

A low-angle photograph of a modern, curved skyscraper with a glass facade, reflecting the sky. The building is the central focus of the image. In the foreground, a dark, reflective surface shows the reflection of the building and the sky. Large, metallic, 3D letters spelling 'KAMCO INVEST' are mounted on the building's facade, reflecting the surrounding environment.

# Kamco Investment Company

Investors Presentation – 9M 2022

9 November 2022

**KAMCO**  
INVEST

**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 **12.9bn**

- > Ranked the largest Asset Manager in Kuwait and 6th largest in the Middle East by Forbes ME for the year 2022

**Forbes** Middle East

## Investment Banking Mandates

USD **30.0bn**

- > Managed / co-managed around USD9.7bn in Equity finance
- > Arranged around USD14.3bn in Conventional & Islamic Debt
- > Advised M&A mandates worth USD6.0bn

# 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

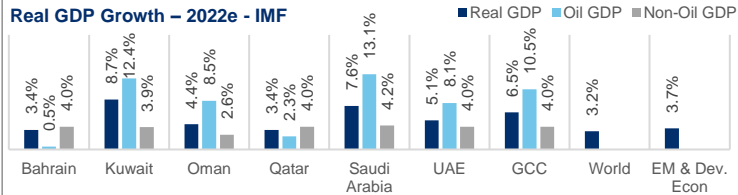


# Market Overview

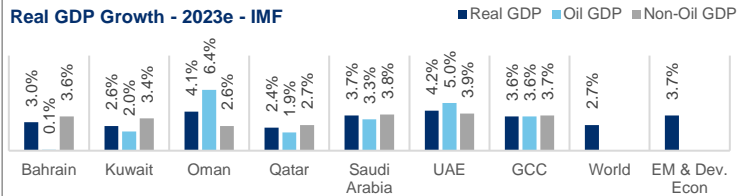
# GDP growth and oil prices

- After the mid-year downgrade, world GDP growth expectations were kept unchanged at 3.2% for 2022 but 2023 forecast was downgraded by further 20 bps to 2.7%. Economic prospects in the near-term continues to remain uncertain given continued challenges related to supply chain as well as inflation.
- Advanced markets are expected to grow at a slower pace of 2.4% mainly reflecting decades high inflation in several economies that has necessitated record rate hikes since the start of the year. The US has raised rates by 75 bps consecutively for four times since June-2022 after a 50 bps and a 25 bps hike earlier during the year.
- Growth in MENA economies is expected to remain elevated at 5.0% this year after a marginal upward revision of 10 bps reflecting higher oil prices and the resulting growth in oil exporting countries.

**Real GDP Growth – 2022e - IMF**



**Real GDP Growth – 2023e - IMF**



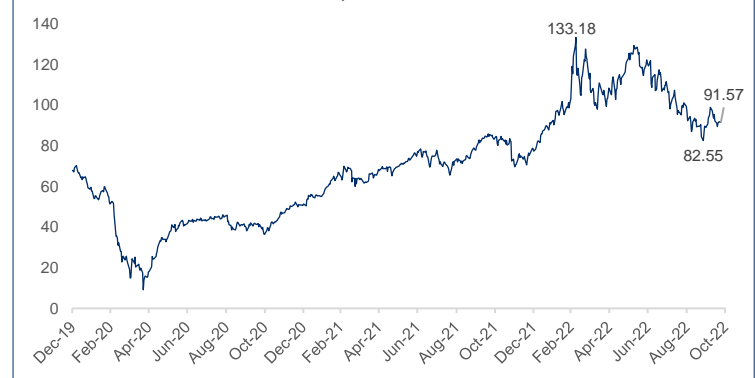
## Oil Market

- Oil prices remained below the USD 100/b mark since August-2022 mainly led by demand destruction due to recessionary pressure globally. This was also reflected in the minimal impact that the 2 mb/d cuts announced by OPEC+ had on the oil market.
- Brent futures witnessed its first quarterly decline this year during Q3-2022 as prices declined each month of the quarter. The lockdowns in China had a big impact on overall oil demand in addition to the release of inventories from strategic reserves.

