



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

cables that pulse with life

Ref: ٢٠٢١/١٧٨ / الإشارة: **خلك**

Date: 06 APR 2021 التاريخ:

السادة / شركة بورصة الكويت المحترمين

تحية طيبة وبعد ،،،

الموضوع : العرض التقديمي لمؤتمر المحللين للسنة المالية 2020

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 للسنة المالية 2020 عن طرق البث المباشر على شبكة الانترنت وذلك في تمام الساعة الواحدة من بعد ظهر يوم الاثنين الموافق 2021/04/05 ، 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 للسنة المالية 2020.

وتفضلو بقبول فائق الاحترام ،،،

الرئيس التنفيذي
باسل عمران كنعان





Investors

Presentation

Year Ended 31 December 2020



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

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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

- **Group Overview**
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Group Overview - Background

Gulf Cable and Electrical Industries Company K.S.C.P (“Gulf Cable Kuwait”) was established in 1975 and is the only domestic manufacturer and exporter of power cables, control cables, telecommunication cables, low smoke zero halogen cables, flame retardant low smoke cables, overhead conductors and cable joints in Kuwait.

The Group holds the objective of meeting growing local requirements and providing users with high quality wires and cables that exceed customers’ expectations and positively contribute to the development of the country.

In October 1979, the Group commissioned its plant. Since then, the activities of Gulf Cable Kuwait along with the demand of its products in local, as well as international markets, have been growing steadily and impressively.

In 2005, the Group purchased and upgraded an industrial facility in Al Mafraq in the Hashemite Kingdom of Jordan. It includes several specialized plants, most notably the cable plant, which is characterized by its diversity of production for all types of electrical and telephone cables with a production capability of 100 thousand tons annually. This production facility covers the needs of Jordan, Iraq, Lebanon, Syria and North Africa.

For the management and operation of these plants, the Group has established Gulf Cable and Multi Industries Company (“Gulf Cable Jordan”), which is a subsidiary based in Jordan.

Group Overview - Production Facilities

Factories



- Industrial Sulaihiya, Kuwait**
- Established in 1975
 - Employs c.727 people
 - Capacity: 75,000 MT/Year



- Al Mafraq, Jordan**
- Established in 2005
 - Employs c.270 people
 - Capacity: 25,000 MT/Year

Production Facilities



Main Cable Factories
Capacity: 100,000 MT/Year



Copper Rod Plant
Capacity: 12,000 MT/Year



PVC Compounding Plants
Capacity: 18,000 MT/Year



WD & STD



CCV



Extrusion



Laying & Arm



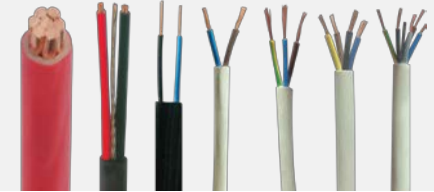
Quality Control



Group Overview - Major Product Categories

Domestic Wires

PVC Insulated wires, sheathed /non sheathed, single/multi, twin flat, with/without circuit protective conductors



Low Voltage

PVC or XLPE insulated, PVC sheathed armored/unarmored auxiliary/non auxiliary cables



Lead Sheathed Cables

Two/three/four core copper conductor XLPE insulated lead sheathed steel wire armored PVC sheathed cables



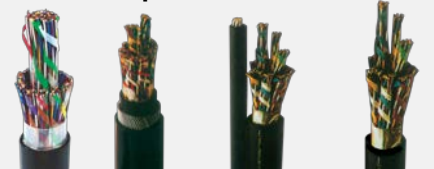
Cable Joints

Straight through joints, branch/double branch service joints, riot cable joints, street lighting joints, pot ends



Telephone & Special Application Cables

PE insulated, star quadded, fully color-coded telephone cables of armored/unarmored, self-supporting, 16 core or 34 core pilot cables



Overhead Lines

Conductors for overhead lines PVC covered stranded/non covered hard drawn copper or aluminum conductor



