



HEISCO

شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)

Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public)

Date : 14th August 2024

Reference: CM/AR/123/2024

التاريخ : 14 أغسطس 2024

إشارة : CM/AR//123/2024

To: Boursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

Subject: Supplementary Disclosure of Analyst conference 2nd quarter for the period Ended on 30/06/2024:

**الموضوع: إفصاح عن معلومات جوهرية - إفصاح مُكمل
مؤتمر المحللين للربع الثاني للفترة المنتهية في 2024/06/30:**

Reference to Our disclosure dated 7/8/2024 & article No. (7-8) "Listed Company Obligations" of Boursa Kuwait rulebook.

بالإشارة إلى إفصاحنا المؤرخ في 7/8/2024 ، وإلى المادة (8-7) "الالتزامات الشركة المُدرجة" من كتاب قواعد البورصة.

We would like to inform you that The Analyst Conference was held on 14/08/2024 at 4:00 pm (Local Time).

نحنيطكم علماً بأن مؤتمر المحللين قد إنعقد بتاريخ 2024/08/14 في تمام الساعة 4:00 عصراً حسب التوقيت المحلي.

Kindly note that no material information has been revealed during the conference.

كما يرجى العلم بأنه لم يتم تداول أي معلومة جوهرية خلال المؤتمر.

Conference Presentation is attached herewith, and the Analyst Conference Transcript will be published within 3 days from the date of conference.

مرفق طيه العرض التقديمي، وسوف يتم نشر محضر المؤتمر خلال 3 أيام من تاريخ عقد المؤتمر.

Yours Sincerely

وتفضلوا بقبول وافر التقدير والاحترام،،،

مرزوق ناصر الخرافي

رئيس مجلس الإدارة

Marzouk Naser Al-Kharafi
Chairman



Copy For: Capital Markets Authority.

- نسخة إلى : هيئة أسواق المال



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Issued and Paid-Up Capital : KD 18,024,151.700

Authorized Capital : KD 22,000,000

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نموذج الإفصاح المكمل
Supplementary Disclosure Form

Date	14 th August 2024	14 أغسطس 2024	التاريخ
Name of the listed company	Heavy Engineering Industries & Shipbuilding Co. K.S.C. (Public)	شركة الصناعات الهندسية الثقيلة وبناء السفن (ش.م.ك) عامة	إسم الشركة المدرجة
Disclosure title *	The Analyst Investor conference will take place on Wednesday 14th August 2024 at 4:00 pm Kuwait local time.	تقرر عقد مؤتمر المحللين / المستثمرين في تمام الساعة الرابعة عصراً يوم الأربعاء الموافق 14 أغسطس 2024 وفق التوقيت المحلي لدولة الكويت.	عنوان الإفصاح *
Date of Previous disclosure	7th August 2024	7 أغسطس 2024	تاريخ الإفصاح السابق
Developments that occurred to the disclosure	The Analyst Conference was held on 14/08/2024 at :400 pm (Local Time). Kindly note that no material information has been revealed during the conference.	تم إنعقاد مؤتمر المحللين بتاريخ 2024/08/14 في تمام الساعة 4:00 عصراً حسب التوقيت المحلي. كما يرجى العلم بأنه لم يتم تداول أي معلومة جوهرية خلال المؤتمر.	التطور الحاصل على الإفصاح
The financial effect of the occurring developments (if any)	Not Applicable.	لا ينطبق.	الأثر المالي للتطور الحاصل (إن وجد)

* Supplementary disclosure from (Heavy Engineering Industries & Shipbuilding Co.) regarding (The Analyst Investor conference will take place on Wednesday 14th August 2024 at 4:00 pm Kuwait local time)

*إفصاح مكمل من (شركة الصناعات الهندسية الثقيلة وبناء السفن) بخصوص (إنعقاد مؤتمر المحللين بتاريخ 2024/08/14 في تمام الساعة 4:00 عصراً حسب التوقيت المحلي)



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شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)

HEAVY ENGINEERING INDUSTRIES & SHIPBUILDING CO. K.S.C (Public)



H1/Q2-2024 | Virtual Summit

INVESTOR PRESENTATION

Agenda

		Page
1	Disclaimer	3
2	Vision & Mission	4
3	About HEISCO	5
4	HEISCO's Strategy	6
5	Performance Highlights	9
6	Financial Overview	10
7	Appendix	12
8	Q & A	17

Disclaimer

FORWARD - LOOKING STATEMENTS

This information set out in this presentation and provided in the discussion subsequent thereto does not constitute an offer or solicitation of an offer to buy or sell securities. It is solely for use as an investor presentation and is provided as information only. This presentation does not contain all the information that is material to an investor.

