



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

cables that pulse with life

الإشارة: خك ٢٧٤ / ٢٠٢١

Date: 23 MAY 2021 التاريخ:

السادة / شركة بورصة الكويت المحترمين

تحية طيبة وبعد ،،،

**الموضوع : العرض التقديمي لمؤتمر المحللين للربع الأول 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 الأول من عام 2021 عن طرق البث المباشر على شبكة الانترنت وذلك في تمام الساعة الواحدة من بعد ظهر يوم الخميس الموافق 2021/05/20 ، 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 الأول من عام 2021 .

وتفضلو بقبول فائق الاحترام ،،،



الرئيس التنفيذي  
باسل عمران كنعان





# 2021

## Investors Presentation

Q1 - Period Ended 31 March 2021



# 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



### Sales

↓ -16.6%

14.2m in Q1- 2021  
17.1m in Q1- 2020



### EBITDA

↑ +92.8%

1.7m in Q1- 2021  
0.9m in Q1 -2020



### Net Profit

↑ +165.2%

1.3m in Q1- 2021  
0.5m in Q1- 2020



### EPS

↑ +200%

6 Fils in Q1- 2021  
2 Fils in Q1- 2020



### Assets

↑ +0.6%

204.1m in Mar 2021  
202.8m in Dec 2020



### Equity

↑ +1.6%

189.3m in Mar 2021  
186.3m in Dec 2020



### Borrowings

↓ -100%

Nil in Mar 2021  
3.7m in Dec 2020



### Production Metric Ton ('000')

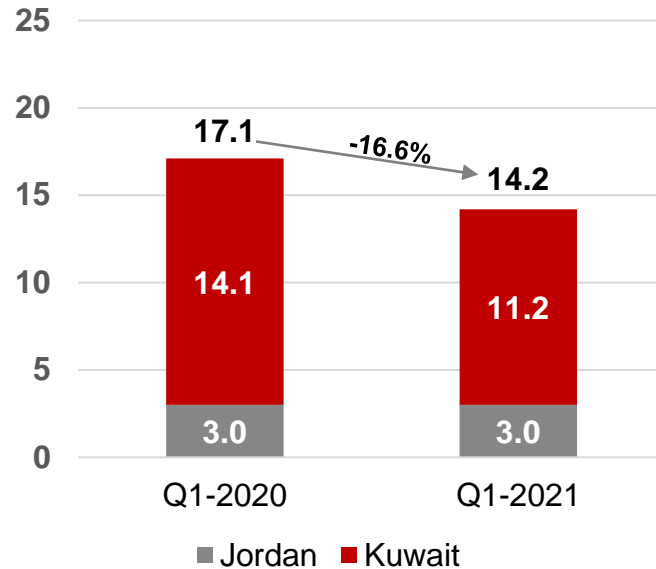
↓ -25.2%

9.5MT in Q1- 2021  
12.7MT in Q1- 2020

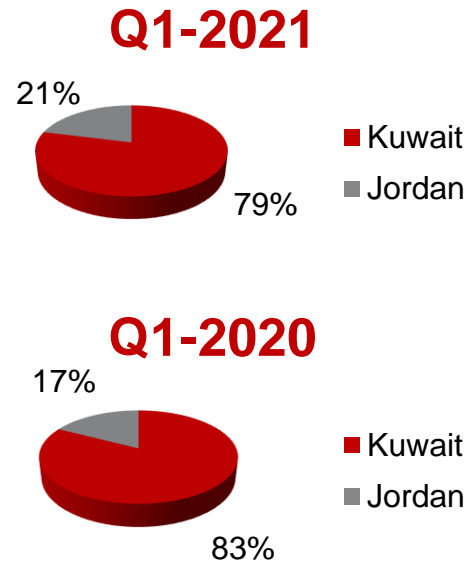
Note: all amounts in KWD

# Financial Overview - Group

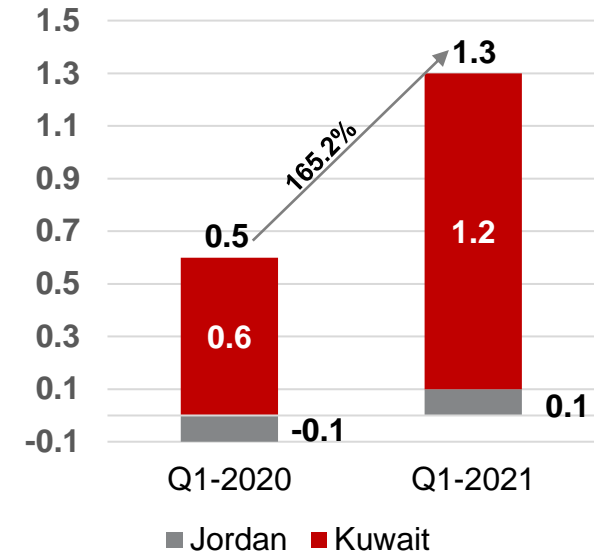
**Total Sales**  
Million - KWD



**Total Sales Breakdown by Country**



**Net Profit Breakdown by Country**  
Million - KWD

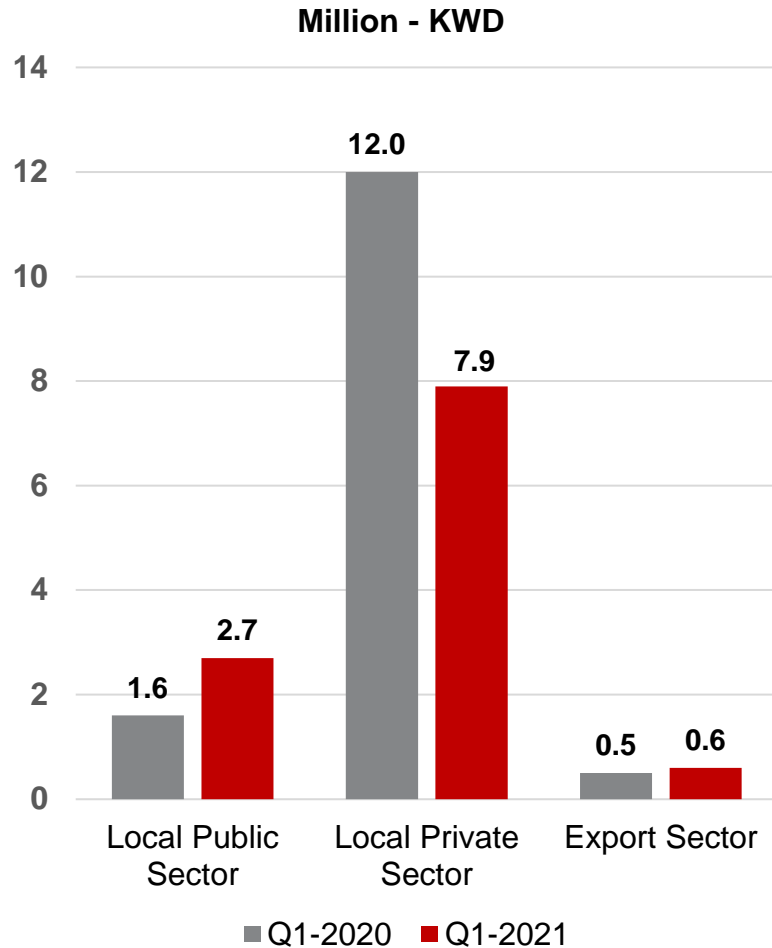


In Q1-2021:

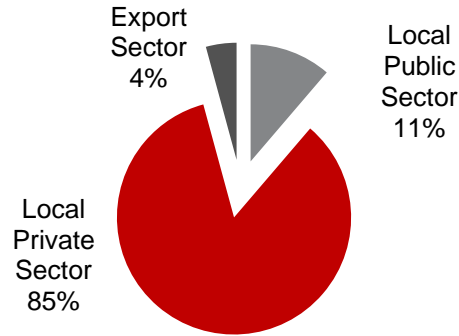
- Total sales for the Group decreased by 16.6% compared to Q1-2020.
- Gulf Cable Kuwait's sales decreased by 20.6% compared to Q1-2020.
- Gulf Cable Jordan's sales remained the same compared to Q1-2020.
- Jordan increased its share in total sales from 17% in Q1-2020 to 21% in Q1-2021.
- Net profit for the Group increased by 165.2% compared to Q1-2020.

