



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/219/2022** : الإشارة

Date: **07 APR 2022**

التاريخ :

M/S.: Boursa Kuwait Company

Greeting,

Subject: Analysts/Investors Conference Presentation for 2021

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

WE would like to advise that Analysts/Investors Conference for 2021 was held through live webcast at 1:30 PM on Thursday 07 April 2022, kindly note that during the conference there was no disclosure of any material information had been discussed.

We will disclose the Conference Minutes of Meeting within 3 working days after the Conference.

Attached is the Investors Presentation 2021 for your reference.

Best regards

Basel Omran Kanaan
Chief Executive Officer





2021

Investors Presentation

Year Ended 31 December 2021



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

Our Vision

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

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

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

Contents

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Performance Highlights



Total Revenue¹

↑ +2.6%

81.3m in 2021
79.3m in 2020



EBITDA

↑ +144%

19.4m in 2021
7.9m in 2020



Net Profit

↑ +188%

16.1m in 2021
5.6m in 2020



EPS

↑ +185%

77 Fils in 2021
27 Fils in 2020



Assets

↑ +56%

316.4m in 2021
202.8m in 2020



Equity

↑ +22%

227.5m in 2021
186.3m in 2020



Dividend

↑ +20%

60 fils² in 2021
50 fils in 2020



Production Metric Ton ('000')

↓ -39%

33.6MT in 2021
54.8MT in 2020

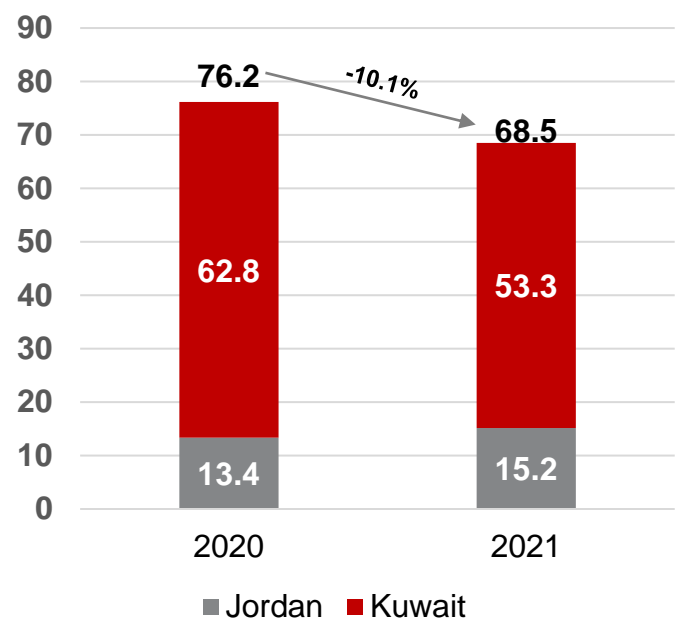
Note: all figures are in KWD

¹ Total revenue consist of cable sales, contracting revenue and investment revenue.

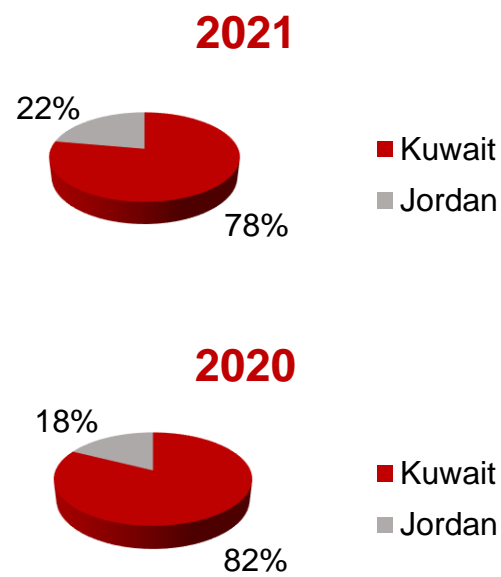
² Proposed by the Board of Directors and subject to General Assembly approval.

