



Earnings Presentation

H1 2022

المركز
MARKAZ

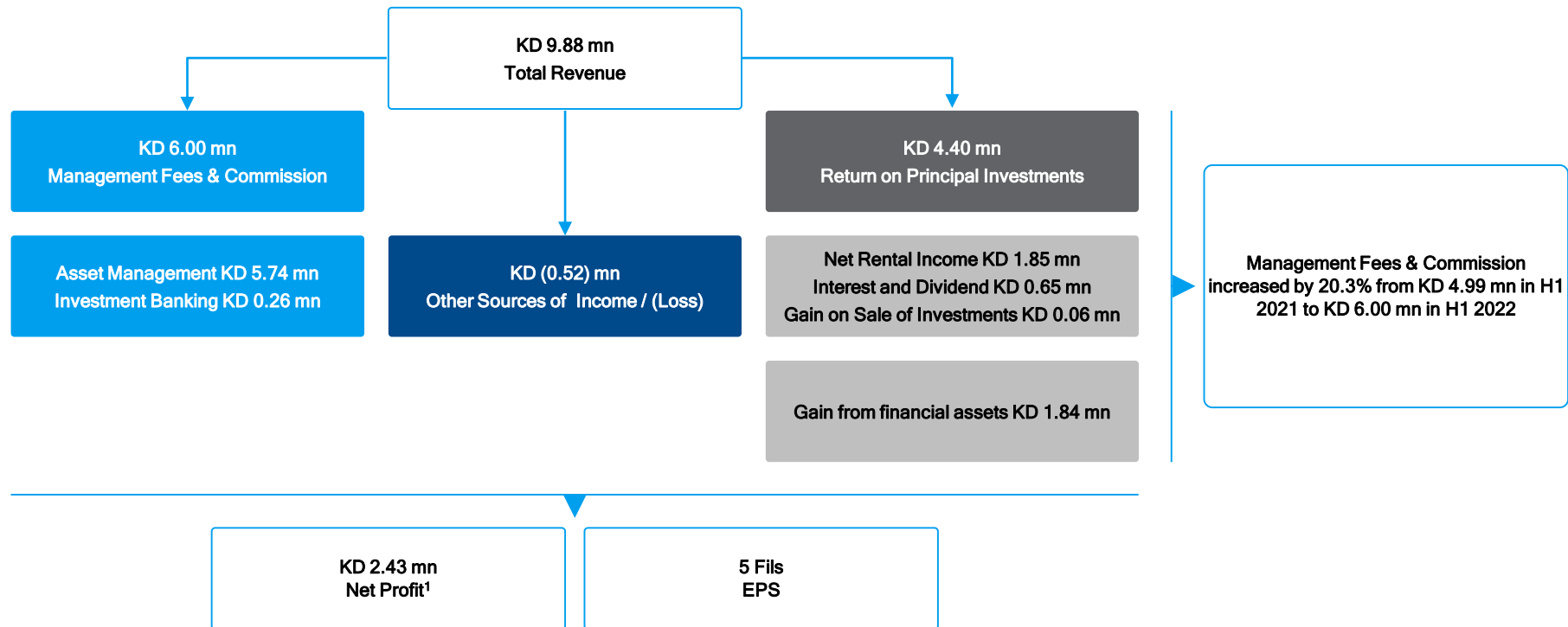
Discussion Agenda

H1 2022 Performance Highlights	3-4
Markaz Overview	5-7
Business Highlights	8-9
Financials Trend	10-11
Profit & Loss Key Metrics	12
Balance Sheet Key Metrics	13
Asset Management & Investment Banking	14
Asset Management Fees Returns	15
Return on Principal Investments	16
Capital Structure and Returns	17
Shareholders Information	18
Disclaimer	19

H1 2022 Performance Highlights

Markaz Assets Under Management of KD 1,161 million, an increase of 12.0% y-o-y

Profit and Loss Highlights



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

H1 2022 Performance Highlights

Markaz delivers a Net Profit attributable to Shareholders of KD 2.43 million for H1-2022

Kuwait, 11 Aug 2022 - Kuwait Financial Centre “Markaz” (KSE: Markaz, Reuters: MARKZ.KW, Bloomberg: MARKAZ:KK) reported its financial results for the first half of 2022 ended 30 June 2022 with Total Revenues of KD 9.88 million, as compared to KD 19.06 million in H1 2021, a decrease of 48%, primarily due to the negative trend of gulf and global equity markets during Q2-2022. Markaz delivered a Net Profit attributable to Shareholders of KD 2.43 million, as compared to KD 10.41 million in H1 2021, and Earnings Per Share of 5 Fils in H1 2022.

