

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

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

Date: 16 May 2023

Reference: CM/AR/068/2023

التاريخ : 16 مايو 2023

إشارة : CM/AR/068/2023

To: Boursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

Subject: Disclosure of material information
Analyst conference 1st quarter for the
period Ended on 31 March 2023:

الموضوع: إفصاح عن معلومات جوهرية

مؤتمر المحللين للربع الأول للفترة المنتهية في 31 مارس 2023:

Reference to Our disclosure dated 11/05/2023 & article No. (7-8) "Listed Company Obligations" of Boursa Kuwait rulebook.

بالإشارة إلى إفصاحنا المؤرخ في 11/05/2023، وإلى المادة (7-8) "التزامات الشركة المدرجة" من كتاب قواعد البورصة.

We would like to inform that The Analyst Conference was held on 16/05/2023 at 2:00 pm (Local Time).

نحنيطكم علماً بأن مؤتمر المحللين قد إنعقد بتاريخ 16/05/2023 في تمام الساعة 2:00 ظهراً 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

نموذج الإفصاح عن المعلومات الجوهرية

Material Disclosure Form

Date	16 May 2023	16 مايو 2023	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
Material Information	<p>We would like to inform that The Analyst Conference was held on 16/05/2023 at 2:00 pm (Local Time).</p> <p>Kindly note that no material information has been revealed during the conference.</p> <p>Conference Presentation is attached herewith, and the Analyst Conference Transcript will be published within 3 days from the date of conference.</p>	<p>نحيطكم علماً بأن مؤتمر المحللين قد إنعقد بتاريخ 2023/05/16 في تمام الساعة 2:00 ظهراً حسب التوقيت المحلي.</p> <p>كما يرجى العلم بأنه لم يتم تداول أي معلومة جوهرية خلال المؤتمر.</p> <p>مرفق طيه العرض التقديمي وسوف يتم نشر محضر المؤتمر خلال 3 أيام من تاريخ عقد المؤتمر.</p>	المعلومة الجوهرية
Significant Effect of the material information on the financial position of the company	Not Applicable.	لا ينطبق.	أثر المعلومة الجوهرية على المركز المالي للشركة

Significant Effect on the financial position shall be mentioned if the material information can measure that effect, excluding the financial effect resulting from tenders or similar contracts.

If a Listed Company, which is a member of a Group, disclosed some material information related to it and has Significant Effect on other listed companies' which are members of the same Group, the other companies' disclosure obligations are limited to disclosing the information and the financial effect occurring to that company itself.

يتم ذكر الأثر على المركز المالي في حال كانت المعلومة الجوهرية قابلة لقياس ذلك الأثر، ويستثنى الأثر المالي الناتج عن المناقصات والممارسات وما يشبهها من عقود.

إذا قامت شركة مدرجة من ضمن مجموعة بالإفصاح عن معلومة جوهرية تخصها ولها انعكاس مؤثر على باقي الشركات المدرجة من ضمن المجموعة، فإن واجب الإفصاح على باقي الشركات المدرجة ذات العلاقة يقتصر على ذكر المعلومة والأثر المالي المترتب على تلك الشركة بعينها.



(Handwritten signature)



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

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



INVESTOR PRESENTATION

Q1 2023 | Virtual Summit

Agenda

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Disclaimer

FORWARD - LOOKING STATEMENTS

This information set out in this presentation and provided in the discussion subsequent thereto does not constitute an offer or solicitation of an offer sell securities. It is solely for use as an investor presentation and is provided as information only. This presentation does not contain all 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 s as "may", "plans", "expects", "believes" and similar expressions or by their context. The Group does not assume any obligation to update its views of 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 on this presentation have been subject to rounding adjustments. Accordingly, figures as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages 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 GCC 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.

