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KUWAIT: 14/11/2020

Mr.Mohammad Saud Al-Osaimi

Chief Executive Officer-Boursa Kuwait

State of Kuwait

Dear Sirs,

Subject: Integrated Holding Co (k s c p) Analyst / investors Conference for third quarter 2020

With reference to the above subject, and pursuant to the requirements of Boursa Kuwait Rules as per Resolution No. (1) /2018 kindly note that the quarterly Analyst / Investors Conference was held through a Live Webcast on Thursday : 12/11/2020 at 2:00 pm local time, and there is no material information has been circulated during the conference.

Please refer to the attachment for presentation of Analyst / Investors for (Q3/2020)

Yours sincerely,

Integrated Holding Co (K.S.C.P)

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Analyses / investors conference minutes for the third quarter /2020

Mohamed Haider: Thank you. Hello, everyone, and welcome to the Integrated Holding Company Third Quarter 2020 Earnings Call and Webcast, and this is hosted by Account Capital. With us today, from Integrated Holdings, Mr Joseph Fernandes, Group Financial Consultant, and Mr Vinayak Prabhu, Finance Manager. I will now hand over the call to Mr Joseph. Please, go ahead.

Joseph Fernandes: Thank you, Mohamed Haider. Good afternoon, and greetings to all the participants on this conference. We are presenting Quarter 3 performance and financial highlights.

The continuity of the Covid-19 pandemic and various restrictions imposed to curb the spread of virus have affected, to the larger extent the business revival growth. Expected growth momentum in Quarter 3 2020 didn't take place. Lower utilisation of the equipment since March 20 continues in Quarter 3 also, which had direct impact on the profitability of the company.

But we're ready to take up the business opportunity when the situation improves and the Company has retained manpower, and this idle manpower increased our cost. New expected projects were further delayed, and existing projects continued at slower pace. For Quarter 3 2020, a net loss of nearly KD 341,000, and the cumulative net loss, for a nine-month period, is nearly KD 1.583 million.

New contracts with Kuwait Oil Company started from 12th October 20, a delay of four months due to pandemic reasons. Though we have prepared for the new activities of the port operations in Q3, actual operation just started in November. These delays also contributed for the lower revenue than expected.

Now, I would like to hand over to Vinayak, who will give more insights on the financials.

Vinayak Prabhu: Good afternoon, everyone. Thank you, Mr Joseph. I hope you all are keeping safe, and thank you for joining our nine-month earnings call.

Let me begin by highlighting the impact of Covid-19 on the statement of financial position and on company activities. Estimated loss of revenue is slightly around KD 4 million for the nine months. Fixed nature expenses, especially to retain the manpower, and expenses incurred due to additional safety measures, were around 0.8 million.

Delayed collection has impacted our trade receivables position, and in that exposure, we have kept additional provision of KD 0.9 million in the previous reported quarter.

Now, let me walk you through the company highlights.

Slide number seven on revenues:

Integrated recorded revenue of KD 4.8 million for Q3 2020 with a decline of 30.9%, as compared to Q3 2019. And for the nine-month period ended 30th September 2020, it reached KD 14.6 million with a decrease of 34.8% over the previous year, comparative period.

Reduction in rental rates, lower utilisation of equipment and lockdown impact during the previous quarters have resulted in lower revenues. Loss of revenue due to Covid-19 in particular was explained earlier.

Moving onto slide number eight on net profit:

Quarter 3 2020 registered a net loss figure of KD 0.3 million, compared to net profit of KD 3 million for Q3 2019. Cumulative figure for the nine-month end showed a net loss of KD 1.58 million. Last year, we recorded a net profit of KD 7 million for the same period.

Revenue drop, steadiness in operational costs and lost allowance on receivables have led to the net loss.

Incurring of operational costs was maintained due to our nature of business for keeping our resources readily available for the demands expected in future.

With regards to the loss allowance, the company provided for a total of KD 1.4 million over a period of nine months in 2020, and due to current economic situation, we anticipated some delays in collections from the customer, warranting a specific provision of KD 0.9 million in the second quarter of 2020.

Now, moving onto slide number nine on revenue contribution by geography:

The Revenue decline affected both in Kuwait and Qatar though Kuwait operations contributed majorly, as far as revenue composition is concerned, with a decline of around 6% from the previous year's trend.

