

شركة مجموعة الخليج للكابلات والصناعات الكهربائية ش.م.ك.ع. - الكويت

Gulf Cables & Electrical Industries Group Co. K.S.C.P - Kuwait

Date:17/08/2023

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M/S. Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for Q2-2023

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 Q2-2023 was held through live webcast at 1:00 PM on Wednesday 16 August 2023.

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- 2023.

Best regards

Basel Omran Kanaan
Chief Executive Officer



Cables that pulse with life كابلات تنبض بالحياة

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Gulf Cables & Electrical Industries Group Co. K.S.C.P

Cables that pulse with life

Earnings Conference Call

16 August 2023

H1/Q2-2023 Period Ended 30 June 2023



Gulf Cables & Electrical Industries Group Co. K.S.C.P

Speakers from Gulf Cables Group Management:

Mr. Basel Kanaan- Chief Executive Officer

Mr. Ahmad Tayem - Executive Director of Finance

Mr. Mahmoud El Mahmoud – Deputy Investment Manager

Transcript

Mr. Mahmoud El Mahmoud: Ladies and gentlemen, greetings, and a warm welcome to the Gulf Cables Group H1/Q2 2023 earnings conference call. I am **Mahmoud El-Mahmoud**, serving as the Deputy Investment Manager at Gulf Cables & Electrical Industries Group. Today, we are privileged to have **Mr. Basel Kanaan**, the Chief Executive Officer of Gulf Cables Group, and **Mr. Ahmad Tayem**, the Executive Director of Finance, joining us for this call.

Before we proceed, I want to draw your attention to the fact that certain remarks in this presentation may be considered forward-looking statements. These statements reflect our organization's expectations and are subject to potential risks and uncertainties that could lead to actual results differing significantly and potentially impacting the outcomes and financial implications of the plans discussed herein. It is essential to exercise caution and avoid relying solely on these forward-looking statements.

Please be aware that Gulf Cables Group assumes no obligation to update its perspective on these risks and uncertainties or publicly announce any revisions to the forward-looking statements made in this presentation. We also request you to review the full disclaimer in today's call presentation. By participating in this presentation or accepting any copies of the slides presented, you agree to abide by the aforementioned limitations.

Following the management's presentation, we will address your questions in the order they are received. If you have any additional inquiries, feel free to send them to our Investor Relations email address. Without any further delay, I now hand over the conference to **Mr. Basel Kanaan**, our Chief Executive Officer.

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



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

Good afternoon, everyone, and thank you for joining us for the first half and second quarter earnings conference call for the year 2023.

Gulf Cables Group has achieved remarkable progress over the past six months, with significant advancements in various strategic initiatives. Particularly noteworthy is the commendable operational performance of our Cable business, and we've also achieved significant progress in our investment operations within this timeframe.

We are pleased to report a year-on-year revenue growth of 26 percent, resulting in a net profit of KD 16.6 million, which represents a remarkable increase of 52 percent during the first six months of 2023.

However, we must consider our performance considering the prevailing local and global political and economic landscapes. Kuwait's economy heavily relies on oil, and fluctuations in oil prices and production directly impact the country. During the second quarter of 2023, Brent crude, the global benchmark for oil prices, experienced a declining trend. Additionally, the production cut announced by OPEC+ had a negative impact on Kuwait's oil revenue. Furthermore, central bank rate hikes and persistent inflation contributed to the subdued state of the local market.

Moreover, it is important to note that the unfavorable economic conditions have persisted during the second quarter as well. These conditions include the ongoing Russian-Ukraine war, high inflation rates, economic slowdown in Europe, China, UK, and the US, as well as stringent central bank monetary policies and rising interest rates. Additionally, the banking sector turmoil in the US and Europe has resulted in tighter credit conditions, further contributing to the challenging economic environment.

Amidst these challenges, it is noteworthy that the Group performed well during the first six months of 2023. That concludes my remarks for this opening session.

Now, I will pass the microphone to **Mr. Ahmed Tayem**, who will guide you through the Group's financial performance for the first half of 2023.



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

Good afternoon everyone, and thank you for joining this call. I hope that each of you is doing well.

I'm delighted to have the opportunity to guide you through the financial outcomes and standing of Gulf Cables Group performance for the first half of 2023.

During this period, the overall revenue of the Group rose by 26 percent, surging from KD 56.3 million in H1-2022 to KD 71.2 million in H1-2023. EBITDA also displayed a noteworthy increase of 41 percent in H1-2023, reaching KD 19.2 million compared to the previous figure of KD 13.7 million in H1-2022.

The net profit of the Group experienced a remarkable growth of 52 percent, reaching KD 16.6 million in H1-2023, in comparison to KD 10.9 million in H1-2022. Earnings per share demonstrated a substantial increase of 53 percent compared to H1-2022, totaling 80 fils.

As of end of June 2023, there was a 4 percent decline in total assets and a 1.7 percent reduction in total equity as compared to the figures on December 31st, 2022.

On the other hand, the liabilities decreased significantly by 14 percent, declining from KD 62.2 million to KD 53.7 million. Loans and financing facilities also saw a reduction from 43.9 million to KD 35.5 million, resulting a 19 percent drop compared to the figures on December 31st, 2022.

This decline in liabilities and loans was mainly attributed to the settlement of borrowings totaling KD 8.8 million during H1-2023.

Furthermore, the Group's production increased by 7 percent in H1-2023, reaching 25 thousand seven hundred MT, compared to 24 thousand MT in H1-2022

Now proceeding to the slide number 6, for the analysis of the first half of the year. The entire revenue stream comprises of KD 50.2 million generated from cable sales, KD 18.6 million from investments, and KD 2.4 million from service contracts.

Breaking down the KD 50.2 million in total cable sales, KD 40.8 million is from our parent company in Kuwait, and KD 9.4 million is contributed by our subsidiary company in Jordan.



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The revenue from investments underwent a substantial increase to KD 18.6 million in H1-2023, up from KD 10.3 million in H1-2022. This escalation as a result of KD 1.8 million attributed to the share of results from associates, and KD 16.8 million from dividend income.

In terms of service contracts, our subsidiary, CARE Company for Buildings and Cities Cleaning Contracting, disclosed a revenue of KD 2.4 million in H1-2023, marking an increase from the KD 1.5 million reported in H1-2022.

It's worth noting that the combined revenue from sales and contracting within the Group increased from KD 46.0 million in H1-2022 to KD 52.6 million in H1-2023, marking a year-over-year expansion of 14 percent.

Switching to the quarterly performance of Q2-2023, the total sales and contracting revenue for the Group witnessed a 15 percent decrease when compared to Q2-2022.

In the upcoming seventh slide, focusing on the quarterly analysis of the parent company in Kuwait during Q2, the major factor impacting the parent company's cable sales was the local private sector. Notably, their sales for Q2-2023 amounted to KD 15.6 million, representing a decrease of 13.2 percent from the KD 18 million recorded in Q2- 2022.