Financial Overview - Group

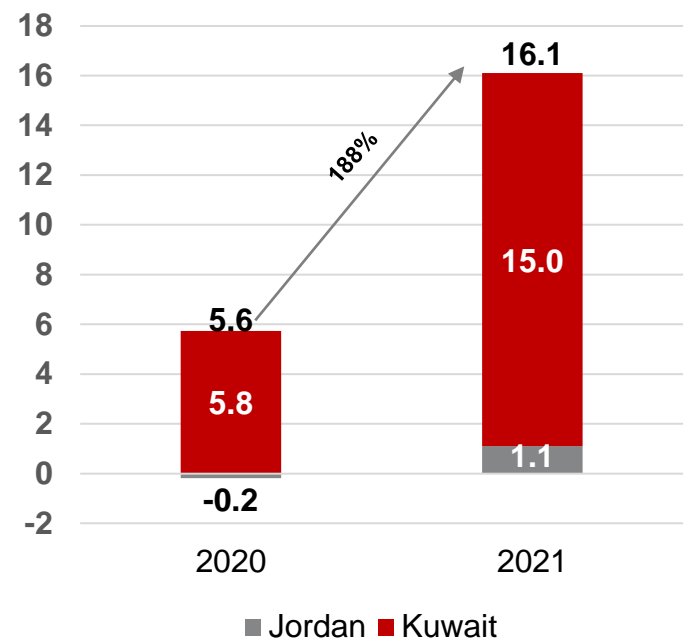
Sales & Contracting Revenue
Million - KWD



Sales & Contracting Revenue
Breakdown by Country



Net Profit Breakdown by Country
Million - KWD

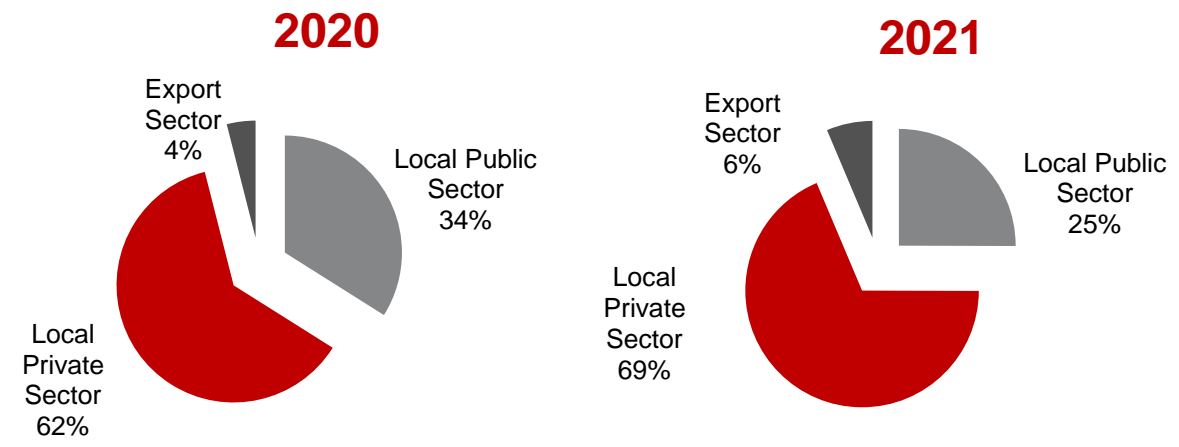
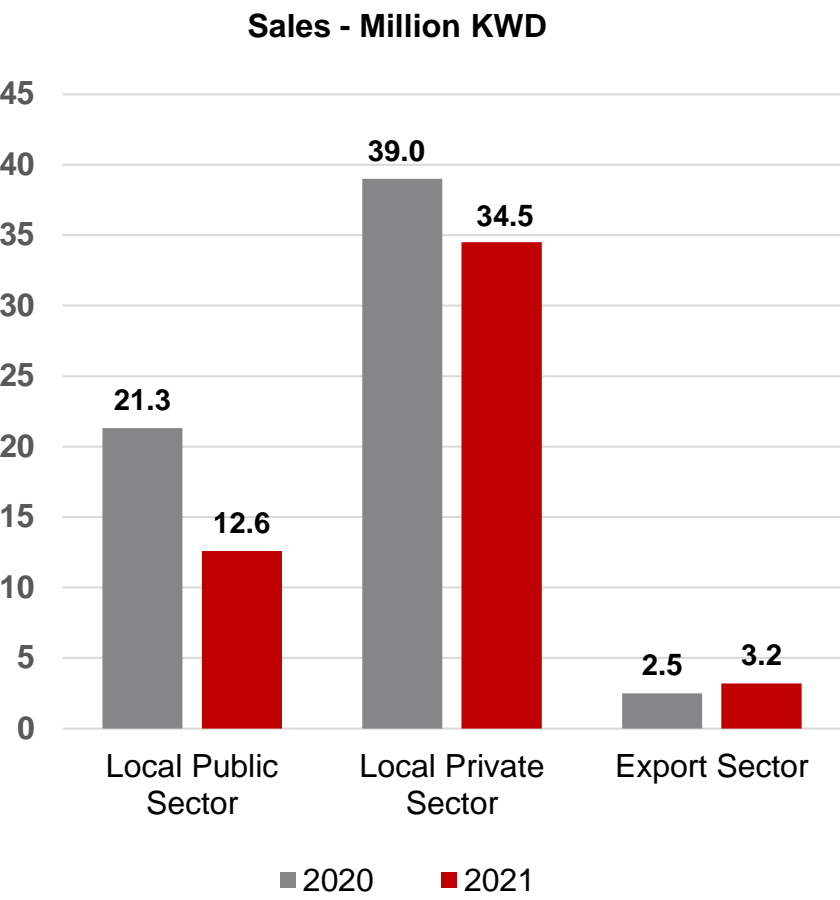