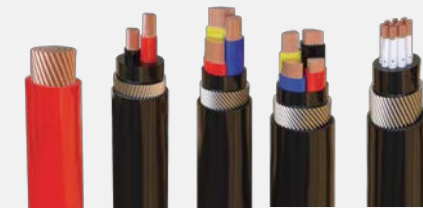
Medium Voltage Cables

Copper conductor XLPE insulated copper tape screened and non screened aluminum/steel wire armored PVC sheathed cables

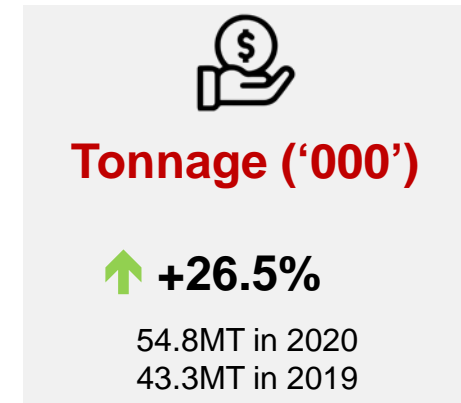
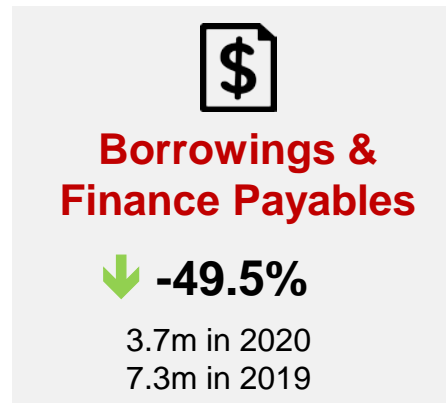


LSZH Cable

Single/two/three/four core, armored/unarmored auxiliary/non auxiliary cables



Performance Highlights

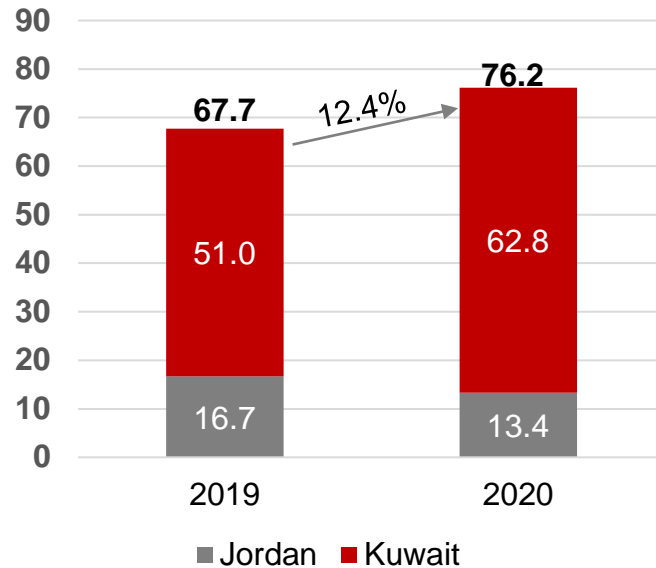


Note: all amounts in KWD

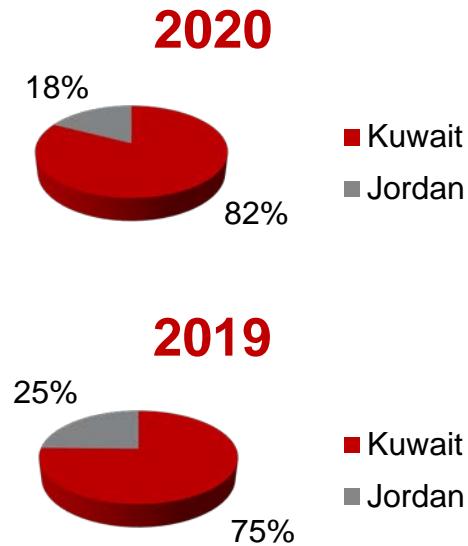
¹Proposed by the Board of Directors and subject to General Assembly approval

