



## Humansoft Holding Company KSCP

Investor Presentation

Q2 2020 Results

27 July 2020

**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

# Disclaimer

- The information set out in this presentation and provided in the discussion subsequent thereto does not constitute an offer or solicitation of an offer to buy or sell securities. It is solely for use at an investor presentation and is provided as information only.
- This presentation does not contain all of the information that is material for an investment decision.
- This presentation has been prepared by Humansoft Holding Company K.S.C.P. ("Humansoft"), and may not be reproduced (in whole or in part), distributed or transmitted to any other person without Humansoft's prior written consent.
- The information in this presentation and the views reflected therein are those of Humansoft and are subject to change without notice.
- This presentation does not disclose all the risks and other significant issues related to an investment in any securities/transaction.
- Historical information should not be relied upon as an accurate prediction of future performance. Humansoft is under no obligation to update or keep current the information contained herein.
- No person shall have any right of action against Humansoft or any other person in relation to the accuracy or completeness of the information contained in this presentation.
- Any forward looking statement or views in this presentation or subsequent discussion are subject to risks and uncertainties that may cause actual results to differ. Humansoft does not assume any obligation to update such views or statements and make any public announcements regarding the revisions to such statements or views.

# Table of contents

---

	Page
<b>Covid-19</b>	<b>4-8</b>
<hr/>	
Key highlights	10
We are proud of our achievements	11
Board & Executive Management	12
Share price performance	13
11th largest by market cap	14
Research coverage and IR	15
Q2 2020 financial performance	16
Student enrollment	17
Key financials	18-20
Strong equity story	21-24

---

## **Covid-19**

- **Key government measures**
- **Optional online learning**
- **Revenue recognition**
- **Cash position**