In 2021:

- Total sales & contracting revenue for the Group decreased by 10.1% compared to 2020.
- Gulf Cable - Jordan increased its share in total revenue from 18% in 2020 to 22% in 2021.
- Net profit for the Group increased by 188% compared to 2020.

Financial Overview - Gulf Cable Kuwait

Breakdown of Cable Sales by Sector

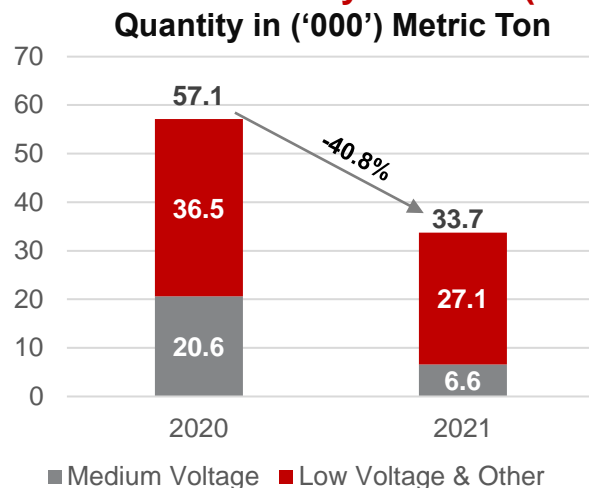


Description (Million, KWD)	2020	2021	Change	% Change
Local Public Sector	21.3	12.6	-8.7	-40.8%
Local Private Sector	39.0	34.5	-4.5	-11.5%
Export Sector	2.5	3.2	0.7	28.0%
Total Cable Sales	62.8	50.3	-12.5	-19.9%

- Total Cable sales decreased by 19.9% in 2021 mainly due to:
- Sales for the Local Public Sector declined by 40.8%, mainly due to decrease in medium voltage cables sales compared to 2020.
 - Sales for the Local Private Sector declined by 11.5% compared to 2020 due to the impact of higher of metal prices and less projects.
 - Export Sector sales showed a 28.0% growth as movement to GCC markets eased.

