

EARNINGS PRESENTATION

Q3 2021



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COVID 19 UPDATE

- As the COVID19- situation is still fluid and evolving, currently it is difficult to measure the complete extent and duration of the economic impact. Possible effects of the outbreak of COVID-19 may include, but are not limited to, disruption to the Group's operations, its revenue and availability of its products, delay in payments by customers, damage to the health of employees, measurement of expected credit loss and provision for inventories. However, management believes, based on its assessment of the situation and available information, that there is no significant impact on the Group's financial performance and that the Group has sufficient liquidity and access to financing facilities to continue to meet its financial obligations for the foreseeable future as and when they become due.
- We, as a group, continue to actively monitor the situation and apply preventative measures to ensure continuing operations while maintaining the health of our staff and customers across all of our sectors.

Who We Are

We operate in 5 sectors:



PLASTIC



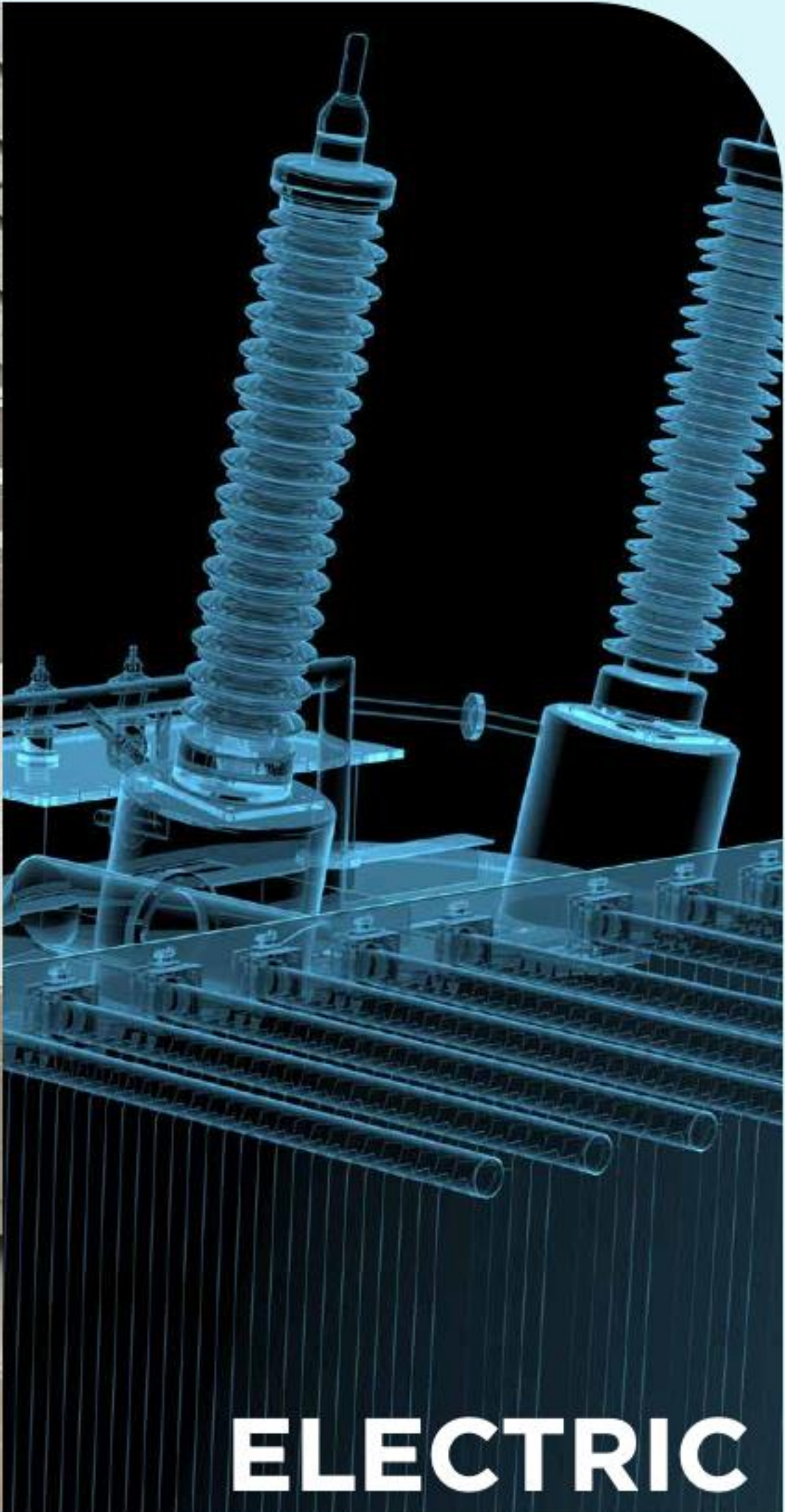
WOOD



CONCRETE



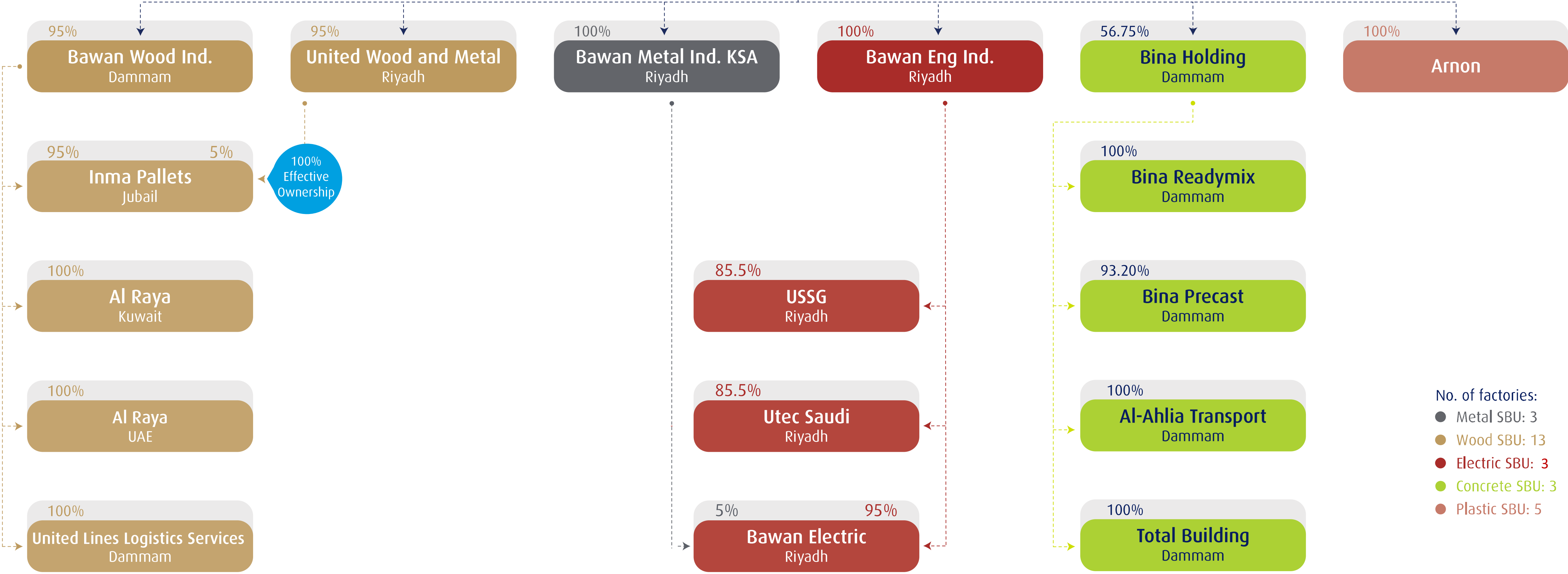
ELECTRIC



METAL



Group Structure



No. of factories:

- Metal SBU: 3
- Wood SBU: 13
- Electric SBU: 3
- Concrete SBU: 3
- Plastic SBU: 5

Our Factory Locations



Our Major Clients Expect High Standards



Key Highlights

- On February 11, 2020, one of the plastic sector factories caught fire which resulted in damage to assets having a net book value of SR 17.69 million.
 - The plastic sector has insurance coverage of SR 42.36 million against a loss caused by such an incident and to compensate for losses due to such an interruption of business.
 - The management is confident that this amount is fully collectable from the insurance company. As of the date of this presentation the claim is under process.
 - Later on, the Company received SAR 9.6 million from the Insurance Company, representing a partial payment from its existing claim
 - As of today, the claim from the insurance company is still under process.
- On 28/01/2021 United Transformers Electric Company Ltd. (Utec Saudi) (a subsidiary owned indirectly by 85.5%) has signed a shares sale contract with Industry Technology Electric Company (Algerian partner / the buyer), to sell its entire 49% equity stake in Utec Algeria, with a value of USD 8.0 million (equivalent to SAR 30 Million approximately), accordingly the legal procedures related to the transaction have been completed, as the ownership of the shares has been transferred and the sale amount has been received, but It should also be noted that in coordination between the parties of the deal, some terms of the agreement were amended, including the value of the deal to become USD 7.1 million approximately equivalent to SAR 26.6 million approximately.

VISION



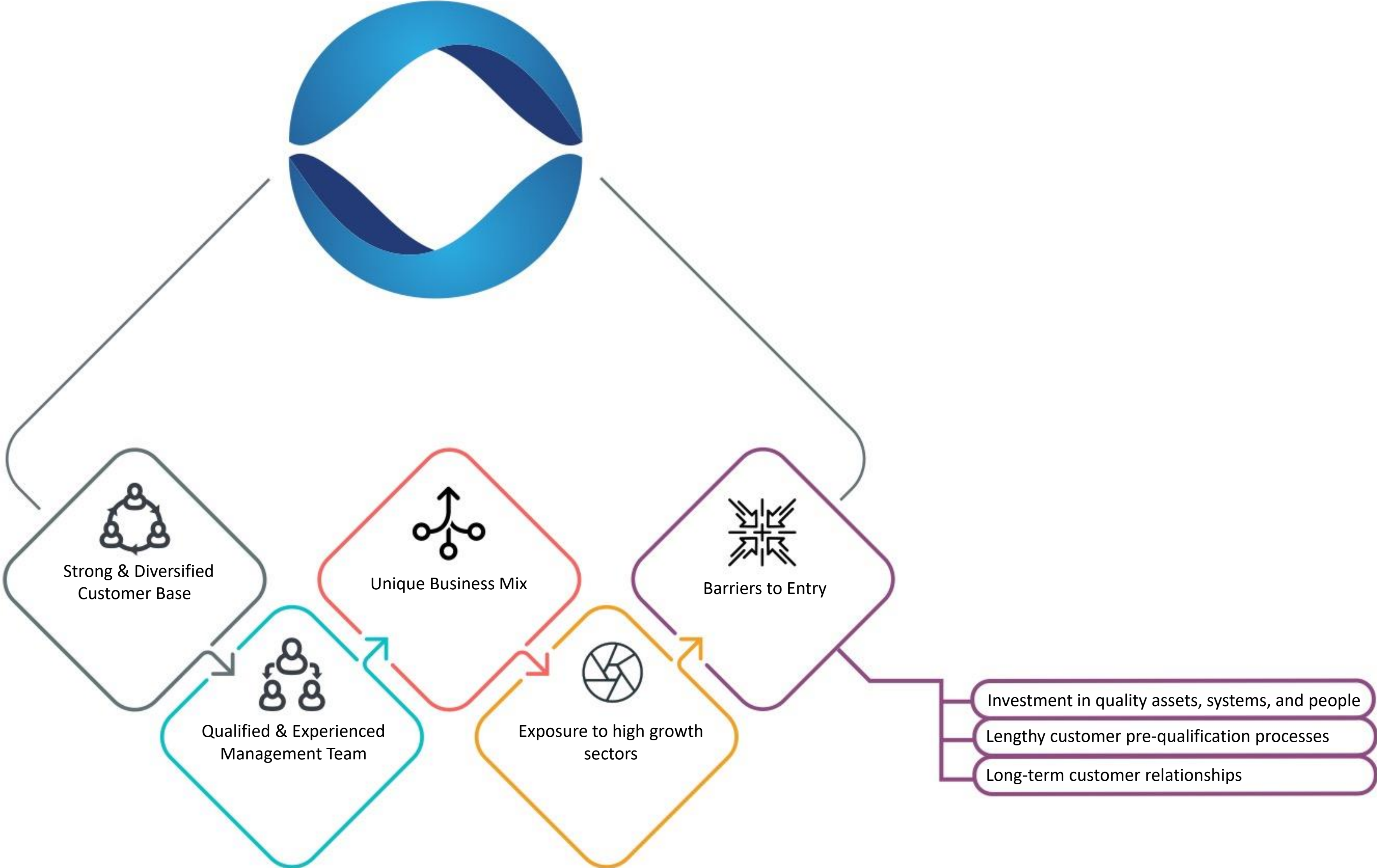
Bawan strives to become the leading group in the Kingdom of Saudi Arabia and the Middle East in the building materials sector.

MISSION



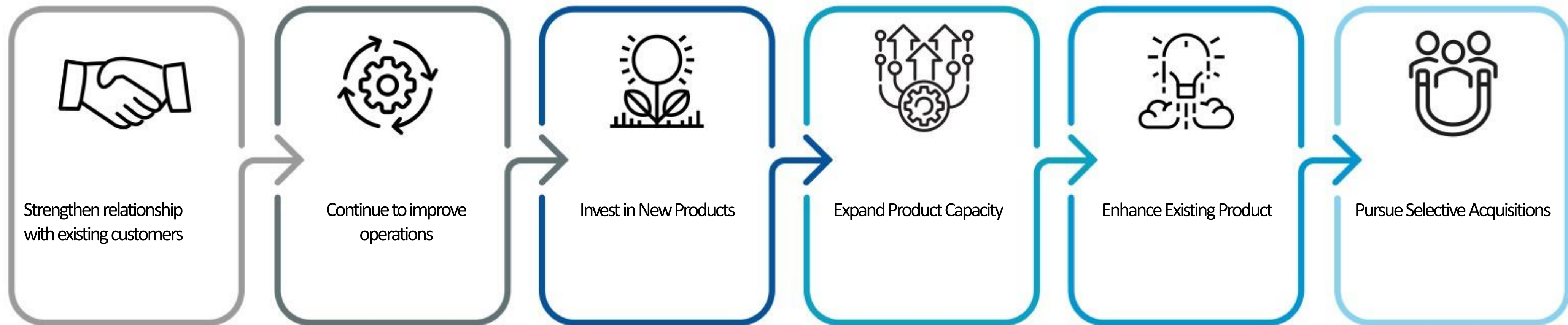
To enhance Bawan's customers loyalty by providing market-leading and innovative products and services, through its existing sectors and new sectors in the future.

