



14 November, 2018

M/s Boursa Kuwait

Subject: Analyst/ Investor Conference for the third quarter 2018

Reference to the above mentioned subject and pursuant to the requirements of Boursa Kuwait Rule Book issued as per Resolution No. (1) of 2018, we wish to inform you that the quarterly Analyst/ Investors Conference was held through a Live Webcast at 2:00 pm local time on Tuesday November 13, 2018.

Please refer to the attachment for the minutes of the conference and the presentation (Q3-2018).

Best Regards,

Tarek Abdulaziz Sultan Al Essa
Vice Chairman and CEO





Agility Public Warehousing Company Q3 2018 Analyst Webcast

Wednesday, November 14th 2018

Kindly find enclosed minutes of Agility's analysts' webcast, which was held on Tuesday November 13th at 2.00 PM Kuwait time, to discuss third quarter's earnings.

Attendees from Agility:

Ehab Aziz – Group CFO

Soriana Borjas – Investor Relations Manger

From Arqaam Capital:

Rita Al Guindy

Participants:

Franklin Templeton

ADIA

NBK Capital

The National Investor

ADCB

Ajeej Capital

Credit Suisse AG

DICO Investment Company LLC

Arqaam Capital

AGR Knowledge Services

CRISIL



Operator: Ladies and gentlemen, welcome to Agility's 2018 third quarter earnings webcast. I will now hand it over to your host, Rita Guindy from Arqaam Capital. Madame, please go ahead.

Rita: Good morning and good afternoon ladies and gentlemen, and thank you for joining us today. This is Rita Guindy, and on behalf of Arqaam Capital, I'm delighted to welcome you to Agility's third quarter 2018 earnings webcast.

I have with me here today Mr. Ehab Aziz, Group Chief Financial Officer and Agility's Investor Relations team.

Without further delay, I will now turn over the call to Soriana Borjas, Agility's Investor Relations Senior Manager.

Soriana: Thank you Rita, and welcome everyone to our third analyst call this year, and this one is to discuss Agility's Q3 financials. I am joined today by Mr. Ehab Aziz, our Group CFO, who will be presenting Agility's performance during this quarter and answering all your questions after wards.

If you would like to ask any question, please type it in the Q&A box on your screen anytime during the presentation and we will address it during the Q&A session at the end of the call.

Before I hand over the call to Mr. Ehab, I would like to draw your attention to the disclaimer on page two of this presentation. As this presentation may contain forward looking statements, such statements are subject to risk and uncertainties as various factors, many of which are beyond our control, may cause actual developments and results to differ materially from expectations contained in the presentation.

Thank you. Ehab, over to you.

Ehab: Thank you Soriana.

Good day, everyone. Thank you all for joining our third quarter earnings call. Today we will be discussing this quarter's financial and operating results. We will go through the presentation first and then open the floor for your questions. We start with our main highlights on slide five.

Third quarter results build on the momentum we have achieved throughout 2018. Our EBITDA which is our key performance indicator achieved a double digit growth in this quarter and this confirms that we are on the right track to achieve our goals.



Agility has maintained the strong momentum it started with since the beginning of the year, mirrored by robust strategies and plans for each business unit to achieve its 2018 targets.

It's worth noting that Agility's results were driven by good performance from our business groups across the board, as most of you are aware, we operate under two business groups: Global integrated logistics (GIL) and infrastructure companies, both groups reported a double digit growth in this quarter and are moving ahead to achieve their goals for the year.

GIL, our commercial logistics arm, that provides freight forwarding, contract logistics and specialized freight forwarding services, continues to drive efficiency within its business. We have seen positive volumes in both air and ocean freight which exceeded market growth rates, though this puts pressure on our margins particularly in our ocean freight business. GIL remains focused on transforming its operating platform through technology. Technology plays a very important role and will support us to be more competitive in this tough and fragmented market environment.

Moving to the Infrastructure group of companies, which are operating entities focused on infrastructure related activities. This group has also shown healthy growth. Entities within this group are on track in implementing their strategies to achieve their goals. We will touch base on the 5 main entities later during the presentation.

Again technology is shaping the world around us, and we have started several initiatives in this area and we hope we'll get the benefit of that in the near future, especially in our logistics business.

Moving to slide number 6, Agility's Q3 revenue grew by 10% year over year from KD 358.5 million to KD 394.4 million. Revenue growth is mainly driven by the growth in GIL which witnessed freight volume increase. Net revenue (gross profit in other terms) grew at a lower rate than revenue due to margin compression, at 8% from around KD 116 Million to KD 125 million. Net revenue margins were slightly compressed in this quarter compared to same period last year due to the yield pressure in freight business.

We are pleased to see our EBITDA achieving a 15% growth to reach KD 39 million in Q3 compared to KD 34 million a year earlier. We expect this trend to continue and we expect by 2020 with certain initiatives to hit our EBITDA target of \$800 million. EBITDA margin was 9.9% compare to 9.5% last year.

Net profit witnessed a similar growth pattern with double digit growth of 12% in this quarter growing from almost KD 18 million to KD 20 million which is translated into an EPS of 13.8 fils for this quarter.



We are pleased with those numbers and the positive momentum we have been maintaining which gives us comfort and confidence that we are on the right track towards achieving our goals.

Slide number 7, presents the company's performance over the first 3 quarters of the year. Double digit growth in revenue and high single digit growth in net revenue. Double digit growth in EBITDA, which grew at 17% to reach KD 114 million. Net profit grew at 20% year over year, which is a healthy growth, given the size of our business and the size of our organization and the tough environment we operate in. So it is a healthy growth year over year at all levels.

Slide 8, the contribution of each business group to Agility's performance. So the 13% or KD 129 million growth in revenue is mainly coming GIL and the rest is coming from infrastructure group. In terms of contribution to the total revenue figure, around 75% is contributed by GIL and 25% from infrastructure, this mix has been maintained over the first nine months.

On the EBITDA level, most of the contribution is coming from the infrastructure as you can see, which has grown around 35% year over year and GIL 17%, so across the board we have achieved good growth.

