



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/AD/375/21 : الإشارة

Date: 07 APR 2021

التاريخ:

M/S.: Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for 2020

As per requirements stipulated in article No. (7-8) "Listed Company Obligations" of Bursa 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 2020 was held through live webcast at 1:00 PM on Monday 05 April 2021.

Attached the Analyst Conference Transcript for 2020.

Best regards

Best regards

Basel Omran Kanaan
Chief Executive Officer



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

Transcript of the Analysts Conference for Financial Year 2020

Speakers from Gulf Cable Executive Management:

- **Mr. Basel Omran Kanaan – CEO**
- **Mr. Ahmad Tayem - Regional Finance Manager**
- **Mr. Yannis Thalassinios – Investor Relations Manager**

Chairperson:

Elena Sanchez – EFG Hermes

Elena Sanchez: Good afternoon, ladies and gentlemen, and thank you for joining us today. This is Elena Sanchez, on behalf of EFG Hermes, I'm delighted to welcome you to Gulf Cable & Electrical Industries Co.'s 2020 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 Thalassinios, Gulf Cable's Investor Relations Manager.

Without further delay, I will now turn over the call to Yiannis.

Mr. Yiannis Thalassinios, Investor Relations Manager: Thank you Elena and good afternoon everyone. We are glad to have you all today for our 2020 results webcast. Many of you may already be aware that this is our first earnings announcement since our Group's recent upgrade on Boursa Kuwait's Premier Market. 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.

As this is our first ever call, I would like to give our guests a quick overview of who we are and what we do before we get to discussing the results.

Established in 1975, Gulf Cable and Electrical Industries Company is the only local manufacturer and exporter of power cables, control cables, telecommunication cables and overhead conductors and cable joints in Kuwait. Apart from Kuwait, Gulf Cable owns an industrial facility in Jordan that houses our cable manufacturing units. Across the 2 countries, our production facilities include a main cables factory, a copper rod plant, a PVC compounding factory with an

overall production capacity of 100,000 tons/year for cable factories and several other supporting plants for

extrusion, laying, plastic recycling, adhesive tapes etc. as you can see on slides 5,6 and 7.

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 2020.

Thank you Yiannis. Good day everyone and welcome to our first earnings call for the full year 2020 financial results.

2020 has been an extremely difficult year for us all. The world witnessed the consequences of the COVID-19 pandemic on all fronts of life. The state of Kuwait was not immune to these events as oil prices moved to record low territory and businesses collapsed due to the lockdowns and curfews.

However, Q3 2020 saw countries easing their restrictions leading to economies bouncing back. Kuwait witnessed good levels of consumer spending, increased trading activity in capital markets and real estate sales also returned close to pre-pandemic levels. While oil prices have recovered significantly from the lows of \$15, they remain below pre-COVID levels. Despite the circumstances, Gulf Cable saw increased sales and overall net profit for the year compared to 2019.

If I may point your attention to slide No. 8, a number of key financial indicators showed significant improvement despite the pandemic.

More specifically, on a y-on-y basis sales increased by 12.4%, net profit by almost 32%, EPS by 35%, dividend by 25%, total assets by more than 4%, equity by 6.4% and production tonnage by 26.5%. At the same time Gulf Cable was able to reduce borrowings and finance payables by almost 50%.

No let's go to slide No. 9, as a group, Gulf Cable saw sales increase of 12.4% to reach KD 76.2Mn in 2020 from KD 67.7Mn in 2019 despite the slowdown in the local economy and the major delays in large projects in Kuwait and the GCC. This increase can be largely attributed to Gulf Cable winning tenders from the local government as the Group has been focusing its efforts largely in the Kuwaiti market due to the border closures of neighboring markets as well as certain trade restrictions by some countries on their imports.

On a country level, sales generated from Kuwait represented 82% of the total group sales compared to 75% the year before while sales from Jordan dropped by 20%. Gulf Cable was able to curb cost of sales for the year leading to an improved gross profit margin of 11.5% compared to 8.1% for the year before. Net profit for the year reached KD 5.6Mn which represents an increase of 32% on a y-on-y basis while net profit margin improved as well in 2020 and reached 7.3% compared to 6.2% in 2019.

As we can see on slide 10, the largest contributor to Gulf Cable's Kuwait's sales has been the private sector with sales of KD 39Mn in 2020 and KD 43.1Mn in 2019. The drop is attributed to the pandemic and the constant lockdowns in the country that proved to be a major setback for most businesses.

