



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

cables that pulse with life

الإشارة : خنك / ٧١١ / ٢٠٢١

Date: 14 NOV 2021 التاريخ :

السادة / شركة بورصة الكويت المحترمين

تحية طيبة وبعد ،،،

الموضوع : العرض التقديمي لمؤتمر المحللين للربع الثالث 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 الثالث من عام 2021 عن طريق البث المباشر على شبكة الانترنت وذلك في تمام الساعة الواحدة من بعد ظهر يوم الاحد الموافق 2021/11/14 ، 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 الثالث من عام 2021 .

وتفضلو بقبول فائق الاحترام ،،،


أمين سر المجلس
ناصر كنعان







2021

Investors Presentation

Q3/ 9M - Period Ended 30 September 2021



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

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Performance Highlights



Revenue

↓ -19.9%

45.98m in 9M- 2021
57.38m in 9M- 2020



EBITDA

↑ +13.9%

7.81m in 9M- 2021
6.86m in 9M- 2020



Net Profit

↑ +7.9%

5.92m in 9M- 2021
5.48m in 9M- 2020



EPS

↑ +7.0%

28 Fils in 9M- 2021
26 Fils in 9M- 2020



Assets

↑ +10.3%

223.6m in Sept. 2021
202.8m in Dec 2020



Equity

↑ +11.5%

207.7m in Sept. 2021
186.3m in Dec. 2020



Borrowings

↓ -34.6%

2.4m in Sept. 2021
3.7m in Dec. 2020



Production Metric Ton ('000')

