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تاريخ المراسلة

NIC - 3-25/951/4292

رقم المراسلة



شركة الاستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY

Date: 01 APR 2021

التاريخ: 01 APR 2021

To: Boursa Kuwait Company

السادة/ شركة بورصة الكويت المحترمين

تحية طيبة وبعد،،،

**Subject: Analysts Conference Meeting
Transcript for Financial Year Ended
31/12/2020**

**الموضوع: محضر مؤتمر المحللين للسنة المالية
المنتهية في 2020/12/31**

With reference to the above subject, and in according to requirements stipulated in article No. (7-8) of Boursa Kuwait Rulebook, kindly find attached the Analysts Conference Meeting Transcript for the financial year ended 31/12/2020.

بالإشارة إلى الموضوع أعلاه، والتزاماً بالمتطلبات الواردة بالمادة رقم (7-8) من كتاب قواعد البورصة، نرفق لكم محضر مؤتمر المحللين عن السنة المالية المنتهية في 2020/12/31.

Sincerely Yours,

وتفضلوا بقبول فائق الاحترام،،،

فهد عبد الرحمن المخيزيم
Fahad Abdulrahman Al Mukhaizim
الرئيس التنفيذي
Chief Executive Officer



شركة الاستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY
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• Copy to Capital Markets Authority

• نسخة إلى السادة هيئة أسواق المال



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NATIONAL INVESTMENTS COMPANY

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Analysts Conference Meeting Transcript FY 2020



National Investments Company

Earnings Call FY2020

Tuesday, 30th March 2021

Edited transcript of National Investments Company (K.S.C.P) earnings conference call that took place on Tuesday, 30th March 2021 at 14:00 (Kuwait time).

Corporate Participants:

Mr. Girish S. Nair - Chief Financial Officer.

Mr. Sohail Ladha - Executive Vice President – Investment Banking

Mr. Almuthana Al Maktoum - Executive Vice President – Wealth Management

Chairperson:

Elena Sanchez – EFG – Hermes



Elena

Good afternoon everyone.

This is Elena Sanchez and on behalf of EFG Hermes I would like to welcome you all to NIC's full year 2020 earnings briefing. It is a pleasure to have with us in the call Mr. Girish Nair, CFO Mr. Sohail Ladha, EVP, Investment banking and Mr. Almuthana Al Maktoum, EVP, Wealth Management. The call will begin with a presentation from NIC's management on the financial performance during 2020 and then we will open the floor for Q&A. At this time, I would like to hand over the call to Mr. Al Muthana, please go ahead.

Al Muthana

Thank you, Elena.

Good afternoon and welcome to NIC's first earnings call where we will be discussing our full year 2020 financial results. With us today is our CFO, Mr. Girish Nair, who will be covering the financial highlights and performance of the financial year and Mr. Sohail Ladha, EVP, Investment banking, who will be discussing business updates as well as the strategy of NIC. I would like to bring to your attention the disclosure on slide 2 of the presentation, with respect to the forward-looking statement and confidential information. This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. These statements may be identified by such words as "may", "plans", "expects", "believes" and similar expressions or by their context. These statements are made on the basis of current knowledge and assumptions. Various factors could cause future results, performance or events to differ materially from those described in these statements. NIC is not obligated to update any forward-looking statements. By participating in this presentation or



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I would like to hand over the call now to Mr. Girish, CFO of NIC.

Girish

Thank you Mr. Al Muthana.

Good afternoon everyone and thank you for taking the time out to join our maiden conference call today upon our upgrade to the Premier Market.

The 2020 financial statements have already been uploaded onto our website and also on to Boursa Kuwait portal and you should be able to access the full set of the financial statements from there. Without much ado let me take you through the Key financial highlights.

Amidst the ensuing COVID-19 pandemic which has engulfed the whole world, NIC reported a Net Loss of KWD 2.7 million through the Income Statement and a gain of KWD 3.8 million as Other Comprehensive Income through Shareholders equity for the 12 months ended 31 December 2020. The Total Comprehensive Income for the year was KWD 1.1 million.

During the comparative period of 2019, the company had reported a Profit of KWD 10.7 million through Income Statement and a Loss of KWD 1.1 million through Other Comprehensive Income (OCI). The Total Comprehensive Income (TCI) for 2019 was KWD 9.6 million. The Total Comprehensive Income for the year ended 31 December 2020 declined by 89% as compared to that for the previous year.



After the decline in Net Profit and Total Comprehensive Income during the first half of 2020, there was a strong recovery during the second half. During the third and fourth quarters of 2020, NIC recorded a total Net Profit of KWD 9.2 million through the income statement and a gain of KWD 6.4 million through the OCI i.e. a Total Comprehensive Income of KWD 15.6 million.

NIC's 2020 results include full year's consolidation of results from two of our subsidiaries, namely Al Waseet Finance and Business Co., upon acquiring control resulting from acquisition of additional stake in Oct 2019 and that of Mena Capital Holding Co.'s results due to increase in holding from 46.6% to 56.6% in August 2019.

Moving on to the next slide. After reporting a loss per share of 13.71 fils during the 1st quarter of 2020 and 1.16 fils per share during the 2nd quarter of 2020, the EPS for the third and fourth quarters recovered to 4.98 fils per share and 6.57 fils per share, respectively. The total Loss per Share (LPS) for all the four quarters of 2020 was 3.33 fils.

In line with our commitment to deliver consistent and superior returns to our shareholders, the Board of Directors of NIC have recommended the distribution of 11 fils per share for the year ended 31 December 2020 out of Retained Earnings and partly out of Voluntary Reserves, subject to approval of the General Assembly and other regulatory authorities.



As you can see from the chart, NIC has a strong and consistent history of dividend payouts for the past five years with an annualized dividend growth rate of 22% during this period. NIC has paid out dividends ranging from 5 fils per share in 2016 to 11 fils per share proposed for 2020.

NIC's dividend yield for the past five years increased from 5.3% in 2016 to 8.1% in 2020, which is higher than the average for the broad market and more specifically the financial sector.

Our total proprietary assets have witnessed a growth of 3% during 2020, from KWD 215 million at the end of 2019 to KWD 221 million at the end of 2020, mainly on account of increased investments in Fair Value Through Profit or Loss portfolio. Our exposure to non-MENA countries assets have increased in line with our strategy to geographically diversify our asset base.

Now we come to key financial ratios

NIC's Return on Average Assets (ROA) and Return on Average Equity (ROE) for 2020 have declined to -1.0% and -1.5% respectively owing to the challenges resulting from COVID19 pandemic.

The ratios for the year 2019 were 5.4% and 6.0% respectively. This needs to be viewed against the backdrop of a net market decline of 11.7% during 2020 in the Kuwait All Share Index.

