

BCFC registered net profit of BD 17.1 million in 2019

Bahrain Commercial Facilities Company BSC (trading code: BCFC) achieved a net profit of BD 1.6 million in the fourth quarter of 2019, 76% below the same period last year (2018: BD 6.8 million) and registered an earnings per share of 8 Fils (2018: 34 Fils). The Group registered a total comprehensive income of BD 2 million which is 62% lower than last year (2018: BD 5.3 million). The company has reported a net profit of BD 17.1 million for the year ended 31 December 2019 which is 25% lower than BD 22.9 million achieved in 2018. This results in an earnings per share of 85 Fils (2018: 114 Fils). The Group registered a total comprehensive income of BD 14 million which is 39% lower than BD 23.1 million achieved in 2018. The reduction in net profit is predominantly due to higher impairment provisions which the company has made in anticipation of further economic challenges. The Board have recommended a cash dividend of 50 files per share. (2018: Cash dividends of 45 files per share, 25% bonus shares).

On this occasion, Mr. Abdulrahman Fakhro, the Chairman of the Board expressed his satisfaction with the Company's results. He observed that 2019 proved to be a difficult year. The structural economic reforms introduced by the government to achieve higher fiscal discipline had its bearing on the liquidity and significant decrease in consumer disposable income and their consumption. Automotive and real estate segments of the market were amongst the most affected. BCFC Group is not insulated from these market realities. The reduction in profit is mainly due to higher impairment provisions, which the company had prudently taken to safeguard against potential future reduction in customers liquidity. The Company and its all subsidiary companies continued their relentless efforts of continuous refinement in to core competencies to further strengthen the business model.

In 2019, the Group has achieved a total operating income of BD 45.3 million which is 2% behind of the last year (2018: BD 46.3 million). The Group remained in a healthy liquidity position with a low leverage of 1.7 multiples with total shareholders' equity of BD 152 million, 4% higher than last year (2018: BD 146 million). The Group's total assets at 31st December 2019 stands at BD 410 million, which is 5% higher than BD 391 million last year.

For the fourth quarter of 2019, the Group has achieved a total net interest income of BD 6.0 million, 10% below the same period last year (2018: BD 6.7 million). The Group has achieved an operating income of BD 10.1 million which is 18% lower than last year (2018: BD 12.3 million).

Bahrain Credit achieved a net profit of BD 13.9 million (2018: BD 18.9). The company practiced extreme caution in extending new loans and further tightened its underwriting policies to adapt to the difficult market conditions. Total new loans worth BD 151 million (2018: BD 171 million) were advanced during the year. The company's net interest income stands at BD 26.7 million, 5% ahead of last year (2018: BD 25.5 million). The company has provided significantly higher impairment provisions in anticipation of difficult market conditions.

National Motor Company has earned a net profit of BD 2.1 million (2018: BD 2.4 million). These results are particularly remarkable considering the significant decline in the new vehicle sales during the year and substantial erosion of margins due to the accumulation of vehicle supplies in the country. In this changing environment, the company has focused its energy on efficient inventory controls with correct mix of vehicles, lean and skilled deployment of workforce, strong focus on customer satisfaction and emphasis on cost optimization. The company continued its strategy to diversify its revenue streams and recently launched the country's first privately owned car inspection center. The company also launched its second large used car location to increase its reach and improve customer convenience.

Tasheelat Automotive Company has recorded a net profit of BD 271 thousand (2018: BD 207 thousand). GAC Motor continued its leadership in the China sourced cars and became overall seventh largest automotive brand in the country due to its high reliability, cutting edge technologies, safety features, fuel efficiency and very attractive prices. During the year, the company has introduced two new automotive brands in Bahrain. Haval cars are specialized sport utility vehicles known for its appealing exterior , utility, futuristic options and very attractive price points. Great wall Motor is a well-known brand in the commercial segment. Both the brands have received warm welcome from the customers.

Tasheelat Insurance Services Company registered a net profit of BD 0.7 million (2018: BD 0.8 million). The significant reduction in the new vehicle sales in Bahrain has impacted the performance of the company's core product motor insurance. However, such impact was limited and controlled thanks to the successful diversification strategy the company has implemented. The company shall continue to offer unique products and services through its strong partnership with insurance companies and leveraging on the BCFC Group core competencies to address new market segments that are currently not well served.

Tasheelat Real Estate Services Company has registered a net profit of BD 0.2 million (2018: BD 0.6 million). The real estate market in Bahrain remained stagnant and uninspiring with general decline in demand and correction of prices in certain areas. The increase in government levy on new construction projects has affected overall investments into this sector. The company is prioritizing annuity type of income generated through rental yield and have further invested into its investment property portfolio during the year in areas of high demand. All the company's investment properties continue to enjoy healthy occupancy rate.

Tasheelat Car Leasing Company completed its second full year of operation and reported a net profit of BD 101 thousand (2018: BD net loss of 63 thousand). The company in a short period of time has grown into top 5 car leasing companies. The company has unique advantage of having largest strategically located branch network with vast range of vehicles, efficiently sourced from sister companies to appeal to all types of customer profiles. The company has won many prestigious lease tenders both in the government and corporate sector in a very competitive market.

During the year, the company had successfully raised USD 125 million syndicated loan. The loan proceeds were predominantly used to repay USD 50 million syndicated loan and USD 53 million bond on their respective maturities.

Commenting on the results, Dr. Adel Hubail, Chief Executive Officer, stated that, the BCFC Group results in a challenging environment is testament of the robust business model and strong foundations. The Company will continue to look for opportunities to enhance its value chain, refine its business model and increase customer value. The Company with strong equity will continue to look for opportunities to further diversify its revenue streams and increase shareholders' value.

The full set financial statement and the press release are available on the Bahrain Bourse's website.