



KUWAIT: 14/8/2021

Mr. Mohammad Saud Al-Osaimi
Chief Executive Officer-Boursa Kuwait
State of Kuwait
Dear Sir,

Subject: Analyst / investors Conference for second quarter 2021

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 12/8/2021 at 2:00 pm local time.

Please refer to the attachment for the minutes of the conference (Q2/2021).

Yours sincerely,

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



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Integrated Holding Co. K.S.C.P



Analyses / investors conference minutes for the second quarter /2019

Mohamad Haidar Hello everyone, and welcome to the Integrated Holding Company Second Quarter 2021 Earnings Call and Webcast. This is Mohamad Haider from Arqaam Capital. As usual, we are joined today by Mr Joseph Fernandes, the Group Financial Controller at Integrated Holdings, and Mr Vinayak Prabhu, the Financial Manager at Integrated Holding. Over to you, Joseph.

Joseph Fernandes Thank you, Haidar. Good afternoon to all the participants of the earnings call for the second quarter of the year 2021. Q2 2021 performance is in similar line with that of Q1 2021 performance. As the restrictive measures to curb the spread of the virus continues, the Company is unable to increase the business activity in the second quarter. However, there is a small increase in the net profit of the company in the second quarter. Net profit for the first half of 2021 is KD 345,000.

New activity of the port operations in Kuwait, a new segment of business from year 2021, has shown growth in the second quarter. Due to the shortage of manpower, because of the travel restrictions, we were unable to tap the potential business. There is no improvement in the equipment rental business, and the project-related activities are stagnant.

Comparing with the previous year's Q2, though there is a considerable improvement in the revenue and net profit in Q2 2021, a comparison with the previous year corresponding period may not be appropriate, since COVID-19 impact in the previous year's Q2 was at its peak.

Highlights on the financial performance is explained in the next slide. Slide number 6 on revenue. Revenue for the first half of 2021 reached KD 10.9 million, shows slow and steady increase from the beginning of the year 2021. Challenges of COVID-19 restrictive measures are blocking our attempts to achieve higher growth, as the low rental rates and the reduction in the equipment utilisation continues. Shortage of the manpower due to the travel restriction is limiting our target of potential business.

Moving on to slide number 7 on net profit. Net profit reached KD 345,000, though low, but it shows an improvement from the first Q1 2021. Previous year's Q2 2020, there was a huge loss of KD 2.26 million, due to the significant impact of COVID-19. Increase in the consolidated operational cost is about 3% for first half of 2021, mainly due to the increase in the operational cost by 37% in Qatar operations. Consolidated depreciation is higher by 10%.

Moving on to slide number 8 on revenue contribution by geography. While the revenue from Kuwait operations is lower, revenue from outside Kuwait, that is, operations in Qatar and Bahrain, has shown good improvement. The share of revenue from outside Kuwait has improved to 34% from 20%, and Kuwait operations share in the total revenue has decreased to 66% from 80% in first half of 2020. The revenue from Kuwait operations was lower by 8% comparing with Q2 2020.

Moving to slide number 9, revenue contribution of each operational segment is presented in this slide. Port operations is a new segment reported in 2021, initially with a slow beginning, has contributed KD 970,000,



around 9% of total revenues. The equipment leasing revenue share has dropped to 60% of total revenues. It was 64% in 2020.

Revenue from heavy lift increased by 18%, while its contribution to total revenues is about 19% only. Historically, this share was about 30%. Oil field services, which started in 2020, is showing a steady increase, and its share of total revenues improved to 5%.

Slide number 10 is on the statement of Financial Position. Comparing the Financial Position as of 31 December 2020, there is no significant change in the position of assets and liabilities as of 30 June 2021. A few highlights are on property and equipment, KD 195,000 in addition in Q2 2021, and KD 1.4 million addition during first half of 2021. Current asset improvement is due to the increase in cash balance by KD 2.3 million.

