27 August 2024

M/s Boursa Kuwait

Subject: Analyst Conference for the Second Quarter 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 Wednesday August 21st, 2024 at 02:00 pm local time.

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

Best Regards,

Investor Relations Department

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Operator: Hello, and welcome to the Agility Public Warehousing Company Q2 2024 earnings webcast. My name is Nadia and I'll be coordinating your call today. If you would like to ask a question, please use the q and a chat box provided. Please note we will not be taking any audio questions on today's call. I will now hand over to your host Ali Adel from Arqaam Capital to begin.

Arqaam Host: Thank you, Nadia, So good afternoon ladies and ladies and gentlemen, and thank you for joining us today. This is Ali Adel and on behalf of Arqaam capital, I would like to welcome you all to the agility public warehousing company Q2 2024 earnings call with me from Agility's team, Mr. Ehab Aziz, the CFO and the IR Teamr. So without any further delay, I will now turn over the call to the management team. Please go ahead.

Soriana: Thank you, and welcome everyone to Agility Q2 2024 earnings webcast. Before I hand over to Ehab our group CFO to discuss agility's performance during this quarter, I want to remind you if you have any questions to write it down in the chat box and we will address it after the presentation, which you can see on your screen. Also, 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'll hand it over to Ehab. Ehab you can start.

Ehab: Good after noon we will start, today's session with a short presentation about the second quarter performance and the first half of 2024. And then, and then we will take your questions and answer as much as possible. So, slide five shows the quarter, the three months ending June 2024. And overall, the performance of the group, has been relatively good, strong revenue growth of about, 14.5%. net revenue growth of 19%, which is higher than revenue growth, so net revenue margin has expanded year over year. EBITDA growth is up about 5% year over year, and the net profit, has actually declined. And the reported net income, has declined by a significant portion. And the main driver for that is the minority interest of agility global. As you may recall, we have done an in-kind distribution for the shares of Agility global a company which is now listed on ADX as of May 2nd.

And as a result of that, the in kind dividends, the Agility KSCP owns now 51% of Agility Global, and accordingly, the results which we used to consolidate fully before, as far as the net income is concerned, we now only take 51% of Agility Global profits, and hence, there has been a minority interest as a result of this in-kind distribution and the listing of Agility Global, which, as you may all know, has been distributed to Agility shareholders. So effectively, Agility shareholders today own the company through two shares, one in Agility global, on ADX, and the other is through Agility Kuwait, KSCP. So, the accounting treatment for that, requires that we exclude the minority interest. So the 49% of the results would go to Agility Global going forward and the shareholders of Agility Global, which is predominantly today consist of Agility’s shareholders.

So that's, that's an accounting treatment. And, I think going forward, shareholders would need to look at the combined value of the share of Agility Global and Agility rather than only one share because the in kind distribution was quite significant. Agility Global has an equity value today over about $5 billion. That's basically what got distributed to our shareholders which represents 49% of the capital and the 51% still owned by Agility. So, it could sound a bit confusing. But in essence, what happened is that because of the distribution, we take a minority interest out, which would result in net profit going down.

In terms of first half performance, again, revenue, is up roughly 10%. Net revenue margins have improved relative to last year so net revenue grew at 19%. EBITDA is healthier here at 11% for the first half.

And note that Q2 also, had some one-off expenses like consulting expenses as a result of the listing and legal expenses. And, as you may recall, we have the Korek dispute and there have been some legal activities recently, the expenses of this contributed to the negative performance at the Agility Kuwait and the group in general. But that's one off and going forward, that should not continue to be the case. That's why also the increase in revenue and net revenue is not entirely reflected in the EBITDA. In terms of net profit, I think I have explained that for the quarter and you can see that the minority interest in 2024 has increased from KD 11 million to about KD 19 million this year. And that's a result of the in-kind distribution of Agility KSCP.

In terms of balance sheet, I think the key theme here is the company has KD 3.8 billion of total assets. If you look at the equity, you realize that the equity compared to June 2023 which is for the last 12 months, have gone down by about a billion KD and that's mainly due to the in-kind distribution, which again, are the shares of Agility Global that have been distributed pro-rata to our shareholders. So, as a result of that the equity of the company has gone down. The equity of the company of KSCP had come down to about KD 876 million. The main difference is representing the shares that have been distributed. So, shareholders today have part of their equity in the shares of Agility KSCP, and the other part shares in Agility Global, the total of which would be the value of agility before the distribution.