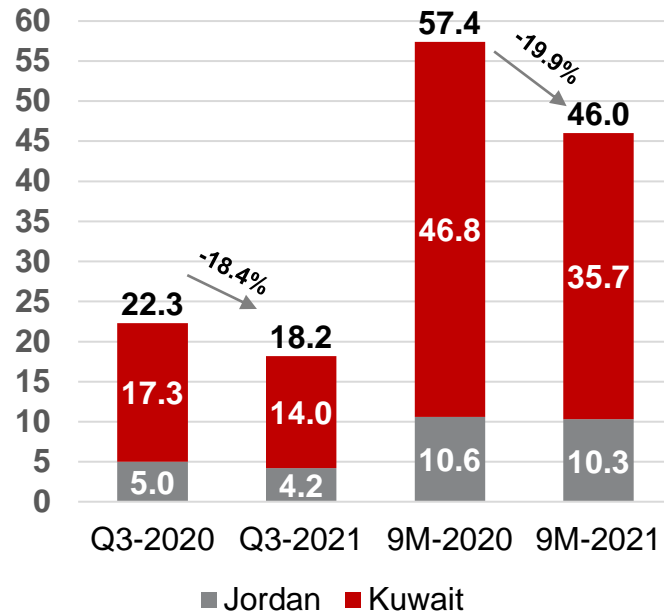
↓ -44.3%

23.6MT in 9M- 2021
42.3MT in 9M- 2020

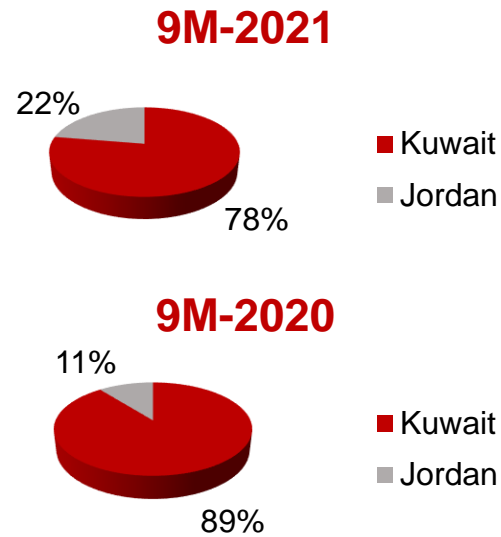
Note: all amounts in KWD

Financial Overview - Group

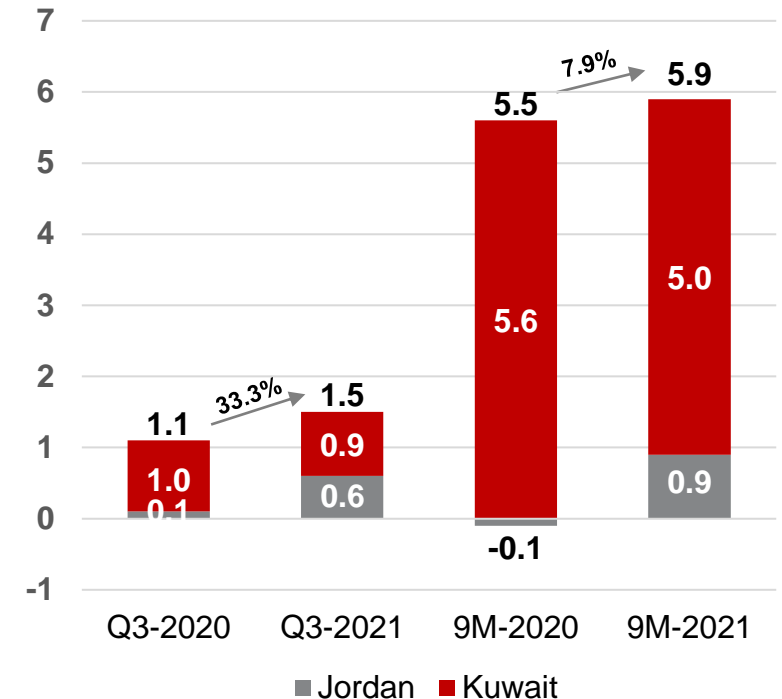
Total Revenue
Million - KWD



Total Revenue Breakdown by Country



Net Profit Breakdown by Country
Million - KWD



In Q3-2021:

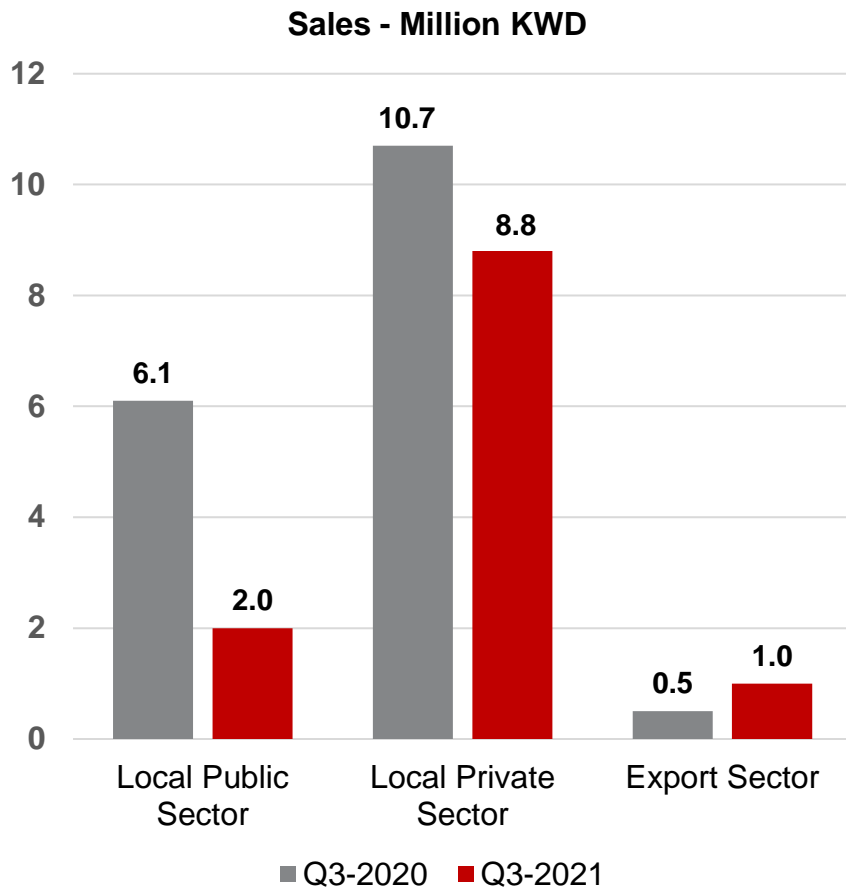
- Total revenue of the Group decreased by 18.4% compared to Q3-2020.
- Net profit for the Group grew by 33.3% compared to Q3-2020

In 9M-2021:

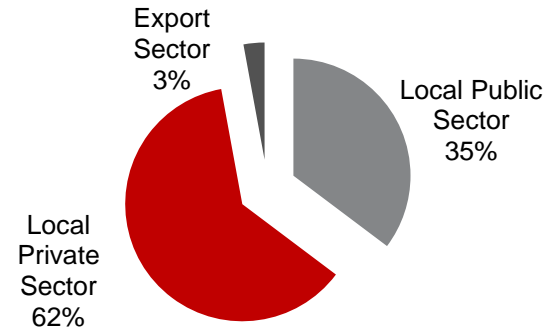
- Total revenue for the Group decreased by 19.9% compared to 9M-2020.
- Gulf Cable-Jordan increased its share in total revenue from 11% in 9M-2020 to 22% in 9M-2021.
- Net profit for the Group increased by 7.9% compared to 9M-2020.

