



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

cables that pulse with life

Ref: GC/604/2021 الإشارفة

Date: 24/5/2021 التاريخ

M/S.: Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for Q1-2021

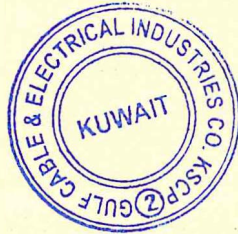
As per requirements stipulated in article No. (7-8) "Listed Company Obligations" of Boursa Kuwait Rule Book, and since Gulf Cable Co. has been classified under the Premier Market category.

WE would like to advise that Analysts/Investors Conference for Q1-2021 was held through live webcast at 1:00 PM on Thursday 20 May 2021.

Attached the Analyst Conference Transcript for Q1- 2021.

Best regards

Basel Omran Kanaan
Chief Executive Officer





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

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

Transcript of the Analysts Conference for 1Q Financial Year 2021

Speakers from Gulf Cable Executive Management:

Mr. Basel Omran Kanaan – CEO

Mr. Ahmad Tayem - Regional Finance Manager

Mr. Yannis Thalassinios – Investor Relations Manager

Chairperson:

EFG Hermes



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

Analyst: Good afternoon and Eid Mubarak to Everyone. Thank you for joining us today. This is Yousef Husseini, on behalf of EFG Hermes, I am delighted to welcome you to Gulf Cable & Electrical Industries Co.'s Q1 2021 results webcast. I have with me here today, Mr. Basel Kanaan, Gulf Cable's Chief Executive Office, Mr. Ahmad Tayem Gulf Cable's Regional Finance Manager and Mr. Yiannis Thalassinos, Gulf Cable's Investor Relations Manager. Without further delay, I will now turn over the call to Yiannis.

Mr. Yiannis Thalassinos, Investor Relations Manager: Thank you Yousef and Eid Mubarak to everyone. We are glad to have you all today for our Q1 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 Q1 2021.

Mr. Basel Kanaan, Chief Executive Officer: Thank you Yiannis. Eid Mubarak everyone and welcome to our Q1 2021 conference call. 2020 was an extremely difficult year for us all and we continue to see the consequences of the pandemic going into 2021 as well. Despite the easing restrictions across the world, most countries have been hit severely with either the 2nd or 3rd wave of the virus. Meanwhile, authorities in Kuwait had implemented a partial curfew for most of Q1. Despite this, there was still good levels of consumer spending, increased trading activity in capital markets and real estate sales also returned close to pre-pandemic levels.

If I may point your attention to slide No. 5, key profitability indicators showed significant improvement despite the pandemic. Despite the decline in sales compared to Q1 2020, on a Q-on-Q basis Net profit increased by 165.2% and EPS by 200%. During this period,



production metric ton dropped by 25.2%, a drop of around 3.2 MT compared to Q1 2020. At the same time Gulf Cable was able to fully repay its borrowings

Moving on to slide No. 6, we see that as a group, Gulf Cable's sales decreased by 16.6% to reach KD 14.2Mn in Q1 2021 from KD 17.1Mn in Q1 2020. This was mainly on account of the prevailing market conditions which forced further delays and postponement of private sector project pipeline coupled with lowered production output during the period.

On a country level, sales generated from Kuwait represented 79% of the total group sales compared to 83% in Q1 2020. Meanwhile, sales from Jordan remained the same at KD 3Mn during both Q1 2020 and Q1 2021. Net profit for Q1 2021 reached KD 1.3Mn which represents an increase of 165.2% on a Q-on-Q basis while net profit margin improved as well during the period and reached 9.0% compared to 2.8% in Q1 2020. It is also fair to mention that Gulf Cable Jordan resulted in a profit of KD 100K compared to a loss of KD 100K during Q1 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 7.9Mn in Q1 2021 and KD 12Mn in Q1 2020. The drop is attributed to the ongoing repercussions of the pandemic and government decisions that have proven to be a major setback for most businesses.