Net debt has increased, and you can see on the bottom right, the movement of the net debt from KD 868 million to KD to 963 million. And as you can see there has been a significant increase of operating cash flow, about KD 197 million that was offset by about KD 111 million in CapEx and investment, we distributed dividends of about KD 77 million, so that added to the net debt. And then, the lease payments, because the operating cash flow do not include the lease payments because of the accounting treatment of IFRS 16. So you add that back and then we go back to the KD 963 million. So, I would say overall no surprises here. I think dividends, we paid a little bit more this year, and that if you account for what we paid through Agility KSCP, the inkind dividends, and also the cash dividends that we paid so far through Agility Global, 51% of that came back to Agility.

The following slide is about the cash flow statement, pretty much stable, I would say, KD 80 million of cash flow from operating activities after the changes in working capital, working capital increased a bit as a function of the increased revenues. But overall, I think it's pretty stable on the right side. We continue to track how much of that CapEx and investment is going to the investment segment, and that’s DSV shares, Reem mall and the tech investment versus the operating entities, which are, Tristar, Menzies and ALP Kuwait and non-Kuwait. So, overall, all segments has performed extremely well, year over year. I think Menzies is proven to be a good acquisition. The timing of the acquisition has proven to be a very good timing.

We continue to focus, on growing Menzies organically, but also through acquisitions, small and medium size acquisitions that we have been looking at. And we have seen significant growth as a result of the recovery from COVID in the aviation sector. And Menzies is very well positioned to take advantage of this recovery and we see that reflected in the performance. I just want to draw your attention, there is another full presentation about Agility Global, which has all the international assets, Menzies, Tristar and ALP outside Kuwait. So you can have access to that through our website, and you will see all the details I'm trying to explain here in that presentation.

Tristar also continues to perform extremely well, year over year. If you recall, we sold a minority stake to GIC, few years back. And that was to crystallize the value of Tristar and also to change the capital structure. We continue to look at ways to unlock the value for our shareholders in Tristar, and currently we are conducting a strategic review and appointed advisors to explore options and, advise us on the best path forward. So, we are proactively looking at how to maximize value of our ownership in Tristar and on the ways to unlock value for our shareholders in that particular asset. Operationally, Tristar has performed extremely well. EBITDA and revenues have shown a significant year over year growth. So it is prudent, that the management look at how we can unlock value in that asset. The scale and the scope of that company has reached a level where we believe the capital structure of the company need to cope with its size. Roughly the company generates about $1.1 billion of revenues. To remind you, this is an acquisition that we did, almost 20 years back. It was a very, very small local transportation company, and today Tristar is a significant, fuel logistics player. So we continue to look at ways to optimize and unlock value for our shareholders, and we have appointed advisors to advise us on the best way to do that and what options we have.

ALP Kuwait, as you know, the situation in Kuwait remains the same. We have a full disclosure on the legal cases in Kuwait in our financial statements. And pretty much the situation remained the same outside Kuwait. Saudi continues to perform extremely well. We continue to add more customers to our customer base. We also started operation in Jedda, we got roughly 500,000 square meter of land in Jedda, and we started the operation there in terms of construction, and we have a very strong pipeline of customers. The industrial real estate in Saudi is one of our best bets that we have made five or six years ago. And I think it's paying quite nicely, and we continue to see that performing very well in the next several years.

I think I have covered the presentation, in this presentation, we explained the financial performance from Agility Kuwait perspective and as I mentioned, there is also another presentation that you would find on Agility Global website, where you can see all the details of the relevant assets under Agility Global. I think with that, there might be few questions to address.

<u>Question one</u>: Can you quantify the one-off expenses reflected in Q2 2024

As I explained, the one-off expenses are related to the cost that we incurred for the listing and for the preparation of the listing. This was a major undertaking and a major effort to do the listing of Agility global. There is also increased legal fees, From Korek Legal activities, as there have been several updates and thus increased legal expense. We don't expect the legal expenses to continue going forward. These are the two main one offs, and there are few other, one-offs expenses related to ALP Kuwait as well.

<u>Question Two</u>: Thanks for the call. is Agility KW still accounting for rental income from KW ALP disputed assets. Adjusted for the proportionate share of profit from Agility global; did Agility Kuwait reported losses during 1H2024. How much debt is related to Agility global is listing any of the wholly owned subsidiaries part of strategic plan for Agility G?

