



# Humansoft Holding Company KSCP

Investor Presentation, 30 January 2019  
FY 2018 Results



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

**12,356<sup>1</sup>**

enrolled students in AUM and ACM

### University of choice

for Engineering, IT and Business

**USD 228 million**

in revenue<sup>2</sup>

**USD 125 million**

in EBITDA<sup>2</sup>

**40%**

2013-18 EBITDA CAGR

**185 fils**

cash dividend proposed for 2018

<sup>1</sup> enrolled for Fall 2018 semester

<sup>2</sup> FY 2018

# 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**

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



ABET accreditation for AUM's Industrial Engineering, Computer Engineering, Electrical Engineering, and Telecommunications and Networking Technology programs

**2018**

**2003**

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

**2008**

- 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

**2019**

- Humansoft has been upgraded to Boursa Kuwait's Premier Market effective 10 February 2019
- ACBSP accreditation for ACM's business programs



### Board of Directors

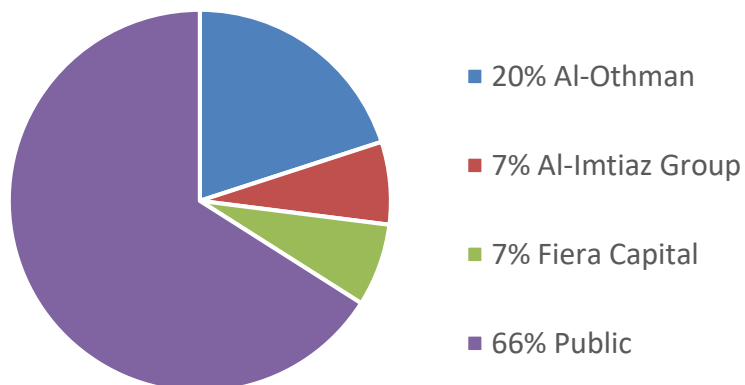
Name	Position
Tareq Fahad Al-Othman	Chairman
Mayank Baxi	Vice Chairman
Ahmad Sulaiman Al-Khaled	Director - Representative of Al-Imtiaz Group
Othman Abdullah Al-Othman	Director
Abdulrazaq Abdulla Mohammad Ahmed	Director

### Executive 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. Mohaned Hassanin	Provost AUM and ACM

# Share price performance

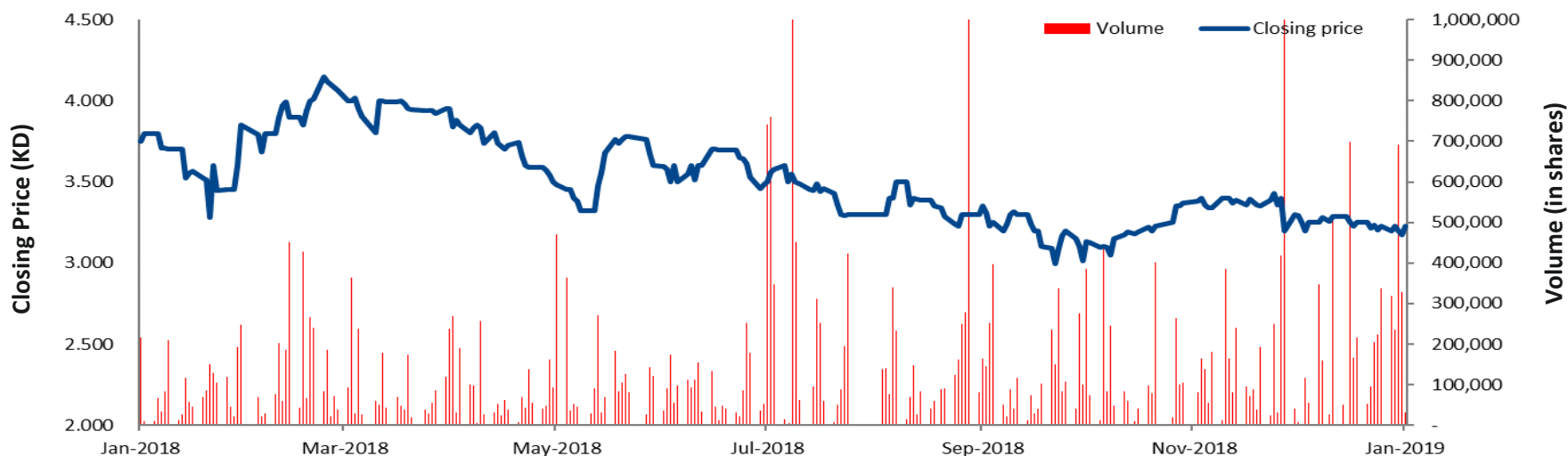
## Shareholding (24 January 2019)