On the other hand, the public sector's contribution during the same period saw an upward movement, reaching KD 1.3 million in Q2-2023 compared to the previous year's KD 0.9 million, an increase of 44.4 percent. Additionally, the export sector experienced a notable downturn, showing a decline in sales by 38.4 percent, with a sale of KD 0.7 million.

Moving to slide number 8, looking into the semi-annual breakdown of cable sales for the parent company in Kuwait, the dominant force remains the local private sector. Their sales in H1-2023 reached KD 36.6 million, marking a substantial 26.9 percent increase from the KD 28.8 million recorded in H1-2022. This growth can be attributed to increase in sales of medium voltage cables to the local private projects and contractors of PAHW projects.

During the period, the public sector's contribution witnessed a decrease, amounting to KD 2.8 million in 2023 in contrast to KD 4 million in 2022. This decline is mainly due to less demand from MEW.

At the same time sales in the export sector amounted to KD 1.4 million, reflecting a decrease from the KD 1.7 million registered in the first half of 2022



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Moving to slide number 9, we have a comprehensive breakdown of the Group's production and sales categorized by product and material, quantified in terms of weight.

Sales of medium voltage cables have increased by an impressive 46.3 percent, while low voltage and other cables have also seen reasonable growth, marking an 18.8 percent increase in H1-2023. The cumulative weight of total sales reflects an overall rise of 29 percent.

In the area of production, the output of copper cables has experienced a nominal rise of 0.4 percent when compared with H1-2022 figures. Moreover, there has been a substantial 22.9 percent increase in the production of Aluminum cables compared to the year 2022.

In a broader perspective, the collective quantities of cables manufactured during the first half of 2023 have risen by 6.8 percent when compared with the corresponding figures from 2022.

Turning to slide number 10 for key ratios, the Group's gross profit margin saw a decline from 14.2 percent in H1-2022 to 9 percent in H1-2023. This reduction can be attributed to the increased cost of revenue and the presence of low margins on high-value purchase orders. Conversely, the EBITDA margin displayed growth, increasing from 29.7 percent in H1-2022 to 36.5 percent in H1-2023, driven by the dividend income. Furthermore, the net margin showed an improvement from 23.7 percent to 31.5 percent.

In terms of efficiency, the Group experienced a 2.3 percent increase in the Return on Assets (including investment income), and the Return on Equity saw a substantial rise to 7.3 percent in H1-2023 compared to the same period in 2022.

Analyzing leverage, we can find that the Group's leverage ratios displayed noticeable improvements in H1-2023. These improvements can be attributed to the settlement of borrowings totaling KD 8.8 million. The percentage of total debt to total assets improved by 6.4 percent, the debt-to-equity ratio improved by 10.2 percent, and the interest coverage ratio saw an increase of 6.5 in comparison to the figures from H1-2022.

As displayed on slide number 11, considering the financial position and cash flow, the Group's total assets decreased from KD 290.6 million in December 2022 to reach KD 278.2 million at the end of June 2023. This reduction is mainly from the decrease in investments



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at fair value through other comprehensive income (FVTOCI), as well as the decline in the investment of associates because of dividend income received from them.

Non-current liabilities show a drop from KD 40.4 million at the close of the year 2022 to KD 32.2 million at the end of June 2023, marking a significant decline of 20.4 percent from December 2022. This decrease is attributed to the settlement of borrowings carried out during the first six months of 2023. Current liabilities also experienced a minor decline of 1.1 percent, totaling at KD 21.5 million on 30 June 2023.

Finally, the Group's total equity displayed a decrease of 1.7 percent, diminishing from KD 228.4 million at the end of 2022 to KD 224.5 million in June 2023.

From a cash flow perspective, the cash flow from operating activities displayed notable improvement, from a net cash outflow of KD 0.1 million in the first six months of 2022 to a net cash inflow of KD 4 million in the same period of 2023.

In terms of investing activities, there was a cash inflow of KD 23.1 million in the first half of 2023, compared to a cash inflow of KD 26.8 million in the same period of 2022. This inflow of cash is mainly because of dividend income received during the first six months of 2023.

At the same time, there was a net cash outflow from financing activities amounting to KD 22.2 million during H1-2023. This is due to the settlement of borrowings totaling KD 8.8 million and the payment of cash dividends to shareholders amounting to KD 12.3 million.

In summary, the cash and cash equivalents shifted from KD 17.9 million at the end of June 2022 to KD 12.9 million at the end of the same period in 2023.

In the subsequent slide number 12, we look into our investments in associates and joint ventures. The Group's current effective ownership interest in all three associates remained constant as of the end of June 2023, with NIC standing at 26.98 percent, HEISCO at 28.33 percent, and Team Holding at 47.50 percent.

The carrying value of the Group's ownership interest in NIC amounted to KD 48.7 million, showing a notable decrease of KD 6.2 million in comparison to the value of KD 54.9 million recorded at the end of December 2022, this is mainly because of dividend income distributed by the company.



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On the other hand, the values for HEISCO and Team Holding remained relatively stable at KD 30.1 million and KD 1.1 million, respectively.

Regarding the share of results, Gulf Cables' share of results in NIC reached KD 1.1 million in H1-2023, showing a decrease from KD 3 million reported in H1-2022. The Group's share of results in HEISCO for H1-2023 amounted to KD 0.7 million, against KD 0.5 million in H1-2022. Team Holding contributed KD 0.03 million to this aspect as well.

Regarding the Joint venture, the Group maintains a 50 percent ownership stake with an investment amounting to KD 2.5 million in the joint venture "Gulf and Riyadh Electric Wires, Cables and Electronics Manufacturing Company."

In slide number 13, we can observe a reduction in Gulf Cable's investment portfolio, which reduced to KD 105.4 million by end of June 2023, marking a decrease of 3.2 percent in comparison to December 2022. This shift is primarily attributed to change in the fair value of the investments.

The majority of our holdings consist of local quoted securities, making approximately 50 percent of our portfolio at the end of June 2023, followed by foreign unquoted securities at 44 percent.

Around 98 percent of our investment portfolio at the end of June 2023 is categorized as fair value through other comprehensive income. These holdings comprise equity instruments strategically held for medium to long-term objectives. The Group's intention is to retain these investments for a long-term period. Gulf Cables continues to maintain diverse equity stakes spanning various sectors and geographical locations to manage market risks effectively.

During H1-2023, the Group has additional investments to the classification of fair value through profit or loss to reach KD 3.4 million compared to KD 0.6 million recorded at the end of 2022.

At the end of June 2023, local managed funds accounted for KD 5 million. These funds incorporate investments in units of equity holdings. The fair value of these investments is determined based on net asset values reported by investment managers

Now let us conclude the session. Despite the many unfavorable conditions outlined by our CEO, I am pleased to report that we have achieved a satisfactory performance during the



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first six months. We remain hopeful that this positive momentum will carry on into the next quarters of 2023.

That concludes the overview of the group's financial performance. Thank you all for your attentive participation. Now, I will pass the podium back to **Mr. Basel**.

