



Kamco Investment Company  
Investors Presentation - 9M 2020

November 2020

**KAMCO**  
INVEST

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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**
  - > Fund Management
  - > Portfolio Management
  - > Advisory Service
- Investment Banking**
  - > 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
- Turkey**  
Representative Office

## Assets Under Management

**USD 12.6bn**

- > "Fifth Largest Asset Manager in the Region" (Moody's asset management report September 2019)
- > Competitive performance
- > Various asset classes, strategies and markets

## Investment Banking Mandates

**USD 23.1bn**

- > Managed / co-managed around USD8.6bn in Equity finance
- > Arranged around USD8.9bn in Conventional & Islamic Debt
- > Advised M&A mandates worth USD5.5bn

# Well positioned to better serve our clients

- > Specialized Wealth Management team covering the region
- > An extensive client base including sovereign wealth funds, government entities, corporates, family offices and HNWI

## Placement Power

- > Diversified offerings covering investment banking services, regional listed equities, private equities, real estate, among others
- > Offering funds, portfolios and investment programs

## Comprehensive Offerings

- > Competitive and award-winning performance for managed funds and portfolios
- > Successfully managed regional and international investment banking mandates

## Track Record

- > Customized investment solutions
- > Adopting highest standards of corporate governance

## Client Driven Approach

## Regional Footprints

- > Presence in key capital markets in the MENA region
- > Cross border products and services
- > Regional client base

## Insight

- > Research covering regional economies, industries, markets and equities

## Experienced Professionals

- > Multi industry, market and asset class expertise
- > Highly qualified investment managers



# Market Overview

# How did 9M 2020 look like?

- > The world witnessed COVID-19, an unprecedented pandemic which disrupted government entities, the private sector and economies around the world since March 2020
- > Governments have taken measures to prevent its spread including closure of public and private sectors
- > The impact has been tremendous on humanity and businesses around the world with new trends and behavioral changes leading to the formulation of new standards

## Oil Market

- > Oil price dropped to USD9.12 / b on 21 April 2020
- > Oil price traded in a tight range of USD 35-40 a barrel during Q3-2020.
- > OPEC monthly production at 24.4 mb/d as of Sept-2020, as OPEC+ implemented additional cuts to manage oil price and demand.
- > Oil demand growth once again came under serious doubt as Covid-19 cases started rising towards end of Q3

