

KUWAIT : 17/11/2024

الكويت في: 2024/11/17

To: Boursa Kuwait Company

السادة / شركة بورصة الكويت المحترمين،،،
تحية طيبة وبعد ،،،

Subject: Analyst / investors
Conference Transcript for Q3-2024

الموضوع : محضر مؤتمر المحللين / المستثمرين
للقربع الثالث 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 (Q3/2024) was held through a Live Webcast on Thursday: 14/11/2024 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 الثالث من عام 2024 قد انعقد في يوم الخميس الموافق 2024/11/14 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 (Q3/2024).

مرفق طيه محضر المحللين / المستثمرين للربع الثالث لعام 2024 .

Yours sincerely,

وتفضلوا بقبول وافر الاحترام ،،،



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



محمود أحمد عبد الحميد
مدير الإدارة القانونية للمجموعة
Mahmoud Ahmed Abdelhamid
Group Legal Dept. Manager



Analyst / Investors Conference Transcript Q3 2024

Mohammad Haidar : Hello everyone and welcome to the Integrated Holding Company Third Quarter 2024 earnings call. This is Mohammad Haidar from Arqaam Capital, and we are joined today by Mr. Joseph Fernands- group CFO and Mr. Mouath Al Rayyes, 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, good afternoon and greetings to all the participants in this analyst call for Q3 2024.

The performance for the Q3 2024 is lower than what was expected, partially due to summer season and lower order position. Comparing with the Q2 2024, total revenue figure for the Q3 2024 dropped by 5 % This drop in the revenue also led to the decline in the operating profit by 26% in Q3 2024. However, increase in the nonoperating income contributed to maintain the net profit at same level as that of Q2 2024.

For the first nine months of 2024 total revenues increased by 10% and net profit increased by 45% compared to the corresponding period of the previous year.

Q4 2024 has already shown improvement in the utilization and the project activities in Qatar is at increased level., There is slow and steady improvement in rental activities in Kuwait giving hopes for improved utilization of equipment in future. Growth in the revenue rates is still a challenge due to the increased supply of resources in the Market.

The next slide highlights the financial performance. The moment of steady growth in the total revenues has setback in Q3 2024 by 5% over Q2 2024 due to the summer season slowdown. For the first nine months of 2024 revenues increased by 10% while Q3 2024 revenues increased by 4% compared to Q3 2023.

Net profit for the 9M 2024 increased by 45% compared to the corresponding period of 2023. Net profit of Q3 2024 also increased by 44% compared to Q3 2023.

As for revenue contribution by geography, Revenue share of Kuwait & Bahrain region has shown decline of 13% during the current year. This shortfall is partly compensated by the revenue from the KSA region where its share increased to 15% during first nine months of year 2024 . Revenue share from Qatar region increased by 4% to 40% during first nine months of year 2024.

Revenue contribution of each operational segment is presented in slide number 9. Total revenue of equipment leasing and heavy lift for 9M is higher by 19% comparing to the same period of the previous year and its contribution to the total revenue is 75% in the current period, which was 70% during the previous year. Stevedoring revenue is lower by 2% in the current period compared to last year, and its contribution to revenue is 20%, down from 22% in the previous year. Transportation revenues is lower by 22%, and is expected to increase in the future. Revenue from oil field operations declined by 18% compared to the previous year 9m period.

Moving on to the Statement of Financial Position. Current assets increase is mainly due to an increase in receivables. Property and equipment increase is on additional capital expenditure of KD 11m this year, and an increase in net borrowing by KD 3.8m over 9m period. Total borrowings stand at KD 36.2 from KD 32.4m as of 31st December 2023. Due to additional borrowing, debt to equity ratio has also increased to 0.58 while it was 0.51 as of 31st December 2023.

Moving on to the Statement of Income, revenues and net profit have been discussed earlier. EBITDA margin to revenues increased to 56% in 9M 2024, compared to 50% for the previous year's corresponding period.

An increase in finance cost by 39% was to support additional Capex. The net profit growth is at 45% during the current period.

Utilization of equipment, particularly cranes, which accounts for 70% of total revenue, once again moved upwards by 1% to 56% during Q3 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 11 million as capital expenditures during the 9M of 2024. A significant portion,



specifically 66% of this expenditure was directed toward projects in Qatar. Approximately 75% of the capital expenditure was towards the procurement of cranes.