Financial Overview - Gulf Cable Kuwait

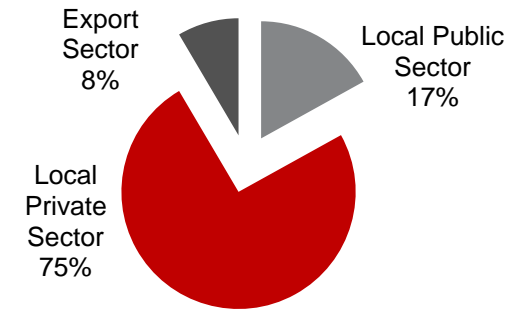
Breakdown of Kuwait Cable Sales by Sector – Q3



Q3-2020



Q3-2021



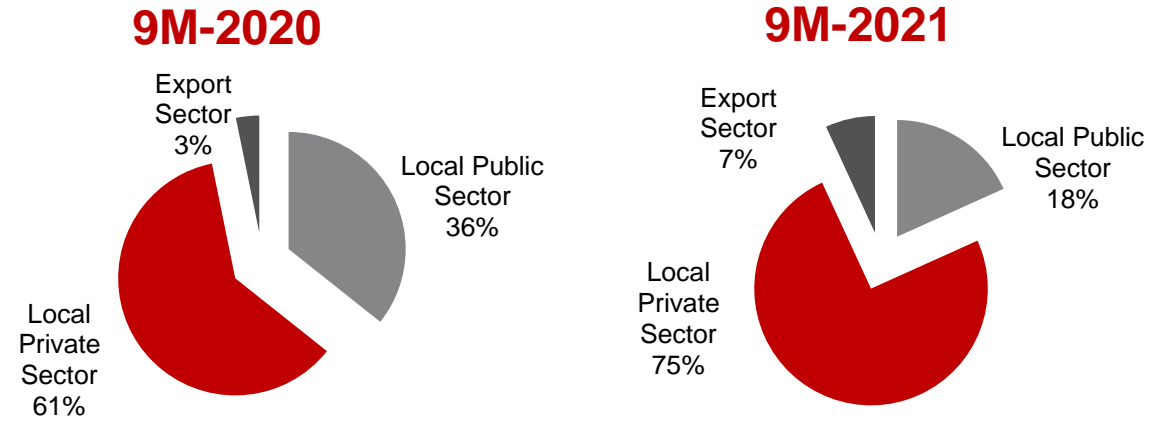
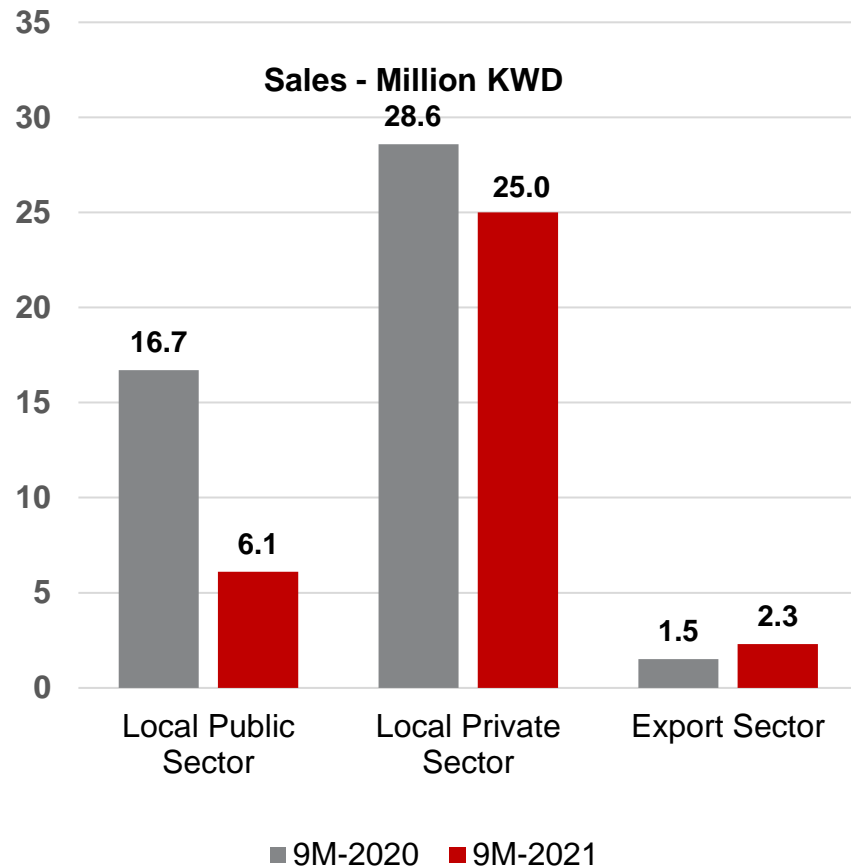
Description (Million, KWD)	Q3-2020	Q3-2021	Change	% Change
Local Public Sector	6.1	2.0	-4.1	-67.2%
Local Private Sector	10.7	8.8	-1.9	-17.8%
Export Sector	0.5	1.0	0.5	100.0%
Total Cable Sales	17.3	11.8	-5.5	-31.8%

