



شركة الخليج للكابلات والصناعات الكهربائية ش.م.ك.ع.
Gulf Cable & Electrical Industries Co. K.S.C.P

cables that pulse with life

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M/S. Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for Q3-2021

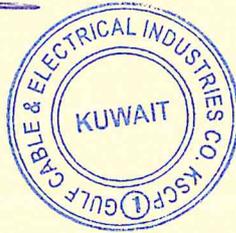
As per requirements stipulated in article No. (7-8) "Listed Company Obligations" of Boursa Kuwait Rule Book, and since Gulf Cable Co. has been classified under the Premier Market category.

WE would like to advise that Analysts/Investors Conference for Q3-2021 was held through live webcast at 1:00 PM on Sunday 14 November 2021.

Attached the Analyst Conference Transcript for Q3- 2021.

Best regards

Naser Kanaan
Board Secretary





شركة الخليج للكابلات والصناعات الكهربائية ش.م.ك.م.
Gulf Cable & Electrical Industries Co. K.S.C.P

Gulf Cable & Electrical Industries Co. (K.S.C.P)

Transcript of the Analysts Conference for Q3 Financial Year 2021

Speakers from Gulf Cable Executive Management:

Mr. Ahmad Tayem - Executive Director of Finance

Mr. Yannis Thalassinou – Investor Relations Manager

Mr. Mahmoud El Mahmoud – Deputy Investment Manager



Transcript

Mr. Mahmoud: Good afternoon Everyone. Thank you for joining us today. This is Mahmoud El Mahmoud, Deputy Investment Manager at Gulf Cable & Electrical Industries. I am delighted to welcome you to our Q3 2021 results call. I have with me here today, **Mr. Ahmad Tayem** Gulf Cable's Executive Director of Finance and **Mr. Yiannis Thalassinos**, Gulf Cable's Investor Relations Manager. Without further delay, I will now turn over the call to Yiannis.

Mr Yiannis Thalassinos: Thank you Mahmoud and welcome to all who have joined our Q3 2021 results call. 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 Cable 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.

In the last nine months of 2021, Kuwait has seen a general easing of covid restrictions and the gradual return to normalcy. While uncertainty remains as to the future of the pandemic and its impact on economic activity, we expect gradual improvement to continue, and we believe that the outlook of



growth and the recovery of economic activity across different sectors will be positive in the coming months.

Thanks to the efforts of the government and its agencies, the three quarters of 2021 saw increased vaccination rates and easing of restrictions which led to improved business confidence and increased activity level in Kuwait. Furthermore, as oil prices continue to recover, the outlook for Kuwait looks promising. I will now hand over the microphone to Mr. Ahmed Tayem who will take you through Gulf Cable's performance for the quarter.

Mr. Ahmad Tayem: Thank you Yiannis, good afternoon ladies and gentlemen. Coming to Gulf Cables performance, key profitability indicators showed significant improvement despite the slow recovery. There was a noticeable decline in revenue compared to the nine-month period in 2020 where revenue was almost 20% lower. However, Net profit increased by a marginal 7.9% and EBITDA increased by 13.9% during this period.

This is mainly attributable to the low cost of raw materials purchased before the surge in commodity prices while sales took place after. During the same period, production metric ton dropped by 44.3%, a drop of around 19K Metric Tons compared to the nine-month period of 2020. Having said that, Gulf Cable was able to repay 34.6% of its debt in the nine-month period of 2021.

Moving on to slide No. 6, we see that as a group, Gulf Cable's revenue decreased by 19.9% to reach KD 46Mn in the nine months of 2021 compared to KD 57.4Mn in the nine months of 2020. Despite the slow improvement in business and economic conditions in general, our revenue declined due to delays and postponement of projects and due to the higher metal prices during the period.

On a country level, revenue generated from Kuwait represented 78% of the total group revenue in the nine months of 2021 as opposed to 89% in the same period of 2020. Meanwhile, revenue from Jordan hovered around the KD 10Mn range during the same period in both 2020 and 2021.



Net profit for the nine months of 2021 reached KD 5.9Mn from KD 5.5Mn in the same period of 2020. Of this, the biggest contributor was the net profit contribution by Kuwait entities which saw net profits of KD 5Mn in 2021. It is also fair to mention that Gulf Cable Jordan resulted in a profit of KD 0.9Mn during the same period of 2021 compared to a loss of KD 0.1Mn during 2020.

As we can see on slide 7, the largest contributor to Gulf Cable Kuwait's cable sales has been the private sector with sales of KD 8.8Mn in Q3 2021. Meanwhile, public sector contribution in the same period was KD 2Mn in Q3 2021 as opposed to KD 6.1Mn in 2020. The shift in dynamics is attributed largely to the slowdown in government projects.

Lastly, sales from the export sector saw a marginal increase from KD 0.5Mn in Q3 2020 to KD 1Mn in Q3 2021 as neighboring countries eased their border restrictions for imports.

On slide 8 we see the impact of the cable sales to the private, public and export sector on a nine-month basis. The most negatively impacted has been the public sector that saw a drop of KD 10.6Mn from a high of KD 16.7Mn in 2020 to KD 6.1Mn in 2021.

Total sales decreased by 28.6% in 2021 mainly due decline in medium voltage cables orders delivered during last year compared to nine months of 2021 and decline in local private sectors orders due to the impact of rise of metal prices and COVID-19 pandemic.

On slide 9 we can see the production breakdown by material and sales weight. The sales of medium voltage cables decreased by 78.2% in the nine months of 2021 as a result of significant decrease in demand from the governmental sector. The repercussions of rise in Metal prices and COVID-19 pandemic led to a drop in the quantities of cables production by 44.3% and total cables' sales by 45.7%.



Moving on to some key ratios on Slide 10, Gulf Cable's gross profit margin increased from 11.4% in nine months of 2020 to 21.4% in 2021. The increase was partly due to reduced cost of sales and also as a result of government tenders that carried higher profit margins, due to the application of law no.74 in relation to supply public tenders where Kuwait's local products have a 20% price preference over similar imported products.

