

Date: 9 November 2022	التاريخ: 9 نوفمبر 2022
To: Boursa Kuwait	السادة / شركة بورصة الكويت المحترمين
<b>Subject: Analyst Conference Transcript for Quarter 3 of 2022</b>	تحية طيبة وبعد،،، <b>الموضوع: محضر مؤتمر المحللين للربع الثالث من عام 2022</b>
With Reference to the above subject, and pursuant to the requirements of Boursa Kuwait Rules as per Resolution No.(1) of 2018, kindly note that the quarterly Analyst Conference was held through a Live Webcast on 7 November 2022 and there was no material information circulated during the conference.	بالإشارة الى الموضوع أعلاه، و عملاً بقواعد البورصة الصادرة بموجب قرار رقم (1) لسنة 2018 نحيطكم علماً بأن مؤتمر المحللين انعقد في تاريخ 7 نوفمبر 2022 عن طريق البث المباشر ولم يتم تداول اي معلومات جوهرية خلال المؤتمر.
- Attached is the presentation of the Analyst Conference and the transcript	- مرفق لكم العرض التقديمي و محضر المؤتمر و تفضلوا بقبول فائق التقدير و الاحترام،،،
Financial Impact: No effect	الأثر المالي: لا يوجد اثر مالي




Mr. Andrew Paul Frain	السيد/ أندرو بول فران
Board Director and CEO	عضو مجلس إدارة والرئيس التنفيذي
Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)	شمال الزور الأولى للطاقة والمياه ش.م.ك - عامة



# **Shamal Az-Zour Al-Oula Power and Water Company KSC (Public)**

## **Q3 – 2022 Earnings Webcast**

**7 November 2022**



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# BOARD & MANAGEMENT

## Board of Directors



**Chairman**  
Ahmad Othman  
AlMujalham



**Vice Chairman**  
Alexander Katon



**Director and  
CEO**  
Andrew Paul Frain



**Director**  
Ghazi  
Abdulrahman  
AlSanie



**Director**  
Laurent Furedi



**Director**  
Eyad Ali AlFalalah

## Management Team



**Director and  
CEO**  
Andrew Paul Frain



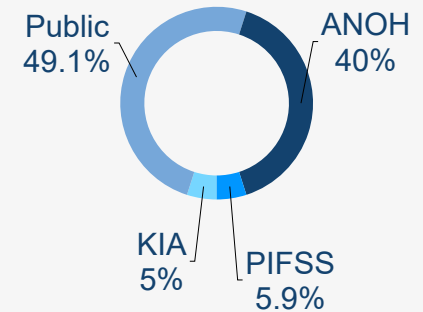
**CFO**  
Bobby Agha



**CTO**  
Naveen Chandra  
Jha



## Ownership Structure



**ANOH:** Azour North One Holding Company is a private entity owned by a consortium comprising ENGIE, Sumitomo Corporation, and Kuwait's A.H. Al Sagar & Brothers

**KIA:** Kuwait Investment Authority is the State of Kuwait's Sovereign Wealth Fund.

**PIFSS:** The Public Institution for Social Security is Kuwait's state-run pension fund.

**Public:** 50% of the Company's shares were offered to the Kuwaiti citizens in a public offering that took place in October and November of 2019.



# AGENDA

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- Q3 2022 Highlights
- Key Events
- Questions and Answers

# Q3 2022 HIGHLIGHTS

## KWD MILLIONS

	<b>3Q22</b>	<b>3Q21</b>	<i>% Diff</i>	<b>YTD22</b>	<b>YTD21</b>	<i>% Diff</i>
<b>Revenue</b>	12.7	13.0	-2.3%	38.4	37.5	+2.4%
<b>Operating Costs</b>	4.5	3.7	+21.6%	12.3	11.0	+11.8%
<b>Gross Profit</b>	8.2	9.3	-11.8%	26.1	26.5	-1.5%
<b>EBITDA</b>	7.4	8.6	-14.0%	23.9	24.6	-2.8%
<b>Net Profit</b>	2.8	3.8	-26.1%	10.1	10.2	-1.0%


