



شركة الخليج للكابلات والصناعات الكهربائية - الكويت  
Gulf Cable & Electrical Industries Co. K.S.C.P- Kuwait

Date: 21/11/2022

Ref.: GC/ 965 /2022

M/S. Boursa Kuwait Company

Greeting,

**Subject: Analyst Conference Transcript for Q3-2022**

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 Q3-2022 was held through live webcast at 1:00 PM on Sunday 20 November 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 Q3- 2022.

Best regards

Basel Omran Kanaan  
Chief Executive Officer



Cables that pulse with life كابلات تنبض بالحياة

Tel.: 24645500 - 24675244 - Fax: 24675305 - 24675850  
www.gulfcable.com - Cable: WIREGULF - Com. Reg: 23213  
P.O.Box 1196 Safat, Code No. 13012 - Kuwait  
Issued and paid - up Capital KD 20,993,131  
رأس المال المدفوع والمذكور 20,993,131 د.ك.



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

**Cables that** pulse with life

# Earnings Conference Call

20 November 2022

**9M/Q3 - Period Ended 30 September 2022**

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

### **Transcript of the Analysts Conference for Q3 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:** Ladies and gentlemen, good day, and welcome to Gulf Cable 9M/Q3 2022 earnings conference call. This is **Mahmoud El Mahmoud**, Deputy Investment Manager at Gulf Cable & Electrical Industries. Today, we have, **Mr. Basel Kanaan** Gulf Cable's Chief Executive Officer and **Mr. Ahmad Tayem** Executive Director of Finance, on the call with us.

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. Without further delay, I now hand the conference over to the Chief Executive Officer, **Mr. Basel Kannan**.

Thank you, and over to you, **Mr. Basel Kannan**

**Mr. Basel Kanaan:** Thank you **Mr. Mahmoud,**

Thank you very much and good afternoon to everyone, and thank you for joining the nine months and third quarter of 2022 earnings conference call.

Gulf Cable has completed another remarkable nine months with significant progress on various of its strategic initiatives. Besides a very strong operational performance in our Cable business, we have progressed significantly on our investments also during these nine months.

We saw a robust year-on-year growth of 73 percent in revenue and a net profit KD 11.4 million with an increase of 93 percent in the nine months of 2022.

Our performance is to be viewed in conjunction with the current global political and economic scenarios, the broadening of Russian- Ukraine war, high inflation rates and reports of economic slowdown in key economies China, UK, US and many others to follow.

When it comes to Kuwait Market, we noticed that new projects awards declined to a near twenty-year low of KD49 million in third quarter of 2022, down 69 percent quarter to quarter from KD156 million in second quarter of 2022.

In the first nine months of 2022, the total value of project awards reached KD339 million, 63 percent lower on the same period in 2021. However, the operating environment for next quarters in Kuwait is expected to create a positive performance, this is because of the expectation of surplus budget triggered by higher oil prices.

In the midst of these, it is worth to notice that the Group did perform well in nine months of 2022.

The board of the Group is always eager to satisfy the trust of the shareholders that they bestowed upon them. Accordingly, the recently convened Extra-Ordinary General Assembly on 18<sup>th</sup> October 22 has added new objectives to its existing ones and approved to change the name of the Parent Company to Gulf Cable Group and Electrical Industries Company – KPSC.

The recent amendments open a vast area of investment opportunities and offer flexibilities and diversifications for the Group which will be benefited to its shareholders and reflect the size and nature of Group's position.

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

**Mr. Ahmad Tayem:** Thank you **Mr. Basel**,

Good afternoon to everyone, and thanks for joining the call, and I hope you are all doing fine.

I am very pleased to have this opportunity to take you through the financial results and financial position of the Group in respect of the nine months of 2022.

The Group's total revenue increased by a 73 percent from KD 47.4 million in nine months of 2021 to KD 81.8 million in nine months of 2022. EBITDA increased by 96 percent in nine months of 2022, reaching KD 15.3 million, which was KD 7.8 million in nine months of 2021.

The Group's net profit increased by 93 percent to KD 11.4 million in nine months of 2022 compared to KD 5.9 million in nine months of 2021 and earnings per share is 55 fils almost double of nine months of 2021.

The total assets show a 7 percent and total Equity 4 percent decrease as of 30<sup>th</sup> September 2022 in comparison to that of 31<sup>st</sup> December 2021.

At the same time, it is noticeable that the borrowings decreased from KD 72.2 million on 31<sup>st</sup> December 2021 to KD 55.3 million on 30<sup>th</sup> September 2022, resulting a 23 percent decrease due to settlement of total KD 17.5 million borrowings.

The Group's production increased by 59 percent in nine months of 2022 to reach 37.5 thousand MT vs 23.6 thousand MT in nine months of 2021.

**Now moving to slide number 6**, as we mentioned in the previous slide, total revenue increased by a 73 percent from KD 47.4 million to KD 81.8 million, where

the current period total revenue consists of KD 69.7 million from cable sales, KD 9.9 million from investments, and KD 2.2 million from service contracts.

- Our parent company in Kuwait reported KD 55.4 million in cable sales, while our subsidiary company in the Hashemite Kingdom of Jordan reported KD 14.3 million.
- Investments revenue increased to KD 9.9 million in nine months of 2022 from KD 1.4 million in nine months of 2021, as a result of a gain of KD 3.0 million from the share of results associates and KD 6.8 million from dividend income.
- Our subsidiary Al Reaya Company for Buildings and Cities Cleaning Contracting reported KD 2.2 million in service contracts revenue in nine months of 2022.

Also, you may observe that total sales & contracting revenue for the Group increased from KD 46.0 million in nine months of 2021 to KD 71.9 million in nine months of 2022, a growth of 57 percent comparing with the same period of previous year.

As well as quarter to quarter total sales & contracting revenue for the Group increased by 43 percent compared to Q3-2021.

**Now on slide number 7**, for the quarterly analysis of Q3, the largest contributor to parent company's cable sales was the local private sector with sales of KD 19.3 million in Q3 2022 vs KD 8.8 million in Q3 2021 an increase of 119.3 percent. Meanwhile, public/governmental sector contribution in the same period was merely KD 0.9 million in 2022 as opposed to KD 2.0 million in 2021, showing a decline of 54.8 percent.

**Now on slide number 8**, of full nine months, local private sector holds the largest contributor position for cable sales with sales of KD 48.8 million in nine months of 2022 vs KD 25.0 million in nine months of 2021 with a 94.8 percent increase compared to 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 4.3 million in 2022 as opposed to KD 6.1 million in 2021. The export sector sales remain same 2.3 million in nine months of both 2021 and 2022.

**On slide number 9**, we can find the Group's production & sales breakdown by product & material measured in weight. The sales of medium voltage cables increased by 281.3 percent in the nine months of 2022 due to the increased demand from the private sector, mainly from contractors of PAHW project purchase orders in Gulf Cable Kuwait and due to the increase in the export sales to Iraq from Gulf Cable Jordan. Overall, the quantities of cables produced in the nine months of 2022 increased by 51.7 percent compared to the nine months of 2021.

Moving on to some key ratios **on slide number 10**, Gulf Cable's gross profit margin decreased from 21.4 percent in the nine months of 2021 to 13.6 percent in the nine months of 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 17 percent in the nine months of 2021 to 21.3 percent in the nine months of 2022 due to the share of results of associates and dividend income. Also, the net margin grew from 12.9 percent to 15.9 percent.

