



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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Date: 15 AUG 2021 : التاريخ

M/S.: Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for Q2-2021

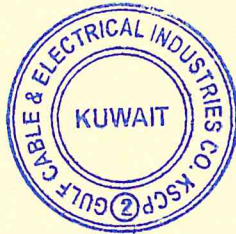
As per requirements stipulated in article No. (7-8) "Listed Company Obligations" of Boursa Kuwait Rule Book, and since Gulf Cable Co. has been classified under the Premier Market category.

WE would like to advise that Analysts/Investors Conference for Q2-2021 was held through live webcast at 1:00 PM on Wednesday 11 August 2021.

Attached the Analyst Conference Transcript for Q2- 2021.

Best regards

Basel Omran Kanaan
Chief Executive Officer



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

Transcript of the Analysts Conference for Q2 Financial Year 2021

Speakers from Gulf Cable Executive Management:

Mr. Basel Omran Kanaan – CEO

Mr. Ahmad Tayem - Executive Director of Finance

Mr. Mahmoud El Mahmoud – Deputy Investment Manager

Chairperson:

EFG Hermes



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

Mr. Ahmed Hazem: Good afternoon Everyone. Thank you for joining us today. This is Ahmed Hazem, on behalf of EFG Hermes, I am delighted to welcome you to Gulf Cable & Electrical Industries Co.'s Q2/H1- 2021 results webcast. I have with me here today, Mr. Basel Kanaan, Gulf Cable's Chief Executive Officer, Mr. Ahmad Tayem Gulf Cable's Executive Director- Finance and Mr. Mahmoud El Mahmoud, – Deputy Investment Manager. Without further delay, I will now turn over the call to Mahmoud.

Mr. Mahmoud El Mahmoud, Deputy Investment Manager: Thank you Ahmed. We are glad to have you all today for our Q2-H1 2021 results webcast. 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 will now hand over the floor to Mr. Basel Kanaan and Mr. Ahmed Tayem who will take you through Gulf Cable's performance for the second quarter first half 2021.

Mr. Basel Kanaan, Chief Executive Officer: Thank you Mahmoud. Welcome to our Q2/H1-2021 conference call.

During the end of 2020, countries saw a largescale deployment of vaccinations which in turn was thought to be the beginning of the end for Covid. However, macroeconomic challenges continued into the first half of 2021 fueled further by disruption caused due to new variants and waves of the virus. Despite witnessing a general improvement in the operating environment, we believe a rapid return to normal levels of activity in the near future, remains highly unlikely. Nonetheless, we are more confident and comfortable now that the gradual recovery that we have seen year-to-date will continue as the year progresses.

Thanks to the efforts of the government and its agencies, the first half of 2021 saw increased vaccination rates and easing of restrictions which led to improved business confidence and increased activity level in Kuwait. Furthermore, as oil prices continue to recover, having increased by 40% Year to date, the future outlook for Kuwait looks promising. Finally, Kuwait is also on course to achieve non-oil growth of 3% in 2021 with economic activity continuing to gain traction in the second quarter of the year.

Coming to Gulf Cables performance, key profitability indicators showed significant improvement despite the slow recovery. Despite the decline in sales compared to H1 2020, Net profit increased by a marginal 1.4%.

During this period, production metric ton dropped by 35%, a drop of around 9.0 MT compared to H1 2020. Having said that, Cable was able to fully repay its borrowings by H1 2021.

Moving on to slide No. 6, we see that as a group, Gulf Cable's sales decreased by 20.8% to reach KD 27.8Mn in H1 2021 as opposed to KD 35.1Mn in H1 2020. This was mainly on account of decrease in the sales of medium voltage cables products as the prevailing market conditions forced further delays and postponement of major government projects during the period.