Revenue declined from Kuwait and Qatar operations for the nine months ended 30th September 2020 is 39.9%, and 7.6% respectively over the comparative period of 2019.

Now, moving onto slide number ten on revenue contribution by operational segments:

Contribution of existing operational segments has remained the same to the total revenue with equipment leasing income contributing about 60% of the total. However, a decline of 10.3% is noted in heavy lift income due to the current economic situation comparing with the previous year revenue numbers.

Our new operational segment, Oilfield Services, recorded a revenue of KD 0.5 million for the first nine months of 2020, and we expect the shares to improve in future.

Now, slide number 11, on the statement of financial position:

Total assets stood at KD 93 million with shareholder equity standing at KD 50 million.

Highlighting factors are:

1) KD 9.9 million costs incurred on new equipment, majorly, which is explained with a separate slide.
2) Net borrowing obtained is KD 8 million mainly to cater for the capex-related obligations.
3) Reduction of capex creditors to around 65% from that of December 2019 figure.

4) Intangible assets now include a figure of KD 0.12 million as goodwill, which is recognised on acquisition of 100% equity in a limited liability company in the second quarter. This will add, as a support to our existing inhouse workshop, and will add up to get initial business in upstream and downstream activities in the Oilfield Services.

Moving onto number 12 on statement of income:

Revenue and net profit have been dealt with earlier.

EBITDA for Q3 2020 declined by 46.5% compared to Q3 2019. On the cumulative side for the nine months, it stood at KD 5.1 million, as against KD 13.4 million, showing a reduction of 62%.

Variance in depreciation for the third quarter is attributed to the revision of depreciation due to the reduction in useful life of the assets, which was affected on Q3 2019 retrospectively.

Due to the new borrowing mainly local debts, finance costs have gone up by 35% for the nine months.

Loss per shares stands at 7.19 fils per share, as of 30th September 2020.

Now, moving onto slide number 14 on company highlights:

Utilisation of equipment in general has declined during the period from the review, and Cranes in particular, which contributes to around 60% of our revenue, it has come to around 36% in Q3 alone.

In case of other equipment, utilisation has also been declined.

For example, earth moving equipment, which was around 52% in Q1, is now 34% by Q3, and also Boom Trucks showed 51% utilisation in Q3 2020, showing a drop of 10% from the previous reported quarter.

Now, the last slide is on capital expenditure, slide number 15:

The company has incurred a total of KD 9.9 million during the first nine months of 2020.

As planned, new equipment were ordered in 2019 in order to meet the demands of heavy lift equipment in Qatar. In addition to this, the capex caters to the new contracts secured once we have been awarded the contract from Qatar Petroleum, which started from 1st April 2020, and with Kuwait Oil Company started in October 2020. And partly for the equipment, in relation to the port operations, which started in November 2020.

In terms of the equipment category, major value is for the purchase of cranes. Expected capex in the last quarter of 2020 is around KD 3 million, which, again, will be on the equipment related to the port operations and Qatar activities.

Well, that's all from my side, and we welcome any questions from you.

Thank you all, and now over to Mr Haider.

Mohamed Haider: Operator, can we, please, switch to Q&A?

Operator: If you would like to ask a question, you may do so via the online chat function. We have a question registered by Fahad El Michel from Gulf Investment House. Your line is now open.

Fahad El Michel: Hello. We realise that the second quarter showed an improvement in profitability. Do you see this in the market? Is there more attention to the company services, compared to the coronavirus timing?

Joseph Fernandes: No, could you please repeat.

Farhad El Michel: Oh, okay. We saw that the third quarter profits showed improvement, compared to second quarter, so did your company see that there is improvement in the market? Is there more attention, more people requesting the company's services, compared to the coronavirus timing in the second quarter?

Joseph Fernandes: Well, the impact of corona was huge during second quarter. Third quarter, still, there was impact, but slow recovery started only from September onwards. But still, we are impacted with the coronavirus, in the fourth quarter also.

Fahad El Michel: Okay. Regarding the geographical revenues, we realise that the revenue of Qatar did not go down as much as the revenue in Kuwait. Do you expect investment opportunities in other regions in the market?

Joseph Fernandes: Talking about geographic contribution?

Fahad El Michel: Yes, is the company's operations in geographic, for example, Saudi Arabia or places in the region?

