



KUWAIT : 19/5/2024

الكويت في: 2024/5/19

To: Boursa Kuwait Company

السادة / شركة بورصة الكويت المحترمين،،،

تحية طيبة وبعد ،،،

**Subject: Analyst / investors**  
**Conference Transcript for Q1-2024**

**الموضوع : محضر مؤتمر المحللين / المستثمرين**  
**للقرب الأول من عام 2024**

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 (Q1/2024) was held through a Live Webcast on Wednesday: 15/5/2024 at 2:00 pm local time.

بالإشارة الى الموضوع أعلاه ، وعملاً بقواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018 نحيطكم علماً بأن مؤتمر المحللين / المستثمرين للربع الأول من عام 2024 قد انعقد في يوم الأربعاء الموافق 2024/5/15 في تمام الساعة الثانية ظهراً وفق التوقيت المحلي عن طريق البث المباشر علي الانترنت (webcast).

Please refer to the attachment for the minutes of the Conference (Q1/2024).

مرفق طيه محضر المحللين / المستثمرين للربع الأول لعام 2024 .

Yours sincerely,

وتفضلوا بقبول وافر الاحترام ،،،

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

**Mahmoud Ahmed Abdelhamid**  
**BOD Secretary**

**محمود أحمد عبد الحميد**  
**أمين سر مجلس الإدارة**



## **Analyst / Investors Conference Transcript Q1 2024**

**Mohammad Haidar :** Hello everyone and welcome to the Integrated Holding Company First Quarter of 2024 earnings call. This is Mohammad Haidar from Arqaam Capital, and we are joined today by Mr. Joseph Fernands- group financial controller and Mr. Mouath Al Rayyes, head of investor relations. If you have any questions, please type it in the chat box and send it to Arqaam Capital. Over to you Joseph.

**Joseph Fernands :** Thank you, good afternoon and greetings to all the participants in this analyst call for the Q1 2024.

The performance for Q1 2024 shows continuity in the steady growth of the company's revenues and net profit on a quarter-to-quarter basis. Compared with Q1 2023, during Q1 2024 revenues increased by 15% and net profit increased by 48% with operational profitability increasing 56%. There is a noteworthy progress in increasing the presence in the KSA market which contributed 13% of the total revenue in Q1 2024. Efforts are continuing to increase the volume of the business the KSA market. There is a positive trend in utilization of equipment – utilization rate - however revenue rates for equipment rental are still at historical levels, which is one of the factors affecting our higher growth targets.

Now for highlights on financial performance. In Q1 2024, revenues demonstrated a growth rate of 15% compared to the revenues in Q1 2023. Our presence in the KSA market contributed to the increase in revenue. Net profit for Q1 2024 is KD 1.417m, which is an increase of 48% compared to KD 0.96 net profit in Q1 2023. The operating profit also increased by 56% during Q1 2024.

As for revenue composition by geography, there is a shift in revenue composition by geography. The KSA region increased its share of revenue to 13% of the total revenue as against 3% in Q1 2023. This helped to overcome the shortfall in share of revenue in the Kuwait segment which has dropped to 46% from that of 68% in Q1 2023. Revenue share from Qatar region also increased to 41% from that of 29% in Q1 2023.

Revenue contribution of each operational segment is presented in this slide. Equipment leasing and heavy lift together contribute about 77% of the total revenue, it was 71% in Q1 2023 and increased by 25% the Q1 2023 revenue. Due to the lower volume of import cargo, port stevedoring revenues decreased to KD 1.5m from KD 1.7m in Q1 2023, and its share in total revenue also dropped to 18% from that of 23% in Q1 2023. Oil field services contributed 3.2% of total revenue and shown a growth of 29% over Q1 2023.

Moving on to the Statement of Financial Position. The company continuously maintains a good financial position. Current assets increased by 14% due to the increase in receivables and bank balances. The property and equipment increased by 13% reflecting the capital expenditure during 2023 and Q1 2024. Net borrowing in Q1 2024 is KD 1.9m, mainly for the capital expenditure of KD 3.2m during Q1 2024. Due to the increase in total borrowing, debt-to-equity ratio increased to 0.53x vs. 0.51x as of 31 December 2023.