On a country level, sales generated from Kuwait represented 78% of the total group sales in H1 2021 as opposed to 84% in H1 2020. Meanwhile, sales from Jordan remained the same at KD 3Mn during both Q1 2020 and Q1 2021 but saw an increase in Q2 2021 by KD 3.1Mn as opposed to KD 2.6Mn in same quarter in 2020.

Net profit for H1 2021 reached KD 4.4Mn which was the same level achieved in H1 2020. Of this, the biggest contributor was the net profit contribution by Kuwait entity which saw net profits of KD 4.1Mn in H1 2021. It is also fair to mention that Gulf Cable Jordan resulted in a profit of KD 0.3Mn in H1 2021 compared to a loss of KD 0.2Mn during H1 2020.

As we can see on slide 7, the largest contributor to Gulf Cable's Kuwait's sales has been the private sector with sales of KD 8.3Mn in Q2 2021. The tables have turned since Q2 2020 where the largest contributor was the public sector with contributions worth KD 9.1Mn whereas private sector only contributed KD5.9Mn. The shift in dynamics is attributed largely to the ongoing repercussions of the pandemic and slowdown in government projects.

Lastly, sales from the export sector saw a marginal increase from KD 0.4Mn in Q2 2020 to KD 0.7Mn in Q2 2021 as neighboring countries eased their border restrictions.

On slide 8 we see the impact of the sales to the private, public and export sector on a half yearly basis. The most negatively impacted has been the public sector that saw a drop of KD 6.5Mn from a high of KD 10.6Mn in H1 2020 to KD 4.1Mn in H1 2021.

Total sales decreased by 26.4% in H1-2021 mainly due decline in medium voltage cables orders delivered during last year compared to first half of 2021 and decline in local private sectors orders due to the impact of COVID-19 pandemic as many local construction projects were delayed or postponed especially in the first quarter.

On slide 9 we can see the production breakdown by material and sales breakdown by product based on weight.

The sales of medium voltage cables decreased by 80.3% as a result of significant decrease in demand from the governmental sector. The sales of 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 sold by 44% and total cables produced by 35%.

Mr. Ahmad Tayem, Executive Director-Finance: Thank you Mr. Basel, good afternoon ladies and gentlemen, moving on to some key ratios on Slide 10, Gulf Cable's gross profit margin increased from 11.8% in H1 2020 to 22.4% in H1 2021.

The increase was partly due to reduced cost of sales and also as a result of government tenders that carried higher profit margins, due to the application of law no. 74 in relation to supply public tenders where Kuwait's local products have a 20% price preference over similar imported products.

The Group completed its objective of settling all of its outstanding debts during H1, whereby the ratio of debt to total assets declined from 7.3% in H1 2020 to nil in H1 2021. The Group registered a marginal decline in the ROE (including investment income) from 2.6% in H1 2020 to 2.4% in H1 2021.

As we can see on Slide 11, from a Financial Position perspective, Gulf Cable's total assets shrunk by 3.5Mn since Dec 2020 to reach KD 199.3Mn in Q2 2021. While the group saw increase of KD 5.8Mn in the Group's Non-Current assets, current assets dropped by KD 9.3Mn, around 10% drop since Dec 2020.

Finally, from a Cash flow perspective, the cash and cash equivalent at the end of H1 2021 decreased by KD 14.6Mn to reach KD 10.4Mn from KD 25Mn in H1 2020.

Cash flow used in operations decreased by KD 5.5Mn from KD 8.9mn to KD 3.4mn, as a result of the change in working capital, where the collections from customers have been rising well during the Q2 2021.

In addition, cash flow from financing saw a huge outflow as shareholders dividends worth KD 10.3Mn distributed during the Q2 2021 and KD 3.7Mn for short-term loans settled during Q1-2021.

Moving on to slide 12 you can see that the size of the investment portfolio of Gulf Cable increased by around 6%, from KD 96.7Mn as of Dec 2020 to KD 102.6Mn as of June 2021. Gulf Cable continues to hold several equity stakes across different sectors and geographies to manage price risk arising from investments.

