

شركة الإستثمارات الوطنية	
صادر خارجي	
	
14/08/2022	تاريخ المراسلة
NIC - 3-25/104/9104	رقم المراسلة



شركة الإستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY

Date: 14 AUG 2022

التاريخ: 14 AUG 2022

To: Boursa Kuwait Company

السادة/ شركة بورصة الكويت المحترمين

Dear Sirs,

تحية طيبة وبعد،،،

**Subject: Analysts Conference Transcript
for Q2 of the Financial Year 2022**

**الموضوع: محضر مؤتمر المحللين
للمربع الثاني من السنة المالية 2022**

With reference to the above subject, and in line with requirements stipulated in article No. (7-8) of Boursa Rulebook, kindly find attached the Analysts Conference Meeting Transcript for Q2 of the financial year 2022, held on 09/08/2022.

بالإشارة إلى الموضوع أعلاه، والتزاماً بالمتطلبات الواردة بالمادة رقم (7-8) من كتاب قواعد البورصة، نرفق لكم محضر مؤتمر المحللين للمربع الثاني من السنة المالية 2022، المنعقد بتاريخ 2022/08/09.

Sincerely Yours,

وتفضلوا بقبول فائق الاحترام،،،

Fahad Abdulrahman Al Mukhaizim - فهد عبدالرحمن المخيزيم
Chief Executive Officer – الرئيس التنفيذي


شركة الإستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY
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CC: Capital Market Authority

نسخة إلى: السادة هيئة أسواق المال



شركة الاستثمار الوطنية
NATIONAL INVESTMENTS COMPANY

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**Transcript of the Analysts Conference
Meeting for the First Half Year Ending
30 June 2022**



National Investments Company
Earnings Call for first half year ending 30 June 2022

Tuesday, 9 August 2022

Edited transcript of National Investments Company (K.S.C.P) earnings conference call that took place on Tuesday, 9 August 2022 at 14:00 (Kuwait time).

Corporate Participants:

Mr. Girish S. Nair – Chief Financial Officer

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

Mr. Bashar Khan – Senior Vice President – Investment Banking

Chairperson:

Ahmed El Shezly – EFG – Hermes



Ahmed

Good afternoon everyone.

This is Ahmed El Shezly and on behalf of EFG Hermes, I would like to welcome you all to National Investments Company's earnings briefing for the first half year ended 30 June 2022. It is a pleasure to have with us in the call Mr. Girish Nair, Chief Financial Officer, Mr. Almuthana Al Maktoum, EVP - Wealth Management and Mr. Bashar Khan, SVP - Investment Banking. The call will begin with a presentation from NIC's management on the financial performance during the first half year of 2022 and then we will open the floor for Q&A. At this time, I would like to hand over the call to Mr. Almuthana, please go ahead.

Al Muthana

Thank you, Ahmed.

Good afternoon and welcome to NIC earnings call where we will be discussing our financial results for the first half year ended 30 June 2022. With us today is our CFO, Mr. Girish Nair, who will be covering the financial highlights and performance for the half year and Mr. Bashar Khan, SVP - 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 by accepting any copy of the slides presented, you agree to be bound by the foregoing limitations.

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



Girish

Thank you Almuthana.

Good afternoon everyone. My name is Girish Nair, CFO at National Investments Company ('NIC') and I welcome you all to our earnings briefing for the first half year ended 30 June 2022.

As in the past periods, NIC's financial statements for the half year ended 30 June 2022 have been uploaded onto our website and also onto the Boursa Kuwait portal and access to the full set of the financial statements can be had from there.

Let us move on to the key financial highlights of our performance during H1 of 2022.

For the 6 months ended 30 June 2022, NIC reported a net profit of KWD 11.9 million and an earning per share of 15 fils through the income statement and also reported other comprehensive income of KWD 8.3 million through shareholders equity. The total comprehensive income for the period was KWD 20.3 million.

During the comparative first half of 2021, the Company had reported a profit of KWD 15.1 million through the income statement with earnings per share of 18.9 fils and other comprehensive income (OCI) of KWD 7.9 million. The total comprehensive income was KWD 23.0 million.

The return on average equity and return on average assets during H1 2022 was 5.7% and 4.5% respectively. The leverage ratio as of 30 June 2022 was 25.4 % and our quick ratio was 46.8%.

Total assets and shareholders' equity attributable to the parent company increased to KWD 275.9 million and KWD 200.9 million respectively, as compared to KWD 239.5 million and KWD 189.2 million at the end of H1 2021.

The charts on the next slide indicate the growth trajectory of NIC's performance during the last few quarters. After an exceptional performance in Q1 of 2022, NIC reported a net loss of KWD 3.46 million through the income statement and other comprehensive loss of KWD 10.82 million through shareholders' equity



during the second quarter of 2022. The total comprehensive loss during the 2nd quarter, therefore, was KWD 14.3 million. This performance needs to be viewed against the backdrop of the performance of GCC markets during the second quarter of 2022, during which inflation and recession fears kept investors on the edge. The Kuwait All Share index and the Saudi Arabian Tadawul All Share index, both registered a decline of 9.1% and 12% respectively.