Total Cable sales decreased by 31.8% in Q3-2021 mainly due to:

- Sales for the Local Public Sector declined by 67.2%, mainly due to medium voltage cables orders delivered during last year especially in second quarter comparing to the same period of current year.
- Sales for Local Private Sector also shows a decline of 17.8% as a result of slow progress by the uncertain business and shortage in the labour market
- Higher metal prices in 2021 negatively affected the demand for both Public and Private Sectors.

Financial Overview - Gulf Cable Kuwait

Breakdown of Kuwait Cable Sales by Sector – 9M



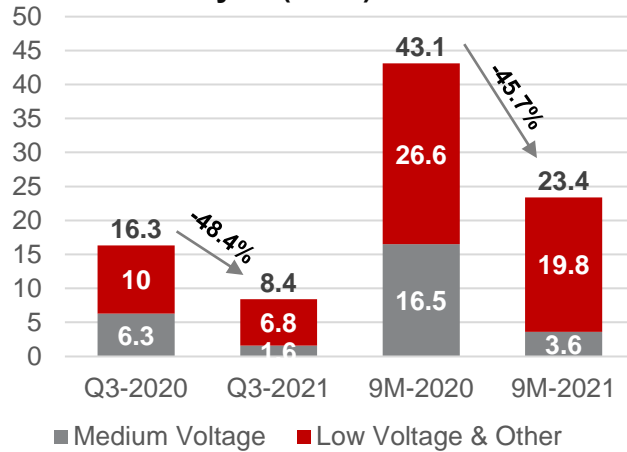
Description (Million, KWD)	9M-2020	9M-2021	Change	% Change
Local Public Sector	16.7	6.1	-10.6	-63.5%
Local Private Sector	28.6	25.0	-3.6	-12.6%
Export Sector	1.5	2.3	0.8	53.3%
Total Cable Sales	46.8	33.4	-13.4	-28.6%

Total Cable sales decreased by 28.6% in 9M-2021 mainly due to:

- Sales for the Local Public Sector declined by 63.5%, mainly due to medium voltage cables orders delivered during last year compared to the same period of 2021.
- Sales for the Local Private Sector declined by 12.6% compared to 9M-2020 due to the impact of rise of metal prices and COVID-19 pandemic.
- Export Sector shows a 53.3% growth as movement to GCC markets eased.

Financial Overview - Production and Sales Weight

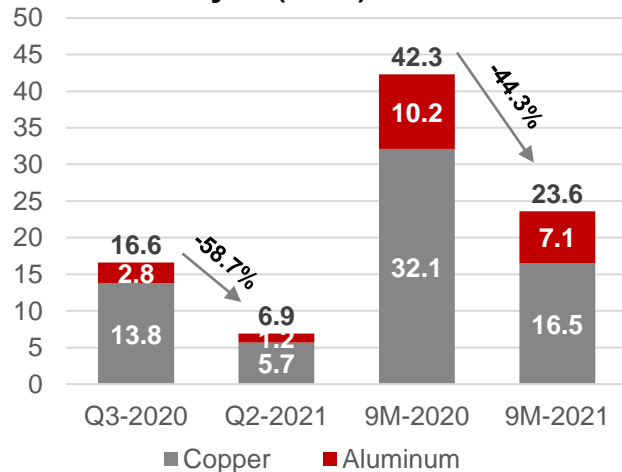
Sales Breakdown by Product (weight)
Quantity in ('000') Metric Ton



