



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

cables that pulse with life

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السادة / شركة بورصة الكويت المحترمين

تحية طيبة وبعد ،،،

الموضوع : العرض التقديمي لمؤتمر المحللين للربع الثاني من عام 2021

عملا بالاحكام الواردة في المادة رقم (7-8) التزامات الشركة المدرجة من قواعد البورصة ، حيث تم تصنيف شركة الخليج للكابلات ضمن مجموعة السوق الاول.

يرجى العلم بان الشركة عقدت مؤتمر المحللين للربع الثاني من عام 2021 عن طرق البث المباشر على شبكة الانترنت وذلك في تمام الساعة الواحدة من بعد ظهر يوم الأربعاء الموافق 2021/08/11 ، علما بانه لم يتم تداول اي معلومات جوهرية خلال المؤتمر. وسوف نقوم لاحقا بالافصاح عن محضر المؤتمر خلال 3 ايام عمل من تاريخ المؤتمر.

مرفق طيه العرض التقديمي للمستثمرين للربع الثاني من عام 2021 .

وتفضلو بقبول فائق الاحترام ،،،



الرئيس التنفيذي
باسل عمران كنعان





2021

Investors Presentation

Q2 / H1 - Period Ended 30 June 2021



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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



Sales

↓ -20.8%

27.8m in H1- 2021
35.1m in H1- 2020



EBITDA

↑ +0.6%

5.30m in H1- 2021
5.27m in H1- 2020



Net Profit

↑ +1.4%

4.43m in H1- 2021
4.37m in H1- 2020



EPS

≡ 0.0%

21 Fils in H1- 2021
21 Fils in H1- 2020



Assets

↓ -1.7%

199.3m in Jun 2021
202.8m in Dec 2020



Equity

↑ +0.3%

186.8m in Jun 2021
186.3m in Dec 2020



Borrowings

↓ -100%

Nil in Jun 2021
3.7m in Dec 2020



Production Metric Ton ('000')

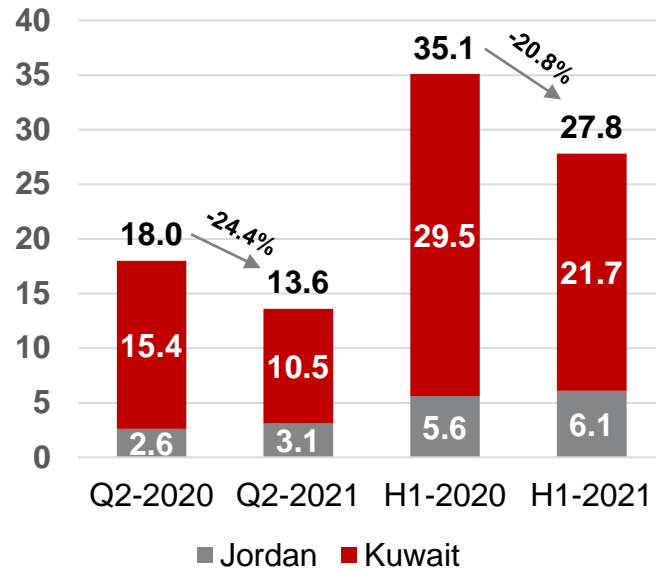
↓ -35%

16.7MT in H1- 2021
25.7MT in H1- 2020

Note: all amounts in KWD

Financial Overview - Group

Total Sales Million - KWD



In Q2-2021:

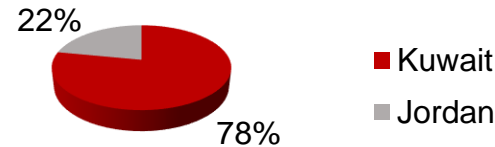
- Total sales for the Group decreased by 24.4% compared to Q2-2020.
- Gulf Cable-Jordan's sales grew by 19.2% compared to Q1-2020.
- Net profit for the Group decreased by 20.5% compared to Q2-2020

In H1-2021:

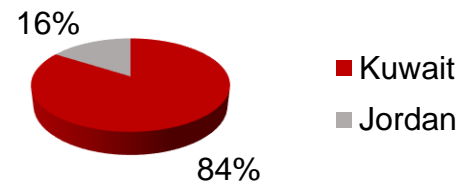
- Total sales for the Group decreased by 20.8% compared to H1-2020.
- Gulf Cable-Jordan's sales grew by 9% compared to H1-2020
- Gulf Cable-Jordan increased its share in total sales from 16% in H1-2020 to 22% in H1-2021.
- Net profit for the Group increased slightly by 1.4% compared to H1-2020.

