

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

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

Date:06/04/2023

Ref:GC/292/2023

M/S. Boursa Kuwait Company

Greeting,

**Subject: Analyst Conference Transcript for F.Y 2022**

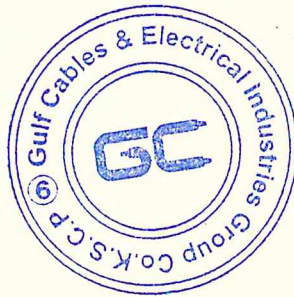
As per requirements stipulated in article No. (7-8) "Listed Company Obligations" of Boursa Kuwait Rule Book, and since Gulf Cable Co. has been classified under the Premier Market category.

WE would like to advise that Analysts/Investors Conference for 2022 was held through live webcast at 1:30 PM on Tuesday 04 April 2023.

Attached the Analyst Conference Transcript for 2022.

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**

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# Earnings Conference Call

4 April 2023

**For the Year Ended 31 December 2022**



## **Transcript**

**Mr. Mahmoud El Mahmoud:** Good afternoon, ladies and gentlemen, welcome to you all to Gulf Cables Group's 2022 earnings 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 conference over to the Chief Executive Officer, **Mr. Basel Kanaan**.

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

**Mr. Basel Kanaan:** Thank you **Mr. Mahmoud**,  
A very good afternoon to all of you.



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

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It's a pleasure to connect with you back again after the 2022 results, which we had just declared last week.

I'll take you through some business highlights very quickly. In terms of business highlights, we continue to see positive momentum with strong financial foundation in the Group. Our revenue and profitability has been moving in the right direction. We are happy and proud that, we could continue where we stopped in the 3<sup>rd</sup> quarter of 2022 and maintained the momentum, which enabled us to achieve another remarkable year to our Group credit.

2022 was a spectacular year for the Group marked with both our total revenue and sales & contracting revenue crossed the 100 Million benchmark. Our total revenue reached to KD 113 million and our sales & contracting revenue displayed a 49.6 percent increase from year 2021.

It is remarkable that we could achieve this result, in the current volatile global political and economic scenarios; the yearlong unending and intensified Russian-Ukraine war which disrupted the supply chain and caused escalated raw material prices, continuing high inflation rates in key economies: European Union, China, United Kingdom and United States of America.

It was also not different in the Kuwait economy. Lesser award of new projects in the Public Sector, stringent monetary policy of CBK and continuing high inflation rates overcast over the market during 2022.

The project activity picked up in fourth quarter as we forecasted in our third quarter call. However, the total value of awarded contracts of KD 832 million during 2022 is considerably lesser than compared to year 2021, a whopping minus 47 percent, the lowest figure since 2005. This had a direct effect on our sales to local public sector which shows a 47.1 percent decline.

Apart from our Cable manufacturing business, the board of the Group is always looking for suitable investment opportunities to meet the expectations of the shareholders upon them. The results from our investment sector justifies the vision



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of the Group's board for the diversification of Investments. Dividend income displayed a growth from KD 1.6 million in 2021 to KD 6.8 million in year 2022 and Share of results of associates & joint venture jumped from a mere KD 0.4 million in 2021 to KD 3.8 million in 2022.

With that, I will conclude my comments and leave you with **Mr. Ahmed Tayem**, to cover the financial performance results of the year in more detail.

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

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

We come to the financial highlights for year 2022. Here we go first to our performance highlights in **slide No. 5**

As our CEO stated, the highlight of the year is that we could cross the 100 million milestone in both our total revenue and Sales & contracting revenue. The total revenues, we are up by 39 percent for the year 2022.

The Group's total revenue increased from KD 81.3 million of year 2021 to KD 113 million in 2022. Sales & contracting revenue displayed a 49.6 percent increase from KD 68.5 million in 2021 to KD 102.5 million in 2022

EBITDA decreased by 6.8 percent in 2022, to KD 18.1 million, which was KD 19.4 million in 2021.

The Group's net profit also shows a decrease by 19.6 percent to KD 13 million in 2022 compared to KD 16.1 million in 2021 and earnings per share is 62 fils compared to 77 fils in 2021. This decrease to be noticed in the context that in 2021 our net profit was benefited from the 10.8 million gain on bargain purchase of associate which of course, could not repeat again in 2022.

The total assets show an 8.1 percent decrease whereas, total liabilities displayed a 30 percent decrease as of 31<sup>st</sup> December 2022 in comparison to that of 31<sup>st</sup> December 2021.



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Shareholders' equity increased slightly by a 0.4 percent to reach KD 228.3 million on 31<sup>st</sup> December 2022

The Group's production increased by 51.4 percent in 2022 to reach 50.8 thousand MT against 33.6 thousand MT in 2021.

The board meeting held on 28 March 2023 proposed a dividend of 60 percent of share par value for year 2022, which is equal to that of 2021, for the benefit of its esteemed shareholders.

**Going forward to slide 6**, as we mentioned in the previous slide, total revenue increased by a 39 percent from KD 81.3 million to KD 113 million. It consists of KD 99.3 million from cable sales, KD 10.5 million from investments, and KD 3.2 million from service contracts.

- Our parent company in Kuwait reported KD 77.1 million in cable sales, while our subsidiary company in the Hashemite Kingdom of Jordan reported KD 22.2 million.
- Investments revenue KD 10.5 million includes KD 3.8 million from the share of results associates and KD 6.8 million from dividend income.
- Our subsidiary Care for Buildings and Cities Cleaning Contracting Co. reported KD 3.2 million in service contracts revenue in 2022.

