

Investor
Call Transcript
Q1 2026



KIPCO Q1 2026 Investor Call Transcript

Introduction: Good afternoon, everyone. This is Ahmed El Shazly and on behalf of EFG Hermes, I welcome you all to the Q1 2026 Earnings Call for Kuwait Projects Company (Holding) – KIPCO. It is a pleasure to have with us on the call today Mr Moustapha Chami (Group CFO) and Ms Eman Al Awadhi (Group Senior Vice President, Corporate Communications & IR) at KIPCO. I would like to hand over the call to Ms Eman Al Awadhi. Thank you.

Eman Al Awadhi: Thank you, Ahmed. Good afternoon, everyone. We welcome you to our earnings call for the first quarter of 2026. Please note that today's presentation is also available on our website along with financial statements for the period.

Moving on to the presentation, please refer to the brief disclaimer on slide 2. Some of the statements that we will be making today and information available in the presentation can be forward-looking. Such statements are based on KIPCO's current expectations, predictions and estimates and are subject to risks and uncertainties which may adversely or otherwise affect the future outcome. They are not a guarantee of future performance, achievement or results.

I will now hand over to Moustapha to take you through some of the highlights for the quarter.

Moustapha Chami: Thank you Eman. Good afternoon, everyone.

Let us move to slide 4, where we cover KIPCO's consolidated financial performance for Q1 2026. KIPCO Group consolidated total revenue decreased 2.0% to US\$ 1.22b compared to US\$ 1.25b reported for Q1 2025. This is primarily due to reduction in investment income and forex income, partially offset by an increase in interest income.

KIPCO Group reported a net profit of US\$ 11.5m in Q1 2026, representing a 31.4% decrease compared to the net profit reported in Q1 2025. KIPCO's total assets at the consolidated level stood at US\$ 46.4b at the end of Q1 2026, which is a 3.0% increase from the US\$ 45.0b reported at year-end 2025.

We move to slide 5, which shows the revenue line items for Q1 2026 compared to Q1 2025.

Interest income from banking operations saw an increase of 3.7%, reaching US\$ 634.4m compared to US\$ 611.6m in Q1 2025, primarily driven by loan book growth in Burgan Bank Group.

Net fee & commission income increased to US\$ 71.8m in Q1 2026 compared to US\$ 70.0m in Q1 2025. Media & digital satellite income declined marginally by 2.9% to US\$ 57.9m.

Hospitality and real estate income saw a slight decrease of 0.4% to US\$ 71.8m. Income from the energy sector increased by 0.8% to US\$ 50.1m. The industrial and logistics sector income saw a drop of 4.2% to US\$ 240.0m.

Furthermore, the Group's consolidated financial statements include the effects of hyperinflation in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" stemming from our Turkish operations. As a result, the Group recorded a net monetary loss of US\$ 19.1m during Q1 2026 compared to a loss of US\$ 20.7m in Q1 2025 due to Burgan Bank's operations in Turkey. For further details, please refer to Note (2.4) of the published interim condensed consolidated financial information for the quarter.

Moving on to the financial performance of the Group's principal operations, we have on slide 7 the key performance highlights of our banking operations.

We start with Burgan Bank Group's results for Q1 2026. I would like to note that Burgan Bank held its earnings call on May 12, and you can refer to the transcript for more details.

Net operating income for Q1 2026 came to US\$ 207.8m, up 10% from US\$ 188.5m reported in Q1 2025. Net profit for Q1 2026 was at US\$ 16.6m versus US\$ 34.8m in Q1 2025. The growth in topline was offset by higher operating expenses which increased by 38%, due to the impact of UGB consolidation and continued investment in digital transformation and technology infrastructure, alongside the impact of hyperinflation in Turkey. Burgan Bank's loan book went up 2.2% to US\$ 16.1b, while deposits increased 11.8% to US\$ 19.9b in Q1 2026 when compared to year-end 2025.

The bank reported a strong liquidity coverage ratio of 220% and a net stable funding ratio of 111%, above the regulatory requirements of 80% for both metrics.

The NPL ratio stood at 2.7% at the end of Q1 2026, compared to 1.8% for Q1 2025. The bank reported a CET1 Ratio of 10.5% and CAR of 15.9% for Q1 2026, well above the current regulatory requirements of 9.5% and 13.0% respectively.

In April 2026, Burgan Bank received the approval of the Central Bank of Kuwait to increase shareholders' equity by KD 50m through a rights issue. The bank is currently seeking the approval of the Capital Markets Authority, before proceeding with the remainder of the rights issuance process.

We move on to slide 8 to cover JKB's performance in Q1 2026. JKB's total income dropped 23.7% to reach US\$ 97.0m versus US\$ 127.1m in Q1 2025. The decline in total income is primarily due to the lower commission and forex income from Iraq operations. Net profit for Q1 2026 came to US\$ 27.5m, down 24.1% from the US\$ 36.2m reported for Q1 2025.

At the end of Q1 2026, JKB's loan book decreased 3.8% to US\$ 2.8b and deposits decreased 5.0% to US\$ 5.0b from year-end 2025. In Q1 2026, the bank's total assets came to US\$ 7.6b, down 1.8% from the US\$ 7.7b reported at year-end 2025.

