



KUWAIT: 2/4/2023

To: Boursa Kuwait Company

**Subject: Analyst / investors Conference for fourth quarter 2022**

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 : 30/3/2023 at 1:30 pm local time.

Please refer to the attachment for the minutes of the Conference (Q4/2022).

Yours sincerely,

**Mahmoud Ahmed Abdelhamid**

**BOD Secretary**



الشركة المتكاملة القابضة ش.م.ك.ع.  
Integrated Holding Co. K.S.C.P



## **Analyst / Investors Conference Q4 & FY 2022 Report**

**Mohammad Haidar :** Hello everyone and welcome to the Integrated Holding Company fourth quarter and full year 2022 earning call and webcast, Ramadan Kareem to everyone. This is Mohammad Haidar from Arqaam Capital, and we are joined today by Mr. Joseph Fernandes- group financial controller and Mr. Muath Al Rayes from investor relations manager. Over to you Joseph.

**Joseph Fernandes:** Thank you, good after noon and greetings to all the participants in this analyst call for the year 2022.

The performance for the year 2022 is on satisfactory front despite the challenging environment of slow progress in the project related activities and delay in start of the new projects. Continuation of the lower revenue rates restricted the profitability drive. Total revenue of KD 24.7 million for the year 2022 is higher by 18% compared with the year 2021 total revenues. The improvement in the operational profitability has contributed to the growth in profit of KD 3.16 million vs KD 1.67 million for the year 2021. Due to lower project spending in Kuwait, the overall revenue share in the total revenue of Kuwait has declined to 49% from 63% in 2021. The share in the total revenue of the region outside Kuwait has recorded significant improvement, with growth of 51% compared to 37% in 2021.

In view of the implementation of major projects in Qatar and KSA, the company expects good potential to make use of the company's resources to aim higher utilization. To aim higher share in the revenue, a new company in KSA has been incorporated to explore the business opportunities created by the implementation of the mega projects over longer period. A notable progress would be shown in H2 2023 onwards.

The Board of Directors has recommended a cash dividend of 15 fils per share, a payout ratio more than 100% of 2022 earnings. This decision reflects the board's confidence in the company's future prospects and commitment to creating value for its shareholders.

Now moving over to the highlights of the financial performance. Revenue for the year 2022 was KD 24.7 million, which is higher by 18% compared to the previous year's revenue of KD 21 million. We were not able to achieve a higher growth due to the various reasons highlighted in the overview. For the year 2022, net profit recorded was KD 3.16 million, against net profit of KD 1.67 million in 2021, mainly due to improvement in operational profit.

As explained earlier, the share of revenues from Kuwait operations changed to 49% down from 63% in 2021. The share of revenues from operations outside Kuwait, that is from Qatar and Bahrain have improved to 51% from 37%. In terms of the value, revenue from operations outside Kuwait have shown an increase of 59% compared to the corresponding revenue in 2021.

Revenue contribution of each operational segment is presented in this slide. Main lines of activity like equipment leasing, heavy equipment, and transportation, the share dropped to 78% of the total revenue from 81% in 2021. Revenue from port operations have significantly increased by 77% in 2022, while revenues from Oil field services has decreased by 25% due to temporary delay in some work orders and new contracts, and is expected to achieve growth in 2023. New segment of port operations now contributes about 16% of total revenue, a 5% increase over the previous year.

The company have continuously maintained a healthy financial position. During the year 2022, the company was able to reduce the liabilities, mainly Capex creditors by KD 8 million, and also bank borrowings was reduced by 3%. Debt to Equity ratio is at 0.31x vs 0.32x in the previous year.



Revenue and net profit have been discussed in the previous slides. In 2022, EBITDA was at KD 13 million vs KD 10.87 million in 2021, a growth of 19%. EBITDA % of revenues is 52% in 2022 vs 51% in 2021. EPS has improved by 91% to KD 12.5 per share vs KD 6.57 per share in 2021.

Moving to equipment utilization, mainly cranes have contributed around 69% of the total revenues, and utilization rate was 50%, compared to 40% utilization rate in 2021. However, due to the lower revenue rates, total revenue has not increased corresponding to the increase in the capacity utilization. Utilization of other equipment are almost at the same level as previous year.