Capital Expenditure projections indicate an additional capital outlay of approximately KD 6 million, bringing total annual Capex of 2024 to 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 : Can you please explain the other income line in Q3, especially the FX change.

Joseph Fernands: Other income is partly due to the reversal of expenditure which we have provided during previous periods because there was a claim for expenses that we provided as per the legal requirement, and bank guarantees where outstanding on these claims. Since we were disputing these expenditures, on expiry of the bank guarantee, finally we were able to reverse expenses to show in miscellaneous income.

Mohammad Haidar :What are your expectations for utilization rates for Q4 and 2025?

Joseph Fernands :We hope to improve utilization rates in Q4. It is too early to comment on a percentage but it should exceed 60% in the coming year.

Mohammad Haidar :Can you please provide an update on the projects in Qatar and the backlog?

Joseph Fernands: Qatar NLG projects are going in full speed, and these projects will keep us busy until 2026/27 and beyond. Not only NLG projects, other projects also.

Mohammad Haidar

With new projects announced in Kuwait, how do you see backlog project pipeline demand in Q4?

Joseph Fernands :Projects in infrastructure space have started, and are getting a small share and **we have to increase** the utilisation in Kuwait. Real significant growth will not come this year, we think in second half of 2025.

Mohammad Haidar :How is execution going in Saudi Arabia?

Joseph Fernands: Our operations are going smoothly, but there are some challenges in getting approvals. Lots of formalities and licenses are required. It is a little bit slow, but after a good experience we are making progress and our share in total revenue is approximately 15% and we are aiming to increase it to 20% in a year's period.

Mohammad Haidar :A question on rental rates. You mentioned challenges with revenue rates, do you expect that to improve with higher utilization?

Joseph Fernands: The rate increase we anticipated during 2024 did not take place because market supply did not allow us to enforce price increases. However with utilization increase we can increase our revenue, but the revenue margin increase will remain challenging until we increase the prices.

Mohammad Haidar : When do you expect an acceleration in tenders for large scale construction projects in Kuwait?

Joseph Fernands: Second half 2025.



Mohammad Haidar : Can you elaborate on the competition in Qatar, and the supply of cranes there?

Joseph Fernands: There are new players who entered, but not a significant number. We have diverse equipment and capacity which we are trying to fully utilize. Some EPC contractors are procuring the equipment directly, which was not the case in earlier projects. Generally when EPC contractors come to Qatar, Kuwait, or Saudi they hire the equipment from local contractors. In Qatar, since few of the projects are running on longer period, few EPC contractors procure their own equipment.

Mohammad Haidar: Are there any provision reversals remaining?

Joseph Fernands: Currently we don't have more reversal of expenses or liabilities. There could be some reversals of provision of doubtful debt based on the settlement of the cases.

Mohammad Haidar: Are there any major projects you are working on soon in Saudi Arabia?

Joseph Fernands: We have not entered directly with the EPC contractor. We are working on new projects as subcontractor to the EPC contractor. We hope to get new projects in the first quarter of 2025.

Mohammad Haidar : Also on KSA projects. How can we look on the incremental profits going forwards. Is it safe to assume that the largest part of incremental profits will come from Saudi Arabia?

Joseph Fernands: Saudi will be a good boost for incremental growth. We are also expecting growth from Kuwait in second half 2025.

Mohammad Haidar :Also on Kuwait. Do you think tender construction projects are set to accelerate in H2 2025?

Joseph Fernands: We are optimistic on that but it is difficult to confirm now.

Mohammad Haidar: Moving to port management, can we expect it to stay constant going forward. Are there expansions?

Joseph Fernands: It will continue in the same level maybe a little growth.

Mohammad Haidar: Do you expect to repeat the gain on sale of property and equipment?

Joseph Fernands : We are going to sell all old used equipment, and expect profit gradually in the coming quarters.

Mohammad Haidar: Capex guidance for 2025?

Joseph Fernands : We will be spending approximately KD 8m during 2025.

Mohammad Haidar: A lot of Capex has been spent on Qatar, but it doesn't seem its paying off. What needs to change for more profits to come from Qatar?