A low Leverage Ratio of 0.16:1 as against an upper limit of 2:1 prescribed by CBK and a Debt equity ratio of 10.2% indicates there is room for further leveraging.



A Quick Ratio ranging from 40.3% to 77.6% during the past three years using the stringent CBK prescribed formula demonstrates NIC's ability to meet its current liabilities on time. The minimum ratio laid down by CBK is 10%.

The Kuwait Capital Markets Authority has implemented the Capital Adequacy regulations for all licensed persons including non-banking financial sector companies. NIC has a strong capital base and is adequately capitalized, with a Capital Adequacy Ratio of around 1.8 times the required regulatory capital.

NIC's financial performance for 2020 was supported by:

- 1) An uplift in value of key direct investments (especially Boursa Kuwait).
- 2) Resilience of our Assets Under Management, despite there being a decline in overall market.

NIC has Assets under management (AUM) in a fiduciary capacity of over KWD 1 Billion. The AUM demonstrated a lot of resilience and suffered a decline of only 3% from KWD 1.033 Billion as on 31 Dec 2019 to KWD 1.005 Billion as on 31 December 2020, despite 2020 being a challenging year.

- 3) Another contributor to NIC's performance during 2020 was the growth in our fee income (coming from various sources).

Total management, incentive, brokerage & advisory fee income grew to KWD 6.2 Million as compared to KWD 4.5 million in 2019.

The main increase was:

- a) on account of full 12 month's consolidation of brokerage revenue amounting to KWD 2.5 Million from NIC's subsidiary, Al Waseet Finance & Business Co, a leading brokerage company in Kuwait



compared to 2 month's revenue amounting to KWD 0.4 million, consolidated during 2019.

b) Advisory fee earned from various engagements also witnessed an increase from KWD 140 thousand in 2019 to KWD 0.9 million in 2020.

4) The performance during 2020 also was despite taking considerable write-downs on our existing assets.

The Appendices 1 & 2 to the presentation contain the detailed Income Statement and OCI movement. Appendix 3 contains the consolidated statement of financial position.

We now move on to highlights during 2020 for certain key sectors within NIC.

MENA Securities Sector (which stands for Middle East & North African Securities Sector)

- We seized certain opportunities in deploying proprietary capital, which supported out-performance when the market rebounded from its lows in Q1 2020.
- We were at the forefront of trades involving the MSCI upgrade to support several clients in strategically disposing their positions. We responded to
- several major RFPs from sovereign and quasi-sovereign institutions (expecting a favorable outcome during 2021).
- The sector is in the process of Launching Market Maker function, aiming to add a new source of revenue.



- The Sector has developed comprehensive databases, in-house analytical systems, and a team of expert analysts to provide strategic insights and timely recommendations on all aspects of the local/regional markets.

Investment banking Sector (IBS) which is headed by Mr. Sohail Ladha, my co-presenter today, comprises of two departments, Advisory and Alternative investments department.

Advisory Department

- NIC restarted its Advisory practice in 2019
- Despite a difficult 2020, we established ourselves as a key player, with a total Advisory fee income of KWD 0.9 million.
- A few of our flagship deals during 2020 included:
 - Sale of Al Faysal Bakery.
 - Listing of Boursa Kuwait on the premier market.
 - Assisting Boursa Kuwait in acquiring a controlling stake in Kuwait Clearing Company.
- NIC has developed a strong pipeline for 2021, including two IPO mandates, four Mergers & Acquisitions buy-side mandates, four sell-side mandates, one restructuring and two general advisory engagements.

Through the **Alternative Investments Department**,

- We opportunistically invested in global REITs (Real Estate Investment trusts) in May 2020, generating a 42% in a period of less than a month.
- we continued to increase our stakes in key strategic investments in Financial Services and Real Estate including Al Oula Real Estate Co and MENA Capital Holding Co.



- We made five new investments in funds (including VC, infrastructure and credit funds) which are expected to deliver blended returns of more than 15% per year.

Real Estate Sector Despite the challenges posed by COVID-19, the Real Estate Sector within NIC was able to:

- Increase the size of managed real estate portfolio by adding 17 new properties to the 67 existing ones and adding 2 clients to our client list.
- Operating Expenses of properties were reduced by 17% through reevaluation of maintenance contracts and staff rationalization.
- Though however rental income & collections were slightly reduced due to COVID-19 circumstances.
- A restructuring exercise was carried out to optimize business processes within the sector

With this I conclude my part of the presentation and wish to hand you over to Mr. Sohail Ladha, Executive Vice President - Investment Banking Sector for the next part.



Sohail

Thank you Girish. And good afternoon everyone.

My name is Sohail Ladha and I am the Executive Vice President – Investment Banking – at National Investments Company. It is my privilege and great pleasure to speak with you today. I wanted to take some time today to provide:

1. an overview of what has happened in our core market,
2. our responses to the challenges posed by COVID-19, and
3. A summary of the key elements of our strategy going forward.

As a starting point, I want to talk about the performance of our markets. Boursa Kuwait posted a negative performance in 2020. The All Share Index was down 11.7% for the year. This was after a strong performance in 2019, when the Index had increased by 23.7%. An important milestone event in 2020 was the inclusion of Boursa Kuwait to the MSCI Emerging Market Index. The stock market witnessed an inflow of approximately KWD 1 billion on the inclusion day of 30 November 2020.

Given this backdrop, COVID-19 posed significant challenges for our core business. It also brought with it some opportunities (or even requirements) to improve the way we do things. I would like to talk first about the challenges and also how we capitalized on some of the opportunities.

Regarding the challenges, there are four main items that I would like to discuss. First, the lock-downs and curfews impacted the ability of our staff to physically attend work. Second, the correction in regional stock markets and asset values



globally forced us to re-assess our investments. Third, some of the tenants in our real estate portfolio suffered adverse business conditions, delaying rent collections.

Finally, the weak investor sentiment made it increasingly challenging to attract assets under management.

However, in spite of the challenges, we did react positively and pro-actively implemented measures to safe-guard our business and capitalize on opportunities.

First, we responded early to the crisis by activating the digital work-place environment, enabling us to continue our operations uninterrupted.

Second, we increased our client touchpoints through new features and web-based facilities, including WhatsApp for business. We put in place procedures to conduct client on-boarding and KYC digitally. We also took the opportunity to upgrade our systems, IT infrastructure and digitize.

Third, we worked proactively with our portfolio companies and relationships to ensure proper actions were taken to preserve values.

Fourth, we actively sought opportunities arising from the market dislocation; an example of this is the Global REITs portfolio. Lastly, we took aggressive write-downs where appropriate to reflect our financial exposures.