Business Case



Strategy

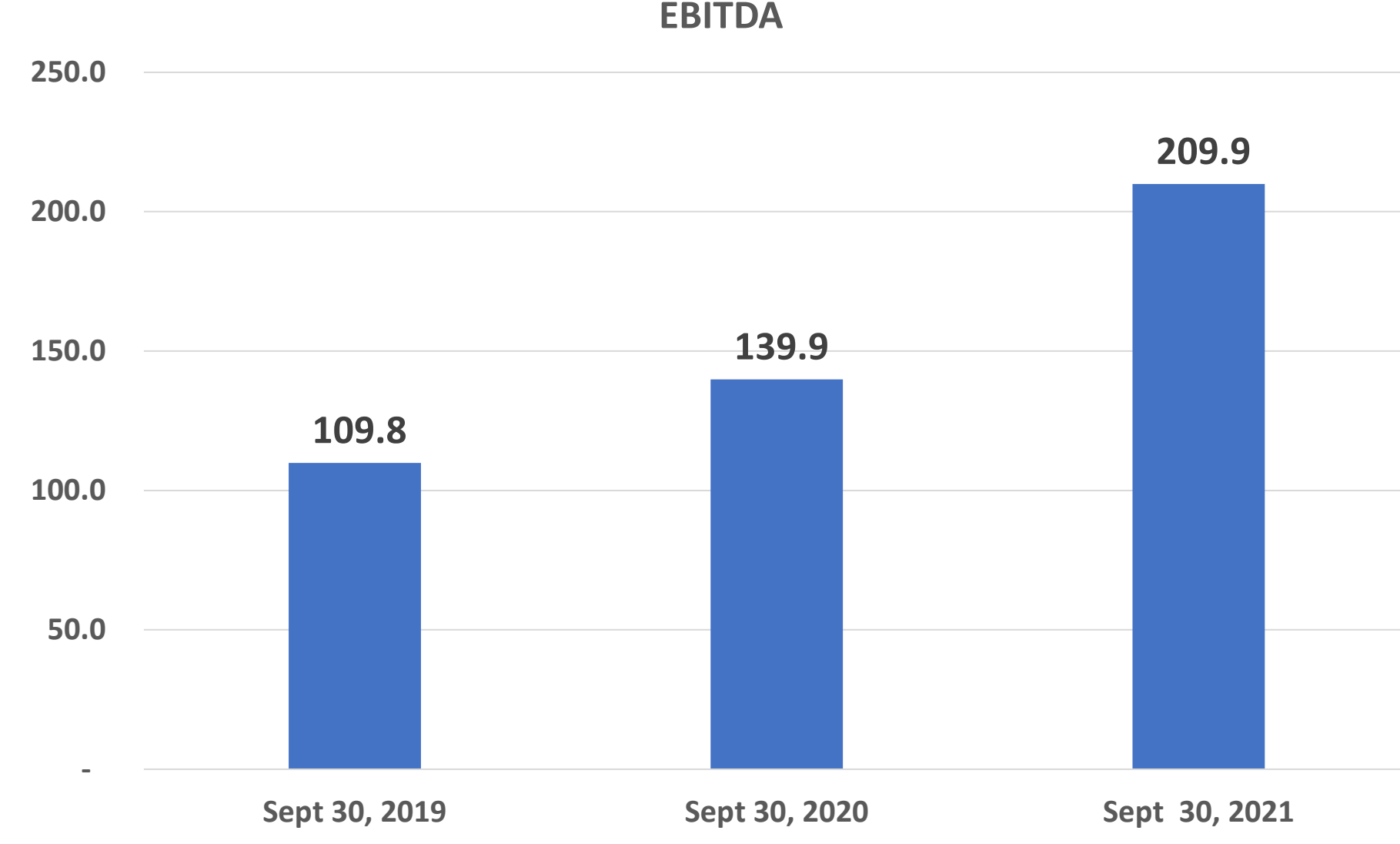
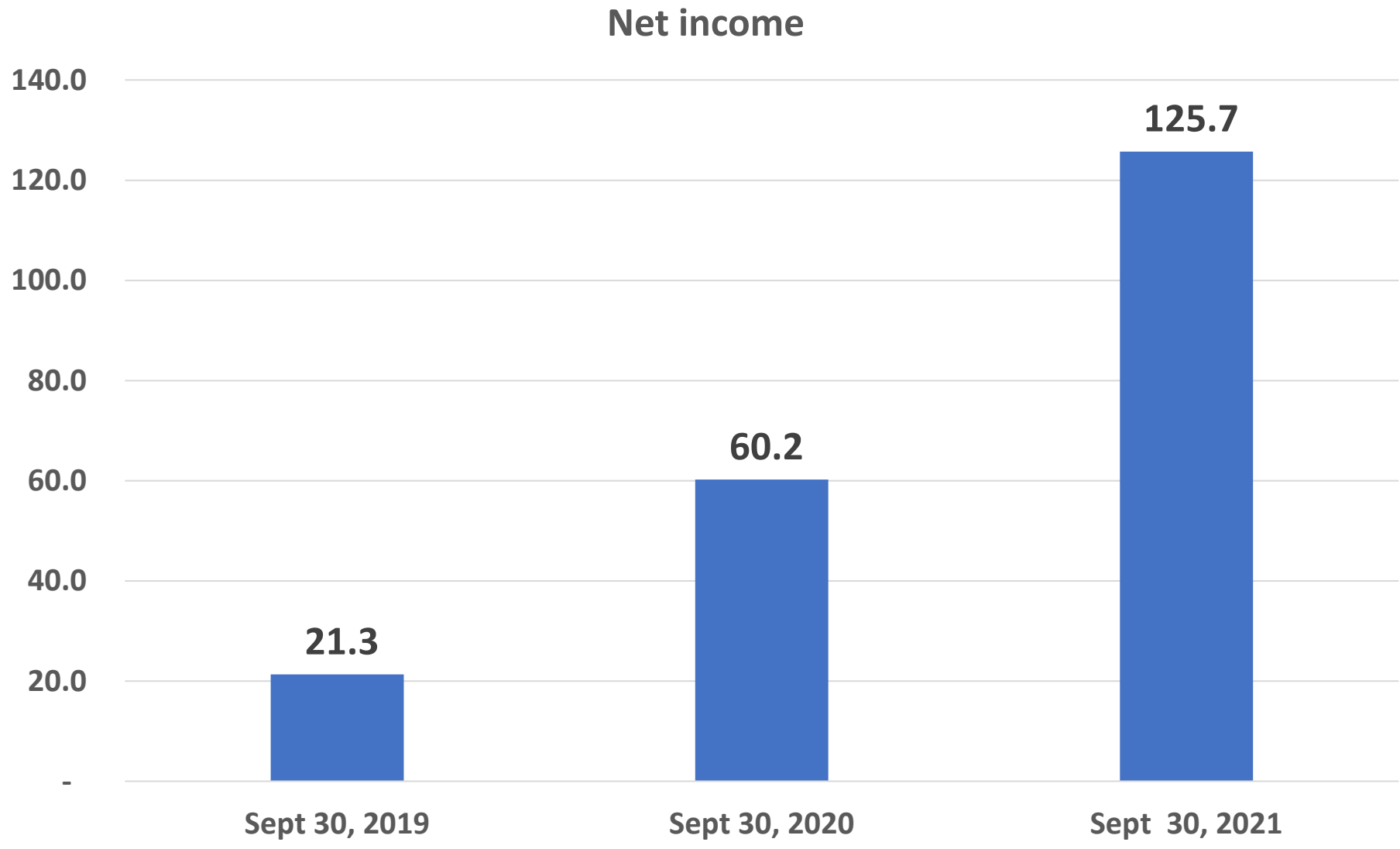
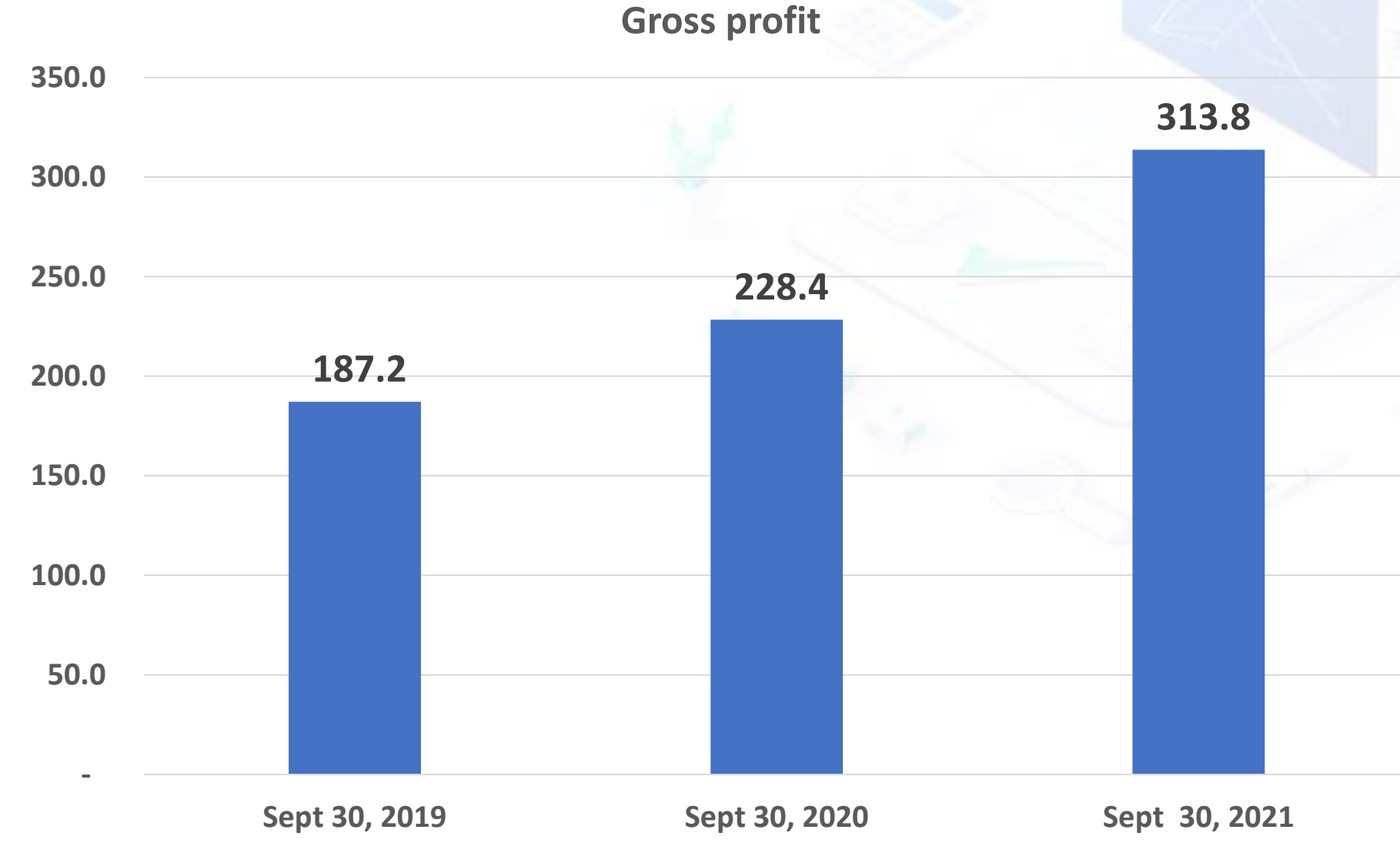
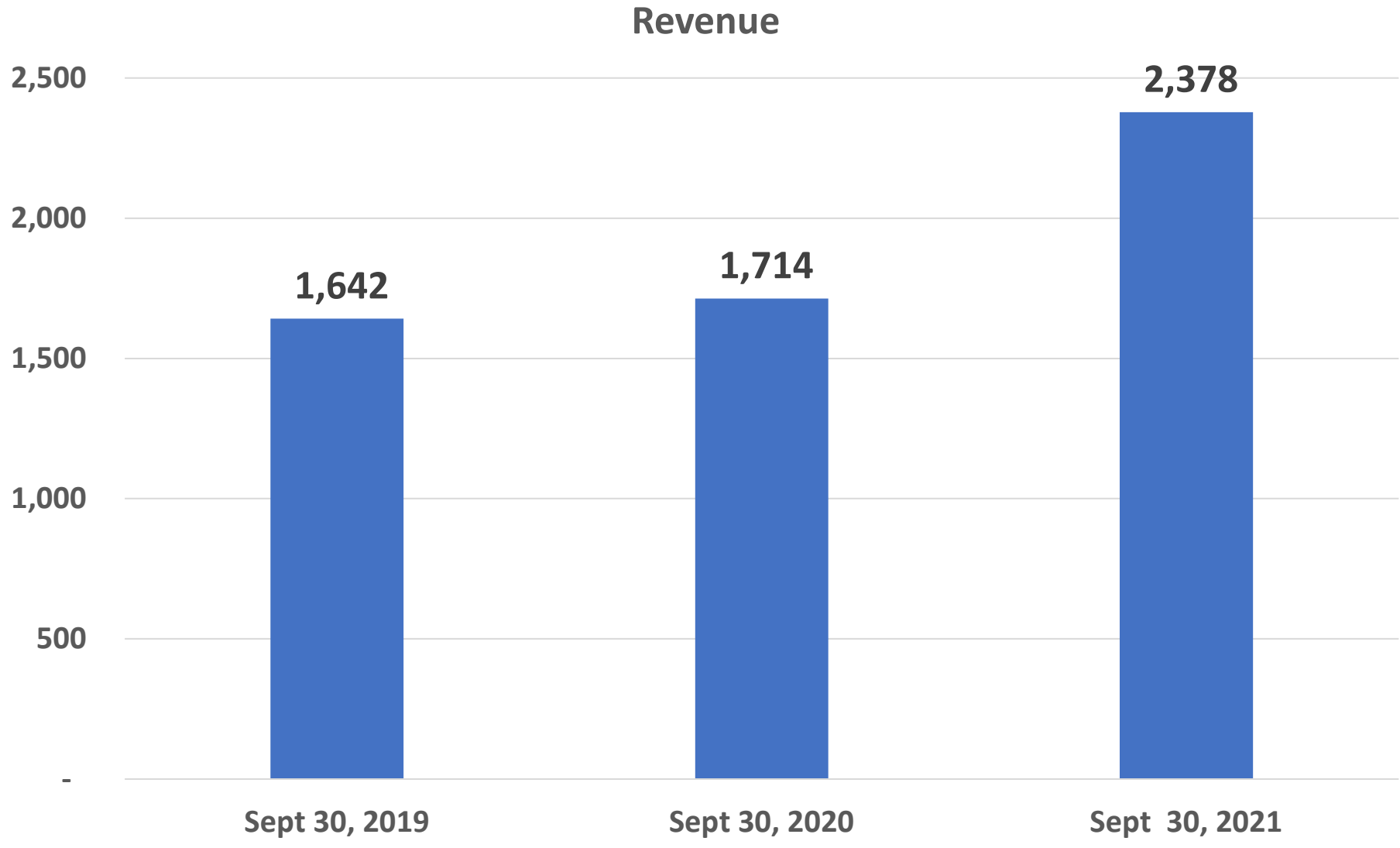
A well defined strategy enhanced by our core value