Total Sales Breakdown by Country

H1-2021

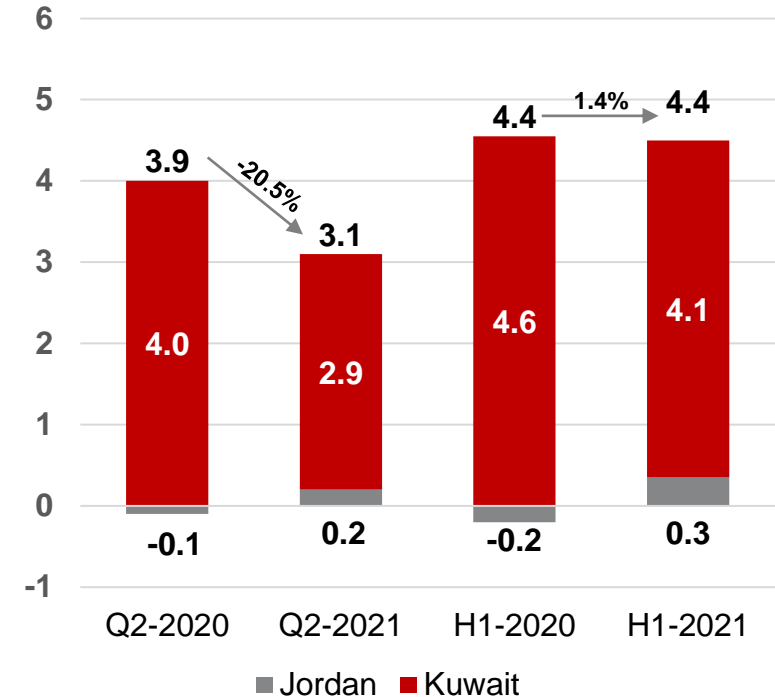


H1-2020



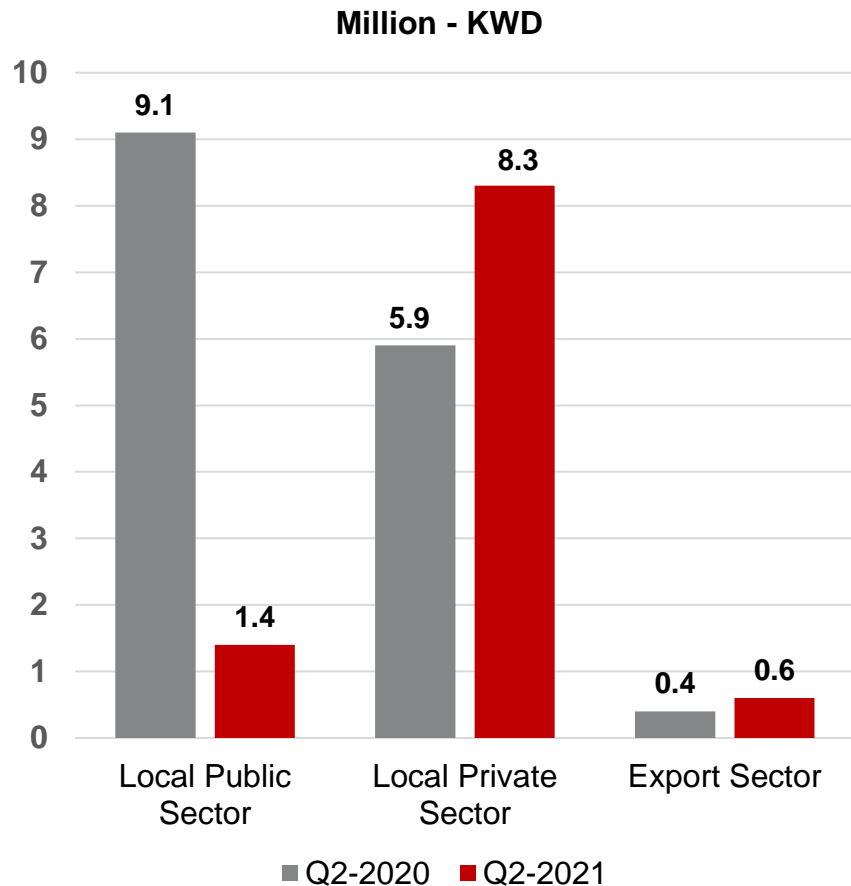
Net Profit Breakdown by Country

Million - KWD

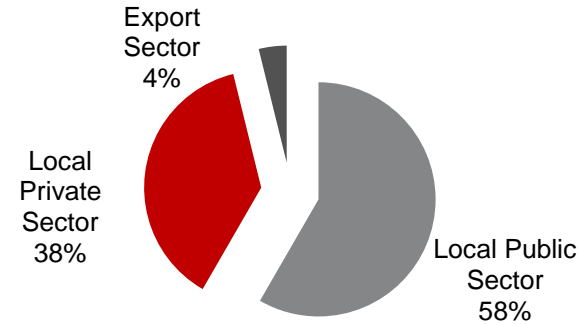


Financial Overview - Gulf Cable Kuwait

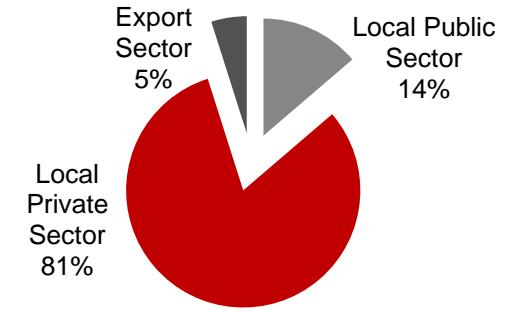
Breakdown of Kuwait Sales by Sector – Q2



