

Date: 17th July 2019

التاريخ: 17 / يوليو / 2019

M/S . / Boursa Kuwait Company

المحترمين

السادة/ شركة بورصة الكويت

Greetings,

تحية طيبة وبعد،،

**Subject: Analysts/Investors Conference Call for the
Second Quarter of 2019**

**الموضوع: انعقاد مؤتمر المحللين/المستثمرين للربع السنوي الثاني من
العام 2019**

Pursuant to the provisions of the Article (2-4-8) "Premier Market Continuous Obligations" of the Boursa Rules issued under resolution No. 1 of 2018, and since Human Soft Holding (KSCP) got classified under the Premier Market.

عملاً بأحكام المادة رقم (2-4-8) "الإلتزامات المستمرة للسوق الأول" من قواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018، وحيث أن شركة هيومن سوفت القابضة (ش.م.ك.ع.) تم تصنيفها ضمن مجموعة "السوق الأول".

Kindly note that the Investors/Analysts Conference Call for the second quarter of the year 2019 was held at 3:00 PM (local time) on Wednesday 17/07/2019. No significant information has been discussed during the Conference Call. Human Soft will disclose the minutes of the Conference Call as per the applied regulations.

يرجى الإحاطة بأن مؤتمر المحللين/المستثمرين للربع السنوي الثاني من العام 2019 قد انعقد عن طريق بث مباشر على شبكة الإنترنت (Conference Call) في يوم الأربعاء الموافق 2019/07/17 في تمام الساعة الثالثة عصراً (وفق التوقيت المحلي)، ولم يتم تداول أي معلومة جوهرية وأن الشركة سوف تقوم بالإفصاح عن محضر المؤتمر خلال الموعد المحدد وفقاً للقواعد المعتمدة.

Kindly find attached the above-mentioned conference presentation for the second quarter of 2019.

مرفق طيه العرض التقديمي للمؤتمر سالف الذكر أعلاه عن الربع السنوي الثاني من العام 2019.

Yours Sincerely,

وتفضلوا بقبول فائق الاحترام،،،

دلال حسن السبتي

رئيسة مجلس الإدارة

Dalal Hasan Al Sabti
Chairperson of the Board of Directors



Humansoft Holding Company KSCP
Investor Presentation
Q2 2019 Results



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Leading

private higher education company in the GCC

20+

years of operating experience

12,356¹

enrolled students in AUM and ACM

University of choice

for Engineering, IT and Business

USD 235 million

in revenue²

USD 135 million

in EBITDA²

40%

2013-18 EBITDA CAGR

185 fils

cash dividend for 2018

¹ enrolled for Fall 2018 semester

² LTM Q2 2019

Humansoft overview

Over 20 years of dedication to quality education

- Humansoft has a history of over 20 years of operation in the field of Education and Training
- Initially the company started as an IT and Language training company in Kuwait, and expanded its activities to Dubai, Qatar and Abu Dhabi
- The initial 10 years since inception shaped the culture of Humansoft, where the company was the education partner for all the major IT vendors such as Microsoft, Oracle, Novell, SCO Unix, Autodesk, CISCO, HP, etc
- This expertise and success of Humansoft laid the foundation for entry into Higher Education

1997

- Humansoft listed on the Kuwait Stock Exchange
- Received necessary licenses to start American University of Middle East (AUM)

2005



ABET accreditation for AUM's Industrial Engineering, Computer Engineering, Electrical Engineering, and Telecommunications and Networking Technology programs

2018

AUM introduced Civil Engineering effective Fall 2019

2019

2003

Humansoft received necessary licenses to start American College of Middle East (ACM)

2008

- ACM and AUM started operations
- AUM and ACM are located in Egaila and the campus is built on 261,000 sqm of land leased from the Kuwait Government

2019

- Humansoft upgraded to Boursa Kuwait's Premier Market effective 10 February 2019
- ACBSP accreditation for ACM's business programs