On Slide number 9, you have our balance sheet. Agility enjoys a healthy balance sheet, with around KD 1.8 billion in assets and almost KD 1 billion in equity. This gives us lots of flexibility to lever up in case good opportunities present themselves and also gives us confidence in executing our strategy and our objective moving forward. If you have been following the company, you must have seen that we have maintained in the past a net cash position, however, in 2016 we have moved into a net debt position due to the initiatives and investments we are making to achieve this double digit growth that we have been witnessing for the past several years.

Our net debt position stands today at KD 138 million, which is at about 0.9X net debt/EBITDA, compared to KD 113 million a year earlier. We expect this number to evolve over the years but in a very manageable manner. As we said, we expect our leverage to increase given the different developments the company is pursuing but we will remain focused on cash and debt management.

Net debt/EBITDA stood at 0.9X, same level as last year, which is relatively low, but we expect that to increase towards 2020 as the CAPEX program continues to evolve and after which we expect that ratio to start going down.

If you turn to Slide #10, summary of our cash flow statements, we have generated around KD 116 million in operating cash flow before changes in working capital since the beginning of the year compared to KD 99 million in 2017. This cash is generated directly from our operating profits; changes in working capital in this period was higher than the year before and this is primarily driven by GIL's revenue growth. GIL's receivables started to go up, which is an industry phenomena, in line with the increase in revenue.



Our conversion ratio stands at around 49% year to date. Free cash flow for this period was negative due to the capex program we are funding mainly into the infrastructure group as you can see in the chart on the right hand side.

Moving to slide 12, in terms of business segment, GIL continued to post healthy growth for the third quarter this year. For Q3 2018, GIL's gross revenue grew 7% to KD 292 million and net revenue rose by 5% to almost KD 65 million. Net revenue increase was primarily driven by air freight and contract logistics performance.

EBITDA was KD 7.8 million, a 26% increase over the same period a year earlier. EBITDA margins improved to 2.7% up from 2.3%, our ultimate goal for the medium term is for GIL to reach 4% in EBITDA margin.

For the first 9 months of the year, GIL's gross revenue grew 12% to almost KD 860 million and net revenue rose by 6% to KD 196 million. EBITDA grew 17% to around KD 25 million and EBITDA margin improved to 2.9%.

We have been making good progress within the logistics business, in a very tough environment. We also expect the IT and transformation initiatives that we are undergoing, to start reaping the benefit in the near future.

The chart on the right hand side shows the breakdown of revenue across regions. We have seen growth almost across all regions, except for Middle East which was almost flat and that is due to the cyclical nature of the contract logistics and the declining road freight business. We believe it is a cycle which will recover in the next year or so.

As for service offerings, air freight reported a strong performance driven by an increase in both tonnage and yields, as you can see volume increased by 11% for the third quarter. Air freight product was growing across multiple trade lanes and customer segments.

Ocean freight performance was strongest in the Americas and the Middle East. Volumes continue to grow despite slight yield compression.

We continue to invest in contract logistics as there is more room to grow in that segment. Contract logistics continued its steady growth, primarily in the Asia Pacific and the Middle East.

The next slide, number 13, we have the performance of the infrastructure group. The infrastructure group as a whole delivered remarkable results for the first three quarters of 2018. Each entity is delivering as per the strategy designed for it. We have done lots of progress in the developments and projects each entity is pursuing and we are confident that they will close 2018 with very good results.

In terms of numbers the infrastructure group, which is primarily driven by five entities, witnessed a 15% revenue growth, and a 35% EBITDA growth for the first nine months of the year.



All entities within the infrastructure group contributed to this performance. Agility Logistics Parks, previously known as Industrial Real Estate, their expansion into Africa is proceeding well, by next year we should expect, in addition to Ghana, operations in Mozambique, Cote d'Ivoire and Nigeria. In the Middle East, Riyadh project is moving according to plan and we have delivered phase one and is already operational. Kuwait land optimization and operation efficiency remains a key focus for us.

The remaining entities under the infrastructure group, are National Aviation Services (NAS) which is focusing on providing ground handling in Africa and the GCC, has witnessed a solid growth year over year.

Tristar is focusing on fuel logistics, fuel storage and chemical logistics; Tristar is performing very well and has enough capital to fund several opportunities in the pipeline after GIC bought 19% in Tristar a year ago.

United Projects for Aviation (UPAC), which is now building one of the largest malls in the Abu Dhabi on the Reem Island, the mall is progressing well in terms of construction, leasing progress is also ok given the tough retail market, the last infrastructure entity is Global Customs Services, a company based in Kuwait managing all the ports on a concession from the government, has also done well.

So in summary, across the board, we are pleased with the numbers we are reporting, and confident that we will reach our goals. We have maintained a positive momentum over several quarters since 2015. Our EBITDA has and should continue to deliver double digit growth and our operating cash flow is expected to grow in line with EBITDA growth, but free cash flows to be limited or negative due to the CAPEX program. We expect the net debt position to increase but in a controlled and calculated manner.

I would like to draw your attention, as you might be aware, there will be a change in the way we report our numbers as a result of the IFRS 16, as this will have an impact on our reported EBITDA, and in turn will have an impact on our stated 2020 goal. We are assessing the implication and we will communicate to the market how our 2020 goal will look like in the light of IFRS 16.

With that I will open the floor for your questions.

Operator: Thank you. Ladies and gentlemen we will now start our Q&A session. To participate in our Q&A, just type your question into the Ask Questions text area, then click the Submit button. Thank you for holding.

Franklin Templeton: Can you please elaborate on the reason for GIL margin weakness in ocean freight?

Ehab: As I said before, ocean freight continues to grow, and our volumes have actually grown above market rate at about 7%. However, the market is facing some margin pressure and that is not particularly related to us but it's an industry wide phenomena. So, carriers are



increasing prices and with a competitive environment our ability to pass on that price increase to customers sometimes is limited. If you look at other companies in this space, you will see more or less the same phenomena. GIL has actually overachieved in terms of volumes and our growth rate in ocean freight was above the market and above several larger competitors that gives us confidence that things are moving in the right direction and it's a cycle and not something that is particular to GIL.

