

شركة الإستثمارات الوطنية	
صادر خارجي	
	
09/08/2022	تاريخ المراداة
NIC - 3-25/104/9074	رقم المراداة



شركة الإستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY

Date: 09 AUG 2022

التاريخ: 09 AUG 2022

To: Bursa Kuwait Company
Dear Sirs,

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

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

**الموضوع: مؤتمر المحللين/ المستثمرين
للربع الثاني من السنة المالية 2022**

With reference to the above subject, and in line with requirements stipulated in article No. (7-8) of Bursa Rulebook, enclosed herewith the disclosure form of material information regarding the holding of Analysts Conference 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 نموذج الإفصاح عن المعلومات الجوهرية بشأن عقد مؤتمر المحللين للربع الثاني من السنة المالية 2022، والمنعقد بتاريخ 2022/08/09.

Sincerely Yours,

وتفضلوا بقبول فائق الاحترام،،،

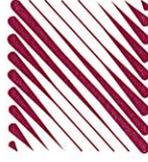
فهد عبدالرحمن المخيزيم - Fahad Abdulrahman Al Mukhaizim

الرئيس التنفيذي – Chief Executive Officer


شركة الإستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY
15

CC: Capital Market Authority

نسخة إلى: السادة هيئة أسواق المال



نموذج الإفصاح عن المعلومات الجوهرية

Disclosure of Material Information Form

Date	09 AUG 2022	التاريخ
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Name of the Listed Company	اسم الشركة المدرجة
National Investments Company (K.S.C.P)	شركة الاستثمارات الوطنية (ش.م.ك.ع)

Material Information	المعلومة الجوهرية
<p>National Investments Company (NIC) has held the Analysts/ Investors Conference for Q2 of the financial year 2022, where it was held via (Live Webcast) at 2:00 PM (local time) on Tuesday 09/08/2022, there was no material information discussed during the conference.</p> <p>Attached is the Analysts Conference Presentation.</p>	<p>قامت شركة الاستثمارات الوطنية بعقد مؤتمر المحللين/المستثمرين للربع الثاني من السنة المالية 2022، حيث انعقد المؤتمر عن طريق البث المباشر على شبكة الانترنت (Live Webcast) في تمام الساعة الثانية من ظهر يوم الثلاثاء الموافق 2022/08/09 (وفق التوقيت المحلي)، ولم يتم الإفصاح عن أي معلومات جوهرية خلال المؤتمر.</p> <p>مرفق نسخة من العرض التقديمي لمؤتمر المحللين.</p>

Significant Effect of the material information on the financial position of the company	أثر المعلومة الجوهرية على المركز المالي للشركة
No significant effect of the material information on the financial position of the company.	لا يوجد أثر للمعلومات الجوهرية على المركز المالي للشركة.



شركة الاستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY



شركة الاستثمارات الوطنية
NATIONAL INVESTMENTS COMPANY

أداء . إلتزام . ثقة
Performance . Commitment . Trust
Since 1987

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



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Senior Vice President
Investment Banking Sector

Agenda

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FINANCIAL HIGHLIGHTS



شركة الاستثمار الوطنية
NATIONAL INVESTMENTS COMPANY



H1 2022 Key Financial Highlights

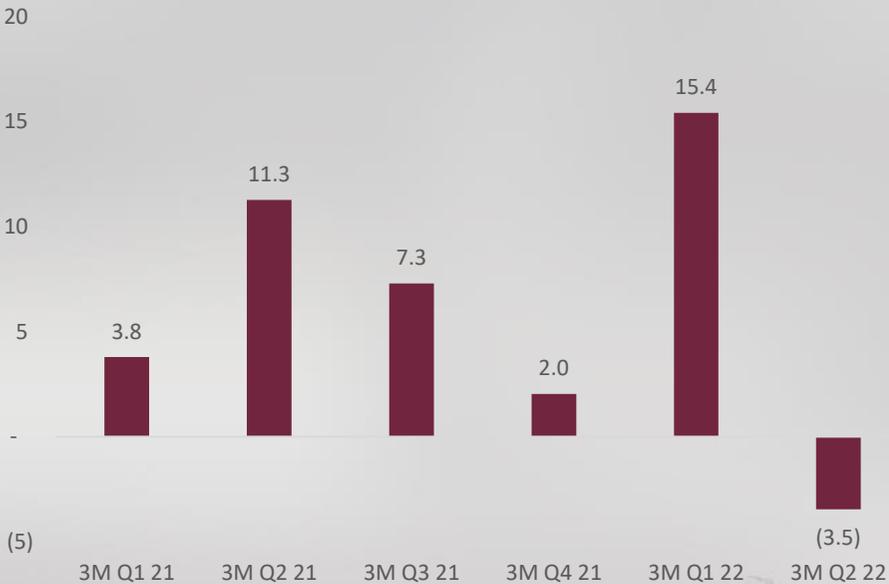
- ❖ Net profit of KWD 11.9 Million during H1 2022 as compared to KWD 15.1 Million during H1 2021.

