



شركة الاستثمار الوطنية
NATIONAL INVESTMENTS COMPANY

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National Investments Company Analyst Conference Q1, 2021

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Agenda

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FINANCIAL HIGHLIGHTS

شركة الاستثمار الوطنية
NATIONAL INVESTMENTS COMPANY

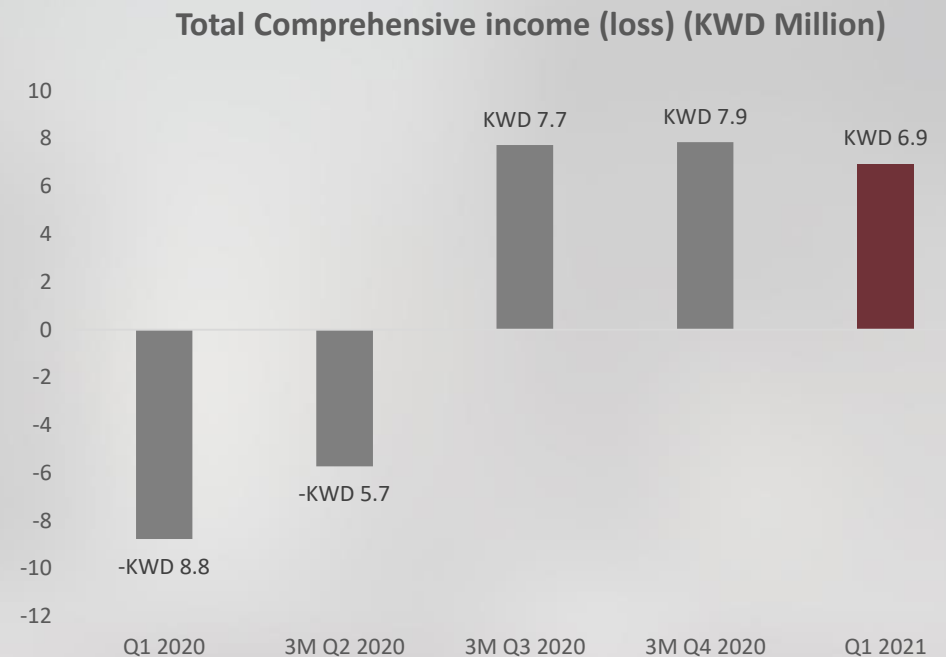
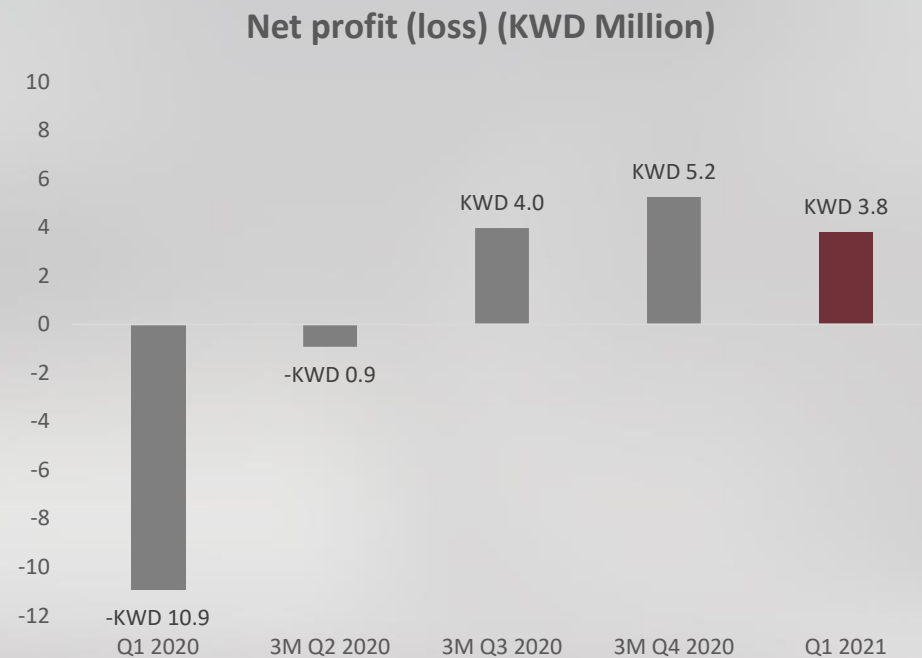
Q1 2021 Key Financial Highlights

- ❖ Strong recovery during Q1 2021. Net profit of KWD 3.8 million during Q1 2021 as compared to a loss of KWD 10.9 million during Q1 2020.
- ❖ Performance achieved against the backdrop of increase in Kuwait's All Share Index by 4.1%.