Franklin Templeton: Can you comment on the news that Tristar is seeking a \$1 billion IPO in 2019 with Dubai and London being considered as listing venues? Is Tristar in need of further capital to support its growth?

Ehab: So the first part of the question is related to IPO – we always look at ways to crystallize and maximize shareholders' value. When we had GIC on board as a new shareholder, part of the agreement with them is to explore an IPO or a liquidity event route and we are in the process of evaluating and deciding on that. So, this is not something new but something that has been agreed on. There is no obligation to do it in 2019 or 2020 but there is some sort of commitment to explore this window of opportunity and if it works in the best interest of all stakeholders, we will definitely move ahead and do it.

The other part in terms of capital, the capital that we have today is enough for the next couple of years. As you can see from Tristar 's valuation that GIC came at, about 420 million dollars pre-money and post money 550 million dollars; to grow that at 10% year over year will require significant amount of investment. So, the short answer is that for the short term we don't need additional capital. I think we have ample liquidity within Tristar, without putting any burden on its shareholders. But as you look beyond the next 2-3 years and given Tristar's size, I think we will require some additional capital.

Franklin Templeton: Can you please comment on the weakness that NAS has seen in Kuwait? Is this due to the new Jazeera Airways terminal?

Ehab: NAS continues to see year over year growth. The level of growth is not necessarily at the same level as previous years. There have been some changes in the market in Kuwait, but NAS has been able to adapt and move on. We don't see any long-term issues with operations in Kuwait.

TNI: When is Reem mall expected to begin operations?

Ehab: The mall is expected to be completed by 2020.

TNI: What guidance can you give for 2018 and for 2019? And major risks you're facing?

Ehab: In 2016, we have given guidance that our EBITDA will grow at double digit rate. We have been more or less in line with that for the past three years and we expect 2018 to follow the same pattern. Also a double digit growth in operating cash flow, we expect cash flow to go hand-in-hand with EBITDA. Negative free cash flow until 2020 and that is due to the investments that are going into different businesses, particularly in infrastructure. We



expect to our net debt position to be in the range of 2X EBITDA. If it exceeds 2X, it would be a temporary increase. We expect to de-lever from 2020 onwards. So that is the overall guidance. Our ultimate stated goal by 2020 is 800 million dollars in EBITDA before the impact of IFRS 16.

Franklin Templeton: Do you have a capex estimate for 2019 and 2020?

Ehab: Capex will be more or less around 4-5% of revenue as a high-level estimate.

TNI: Given competitive landscape, how are you differentiating yourself in the GIL segment?

Ehab: This space is highly fragmented and highly competitive. If you compare the volume growth that we have been seeing, particularly in air and ocean, we have been definitely doing well relative to our size and relative to the market and the competition. So that gives us confidence that our commercial team is competing and winning in that space. However, there are also realities and it's across the board. Technology is becoming a key enabler for growth and a key enabler for a competitive edge. So, we have been investing heavily in technology, we have been investing in our operating systems for freight forwarding, that is being rolled out in several countries this year. The implementation will continue next year, and this should bring more productivity, more efficiency and more transparency into the system. We have been also investing in Shipa Freight which is an SME portal to efficiently serve the SMEs which have huge potential and we are seeing good momentum there. So, technology is definitely one key factor that we have been investing in and key focus for GIL organization to differentiate themselves. Another thing that we are looking at is the scale, basically transforming the company to the next level of growth or the next level of scale. And that will require probably M&A, as it will not happen organically. However, that is something that we continuously evaluate and continuously look at, but we are very cautious about what we do given the nature of the asset and given the market conditions.

Franklin Templeton: Is Korek currently profitable or loss making (net income)? And is it FCF negative or positive? Are there any plans to divest this to improve Agility's return metrics?

Ehab: As you probably have read, we are in dispute today with the Iraqi government and also the local shareholders of Korek and there is an ongoing arbitration. Our information about the company is very limited and our ability to influence and manage the company has been extremely limited particularly in the last several years before the dispute started. Unfortunately, I will not be able to give any more information about this as we don't have lots of information about what is going on in terms of operations, free cash flow and all the other aspects of the question. We have a qualification about this asset in our financial statement and we try to be as transparent as possible by providing information through announcements and through our financial statements about the progress of this case. So as of today, Korek doesn't generate much for the group.

I think that's all the questions.



Operator: Thank you, please proceed with concluding remarks.

Ehab: We have been seeing very good progress over the years and it's consistent. We are seeing our profitability gets converted into our operating cash flow and we are seeing operating cash flow plus some debt being converted into projects that further fuel our growth. We are in a good position overall. The stock price and the market cap has been evolving nicely for medium and long-term investors. Although we don't necessarily focus on the stock price, but we take it as a vote of confidence from the investment community on how well our results are being perceived. We are very pleased, and we continue to work very hard to deliver further value to the shareholders. We are working on various interesting opportunities. Although it is a very harsh environment to operate particularly in freight and logistics business, also due to the geopolitical risks in the Middle East, we remain confident about our position and future of the group. That's my final remark. Our IR team is available for any questions or explanations if needed.

Soriana: Thank you Ehab. Finally, I would like to thank you all today for joining us. Before we end this call, I would like to remind you that this presentation is available in our investor relations page, and it will be posted along with a transcript on the stock exchanges website Wednesday before trading hours. Thank you for joining, and have a nice day.

