



Earnings Presentation

Q1 2022

المركز
MARKAZ

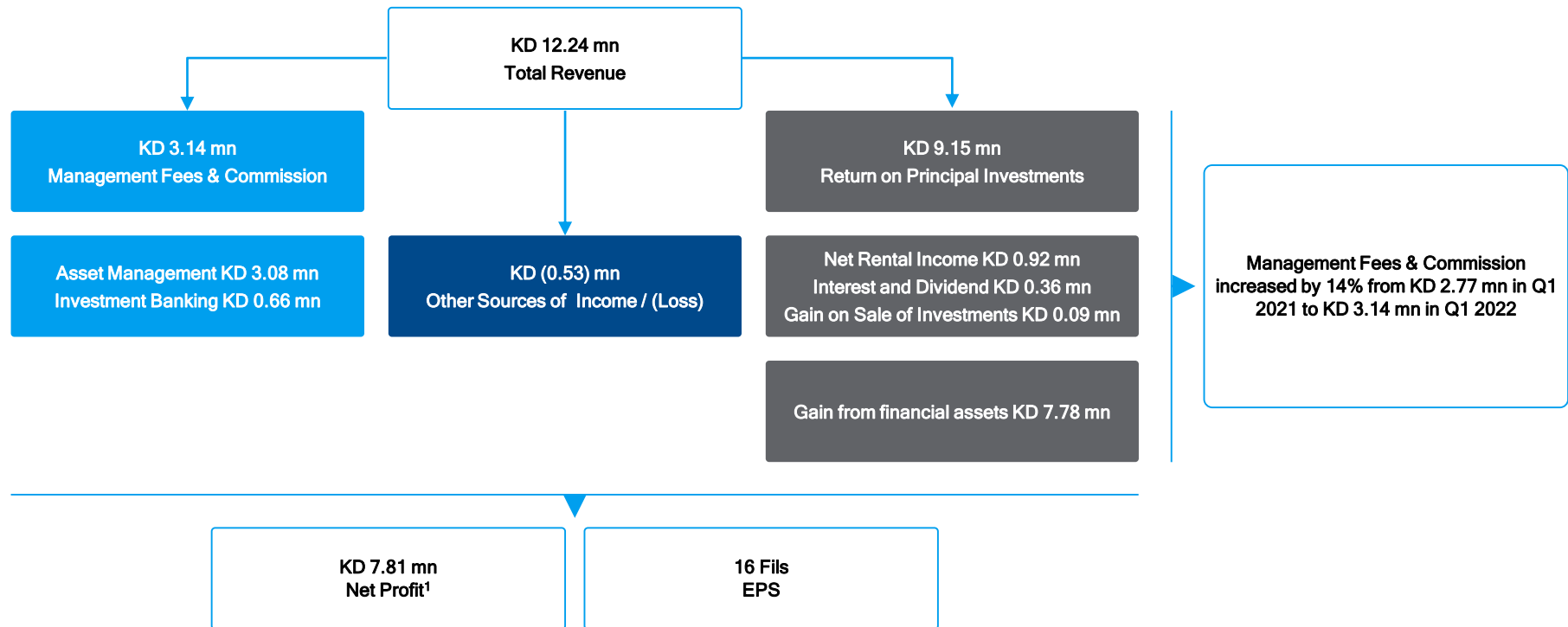
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Q1 2022 Performance Highlights

Markaz Assets Under Management of KD 1,170 million, an increased of 18.4% y-o-y

Profit and Loss Highlights



1. Net profit attributable to the owners of the parent company

Q1 2022 Performance Highlights

Markaz delivers a Net Profit attributable to Shareholders of KD 7.81 mn for Q1-2022; up by 92%

Kuwait, 17 May 2022 - Kuwait Financial Centre “Markaz” (KSE: Markaz, Reuters: MARKZ.KW, Bloomberg: MARKAZ:KK) reported its financial results for quarter ended 31 March 2022 with Total Revenues of KD 12.24 million, up by 49% y-o-y, as compared to KD 8.23 million in Q1 2021. Markaz delivered a Net Profit attributable to Shareholders of KD 7.81 million, an increase of 92% y-o-y, as compared to KD 4.06 million in Q1 2021, and Earnings Per Share of 16 Fils in Q1 2022.

Mr. Diraar Yusuf Alghanim, Chairman stated: “In the middle of the first quarter of 2022, global economy and trade were impacted by the repercussions of the Russian-Ukrainian war. The increasing sanctions on Russia and energy supply constraints have led to a sharp rise in oil prices globally, which resulted in positive performance for the GCC equity markets and MSCI GCC index delivered 18% returns across a broad base of industries. The Kuwait economy also continued to deliver strong growth supported by the rising oil prices. However, high levels of inflation, rising interest rates and the potential emergence of new Covid-19 variants may put some pressure on the global economic outlook. At Markaz, we continue to monitor the latest markets trends and implement flexible, agile strategies and business plans.