Mr. Diraar Yusuf Alghanim, Chairman stated: “In H1-2022, Markaz’s financial results were negatively impacted by the economic challenges due to the ongoing Russian-Ukrainian war, the rising inflation caused by the disruption in the international supply chain, and the rise in oil and gas prices, which contributed to a decline in investors’ confidence and a drop in global equities indices upon central banks raising interest rates. S&P 500 index fell by 22% and Barclays US Aggregate Bond Index by 10.35% in H1-2022. The Kuwaiti and GCC stock markets were affected by these factors; the S&P GCC index declined by 12.96% in Q2-2022. The decline was across sectors and indices.

In this evolving landscape and the markets’ recovery witnessed in July, Markaz remain committed to maintain its disciplined approach in asset and risk management. We continue to strengthen our product offerings, deepening customer segmentation to provide relevant products and services, enhancing customer experience, and improving overall asset management services.”

In terms of the Company’s results in H1-2022, Markaz registered Total Revenues excluding Gain from Investments at fair value of KD 8.05 million, up by 5.8% y-o-y. The growth was led by strong increase in Management Fees and Commission, which increased by 20.3% to KD 6.0 million compared to KD 4.99 million in H1-2021. Our Net Rental Income was KD 1.85 million, compared to KD 1.72 million in H1 2021, an increase of 7.3% y-o-y driven by gradual improvement in occupancy levels at our key real estate assets portfolios.

Markaz continues to maintain a strong liquidity position with quick ratio of 14.08% and Net Debt to Equity ratio of 0.40x. Our Asset Under Management stood at KD 1,161 million at the end of June 2022, an increase of 12.0% y-o-y.

Markaz was awarded “Best Investment Bank in Kuwait for 2022” from Global Finance, reflecting Markaz’s capabilities in fulfilling the clients’ needs 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 Boursa 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



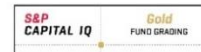
**MENA Real Estate Asset Manager
of the Year**

By: Global Investor Magazine



Sustainability

By: EMEA Finance



Kuwait Asset Manager
Markaz



Business Highlights

Total AUM of KD 1,161 million, an increased of 12.0% y-o-y



Asset Management

GCC Equity Funds, Fixed Income Fund, Others:

Total AUM of KD 852 million

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

GCC Equities AUM of KD 772 million

- The year to date returns were severely impacted in the second quarter due to global stagflation concerns and central bank rising interest rates scenarios
- Markaz Fund for Excellent Yields (MUMTAZ), Forsa Financial Fund, Markaz Investment & Development Fund (MIDAF), recorded returns YTD of 9.1%, 8.8% and 8.8% respectively. Markaz Islamic Fund (MIF), a Sharia compliant fund, also recorded strong returns YTD of 6.7%
- 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 309 million

MENA Real Estate - AUM of KD 240 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 72 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 69 million

- Markaz has committed to 7 new projects in the US with a capital commitment of USD 120 million across the multifamily, industrial, and senior-housing sectors
- Exited five projects during the first half of 2022, generating a weighted average IRR of 18.9%
- Supply-demand imbalances in logistics with an all-time low vacancy rate and strong rental growth in the Multifamily sector make these two asset classes most interesting

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 Q2 2022
- Investment banking team continues to closely work with our corporate clients and is building a strong deal pipeline for the coming quarters
- Advisory assignment including the acquisition of a distressed healthcare company, and sale of a well-established healthcare company
- Assisting partial exit of oil and gas company



Research

Mena focused Consulting, Market Advisory & Research Services:

- Provides bespoke consulting and advisory services to clients in GCC
- Publishes MENA focused research reports
- Operates through Marmore, a subsidiary of Markaz
- Established in 2010, with offices in India and Kuwait
- Reports published in 2022 include 'GCC Asset Management, GCC Logistics, Rising Popularity of Cloud Kitchens in UAE, 5 Digital Shifts in KSA Banking, Kuwait Real Estate Outlook.
- In H1 2022, Marmore published over 40 reports on its research web portal providing timely, comprehensive coverage on topics of interest in the GCC region

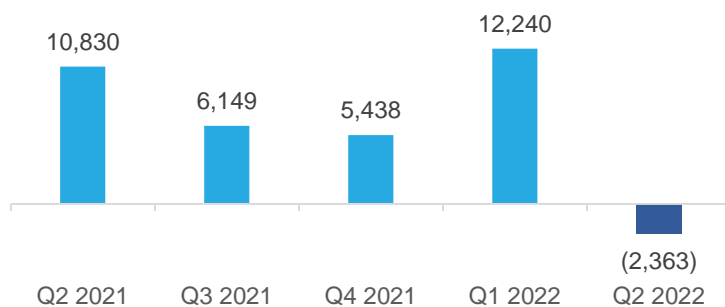
Research Themes: Capital Markets, Industry, Economic, Infrastructure, Technology, Banking, ESG

