Kamco Investment Company Investors Presentation – 6M 2024

18 August 2024



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### Kamco Invest - A regional non-banking financial powerhouse

- > An independently managed subsidiary of KIPCO Group adopting the highest standards of corporate governance
- Headquartered in Kuwait with offices in key regional financial markets
- Provides a comprehensive range of investment solutions

- Licensed by Kuwait's Capital Markets Authority & Central Bank of Kuwait
- > Listed on Boursa Kuwait
- > Proven track record
- > Strong relationships and access to one of the largest investors' community in the MENA region

#### **Business Offerings**

Asset Management

Investment Banking

- Fund Management
- > Portfolio Management
- Advisory Service
- > Equity Capital Markets
- Debt Capital Markets
- > Mergers & Acquisitions
- Brokerage > Equity Trading
  - > OTC Trading
  - > Research

#### **Regional Presence**



Kuwait: Regulated by Capital Markets Authority & Central Bank of Kuwait

UAE: Regulated by Dubai Financial Services Authority

Saudi: Regulated by Saudi Capital Market Authority

London: Registered under UK Companies House Assets Under Management

USD15.9bn

> Ranked the largest Asset Manager in Kuwait and 7th largest in the Middle East by Forbes ME for the year 2024



#### Investment Banking Mandates

# USD38.7bn

- Managed / co-managed around USD10.6bn in Equity finance
- > Arranged around USD18.2bn in Conventional & Islamic Debt
- > Advised M&A mandates worth USD9.9bn

## Well positioned to better serve our clients



### KAMCC

# Market Overview

### GDP growth and oil prices

- > World economic growth is expected to hold steady this year backed by cautious monetary policy easing, that has just been initiated by Europe, coupled with a gradual decline in inflation. Growth is expected to edge up in the coming years after a soft landing, provided the progress continues in the coming months.
- On of the key challenges for the policymakers would be to seek ways to boost investment while ensuring fiscal stability amid high debt and high debt servicing costs.
- > On the regional front, growth in emerging markets is expected to soften, led by China and most major economies in Europe, Central Asia and LatAm regions. Growth in the MENA region is expected to be relatively better, albeit less than previous forecast.



#### Oil Market

- Crude oil traded within a tight range during the quarter that resulted in gain in average quarterly crude oil price that reached USD 84.7/b, the highest over the last three quarters. The trend in the oil market was reflected controlled supplies from the OPEC+ group, steady output from the US balanced by mostly disappointing news on the demand front.
- > Near term indicators show demand uncertainty, mainly in China, while growth in India should support prices. Looser monetary policy in the near term should also support prices balanced by output reversal from OPEC+.

#### Spot Brent Oil Price Performance





## Capital markets performance

- Global equity markets registered gains for the third consecutive guarter during Q2-2024, although the returns of 2.2% was the smallest over the last three guarters. The subdued gains reflected a continued rally in US stocks that was partially cut short by a decline in China, Europe and the GCC. The S&P 500's first-half performance has been outstanding at 14.5%, well above the historical average of 4.72%.
- > The guarter saw all of the "Magnificent 7" stocks seeing gains. Nvidia's stock rose as much as 50.0% during the guarter before a slight pullback. The stock also briefly became the largest company in the world in terms of market capitalization, surpassing both Apple and Microsoft.
- Equity markets in the GCC witnessed a broad-based decline during the guarter with five out of seven exchanges in the red while the remaining two showed marginal gains. The GCC guarterly sector performance chart was heavily skewed toward decliners with almost all sectors in the red, barring Capital Goods and Insurance that witnessed gains of 1.2% and 0.1%, respectively.





# **Business & Financial Performance**

### Performance at a glance

- KWD1.0mn profits in Q2 2024, 6M profits KWD2.5mn
- > Fee income increased by 30.1%
- General & administrative expenses increased by 14.2%
- > Total liabilities increased by 7.9%
- > Cash & Cash equivalent increased by 35.3%

	6M 2024	6M 2023	Change
Fee Income (KWD mn)	 8.11	6.24	30.1%
Total Income (KWD mn)	 12.85	8.53	50.7%
General & Admin. Expenses (KWD mn)	 8.06	7.06	14.2%
Net (Loss) Profit* (KWD mn)	 2.48	0.10	2,322.7%
Earnings Per Share (Fils)	 7.26	0.30	2,322.7%

	30 June 2024	31 Dec 2023	Change
Cash & Cash Equivalent (KWD mn)	35.83	26.48	35.3%
Total Assets (KWD mn)	134.13	128.84	4.1%
Total Liabilities (KWD mn)	69.29	64.24	7.9%
Owners' Equity (KWD mn)	60.52	59.66	1.4%

\* Attributable to Equity Holders of the Company



### Accomplishments

#### Asset Management

- Assets under management grew by 7% to reach USD15.9bn
- > Equities & Fixed Income
  - Equity funds and managed portfolios continued to outperform their respective benchmarks
  - Kamco Invest equity funds are amongst the best performing in Kuwait (6M 2024)
    - > Kamco Investment Fund
      - > 2<sup>nd</sup> best conventional fund
    - > Kamco Premier Market Index Fund
      - > 4th best conventional fund
    - Kamco Islamic Fund
      - > Best Islamic fund

#### > Alternative Investments

During the last quarter of 2023, the company successfully consolidated its extensive experience in real estate, private equity, and venture capital, bringing them together under the overarching umbrella of Alternative Investments

- > The total value of managed assets within this sector surpassed USD2.2bn
- The team continued to undergo plans to exit legacy assets held by the private equity funds and work on new initiatives and products.
- The team is also evaluating several investment opportunities in real estate, private equity, and venture capital, which led to a partnership agreement with Santander Asset Management, specialists in private debt instruments.
- Closed capital raising for "The JEDI Fund" following the approval granted by the Capital Market Authority.
- Advised clients on various transactions including an e-commerce platform that is planned to list on the Saudi market

### **Investment Banking**

- Continued to advise their clients on several transactions
- > Successfully completed:
  - > Largest Mandatory Tender Offer in the insurance sector
  - 5 Sukuk and Bond issuances for companies and banks in Kuwait, Saudi, and UAE worth USD2.2bn
- Several transactions in the pipeline expected to close during 2024 across Equity Capital Markets, Debt Capital Markets, and Mergers & Acquisitions (M&A).



