



8 March, 2020

Mr. Hassan Abdulrahman Al Serkal
Executive Vice President - Chief Operations Officer (COO)
Head of Operations Division
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Subject: Analyst/ Investor Conference for the Fourth Quarter of 2019

Reference to the above mentioned subject and pursuant to the requirements of Boursa Kuwait Rule Book issued as per Resolution No. (1) of 2018, we wish to inform you that the quarterly Analyst/ Investors Conference was held through a Live Webcast at 2:00 pm local time on Monday 2 March 2020.

Please refer to the attachment for the minutes of the conference and the Investor presentation (Q4-2019).

Best Regards,

Tarek Abdul Aziz Sultan Al Essa
Vice Chairman and CEO





Agility Public Warehousing Company Q4 2019 Analyst Webcast

Sunday, March 8th 2020

Kindly find enclosed minutes of Agility's analysts' webcast, which was held on Monday March 2nd 2020 at 2.00 PM Kuwait time, to discuss Fourth quarter and full year 2019 earnings.

Attendees from Agility:

Ehab Aziz – Group CFO

Soriana Borjas – Investor Relations Senior Manager

From Arqaam Capital:

Sidharth Saboo



Transcript

Operator: Ladies and gentlemen, welcome to the Agility's 2019 fourth quarter earnings webcast. Today's host will be Sidharth Saboo from Arqaam Capital. Sir, please go ahead.

Sidharth Saboo: Good morning and good afternoon ladies and gentlemen, and thank you for joining us today. This is Sidharth Saboo, and on behalf of Arqaam Capital, I'm delighted to welcome you to Agility's fourth quarter 2019 earnings webcast. I have with me here today Mr. Ehab Aziz, Group Chief Financial Officer and Agility's Investor Relations team. Without further delay, I will now turn over the call to Soriana Borjas, Agility's Investor Relations Senior Manager.

Soriana Borjas: Good afternoon, and welcome to Agility's fourth quarter 2019 analyst call.

As usual, Mr. Ehab Aziz, our group CFO, will walk you through the presentation, which you have available on your screen, to present Agility's operational and financial performance for the fourth and full year 2019, after which we will open the floor for your questions.

If you would like to ask any question, please type it in the Q&A box on your screen any time during the presentation and we will address it during the Q&A session at the end of the call.

Before I hand over the mic to Ehab, I would like to draw your attention to the disclaimer available on page #2. As this presentation may contain forward looking statements, such statements are subject to risk and uncertainties as various factors, many of which are beyond our control, may cause actual developments and results to differ materially from expectations contained in the presentation. Please take a moment to read it.

Ehab over to you.

Ehab Aziz: Good day every one, and thank you for joining our earnings call for Q4 2019. As usual, we will start with the group's financial performance, and then we will move to the main highlights of our 6 main business units.

We will start with slide #4 with some of the main highlights.

In general 2019 was a challenging year for the logistics business, maybe one of the most challenging over the past 10 years, despite that we have been able to report an EBITDA growth of 6% in 2019 after 3 consecutive years of double digit growth.

2019 challenges were a result of the regional and economic uncertainties which we believe will continue into 2020, however we are still confident that we will be able to navigate through those challenges as we continue to drive operational efficiencies and digital transformation.

Freight forwarding market in 2019 was weak, and witnessed lower volumes compared to 2018. According to IATA 2019 had the lowest freight volumes over the past 10 years. GIL's revenue had 2.5% negative growth year over year however, better yields in Air Freight and Ocean Freight partially offset the decline at the net revenue level. GIL also reported higher operating expenses as a result of accelerating digital transformation.

The infrastructure group performed relatively well, though the markets they operate in showed slow activities. Investments in those businesses continue to seed for future growth. We will go into more detail in their respective slides.

Going into the financial highlights, slide #5, we have here the numbers excluding IFRS 16 and this has been an anomaly in 2019, as we move into 2020 that anomaly will disappear and the reported numbers would be the same. As you can see for the fourth quarter and full year 2019, the main financial metrics reported a single digit growth where revenue is almost flat for the quarter and EBITDA is a low single digit of 3% for the quarter and 6% for the year. For net profit it was up 7% for the quarter and 10% up for the year. Free cash flow for the full year as we communicate before was limited due to the investments we are doing mainly for the infrastructure group.

Moving to slide #6, the full year financial performance. Gross revenue growth was 2%, again, weak freight forwarding market particularly in air freight affecting GIL's revenue was behind this relatively low growth. Net revenue grew 6.7% from KD 498 million to KD 531 million, that is definitely higher than revenue growth and that is driven by better freight forwarding yields and better contract logistics performance in GIL plus growth from the infrastructure entities. EBITDA growth was 24.7%, however excluding IFRS 16 it was a 6% growth. As you can see EBITDA in 2019 grew at a single digit which is not satisfactory for us after 3 consecutive years of double digit growth and that is a reflection of the challenging environment we faced in 2019 due to the trade tensions, global and regional economic uncertainty, and now with the coronavirus outbreak, we expect 2020 to be more or less in line with 2019 in terms of challenges, if not even more challenging given the situation we're seeing around us. Reported net profit for the year increased by 7% from KD 81.1 million to KD 86.8 million. You can see on the chart there was a negative impact of almost KD 2.5 million due to IFRS 16, if we adjust that, then net profit growth is actually 10%.

Moving to the following slide #7 where it shows the contribution by business groups. Infra contributed positively to the group whereas GIL had a decline in revenue. At the revenue level, Infrastructure group contributed KD 57 million to this growth. The revenue split between both business groups is almost 75% GIL and 25% Infra in 2018 whereas in 2019 it is 70-30 and if we look at the net revenue split which is not shown in the slides it is almost 50-50. At the EBITDA level, the growth-excluding IFRS16 is primarily coming from

the Infrastructure business, note IFRS 16 had more impact on GIL due to the capitalization of leases in the contract logistics sector. That growth in Infrastructure is a result of our investments over the past several years in that sector, and as you will see in the capex slide later, most of our capex has been going into our Infrastructure business. GIL's EBITDA was lower than last year due to a slower and softer market driving slower growth plus increase in operating costs to accelerate the digital transformation program that we have. So year over year EBITDA growth for GIL was negative 1.4% and a 7.7% increase in Infrastructure group. You can see in a later slide, all entities in the Infrastructure group have been growing at a decent, high single digit to double digit growth rate.

Moving to the next slide # 8, in terms of our balance sheet, we continue to enjoy a strong and healthy balance sheet. Our total assets value stands at around KD 2 billion and over KD 1.1 billion in equity. IFRS 16 had an impact on our balance sheet of about KD 111 million in the assets and liabilities side. A detailed impact of IFRS 16 will be presented in a separate slide at the end of the presentation.

Net debt has increased to around KD 186.5 million if we exclude IFRS 16 impact. Our net debt to EBITDA stands at 1.1X, both numbers are excluding IFRS-16, this falls in line with our guidance and our expectation in terms of our net debt to EBITDA to be between 2X to 2.5X in the normal course of business and that means without factoring any large M&A transactions.

Moving to slide 9, we generated healthy cash flows from operations, of around KD 121.3 million without the impact of IFRS16, an increase of 24.1%. This is primarily driven by 2 things: one is the cycle in working capital in GIL has reversed since revenue didn't grow that much this year this resulted in a positive impact on our working capital and a better working capital management, in addition to that, also within GIL, we sold some of our receivables, so the liability has moved to the financing firm and accordingly this have been reflected as a positive change in our working capital of around KD 6 million.

In terms of capex as presented in the chart on the right hand side of the slide, you can see how much we have spent to date for every entity since 2015 when we announced our 2020 goal and started our CAPEX program, so this chart summarizes where the money has been spent. As you can see most of the CAPEX went for the infrastructure group. The "other" category includes the investment in UPAC which in turn invests in the Reem mall.

Moving to the business group segments in Slide # 11, starting with GIL's Q4 results, revenue declined by 3.7% over the same period last year, or 2.6% decline on a constant currency basis due to lower freight forwarding, air and ocean, volumes and that has been a theme in the industry as a whole, particularly in air freight. However, this has been compensated by higher yields. As a result, net revenue, improved by 4.2% adjusted for currency fluctuations and IFRS 16.

Same story for the full year of 2019, higher net revenue with a growth of 5.1%, excluding currency fluctuation and IFRS16 impact. Top line declined because volumes went down but this has been compensated by better yields in air and ocean, which we will present in

the coming slide. So it's the same story for the full year and the quarter, however, the decline in volumes in the last quarter had accelerated. IFRS 16 had an impact on GIL EBITDA, this is why we present the numbers excluding this impact, as you can see the number at the bottom right, shows a decline of 5% for the quarter due to the revenue and net revenue challenges and also due to investment in transformation. And for the full year, the decline was not relatively as severe as Q4 decline and was 1.3%.