During the year 2022, focus was more on using the idle capacity, hence additional capital expenditure was lower at KD 3.6 million, of which KD 2.1 m was used in Kuwait and KD 1.4m in Qatar, mainly for cranes. To accelerate the growth and to grab the opportunities arising out of the new projects in Qatar and KSA, estimated capital expenditure on equipment purchases during 2023 will be KD 12 million

That is all from my side, and now I'm open for Q&A. Over to Mr. Haidar and thank you all for joining.

**Mohammad Haidar :** Thank you Joseph. If you want to ask a question, please type it in the chat box and send it directly to Arqaam Capital.

**Mohammad Haidar :** Can you please update us on the status of the LNG project in Qatar? In the last meeting, you mentioned it will come up immediately after the world cup.

**Joseph Fernandes :** Qatar project implementation have started already. Initially it is a slow process. We expect better implementation plan from H2 23, and in 2024 and 2025 it will be in full speed.

**Mohammad Haidar :** In 2023, the KD 12m Capex is net of disposals or gross Capex?

**Joseph Fernandes :** Replacement is also included, of which the replacement value will be around 15% of the total Capex, and the remaining 85% will be on new purchases.

**Mohammad Haidar:** What is the situation on ground in term of opportunities in Kuwait.

**Joseph Fernandes:** As we mentioned in the overview, the project-related activities are very slow, and we don't expect a significant improvement in the near future.

**Mohammad Haidar :** What are the expectations for equipment utilization in 2023?

**Joseph Fernandes :** Our aim is to improve the utilization. Current project implementations will drive utilization rates, and we expect to cross 55% before year end, with an aim to touch 60% by year-end.

**Mohammad Haidar :** When do you expect to begin operations in KSA?

**Joseph Fernandes :** Operations in KSA have already started. But there is a slow implementation because of the mobilization of various equipment and manpower recruitment and training in addition, to getting the necessary approvals. We think progress in Q2 will be better, and we hope to get significant improvement in H2 23.

**Mohammad Haidar :** Can we please know the approximate contract value and duration of the LNG project secured in Qatar?

**Joseph Fernandes :** We are not the direct contractor on the project. We are a subcontractor to the main EPC contractor and so, it is difficult to quantify. There are various factors at play, and it is too early to estimate the value in the initial stages of implementation.



**Mohammad Haidar :** How do you see the project activity outlook in KSA?

**Joseph Fernandes :** Plenty of projects are lined up in KSA. Opportunities are huge, it will all depend on individual players.

**Mohammad Haidar :** Follow up question on Capex, so KD 12 million is gross capex and 15% less will be net of disposals?

**Joseph Fernandes :** No, 12 million is gross Capex that is going to be spent on new purchases, and 15% of that will be on replacement of old equipment. Disposals will provide some profits though.

**Mohammad Haidar :** What will be the funding source of this Capex? Do you have explicit leverage levels?

**Joseph Fernandes :** Mostly from bank finances, and partly from internal fund generation.

**Mohammad Haidar :** Do you have a target leverage levels you like to maintain in the future?

**Joseph Fernandes :** For the coming 2-3 years leverage ratio will increase, however, we will be maintaining lower ratio, later.

**Mohammad Haidar :** Also on Capex, did you factor in the North field gas expansion when you gave the guidance of KD 12m in Capex this year?

**Joseph Fernandes :** It is based on new projects. For example, for the LNG project, we know what type of equipment are in demand so we can identify the shortage after taking into account our idle available capacity, and only then we make purchases. So, purchases are going to be done in ad hoc to the project under consideration.

**Mohammad Haidar :** Where will the majority of the 12m Capex will be spent on?

**Joseph Fernandes :** It will be mostly spent on cranes, with about 80-85%. The remaining will be spent on other equipment.

**Mohammad Haidar :** Considering that current utilization rates are only 50-60%, why can't the Capex be delayed until utilization levels of existing assets reach higher than 80%?

**Joseph Fernandes :** We can do that, but we will be losing a lot of opportunities. The company's position to take on big contracts will be weakened in case of equipment shortage. Therefore, additional purchases are necessary to remain open to future opportunities.