Let's now move on to the income drivers of NIC's performance during H1 2022. The total income for the 6 months ended 30 June 2022 receded to KWD 17.3 million from KWD 19.9 million registered during the first 3 months of 2022.

Major contributors to NIC's total income for the first half of 2022 were the gain on investments at Fair value through profit or loss (FVTPL) of KWD 2.7 million, Dividend income of KWD 7.5 million and Management, brokerage and advisory fee income of KWD 5.6 million. Similarly, the major contributor to the OCI during this period was the appreciation in the value of Kuwaiti quoted investments at fair value through other comprehensive income (FVOCI), of KWD 7.9 million.

Total expenses including impairments and provisions for H1 of 2022 was KWD 4.03 million, which is similar to KWD 4.31 million for the comparative half year in 2021. Administrative expenses of KWD 3.8 million for the current half year are also almost similar to KD 3.7 million for the first half of 2021. Finance costs for the first half of 2022 amounting to KWD 0.55 million was higher than KWD 0.25 million for the comparative period. This increase was offset by a decrease in impairment losses and other provisions from KWD 0.2 million in 2021 to almost nil during the first half of 2022.

During the 6 months ended 30 June 2022, the management, brokerage and advisory fee income recorded a growth of 56% from KWD 3.6 million during H1 2021, to KWD 5.6 million during the H1 2022. The growth was across all 3 main categories of fee income namely, brokerage revenue from one of our subsidiaries, Al Waseet Financial Business Co. grew by 47%, management fees (from funds and portfolios) grew by 30% and Advisory fee and Other income grew by 306%.



NIC's earning per share for the first half of 2022 is 15 fils. The chart on this slide depict the earning per share achieved during the last few quarters and the movement in our share price during these quarters.

Our total proprietary assets have receded by 5% during the 6 months of 2022, from KWD 291 million at the end of 2021 to KWD 276 million at 30 June 2022, mainly on account of dividend distribution for 2021 at 45 fils per share amounting to KWD 35.9 million.

Our Assets under management (AUM) in a fiduciary capacity as of 30 June 2022 was KWD 1.13 billion as compared with KWD 1.09 billion as at 31 December 2021, an increase of 3.7%.

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 2022 for certain key sectors within NIC.

MENA Securities Sector:

- ❖ Capitalized on investment opportunities, by tactically shifting our funds and client portfolios towards attractive sectors/companies. This contributed to a positive return in 2Q22 across our investment funds, investments portfolio and proprietary portfolio.
- ❖ Despite a volatile market and pervasive risk-averse sentiment, the funds delivered positive and stable returns in 1H22. Wataniya delivered YTD returns of 6.6%, Darij 5.6%, Mawarid 4.6% and Zajil 0.4%.
- ❖ Distributed cash dividends of approx. KWD 11.6 mn for the funds in 1H 22 offering attractive dividend yields to unit holders. (Wataniya - 5.5% yield, Darij - 6.2%, Zajil - 4.5% and Mada - 3.6%)
- ❖ Expanding our market maker service by signing seven more clients in different sectors of the market in the first Half of 2022.



Investment Banking Sector:

Advisory Department:

- ❖ Completed Ali Alghanim Sons Automotive Company's IPO in Q2 2022, which was one of the largest private sector IPO in Kuwait.
- ❖ There is a significant increase in interest from private companies in Kuwait for monetizing some of their investments via the IPO route. We are currently working on a pre-IPO mandate for a Kuwait-based client.
- ❖ In the final stages of completing capital increase of a listed company and a well-known media group.
- ❖ Moreover, NIC secured two investment advisory mandates to assist listed companies with their merger.
- ❖ Currently in the process of executing several M&A mandates.
- ❖ Strong pipeline of proposals including IPO for two consumer companies and sell-side M&A for a food and beverage company.

Alternatives Department

- ❖ Evaluated several investment opportunities across asset classes during the quarter. We expect an increase in activity going forward given the significant global changes.
- ❖ During the quarter, NIC invested in a private equity fund focused on late-stage and established tech and tech-enabled businesses.
- ❖ In the final stages of evaluating:
 - ❖ A unique Egypt-based consumer-focused fin-tech firm;
 - ❖ Mezzanine investment for two build-to-suit Amazon facilities in Germany;
 - ❖ Office building in London that is leased to a well-known publicly listed consumer brand; and
 - ❖ Other financial products.



- ❖ Continue to enhance the performance of existing investments including potential exits.

Real Estate Sector:

- ❖ Continue to improve the collection rates and occupancy of our portfolio. The collection rate improved from 79% in Q2 2021 to 81% in Q2 2022. Furthermore, occupancy rates improved from 82% to 85% during the same period.
- ❖ Managed to achieve full occupancy rates in Al Watania Resort through a strong marketing campaign.
- ❖ Completed acquisition of two real estate portfolios.
- ❖ On the other hand, in the process of exiting select investments in Dubai and Bahrain.
- ❖ Continue to focus on operational efficiency. Applied volume 2 of policies and procedures for real estate operations. In the final stages of installation of an automated real estate system.