Sales Breakdown by Product (Weight)	Q3-2020 MT	Q3- 2021 MT	9M-2020 MT	9M- 2021 MT	9M- %Change
Medium Voltage Cables	6,315	1,592	16,547	3,607	-78.2%
Low Voltage and Other Cables	10,020	6,836	26,569	19,816	-25.4%
Total Cables	16,335	8,428	43,116	23,423	-45.7%

Production Breakdown by Material	Q3- 2020 MT	Q3- 2021 MT	9M-2020 MT	9M- 2021 MT	9M- %Change
Copper Cables (Low & Medium Voltage)	13,835	5,702	32,078	16,500	-48.6%
Aluminum Cables (Low & Medium Voltage)	2,772	1,150	10,248	7,067	-31.0%
Total Copper & Aluminum Cables	16,607	6,852	42,326	23,567	-44.3%

Production Breakdown by Material
Quantity in ('000') Metric Ton



9M-2021:

- The sales weight medium voltage cables decreased by 78.2% as a result of significant decrease in demand from the governmental sector.
- The repercussions of rise in Metal prices and COVID-19 pandemic led to a drop in the quantities of cables production by 44.3% and total cables' sales by 45.7%.

Financial Overview - Ratio Analysis

Ratios	9M- 2020	9M- 2021	% Change	Y2020
<u>Profitability</u>				
Gross Profit Margin - %	11.4%	21.4%	↑ 10.0%	11.5%
EBITDA Margin - %	12.0%	17.0%	↑ 5.0%	6.7%
Net Margin - %	9.6%	12.9%	↑ 3.3%	7.3%
ROA on Average Assets - % (with investment income)	2.6%	2.8%	↑ 0.1%	2.8%
ROE on Average Equity - % (with investment income)	3.0%	3.0%	↔ 0.0%	3.1%
<u>Leverage</u>				
Total Debt Percentage of Total Assets-%	8.4%	1.1%	↓ -7.3%	1.8%
Debt to Equity Ratio-%	9.9%	1.1%	↓ -8.8%	2.0%
Interest Coverage Ratio	24.5	55.0	↑ 30.5	17.2
<u>Liquidity</u>				
Current Ratio	2.6	8.7	↑ 6.1	7.8
Quick Ratio	1.1	4.4	↑ 3.3	4.5
Working Capital to Total Assets	0.2	0.3	↑ 0.1	0.4

- Group's gross profit margin increased from 11.4% to 21.4% on 9 months 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 9M-2021 as compared to 9M-2020, 12.9% and 9.6% respectively.
- The Group managed to reduce its outstanding debt, leading to interest coverage ratio reaching 24.5x.
- The Group saw its current ratio levels rise from 2.6x in 9M-2020 to 8.7x in 9M-2021 mainly as borrowings and finance payables decreased from 18.5m in Sept, 2020 to 2.4m Sept. 2021.

Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	Dec. 2020	Sept. 2021	Change	% Change
Non-Current Assets	105.0	137.4	32.4	30.9%
Current Assets	97.8	86.2	-11.6	-11.9%
Total Assets	202.8	223.6	20.8	10.3%
Non-Current Liabilities	3.9	6.1	2.2	56.4%
Current Liabilities	12.6	9.8	-2.8	-22.2%
Total Liabilities	16.5	15.9	-0.6	-3.6%
Total Equity	186.3	207.7	21.4	11.5%
Total Liabilities & Equity	202.8	223.6	20.8	10.3%

Cash Flow Statement (Million, KWD)	9M -2020	9M-2021	Change	% Change
Profit From Operations	5.4	5.9	0.5	9.3%
Non-Cash Adjustments	-1.6	0.2	1.8	112.5%
Changes in Working Capital	-22.6	-2.5	20.1	88.9%
Net Cash Flow (used in)/from Operating Activities	-18.8	3.6	22.4	119.1%
Net Cash Flow used in Investing Activities	-6.8	-3.5	3.3	48.5%
Net Cash Flow from / (used in) Financing Activities	2.3	-15.4	-17.7	-769.6%
Decrease in Cash and Cash Equivalents	-23.3	-15.3	8.0	34.3%
Cash and Cash Equivalents at Period End	1.3	10.8	9.5	730.8%