Board of Directors

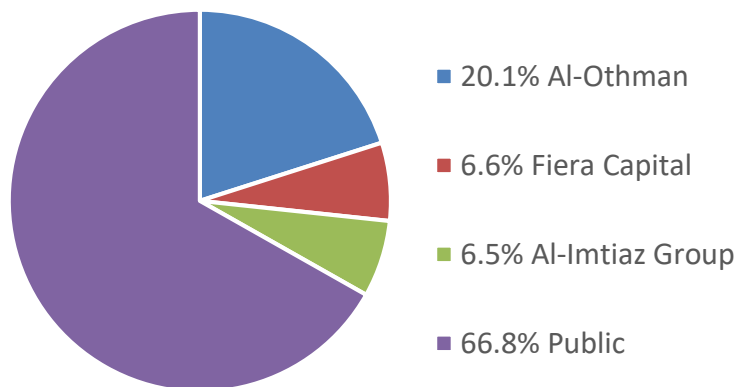
| Name | Position |
|-----------------------------------|---------------|
| Dalal Hasan Al Sabti | Chairperson |
| Tareq Fahad Al Othman | Vice Chairman |
| Mayank Hasmukhlal Baxi | Director |
| Hasan Qasim Al Ali | Director |
| Abdulrazaq Abdulla Mohammad Ahmed | Director |

Executive Management

| Name | Position |
|------------------------|---|
| Mayank Hasmukhlal Baxi | CEO |
| Dalal Hasan Al Sabti | Vice President - Administration and Finance & CEO of Al Arabiya Educational Enterprises |
| Anup Dhand | Head of Internal Audit and Risk Management |
| Mohammed Aslam | CEO - Humansoft Learning |
| Dr. Mohaned Hassanin | Provost AUM and ACM |

Share price performance

Shareholding (30 June 2019)

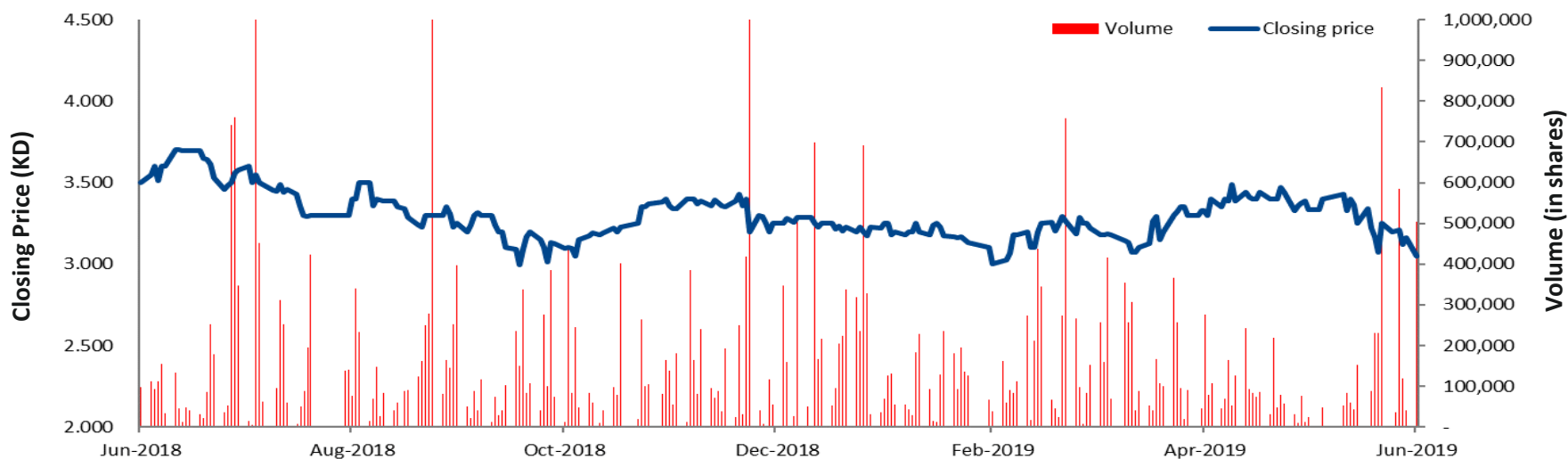


| | KD |
|---|-------|
| Closing price as at 30 June 2019 | 3.051 |
| Market Cap (KD mn) ¹ | 371 |
| Market Cap (USD bn) | 1.2 |
| 6m avg. daily trading volume (% of shares outstanding) ² | 0.13% |
| 52-weeks high | 3.700 |
| 52-weeks low | 2.996 |

