

Date: 16 May 2023	التاريخ: 16 مايو 2023
To: Bursa Kuwait	السادة / شركة بورصة الكويت المحترمين
Subject: Analyst Conference Transcript for Quarter 1 of 2023	تحية طيبة وبعد،،، الموضوع: محضر مؤتمر المحللين للربع الأول من عام 2023
With Reference to the above subject, and pursuant to the requirements of Bursa Kuwait Rules as per Resolution No.(1) of 2018, kindly note that the quarterly Analyst Conference was held through a Live Webcast on 15 May 2023 at 1 PM and there was no material information circulated during the conference.	بالإشارة إلى الموضوع أعلاه، و عملاً بقواعد البورصة الصادرة بموجب قرار رقم (1) لسنة 2018 نحيطكم علماً بأن مؤتمر المحللين للربع الأول من 2022 قد انعقد في تاريخ 15 مايو 2023 في تمام الساعة 1 بعد الظهر عن طريق البث المباشر و لم 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 والإحترام،،،
Financial Impact: No effect	الأثر المالي: لا يوجد اثر مالي




Andrew Paul Frain	أندرو بول فراين
Board of Director and CEO	عضو مجلس إدارة و الرئيس التنفيذي
Shamal Az-Zour Al-Oula Power and Water Company	شركة شمال الزور الأولى للطاقة و المياه

ENGLISH	ARABIC
<p>Ali Abdulsalam: Good afternoon, everyone. My name is Ali Abdulsalam and I am the investor relations manager at Shamal Az-Zour. I will be hosting the call for today, and I'm joined with today's speakers, Mr Paul Frain, the company's CEO, and Mr Samson Fernando, the company's finance manager.</p> <p>I'd like to welcome everyone to the call today. The CEO will deliver his statement. Feel free to type in your questions now through the Q&A tab on top of the screen while he speaks. After his speech we will have the Q&A session I will now hand over the call to Paul. Please go ahead..</p>	<p>علي عبدالسلام: 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/ سامسون فيرناندو، مدير إدارة المالية للشركة. كما أود أن أرحب بالجميع في المكالمة. في الدقائق القليلة القادمة، الرئيس التنفيذي سيلقي بيانه، يرجى كتابة أسئلتكم الآن من خلال علامة الـ Q&A وبعد ذلك سنفتح المجال لتلقي أسئلتكم والإجابة عليها. وسوف أنقل الكلمة الآن إلى السيد/ بول، تفضّل سيدي.</p>
<p>Paul Frain: Good afternoon everyone and welcome to our Q1 2023 earnings call. Our Agenda for today's call is straight forward. We will start with a discussion of Q1's financial highlights and key events and finally end the call with a Q&A session.</p> <p>I will now be talking about our financial results for the quarter ending Q1 of 2023.</p> <p>Our Q1 operating revenue was 12.3 Mn KWD, down by a marginal 3.1% on the same period last year.</p> <p>Our operating costs was 4.2Mn KWD, up by 7.7% on the same period last year.</p> <p>Our gross profit was 8.1 Mn KWD, down by 9% on the same period last year.</p> <p>Our EBITDA was 7.4Mn KWD, also down by 8.6% on the same period last year.</p> <p>Our net profit was 2.5Mn KWD, down by 28.6% on the same period last year.</p> <p>Revenue has gone down due to plant outages, which was in line with management expectations for Q1 2023. Operating costs were higher for Q1</p>	<p>بول فرين: شكراً لك علي. مساء الخير جميعاً، ومرحباً بكم في المكالمة الجماعية لعرض النتائج المالية عن الربع الاول من العام 2023. جدول أعمالنا لمكالمة اليوم واضح. سنبدأ بمناقشة القوائم المالية والأحداث الرئيسية لشركة شمال الزور الأولى خلال الربع الاول من العام، وأخيراً سننهي المكالمة بفتح المجال لتلقي أسئلتكم والإجابة عليها.</p> <p>سأنتقل الآن بالحديث عن نتائجنا المالية خلال الربع الاول من العام 2023.</p> <p>بلغت أرباحنا التشغيلية خلال الربع الاول من العام 12.3 مليون دينار كويتي، بانخفاض بنسبة 3.1% عن الفترة نفسها من العام الماضي. كما بلغت المصروفات التشغيلية 4.2 مليون دينار كويتي، بارتفاع بنسبة 7.7% مقارنة بالفترة نفسها من العام الماضي. وبلغ مجمل أرباحنا 8.1 مليون دينار كويتي بانخفاض بنسبة 9% عن الفترة نفسها من العام الماضي. كما بلغت الأرباح قبل الفوائد والضرائب والإهلاك والاستهلاك 7.4 مليون دينار كويتي، انخفاض بنسبة 8.6% خلال الفترة نفسها من العام الماضي. صافي أرباحنا 2.5 مليون دينار كويتي، انخفاض بنسبة 28.6% خلال الفترة نفسها من العام الماضي.</p> <p>انخفضت الإيرادات بسبب انقطاع المحطة والذي كان متماشياً مع توقعات الإدارة للربع الأول من عام 2023. وارتفعت تكاليف التشغيل في الربع الأول من عام 2023 بسبب المؤثرات. انخفض</p>

