



شركة الخليج للكابلات والصناعات الكهربائية ش.م.ك.ع

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

Date: 15/08/2022

Ref.: GC/645 /2022

M/S: Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for Q2-2022

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.

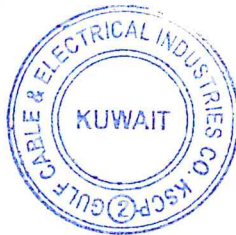
We would like to advise that Analysts/Investors Conference for Q2-2022 was held through live webcast at 1:00 PM on Sunday 14 August 2022.

Kindly note that during the conference there was no disclosure of any material information had been discussed.

Attached the Analyst Conference Transcript and the presentation for Q2- 2022.

Best regards

Basel Omran Kanaan
Chief Executive Officer



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Tel.: 24645500 - 24675244 - Fax: 24675305 - 24675850 www.gulfcable.com
P.O.Box 1196 Safat, Code No. 13012 - Kuwait - Cable: WIREGULF - Com. Reg 23213
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Gulf Cable & Electrical Industries Co. (K.S.C.P)

Transcript of the Analysts Conference for Q2 Financial Year 2022

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

Transcript

Mr. Mahmoud El Mahmoud: Good afternoon Everyone. Welcome to all who have joined us on this call. This is Mahmoud El Mahmoud, Deputy Investment Manager at Gulf Cable & Electrical Industries.

I am delighted to welcome you to our Q2 2022 results call. I have with me here today, **Mr. Basel Kanaan** Gulf Cable's Chief Executive Officer and **Mr. Ahmad Tayem** Gulf Cable's Executive Director of Finance.

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'll now turn the microphone over to the Chief Executive Officer, Mr. Basel Kanaan.

Mr. Basel Kanaan: Thank you Mr. Mahmoud,

With great pleasure I am happy to announce that Gulf Cable has delivered an impressive financial performance for first half of year 2022. We achieved a 93 percent increase in total revenue from H1 2021 and a net profit KD 10.9 million in H1 2022 with an increase of 146 percent.

This remarkable performance is to be viewed in the light of the current global political and economic tensions, including the unending Russian- Ukraine war,

high inflation rates and the fear of a global economic recession forecasted from many corners. In midst of these worries, in the post COVID scenario the operating environment in Kuwait gathered momentum in the first quarter of 2022 and continued in the pace in second quarter too. This was because of the higher oil prices and increased oil output, increase in the consumer spending and domestic credit.

At the same time, we also noticed that the rate of governmental projects awards fell in Q2 2022 compared to Q1 2022, a decline of 55 percent quarter to quarter 2022. The figure fell short of anticipations, most likely as a result of slow approval process and supply chain issues. Still, it is commendable that the Group could perform well in H1 2022.

Looking ahead of the remaining half of 2022, we assume that projects activities could accelerate in the second half. Planned projects awards amount to KD 2.6 billion in the second half of 2022, the majority of which were obviously deferred from previous quarters. With a stable executive branch of government, higher oil price & output, stronger domestic demand and expected economic growth of 5.7 percent gives us the confidence to produce yet another remarkable year at the end of 2022.

I will now hand over the microphone to Mr. Ahmed Tayem who will take you through Gulf Cable's financial performance for the first half of year 2022.

Mr. Ahmad Tayem: Thank you Mr. Basel,

Good afternoon ladies and gentlemen, with great pleasure let me provide you an overview about the excellent performance of the Group during the first six months of current year and the status of its financial position.

The Group's total revenue increased by a 93 percent from KD 29.1 million in H1-2021 to KD 56.3 million in H1-2022. EBITDA increased by 158 percent in H1 2022, reaching KD 13.7 million, which was KD 5.3 million in H1 2021.

The Group's net profit increased by 146 percent to KD 10.9 million in H1 2022 compared to KD 4.4 million in H1 2021 and earnings per share is 52 fils more than

double of H1 2021, also the Group's production increased by 44 percent in H1 2022 to reach 24.0 thousand MT vs 16.7 thousand MT in H1 2021.

Moving to slide 6, as we mentioned in the previous slide, total revenue increased by a 93 percent from KD 29.1 million to KD 56.3 million, where the current period total revenue consists of KD 44.5 million from cable sales, KD 10.3 million from investments, and KD 1.5 million from service contracts.

- Our parent company in Kuwait reported KD 34.5 million in cable sales, while our subsidiary company in the Hashemite Kingdom of Jordan reported KD 10.0 million.
- Investments revenue increased to KD 10.3 million in H1 2022 from KD 1.3 million in H1 2021, as a result of a gain of KD 3.5 million from the share of results associates and KD 6.7 million from dividend income.
- Our new subsidiary Al Reaya Company for Buildings and Cities Cleaning Contracting reported KD 1.5 million in service contracts revenue in H1 2022. The group acquired the company at the end of Q2- 2021

Also, you may notice that total sales & contracting revenue for the Group increased from KD 27.8 million in H1 2021 to KD 46.0 million in H1 2022, a growth of 66 percent comparing with the same period of previous year.

Now on slide 7, for the quarterly analysis of Q2, the largest contributor to Gulf Cable Kuwait's cable sales was the local private sector with sales of KD 18.0 million in Q2 2022 vs KD 8.3 million in Q2 2021 an increase of 116.9 percent. Meanwhile, public sector contribution in the same period was KD 0.9 million in 2022 as opposed to KD 1.4 million in 2021. Export sector sales showed a growth of 57.1 percent compared to Q2 2021 from KD 0.7 million to KD 1.1 million.

Now on slide 8, for the half yearly analysis, local private sector holds the largest contributor position for cable sales with sales of KD 29.4 million in H1 2022 vs KD 16.2 million in H1 2021 with an 81.5 percent increase compared to H1 2021. This

is mainly due to higher sales for medium voltage cable especially for contractors of Public Authority for Housing Welfare projects.

Public sector contribution during the same period was KD 3.4 million in 2022 as opposed to KD 4.1 million in 2021. The public sector is expected to produce better results in the coming months as the delayed public projects may get the momentum and expect award of more contracts prompted by the high oil prices. Meanwhile, the export sector sales showed a growth of 27.3 percent from KD 1.4 million in H1 2021 to KD 1.7 million in H1 2022.

On slide 9, we can see the production & sales breakdown by product & material measured in weight. The sales of medium voltage cables increased by 300.9 percent in H1 2022 due to the increased demand from the private sector, mainly from contractors of PAHW project purchase orders. Overall, the quantities of cables produced in H1 2022 increased by 43.7 percent compared to H1 2021.

