



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

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

Date:18/03/2024

Ref:GC/225/2024

M/S. Boursa Kuwait Company

Greeting,

Subject: Analyst Conference Transcript for F.Y 2023

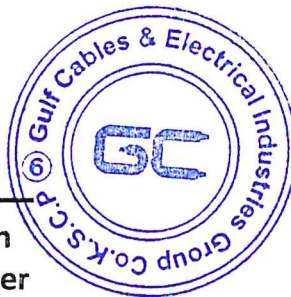
As per requirements stipulated in article No. (7-8) "Listed Company Obligations" of Boursa Kuwait Rule Book, and since Gulf Cable Co. has been classified under the Premier Market category.

WE would like to advise that Analysts/Investors Conference for 2023 was held through live webcast at 1:30 PM on Thursday 14 March 2024.

Attached the Analyst Conference Transcript for 2023.

Best regards

Basel Omran Kanaan
Chief Executive Officer



كابلات تنبض بالحياة Cables that pulse with life

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P.O. Box : 1196 - Safat - Code 13012 - Kuwait Comm. Reg. 23213
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2023

Year Ended 31 December 2023

Earnings Conference Call



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

We Build the World Together

14 March 2024



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 and welcome to you all to Gulf Cables Group's 2023 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, 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 Kannan**.

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



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

Good afternoon to all.

It's a great pleasure to meet you all again for the 2023 results conference call.

I'm happy to announce that Gulf Cables Group has once again delivered outstanding results, surpassing our achievements from 2022.

We've maintained our performance in cable sales, matched last year's figures, and excelled in our investment and rendering service segments, and strengthened our financial position.

The highlights of our performance include a total revenue of KD122.1 million, marking an 8 percent increase from 2022. Our net profit increased to KD 21 million compared to KD 13 million, with an EPS of 101 fils, up from 62 fils last year. These results are a testament to our dedication and proficiency in adapting to the dynamic local and global political and economic environments.

The already sluggish global economy and disturbed supply chain got even worse with the Gaza conflict. Concerns about shipping in the Red Sea led to further supply chain disruptions and escalated raw material prices.

The mood regarding Kuwait's economy was also not so favorable, though it shows the signs of improvement in the last quarter. High interest rates and inflation rates, delays in the award of contracts and the operational execution of new projects of the public sector had adversely affected our cable sales, leading to an unusual negative trend, which is uncommon in our Company's history.

The Board's vision for diversification has proven its worth, as the slight setback in our cable business has been mitigated by income from our investments. Our dividend income witnessed a remarkable growth of 149 percent, increasing from KD 6.8 million in 2022 to KD 16.9 million in 2023. Accordingly, our total investment income reached KD 19.9 million in 2023, up from KD 10.5 million in 2022.

These are my insights from our 2023 results. Now, I'll hand over the call to **Mr. Ahmad Tayem**, our Executive Director of Finance, to provide a more detailed analysis of the financial performance for the year.



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

Good afternoon, thank you all for joining with us for the call. Hope you all are doing fine.

I am very happy to be here to take you through the financial results and financial position of Gulf Cables Group for year 2023.

Let me take you to our performance highlights in **slide number 5**

As briefed by our CEO in the opening session of our notable achievements, The Group's total revenue increased by 8 percent from KD 113 million in 2022 to KD 122.1 million in 2023. The Group's net profit also shows an amazing increase of 62.2 percent to KD 21 million in 2023 compared to KD 13 million and earnings per share is 101 fils compared to 62 fils of 2022.

Sales & contracting revenue displayed a slight decrease of 0.3 percent from KD 102.5 million in 2022 to KD 102.2 million in 2023, as there is a small downward movement of our cable production, that I will come to later.

EBITDA increased by huge margin of 43.4 percent in 2023, to KD 25.9 million, which was KD 18.1 million in 2022.

The total assets shows a 3.4 percent decrease whereas, total liabilities displays a 19.9 percent decrease at the end of 2023 in comparison to that of 2022.

Shareholders' equity increased by 1.1 percent to reach KD 230.8 million on 31st December 2023 with an increase of KD 2.5 million

The Group's production decreased slightly by 1.1 percent in 2023 to reach 50.3 thousand MT against 50.8 thousand MT in 2022.

The board meeting held on 7th of March proposed a dividend of 65 percent of share par value for the year 2023, which is 8.3 percent higher than that of 2022, to reward our esteemed shareholders for their investment and trust on the Group.

Moving to slide 6, for the detailed revenue analysis of the year, total revenue increased from KD 113 million to KD 122.1 million. It consists of KD 96.4 million from cable sales, KD 19.9 million from investments, and KD 5.8 million from service contracts.

Out of the total KD 96.4 million cable sales, our parent company in Kuwait reported KD 73.8 million and our subsidiary company in Jordan contributed KD 22.6 million.



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Investments revenue KD 19.9 million includes KD 3.2 million from the share of results associates and KD 16.9 million from dividend income.

In service contracts, our subsidiary CARE for Buildings and Cities Cleaning Contracting Co. reported KD 5.8 million revenue in 2023.

In next slide number 7, for the analysis of our cable sales in Kuwait, we saw a 5.1 percent decrease in sales recorded in year 2023 compared to 2022. The main reason for this decline is the decrease in sales to local private sector.