Mohamed Haider: So, Joseph, he was asking if the company is looking into expansions into other geographies other than Qatar and Kuwait.

Joseph Fernandes: Well, we have operations in Bahrain also, in addition to the operations in Qatar. Due to the current declining market in Kuwait to make good the shortage we are studying the market in other regions to operate.

Fahad El Michel: Thank you. I have one last question. This is true that the [unclear] from the receivables, the provision, which the company took in the second quarter? So, [unclear] in the third quarter, do you expect that this will continue, for example, it will not be repeated again, this provision?

Joseph Fernandes: Sorry, unable to understand. You can type questions. I have some questions already typed. I can read the question and I will answer.

Question from Akbar Khan. Can you give colour on the pricing environment? What is your outlook for margins?

The pricing, we have to continue with the lower margins. Because of the competition, our pricing has gone down, and it has not shown any increases. So, the pricing trend will continue for the fourth quarter at lower margins in order to withstand the competition. Of course, with lower price, our margins also have reduced.

We expect margins to grow in the year 2021. When we start the port operation, that means, with the increase in the volume of the business we can sizeably increase the margin.

There is another question from Salma Mohamed Elfeqy. What is the contribution of the crane to revenues in third quarter?

Revenue contribution from the cranes is between 58% and 62%, and for the third quarter it was around 59%, within that range.

Another question from Bijoy Joy Do you see any pickup in Qatar? Any new contracts coming up?

We are optimistic relating to the business in Qatar and the projects, which are coming up. Our operations in Qatar has already started picking up. In the fourth quarter, there is a slight improvement there, and moving forward, in the first quarter of 2021, around March or April 21, we expect new activities related to the North Gas Field Expansion will take place. So, we are optimistic as regarding to the businesses in Qatar.

one more question from Fahad Al Meshal. There is improvement in regard to the provision from credit losses, do you expect that to continue compared to second quarter

The provision for expected credit loss, there was big impact only during Quarter 2. During Quarter 3 2020, there was no such impact, and we anticipate, no such impact will be there in the fourth quarter also. And moving forward, in the year 2021, as overall business situation improves, we may get a recovery out of the doubtful provisions.

Moving to the next question from Salma Mohamed Elfeqy, what is your expected dividend outlook for 2020?

It is too early to comment on the dividend outlook. We are still in the fourth quarter. It is based on the full-year performance, first quarter 2021 performance and the complete projection for the year 2021, and also based on the cashflow, it is with the board of directors to decide while approving the final accounts for the year 2020.

There is another question from Bijoy Joy How do you see the environment in Kuwait? Do you see any delays or projects going to the backburner?

The environment of business or the projects have stranded and at lower level. Some of the new projects were delayed. We were anticipating few big projects to start in 2021 beginning, but we expect further delays. And some projects, which are already cleared, we don't expect cancellation of such projects. Existing projects, because of the pandemic and some of the restrictions, execution is very slow. As a result, the demand for the equipment is also low. By the fourth quarter end, we expect situation will improve, and we will be having better turnaround in the first quarter of 2021.

These are questions I have noticed. If any other questions, kindly write on the chat box.

Another question from Bijoy Joy. Do you plan to get into new geography to improve utilisation?

It is in the planning stage to expand our geography to make best utilisation of our equipment. And we have taken the actions for the marketing study, but it is too early to disclose the information. Definitely, in the year 2021, we will be looking for the new geography.

Another question from Salma Mohamed Elfeqy What are the additional expenses incurred during, owing to, Covid-19 precaution and retailing manpower?

In this connection, we have already spent around KD870,000 for the first nine months, mainly in the second quarter and third quarter.

Another question from Bijoy Joy Can you give us some colour on how much was the drop in pricing?

The pricing drop, it defers, and is base different category of the equipment. It has dropped even to 30%, in some cases 10%, but in the cranes, almost 25% to 30% drop. That was one of the main reasons for the drop in the revenue.

Next question.from Fahad Al Meshal There is significant amount of currency exchange gain, lost in the income statement. Can you illustrate which operation this is related to?