Q2-2020



Q2-2021



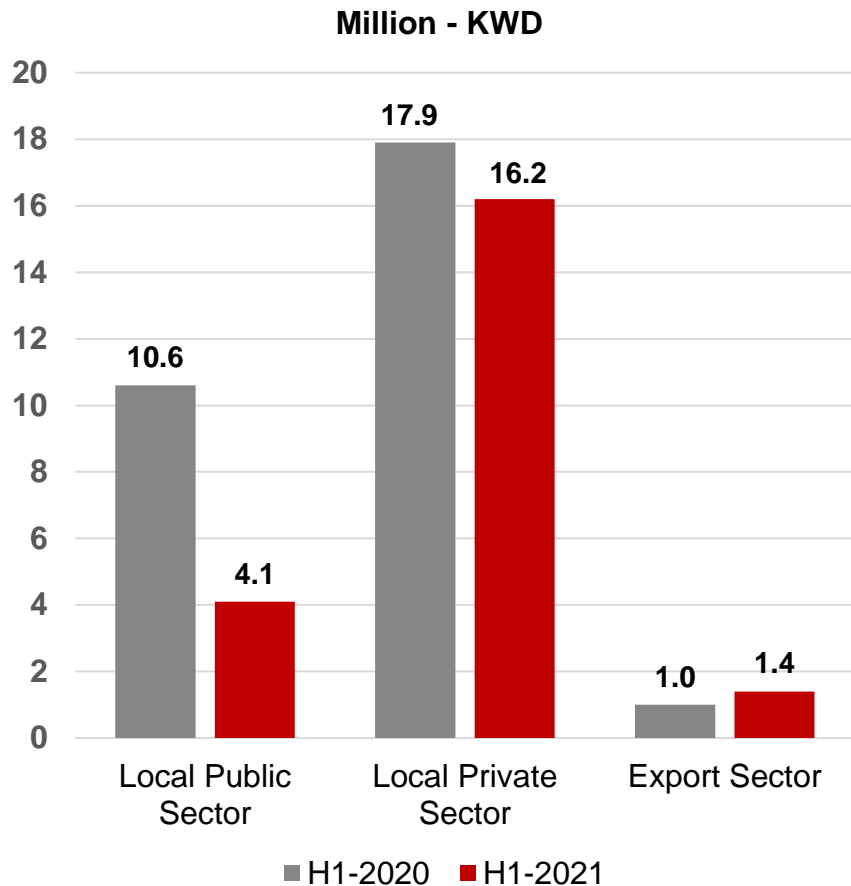
Description (Million, KWD)	Q2-2020	Q2-2021	Change	% Change
Local Public Sector	9.1	1.4	-7.7	-84.6%
Local Private Sector	5.9	8.3	2.4	40.7%
Export Sector	0.4	0.7	0.3	75%
Total Sales	15.4	10.4	-5.0	-32.4%

Total sales decreased by 32.4% in Q2-2021 mainly due to:

