



شركة الخليج للكابلات والصناعات الكهربائية ش.م.ك.ع

Gulf Cable & Electrical Industries Co. K.S.C.P

Date: 24/05/2022

Ref: GC/377 /2022

M/S.: Bursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for Q1-2022

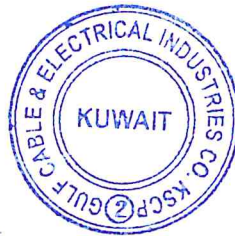
As per requirements stipulated in article No. (7-8) "Listed Company Obligations" of Bursa Kuwait Rule Book, and since Gulf Cable Co. has been classified under the Premier Market category.

WE would like to advise that Analysts/Investors Conference for Q1-2022 was held through live webcast at 1:00 PM on Sunday 22 May 2022.

Attached the Analyst Conference Transcript for Q1- 2022.

Best regards

Basel Omran Kanaan
Chief Executive Officer



Cables that pulse with life كبلات تنبض بالحياة

Tel.: 24645500 - 24675244 - Fax: 24675305 - 24675850 www.gulfcable.com
P.O.Box 1196 Safat, Code No. 13012 - Kuwait - Cable : WIREGULF - Com. Reg 23213
رأس المال المدفوع والمدفوع 20,993,131 د.ك. Issued and paid - up Capital KD 20,993,131

Gulf Cable & Electrical Industries Co. (K.S.C.P)

Transcript of the Analysts Conference for 1Q Financial Year 2022

Speakers from Gulf Cable Executive Management:

Mr. Ahmad Tayem - Executive Director of Finance

Mr. Yannis Thalassinos – Investor Relations Manager

Mr. Mahmoud El Mahmoud – Deputy Investment Manager



شركة الخليج للكابلات والصناعات الكهربائية م.م.د.ع.
Gulf Cable & Electrical Industries Co. K.S.C.P

Transcript

Mr. Mahmoud El Mahmoud: Good afternoon Everyone. Thank you for joining us today. This is Mahmoud El Mahmoud, Deputy Investment Manager at Gulf Cable & Electrical Industries. I am delighted to welcome you to our Q1 2022 results call. I have with me here today, Mr. Ahmad Tayem Gulf Cable's Executive Director of Finance and Mr. Yiannis Thalassinios, Gulf Cable's Investor Relations Manager.

I'd like to welcome to all who have joined us on this call. Before we begin, I would like to bring to your attention that certain comments in this presentation may constitute forward-looking statements. These comments reflect the organization's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. You are cautioned not to rely on such forward-looking statements.

Gulf Cable does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein. Also, I would like to draw your attention to our full disclaimer in the presentation for today's call. By participating in this presentation or by accepting any copy of the slides presented, you agree to be bound by the foregoing limitations.

We will answer your questions after the management's presentation and in the order that they are received. Additionally, you can send any follow-up questions to our Investor Relations email address. I'll now turn the microphone over to Mr. Yiannis Thalassinios.

Mr. Yiannis Thalassinios: Thank you Mahmoud. I am happy to announce that Gulf Cable has delivered a positive quarter marking a strong start to the year 2022. We delivered a 56% increase in revenue from Q1 2021 and a net profit KD 6.2 million as opposed to KD 1.3 million in Q1 2022 vs. Q1 2021.

During the last few months, we have seen geopolitical turmoil that has been the primary source of market concern, having surpassed Covid, on the path to economic recovery. Despite uncertainties in the market, which include the rising interest rates, record inflation and the logistical delays due to the lockdowns in



شركة الخليج للكابلات والصناعات الكهربائية في الكويت
Gulf Cable & Electrical Industries Co. K.S.C.P

China, the operating environment in Kuwait showed signs of improvement in the first quarter of 2022. This was primarily due to an increase in consumer spending and a steady increase in the production and price of oil, both of which have had a positive impact on business sentiment and activity. As such, the country's GDP is positioned to recover well catching up to pre-pandemic levels.

We have also noticed the government sector projects have picked up pace as KD 110 million new project awards were recorded during this quarter. Although the figure fell short of expectations due to the slow approval process and supply chain issues, we anticipate that project awards will gradually recover over the rest of the year. If market conditions do not deteriorate, we anticipate that projects worth KD 2.5 to 3.0 billion will be awarded in the coming months of 2022.

I will now hand over the microphone to Mr. Ahmed Tayem who will take you through Gulf Cable's financial performance for the quarter.

Mr. Ahmad Tayem: Good afternoon ladies and gentlemen. The Group delivered a 56% increase in revenue from KD 14.4 million in Q1-2021 to KD 22.4 million in Q1-2022. The Group's overall revenue is made up of three components: KD 17.2 million in cable sales, KD 4.4 million in investments, and KD 0.8 million in service contracts.

- Our parent company in Kuwait reported KD 14.5 million in cable sales, while our subsidiary company in the Hashemite Kingdom of Jordan reported KD 2.7 million.
- Investment revenue climbed to KD 4.4 million in Q1 2022 from KD 0.1 million in Q1 2021, mainly due to a gain of KD 4.2 million from associates.
- The new subsidiary company which was acquired in Q2- 2021, "Al Reaya Company for Buildings and Cities Cleaning Contracting," resulted in KD 0.8 million in service contracts revenue.

Gulf Cable's EBITDA increased by 329 percent in Q1 2022, reaching KD 7.2 million, up from KD 1.7 million in Q1 2021.

The company's net profit increased by 384 percent to KD 6.2 million in Q1 2022 with earnings per share of 30 fils, compared to KD 1.3 million net profit in Q1 2021 with earnings per share of 6 fils.

The group's production increased by 16 percent in Q1 2022 to reach 11.0 thousand MT as compared to 9.5 thousand MT in Q1 2021.

Moving on to slide 6, you will notice that total sales & contracting revenue for the Group increased from KD 14.2 million in Q1 2021 to KD 18.0 million in Q1 2022, a growth of 26.1 percent comparing with the same period of previous year.

Share in total revenue for Kuwait increased to 85 percent in Q1 2022 from 79 percent in Q1 2021. Gulf Cable-Jordan saw a slight drop in its revenue from KD 3.0 million in Q1 2021 to KD 2.7 million in Q1 2022.