Moving on to some key ratios **on slide 10**, Gulf Cable's gross profit margin decreased from 22.4 percent in H1 2021 to 14.2 percent in H1 2022. This decrease was due to the increased cost of revenue and low margin on high value purchase orders. On other side EBITDA margin grew from 19.1 percent in H1-2021 to 29.7 percent in H1-2022 due to the share of results of associates and dividend income. Also, an increase of 2.4 percent was achieved in Group's ROE (inclusive of investment income) in H1 2022 as opposed to H1 2021.

The Group's outstanding debt displays an increase because of the long-term borrowings for acquiring associate companies in Q4 2021, which led to the increase in debt ratios for H1 2022 comparing to H1 2021. On the other-hand leverage ratios declined comparing with FY-2021 as a result of settlement of borrowings during the H1-2022 amounted to KD 13.3m.

As we can see on slide 11, from a financial position perspective, Gulf Cable's total assets decreased by KD 11.6 million from Dec 2021 to reach KD 304.8 million during H1 2022. This is mainly due to the sale of an investment in Investments at FVTOCI.

Non-current liabilities dropped from KD 69.2 million in Dec. 2021 to KD 56.0 million in June 2022 a drop of 19 percent from Dec. 2021 due to settlement of borrowings during the H1-2022, while current liabilities grew by 20 percent to reach KD 23.6 million in June 2022.

Finally, the group's total equity showed a decrease of 1 percent from KD 227.5 million in Dec. 2021 to KD 225.2 million in June 2022.

From a cash flow perspective, the cash flow from operating activities went from a net cash outflow of KD 3.4 million in H1 2021 to a cash outflow of KD 0.1 million in H1 2022, whereas cash inflow from investing activities is KD 26.8 million in H1 2022 compared to 1.6 million in H1 2021. This is because of the cash dividend income received from investments at FVTOCI and from our associate companies and the proceeds from sale of investments at FVTOCI.

Also, the net cash outflow of financing activities of KD 27.9 million due to the settlement of borrowings amounted to KD 13.3m and cash dividend paid to shareholders amounted to KD 12.4m.

Overall, the cash and cash equivalents at the end of the period went from KD 10.4 million in H1 2021 to KD 17.9 million in H1 2022.

On slide 12, you can see the investment the group made in associates. In the fourth quarter of 2021, the Group acquired shares in National Investment Co. (NIC) and Heavy Engineering Industries & Shipbuilding Co. (HEISCO). The Group's current ownership in these companies are 27.0 percent and 28.3 percent respectively.

Gulf Cable's share of results in NIC amounted to KD 3.0 million & HEISCO to KD 0.5 million in H1 2022. Their shares were (Nil) in same period of 2021, as the group recognized these companies as associates in December 2021.

Please note HEISCO's share of results of KD 0.3m in FY 2021 representing the portion of one month only, as GC recognized HEISCO as an associate company at the beginning of December 2021.

Moving on to slide 13, you may notice that the size of the investment portfolio of Gulf Cable reduced to KD 112.1 million in H1 2022, a decrease of 13.2 percent compared to Dec. 2021. This is due to a sale of an investment in Investments at FVTOCI and discounted revaluation of the Group's investment in the shares of Boursa Kuwait Company.

Most of our stakes are local quoted securities which makes up around 55.8 percent of our portfolio as of H1 2022, followed by 30.8 percent 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. Gulf Cable continues to hold several equity stakes across different sectors and geographies to mitigate the market risks.

Local 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.

Overall, we have an inspiring performance in continuation of Q1 2022 and hope it will continue the remaining half of 2022.

That's all for the financial performance of the group. Thank you all for having your attention with me, now let me handover the podium back to Mr. Basel.

Mr. Basel Kanaan: The group has been continuing its excellent performance since the beginning of the year 2022 and we are optimistic to continue it through-out the year. Growth in our sales revenue is directly linked with the infrastructure and construction projects in Kuwait. The awarding of new projects and expedition of delayed projects by the government will result in increased sales revenue through the sale of cables. The group will continue to look for viable and profitable investment opportunities to diversify its portfolio and further strengthen its investing standards.

We are aware of the trust and expectations of our shareholders upon us and confident that we can fulfil their expectations.

Mr. Mahmoud El Mahmod: 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. Do you expect the looming fear of global economic recession will have an adverse effect on your performance in the next half of the year?**

Mr. Basel Kanaan: We are very confident and optimistic that, it will not have much adverse effect on us, as we proved that we survived and performed well during the Covid 19 - the worst economic scenario after the second World War. We believe that the government and central bank will take necessary measures and supportive actions to tackle this issue, if it happens. Also, the continuing high oil price, expectation of award of governmental projects in the second half of 2022, resumption of tenders delayed and postponed during the first half are the basis of our optimism.

- 2. In 2022, there is an increase of 44.9 percent in the weight of total sale of cables, but in sales value it is 59.4 percent compared to H1 2021. What is the reason for this disproportionate change in the ratio?**

Mr. Ahmad Tayem: The reason for this change in ratio is the increased cost of goods due to the increase in the price of raw materials especially copper and aluminum, the increase in freight charges and labour cost because of the shortage of labour supply, which keeps our sales prices fluctuating.

- 3. We noticed a decline in Investments compared to Dec 2021. Can you elaborate the reasons behind it?**

Mr. Ahmad Tayem: The group made a strategic sale of investment of Egypt Kuwait Holding Company for the benefit of the shareholders as we found that the investment has reached its peak of return, which was KD 14.9m recognized directly in retained earnings. Also, the Group changed the evaluation method for its investment in Boursa Kuwait Company by applying a 20 percent discount on bid quoted price of the investment at the time of determining its fair value as there is a restriction on sale these shares end in February 2024.

These two main factors contributed for the decline in the group's investments.

Mr. Mahmoud El Mahmoud: I suppose that is the end of our Q&A session and with that we will conclude this call. You are most welcome to send us if you have any more questions and we will try to provide our answers at the earliest.

We would like to thank everyone who attended our H1 2022 results call and look forward to seeing you all in the Q3 call ahead.

Once again thank you all and wish all the best.

2022 INVESTORS PRESENTATION

Q2 / H1 - Period Ended 30 June 2022



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

Certain monetary amounts, percentages and other figures included in this presentation have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated, may not be the arithmetic aggregation of the percentages that precede them.