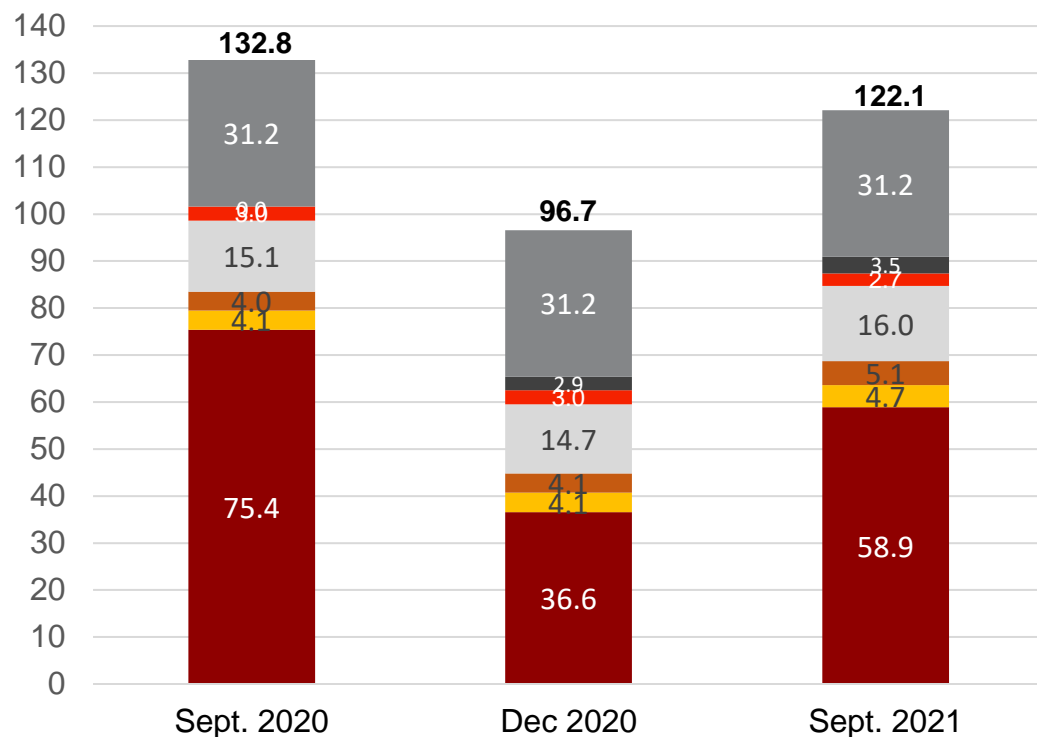
In 9M-2021:

- Non-current assets grew by 30.9% due to increase in the fair value of Investments at FVTOCI.
- Current assets of the Group decreased by 11.9% mainly as a result of cash dividend distributed during the current period to the shareholders (50 Fils/share)
- Non-current liabilities increased by 56.4% mainly as a result of the long-term loans allocated from the identifiable net assets of the acquired subsidiary.
- Shareholder's equity increased by 11.5%.
- Cash outflow for financing activities increased by 769.6% mainly due to payment of cash dividends to shareholders amounted to KWD 10.4m and due to settlement of term loans amounted to KWD 4.7m.

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 9M- 2021

- Total Investments at FVOCI increased by 26.30% compared to Dec.2020
- Gain on sale of investments amounted to KWD 341K compared to KWD 297K in 9M-2020.
- Dividend income on investments held at the end of the period amounted to KWD 1.4m compared to KWD 3.1m in 9M-2020.

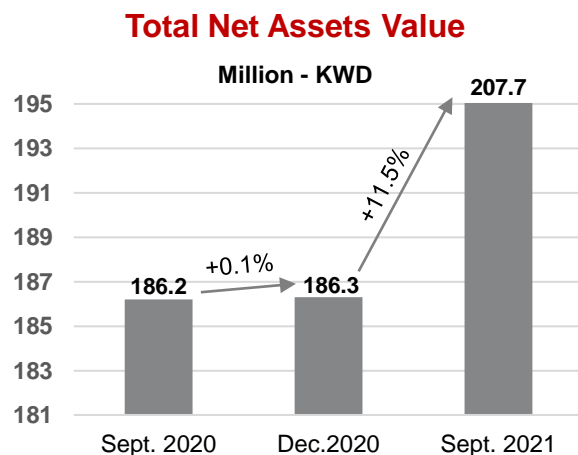
Appendix



Consolidated Statement of Financial Position

	30 Sept. 2021	31 Dec 2020	30 Sept. 2020
Assets (KWD)			
<u>Non-current assets</u>			
Goodwill	3,603,180	-	-
Property, plant and equipment	9,948,541	7,160,670	7,213,928
Right of use asset	648,935	-	-
Investment in associate	1,162,920	1,103,929	1,087,731
Investments at fair value through other comprehensive income	122,094,542	96,671,328	132,780,298
	137,458,118	104,935,927	141,081,957
<u>Current assets</u>			
Inventories	42,501,246	41,319,685	45,095,283
Trade accounts receivable	31,500,839	29,606,122	28,881,746
Other receivables and prepayments	1,333,915	657,532	683,247
Cash and bank balances	10,848,848	26,257,513	5,460,782
	86,184,848	97,840,852	80,121,058
Total Assets	223,642,966	202,776,779	221,203,015

