

EARNINGS PRESENTATION

Q2 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



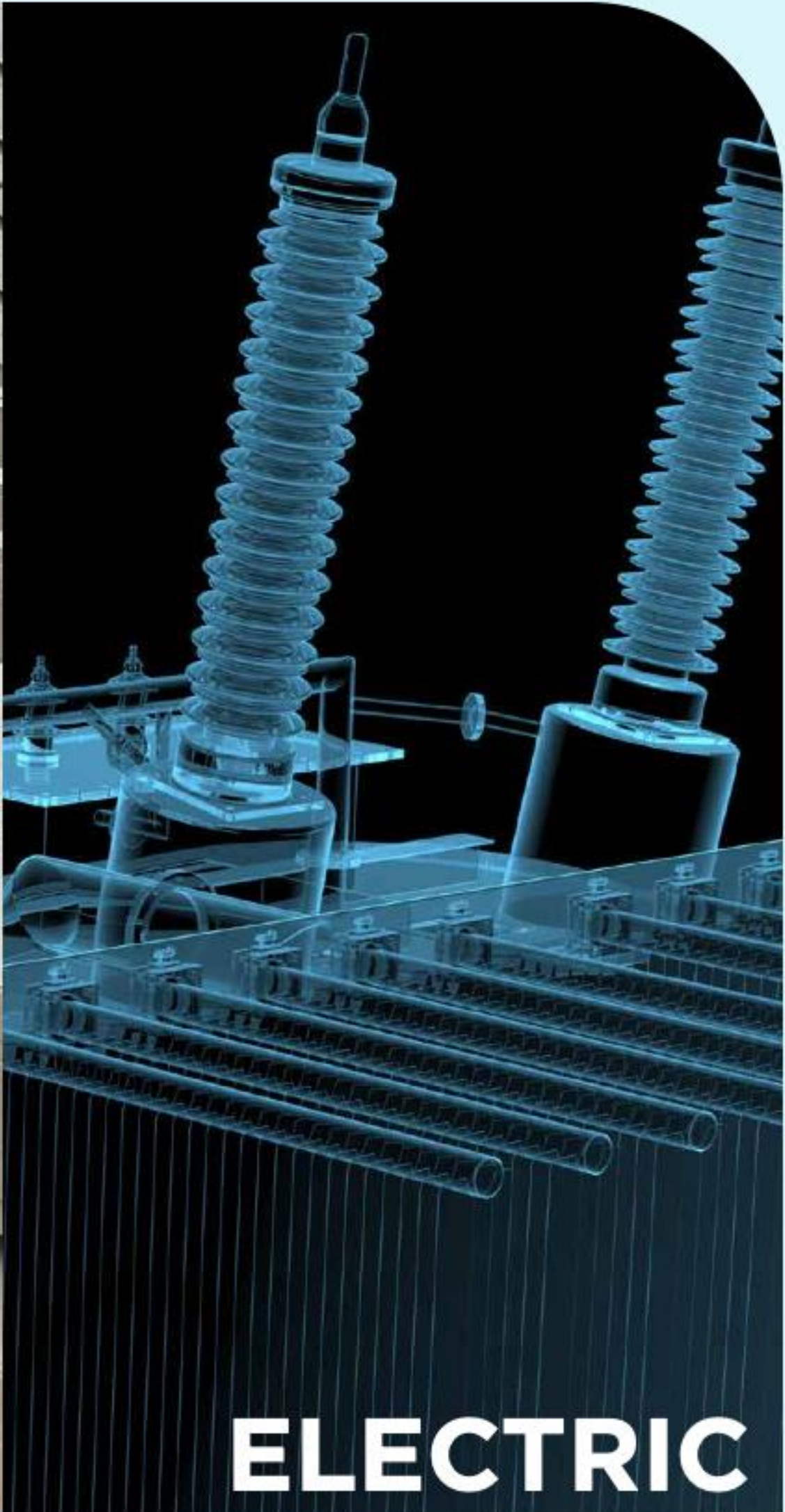
WOOD



CONCRETE



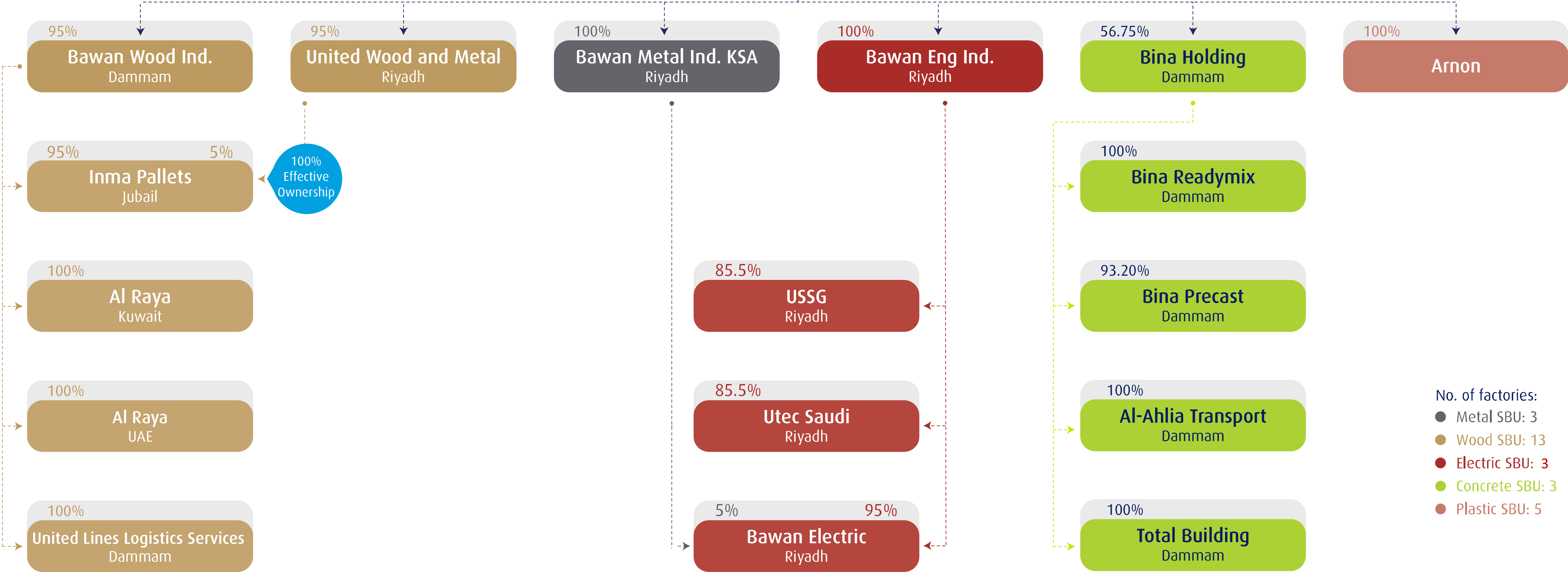
ELECTRIC



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 Group has filed an insurance claim and is arranging the required documentation in order to finalize the claim.
- 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.
- As of today, the claim from the insurance company is still under process.
- Later on, the Company received a credit note from the Insurance Company amounting to SAR 9.6 million, representing a partial payment from its existing claim with the Insurance Company

VISION



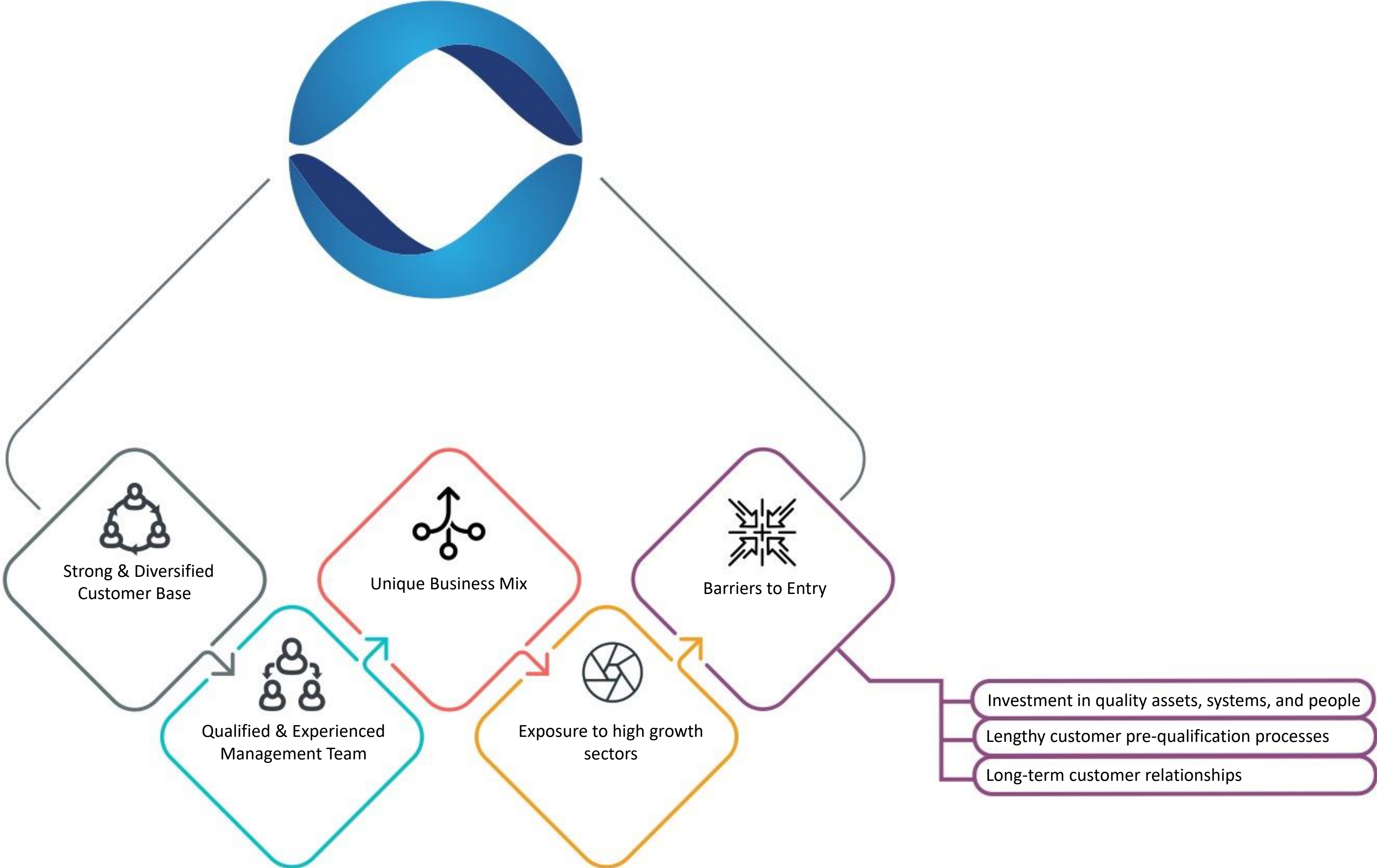
Bawan strives to become the leading group in the Kingdom of Saudi Arabia and the Middle East in the building materials sector.

MISSION



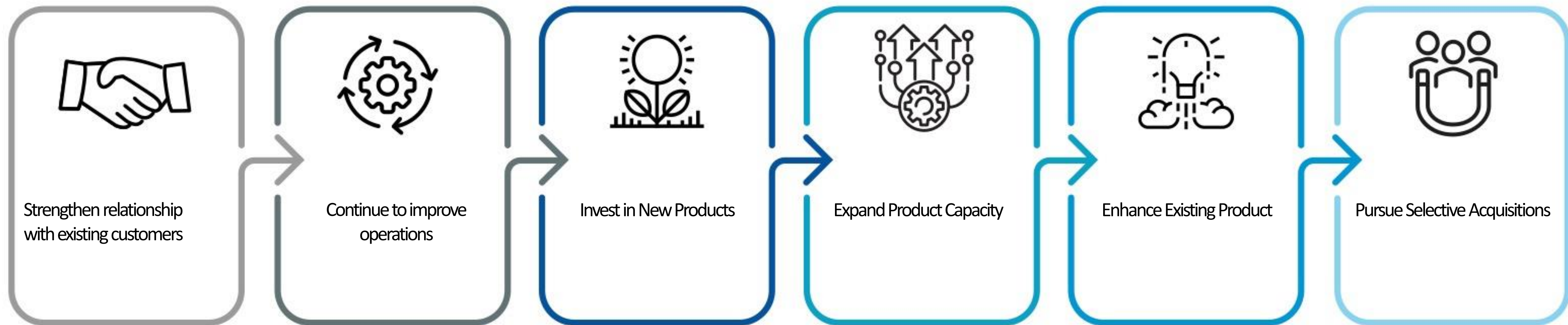
To enhance Bawan's customers loyalty by providing market-leading and innovative products and services, through its existing sectors and new sectors in the future.

