



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

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

Date: 16 August 2023

Reference: CM/AR//120/2023

التاريخ : 16 أغسطس 2023

إشارة : CM/AR//120/2023

To: Boursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

**Subject: Disclosure of material information  
Analyst conference 2<sup>nd</sup> quarter for the  
period Ended on 30/06/2023:**

الموضوع: إفصاح عن معلومات جوهرية

مؤتمر المحللين للربع الثاني للفترة المنتهية في 30/06/2023:

Reference to Our disclosure dated 10/08/2023 & article No. (7-8) "Listed Company Obligations" of Boursa Kuwait rulebook.

بالإشارة إلى إفصاحنا المؤرخ في 10/08/2023، وإلى المادة (7-8) "التزامات الشركة المدرجة" من كتاب قواعد البورصة.

We would like to inform that The Analyst Conference was held on 16/08/2023 at 2:00 pm (Local Time).

نحنيطمك علماً بأن مؤتمر المحللين قد إنعقد بتاريخ 16/08/2023 في تمام الساعة 2:00 ظهراً 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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**نموذج الإفصاح عن المعلومات الجوهرية**  
**Material Disclosure Form**

<b>Date</b>	16 August 2023	16 أغسطس 2023	التاريخ
<b>Name of the listed company</b>	Heavy Engineering Industries & Shipbuilding Co. K.S.C. (Public)	شركة الصناعات الهندسية الثقيلة وبناء السفن (ش.م.ك) عامة	إسم الشركة المدرجة
<b>Material Information</b>	<p>We would like to inform that The Analyst Conference was held on 16/08/2023 at 2:00 pm (Local Time).</p> <p>Kindly note that no material information has been revealed during the conference.</p> <p>Conference Presentation is attached herewith, and the Analyst Conference Transcript will be published within 3 days from the date of conference.</p>	<p>نحيطكم علماً بأن مؤتمر المحللين قد إنعقد بتاريخ 2023/08/16 في تمام الساعة 2:00 ظهراً حسب التوقيت المحلي.</p> <p>كما يرجى العلم بأنه لم يتم تداول أي معلومة جوهرية خلال المؤتمر.</p> <p>مرفق طيه العرض التقديمي وسوف يتم نشر محضر المؤتمر خلال 3 أيام من تاريخ عقد المؤتمر.</p>	المعلومة الجوهرية
<b>Significant Effect of the material information on the financial position of the company</b>	Not Applicable.	لا ينطبق.	أثر المعلومة الجوهرية على المركز المالي للشركة

Significant Effect on the financial position shall be mentioned if the material information can measure that effect, excluding the financial effect resulting from tenders or similar contracts.

If a Listed Company, which is a member of a Group, disclosed some material information related to it and has Significant Effect on other listed companies' which are members of the same Group, the other companies' disclosure obligations are limited to disclosing the information and the financial effect occurring to that company itself.

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إذا قامت شركة مدرجة من ضمن مجموعة بالإفصاح عن معلومة جوهرية تخصها ولها انعكاس مؤثر على باقي الشركات المدرجة من ضمن المجموعة، فإن واجب الإفصاح على باقي الشركات المدرجة ذات العلاقة يقتصر على ذكر المعلومة والأثر المالي المترتب على تلك الشركة بعينها.



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

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



## INVESTOR PRESENTATION

### 1<sup>st</sup> Half 2023 | Virtual Summit

## Agenda

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# Disclaimer

## FORWARD - LOOKING STATEMENTS

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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



- Plans to expand the business in Saudi Arabia by involving a team of experienced local personnel while meeting stringent Saudization requirements.
- Plans to strategically expand our business in Iraq in potential oil sector through direct clients/partnering with reputed international contractors.
- Registering with Qatar Energy as a Project Preferred Manufacturer and plans to establish a branch / appoint a local agent to participate in direct bidding.
- 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.
- Plans to work as subcontractor to the main/epc contractors such as JGC, TR, SAIPEM, HDEC, L&T, and SINOPEC to secure projects and increase revenue to achieve targets, especially in Saudi Arabia and Qatar.