In terms of performance, Markaz Total Revenues reached KD 12.24 million, as compared to KD 8.23 million in Q1 2021. Markaz delivered a Net Profit attributable to Shareholders of KD 7.81 million, an increase of 92% y-o-y, as compared to KD 4.06 million in Q1 2021, and Earnings Per Share of 16 Fils in Q1 2022.

In addition, Asset Management fees reached KD 3.08 million in Q1 2022, an increase of 21% y-o-y and 31% on a sequential basis, due to growth in our Assets Under Management, which reached KD 1,170 million at the end of Q1 2022, as compared to KD 988 million at the end of Q1 2021, registering an increase of 18.4% y-o-y. The occupancy levels across our key real estate assets continue to improve and the portfolio registered a Net Rental Income of KD 0.92 million in Q1 2022, up by 3% y-o-y. Although Investment Banking fees were KD 0.06 million lower compared to same period last year, we expect corporate transaction volumes to pick up in the coming quarters.

Total Revenues also include Gains from Investments at a Fair Value of KD 7.7 million as compared to KD 4.7 million in Q1 2021. From a balance sheet perspective, Markaz repaid debt of KD 3.6 million during the quarter, reducing the firm’s debt to equity ratio to 0.41x.

During Q1 2022, Markaz has been awarded “Best Investment Bank in Kuwait for 2022” from Global Finance, reflecting Markaz’s capabilities in meeting the client objectives and responding to an ever-evolving competitive landscape.

Markaz Overview

One of the leading financial institutions in the region delivering consistent shareholders returns



Leading market position

As one of the region's leading asset management and investment banking firm, Markaz offers custom investment solutions with exceptional track record



Sustainable long-term shareholder returns

Generates sustainable long-term returns driven by robust operations and consistent dividend payouts



Building a sustainable economy in Kuwait

Endeavors to actively participate in community service and contribute to building a sustainable economy in Kuwait



Our Team - cornerstone of our success

A team of 150+ employees spread over offices across Middle East, US and India

- Established in 1974 and listed on Bursa Kuwait in 1997, is an asset management and investment banking institution
- Consistently outperformed the relevant benchmarks on its equity funds and managed portfolios
- Real estate investments across MENA and International, with a key focus on income generating assets
- Efficiently delivering MENA focused research reports, and consulting through its research subsidiary - Marmore

At Markaz, our reputation is our biggest asset. We have been voluntarily operating under strict guidelines long before corporate governance was the norm

Markaz Overview (cont'd)

Delivering International Investment Reach to our Clients



Markaz Overview (cont'd)

One of the most recognized and well awarded brands across the MENA region

★ 
**Best Investment Bank
in Kuwait**
By: Global Finance

★ 
**Best Asset Manager
in Kuwait**
By: EMEA Finance

★ 
Best Investment Bank
By: EMEA Finance

★ 
**MENA Real Estate Asset Manager
of the Year**
By: Global Investor Magazine

★ 
Sustainability
By: EMEA Finance



Kuwait Asset Manager
Markaz



Business Highlights

Total AUM of KD 1,170 million, an increased of 18.4% y-o-y



Asset Management

GCC Equity Funds, Fixed Income Fund, Others:

Total AUM of KD 868 million

- Asset management continues to implement Markaz's long term bottom up investment approach along with active liquidity management

GCC Equities AUM of KD 790 million

- Strong year to date performance in line with GCC equity markets which were driven by jump in oil prices.
- Markaz Forsa, Markaz Investment & Development Fund (MIDAF), Markaz Fund for Excellent Yields (MUMTAZ) recorded returns of 16.1%, 15.1% and 15.0% respectively. Markaz Islamic Fund (MIF), a Sharia compliant fund, also recorded strong returns of 14.9%
- Markaz continues to offer its clients access to the GCC fixed income market through the Markaz Fixed Income Fund (Private Placement)

MIDAF - MUMTAZ - Forsa Financial - Markaz Arabian Fund - Markaz Islamic Fund - Markaz Fixed Income - Private Portfolios - Oil & Gas / PE



Real Estate Investments

Middle East and North Africa, International:

Total AUM of KD 302 million

MENA Real Estate - AUM of KD 238 million

- Managing part of the National Real Estate Portfolio with a value up to KD 250 million
- Strong operational performance across the income generating portfolio despite the market conditions
- Markaz Real Estate fund with AUM of KD 67 million across 17 properties
- Collections recovered from last year lows and occupancy have surpassed pre-covid levels in KSA and UAE