Answer: So it's multiple question, I think, Agility Kuwait we continue to report the revenues of the disputed lands because this is still legal dispute. However, we have a qualification in the financial statement, so I think all the shareholders and all the investors are aware of the extent of the potential losses in case we lose the legal cases. So that's, I think, how it's covered. But we continue to account revenues. If you exclude the one offs during first half Kuwait would be and should be as profitable as last year. So going forward, excluding the one offs, Agility Kuwait should be profitable. Plus the progress on the S2, which is a project of about million square meter is ongoing and that should contribute to the profitability of Agility Kuwait weight in the near future, construction already started and the infrastructure is done. There is a question about listing subsidiaries, Yes, I mean, we might as the situation evolves and as we see ways to optimize and maximize value for our shareholders, we might be either listing or changing the capital structure. As I explained earlier, for Tristar for example, we are proactively looking at ways to unlock the value for our shareholders. So that's an ongoing exercise, and it could take different shapes and forms, but for now, we are assessing and evaluating. Menzies is definitely an asset that would qualify for potential listing. But I think that decision whether to list some of our subsidiaries or not, whether to sell, similar to what we have done with GIL before or not, time will come where, first we need to create the value and enhance the performance and unlock, basically the operating value from these assets and then once we are comfortable that this is the right time to unlock that value to all shareholders, we will definitely be considering either listing and maybe trade sale or other possible scenarios like merging or selling the assets.

Question 3: Hello sorry I just joined, could you please explain to us why the Taxation from Overseas doubled? And is this the norm going forward? Will you consider a share buyback program for Agility Global or Agility KW? Given that both shares prices have been under pressure significantly.

I think taxes will normalize and most of the taxes that you see is coming from Agility Global, because of the change in the capital structure will take some time for the tax to normalize. But I would say our effective tax rate in Agility Global, and just take Agility Global because that's where most of the international assets sit and most of the taxes are coming from, should stabilize at 25%. So that's, if you look at Agility Global independently, from an effective tax rate perspective, it should be hovering around 25%. Now, this is still a little bit tricky because, Menzies for example, has global operations, and that depends where the growth is coming from and whether these jurisdictions are tax favorable or not, then the overall tax expense will be determined. So that's an ongoing thing. We also have Tristar and ALP where they have a lower tax rate than Menzies, the $1 increase in Tristar would have from a tax perspective, a positive impact. So I think it, it will evolve over time. Our expectation, it should hover around 25% effective tax rate at Agility Global level, not at Agility Kuwait.

As far as the buyback program, I think today our capital allocation is more focused on, regular dividends to our shareholders, investment and managing our debt. I think as and when the situation permits, let's say we monetize some of our investments within the investment pillar or monetize maybe or create liquidity event for one of our operating entities, probably there will be either a special dividend or a share buyback. And that depends on the stock price at the time.

As we explained during Agility Global call, the decline in the stock price is in our view purely technical because some of the shareholders who don't have the mandate to own shares in AbuDhabi, and those most of them what we are seeing, are foreign shareholders but also some Kuwaiti shareholders because cannot hold assets in Abu Dhabi as per their mandate. And I think they are basically liquidating their holding. The positive news is that we have seen also, foreigners as well as local buyers, absorbing some of that supply. But I think it'll take some time until there is an equilibrium between supply and demand. And as we continue to report good numbers, which has been the case this quarter, I think the sentiment in the stock will improve and then I think it'll reflect the true value. I think today the stock is trading at about 60% of book value, which I would say is, relatively low. We don't expect the price to remain at this level, the management is doing everything on the operating side, and you can see that in the financial performance, we are also engaging the investment community, going on roadshows and explaining our equity story. So, whether we will complement that with a buyback program or not, that would be up to the board to decide on the capital allocation going forward. But for now, the capital allocation is focused, more on regular dividends, and maybe special if we monetize any of our assets, and then also using our leverage and continuously looking at opportunities where we can invest the cash at the higher rates.

