
Kamco Invest holds virtual investor conference for analysts, its shareholders and bondholders to discuss 6M 2020 financial results

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Kamco Invest held a live virtual investor conference on Monday 17th of August 2020 for analysts and the Company's shareholders and bondholders to discuss the Company's performance during the first half of 2020 which witnessed losses of KWD3.9mn.

Participating in the conference were Faisal Mansour Sarkhou, Chief Executive Officer, Hana'a Taha, Chief Financial Officer and Moustafa Zantout, Director of Marketing & Investor Relations who started by giving a brief introduction on the company and an overview on the major events that took place in 6M 2020 affecting the overall business environment.

Global economies were impacted by the Coronavirus pandemic which disrupted government entities, the private sector and economic cycles since March 2020. Brent Crude Oil and the MSCI GCC Index dropped by 65.5% and 24.6% respectively during the first quarter. During the second quarter, markets around the world witnessed partial recovery but remained in the red and Brent Crude Oil and the MSCI GCC Index narrowed their losses to end the first six months of the year losing 37.7% and 16.4% respectively.

Sarkhou presented a detailed overview of the Company's business and financial performance during

the first 6 months of 2020, including the impact of the Coronavirus pandemic repercussions on the financial performance. The Company continued to provide services to clients without interruption and distributed cash dividends for the year 2019 amounting to KWD1.7mn.

The Company enjoys a strong financial position with KWD48.5mn in shareholders' equity as of 30 June 2020 and a "BBB" long-term credit rating and "A3" short-term rating with stable outlook by Capital Intelligence in their latest review in June 2020.

He highlighted the core business functions that witnessed a positive start for the year, following the landmark successful completion of the merger with Global Investment House, reporting 16.2% increase in fee & commission income in Q1 2020 compared to last year reaching KWD5.5mn. With the slow of business starting March 2020, fee & commission income was affected and closed the first half with KWD8.3mn, a decrease of 4.7% compared to same period of last year.

Assets under management grew by CAGR of 12.6% since the Company's inception in 1998. As at the end of June 2020, total assets under management stood at KWD3.8bn (USD12.4bn), a decrease of 7% compared to 31 December 2019. Equity funds and managed portfolios continued to outperform their respective benchmarks. The Company also successfully attracted investments from clients amounting to over USD60mn, distributed around USD31mn to clients (capital and income distributions) and acquired an income-generating property in the USA, raising the managed real estate value to over USD1.2bn. Simultaneously, the Company exited from a managed USA property generating a 22.8% return in favor of clients. The Special Situations Asset Management team continued exit negotiations with several parties on behalf of clients.

Investment Banking successfully played the role of joint lead manager for three debt capital market transactions, two regional offerings in US Dollars and one for a local bank in Kuwaiti Dinars, for a total amount equivalent to USD1.3bn. The team also launched a strategic initiative to support companies in battling the ongoing crisis. This initiative was shared with several clients, which resulted in securing new advisory mandates.

First Securities Brokerage Company, Kamco Invest's brokerage arm, continued to provide its services to clients without interruption while increasing market share and attracting new clients through the online trading platform.

Taha discussed the rationalization of the cost base where general and administrative expenses dropped by 32.4% compared to 6M 2019 to reach KWD6.7mn. During the first quarter, general and administrative expenses dropped by 18.7% compared to Q1 2019 to reach KWD4.3mn and during the second quarter the company enforced a number of measures to further rationalize its operating

expenses to cope with the market conditions and the Company's strategy post-merger completion which have resulted in a considerable drop of 48.4% compared to Q2 2019 to reach KWD2.4mn.

Sarkhou concluded by stressing that Kamco Invest is committed to the highest standards of transparency, especially during these unprecedented times the global economies and capital markets are witnessing. He added that although the virtual conference was not a regulatory requirement, the management team at Kamco Invest took this initiative as an opportunity to share the Company's performance and key developments with shareholders and bondholders, as well as analysts and answer their queries.

Media Contacts

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