Agility

16 November, 2020

M/s Boursa Kuwait

<u>Subject: Analyst/ Investor Conference for the Third Quarter of 2020</u>

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 Thursday, 12 November 2020.

Please refer to the attachment for the minutes of the conference and the Investor presentation (Q3 -2020)

Best Regards,

Tarek Abdul Aziz Sultan Al Essa
Vice Chairman and CEO

شركة أجيليتي للمخازن العمومية ش.م.ك.ع
6 الكويت Kuwait ٦
Agility Public Warehousing Company K.S.C.P

P.O. Box 25418, Safat 13115 Kuwait
Tel. +965 1809 222, Fax +965 2467 9617
Agility Public Warehousing Company K.S.C.P
Commercial Registration No.: 28925
Paid Capital: KD 176,293,055.800

www.agility.com

ص.ب 25418 الصفاة 13115 الكويت
هاتف 222 1809 965+ ، فاكس 9617 2467 965+
شركة أجيليتي للمخازن العمومية ش.م.ك.ع
سجل تجاري رقم: 28925
رأس المال المدفوع: 176,293,055.800 دينار كويتي

Agility Public Warehousing Company
Q3 2020 Analyst Webcast

Monday, November16th 2020

Kindly find enclosed minutes of Agility's analyst webcast, which was held on Thursday November 12 2020 at 2.00 PM Kuwait time, to discuss Q3 2020 earnings.

Attendees from Agility:
Ehab Aziz – Group CFO
Soriana Borjas – Investor Relations Senior Manager

From Arqaam Capital:
Rita Guindy

Rita Guindy: Good morning and good afternoon, ladies and gentlemen, and thank you for joining us today. This is Rita Guindy, and on behalf of Arqaam Capital, I'm delighted to welcome you to Agility's Q3 2020 earnings webcast. I have with me here today, Mr Ehab Aziz, Agility's 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: Thank you, Rita. Good afternoon and welcome to Agility's Q3 2020 Earnings webcast. As usual, we will start this call with Mr. Ehab Aziz presenting Agility's performance during this quarter, after which we will open the floor for your questions. You can type your question anytime during this call in the chat box, and we will answer that during the Q&A.

Before I hand over the mic to Ehab, I would like to draw your attention to the disclaimer on page 2 as this presentation may contain forward looking statements. Such statements are subject to risk and uncertainties. Please take a moment to read this. Ehab, over to you.

Ehab: Thank you for Soriana. Good day everyone and thank you for joining our call today for the nine months of 2020. The first nine months of this year have been extremely difficult and every company around the world has been trying to navigate through the different challenges, that COVID presented to all of us and Agility, is no exception to that.

However, that said, it is worth noting that we are seeing some positive signs of stability in Q3, relative to Q2, which is reflected also in the numbers of Q3, as we will discuss through the presentation. So, the theme for this period, Q2 and Q3, at the group level is that we have been faced with an unusual event, which is COVID and we have as a group, acted swiftly and decisively, taking some significant cost measures. We were also well positioned with the different companies we have that gave us some resilience relative to other companies and other sectors and, technology has been in our strategy as a key pillar. However, the COVID situation amplified the importance and the need to continuously invest in technology for the future.

The theme for GIL for this period has been, strong Air Freight. We have seen significant airfreight improvement during the quarter and during the last two quarters, and we see it continuing. And we see that also with our peers. Contract logistics has been performing relatively well and consistent with prior year. So no major impact. Project logistics, has also been performing well within GIL. However, on the other side, this has been partially offset by a weaker Ocean Freight performance and, a significant decline in fairs and events, which is the smaller part of the GIL products. Overall GIL I would say, have benefited from the situation, due to the Air Freight performance, due to the Contract Logistics, but also due to the significant cost measures and the re-alignment that, the management have taken to re-align the cost structure of the business to the current business levels.

On the infrastructure side, we have five main engines and of those five engines, ALP, which is the largest, has been doing relatively well, and has been positive year over year and we are seeing strong demand on that business. However, on the other side, NAS and UPAC and GCS have been significantly impacted. Tristar on the revenue side has been hit. However, on the profitability side has been improving. So this is just the themes around the different parts of the portfolio that we have.

Moving to the financial numbers, you can see that revenues for the quarter has been slightly up, 0.6%. Net revenue has been down almost 10% and that is in line with Q2, and as we will see through the presentation, that this is driven by the Infrastructure group and mainly from the non-ALP infrastructure entities. However, on the EBITDA side and the net profit side, we have seen, some stability relative to Q2, yet still a decline compared to last year, but it's a relatively small decline. So, you can see, around 2% decline for the quarter and about 30% for net profit. And that is much slower than the decline we have seen in Q2. Also, it's worth mentioning that in these numbers, in the profitability numbers, we have about KWD 3 million in Q3 of restructuring costs, net of government support and about KWD 6 million for the year to date. So, these numbers, should have been higher had we not had this restructuring costs.

Moving to slide 7, you can see that the revenue decline is primarily driven by the infrastructure. And as we would see later, that is mainly driven by the non-ALP businesses, and on the EBITDA level the entire reduction has been driven by the infrastructure group. GIL showed significant improvement year over year. For the 9 months, about 12% and when we go to the GIL section, you would see that Q3 has even higher growth rates in terms of EBITDA year over year. So we feel very positive about the GIL performance during this period and going forward. And we believe we have the right mix of actions today to position the GIL business for significant growth in the future.

Moving to slide 8. The key point that I want to focus on here is the net debt, which has increased from the KWD 148 million last year to KWD 174 million. However, as you know, that has been driven by the, CAPEX program that we have been going through over the past several years and the following slide would show that. That said the net debt to EBITDA, excluding the IFRS impact still at 1.4 times, which is within acceptable levels.

In the next slide, you can see the CAPEX allocation, I would say is pretty consistent over the period. The main capex has been going to Tristar, which would represent a 34%. The category which is other includes the Reem Mall financing and the Reem Mall funding, which is driving the 47% of all capital allocation for the period. This is the historical chart so you can see over the years where things have been going and as you can see it's driven by Tristar and Reem Mall and followed by ALP and GIL. During the quarter we had a very strong operating cash flow compared to last year. And that is also driven by the improvement in working capital.