Business Case



Strategy

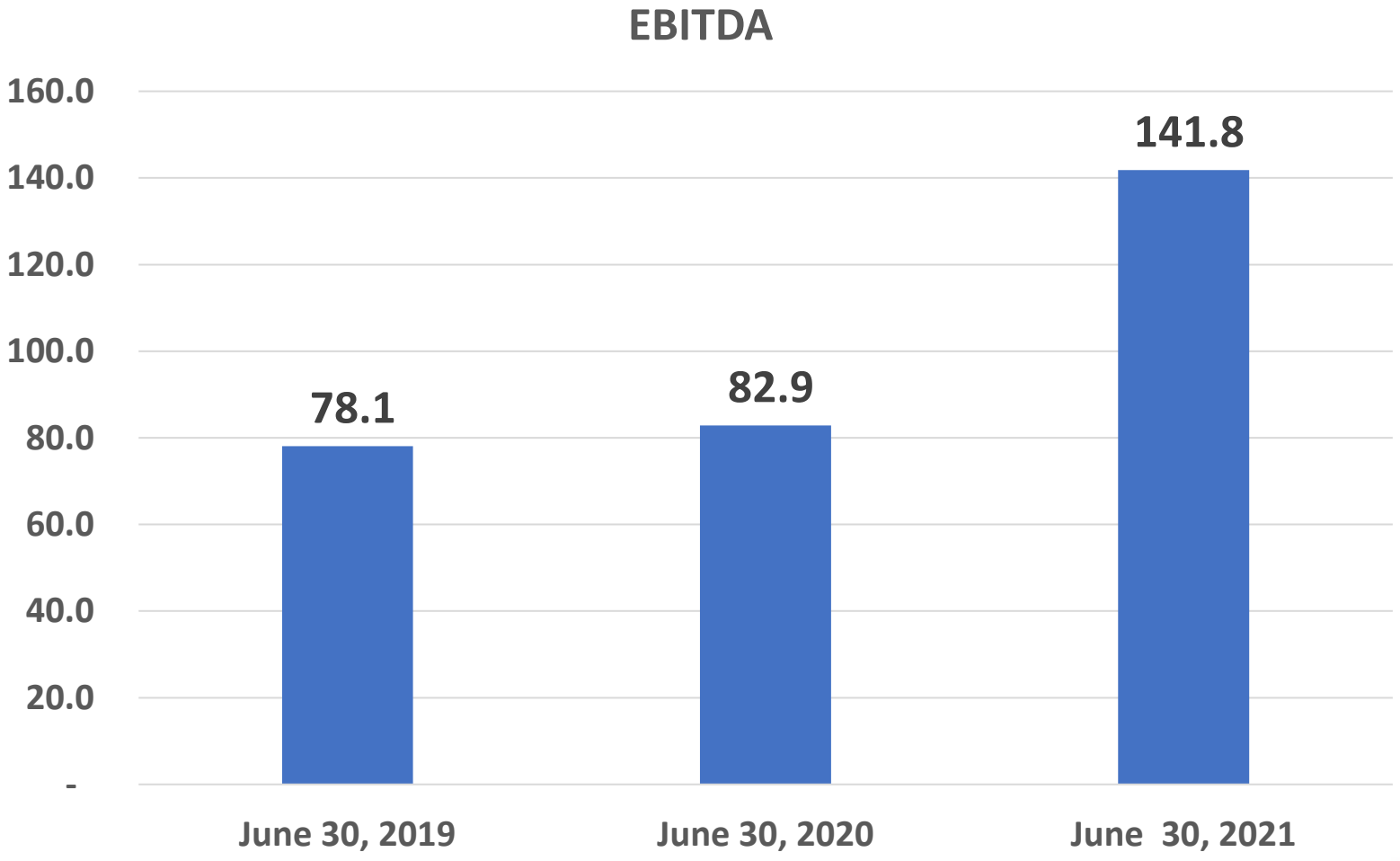
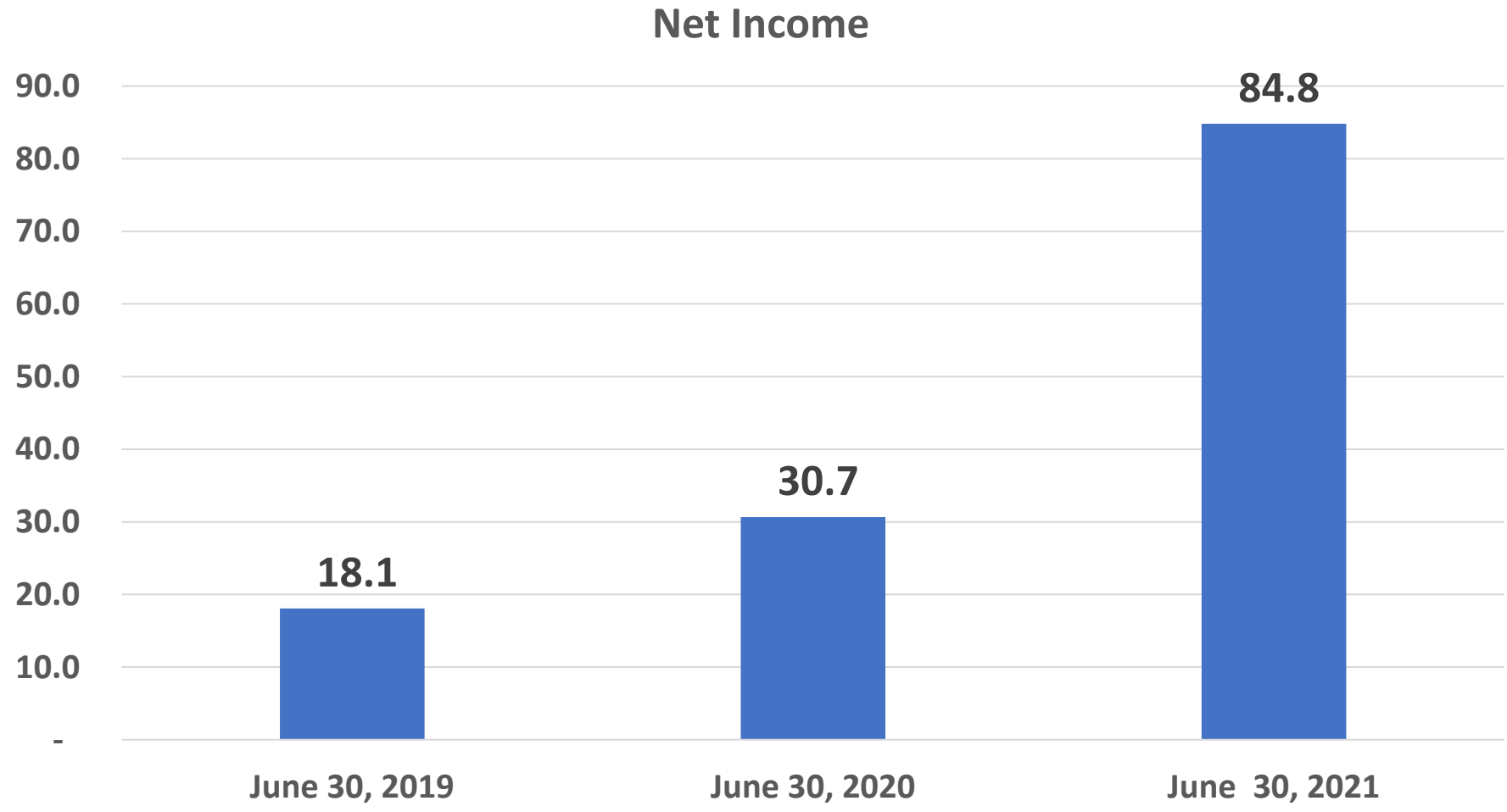
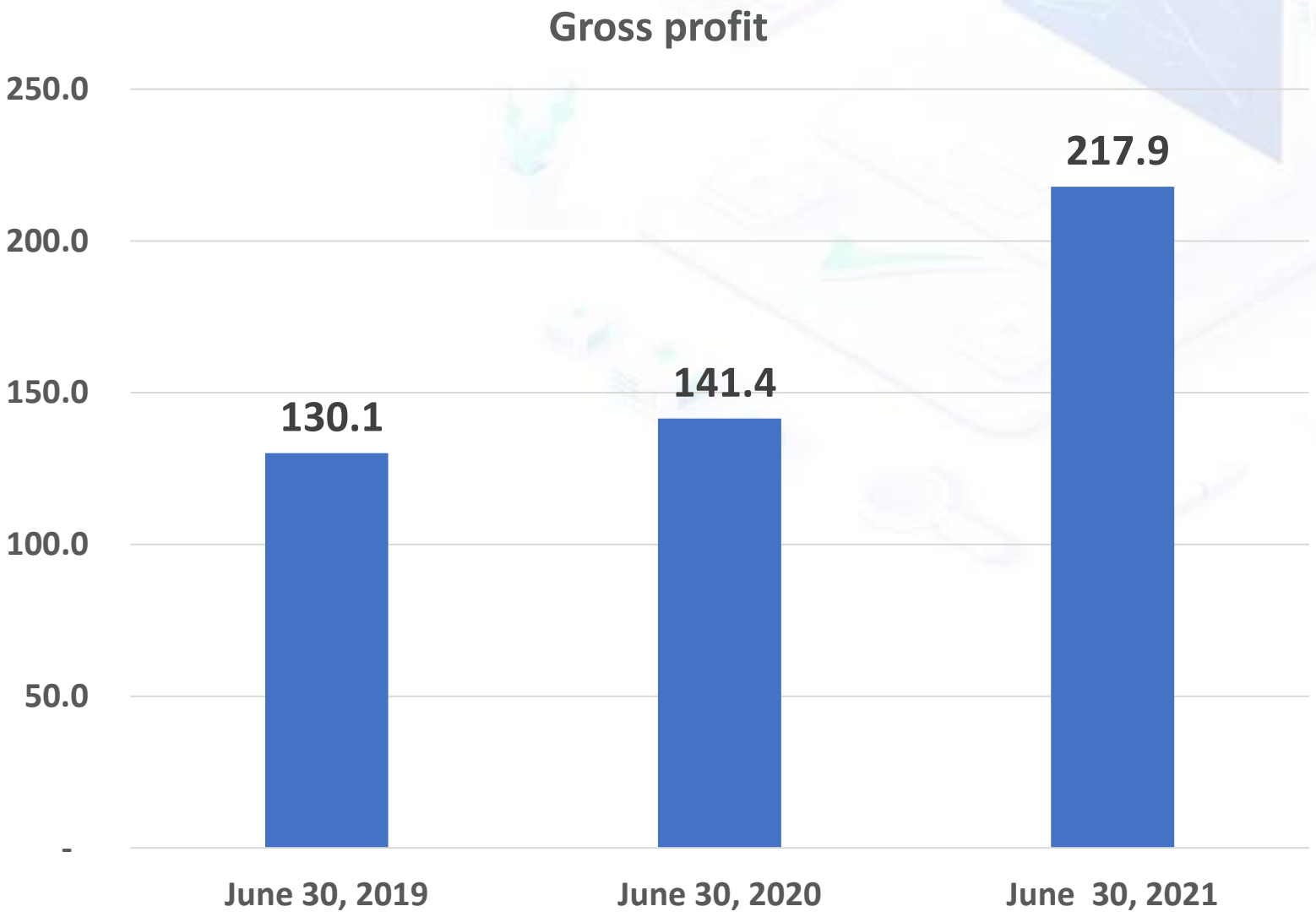
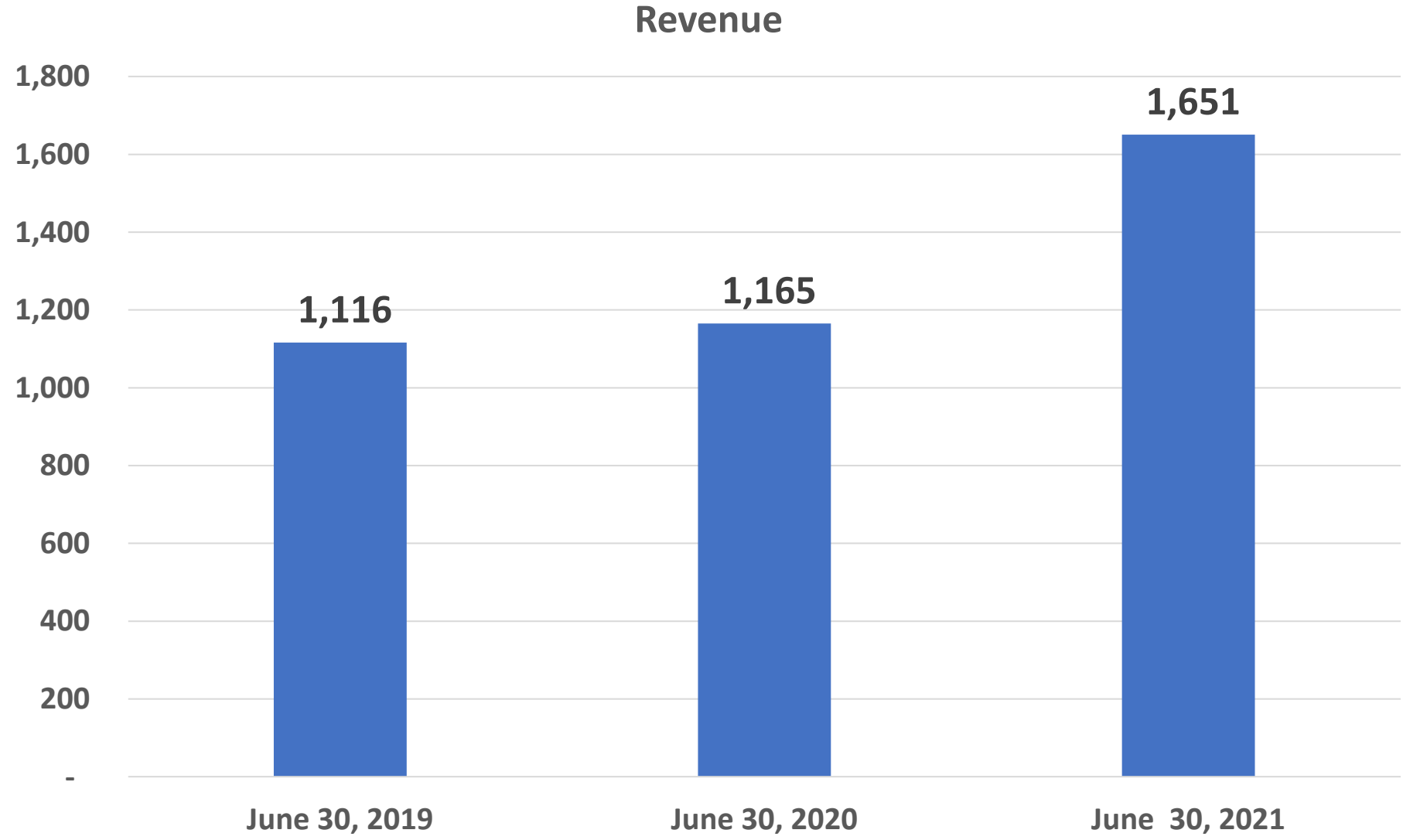
A well defined strategy enhanced by our core value