The Group managed to cut its reliance on debt by repaying significant portions of existing facilities. the ratio of debt to total assets declined from 8.4% in nine months of 2020 to 1.1% in 2021.

The Group registered no change in ROE (including investment income) where both 2020 and 2021 saw a nine-month result of 3%.

As we can see on Slide 11, from a Financial Position perspective, Gulf Cable's total assets grew by KD20.8Mn since December end 2020 to reach KD 223.6Mn at the end of September 2021. While the group saw a decline of KD 11.6Mn in the Group's Current assets, Non-current assets grew by KD 32.4Mn, around 31% increase since Dec 2020.

Also, non-current liabilities increased by 56.4% mainly as a result of the long-term loans allocated from the identifiable net assets of the acquired subsidiary.

Finally, from a Cash flow perspective, the cash flow from operating activities went from a net cash outflow of KD 18.8Mn in nine months of 2020 to cash inflow of KD 3.6Mn in 2021. Despite the repayment of debt as well as release of cash dividends totaling to KD 15.4Mn in the nine months of 2021, cash at the end of the period was KD 10.8Mn.

Moving on to slide 12 you can see that the size of the investment portfolio of Gulf Cable increased by around 26.3%, from KD 96.7Mn as of December 2020 to KD 122.1Mn as of September 2021. Gulf Cable continues to hold several equity stakes across different sectors and geographies to mitigate the market risks.



Most of our stakes are local quoted securities which made up 58.9% of our portfolio as of September 2021, followed by 31.2% 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.

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

During the nine months of 2021, the group recognized gain on sale of investments amounted to KWD 341K compared to KWD 297K in 2020. Dividend income on investments held at the end of the period amounted to KWD 1.4m in the nine months of 2021 compared to KWD 3.1m in the same period of 2020.

Finally, I would like to recap by saying that we are quite satisfied with the results for 2021 thus far considering the repercussions of the pandemic and the ongoing threat from new variants. The fair performance in the past 9 months, Resilient operating income from private sector sales, optimistic public sector recovery plans, recovering oil and gas prices and existing inventory all hints a promising result for the year 2021.

Mr. Mahmoud: Thank you Mr. Yiannis and Mr. Ahmad. Mr. Yiannis will now conclude the call with a closing statement.

Mr. Yiannis: Thank you Mahmoud. The group will continue to enforce its strategy of investing in emerging technologies and businesses that help diversify its portfolio and further strengthen its investing standards. We are confident that momentum will be back as restrictions are eased and we remain optimistic of Kuwait's ability to lead a fast recovery in the coming months.

Mr. Mahmoud: Let us now open the floor for the Q&A Session. We have already received a few questions so let's start with those first.

Q&A Session

- 1. We noticed from page 5 of the presentation that the revenue and the production dropped significantly since last year. What is the reason for this since now the economic conditions are improving for the better?**

Mr. Ahmed Tayem: The decreased revenue and production are a result of the decreased demand in medium and low voltage cables by both public and private clientele coupled with increased prices of metal used in the cable manufacturing.

As the government projects gain momentum, we are certain that the demand for cables will eventually peak to pre covid levels.

- 2. As global economic conditions improve, commodity prices are likely to increase even further negatively impacting GC's production and sales. How is the management positioned to tackle this?**

Mr. Yannis: As global economic conditions improve, we are expecting a similar improvement in the Kuwaiti market, that will result in an increase of business activity and subsequently demand for our products.

Although we cannot control or forecast commodity market prices, we try to manage our inventory levels in an efficient way during times of increased price volatility. We purchase raw materials only once we sign a new contract or when we have perfect visibility about our project pipeline.



3. How do you expect that the recent Joint Venture Agreement with Riyadh Cable will help Gulf Cable to improve its Revenue and Profitability, considering they are a competitor in the GCC Market?

Mr. Ahmed Tayem: Strategic tie-up between the Companies in the same field are not new in the global business arena, as sharing the resources and expertise will be beneficial for both the parties.

In our strategic partnership with Riyadh Cable, a new market of High Voltage Cable where Gulf Cable is not a player will be opened for us. We are optimistic that our decades of experience in Kuwait market and their technical knowhow in High Voltage Cables will be beneficial for both the parties in increasing our revenue and profits.

Mr. Mahmoud: I suppose that is the end of our Q&A session and with that we will conclude this call. I will hand over the stage to the speakers.

Mr. Yiannis: I can see we have received some more questions in our Q&A section. We will try to provide our answers to you over the next few days. We would like to thank everyone who attended our Q3 call and look forward to seeing you all in the year end call. Stay safe and Have a great day.



2021

Investors Presentation

Q3/ 9M - Period Ended 30 September 2021



Disclaimer

FORWARD-LOOKING STATEMENTS

The information set out in this presentation and provided in the discussion subsequent thereto does not constitute an offer or solicitation of an offer to buy or sell securities. It is solely for use as an investor presentation and is provided as information only. This presentation does not contain all of the information that is material to an investor.

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This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. These statements may be identified by such words as "may", "plans", "expects", "believes" and similar expressions or by their context. The Group does not assume any obligation to update its views of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein.