Financial Perspective



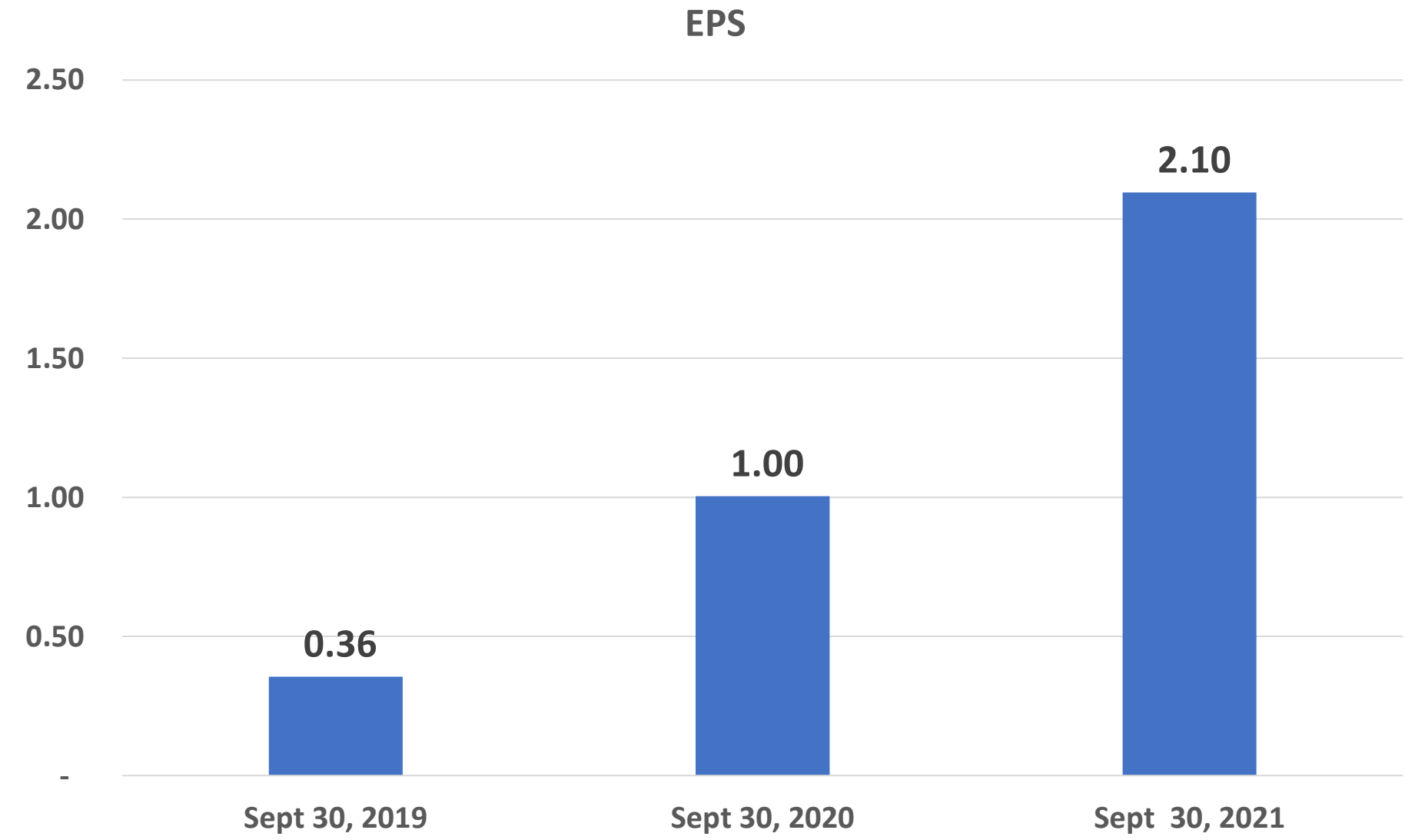
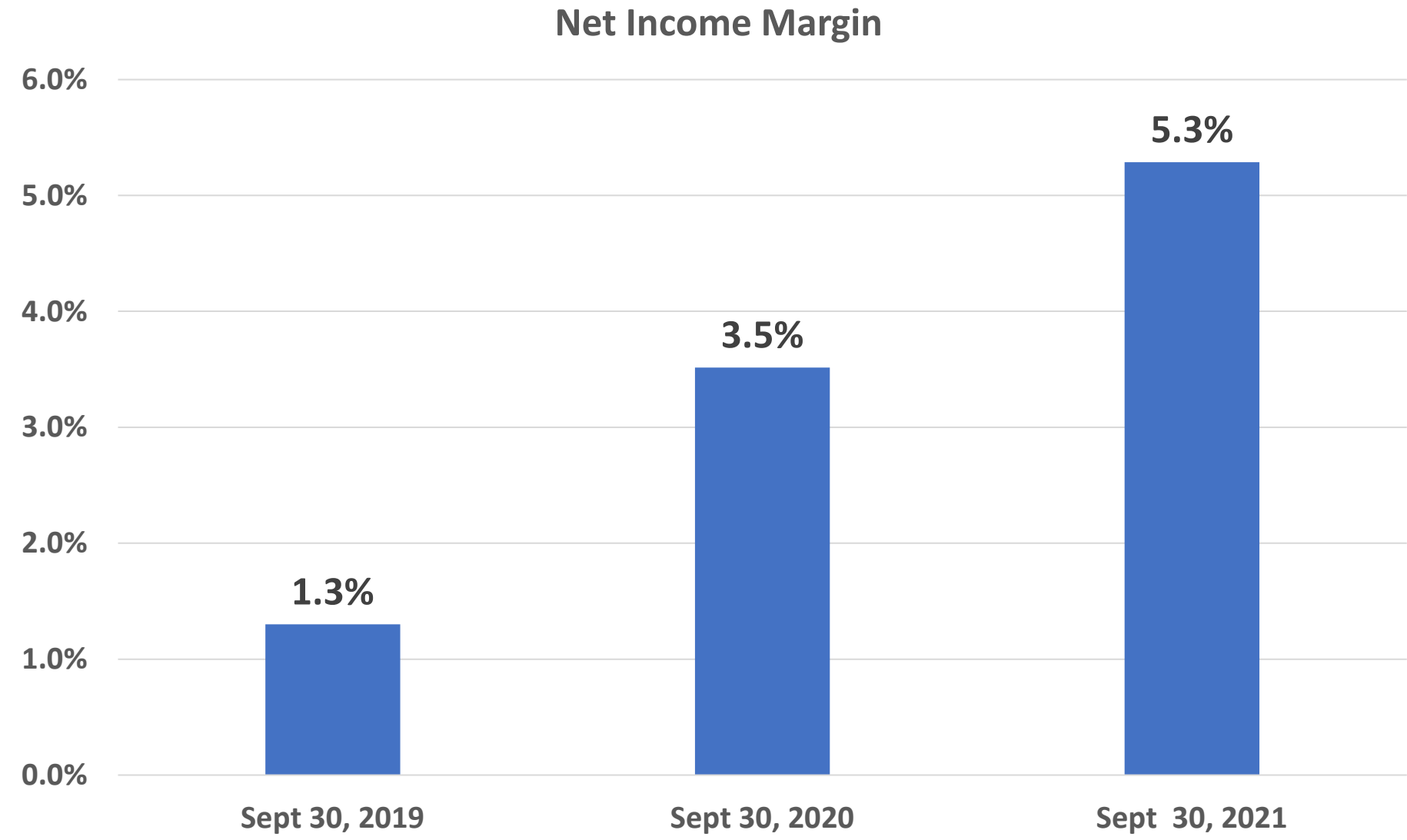
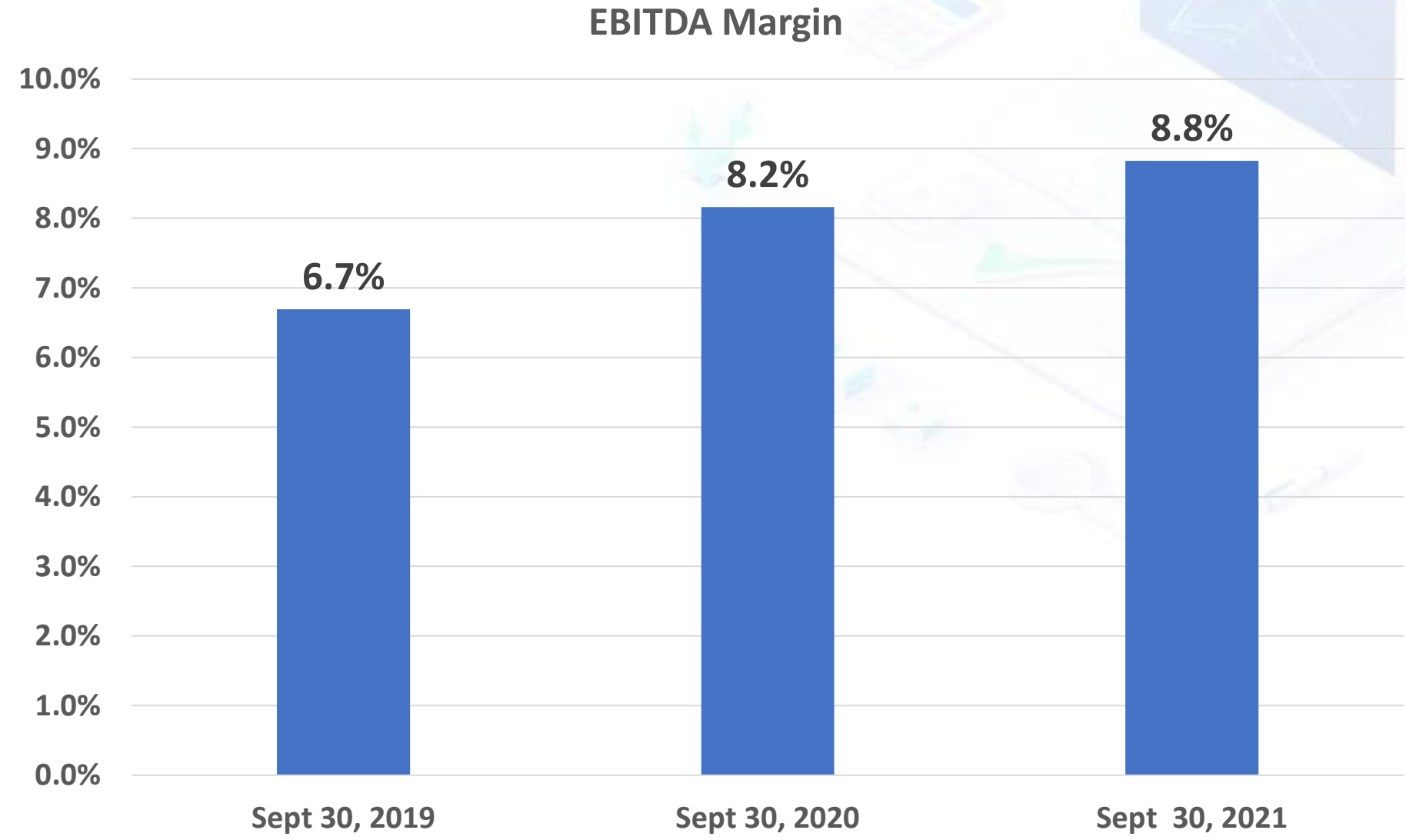
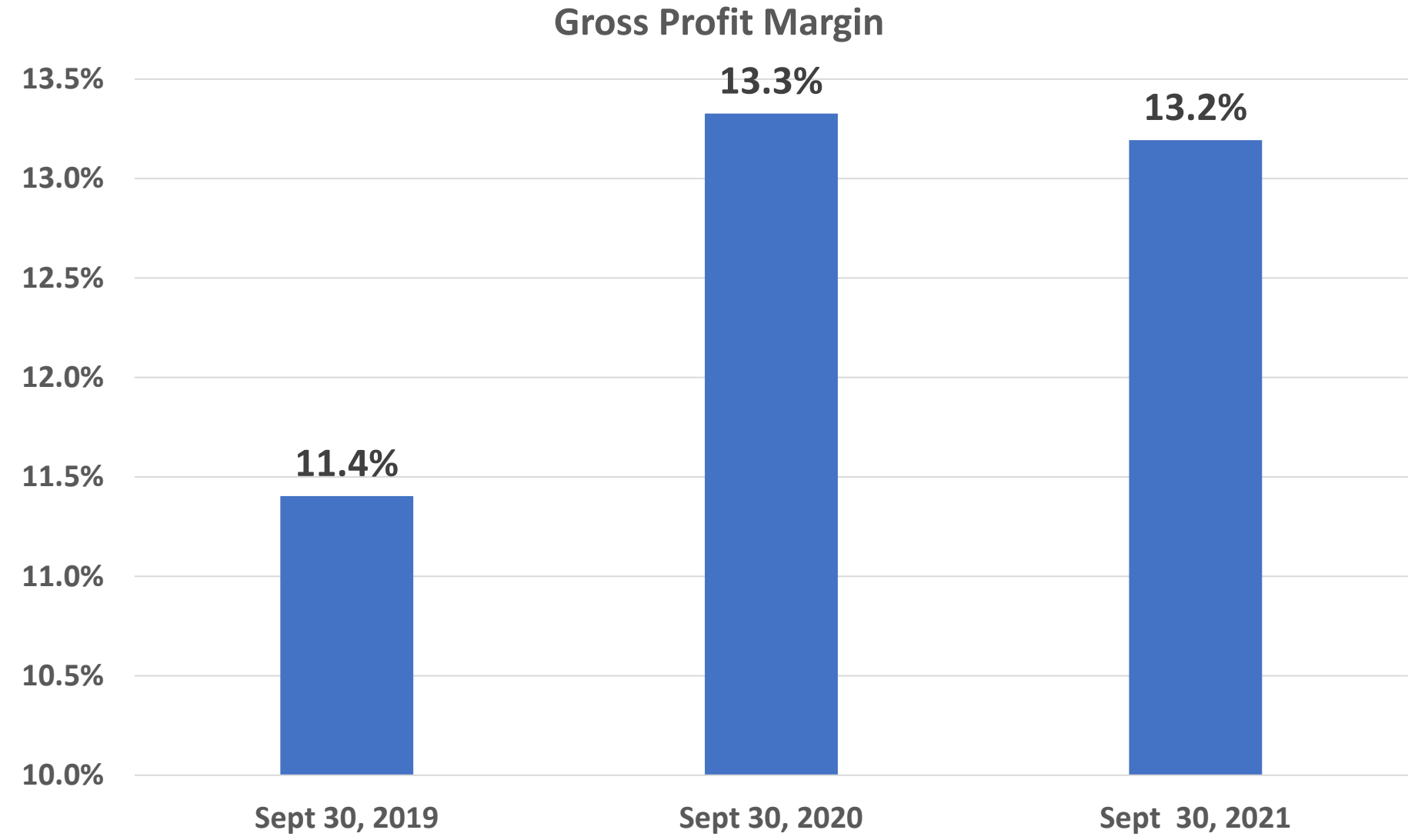
Operations Evolution