Financials Trend

H1 2022 Revenues growth on y-o-y basis

- Total Revenue growth was impacted primarily due to sharp correction in global equity markets amidst the challenging macroeconomic conditions
- Management Fees & Commissions have increase by 20% on y-o-y basis to KD 6.00 mn in H1 2022
- Income from Principal Investments down by 70% y-o-y basis primarily due to the Loss from Investments at Fair Value of KD 5.91 million in Q2 2022, bringing down half yearly Gain from Investments at Fair Value to KD 1.83 million as compared to KD 11.45 million in H1 2021
- Net rental income increased by 7% to KD 1.85 mn

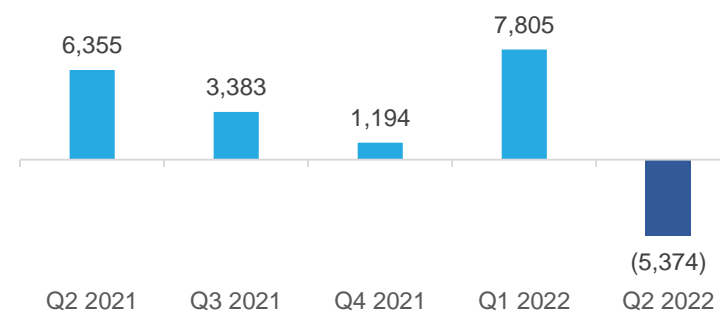
Total Revenue (KD 000's)



H1 2022 Net Profit (KD 000's)

- The net profit is impacted due to decline in revenues and negative fair value adjustment of financial assets
- Loss from Investments at Fair Value of KD 5.91 million recorded in Q2 2022 has impacted the revenues and profitability

Net Profit¹ (KD 000's)

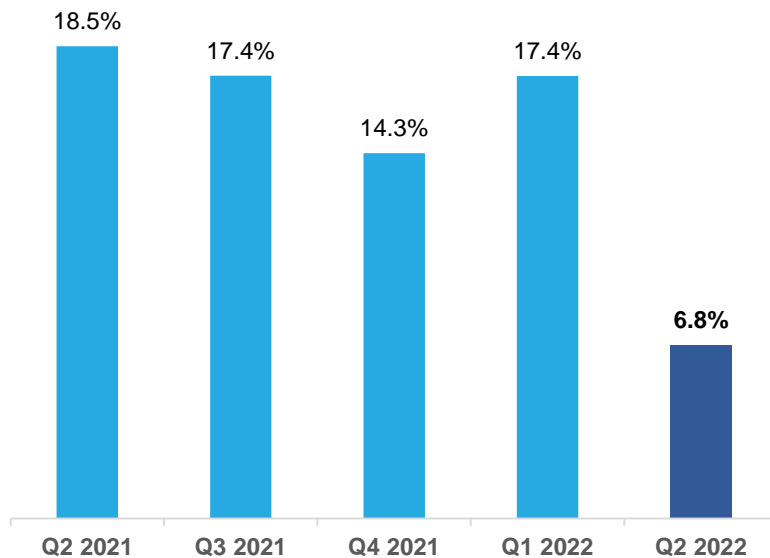


1. Net Profit attributable to the owners of the parent company

Financials Trend (Cont'd)

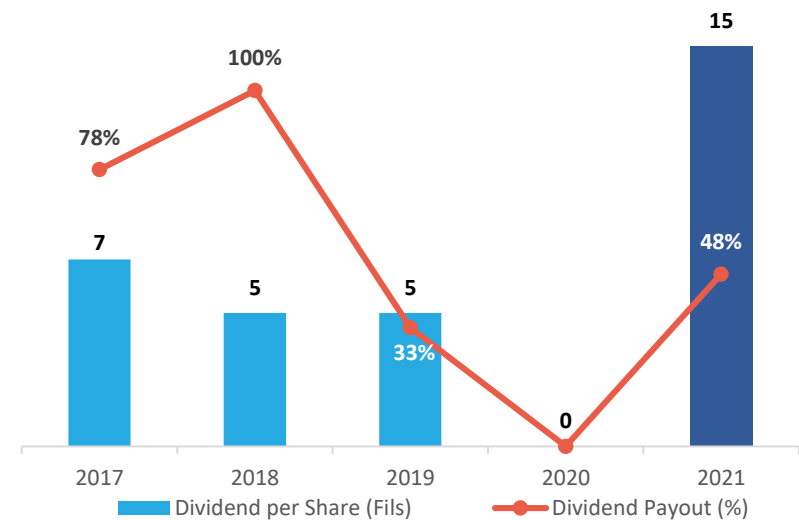
Return on Equity¹

- Return on Equity of 6.8 % in H1 2022 was primarily impacted due to Loss from Investments at Fair Value of KD 5.91 million recorded in Q2 2022