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



Revenue

↓ -19.9%

45.98m in 9M- 2021
57.38m in 9M- 2020



EBITDA

↑ +13.9%

7.81m in 9M- 2021
6.86m in 9M- 2020



Net Profit

↑ +7.9%

5.92m in 9M- 2021
5.48m in 9M- 2020



EPS

↑ +7.0%

28 Fils in 9M- 2021
26 Fils in 9M- 2020



Assets

↑ +10.3%

223.6m in Sept. 2021
202.8m in Dec 2020



Equity

↑ +11.5%

207.7m in Sept. 2021
186.3m in Dec. 2020



Borrowings

↓ -34.6%

2.4m in Sept. 2021
3.7m in Dec. 2020



Production Metric Ton ('000')

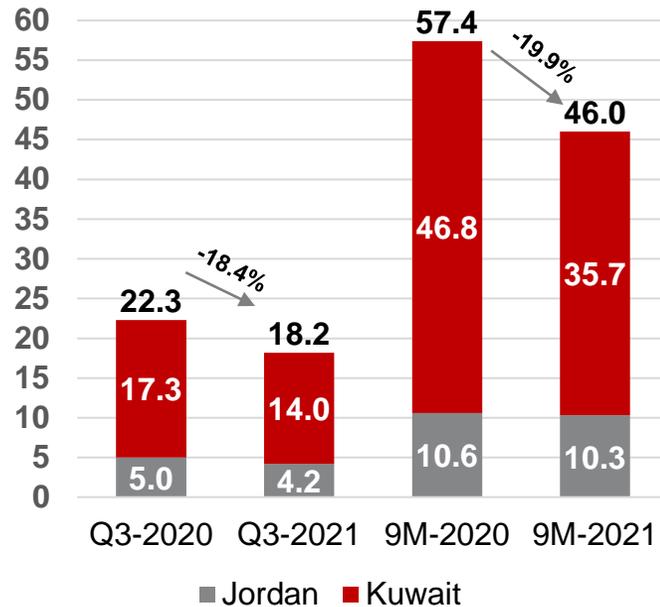
↓ -44.3%

23.6MT in 9M- 2021
42.3MT in 9M- 2020

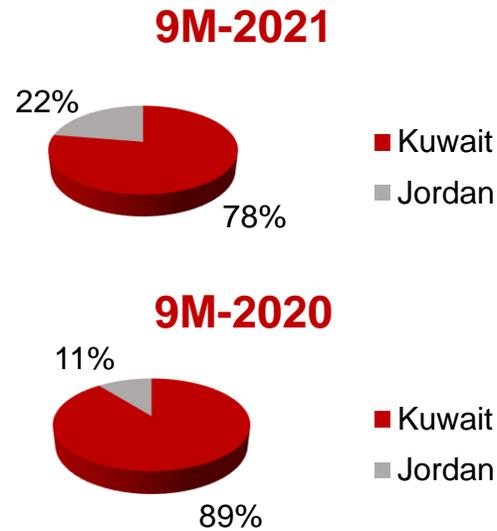
Note: all amounts in KWD

Financial Overview - Group

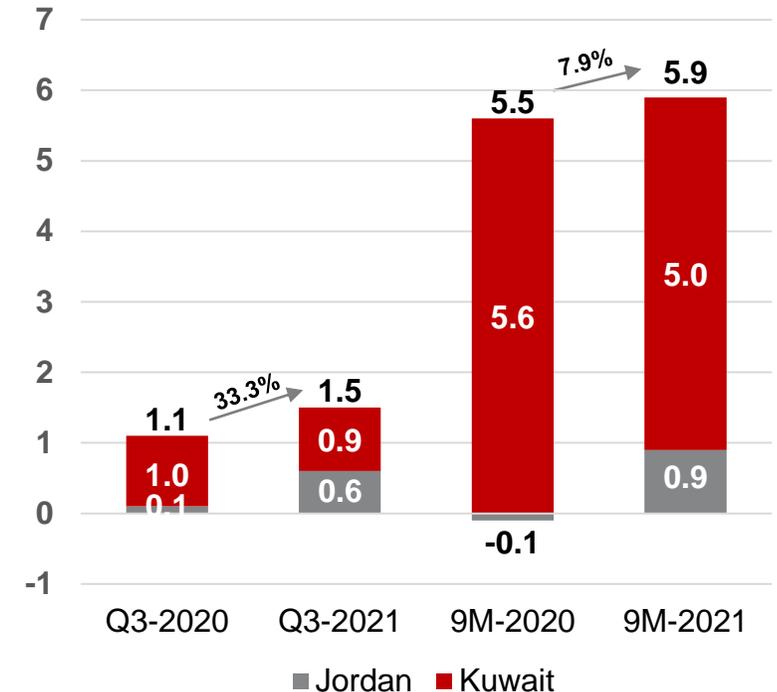
Total Revenue
Million - KWD



Total Revenue Breakdown by Country



Net Profit Breakdown by Country
Million - KWD



In Q3-2021:

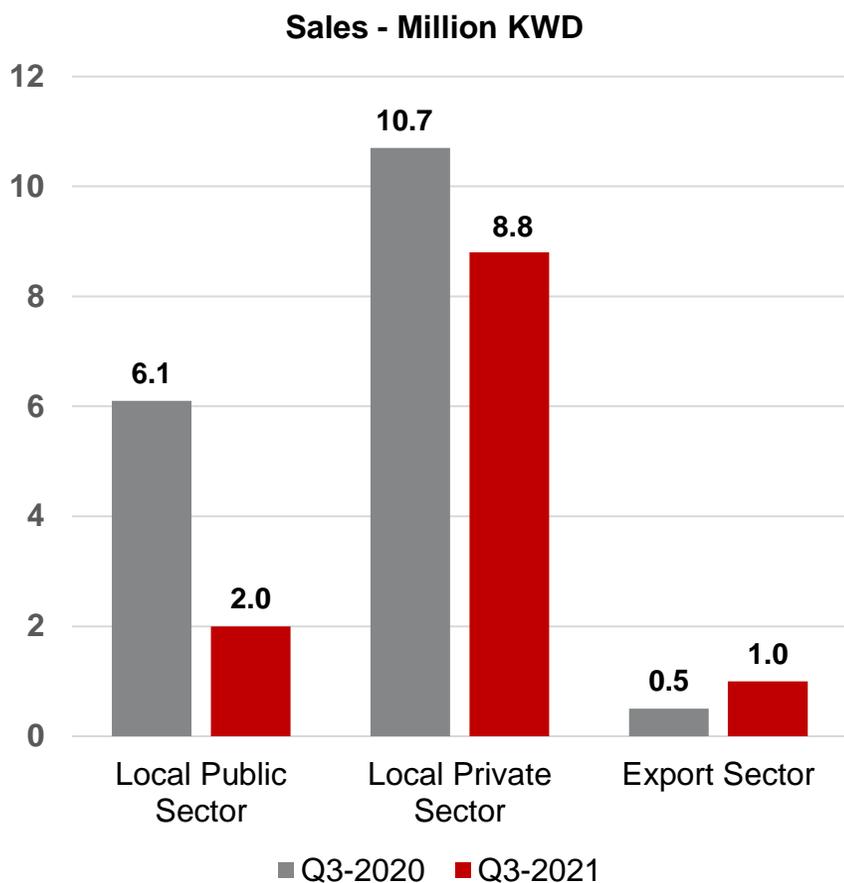
- Total revenue of the Group decreased by 18.4% compared to Q3-2020.
- Net profit for the Group grew by 33.3% compared to Q3-2020