Our Vision

ACHIEVE GCC **PRODUCT INNOVATION LEADERSHIP**
AND EXPAND OUR **PREMIER POSITION** IN OUR CORE MARKETS,

WHILE DELIVERING **ABOVE-MARKET GROWTH**,
SUPERIOR PROFITABILITY AND **STRONG CASH FLOW GENERATION**
TO PROVIDE SHAREHOLDERS WITH **ATTRACTIVE RETURNS**,

YET MAINTAIN **ABSOLUTE INTEGRITY**
AND IN CONFORMITY WITH THE **HIGHEST ETHICAL STANDARDS.**

Contents

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

Performance Highlights



Total Revenue¹

↑ +93%

56.3m in H1-2022
29.1m in H1-2021



EBITDA

↑ +158%

13.7m in H1-2022
5.3m in H1-2021



Net Profit

↑ +146%

10.9m in H1-2022
4.4m in H1-2021



EPS

↑ +148%

52 Fils in H1-2022
21 Fils in H1-2021



Assets

↓ -4%

304.8m in Jun 2022
316.4m in Dec 2021



Equity

↓ -1%

225.2m in Jun 2022
227.5m in Dec 2021



Borrowings

↓ -18%

58.9m in Jun 2022
72.2m in Dec 2021



Production Metric Ton ('000')

↑ +44%

24.0MT in H1-2022
16.7MT in H1-2021

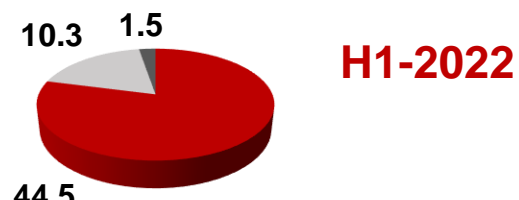
Note: all figures are in KWD

¹ Total revenue consist of cable sales, service contracts revenue and investments revenue.

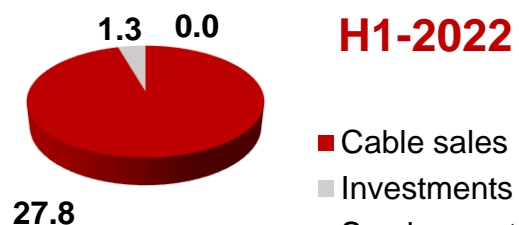
Financial Overview - Group

Total Revenue Breakdown

Million - KWD



H1-2022



H1-2022

■ Cable sales
■ Investments
■ Service contracts

In Q2-2022:

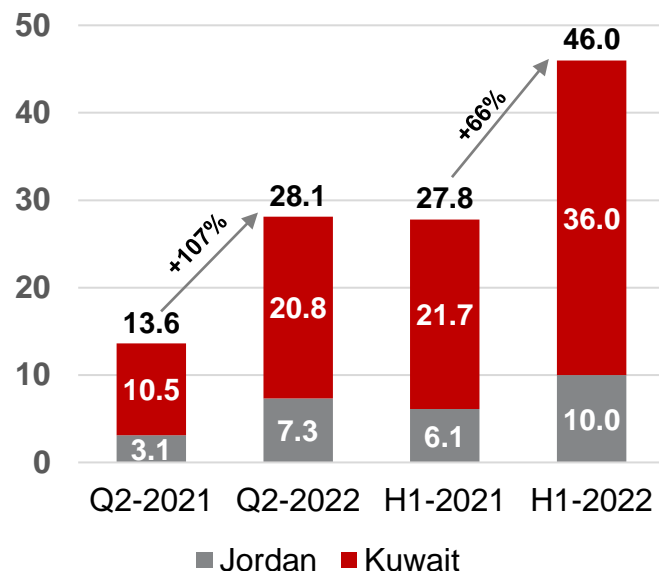
- Total sales & contracting revenue for the Group increased by 107% compared to Q1-2021.
- Net profit for the Group increased by 49% compared to the same period in 2021

In H1-2022:

- Total revenue grew by 93% compared to H1-2021 from KWD 29.1m to KWD 56.3m.
- Total sales & contracting revenue for the Group increased by 66% compared to H1-2021.
- Sales & contracting revenue from Kuwait consists of revenue from cable sales, amounted to KWD 34.5m and service contracts revenue, amounted to KWD 1.5m.
- Net profit for the Group increased by 146% compared to the same period in 2021.