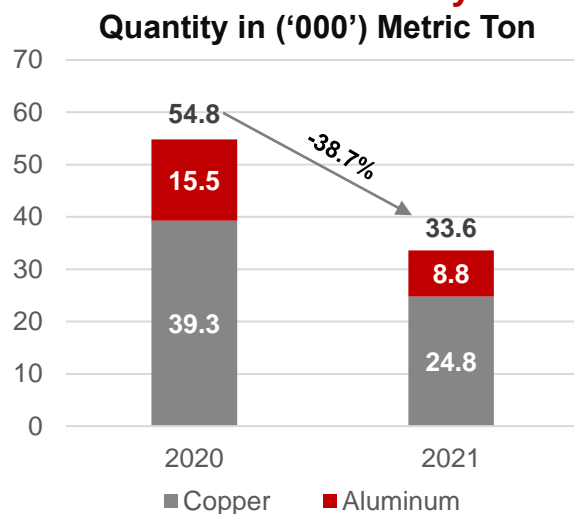
Financial Overview - Production and Sales by Weight

Sales Breakdown by Product (weight)



Sales Breakdown by Product (Weight)	2020 MT	2021 MT	% Change
Medium Voltage Cables	20,607	6,637	-67.8%
Low Voltage and Other Cables	36,452	27,130	-25.6%
Total Cables	57,059	33,767	-40.8%

Production Breakdown by Material



Production Breakdown by Material	2020 MT	2021 MT	% Change
Copper Cables (Low & Medium Voltage)	39,304	24,772	-37.0%
Aluminum Cables (Low & Medium Voltage)	15,480	8,794	-43.2%
Total Copper & Aluminum Cables	54,784	33,566	-38.7%

In 2021:

- The sales weight of medium voltage cables decreased by 67.8% as a result of significant decrease in sales to governmental sector. Sales to local projects were also less compared to 2020.
- Continued higher metal prices led to a drop in the quantities of cables production by 38.7% and total cables' sales by 40.8%.

Financial Overview - Ratio Analysis

Ratios	FY2020	FY2021	Change	
<u>Profitability</u>				
Gross Profit Margin - %	11.5%	19.8%	↑	8.3%
EBITDA Margin - %	10.4%	28.3%	↑	17.9%
Net Margin - %	7.3%	23.5%	↑	16.2%
ROA on Average Assets - % (with investment income)	2.8%	6.2%	↑	3.4%
ROE on Average Equity - % (with investment income)	3.1%	7.8%	↑	4.7%
<u>Leverage</u>				
Total Debt Percentage of Total Assets-%	1.8%	22.8%	↑	21.0%
Debt to Equity Ratio-%	2.0%	31.7%	↑	29.7%
Interest Coverage Ratio	17.2	51.0	↑	33.8
<u>Liquidity</u>				
Current Ratio	7.8	4.4	↓	-3.4
Quick Ratio	4.5	2.6	↓	-1.9
Working Capital to Total Assets	0.4	0.2	↓	-0.2

- Group's gross profit margin increased from 11.5% to 19.8% between 2020 to 2021. This was partly due to reduced cost of sales and due to the government tenders awarded with relatively high profit margins due to preferential advantage for national products.
- The Group's outstanding debt increased by KWD 68.5m which led to the increase in debt ratios for 2021.
- Interest coverage ratio reached 51x as EBIT for 2021 increased by 162%
- The Group saw its current ratio levels decline from 7.8x in 2020 to 4.4x in 2021 mainly due to the increased borrowings and decrease in current assets.