# Financial Overview - Gulf Cable Kuwait

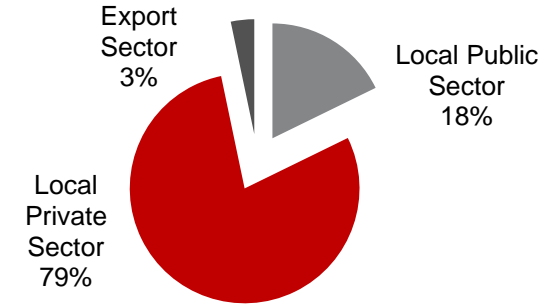
## Breakdown of Kuwait Sales by Sector



### Q1-2020



### Q1-2021



Description (Million, KWD)	Q1-2021	Q1- 2020	Change	% Change
Local Public Sector	2.7	1.6	1.1	68.8%
Local Private Sector	7.9	12.0	-4.1	-34.2%
Export Sector	0.6	0.5	0.1	20.0%
<b>Total Sales</b>	<b>11.2</b>	<b>14.1</b>	<b>-2.9</b>	<b>-20.6%</b>

Total sales decreased by 20.6% in Q1-2021 mainly due to::

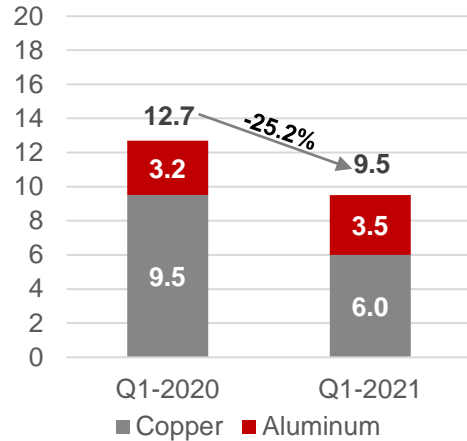
- Sales for the Local Public Sector grew by 68.8%, mainly due to orders delivered in Q1-2021 for government tenders awarded during 2020 as well as new low value tenders awarded and delivered in Q1-2021.
- Sales for the Local Private Sector declined by 34.2% compared to Q1-2020 due to the impact of COVID-19 pandemic which started in March 2020 as many local construction projects were delayed or postponed.



# Financial Overview - Production and Sales Weight

## Production Breakdown by Material

Quantity in ('000') Metric Ton



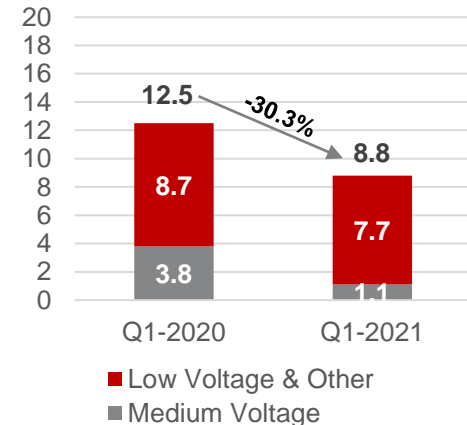
Sales Breakdown by Product (Weight)	Q1- 2021 MT	Q1-2020 MT	%Change
Medium Voltage Cables	1,047	3,788	-72.4%
Low Voltage and Other Cables	7,704	8,760	-12.1%
<b>Total Cables</b>	<b>8,751</b>	<b>12,548</b>	<b>-30.3%</b>

Production Breakdown by Material	Q1- 2021 MT	Q1 -2020 MT	%Change
Copper Cables (Low & Medium Voltage) various sizes and specifications	5,951	9,519	-37.5%
Aluminum Cables (Low & Medium Voltage) various sizes and specifications	3,542	3,173	11.6%
<b>Total Copper &amp; Aluminum Cables</b>	<b>9,493</b>	<b>12,692</b>	<b>-25.2%</b>

## Sales Breakdown by Product (weight)

Quantity in ('000') Metric Ton



- The production quantities of aluminum cables increased, due to the increase in demand as a result of their low prices compared to copper cables as copper metal price increased significantly during the current year.
- The repercussions of the COVID-19 pandemic led to a drop in the quantities of cables produced by 25.2% and total cables' sales by 30.3%.
- The sales weight of medium voltage cables decreased by 72.4% as a result of significant decrease in demand from the governmental sector.
- The sales weight of low voltage and other cables decreased by 12.1% due to postponing delivery of some orders required for local projects during the first quarter.