Numbers are in Saudi Riyal Million & are YTD Sept

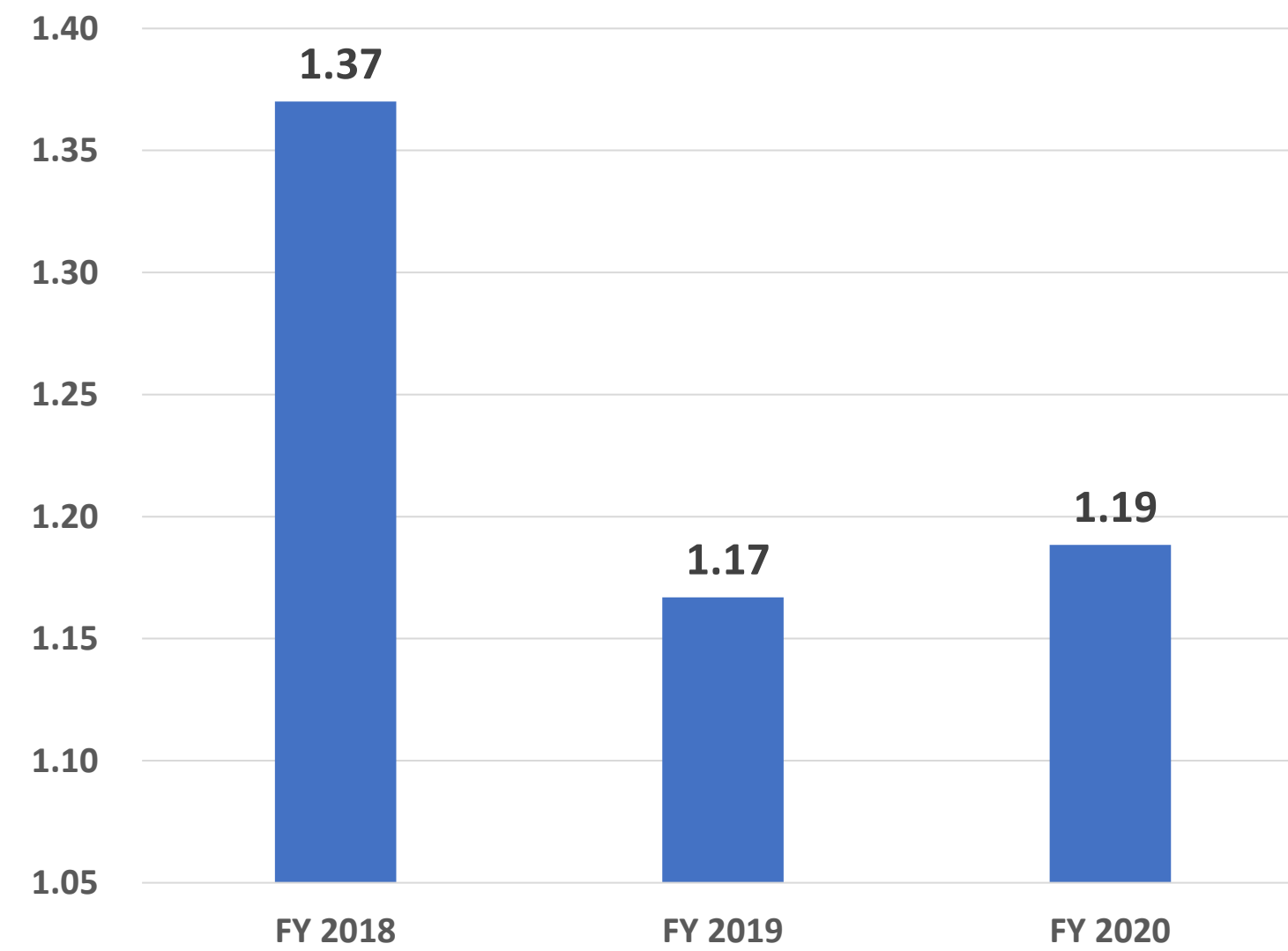


Margins Evolution

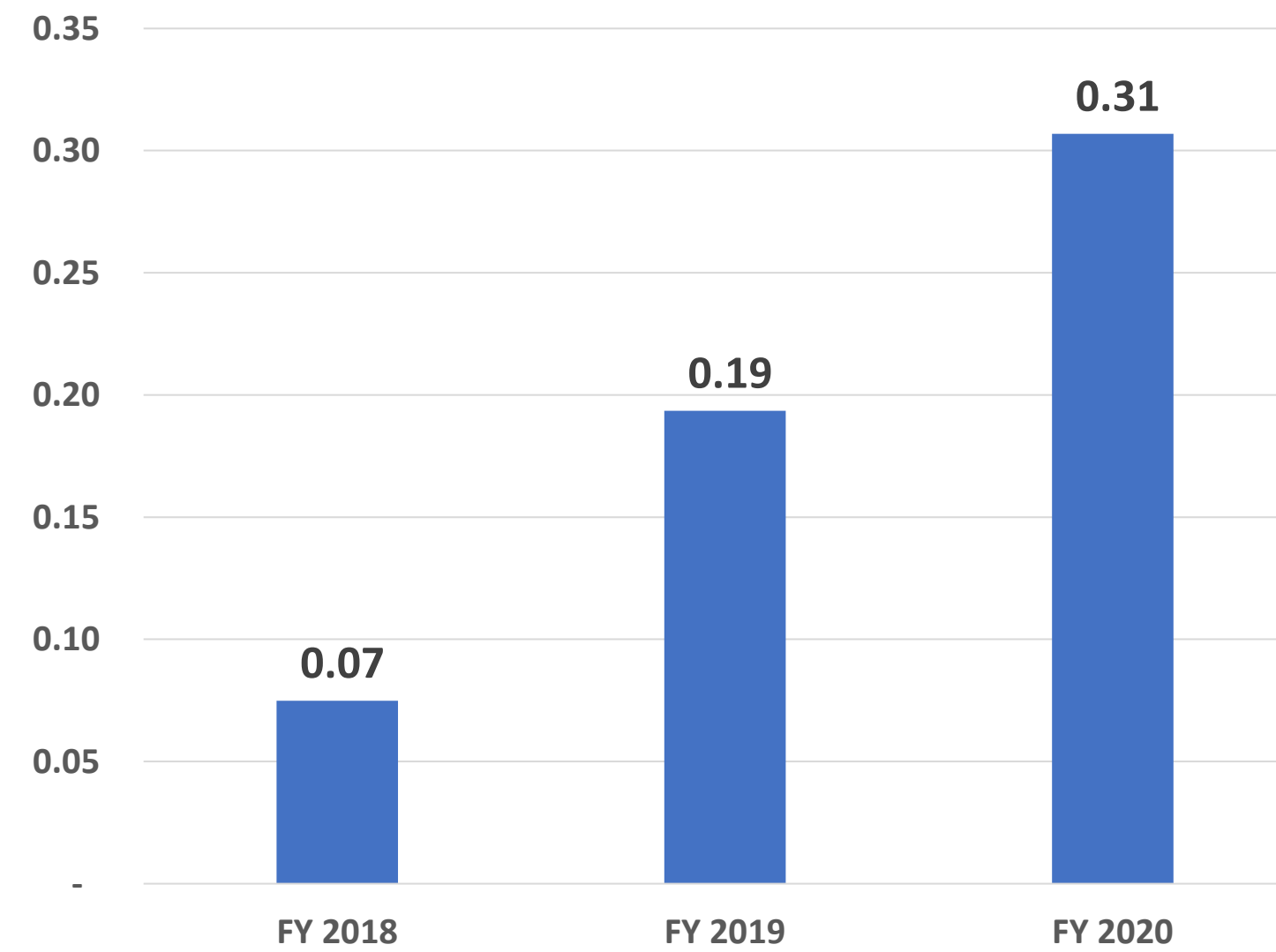


Liquidity

Current ratio

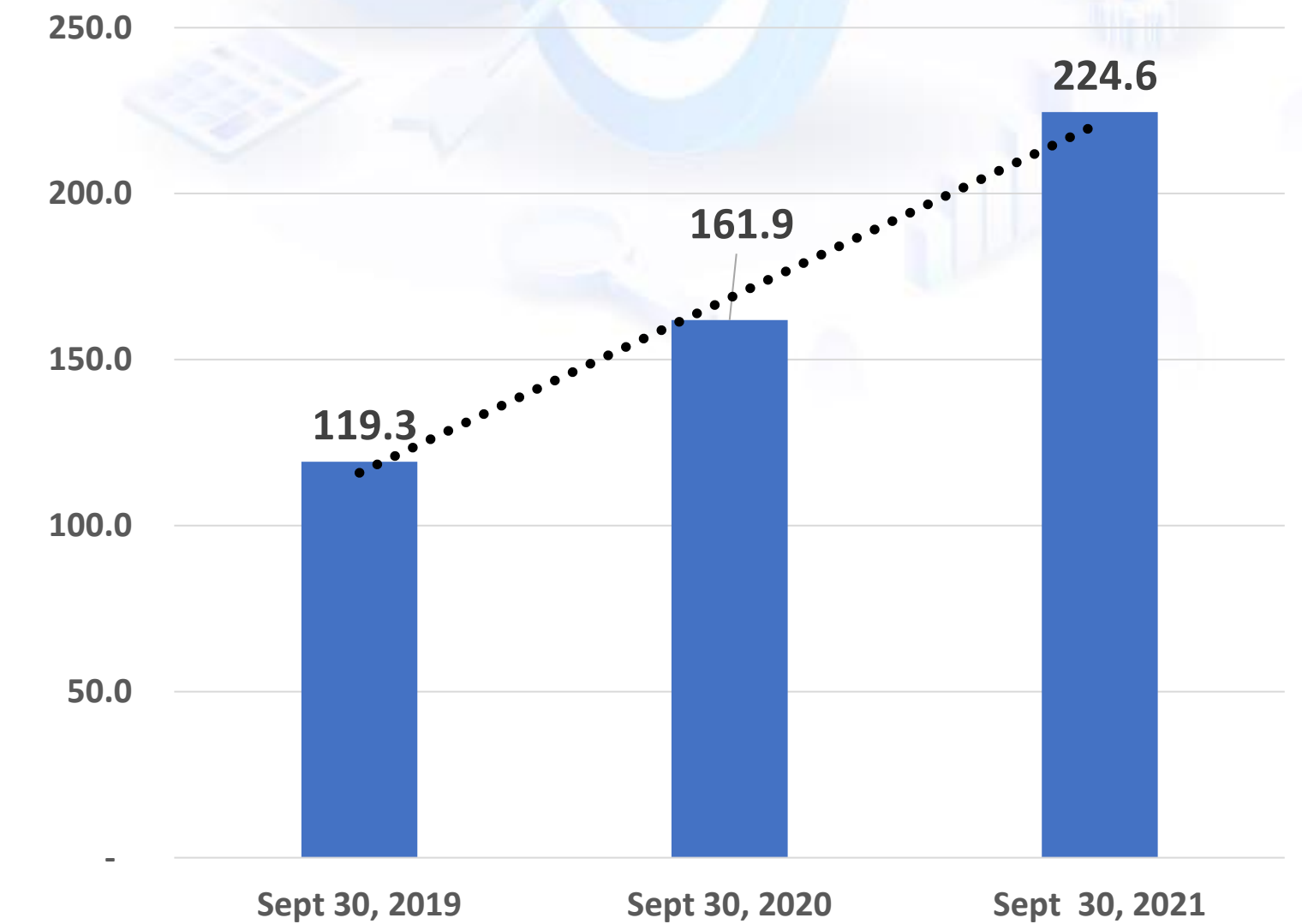


Debt Service Coverage Ratio



Annualized

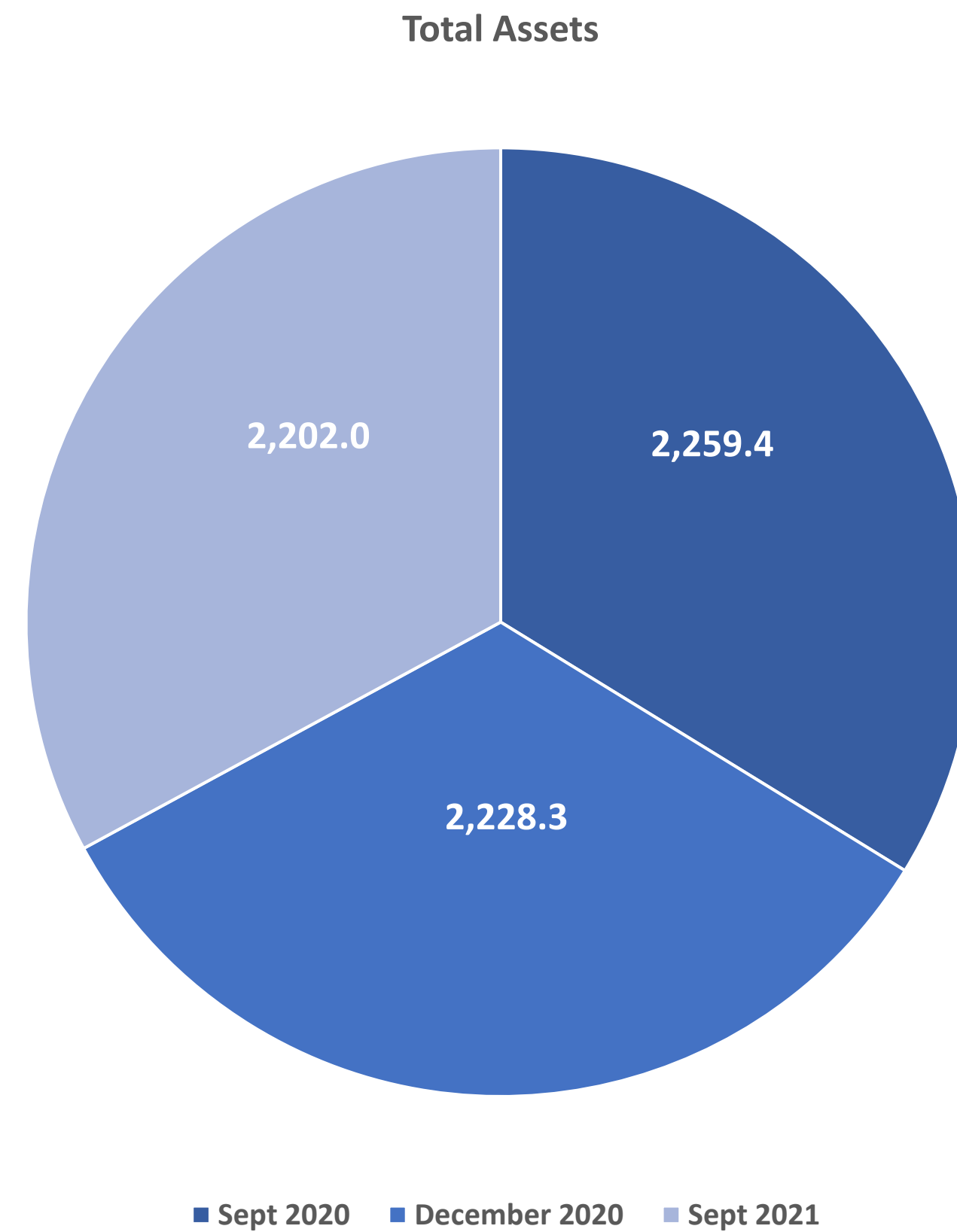
Operating cash flows *