Financial Overview - Group

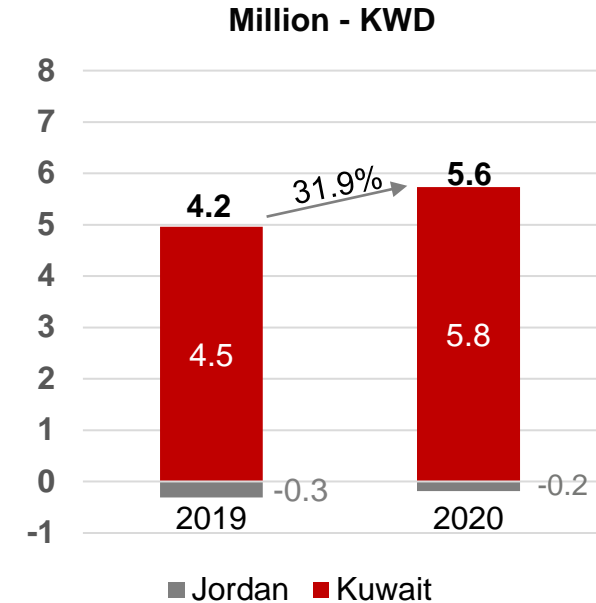
Total Sales
Million - KWD



Total Sales Breakdown by Country



Net Profit Breakdown by Country

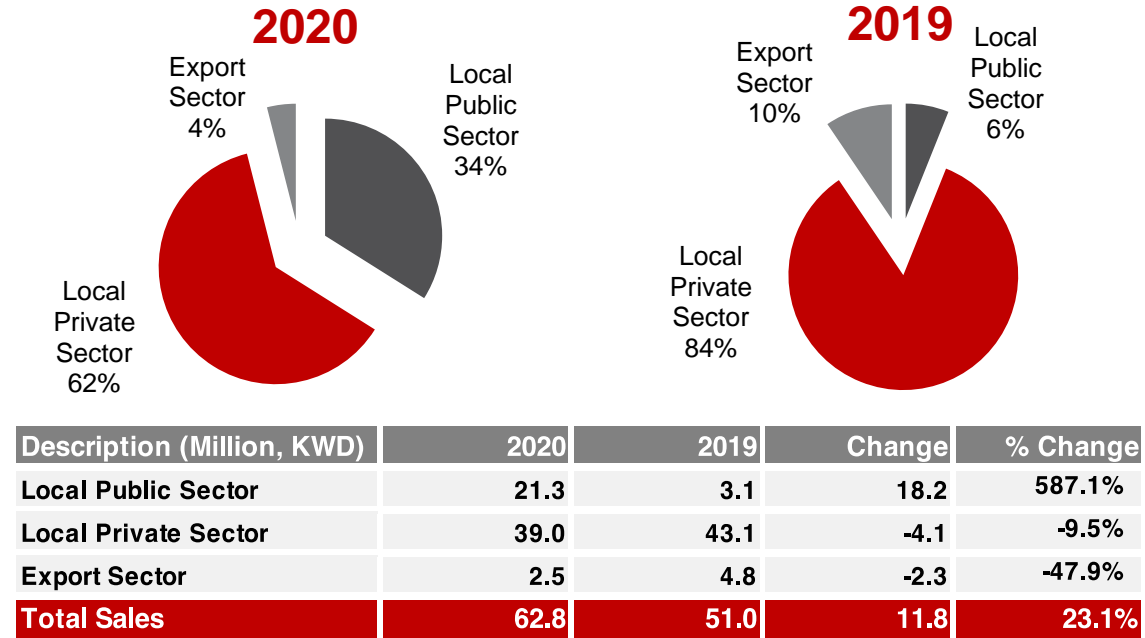
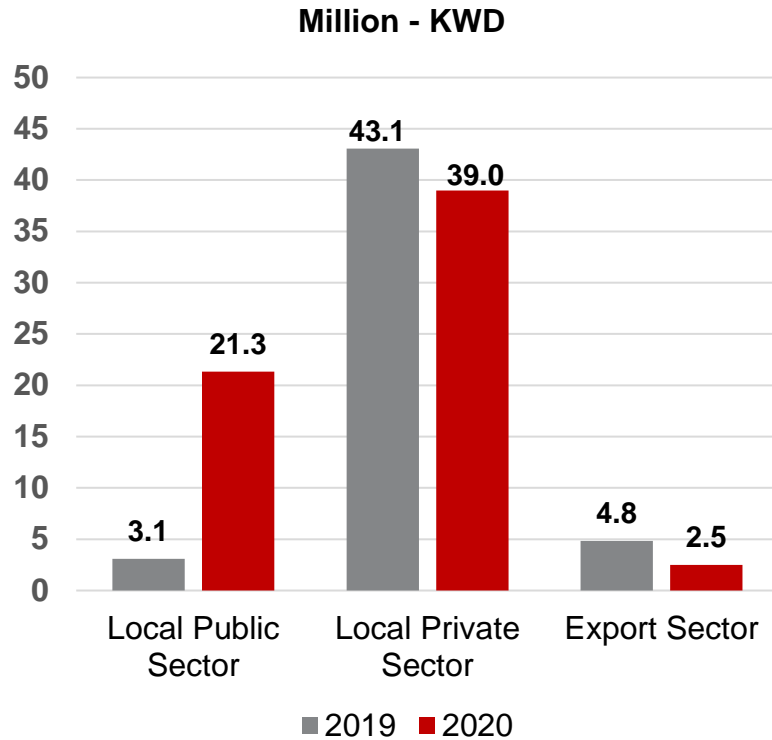