With this I conclude my part of the presentation and wish to hand you over to Mr. Bashar Khan, Senior Vice President - Investment Banking for the next part.

Bashar

Thank you Girish. And good afternoon everyone.

My name is Bashar Khan and I am the Senior Vice President - Investment Banking Sector – at National Investments Company. It is my privilege to speak with you. I wanted to take some time today to provide you with a summary of the key elements of our strategy going forward.

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 three 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. Select key examples are Boursa Kuwait, Kuwait Foundry, FedEx Italy, and Tiger Global 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. In line with this, we continue to develop new digital channels for clients such as Online Trading, Client Portfolios/Funds Portal, WhatsApp CRM Messaging, NIC Trade, new website. 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 continued to refine 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 continue to build our capabilities and develop our track record by executing mandates with the highest quality, focusing on mid-sized clients. At present, the team is playing a critical part in the execution of flagship projects in Kuwait. We are also building specialist teams in Equity Capital Markets (ECM), Debt Capital Markets (DCM) and Venture Capital (VC) to further strengthen our capabilities.

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 in Boursa Kuwait in February 2019. Our direct stake was 14.4%. Since its acquisition, Boursa Kuwait has undergone 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 11.08 times (based on market values).

The second case study is Kuwait Foundry. The investment thesis here was the acquisition of a mispriced asset with an intrinsic value significantly greater than the prevailing market value. The investment offered an identifiable path to the 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 1.27 times.

The third case study is the FedEx Italy Project, whereby we made a mezzanine investment with a leading developer in a built-to-suit warehousing development project in Italy. The project was developed by one of the leading global developers and had been pre-leased to FedEx for 15 years. We exited the Project in the end of June 2022. The project generated a cash yield of 8% and a net IRR of 9% over an 18-month term.

The fourth case is Pipe Technologies. NIC invested in Pipe Technologies Inc, a fintech company that offers solutions to clients with recurring revenue streams access to capital so they don't dilute their ownership by accepting external capital or get forced to take out loans.

In addition to the co-investment case studies, I want to spend a couple of minutes on how we set the market standard for IPOs with the successful completion of Ali Alghanim Sons Automotive Company's IPO this quarter.

Some of the key things we did to make this a success was:

1. We brought leadership with respect to project management and execution.



2. Multiple bookrunners to maximize demand first time in Kuwait for an equity placement.
3. Introduced demand forms and provisional allocations to reduce investor pain points.

This resulted in:

- 11 times oversubscription
- KWD 1 billion+ in demand generated
- Excellent mix between HNW and institutions
- Wide regional and international coverage. The most for any offering in Kuwait
- The fastest IPO in Kuwait from closing of subscription to listing
- NIC generated 3x more demand relative to any other local bookrunner

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

Almuthana

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. *PAUSE*

Almuthana

Since there are no questions at this time, 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 them to our investor relations e-mail and we will get back to you as soon as possible.

Thank you everyone, have a good day.



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NATIONAL INVESTMENTS COMPANY

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National Investments Company Analysts Conference H1 2022

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Presented By



Mr. Almuthana M. Al Maktoum
Executive Vice President
Wealth Management Sector



Mr. Girish S. Nair
Chief Financial Officer
Finance and Accounts Sector



Mr. Bashar Khan
Senior Vice President
Investment Banking Sector

Agenda

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FINANCIAL HIGHLIGHTS

شركة الاستثمار الوطنية
NATIONAL INVESTMENTS COMPANY

H1 2022 Key Financial Highlights

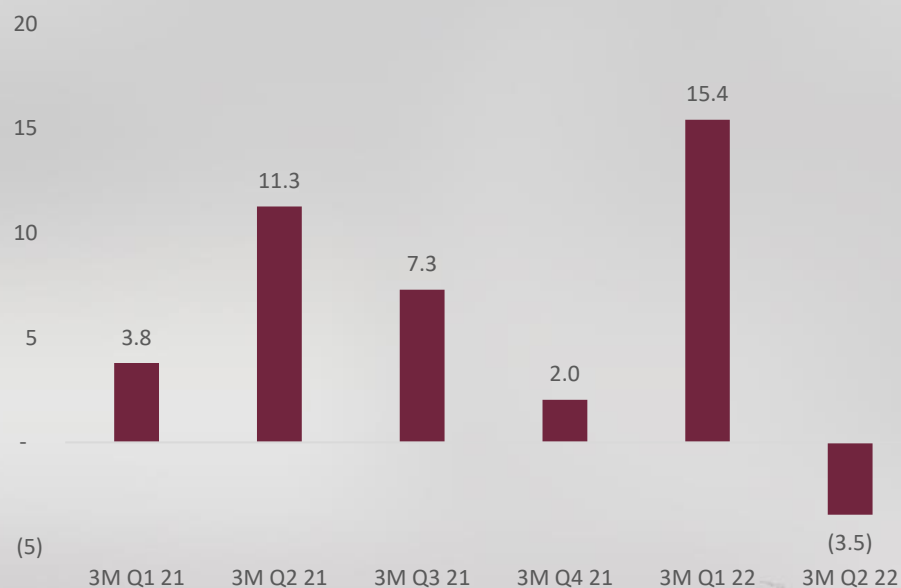
- ❖ Net profit of KWD 11.9 Million during H1 2022 as compared to KWD 15.1 Million during H1 2021.

