



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

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

Date: 10 March 2024

Reference: CM/AR/023/2024

التاريخ : 10 مارس 2024

إشارة : CM/AR/023/2024

To: Boursa Kuwait

Greetings,

المحترمين

السادة / شركة بورصة الكويت

تحية طيبة وبعد،،،

**Subject: Disclosure of material information
Analyst conference 4th quarter for the
financial year 2023:**

الموضوع: إفصاح عن معلومات جوهرية

مؤتمر المحللين للربع الرابع من السنة المالية 2023 :

Reference to Our disclosure dated 05/03/2024 & article No. (7-8) "Listed Company Obligations" of Boursa Kuwait rulebook.

بالإشارة إلى إفصاحنا المؤرخ في 05/03/2024، وإلى المادة (7-8) "التزامات الشركة المدرجة" من كتاب قواعد البورصة.

We would like to inform you that The Analyst conference was held on 10/03/2024 at 2:00 pm (local Time).

نحيطكم علماً بأن مؤتمر المحللين قد إنعقد بتاريخ 2024/03/10 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

The Analyst conference transcript & presentation will be published within 3 days from the conference date.

وعليه سوف يتم نشر محضر المؤتمر والعرض التقديمي خلال 3 أيام من تاريخ عقد المؤتمر.

Yours Sincerely

وتفضلوا بقبول وافر التقدير والاحترام،،،



مرزوق ناصر الخرافي

رئيس مجلس الإدارة

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Chairman



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نموذج الإفصاح عن المعلومات الجوهرية

Material Disclosure Form

Date	10 March 2024	10 مارس 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
Material Information	<p>We would like to inform you that The Analyst conference was held on 10/03/2024 at 2:00 pm (local Time).</p> <p>Kindly note that no material information has been revealed during the conference.</p> <p>The Analyst conference transcript & presentation will be published within 3 days from the conference date.</p>	<p>نحيطكم علماً بأن مؤتمر المحللين قد إنعقد بتاريخ 2024/03/10 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>وعليه سوف يتم نشر محضر المؤتمر والعرض التقديمي خلال 3 أيام من تاريخ عقد المؤتمر.</p>	المعلومة الجوهرية
Significant Effect of the material information on the financial position of the company	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.

يتم ذكر الأثر على المركز المالي في حال كانت المعلومة الجوهرية قابلة لقياس ذلك الأثر، ويستثنى الأثر المالي الناتج عن المناقصات والممارسات وما يشبهها من عقود.

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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(Handwritten signature)

شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامه)
HEAVY ENGINEERING INDUSTRIES & SHIPBUILDING CO. K.S.C (Public)



FY-2023 | 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	8
6	Financial Overview	9
7	Appendix	11
8	Q & A	16

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 Co 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.
- 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.
- Received approval in the In-plant Projects category 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.
- 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.

HEISCO's Strategy



- 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.
- 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

↑ 19%

146.87 FY-2023

123.70 FY-2022



EBITDA

↑ 24%

14.38 FY-2023

11.63 FY-2022



NET PROFIT

↑ 26%

7.11 FY-2023

5.62 FY-2022



EPS

↑ 26%

39.45 FY-2023

31.22 FY-2022



ASSETS

↑ 4%

183.84 FY-2023

176.59 FY-2022



EQUITY

↑ 5%

74.03 FY-2023

70.71 FY-2022



LIABILITIES

↑ 4%

109.81 FY-2023

105.87 FY-2022



BORROWINGS

↓ -27%

25.37 FY-2023

34.76 FY-2022



DIVIDEND

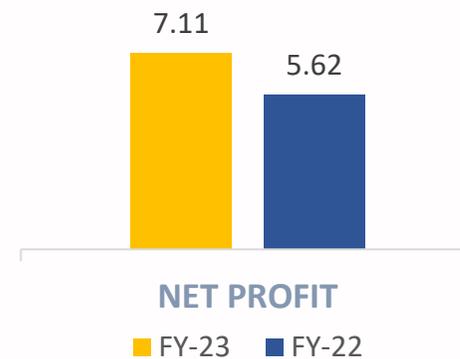
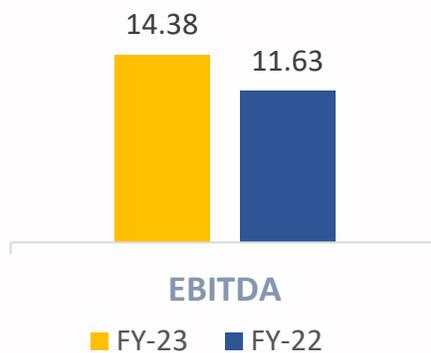
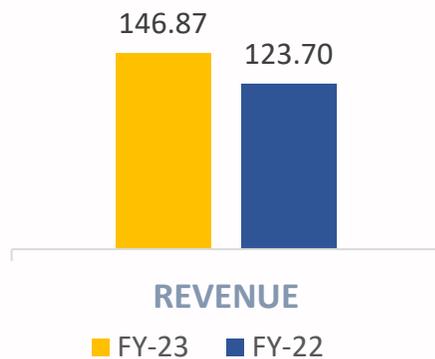
↑ 50%