Question 4: what's the update of the collection of the Iraq case ?? update of Argentina collection case, the return on investment of DSV is very low, agility global net asset 5,5 billion and the net profit is very low almost 100 million

I think on the legal front we have the collection from the Iraq case and the Argentina case. We have disclosed that to the market, and I don't have any further update or anything extra than what we have not disclosed to the market. The return on investment for DSV depends on how you look at it. DSV is a top freight forwarder, one of the best freight forwarders in in the world. They don't distribute generous dividends. They basically do more of share buyback and distribute very small amount of dividends for various reasons. So, I think overall, if you look at the potential of this investment and what's going on in the market today, we are very confident that DSV should perform in the short and medium term very well. They have a clear path to create significant value for the shareholders of DSV, which we are one of the largest. So again, optically, if you look at the equity value of Agility Global it is $ 5 billion or five and a half billion dollars, and the net profit is around hundred, you are neglecting about four and a half billion dollars of investments, which doesn't contribute to the P&L. So, the P&L that you see in Agility Global is only driven by operating entities mainly Menzies, Tristar and ALP. And this is what we call the controlled segment. So, the P&L only reflect the control segment due to the accounting treatment, so if you just look at that, then you are neglecting about four and a half billion of assets that do not contribute to the P&L. So, for example, DSV, I think at the end of the quarter stood at $3.3 billion, and its contribution to the P&L is negligible maybe 10 million or so dollars. So, if you take that $10 million and you divide that by the value of DSV around $ 3 billion, the equity value and forget the debt for the time being, then the return is extremely low. So, you either need to adjust for the net asset value in the investment segment and then do the calculation or you allocate the debt and its interest to that segment, and you look at the profitability without that. And that's why we mainly focus on EBITDA and EBIT rather than the net profit, because the net profit could be quite confusing if you just use these calculations.

Question 5: what was the reason behind the decline of the warehousing business profitability during the quarter?

I think I explained the decline in the warehousing. These are mainly one offs and not necessarily due to any other reasons.

Question 6: How DSV has performed in Q2 2024.

There is an extensive coverage on DSV on their website and I think here is not the forum to comment or explain DSV performance. DSV in Q2 has performed extremely well. I would say the market has been going down for the last several quarters, and we can see now that they are turning the corner and we started seeing some growth, in air and ocean, and I believe we have hit the bottom in terms of market which is now recovering. So that I think is, is very good news. If the interest rate environment changes and goes down, asset prices should go up and DSV stock should benefit from that. And then they also have an ongoing M&A activity with the DP Schenker, which is a public news.

Question 7: can you comment on the one-off items which impacted agility KW earnings during 1H2024

I think I have covered the one-off items, which impacted Agility Kuwait.

With this I think I've answered all the questions. Thank you.

Thank you. This now concludes today's call, thankful for joining. You may now disconnect your lines.