Joseph Fernands: We have spent a lot of Capex in Qatar, specifically on NLG projects. We expect to reap the benefits from Q4 2024 onwards.

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.



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Analyst Conference

Q3 2024 Results

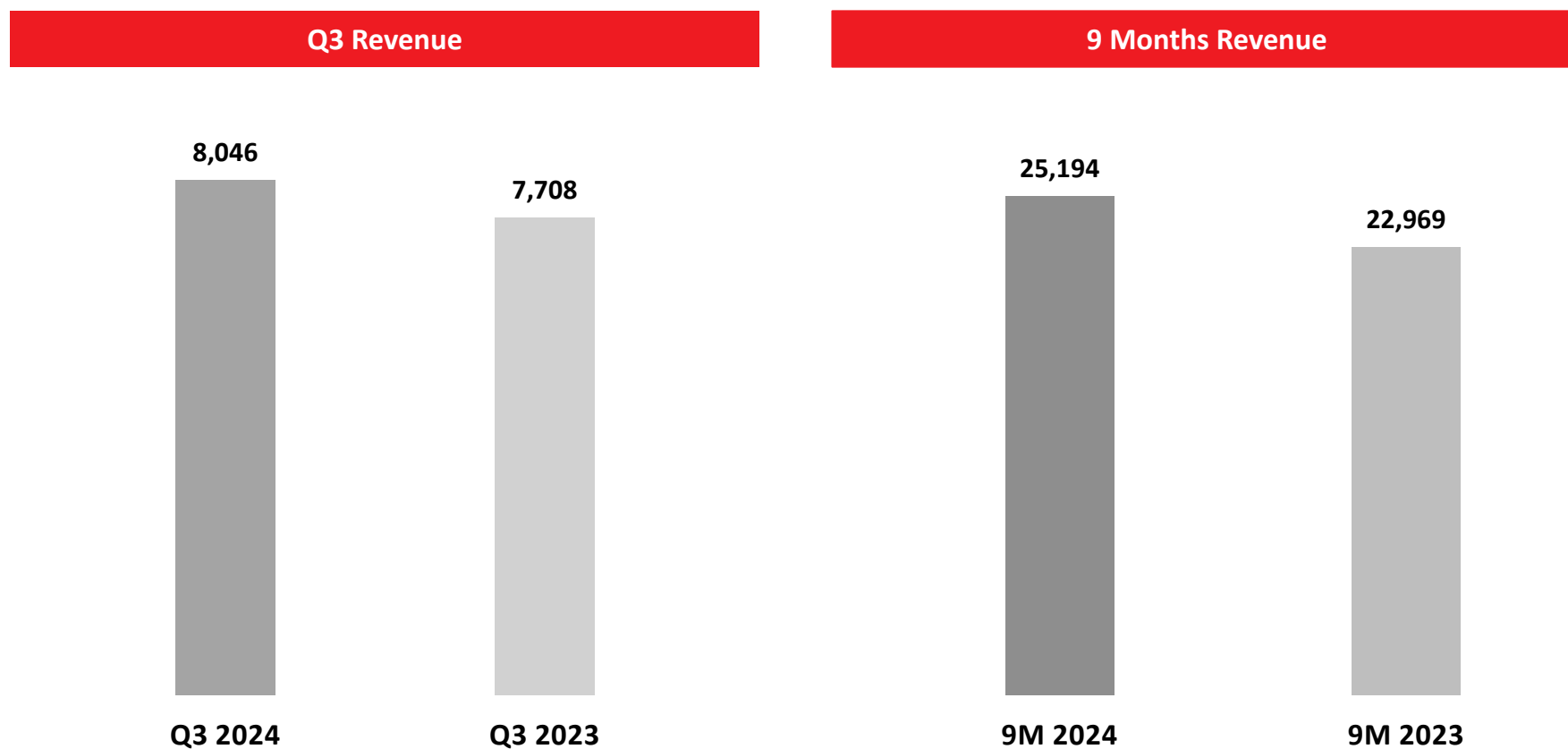
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IHC Overview

- The performance for the Q3 2024 is lower than what was expected, partially due to summer season and lower order position. Comparing with the Q2 2024, total revenue figure for the Q3 2024 dropped by 5 % This drop in the revenue also led to the decline in the operating profit by 26% in Q3 2024. However, increase in the nonoperating income contributed to maintain the net profit at same level as that of Q2 2024.
- For the first nine months of 2024 total revenues increased by 10% and net profit increased by 45% compared to the corresponding period of the previous year.
- Q4 2024 has already shown improvement in the utilization and the project activities in Qatar is at increased level., There is slow and steady improvement in rental activities in Kuwait giving hopes for improved utilization of equipment in future. Growth in the revenue rates is still a challenge due to the increased supply of resources in the Market.