The impact of these measures has generally been positive. First, the enhancement to our mobility and virtualization has provided a one-time dividend to our productivity and sustainability. Second, our international real estate products have continued to maintain dividends to investors. Third, our core investments continued to increase in value through strong organic growth. Examples of these include: Boursa Kuwait, Al Waseet Brokerage and Kuwait Foundry. Fourth, we embarked on numerous opportunities to capture market share as evidenced by the growth in our fee income and our assets under management. We also captured market share of the international brokerage market. Finally, our opportunistic investments during the year delivered considerable risk-adjusted returns. An example of this is our REITs portfolio.

Moving on to the long-term, I would like to spend a little time regarding our strategy and key initiatives we are taking to grow our business and strengthen our competitive position.

There are four key elements of our strategy. These are: 1. Build Assets Under Management (AUM), 2. Enable Technologies and Efficiencies, 3. Enhance Governance, and 4. Build Investment Banking leadership in the mid-market segment. I will talk about each of these separately.

First: Building AUM: we are working on four key initiatives here. We are driving product development in an organized manner, with an initial focus on Venture Capital (VC) and international real estate products. We are building a strong placement team by adding qualified private bankers to support growth. In addition, we are building a reputation for bringing excellent co-investment



opportunities for our investors. Three key examples are Boursa Kuwait, Kuwait Foundry and VINCO, which we will discuss on the next page.

Second: Enabling Technologies and Efficiencies. We are focusing our efforts here on digital resilience. In other words, we continue to invest and digitally transform our business processes and develop collaborative work environments. An important element of this is business continuity initiatives, utilizing the best available technologies. And finally, we are focusing on harnessing operating efficiencies by outsourcing processes and working with co-advisors to leverage their capabilities and knowledge.

Third: Enhancing Governance. We have upgraded to Premier Market status on Boursa Kuwait, showing our commitment for increased transparency and governance. In addition, we have upgraded our risk-management framework to include quantitative and qualitative measures in line with global best practices.

Finally: Mid-market leadership in Investment Banking. In order to strengthen our position, we have been building our capabilities and developing our track record by executing mandates with the highest quality, focusing on mid-sized clients. 2020 provided us an excellent platform, where we had several flagship transactions. We are also building specialist teams in Equity Capital Markets (ECM), Mergers and Acquisitions (M&A) and Venture Capital (VC), which we have identified as key growth areas.



I would like to end this section by talking about several case studies, which serve as examples of our ability to identify and execute unique opportunities in our market and provide interesting co-investments to our clients.

The first case study is Boursa Kuwait. The investment thesis here was to acquire a strategically important asset with strong, recurring and sustainable cash flows due to its market leadership position and improving prospects. We formed a consortium to acquire a controlling stake of Boursa Kuwait in February 2019. Our direct stake was 14.4%. Since acquisition, Boursa Kuwait has undergone through an IPO and listing process. The market price today is several multiples of our acquisition cost. To date, the investment has generated a total return multiple of 4.98 times (based on market values).

The second case study is Kuwait Foundry. The investment thesis here was the acquisition of a mispriced asset with intrinsic value significantly greater than the prevailing market value. The investment offered an identifiable path to realization of true value. Towards this, we acquired a 20% stake in January 2019 and have been taking measures to realize value. So far, we have recaptured most of our equity in the transaction already and the total return multiple based on market values is 1.18 times.

Another noteworthy example is the VINCO Tesco transaction. The objective here was to deliver attractive cash yields to our investors by acquiring real estate properties tenanted by credit-worthy tenants. The transaction has delivered consistent dividends, while appreciating in value.

With this I will hand you over to Mr. Almuthana, who will lead the Q&A session.



Al Muthana

We are now ready to take your questions. If you would like to send us a question, please write it in the designated area of the website. We will now pause for a few minutes to allow you time to send your questions.

Al Muthana: Okay, we'll start the Q&A session right now. We have a question from Mr. Ahmed: Why are you increasing your exposure internationally?

Sohail Ladha: Hello, this is Sohail. I can take this question. We're increasing our exposure internationally as there has been a directive now by our Board of Directors for several years to diversify our balance sheet. We're also aiming to capitalize on the best opportunities globally and co-invest in such opportunities alongside our clients. Towards that, we are constantly screening and choosing the best partners. This has translated into performance. An example of this as our real estate investments have continued to support distributions to clients throughout the COVID-19 lockdowns. Thank you.

Al Muthana: We have another question from Mr. Tareq: Do you expect to bring similar co investment opportunities to your clients?

Sohail Ladha: Muthana, I can take this question too. We're constantly identifying new opportunities in our markets and we do intend to bring similar co-investments to our clients. The Kuwaiti market has a lot of mispriced opportunities where the realizable value is diverged considerably from pricing.



Our goal always is to identify the ones which are of the right size, properly actionable and have the right risk exposure. Thank you.

Al Muthana: Thank you. We have a question from Mr. Faisal: Your impairments have been increasing. Why is that?

Girish Nair: Thank you, Mr. Faisal, I can take that. Impairments – NIC carries out of periodic review of all its assets, including legacy assets, to ensure that they are carried at fair valuations. These impairments that you're talking about this year is basically related to legacy assets. We monitor all our assets very carefully, and we are fairly conservative in our approach to valuing these investments, based on which we take impairments.

Al Muthana: Thank you. We've got a question from Mohammad: How are you developing your wealth management capabilities and increasing your AUM?

Al Muthana: I can take this question. Well, increasing AUM relies on establishing long-term relationships with our clients and growing generational wealth. And we do it by ongoing screening to our clients' and potential clients' appetite for new products and introducing competitive investments products that cater their appetite.



Al Muthana Al Maktoum: I think for now we have no further questions at this time and therefore, we will be concluding our call. I would like to thank you all

for participating in our call today. If you have further queries, please do not hesitate to send to our investor relations email Investorrelations@nic.com.kw, and we will get back to you as soon as possible. Thank you everyone, and have a good day.

Operator: Thank you. That concludes today's conference. Thank you for your participation, ladies and gentlemen. You may now disconnect.