Current trading multiples ³

| | |
|-------------------------|-------|
| EV/EBITDA (LTM Q2 2019) | 8.9x |
| P/E (LTM Q2 2019) | 10.9x |
| Cash dividend yield | 6.1% |

1-year share price performance



¹ Based on 121,654,352 shares outstanding

² Including 0.5 million shares sold through special trades

³ Based on closing share price of KD 3.051 as at 30 June 2019 and LTM Q2 2019 financials

Humansoft is the 18th largest by market cap on Boursa Kuwait


| Name | Description | Market Cap (KD million) | Rank | Boursa Kuwait segment |
|--------------------------------|------------------|-------------------------|-----------|-----------------------|
| National Bank of Kuwait | Banking | 6,289 | 1 | Premier |
| Kuwait Finance House | Banking | 4,932 | 2 | Premier |
| Ahli United Bank AUB (Bahrain) | Banking | 2,308 | 3 | Premier |
| Zain | Telecom | 2,289 | 4 | Premier |
| Boubyan Bank | Banking | 1,666 | 5 | Premier |
| Agility Public Warehousing Co | Logistics | 1,278 | 6 | Premier |
| Commercial Bank of Kuwait | Banking | 1,020 | 7 | Main |
| Burgan Bank | Banking | 917 | 8 | Premier |
| Gulf Bank | Banking | 878 | 9 | Premier |
| Mabaneer | Real Estate | 737 | 10 | Premier |
| Ahli United Bank AUB (Kuwait) | Banking | 590 | 11 | Main |
| Ahli Bank of Kuwait ABK | Banking | 501 | 12 | Main |
| Egypt Kuwait Holding Co | Diversified | 466 | 13 | Main |
| Boubyan Petrochemicals | Diversified | 465 | 14 | Premier |
| KIPCO | Diversified | 433 | 15 | Premier |
| VIVA Kuwait | Telecom | 399 | 16 | Main |
| Warba Bank | Banking | 372 | 17 | Premier |
| Humansoft | Education | 371 | 18 | Premier |
| Qurain Petrochemicals | Diversified | 362 | 19 | Premier |
| Ooredoo Kuwait | Telecom | 336 | 20 | Main |



18th largest by market cap
8th largest non-banking stock

Based on market cap as at 30 Jun 2019

Research coverage

| Broker | Target price | Date | Analysts |
|---|--------------|------------------|---|
|  | 6.300 | 4 February 2019 | <ul style="list-style-type: none"> • Hatem Alaa • Mirna Maher |
|  | 6.160 | 29 July 2018 | <ul style="list-style-type: none"> • Mohamed Zein • Aly Adel |
|  | 5.250 | 25 March 2018 | <ul style="list-style-type: none"> • Khaled Sadek • Ahmed El Moataz |
|  | 5.200 | 19 March 2019 | <ul style="list-style-type: none"> • Michel Salameh |
|  | 5.100 | 26 November 2018 | <ul style="list-style-type: none"> • Ankur Agarwal • Parsita Kundu |
|  | 5.000 | 30 January 2019 | <ul style="list-style-type: none"> • Taher Safieddine |
|  | 4.200 | 14 April 2019 | <ul style="list-style-type: none"> • Meera Reddy |

MSCI

Kuwait has been upgraded (conditionally) to Emerging Markets status by MSCI (effective May 2020)