## Financial Overview - Ratio Analysis

Ratios	Q1- 2021	Q1- 2020	% Change	Y2020
<b><u>Profitability</u></b>				
Gross Profit Margin - %	18.2%	9.7%	↑ 8.5%	11.5%
EBITDA Margin - %	11.9%	5.1%	↑ 6.8%	6.7%
Net Margin - %	9.0%	2.8%	↑ 6.2%	7.3%
ROA on Average Assets - % (with investment income)	0.6%	0.3%	↑ 0.3%	2.8%
ROE on Average Equity - % (with investment income)	0.7%	0.3%	↑ 0.4%	3.1%
<b><u>Leverage</u></b>				
Total Debt Percentage of Total Assets	0.0%	4.0%	↓ -4.0%	1.8%
Debt to Equity Ratio	0.0%	4.5%	↑ -4.5%	2.0%
Interest Coverage Ratio	200.9	10.1	↓ 190.8	17.2
<b><u>Liquidity</u></b>				
Current Ratio	9.0	4.3	↑ 4.7	7.8
Quick Ratio	4.6	2.3	↑ 2.3	4.5
Working Capital to Total Assets	0.4	0.3	↑ 0.1	0.4

- Group's gross profit margin increased from 9.7% to 18.2% Q-on-Q. This was partly due to reduced cost of sales and partly due to the government tenders that carried higher profit margins, due to 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 in Q1-2021 as compared to Q1-2020, 9.0% and 2.8% respectively.
- The Group managed to repay all of its outstanding debt, leading to interest coverage ratio reaching 200.9x.
- The Group saw its current ratio levels rise from 4.3x in Q1-2020 to 9.0x in Q1-2021 mainly as trade accounts receivables and inventories levels increased and as all borrowings and finance payables were settled.

## Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	Mar 2021	Dec 2020	Change	% Change
Non-Current Assets	106.4	105.0	1.4	1.3%
Current Assets	97.7	97.8	-0.1	-0.1%
<b>Total Assets</b>	<b>204.1</b>	<b>202.8</b>	<b>1.3</b>	<b>0.6%</b>
Non-Current Liabilities	4.0	3.9	0.1	2.6%
Current Liabilities	10.8	12.6	-1.8	-14.3%
<b>Total Liabilities</b>	<b>14.8</b>	<b>16.5</b>	<b>-1.7</b>	<b>-10.3%</b>
Total Equity	189.3	186.3	3.0	1.6%
<b>Total Liabilities &amp; Equity</b>	<b>204.1</b>	<b>202.8</b>	<b>1.3</b>	<b>0.6%</b>

Cash Flow Statement (Million, KWD)	Q1-2021	Q1 -2020	Change	% Change
Profit From Operations	1.3	0.5	0.8	160%
Non-Cash Adjustments	0.1	0.5	-0.4	-80%
Changes in Working Capital	-3.2	-1.9	-1.3	-68%
<b>Net Cash Flow Used in Operating Activities</b>	<b>-1.8</b>	<b>-0.9</b>	<b>-0.9</b>	<b>100%</b>
Net Cash Flow From/(Used in) Investing Activities	0.2	-0.2	0.4	-200%
Net Cash Flow Used in Financing Activities	-3.7	-0.2	-3.5	1750%
<b>Decrease in Cash and Cash Equivalents</b>	<b>-5.3</b>	<b>-1.3</b>	<b>-4</b>	<b>308%</b>
<b>Cash and Cash Equivalents at Period End</b>	<b>20.9</b>	<b>23.3</b>	<b>-2.4</b>	<b>-10%</b>

