



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

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

Date: 23/05/2023

Ref: GC/454/2023

M/S. Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for Q1-2023

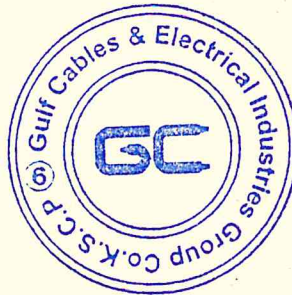
As per requirements stipulated in article No. (7-8) "Listed Company Obligations" of Boursa Kuwait Rule Book, and since Gulf Cable Group Co. has been classified under the Premier Market category.

WE would like to advise that Analysts/Investors Conference for Q1-2023 was held through live webcast at 1:00 PM on Monday 22 May 2023.

Attached the Analyst Conference Transcript for Q1- 2023.

Best regards

Basel Omran Kanaan
Chief Executive Officer



Cables that pulse with life كابلات تنبض بالحياة

Tel.: +965-24645500 - 24675244 - Fax : +965-24675305 - 24675850
www.gulfcable.com - Email : info@gulfcable.com - Cable: WIREGULF
P.O. Box : 1196 - Safat - Code 13012 - Kuwait Comm. Reg. 23213
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Gulf Cables & Electrical Industries Group Co. K.S.C.P

Cables that pulse with life

Earnings Conference Call

22 May 2023

2023-Q1/ Period Ended 31 March 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: Good afternoon, ladies and gentlemen, welcome to you all to Gulf Cables Group's first quarter of 2023 results conference call. This is **Mahmoud El Mahmoud**, Deputy Investment Manager at Gulf Cables & Electrical Industries Group. Today, we have, **Mr. Basel Kanaan** Gulf Cables' Chief Executive Officer and **Mr. Ahmad Tayem** Executive Director of Finance of the Group, on the call with us.

Before we begin, I would like to bring to your attention that certain comments in this presentation may constitute forward-looking statements. These comments reflect the organization's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. You are cautioned not to rely on such forward-looking statements.

Gulf Cables does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein. Also, I would like to draw your attention to our full disclaimer in the presentation for today's call. By participating in this presentation or by accepting any copy of the slides presented, you agree to be bound by the foregoing limitations.

We will answer your questions after the management's presentation and in the order that they are received. Additionally, you can send any follow-up questions to our Investor Relations email address. Without further delay, I now hand the podium over to the Chief Executive Officer, **Mr. Basel Kannan**.

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



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

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

Good afternoon and welcome to you all here for the 2023 first quarter results call.

With great pleasure and pride, I am here to talk about our performance in the first quarter of year 2023, as we could present enchanting and encouraging results for the respected shareholders. The group is continuing its success, and maintained the momentum, which produced delightful first quarter results for the group, even in the volatile global and local economic & political environment.

As I concluded in year 2022 results call, in Q1 of 2023 there was mixed sentiments in the markets. High oil output and prices, well controlled inflation, continuing growth expected in GDP, strong bank buffers and higher project awards; the value of awarded projects rose 78.3 percent quarter-on-quarter to KD 527 million in the first quarter of 2023 were on the bright side. Whereas the adverse effects of unending Russia's war in Ukraine, possibilities of repercussions from the global economic slowdown, impacts of monetary policy tightening in major economies, recent banking sector turmoil in the US and Europe and ongoing political gridlock & delay in reforms were the areas of dark side.

Even midst of these adverse situations, our total revenue displayed a 93 percent increase and net profit increased by 100 percent compared to Q1 2022. The result is a testimony for the strategy of the board and apt execution of top management.

To summarize, we have started the year 2023 with a promising and positive note, which we expect and strive to continue throughout the year. A more detailed and in-depth analysis of the financials will be presented by the Executive Director of Finance **Mr. Ahmed Tayem.**

Thank you all, over to you **Mr. Ahmed.**



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

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

It is an honor for me to stand in front of you to detail about our performance. As mentioned by our CEO, the shareholders have everything to be proud and satisfy with our first quarter results. The underlying economic situations which had effects on our results, have been already explained by Mr. Basel, so I prefer to move straightaway to the performance analysis of the Group.

First of all, we are here at the performance highlights for Q1 2023 in **slide No. 5**

The Group's total revenue displays a 93 percent increase from KD 22.4 million in Q1 2022 to KD 43.2 million in Q1 2023. Sales & contracting revenue increased by 60 percent from KD 18 million to KD 28.7 million in the same period.

EBITDA increased by a huge margin of 94 percent in Q1 2023, to KD 14.1 million, which was only KD 7.2 million in the Q1 of 2022.

The Group's net profit also shows a huge jump of 100 percent to KD 12.5 million in the quarter from KD 6.2 million in 2022 and earnings per share is 60 fils compared to 30 fils.

The total assets show a decrease of 3.6 percent whereas, total liabilities displayed a 10 percent decrease as of 31st March 2023 in comparison to the figures of 31st December 2022. It is noticeable that, the loans and financing facilities shows a decrease of 18 percent from KD 43.9 million on 31st December 2022 to KD 36.1 million on 31st March 2023.

Shareholders' equity also displayed a decrease of 1.7 percent to reach KD 224.4 million from KD 228.3 million on 31st December 2022

The Group's production increased by 17 percent in Q1 2023 to reach around 13 thousand metric tons against 11 thousand metric tons in Q1 2022.



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Slide number 6 shows the segmental and geographical analysis. Total revenue consists of KD 27.6 million from cable sales, KD 14.5 million from investments, and KD 1.1 million from service contracts.

