

26 May 2024

M/s **Boursa Kuwait**

**Subject: Analyst Webcast for the First Quarter of 2024**

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 Conference was held through a Live Webcast on Thursday 23 May 2024 at 2.00 pm local time.

Please refer to the attachment for the minutes of the conference and the Investor presentation.

Best Regards,



**Investor Relations Department**

Transcript

Agility Q1 2024 Earnings Webcast

Thursday, May 23, 2024

**Maxine** Ladies and gentlemen, hello and welcome to the Agility Q1 2024 earnings webcast. My name is Maxine and I'll be coordinating the call today. If you would like to ask a question, please type your questions in the Q&A box. I will now hand over to your Arqaam Capital host, Aly Adel, to begin. Aly, please go ahead when you are ready.

**Aly Adel** Thank you, Maxine. Good afternoon, everyone, and thank you for joining us today. This is Aly Adel and on behalf of Arqaam Capital I would like to welcome you all to the Agility Public Warehousing Q1 2024 earnings call. With us today is Mr Ehab, Agility's CFO, and Ms Soriana, the IR manager. Without any further delay, I will now turn over the call to Soriana. Please go ahead.

**Soriana Borjas** Thank you, Aly, and welcome, everyone, to Agility's Q1 2024 earnings webcast. As usual, Mr Ehab Aziz, our group CFO, will walk you through the presentation that you see on your screen and will be ready to answer all your questions at the end of the session. So, please, if you have any question, write it down in the chat box. Before we begin, I would like to draw your attention to the disclaimer available on the second page of this presentation if you can take a moment to read and then I will hand it over to Ehab. Thank you. Ehab, you can start.

**Ehab Aziz** Thanks. Welcome, everyone, to Agility's Q1 business and financial update. As usual, we will start with the Q1 24 financial update and then we'll end with Q&A. So hopefully this would be a short and effective call for everyone.

The first slide, slide number four, highlights the key events during the quarter. I think the main event during the quarter was the distribution of dividends. As you might recall, the board approved, based on the authority given by the general assembly, to distribute an interim dividend of ten fils per share cash dividends and also a 49% in-kind distribution of the capital of Agility Global PLC, which has been successfully listed on ADX and now is trading under the ticker AGILITY with a market cap of roughly \$3.9 billion. So that, I think, has been a major event during the quarter.

I think it has been well received in the ADX market. We see good daily liquidity on the stock. The share price is trading a little bit at a discount to book value. However, that is not unexpected, as I explained in the previous call that we expect some volatility and some imbalances between supply and demand. I think that's in play here. We expect that to phase out, and the selling pressure to phase out, in the next few months maybe. Then the real value of the company should be much clearer going forward in the absence of any imbalance between supply and demand.

We are very satisfied with the transaction, and I think it will significantly unlock value for our shareholders and gives some sort of diversification. As a matter of fact, it gives more options to all shareholders to decide what they want to do and how they want to hold the company's share and where they want to hold that. So we're very pleased with the outcome.

The one note here which is very critical and very important, because the listing took place only on May 2<sup>nd</sup> so the effective accounting treatment took place May 2<sup>nd</sup>. The financial numbers that you will see for Q1 from a P&L perspective do not reflect the transaction yet. So you have to keep that in mind, which means the minority interest on the P&L is not yet in effect because the date of listing was May 2<sup>nd</sup> and that's the date on which the asset has been distributed to the shareholders. That date is from which the minority interests will start to be calculated.

So what you will see in the later slide is that we have accounted for the dividends in the balance sheet. As you can see a movement from the equity, the returned earnings, to liabilities. The P&L is the same for this quarter as if this dividend

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has not yet taken place because the P&L here is as of March 31<sup>st</sup> while the dividends took place May 2<sup>nd</sup>. So it was a subsequent event and it will get reflected in Q2.

On the right side, this is a summary of the legal disputes and mainly three topics to highlight. The first one is the legal dispute on the lands that we have in Kuwait and I think there is an extensive note in our financial statements about the progress on that and the different stages and where we stand. So that's one key highlight. The second highlight is about Korek. We prevailed in the appeal and, as a result, we got a judgment for \$490 million, which we are in the process now of enforcing and collecting.

