



KUWAIT : 18/8/2024

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To: Boursa Kuwait Company

السادة / شركة بورصة الكويت المحترمين،،،

تحية طيبة وبعد ،،،

Subject: Analyst / investors
Conference Transcript for Q2-2024

الموضوع : محضر مؤتمر المحللين / المستثمرين
للربع الثاني 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 (Q2/2024) was held through a Live Webcast on Thursday: 15/8/2024 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 الثاني من عام 2024 قد انعقد في يوم الخميس الموافق 2024/8/15 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 (Q2/2024).

مرفق طيه محضر المحللين / المستثمرين للربع الثاني لعام 2024 .

Yours sincerely,

وتفضلوا بقبول وافر الاحترام ،،،


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



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Analyst / Investors Conference Transcript Q2 2024

Mohammad Haidar : Hello everyone and welcome to the Integrated Holding Company Second Quarter and First Half of 2024 earnings call. This is Mohammad Haidar from Arqaam Capital, and we are joined today by Mr. Joseph Fernands-group CFO and Mr. Muath Al Rayes, vice CEO. 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, Greetings from Integrated Holding Co. to all the participants in this analyst call for the second quarter of year 2024.

The first half of 2024 has shown steady revenue growth of 12% and impressive net profit growth of 45% as compared to the corresponding figures of the first half of 2023.

The momentum of steady growth in the performance was slowed down in Q2 2024. The Q2 2024 revenues were lower by 3% and the operating profit was also lower by 14% as compared to Q1 2024 revenues and operating profit. Summer season, lower number of working days in Q2 2024 due to festive holidays in April and June 2024 are the main factors affecting revenue and operating profit.

While the project related activities in Qatar and KSA have been showing steady increase, similar activities in the Kuwait are still at low level without any clear indication of the implementation of new projects. The revenue rates are still at historical level and we expect change in this trend upwards from Q4 2024.

During Q2 2024, a cash dividend of 20 fils per share has been distributed to the shareholders.

Next slides are on highlights of the financial performance. There is a steady growth in the total revenues. For the first 6 months of 2024, revenues increased by 12.4% while Q2 2024 revenues increased by 9.8% compared to Q2 2023.

Net profit for the first half of 2024 increased by 45.4% compared to the net profit of H1 2023. Net profit of Q2 2024 increased by 43% compared to Q2 2023. The operating profit also increased by 48% during H1 2024 as compared to H1 2023.

As for revenue contribution by geography, the KSA region increased its share of revenues by contributing 14% of total revenues against 4% in H1 2023. This increase helped compensate part of the shortfall in the revenue contributions from Kuwait and Bahrain regions, which is lower by 17% of the total revenue. Revenue share from Qatar region increased by 7% to 41% during H1 2024.

Revenue contribution of each operational segment is presented in slide number 9. Equipment leasing contributed around 76% of total revenue, it was 69% in H1 2023. Due to lower volume of import cargo, port stevedoring revenue decreased by 3.5% in H1 2024 and its share of total revenue dropped to 19% from that of 22% in H1 2023. Oil field services is almost steady as compared to H1 2023, and it contributes 3% to the total revenue.

Moving on to the Statement of Financial Position. The company continuously maintains a good financial position. Current assets increased by 6.8% due to the increase in the receivables. The increase of 6.8% in the property and equipment is in line with the additional capital expenditures during the period. Increase in bank borrowings by KD 3.5m as compared to 31 December 2023 supports capital expenditure of KD 4.3m during H1 2024. Due to the increase in total borrowings, Debt-to-Equity ratio increased to 0.59 vs 0.51 as of 31 Dec 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 9.4m, which is higher by 28% compared to H1 2023. EBITDA margin increased to 55% as compared to 48% in H1 2023.

There is a temporary setback in equipment utilization ratios. Utilization of equipment, particularly cranes, which accounts for 69% of total revenue moved downwards by 1% to 55% during Q2 2024.

In line with our plan of Capital expenditure to upgrade equipment with new and varied capacities to accommodate new projects, we invested a total of KD 4.3 million as capital expenditures during the first half of 2024. A significant portion, specifically 71% of this expenditure was directed toward projects in Qatar. Approximately 92% of the capital expenditure was towards the procurement of cranes.



