



بوان
Bawan

EARNINGS PRESENTATION
FY 2022

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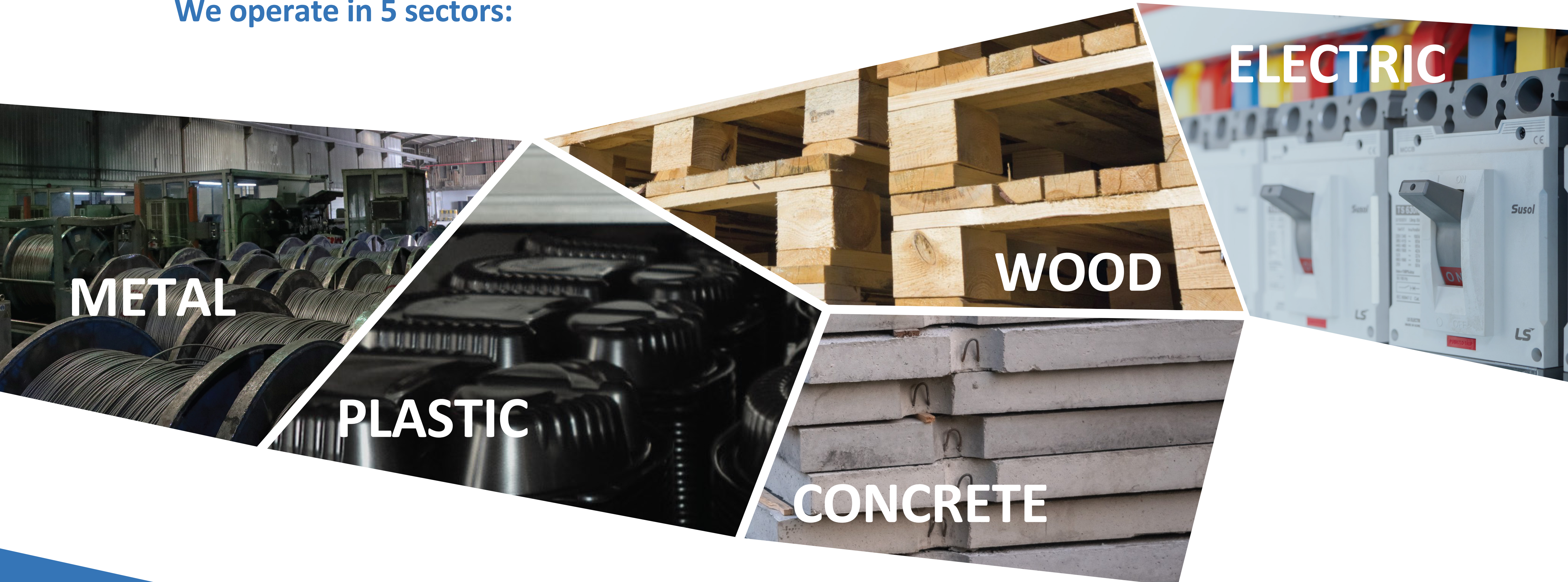
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Who We Are



Who We Are

We operate in 5 sectors:



METAL

PLASTIC

WOOD

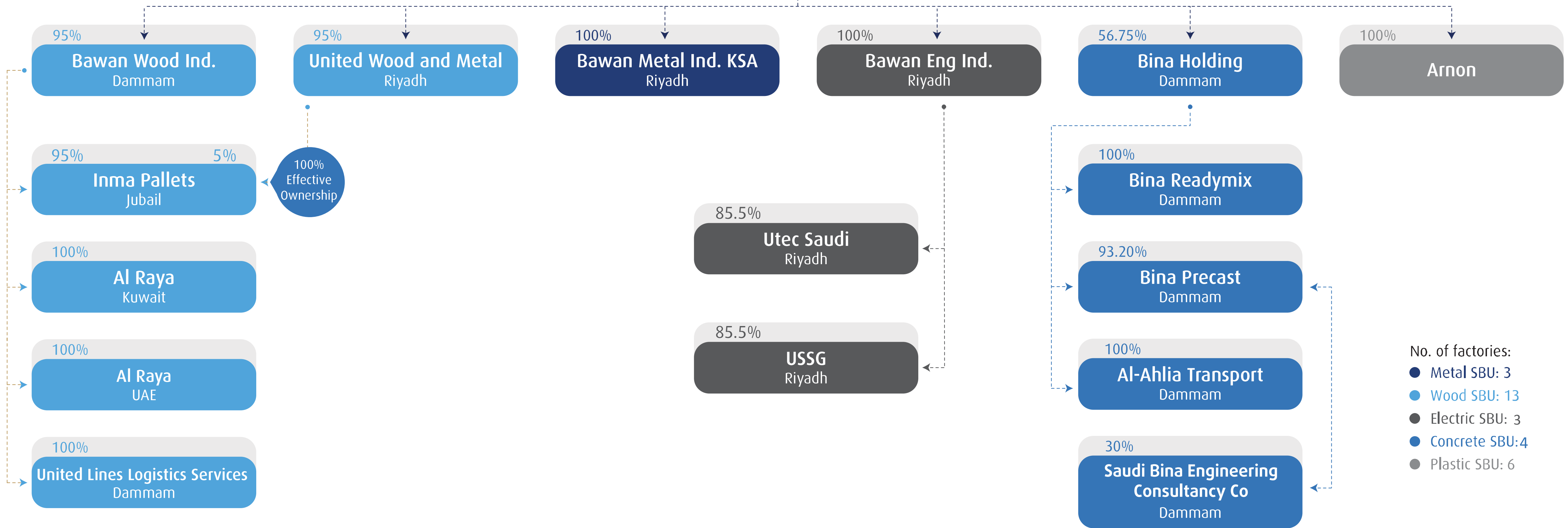
CONCRETE

ELECTRIC



Who We Are

Group Structure



No. of factories:

- Metal SBU: 3
- Wood SBU: 13
- Electric SBU: 3
- Concrete SBU: 4
- Plastic SBU: 6

Who We Are

Our Major Clients Expect
High Standards



Who We Are

VISION

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



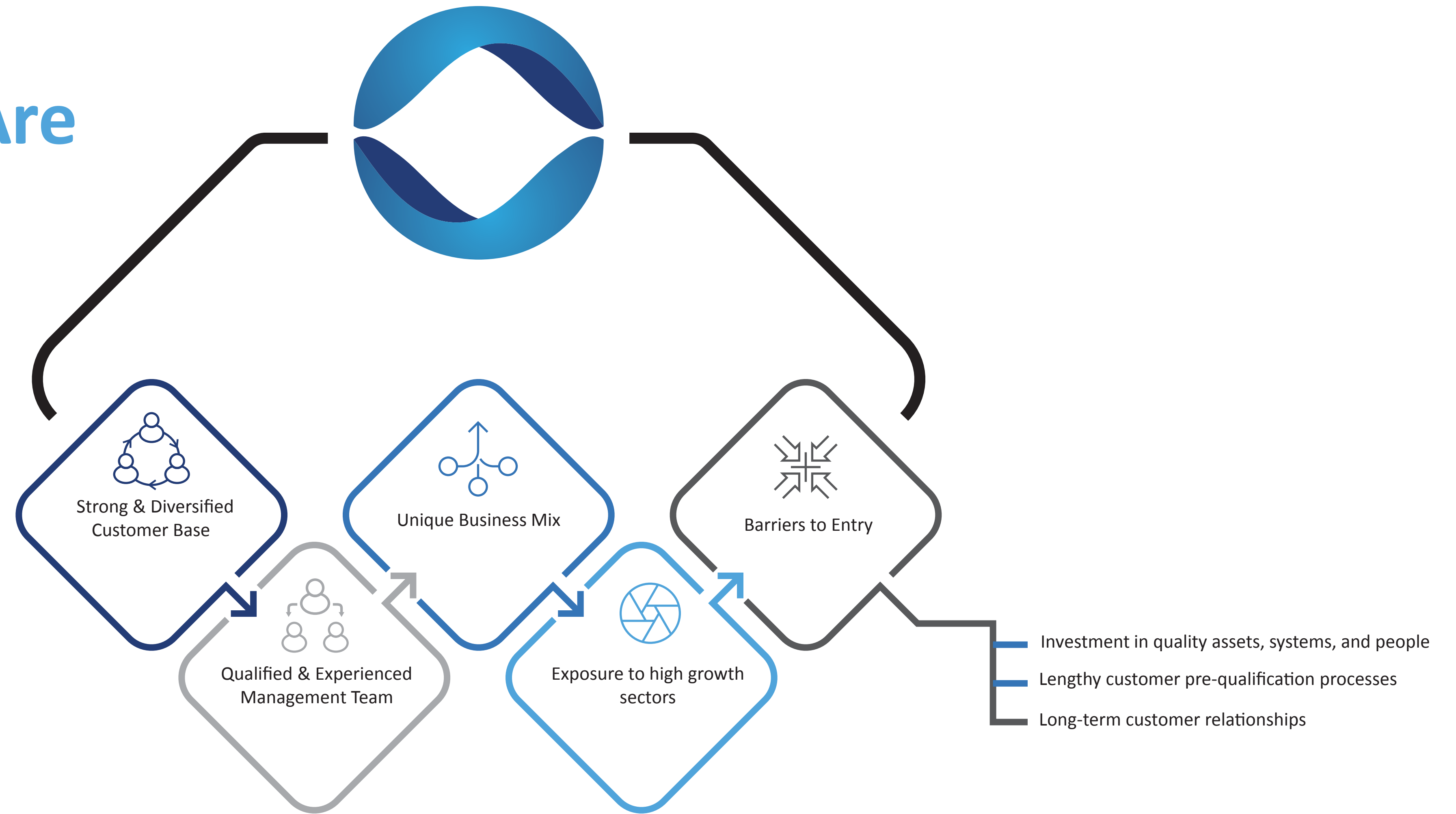
MISSION

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.



Who We Are

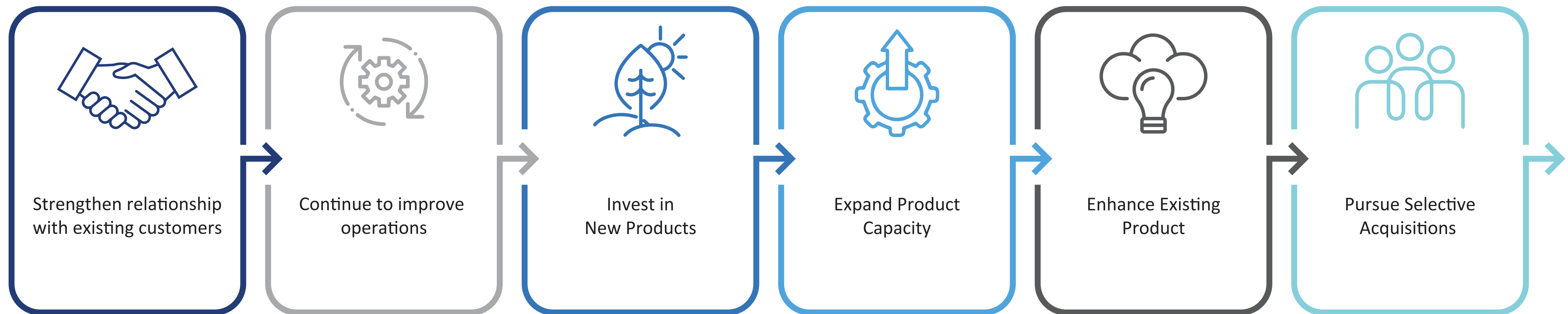
Business Case



Who We Are






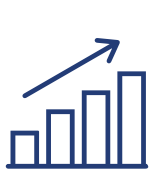

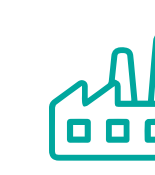
Strategy

A well defined strategy enhanced by our core value



Key Highlights

Key Highlights

| |  Revenue |  Operating Income |  Net Income |  Normalized N.I.* |  EBITDA |  Net Operating cash flow |  Net Debt |  Total Asset |
|---------|--|---|---|---|---|--|---|--|
| FY 2022 | 3,631.9 | 225.7 | 162.9 | 159.4 | 308.0 | 337.9 | 556.0 | 2,283.0 |
| FY 2021 | 3,227.4 | 193.9 | 170.3 | 150.8 | 283.4 | 313.5 | 658.2 | 2,202.8 |
| Change% | ↑ 13% | ↑ 16% | ↓ -4% | ↑ 6% | ↑ 9% | ↑ 8% | ↓ -16% | ↑ 4% |

*Normalized Net income excluded extraordinary gain and Gain or loss on disposal of investments

Appendix - II Statement of Income

Appendix - II Statement of Financial Position

All Amounts in SAR Millions

Macro Overview

Macro Overview

Saudi Arabia Outlook (IMF)

Favorable outlook supported by higher oil prices and increasing

- 1- Saudi GDP grows 5.4% in Q4 2022, 8.7% in 2022
- 2- Saudi Arabia's revenues for the 2023 state budget are estimated at SAR 1.130 trillion, with a forecast expenditure of SAR 1.114 trillion with an expected surplus of SAR 16 billion.
- 3- Total Investment as a percentage of GDP to grow at a slower pace than GDP to reach 22.2% % of GDP in 2022 compared with 25.5% in 2021.
- 4- Consumer spending in Saudi Arabia increased 9% to SAR 1.24 trillion in 2022, from SAR 1.13 billion a year earlier
- 5- Saudi inflation rises to 3.3% in December 2022
- 6- Saudi bank loans to public, private sectors rise 14% to SAR 2.41 trln in 2022