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

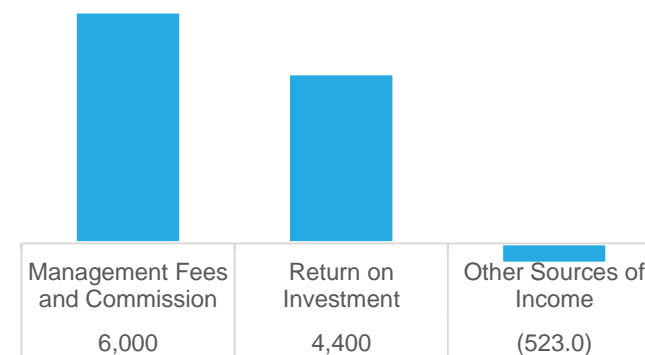


1. Return on Equity % = LTM Net Profit attributable to the owners of the parent company / shareholder's equity

Profit & Loss Key Metrics

(KWD 000's)	Period Ended		Y-o-Y Growth (%)
	H1 2022	H1 2021	
Management Fees and Commission	6,000	4,987	20%
Interest income	203	271	(25%)
Dividend income	452	752	(40%)
Gain from investments at fair value through P/L	1,837	11,444	(84%)
Share of results of associate and joint venture	(57)	30	(290%)
Gain on sale of investment properties	119	343	(65%)
Net rental income	1,846	1,721	7%
Other source of loss	(523)	(493)	6%
Total revenue	9,877	19,055	(48%)
Operational expenses	5,814	5,569	4%
EBIT	4,063	13,486	(70%)
Margin (%)	41%	70%	-
Impairment of investment properties	-	429	-
Finance costs	1,155	1,398	(17%)
Contribution to KFAS, NLST, Zakat	127	477	(73%)
Net profit	2,781	11,182	(75%)
Margin (%)	28%	59%	
Net profit attributable to the owners of the parent company	2,431	10,411	(77%)
Net profit attributable to non-controlling interests	350	771	(55%)
Earnings per share (Fils)	5	21	(76%)

H1-2022 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

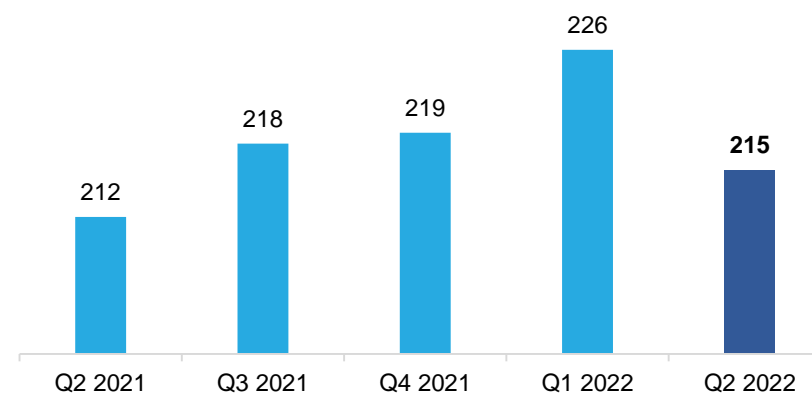
(KWD 000's)	June 2022	Dec 2021	June 2021
ASSETS			
Cash and bank balances	7,713	10,497	9,363
Time deposits	2,110	106	542
Investments at fair value through profit or loss	113,205	111,618	106,592
Investments at fair value through OCI	-	-	402
Investments carried at amortized cost	1,146	2,167	5,939
Assets held for sale	-	-	2,090
Investment properties	75,634	75,092	72,728
Accounts receivable and other assets	6,643	6,753	5,914
Loans to customers	760	625	480
Investments in associate and joint venture	2,434	2,875	3,426
Right of use assets	1,132	1,104	192
Equipment	608	729	815
Total Assets	211,385	211,566	208,483
LIABILITIES and EQUITY			
Liabilities			
Due to banks	-	457	969
Financial liabilities at fair value through profit or loss	-	-	12
Accounts payable and other liabilities	14,207	15,077	13,039
Bank borrowings	28,767	25,280	15,047
Bonds issued	35,000	35,000	44,350
Total Liabilities	77,974	75,814	73,417
EQUITY			
Equity attributable to the owners of the Parent Company	103,015	104,523	101,144
Non-controlling interests	30,396	31,229	33,922
Total Equity	133,411	135,752	135,066
Total Liabilities and Equity	211,385	211,566	208,483