Most of our stakes are local quoted securities which made up 41.7% of our portfolio as of June 2021, followed by 30.9% 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 as realizing that their performance will be in the long term.

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

During H1 2021, the group recognized gain on sale of investments amounted to KWD 341K compared to KWD 309K in H1-2020, also dividend income on investments held at the end of the period amounted to KWD 1.3m recorded compared to KWD 3.1m in H1-2020.

Mr. Ahmed Hazem: Thank you Mr. Basel and Mr. Ahmad. Mr. Basel will now conclude the call with a closing statement.

Mr. Basel Kanaan: Thank you Ahmed.

I would like to recap by saying that we are quite satisfied with the results for the opening half of 2021 considering the repercussions of the pandemic and the ongoing threat from new variants. Resilient operating income from private sector sales, optimistic public sector recovery plans, recovering oil and gas prices and finally, existing inventory of cheaply purchased raw materials all point to a more promising in H2 2021.

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 that momentum will be back as restrictions are eased and we remain optimistic of Kuwait's ability to lead a fast recovery in the coming months.

Mr. Mahmoud: Thank you Mr. Basel. Let us now open the floor for the Q&A Session. We have already received a few questions so let's start with those first.

Q&A Session

- 1. Now that the restrictions are finally being lifted, how do you see your demand levels peaking in the near future?**

Mr. Basel Kanaan: The overall restrictions in the region have been easing systematically and are expected to be completely lifted in the coming months. This gives us reason to believe that easing restrictions will kickstart halted projects and plans which in turn will allow for stable flow of requirements in the coming months. The increased reliance of work from home is also expected to boost requirement for electricity infrastructure, backed by increased investment from both private and public sector. The improvement in the oil prices further gives relief to the region that heavily relies on oil to fund its infrastructure projects.

- 2. Following the last conference call, GC made an announcement to having purchased 99% shares of a limited liability company in Kuwait specialized in cleaning buildings and cities. Can you share some insights on the strategy behind this transaction?**

Mr. Ahmad Tayem: This transaction is part of the group's constant search for good investment opportunities and eagerness for diversification. The subject company acquired for a total consideration of KD 4.6Mn.

The idea was both financial performance and strategic, in that the company acquired is one of the leading premier cleaning companies in Kuwait, established in 1991 and during the last 30 years, the company has strengthened its presence and services in the cleaning of cities, roads, buildings, ministries, and airports., and it's able to gain a large number of tenders and execute hundreds of projects. Also, it is listed and approved by the Municipality of Kuwait and the Central Tender Committee, accordingly this business will provide a ready platform for a significant potential revenue and steady cash flows for the Group in the long run.

Furthermore, Kuwait is currently facing a labor shortage, the acquisition of the subject company gives the group access to a huge workforce. Irrespective of the contracts in hand, these labors hold more value to the group.

- 3. You have mentioned that you are always on the lookout for good investment opportunities. Is there any investment criteria that must be fulfilled for GC to make an investment?**

Mr. Basel Kanaan: Our investment strategy entails creating value for our investors while diversifying our portfolio. We do not have a rigid structure that we use to measure an opportunity.

However, we do have a sound team of qualified investment professionals that look for stability in the company, liquidity of stock, fundamentals of the company including its management capabilities and finally our own risk appetite relative to the investment opportunity. As such, we are looking at some really good opportunities which may reflect positively in the upcoming quarters.

- 4. Your Consolidated Statement of Financial Position shows a considerable increase in the Inventories compared to 31 Dec 2020. Any specific reason for it?**

Mr. Ahmad Tayem: We have an increase in both finished goods and raw materials, as we said earlier, some of the major projects of Ministries and Oil Sectors have been extended or postponed due to the impact of Covid19 Pandemic, However, the Group completed the production of the goods in the agreed contractual period to maintain our good track record of commitment, to avoid any delay penalties and for the proper utilization of our production facilities. This caused the increase in the finished goods.