In sectoral wise analysis, the largest contributor to parent company's cable sales was the local private sector with sales of KD 63.9 million in 2023 compared to KD 67.1 million in 2022, resulted a decrease of 4.9 percent. The main reason for this decline is the decrease of sales of medium voltage cables for contractors of Public Authority for Housing Welfare projects.

Public or governmental sector also displayed a downward trend. Their contribution in the year was merely KD 6.7 million from KD 7.3 million in 2022, showing a decline of 7.3 percent.

Going forward to slide number 8, we see the Group's production & sales breakdown by product & material measured in weight. The total sales shows a 0.4 percent decrease, where the sales of medium voltage cables increased by a nominal 1 percent and low voltage & other cables declined by 1.4 percent in 2023.

There was a decrease in 11KV Copper cable sales to PAHW projects which was compensated by an increase in sales of 11KV Aluminum cables.

Total production by material wise is also showing a declining trend in the reporting period, mainly because of the decline in the production of Copper cables.

The next slide number 9 shows some key ratios. Gulf Cables' gross profit margin increased slightly from 12.6 percent in 2022 to 12.9 percent in 2023. This increase was as a result of our strict efforts of cost control.



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EBITDA margin increased from 17.6 percent to 25.3 percent and net profit margin also grew from 12.6 percent to 20.6 percent.

ROA and ROE which includes investment income also displayed a positive trend. ROA increased by 3.1 percent and ROE by 3.5 percent in 2023 against 2022.

From the leverage viewpoint, be noted that Group's outstanding debts decreased due to the settlement of KD 15.5 million of borrowings during 2023, this in turn reflected in the ratios also. The total debt percentage of total assets ratio improved by 4 percent and debt to equity ratio improved by 5.8 percent in comparison with 2022.

In short, all the financial ratios of the Group indicate our performance excellence financial strength, and healthy movements in 2023.

Slide number 10 reviews the Group's financial position. Total assets decreased from KD 290.6 million at the end of year 2022 to reach KD 280.6 million at the end of year 2023. This is due to decrease in the investments at FVTOCI and decrease of investment in associates as a result of dividend income received during the year.

The Group's total equity showed an increase of 1.1 percent from KD 228.3 million at the end of year 2022 to KD 230.8 million at the end of year 2023.

From a cash flow perspective, the net cash flow from operating activities shows an increase of 28.2 percent from KD 4.2 million in 2022 to KD 5.3 million in 2023.

On the other hand, cash flow from investing activities shows a 21.2 percent decrease with a cash inflow of KD 22.7 million in 2023 compared to cash inflow of KD 28.8 million in 2022.

Also, there is a net cash outflow from financing activities of KD 26.7 million in 2023 compared to net cash outflow of KD 44.0 million in 2022. The cash outflow for 2023 was due to the settlement of borrowings amounted to KD 15.5 million and cash dividend paid to our shareholders amounting to KD 12.4 million.

Finally, the cash and cash equivalents increased from KD 8.0 million at the end December 2022 to KD 9.4 million at the end of December 2023 with a 17.1 percent growth.

The next slide number 11 describes about our investments in associates & joint venture. The Group's current effective ownership interest in all three associates remains unchanged



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at the end of December 2023 in comparison of December 2022, in NIC at 26.98 percent, HEISCO at 28.33 percent, and Team Holding at 47.50 percent.

The carrying value of the Group's ownership interest in NIC is KD 47.9 million, showing a notable decrease of KD 7.0 million in comparison to the value of KD 54.9 million recorded at the end of December 2022. This is mainly because of dividend income distributed by the associate.

At the same time, the carrying values for HEISCO is KD 31.4 million and Team Holding is KD 1.1 million, without much notable variance.

Regarding the share of results, Gulf Cables' share of results in NIC is KD 1.1 million in 2023, showing a decrease of KD 1 million from KD 2.1 million reported in 2022. On the other hand, the Group's share of results in HEISCO amounted to KD 2.0 million, compared to KD 1.6 million in 2022. Team Holding contributed KD 80 thousand from their part.

In the Joint venture, "Gulf and Riyadh Electric Wires, Cables and Electronics Manufacturing Company" the Group has an investment of KD 2.5 million constituting 50 percent ownership stake.

And the last slide details the investment portfolio of the group. The total investment reduced to KD 107.0 million as of end of year 2023, compared to 108.9 million at the end of year 2022, a nominal decrease of 1.7 percent. This decline is due to the change in fair value of the Investments at FVTOCI.

Unquoted equity securities for the investments through other comprehensive income make up 47.8 percent of our portfolio with KD 51.1 million followed by quoted equity securities for the investments through other comprehensive income at 44.6 percent with KD 47.7 million the end of December 2023. Managed funds amounted to KD 5.0 million at the end of December 2023 which is mostly same as 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.

All our 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.



That's all from my side for the financial performance of the Group and I am happy to present such a good performance result in front of you.

Thank you all for listening to me, now back to **Mr. Basel**

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

Dear all, hope you all are satisfied with our performance and results in the year 2023.

Despite facing a challenging landscape marked by a lack of supportive political and economic conditions in 2023, I'm pleased to acknowledge our collective efforts and the results we achieved. Looking ahead to 2024, I remain confident in our abilities and optimistic about what we can accomplish.