Meanwhile, public sector contribution grew from KD 1.6Mn in Q1 2020 to KD 2.7Mn in Q1 2021, a jump of 68.8%. This was 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. Lastly, sales from the export sector saw a marginal increase from KD 0.5Mn in Q1 2020 to KD 0.6Mn in Q1 2021 as neighboring countries eased their border restrictions.

On slide 8 we can see the production breakdown by material and weight. The production of copper cables saw a substantial drop of 37.5% from 9.5 thousand MT in Q1 2020 to 6.0 thousand MT in Q1 2021. On the other hand, aluminum cables increased by 11.6% in Q1 2021 to reach production of 3.2 thousand MT. The big jump in the production of aluminum cables can be attributed to the increased demand due to their lower prices compared to copper cables as copper metal price increased significantly during the current year. The sales weight of medium and low voltage cables, inclusive of all other categories, also dropped in Q1 2021 by 72.4% and 12.1% respectively on a Metric Ton basis due to decrease in demand from the government sector.



Mr. Ahmad Tayem, Regional Finance Manager: Thank you Mr. Basel, good afternoon ladies and gentlemen, moving on to some key ratios on Slide 9, Gulf Cable's gross profit margin increased from 9.7% in Q1 2020 to 18.2% in Q1 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 Q1, whereby the ratio of debt to total assets declined from 4% in Q1 2020 to nil in Q1 2021, The Group also realized an increase in ROE (including investment income) from 0.3% in Q1 2020 to 0.7% in Q1 2021.

As we can see on Slide 10, from a Financial Position perspective, Gulf Cable's total assets grew by 0.6% since Q4 2020 to reach KD 204.1Mn. This is attributable to the KD 1.4Mn increase in the Group's Non-Current assets.

Finally, from a Cash flow perspective, the cash and cash equivalent at the end of Q1 2021 decreased by KD 5.3Mn to reach KD 20.9Mn. Cash flow from operations decreased by KD 1.8Mn, as a result of the change in working capital due to inventory purchases. In addition, cash flow from financing decreased by KD 3.7Mn as a result of settling short-term loans.

Moving on to slide 11 you can see that the size of the investment portfolio of Gulf Cable increased by around 2%, from KD 96.3Mn in Q1 2020 to KD 98.2Mn in Q1 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 37.8% of our portfolio in Q1 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.

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 the current quarter certain investment portfolios managed by specialized investment firms gained an amount of KD 226K from the sale of investments compared to a gain of KD 37K during Q1 2020.



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

Mr. Basel Kanaan: Thank you Yousef.

Despite the 2nd wave of the COVID-19 pandemic, Gulf Cable has been resilient in the first quarter of 2021. Although revenues declined, profitability improved compared to Q1 2020 when COVID-19 pandemic was starting. We hope that our efficient management and the government's stance at reopening the country will improve sales in the coming months. While we are very much aware of the different variants of the virus that have ravaged the world, we are optimistic that the government of Kuwait is doing an excellent job in keeping us safe with both the vaccine rollout and border closures. We hope that these steps will allow normality back in our lives.

Let me take this opportunity to thank you all once again for attending this call.

Analyst: 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.

Questions & Answers Session

Our first question comes from Mr. Sameer Kattiparambil.

Mr. Sameer Kattiparambil: Thank you gentlemen. I have a couple of questions.

- 1. How changes in the commodity prices would impact your profitability, given the changes in the commodity prices over the last few quarters? Do you pass on the exposure or benefit to the client?**

Mr. Yiannis Thalassinos: Thank you very much for that. We will take a note of your question and we will get back to you. Yousef please confirm if we have the details of the gentleman.

- 2. What does your overall demand outlook for the rest of the year look like now that your clients prefer aluminum cables compared to copper cables and how does this affect your profitability?**

Mr. Basel Kanaan: We do believe that regional market will be improved during the year as vaccination campaigns gain momentum against COVID-19, which will curb the pandemic and allow daily life to return to normal.

