



Humansoft Holding Company KSCP

Investor Presentation

FY 2017 Results

HUMANSOFT

Empowering People Through Knowledge

Disclaimer

- Nothing in this document constitutes an offer to sell or a solicitation of an offer to buy any securities

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Leading

private higher education company in the GCC

20+

years of operating experience

11,760¹

enrolled students in AUM and ACM

University of choice

for Engineering, IT and Business

USD 204 million

in revenue²

USD 110 million

in EBITDA²

47%

2013-17 EBITDA CAGR

160 fils cash + 70% share

dividend

¹ enrolled for Fall 2017 semester

² FY 2017

Over 20 years of dedication to quality education

- Humansoft has a history of over 20 years of operation in the field of Education and Training
- Initially the company started as an IT and Language training company in Kuwait and expanded its activities to Dubai, Qatar and Abu Dhabi
- The initial 10 years since inception shaped the culture of Humansoft, where the company was the education partner for all the major IT vendors such as Microsoft, Oracle, Novell, SCO Unix, Autodesk, CISCO, HP, etc
- This expertise and success of Humansoft laid the foundation for entry into Higher Education

1997

2005

2017

2003

2008

- Humansoft received necessary licenses to start American College of Middle East (ACM)

- Humansoft listed on the Kuwait Stock Exchange
- Humansoft received necessary licenses to start American University of Middle East (AUM)

- ACM and AUM started operations
- AUM and ACM are located in Egaila and the campus is built on 261,000 sqm of land leased from the Kuwait government
- This existing size of land allows for capacity expansion for further student growth in the future

- AUM and ACM together are one of the leading private higher education provider in the GCC with 11,760 students enrolled for the Fall 2017 semester

Board of Directors

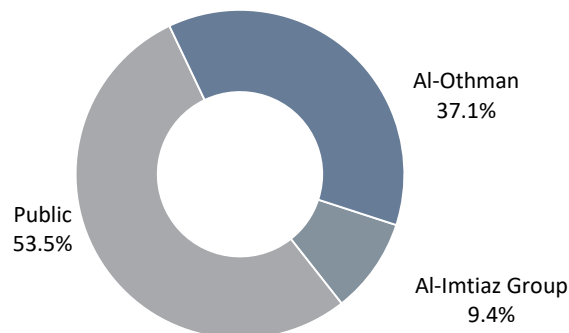
Name	Position
Tareq Fahad Al-Othman	Chairman
Mayank Baxi	Vice Chairman
Ahmad Sulaiman Al-Khaled	Director - Representative of Al-Imtiaz Group
Othman Abdullah Al-Othman	Director
Abdulrazaq Abdulla Mohammad Ahmed	Director

Key management

Name	Position
Mayank Baxi	CEO
Dalal Sabti	Vice President - Administration and Finance & CEO of Al Arabiya Educational Enterprises
Anup Dhand	Head of Internal Audit and Risk Management
Mohammed Aslam	CEO - Humansoft Learning
Dr. Emad Al Atiqi	President of AUM
Dr. Mohaned Hassanin	Provost AUM and ACM

Share price performance

Shareholding (20 February 2018)

