

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

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

Date: 19/11/2023

Ref.: GC/ 958 /2023

M/S. Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for Q3-2023

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

We would like to advise that Analysts/Investors Conference for Q3-2023 was held through live webcast at 1:00 PM on Thursday 16 November 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 Q3- 2023.

Best regards

Nasser Kanaan
Secretary of the Board Directors



Cables that pulse with life كابلات تنبض بالحياة

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2023-9M/Q3

Period Ended 30 September 2023

Earnings Conference Call



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

Cables that pulse with life

16 November 2023



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: Good afternoon everyone and thank you for joining us today for Gulf Cables Group 9M/Q3-2023 earnings conference call.

I am **Mahmoud El-Mahmoud**, Deputy Investment Manager of Gulf Cables & Electrical Industries Group. Joining with us today for this call are **Mr. Basel Kanaan**, the Chief Executive Officer of Gulf Cables Group, and **Mr. Ahmad Tayem**, the Executive Director of Finance.

Before we proceed, I would like 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.

Our program for today is scheduled as below:

Mr. Basel Kanaan, the Chief Executive Officer, will provide an overview of the Group's performance.

Mr. Ahmad Tayem, the Executive Director of Finance, will deliver a presentation on the Group's financial performance.



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

Following these presentations, we will take questions in the order they will be coming during the call.

With that, I now hand over the mic to **Mr. Basel Kannan**, our Chief Executive Officer.

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

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

Good afternoon, everyone, and thank you for joining us for the nine months earnings conference call of 2023.

Gulf Cables Group continued its excellent performance during the third quarter also, as expressed in our half yearly conference call. We could achieve satisfying performance in our Cable business, and delightful performance in our investment operations.

We are much happy to present in front of you all an exciting result for our reporting period of nine months of 2023, with a net profit of KD 18.3 million reaching our EPS to 88 fils compared to 55 fils in the same period of last year - a prestigious increase of 60 percent. As well as the total revenue displayed a growth of 17 percent, compared to the nine months of year 2022.

It is important to take note of the results, considering the ongoing global political and economic uncertainties. Prudent observations were made on these scenarios, especially, the persistent geopolitical conflicts, elevated inflation rates, concerns about global economic slowdown, and high interest rates. The executive management took necessary precautions to safeguard our productivity and profitability.

That concludes the overview of the Group's performance from my side. Now, I'll hand over the microphone to **Mr. Ahmed Tayem** to take you through the Group's financial performance in detail for the nine months of 2023.

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

Good afternoon 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 Gulf Cables Group in respect of the nine months of 2023.



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During this period, The Group's total revenue increased by a 17 percent from KD 81.8 million in nine months of 2022 to KD 95.4 million in nine months of 2023.

Sales & Contracting Revenue shown an increase of 7 percent from KD 72 million to KD 76.8 million in nine months of 2023.

EBITDA increased by 44 percent in nine months of 2023, reaching KD 22.1 million, which was KD 15.3 million in nine months of 2022.

The Group's net profit increased by 60 percent to KD 18.3 million compared to KD 11.4 million and earnings per share is 88 fils having the same percent of increase of net profit.

Total liabilities show 14 percent decrease as of 30th September 2023 in comparison to that of 31st December 2022.

Also, there is a considerable decrease of 18 percent in borrowings, from KD 43.9 million on 31st December 2022 to KD 36 million on 30th September 2023, due to settlement of KD 9.3 million borrowings.

The Group's production shows a nominal increase of 0.4 percent in nine months of 2023 to reach 37.7 thousand MT vs 37.5 thousand MT in nine months of 2022.

Now moving to the slide number 6, for the revenue analysis of the nine months of the year. The total revenue KD 95.4 million comprises of KD 72.8 million generated from cable sales together from parent company in Kuwait and the subsidiary in Jordan, KD 18.6 million from investments, and KD 4 million from service contracts of subsidiary in Kuwait.

Breaking down the KD 72.8 million in total cable sales, KD 56.7 million is from Kuwait, and KD 16.1 million is contributed by Jordan.

The revenue from investments has a significant increase to KD 18.6 million in nine months of 2023, from KD 9.9 million in nine months of 2022. This increase is mainly as a result of increase in the dividend income by KD 10.1 million.

In terms of service contracts, our subsidiary, CARE Company for Buildings and Cities Cleaning Contracting, generated a revenue of KD 4 million in nine months of 2023, producing an increase of KD 1.8 million from the KD 2.2 million reported in nine months of 2022.



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The combined revenue from sales and contracting within the Group increased from KD 72 million in nine months of 2022 to KD 76.8 million in current nine months, with a period to period increase of 7 percent.

Looking to the quarterly performance of third quarter of 2023 alone, the total sales and contracting revenue for the Group witnessed a 7 percent decrease when compared to 2022.

In the next slide number 7, for the quarterly analysis for the cable sales of the parent company in Kuwait during third quarter, the total sales witnessed a decrease of 23.5 percent in comparison of third quarter of 2022. The major factor impacting this decrease is the decline in local private sector sales, which amounted to KD 13 million, showing a sharp decrease of 31.1 percent from KD 18.8 million recorded in third quarter of 2022.

On the other hand, the public sector's contribution during the same period saw an upward movement, reaching KD 1.9 million in third quarter of 2023 compared to the previous year's KD 1.4 million, an increase of 42.1 percent. The export sector also witnessed upward trend, showing an increase of sales by 66.2 percent, with a sale of KD 1 million.

Proceeding to slide number 8, in respect of nine months breakdown of cable sales for the parent company in Kuwait, the dominant force remains the local private sector. Their sales in nine months reached KD 49.6 million, with a nominal 3.9 percent increase from KD 47.7 million recorded in 2022. The major contributing factor is sales of medium voltage cables to the local private projects and contractors of PAHW projects.

During the period, the public sector's contribution displayed a decrease of 10 percent, amounting to KD 4.8 million in 2023 in contrast to KD 5.3 million in 2022. This decline is mainly due to less sales for MEW.

Sales in the export sector also shows a nominal increase of 3.2 percent amounted to KD 2.4 million.

In slide number 9, the Group's production and sales categorized by product and material, stated in terms of weight.

Sales of medium voltage cables have increased by 17.9 percent, while low voltage and other cables have displayed a 7.4 percent increase in nine months of 2023. The cumulative weight of total sales reflects an overall rise of 11.5 percent.