Investor Relations activities

Q2 2019 IR events

- April 2019: Kuwait Corporate Day Event in London organized by Morgan Stanley

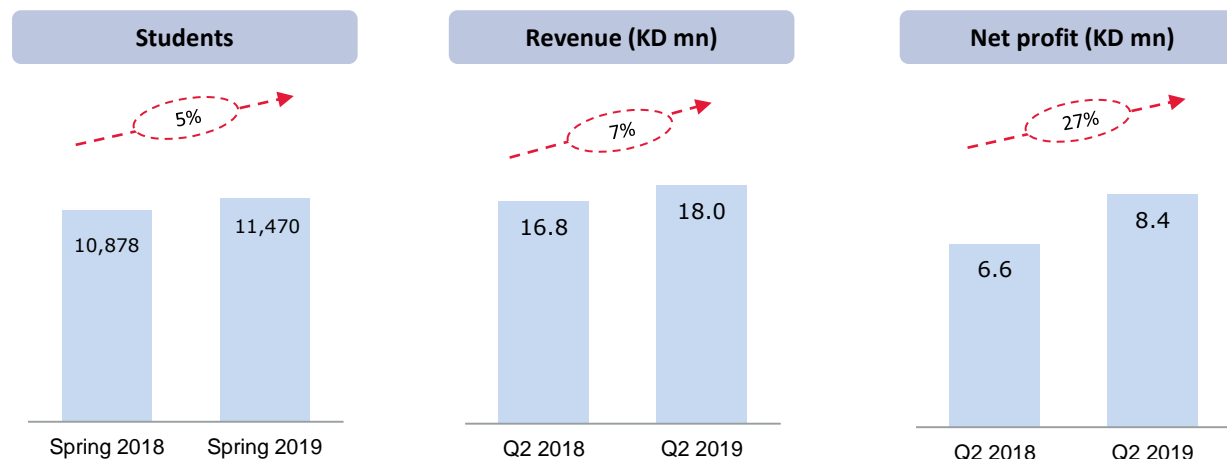
Upcoming events

- September 2019: Investor Conference in London organized by EFG
- September 2019: MENA Investor Conference in Dubai organized by Arqaam

Q2 2019 financial performance

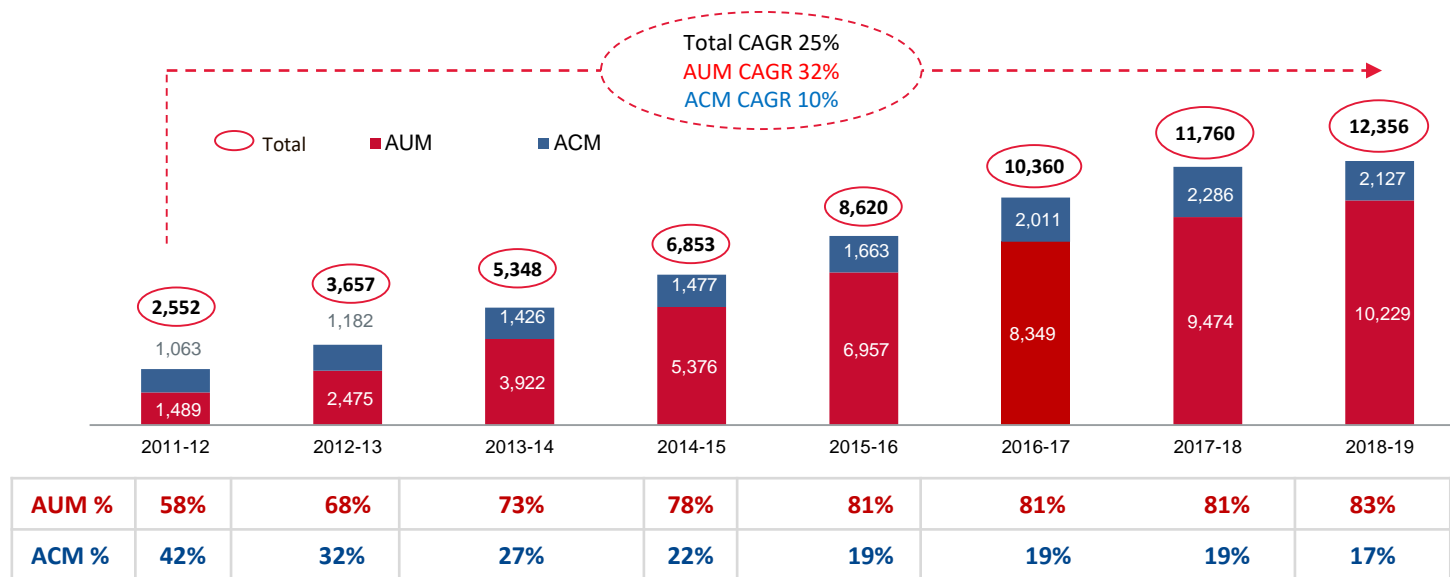
- A total of 11,470 students are enrolled in AUM and ACM for the Spring 2019 semester
- Humansoft recorded a revenue growth of 7.3% in Q2 2019 over Q2 2018 on the back of higher enrolled students
- Q2 2019 EBITDA of KD 10.1 million was 23.5% higher than Q2 2018. EBITDA margins have improved by 7.4%
- Q2 2019 net profit is KD 8.4 million, a growth of 27.3% on Q2 2018, leading to an EPS of 69 fils per share. Net margins at 46.5% were higher by 7.3% compared with Q2 2018