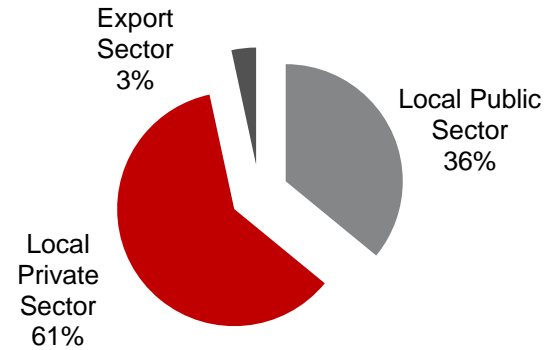
- Sales for the Local Public Sector declined by 84.6%, mainly due to medium voltage cables orders delivered during last year especially in second quarter comparing to the same period of current year.
- On the other hand, Sales for the Local Private Sector grew by 40.7% as a result of easing the restrictions imposed by the government due to slow the spread of COVID-19, where sales for local distributors rebound.

Financial Overview - Gulf Cable Kuwait

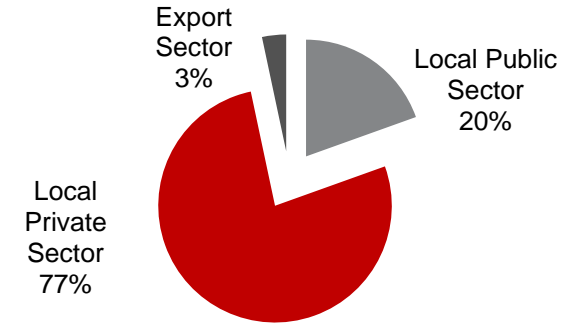
Breakdown of Kuwait Sales by Sector – H1



H1-2020



H1-2021



Description (Million, KWD)	H1-2020	H1-2021	Change	% Change
Local Public Sector	10.6	4.1	-6.5	-61.1%
Local Private Sector	17.9	16.2	-1.7	-9.5%
Export Sector	1.0	1.4	0.4	40%
Total Sales	29.5	21.7	-7.8	-26.4%

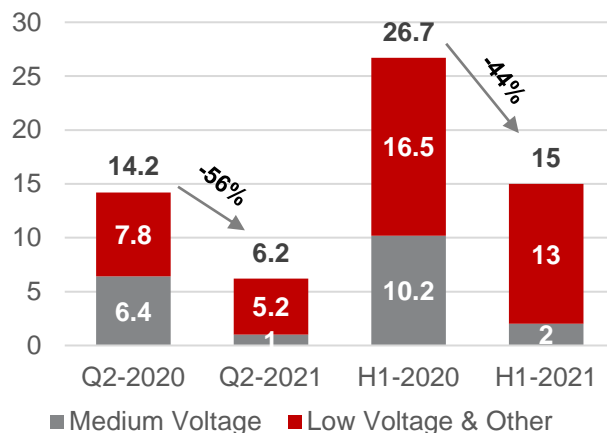
Total sales decreased by 26.4% in H1-2021 mainly due to:

- Sales for the Local Public Sector declined by 61.1%, mainly due to medium voltage cables orders delivered during last year compared to first half of 2021.
- Sales for the Local Private Sector declined by 9.5% compared to H1-2020 due to the impact of COVID-19 pandemic as many local construction projects were delayed or postponed especially in the first quarter.

Financial Overview - Production and Sales Weight

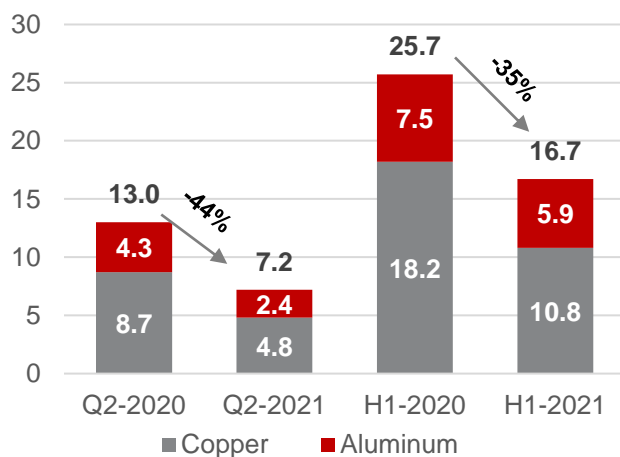
Sales Breakdown by Product (weight)