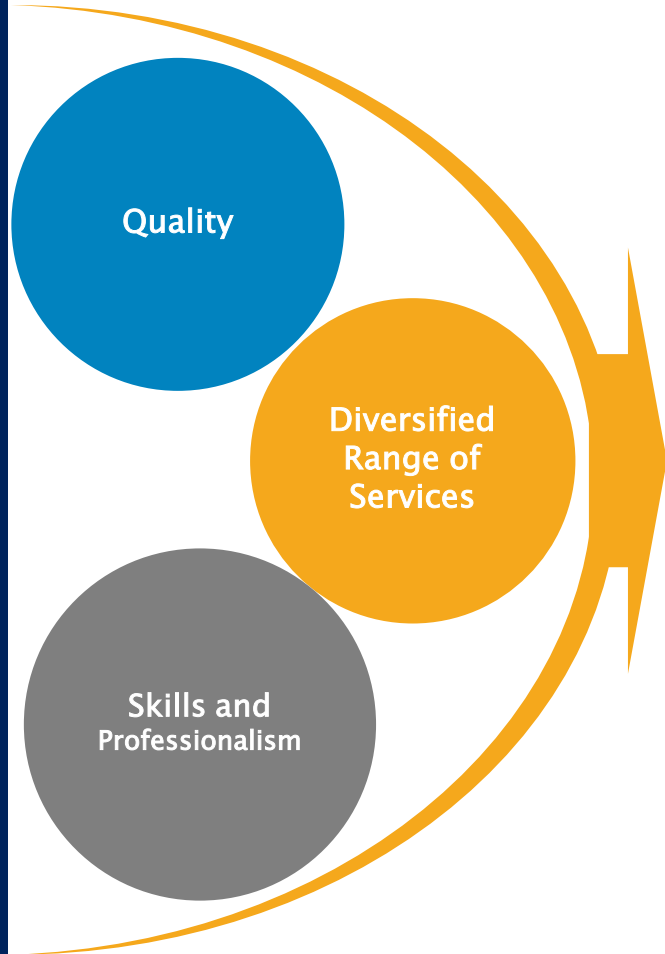
HEISCO's wide ranging fields of activities and capabilities are performed through:

- 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.