Bank borrowings have been reduced by KD 1.4 million. CapEx credits of KD 8.6 million is mainly new CapEx for port operations that have been incurred during Q4 of 2020. Debt to equity ratio is 0.36% versus 0.39% as of 31 December 2020. Share capital has increased by KD 3.3 million to KD 25.3 million due the issuance of bonus shares in June 2021.

Moving on to slide number 11 on statement of income, revenue and net profit have been discussed in the previous slides. For the first half of 2021, EBITDA reached KD 5 million versus KD 3.21 million in Q1 2020. EPS is 1.36 fils per share for the current period, compared to the loss per share of 4.91 fils during H1 2020. EPS is adjusted after taking into account the bonus shares, and accordingly, the previous period EPS has been restated.

Slide number 13 on some company highlights with capacity utilisation. Revenue from cranes contributes around 62% of the total revenue. Utilisation of the cranes was around 40% during Q2 2021, as against 32% in the previous year's corresponding period. Utilisation for moving equipment, 32% in Q2 2021, compared to 36% Q2 2020. Boom trucks at 57%, as against 50% during previous year corresponding period. Forklifts dropped in utilisation by 4% over last year's comparative period. Man lifts show an increase of 8% in Q2 2021.

Slide number 14 is on capital expenditure. For the first half of 2021, CapEx impact was KD 1.4 million, mainly due to the new projects in Qatar, and this CapEx is based on the commitments made in the previous year. In terms of the equipment category, the majority has been spent on cranes. There is no commitment for additional CapEx during Q3 & Q4 2021.

That's all from my side, and now open to Q&A. Thank you all for joining. Over to Mr Haidar.

Mohamad Haidar Operator, please start the Q&A session.

Operator Thank you. As a reminder, if you'd like to ask a question, please use the chat box provided to the right of the slides. Nothing in the queue at present, but as a reminder, the chat box to the right of the slides to ask a question.

Mohamad Haidar Joseph, I have a question from my side, until we get questions from the audience. You said that the port operations started slow, but now we are seeing an increase in Q2. Where do you think revenues could reach from this segment?



Joseph Fernandes Port operations, which started beginning of this year, is very slow, because we have a shortage in manpower. It's only a portion of the work we could do. There are two big ports in Kuwait where we are qualified to work in, Shuaiba Port and Shuwaikh Port. Because of the shortage of the manpower, we are unable to do any of the jobs in Shuwaikh Port, our jobs are currently only limited to Shuaiba Port.

Port requires manpower, with partial manpower, we can't handle a vessel. As handling vessels require jobs to be done in short periods of time, demanding a significant amount of manpower. And with manpower shortages that we have, we are unable to develop the business to its potential. Thank you.

Mohamad Haidar Thank you, Joseph. We have a question. How should we see utilisation rates in H2 2021?

Joseph Fernandes It is a tricky question for the reason, as long as COVID-19 restrictive measures continue, we are almost flat. Only when relaxation comes, then we can commit any improvement possible, but all of the uncertainties may not be to change this.

Mohamad Haidar Do you think recovery is going to be fast after restrictions are lifted?

Joseph Fernandes As COVID-19 measures, restrictions are discontinued, or eased, and we are able to bring more manpower, there will be a recovery.

Mohamad Haidar We have a question. Are the restrictions only related to manpower?

Joseph Fernandes For us, manpower is one of the main constraints, because a lot of our manpower expats were stranded outside. We are unable to bring them. From the local market, manpower availability is also very scarce, especially related to our business. In addition to restrictions on manpower, there are some other restrictions, because of limitation and timing. Our other projects, they equally have limitations from their side as well, so their activities are also not going in full swing. These are all compounding factors.

Mohamad Haidar Are you also facing the same issue in Qatar, when it comes to manpower?

Joseph Fernandes Qatar, the situation now has eased a bit. They made it easier by having quarantine around 14 days, they can come back. They have also allowed the issuance of visas with certain restrictions. Again, those who are coming from southeast Asian countries, again, quarantine is there. But the situation is much better than Kuwait.

