

شركة الاستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY

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Performance . Commitment . Trust
Since 1987

National Investments Company
Analysts Conference
9M 2022

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Agenda

Content	Page
FINANCIAL HIGHLIGHTS	5
OUR STRATEGY FOR THE FUTURE	13
Q&A	17
APPENDICES	18

FINANCIAL HIGHLIGHTS



شركة الاستثمار الوطنية
NATIONAL INVESTMENTS COMPANY



9M 2022 Key Financial Highlights

- ❖ Net profit of KWD 8.8 Million during 9M 2022 as compared to KWD 22.4 Million during 9M 2021.

Key Financial Metrics		
	9M 2021	9M 2022
Income statement		
Net profit (million)*	KWD 22.4	KWD 8.8
Earnings per share	28.1 fils	11.0 fils
Total comprehensive income (million)*	KWD 43.3	KWD 14.6
Financial position		
Total assets (million)	KWD 278.2	KWD 268.6
Total liabilities (million)	KWD 52.5	KWD 54.5
Shareholders equity (million)	KWD 207.4	KWD 195.2
Key Ratio		
Return on average equity (%)	11.7%	4.3%
Return on average assets (%)	10.0%	3.5%
Leverage ratio (%)	23.2%	25.5%
Quick ratio (%)	53.9%	41.2%

*Note: Attributable to equity holders of the Company

9M 2022 Financial Performance

- ❖ Trajectory of NIC's quarterly performance since Q1 2021.
- ❖ Kuwait All Share index declined by 4% during Q3 of 2022.

**Net Profit (Loss)*
(KWD Million)**



**Total Comprehensive Income (Loss)*
(KWD Million)**

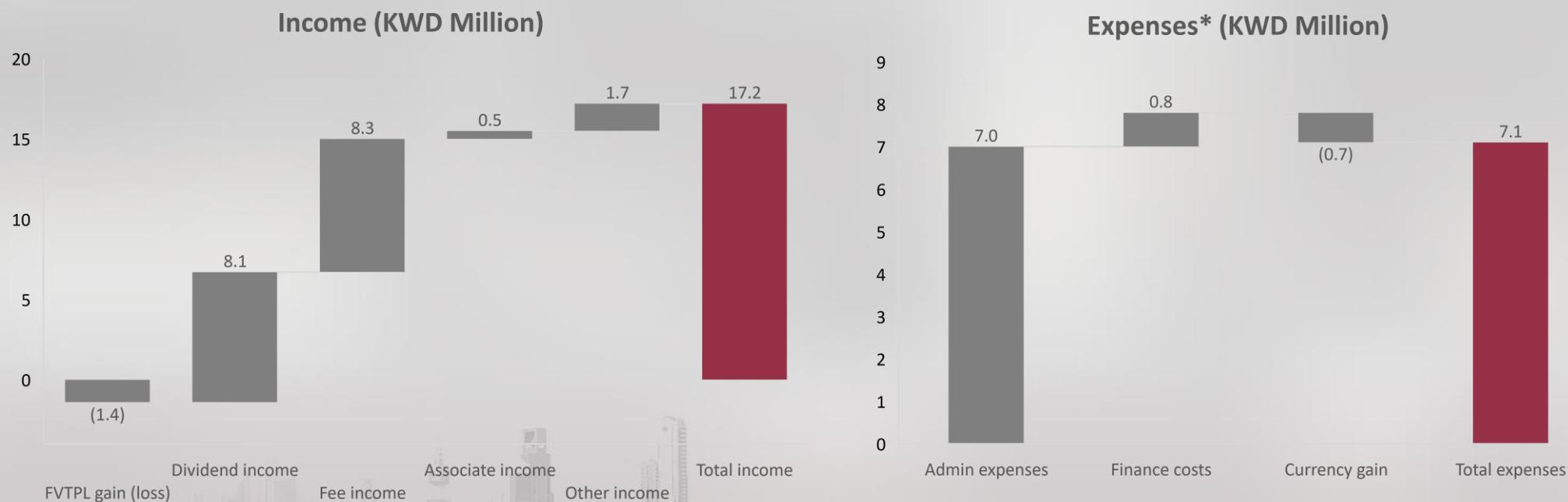


*Note: Attributable to equity holders of the Company

9M 2022 Income Drivers and Expenses

Income of KWD 17.2 Million and Expenses of KWD 7.1 Million.