Currency gain or loss is in relation to our exposure for the foreign currency mainly in Euro. Earlier, we were taking euro loans for our equipment and the cost of debt is 0.9% per annum and the exposure was higher. Prior to year 2020, most of the time, we were having exchange gain. During this year, euro exchange rates has gone up, so there is exchange loss. However, we have reduced our euro exposure considerably, and we have paid a lot of outstanding euro liabilities during the current year. In the third quarter, we have settled around 20% extra on euro LC liabilities. And euro loans also have dropped very considerably. And in the year 2021, we will be having only 5% to 10% of the total loan outstanding. So, relating to the currency gain or loss comparing with the previous year, 2018/19, exposure is more in 2020, and such exposure will be only 10% in the year 2021. We don't have much exposure on euro going forward.

Next question from Mohamed Elfegy. Can you please tell us CAPEX spending for 3Q2020?

We have expenses on capex relating to KOC contract, Qatar Petroleum Project, and Port operations. Around KD 3 million KD spent in Quarter 3.

Next question from Akber Khan. Do you expect the award in Qatar to offset the slowdown in Kuwait?

Of course, Qatar region business will improve, but it won't be reducing that gap to match with the slowdown in Kuwait. Kuwait's volume of business was much higher than Qatar, but volume of business in Qatar will be picking up in the year 2021 and 2022. Regarding slowdown in Kuwait, we can take care for a smaller extent by improvement in Qatar operations.

Next Question from Bijoy Joy. What is the target debt to equity for the company?

We are trying to bring the debt to the lowest level. Of course, because of the committed capex expenditure this quarter and during this year, there is increase in our total debt to 23 million, but going forward, it will be reduced from year 2021 and 2022, unless we get new projects.

As for the current operational year, only during Quarter 4 of 2020 and Quarter 1 2021, there will be additional capex, and to that extent, there will be a borrowing, but we will be paying certain amount of debt during 2021 end, and it will not increase to a higher level, except for the new projects when awarded.

Mohamed Haider: So, yes, it appears, we don't have any questions from participants. At this moment, I would like to thank you, Mr Joseph and Mr Vinayak, and for everyone who joined. And we look forward to having you with us next call.

Vinayak Prabhu: Thank you.

Joseph Fernandes: Thank you.

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Analyst Conference

Q3 2020 Results

Contents

IHC Overview

Overview

The continuity of the COVID 19 pandemic and various restrictions imposed to curb the spread of the virus has affected to the larger extent the business revival and growth.

Expected growth momentum in Q3 2020 didn't take place. Lower utilization of the equipment since Mar 20 continued in Q3, Which also had a direct impact on the profitability of the Company. To be ready to take up business opportunities on ease of situation, the Company has retained manpower and this idle manpower increased our cost. New expected projects were further delayed, and existing projects continued at lower phase.

For Q3 2020 a net loss of KD 341K and the cumulative net loss for 9 months period is KD 1.583 M.

New Contract with Kuwait Oil Company started from 12 Oct 20, a delay of 4 months due to pandemic reasons. Though we have prepared for the new activities relating to the Port operations in Q3, actual operations just started in Nov 2020. These delays also contributed to lower revenues.

Impact of COVID-19

Impact on Financial Statement and Activities

	Q1 2020	Q2 2020	Q3 2020	Total
On Revenues	248	2,723	1,108	**4,079**
On Expenses	53	650	166	**869**
On Trade Receivables *(due to additional Loss allowance)*	-	912	-	**912**