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%

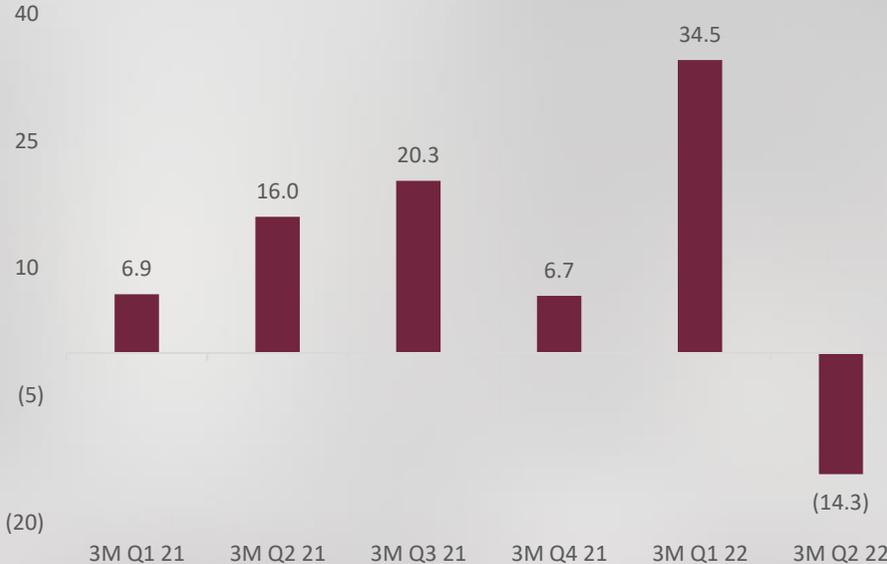
H1 2022 Financial Performance

- ❖ 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)



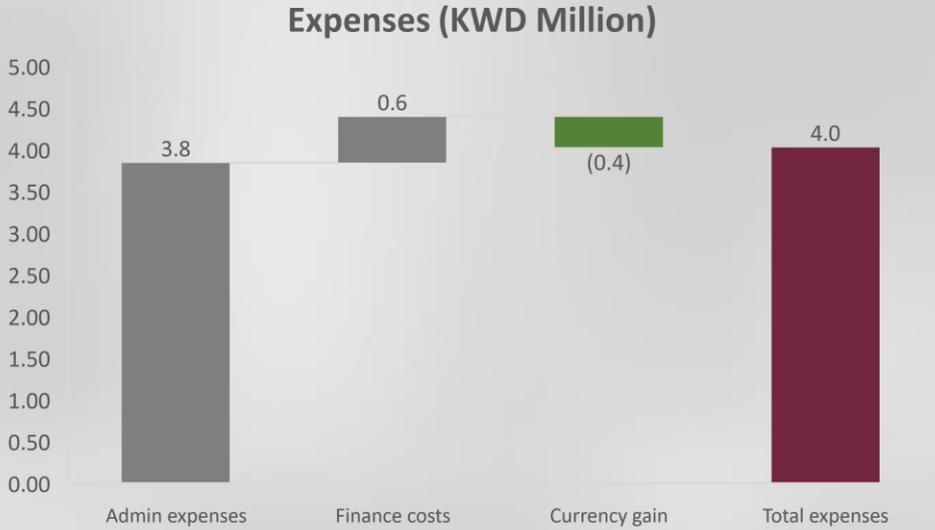
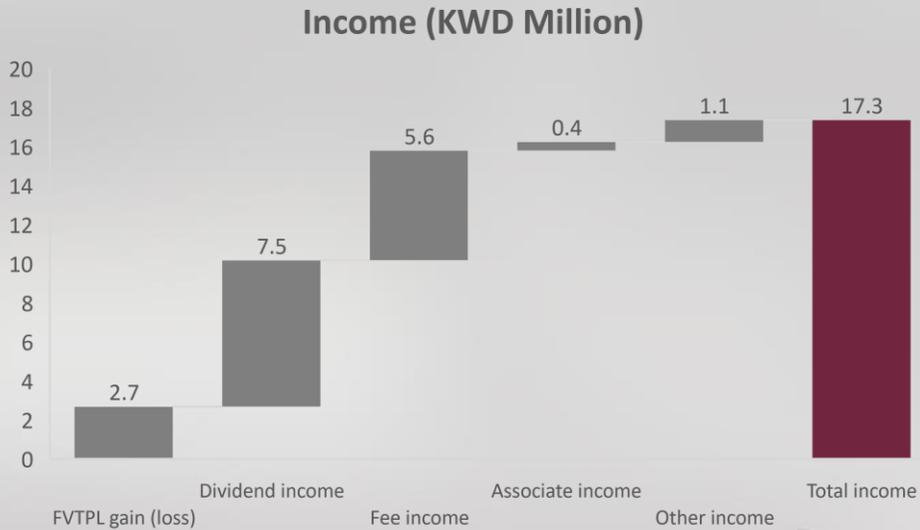
Total Comprehensive Income (Loss)
(KWD Million)



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.