Quantity in ('000') Metric Ton



Production Breakdown by Material

Quantity in ('000') Metric Ton



Sales Breakdown by Product (Weight)	Q2- 2020 MT	Q2- 2021 MT	H1-2020 MT	H2- 2021 MT	H1 %Change
Medium Voltage Cables	6,445	967	10,232	2,015	-80.3%
Low Voltage and Other Cables	7,790	5,276	16,549	12,980	-21.6%
Total Cables	14,235	6,243	26,781	14,995	-44.0%
Production Breakdown by Material	Q2- 2020 MT	Q2- 2021 MT	H1-2020 MT	H2- 2021 MT	% Change
Copper Cables (Low & Medium Voltage)	8,725	4,847	18,243	10,798	-40.8%
Aluminum Cables (Low & Medium Voltage)	4,303	2,375	7,476	5,917	-20.9%
Total Copper & Aluminum Cables	13,028	7,222	25,719	16,715	-35.0%

H1-2021:

- The sales weight medium voltage cables decreased by 80.3% as a result of significant decrease in demand from the governmental sector.
- The sales weight low voltage and other cables decreased by 21.6% due to postponing delivery of some orders required for main local projects during the first half.
- The repercussions of the COVID-19 pandemic led to a drop in the quantities of cables produced by 44% and total cables' sales by 35%.

Financial Overview - Ratio Analysis

Ratios	H1- 2020	H1- 2021	% Change	Y2020
<u>Profitability</u>				
Gross Profit Margin - %	11.8%	22.4%	↑ 10.6%	11.5%
EBITDA Margin - %	15.0%	19.1%	↑ 4.1%	6.7%
Net Margin - %	12.4%	15.9%	↑ 3.5%	7.3%
ROA on Average Assets - % (with investment income)	2.2%	2.2%	▬ 0.0%	2.8%
ROE on Average Equity - % (with investment income)	2.6%	2.4%	↓ -0.2%	3.1%
<u>Leverage</u>				
Total Debt Percentage of Total Assets	6.0%	0.0%	↓ -6.0%	1.8%
Debt to Equity Ratio	7.3%	0.0%	↑ -7.3%	2.0%
Interest Coverage Ratio	33.0	664.3	↓ 631.3	17.2
<u>Liquidity</u>				
Current Ratio	3.0	10.4	↑ 7.4	7.8
Quick Ratio	1.6	4.7	↑ 3.1	4.5
Working Capital to Total Assets	0.3	0.4	↑ 0.1	0.4

- Group's gross profit margin increased from 11.8% to 22.4% on half year basis from 2020 to 2021. This was partly due to reduced cost of sales and partly due to the government tenders that carried higher profit margins, as a result of the application of law no.74 in relation to supply tenders where national products have price preference over the similar imported products. The above factors also resulted in a higher net margin H1-2021 as compared to H1-2020, 15.9% and 12.4% respectively.
- The Group managed to repay all of its outstanding debt, leading to interest coverage ratio reaching 664.3x.
- The Group saw its current ratio levels rise from 7.8x in Y2020 to 10.4x in H1-2021 mainly as inventories level increased and as all borrowings and finance payables were settled.

Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	Dec 2020	Jun 2021	Change	% Change
Non-Current Assets	105.0	110.8	5.8	5.5%
Current Assets	97.8	88.5	-9.3	-9.5%
Total Assets	202.8	199.3	-3.5	-1.7%
Non-Current Liabilities	3.9	4.0	0.1	2.6%
Current Liabilities	12.6	8.5	-4.1	-32.5%
Total Liabilities	16.5	12.5	-4	-24.2%
Total Equity	186.3	186.8	0.5	0.3%
Total Liabilities & Equity	202.8	199.3	-3.5	-1.7%

Cash Flow Statement (Million, KWD)	H1 -2020	H1-2021	Change	% Change
Profit From Operations	4.3	4.4	0.1	2.3%
Non-Cash Adjustments	-1.9	-0.7	1.2	-63.2%
Changes in Working Capital	-11.3	-7.1	4.2	-37.2%
Net Cash Flow Used in Operating Activities	-8.9	-3.4	5.5	-61.8%
Net Cash Flow from Investing Activities	5.3	1.6	-3.7	-69.8%
Net Cash Flow from / (Used in) Financing Activities	4.0	-14.0	-18	-450.0%
Decrease in Cash and Cash Equivalents	0.4	-15.8	-16.2	-4050.0%
Cash and Cash Equivalents at Period End	25.0	10.4	-14.6	-58.4%

