



شركة الاستثمارات الوطنية  
NATIONAL INVESTMENTS COMPANY

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National Investments Company  
Analyst Conference  
9M 2021

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# Agenda

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# FINANCIAL HIGHLIGHTS



شركة الاستثمار الوطنية  
NATIONAL INVESTMENTS COMPANY



## 9M 2021 Key Financial Highlights

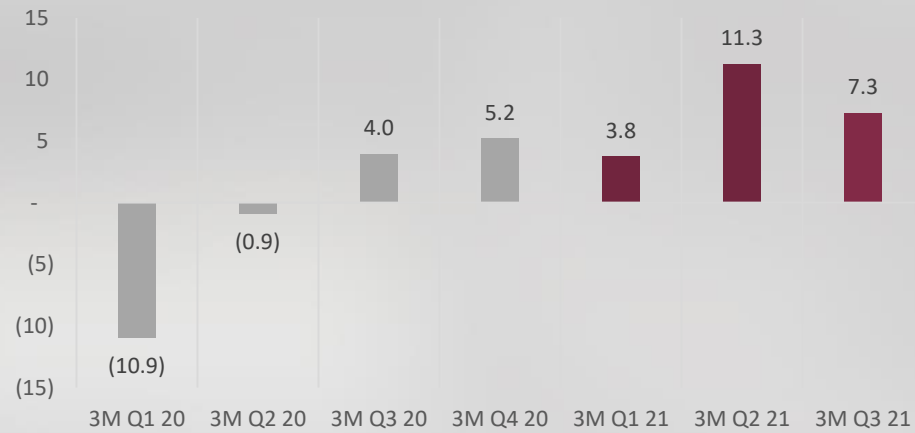
- ❖ Strong recovery during 9M 2021.
- ❖ Net profit of KWD 22.4 million during 9M 2021 as compared to a net loss of KWD 7.9 million during 9M 2020.

Key Financial Metrics		
	9M 2020	9M 2021
<b>Income statement</b>		
Net profit (loss) – (Mn)	-KWD 7.9	<b>KWD 22.4</b>
Earnings (loss) per share	-9.9 fils	<b>28.1 fils</b>
Total comprehensive income (loss) – (Mn)	-KWD 6.8	<b>KWD 43.3</b>
<b>Financial position</b>		
Total assets – (Mn)	KWD 213.3	<b>KWD 278.2</b>
Total liabilities – (Mn)	KWD 30.0	<b>KWD 52.5</b>
Shareholders equity – (Mn)	KWD 167.1	<b>KWD 207.4</b>
<b>Key Ratio</b>		
Return on average equity (%)	-4.5%	<b>11.7%</b>
Return on average assets (%)	-3.7%	<b>10.0%</b>
Leverage ratio (%)	16.4%	<b>23.2%</b>
Quick ratio (%)	34.2%	<b>53.9%</b>

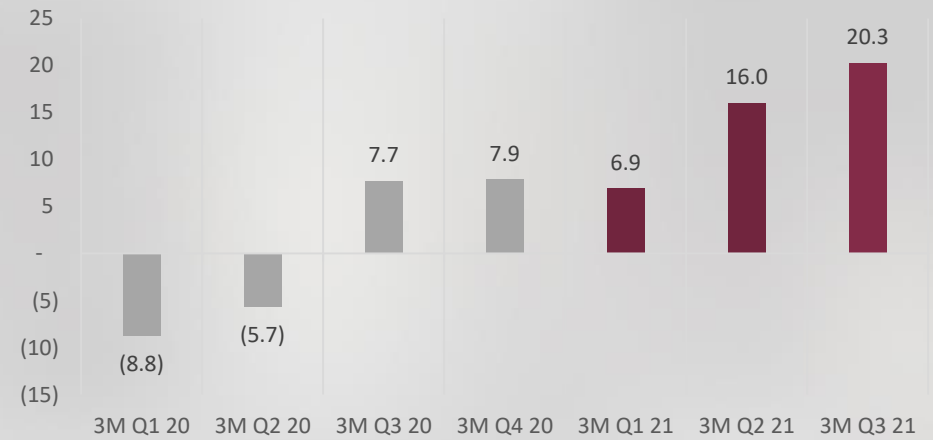
# 9M 2021 Financial Performance

❖ Trajectory of NIC's performance since 3M Q1 2020.