Now on slide 7, the largest contributor to Gulf Cable Kuwait's cable sales was the local private sector with sales of KD 11.4 million in Q1 2022 vs KD 7.9 million in Q1 2021 due to higher sales for medium voltage cables especially for contractors of Public Authority for Housing Welfare projects and KOC projects. Meanwhile, public sector contribution in the same period was KD 2.5 million in 2022 as opposed to KD 2.7 million in 2021. The public sector is expected to produce better results in the coming months as government projects gain traction from the high oil prices mitigating the impact of Covid. Export sector sales remained flat at KD 0.6 million.

On slide 8 we can see the production breakdown by material and sales weight. The sales of medium voltage cables increased by 68.9 percent in Q1 2022 as sales to the governmental & oil sector picked up. Overall, the quantities of cables produced in Q1 2022 increased by 15.7 percent compared to Q1 2021.

Moving on to some key ratios on slide 9, Gulf Cable's gross profit margin increased from 18.2 percent in Q1 2021 to 22.6 percent in Q1 2022. The increase was mainly due to reduced cost of sales.

The Group's outstanding debt showed significant increase as a result of the long-term borrowings for acquiring associate companies in Q4 2021, which led to the increase in debt ratios for Q1 2022. ROE (inclusive of investment income) for the group shows an increase of 1.9 percent achieved in Q1 2022 as opposed to Q1 2021.

As we can see on slide 10, from a financial position perspective, Gulf Cable's total assets grew by KD 33.4 million during Q1 2022 to reach KD 349.8 million from Dec.2021, due to an increase of the investment in associates and in fair value of Investments at FVTOCI.

Non-current liabilities dropped from KD 69.2 million in Dec. 2021 to KD 64.1 million in Mar. 2022 while in the same period current liabilities grew by 29.5 percent to reach KD 25.5 million in Mar. 2022.

Finally, the Group's total equity jumped from KD 227.5 million in Dec. 2021 to KD 260.2 million in Mar. 2022, an increase of 14.4 percent.

From a cash flow perspective, the cash flow from operating activities went from a net cash outflow of KD 1.8 million in Q1 2021 to a cash outflow of KD 5.4 million in Q1 2022. Additionally, the Company had a net cash outflow from financing activities of KD 5 million due to the early settlement of an Islamic financing facility.

Overall, the cash and cash equivalents at the end of the period went from KD 20.9 million in Q1 2021 to KD 8.1 million in Q1 2022.

On slide 11 you can see the investments the Group made in associates. In 2021, the Group acquired stakes in National Investments Co. (NIC) and Heavy Engineering Industries & Shipbuilding Co. (HEISCO) cementing its ownership in these companies at 25.4 percent and 28.3 percent respectively.

Gulf Cable's share of results in NIC amounted to KD 3.9 million in Q1 2022 compared to nil in FY 2021 and Q1 2021, as Gulf Cable recognized NIC as an associate company at the end of FY 2021.

When it comes to HEISCO, share of results was 0.3 million in Q1 2022. The group recognized HEISCO as an associate company at the beginning of December 2021. Accordingly, the share of results from it was nil for Q1 2021 and 0.3 million in FY 2021 as it represents the share of results of one month only.

Moving on to slide 12 you can see that the size of the investment portfolio of Gulf Cable grew to KD 151.2 million in Q1 2022, a 17.1 percent increase compared to Dec. 2021. Gulf Cable continues to hold several equity stakes across different sectors and geographies to mitigate market risks.

Most of our stakes are local quoted securities which makes up around 56.3 percent of our portfolio as of Q1 2022, followed by 22.8 percent in foreign unquoted securities. These investments are held in equity instruments for medium to long-term strategic objectives. The Group intends to hold these investments for a long-term period.

Local Managed funds include units of equity investments. Fair value of these investments is determined using the net asset values reported by investment managers.

Finally, after the end of first quarter, Gulf Cable has participated in establishing a company in Kuwait having a total share capital of KD 5 million along with Riyadh Cable Group Company, to establish a factory in Kuwait specializing in high-voltage cable manufacturing.

Gulf Cable owns 50% of the new Company's share capital, the Company will be classified as investment in joint venture.

Overall, we have an excellent performance in continuation of 2021 and hope it will continue through-out all the quarters of 2022.

That will be all for the financial performance of the group. I will now handover the podium back to Mr. Yiannis.

Mr. Yiannis Thalassinos: As a group we are proud of what we have achieved so far in 2022 and are optimistic to continue our efforts to deliver yet another remarkable year. Kuwait's infrastructure developments have always been linked to the prevailing oil prices. As mentioned earlier, we have already seen a spike in projects awarded and expecting this to rise over the course of the year. As such, we anticipate that new project announcements will create great growth opportunities for the Group in 2022. The group will continue to enforce its strategy of investing in emerging technologies and businesses that help diversify its portfolio and further strengthen its investing standards. We are confident of the company's future as it continues to add value to its shareholders whilst making an impact in the Kuwaiti economy.

Mr. Mahmoud El Mahmoud: Thank you Mr. Yiannis. Let us now open the floor for the Q&A Session. We have already received a few questions so let's begin.

Q&A Session

1. **Do you see an impact on your business of the interest rate hike imposed by the CBK recently?**

Mr. Ahmad Tayem: We don't see a direct or particular impact on Gulf Cable alone, whatever may be the impact on the Kuwait economy will have equal effect on us also. We are sure that the CBK decision is considering all the economic aspects, so we believe it is good for Kuwait's economy. The rise in interest rate is expected to cause a reduction in inflation, that in turn will reduce the cost of goods and support consumer spending.

2. **We noticed that the revenue increased significantly in the quarter as opposed to Q1 in 2021. Are you expecting to sustain these levels of growth going into the year?**

Mr. Ahmad Tayem: If you look into our results, the share of results of associates had a major impact on our revenues in Q1 2022. It justifies our investment strategy, and we expect to continue it. Furthermore, the expectations of government spending in projects will have a positive effect on our cable sales revenue.