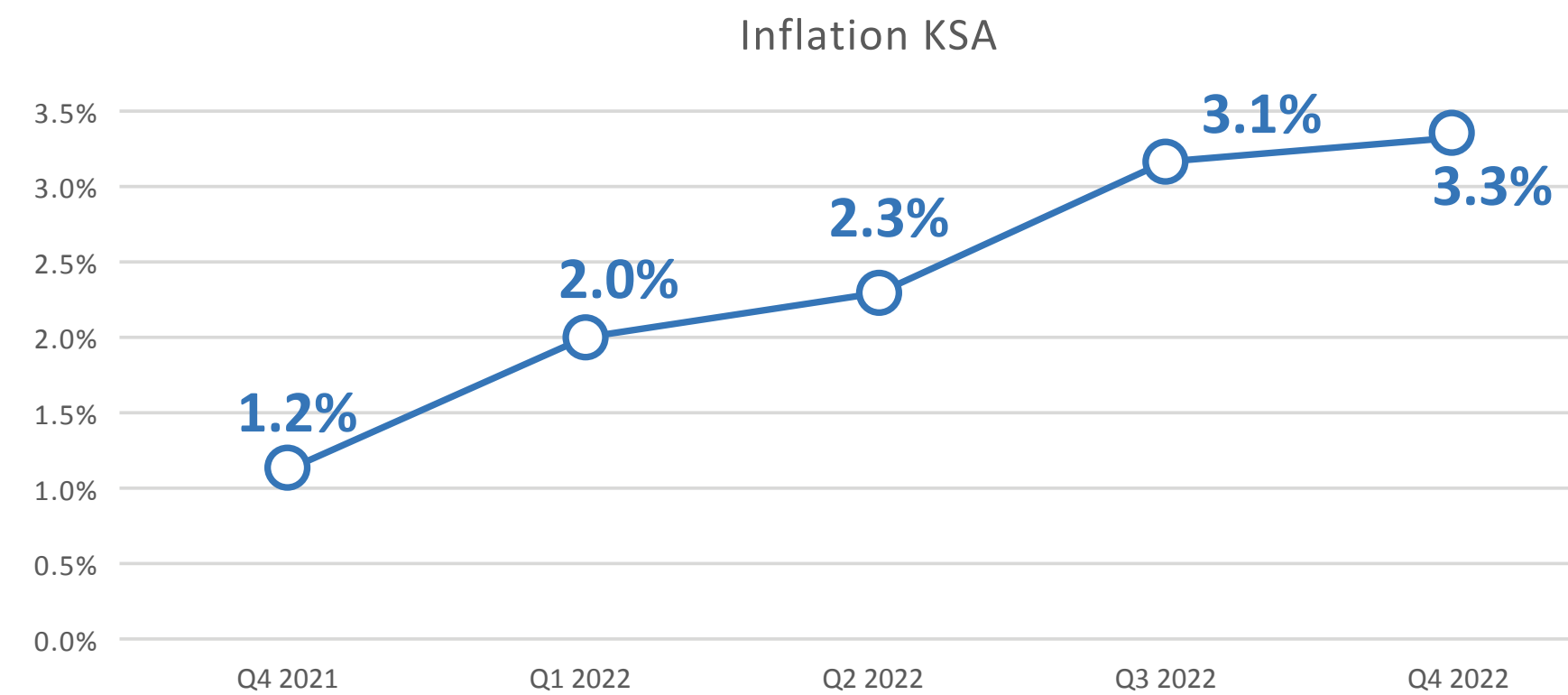
Source: Argaam



Macro Overview

Inflation

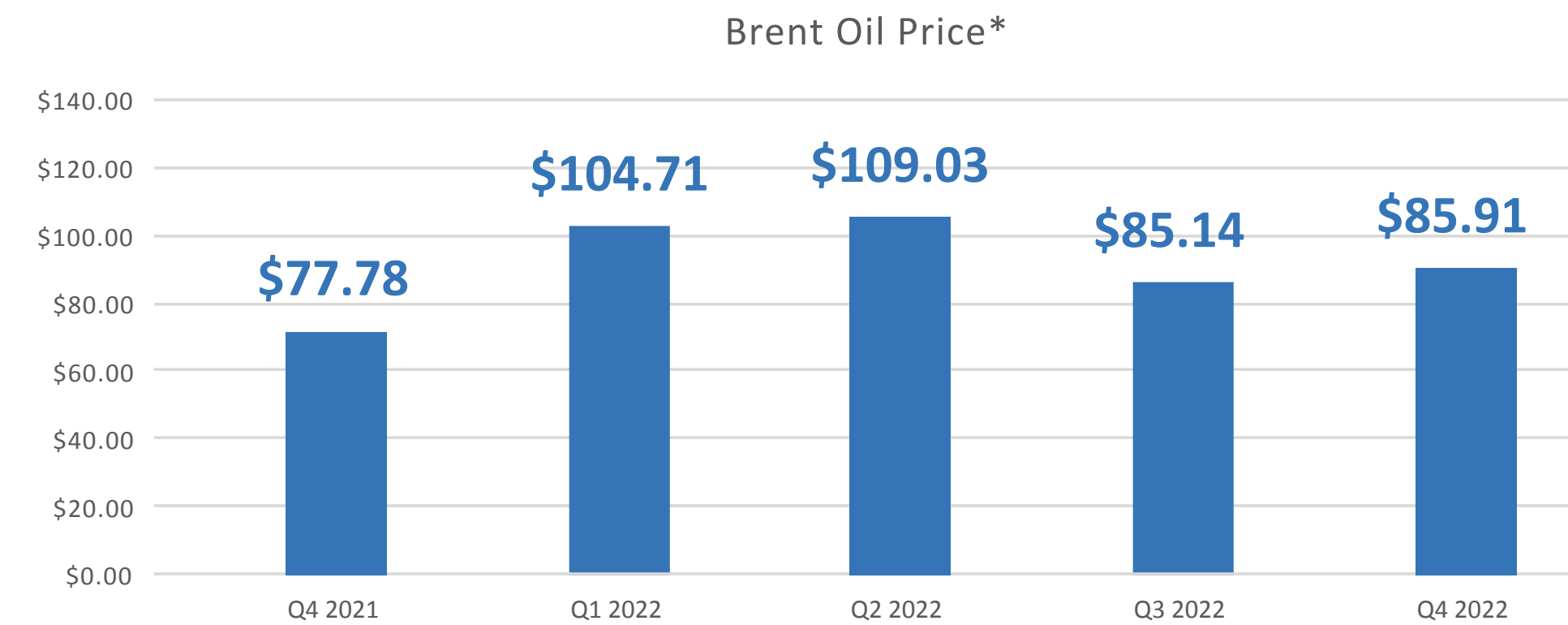
The inflation rate in Saudi Arabia for Q4 2022 was 3.3% much higher than the 1.2% reported in the same period last year as a result of the continuous improvement in domestic private consumption and the noticeable increases in global inflation rates, particularly in the prices of food and primary commodities.



Source: Argaam

Brent Oil Price

As December prices increased slightly 1% QoQ due to concerns about the slowdown in global oil demand as oversupply fears persist and the impact of increase in interest rate.

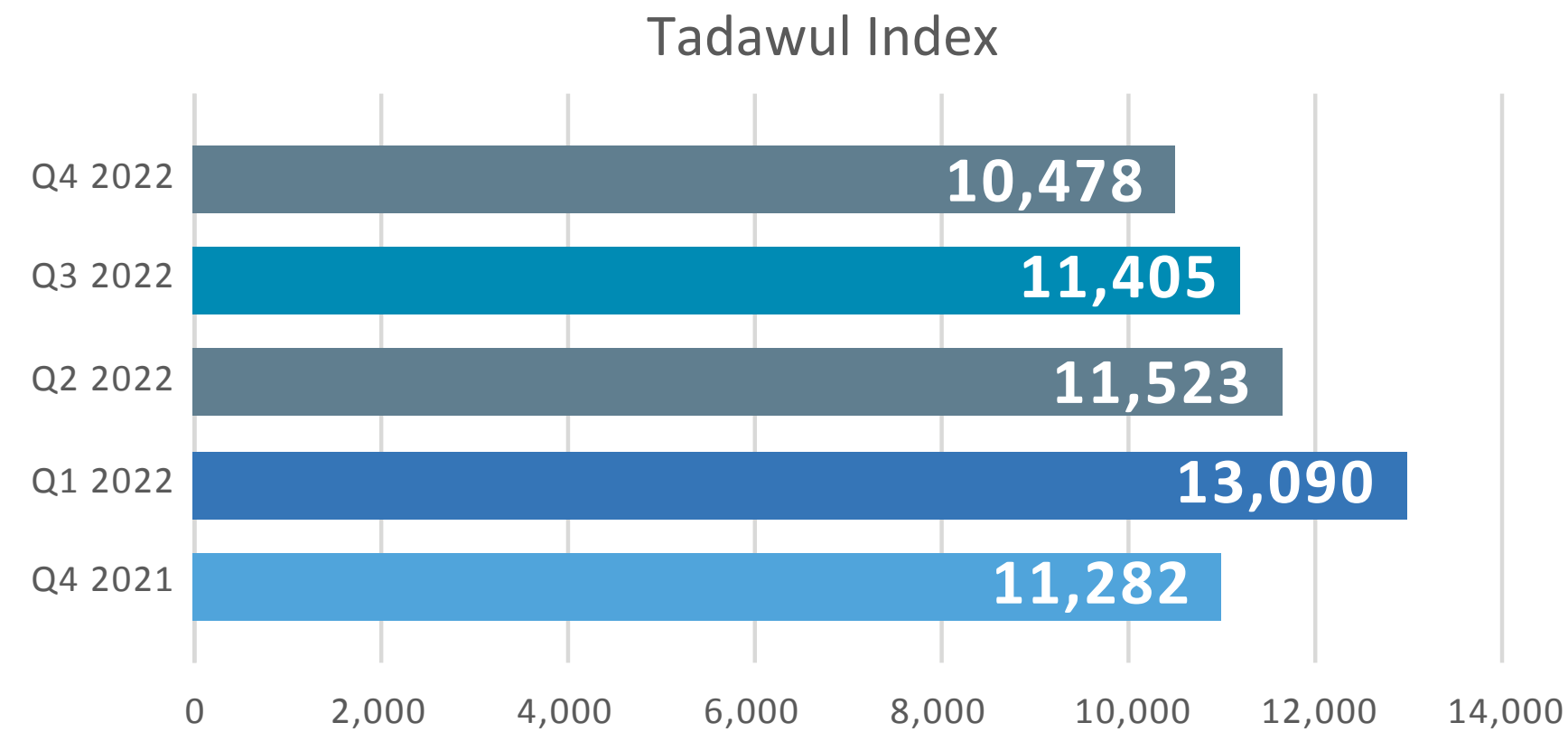


*Closing Price

Macro Overview

Tadawul Index

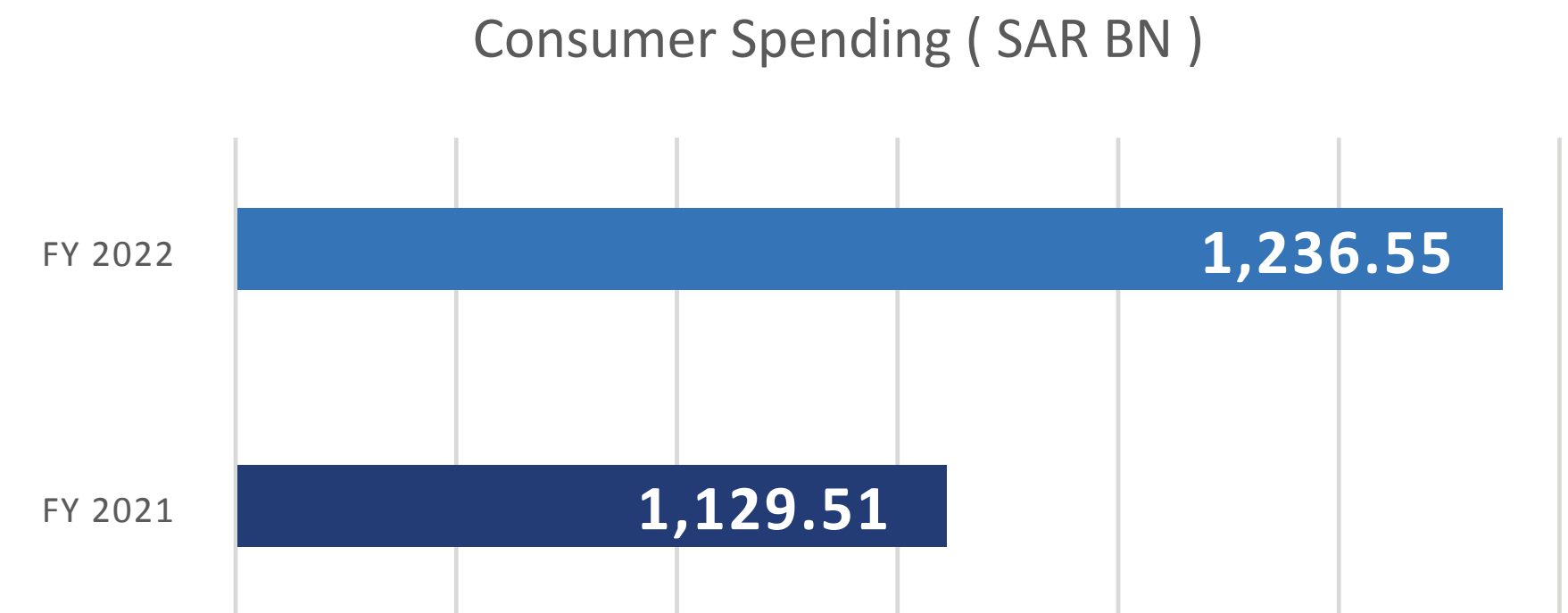
The Tadawul All Share Index (TASI) continued to trend lower as Q4 decreased 8% QoQ. The decline was due to the selling pressures the global markets are still witnessing, in light of geopolitical worries and tensions from the Russian-Ukrainian war and its negative impact on inflation rates.



Source: Argam

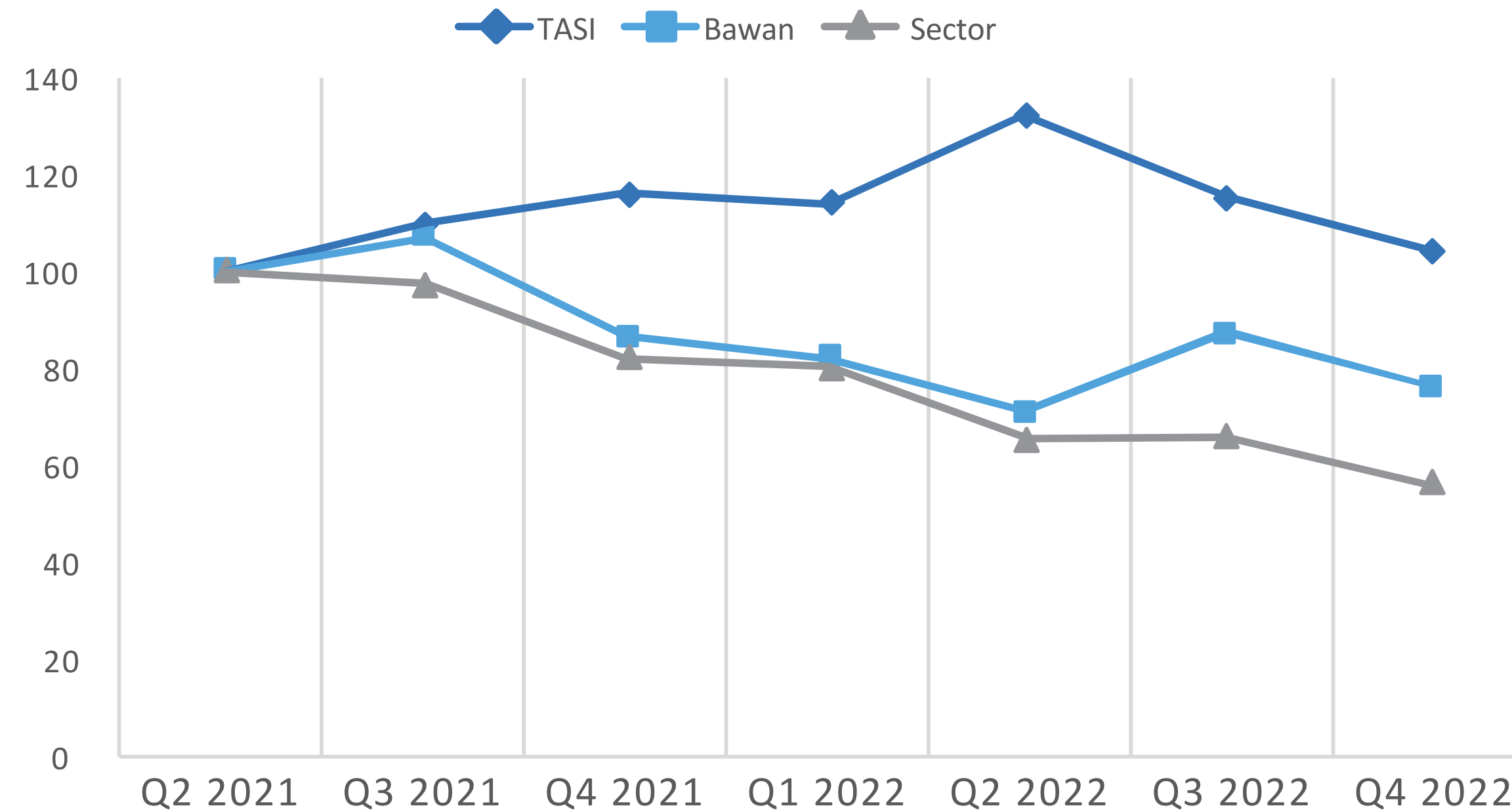
Consumer Spending

Consumer spending in Saudi Arabia increased 9% in 2022 comparing to 2021, POS transactions rose 18% year-on-year (YoY), Cash withdrawals from ATMs saw a decline of 5%, E-commerce sales through Mada cards increased 65% YoY.