Capital Expenditure projections indicate an additional capital outlay of approximately KD 9 million for the second half of 2024, lower by KD 3 million in total capital expenditures than our Q1 2024 projections due to the delay in the supplies. 70% of the projected capital expenditure will be through borrowed funds.

That is all from my side, and we welcome any questions or clarifications required on this presentation. 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 : How are the utilization levels of cranes in KSA? What about Qatar and Kuwait as well?

Joseph Fernands : Utilization of cranes in KSA is slowly picking up. We don't have exact percentages. When comparing with Q1 2024, in Q2 2024 we have around 3% increase of utilization in KSA. In Qatar, utilization of the equipment is in-line with Q1 2024. There is a small drop in the utilization of cranes in Kuwait.

Mohammad Haidar : What was the profit growth from international operations in Q2?

Joseph Fernands : Specifically, KSA contributed more, while Kuwait was a little lower, and Qatar was steady. That was one of the reasons operating profit was lower during Q2 2024 compared to Q1 2024.

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 that of the previous year.

Mohammad Haidar : Can you please shed some light on the deceleration of utilization rates? And do you expect the 60% to be achieved by year-end as per your guidance?

Joseph Fernands : Utilization of equipment, specifically cranes will be picking up from Q4 2024, and KSA utilization will also pick up same time, from Q3 2024 onwards it will pick up, but we are optimistic it is from Q4 2024. And by the year-end, we are optimistic we will cross 60% utilization.

Mohammad Haidar : We have a question on Debt. We have around KD 36m in debt now, with further increases in H2 due to the Capex. Do you have any targets or limits in mind for the total debt?

Joseph Fernands : We have planned Capex for H2 2024 of approximately KD 9m, and for H1 2025 also it might be KD 7m to KD 8m, and around 70% of Capex will be from borrowings. So there will be likely an increase in borrowings by this year-end by another KD 6m.

Mohammad Haidar : Do you have any target debt level or target leverage ratio?

Joseph Fernands : Our target debt-to-equity ratio is around 0.65x for this year. It will go a little bit higher in Q1 or Q2 2025, after that it will start to slowly easing down. And we are aiming for a target debt-to-equity ratio of 0.5x for 2026.

Mohammad Haidar : Can you describe how accounts payables will evolve in the coming years alongside your Capex plan?

Joseph Fernands : In our Capex plan the capital expenditure portion in accounts payable is not a significant and the current account payables does not include any Capex capital expenditures at this moment and it is purely working capital related.



Mohammad Haidar : A question on revenue rates, are you still seeing pressure in pricing in Qatar? And when do you expect revenue per crane to come back to historical levels, if ever?

Joseph Fernands : Revenue rate pressure continues. As per our market information from Q4 2024 there is a good chances for an upward trend in revenues, specifically in Qatar.

Mohammad Haidar : Which regions in KSA are you present in now? Do you have plans to go to other regions?

Joseph Fernands : We are mostly in the Eastern region. We also selectively take projects in the Western region, Neom, and Riyadh where there are specific projects that require heavy lift cranes to be moved there. For most of our works, we are in Eastern region, our facilities are in Dammam and it is easier to operate in that region.

Mohammad Haidar : The growth rates in Qatar appear to be leveling off in recent quarters. Is there a potential for better utilization towards the end of the year?

Joseph Fernands : At the time being it is steady. We expect further jump from Q4 2024 onwards.

Mohammad Haidar : Also on Qatar, are the current conditions in Qatar only due to the North field expansion project? What is the status of the projects, and when will it start winding down?

Joseph Fernands : Besides the North field expansion project, there are a lot of other projects taking place like petrochemical projects and renewable energy projects. After the North field expansion they are increasing the capacity of LNG and that will also come up in 2026. There is another expansion coming up as Qatar has a target to achieve 142m tonnes per annum by 2030. So there are a lot of supporting projects in Qatar coming up. Besides, there is some news on entertainment City project, which is USD 35bn that we expect it will start by 2025. Another projects on metro line expansion and railway lines. These projects are also expected in Qatar.

Mohammad Haidar : Moving to Kuwait. How is the market outlook for Kuwait. Do you think next year will be better in terms of demand?