Key Financial Metrics		
	H1 2021	H1 2022
Income statement		
Net profit (million)	KWD 15.1	KWD 11.9
Earnings per share	18.9 fils	15.0 fils
Total comprehensive income (million)	KWD 23.0	KWD 20.3
Financial position		
Total assets (million)	KWD 239.5	KWD 275.9
Total liabilities (million)	KWD 32.3	KWD 55.9
Shareholders equity (million)	KWD 189.2	KWD 200.9
Key Ratio		
Return on average equity (%)	8.3%	5.7%
Return on average assets (%)	7.4%	4.5%
Leverage ratio (%)	15.6%	25.4%
Quick ratio (%)	26.8%	46.8%

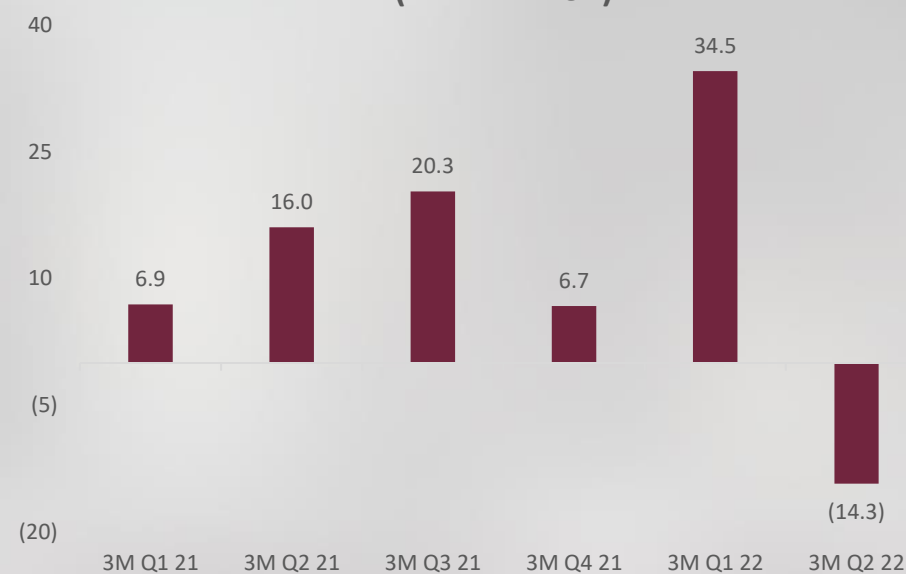
H1 2022 Financial Performance

- ❖ Trajectory of NIC's quarterly performance since Q1 2021.
- ❖ Kuwait All Share index declined by 9% during Q2 of 2022.

Net Profit (Loss)
(KWD Million)



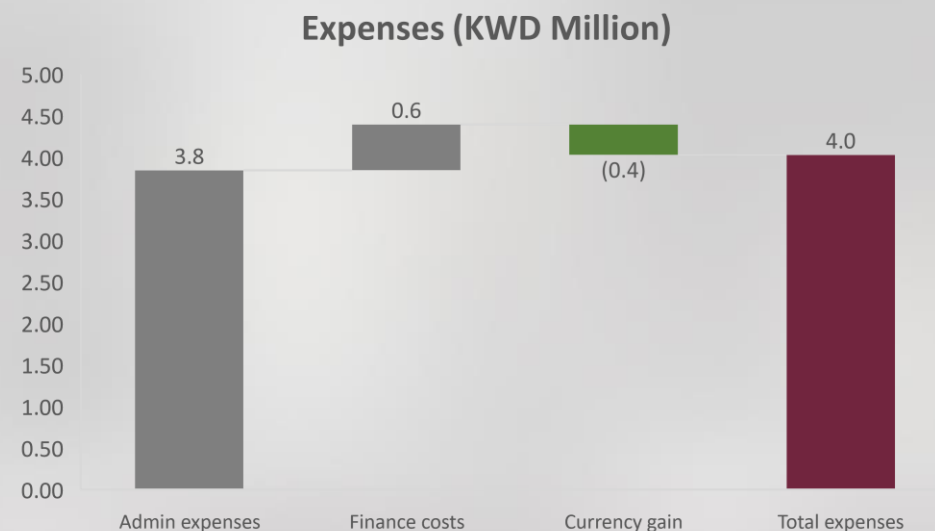
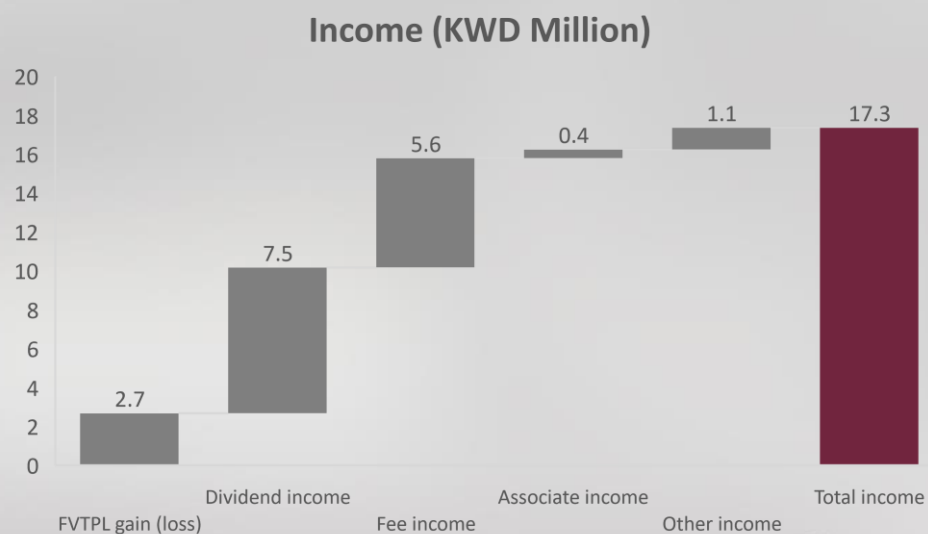
Total Comprehensive Income (Loss)
(KWD Million)