Financial Perspective



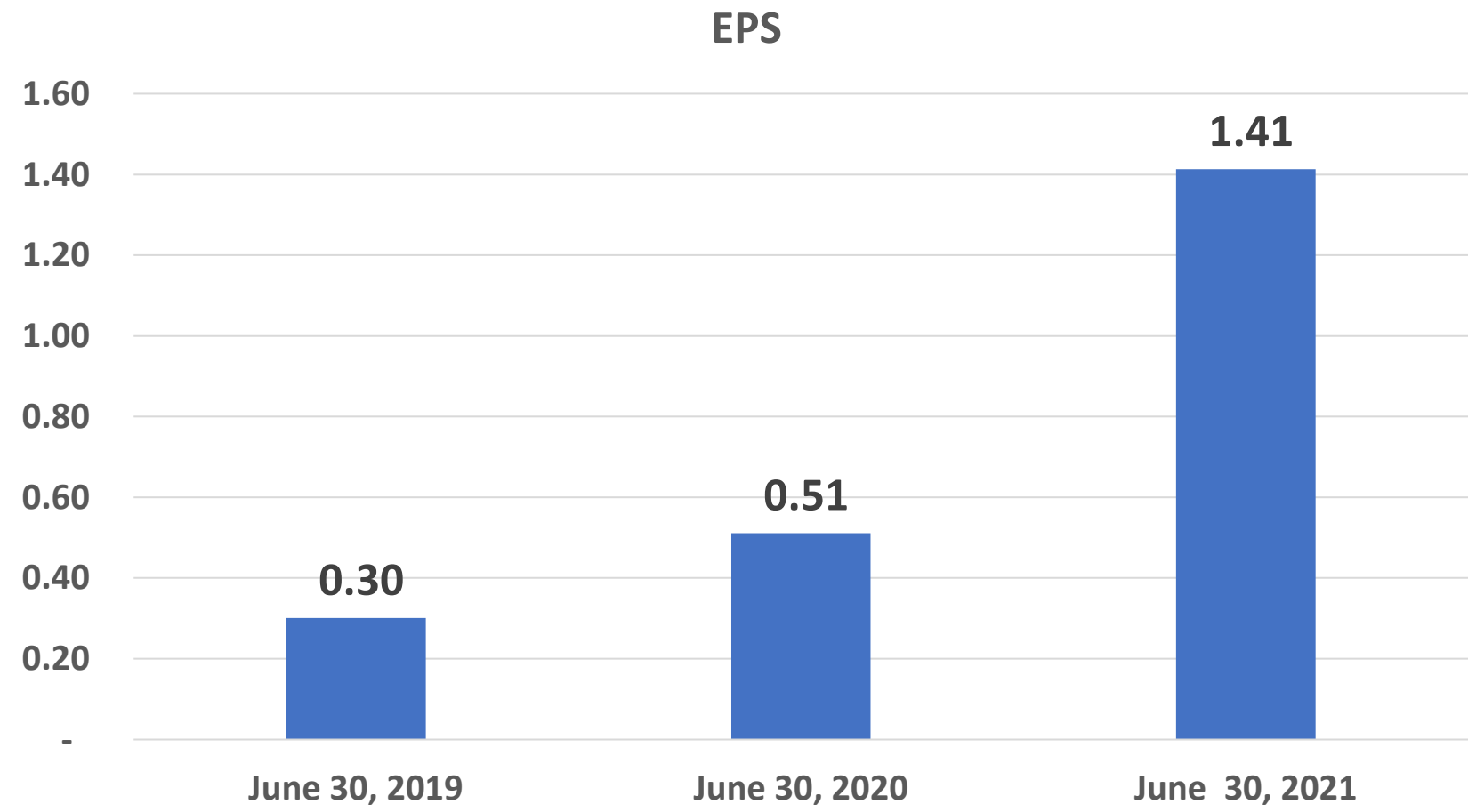
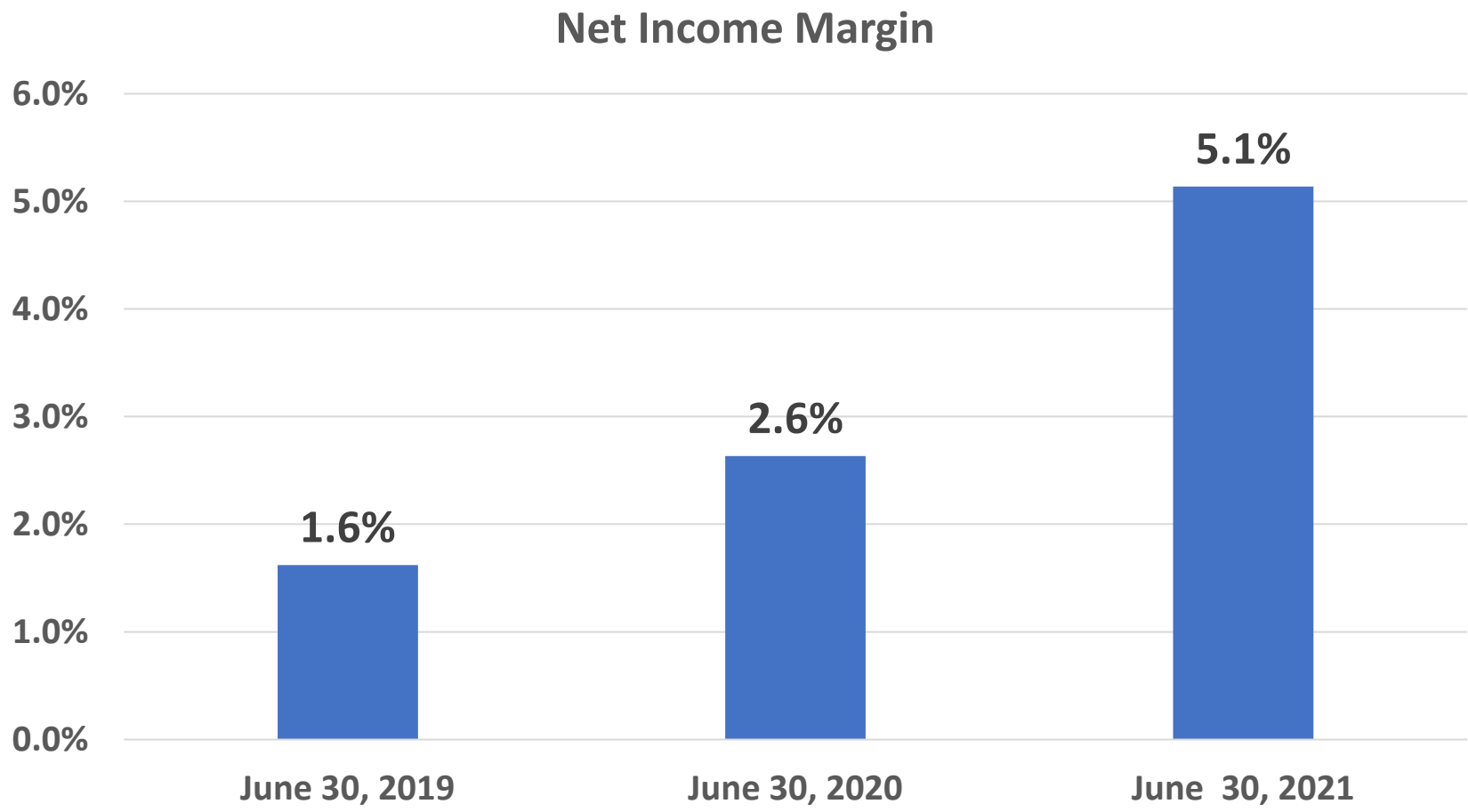
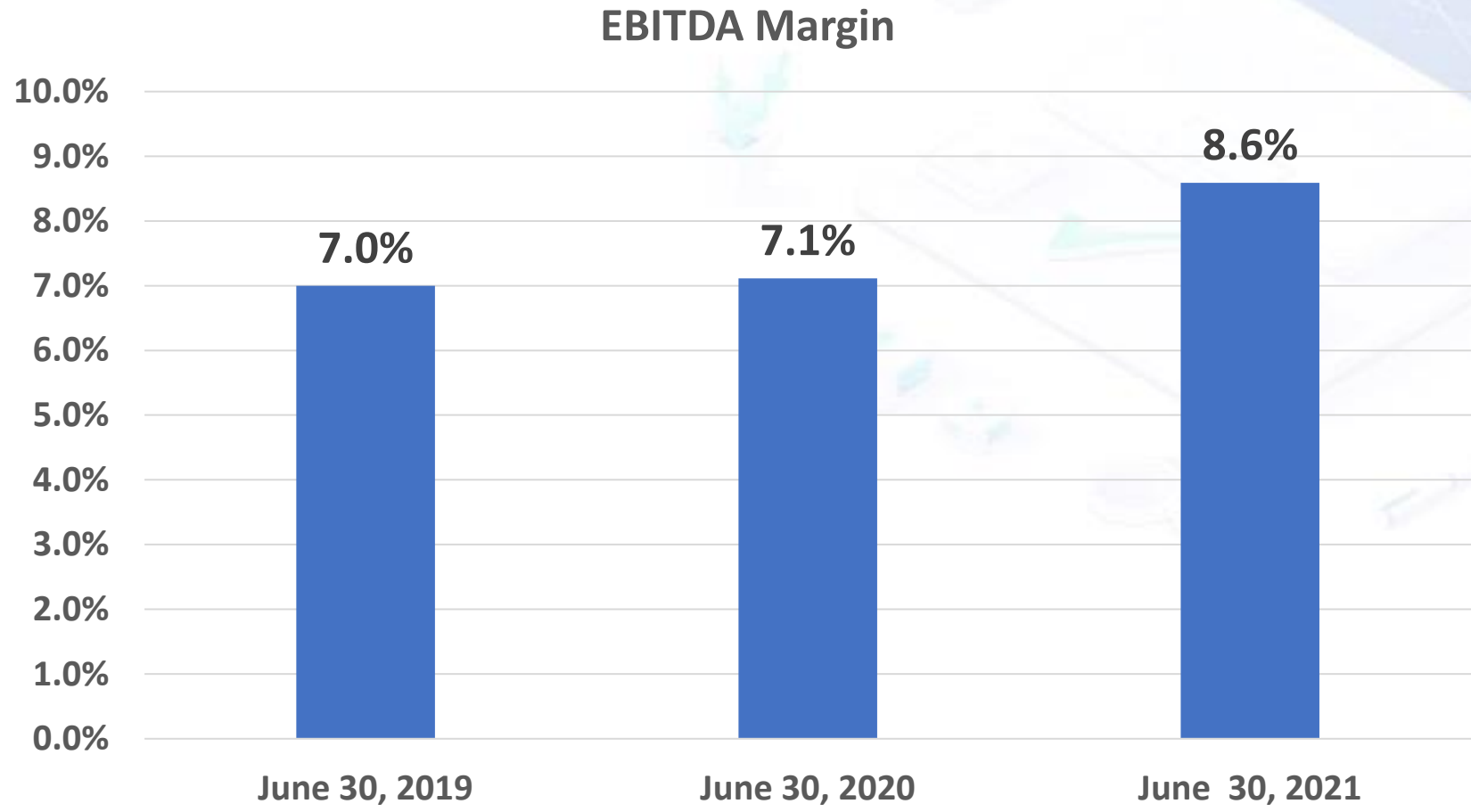
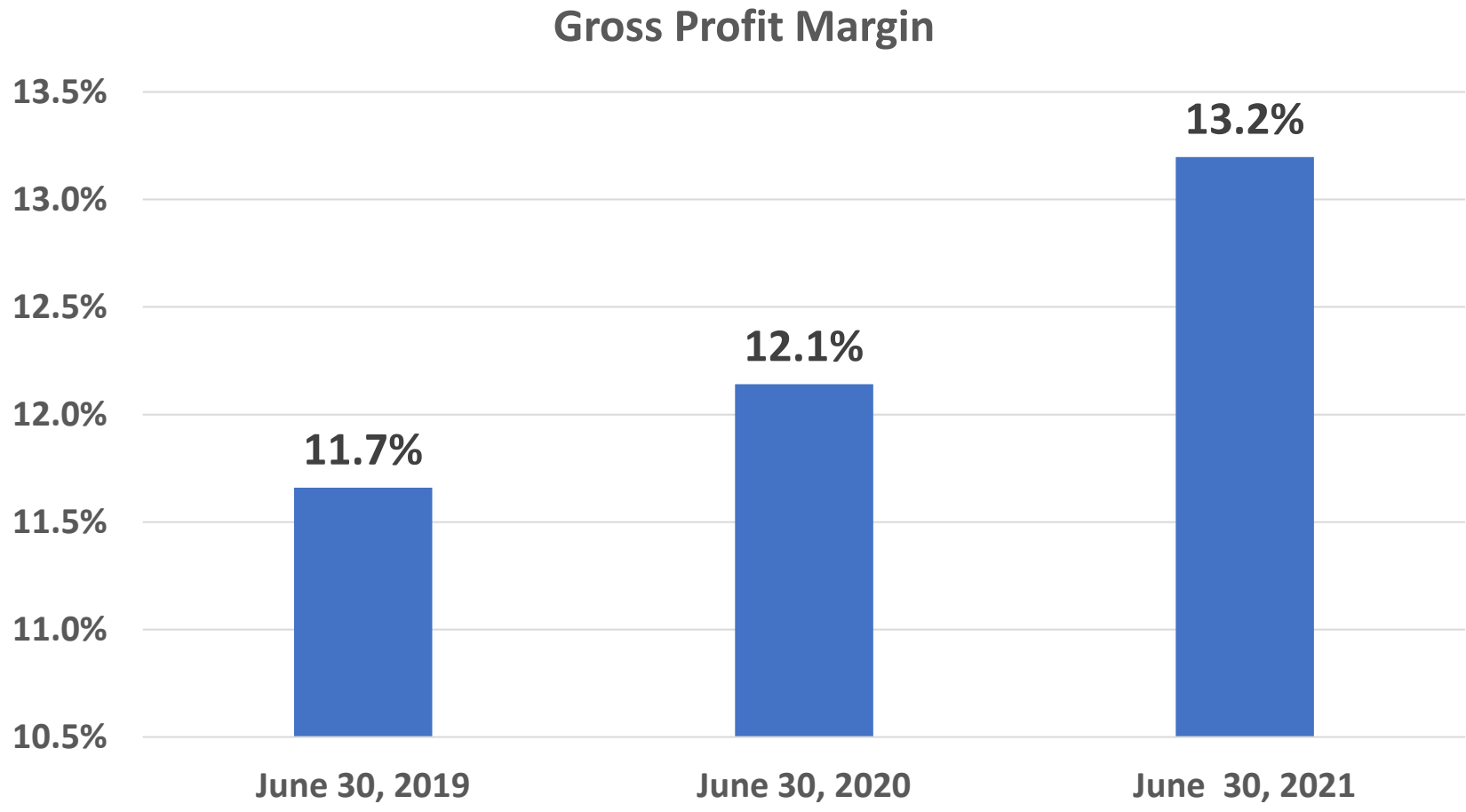
Operation Evolution