Product wise on slide # 12, as I mentioned, Air freight volumes in Q4 declined 7.0%, due to ongoing trade war concerns and lower demand from customers across industries and geographies but that was offset to a certain extent by yield improvement of 1.1% resulting in a net revenue decline of 6.0% in air freight for the quarter. As you can see the year to date, net revenue declined by 2.1% with a decline of 6.8% in volumes and an improvement in yield of 5.1%, so definitely Q4 in terms of air freight was more challenging than the previous three quarters. Ocean freight on the other hand experienced higher volumes for the quarter with a growth of 1.9% however witnessed a decline in yields by 2.2% for the quarter which reflected in a decline in net revenue by 0.3% almost flat. For ocean freight year to date results, net revenue improved by 3.9%, which is a function of a decline in volume by 0.6% and an improvement in yield of 4.5%. So the story here is declining volumes, particularly in air, partially offset by improved yields so as a result net revenue for ocean was up and net revenue for air was down for the year.

In contract logistics as you can see, posted a very positive year over year improvements in net revenue, up 5.1% for the quarter and 7.1% year to date.

On the right hand side we have the regional contribution, our four regions all reported a single digit growth in 2019. Asia pacific remains the biggest contributor to GIL net revenue followed by Middle East. So overall, challenging year, external market conditions impacted our air and ocean volumes, and internally spending on accelerating the digital transformation impacted GIL's operating expenses, as a result year over year profitability was flat or negative 1%.

Infrastructure group on slide # 13.

Infrastructure had a solid performance across all key business units and posted 13% increase in revenue for Q4 2019 and EBITDA grew 16%, and if we exclude IFRS 16 impact then growth would be 6%. Year to date, revenue grew by 14% and EBITDA by 13% including IFRS 16.

On the right hand side you can see the five main entities within the infrastructure group: Agility Logistics Parks (ALP) our industrial real estate reported an 8% growth for the quarter and 15% year over year, this business has been growing nicely over the years.

Tristar growth was flat for the quarter and about 11% growth in revenue for the full year of 2019.



UPAC posted 2.2% revenue decline in 2019 compared with same period in 2018. UPAC operations are still being affected by the shift in passenger traffic to dedicated airline terminals at Kuwait International Airport. This was partially offset by generating new revenue from car park management operations in (T4) that we won last year.

NAS, one of the strongest performers within the group, faced some challenges in the first half of 2019 but was able to recover in the second half and this is reflected in their full year performance with a growth of 8% in revenue due to favourable market conditions in some markets where NAS operates, coupled with successful turnaround efforts.

And GCS, Agility's customs modernization company, posted 9% growth in revenue in 2019 pretty much consistent with quarter performance.

We have witnessed solid growth across the board, and we believe all our main engines including GIL are performing relatively well considering the current market conditions. However, tough and challenging environment we operate in is posing some risks but we are confident that we will be able to navigate through these challenges. Again, I want to reiterate that 2020 will follow more or less the same trend, however, it's anybody's guess how the Corona virus will impact the economy and the market we operate in.

In slide #14, you can see the big picture of the IFRS 16 impact on our financials for the year 2019. Going forward in 2020 we will be able to compare without including this slide. As you can see, there have been several implications on our numbers and we try to summarize that in one slide for the ease of reference, so you can see the impact on our P&L, balance sheet, the operating cash flow and the financing cash flow. It gives you a better sense of the real or actual year over year growth excluding the IFRS 16 impact.

Moving to slide #15, those who have been following the company would know the 2020 goal of \$800M in EBITDA, as we commented in our previous quarters and conferences that we believe we are still on track to achieve that goal however that goal is being pushed further in time not necessarily by 2020. As much as this is disappointing to us however, we are happy with the progress we have been able to make over the past several years and I think it has been a rewarding journey for all the stakeholders. Again, we are definitely not satisfied with the outcome of where we are today relevant to the target we set for ourselves in 2016 and we are definitely coming short in that, however, that target remains the same, the timeframe is being shifted given internal as well as external factors, and we will be communicating later when we expect that target to be achieved, but as you can see we have made significant progress, we expected double digit growth in EBITDA and we have been able to achieve that over the past 3 years except last year, it was a single digit growth which was again a disappointing year, however with the challenges we are facing we believe we will be able to navigate through that.

We communicated that our operating cash flow will increase in line with EBITDA growth and let us indicate that this year it has increased due to 2 additional reasons as I mentioned before: the reversal of the working capital cycle of GIL and the factoring of the sale of receivables we have made. Free cash flow, as we have communicated, has been

limited due to the capex program and that has been low relevant to the operating cash flow we generated. Net debt, as you remember we moved from a net cash position to a net debt position however, at this level of KD 187 million which is 1.1X ND/EBITDA is a reasonable level and we don't expect to lever up our balance sheet in a significant way. The maximum we would go for is 2 or 2.5X. Dividends, would be lower relevant to the 2016 period, however, as you can see we have been consistently paying cash dividends.

The last slide I want to end my presentation with, slide # 17. I think we have to look at the previous slide with this one in conjunction, as I said although we are not satisfied with the outcome of achieving the \$800 million by 2020, we believe we have made significant progress over the years. This slide summarizes the last 10 years and the value creation the company has created for the shareholders which is correlated to the improvement in EBITDA and net profit. So we have generated about KD 1.3 billion over the past 10 years, 82% of that in market value appreciation and 18% in cash dividend distribution about KD 232 million over the past 10 years as you can see in the slide. The value creation, has increased almost every single year except for 2015 due to a correction in the market due to the oil crisis. In 2019 we created about KD 234 million, about 19% total return to the shareholders. We are quite happy and satisfied with that aspect of the business and that aspect of shareholders return. Again, this is correlated to the improvement in profitability if you look at our net profit, it almost tripled which is more or less the same return of 332% from the base year of 2011. For those who don't know, we use 2011 as a base year because that is the first year we started to operate without any military business and focused on pure commercial activities. So although we are not satisfied with the 2020 outcome and we are still working hard to achieve and deliver that in the shortest possible timeframe, we are still happy with the progress we made over the past 10 years and we are working diligently to continue that path for the next decade.

With this I will open the floor for your questions

Operator: Thank you. Ladies and Gentlemen, if you wish to ask a question, please submit it on the webcast platform. Thank you for holding.

Rajat Bagchi (NBK): How should we think about net profit growth in 2020 compared to 2019 in light of the recent developments?

Ehab: I think it will be more or less in line with last year, single digit year over year growth. However, there are so many variables and many moving parts. If you look at GIL, volumes have been going significantly down, that is driven by the coronavirus impact, and we don't know yet how this will manifest itself. On the Infrastructure side, it's more of a hedge, and I think it's more resilient than GIL and this is where I am little bit hopeful that we would see single digit year over year improvement this year.

Rajat Bagchi (NBK): how should we look into increase in DPS when the company has guided for growth in the past. Is there a dividend policy which you follow internally? How should we think about it when the company plans to invest for growth?

Ehab: We consistently paid dividends over the past ten years. So, as a matter of policy, this will continue. Payout ratio has been around 30% and this year we increased it to 38%. And if you look at our capital structure today and our debt levels, I think we are still within a very reasonable range. So I would say, given the situation and how the market challenges will play out, I think we should expect dividends to remain the same and may increase little bit every couple of years but no major change in terms of policy from the past several years.

Nafez Alabbas (Ajeej): Can you give us an update on the progress at the Reem Mall including: start dates, occupancy and target EBITDA. Thank you

Ehab: We expect that it will be delivered around Q1 next year and soft openings will begin in Q2 of the same year. So we have about 12 months from now to deliver the mall and then will have the soft opening.

Samer Darwiche (Amwal): What is the CAPEX expectations when and after the CAPEX program is done?

Ehab: I think we have been running at around KD 100m on an average as you can see from the slide, I think capex should be more or less around that level for the next couple of years. So once Reem Mall is done, once ALP expansion is moderated, I think this will drop but for the next couple of years it's around KD 100m.

Talal Samhouri (Aventicum): what is the effect of COVID-19 on your business, especially the one coming from Asia

Ehab: I think I have addressed that. Today we see volume decline in air of about 30-40% in some countries and as you would expect airlines and all businesses are taking drastic measures, this will have some severe impact on the overall economy and definitely on our freight forwarding business. So we expect some significant challenges on the freight forwarding business. However on the infrastructure side we expect things to be more resilient and more stable than it is on the freight forwarding or GIL business for the year. However, we are not able yet to quantify the net impact.

Abbas Karim (Franklin Templeton): Can you give us an update on the Korek contract situation and the disputed land in Kuwait?

Ehab: We have full disclosures in our financials about the legal situation. It is in arbitration. There are several legal cases against the company, the shareholders and against the government of Iraq. Full disclosure is in our financial statements.