In 9M-2021:

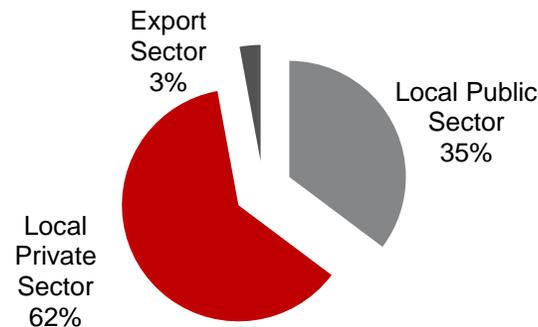
- Total revenue for the Group decreased by 19.9% compared to 9M-2020.
- Gulf Cable-Jordan increased its share in total revenue from 11% in 9M-2020 to 22% in 9M-2021.
- Net profit for the Group increased by 7.9% compared to 9M-2020.

Financial Overview - Gulf Cable Kuwait

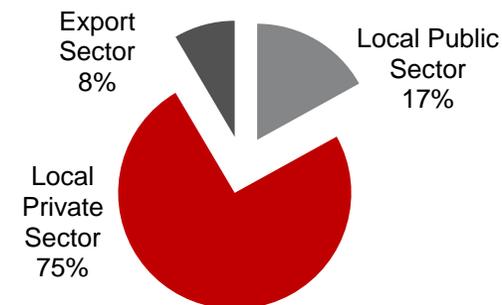
Breakdown of Kuwait Cable Sales by Sector – Q3



Q3-2020



Q3-2021



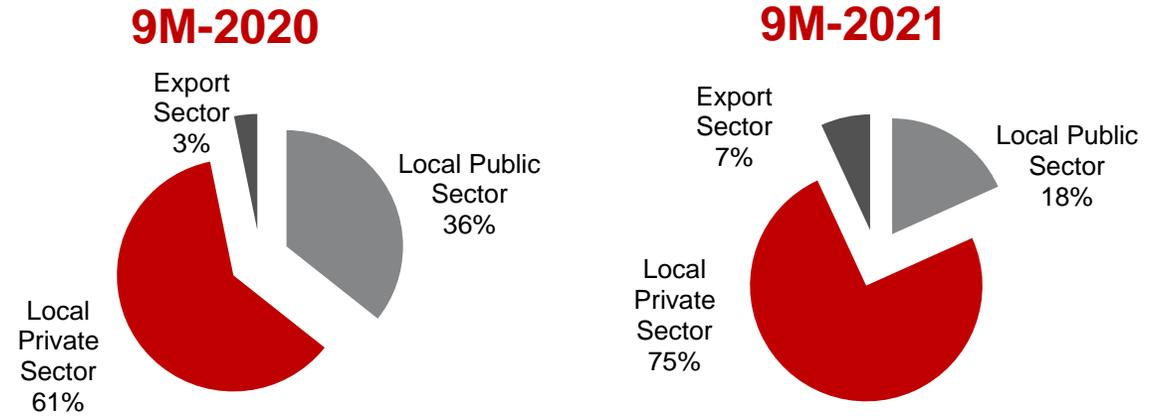
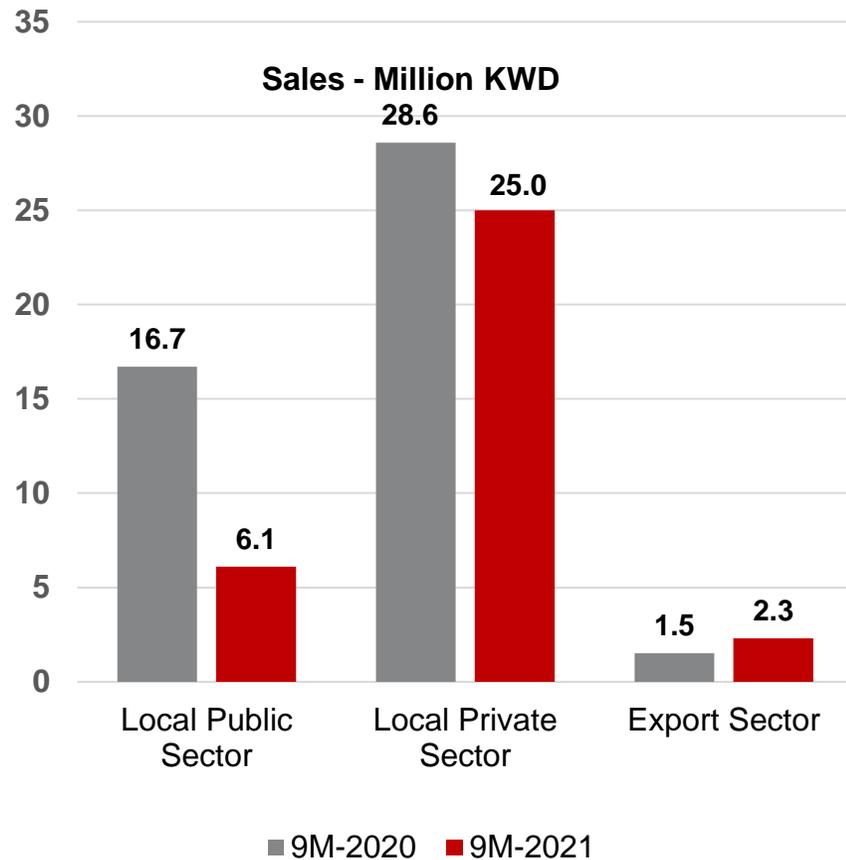
Description (Million, KWD)	Q3-2020	Q3-2021	Change	% Change
Local Public Sector	6.1	2.0	-4.1	-67.2%
Local Private Sector	10.7	8.8	-1.9	-17.8%
Export Sector	0.5	1.0	0.5	100.0%
Total Cable Sales	17.3	11.8	-5.5	-31.8%