Financial Overview - Financial Position & Cash Flow Statements




Financial Position (Million, KWD)	Dec. 2020	Dec. 2021	Change	% Change
Non-Current Assets	105.0	229.3	124.3	118.5%
Current Assets	97.8	87.1	-10.7	-11.0%
Total Assets	202.8	316.4	113.6	56.0%
Non-Current Liabilities	3.9	69.2	65.3	1,660.5%
Current Liabilities	12.6	19.7	7.1	56.8%
Total Liabilities	16.5	88.9	72.4	439.2%
Total Equity	186.3	227.5	41.2	22.1%
Total Liabilities & Equity	202.8	316.4	113.6	56.0%

Cash Flow Statement (Million, KWD)	FY2020	FY2021	Change	% Change
Profit From Operations	5.6	16.1	10.5	189.9%
Non-Cash Adjustments	-1.1	-8.3	-7.2	-693.0%
Changes in Working Capital	-19.2	5.8	25.0	130.0%
Net Cash Flow - Operating Activities	-14.7	13.6	28.3	-192.2%
Net Cash Flow - Investing Activities	28.8	-74.9	-103.7	-359.9%
Net Cash Flow - Financing Activities	-12.3	54.1	66.4	538.5%
Increase / Decrease in Cash and Cash Equivalents	1.8	-7.2	-9.0	-508.0%
Cash and Cash Equivalents at Period End	26.2	19.0	-7.2	-27.7%

In 2021:

- Non-current assets grew by 118.5% due to increase in the investment in associates and in fair value of Investments at FVTOCI.
- Current assets of the Group decreased by 11.0% mainly as a result of cash dividend distributed during the current period to the shareholders (50 Fils/share for 2020) and decrease in inventories balance.
- Non-current liabilities increased mainly as a result of the long-term borrowings for acquiring associate companies and allocated from the identifiable net assets of the acquired subsidiary.
- Shareholder's equity increased by 22.1%.
- Cash inflow for financing activities reach to KWD 54.1m in 2021 mainly as a result of borrowings for the acquisition of associate Companies.
- Cash outflow for investing activities reach to KWD 74.9m in 2021 for the acquisition of subsidiary and associate Companies.

Financial Overview – Investment in Associates

	NIC	HEISCO	Team Holding
	 شركة الاستثمار الوطنية NATIONAL INVESTMENTS COMPANY	 HEISCO	 TEAM Holding Company شركة استثمار الخليج
GC Ownership %	25.4%	28.3%	47.5%
Total Net Assets Value	216.8m	68.9m	2.6m
Profit for Year 2021	24.4m	6.4m	0.3m
GC Carrying Value of Ownership Interest	55.0m	19.5m	1.2m
Gain on bargain purchase	10.8m	---	---
Goodwill	---	10.4m	---
GC Share of results	---	0.3m	0.1m