3. **You have mentioned that the geopolitical turmoil has not affected Kuwait negatively. However, do you expect any negative effects to your core business model due to the unrest?**

Mr. Yiannis Thalassinos: At the moment, we do not see a material impact on the business, however, our major concern is the supply of core raw material that are affected by logistic obstacles. For that we already have a well-executed plan and strategy since the beginning of Covid for the uninterrupted supply of vital raw materials for our industry.

4. **Now that you have purchased significant stakes in HEISCO and NIC, what are the group's future plan on leveraging their ties with these companies?**

Mr. Yiannis Thalassinos: The investment in these associates is purely based on the Group's diversified investment strategy. Needless to say, we are always looking for new opportunities and alignment of strategies for our businesses for the benefit of the Group and our Shareholders.



شركة الخليج للكابلات والصناعات الكهربائية م.م.س.ع
Gulf Cable & Electrical Industries Co. k.s.c.p

Mr. Mahmoud El Mahmoud: I suppose that is the end of our Q&A session and with that we will conclude this call.

I can see we have received some more questions in our Q&A section. We will try to provide our answers to you over the next few days. We would like to thank everyone who attended our Q1 2022 results call and look forward to seeing you all in the calls ahead. stay safe and have a great day.

2022 INVESTORS PRESENTATION

Q1 - Period Ended 31 March 2022



Gulf Cable & Electrical Industries Co. K.S.C.P
شركة الخليج للكابلات والصناعات الكهربائية ش.م.ك.ع

Cables that pulse with life

Disclaimer

FORWARD-LOOKING STATEMENTS

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 as an investor presentation and is provided as information only. This presentation does not contain all of the information that is material to an investor.

This presentation has been prepared by, and is the sole responsibility of, Gulf Cable & Electrical Industries Co. ("Group"). The information herein may be amended and supplemented and may not as such be relied upon for the purpose of entering into any transaction.

This document is furnished to you solely for your information. You may not reproduce it or redistribute it to any other person.

No person shall have any right of action against the Group or any other person in relation to the accuracy or completeness of the information contained in this presentation. Nothing in this presentation shall form the basis of any contract or commitment whatsoever.

No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation, and if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of the Group.

This presentation does not disclose all the risks and other significant issues related to an investment in any securities/transaction. Past performance is not indicative of future results. The Group is under no obligation to update or keep current the information contained herein.

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. These statements may be identified by such words as "may", "plans", "expects", "believes" and similar expressions or by their context. The Group does not assume any obligation to update its views of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein.

ROUNDING ADJUSTMENTS

Certain monetary amounts, percentages and other figures included in this presentation have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated, may not be the arithmetic aggregation of the percentages that precede them.

Our Vision

ACHIEVE GCC **PRODUCT INNOVATION LEADERSHIP**
AND EXPAND OUR **PREMIER POSITION** IN OUR CORE MARKETS,

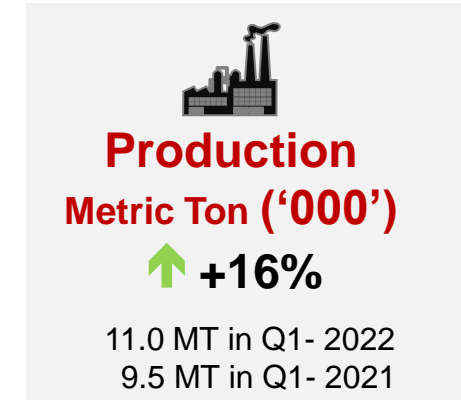
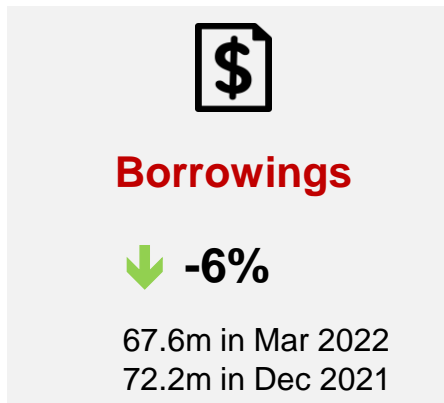
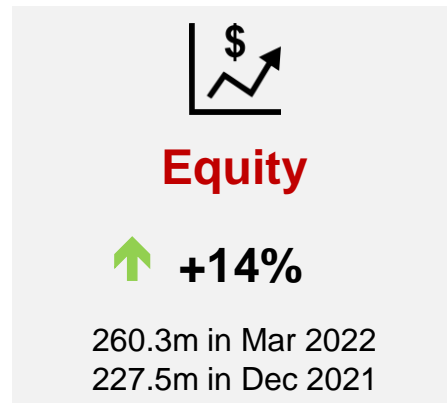
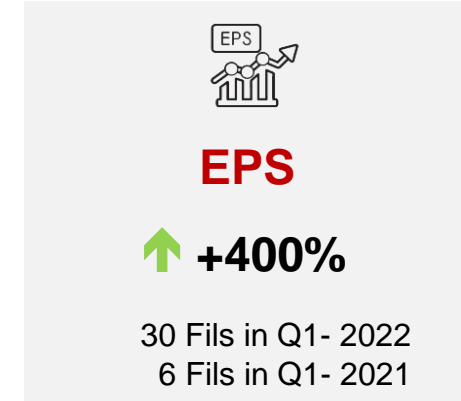
WHILE DELIVERING **ABOVE-MARKET GROWTH**,
SUPERIOR PROFITABILITY AND **STRONG CASH FLOW GENERATION**
TO PROVIDE SHAREHOLDERS WITH **ATTRACTIVE RETURNS**,