Moving on to the Statement of Income, revenues and net profit have been discussed earlier. The increase in operating profit contributed for an EBITDA of KD 4.7m, which is higher by 31% compared to Q1 2023. EBITDA margin increased to 54% as compared to 47% in Q1 2023.

There is a steady growth in equipment utilization. Cranes contribute around 70% of total revenue, and the utilization rates of the cranes during Q1 2024 increased to 56% from that of 53% in the year 2023.

Capital expenditures is in a continuous process and will continue until Q2 2025. During Q1 2024, a total capital expenditure of KD 3.2m was incurred, 91% of it for the acquisition of cranes, of which KD 1.9m was for Qatar region and KD 1.2m for KSA region. Planned capital expenditure for the year 2024 is KD 17m.

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



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

**Mohammad Haidar** :Kuwait segment continues to face challenges. Has there been any change in the business environment in Kuwait?

**Joseph Fernands** :The same as last year. We anticipate a positive trend, but we don't know when it will be.

**Mohammad Haidar** :How much Capex will be spent in the remainder of the investment program in 2025.

**Joseph Fernands** : Current year Capex is targeted at KD 17m, and some spillover will be there during 2025 also. There will be an additional KD 5m until Q2 2025.

**Mohammad Haidar** : What is the outlook on the expansion of the port business?

**Joseph Fernands** : We don't expect any expansions, as we previously disclosed we are trying to maintain it and the growth level will be the same as the previous year.

**Mohammad Haidar** : What is the utilization of your cranes in Qatar?

**Joseph Fernands** : Qatar utilization is about 60%.

**Mohammad Haidar** : What is the outlook on utilization rates for the rest of the year?

**Joseph Fernands** :We are targeting to cross over 60%.

**Mohammad Haidar** : Can you give us an update on conditions in Qatar? Number of large cranes deployed, smaller vehicles, bidding pipeline, anything you can tell us about on Qatar.

**Joseph Fernands** :Qatar market has many new project, and it is very promising. Many small competitors are also there, but we have our own guaranteed share. We are expecting competition, but we are comfortable to consolidate our share. The market is steady, and atilization and demand will continue until 2030.

**Mohammad Haidar** :What are the main projects in KSA and Qatar driving revenues?

**Joseph Fernands** :In Qatar, LNG projects and renewable energy and petrochemical projects are there. In KSA, there are the Megaprojects. Not only in oil and gas, but in many fields and regions, details are available in the public domain.

**Mohammad Haidar** :What is the breakeven utilization level? Management stated that while utilization levels have increased, realization remains at historic levels. Is there room for realization to increase?

**Joseph Fernands** : For our type of business, breakeven point is around 40% utilization, but of course it depends on the mix of equipment and operating costs of each project, but it is around 40%. We expect, if not in 2024, the rate will increase by 2025. Our expectations for the increase in the rates is during Q4 2024.

**Mohammad Haidar** : A general update please on KSA. Number of cranes deployed, amount of workforce, smaller vehicles, bidding pipeline if you can shed some light on that country please.

**Joseph Fernands** : We have made a good progress in KSA, but there are a lot of challenges. Getting qualification for example. Number of cranes is already above 100 units, and we may add this year another 40-50 more units. There is availability in projects, but we are very selective in selection of clients based on comfortability of recovering our



receivables. Business prospects are very good in KSA, only the operating costs are higher, and unless we manage it well, it can affect our operating margin.

**Mohammad Haidar :** In which region are you currently operating in KSA?

**Joseph Fernands :** We are mostly in the Eastern region. Also we have spread into the Western region near Neom and Yanbu side, and looking into the Riyadh region as well. We have to see the cost of operating and number of equipment. We target larger projects to have economies of scale.