Macro Overview

Bawan Market Performance



Key Metrics

Feb 28 2023

Bawan

| | |
|--------------------|-----------|
| Market Cap | SAR 1.76B |
| Shares Outstanding | 60m |
| Price/earning | 10.80 |
| Operating P/E | 7.80 |
| Price / book value | 2.04 |
| Dividend Yield | 5.5% |

Market

| | |
|------------------------------------|-------|
| P/E | 16.36 |
| P/E excluding loss making & Aramco | 15.23 |
| Price/book value | 2.04 |

Source: Argam



Macro Overview

Saudi Arabia Outlook (IMF)

| Economic Indicators | | 2021 | 2022F | 2023F | 2024F | 2025F |
|--|----------|----------|-----------|-----------|-----------|-----------|
| GDP , constant prices | % | 3.2 | 7.6 | 3.6 | 2.7 | 2.7 |
| GDP , current prices | SAR BN | 3,125.8 | 3,900.6 | 3,832.1 | 3,852.0 | 3,920.9 |
| GDP per capita, current prices | SAR BN | 88,152.3 | 107,847.3 | 103,876.4 | 102,368.3 | 102,155.0 |
| Investments | % of GDP | 25.5 | 22.2 | 22.7 | 23.1 | 23.3 |
| Inflation, average consumer prices | % | 3.1 | 2.5 | 2.0 | 2.0 | 2.0 |
| Population | Persons | 35.5 | 36.2 | 36.9 | 37.6 | 38.4 |
| General government net lending/borrowing | SAR BN | (76.4) | 215.8 | 181.9 | 168.2 | 168.2 |
| General government net lending/borrowing | % of GDP | (2.4) | 5.5 | 4.7 | 4.4 | 4.3 |
| General government gross debt | % of GDP | 30.0 | 24.1 | 24.5 | 24.4 | 23.9 |

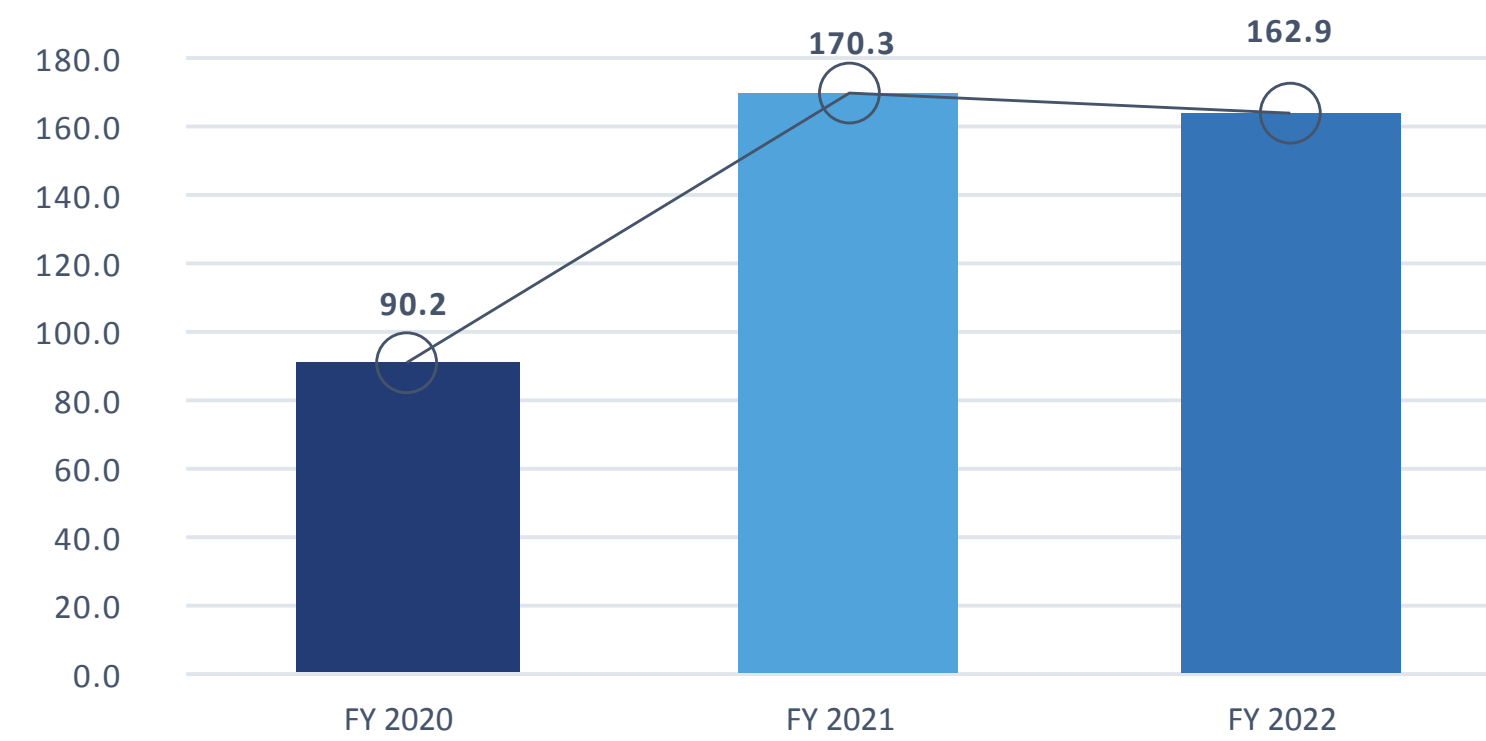
Source: IMF



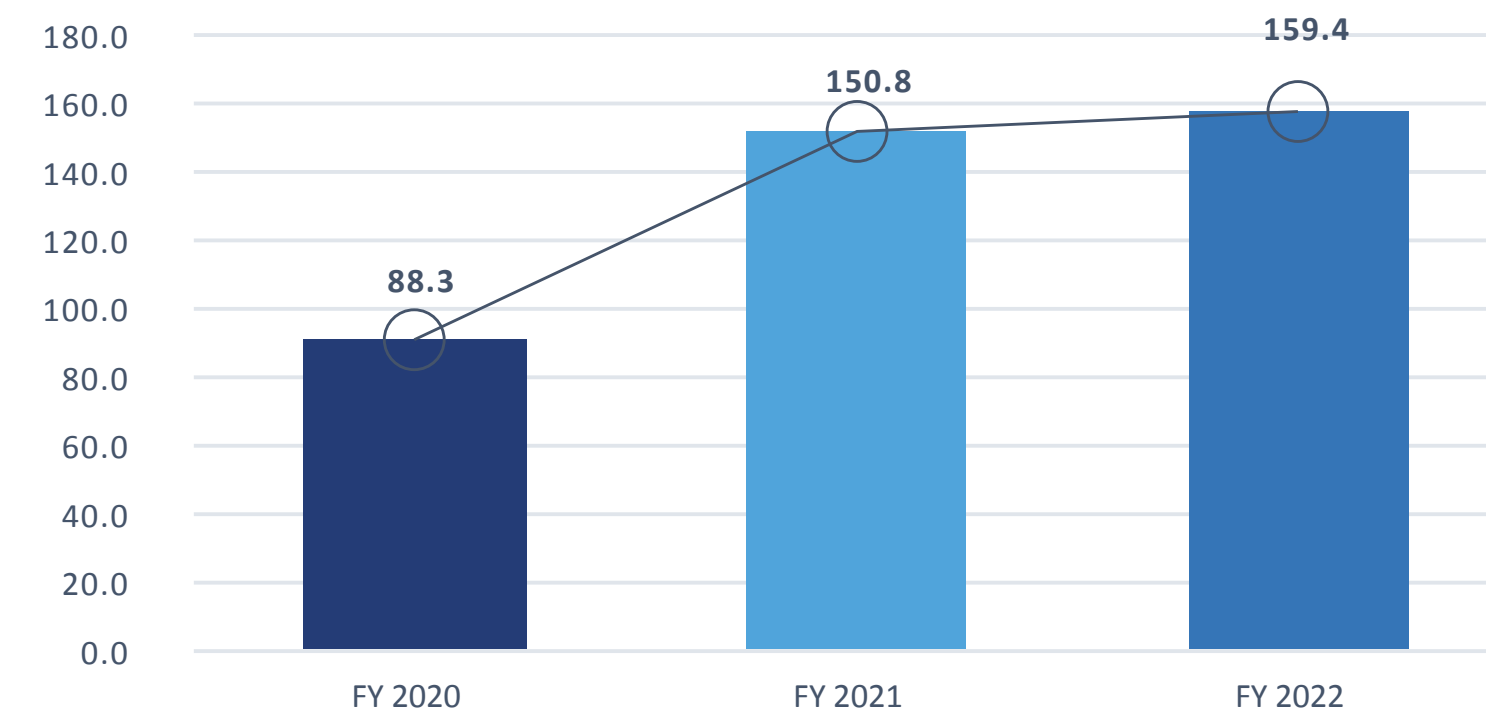
Financial Perspective

Company Performance

Net income (SAR Million)

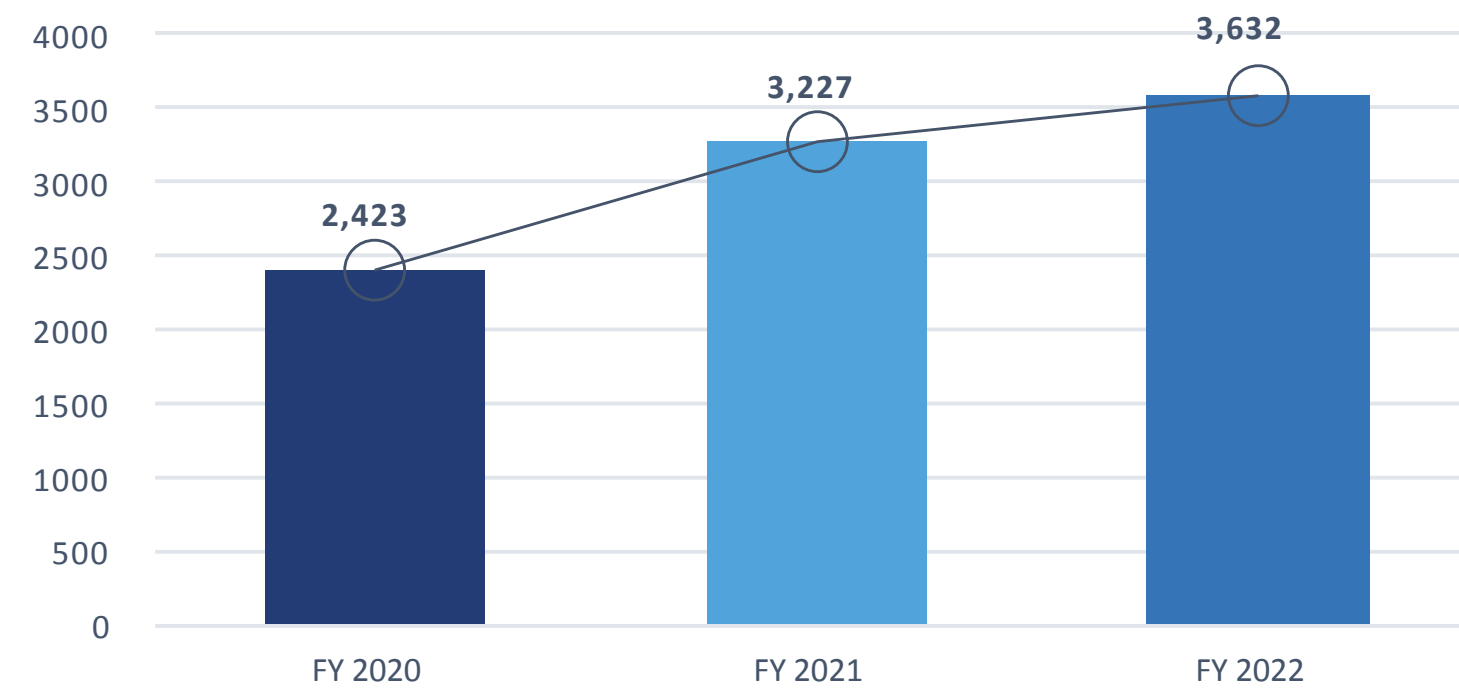


Normalized income (SAR Million)