	KD
Closing price as at 24 January 2019	3.230
Market Cap (KD mn) <sup>1</sup>	393
Market Cap (USD bn)	1.3
6m avg. daily trading volume (% of shares outstanding) <sup>2</sup>	0.29%
52-weeks high	4.149
52-weeks low	2.996

Current trading multiples <sup>3</sup>	
EV/EBITDA (FY 2018)	10.3x
P/E (FY 2018)	12.5x
Cash dividend yield (proposed for 2018)	5.7%

## 1-year share price performance



<sup>1</sup> Based on 121,654,352 shares outstanding

<sup>2</sup> Including 21.37 million shares sold through special trades

<sup>3</sup> Based on closing share price of KD 3.230 as of 24 January 2019 and FY 2018 financials



## Humansoft has been upgraded to Premier Market

Name	Sector	Average Market Cap (KD million)	Rank	Boursa Kuwait segment
National Bank of Kuwait	Banking	4,786	1	Premier
Kuwait Finance House	Banking	3,550	2	Premier
Zain	Telecom	1,957	3	Premier
Ahli United Bank AUB (Bahrain)	Banking	1,606	4	Premier
Boubyan Bank	Banking	1,200	5	Premier
Agility Public Warehousing Co	Logistics	1,159	6	Premier
Commercial Bank of Kuwait	Banking	837	7	Main
Gulf Bank	Banking	754	8	Premier
Mabane	Real Estate	642	9	Premier
Burgan Bank	Banking	634	10	Premier
Ahli United Bank AUB (Kuwait)	Banking	572	11	Main
Ahli Bank of Kuwait ABK	Banking	504	12	Main
Boubyan Petrochemicals	Diversified	465	13	Premier
Ooredoo Kuwait	Telecom	438	14	Main
<b>Humansoft</b>	<b>Education</b>	<b>434</b>	<b>15</b>	<b>Upgraded to Premier</b>
GFH Financial Group	Banking	385	16	Premier
KIPCO	Diversified	376	17	Premier
VIVA Kuwait	Telecom	372	18	Main
Qurain Petrochemicals	Diversified	371	19	Upgraded to Premier
ALAFCO	Leasing	341	20	Main

15<sup>th</sup> largest by market cap  
6<sup>th</sup> largest non-banking stock

Based on average market cap for 2018

Upgrade to Premier Market effective 10 February 2019

Source: Boursa Kuwait

### Research coverage

Broker	Target price	Date	Analysts
 EFGHERMES	6.300	27 February 2018	<ul style="list-style-type: none"> <li>• Hatem Alaa</li> <li>• Mirna Maher</li> <li>• Nada Amin</li> </ul>
 BELTONE FINANCIAL	6.160	29 July 2018	<ul style="list-style-type: none"> <li>• Mohamed Zein</li> <li>• Aly Adel</li> </ul>
 citi	5.770	13 June 2017	<ul style="list-style-type: none"> <li>• Taher Safieddine</li> <li>• Andrew Howell</li> </ul>
 HSBC	5.100	26 November 2018	<ul style="list-style-type: none"> <li>• Ankur Agarwal</li> <li>• Parsita Kundu</li> </ul>
 arqaam CAPITAL	5.300	23 July 2018	<ul style="list-style-type: none"> <li>• Mohammad Kamal</li> <li>• Tarek Sleiman</li> </ul>
 CI CAPITAL	5.250	25 March 2018	<ul style="list-style-type: none"> <li>• Khaled Sadek</li> <li>• Ahmed El Moataz</li> </ul>