## Brent Oil Price Performance

Q1 2020	Q2 2020	Q3 2020	9M 2020
▼ -65.5%	▲ 81%	▼ -0.5%	▼ -38.0%

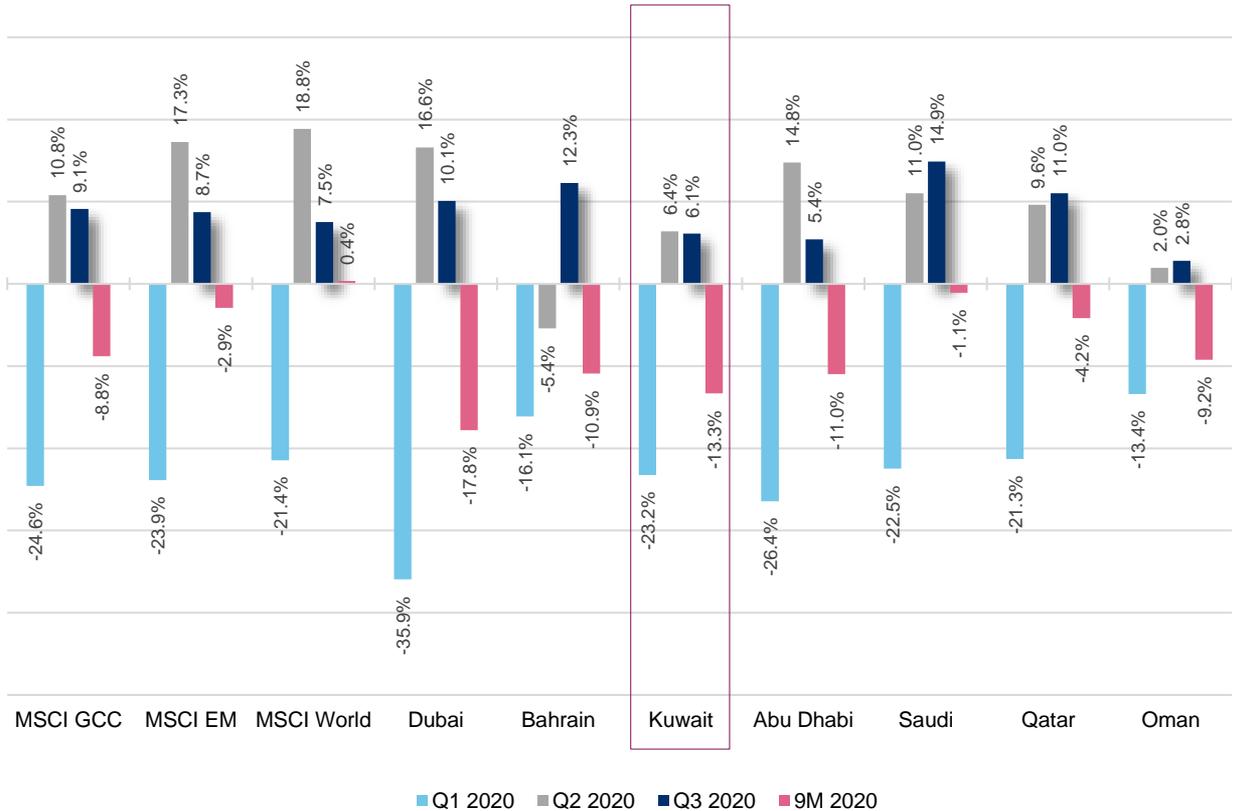
## Impact of COVID-19 in Kuwait

<u>24 Feb 2020</u> First confirmed COVID-19 case in Kuwait	<u>12 Mar 2020</u> Beginning of the closure period	<u>31 May 2020</u> Start phase 1 of returning to normal	<u>30 June 2020</u> Start Phase 2: Resuming work with up to 30% capacity with restrictions	<u>28 July 2020</u> Start Phase 3: Working capacity increased to less than 50% with restrictions	<u>18 August 2020</u> Start Phase 4: Working capacity increased to more than 50% with enforced safety measures
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# Capital Markets Performance

- › Markets globally continued to see a recovery during Q3-2020 but the gains were smaller as compared to Q2-2020.
- › Despite the gains, most markets continue to remain in the red in terms of 9M-2020 returns.
- › The decline in MSCI GCC Index reached 8.8% during 9M-2020
- › Boursa Kuwait dropped 13.3% in 9M 2020





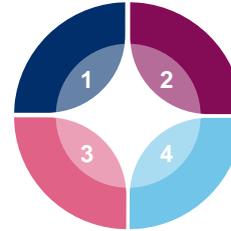
# Business & Financial Performance

# Strategy & accomplishments

- › Since the beginning of the pandemic, several scenarios and measures were studied to be taken in accordance with government regulation and the impact of these decisions on business continuity
- › A strategy has been devised consisting of four pillars

Maintaining the health and safety of all employees, the company's most important assets

Guaranteeing complete readiness to return to full activity after passing this stage



Safeguarding the interests of all stakeholders to bypass the stage with minimal damage

Committing to social responsibilities by providing needed support

## During 9M 2020, Kamco Invest continued to provide its clients with interruption-free services while achieving several business accomplishments

- › Successfully attracted investments from clients amounting to over USD148mn
- › Distributed USD39mn to clients
  - › capital distribution USD28mn
  - › income distribution USD11mn
- › Equity funds and managed portfolios continued to outperform their respective benchmarks
- › Three funds recognized by the 2020 Refinitiv Lipper Fund awards
- › Acquired two income-generating property portfolios in the US & UK, raising the managed