Numbers are in Saudi Riyal Million

* Before working capital charges

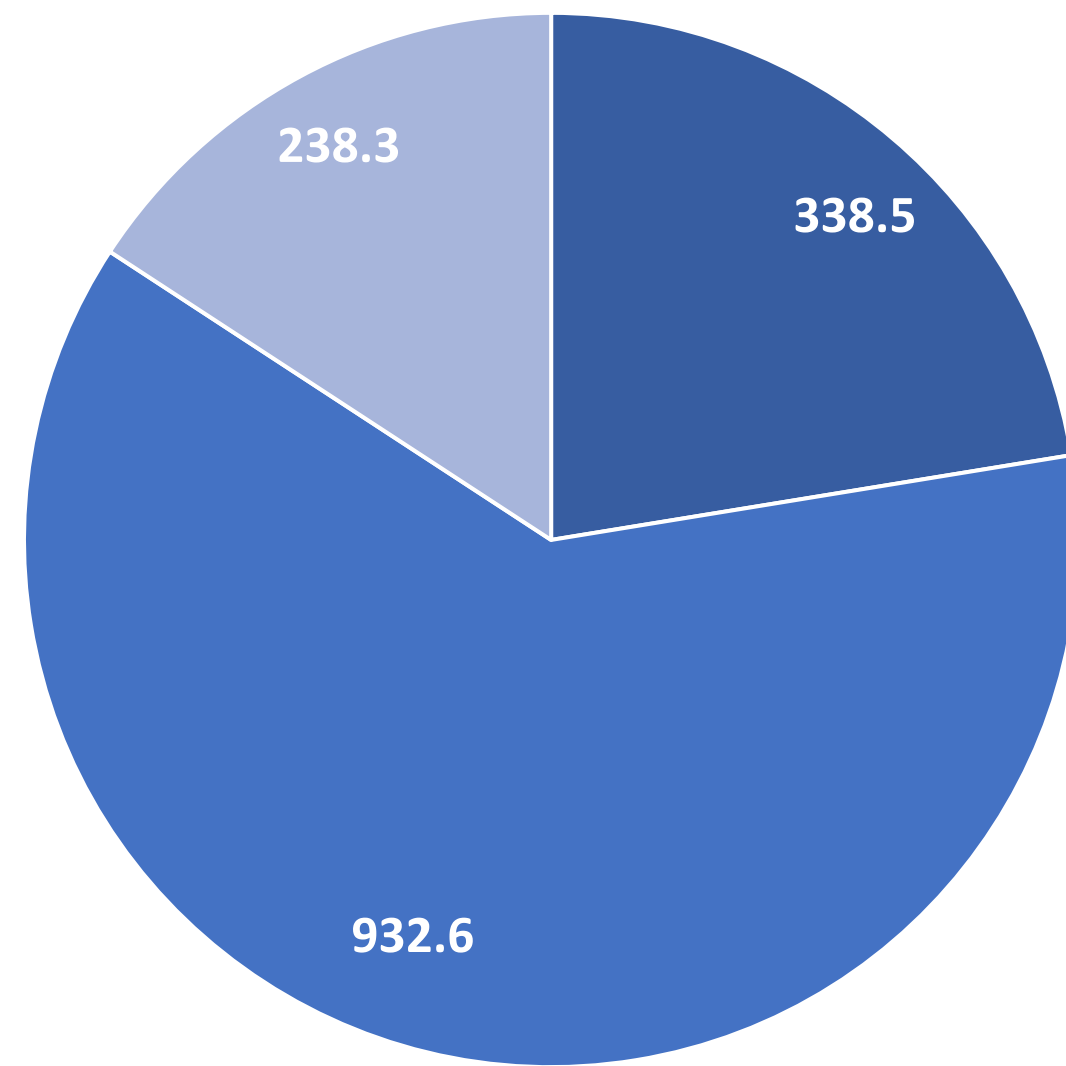
Assets



Numbers are in Saudi Riyal Million

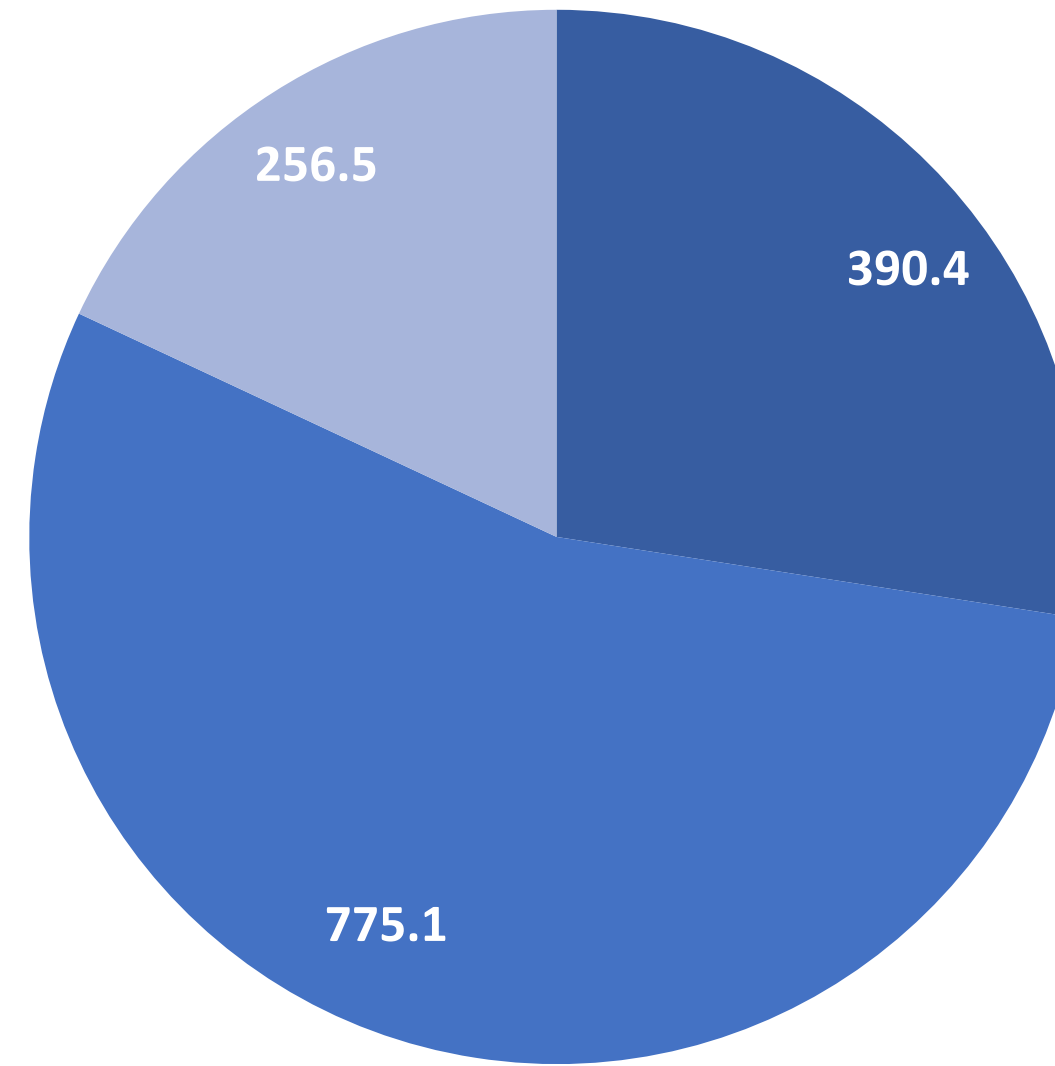
Liabilities

September 2020



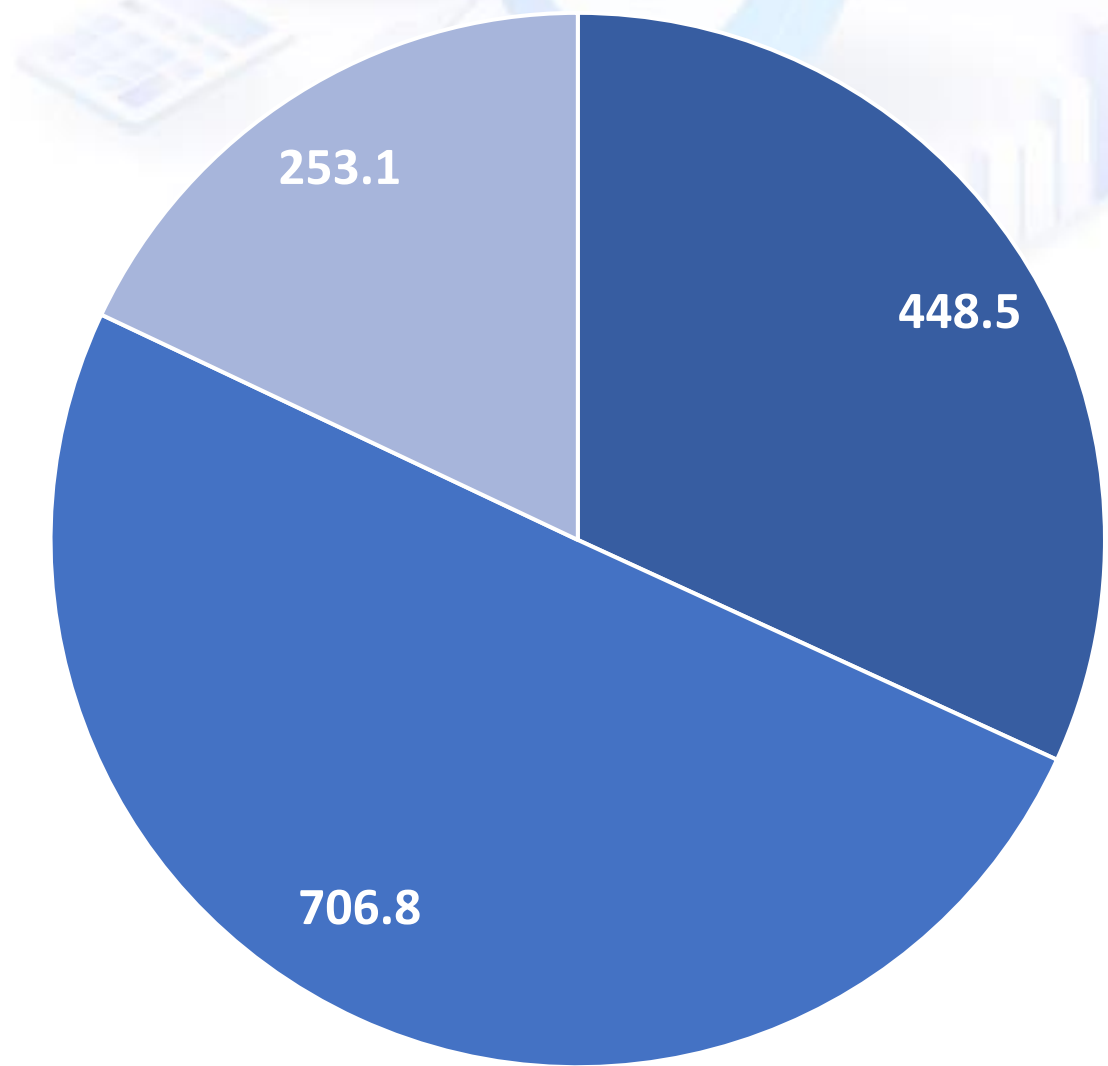
■ Accounts payable ■ Loans ■ Others

December 2020