Asset Under Management

H1 2022 AUM
KD 1,161 million

H1 2021 AUM
KD 1,037 million

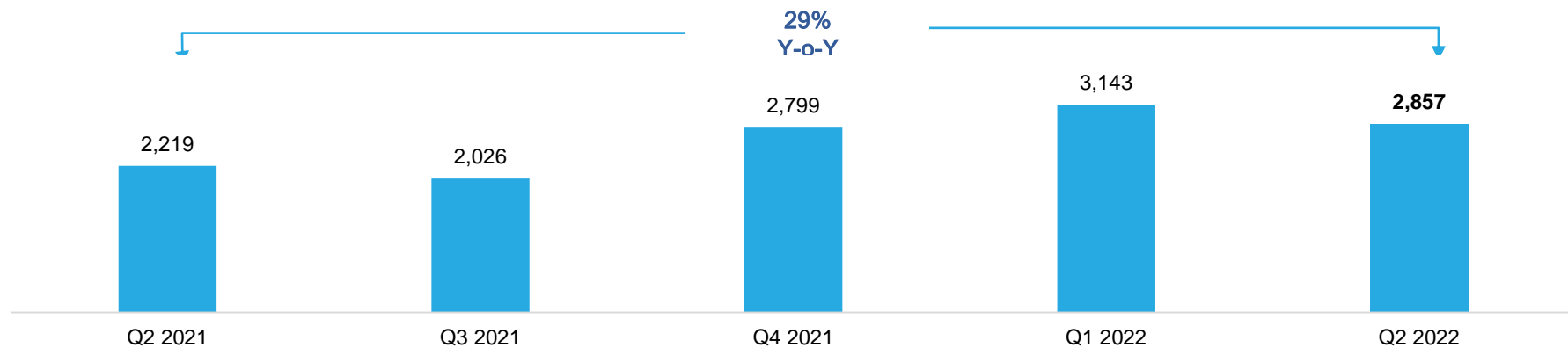
Book Value per Share (Fils)



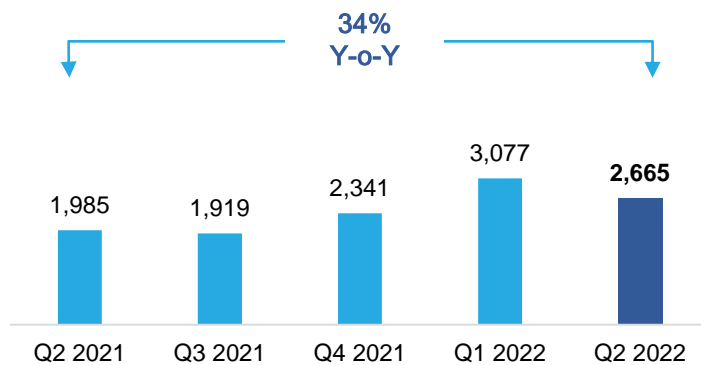
- Book value per share decrease due to the losses which the company incurred from investments at fair value during the second quarter of 2022.

Asset Management & Investment Banking

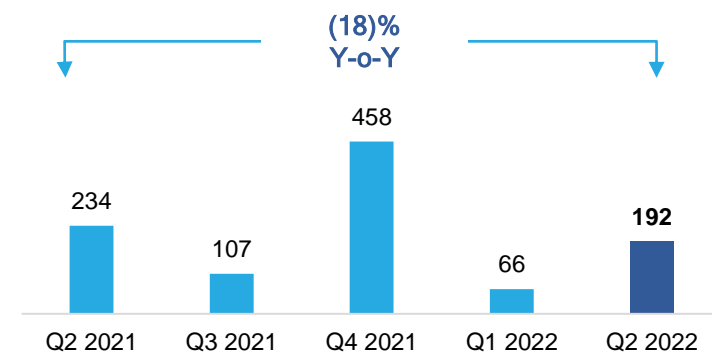
Management Fees & Commission (KD 000's)



Asset Management Fees¹ (KD 000's)