Joseph Fernands : The market is steady. We don't expect more during this year. For next year, unless new projects come up, we are not optimistic to view any upward figures.

Mohammad Haidar : Also on Kuwait, do you have any visibility on the construction of new energy facilities, and the date for the tenders when these large projects will be awarded?

Joseph Fernands : We have news on new projects but tenders have not been announced yet.

Mohammad Haidar : A question on the stevedoring revenues. Are they expected to increase in H2 2024 and in 2025?

Joseph Fernands : Stevedoring revenues are steady, and there is likelihood of an increase in H2 2024 as compared to H1 2024. We are expecting it can go up by 5%. But of course, this will depend on the volume of cargo.

Mohammad Haidar : how many cranes do you have in KSA now? And is the fleet size larger in KSA as compared to Kuwait?

Joseph Fernands : Currently we have 121 cranes, which are not fully utilized. Few of them have been mobilized recently. The fleet in Kuwait is much higher.

Mohammad Haidar : What is the expected Capex for 2025?



Joseph Fernands :As per the plan, we have approximately KD 8m pending for 2025.

Mohammad Haidar : Can you elaborate more why you are optimistic about utilization and revenue per crane moving up in Qatar as of Q4? And what are the market dynamics moving this?

Joseph Fernands : We have signed contracts for maintenance activities during Q4 2024, and many of the projects there are going to require additional equipment. And there is new projects coming up shortly. We are optimistic not only for current projects, but new ones as well.

Mohammad Haidar : Do you have plans to expand into Bahrain?

Joseph Fernands :No. We are in Bahrain for a specific project, the refinery upgrade. This project is going to be completed by this year end and by that time we will move all our assets into Kuwait and KSA.

Mohammad Haidar : Why are the cranes not utilized in KSA? Out of the 121 cranes how many are utilized?

Joseph Fernands :In KSA we have challenges of getting operators, with Aramco approved. This is a long process. We are targeting to get over this slowly, and this is why we are optimistic by Q4 2024 we will be having a very good utilization in KSA also.

Mohammad Haidar : It seems you have recovered some provisions this quarter. Can you remind us why you took those provisions in the first place and why they were written back? Should we expect more recoveries in the future?

Joseph Fernands :In earlier years, we had some demand when the rental for the usage of facilities which we were disputing. We had given bank guarantees. We were accruing these provisions in our financial statements, and recently we were able to get over those claims after convincing the authorities, and the bank guarantees have been cancelled. There are few more accrued expenses against which bank guarantees are pending. Once we are able to overcome those claims, maybe this year and the coming year, we might reverse those claims.

Mohammad Haidar : Have you seen any change in Kuwait in terms of project awards and activity after the new regime? Or things are still slow.

Joseph Fernands : We have some news. However, practical execution and implementation will take time.

Mohammad Haidar : Do you expect Kuwait to drive your utilization rates lower from here?

Joseph Fernands : No. It will improve it. We might get new jobs in September, October, and November that will improve utilization rates.

Mohammad Haidar : Should we expect another dull Q3, given that most of the activity pickup will happen in Q4 2024?

Joseph Fernands : Q3 will be steady as Q2. We have tough time to improve the utilization.

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
Q2 2024 Results

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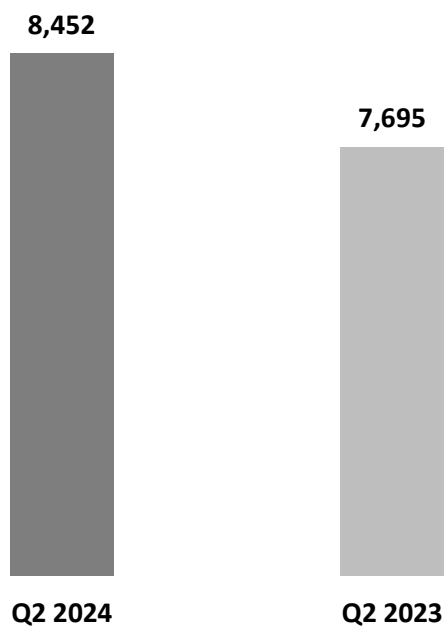
IHC Overview