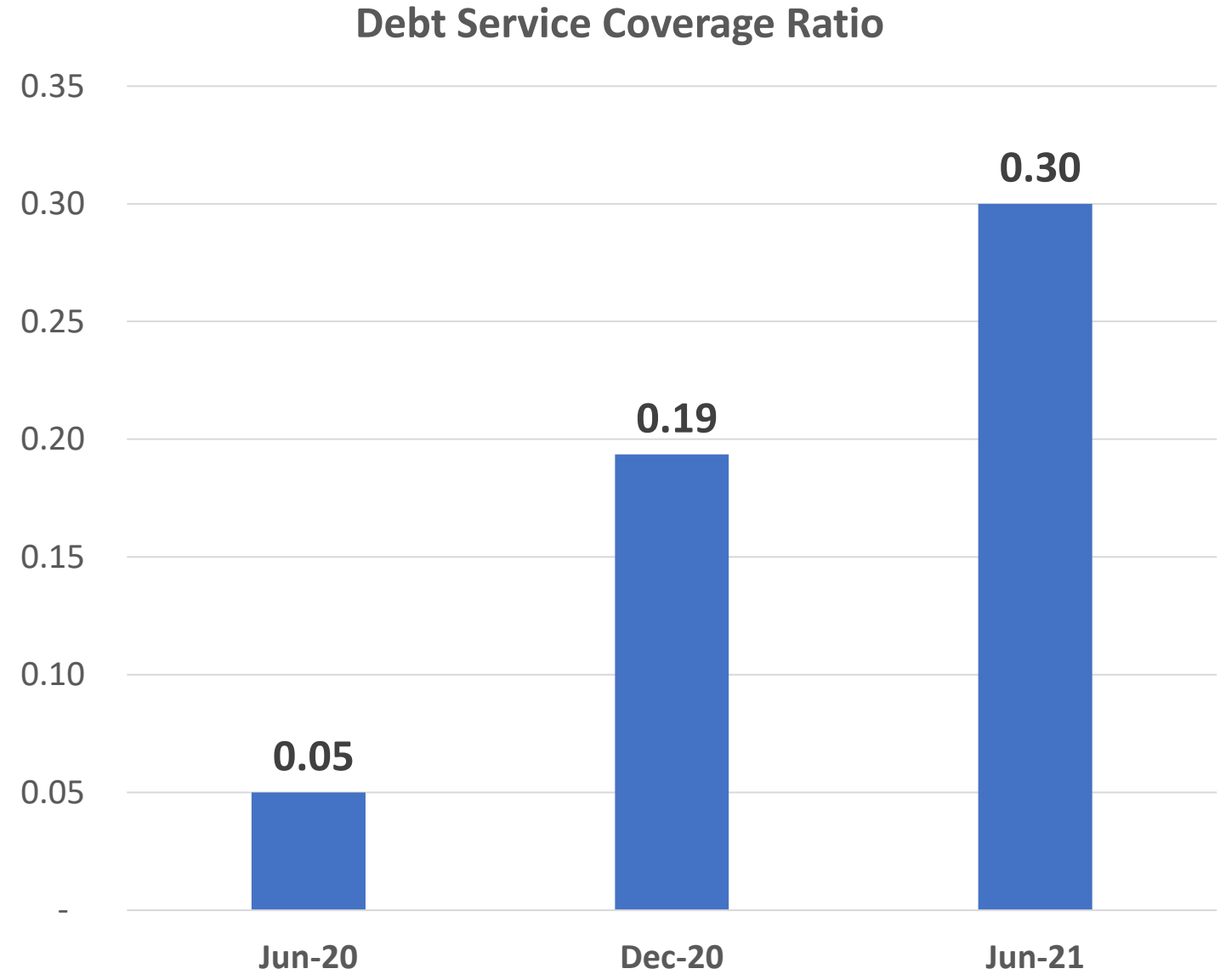
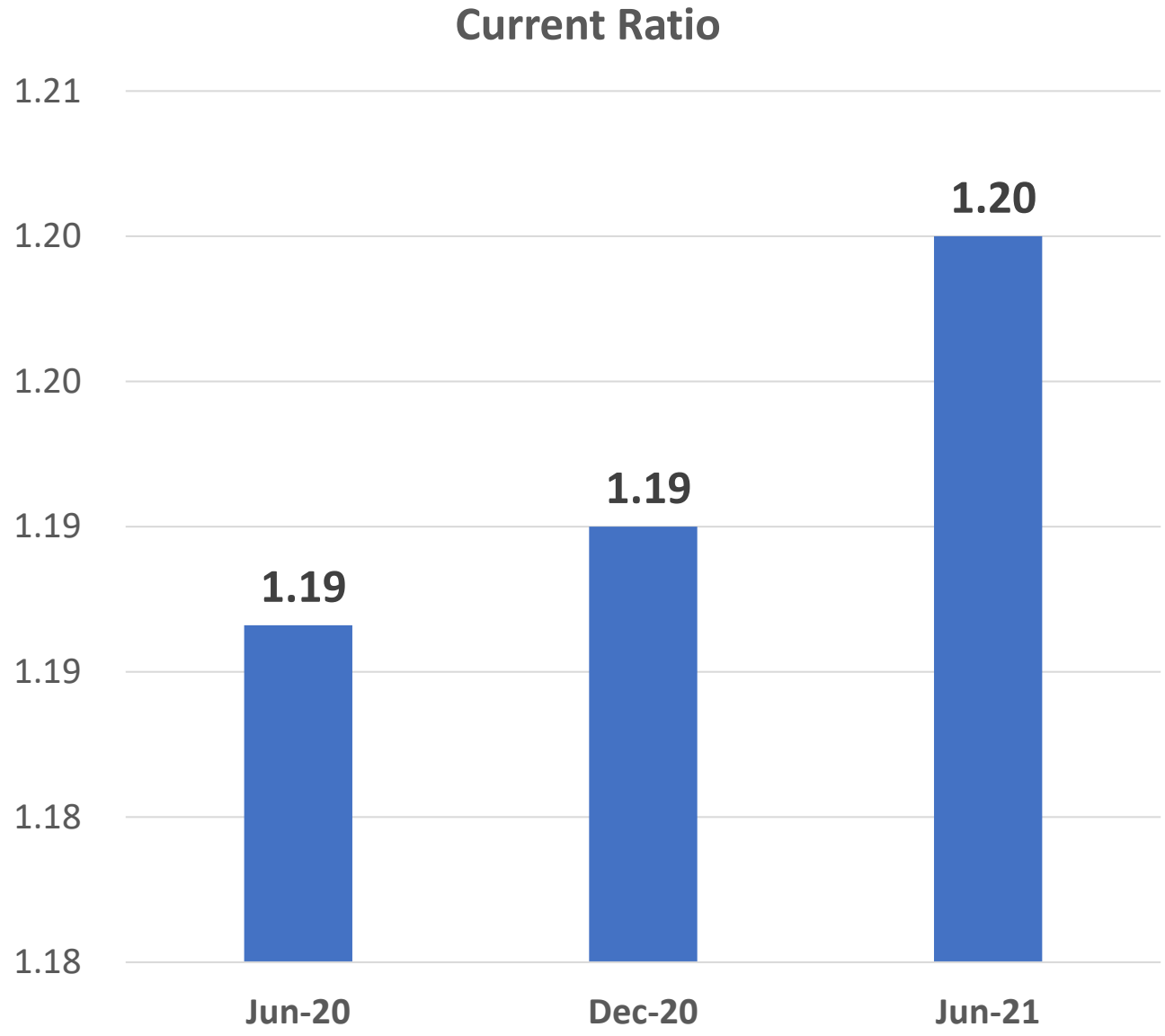
Numbers are in Saudi Riyal Million & are YTD June