- Total Cable Sales KD 27.6 million consists of KD 23.1 million from Parent company in Kuwait & KD 4.5 million from our subsidiary company in Jordan.
- Investments revenue KD 14.5 million includes KD 14 million from dividend income and KD 0.5 million from share of results associates.
- Our subsidiary CARE for Buildings and Cities Cleaning Contracting Co. reported KD 1.1 million in service contracts revenue in Q1 2023 compared to KD 0.8 million in the same period of 2022.

GC Kuwait reported KD 24.2 million in sales & contracting revenue, while GC Jordan reported KD 4.5 million in Q1 2023 compared to KD 15.3 million & KD 2.7 million respectively in Q1 2022.

In the third diagram, we can see the net profit analysis of the Group for the past five quarters beginning from Q1 2022, showing the 100 percent hike in Q1 2023 compared to Q1 2022.

Now on slide number 7, for the analysis of our Cable sales in Kuwait, a 59.4 percent increase in sales was recorded in Q1 2023 compared to Q1 2022. The largest contributor to parent company's cable sales was the local private sector with sales of KD 21 million in Q1 2023 compared to KD 11.4 million in Q1 2022 with an increase of 83.1 percent. This is mainly due to the higher sales for medium voltage cables of high value orders from previous year.

Meanwhile, public sector contribution was merely KD 1.5 million towards KD 2.5 million, showing a decline of 40.9 percent during the period.

Slide number 8 shows the Group's production & sales breakdown by product & material measured in weight. The sales of medium voltage cables increased by



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281.6 percent and low voltage Cables sales show an increase of 51.3 percent in Q1 2023 compared to the period last year.

Accordingly, the total cable sales weight shows a 101.3 percent growth compared to Q1-2022. This is mainly due to the increase in sales of medium voltage cables of the continuing orders since 2022 from the Local Private Sector.

In the production chart we can see the quantities of cables produced in Q1 2023 increased by 17.4 percent to 12,901 metric tons from 10,991 metric tons in Q1 2022.

Moving on to some major financial ratios in **slide number 9**, Gulf Cables Group's gross profit margin decreased from 22.6 percent in Q1 2022 to 8.2 percent in Q1 2023. This decrease was due to the increased cost of revenue and low margin on high value purchase orders we received from the private contractors. These orders we received and started deliveries in the year 2022.

EBITDA margin increased from 40.3 percent to 48.9 percent and net margin increased from 34.7 percent to 43.4 percent.

ROA and ROE (inclusive of investment income) are also with the increasing trend. ROA has risen by 2.5 percent and ROE by 2.9 percent in Q1 2023 as opposed to Q1 2022.

Also, we can find that the Group's leverage ratios displayed noticeable improvements in Q1 2023 due to settlement of borrowings of KD 8.1 million, where the total debt percentage of total assets improved by 6.1 percent and debt to equity ratios improved by 9.5 percent in comparison with Q1 2022.

As we can see in **slide number 10**, from a financial position perspective, The Group's total assets decreased from KD 290.6 million at the end of year 2022 to reach KD 280.1 million at the end of March 2023. This is mainly due to change in fair value for the investments at fair value through other comprehensive income.



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Non-current liabilities dropped from KD 40.4 million at the end of year 2022 to KD 32.5 million at the end of March 2023, a drop of 19.6 percent due to settlement of borrowings, while current liabilities grew by 6.5 percent to reach KD 23.2 million.

The Group's total equity showed a decrease of 1.7 percent from KD 228.4 million at the end of year 2022 to KD 224.4 million at the end of March 2023.

When we look into the cash flow statement, the net cash flow from operating activities shows an increase of 89.6 percent from KD 5.4 million cash outflow in Q1 2022 to only KD 0.6 million in Q1 2023.

In investing activities, net cash flow from investing activities has a cash inflow of KD 13.6 million in Q1 2023 with an increase of KD 14.1 million compared to cash outflow of KD 0.5 million in Q1 2022. This cash inflow is from dividends income received during the quarter.

At the same time there is a net cash outflow of financing activities amounted to KD 8.3 million in Q1 2023 compared to net cash outflow of KD 5 million in Q1 2022. This cash outflow was mainly as the result of settlement of borrowings amounting to KD 8.1 million.

To summarize, the cash and cash equivalents at the end of March 2023 have an increase of KD 15.6 million to reach KD 12.7 million from KD 8.1 million at the end of March 2022.

Moving forward to **slide number 11** for our investments in associates & joint venture. The Group's current effective ownership interest in NIC is 26.98 percent, 28.33 percent in HEISCO and 47.50 percent in Team Holding at the end of March 2023.

Group's carrying value of ownership interest is KD 53.2 million in NIC with a decrease of KD 1.7 million compared to KD 54.9 million at the end of December 2022, KD 30.6 million in HEISCO and KD 1.3 million in Team Holding, without much variations.

Gulf Cables' share of results in NIC amounted to KD 0.3 million in Q1 2023 compared to KD 3.9 million in Q1 2022.



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Group's share of results in HEISCO in Q1 2023 is KD 0.2 million, towards KD 0.3 million in Q1 2022

Also, in the joint venture "Gulf and Riyadh Electric Wires, Cables and Electronics Manufacturing Company" the Group has 50 percent ownership with an investment of KD 2.5 million.

Here in slide number 12, The volume of the investment portfolio of Gulf Cables reduced to KD 96.8 million as of end of March 2023, a decrease of 13.4 percent compared to end of December 2022. This is due to the change in fair value of the Investments.

Most of our stakes are local quoted securities which account to 51 percent of our portfolio at the end of March 2023, followed by 43 percent in foreign unquoted securities.