Also, we are expecting increase in demand for electricity, backed by increasing investment in the network and building infrastructure, is expected to drive the cable market in the region. However, lower oil price, slowdown of economy and regulatory policies have been hindering the market growth.

Mr. Yiannis Thalassinos: Thank you Mr. Basel. Actually Ahmed if you would like to give some more colour on the increase in net profit for the 1st quarter as that was substantial, that would be great.



3. Despite the drop in sales and production output, the gross margins have actually doubled. How did GC achieve this and is this margin sustainable over the next quarters?

Mr. Ahmad Tayem: Actually, there are several reasons behind this growth by around KD 950K., but mainly due to:

1. Gulf Cable benefited from lower cost copper available inventory used for the production of make-to-stock (MTS) cables, sold partly during Q1 2021 and we hope this will continue during the next quarters.
2. Government tenders' sales that carried higher profit margins, as a result of applying Kuwait's local products preference law no.74 in relation of Supply Tenders where our national products have price preference over the imported similar products.

4. Can you shed some light on your project pipeline and what are the company's expectation on securing new tenders/projects?

Mr. Basel Kanaan: Some significant tenders already awarded to Gulf Cable as disclosed earlier where delivery is expected during the rest of current year. We are working closely to secure tenders from MEW floated through contractors where delivery is expected to be during the next year. There are also new projects that are currently being studied for feasibility and We hope that if we succeed in that we will be able to secure licenses from the public authorities for these projects and definitely we will announce that.

5. What is the reason behind the settlement of debt especially when the current CBK rate is considered very low?

Mr. Ahmad Tayem: As you can see that the total cash and bank balances at the beginning of the current year was around KD 26.3Mn. The idea is to use this cash partially to minimize the finance cost. Also, we have an excellent relationship with our bankers with ongoing facilities can be utilized in future upon our requirements and this is as a result of our strong performance and position.



Analyst: There is one more question Yiannis from Mr. Youssef Abdulrazzaq.

- 6. Could you tell us what the total capacity for production of Cables is and at what utilization are you running currently?**

Mr. Basel Kanaan: We have mentioned in our last presentation that for both Kuwait and Jordan the production capacity is 100K MT and the utilization is based on the order itself. I can provide you the accurate actual numbers of utilization since it is recorded monthly.

Analyst: 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.

Mr. Yiannis Thalassinis: 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 Q1 2021 call and look forward to seeing you all in the next quarter call. Stay safe and Have a great day.



2021

Investors Presentation

Q1 - Period Ended 31 March 2021



Disclaimer

FORWARD-LOOKING STATEMENTS

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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.**

Contents

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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



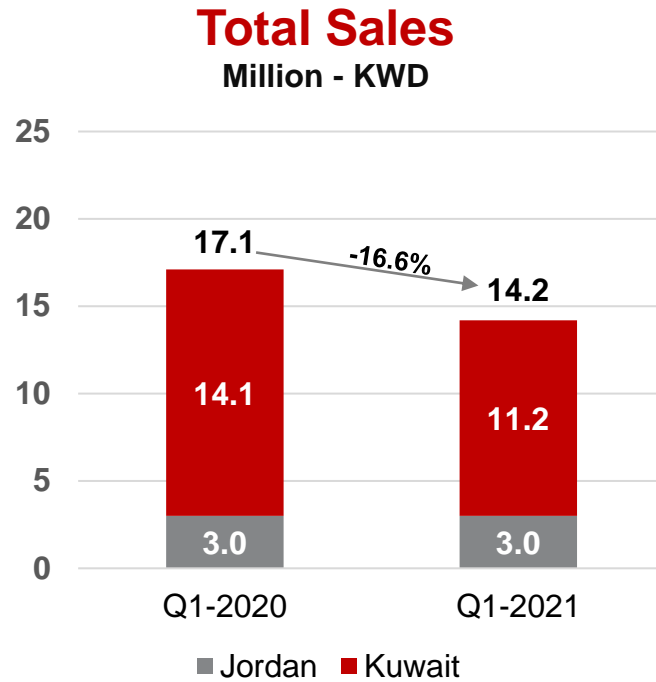
Production Metric Ton ('000')