Mr. Basel Kanaan: We take great pride and happiness in the current six-month results, considering the tough situations we talked about earlier.

As we look ahead to the next half year of 2023, we anticipate that these conditions may continue in global and local Kuwait economies. This means we might see lower oil prices and production, a global economic slowdown, monetary policy tightening, banking sector stress in major advanced economies, and higher interest rates. The economies of the GCC countries are also likely to grow slowly in 2023.

When it comes to Kuwait's economy, which has more effect on our performance, predicted slowdown in economic growth due to the fall in oil revenues may have a negative impact on us. Nevertheless, despite these challenges, we remain optimistic about our ability to sustain the positive momentum and deliver another commendable performance in the remaining half of 2023.

Expectations of higher projects awards, decrease in Kuwait's inflation, a current account surplus, well-capitalized banks, the anticipated passage of the new Public Debt Law, and the proposal for the creation of the new sovereign investment fund focused on investing in the local economy and developing megaprojects, are all factors for our optimism.

With this optimistic outlook that is all I have today, now I shall hand the call back to **Mr. Mahmoud** for the question-and-answer session. Thank you.

Mr. Mahmoud El Mahmoud: Thank you, **Mr. Basel**. We will now open for the question-and-answer session. We've already received a few questions, so let's begin with those inquiries first.



Q&A Session :

- 1. Could you provide further details regarding the factors behind the drop in cable sales in the second quarter, and its possibility to continue in third quarter?**

Mr. Basel Kanaan: As mentioned during my opening remarks, both local and global economic conditions have been less favorable, particularly in the second quarter. The Kuwait market displayed sluggishness, and the project awards from the first quarter did not translate into confirmed orders for the second quarter. This consequently led to a decrease in production and sales within our cable sector. However, we remain hopeful that this scenario will not continue in the upcoming quarters.

- 2. In the first half of 2023, there was 5.2 percent drop observed in the Gross Profit Margin compared to H1-2022. Could you please explain the factors contributing to this decline?**

Mr. Ahmad Tayem: As previously discussed in the presentation, a substantial portion of our sales revenue comes from orders within local private projects and contractors of PAHW projects. These orders are received through competitive pricing and with relatively narrow profit margins.

- 3. We noticed a sum of KD 13.7 million in Cash and cash equivalents as of 30th June, 2023, what is the reason for holding such a huge cash reserve and whether there is any specific plan for its utilization?**

Mr. Ahmad Tayem: The cash balance of KD 13.7 million comes mainly from the dividend income we received from our investments in associates and FVTOCI during the first half of 2023. Out of this sum, we allocated KD 9.4 million into short-term deposits of less than three months across various local banks to benefit the higher interest rates. It shall be utilized in the near future for our working capital requirements.



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Mr. Mahmoud El Mahmoud: I believe that concludes our Q&A session, and with that, we will bring this call to a close. If you have any further questions, please feel free to reach out, and we will endeavor to respond as promptly as possible.

We extend our heartfelt gratitude to everyone who participated in our H1/Q2 2023 earnings conference call. Your presence and engagement are greatly appreciated. We eagerly anticipate meeting all of you again during the 2023 Q3 call.

Once more, thank you all, and we wish you the very best ahead.

2023-H1/Q2

INVESTORS PRESENTATION

Period Ended 30 June 2023



Gulf Cables & Electrical Industries Group Co. K.S.C.P

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

Our Vision

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

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

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

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Performance Highlights



Total Revenue¹

↑ +26%

71.2m in H1-2023
56.3m in H1-2022



Sales & Contracting Revenue

↑ +14%

52.6m in H1-2023
46.0m in H1-2022



EBITDA

↑ +41%

19.2m in H1-2023
13.7m in H1-2022



Net Profit

↑ +52%

16.6m in H1-2023
10.9m in H1-2022



EPS

↑ +53%

80 Fils in H1-2023
52 Fils in H1-2022



Assets

↓ -4%

278.2m in Jun.2023
290.6m in Dec.2022



Liabilities

↓ -14%

53.7m in Jun.2023
62.2m in Dec.2022



Loans & Financing Facilities

↓ -19%

35.5m in Jun.2023
43.9m in Dec.2022



Equity

↓ -1.7%

224.5m in Jun.2023
228.3m in Dec.2022



Production Metric Ton ('000')

↑ +7%

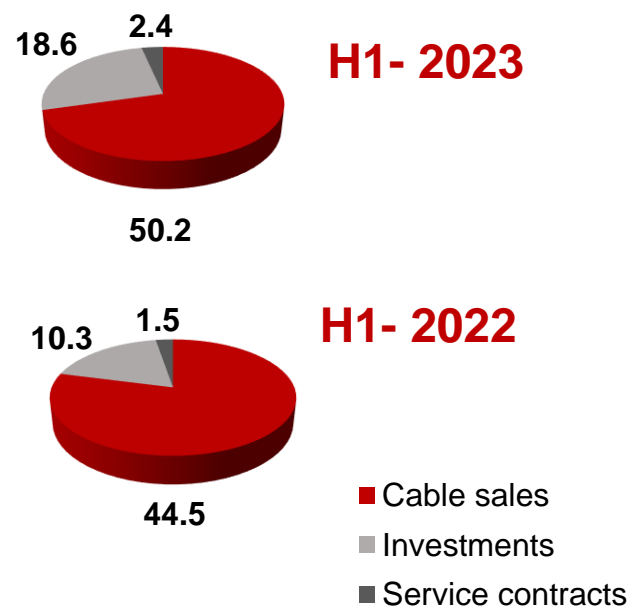
25.7MT in H1-2023
24.0MT in H1-2022

Note: all figures are in KWD

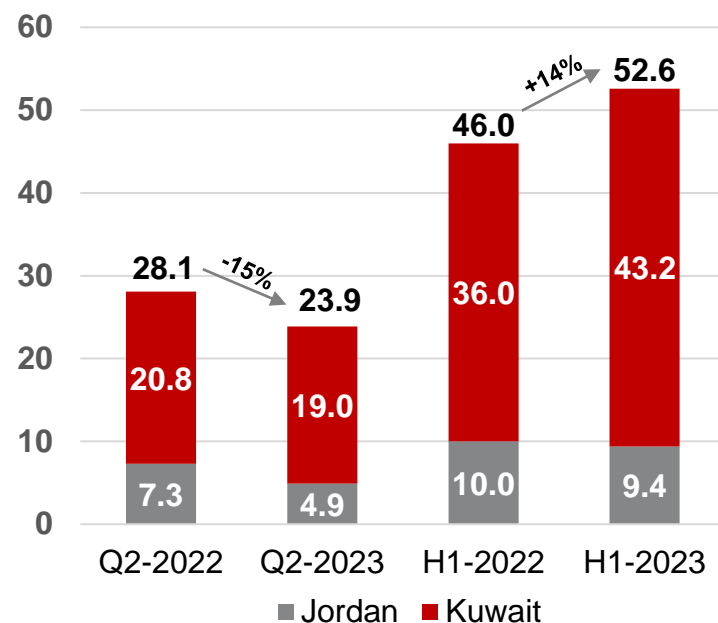
¹ Total revenue consist of cable sales, contracting revenue and investment revenue.