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Regarding production, the output of copper cables has experienced a decline of 3.8 percent compared with nine months of 2022 figures. In other hand, there has been a 11.7 percent increase in the production of Aluminum cables compared to 2022.

To summarize, the collective quantities of cables manufactured during the nine months of 2023 have risen merely by 0.4 percent when compared with the corresponding figures from 2022.

In next slide numbered as 10, we can see the Group's ratio analysis. Gross profit margin saw a decline from 13.6 percent in nine months of 2022 to 11.4 percent in nine months of 2023. This reduction in margin is due to the increased cost of revenue and the presence of low margin in sales & service contracts. In contrary, EBITDA margin displayed growth, increasing from 21.3 percent in nine months of 2023 to 28.8 percent in nine months of 2023, driven by the increase in dividend income. Net margin also showed an improvement from 15.9 percent to 23.8 percent.

Furthermore, The Group achieved a 2.7 percent increase in Return on Assets (including investment income) and a 2.9 percent rise in Return on Equity, reaching 8.1 percent during the nine months of 2023, as opposed to 5.1 percent for the corresponding period in 2022.

In terms of leverage, the Group's leverage ratios displayed satisfactory improvements during the nine months of 2023. These improvements are the result of the settlement of borrowings totaling KD 9.3 million. The percentage of total debt to total assets improved by 5.6 percent, the debt to equity ratio improved by 9 percent, and the interest coverage ratio saw an increase of 5.2 comparing to the nine months of 2022.

In the upcoming slide number 11, shows the Group's financial position and cash flow statements, where the total assets decreased from KD 290.6 million in December 2022 to reach KD 278.4 million at the end of September 2023. This reduction occurred mainly due to the decrease in investments at fair value through other comprehensive income (FVTOCI) and the decline in the investment of associates as a result of dividend income received from them.

Non-current liabilities shows a drop from KD 40.5 million at the end of the year 2022 to KD 32.4 million at the end of September 2023, marking a significant decline of 20 percent. This decrease is attributed to the settlement of borrowings carried out during the period. Current liabilities also experienced a decline of 3.3 percent, totaling at KD 21.1 million on 30 September 2023.



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Finally, the Group's total equity displayed a decrease of 1.5 percent, diminishing from KD 228.4 million at the end of 2022 to KD 225 million in September 2023.

From the cash flow statement, we can recognize that cash flow from operating activities displayed notable improvement, from a net cash outflow of KD 2.1 million in the nine months of 2022 to a net cash inflow of KD 1.2 million in the same period of 2023.

In terms of investing activities, there was a cash inflow of KD 23.1 million in the nine months of 2023, compared to a cash inflow of KD 22.8 million in the same period of 2022. The inflow of cash during this period of 2023 is mainly as a result of dividend income received.

At the same time, there was a net cash outflow from financing activities amounting to KD 22.2 million during nine months of 2023. This outflow resulted from the repayment of borrowings totaling KD 9.3 million and the distribution of cash dividends to shareholders amounting to KD 12.4 million.

In summary, the cash and cash equivalents grew from KD 7.3 million at the end of September 2022 to KD 10.2 million at the end of the September 2023, with a 39.7 percent increase.

In the next slide number 12, we oversee into our investments in associates and joint venture. The Group's current effective ownership interest in all three associates remained static as of the end of September 2023 in comparison of December 2022 with NIC standing at 26.95 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 47.8 million, showing a notable decrease of KD 7.1 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 associate.

On the other hand, the carrying values for HEISCO and Team Holding remained relatively stable at KD 30.5 million and KD 1.1 million, respectively.

Regarding the share of results, Gulf Cables' share of results in NIC is KD 0.6 million in nine months of 2023, showing a decrease from KD 2.1 million reported in nine months of 2022. The Group's share of results in HEISCO for nine months of 2023 amounted to KD 1.1 million, against KD 0.9 million in nine months of 2022. Team Holding contributed KD 50 thousand to this aspect as well.



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

In slide number 13, we describe about our investment portfolio. Total investment slightly reduced to KD 104.4 million by end of September 2023, compared to KD 108.9 million at the end of 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 classified as FVTOCI & FVTP/L, making approximately 50 percent of our portfolio, followed by foreign unquoted securities at around 44 percent at the end of September 2023.

About 97 percent of our investment portfolio at the end of September 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 the reporting period, the Group has additional investments to the classification of fair value through profit or loss to reach KD 3.2 million compared to KD 0.6 million recorded at the end of 2022.

At the end of September 2023, local managed funds accounted for KD 4.9 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.

I am now wrapping up my session, and I'm pleased to report that our performance in the nine months of 2023 has been quite satisfactory. We look forward to continuing this performance as we move into the last quarter of the year.

That covers the overview of our group's financial performance. I would like to express my gratitude to all of you for your active participation.

I will now pass the call back to **Mr. Basel** for some valuable insights.



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

The board always places the trust and confidence of our esteemed shareholders at the forefront and consistently seeks viable and profitable investment opportunities to maximize returns, all while mindful of the challenges in our core cable business. The executive management is equally dedicated to seizing every opportunity to boost sales and reduce costs.

As we look ahead, we are relying on the positive aspects of high oil prices and the growing number of project awards in Kuwait, with the value of contracts awarded increasing by 6 percent quarter-over-quarter to reach KD 683 million. However, it's important to acknowledge the concerns I mentioned at the beginning of this session, and the recent escalation of regional conflicts is indeed a matter of concern.

That's all from my side, Now I hand over the call to **Mr. Mahmoud** Thank you.

Mr. Mahmoud El Mahmod: Thank you, **Mr. Basel.** We will now open for the question and answer session. We've already received two questions, so let's begin with that.



Q&A Session:

- 1. Could you provide reasons for the decline in Sales for the parent company of third quarter of 2023 in comparison of 2022?**

Mr. Basel Kanaan: As we all know, the local economic conditions have remained static since the beginning of 2023, with limited favorable developments. Although there were positive signs of increased project awards during the third quarter, these were not translated into confirmed orders in our favor during that period and resulted a decrease in sales for our cable sector.