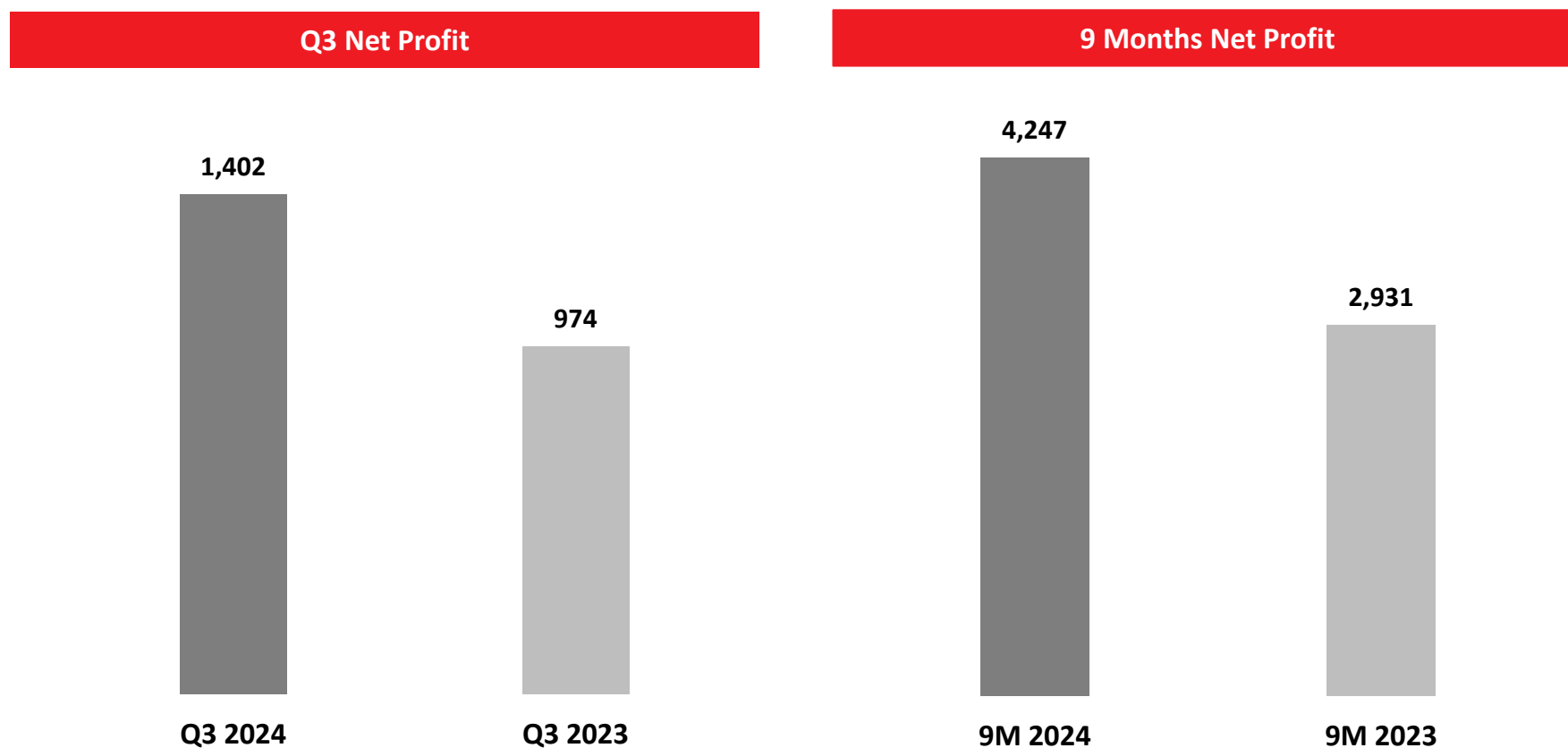
Financial Highlights

- The moment of steady growth in the total revenues has setback in Q3 2024 by 5% over Q2 2024 due to the summer season slowdown. For the first nine months of 2024 revenues increased by 10% while Q3 2024 revenues increased by 4% compared to Q3 2023.