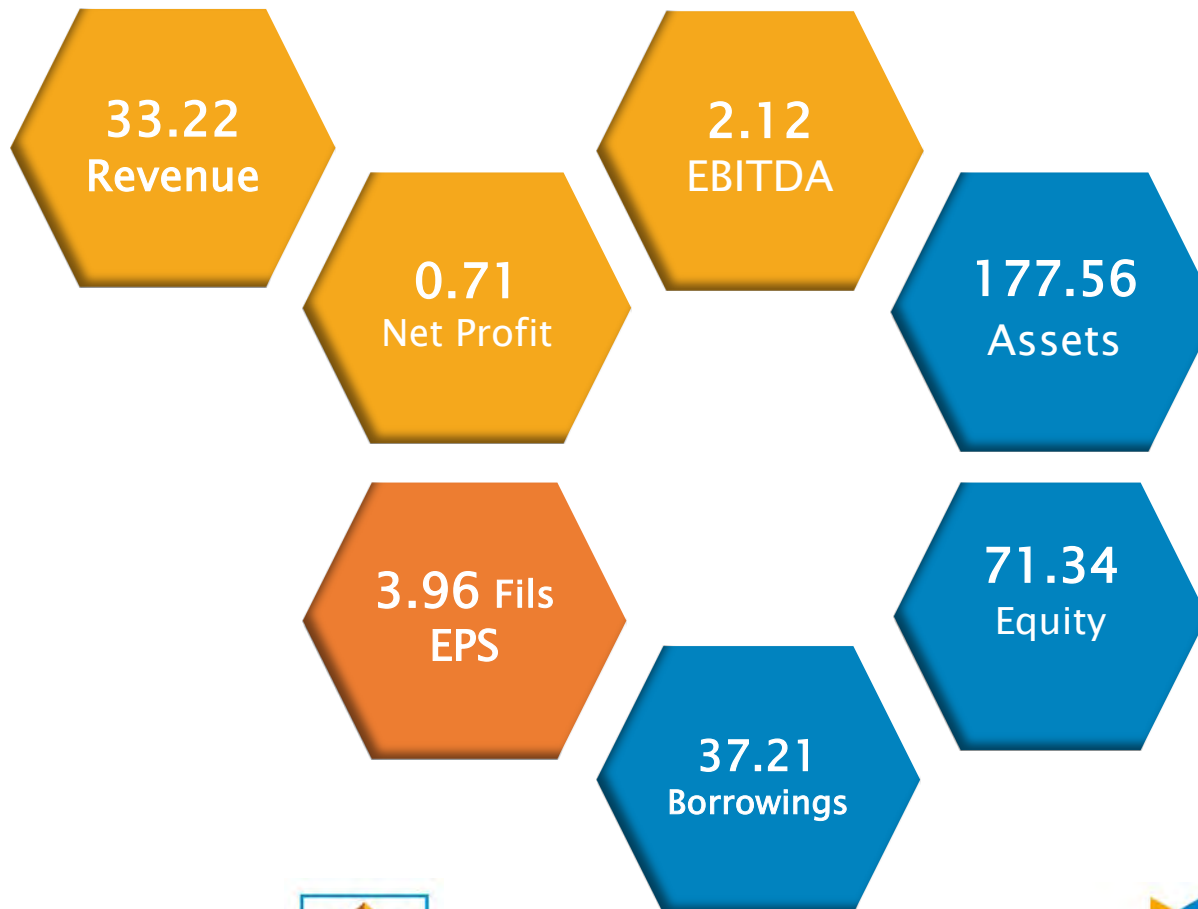


HEISCO's Strategy



- Plans to expand the business in Saudi Arabia by involving a team of experienced local personnel while meeting stringent Saudization requirements.
- Plans to strategically expand our business in Iraq in potential oil sector through direct clients/partnering with reputed international contractors.
- Registering with Qatar Energy as a Project Preferred Manufacturer and plans to establish a branch / appoint a local agent to participate in direct bidding.
- 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.
- Plans to work as subcontractor to the main/epc contractors such as JGC, TR, SAIPEM, HDEC, L&T, and SINOPEC to secure projects and increase revenue to achieve targets, especially in Saudi Arabia and Qatar.