| Key figures and ratios | Q2 2019 | Q2 2018 | Change | H1 2019 | H1 2018 | Change |
|--------------------------------------|---------|---------|--------|---------|---------|--------|
| Number of students (Spring semester) | 11,470 | 10,878 | 5% | 11,470 | 10,878 | 5% |
| Revenue (KD mn) | 18.0 | 16.8 | 7.3% | 36.4 | 33.9 | 7.2% |
| EBITDA (KD mn) | 10.1 | 8.2 | 23.5% | 20.6 | 17.5 | 17.7% |
| % | 56.2% | 48.8% | 7.4% | 56.6% | 51.5% | 5.0% |
| Net profit (KD mn) | 8.4 | 6.6 | 27.3% | 17.1 | 14.4 | 18.6% |
| % | 46.5% | 39.2% | 7.3% | 47.0% | 42.4% | 4.5% |
| EPS (in fils) | 69 | 54 | 27.8% | 140 | 118 | 18.6% |
| Equity (KD mn) | 61.6 | 50.0 | 23.4% | 61.6 | 50.0 | 23.4% |
| Total Assets (KD mn) | 107.4 | 98.5 | 9.0% | 107.4 | 98.5 | 9.0% |



Student enrollment at AUM has grown at a CAGR of 32%

Total students enrolled
(beginning of the Fall semester)



- Student enrollment at AUM has grown at a CAGR of 32% between the academic years 2011-12 to 2018-19
- AUM, which is Humansoft’s flagship institution, represents 83% of the total students enrolled at Humansoft

Deferred income as of 30 June 2019

- The deferred income as of 30 June 2019 is KD 9.9 million
- 13.8% higher than the deferred income as of 30 June 2018

Accreditations

In January 2019, the Department of Business Administration at the American College of the Middle East (ACM) has been officially accredited by the Accreditation Council for Business Schools and Programs (ACBSP) in the following programs:

- Diploma (Associate of science degree) in Business Administration - Accounting
- Diploma (Associate of science degree) in Business Administration - Financial Services
- Diploma (Associate of science degree) in Business Administration - Human Resources Management
- Diploma (Associate of science degree) in Business Administration - Marketing

- AUM won the first and third place in the 4th GCC Robotics Challenge held in Dubai
- AUM Engineering students participated in the BioSMART (3rd International Conference on Bioengineering for Smart Technologies) held in Paris, France and achieved the following:
 - Best Undergraduate Research Paper in Artificial Intelligence Track
 - Best Research Project in Demonstration Competition in Robotics Track
- AUM students won in the Students & Young Professionals (SYP) Congress held in Kuwait:
 - 1st place in Short paper/poster competition
 - Winner in Undergraduate graduation project
 - Winner in Robotics Challenge
- AUM team won the University Athletic Association of Kuwait (UAAK) Volleyball Championship
- AUM Squash Team (women) won the first and second place in the UAAK Squash Championship