National Real Estate Portfolio - Real Estate Fund

International Real Estate - AUM of KD 64million

- Markaz has successfully exited from five projects in 2021, generating strong returns
- 10 development projects across the US and Europe with a total capital commitment of USD 119 million
- Assessing several projects across the US and Europe with a focus on the industrial and residential sectors

Business Highlights (Cont'd)

Adding significant value to clients through high quality advisory services and research



Investment Banking

M&A, Advisory, Equity & Debt Capital Markets, IPOs and restructuring:

- GCC IPO and M&A activity recovered in 2021 and momentum continued in Q1 2022
- Investment banking team continues to closely work with our corporate clients and is building a strong deal pipeline for the coming quarters
- Assisting client in conducting valuation for a facilities management company and
- Assisting family office in conducting valuation for portfolio companies
- Managing the auction of an aluminum extrusion company
- Acting as a Joint Lead Manager and Subscription Agent in the issuance of senior unsecured bonds for a client
- Structuring, managing and placing convertible bonds for a listed F&B Company



Research

Mena focused Research, Consulting Services:

- Publishes MENA focused research reports and bespoke consulting services for over a decade
- Operates through Marmore, a subsidiary of Markaz
- Established in 2010, with offices in India and Kuwait
- Reports published in 2021 include 'ESG in GCC: Practical Issues to Think About', 'GCC Banks - Making Them Digital Ready', 'Discretionary Portfolio management and Private Investment Funds in Saudi Arabia', 'Kuwait Healthcare', and 'GCC Asset Management
- In 2021, Marmore published over 40 reports on its research web portal providing timely, comprehensive coverage on topics of interest in the GCC region

Research Themes: Capital Markets, Industry, Policy, Economic, Infrastructure, Regulatory, Periodic

Financials Trend

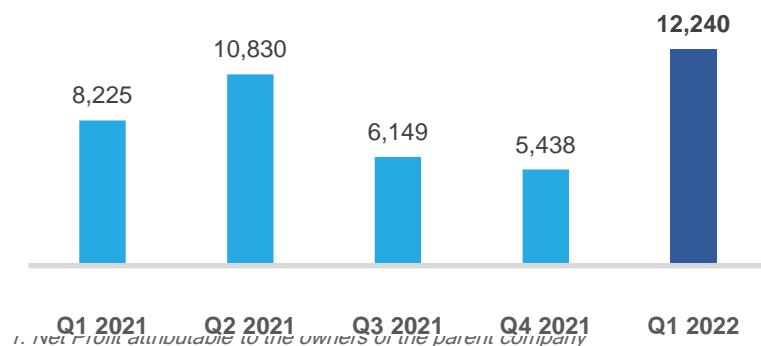
Q1 2022 Revenues growth on y-o-y basis

- Total Revenue increase primarily driven by strong performance across equity markets
- Management Fees & Commissions have increase by 14% on y-o-y basis
- Income from Principal Investments increase on y-o-y basis primarily due to gain arising from financial assets at fair value through P&L of KD 7.73 mn as compared to 4.42 mn in Q1 2021
- Net rental income increased by 3% to KD 0.92 mn

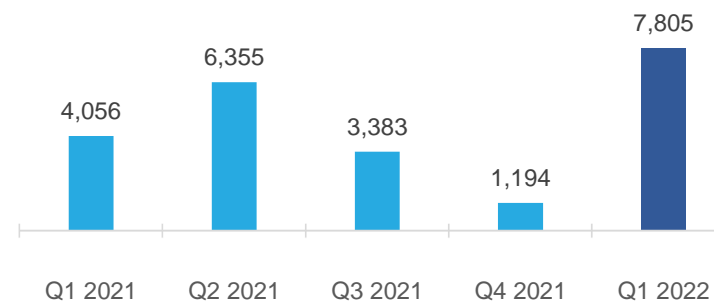
Q1 2022 Net Profit (KD 000's)

- The net profit increase due to increase in revenues and positive fair value adjustment of financial assets
- 2021 profitability is driven by increase in asset managements fees, rental income and gain from fair value of investments of KD 15.50 mn

Total Revenue (KD 000's)