# PERFORMANCE HIGHLIGHTS – CONSOLIDATED

KD' Million



## Total Revenue

↑19%

66.99 H1-2023

56.19 H1-2022



## EBITDA

↑14%

5.44 H1-2023

4.77 H1-2022



## NET PROFIT

↑23%

2.47 H1-2023

2.01 H1-2022



## EPS

↑23%

13.69 H1-2023

11.15 H1-2022



## ASSETS

↑2%

179.91 H1-2023

176.59 FY-2022



## EQUITY

↓2%

69.42 H1-2023

70.80 FY-2022



## BORROWINGS

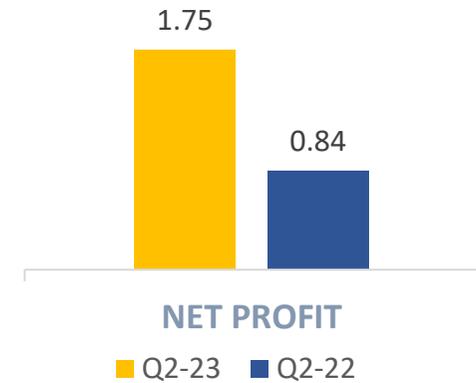
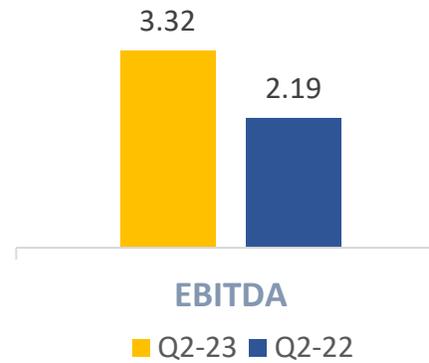
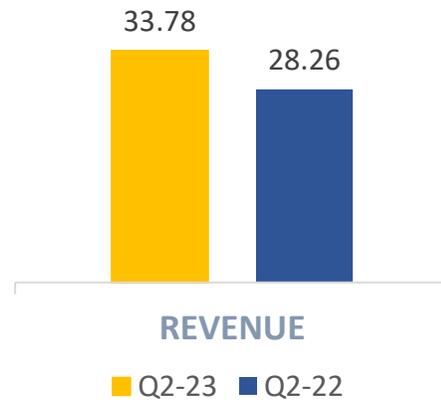
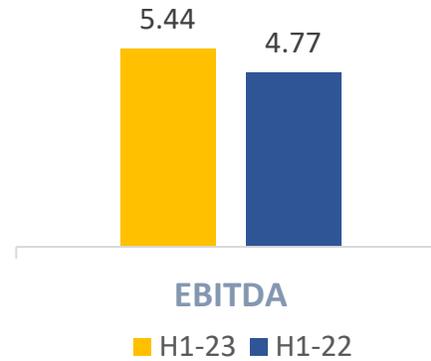
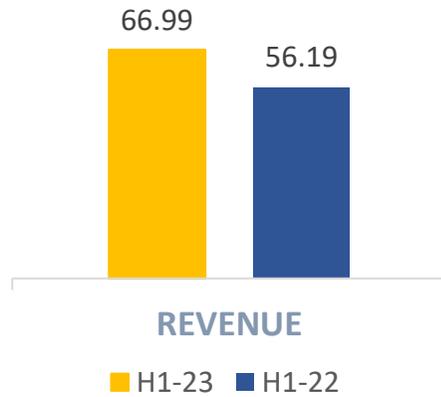
↑1%