# Covid-19

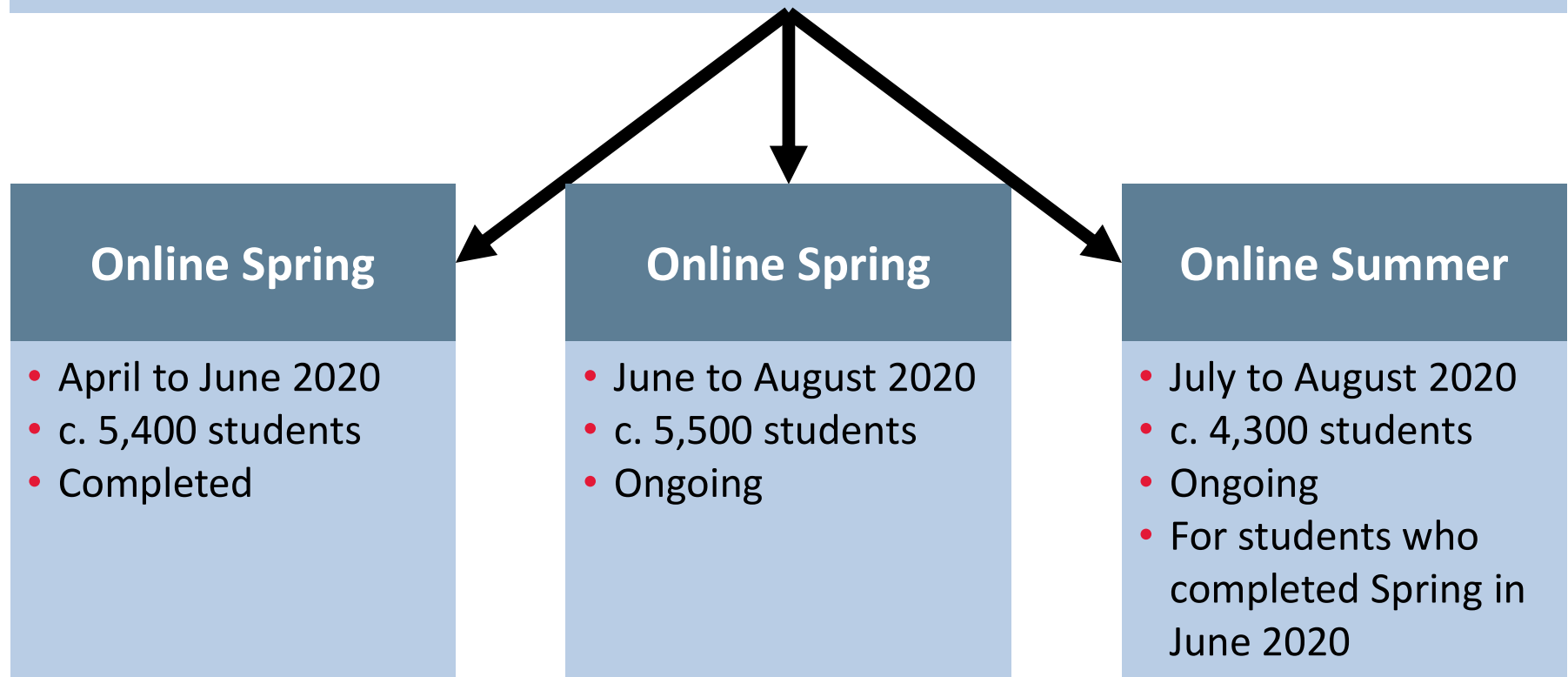
## Key government measures

<b>1 March</b>	<ul style="list-style-type: none"><li>• Schools and universities closed (on-campus)</li></ul>
<b>12 March</b>	<ul style="list-style-type: none"><li>• Partial lockdown introduced, work from home</li></ul>
<b>15 March</b>	<ul style="list-style-type: none"><li>• Kuwait Airport closed (commercial flights)</li></ul>
<b>18 March</b>	<ul style="list-style-type: none"><li>• CMA decision to delay Q1 2020 financials</li></ul>
<b>22 March</b>	<ul style="list-style-type: none"><li>• Curfew from 5pm to 4am</li></ul>
<b>10 May</b>	<ul style="list-style-type: none"><li>• Full lockdown for 20 days</li></ul>
<b>31 May</b>	<ul style="list-style-type: none"><li>• Full lockdown lifted, curfew from 6pm to 6am</li></ul>
<b>21 June</b>	<ul style="list-style-type: none"><li>• Shorter curfew from 7pm to 5am</li></ul>
<b>30 June</b>	<ul style="list-style-type: none"><li>• 30% of employees allowed to go back to work</li></ul>

# Covid-19

## Optional online learning

- AUM and ACM launched online learning in March 2020
- Online learning was however discontinued as per government guidelines
- Relaunched in April, but optional to students as per government guidelines



# Covid-19

## Revenue recognition

---

### Q1 2020 revenue

- Deferred revenue for Fall 2019/2020 was recognized in January
- Proportionate Spring 2020 revenue was recognized in February
- No revenue was recognized in March

### Q2 2020 revenue

- For students who completed Spring in June 2020, proportionate revenue was recognized over 3 months (April to June)

# Covid-19

## Cash position

### Dividends

- On 23 March 2020, the General Assembly voted against distributing dividends for FY 2019

### Board

- Board of Directors decided to waive their remuneration for FY 2019

### Cash position

- 70.3 million cash as at 30 June 2020



# Table of contents

---

	Page
Covid-19	4-8
<hr/>	
Key highlights	10
We are proud of our achievements	11
Board & Executive Management	12
Share price performance	13
11th largest by market cap	14
Research coverage and IR	15
Q2 2020 financial performance	16
Student enrollment	17
Key financials	18-20
Strong equity story	21-24