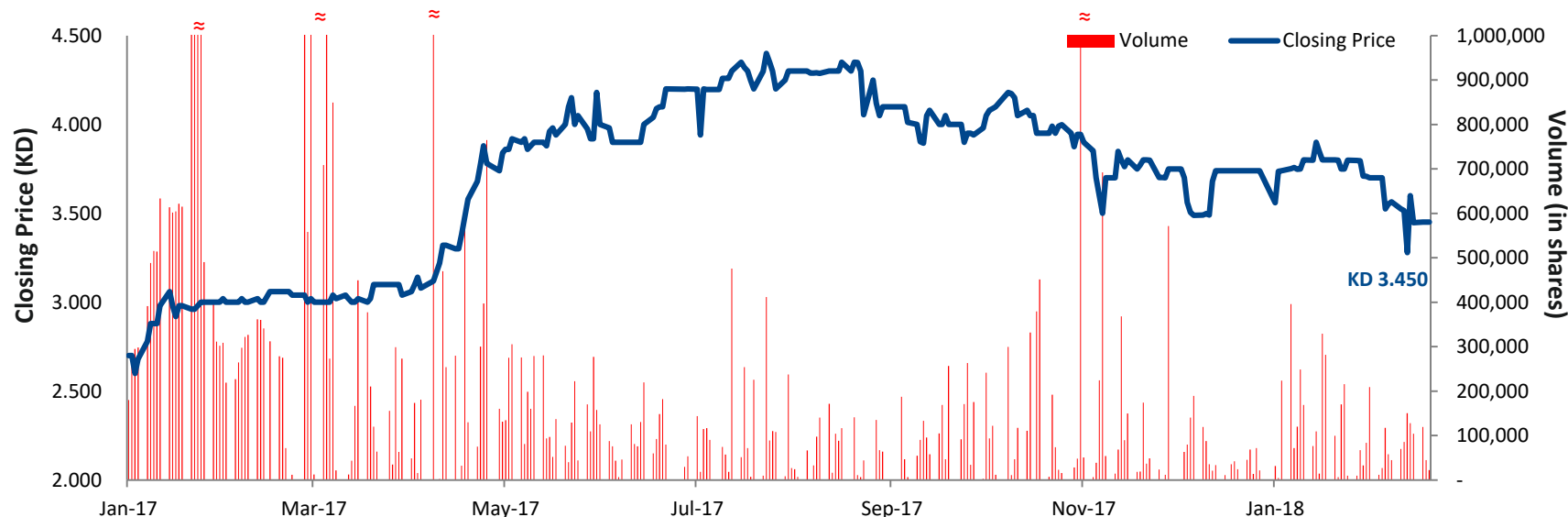


	KD
Closing price as at 20 February 2018	3.450
Market Cap (KD mn) ¹	420
Market Cap (USD bn)	1.4
6m avg. daily trading volume (% of shares outstanding)	0.10%
52-weeks high	4.400
52-weeks low	3.000

Current trading multiples ²

EV/ EBITDA (FY 2017)	12.8x
P/E (FY 2017)	14.9x
Cash dividend yield (2017)	4.6%

Share price performance



¹ Based on 121,654,352 shares outstanding

² Based on closing share price of KD 3.450 as of 20 February 2018 and FY 2017 financials




Humansoft is the 15th largest by market cap on Boursa Kuwait

Name	Sector	Market Cap ¹ (KD million)	Rank	Part of Kuwait 15
National Bank of Kuwait	Banking	4,438	1	Yes
Kuwait Finance House	Banking	3,359	2	Yes
Mobile Telecommunications Co (Zain)	Telecom	1,947	3	Yes
Ahli United Bank BSC (Bahrain)	Banking	1,590	4	No
Agility Public Warehousing Co	Logistics	1,059	5	Yes
Boubyan Bank	Banking	1,086	6	Yes
Gulf Bank	Banking	722	7	Yes
Commercial Bank of Kuwait	Banking	710	8	Yes
Mabane Co	Real Estate	677	9	Yes
Ahli United Bank (Kuwait)	Banking	578	10	No
Burgan Bank	Banking	635	11	Yes
Ooredoo Kuwait	Telecom	516	12	No
Al Ahli Bank of Kuwait	Banking	498	13	Yes
Kuwait Projects Co Holding	Diversified	438	14	Yes
Human Soft Holding Co	Education	420	15	Yes
Kuwait Food Co Americana	Consumer	392	16	No
VIVA Kuwait Telecom Co	Telecom	382	17	Yes
Boubyan Petrochemicals Co	Banking	362	18	No
Qurain Petrochemical Industries Co	Industrial	352	19	Yes
GFH Financial Group BSC (Bahrain)	Banking	355	20	No

15th largest by market cap
6th largest non banking stock

¹ As of 20 February 2018

Indices and research coverage

Index	Inclusion date
 Boursa Kuwait بورصة الكويت KUWAIT 15 Index (KSX 15)	June 15, 2017
 MSCI Kuwaiti Small Cap Index	June 1, 2017
 FTSE Coast Kuwait 40 Index	May 22, 2017

Could potentially be upgraded to the MSCI Kuwait mid and large cap index during the course of 2018