We also got positive news that the arbitration for one of the subsidiaries called ICS, and this goes back several years ago. ICS had an operation in Argentina. We had an arbitration there and then finally we got a ruling in our favour to the tune of \$160 million. That's also part of the ongoing effort to enforce that decision. So these are the major events or highlights for Q1 2024.

Moving to slide six, this is a snapshot of the financial performance. In general, we had a very good performance for the quarter. Revenue was up around 5%, but net revenue was much higher at around 19%. That reflected into our EBITDA, which grew at 17%, and net profits at 22%. So I would say, very significant performance year over year. It's also a testimony to the strategic moves that we have been working on over the past several years.

Moving to slide seven, this is our balance sheet snapshot. What I would like to draw your attention to here is the minority interest. You can see it's almost flat, which is basically reflecting the movement in the performance of the entities with minority interests with no material change this quarter, so the real focus should be on the equity. As you can see, a KD 870 million decline in equity. That reflects the dividends, the interim cash dividends and the in-kind dividends, that were approved by the board, and the corresponding figure is actually an increase in the current liability, which, as you can see, went up by KD 900 million.

So our equity attributable to shareholders of the parent went down by KD 870 million and our current liability went up by KD 912 million. The majority of the 912 is related to the interim dividends, as I explained in the previous slide. We continue to enjoy a very healthy and strong balance sheet. The equity post-dividends is around KD 950 million, which is a quite significant equity base.

Moving to the debt, I think we explained that several times during our previous analyst calls. We are very satisfied with the structure that we have today for the debt. As you can see, the debt is predominantly euro-based. 78% of group debt sits at the corporate level, which is around KD 930 million, this is mainly euro-denominated. As we explained previously, this debt was on the back of the funded collar, which was done to hedge our main investment in DSV. That debt now acts as a hedge for the currency, for DSV, but also it gives us lots of flexibility, as I explained earlier.

In terms of maturity, 43% is in 26 and 47% is in 27. However, I want to highlight that the euro debt is on the back of the funded collar and hence it doesn't have a hard stop. Meaning if we want to prepay the debt and close the funded collar, we can do that. If we want to engage with the banks and restructure the funded collar and extend the maturity of the funded collar, the maturity of the debt will get extended accordingly.

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We have that kind of flexibility. So what you see here between 26 and 27 is, I would say, more flexible than how it looks there because we don't have a hard stop in 26. We can always go to the banks and, assuming the situation remains the same where it is today, we can probably go and restructure the funded collar. Then, accordingly, we can extend the maturity of the debt.

Also, if we don't want to extend and we want to prepay, we also have that flexibility, we can engage with the banks and close the hedge, the funded collar, and use the proceeds also to close the debt on the back of that if we decide to sell DSV or use the shares to close the funded collar. So I think the debt structure here, it's very essential to put it in the context of the DSV and the funded collar because the features that come with that in terms of flexibility, in terms of currency hedge, in terms of interest rate hedge because it's fixed interest, become very prominent and important to understand.

On the right side of slide eight, you can see the net debt and how the net debt evolved over the last 12 months. So the net debt last year stood at KS 808 million. Then, cash generated from operation was KD 207 million. Capex and investment was KD 96 million. We paid dividends of 16 million. Then, the interest and the lease payments are KD 157 million.

Now, the interest is quite high here because the debt that I explained, the euro debt on the back of the funded collar, the interest for the entire period was prepaid. Of course, we amortise that in the P&L for accounting purposes, but from a cash flow perspective you see a lumpsum fee payment that took place when we did the hedge and when we took the loan on the back of that. So, the KD 157 million interest and lease payment is not an annualised figure but rather a lumpsum fee payment due to the prepayment of the interest on the funded collar.

We get to the cash flow, I think overall a reasonable view. Operating cash flow before changes in working capital went up relative to last year, about 14%. You can see the changes in the working capital, have also gone significantly higher, and that's mainly due to Tristar and Menzies. Both Tristar and Menzies had higher working capital requirements and that was driven by higher revenues, in the case of Menzies and about KD 9.5 to 10 million and the rest for Tristar due to ramping up for one of the new projects. So we don't expect the working capital to stay at this level and we expect it throughout the year to normalise and hence the cash from operating activities should increase and then ultimately the free cash flow should also go higher.