YET MAINTAIN **ABSOLUTE INTEGRITY**
AND IN CONFORMITY WITH THE **HIGHEST ETHICAL STANDARDS.**

Contents

- **Performance Highlights**
- **Financial Overview**
- **Appendix**

Performance Highlights

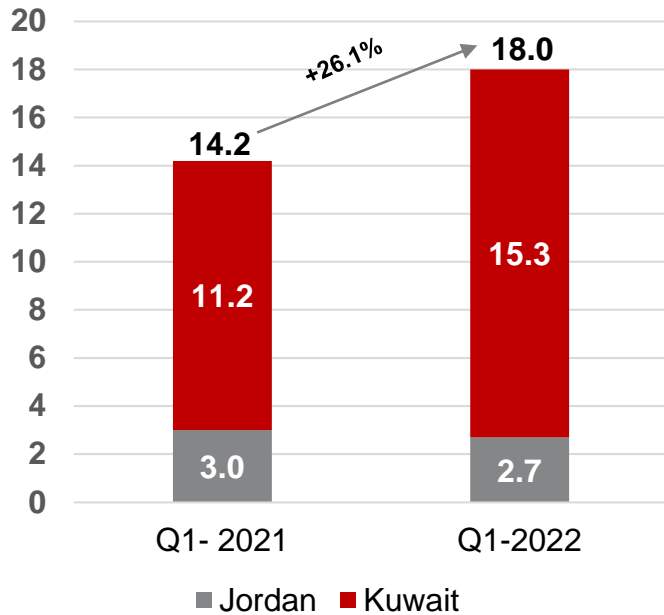


Note: all figures are in KWD

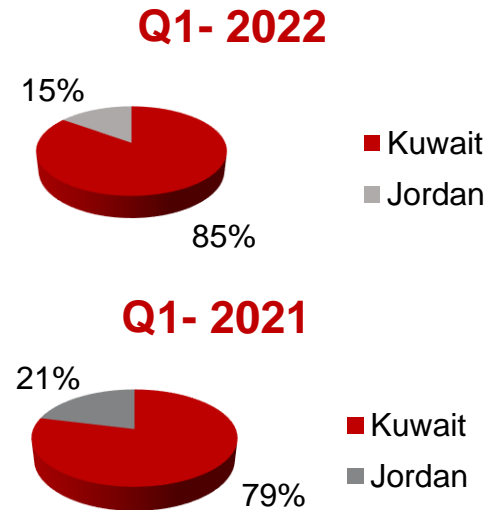
¹ Total revenue consist of cable sales, service contract revenue and investment revenue.

Financial Overview - Group

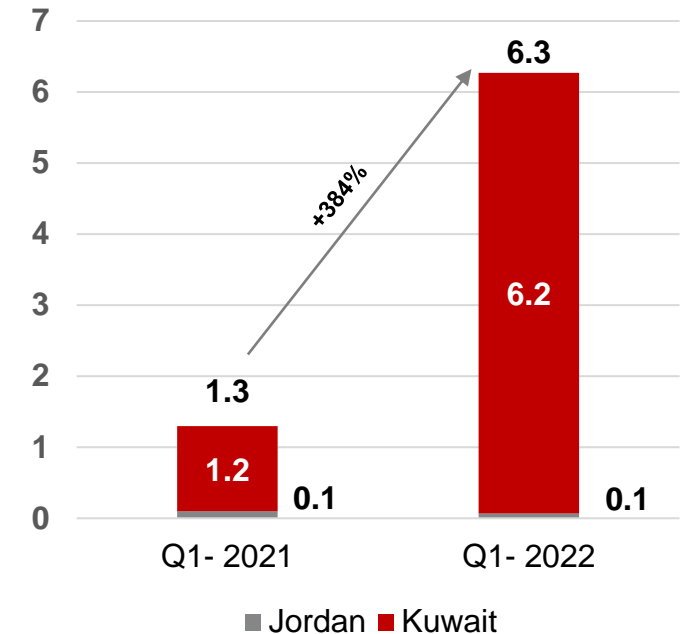
Sales & Contracting Revenue
Million - KWD



Sales & Contracting Revenue Breakdown by Country



Net Profit Breakdown by Country
Million - KWD

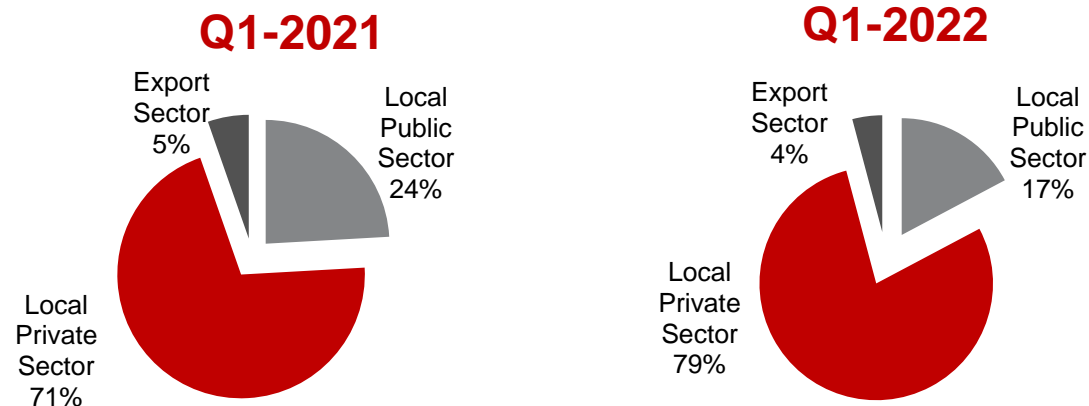
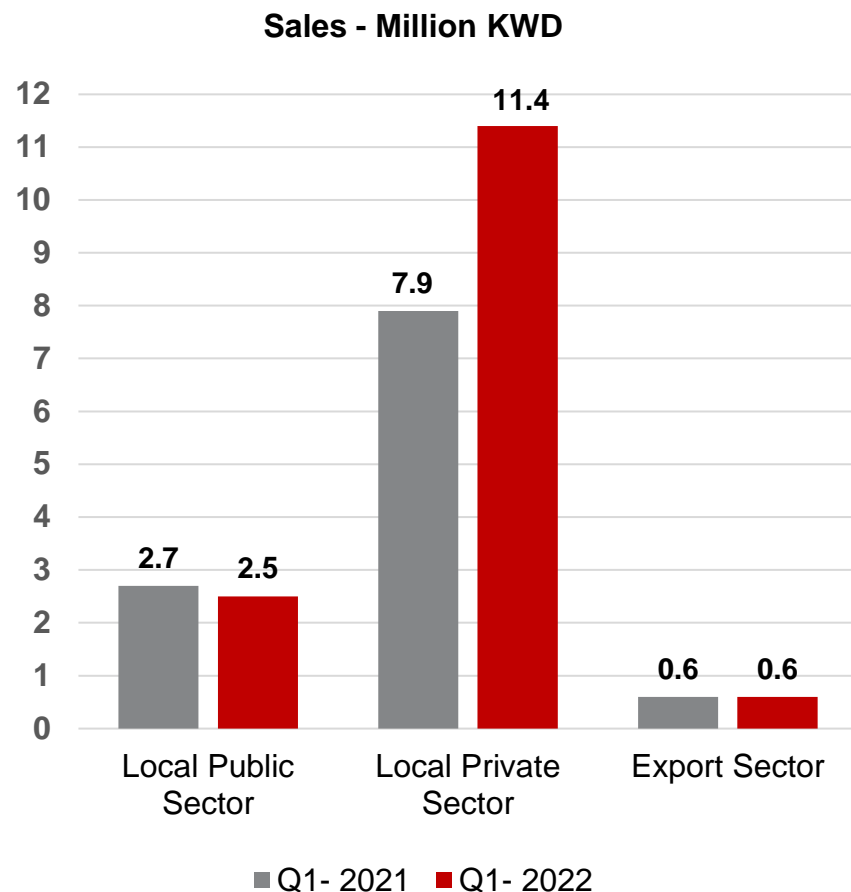