Tuesday 13th November 2018

Agility Earnings Call Presentation

Q3 2018



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1 Financial Highlights

2 Business Segments

3 Q & A



Q3 2018 Results



Agility Highlights

- Good third quarter results mainly powered by GIL's drive to improve efficiency and Infrastructure's positive performance
- Healthy balance sheet position maintained over the years. Double digit EBITDA growth with limited FCF
- Investments in technology and emerging markets have paid off with better productivity

GIL

- GIL continues to successfully implement a strategy based on trade lane development, flexible and agile customers' solutions and productivity optimization
- Strong Air performance driven by tonnage and yield growth
- Ocean freight volume growth exceeded market volume growth for Q3 2018

Infrastructure

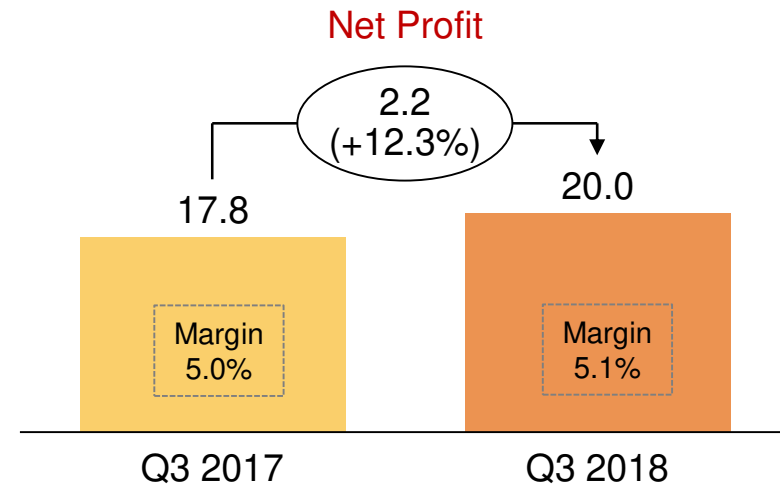
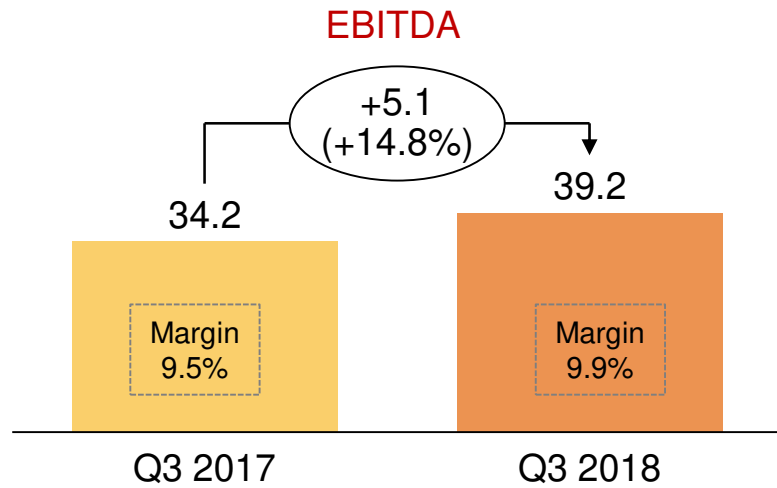
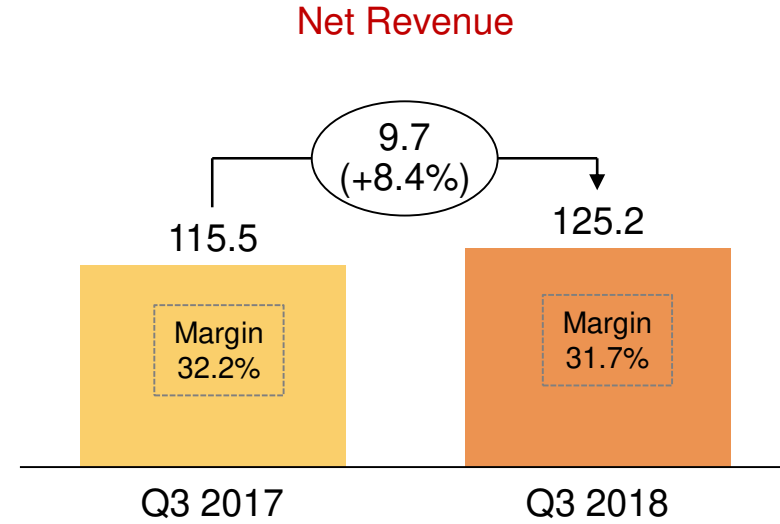
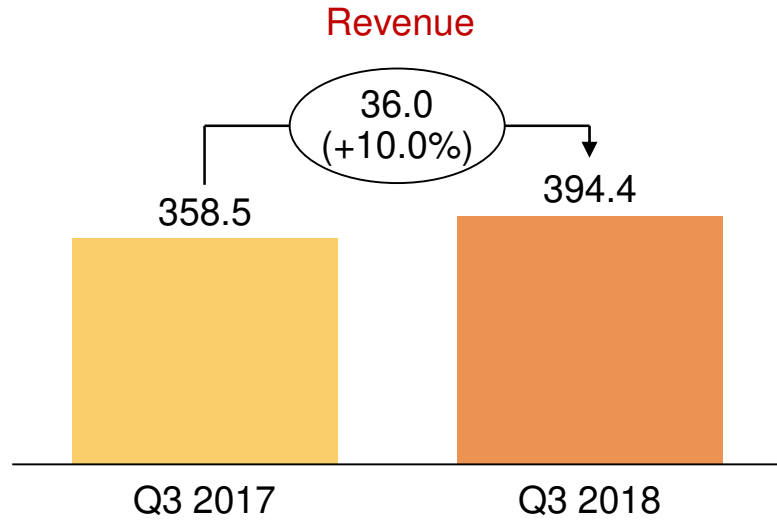
- Consistent positive momentum trend aligned with the targets set for 2018
- Healthy growth witnessed since the beginning of the year driven by robust strategies united with good performances across all business units
- Continuous focus to improve efficiency, expand customers base and geographic reach

Q3 Group financial performance

KD Mn



Agility progressively improves its financial performance consistent with its 2018 targets