So cash position, I would say, despite the net debt position that is increasing however, it is still at a relatively reasonable level of 1.4 net debt to EBITDA. Operating cashflow has been strong and continues to be strong, which gives us confidence and then the allocation of that is going to Tristar, Reem Mall, followed by ALP and GIL.

Moving to GIL, as you can see, I will focus on the quarters to date first, and you can see across the different metrics, revenues, net revenues, and EBITDA, there has been significant improvement. So, on a constant currency basis, 6.5% revenue improvement, net revenue 4.5%, but significant 35% improvement year over year in terms of EBITDA. And the same carries into the years to date, however, there has been an acceleration of performance in the third quarter and that's why the growth rates have been higher in the third quarter compared to year to date. As I mentioned before, this growth is driven by air freight, as you can see, airfreight net revenue grew by 24%, for the nine months.

And, Contract logistics grew by about 9% and Project logistics, about 8%. The category other that you see there includes the fairs and events which has seen almost a complete halt of activities as a result of the COVID, but we are also optimistic that once the COVID situation stabilizes, this will pick up again. Overall, the performance of GIL as you can see, is moving positively, despite the challenges, they face. Middle East and Asia, in terms of regional contribution has been positive despite the COVID situation and we are seeing some decline in Europe and the Americas.

Infrastructure side, you can see that for the quarter, there has been significant decline in revenue, 16% year over year and an EBITDA decline of 17%. The decline in EBITDA is slower than the nine months of 25%. And that's a result of the cost actions and the relative improvement in Q3 in some businesses which drove a slower decline rate in EBITDA. We are hoping, and we are seeing also some signs of stability, particularly in the businesses that have been hit hard, like, GCS, the custom business and in NAS and UPCA. You can see that ALP has shown positive improvement in terms of revenue in the quarter and year to date, and that continues to be a positive sign. Also it's worth mentioning that ALP is the largest contributor among this group of the infrastructure businesses.

So that is the sort of the key themes during the quarter. Again, just to sum it up, overall, it's a mixed bag, slightly positive in Q3. We are seeing signs of improvement and signs of stability in the different businesses that we have. GIL has performed extremely well and continues to perform extremely well into Q4 and we are hoping that this would continue into 2021. ALP is very consistent and very stable from a growth perspective. The challenges that we are seeing within the group is in UPAC, NAS, followed by GCS, however, we are seeing signs of stability in these businesses and signs of improvement also in NAS, and UPAC and GCS.

We believe that we are well positioned from a portfolio perspective, as well as from a company perspective to take advantage of the situation. And we believe the company will come out from this crisis, the COVID crisis, better and stronger. With that I would, hand it over back to the moderator and we would be happy to take questions.

Operator: Thank you. As a reminder, ladies and gentlemen, if you'd like to ask any questions, please submit them by the chat box from your web browser now. It looks like we have some questions that have come through.

Ayub (SICO): GIL cost containment measures – can you reiterate the annual expected savings from this cost containment exercise – would it be close to USD 150mn per annum? If yes by when will you be able to fully achieve the costs reductions? By end 2021?

Ehab: Unfortunately, we are currently going through the budgeting exercise for the 2021 and I don't have a figure yet for the complete run rates for GIL. However, I would say the figures should be significant and we should be targeting a 5-6%, EBITDA margin pre IFRS. So that would translate into maybe, a USD 200 million of EBITDA pre IFRS, within the next couple of years. That's the goal and that's what we are after here. So I wouldn't give you a specific cost run rate figure, because I think that would be just one side of the equation. I would rather give you our objective and our goal that we are working towards, which is, you know, to get about USD 200 million of EBITDA pre IFRS, which means we exclude the impact of the lease obligations on EBITDA and that should be within reach in the next few years, that means like maybe two or three years. And I believe the actions that we have taken and the mindset and the momentum we have gained over the past nine months, and particularly during the COVID situation, will make us achieve that. So it's actually something that we feel very positive about.

Ayub (SICO): Any update on the timeline of the TriStar IPO?

Ehab: The IPO is ongoing, as we mentioned before, we have moved the focus from the London listing to a regional listing in Dubai. We are in the process of filing for the IPO. However, there is still some regulatory steps and a few matters that we are working on, but it's ongoing. That's the short answer.

Ayub (SICO): Will Agility be booking loss of KWD 2mn relating to the legacy PAI case with the 4Q20 results?

Ehab: I would rather not comment on any legal case that we have today. I think we try to be as extensive in our notes in the financials as possible, and due to potential implications that this might have on the progress of the legal case. So, I wouldn't comment on that. Everything is reflected in the financials, which is already available.

Ayub (SICO): Do you see any role for Agility in distribution of COVID vaccine when it becomes available?

Ehab: I think the vaccine distribution will require every single logistics company to help and cooperate. And I think we are very well positioned to do that from two sides - one is from the logistics side, the freight forwarding side. As you know, we have a global coverage of the freight forwarding networks, and this will definitely be used to help to distribute the vaccine. The other side on the ALP and the logistics distribution parts, where we have the storage capacity, particularly in places in Africa and in the Middle East. So I think we are very well positioned, to help distribute the COVID vaccine once and when it becomes available.

Abdulaziz (VCP): Hello, can you please shed light on the restructuring charges (which business, what are the benefits, etc.

Ehab: The restructuring charges have been predominantly in GIL and the benefits you can see already has been reflected in the quarter performance and we expect that to carry forward in the years to come.

Varun (Decimal Point): Hi, What is the capex for the next two years? How much has the company invested in total in Reem Mall? What is the pending amount?

Ehab: It would be more or less around the same run rate, particularly in 2021. I think by 2022 when Reem Mall is finished, the CAPEX rates would be little bit lower than that. The CAPEX rate is around 7% of revenue today. I don't think that will continue on an ongoing basis. But I would say in the next couple of years, the run rate for CAPEX will be around that level, which is about 7%.