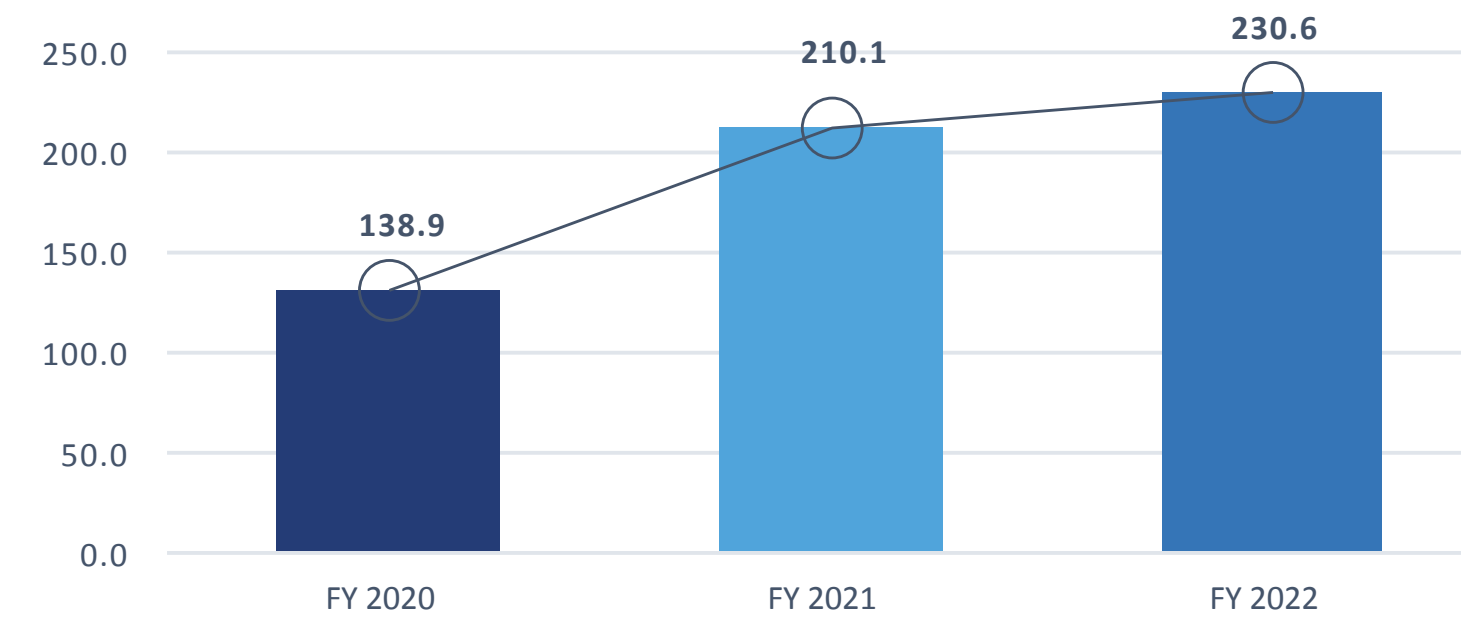


Company Performance

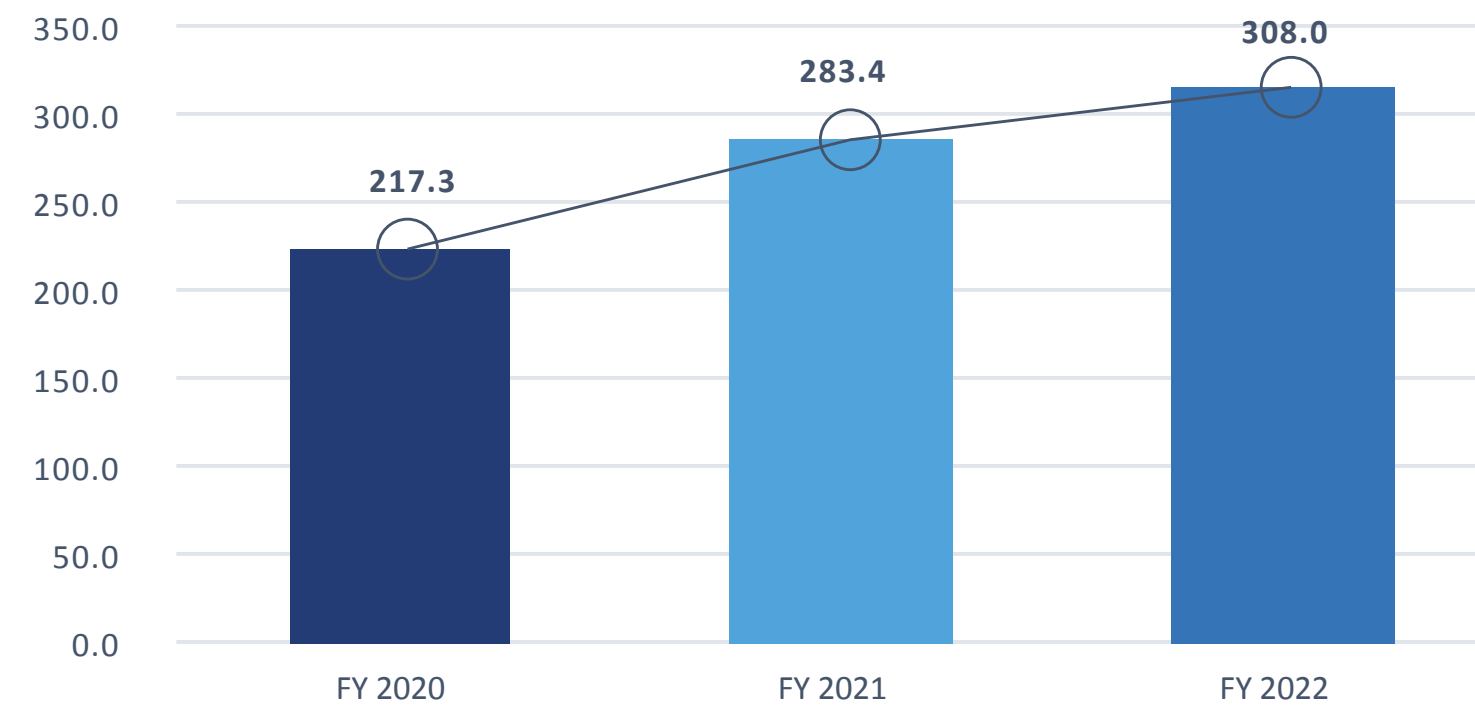
Revenue (SAR Million)



EBIT (SAR Million)

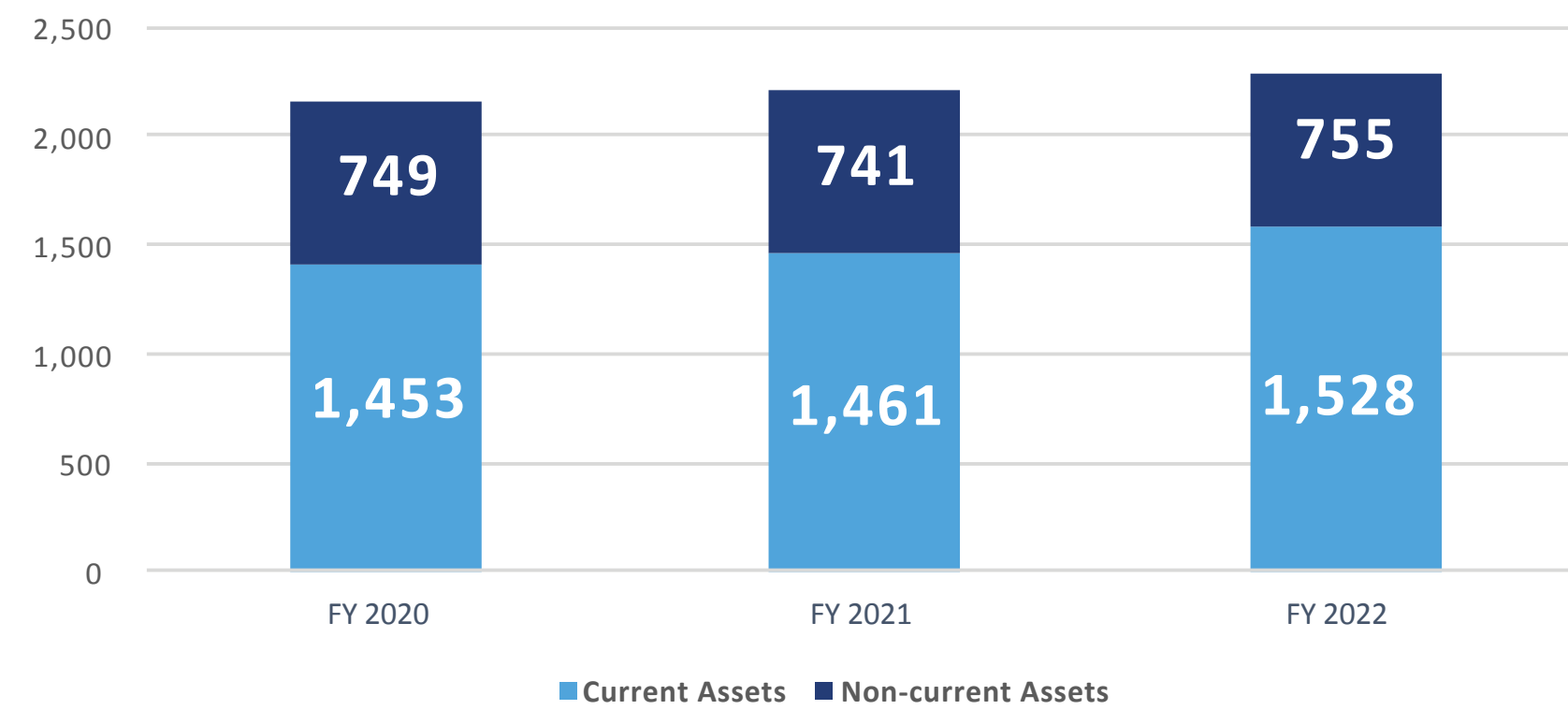


EBITDA (SAR Million)