## Spot Brent Crude Oil Price Performance

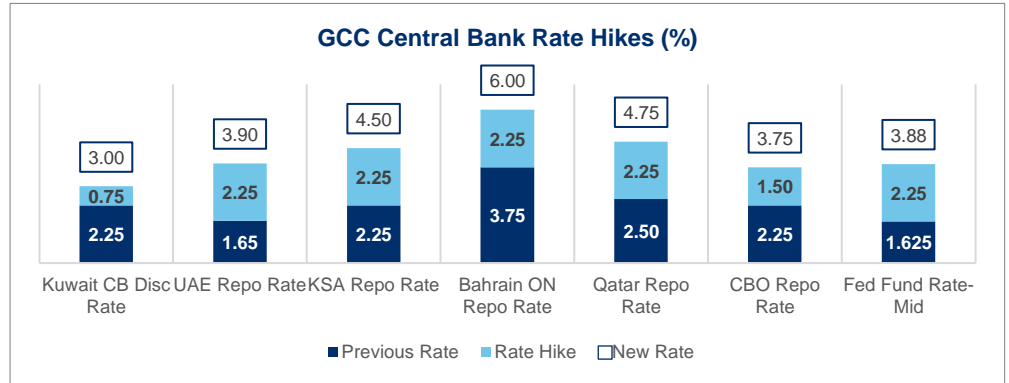
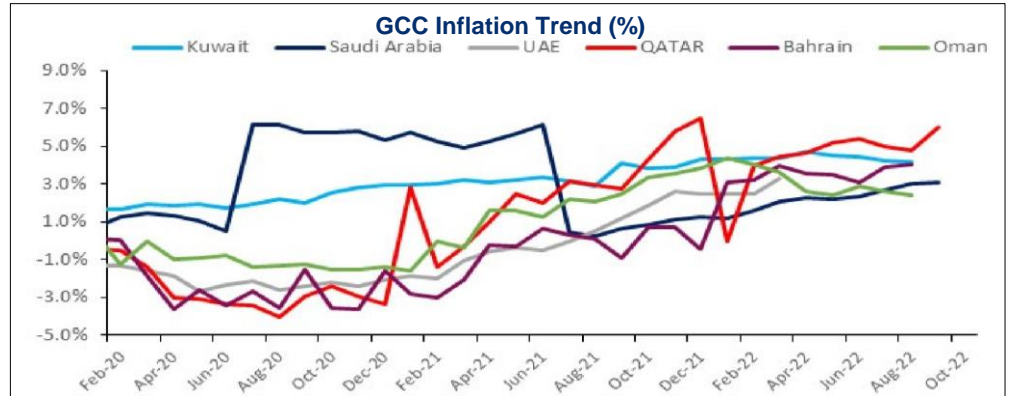
Q1 2022 Avg	Q2 2022 Avg	Q3 2022 Avg	9M 2022
<span style="color: green;">▲</span> 26.7%	<span style="color: green;">▲</span> 12.9%	<span style="color: red;">▼</span> -11.5%	<span style="color: green;">▲</span> 15.1%

**Brent Crude Spot Prices - USD/b - EIA**



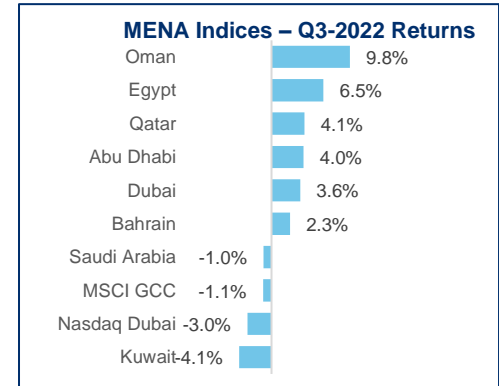
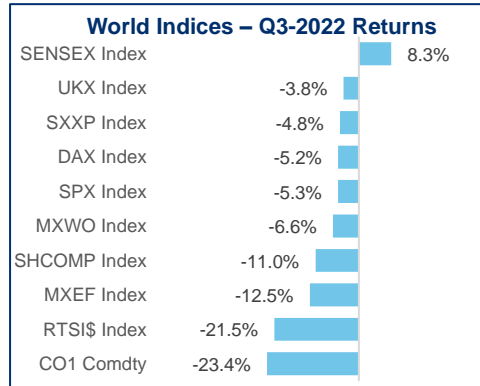
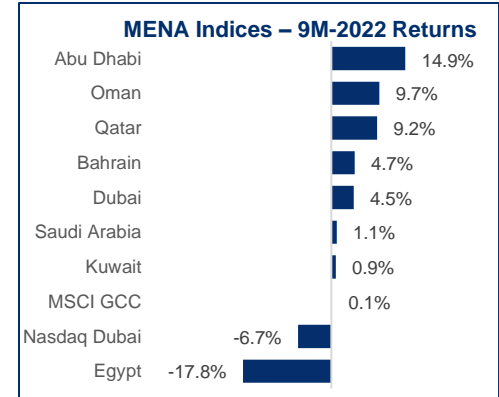
# Economy – Inflation & Interest Rates