- 2. What is the purpose behind maintaining around KD 11 million cash balance at the end of the reporting period?**

Mr. Ahmad Tayem: In fact, we have allocated KD 6.4 million from our cash balance into short-term deposits with local banks, benefiting the higher interest rates. these will be used for meeting the working capital needs of Group in the upcoming quarter.

Mr. Mahmoud El Mahmoud: I suppose this is the end of our Q&A session and let us wind up this call. If you have any additional inquiries later, feel free to send them to our Investor Relations email address. We will attend to provide our answers at the earliest.

We thank everyone who attended this earnings conference call and look forward to meeting you all in the year-end call and wish you all the very best.

2023-3M/Q3



INVESTORS PRESENTATION

Period Ended 30 September 2023



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

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Disclaimer

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ROUNDING ADJUSTMENTS

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

Our Vision

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

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

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

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Performance Highlights



Total Revenue¹

↑ +17%

95.4m in 9M-2023
81.8m in 9M-2022



Sales & Contracting Revenue

↑ +7%

76.8m in 9M-2023
72.0m in 9M-2022



EBITDA

↑ +44%

22.1m in 9M-2023
15.3m in 9M-2022



Net Profit

↑ +60%

18.3m in 9M-2023
11.4m in 9M-2022



EPS

↑ +60%

88 Fils in 9M-2023
55 Fils in 9M-2022



Assets

↓ -4%

278.4m in Sept.2023
290.6m in Dec. 2022



Liabilities

↓ -14%

53.4m in Sept.2023
62.2m in Dec. 2022



Borrowings

↓ -18%

36.0m in Sept.2023
43.9m in Dec. 2022



Equity

↓ -1.5%

225.0m in Sept.2023
228.3m in Dec. 2022



Production Metric Ton ('000')

↑ +0.4%

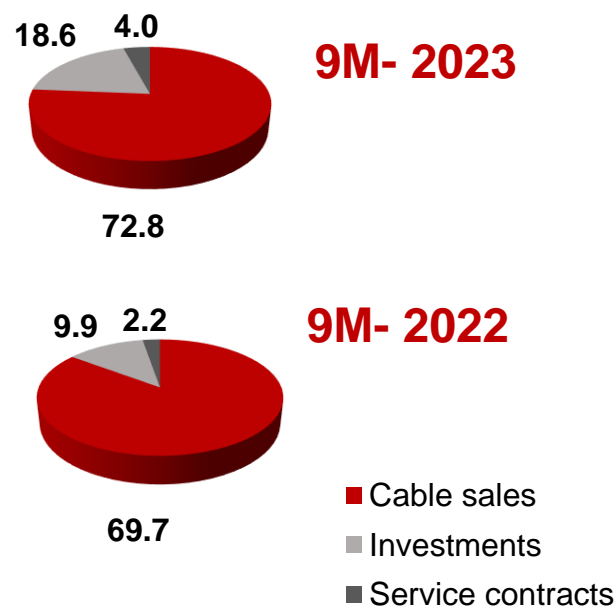
37.7MT in 9M-2023
37.5MT in 9M-2022

Note: all figures are in KWD

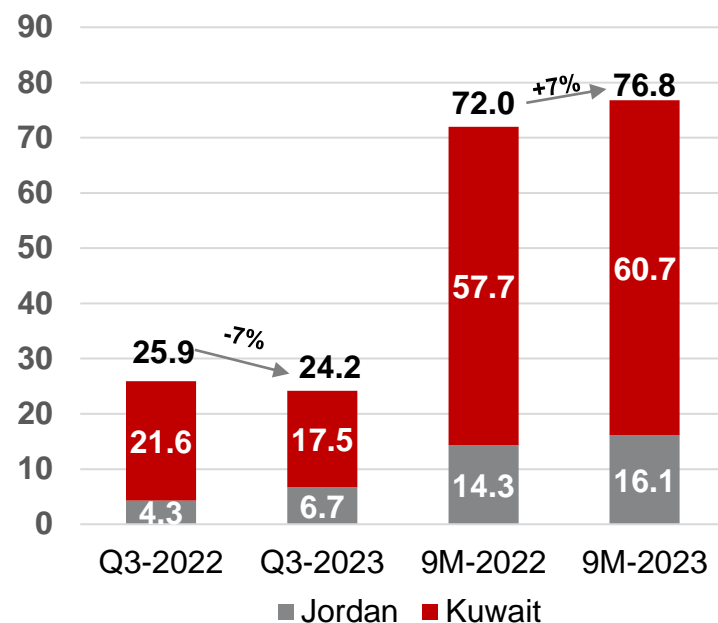
¹ Total revenue consist of cable sales, contracting revenue and investment revenue.