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PRESENTED BY



Mr. Almuthana Al Maktoum
Executive Vice President
Wealth Management Sector



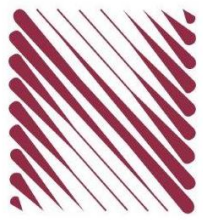
Mr. Girish Nair
Chief Financial Officer



Mr. Sohail Ladha
Executive Vice President
Investment Banking Sector

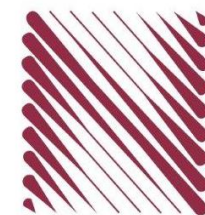
AGENDA

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FINANCIAL HIGHLIGHTS

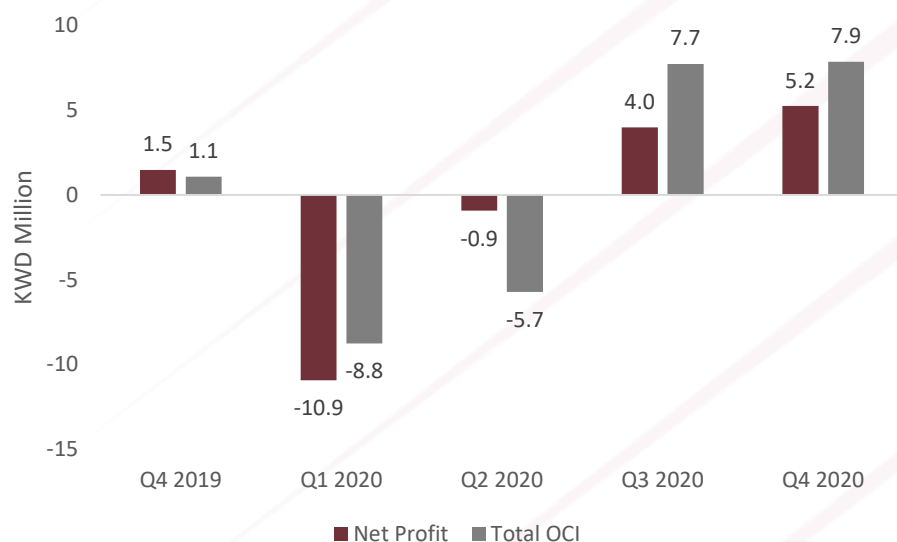




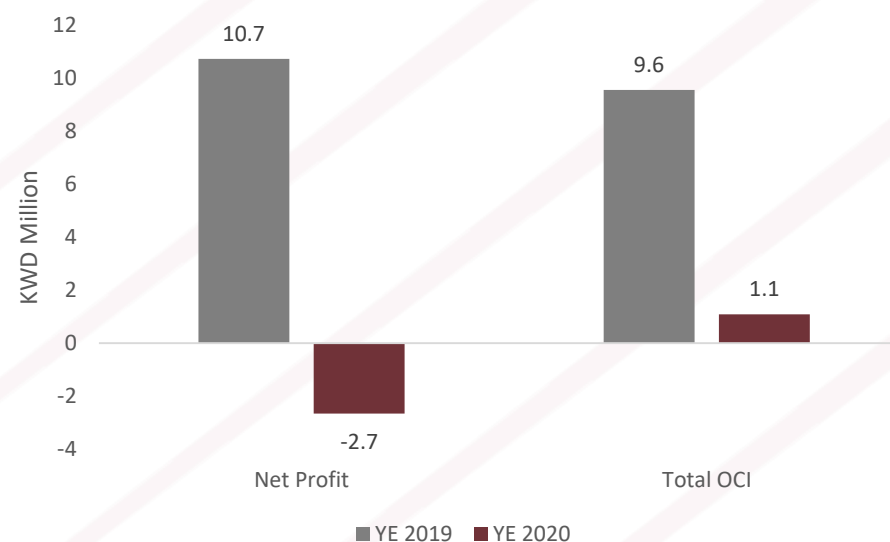
1. Net Loss of KWD 2.7 million and Total Comprehensive Income of KWD 1.1 million (down 89% from 2019)

- ❖ Strong recovery in the third and fourth quarters.
- ❖ Performance achieved despite headwinds related to COVID-19 and negative double digit performance of overall market.

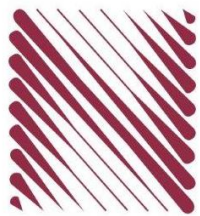
Quarterly Performance (KWD Million)



Annual Performance (KWD Million)



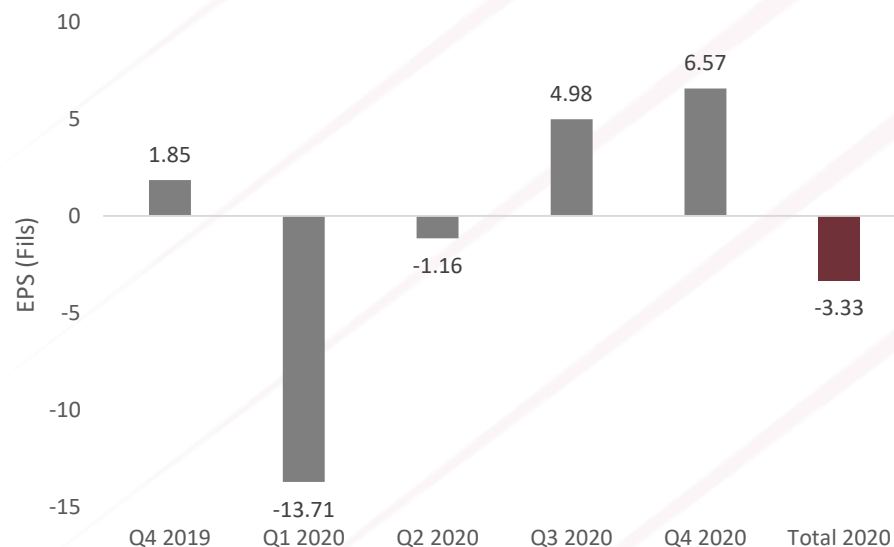
EARNINGS AND DIVIDENDS



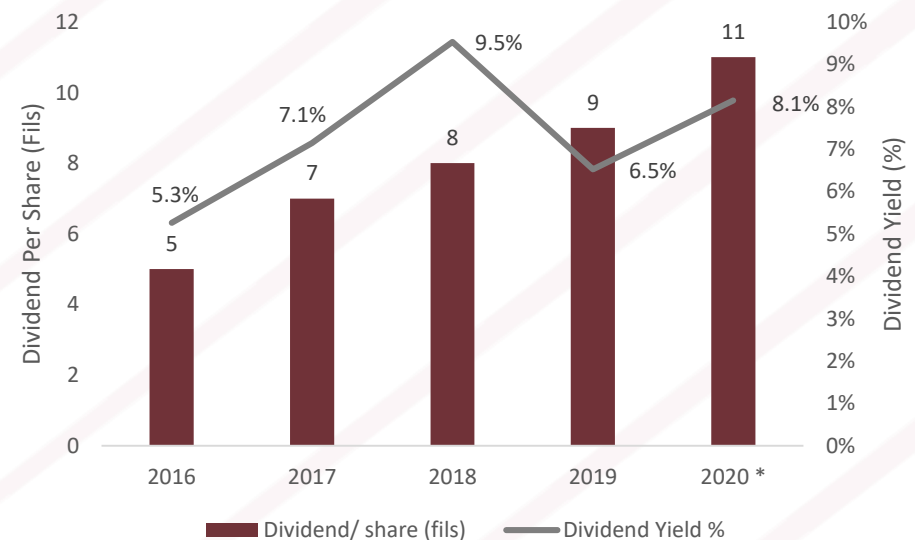
2. Earnings Per Share of -3.33 fils per share. Board is recommending a cash dividend of 11 fils per share.