Rajat Bagchi (NBK): any update on Tristar listing in terms of time frame

Ehab: Tristar IPO track is still the preferred option for now. However, given some recent trends and some recent events that happened in London we are exploring different options but

no decision has been made yet. So, IPO track is still on, the listing venue is under consideration, looking into an exchange relevant to Middle Eastern listed companies and investors' appetite for such assets.

Abbas Karim (Franklin Templeton): Do you believe the better margin environment in air and ocean freight is sustainable? GIL net revenue margins have been volatile over the past 2 years.

Ehab: The short answer is margins are not sustainable for a long term. Now there are measures to improve productivity and realign the organization with the level of business that we have. . We do our best to make it last as long as possible. GIL net revenue margin have been a function of industry rates and we believe today we are at a reasonable level in terms of net revenue margin. We don't see any margin pressure today. I qualify that by saying we don't know yet how the coronavirus crisis is going to impact the business in terms of volume, in terms of carrier capacity and in terms of margins. So it's still a big unknown. However, as I said, that is one part of our business which is bit volatile and bit correlated to many variables. On the other side, Infrastructure group is providing some hedging to that.

Abbas Karim (Franklin Templeton): Can you please elaborate on what drove the spike in digital G&A expenses (mostly in Q4)? We've been spending on the digital transformation for several years so what really changed in H2 2019?

Ehab: There is a realization that we need to get to the finish line with several initiatives and we have been pushing very hard to accelerate that. As a result of that, we had to spend more than what we had budgeted at the beginning of the year. And during our discussions around the merger with Panalpina last year there was realization that the digital transformation is a very critical aspect. So we are trying to accelerate that for our organic business and for improving productivity etc., but also it is an enabler if there is any inorganic play, however, as of today, there isn't. The market is very limited. The opportunities are very limited. Very few assets are suitable and available. However, that being said I think the Panalpina discussion also increased the importance of getting to the finish line as soon as possible in digital transformation, hence the increased spend on activities. It is a very challenging area, many players tried and failed in this space. Many competitors, large ones have failed to transform and move over to new systems. So I wish I could tell you with high level of certainty that this will be done in the next six months or 12 months, unfortunately, I can't give you that at this point of time. All I can tell you is that this is getting the highest level of attention within the organization to get to the finish line and as we get into this, hopefully we can share some more information.

Abbas Karim (Franklin Templeton): Hi guys, can you please provide new medium-term EBITDA guidance (pre/post IFRS 16 if possible) and provide a recap on which areas contributed to missing initial 2020 targets set 4 years ago (GIL? UPAC? Reem Mall?).

Ehab: On the first question about new EBITDA target, we will communicate that in due course of time. Unfortunately, we cannot do that today. But in due time we will communicate

our new guidance for all of you to set expectations for the next three to five years. So that's the first part of the question.

Second part, which areas missed, there are primarily two areas where we have missed – one is the Reem Mall. Start of operations in Reem Mall should happen in the next year and hopefully things will get better from there. It's a very challenging retail environment but we are still confident that this project is going to materialize and deliver value to all the stakeholders and it is going to be a significant landmark in Abu Dhabi market. The other area if you follow GIL's EBITDA improvement over the past three or four years, you would have noticed that it has not been increasing significantly. Though GIL's EBITDA improved significantly over the past ten years, but over the past four years, since we announced our 2020 targets, it didn't as expected. Not due to any lack of efforts or lack of will but due to multiple challenges internally and externally. We are still very confident that this business is very valuable to the group, it has done extremely well over the past ten years and has created significant amount of value and contributed significantly to the shareholders' value creation that we shared with you in one of the slides. So this is not to undermine the contribution of that business or the value of that business, the business is a crown jewel of Agility group today. The potential of this business is quite significant, even with the challenges it has, more variables it has, the volatility it has, its value whether organically or inorganically is quite significant. We are working diligently and very hard to unlock and materialize that value to the shareholders.

Abbas Karim (Franklin Templeton): Given the high share of Asia Pacific in GIL volumes, how has the impact of Coronavirus on supply chains affected your business in Q1? Should we expect a very weak Q1 because of this?

Ehab: I have addressed this, we are seeing 30-40% decline in volumes as a result of corona. That has been in January and February and particularly in Asian countries. Now, I believe this has stabilized and I would say things are not improving but not deteriorating further.

Rajat Bagchi (NBK Capital): Can you guide us the full rental / EBITDA potential for reem mall. This should materially contribute towards group EBITDA growth in the next 2-3 yrs

Ehab: Once it is up and running at reasonable occupancy rate should generate about USD 100-120m of EBITDA.

Ayub Ansari (Sico): Could you provide capex guidance for 2020 and 2021 - any change in plans post corona?

Ehab: I addressed that. We expect CAPEX to be around KD 100m. Most of the investments and most of the capex is going into infrastructure group which as I mentioned is quite resilient and defensive. It's the industrial real estate, Tristar, NAS the concessions type of business. So yes, there would be an impact but not to the extent that we will roll back our capex program. However, we will have a closer look at the impact of the corona and as things

unroll, I think we will be able to have better assessment on what to do with the capex program.

Rajat Bagchi (NBK): What is GIL's current exposure to China in terms of revenue?

Ehab: China represent about 9% of GIL revenue today.

Rajat Bagchi (NBK Capital): Update on Amghara land - do you still include rental income from this land as part of rental revenue

Ehab: We have full disclosures in the financial statement that addresses all the legal cases.

Talal Samhouri (Aventicum) - With regards to trade finance, why is the need to sell A/R and what is the discount rate used?

Ehab: In essence, it's a financing mechanism where certain receivables have been released. The discount rate is quite in line with any other financing tool. So we are not talking about 10-15% type of discount rate but a normal financing rate. The form of the transaction is a sale of receivables, and accordingly it has been classified as part of working capital, but in substance it's a form of financing at reasonable commercial rates.

Rajat Bagchi (NBK): Whats the update on KSA warehouse - occupancy, contribution to EBITDA, how much is remaining

Ehab: Last year we delivered 120k sqm in Saudi and that has been all consumed. So occupancy rate in Saudi is 100% today for whatever facilities we have delivered. We have another 100 to 120k sqm that will be delivered this year. And we feel very confident about that business particularly in Saudi. If you really think about what people need to do in crisis like corona, they need to store goods, they need space and facilities for crisis management and strategic reserve. So we feel very confident about our investment in that space. And we feel very positive about the progress we made this year.

Ayub Ansari (Sico): The dividend payout was considerably higher this year with payout ratio nearly 40% compared to 27% last year – going forward should we expect the mgmt. to continue with increasing payout ratios

Ehab: I don't think you should expect an increase in terms of payout ratio but I would say it would be more or less the same. It depends also on how the current crisis will unfold and if we go for the worst case scenario, there may be some implication on capex program, on dividends, but we don't expect that to be the case. We believe we are very well positioned to navigate through that, maybe not necessarily achieving a double digit growth in EBITDA but to navigate and protect the business and protect our assets and shareholders interest during this time. Short answer to your question about the dividend expectation – you should not expect an increase in payout ratio year over year, it should be more or less the same and then maybe every two or three years as we see the



situation, dividends would basically follow the business evolution. So the main point is that we have been paying dividends over the past ten years, and we will continue to pay dividends at a certain level, not necessary at an increased level from here.

I think I have addressed all the questions. Thank you very much and I look forward to meeting you for the Q1 results and hopefully we have a more optimistic and more positive view on the results for the Q1 and for the year. Thank you.

Soriana: Thank you Ehab and thank you all for joining us today. We would like to remind you that this presentation is available on our website and will be posted along with the transcript on the relevant stock exchanges. Thank you and see you in next quarter.