30 FILS FY-2023

20 FILS FY-2022

FINANCIAL OVERVIEW – CONSOLIDATED

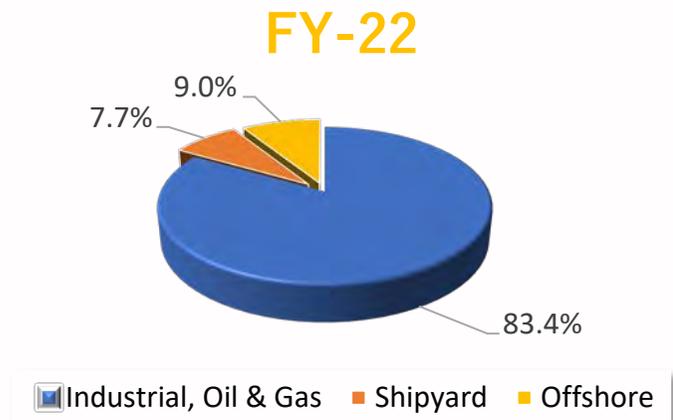
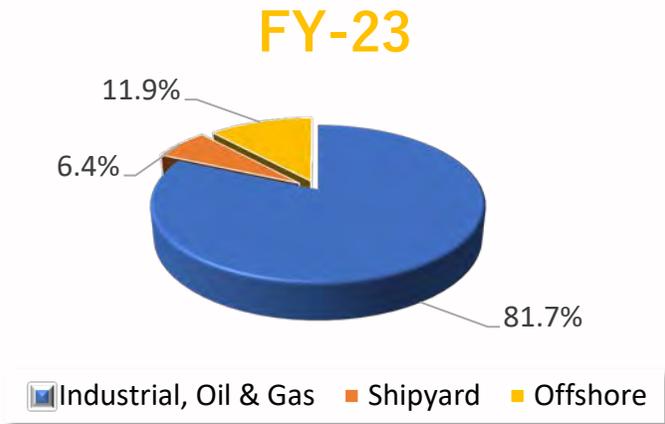
KD' Million



BREAKDOWN OF REVENUE BY BUSINESS LINE - CONSOLIDATED

KD '000

BUSINESS LINE	FY 2023	FY 2022	FY 2023	FY 2022	% Change
INDUSTRIAL, OIL & GAS	120,042	103,114	81.7%	83.4%	16.4%
SHIPYARD	9,430	9,501	6.4%	7.7%	-0.7%
OFFSHORE	17,406	11,089	11.9%	9.0%	57.0%
TOTAL REVENUE	146,878	123,704	100%	100%	18.7%



COMMON SIZE ANALYSIS-STATEMENT OF INCOME - CONSOLIDATED

	FY-23	FY-22	FY-23	FY-22
Revenue	146,877,866	123,704,336	100.00%	100.00%
Cost of sales	(135,245,073)	(114,040,385)	-92.08%	-92.19%
Gross Profit	11,632,793	9,663,951	7.92%	7.81%
Other income	1,055,737	923,085	0.72%	0.75%
General and administrative expenses	(4,072,156)	(3,588,192)	-2.77%	-2.90%
Investment income / (loss)	117,570	110,363	0.08%	0.09%
Expected credit loss on financial assets (net)	630,141	(47,433)	0.43%	-0.04%
Finance costs	(1,834,664)	(1,160,732)	-1.25%	-0.94%
Foreign exchange gain/(loss)	58,787	148,490	0.04%	0.12%
Profit before contribution to taxes	7,588,208	6,049,532	5.17%	4.89%
Board of Directors Remuneration	(115,000)	(85,000)	-0.08%	-0.07%
Contribution to Kuwait Foundation for Adv. of Sciences	(65,128)	(52,875)	-0.04%	-0.04%
National Labour Support Tax	(212,562)	(202,951)	-0.14%	-0.16%
Zakat expense	(85,025)	(81,181)	-0.06%	-0.07%
Net profit for the period	7,110,493	5,627,525	4.84%	4.55%
Earning per share (fils)	39.45	31.22		

RATIO ANALYSIS - CONSOLIDATED

Financial Overview-Ratio Analysis

PROFITABILITY	FY-23	FY-22	CHANGE
Gross Profit %	7.92%	7.81%	↑0.11%
EBIT %	6.42%	5.83%	↑0.59%
EBITDA %	9.79%	9.41%	↑0.38%

Net Profit Margin -%	4.84%	4.55%	↑0.29%
ROA	3.95%	3.27%	↑0.68%
ROE	9.61%	7.96%	↑1.65%