In Q1-2022:

- Total sales & contracting revenue for the Group increased by 26.1% compared to Q1- 2021.
- Sales & contracting revenue from Kuwait consists of revenue from cable sales, amounted to KWD 14.5m and service contract revenue, amounted to KWD 0.8m .
- Share in total revenue for Kuwait country increased to 85% from 79% in Q1- 2021.
- Net profit for the Group increased by a whopping 384% compared to the same period in 2021.

Financial Overview - Gulf Cable Kuwait

Breakdown of Cable Sales by Sector



Description (Million, KWD)	Q1- 2021	Q1- 2022	Change	% Change
Local Public Sector	2.7	2.5	-0.2	-7.3%
Local Private Sector	7.9	11.4	3.5	44.3%
Export Sector	0.6	0.6	0.0	0.0%
Total Cable Sales	11.2	14.5	3.3	29.2%

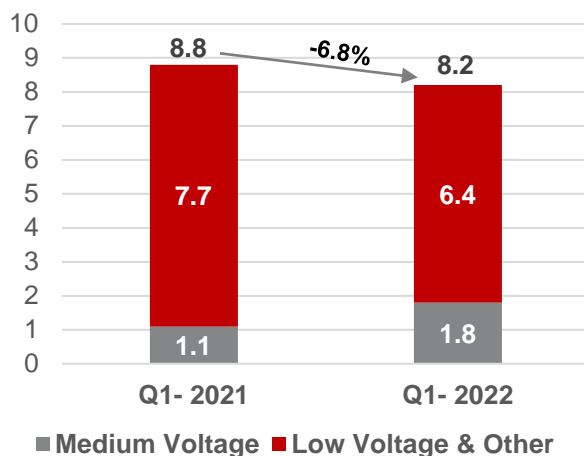
In Q1-2022:

- Total Cable Sales increased by 29.2% in Q1- 2022
- Sales for the Local Public Sector decreased by 7.3%, as a result of less sales for MEW for aluminum cables in Q1- 2022.
- Sales for the Local Private Sector increased by 44.3%, due to higher demand for medium voltage cables, mainly from contractors of PAHW project order and KOC project order.

Financial Overview – Group Production and Sales by Weight

Sales Breakdown by Product (weight)

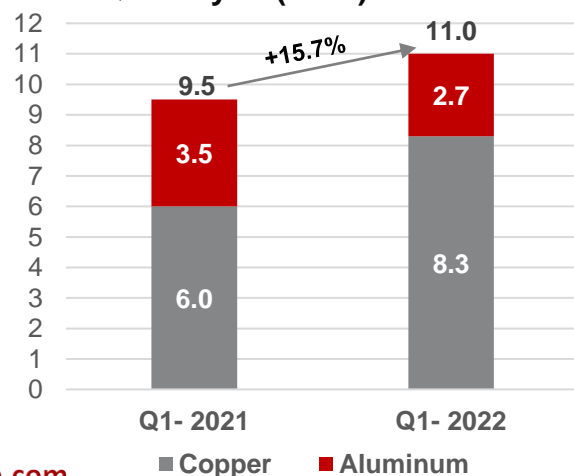
Quantity in ('000') Metric Ton



Sales Breakdown by Product (Weight)	Q1- 2021 MT	Q1- 2022 MT	% Change
Medium Voltage Cables	1,047	1,768	68.9%
Low Voltage and Other Cables	7,704	6,384	-17.1%
Total Cables	8,751	8,152	-6.8%

Production Breakdown by Material

Quantity in ('000') Metric Ton



Production Breakdown by Material	Q1- 2021 MT	Q1- 2022 MT	% Change
Copper Cables (Low & Medium Voltage)	5,951	8,301	39.5%
Aluminum Cables (Low & Medium Voltage)	3,542	2,683	-24.3%
Total Copper & Aluminum Cables	9,493	10,984	15.7%

In Q1-2022:

- The sales weight of medium voltage cables increased by 68.9% as a result of increased demand from the Private Sector, mainly for the from contractors of PAHW project order and KOC project order.
- Low Voltage Cables displayed a decrease of 17.1% compared to Q1- 2021, as a result of less requirement from MEW for aluminum cables in Q1- 2022.