H1 2022 Income Drivers and Expenses

Income of KWD 17.3 Million and Expenses of KWD 4.0 Million.

- ❖ Gain on financial assets at fair value through profit or loss (FVTPL), dividend income and fee income contributed 15%, 43% and 32% respectively to the total income.
- ❖ Total expenses of KWD 4.0 Million for H1 2022 is in line with H1 2021 total expenses.

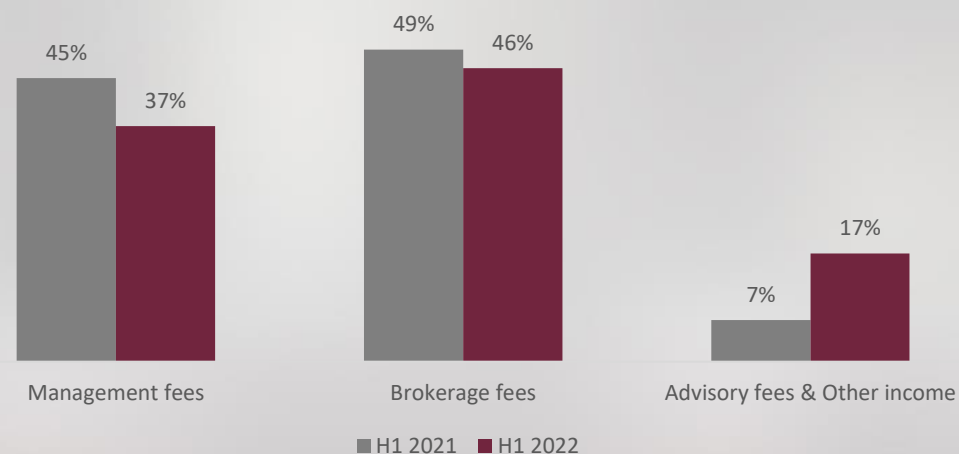


H1 2022 Fee Income Analysis

- ❖ 56% increase in total fee income.
- ❖ Growth across main categories:
 - Brokerage revenue from Al Waseet Financial Business K.S.C.C. grew by 47%.
 - Management fees (from funds and portfolios) grew by 30%.
 - Advisory fees and other income grew by 306%