---

# Key highlights



## Leading

private higher education company in the GCC

**20+**

years of operating experience

**12,385<sup>1</sup>**

enrolled students in AUM and ACM

## University of choice

for Engineering and Business

**KD 61.5 million**

in revenue<sup>2</sup>

**KD 32.6 million**

in EBITDA<sup>2</sup>

**35%**

2013-19 EBITDA CAGR

## Optional online learning

launched in Q1 2020

<sup>1</sup> enrolled beginning of the Fall 2019 semester

<sup>2</sup> LTM Q2 2020

## We are proud of our achievements

**Over 700**  
trees have been  
planted in the  
campus

**Over 60%**  
female  
students

**Over 70**  
different staff  
nationalities

**Over 100**  
community  
engagement  
initiatives since  
2014

**Over 90**  
academic  
competitions  
since 2014

**Over 20**  
sports  
competitions  
since 2017

# Board & Executive Management

## Board of Directors

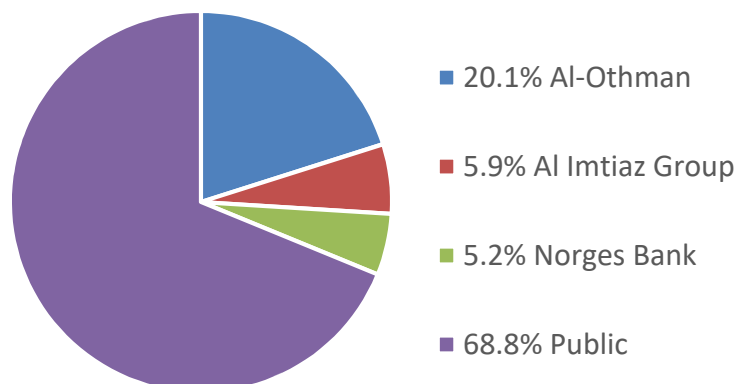
Name	Position
Dalal Hasan Al Sabti	Chairperson
Tareq Fahad Al Othman	Vice Chairman
Mayank Hasmukhlal Baxi	Director
Hasan Qasim Al Ali	Director
Abdulrazaq Abdulla Mohammad Ahmed	Director

## Executive Management

Name	Position
Mayank Hasmukhlal Baxi	CEO
Rachad Challah	Deputy CEO
Anup Dhand	Controller of Accounts
Dr. Georges Yahchouchi	President AUM
Dr. Mohaned Hassanin	President ACM

# Share price performance

## Shareholding (30 Jun 2020)



	KD
Closing price as at 30 Jun 2020	2.788
Market Cap (KD mn) <sup>1</sup>	339
Market Cap (USD bn)	1.1
6m avg. daily trading volume (% of shares outstanding)	0.22%
52-weeks high <sup>2</sup>	3.430
52-weeks low <sup>2</sup>	2.246

## Current trading multiples <sup>3</sup>

EV/EBITDA (LTM Q2 2020)	8.8x
P/E (LTM Q2 2020)	12.9x
Cash dividend yield (based on FY 2018 dividends)	6.6%

## 1-year share price performance



1) Based on 121,654,352 shares outstanding

2) Based on closing share price

3) Based on closing share price of KD 2.788 as at 30 Jun 2020 and LTM Q2 2020 financials

# 11th largest by market cap on Boursa Kuwait's Premier Market

Name	Description	Market Cap (KD million)	Rank	Boursa Kuwait segment
National Bank of Kuwait	Banking	5,576	1	Premier
Kuwait Finance House	Banking	4,657	2	Premier
Zain	Telecom	2,402	3	Premier
Ahli United Bank AUB (Bahrain)	Banking	1,699	4	Premier
Boubyan Bank	Banking	1,611	5	Premier
Agility Public Warehousing Co	Logistics	1,221	6	Premier
Mabane	Real Estate	746	7	Premier
Gulf Bank	Banking	614	8	Premier
Burgan Bank	Banking	513	9	Premier
KIPCO	Diversified	341	10	Premier
<b>Humansoft</b>	<b>Education</b>	<b>339</b>	<b>11</b>	<b>Premier</b>
Warba Bank	Banking	323	12	Premier
Boubyan Petrochemicals	Diversified	310	13	Premier
Qurain Petrochemicals	Diversified	284	14	Premier
National Industries Group	Industrial	233	15	Premier
Mezzan Holding	Consumer	180	16	Premier
Kuwait International Bank	Banking	178	17	Premier
Integrated Holding Company	Industrial	94	18	Premier



11th largest by market cap  
5th largest non-banking stock

Based on market cap as at 30 June 2020

Source: Boursa Kuwait

# Research coverage and IR

Research coverage	Broker	Target price	Date of report	Analyst
		5.000	8 January 2019	<ul style="list-style-type: none"> <li>• Alaa Tolba</li> <li>• Mirna Mohsen</li> </ul>
		4.600	30 April 2020	<ul style="list-style-type: none"> <li>• Hatem Alaa</li> <li>• Mirna Maher</li> </ul>
		4.600	5 February 2020	<ul style="list-style-type: none"> <li>• Emad El Hage</li> <li>• Mehwish Zafar</li> </ul>
		4.530	24 September 2019	<ul style="list-style-type: none"> <li>• Aly Adel</li> <li>• Toka Elwazery</li> </ul>
		4.100	30 April 2020	<ul style="list-style-type: none"> <li>• Meera Reddy</li> </ul>
		4.000	2 April 2020	<ul style="list-style-type: none"> <li>• Ankur Agarwal</li> </ul>
Investor Relations activities		3.600	31 October 2019	<ul style="list-style-type: none"> <li>• Thomas Mathew</li> </ul>