PERFORMANCE HIGHLIGHTS – CONSOLIDATED

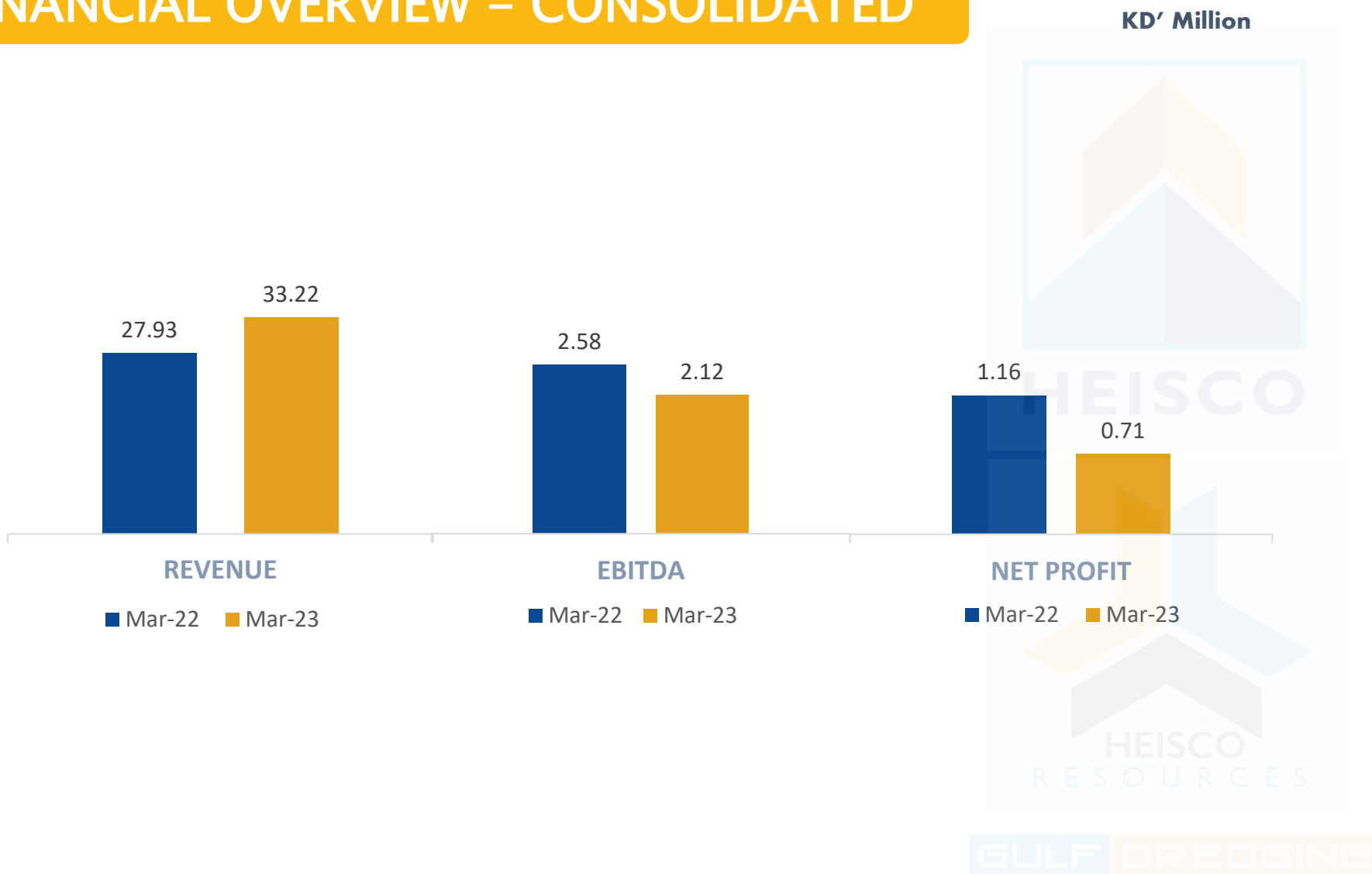


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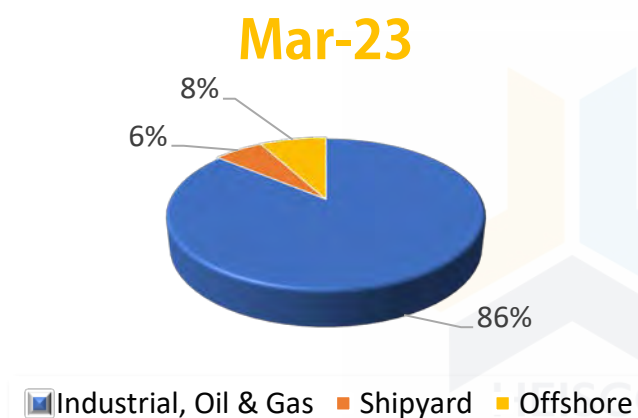
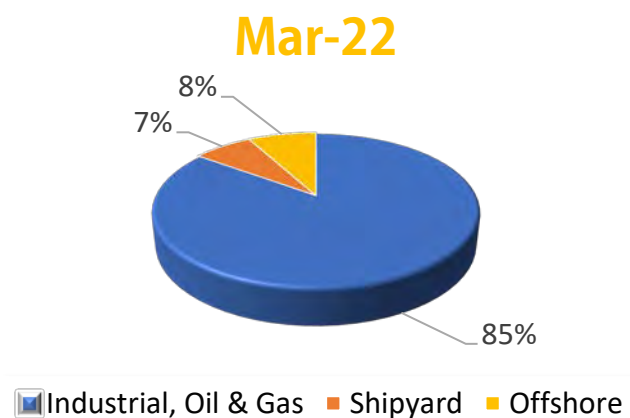
FINANCIAL OVERVIEW – CONSOLIDATED



