

شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)

Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public)

Date: 19th August 2024

Reference: CM/AR/122/2024

التاريخ : 19 أغسطس 2024

إشارة : CM/AR/122/2024

To: Boursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

Subject: Supplementary Disclosure of Analyst conference transcript for the 2nd quarter for the Period Ended on 30/6/2024:

الموضوع: إفصاح عن معلومات جوهرية - إفصاح مكمل

محضر مؤتمر المحللين للربع الثاني للفترة المنتهية في 2024/6/30:

Reference to Our disclosure dated 14/8/2024 ref # CM/AR/123/2024 & article No. (7-8) "Listed Company Obligations" of Boursa Kuwait rulebook.

بالإشارة إلى إفصاحنا المؤرخ في 2024/8/14 إشارة رقم CM/AR/123/2024) وإلى المادة (7-8) "إلتزامات الشركة المدرجة" من كتاب قواعد البورصة.

Attached is The Analyst conference transcript & presentation for the 2nd Quarter for the period Ended on 30/6/2024 that was held through network conference call (Live webcast) at 4:00 pm on Wednesday 14/8/2024 (local time) .

مرفق طيه محضر مؤتمر المحللين والعرض التقديمي للربع الثاني للفترة المنتهية في 2024/6/30 الذي إنعقد عن طريق بث مباشر على شبكة الإنترنت (Live Webcast) في تمام الساعة 4:00 عصراً يوم الأربعاء الموافق 2024/8/14 (وفق التوقيت المحلي).

Yours Sincerely

وتفضلوا بقبول وافر التقدير والاحترام،،،



مرزوق ناصر الخرافي

رئيس مجلس الإدارة

Marzouk Naser Al-Kharafi
Chairman

-Copy For: Capital Markets Authority.

- نسخة إلى : هيئة أسواق المال.

نموذج الإفصاح المكمل
Supplementary Disclosure Form

Date	19 th August 2024	19 أغسطس 2024	التاريخ
Name of the listed company	Heavy Engineering Industries & Shipbuilding Co. K.S.C. (Public)	شركة الصناعات الهندسية الثقيلة وبناء السفن (ش.م.ك) عامة	إسم الشركة المدرجة
Disclosure title *	Supplementary disclosure of Analyst conference for the 2 nd quarter for the period ended on 30/6/2024.	إفصاح مكمل إنعقاد مؤتمر المحللين للربع الثاني للفترة المنتهية في 2024/6/30.	عنوان الإفصاح*
Date of Previous disclosure	14 th August 2024	14 أغسطس 2024	تاريخ الإفصاح السابق
Developments that occurred to the disclosure	Publish the Analyst conference transcript for the 2 nd quarter for the period Ended on 30/6/2024.	نشر محضر مؤتمر المحللين للربع الثاني للفترة المنتهية في 2024/6/30.	التطور الحاصل على الإفصاح
The financial effect of the occurring developments (if any)	Not Applicable.	لا ينطبق.	الأثر المالي للتطور الحاصل (إن وجد)

* Supplementary disclosure from (Heavy Engineering Industries & Shipbuilding Co.) regarding (Publish the Analyst conference transcript)

* إفصاح مكمل من (شركة الصناعات الهندسية الثقيلة وبناء السفن) بخصوص (نشر محضر مؤتمر المحللين للربع الثاني)



[Handwritten Signature]

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Issued and Paid-Up Capital : KD 18,024,151.700 Authorized Capital : KD 22,000,000

شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)

Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public)

Date : 14th August 2024

Reference: CM/AR/123/2024

التاريخ : 14 أغسطس 2024

إشارة : CM/AR//123/2024

To: Boursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

Subject: Supplementary Disclosure of Analyst conference 2nd quarter for the period Ended on 30/06/2024:

**الموضوع: إفصاح عن معلومات جوهرية - إفصاح مُكمل
مؤتمر المحللين للربع الثاني للفترة المنتهية في 2024/06/30:**

Reference to Our disclosure dated 7/8/2024 & article No. (7-8) "Listed Company Obligations" of Boursa Kuwait rulebook.

بالإشارة إلى إفصاحنا المؤرخ في 7/8/2024 ، وإلى المادة (8-7) "التزامات الشركة المدرجة" من كتاب قواعد البورصة.

We would like to inform you that The Analyst Conference was held on 14/08/2024 at 4:00 pm (Local Time).

نحنيطكم علماً بأن مؤتمر المحللين قد انعقد بتاريخ 2024/08/14 في تمام الساعة 4:00 عصراً حسب التوقيت المحلي.

Kindly note that no material information has been revealed during the conference.

كما يرجى العلم بأنه لم يتم تداول أي معلومة جوهرية خلال المؤتمر.

Conference Presentation is attached herewith, and the Analyst Conference Transcript will be published within 3 days from the date of conference.