MSCI	MSCI postponed Kuwait's upgrade to Emerging Markets status to November 2020 due to Covid-19
------	---

Investor Relations activities	Q1 and Q2 2020 IR events were cancelled due to Covid-19
-------------------------------	---

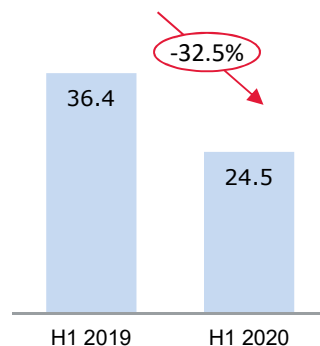
# Q2 2020 financial performance

- Covid-19 has impacted H1 2020 performance. No revenue was recognised in March 2020. And online learning was optional as per government guidelines, which led to a lower number of students in Q2 2020
- Humansoft recorded a drop in revenue of 32.5% in H1 2020 compared to H1 2019
- H1 2020 EBITDA of KD 10.2 mn was 50.4% lower than H1 2019
- H1 2020 net profit of KD 7.5 mn was 55.8% lower than H1 2019
- Total equity at KD 88.0 million as at 30 June 2020 was 42.8% higher than 30 June 2019

Key figures and ratios	Q2 2019	Q2 2020	Change
Number of students (Fall)	12,356	12,385	0.2%
Revenue (KD mn)	18.0	11.7	-35.0%
EBITDA (KD mn)	10.1	5.2	-48.2%
EBITDA margin (%)	56%	45%	-11.4%
Net profit (KD mn)	8.4	4.2	-50.1%
Net margin (%)	47%	36%	-10.8%
EPS (in fils)	69	34	-50.7%
Equity (KD mn)	61.6	88.0	42.8%
Total assets (KD mn)	107.4	132.0	23.0%

H1 2019	H1 2020	Change
12,356	12,385	0.2%
36.4	24.5	-32.5%
20.6	10.2	-50.4%
56.6%	41.6%	-15.0%
17.1	7.5	-55.8%
47.0%	30.8%	-16.2%
140.0	62.0	-55.7%
61.6	88.0	42.8%
107.4	132.0	23.0%

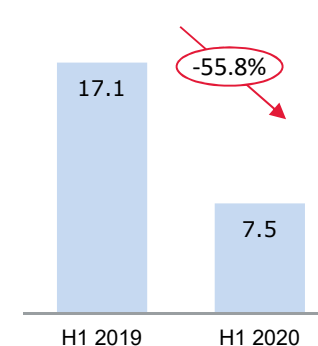
Revenue (KD mn)



EBITDA (KD mn)