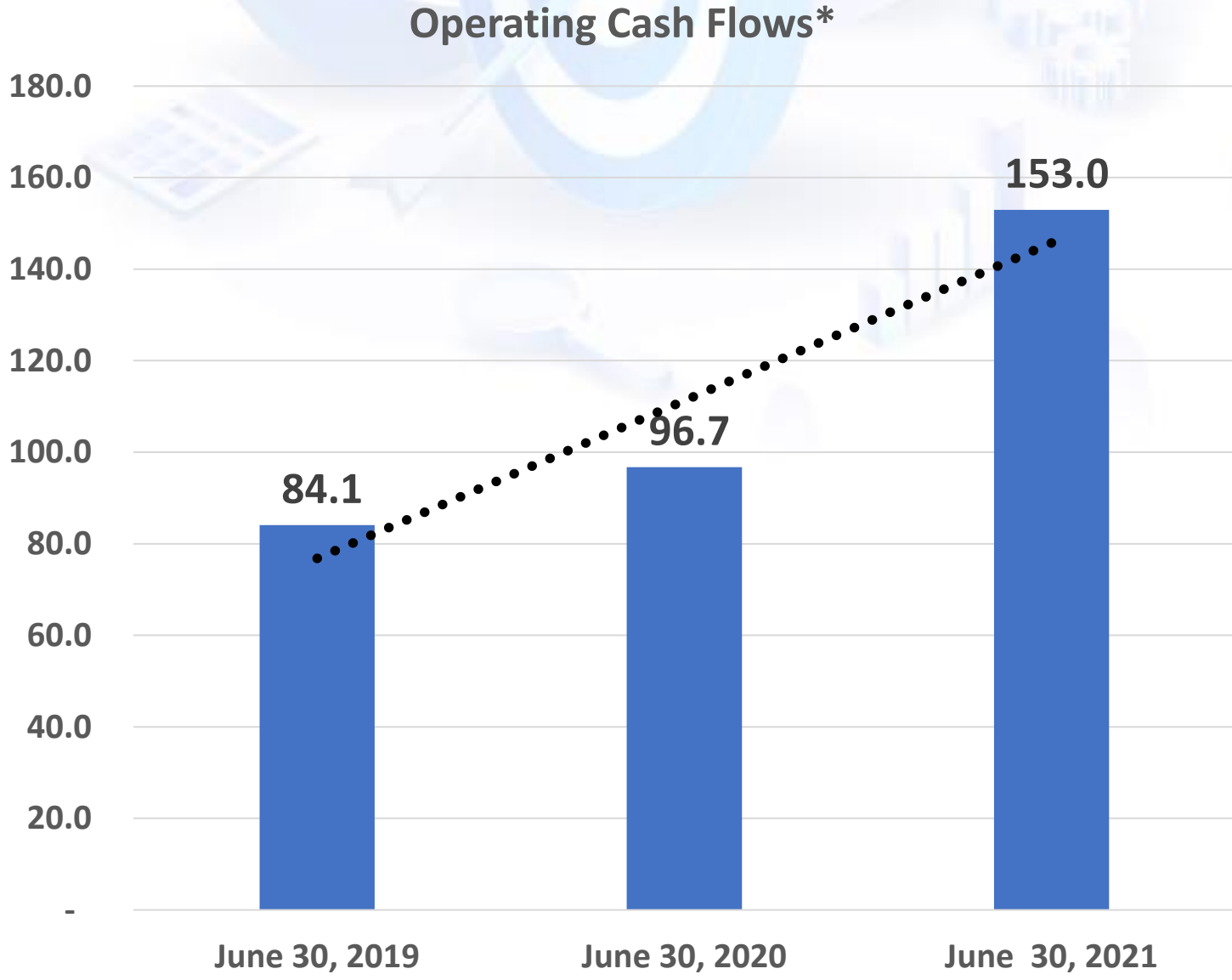
Margins Evolution



Liquidity



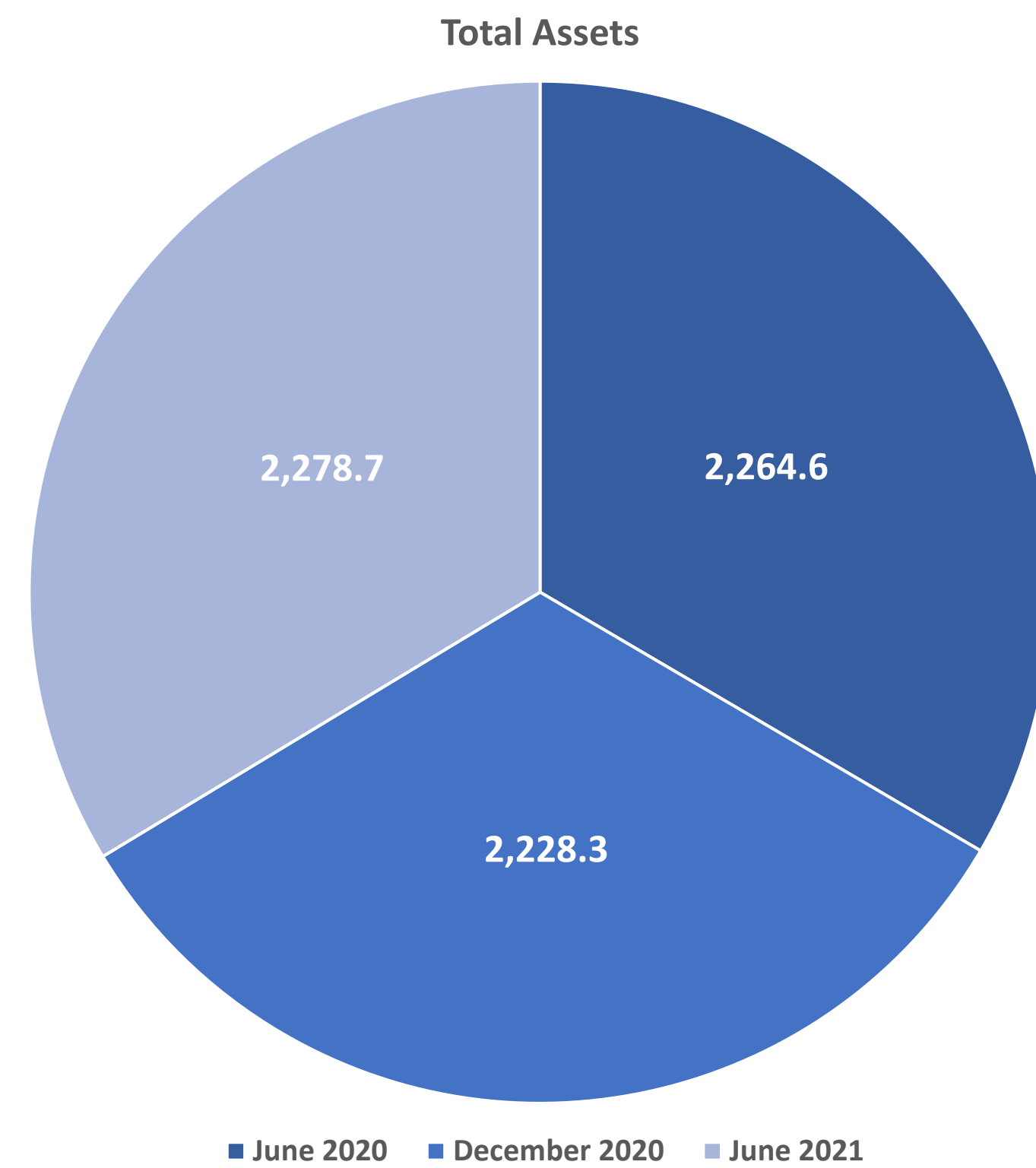
Annualized



Numbers are in Saudi Riyal Million

** Before working capital charges*

Assets

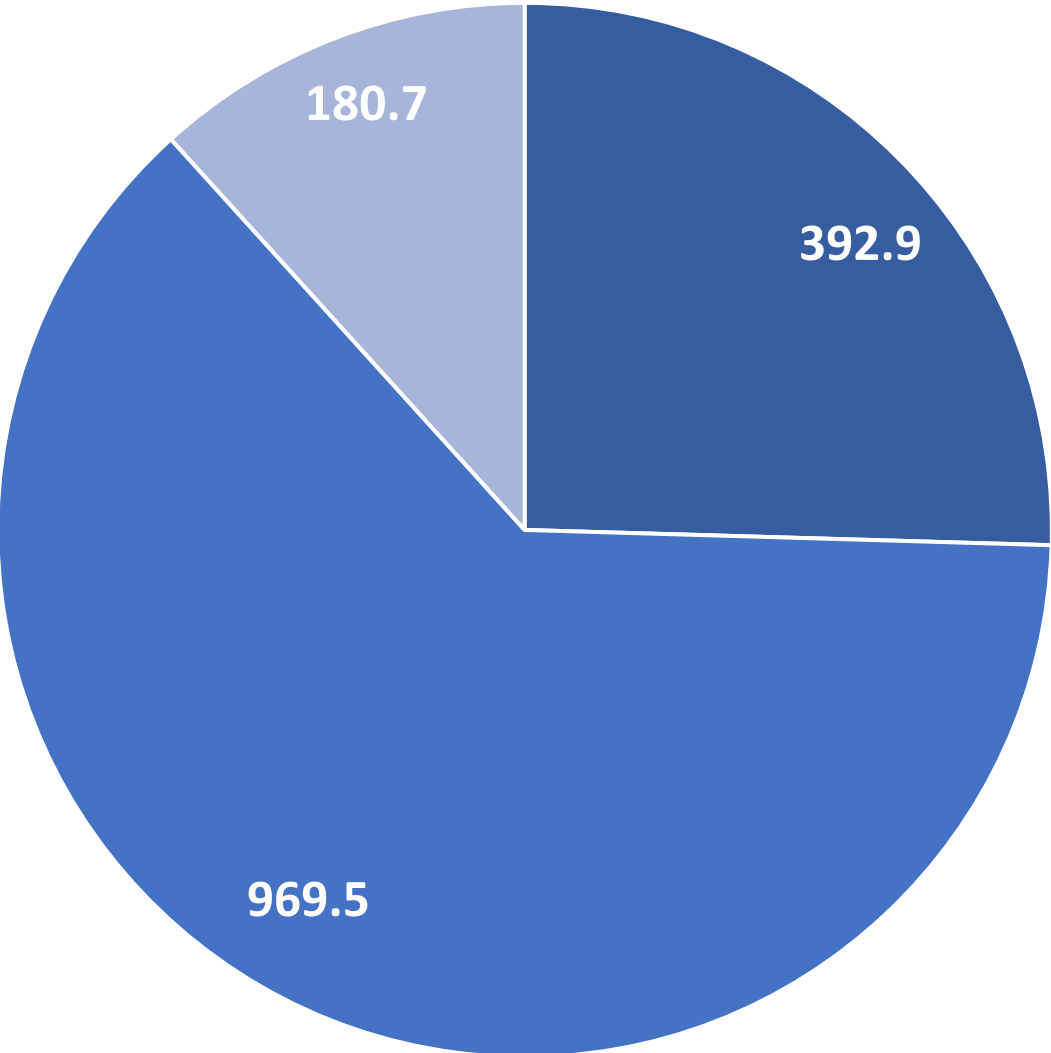


Numbers are in Saudi Riyal Million



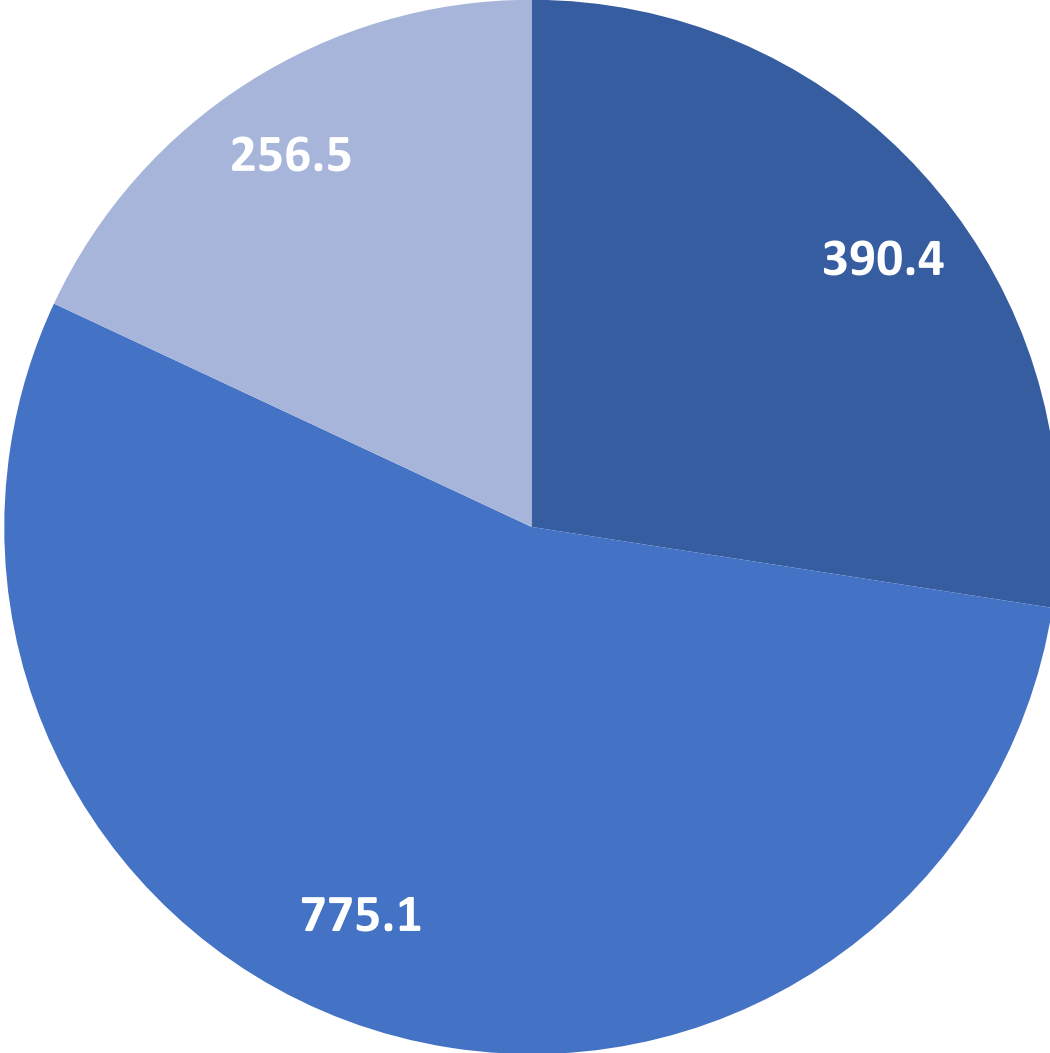
Liabilities

June 2020