Key Financial Metrics		
	Q1-2020	Q1-2021
Income Statement		
Net profit/(loss) (mn)	KWD (10.9)	KWD 3.8
Earnings/(loss) per share	(13.7) fils	4.7 fils
Total comprehensive income (mn)	KWD (8.8)	KWD 6.9
Balance Sheet		
Total assets (mn)	KWD 218.3	KWD 228.6
Total liabilities (mn)	KWD 30.8	KWD 29.4
Shareholders equity (mn)	KWD 172.2	KWD 181.9
Key Ratios		
Return on equity (%)	-6.2%	2.1%
Return on assets (%)	-5.7%	2.1%
Leverage ratio (%)	16.4%	14.7%
Quick ratio (%)	94.5%	26.4%

Q1 2021 Financial Performance

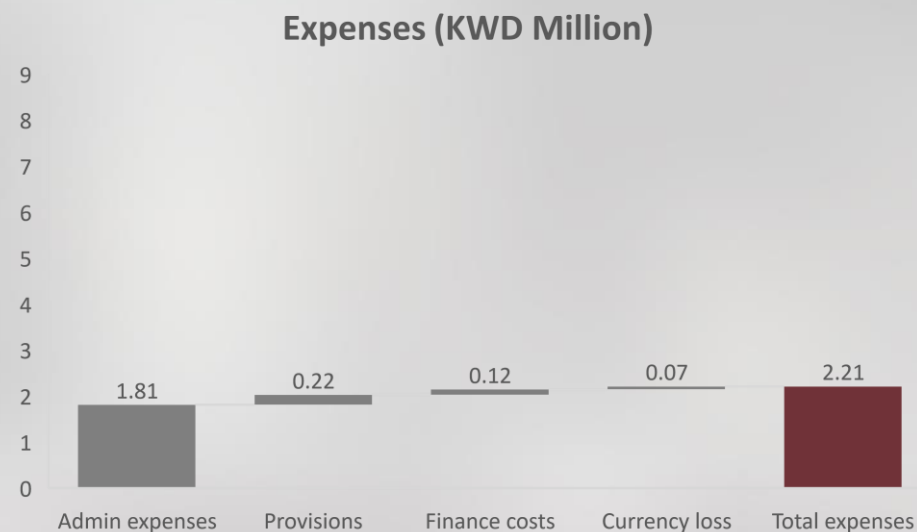
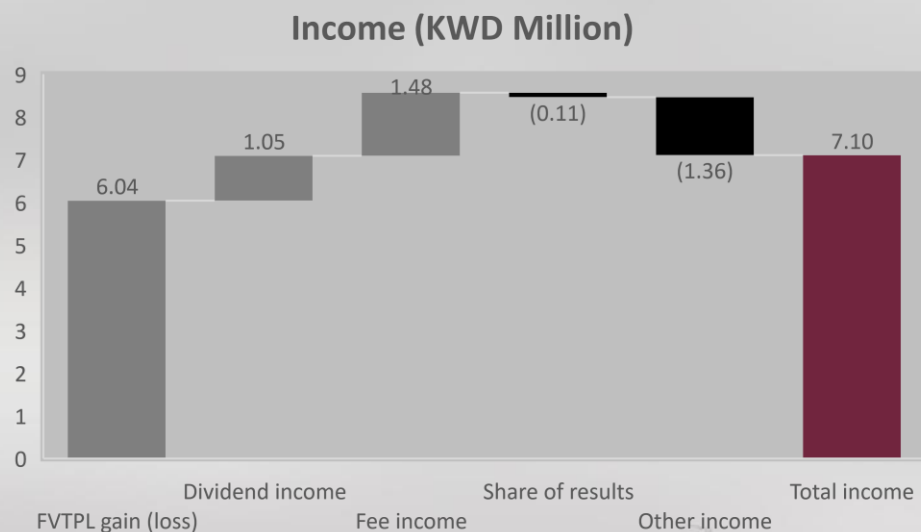
❖ Trajectory of NIC's quarterly performance during the last one year.



Q1 2021 Income drivers and Expenses

Income of KWD 7.1 Million and expenses of KWD 2.2 Million.