LEVERAGE	FY-23	FY-22	CHANGE
Total Debt % of Total Assets %	13.80%	19.69%	↓-5.89%
Debt to Equity	1.48	1.50	↓-0.02
Interest Coverage Ratio	5.14	6.21	↓-1.08

LIQUIDITY	FY-23	FY-22	CHANGE
Current Ratio	1.23	1.30	↓-0.07
Quick Ratio	1.07	1.17	↓-0.10
Working Capital to Total Assets	0.11	0.14	↓-0.03

FINANCIAL POSITION / CASH FLOW - CONSOLIDATED

Consolidated Statement of Financial Position as at 31 Dec 2023

	Kuwaiti Dinars	
	FY - 23	FY-22
NON CURRENT ASSETS	77,449,867	69,917,883
CURRENT ASSETS	106,393,751	106,673,655
TOTAL ASSETS	183,843,618	176,591,538
NON CURRENT LIABILITIES	23,496,523	23,638,069
CURRENT LIABILITIES	86,314,665	82,234,999
TOTAL LIABILITIES	109,811,188	105,873,068
EQUITY	74,032,430	70,718,470
TOTAL EQUITY AND LIABILITIES	183,843,618	176,591,538

Consolidated Statement of Cash Flow - 31 Dec 2023

	Kuwaiti Dinars	
	FY - 23	FY-22
PROFIT FROM OPERATIONS	7,110,493	5,627,525
CHANGES IN WORKING CAPITAL	21,396,036	7,284,359
NET CASH GENERATED FROM OP ACTIVITIES	28,506,529	12,911,884
NET CASH USED IN FROM INVESTING ACTIVITIES	(11,979,049)	(10,255,204)
NET CASH USED IN FROM FIN. ACTIVITIES	(17,611,097)	(1,805,018)
INCREASE IN CASH & CASH EQUIVALENTS	(1,083,617)	851,662
CASH & CASH EQUIV. AT BEGINNING OF PERIOD	5,559,459	4,707,797
CASH & CASH EQUIV. AT PERIOD END	4,475,842	5,559,459

COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

ASSETS	FY-23	FY-22	FY-23	FY-22
<u>Non Current Assets</u>				
Right-of-use-assets	1,898,896	377,829	1.03%	0.21%
Property, plant and equipment	72,400,692	63,878,521	39.38%	36.17%
Investment securities	1,735,595	1,927,298	0.94%	1.09%
Trade and other receivables	1,414,684	3,734,235	0.77%	2.11%
Total Non Current Assets	77,449,867	69,917,883	42.13%	39.59%
<u>Current Assets</u>				
Inventories	13,743,236	10,792,914	7.48%	6.11%
Contract assets	54,428,110	49,763,539	29.61%	28.18%
Trade and other receivables	33,356,024	40,357,034	18.14%	22.85%
Cash and bank balances	4,866,381	5,760,168	2.65%	3.26%
Total Current Assets	106,393,751	106,673,655	57.87%	60.41%
TOTAL ASSETS	183,843,618	176,591,538	100.00%	100.00%

COMMON SIZE ANALYSIS - STATEMENT OF FINANCIAL POSITION - CONSOLIDATED

EQUITY AND LIABILITIES	FY-23	FY-22	FY-23	FY-22
Equity				
Share Capital	18,024,152	18,024,152	9.80%	10.21%
Statutory reserve	10,946,089	10,946,089	5.95%	6.20%
General reserve	10,780,757	10,021,936	5.86%	5.68%
Investment revaluation reserve	588,802	780,505	0.32%	0.44%
Retained earnings	33,689,023	30,942,622	18.32%	17.52%
Non-controlling interests	3,607	3,166	0.00%	0.00%
Total Equity	74,032,430	70,718,470	40.27%	40.05%
Non-Current Liabilities				
Post employment benefits	19,752,216	18,203,489	10.74%	10.31%
Lease liabilities	914,301	269,753	0.50%	0.15%
Due to a company	-	716,484	0.00%	0.41%
Due to banks	964,163	2,014,163	0.52%	1.14%
Trade and other payables	1,865,843	2,434,180	1.01%	1.38%
Total Non-Current Liabilities	23,496,523	23,638,069	12.78%	13.39%
Current liabilities				
Lease liabilities	858,206	97,959	0.47%	0.06%
Contract liabilities	266,335	207,040	0.14%	0.12%
Due to banks	24,410,872	32,754,468	13.28%	18.55%
Due to a company	0	1,398,214	0.00%	0.79%
Trade and other payables	60,779,252	47,777,318	33.06%	27.06%
Total Current liabilities	86,314,665	82,234,999	46.95%	46.57%
Total liabilities	109,811,188	105,873,068	59.73%	59.95%
Total Equity and Liabilities	183,843,618	176,591,538	100.00%	100.00%



GULF DREDGING



THANK YOU



GULF DREDGING





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