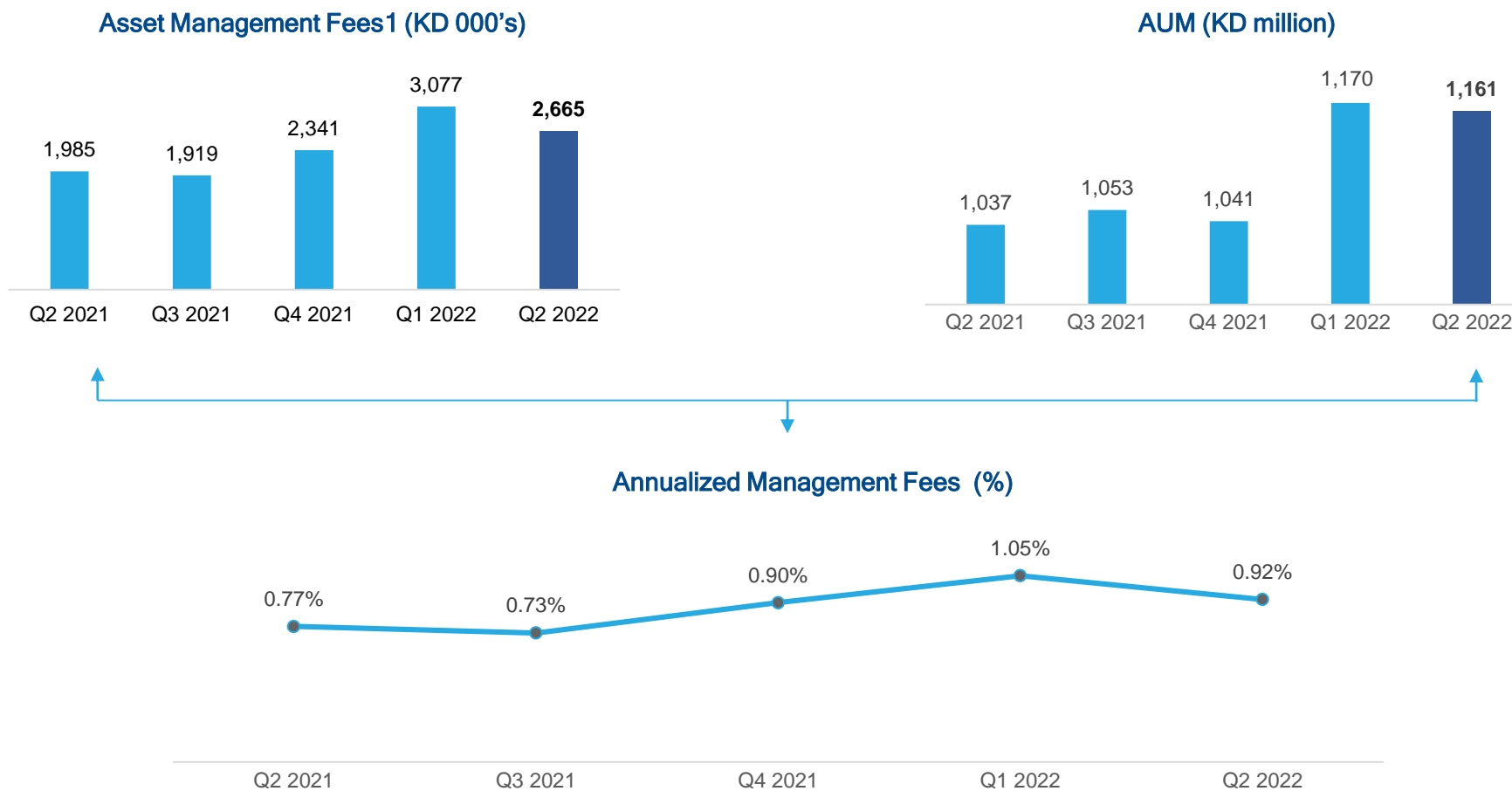


Investment Banking Fees (KD 000's)