■ Accounts payable ■ Loans ■ Other

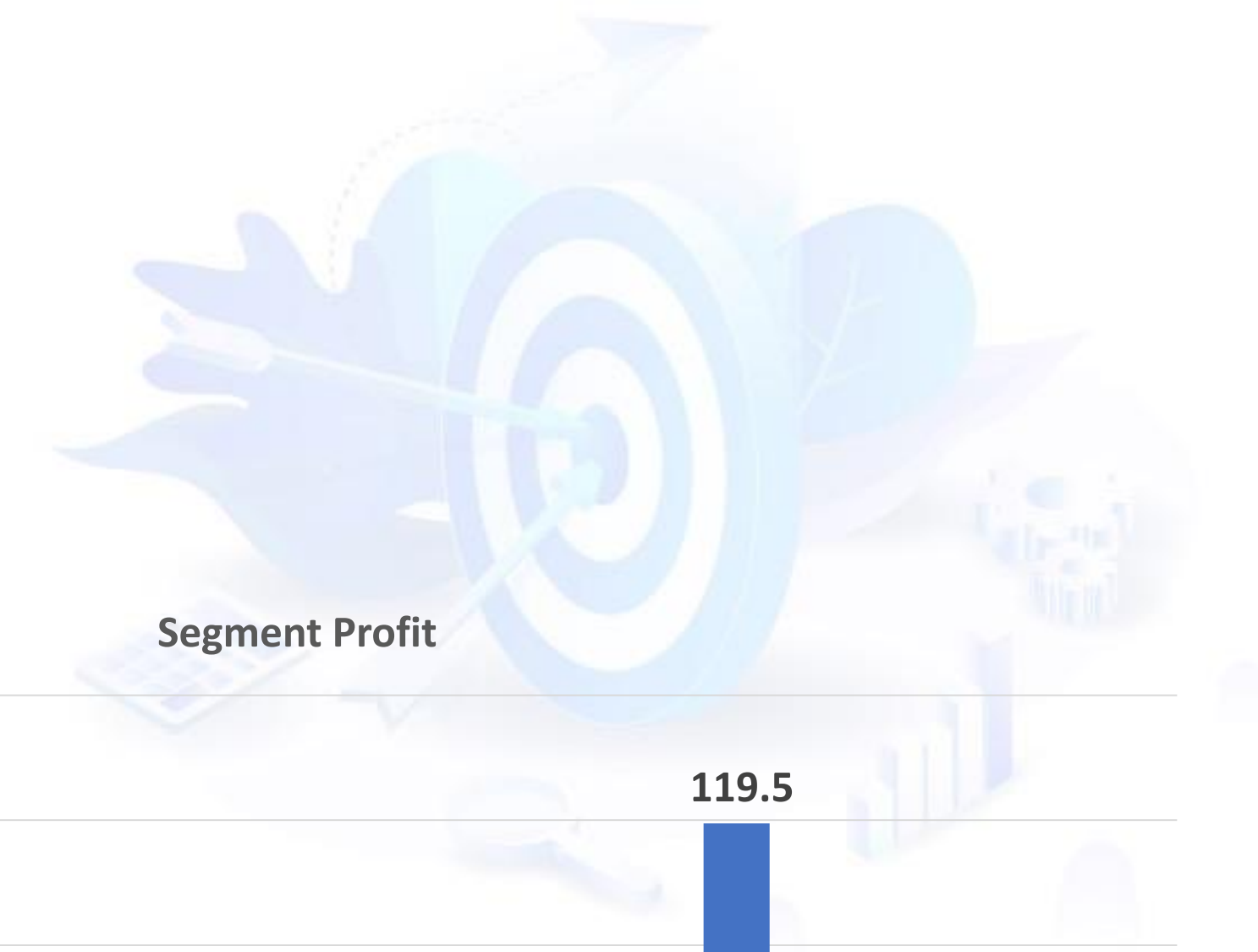
September 2021



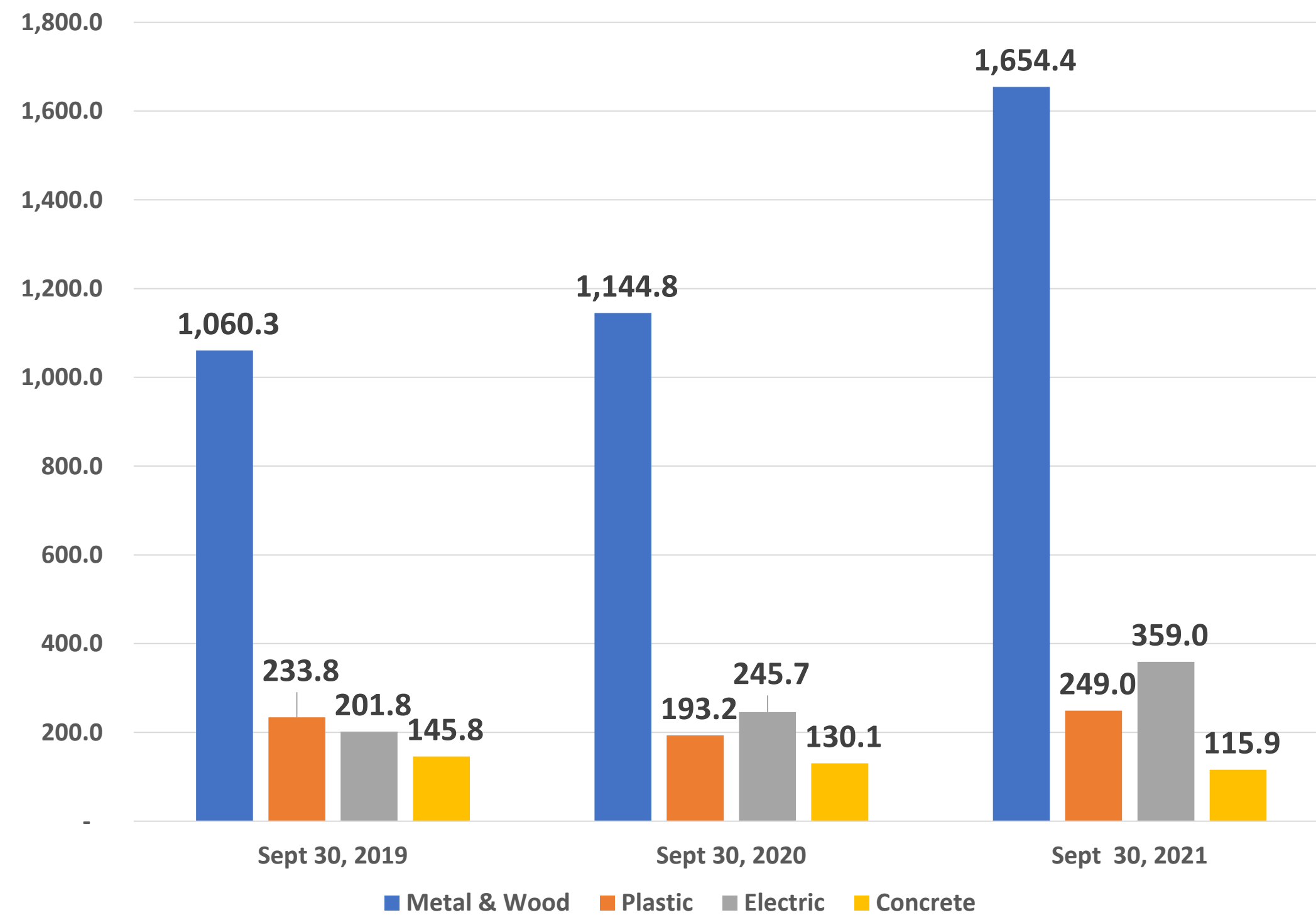
■ Accounts payable ■ Loans ■ Others

Numbers are in Saudi Riyal Million

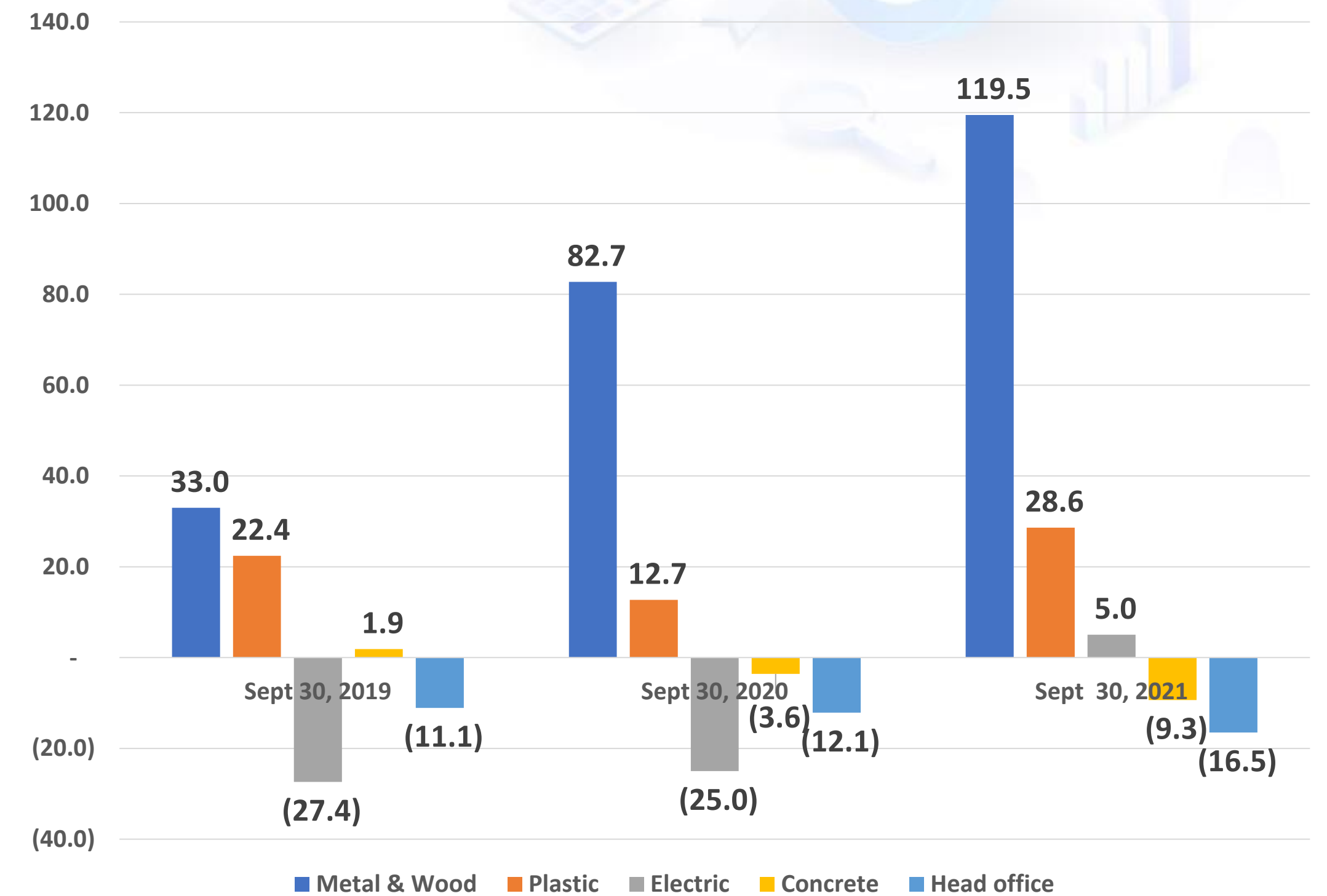
Group Operating Segments



Segment revenue

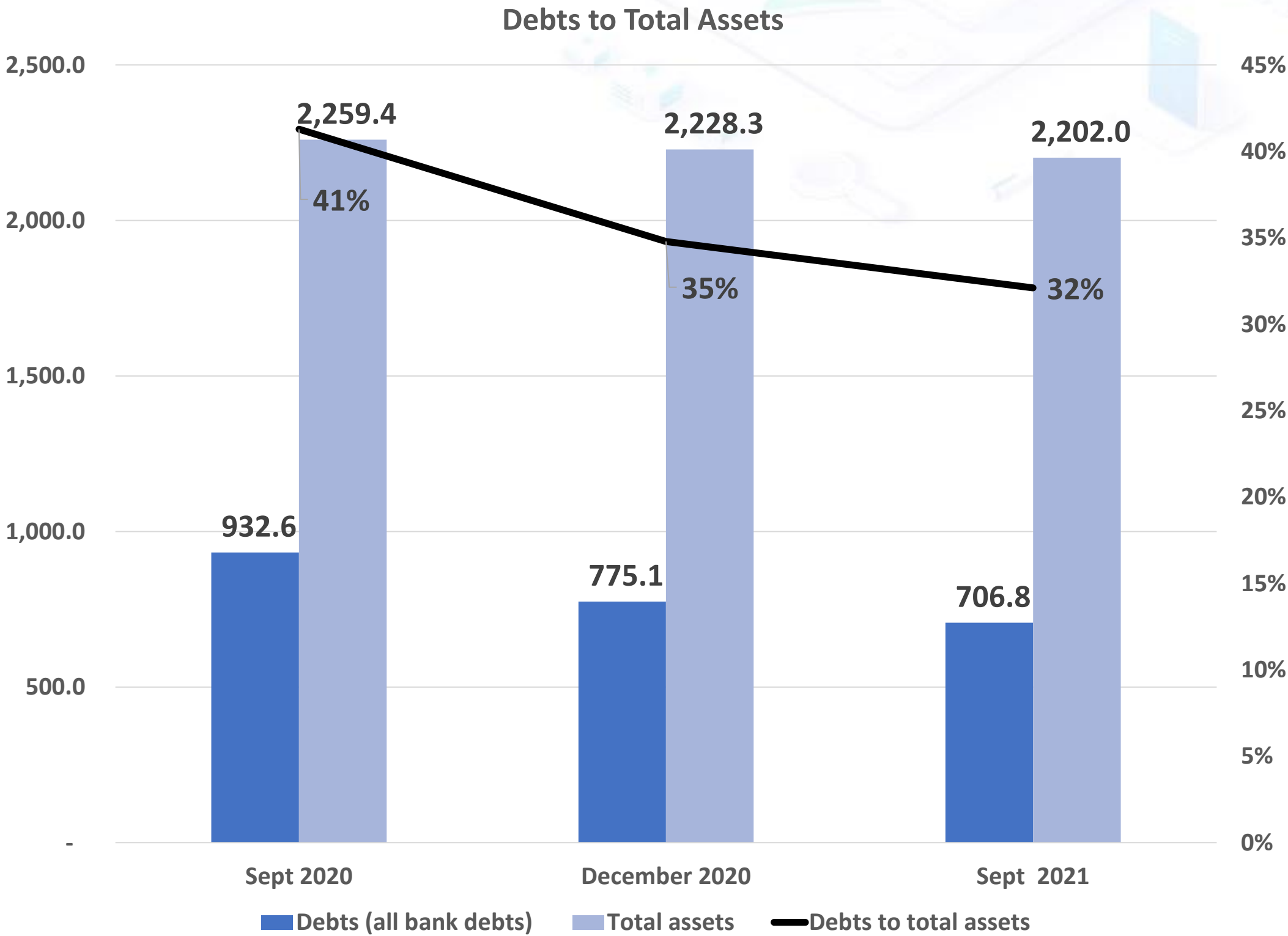