- ❖ NIC has a strong and consistent history of dividend payouts for the past five years with an annualized dividend growth rate of 22%. NIC has paid out dividends ranging from 5 fils per share for 2016 to 11 fils per share proposed for 2020.
- ❖ Dividend yield for the past five years increased from 5.3% in 2016 to 8.1% in 2020.
- ❖ NIC's dividend yield has exceeded the yield of Boursa Kuwait and of the financial services sector.

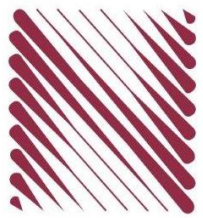
Earnings/(Loss) Per Share (Fils)



Annual Dividends and Yield (last 5 years)



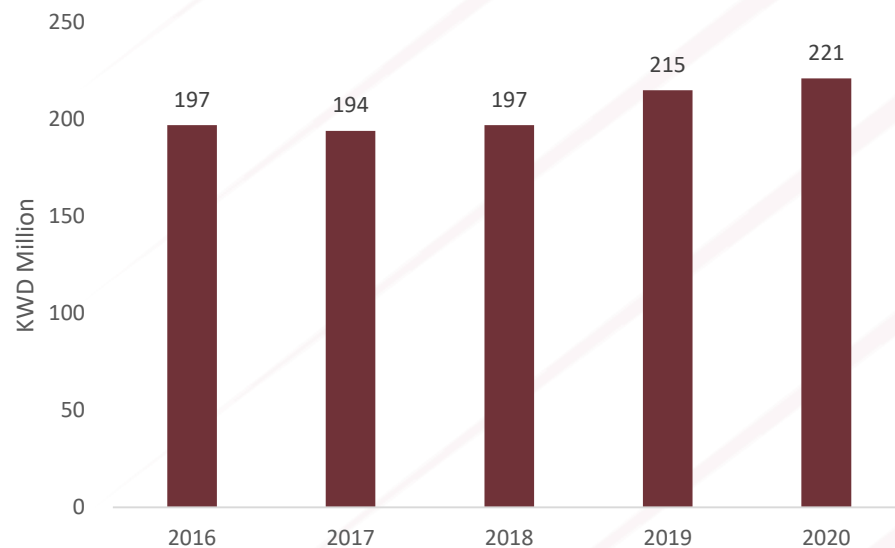
* For 2020, a dividend per share of 11 fils is being proposed by BOD subject to the approval of AGM



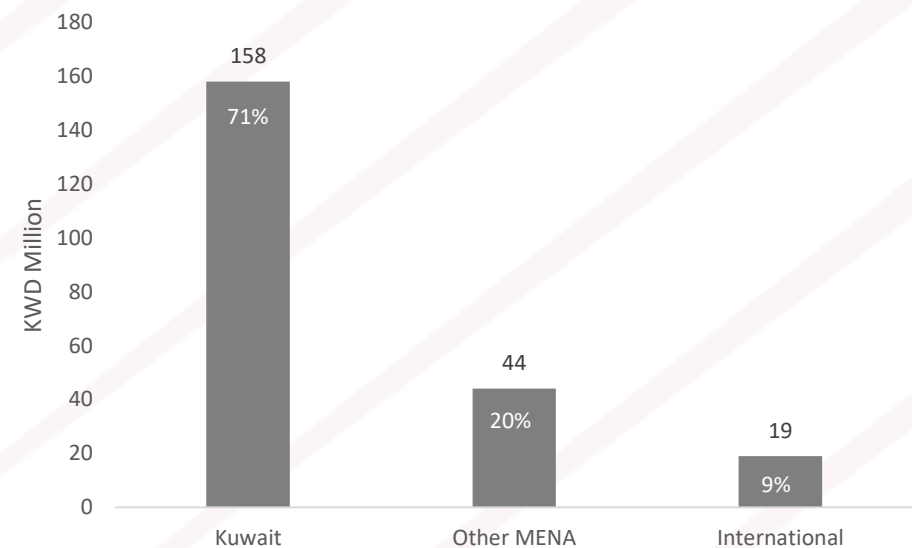
3. Profile of Assets

- ❖ Total assets witnessed a year-on-year growth of 3.0% in 2020 mainly on account of increased investments in FVTPL (Fair Value Through Profit or Loss) portfolio.
- ❖ During the past two years we have increased our exposure to non-GCC countries, which is in line with the strategy of the company to geographically diversify our asset base.

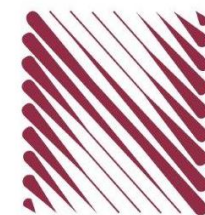
Growth in Assets (KWD Million)



Geographic Profile of Assets (KWD Million, %)