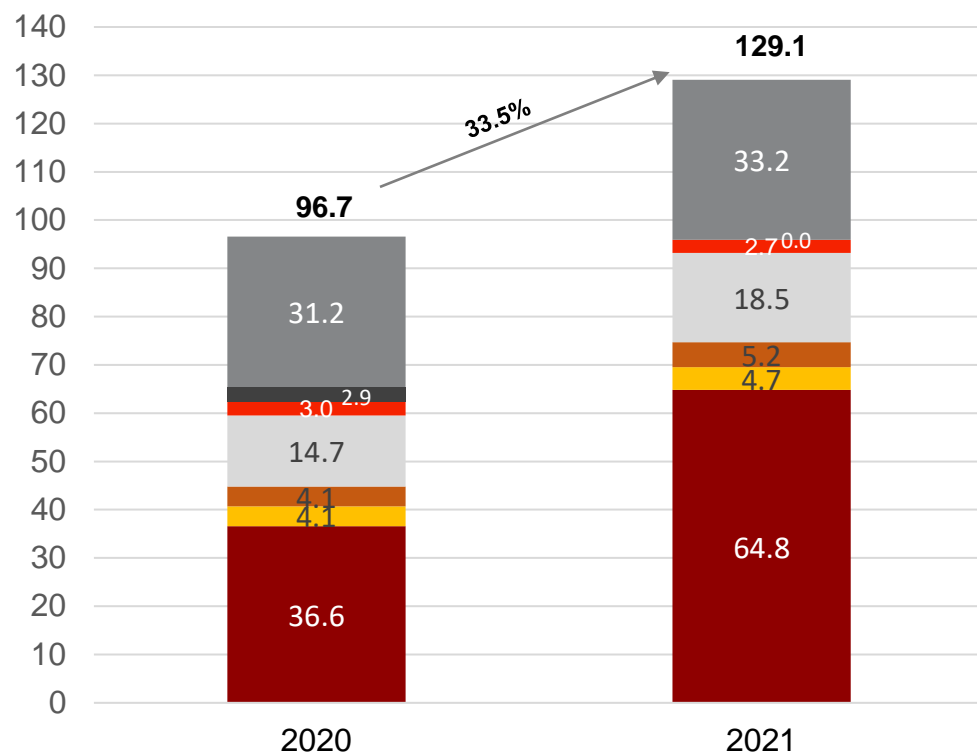
- During 2021, the Group acquired a 25.4% stake in National Investments Co. (NIC) and a 28.3% stake in Heavy Engineering Industries & Shipbuilding Co. (HEISCO).
- GC share of results of NIC amount represents (Nil) as GC recognized NIC as an associate company at the end of December 2021.
- HEISCO share of results amount represents one month only (December 2021) as GC recognized NIC as an associate company at the beginning of December 2021.

Note: Full year 2021 figures in KWD.

Financial Overview - Investments at FVOCI

Investment Portfolio Breakdown

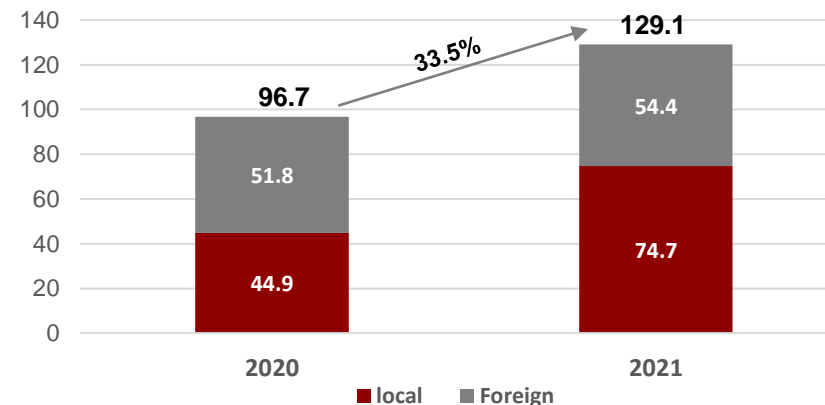
Million - KWD



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

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

In 2021

- Total investments at FVOCI increased by 33.5% compared to 2020.
- Gain on sale of investments amounted to KWD 1m compared to KWD 10m in 2020.
- Dividend income on investments held at the end of the period amounted to KWD 1.4m compared to KWD 3.1m in 2020.