The Group achieved an increase of 2.1 percent in the ROE (inclusive of investment income) in the nine months of 2022 as opposed to the nine months of 2021.

From the leverage perspective, we can find that 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 in the nine months of 2022 comparing to the nine months of 2021. But to notice the total debt percentage of total assets and debt to equity ratios improved in comparison with FY-2021, due to settlement of KD 17.5 million of borrowings during the nine months of the current year.



**As we can see on slide number 11**, from a financial position perspective, Group's total assets decreased from KD 316.4 million in Dec 2021 to reach KD 293.9 million at the end nine-month period of 2022. This is mainly due to sale of Group's investment in Egypt Kuwait Holding Company during the second quarter and change in fair value of the Investments at FVTOCI.

Non-current liabilities dropped from KD 69.2 million in Dec. 2021 to KD 51.9 million in September 2022 a drop of 25 percent from Dec. 2021 due to settlement of borrowings during the nine months of 2022, while current liabilities grew by 23.5 percent to reach KD 24.3 million in September 2022.

Finally, the Group's total equity showed a decrease of 4.3 percent from KD 227.5 million in Dec. 2021 to KD 217.7 million in September 2022.

From a cash flow perspective, the cash flow from operating activities went from a net cash inflow of KD 3.6 million in the nine months of 2021 to a cash outflow of KD 2.1 million in the nine months of 2022, whereas cash inflow from investing activities is KD 22.8 million in the nine months of 2022 compared to cash outflow of KD 3.5 million in the nine months of 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.

Additionally, there is net cash outflow of financing activities of KD 32.6 million during the nine months of 2022 due to the settlement of borrowings amounted to KD 17.5 million and cash dividend paid to our shareholders amounting to KD 12.4 million.

Overall, the cash and cash equivalents at the end of the period went from KD 10.8 million at the end September of 2021 to KD 7.3 million at the end same period of 2022.

**Moving on to slide number 12**, we 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 26.95 percent and 28.33 percent respectively.

Gulf Cable's share of results in NIC amounted to KD 2.1 million & KD 0.9 million in HEISCO in the nine months 2022. Their shares were (Nil) in same period of 2021, as the Group recognized these companies as associates in December 2021.

During the third quarter of current period, the Group participated in establishment of a company in Kuwait "Gulf and Riyadh Electric Wires, Cables and Electronics Manufacturing Company – WLL" having a total share capital of KD 5 million in which the Gulf Cable has 50 percent ownership, the investment classified as joint venture.

**Proceeding to slide number 13**, we may notice that the size of the investment portfolio of Gulf Cable reduced to KD 106.1 million as of September 2022, a decrease of 17.8 percent compared to Dec. 2021. This is due to a sale of an investment and change in fair value of Group's investments including a 20 percent discounted valuation made on the fair value of our investment in Boursa Kuwait Company shares.

Most of our stakes are local quoted securities which make up around 55.6 percent of our portfolio as of September 2022, followed by 40.7 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 amounted to KD 5.1 million at the end of September 2022, these funds include investments in units of equity investments. Fair value of these investments is determined using the net asset values reported by investment managers.

To conclude from my side, we have a satisfactory nine months performance in the midst of many unfavorable conditions as briefed by our CEO and hope it will continue the remaining quarter 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:** We are proud and happy with the current results of nine months, in these challenging situations that I mentioned earlier.

As you know our revenue and profit from cable products sales are mainly from the local Kuwait market and linked with public sector projects. Even though the awarding of new projects and expedition of delayed projects by the government did not match with our expectations, a rebound is plausible in the fourth quarter as we assume that project activities could accelerate in this quarter. With a newly formed government which will be looking to prioritize Kuwait's development plan, higher oil price & output and controlled inflation give us the hope to produce yet another remarkable result at the end of 2022.

With this, I hand over the call back to **Mr. Mahmoud** for the question-and-answer session. Thank you.

**Mr. Mahmoud El Mahmod:** Thank you **Mr. Basel**. Let us now open the floor for questions and answers session. We have already received a few questions so let's start with those first.

## **Q&A Session:**

- 1. We noticed a decrease in Q3 to Q3 comparison in the net profit. What is the reason for the sharp decline in net profit? and do you expect improvements in next quarter?**

**Mr. Ahmad Tayem:** The reason for this decline is mainly due to the decline in sales to public sector generally generate more percentage of profit. You may notice a 54.8% of decrease in the sales to public sector in comparison of Q3 to Q3, as well as the results shared from associate companies during the third quarter reported a loss of KD 0.5 million.

We hope that we can perform well in Q4 considering the expectations of recovery of capital markets and present cable product's orders in our hand.

- 2. Can you elaborate the reasons and implications of the recently held extraordinary AGM?**

**Mr. Basel Kanaan:** As you all are aware, the Group already have subsidiaries, associate companies and joint venture, so the change of name of the parent company justifies the vision of the board reflecting the size and status of the Group.

The Group is always looking for the best investment opportunities by way of acquisitions or buying shares of Kuwait and foreign companies for the diversification of its investments. Also, the Group's vast managerial expertise and strong financial capabilities can be utilized for the benefit of Group's companies. As well as amending some articles in Memorandum of Association and Articles of Association will keep them in line with current rules and regulations and will provide more growth options.

**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 9M/Q3 2022 earnings conference call and look forward to seeing you all in the 2022 year-end call ahead.

Once again thank you all and wish you all the best.

# 2022

## INVESTORS PRESENTATION

9M/Q3 - Period Ended 30 September 2022



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

**Cables that pulse with life**

# Disclaimer

## FORWARD-LOOKING STATEMENTS

The information set out in this presentation and provided in the discussion subsequent thereto does not constitute an offer or solicitation of an offer to buy or sell securities. It is solely for use as an investor presentation and is provided as information only. This presentation does not contain all of the information that is material to an investor.

This presentation has been prepared by, and is the sole responsibility of, Gulf Cable & Electrical Industries Co. ("Group"). The information herein may be amended and supplemented and may not as such be relied upon for the purpose of entering into any transaction.

This document is furnished to you solely for your information. You may not reproduce it or redistribute it to any other person.

No person shall have any right of action against the Group or any other person in relation to the accuracy or completeness of the information contained in this presentation. Nothing in this presentation shall form the basis of any contract or commitment whatsoever.

No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation, and if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of the Group.

This presentation does not disclose all the risks and other significant issues related to an investment in any securities/transaction. Past performance is not indicative of future results. The Group is under no obligation to update or keep current the information contained herein.

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. These statements may be identified by such words as "may", "plans", "expects", "believes" and similar expressions or by their context. The Group does not assume any obligation to update its views of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein.