**Mohammad Haidar :** General question, what is the average useful age of cranes, and how long does it take to transport a crane from Kuwait to Qatar or KSA?

**Joseph Fernandes :** Average life of crane depends mainly on capacity and country of origin. For example, cranes of smaller capacity (50-70 ton) like the ones we usually buy will have a 7 to 10 years of useful life, while those of 110,150, or 250 tons capacity typically have a life of 14 years, and cranes of even higher capacities of 1,200 or 2,000 tons have useful lives of 18-20 years.

**Mohammad Haidar :** Can you provide any guidance on gross margins? Or how one should look to model it? Any industry metric to watch?

**Joseph Fernandes :** It is difficult to give proper indication of gross margin. One indication, is when revenue rates of the market improve, combined with improvement in capacity utilization, our gross margin makes higher jump. We



are aiming to make higher revenue rate to show better gross margin. It is difficult to link it to an industry matrix. Our company does not have proper comparables.

**Mohammad Haidar** : Can you please give an expectation on revenue growth in 2023?

**Joseph Fernandes** : Based on our project expectations, we are expecting a good growth after H2 23, and our aim is to achieve 25%.

**Mohammad Haidar** : We don't have any further questions, thank you Joseph and Muath, and thank you everyone for joining and we look forward to having you with us in the next quarter.

**Joseph Fernandes** : Thank you Haidar and thank you to all the participants.



المتكاملة  
integrated

---

**Integrated Holding Co. KSCP**

Analyst Conference  
Q4/FY 2022 Results

	<b>Page</b>
▪ Overview	4
▪ Financial Highlights	6-11
▪ Company Highlights	13-14
▪ Q&A	

## IHC Overview

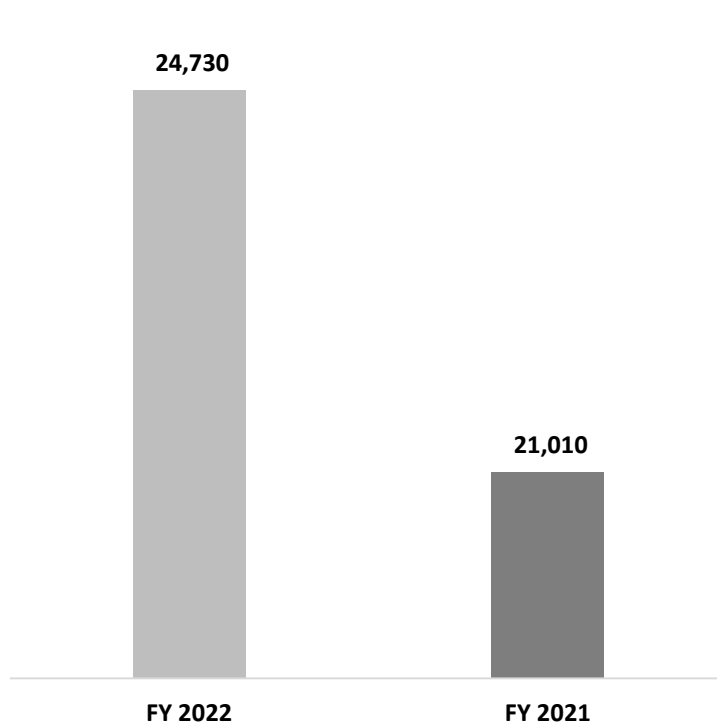


- The performance for the year 2022 is on satisfactory front in view of the challenging environment of slow progress in the project related activities and delay in start of the new projects. Continuation of the lower revenue rates restricted the profitability drive
- Total revenue of KD 24.7 million for the year 2022 is higher by 18% compared with the year 2021 total revenues. The improvement in the operational profitability has contributed to the growth in profit of KD 3.16 million vs KD 1.67 million for the year 2021.
- Due to lower project spending in Kuwait, the overall revenue share in the total revenue of Kuwait has declined to 49% from 63% in 2021. The share in the total revenue of the region outside Kuwait has recorded significant improvement, with growth of 51% compared to 37% in 2021.
- In view of the implementation of major projects in Qatar and KSA, the company expects good potential to make use of the company's resources to aim higher utilization.
- To aim higher share in the revenue, a new company in KSA has been incorporated to explore the business opportunities created by the implementation of the mega projects over longer period. A notable progress would be shown in H2 2023 onwards.
- The Board of Directors has recommended a cash dividend of 15 fils per share, a payout ratio more than 100% of 2022 earnings. This decision reflects the board's confidence in the company's future prospects and commitment to creating value for its shareholders.