Note: Figures in KWD thousands

- Net profit for the nine months of 2024 shown an increase by 45% compared to the corresponding period of 2023. Net profit in Q3 2024 also increased by 44% compared to Q3 2023.

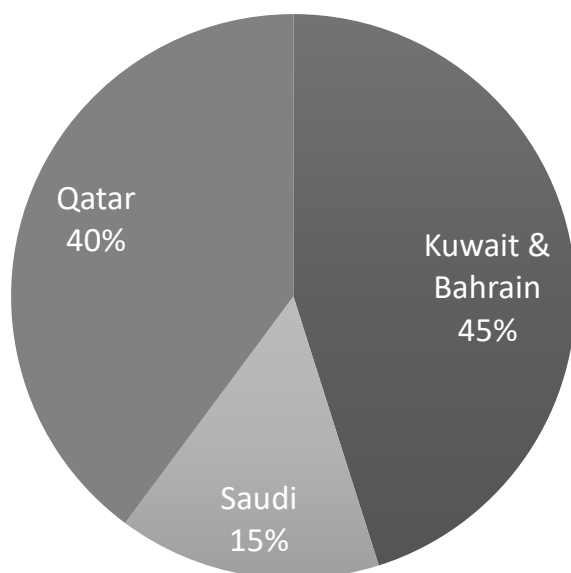


Note: Figures in KWD thousands

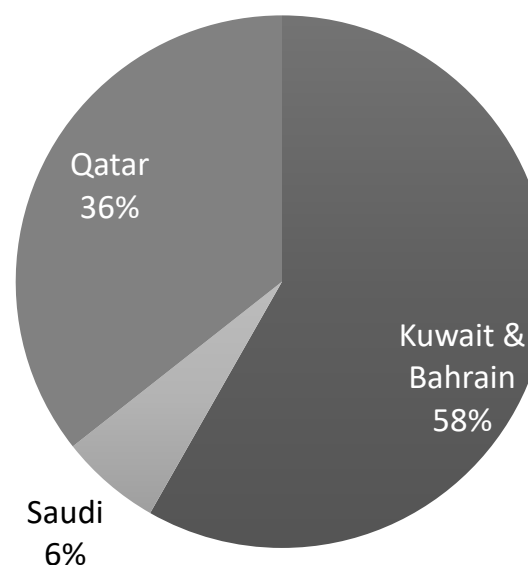
Revenue by Geography

- Revenue share of Kuwait & Bahrain region has shown decline of 13% during the current year. This shortfall is partly compensated by the revenue from the KSA region where its share increased to 15% during first nine months of year 2024 . Revenue share from Qatar region increased by 4% to 40% during first nine months of year 2024.