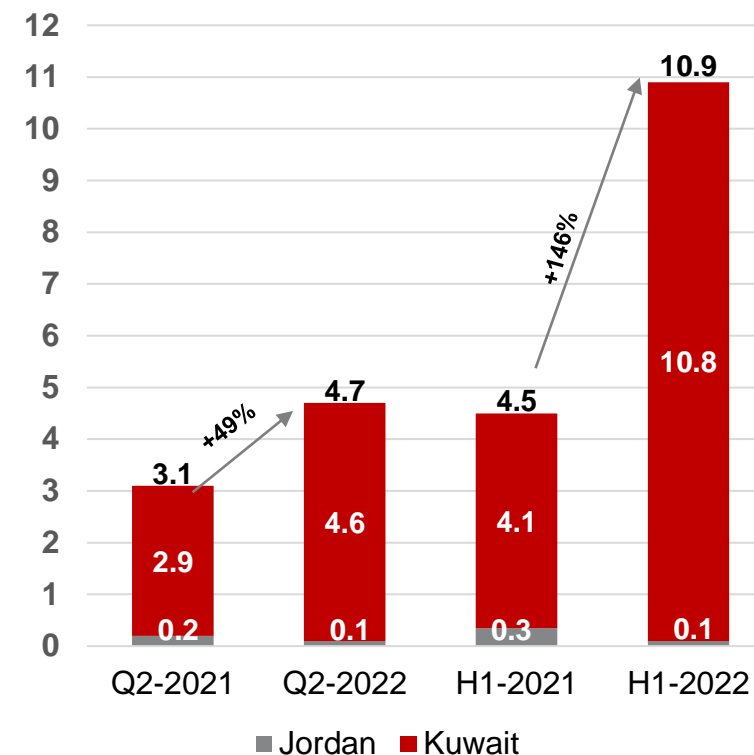
Sales & Contracting Revenue

Million - KWD



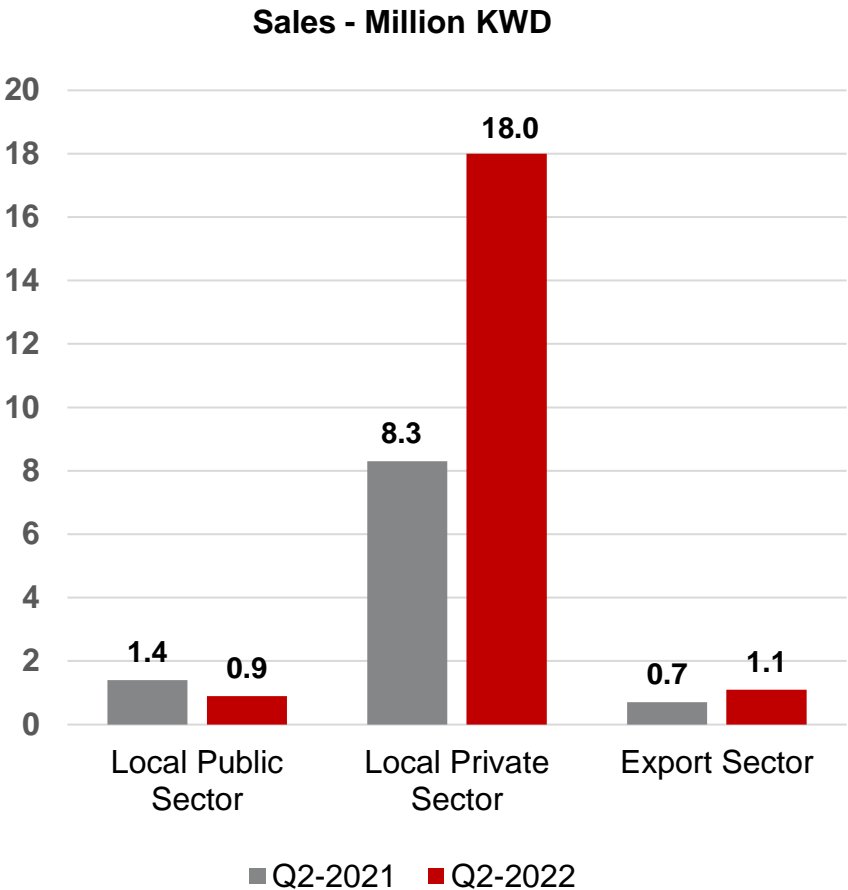
Net Profit Breakdown by Country

Million - KWD

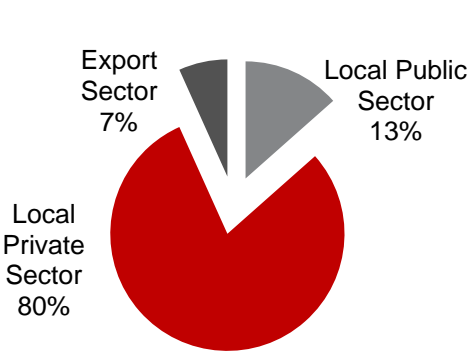


Financial Overview - Gulf Cable Kuwait

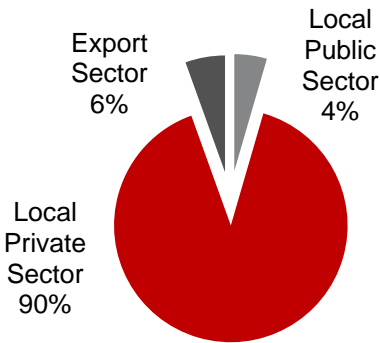
Breakdown of Cable Sales by Sector - Q2



Q2-2021



Q2-2022

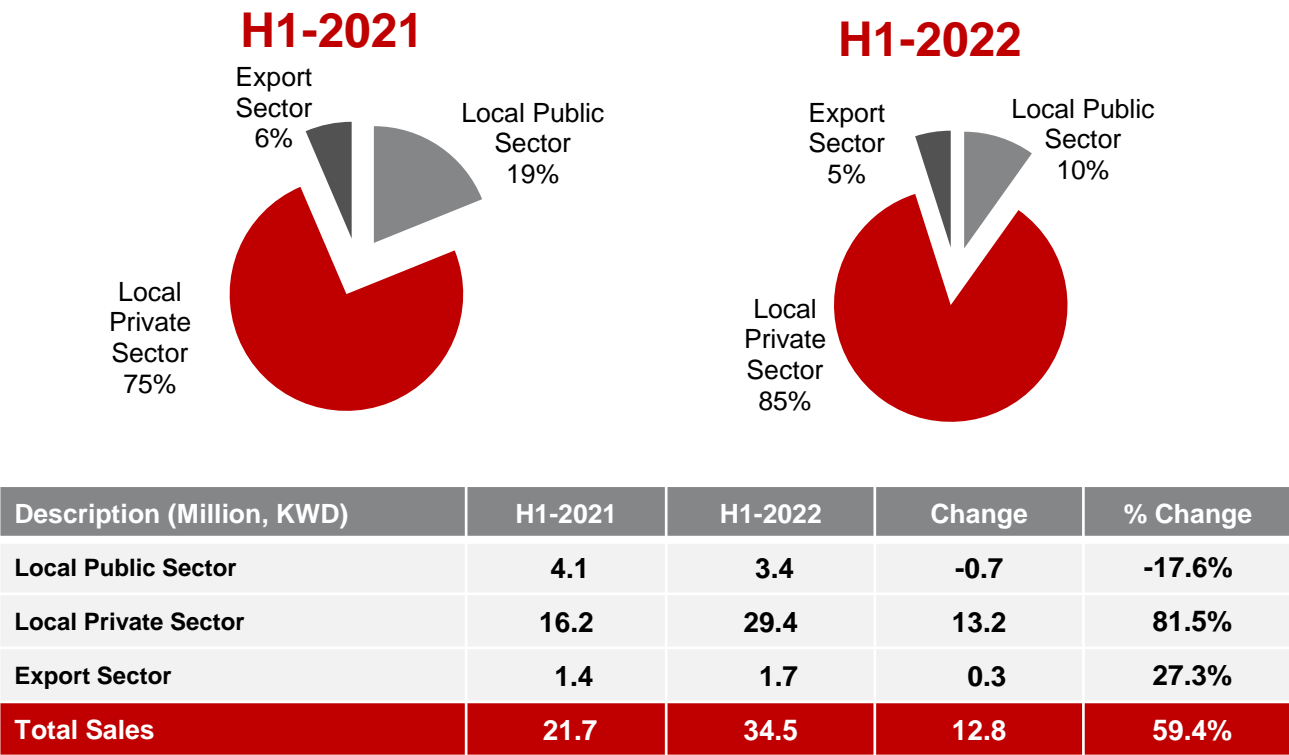
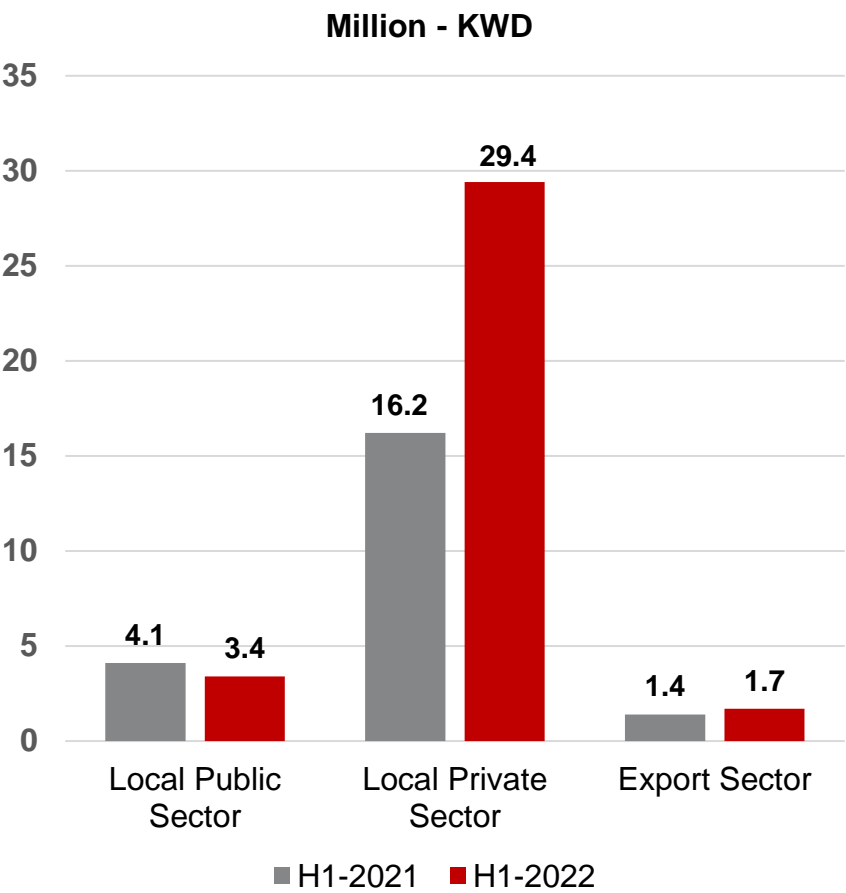