Financial Overview - Group

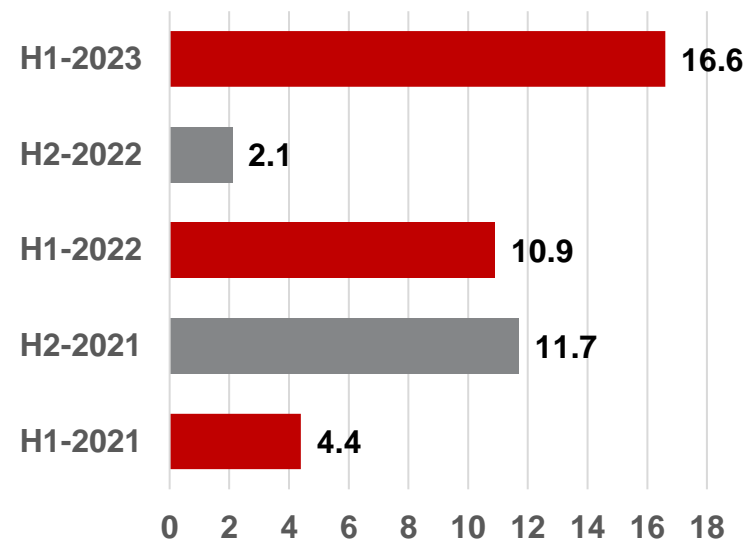
Total Revenue Breakdown
Million - KWD



Sales & Contracting Revenue
Million - KWD



Net Profit- Half Yearly Basis
Million - KWD

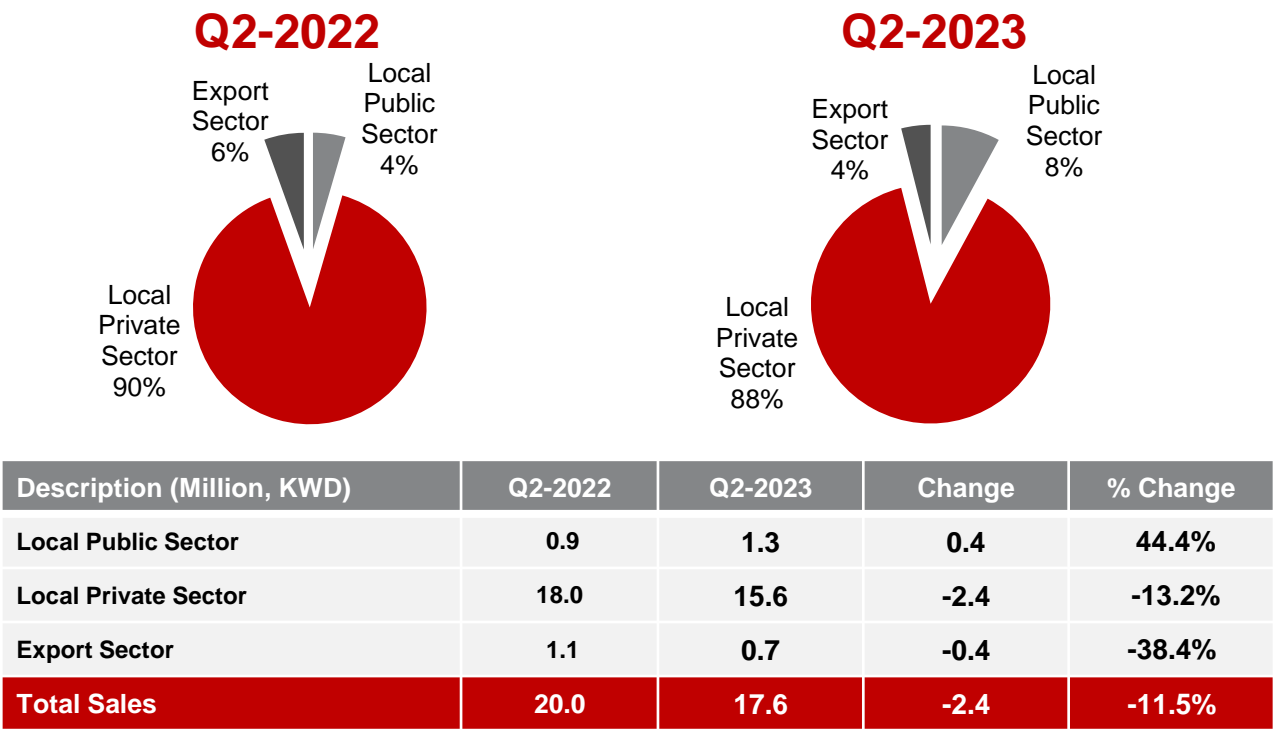
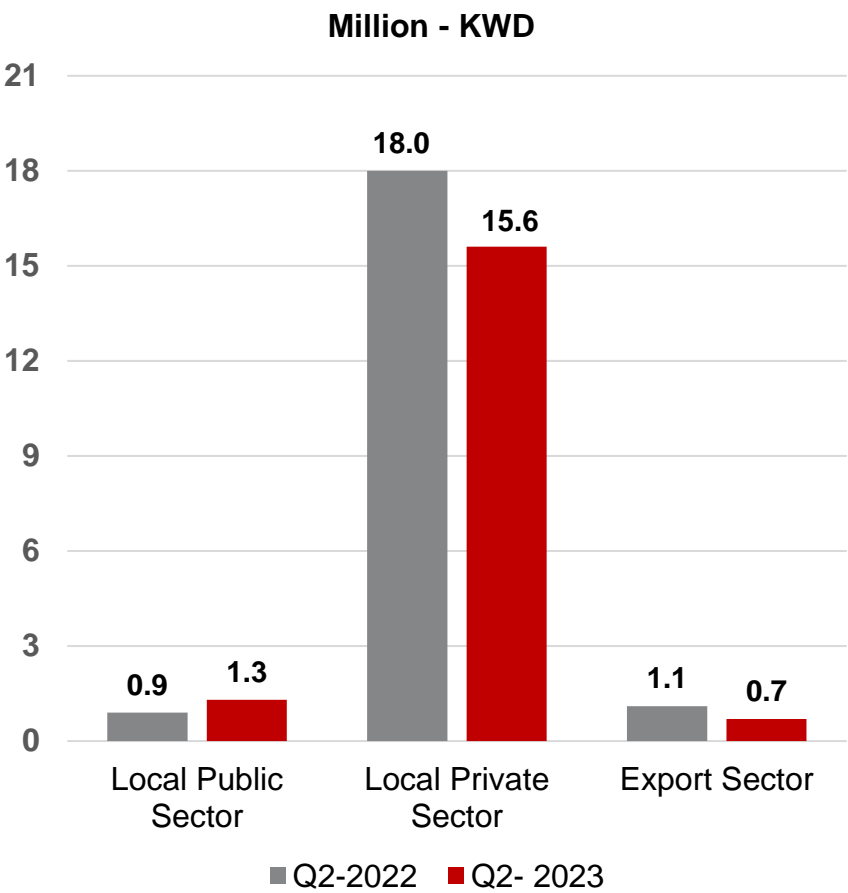


In H1- 2023:

- Total revenue grew by 26% compared to H1- 2022 from KWD 56.3m to KWD 71.2m.
- Total sales & contracting revenue for the Group increased by 14% compared to H1-2022.
- Sales & contracting revenue from Kuwait consists of revenue from cable sales, amounted to KWD 40.8m and service contracts revenue, amounted to KWD 2.4m.
- Net profit for the Group increased by 52% compared to H1- 2022.