9 months 2024

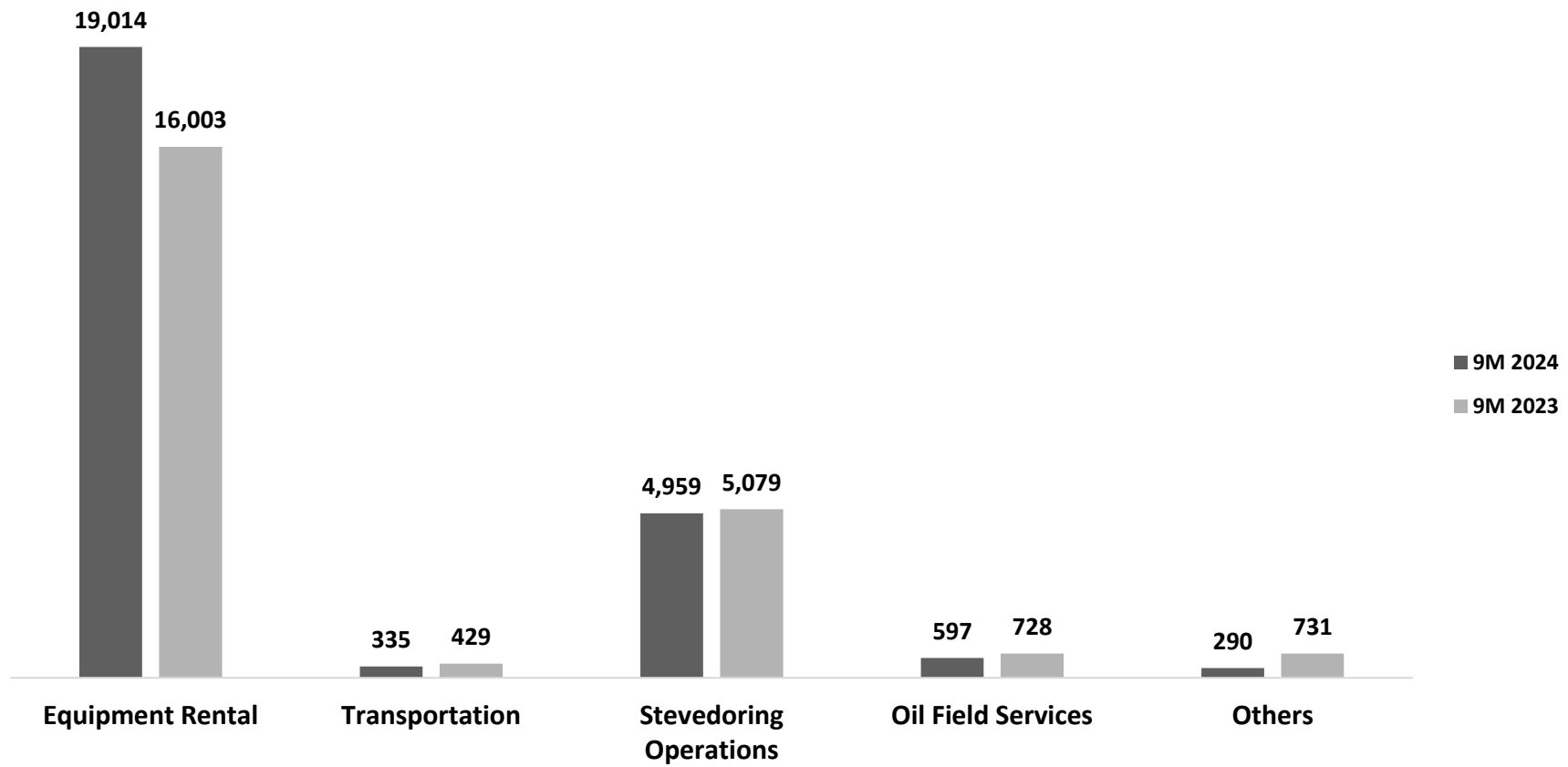


9 Months 2023



Revenue by Segment

Revenue Contribution by Operational Segment



Note: Figures in KWD thousands

Financial Position

	Q3 2024	Q3 2023	Change (%)
Current Assets	21,572	19,248	12.1%
Property & Equipment	85,397	80,416	6.2%
Right-of-use Assets	464	652	(28.9%)
Intangible Assets	711	712	
Deferred Tax Asset	296	262	13%
Total Assets	108,440	101,290	7%
Borrowings	36,253	31,607	14.7%
Capex Creditors			
Trade & Other Liabilities	9,769	7,002	39.5%
Lease Liabilities	579	648	(10.6%)
Shareholders' Equity	61,839	62,033	(0.3%)
Total Equity & Liabilities	108,440	101,290	7%