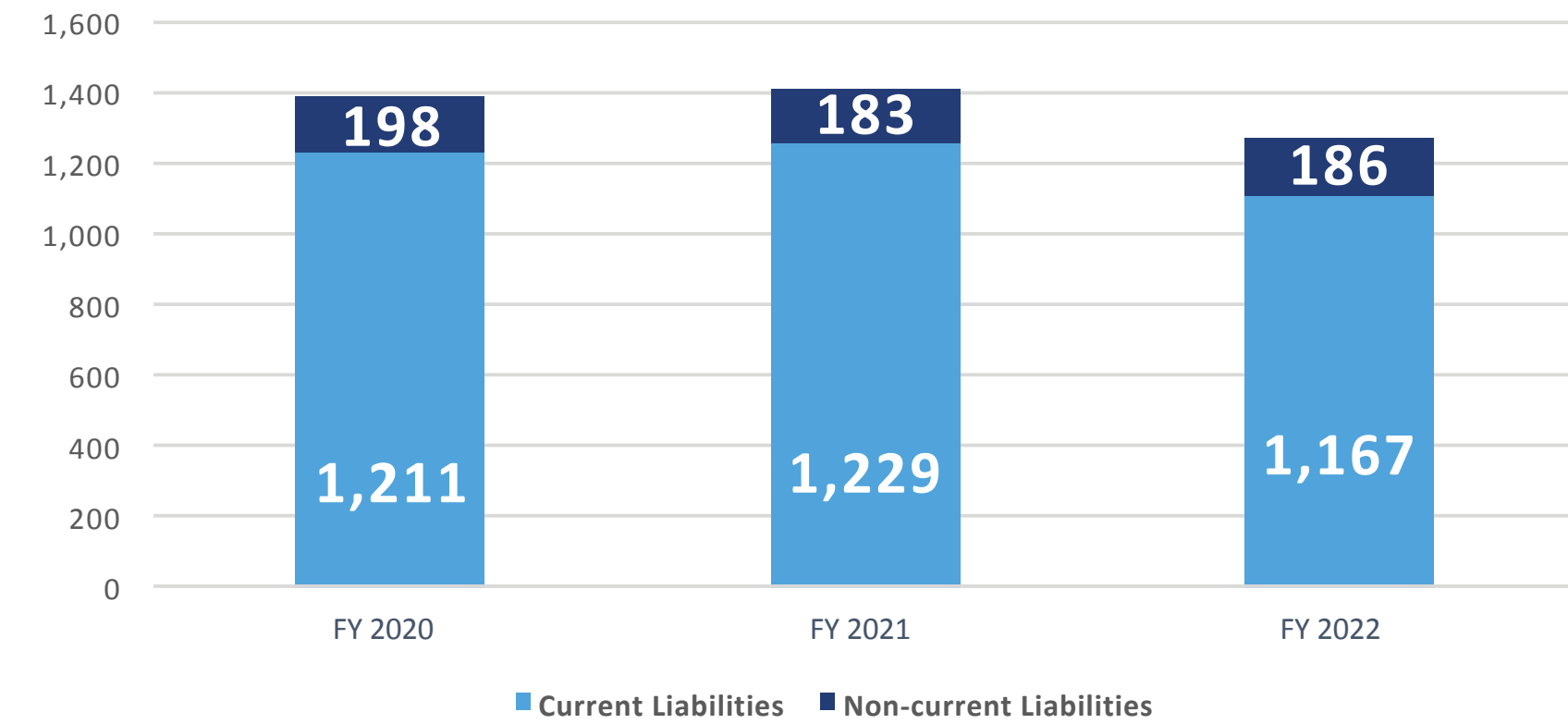


Liquidity

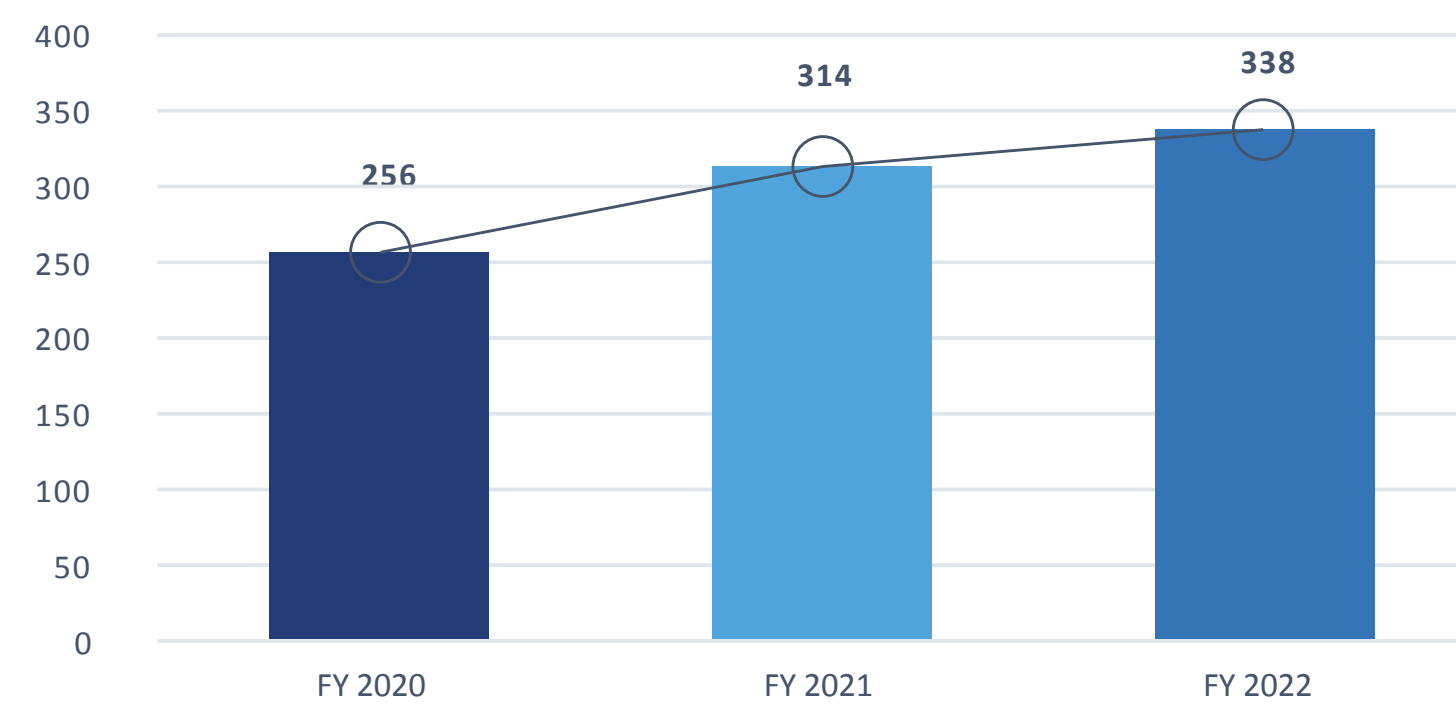
Assets



Liabilities



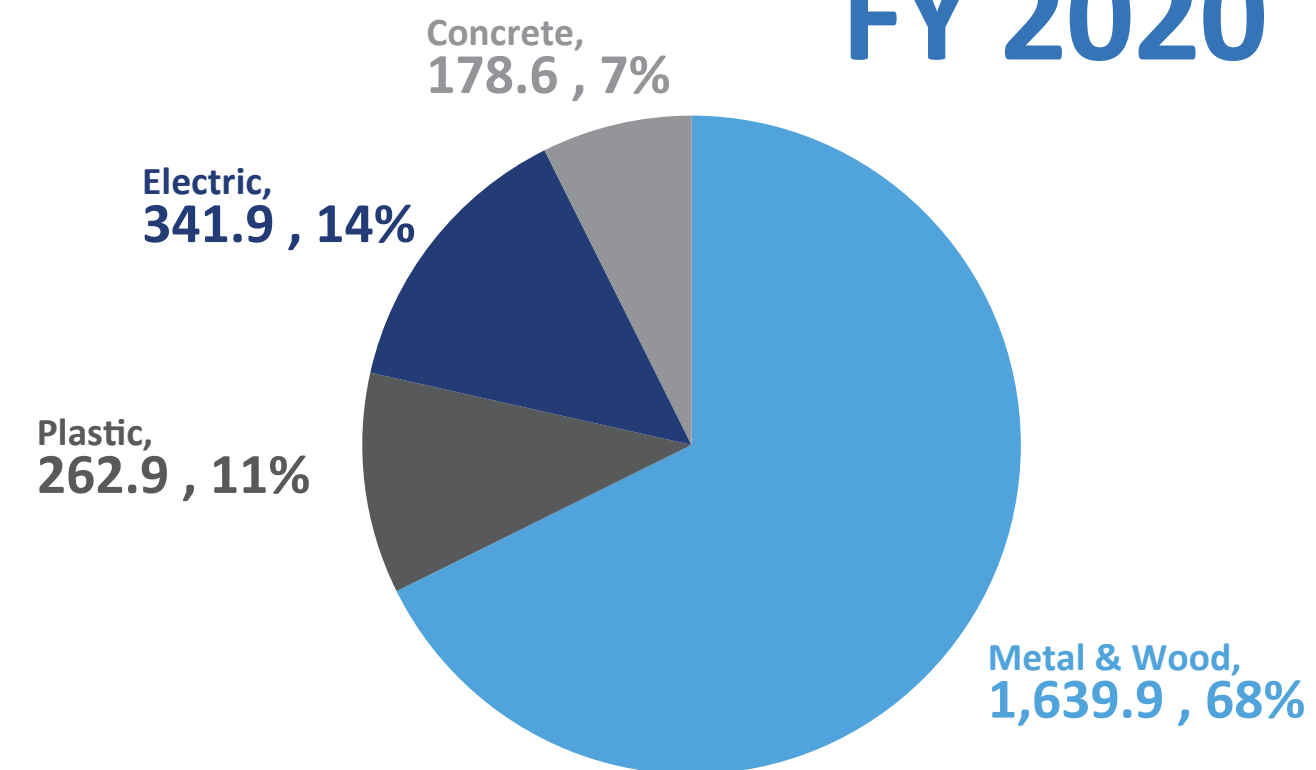
Operating Cash Flow



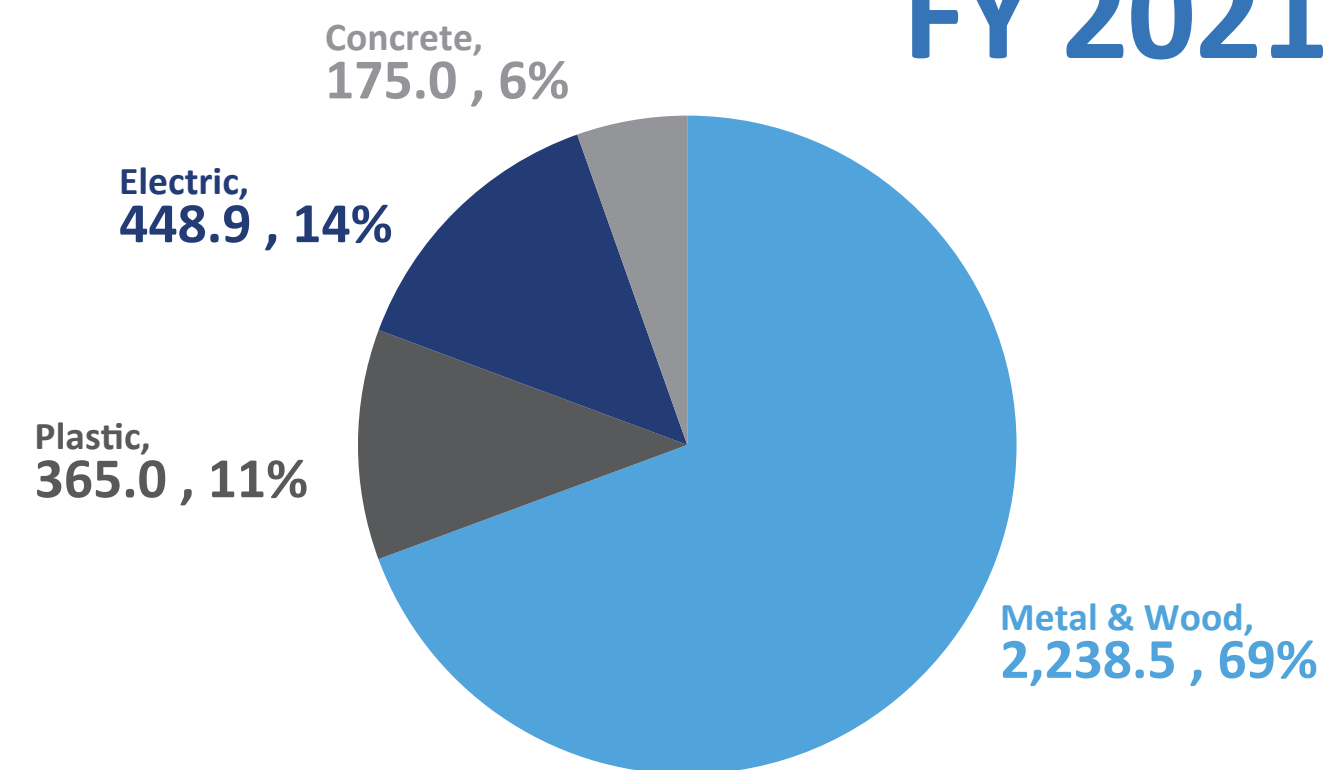
* Before changes in working capital

Segment Revenue

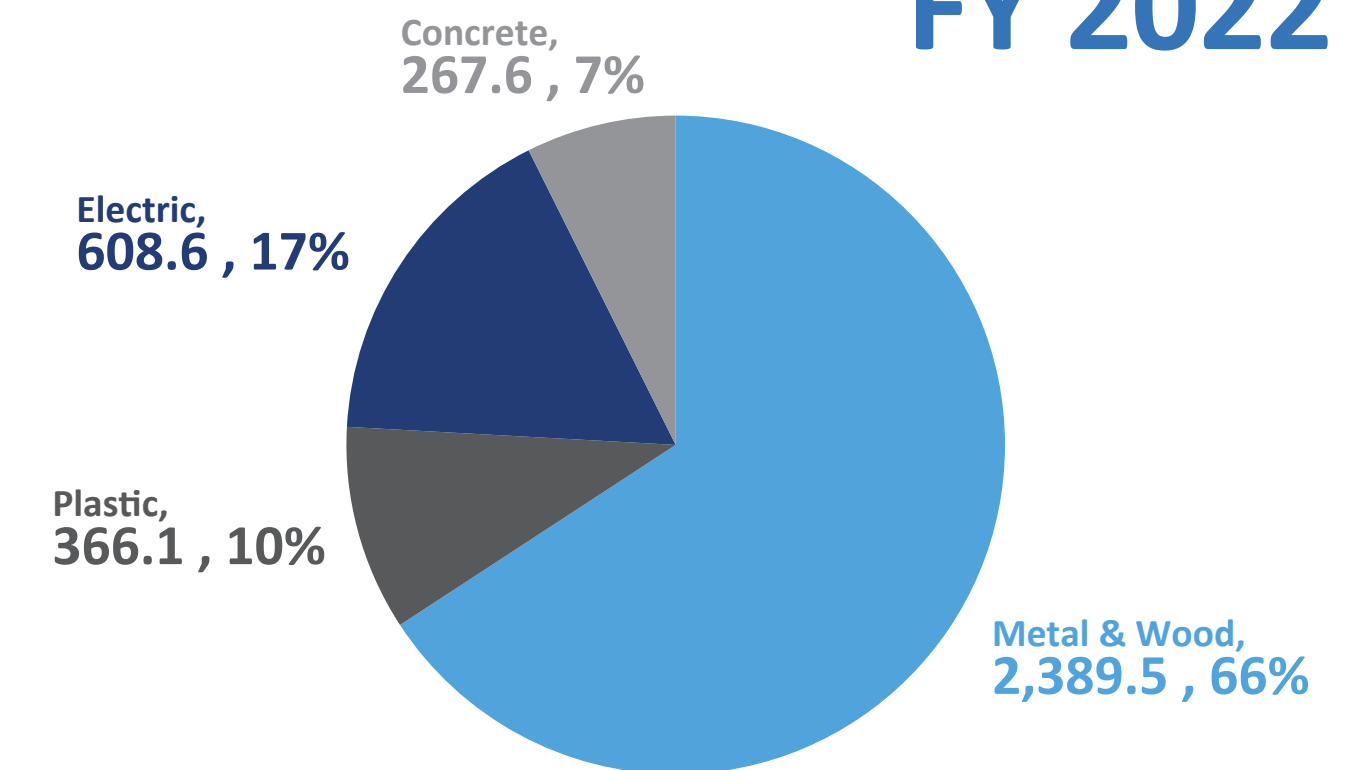
SEGMENT REVENUE FY 2020



SEGMENT REVENUE FY 2021

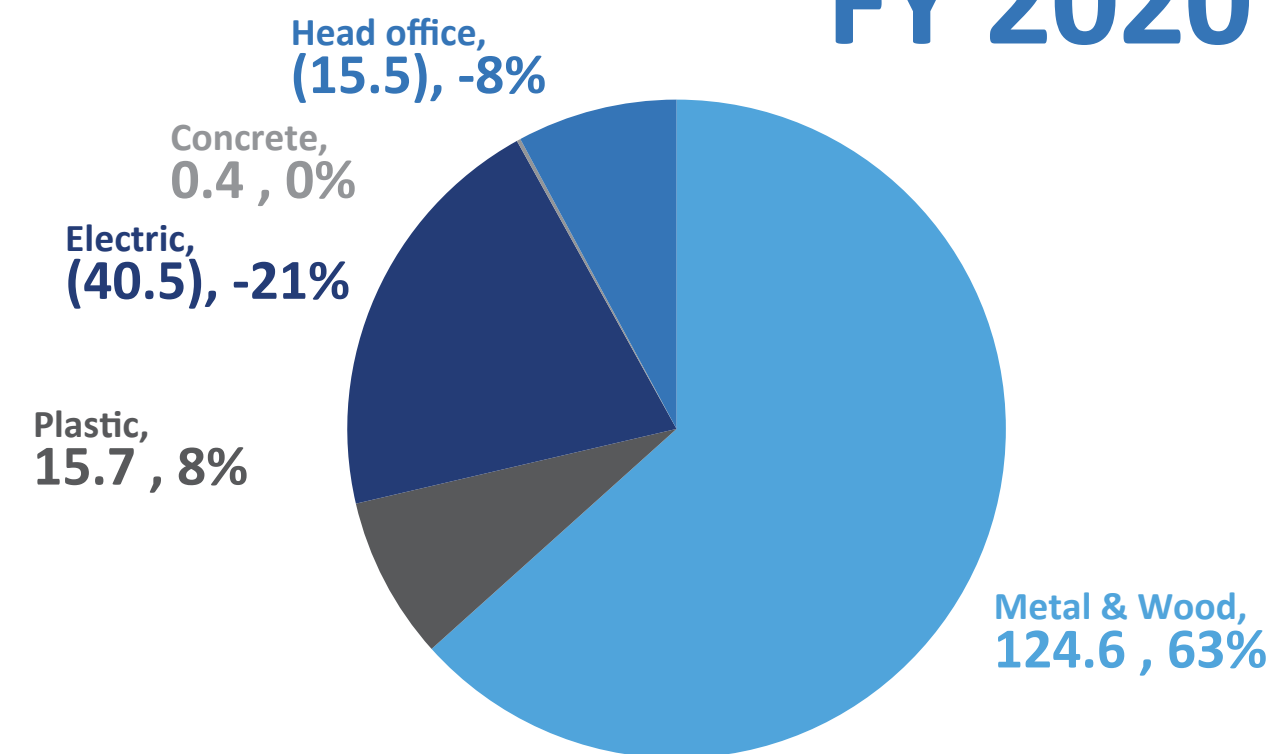


SEGMENT REVENUE FY 2022

