
Kamco Invest holds its virtual investor conference for analysts, its shareholders and bondholders to discuss 6M 2021 financial results

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Kamco Invest held its live virtual investors' conference on Tuesday 17th of August 2021 for analysts and the Company's shareholders and bondholders to discuss the Company's performance during the six months ended 30 June 2021.

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 during the period under review which affected the overall business environment.

Business activity gradually recovered since the beginning of the year after turmoil caused by Covid-19 last year. This was also reflected in the economic data with the aggregate of the GCC economy expected to grow by 2.7% this year. The shift towards non-oil sectors, in addition to OPEC+ output cuts, is expected to lead to faster growth in non-oil GDP of 3.5% versus 1.6% growth in oil GDP. Vaccinations continue to remain the key to future economic growth and the resumption of activity, as highlighted by the International Monetary Fund, and the performance of GCC countries is amongst the best in this regard.

Zantout added that the price of Brent Crude Oil continued to rise during the second quarter reaching 32 months high level around USD77/b, an increase of 55.7% since the beginning of the year. Global and regional equity markets also performed well, whereby the MSCI GCC Index rose by 22.6%, with Abu Dhabi and Saudi Arabia recording the highest increase by 35.5% and 26.4% respectively, and Boursa Kuwait rose by 15.2%

Sarkhou presented a detailed overview of the Company's business and financial performance during the first half of 2021. The Company achieved numerous milestones due to its business model which focuses on diverse income sources and quality revenue streams.

Total revenue for the period reached KWD15.9mn (6M 2020: KWD4.5mn), with fee & commission income amounting to KWD8.6mn, representing 54.1% of total revenue. The Company reported a net profit of KWD6.3mn (EPS: 18.41 fils) compared to a net loss of KWD3.9mn during the same period in 2020 (EPS: -11.35 fils).

Sarkhou highlighted the core business functions where assets under management grew by 8.9% during the period, and at a CAGR of 13.6% since inception to reach USD14.2bn as of 30 June 2021. The growth was mainly due to new amounts raised, as well as the positive performance of managed assets.

Kamco Invest's equity funds and managed portfolios continued to outperform their respective benchmarks, whereas Kamco Investment Fund emerged as the winner of the Refinitiv Lipper Fund Awards Kuwait 2021 in the categories of "Best Equity Fund Over 5 Years", and "Best Equity Fund Over 10 Years". During the 6 months period, both the Kamco Investment Fund and Al-Durra Islamic Fund were the best performing in the conventional and Sharia compliant Kuwait equity funds categories, reporting returns of 22.27% and 22.79% respectively.

Income generating properties were acquired in the UK and US, raising the managed real estate value by USD145mn. The Special Situations Asset Management team continued exit negotiations with several parties on behalf of clients and successfully completed the exit of a 24% stake in Al Mazaya Holding worth approximately KWD10.5mn. In terms of new investment offerings available to clients, the Asset Management team worked diligently to launch several initiatives including leveraged fixed income and venture capital.

The Investment Banking team successfully played the role of Joint Lead Manager & Joint Bookrunner for five regional debt issuances worth USD2.15bn across Kuwait, Saudi and Oman, and advisor for the redemption of KWD100mn subordinated T2 Capital Securities. The team also acted as issuance advisor and subscription agent to the rights issue of a listed company on Boursa Kuwait, exclusive

buy-side advisor to an insurance group to acquire 66% of a non-listed insurance company, exclusive buy-side advisor to an insurance group to acquire 75% of a listed insurance company in Jordan and sell-side advisor to sell a minority stake of a listed company on Boursa Kuwait.

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 its online trading platform. The company successfully completed the MD3 test for netting, which now serves as a new revenue stream for the company.

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 2021.

Shareholders' equity reached KWD57.3mn as of 30 June 2021, an increase of 14.5% in comparison to the end of December 2020. Total assets increased by 4.4% compared to 31 December 2020 to reach KWD123.9mn as of 30 June 2021, with cash and cash equivalents representing 25.9% and prop-book investments representing 53.1% of the total assets.

She also touched on the Company's total liabilities, which were reduced by KWD2.1mn during the first half, down 3.3%, to reach KWD62.7mn as end of June 2021. The net debt-to-equity ratio also reached 0.23x (31 December 2020: 0.3x).

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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