Monday, 2nd March 2020

Agility Earnings Call Presentation

Q4 / Full Year 2019 Results



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Agenda



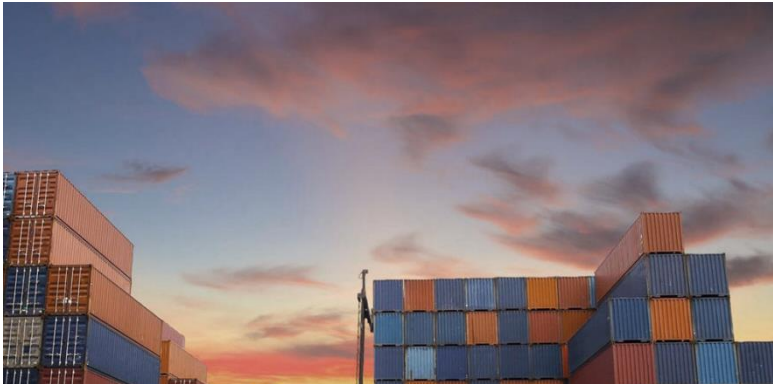
- 1 Financial Highlights
- 2 Business Segments
- 3 Q & A



Highlights Full Year 2019



FY 2019



Softer growth across the logistics industry

- 2019 was a challenging year driven by regional and economic uncertainty
- A single digit EBITDA growth following 3 years of double digit growth
- Confident that we can navigate through those challenges
- Operational efficiency and digitization remain our priority

Global Integrated Logistics



Lower volumes in Freight Forwarding

- Lower freight forwarding volumes due to weaker market demands
- Higher yields within the AF business and lower for the OF
- Acceleration of the digital transformation resulted in higher costs

Infrastructure



Resilient businesses reflected good growth across the board

- Good results despite slower market activities
- Each entity continue to pursue its growth road map
- Investments in those entities mainly within the emerging market continue

QTD / FY 2019 Financial Highlights

Excluding IFRS 16



Q4 2019

Net Revenue
In Million KD

+18%

146

EBITDA
In Million KD

+3%

42

Net Profit
In Million KD

+7%

24

FCF
In Million KD

+87%

15

FY 2019

Net Revenue
In Million KD

+6%

529

EBITDA
In Million KD

+6%

164

Net Profit
In Million KD

+10%

89

FCF
In Million KD

-27%

4

Q4 2019 Group Financial Performance

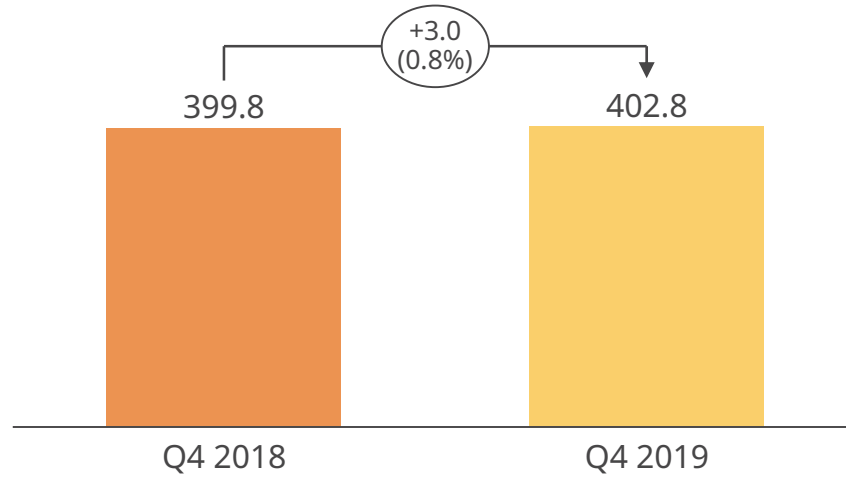
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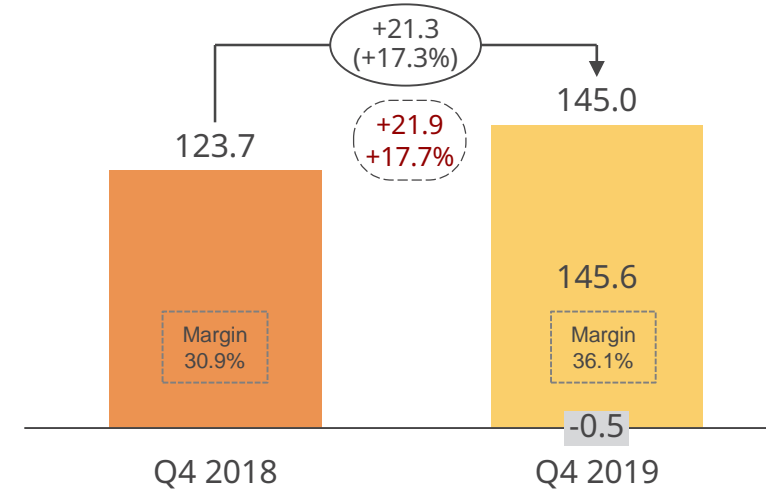
Excl. IFRS 16