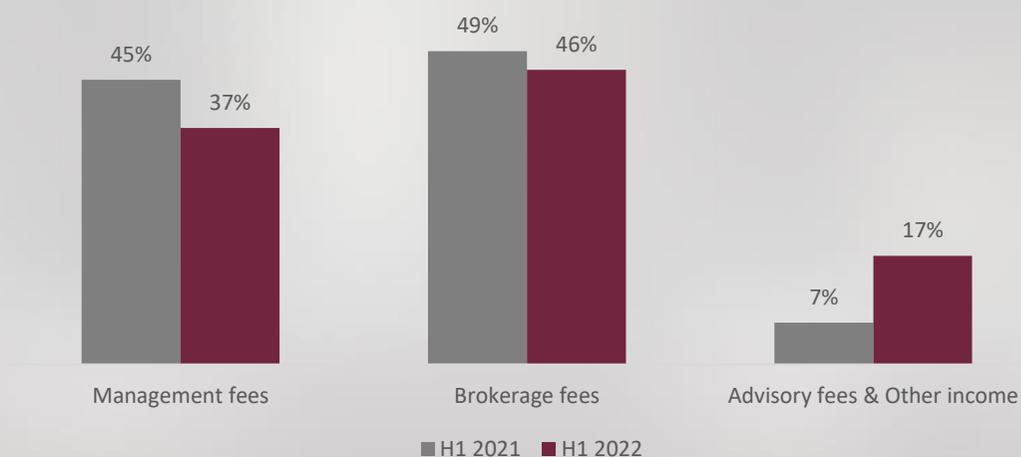


H1 2022 Fee Income Analysis

- ❖ 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%

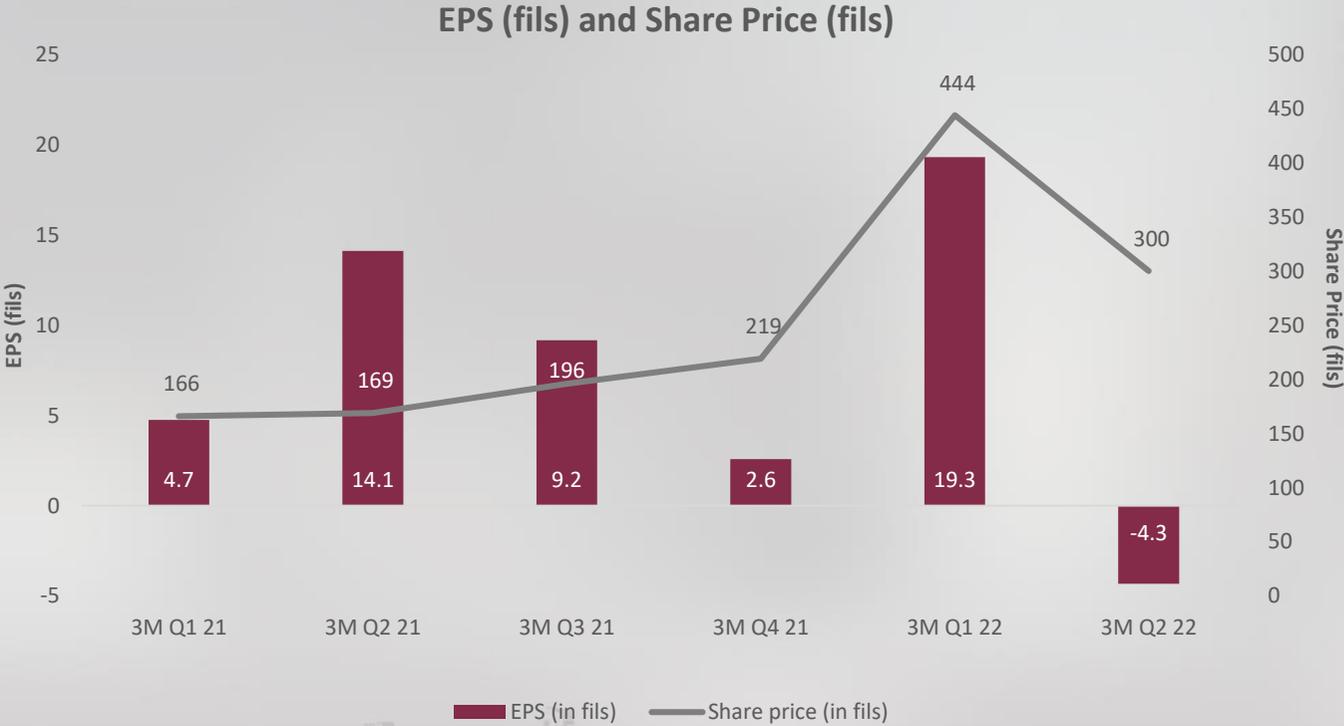
Breakdown of fee income	H1 2021	H1 2022
	KWD'000	KWD'000
Management fees	1,607	2,083
Brokerage fees	1,768	2,595
Advisory fees and Other income	235	955
Total fee income	3,610	5,633