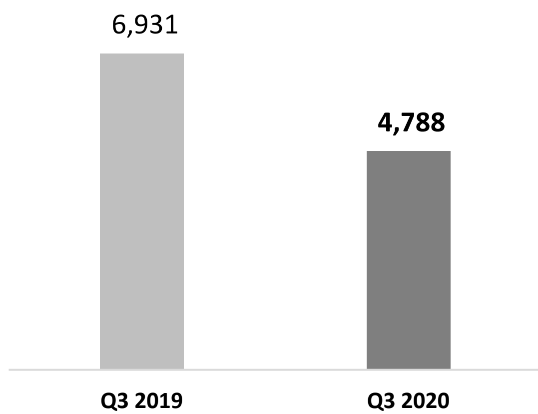
Note: Figures in KWD thousands

Financial Highlights

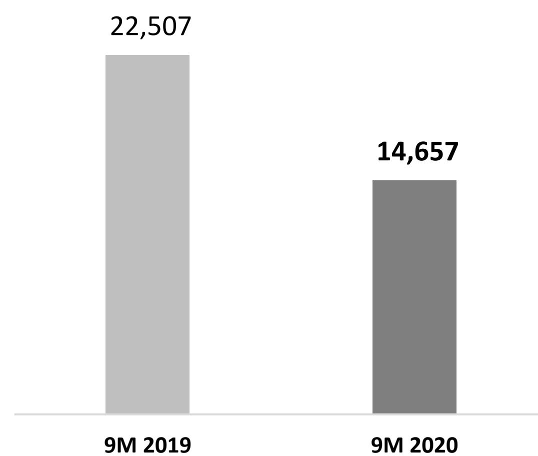
Revenue

- Revenues in 3Q 2020 declined by 30.9% YoY and by 34.8% YoY during 9M 2020.

Quarter 3 Revenue



9 Months Revenue

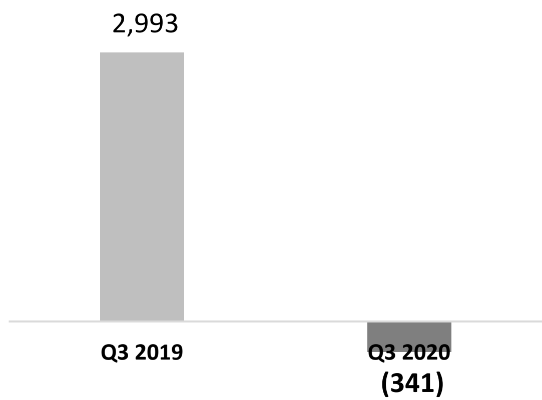


Note: Figures in KWD thousands

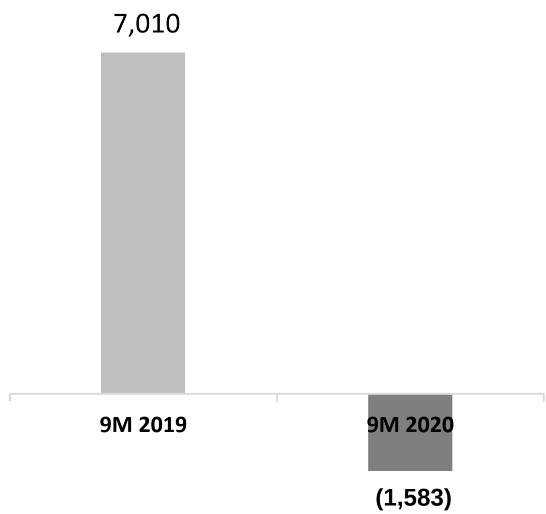
Net Profit

- Net Profit decreased by 111.4% YoY in Q3 2020 and 122.5% for the 9M 2020.