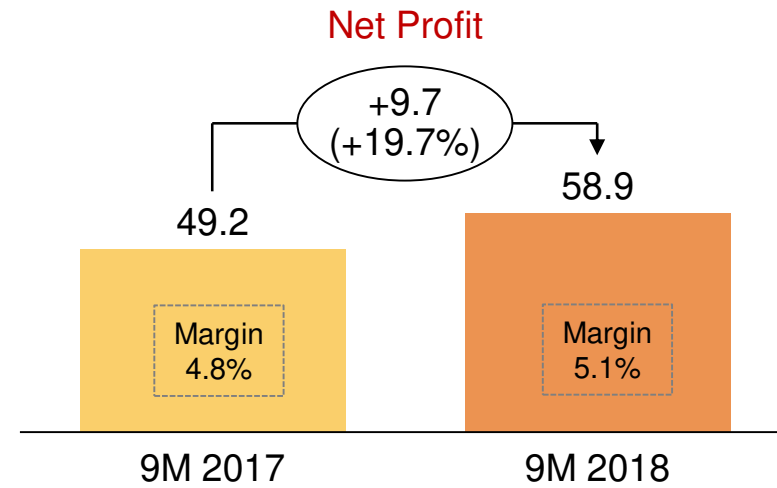
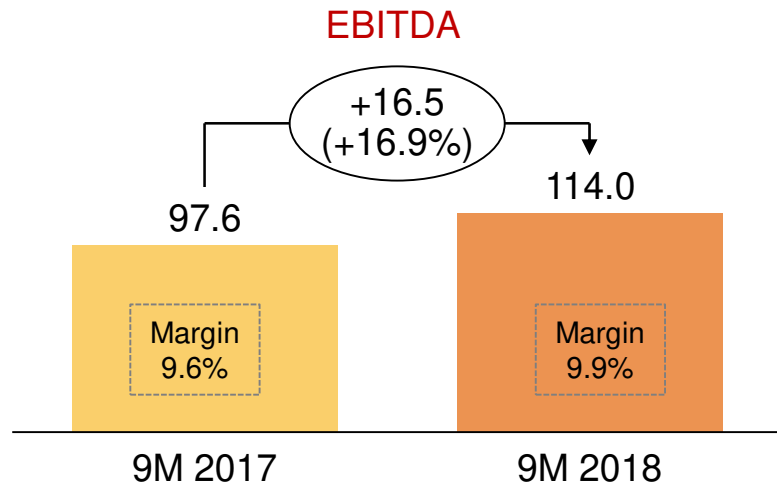
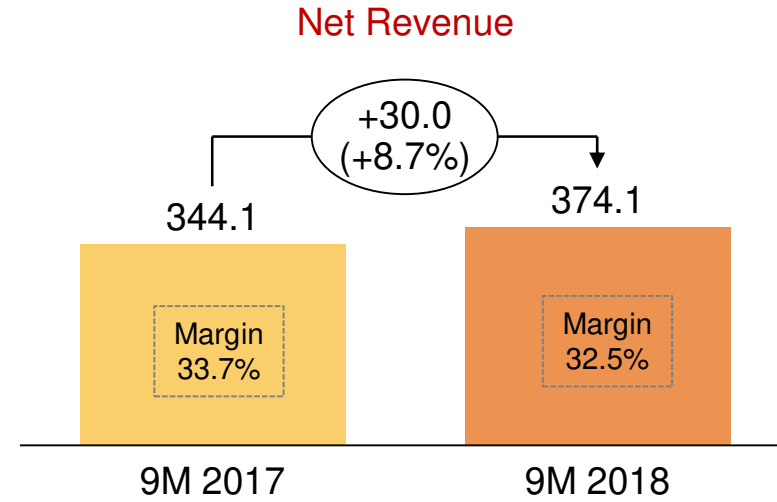
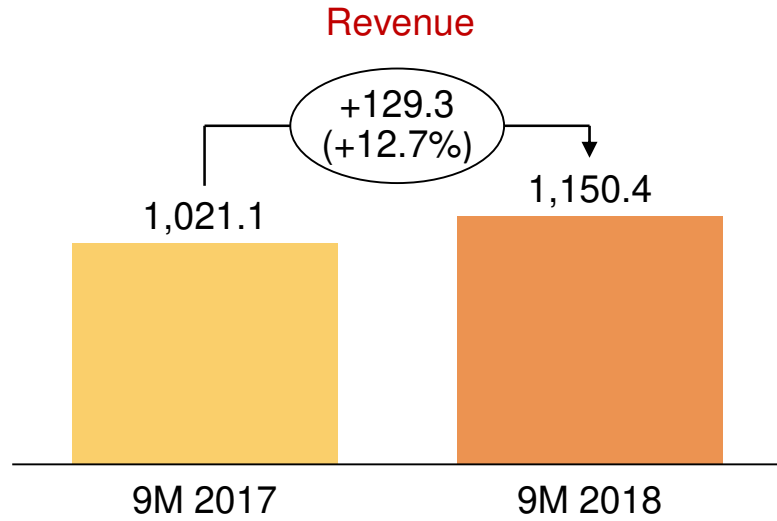