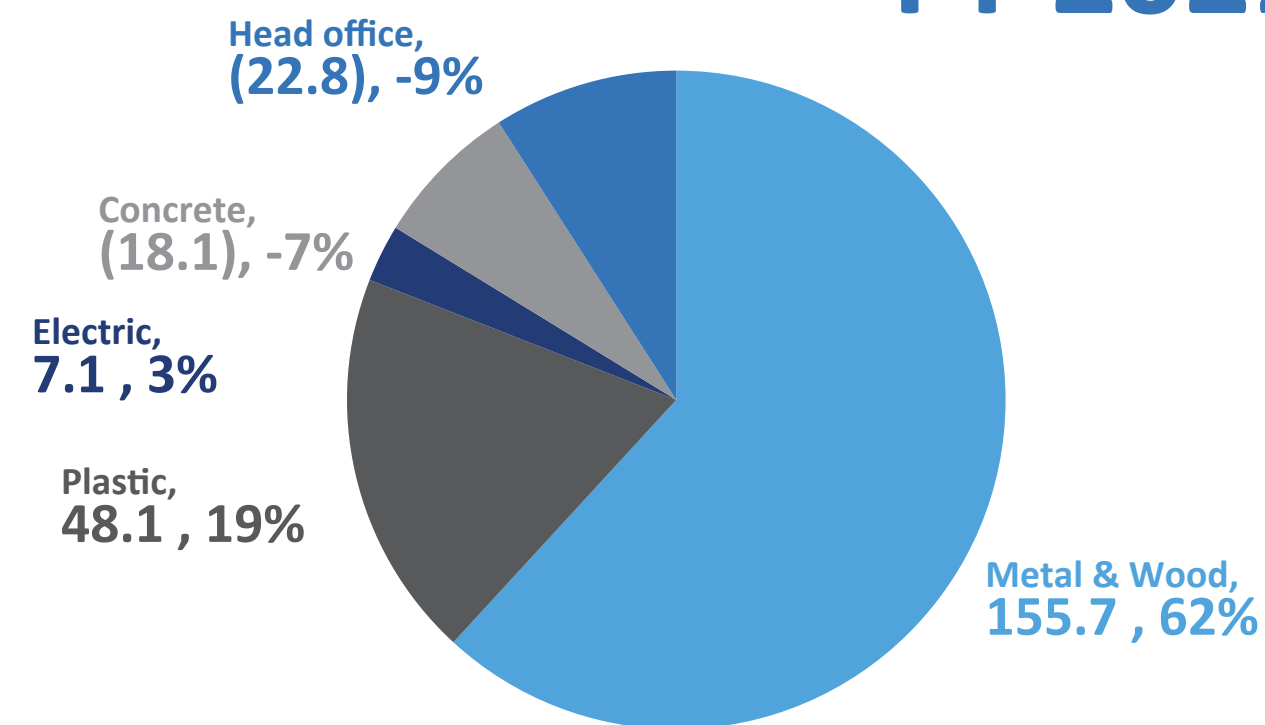


Segment Performance

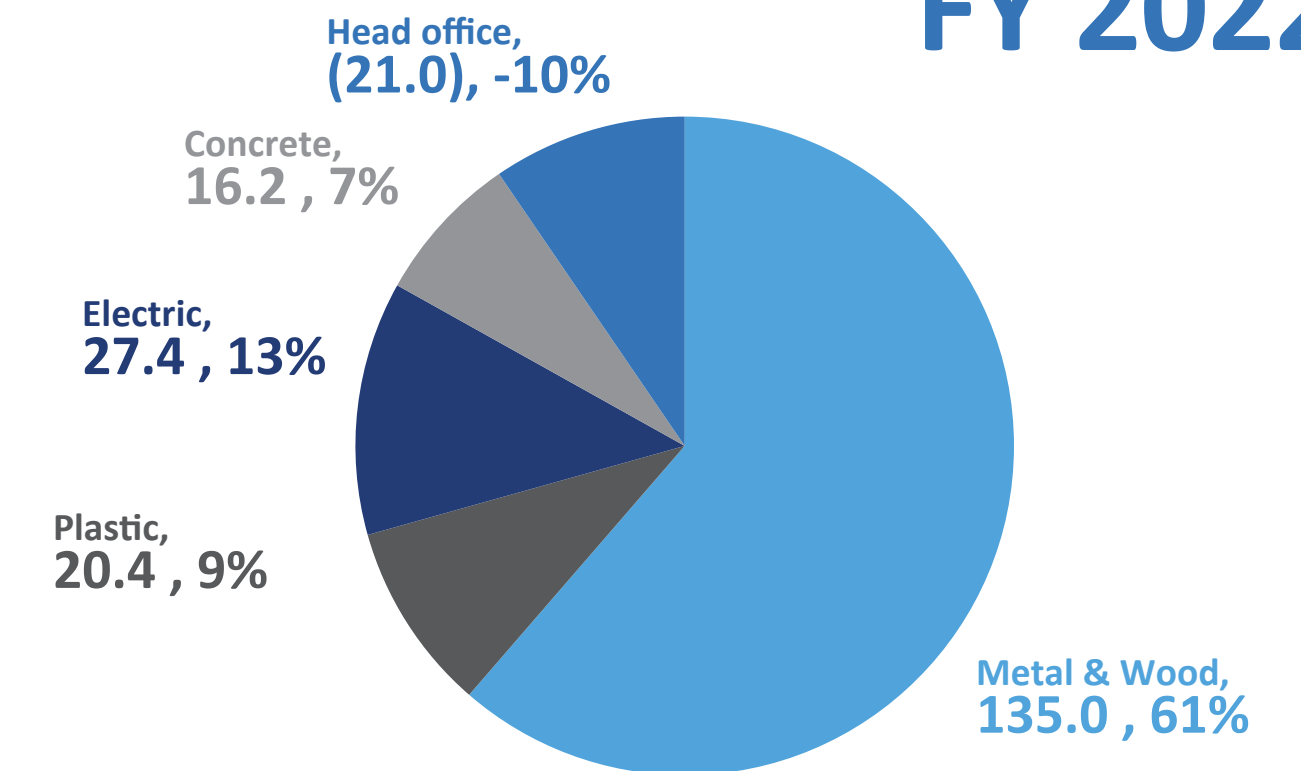
SEGMENT PROFIT FY 2020



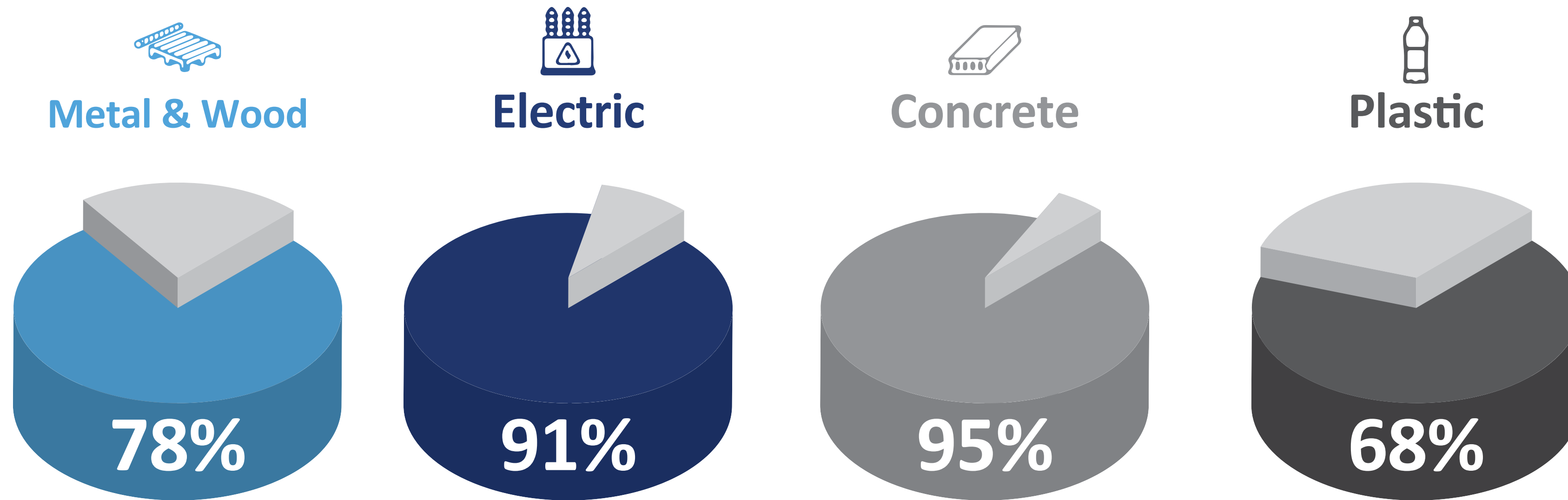
SEGMENT PROFIT FY 2021



SEGMENT PROFIT FY 2022



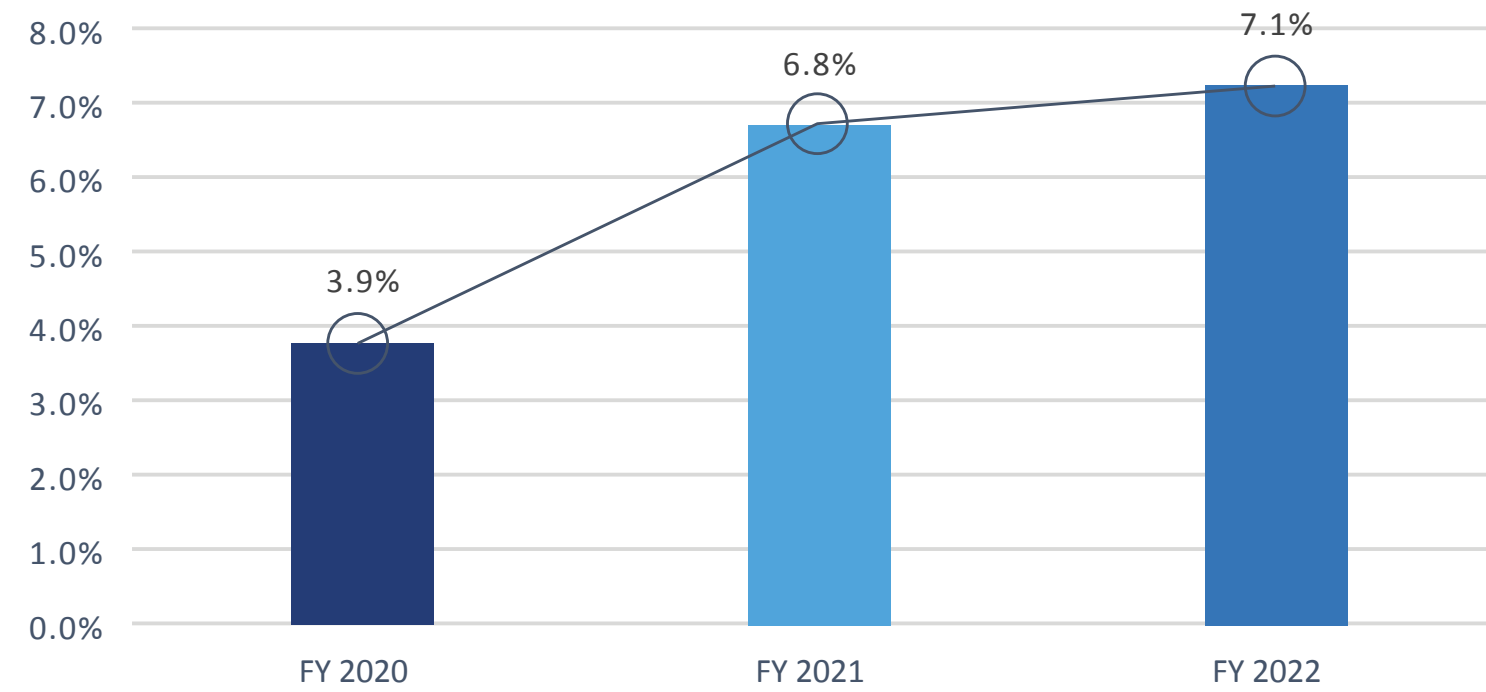
Average Capacity Utilization



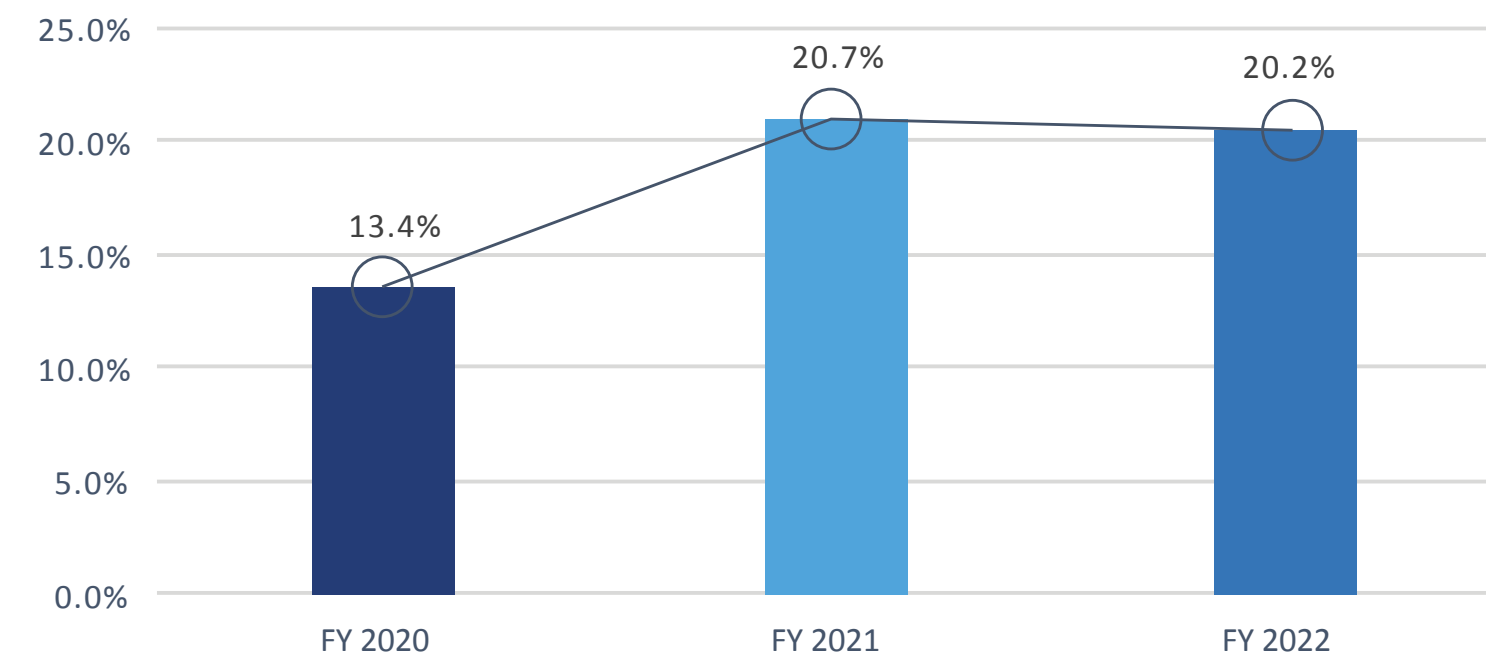
* The group operates in agile model, accordingly capacity can be increased by adding more labor, working hours and number of shift.