<p>2023 due to indexation. Gross profit, EBITDA and net profit were down mainly due to lower operating revenue and higher operating costs. The above results are in line with management expectations and the plant has performed well. Our main key event of Q1 to be highlighted is the approval of the 4 fils annual dividend for FY 2022 which was distributed on 30 April 2023. I will transfer to Ali Abdulsalam to receive and answer your questions. Thanks, Ali.</p>	<p>إجمالي الربح والأرباح قبل اقتطاع الفوائد والضرائب والاستهلاك والاهتلاك وصافي الربح ويرجع ذلك أساساً إلى انخفاض الإيرادات التشغيلية وارتفاع تكاليف التشغيل. النتائج المذكورة أعلاه تتماشى مع توقعات الإدارة وكان أداء المصنع جيداً. سيتم تسليط الضوء على حدثنا الرئيسي في الربع الأول من العام ، وهو الموافقة على توزيعات الأرباح السنوية البالغة 4 فلس للسنة المالية 2022 والتي تم توزيعها في 30 أبريل 2023. سأنتقل إلى علي عبد السلام لتلقي والإجابة على أسئلتك. شكراً علي.</p>
<p>Ali Abdulsalam Thank you, Paul. We do have three questions today from an analyst. Mr Samson, our Finance manager will read out each question with its answer.</p>	<p>علي عبد السلام: شكرًا جزيلاً لك، بول. يوجد لدينا ثلاثة أسئلة. السيد سامسون سيقراً كل سؤال مع إجابته.</p>
<p>Samson Fernando Thanks Ali. Question 1: Why did interest cost increase by 400K while the company has been paying down debt as scheduled and there is an interest rate hedge in place which offsets the increase in rates. Answer: The details are in the reviewed financials note 9. The hedge details are there. We are hedged for 95%, 5 % is not hedged. This is our exposure. Since the LIBOR rate has been increasing over the past period in time our finance cost has increased, so that is the reason for this 400K increase.</p>	<p>سامسون فرناندو شكراً علي. السؤال الأول: لماذا زادت تكلفة الفائدة بمقدار 400 ألف بينما كانت الشركة تسدد الديون كما هو مقرر ، وهناك تحوط في أسعار الفائدة يعوض الزيادة في الأسعار. الإجابة: التفاصيل موجودة في إيضاح البيانات المالية رقم 9. تفاصيل التحوط موجودة. نحن محاطون بنسبة 95% ، و 5% غير مغطاة. هذا هو انكشافنا. نظرًا لأن معدل LIBOR كان في ارتفاع خلال الفترة الماضية في الوقت الذي زادت فيه تكلفة التمويل لدينا ، وهذا هو سبب هذه الزيادة بمقدار 400 ألف. لسؤال الثاني: لماذا ارتفعت تكلفة التشغيل؟ وإذا كان بسبب التضخم ألا يتم تعويضه في الإيرادات حسب العقد المبرم مع الوزارة؟</p>

Question 2: why did the operating cost increase? and if it was because of inflation shouldnt that be compensated in the revenue as per the contract with the ministry?
Answer: Well, you are correct in a way because inflation has been adjusted for the operating cost with indexation. At the same time you have to keep in mind the planned plant outage, which was the reason mentioned regarding the decrease in revenue. So revenue increase will not be compensated against the cost increase due to the planned plant outage.

Question 3: Should we expect in the coming years for the debt to be paid down according to the amortization schedule, hence interest cost decreases and net profit increases thus increase in dividends?

Answer: We cannot guarantee that because our interest cost will reduce and at the same time our repayment amount goes up. In that case our dividends are subject to profits and available cash. There for we do not expect any drastic increment in the dividend payout.