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



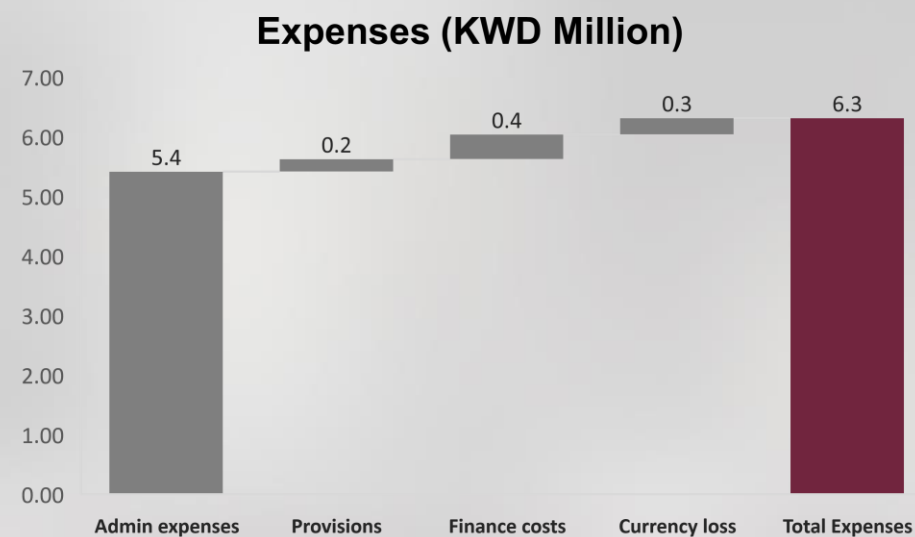
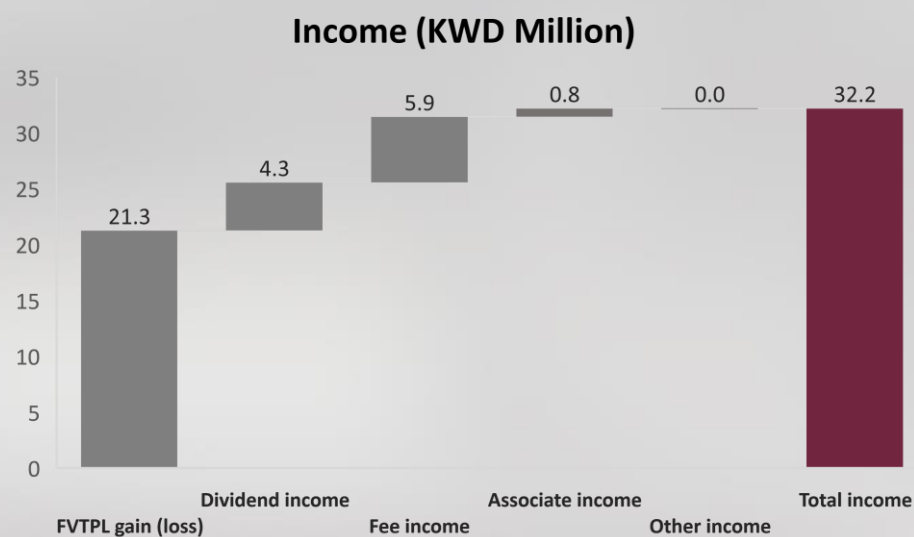
**Total comprehensive income (loss)**  
(KWD Million)



# 9M 2021 Income drivers and Expenses

Income of KWD 32.2 million and expenses of KWD 6.3 million.

- ❖ Gain on financial assets at fair value through profit or loss (FVTPL), dividend income and fee income contributed 66%, 13% and 18% respectively to the total income.
- ❖ Administrative expenses of KWD 5.4 million are marginally higher than 9M 2020 expenses