↓ -25.2%

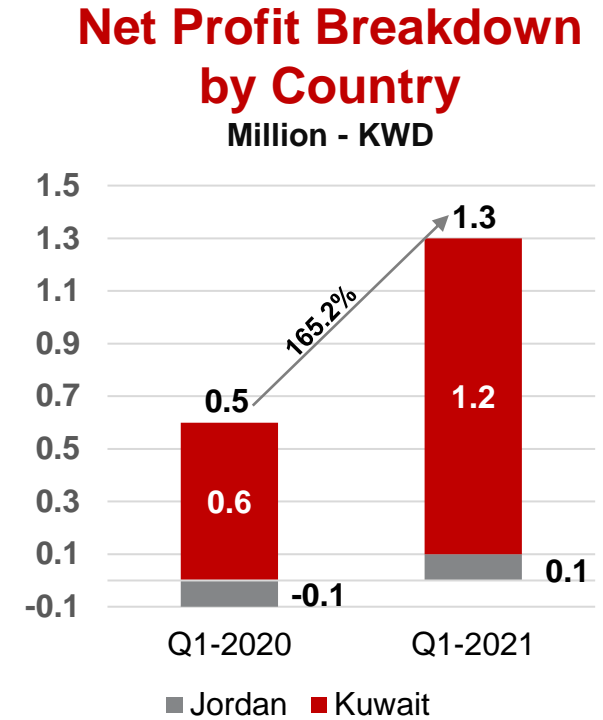
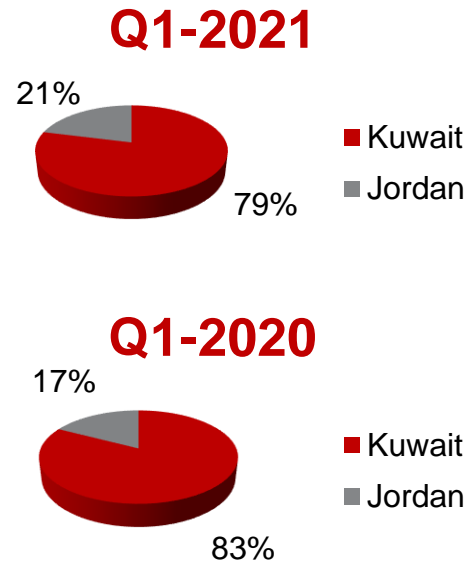
9.5MT in Q1- 2021
12.7MT in Q1- 2020