On the right side of slide nine. You can see the capex and investment spendings and we split this between investments, which is the investment segment that we have, and then the control segment. You can see that most of the spendings, 65%, is going to the control. The 35% in the investment segment is mainly related to the investment in Reem Mall which had a soft opening last year.

And we have the official opening I think on May 28<sup>th</sup>. We are very pleased with the progress so far and we are very pleased with the development that is happening in the UAE and particularly in Abu Dhabi. I'm definitely much more confident about the viability and the success of that project today than maybe a year or two ago. So we feel very positive about that and I think it is going ultimately to be a good investment.



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I think that was the last slide. Now, I think if you have any questions, I will be more than happy to address them. I think you need to write the questions in the in the chat box and then I will try to address as many questions as I can. It doesn't seem like we have many questions. With that, I would conclude the call. Thank you.

# Agility Earnings Call Presentation

First Quarter 2024

May 2024



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# Agenda

- 1 Q1 2024 Business Update
- 2 Q&A



## Key Events



### Major News and highlights:

- Dividends Distribution: Based on the authorization issued by the Company's ordinary general meeting held on 30 May 2023 and the extraordinary general meeting held on 7 June 2023 to the board of directors of Agility, the Board has approved an interim dividends distribution as follows: 1- interim cash dividends of 10% per share, and an inkind distribution representing 49% of the share capital of Agility Global PLC.
- The board also in his meeting on 31<sup>st</sup> March 2024, recommended the distribution of another 10% cash dividends to the shareholders, for the year 2023, this distribution is subject to the approval of the AGM.
- Listing Agility Global on ADX as of May 2<sup>nd</sup>, 2024, and is now trading under the ticker <AGILITY>. Agility Global market Cap as of May 17, 2024 is around AED 14.2 B around USD 3.9 B
- Note, The P&L numbers for Q1 do not reflect the in-kind dividends since the dividends only took effect on May 2<sup>nd</sup>, the impact of this distribution will be reflected in second quarter of 2024. Q1 has only the impact on the balance sheet i.e. decrease in Equity and increase in Dividends liability



### Legal Dispute:

- Agility continues to face some uncertainty related to some of the land contracts leased from the Public Authority for Industry, Agility believes its contracts have been legally renewed and has filed several legal cases. Agility will continue to pursue those claims to protect its rights and the rights of its shareholders.
- Korek Litigation: Agility has won two legal cases related to Korek dispute. First an appeal from Kuwait Courts which ruled in favor of Agility to collect an amount of USD 490 million from the Kurdistan Regional Government representing the loan and its legal interest. The company is now seeking to enforce this award. And the second, is an annulment decision of a previous decision thus giving Agility the right to refile its claims before a freshly-constituted arbitral tribunal.
- ICS arbitration: where the tribunal awarded compensation to the ICS, Agility's subsidiary, for an amount of USD 159.7 million (USD 9.7 million as principal award in addition to an amount of USD 150 million as interest on the awarded amount). This award is related to an arbitration against The Argentine Republic regarding breach of its obligations under a contract signed between the two parties.