Also, anticipating a second and possible third wave of COVID-19 pandemic globally, which may negatively affect the supply of raw materials and may cause logistic problems, management took the strategic decision to keep buffer stock of raw materials, which will be an advantage to us once the normal business life starts in Kuwait.

Mr. Ahmed Hazem: I suppose that is the end of our Q&A session and with that we will conclude this call. I will hand over the stage to the speakers.

If there are any other Questions

Mr. Mahmoud El Mahmoud: As I can see we have received some other 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 Q2 2021 call and look forward to seeing you all in the next quarter call. Stay safe and Have a great day.



2021

Investors Presentation

Q2 / H1 - Period Ended 30 June 2021



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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.**

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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%

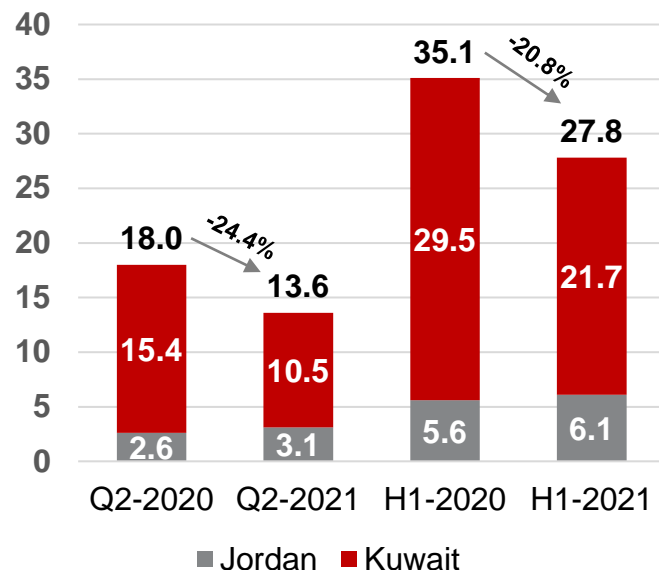
16.7MT in H1- 2021
25.7MT in H1- 2020

Note: all amounts in KWD

Financial Overview - Group

Total Sales

Million - KWD



In Q2-2021:

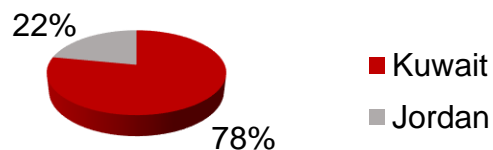
- Total sales for the Group decreased by 24.4% compared to Q2-2020.
- Gulf Cable-Jordan's sales grew by 19.2% compared to Q1-2020.
- Net profit for the Group decreased by 20.5% compared to Q2-2020

In H1-2021:

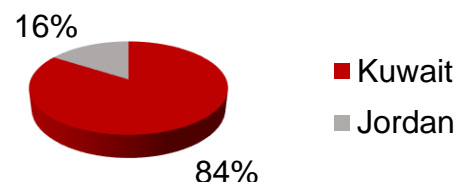
- Total sales for the Group decreased by 20.8% compared to H1-2020.
- Gulf Cable-Jordan's sales grew by 9% compared to H1-2020
- Gulf Cable-Jordan increased its share in total sales from 16% in H1-2020 to 22% in H1-2021.
- Net profit for the Group increased slightly by 1.4% compared to H1-2020.