Financial Overview - Gulf Cables Kuwait

Breakdown of Cable Sales by Sector - Q2

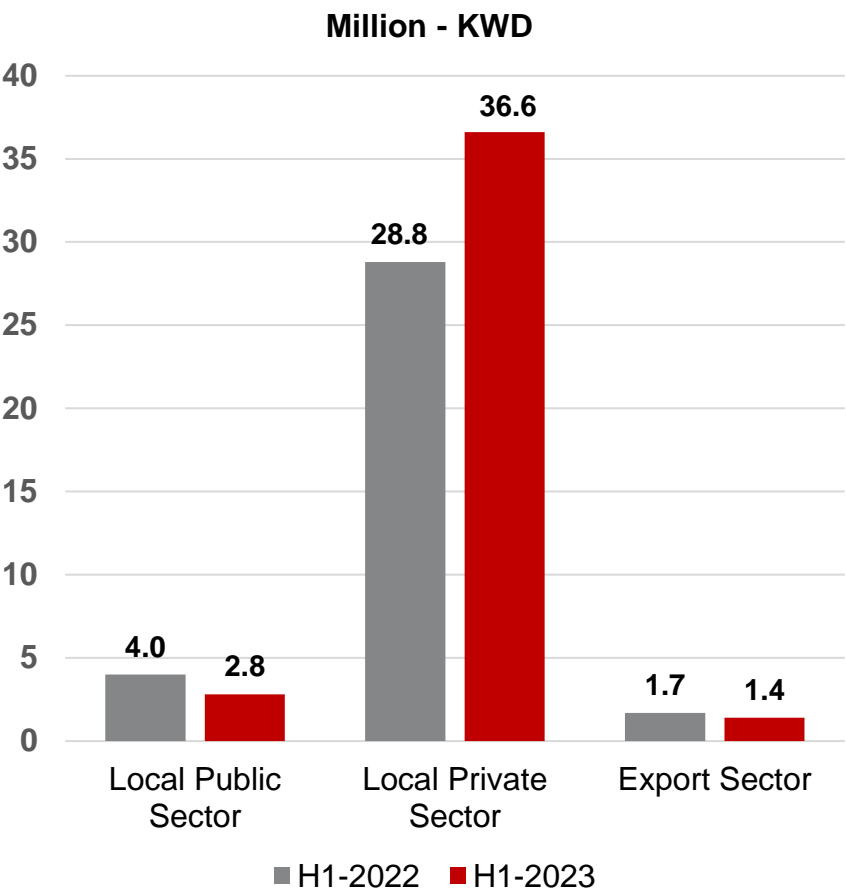


In Q2- 2023:

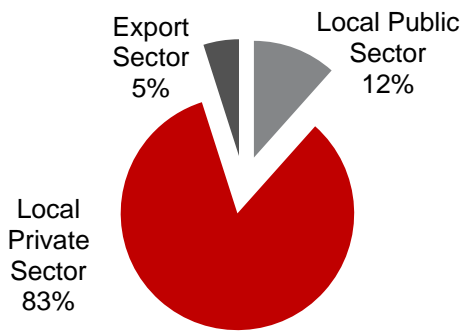
- Total sales decreased by 11.5% mainly due to decrease in sales to Local Private Sector.
- Local Private Sector shows a decrease of 13.2% compared to Q2-2022.
- Sales for the Local Public Sector increased by 44.4%.

Financial Overview - Gulf Cable Kuwait

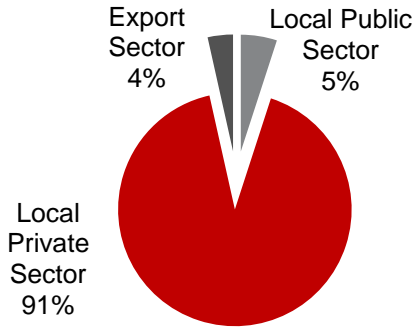
Breakdown of Cable Sales by Sector – H1



H1-2022



H1-2023



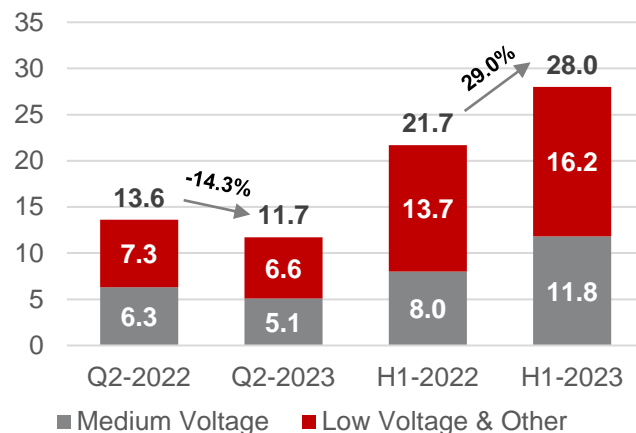
Description (Million, KWD)	H1-2022	H1-2023	Change	% Change
Local Public Sector	4.0	2.8	-1.2	-27.8%
Local Private Sector	28.8	36.6	7.8	26.9%
Export Sector	1.7	1.4	-0.3	-18.3%
Total Sales	34.5	40.8	6.3	18.3%

- Total sales increased by 18.3% in H1-2023 due to increase in sales of medium voltage cables for the Local Private Sector compared to first half of 2022.
- Sales for the Local Public Sector declined by 27.8% compared to H1-2022 due to the less requirement from MEW.
- Export Sector also shows a declining trend in H1-2023

Financial Overview – Group Production and Sales by Weight

Sales Breakdown by Product

Quantity in ('000') Metric Ton

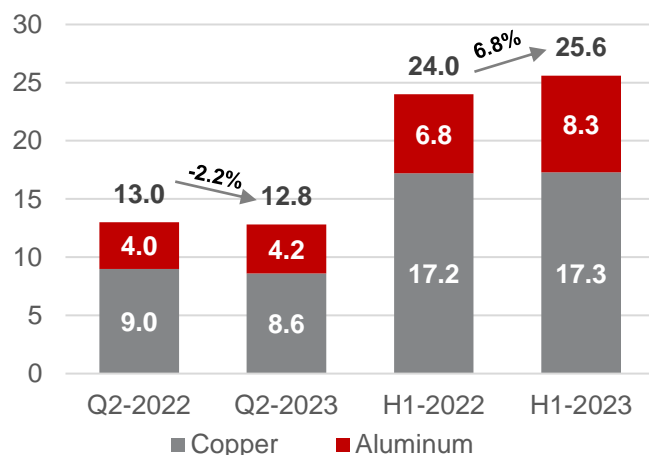


Sales Breakdown by Product	Q2-2022 MT	Q2-2023 MT	H1-2022 MT	H1-2023 MT	H1 %Change
Medium Voltage Cables	6,311	5,073	8,079	11,820	46.3%
Low Voltage and Other Cables	7,269	6,565	13,653	16,224	18.8%
Total Sales	13,580	11,638	21,732	28,044	29.0%