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ROUNDING ADJUSTMENTS

Certain monetary amounts, percentages and other figures included on this presentation have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated, may not be the arithmetic aggregation of the percentage that precede them.



HEISCO's Vision

HEISCO will become the customer's first preferred Company for Shipbuilding, Ship Repair, Fabrication, Construction, Industrial Maintenance, Dredging and Offshore services inside Kuwait. HEISCO also aims to expand its business operations in Middle East and North Africa.

HEISCO's Mission

HEISCO aims to expand its business operations, focusing on countries such as Saudi Arabia, Qatar, Oman, Bahrain and Iraq. The company intends to identify potential business opportunities in these regions in the Oil & Gas, Refineries & Power sectors in Civil, Mechanical, Electrical & Instrumentation Construction and Fabrication Services

About HEISCO

We are determined to provide complete service to our customers in Shipbuilding, Ship Repair, Fabrication, Construction, Industrial Maintenance, Dredging, and Offshore works. We are committed to achieving sustained growth by meeting our customers' schedules and quality requirements. We will provide value-added services at competitive prices by evolving efficient cost-control measures and regularly upgrading our resources.

HEISCO's wide ranging fields of activities and capabilities are performed through:

- Shipyard
- Oil & Gas Construction
- Industrial Maintenance
- Fabrication Services
- Trading
- Testing & Calibration
- Quality Control & Testing
- Scaffolding Services
- Galvanizing Plant
- Onshore & Offshore (through Gulf Dredging & General Contracting Co. K.S.C. (Closed) – subsidiary company.
- Technical Specialized Manpower Supply (through HEISCO for Technical Specialized Manpower Supply Co. W.L.L. – subsidiary Company)

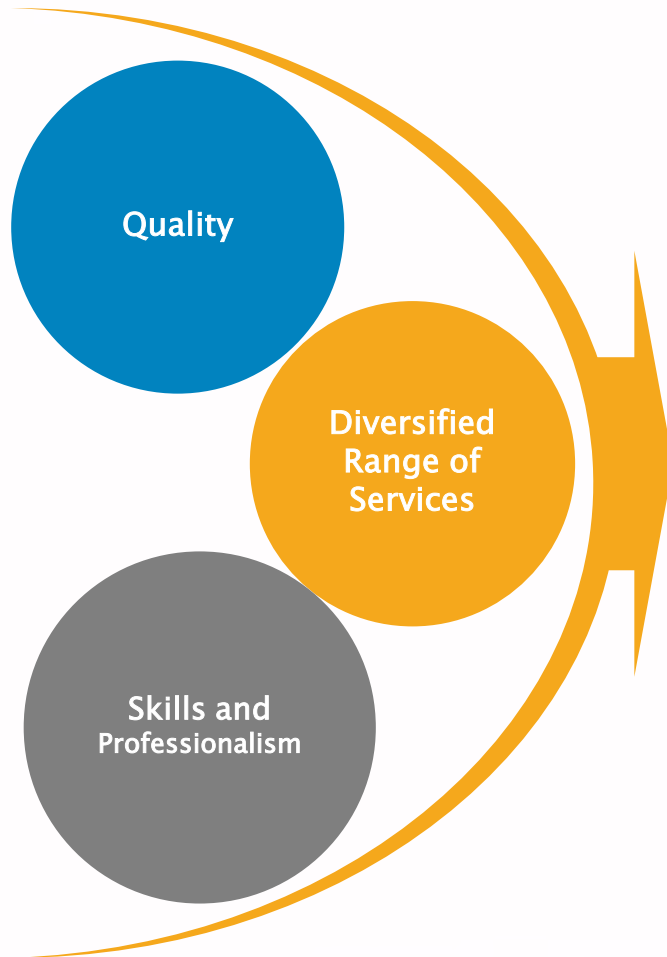
HEISCO/Gulf Dredging has branches in Iraq and Kingdom of Saudi Arabia to expand its services and take advantage of emerging markets in the region.