real estate value to over USD1.2bn

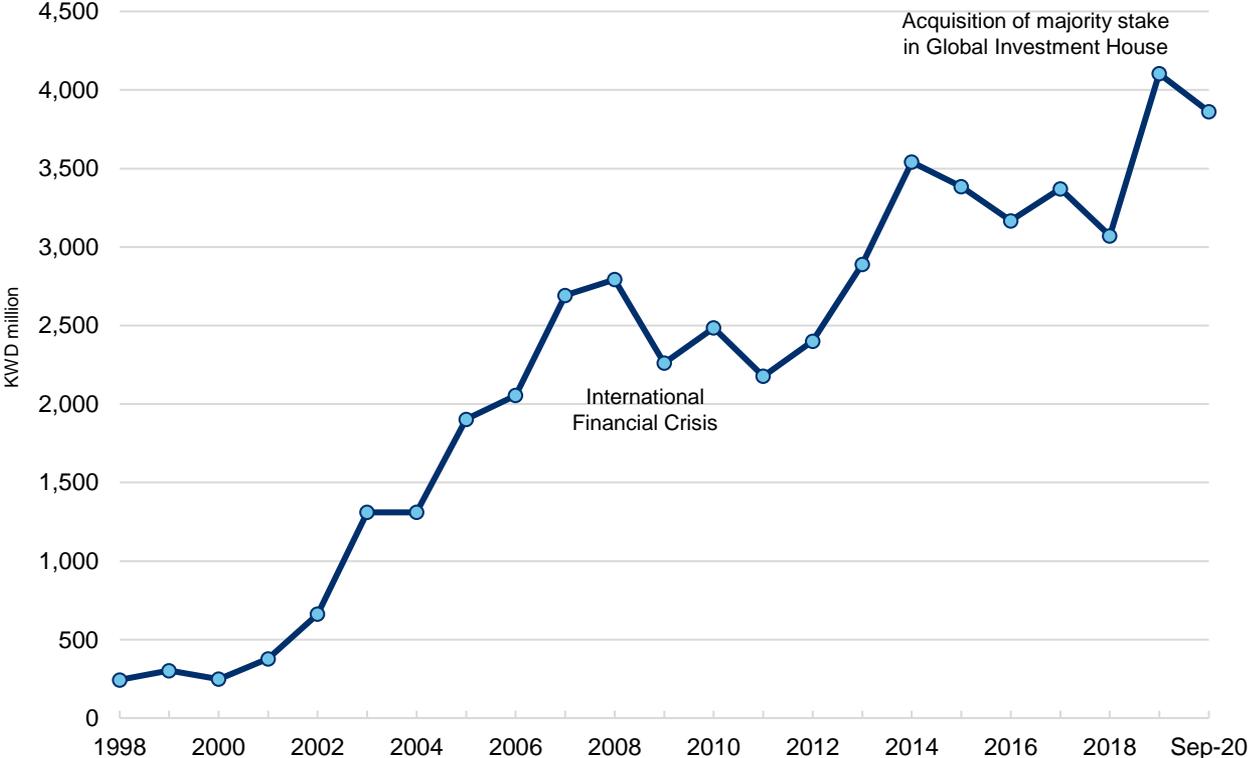
- › Exited two managed US properties generating above target returns to our clients
- › Continued exit negotiations with several parties on behalf of clients
- › Launched a strategic initiative to support companies in battling the ongoing crisis and signed new advisory mandates
- › Played the role of joint lead manager for three debt capital market transactions for a total

amount equivalent to USD1.3bn

- › two regional offerings in USD
- › one offering for a local bank in KWD
- › Played the role of exclusive sell-side advisor to a healthcare group in Egypt
- › Oula Wasata, Kamco Invest's brokerage arm,
  - › continued services clients without interruption
  - › increased market share
  - › attracting new clients through the online trading platform

# Assets Under Management

- > AUM KWD 3.9bn (USD12.6bn) as of 30 September 2020
- > CAGR 12.6% since inception in 1998



# Ensuring a seamless workflow during the pandemic

## Human Resources

- › Workforce remains in good health, and employees are encouraged to prioritize their personal and family health while adhering to instructions issued by various authorities.
- › Company remained fully operational remotely during the full and partial lockdowns.
- › Certain employees were available in the Company's premises from time to time on an as needed / rotational basis

## Technical Resources

- › Technology resources (systems, servers, tools, software, licenses etc.) remain active & available
- › Remote access to resources provided as required, emphasizing confidentiality of stakeholder information
- › Expedited our digitization drive which was key to our post-merger strategy

## Financial Resources

- › Sufficient liquidity to maintain operations as usual
- › The Company continues to generate fee income from its core activities
- › Continuously review various items of expenditures to rationalize expenditures and preserve financial resources

## Performance at a glance

- › KWD2.5mn net profits in Q3, KWD1.4mn losses in 9M

	Q3			9M		
	2020	2019	Change	2020	2019	Change
Fee Income (KWD mn)	3.53	4.34	-18.7%	11.80	13.02	-9.4%
Total Income (KWD mn)	6.67	4.94	35.1%	11.20	18.23	-38.6%
General & Admin. Expenses (KWD mn)	3.33	4.02	-17.0%	10.00	13.88	-28.0%
Net Profits (KWD mn)	2.54	-0.18	-	-1.35	0.93	-
Earnings Per Share (Fils)	7.41	-0.75	-	-3.95	3.93	-