- The first half of 2024 has shown steady revenue growth of 12% and impressive net profit growth of 45% as compared to the corresponding figures of the first half of 2023.
- The momentum of steady growth in the performance was slowed down in Q2 2024. The Q2 2024 revenues were lower by 3% and the operating profit was also lower by 14% as compared to Q1 2024 revenues and operating profit. Summer season, lower number of working days in Q2 2024 due to festive holidays in April and June 2024 are the main factors affecting revenue and operating profit.
- While the project related activities in Qatar and KSA have been showing steady increase, similar activities in the Kuwait are still at low level without any clear indication of the implementation of new projects. The revenue rates are still at historical level and we expect change in this trend upwards from Q4 2024.
- During Q2 2024, a cash dividend of **20** fils per share has been distributed to the shareholders.

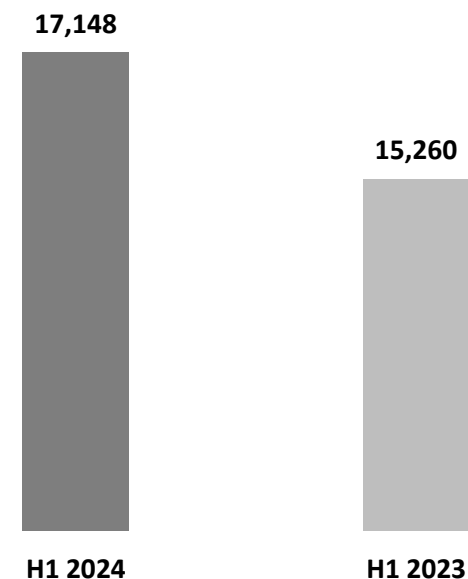
Financial Highlights

- There is a steady growth in the total revenues. For the first six months of 2024 revenues increased by 12.4% while Q2 2024 revenues increased by 9.8% compared to Q2 2023.