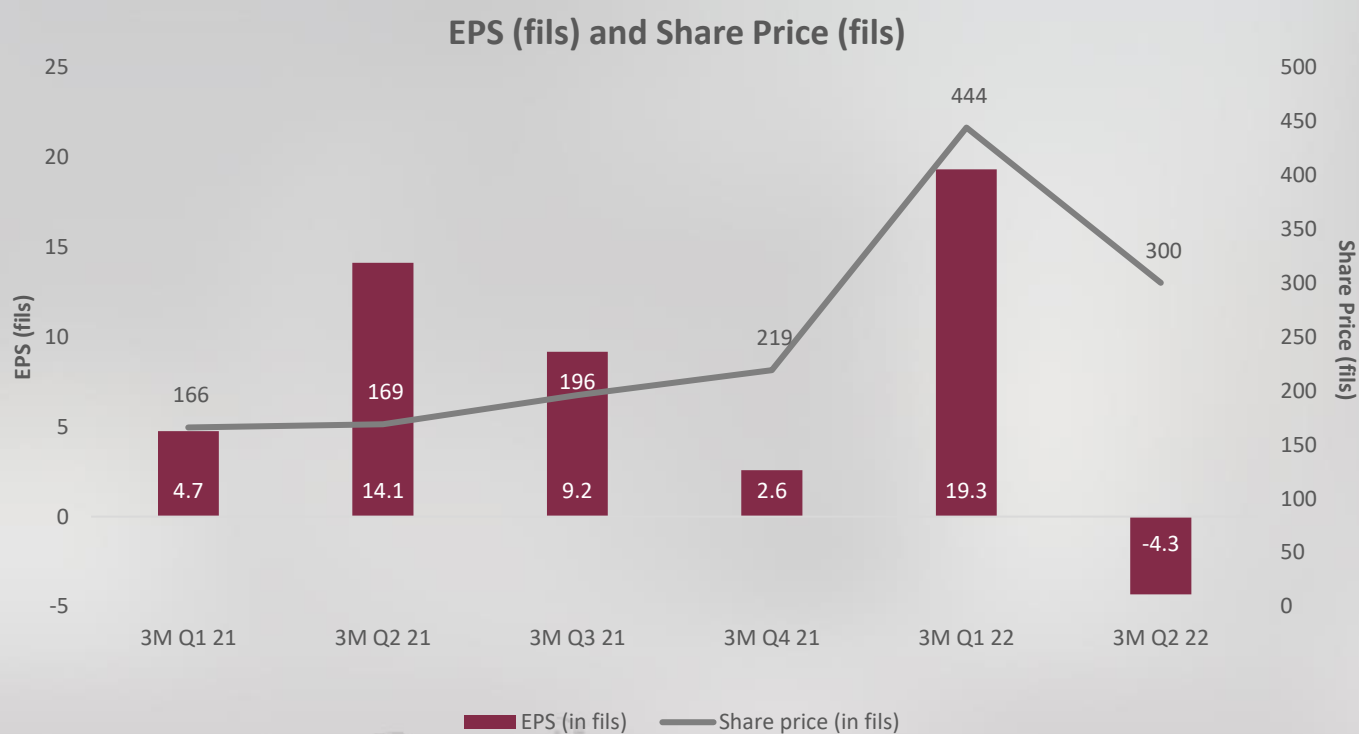
Breakdown of fee income	H1 2021	H1 2022
	KWD'000	KWD'000
Management fees	1,607	2,083
Brokerage fees	1,768	2,595
Advisory fees and Other income	235	955
Total fee income	3,610	5,633

% Contribution to Total Fee Income



H1 2022 Earnings Per Share

❖ Earnings Per Share of 15.0 fils for H1 2022.



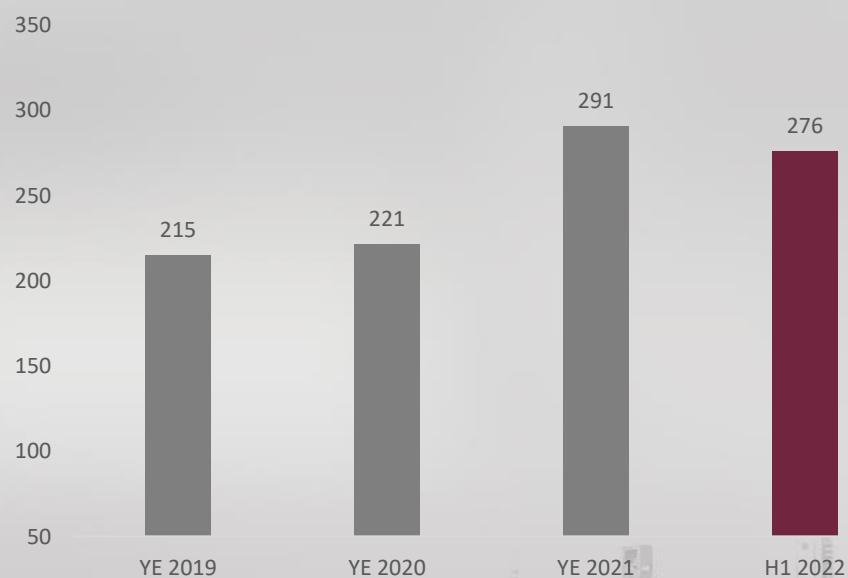
Share price represents bid price as at end of each quarter.

Share price at end of 3M ending Q2 21 and Q2 22 are ex-dividend adjusted for 11 fils and 45 fils per share distributed for 2020 and 2021 respectively

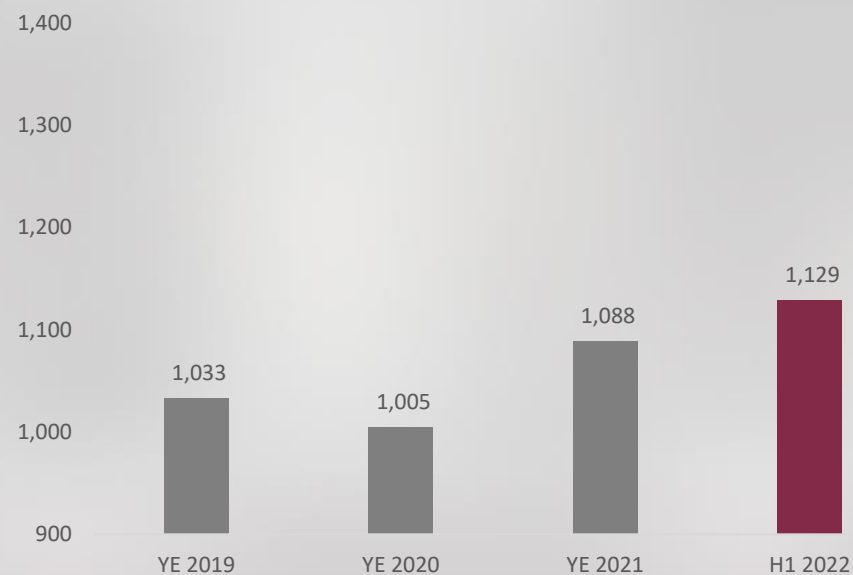
H1 2022 Profile of Assets

- ❖ Assets under management increased by 3.7% during H1 2022.
- ❖ Total assets declined by 5% during H1 2022 mainly due to dividend distribution for 2021.