HEISCO's Strategy



- Establishing a Private Limited Company for Engineering and Design in Chennai, India, to enhance our ability to support the group's expanding business activities and to serve various clients in the region. Currently, we are in the final stages of securing office premises and facilities.
- Finalized the site acquisition process to establish cutting-edge manufacturing and service facilities within Ras Al-Khair Industrial City, enabling us to capitalize on the promising opportunities available in Saudi Arabia.
- Enlisted the expertise of a seasoned consultant to secure Non-GBS Scaffolding Services PQ approval from Aramco, as part of our strategy to enhance and broaden our scaffolding business operations in Saudi Arabia. A storage yard is under construction at our project location to facilitate inspection by Aramco.
- Received approval for the category of In-plant Projects and Safety Qualification from Aramco, allowing us to fully engage in direct bidding opportunities in KSA. Nonetheless, we aim to secure additional subcontracts as we continue to acclimate ourselves to the Saudi market.
- Our subsidiary, GD, has successfully acquired approvals from Aramco, NEOM, RedSea Global, and other pertinent authorities, granting it the capability to engage in direct bidding. GD now aims to broaden its business operations in KSA through strategic expansion initiatives.

HEISCO's Strategy



- SABIC has approved HEISCO KSA Branch as a Service Provider and Advanced Prequalification for the categories, Manufacturing Equipment, Heat Exchanger and Tank Maintenance, and Scaffolding services.
- Saudi Electricity Co. has approved HEISCO KSA branch for Mechanical works (Pumps)
- NEOM has approved HEISCO KSA branch as a Vendor and Red Sea Development Co. as a Contractor.
- We obtained Qatar Energy PPML approval for Pressure Vessel and Column (less than 75mm thickness, CRA solid and clad, including Slug Catcher) and Fixed Roof Storage Tank with a diameter greater than 25 meters.
- We are devising strategies to broaden our business presence in Iraq, particularly in the promising oil sector, by engaging directly with clients and establishing partnerships with well-respected international contractors.
- Registered with Qatar Energy as a Project Preferred Manufacturer and plans to establish a branch / appoint a local agent to participate in direct bidding.
- Obtained BAPCO PQ approval for shutdown and routine maintenance services and plans to expand similar business activities in Bahrain.

HEISCO's Strategy



- As per BAPCO's requirement, We intend to establish a workshop facility in Bahrain or find a suitable local company who can rent out its fabrication/ manufacturing facilities, provided we are awarded with a project.
- HEISCO and GD have registered with Oman Tender Board aiming to expand its business by developing a solid marketing strategy tailored to the clients' specific needs and preferences.
- Focuses on potential projects in Offshore and Marine Construction in the region and associating with suitable potential partners in the respective countries to strengthen our participation in tenders/bids.
- Aims to target potential markets in the Oil & Gas, Refineries & Power sector in Civil, Mechanical, Electrical & Instrumentation Construction and Fabrication services in Kuwait, Saudi Arabia, Qatar, Oman, Bahrain, and Iraq.