The investments at fair value through other comprehensive income represents 97 percent of our investment portfolio at the end of March 2023 which are held in equity instruments for medium to long-term strategic objectives. The Group intends to hold these investments for a long-term period. Gulf Cables continues to hold several equity stakes across different sectors and geographies to mitigate the market risks.

During the Q1 2023 the Group has additional investments to the category of investment at fair value through profit or loss to reach KD 3 million compared to KD 0.6 million at the end of year 2022.

Local managed funds amounted to KD 4.9 million at the end of March 2023, these funds include investments in units of equity investments. Fair value of these investments is determined using the net asset values reported by investment managers.

To conclude from my side, we had an excellent performance during the first quarter of 2023.

That's all for the financial performance of the Group. Thank you all for listening to me, now back to **Mr. Basel**.



Mr. Basel Kanaan: Thank you **Mr. Ahmad.**

Dear ladies and gentlemen, it is our pleasure to present such a good performance. It is clearly the outcome of the foresight of the board to diversify the Group's investment strategy to mitigate the risks and loss that may happen if the investments are in one sector.

We are optimistic that we can continue the performance in the next quarters too considering the local economic situations. The controlled inflation rate in Kuwait, the projected elevated oil prices in the medium term, well capitalized and liquid banking sector and expectation of projects awards of KD8.4 billion during the current year are the basis for our optimism.

Nevertheless, OPEC's unexpected production cut announcement which goes into effect in May, recent turmoil in banking sector in US and Europe, potential impact from a deeper than-expected global economic slowdown, delay in fiscal and structural reforms, and labor shortages are the downside risks that will have a negative impact on our above positive forecast.

That's all from me for the time being. Now, I hand it over to **Mr. Mahmoud** for the question-and-answer session. Thank you.

Mr. Mahmoud El Mahmod: Thank you **Mr. Basel.** Let us now open the floor for the Q&A session. We have already received only one question to answer so let us begin.



Q&A Session:

1. **We noticed the gross profit margin shows a sharp decline of 14.4% compared to Q1 2022 and even lesser than of year 2022. What is the reason and what are the measures to tackle such issue?**

Mr. Basel Kanaan: The reasons for the decline in the gross profit margin are the increased cost of revenue due to the increased price of raw materials. Also, the low margin in the high value purchase orders, which we received in year 2022 and the deliveries continued in 2023 have adverse effect on our margin. This was because of the low project awards in 2022, we had to offer competitive prices to get these orders.

As there were better project awards in the first quarter and expected high project awards during 2023, we assume that this will have a positive impact on our gross profit ratio.

Mr. Mahmoud El Mahmoud: Ladies and gentlemen, there are no additional questions at present. However, you are most welcome to send us if you have any inquiries and we will try to provide our answers at the earliest.

Thank you everyone for participating in this call and getting to understand how the performance of the Group was, during the first quarter of 2023. Thanks to the management who participated in this conference call. Hope to meet you all here in the same platform for the second quarter call.

Thank you all very much.

2023-Q1

INVESTORS PRESENTATION

Period Ended 31 March 2023



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

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ROUNDING ADJUSTMENTS

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

Our Vision

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

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

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

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- **Financial Overview**
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Performance Highlights



Total Revenue¹

↑ **+93%**

43.2m in Q1- 2023
22.4m in Q1- 2022



Sales & Contracting Revenue

↑ **+60%**

28.7m in Q1- 2023
18.0m in Q1- 2022



EBITDA

↑ **+94%**

14.1m in Q1- 2023
7.2m in Q1- 2022



Net Profit

↑ **+100%**

12.5m in Q1- 2023
6.2m in Q1- 2022



EPS

↑ **+100%**

60 Fils in Q1- 2023
30 Fils in Q1- 2022



Assets

↓ **-3.6%**

280.1m in Mar.2023
290.6m in Dec.2022



Liabilities

↓ **-10%**

55.7m in Mar.2023
62.2m in Dec.2022



Loans & Financing Facilities

↓ **-18%**

36.1m in Mar.2023
43.9m in Dec.2022



Equity

↓ **-1.7%**

224.4m in Mar.2023
228.3m in Dec.2022



Production Metric Ton ('000')