## 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 Revenue<sup>1</sup>

↑ +73%

81.8m in 9M-2022  
47.4m in 9M-2021



## EBITDA

↑ +96%

15.3m in 9M-2022  
7.8m in 9M-2021



## Net Profit

↑ +93%

11.4m in 9M-2022  
5.9m in 9M-2021



## EPS

↑ +95%

55 Fils in 9M-2022  
28 Fils in 9M-2021



## Assets

↓ -7%

293.9m in Sept. 2022  
316.4m in Dec. 2021



## Equity

↓ -4%

217.7m in Sept. 2022  
227.5m in Dec. 2021



## Borrowings

↓ -23%

55.3m in Sept. 2022  
72.2m in Dec. 2021



## Production Metric Ton ('000')

↑ +59%

37.5MT in 9M-2022  
23.6MT in 9M-2021

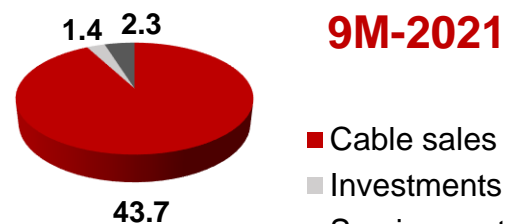
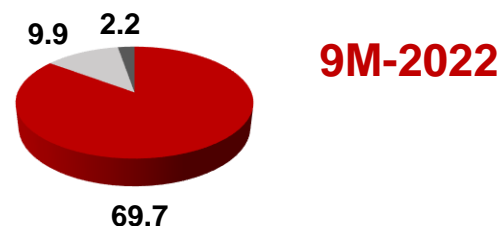
**Note:** all figures are in KWD

<sup>1</sup> Total revenue consist of cable sales, service contracts revenue and investments revenue.

# Financial Overview - Group

## Total Revenue Breakdown

Million - KWD



■ Cable sales  
■ Investments  
■ Service contracts

### In Q3-2022:

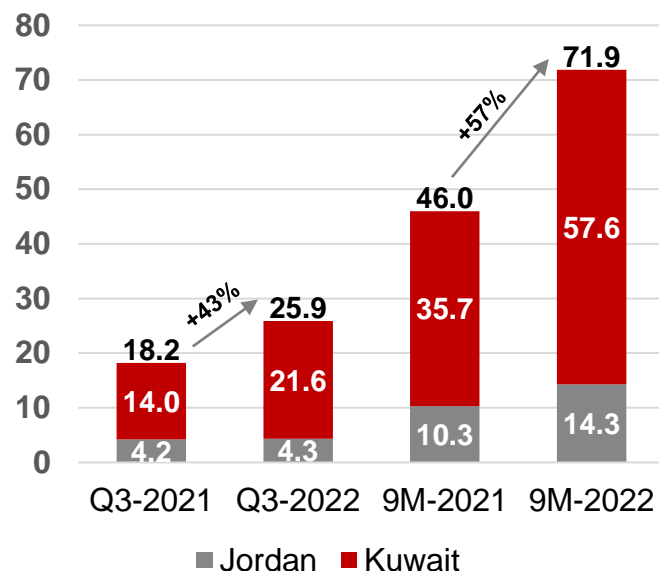
- Total sales & contracting revenue for the Group increased by 43% compared to Q3-2021.
- Net profit for the Group decreased by 64% compared to the same period in 2021

### In 9M-2022:

- Total revenue grew by 73% compared to 9M-2021 from KWD 47.4m to KWD 81.8m.
- Total sales & contracting revenue for the Group increased by 57% compared to 9M-2021.
- Sales & contracting revenue from Kuwait consists of revenue from cable sales, amounted to KWD 55.4m and service contracts revenue, amounted to KWD 2.2m.
- Net profit for the Group increased by 95% compared to the same period in 2021.