Our optimism for the coming year is grounded in several positive indicators. Forecasts suggest a promising movement in real GDP growth, dropping trend of inflation, high oil prices and the anticipated initiatives under Kuwait Vision 2035 and political reforms lead by our Emir, His Highness Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, strengthen our outlook.

However, it's important to acknowledge the complications of the global financial and political landscape. Particularly focusing on the Kuwait Economy, the unlikely reversal of OPEC's oil production cuts, elevated interest rate and the undesirable inflation rate above 3 percent.

With that said, I'd like to move to the question-and-answer session. I'll now pass the floor to **Mr. Mahmoud**. Thank you all, and I wish you a great day ahead.

Mr. Mahmoud El Mahmoud: Thank you **Mr. Basel**. We will now open the floor for the question-and-answer session. We have already received some questions; we shall begin with it.



Q&A Session:

- 1. The Group's cable sales in Kuwait experienced a downturn in 2023. Can you pinpoint any specific reasons for this decline, and do you expect a recovery in 2024?**

Mr. Ahmad Tayem: As highlighted by our CEO during the opening session, the decrease in our cable sales was both unexpected and unusual. Though many projects were announced, delay in its practical implementation especially in second half of 2023 was the reason for it.

We believe that it will not be repeated in 2024. Presently we have handy orders with us now, and allocation of more tenders will boost our sales in 2024.

- 2. Is there any technology update or modernization of machines to improve the productivity?**

Mr. Basel Kanaan: Gulf Cables is always eagerly watching the technological updates that happens in the industry and is very keen to update accordingly. Our most modern cable production line is now under process and hopefully we can start production with new line at the end of this year 2024. Also, we are committed to the conservation of energy and protection of the environment. Regular updates and certifications are followed in this regard.

Mr. Mahmoud El Mahmoud: Dear all, that was our last question for the session.

If you have any more questions, you are most welcome to send us and we will give the answers at the earliest.

Thank you, everyone, for participating in this call and listening to us. Hope you all are satisfied with the overall performance of the Group in 2023. Thanks to the management for attending this conference call. Once again thank you and wish to meet you all again.

2023

INVESTORS PRESENTATION

Year Ended 31 December 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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Performance Highlights



Total Revenue¹

↑ +8.0%

122.1m in Y2023
113.0m in Y2022



Sales & contracting revenue

↓ -0.3%

102.2m in Y2023
102.5m in Y2022



EBITDA

↑ +43.4%

25.9m in Y2023
18.1m in Y2022



Net Profit

↑ +62.2%

21.0m in Y2023
13.0m in Y2022



EPS

↑ +62.8%

101 Fils in Y2023
62 Fils in Y2022



Assets

↓ -3.4%

280.6m in Y2023
290.6m in Y2022



Liabilities

↓ -19.9%

49.9m in Y2023
62.2m in Y2022



Equity

↑ +1.1%

230.8m in Y2023
228.3m in Y2022



Production Metric Ton ('000')

↓ -1.1%

50.3MT in Y2023
50.8MT in Y2022



Dividend

↑ +8.3%

65 fils² in Y2023
60 fils in Y2022

Note: all figures are in KWD

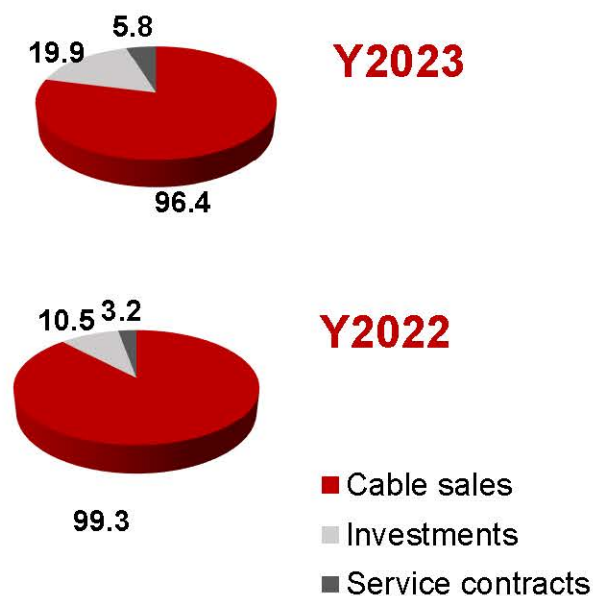
¹ Total revenue consist of cable sales, contracting revenue and investment revenue.

² Proposed by the Board of Directors and subject to General Assembly approval.