**Now on slide number 7**, for the analysis of our Cable sales in Kuwait, a 54.5 percent increase in sales could record in 2022 compared to year 2021. In sectoral wise analysis, the largest contributor to parent company's cable sales was the local private sector with sales of KD 67.1 million in 2022 vs KD 33.4 million in 2021 an increase of 100.9 percent. This is mainly due to higher sales for medium voltage cable especially for contractors of Public Authority for Housing Welfare projects.

Meanwhile, public/governmental sector contribution was merely KD 7.3 million in 2022 towards KD 13.7 million in 2021, showing a decline of 47.1 percent.

The export sector sales was 3.3 million with an increase of 4.6 percent compared to 2021.



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**Moving to slide number 8**, we can find the Group's production & sales breakdown by product & material measured in weight. The sales of medium voltage cables increased by 211.7 percent in 2022 due to the increased demand from the private sector, mainly from contractors of Public Authority for Housing Welfare projects in Kuwait and increase in the export sales to Iraq from our subsidiary (Gulf Cable Jordan).

When we look at the production chart, the quantities of cables produced in 2022 increased by 51.4 percent compared to 2021.

**And the next topic involves some key ratios**, Gulf Cables Group's gross profit margin decreased from 19.8 percent in 2021 to 12.6 percent in 2022. This decrease was due to the increased cost of revenue and low margin on high value purchase orders from the private contractors.

EBITDA margin declined from 28.3 percent to 17.6 percent and net margin declined from 23.5 percent to 12.6 percent.

ROA and ROE (inclusive of investment income) also displayed slight decline. ROA declined by 1.9 percent and ROE by 2.1 percent in 2022 as opposed to 2021.

From the leverage perspective, we can find that the Group's outstanding debts display a decrease in 2022 due to settlement of borrowings of KD 28.2 million, which the group took for the acquisition of associate companies in 2021.

This in turn reflected in the ratios also. The total debt percentage of total assets improved by 7.5 percent and debt to equity ratios improved by 12.2 percent in comparison with 2021.

When we review the financial position **on slide number 10**, Group's total assets decreased from KD 316.4 million at the end of year 2021 to reach KD 290.6 million at the end of year 2022. This is due to decrease in the investments at fair value through other comprehensive income (reasons will be explained later in coming slides) and also decrease in the cash and cash equivalents compared to year 2021.





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Non-current liabilities dropped from KD 69.2 million in 2021 to KD 40.4 million in 2022, a drop of 41.5 percent due to settlement of borrowings, while current liabilities grew by 10.7 percent to reach KD 21.8 million at the end of year 2022 as a result of increase in trade accounts payable.

The Group's total equity showed a slight increase of 0.4 percent from KD 227.5 million at the end of year 2021 to KD 228.3 million at the end of year 2022.

From a cash flow perspective, the net cash flow from operating activities shows a decrease of 69.3 percent from KD 13.6 million in 2021 to KD 4.2 million in 2022.

Whereas cash flow from investing activities shows a 138.5 percent increase with a cash inflow of KD 28.8 million in 2022 compared to cash outflow of KD 74.9 million in 2021. The cash inflow for year 2022 is mainly as results of dividends income received and proceeds from sale of investments at fair value through other comprehensive income.

Additionally, there is net cash outflow of financing activities of KD 44 million in 2022 compared to net cash inflow of KD 54.1 million in 2021, due to the settlement of borrowings amounted to KD 28.2 million and cash dividend paid to our shareholders amounting to KD 12.5 million.

Overall, the cash and cash equivalents at the end of the year went from KD 19 million at the end December 2021 to KD 8 million at the end of December 2022.

**Slide number 11** displays our investments in associates & joint venture. As we all know in the fourth quarter of 2021, the Group acquired shares in National Investment Co. (NIC) and Heavy Engineering Industries & Shipbuilding Co. (HEISCO).

The Group acquired additional 1.58 percent in NIC in Y2022, accordingly, the current effective ownership interest in NIC is 26.98 percent and 28.33 percent in HEISCO at the end of the year 2022.

Gulf Cables' share of results in NIC amounted to KD 2.1 million in 2022 compared to nil in 2021 as the Group recognized NIC as associate in December 2021.





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Group's share of results in HEISCO in 2022 is KD 1.6 million, towards KD 0.3 million in 2021 being the portion of one month, as the Group recognized HEISCO also as an associate in December 2021.

As well as, dividends received during 2022 from NIC & HEISCO amounted to KD 9.6 million & KD 1 million respectively.

Regarding the joint venture, during the third quarter of 2022, the Group participated in establishment of a company in Kuwait named "Gulf and Riyadh Electric Wires, Cables and Electronics Manufacturing Company – WLL" having a total share capital of KD 5 million in which the Gulf Cables has 50 percent ownership.

**In the last slide** we may notice that the size of the investment portfolio of Gulf Cables reduced to KD 108.3 million as of end of year 2022, a decrease of 16.1 percent compared to 2021. This is due to three factors:

First, Sale of Group's investments especially in Egypt Kuwait Holding Company during the second quarter.

Secondly, changing evaluation method for our investment in Boursa Kuwait Company by applying a 20 percent discount on bid quoted price of the investment at the time of determining its fair value as there is a sale restriction on these shares which ends in February 2024.

Finally, the change in fair value of the Investments.

Most of our stakes are local quoted securities which make up around 50 percent of our portfolio as end of December 2022, followed by 41 percent in foreign unquoted securities. These investments are held in equity instruments for medium to long-term strategic objectives. The Group intends to hold these investments for a long-term period. Gulf Cables continues to hold several equity stakes across different sectors and geographies to mitigate the market risks.



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Local managed funds amounted to KD 5 million at the end of December 2022, these funds include investments in units of equity investments. Fair value of these investments is determined using the net asset values reported by investment managers.

To conclude from my side, we had a satisfactory performance in 2022 facing many Global and Local, political and economic challenges and could produce a good result as expressed in our optimism in the Q3 call of 2022.