Total Sales Breakdown by Country

H1-2021

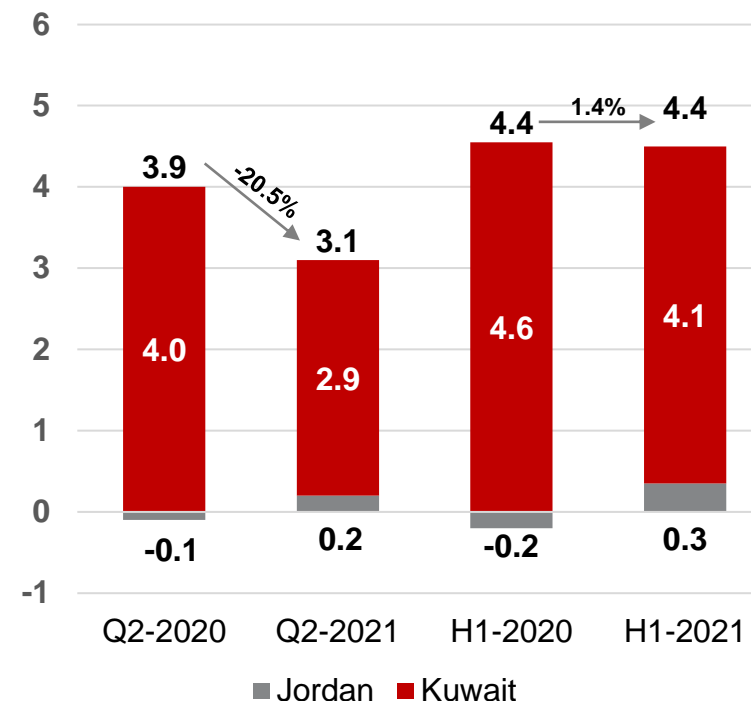


H1-2020



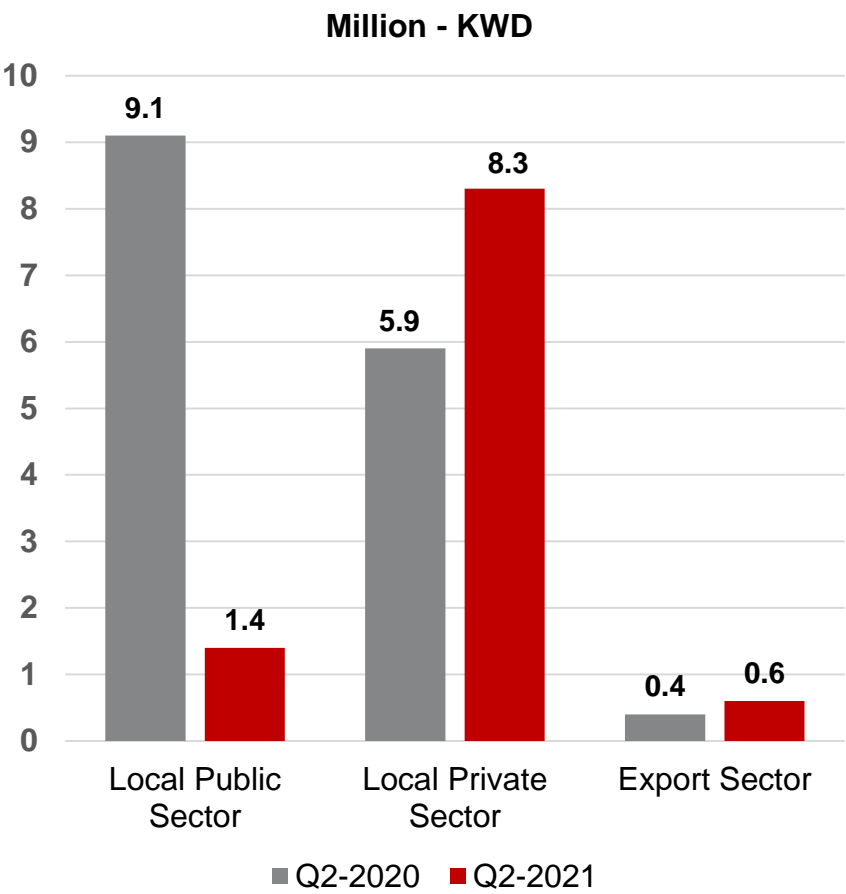
Net Profit Breakdown by Country

Million - KWD

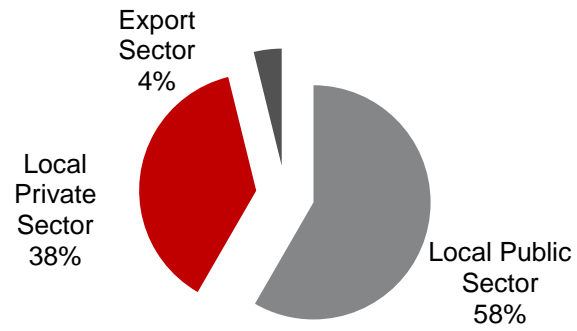


Financial Overview - Gulf Cable Kuwait

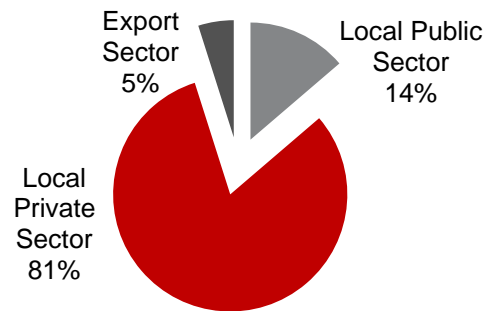