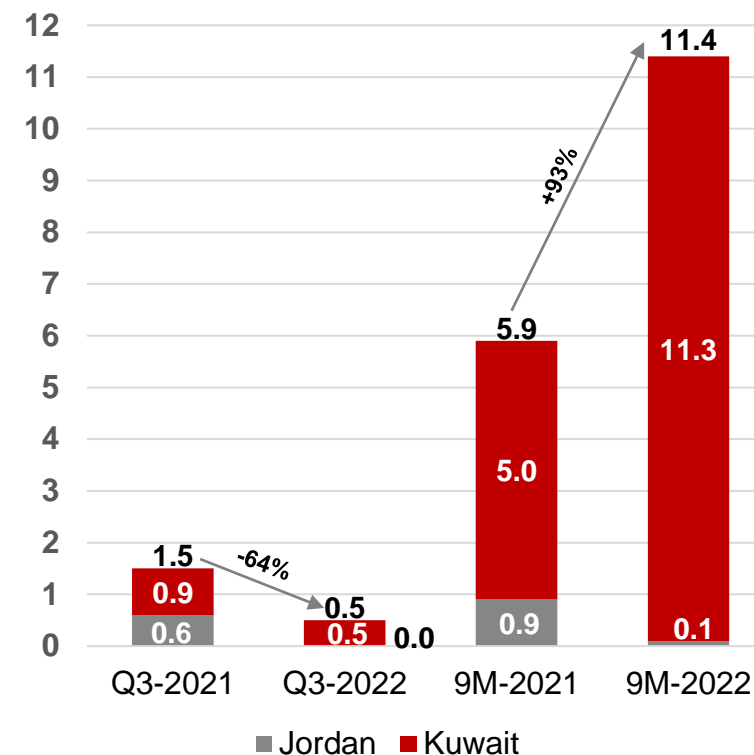
## Sales & Contracting Revenue

Million - KWD



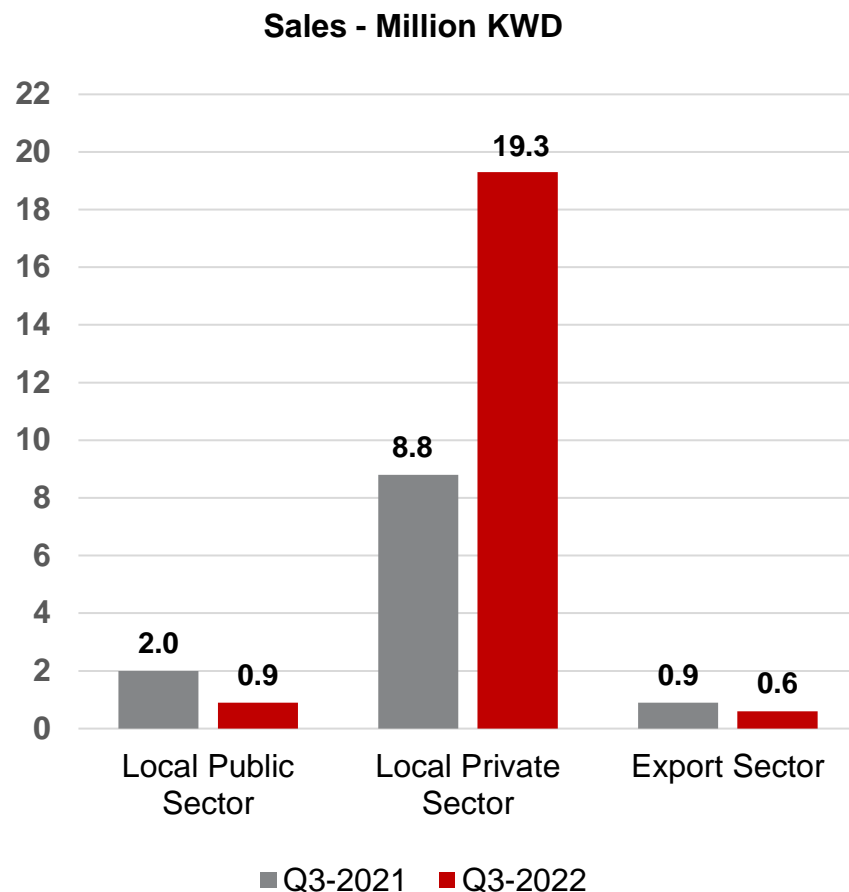
## Net Profit Breakdown by Country

Million - KWD

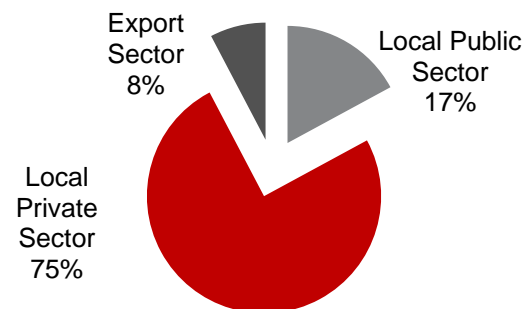


# Financial Overview - Gulf Cable Kuwait

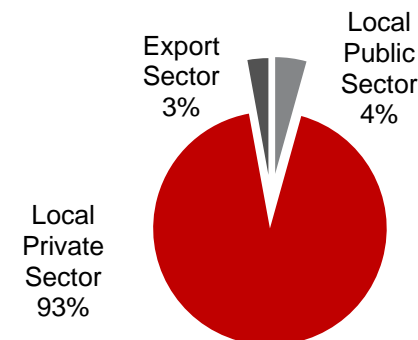
## Breakdown of Cable Sales by Sector – Q3



### Q3-2021



### Q3-2022

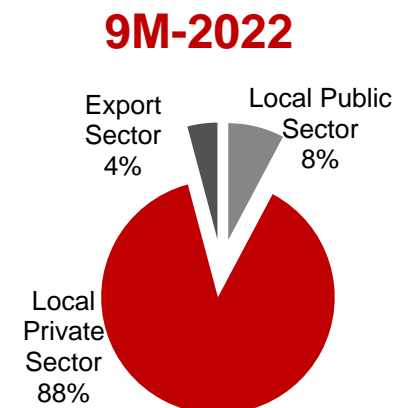
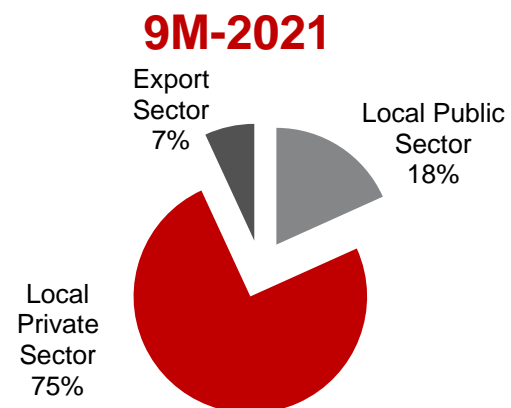
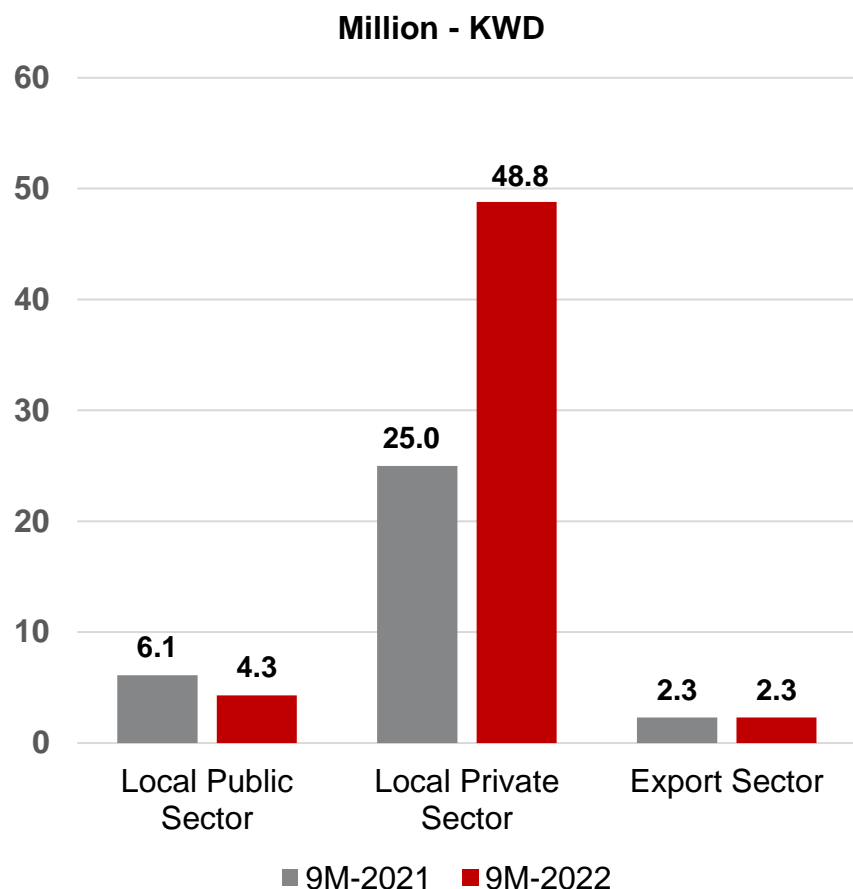


Description (Million, KWD)	Q3-2021	Q3- 2022	Change	% Change
Local Public Sector	2.0	0.9	-1.1	-54.8%
Local Private Sector	8.8	19.3	10.5	119.3%
Export Sector	0.9	0.6	-0.3	-33.4%
<b>Total Cable Sales</b>	<b>11.7</b>	<b>20.8</b>	<b>9.1</b>	<b>78.3%</b>

- Total Cable Sales increased by 78.3% in Q3-2022.
- Sales for the Local Public Sector decreased by 54.8% as a result of less sales for MEW in Q3-2022.
- Sales for the Local Private Sector increased by 119.3% 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 – 9M



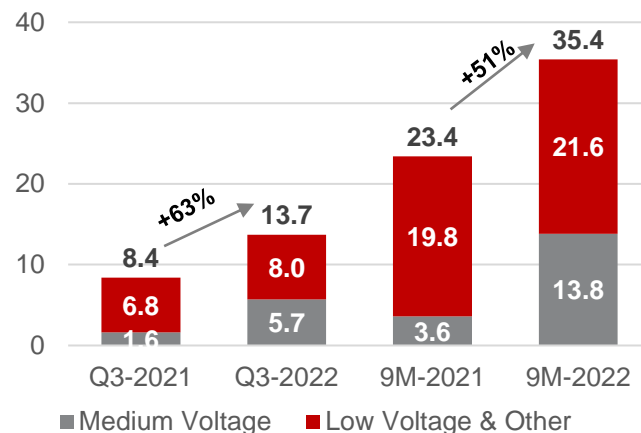
Description (Million, KWD)	9M-2021	9M-2022	Change	% Change
Local Public Sector	6.1	4.3	-1.8	-29.7%
Local Private Sector	25.0	48.8	23.8	94.8%
Export Sector	2.3	2.3	-	-
<b>Total Sales</b>	<b>33.4</b>	<b>55.4</b>	<b>22.0</b>	<b>66.0%</b>

- Total sales increased by 66.0% in 9M-2022 due to increase in sales of medium voltage cables for the Local Private Sector compared to same period of 2021.
- Sales for the Local Public Sector declined by 29.7% compared to 9M-2021 due to the less requirement from MEW.