Financial Overview – Group

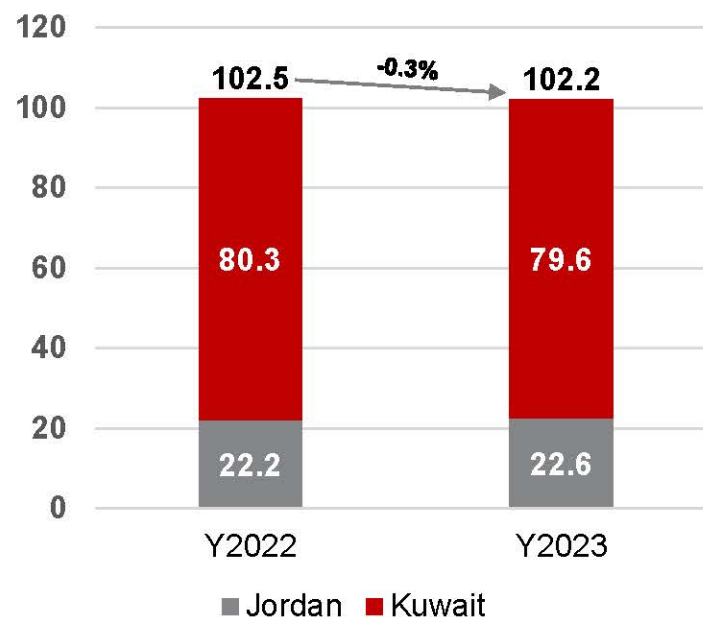
Total Revenue Breakdown

Million - KWD



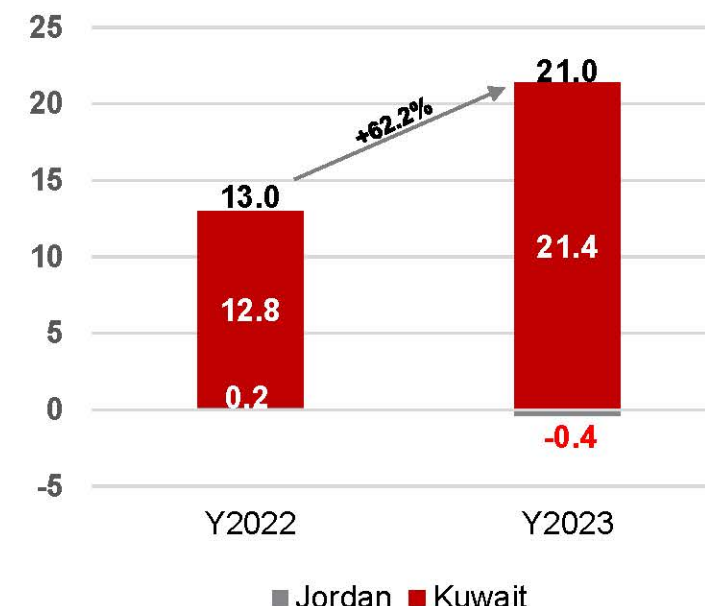
Sales & Contracting Revenue

Million - KWD



Net Profit Breakdown by Country

Million - KWD

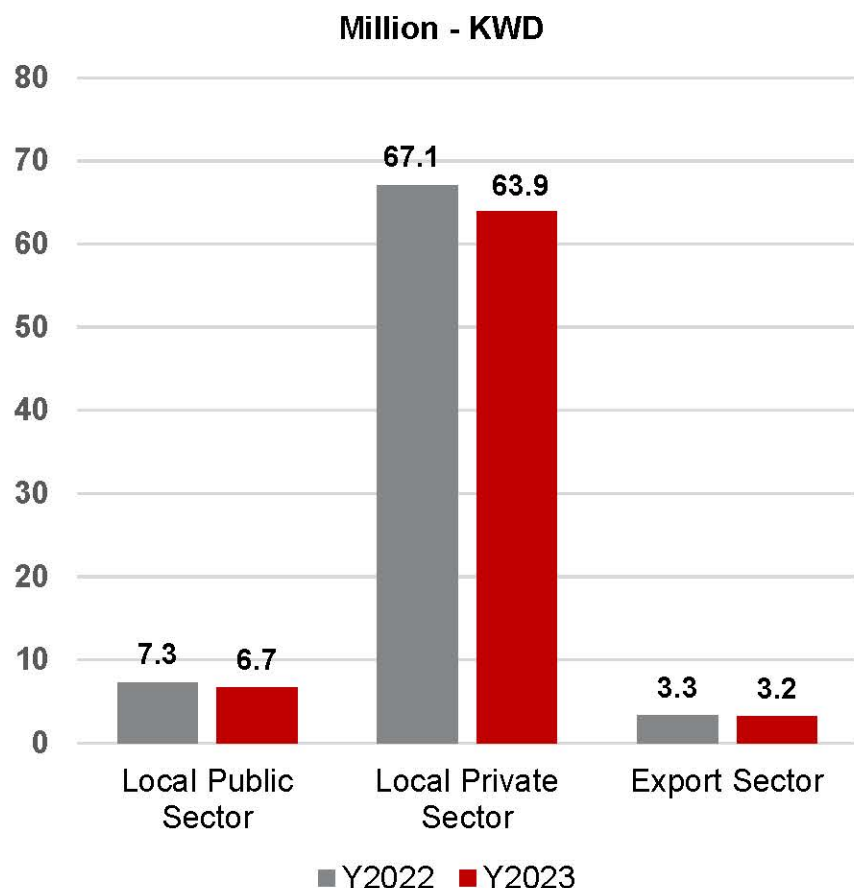


In Y2023:

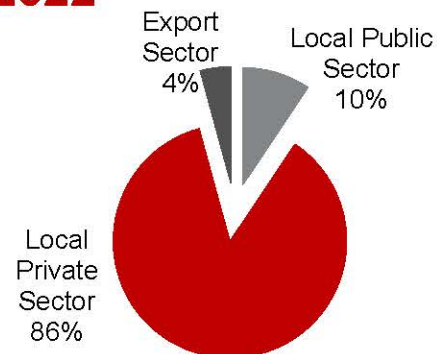
- Total revenue grew by 8% compared to Y2022 from KWD 113m to KWD 122.1m.
- Total sales & contracting revenue for the Group decreased by 0.3% compared to Y2022.
- Sales & contracting revenue from Kuwait consists of revenue from cable sales, amounted to KWD 73.8m and service contracts revenue, amounted to KWD 5.8m.
- Net profit for the Group increased by 62.2% compared to Y2022.