IFRS 16 Impact

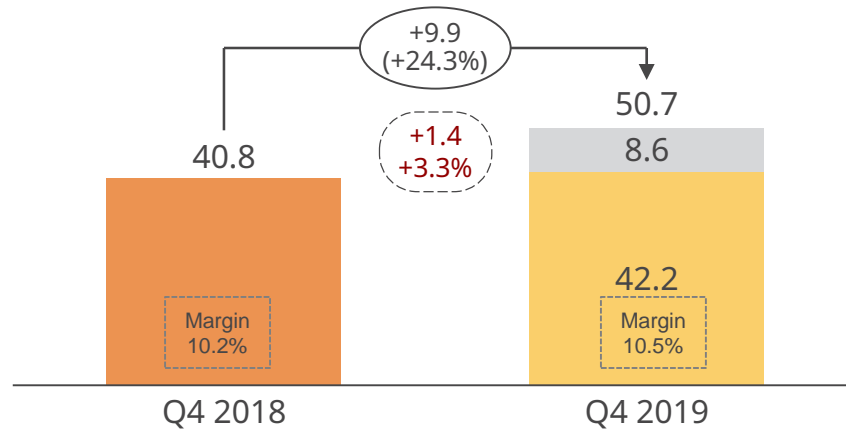
Revenue



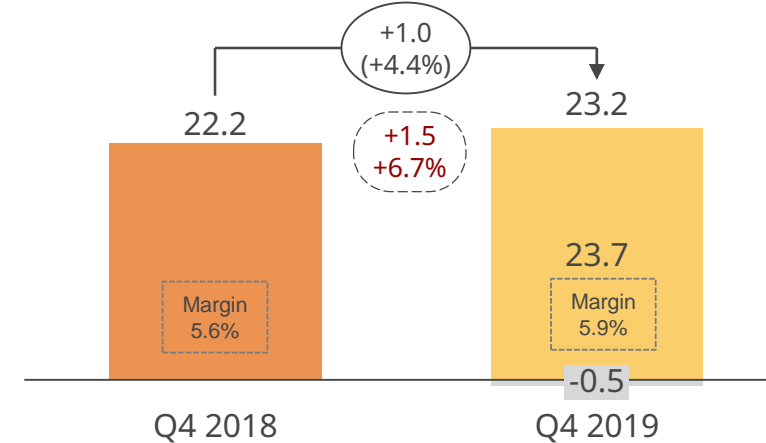
Net Revenue



EBITDA



Net Profit



Full-Year 2019 Group Financial Performance

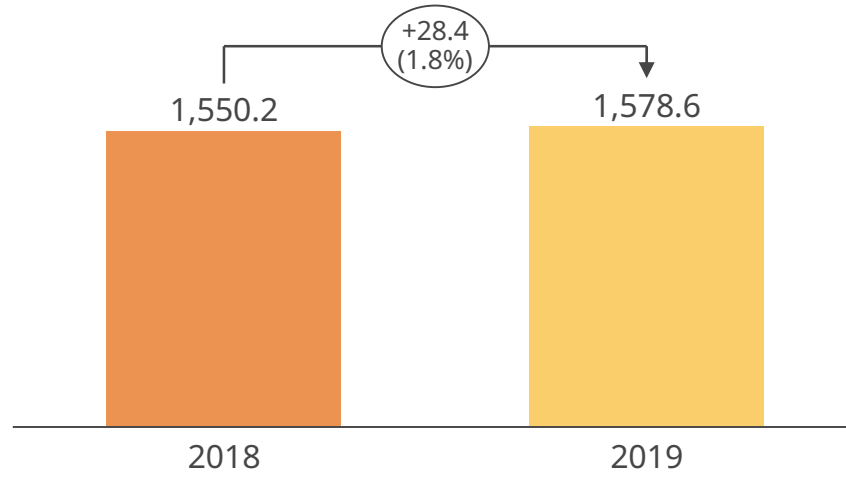
KD Mn



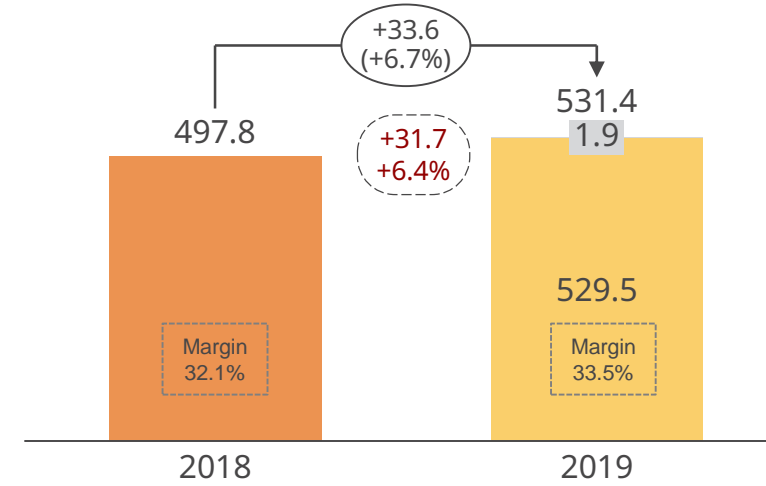
Excl. IFRS 16

IFRS 16 Impact

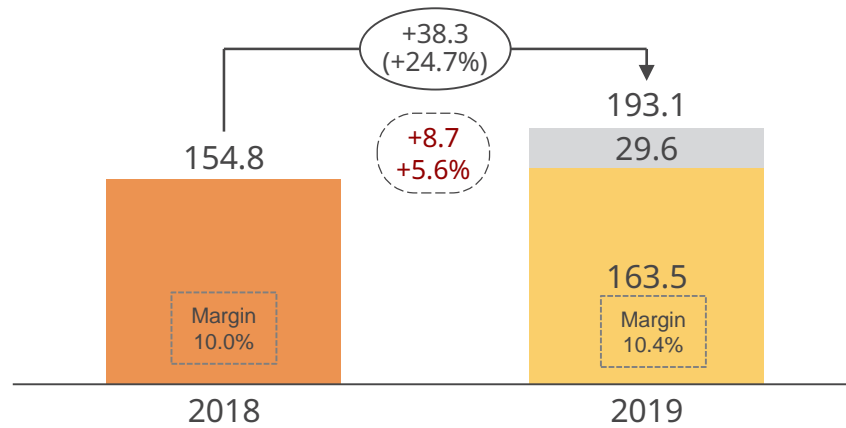
Revenue



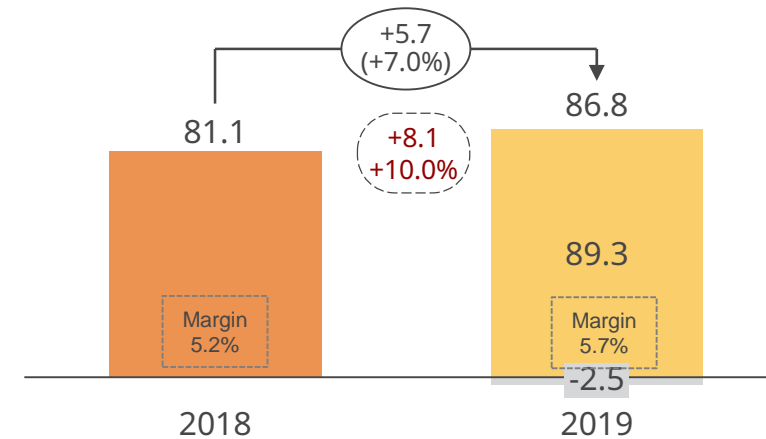
Net Revenue



EBITDA



Net Profit



Full-Year 2019 Group Financial Performance

KD Mn



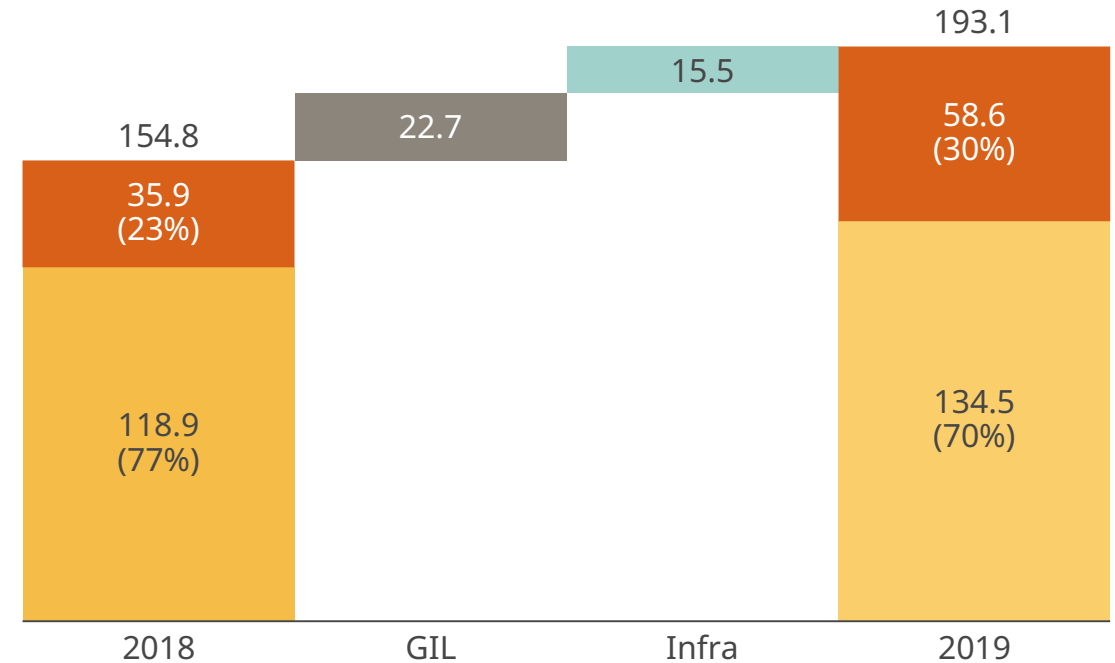
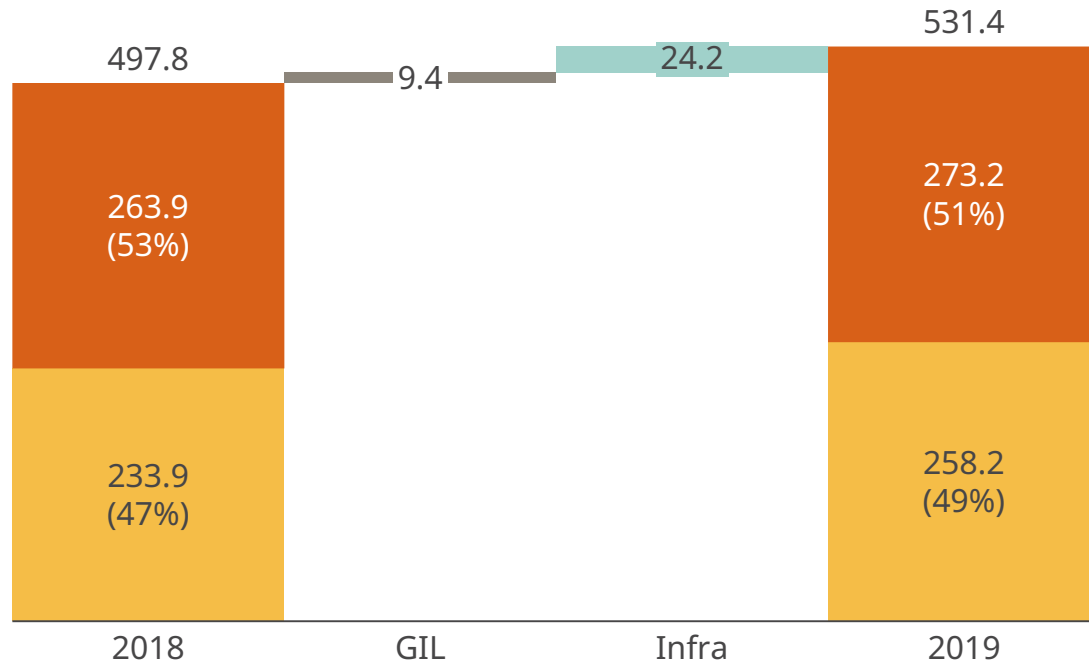
Net Revenue contribution by Business Group

Pre-IFRS	2.9%	10.3%	6.4%
Y/Y Growth	3.6%	10.3%	6.7%

EBITDA contribution by Business Group

Pre-IFRS	-1.4%	7.7%	5.6%
Y/Y Growth	63.4%	13.1%	24.7%

■ GIL
■ Infra



¹ Includes eliminations and adjustments

Balance Sheet

KD Mn



Balance sheet	FY 2019	FY 2019 Ex.IFRS16	FY 2018	Variance Ex. IFRS 16	%
Current assets	591.2	593.9	584.8	9.1	1.5%
Non-Current assets	1,490.9	1,377.2	1,258.3	118.9	9.4%
Total assets	2,082.1	1,971.1	1,843.2	127.9	6.9%
Current liabilities	490.5	461.7	506.5	-44.8	-8.8%
Non-current liabilities	442.1	357.3	270.5	86.9	32.1%
Total liabilities	932.6	819.0	776.9	42.1	5.4%
Shareholders' equity	1,149.6	1,152.1	1,066.2	85.9	8.1%