BREAKDOWN OF REVENUE BY BUSINESS LINE - CONSOLIDATED

KD '000

BUSINESS LINE	Mar-22	Mar-23	Mar-22	Mar-23	% Change
INDUSTRIAL,OIL & GAS	23,778	28,420	85%	86%	20%
SHIPYARD	1,842	2,056	7%	6%	12%
OFFSHORE	2,314	2,748	8%	8%	19%
TOTAL REVENUE	27,934	33,224	100%	100%	19%



COMMON SIZE ANALYSIS-STATEMENT OF INCOME - CONSOLIDATED

	Mar-23	Mar-22	Mar-23	Mar-22
Revenue	33,224,362	27,934,059	100.00%	100.00%
Cost of sales	(31,483,677)	(25,747,186)	-94.76%	-92.17%
Gross Profit	1,740,685	2,186,873	5.24%	7.83%
Other income	146,405	269,584	0.44%	0.97%
General and administrative expenses	(907,406)	(976,299)	-2.73%	-3.50%
Investment income / (loss)	(582)	78,087	0.00%	0.28%
Expected credit loss on financial assets (net)	116,904	(47,788)	0.35%	-0.17%
Finance costs	(400,554)	(258,148)	-1.21%	-0.92%
Foreign exchange gain/(loss)	48,856	(14,544)	0.15%	-0.05%
Profit before contribution to taxes	744,308	1,237,765	2.24%	4.43%
Contribution to Kuwait Foundation for Advancement of Sciences	(6,625)	(11,046)	-0.02%	-0.04%
National Labour Support Tax	(17,437)	(41,901)	-0.05%	-0.15%
Zakat expense	(6,975)	(16,760)	-0.02%	-0.06%
Net profit for the period	713,271	1,168,058	2.15%	4.18%

Earning per share (fils)

3.96	6.48
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RATIO ANALYSIS - CONSOLIDATED

PROFITABILITY	Mar-22	Mar-23	Change
Gross Profit %	7.83%	5.24%	↓ -2.59%
EBIT %	5.36%	3.45%	↓ -1.91%
EBITDA %	9.25%	6.39%	↓ - 2.86%

Net Profit Margin -%	4.18%	2.15%	↓ -2.03%
ROA	0.67%	0.41%	↓ -0.26%
ROE	1.67%	1.00%	↓ -0.67%

LEVERAGE	Mar-22	Mar-23	Change
Debt toTotal Assets	0.18	0.21	↑ 0.03
Debt to Equity	1.40	1.49	↑ 0.09
Interest Coverage Ratio	5.79	2.86	↓ -2.94

LIQUIDITY	Mar-22	Mar-23	Change
Current Ratio	1.32	1.25	↓ - 0.07
Quick Ratio	1.17	1.11	↓ -0.06
Working Capital to Total Assets	0.14	0.12	↓ -0.02

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FINANCIAL POSITION / CASH FLOW - CONSOLIDATED

Consolidated Statement of Financial Position as at 31 Mar 2023

	Kuwaiti Dinars	
	31-Mar-23	31-Mar-22
NON-CURRENT ASSETS	72,589,429	72,665,953
CURRENT ASSETS	104,977,037	95,258,929
TOTAL ASSETS	177,566,466	167,924,882
NON-CURRENT LIABILITIES	22,204,483	25,701,991
CURRENT LIABILITIES	84,015,824	72,136,547
TOTAL LIABILITIES	106,220,307	97,838,538
EQUITY	71,346,159	70,086,344
TOTAL EQUITY AND LIABILITIES	177,566,466	167,924,882