Note: Figures in KWD Thousands

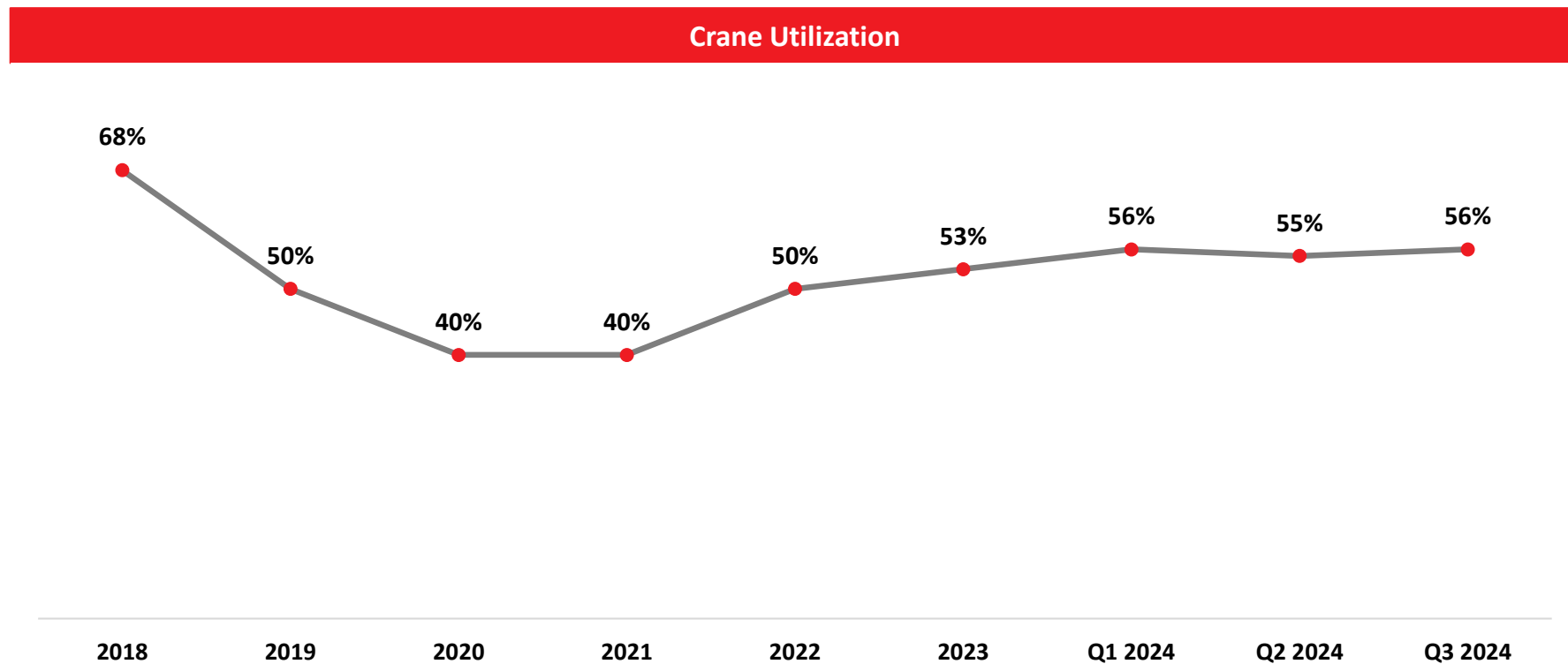
Statement of Income

	Quarter 3			9 Months		
	2024	2023	Change %	2024	2023	Change %
Revenue	8,046	7,708	4.4%	25,194	22,969	9.7%
EBITDA	4,642	4,004	15.9%	14,089	11,379	23.8%
Depreciation	(2711)	(2,482)	9.2%	(8,039)	(7,030)	14.3%
Finance Costs	(417)	(383)	8.9%	(1,373)	(990)	38.7%
Net Profit	1,402	974	44%	4,247	2,931	45%
Earnings Per Share (fils)	5.54	3.85	44%	16.79	11.58	45%

Note: Figures in KWD Thousands

Company Highlights

- The utilization of equipment, particularly cranes, which accounts for 70% of the total revenue, once again shown upward trend with an increase of 1% to 56% in Q3 2024 over 55% during Q2 2024



- Total capital Expenditure is line with our Annual plan of Capital expenditure. We invested a total of KD 11 million as capital expenditures during the first nine months of 2024. While 66% of this expenditure was for the projects in Qatar, 8% of this expenditure is towards projects in KSA. Significant portion of the capital expenditure, i.e. 75% was towards the procurement of cranes.
- Additional Capital Expenditure projections for Q4 2024 would be approximately KD 6 million bringing up the total capex for the year 2024 to KD 17 million.

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