Mohamad Haidar Thank you.

Operator Nothing further in the queue at present.

Mohamad Haidar Joseph, if our viewers don't have any other questions, I would like to thank everyone for joining today. Joseph and Vinayak, thank you for your time today. We hope to see everyone again next quarter.

Joseph Fernandes Thank you Haidar, thank you all.



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Analyst Conference

Q2 2021 Results

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IHC Overview

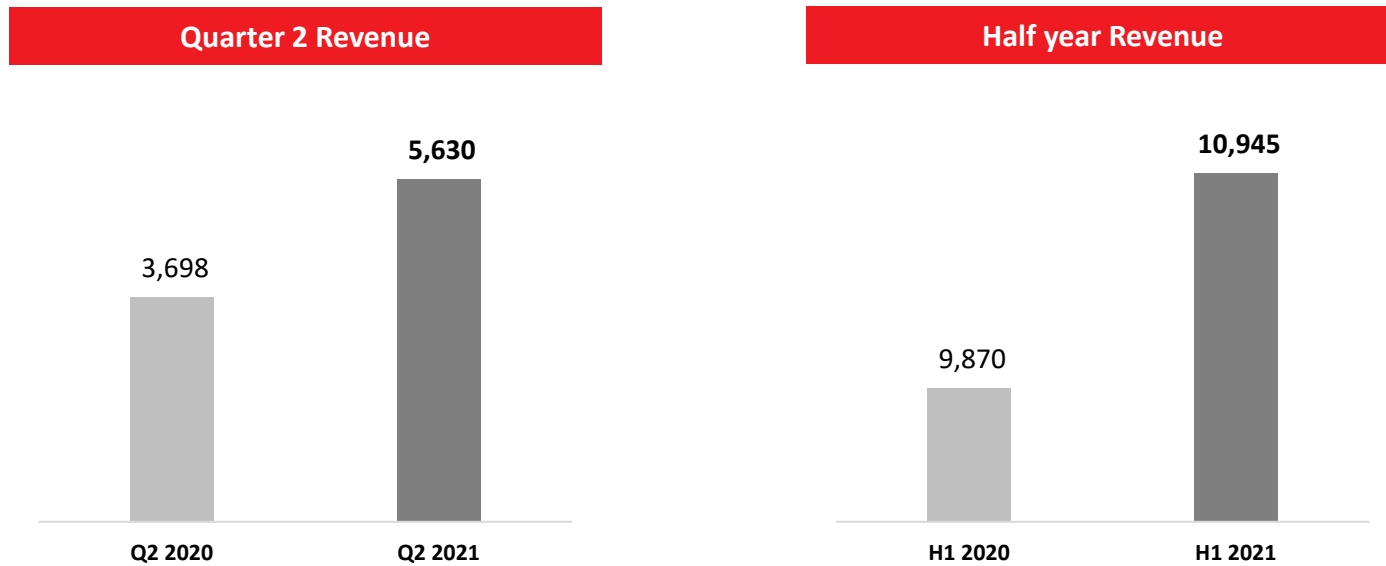
Q2 2021 performance is in similar line with that of Q1 2021. As the restrictive measures to curb the spread of the corona virus continues, the company is unable to increase the business activities in the second quarter. However, there is a small increase in the net profit of the Company in the second quarter. Net profit for the first half of 2021 is KD 345K.

Port operations in Kuwait, a new segment of business in 2021, and Oil field services have shown growth during Q2 2021. However, due to the shortage of manpower because of the travel restrictions, we were unable to tap the potential business. There is no improvement in the equipment rental business as the project related activities are stagnant.

Though there is a noteworthy improvement in the revenue and profit in Q2 2021 comparing with the Q2 2020, the comparison with the previous year corresponding period may not be appropriate since COVID 19 impact in the previous year Q2 was at its peak.