Meanwhile, public sector contribution grew drastically from merely KD 3.1Mn in 2019 to KD 21.3Mn in 2020. This was again due to the tenders awarded by the government directly to Gulf Cable and not through an independent contracting company.

Lastly, sales from the export sector decreased by almost 50% from KD 4.8Mn in 2019 to KD 2.5Mn in 2020 as a result of the 6-month Saudi border closure and the closures in Syria and Lebanon. Furthermore, Iraq and Egypt imposed measures to protect local businesses which had a negative effect on our export efforts in these countries.

On slide 11 we can see the production breakdown by material and sale weight. The production of copper and aluminum cables increased by 11% and 99% respectively on a tonnage basis, while overall production for these two categories increased by 27% y-on-y despite the tough economic environment that the region faced due to the COVID-19 pandemic.

The big jump in the production of aluminum cables can be attributed to the increased demand due to their low prices compared to copper cables. The sales weight of medium and low voltage cables, inclusive of all other categories, increased by 54% and 9% respectively on a tonnage basis, while overall sales weight for these two categories increased by 22% y-on-y.

Mr. Ahmad Tayem: Thank you Mr. Basel, good afternoon ladies and gentlemen ,Moving on to some key ratios in Slide 12, Gulf Cable saw its gross profit margin increase from 8.1% to 11.5% partly due to reduced costs and more favorable terms achieved on its government tenders & projects.

The ratio of debt to total assets declined from 3.7% in 2019 to 1.8% in 2020, the interest coverage ratio increased during the same period from 10.7x to 17.2x. This resulted from a debt repayment of KD 3.6Mn by the Group in the form of Ijara and Murabaha payables in addition to the Group's financial performance in 2020. During the year, the Group also realized an increase in ROE (including investment income) from 2.6% in 2019 to 3.1% in 2020.

Now on Slide 13, from a Financial Position perspective, Gulf Cable's total assets grew by 4% from 2019 to 2020. This was mainly attributed to a 27% growth in the Group's current assets, despite the drop in the non-current assets by 11%.

Also, from a Cash flow perspective, the cash and cash equivalent at the end of year 2020 increased by KD 1.7Mn to KD26.2Mn Comparing with 2019 this was as a result of cash inflow from investing activities by KD 28.8M, where around KD 14.7M used in operating activities and KD 8M distributed as cash dividends to Gulf Cable shareholders during the year 2020 as well as repayment of Murabaha and Ijara Payables by KD 3.6 Mn.

Moving on to slide 14 you can see that the size of the investment portfolio of Gulf Cable decreased by 11% during 2020, from KD109m to KD97m. 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. During the year, the Group sold some of its investments in local and foreign securities and realized a profit of KD10m recognized in retained earning within equity as other comprehensive income. Gulf Cable holds several equity stakes across different sectors and geographies to manage price risk arising from investments

The majority of our stakes are local quoted securities which made up 37% of our portfolio in 2020, followed by 31% 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 private equity investments.

Fair value of these investments is determined using the net asset values reported by investment managers

Finally, It should be noted that the investment portfolio of Gulf Cable generated KD 3.1m of dividend income that represents 55% of the net profit for 2020, while in 2019 Gulf Cable generated KD 4.3m of dividend income

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

Mr. Bassel Kanaan: Thank you Elena

Gulf Cable has been a pioneer in the manufacture and distribution of cables in the country and the region. We continue to uphold our vision and mission, while at the same time strive to add value for our shareholders. We strive to achieve 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 conform with the highest ethical standards. 2020 has been a disastrous year for most but by the grace of God, we have had a rather fruitful year. We hope to continue this resilience going forward and hope to continue to meet our stakeholders' expectations. Let me take this opportunity to thank you all once again for attending this call.

Elena Sanchez: 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

1. What was the capex for the group during the last year?

Mr. Ahmad Tayem: The group acquired new technology and additional fixed assets as they are secured projects. In 2020, projects related to production machines were completed and commissioned like Heavy Duty Drum Twister Machine and Copper Wire Screening & Tap Machine, as well as improvements on our factory premises related to safety and storage were completed, the total amount for these capital expenditures were around KD1.4M.

2. Trade Accounts Receivable increased by KD 12.5M , what is the reason behind this rise?

Mr. Ahmad Tayem: As you must be aware, an increase in sales is usually followed by an increase in trade Receivable and since most of our sales are on credit basis, Our accounts receivables increased significantly in 2020. Moreover, the resolutions issued by Kuwait's cabinet limited the percentage of workforce in government sector by 30%, which impacted the speed of processing the payments and settlement of our balances.