Q2 Revenue



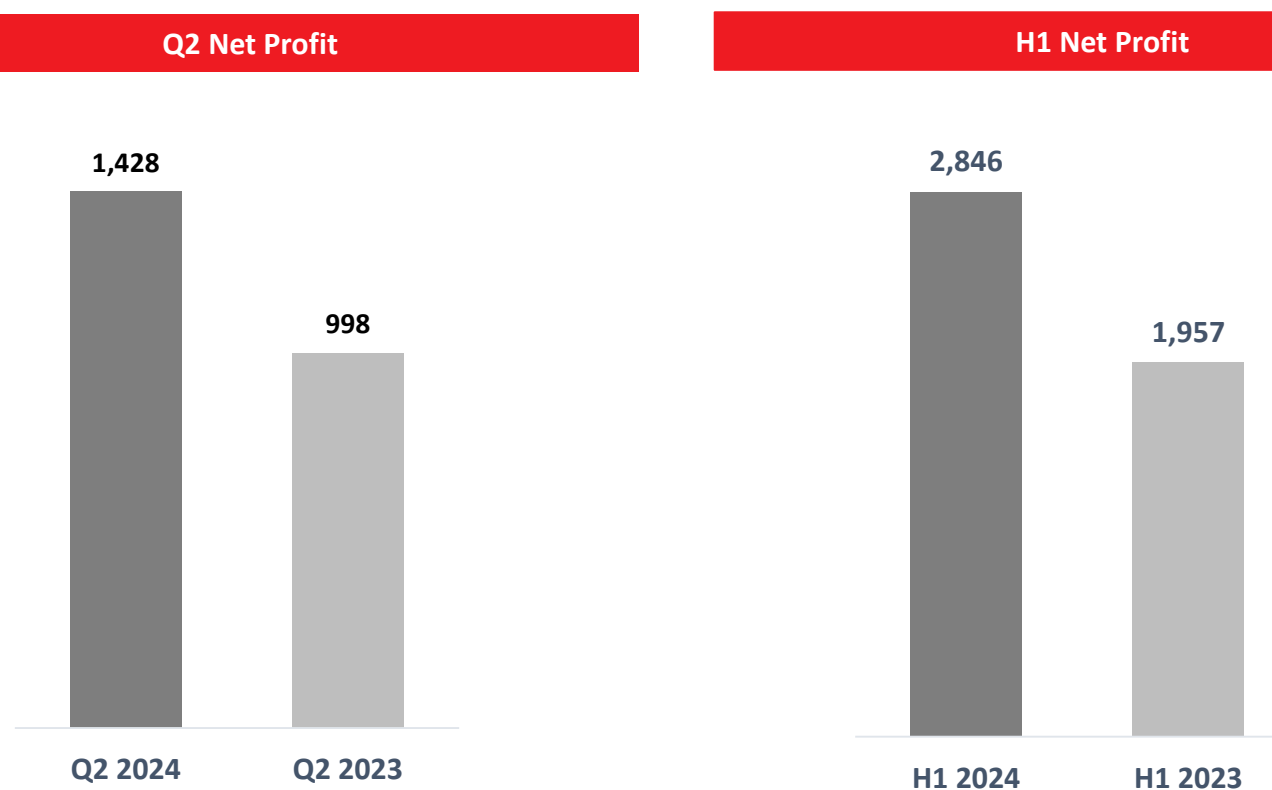
H1 Revenue



Note: Figures in KWD thousands

Net Profit

- Net profit for the first half of 2024 shown an increase by 45.4% compared to the net profit from H1 2023. Net profit in Q2 2024 increased by 43% compared to Q2 2023.

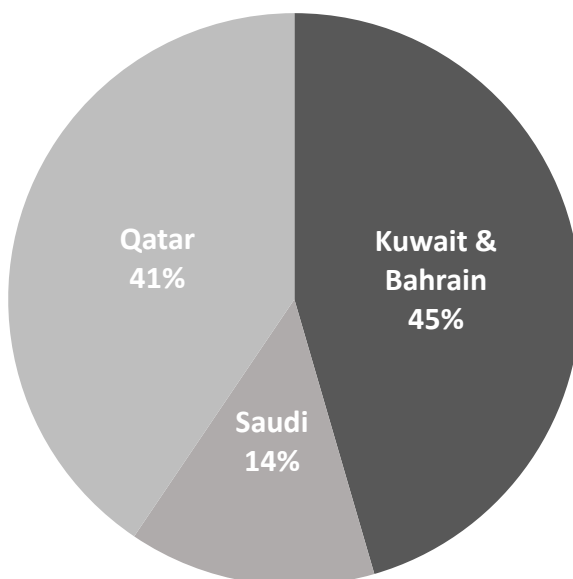


Note: Figures in KWD thousands

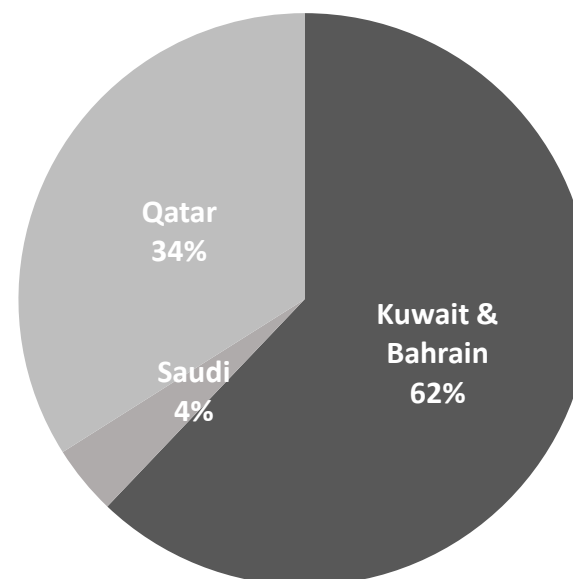
Revenue by Geography

- Revenue from KSA region increased to 14% during H1 2024 . This increase helped to compensate part of the shortfall in the revenue contribution from Kuwait & Bahrain region which is lower by 17% of the total revenue. Revenue share from Qatar region increased by 7% to 41% during H1 2024.