9M 2018 Group financial performance

KD Mn

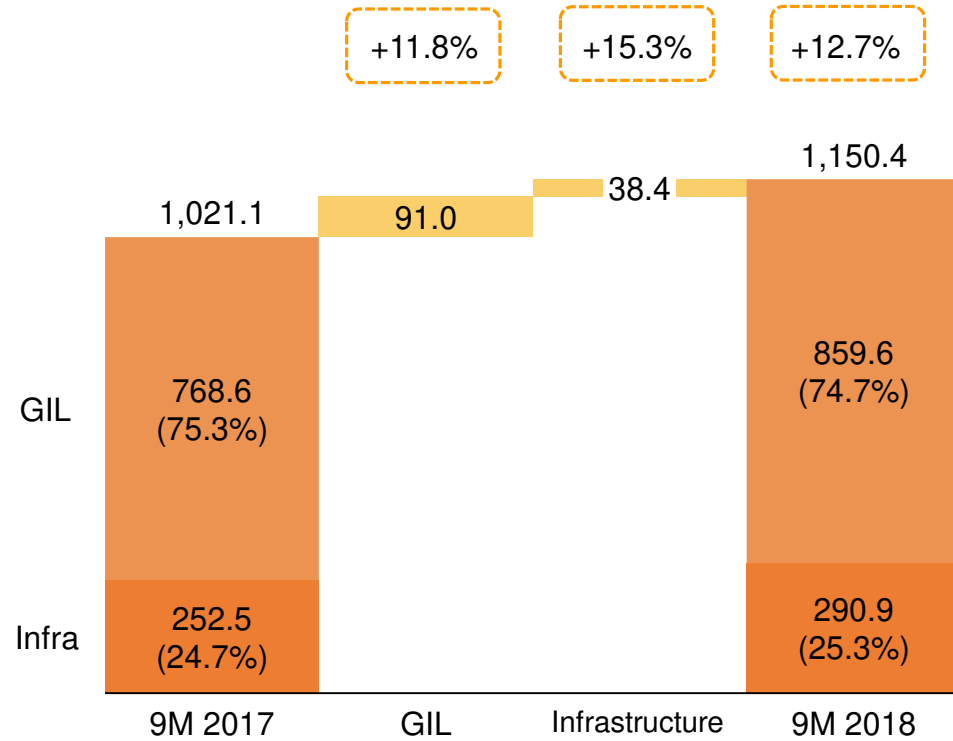


Growth was contributed across all business units

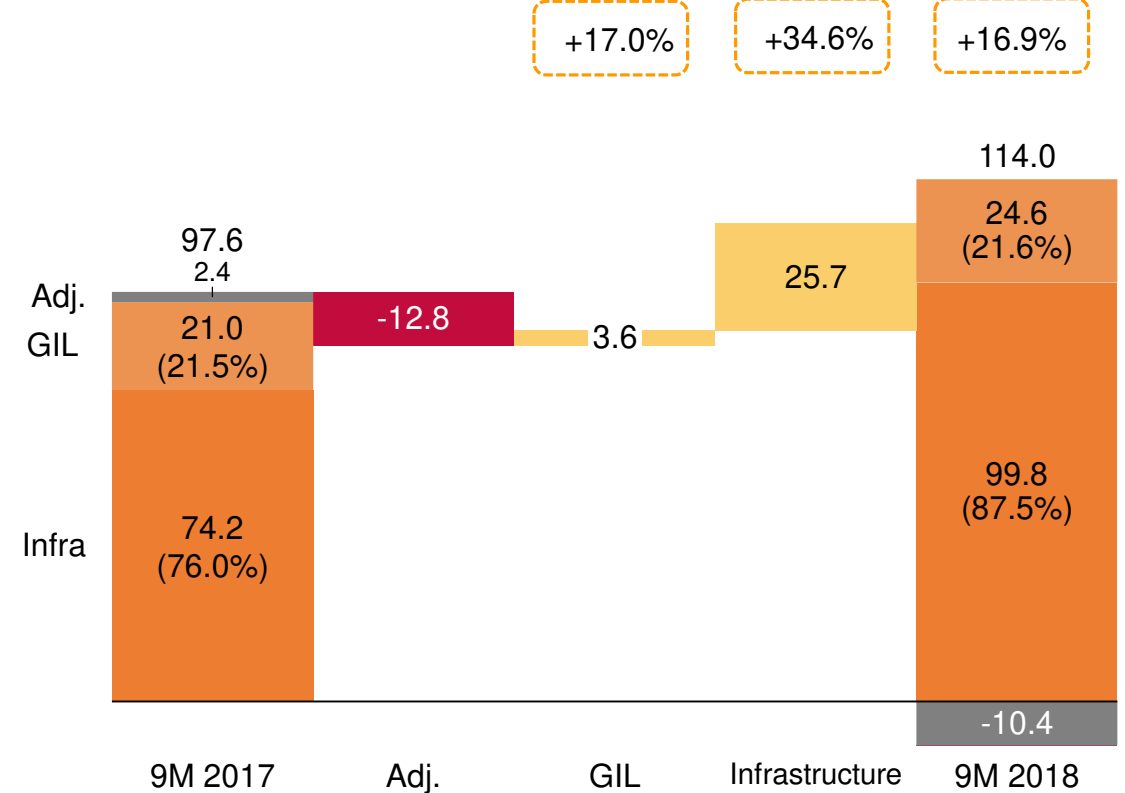


Revenue contribution by Business Group

Y-o-Y
Growth



EBITDA contribution by Business Group



• Adjustments include corporate costs

Maintaining a strong balance sheet

Balance sheet	9M 2018	9M 2017	Variance	%
Current assets	580.5	506.1	74.5	15%
Non-Current assets	1,225.5	1,143.5	81.9	7%
Total assets	1,806.0	1,649.6	156.4	9%
Current liabilities	612.3	520.2	92.2	18%
Non-current liabilities	148.9	150.2	(1.2)	(1%)
Total liabilities	761.3	670.3	91.0	14%
Non-controlling Interest	48.9	34.4	14.5	42%
Shareholders' equity	995.8	944.8	50.9	5%
Highlights				
Net Cash (Debt)	(138.4)	(113.4)		
ND / EBITDA ¹	0.9X	0.9X		

- Healthy balance sheet, ability to leverage future growth
- Constant support and commitment to its stakeholders:
 - 1) Shareholders
 - 2) Banks
 - 3) Internal Businesses