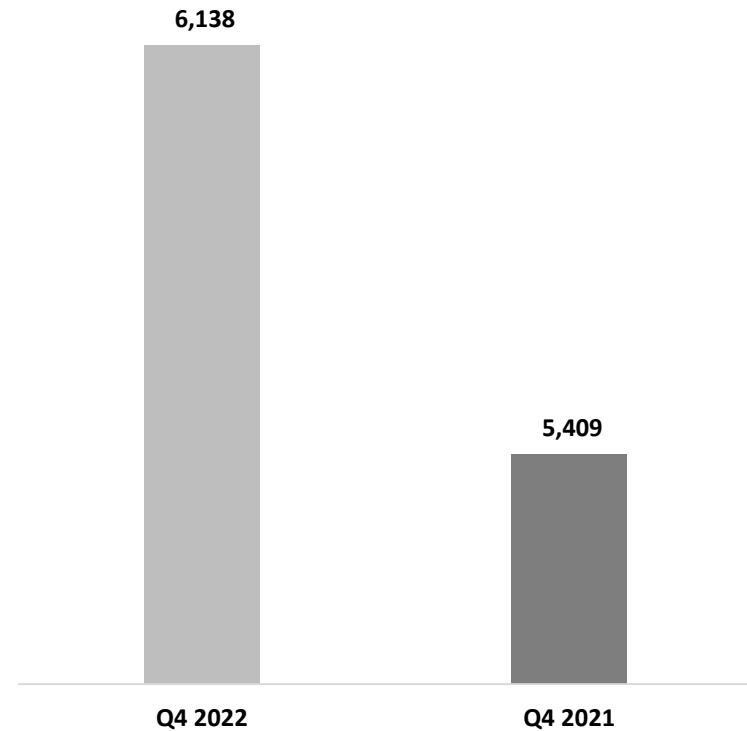
## Financial Highlights

- Revenues shown a growth of 18% 2022 compared to year 2021 revenue and 13% increase in the revenue comparing with the revenue of Q4 2021.