Highlights

Net Debt (cash)	308.2	186.5	135.1
Net Debt / EBITDA ¹	1.6X	1.1X	0.9X

¹ Excluding IFRS 16

- Consistently maintaining a strong balance sheet
- Controlled debt levels with the ability to leverage future growth
- Committed to our stakeholders:
 - Shareholders
 - Banks
 - Internal Businesses

Statement of Cash Flows

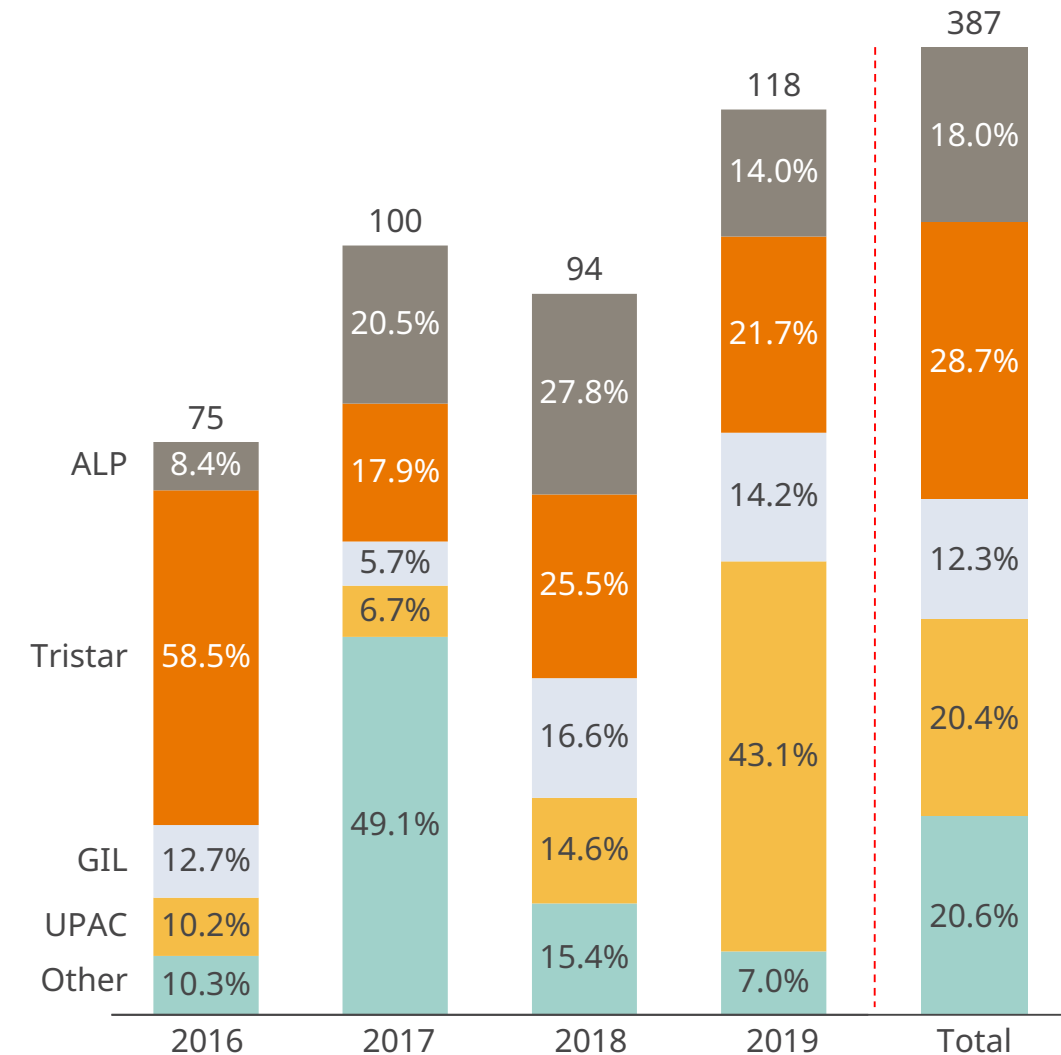
KD Mn



Cash Flow Statement	FY 2019	FY 2019 Ex. IFRS 16	FY 2018	Variance Ex. IFRS 16	%
Cash from Operating activities before changes in working capital	199.5	199.5	156.8	32.0	20.4%
Changes in working capital	-20.8	-51.0	-36.3	-14.7	40.3%
Other Items	-27.2	-27.2	-22.7	-4.5	19.8%
Net Cash flow from operating activities	151.5	121.3	97.7	23.5	24.1%
CAPEX + Investments	-118.0	-118.0	-94.0	-24.0	25.6%
Net Cash flow from investing activities	-117.6	-117.6	-92.7	-24.9	26.9%
Free Cash Flow	33.9	3.7	5.0	-1.3	-26.8%

Highlights

Conversion ratio (OCF/EBITDA)	78.5%	74.2%	63.1%
CAPEX as % of Revenue	7.5%	7.5%	6.1%



¹ Capex + investments net of proceeds

Business Segments



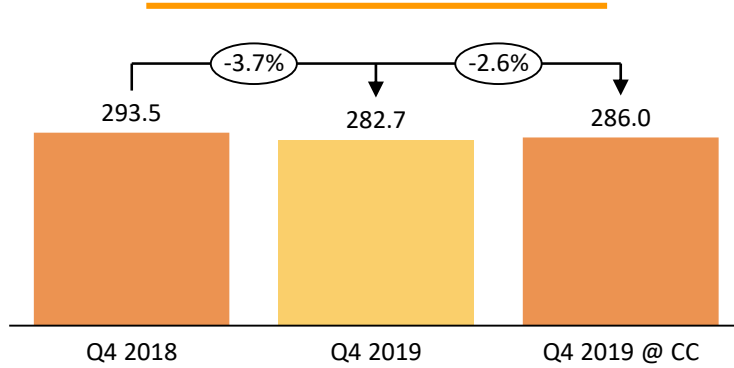
GIL Financial Performance

KD Mn



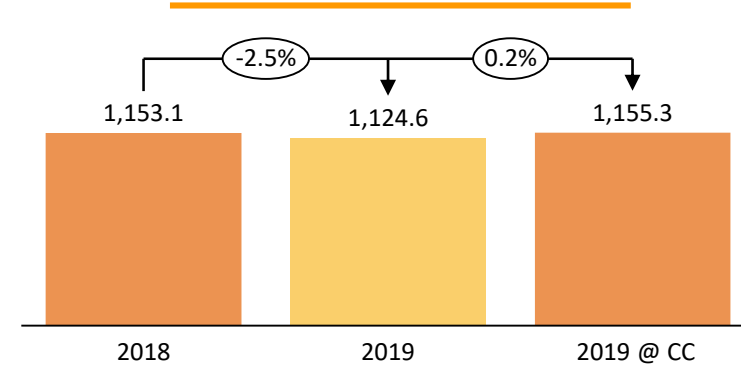
QTD Dec'19

Revenue

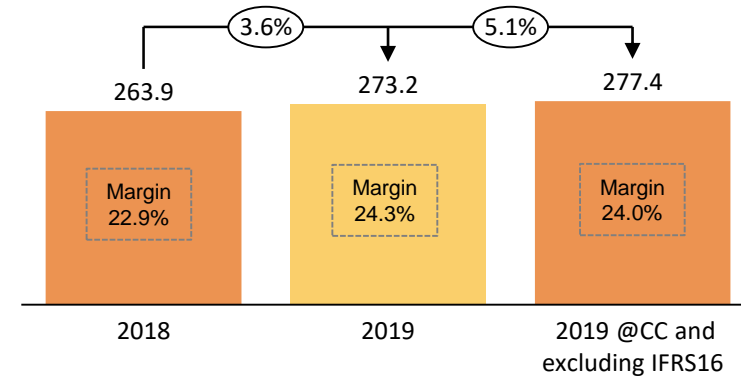
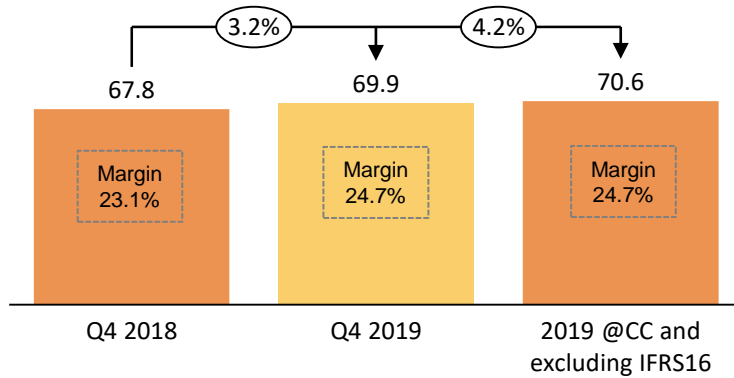