Varun: Any update on Reem Mall.

Ehab: As you probably know, it's a very challenging retail environment. We try our best and we are working very hard to navigate through that. Construction is ongoing, financing I would say is in place to continue the project. So, from the delivery of product, I think that will take place and we will deliver the Mall next year. And in terms of leasing the mall – it is still at one third of the Mall is pre-leased. We are working on a few initiatives, but these initiatives have been put on hold because of the COVID.

But again, we started to see some traction coming back and we are hoping that we can get this to the finish line. It's not going to be the easiest project, and it's not going to be one of our highest return projects, however, we are doing our best to manage the situation as best as we can. And we are positioning the Mall to be more of a logistics and e-commerce hub and we're introducing some new technology into the mall, and working on few initiatives there, but that said, it remains a very challenging project.

Ayub (SICO): Just some clarity on the GIL cost savings - estimate total savings of USD 200mn over next 2-3 years or increase in EBITDA (pre IFRS) of USD 200mn?

Ehab: The cost saving is not 200mln. I'm saying that EBITDA pre IFRS would be around $200 million. Remind you that pre-IFRS EBITDA last year was around a $100-105 million. So effectively we are looking to double that in the next few years.

Ehab: With that, I would conclude my presentation. Thank you for joining.

Thursday, 12th November 2020

Agility Earnings Call Presentation

Q3 2020 Results

Agility

Disclaimer

This presentation is strictly confidential and is being shown to you solely for your information and may not be reproduced, retransmitted, further distributed to any other person or published, in whole or in part, for any purpose.

This presentation has been prepared by Agility Public Warehousing Company KSCP (“Agility”) and reflects the management’s current expectations or strategy concerning future events and are subject to known and unknown risks and uncertainties.

Some of the statements in this presentation constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect Agility’s current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside Agility’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Agility undertakes no obligation to revise any such forward-looking statements to reflect any changes to its expectations or any change in circumstances, events, strategy or plans. Because actual results could differ materially from Agility’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with due care and caution and seek independent advice when evaluating investment decisions concerning Agility.

No representation or warranty, express or implied, is made or given by or on behalf of Agility or any of its respective members, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in or discussed at this presentation.

Agenda

1 Financial Highlights

2 Business Segments

3 Q&A

Financial Highlights

Highlights Nine Months 2020

Agility

Market Volatility due to Covid-19 is still present however recovery is seen across most of our business lines

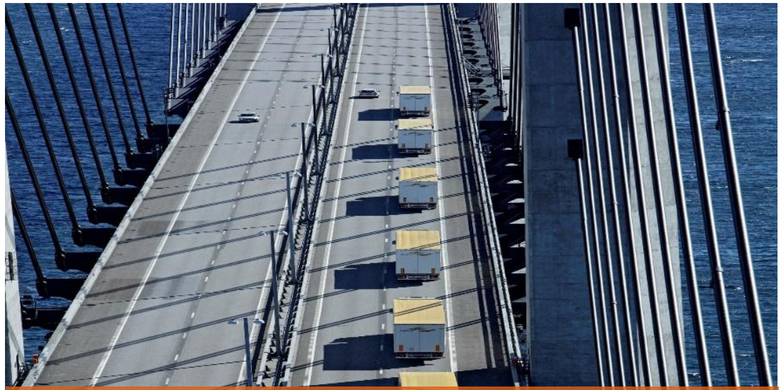
- Early and decisive measures taken to contain costs and preserve cash
- Well positioned to navigate through changing environment
- Technology remains a strategic priority for the group.

Global Integrated Logistics

Strong Performance in Air Freight and Contract Logistics

- Strong Air Freight performance driven by increased demand for exceptional shipments related to the Life Sciences vertical
- Strong growth in Contract Logistics
- Sharp focus on containing costs and operational efficiency