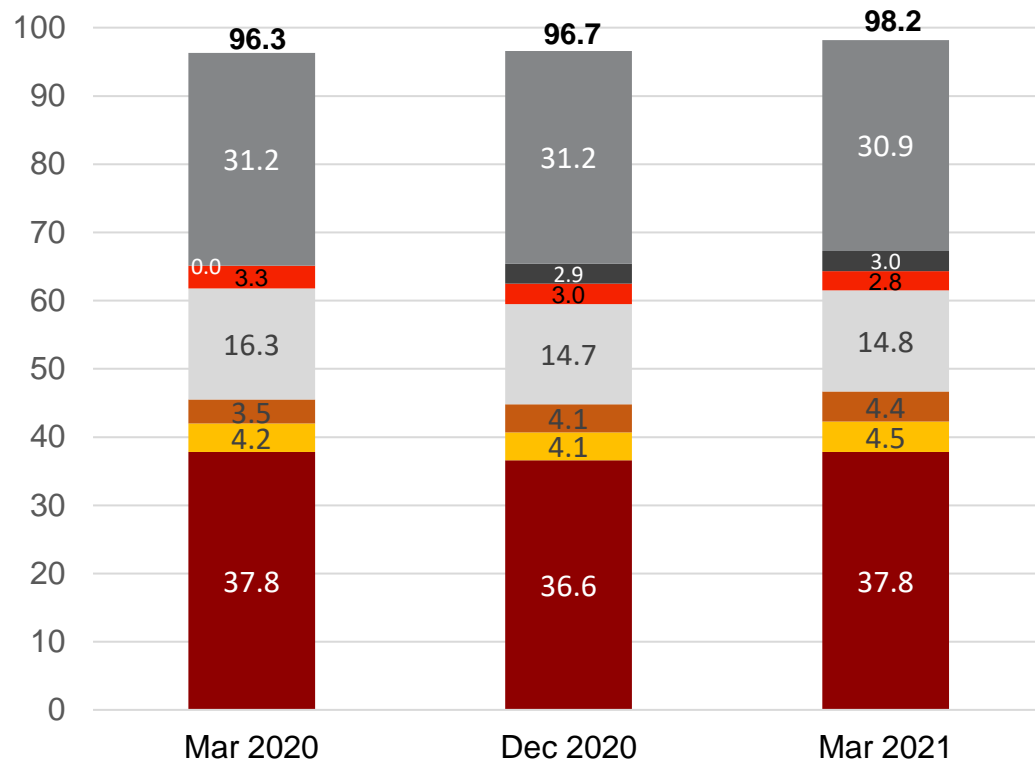
In Q1-2021:

- Total assets of the Group grew by 0.6%
- Non-current assets grew by 1.3%.
- Current liabilities dropped significantly by 10.3% mainly due to settlement of short-term loans, which also caused the increase in cash flow used in financing activities by KWD 3.7m.
- Shareholder's equity increased by 1.6%.
- Cash flow used in operating activities increased by 100% mainly due to increase in inventories.

# 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.
- Managed funds include investments in units of private equity investments. Fair value of these investments is determined using net asset values reported by investment managers.

In Q1- 2021

- Total Investments at FVOCI increased by 1.6% compared to Dec.2020
- Gain on sale of investments amounted to KWD 226K compared to KWD 36K in Q1-2020.
- Dividend income on investments held at the end of the period amounted to KWD 116K compared to KWD 3K in Q1-2020.

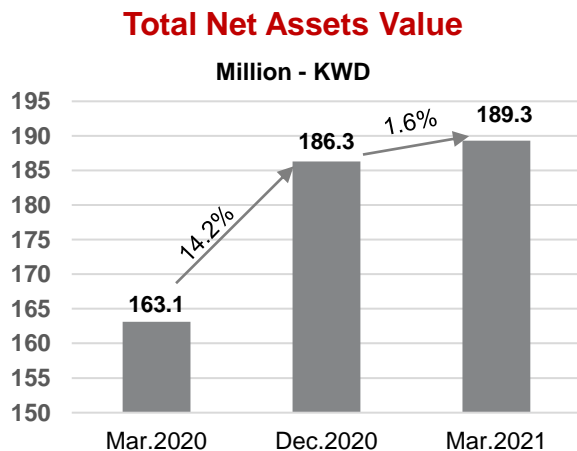
# Appendix



# Consolidated Statement of Financial Position

	31 Mar 2021	31 Dec 2020	31 Mar 2020
<b>Assets (KWD)</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7,014,938	7,160,670	7,505,641
Investment in associate	1,126,767	1,103,929	1,011,921
Investments at fair value through other comprehensive income	98,246,856	96,671,328	96,269,700
	<b>106,388,561</b>	<b>104,935,927</b>	<b>104,787,262</b>
<b>Current assets</b>			
Inventories	47,542,574	41,319,685	37,613,347
Trade accounts receivable	28,612,082	29,606,122	18,276,039
Other receivables and prepayments	585,868	657,532	1,824,071
Cash and bank balances	20,956,600	26,257,513	23,334,006
	<b>97,697,124</b>	<b>97,840,852</b>	<b>81,047,463</b>
<b>Total Assets</b>	<b>204,085,685</b>	<b>202,776,779</b>	<b>185,834,725</b>