- › Total income impacted by market performance

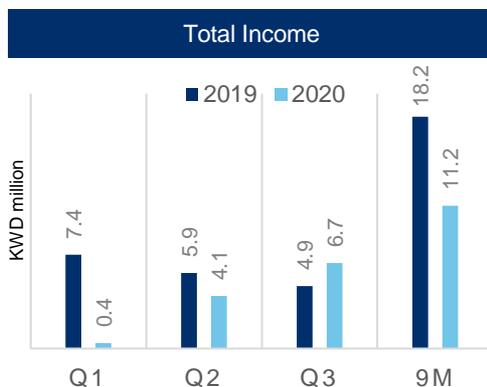
	Balance as of			Balance as of		
	30-Sep-20	30-Jun-20	Change	30-Sep-20	31-Dec-19	Change
Cash & Cash Equivalent (KWD mn)	44.53	46.68	-4.6%	44.53	29.27	52.1%
Total Assets (KWD mn)	137.75	147.84	-6.8%	137.75	129.42	6.4%
Total Liabilities (KWD mn)	82.29	95.63	-13.9%	82.29	68.62	19.9%
Owners' Equity (KWD mn)	51.67	48.53	6.5%	51.67	56.41	-8.4%

- › General & administrative expenses down 17% in Q3, 28% in 9M

- › Total liabilities dropped by 13.9% in Q3, up 19.9% in 9M

# Financial Performance - Income Statement

- › Total income dropped by 38.6% in 9M, impacted mainly by unrealized losses
- › A positive start for the year, fee income increased by 16.2% in Q1 2020
- › Slow of business affected fee income in Q2 and Q3, a drop of 9.4% in 9M 2020



## INCOME

	9M 2020 (KWD 000)	9M 2019 (KWD 000)
Fee income	11,798	13,018
Realized (loss) gain on sale of financial assets at fair value through profit or loss	(545)	794
Unrealized gain (loss) on financial assets at fair value through profit or loss	(2,273)	394
Share of results of associates	(1,982)	938
Net income on disposal of non-current assets exclusively acquired for sale	170	114
Dividend income from non-current assets exclusively acquired for sale	482	-
Dividend income	501	1,074
Interest income	741	1,170
Foreign exchange (loss) gain	977	38
Gain on disposal of associate	435	-
Other income	894	687
	<b>11,197</b>	<b>18,228</b>

# Financial Performance - Income Statement

› General and administrative expenses dropped 28% during 9M 2020

› General and administrative expenses to fee income dropped from 1.07x in 9M 2019 to 0.85x in 9M 2020

› 9M net losses of KWD1.4mn, impacted by financial markets performance

- › Q1: losses of KWD4.6mn
- › Q2: Profits of KWD0.7mn
- › Q3: Profits of KWD2.5mn



## EXPENSES

General and administrative expenses  
 Finance costs  
 (Reversal of) charge for provision for credit losses on loans and advances  
 Charge for (reversal of) provision on financial assets

<b>9M 2020</b>	9M 2019
<b>(KWD 000)</b>	(KWD 000)

General and administrative expenses	<b>10,003</b>	13,885
Finance costs	<b>2,380</b>	2,607
(Reversal of) charge for provision for credit losses on loans and advances	<b>(22)</b>	(290)
Charge for (reversal of) provision on financial assets	<b>85</b>	108
<b>12,447</b>	<b>16,310</b>	

PROFIT (LOSS) for the PERIOD BEFORE TAXATION

<b>(1,250)</b>	1,918
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Taxation

-	(42)
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## PROFIT (LOSS) FOR THE PERIOD

<b>(1,250)</b>	1,877
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Attributable to:

Equity holders of the Company  
 Non-controlling interests

<b>(1,351)</b>	932
<b>101</b>	945
<b>(1,250)</b>	1,877

Basic and diluted earnings (loss) per share attributable to equity holders of the Company (fils)

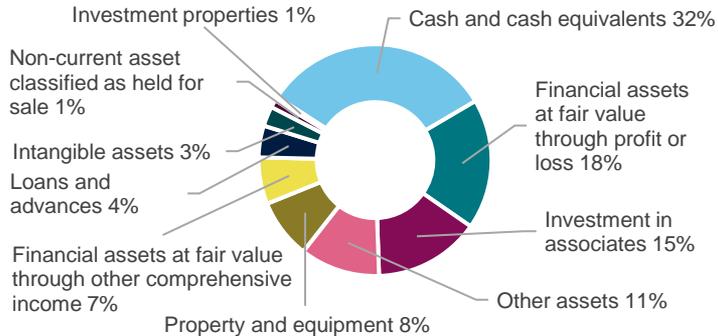
<b>(3.95)</b>	3.93
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# Financial Position – Assets

- › Total assets increased by 6.4% since 31 December 2019
- › Cash & cash equivalents represents 32.3% of total assets
- › Investments to total Assets 41.1% (31 Dec 2019: 48.8%)