Financial Overview - Ratio Analysis

Ratios	Q1- 2021	Q1- 2022	Change	FY-2021
<u>Profitability</u>				
Gross Profit Margin - %	18.2%	22.6%	↑ 4.4%	19.8%
EBITDA Margin - %	11.9%	40.3%	↑ 28.4%	28.3%
Net Margin - %	9.0%	34.7%	↑ 25.7%	23.5%
ROA on Average Assets - % (with investment income)	0.6%	1.9%	↑ 1.3%	6.2%
ROE on Average Equity - % (with investment income)	0.7%	2.6%	↑ 1.9%	7.8%
<u>Leverage</u>				
Total Debt Percentage of Total Assets-%	0.0%	19.4%	↑ 19.4%	22.8%
Debt to Equity Ratio-%	0.0%	26.0%	↑ 26.0%	31.7%
Interest Coverage Ratio	200.9	15.0	↓ -185.9	51.0
<u>Liquidity</u>				
Current Ratio	9.0	3.5	↓ -5.5	4.4
Quick Ratio	4.6	1.7	↓ -2.9	2.6
Working Capital to Total Assets	0.4	0.2	↓ -0.2	0.2

- Group's gross profit margin increased from 18.2% to 22.6% Q-on-Q. This was mainly due to reduced cost of revenue.
- EBITDA margin grew from 11.9% in Q1-2021 to 40.3% in Q1-2022 due to an increase in gross profit and share of results of associates.
- The Group's outstanding debt showed significant increase as a result of the long-term borrowings for acquiring associate companies in Q4- 2021, which led to an increase in debt ratios for Q1- 2022.
- Interest coverage ratio dropped to 15x as finance costs for Q1-2022 increased significantly compared to Q1-2021.
- The Group saw its current ratio levels decline from 9.0x in Q1- 2021 to 3.5x in Q1- 2022 mainly due to the increased borrowings and decrease in current assets.

Financial Overview - Financial Position & Cash Flow Statements




Financial Position (Million, KWD)	Mar 2022	Dec 2021	Change	% Change
Non-Current Assets	260.3	229.3	31	13.6%
Current Assets	89.5	87.1	2.4	2.7%
Total Assets	349.8	316.4	33.4	10.6%
Non-Current Liabilities	64.1	69.2	-5.1	-7.3%
Current Liabilities	25.5	19.7	5.8	29.5%
Total Liabilities	89.6	88.9	0.7	0.8%
Total Equity	260.2	227.5	41.2	14.4%
Total Liabilities & Equity	349.8	316.4	113.6	10.6%

Cash Flow Statement (Million, KWD)	Q1-2021	Q1-2022	Change	% Change
Profit From Operations	1.3	6.2	4.9	383.6%
Non-Cash Adjustments	0.1	-3.4	-3.5	-3679.9%
Changes in Working Capital	-3.2	-8.2	-5.0	-159.7%
Net Cash Flow - Operating Activities	-1.8	-5.4	-3.6	-203.2%
Net Cash Flow - Investing Activities	0.2	-0.5	-0.7	-364%
Net Cash Flow - Financing Activities	-3.7	-5.0	1.3	-34.9%
Increase / Decrease in Cash and Cash Equivalents	-5.3	-10.9	-5.6	-106.9%
Cash and Cash Equivalents at Period End	20.9	8.1	-12.8	-61.4%

In Q1- 2022:

- Non-current assets grew by 13.6% during Q1- 2022 compared to Q4- 2021 due to an increase in the investment in associates and in fair value of investments at FVTOCI.
- Current assets of the Group increased marginally by 2.7% as a result of an increase in other receivables and prepayments.
- Non-current liabilities decreased by 7.3% as a result of an early settlement in an Islamic Financing Facility.
- Shareholder's equity increased by 14.4%.
- Cash outflow for financing activities reached KWD 5m mainly as a result of an early settlement in an Islamic Financing Facility.
- Cash outflow for investing activities is a nominal KWD 0.5m as there were no significant investment activities in Q1- 2022.

Financial Overview – Investment in Associates

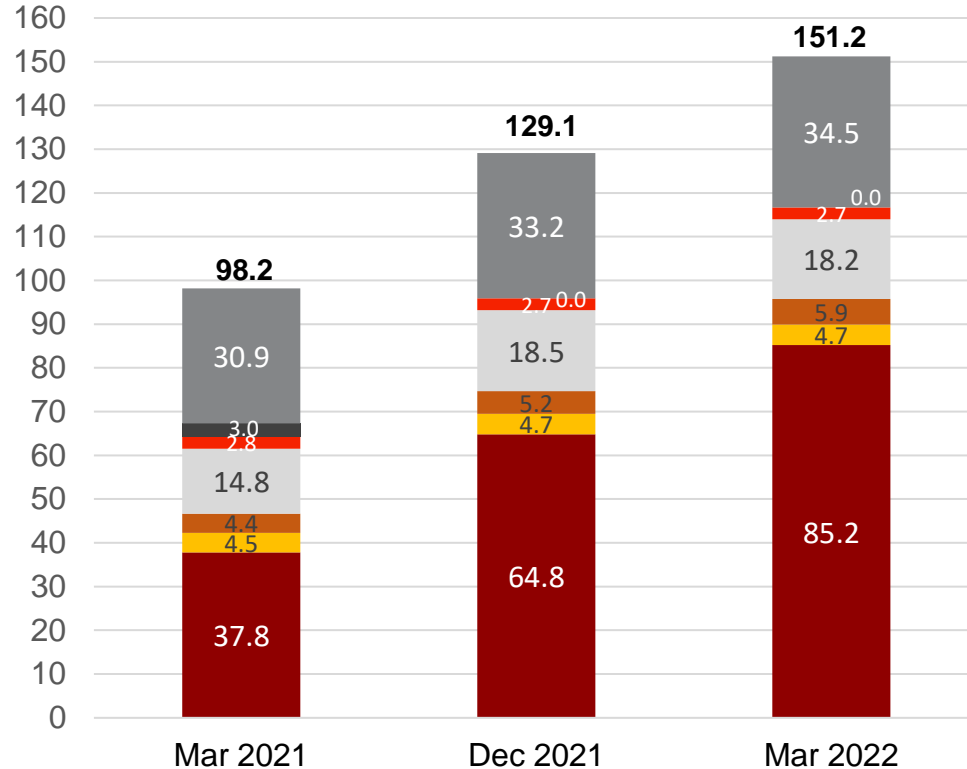
	NIC			HEISCO			Team Holding		
	 شركة الاستثمار الوطنية NATIONAL INVESTMENTS COMPANY			 HEISCO			 TEAM Holding Company شركة تمسك القابضة		
	Mar 2021	Dec 2021	Mar 2022	Mar 2021	Dec 2021	Mar 2022	Mar 2021	Dec 2021	Mar 2022
GC Ownership %	-	25.4%	25.4%	-	28.3%	28.3%	47.5%	47.5%	47.5%
Total Net Assets Value	-	216.8m	251.3m	-	68.9m	70.1m	2.4m	2.6m	2.7m
GC Carrying Value of Ownership Interest	-	55.0m	63.9m	-	30.0m	30.3m	1.1m	1.2m	1.3m
	Q1-2021	FY-2021	Q1-2022	Q1-2021	FY-2021	Q1-2022	Q1-2021	FY-2021	Q1-2022
Profit for the Period / Year	-	24.4m	15.4m	-	6.4m	1.2m	0.05m	0.27m	0.06m
GC Share of Results	-	-	3.9m	-	0.3m	0.3m	0.02m	0.13m	0.02m