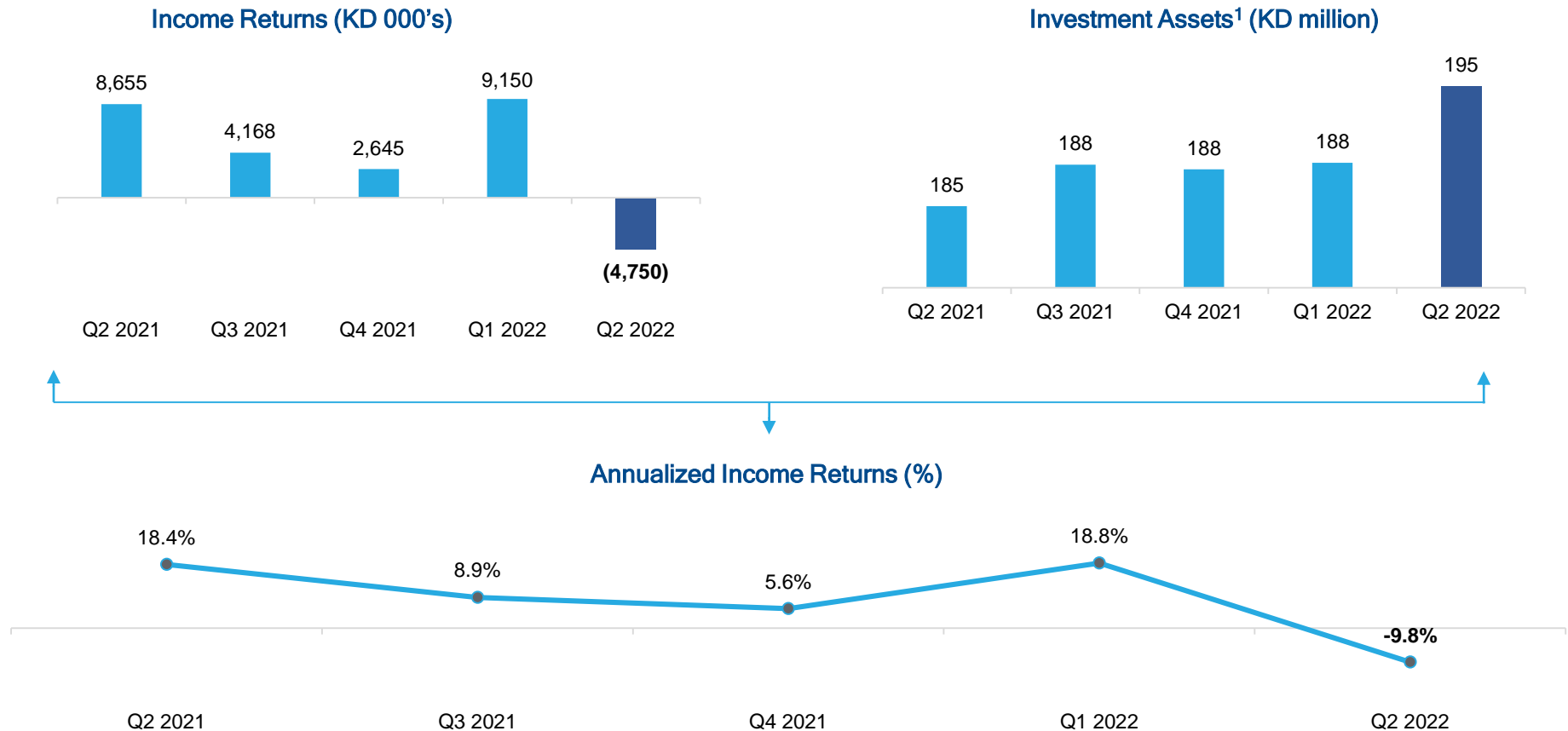
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Asset Management Fees Returns



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

Return on Principal Investments



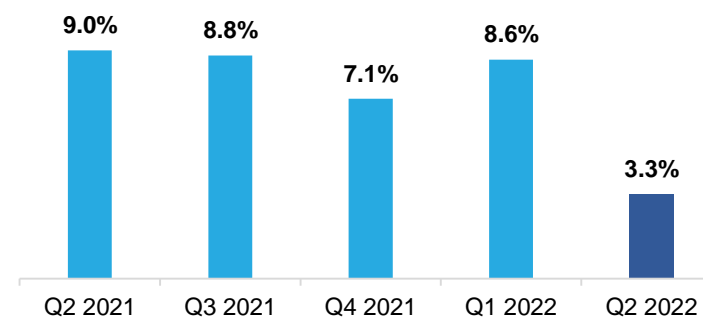
1. Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JV + Investment Properties + Loans to Customers