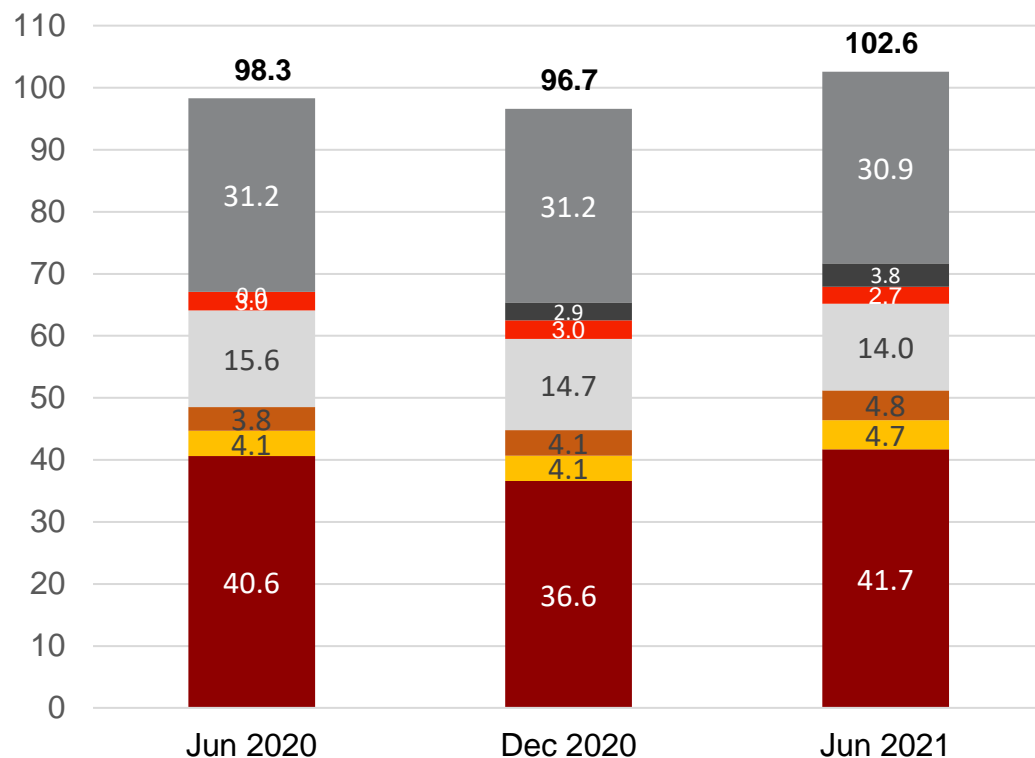
In H1-2021:

- Total assets of the Group decreased by 1.7% mainly as a result of cash dividend distributed to the shareholders (50 Fils/share)
- Non-current assets grew by 5.5%.
- Current liabilities dropped significantly by 32.5% mainly due to settlement of short-term loans.
- Shareholder's equity slightly increased by 0.3%.
- Cash flow used in financing activities increased by 450% mainly due to payment of cash dividends to shareholders amounted to KWD 10.3m and due to settlement of short-term loans amounted to KWD 3.7m.

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

- 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 H1- 2021

- Total Investments at FVOCI increased by 6.16% compared to Dec.2020
- Gain on sale of investments amounted to KWD 341K compared to KWD 309K in H1-2020.
- Dividend income on investments held at the end of the period amounted to KWD 1.3m compared to KWD 3.1m in H1-2020.

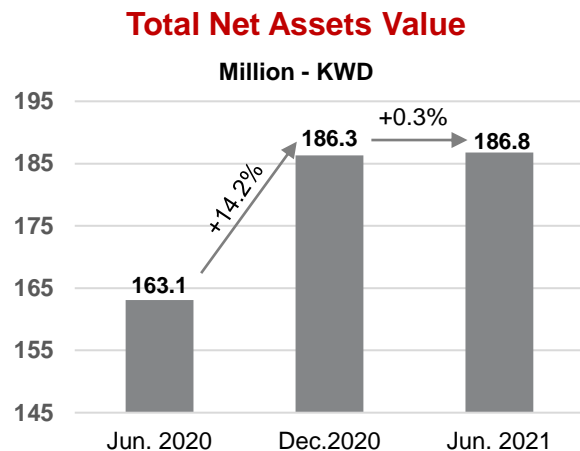
Appendix



Consolidated Statement of Financial Position

	30 Jun 2021	31 Dec 2020	30 Jun 2020
Assets (KWD)			
Non-current assets			
Property, plant and equipment	7,073,486	7,160,670	7,309,145
Investment in associate	1,151,197	1,103,929	1,007,624
Investments at fair value through other comprehensive income	102,621,621	96,671,328	98,321,838
	110,846,304	104,935,927	106,638,607
Current assets			
Inventories	48,589,264	41,319,685	42,133,621
Trade accounts receivable	28,619,624	29,606,122	21,750,866
Other receivables and prepayments	874,578	657,532	1,038,023
Cash and bank balances	10,381,464	26,257,513	25,062,150
	88,464,930	97,840,852	89,984,660
Total Assets	199,311,234	202,776,779	196,623,267