PERFORMANCE HIGHLIGHTS – CONSOLIDATED

KD' Million



REVENUE

↓ -2%

65.94- H1-2024

66.99- H1-2023



NET PROFIT

↑ 42%

3.50- H1-2024

2.47- H1-2023



EBITDA

↑ 28%

6.98- H1-2024

5.44- H1-2023



EPS

↑ 42%

19.42 - H1-2024

13.69 - H1-2023



ASSETS

↑ 8%

198.34- H1-2024

183.84- FY-2023



EQUITY

↓ -3%

71.92 - H1-2024

74.03 - FY-2023



LIABILITIES

↑ 15%

126.42 - H1-2024

109.81 - FY-2023



BORROWINGS

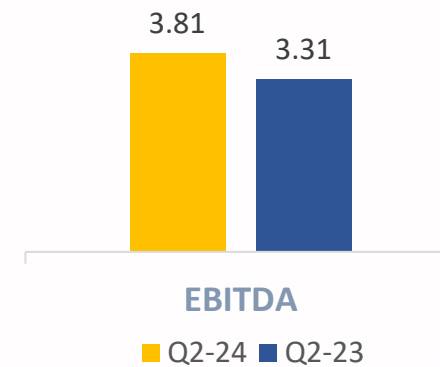
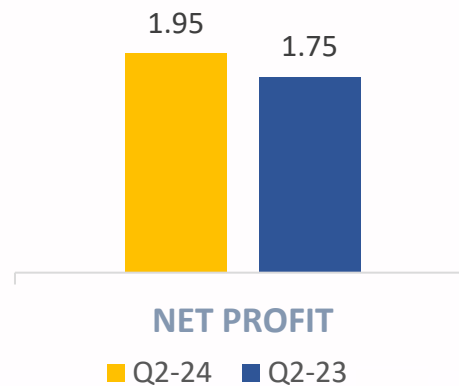
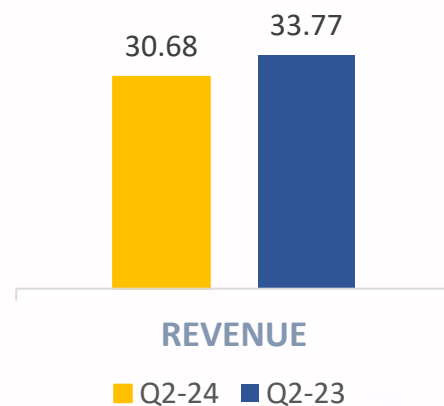
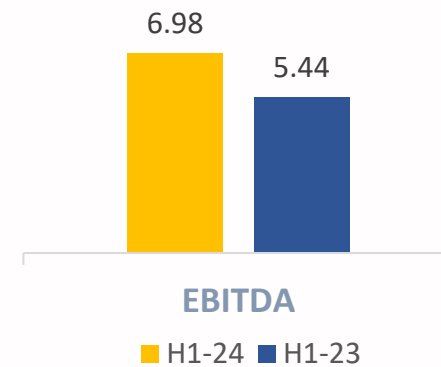
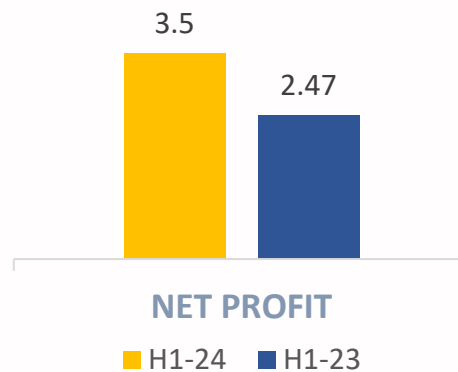
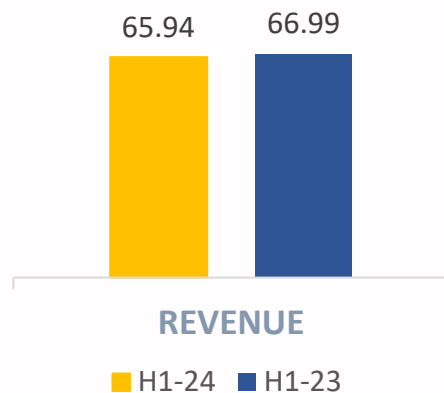
↑ 22%

42.84 - H1-2024

35.02 H1-2023

FINANCIAL OVERVIEW – CONSOLIDATED

KD' Million

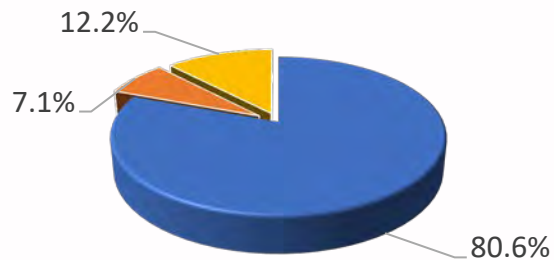


BREAKDOWN OF REVENUE BY BUSINESS LINE - CONSOLIDATED

KD '000

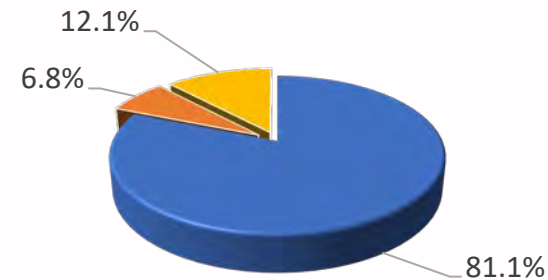
BUSINESS LINE	Q2-24	Q2-23	Q2-24	Q2-23	% Change
INDUSTRIAL, OIL & GAS	24,748	27,406	80.6%	81.1%	-9.7%
SHIPYARD	2,193	2,299	7.1%	6.8%	-4.6%
OFFSHORE	3,749	4,070	12.2%	12.1%	-7.9%
TOTAL REVENUE	30,690	33,775	100%	100%	-9.1%