3. The provision for NLST and Zakat more than doubled in 2020? Why the significant difference?

Mr. Ahmad Tayem: The National Labour Support Tax (NLST) and Zakat provisions are calculated in accordance with Ministry of finance resolutions and represents 2.5% for NLST & 1% for Zakat, of profit from operations, after considering any deductions and any profit/adjustment recorded in the retained earning directly. And since we had KD10M gain on sale of Investments at fair value through other comprehensive income was considered in our calculation this year comparing with KD4.8M, the provision saw an increase of around 160% in 2020 relative to 2019.

4. We notice that the GULf CABLE has a large investment portfolio? Can you please explain why?

Mr. Bassel Kanaan: As you might know, one of Gulf Cable's objectives according to its articles of association is to invest the surplus funds in investment portfolios in order to serve the Group's objectives. In line with our vision, our investment approach is to invest in a variety of local, regional and sectoral investments with the intention of hedging in addition to diversifying and securing alternative sources of income for the Group and its shareholders. This strategy has worked in our favor in the past and recently in 2020 when businesses suffered as a result of the Covid-19 pandemic. Our long term investors can see that our portfolio grew significantly over the last few years. We have had a great track record over the years in terms of income from these investments both from capital gains upon exit as well as dividend income. We are constantly on the lookout for strategic investments in industrial verticals that would supplement the cable manufacturing process, allowing us to cut costs and accelerate manufacturing. Our investment strategy also encourages investments in other fields with the intention of capital retention and steady income flow.

5. What was the reason behind the group's recent investment in Boursa Kuwait?

Mr. Bassel Kanaan: Group made an investment in Boursa Kuwait as the proposition aligned with Gulf Cable's investment strategy. The investment committee felt that the investment was rightly priced and the recent upgrade of Kuwait to the Emerging market status by MSCI positioned Boursa Kuwait for growth. Through this investment Gulf Cable will be able to realize additional benefits from the improvement of the local investment environment and the flow of international capital into the Kuwaiti stock market following similar success stories for the markets of UAE, Saudi and Qatar.

Elena Sanchez: 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: We would like to thank everyone who attended our first call and look forward to seeing you all in the next quarter call. Stay safe and Have a great day.



Investors

Presentation

Year Ended 31 December 2020



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

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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

- **Group Overview**
- **Performance Highlights**
- **Financial Overview**
- **Appendix**

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

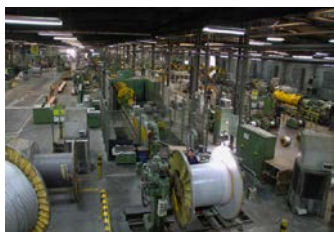


- Industrial Sulaibiya, Kuwait**
- Established in 1975
 - Employs c.727 people
 - Capacity: 75,000 MT/Year



- 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

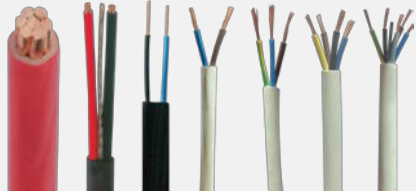


Quality Control

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



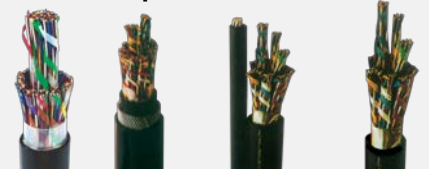
Cable Joints

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



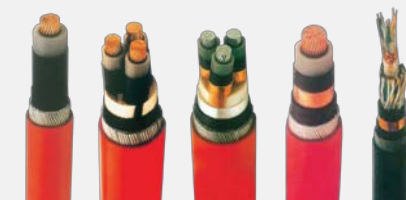
Overhead Lines

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



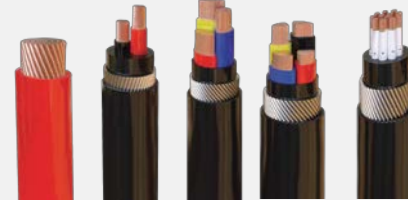
Medium Voltage Cables

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



Sales

↑ +12.4%

76.2m in 2020
67.7m in 2019



Net Profit

↑ +31.9%

5.6m in 2020
4.2m in 2019



EPS

↑ +35%

5.6m in 2020
4.2m in 2019



Dividend

↑ +25%

50fils¹ in 2020
40fils in 2019



Assets

↑ +4.3%

202.8m in 2020
194.4m in 2019



Equity

↑ +6.4%

186.3m in 2020
175.1m in 2019



Borrowings & Finance Payables

↓ -49.5%

3.7m in 2020
7.3m in 2019



Tonnage ('000')