- Revenue was in line with management expectations for Q3 and YTD, and YTD was higher mainly due to higher availability and efficiency on fuel
- Operating costs were higher for Q3 and YTD due to contractual indexation adjustment
- Gross profit for Q3 was lower due to lower revenue and higher operating cost, and YTD was lower mainly due to higher operating costs
- EBITDA was lower for Q3 and YTD mainly due to higher operating costs
- Net profit was lower in Q3 and YTD, mainly due to higher operating costs
- Net profit margin decreased in Q3 and YTD, as a result of higher operating cost

# KEY EVENTS

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- The Company continues to maintain a close working relationship with the MEW and invoices continue to be settled within a reasonable timeframe
- The Board has approved an interim cash dividend of **6 fils per share**



An aerial photograph of a large industrial complex, possibly a refinery or chemical plant, situated along a body of water. The facility features numerous buildings with blue roofs, large storage tanks, and extensive piping. The foreground shows the greenish water of the bay or river. The text "QUESTIONS AND ANSWERS" is overlaid in large white letters across the center of the image.

# QUESTIONS AND ANSWERS





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**Investor Relations Contact:**

Ali Abdulsalam  
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ENGLISH	ARABIC
<p><b>Ali Abdulsalam</b> Good evening, everyone. My name is Ali Abdulsalam and I am the investor relations manager in Shamal Az-Zour. I will be hosting and moderating the call for today, and I'm joined with today's speaker, which is Mr Paul Frain, the company's CEO, and Mr Bobby Agha, the company's CFO.</p> <p>I'd like to welcome everyone to the call today. For the next few minutes the CEO will deliver his statement, and afterwards we will have the Q&amp;A session. I will now hand over the call to Paul. Please go ahead.</p>	<p><b>علي عبدالسلام:</b> مساء الخير جميعاً. اسمي علي عبدالسلام مدير علاقات المستثمرين في شركة شمال الزور. سأستضيف وأدير المكالمة اليوم وانضم معي اليوم من المتحدثين، السيد/ بول فرين، الرئيس التنفيذي للشركة، والسيد/ بوبي آغا، المدير المالي للشركة. كما أود أن أرحب بالجميع في المكالمة. في الدقائق القليلة القادمة، الرئيس التنفيذي سيلقي بيانه وبعد ذلك سنفتح المجال لتلقي أسئلتكم والإجابة عليها. وسوف أنقل الكلمة الآن إلى السيد/ بول، تفضّل سيدي.</p>
<p><b>Paul Frain</b> Thank you, Ali, and good afternoon everyone, and welcome to our Q3 2022 earnings call. Our agenda for today's call is straightforward. We will start with a discussion of Q3's financial highlights and key events, and finally end the call with a Q&amp;A session. I will now be talking about our financial results for the quarter ending Q3 of 2022.</p> <p>Our Q3 operating revenue was KWD 12.7 million, down by a marginal 2.3% on the same period last year. Our operating costs were KWD 4.5 million, up by a marginal 21.6% on the same period last year. Our gross profit was KWD 8.2 million, down by 11.8% on the same period last year. Our EBITDA was KWD 7.4 million, also down by 14% the same period last year. Our net profit was KWD 2.8 million, down by 26.1% on the same period last year, mainly due to higher operating costs.</p> <p>The above results are in line with management expectations, and the plant has performed well. Our main Key Events of Q3 to be highlighted is the approval of the 6 fils interim dividend which</p>	<p><b>بول فرين:</b> شكرًا لك علي. مساء الخير جميعاً، ومرحباً بكم في المكالمة الجماعية لعرض النتائج المالية عن الربع الثالث من العام 2022. جدول أعمالنا لمكالمة اليوم واضح ومباشر. سنبدأ بمناقشة القوائم المالية والأحداث الرئيسية لشركة شمال الزور الأولى خلال الربع الثالث من العام، وأخيراً سننهي المكالمة بفتح المجال لتلقي أسئلتكم والإجابة عليها. سأنتقل الآن بالحديث عن نتائجنا المالية خلال الربع الثالث من العام 2022.</p> <p>بلغت أرباحنا التشغيلية خلال الربع الثالث من العام 12.7 مليون دينار كويتي، بانخفاض طفيف بنسبة 2.3% عن الفترة نفسها من العام الماضي. كما بلغت المصروفات التشغيلية 4.5 مليون دينار كويتي، بارتفاع بنسبة 21.6% مقارنة بالفترة نفسها من العام الماضي. وبلغ مجمل أرباحنا 8.2 مليون دينار كويتي بانخفاض طفيف بنسبة 11.8% عن الفترة نفسها من العام الماضي. كما بلغت الأرباح قبل الفوائد والضرائب والإهلاك والاستهلاك 7.4 مليون دينار كويتي، انخاض 14% خلال الفترة نفسها من العام الماضي. صافي أرباحنا 2.8 مليون دينار كويتي، انخفاض بنسبة 26.1% خلال الفترة نفسها من العام الماضي؛ ويرجع ذلك بشكل رئيسي إلى ارتفاع تكلفة التشغيل.</p> <p>كما تتوافق النتائج المذكورة أعلاه مع توقعات الإدارة، فيما كان أداء المحطة جيداً. وتجدر الإشارة أيضاً إلى أن أبرز أحداثنا الرئيسية التي يجب تسليط الضوء عليها هي موافقة مجلس الإدارة على توزيع أرباح نقدية مرحلية بقيمة 6 فلس كويتي للسهم الواحد، والتي سيتم</p>