Agility Earnings Call Presentation

Second Quarter 2024

August 2024

Agility

Forward-Looking Statements Disclaimer

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Agenda

1. Q2 2024 Business Update
2. Q&A

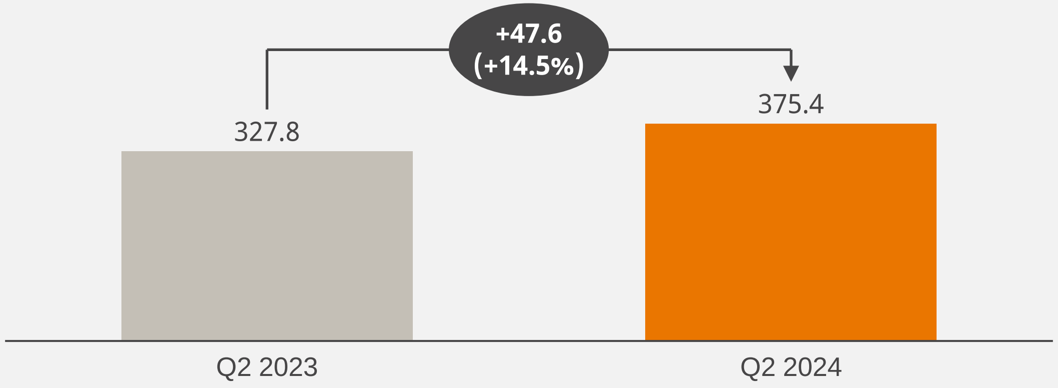
Group Financial Performance

Financial Highlights Q2 2024

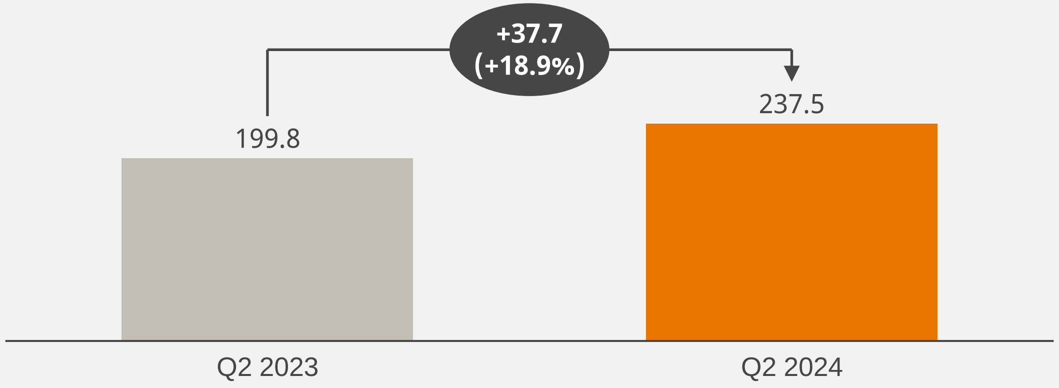
Agility Income Statement – Q2 2024 (KD Mln)