Broker	Target price	Date	Analysts
 arqaam CAPITAL	5.300	February 21, 2018	<ul style="list-style-type: none"> • Mohammad Kamal • Tarek Sleiman
 HSBC	5.500	July 5, 2017	<ul style="list-style-type: none"> • Ankur Agarwal • Parsita Kundu
 citi	5.770	June 13, 2017	<ul style="list-style-type: none"> • Taher Safieddine • Andrew Howell
 EFGHERMES	6.000	April 20, 2017	<ul style="list-style-type: none"> • Hatem Alaa • Mirna Maher • Nada Amin
 KAMCO كاسك	3.420	March 13, 2017	<ul style="list-style-type: none"> • Faisal Hasan • Junaid Ansari • Thomas Mathew

- Most analysts refer to Humansoft as one of their top stock picks in the MENA region

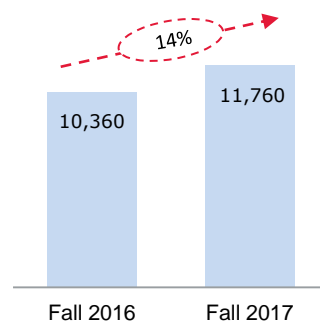
FY 2017 financial performance

- A total of 11,760 students are enrolled in AUM and ACM for the Fall 2017 semester
- Humansoft recorded a revenue growth of 13.4% in 2017 over 2016 on the back of higher enrolled students
- FY 2017 EBITDA of KD 33.2 million was 16.6% higher than FY 2016. Humansoft was also able to improve its EBITDA margins by 150 basis points over 2016
- FY 2017 net profit is KD 28.1 mn, a growth of 16.1% on FY 2016, leading to an EPS of 231 fils per share

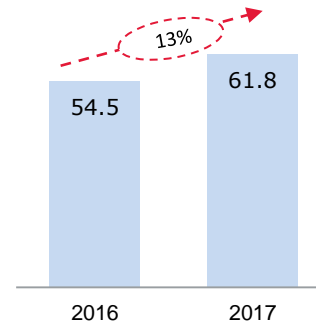
Key figures and ratios	Q4 2016	Q4 2017	Change
Total number of enrolled students (Fall 2017)	10,360	11,760	13.5%
Revenue (KD mn)	15.7	18.0	14.6%
EBITDA (KD mn)	9.2	10.5	13.7%
EBITDA margin	58.8%	58.6%	-0.2%
Net profit (KD mn)	8.0	9.1	13.5%
Net margin	50.8%	50.5%	-0.3%
EPS (in fils)	65	76	12.1%
Equity (KD mn)	48.3	56.9	17.9%
Total Assets (KD mn)	85.7	98.4	14.9%

FY 2016	FY 2017	Change
10,360	11,760	13.5%
54.5	61.8	13.4%
28.5	33.2	16.6%
52.3%	53.8%	1.5%
24.2	28.1	16.1%
44.4%	45.5%	1.1%
199	231	16.1%
48.3	56.9	17.9%
85.7	98.4	14.9%

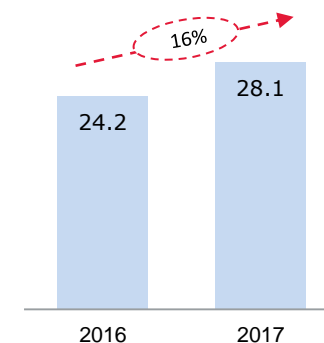
Students



Revenue (KD mn)



Net profit (KD mn)



Current operations

Kuwait government initiatives

- Kuwait government's development plans indicate that large infrastructure investments are planned in the next few years. Focus sectors include:
 - civil infrastructure (airports, roads, bridges, railways, housing projects)
 - oil sector (expanding and upgrading refineries, exploration)
 - healthcare (new government hospitals)
- AUM and ACM are well positioned to fulfill the need for qualified manpower to successfully implement these initiatives

AUM ACM plans:

- AUM and ACM contemplates to introduce new majors to attract a wider spectrum of high school graduates:
 1. New engineering majors (Petroleum Engineering, Civil Engineering, Architecture)
 2. Nursing
 3. Masters degree program for engineering majors

Growth through acquisitions

- Humansoft is reviewing and exploring opportunities to grow the higher education business and diversify into other sectors in the learning space
- Humansoft plans to form a new team and infrastructure to focus on acquisitions in future.