### Investor Relations activities

#### IR 2018

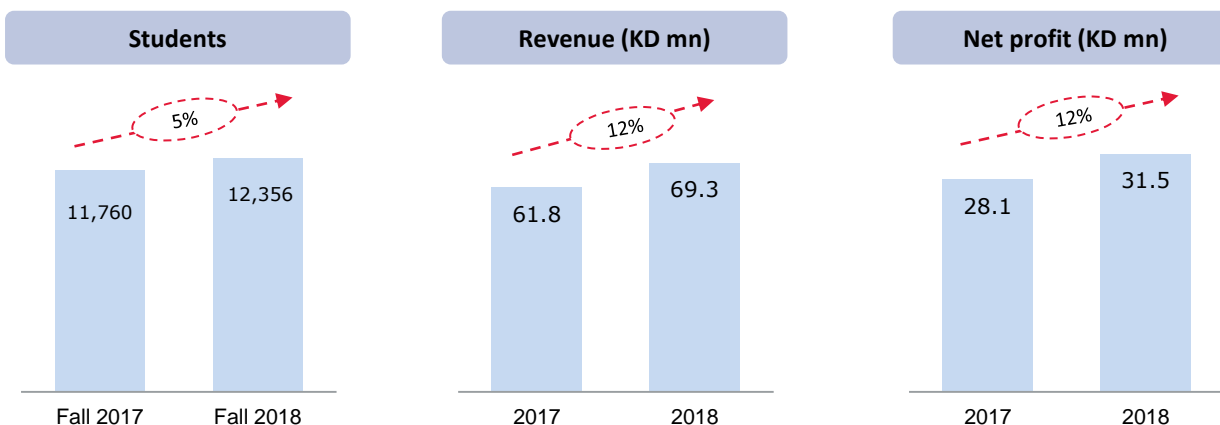
- March 2018: EFG Conference in Dubai
- March 2018: HSBC MENA Investor Forum in New York
- April 2018: Goldman Sachs and Boursa Kuwait Investor Conference in London
- May 2018: Canada and US roadshow by Arqaam and Auerbach Grayson
- September 2018: HSBC GEMS Investor Conference in London
- September 2018: EFG Conference in London
- September 2018: Arqaam Conference in Dubai
- October 2018: Morgan Stanley Conference in Dubai