مرفق طيه العرض التقديمي، وسوف يتم نشر محضر المؤتمر خلال 3 أيام من تاريخ عقد المؤتمر.

Yours Sincerely

وتفضلوا بقبول وافر التقدير والاحترام،،،



مرزوق ناصر الخرافي

رئيس مجلس الإدارة

Marzouk Naser Al-Kharafi
Chairman



Copy For: Capital Markets Authority.

- نسخة إلى : هيئة أسواق المال



HEISCO

HEAVY ENGINEERING INDUSTRIES & SHIPBUILDING CO. K.S.C (Public)

ANALYST CONFERENCE TRANSCRIPT FOR THE FINANCIAL RESULTS

for 2nd Quarter 2024

Wednesday 14/08/2024

HEISCO Participations:

Mr. Abdulrazzaq Alothman

Mr. Joseph Mathew

Mr. Waleed Attiya

Mr. Ahmed Jenada

Corporate Director – General Affairs

Corporate Director – Finance

Corporate Director – Project Controls

Investor Affairs Unit Lead

Conference management:

Ms. Zeina Fares

EFG Hermes

Zeina Fares:

Good afternoon, ladies and gentlemen. This is Zeina Fares speaking from EFG Research. I'd like to welcome you all today to HEISCO's 2Q '24 earnings conference call. Today's speakers are Mr. Abdul Razzaq Abdul Qader, Corporate Director of General Affairs; Mr. Waleed Attiya, Corporate Director of Project Controls; Mr. Joseph Matthew, Corporate Director of Finance; and Mister Ahmed Mohamed, Investor Affairs, Unit Lead.

Without further delay, I'd like to hand over the call to management. Please go ahead.

Waleed Attiya:

Thank you, Zeina. Good afternoon, ladies and gentlemen. We are glad to welcome you to quarter two 2024 analysts conference for HEISCO Group. I am Waleed Attiya, Corporate Director, Project Controls. Today, we will be covering an overview about HEISCO, especially for those who are joining with us for the first time. We will also discuss with you HEISCO's current strategy, as well as quarter 2 2024 results.

Briefly about HEISCO. HEISCO is a major engineering, procurement and construction and agency contracting company, with a diverse range of businesses in oil and gas, petrochemicals, power, pressure equipment, manufacturing, shipbuilding and repair, dredging and marine construction, civil construction, maintenance and other industrial services, including heavy industrial projects. The company established in 1974 to initially meet the demands of the shipping and maritime industry.

HEISCO expanded its operations to meet the challenges of emerging markets. Today, HEISCO has become one of the leading industrial companies in Kuwait, having made a major contribution to the development of the country's commercial and industrial infrastructure. We have successfully completed several projects in virtually every economic sector. As our diversification continued to grow, so did our reputation for standards of excellence in quality, performance and customer service.

HEISCO's highly experienced and dedicated engineers undertake all engineering activities, from concept to commissioning, related to the following operations with a very high level of professionalism: oil and gas construction, offshore and onshore economic operation, industrial maintenance, ship repair and shipbuilding.

For the current strategy, our major highlights will be as follows. The current strategy is to target the potential markets in oil and gas, our sector and offshore marine construction in Kuwait and the region, especially in Saudi Arabia and thereof; identifying the potential projects in these mentioned markets; to secure more subcontracts from international contractors until we familiarizing ourselves and the Saudi market. Currently, we have appointed a consultant for obtaining Kuwait approvals for scaffolding services, which is very important to our ongoing project in KSA

Recently, we are in the process of acquiring partially an approved fabrication workshop in KSA, and we are establishing a private limited company for engineering and design in Chennai, India, to enhance our ability to support the groups expanding business activities and to serve various clients in the region.

Now, I will hand over the mic to our corporate director of finance, Mr. Joseph Matthew, to elaborate about quarter two financial results.



Joseph Matthew:

Thank you, Waleed. Good afternoon, ladies and gentlemen. It's a privilege and honor to present to you the financials on HEISCO. We'll be talking at a consolidated level, unless otherwise I'm required to go to the subsidiary

Looking at the revenue, we have a slight drop in revenue comparing to H1 2023, or 2%. Basically, this reflects to some of the delays in new projects awarded to kick in to start the revenue. Basically, we have around five projects which were supposed to start in this quarter, but due to the lag from the client side and certain reasons, it has been pushed to the next quarter and on.

But on the profit side, we have a big jump. We are seeing a 42% increase in net profit. This is basically because of the final settlements of three projects which were concluding in last quarter, for which the final settlement has directly come into the bottom line. So EBITDA reflects the same, and EPS reflects the same.

Now, assets have gone up by 8%. This is an increase in property planned equipment of 2 million, contract assets around 6 million, and bank balance of 3 million and EBITDA has gone down 3% because last year profit was 3.5 million, and we have paid out a dividend of 5.41 million. And, we have kept a fair value to serve for 210,000 KD.