Total Cable sales decreased by 31.8% in Q3-2021 mainly due to:

- Sales for the Local Public Sector declined by 67.2%, mainly due to medium voltage cables orders delivered during last year especially in second quarter comparing to the same period of current year.
- Sales for Local Private Sector also shows a decline of 17.8% as a result of slow progress by the uncertain business and shortage in the labour market
- Higher metal prices in 2021 negatively affected the demand for both Public and Private Sectors.

Financial Overview - Gulf Cable Kuwait

Breakdown of Kuwait Cable Sales by Sector – 9M



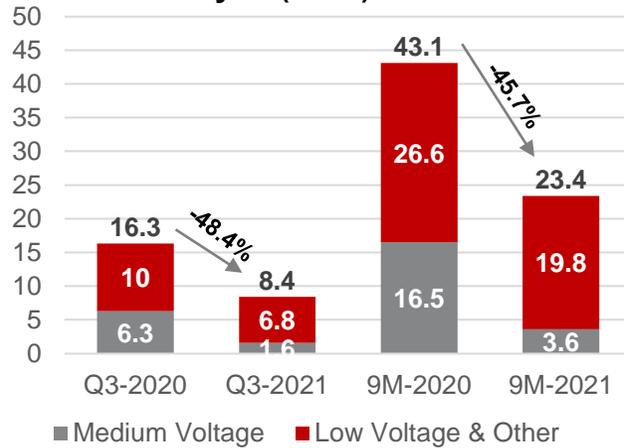
Description (Million, KWD)	9M-2020	9M-2021	Change	% Change
Local Public Sector	16.7	6.1	-10.6	-63.5%
Local Private Sector	28.6	25.0	-3.6	-12.6%
Export Sector	1.5	2.3	0.8	53.3%
Total Cable Sales	46.8	33.4	-13.4	-28.6%

Total Cable sales decreased by 28.6% in 9M-2021 mainly due to:

- Sales for the Local Public Sector declined by 63.5%, mainly due to medium voltage cables orders delivered during last year compared to the same period of 2021.
- Sales for the Local Private Sector declined by 12.6% compared to 9M-2020 due to the impact of rise of metal prices and COVID-19 pandemic.
- Export Sector shows a 53.3% growth as movement to GCC markets eased.

Financial Overview - Production and Sales Weight

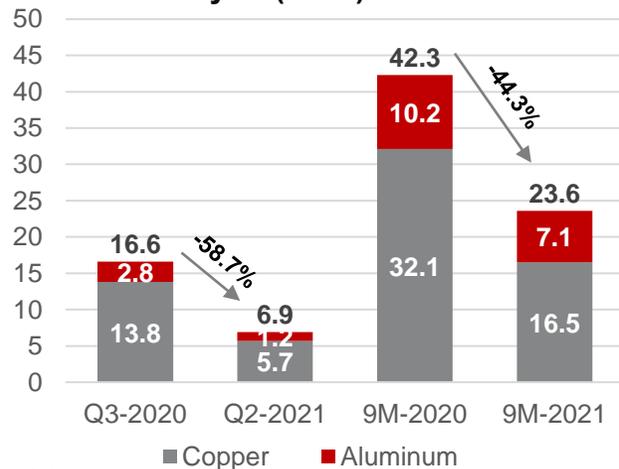
Sales Breakdown by Product (weight)
Quantity in ('000') Metric Ton



Sales Breakdown by Product (Weight)	Q3-2020 MT	Q3- 2021 MT	9M-2020 MT	9M- 2021 MT	9M- %Change
Medium Voltage Cables	6,315	1,592	16,547	3,607	-78.2%
Low Voltage and Other Cables	10,020	6,836	26,569	19,816	-25.4%
Total Cables	16,335	8,428	43,116	23,423	-45.7%

Production Breakdown by Material	Q3- 2020 MT	Q3- 2021 MT	9M-2020 MT	9M- 2021 MT	9M- %Change
Copper Cables (Low & Medium Voltage)	13,835	5,702	32,078	16,500	-48.6%
Aluminum Cables (Low & Medium Voltage)	2,772	1,150	10,248	7,067	-31.0%
Total Copper & Aluminum Cables	16,607	6,852	42,326	23,567	-44.3%

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



9M-2021:

- The sales weight medium voltage cables decreased by 78.2% as a result of significant decrease in demand from the governmental sector.
- The repercussions of rise in Metal prices and COVID-19 pandemic led to a drop in the quantities of cables production by 44.3% and total cables' sales by 45.7%.