## Annual Revenue



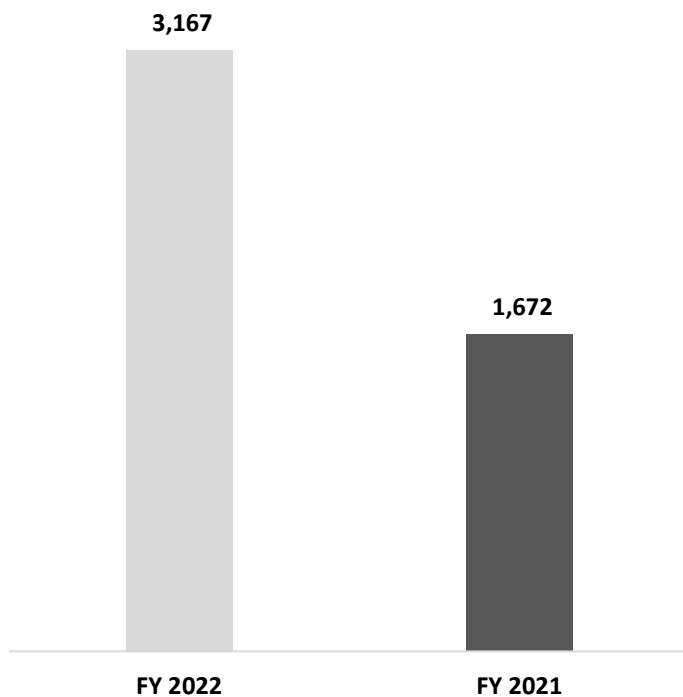
## 4<sup>th</sup> Quarter Revenue



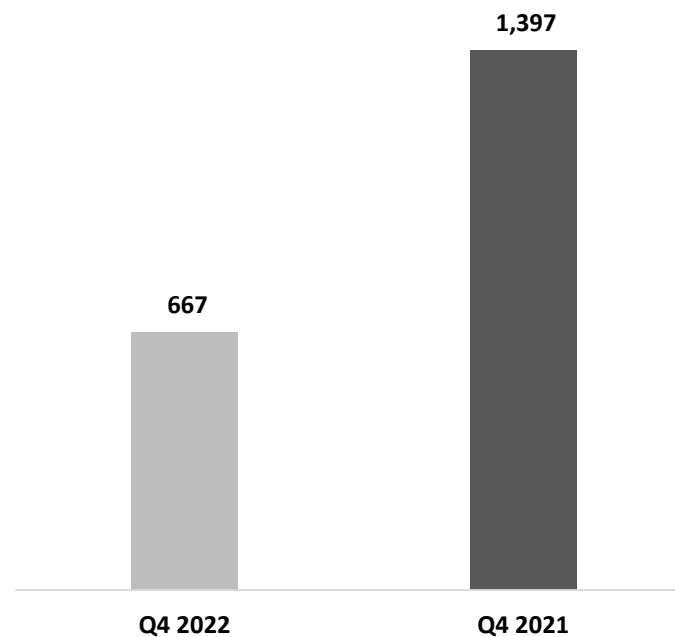
Note: Figures in KWD thousands

- The net profit for the year is KD 3.167 million and 89% increase compared with the net profit for the year 2021.

## Annual Net Profit



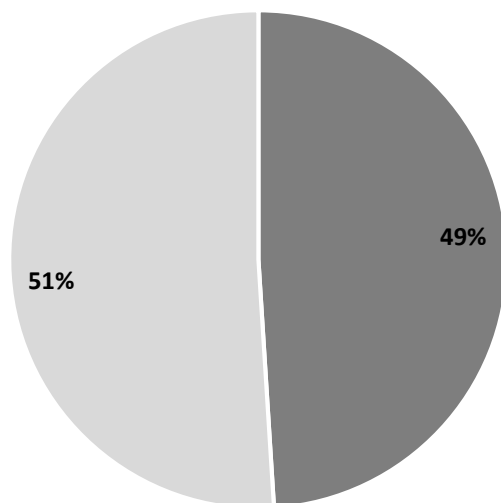
## 4<sup>th</sup> Quarter Net Profit



Note: Figures in KWD thousands

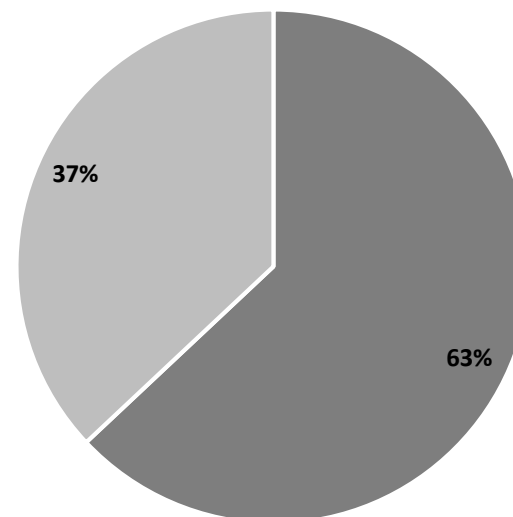
- The share in the total Revenue from outside Kuwait region has significantly increased in year 2022 to 51% from 37% of the previous year total revenue share.