H1 2024

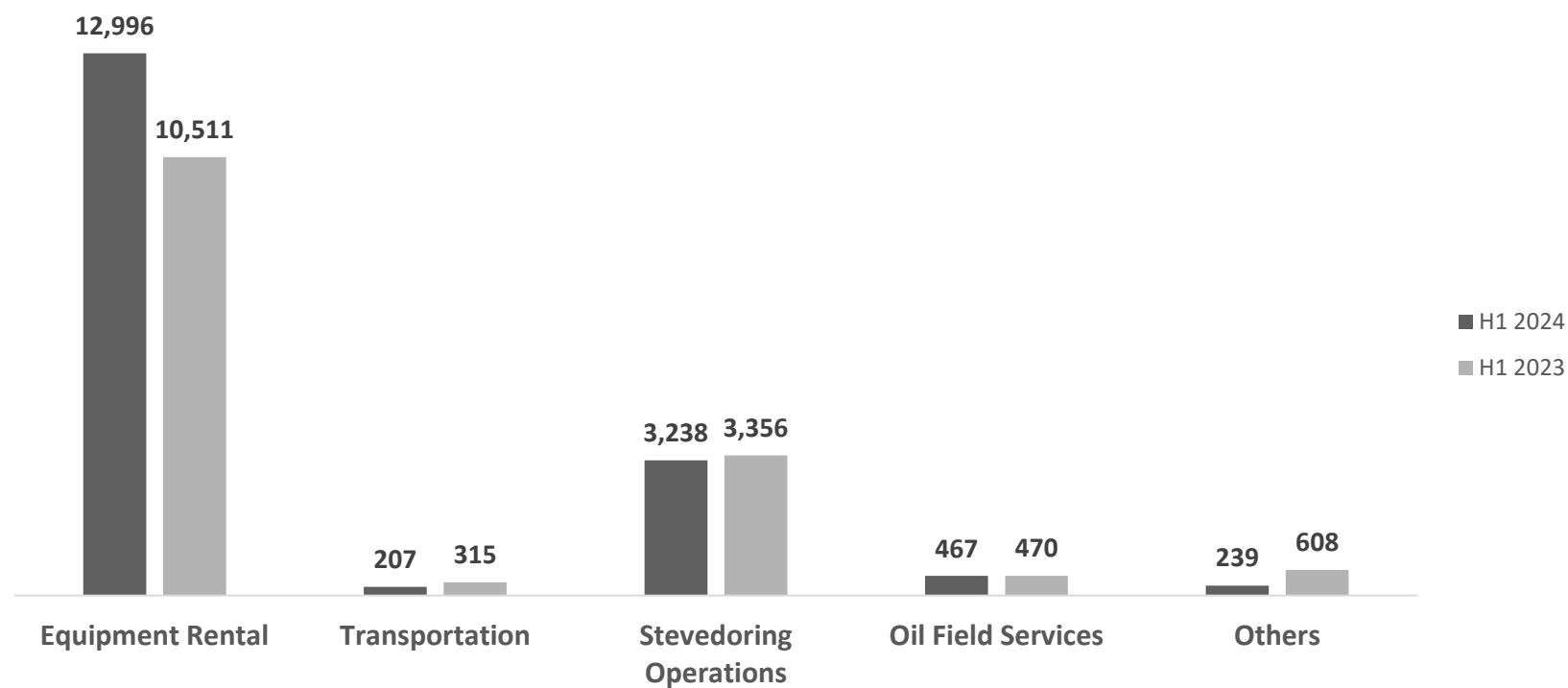


H1 2023



Revenue by Segment

Revenue Contribution by Operational Segment



Note: Figures in KWD thousands

Financial Highlights

Financial Position			
	H1 2024	H1 2023	Change (%)
Current Assets	20,229	18,934	6.8%
Property & Equipment	81,782	76,571	6.8%
Right-of-use Assets	487	670	(27.3%)
Intangible Assets	712	712	
Deferred Tax Asset	301	270	11.5%
Total Assets	103,511	97,157	6.5%
Borrowings	35,878	29,300	22.4%
Capex Creditors			
Trade & Other Liabilities	6,317	6,335	(2.8%)
Lease Liabilities	574	661	(13.2%)
Shareholders' Equity	60,742	60,861	(0.2%)
Total Equity & Liabilities	103,511	97,157	6.5%