Production Breakdown by Material	Q2-2022 MT	Q2-2023 MT	H1-2022 MT	H1-2023 MT	H1 %Change
Copper Cables (Low & Medium Voltage)	8,955	8,588	17,256	17,333	0.4%
Aluminum Cables (Low & Medium Voltage)	4,087	4,162	6,770	8,318	22.9%
Total Production	13,042	12,750	24,026	25,651	6.8%

Production Breakdown by Material

Quantity in ('000') Metric Ton



In H1- 2023:

- The sales weight of medium voltage cables increased by 46.3% compared to H1-2022.
- Low Voltage Cables sales show an increase of 18.8%.
- Total cable sales weight shows 29% growth compared to H1-2022, mainly due to the increase in sales of medium voltage cables from the Local Private Sector.
- Total production weight of Copper cables shows a nominal increase compared to H1-2022.
- Aluminum cables production displays a 22.9% growth due to orders from Public sector.

Financial Overview - Ratio Analysis

Ratios	H1- 2022	H1- 2023	Change	FY2022
<u>Profitability</u>				
Gross Profit Margin - %	14.2%	9.0%	↓ -5.2%	12.6%
EBITDA Margin - %	29.7%	36.5%	↑ 6.8%	17.6%
Net Margin - %	23.7%	31.5%	↑ 7.8%	12.6%
ROA on Average Assets - % (with investment income)	3.5%	5.8%	↑ 2.3%	4.3%
ROE on Average Equity - % (with investment income)	4.8%	7.3%	↑ 2.5%	5.7%
<u>Leverage</u>				
Total Debt Percentage of Total Assets-%	19.5%	13.1%	↓ -6.4%	15.3%
Debt to Equity Ratio-%	26.3%	16.2%	↓ -10.2%	19.5%
Interest Coverage Ratio	12.9	19.4	↑ 6.5	8.3
<u>Liquidity</u>				
Current Ratio	3.9	3.7	↓ -0.2	3.7
Quick Ratio	2.2	2.2	= 0.0	1.9
Working Capital to Total Assets	0.2	0.2	= 0.0	0.2

- Group's gross profit margin decreased from 14.2% in H1-2022 to 9% in H1-2023. This was due to the increased cost of revenue and low margin in sales.
- EBITDA margin shows an increase from 29.7% in H1- 2022 to 36.5% in H1- 2023, due to the increase in dividend income.
- ROA on Average Assets and ROE on Average Equity shows an increase of 2.3 % and 2.5% respectively.
- Total debt percentage of total assets and debt to equity ratios improved in comparison with H1- 2022 due to the settlement of borrowings amounted KWD 8.8m during H1- 2023.
- Interest coverage ratio improved to 19.4x in H1- 2023 showing an increase of 6.5x.
- The Group displays a nominal decrease in its current ratio.
- Quick ratio and Working capital to total assets remain same.

Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	Jun. 2023	Dec. 2022	Change	% Change
Non-Current Assets	198.1	210.8	-12.7	-6.0%
Current Assets	80.1	79.8	0.3	0.0%
Total Assets	278.2	290.6	-12.4	-4.3%
Non-Current Liabilities	32.2	40.4	-8.3	-20.4%
Current Liabilities	21.5	21.8	-0.2	-1.1%
Total Liabilities	53.7	62.2	-8.5	-13.7%
Total Equity	224.5	228.4	-3.9	-1.7%
Total Liabilities & Equity	278.2	290.6	-12.4	-4.3%

Cash Flow Statement (Million, KWD)	Jun. 2023	Jun. 2022	Change	% Change
Profit From Operations	16.6	10.9	5.7	52.0%
Non-Cash Adjustments	-15.8	-7.7	-8.1	-106.7%
Changes in Working Capital	3.2	-3.3	6.5	197.0%
Net Cash Flow - Operating Activities	4.0	-0.1	4.1	6473.9%
Net Cash Flow - Investing Activities	23.1	26.8	-3.7	-13.9%
Net Cash Flow - Financing Activities	-22.2	-27.9	5.7	20.5%
Increase / Decrease in Cash and Cash Equivalents	4.8	-1.2	6.0	502.3%
Cash and Cash Equivalents at Period End	12.9	17.9	-5.0	-28.0%

In H1- 2023:

- Non-current assets declined by 6% at Jun. 2023 compared to Dec. 2022 due to decrease in the investments at FVTOCI and investment in associates due to dividend income received.
- Current assets of the Group remain almost same as Dec. 2022.
- Non-current liabilities decreased by 20.4% as a result of settlement borrowings.
- Shareholder's equity shows a decrease of 1.7%.
- Cash inflow from investing activities shows KWD 23.1m due to dividends income received during H1- 2023.
- Cash outflow for financing activities reached KWD 22.2m mainly as a result of settlement of borrowings amounted to KWD 8.8m and cash dividend paid to shareholders amounted to KWD 12.3m.