- › Inflation continues to remain at decades high level globally. To tame inflation, world central banks are front loading their interest rate hike cycle after being late to recognize the severity of uncontrolled price rises.
- › The impact of inflation on economic growth expectation were apparent in the IMF's recently released world economic outlook that slashed 2022 real GDP growth expectations for key markets including India, China and the US.
- › Inflation in the GCC countries remain largely under control mainly led by internal policies that protect commodity price rise in addition to lower impact of rising energy bills as it being subsidized by most of the governments in the region.
- › The interest rate hikes in the GCC have differed mainly due to currency pegging. Saudi Arabia, UAE and Qatar have replicated the Fed rate hikes with rate hikes of 225 bps since July-2022, while Kuwait raised rates by merely 75 bps mainly following a gradual rate hike path with an eye on the impact on the economy.



# Capital markets performance

- Global equity markets recorded one of the worst declines during the first nine months of the year. The year saw three consecutive quarters of declines resulting in 26.4% drop in the MSCI World Index during 9M-2022.
- The decline was broad-based across markets with emerging markets declining by 28.9%, while the US and European markets declined in excess of 20%. Asian markets showed a steep decline of 28.1%.
- GCC equity markets declined for the second consecutive quarter during Q3-2022 by 1.1% that almost wiped-off gains since the start of the year. The quarterly decline was mainly led by decline in Kuwait and Saudi Arabia that more than offset gains in the rest of the GCC equity markets.
- Boursa Kuwait witnessed the biggest quarterly decline in the GCC at 4.1% mainly led by drop in shares of Main Market Index (-6.0%) while the Premier Market index dropped by 3.6%. Saudi Arabia witnessed a comparatively smaller quarterly decline of 1.0%.







# Business & Financial Performance

## Performance at a glance

- › KWD3.8mn net profit in 9M 2022
- › Fee income increased by 2.6%, representing 81.1% of total income
- › General & administrative expenses witnessed a marginal decrease of 1.5%
- › Total liabilities dropped by 6.7%
- › Cash & Cash equivalent dropped by 10.3%

Fee Income (KWD mn)
Total Income (KWD mn)
General & Admin. Expenses (KWD mn)
Net Profits (KWD mn)*
Earnings Per Share (Fils)

9M 2022	9M 2021	Change
13.77	13.43	2.56%
16.97	21.94	(22.64%)
11.33	11.50	(1.52%)
3.82	8.21	(53.43%)
11.16	23.97	(53.44%)

Cash & Cash Equivalent (KWD mn)
Total Assets (KWD mn)
Total Liabilities (KWD mn)
Owners' Equity (KWD mn)*

30 Sept 2022	31 Dec 2021	Change
31.54	35.16	(10.31%)
126.23	129.73	(2.70%)
61.14	65.53	(6.70%)
61.51	60.44	1.78%

\* Attributable to Equity Holders of the Company

# Accomplishments

## Asset Management

- › Ranked as the largest Asset Manager in Kuwait and the 6<sup>th</sup> largest in MENA Region, *Forbes ME, 2022 (2021: 8<sup>th</sup> largest in the MENA Region)*
- › 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 (9M 2022)
    - › Kamco Investment Fund (8.13%)
      - › Best conventional fund
    - › Kamco Premier Market Index Fund (6.31%)
      - › 2<sup>nd</sup> best conventional fund
    - › Al-Durra Islamic Fund (3.65%)
      - › Best Islamic fund

### › Real Estate

- › Acquired three real estate properties
  - › A Germany based property, fully leased to Commerzbank AG.
  - › A Dallas based property fully leased to Vistra Energy
  - › A New Jersey property fully leased to Merrill Lynch
- › The current international real estate properties stand at:
  - › Total AUM: USD1.9bn
  - › Regions: US, UK and Germany
  - › Total Area: 4.31mn square feet
  - › Average Annual Distribution: 7.7%

### › Venture Capital

- › Efforts to raise capital for “The JEDI Fund” continue through marketing initiatives directed to qualified investors in Kuwait following the approval granted by the Capital Market Authority.

### › Private Equity

- › Private Equity funds are at liquidation stage - exits are in process for several portfolio companies
- › The team is building transactions pipeline for Private Equity deals, evaluating a healthy pipeline of deal flows as well as working on new initiatives and products.