- ❖ Fee income and dividend income contributed 48% and 47% respectively to the total income.
- ❖ Total expenses of KWD 7.1 Million for 9M 2022. Increase mainly due to the consolidation of a new subsidiary and increase in operations.



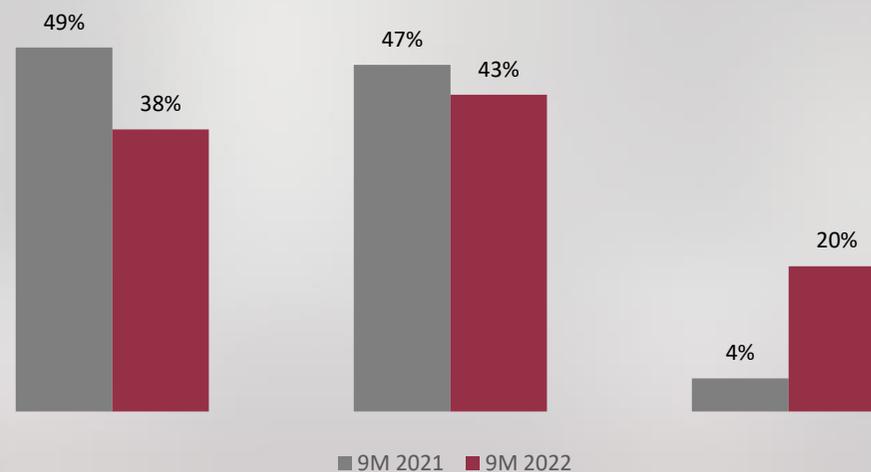
*Note: Expenses exclude taxes

9M 2022 Fee Income Analysis

- ❖ 41% increase in total fee income.
- ❖ Growth across main categories:
 - Brokerage revenue from Al Waset Financial Business K.S.C.C. grew by 29%.
 - Management fees (from funds and portfolios) grew by 10%.
 - Advisory fees and other income grew by 482%

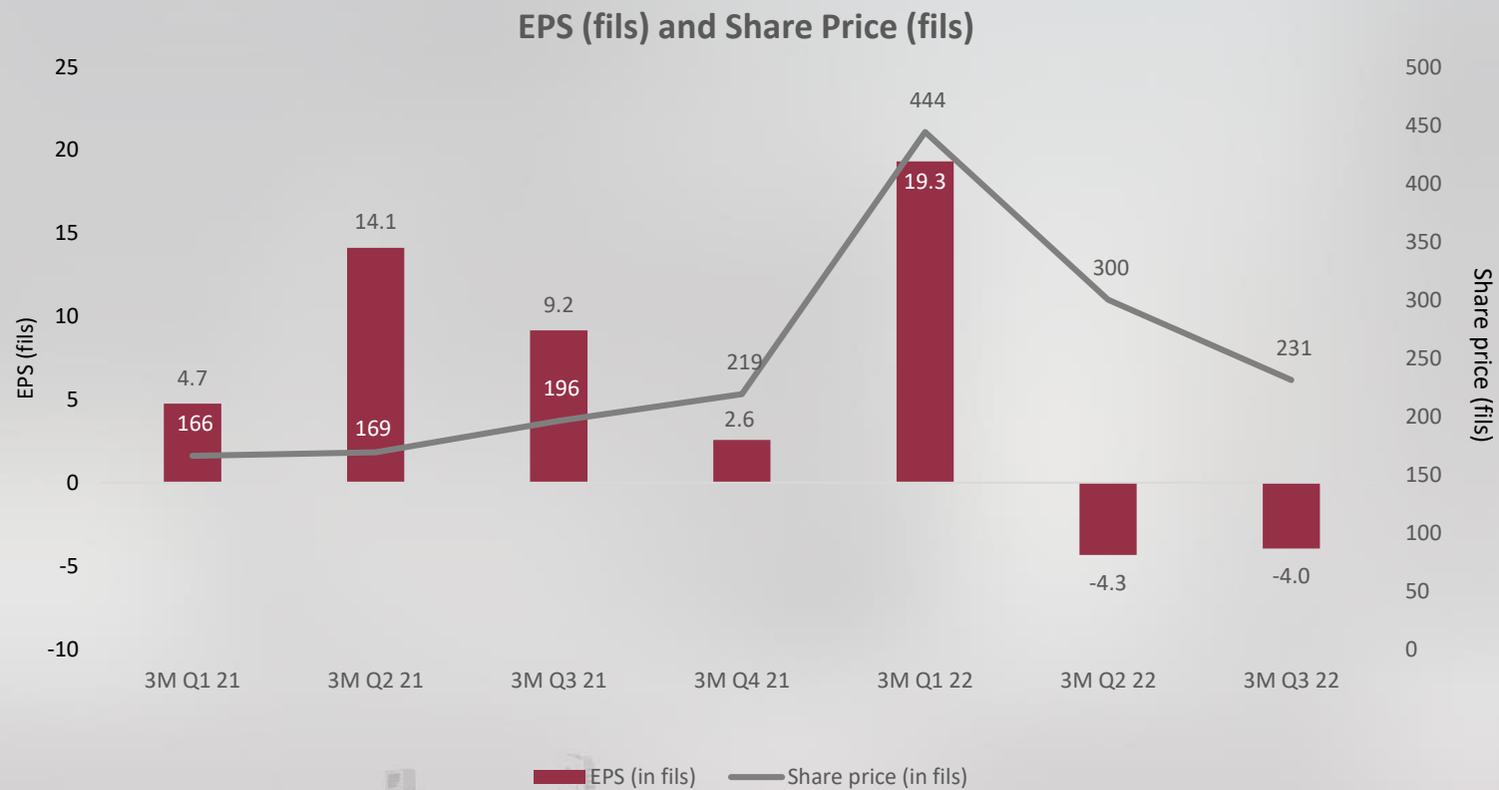
Breakdown of fee income	9M 2021	9M 2022
	KWD'000	KWD'000
Management fees	2,862	3,144
Brokerage fees	2,741	3,531
Advisory fees and other income	278	1,619
Total fee income	5,881	8,294