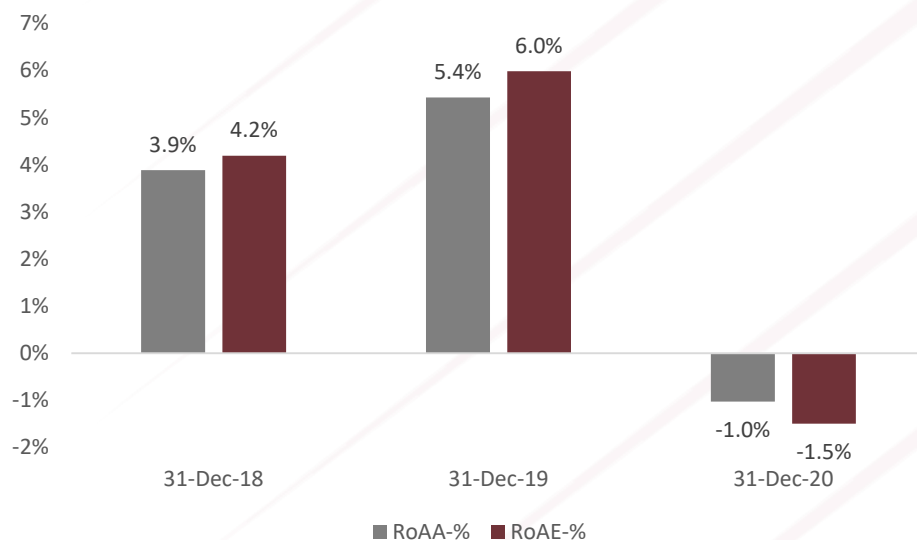
KEY RATIOS



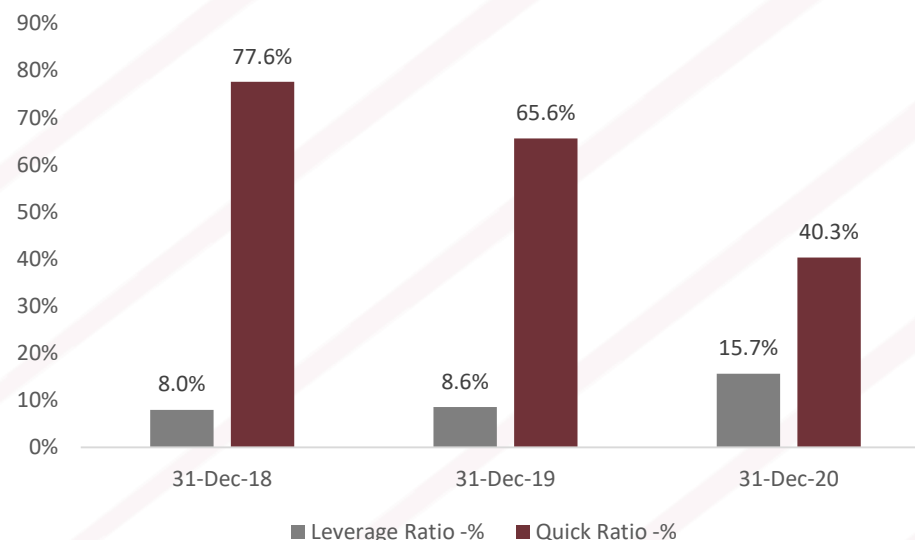
4. Summary of Key Ratios

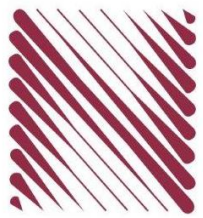
- ❖ Return on Average Equity of -1.5% (compared with a significant market decline of 11.7% in Kuwait All Share Index).
- ❖ Low levels of overall leverage, with Debt to Equity of 10.2%.
- ❖ Strong overall levels of liquidity, with Quick Ratio of 40.3%.
- ❖ Adequately capitalized with a Capital Adequacy Ratio of 1.8x regulatory capital.

Return on Assets and Return on Equity (%)



Leverage and Liquidity (%)



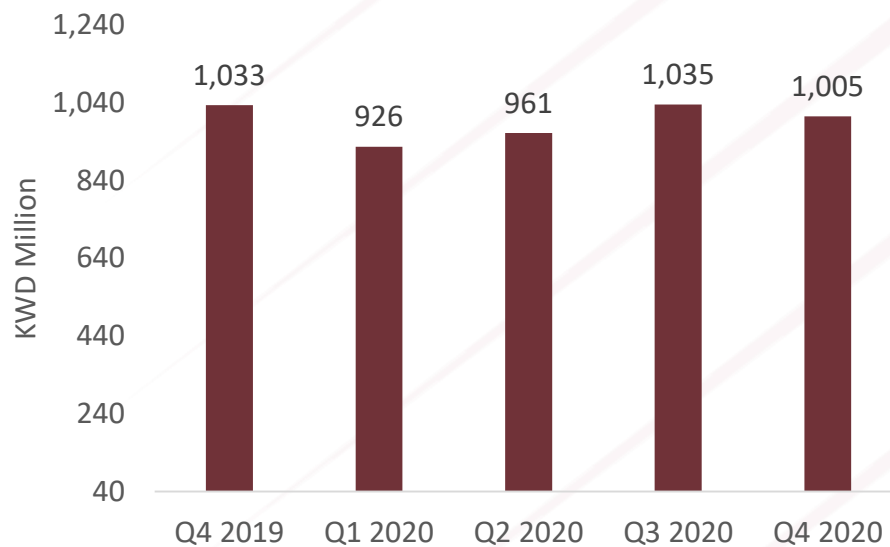


AUM AND FEE INCOME

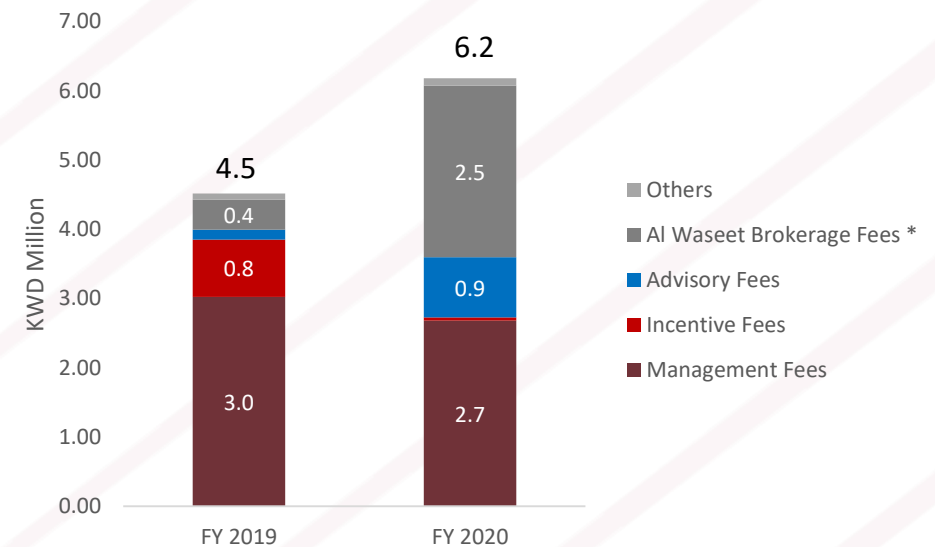
5. Performance supported by:

- ❖ Uplift in value of key direct investments (especially Boursa Kuwait).
- ❖ Resilience of our Assets Under Management (despite decline in overall market).
- ❖ Growth in our fee income from increased number of sources.
- ❖ Despite taking considerable write-downs on our existing assets.

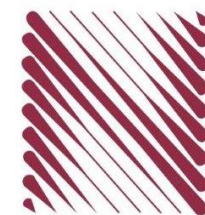
Assets Under Management (KWD Million)



Fee Income (KWD Million)



* 2020 includes 12 months consolidated income for Al Waseet, but 2019 includes only 2 months. NIC increased its investment in Al Waseet Finance & Business Co., a leading securities brokerage company in Kuwait, as a key strategic investment.



6. Highlights for key sectors

MENA Securities

- ❖ We opportunistically deployed our own capital, which supported out-performance when the market rebounded.
- ❖ We were at the forefront of trades involving the MSCI Upgrade to support several clients in strategically disposing positions.
- ❖ We responded to several major RFPs from sovereign and quasi-sovereign institutions (expected in 2021).
- ❖ We are launching our market maker function, aiming to add a new source of revenue.
- ❖ We developed comprehensive databases and in-house analytical systems to provide strategic insights and timely recommendations on all aspects of the local and regional markets.