Financial Overview - Ratio Analysis

Ratios	9M- 2020	9M- 2021	% Change	Y2020
<u>Profitability</u>				
Gross Profit Margin - %	11.4%	21.4%	↑ 10.0%	11.5%
EBITDA Margin - %	12.0%	17.0%	↑ 5.0%	6.7%
Net Margin - %	9.6%	12.9%	↑ 3.3%	7.3%
ROA on Average Assets - % (with investment income)	2.6%	2.8%	↑ 0.1%	2.8%
ROE on Average Equity - % (with investment income)	3.0%	3.0%	↔ 0.0%	3.1%
<u>Leverage</u>				
Total Debt Percentage of Total Assets-%	8.4%	1.1%	↓ -7.3%	1.8%
Debt to Equity Ratio-%	9.9%	1.1%	↓ -8.8%	2.0%
Interest Coverage Ratio	24.5	55.0	↑ 30.5	17.2
<u>Liquidity</u>				
Current Ratio	2.6	8.7	↑ 6.1	7.8
Quick Ratio	1.1	4.4	↑ 3.3	4.5
Working Capital to Total Assets	0.2	0.3	↑ 0.1	0.4

- Group's gross profit margin increased from 11.4% to 21.4% on 9 months basis from 2020 to 2021. This was partly due to reduced cost of sales and partly due to the government tenders that carried higher profit margins, as a result of the application of law no.74 in relation to supply tenders where national products have price preference over the similar imported products. The above factors also resulted in a higher net margin 9M-2021 as compared to 9M-2020, 12.9% and 9.6% respectively.
- The Group managed to reduce its outstanding debt, leading to interest coverage ratio reaching 24.5x.
- The Group saw its current ratio levels rise from 2.6x in 9M-2020 to 8.7x in 9M-2021 mainly as borrowings and finance payables decreased from 18.5m in Sept, 2020 to 2.4m Sept. 2021.

Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	Dec. 2020	Sept. 2021	Change	% Change
Non-Current Assets	105.0	137.4	32.4	30.9%
Current Assets	97.8	86.2	-11.6	-11.9%
Total Assets	202.8	223.6	20.8	10.3%
Non-Current Liabilities	3.9	6.1	2.2	56.4%
Current Liabilities	12.6	9.8	-2.8	-22.2%
Total Liabilities	16.5	15.9	-0.6	-3.6%
Total Equity	186.3	207.7	21.4	11.5%
Total Liabilities & Equity	202.8	223.6	20.8	10.3%

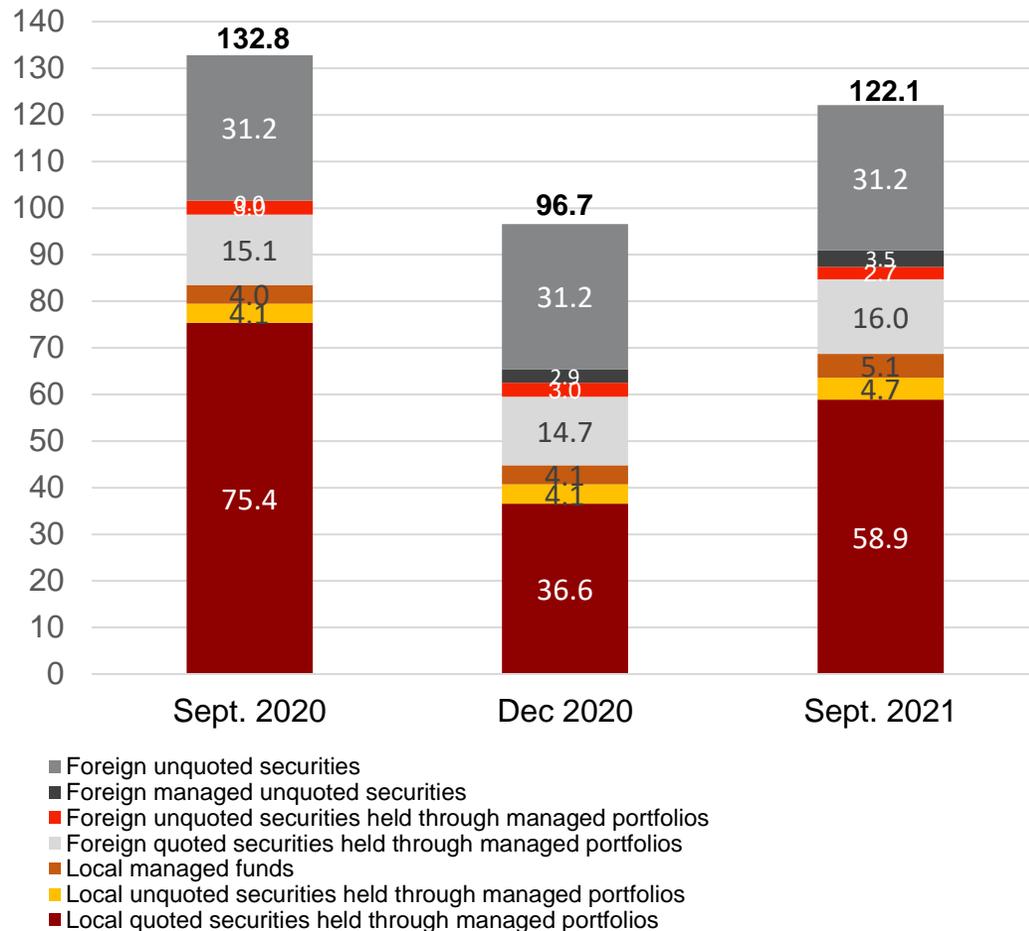
Cash Flow Statement (Million, KWD)	9M -2020	9M-2021	Change	% Change
Profit From Operations	5.4	5.9	0.5	9.3%
Non-Cash Adjustments	-1.6	0.2	1.8	112.5%
Changes in Working Capital	-22.6	-2.5	20.1	88.9%
Net Cash Flow (used in)/from Operating Activities	-18.8	3.6	22.4	119.1%
Net Cash Flow used in Investing Activities	-6.8	-3.5	3.3	48.5%
Net Cash Flow from / (used in) Financing Activities	2.3	-15.4	-17.7	-769.6%
Decrease in Cash and Cash Equivalents	-23.3	-15.3	8.0	34.3%
Cash and Cash Equivalents at Period End	1.3	10.8	9.5	730.8%

In 9M-2021:

- Non-current assets grew by 30.9% due to increase in the fair value of Investments at FVTOCI.
- Current assets of the Group decreased by 11.9% mainly as a result of cash dividend distributed during the current period to the shareholders (50 Fils/share)
- Non-current liabilities increased by 56.4% mainly as a result of the long-term loans allocated from the identifiable net assets of the acquired subsidiary.
- Shareholder's equity increased by 11.5%.
- Cash outflow for financing activities increased by 769.6% mainly due to payment of cash dividends to shareholders amounted to KWD 10.4m and due to settlement of term loans amounted to KWD 4.7m.