Description (Million, KWD)	Q2-2021	Q2- 2022	Change	% Change
Local Public Sector	1.4	0.9	-0.5	-35.7%
Local Private Sector	8.3	18.0	9.7	116.9%
Export Sector	0.7	1.1	0.4	57.1%
Total Cable Sales	10.4	20.0	9.6	92.3%

- Total Cable Sales increased by 92.3% in Q2-2022.
- Sales for the Local Public Sector decreased by 35.7% as a result of less sales for MEW in Q2-2022.
- Sales for the Local Private Sector increased by 116.9% due to higher demand for medium voltage cables, mainly from contractors of PAHW projects purchase orders.

Financial Overview - Gulf Cable Kuwait

Breakdown of Cable Sales by Sector – H1

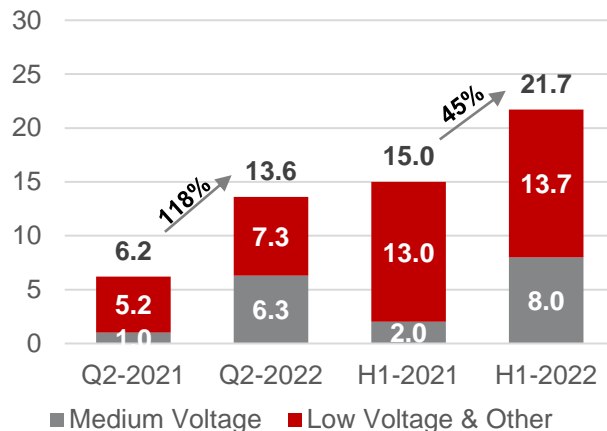


- Total sales increased by 59.4% in H1-2022 due to increase in sales of medium voltage cables for the Local Private Sector compared to first half of 2021.
- Sales for the Local Public Sector declined by 17.6% compared to H1-2021 due to the less requirement from MEW.

Financial Overview – Group Production and Sales by Weight

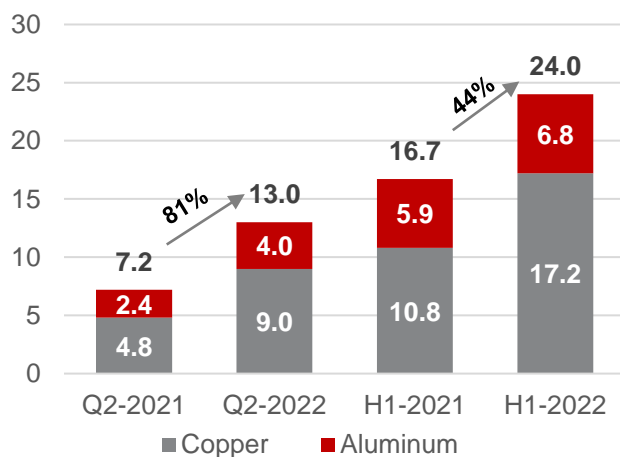
Sales Breakdown by Product

Quantity in ('000') Metric Ton



Production Breakdown by Material

Quantity in ('000') Metric Ton



Sales Breakdown by Product	Q2-2021 MT	Q2-2022 MT	H1-2021 MT	H1-2022 MT	H1 %Change
Medium Voltage Cables	967	6,311	2,015	8,079	300.9%
Low Voltage and Other Cables	5,276	7,269	12,980	13,653	5.2%
Total Cables	6,243	13,580	14,995	21,732	44.9%

Production Breakdown by Material	Q2-2021 MT	Q2-2021 MT	H1-2021 MT	H1-2022 MT	H1 %Change
Copper Cables (Low & Medium Voltage)	4,847	8,955	10,798	17,256	59.8%
Aluminum Cables (Low & Medium Voltage)	2,375	4,087	5,917	6,770	14.4%
Total Copper & Aluminum Cables	7,222	13,042	16,715	24,026	43.7%

In H1-2022:

- The sales weight of medium voltage cables increased by 300.9% as a result of increased demand from the Private Sector, mainly from contractors of PAHW project purchase orders.
- Low Voltage Cables displayed an increase of 5.2% compared to H1-2021, as a result of more sales for various projects of PAHW and MEW in H1-2022.
- The return of normal demand after post COVID-19 recovery, led to an increase in the quantities of cables produced by 43.7% and total cable sales by 44.9%.