↑ **+17%**

12.9MT in Q1- 2023
11.0 MT in Q1- 2022

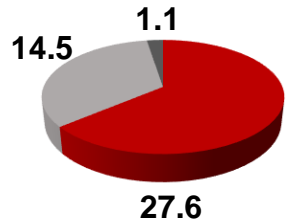
Note: all figures are in KWD

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

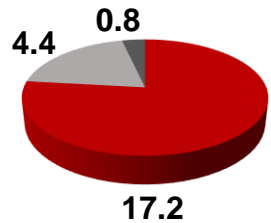
Financial Overview - Group

Total Revenue Breakdown

Million - KWD



Q1- 2023

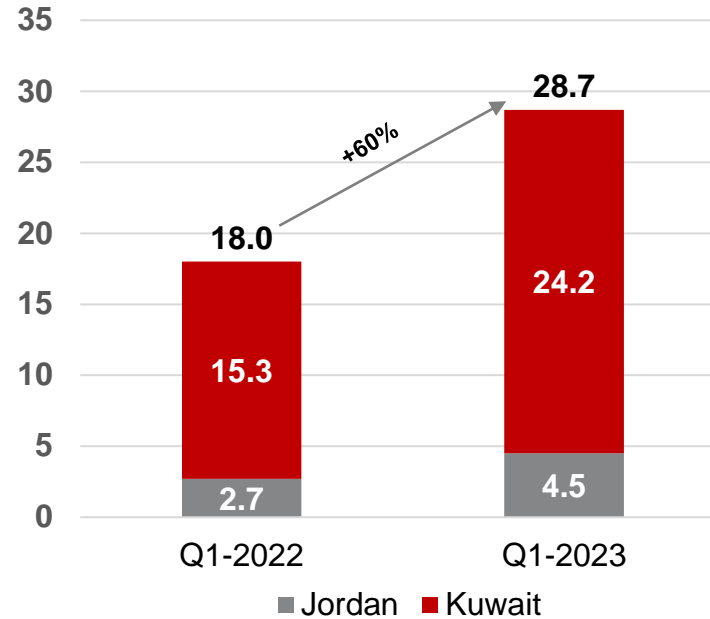


Q1- 2022

- Cable sales
- Investments
- Service contracts

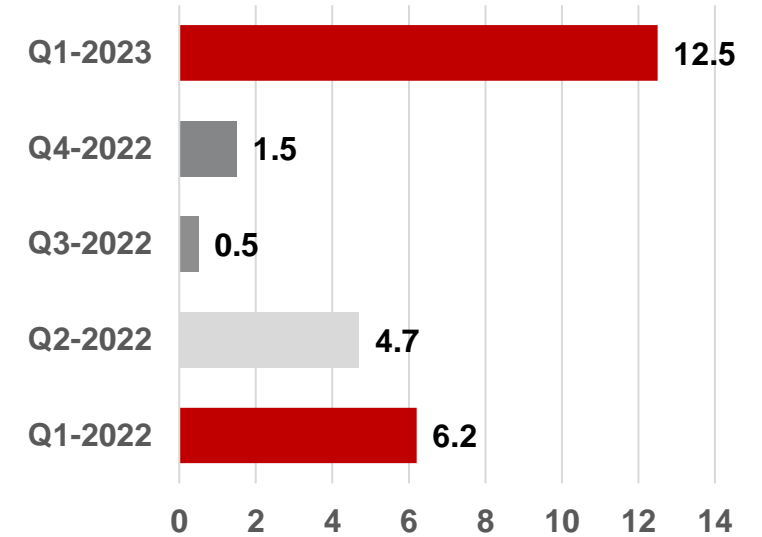
Sales & Contracting Revenue

Million - KWD



Net Profit- Quarterly Basis

Million - KWD

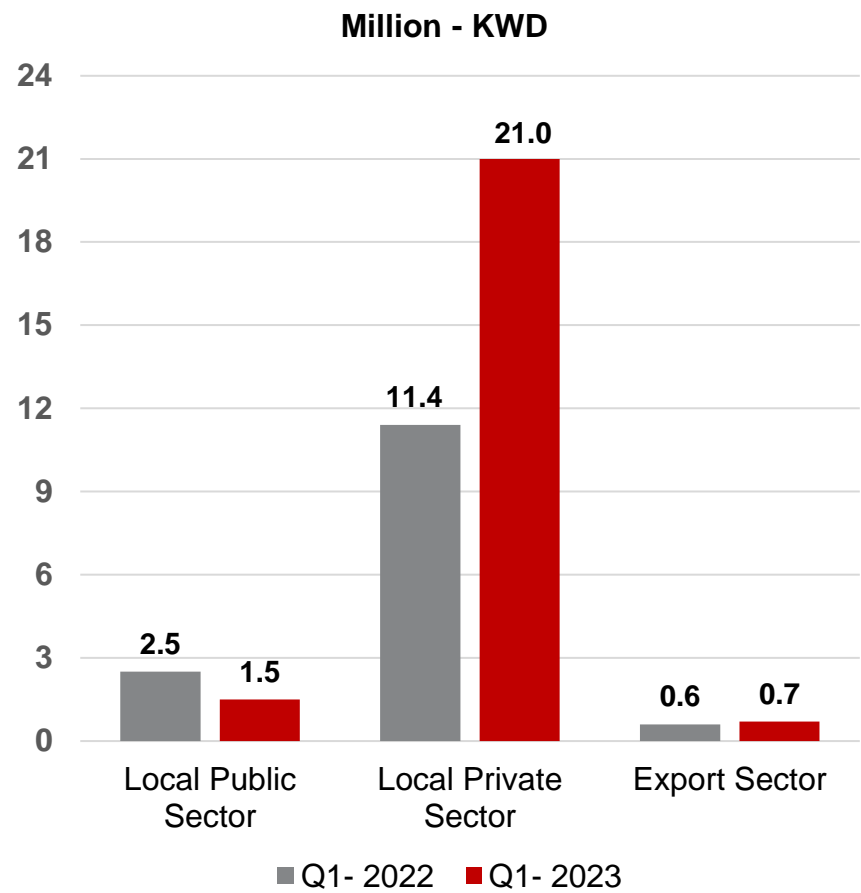


In Q1- 2023:

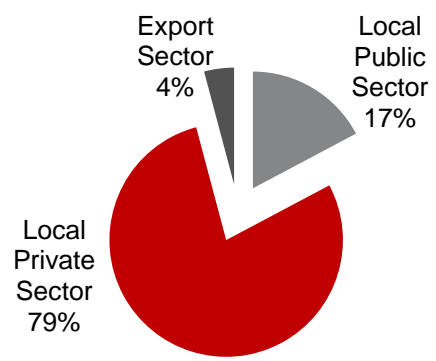
- Total revenue grew by 93% compared to Q1- 2022 from KWD 22.4m to KWD 43.2m.
- Total sales & contracting revenue for the Group increased by 60% compared to Q1-2022.
- Sales & contracting revenue from Kuwait consists of revenue from cable sales, amounted to KWD 23.1m and service contracts revenue, amounted to KWD 1.1m.
- Net profit for the Group increased by 100% compared to Q1- 2022.

