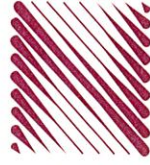


شركة الاستثمارات الوطنية	
صادر خارجي	
	
12/03/2024	تاريخ المراسلة
NIC - 3-25/104/13642	رقم المراسلة



شركة الاستثمارات الوطنية  
NATIONAL INVESTMENTS COMPANY

Date:

12 MAR 2024

التاريخ:

To: Bursa Kuwait Company  
Dear Sirs,

السادة/ شركة بورصة الكويت  
المحترمين  
تحية طيبة وبعد،،،

**Subject: Analysts Conference Transcript For the 4<sup>th</sup> quarter financial statements ended 31 December 2023**

**الموضوع: محضر مؤتمر المحللين / المستثمرين للبيانات المالية لفترة الربع الرابع المنتهي في 31 ديسمبر 2023**

With reference to the above subject, and in line with requirements stipulated in article No. (7-8) of Bursa Rulebook, kindly find attached the Analysts Conference Meeting Transcript for the 4<sup>th</sup> quarter financial statements ended 31 December 2023, held on 10/03/2024.

بالإشارة إلى الموضوع أعلاه، والتزاماً بالمتطلبات الواردة بالمادة رقم (7-8) من كتاب قواعد البورصة، نرفق لكم محضر مؤتمر المحللين للبيانات المالية لفترة الربع الرابع المنتهي في 31 ديسمبر 2023، المنعقد بتاريخ 2024/03/10.

Sincerely Yours,

وتفضلوا بقبول فائق الاحترام،،،

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

  
شركة الاستثمارات الوطنية  
NATIONAL INVESTMENTS COMPANY  
15

CC: Capital Market Authority

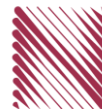
نسخة إلى: السادة هيئة أسواق المال



شركة الاستثمارات الوطنية  
NATIONAL INVESTMENTS COMPANY

Performance . Commitment . Trust  
Since 1987

**Transcript of the Analysts Conference  
Meeting for the financial statement of  
the year Ended 31 December 2023**



**National Investments Company**  
**Earnings Call for the year ended December 31, 2023**

**Sunday, March 10, 2024**

Edited transcript of National Investments Company (K.S.C.P) earnings conference call that took place on Sunday, March 10, 2024, 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 – Executive 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 twelve months ended December 31, 2023. 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, EVP - Investment Banking. The call will begin with a presentation from NIC's management on the financial performance for the year 2023 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**

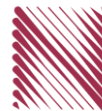
Thank you, Ahmed.

Good afternoon and welcome to NIC earnings call where we will be discussing our financial results for the year ended December 31, 2023. With us today is our CFO, Mr. Girish Nair, who will be covering the financial highlights and performance and Mr. Bashar Khan, 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 3 of the presentation, concerning the forward-looking statements and confidential information.

This presentation has been prepared and issued by National Investments Company ("NIC"), a Public Kuwaiti Shareholding Company based on internally developed data and analysis.

The information provided in this presentation and the subsequent discussions does not represent an offer to buy or sell securities.



This presentation does not contain all the information considered as material information for an investor, and it is provided as information only.

This presentation does not disclose all the risks and other issues related to investment in securities. NIC may not be held liable for any decision made in reliance on this presentation.

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Past performance presented is not indicative of future results and any forward-looking statements in this document are results of the exercise of subjective assessment and assumptions. There is no guarantee that such statements would be materialized or even occur and NIC has no liability whatsoever as a result of such forward-looking statements therefore, recipients should not rely on such forward-looking statements.

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

**Girish Nair**

Thank you Almuthana.

Good afternoon, everyone. My name is Girish Nair, CFO at National Investments Company ('NIC'). I extend a warm welcome to all of you for our earnings briefing covering the twelve months ended on December 31, 2023.

Our financial statements for 2023 have been uploaded to our website and the Boursa Kuwait website for your reference.

Let's delve into the key financial highlights of our performance for the year:

Total income for the twelve months ending December 31, 2023, amounted to KWD 13.8 million, with a net profit of KWD 4.1 million and earnings per share of 5.2 fils. This compares to KWD 19.9 million in total income, KWD 8.7 million in net profit, and earnings per share of 11 fils for the comparative period in 2022.

Our return on average equity and return on average assets for 2023 were 2.2% and 1.7% respectively, while the leverage ratio as of December 31, 2023, was 30.3%.

Our Net Book value per share was 217 fils, with Assets Under Management (AUM) in a fiduciary capacity standing at KWD 1.05 billion as of December 31, 2023, compared to 249 fils per share and AUM of KWD 1.12 billion on December 31, 2022.

The dividend distribution proposed by our esteemed Board of Directors is 15 fils per share or 15% of capital, for the year 2023, pending approval at the AGM, with a dividend yield of 5.5%.



Now, let's move on to the highlights of our income statement:

The Consolidated Net profit and Total income for the twelve months ended December 31, 2023, saw a decline of 51% and 31% respectively. This decrease is primarily due to losses on FVTPL investments and lower dividend income compared to the previous year.

The performance reflects the recent shifts in financial markets over the past few quarters, influenced not only by macroeconomic developments and the implementation of tighter monetary policy measures by central banks worldwide but also by significant geopolitical factors. The S & P Kuwait price index recorded a decline of 9.1% during 2023 as compared to an increase of 5.35% during 2022. By acknowledging and addressing these challenges head-on, NIC has demonstrated its ability to weather external economic pressures and maintain stability and growth.

Fee income for 2023 was KWD 9.3 million compared to KWD 10.9 million in 2022, driven by lower brokerage revenue from our subsidiary, in line with the reduced trading volumes in Boursa Kuwait.