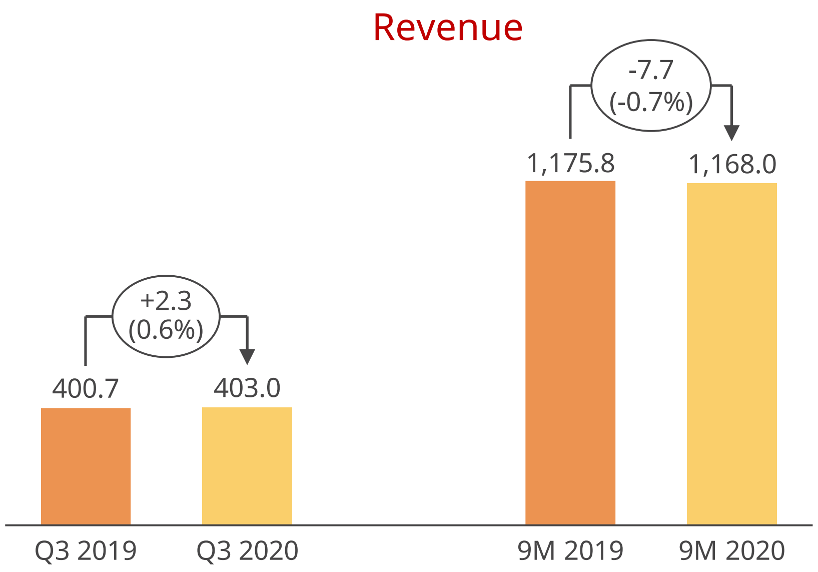
Infrastructure

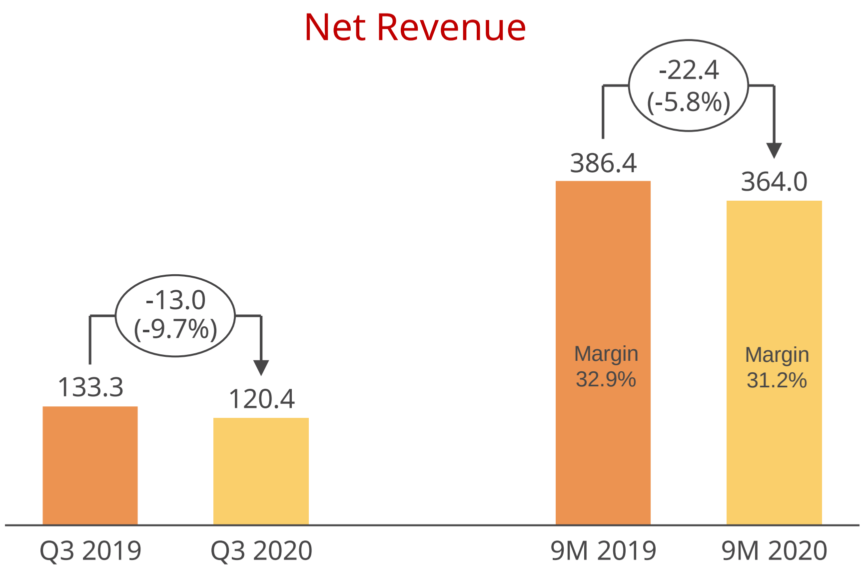


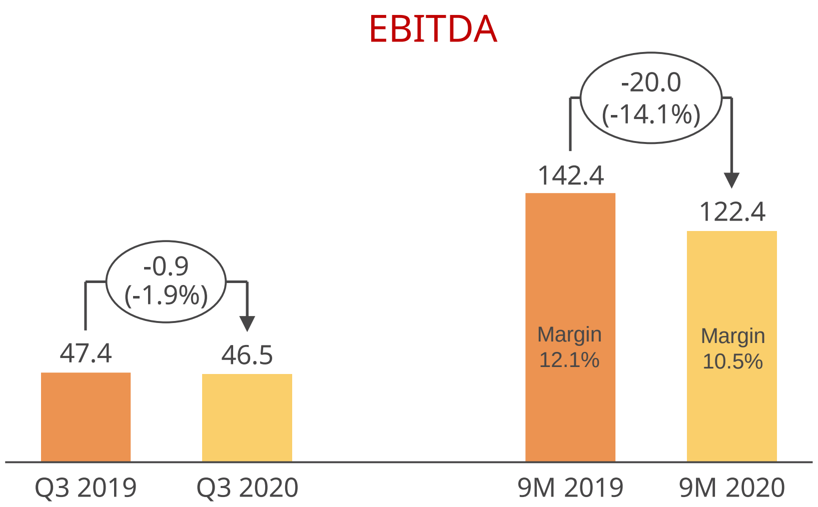
Some businesses are significantly impacted by the pandemic

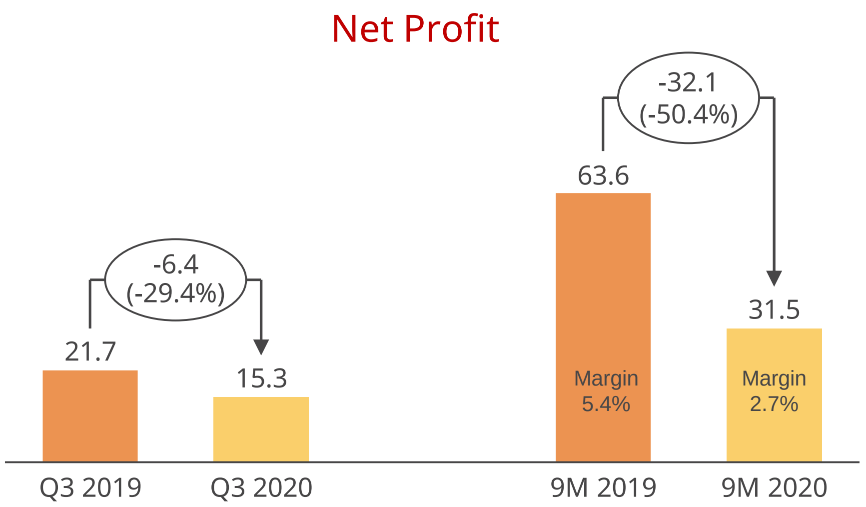
- Agility Logistics Parks (ALP) and Tristar reported good results
- Other entities are still impacted by COVID- 19 but are recovering each at a different pace