# Financial Overview – Group Production and Sales by Weight

## Sales Breakdown by Product

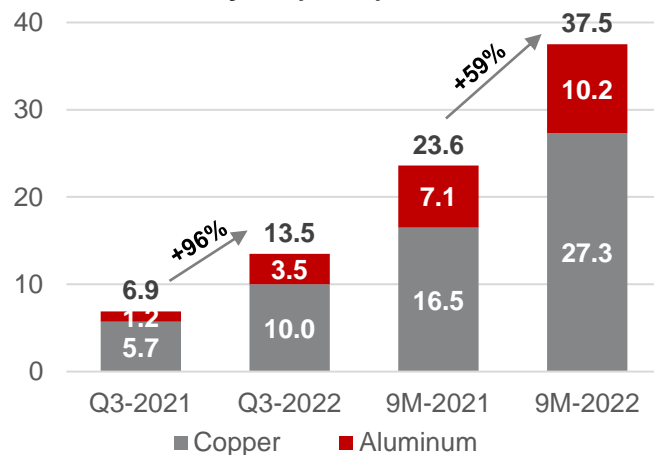
Quantity in ('000') Metric Ton



Sales Breakdown by Product	Q3-2021 MT	Q3-2022 MT	9M-2021 MT	9M-2022 MT	9M %Change
Medium Voltage Cables	1,592	5,674	3,607	13,753	281.3%
Low Voltage and Other Cables	6,836	7,982	19,816	21,635	9.2%
<b>Total Cables</b>	<b>8,428</b>	<b>13,656</b>	<b>23,423</b>	<b>35,389</b>	<b>51.1%</b>

## Production Breakdown by Material

Quantity in ('000') Metric Ton



Production Breakdown by Material	Q3-2021 MT	Q3-2022 MT	9M-2021 MT	9M-2022 MT	9M %Change
Copper Cables (Low & Medium Voltage)	5,702	10,032	16,500	27,288	65.4%
Aluminum Cables (Low & Medium Voltage)	1,150	3,470	7,067	10,240	44.9%
<b>Total Copper &amp; Aluminum Cables</b>	<b>6,852</b>	<b>13,502</b>	<b>23,567</b>	<b>37,528</b>	<b>59.2%</b>

### In 9M-2022:

- The sales weight of medium voltage cables increased by 281.3% as a result of increased demand from the Private Sector, mainly from contractors of PAHW project purchase orders in GC Kuwait also the increase in the export sales for Iraq from GC Jordan.
- Low Voltage Cables displayed an increase of 9.2% compared to 9M-2021.
- The demand for various projects of PAHW in GC Kuwait and export sales from GC Jordan, led to an increase in the quantities of cables produced by 59.2% and total cable sales by 51.1%.

## Financial Overview - Ratio Analysis

Ratios	9M-2021	9M-2022	Change	FY-2021
<b><u>Profitability</u></b>				
Gross Profit Margin - %	21.4%	13.6%	↓ -7.8%	19.8%
EBITDA Margin - %	17.0%	21.3%	↑ 4.3%	28.3%
Net Margin - %	12.9%	15.9%	↑ 3.0%	23.5%
ROA on Average Assets - % (with investment income)	2.8%	3.7%	↑ 1.1%	6.2%
ROE on Average Equity - % (with investment income)	3.0%	5.1%	↑ 2.1%	7.8%
<b><u>Leverage</u></b>				
Total Debt Percentage of Total Assets-%	1.1%	18.8%	↑ 17.7%	22.8%
Debt to Equity Ratio-%	1.1%	25.4%	↑ 24.3%	31.7%
Interest Coverage Ratio	55.0	9.4	↓ -45.6	51.0
<b><u>Liquidity</u></b>				
Current Ratio	8.7	3.6	↓ -5.1	4.4
Quick Ratio	4.4	1.6	↓ -2.8	2.6
Working Capital to Total Assets	0.3	0.2	↓ -0.1	0.2

- Group's gross profit margin decreased from 21.4% to 13.6% on nine months basis from 2021 to 2022. This was due to the increased cost of revenue and low margin on high value purchase orders.
- EBITDA margin grew from 17% in 9M-2021 to 21.3% in 9M-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 9M-2022.
- Total debt percentage of total assets and debt to equity ratios improved in comparison with FY-2021 due settlement of KWD 17.5m of borrowings during the nine months of the current year.
- Interest coverage ratio dropped to 9.4x as finance costs for 9M-2022 increased significantly compared to 9M-2021.
- The Group saw its current ratio levels decline from 8.7x in 9M-2021 to 3.6 in 9M-2022 mainly due to the increase in borrowings & trade accounts payable.

## Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	Dec. 2021	Sept. 2022	Change	% Change
Non-Current Assets	229.3	207.1	-22.2	-9.7%
Current Assets	87.1	86.8	-0.3	-0.4%
<b>Total Assets</b>	<b>316.4</b>	<b>293.9</b>	<b>-22.5</b>	<b>-7.1%</b>
Non-Current Liabilities	69.2	51.9	-17.3	-25.0%
Current Liabilities	19.7	24.3	4.6	23.5%
<b>Total Liabilities</b>	<b>88.9</b>	<b>76.2</b>	<b>-12.7</b>	<b>-14.2%</b>
<b>Total Equity</b>	<b>227.5</b>	<b>217.7</b>	<b>-9.8</b>	<b>-4.3%</b>
<b>Total Liabilities &amp; Equity</b>	<b>316.4</b>	<b>293.9</b>	<b>-22.5</b>	<b>-7.1%</b>




Cash Flow Statement (Million, KWD)	9M-2021	9M-2022	Change	% Change
Profit From Operations	5.9	11.4	5.5	93.3%
Non-Cash Adjustments	0.2	-6.0	-6.2	-2538.6%
Changes in Working Capital	-2.5	-7.5	-5.0	-201.6%
<b>Net Cash Flow - Operating Activities</b>	<b>3.6</b>	<b>-2.1</b>	<b>-5.7</b>	<b>-156.5%</b>
Net Cash Flow - Investing Activities	-3.5	22.8	26.3	740.7%
Net Cash Flow - Financing Activities	-15.4	-32.6	-17.2	-111.1%
<b>Increase / Decrease in Cash and Cash Equivalents</b>	<b>-15.3</b>	<b>-11.9</b>	<b>3.4</b>	<b>22.3%</b>
<b>Cash and Cash Equivalents at Period End</b>	<b>10.8</b>	<b>7.3</b>	<b>-3.5</b>	<b>-32.9%</b>

### In 9M-2022:

- Non-current assets shrank by 9.7% during 9M-2022 compared to Dec 2021 due to decrease in the investments at FVTOCI.
- Current assets of the Group shows a minor decrease of 0.4%.
- Non-current liabilities considerably decreased by 25% as a result of settlement borrowings.
- Shareholder's equity shows a decrease of 4.3%.
- Cash Inflow from investing activities is KWD 22.8m generated from cash dividend income received and from the proceeds from sale of investments at FVTOCI.
- Cash outflow for financing activities reached KWD 32.6m mainly as a result of an early settlement of borrowings amounted to KWD 17.5m and cash dividend paid to shareholders amounted to KWD 12.4m.