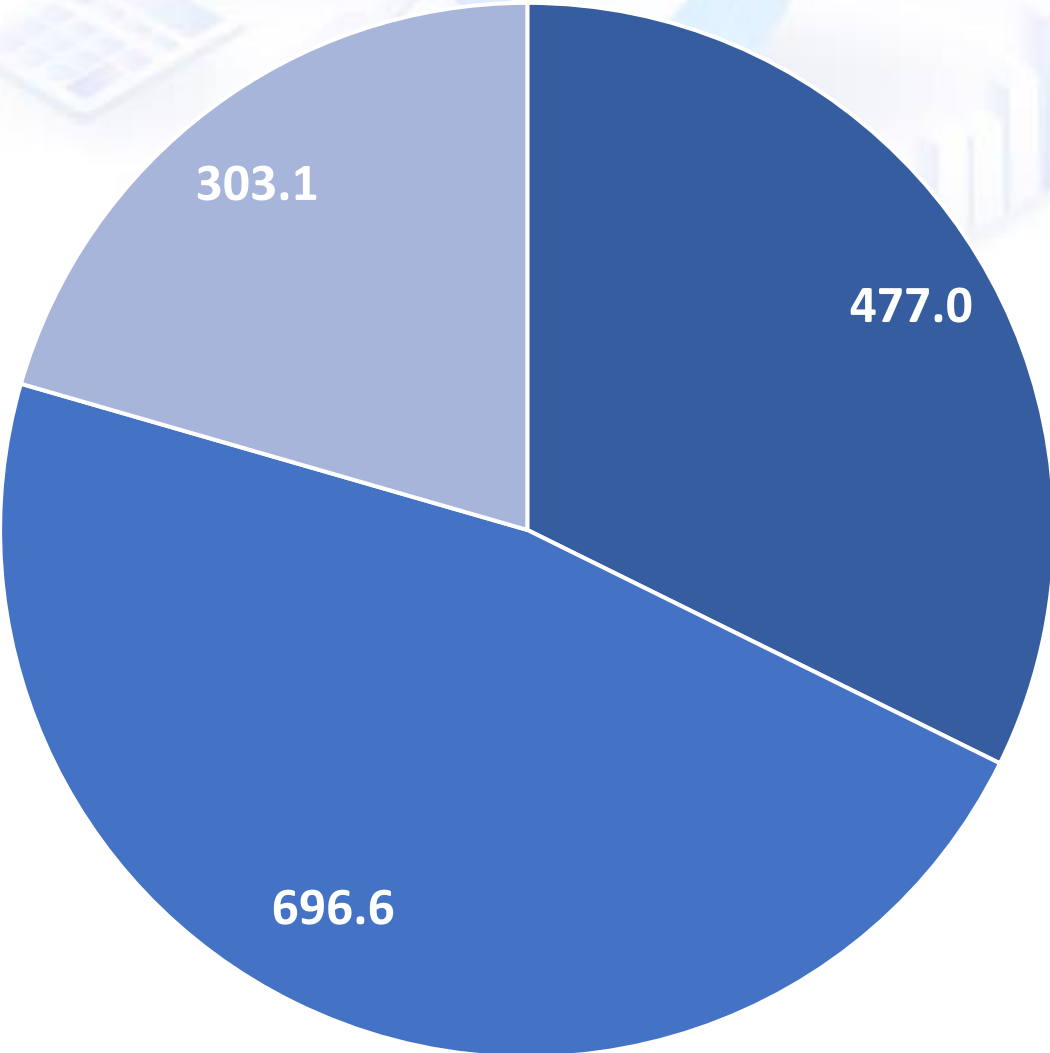
■ Accounts payable ■ Loans ■ Others

December 2020



■ Accounts payable ■ Loans ■ Other

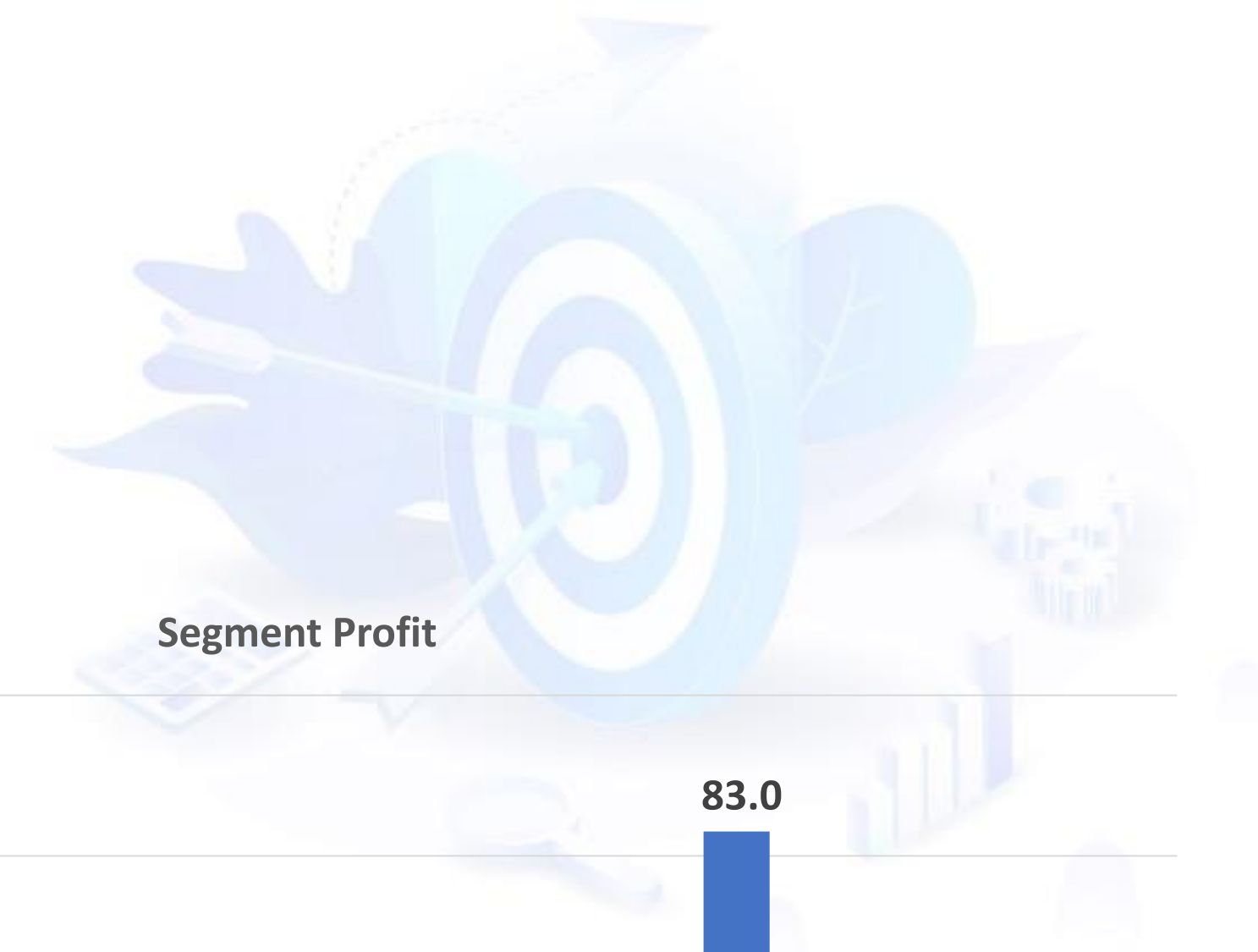
June 2021



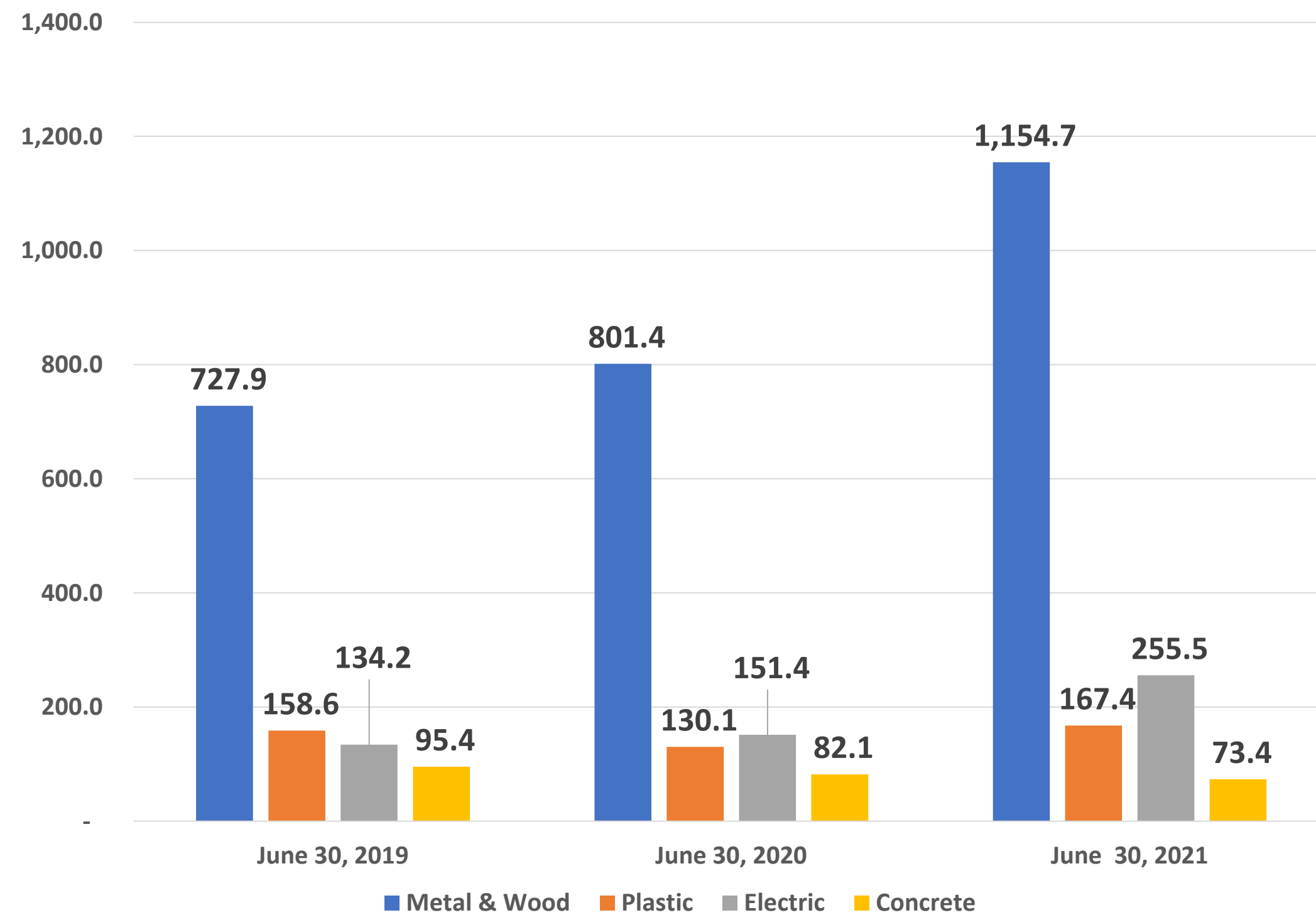
■ Accounts payable ■ Loans ■ Others

Numbers are in Saudi Riyal Million

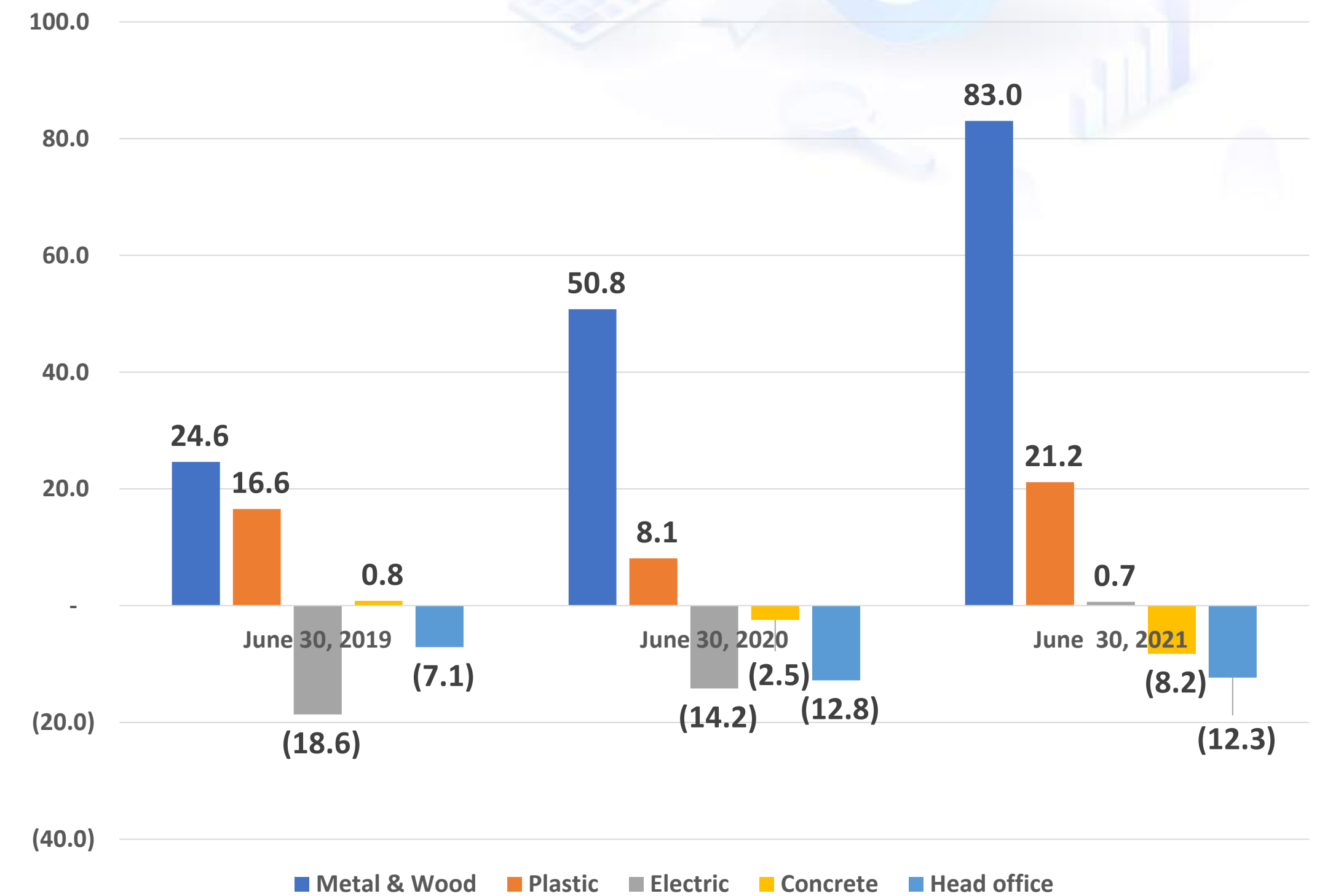
Group Operating Segments



