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## **KAMCO holds AGM for 2018 and Shafafiyh Investors Forum 2019**

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KAMCO Investment Company, a leading investment company with one of the largest AUMs in the region, held its Annual General Meeting (AGM) at the Chairman's Club in KIPCO Tower. The meeting provided shareholders with direct information on the Company's performance and gave attendees the opportunity to take part in a discussion with the executive management and vote on the resolutions submitted for approval by the Board of Directors. KAMCO's AGM for the year ending December 31, 2018 was held alongside its annual Shafafiyah (transparency) Investor's Forum 2019 dedicated to supporting ethical and responsible decision making, while safeguarding the integrity of financial reporting.

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In addition to meeting statutory obligations and the formalizing of board resolutions, the AGM and the Shafafiyah Forum are pre-eminent events at KAMCO, serving as platforms to review the Company's financial and operational performance, while allowing for focused discussion and member engagement on the future direction of the Company.

The AGM and Shafafiyah Investor's Forum was an opportunity to present KAMCO's 2020 strategy in light of key market trends in 2018, fiscal year highlights and financial performance, including the Company's recent improvements made to its digital offerings and in-house operational efficiencies that have enhanced KAMCO's range of investment solutions and client offerings.

### ***Maintaining Stability Amid Volatility***

During the AGM, KAMCO's Vice Chairman, Ms. Entisar Al-Suwaidi, said, "Some of the key economic events that affected financial markets in the region and internationally during the year included the ongoing trade war between US and China, the rising interest rates in the US and the resultant impact on international fund flows, the extension to OPEC+ agreement to cut oil production in response to the rout in oil prices announced several years earlier during the last quarter of 2014, and regional geopolitical events."

She also highlighted the GCC's stock market performance which was the only positive performing market as compared to major financial centers of the world. Moreover, MSCI's decision to include Saudi Arabia in its Emerging Market index and to consider Kuwait for an upgrade also supported GCC markets' overall positive performance.

### ***Financial Year 2018 Performance***

Reviewing the operational results of the year, Vice Chairman Al-Suwaidi reported, "KAMCO recorded a net profit attributable to the equity holders for KD2.56 million, which is an increase of 124% from KD1.14 million in 2017. Earnings per share increased to 10.77 fils compared to 4.80 fils in 2017. EBIDTA for the period was KD5.19 million versus KD2.78 million in 2017, an increase of 87%. Total revenues increased by 91% to reach KD18.36 million in comparison to 2017."

She added, "In addition to the key acquisitions concluded during the year, the Company's performance was underpinned by an increase in fee income, a growth of KD3.22 million, from KD7.0

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million in 2017 to KD10.22 million in 2018. The increase was mainly due to the growth in management and advisory fees driven by the rising level of assets under management and investment banking mandates. Fees from fiduciary activities for the full year were KD8.08 million, with a 16.69% increase in total assets under management to KD3.93 billion (including the effect of the acquisition).”

## ***A Year of Transformation***

This past year, KAMCO initiated what will become a major historical transformation for the Company by acquiring a majority stake in Global Investment House “Global”. Commenting on the transformation, the Vice Chairman said, “We consider this strategic decision to be a significant step towards transforming the regional asset management and investment banking scene. We are realizing our vision and mission targeting new heights, with a strategic mindset to consolidate the gains of the milestones achieved so far, and to further strengthen KAMCO’s position to operate on an international scale. At the core of our business ethos is our promise to consistently deliver on our commitment to become the preferred choice for our stakeholders: clients; financiers; talent; regulators; counterparties; and service providers. We believe that these developments will deepen the trust bestowed upon us by our stakeholders, ultimately contributing towards the diversification and sustainability of the economies in which we operate in.”