% Contribution to Total Fee Income



9M 2022 Earnings Per Share

❖ Earnings Per Share of 11.0 fils for 9M 2022.

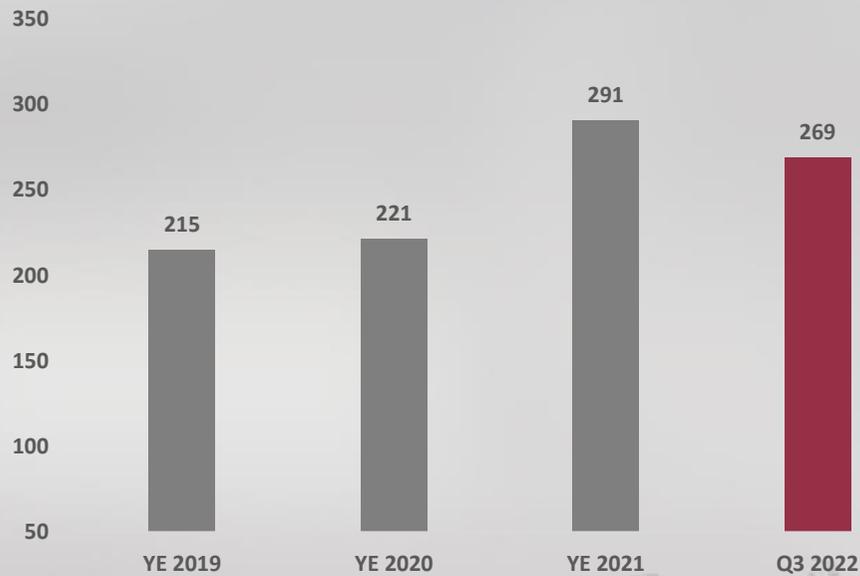


Share price represents the bid price at end of each quarter.