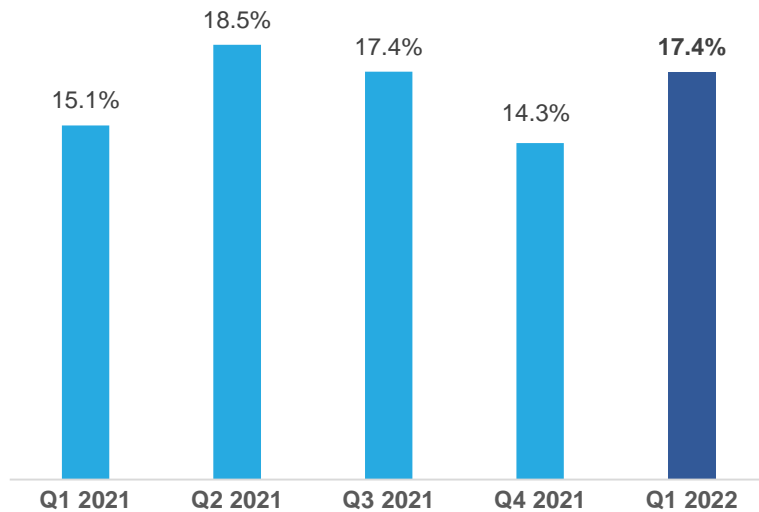
Net Profit¹ (KD 000's)



Financials Trend (Cont'd)

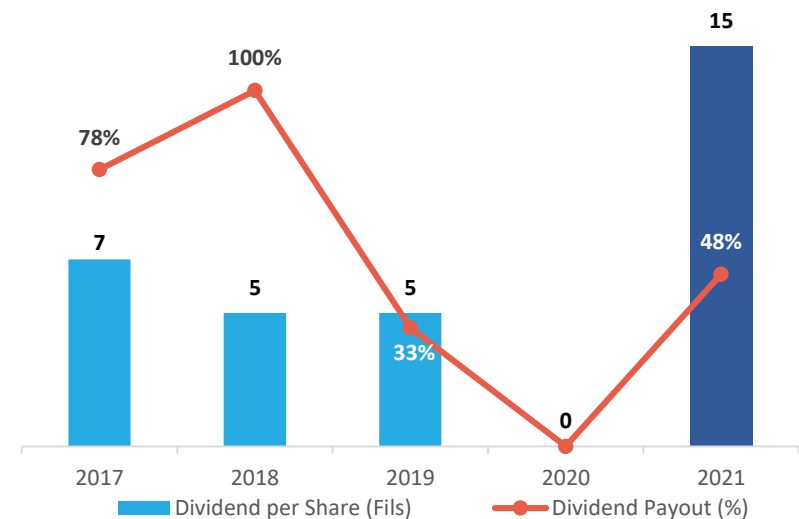
Return on Equity¹

- Return on Equity of 17.4 % in 2022 was primarily due to a gain arising from financial assets at fair value through P&L.



Dividend Per Share and Payout

- The AGM approved a cash dividend of 10 Fils per share and 5% bonus shares. Total dividend of 15 Fils per share with a payout of 48% on the EPS
- In 2020, the Board of Directors did not proposed dividend due to the Covid-19 pandemic

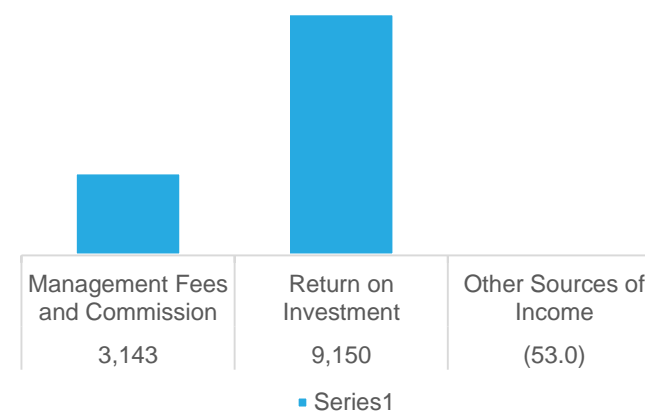


1. Return on Equity % = LTM Net Profit attributable to the owners of the parent company / shareholder's equity

Profit & Loss Key Metrics

(KWD 000's)	Period Ended		Y-o-Y Growth (%)
	Q1 2022	Q1 2021	
Management Fees and Commission	3,143	2,768	14%
Interest income	105	133	(21%)
Dividend income	257	238	8%
Gain/(loss) from investments at fair value through P/L	7,740	4,720	64%
Gain from Investments at Fair Value through OCI	40	(207)	119%
Share of results of associate and joint venture	-	-	-
Gain on sale of investment properties	91	130	(30%)
Net rental income	917	892	3%
Other sources of (loss)/income	(53)	(449)	(88%)
Total revenue	12,240	8,225	49%
Operational expenses	3,262	2,816	16%
EBIT	8,978	5,409	66%
Margin (%)	73%	66%	-
Finance costs	546	762	(4%)
Contribution to KFAS, NLST, Zakat	364	185	97%
Net profit /(loss)	8,068	4,462	81%
Margin (%)	66%	54%	
Net profit /(loss) attributable to the owners of the parent company	7,805	4,056	92%
Net profit /(loss) attributable to Non-Controlling Interests	263	406	
Earnings /(loss) per share (Fils)	16	8	100%