On slide 9, we can see the performance of SADAFCO. The foodstuff company reported a 2.6% decrease in revenue for Q1 2026 at US\$ 196.6m compared to US\$ 201.9m for Q1 2025. Operating profit was down 32.4% to US\$ 22.4m compared to US\$ 33.1m for Q1 2025. SADAFCO's net profit decreased 35.0% to US\$ 21.9m, compared to US\$ 33.6m in Q1 2025. Decline in net profit was primarily attributable to the higher raw material costs, fuel price increase and general inflationary trend.

SADAFCO continues to dominate the market in its three main product lines; UHT milk, tomato paste and ice cream. In Q1 2026, market share remained firm at 50.8% for UHT milk, 52.1% for tomato paste and 30.7% for ice cream.

United Gulf Holding Company (UGH) is featured on slide 10. UGH incurred a loss of US\$ 5.9m in Q1 2026 compared to a net loss of US\$ 2.7m in Q1 2025, representing a drop of 117.2%. Total income dropped from US\$ 27.0m reported in Q1 2025 to US\$ 24.2m for Q1 2026. Meanwhile, total assets dropped 0.5% to US\$ 2.2b in Q1 2026 compared to US\$ 2.3b at the end of 2025. Liabilities remained flat at US\$ 2.0b in Q1 2026 compared to the end of 2025.

On slide 11 we have the results of United Real Estate Company (URC). Please note that URC has been upgraded to Boursa Kuwait's Premier Market and held its earnings call on May 12. You can refer to the transcript of that call for more details.

Across its key income streams of the business, the company reported a 1.1% increase in rental and hospitality income, offset by a 9.0% decrease in the contracting and services revenue, resulting in a 1.8% drop in total revenue in Q1 2026 to US\$ 75.8m.

Operating profit went up 10.8% to reach US\$ 22.7m versus US\$ 20.5m in Q1 2025. URC's net profit posted a decrease of 8.4% in Q1 2026 at US\$ 6.8m versus US\$ 7.4m in

Q1 2025. The company's total assets remained stable at the end of Q1 2026 at US\$ 2.2b, compared to year-end 2025.

It is worthy to note that in March, URC received a letter from the Kuwait Authority for Partnership Projects (KAPP) confirming that the company has been awarded the contract for the Seafront Project (Phase 3) for the amount of KD 13.13m in annual fees payable to the Ministry of Finance. This is in consideration of the upgrade, development, major maintenance, management and operation of the project.

I will now hand over to Eman to take you through the rest of our portfolio companies.

Eman Al Awadhi Thank you, Moustapha.

Moving on to slide 12. Starting with our logistics and power rental business, JTC, which reported a total revenue of US\$ 25.8m for Q1 2026, 2.3% down from the US\$ 26.4m reported for the same period in 2025. The decrease is primarily driven by the reduction in revenue from the port division. Net profit for Q1 2026 amounted to US\$ 5.9m, 13.5% lower than the reported US\$ 6.8m in Q1 2025.

Onto the National Petroleum Services Company (NAPESCO), our oilfield services provider. NAPESCO's revenue for Q1 2026 grew slightly by 0.5% to reach US\$ 48.2m versus US\$ 48.0m in Q1 2025. NAPESCO posted a net profit of US\$ 14.0m for the quarter, 15% up from US\$ 12.2m for the corresponding quarter in 2025. The increase in net profit was primarily driven by increased revenue and improved gross margin.

Moving on to the healthcare sector with Advanced Technology Company. ATC witnessed a 9.9% decrease in revenue to reach US\$ 99.1m compared to US\$ 110.0m in Q1 2026. ATC reported a net loss of US\$ 12.7m in Q1 2026 compared to a loss of US\$ 8.3m in Q1 2025.

Finally, slide 13 shows the recent business updates of OSN Group, MENA's integrated streaming platform that brings together OSN+, OSNtv and Anghami. Over the last two

years, the subscribers of OSN+ and Anghami grew 57% and 44% respectively. The paid subscribers of OSN+ and Anghami reached 3.6m, with 45 telco partners and both B2B and B2C distribution. Business consumers in hotels, multi-users and bulks reached 100,000.

OSN's strategic plan for the next two years can also be seen on the slide, with three main pillars. The first is platform consolidation, by creating a unified stack that merges OSN+, OSNtv and Anghami into a shared infrastructure, billing and content management system. The second pillar is AI enablement, whereby velocity would increase 40% through native AI engineering and customer service. And finally, resource optimization that would result in a 25% reduction in direct costs.

I will now hand over the call to Ahmed to invite our listeners to raise any questions they may have.

Moderator:

Thank you for the presentation. We will now open the floor for questions. If you would like to ask a question, you can click on the raise hand button, and we will unmute your microphone. We also kindly ask that you keep your questions to a maximum of two questions to give everyone a chance to participate.

Again, a reminder, if you would like to ask a question, please click the raise hand button and we will unmute your microphone.

It seems we have no questions at this time. I would like to hand over the call to management for any closing remarks.

Eman Al Awadhi:

If there are no questions, we would like to thank everyone who joined us and we look forward to having you with us in the next call. Have a good evening.