35.02 H1-2023

34.76 FY-2022

# FINANCIAL OVERVIEW – CONSOLIDATED

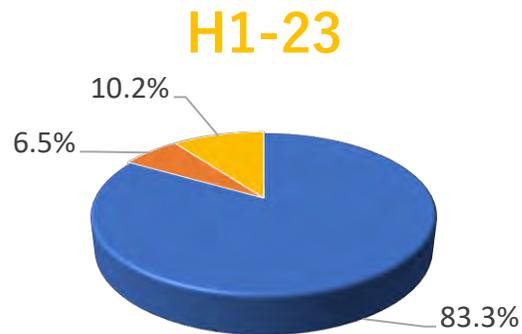
KD' Million



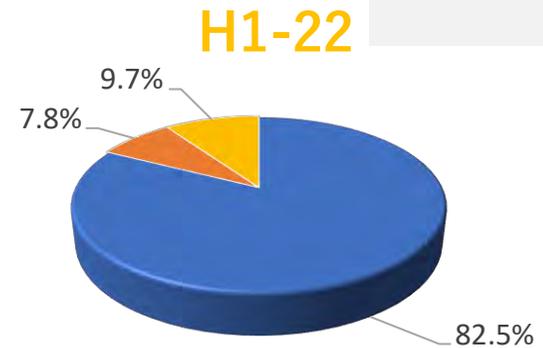
# BREAKDOWN OF REVENUE BY BUSINESS LINE - CONSOLIDATED

KD '000

BUSINESS LINE	H1-23	H1-22	H1-23	H1-22	% Change
INDUSTRIAL, OIL & GAS	55,826	46,362	83.3%	82.5%	20.4%
SHIPYARD	4,354	4,358	6.5%	7.8%	-0.1%
OFFSHORE	6,819	5,474	10.2%	9.7%	24.6%
<b>TOTAL REVENUE</b>	<b>66,999</b>	<b>56,194</b>	<b>100%</b>	<b>100%</b>	<b>19.2%</b>



Industrial, Oil & Gas Shipyard Offshore

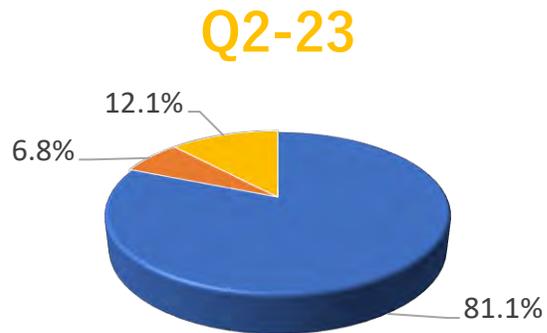


Industrial, Oil & Gas Shipyard Offshore

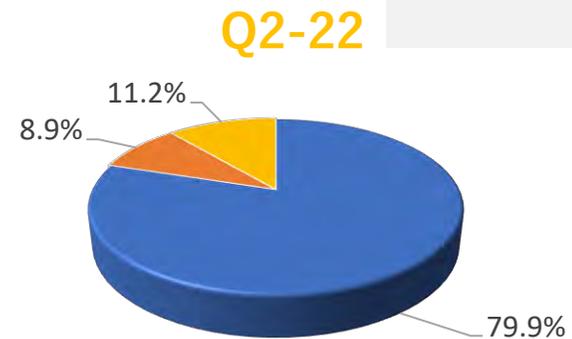
# BREAKDOWN OF REVENUE BY BUSINESS LINE - CONSOLIDATED

KD '000

BUSINESS LINE	Q2 -23	Q2-22	Q2 -23	Q2-22	% Change
INDUSTRIAL, OIL & GAS	27,406	22,584	81.1%	79.9%	21.4%
SHIPYARD	2,298	2,516	6.8%	8.9%	-8.7%
OFFSHORE	4,071	3,160	12.1%	11.2%	28.8%
<b>TOTAL REVENUE</b>	<b>33,775</b>	<b>28,260</b>	<b>100%</b>	<b>100%</b>	<b>19.5%</b>