**Mohammad Haidar :** Are you facing any challenges in securing the workforce in KSA?

**Joseph Fernands :** We have overcome some challenges, and we are now consolidating our position in that direction.

**Mohammad Haidar :** Can you please provide a breakdown of net profit from Qatar and Kuwait?

**Joseph Fernands :** It is given in the segment information in the financials which we shared.

**Mohammad Haidar :** What is main driver of utilization growth overall? Is it driven by KSA or Qatar?

**Joseph Fernands :** Both KSA as well as Qatar. They are the driving forces in the increase in our utilization.

**Mohammad Haidar :** Why is the company making Capex when current capacity utilization isn't reaching peak levels?

**Joseph Fernands :** We balance our future demand and utilization. We expect good business orders, and there are lead times to get new equipment, sometimes deliveries take up to 2 or 3 years. So to get ourselves ready, we spend Capex, and we expect good growth in the coming years.

**Mohammad Haidar :** Can you please provide some outlook on KSA? When will you deploy your old cranes in KSA which were bought from Kuwait. In previous conversation, the understanding was deployment of old cranes in KSA rather than new Capex. So now you are mobilizing equipment from Kuwait, and ordering new cranes for KSA?

**Joseph Fernands :** Initially we targeted to mobilize our inventory available in Kuwait to achieve better utilization. This is being done, and we are still moving other idle equipment either Kuwait or Qatar based on project requirements, and adding our new equipment also to KSA.

**Mohammad Haidar :** After Q2 2025, what will be the steady state Capex that you target to spend?

**Joseph Fernands :** It will be the within the same level of Q1 2024 .

**Mohammad Haidar :** Has there been any transfers of cranes from Qatar to KSA?

**Joseph Fernands :** We do transfer based on the requirements and rates available. If they are attractive in KSA, and there is a long term projects, we do transfer.

**Mohammad Haidar :** Did you get the approvals to work directly with Aramco and the government? If not, when do you expect it?

**Joseph Fernands :** Approval for Aramco is in the qualification stage, but we work as a subcontractor to the contractor working with Aramco, and our equipment and manpower are approved separately. As a company, it might take more time to be able to work directly with Aramco.



**Mohammad Haidar :**Given the recent developments in Kuwait, what does the management believe the operating management will be like?

**Joseph Fernands :**We can't comment much on this.

**Mohammad Haidar :**What is the average contract duration in KSA?

**Joseph Fernands :**We have retail contracts and long-term contracts. Average duration is 6 months to 1 year as per current agreements with costumers.

**Mohammad Haidar :**If we want to rank the countries Kuwait, Qatar, and KSA which one gives higher rates and margins?

**Joseph Fernands :**KSA gives higher revenue rates, with operational costs it becomes at par with Kuwait and Qatar. Qatar rates were higher but due to competition, they were saturated. When we consider net operation, we consider them at par.

**Mohammad Haidar :**Can you please tell us how many long-term contracts are in Kuwait, Qatar, and KSA? And the size of contracts?

**Joseph Fernands :**We have multiple contracts. Long term contracts in Qatar, we have with Qatar Gas, Qatar Petroleum, and Qatar Shell. In Kuwait we have long-term contracts with KOC, KNPC and multiple EPC contractors. In KSA, we work as subcontractors to the EPC contractor.

**Mohammad Haidar :**What percentage of costs are fixed vs. variable? And what are the main cost components?

**Joseph Fernands :** In our type of business, main cost components are depreciation, manpower, and equipment maintenance costs. That will drag down 40-55% altogether.

**Mohammad Haidar :**How do you plan to fund the Capex? And what is the target debt-to-equity ratio?

**Joseph Fernands :**By way of debt, and some portion from internal generation. Approximately 15-20% will come from internal generation and 75-80% will come from borrowing.

**Mohammad Haidar :**What is the quarterly run rate of general and administrative expenses that you expect going forward.

**Joseph Fernands :**Will be in the same range as Q1 2024. No increase except if we are required to get provision for doubtful debt under IFRS 9. We don't foresee big amounts for any such provisions.