	31 Mar 2021	31 Dec 2020	31 Mar 2020
<b>Liabilities (KWD)</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits	<b>3,987,114</b>	<b>3,929,186</b>	<b>3,915,020</b>
<b>Current liabilities</b>			
Trade accounts payable	2,504,114	1,702,884	5,228,470
Other payables and accruals	8,272,835	7,179,352	6,212,085
Short term loans	-	3,646,476	3,706,950
Ijara finance payable	-	-	130,000
Murabaha payables	-	-	3,531,745
Due to banks	24,388	18,694	9,486
	<b>10,801,336</b>	<b>12,547,406</b>	<b>18,818,736</b>
<b>Total Liabilities</b>	<b>14,788,451</b>	<b>16,476,592</b>	<b>22,733,756</b>
<b>Equity (KWD)</b>			
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)	(121,656)
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	49,389,407	47,904,074	31,134,472
Retained earnings	20,943,881	19,437,247	13,384,812
<b>Total equity attributable to the owners of the Parent Company</b>	<b>188,850,356</b>	<b>185,858,389</b>	<b>162,646,418</b>
Non-Controlling Interests	446,878	441,798	454,551
<b>Total Equity</b>	<b>189,297,234</b>	<b>186,300,187</b>	<b>163,100,969</b>
<b>Total Equity and Liabilities</b>	<b>204,085,685</b>	<b>202,776,779</b>	<b>185,834,725</b>



## Consolidated Statement of Profit or Loss

	Q1-2021	Q1-2020
<b>Revenue (KWD)</b>		
Sales	14,230,475	17,056,390
Cost of sales	(11,638,830)	(15,405,832)
<b>Gross profit</b>	<b>2,591,645</b>	<b>1,650,558</b>
Investment income	101,102	74,247
Share of results of associate	22,838	(52,430)
Interest income	4,693	1,933
Other income	3099	2,927
Foreign currency exchange gain	41,332	89,375
	<b>2,764,709</b>	<b>1,766,610</b>
<b>Expenses and other charges (KWD)</b>		
General and administrative expenses	(975,746)	(800,726)
Commercial expenses	(400,705)	(313,622)
Reversal of provision/(Provision) for obsolete and slow moving inventories – net	12,234	(1,330)
Reversal of provision for doubtful debts– net	69,232	-
Finance costs	(7,316)	(64,745)
	<b>(1,302,301)</b>	<b>(1,180,423)</b>

	Q1- 2021	Q1-2020
<b>Profit before provisions for contribution to (KFAS), (NLST), Zakat, Board of directors' remuneration (KWD) and Tax relating to overseas subsidiary</b>	<b>1,462,408</b>	<b>586,187</b>
Taxes relating to overseas subsidiary	(28,649)	-
Provision for contribution to KFAS,NLST & Zakat	(69,301)	(30,924)
Provision for directors' remuneration	(77,500)	(77,500)
<b>Profit for the Period</b>	<b>1,286,958</b>	<b>477,763</b>
<b>Attributable to:</b>		
Owners of the Parent Company	1,280,530	482,882
Non-controlling interests	6,428	(5,119)
<b>Profit for the Period</b>	<b>1,286,958</b>	<b>477,763</b>
<b>Earnings Per share</b>	<b>6 Fils</b>	<b>2 Fils</b>