Financial Highlights

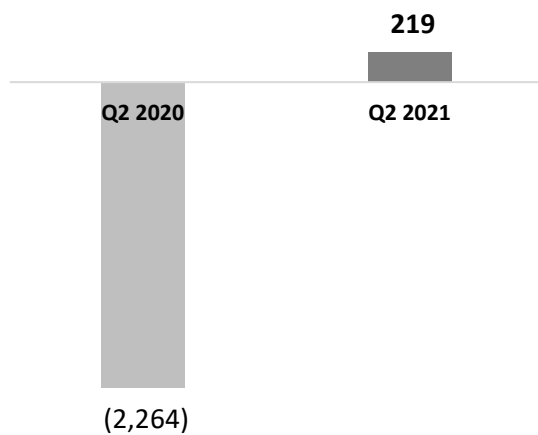
- Revenues shown a growth of 52.2 % YoY in Q2 2021 and by 10.9 % YoY during H1 2021.



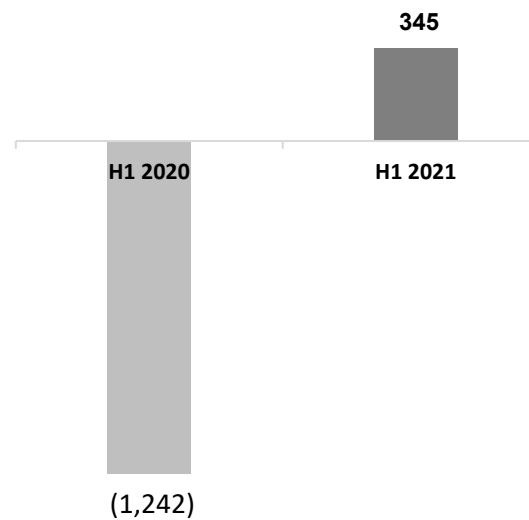
Note: Figures in KWD thousands

- Net Profit increased 109.8 % YoY in Q2 2021 and 127.8 % for the H1 2021.