Financial Overview - Gulf Cables Kuwait

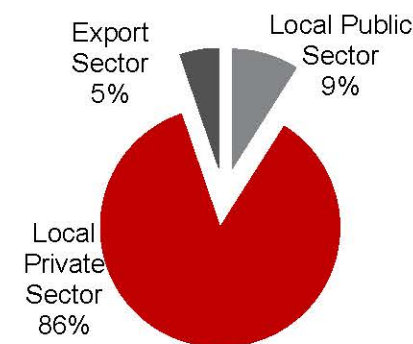
Breakdown of Cable Sales by Sector



Y2022



Y2023

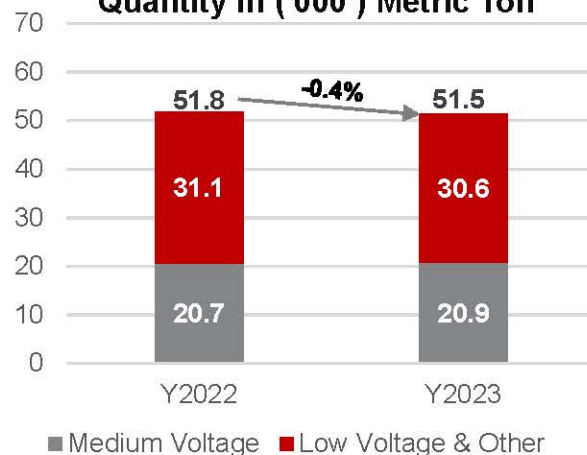


Description (Million, KWD)	Y2022	Y2023	Change	% Change
Local Public Sector	7.3	6.7	-0.6	-7.3%
Local Private Sector	67.1	63.9	-3.3	-4.9%
Export Sector	3.3	3.2	-0.1	-5.1%
Total Sales	77.7	73.8	-3.9	-5.1%

- In Y2023 Total sales decreased by 5.1% compared to Y2022 mainly due to decline in sales to Local Private Sector.
- Local Private Sector sales decreased by 4.9% mainly due to decrease in sales of medium voltage cables to the Local Private Sector for the PAHW projects.

Financial Overview – Group Production and Sales by Weight

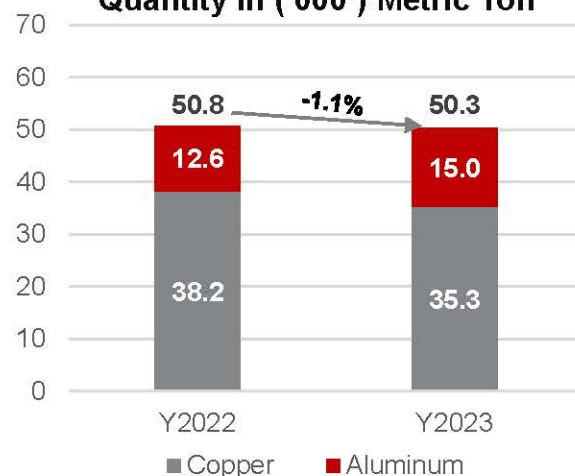
Sales Breakdown by Product
Quantity in ('000') Metric Ton



Sales Breakdown by Product (Weight)	Y2022 MT	Y2023 MT	% Change
Medium Voltage Cables	20,685	20,891	1.0%
Low Voltage and Other Cables	31,061	30,633	-1.4%
Total Cables	51,746	51,524	-0.4%

Production Breakdown by Material	Y2022 MT	Y2023 MT	% Change
Copper Cables (Low & Medium Voltage)	38,204	35,283	-7.6%
Aluminum Cables (Low & Medium Voltage)	12,627	14,984	18.7%
Total Copper & Aluminum Cables	50,831	50,267	-1.1%

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



In Y2023:

- The sales weight of medium voltage cables shows a nominal increase of 1.0% compared to Y2022. The decrease in 11KV Copper Cable sales to PAHW projects was compensated by the increase in sale of 11KV Aluminum cables.
- In contrary, Low Voltage Cables sales displayed a decrease of 1.4% due to lower supply to MEW, contractors of various projects of PAHW & MEW.
- Total production weight also witnessed a decrease of 1.1%. Copper Cables shows a decrease of 7.6%. On the other hand, Aluminum cables displays an increase of 18.7%.