Full Year 2022



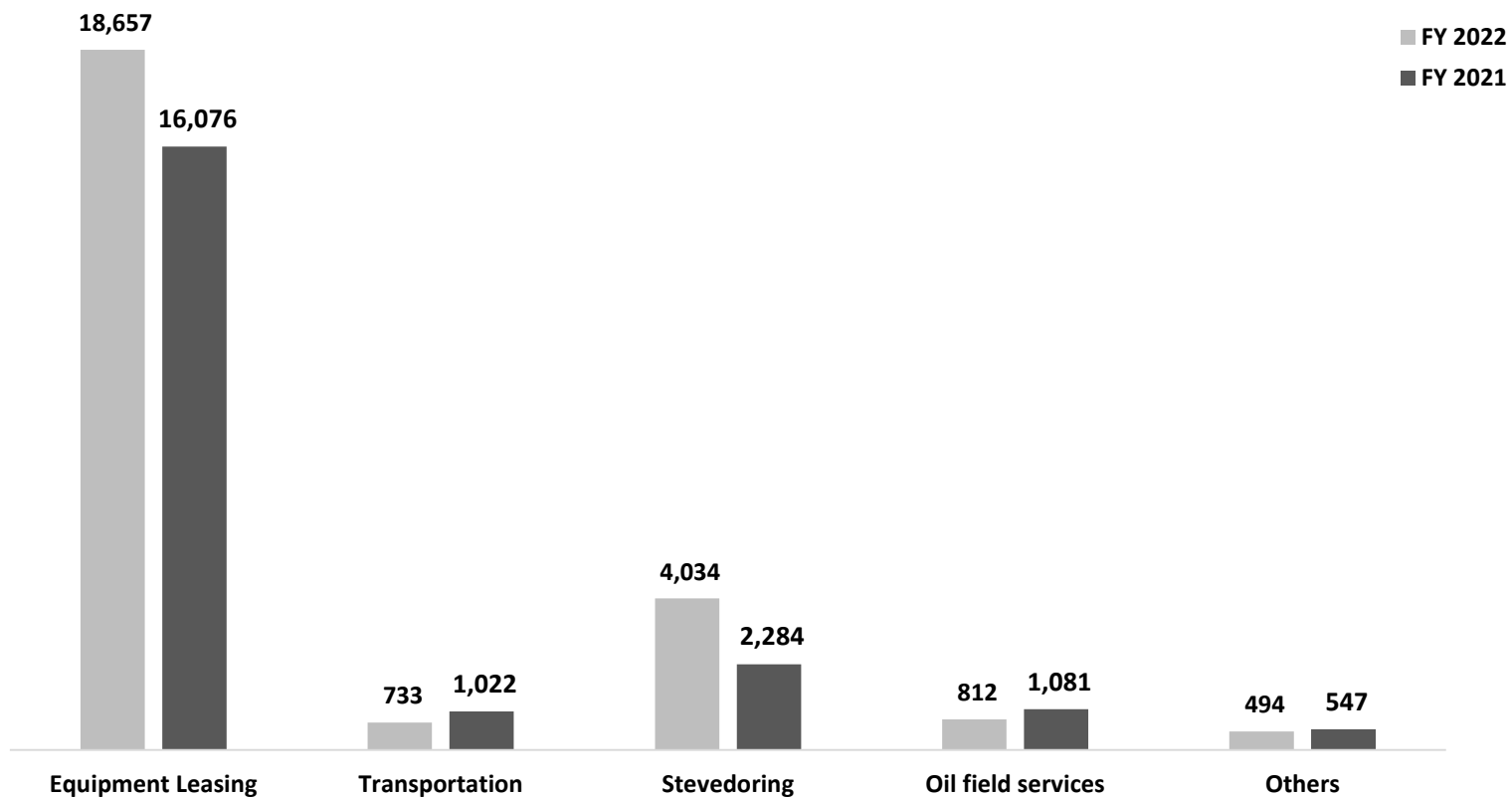
■ Kuwait ■ Qatar

Full Year 2021



■ Kuwait ■ Qatar

## Revenue Contribution by Operational Segment



Note: Figures in KWD thousands

## Financial Position

	2022	2021	Change (%)
Current Assets	17,198	19,879	15.6
Property & Equipment	70,171	75,297	(9)
Right-of-use Assets	539	579	(5.9)
Intangible Assets	711	827	0.1
Deferred Tax Asset	238	209	49.2
<b>Total Assets</b>	<b>88,858</b>	<b>96,791</b>	<b>(4.3)</b>
Borrowings	19,411	19,950	(2.7)
Capex Creditors	0	8,300	(64.7)
Trade & Other Liabilities	6,133	6,084	6.2
Lease Liabilities	656	651	(2.5)
Shareholders' Equity	62,658	61,806	3.0
<b>Total Equity &amp; Liabilities</b>	<b>88,858</b>	<b>96,791</b>	<b>(4.3)</b>