Financial Overview - Group

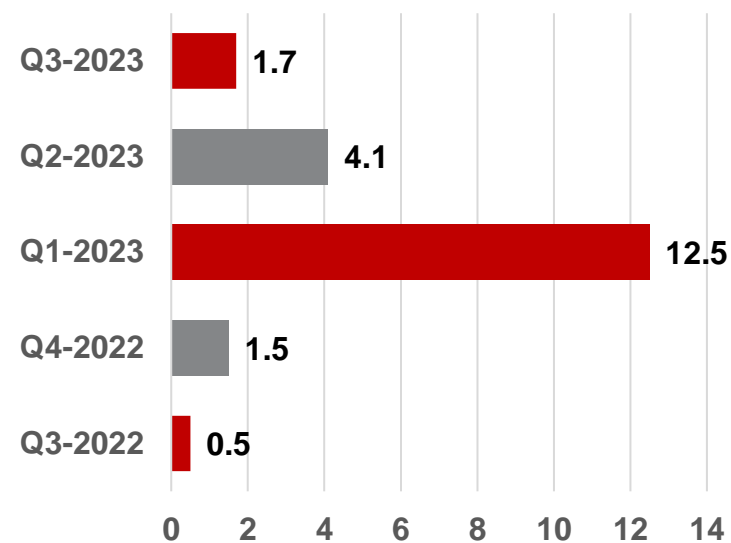
Total Revenue Breakdown
Million - KWD



Sales & Contracting Revenue
Million - KWD



Net Profit- Quarterly Basis
Million - KWD

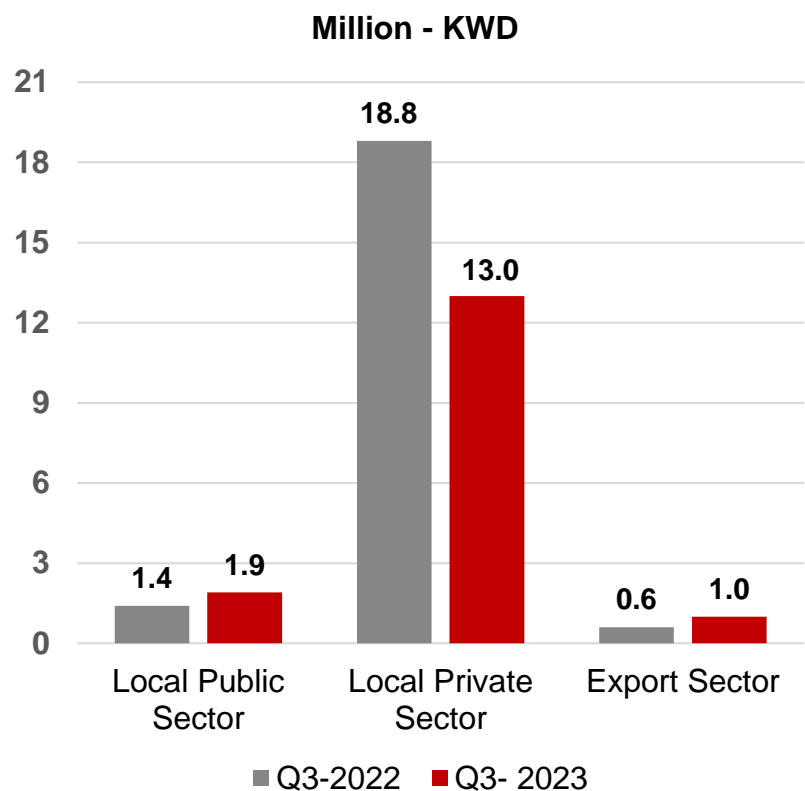


In 9M- 2023:

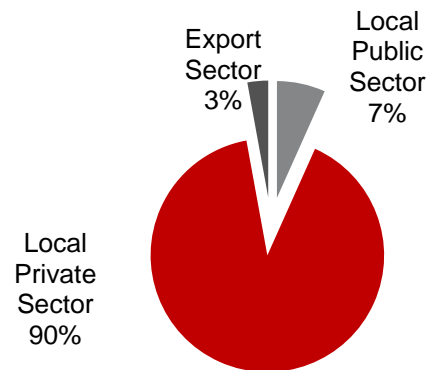
- Total revenue grew by 17% compared to 9M- 2022 from KWD 81.8m to KWD 95.4m.
- Total sales & contracting revenue for the Group increased by 7% compared to 9M-2022.
- Sales & contracting revenue from Kuwait consists of revenue from cable sales, amounted to KWD 56.7m and service contracts revenue, amounted to KWD 4.0m.
- Net profit increased by 60% compared to 9M-2022 as a result of increase in Dividend income.

Financial Overview - Gulf Cables Kuwait

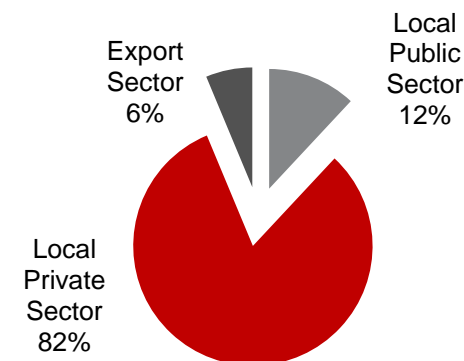
Breakdown of Cable Sales by Sector – Q3



Q3-2022



Q3-2023



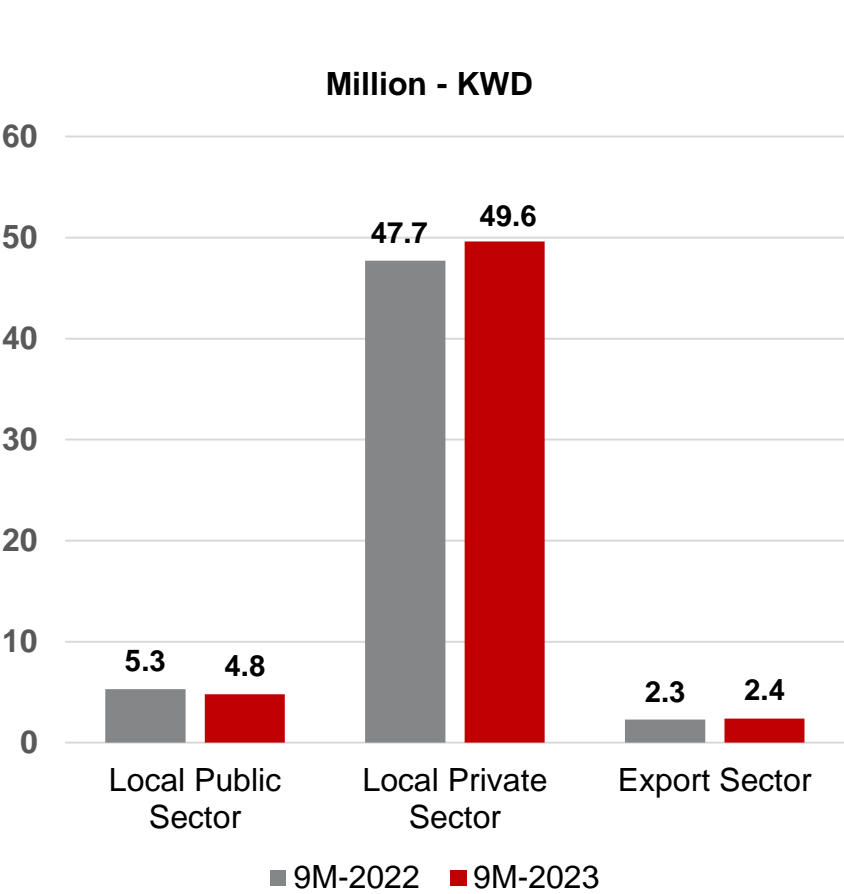
Description (Million, KWD)	Q3-2022	Q3-2023	Change	% Change
Local Public Sector	1.4	1.9	0.5	42.1%
Local Private Sector	18.8	13.0	-5.8	-31.1%
Export Sector	0.6	1.0	0.4	66.2%
Total Sales	20.8	15.9	-4.9	-23.5%