Investment Banking

Advisory

- ❖ We embarked on the project of re-starting our advisory practice in 2019.
- ❖ In 2020 (our first full year), we established ourselves as a key player reaching KWD 0.9 million in advisory fee income.
- ❖ Our flagship deals included:
 - Sale of Al Faysal Bakery,
 - Listing of Boursa Kuwait on the Premier Market,
 - Assisting Boursa Kuwait in acquiring a controlling stake in Kuwait Clearing Company.
- ❖ We have developed a strong pipeline for 2021, including IPO mandates (2), M&A buy-side mandates (4), sell-side (4), restructuring (1) and general advisory (2).

Alternatives

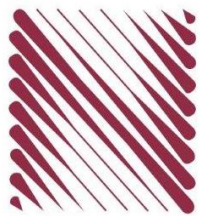
- ❖ We opportunistically invested in global REITs in May 2020, generating a 42% return in less than one month.
- ❖ We continued to increase our stakes in our strategic investments (in financial services and real estate).
- ❖ We made five new investments in VC, infrastructure and credit funds, which are expected to deliver blended returns of 15%+ per year.
- ❖ We exited two legacy investments.

Real Estate

- Despite the challenges posed by COVID-19, we:
- ❖ Increased the size of our Real Estate Management portfolio by adding 17 new properties to the 67 existing ones and adding two new clients to our client list.
 - ❖ We reduced expenses by 17% through reevaluating maintenance contracts and reducing staff.
 - ❖ Restructured the departments by combining the maintenance and engineering dept. and by changing the customer service dept. into facility management dept. And finally by introducing a new dept. called follow-up and supervision to optimize costs and increase efficiency.

OUR STRATEGY FOR THE FUTURE





MARKET BACKDROP: PERFORMANCE IN 2020

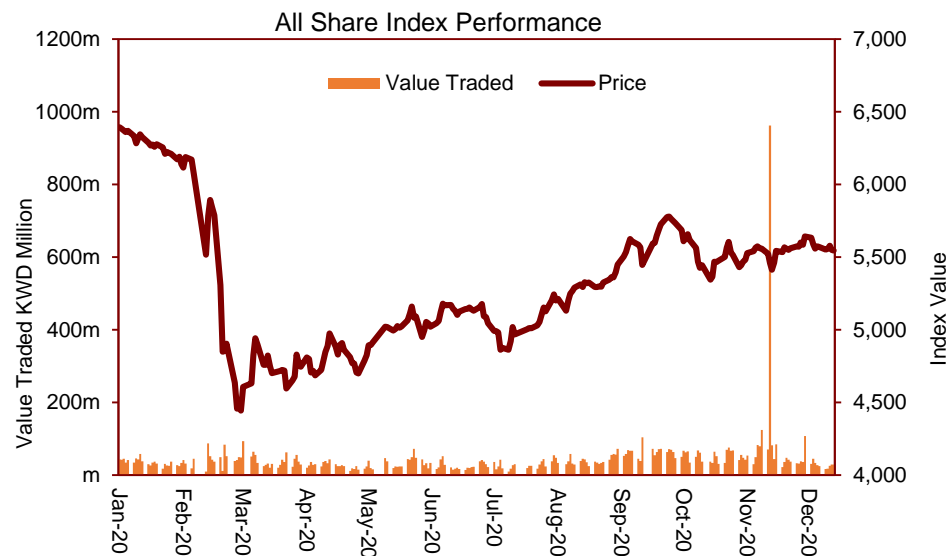
Performance of our core market: Boursa Kuwait

- ❖ Boursa Kuwait delivered a negative performance in 2020, with the All Share Index declining by -11.7% during the year.
- ❖ This is after a strong performance in 2019, where the index had increased by 23.7%.

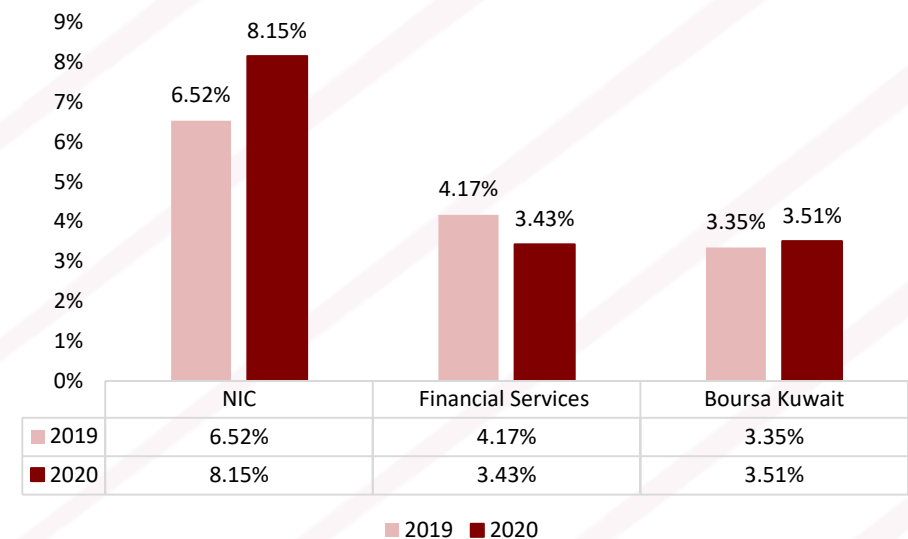
MSCI Upgrade

- ❖ Boursa Kuwait's inclusion in the MSCI Emerging Market Index represents an important milestone in advancing the capital markets and placing Kuwait on the worldwide investment map.
- ❖ Kuwait market witnessed inflow of KWD 962 million on the inclusion day of 30-Nov-2020.

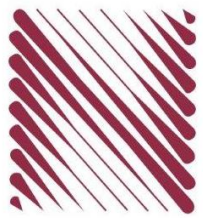
Boursa Kuwait: Market Performance Chart



Dividend Yield by Sector (%)



COVID-19: CHALLENGES AND OPPORTUNITIES



The Challenges

- ❖ Lock-downs and curfews impacted the ability of our staff to physically attend work.
- ❖ The correction in regional stock markets and asset values globally forced us to re-assess and revalue our investments.
- ❖ Some of the tenants in our real estate portfolio suffered adverse business conditions, delaying rent collections.
- ❖ Weak investor sentiment made it increasingly challenging to attract AUM.

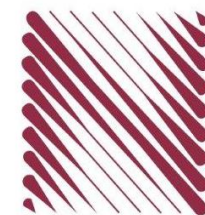
Our Reaction and Pro-Active Measures

- ❖ We responded early to the crisis by activating the digital workplace environment, which allowed secure work-from-home and ensured business operations continue uninterrupted.
- ❖ We increased client touchpoints and access through newly introduced chatting service (WhatsApp) and web-based facilities.
- ❖ We put in place procedures to conduct KYC and client on-boarding through new methods, ex: through mobile apps.
- ❖ We also took the opportunity to upgrade our systems, IT infrastructure and digitize.
- ❖ We proactively worked with our portfolio companies and relationships to ensure proper actions were taken to preserve values of underlying investments.
- ❖ We actively sought opportunities arising from market dislocation (ex: REITs).
- ❖ We took aggressive write-downs, where appropriate, to properly reflect our financial exposures.