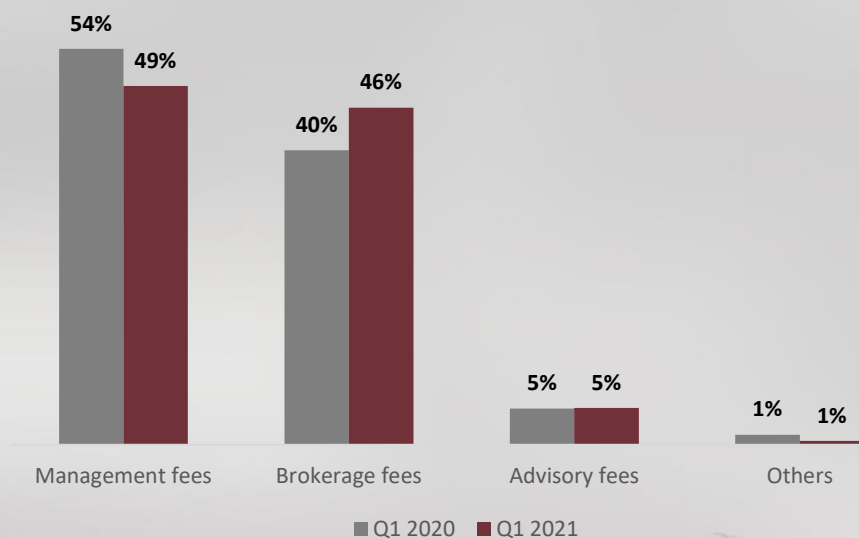
- ❖ Gain on investments at Fair value Through Profit or Loss (FVTPL), dividend income and fee income contributed 85%, 15% and 21% respectively to total income of KD 7.1 million.
- ❖ Administrative expenses of KWD 1.8 million are in line with Q1 2020 expenses of similar figure.



Fee income analysis

- ❖ 12% growth in fee income mainly due to increased brokerage revenue arising from one of our subsidiaries, Al Waseet Financial Business K.S.C.C.

Contribution to Fee Income



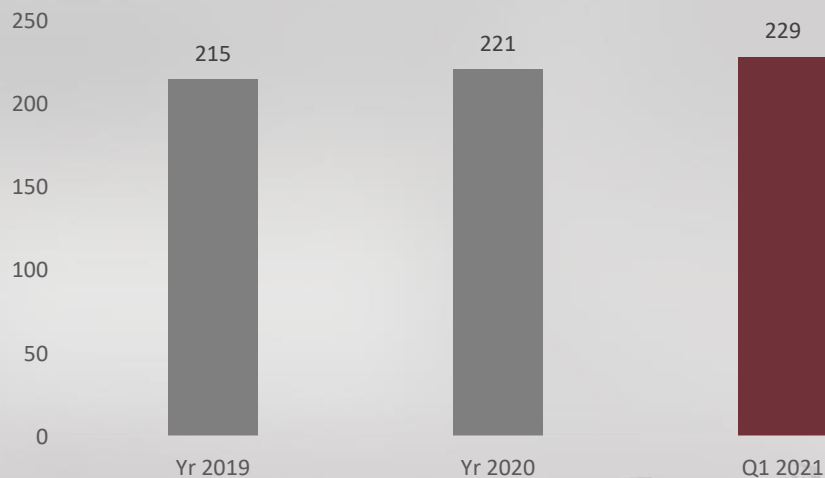
Breakdown of Fee Income

	Q1 2020	Q1 2021
	KWD'000	KWD'000
Management fees	711	719
Brokerage fees	529	675
Advisory fees	65	74
Others	18	8
Total	1,323	1,476