Industrial, Oil & Gas Shipyard Offshore



Industrial, Oil & Gas Shipyard Offshore

## COMMON SIZE ANALYSIS-STATEMENT OF INCOME - CONSOLIDATED

	H1-23	H1-22	Q2-23	Q2-22	H1-23	H1-22	Q2-23	Q2-22
<b>Revenue</b>	66,999,870	56,194,333	33,775,508	28,260,274	100.00%	100.00%	100.00%	100.00%
Cost of sales	(62,260,434)	(52,527,667)	(30,776,757)	(26,780,481)	-92.93%	-93.48%	-91.12%	-94.76%
<b>Gross Profit</b>	<b>4,739,436</b>	<b>3,666,666</b>	<b>2,998,751</b>	<b>1,479,793</b>	<b>7.07%</b>	<b>6.52%</b>	<b>8.88%</b>	<b>5.24%</b>
Other income	228,105	654,275	81,700	384,691	0.34%	1.16%	0.24%	1.36%
General and administrative expenses	(1,990,890)	(1,935,559)	(1,083,484)	(959,260)	-2.97%	-3.44%	-3.21%	-3.39%
Investment income / (loss)	84,419	77,413	85,001	(674)	0.13%	0.14%	0.25%	0.00%
Expected credit loss on financial assets (net)	259,685	172,346	142,781	220,134	0.39%	0.31%	0.42%	0.78%
Finance costs	(829,815)	(512,050)	(429,261)	(253,902)	-1.24%	-0.91%	-1.27%	-0.90%
Foreign exchange gain/(loss)	99,003	3,918	50,147	18,462	0.15%	0.01%	0.15%	0.07%
Profit before contribution to taxes	<b>2,589,943</b>	<b>2,127,009</b>	<b>1,845,635</b>	<b>889,244</b>	<b>3.87%</b>	<b>3.79%</b>	<b>5.46%</b>	<b>3.15%</b>
Contribution to Kuwait Foundation for Adv. of Sciences	(18,458)	(16,482)	(11,833)	(5,436)	-0.03%	-0.03%	-0.04%	-0.02%
National Labour Support Tax	(74,672)	(71,562)	(57,235)	(29,661)	-0.11%	-0.13%	-0.17%	-0.10%
Zakat expense	(29,869)	(28,625)	(22,894)	(11,865)	-0.04%	-0.05%	-0.07%	-0.04%
Net profit for the period	<b>2,466,944</b>	<b>2,010,340</b>	<b>1,753,673</b>	<b>842,282</b>	<b>3.68%</b>	<b>3.58%</b>	<b>5.19%</b>	<b>2.98%</b>
<b>Earning per share (fils)</b>	<b>13.69</b>	<b>11.15</b>	<b>9.73</b>	<b>4.67</b>				

# RATIO ANALYSIS - CONSOLIDATED

PROFITABILITY	H1-23	H1-22	CHANGE	FY-22
Gross Profit %	7.07%	6.52%	↑0.55%	7.81%
EBIT %	5.10%	4.70%	↑0.41%	4.55%
EBITDA %	8.12%	8.50%	↓-0.38%	9.41%

Net Profit Margin -%	3.68%	3.58%	↑0.10%	4.55%
ROA	1.45%	1.18%	↑0.26%	3.27%
ROE	3.55%	2.99%	↑0.56%	7.95%

LEVERAGE	Jun-23	Jun-22	Change	FY-22
Total Debt % of Total Assets %	0.19	0.18	↑0.01	0.20
Debt to Equity	1.59	1.40	↑0.19	1.49
Interest Coverage Ratio	4.12	5.15	↓-1.03	6.21

LIQUIDITY	Jun-23	Jun-22	Change	FY-22
Current Ratio	1.22	1.25	↓-0.03	1.30
Quick Ratio	1.09	1.12	↓-0.03	1.17
Working Capital to Total Assets	0.11	0.11	↑0.00	0.14

# FINANCIAL POSITION / CASH FLOW - CONSOLIDATED

## Consolidated Statement of Financial Position as at 30 June 2023

	Kuwaiti Dinars	
	H1-23	FY-22
NON CURRENT ASSETS	72,423,939	69,917,883
CURRENT ASSETS	107,491,276	106,673,655
<b>TOTAL ASSETS</b>	<b>179,915,215</b>	<b>176,591,538</b>
NON CURRENT LIABILITIES	22,699,864	23,638,069
CURRENT LIABILITIES	87,788,815	82,234,999
<b>TOTAL LIABILITIES</b>	<b>110,488,679</b>	<b>105,873,068</b>
EQUITY	69,426,536	70,718,470
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>179,915,215</b>	<b>176,591,538</b>

## Consolidated Statement of Cash Flow - 30 June 2023

	Kuwaiti Dinars	
	H1-23	H1-22
PROFIT FROM OPERATIONS	2,466,944	2,010,340
CHANGES IN WORKING CAPITAL	8,653,097	10,521,775
<b>NET CASH GENERATED FROM OP ACTIVITIES</b>	<b>11,120,041</b>	<b>12,532,115</b>
NET CASH USED IN FROM INVESTING ACTIVITIES	(5,886,589)	(4,741,547)
NET CASH USED IN FROM FIN. ACTIVITIES	(4,869,175)	(5,949,145)
<b>INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>364,277</b>	<b>1,841,423</b>
CASH & CASH EQUIV. AT BEGINNING OF PERIOD	5,559,459	4,707,797
<b>CASH &amp; CASH EQUIV. AT PERIOD END</b>	<b>5,923,736</b>	<b>6,549,220</b>

## COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

ASSETS	H1-23	FY-22	H1-22	H1-23	FY-22	H1-22
<b>Non Current Assets</b>						
Right-of-use-assets	329,206	377,829	430,768	0.18%	0.21%	0.27%
Property, plant and equipment	67,953,787	63,878,521	60,334,947	37.77%	36.17%	37.38%
Investment securities	1,773,250	1,927,298	2,033,419	0.99%	1.09%	1.26%
Trade and other receivables	2,367,696	3,734,235	12,060,028	1.32%	2.11%	7.47%
<b>Total Non Current Assets</b>	<b>72,423,939</b>	<b>69,917,883</b>	<b>74,859,162</b>	<b>40.25%</b>	<b>39.59%</b>	<b>46.37%</b>
<b>Current assets</b>						
Inventories	12,207,176	10,792,914	9,096,127	6.78%	6.11%	5.63%
Contract assets	52,875,467	49,763,539	42,054,033	29.39%	28.18%	26.05%
Trade and other receivables	36,284,188	40,357,034	28,663,332	20.17%	22.85%	17.76%
Cash and bank balances	6,124,445	5,760,168	6,749,929	3.40%	3.26%	4.18%
<b>Total Current Assets</b>	<b>107,491,276</b>	<b>106,673,655</b>	<b>86,563,421</b>	<b>59.75%</b>	<b>60.41%</b>	<b>53.63%</b>
<b>TOTAL ASSETS</b>	<b>179,915,215</b>	<b>176,591,538</b>	<b>161,422,583</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

EQUITY AND LIABILITIES	H1-23	FY-22	H1-22	H1-23	FY-22	H1-22
<b>Equity</b>						
Attributable to Parent Company's shareholders Share capital	18,024,152	18,024,152	18,024,152	10.02%	10.21%	11.17%
Share Capital	10,946,089	10,946,089	10,946,089	6.08%	6.20%	6.78%
Statutory reserve	10,021,936	10,021,936	9,416,983	5.57%	5.68%	5.83%
General reserve	626,457	780,505	886,625	0.35%	0.44%	0.55%
Fair valuation reserve	29,804,431	30,942,622	27,930,581	16.57%	17.52%	17.30%
Retained earnings	3,471	3,166	2,975	0.00%	0.00%	0.00%
Non-controlling interests	<b>69,426,536</b>	<b>70,718,470</b>	<b>67,207,405</b>	<b>38.59%</b>	<b>40.05%</b>	<b>41.63%</b>
<b>Total Equity</b>						
<b>Non-Current Liabilities</b>						
Post employment benefits	18,859,773	18,203,489	17,051,034	10.48%	10.31%	10.56%
Lease liabilities	197,123	269,753	250,109	0.11%	0.15%	0.15%
Due to a company	0	716,484	1,335,022	0.00%	0.41%	0.83%
Due to banks	1,264,163	2,014,163	3,268,163	0.70%	1.14%	2.02%
Trade and other payables	2,378,805	2,434,180	2,951,181	1.32%	1.38%	1.83%
<b>Total Non-Current Liabilities</b>	<b>22,699,864</b>	<b>23,638,069</b>	<b>24,855,509</b>	<b>12.62%</b>	<b>13.39%</b>	<b>15.40%</b>
<b>Current liabilities</b>						
Lease liabilities	97,959	97,959	117,959	0.05%	0.06%	0.07%
Contract liabilities	971,081	207,040	899,712	0.54%	0.12%	0.56%
Due to a company	1,419,054	1,398,214	1,446,814	0.79%	0.79%	0.90%
Due to banks	33,759,439	32,754,468	26,097,228	18.76%	18.55%	16.17%
Trade and other payables	51,541,282	47,777,318	40,797,956	28.65%	27.06%	25.27%
<b>Total Current liabilities</b>	<b>87,788,815</b>	<b>82,234,999</b>	<b>69,359,669</b>	<b>48.79%</b>	<b>46.57%</b>	<b>42.97%</b>
<b>Total liabilities</b>	<b>110,488,679</b>	<b>105,873,068</b>	<b>94,215,178</b>	<b>61.41%</b>	<b>59.95%</b>	<b>58.37%</b>
<b>Total Equity and Liabilities</b>	<b>179,915,215</b>	<b>176,591,538</b>	<b>161,422,583</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



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