Liabilities have gone up by 15%. Basically, the capex expending was around 4 million. And three of our major maintenance contracts got completed last quarter, two with KOC and one with KNPC, where we had to terminate the service of around 3500 employees. And lease liabilities have increased by 1 million because of the going Port Authority's rental revision in the Shuwaikh yard where we are situated.

Now, borrowings have gone up 22%. End of service benefits and lease liabilities and procurement of materials were the main reason for a service.

This actually is a graphical representation of what I explained in the previous chart. It's, again, a graphical presentation of the percentage split between the revenue. So oil and gas, you see a slight dip from 27 million to 24 million, which I explained earlier. So these new projects will be kicked in this quarter, and the result will be picked up during the quarter.

Here's a major difference on the gross profit margin. If you see it is jumping from 7.07% to 9.39%, the reason, as I already explained, is first the final settlement of a couple of projects where we have got additional income for which no provision or cost was really needed.

Now on the other income, there was some sale of fixed assets and interest on a couple of small LT deposits.

On the general and administration expense, you see a jump from 2.97% to 3.51%. The KSA branch cost comprised of 250,000 KD, which we have completely booked as a cost instead of deferring it next period. And public market movers, we have an additional expense.

Looking at the key ratios, all ratios are positive. I don't need to explain much of that total assets, because of the slight leverage increase of funding from the banks, which is right now coming back to its previous normal levels.



Slide 14. The current liabilities have jumped from 86,106. Increase in borrowings are 18 million, and contracts liabilities are 2. As I explained earlier, there was a capex of 4 million, end of service 3 million. That's the main reasons there.

On the cash flow, change in working capital decreased due to increase in contract assets, receivable at post-Employment Benefits paid. It's a contract assets, actually. And net cash generated in operating activities has decreased, again, in contracts assets, Net cash used in investing activity, first

Now on slide 15, you are seeing a common size analysis statement of financial position. Property, plant and equipment has moved around 7 million KD from H1 23 to H1 24. Basically, we have purchased two vessels for POC contract 5.5 million, and some car speaker sedans for KNPC contract. A chronic grade and refloating of our floating, which was capitalized at 2 and minor items for 1.06 million KD.

Other than that, coming down, inventories is pretty project driven and contract assets, as we discussed before, and cash and bank balances have gone up from 6 million to 8.3 million KD.

On the liability side, if you look at seven, we have an increase in contract liabilities from 971 to 2.8 million, and due to banks, again, is a major difference there from 33 to 42. That's the leverage which has happened, which reflected in the ratios.

Trade and other payables are again short term increase in bank borrowings and lease liabilities, as well as settlement of vendor service

Now, I just want to give a small brief on the backlog, where we stand as of now. I'll be talking at the consolidated group level.

As of close of the portal, we had 602 million KDS backlog, and 208 million KD as L1 for HEISCO Group. We have 102 million KD bids submitted by HEISCO, 62 million from GD and one 40 million from Saudi Arabia, which is a total of 305 million. This is the submitted bid I am talking about.

Now coming to the bidding stage, currently we are working on HEISCO 867 million, GD 113 million and Saudi Arabia 58 million, a total of 1.038 billion.

Now, potential projects going forward, which is in the pipeline, which is to be coming out, HEISCO 70 million, and GD 703 million. So keeping the backlog at 602, the rest total up to 2.325 billion KD.

Taking a very conservative approach of, say, 20%, a fair chance for HEISCO to get a share in this 2.325 billion runs to around 465 million KD. With the current backlog of 602, we are hoping to cross the 1 billion mark soon. When I say soon, it should be happening in this financial year or by first quarter next year, or even we might spill to the second quarter next year. Let us say one year down the lane, that's the most fair positive

With this, I just conclude the explanation on the financials and the forecast. One more subject which I want to address this time is the revenue which we expect in 2024. We were expecting a 10% increase from previous year of 147, but due to the lag in the projects which is being awarded and projects to be awarded, our plans we will be slightly above that, but I am quite doubtful about achieving the 10% markup. But we will be pretty close to that. But margins will be definitely maintained, if not better than what we projected or what we have seen.



With that, I'm ready to take questions, please.

Zeina Fares:

The floor is now open for questions, so you can use the raise hand function or type your question through the Q&A box. We have our first question coming through. Mabel, "Thank you for the presentation. What is the average duration of projects being awarded?"

Waleed Attiya:

The average duration varies from two years to three years.

Zeina Fares:

Okay. Our second question comes from Mohammed Al Tolev. "Could you give us a backlog breakdown by scope or sector?"