# Group Financial Performance

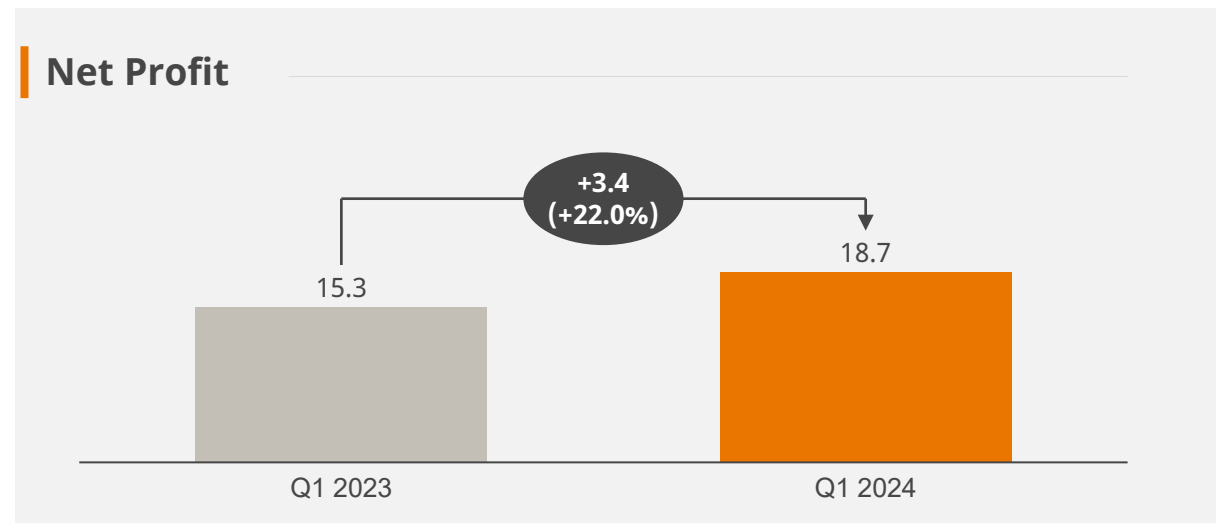
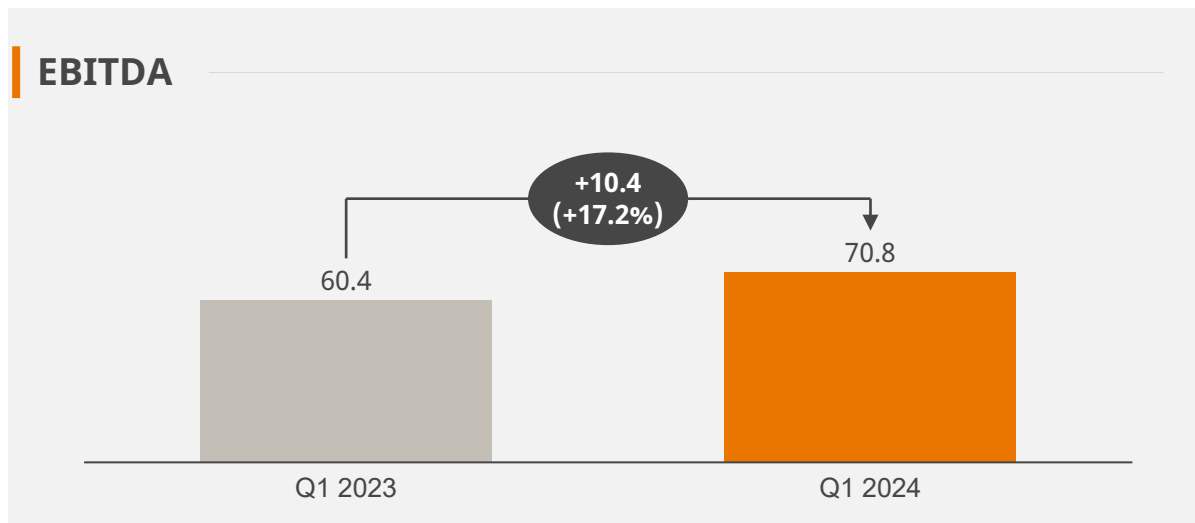