## 2018 financial performance

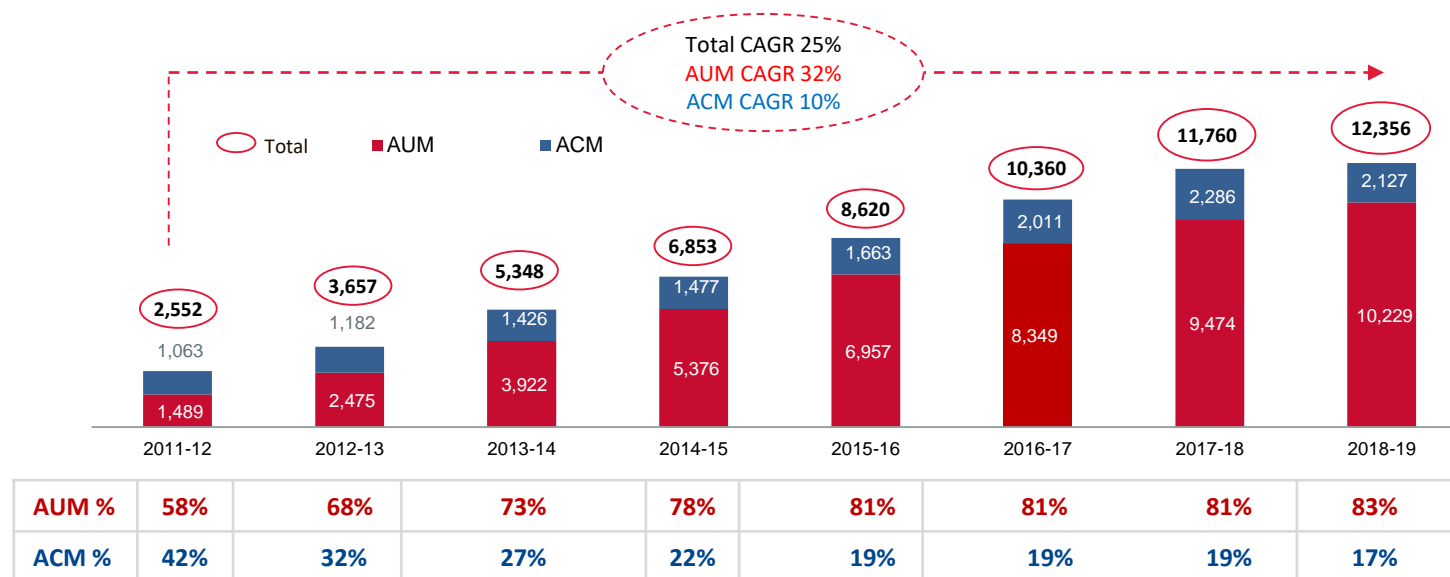
- A total of 12,356 students are enrolled in AUM and ACM at the beginning of the Fall 2018 semester
- Humansoft recorded a revenue growth of 12% in 2018 over 2017 on the back of higher enrolled students
- FY 2018 EBITDA of KD 38.1 million was 14.6 % higher than FY 2017. Humansoft was also able to improve its EBITDA margin by 1.2% over 2017
- FY 2018 net profit is KD 31.5 mn, a growth of 12% on FY 2017, leading to an EPS of 259 fils per share
- Q4 2018 EBITDA margin and net margin are lower than Q4 2017 due to the impact of one off other income of KD 0.5 million in Q4 2017
- Total equity at KD 67 million is 17.9% higher than 2017

Key figures and ratios	Q4 2017	Q4 2018	Change	FY 2017	FY 2018	Change
Number of students (Fall 2018)	11,760	12,356	5.1%	11,760	12,356	5.1%
Revenue (KD mn)	18.0	19.3	7.5%	61.8	69.3	12.1%
EBITDA (KD mn)	10.5	11.1	5.3%	33.2	38.1	14.6%
EBITDA margin (%)	58.6%	57.4%	-1.2%	53.8%	55.0%	1.2%
Net profit (KD mn)	9.1	9.2	1.9%	28.1	31.5	12.1%
Net margin (%)	50.5%	47.8%	-2.6%	45.5%	45.5%	0.0%
EPS (in fils)	74	76	2.7%	231	259	12.1%
Equity (KD mn)	56.9	67.0	17.9%	56.9	67.0	17.9%
Total assets (KD mn)	98.4	109.9	11.6%	98.4	109.9	11.6%



## Student enrollment at AUM has grown at a CAGR of 32%

**Total students enrolled**  
(beginning of the Fall semester)



- Student enrollment at AUM has grown at a CAGR of 32% between the academic years 2011-12 to 2018-19
- AUM, which is Humansoft's flagship institution, represents 83% of the total students enrolled at Humansoft

**Deferred income**  
as of  
**31 December 2018**

- The deferred income as of 31 December 2018 (which reflects the higher education revenue for January 2019) was KD 6.2 million
- 8% higher than the deferred income as of 31 December 2017

## Total enrollments in Fall 2018 grew by 5% over Fall 2017

Institution	New enrollments			Total enrolled students		
	Fall 2017	Fall 2018	Growth	Fall 2017	Fall 2018	Growth
AUM	2,263	2,284	1%	9,474	10,229	8%
ACM	775	612	-21%	2,286	2,127	-7%
Total	3,038	2,896	-5%	11,760	12,356	5%

### Accreditations

- Accreditation Board for Engineering and Technology (ABET) have accredited AUM's Industrial Engineering, Computer Engineering, Electrical Engineering, and Telecommunications and Networking Technology programs in August 2018
- Accreditation Council for Business Schools and Programs (ACBSP) have accredited ACM's business programs in January 2019