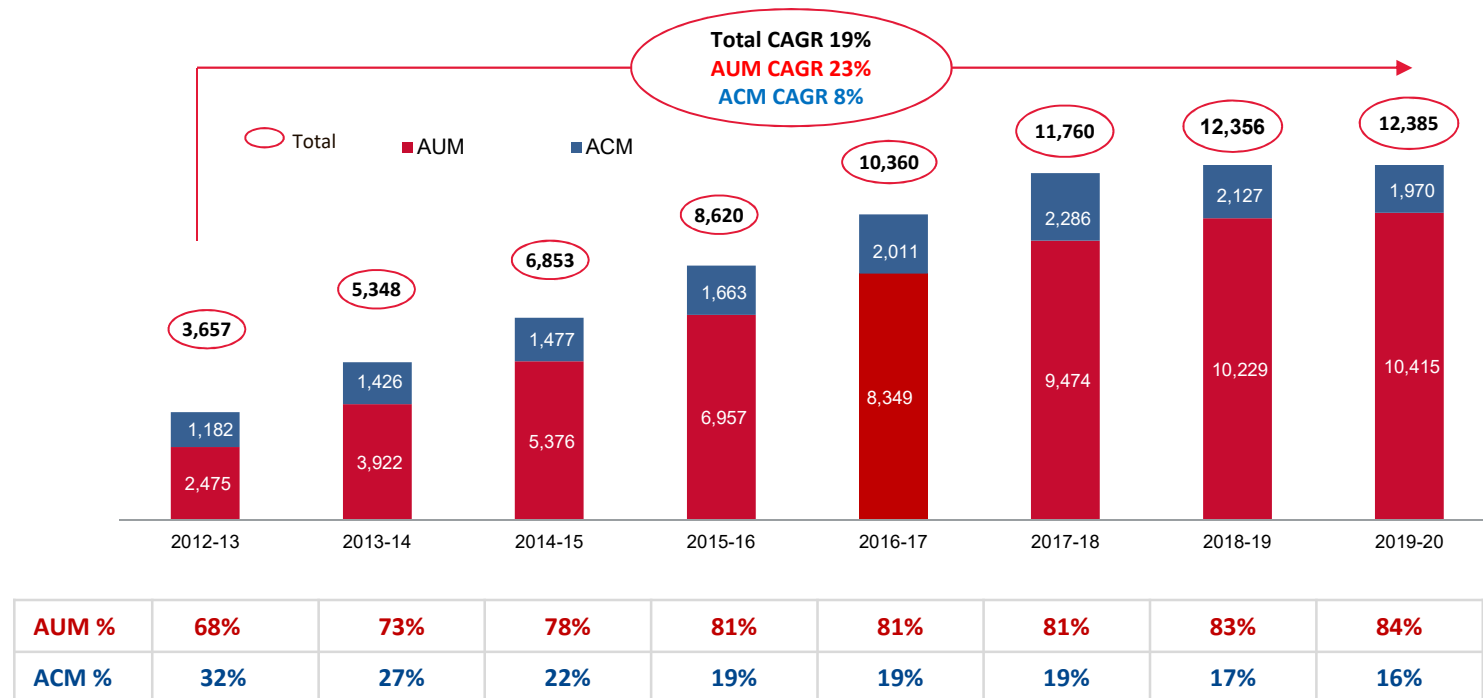
Net profit (KD mn)