Note: Figures in KWD Thousands

Financial Highlights



Statement of Income

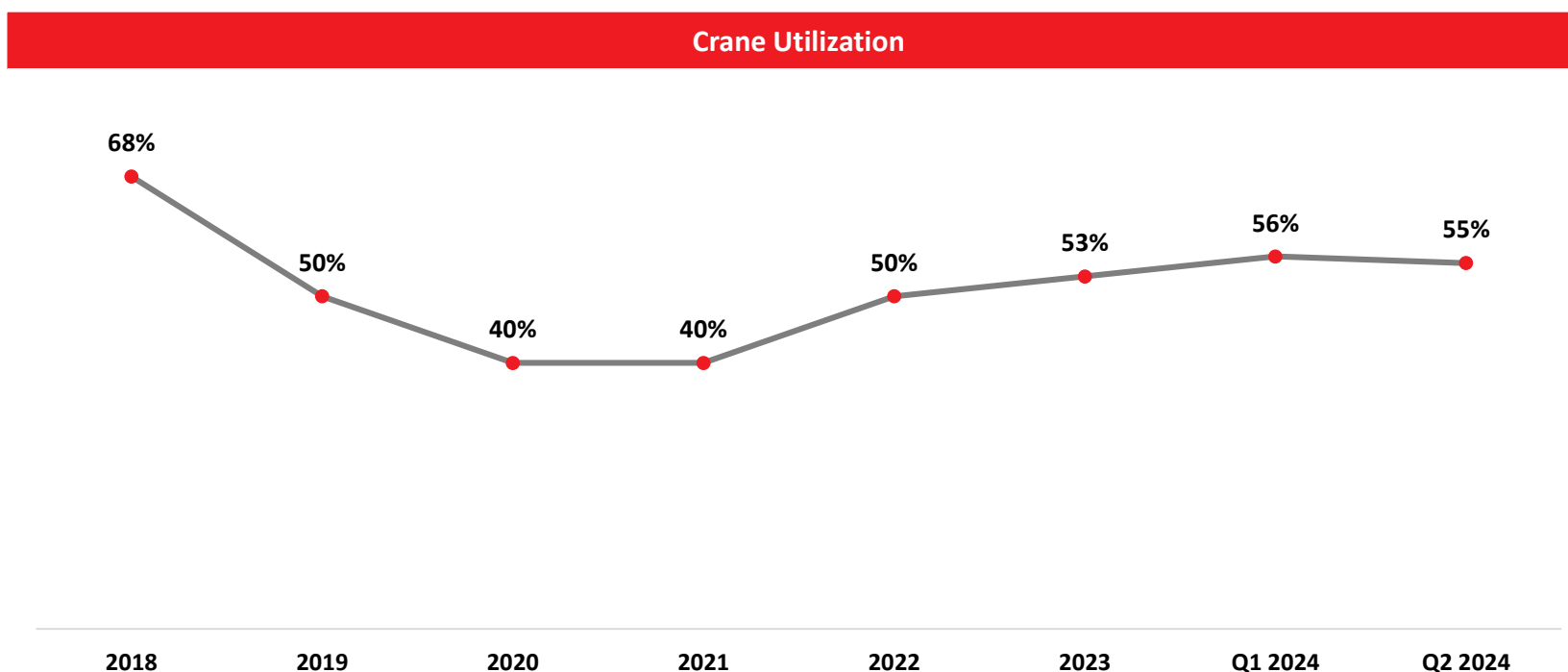
	Quarter 2			Half year		
	2024	2023	Change %	2024	2023	Change %
Revenue	8,452	7,695	9.8%	17,148	15,260	12.4%
EBITDA	4,753	3,811	24.7%	9,429	7,375	27.8%
Depreciation	(2,674)	(2,324)	15%	(5,328)	(4,595)	16%
Finance Costs	(506)	(347)	45.8%	(955)	(607)	57.3%
Net Profit	1,428	998	43%	2,846	1,957	45.4%
Earnings Per Share (fils)	5.65	3.95	43%	11.25	7.73	45.5%

Note: Figures in KWD Thousands

Company Highlights

Equipment Utilization - Cranes

- The utilization of equipment, particularly cranes, which accounts for 69% of the total revenue, moved downwards by 1% to 55% during Q2 2024



- In line with our plan of Capital expenditure to upgrade equipment with new and varied capacities to accommodate new projects, we invested a total of KD 4.3 million as capital expenditures during the first half of 2024. A significant portion, specifically 71% of this expenditure was directed towards projects in Qatar. Approximately 92% of the capital expenditure was towards the procurement of cranes.
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Note: Figures in KWD Thousands

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