↑ +26.5%

54.8MT in 2020
43.3MT in 2019

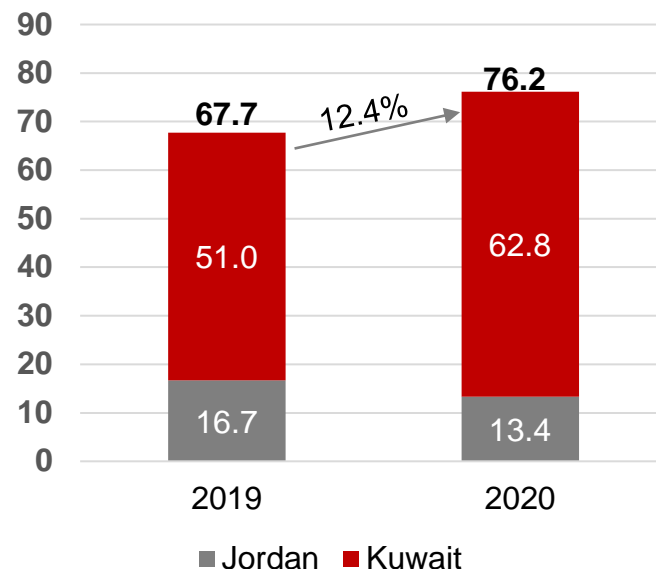
Note: all amounts in KWD

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

Financial Overview - Group

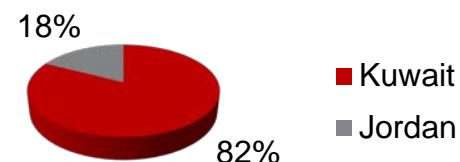
Total Sales

Million - KWD

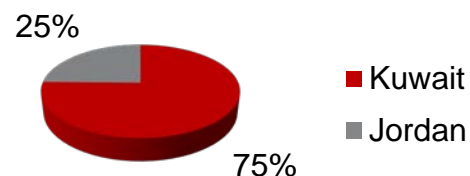


Total Sales Breakdown by Country