Financial Overview - Ratio Analysis

Ratios	H1-2021	H1-2022	Change	FY-2021
<u>Profitability</u>				
Gross Profit Margin - %	22.4%	14.2%	↓ -8.2%	19.8%
EBITDA Margin - %	19.1%	29.7%	↑ 10.6%	28.3%
Net Margin - %	15.9%	23.7%	↑ 7.8%	23.5%
ROA on Average Assets - % (with investment income)	2.2%	3.5%	↑ 1.3%	6.2%
ROE on Average Equity - % (with investment income)	2.4%	4.8%	↑ 2.4%	7.8%
<u>Leverage</u>				
Total Debt Percentage of Total Assets-%	0.0%	19.5%	↑ 19.5%	22.8%
Debt to Equity Ratio-%	0.0%	26.3%	↑ 26.3%	31.7%
Interest Coverage Ratio	664.3	12.9	↓ -651.4	51.0
<u>Liquidity</u>				
Current Ratio	10.4	3.9	↓ -6.5	4.4
Quick Ratio	4.7	2.2	↓ -2.5	2.6
Working Capital to Total Assets	0.4	0.2	↓ -0.2	0.2

- Group's gross profit margin decreased from 22.4% to 14.2% H-on-H. This was due to the increased cost of revenue and low margin on high value purchase orders.
- EBITDA margin grew from 19.1% in H1-2021 to 29.7% in H1-2022 due to the share of results of associates and dividend income.
- The Group's outstanding debt showed significant increase as a result of the long-term borrowings for acquiring associate companies in Q4-2021, which led to an increase in debt ratios for H1-2022.
- Interest coverage ratio dropped to 12.9x as finance costs for H1-2022 increased significantly compared to H1-2021.
- The Group saw its current ratio levels decline from 10.4x in H1-2021 to 3.9 in H1-2022 mainly due to the increase in borrowings.
- On the other-hand leverage ratios declined comparing with FY-2021 as a result of settlement of borrowings during the H1-2022 amounted to KWD 13.3m.

Financial Overview - Financial Position & Cash Flow Statements




Financial Position (Million, KWD)	Dec 2021	Jun 2022	Change	% Change
Non-Current Assets	229.3	212.1	-17.2	-7.6%
Current Assets	87.1	92.7	5.6	6.4%
Total Assets	316.4	304.8	-11.6	-3.6%
Non-Current Liabilities	69.2	56.0	-13.2	-19.0%
Current Liabilities	19.7	23.6	3.9	20.0%
Total Liabilities	88.9	79.6	-9.3	-10.4%
Total Equity	227.5	225.2	-2.3	-1.0%
Total Liabilities & Equity	316.4	304.8	-11.6	-3.6%

Cash Flow Statement (Million, KWD)	H1-2021	H1-2022	Change	% Change
Profit From Operations	4.4	10.9	6.5	145.8%
Non-Cash Adjustments	-0.7	-7.7	-7.0	-976.5%
Changes in Working Capital	-7.1	-3.3	3.8	53.9%
Net Cash Flow - Operating Activities	-3.4	-0.1	3.3	98.2%
Net Cash Flow - Investing Activities	1.6	26.8	25.2	1558.0%
Net Cash Flow - Financing Activities	-14.0	-27.9	-13.9	-99.9%
Increase / Decrease in Cash and Cash Equivalents	-15.8	-1.2	14.6	92.3%
Cash and Cash Equivalents at Period End	10.4	17.9	7.5	72.3%

In H1-2022:

- Non-current assets shrank by 7.6% during H1-2022 compared to Dec 2021 due to decrease in the investments at FVTOCI.
- Current assets of the Group increased by 6.4% as a result of an increase in inventories.
- Non-current liabilities considerably decreased by 19.0% as a result of settlement borrowings.
- Shareholder's equity shows a slight decrease of 1.0%.
- Cash Inflow from investing activities is KWD 26.8m generated from cash dividend income received and from the proceeds from sale of investments at FVTOCI.
- Cash outflow for financing activities reached KWD 27.9m mainly as a result of an early settlement of borrowings amounted to KWD 13.3m and cash dividend paid to shareholders amounted to KWD 12.4m.

Financial Overview – Investment in Associates

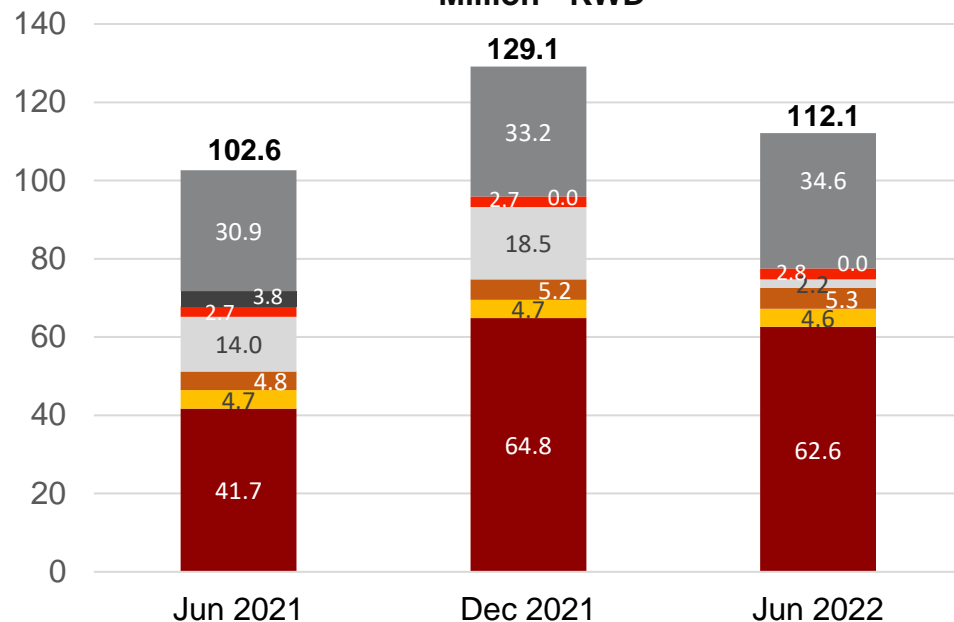
	NIC			HEISCO			Team Holding		
	 شركة الاستثمار الوطنية NATIONAL INVESTMENTS COMPANY			 HEISCO			 TEAM Holding Company شركة مساهمة		
	Jun 2021	Dec 2021	Jun 2022	Jun 2021	Dec 2021	Jun 2022	Jun 2021	Dec 2021	Jun 2022
GC Ownership %	-	25.4%	27.0%	-	28.3%	28.3%	47.5%	47.5%	47.5%
Total Net Assets Value	-	216.8m	200.9m	-	68.9m	67.2m	2.4m	2.6m	2.6m
GC Carrying Value of Ownership Interest	-	55.0m	55.4m	-	30.0m	29.5m	1.1m	1.2m	1.2m
	H1-2021	FY-2021	H1-2022	H1-2021	FY-2021	H1-2022	H1-2021	FY-2021	H1-2022
Profit for the Period / Year	-	24.4m	11.9m	-	6.4m	2.0m	0.10m	0.27m	0.03m
GC Share of Results	-	-	3.0m	-	0.3m	0.5m	0.05m	0.13m	0.01m

- In Q4-2021, the Group acquired a 25.4% stake in National Investments Co. (NIC) and a 28.3% stake in Heavy Engineering Industries & Shipbuilding Co. (HEISCO).
- The Group increased ownership in NIC to 27.0% during the H1-2022.
- GC share of results of NIC is KWD 3.0m for H1-2022 and (Nil) in H1-2021, as GC recognized NIC as an associate company at the end of Dec 2021.
- HEISCO share of results is KWD 0.5m for H1-2022 and (Nil) in H1-2021 (KWD 0.3m in FY-2021, which represents a portion of one month only - Dec 2021) as GC recognized HEISCO as an associate company at the beginning of Dec 2021.