Breakdown of Kuwait Sales by Sector – Q2



Q2-2020



Q2-2021



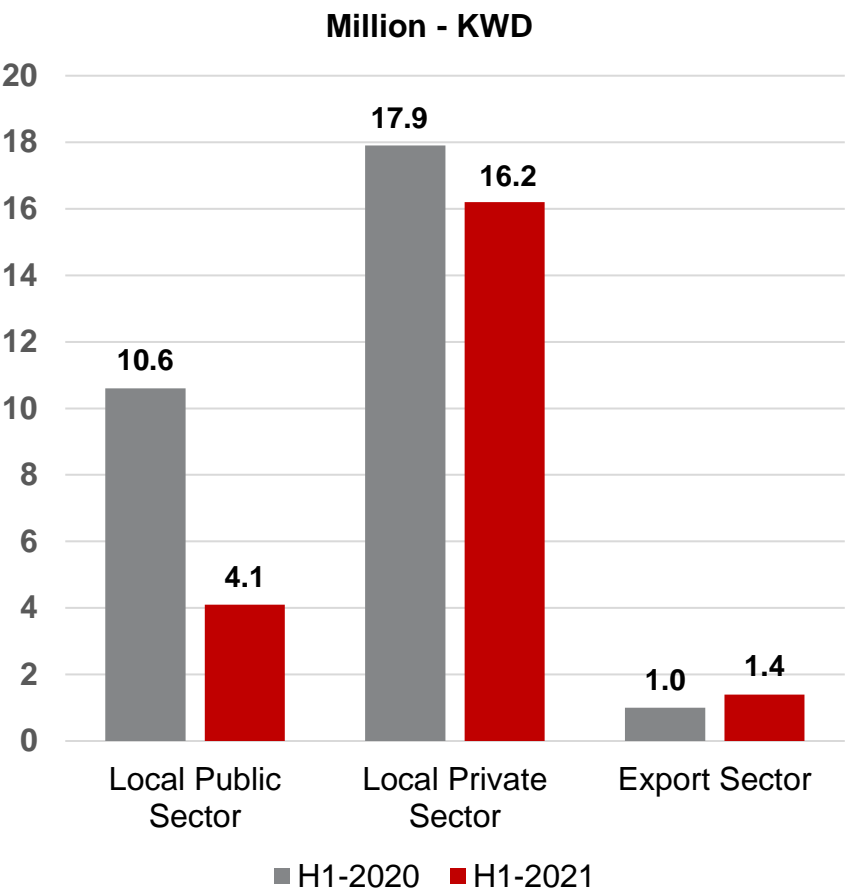
Description (Million, KWD)	Q2-2020	Q2-2021	Change	% Change
Local Public Sector	9.1	1.4	-7.7	-84.6%
Local Private Sector	5.9	8.3	2.4	40.7%
Export Sector	0.4	0.7	0.3	75%
Total Sales	15.4	10.4	-5.0	-32.4%