Financial Overview - Investments at FVOCI

Investment Portfolio Breakdown Million - KWD



- These investments are held in equity instruments for medium to long term strategic objectives. The Group intends to hold these investments for a long-term period.
- Local managed funds include investments in units of equity investments. Fair value of these investments is determined using net asset values reported by investment managers.

In 9M- 2021

- Total Investments at FVOCI increased by 26.30% compared to Dec.2020
- Gain on sale of investments amounted to KWD 341K compared to KWD 297K in 9M-2020.
- Dividend income on investments held at the end of the period amounted to KWD 1.4m compared to KWD 3.1m in 9M-2020.

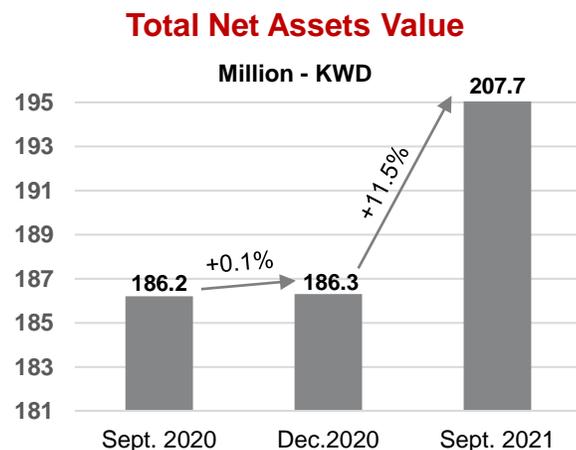
Appendix



Consolidated Statement of Financial Position

	30 Sept. 2021	31 Dec 2020	30 Sept. 2020
Assets (KWD)			
<u>Non-current assets</u>			
Goodwill	3,603,180	-	-
Property, plant and equipment	9,948,541	7,160,670	7,213,928
Right of use asset	648,935	-	-
Investment in associate	1,162,920	1,103,929	1,087,731
Investments at fair value through other comprehensive income	122,094,542	96,671,328	132,780,298
	137,458,118	104,935,927	141,081,957
<u>Current assets</u>			
Inventories	42,501,246	41,319,685	45,095,283
Trade accounts receivable	31,500,839	29,606,122	28,881,746
Other receivables and prepayments	1,333,915	657,532	683,247
Cash and bank balances	10,848,848	26,257,513	5,460,782
	86,184,848	97,840,852	80,121,058
Total Assets	223,642,966	202,776,779	221,203,015

	30 Sept. 2021	31 Dec 2020	30 Sept. 2020
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	4,177,116	3,929,186	4,074,005
Terms loans	1,534,495	-	-
Lease liability	425,327	-	-
	6,136,938	3,929,186	4,074,005
<u>Current liabilities</u>			
Trade accounts payable	2,086,637	1,702,884	2,083,508
Other payables and accruals	6,761,830	7,179,352	6,156,798
Lease liability	151,416	-	-
Term loans	842,401	3,646,476	13,133,143
Ijara finance payable	-	-	130,000
Murabaha payables	-	-	5,249,165
Due to banks	8,136	18,694	4,178,258
	9,850,420	12,547,406	30,930,872
Total Liabilities	15,987,358	16,476,592	35,004,877
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	(575,724)	(454,480)	(649,799)
Treasury shares reserve	77,888	77,888	-
Statutory reserve	20,993,131	20,993,131	20,993,131
Voluntary reserve	20,993,131	20,993,131	20,993,131
General reserve	26,754,192	26,754,192	26,109,322
Other components of equity	73,580,776	47,904,074	57,859,986
Retained earnings	15,190,206	19,437,247	10,288,196
Total equity attributable to the owners of the Parent Company	207,166,806	185,858,389	185,747,173
Non-Controlling Interests	488,802	441,798	450,965
Total Equity	207,655,608	186,300,187	186,198,138
Total Equity and Liabilities	223,642,966	202,776,779	221,203,015



Consolidated Statement of Profit or Loss

	Q3-2021	Q3-2020	9M - 2021	9M -2020
Revenue (KWD)				
Revenue from Sales and contracts with customers	18,177,608	22,274,675	45,979,060	57,383,582
Cost of sales and Contracts with Customers	(14,554,012)	(19,841,334)	(36,131,668)	(50,823,522)
Gross profit	3,623,596	2,433,341	9,847,392	6,560,060
Investment income	86,843	(47,362)	1,371,261	3,098,871
Share of results of associate	11,723	80,107	58,991	23,380
Interest income	1,652	1,467	10,366	4,906
Other (loss)/income	(787)	43,602	1,176	50,926
Foreign currency exchange gain	41,624	144,285	167,247	316,773
	3,764,651	2,655,440	11,456,433	10,054,916
Expenses and other charges (KWD)				
General and administrative expenses	(1,354,010)	(893,353)	(3,446,424)	(2,606,090)
Commercial expenses	(385,364)	(439,526)	(1,142,416)	(1,114,557)
Reversal/(charge) of slow moving and obsolete inventories – net	5,027	71,522	(24,844)	12,866
Provision for doubtful debts– net	(169,423)	(42,558)	(121,657)	(173,056)
Finance costs	(114,966)	(105,744)	(122,282)	(251,761)
	(2,018,736)	(1,409,659)	(4,857,623)	(4,132,598)