In Q3- 2023:

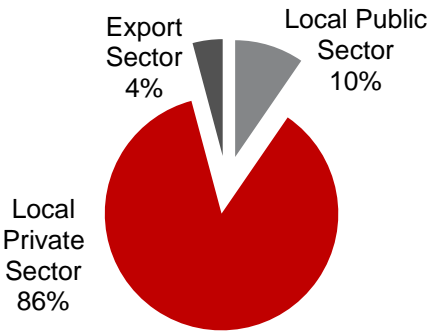
- Total sales decreased by 23.5% mainly due to decrease in sales to Local Private Sector.
- Local Private Sector shows a decrease of 31.1% compared to Q3-2022.
- Sales for the Local Public Sector increased by 42.1%.

Financial Overview - Gulf Cables Kuwait

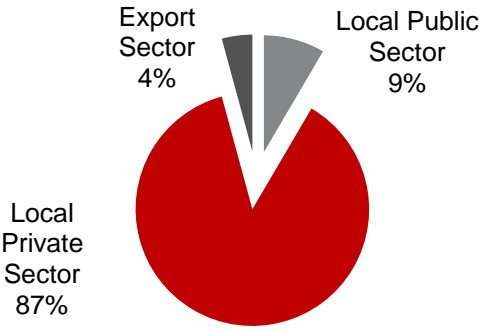
Breakdown of Cable Sales by Sector – 9M



9M-2022



9M-2023



Description (Million, KWD)	9M-2022	9M-2023	Change	% Change
Local Public Sector	5.3	4.8	-0.5	-10.0%
Local Private Sector	47.7	49.6	1.9	3.9%
Export Sector	2.3	2.4	0.1	3.2%
Total Sales	55.3	56.8	1.4	2.6%

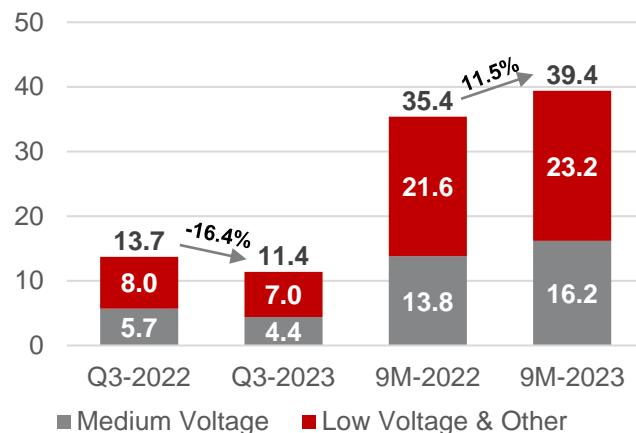
In 9M- 2023:

- Total sales shows an increase of 2.6% in 9M-2023 due to increase in sales of medium voltage cables for the Local Private Sector compared to 9M-2022.
- Sales for the Local Public Sector declined by 10% compared to 9M-2022 due to the less requirement from MEW.
- Export Sector shows a nominal increase in value compared to 9M-2022.

Financial Overview – Group Production and Sales by Weight

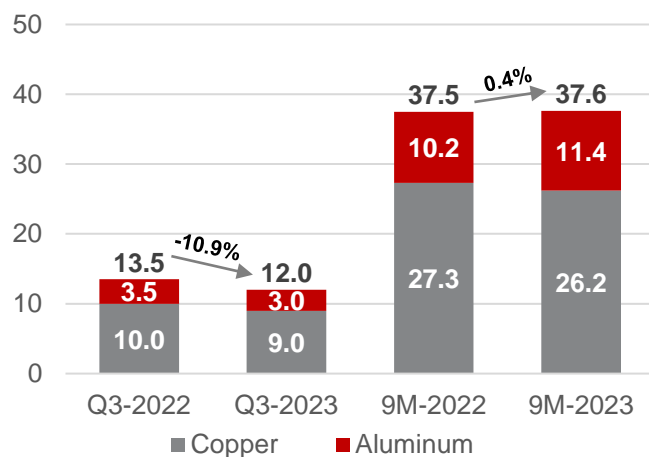
Sales Breakdown by Product

Quantity in ('000') Metric Ton



Production Breakdown by Material

Quantity in ('000') Metric Ton



Sales Breakdown by Product	Q3-2022 MT	Q3-2023 MT	9M-2022 MT	9M-2023 MT	9M %Change
Medium Voltage Cables	5,674	4,393	13,753	16,213	17.9%
Low Voltage and Other Cables	7,982	7,018	21,635	23,243	7.4%
Total Sales	13,656	11,411	35,389	39,456	11.5%

Production Breakdown by Material	Q3-2022 MT	Q3-2023 MT	9M-2022 MT	9M-2023 MT	9M %Change
Copper Cables (Low & Medium Voltage)	10,032	8,909	27,288	26,243	-3.8%
Aluminum Cables (Low & Medium Voltage)	3,470	3,124	10,240	11,442	11.7%
Total Production	13,502	12,033	37,528	37,685	0.4%

In 9M- 2023:

- The sales weight of medium voltage cables increased by 17.9% compared to 9M-2022.
- Low voltage cables sales show an increase of 7.4%.
- Total cable sales weight shows 11.5% growth compared to 9M-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 decrease of 3.8% compared to 9M-2022.
- Aluminum cables production displays a 11.7% growth due to orders from Local Public Sector.