Consolidated Statement of Cash Flow - 31 Mar 2023

	Kuwaiti Dinars	
	31-Mar-23	31-Mar-22
PROFIT FROM OPERATIONS	713,271	1,168,058
CHANGES IN WORKING CAPITAL	2,908,510	3,260,615
NET CASH FLOW- OP ACTIVITIES	3,621,781	4,428,673
NET CASH FLOW -INVESTING ACTIVITIES	(3,539,278)	(1,365,274)
NET CASH FLOW – FIN. ACTIVITIES	1,310,477	(1,330,784)
NET INCREASE IN CASH & CASH EQUIVALENT	1,392,980	1,732,615
CASH & CASH EQUIV. AT BIGINING OF PERIOD	5,559,459	4,707,797
CASH & CASH EQUIV. AT PERIOD END	6,952,439	6,440,412

COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

ASSETS	Mar-23	Mar-22	Mar-23	Mar-22
<u>Non-Current Assets</u>				
Right-of-use-assets	352,447	453,976	0.20%	0.27%
Property, plant and equipment	66,543,619	57,656,811	37.48%	34.33%
Investment securities	1,841,716	2,149,810	1.04%	1.28%
Trade and other receivables	3,851,647	12,405,356	2.17%	7.39%
Total Non-Current Assets	72,589,429	72,665,953	40.88%	43.27%
<u>Current assets</u>				
Inventories	11,870,579	10,542,160	6.69%	6.28%
Contract assets	46,771,476	42,958,351	26.34%	25.58%
Trade and other receivables	39,181,834	35,117,297	22.07%	20.91%
Cash and bank balances	7,153,148	6,641,121	4.03%	3.95%
Total Current Assets	104,977,037	95,258,929	59.12%	56.73%
TOTAL ASSETS	177,566,466	167,924,882	100.00%	100.00%

COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

EQUITY AND LIABILITIES	Mar-23	Mar-22	Mar-23	Mar-22
Equity				
Share Capital	18,024,152	18,024,152	10.15%	10.73%
Statutory reserve	10,946,089	10,946,089	6.16%	6.52%
General reserve	10,021,936	9,416,983	5.64%	5.61%
Fair valuation reserve	694,923	1,003,016	0.39%	0.60%
Retained earnings	31,655,859	30,693,246	17.83%	18.28%
Non-controlling interests	3,200	2,858	0.00%	0.00%
Total Equity	71,346,159	70,086,344	40.18%	41.74%
Non-Current Liabilities				
Post employment benefits	18,275,911	16,533,837	10.29%	9.85%
Lease liabilities	213,310	246,223	0.12%	0.15%
Due to a company		2,030,293	0.00%	1.21%
Due to banks	1,264,163	3,920,310	0.71%	2.33%
Trade and other payables	2,451,099	2,971,328	1.38%	1.77%
Total Non-Current Liabilities	22,204,483	25,701,991	12.50%	15.31%
Current liabilities				
Lease liabilities	97,959	117,959	0.06%	0.07%
Contract liabilities	311,707	1,948,401	0.18%	1.16%
Due to a company	1,419,426	723,407	0.80%	0.43%
Due to banks	35,946,330	26,292,521	20.24%	15.66%
Trade and other payables	46,240,402	43,054,259	26.04%	25.64%
Total Current liabilities	84,015,824	72,136,547	47.32%	42.96%
Total liabilities	106,220,307	97,838,538	59.82%	58.26%
Total Equity and Liabilities	177,566,466	167,924,882	100.00%	100.00%



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THANK YOU



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

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

HEISCO

Head Office - Shuwaikh Port

P.O. Box 21998

Safat 13080, Kuwait

Tel. : (965) 2462 4000 or 2483 5488

Fax : (965) 2483 0291 or 2462 4001

Oil & Gas - Mina Abdullah

P. O. Box 10155

Shuaiba 65452, Kuwait

Tel. : (965) 2462 4000 or 2325 3000

Fax : (965) 2326 2142