Financial Overview - Gulf Cable Kuwait

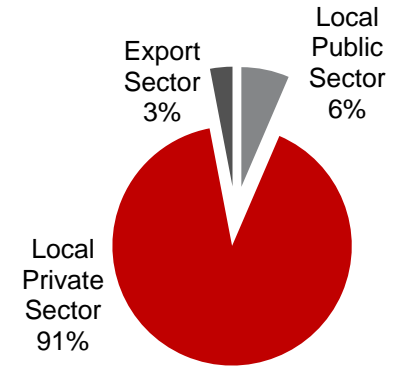
Breakdown of Cable Sales by Sector



Q1-2022



Q1-2023



Description (Million, KWD)	Q1- 2022	Q1-2023	Change	% Change
Local Public Sector	2.5	1.5	-1.0	-40.9%
Local Private Sector	11.4	21.0	9.5	83.1%
Export Sector	0.6	0.7	0.1	19.8%
Total Sales	14.5	23.1	8.6	59.4%

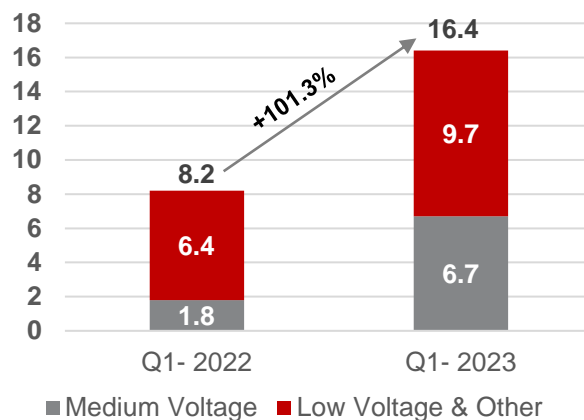
In Q1- 2023:

- Total sales increased by 59.4% mainly due to increase in sales of medium voltage cables of the running high value orders since 2022 from the Local Private Sector.
- Local Private Sector shows an increase of 83.1% compared to Q1- 2022.
- Sales for the Local Public Sector declined by 40.9% due to the less requirement from MEW.

Financial Overview – Group Production and Sales by Weight

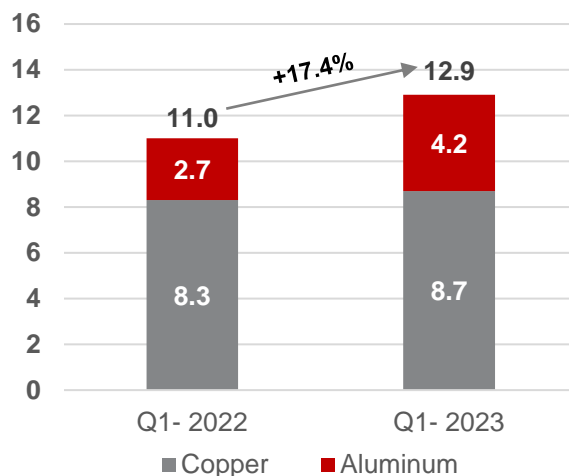
Sales Breakdown by Product

Quantity in ('000') Metric Ton



Production Breakdown by Material

Quantity in ('000') Metric Ton














Sales Breakdown by Product (Weight)	Q1- 2022 MT	Q1- 2023 MT	% Change
Medium Voltage Cables	1,768	6,747	281.6%
Low Voltage and Other Cables	6,384	9,659	51.3%
Total Cables	8,152	16,406	101.3%

Production Breakdown by Material	Q1- 2022 MT	Q1- 2023 MT	% Change
Copper Cables (Low & Medium Voltage)	8,308	8,745	5.3%
Aluminum Cables (Low & Medium Voltage)	2,683	4,156	54.9%
Total Copper & Aluminum Cables	10,991	12,901	17.4%

In Q1- 2023:

- The sales weight of medium voltage cables increased by 281.6% compared to Q1-2022.
- Low Voltage Cables sales show an increase of 51.3%.
- Total cable sales weight shows a 101.3% growth compared to Q1-2022, mainly due to the increase in sales of medium voltage cables of the continuing orders since 2022 from the Local Private Sector.
- Total production weight of Copper and Aluminum cables displays a 17.4% growth from Q1-2022.

Financial Overview - Ratio Analysis

Ratios	Q1- 2022	Q1- 2023	Change	FY2022
<u>Profitability</u>				
Gross Profit Margin - %	22.6%	8.2%	 -14.4%	12.6%
EBITDA Margin - %	40.3%	48.9%	 8.6%	17.6%
Net Margin - %	34.7%	43.4%	 8.7%	12.6%
ROA on Average Assets - % (with investment income)	1.9%	4.4%	 2.5%	4.3%
ROE on Average Equity - % (with investment income)	2.6%	5.5%	 2.9%	5.7%
<u>Leverage</u>				
Total Debt Percentage of Total Assets-%	19.4%	13.2%	 -6.1%	15.3%
Debt to Equity Ratio-%	26.0%	16.5%	 -9.5%	19.5%
Interest Coverage Ratio	15.0	28.0	 13.0	8.3
<u>Liquidity</u>				
Current Ratio	3.5	3.7	 0.2	3.7
Quick Ratio	1.7	2.2	 0.5	1.9
Working Capital to Total Assets	0.2	0.2	 0.0	0.2

- Group's gross profit margin decreased from 22.6% to 8.2%. This was due to the increased cost of revenue and low margin on the ongoing high value purchase orders from year 2022 .
- EBITDA margin shows an increase from 40.3% in Q1- 2022 to 48.9% in Q1- 2023, due to the increase in dividend income.
- ROE on Average Equity shows an increase of 2.9%.
- Total debt percentage of total assets and debt to equity ratios improved in comparison with Q1- 2022 due to the settlement of borrowings amounted KWD 8.1m during Q1- 2023.
- Interest coverage ratio improved to 28x in Q1- 2023 showing an increase of 13x.
- The Group displays a nominal increase in its current ratio & quick ratio in Q1-2023.
- Working capital to total assets remain same.