2017 dividend

- The Board of Directors of Humansoft has made the following recommendation for the shareholders approval:
 - cash dividends of 160 fils per share
 - share dividend of 70 shares for every 100 shares

Paid up capital after share dividend

- If the proposed bonus issue is approved by Humansoft's shareholders, then the capital of Humansoft will be as follows:

	As of 31 Dec 2017	Share dividend	Post share dividend
Authorized and Issued Shares	122,236,800	85,565,760	207,802,560
Authorized and Issued Capital (in KD)	12,223,680	8,556,576	20,780,256
Outstanding shares (net of Treasury shares)	121,654,352		206,812,398

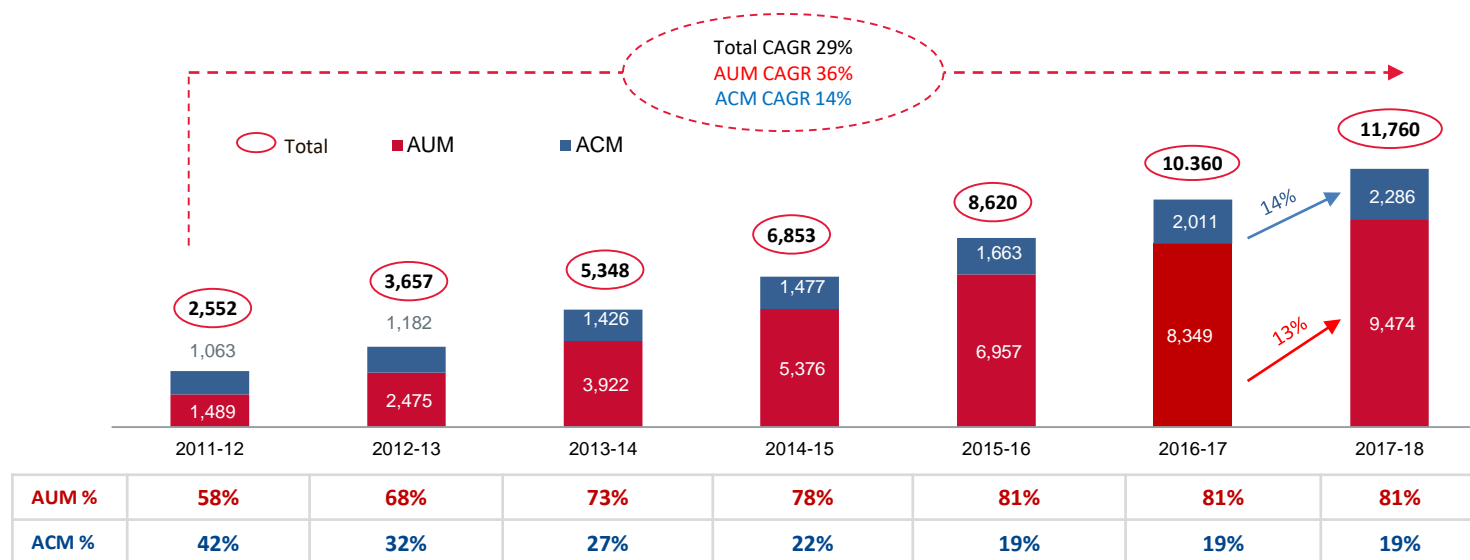
Rationale for share dividend

- Strengthen Humansoft's capital structure and to have better borrowing capacity.
- Allow for increase in trading volumes

Fall 2017 total student enrollment increased by 14% over Fall 2016

Total student enrolled

(beginning of Fall term of academic year)



- Student enrollment at AUM has grown at a CAGR of 29% between the academic years 2011-12 to 2017-18
- AUM, which is Humansoft's flagship institution, represents 81% of the students enrolled at Humansoft

Deferred income as of 31 December

- The deferred income as of 31 December 2017 (which reflects the higher education revenue for January 2018) was KD 5.7 mn, which is 14% higher than the deferred income as of 31 December 2016