Q2-24



Industrial, Oil & Gas Shipyard Offshore

Q2-23



Industrial, Oil & Gas Shipyard Offshore

COMMON SIZE ANALYSIS-STATEMENT OF INCOME - CONSOLIDATED

	H1-24	H1-23	Q2-24	Q2-23	H1-24	H1-23	Q2-24	Q2-23
Revenue	65,942,896	66,999,870	30,689,910	33,775,508	100.00%	100.00%	100.00%	100.00%
Cost of sales	(59,754,014)	(62,260,434)	(27,713,759)	(30,776,757)	-90.61%	-92.93%	-90.30%	-91.12%
Gross Profit	6,188,882	4,739,436	2,976,151	2,998,751	9.39%	7.07%	9.70%	8.88%
Other income	729,681	228,105	630,041	81,700	1.11%	0.34%	2.05%	0.24%
General and administrative expenses	(2,317,783)	(1,990,890)	(983,878)	(1,083,484)	-3.51%	-2.97%	-3.21%	-3.21%
Investment income / (loss)	84,534	84,419	85,079	85,001	0.13%	0.13%	0.28%	0.25%
Expected credit loss on financial assets (net)	(109,660)	259,685	(97,972)	142,781	-0.17%	0.39%	-0.32%	0.42%
Finance costs	(819,409)	(829,815)	(466,586)	(429,261)	-1.24%	-1.24%	-1.52%	-1.27%
Foreign exchange gain/(loss)	(175,912)	99,003	(128,666)	50,147	-0.27%	0.15%	-0.42%	0.15%
Profit before contribution to taxes	3,580,333	2,589,943	2,014,169	1,845,635	5.43%	3.87%	6.56%	5.46%
Contribution to Kuwait Foundation for Adv. of Sciences	(31,229)	(18,458)	(18,706)	(11,833)	-0.05%	-0.03%	-0.06%	-0.04%
National Labour Support Tax	(34,506)	(74,672)	(28,066)	(57,235)	-0.05%	-0.11%	-0.09%	-0.17%
Zakat expense	(13,803)	(29,869)	(11,227)	(22,894)	-0.02%	-0.04%	-0.04%	-0.07%
Net profit for the period	3,500,795	2,466,944	1,956,170	1,753,673	5.31%	3.68%	6.37%	5.19%
Earning per share (fils)	19.42	13.69	10.85	9.73				

RATIO ANALYSIS - CONSOLIDATED

PROFITABILITY	H1-24	H1-23	CHANGE	FY-23
Gross Profit %	9.39%	7.07%	↑2.31%	7.92%
EBIT %	6.67%	5.10%	↑1.57%	6.42%
EBITDA %	10.59%	8.12%	↑2.47%	9.79%

Net Profit Margin -%	5.31%	3.68%	↑1.63%	4.84%
ROA	1.85%	1.45%	↑0.41%	3.95%
ROE	4.87%	3.55%	↑1.31%	9.61%
ROCE	4.81%	3.71%	↑1.10%	9.66%

LEVERAGE	H1-24	H1-23	Change	FY-23
Total Debt % of Total Assets %	21.60%	19.47%	↑2.13	13.80%
Debt to Equity	1.76	1.59	↑0.17	1.48
Interest Coverage Ratio	5.37	4.12	↑1.25	5.14

LIQUIDITY	H1-24	H1-23	Change	FY-22
Current Ratio	1.12	1.22	↓-0.10	1.23
Quick Ratio	0.98	1.09	↓-0.11	1.07
Working Capital to Total Assets	0.07	0.11	↓-0.04	0.11

FINANCIAL POSITION / CASH FLOW - CONSOLIDATED

Consolidated Statement of Financial Position as at 30 June 2024

	Kuwaiti Dinars	
	H1-24	FY-23
NON-CURRENT ASSETS	78,399,155	77,449,867
CURRENT ASSETS	119,937,727	106,393,751
TOTAL ASSETS	198,336,882	183,843,618
NON-CURRENT LIABILITIES	19,559,560	23,496,523
CURRENT LIABILITIES	106,860,119	86,314,665
TOTAL LIABILITIES	126,419,679	109,811,188
EQUITY	71,917,203	74,032,430
TOTAL EQUITY AND LIABILITIES	198,336,882	183,843,618