Group Financial Performance
KD Mn



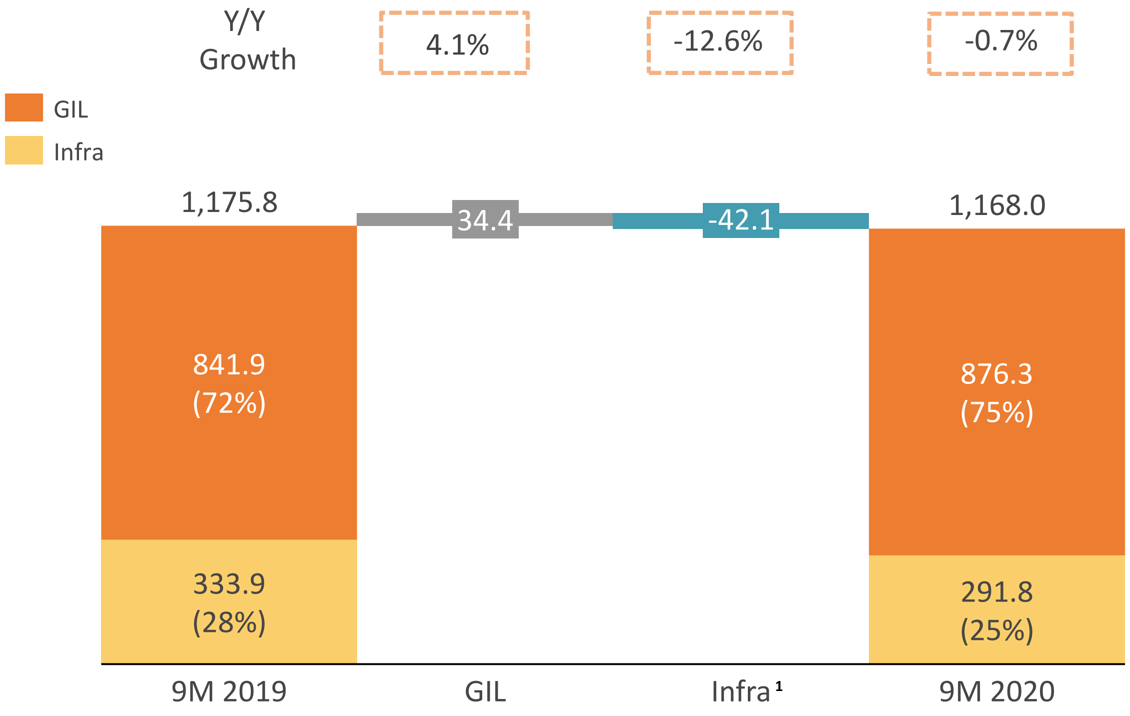




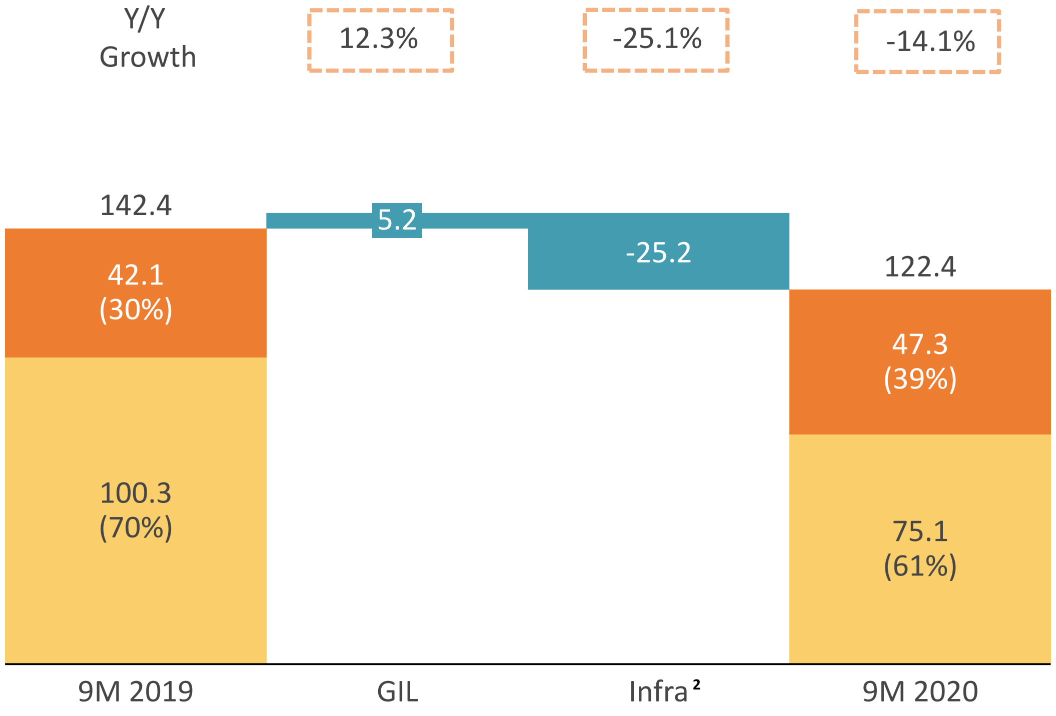


Agility Financial Performance 9M 2020
KD Mln

Revenue contribution by Business Group



EBITDA contribution by Business Group



- GIL revenue increase was driven by strong results in Air Freight and Contract Logistics
- Part of the Infra entities witnessing impact of Covid-19

- GIL introduced a range of cost reduction measures to ensure EBITDA resilience
- Infra decline coming from businesses operating in industries that were impacted by Covid-19

[1] Includes Eliminations
[2] Includes Corporate Adjustments

Balance Sheet
KD Mn

Balance sheet	9M 2020	9M 2019	Variance	%
Current assets	614.4	579.6	34.8	6.0%
Non-Current assets	1,595.0	1,416.4	178.6	12.6%
Total assets	2,209.4	1,995.9	213.4	10.7%
Current liabilities	529.8	505.5	24.3	4.8%
Non-current liabilities	516.0	387.3	128.7	33.2%
Total liabilities	1,045.8	892.8	153.1	17.1%
Shareholders' equity	1,116.6	1,050.1	66.5	6.3%