Q1-2021 Revenue Analysis



Notes:

1. Management Fees & Commissions include Asset Management and Investment Banking Fees
2. Other sources of income include foreign currency transaction and other income
3. Return on principal investments include investments in GCC & International Equities , Fixed Income, Real Estate, International Investments and Private Equity

Balance Sheet Key Metrics

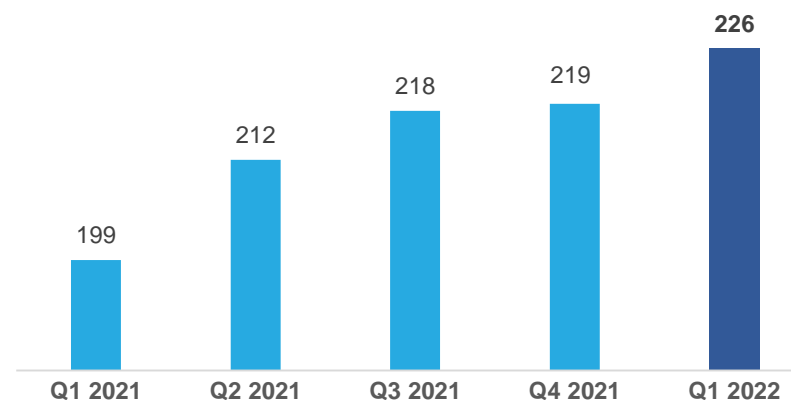
(KWD 000's)	March 2022	Dec 2021	March 2021
ASSETS			
Cash and bank balances	11,847	10,497	7,979
Time deposits	98	106	3,031
Investments at fair value through profit or loss	116,282	111,618	97,120
Investments at fair value through OCI	-	-	406
Investments carried at amortized cost	2,146	2,167	5,944
Investment properties	75,168	75,092	75,106
Accounts receivable and other assets	6,311	6,753	7,688
Loans to customers	670	625	462
Investments in associate and joint venture	2,689	2,875	3,221
Right of use assets	1,240	1,104	262
Equipment	664	729	874
Total Assets	217,115	211,566	202,093
LIABILITIES and EQUITY			
Liabilities			
Due to banks	-	457	1,712
Financial liabilities at fair value through profit or loss	-	-	17
Accounts payable and other liabilities	21,650	15,077	11,667
Bank borrowings	21,700	25,280	14,871
Bonds issued	35,000	35,000	44,350
Total Liabilities	78,350	75,814	72,617
EQUITY			
Equity attributable to the owners of the Parent Company	107,850	104,523	95,117
Non-controlling interests	30,915	31,229	34,359
Total Equity	138,765	135,752	129,476
Total Liabilities and Equity	217,115	211,566	202,093

Asset Under Management

Q1 2022 AUM
KD 1,170 million

Q1 2021 AUM
KD 988 million

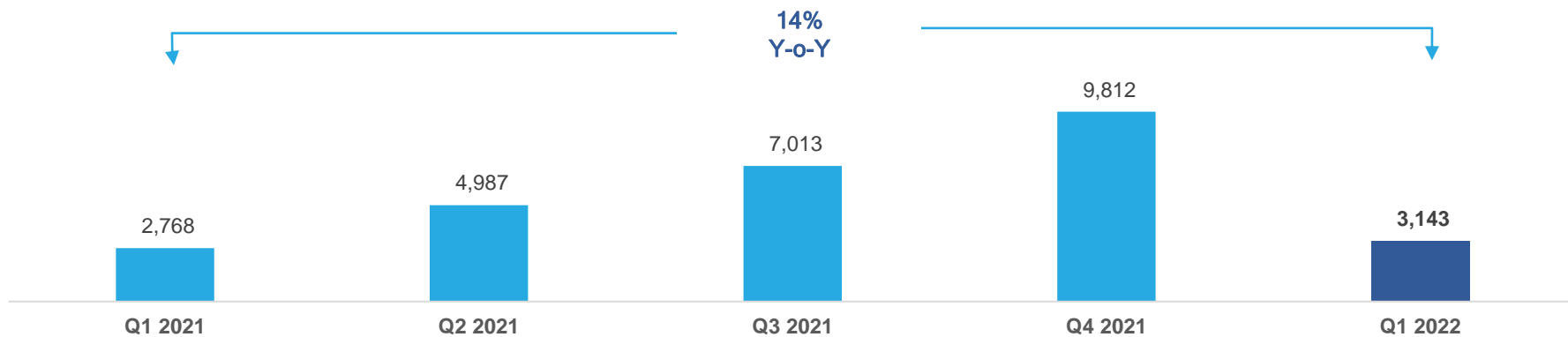
Book Value per Share (Fils)