% Contribution to Total Fee Income



H1 2022 Earnings Per Share

❖ Earnings Per Share of 15.0 fils for H1 2022.

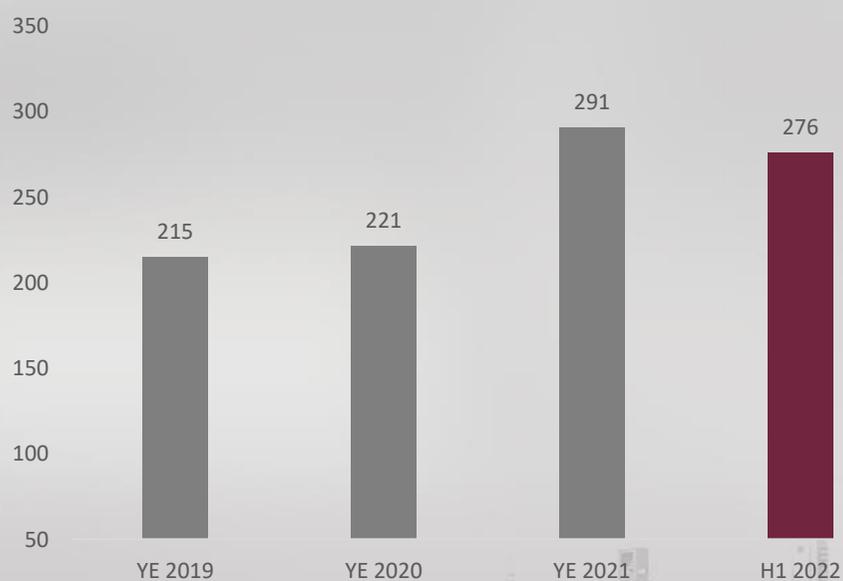


Share price represents bid price as at end of each quarter.
 Share price at end of 3M ending Q2 21 and Q2 22 are ex-dividend adjusted for 11 fils and 45 fils per share distributed for 2020 and 2021 respectively

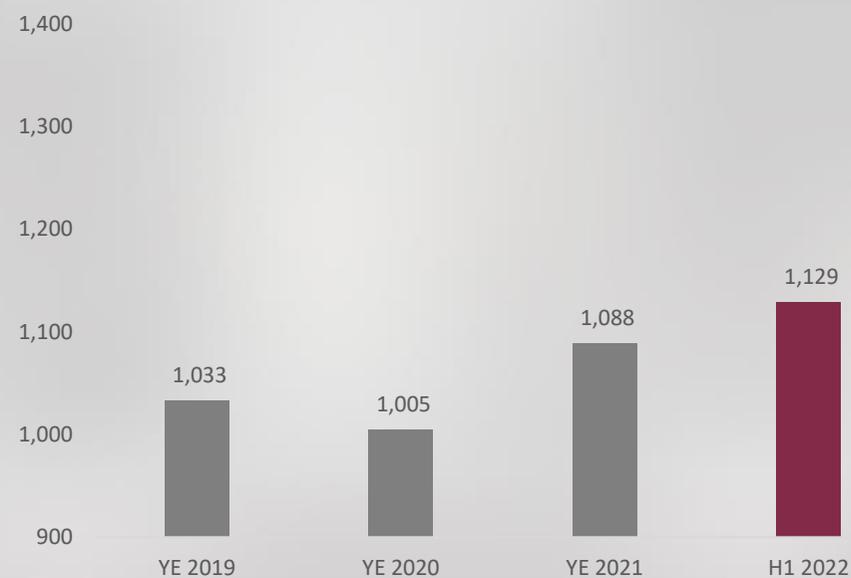
H1 2022 Profile of Assets

- ❖ 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

- ❖ 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.

Investment Banking

Advisory

- ❖ 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.

Alternative Investments

- ❖ 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

- ❖ 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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nickuwait | nic_kuwait | nic.kuwait | National Investments Company (NIC)

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%