to its shareholders by continuously enhancing the quality of the properties and real estate services. Thank you.

Hager Abdel Baki Thank you, Engineer Abdulmutaleb. I will hand over the call now to Mr. Ahmad Shakib, our Deputy Manager of the Investment Department.

Ahmad Abbas Shakib Thank you, Engineer Abdulmutaleb. Hello, everybody, and welcome. Al Tijaria, one of the leading real estate companies, has a global real estate and investment portfolio worth more than KWD 73 million, primarily focussed on the real estate sectors in the UK, Western Europe and the United States. The company's solid investment strategy emphasised on diversification and the conservative approach, targeting income-recurring assets and sustainable and defensive sectors, secure, consistent and sustainable income streams for its valued shareholders.

This proactive approach profited the company from global market structure, ensuring a well-informed decision-making process that minimised the risk and capitalise on lucrative opportunities. In Q3 of 2023, Al Tijaria participated to acquire opportunistic real estate investments in the US and European markets, along with the strategic investors. With that, I want to conclude my speech and leave you with my colleagues, Mr Fuad and Mr Walid, to highlight financial statements of Al Tijaria for the nine-month ended 30th September 2023.

Walid Wizani Thank you, Ahmad. Today, I'll be presenting financial performance and financial highlights, starting with the rental income. We can witness that there is an increase comparing Q3 22 to Q3 23, increasing from the level of 19.389 to 19.8, which led to an increase in the occupancy from 90% to 92%. As well, there is an increase in the hospitality income from KWD 1.9 mn to 2.5 mn. Overall, the net income from operating activity, there is a reduction from KWD 16.2 to KWD 15.7 mn, taking into consideration that the sale of land and real estate held for trading took position in 2022.

Moving to the investment sector, we can witness that there is an increase in the investment dividends from KWD 1.9 mn to the level of KWD 3 million, mainly from our existing investments in our new cash dividends from opportunistic investments that were participated in 2022 and 2023. The total revenue, it has an increase from KWD 17.6 till KWD 22.8 mn. A major increase in the finance cost from the level of KWD 4.2 million to KWD 8.3 million, mainly from the hikes that was caused by the CBK. Eventually, the net income up to Q3 2022 at the level of 12.5 million compared to 8.9 million, with an earnings per share of 6.92 fils up to Q3 2022 and 5.05 fils up to Q3 2023.

Speaking of the total assets, there is an increase in the total assets. It was KWD553 million in 2022 and reached to the level of KWD 560 mn. Total liabilities as well, there is an increase from KWD 239.9 mn to the level of KWD 247.5 mn. Total equity, there is a slight reduction comparing Q3 23 with 2022, from the level of 289.6 million to the level of 288.3 million. There is an increase in term finance from KWD 220 mn to KWD 229 mn. Overall, the return on capital in 2022, 6.85%, compared 6.51% in Q3 2023. Return on assets as well, from 2.31% and 2.15% respectively. Speaking of the debt ratios, we have the debt-to-equity ratio in the nine-month ended September 2023 remain at the level of the 73%.

Debt to asset ratio remained at the level of 41% and debt to capital at the level of 125%. This ends my presentation. Thank you very much for your time.

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Hager Abdel Baki And now we'll open the door for any questions.

Mai Attia If you have any questions, can you please raise up the hand? Mansoor, the line is opened, if you would like to ask your question, please. Mansoor? Alternatively, if you have any questions, can you put it in the chat button, please? I think we have no questions for now.

Hager Abdel Baki Thank you, speakers. Ladies and gentlemen, thank you all for your time. And it's highly appreciated. I would like to conclude this call, thanking all for attending. And if you have any questions related to Al Tijaria financial or any follow ups, please don't hesitate to contact us, through the investor's unit email. The presentation slides and transcripts of this call will be available on the Boursa and Al Tijaria's website within the coming week. Thank you.