# Student enrollment

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



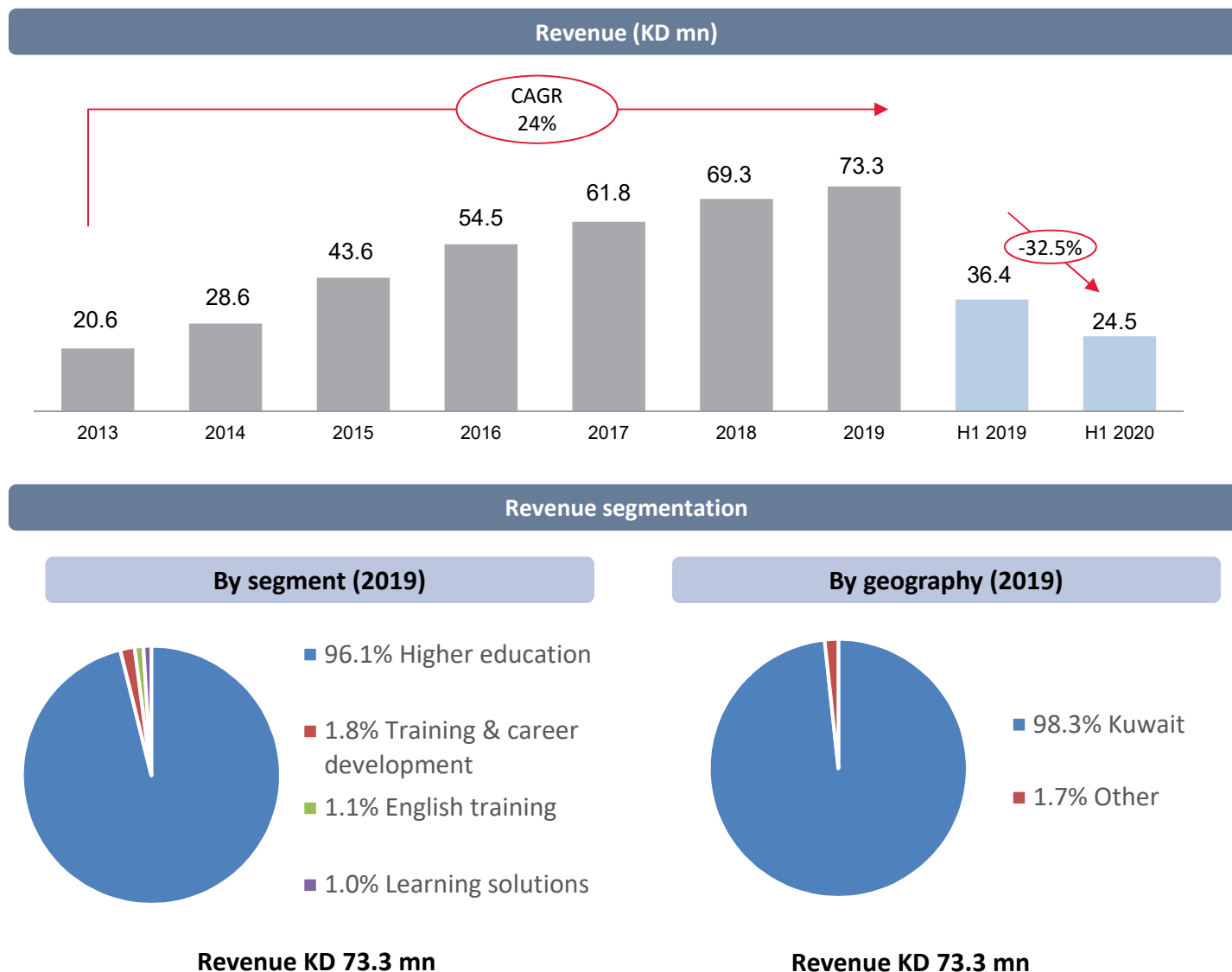
**Deferred income as of 30 June 2020**

- KD 12.6 million deferred income as of 30 June 2020

# Key financials

## H1 2020 revenues were impacted by Covid-19

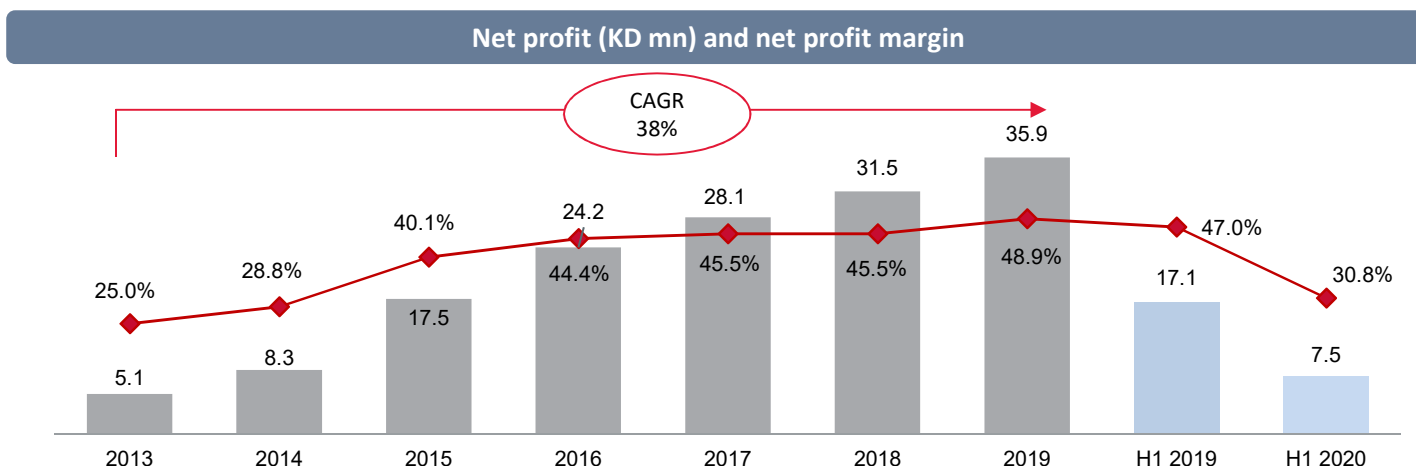
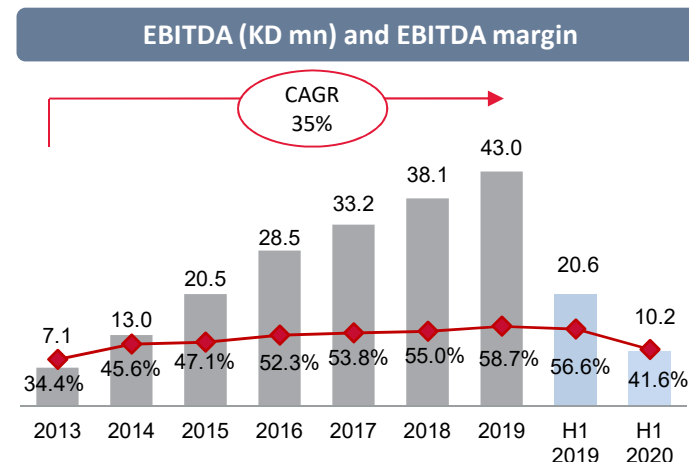
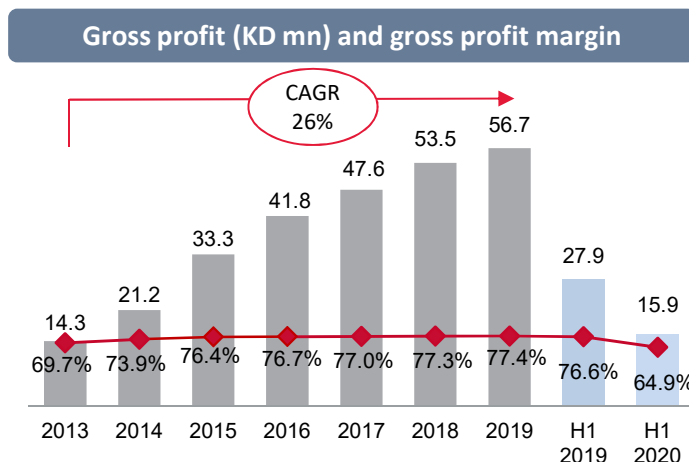
- Humansoft's revenues grew at a CAGR of 24% between 2013 and 2019, due to strong student growth in AUM and ACM and tuition increase in 2014 (AUM) and 2015 (ACM)
- However H1 2020 revenues were impacted by Covid-19
- The higher education segment accounted for 96.1% of Humansoft's revenues in FY 2019
- Kuwait accounted for 98.3% of Humansoft's revenues in FY 2019