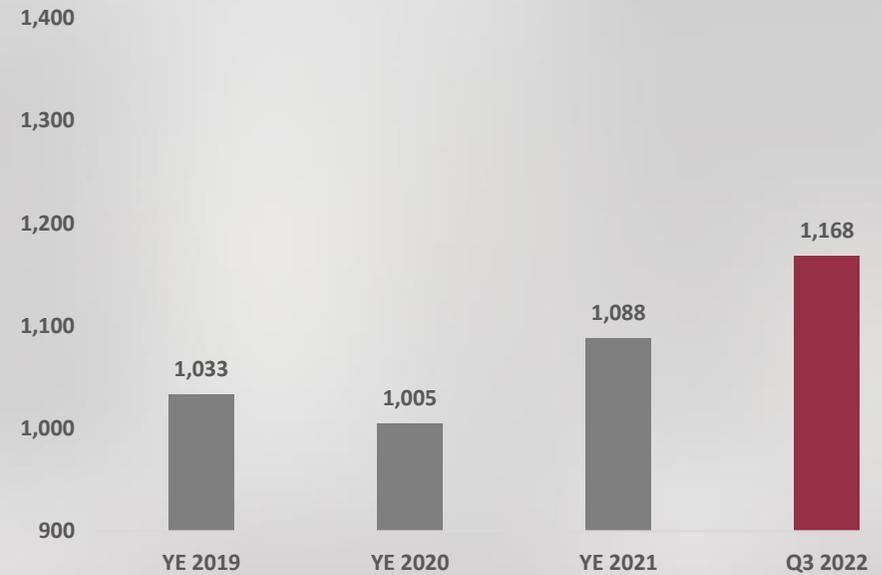
9M 2022 Profile of Assets

- ❖ Assets under management increased by 7.3% during 9M 2022.
- ❖ Total assets declined by 7.6% during 9M 2022 mainly due to dividend distribution for 2021.

Total Assets (KWD Million)



Assets Under Management (KWD Million)



Sectors

MENA Securities

Performance update in Assets Management

- ❖ Despite a volatile market and pervasive risk off sentiment, the funds delivered positive and stable returns in 9M22. Mawarid delivered YTD returns of 6.9% (best sectoral fund in Kuwait), Mada 3.42%, Wataniya 1.94%, Zajil 1.45% and Darij performance was flat at -0.1%. As for the portfolios, they have yielded 4-5% over their respective benchmarks.

Market Maker activities

- ❖ Expanding our market maker service by signing one more company to the Market Maker portfolio which brings it up to 10 companies in total.
- ❖ Market Maker trades value reached KWD 9.8mn during Q3-2022.
- ❖ On average, the value of trades by Market Maker represented 10% of clients' shares turnover.

Investment Banking

Advisory

- ❖ NIC successfully executed the capital increase of National Consumer Holding Company and Alrai Media Group during the quarter.
- ❖ Moreover, we have been mandated as Independent Investment Advisor for the merger of (i) Boubyan Petrochemical Company and Educational Holding Group (ii) Al Safat Investment Company and Cap Corp Investment Company.
- ❖ During the quarter we signed a new mandate to assist the client with the preparation for an IPO and listing on Boursa Kuwait.
- ❖ We are also in the final stages of negotiation for (i) IPO and listing mandate for a Kuwait based company and (ii) sell-side M&A mandate for an oil and gas company in Kuwait.
- ❖ Strong pipeline of proposals across sectors in Kuwait.

Alternative Investments

- ❖ NIC invested in (i) a build-to-suit Amazon facility in Germany and (ii) real estate fund focused on service retail assets in the USA.
- ❖ In the final stages of evaluating:
 - A unique Egypt-based consumer focused fin-tech firm;
 - Mezzanine investment for another build-to-suit Amazon facilities in Germany;
 - Mezzanine investment for multifamily development in the USA; and
 - Other financial products.
- ❖ Following a cautious approach given the uncertainty in the global investment landscape. Nonetheless, we believe there will be substantial pockets of opportunity.
- ❖ Continue to enhance the performance of existing investments including potential exits.

Real Estate

- ❖ Continued to improve the collection rates and occupancy of our portfolio. The collection rate was 85% in Q3 2022. The occupancy rates improved from 86.2% in Q3 2021 to 89.5% in Q3 2022.
- ❖ Applied volume 2 of policies and procedures for real estate operations.
- ❖ Managed to achieve full occupancy rates in Al Watania Resort and other company properties through a strong marketing campaign.
- ❖ Completed installation of an automated real estate system.
- ❖ Expanded the number of clients and secured new real estate portfolios.
- ❖ Renovation and development of Al Watania Resort in Khairan.
- ❖ Renovation of several managed RE portfolios.