	30 Sept. 2021	31 Dec 2020	30 Sept. 2020
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	4,177,116	3,929,186	4,074,005
Terms loans	1,534,495	-	-
Lease liability	425,327	-	-
	6,136,938	3,929,186	4,074,005
<u>Current liabilities</u>			
Trade accounts payable	2,086,637	1,702,884	2,083,508
Other payables and accruals	6,761,830	7,179,352	6,156,798
Lease liability	151,416	-	-
Term loans	842,401	3,646,476	13,133,143
Ijara finance payable	-	-	130,000
Murabaha payables	-	-	5,249,165
Due to banks	8,136	18,694	4,178,258
	9,850,420	12,547,406	30,930,872
Total Liabilities	15,987,358	16,476,592	35,004,877
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)	(454,480)	(649,799)
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	73,580,776	47,904,074	57,859,986
Retained earnings	15,190,206	19,437,247	10,288,196
Total equity attributable to the owners of the Parent Company	207,166,806	185,858,389	185,747,173
Non-Controlling Interests	488,802	441,798	450,965
Total Equity	207,655,608	186,300,187	186,198,138
Total Equity and Liabilities	223,642,966	202,776,779	221,203,015



Consolidated Statement of Profit or Loss

	Q3-2021	Q3-2020	9M - 2021	9M -2020
Revenue (KWD)				
Revenue from Sales and contracts with customers	18,177,608	22,274,675	45,979,060	57,383,582
Cost of sales and Contracts with Customers	(14,554,012)	(19,841,334)	(36,131,668)	(50,823,522)
Gross profit	3,623,596	2,433,341	9,847,392	6,560,060
Investment income	86,843	(47,362)	1,371,261	3,098,871
Share of results of associate	11,723	80,107	58,991	23,380
Interest income	1,652	1,467	10,366	4,906
Other (loss)/income	(787)	43,602	1,176	50,926
Foreign currency exchange gain	41,624	144,285	167,247	316,773
	3,764,651	2,655,440	11,456,433	10,054,916
Expenses and other charges (KWD)				
General and administrative expenses	(1,354,010)	(893,353)	(3,446,424)	(2,606,090)
Commercial expenses	(385,364)	(439,526)	(1,142,416)	(1,114,557)
Reversal/(charge) of slow moving and obsolete inventories – net	5,027	71,522	(24,844)	12,866
Provision for doubtful debts– net	(169,423)	(42,558)	(121,657)	(173,056)
Finance costs	(114,966)	(105,744)	(122,282)	(251,761)
	(2,018,736)	(1,409,659)	(4,857,623)	(4,132,598)

	Q3- 2021	Q3-2020	9M- 2021	9M-2020
Profit before provisions for contribution to (KFAS), (NLST), Zakat, Board of directors' remuneration (KWD) and Tax relating to overseas subsidiary	1,745,915	1,245,781	6,598,810	5,922,318
Taxes relating to overseas subsidiary	(106,996)	-	(190,050)	-
Provision for contribution to KFAS,NLST & Zakat	(79,035)	(56,577)	(261,193)	(207,496)
Provision for directors' remuneration	(77,500)	(77,500)	(232,500)	(232,500)
Profit for the Period	1,482,384	3,892,855	5,915,067	5,482,322

Attributable to:				
Owners of the Parent Company	1,451,697	1,105,689	5,864,801	5,487,631
Non-controlling interests	30,687	6,015	50,266	(5,309)
Profit for the Period	1,482,384	1,111,704	5,915,067	5,482,322
Earnings Per share	7 Fils	5 Fils	28 Fils	26 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	30 Sept. 2021	31 Dec 2020	30 Sept. 2020
Assets (KWD)			
<u>Non-current assets</u>			
Goodwill	1.61%	-	-
Property, plant and equipment	4.45%	3.53%	3.26%
Right of use asset	0.29%	-	-
Investment in associate	0.52%	0.55%	0.49%
Investments at fair value through other comprehensive income	54.59%	47.67%	60.03%
	61.46%	51.75%	63.78%
<u>Current assets</u>			
Inventories	19.00%	20.38%	20.39%
Trade accounts receivable	14.09%	14.60%	13.06%
Other receivables and prepayments	0.60%	0.32%	0.31%
Cash and bank balances	4.85%	12.95%	2.47%
	38.54%	48.25%	36.22%
Total Assets	100%	100%	100%