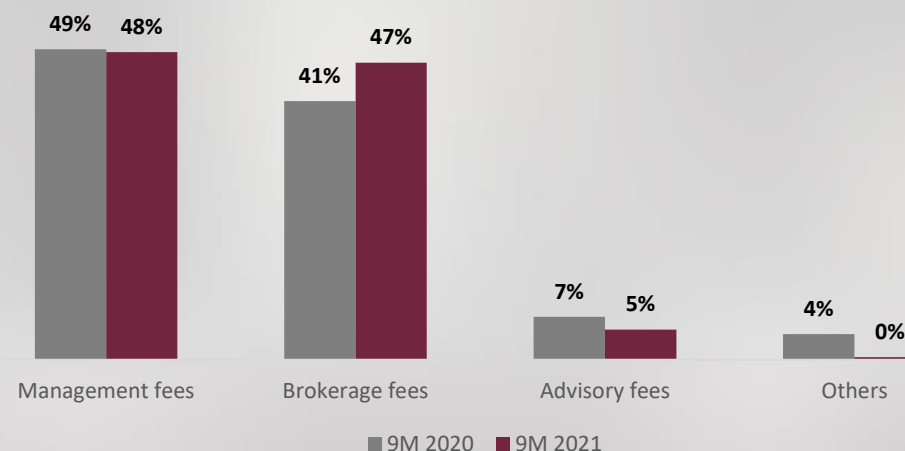


## 9M 2021 Fee income analysis

- ❖ 46.5% growth in fee income
- ❖ Growth across main categories:
  - Especially brokerage revenue from one of our subsidiaries, Al Waset Financial Business K.S.C.C.
  - Management fees (from funds and portfolios) increased by 45.2%.

Breakdown of fee income	9M 2020	9M 2021
	KWD'000	KWD'000
Management fees	1,955	2,839
Brokerage fees	1,629	2,741
Advisory fees	269	278
Others	162	23
<b>Total fee income</b>	<b>4,015</b>	<b>5,881</b>

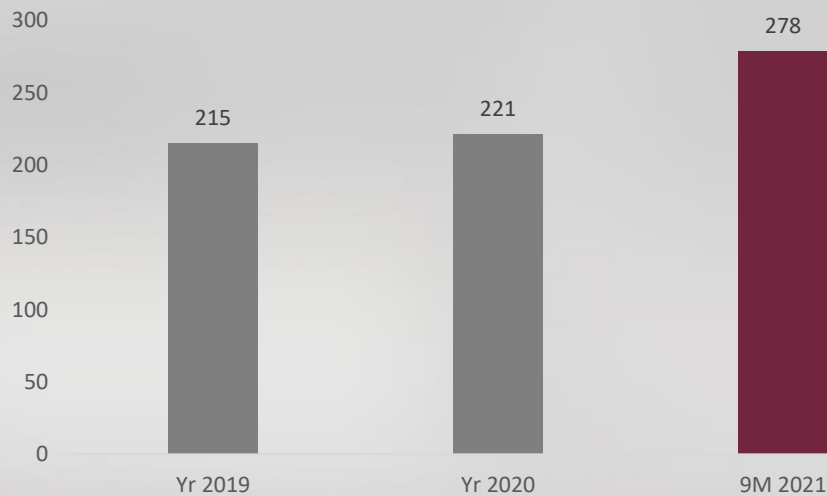
% Contribution to total fee income



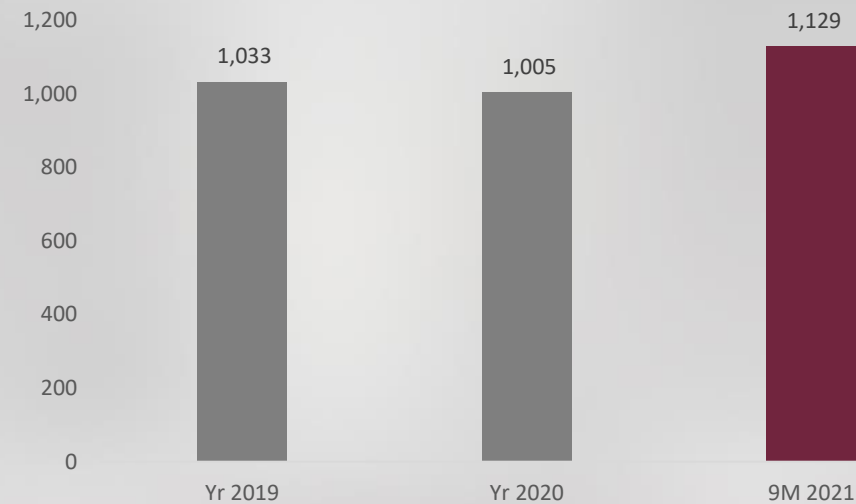
# 9M 2021 Profile of Assets

- ❖ Total assets witnessed a YTD growth of 25.7% during 9M 2021 mainly on account increased valuation of FVTPL and financial assets at fair value through other comprehensive income (FVOCI).
- ❖ Assets Under Management grew by 12.3% during 9M 2021.

**Total Assets (KWD Million)**



**Assets Under Management (KWD Million)**



# Sectors

## MENA Securities

- ❖ Capitalized on some investment opportunities, by tactically shifting our funds and client portfolios towards sectors poised for recovery. This contributed to a positive return in the 9M 2021 for our investment funds and clients.
- ❖ Developing detailed plan to utilize and benefit from all the new instruments authorized by Boursa Kuwait.
- ❖ We started to provide a market maker service to Gulf Cable and Electrical Industries and Boursa Kuwait and we are aiming to expand our services to other companies listed on Boursa Kuwait.
- ❖ We continue to enhance our comprehensive databases and in-house analytical systems to provide investment insights and timely recommendations on all aspects of local and regional markets.