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**. We at Gulf Cables, retain an attitude of relentlessly pursuing excellence in everything we do in such a way that our customers and stakeholders find outstanding. The past challenging years since 2020, were a testing ground for our professional, technical, and financial capabilities that we succeeded well and gave us enormous confidence to face even worse economic and geopolitical scenarios.

The ongoing year 2023 faces mixed prospectus. The adverse effects of continuing Russia's war in Ukraine, potential repercussions from the global economic slowdown and impacts of monetary policy tightening in major economies are the areas of concern. At the same time, when we look at the positive sides, high oil output and prices, controlled inflation, continuing growth expected in GDP, strong bank buffers and better project awards which is expected around KD 4.2 Billion are the positive prospects for 2023.

So there is lot that we can talk about if there are specific actions or specific questions you have. For that, 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 a few questions so let us begin.



**Q&A Session:**

- 1. Is there any negative impact on the company's results, in terms of the high inflation rates, geopolitical tension & disruption of the global supply chain?**

**Mr. Basel Kanaan:** Yes...there was some adverse effect on us, as you see the increase cost of revenue due to the increased price of our raw materials, especially metals. The high rate of inflation and supply chain obstructions affected the prices of raw materials and the strict efforts of the CBK to tackle the inflation by increasing the discount rate had a negative effect on our finance cost and profits.

- 2. It is good to see the group's total revenue and sales & contracting revenue crossed the 100 million mark, but a decrease in net profit by 19.6%, can you elaborate facts that lead to it?**

**Mr. Ahmad Tayem:** As we explained earlier, the main reason for this decline is the KD 10.8 million gain on bargain purchase of associate which was an extraordinary profit in 2021.

Secondly, the increase in cost of revenue, which constituted 87 percent of Sales and contracting revenue in 2022 whereas it was only 80 percent in 2021. Also, the increase in finance cost from KD 350 thousand to KD 2 Million due to the higher borrowings in the last quarter of 2021 and the increased discount rate, all these caused effect on our net profit. However, management took the necessary action to reduce the effect of the high discount rate by the early settlement of some of our borrowings.

**Mr. Mahmoud El Mahmoud:** Ladies and gentlemen, due to time constraints, that would be our last question for today.

You are most welcome to send us if you have any more questions and we will try to provide our answers at the earliest.



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

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Thank you, everyone, for participating in this call and getting to understand how the performance of the Group was, and thanks to the management who could participate in this call. So, on this account, wish you all a prosperous and a good ending for 2023.

**Thank you very much.**

# 2022

## INVESTORS PRESENTATION



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

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**Cables that pulse with life**

Year Ended 31 December 2022

# 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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- **Financial Overview**
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# Performance Highlights



## Total Revenue<sup>1</sup>

↑ **+39.0%**

113.0m in Y2022  
81.3m in Y2021



## Sales & contracting revenue

↑ **+49.6%**

102.5m in Y2022  
68.5m in Y2021



## EBITDA

↓ **-6.8%**

18.1m in Y2022  
19.4m in Y2021



## Net Profit

↓ **-19.6%**

13.0m in Y2022  
16.1m in Y2021



## EPS

↓ **-19.2%**

62 Fils in Y2022  
77 Fils in Y2021



## Assets

↓ **-8.1%**

290.6m in Y2022  
316.4m in Y2021



## Liabilities

↓ **-30.0%**

62.2m in Y2022  
88.8m in Y2021



## Equity

↑ **+0.4%**

228.3m in Y2022  
227.5m in Y2021



## Production Metric Ton ('000')

↑ **+51.4%**

50.8MT in Y2022  
33.6MT in Y2021



## Dividend

 **60%** of share  
par value

60 fils<sup>2</sup> in Y2022  
60 fils in Y2021

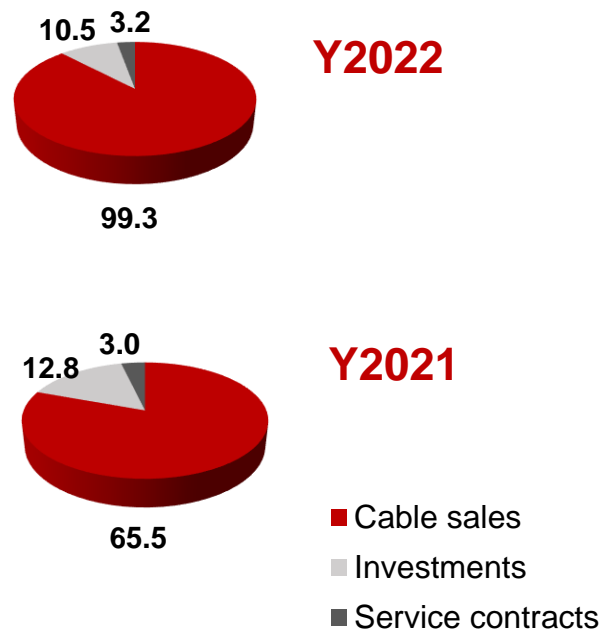
**Note:** all figures are in KWD

<sup>1</sup> Total revenue consist of cable sales, contracting revenue and investment revenue.