**Mohammad Haidar :**When it comes to borrowings, it is from Kuwaiti banks or from respective countries.

**Joseph Fernands :**Currently borrowings are from Kuwaiti banks, since its cost are comparatively lower. We are also planning to borrow from the European market when Euro rates go down.

**Mohammad Haidar :**What would be the ratio of long-term contracts compared to short-term contracts in your backlog?

**Joseph Fernands :**Long term contracts are between 15-20%, generally. Remaining are retail or EPC subcontracts.

**Mohammad Haidar :**Have you done any study for the provisioning required by IFRS 9?



**Joseph Fernands** :The majority of the required provisions were provided during the previous year. During this year, those will be at minimal. And we expect to collect some of the previous year's provisions.

**Mohammad Haidar** :That's it from our side. We don't have any questions. Thank you for your time today, we look forward to having you in the next quarter. Thank you everyone for joining.

**Joseph Fernands** :Thank you everyone.



**Integrated Holding Co. KSCP**  
Analyst Conference  
Q1 2024 Results

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## IHC Overview

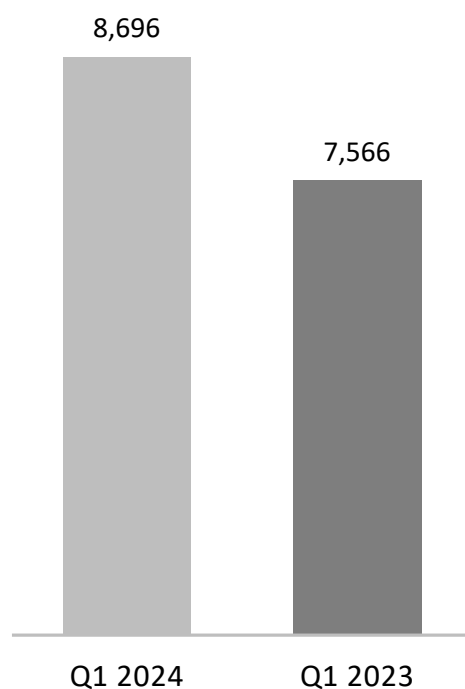
- The performance for Q1 2024 has shown a continuity in the steady growth of the company's revenue and net profit quarter to quarter basis. Compared with Q1 2023 during Q1 2024, the revenue increased by 15% , the net profit increased by 48% with operational profitability increase of 56%.
- There is a good progress in increasing the presence in KSA market which contributed 13% of the total revenue in Q1 2024. Efforts are continuing to consolidate the volume of the business in KSA market.
- There is a positive trend in the Equipment utilization rate. However, revenue rates for equipment rental are still at a historical level, which is one of the factors affecting our higher growth targets.

## Financial Highlights

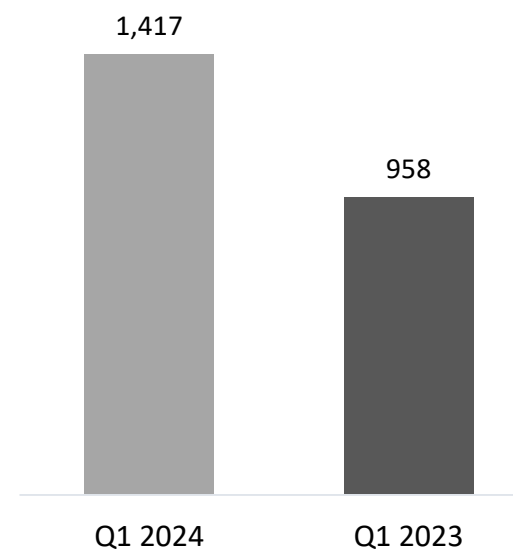
## Revenue & Net Profit

- In Q1 2024, the company's revenues demonstrated a growth rate of 14.9% compared to the revenues in Q1 2023.
- Net profit for the Q1 2024 is KD 1.417 which is an increase 48% compared to KD 0.96 million net profit in Q1 2023.