Financial Overview - Financial Position & Cash Flow Statements


Financial Position (Million, KWD)	Mar. 2023	Dec. 2022	Change	% Change
Non-Current Assets	194.9	210.8	-15.9	-7.5%
Current Assets	85.2	79.8	5.4	6.7%
Total Assets	280.1	290.6	-10.5	-3.6%
Non-Current Liabilities	32.5	40.4	-7.9	-19.6%
Current Liabilities	23.2	21.8	1.4	6.5%
Total Liabilities	55.7	62.2	-6.5	-10.5%
Total Equity	224.4	228.4	-4.0	-1.7%
Total Liabilities & Equity	280.1	290.6	-10.5	-3.6%

Cash Flow Statement (Million, KWD)	Mar. 2023	Mar.2022	Change	% Change
Profit From Operations	12.5	6.2	6.3	100.4%
Non-Cash Adjustments	-12.6	-3.4	-9.2	-270.3%
Changes in Working Capital	-0.4	-8.2	7.8	95.0%
Net Cash Flow - Operating Activities	-0.6	-5.4	4.8	89.6%
Net Cash Flow - Investing Activities	13.6	-0.5	14.1	2625.2%
Net Cash Flow - Financing Activities	-8.3	-5.0	-3.3	-66.1%
Increase / Decrease in Cash and Cash Equivalents	4.7	-10.9	15.6	142.9%
Cash and Cash Equivalents at Period End	12.7	8.1	4.6	57.5%

In Q1- 2023:

- Non-current assets declined by 7.5% at Mar. 2023 compared to Dec. 2022 due to decrease in the investments at FVTOCI.
- Current assets of the Group shows an increase of 6.7% due to increase in the cash and cash equivalents.
- Non-current liabilities decreased by 19.6% as a result of settlement borrowings.
- Shareholder's equity also shows a decrease 1.7%.
- Cash inflow from investing activities shows KWD 13.6m due to dividends income received during Q1- 2023.
- Cash outflow for financing activities reached KWD 8.3m mainly as a result of settlement of borrowings amounted to KWD 8.1m.

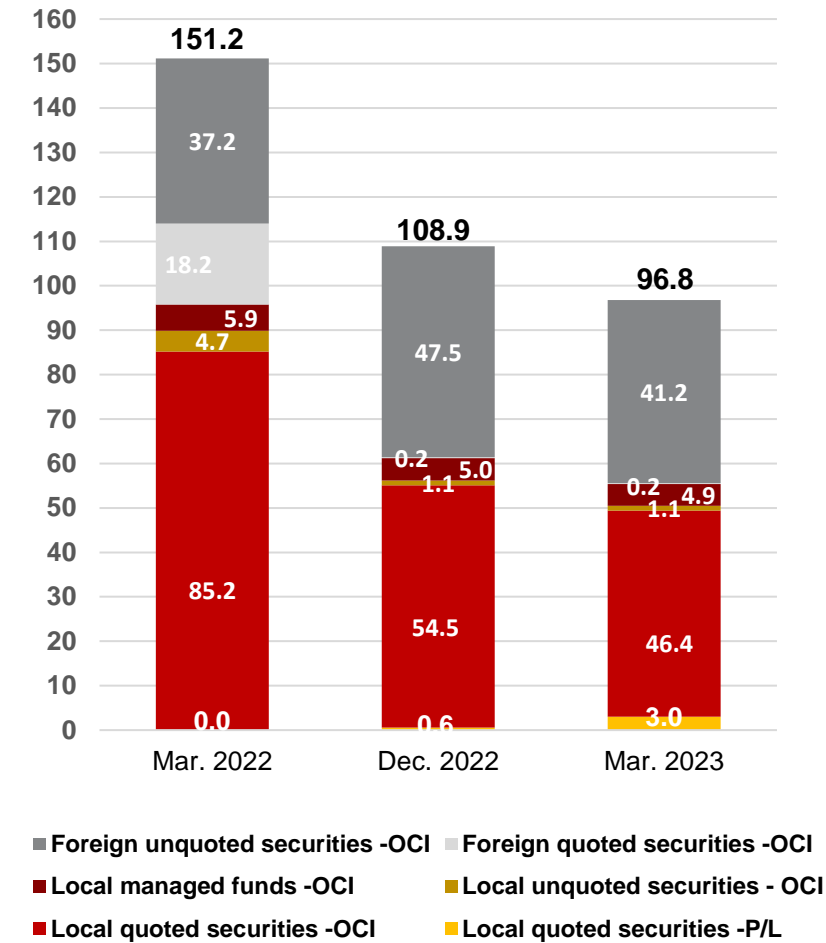
Financial Overview – Investments in Associates & Joint Venture