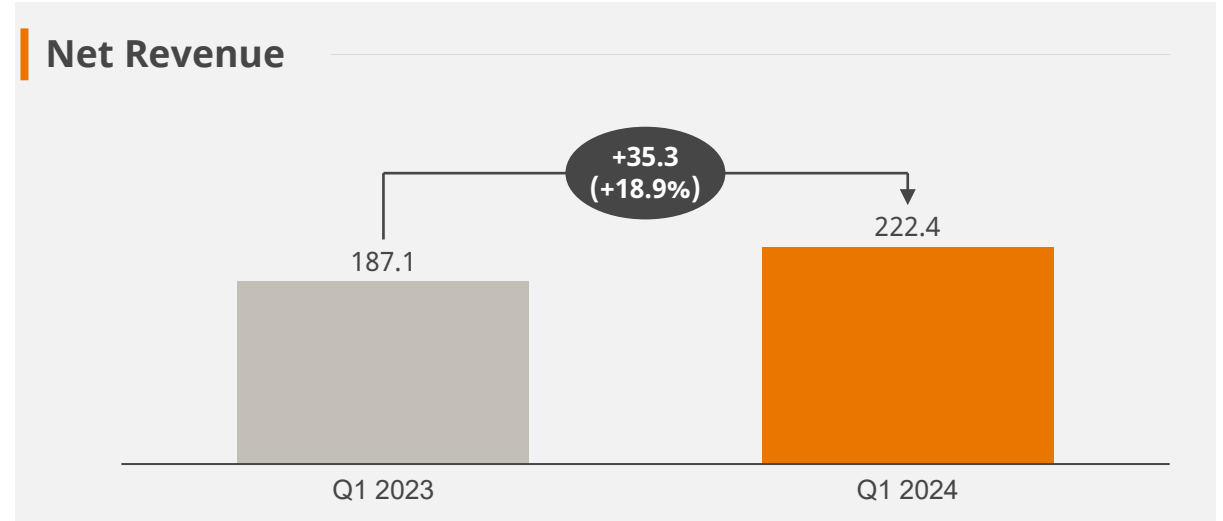
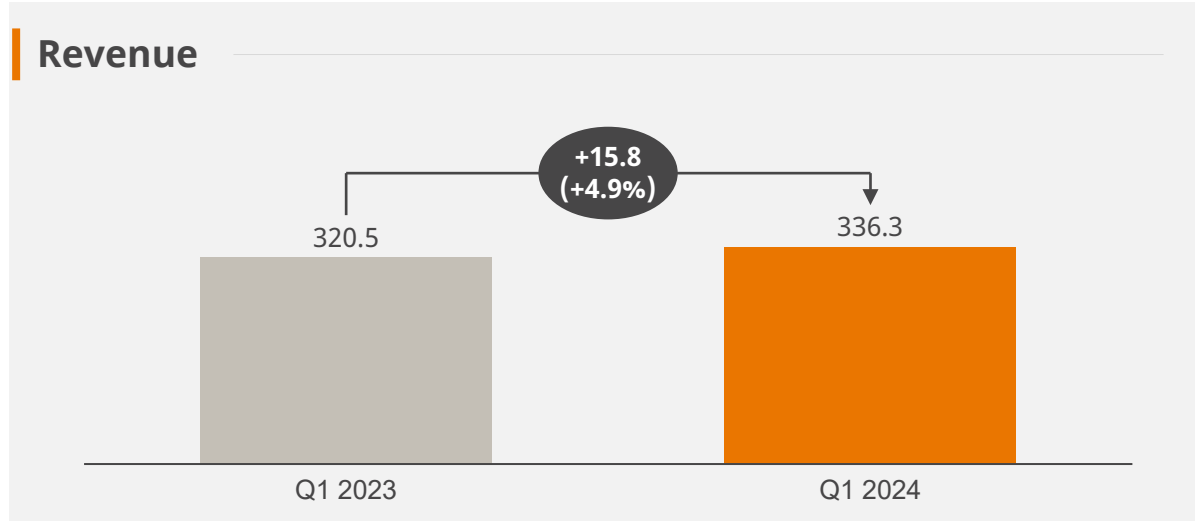
## Financial Highlights Q1 2024