Quarter 3 Net Profit



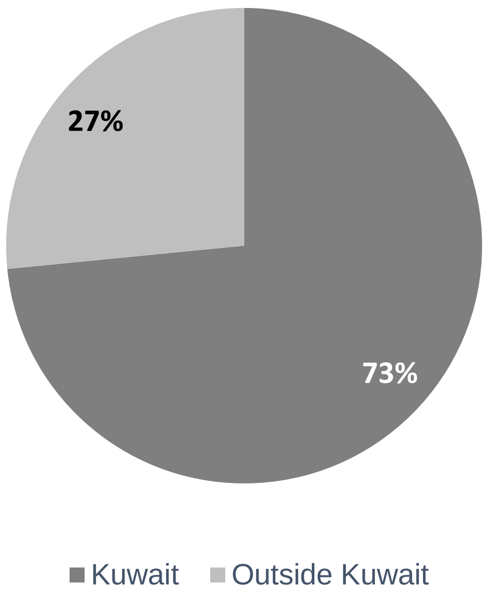
9 Months Net Profit



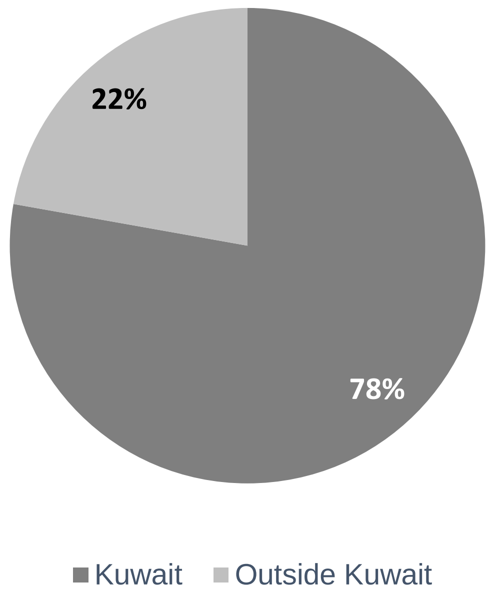
Note: Figures in KWD thousands

Revenue by Geography

Q3 2020

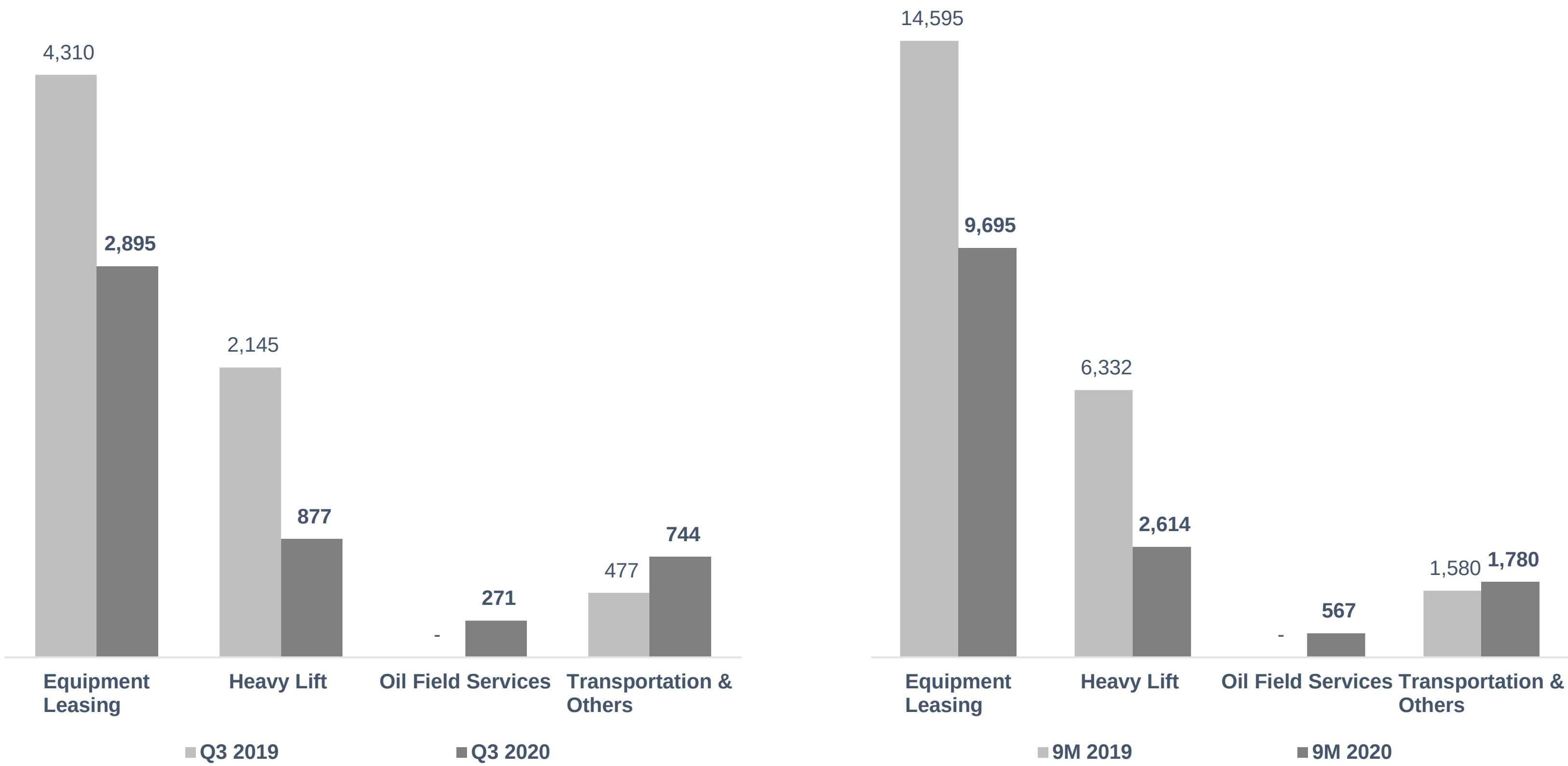


9M 2020



Revenue by Segment

Revenue Contribution by Operational Segment



Note: Figures in KWD thousands

Financial Highlights

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Financial Position

	9M 2020	9M 2019	Change (%)	FY 2019
Current Assets	15,085	18,033	(16.3)	19,252
Property & Equipment	76,628	75,547	1.4	72,530
Right-of-use Assets	653	719	(9.2)	697
Intangible Assets	828	711	16.4	711
Total Assets	**93,194**	**95,010**	**(1.9)**	**93,190**
Borrowings	23,599	16,801	40.5	15,416
Capex Creditors	932	2,651	(64.8)	2,675
Trade & Other Liabilities	7,484	7,088	5.6	5,763
Lease Liabilities	732	750	(2.4)	739
Shareholders' Equity	60,447	67,720	(10.7)	68,597
Total Equity & Liabilities	**93,194**	**95,010**	**(1.9)**	**93,190**

Note: Figures in KWD Thousands

Financial Highlights

