



شركة الاستثمارات الوطنية  
NATIONAL INVESTMENTS COMPANY

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National Investments Company  
Analyst Conference  
H1 2021

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# Agenda

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# FINANCIAL HIGHLIGHTS



شركة الاستثمار الوطنية  
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The image shows a modern office building facade with a large logo consisting of a red grid of lines forming a stylized 'N'. Below the logo, the company name is written in Arabic and English. The building has many windows and a clean, architectural design. In the foreground, there is a landscaped area with palm trees and a walkway. The background shows a city skyline across a body of water.



## H1 2021 Key Financial Highlights

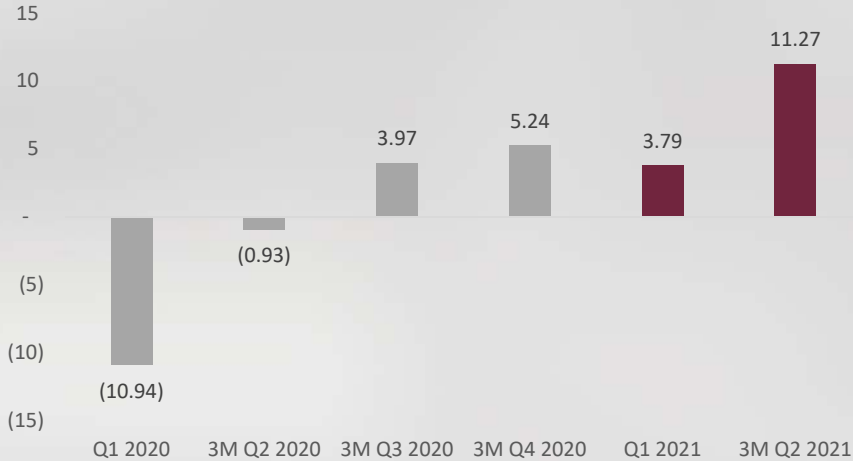
- ❖ Strong recovery during H1 2021. Net profit of KWD 15.1 million during H1 2021 as compared to a net loss of KWD 11.9 million during H1 2020.

Key Financial Metrics		
	H1 2020	H1 2021
<b>Income statement:</b>		
Net profit (loss) (mn)	-KWD 11.9	<b>KWD 15.1</b>
Earnings (loss) per share	-14.9 fils	<b>18.9 fils</b>
Total comprehensive income (loss) (mn)	-KWD 14.5	<b>KWD 23.0</b>
<b>Financial position:</b>		
Total assets (mn)	<b>KWD 208.2</b>	<b>KWD 239.5</b>
Total liabilities (mn)	<b>KWD 33.5</b>	<b>KWD 32.3</b>
Shareholders equity (mn)	<b>KWD 159.3</b>	<b>KWD 189.2</b>
<b>Key Ratios:</b>		
Return on average equity (%)	-7.0%	<b>8.3%</b>
Return on average assets (%)	-6.0%	<b>7.4%</b>
Leverage ratio (%)	<b>19.2%</b>	<b>15.6%</b>
Quick ratio (%)	<b>57.9%</b>	<b>26.8%</b>

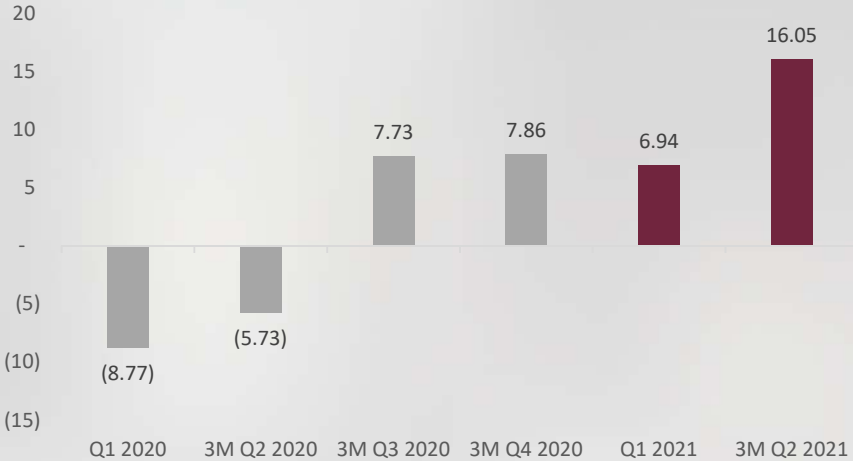
# H1 2021 Financial Performance

❖ Trajectory of NIC's performance since Q1 2020.