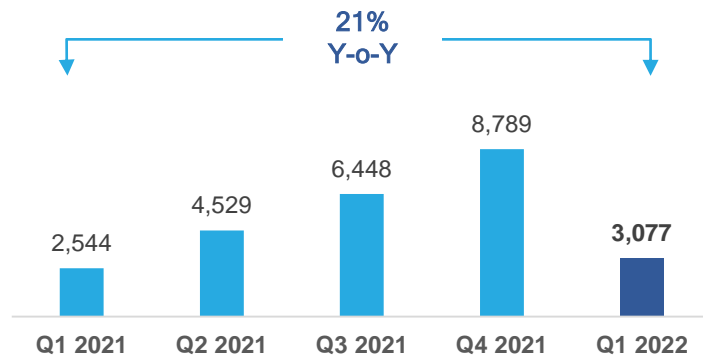
- Book value increase due to the net increase in retained earnings as a result of net profit for the current period which mainly resulted from gain from investments at fair value through profit or loss

Asset Management & Investment Banking

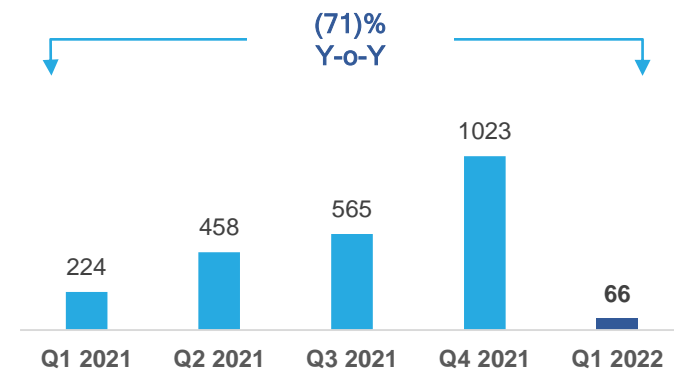
Management Fees & Commission (KD 000's)



Asset Management Fees¹ (KD 000's)