Financial Overview - Ratio Analysis

Ratios	9M- 2022	9M- 2023	Change	FY2022
<u>Profitability</u>				
Gross Profit Margin - %	13.6%	11.4%	↓ -2.2%	12.6%
EBITDA Margin - %	21.3%	28.8%	↑ 7.5%	17.6%
Net Margin - %	15.9%	23.8%	↑ 7.9%	12.6%
ROA on Average Assets - % (with investment income)	3.7%	6.4%	↑ 2.7%	4.3%
ROE on Average Equity - % (with investment income)	5.1%	8.1%	↑ 2.9%	5.7%
<u>Leverage</u>				
Total Debt Percentage of Total Assets-%	18.8%	13.2%	↓ -5.6%	15.3%
Debt to Equity Ratio-%	25.4%	16.4%	↓ -9.0%	19.5%
Interest Coverage Ratio	9.4	14.6	↑ 5.2	8.3
<u>Liquidity</u>				
Current Ratio	3.6	3.9	↑ 0.3	3.7
Quick Ratio	1.6	2.1	↑ 0.5	1.9
Working Capital to Total Assets	0.2	0.2	= 0.0	0.2

- Group's gross profit margin decreased from 13.6% in 9M-2022 to 11.4% in 9M-2023. This was due to the increased cost of revenue and low margin in sales & service contracts.
- EBITDA margin shows an increase from 21.3% in 9M- 2022 to 28.8% in 9M- 2023, due to the increase in dividend income.
- ROA on Average Assets and ROE on Average Equity shows an increase of 2.7% and 2.9% respectively.
- Total debt percentage of total assets and debt to equity ratios improved in comparison with 9M-2022 due to the settlement of borrowings amounted KWD 9.3m during 9M- 2023.
- Interest coverage ratio improved to 14.6x in 9M-2023 showing an increase of 5.2x.
- The Group displays a nominal increase of 0.3 in its current ratio.
- Quick ratio increased by 0.5 in 9M-2023 compared to 9M-2022.
- Working capital to total assets maintained the same ratio of 0.2.

Financial Overview - Financial Position & Cash Flow Statements




Financial Position (Million, KWD)	Dec. 2022	Sept. 2023	Change	% Change
Non-Current Assets	210.8	196.5	-14.3	-6.8%
Current Assets	79.8	81.9	2.1	2.6%
Total Assets	290.6	278.4	-12.2	-4.2%
Non-Current Liabilities	40.5	32.4	-8.1	-20.0%
Current Liabilities	21.8	21.1	-0.7	-3.3%
Total Liabilities	62.2	53.4	-8.8	-14.1%
Total Equity	228.4	225.0	-3.4	-1.5%
Total Liabilities & Equity	290.6	278.4	-12.2	-4.2%

Cash Flow Statement (Million, KWD)	Sept . 2022	Sept. 2023	Change	% Change
Profit From Operations	11.4	18.3	6.9	60.5%
Non-Cash Adjustments	-6.0	-14.7	-8.7	-145.0%
Changes in Working Capital	-7.5	-2.4	5.1	68.0%
Net Cash Flow - Operating Activities	-2.1	1.2	3.3	157.1%
Net Cash Flow - Investing Activities	22.8	23.1	0.3	1.3%
Net Cash Flow - Financing Activities	-32.6	-22.2	10.4	31.9%
Increase / Decrease in Cash and Cash Equivalents	-11.9	2.1	14.0	117.6%
Cash and Cash Equivalents at Period End	7.3	10.2	2.9	39.7%

In 9M- 2023:

- Non-current assets declined by 6.8% at Sept. 2023 compared to Dec. 2022 due to decrease in the carrying values of the investments at FVTOCI and investment in associates.
- Current assets of the Group increased by 2.6% from Dec. 2022.
- Non-current liabilities decreased by 20% as a result of settlement borrowings.
- Shareholder's equity shows a decrease of 1.5%.
- Cash inflow from investing activities shows KWD 23.1m due to dividends income received during 9M- 2023.
- Cash outflow for financing activities reached KWD 22.2m mainly as a result of settlement of borrowings amounted to KWD 9.3m and cash dividend paid to shareholders amounted to KWD 12.4m.

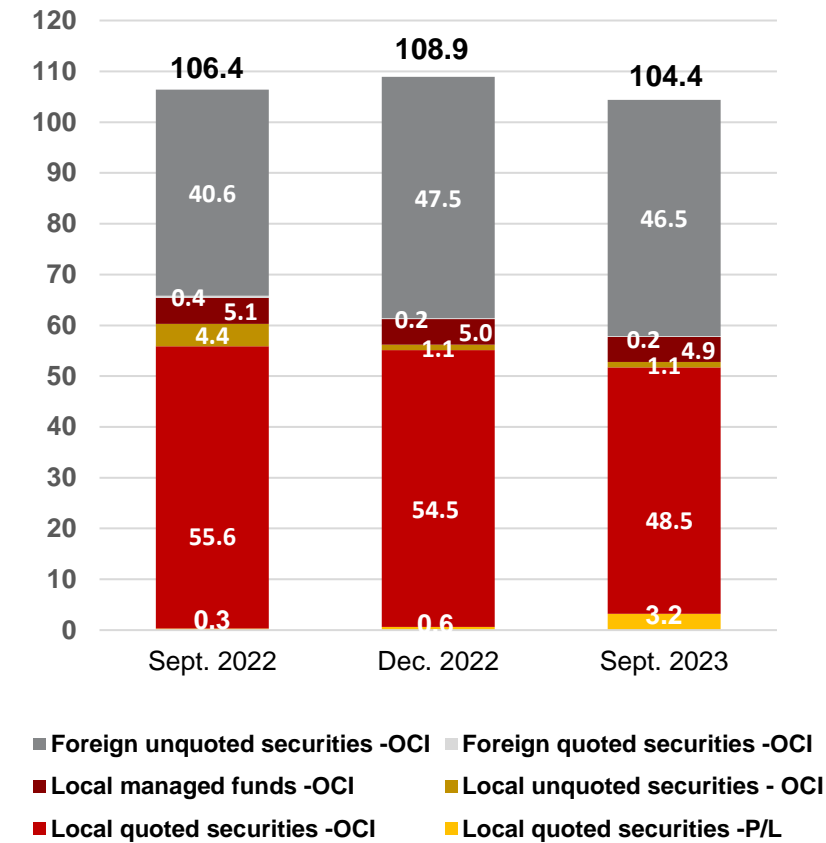
Financial Overview – Investments in Associates & Joint Venture