- During 2021, the Group acquired a 25.4% stake in National Investments Co. (NIC) and a 28.3% stake in Heavy Engineering Industries & Shipbuilding Co. (HEISCO).
- GC share of results of NIC was KWD 3.9m for Q1- 2022 compared to (Nil) in FY 2021, as GC recognized NIC as an associate company at the end of Dec 2021.
- HEISCO share of results was KWD 0.3m for Q1- 2022 compared to KWD 0.3m in FY 2021, which represents a portion of one month only (Dec 2021) as GC recognized HEISCO as an associate company at the beginning of Dec 2021.

Financial Overview - Investments at FVOCI

Investment Portfolio Breakdown

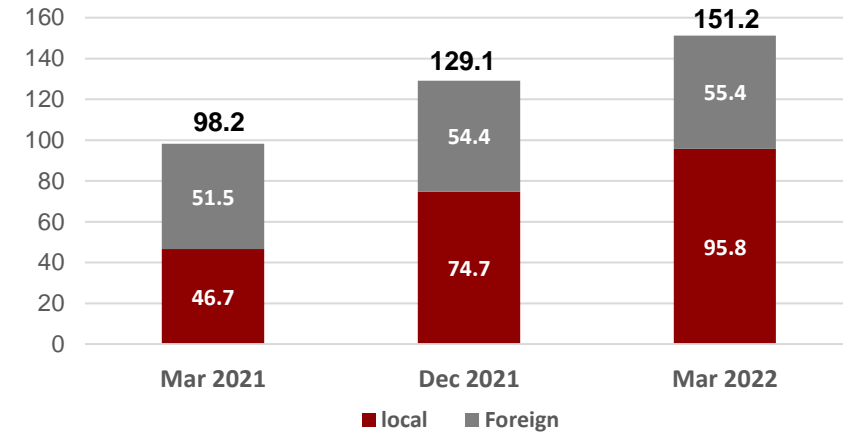
Million - KWD



- Foreign unquoted securities
- Foreign managed unquoted securities
- Foreign unquoted securities held through managed portfolios
- Foreign quoted securities held through managed portfolios
- Local managed funds
- Local unquoted securities held through managed portfolios
- Local quoted securities held through managed portfolios

Investments Geographical Breakdown

Million - KWD



- These investments are held in equity instruments for medium to long term strategic objectives. The Group intends to hold these investments for a long-term period.
- Local managed funds include investments in units of equity investments. Fair value of these investments is determined using net asset values reported by investment managers.

In Q1- 2022

- Total investments at FVOCI increased by 17.1% from Dec 2021 to Mar 2022.
- Dividend income on investments held at the end of the period amounted to KWD 0.2m compared to KWD 0.1m in same period of prior year.

Appendix



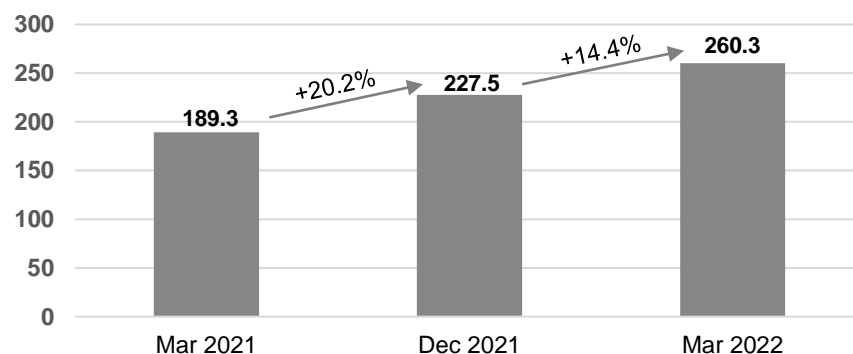
Consolidated Statement of Financial Position

	31 Mar 2022	31 Dec. 2021	31 Mar 2021
Assets (KWD)			
Non-current assets			
Goodwill	3,603,180	3,603,180	-
Property, plant and equipment	9,460,070	9,771,992	7,014,938
Right of use asset	576,831	612,883	-
Investment in associates	95,532,808	86,168,913	1,126,767
Investments at fair value through other comprehensive income	151,205,859	129,097,281	98,246,856
	260,378,748	229,254,249	106,388,561
Current assets			
Inventories	45,879,173	35,196,042	47,542,574
Trade accounts receivable	31,103,575	31,788,814	28,612,082
Other receivables and prepayments	4,228,619	1,134,062	585,868
Cash and cash equivalents	8,257,554	18,981,488	20,956,600
	89,468,921	87,100,406	97,697,124
Total Assets	349,847,669	316,354,655	204,085,685

	31 Mar 2022	31 Dec. 2021	31 Mar 2021
Liabilities (KWD)			
Non-current liabilities			
Provision for employees' end of service benefits	4,464,536	4,410,937	3,987,114
Terms loans	26,334,495	26,334,495	-
Islamic financing facilities	32,875,000	38,000,000	-
Lease liabilities	432,448	428,888	-
	64,106,479	69,174,320	3,987,114
Current liabilities			
Trade accounts payable	4,891,382	2,038,235	2,504,114
Other payables and accruals	11,896,693	9,662,081	8,272,835
Lease liabilities	151,416	151,416	-
Term loans-current portion	3,300,000	5,818,161	-
Islamic financing facilities-current portion	2,000,000	2,000,000	-
Short term loans	3,054,500	-	-
Due to banks	179,869	-	24,388
	25,473,860	19,669,893	10,801,336
Total Liabilities	89,580,339	88,844,213	14,788,451