Q1 2024 Revenue



Q1 2024 Net Profit

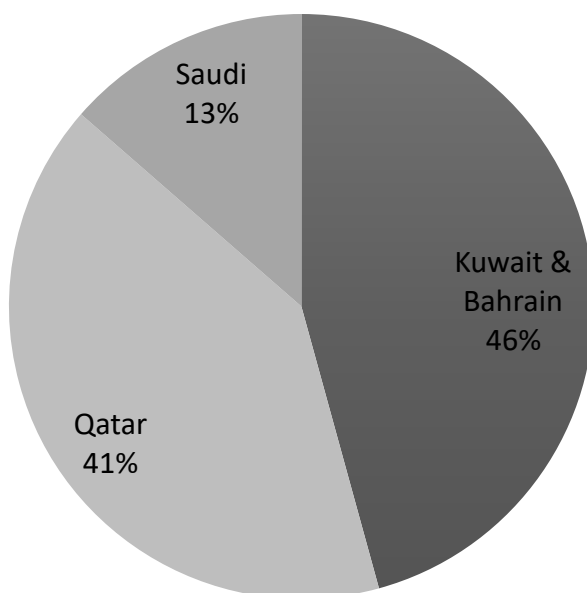


Note: Figures in KWD thousands

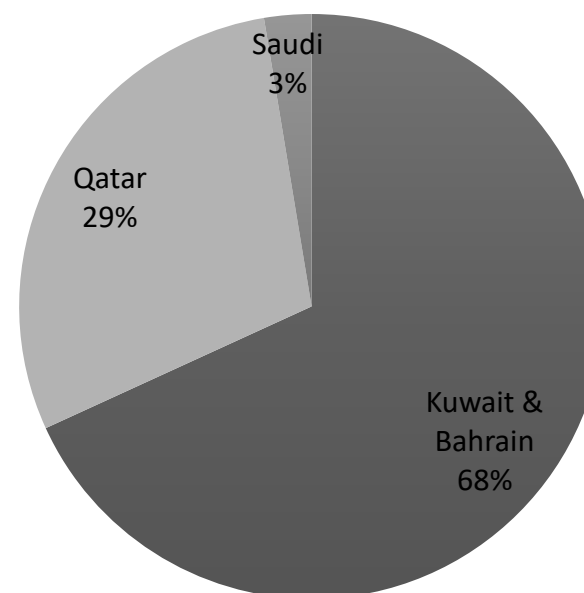
## Revenue by Geography

- KSA region started contributing significant revenue, 13% of the total revenue as against 3% in Q1 2024. This helped to overcome the shortfall in the share of revenue in Kuwait segment which has dropped to 46% from that of 68% in Q1 2023.. Revenue share from Qatar region also increased to 41% from that of 29% in the Q1 2023.