	NIC			HEISCO			Team Holding		
	 شركة الاستثمار الوطنية NATIONAL INVESTMENTS COMPANY			 HEISCO			 TEAM Holding Company		
	Mar. 2022	Dec. 2022	Mar. 2023	Mar. 2022	Dec. 2022	Mar. 2023	Mar. 2022	Dec. 2022	Mar. 2023
GC Effective Ownership Interest	25.43%	26.98%	26.98%	28.33%	28.33%	28.33%	47.50%	47.50%	47.50%
Total Net Assets Value	251.3m	198.8m	192.9m	70.1m	70.7m	71.3m	2.7m	2.7m	2.7m
GC Carrying Value of Ownership Interest	63.9m	54.9m	53.2m	30.3m	30.5m	30.6m	1.3m	1.3m	1.3m
	Q1-2022	FY2022	Q1-2023	Q1-2022	FY2022	Q1-2023	Q1-2022	FY2022	Q1-2023
Profit for the Period /Year Attributable to Shareholders of the Parent Co.	15.4m	8.7m	1.1m	1.2m	5.6m	0.7m	0.06m	0.1m	0.04m
GC Share of Results	3.9m	2.1m	0.3m	0.3m	1.6m	0.2m	0.02m	0.03m	0.02m
Dividends Received from the Associate	-	9.6m	-	-	1.0m	-	-	-	-

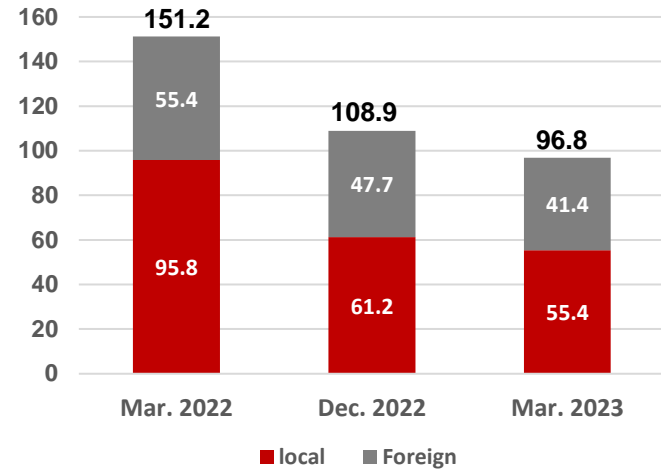
- GC Carrying Value of Ownership Interest in NIC shows a decrease of KWD 1.7m, HEISCO a nominal increase of KWD 0.1m and Team Holding remain same compared to Dec. 2022.
- Share of results of NIC declined to KWD 0.3m in Q1- 2023 compared to KWD 3.9m in Q1- 2022.
- Share of results HEISCO is KWD 0.2m in Q1- 2023 and it was KWD 0.3m in Q1- 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 Q1- 2023:

- Total investments at FVTOCI decreased by 13.4% from Dec 2022 to Mar. 2023.
- Total investments at FVTP/L increased from KWD 0.6m in Dec. 2022 to KWD 3.0m in Mar. 2023.
- Dividend income on investments amounted to KWD 14.1m compared to KWD 0.2m in Q1- 2022.

Appendix

Cables that pulse with life



Consolidated Statement of Financial Position

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Assets (KWD)			
Non-current assets			
Goodwill	3,603,180	3,603,180	3,603,180
Property, plant and equipment	9,349,507	9,261,814	9,460,070
Right of use assets	432,623	468,675	576,831
Investments in associates & joint venture	87,673,637	89,122,225	95,532,808
Investments at fair value through other comprehensive income	93,845,042	108,310,882	151,205,859
	194,903,989	210,766,776	260,378,748
Current assets			
Inventories	33,345,220	37,385,413	45,879,173
Trade accounts receivable	33,841,423	31,100,230	31,103,575
Other receivables and prepayments	1,320,474	2,028,887	4,228,619
Investments at fair value through profit or loss	2,983,048	596,767	-
Cash and cash equivalents	13,701,281	8,694,999	8,257,554
	85,191,446	79,806,296	89,468,921
Total Assets	280,095,435	290,573,072	349,847,669

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Liabilities (KWD)			
Non-current liabilities			
Provision for employees' end of service benefits	4,616,790	4,597,596	4,464,536
Terms loans	15,000,000	17,500,000	26,334,495
Islamic financing facilities	12,618,421	18,072,368	32,875,000
Lease liabilities	291,843	289,140	432,448
	32,527,054	40,459,104	64,106,479
Current liabilities			
Trade accounts payable	2,509,588	3,660,167	4,891,382
Other payables and accruals	11,040,892	8,937,217	11,896,693
Lease liabilities	151,416	151,416	151,416
Term loans	6,684,495	6,534,495	6,354,500
Islamic financing facilities	1,815,789	1,815,789	2,000,000
Due to banks	980,075	668,952	179,869
	23,182,255	21,768,036	25,473,860
Total Liabilities	55,709,309	62,227,140	89,580,339
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	-1,686,080	-1,686,080	-575,724
Statutory, voluntary and general reserves	71,893,702	71,893,702	70,459,281
Other components of equity	48,863,000	65,297,391	109,271,810
Retained earnings	54,637,082	42,164,366	30,447,913
Total equity attributable to the owners of the Parent Company	223,860,910	227,822,585	259,756,486
Non-Controlling Interests	525,216	523,347	510,844
Total Equity	224,386,126	228,345,932	260,267,330
Total Equity and Liabilities	280,095,435	290,573,072	349,847,669