# Accomplishments

## Investment Banking

- › Successfully completed 6 transactions
  - › Four Mergers & Acquisitions transactions
  - › One Sukuk issuance
  - › One private placement for a family business
- › Several transactions in the pipeline, some are expected to close during 2022

## 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
- › Grew the trading value on Boursa Kuwait by 21% in comparison to period ended September 2021, with an increase of 29% in commission income generated for the same period.

## Regional Offices

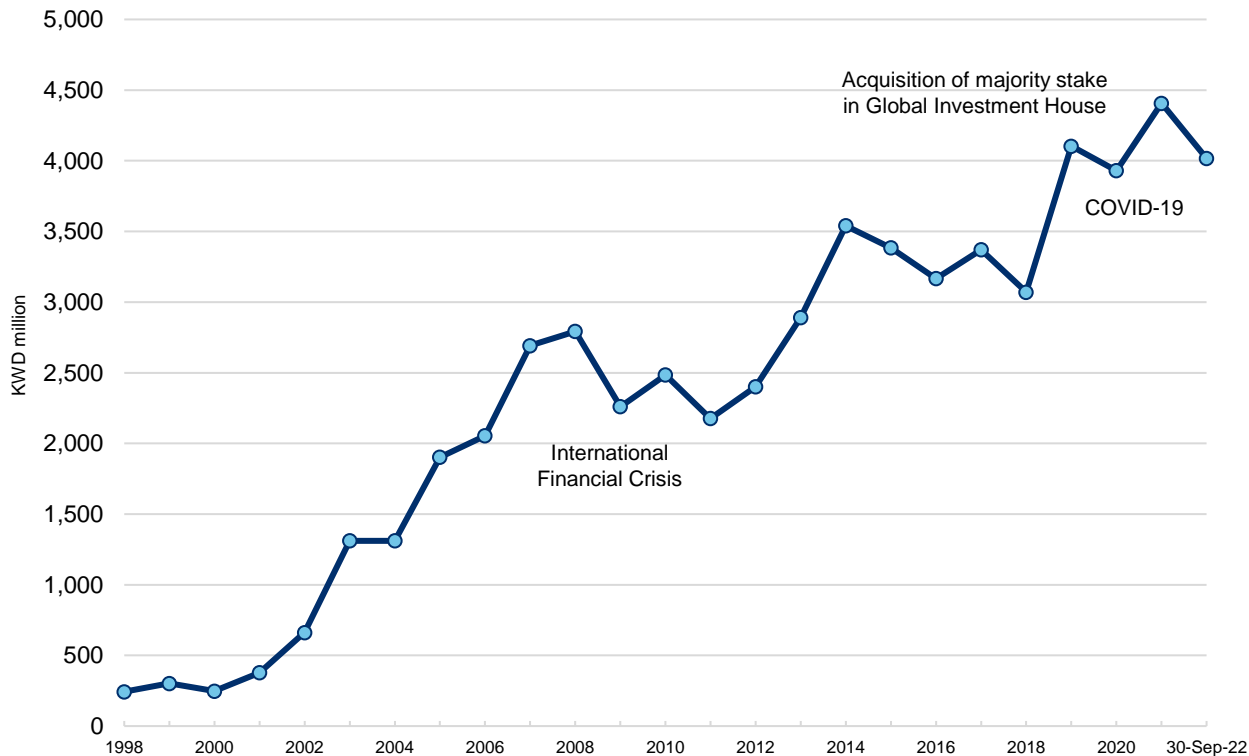
- › Regional offices continued to strengthen their presence in their respective markets
- › Increased their contribution to the company's core businesses; namely asset management

## Sustainability

- › Released our first Sustainability Report covering the year 2021
- › The report is in lines with multiple frameworks including
  - › Global Reporting Initiative (GRI)
  - › UN Sustainable Development Goals (SDGs)
  - › Boursa Kuwait ESG indicators
  - › The seven pillars of "New Kuwait" which fall under the Kuwait National Development Plan (KNDP).