Q1 2024

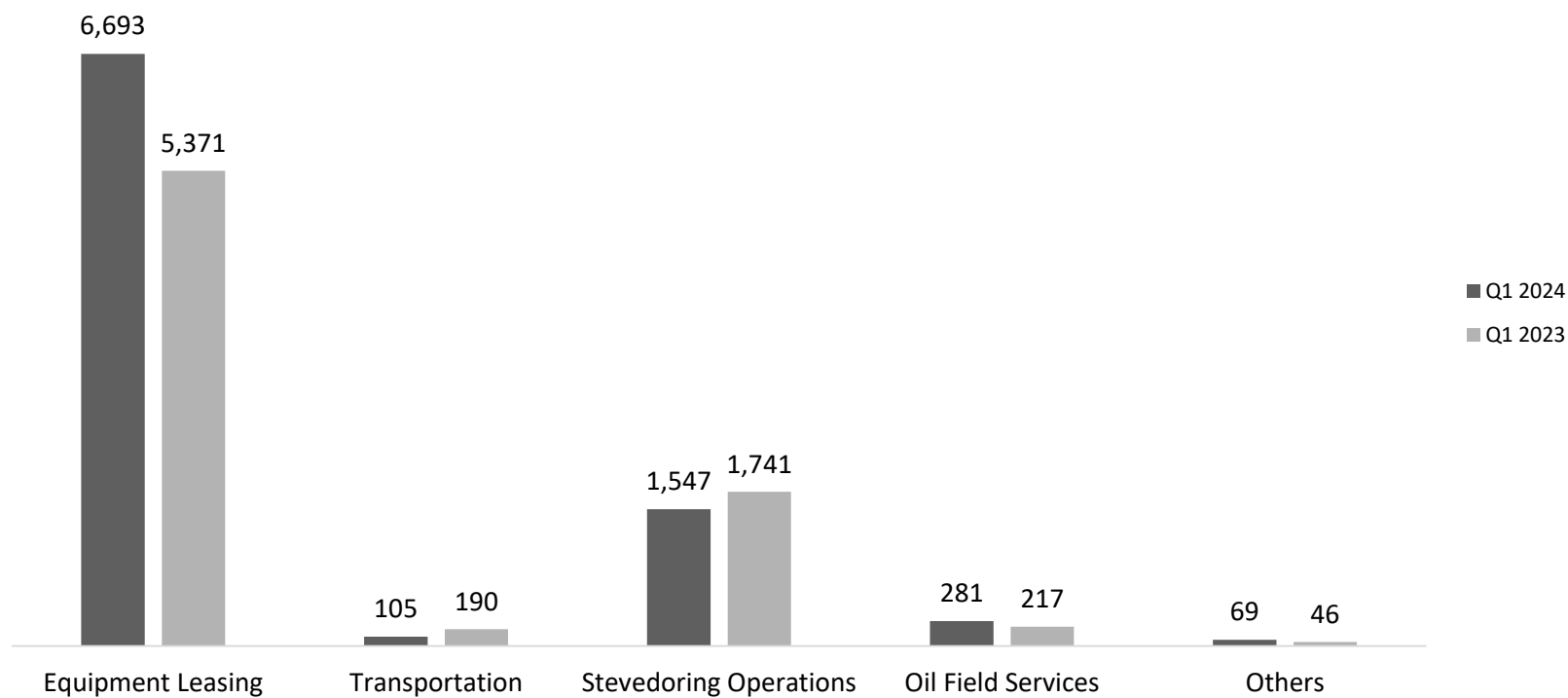


Q1 2023



## Revenue by Segment

### Revenue Contribution by Operational Segment



Note: Figures in KWD thousands

## Financial Highlights

### Financial Position

	Q1 2023	Q1 2023	Change (%)
Current Assets	21,133	18,533	14%
Property & Equipment	83,293	73,714	13%
Right-of-use Assets	496	527	(5.9%)
Intangible Assets	712	712	
Deferred Tax Asset	294	264	11.4%
<b>Total Assets</b>	<b>105,928</b>	<b>93,750</b>	<b>13%</b>
Borrowings	34,299	23,149	48.2%
Trade & Other Liabilities	6,532	4,297	52%
Lease Liabilities	663	646	2.6%
Shareholders' Equity	64,434	63,621	1.3%
<b>Total Equity &amp; Liabilities</b>	<b>105,928</b>	<b>93,750</b>	<b>13%</b>

Note: Figures in KWD Thousands

## Statement of Income

	1 <sup>st</sup> Quarter			Full Year
	2024	2023	Change %	2023
<b>Revenue</b>	8,696	7,566	14.9%	31,458
<b>EBITDA</b>	4,676	3,564	31.2%	15,192
<b>Depreciation</b>	(2,654)	(2,253)	17.8%	(9,641)
<b>Finance Costs</b>	(450)	(260)	73%	(1,451)
<b>Net Profit / (Loss)</b>	1,417	958	47.9%	4,101
<b>Earnings Per Share (Fils)</b>	5.6	3.8	47.9%	16.21