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

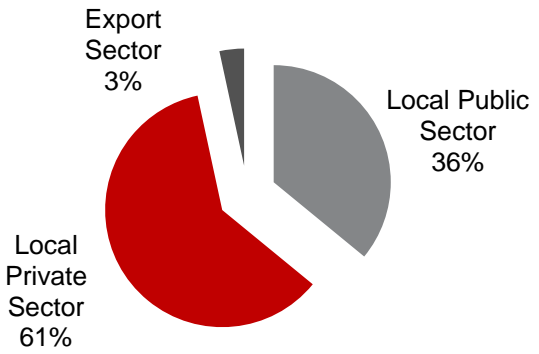
- Sales for the Local Public Sector declined by 84.6%, mainly due to medium voltage cables orders delivered during last year especially in second quarter comparing to the same period of current year.
- On the other hand, Sales for the Local Private Sector grew by 40.7% as a result of easing the restrictions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

Financial Overview - Gulf Cable Kuwait

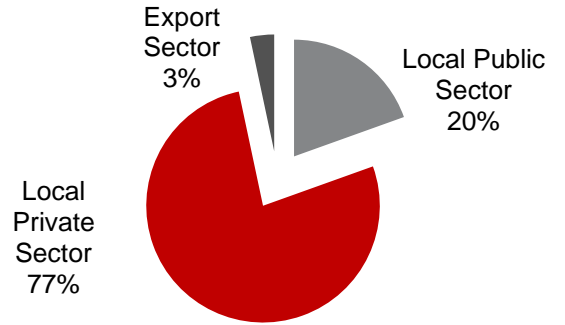
Breakdown of Kuwait Sales by Sector – H1



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%

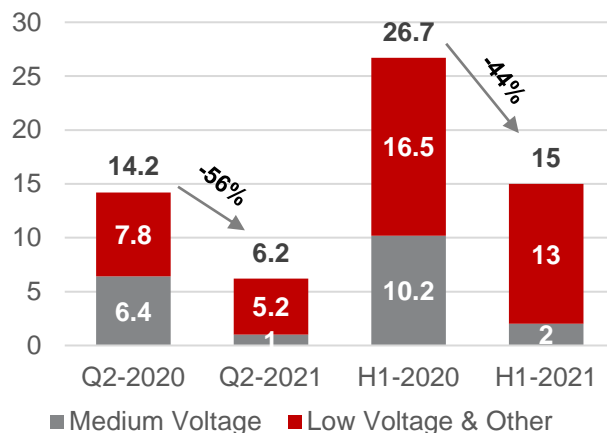
Total sales decreased by 26.4% in H1-2021 mainly due to:

- 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

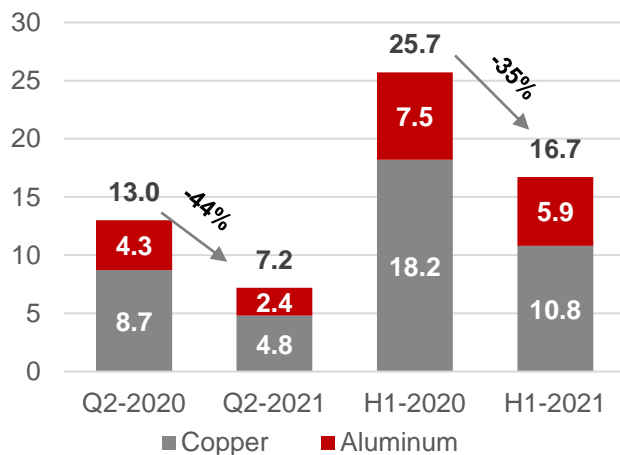
Sales Breakdown by Product (weight)