### New majors

- AUM has received approval for Civil Engineering and Architecture majors

### Research capability

- Launch of AUM's Research and Innovation Center including robotics center and first phase of nanotechnology center

# Student achievements in 2018

## Engineering and business:

- AUM won **1st place** in the 8th IEOM international conference held in Indonesia
- AUM won **1st and 2nd place** in the “GCC Robotics Challenge” held in Bahrain
- AUM won **1st place** in the undergrad student competition at the 6th International IBM Cloud Academy Conference (ICA CON) 2018 in Japan
- AUM won **1st place** in the 2nd IEOM European Conference in Paris
- AUM has set a new regional record by winning a **gold medal, two silver medals and a bronze medal** at the “RobotChallenge” Competition 2018 in China
- AUM won **1st place** in the 3rd North American IEOM Conference on Industrial Engineering and Operations Management



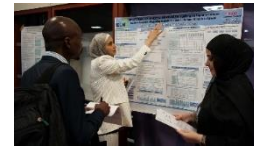
*8th IEOM  
international  
conference held in  
Indonesia*



*GCC Robotics  
Challenge*



*6th International IBM  
Cloud*



*2nd IEOM Conference in Paris*



*“RobotChallenge”  
Competition in China*



*3rd North American  
IEOM Conference*

## Sports:

- AUM won **1st place** in the following tournaments organized by the University Athletic Association of Kuwait (UAAK):
  - **Football** (male category)
  - **Basketball** (male and female categories)
  - **Squash** (male and female categories)
  - **Table Tennis** (male category and 2nd place in female category)