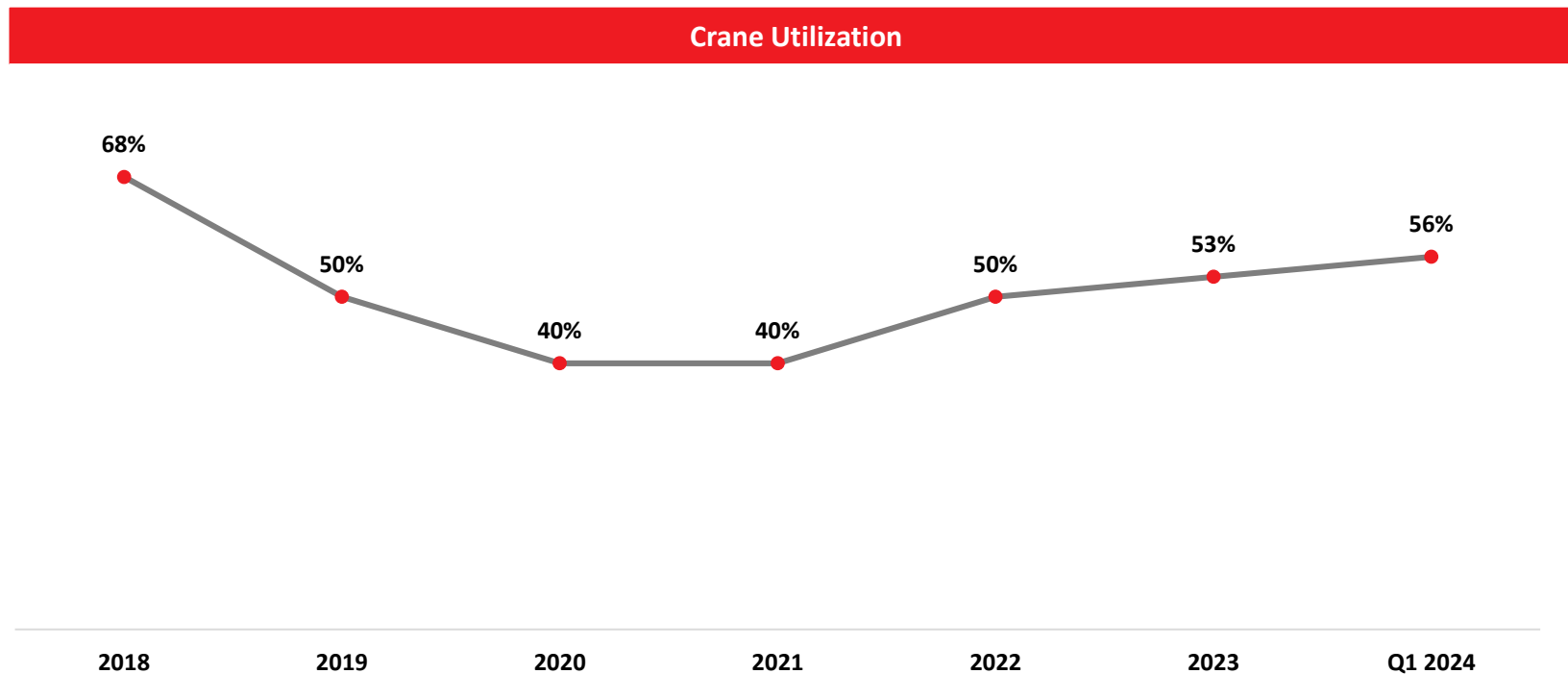
Note: Figures in KWD Thousands



## Company Highlights

## Equipment Utilization - Cranes

- There is a steady growth in the utilization of the equipment. The utilisation rate of the cranes during Q 1 2024 increased to 56% from that of 53% in 2023.



- The capex spending is a continuous process which will continue until Q2 2025. During Q1 2024, a total capital expenditure of KD 3.2 million was incurred mainly for the acquisition of Cranes, of which KD 1.9 million is for Qatar region and KD 1.2 million capex is for KSA region.
- Planned capital expenditure during 2024 is KD 17 million.

Note: Figures in KWD Thousands

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