## Investment Banking

### Advisory

- ❖ Successfully completed the listing of Al Safat Investment Company.
- ❖ Supported a leading fitness and lifestyle business in securing debt to finance growth.
- ❖ Assisted a health-tech VC client in obtaining seed financing.
- ❖ Currently in the process of executing several mandates:
  - Buy-side transactions for: (i) a leading logistics company; (ii) one of Kuwait's largest multi-sector businesses; and (iii) an IT solutions company.
  - Debt financing transactions:
    - Acquisition financing for a buyout transaction.
    - Project financing.
    - Bank debt restructuring.
- ❖ Working on two flagship pre-IPO mandates (expected completion in 2022).

### Alternatives

- ❖ Successfully executed a mezzanine investment in a student housing development in Orlando.
- ❖ In final stages of making an investment in a leading regional VC platform specializing in delivery.
- ❖ Invested in (or committed to) several direct venture capital opportunities, including:
  - A leading international fin-tech firm;
  - A pioneer in food-tech.
  - A regional e-commerce platform.
- ❖ Exploring new mezzanine investments and direct investment opportunities.
- ❖ Recently exited a legacy investment and evaluating other exits.

## Real Estate

- ❖ Continue to increase the collection rate and revenues of our portfolio.
- ❖ Restructuring the sector and developing policies and procedures to achieve client satisfaction and company strategy.
- ❖ Managed to achieve full occupancy rates in Al Wataniya Resort through a strong marketing campaign.
- ❖ Started a new campaign for developing and improving all the assets in our portfolio to increase revenues and property values.
- ❖ Rental collection rates of Q1, Q2 and Q3 2021 were 86%, while it was 60% during the same period in 2020, mainly due to companies starting to recover from the pandemic.
- ❖ Occupancy rates were also maintained as of Q1, Q2 and Q3 2021, which were roughly the same as in 2020, despite the pandemic.







# 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. In line with our digital first commitment, we have successfully launched new client digital channels such as Online Trading, Client Portfolios/Funds Portal and WhatsApp 1 821 112 CRM messaging.</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>Strengthened governance and transparency post upgrade to Premier Market.</b></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	£ 0.6 million	\$ 0.01 million
Market Value (30-Sep-2021)	KWD 53.3 million*	KWD 6.0 million**	£ 2.6 million*	\$ 2.3 million*
Return on Investment (x)	8.44x	1.42x	1.38x	1.03x

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

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

# Case Studies: Advisory Assignments

## Advisory Case Study: Placement and Listing Al Safat Investment (October 2021)

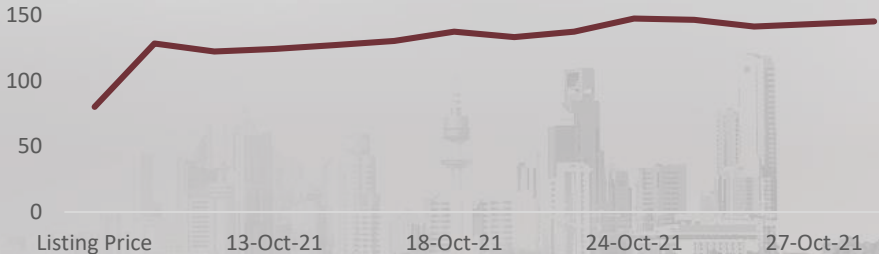
**Project description:** NIC delivered a successful transaction for all stakeholders (the client and the investors) through the private placement and listing of Al Safat Investment Company in October 2021.

**Scope of Work:**

- **Goals and objectives:** initial understanding of client objectives and desired results.
- **Valuation:** initial valuation of the company. This included a value optimization exercise to enhance the overall profile.
- **Gap analysis and listing readiness:** Listing-readiness to ensure that the company meets the criteria for listing on the Main Market of Boursa Kuwait.
- **Placement process:** supported the client in placing the shares in order to meet listing requirements.
- **Regulatory filings:** completed regulatory filings.
- **Listing:** obtained approvals for listing.

**Results:** successful placement + excellent post-listing performance.

Al Safat Investment (Price)



## Advisory Case Study: M&A Al Faysal Bakery (January 2021)

**Project description:** NIC delivered a successful transaction for the shareholders of Al Faysal Bakery through selling the business to an international acquirer, seeking to increase their regional footprint and operations.