Administrative expenses decreased to KWD 8.8 million from KWD 9.4 million in the previous year, while finance costs increased to KWD 1.8 million from KWD 1.2 million due to rising CBK Discount Rates and new borrowings.

Other comprehensive loss for 2023 amounted to KWD 7.3 million, mainly attributed to the decline in the value of GCC quoted investments at fair value through other comprehensive income (FVOCI).

In terms of our balance sheet:

Total assets, and shareholders' equity attributable to the parent company as of December 31, 2023, stood at 249.3 million and 173.3 million as compared to 270.9 million and 198.8 million respectively. The decrease was mainly due to dividend distribution. The majority of our total assets, approximately 77%, are in investments, with 12% in properties and the remainder in other assets.

The charts on the next slide provide a visual representation of NIC's performance over recent years, reflecting prevailing market dynamics.

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

### **Bashar Khan**

Thank you, Girish. And good afternoon, everyone.

My name is Bashar Khan and I am the Executive Vice President - Investment Banking – 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. Build Investment Banking leadership, and 4. Enhance Governance. 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. In parallel, the company is reinforcing its team by recruiting qualified bankers to ensure robust support for future 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, Lidl France and The Farm. We are also in the process of launching our inaugural private real estate credit fund in Kuwait.

**Second: Enabling Technologies and Efficiencies**

Regarding enabling technology and competencies, NIC is dedicated to leveraging cutting-edge digital business technology, including artificial intelligence, to drive productivity, efficiency, and agility, ensuring sustainable business growth. We are committed to our digital-first strategy, which has resulted in several new initiatives such as a portal designed specifically for real estate tenants and landlords, an innovative IPO subscription system, a revamped corporate website, and the digitalization of our client onboarding process.

And finally, we are focusing on harnessing operating efficiencies by outsourcing processes and working with co-advisors to leverage their capabilities and knowledge.

**Third: Leadership in Investment Banking**

NIC has also established a specialized team well-versed in equity and debt capital markets to ensure top-notch service for its valued clients. At present, the team is playing a critical part in the execution of flagship projects in Kuwait. During the year, NIC has successfully closed one of the largest M&A in the education sector in Kuwait as well as the inaugural issuance of preferred shares.

In alignment with our dedication to ongoing enhancement, we continuously enhance our teams by attracting top-tier professionals. This year, we've welcomed four new members, a direct response to the heightened levels of activity we're experiencing.

**Finally: Enhancing Governance**

Our emphasis on continuous improvement and compliance underscores our dedication to upholding the highest standards of corporate governance, providing a solid foundation for sustainable growth and success in the corporate landscape.

We now move on to highlights during the twelve months of 2023 for certain key sectors within NIC.

**MENA Securities Sector:**

Exceptional performance of funds managed by MENA Securities as of the fourth quarter of 2023.





- Mawarid Industrial and Petroleum Fund recorded a performance of 7.04%.
- The Zajil Services and Telecommunications Fund achieved a remarkable return of 8.05%.
- AlMada Investment Fund reported a positive return of 6.37%.

NIC has positioned itself as a frontrunner in the market-making service since its launch in 2021. In the fourth quarter of 2023, we successfully renewed Market Maker contracts with our key existing clients, we further added a new client to reach 13 active market making clients.

### **Real Estate Sector:**

In Q4 2023, our portfolio demonstrated a commendable collection rate of 81% and sustained a robust occupancy rate of 89%.

### **Investment Banking Sector:**

#### **Advisory Department**

NIC has achieved notable feats, including the inaugural issuance of preferred shares and our involvement in the largest education sector M&A deal:

- ❖ Serving as a pivotal sell-side advisor in the education sector, we facilitated a landmark binding SPA, marking one of Kuwait's largest M&A transactions.
- ❖ Acted as the exclusive financial advisor for Kuwait's first preferred shares issuance.
- ❖ Executed a multifaceted transaction for Al Eid Food Company, encompassing merger and acquisition, bridge financing, and capital increase.
- ❖ Completed the partial acquisition of Rasiyat Holding Company K.P.S.C., marking only the second time such a transaction mechanism was used in Kuwait.
- ❖ Further, NIC continues to have a strong pipeline of IPO and listing mandates

#### **Alternative Investments Department**

- ❖ NIC established its inaugural international real estate credit-focused fund, demonstrating our commitment to strategic growth.
- ❖ Adopting a prudent stance amidst global investment uncertainties, we remain optimistic about identifying significant opportunities.
- ❖ Embracing a proactive engagement strategy to unlock the inherent value of assets within our portfolio companies.

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 for our clients.

The first case study is Bursa 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 Bursa 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 9.1 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 21.3% 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 1.6 times.

The third case study is Lidl France. We made an investment (senior financing) to acquire, renovate, lease, and sell three Class A warehousing properties in France. The properties were sold and leased back by Lidl. The project is expected to generate a cash yield of 12% and a net IRR of 12% over a 2.5-year period.

The fourth case study is The Farm. We made a mezzanine investment for the development of Class A multifamily in Indiana, USA. The project is expected to generate a cash yield of 11.0% and a net IRR of 11.0% over a 3-year period.

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

**Almuthana**

We are now ready to answer 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*

*We have a question that says: As per Note 23(c) to the financial statements, capital commitments of KWD 9 MN are mentioned. On what are these commitments?*

*Answered Mr. Girish: The amount represents uncalled capital commitments on investments of NIC and its Subsidiary.*

*We have another question that says: There are outstanding forward foreign exchange contracts as on the balance sheet date. When are they maturing?*

*Answered Mr. Girish: All contracts mature in the 1st week of Jan 2024.*

**Almuthana**

Since there are no more 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.