- The percentage of total non-current assets has risen from 51.75% in Dec. 2020 to 61.46% in Sep. 2021, on the other hand the percentage of total current assets has fallen from 48.25% to 38.54%.
- The percentage of total liabilities has fallen from 8.13% in Dec. 2020 to 7.15% in Sep. 2021, on the other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 91.65% to 92.63%.

	30 Sept. 2021	31 Dec 2020	30 Sept. 2020
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	1.87%	1.94%	1.84%
Terms loans	0.69%	-	-
Lease liability	0.19%	-	-
	2.74%	1.94%	1.84%
<u>Current liabilities</u>			
Trade accounts payable	0.93%	0.84%	0.94%
Other payables and accruals	3.02%	3.54%	2.78%
Lease liability	0.07%	-	0.00%
Term loans	0.38%	1.80%	5.94%
Ijara finance payable	-	0.00%	0.06%
Murabaha payables	-	0.00%	2.37%
Due to banks	0.00%	0.01%	1.89%
	4.40%	6.19%	13.98%
Total Liabilities	7.15%	8.13%	15.82%
Equity			
Share capital	9.39%	10.35%	9.49%
Share premium	13.04%	14.38%	13.18%
Treasury shares	-0.26%	-0.22%	-0.29%
Treasury shares reserve	0.03%	0.04%	-
Statutory reserve	9.39%	10.35%	9.49%
Voluntary reserve	9.39%	10.35%	9.49%
General reserve	11.96%	13.19%	11.80%
Other components of equity	32.90%	23.62%	26.16%
Retained earnings	6.79%	9.59%	4.65%
Total equity attributable to the owners of the Parent Company	92.63%	91.65%	83.97%
Non-Controlling Interests	0.22%	0.22%	0.20%
Total Equity	92.85%	91.87%	84.18%
Total Equity and Liabilities	100%	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q3-2021	Q3-2020	9M- 2021	9M-2020
Revenue				
Revenue from Sales and contracts with customers	100.00%	100.00%	100.00%	100.00%
Cost of sales and Contracts with Customers	-80.07%	-89.08%	-78.58%	-88.57%
Gross profit	19.93%	10.92%	21.42%	11.43%
Investment income	0.48%	-0.21%	2.98%	5.40%
Share of results of associate	0.06%	0.36%	0.13%	0.04%
Interest income	0.01%	0.01%	0.02%	0.01%
Other income	0.00%	0.20%	0.00%	0.09%
Foreign currency exchange gain	0.23%	0.65%	0.36%	0.55%
	20.71%	11.92%	24.92%	17.52%

Expenses and other charges				
General and administrative expenses	-7.45%	-4.01%	-7.50%	-4.54%
Commercial expenses	-2.12%	-1.97%	-2.48%	-1.94%
Reversal/(charge) of slow moving and obsolete inventories – net	0.03%	0.32%	-0.05%	0.02%
Provision for doubtful debts– net	-0.93%	-0.19%	-0.26%	-0.30%
Finance costs	-0.63%	-0.47%	-0.27%	-0.44%
	-11.11%	-6.33%	-10.56%	-7.20%

	Q3- 2021	Q3- 2020	9M- 2021	9M-2020
Profit before provisions for contribution to (KFAS), (NLST), Zakat , Board of directors' remuneration and Taxes relating to overseas subsidiary	9.60%	5.59%	14.35%	10.32%
Taxes relating to overseas subsidiary	-0.59%	0.00%	-0.41%	0.00%
Provision for contribution to KFAS,NLST & Zakat	-0.43%	-0.25%	-0.57%	-0.36%
Provision for directors' remuneration	-0.43%	-0.35%	-0.51%	-0.41%
Profit for the Period	8.16%	17.48%	12.86%	9.55%

9M comparison :

- The percentage of Gross Profit increased by 9.99% compared to same period of prior year (from 11.43% to 21.42%), due to decrease in the cost of sales percentage.
- Expenses and other charges percentage increased from 7.20% to 10.56%
- Accordingly, the profit for the period percentage grew by 3.31% compared to the same period of year 2020.

Thank You