In 2020:

- Total sales for the Group grew by 12.4% compared to 2019.
- Gulf Cable Kuwait's sales increased by 23.1% compared to 2019.
- Gulf Cable Jordan's sales decreased by 20.1% compared to 2019.
- Kuwait performed better in 2020 as it increased its share in total sales from 75% in 2019 to 82% in 2020.
- Net profit for Group increased by 31.9% compared to 2019.
- Investment income represents 55.1% of net profit in 2020 while in 2019, it amounted to 104.3% (KWD 4.4m).

Financial Overview - Gulf Cable Kuwait

Breakdown of Kuwait Sales by Sector

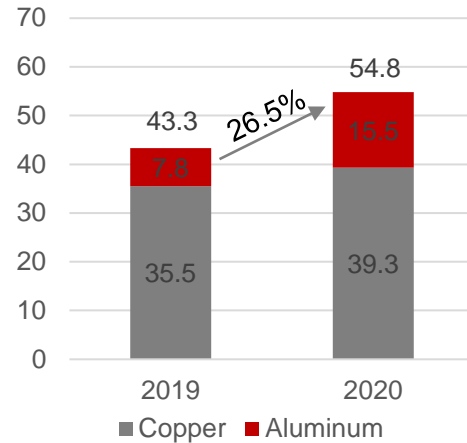


In 2020:

- Sales for the Local Public Sector grew by 587.1%, mainly due to government tenders awarded to Gulf Cable Kuwait.
- Sales for the Private Sector declined by 9.5% compared to 2019 due to the impact of Covid-19 pandemic and lockdowns, where most of local and GCC construction projects remained suspended or postponed.
- Export Sector sales decreased by 47.9% compared to 2019, which was impacted by the closure of GCC borders.