**Net profit (loss)  
(KWD Million)**



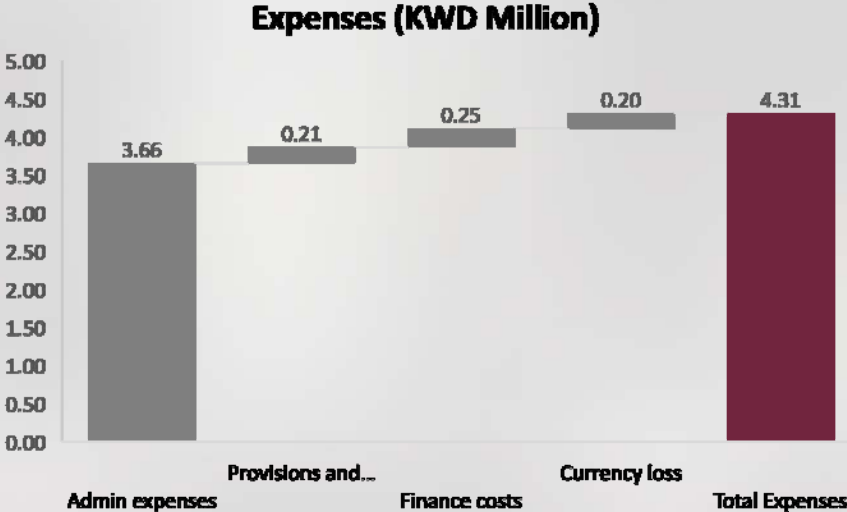
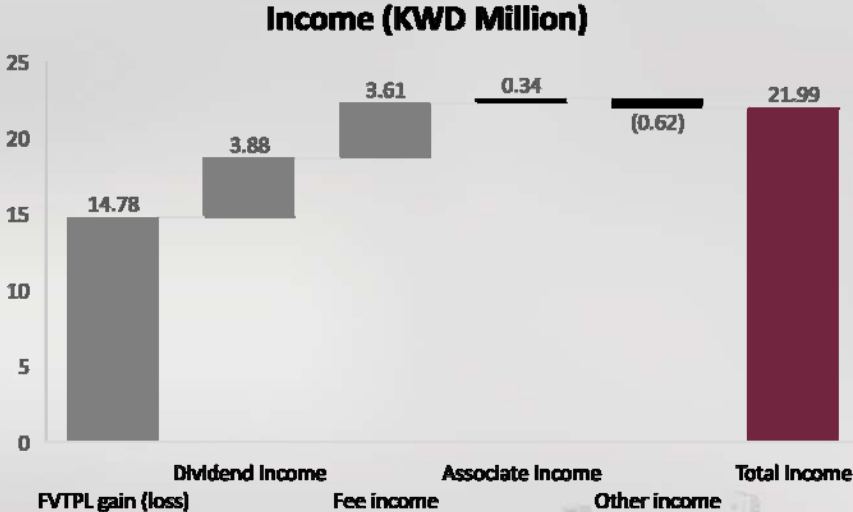
**Total comprehensive income (loss)  
(KWD Million)**



# H1 2021 Income Drivers and Expenses

Income of KWD 21.99 million and expenses of KWD 4.31 million.

- ❖ Gain on financial assets at fair value through profit or loss (FVTPL), dividend income and fee income contributed 67%, 18% and 17% respectively to the total income.
- ❖ Administrative expenses of KWD 3.66 million are almost in line with H1 2020 expenses.