2020

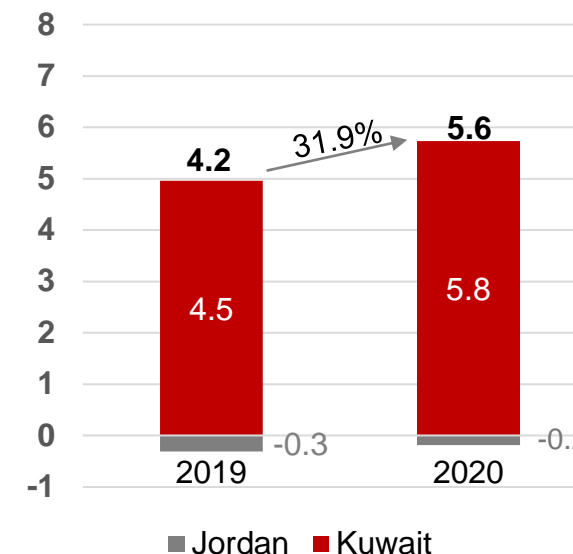


2019



Net Profit Breakdown by Country

Million - KWD

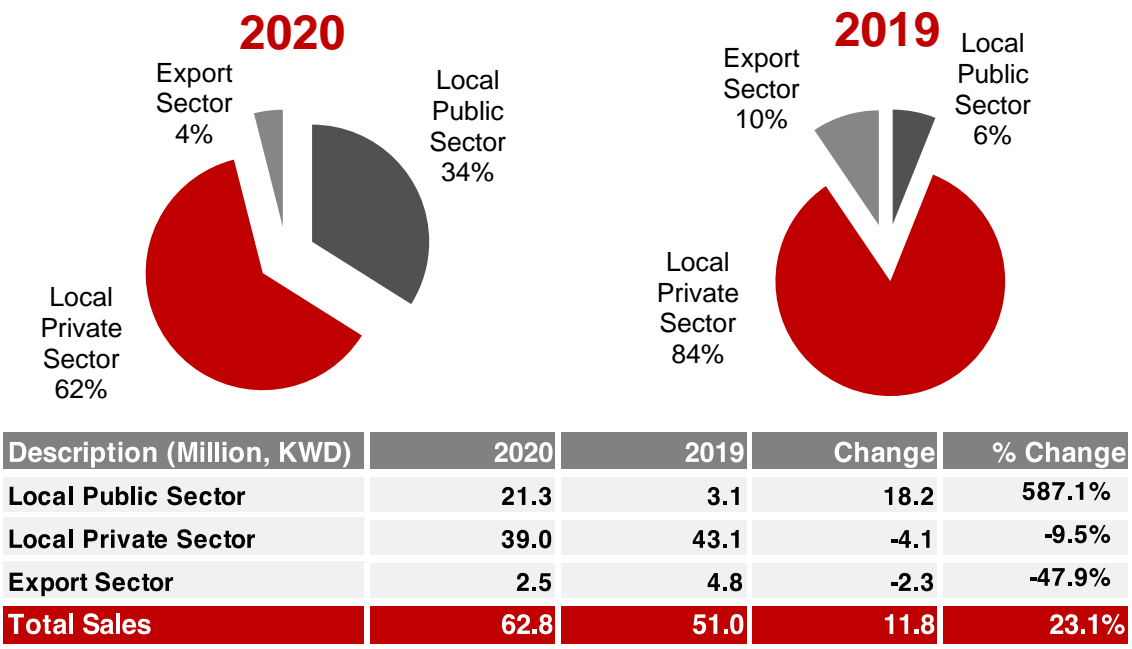
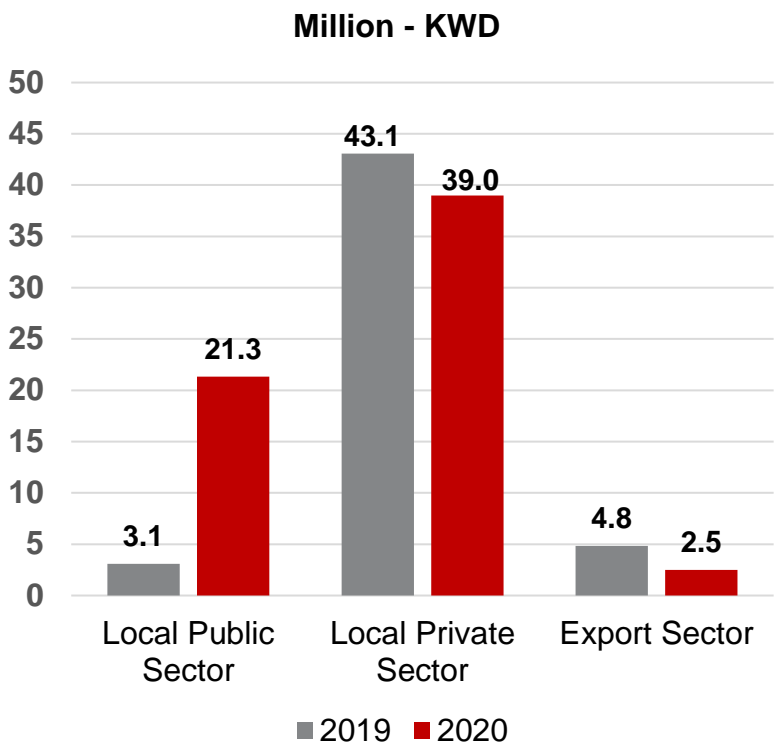


In 2020:

- 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

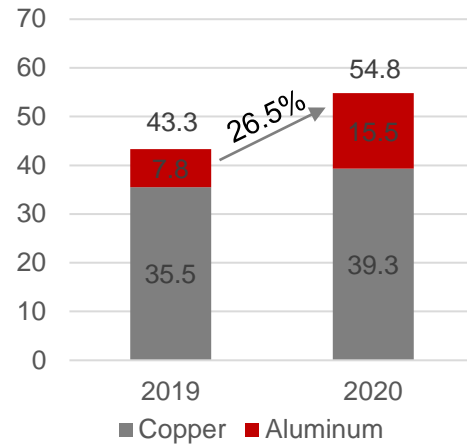


In 2020:

- 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

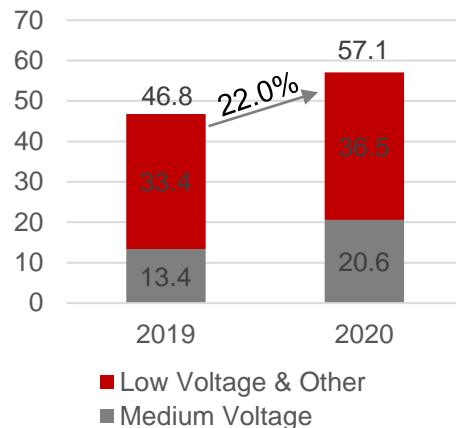
Production Breakdown by Material
Quantity in ('000') Metric Tons



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%

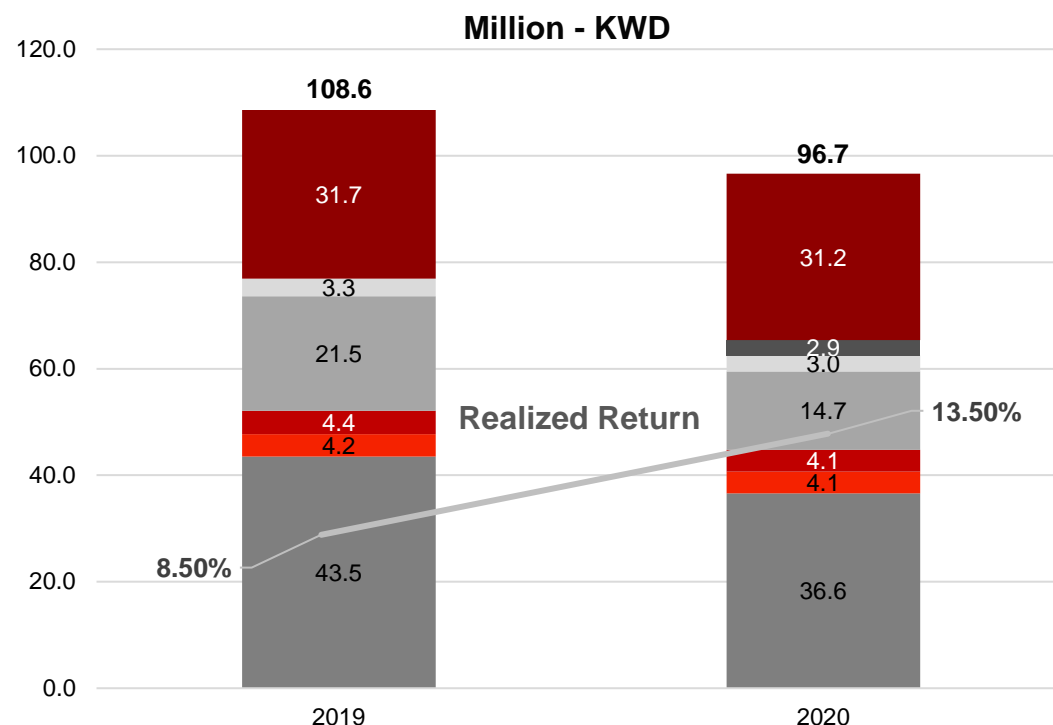
Cash Flow Statement (Million, KWD)	2020	2019	Change	% Change
Profit From Operations	5.6	4.2	1.4	33%
Non-Cash Adjustments	-1.1	-2.9	1.8	62%
Changes in Working Capital	-19.2	8.9	-28.1	-316%
Net Cash Flow From Operating Activities	-14.7	10.2	-24.9	-244%
Net Cash Flow From Investing Activities	28.8	21.1	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

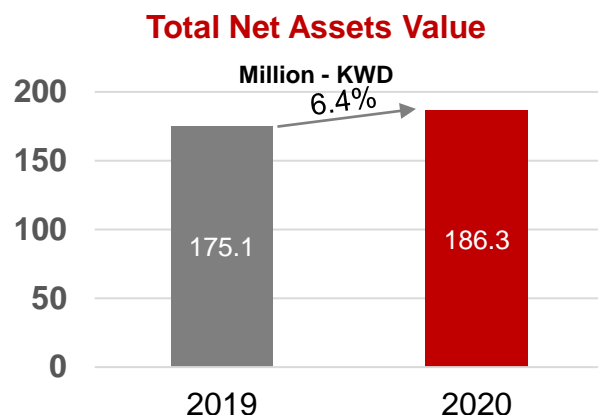
- The Group realized an overall return of 13.5% from investment income and profit on sale of investment in 2020 compared to 8.5% in 2019.
- These investments are held in equity instruments for medium to long term strategic objectives. The Group intends to hold these investments for a long-term period.
- 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