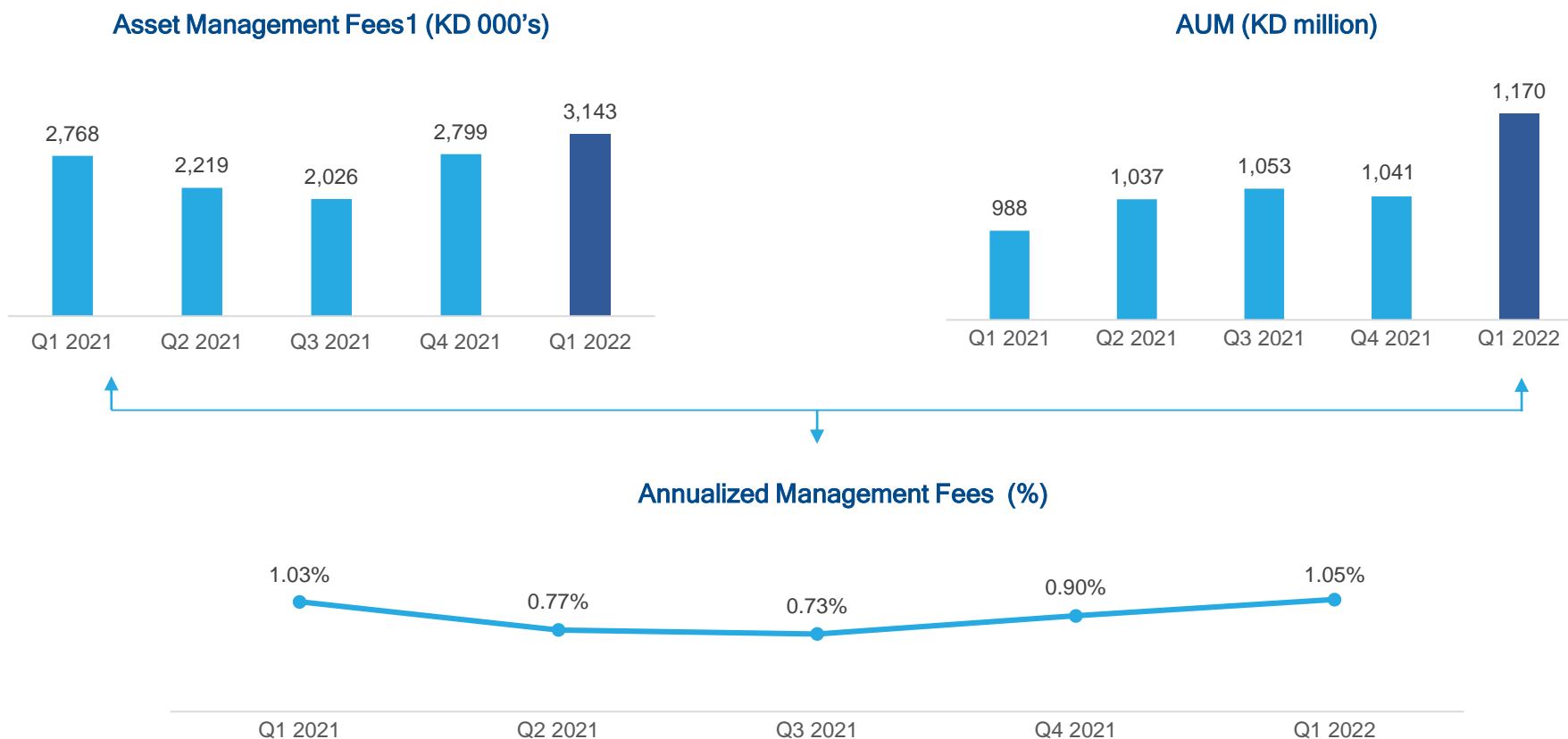


Investment Banking Fees (KD 000's)



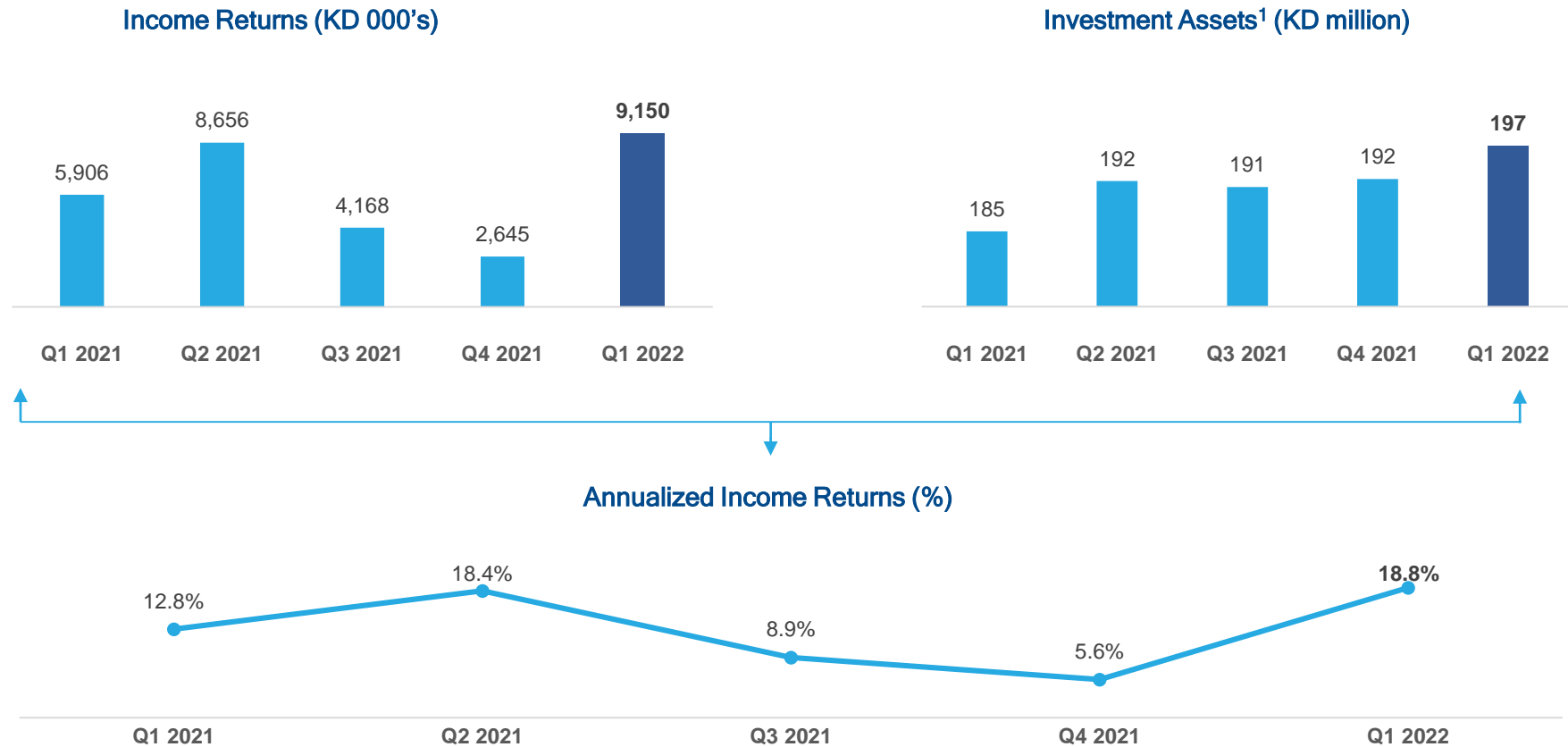
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Asset Management Fees Returns