Agility continues to deliver good results across its business group

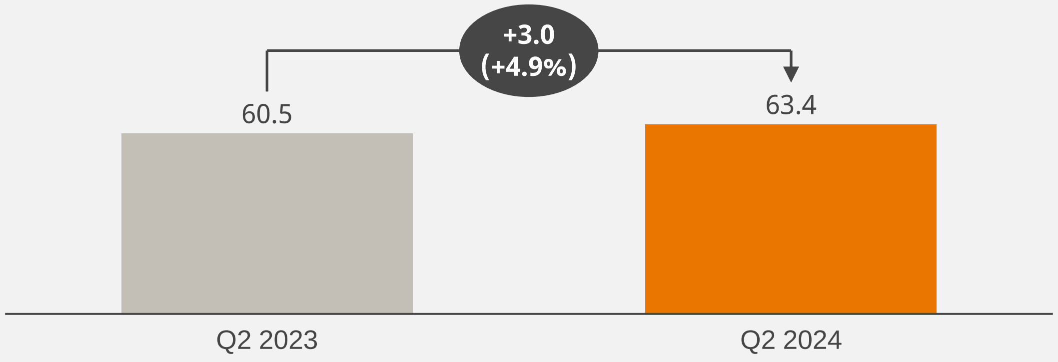
Revenue



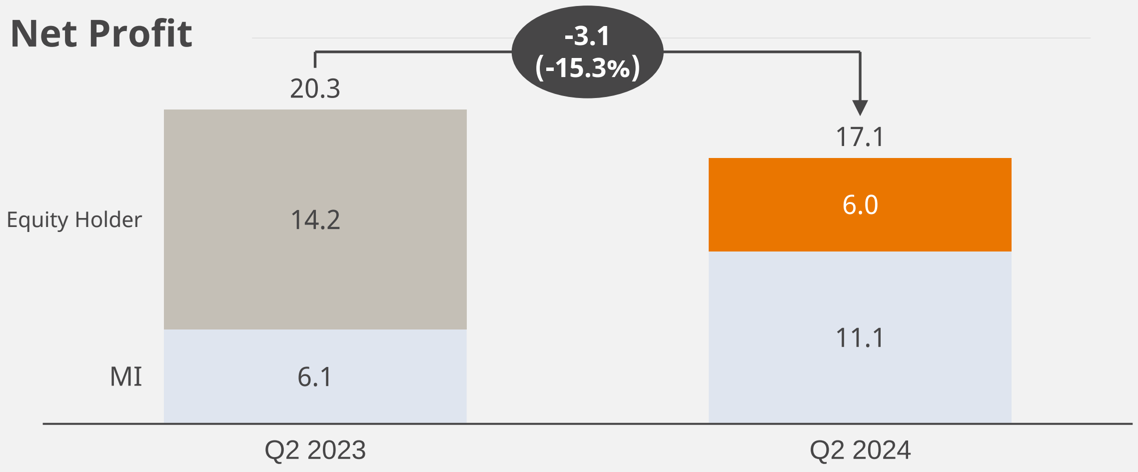
Net Revenue



EBITDA

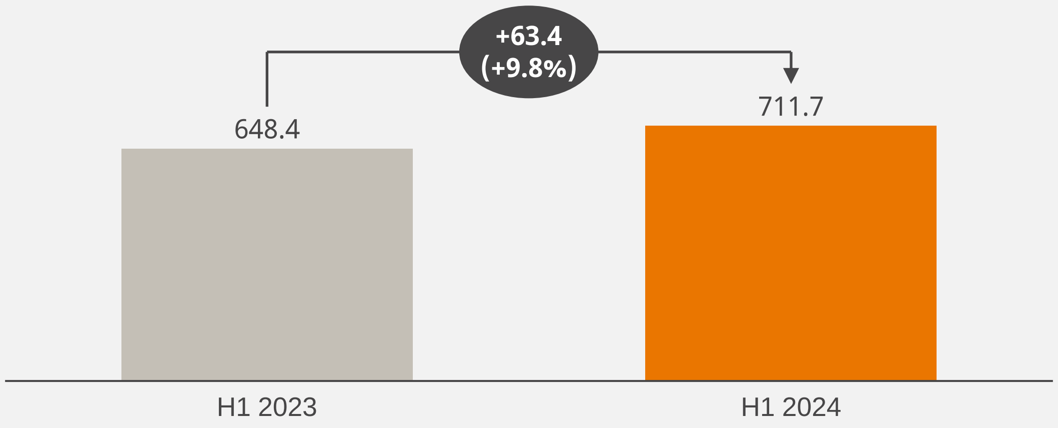


Net Profit

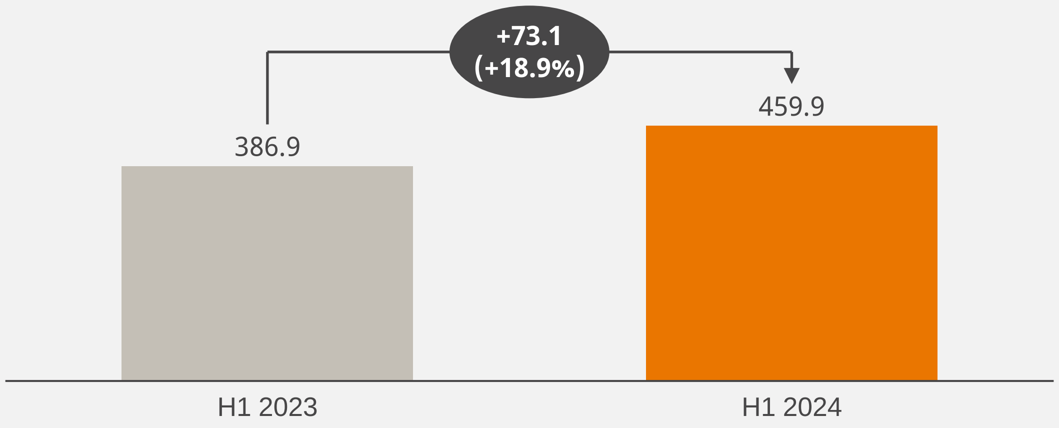


Agility Income Statement – H1 2024 (KD Mln)