# Agility Income Statement – Q1 2024 (KD Mln)



Agility continues to deliver good results across its business group

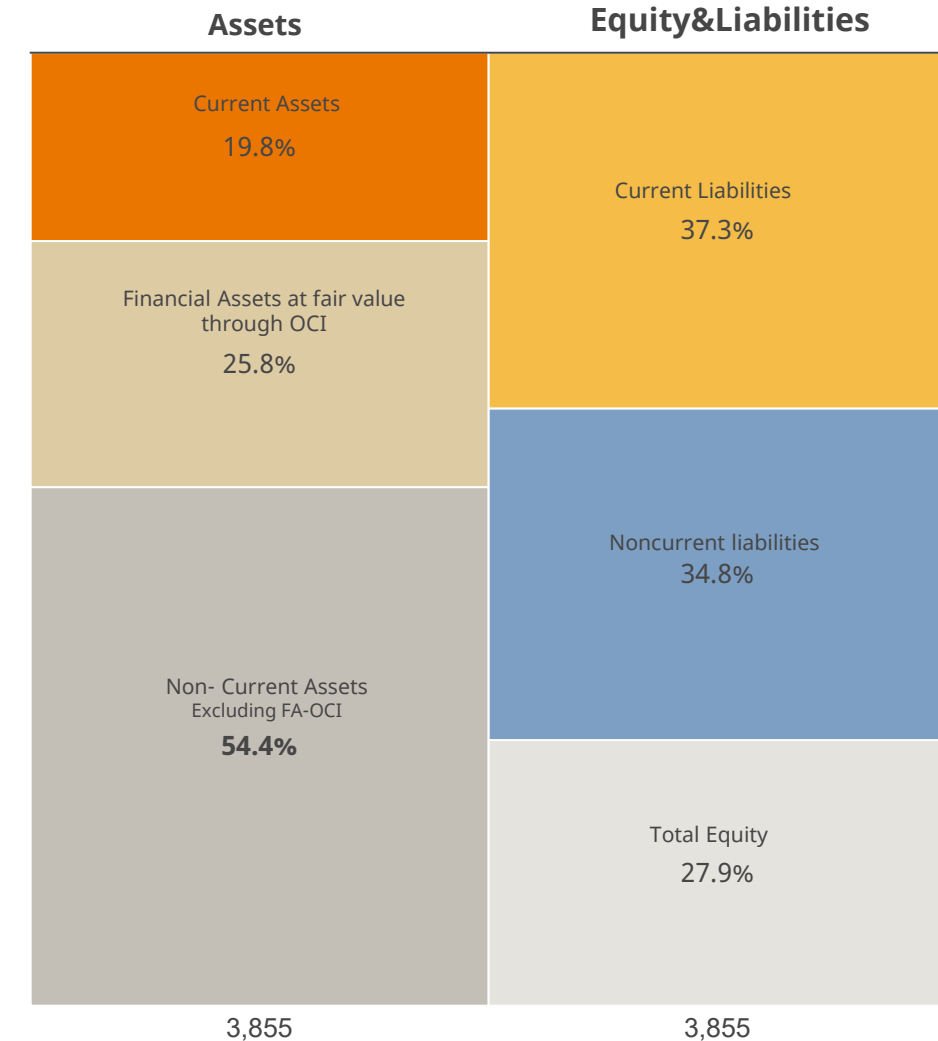


# Balance Sheet (KD MIn)



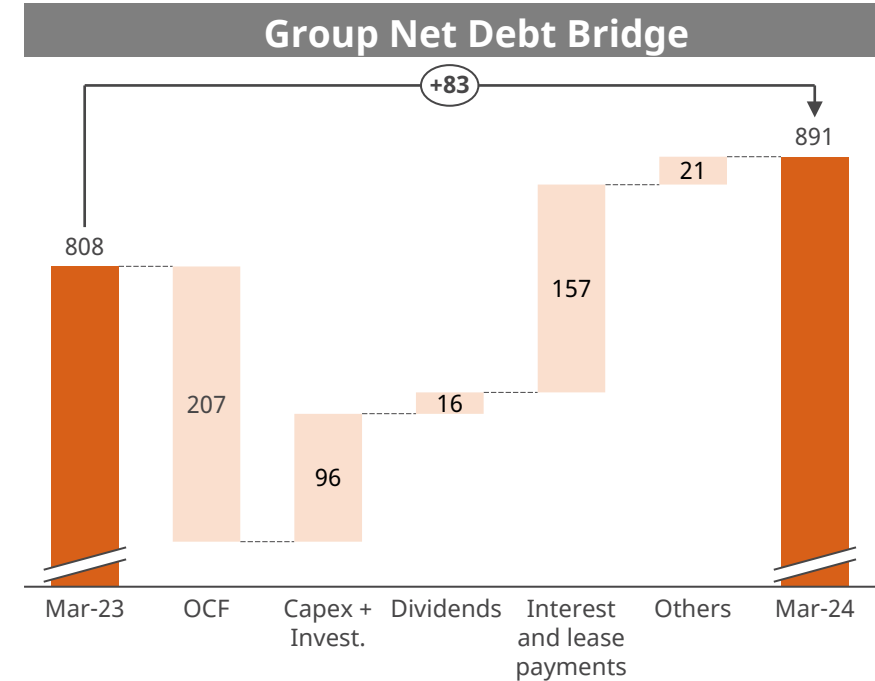
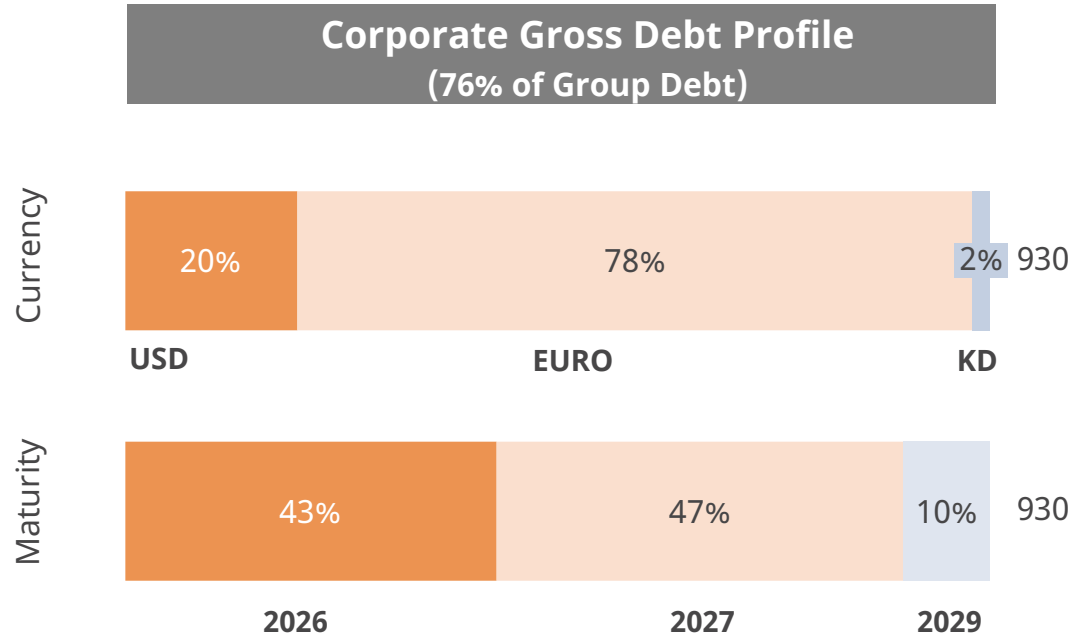
Strong Asset and Equity base to support our future growth plan

Balance sheet	Q1 2024	Q1 2023	Variance	%
Current assets	762.4	516.7	245.7	47.5%
Non-Current assets	3,093.0	3,090.4	2.6	0.1%
<b>Total assets</b>	<b>3,855.4</b>	<b>3,607.1</b>	<b>248.3</b>	<b>6.9%</b>
Current liabilities	1,438.7	526.7	912.1	173.2%
Non-current liabilities	1,341.7	1,145.4	196.3	17.1%
<b>Total liabilities</b>	<b>2,780.4</b>	<b>1,672.1</b>	<b>1,108.4</b>	<b>66.3%</b>
Minority Interest	127.0	116.6	10.4	8.9%
Equity attributable to equity holders of the Parent Company	<b>948.0</b>	<b>1,818.4</b>	<b>(870.5)</b>	<b>-47.9%</b>
Net Debt	890.9	808.1	82.8	10.2%



# Debt Profile (KD Mln)

Refinanced our credit facilities with cheaper interest facilities



- Most of the debt is on the back of the funded equity collar contracts which concerns around 73% of DSV shares.
- The collar debt is a Euro debt backed by DSV shares which are also a euro pegged asset with a prepaid interest and extendable maturity.