	30 Jun 2021	31 Dec 2020	30 Jun 2020
Liabilities (KWD)			
Non-current liabilities			
Provision for employees' end of service benefits	3,980,962	3,929,186	3,990,828
Current liabilities			
Trade accounts payable	2,568,628	1,702,884	2,859,891
Other payables and accruals	5,942,404	7,179,352	14,989,604
Short term loans	-	3,646,476	6,430,626
Ijara finance payable	-	-	130,000
Murabaha payables	-	-	5,276,456
Due to banks	4,023	18,694	98,186
	8,515,055	12,547,406	29,784,763
Total Liabilities	12,496,017	16,476,592	33,775,591
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	(454,480)	(454,480)	(380,946)
Treasury shares reserve	77,888	77,888	-
Statutory reserve	20,993,131	20,993,131	20,993,131
Voluntary reserve	20,993,131	20,993,131	20,993,131
General reserve	26,754,192	26,754,192	26,109,322
Other components of equity	54,101,873	47,904,074	35,338,284
Retained earnings	13,738,509	19,437,247	9,194,157
Total equity attributable to the owners of the Parent Company	186,357,450	185,858,389	162,847,676
Non-Controlling Interests	457,767	441,798	447,391
Total Equity	186,815,217	186,300,187	163,100,969
Total Equity and Liabilities	199,311,234	202,776,779	196,623,267



Consolidated Statement of Profit or Loss

	Q2-2021	Q2-2020	H1- 2021	H1-2020
Revenue (KWD)				
Sales	13,570,977	18,052,517	27,801,452	35,108,907
Cost of sales	(9,938,826)	(15,576,356)	(21,577,656)	(30,982,188)
Gross profit	3,632,151	2,476,161	6,223,796	4,126,719
Investment income	1,183,316	3,071,986	1,284,418	3,146,233
Share of results of associate	24,430	(4,297)	47,268	(56,727)
Interest income	4,021	1,506	8,714	3,439
Other income	2,228	4,397	5,492	7,125
(Loss)/gain from sale of property, plant and equipment	(3,364)	-	(3,529)	199
Foreign currency exchange gain	84,291	83,113	125,623	172,488
	4,927,073	5,632,866	7,691,782	7,691,782
Expenses and other charges (KWD)				
General and administrative expenses	(1,116,668)	(912,011)	(2,092,414)	(1,712,737)
Commercial expenses	(356,347)	(361,409)	(757,052)	(675,031)
Provision for obsolete and slow moving inventories – net	(42,105)	(57,326)	(29,871)	(58,656)
(Provision)/reversal of provision for doubtful debts– net	(21,466)	(130,498)	47,766	(130,498)
Finance costs	-	(81,272)	(7,316)	(146,017)
	(1,536,586)	(1,542,516)	(2,838,887)	(2,722,939)

	Q2- 2021	Q2-2020	H1- 2021	H1-2020
Profit before provisions for contribution to (KFAS), (NLST), Zakat, Board of directors' remuneration (KWD) and Tax relating to overseas subsidiary	3,390,487	4,090,350	4,852,895	4,676,537
Taxes relating to overseas subsidiary	(54,405)	-	(83,054)	-
Provision for contribution to KFAS,NLST & Zakat	(112,857)	(119,995)	(182,158)	(150,919)
Provision for directors' remuneration	(77,500)	(77,500)	(155,000)	(155,000)
Profit for the Period	3,145,725	3,892,855	4,432,683	4,370,618
Attributable to:				
Owners of the Parent Company	3,132,574	3,899,060	4,413,104	4,381,942
Non-controlling interests	13,151	(6,205)	19,579	(11,324)
Profit for the Period	3,145,725	3,892,855	4,432,683	4,370,618
Earnings Per share	15 Fils	19 Fils	21 Fils	21 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	30 Jun 2021	31 Dec 2020	30 Jun 2020
Assets (KWD)			
<u>Non-current assets</u>			
Property, plant and equipment	3.55%	3.53%	3.72%
Investment in associate	0.58%	0.55%	0.51%
Investments at fair value through other comprehensive income	51.49%	47.67%	50.01%
	55.61%	51.75%	54.23%
<u>Current assets</u>			
Inventories	24.38%	20.38%	21.43%
Trade accounts receivable	14.36%	14.60%	11.06%
Other receivables and prepayments	0.44%	0.32%	0.53%
Cash and bank balances	5.21%	12.95%	12.75%
	44.39%	48.25%	45.77%
Total Assets	100%	100%	100%