Segment Revenue

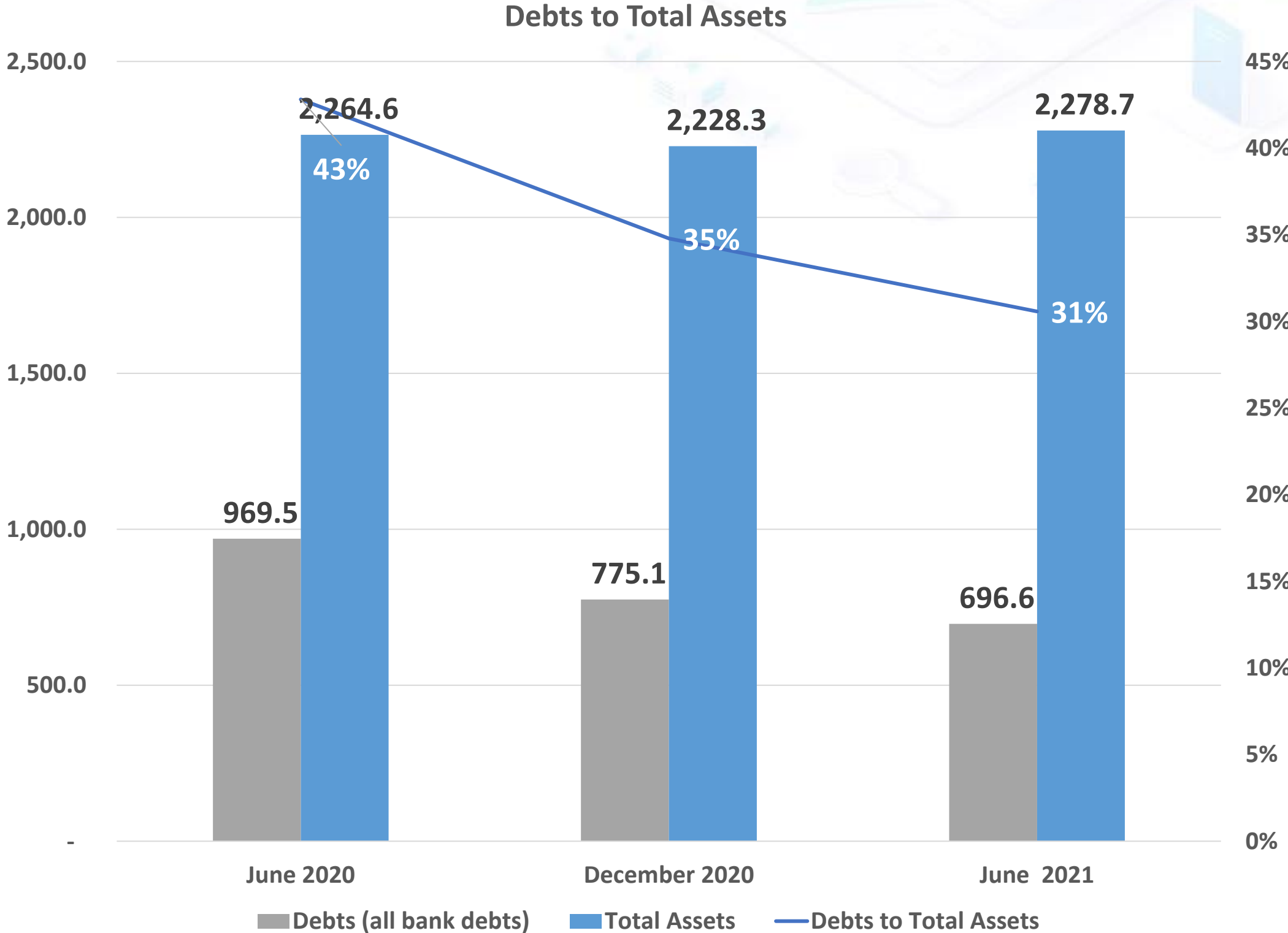
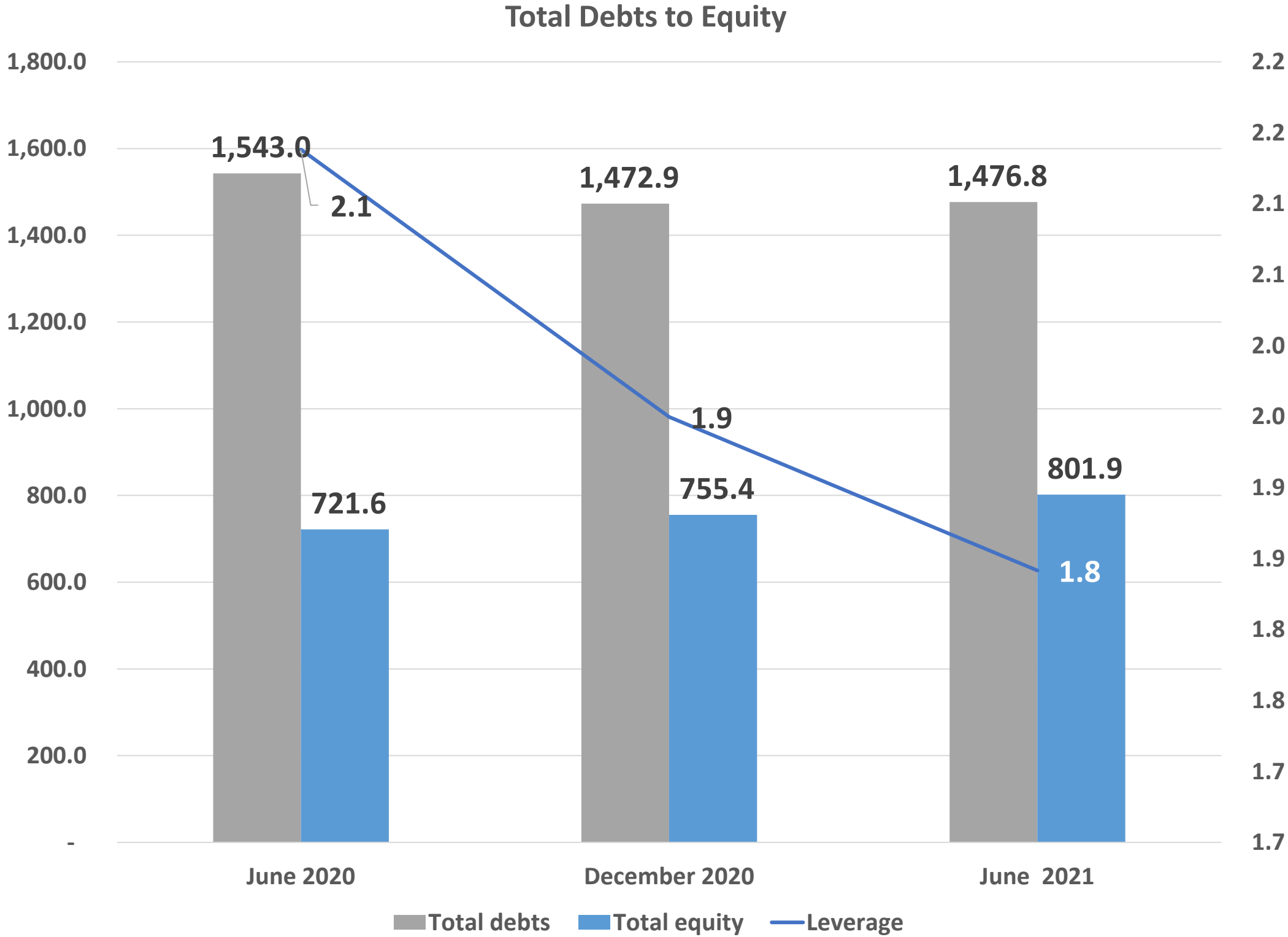


Segment Profit



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

Leverage Level

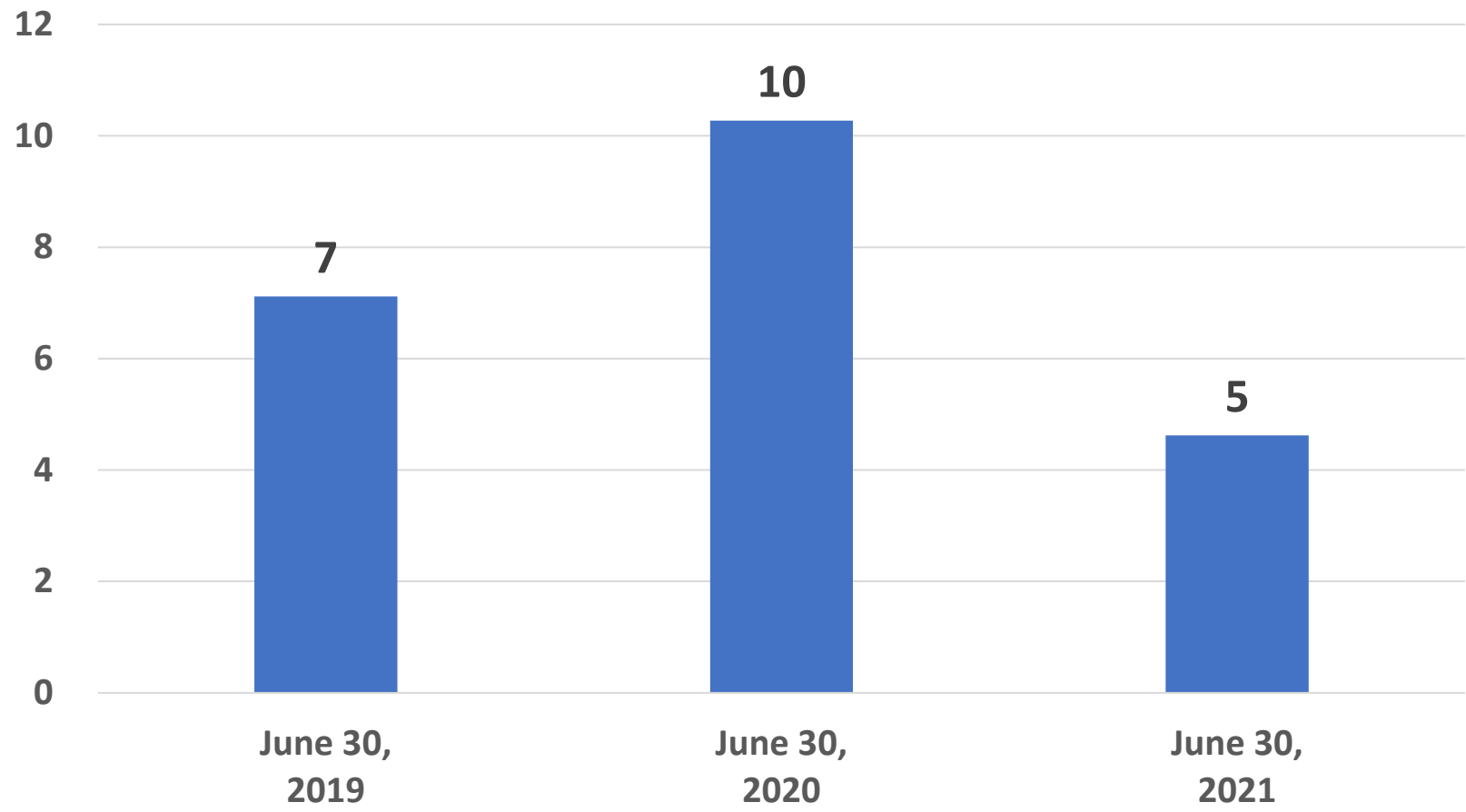


Numbers are in Saudi Riyal Million
 Debts comprise all bank debts and SIDF Loans
 Total debts comprise total liabilities