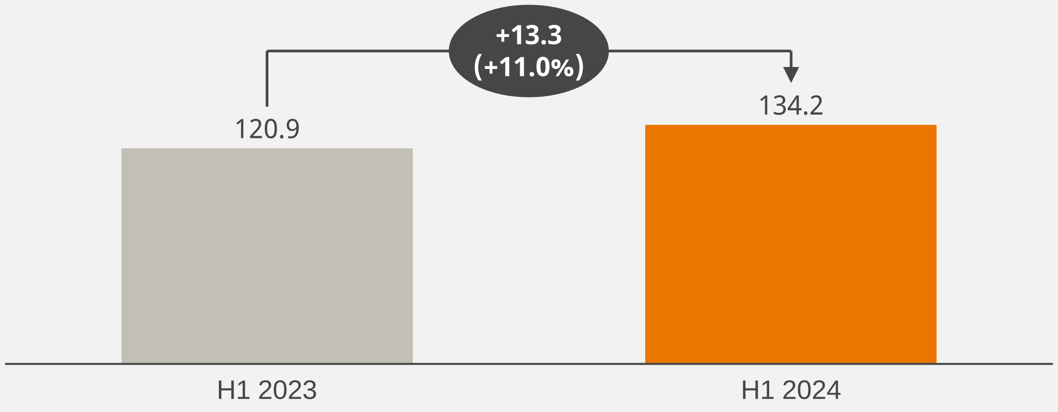
Revenue



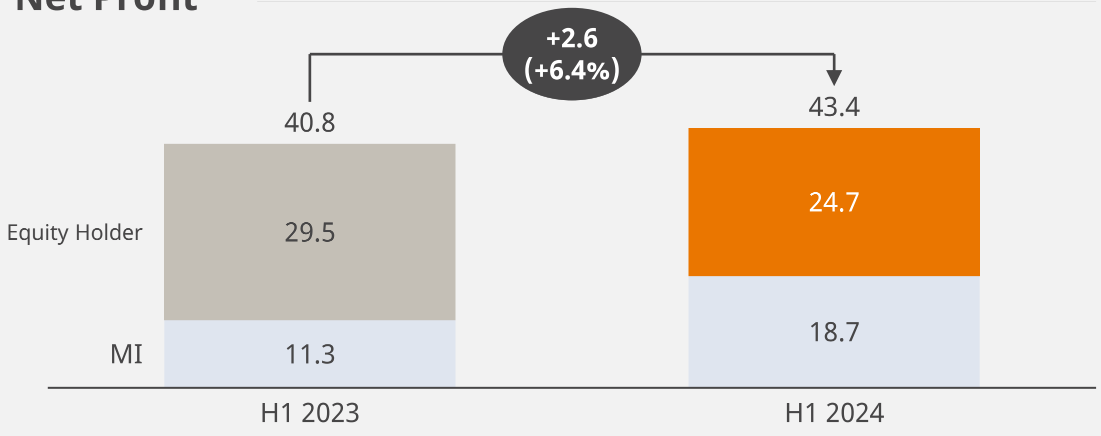
Net Revenue



EBITDA



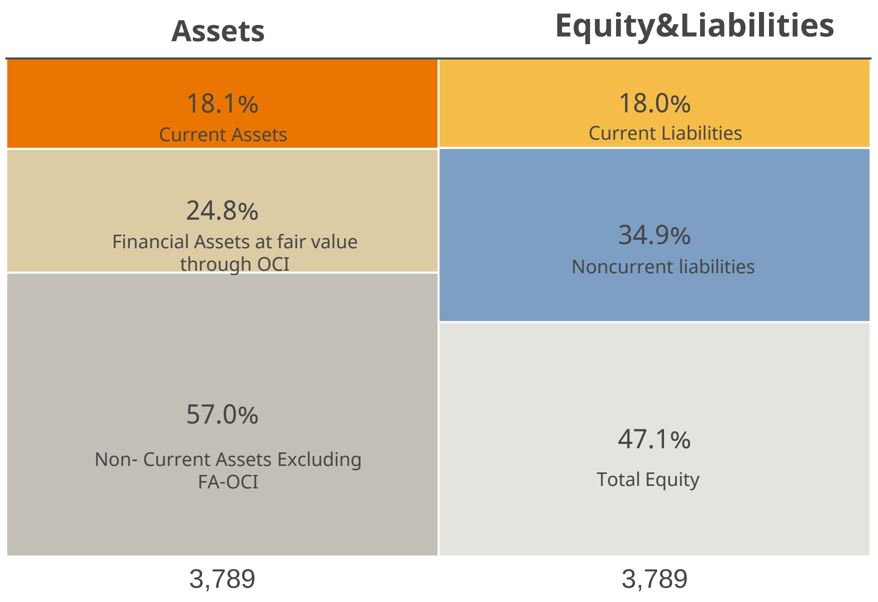
Net Profit

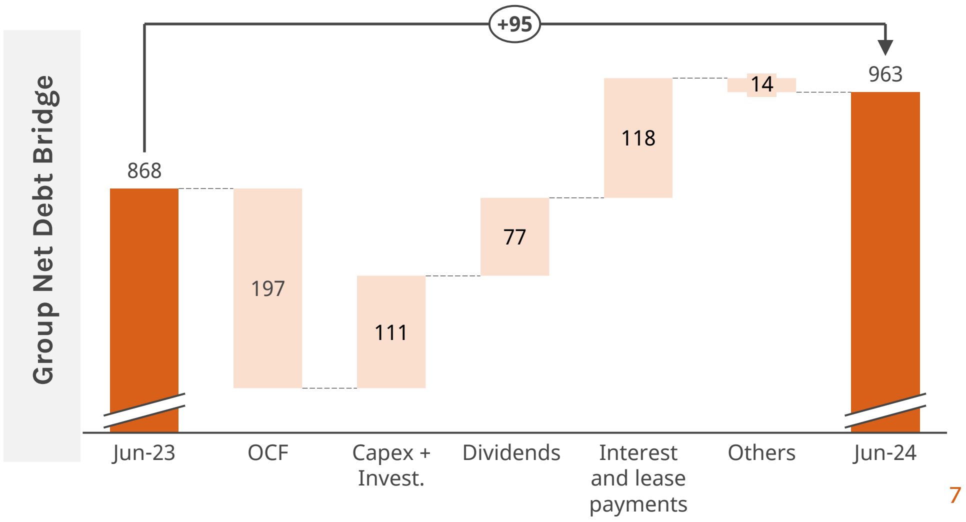


Balance Sheet (KD Mln)