Note: Figures in KWD Thousands

## Statement of Income

	Quarter 4			Full year		
	2022	2021	Change %	2022	2021	Change %
<b>Revenue</b>	6,138	5,409	33.3	24,730	21,010	17.7
<b>EBITDA</b>	3,777	3,766	0.3	12,980	10,871	19.4
<b>Depreciation</b>	(2,300)	(2,319)	0.8	(9,023)	(8,983)	(0.4)
<b>Finance Costs</b>	(236)	(139)	(70)	(717)	(643)	(12)
<b>Net Profit</b>	667	1,397	(52)	3,167	1,662	91
<b>Earnings Per Share (fils)</b>	2.64	5.52	(52)	12.52	6.57	91

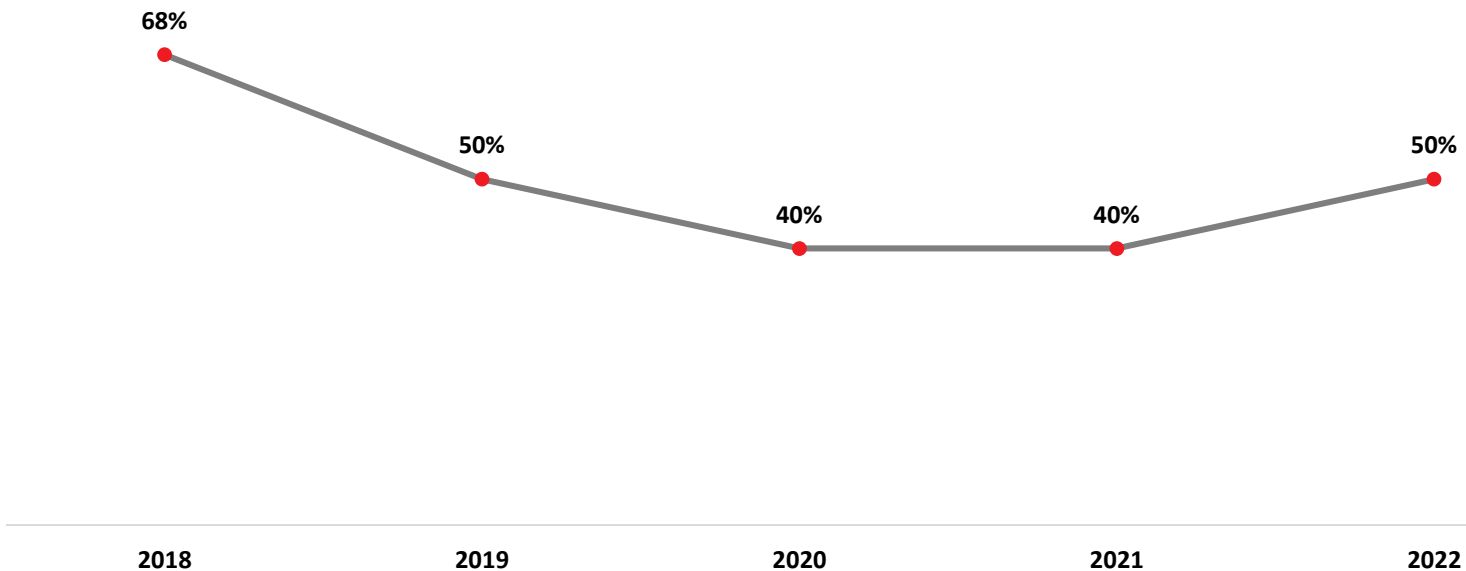
Note: Figures in KWD Thousands



## Company Highlights

- Utilization of the equipment started showing improvement in the year 2022. Cranes, which contributes to the Revenue around 69%, has moved to 50% compared to 40% utilization in the year 2021.

## Crane Utilization



- Capital Expenditure for the year 2022 KD 3.6 million was incurred for the purchase of various equipment out of which KD 2.1 million in Kuwait and KD 1.4 million in Qatar.
- To accelerate the growth and to grab the opportunities arising out of the new projects in Qatar and KSA estimated capital expenditure on equipment purchases during 2023 will be KD 12 million

[info@integrated-me.com](mailto:info@integrated-me.com)