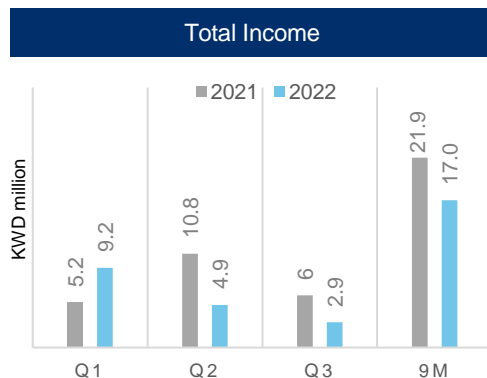
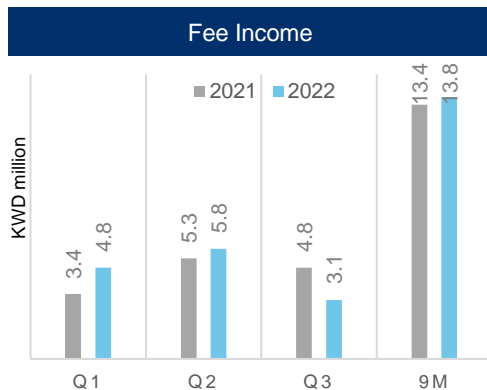
# Assets Under Management

- › AUM KWD 4.02bn (USD12.9bn) as of 30 September 2022
- › CAGR 12.5% since inception in 1998



# Financial Performance - Income Statement

- › Fee income increased by 2.56% and remains the core of our income representing 81.13% of total income
- › Total income dropped by 22.64%, to reach KWD16.97mn



## INCOME

	9M 2022 (KWD 000)	9M 2021 (KWD 000)
Fee income	13,769	13,425
Net gain on financial assets at fair value through profit or loss	399	4,500
Share of results of associates	806	2,214
Dividend income	516	300
Interest income	789	718
Foreign exchange gain (loss)	82	(345)
Rental income	512	461
Other income	99	663

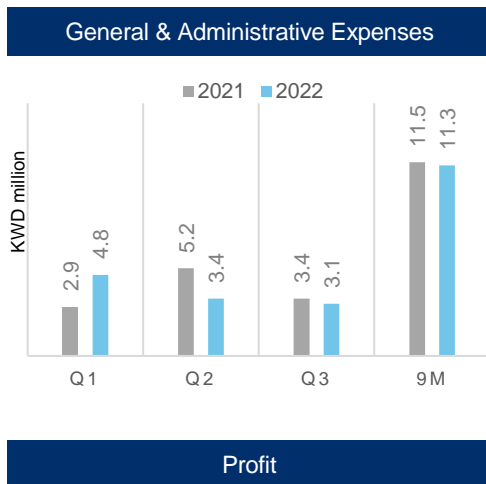
	<b>16,971</b>	<b>21,937</b>
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# Financial Performance - Income Statement

- General and administrative expenses dropped by 1.52%

- General and administrative expenses to fee income stood at 0.82x in 9M 2022

- Net profit of KWD3.82mn (9M 2021 KWD8.21mn)



## EXPENSES

General and administrative expenses  
 Finance costs  
 Provision for expected credit losses on financial assets  
 Reversal of provision for expected credit losses on loans and advances

## PROFIT FOR THE PERIOD BEFORE TAXATION

Taxation

## PROFIT FOR THE PERIOD

Attributable to:

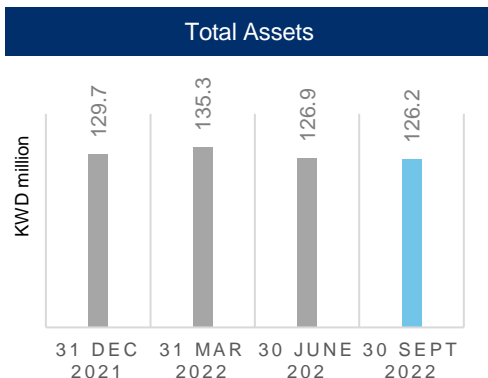
Equity holders of the Company  
 Non-controlling interests

Basic and diluted earnings per share attributable to equity holders of the Company

