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## Capital Intelligence maintains investment grade rating for Kamco Invest with stable outlook

Submitted by Anonymous (not verified) on 25 May 2022

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## Credit Rating Affirmed

Capital Intelligence – May 2022

Long-Term

**BBB**

Short-Term

**A3**

Outlook

**Stable**

Kamco Invest announced today that Capital Intelligence Ratings maintained its Long- and Short-Term Corporate Ratings of Kamco Invest at 'BBB' and 'A3', respectively. The outlook on the ratings remains 'Stable' primarily due to Kamco Invest's leading position in the asset management industry, as well as the Company's strong funding and liquidity base.

Capital Intelligence indicated that most financial markets worldwide had suffered from the repercussions of the pandemic, leading to major Covid-related profit and revenue drops especially in Q1 2020. Even though most of the lost ground was recovered in subsequent quarters, markets were still down for the whole year. Kamco Invest recorded a loss during 2020, which was then backed by strong performance and a record profit year in 2021.

In its report, Capital Intelligence highlighted two key credit strengths. The first strength being Kamco Invest's strong funding and liquidity base. With funding mainly derived from its KWD40mn bond issue and a KWD5mn long-term bank loan, Kamco Invest enjoys considerable flexibility with its future funding plans.

Aside from its funding and liquidity base, Capital Intelligence stated that Kamco Invest's second and main credit strength is the Company's business model with substantial assets under management (AUM). This provides a large and stable revenue stream aside from the growing investment banking business.

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The real estate platform is generating regular asset management fees and although the geographical expansion has made a limited earnings contribution to date, it offers considerable opportunities for the future. Further key credit strengths include low leverage and debt-equity ratios on a net basis, sound liquidity and low refinancing risk, backed by a strong and capable management team.

Faisal Mansour Sarkhou, Chief Executive Officer, commented, “Capital Intelligence’s investment grade rating of Kamco Invest’s reaffirms the strength of the Company’s financial position, business model and management capabilities. The rating follows a record year in terms of our performance and the size of our AUM, positively reflecting the robustness of our evolving business model and range of offerings.”

It is worth noting that Kamco Invest reported a net profit of KWD10.3mn in 2021 (EPS: 30.14 fils) and KWD3.6mn (EPS: 10.5 fils) for the first quarter of 2022. This comes in addition to the solid growth in assets under management, reaching USD16.0bn backed by the performance of portfolios and funds managed on behalf of client. The Company also enjoys a strong financial position and healthy capital structure with KWD64.5mn in shareholders’ equity, a net debt to equity ratio of 0.17x, with 25% of total assets in cash & cash equivalent as of 31 March 2022.

Sarkhou concluded, “We will continue to uphold our commitment towards our stakeholders, while effectively seeking new investment opportunities and solutions for our valued clients.”

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