¹ TTM
* Numbers above are rounded

Statement of cash flows-Need to Update

KD Mn



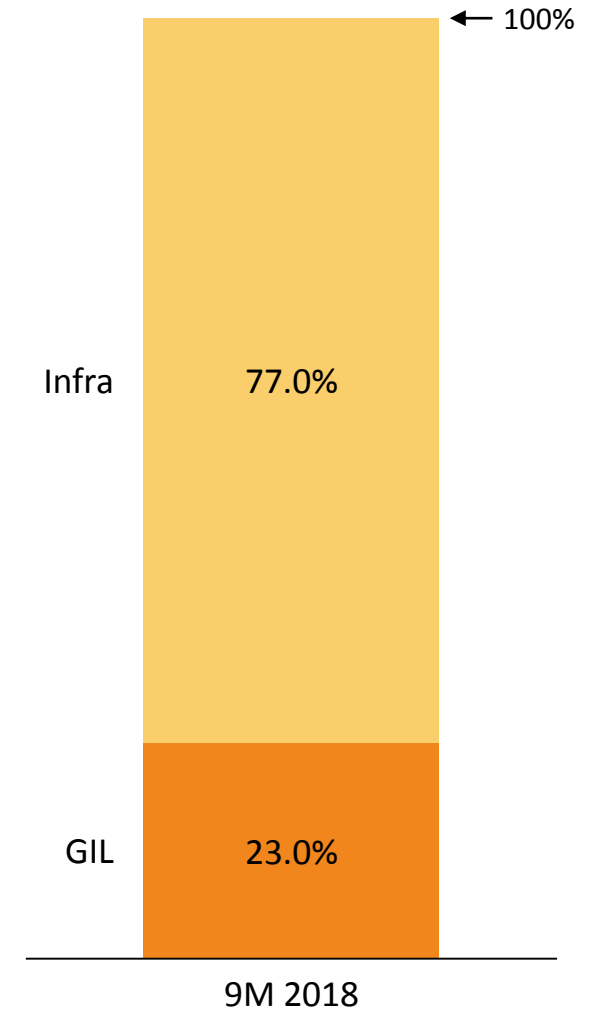
Investing in the business to capture profitable growth opportunities

Cash Flow Statement	9M 2018	9M 2017	Variance	%
Cash from Operating activities before changes in working capital	116.4	99.2	17.1	17%
Changes in working capital	(44.2)	(29.6)	(14.6)	49%
Other Items	(16.8)	(41.1)	24.3	(59%)
Net Cash flow from operating activities	55.3	28.5	26.8	94%
CAPEX	(48.7)	(44.9)	(3.7)	8%
Other items	(9.6)	(11.9)	2.3	(19%)
Net Cash flow from investing activities	(58.2)	(56.8)	(1.4)	(3%)
Free Cash Flow	(2.9)	(28.3)	25.4	90%

Highlights

Conversion ratio (OCF/EBITDA)	48.6 %	29.2%
CAPEX as % of Revenue	4.2%	4.4%

CAPEX 2018



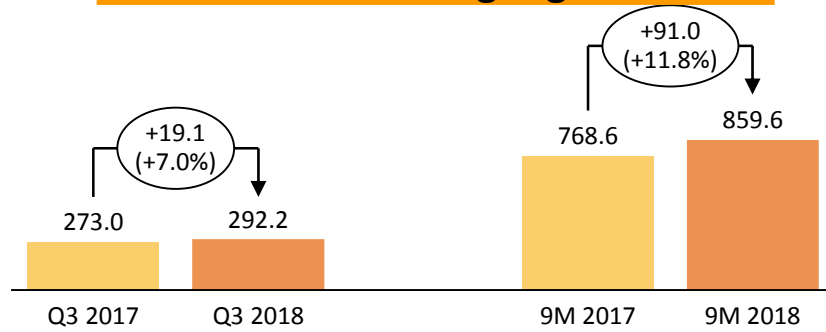
- Numbers above are rounded
- 2017 Cashflows include the settlement with USG