# Cash Flow Statement (KD Mln)

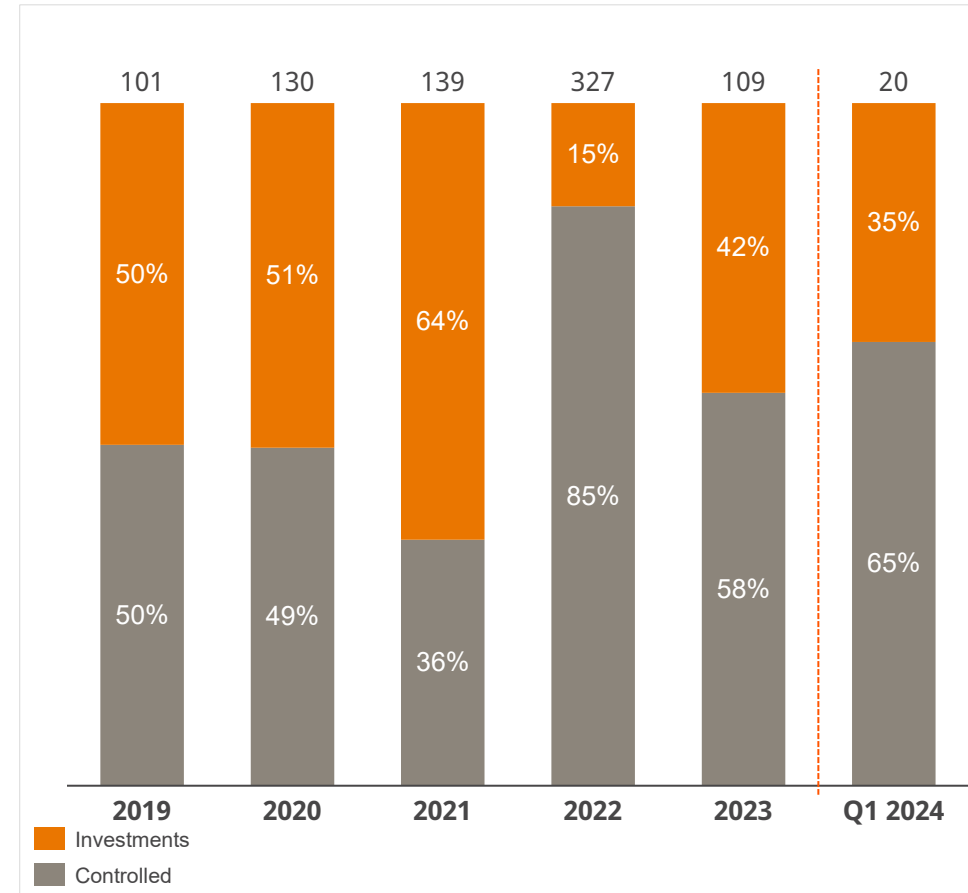


Agility has a healthy cash flow generation and will continue to reinvest in its businesses

Cash Flow Statement	Q1 2024	Q1 2023	Variance	%
Cash from Operating activities before changes in working capital	65.8	57.7	8.1	14.1%
Changes in working capital	-35.2	-12.2	-23.0	187.8%
Other Items	-4.7	-5.6	0.9	-16.7%
<b>Net Cash flow from operating activities</b>	<b>25.9</b>	<b>39.8</b>	<b>-13.9</b>	<b>-34.9%</b>
Net Capex	-13.0	-14.2	1.2	-8.7%
Net Investments	-7.0	-12.0	5.0	-41.7%
Net movement in deposits	-7.6	-10.3	2.7	-26.0%
<b>Capex + Investments</b>	<b>-27.7</b>	<b>-36.6</b>	8.9	-24.4%
<b>Free Cash Flow</b>	<b>-1.7</b>	<b>3.2</b>	<b>-5.0</b>	<b>-153.7%</b>

CAPEX as % of Revenue	3.9%	4.4%
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## Capex and Investment



# Q&A Session