## Financial Overview – Investment in Associates & Joint Venture

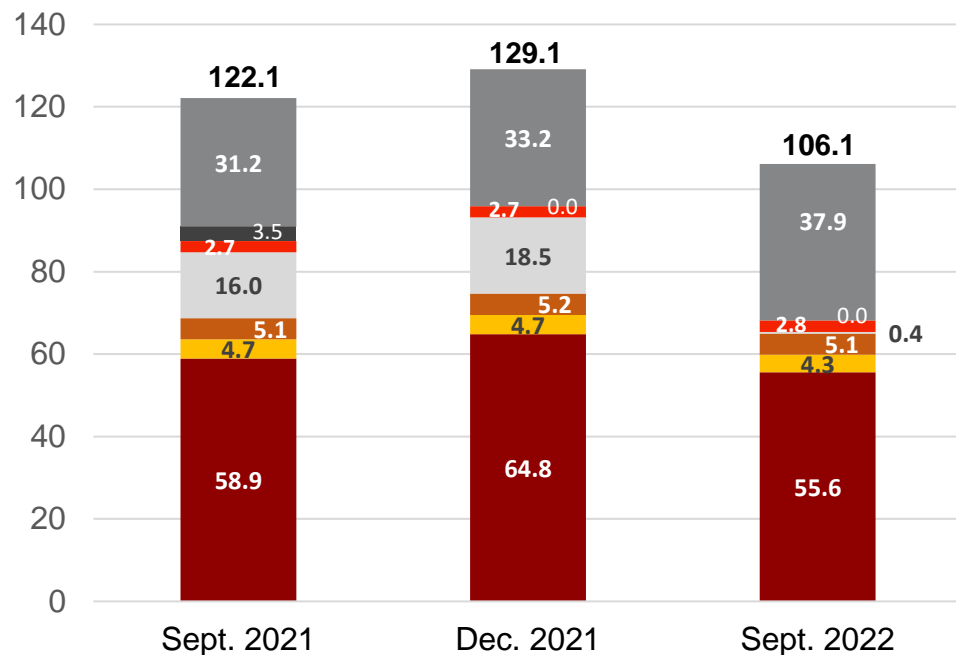
	NIC			HEISCO			Team Holding		
	 شركة الاستثمار الوطنية NATIONAL INVESTMENTS COMPANY			 HEISCO			 TEAM Holding Company شركة مساهمة		
	Sept. 2021	Dec. 2021	Sept 2022	Sept. 2021	Dec. 2021	Sept. 2022	Sept. 2021	Dec. 2021	Sept. 2022
GC Ownership %	-	25.37%	26.95%	-	28.33%	28.33%	47.50%	47.50%	47.50%
Total Net Assets Value	-	216.8m	195.3m	-	68.9m	68.4m	2.4m	2.6m	2.6m
GC Carrying Value of Ownership Interest	-	55.0m	53.9m	-	30.0m	29.8m	1.1m	1.2m	1.2m
	9M-2021	FY-2021	9M-2022	9M-2021	FY-2021	9M-2022	9M-2021	FY-2021	9M-2022
Profit for the Period / Year	-	24.4m	8.8m	-	6.4m	3.2m	0.10m	0.27m	-0.02m
GC Share of Results	-	-	2.1m	-	0.3m	0.9m	0.05m	0.13m	-0.01m

- In Q4-2021, the Group acquired a 25.37% stake in National Investments Co. (NIC) and a 28.33% stake in Heavy Engineering Industries & Shipbuilding Co. (HEISCO).
- The Group increased ownership in NIC to 26.95% during the nine months of the current year.
- GC share of results of NIC is KWD 2.1m for 9M-2022 and (Nil) in 9M-2021, as GC recognized NIC as an associate company at the end of Dec 2021.
- HEISCO share of results is KWD 0.9m for 9M-2022 and (Nil) in 9M-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.
- The Group participated with KWD 2.5m investment in the recently incorporated joint venture- Gulf & Riyadh Electric Wires, Cables and Electronic Manuf. Co. representing 50% ownership.