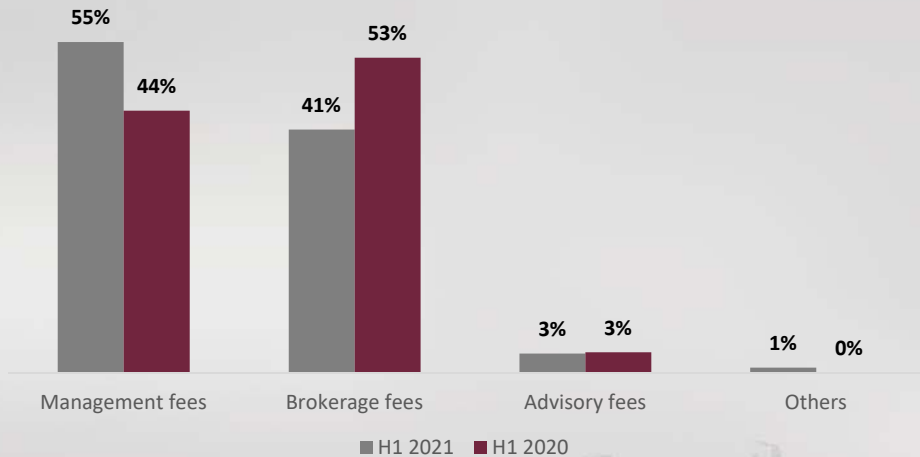




# H1 2021 Fee Income Analysis

- ❖ 54.2% growth in fee income.
- ❖ Growth across all main categories:
  - Especially brokerage revenue from one of our subsidiaries, Al Waset Financial Business K.S.C.C.
  - Funds and portfolio management fees increased by 22.2% and advisory fees increased by 63.9%.

**% Contribution to total fee income**

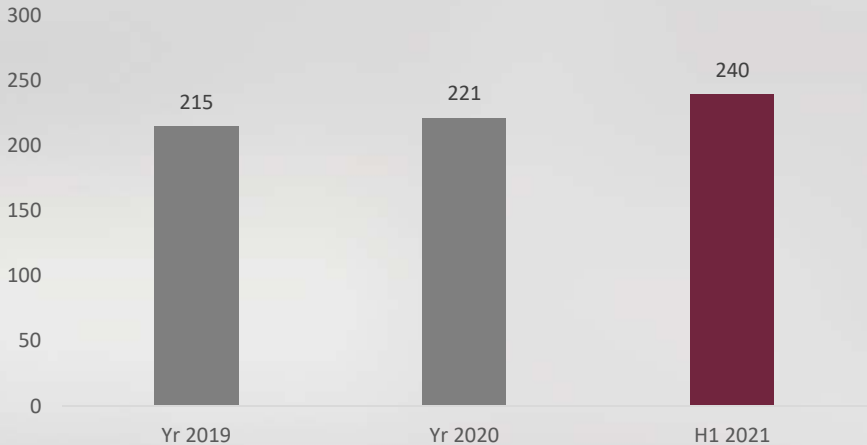


Breakdown of fee income	H1 2020	H1 2021
	KWD'000	KWD'000
Management fees	1,293	1,580
Brokerage fees	951	1,899
Advisory fees	76	125
Others	21	6
<b>Total fee income</b>	<b>2,341</b>	<b>3,610</b>

# H1 2021 Profile of Assets

- ❖ Total assets witnessed a YTD growth of 8.2% during H1 2021, mainly on account of appreciation in value of FVTPL and financial assets at fair value through other comprehensive income (FVOCI).
- ❖ Assets Under Management registered a YTD growth of 6.4% during H1 2021.

