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Transcript

Al Tijaria Analyst Conference FY23

Wednesday, 20 March 2024

Operator Good afternoon, everyone. This is Mai Attia from EFG Hermes. We're very happy to be hosting Al Tijaria's performance for the year end 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.

Investor Relations 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 full year ended 31st December 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 full year ending December 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 Boursa 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".

Investor Relations 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 a privilege to represent our dedicated team today and share the updates. In 2023, Al-Tijaria achieved a remarkable net profit of KWD 14.423 million, marking a significant increase from KWD 12.479 million in 2022. This growth, equivalent to 15.6%, highlights our company's ability to strengthen our market position and deliver enhanced value to our shareholders. We've seen revenue gains across operational and investment activities, reflecting our success in diversifying our income sources effectively. Despite a 69% rise in financing costs impacting our net profits, our expert management strategies have allowed us to navigate these challenges successfully.

In the real estate and hospitality sectors, we've witnessed substantial growth, with total revenues reaching KWD 30.6 million, a 3.3% increase Y-o-Y. Notably, our gross revenue in these sectors rose by KWD 0.581 million. Investment & associate sector revenues also saw a significant uptick, increasing by KWD 10.4 million to KWD 12.6 million in 2023.

Our real estate portfolio has enjoyed improved occupancy rates, moving from 90% in 2022 to 93% in 2023. Our strategy to diversify our portfolio both locally and internationally is driven by engaging with tenants who share our long-term vision. Committed to providing top-notch property management services, we cater to both residential and commercial stakeholders. In closing, Al Tijaria is dedicated to creating additional value for its shareholders by continually enhancing the quality of its properties and services.

Investor Relations 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 investments portfolio worth more than KWD 70 million, primarily focussed on 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. During 2023, Al Tijaria participated to acquire opportunistic real estate investments in the US and European markets, along with the strategic investors.

Furthermore, we achieved profits from enhancing its project on Palm Jumeirah through a strategic partnership with an Emirati developer to develop the "Orla Dorchester" project, and its "Miami 501 First Residence" project in Miami, Florida, in the United States, with a local developer and strategic investors, where more than 460 residential units out of a total of 476 units were sold by the end of 2023. Also, we launched the "Time Share" unit sales through "Aria Vacation Club", an associate of the company in Palm Jumeirah, Dubai, as well as we started the sale phase for our residential and commercial plots for Bayan Al Aziziya project in Al Khobar, Eastern Province, Saudi Arabia, through its associate, Bayan Real Estate Company, during the year 2023.

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 full year ended 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 YE2022 to YE2023, increasing from the level of KWD 26.156 million to 26.620 million, which led to an increase in the occupancy from 90% to 93%. As well, there is an increase in the hospitality income from KWD 2.855 million to KWD 3.484 million. Overall, the net income from operating activity, there is an increase from KWD 21.638 million to KWD 22.220 million.

Moving to the investment sector, we can witness that there is an increase in the investment dividends from KWD 2.746 million to the level of KWD 3.678 million, mainly from our existing investments and new cash dividends from opportunistic investments that were participated in 2022 and 2023. There is an increase in operating revenue by KWD 12.776 million KWD From 20.462 million till KWD 33.018 million. A major increase in the finance cost from the level of KWD 6.659 million to KWD 11.262 million, mainly from the hikes that was caused by the CBK. Eventually, the net income For YE2023 at the level of KWD 14.423 million compared to KWD 12.479 million, with an earnings per share of 8.13 fils for YE2023 and 6.89 fils for YE2022.

Speaking of the total assets, there is an increase in the total assets. It was KWD 553 million in 2022 and reached to the level of KWD 561 million. Total liabilities as well, there is an increase from KWD 239.9 million to the level of KWD 245.9 million. Total equity, there is a slight increase comparing YE2023 with YE2022, from the level of KWD 289.6 million to the level of KWD 291.3 million. There is an increase in term finance from KWD 220.5 Million to KWD 229.3 Million.

Overall, the return on capital in 2022, 6.78%, compared to 7.84% in 2023. Return on assets as well, 2.29% and 2.87% in 2023 respectively. Speaking of debt ratios, debt-to-equity ratio in 2023 72% compared to 70% in 2022.

Debt to asset ratio in 2023 41% compared to 40% in 2022 and debt to capital ratio in 2023 125% compared to 120% in 2022.

This ends my presentation. Thank you very much for your time.

Investor Relations And now we'll open the door for any questions.

Operator If you have any questions, can you please raise up the hand?

Do we have any questions? If you have any question, can you raise the hand button, or you can write it on the chat. We have a question. What is the outlook on the investment book? Will we continue to see it growing in the future?

Investor Relations Can you just repeat the question, please?

Operator What is the outlook on the investment outlook? Will we continue to see it growing in the future?

Mr Ahmad Shakib Yes. Regarding the questions about the investments and pipeline, yes, we are seeking, we are continuing to seek the opportunistic investments, especially in real estate, either regionally or globally in such developed countries. We have a benchmark for both income-returning assets and also for developing investments, which will have double-digit returns. So we will continue to see the growth in the net profit by obtaining such property growth and these opportunistic investments.

Operator Any other question? We have no other questions. Thank you, everyone. Thank you.

Investor Relations 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 you all for attending. And if you have any further question related to Al Tijaria, financial or any follow-ups, please don't hesitate to contact us through the Investor Unit's mail. The presentation slides and transcript of this call will be available in the Boursa and Al Tijaria websites within the coming hours. Thank you.

Abdulmutaleb Marafie Thank you.