Note: all amounts in KWD

Financial Overview - Group



Total Sales Breakdown by Country

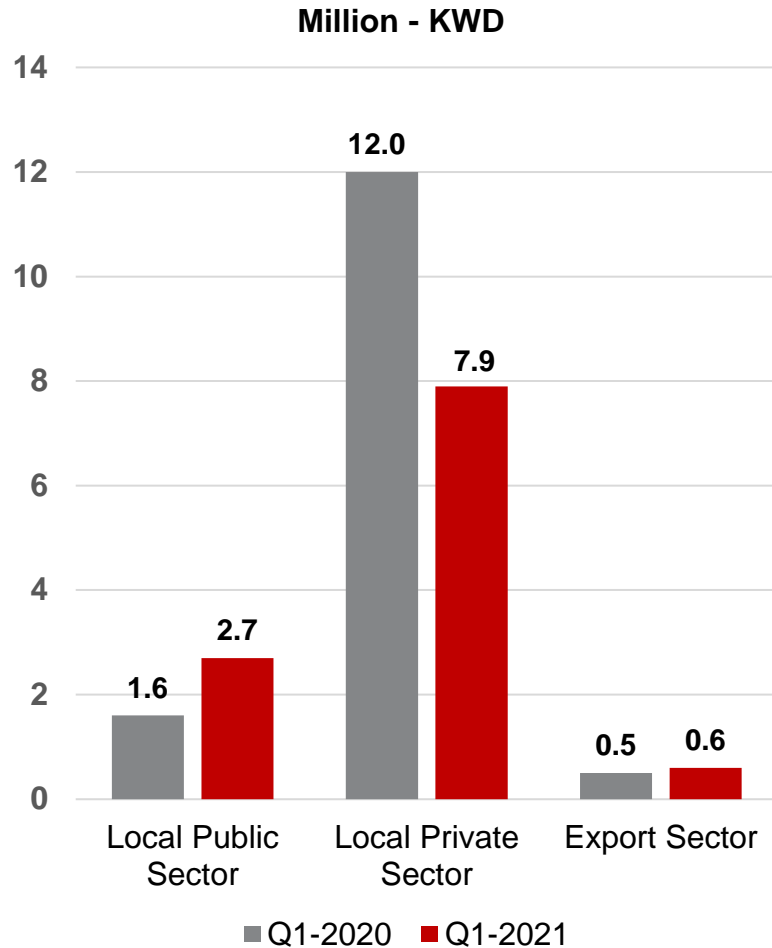


In Q1-2021:

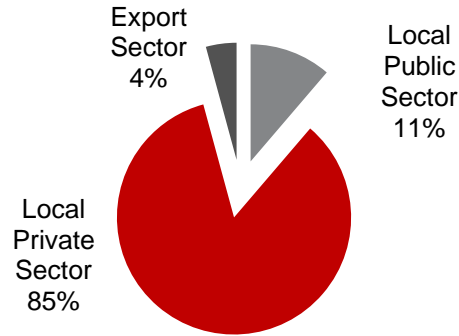
- Total sales for the Group decreased by 16.6% compared to Q1-2020.
- Gulf Cable Kuwait's sales decreased by 20.6% compared to Q1-2020.
- Gulf Cable Jordan's sales remained the same compared to Q1-2020.
- Jordan increased its share in total sales from 17% in Q1-2020 to 21% in Q1-2021.
- Net profit for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

Financial Overview - Gulf Cable Kuwait

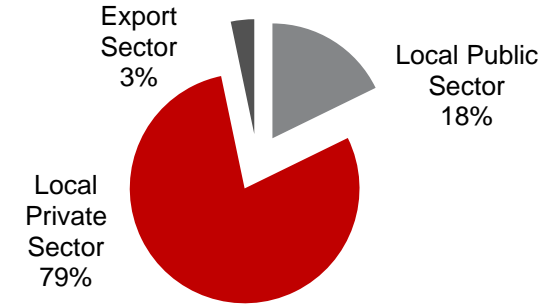
Breakdown of Kuwait Sales by Sector



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%
Total Sales	11.2	14.1	-2.9	-20.6%

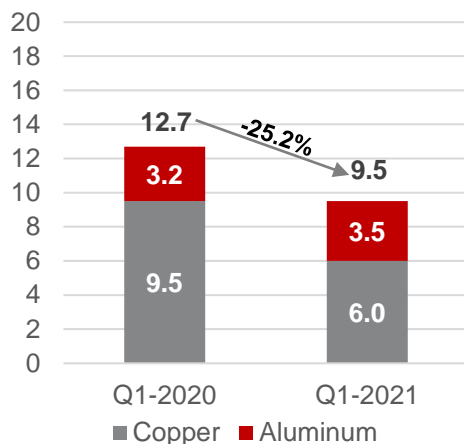
Total sales decreased by 20.6% in Q1-2021 mainly due to::