Financial Overview - Production and Sales Weight

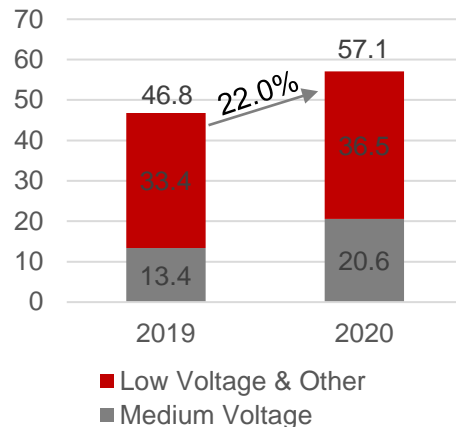
Production Breakdown by Material
Quantity in ('000') Metric Tons



Production Breakdown by Material	2020 MT	2019 MT	% Change
Copper Cables (Low & Medium Voltage) various sizes and specifications	39,304	35,507	10.7%
Aluminum Cables (Low & Medium Voltage) various sizes and specifications	15,480	7,795	98.6%
Total Copper & Aluminum Cables	54,784	43,302	26.5%

Sales Breakdown by Product (weight)	2020 MT	2019 MT	% Change
Medium Voltage Cables	20,607	13,388	53.9%
Low Voltage and Other Cables	36,452	33,419	9.1%
Total Cables	57,059	46,807	21.9%

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



- Despite the repercussions of the COVID-19 pandemic during the year 2020, the Group achieved a growth in the quantities of cables produced at a rate of 26.5%.
- The production quantities of aluminum cables nearly doubled, due to the increase in demand as a result of their low prices compared to copper cables.
- The sales weight of medium voltage cables has increased by a significant 53.9% as a result of increased demand.

Financial Overview - Ratio Analysis

Ratios	2020	2019	% Change
<u>Profitability</u>			
Gross Profit Margin - %	11.5%	8.1%	↑ 3.4%
EBITDA Margin - %	10.4%	9.2%	↑ 1.2%
Net Margin - %	7.3%	6.2%	↑ 1.1%
ROA on Average Assets - % (with investment income)	2.8%	2.3%	↑ 0.5%
ROE on Average Equity - % (with investment income)	3.1%	2.6%	↑ 0.5%
<u>Leverage</u>			
Total Debt Percentage of Total Assets	1.8%	3.7%	↓ -1.9%
Debt to Equity Ratio	2.0%	4.1%	↓ -2.1%
Interest Coverage Ratio	17.2	10.7	↑ 6.5
<u>Liquidity</u>			
Current Ratio	7.8	5.0	↑ 2.8
Quick Ratio	4.5	2.8	↑ 1.7
Working Capital to Total Assets	0.4	0.3	↑ 0.1

- Group's gross profit margin increased from 8.1% to 11.5% between 2019 to 2020. This was partly due to reduced cost of sales and partly due to the government projects and tenders that carried higher profit margins. The above factors also resulted in a higher net margin in 2020 as compared to 2019, 7.3% and 6.2% respectively.
- Group's interest coverage ratio grew from 10.7x in 2019 to 17.2x in 2020 due to lower total debt and higher EBITDA during the period.
- The Group also saw its current ratio levels rise from 5.0x in 2019 to 7.8x in 2020 mainly as accounts receivables and inventory levels increased.

Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	2020	2019	Change	% Change
Non-Current Assets	104.9	117.3	-12.4	-11%
Current Assets	97.8	77.1	20.7	27%
Total Assets	202.7	194.4	8.3	4%
Non-Current Liabilities	3.9	3.8	0.1	3%
Current Liabilities	12.5	15.4	-2.9	-19%
Total Liabilities	16.4	19.2	-2.8	-15%
Shareholder's Equity	186.3	175.1	11.2	6%
Total Liabilities & Shareholder's Equity	202.7	194.3	8.4	4%