Highlights

Net Debt[1]	173.9	148.3
Net Debt[1] / EBITDA[2]	1.4X	0.9X

[1] Excluding Lease liabilities
[2] Pre IFRS16

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

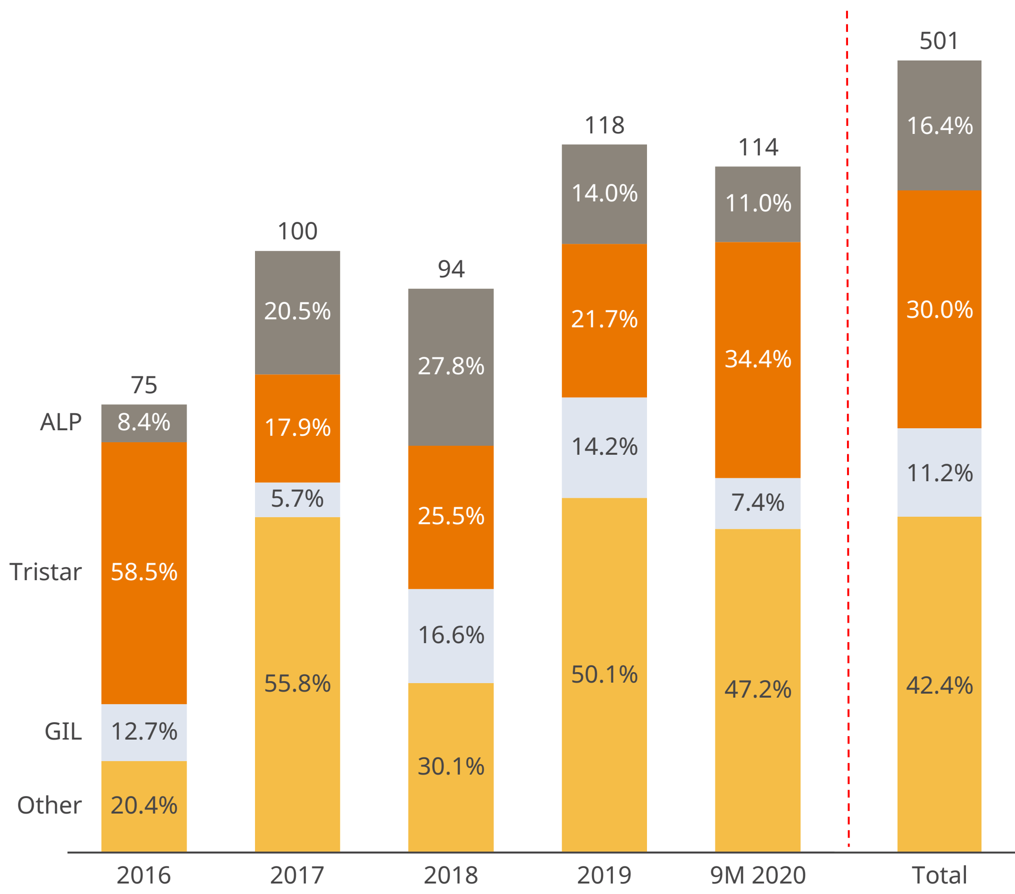
Statement of Cash Flows
KD Mn

Cash Flow Statement	9M 2020	9M 2019	Variance	%
Cash from Operating activities before changes in working capital	127.3	145.3	-18.0	-12.4%
Changes in working capital	4.7	-28.2	32.9	116.6%
Other Items	-16.8	-19.0	2.2	-11.7%
Net Cash flow from operating activities	**115.2**	**98.1**	**17.1**	**17.5%**
CAPEX + Investments	-114.4	-89.0	-25.4	28.5%
Net Cash flow from investing activities	**-115.2**	**-88.1**	**-27.0**	**30.7%**
Free Cash Flow	**0**	**9.9**	**-9.9**	**-99.8%**