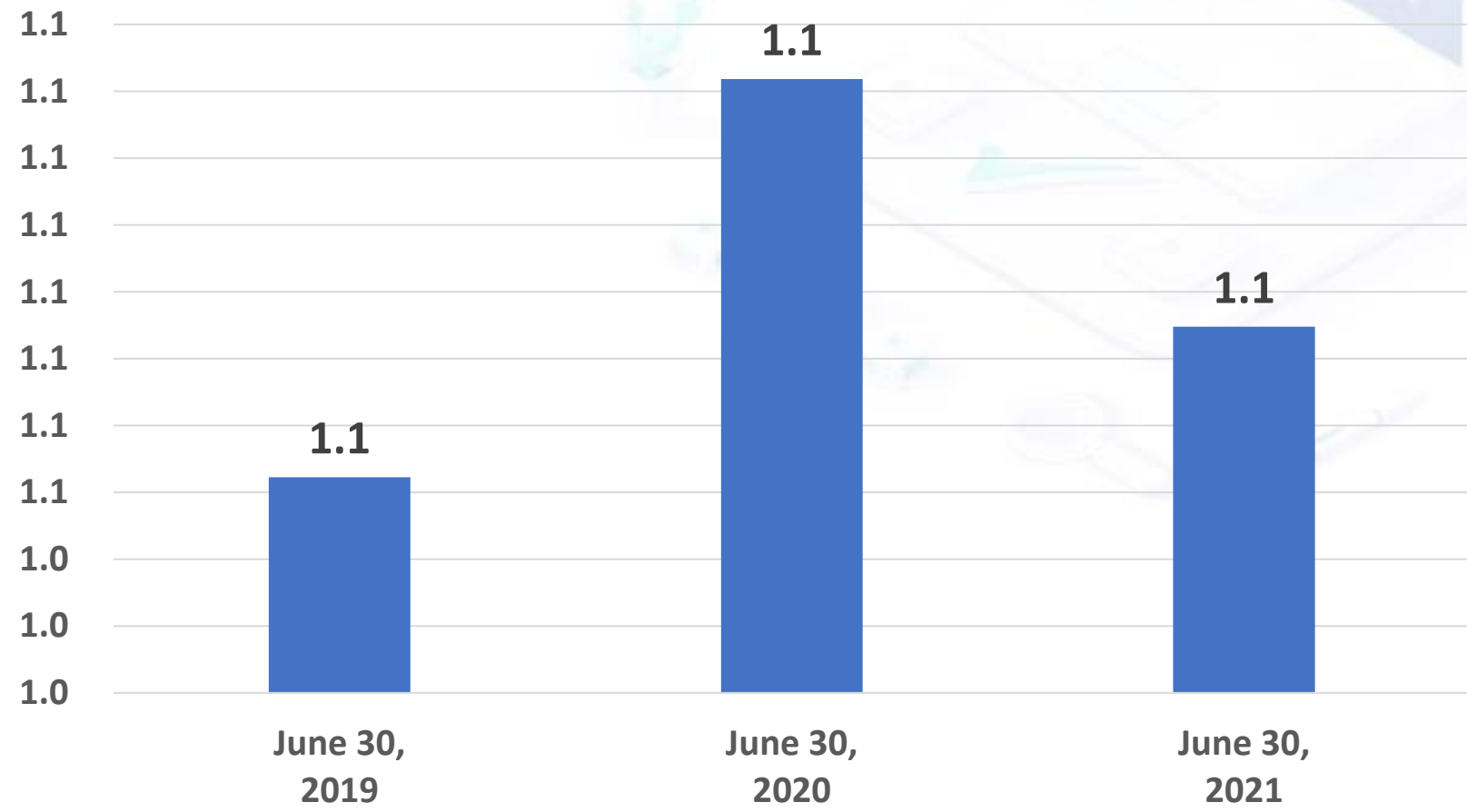


Efficiency Ratios & Profit Evaluation

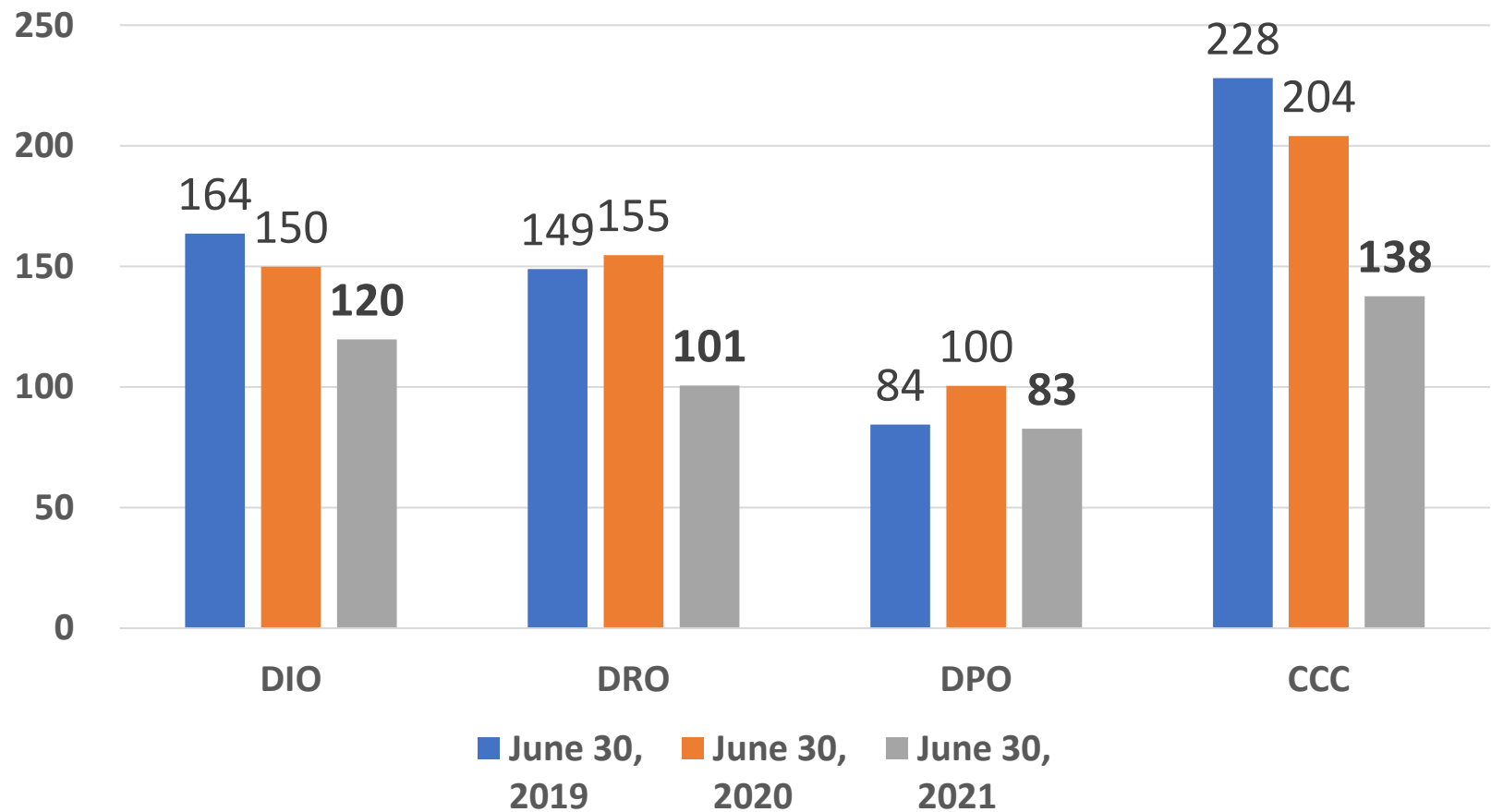
Net Debt / EBITDA



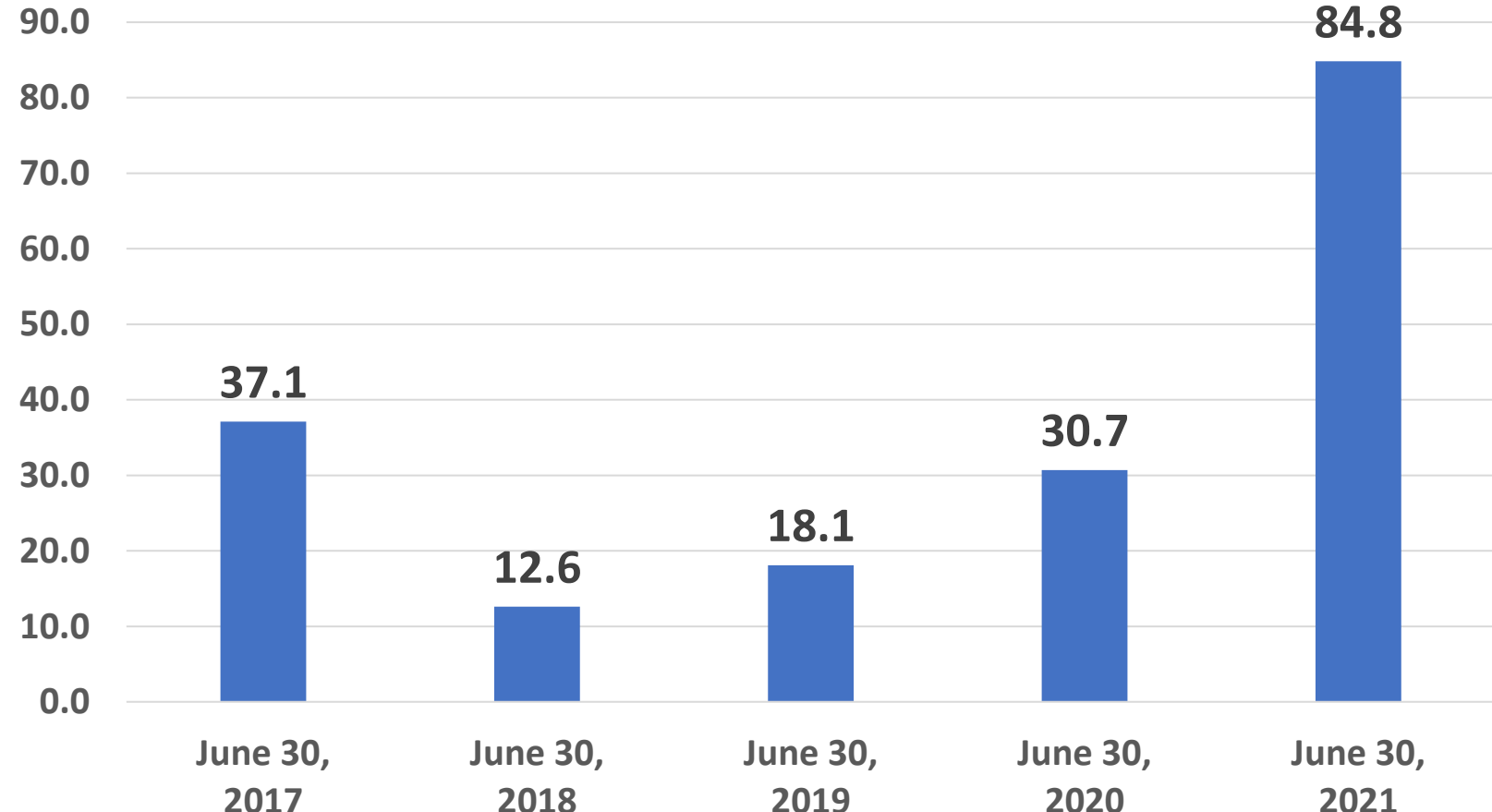
CFO/EBITDA**



Efficiency Ratios (in Days)



Net Income *



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

* 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 (*)
2014	176.5	100.0	63%
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

	June 30, 2019	June 30, 2020	June 30, 2021
	SR'000	SR'000	SR'000
Revenue	1,115,977	1,165,046	1,650,935
Cost of sales	(985,854)	(1,023,598)	(1,433,048)
Gross profit	130,123	141,448	217,887
Selling and distribution expenses	(40,737)	(35,891)	(42,322)
Administrative expenses	(52,499)	(49,005)	(64,775)
Expected Credit Less (ECL) Allowance	(900)	(6,136)	(7,950)
Operating profit	35,987	50,416	102,840
Gain or loss on investment on financial assets FVTPL	-	(3,805)	1,496
Other income	6,154	3,566	2,686
Finance charges	(20,842)	(15,901)	(9,061)
Profit before zakat	21,299	34,276	97,961
Zakat and income tax	(5,030)	(5,087)	(11,415)
Profit from continuing operations	16,269	29,189	86,546
Loss from discontinued operations	-	(2,661)	(2,250)
Profit for the period	16,269	26,528	84,296
Non-controlling interests	1,802	4,141	506
Profit attributable to owners of the Company	18,071	30,669	84,802
Added back:			
Finance charges	20,842	15,901	9,061
Zakat	5,030	5,087	11,415
EBIT	42,141	47,516	104,772
Added back:			
Depreciation and Amortization	35,942	35,359	37,033
EBITDA	78,083	82,875	141,805
Weighted average number of shares (in thousand)	60,000	60,000	60,000

* Plastic segment was acquired effective January 1, 2019



Balance Sheet

	June 30, 2020 SR'000	December 31, 2019 SR'000	December 31, 2020 SR'000	June 30, 2021 SR'000
Property, plant and equipment	807,252	827,763	730,759	716,513
Right-of-use assets	20,658	21,857	19,967	18,954
Goodwill and other intangible assets	14,356	15,880	12,798	11,610
Other non-current assets	3,554	4,230	3,340	3,127
Total non-current assets	845,820	869,730	766,864	750,204
Inventories	569,405	553,945	637,945	618,113
Trade accounts receivable-external & related parties	699,599	620,292	555,583	660,957
Investment in financial assets	44,970	48,775	25,491	-
Other current assets	104,838	160,162	158,440	165,379
Assets relating to disposal group classified as held for sale	-	-	84,009	84,009
Total current assets	1,418,812	1,383,174	1,461,468	1,528,458
TOTAL ASSETS	2,264,632	2,252,904	2,228,332	2,278,662
Equity attributable to owners of the Company	656,132	626,174	692,519	741,321
Non-controlling interests	65,504	70,630	62,900	60,579
Total equity	721,636	696,804	755,419	801,900
Loans	250,388	269,745	138,539	104,992
Lease liabilities	20,131	21,282	19,547	18,971
Employee defined benefit liabilities	83,172	79,780	85,088	81,393
Total non-current liabilities	353,691	370,807	243,174	205,356
Trade accounts payable	392,861	360,260	390,436	476,989
Due to banks	679,388	663,301	518,646	492,410
Loans-current portion	39,688	40,416	117,891	99,232
Other current liabilities	77,368	121,316	151,822	151,831
Liabilities relating to disposal group classified as held for sale	-	-	50,944	50,944
Total current liabilities	1,189,305	1,185,293	1,229,739	1,271,406
TOTAL LIABILITIES	1,542,996	1,556,100	1,472,913	1,476,762
TOTAL EQUITY AND LIABILITIES	2,264,632	2,252,904	2,228,332	2,278,662



Summarized Cash Flows



	June 30, 2019	June 30, 2020	June 30, 2021
	SR'000	SR'000	SR'000
Cash Flow from Operations*	84,060	96,748	152,952
Investing cash flows	(224,615)	(26,192)	7,512
Financing cash flows	36,103	436	(117,076)
Cash and cash equivalents	50,290	75,558	38,868

** Before working capital changes*

Q&A