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. ❖ Continue to build a strong placement team: Add highly capable private bankers to support Asset Management. We hired two investment placement professionals and are looking to expand the team further. ❖ Offer unique co-investment opportunities to our clients by leveraging our own balance sheet and sourcing networks, ex: Boursa Kuwait, Kuwait Foundry, Silver Lake, Pantera Capital, Pipe Technologies, Real Estate.
Enable Technologies and Efficiencies	<ul style="list-style-type: none"> ❖ 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 strategy, we continue to develop new initiatives such as a portal for real estate tenants and landlords, IPO subscription system, revamped corporate website in addition to onboarding clients. ❖ 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"> ❖ Continue to strengthen governance and transparency as per global best practices. ❖ Risk management framework: Continued to refine our risk management framework incorporating quantitative and qualitative measures.
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 high profile transactions and creating repeat business with our client base. ❖ Grow IB team and develop functional leaders for ECM, DCM and Direct Investments.

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 (1)	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-Sep-2022)	KWD 59.8 mn (2)	KWD 4.3 mn (3)	0	\$ 2.2 mn (2)
Return on Investment (x)	9.74x	1.22x	1.09x	1.10x

(1) NIC's share of total acquisition value or committed capital.

(2) Actual carrying value differs from market values based on accounting treatment.

(3) 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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Appendix 1:

9M 2022 Consolidated Income Statement

	9M 2022	9M 2021	Change
	KWD'000	KWD'000	%
INCOME			
Realized gain on financial assets at FVTPL	2,190	2,082	5%
Unrealized gain on financial assets at FVTPL	(3,587)	19,173	-119%
Change in fair value of investment properties	-	(1,883)	100%
Gain on sale of investment properties	166	140	19%
Rental income	1,073	1,360	-21%
Dividend income	8,080	4,307	88%
Management, incentive, brokerage and advisory fees	8,294	5,881	41%
Interest income	155	27	474%
Share of results of associates and joint venture	549	416	32%
Net gain on sale/liquidation of associates	147	335	-56%
Gain on foreign exchange trading	147	359	-59%
Total income	17,214	32,197	-47%
EXPENSES			
Administrative expenses	6,983	5,416	29%
Finance costs	822	412	100%
(Reversal of)/charge for impairment losses and other provisions	(1)	210	-100%
(Gain)/loss on foreign currency translation	(706)	277	-355%
Total expenses	7,098	6,315	12%
Profit for the period before taxation	10,116	25,882	-61%
Taxation	(359)	(1,003)	64%
Profit for the period	9,757	24,879	-61%
Attributable to:			
Equity holders of the Parent Company	8,795	22,352	-61%
Non-controlling interests (NCI)	962	2,527	-62%
Total	9,757	24,879	-61%
BASIC AND DILUTED EPS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	11.0 fils	28.1 fils	

Appendix 2: 9M 2022 Consolidated Comprehensive Income

	9M 2022			9M 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	8,795	962	9,757	22,352	2,527	24,879
Other comprehensive income for the period (Includes Change in fair value of FVOCI investments, Share of OCI from Associates and Foreign currency translation reserve)	5,769	153	5,922	20,935	106	21,041
Total comprehensive income for the Period	14,564	1,115	15,679	43,287	2,633	45,920

Appendix 3: 9M 2022 Consolidated Financial Position

	30-Sep-22	31-Dec-21	Change
	KWD'000	KWD'000	%
ASSETS			
Cash and balances with banks and financial institutions	25,677	39,365	-35%
Financial assets at FVTPL	109,412	111,209	-2%
Trading properties	291	284	2%
Loans	376	61	516%
Financial assets at FVOCI	82,009	82,048	0%
Financial assets held to maturity	64	-	N/A
Investment in associates and joint ventures	14,269	21,206	-33%
Investment properties	28,013	29,671	-6%
Intangible assets	1,316	958	37%
Goodwill	1,708	-	N/A
Other assets	5,488	5,722	-5%
Total assets	268,623	290,574	-8%
LIABILITIES			
Bank borrowings	39,173	40,483	-3%
Accounts payable and accruals	15,325	14,519	6%
Total liabilities	54,498	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	722	456	58%
Cumulative changes in fair value	30,286	27,286	11%
Retained earnings	11,298	25,719	-56%
Equity attributable to equity holders of Parent Company	195,223	216,778	-10%
Non-Controlling interests	18,902	18,794	1%
Total equity	214,125	235,572	-9%
Total liabilities and equity	268,623	290,574	-8%