Highlights

Conversion ratio (OCF/EBITDA)	94.1%	68.9%
CAPEX as % of Revenue	9.8%	7.6%

Capex Allocation

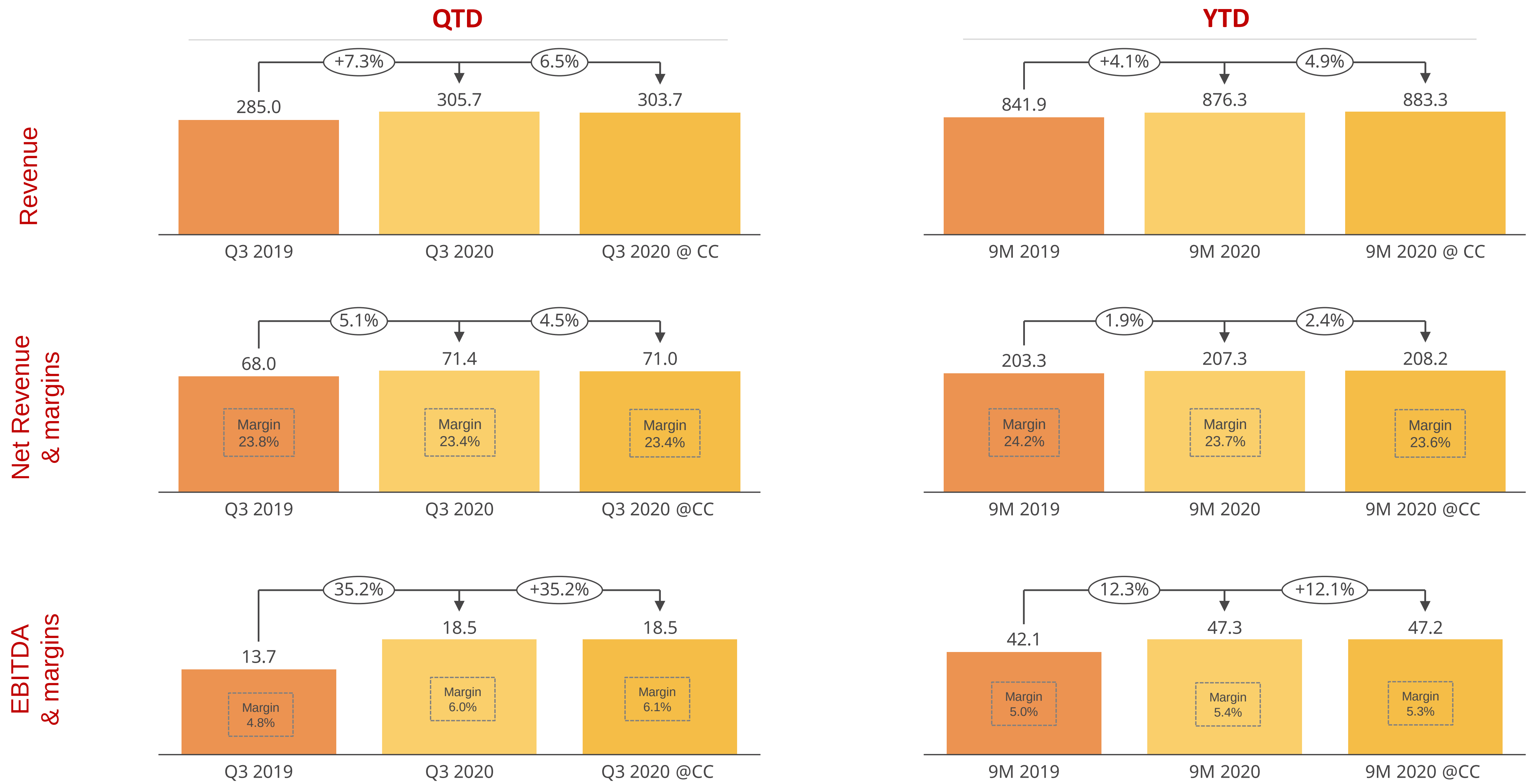


[1] Capex + investments net of proceeds

[1] *Others include Reem mall and corporate investment*

Business Segments

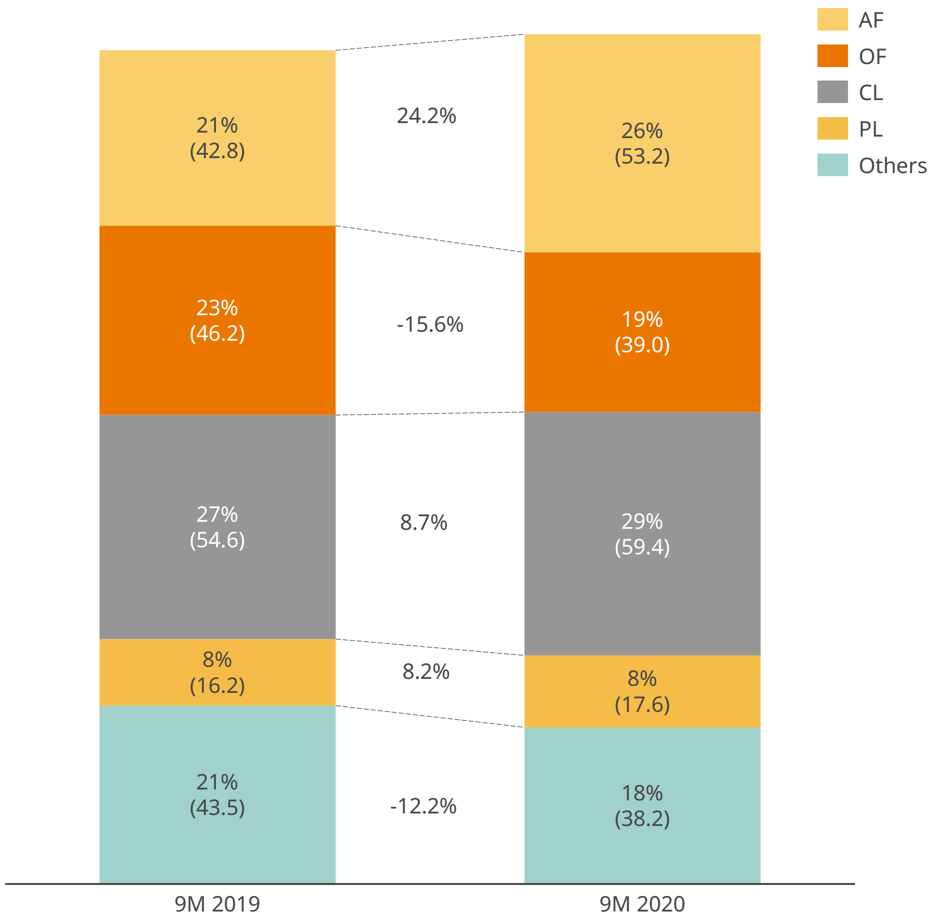
GIL Financial Performance
KD Mn



GIL Product Performance
KD Mn

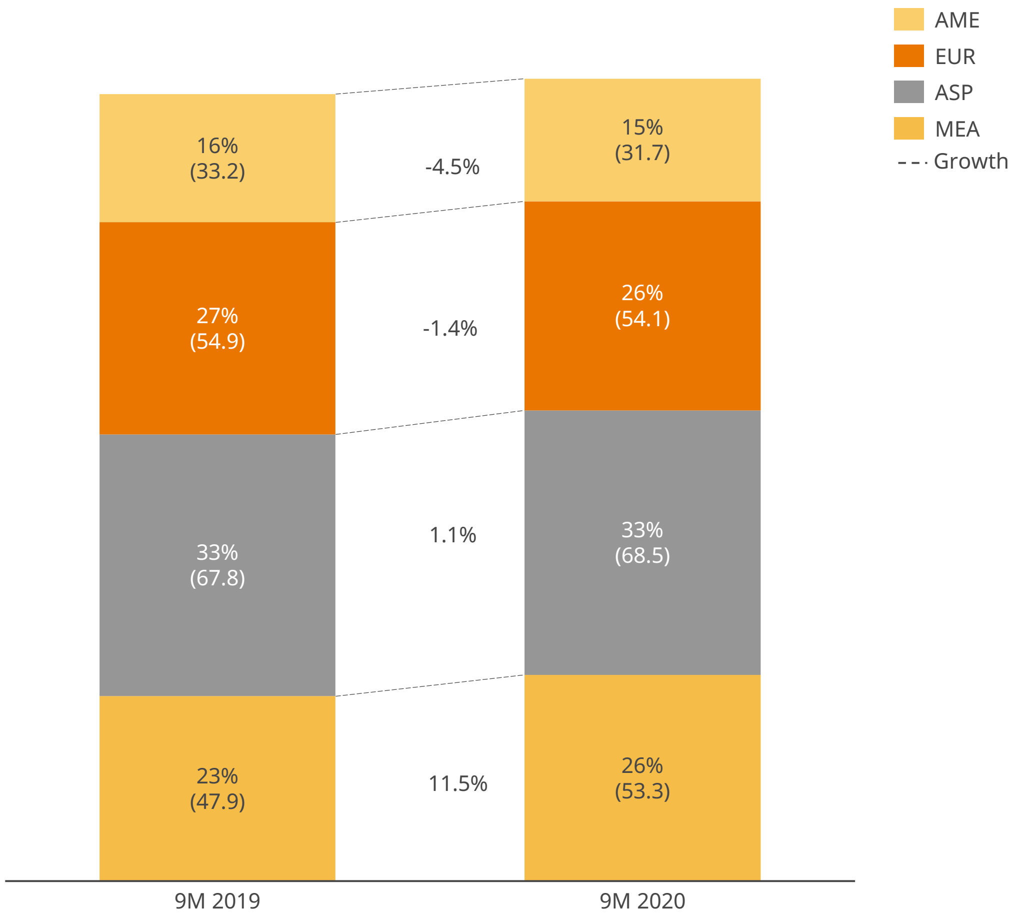
Product Net Revenue Contribution

(% & absolute)