*AUM Football team*



*AUM Basketball team*



*Squash*



*Table Tennis*

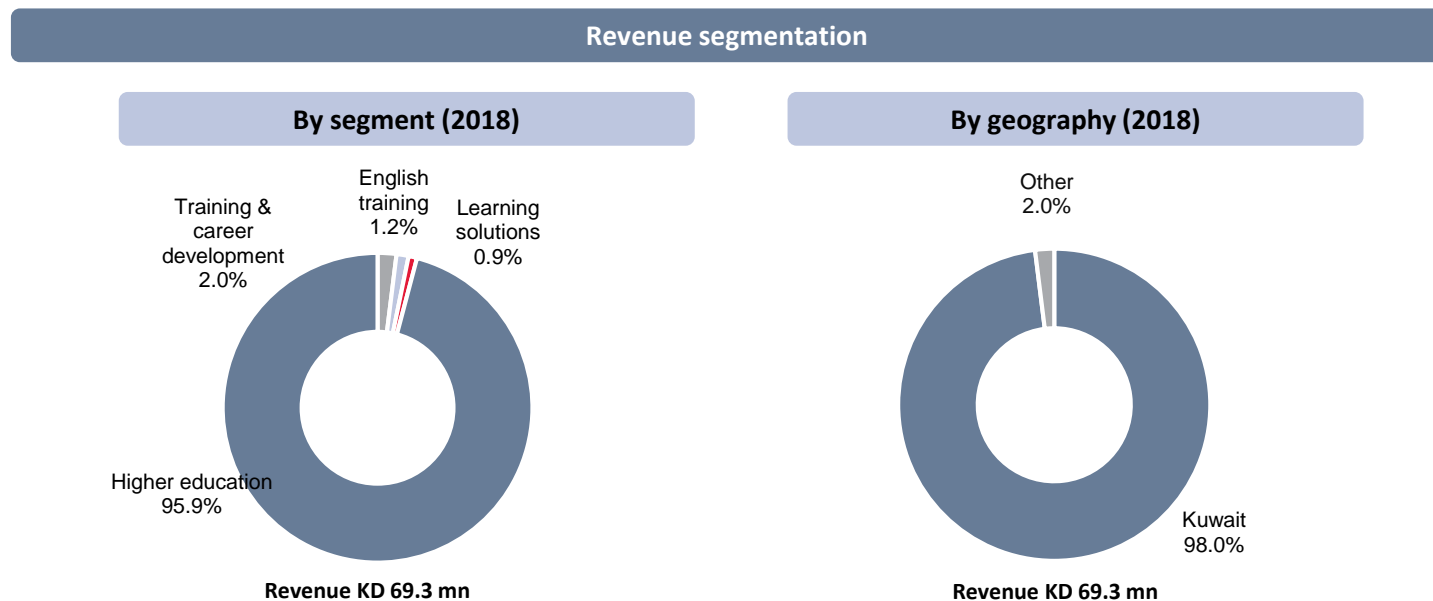
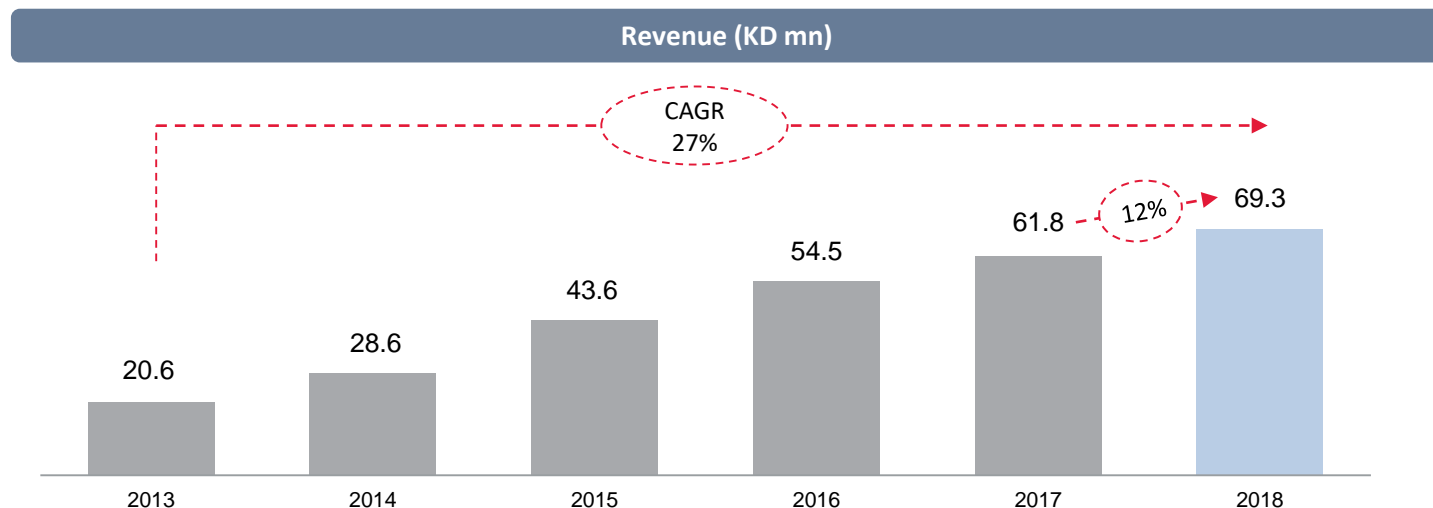
- The pictures below and video (link below) show a glimpse of campus life



**Campus video:** <https://www.youtube.com/watch?v=-lE526uWeMM&feature=youtu.be>  
or  
<https://www.human-soft.com/our-subsiidiaries/american-university-of-the-middle-east/>

## Humansoft's revenues grew at a CAGR of 27% between 2013 and 2018

- Humansoft's revenue grew at a CAGR of 27% between 2013 and 2018, due to strong student growth in AUM and ACM and tuition increase in 2014 (AUM) and 2015 (ACM)
- The higher education segment accounted for 95.9% of Humansoft's revenues in FY 2018
- Kuwait accounted for 98.0% of the Company's revenues and 99.9% of net profit in 2018