Financial Overview – Investments in Associates & Joint Venture

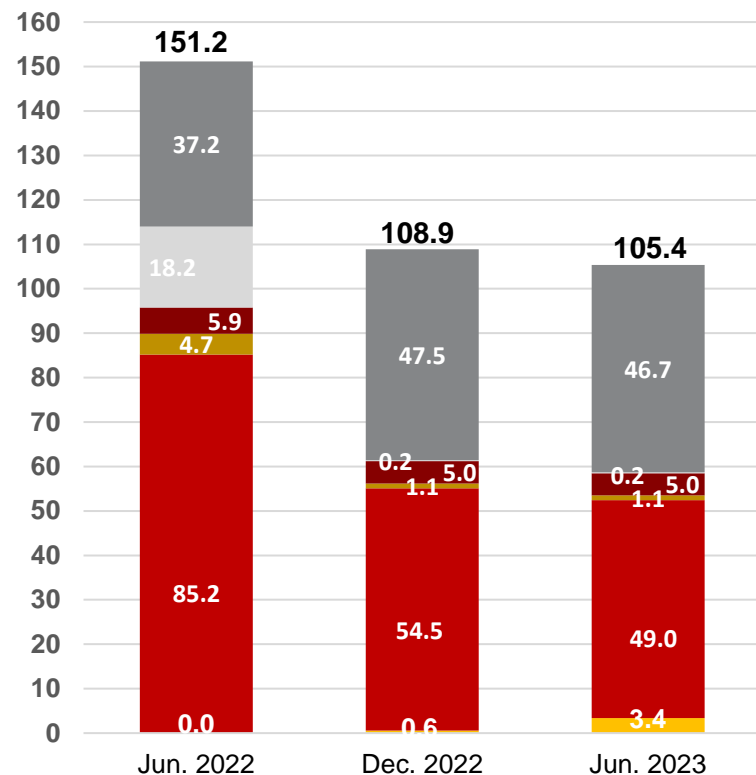
	NIC			HEISCO			Team Holding		
	 شركة الاستثمار الوطنية NATIONAL INVESTMENTS COMPANY			 HEISCO			 TEAM Holding Company Saudi Arabia		
	Jun. 2022	Dec. 2022	Jun. 2023	Jun. 2022	Dec. 2022	Jun. 2023	Jun. 2022	Dec. 2022	Jun. 2023
GC Effective Ownership Interest	26.98%	26.98%	26.98%	28.33%	28.33%	28.33%	47.50%	47.50%	47.50%
Total Net Assets Value	200.9m	198.8m	175.9m	67.2m	70.7m	69.4m	2.7m	2.7m	2.3m
GC Carrying Value of Ownership Interest	55.4m	54.9m	48.7m	29.5m	30.5m	30.1m	1.3m	1.3m	1.1m
	H1-2022	FY-2022	H1-2023	H1-2022	FY-2022	H1-2023	H1-2022	FY-2022	H1-2023
Profit for the Period /Year Attributable to Shareholders of the Parent Co.	11.9m	8.7m	4.2m	2.0m	5.6m	2.5m	0.03m	0.1m	0.06m
GC Share of Results	3.0m	2.1m	1.1m	0.5m	1.6m	0.7m	0.01m	0.03m	0.03m
Dividends Received from the Associate	9.6m	9.6m	6.0m	1.0m	1.0m	1.0m	-	-	0.2m

- GC Carrying Value of Ownership Interest shows a decrease of KWD 6.2m in NIC and KWD 0.4m in HEISCO mainly due to dividend distributions.
- Share of results of NIC declined to KWD 1.1m in H1- 2023 compared to KWD 3.0m in H1- 2022.
- Share of results of HEISCO increased slightly to KWD 0.7m in H1- 2023 against KWD 0.5m in H1- 2022.
- During H1-2023, dividends received KWD 6.0m from NIC compared to KWD 9.6m dividends received during the same period of 2022.
- In 2022, the Group has made an investment of KWD 2.5m in the joint venture- Gulf & Riyadh Electric Wires, Cables and Electronic Manuf. Co. representing 50% ownership.

Financial Overview - Investments at FVTOCI & P/L

Investment Portfolio Breakdown

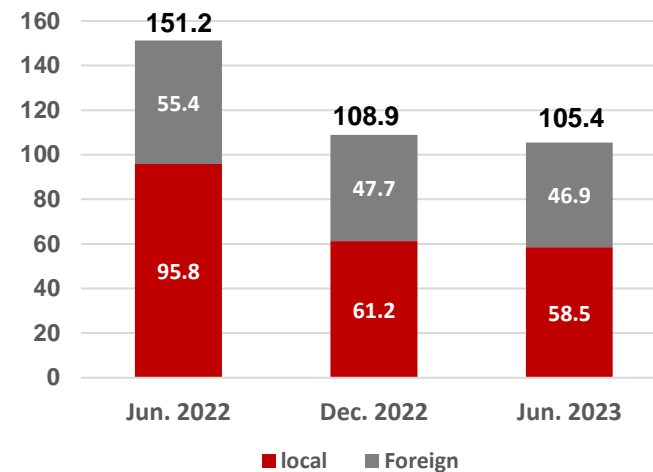
Million - KWD



■ Foreign unquoted securities -OCI ■ Foreign quoted securities -OCI
 ■ Local managed funds -OCI ■ Local unquoted securities - OCI
 ■ Local quoted securities -OCI ■ Local quoted securities -P/L

Investments Geographical Breakdown

Million - KWD



- The investments at FVTOCI 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- 2023:

- Total investments at FVTOCI decreased by 5.9% from Dec 2022 to Jun. 2023.
- Total investments at FVTP/L increased from KWD 0.6m in Dec. 2022 to KWD 3.4m in Jun. 2023.
- Dividend income on investments amounted to KWD 16.8m compared to KWD 6.7m in H1- 2022.

Appendix

Cables that pulse with life



Consolidated Statement of Financial Position

	30 Jun. 2023	31 Dec. 2022	30 Jun. 2022
Assets (KWD)			
Non-current assets			
Goodwill	3,603,180	3,603,180	3,603,180
Property, plant and equipment	9,534,106	9,261,814	9,796,886
Right of use assets	598,060	468,675	540,779
Investments in associates & joint venture	82,350,549	89,122,225	86,129,300
Investments at fair value through other comprehensive income	101,970,845	108,310,882	112,091,752
	198,056,740	210,766,776	212,161,897
Current assets			
Inventories	32,529,088	37,385,413	41,753,096
Trade accounts receivable	28,810,854	31,100,230	30,306,173
Other receivables and prepayments	1,596,673	2,028,887	1,898,214
Investments at fair value through profit or loss	3,427,265	596,767	345,352
Cash and cash equivalents	13,765,791	8,694,999	18,364,522
	80,129,671	79,806,296	92,667,357
Total Assets	278,186,411	290,573,072	304,829,254

	30 Jun. 2023	31 Dec. 2022	30 Jun. 2022
Liabilities (KWD)			
Non-current liabilities			
Provision for employees' end of service benefits	4,752,088	4,597,596	4,492,673
Terms loans	15,000,000	17,500,000	21,134,495
Murabaha payables	12,164,474	18,072,368	30,105,263
Lease liabilities	287,485	289,140	283,734
	32,204,047	40,459,104	56,016,165
Current liabilities			
Trade accounts payable	3,855,322	3,660,167	6,238,886
Other payables and accruals	8,301,817	8,937,217	9,111,245
Lease liabilities	189,270	151,416	151,416
Term loans	6,484,495	6,534,495	5,800,000
Murabaha payables	1,815,789	1,815,789	1,815,789
Due to banks	884,266	668,952	482,628
	21,530,959	21,768,036	23,599,964
Total Liabilities	53,735,006	62,227,140	79,616,129
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	(1,941,712)	(1,686,080)	(1,575,622)
Statutory, voluntary and general reserves	71,893,702	71,893,702	70,459,281
Other components of equity	57,576,336	65,297,391	68,218,042
Retained earnings	46,241,510	42,164,366	37,439,461
Total equity attributable to the owners of the Parent Company	223,923,042	227,822,585	224,694,368
Non-Controlling Interests	528,363	523,347	518,757
Total Equity	224,451,405	228,345,932	225,213,125
Total Equity and Liabilities	278,186,411	290,573,072	304,829,254