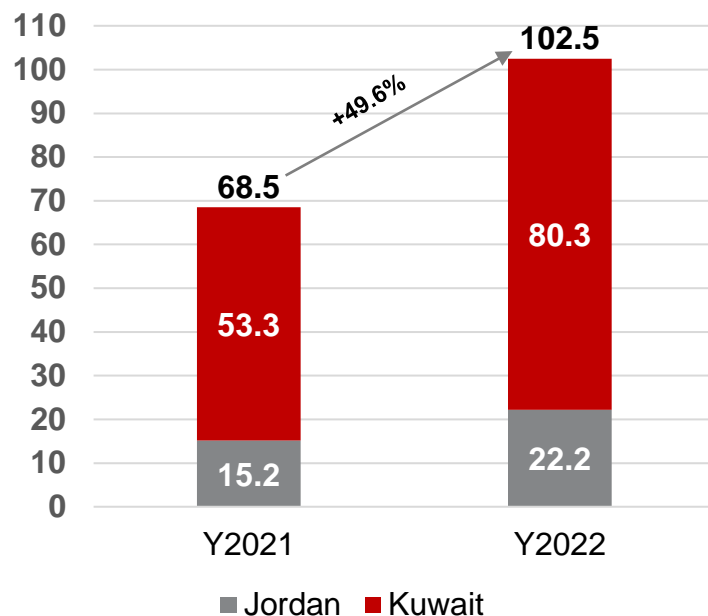
<sup>2</sup> Proposed by the Board of Directors and subject to General Assembly approval.

# Financial Overview - Group

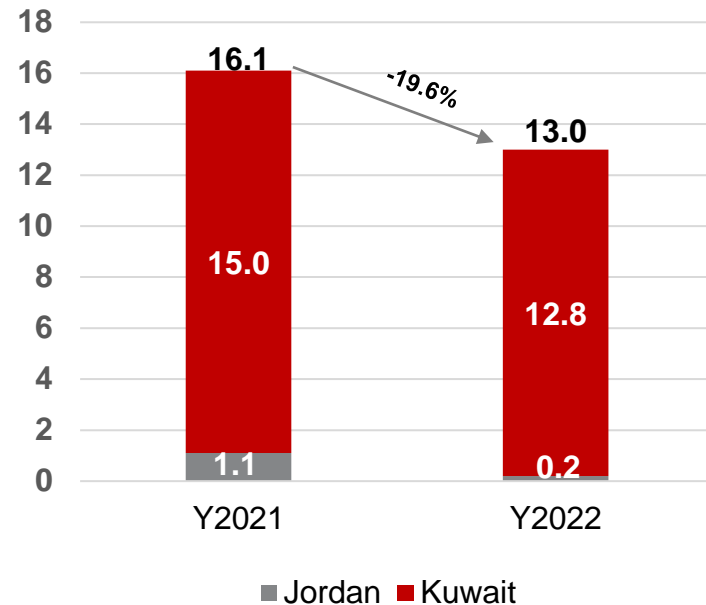
**Total Revenue Breakdown**  
Million - KWD



**Sales & Contracting Revenue**  
Million - KWD



**Net Profit Breakdown by Country**  
Million - KWD

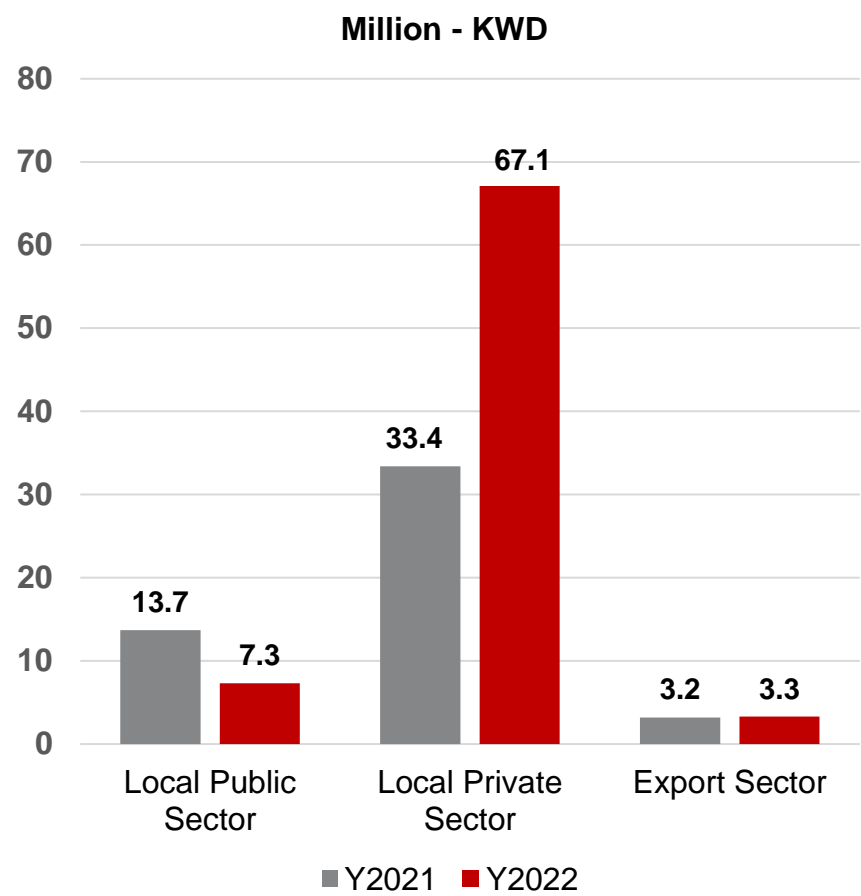


## In Y2022:

- Total revenue grew by 39% compared to Y2021 from KWD 81.3m to KWD 113m.
- Total sales & contracting revenue for the Group increased by 49.6% compared to Y2021.
- Sales & contracting revenue from Kuwait consists of revenue from cable sales, amounted to KWD 77.1m and service contracts revenue, amounted to KWD 3.2m.
- Net profit for the Group decreased by 19.6% compared to Y2021.