**Total Assets (KWD Million)**



**Assets Under Management (KWD Million)**



# Sectors

MENA Securities	Investment Banking		Real Estate
	Advisory	Alternatives	
<ul style="list-style-type: none"> <li>❖ 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 H1 2021 for our investment funds and clients.</li> <li>❖ Developing detailed plan to utilize and benefit from all the new instruments authorized by Boursa Kuwait (such as the netting, margin, and derivatives).</li> <li>❖ Successfully obtained the Market Maker service license, in the final stage to provide the service</li> <li>❖ 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.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Completed a financing mandate for a leading fitness and lifestyle business.</li> <li>❖ Executed term sheet for a health-tech client supporting them with seed financing.</li> <li>❖ Currently in the process of executing several mandates:               <ul style="list-style-type: none"> <li>• Listing of Al Safat Investment Company.</li> <li>• Buy-side transactions for: (i) a leading logistics company; and (ii) one of Kuwait’s largest multi-sector businesses.</li> </ul> </li> <li>❖ Working on two flagship pre-IPO mandates (expected completion in 2022 and 2023).</li> </ul>	<ul style="list-style-type: none"> <li>❖ Successfully executed two mezzanine investments, including: (i) a built-to-suit warehousing project in Italy; (ii) a speculative warehousing development project in Germany.</li> <li>❖ Invested in a direct venture capital opportunity focused on a leading fin-tech firm.</li> <li>❖ Strong pipeline of future deals:               <ul style="list-style-type: none"> <li>• Exploring a new mezzanine investment in a student housing project in Orlando, FL.</li> <li>• In final stages of due diligence to invest in a leading regional VC platform specializing in delivery.</li> </ul> </li> <li>❖ Currently exited a legacy investment and evaluating other exits.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Managed to achieve full occupancy rates in AlWataniya Resort through a strong marketing campaign.</li> <li>❖ Started a new campaign for developing and improving all the assets in our portfolio to increase revenue and property values.</li> <li>❖ Rental Collection Rates of H1 2021 reached more than double that of H1 2020 mainly due to businesses beginning to recover from the COVID pandemic.</li> <li>❖ Occupancy Rates also increased by 12%</li> <li>❖ We continue to increase the collection rate and revenues of our portfolio.</li> </ul>







# OUR STRATEGY FOR THE FUTURE

# Key Elements of our Growth Strategy

Key Element	
<b>Build AUM</b>	<ul style="list-style-type: none"> <li>❖ <b>Drive product development:</b> The objective is to add AUM going forward. Key product areas include Venture Capital (VC) and International Real Estate products.</li> <li>❖ <b>Build strong placement team:</b> Add highly capable private bankers to support Asset Management and Investment Banking (IB) activities.</li> <li>❖ <b>Offer unique co-investment opportunities</b> to our clients by leveraging our own balance sheet and sourcing networks, ex: Boursa Kuwait, Kuwait Foundry, etc.</li> </ul>
<b>Enable Technologies and Efficiencies</b>	<ul style="list-style-type: none"> <li>❖ <b>Digital Resilience:</b> 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.</li> <li>❖ <b>Business Continuity:</b> The accelerated adoption of cutting edge digital technologies granted NIC a competitive advantage in future crises management.</li> <li>❖ <b>Drive other operating efficiencies in other areas,</b> 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.</li> </ul>
<b>Enhance Governance</b>	<ul style="list-style-type: none"> <li>❖ <b>Upgrade to Premier Market</b> on Boursa Kuwait and committed to related governance.</li> <li>❖ <b>Risk management framework:</b> Updated our risk management framework incorporating quantitative and qualitative measures in line with global best practices.</li> </ul>
<b>Mid-market IB Leadership</b>	<ul style="list-style-type: none"> <li>❖ <b>Build capabilities:</b> 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.</li> <li>❖ <b>Grow IB team</b> and develop functional leaders for ECM, DCM and VC.</li> </ul>

## Case Studies: Co-investments

Case Study	Boursa Kuwait	Kuwait Foundry	VINCO	FedEx Italy
				
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.	Mezzanine investment in a built-to-suit warehouse development project in Italy, leased to FedEx. The investment targets an annual cash yield of 8% over an 18 month term.
Initial Investment Date	February 2019	January 2019	March 2019	May 2021
Stake Acquired	14.4%	21.3%	11.4%	16.3%
Acquisition Value	KWD 6.5 million (237 fils / share)	KWD 8.0 million (251 fils / share)	£ 2.3 million	\$ 2.3 million
Value Realized To Date	KWD 1.9 million	KWD 5.5 million	£ 0.5 million	\$ 0.02 million
Market Value (30-Jun-2021)	KWD 36.3 million*	KWD 5.8 million**	£ 2.6 million*	\$ 2.3 million*
Return on Investment (x)	5.85x	1.41x	1.36x	1.01x