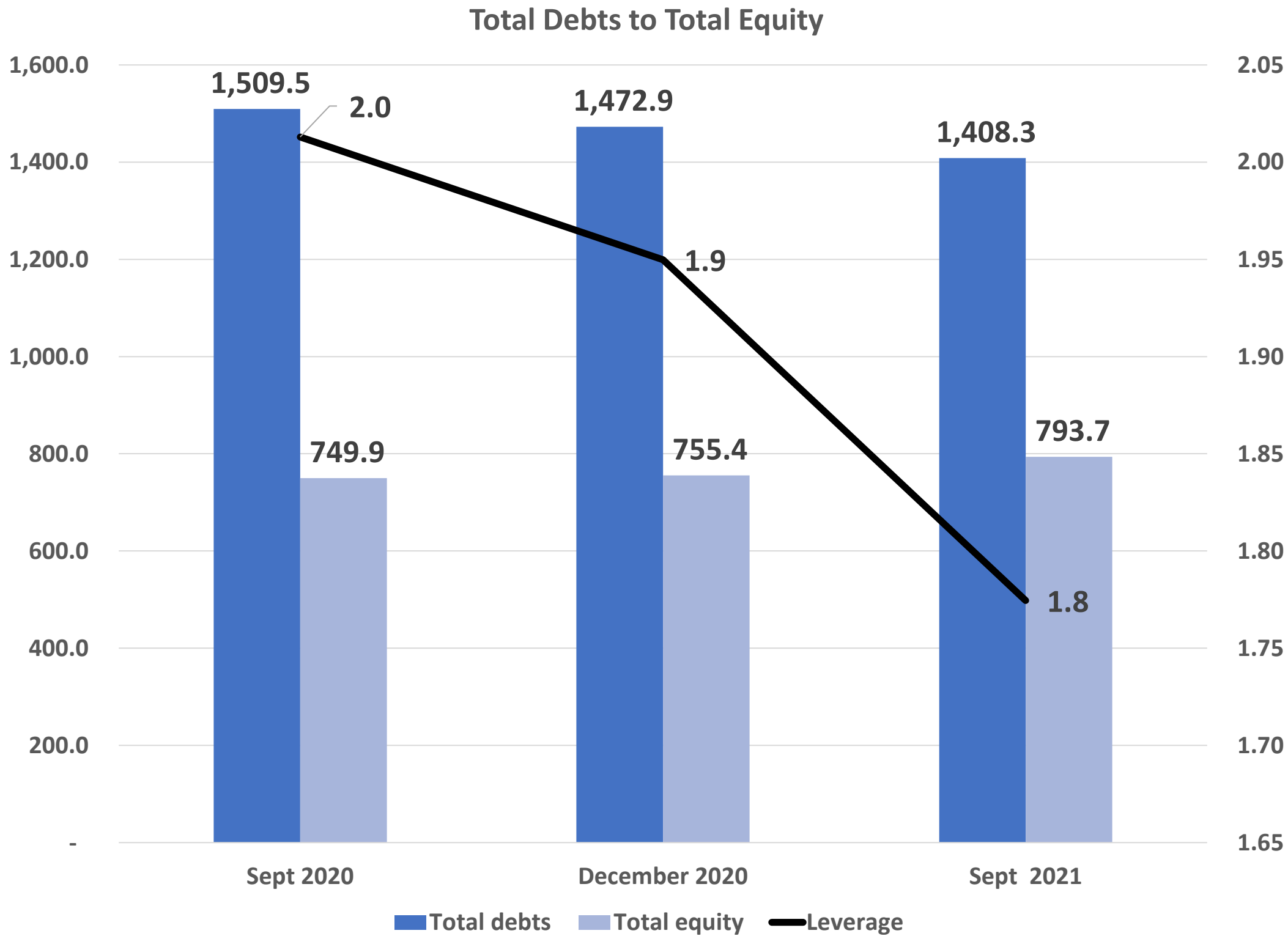


Segment Profit



Numbers are in Saudi Riyal Million
Plastic sector was acquired in 2019

Leverage Level

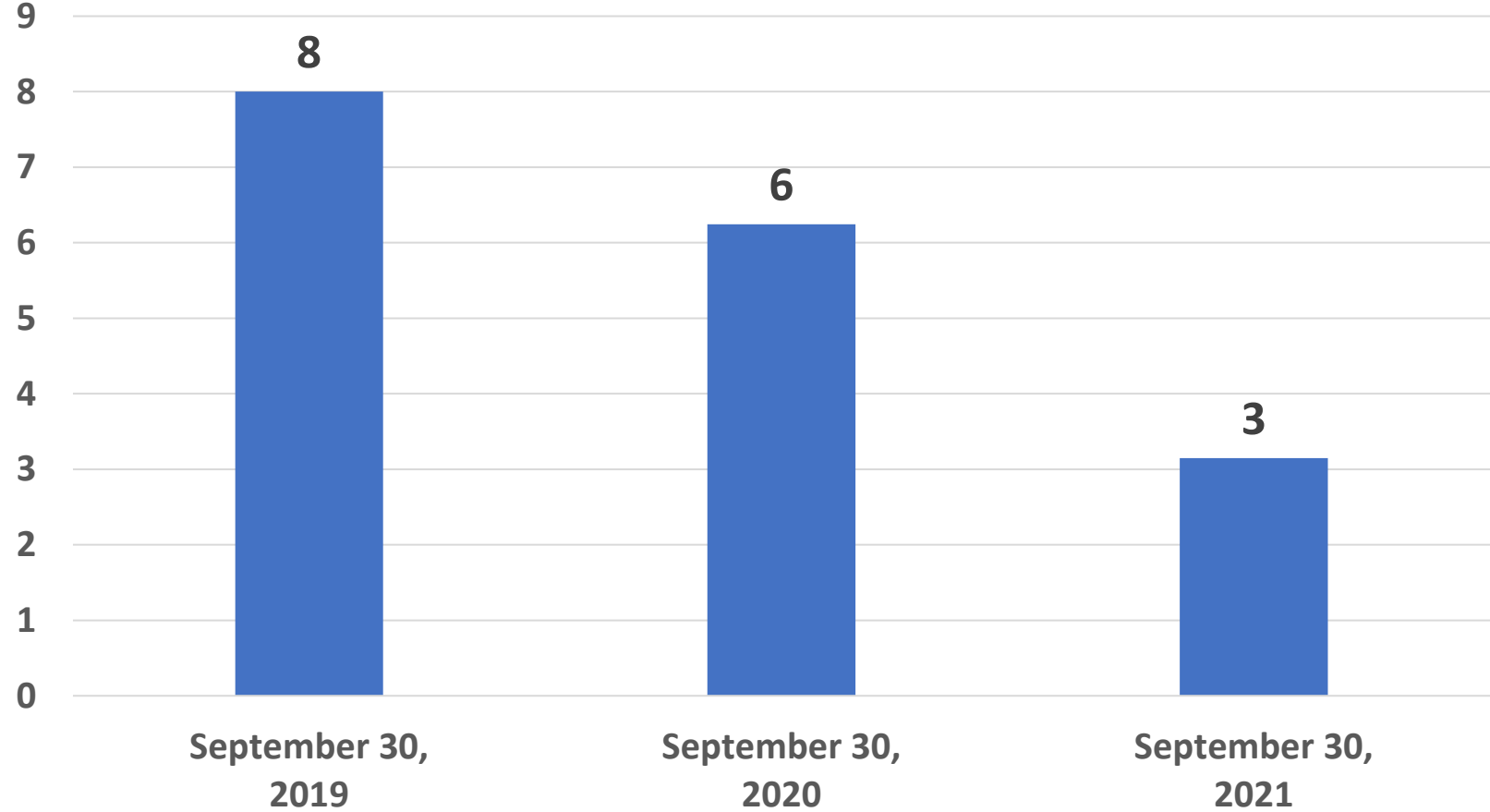


Numbers are in Saudi Riyal Million
 Debts comprise all bank debts and SIDF Loans
 Total debts comprise total liabilities