# Financial Overview - Gulf Cables Kuwait

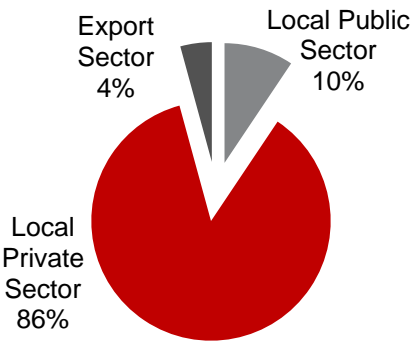
## Breakdown of Cable Sales by Sector



Y2021



Y2022

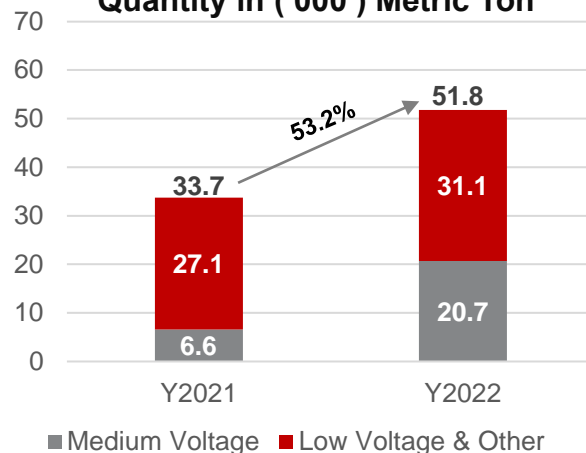


Description (Million, KWD)	Y2021	Y2022	Change	% Change
Local Public Sector	13.7	7.3	-6.4	-47.1%
Local Private Sector	33.4	67.1	33.7	100.9%
Export Sector	3.2	3.3	0.1	4.6%
Total Sales	50.3	77.7	27.4	54.5%

- Total sales increased by 54.5% in Y2022 due to increase in sales of medium voltage cables for the Local Private Sector compared to Y2021.
- Sales for the Local Public Sector declined by 47.1% compared to Y2021 due to the less requirement from MEW.

# Financial Overview – Group Production and Sales by Weight

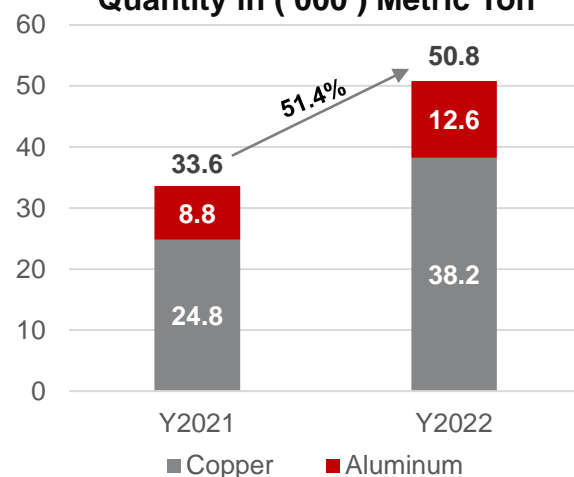
**Sales Breakdown by Product**  
Quantity in ('000') Metric Ton



Sales Breakdown by Product (Weight)	Y2021 MT	Y2022 MT	% Change
Medium Voltage Cables	6,637	20,685	211.7%
Low Voltage and Other Cables	27,130	31,061	14.5%
<b>Total Cables</b>	<b>33,767</b>	<b>51,746</b>	<b>53.2%</b>

Production Breakdown by Material	Y2021 MT	Y2022 MT	% Change
Copper Cables (Low & Medium Voltage)	24,772	38,204	54.2%
Aluminum Cables (Low & Medium Voltage)	8,794	12,627	43.6%
<b>Total Copper &amp; Aluminum Cables</b>	<b>33,566</b>	<b>50,831</b>	<b>51.4%</b>

**Production Breakdown by Material**  
Quantity in ('000') Metric Ton



## In Y2022:

- The sales weight of medium voltage cables increased by 211.7% as a result of increased demand from the Private Sector for PAHW projects in GC-Kuwait and increase in the export sales to Iraq from GC-Jordan.
- Low Voltage Cables sales displayed an increase of 14.5% compared to Y2021 due to increased supply to contractors of various projects of PAHW & MEW from GC Kuwait and IDECO from GC Jordan.
- Total cable sales shows a 53.2% growth from Y2021.
- Production weight displays growth for both Copper and Aluminum cables - a combined growth of 51.4% .

# Financial Overview - Ratio Analysis

Ratios	Y2021	Y2022	Change
<b><u>Profitability</u></b>			
Gross Profit Margin - %	19.8%	12.6%	↓ -7.2%
EBITDA Margin - %	28.3%	17.6%	↓ -10.7%
Net Margin - %	23.5%	12.6%	↓ -10.9%
ROA on Average Assets - % (with investment income)	6.2%	4.3%	↓ -1.9%
ROE on Average Equity - % (with investment income)	7.8%	5.7%	↓ -2.1%
<b><u>Leverage</u></b>			
Total Debt Percentage of Total Assets-%	22.8%	15.3%	↓ -7.5%
Debt to Equity Ratio-%	31.7%	19.5%	↓ -12.2%
Interest Coverage Ratio	51.0	8.3	↓ -42.8
<b><u>Liquidity</u></b>			
Current Ratio	4.4	3.7	↓ -0.8
Quick Ratio	2.6	1.9	↓ -0.7
Working Capital to Total Assets	0.2	0.2	▬ 0.0

- Group's gross profit margin decreased from 19.8% to 12.6%. This was due to the increased cost of revenue and low margin on high value purchase orders.
- EBITDA margin shows a decline from 28.3% in 2021 to 17.6% in Y2022, the high margin in 2021 was on account of the gain on bargain purchase of Associate
- Total debt percentage of total assets and debt to equity ratios improved in comparison with Y2021 due to the settlement of borrowings amounted KWD 28.2m in Y2022.
- Interest coverage ratio dropped to 8.3x as finance costs for Y2022 increased significantly compared to Y2021.
- The Group displays a nominal decrease in its current ratio & quick ratio in Y2022.
- Working capital to total assets remain same

## Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	Dec. 2021	Dec. 2022	Change	% Change
Non-Current Assets	229.3	210.8	-18.5	-8.1%
Current Assets	87.1	79.8	-7.3	-8.4%
<b>Total Assets</b>	<b>316.4</b>	<b>290.6</b>	<b>-25.8</b>	<b>-8.1%</b>
Non-Current Liabilities	69.2	40.4	-28.8	-41.5%
Current Liabilities	19.7	21.8	2.1	10.7%
<b>Total Liabilities</b>	<b>88.9</b>	<b>62.2</b>	<b>-26.7</b>	<b>-30.0%</b>
<b>Total Equity</b>	<b>227.5</b>	<b>228.3</b>	<b>0.8</b>	<b>0.4%</b>
<b>Total Liabilities &amp; Equity</b>	<b>316.4</b>	<b>290.6</b>	<b>-25.8</b>	<b>-8.1%</b>




Cash Flow Statement (Million, KWD)	Y2021	Y2022	Change	% Change
Profit From Operations	16.1	13.0	-3.1	-19.6%
Non-Cash Adjustments	-8.3	-6.0	2.3	28.5%
Changes in Working Capital	5.8	-2.8	-9.6	-149.5%
<b>Net Cash Flow - Operating Activities</b>	<b>13.6</b>	<b>4.2</b>	<b>-9.4</b>	<b>-69.3%</b>
Net Cash Flow - Investing Activities	-74.9	28.8	103.7	138.5%
Net Cash Flow - Financing Activities	54.1	-44.0	-98.1	-181.4%
<b>Increase / Decrease in Cash and Cash Equivalents</b>	<b>-7.2</b>	<b>-11.0</b>	<b>3.8</b>	<b>-53.0%</b>
<b>Cash and Cash Equivalents at Year End</b>	<b>19.0</b>	<b>8.0</b>	<b>-11.0</b>	<b>-57.7%</b>

### In Y2022:

- Non-current assets shrank by 8.1% in Dec 2022 compared to Dec 2021 due to decrease in the investments at FVTOCI.
- Current assets of the Group shows a decrease of 8.4%.
- Non-current liabilities considerably decreased by 41.5% as a result of settlement borrowings.
- Shareholder's equity shows a nominal increase 0.4%.
- Cash inflow from investing activities shows KWD 28.8m mainly due to dividends income received and proceeds from sale of investments at FVTOCI .
- Cash outflow for financing activities reached KWD 44m mainly as a result of an early settlement of borrowings amounted to KWD 28.2m and cash dividend paid to shareholders amounted to KWD 12.5m.



## Financial Overview – Investments in Associates & Joint Venture

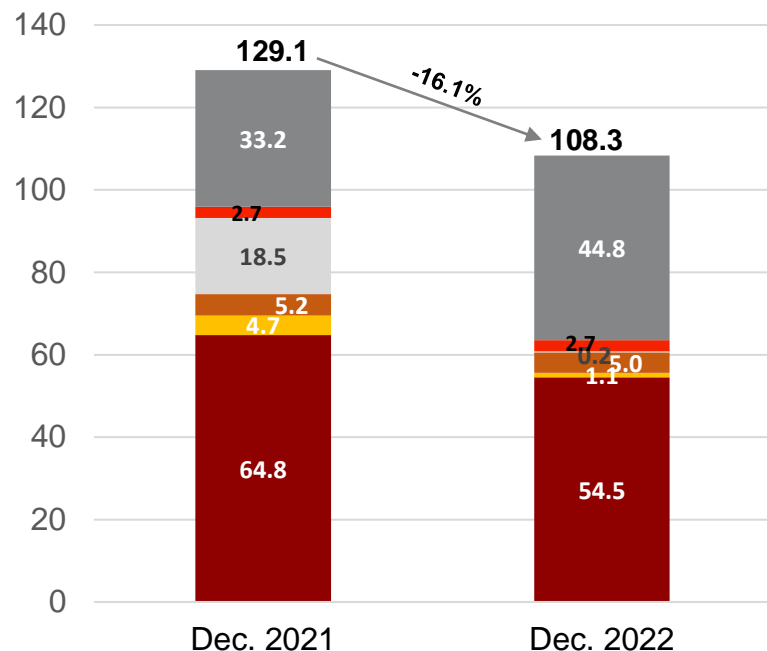
	NIC		HEISCO		Team Holding	
	 شركة الاستثمار الوطنية NATIONAL INVESTMENTS COMPANY		 HEISCO		 TEAM Holding Company	
	Dec. 2021	Dec. 2022	Dec. 2021	Dec. 2022	Dec.2021	Dec. 2022
GC Effective Ownership Interest	25.37%	26.98%	28.33%	28.33%	47.50%	47.50%
Total Net Assets Value	216.8m	198.8m	68.8m	70.7m	2.6m	2.7m
GC Carrying Value of Ownership Interest	55.0m	54.9m	29.9m	30.5m	1.2m	1.3m
	Y2021	Y2022	Y2021	Y2022	Y2021	Y2022
Profit for the Year Attributable to shareholders of the parent Co.	24.4m	8.7m	6.4m	5.6m	0.3m	0.1m
GC Share of Results	-	2.1m	0.3m	1.6m	0.13m	0.03m
Dividends Received from the Associate	-	9.6m	-	1.0m	-	-

- In Q4-2021, the Group acquired National Investments Co. (NIC) and Heavy Engineering Industries & Shipbuilding Co. (HEISCO).
- The Group acquired additional 1.58% in NIC in Y2022.
- Share of results of NIC is KWD 2.1m for Y2022 and (Nil) in Y2021, as GC recognized NIC as an associate company at the end of Dec 2021.
- Share of results HEISCO is KWD 1.6m for Y2022 and KWD 0.3m in Y2021 (which represents a portion of one month only – Dec 2021 as GC recognized HEISCO as an associate company at the beginning of Dec 2021).
- The Group participated with KWD 2.5m investment in the recently incorporated joint venture- Gulf & Riyadh Electric Wires, Cables and Electronic Manuf. Co. representing 50% ownership.