Financial Overview - Investments at FVOCI

Investment Portfolio Breakdown

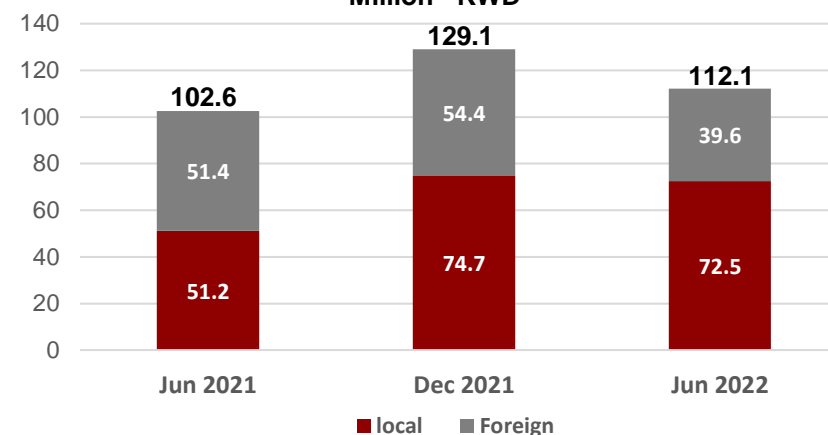
Million - KWD



- Foreign unquoted securities
- Foreign managed unquoted securities
- Foreign unquoted securities held through managed portfolios
- Foreign quoted securities held through managed portfolios & others
- Local managed funds
- Local unquoted securities held through managed portfolios
- Local quoted securities held through managed portfolios

Investments Geographical Breakdown

Million - KWD



- 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.

In H1-2022:

- Total investments at FVOCI decreased by 13.2% from Dec 2021 to June 2022.
- Gain on sale of investment amounted to KWD 14.9m recognized directly in retained earnings within equity.
- Dividend income on investments amounted to KWD 6.7m compared to KWD 1.3m in same period of 2021.

Appendix

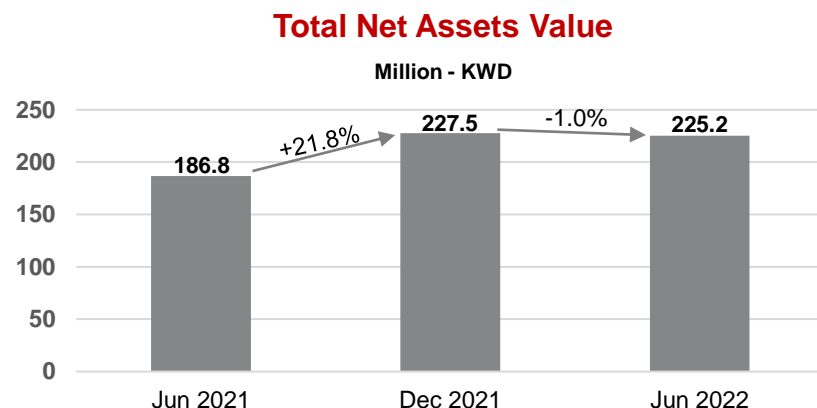


Consolidated Statement of Financial Position

	30 June 2022	31 Dec. 2021	30 Jun 2021
Assets (KWD)			
<u>Non-current assets</u>			
Goodwill	3,603,180	3,603,180	-
Property, plant and equipment	9,796,886	9,771,992	7,073,486
Right of use asset	540,779	612,883	-
Investment in associates	86,129,300	86,168,913	1,151,197
Investments at fair value through other comprehensive income	112,091,752	129,097,281	102,621,621
	212,161,897	229,254,249	110,846,304
<u>Current assets</u>			
Inventories	41,753,096	35,196,042	48,589,264
Trade accounts receivable	30,306,173	31,788,814	28,619,624
Other receivables and prepayments	1,898,214	1,134,062	874,578
Investments at fair value through profit or loss	345,352	-	-
Cash and cash equivalents	18,364,522	18,981,488	10,381,464
	92,667,357	87,100,406	88,464,930
Total Assets	304,829,254	316,354,655	199,311,234

	30 Jun 2022	31 Dec. 2021	30 Jun 2021
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	4,492,673	4,410,937	3,980,962
Terms loans	21,134,495	26,334,495	-
Islamic financing facilities	30,105,263	38,000,000	-
Lease liabilities	283,734	428,888	-
	56,016,165	69,174,320	3,980,962
<u>Current liabilities</u>			
Trade accounts payable	6,238,886	2,038,235	2,568,628
Other payables and accruals	9,111,245	9,662,081	5,942,404
Lease liabilities	151,416	151,416	-
Term loans-current portion	5,800,000	5,818,161	-
Islamic financing facilities-current portion	1,815,789	2,000,000	-
Due to banks	482,628	-	4,023
	23,599,964	19,669,893	8,515,055
Total Liabilities	79,616,129	88,844,213	12,496,017

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	(1,575,622)	(575,724)	(454,480)
Statutory, voluntary and general reserves	70,459,281	70,459,281	68,740,454
Other components of equity	68,218,042	82,741,073	54,179,761
Retained earnings	37,439,461	24,227,964	13,738,509
Total equity attributable to the owners of the Parent Company	224,694,368	227,005,800	186,357,450
Non-Controlling Interests	518,757	504,642	457,767
Total Equity	225,213,125	227,510,442	186,815,217
Total Equity and Liabilities	304,829,254	316,354,655	199,311,234