## Common Size Analysis - Consolidated Statement of Financial Position

	31 Mar 2021	31 Dec 2020	31 Mar 2020
<b>Assets (KWD)</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.44%	3.53%	4.04%
Investment in associate	0.55%	0.55%	0.55%
Investments at fair value through other comprehensive income	48.14%	47.67%	51.80%
	<b>52.13%</b>	<b>51.75%</b>	<b>56.39%</b>
<b>Current assets</b>			
Inventories	23.29%	20.38%	20.24%
Trade accounts receivable	14.02%	14.60%	9.83%
Other receivables and prepayments	0.29%	0.32%	0.98%
Cash and bank balances	10.27%	12.95%	12.56%
	<b>47.87%</b>	<b>48.25%</b>	<b>43.61%</b>
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

- The percentage of total non-current assets has risen from 51.75% in Dec. 2020 to 52.13% in Mar. 2021, on other hand the percentage of total current assets has fallen from 48.25% to 47.87%.
- The percentage of total liabilities has fallen from 8.13% in Dec. 2020 to 7.25% in Mar. 2021, on other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 91.65% to 92.53%.

	31 Mar 2021	31 Dec 2020	31 Mar 2020
<b>Liabilities (KWD)</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits	1.96%	1.94%	2.11%
<b>Current liabilities</b>			
Trade accounts payable	1.23%	0.84%	2.81%
Other payables and accruals	4.05%	3.54%	3.34%
Short term loans	0.00%	1.80%	1.99%
Ijara finance payable	0.00%	0.00%	0.07%
Murabaha payables	0.00%	0.00%	1.90%
Due to banks	0.01%	0.01%	0.01%
	<b>5.29%</b>	<b>6.19%</b>	<b>10.12%</b>
<b>Total Liabilities</b>	<b>7.25%</b>	<b>8.13%</b>	<b>12.23%</b>
<b>Equity</b>			
Share capital	10.29%	10.35%	11.30%
Share premium	14.29%	14.38%	15.69%
Treasury shares	-0.22%	-0.22%	-0.07%
Treasury shares reserve	0.04%	0.04%	0.00%
Statutory reserve	10.28%	10.35%	11.30%
Voluntary reserve	10.28%	10.35%	11.30%
General reserve	13.11%	13.19%	14.05%
Other components of equity	24.20%	23.62%	16.75%
Retained earnings	10.26%	9.59%	7.20%
<b>Total equity attributable to the owners of the Parent Company</b>	<b>92.53%</b>	<b>91.65%</b>	<b>87.52%</b>
Non-Controlling Interests	0.22%	0.22%	0.25%
<b>Total Equity</b>	<b>92.75%</b>	<b>91.87%</b>	<b>87.77%</b>
<b>Total Equity and Liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



## Common Size Analysis - Consolidated Statement of Profit or Loss

	Q1- 2021	Q1-2020
<b>Revenue</b>		
Sales	100.00%	100.00%
Cost of sales	81.79%	90.32%
<b>Gross profit</b>	<b>18.21%</b>	<b>9.68%</b>
Investment income	0.71%	0.44%
Share of results of associate	0.16%	-0.31%
Interest income	0.04%	0.01%
Other income	0.02%	0.02%
Foreign currency exchange gain	0.29%	0.52%
	<b>19.43%</b>	<b>10.36%</b>

<b>Expenses and other charges</b>		
General and administrative expenses	-6.86%	-4.69%
Commercial expenses	-2.82%	-1.84%
Reversal of provision /(Provision) for obsolete and slow moving inventories - net	0.09%	-0.01%
Reversal of provision doubtful debts- net	0.49%	0.00%
Finance costs	-0.05%	-0.38%
	<b>-9.15%</b>	<b>-6.92%</b>

	Q1- 2021	Q1- 2020
<b>Profit before provisions for contribution to (KFAS), (NLST), Zakat , Board of directors' remuneration and Taxes relating to overseas subsidiary</b>	10.28%	3.44%
Taxes relating to overseas subsidiary	-0.20%	0.00%
Provision for contribution to KFAS,NLST & Zakat	-0.49%	-0.18%
Provision for directors' remuneration	-0.55%	-0.46%
<b>Profit for the Period</b>	<b>9.04%</b>	<b>2.80%</b>

- Gross profit percentage increased by 8.53% compared to same period of prior year (from 9.68% to 18.21%), due to decrease in the cost of sales percentage.
- Expenses and other charges percentage increased from 6.92% to 9.15%
- Accordingly, the profit for the period grew by 6.24% compared to Q1-2020.

# Thank You