Consolidated Statement of Profit or Loss

	Q1- 2023	Q1- 2022
Revenue (KWD)		
Sales and contracting revenue	28,733,560	17,950,225
Cost of revenue	-26,390,761	-13,900,051
Gross profit	2,342,799	4,050,174
Change in fair value of investments at FVTPL	-93,791	-
Dividend income	14,090,553	183,442
Other investment gain	11,926	14,502
Share of results of associates & joint venture	470,391	4,249,215
Interest & other income/ (losses)	75,004	-710
Foreign currency exchange gain	142,151	88,126
	17,039,033	8,584,749

Expenses and other charges (KWD)		
General and administrative expenses	-1,727,089	-1,140,990
Commercial expenses	-892,634	-492,283
Provision charge for obsolete and slow-moving inventories	-186,564	-8,667
Provision charge for doubtful debts	-395,259	-81,023
Provision charge for other receivables	-200,000	-
Finance costs	-487,193	-458,523
	-3,888,739	-2,181,486

	Q1- 2023	Q1- 2022
Profit before taxation and Directors' remuneration	13,150,294	6,403,263
Provision for taxation	-598,606	-101,857
Provision for directors' remuneration	-77,500	-77,500
Profit for the period	12,474,188	6,223,906
Profit for the period attributable to:		
Owners of the Parent Company	12,472,716	6,219,949
Non-controlling interests	1,472	3,957
Profit for the period	12,474,188	6,223,906
Earnings per share	60 Fils	30 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Assets			
Non-current assets			
Goodwill	1.29%	1.24%	1.03%
Property, plant and equipment	3.34%	3.19%	2.70%
Right of use assets	0.15%	0.16%	0.16%
Investments in associates & joint venture	31.30%	30.67%	27.31%
Investments at fair value through other comprehensive income	33.50%	37.27%	43.23%
	69.58%	72.53%	74.43%
Current assets			
Inventories	11.90%	12.87%	13.11%
Trade accounts receivable	12.08%	10.70%	8.89%
Other receivables and prepayments	0.47%	0.70%	1.21%
Investments at fair value through profit or loss	1.07%	0.21%	
Cash and cash equivalents	4.89%	2.99%	2.36%
	30.42%	27.47%	25.57%
Total Assets	100%	100%	100%

- The percentage of total non-current assets has decreased from 72.53% in Dec. 2022 to 69.58% in Mar. 2023, on the other hand the percentage of total current assets increased to 30.42% in Mar. 2023 from 27.47% of Dec. 2022.
- Total liabilities has dropped from 21.42% in Dec. 2022 to 19.89% in Mar.2023.
- The percentage of total equity attributable to the owners of the Parent Company has risen from 78.40% to 79.92%.

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	1.65%	1.58%	1.28%
Terms loans	5.36%	6.02%	7.53%
Islamic financing facilities	4.51%	6.22%	9.40%
Lease liabilities	0.10%	0.10%	0.12%
	11.61%	13.92%	18.33%
Current liabilities			
Trade accounts payable	0.90%	1.26%	1.40%
Other payables and accruals	3.94%	3.08%	3.40%
Lease liabilities	0.05%	0.05%	0.04%
Term loans	2.39%	2.25%	0.94%
Islamic financing facilities	0.65%	0.63%	0.57%
Due to banks	0.35%	0.23%	0.05%
	8.28%	7.50%	7.28%
Total Liabilities	19.89%	21.42%	25.61%
Equity			
Share capital	7.49%	7.22%	6.00%
Share premium	10.41%	10.04%	8.34%
Treasury shares	-0.60%	-0.58%	-0.16%
Statutory, voluntary and general reserves	25.67%	24.74%	20.14%
Other components of equity	17.45%	22.47%	31.23%
Retained earnings	19.51%	14.51%	8.70%
Total equity attributable to the owners of the Parent Company	79.92%	78.40%	74.25%
Non-Controlling Interests	0.19%	0.18%	0.14%
Total Equity	80.11%	78.58%	74.39%
Total Equity and Liabilities	100.00%	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q1- 2023	Q1- 2022
Revenue		
Sales and contracting revenue	100.00%	100.00%
Cost of sales and Contracts with Customers	-91.85%	-77.44%
Gross profit	8.15%	22.56%
Change in fair value of investments at FVTPL	-0.33%	-
Dividend income	49.04%	1.02%
Other investment gain	0.04%	0.08%
Share of results of associates & joint venture	1.64%	23.67%
Interest and other income/ (losses)	0.27%	0.00%
Foreign currency exchange gain	0.49%	0.49%
	59.30%	47.83%

Expenses and other charges		
General and administrative expenses	-6.01%	-6.36%
Commercial expenses	-3.11%	-2.74%
Provision charge for obsolete and slow-moving inventories	-0.65%	-0.05%
Provision charge for doubtful debts	-1.38%	-0.45%
Provision charge for other receivables	-0.69%	-
Finance costs	-1.69%	-2.55%
	-13.53%	-12.15%

	Q1- 2023	Q1- 2022
Profit before taxation and Directors' remuneration	45.77%	35.67%
Provision for taxation	-2.08%	-0.57%
Provision for directors' remuneration	-0.27%	-0.43%
Profit for the period	43.41%	34.67%

- The percentage of gross profit decreased by 14.41% compared to Q1- 2022 (from 22.56% to 8.15%).
- Dividend income shows a huge increase of 48.02% to 49.04% in Q1- 2023 from 1.02% in Q1- 2022.
- Share of results of associates & joint venture shows a decline from 23.67% to 1.64% in Q1- 2023.
- Expenses and other charges increased by 1.38% to 13.53%
- Profit percentage increased by 8.74% to reach 43.41% in Q1- 2023 from 34.67% in Q1- 2022.



Thank You

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

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

