
Kamco Invest successfully completes exit of 24% stake in Al Mazaya Holding on behalf of its client

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Kamco Invest announced that Special Situations Asset Management, in collaboration with Investment Banking, successfully completed the exit of a major stake in Al Mazaya Holding Company on behalf of a client. The transaction was worth approximately KWD10.5mn, representing a 24% stake of the company's capital.

Abdul Hamid Mihrez, Executive Director of Special Situations Asset Management, said, "We are pleased with the outcome of managing this investment that was initiated back in 2013. Our objective was to enhance its value and successfully complete the exit in line with the objectives and strategic plan agreed upon with the client. The investment achieved optimum results that exceeded the client's expectations and targeted returns."

Mihrez mentioned that the Special Situations Asset Management at Kamco Invest provides unique and tailored asset management solutions to manage and wind-down assets considered non-strategic or sometimes difficult to exit from.

Changes in market fundamentals play a pivotal role in reshaping balance sheets for companies. Companies tend to revisit their business models and extend efforts to revamp operations to suit market conditions, which in most cases lead to restructuring their balance sheet and sometimes exit from some of their investments. On the other hand, debt to asset swap solutions are on the rise as lenders continue to offer alternative settlement options to defaulting clients. However, these solutions only provide temporary relief considering regulatory requirements to unwind 'acquired' assets in the short term. This emphasizes the need for a specialized team to manage and exit such assets that are usually left without proper attention as the focus is usually driven towards core business operations.

Mihrez added, "The need for developing a systematic approach for exiting non-core and difficult assets created a niche market in which we have been actively engaged in over the last seven years. This has assisted us in developing our competencies and building a solid track record within this segment. As an independent asset manager, we apply a value driven divestment strategy through the execution of a disposal program designed to facilitate optimal cash returns."

Also commenting on the transaction, Mohamed Sherif El-Rafie, Executive Director of Equity Capital Markets at Kamco Invest, said, "Our effective collaboration with Special Situations Asset Management enabled us to explore several exit strategies to ensure optimal returns for the client. The combined efforts of both teams resulted in adopting the most suitable exit strategy and in successfully completing the sale in an effective and timely manner, while achieving the added value for the client."

The total value of wind-down mandates managed by the Special Situations Asset Management team since launching the service in 2013 stands at around USD690 million distributed across several clients. The successful execution of the portfolios' strategies resulted in generating cash inflows north of USD763mn to represent an exit multiple of 120% to mandates initial valuation.

Collectively, the team of specialized professionals brings a wealth of expertise backed by a comprehensive and integrated platform within Investment Banking, Private Equity, and Brokerage services.

Mihrez concluded, "Our success depends on our ability to remain focused on our clients' main objective and achieve optimal realization in a timely manner. Adhering to a total portfolio management approach through informed holding and selling decisions, while setting aside principles of loss aversion, allows us to create an improved risk-return tradeoff in favor of our clients. We are currently expanding our offering to regional markets, especially in Saudi Arabia and United Arab Emirates."

It is worth noting that Kamco Invest is amongst the very few investment companies in the region to possess the level of expertise and experience in managing such mandates.

Media Contacts

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