
[Sarkhou: What differentiates Kamco Invest is the quality of its earnings and its diversified revenue model](#)

Submitted by Anonymous (not verified) on 17 May 2022

17 May 2022

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Participating in the conference were Faisal Mansour Sarkhou, Chief Executive Officer, Hana'a Taha, Chief Financial Officer and Moustafa Zantout, Director of Marketing & Investor Relations who started by giving a brief introduction on the company, followed by an overview on the major events that took place in the world, as well as a recap of the market's performance during the period.

During Q1 2022, the market saw an increase in average oil prices by 26.7% compared to Q4 2021

reaching USD107.9/b at end of March 2022. The increase in oil prices and volumes resulted in improved regional economic activity that led to an upgrade by IMF to the real GDP growth forecasts for the GCC from 4.2% to 6.4% for 2022. On the fiscal front, IMF expects the GCC to report a fiscal surplus of 7.3% in 2022 (compared to a deficit of 1.1% in 2021) and a surplus of 7.1% in 2023.

Regarding the capital markets performance, Zantout indicated that the Global equity markets declined during Q1-2022 impacted by the announcement by the US Fed to raise interest rates at a faster-than-expected rate as inflation continued to remain at record highs along with the aftereffects of the Russia/Ukraine conflict. On the other hand, the rally in GCC markets continued despite global pressure as oil prices remained elevated. The MSCI GCC aggregate benchmark was up 17.7% during Q1-2022, the biggest gains since Q2-2009, with Abu Dhabi and Qatar recording the highest increases by 17.2% and 16.4% respectively, and Boursa Kuwait rose by 15.7%.

Sarkhou presented a detailed overview of the Company's business and financial performance for the quarter. The Company achieved numerous milestones leveraging on its business model that focuses on diverse income sources and quality revenue streams.

Total revenue increased by 77.5% to reach KWD9.2mn (3M 2021: KWD5.2mn), while revenues from fees and commissions increased by 43.4% compared to the same period last year to reach KWD4.8mn. The Company reported a net profit of KWD3.6mn (EPS: 10.53 fils) compared to KWD1.5mn during the same period in 2021 (EPS: 4.52 fils).

Sarkhou attributed the increase reported in total income in comparison to the same period in 2021 to the significant growth in the Company's core businesses which was reflected in the fee and commission income, in addition to the positive impact the market performance had on the company's direct investments.

Sarkhou highlighted the core business functions where assets under management grew by 10.1% during the period, and at a CAGR of 13.8% since inception to reach USD16bn as of 31 March 2022. The growth was mainly due to new amounts raised, as well as the positive performance of managed assets.

Kamco Invest's equity funds and managed portfolios continued to outperform their respective benchmarks and it's Kuwait equity funds continued to be amongst the top performing funds. During the three months period, the Kamco Premier Market Index Fund, Kamco Investment Fund and Al-Durra Islamic Fund achieved 19.22%, 16.71% and 14.31% respectively.

The real estate assets under management grew to USD1.5bn with a total area of 3.35mn sq. ft and an average annual distribution of 7.7% to investors. The Private Equity team continued to undergo plans to exit legacy assets held by the private equity funds. 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. 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.

The Investment Banking team continued to advise their clients with several transactions in the pipeline across Equity Capital Markets, Debt Capital Markets, and Mergers & Acquisitions (M&A).

First Securities Brokerage Company, Kamco Invest’s brokerage arm, continued to strengthen its competitive position and attracted new clients through its online trading platforms. The company witnessed an increase of 75% in the trading value on Boursa Kuwait during the quarter in comparison to Q1-2021, with an increase of 78% in commission income generated for the same period.

Taha discussed the Company’s financial position and credit rating, indicating that Kamco Invest maintained its “BBB” long-term credit rating and “A3” short-term rating with a stable outlook. The rating was issued by Capital Intelligence in its most recent review in May 2021.

Shareholders’ equity reached KWD64.5mn as of 31 March 2022, an increase of 6.8% in comparison to the end of December 2021 while total assets increased by 4.3% reaching KWD135.3mn. Cash and cash equivalents during the period represented 25% with prop-book investments representing 57.6% of the total assets.

She also touched on the Company’s total liabilities, which were up by 2.3% to reach KWD67.0mn as end of March 2022. The net debt-to-equity ratio stood at 0.17x (31 December 2021: 0.16x).

Sarkhou concluded by highlighting the differentiation factor of Kamco Invest characterized by the quality of earnings, thanks to the diversified revenue model that depends on the fee income, which represented 52.5% of total income, and performance of the direct investments

Kamco Invest held its virtual investors’ conference on Tuesday 17th of May 2022 for analysts and the Company’s shareholders and bondholders to discuss the Company’s performance during the

three months ended 31 March 2022.