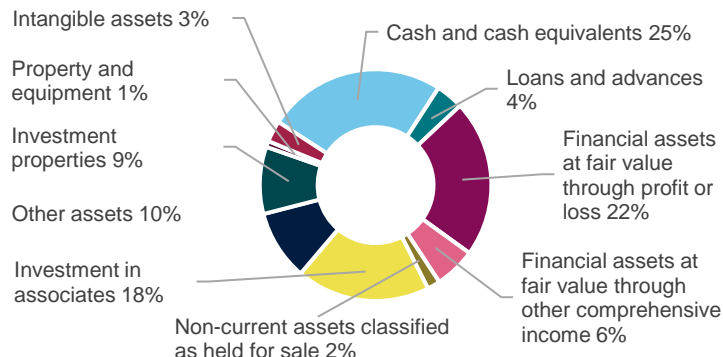
	9M 2022 (KWD 000)	9M 2021 (KWD 000)
General and administrative expenses	11,327	11,503
Finance costs	1,653	1,605
Provision for expected credit losses on financial assets	161	229
Reversal of provision for expected credit losses on loans and advances	(74)	(81)
	<b>13,067</b>	<b>13,256</b>
PROFIT FOR THE PERIOD BEFORE TAXATION	<b>3,905</b>	<b>8,681</b>
Taxation	(207)	(388)
	<b>3,697</b>	<b>8,293</b>
Attributable to:		
Equity holders of the Company	<b>3,822</b>	<b>8,207</b>
Non-controlling interests	(125)	86
	<b>3,697</b>	<b>8,293</b>
Basic and diluted earnings per share attributable to equity holders of the Company	<b>11.16 fils</b>	<b>23.97 fils</b>

# Financial Position – Assets

- › Total assets dropped by 2.70%
- › Cash & cash equivalents represents 24.98% of total assets
- › Investments to total Assets 48.21%



## Total Assets (30 September 2022)

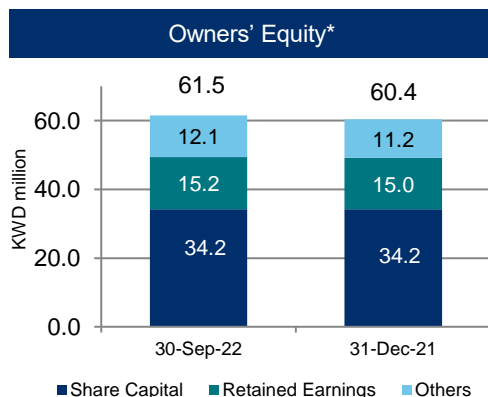
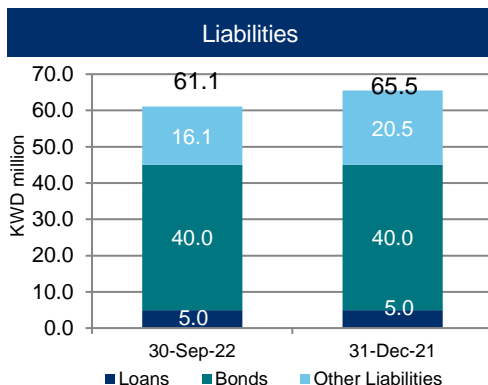


	30 Sept 2022 KWD (000)	31 Dec 2021 KWD (000)
Cash and cash equivalents	31,536	35,160
Loans and advances	4,856	6,189
Financial assets at fair value through profit or loss	27,741	27,715
Financial assets at fair value through other comprehensive income	7,280	7,519
Non-current assets classified as held for sale	2,255	-
Investment in associates	23,575	22,805
Other assets	12,354	13,718
Investment properties	11,840	11,795
Property and equipment	1,046	956
Intangible assets	3,750	3,871
<b>Total assets</b>	<b>126,232</b>	<b>129,729</b>



# Financial Position – Liabilities & Equity

- › Total liabilities dropped by 6.70%
- › Owners' Equity stood at KWD61.51mn, up 1.78%
- › Net Debt to equity\* 0.22x (31 Dec 2021: 0.16x)
- › Credit Rating by Capital Intelligence (May 2022)
  - › "BBB" long-term
  - › "A3" short-term
  - › stable outlook



\* Attributable to Equity Holders of the Company

## LIABILITIES

Loans	<b>5,000</b>	5,000
Bonds	<b>40,000</b>	40,000
Other liabilities	<b>16,141</b>	20,534

## TOTAL LIABILITIES

<b>61,141</b>	65,534
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## EQUITY

Share capital	<b>34,233</b>	34,233
Share premium	<b>9,089</b>	9,089
Statutory reserve	<b>6,823</b>	6,823
Voluntary reserve	<b>1,422</b>	1,422
Revaluation Reserve	<b>934</b>	934
Cumulative changes in fair values	<b>(7,406)</b>	(7,494)
Foreign currency translation reserve	<b>1,216</b>	470
Retained earnings	<b>15,199</b>	14,960

Equity attributable to equity holders of the company	<b>61,510</b>	60,436
Non-controlling interests	<b>3,582</b>	3,759

## TOTAL EQUITY

<b>65,091</b>	64,195
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## Total liabilities and equity

<b>126,232</b>	129,729
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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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