# Key financials

## Margins remain strong despite Covid-19

- Gross profit grew at a CAGR of 26% in the period 2013-19. Gross profit margin was 77% in FY 2019, and 65% in H1 2020
- EBITDA grew at a CAGR of 35% in the period 2013-19. EBITDA margin was 59% in FY 2019, and 42% in H1 2020
- Net profit grew at a CAGR of 38% in the period 2013-19. Net margin was 49% in FY 2019, and 31% in H1 2020
- Humansoft's General Assembly voted against distributing dividends for FY 2019



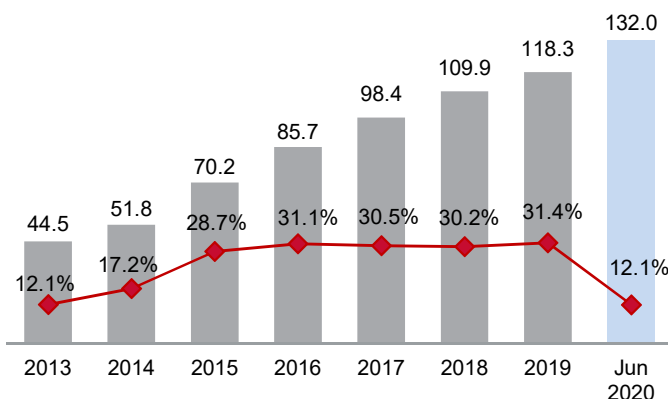
Earnings per share (in fils)	42	68	144	199	231	259	295
Cash dividend per share (in fils)	35	90	115	160	175	185	-
Cash Dividend Payout (%)	83%	132%	80%	80%	76%	71%	-
Share dividend per share (%)	7%	-	-	-	-	-	-