Joseph Matthew:

Backlog breakdown is industrial oil and gas is at 526 million, TPR at 19 million, Gulf dredging offshore at 21.7 million, HEISCO Resources at 1.3 million, and HEISCO Saudi Arabia at 34.1 million, which is totaling to 602

Zeina Fares:

We have a question coming in from Aran John. "What are likely margins you will be able to achieve on this order backlog?"

Waleed Attiya:

The average margin expected for this backlog is around 5% to 6%.

Zeina Fares:

So this is a reminder, if you have a question, please use the raise hand function or type your question through the Q&A box. We have a question coming in through Mohammed. He's asking, "Kindly clarify the 10% deficit in profits from the first and second half of the year."

Waleed Attiya:

Actually, the first half of 2024 the profit is higher than 2023 first half profit.



Joseph Matthew:

Is the question on the reverse way? Okay, revenues. There is a slight decrease in revenue, which at the first point I emphasized on that, that as per plans, what we were expecting the projects to take in the new projects awarded is slightly delayed and moving to the next quarters. So there is a deviation from the plan because of that, but that will be recovered in the coming quarters. But again, as I explained towards the conclusion of the meeting, that this year the total revenue will be slightly above last year's revenue. But in 2025, we are expecting a big leap from the numbers, what we are seeing now.

Zeina Fares:

There's another question coming in from Mohammed, "What is the value of the current project under construction?"

Joseph Matthew:

Is he asking about the backlog. If it's the backlog, it's 602 million KD. Last year backlog, I don't have the exact number with me, but that was in the 400 million.

Zeina Fares:

Mabel has a follow up question. "Can you explain a bit more what will contribute to the big leap in 2025?"

Waleed Attiya:

More projects, more to be awarded projects in industrial maintenance and oil and gas.

Zeina Fares:

If anyone has any further questions, please type it through the Q&A box or use the raise hand function. Mohammed is asking through the Q&A box. "What is the value of the signed contracts that are not yet under construction?"

Waleed Attiya:

The signed contracts are not yet start with the construction activities. The range of it is from 100 million to 120 million KD.

Zeina Fares:

We have another question coming in from Aran John. "What is the accounting policy for booking revenue and profits? Is it based on a percentage completion basis?"

Joseph Matthew: It's basis. Yes.



Zeina Fares:

Another question coming in from Mohammed. "When will the project that is valued at 176 million be signed?"

Waleed Attiya:

Oh, you are talking about the 176 million project. It is actually a consortium between HEISCO and IHI Japan. And see 176 million, which is published in stock exchange is a total value of the contract and HEISCO's portion out of that is 88 million KD. It should be signed anytime soon. So what we have accounted in our backlog and in our projection is only our portion of 88 million, not the 176 million.

Zeina Fares:

We have another question coming in from Aran John. "How do you see the business prospects in Saudi Arabia?"

Waleed Attiya:

Currently, we are in the process of pricing some projects, either with international name contractors or directly with [indiscernible 23:05]. Still nothing is finalized yet.

Waleed Attiya:

Currently, a total, as I've said before, a total of 114 million KD worth of jobs we are bidding at.

Zeina Fares:

we have a question coming in from Mohamed. "How do you see the tendering environment? Are competitors willing to sacrifice margin to ensure a win? What are you seeing for all the relevant regions?"

Waleed Attiya:

Can you repeat the question, please?

Zeina Fares:

Sure. "How do you see the tendering environment, and are competitors willing to sacrifice margins to ensure a win?"



Waleed Attiya:

Okay, in Kuwait, let us be specific about regions. In Kuwait, at least we have a cutting edge over our competitors because of the backlog. We have the liberty to be choosy and selective and not to compromise on the margins. Plus, our jobs currently, if you just see our roles on the specialized sector, especially with Ministry of Electricity and Water, where the multinationals like MHI, like IHI, are involved, we are collaborating with them either on a joint venture or consortium, where our other local competitors are not capable of doing. So we have an edge over there. So in Kuwait, yes, we are in a very comfortable stage.

Saudi Arabia, we are still testing the waters with our first project, and we are being very optimistically cautious and moving ahead. We are not taking any undo to get

The Qatar market, we are just watching. We haven't done anything in Qatar yet, although we have done a project long back, two projects here, but that was some time back. I think I answered the question.

Zeina Fares:

It looks like there are no more questions coming into the Q&A box. So with that, I'd like to hand it over to management for closing remarks.

Waleed Attiya:

Thank you all for joining our quarter two financial results discussion, and we will see you in the next meeting.

Zeina Fares:

Thank you everyone for joining and you may now disconnect. Thank you.



شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)
HEAVY ENGINEERING INDUSTRIES & SHIPBUILDING CO. K.S.C (Public)



H1/Q2-2024 | Virtual Summit

INVESTOR PRESENTATION

Agenda

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Disclaimer

FORWARD - LOOKING STATEMENTS

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Certain monetary amounts, percentages and other figures included on 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 percentage that precede them.