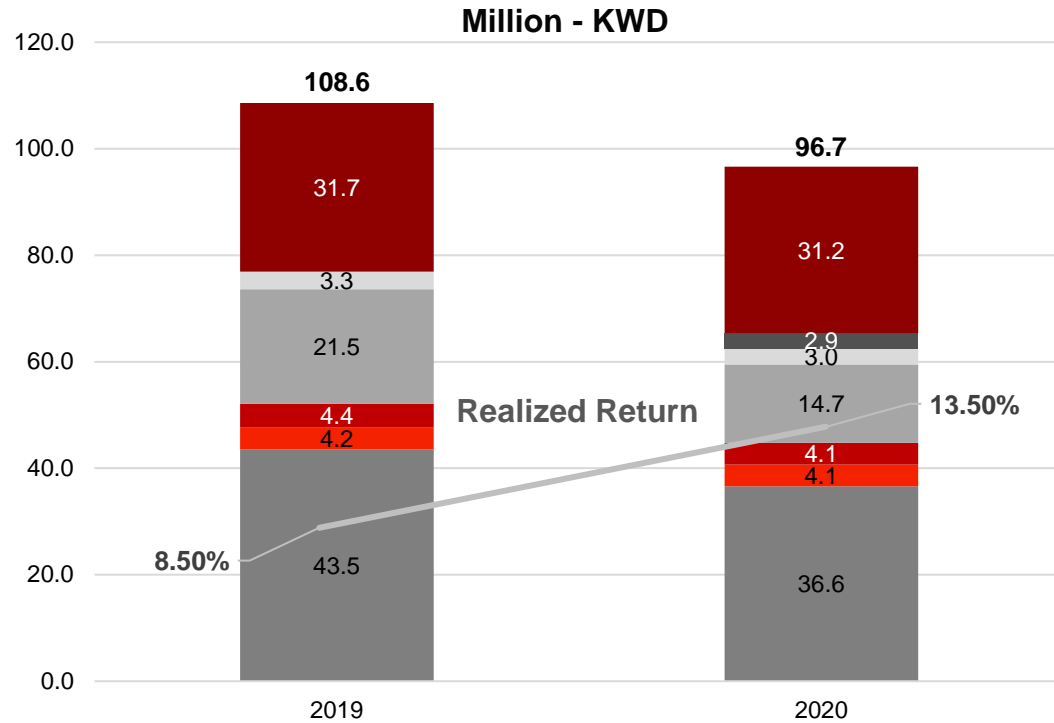
Cash Flow Statement (Million, KWD)	2020	2019	Change	% Change
Profit From Operations	5.6	4.2	1.4	33%
Non-Cash Adjustments	-1.1	-2.9	1.8	62%
Changes in Working Capital	-19.2	8.9	-28.1	-316%
Net Cash Flow From Operating Activities	-14.7	10.2	-24.9	-244%
Net Cash Flow From Investing Activities	28.8	21.1	7.7	36%
Net Cash Flow From Financing Activities	-12.3	-10.4	-1.9	18%
Free Cash Flow	1.8	20.9	-19.1	-91%
Cash and Cash Equivalents at year end	26.2	24.5	1.7	7%

In 2020:

- Total assets of the Group grew by 4% YoY.
- Current assets solely contributed 27% to the overall growth in total assets.
- Non-current assets dropped by 11%.
- Current liabilities dropped significantly mainly due to the absence of debt in the form of ijara finance payable and murabaha payable.
- Shareholder's equity increased by 6% YoY.
- Changes in working capital were negative as a result of KWD 12.9m increase in accounts receivable and KWD 6.8m increase in inventory due to purchases of raw materials.
- Cash flow from financing activities were mainly utilized towards cash dividend payment of KWD 8.0m.
- Short term loans of KWD 3.5m were settled at their maturity in February 2021.

Financial Overview - Investments at FVOCI

Investment Portfolio Breakdown



- 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

- The Group realized an overall return of 13.5% from investment income and profit on sale of investment in 2020 compared to 8.5% in 2019.
- 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.
- During the year, the Group sold investments at fair value through other comprehensive income with a total cost of KWD 37.5m for a total consideration of KWD 47.5m resulting in a profit of KWD 10.0m recognized in retained earnings within equity.
- 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.
- Realized return on investments: investment income plus profit on sale of investment at FVOCI divided by investments at FVOCI.