## ***Laying the foundation of our future growth strategy and expansion plan***

Chief Executive Officer of KAMCO, Mr. Faisal Mansour Sarkhou presented the Company’s 2018 performance at the Shafafiyah Forum and reflected on the Company’s strategic performance over the year and since inception. He said, “With the ever-changing economic and business landscape we witness today, we have to plan for the days that lie ahead to stay competitive and sharpen our future within the local and regional financial industry. Throughout 2018, our focus was dedicated to strengthening the foundation for the road ahead through capitalizing on opportunities that are both strategic and financially prudent. This approach, coupled with the stewardship of our existing investments and client relationships, will allow us to maintain an unmatched sustainable competitive advantage within the markets we operate in.”

The CEO also highlighted some of the major events that were carried out by the Company in 2018. On the asset management side, with the effect of the majority stake acquisition, the Company maintained its AUM at approximately USD12.97 billion with new money raised in funds and client portfolios. KAMCO also successfully completed nine investment banking transactions worth approximately USD1.8 billion. These include five debt capital market transactions, three M&As, and one equity capital markets transaction, as well as providing five other advisory services for high net worth clients. Additionally, KAMCO, in collaboration with Tri International Consulting Group (“TICG”) and Oliver Wyman, signed a contract to provide the Capital Markets Authority of Kuwait with advisory

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services in the privatization process of Boursa Kuwait, a key phase in Kuwait's stock exchange transformation.

Throughout its years of operation since inception, the Company generated revenues of approximately KD293 million, profits of KD105 million and distributed dividends of KD86 million. KAMCO has also increased its AUM since inception at a CAGR of 17% to reach USD12.97 billion as of 31 December 2018. In addition to the successful transactions completed during the year, the Company achieved a strong track record of 131 investment banking transaction worth approximately USD20.4 billion as of 31 December 2018.

## **2019 Outlook**

KAMCO announced its future plan to maintain its leadership position in the financial sector across the region by enhancing its capabilities to achieve sustainable growth and long-term profitability, increase the Company's AUM and direct investments, and develop business synergies through integrating products, services and human resources with Global. Additionally, KAMCO plans to expand its regional operation by focusing on diversifying revenue sources to generate sustainable streams of income and continue adding value to investors by creating platforms for investment products and services that provide risk-adjusted returns through proper management, transparency, integrity, and a robust risk management framework.

Discussing its strategic direction, the CEO described KAMCO's ongoing initiative to "continue offering a wide range of investment banking services in equity, debt and advisory with increased reach and presence in the region." He also expects KAMCO's asset management services to continue growing as the Company sets its sights on increasing market share locally and regionally, while offering a superior and personalized client experience by enhancing the role of KAMCO's wealth management solutions and utilizing KAMCO's state-of-the-art technology.

In a summary of expectations for 2019, the CEO assessed current market dynamics, stating "We expect GCC economic growth to remain subdued as compared to historical levels, but better than recent years on the back of elevated oil prices. We see that the number of ongoing projects in the region will keep key sectors afloat. The banking sector has shown strong earnings growth and maintains a robust balance sheet. The sector also remains in check with a couple of large consolidations in the past and a few being discussed."

Mr. Sarkhou added, "Globally, leading economic indicators are pointing that the world is bracing for a gradual slowdown in the near term. The ongoing trade tensions between the US and China have significantly dented prospects and sent ripples across economies. The US Fed raised rates four

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times in 2018 but kept it unchanged in 2019 indicating slowdown in the economy in the near term. Economic growth in Europe was once again under pressure after an optimistic estimate at the start of 2018. The confusion over Brexit continued in addition to weak economic indicators coming out of some of the larger economies in the region. The main driver of the global economic growth rate, China, is showing signs of a gradual slowdown and growth is expected to be much subtle in the coming years.”

He also said, “We see a calculated and cautious approach on the economic front with higher spending coupled with revenue augmenting measures in the form of taxes and lower subsidies supporting state budgets in the near term. For 2019, we believe that against the backdrop of a slowdown in economic growth, a conservative investment approach would be followed.”