	NIC			HEISCO			Team Holding		
									
	Sept.2022	Dec. 2022	Sept.2023	Sept.2022	Dec. 2022	Sept.2023	Sept.2022	Dec. 2022	Sept.2023
GC Effective Ownership Interest	26.95%			28.33%			47.50%		
Total Net Assets Value	195.3m	198.8m	172.7m	68.4m	70.7m	70.9m	2.6m	2.7m	2.3m
GC Carrying Value of Ownership Interest	53.9m	54.9m	47.8m	29.8m	30.5m	30.5m	1.2m	1.3m	1.1m
	9M-2022	FY-2022	9M-2023	9M-2022	FY-2022	9M-2023	9M-2022	FY-2022	9M-2023
Profit for the Period /Year Attributable to Shareholders of the Parent Co.	8.8m	8.7m	2.5m	3.2m	5.6m	4.0m	-0.02m	0.1m	0.1m
GC Share of Results	2.1m	2.1m	0.6m	0.9m	1.6m	1.1m	-0.01m	0.03m	0.05m
Dividends Received from the Associate	9.6m	9.6m	6.0m	1.0m	1.0m	1.0m	-	-	0.2m

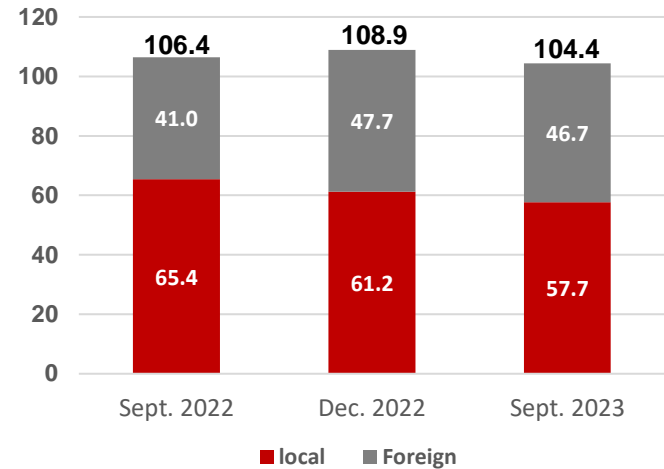
- GC Carrying Value of Ownership Interest in NIC shows a decrease of KWD 7.1m from KWD 54.9m in Dec.2022 to KWD 47.8m in Sept.2023 mainly due to dividend distributions compared to Dec.2022.
- Share of results of NIC declined to KWD 0.6m in 9M-2023 compared to KWD 2.1m in 9M-2022.
- Share of results of HEISCO increased slightly by 0.2m to KWD 1.1m in 9M-2023 against KWD 0.9m in 9M-2022.
- During 9M-2023, dividends received KWD 6.0m from NIC compared to KWD 9.6m 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



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 9M- 2023:

- Total investments at FVTOCI decreased by 4.2% from Dec. 2022 to Sept. 2023.
- Total investments at FVTP/L increased from KWD 0.6m in Dec. 2022 to KWD 3.2m in sept. 2023.
- Dividend income on investments amounted to KWD 16.9m compared to KWD 6.8m in 9M- 2022.

Appendix

Cables that pulse with life



Consolidated Statement of Financial Position

	30 Sept. 2022	31 Dec. 2022	30 Sept. 2023
Assets (KWD)			
Non-current assets			
Goodwill	3,603,180	3,603,180	3,603,180
Property, plant and equipment	9,519,648	9,261,814	9,256,840
Right of use assets	504,727	468,675	543,691
Investments in associates & joint venture	87,400,107	89,122,225	81,938,683
Investments at fair value through other comprehensive income	106,085,413	108,310,882	101,132,093
	207,113,075	210,766,776	196,474,487
Current assets			
Inventories	47,139,455	37,385,413	36,878,121
Trade accounts receivable	29,528,097	31,100,230	29,136,885
Other receivables and prepayments	1,885,180	2,028,887	1,652,747
Investments at fair value through profit or loss	302,126	596,767	3,227,203
Cash and cash equivalents	7,892,150	8,694,999	11,025,529
	86,747,008	79,806,296	81,920,485
Total Assets	293,860,083	290,573,072	278,394,972

	30 Sept. 2022	31 Dec. 2022	30 Sept. 2023
Liabilities (KWD)			
Non-current liabilities			
Provision for employees' end of service benefits	4,554,448	4,597,596	4,819,256
Terms loans	18,534,495	17,500,000	15,558,000
Murabaha payables	28,526,316	18,072,368	11,710,526
Lease liabilities	286,437	289,140	290,447
	51,901,696	40,459,104	32,378,229
Current liabilities			
Trade accounts payable	7,774,504	3,660,167	2,775,850
Other payables and accruals	8,121,555	8,937,217	8,556,436
Lease liabilities	151,416	151,416	189,270
Term loans	5,800,000	6,534,495	6,896,495
Murabaha payables	1,815,789	1,815,789	1,815,789
Due to banks	619,406	668,952	826,499
	24,282,670	21,768,036	21,060,339
Total Liabilities	76,184,366	62,227,140	53,438,568
Equity (KWD)			
Share capital	20,993,131	20,993,131	20,993,131
Share premium	29,160,075	29,160,075	29,160,075
Treasury shares	(1,575,622)	(1,686,080)	(1,971,996)
Statutory, voluntary and general reserves	70,459,281	71,893,702	71,893,702
Other components of equity	60,137,088	65,297,391	56,366,555
Retained earnings	37,975,628	42,164,366	47,976,100
Total equity attributable to the owners of the Parent Company	217,149,581	227,822,585	224,417,567
Non-Controlling Interests	526,136	523,347	538,837
Total Equity	217,675,717	228,345,932	224,956,404
Total Equity and Liabilities	293,860,083	290,573,072	278,394,972

Consolidated Statement of Profit or Loss

	Q3-2022	Q3-2023	9M-2022	9M-2023
Revenue (KWD)				
Sales and contracting revenue	25,915,801	24,223,141	71,952,491	76,809,684
Cost of revenue	(22,674,319)	(20,174,863)	(62,155,638)	(68,024,029)
Gross profit	3,241,482	4,048,278	9,796,853	8,785,655
Dividend income	90,500	65,787	6,760,934	16,854,161
Other investment gain / loss	15,036	(101,415)	124,810	(74,705)
Share of results of associates & joint venture	(536,787)	14,611	3,000,447	1,843,088
Interest & other income	18,608	177,769	24,662	386,514
Foreign currency exchange gain	159,928	140,558	378,048	374,583
	2,988,767	4,345,588	20,085,754	28,169,296
Expenses and other charges (KWD)				
General and administrative expenses	(1,020,748)	(1,251,055)	(3,338,745)	(4,464,177)
Commercial expenses	(621,062)	(676,368)	(2,026,940)	(2,180,948)
(Provision charge)/Reversal for obsolete and slow-moving inventories	(1,874)	11,024	(107,095)	(174,727)
Provision charge for doubtful debts & other receivables	(143,665)	(13,148)	(513,176)	(610,362)
Finance costs	(496,621)	(474,044)	(1,496,774)	(1,418,000)
	(2,283,970)	(2,403,591)	(7,482,730)	(8,848,214)