HEISCO's Vision

HEISCO will become the customer's first preferred Company for Shipbuilding, Ship Repair, Fabrication, Construction, Industrial Maintenance, Dredging and Offshore services inside Kuwait. HEISCO also aims to expand its business operations in Middle East and North Africa.

HEISCO's Mission

HEISCO aims to expand its business operations, focusing on countries such as Saudi Arabia, Qatar, Oman, Bahrain and Iraq. The company intends to identify potential business opportunities in these regions in the Oil & Gas, Refineries & Power sectors in Civil, Mechanical, Electrical & Instrumentation Construction and Fabrication Services

About HEISCO

We are determined to provide complete service to our customers in Shipbuilding, Ship Repair, Fabrication, Construction, Industrial Maintenance, Dredging, and Offshore works. We are committed to achieving sustained growth by meeting our customers' schedules and quality requirements. We will provide value-added services at competitive prices by evolving efficient cost-control measures and regularly upgrading our resources.

HEISCO's wide ranging fields of activities and capabilities are performed through:

- Shipyard
- Oil & Gas Construction
- Industrial Maintenance
- Fabrication Services
- Trading
- Testing & Calibration
- Quality Control & Testing
- Scaffolding Services
- Galvanizing Plant
- Onshore & Offshore (through Gulf Dredging & General Contracting Co. K.S.C. (Closed) – subsidiary company.
- Technical Specialized Manpower Supply (through HEISCO for Technical Specialized Manpower Supply Co. W.L.L. – subsidiary Company)

HEISCO/Gulf Dredging has branches in Iraq and Kingdom of Saudi Arabia to expand its services and take advantage of emerging markets in the region.

HEISCO's Strategy



- Establishing a Private Limited Company for Engineering and Design in Chennai, India, to enhance our ability to support the group's expanding business activities and to serve various clients in the region. Currently, we are in the final stages of securing office premises and facilities.
- Finalized the site acquisition process to establish cutting-edge manufacturing and service facilities within Ras Al-Khair Industrial City, enabling us to capitalize on the promising opportunities available in Saudi Arabia.
- Enlisted the expertise of a seasoned consultant to secure Non-GBS Scaffolding Services PQ approval from Aramco, as part of our strategy to enhance and broaden our scaffolding business operations in Saudi Arabia. A storage yard is under construction at our project location to facilitate inspection by Aramco.
- Received approval for the category of In-plant Projects and Safety Qualification from Aramco, allowing us to fully engage in direct bidding opportunities in KSA. Nonetheless, we aim to secure additional subcontracts as we continue to acclimate ourselves to the Saudi market.
- Our subsidiary, GD, has successfully acquired approvals from Aramco, NEOM, RedSea Global, and other pertinent authorities, granting it the capability to engage in direct bidding. GD now aims to broaden its business operations in KSA through strategic expansion initiatives.

HEISCO's Strategy



- SABIC has approved HEISCO KSA Branch as a Service Provider and Advanced Prequalification for the categories, Manufacturing Equipment, Heat Exchanger and Tank Maintenance, and Scaffolding services.
- Saudi Electricity Co. has approved HEISCO KSA branch for Mechanical works (Pumps)
- NEOM has approved HEISCO KSA branch as a Vendor and Red Sea Development Co. as a Contractor.
- We obtained Qatar Energy PPML approval for Pressure Vessel and Column (less than 75mm thickness, CRA solid and clad, including Slug Catcher) and Fixed Roof Storage Tank with a diameter greater than 25 meters.
- We are devising strategies to broaden our business presence in Iraq, particularly in the promising oil sector, by engaging directly with clients and establishing partnerships with well-respected international contractors.
- Registered with Qatar Energy as a Project Preferred Manufacturer and plans to establish a branch / appoint a local agent to participate in direct bidding.
- Obtained BAPCO PQ approval for shutdown and routine maintenance services and plans to expand similar business activities in Bahrain.

HEISCO's Strategy



- As per BAPCO's requirement, We intend to establish a workshop facility in Bahrain or find a suitable local company who can rent out its fabrication/ manufacturing facilities, provided we are awarded with a project.
- HEISCO and GD have registered with Oman Tender Board aiming to expand its business by developing a solid marketing strategy tailored to the clients' specific needs and preferences.
- Focuses on potential projects in Offshore and Marine Construction in the region and associating with suitable potential partners in the respective countries to strengthen our participation in tenders/bids.
- Aims to target potential markets in the Oil & Gas, Refineries & Power sector in Civil, Mechanical, Electrical & Instrumentation Construction and Fabrication services in Kuwait, Saudi Arabia, Qatar, Oman, Bahrain, and Iraq.