YTD Dec'19

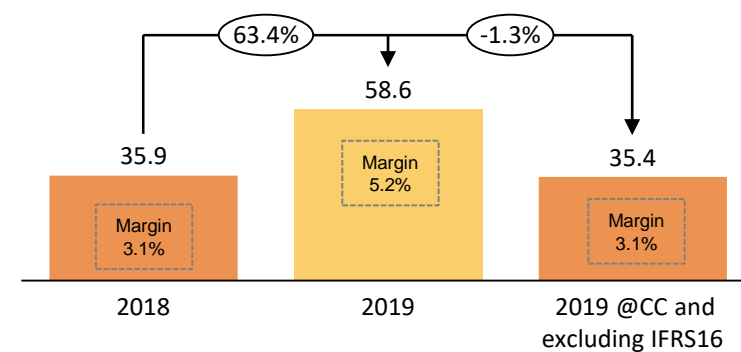
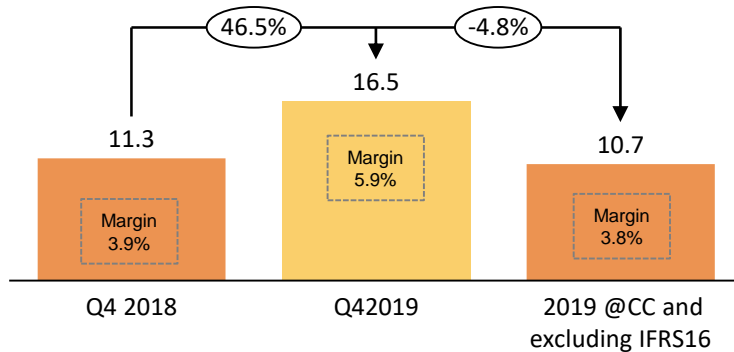
Revenue



Net Revenue & margins



EBITDA & margins





GIL Product Performance

KD Mn

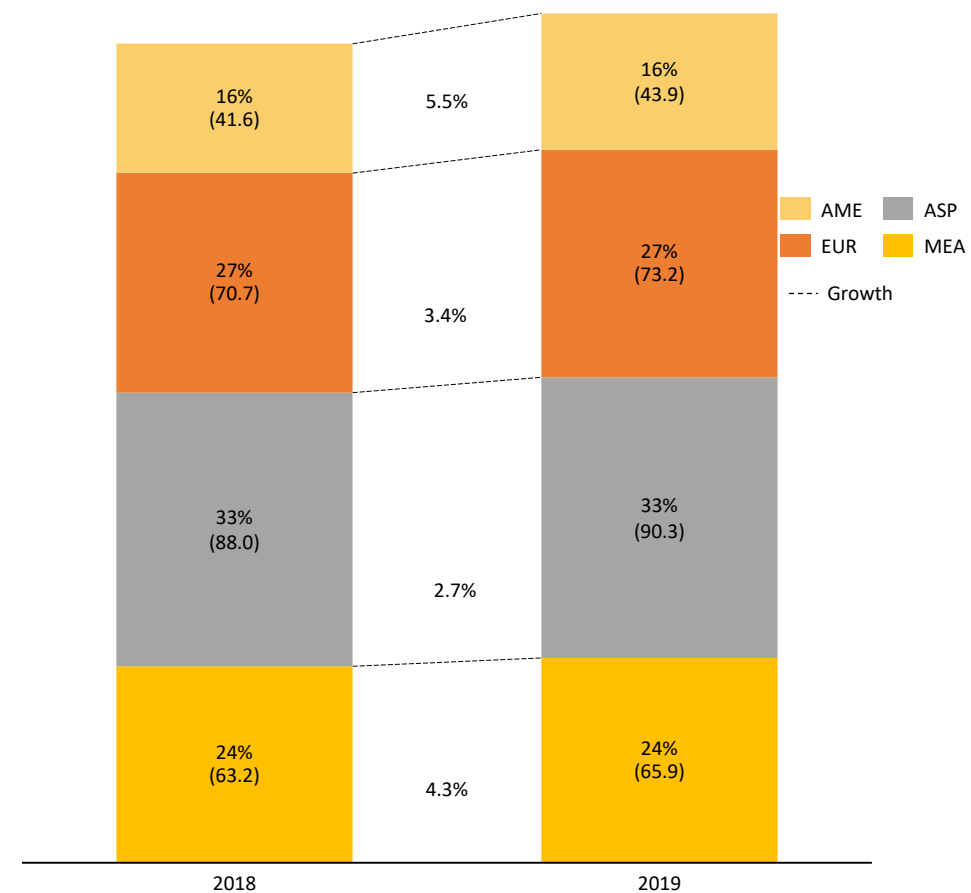


Product Performance

variance	QTD Dec'19			YTD Dec'19		
	Product	Net Revenue	Volume	Yield	Net Revenue	Volume
	-6.0%	-7.0%	1.1%	-2.1%	-6.8%	5.1%
	-0.3%	1.9%	-2.2%	3.9%	-0.6%	4.5%

Product	QTD Dec'19	YTD Dec'19
	Net Revenue	Net Revenue
Other Freight Forwarding	4.1%	1.1%
Contract Logistics	5.1%	7.1%

Regional Net Revenue Contribution (% & absolute)



Infrastructure Group Financial Performance

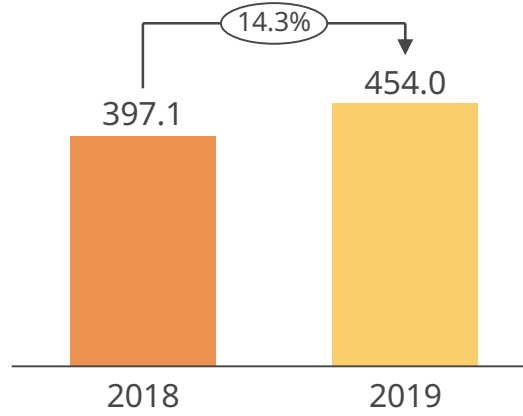
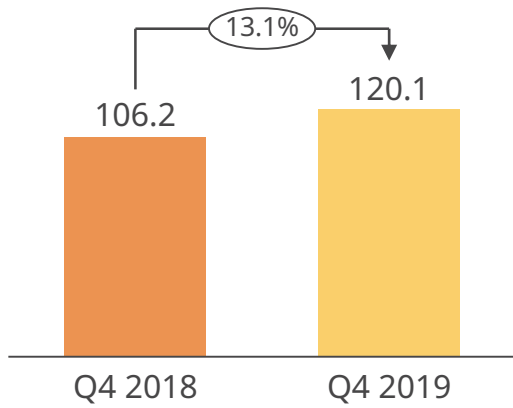
KD Mn



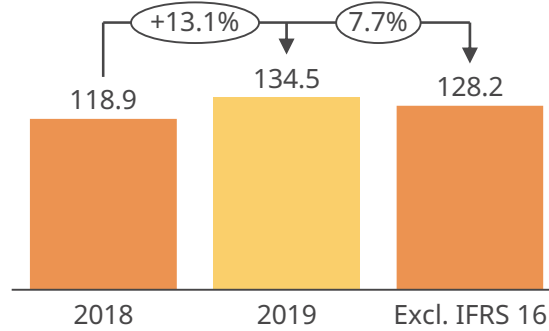
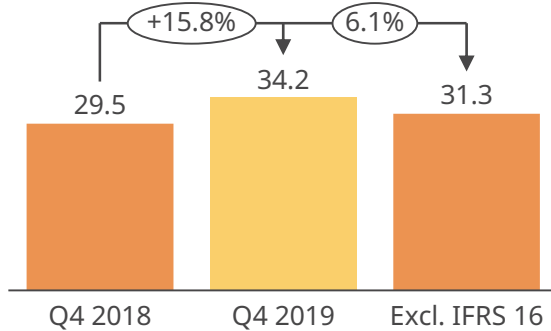
QTD Dec'19