- The percentage of total non-current assets has risen from 51.75% in Dec. 2020 to 55.61% in Jun. 2021, on the other hand the percentage of total current assets has fallen from 48.25% to 44.39%.
- The percentage of total liabilities has fallen from 8.13% in Dec. 2020 to 6.27% in Jun. 2021, on the other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 91.65% to 93.73%.

	30 Jun 2021	31 Dec 2020	30 Jun 2020
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	2.00%	1.94%	2.03%
<u>Current liabilities</u>			
Trade accounts payable	1.29%	0.84%	1.45%
Other payables and accruals	2.98%	3.54%	7.62%
Short term loans	0.00%	1.80%	3.27%
Ijara finance payable	0.00%	0.00%	0.07%
Murabaha payables	0.00%	0.00%	2.68%
Due to banks	0.00%	0.01%	0.05%
	4.27%	6.19%	15.15%
Total Liabilities	6.27%	8.13%	17.18%
Equity			
Share capital	10.53%	10.35%	10.68%
Share premium	14.63%	14.38%	14.83%
Treasury shares	-0.23%	-0.22%	-0.19%
Treasury shares reserve	0.04%	0.04%	0.00%
Statutory reserve	10.53%	10.35%	10.68%
Voluntary reserve	10.53%	10.35%	10.68%
General reserve	13.42%	13.19%	13.28%
Other components of equity	27.14%	23.62%	17.97%
Retained earnings	6.89%	9.59%	4.68%
Total equity attributable to the owners of the Parent Company	93.50%	91.65%	82.59%
Non-Controlling Interests	0.23%	0.22%	0.23%
Total Equity	93.73%	91.87%	82.82%
Total Equity and Liabilities	100%	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q2-2021	Q2-2020	H1- 2021	H1-2020
Revenue				
Sales	100.00%	100.00%	100.00%	100.00%
Cost of sales	73.24%	86.28%	77.61%	88.25%
Gross profit	26.76%	13.72%	22.39%	11.75%
Investment income	8.72%	17.02%	4.62%	8.96%
Share of results of associate	0.18%	-0.02%	0.17%	-0.16%
Interest income	0.03%	0.01%	0.03%	0.01%
Other income	0.02%	0.02%	0.02%	0.02%
(Loss)/gain from sale of property, plant and equipment	-0.02%	0.00%	-0.01%	0.00%
Foreign currency exchange gain	0.62%	0.46%	0.45%	0.49%
	36.31%	31.20%	27.67%	21.08%

Expenses and other charges				
General and administrative expenses	-8.23%	-5.05%	-7.53%	-4.88%
Commercial expenses	-2.63%	-2.00%	-2.72%	-1.92%
Provision for obsolete and slow moving inventories – net	-0.31%	-0.32%	-0.11%	-0.17%
(Provision)/reversal of provision for doubtful debts– net	-0.16%	-0.72%	0.17%	-0.37%
Finance costs	0.00%	-0.45%	-0.03%	-0.42%
	-11.32%	-8.54%	-10.21%	-7.76%

	Q2- 2021	Q2- 2020	H1- 2021	H1-2020
Profit before provisions for contribution to (KFAS), (NLST), Zakat , Board of directors' remuneration and Taxes relating to overseas subsidiary	24.98%	22.66%	17.46%	13.32%
Taxes relating to overseas subsidiary	-0.40%	0.00%	-0.30%	0.00%
Provision for contribution to KFAS,NLST & Zakat	-0.83%	-0.66%	-0.66%	-0.43%
Provision for directors' remuneration	-0.57%	-0.43%	-0.56%	-0.44%
Profit for the Period	23.18%	21.56%	15.94%	12.45%

H1 comparison :

- The percentage of Gross Profit increased by 10.64% compared to same period of prior year (from 22.39% to 11.75%), due to decrease in the cost of sales percentage.
- Expenses and other charges percentage increased from 7.76% to 10.21%
- Accordingly, the profit for the period percentage grew by 3.49% compared to H1-2020.

Thank You