Consolidated Statement of Profit or Loss

	Q2-2022	Q2-2021	H1-2022	H1-2021
Revenue (KWD)				
Sales and contracting revenue	28,086,465	13,570,977	46,036,690	27,801,452
Cost of revenue	(25,581,268)	(9,938,826)	(39,481,319)	(21,577,656)
Gross profit	2,505,197	3,632,151	6,555,371	6,223,796
Dividend income	6,486,992	1,208,187	6,670,434	1,324,253
Other investment gain/(losses)	95,272	(24,871)	109,774	(39,835)
Share of results of associates	(711,981)	24,430	3,537,234	47,268
Interest & other income	6,764	2,885	6,054	10,677
Foreign currency exchange gain	129,994	84,291	218,120	125,623
	8,512,238	4,927,073	17,096,987	7,691,782
Expenses and other charges (KWD)				
General and administrative expenses	(1,221,460)	(1,116,668)	(2,317,997)	(2,092,414)
Commercial expenses	(869,142)	(356,347)	(1,405,878)	(757,052)
(Provision)/reversal of provision for doubtful debts	(288,488)	(21,466)	(369,511)	47,766
Provision for obsolete and slow-moving inventories	(96,554)	(42,105)	(105,221)	(29,871)
Finance costs	(541,630)	-	(1,000,153)	(7,316)
	(3,017,274)	(1,536,586)	(5,198,760)	(2,838,887)

	Q2-2022	Q2-2021	H1-2022	H1-2021
Profit before taxation and Directors' remuneration	5,494,964	3,390,487	11,898,227	4,852,895
Taxes relating to overseas subsidiary	-	(54,405)	-	(83,054)
Provision for contribution to KFAS, NLST & Zakat	(745,944)	(112,857)	(847,801)	(182,158)
Provision for directors' remuneration	(77,500)	(77,500)	(155,000)	(155,000)
Profit for the Year	4,671,520	3,145,725	10,895,426	4,432,683

Profit for the year attributable to:				
Owners of the Parent Company	4,668,212	3,132,574	10,888,161	4,413,104
Non-controlling interests	3,308	13,151	7,265	19,579
Profit for the Year	4,671,520	3,145,725	10,895,426	4,432,683
Earnings Per share	22 Fils	15 Fils	52 Fils	21 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	30 Jun 2022	31 Dec 2021	30 Jun 2021
Assets (KWD)			
<u>Non-current assets</u>			
Goodwill	1.18%	1.14%	-
Property, plant and equipment	3.21%	3.09%	3.55%
Right of use asset	0.18%	0.19%	-
Investment in associates	28.25%	27.24%	0.58%
Investments at fair value through other comprehensive income	36.77%	40.81%	51.49%
	69.60%	72.47%	55.61%
<u>Current assets</u>			
Inventories	13.70%	11.13%	24.38%
Trade accounts receivable	9.94%	10.05%	14.36%
Other receivables and prepayments	0.62%	0.36%	0.44%
Investments at fair value through profit or loss	0.11%	-	-
Cash and cash equivalents	6.02%	6.00%	5.21%
	30.40%	27.53%	44.39%
Total Assets	100%	100%	100%

- The percentage of total non-current assets has dropped from 72.47% in Dec. 2021 to 69.60% in Jun. 2022, on the other hand the percentage of total current assets has risen from 27.53% to 30.40%.
- The percentage of total liabilities has dropped from 28.08% in Dec. 2021 to 26.12% in Jun. 2022, on the other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 71.76% to 73.71%.

	30 Jun 2022	31 Dec 2021	30 Jun 2021
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	1.47%	1.39%	2.00%
Terms loans	6.93%	8.32%	-
Islamic financing facilities	9.88%	12.01%	-
Lease liabilities	0.09%	0.14%	-
	18.38%	21.86%	2.00%
<u>Current liabilities</u>			
Trade accounts payable	2.05%	0.64%	1.29%
Other payables and accruals	2.99%	3.05%	2.98%
Lease liabilities	0.05%	0.05%	-
Term loans-current portion	1.90%	1.84%	-
Islamic financing facilities-current portion	0.60%	0.63%	-
Due to banks	0.16%	-	-
	7.74%	6.22%	4.27%
Total Liabilities	26.12%	28.08%	6.27%
Equity			
Share capital	6.89%	6.64%	10.53%
Share premium	9.57%	9.22%	14.63%
Treasury shares	-0.52%	-0.18%	-0.23%
Statutory, voluntary and general reserves	23.11%	22.27%	34.48%
Other components of equity	22.38%	26.15%	27.18%
Retained earnings	12.28%	7.66%	6.89%
Total equity attributable to the owners of the Parent Company	73.71%	71.76%	93.50%
Non-Controlling Interests	0.17%	0.16%	0.23%
Total Equity	73.88%	71.92%	93.73%
Total Equity and Liabilities	100%	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q2-2022	Q2-2021	H1-2022	H1-2021
Revenue				
Sales and contracting revenue	100.00%	100.00%	100.00%	100.00%
Cost of sales and Contracts with Customers	-91.08%	-73.24%	-85.76%	-77.61%
Gross profit	8.92%	26.76%	14.24%	22.39%
Dividend income	23.10%	8.90%	14.49%	4.76%
Other investment gain/ losses	0.34%	-0.18%	0.24%	-0.14%
Share of results of associates	-2.53%	0.18%	7.68%	0.17%
Interest and other income	0.02%	0.03%	0.01%	0.04%
Foreign currency exchange gain	0.46%	0.62%	0.48%	0.45%
	30.31%	36.31%	37.14%	27.67%

Expenses and other charges				
General and administrative expenses	-4.35%	-8.23%	-5.04%	-7.53%
Commercial expenses	-3.09%	-2.63%	-3.05%	-2.72%
(Provision)/ Reversal of provision for doubtful debts	-1.03%	-0.16%	-0.80%	0.17%
Provision for obsolete and slow-moving inventories	-0.34%	-0.31%	-0.23%	-0.11%
Finance costs	-1.93%	-0.00%	-2.17%	-0.03%
	-10.74%	-11.32%	-11.29%	-10.21%

	Q2-2022	Q2-2021	H1-2022	H1-2021
Profit before taxation and Directors' remuneration	19.56%	24.98%	25.85%	17.46%
Taxes relating to overseas subsidiary	-	-0.40%	-	-0.30%
Provision for contribution to KFAS,NLST & Zakat	-2.66%	-0.83%	-1.84%	-0.66%
Provision for directors' remuneration	-0.28%	-0.57%	-0.34%	-0.56%
Profit for the Period	16.63%	23.18%	23.67%	15.94%

- The percentage of gross profit decreased by 11.85% compared to same period of prior year (from 14.24% to 22.39%), due to increase in the cost of sales percentage and low margin in high value orders.
- Dividend income increased from 4.76% in H1-2021 to 14.49%.
- Share of results of associates increased by 7.51% compared to same period of prior year (from 0.17% to 7.68%) due to acquisition of new associate companies in Dec.2021.
- Expenses and other charges percentage increased by 1.08% to 11.29%
- Profit for the year percentage grew by 7.73%.

Thank You