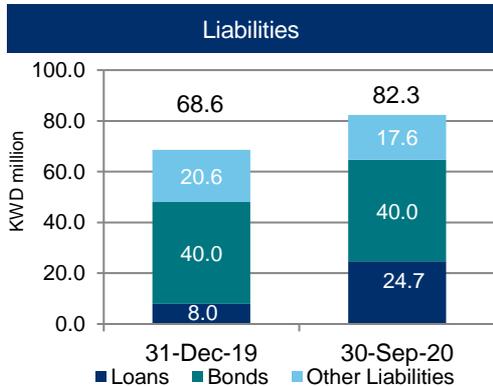
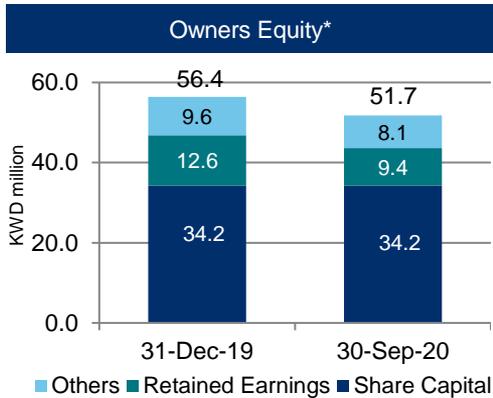
## Total Assets (30 September 2020)



	30-Sept-20 KWD (000)	31-Dec-19 KWD (000)
Cash and cash equivalents	44,535	29,273
Loans and advances	6,100	6,132
Financial assets at fair value through profit or loss	25,059	28,418
Financial assets at fair value through other comprehensive income	8,983	11,020
Financial assets at amortized cost	-	85
Non-current asset classified as held for sale	1,473	-
Investment in associates	20,334	22,968
Other assets	15,303	14,980
Investment properties	723	716
Property and equipment	11,429	11,763
Intangible assets	3,811	4,067
<b>Total assets</b>	<b>137,750</b>	<b>129,423</b>

# Financial Position – Liabilities & Equity

- > KWD1.7mn cash dividends distributed for FY 2019
- > Total liabilities reduced by 14% in Q3 2020
- > Owners Equity stands at KWD51.7mn
- > Owners Equity\* to total assets 37.5% (31 Dec 2019: 43.6%)
- > Net Debt to equity\* 0.39x (31 Dec 2019: 0.33x)
- > Credit Rating by Capital Intelligence (June 2020)
  - > “BBB” long-term
  - > “A3” short-term
  - > stable outlook



	30-Sept-20 KWD (000)	31-Dec-19 KWD (000)
<b>LIABILITIES</b>		
Loans	24,713	8,000
Bonds	40,000	40,000
Other liabilities	17,578	20,620
<b>TOTAL LIABILITIES</b>	<b>82,291</b>	<b>68,620</b>
<b>EQUITY</b>		
Share capital	34,233	34,233
Share premium	9,089	9,089
Statutory reserve	5,726	5,726
Voluntary reserve	325	325
Cumulative changes in fair values	(8,006)	(6,121)
Foreign currency translation reserve	907	569
Retained earnings	9,398	12,590
<b>Equity attributable to equity holders of the company</b>	<b>51,673</b>	<b>56,412</b>
Non-controlling interests	3,787	4,391
<b>TOTAL EQUITY</b>	<b>55,460</b>	<b>60,803</b>
<b>Total liabilities and equity</b>	<b>137,750</b>	<b>129,423</b>

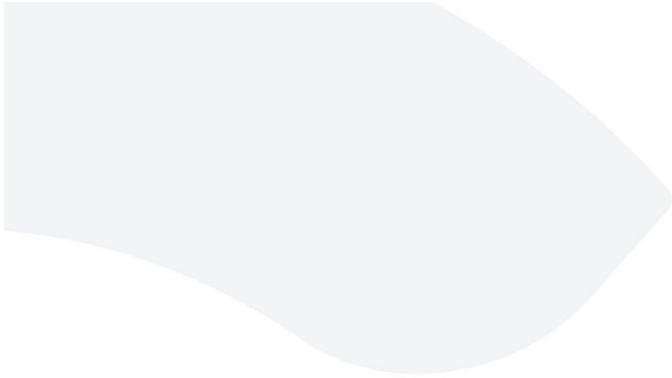
\* Attributable to Equity Holders of the Company



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	KAMCO	
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%	
	› KIPCO Group Companies (United Gulf Bank, Burgan Bank)	62.92%



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