- 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

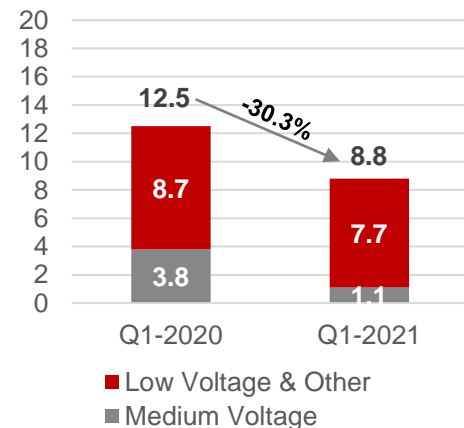


Sales Breakdown by Product (Weight)	Q1- 2021 MT	Q1-2020 MT	%Change
Medium Voltage Cables	1,047	3,788	-72.4%
Low Voltage and Other Cables	7,704	8,760	-12.1%
Total Cables	8,751	12,548	-30.3%

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%
Total Copper & Aluminum Cables	9,493	12,692	-25.2%

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
<u>Profitability</u>				
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%
<u>Leverage</u>				
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
<u>Liquidity</u>				
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%
Total Assets	204.1	202.8	1.3	0.6%
Non-Current Liabilities	4.0	3.9	0.1	2.6%
Current Liabilities	10.8	12.6	-1.8	-14.3%
Total Liabilities	14.8	16.5	-1.7	-10.3%
Total Equity	189.3	186.3	3.0	1.6%
Total Liabilities & Equity	204.1	202.8	1.3	0.6%

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%
Net Cash Flow Used in Operating Activities	-1.8	-0.9	-0.9	100%
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%
Decrease in Cash and Cash Equivalents	-5.3	-1.3	-4	308%
Cash and Cash Equivalents at Period End	20.9	23.3	-2.4	-10%

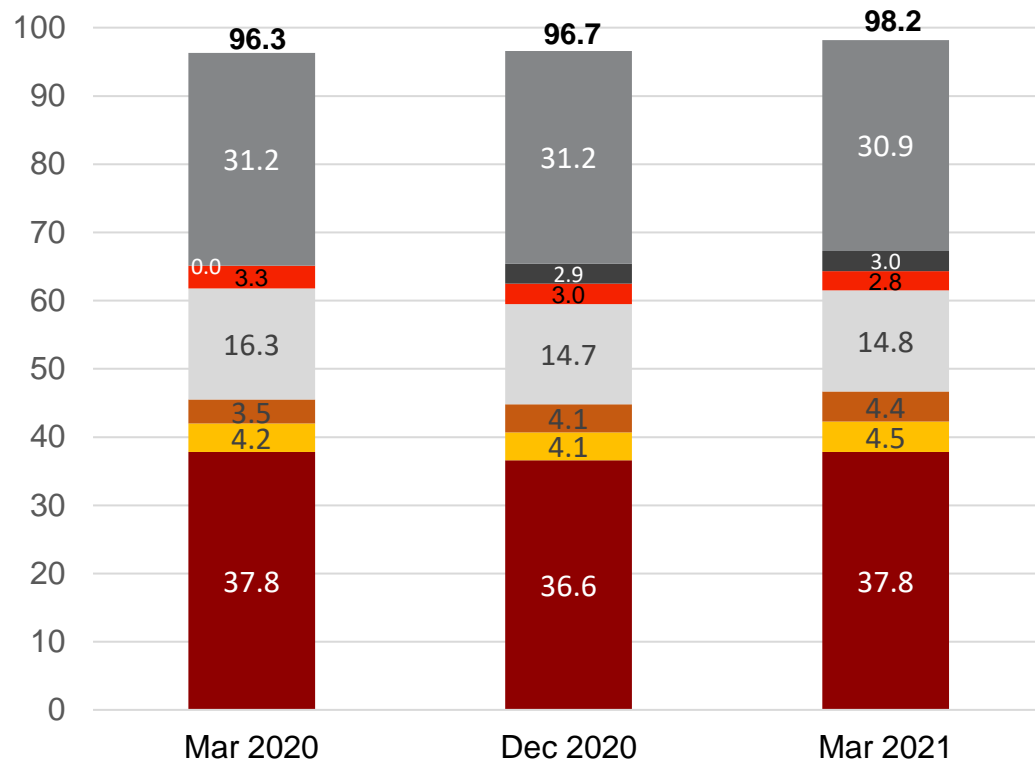
In Q1-2021:

- 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.

