
Sarkhou: Kamco Invest achieves numerous milestones leveraging on its business model that focuses on diverse income sources and quality revenue streams

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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.

Business activity gradually returned to normal since the beginning of the year after the disruption

caused by the Covid-19 pandemic. This was reflected in the latest economic data with the GCC GDP aggregate expected to grow by 2.5% this year. A shift towards non-oil sectors, in addition to OPEC+ output cuts, is expected to result in a faster growth in non-oil GDP at 3.8% versus 0.3% growth for oil GDP. Brent crude spot reached a 36-month high during the third quarter at around USD78/b, an increase of 51.9% since the beginning of the year. With the rise in oil prices, resumption of economic activity, as well as withdrawal of policy support and spending made during the pandemic, the GCC countries' fiscal deficits are expected to narrow down during 2021 and further improve in the following year.

Regarding the capital markets performance, Zantout indicated that the global and regional equity markets performed positively during the first nine months. The MSCI GCC Index rose by 32.1%, with Abu Dhabi and Saudi Arabia recording the highest increases by 52.6% and 32.3% respectively, and Boursa Kuwait rose by 23.8%.

Sarkhou presented a detailed overview of the Company's business and financial performance since the beginning of 2021. The Company achieved numerous milestones leveraging on its business model that focuses on diverse income sources and quality revenue streams.

Total revenue increased by 95.9% to reach KWD21.9mn (9M 2020: KWD11.2mn), while revenues from fees and commissions increased by 13.8% compared to the same period last year to reach KWD13.4mn, representing 61.2% of total revenues. The Company reported a net profit of KWD8.2mn (EPS: 24 fils) compared to a net loss of KWD1.4mn during the same period in 2020 (EPS: -4 fils).

As for the Company's profits for Q3-2021, Sarkhou attributed the decrease in comparison to the same period in 2020 to the lower investment income which was impacted by the markets' performance. Nevertheless, the Company's core businesses witnessed a significant growth that was reflected in the fee and commission income, which grew by 35.9% to reach KWD4.8mn.

Sarkhou highlighted the core business functions where assets under management grew by 11.9% during the period, and at a CAGR of 13.5% since inception to reach USD14.5bn as of 30 September 2021. 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, whereas Kamco Investment Fund emerged as the winner of the Refinitiv Lipper Fund Awards Kuwait 2021 in the categories of "Best Equity Fund Over 5 Years", and "Best Equity Fund Over 10 Years". During the nine months period, the Kamco Investment Fund, Al-Durra Islamic Fund,

and Kamco Premier Market Index Fund emerged as the 3 top performing equity funds in Kuwait with returns of 27.77%, 26.96% and 26.25% respectively.

Income generating properties were acquired in the UK and US on behalf of clients with a total value of USD343mn. The Special Situations Asset Management team successfully completed several exits on behalf of clients amounting to USD39.1mn. A new venture capital fund was established and offered to qualified investors in Kuwait after obtaining CMA's approval.

The Investment Banking team successfully played the role of Joint Lead Manager & Joint Bookrunner for six regional debt issuances worth USD2.15bn across Kuwait, Saudi, Oman and Bahrain. The team also acted as issuance advisor to the rights issue of two listed companies on Boursa Kuwait, the underwriting manager for a logistic company, exclusive buy-side advisor to an insurance group to acquire 66% of a non-listed insurance company, exclusive buy-side advisor to an insurance group to acquire 75% of a listed insurance company in Jordan, sell-side adviser to sell a majority stake in the pharmaceutical sector in the UAE and a minority stake of a listed company on Boursa Kuwait.

First Securities Brokerage Company, Kamco Invest's brokerage arm, continued to provide its services to clients without interruption, while increasing market share and attracting new clients through its online trading platforms. The company successfully completed the MD3 test for netting, which now serves as a new revenue stream for the company.

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 KWD59.2mn as of 30 September 2021, an increase of 18.5% in comparison to the end of December 2020. Retained earnings increased by 86.2% to reach KWD15mn, while total assets increased by 6.8% compared to 31 December 2020 reaching KWD126.7mn as of 30 September 2021. Cash and cash equivalents during the period represent 24.8% with prop-book investments representing 54.8% of the total assets.

She also touched on the Company's total liabilities, which were reduced by KWD1.3mn during the nine months, down 2.1%, to reach KWD63.5mn as end of September 2021. The net debt-to-equity ratio stood at 0.23x (31 December 2020: 0.3x).

Sarkhou concluded by stressing that Kamco Invest is committed to the highest standards of

transparency. He added that although the virtual conference was not a regulatory requirement, it is an opportunity to keep our shareholders, bondholders and analysts updated with the Company's performance and key developments.

Kamco Invest held its live virtual investors' conference on Tuesday 23rd of November 2021 for analysts and the Company's shareholders and bondholders to discuss the Company's performance during the nine months ended 30 September 2021.