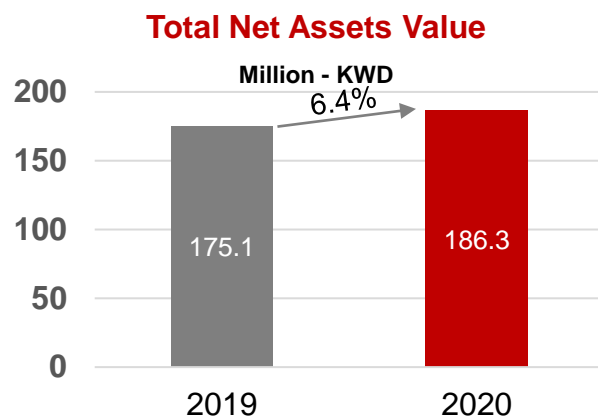
Appendix



Consolidated Statement of Financial Position

	31 Dec. 2020	31 Dec. 2019
Assets (KWD)		
Non-current assets		
Property, plant and equipment	7,160,670	7,680,430
Investment in associate	1,103,929	1,064,351
Investments at fair value through other comprehensive income	96,671,328	108,616,152
	104,935,927	117,360,933
Current assets		
Inventories	41,319,685	34,422,188
Trade accounts receivable	29,606,122	17,078,319
Other receivables and prepayments	657,532	1,091,297
Cash and bank balances	26,257,513	24,467,421
	97,840,852	77,059,225
Total Assets	202,776,779	194,420,158

	31 Dec. 2020	31 Dec. 2019
Liabilities (KWD)		
Non-current liabilities		
Provision for employees' end of service benefits	3,929,186	3,828,844
Current liabilities		
Trade accounts payable	1,702,884	2,242,276
Other payables and accruals	7,179,352	5,964,659
Short term loans	3,646,476	3,657,450
Ijara finance payable	-	130,000
Murabaha payables	-	3,469,106
Due to banks	18,694	925
	12,547,406	15,464,416
Total Liabilities	16,476,592	19,293,260
Equity (KWD)		
Share capital	20,993,131	20,993,131
Share premium	29,160,075	29,160,075
Statutory reserve	20,993,131	20,993,131
Voluntary reserve	20,993,131	20,993,131
General reserve	26,754,192	26,109,322
Treasury shares reserve	77,888	-
Treasury shares	(454,480)	-
Other components of equity	47,904,074	43,560,477
Retained earnings	19,437,247	12,866,109
Total equity attributable to the owners of the Parent Company	185,858,389	174,675,376
Non-controlling interests	441,798	451,522
Total Equity	186,300,187	175,126,898
Total Equity and Liabilities	202,776,779	194,420,158



Consolidated Statement of Profit or Loss

	31 Dec. 2020	31 Dec. 2019
Revenue (KWD)		
Sales	76,148,034	67,717,318
Cost of sales	(67,390,625)	(62,234,900)
Gross profit	8,757,409	5,482,418
Investment income	3,066,499	4,396,943
Share of results of associate	39,578	16,077
Interest income	6,005	11,479
(Loss)/gain on sale/disposal of property, plant and equipment	898	(47,533)
Other income	122,710	39,901
Foreign currency exchange gain	342,653	358,038
	12,335,752	10,257,323
Expenses and other charges (KWD)		
General and administrative expenses	(3,701,465)	(3,728,369)
Commercial expenses	(1,576,008)	(1,852,484)
(Provision for) /Reversal of provision doubtful debts-net	(365,912)	469,313
Reversal of provision for obsolete and slow moving inventories - net	143,095	487,794
Impairment in value of property, plant and equipment	-	(378,087)
Finance Costs	(397,079)	(491,504)
	(5,897,369)	(5,493,337)