Quarter 2 Net Profit

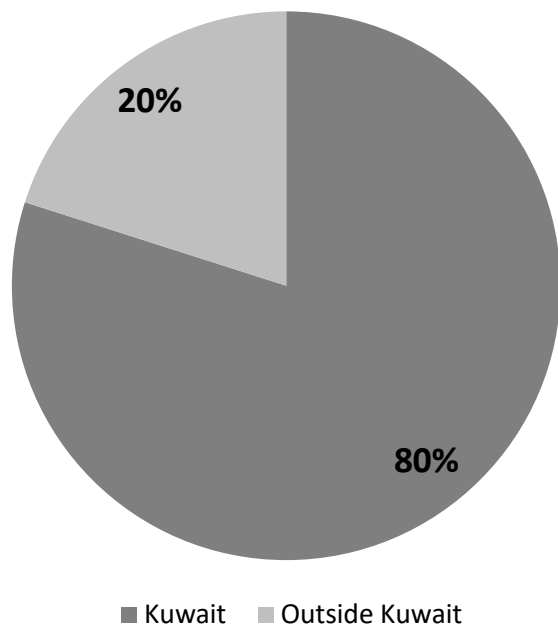


Half year Net Profit

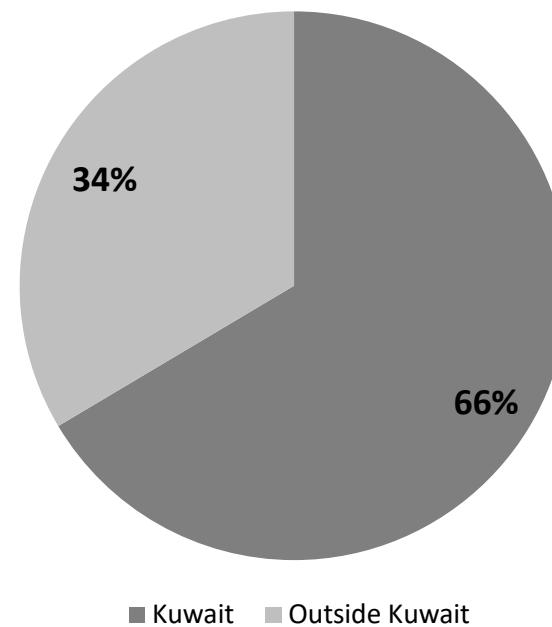


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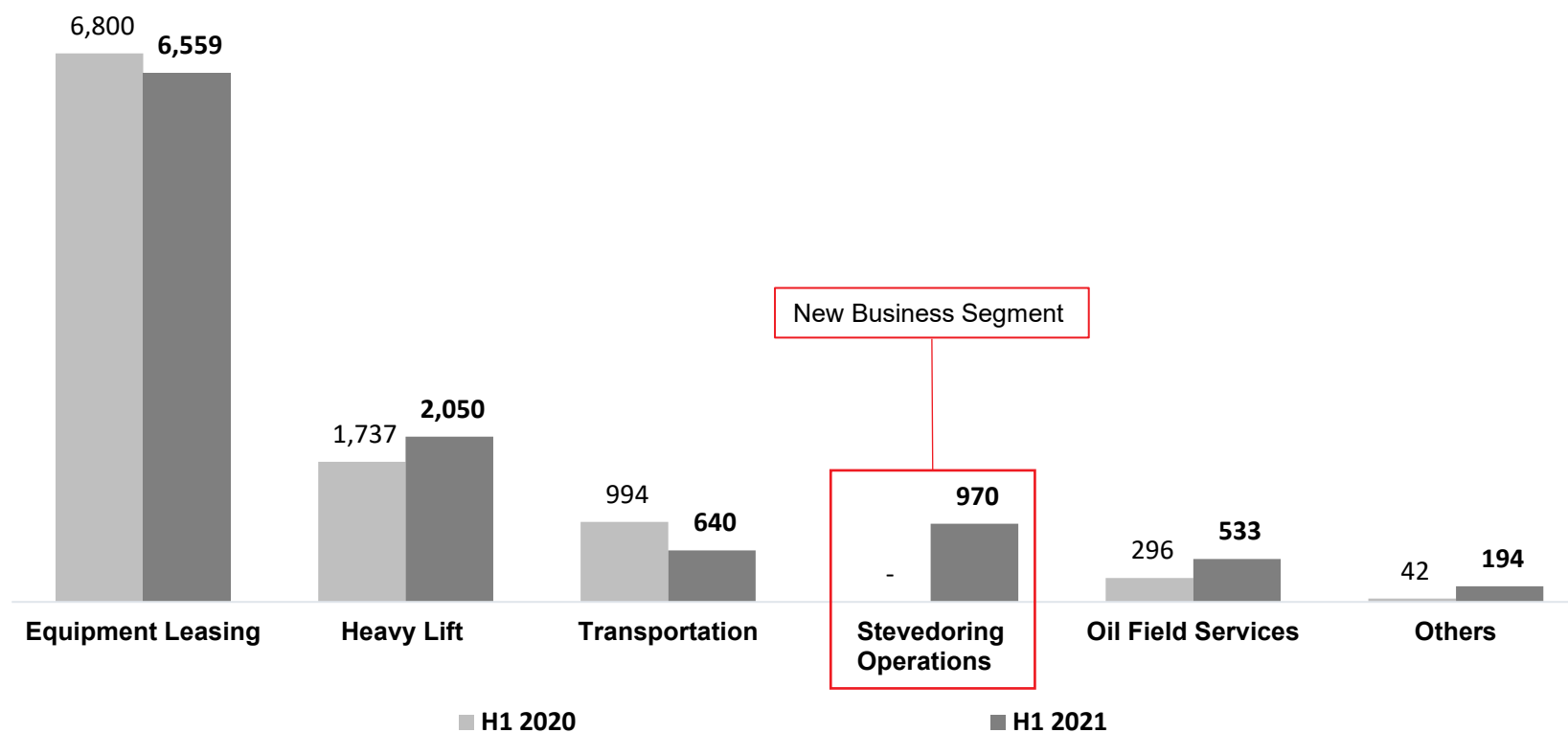
H1 2020