*Robotics
Challenge*



*BioSMART
Competition*



*Volleyball
Championship –
AUM Team*



*Squash
Championship
– AUM Team*

- The pictures below and video (link below) show a glimpse of campus life



Campus video: <https://www.youtube.com/watch?v=-IE526uWeMM&feature=youtu.be>

or

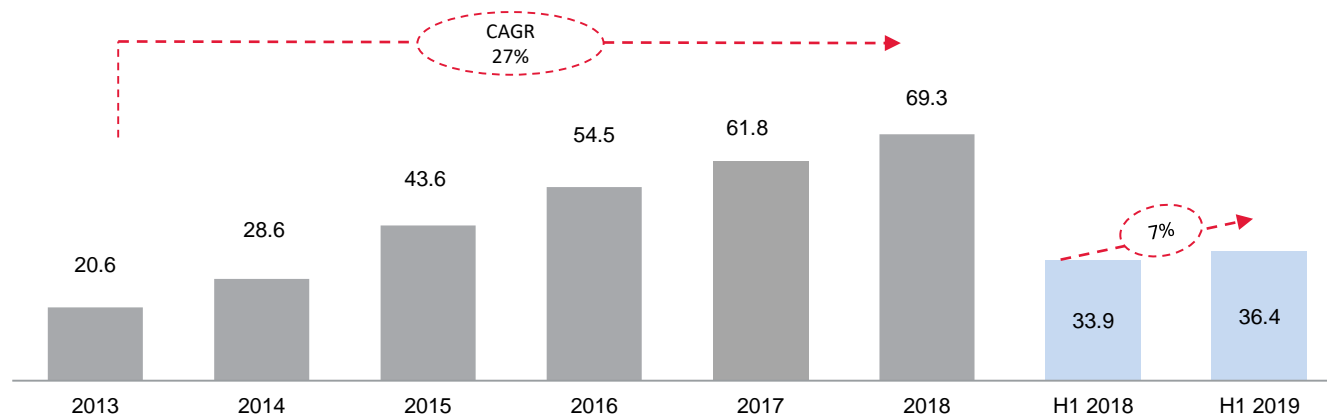
<https://www.human-soft.com/our-subsiaries/american-university-of-the-middle-east/>

Key financials

Humansoft registered a 7.2% revenue growth in H1 2019

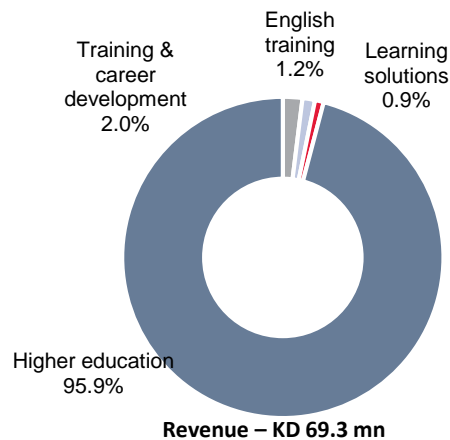
- Humansoft's revenue grew at a CAGR of 27% between 2013-18, due to strong student growth in AUM and ACM and tuition increase in 2014 (AUM) and 2015 (ACM)
- The company registered a 7.2% revenue growth in H1 2019 compared to the same period last year
- The higher education segment accounted for 95.9% of the Company's revenues in FY 2018
- Kuwait accounted for 98% of the Company's revenues in 2018

Revenue (KD mn)

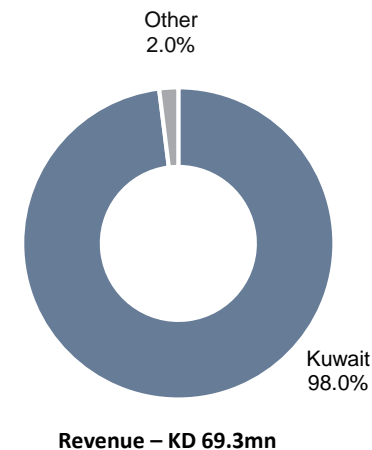


Revenue segmentation

By segment (2018)



By geography (2018)