Financial Overview - Ratio Analysis

Ratios	Y2022	Y2023	Change
<u>Profitability</u>			
Gross Profit Margin - %	12.6%	12.9%	↑ 0.3%
EBITDA Margin - %	17.6%	25.3%	↑ 7.7%
Net Profit Margin - %	12.6%	20.6%	↑ 8.0%
ROA on Average Assets - % (with investment income)	4.3%	7.4%	↑ 3.1%
ROE on Average Equity - % (with investment income)	5.7%	9.2%	↑ 3.5%
<u>Leverage</u>			
Total Debt Percentage of Total Assets-%	15.3%	11.3%	↓ -4.0%
Debt to Equity Ratio-%	19.5%	13.7%	↓ -5.8%
Interest Coverage Ratio	8.3	12.7	↑ 4.4
<u>Liquidity</u>			
Current Ratio	3.7	3.8	↑ 0.1
Quick Ratio	1.9	2.0	↑ 0.1
Working Capital to Total Assets	0.2	0.2	= 0.0

- Group's gross profit margin increased slightly from 12.6% to 12.9% due to the decrease in cost of revenue on annual basis.
- EBITDA margin shows an increase from 17.6% in Y2022 to 25.3% in Y2023, this is because of the increase in Dividend income compared to Y2022.
- Total debt percentage of total assets and debt to equity ratios improved in comparison with Y2022 due to the settlement of borrowings amounted KWD 15.5m in Y2023.
- Interest coverage ratio increased to 12.7x with an increase of 4.4x.
- The Group displays a nominal increase in its current & quick ratios in Y2023.
- Working capital to total assets remained the same.
- Overall, all the financial ratios of the Group are showing healthy movements.

Financial Overview - Financial Position & Cash Flow Statements

Financial Position (Million, KWD)	Dec. 2022	Dec. 2023	Change	% Change
Non-Current Assets	210.8	200.2	-10.6	-5.0%
Current Assets	79.8	80.4	0.6	-0.8%
Total Assets	290.6	280.6	-10.0	-3.4%
Non-Current Liabilities	40.5	28.8	-11.7	-28.7%
Current Liabilities	21.8	21.0	-0.8	-3.5%
Total Liabilities	62.3	49.8	-12.5	-19.9%
Total Equity	228.3	230.8	2.5	1.1%
Total Liabilities & Equity	290.6	280.6	-10.0	-3.4%

Cash Flow Statement (Million, KWD)	Y2022	Y2023	Change	% Change
Profit From Operations	13.0	21.0	8.0	62.2%
Non-Cash Adjustments	-6.0	-14.9	-8.9	-146.2%
Changes in Working Capital	-2.8	-0.8	2.0	71.0%
Net Cash Flow - Operating Activities	4.2	5.3	1.1	28.2%
Net Cash Flow - Investing Activities	28.8	22.7	-6.1	-21.2%
Net Cash Flow - Financing Activities	-44.0	-26.7	17.3	39.4%
Increase / Decrease in Cash and Cash Equivalents	-11.0	1.4	12.4	112.3%
Cash and Cash Equivalents at Year End	8.0	9.4	1.4	17.1%

In Y2023:

- Non-current assets shrank by 5% in Dec 2023 compared to Dec 2022 due to decrease in investment in associates and investments at FVTOCI.
- Non-current liabilities considerably decreased by 28.6% as a result of settlement borrowings.
- Shareholder's equity shows an increase of 1.1%.
- Cash inflow from investing activities shows KWD 22.7m mainly due to dividends income received.
- Cash outflow for financing activities reached KWD 26.7m mainly as a result of an early settlement of borrowings amounted to KWD 15.5m and cash dividend paid to shareholders amounted to KWD 12.4m.

Financial Overview – Investments in Associates & Joint Venture

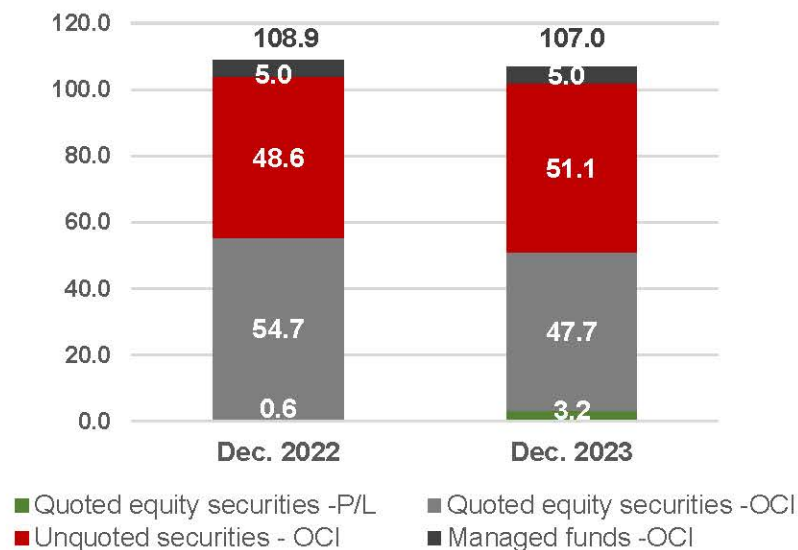
	NIC		HEISCO		Team Holding	
	 شركة الاستثمار الوطنية NATIONAL INVESTMENTS COMPANY					
	Dec. 2022	Dec. 2023	Dec. 2022	Dec. 2023	Dec. 2022	Dec. 2023
GC Effective Ownership Interest	26.98%	26.98%	28.33%	28.33%	47.50%	47.50%
Total Net Assets Value	198.8m	173.2m	70.7m	74.1m	2.7m	2.4m
GC Carrying Value of Ownership Interest	54.9m	47.9m	30.5m	31.4m	1.3m	1.1m
	Y2022	Y2023	Y2022	Y2023	Y2022	Y2023
Profit for the Year Attributable to shareholders of the parent Co.	8.7m	4.1m	5.6m	7.2m	0.1m	0.2m
GC Share of Results	2.1m	1.1m	1.6m	2.0m	0.03m	0.08m
Dividends Received from the Associate	9.6m	6.0m	1.0m	1.0m	-	0.2m