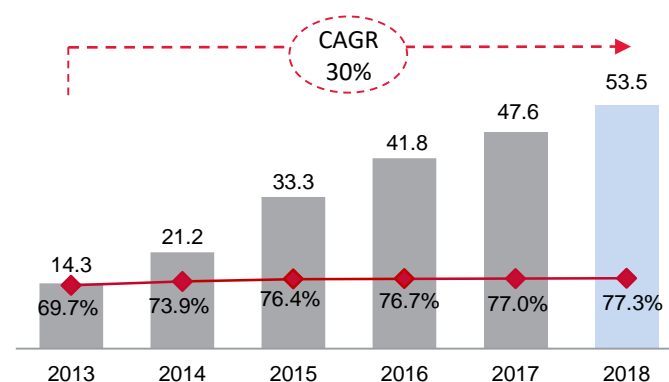




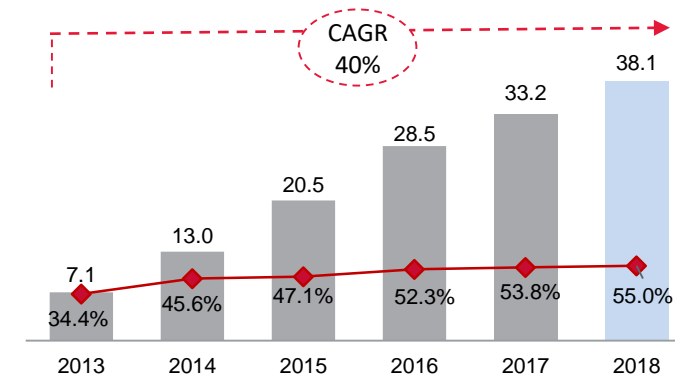
## EBITDA margin reached 55% in 2018, registering a 1.2% improvement over 2017

- EBITDA grew at a CAGR of 40% in the period 2013-18. EBITDA margin was 55% for 2018, an improvement of 1.2% over 2017
- Humansoft's net profit grew at a CAGR of 44% between 2013-18
- 2018 net profit of KD 31.5 million was 12% higher than 2017
- In 2018, Humansoft's board recommended paying 185 fils as cash dividend (payout ratio of 71%)

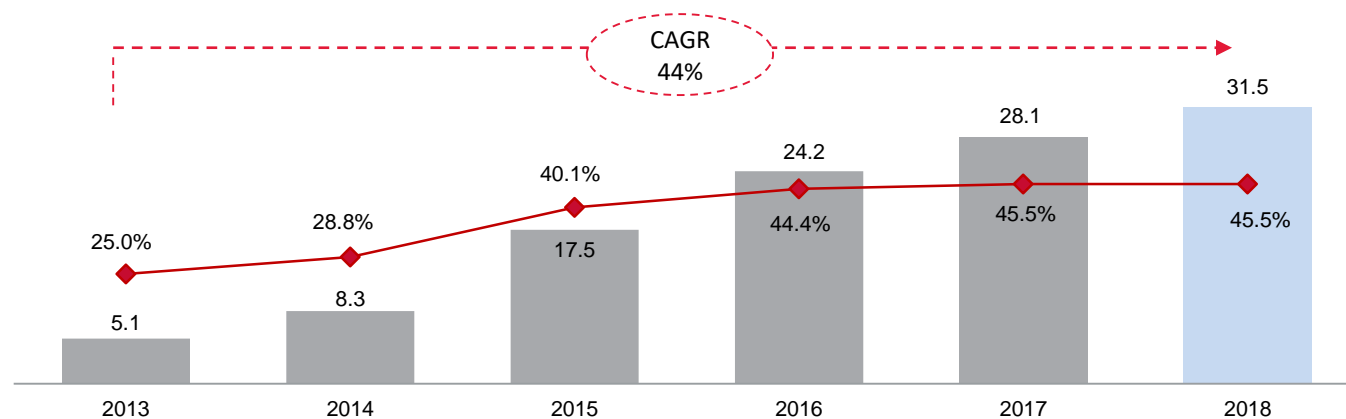
Gross profit (KD mn) and gross profit margin