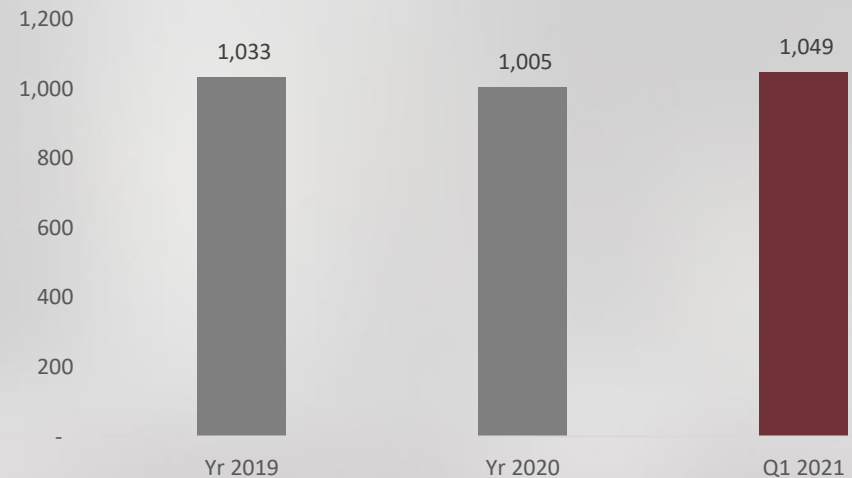
Profile of Assets

- ❖ Total assets witnessed a YTD growth of 3.3% during Q1 2021 mainly on account of increased investments at FVTPL (Fair Value Through Profit or Loss) and FVOCI (Fair Value Through Other Comprehensive income) portfolio.
- ❖ Assets Under Management witnessed a YTD growth of 4.4% during Q1 2021.

Assets (KWD Million)



Assets Under Management (KWD Million)



Sectors

MENA Securities	Investment Banking		Real Estate
	Advisory	Alternatives	
<ul style="list-style-type: none"> ❖ Successfully capitalized on some opportunities, by shifting the tactical allocation of our funds and client portfolios towards sectors poised for recovery. This contributed to a positive return in the 1Q 2021 for our investment funds and clients. ❖ Developing detailed plans to utilize and benefit from all the new instruments authorized by Boursa Kuwait (such as the netting, margin, derivatives and market maker). We are currently in the final stages in launching our market maker service. ❖ We continue to enhance our comprehensive databases and in-house analytical systems to provide strategic insights and timely recommendations on all aspects of the local and regional markets. 	<ul style="list-style-type: none"> ❖ Completed the sale of Al Faysal Bakery. ❖ Executed the Mandatory Tender Offer for Kuwait Syrian Holding. ❖ Supported transaction execution for the sale of a minority stake in a food distribution business. ❖ Started the quarter with a strong pipeline of mandates, including IPO mandates (2), M&A buy-side mandates (4), sell-side (4), restructuring (1) and general advisory (2). 	<ul style="list-style-type: none"> ❖ Committed to two new investments, targeting double digit annualized returns, including <ul style="list-style-type: none"> ○ A high-performing hedge fund. ○ A direct VC investment opportunity. ❖ Signed a term sheet for a mezzanine investment in a built-to-suit warehousing project in Italy. Currently in the process of transaction closing. ❖ Currently evaluating the exit of certain legacy investments. 	<ul style="list-style-type: none"> ❖ We added one new property to our real estate management portfolio. ❖ We continue to increase the collection rate and revenues of our portfolio. ❖ We focused on preparing Al-Wataniya Resort for the upcoming holidays and increased our marketing efforts.






OUR STRATEGY FOR THE FUTURE

Key Elements of our Growth Strategy

Key Element	
Build AUM	<ul style="list-style-type: none"> ❖ Drive product development: The objective is to add AUM going forward. Key product areas include Venture Capital (VC) and International Real Estate products. ❖ Build strong placement team: Add highly capable private bankers to support Asset Management and Investment Banking (IB) activities. ❖ Offer unique co-investment opportunities to our clients by leveraging our own balance sheet and sourcing networks, ex: Boursa Kuwait, Kuwait Foundry, etc.
Enable Technologies and Efficiencies	<ul style="list-style-type: none"> ❖ Digital Resilience: NIC continued to invest and work diligently to embrace digital business technology to fast forward productivity, drive efficiency and agility to secure sustainable business growth. ❖ Business Continuity: The accelerated adoption of cutting edge digital technologies granted NIC a competitive advantage in future crises management. ❖ Drive other operating efficiencies in other areas, including outsourcing processes and working with co-advisors to leverage their capabilities and know-how, while continuously review and optimize operating expenses on year to year basis.
Enhance Governance	<ul style="list-style-type: none"> ❖ Upgrade to Premier Market on Boursa Kuwait and committed to related governance. ❖ Risk management framework: Updated our risk management framework incorporating quantitative and qualitative measures in line with global best practices.
Mid-market IB Leadership	<ul style="list-style-type: none"> ❖ Build capabilities: We continue to build strong capabilities, expertise and track-record by engaging in a large number of small mandates in order to create repeat business with our client base. ❖ Grow IB team and develop functional leaders for ECM, DCM and VC.