# Financial Overview - Investments at FVOCI

## Investment Portfolio Breakdown

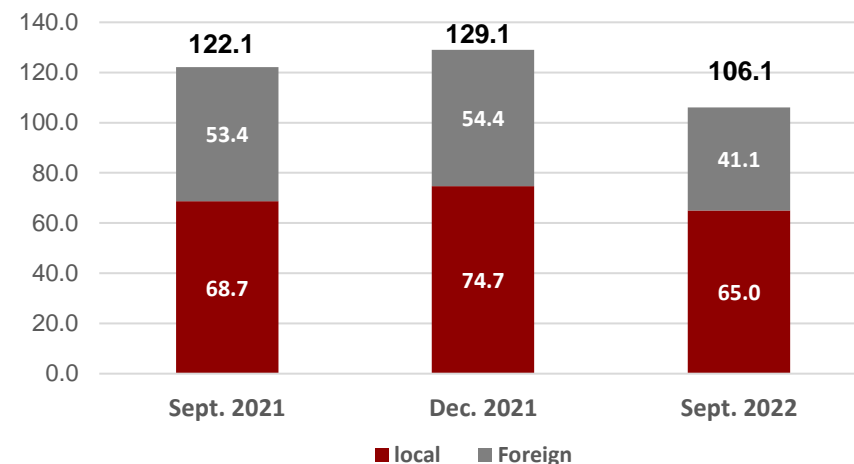
Million - KWD



- 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



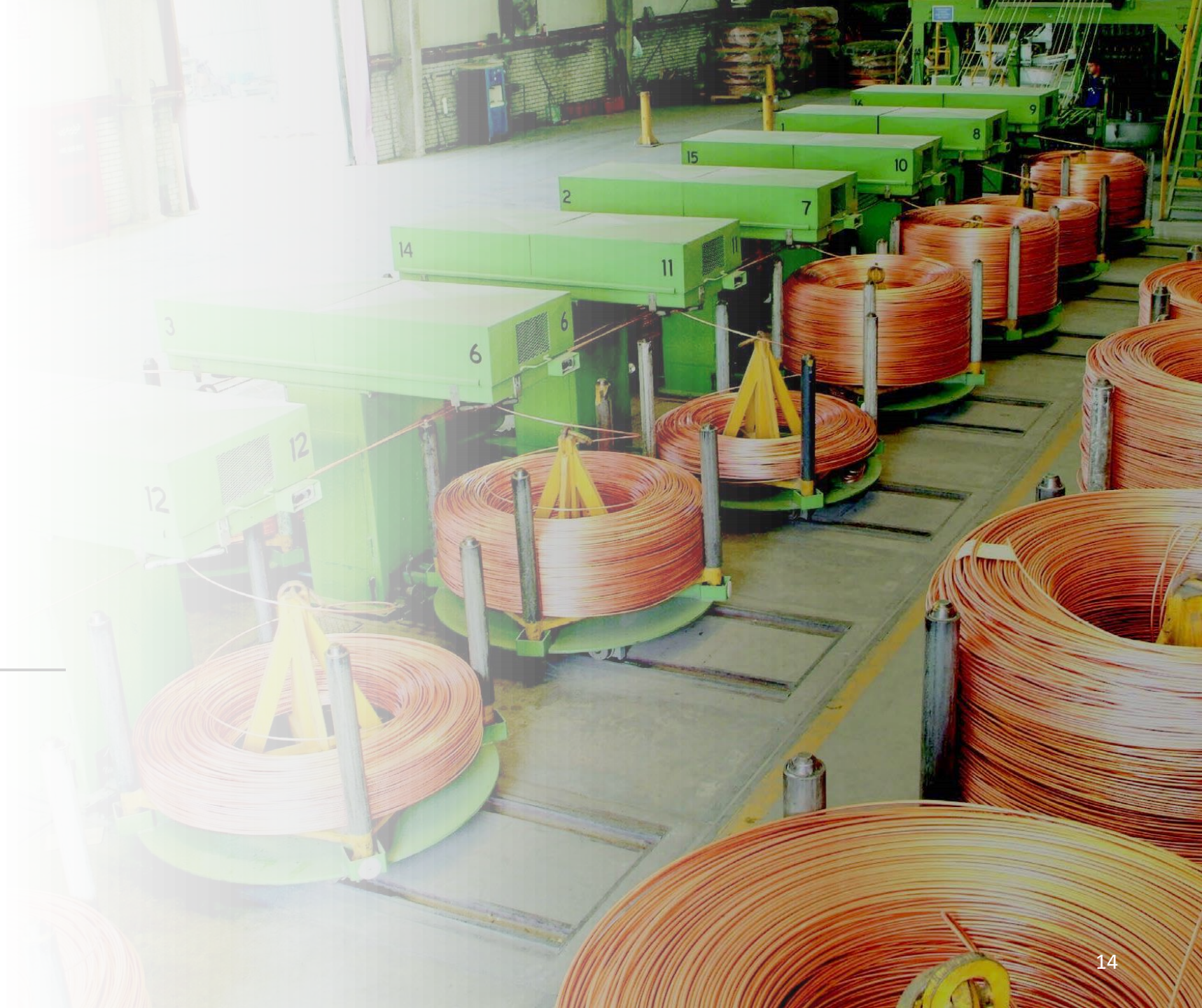
- These investments are held in equity instruments for medium to long term strategic objectives. The Group intends to hold these investments for a long-term period.

### In 9M-2022:

- Total investments at FVOCI decreased by 17.8% from Dec 2021 to Sept. 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 6.8m compared to KWD 1.4m in same period of 2021.

# Appendix

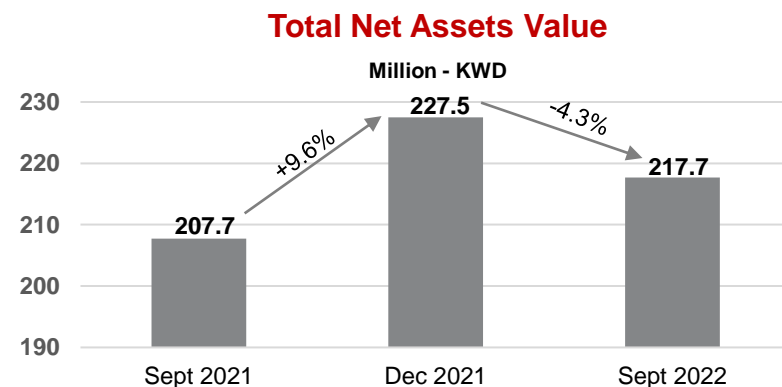
---





# Consolidated Statement of Financial Position

	30 Sept. 2022	31 Dec. 2021	30 Sept. 2021
<b>Assets (KWD)</b>			
<b>Non-current assets</b>			
Goodwill	3,603,180	3,603,180	3,603,180
Property, plant and equipment	9,519,648	9,771,992	9,948,541
Right of use asset	504,727	612,883	648,935
Investment in associates & joint venture	87,400,107	86,168,913	1,162,920
Investments at fair value through other comprehensive income	106,085,413	129,097,281	122,094,542
	<b>207,113,075</b>	<b>229,254,249</b>	<b>137,458,118</b>
<b>Current assets</b>			
Inventories	47,139,455	35,196,042	42,501,246
Trade accounts receivable	29,528,097	31,788,814	31,500,839
Other receivables and prepayments	1,885,180	1,134,062	1,333,915
Investments at fair value through profit or loss	302,126	-	-
Cash and cash equivalents	7,892,150	18,981,488	10,848,848
	<b>86,747,008</b>	<b>87,100,406</b>	<b>86,184,848</b>
<b>Total Assets</b>	<b>293,860,083</b>	<b>316,354,655</b>	<b>223,642,966</b>



	30 Sept. 2022	31 Dec. 2021	30 Sept. 2021
<b>Liabilities (KWD)</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits	4,554,448	4,410,937	4,177,116
Terms loans	18,534,495	26,334,495	1,534,495
Islamic financing facilities	28,526,316	38,000,000	-
Lease liabilities	286,437	428,888	425,327
	<b>51,901,696</b>	<b>69,174,320</b>	<b>6,136,938</b>
<b>Current liabilities</b>			
Trade accounts payable	7,774,504	2,038,235	2,086,637
Other payables and accruals	8,121,555	9,662,081	6,761,830
Lease liabilities	151,416	151,416	151,416
Term loans-current portion	5,800,000	5,818,161	842,401
Islamic financing facilities-current portion	1,815,789	2,000,000	-
Due to banks	619,406	-	8,136
	<b>24,282,670</b>	<b>19,669,893</b>	<b>9,850,420</b>
<b>Total Liabilities</b>	<b>76,184,366</b>	<b>88,844,213</b>	<b>15,987,358</b>

<b>Equity (KWD)</b>			
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)	(575,724)
Statutory, voluntary and general reserves	70,459,281	70,459,281	68,740,454
Other components of equity	60,137,088	82,741,073	73,658,664
Retained earnings	37,975,628	24,227,964	15,190,206
<b>Total equity attributable to the owners of the Parent Company</b>	<b>217,149,581</b>	<b>227,005,800</b>	<b>207,166,806</b>
Non-Controlling Interests	526,136	504,642	488,802
<b>Total Equity</b>	<b>217,675,717</b>	<b>227,510,442</b>	<b>207,655,608</b>
<b>Total Equity and Liabilities</b>	<b>293,860,083</b>	<b>316,354,655</b>	<b>223,642,966</b>

# Consolidated Statement of Profit or Loss

	Q3-2022	Q3-2021	9M-2022	9M-2021
<b>Revenue (KWD)</b>				
Sales and contracting revenue	25,915,801	18,177,608	71,952,491	45,979,060
Cost of revenue	(22,674,319)	(14,554,012)	(62,155,638)	(36,131,668)
<b>Gross profit</b>	<b>3,241,482</b>	<b>3,623,596</b>	<b>9,796,853</b>	<b>9,847,392</b>
Dividend income	90,500	80,020	6,760,934	1,404,273
Other investment gain/(losses)	15,036	6,823	124,810	(33,012)
Share of results of associates & joint venture	(536,787)	11,723	3,000,447	58,991
Interest & other income	18,608	865	24,662	11,542
Foreign currency exchange gain	159,928	41,624	378,048	167,247
	<b>2,988,767</b>	<b>3,764,651</b>	<b>20,085,754</b>	<b>11,456,433</b>
<b>Expenses and other charges (KWD)</b>				
General and administrative expenses	(1,020,748)	(1,354,010)	(3,338,745)	(3,446,424)
Commercial expenses	(621,062)	(385,364)	(2,026,940)	(1,142,416)
Provision for doubtful debts	(143,665)	(169,423)	(513,176)	(121,657)
Provision for obsolete and slow-moving inventories	(1,874)	5,027	(107,095)	(24,844)
Finance costs	(496,621)	(114,966)	(1,496,774)	(122,282)
	<b>(2,283,970)</b>	<b>(2,018,736)</b>	<b>(7,482,730)</b>	<b>(4,857,623)</b>