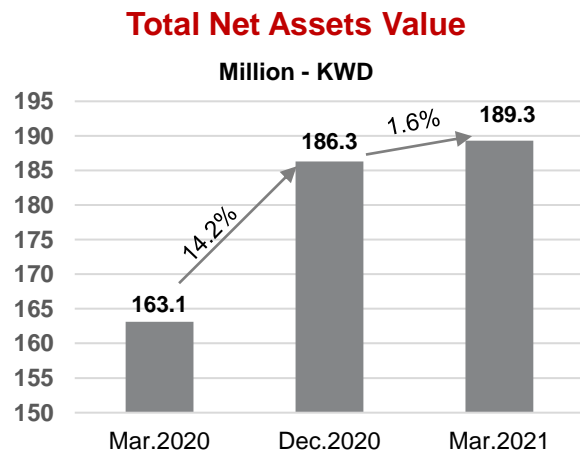
Appendix



Consolidated Statement of Financial Position

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Assets (KWD)			
Non-current assets			
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
	106,388,561	104,935,927	104,787,262
Current assets			
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
	97,697,124	97,840,852	81,047,463
Total Assets	204,085,685	202,776,779	185,834,725

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Liabilities (KWD)			
Non-current liabilities			
Provision for employees' end of service benefits	3,987,114	3,929,186	3,915,020
Current liabilities			
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
	10,801,336	12,547,406	18,818,736
Total Liabilities	14,788,451	16,476,592	22,733,756
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)	(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
Total equity attributable to the owners of the Parent Company	188,850,356	185,858,389	162,646,418
Non-Controlling Interests	446,878	441,798	454,551
Total Equity	189,297,234	186,300,187	163,100,969
Total Equity and Liabilities	204,085,685	202,776,779	185,834,725



Consolidated Statement of Profit or Loss

	Q1-2021	Q1-2020
Revenue (KWD)		
Sales	14,230,475	17,056,390
Cost of sales	(11,638,830)	(15,405,832)
Gross profit	2,591,645	1,650,558
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
	2,764,709	1,766,610
Expenses and other charges (KWD)		
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)
	(1,302,301)	(1,180,423)

	Q1- 2021	Q1-2020
Profit before provisions for contribution to (KFAS), (NLST), Zakat, Board of directors' remuneration (KWD) and Tax relating to overseas subsidiary	1,462,408	586,187
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)
Profit for the Period	1,286,958	477,763
Attributable to:		
Owners of the Parent Company	1,280,530	482,882
Non-controlling interests	6,428	(5,119)
Profit for the Period	1,286,958	477,763
Earnings Per share	6 Fils	2 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Assets (KWD)			
<u>Non-current assets</u>			
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%
	52.13%	51.75%	56.39%
<u>Current assets</u>			
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%
	47.87%	48.25%	43.61%
Total Assets	100%	100 %	100%

- 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
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	1.96%	1.94%	2.11%
<u>Current liabilities</u>			
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%
	5.29%	6.19%	10.12%
Total Liabilities	7.25%	8.13%	12.23%
Equity			
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%
Total equity attributable to the owners of the Parent Company	92.53%	91.65%	87.52%
Non-Controlling Interests	0.22%	0.22%	0.25%
Total Equity	92.75%	91.87%	87.77%
Total Equity and Liabilities	100%	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q1- 2021	Q1-2020
Revenue		
Sales	100.00%	100.00%
Cost of sales	81.79%	90.32%
Gross profit	18.21%	9.68%
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%
	19.43%	10.36%

Expenses and other charges		
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%
	-9.15%	-6.92%

	Q1- 2021	Q1- 2020
Profit before provisions for contribution to (KFAS), (NLST), Zakat , Board of directors' remuneration and Taxes relating to overseas subsidiary	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%
Profit for the Period	9.04%	2.80%

- 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