Normalized Return Realization

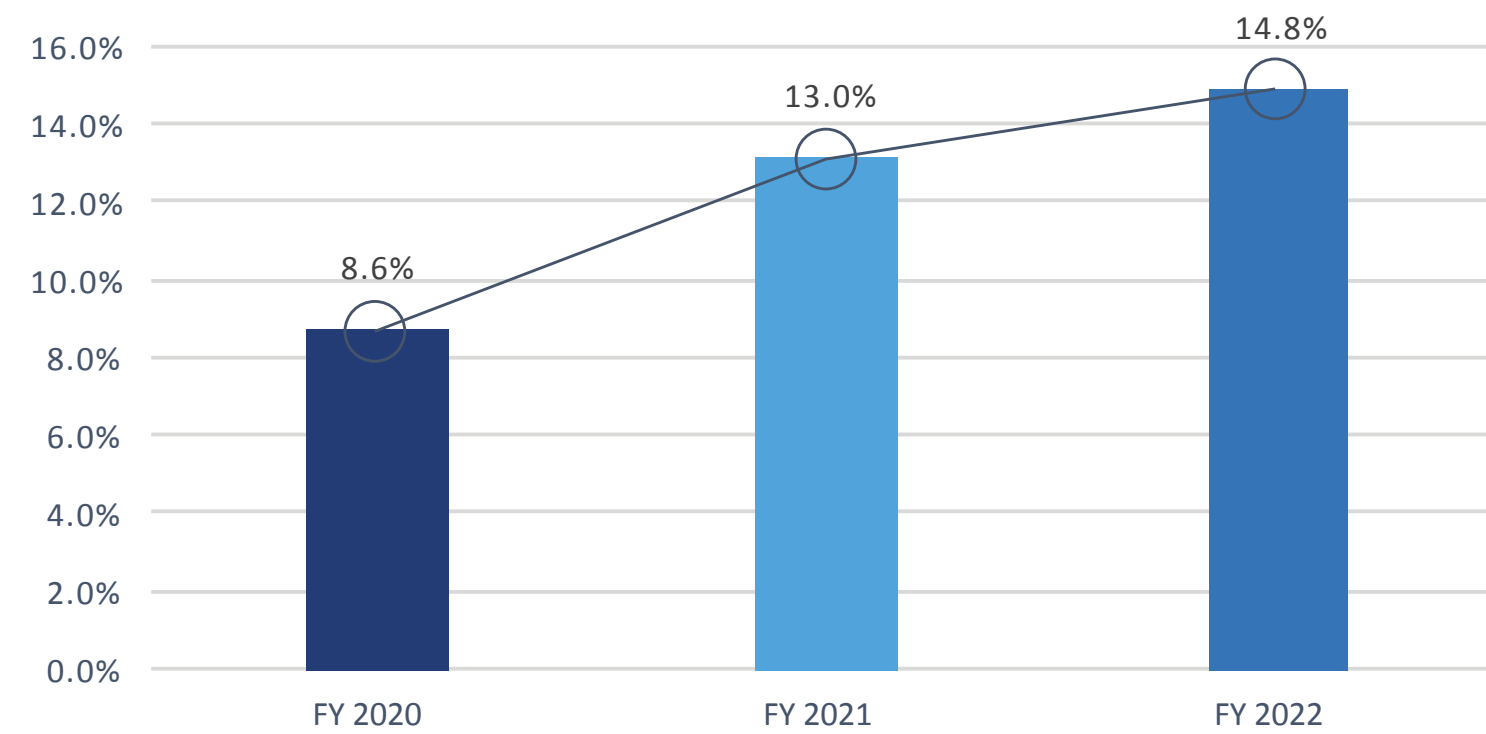
ROA



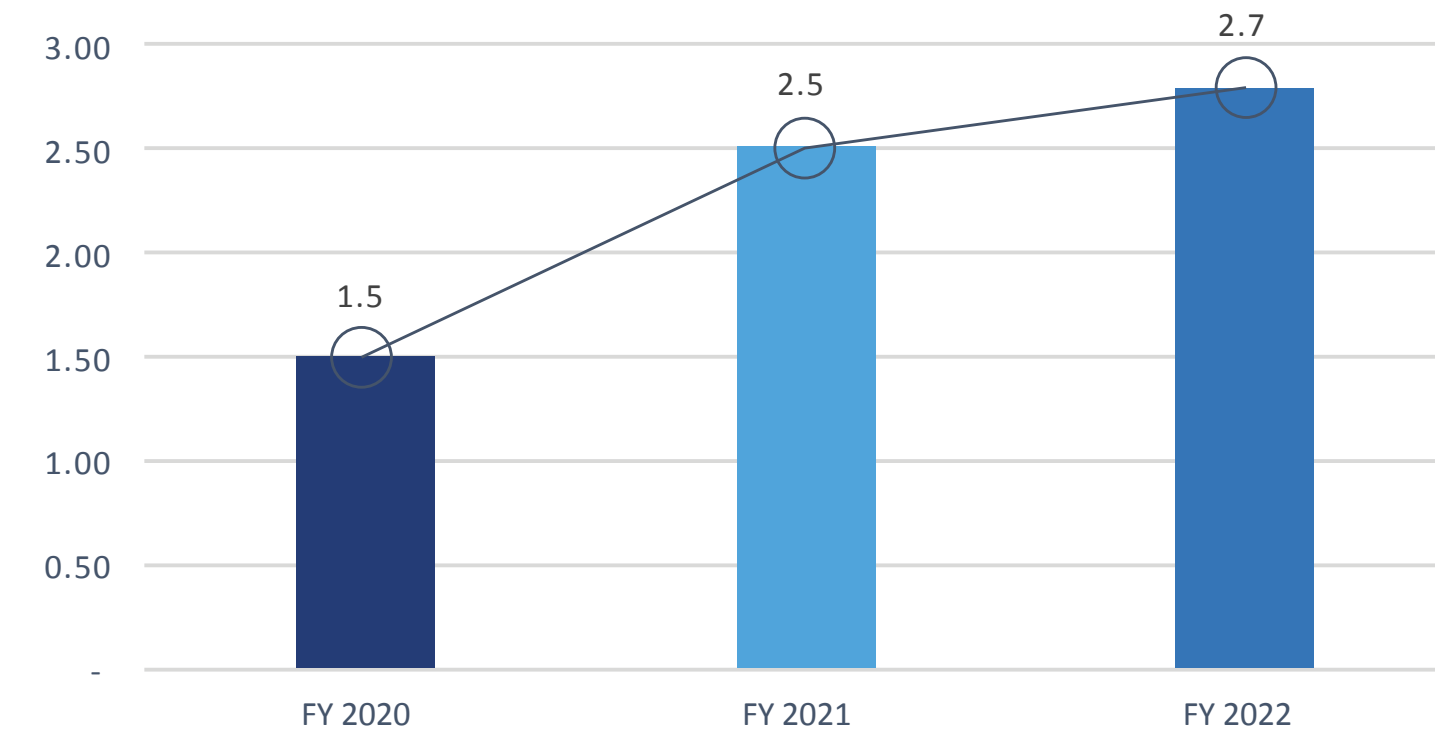
ROE



ROCE



EPS

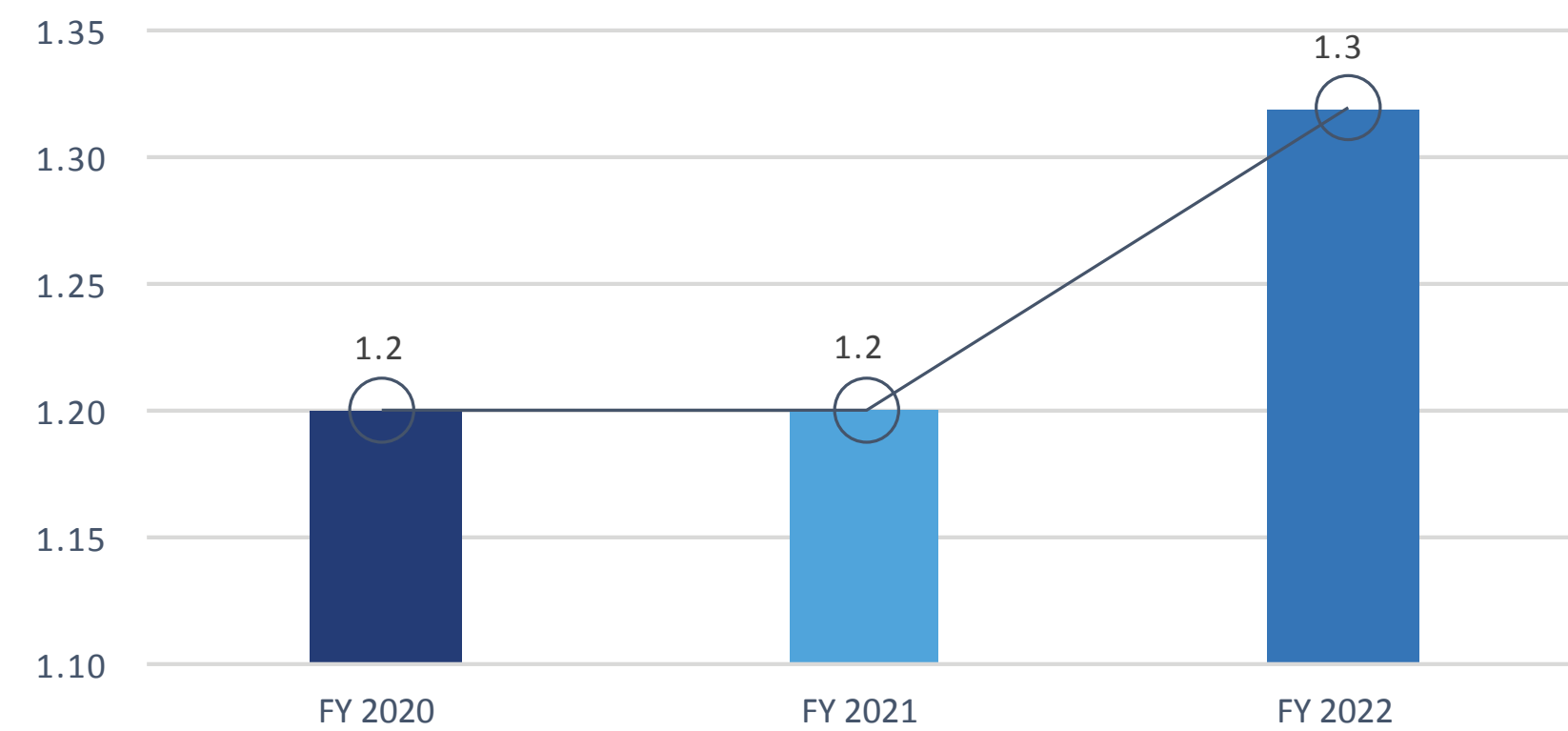


*Normalized Net income excluded extraordinary gain and Gain or loss on disposal of investments

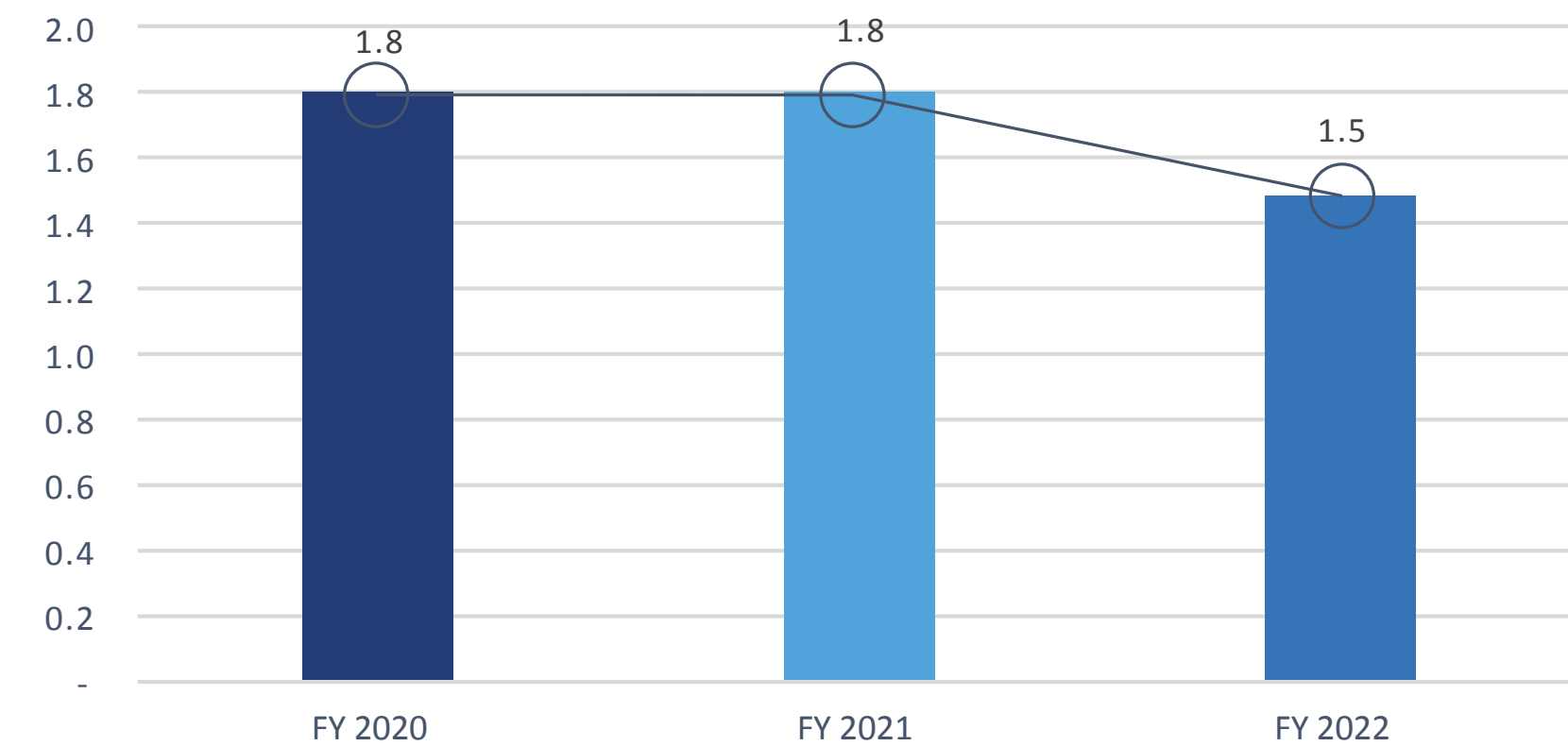


Liquidity & Leverage

Current Ratio



Leverage

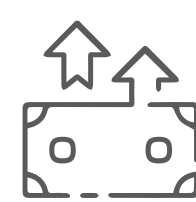


Debts & CapEx



Capital Expenditure

| | |
|---------------|---------------|
| Expected 2023 | 68,300 |
| * FY 2022 | 82,151 |
| FY 2021 | 47,353 |
| FY 2020 | 51,798 |



Short term debt

| | |
|---------|----------------|
| FY 2022 | 468,505 |
| FY 2021 | 552,963 |
| FY 2020 | 522,667 |



Long term debt

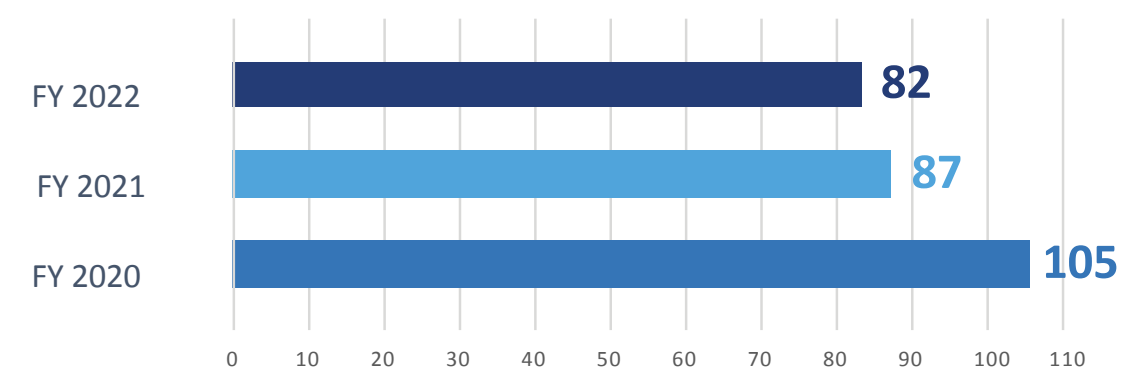
| | |
|---------|----------------|
| FY 2022 | 125,904 |
| FY 2021 | 145,535 |
| FY 2020 | 184,092 |

- *FY 2022 includes mainly
- Plastic reinstallment of XPS factory
 - Plastic new paper factory
 - Plastic XPLE new factory
 - Metal new factory in South region