YTD Dec'19

Revenue¹



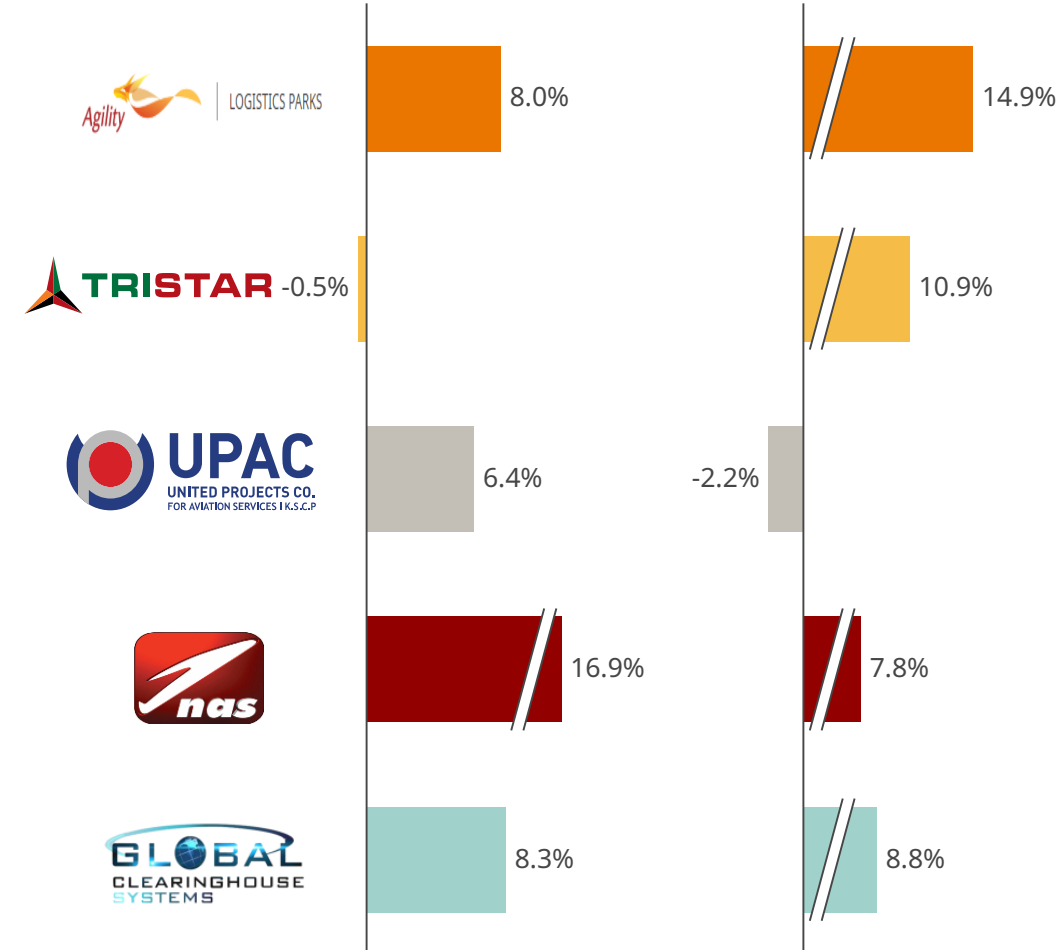
EBITDA²



QTD Dec'19

YTD Dec'19

Revenue Growth



¹ Includes Eliminations

² Includes Corporate and Adjustments

IFRS 16: Major impacts on FY 2019 Numbers

KD Mn



P&L

Revenue	-		No change
COGS	- 1.9	↑	Decreased as lease expenses are recognized as depreciation and interest costs
SGA	- 31.3	↑	Decreased as lease expenses are recognized as depreciation and interest costs
EBITDA	+ 29.6	↑	Increased due to lower lease expenses
D&A	+ 28.3	↑	Increased due to capitalizing operating lease assets
EBIT	+ 1.3	↑	Increased due to the above
Net Financing costs	+ 3.8	↑	Increased due to interest on lease liabilities
Net Profit	- 2.5	↓	Negative impact on NP

P&L

Assets	+ 111.1	↑	Capitalizing operating leases
Equity and Liabilities	+ 111.1	↑	Corresponding operating lease liabilities

Net Cash Flows

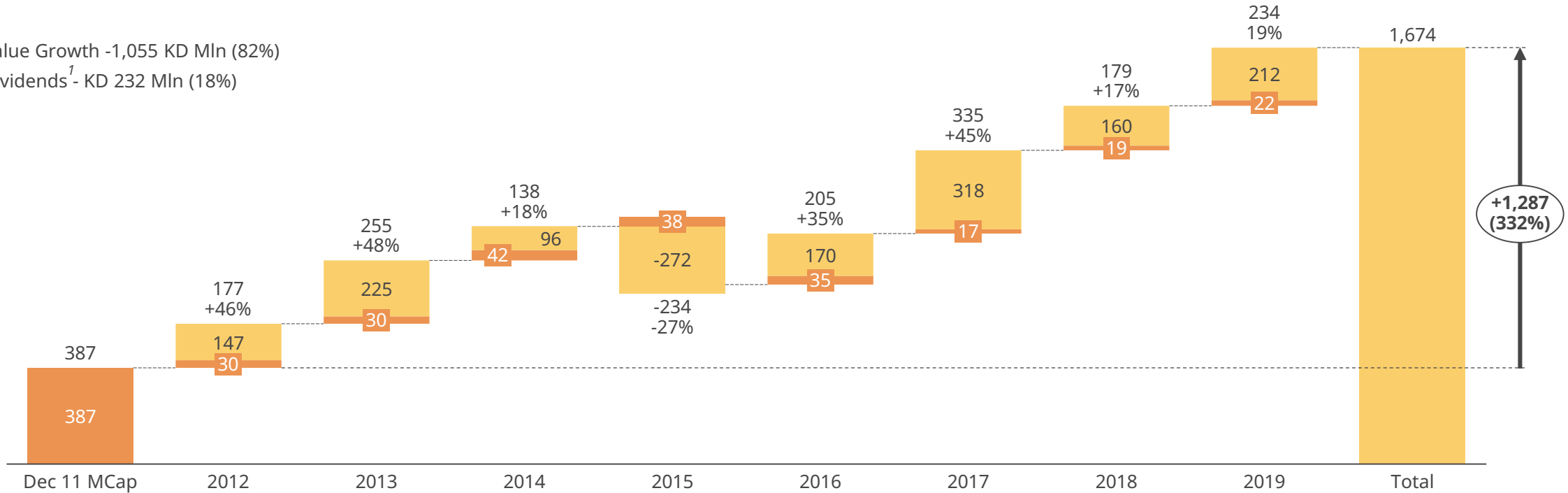
			No change
Operating CF	+ 30.2	↑	Increased due to reclassification of operating leases
Financing CF	- 30.2	↓	Decreased due to reclassification of operating leases

Agility Value Creation Trajectory



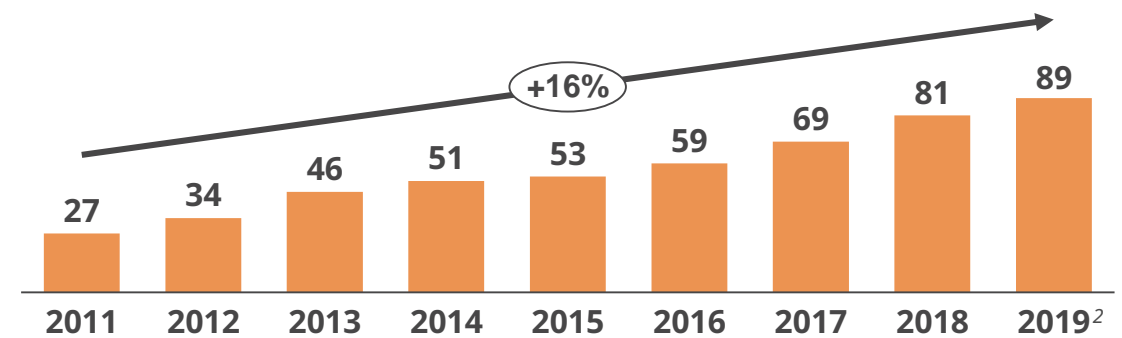
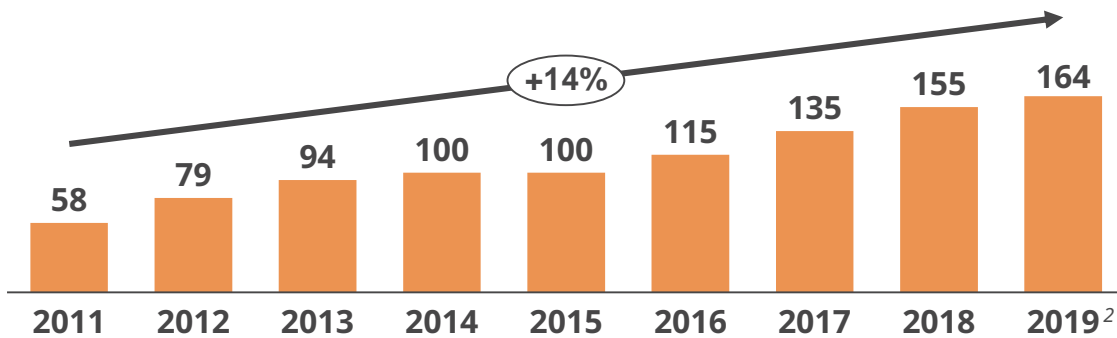
Created KD 1,287 Mln in value for our shareholders with 25% IRR since 2011

Value Growth -1,055 KD Mln (82%)
Dividends¹ - KD 232 Mln (18%)



EBITDA CAGR

Net Profit CAGR



¹ Dividends Declared

² Excluding IFRS 16

Q&A Session