EBITDA (KD mn) and EBITDA margin



Net profit (KD mn) and net profit margin

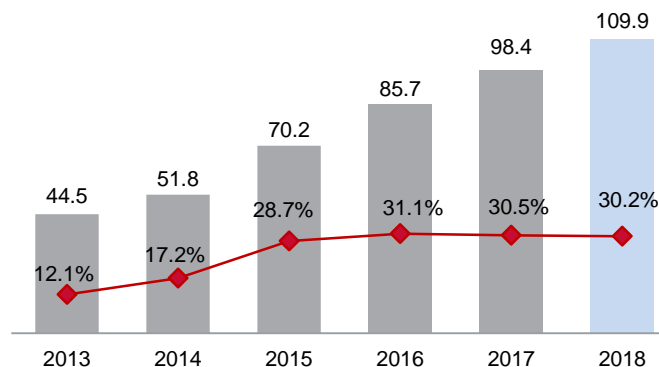


Earning per share (in fils)	42	68	144	199	231	259
Cash dividend per share (in fils)	35	90	115	160	175	Proposed 185
Share dividend per share (%)	7%	-	-	-	-	-

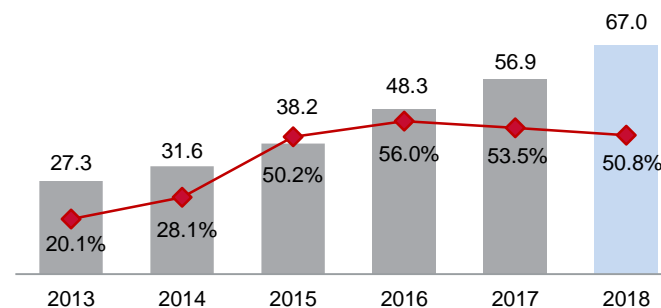
# Humansoft generated ROAE of 51% in 2018

- Humansoft has invested capex of KD 44.1 mn during 2015 to 2018 to expand capacity and provide state of the art facilities for students
- In spite of the increased asset base, Humansoft's ROAA is 30.2% in 2018
- Humansoft's strong earnings have resulted in strong dividend payments and also steady growth in shareholders equity to KD 67 mn as of December 2018
- Humansoft generated a ROAE of 50.8% in 2018
- 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 was bought in 2006/07 and is a non-operating asset

**Total assets (KD mn) and ROAA**

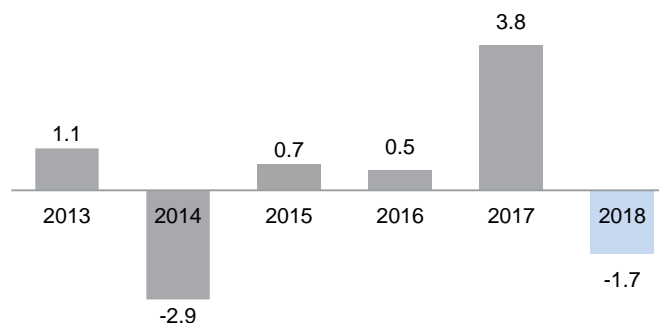


**Total equity (KD mn) and ROAE**

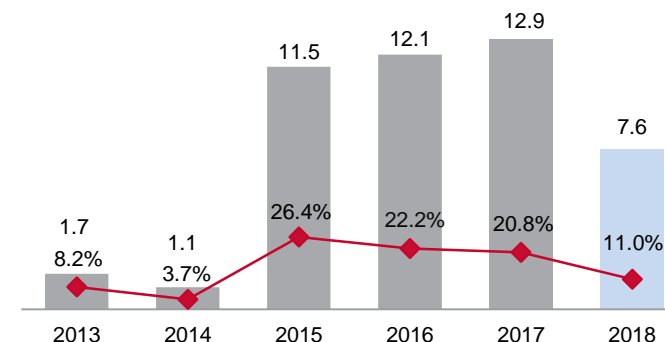


Cash Dividend payout	100%	132%	79%	80%	76%	71% (proposed)
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**Net Debt <sup>1</sup> (KD mn)**



**Capex (KD mn) and capex as % of revenue**



<sup>1</sup> Debt less cash