- GC Carrying Value of Ownership Interest in NIC shows a decrease of KWD 7.0m from KWD 54.9m in Dec.2022 to KWD 47.9m in Dec.2023 mainly due to dividend distributions.
- Share of results of NIC declined to KWD 1.1m in Y2023 compared to KWD 2.1m in Y2022.
- Share of results of HEISCO increased by 0.4m to KWD 2.0m in Y2023 against KWD 1.6m in Y2022.
- In Y2023, dividends received KWD 6.0m from NIC compared to KWD 9.6m in Y2022 and KWD 1.0m from HEISCO equaling Y2022.
- The Group has 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 & FVTP/L

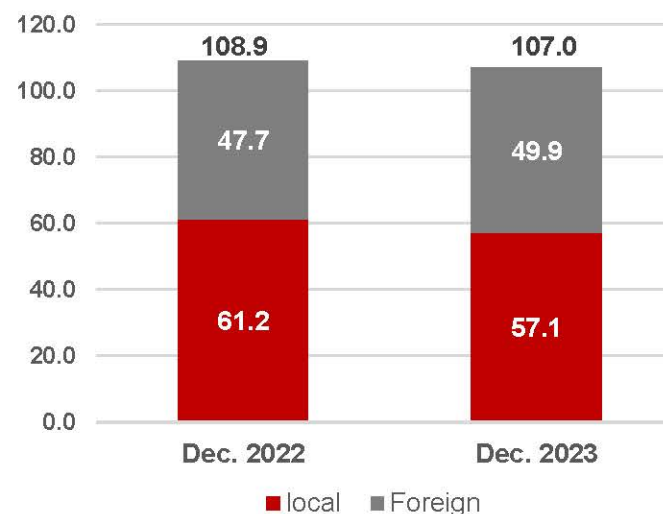
Investment Portfolio Breakdown

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 2023:

- Total investments at FVTOCI decreased by 4.2% from Dec. 2022 to Dec.2023.
- Total investments at FVTP/L increased from KWD 0.6m in Dec. 2022 to KWD 3.2m in Dec.2023.
- Dividend income recognized on investments FVTOCI & FVTP/L amounted to KWD 16.9m compared to KWD 6.8m in Y2022.

Appendix



Consolidated Statement of Financial Position

	31 Dec. 2022	31 Dec. 2023
Assets (KWD)		
<u>Non-current assets</u>		
Goodwill	3,603,180	3,603,180
Property, plant and equipment	9,261,814	9,248,051
Right of use asset	468,675	489,322
Investments in associates & joint venture	89,122,225	83,034,820
Investments at fair value through other comprehensive income	108,310,882	103,795,144
	210,766,776	200,170,517
<u>Current assets</u>		
Inventories	37,385,413	37,937,162
Trade accounts receivable	31,100,230	27,647,083
Other receivables and prepayments	2,028,887	1,705,791
Investments at fair value through profit or loss	596,767	3,214,470
Cash and cash equivalents	8,694,999	9,965,807
	79,806,296	80,470,313
Total Assets	290,573,072	280,640,830

	31 Dec. 2022	31 Dec. 2023
Liabilities (KWD)		
<u>Non-current liabilities</u>		
Provision for employees' end of service benefits	4,597,596	4,879,549
Term loans	17,500,000	23,691,000
Islamic financing	18,072,368	-
Lease liabilities	289,140	293,408
	40,459,104	28,863,957
<u>Current liabilities</u>		
Trade accounts payable	3,660,167	3,914,516
Other payables and accruals	8,937,217	8,860,218
Lease liabilities	151,416	189,270
Term loans-current portion	6,534,495	7,466,495
Islamic financing -current portion	1,815,789	-
Due to banks	668,952	565,979
	21,768,036	20,996,478
Total Liabilities	62,227,140	49,860,435
Equity (KWD)		
Share capital	20,993,131	20,993,131
Share premium	29,160,075	29,160,075
Treasury shares	(1,686,080)	(1,361,022)
Statutory, voluntary and general reserves	71,893,702	74,109,625
Other components of equity	65,297,391	58,867,251
Retained earnings	42,164,366	48,507,417
Total equity attributable to the owners of the Parent Company	227,822,585	230,276,477
Non-Controlling Interests	523,347	503,918
Total Equity	228,345,932	230,780,395
Total Equity and Liabilities	290,573,072	280,640,830