	Q3-2022	Q3-2023	9M-2022	9M-2023
Profit before provision for taxation and Board of Directors' remuneration	704,797	1,941,997	12,603,024	19,321,082
Provision for taxation	(90,607)	(122,660)	(938,408)	(785,240)
Provision for Board of directors' remuneration	(77,500)	(77,500)	(232,500)	(232,500)
Profit for the Period	536,690	1,741,837	11,432,116	18,303,342
Profit for the year attributable to:				
Owners of the Parent Company	536,167	1,734,590	11,424,328	18,292,294
Non-controlling interests	523	7,247	7,788	11,048
Profit for the Period	536,690	1,741,837	11,432,116	18,303,342
Earnings Per share	3 Fils	8 Fils	55 Fils	88 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	30 Sept. 2022	31 Dec. 2022	30 Sept. 2023
Assets			
Non-current assets			
Goodwill	1.23%	1.24%	1.29%
Property, plant and equipment	3.24%	3.19%	3.33%
Right of use assets	0.17%	0.16%	0.20%
Investments in associates & joint venture	29.74%	30.67%	29.43%
Investments at fair value through other comprehensive income	36.10%	37.27%	36.33%
	70.48%	72.53%	70.57%
Current assets			
Inventories	16.04%	12.87%	13.25%
Trade accounts receivable	10.05%	10.70%	10.47%
Other receivables and prepayments	0.64%	0.70%	0.59%
Investments at fair value through profit or loss	0.10%	0.21%	1.16%
Cash and cash equivalents	2.69%	2.99%	3.96%
	29.52%	27.47%	29.43%
Total Assets	100%	100%	100%

- The percentage of total non-current assets has decreased from 72.53% in Dec. 2022 to 70.57% in Sept. 2023, on the other hand the percentage of total current assets increased to 29.43% in Sept.2023 from 27.47% of Dec. 2022.
- Total liabilities has dropped from 21.42% in Dec. 2022 to 19.20% in Sept.2023.
- The percentage of total equity attributable to the owners of the Parent Company has risen from 78.40% to 80.61%.

	30 Sept. 2022	31 Dec. 2022	30 Sept. 2023
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	1.55%	1.58%	1.73%
Terms loans	6.31%	6.02%	5.59%
Murabaha payables	9.71%	6.22%	4.21%
Lease liabilities	0.10%	0.10%	0.10%
	17.66%	13.92%	11.63%
Current liabilities			
Trade accounts payable	2.65%	1.26%	1.00%
Other payables and accruals	2.76%	3.08%	3.07%
Lease liabilities	0.05%	0.05%	0.07%
Term loans	1.97%	2.25%	2.48%
Murabaha payables	0.62%	0.63%	0.65%
Due to banks	0.21%	0.23%	0.30%
	8.26%	7.50%	7.56%
Total Liabilities	25.93%	21.42%	19.20%
Equity			
Share capital	7.14%	7.22%	7.54%
Share premium	9.92%	10.04%	10.47%
Treasury shares	-0.53%	-0.58%	-0.71%
Statutory, voluntary and general reserves	23.98%	24.74%	25.82%
Other components of equity	20.46%	22.47%	20.25%
Retained earnings	12.92%	14.51%	17.23%
Total equity attributable to the owners of the Parent Company	73.89%	78.40%	80.61%
Non-Controlling Interests	0.18%	0.18%	0.19%
Total Equity	74.07%	78.58%	80.80%
Total Equity and Liabilities	100%	100%	100.00%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q3-2022	Q3-2023	9M-2022	9M-2023
Revenue				
Sales and contracting revenue	100.00%	100.00%	100.00%	100.00%
Cost of sales and Contracts with Customers	-87.49%	-83.29%	-86.38%	-88.56%
Gross profit	12.51%	16.71%	13.62%	11.44%
Dividend income	0.35%	0.27%	9.40%	21.94%
Other investment gain / loss	0.06%	-0.42%	0.17%	-0.10%
Share of results of associates & joint venture	-2.07%	0.06%	4.17%	2.40%
Interest and other income	0.07%	0.73%	0.03%	0.50%
Foreign currency exchange gain	0.62%	0.58%	0.53%	0.49%
	11.54%	17.94%	27.92%	36.67%

Expenses and other charges				
General and administrative expenses	-3.94%	-5.16%	-4.64%	-5.81%
Commercial expenses	-2.40%	-2.79%	-2.82%	-2.84%
(Provision charge)/Reversal for obsolete and slow-moving inventories	-0.01%	0.05%	-0.15%	-0.23%
Provision charge for doubtful debts	-0.55%	-0.05%	-0.71%	-0.79%
Finance costs	-1.92%	-1.96%	-2.08%	-1.85%
	-8.82%	-9.92%	-10.40%	-11.52%

	Q3-2022	Q3-2023	9M-2022	9M-2023
Profit before provision for taxation and Board of Directors' remuneration	2.72%	8.02%	17.52%	25.15%
Provision for taxation	-0.35%	-0.51%	-1.30%	-1.02%
Provision for Board of directors' remuneration	-0.30%	-0.32%	-0.32%	-0.30%
Profit for the Period	2.07%	7.19%	15.89%	23.83%

- The percentage of gross profit decreased by 2.18% compared to 9M-2022 (from 13.62% to 11.44%).
- Dividend income shows an increase of 12.54% to 21.94% in 9M-2023 from 9.40% in 9M-2022.
- Share of results of associates & joint venture shows a decline from 4.17% in 9M-2022 to 2.40% in 9M-2023
- Expenses and other charges slightly increased from 10.40% to 11.52%
- Profit percentage increased by 7.94% to reach 23.83% in 9M- 2023 from 15.89% in 9M-2022.



Thank You

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

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