	Q3-2022	Q3-2021	9M-2022	9M-2021
<b>Profit before taxation and Directors' remuneration</b>	<b>704,797</b>	1,745,915	12,603,024	6,598,810
Taxes relating to overseas subsidiary	(31,082)	(106,996)	(31,082)	(190,050)
Provision for contribution to KFAS, NLST & Zakat	(59,525)	(79,035)	(907,326)	(261,193)
Provision for directors' remuneration	(77,500)	(77,500)	(232,500)	(232,500)
<b>Profit for the Year</b>	<b>536,690</b>	<b>1,482,384</b>	<b>11,432,116</b>	<b>5,915,067</b>
<b>Profit for the year attributable to:</b>				
Owners of the Parent Company	536,167	1,451,697	11,424,328	5,864,801
Non-controlling interests	523	30,687	7,788	50,266
<b>Profit for the Year</b>	<b>536,690</b>	<b>1,482,384</b>	<b>11,432,116</b>	<b>5,915,067</b>
<b>Earnings Per share</b>	<b>3 Fils</b>	<b>7 Fils</b>	<b>55 Fils</b>	<b>28 Fils</b>

# Common Size Analysis - Consolidated Statement of Financial Position

	30 Sept. 2022	31 Dec 2021	30 Sept. 2021
<b>Assets (KWD)</b>			
<b><u>Non-current assets</u></b>			
Goodwill	1.23%	1.14%	1.61%
Property, plant and equipment	3.24%	3.09%	4.45%
Right of use asset	0.17%	0.19%	0.29%
Investment in associates & joint venture	29.74%	27.24%	0.52%
Investments at fair value through other comprehensive income	36.10%	40.81%	54.59%
	70.48%	72.47%	61.46%
<b><u>Current assets</u></b>			
Inventories	16.04%	11.13%	19.00%
Trade accounts receivable	10.05%	10.05%	14.09%
Other receivables and prepayments	0.64%	0.36%	0.60%
Investments at fair value through profit or loss	0.10%	-	-
Cash and cash equivalents	2.69%	6.00%	4.85%
	29.52%	27.53%	38.54%
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

- The percentage of total non-current assets has dropped from 72.47% in Dec. 2021 to 70.48% in Sept. 2022, on the other hand the percentage of total current assets has risen from 27.53% to 29.52%.
- The percentage of total liabilities has dropped from 28.08% in Dec. 2021 to 25.93% in Sept. 2022, on the other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 71.76% to 73.89%.

	30 Sept. 2022	31 Dec 2021	30 Sept. 2021
<b>Liabilities (KWD)</b>			
<b><u>Non-current liabilities</u></b>			
Provision for employees' end of service benefits	1.55%	1.39%	1.87%
Terms loans	6.31%	8.32%	0.69%
Islamic financing facilities	9.71%	12.01%	-
Lease liabilities	0.10%	0.14%	0.19%
	17.66%	21.86%	2.75%
<b><u>Current liabilities</u></b>			
Trade accounts payable	2.65%	0.64%	0.93%
Other payables and accruals	2.76%	3.05%	3.02%
Lease liabilities	0.05%	0.05%	0.07%
Term loans-current portion	1.97%	1.84%	0.38%
Islamic financing facilities-current portion	0.62%	0.63%	-
Due to banks	0.21%	-	-
	8.26%	6.22%	4.40%
<b>Total Liabilities</b>	<b>25.93%</b>	<b>28.08%</b>	<b>7.15%</b>
<b>Equity</b>			
Share capital	7.14%	6.64%	9.39%
Share premium	9.92%	9.22%	13.04%
Treasury shares	-0.53%	-0.18%	-0.26%
Statutory, voluntary and general reserves	23.98%	22.27%	30.74%
Other components of equity	20.46%	26.15%	32.94%
Retained earnings	12.92%	7.66%	6.79%
<b>Total equity attributable to the owners of the Parent Company</b>	<b>73.89%</b>	<b>71.76%</b>	<b>92.63%</b>
Non-Controlling Interests	0.18%	0.16%	0.22%
<b>Total Equity</b>	<b>74.07%</b>	<b>71.92%</b>	<b>92.85%</b>
<b>Total Equity and Liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Common Size Analysis - Consolidated Statement of Profit or Loss

	Q3-2022	Q3-2021	9M-2022	9M-2021
<b>Revenue</b>				
Sales and contracting revenue	100.00%	100.00%	100.00%	100.00%
Cost of sales and Contracts with Customers	-87.49%	-80.07%	-86.38%	-78.58%
<b>Gross profit</b>	<b>12.51%</b>	<b>19.93%</b>	<b>13.62%</b>	<b>21.42%</b>
Dividend income	0.35%	0.44%	9.40%	3.05%
Other investment gain/ losses	0.06%	0.04%	0.17%	-0.07%
Share of results of associates & joint venture	-2.07%	0.06%	4.17%	0.13%
Interest and other income	0.07%	0.00%	0.03%	0.03%
Foreign currency exchange gain	0.62%	0.23%	0.53%	0.36%
	<b>11.54%</b>	<b>20.71%</b>	<b>27.92%</b>	<b>24.92%</b>

<b>Expenses and other charges</b>				
General and administrative expenses	-3.94%	-7.45%	-4.64%	-7.50%
Commercial expenses	-2.40%	-2.12%	-2.82%	-2.48%
Provision for doubtful debts	-0.55%	-0.93%	-0.71%	-0.26%
Provision for obsolete and slow-moving inventories	-0.01%	0.03%	-0.15%	-0.05%
Finance costs	-1.92%	-0.63%	-2.08%	-0.27%
	<b>-8.82%</b>	<b>-11.11%</b>	<b>-10.40%</b>	<b>-10.56%</b>

	Q3-2022	Q3-2021	9M-2022	9M-2021
<b>Profit before taxation and Directors' remuneration</b>	<b>2.72%</b>	9.60%	<b>17.52%</b>	14.35%
Taxes relating to overseas subsidiary	-0.12%	-0.59%	-0.04%	-0.41%
Provision for contribution to KFAS,NLST & Zakat	-0.23%	-0.43%	-1.26%	-0.57%
Provision for directors' remuneration	-0.30%	-0.43%	-0.32%	-0.51%
<b>Profit for the Period</b>	<b>2.07%</b>	<b>8.16%</b>	<b>15.89%</b>	<b>12.86%</b>

- The percentage of gross profit for nine-month period decreased by 7.80% compared to same period of prior year (from 21.42% to 13.62%), due to increase in the cost of sales percentage and low margin in high value orders.
- Dividend income increased from 3.05% in 9M-2021 to 9.40%.
- Share of results of associates & joint venture increased by 4.04% for nine-month results compared to same period of prior year (from 0.13% to 4.17%) due to acquisition of new associate companies in Dec.2021.
- Expenses and other charges percentage decreased by 0.16% to 10.40%
- Profit percentage for the nine-month period grew by 3.03%.



# Thank You

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