# Financial Overview - Investments at FVOCI

## Investment Portfolio Breakdown

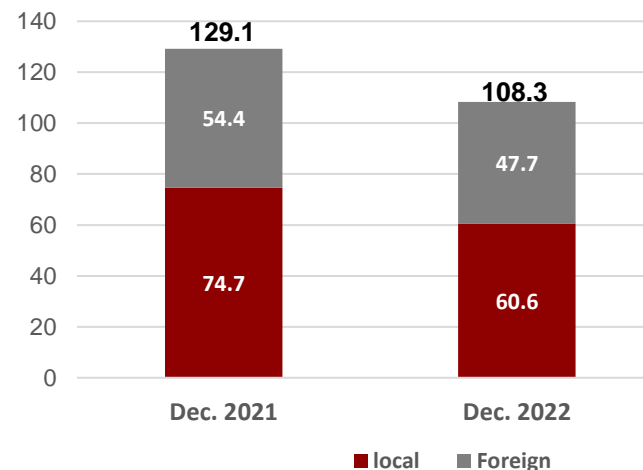
Million - KWD



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

## Investments Geographical Breakdown

Million - KWD



- The investments at FVOCI 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 Y2022:

- Total investments at FVOCI decreased by 16.1% from Dec 2021 to Dec 2022.
- Gain on sale of investment amounted to KWD 19.0m recognized directly in retained earnings within equity during Y2022.
- Dividend income on investments amounted to KWD 6.8m compared to KWD 1.6m in Y2021.

# Appendix

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# Consolidated Statement of Financial Position

	31 Dec. 2022	31 Dec. 2021
<b>Assets (KWD)</b>		
<b><u>Non-current assets</u></b>		
Goodwill	3,603,180	3,603,180
Property, plant and equipment	9,261,814	9,771,992
Right of use asset	468,675	612,883
Investments in associates & joint venture	89,122,225	86,168,913
Investments at fair value through other comprehensive income	108,310,882	129,097,281
	<b>210,766,776</b>	<b>229,254,249</b>
<b><u>Current assets</u></b>		
Inventories	37,385,413	35,196,042
Trade accounts receivable	31,100,230	31,788,814
Other receivables and prepayments	2,028,887	1,134,062
Investments at fair value through profit or loss	596,767	-
Cash and cash equivalents	8,694,999	18,981,488
	<b>79,806,296</b>	<b>87,100,406</b>
<b>Total Assets</b>	<b>290,573,072</b>	<b>316,354,655</b>

	31 Dec. 2022	31 Dec. 2021
<b>Liabilities (KWD)</b>		
<b><u>Non-current liabilities</u></b>		
Provision for employees' end of service benefits	4,597,596	4,410,937
Terms loans	17,500,000	26,334,495
Islamic financing facilities	18,072,368	38,000,000
Lease liabilities	289,140	428,888
	<b>40,459,104</b>	<b>69,174,320</b>
<b><u>Current liabilities</u></b>		
Trade accounts payable	3,660,167	2,038,235
Other payables and accruals	8,937,217	9,662,081
Lease liabilities	151,416	151,416
Term loans-current portion	6,534,495	5,818,161
Islamic financing facilities-current portion	1,815,789	2,000,000
Due to banks	668,952	-
	<b>21,768,036</b>	<b>19,669,893</b>
<b>Total Liabilities</b>	<b>62,227,140</b>	<b>88,844,213</b>
<b>Equity (KWD)</b>		
Share capital	20,993,131	20,993,131
Share premium	29,160,075	29,160,075
Treasury shares	(1,686,080)	(575,724)
Statutory, voluntary and general reserves	71,893,702	70,459,281
Other components of equity	65,297,391	82,741,073
Retained earnings	42,164,366	24,227,964
<b>Total equity attributable to the owners of the Parent Company</b>	<b>227,822,585</b>	<b>227,005,800</b>
Non-Controlling Interests	523,347	504,642
<b>Total Equity</b>	<b>228,345,932</b>	<b>227,510,442</b>
<b>Total Equity and Liabilities</b>	<b>290,573,072</b>	<b>316,354,655</b>

# Consolidated Statement of Profit or Loss

	Y2022	Y2021
<b>Revenue (KWD)</b>		
Sales and contracting revenue	102,496,345	68,490,740
Cost of revenue	(89,558,281)	(54,929,195)
<b>Gross profit</b>	<b>12,938,064</b>	<b>13,561,545</b>
Dividend income	6,763,284	1,614,982
Other investment gain/(losses)	22,559	(19,563)
Change in fair value of inv, at FVTPL	(81,993)	-
Gain on Sale of Inv. at FVTPL	85,629	-
Share of results of associates & joint venture	3,760,024	411,251
Gain on bargain purchase of an associate	-	10,834,531
Interest & other income	64,202	39,669
Foreign currency exchange gain	446,386	201,756
	<b>23,998,155</b>	<b>26,644,171</b>
<b>Expenses and other charges (KWD)</b>		
General and administrative expenses	(4,531,221)	(5,070,842)
Commercial expenses	(2,656,219)	(1,794,983)
Provision charge for doubtful debts	(376,000)	(1,867,916)
Provision charge for obsolete and slow-moving inventories	(1,809)	(27,074)
Finance costs	(1,991,275)	(350,316)
	<b>(9,556,524)</b>	<b>(9,111,131)</b>

