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## **Kamco Invest reports KWD2.5mn profits in Q3, reducing the 9M 2020 losses to KWD1.4mn**

Submitted by Anonymous (not verified) on 8 November 2020

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Kamco Invest announced its financial results for the 9M period ending 30 September 2020. The Company reported a net profit of KWD2.5mn in Q3 2020 (Q3 2019: net loss of KWD0.178mn) reducing the 9M 2020 losses to KWD1.4mn (9M 2019: net profit of KWD0.932mn). Earnings per share stood at 7.41 fils in Q3 2020 (Q3 2019: -0.75 fils) and -3.95 fils in 9M 2020 (9M 2019: 3.93 fils).

The results were impacted by Coronavirus pandemic which disrupted government entities, the private sector, and economies 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 and third quarters, markets around the world witnessed partial recovery and most of the markets remained in the red in terms of YTD-20 returns. Brent Crude Oil and the MSCI GCC Index narrowed their losses to end the nine months of the year losing 38.0% and 8.8%, respectively. Simultaneously, the Company reported profits in Q2 and Q3 of KWD0.7mn and KWD2.5mn, respectively.

On the business level, the slow of business since March 2020 had a negative impact on the fee & commission income which dropped by 9.4% compared to same period of last year to reach

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KWD11.8mn in 9M 2020. Despite the unprecedented challenges, negative sentiments and the slow of business, the company continued to provide its clients with interruption-free services and distributed cash dividends to its shareholders for the fiscal year 2019 amounting to KWD1.7mn in June 2020.

As at the end of September 2020, total assets under management stood at KWD3.9bn (USD12.6bn). Equity funds and managed portfolios continued to outperform their respective benchmarks and three funds were recognized by the 2020 Refinitiv Lipper Fund awards for their consistent risk-adjusted performance relative to peers.

Kamco Invest successfully attracted investments in managed products from clients amounting to over USD148mn, distributed around [USD39mn to clients \(capital and income distributions\)](#) and acquired two income-generating property portfolios in the US and UK, raising the managed real estate value to over USD1.2bn. Simultaneously, the Company exited from two managed US properties generating above targeted returns to its 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 acted as exclusive sell-side advisor to a healthcare group in Egypt and 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. Kamco Invest was awarded the 'Best M&A Bank in the Middle East – 2020' award from the highly accredited and internationally renowned Global Finance.

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.

Furthermore, Kamco Invest managed to rationalize its cost base where general and administrative expenses dropped by 28% in 9M 2020 compared to 9M 2019 to reach KWD10mn, thanks to the measures taken by the Company to cope with the market conditions and the Company's strategy post-merger completion.

During Q3 2020, the Company reduced its total liabilities by KWD13.3mn, a reduction of 14%, to reach KWD82.3mn at the end of September 2020.

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The Company enjoys a strong financial position with KWD51.7mn in shareholders' equity as of 30 September 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.

Faisal Mansour Sarkhou, Chief Executive Officer, said, "Despite the extremely difficult economic and operating conditions, we managed to report positive results in the third quarter, reduced our total liabilities, rationalized our cost base and most importantly retained the level of our recurring fee-based income. Furthermore, we were able to sign new mandates, close deals, attract new clients and raise funds for new and existing products."

He added, "We have expedited our digitization drive while ensuring our existing systems and processes handled the situation of remote working and serving of our clients. We will continue to monitor new trends and behavioral changes that will inevitably lead to the formulation of new standards and investment opportunities after overcoming the current crisis."

## **Media Contacts**

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