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Statement of Income

	Quarter 3			9 Months		
	2020	**2019**	**Change %**	**2020**	**2019**	**Change %**
Revenue	4,787	6,931	(30.9)	14,657	22,507	(34.8)
EBITDA	1,999	3,738	(46.5)	5,112	13,471	(62.0)
Depreciation	(2,030)	(541)	275.2	(6,058)	(6,107)	(0.8)
Finance Costs	(181)	(143)	26.6	(509)	(377)	35.0
Net Profit / (Loss)	(341)	2,993	(111.4)	(1,583)	7,010	(122.6)
Earnings / (Loss) Per Share (fils)	(1.55)	13.60	(111.4)	(7.19)	31.87	(122.5)

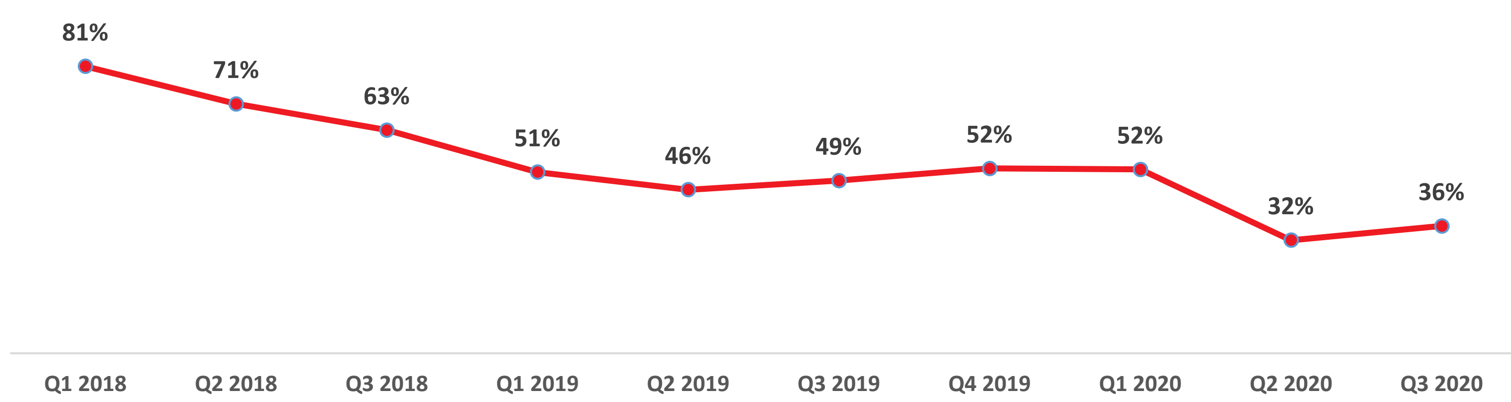
Note: Figures in KWD Thousands

Company Highlights

Equipment Utilization - Cranes

- Cranes, which contributes to Revenue by around 60%, utilization has slightly improved in the third quarter.

Crane Utilization



Capital Expenditure

- For the nine months period, the company has incurred an amount of KD 9.9 Million in the nature of Capital expenditure based on the commitments made earlier, to be used for the expected new projects and for the new contracts.

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