# Key financials

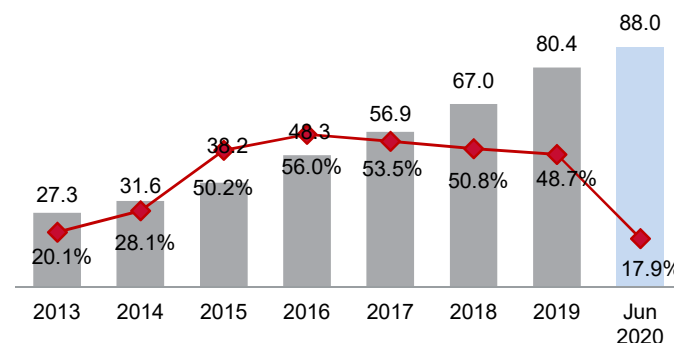
## Humansoft has a fortress balance sheet

- Humansoft has a net cash position of KD 53.2 mn as at 30 June 2020
- Total equity has increased to KD 88.0 mn as at 30 June 2020
- Humansoft's fortress balance sheet provides protection, resilience, and enables Humansoft to withstand stress events like Covid-19

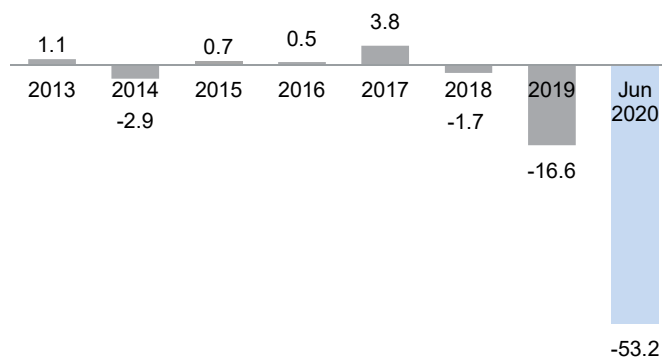
Total assets (KD mn) and ROAA



Total equity (KD mn) and ROAE

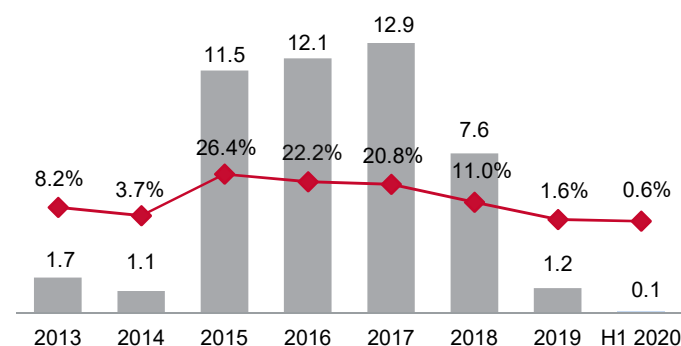


Net Debt <sup>1</sup> (KD mn)



<sup>1</sup> Debt less cash

Capex (KD mn) and capex as % of revenue



## **Strong equity story**

- **Solid track record**
- **Strategic pillars**
- **Long term focus**

## Solid track record



**Online learning, and state of the art campus**



**Highest number of students among private universities in Kuwait**



**Focus on Engineering & Business majors**



**Solid financial performance, fortress balance sheet**



**One of the largest free floats on Boursa Kuwait**

# Strategic pillars

---

1

**Academic  
excellence**

2

**Operating  
efficiency**

3

**Shareholder  
value**

# Long term focus

## Academic excellence

- We are building new capabilities and developing new offerings to secure our long term prospects
- This includes widening the undergraduate offering by introducing new majors, offering new masters programs, securing accreditation for the remaining programs, and developing our academic research capabilities

## Operating efficiency

- We are always striving to improve our operating performance. Our EBITDA margins have consistently been strong, and we aim to maintain high efficiency levels

## Shareholder value

- We continue to focus on shareholder value. We have grown dividend distribution and aim to deliver sustainable dividends going forward whilst maintaining financial flexibility