New enrollments in Fall 2017 grew by 10% over Fall 2016, with ACM enrollments growing by 30%

New enrollments

Institution	New enrollments			Total enrolled students		
	Fall 2016	Fall 2017	Growth	Fall 2016	Fall 2017	Growth
AUM	2,169	2,263	4%	8,349	9,474	13%
ACM	595	775	30%	2,011	2,286	14%
Total	2,764	3,038	10%	10,360	11,760	14%

AUM new enrollments

- AUM has enrolled 2,263 students in Fall 2017, the highest fall term intake in AUM's history
- Historically, AUM's new enrollment has grown, in conjunction with the introduction of new majors (e.g. Electrical Engineering in 2014, Mechanical Engineering in 2015 and Chemical Engineering in 2016). AUM has achieved 4% growth in new enrollment, despite no new majors being introduced in 2017

ACM new enrollments

- ACM's new enrollment in Fall 2017 grew by 30% over Fall 2016
- This reflects high demand for the 2 year diploma segment in which ACM operates, and a conscious effort to manage growth effectively in this high potential segment

Student achievements

Engineering and business:

- AUM won **first Place** in the IEEE GCC Robotics Competition
- AUM won **first Place** in the IEOM (Industrial Engineering and Operations Management) Simulation and design competition held in Morocco
- AUM was in the **top 4** teams in the Institute of Management Accountants (IMA) student case competition
- AUM won **first Place** in the Robot Challenge 2017 (humanoid Sumo competition) held in China
- AUM won the **Best Applied Research Award** in the BioSMART 2017 competition in Paris
- AUM won **first Place** in the GE Kuwait Engineering Design Challenge
- AUM has qualified for the Finals of Huawei ICT Skill competition 2017 in China



Huawei ICT Skill Competition



BioSMART 2017



GE Engineering Design Challenge



Robot Challenge 2017

Sports:

- AUM **won** the World University Football Tournament in Paris
- AUM won the **first place** in the following tournaments organized by the University Athletic Association of Kuwait (UAAK)
 - Football
 - Volleyball
 - Basketball
 - Squash
 - Table Tennis



AUM Football team



UAAK Volleyball



UAAK Basketball

- The infrastructure and facilities at the AUM+ACM campus continues to progress
 - The Opera and convention center are completed.
 - Research and Innovation Center completed.
 - 1 new building and 1 multistory parking are under construction and expected to be completed in 2018
- The pictures below and video (link below) show a glimpse of campus life