PERFORMANCE HIGHLIGHTS – CONSOLIDATED

KD' Million



REVENUE

↓ -2%

65.94- H1-2024

66.99- H1-2023



NET PROFIT

↑ 42%

3.50- H1-2024

2.47- H1-2023



EBITDA

↑ 28%

6.98- H1-2024

5.44- H1-2023



EPS

↑ 42%

19.42 - H1-2024

13.69 - H1-2023



ASSETS

↑ 8%

198.34- H1-2024

183.84- FY-2023



EQUITY

↓ -3%

71.92 - H1-2024

74.03 - FY-2023



LIABILITIES

↑ 15%

126.42 - H1-2024

109.81 - FY-2023



BORROWINGS

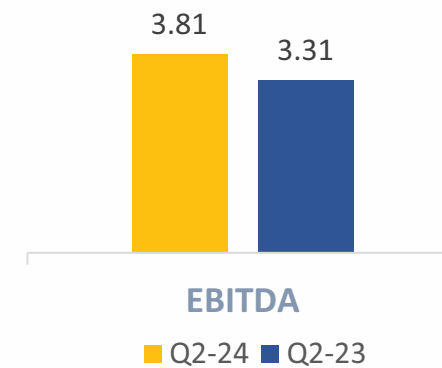
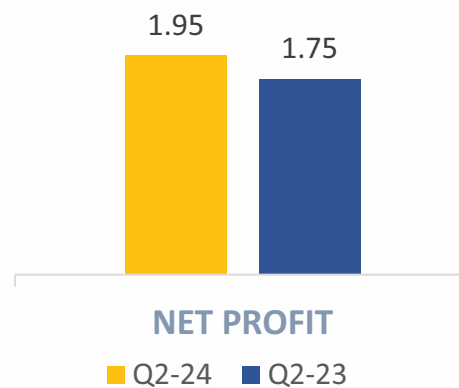
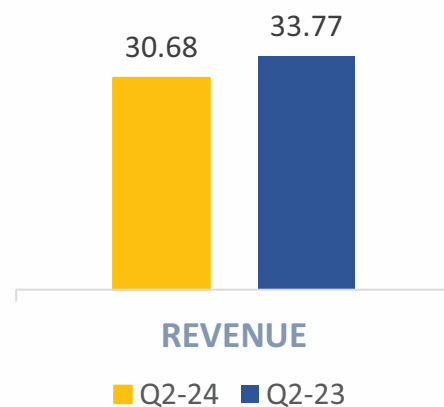
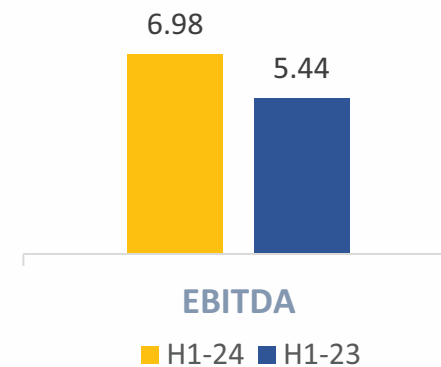
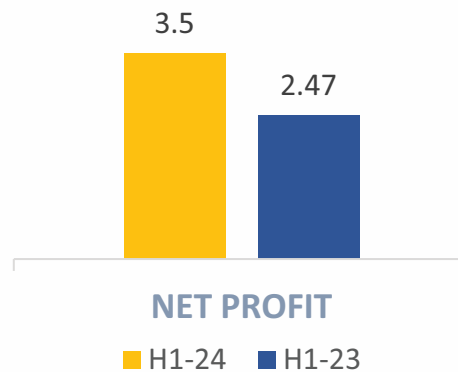
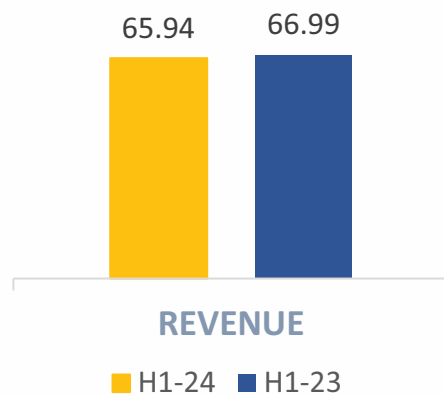
↑ 22%