Strong Asset and Equity base to support our future growth plan

Balance sheet	Jun 2024	Jun 2023	Variance	%
Current assets	687.3	505.6	*181.6*	*35.9%*
Non-Current assets	3,101.6	3,234.3	*(132.7)*	*(4.1%)*
Total assets	**3,788.8**	**3,739.9**	***48.9***	***1.3%***
Current liabilities	680.4	535.3	*145.0*	*27.1%*
Non-current liabilities	1,323.8	1,199.5	*124.3*	*10.4%*
Total liabilities	**2,004.2**	**1,734.8**	*269.3*	*15.5%*
Minority Interest	908.1	111.7	*796.3*	*712.6%*
Equity attributable to equity holders of the Parent Company	**876.6**	**1,893.4**	**(1,016.8)**	**(53.7%)**
Net Debt	962.9	868.0	*94.9*	*10.9%*





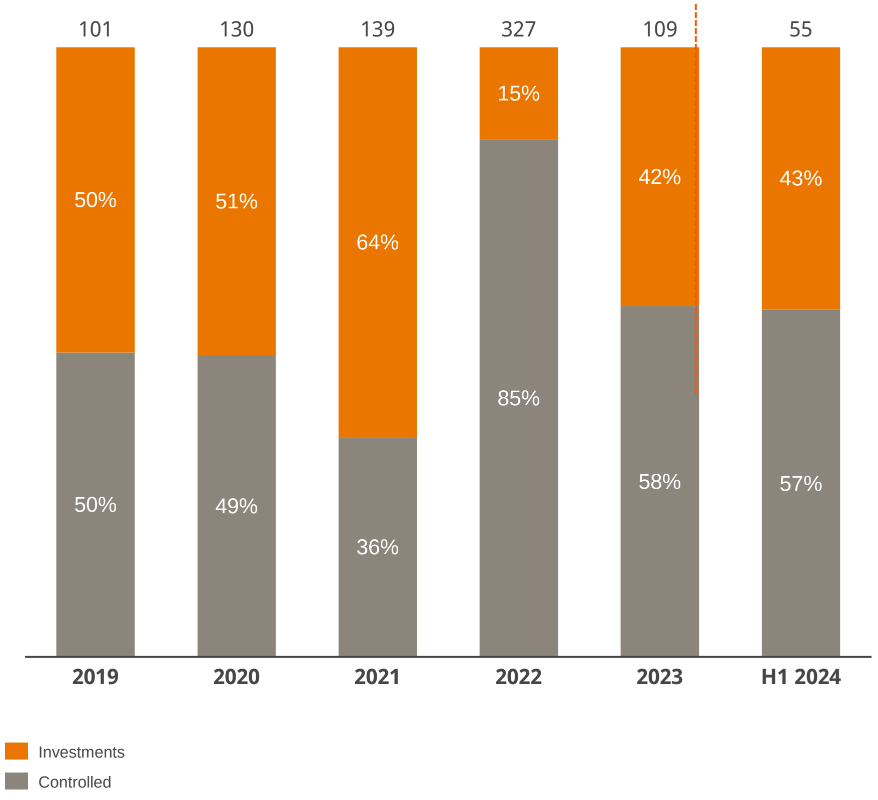
Cash Flow Statement (KD Mln)

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

Cash Flow Statement	H1 2024	H1 2023	Variance	%
Cash from Operating activities before changes in working capital	122.1	118.9	3.3	2.8%
Changes in working capital	-32.3	-15.1	-17.2	-114.0%
Other Items	-9.9	-14.1	4.2	29.5%
Net Cash flow from operating activities	**80.0**	**89.7**	**-9.8**	**-10.9%**
Net Capex	-31.1	-28.1	3.0	10.5%
Net Investments	-23.5	-19.7	3.8	19.1%
Net movement in deposits	18.4	10.0	8.4	83.7%
Capex + Investments	**-36.1**	**-37.8**	1.7	4.4%
Free Cash Flow	**43.9**	**51.9**	-8.1	-15.5%

CAPEX as % of Revenue	4.3%	4.3%

Capex and Investment



Capex is what is spent for operational businesses

2022 capex includes HG Storage and John Menzies acquisition

Q&A Session