	Q3- 2021	Q3-2020	9M- 2021	9M-2020
Profit before provisions for contribution to (KFAS), (NLST), Zakat, Board of directors' remuneration (KWD) and Tax relating to overseas subsidiary	1,745,915	1,245,781	6,598,810	5,922,318
Taxes relating to overseas subsidiary	(106,996)	-	(190,050)	-
Provision for contribution to KFAS,NLST & Zakat	(79,035)	(56,577)	(261,193)	(207,496)
Provision for directors' remuneration	(77,500)	(77,500)	(232,500)	(232,500)
Profit for the Period	1,482,384	3,892,855	5,915,067	5,482,322

Attributable to:				
Owners of the Parent Company	1,451,697	1,105,689	5,864,801	5,487,631
Non-controlling interests	30,687	6,015	50,266	(5,309)
Profit for the Period	1,482,384	1,111,704	5,915,067	5,482,322
Earnings Per share	7 Fils	5 Fils	28 Fils	26 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	30 Sept. 2021	31 Dec 2020	30 Sept. 2020
Assets (KWD)			
<u>Non-current assets</u>			
Goodwill	1.61%	-	-
Property, plant and equipment	4.45%	3.53%	3.26%
Right of use asset	0.29%	-	-
Investment in associate	0.52%	0.55%	0.49%
Investments at fair value through other comprehensive income	54.59%	47.67%	60.03%
	61.46%	51.75%	63.78%
<u>Current assets</u>			
Inventories	19.00%	20.38%	20.39%
Trade accounts receivable	14.09%	14.60%	13.06%
Other receivables and prepayments	0.60%	0.32%	0.31%
Cash and bank balances	4.85%	12.95%	2.47%
	38.54%	48.25%	36.22%
Total Assets	100%	100%	100%

	30 Sept. 2021	31 Dec 2020	30 Sept. 2020
Liabilities (KWD)			
<u>Non-current liabilities</u>			
Provision for employees' end of service benefits	1.87%	1.94%	1.84%
Terms loans	0.69%	-	-
Lease liability	0.19%	-	-
	2.74%	1.94%	1.84%
<u>Current liabilities</u>			
Trade accounts payable	0.93%	0.84%	0.94%
Other payables and accruals	3.02%	3.54%	2.78%
Lease liability	0.07%	-	0.00%
Term loans	0.38%	1.80%	5.94%
Ijara finance payable	-	0.00%	0.06%
Murabaha payables	-	0.00%	2.37%
Due to banks	0.00%	0.01%	1.89%
	4.40%	6.19%	13.98%
Total Liabilities	7.15%	8.13%	15.82%
Equity			
Share capital	9.39%	10.35%	9.49%
Share premium	13.04%	14.38%	13.18%
Treasury shares	-0.26%	-0.22%	-0.29%
Treasury shares reserve	0.03%	0.04%	-
Statutory reserve	9.39%	10.35%	9.49%
Voluntary reserve	9.39%	10.35%	9.49%
General reserve	11.96%	13.19%	11.80%
Other components of equity	32.90%	23.62%	26.16%
Retained earnings	6.79%	9.59%	4.65%
Total equity attributable to the owners of the Parent Company	92.63%	91.65%	83.97%
Non-Controlling Interests	0.22%	0.22%	0.20%
Total Equity	92.85%	91.87%	84.18%
Total Equity and Liabilities	100%	100%	100%

- The percentage of total non-current assets has risen from 51.75% in Dec. 2020 to 61.46% in Sep. 2021, on the other hand the percentage of total current assets has fallen from 48.25% to 38.54%.
- The percentage of total liabilities has fallen from 8.13% in Dec. 2020 to 7.15% in Sep. 2021, on the other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 91.65% to 92.63%.

Common Size Analysis - Consolidated Statement of Profit or Loss

	Q3-2021	Q3-2020	9M- 2021	9M-2020
Revenue				
Revenue from Sales and contracts with customers	100.00%	100.00%	100.00%	100.00%
Cost of sales and Contracts with Customers	-80.07%	-89.08%	-78.58%	-88.57%
Gross profit	19.93%	10.92%	21.42%	11.43%
Investment income	0.48%	-0.21%	2.98%	5.40%
Share of results of associate	0.06%	0.36%	0.13%	0.04%
Interest income	0.01%	0.01%	0.02%	0.01%
Other income	0.00%	0.20%	0.00%	0.09%
Foreign currency exchange gain	0.23%	0.65%	0.36%	0.55%
	20.71%	11.92%	24.92%	17.52%

Expenses and other charges				
General and administrative expenses	-7.45%	-4.01%	-7.50%	-4.54%
Commercial expenses	-2.12%	-1.97%	-2.48%	-1.94%
Reversal/(charge) of slow moving and obsolete inventories – net	0.03%	0.32%	-0.05%	0.02%
Provision for doubtful debts– net	-0.93%	-0.19%	-0.26%	-0.30%
Finance costs	-0.63%	-0.47%	-0.27%	-0.44%
	-11.11%	-6.33%	-10.56%	-7.20%

	Q3- 2021	Q3- 2020	9M- 2021	9M-2020
Profit before provisions for contribution to (KFAS), (NLST), Zakat , Board of directors' remuneration and Taxes relating to overseas subsidiary	9.60%	5.59%	14.35%	10.32%
Taxes relating to overseas subsidiary	-0.59%	0.00%	-0.41%	0.00%
Provision for contribution to KFAS,NLST & Zakat	-0.43%	-0.25%	-0.57%	-0.36%
Provision for directors' remuneration	-0.43%	-0.35%	-0.51%	-0.41%
Profit for the Period	8.16%	17.48%	12.86%	9.55%

9M comparison :

- The percentage of Gross Profit increased by 9.99% compared to same period of prior year (from 11.43% to 21.42%), due to decrease in the cost of sales percentage.
- Expenses and other charges percentage increased from 7.20% to 10.56%
- Accordingly, the profit for the period percentage grew by 3.31% compared to the same period of year 2020.

Thank You