Regional Net Revenue Contribution

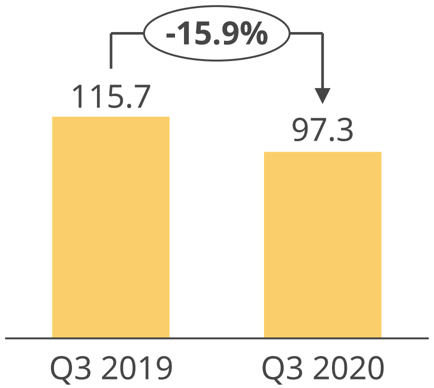
(% & absolute)

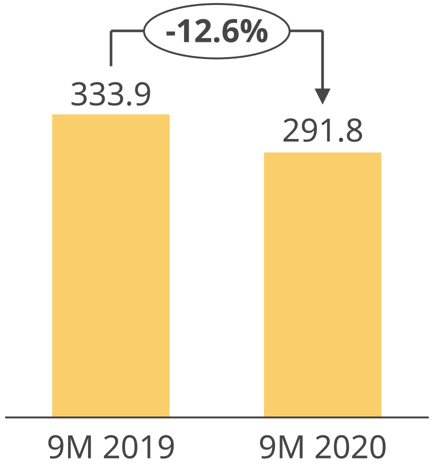


Infrastructure Group Financial Performance
KD Mn

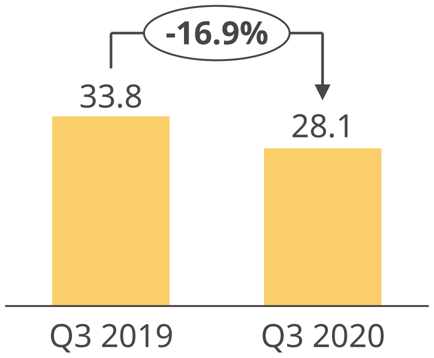
QTD Sep'20 | **YTD Sep'20**

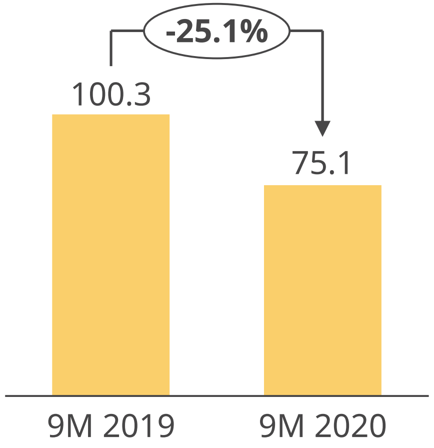
Revenue [1]





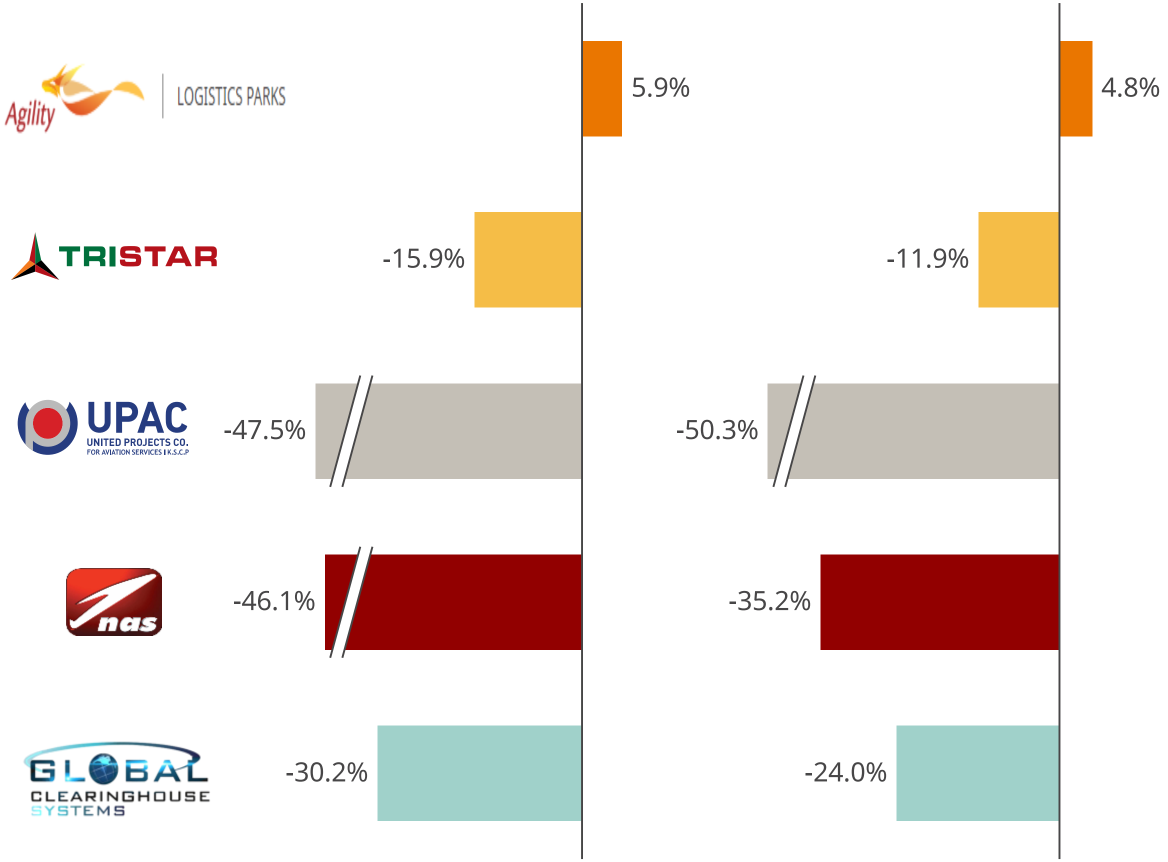
EBITDA [2]





QTD Sep'20 | **YTD Sep'20**

Revenue Growth



[1] *Includes Eliminations*
[2] *Excludes Corporate and Adjustments*

Q&A Session