**Scope of Work:**

- **Goals and objectives:** initial understanding of client objectives and desired results.
- **Valuation:** initial valuation of the company. Developed a detailed business plan for the company.
- **Sell-side process:** supported the client in developing investor documents, establishing a data room and taking the opportunity to market.
- **Negotiations:** supported client in negotiations with the short-listed counter-parties.
- **Due diligence oversight:** provided support to client throughout the due diligence process.
- **Closing:** executed the transaction to meet objectives.

**Results:**

- Successful sale process: ✓
- Achieved client requirements: ✓
- Minimized transaction risks: ✓
- Created alignment: ✓

# THANK YOU Q&A



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# Appendix 1:

## 9M 2021 Consolidated Income Statement

	9M 2021	9M 2020	Change
	KWD'000	KWD'000	%
<b>INCOME</b>			
Realised gain (loss) on financial assets at FVTPL	2,082	(2,055)	201%
Unrealised gain (loss) on financial assets at FVTPL	19,173	(4,658)	512%
Change in fair value of investment properties	(1,883)	(3,098)	39%
Rental income	1,360	1,312	4%
Dividend income	4,307	2,769	56%
Management, incentive, brokerage and advisory fees	5,881	4,015	46%
Interest income	27	48	-44%
Share of results / liquidation of associates and joint venture	751	2,224	-66%
Gain on foreign exchange trading	359	499	-28%
Gain on sale of investment property	140	-	N/A
<b>Total Income</b>	<b>32,197</b>	<b>1,056</b>	<b>2949%</b>
<b>EXPENSES</b>			
Finance costs	412	388	6%
Administrative expenses	5,416	5,115	6%
Impairment losses and other provisions	210	3,603	-94%
Loss (gain) on foreign currency translation	277	(108)	356%
<b>Total Expenses</b>	<b>6,315</b>	<b>8,998</b>	<b>-30%</b>
<b>Profit (loss) for the period before taxation</b>	<b>25,882</b>	<b>(7,942)</b>	<b>426%</b>
Taxation	(1,003)	-	N/A
<b>Profit (loss) for the period</b>	<b>24,879</b>	<b>(7,942)</b>	<b>413%</b>
<b>Attributable to:</b>			
Equity holders of the Parent Company	22,352	(7,897)	383%
Non-controlling interests (NCI)	2,527	(45)	5716%
<b>Total</b>	<b>24,879</b>	<b>(7,942)</b>	<b>413%</b>
<b>BASIC AND DILUTED EPS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>28.07 fils</b>	<b>-9.90 fils</b>	

## Appendix 2: 9M 2021 Consolidated Comprehensive Income

	9M 2021			9M 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	22,352	2,527	24,879	(7,897)	(45)	(7,942)
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)	20,935	106	21,041	1,130	(129)	1,001
<b>Total comprehensive income (loss) for the period</b>	<b>43,287</b>	<b>2,633</b>	<b>45,920</b>	<b>(6,767)</b>	<b>(174)</b>	<b>(6,941)</b>



## Appendix 3: 9M 2021 Consolidated Financial Position

	30-Sep-21 KWD'000	31-Dec-20 KWD'000	Change %
<b>ASSETS</b>			
Bank balances and cash	29,887	13,569	120%
Financial assets at FVTPL	110,425	89,238	24%
Trading properties	282	284	-1%
Financial assets at FVOCI	80,540	58,478	38%
Investment in associates and joint ventures	23,066	21,065	9%
Investment properties	28,153	32,054	-12%
Intangible assets	1,120	1,148	-2%
Other assets	4,735	5,556	-15%
<b>Total Assets</b>	<b>278,208</b>	<b>221,392</b>	<b>26%</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>			
Bank borrowings	40,763	19,521	109%
Accounts payable and accruals	11,696	10,446	12%
<b>Total Liabilities</b>	<b>52,459</b>	<b>29,967</b>	<b>76%</b>
Non-Controlling interests	18,308	16,443	11%
<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%
Treasury shares	(2,073)	-	N/A
Other reserves	440	419	5%
Foreign currency translation reserve	412	494	-17%
Cumulative changes in fair value	25,100	5,512	355%
Retained earnings	23,781	6,061	292%
<b>Total Shareholders Funds</b>	<b>207,441</b>	<b>174,982</b>	<b>19%</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>278,208</b>	<b>221,392</b>	<b>26%</b>