Total Assets (KWD Million)



Assets Under Management (KWD Million)



Sectors

MENA Securities	Investment Banking		Real Estate
	Advisory	Alternative Investments	
<ul style="list-style-type: none"> ❖ Capitalized on investment opportunities, by tactically shifting our funds and client portfolios towards attractive sectors/companies. This contributed to a positive return in Q2 2022 across our investment funds, investments portfolio and proprietary portfolio. ❖ Despite a volatile market and pervasive risk-averse sentiment, the funds delivered positive and stable returns in H1 2022. Wataniya delivered YTD returns of 6.58%, Darij 5.58%, Mawarid 4.62%, and Zajil 0.41%. ❖ Distributed cash dividends of approx. KWD 11.6 million for the funds in H1 2022 offering attractive dividend yields to unit holders. (Wataniya - 5.5% yield, Darij - 6.2%, Zajil - 4.5% and Mada - 3.6%). ❖ Expanding our market maker service by signing seven more clients in different sectors of the market. 	<ul style="list-style-type: none"> ❖ Completed Ali Alghanim Sons Automotive Company IPO in Q2 2022, which was one of the largest private sector IPO in Kuwait. ❖ There is a significant increase in interest from private companies in Kuwait for monetizing some of their investments via the IPO route. We are currently working on a pre-IPO mandate for a Kuwait-based client. ❖ In the final stages of completing capital increase of a listed company and well-known media group. ❖ Moreover, NIC secured two investment advisory mandates to assist listed companies with their merger. ❖ Currently in the process of executing several M&A mandates. ❖ Strong pipeline of proposals including IPO for two consumer companies and sell-side M&A for a food and beverage company. 	<ul style="list-style-type: none"> ❖ Evaluated several investment opportunities across asset classes during the quarter. We expect an increase in activity going forward given the significant global changes. ❖ During the quarter, NIC invested in a private equity fund focused on late-stage and established tech and tech-enabled businesses. ❖ In the final stages of evaluating: <ul style="list-style-type: none"> • A unique Egypt-based consumer focused fin-tech firm; • Mezzanine investment for two build-to-suit Amazon facilities in Germany; • Office building in London that is leased to a well-known publicly listed consumer brand; and • Other financial products. ❖ Continue to enhance the performance of existing investments including potential exits. 	<ul style="list-style-type: none"> ❖ Continue to improve the collection rates and occupancy of our portfolio. The collection rate improved from 79% in Q2 2021 to 81% in Q2 2022. Furthermore, occupancy rates improved from 82% to 85% during the same period. ❖ Managed to achieve full occupancy rates in Al Watania Resort through a strong marketing campaign. ❖ Completed acquisition of two real estate portfolios. ❖ On the other hand, in the process of exiting select investments in Dubai and Bahrain. ❖ Continue to focus on operational efficiency. Applied volume 2 of policies and procedures for real estate operations. In the final stages of installation of an automated real estate system.







OUR STRATEGY FOR THE FUTURE

Key Elements of our Growth Strategy

We continue to work towards our growth strategy focusing on a number of key initiatives.

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 a 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, HPS, Tiger Global, Pantera Capital, FedEx Italy, Pipe Technologies, 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, and drive efficiency and agility to secure sustainable business growth. In line with our digital-first commitment, we continue to develop new digital channels for clients such as Online Trading, Client Portfolios/Funds Portal, WhatsApp 1 821 112 CRM messaging, NIC Trade, new website. ❖ Drive other operating efficiencies in other areas, including outsourcing processes and working with co-advisors to leverage their capabilities and know-how, while continuously reviewing and optimizing operating expenses on a year-to-year basis.
Enhance Governance	<ul style="list-style-type: none"> ❖ Strengthened governance and transparency post upgrade to Premier Market. ❖ Risk management framework: Continued to refine 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 new 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	FedEx Italy	Pipe Technologies
				
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).	Mezzanine investment in a build-to-suit warehouse development project in Italy, leased to FedEx. The investment realised an annual cash yield of 8% over an 18-month term. Exited in end of June 2022.	A fintech company that offers solutions to clients with recurring revenue streams access to capital so they don't dilute their ownership by accepting external capital or get forced to take out loans.
Initial Investment Date	Q1 2019	Q1 2019	Q2 2021	Q2 2021
Stake Acquired	14.4%	21.3%	12.7%	NA
Acquisition Value / Commitment*	KWD 6.5 mn (237 fils / share)	KWD 8.0 mn (251 fils / share)	\$ 2.3 mn	\$ 2.0 mn
Value Realized To Date	KWD 3.8 mn	KWD 5.5 mn	\$ 2.5 mn	-
Market Value (30-Jun-2022)	KWD 68.6 mn**	KWD 4.7 mn***	0	\$ 2.2 mn **
Return on Investment (x)	11.08x	1.27x	1.09x	1.10x

*NIC's share of total acquisition value or committed capital.

