
Kamco Invest reports KWD15mn fee income, KWD2.7mn losses in 2020

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Kamco Invest announced its financial results for FY 2020 ended 31 December 2020. The Company reported a net loss of KWD2.7mn (EPS: -7.85 fils) compared to a net profit of KWD3mn in 2019 (EPS: 12.47 fils). The results were impacted by unrealized losses and the Coronavirus pandemic which disrupted government entities, the private sector, and economies since March 2020.

The slow of business since March 2020 had a negative impact on the fee & commission income which dropped by 21.4% compared to 2019 to reach KWD15mn in 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 December 2020, total assets under management stood at KWD3.9bn (USD12.9bn). 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 raised over USD623mn for several products and transactions, distributed

around USD49mn to clients (capital and income distributions) and acquired properties in the US and UK, raising the managed real estate value to over USD1.1bn. 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.

Throughout the year, Investment Banking successfully played the role of joint lead manager for six debt capital market transactions, two regional and four local offerings, for a total amount equivalent to USD2.6bn. 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. 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 26.5% in 2020 to reach KWD14.3mn, thanks to the measures taken by the Company to cope with the market conditions and the Company's strategy post-merger completion.

The Company reduced its total liabilities by KWD3.8mn, a reduction of 5.5%, to reach KWD64.8mn at the end of December 2020.

The Company enjoys a strong financial position with KWD50mn in shareholders' equity as of 31 December 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, "The results were impacted by unrealized losses and we are well positioned to benefit from positive market performance as well as cope with the unforeseen circumstances should returning to normal take more time than expected. Despite the extremely difficult economic and operating conditions, we managed to strengthen our financial position by enhancing our liquid assets and reducing our total liabilities. We also rationalized our cost base and most importantly remained focused on the recurring fee-based income."

He added, "We were able to sign new mandates, close deals, attract new clients and raise funds for

new and existing products and mandates. We have also 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.”

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