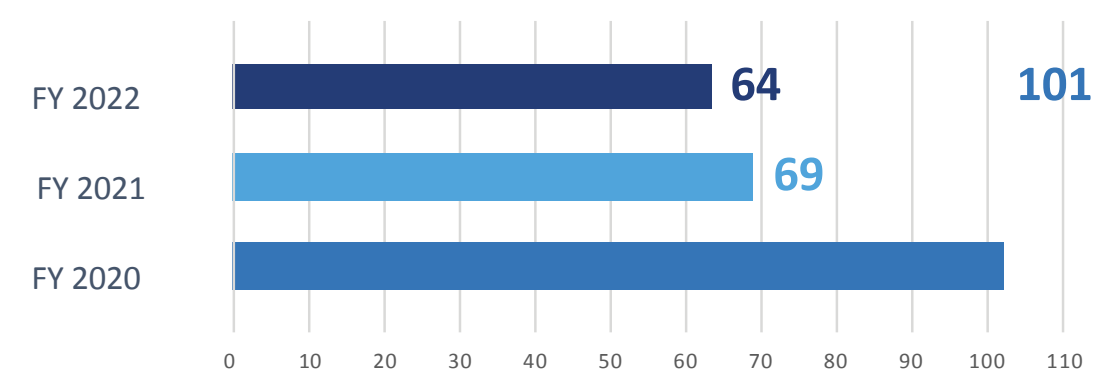
Proficiency Ratios

Cash Conversion Cycle

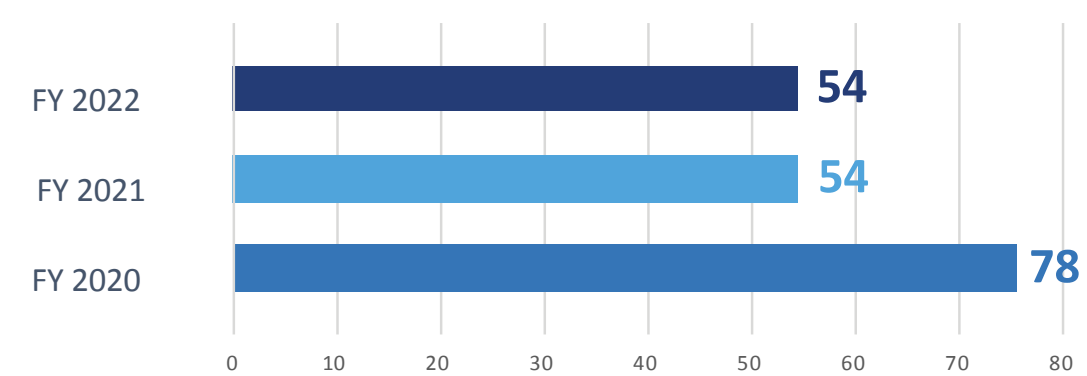
Days Inventory Outstanding "DIO"



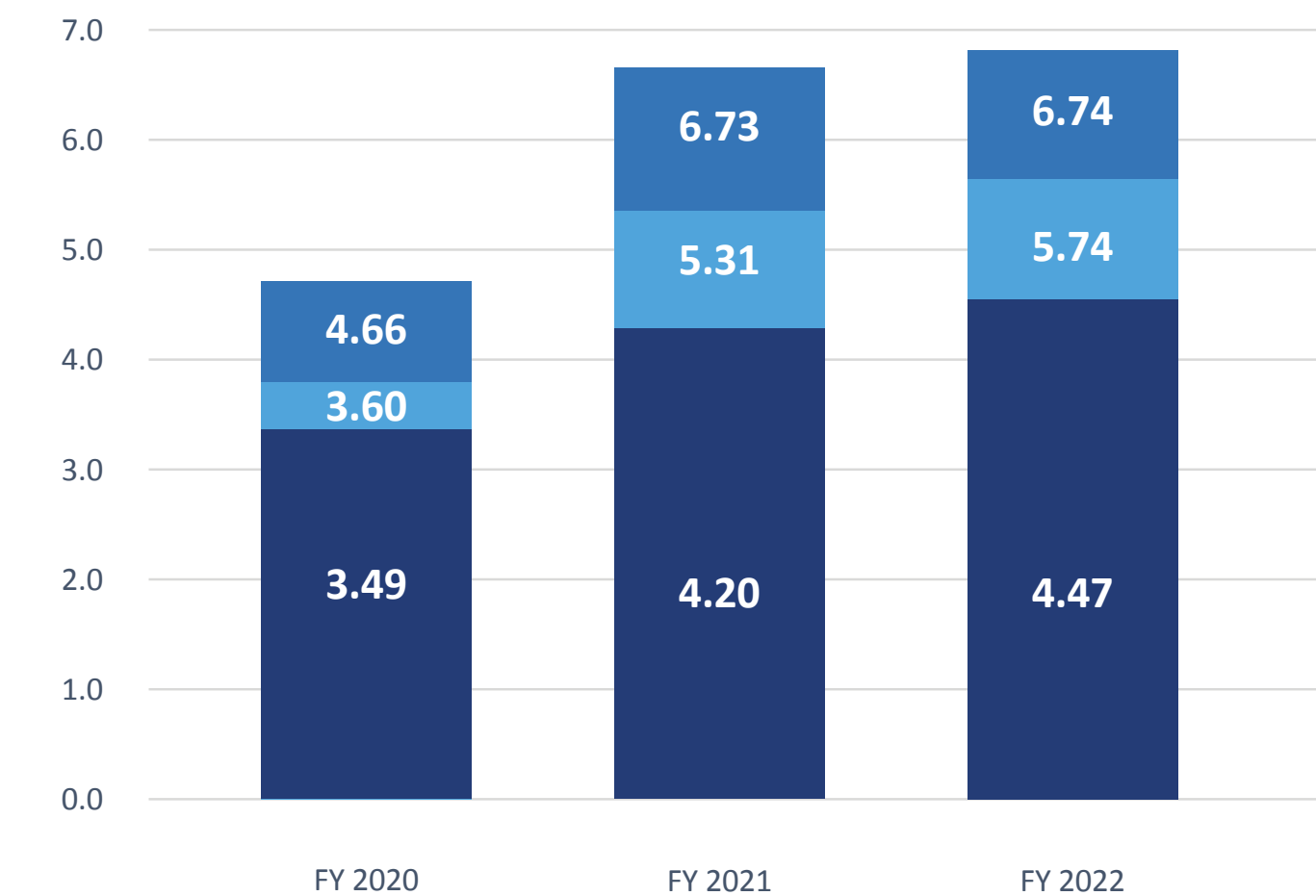
Days Receivable Outstanding "DRO"



Days Payable Outstanding "DPO"



Turnover Ratios



- Accounts Payable Turnover ratio
- Accounts Receivables Turnover ratio
- Inventory Turnover ratio



Appendix - I

Statement of Income

| | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2022 |
|---|----------------|----------------|----------------|
| | SR'000 | SR'000 | SR'000 |
| Revenue | 2,423,285 | 3,227,410 | 3,631,880 |
| Cost of sales | (2,081,420) | (2,801,938) | (3,184,562) |
| Gross profit | 341,865 | 425,472 | 447,318 |
| Selling and distribution expenses | (75,525) | (86,429) | (93,200) |
| Administrative expenses | (106,735) | (128,585) | (113,609) |
| ECL allowance on financial assets | (31,203) | (16,560) | (14,813) |
| Operating profit | 128,402 | 193,898 | 225,696 |
| Gain or loss on disposal of investments at FVTPL | 1,859 | 4,063 | 5,724 |
| Fair value gain (loss) on investments at FVTPL | - | - | (2,266) |
| Other income (expense), net | 8,601 | 12,166 | 1,470 |
| Finance charges | (29,859) | (18,840) | (31,521) |
| Profit before zakat and income tax | 109,003 | 191,287 | 199,103 |
| Zakat and income tax | (16,003) | (19,111) | (20,991) |
| Loss from discontinued operations | (8,256) | (2,112) | - |
| Profit for the period | 84,744 | 170,064 | 178,112 |
| Non-controlling interests | 5,424 | 278 | (15,262) |
| Profit attributable to owners of the Company | 90,168 | 170,342 | 162,850 |
| EBIT | 138,862 | 210,127 | 230,624 |
| Added back: | | | |
| Depreciation and Amortization | 78,476 | 73,226 | 77,372 |
| EBITDA | 217,338 | 283,353 | 307,996 |
| Weighted average number of shares (in thousand) | 60,000 | 60,000 | 60,000 |

Appendix - II

Balance Sheet

| | Dec 31, 2020 | Dec 31, 202 | Dec 31, 2022 |
|--|------------------|------------------|------------------|
| | SR'000 | SR'000 | SR'000 |
| Property, plant and equipment | 714,691 | 709,840 | 719,943 |
| Right-of-use assets | 20,084 | 18,485 | 24,545 |
| Goodwill and other intangible assets | 10,874 | 4,397 | 7,848 |
| Other non-current assets | 3,020 | 8,635 | 2,487 |
| Total non-current assets | 748,669 | 741,357 | 754,823 |
| Inventories | 645,760 | 689,372 | 735,282 |
| Trade accounts receivable-external & related parties | 614,514 | 601,220 | 664,046 |
| Investment in financial assets | 6,533 | - | 14,206 |
| Other current assets | 186,529 | 170,803 | 114,689 |
| Assets relating to disposal group classified as held for sale | | - | - |
| Total current assets | 1,453,336 | 1,461,395 | 1,528,223 |
| TOTAL ASSETS | 2,202,005 | 2,202,752 | 2,283,046 |
| Equity attributable to owners of the Company | 739,421 | 739,513 | 863,489 |
| Non-controlling interests | 54,242 | 50,389 | 66,143 |
| Total equity | 793,663 | 789,902 | 929,632 |
| Loans | 94,142 | 80,541 | 87,430 |
| Lease liabilities | 20,296 | 17,322 | 23,878 |
| Employee defined benefit liabilities | 83,216 | 85,562 | 74,593 |
| Total non-current liabilities | 197,654 | 183,425 | 185,901 |
| Trade accounts payable | 448,494 | 384,202 | 560,918 |
| Due to banks | 522,667 | 552,963 | 468,505 |
| Loans-current portion | 89,950 | 64,994 | 38,474 |
| Other current liabilities | 149,577 | 227,266 | 99,616 |
| Total current liabilities | 1,210,688 | 1,229,425 | 1,167,513 |
| Liabilities relating to disposal group classified as held for sale | | - | - |
| TOTAL LIABILITIES | 1,408,342 | 1,412,850 | 1,353,414 |
| TOTAL EQUITY AND LIABILITIES | 2,202,005 | 2,202,7 | 2,283,046 |

Appendix - III

Summarized Cash Flows

| | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2022 |
|-----------------------------|--------------|--------------|--------------|
| | SR'000 | SR'000 | SR'000 |
| Cash Flow from Operations * | 255,872 | 313,524 | 337,907 |
| Investing cash flows | (22,394) | 6,696 | (92,176) |
| Financing cash flows | (180,383) | (160,454) | (209,377) |
| Cash and cash equivalents | 51,098 | 40,305 | 38,401 |

Appendix - I

Normalized Statement of Income

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|---|----------------|----------------|----------------|
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| Gross profit | 341,865 | 425,472 | 447,318 |
| Selling and distribution expenses | (75,525) | (86,429) | (93,200) |
| Administrative expenses | (106,735) | (128,585) | (113,609) |
| ECL allowance on financial assets | (31,203) | (16,560) | (14,813) |
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| Finance charges | (29,859) | (18,840) | (31,521) |
| Profit before zakat and income tax | 109,003 | 191,287 | 199,103 |
| Zakat and income tax | (16,003) | (19,111) | (20,991) |
| Loss from discontinued operations | (8,256) | (2,112) | - |
| Profit for the period | 84,744 | 170,064 | 178,112 |
| Non-controlling interests | 5,424 | 278 | (15,262) |
| Profit attributable to owners of the Company | 90,168 | 170,342 | 162,850 |
| the extraordinary gain realized on insurance claim | - | (15,463) | - |
| Gain or loss on disposal of investments at FVTPL | (1,859) | (4,063) | (5,724) |
| Fair value gain (loss) on investments at FVTPL | - | - | 2,266 |
| Normalized profit | 88,309 | 150,816 | 159,392 |

Environmental Social Governance



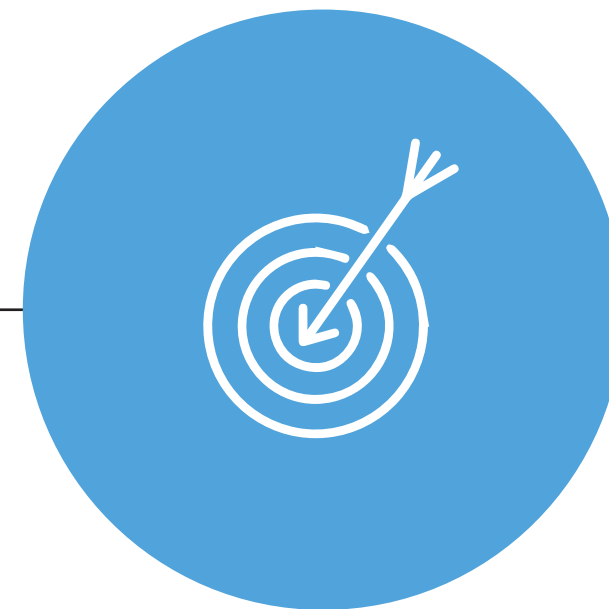
Environmental Social Governance

Q2 - 2022



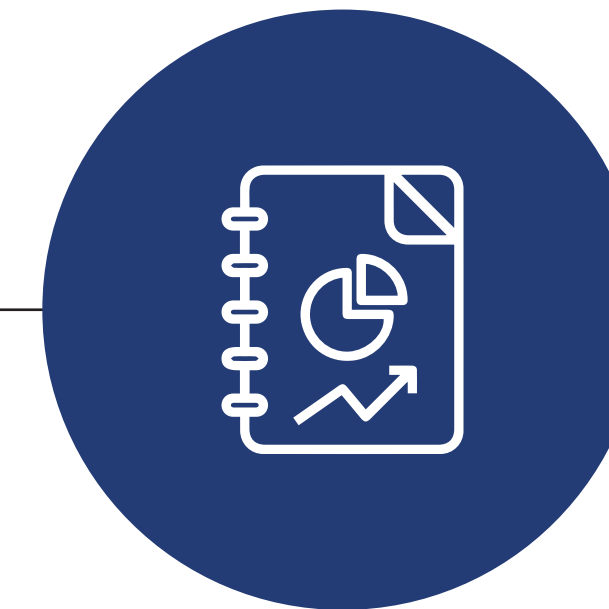
Contracted with leading ESG consultancy firm

Q3 - 2022



Developed ESG Strategy & Roadmap

Q4 - 2022



Publishing the first Annual ESG Report



Bawan has been always committed to sustainability and corporate social responsibility best practices. After the publication of Tadawul's ESG disclosure guidelines in 2021, Bawan moved as one of the pioneers in the market to implement these national guidelines along with the global sustainability standards and initiatives to enhance its ESG performance in alignment with the national and global expectations

Q&A