Capital Structure and Returns

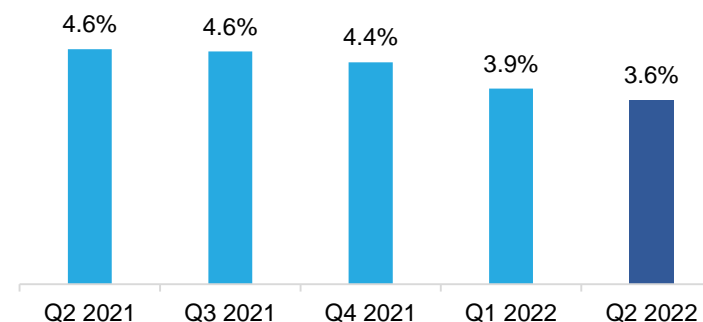
Markaz Net Debt to Total Equity stable at 0.40x

(KD 000's)	June 2022	Dec 2021	June 2021
Bank borrowings	28,767	25,280	15,047
Due to Banks	-	457	969
Bonds Issued	35,000	35,000	44,350
Total Debt	63,767	60,737	60,366
Cash and Bank Balance	7,713	10,497	9,363
Time Deposits	2,110	106	542
Total Cash including Time Deposits	9,823	10,603	9,905
Net Debt	53,944	50,134	50,461
Shareholders Equity	103,015	104,523	101,144
Total Equity	133,411	135,752	135,066
Net Debt / Total Equity	0.40x	0.37x	0.37x

Return on Assets¹ (%)



Annualized Interest / Total Debt (%)



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

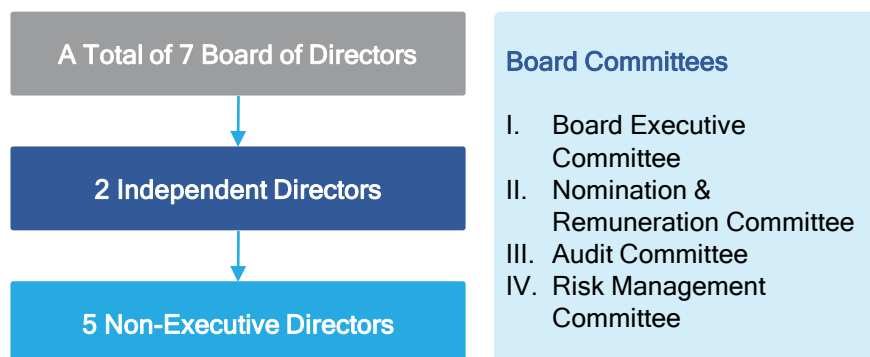
Shareholders Information

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	5.23%
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	502,081,924 shares
Authorized share capital	KWD 60,000,000
Issued share capital	KWD 50,484,183.4
Auditors	Grant Thornton (Al-Qatami, Al-Aiban & Partners) and Deloitte (Al-Wazzan & Co.)
Company website	https://www.markaz.com/

Disclaimer

This document has been prepared by Churchgate Partners for Kuwait Financial Centre K.P.S.C. (“Markaz”) investors, solely for informational purposes. This presentation may contain statements that are not historical facts, referred to as “forward looking statements” .The information contained herein has been prepared to assist prospective investors in making their own evaluation of the Company and does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire. While the information presented in this document has been researched and thought to be reasonable, in general, the actual future results may differ materially from those suggested in the forward looking statements.

No representations are made as to the accuracy of such statements, estimates or projections. Prospective investors will be expected to have conducted their own due diligence investigation or consult with a Professional Advisor regarding these and all other matters pertinent to investment in the Company. By reading and reviewing the information contained in this document, the investor acknowledges and agrees that Markaz and/or its affiliates do not assume and hereby disclaim any liability to any party for any loss or damage caused by the use of the information contained herein or errors or omissions in the information contained in this document to make any investment decision in the venture referred to herein, whether such errors or omissions result from negligence, accident or any other cause. In no event shall Markaz and/or its affiliates be liable to any party for direct, indirect, special, incidental, or consequential damages of any kind whatsoever arising out of the use of the information contained herein. Markaz and/or its affiliates specifically disclaim any guarantees, including, but not limited to, stated or implied potential profits or rates of return or investment timelines.

This document (the “Presentation”) is the lawful property of Kuwait Financial Centre K.P.S.C (“Markaz”), which is regulated by the Capital Markets Authority and the Central Bank of Kuwait. This document and its contents are confidential and may not be distributed, reproduced or copied in whole or in part, nor may any of its contents be disclosed without the prior written and express permission of Markaz.

Investor Relations Contact



Deena Yousef Al-Refai

SVP - Investor Relations, Wealth Management and Business Development

+965 2224 8000 (Ext. 2503)

drefai@markaz.com



Ravi Gothwal

Churchgate Partners

+971 4313 2432

markaz@churchgatepartners.com



Thank you.



+965 2224 8000 | info@markaz.com

markaz.com