Appendix

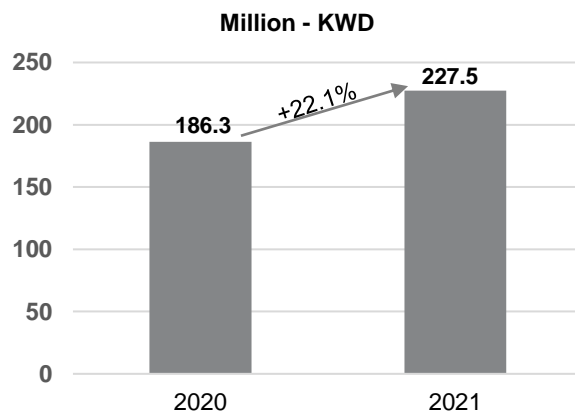


Consolidated Statement of Financial Position

	31 Dec. 2021	31 Dec. 2020
Assets (KWD)		
<u>Non-current assets</u>		
Goodwill	3,603,180	-
Property, plant and equipment	9,771,992	7,160,670
Right of use asset	612,883	-
Investment in associates	86,168,913	1,103,929
Investments at fair value through other comprehensive income	129,097,281	96,671,328
	229,254,249	104,935,927
<u>Current assets</u>		
Inventories	35,196,042	41,319,685
Trade accounts receivable	31,788,814	29,606,122
Other receivables and prepayments	1,134,062	657,532
Cash and cash equivalents	18,981,488	26,257,513
	87,100,406	97,840,852
Total Assets	316,354,655	202,776,779

	31 Dec. 2021	31 Dec. 2020
Liabilities (KWD)		
<u>Non-current liabilities</u>		
Provision for employees' end of service benefits	4,410,937	3,929,186
Terms loans	26,334,495	-
Islamic financing facilities	38,000,000	-
Lease liabilities	428,888	-
	69,174,320	3,929,186
<u>Current liabilities</u>		
Trade accounts payable	2,038,235	1,702,884
Other payables and accruals	9,662,081	7,179,352
Lease liabilities	151,416	-
Term loans-current portion	5,818,161	3,646,476
Islamic financing facilities-current portion	2,000,000	-
Due to banks	-	18,694
	19,669,893	12,547,406
Total Liabilities	88,844,213	16,476,592

Total Net Assets Value



Equity (KWD)		
Share capital	20,993,131	20,993,131
Share premium	29,160,075	29,160,075
Treasury shares	(575,724)	(454,480)
Statutory, voluntary and general reserves	70,459,281	68,740,454
Other components of equity	82,741,073	47,981,962
Retained earnings	24,227,964	19,437,247
Total equity attributable to the owners of the Parent Company	227,005,800	185,858,389
Non-Controlling Interests	504,642	441,798
Total Equity	227,510,442	186,300,187
Total Equity and Liabilities	316,354,655	202,776,779

Consolidated Statement of Profit or Loss

	31 Dec. 2021	31 Dec. 2020
Revenue (KWD)		
Sales and contracting revenue	68,490,740	76,148,034
Cost of revenue	(54,929,195)	(67,390,625)
Gross profit	13,561,545	8,757,409
Dividend income	1,614,982	3,069,163
Other investment losses	(19,563)	(2,664)
Share of results of associates	411,251	39,578
Gain on bargain purchase of an associate	10,834,531	-
Interest and other income	39,669	129,613
Foreign currency exchange gain	201,756	342,653
	26,644,171	12,335,752
Expenses and other charges (KWD)		
General and administrative expenses	(5,070,842)	(3,701,465)
Commercial expenses	(1,794,983)	(1,576,008)
Provision for doubtful debts– net	(1,810,016)	(365,912)
Provision for other receivables	(57,900)	-
(Provision)/reversal of provision for obsolete and slow-moving inventories – net	(27,074)	143,095
Finance costs	(350,316)	(397,079)
	(9,111,131)	(5,897,369)