Consolidated Statement of Cash Flow - 30 June 2024

	Kuwaiti Dinars	
	H1-24	H1-23
PROFIT FROM OPERATIONS	3,500,795	2,466,944
CHANGES IN WORKING CAPITAL	(7,446,361)	8,653,097
NET CASH GENERATED FROM OP ACTIVITIES	(3,945,566)	11,120,041
NET CASH USED IN FROM INVESTING ACTIVITIES	(3,091,673)	(5,886,589)
NET CASH USED IN FROM FIN. ACTIVITIES	10,605,840	(4,869,175)
INCREASE IN CASH & CASH EQUIVALENTS	3,568,601	364,277
CASH & CASH EQUIV. AT BEGINNING OF PERIOD	4,475,842	5,559,459
CASH & CASH EQUIV. AT PERIOD END	8,044,443	5,923,736

COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

ASSETS	H1-24	H1-23	FY-23	H1-24	H1-23	FY-23
<u>Non Current Assets</u>						
Right-of-use-assets	1,439,608	329,206	1,898,896	0.73%	0.18%	1.03%
Property, plant and equipment	74,071,635	67,953,787	72,400,692	37.35%	37.77%	39.38%
Investment securities	1,526,776	1,773,250	1,735,595	0.77%	0.99%	0.94%
Trade and other receivables	1,361,136	2,367,696	1,414,684	0.69%	1.32%	0.77%
Total Non-Current Assets	78,399,155	72,423,939	77,449,867	39.53%	40.25%	42.13%
<u>Current assets</u>						
Inventories	15,386,304	12,207,176	13,743,236	7.76%	6.78%	7.48%
Contract assets	60,605,126	52,875,467	54,428,110	30.56%	29.39%	29.61%
Trade and other receivables	35,622,146	36,284,188	33,356,024	17.96%	20.17%	18.14%
Cash and bank balances	8,324,151	6,124,445	4,866,381	4.20%	3.40%	2.65%
Total Current Assets	119,937,727	107,491,276	106,393,751	60.47%	59.75%	57.87%
TOTAL ASSETS	198,336,882	179,915,215	183,843,618	100.00%	100.00%	100.00%

COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

EQUITY AND LIABILITIES	H1-24	H1-23	FY-23	H1-24	H1-23	FY-23
Equity						
Share Capital	18,024,152	18,024,152	18,024,152	9.09%	10.02%	9.80%
Statutory reserve	10,946,089	10,946,089	10,946,089	5.52%	6.08%	5.95%
General reserve	10,780,757	10,021,936	10,780,757	5.44%	5.57%	5.86%
Fair valuation reserve	379,982	626,457	588,802	0.19%	0.35%	0.32%
Retained earnings	31,782,428	29,804,431	33,689,023	16.02%	16.57%	18.32%
Non-controlling interests	3,795	3,471	3,607	0.00%	0.00%	0.00%
Total Equity	71,917,203	69,426,536	74,032,430	36.26%	38.59%	40.27%
Non-Current Liabilities						
Post employment benefits	17,442,667	18,859,773	19,752,216	8.79%	10.48%	10.74%
Lease liabilities	9,993	197,123	914,301	0.01%	0.11%	0.50%
Due to banks	664,163	1,264,163	964,163	0.33%	0.70%	0.52%
Trade and other payables	1,442,737	2,378,805	1,865,843	0.73%	1.32%	1.01%
Total Non-Current Liabilities	19,559,560	22,699,864	23,496,523	9.86%	12.62%	12.78%
Current liabilities						
Lease liabilities	858,364	97,959	858,206	0.43%	0.05%	0.47%
Contract liabilities	2,800,397	971,081	266,335	1.41%	0.54%	0.14%
Due to a company	-	1,419,054	-	0.00%	0.79%	0.00%
Due to banks	42,176,503	33,759,439	24,410,872	21.27%	18.76%	13.28%
Trade and other payables	61,024,855	51,541,282	60,779,252	30.77%	28.65%	33.06%
Total Current liabilities	106,860,119	87,788,815	86,314,665	53.88%	48.79%	46.95%
Total liabilities	126,419,679	110,488,679	109,811,188	63.74%	61.41%	59.73%
Total Equity and Liabilities	198,336,882	179,915,215	183,843,618	100.00%	100.00%	100.00%



GULF DREDGING



THANK YOU



GULF DREDGING





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