<p>is to be distributed in December. Exact dates are in the corporate action disclosure form. I will now hand over to Ali to start the Q&amp;A session. Thank you, Ali.</p>	<p>توزيعها في شهر ديسمبر. التواريخ موجودة في نموذج الافصاح عن استحقاقات الاسهم. وسأنقل الكلمة الآن إلى السيد/ علي عبدالسلام لتلقي أسئلتكم والإجابة عليها. شكرًا لك علي.</p>
<p><b>Ali Abdulsalam</b> Thank you, Paul. We will now be taking questions. If you're thinking of asking a question, please go ahead and send it our way through typing your question. We will be waiting for a minute or two to see the questions that come in.</p> <p>Thank you For the questions. We have a question from Mr Salim Al Qufaili, "can we know the effect of the increasing interest rate on the company? And the reason behind the growth in equity?"</p> <p>Bobby our CFO will answer this question.</p>	<p><b>علي عبدالسلام:</b> شكرًا جزيلاً لك، بول. سوف نفتتح المجال لتلقي الأسئلة الآن. إن أردتم طرح سؤال، الرجاء إرساله لنا من خلال كتابته في مربع الدردشة على اليمين. سننتظر لمدة دقيقة أو دقيقتين لتلقي أسئلتكم.</p> <p>شكرا على اسئلتكم. لدينا سؤال من السيد سالم القفيلي : "هل يمكننا معرفة تأثير زيادة سعر الفائدة على الشركة؟ وما السبب وراء النمو في حقوق الملكية؟"</p> <p>بوبي، المدير المالي سيجيب على هذا السؤال.</p>
<p><b>Bobby Agha</b> Thank you Ali. Welcome everyone to the q3 analyst call. Mr Salim, thank you for your questions. I'll take your first question regarding interest rate increase. We are almost a 100% hedged, in terms of the interest cost therefore we are paying (mainly) a fixed cost rather than a floating cost so there is not much impact. Regarding the second question, growth of equity, again this is an accounting entry that we need to put through because we are carrying swaps. Therefore, you will see hedge reserve in the balance sheet. This moves in-line with the fair value of the hedges. Due to the recent increase in the interest rates the amount for the hedge reserve is becoming less negative and therefore this is improving the equity so that explains the improvement there, the growth in the equity.</p>	<p><b>بوبي آغا</b> شكرا لك علي. مرحبًا بالجميع في مؤتمر المحللين للربع الثالث. السيد سالم شكرا على أسئلتك. سأجيب على سؤالك الأول بخصوص زيادة سعر الفائدة. نحن نتحوط بنسبة 100٪ تقريبًا ، من حيث تكلفة الفائدة، أننا ندفع تكلفة ثابتة بدلاً من تكلفة عائمة ، لذلك ليس هناك تأثير كبير. فيما يتعلق بالسؤال الثاني ، نمو حقوق الملكية ، مرة أخرى ، هذا إدخال محاسبي نحتاج إلى تنفيذه لأننا لدينا مبادلات، لذلك سترى احتياطي التحوط في الميزانية يتمشى مع القيمة العادلة للتحوط. نظرًا للزيادة الأخيرة في أسعار الفائدة ، فإن مبلغ احتياطي التحوط أصبح أقل سلبية، وهذا يؤدي إلى تحسين حقوق الملكية بحيث يفسر التحسن هناك، والنمو في حقوق الملكية.</p>