\*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:

## H1 2021 Consolidated Income Statement

	H1 2021	H1 2020	Change
	KWD'000	KWD'000	%
<b>INCOME</b>			
Realised gain (loss) on financial assets at FVTPL	1,041	(2,304)	145%
Unrealised gain (loss) on financial assets at FVTPL	13,739	(8,509)	261%
Change in fair value of investment properties	(1,883)	(3,098)	39%
Rental income	857	858	0%
Dividend income	3,883	2,114	84%
Management, incentive, brokerage and advisory fees	3,610	2,341	54%
Interest income	15	43	-65%
Share of results / liquidation of associates and joint venture	335	2,286	-85%
Gain on foreign exchange trading	252	494	-49%
Gain on sale of investment property	140	-	N/A
<b>Total Income</b>	<b>21,989</b>	<b>(5,775)</b>	<b>481%</b>
<b>EXPENSES</b>			
Finance costs	247	261	-5%
Administrative expenses	3,658	3,394	8%
Impairment losses and other provisions	210	3,478	-94%
Loss (gain) on foreign currency translation	196	(151)	230%
<b>Total Expenses</b>	<b>4,311</b>	<b>6,982</b>	<b>-38%</b>
<b>Profit (loss) for the period before taxation</b>	<b>17,678</b>	<b>(12,757)</b>	<b>239%</b>
Taxation	(666)	-	N/A
<b>Profit (loss) for the period</b>	<b>17,012</b>	<b>(12,757)</b>	<b>-233%</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company	15,056	(11,866)	227%
Non-controlling interests (NCI)	1,956	(891)	320%
<b>Total</b>	<b>17,012</b>	<b>(12,757)</b>	<b>233%</b>
<b>BASIC AND DILUTED EPS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>18.87 fils</b>	<b>-14.87 fils</b>	

## Appendix 2: H1 2021 Consolidated Comprehensive Income

	H1 2021			H1 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
Profit (loss) for the period	15,056	1,956	17,012	(11,866)	(891)	(12,757)
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)	7,935	36	7,971	(2,626)	(131)	(2,757)
<b>Total comprehensive income (loss) for the period</b>	<b>22,991</b>	<b>1,992</b>	<b>24,983</b>	<b>(14,492)</b>	<b>(1,022)</b>	<b>(15,514)</b>

## Appendix 3: H1 2021 Consolidated Financial Position

	30-Jun-21 KWD'000	31-Dec-20 KWD'000	Change %
<b>ASSETS</b>			
Bank balances and cash	11,073	13,569	-18%
Financial assets at FVTPL	106,639	89,238	19%
Trading properties	282	284	-1%
Financial assets at FVOCI	66,880	58,478	14%
Investment in associates and joint ventures	19,879	21,065	-6%
Investment properties	28,153	32,054	-12%
Intangible assets	1,117	1,148	-3%
Other assets	5,491	5,556	-1%
<b>Total Assets</b>	<b>239,514</b>	<b>221,392</b>	<b>8%</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>			
Bank borrowings	20,763	19,521	6%
Accounts payable and accruals	11,508	10,446	10%
<b>Total Liabilities</b>	<b>32,271</b>	<b>29,967</b>	<b>76%</b>
Non-Controlling interests	18,025	16,443	10%
<b>SHAREHOLDERS' FUNDS:</b>			
Issued and fully paid up share capital	79,786	79,786	0%
Share premium	49,593	49,593	0%
Statutory reserve	7,709	7,709	0%
Voluntary reserve	22,693	25,408	-11%
Other reserves	440	419	5%
Foreign currency translation reserve	396	494	-20%
Cumulative changes in fair value	12,391	5,512	125%
Retained earnings	16,210	6,061	167%
<b>Total Shareholders' Funds</b>	<b>189,218</b>	<b>174,982</b>	<b>8%</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>239,514</b>	<b>221,392</b>	<b>8%</b>