42.84 - H1-2024

35.02 H1-2023

FINANCIAL OVERVIEW – CONSOLIDATED

KD' Million

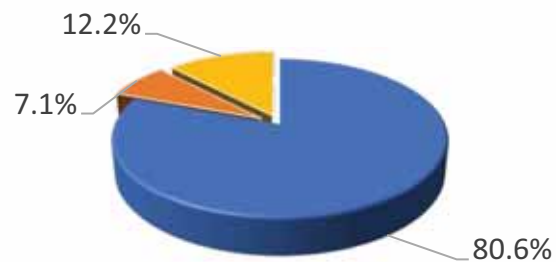


BREAKDOWN OF REVENUE BY BUSINESS LINE - CONSOLIDATED

KD '000

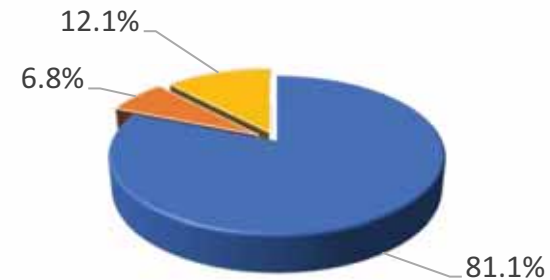
BUSINESS LINE	Q2-24	Q2-23	Q2-24	Q2-23	% Change
INDUSTRIAL, OIL & GAS	24,748	27,406	80.6%	81.1%	-9.7%
SHIPYARD	2,193	2,299	7.1%	6.8%	-4.6%
OFFSHORE	3,749	4,070	12.2%	12.1%	-7.9%
TOTAL REVENUE	30,690	33,775	100%	100%	-9.1%

Q2-24



Industrial, Oil & Gas Shipyard Offshore

Q2-23



Industrial, Oil & Gas Shipyard Offshore

COMMON SIZE ANALYSIS-STATEMENT OF INCOME - CONSOLIDATED

	H1-24	H1-23	Q2-24	Q2-23	H1-24	H1-23	Q2-24	Q2-23
Revenue	65,942,896	66,999,870	30,689,910	33,775,508	100.00%	100.00%	100.00%	100.00%
Cost of sales	(59,754,014)	(62,260,434)	(27,713,759)	(30,776,757)	-90.61%	-92.93%	-90.30%	-91.12%
Gross Profit	6,188,882	4,739,436	2,976,151	2,998,751	9.39%	7.07%	9.70%	8.88%
Other income	729,681	228,105	630,041	81,700	1.11%	0.34%	2.05%	0.24%
General and administrative expenses	(2,317,783)	(1,990,890)	(983,878)	(1,083,484)	-3.51%	-2.97%	-3.21%	-3.21%
Investment income / (loss)	84,534	84,419	85,079	85,001	0.13%	0.13%	0.28%	0.25%
Expected credit loss on financial assets (net)	(109,660)	259,685	(97,972)	142,781	-0.17%	0.39%	-0.32%	0.42%
Finance costs	(819,409)	(829,815)	(466,586)	(429,261)	-1.24%	-1.24%	-1.52%	-1.27%
Foreign exchange gain/(loss)	(175,912)	99,003	(128,666)	50,147	-0.27%	0.15%	-0.42%	0.15%
Profit before contribution to taxes	3,580,333	2,589,943	2,014,169	1,845,635	5.43%	3.87%	6.56%	5.46%
Contribution to Kuwait Foundation for Adv. of Sciences	(31,229)	(18,458)	(18,706)	(11,833)	-0.05%	-0.03%	-0.06%	-0.04%
National Labour Support Tax	(34,506)	(74,672)	(28,066)	(57,235)	-0.05%	-0.11%	-0.09%	-0.17%
Zakat expense	(13,803)	(29,869)	(11,227)	(22,894)	-0.02%	-0.04%	-0.04%	-0.07%
Net profit for the period	3,500,795	2,466,944	1,956,170	1,753,673	5.31%	3.68%	6.37%	5.19%
Earning per share (fils)	19.42	13.69	10.85	9.73				

RATIO ANALYSIS - CONSOLIDATED

PROFITABILITY	H1-24	H1-23	CHANGE	FY-23
Gross Profit %	9.39%	7.07%	↑2.31%	7.92%
EBIT %	6.67%	5.10%	↑1.57%	6.42%
EBITDA %	10.59%	8.12%	↑2.47%	9.79%

Net Profit Margin -%	5.31%	3.68%	↑1.63%	4.84%
ROA	1.85%	1.45%	↑0.41%	3.95%
ROE	4.87%	3.55%	↑1.31%	9.61%
ROCE	4.81%	3.71%	↑1.10%	9.66%

LEVERAGE	H1-24	H1-23	Change	FY-23
Total Debt % of Total Assets %	21.60%	19.47%	↑2.13	13.80%
Debt to Equity	1.76	1.59	↑0.17	1.48
Interest Coverage Ratio	5.37	4.12	↑1.25	5.14

LIQUIDITY	H1-24	H1-23	Change	FY-22
Current Ratio	1.12	1.22	↓-0.10	1.23
Quick Ratio	0.98	1.09	↓-0.11	1.07
Working Capital to Total Assets	0.07	0.11	↓-0.04	0.11