The Impact

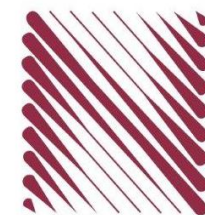
- ❖ The enhancement to our mobility and virtualization has had a positive long-term impact on our productivity, sustainability and future crises management.
- ❖ Our international real estate products continued to maintain dividends to investors.
- ❖ Our core investments continued to increase in value through strong organic growth (ex: Boursa Kuwait, Al Waseet, and Kuwait Foundry).
- ❖ We embarked on numerous opportunities to capture market share as evidenced by growth in our advisory fee income and our assets under management.
- ❖ We captured a significant share of the international brokerage market.
- ❖ Our opportunistic investments during the year delivered considerable risk-adjusted returns (ex: REITs portfolio).




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-INVESTMENT OPPORTUNITIES



| 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% | 20.4% | 11.4% |
| Acquisition Value | KWD 6.5 million (237 fils / share) | KWD 7.9 million (250 fils / share) | £ 2.3 million |
| Value Realized To Date | KWD 0.7 million | KWD 5.4 million | £ 0.4 million |
| Market Value (31-Dec-2020) | KWD 31.8 million* | KWD 3.9 million** | £ 2.6 million* |
| Return on Investment (x) | 4.98x | 1.18x | 1.29x |

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

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

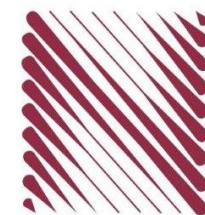


Q&A



Thank you

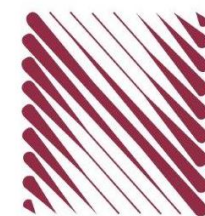




APPENDIX

CONSOLIDATED STATEMENT OF INCOME

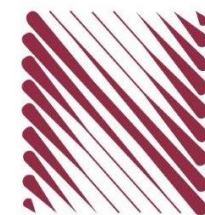
| STATEMENT OF INCOME | 2020 KWD'000 | 2019 KWD'000 | Change % |
|--|-----------------|-----------------|--------------|
| INCOME | | | |
| Realized gain (loss) on financial assets at Fair Value through P/L | (1,725) | 1,555 | -211 % |
| Unrealized gain (loss) on financial assets at Fair Value through P/L | (1,570) | 3,507 | -145% |
| Changes in fair value of investment properties | (2,321) | 59 | -4034% |
| Rental income | 1,721 | 1,777 | -3% |
| Dividend income | 3,222 | 5,651 | -43% |
| Management, incentive, brokerage and advisory fees | 6,177 | 4,516 | 37% |
| Interest income | 51 | 97 | -47% |
| Share of results of Associates & Joint Venture | 1,727 | 1,834 | -6% |
| Gain on foreign exchange trading | 628 | 307 | 105% |
| Other Income | 1,085 | 1,026 | 6% |
| Total Income | 8,995 | 20,329 | -56% |
| EXPENSES | | | |
| Finance costs | 516 | 291 | 77% |
| Administrative expenses | 6,718 | 6,858 | -3% |
| Impairment losses and other provisions | 3,925 | 1,250 | 214% |
| (Gain)/Loss on Foreign Currency Translation | 74 | 32 | 131% |
| Total Expenses & Provisions | 11,233 | 8,431 | 33% |
| (Loss)/Profit for the year before Taxation and Non-Controlling interests | (2,238) | 11,898 | -119% |
| Directors' remuneration | - | (240) | |
| Taxation | - | (470) | |
| Consolidated (Loss) Profit for the year | (2,238) | 11,188 | -120% |
| <i>Net (Loss) Profit for the period attributable to Parent Company</i> | <i>(2,658)</i> | <i>10,727</i> | <i>-125%</i> |
| <i>Net Profit for the period attributable to Non-controlling Interests (NCI)</i> | <i>420</i> | <i>461</i> | <i>-9%</i> |
| Total | (2,238) | 11,188 | -120% |
| (Loss)/Earning per share attributable to shareholders of Parent Company | (3) | 13 | |



APPENDIX

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 2020 | | | 2019 | | |
|--|--|----------------|----------------------------------|--|----------------|----------------------------------|
| | Attributable to Parent Co. KWD'000 | NCI KWD'000 | Total Consolidated KWD'000 | Attributable to Parent Co. KWD'000 | NCI KWD'000 | Total Consolidated KWD'000 |
| Net (Loss)/Profit for the year | (2,658) | 420 | (2,238) | 10,727 | 461 | 11,188 |
| Other comprehensive income /(loss) for the year <i>(Includes Change in fair value of FVOCI investments, Share of OCI from Associates and Foreign currency translation reserve)</i> | 3,746 | (171) | 3,575 | (1,171) | 43 | (1,128) |
| Total Comprehensive Income for the year | 1,088 | 249 | 1,337 | 9,556 | 504 | 10,060 |



APPENDIX

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 31-Dec-20 KWD'000 | 31-Dec-19 KWD'000 | Change % |
|--|----------------------|----------------------|-------------|
| ASSETS | | | |
| Bank balances and cash | 13,569 | 13,195 | 3% |
| Investments at FVTPL | 89,238 | 78,840 | 13% |
| Investments in properties held for Trading | 284 | 479 | -41% |
| Financial Assets at FVOCI | 58,478 | 56,997 | 3% |
| Investment Properties | 32,054 | 34,370 | -7% |
| Investment in Associates and Joint Ventures | 21,065 | 22,579 | -7% |
| Intangible Assets | 1,148 | 1,644 | -30% |
| Other assets | 5,556 | 6,797 | -18% |
| TOTAL ASSETS | 221,392 | 214,901 | 3% |
| LIABILITIES AND SHAREHOLDERS' FUNDS | | | |
| Bank Borrowings | 19,521 | 6,529 | 199% |
| Accounts payable and accruals | 10,446 | 10,456 | 0% |
| Total Liabilities | 29,967 | 16,985 | 76% |
| Non-Controlling interest | 16,443 | 17,003 | -3% |
| 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 | 494 | 479 | 3% |
| Voluntary Reserve | 25,408 | 25,408 | 0% |
| Retained earnings (deficit) | 6,061 | 17,753 | -66% |
| Cum changes in F.V. of FVOCI Investments | 5,512 | (72) | 7756% |
| Other Reserves | 419 | 257 | 63% |
| Total Shareholders Funds | 174,982 | 180,913 | -3% |
| TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS | 221,392 | 214,901 | 3% |