H1 2021



Revenue Contribution by Operational Segment



Note: Figures in KWD thousands

Financial Position

	H1 2021	H1 2020	Change (%)
Current Assets	17,287	16,326	5.9
Property & Equipment	79,209	76,610	3.4
Right-of-use Assets	610	674	(9.5)
Intangible Assets	827	828	(0.1)
Deferred Tax Asset	193	-	-
Total Assets	98,126	94,438	3.9
Borrowings	21,797	22,361	(2.5)
Capex Creditors	8,594	3,705	132.0
Trade & Other Liabilities	6,550	6,834	(4.2)
Lease Liabilities	701	741	(5.4)
Shareholders' Equity	60,484	60,797	(0.5)
Total Equity & Liabilities	98,126	94,438	3.9

Note: Figures in KWD Thousands

Statement of Income

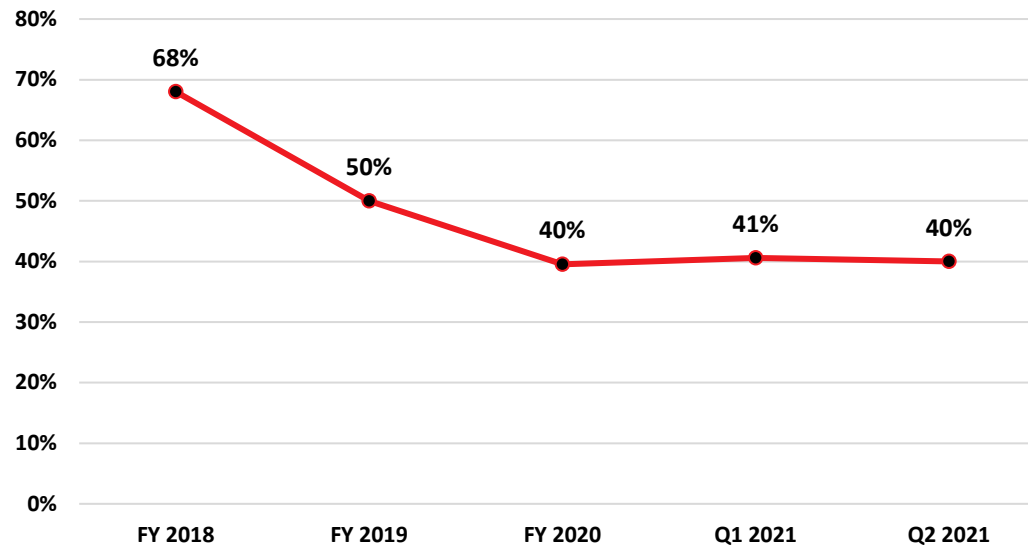
	Quarter 2			Half year		
	2021	2020	Change %	2021	2020	Change %
Revenue	5,630	3,698	52.2	10,945	9,870	10.9
EBITDA	2,789	265	952.5	4,987	3,113	60.2
Depreciation	(2,295)	(1,999)	(14.8)	(4,430)	(4,028)	(10.0)
Finance Costs	(150)	(166)	9.6	(309)	(328)	5.8
Net Profit / (Loss)	219	(2,264)	109.7	345	(1,242)	127.8
Earnings / (Loss) Per Share (fils)	0.87	(8.95)	109.7	1.36	(4.91)	127.7

Note: Figures in KWD Thousands

Company Highlights

- Cranes, which contributes to the Revenue around 62%, has shown marginal decline in utilization during the second quarter of 2021.

Crane Utilization



- During the first half of year 2021, the company has incurred an amount of KD 1.4 Million in the nature of Capital Expenditure based on the commitments made earlier, to be used for expected new projects and for new contracts.

	Kuwait	Qatar	Total
Capital Expenditure	234	1,180	1,414

Note: Figures in KWD Thousands

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