	31 Dec. 2020	31 Dec. 2019
Profit before provisions for contribution to (KFAS), (NLST), Zakat and Board of Directors' remuneration (KWD)	6,438,383	4,763,986
Provision for contribution to KFAS,NLST & Zakat	(567,609)	(239,181)
Provision for directors' remuneration	(310,000)	(310,000)
Profit for the year	5,560,774	4,214,805
Profit/(loss) for the year attributable to:		
Owners of the Parent Company	5,571,085	4,232,942
Non-controlling interests	(10,311)	(18,137)
Profit for the year	5,560,774	4,214,805
Earnings per share	27 Fils	20 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	31 Dec. 2020	31 Dec. 2019
Assets (KWD)		
<u>Non-current assets</u>		
Property, plant and equipment	3.53%	3.95%
Investment in associate	0.54%	0.55%
Investments at fair value through other comprehensive income	47.67%	55.87%
	51.75%	60.36%
<u>Current assets</u>		
Inventories	20.38%	17.71%
Trade accounts receivable	14.60%	8.78%
Other receivables and prepayments	0.32%	0.56%
Cash and bank balances	12.95%	12.58%
	48.25%	39.64%
Total Assets	100 %	100%

- The percentage of total non-current assets has fallen from 60.4% to 51.8%, on other hand the percentage of total current assets has risen from 39.6% to 48.3%.
- The percentage of total liabilities has fallen from 9.9% to 8.1%, on other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 89.8% to 91.7%.

	31 Dec. 2020	31 Dec. 2019
Liabilities (KWD)		
<u>Non-current liabilities</u>		
Provision for employees' end of service benefits	1.94%	1.97%
<u>Current liabilities</u>		
Trade accounts payable	0.84%	1.15%
Other payables and accruals	3.54%	3.07%
Short term loans	1.80%	1.88%
Ijara finance payable	0.00%	0.07%
Murabaha payables	0.00%	1.78%
Due to banks	0.01%	0.00%
	6.19%	7.95%
Total Liabilities	8.13%	9.92%
Equity		
Share capital	10.35%	10.80%
Share premium	14.38%	15.00%
Statutory reserve	10.35%	10.80%
Voluntary reserve	10.35%	10.80%
General reserve	13.19%	13.43%
Treasury shares reserve	0.04%	0.00%
Treasury shares	-0.22%	0.00%
Other components of equity	23.62%	22.41%
Retained earnings	9.59%	6.62%
Total equity attributable to the owners of the Parent Company	91.66%	89.84%
Non-controlling interests	0.22%	0.23%
Total Equity	91.87%	90.08%
Total Equity and Liabilities	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	31 Dec. 2020	31 Dec. 2019
Revenue		
Sales	100.00%	100.00%
Cost of sales	88.50%	91.90%
Gross profit	11.50%	8.10%
Investment income	4.03%	6.49%
Share of results of associate	0.05%	0.02%
Interest income	0.01%	0.02%
(Loss)/gain on sale/disposal of property, plant and equipment	0.00%	-0.07%
Other income	0.16%	0.06%
Foreign currency exchange gain	0.45%	0.53%
	16.20%	15.15%
Expenses and other charges		
General and administrative expenses	-4.86%	-5.51%
Commercial expenses	-2.07%	-2.74%
(Provision for) /Reversal of provision doubtful debts- net	-0.48%	0.69%
Reversal of provision for obsolete and slow moving inventories - net	0.19%	0.72%
Impairment in value of property, plant and equipment	0.00%	-0.56%
Finance Costs	-0.52%	-0.73%
	-7.74%	-8.11%

	31 Dec. 2020	31 Dec. 2019
Profit before provisions for contribution to (KFAS), (NLST), Zakat and Board of Directors' remuneration	8.46%	7.04%
Provision for contribution to KFAS,NLST & Zakat	-0.75%	-0.35%
Provision for directors' remuneration	-0.41%	-0.46%
Profit for the year	7.30%	6.22%

- Gross profit percentage increased from 8.1% to 11.5%, due to decrease in the Cost of sales percentage.
- Expenses and other charges percentage decreased from 8.1% to 7.7%.
- Accordingly, the profit margin for the year grew from 6.2% to 7.3%.

Thank You