Total Net Assets Value

Million - KWD



Equity (KWD)			
Share capital	20,993,131	20,993,131	20,993,131
Share premium	29,160,075	29,160,075	29,160,075
Treasury shares	(575,724)	(575,724)	(454,480)
Statutory, voluntary and general reserves	70,459,281	70,459,281	68,740,454
Other components of equity	109,271,810	82,741,073	49,389,407
Retained earnings	30,447,913	24,227,964	20,943,881
Total equity attributable to the owners of the Parent Company	259,756,486	227,005,800	188,850,356
Non-Controlling Interests	510,844	504,642	446,878
Total Equity	260,267,330	227,510,442	189,297,234
Total Equity and Liabilities	349,847,669	316,354,655	204,085,685

Consolidated Statement of Profit or Loss

	Q1- 2022	Q1- 2021
Revenue (KWD)		
Sales and contracting revenue	17,950,225	14,230,475
Cost of revenue	(13,900,051)	(11,638,830)
Gross profit	4,050,174	2,591,645
Dividend income	183,442	116,066
Other investment gain/ losses	14,502	(14,964)
Share of results of associates	4,249,215	22,838
Other Losses / Interest and other income	(710)	7,792
Foreign currency exchange gain	88,126	41,332
	8,584,749	2,764,709

Expenses and other charges (KWD)		
General and administrative expenses	(1,140,990)	(975,746)
Commercial expenses	(492,283)	(400,705)
(Provision)/reversal of provision for doubtful debts– net	(81,023)	69,232
(Provision)/reversal of provision for obsolete and slow-moving inventories – net	(8,667)	12,234
Finance costs	(458,523)	(7,316)
	(2,181,486)	(1,302,301)

	Q1- 2022	Q1- 2021
Profit before taxation and Directors' remuneration	6,403,263	1,462,408
Taxes relating to overseas subsidiary	-	(28,649)
Provision for contribution to KFAS,NLST & Zakat	(101,857)	(69,301)
Provision for directors' remuneration	(77,500)	(77,500)
Profit for the Year	6,223,906	1,286,958

Profit for the year attributable to:		
Owners of the Parent Company	6,219,949	1,280,530
Non-controlling interests	3,957	6,428
Profit for the Year	6,223,906	1,286,958
Earnings Per share	30 Fils	6 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Assets (KWD)			
<u>Non-current assets</u>			
Goodwill	1.03%	1.14%	-
Property, plant and equipment	2.70%	3.09%	3.44%
Right of use asset	0.16%	0.19%	-
Investment in associates	27.31%	27.24%	0.55%
Investments at fair value through other comprehensive income	43.23%	40.81%	48.14%
	74.43%	72.47%	52.13%
<u>Current assets</u>			
Inventories	13.11%	11.13%	23.29%
Trade accounts receivable	8.89%	10.05%	14.02%
Other receivables and prepayments	1.21%	0.36%	0.29%
Cash and cash equivalents	2.36%	6.00%	10.27%
	25.57%	27.53%	47.87%
Total Assets	100%	100%	100%

- The percentage of total non-current assets has risen from 72.47% in Dec. 2021 to 74.43% in Mar. 2022, on the other hand the percentage of total current assets has dropped from 27.53% to 25.57%.
- The percentage of total liabilities has dropped from 28.08% in Dec. 2021 to 25.61% in Mar. 2022, on the other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 71.76% to 74.25%.

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	1.28%	1.39%	1.96%
Terms loans	7.53%	8.32%	-
Islamic financing facilities	9.40%	12.01%	-
Lease liabilities	0.12%	0.14%	-
	18.33%	21.86%	1.96%
<u>Current liabilities</u>			
Trade accounts payable	1.40%	0.64%	1.23%
Other payables and accruals	3.40%	3.05%	4.05%
Lease liabilities	0.04%	0.05%	-
Term loans-current portion	1.82%	1.84%	-
Islamic financing facilities-current portion	0.57%	0.63%	-
Due to banks	0.05%	-	0.01%
	7.28%	6.22%	5.29%
Total Liabilities	25.61%	28.08%	7.25%
Equity			
Share capital	6.00%	6.64%	10.29%
Share premium	8.34%	9.22%	14.29%
Treasury shares	-0.16%	-0.18%	-0.22%
Statutory, voluntary and general reserves	20.14%	22.27%	33.67%
Other components of equity	31.23%	26.15%	24.20%
Retained earnings	8.70%	7.66%	10.26%
Total equity attributable to the owners of the Parent Company	74.25%	71.76%	92.53%
Non-Controlling Interests	0.14%	0.16%	0.22%
Total Equity	74.39%	71.92%	92.75%
Total Equity and Liabilities	100%	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q1- 2022	Q1- 2021
Revenue		
Sales and contracting revenue	100.00%	100.00%
Cost of sales and Contracts with Customers	-77.44%	-81.79%
Gross profit	22.56%	18.21%
Dividend income	1.02%	0.82%
Other investment gain/ losses	0.08%	-0.11%
Share of results of associates	23.67%	0.16%
Interest and other income	0.00%	0.06%
Foreign currency exchange gain	0.49%	0.29%
	47.83%	19.43%

Expenses and other charges		
General and administrative expenses	-6.36%	-6.86%
Commercial expenses	-2.74%	-2.82%
(Provision)/ Reversal of provision for doubtful debts- net	-0.45%	0.49%
(Provision)/reversal of provision for obsolete and slow-moving inventories – net	-0.05%	0.09%
Finance costs	-2.55%	-0.05%
	-12.15%	-9.15%

	Q1- 2022	Q1- 2021
Profit before taxation and Directors' remuneration	35.67%	10.28%
Taxes relating to overseas subsidiary	-	-0.20%
Provision for contribution to KFAS,NLST & Zakat	-0.57%	-0.49%
Provision for directors' remuneration	-0.43%	-0.55%
Profit for the Period	34.67%	9.04%

- The percentage of gross profit increased by 4.35% compared to same period of prior year (from 18.21% to 22.56%), due to decrease in the cost of sales percentage.
- Share of results of associates increased by 23.51% compared to same period of prior year (from 0.16% to 23.67%) due to acquisition of new associate companies in Dec.2021.
- Expenses and other charges percentage increased by 3.00% to 12.15%
- Profit for the year percentage grew by 25.63%.

Thank You