Ali Abdulsalam: Thanks Samson. If there are any other questions please go ahead and type them in the Q and A box above.

There are no more questions as of now. Thank you for joining our call, thank you Paul and Samson.

الإجابة: حسناً ، أنت على صواب بطريقة ما لأن التضخم قد تم تعديله وفقاً لتكلفة التشغيل بالمؤشرات. في نفس الوقت ، عليك أن تضع في اعتبارك انقطاع المحطة المخطط له ، وهذا هو السبب المذكور فيما يتعلق بانخفاض الإيرادات. لذلك لن يتم تعويض زيادة الإيرادات مقابل زيادة التكلفة بسبب انقطاع المحطة المخطط له.

السؤال الثالث: هل نتوقع في السنوات القادمة أن يتم سداد الدين وفقاً لجدول الإطفاء ، ومن ثم تتخفض تكلفة الفائدة ويزيد صافي الربح وبالتالي تزداد توزيعات الأرباح؟
الإجابة: لا يمكننا ضمان ذلك لأن تكلفة الفائدة لدينا ستتناقص وفي نفس الوقت يرتفع مبلغ السداد. في هذه الحالة ، تخضع توزيعات النقدية لدينا للأرباح والنقد المتاح. و لذلك لا نتوقع أي زيادة معنية في توزيعات الأرباح.

علي عبدالسلام: شكراً يا سامسون. اذا كانت هناك أي أسئلة أخرى ، فيرجى المتابعة وكتابتها في صندوق الأسئلة اعلاه.

لا توجد أسئلة أخرى حتى الآن. شكراً لانضمامك إلى مكالمتنا، شكراً لك بول وسامسون.



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

Q1 – 2023 Earnings Webcast

15 May 2023



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BOARD & MANAGEMENT

Board of Directors

Chairman



Ahmad AlMujalham

Vice Chairman



Alexander Katon

Director and CEO



Andrew Paul Frain

Director



Ghazi AlSanie

Director



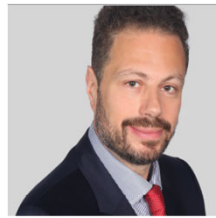
Laurent Furedi

Director



Eyad AlFalah

Director



Axel De Ghellinck

Management Team



Director and CEO
Andrew Paul Frain



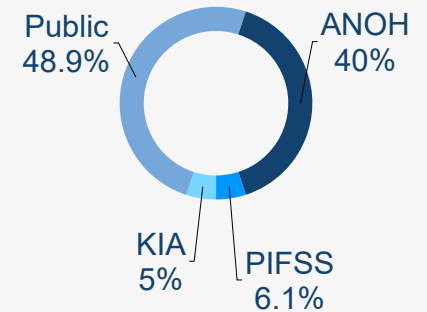
CFO
Bobby Agha



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

- Q1 2023 Highlights
- Key Events
- Questions and Answers

Q1 2023 HIGHLIGHTS


KWD MILLIONS

	1Q23	1Q22	<i>% Diff</i>
Revenue	12.3	12.7	-3.1%
Operating Costs	4.2	3.9	+7.7%
Gross Profit	8.1	8.9	-9.0%
EBITDA	7.4	8.1	-8.6%
Net Profit	2.5	3.5	-28.6%

- Revenue was less due to plant outages which was in line with management expectations for Q1 2023.
- Operating costs were higher for the Q1 2023 due to indexation.
- Gross profit was less for Q1 2023 due to lower revenue and higher operating costs
- EBITDA was less in Q1 2023 mainly due to lower operating revenue and higher operating costs.
- Net profit was less for Q1 2023 mainly due to lower revenue, higher operating costs and higher finance costs.
- Net profit margin was less for Q1 2023 due to lower revenue, higher operating costs and higher finance cost

KEY EVENTS

- The Company continues to maintain a close working relationship with the MEW and invoices continue to be settled within a reasonable timeframe.
- Shareholders approved a final cash dividend for the FY 2022 of **4 fils per share** at the AGM on 30 March 2023. This was distributed on 30 April 2023.

An aerial photograph of a large industrial complex, possibly a refinery or chemical plant, situated along a body of green water. The facility features numerous buildings with blue roofs, large storage tanks, and extensive piping. The text "QUESTIONS AND ANSWERS" is overlaid in the center in a large, white, sans-serif font.

QUESTIONS AND ANSWERS



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