	Y2022	Y2021
<b>Profit before taxation and Directors' remuneration</b>	<b>14,441,631</b>	<b>17,533,040</b>
Taxes relating to overseas subsidiary	(84,745)	(279,744)
Provision for contribution to KFAS,NLST & Zakat	(1,090,897)	(821,203)
Provision for directors' remuneration	(305,000)	(310,000)
<b>Profit for the Year</b>	<b>12,960,989</b>	<b>16,122,093</b>
<b>Profit for the year attributable to:</b>		
Owners of the Parent Company	12,948,313	16,057,067
Non-controlling interests	12,676	65,026
<b>Profit for the Year</b>	<b>12,960,989</b>	<b>16,122,093</b>
<b>Earnings Per share</b>	<b>62 Fils</b>	<b>77 Fils</b>

# Common Size Analysis - Consolidated Statement of Financial Position

	31 Dec. 2022	31 Dec. 2021
<b>Assets (KWD)</b>		
<b><u>Non-current assets</u></b>		
Goodwill	1.24%	1.14%
Property, plant and equipment	3.19%	3.09%
Right of use asset	0.16%	0.19%
Investments in associates & joint venture	30.67%	27.24%
Investments at fair value through other comprehensive income	37.27%	40.81%
	<b>72.53%</b>	<b>72.47%</b>
<b><u>Current assets</u></b>		
Inventories	12.87%	11.13%
Trade accounts receivable	10.70%	10.05%
Other receivables and prepayments	0.70%	0.36%
Investments at fair value through profit or loss	0.21%	-
Cash and cash equivalents	2.99%	6.00%
	<b>27.47%</b>	<b>27.53%</b>
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>

- The percentage of total non-current assets has slightly risen from 72.47% in Dec. 2021 to 72.53% in Dec. 2022, on the other hand the percentage of total current assets has slightly dropped from 27.53% to 27.47%.
- The percentage of total liabilities has dropped from 28.08% in Dec. 2021 to 21.42% in Dec. 2022, on the other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 71.76% to 78.40%.

	30 Dec. 2022	31 Dec. 2021
<b>Liabilities (KWD)</b>		
<b><u>Non-current liabilities</u></b>		
Provision for employees' end of service benefits	1.58%	1.39%
Terms loans	6.02%	8.32%
Islamic financing facilities	6.22%	12.01%
Lease liabilities	0.10%	0.14%
	<b>13.92%</b>	<b>21.86%</b>
<b><u>Current liabilities</u></b>		
Trade accounts payable	1.26%	0.64%
Other payables and accruals	3.08%	3.05%
Lease liabilities	0.05%	0.05%
Term loans-current portion	2.25%	1.84%
Islamic financing facilities-current portion	0.63%	0.63%
Due to banks	0.23%	-
	<b>7.50%</b>	<b>6.22%</b>
<b>Total Liabilities</b>	<b>21.42%</b>	<b>28.08%</b>
<b>Equity</b>		
Share capital	7.22%	6.64%
Share premium	10.04%	9.22%
Treasury shares	-0.58%	-0.18%
Statutory, voluntary and general reserves	24.74%	22.27%
Other components of equity	22.47%	26.15%
Retained earnings	14.51%	7.66%
<b>Total equity attributable to the owners of the Parent Company</b>	<b>78.40%</b>	<b>71.76%</b>
Non-Controlling Interests	0.18%	0.16%
<b>Total Equity</b>	<b>78.58%</b>	<b>71.92%</b>
<b>Total Equity and Liabilities</b>	<b>100%</b>	<b>100%</b>

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

	Y2022	Y2021
<b>Revenue</b>		
Sales and contracting revenue	100.00%	100.00%
Cost of sales and Contracts with Customers	-87.38%	-80.20%
<b>Gross profit</b>	<b>12.62%</b>	<b>19.80%</b>
Dividend income	6.60%	2.36%
Other investment gain/ losses	0.02%	-0.03%
Change in fair value of inv, at FVTPL	-0.08%	-
Gain on Sale of Inv. at FVTPL	0.08%	-
Share of results of associates & joint venture	3.67%	0.60%
Gain on bargain purchase of an associate	-	15.82%
Interest and other income	0.06%	0.06%
Foreign currency exchange gain	0.44%	0.29%
	<b>23.41%</b>	<b>38.90%</b>
<b>Expenses and other charges</b>		
General and administrative expenses	-4.42%	-7.40%
Commercial expenses	-2.59%	-2.62%
Provision charge for doubtful debts	-0.37%	-2.64%
Provision charge for obsolete and slow-moving inventories	-0.00%	-0.04%
Finance costs	-1.94%	-0.51%
	<b>-9.32%</b>	<b>-13.30%</b>

	Y2022	Y2021
<b>Profit before taxation and Directors' remuneration</b>	<b>14.09%</b>	<b>25.60%</b>
Taxes relating to overseas subsidiary	-0.08%	-0.41%
Provision for contribution to KFAS,NLST & Zakat	-1.06%	-1.20%
Provision for directors' remuneration	-0.30%	-0.45%
<b>Profit for the Period</b>	<b>12.65%</b>	<b>23.54%</b>

- The percentage of gross profit for Y2022 decreased by 7.18% compared to prior year (from 19.80% to 12.62%), due to increase in the cost of sales percentage and low margin in high value orders.
- Dividend income increased from 2.36% in to 6.60%.
- Share of results of associates & joint venture increased by 3.07% for nine-month results compared to same period of prior year (from 0.60% to 3.67%) due to acquisition of new associate companies in Dec.2021.
- Expenses and other charges percentage decreased by 3.98% to 9.32%
- Profit percentage decreased by 10.89%.





# Thank You

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

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