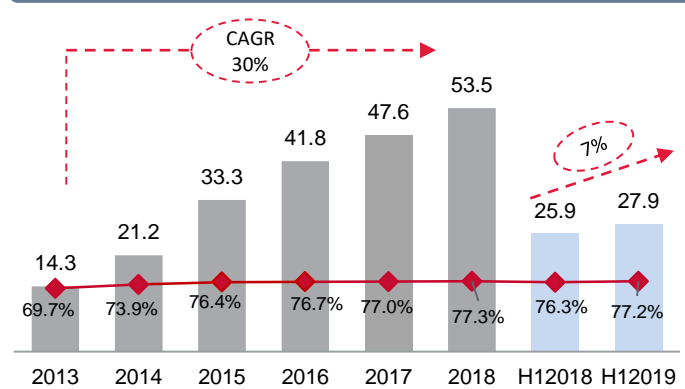


Key financials

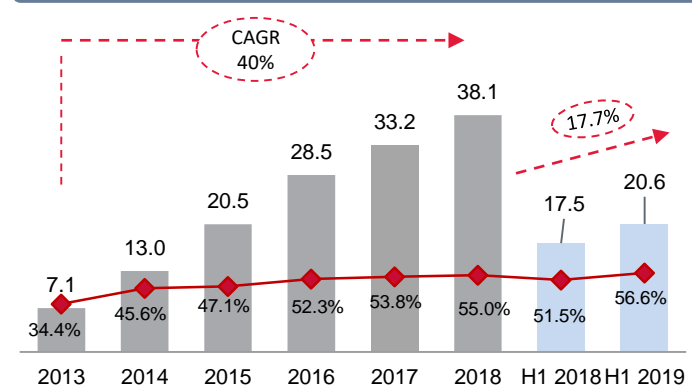
Significant increase in margins in H1 2019

- EBITDA grew at a CAGR of 40% in the period 2013-18. EBITDA margin for H1 2019 was 56.6%
- Humansoft's net profit grew at a CAGR of 44% between 2013-18. H1 2019 net profit of KD17.1 mn was 18.6% higher than H1 2018
- For 2018, Humansoft has paid 185 fils per share as cash dividend (payout ratio of 71%)

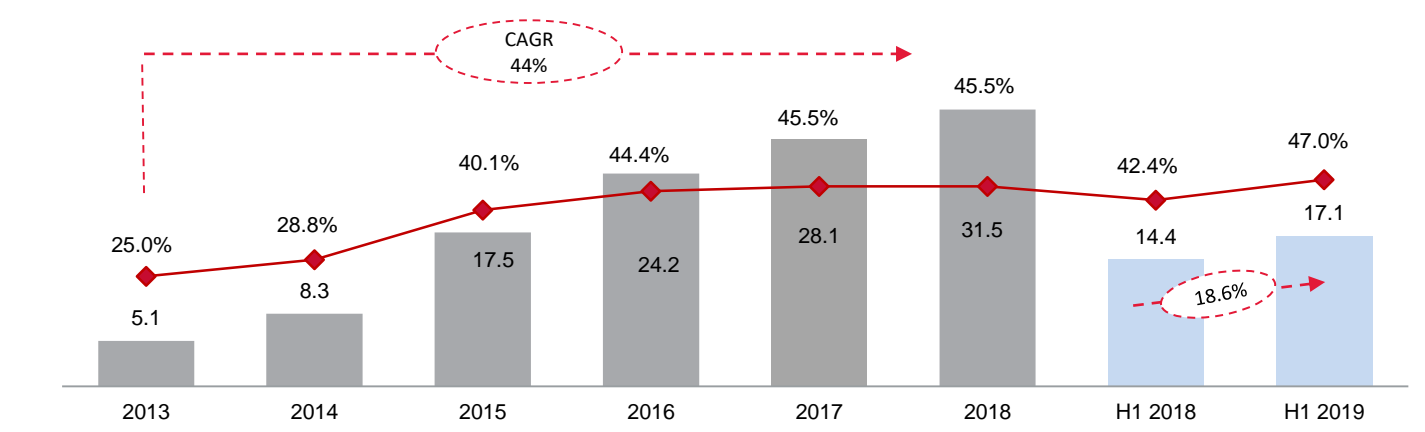
Gross profit (KD mn) and gross profit margin