Consolidated Statement of Profit or Loss

	Y2022	Y2023
Revenue (KWD)		
Sales and contracting revenue	102,496,345	102,217,662
Cost of revenue	(89,558,281)	(89,034,410)
Gross profit	12,938,064	13,183,252
Dividend income	6,763,284	16,854,161
Other investment gain/(losses)	22,559	107,629
Change in fair value of inv, at FVTPL	(81,993)	(310,959)
Gain on Sale of Inv. at FVTPL	85,629	-
Share of results of associates & joint venture	3,760,024	3,206,016
Interest & other income	64,202	492,865
Foreign currency exchange gain	446,386	472,629
	23,998,155	34,005,593
Expenses and other charges (KWD)		
General and administrative expenses	(4,531,221)	(5,753,596)
Commercial expenses	(2,656,219)	(2,975,534)
Provision charge for doubtful debts and other receivables	(376,000)	(1,166,813)
Provision charge for obsolete and slow-moving inventories	(1,809)	(59,403)
Finance costs	(1,991,275)	(1,893,072)
	(9,556,524)	(11,848,418)

	Y2022	Y2023
Profit before provision for taxation and Board of Directors' remuneration	14,441,631	22,157,175
Provision for taxation	(1,175,642)	(833,253)
Directors' remuneration	(305,000)	(305,000)
Profit for the Year	12,960,989	21,018,922
Profit for the year attributable to:		
Owners of the Parent Company	12,948,313	21,039,534
Non-controlling interests	12,676	(20,612)
Profit for the Year	12,960,989	21,018,922
Earnings Per share	62 Fils	101 Fils

Common Size Analysis - Consolidated Statement of Financial Position

	31 Dec. 2022	31 Dec. 2023
Assets (KWD)		
<u>Non-current assets</u>		
Goodwill	1.24%	1.28%
Property, plant and equipment	3.19%	3.30%
Right of use asset	0.16%	0.17%
Investments in associates & joint venture	30.67%	29.59%
Investments at fair value through other comprehensive income	37.27%	36.99%
	72.53%	71.33%
<u>Current assets</u>		
Inventories	12.87%	13.52%
Trade accounts receivable	10.70%	9.85%
Other receivables and prepayments	0.70%	0.61%
Investments at fair value through profit or loss	0.21%	1.15%
Cash and cash equivalents	2.99%	3.55%
	27.47%	28.67%
Total Assets	100%	100%

- The percentage of total non-current assets has reduced from 72.53% in Dec. 2022 to 71.33% in Dec. 2023, on the other hand the percentage of total current assets has increased proportionately from 27.47% to 28.67%.
- The percentage of total liabilities has dropped from 21.42% in Dec. 2022 to 17.77% in Dec. 2023, on the other hand the percentage of total equity attributable to the owners of the Parent Company has risen from 78.40% to 82.05%.

	31 Dec. 2022	31 Dec. 2023
Liabilities (KWD)		
<u>Non-current liabilities</u>		
Provision for employees' end of service benefits	1.58%	1.74%
Term loans	6.02%	8.44%
Islamic financing	6.22%	-
Lease liabilities	0.10%	0.10%
	13.92%	10.29%
<u>Current liabilities</u>		
Trade accounts payable	1.26%	1.39%
Other payables and accruals	3.08%	3.16%
Lease liabilities	0.05%	0.07%
Term loans-current portion	2.25%	2.66%
Islamic financing -current portion	0.63%	-
Due to banks	0.23%	0.2%
	7.50%	7.48%
Total Liabilities	21.42%	17.77%
Equity		
Share capital	7.22%	7.48%
Share premium	10.04%	10.39%
Treasury shares	-0.58%	-0.48%
Statutory, voluntary and general reserves	24.74%	26.41%
Other components of equity	22.47%	20.98%
Retained earnings	14.51%	17.28%
Total equity attributable to the owners of the Parent Company	78.40%	82.05%
Non-Controlling Interests	0.18%	0.18%
Total Equity	78.58%	82.23%
Total Equity and Liabilities	100%	100%

Common Size Analysis - Consolidated Statement of Profit or Loss

	Y2022	Y2023
Revenue		
Sales and contracting revenue	100.00%	100.00%
Cost of revenue	-87.38%	-87.10%
Gross profit	12.62%	12.90%
Dividend income	6.60%	16.49%
Other investment gain/ losses	0.02%	0.11%
Change in fair value of inv, at FVTPL	-0.08%	-0.30%
Gain on Sale of Inv. at FVTPL	0.08%	-
Share of results of associates & joint venture	3.67%	3.14%
Interest and other income	0.06%	0.48%
Foreign currency exchange gain	0.44%	0.46%
	23.41%	33.27%
Expenses and other charges		
General and administrative expenses	-4.42%	-5.63%
Commercial expenses	-2.59%	-2.91%
Provision charge for doubtful debts and other receivables	-0.37%	-1.14%
Provision charge for obsolete and slow-moving inventories	0.00%	-0.06%
Finance costs	-1.94%	-1.85%
	-9.32%	-11.59%

	Y2022	Y2023
Profit before provision for taxation and Board of Directors' remuneration	14.09%	21.68%
Provision for taxation	-1.15%	-0.82%
Directors' remuneration	-0.30%	-0.30%
Profit for the Period	12.65%	20.56%

- The percentage of gross profit maintained without much variation compared to Y2022.
- Dividend income shows a considerable growth from 6.60% in Y2022 to 16.49% in Y2023.
- Expenses and other charges percentage increased by 2.27% to 11.59%
- Profit for the period percentage increased by 7.91% from 12.65% to 20.56%.

Thank You



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

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