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%

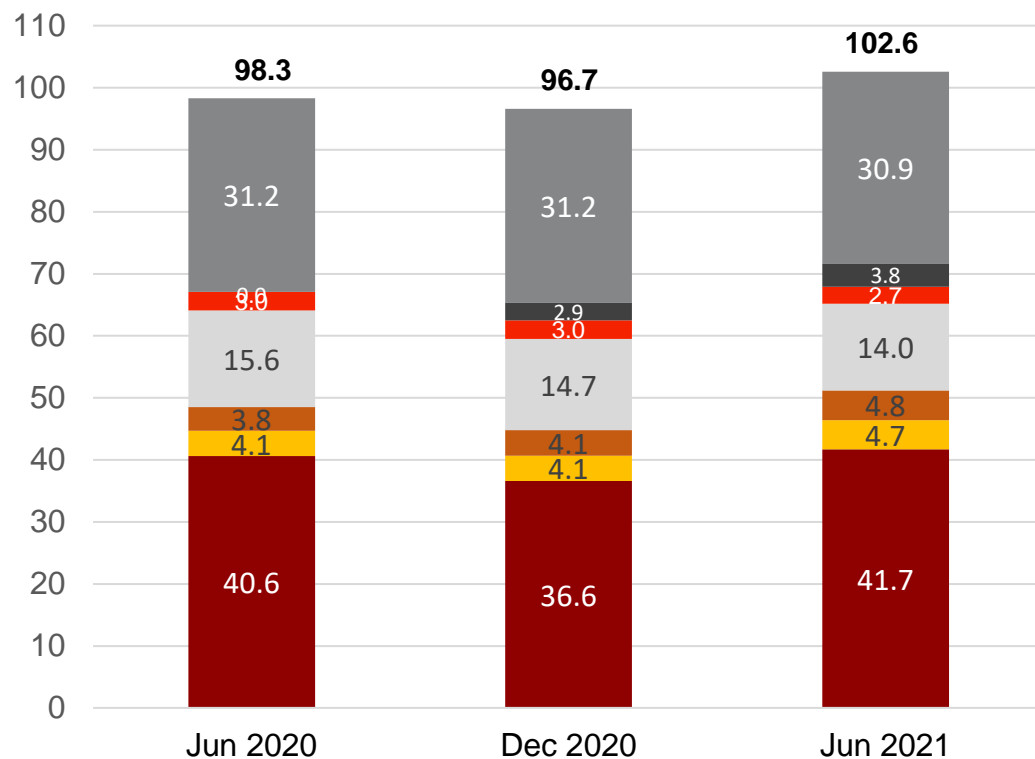
In H1-2021:

- 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

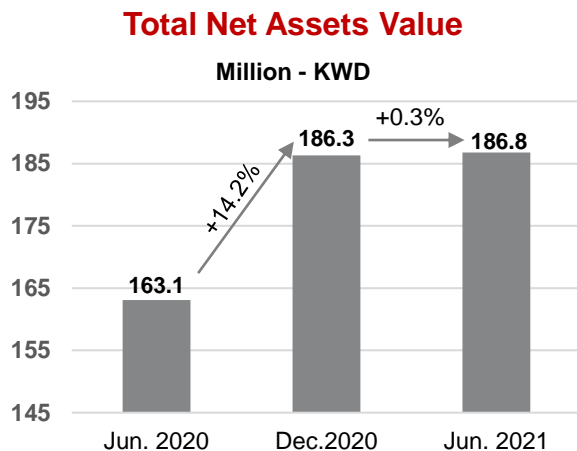
- Total Investments at FVOCI increased by 6.16% compared to Dec.2020
- Gain on sale of investments amounted to KWD 341K compared to KWD 309K in H1-2020.
- Dividend income on investments held at the end of the period amounted to KWD 1.3m compared to KWD 3.1m in H1-2020.

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