Campus video: <https://www.youtube.com/watch?v=-lE526uWeMM&feature=youtu.be>

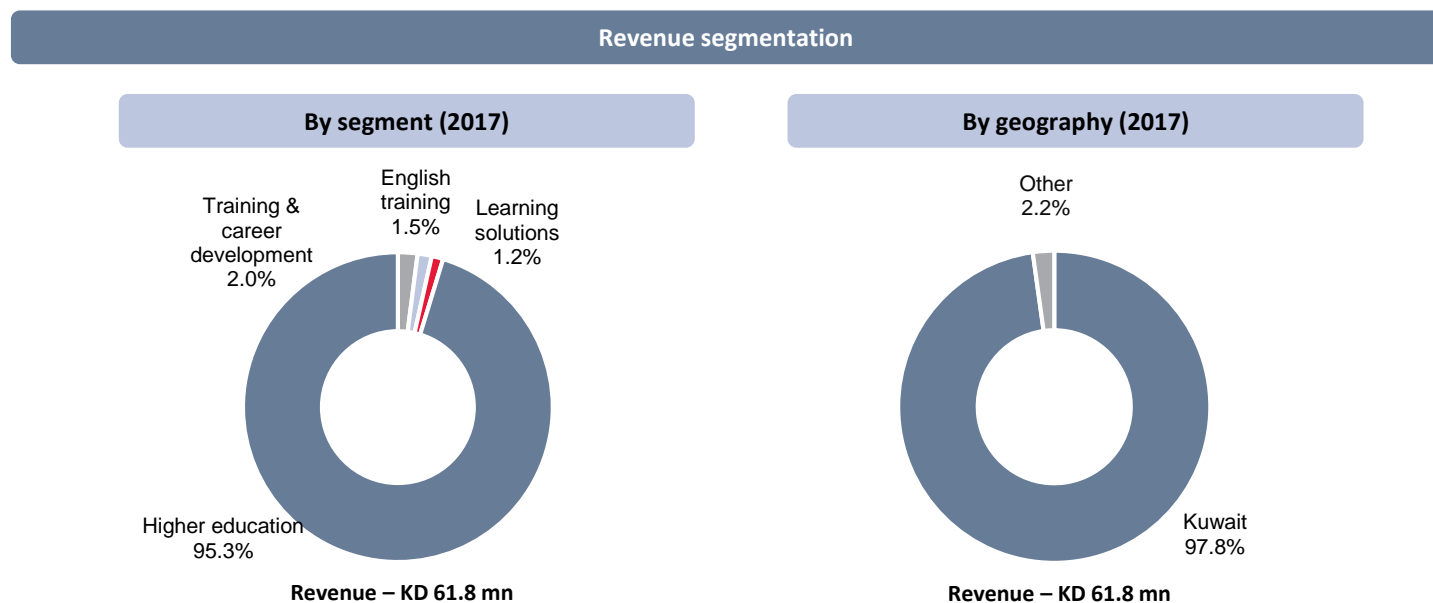
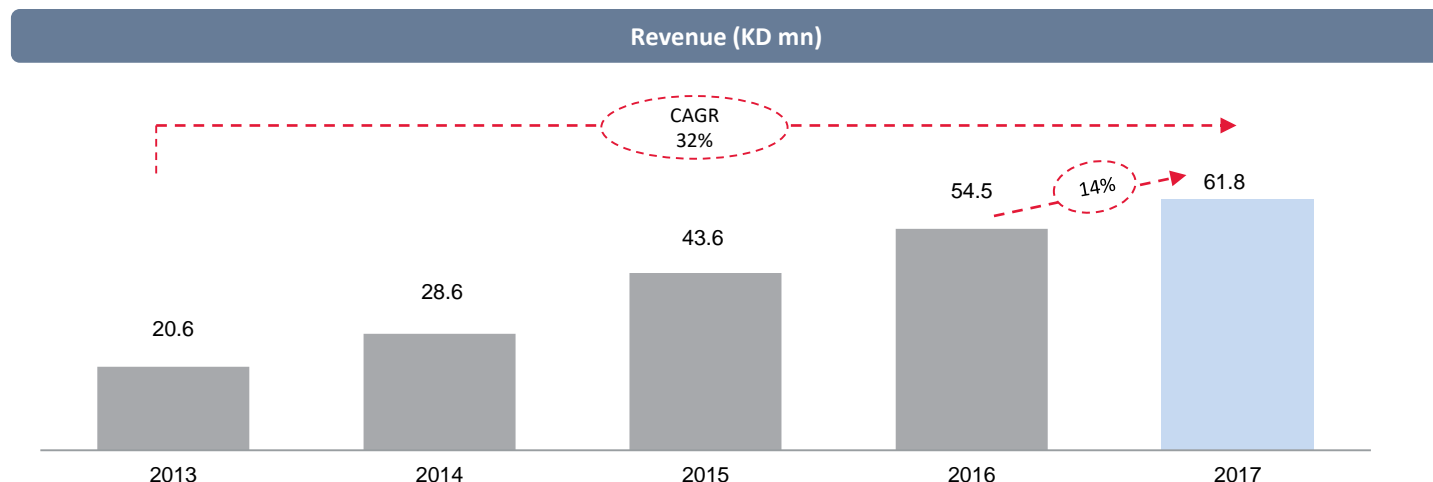
or