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

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

Case Studies: Ali Alghanim Sons Automotive Co.

Ali Alghanim Sons Automotive Company set the market standard for IPOs in Kuwait. Why?

What we did?



Leadership with respect to project management and execution (client engagement, valuation, management of advisors, regulatory engagement, placement, allocation, media engagement, etc.)



Multiple bookrunners to maximize demand (first time in Kuwait for an equity placement)



Enabling technology to support ease of subscription and execution. NIC completely re-engineered the KCC process and internal platforms



Demand forms and provisional allocations to reduce investor pain points (through funding of only the provisional allocation instead of entire subscription)



Reduced timeline between vision and execution (the fastest IPO in Kuwait from inception to launch) through efficient execution and coordination with CMA, Boursa Kuwait and KCC



Results

~11x

Oversubscription (market-leading)

**KWD 1
bn+**

Demand generated



Excellent mix between HNW and Institutions



Wide regional and international coverage (the most for any offering in Kuwait)

7 days

7 days between closing of subscription and listing (record time)

1st

NIC generated 3x more demand relative to any other local bookrunner

THANK YOU Q&A



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شرق – شارع جابر المبارك – قطعة 7 – مجمع الخليجية

Sharq – Jaber Al Mubarak street – Block 7 – Al Khaleejia Complex

www.nic.com.kw

Appendix 1:

H1 2022 Consolidated Income Statement

	H1 2022	H1 2021	Change
	KWD'000	KWD'000	%
INCOME			
Realized gain on financial assets at FVTPL	1,746	1,041	68%
Unrealized gain on financial assets at FVTPL	930	13,739	-93%
Change in fair value of investment properties	-	(1,883)	100%
Gain on sale of investment properties	166	140	19%
Rental income	717	857	-16%
Dividend income	7,483	3,883	93%
Management, incentive, brokerage and advisory fees	5,633	3,610	56%
Interest income	137	15	813%
Share of results of associates and joint venture	298	6	4867%
Net gain on sale/liquidation of associates	144	329	-56%
Gain on foreign exchange trading	94	252	-63%
Total Income	17,348	21,989	-21%
EXPENSES			
Administrative expenses	3,844	3,658	5%
Finance costs	553	247	124%
(Reversal)/charge for impairment losses and other provisions	(2)	210	-101%
(Gain)/loss on foreign currency translation	(367)	196	-287%
Total Expenses	4,028	4,311	-7%
Profit for the period before taxation	13,320	17,678	-25%
Taxation	(529)	(666)	21%
Profit for the period	12,791	17,012	-25%
Attributable to:			
Equity holders of the Parent Company	11,949	15,056	-21%
Non-controlling interests (NCI)	842	1,956	-57%
Total	12,791	17,012	-25%
BASIC AND DILUTED EPS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	15.0 fils	18.9 fils	

Appendix 2:

H1 2022 Consolidated Comprehensive Income

	H1 2022			H1 2021		
	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 for the period	11,949	842	12,791	15,056	1,956	17,012
Other comprehensive income for the period (Includes Change in fair value of FVOCI investments, Share of OCI from Associates and Foreign currency translation reserve)	8,306	132	8,438	7,935	36	7,971
Total Comprehensive Income for the Period	20,255	974	21,229	22,991	1,992	24,983

Appendix 3:

H1 2022 Consolidated Financial Position

	30-Jun-22	31-Dec-21	Change
	KWD'000	KWD'000	%
ASSETS			
Cash and balances with banks and financial institutions	27,833	39,365	-29%
Financial assets at FVTPL	114,371	111,209	3%
Trading properties	287	284	1%
Financial assets at FVOCI	82,120	82,048	0%
Investment in associates and joint ventures	14,386	21,206	-32%
Investment properties	28,013	29,671	-6%
Intangible assets	927	958	-3%
Other assets	7,989	5,833	37%
TOTAL ASSETS	275,926	290,574	-5%
LIABILITIES			
Bank borrowings	39,173	40,483	-3%
Accounts payable and accruals	16,759	14,519	15%
TOTAL LIABILITIES	55,932	55,002	76%
EQUITY			
Issued and fully paid up share capital	79,786	79,786	0%
Share premium	49,593	49,593	0%
Statutory reserve	10,285	10,285	0%
Voluntary reserve	12,508	22,693	-45%
Treasury shares	(235)	-	N/A
Treasury shares reserve	520	520	0%
Other reserves	460	440	5%
Foreign currency translation reserve	580	456	27%
Cumulative changes in fair value	32,534	27,286	19%
Retained earnings	14,883	25,719	-42%
Equity attributable to equity holders of Parent Company	200,914	216,778	-7%
Non-Controlling interests	19,080	18,794	2%
TOTAL EQUITY	219,994	235,572	-7%
TOTAL LIABILITIES AND EQUITY	275,926	290,574	-5%