	31 Dec. 2021	31 Dec. 2020
Profit before taxation and Directors' remuneration	17,533,040	6,438,383
Taxes relating to overseas subsidiary	(279,744)	-
Provision for contribution to KFAS,NLST & Zakat	(821,203)	(567,609)
Provision for directors' remuneration	(310,000)	(310,000)
Profit for the Year	16,122,093	5,560,774
Profit for the year attributable to:		
Owners of the Parent Company	16,057,067	5,571,085
Non-controlling interests	65,026	(10,311)
Profit for the Year	16,122,093	5,560,774
Earnings Per share	77 Fils	27 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	31 Dec. 2021	31 Dec. 2020
Assets (KWD)		
<u>Non-current assets</u>		
Goodwill	1.14%	-
Property, plant and equipment	3.09%	3.53%
Right of use asset	0.19%	-
Investment in associates	27.24%	0.55%
Investments at fair value through other comprehensive income	40.81%	47.67%
	72.47%	51.75%
<u>Current assets</u>		
Inventories	11.13%	20.38%
Trade accounts receivable	10.05%	14.60%
Other receivables and prepayments	0.36%	0.32%
Cash and cash equivalents	6.00%	12.95%
	27.53%	48.25%
Total Assets	100%	100%

- The percentage of total non-current assets has risen from 51.75% in 2020 to 72.47% in 2021, on the other hand the percentage of total current assets has dropped from 48.25% to 27.53%.
- The percentage of total liabilities has risen from 8.13% in 2020 to 28.08% in 2021, on the other hand the percentage of total equity attributable to the owners of the Parent Company has dropped from 91.65% to 71.76%.

	31 Dec. 2021	31 Dec. 2020
Liabilities (KWD)		
<u>Non-current liabilities</u>		
Provision for employees' end of service benefits	1.39%	1.94%
Terms loans	8.32%	-
Islamic financing facilities	12.01%	-
Lease liabilities	0.14%	-
	21.86%	1.94%
<u>Current liabilities</u>		
Trade accounts payable	0.64%	0.84%
Other payables and accruals	3.05%	3.54%
Lease liabilities	0.05%	-
Term loans-current portion	1.84%	1.80%
Islamic financing facilities-current portion	0.63%	-
Due to banks	-	0.01%
	6.22%	6.19%
Total Liabilities	28.08%	8.13%

Equity		
Share capital	6.64%	10.35%
Share premium	9.22%	14.38%
Treasury shares	-0.18%	-0.23%
Statutory, voluntary and general reserves	22.27%	33.90%
Other components of equity	26.15%	23.66%
Retained earnings	7.66%	9.59%
Total equity attributable to the owners of the Parent Company	71.76%	91.65%
Non-Controlling Interests	0.16%	0.22%
Total Equity	71.92%	91.87%
Total Equity and Liabilities	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	31 Dec. 2021	31 Dec. 2020
Revenue		
Sales and contracting revenue	100.00%	100.00%
Cost of sales and Contracts with Customers	-80.20%	-88.50%
Gross profit	19.80%	11.50%
Dividend income	2.36%	4.03%
Other investment losses	-0.03%	0.00%
Share of results of associates	0.60%	0.05%
Gain on bargain purchase of an associate	15.82%	-
Interest and other income	0.06%	0.17%
Foreign currency exchange gain	0.29%	0.45%
	38.90%	16.20%

Expenses and other charges		
General and administrative expenses	-7.40%	-4.86%
Commercial expenses	-2.62%	-2.07%
Provision for doubtful debts– net	-2.64%	-0.48%
Provision for other receivables	-0.09%	-
(Provision)/reversal of provision for obsolete and slow-moving inventories – net	-0.04%	0.19%
Finance costs	-0.51%	-0.52%
	-13.30%	-7.74%

	31 Dec. 2021	31 Dec. 2020
Profit before taxation and Directors' remuneration	25.60%	8.46%
Taxes relating to overseas subsidiary	-0.41%	0.00%
Provision for contribution to KFAS,NLST & Zakat	-1.20%	-0.75%
Provision for directors' remuneration	-0.45%	-0.41%
Profit for the Period	23.54%	7.30%

- The percentage of gross profit increased by 8.30% compared to prior year (from 11.50% to 19.80%), due to decrease in the cost of sales percentage.
- Gain on bargain purchase of an associate recognized this year
- Expenses and other charges percentage increased by 5.56% to 13.30%
- Profit for the year percentage grew by 16.24% compared to the prior year 2020.

Thank You