<https://www.human-soft.com/aum.html>



Humansoft's revenues grew at a CAGR of 32% between 2013 and 2017

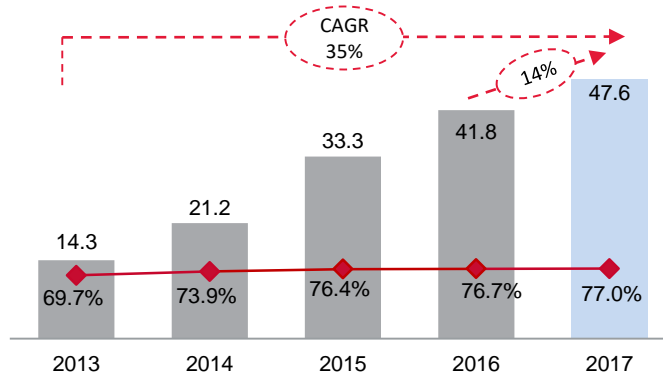
- Humansoft's revenue grew at a CAGR of 32% between 2013-17, due to strong student growth in AUM and ACM and tuition increase in 2014 (AUM) and 2015 (ACM)
- The higher education segment, accounted for 95.3% of the Company's revenues in FY 2017
- Kuwait accounted for 97.8% of the Company's revenues and 99.5% of Net Profit in 2016



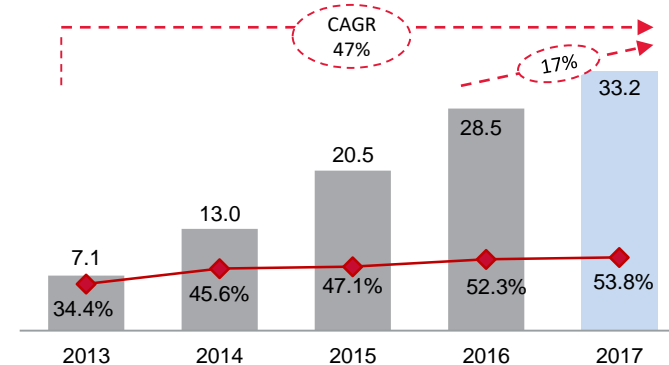
EBITDA margin reached 53.8% in 2017, registering a 150 bps improvement over 2016

- EBITDA grew at a CAGR of 47% in the period 2013-16. EBITDA margin was 53.8% for 2017, an improvement of 150 bps over 2016
- Humansoft's net profit grew at a CAGR of 53% between 2013-17. 2017 net profit of KD 28.1 mn was 16% higher than 2016
- In 2017, Humansoft's board has recommended paying 160 fils as cash dividend (payout ratio of 69%) along with a 70% bonus shares (7 shares for every 10 shares owned)

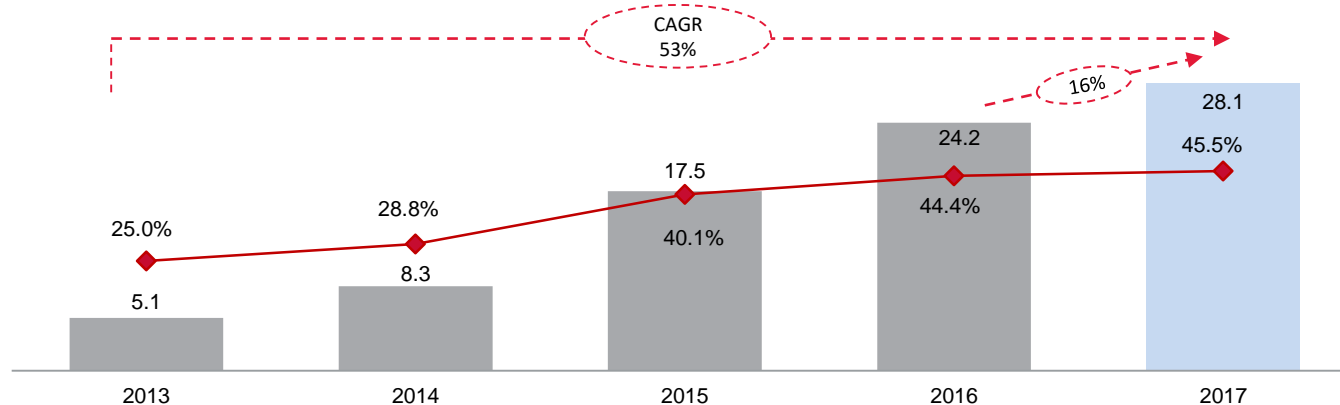
Gross profit (KD mn) and gross profit margin