1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Return on Principal Investments



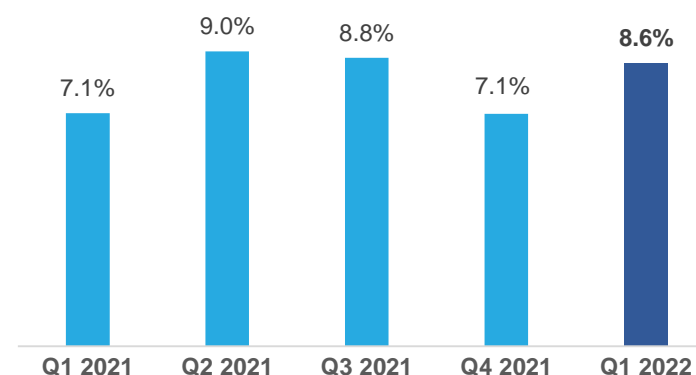
1. Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JV + Investment Properties + Loans to Customers

Capital Structure and Returns

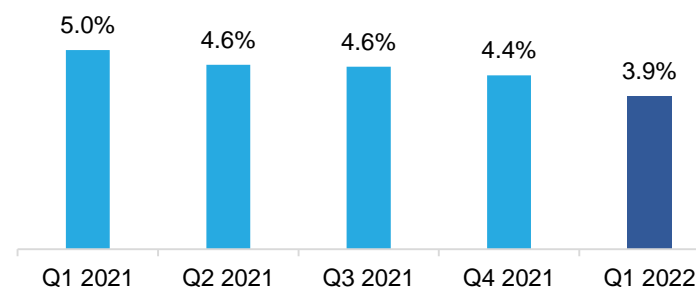
Markaz Net Debt to Total Equity stable at 0.32x

(KD 000's)	March 2022	Dec 2021	March 2021
Bank borrowings	21,700	25,280	14,871
Due to Banks	-	457	1,712
Bonds Issued	35,000	35,000	44,350
Total Debt	56,700	60,737	60,933
Cash and Bank Balance	11,847	10,497	7,979
Time Deposits	98	106	3,031
Total Cash including Time Deposits	11,945	10,603	11,010
Net Debt	44,755	50,134	49,923
Shareholders Equity	107,850	104,523	95,117
Total Equity	138,765	135,752	129,476
Net Debt / Total Equity	0.32x	0.37x	0.39x

Return on Assets¹ (%)



Annualized Interest / Total Debt (%)



1. Return on Assets (%) = LTM Net profit attributable to the owners of the parent company / Total Assets

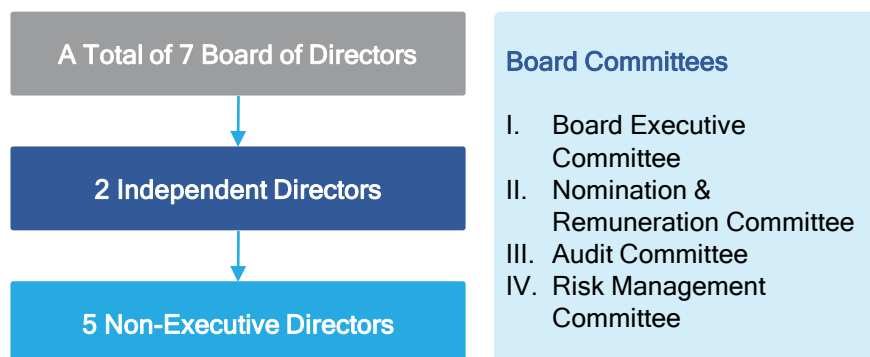
Shareholders Information

Focused on sustainable value creation for shareholders

Major Shareholders

Major Shareholders	Type	% Holding
Kuwait Pillars for Financial Investment	Direct	29.70%
Kuwait Financial Centre K.P.S.C / Clients	Direct	5.45%
Al Mubader Co	Direct	5.13%

Effective Governance Structure



Corporate Information

Market Segment Listing	Main Market - Boursa Kuwait (Sec Code: 213)
2021 Proposed Dividends	Cash Dividend - 10 Fils Per Share Bonus Issue - 5% (5 Shares for every 100 shares)
Bonds Issued	KD 35,000,000 unsecured debenture bonds
No. of shares outstanding	478,201,747 shares
Authorized share capital	KWD 48,080,174.700
Issued share capital	KWD 48,080,174.700
Auditors	Grant Thornton (Al-Qatami, Al-Aiban & Partners) and Deloitte (Al-Wazzan & Co.)
Company website	https://www.markaz.com/

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