FINANCIAL POSITION / CASH FLOW - CONSOLIDATED

Consolidated Statement of Financial Position as at 30 June 2024

	Kuwaiti Dinars	
	H1-24	FY-23
NON-CURRENT ASSETS	78,399,155	77,449,867
CURRENT ASSETS	119,937,727	106,393,751
TOTAL ASSETS	198,336,882	183,843,618
NON-CURRENT LIABILITIES	19,559,560	23,496,523
CURRENT LIABILITIES	106,860,119	86,314,665
TOTAL LIABILITIES	126,419,679	109,811,188
EQUITY	71,917,203	74,032,430
TOTAL EQUITY AND LIABILITIES	198,336,882	183,843,618

Consolidated Statement of Cash Flow - 30 June 2024

	Kuwaiti Dinars	
	H1-24	H1-23
PROFIT FROM OPERATIONS	3,500,795	2,466,944
CHANGES IN WORKING CAPITAL	(7,446,361)	8,653,097
NET CASH GENERATED FROM OP ACTIVITIES	(3,945,566)	11,120,041
NET CASH USED IN FROM INVESTING ACTIVITIES	(3,091,673)	(5,886,589)
NET CASH USED IN FROM FIN. ACTIVITIES	10,605,840	(4,869,175)
INCREASE IN CASH & CASH EQUIVALENTS	3,568,601	364,277
CASH & CASH EQUIV. AT BEGINNING OF PERIOD	4,475,842	5,559,459
CASH & CASH EQUIV. AT PERIOD END	8,044,443	5,923,736

COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

ASSETS	H1-24	H1-23	FY-23	H1-24	H1-23	FY-23
<u>Non Current Assets</u>						
Right-of-use-assets	1,439,608	329,206	1,898,896	0.73%	0.18%	1.03%
Property, plant and equipment	74,071,635	67,953,787	72,400,692	37.35%	37.77%	39.38%
Investment securities	1,526,776	1,773,250	1,735,595	0.77%	0.99%	0.94%
Trade and other receivables	1,361,136	2,367,696	1,414,684	0.69%	1.32%	0.77%
Total Non-Current Assets	78,399,155	72,423,939	77,449,867	39.53%	40.25%	42.13%
<u>Current assets</u>						
Inventories	15,386,304	12,207,176	13,743,236	7.76%	6.78%	7.48%
Contract assets	60,605,126	52,875,467	54,428,110	30.56%	29.39%	29.61%
Trade and other receivables	35,622,146	36,284,188	33,356,024	17.96%	20.17%	18.14%
Cash and bank balances	8,324,151	6,124,445	4,866,381	4.20%	3.40%	2.65%
Total Current Assets	119,937,727	107,491,276	106,393,751	60.47%	59.75%	57.87%
TOTAL ASSETS	198,336,882	179,915,215	183,843,618	100.00%	100.00%	100.00%

COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

EQUITY AND LIABILITIES	H1-24	H1-23	FY-23	H1-24	H1-23	FY-23
Equity						
Share Capital	18,024,152	18,024,152	18,024,152	9.09%	10.02%	9.80%
Statutory reserve	10,946,089	10,946,089	10,946,089	5.52%	6.08%	5.95%
General reserve	10,780,757	10,021,936	10,780,757	5.44%	5.57%	5.86%
Fair valuation reserve	379,982	626,457	588,802	0.19%	0.35%	0.32%
Retained earnings	31,782,428	29,804,431	33,689,023	16.02%	16.57%	18.32%
Non-controlling interests	3,795	3,471	3,607	0.00%	0.00%	0.00%
Total Equity	71,917,203	69,426,536	74,032,430	36.26%	38.59%	40.27%
Non-Current Liabilities						
Post employment benefits	17,442,667	18,859,773	19,752,216	8.79%	10.48%	10.74%
Lease liabilities	9,993	197,123	914,301	0.01%	0.11%	0.50%
Due to banks	664,163	1,264,163	964,163	0.33%	0.70%	0.52%
Trade and other payables	1,442,737	2,378,805	1,865,843	0.73%	1.32%	1.01%
Total Non-Current Liabilities	19,559,560	22,699,864	23,496,523	9.86%	12.62%	12.78%
Current liabilities						
Lease liabilities	858,364	97,959	858,206	0.43%	0.05%	0.47%
Contract liabilities	2,800,397	971,081	266,335	1.41%	0.54%	0.14%
Due to a company	-	1,419,054	-	0.00%	0.79%	0.00%
Due to banks	42,176,503	33,759,439	24,410,872	21.27%	18.76%	13.28%
Trade and other payables	61,024,855	51,541,282	60,779,252	30.77%	28.65%	33.06%
Total Current liabilities	106,860,119	87,788,815	86,314,665	53.88%	48.79%	46.95%
Total liabilities	126,419,679	110,488,679	109,811,188	63.74%	61.41%	59.73%
Total Equity and Liabilities	198,336,882	179,915,215	183,843,618	100.00%	100.00%	100.00%



GULF DREDGING



THANK YOU



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