EBITDA (KD mn) and EBITDA margin



Net profit (KD mn) and net profit margin



Earning per share (in fils)	42	68	144	199	231
Cash dividend per share (in fils)	35	90	115	160	160
Share dividend per share (%)	7%	-	-	-	70%

Humansoft generated ROAE of 53% in 2017 while operating with net debt / equity ratio of 7%

■ Humansoft has invested capex of KD 23.6 mn in 2015 and 2016 combined, to expand capacity and provide state of the art facilities for students. Capex in 2017 was KD 12.9 mn

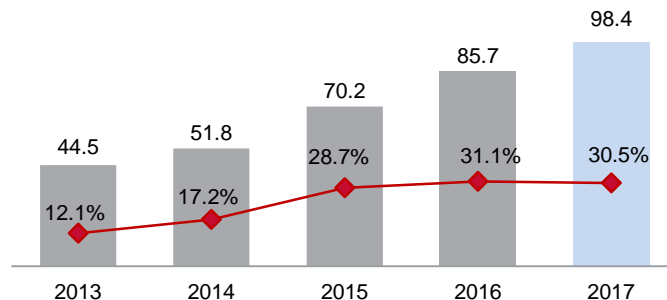
■ In spite of the increased asset base, Humansoft's Return on Average Assets grew steadily reaching 30.5% in 2017

■ Humansoft's strong earnings have resulted in a strong dividend payment and steady growth in shareholders equity to KD 56.9 mn as of December 2017

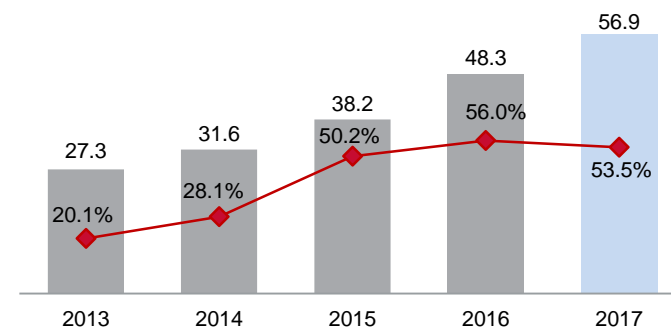
■ Humansoft generated a Return on Average Equity of 53.5% in 2017 while operating with net debt/equity ratio of 7%

■ Humansoft owns a 2,500 Sqm plot of land in Sharq (Kuwait city), which is carried on the books at cost of KD 5.3 mn. This land, which was bought in 2006/07 is a non-operating asset

Total assets (KD mn) and ROAA



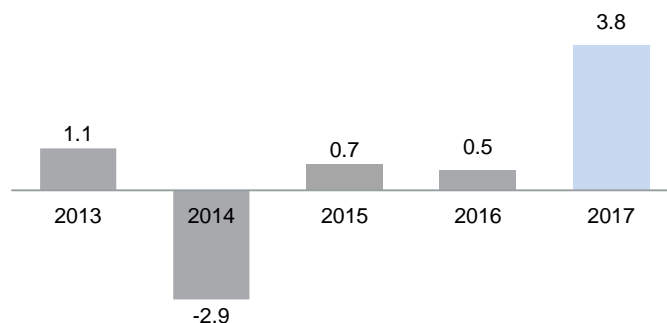
Total equity (KD mn) and ROAE



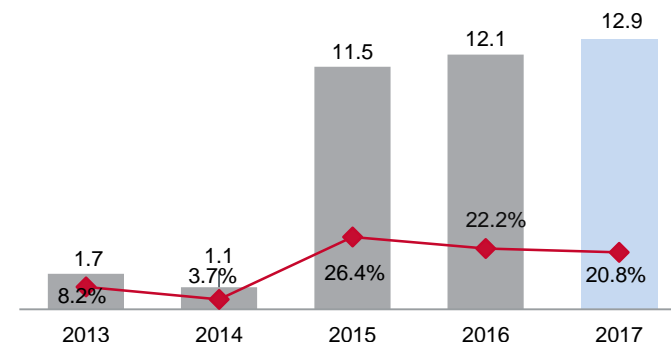
Cash Dividend payout

100%	132%	79%	80%	69%
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Net Debt ¹ (KD mn)



Capex (KD mn) and capex as % of revenue



¹ Debt less cash