<p><b>Ali Abdulsalam</b> Thank you Bobby, we have another question now from Mr Yousif, "what makes the profit drop this quarter compared to last year?" Paul this question is for you.</p>	<p><b>علي عبد السلام</b> شكرا لك بوبي ، لدينا سؤال آخر الآن من السيد يوسف ، "ما الذي يجعل انخفاض الأرباح هذا الربع مقارنة بالعام الماضي؟" بول هذا السؤال لك.</p>
<p><b>Paul Frain</b> Thanks Ali. Yousef, thank you for the question. Just to be clear, the underlying asset, the power and water plant, has performed well this year as mentioned in my opening statement and as referred to in slide 5. The key reason for the increase in cost is, the increase in operating cost quarter on quarter and year to date due to a one off catch up in indexation adjustment of our operating fees for the plant. So, the underlying asset has performed well and as I say this is an indexation adjustment in our operating fees.</p>	<p><b>بول فراين</b> شكرا علي. يوسف شكرا على السؤال. فقط للتوضيح ، كان أداء الأصل، محطة الطاقة والمياه، جيدًا هذا العام كما هو مذكور في البيان الافتتاحي وكما هو مشار إليه في الشريحة 5. والسبب الرئيسي للزيادة في التكلفة هو الزيادة في تكلفة التشغيل ربع السنوية على أساس ربع سنوي وسنة حتى تاريخه ، كان ذلك بسبب في تعديل المؤشرات على رسوم التشغيل الخاصة بالمصنع. كان أداء المحطة جيدًا للغاية ، وكما أقول ، يعد هذا تعديل مؤشرات في رسوم التشغيل لدينا.</p>
<p>We currently have no questions on the line. Thank you very much, Paul and Bobby, and with that we will be concluding today's call. Thank you, everyone, for joining us, and see you next quarter.</p>	<p><b>علي عبد السلام</b> يبدو أنه لا توجد حاليًا أسئلة أخرى. شكرًا جزيلاً لكم، بول و بوبي. بهذا نختم مكالمتنا الجماعية اليوم. شكرًا لكم جميعًا على انضمامكم لنا اليوم؛ ونراكم في الربع التالي من العام</p>
<p><b>Paul Frain</b> Thank you. Thanks, Ali.</p>	<p><b>بول فرين:</b> شكرًا لكم. شكرًا لك علي.</p>
<p><b>Bobby Agha</b> Thank you Ali.</p>	<p><b>بوبي آغا</b> شكرا لك علي.</p>
<p><b>Question asked and answered after the call was concluded by Mr Nasser B:</b> "are you expecting to surpass last years profit for the year". <b>Bobby Agha</b> We expect to be in-line with our forecast</p>	<p><b>سؤال تم طرحه و الاجابة عليه بعد إنهاء المكالمة من قبل السيد ناصر ب:</b> "هل تتوقع أن تتجاوز أرباح العام الماضي للسنة". <b>بوبي آغا</b> نتوقع أن نتماشى مع خطة العمل المتوقعة.</p>