
Kamco Invest hosts its analyst/investor conference to discuss 9M 2024 financials

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Kamco Invest held its online analysts / investors conference today for analysts and the company's shareholders to discuss its performance during the nine months ended 30 September 2024.

Participating in the conference were Faisal Mansour Sarkhou, Chief Executive Officer, Hana'a Taha, Chief Financial Officer and Mohammad Fuad Akbar, Manager, Marketing & Investor Relations who started by giving a brief introduction to the company, followed by an overview on the major events and the market's performance during the period.

Crude oil prices remained volatile since the beginning of the year led by geopolitical events in the region as well as due to the swing in demand and supply balance. Brent crude oil spot prices have declined by 6.9% since the start of the year to reach USD 72.35/b at the end of September. Average crude oil prices, however, were higher at USD 82.5/b during 9M-2024, almost in line with an average of USD 82.0/b registered during 9M-2023. The key reason for the decline since the start of the year was related to a fall in demand for crude oil, as the recovery in China failed to impress. Moreover, as the US produced at record pace, this also lowered crude oil prices.

Regarding the equity markets, Akbar mentioned that the GCC markets witnessed an increase in

activity with a healthy gain of the value traded by 37% compared to 9M-2023 to reach USD525.9bn in 9M-2024. The aggregate MSCI GCC index closed 9M-2024 with a marginal decline of 0.2%, whereas the total return on GCC markets stood at 5.0% during 9M-2024 as seen from the S&P GCC Total Return index. Dubai, Kuwait and Oman were the best performers with 10.9%, 4.7% and 4.3% respectively whereas Qatar and Abu Dhabi indices declined by 2.0% and 1.6%, respectively.

Sarkhou presented a detailed overview of the company's business and financial performance for the period. The company achieved numerous milestones leveraging on its business model that focuses on diverse income sources and quality revenue streams.

Total revenue increased by 65.5% to reach KWD18.5mn (9M 2023: KWD11.2mn), while revenues from fees and commissions increased by 28.0% compared to the same period last year to reach KWD12.1mn. The company reported a net profit of KWD3.5mn (EPS: 10.14 fils) compared to a loss of KWD1.4mn during the same period in 2023 (EPS: -4.08 fils).

Sarkhou attributed the increase reported in total income to the significant growth in the company's core businesses which was reflected in the fee and commission income, in addition to the markets' positive impact on its investment portfolio.

Sarkhou highlighted the core business's functions where assets under management grew by 9.3% during the period, and at a CAGR of 12.4% since inception to reach USD16.2bn as of 30 September 2024. The growth was mainly due to new amounts raised and the positive performance of managed assets. Our asset management business covers equity and fixed income, and alternatives including real estate, private equity and private credit.

Kamco Invest's equity funds and portfolios managed by our Equity and Fixed Income team continued to outperform their respective benchmarks and it's Kuwait equity funds continued to be amongst the top performing funds. Kamco Investment Fund, which received six awards from Lipper-LSEG for its performance, was the best performing equity fund in Kuwait achieving a return of 9.2% in the 9-months period. Additionally, the team manages high-performing fixed income portfolios and funds, offering clients access to a broad range of fixed income products across primary and secondary markets.

The Alternative Investments team continues to enhance its capabilities and broaden its offerings. Building on its extensive expertise in real estate and private equity consolidated last year, the team has strategically expanded into the private credit market, forging partnerships with prominent international players. During the nine months period, the team completed the capital raising for a private equity fund, advised its clients on various transactions including an e-commerce platform that

is planned to list on the Saudi market and acted as the strategic advisor on a USD94.7mn junior financing transaction for a real estate development project in the US. The team continued to undergo plans to exit legacy assets held by the private equity funds and is building transactions pipeline for private equity deals, evaluating a healthy pipeline of deal flows as well as working on new initiatives and products.

The Investment Banking team continued to advise their clients with several transactions in the pipeline across Equity Capital Markets, Debt Capital Markets, and Mergers & Acquisitions (M&A). During the period, the team maintained robust momentum, successfully closing eight transactions valued at USD3.1bn. This included executing the largest mandatory tender offer in Kuwait's insurance sector, alongside seven Sukuk and bond issuances for leading companies and banks across Kuwait, Saudi Arabia, and the UAE.

First Securities Brokerage Company, Kamco Invest's brokerage arm, continued to strengthen its competitive position and attracted new clients through its online trading platforms. It launched an app dedicated to onboarding clients and updating client information, the first of its kind in the industry in Kuwait.

The company's regional offices have been effectively implementing their growth strategy within their respective markets, increasing their contribution to the core businesses, namely asset management. Kamco Invest – Saudi has signed a strategic partnership to provide leasing opportunities for clients and has strengthened its management team through new key hires. Additionally, regulatory approvals are underway for the launch of two Saudi-focused products in equities and fixed income. A major milestone on the horizon is the planned relocation of our Riyadh offices to the prestigious King Abdullah Financial District (KAJD), joining other leading financial institutions in the heart of Saudi Arabia's financial hub.

Taha discussed the company's financial position and credit rating, indicating that Kamco Invest maintained its "BBB" long-term credit rating and "A3" short-term rating with a stable outlook. The rating was issued by Capital Intelligence in its most recent review in May 2024.

Shareholders' equity reached KWD61.3mn as of 30 September 2024, an increase of 2.7% in comparison to the end of December 2023 while total assets dropped by 3.2% reaching KWD124.7mn, impacted by the cash dividends to shareholders and the gradual reduction of the company's debt. Cash and cash equivalents during the period increased by 23.1% to reach KWD32.6mn, representing 26.1% of total assets. The company's investment portfolio stood at KWD73.3mn, representing 58.8% of the total assets.

She also touched on the company's total liabilities, which dropped by 6.1% to reach KWD60.4mn as of the end of September 2024. The net debt-to-equity ratio witnessed an enhancement, standing at 0.20x as of 30 September 2024 compared to 0.37x as of 31 December 2023.

Sarkhou concluded by highlighting the differentiation factor of Kamco Invest characterized by the quality of its earnings due to the robust and diversified revenue model and regional footprints. He emphasized that the implemented strategy aims to continue focusing on growing the fee income which represented 65.1% of the total income as of 30 September 2024.

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