Business Segments

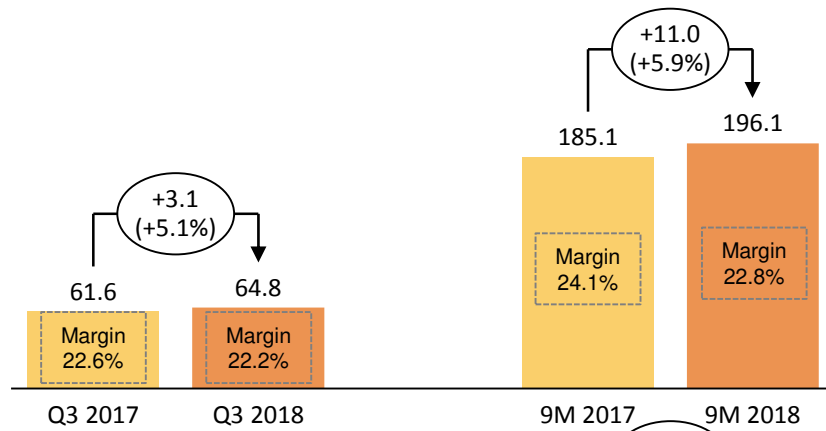


Financial Highlights

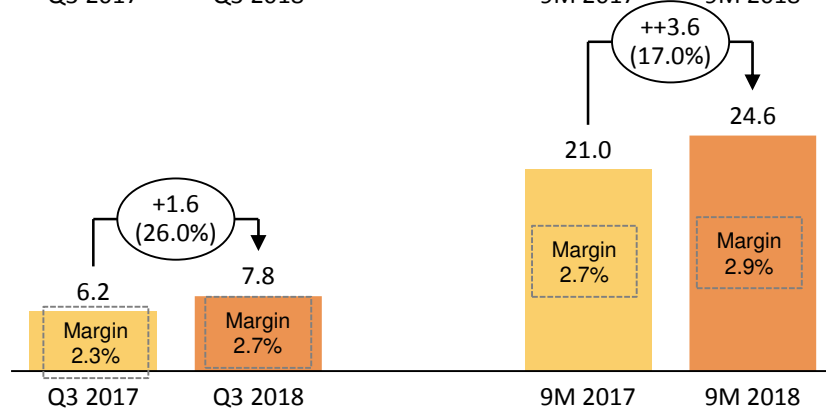
Revenues



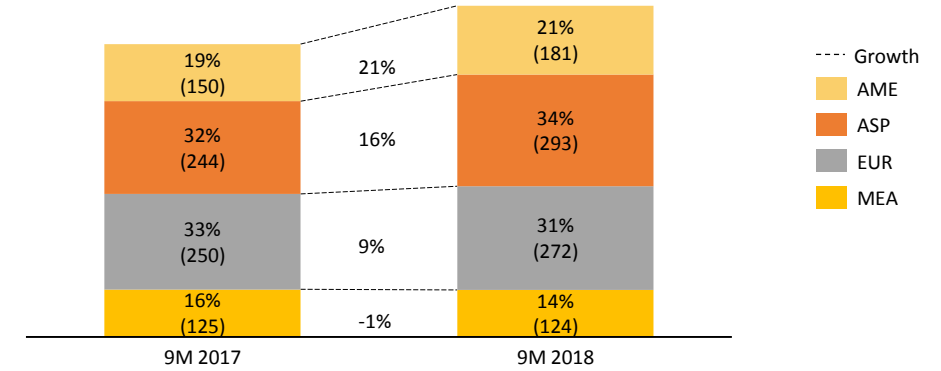
Net Revenues & margins



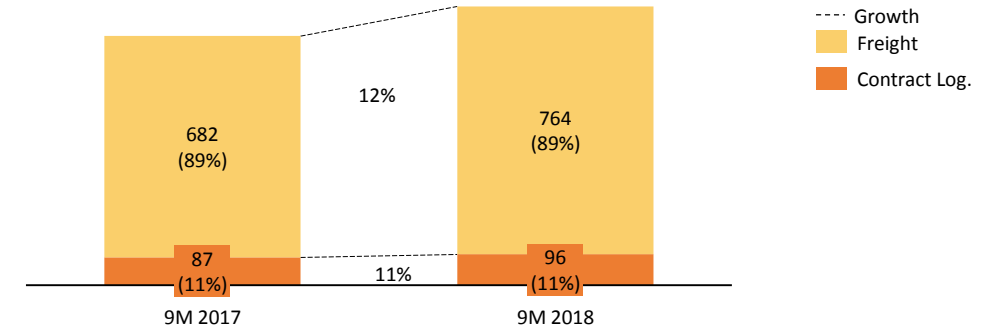
EBITDA & margins



Regional Revenue Contribution



Service Revenues



Air Freight volumes



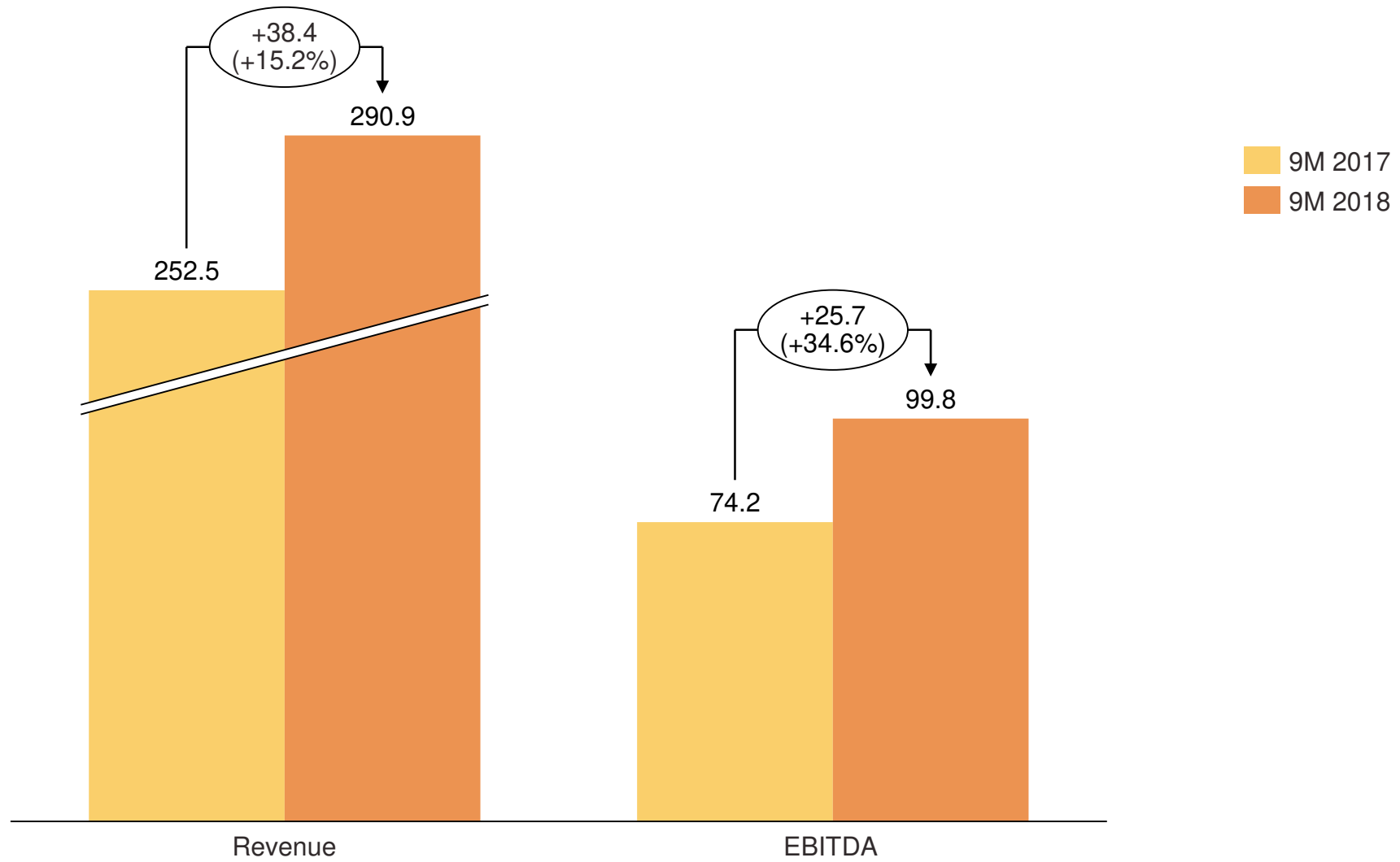
+11%
Vs Q3 2017

Ocean Freight volume




+7%
Vs Q3 2017

Solid performance across all key entities



Top 5 entities




Development and management of logistics parks across ME and Africa




Transport, storage and distribution of fuels plus chemicals supply chain



Commercial real estate development and management



Ground handling, cargo management aviation and lounge services



Digital customs services and customs operation

Q & A