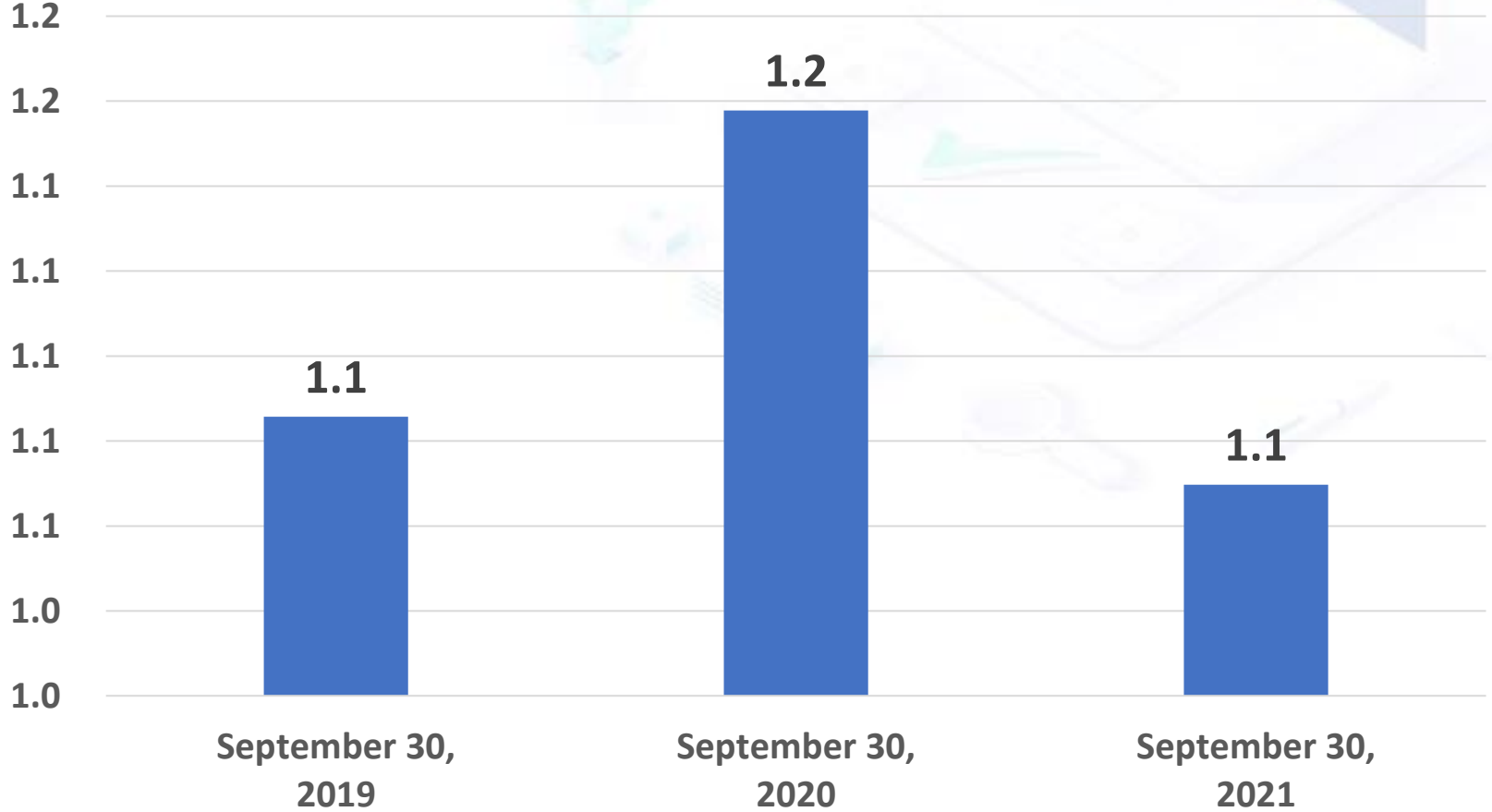


Efficiency Ratios & Profit Evaluation

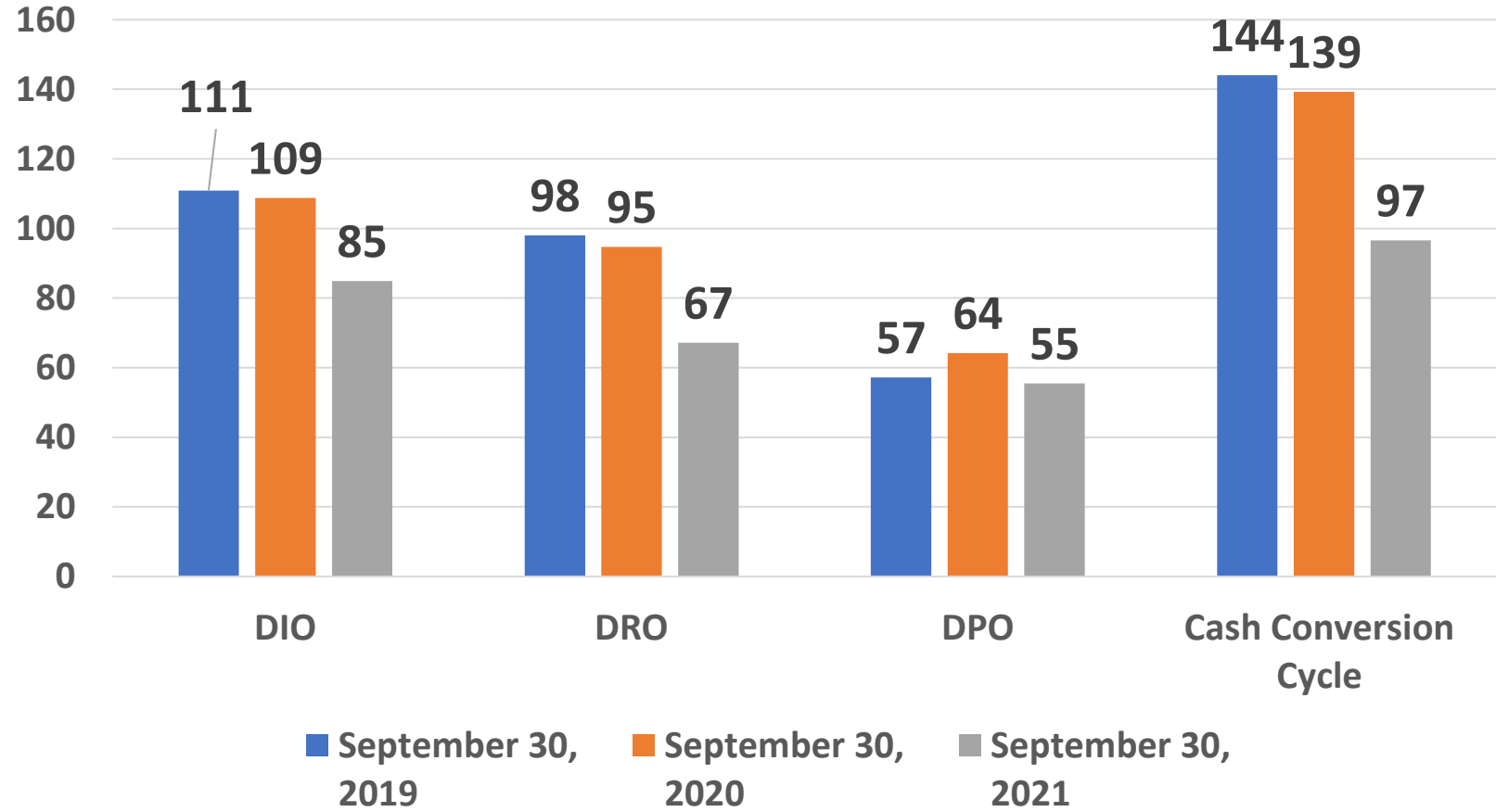
Net debt / EBITDA



CFO/EBITDA **

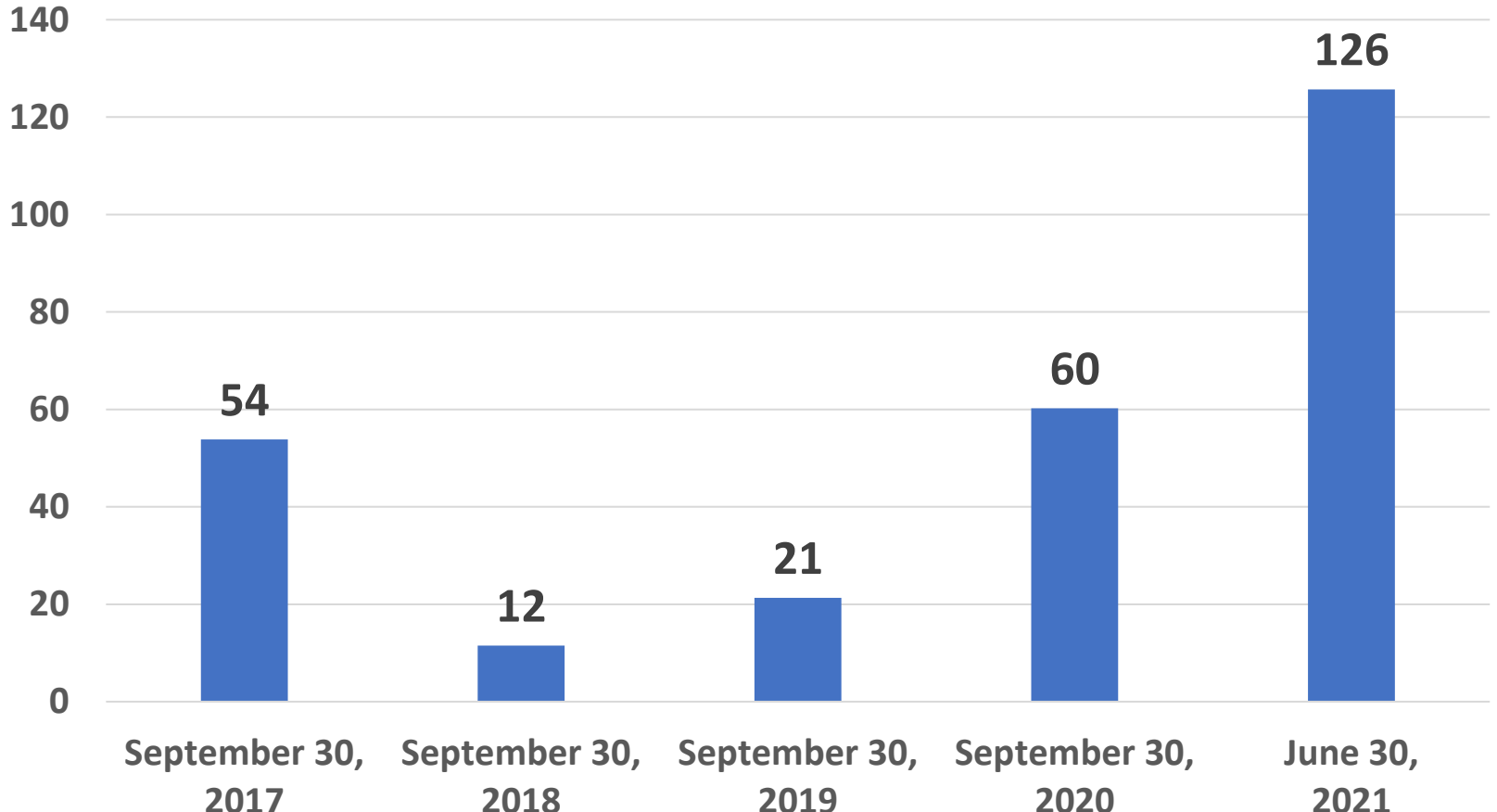


Efficiency Ratio (In Days)



DIO: Days inventory outstanding
 DRO: Days receivables outstanding
 DPO: Days payable outstanding
 CCC: Cash conversion cycle

Net profit *



*in Saudi Riyal Millions
 ** CFO Before Working Capital Changes

Dividends



Historical Dividends

Year	Net income/Losses (SAR Million)	Total amount distributed (SAR Million)	Ratio to Distributable Profit (*)
2015	88.1	65.0	82%
2016	119.1	69.0	64.4%
2017	71.0	48.0	75%
2020	90.2	60.0	74%
2021- First Half	84.8	45.0	59%

No profits were distributed for the year 2018 and 2019, as the company had losses of SR 218.4 million in 2018, and there was no distributable profit according to the policy for the year 2019.

Distributable profit represents the net income after transferring 10% to statutory reserve.

Appendix



Statement of Income

	Sept 30, 2019*	Sept 30, 2020	Sept 30, 2021
	SR'000	SR'000	SR'000
Revenue	1,641,569	1,713,828	2,378,370
Cost of sales	(1,454,377)	(1,485,449)	(2,064,595)
Gross profit	187,192	228,379	313,775
Selling and distribution expenses	(59,603)	(53,960)	(64,292)
Administrative expenses	(77,747)	(74,703)	(89,772)
Expected credit loss (ECL) allowance	(1,514)	(12,886)	(8,100)
Operating profit	48,328	86,830	151,611
Gain on disposal & fair value gain on investment at FVTPL	-	899	3,101
Other income	7,677	4,291	2,831
Finance charges	(31,019)	(21,364)	(12,042)
Profit before zakat	24,986	70,656	145,501
Zakat	(6,193)	(9,371)	(16,081)
Profit from continuing operations	18,793	61,285	129,420
Loss from discontinued operations	-	(6,568)	(2,112)
Profit for the period	18,793	54,717	127,308
Non-controlling interests	2,540	5,527	(1,573)
Profit attributable to owners of the Company	21,333	60,244	125,735
Added back:			
Finance charges	31,019	21,364	12,042
Zakat	6,193	9,371	16,081
EBIT	56,005	85,452	155,431
Added back:			
Depreciation and Amortization	53,835	54,398	54,491
EBITDA	109,840	139,850	209,922
Weighted average number of shares (in thousand)	60,000	60,000	60,000

* Plastic segment was acquired effective January 1, 2019



Balance Sheet

	September 30, 2020	December 31, 2019 *	December 31, 2020	September 30, 2021
	SR'000	SR'000	SR'000	SR'000
Property, plant and equipment	796,889	827,763	730,759	714,691
Right-of-use assets	20,100	21,857	19,967	20,084
Goodwill and other intangible assets	13,601	15,880	12,798	10,874
Other non-current assets	3,447	4,230	3,340	3,020
Total non-current assets	834,037	869,730	766,864	748,669
Inventories	629,261	553,945	637,945	645,760
Trade receivables (including related parties)	568,999	620,292	555,583	614,514
Investment in financial assets at FVTPL	49,674	48,775	25,491	6,533
Other current assets	177,394	160,162	158,440	186,529
Assets relating to disposal group classified as held for sale	-	-	84,009	-
Total current assets	1,425,328	1,383,174	1,461,468	1,453,336
TOTAL ASSETS	2,259,365	2,252,904	2,228,332	2,202,005
Equity attributable to owners of the Company	685,735	626,174	692,519	739,421
Non-controlling interests	64,155	70,630	62,900	54,242
Total equity	749,890	696,804	755,419	793,663
Loans	295,511	269,745	138,539	94,142
Lease liabilities	19,953	21,282	19,547	20,296
Employee defined benefit liabilities	84,634	79,780	85,088	83,216
Total non-current liabilities	400,098	370,807	243,174	197,654
Trade payables (including related parties)	338,535	360,260	390,436	448,494
Due to banks	610,680	663,301	518,646	522,667
Loans-current portion	26,434	40,416	117,891	89,950
Other current liabilities	133,728	121,316	151,822	149,577
Liabilities relating to disposal group classified as held for sale	-	-	50,944	-
Total current liabilities	1,109,377	1,185,293	1,229,739	1,210,688
TOTAL LIABILITIES	1,509,475	1,556,100	1,472,913	1,408,342
TOTAL EQUITY AND LIABILITIES	2,259,365	2,252,904	2,228,332	2,202,005

* Plastic segment was acquired effective January 1, 2019

Summarized Cash Flows

	Sept 30, 2019	Sept 30, 2020*	Sept 30, 2021
	SR'000	SR'000	SR'000
Cash Flow from Operations before working capital changes *	119,251	161,916	224,559
Investing cash flows	(248,591)	(33,132)	11,290
Financing cash flows	(103)	(36,898)	(149,026)
Cash and cash equivalents	35,011	59,287	46,213

** Before working capital changes*



Q&A