Consolidated Statement of Profit or Loss

	Q2-2023	Q2-2022	H1-2023	H1-2022
Revenue (KWD)				
Sales and contracting revenue	23,852,983	28,086,465	52,586,543	46,036,690
Cost of revenue	(21,458,405)	(25,581,268)	(47,849,166)	(39,481,319)
Gross profit	2,394,578	2,505,197	4,737,377	6,555,371
Dividend income	2,697,821	6,486,992	16,788,374	6,670,434
Other investment gain	108,575	95,272	26,710	109,774
Share of results of associates & joint venture	1,358,086	(711,981)	1,828,477	3,537,234
Interest & other income	133,741	6,764	208,745	6,054
Foreign currency exchange gain	91,874	129,994	234,025	218,120
	6,784,675	8,512,238	23,823,708	17,096,987

Expenses and other charges (KWD)				
General and administrative expenses	(1,486,033)	(1,177,007)	(3,213,122)	(2,317,997)
Commercial expenses	(611,946)	(913,595)	(1,504,580)	(1,405,878)
Provision charge for obsolete and slow-moving inventories	813	(96,554)	(185,751)	(105,221)
Provision charge for doubtful debts	(1,955)	(288,488)	(597,214)	(369,511)
Finance costs	(456,763)	(541,630)	(943,956)	(1,000,153)
	(2,555,884)	(3,017,274)	(6,444,623)	(5,198,760)

	Q2-2023	Q2-2022	H1-2023	H1-2022
Profit before taxation and Board of Directors' remuneration	4,228,791	5,494,964	17,379,085	11,898,227
Provision for taxation	(63,974)	(745,944)	(662,580)	(847,801)
Provision for Board of directors' remuneration	(77,500)	(77,500)	(155,000)	(155,000)
Profit for the Period	4,087,317	4,671,520	16,561,505	10,895,426

Profit for the year attributable to:				
Owners of the Parent Company	4,084,988	4,668,212	16,557,704	10,888,161
Non-controlling interests	2,329	3,308	3,801	7,265
Profit for the Period	4,087,317	4,671,520	16,561,505	10,895,426
Earnings Per share	20 Fils	22 Fils	80 Fils	52 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	30 Jun. 2023	31 Dec. 2022	30 Jun. 2022
Assets			
Non-current assets			
Goodwill	1.30%	1.24%	1.18%
Property, plant and equipment	3.43%	3.19%	3.21%
Right of use assets	0.21%	0.16%	0.18%
Investments in associates & joint venture	29.60%	30.67%	28.25%
Investments at fair value through other comprehensive income	36.66%	37.27%	36.77%
	71.20%	72.53%	69.60%
Current assets			
Inventories	11.69%	12.87%	13.70%
Trade accounts receivable	10.36%	10.70%	9.94%
Other receivables and prepayments	0.57%	0.70%	0.62%
Investments at fair value through profit or loss	1.23%	0.21%	0.11%
Cash and cash equivalents	4.95%	2.99%	6.02%
	28.80%	27.47%	30.40%
Total Assets	100%	100%	100%

- The percentage of total non-current assets has decreased from 72.53% in Dec. 2022 to 71.20% in Jun. 2023, on the other hand the percentage of total current assets increased to 28.80% in Jun. 2023 from 27.47% of Dec. 2022.
- Total liabilities has dropped from 21.42% in Dec. 2022 to 19.32% in Jun.2023.
- The percentage of total equity attributable to the owners of the Parent Company has risen from 78.40% to 80.49%.

	30 Jun. 2023	31 Dec. 2022	30 Jun. 2022
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	1.71%	1.58%	1.47%
Terms loans	5.39%	6.02%	6.93%
Murabaha payables	4.37%	6.22%	9.88%
Lease liabilities	0.10%	0.10%	0.09%
	11.58%	13.92%	18.38%
Current liabilities			
Trade accounts payable	1.39%	1.26%	2.05%
Other payables and accruals	2.98%	3.08%	2.99%
Lease liabilities	0.07%	0.05%	0.05%
Term loans	2.33%	2.25%	1.90%
Murabaha payables	0.65%	0.63%	0.60%
Due to banks	0.32%	0.23%	0.16%
	7.74%	7.50%	7.74%
Total Liabilities	19.32%	21.42%	26.12%
Equity			
Share capital	7.55%	7.22%	6.89%
Share premium	10.48%	10.04%	9.57%
Treasury shares	-0.70%	-0.58%	-0.52%
Statutory, voluntary and general reserves	25.84%	24.74%	23.11%
Other components of equity	20.70%	22.47%	22.38%
Retained earnings	16.62%	14.51%	12.28%
Total equity attributable to the owners of the Parent Company	80.49%	78.40%	73.71%
Non-Controlling Interests	0.19%	0.18%	0.17%
Total Equity	80.68%	78.58%	73.88%
Total Equity and Liabilities	100.00%	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q2-2023	Q2-2022	H1-2023	H1-2022
Revenue				
Sales and contracting revenue	100.00%	100.00%	100.00%	100.00%
Cost of sales and Contracts with Customers	-89.96%	-91.08%	-90.99%	-85.76%
Gross profit	10.04%	8.92%	9.01%	14.24%
Dividend income	11.31%	23.10%	31.93%	14.49%
Other investment gain	0.46%	0.34%	0.05%	0.24%
Share of results of associates & joint venture	5.69%	-2.53%	3.48%	7.68%
Interest and other income / (losses)	0.56%	0.02%	0.40%	0.01%
Foreign currency exchange gain	0.39%	0.46%	0.45%	0.48%
	28.44%	30.31%	45.30%	37.14%

Expenses and other charges				
General and administrative expenses	-6.23%	-4.35%	-6.11%	-5.04%
Commercial expenses	-2.57%	-3.09%	-2.86%	-3.05%
Provision charge for obsolete and slow-moving inventories	0.00%	-0.34%	-0.35%	-0.23%
Provision charge for doubtful debts	-0.01%	-1.03%	-1.14%	-0.80%
Finance costs	-1.91%	-1.93%	-1.80%	-2.17%
	-10.72%	-10.74%	-12.26%	-11.29%

	Q2-2023	Q2-2022	H1-2023	H1-2022
Profit before taxation and Board of Directors' remuneration	17.73%	19.56%	33.05%	25.85%
Provision for taxation	-0.27%	-2.66%	-1.26%	-1.84%
Provision for Board of directors' remuneration	-0.32%	-0.28%	-0.29%	-0.34%
Profit for the Period	17.14%	16.63%	31.49%	23.67%

- The percentage of gross profit decreased by 5.23% compared to H1- 2022 (from 14.24% to 9.01%).
- Dividend income shows an increase of 17.44% to 31.93% in H1- 2023 from 14.49% in H1- 2022.
- Share of results of associates & joint venture shows a decline from 7.68% in H1-2022 to 3.48% in H1- 2023
- Expenses and other charges slightly increased by 0.97% to 12.26%
- Profit percentage increased by 7.82% to reach 31.49% in H1- 2023 from 23.67% in H1- 2022.



Thank You

Gulf Cables & Electrical Industries Group Co. K.S.C.P

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