## Accomplishments

### Brokerage

- Service offered through Oula Wasata, Kamco Invest's brokerage arm
- Continued to strengthen its competitive position and attracted new clients through its online trading platforms
- Launched an app dedicated to onboarding clients and updating client information

### **Regional Offices**

- Regional offices continued to strengthen their presence in their respective markets
- Increased their contribution to the company's core businesses; namely asset management
- Kamco Invest Saudi signed a strategic partnership to offer leasing opportunities to their clients

### Digitization

- Launched the all-new Kamco Invest App, consisting of new added features, performance upgrades, and an enhanced user interface.
- The app offers an integrated and seamless digital investment journey to its clients from account opening to funding and investing.



### Assets Under Management





### Financial Performance - Income Statement

 Fees remain the core of our income representing 63.1% of total income

 Fee income increased by 30.1%





	6M 2024 (KWD 000)	6M 2023 (KWD 000)
INCOME		
Fee income	8,116	6,238
Net (Loss) gain on financial assets at fair value through profit or loss	1,551	501
Share of results of associates	771	(53)
Dividend income	777	468
Interest income	684	668
Foreign exchange gain (loss)	(60)	172
Rental income	475	453
Other income	539	82
	12,852	8,530



### Financial Performance - Income Statement

- General and administrative expenses increased by 14.2%
- General and administrative expenses to fee income stood at 0.99x in 6M 2024



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Profit (Loss)

	6M 2024	6M 2023
	(KWD 000)	(KWD 000)
EXPENSES		
General and administrative expenses	8,060	7,059
Finance costs	1,721	1,416
Provision for (reversal of) expected credit losses on loans and advances, net	0.7	8
(Reversal of) provision for expected credit losses on financial assets	448	(73)
	10,230	8,410
PROFIT FOR THE PERIOD BEFORE TAXATION	2,622	120
Taxation	(123)	(5)
PROFIT FOR THE PERIOD	2,499	115
Attributable to:		
Equity holders of the Company	2,484	103
Non-controlling interests	16	12
	2,499	115
Basic and diluted earnings per share attributable to equity holders of the Company	7.26 fils	0.30 fils

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### **Financial Position – Assets**

- > Total assets increased by 4.0%
- > Cash & cash equivalents represents 26.7% of total assets
- > Cash & cash equivalents increased by 35.3%
- > Investments to total Assets 57.5%



Total Assets (30 June 2024)



	30 June 2024 KWD (000)	31 Dec 2023 KWD (000)
Cash and cash equivalents	35,833	26,481
Loans and advances	4,712	4,757
Financial assets at fair value through profit or loss	36,449	38,974
Financial assets at fair value through other comprehensive income	5,567	6,391
Assets held for sale	-	-
Investment in associates	22,796	22,433
Other assets	11,817	12,749
Investment properties	12,314	12,314
Property and equipment	1,520	1,462
Intangible assets	3,119	3,284
Total assets	 134,128 	 128,845 

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## Financial Position – Liabilities & Equity

- Total liabilities increased by 7.9%
- Owners' Equity stands at KWD60.5mn
- Net Debt to equity\* 0.30x (31 Dec 2023: 0.37x)
- Credit Rating by Capital Intelligence (May 2024)
  - > "BBB" long-term
  - > "A3" short-term
  - > stable outlook



Owners' Equity\*



* Attributable to Equity
Holders of the Company

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■ Others ■ Retained Earnings ■ Share Capital

3	30 June 2024 KWD (000)	31 Dec 2023 KWD (000)
LIABILITIES		
Loans	54,000	48,750
Bonds	-	-
Other liabilities	15,288	15,492
TOTAL LIABILITIES	69,288	64,242
EQUITY		
Share capital	34,233	34,233
Share premium	9,089	9,089
Statutory reserve	7,494	7,494
Voluntary reserve	2,093	2,093
Revaluation Reserve	934	934
Cumulative changes in fair values	(5,843)	(6,708)
Foreign currency translation reserve	843	882
Retained earnings	11,682	11,648
Equity attributable to equity holders of the company	60,525	59,665
Non-controlling interests	4,315	4,938
TOTAL EQUITY	64,840	64,602
TOTAL LIABILITIES AND EQUITY	134,128	128,845

# Share Information

## Share Information

Legal Name	Kamco Investment Company K.S.C. (Public)	
Date Established	16 September 1998	
Regulated By	Kuwait's Capital Markets Authority (CMA) and Central Bank of Kuwait	
Listing Date	20 October 2003	
Stock Ticker	КАМСО	
Bloomberg Ticker	KAMCO KK Equity	
Thomson Reuters Ticker	KAMC.KW	
Paid Up Share Capital	KWD 34,233,263.3	
Outstanding Shares	342,332,633	
Par-value per Share	KWD 0.100	
Fiscal Year	January - December	
Registrar	Kuwait Clearing Company	
Shareholder Structure	Major Shareholders owning over 5% <ul> <li>KIPCO Group Companies (United Gulf Bank, Burgan Bank)</li> </ul>	62.92%



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