EBITDA (KD mn) and EBITDA margin



Net profit (KD mn) and net profit margin



| | | | | | | | | |
|-----------------------------------|------|------|-----|-----|-----|-----|-----|-----|
| Earning per share (in fils) | 42 | 68 | 144 | 199 | 231 | 259 | 118 | 140 |
| Cash dividend per share (in fils) | 35 | 90 | 115 | 160 | 175 | 185 | | |
| Share dividend per share (%) | 7% | - | - | - | - | - | | |
| Cash dividend payout % | 100% | 132% | 79% | 80% | 76% | 71% | | |

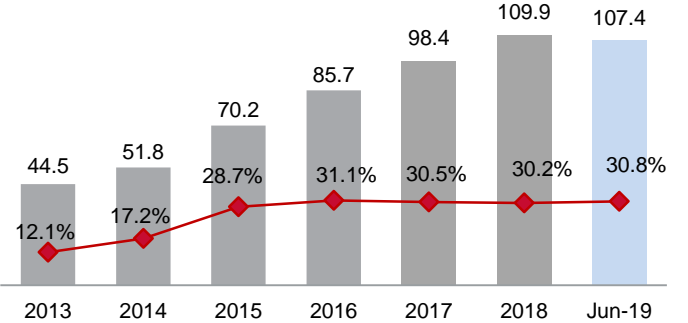
Key financials

Consistently strong ROA and ROE

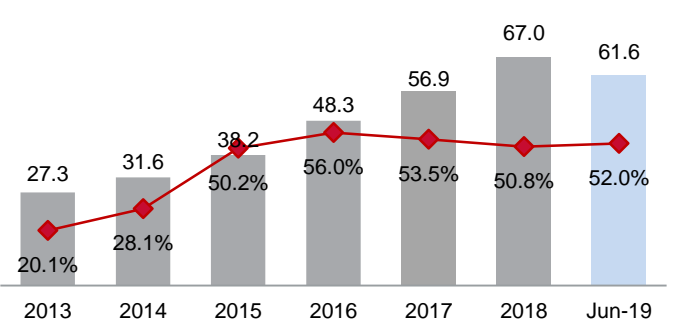


- Humansoft has invested capex of KD 44 mn in 2015-18, to expand capacity and provide state of the art facilities for students. Capex in H1 2019 was KD 0.7 mn
- In spite of the increased asset base, Humansoft’s Return on Average Assets was 30.8% (annualized) in Q2 2019
- Humansoft’s strong earnings have resulted in a strong dividend payment and steady growth in shareholders equity to KD 61.6 mn as of 30 June 2019
- As of 30 June 2019, Humansoft has net cash (cash less debt) of KD 6.5 mn
- Humansoft owns a 2,500 sqm plot of land in Sharq (Kuwait city), which is carried on the books at cost of KD 5.3 mn. This land is a non-operating asset

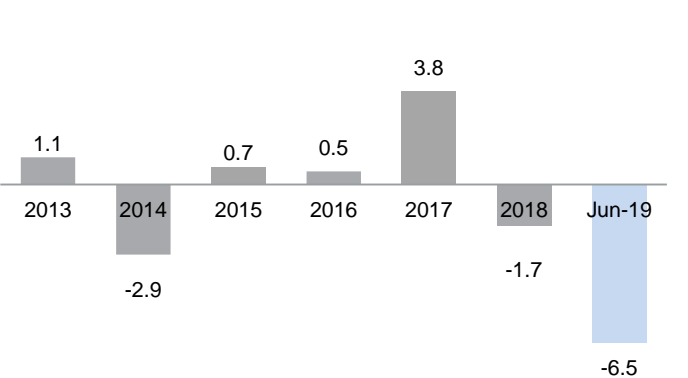
Total assets (KD mn) and ROAA



Total equity (KD mn) and ROAE



Net Debt ¹ (KD mn)



¹ Debt less cash

Capex (KD mn) and capex as % of revenue