Case Studies: Co-Investments

Case Study	Boursa Kuwait	Kuwait Foundry	VINCO
			
Investment Thesis	Acquisition of a strategically important asset with sustainable long-term cash flows based on market leadership position and improving long-term growth prospects.	Acquisition of a mispriced asset with intrinsic / liquidation value considerably greater than the prevailing market value (with a clear path to realization).	Acquisition of a property tenanted by Tesco supermarket in Manchester, UK, targeting to deliver a cash-on-cash yield of 9%-10% per year.
Investment Date	February 2019	January 2019	March 2019
Initial Stake Acquired	14.4%	21.3%	11.4%
Acquisition Value	KWD 6.5 million (237 fils / share)	KWD 8.0 million (251 fils / share)	£ 2.3 million
Value Realized To Date	KWD 0.7 million	KWD 5.5 million	£ 0.4 million
Market Value (31-Mar-2021)	KWD 32.7 million*	KWD 4.1 million**	£ 2.6 million*
Return on Investment (x)	5.13x	1.19x	1.31x

*Actual carrying value differs from market values based on accounting treatment.

** There is considerable upside based on monetization of existing leasehold assets.

THANK YOU Q&A



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Appendix 1:

Q1 2021 Consolidated income statement

	Q1 2021	Q1 2020	Change
	KWD'000	KWD'000	%
INCOME			
Realised (loss) gain on financial assets at FVTPL	348	(2,199)	116%
Unrealised (loss) gain on financial assets at FVTPL	5,690	(13,375)	143%
Change in fair value of investment properties	(1,883)	-	N/A
Rental income	424	485	-13%
Dividend income	1,052	541	94%
Management, incentive, brokerage and advisory fees	1,476	1,323	12%
Interest income	5	29	-83%
Share of results of associates and joint venture	(109)	2,304	-105%
Gain on foreign exchange trading	90	366	-75%
Other income	7	-	N/A
TOTAL INCOME	7,100	(10,526)	167%
EXPENSES			
Finance costs	118	132	-11%
Administrative expenses	1,811	1,827	-1%
Impairment losses and other provisions	216	(8)	2800%
Loss/(Gain) on foreign currency translation	67	(149)	145%
TOTAL EXPENSES	2,212	1,802	23%
Profit (loss) for the period before taxation	4,888	(12,328)	140%
Taxation	(267)	-	N/A
Profit (loss) for the period	4,621	(12,328)	137%
Attributable to:			
Equity holders of the Parent Company	3,787	(10,939)	135%
Non-controlling interests (NCI)	834	(1,389)	160%
Total	4,621	(12,328)	137%
BASIC AND DILUTED EPS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4.75 fils	(13.71) fils	

Appendix 2:

Q1 2021 Consolidated comprehensive income

	Q1 2021			Q1 2020		
	Attributable to Parent Co.	NCI	Total Consolidated	Attributable to Parent Co.	NCI	Total Consolidated
	KWD'000	KWD'000	KWD'000	KWD'000	KWD'000	KWD'000
Net profit (loss) for the period	3,787	834	4,621	(10,939)	(1,389)	(12,328)
Other comprehensive income (loss) for the period (Includes Change in fair value of FVOCI investments, Share of OCI from Associates and Foreign currency translation reserve)	3,156	49	3,205	2,172	(60)	2,112
Total Comprehensive Income for the year	6,943	883	7,826	(8,767)	(1,449)	(10,216)

Appendix 3:

Q1 2021 Consolidated financial position

	31-Mar-21 KWD'000	31-Dec-20 KWD'000	Change %
ASSETS			
Bank balances and cash	10,207	13,569	-25%
Investments at FVTPL	96,979	89,238	9%
Investments in properties held for Trading	283	284	0%
Investments at FVOCI	65,867	58,478	13%
Investment Properties	28,871	32,054	-10%
Investment in Associates and Joint Ventures	20,342	21,065	-3%
Intangible Assets	1,133	1,148	-1%
Other assets	4,918	5,556	-11%
TOTAL ASSETS	228,600	221,392	3%
LIABILITIES AND SHAREHOLDERS' FUNDS			
Bank Borrowings	18,449	19,521	-5%
Accounts payable and accruals	10,920	10,446	5%
Total Liabilities	29,369	29,967	76%
Non-Controlling interest	17,306	16,443	5%
SHAREHOLDERS' FUNDS:			
Issued and fully paid up capital	79,786	79,786	0%
Share premium	49,593	49,593	0%
Statutory reserve	7,709	7,709	0%
Foreign currency translation reserve	461	494	-7%
Voluntary Reserve	25,408	25,408	0%
Retained earnings (deficit)	10,088	6,061	66%
Cum changes in fair value of FVOCI Investments	8,461	5,512	54%
Other Reserves	419	419	0%
Total Shareholders Funds	181,925	174,982	4%
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	228,600	221,392	3%