



Earnings Presentation

2022

المركز
MARKAZ

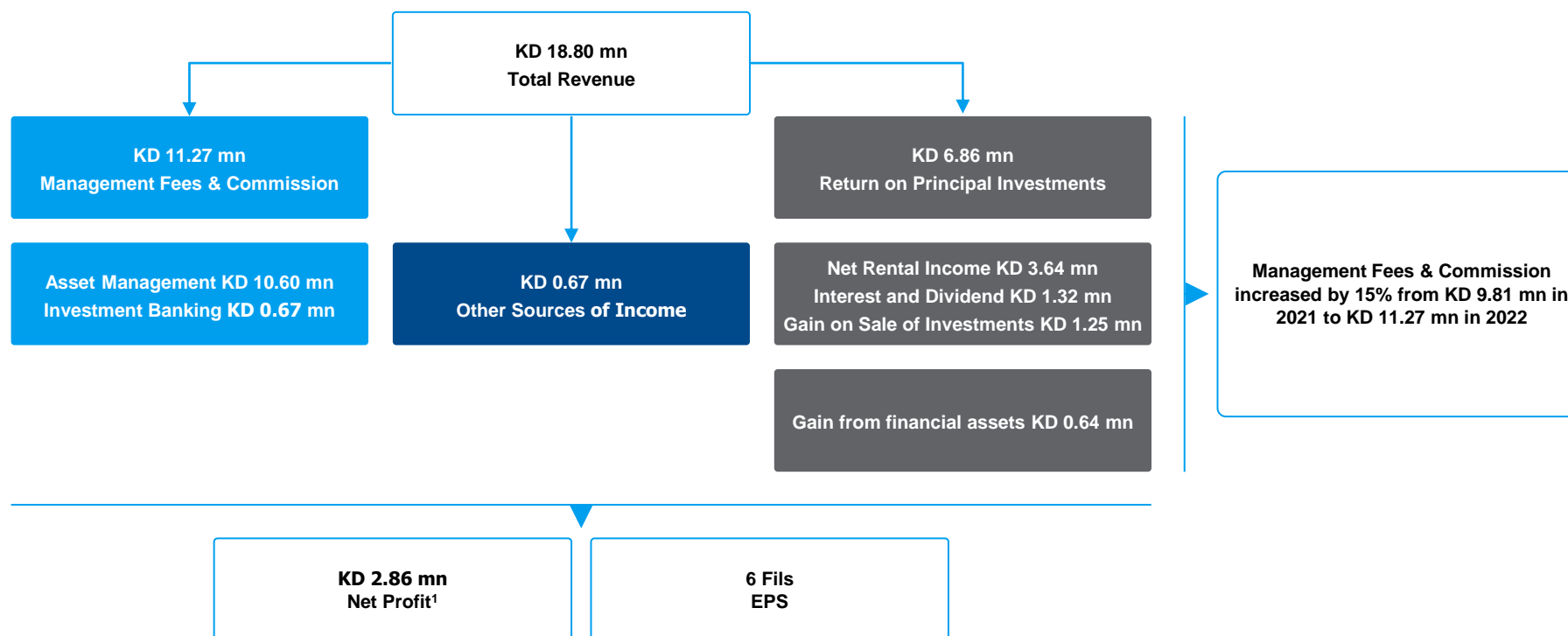
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2022 Performance Highlights

Markaz Assets Under Management of KD 1,154 million, an increase of 11% from Dec 2021

Profit and Loss Highlights



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

2022 Performance Highlights

Markaz ended 2022 with Net Profit attributable to shareholders of KD 2.86 million

Management Fees and Commission up by 21% y-o-y

AUM increased to KD 1,154 million, up by 11% from December 2021

Kuwait Financial Centre “Markaz” (KSE: Markaz, Reuters: MARKZ.KW, Bloomberg: MARKAZ:KK) reported its financial results for 2022 with Total Revenues of KD 18.8 million, as compared to KD 30.64 million in 2021. Markaz delivered a Net Profit attributable to shareholders of KD 2.86 million, as compared to KD 14.99 million in 2021, and Earnings Per Share of 6 Fils for the year ended 31 December 2022.

Mr. Diraar Yusuf Alghanim, Chairman stated: “The year 2022 witnessed major events and various challenges that impacted the global markets. These include the Russian war on Ukraine, the tightening of monetary policies by central banks through raising interest rates to curb inflation levels due to the increasing energy prices, in addition to China’s aggressive measures to counter the spread of the Covid-19 pandemic. As a result, these challenges took a toll on the recovery achieved by the global markets in 2021, as most global indices declined.

Although the setbacks seen in the equity markets in general and the global markets in specific, impacted the Company’s overall activities, Markaz managed to minimize the impact on the Company’s overall activity and overcome the ramifications, recording Total Revenues (Excluding Gain from Investments at Fair Value) of KD 18.07 million, up by 19.4% y-o-y. The growth was led by a strong performance with Management Fees and Commission increasing by 14.8% to KD 11.3 million compared to KD 9.8 million in 2021, generating record-high management fees. Kuwait’s real estate market has recovered from the lows caused by the pandemic, supported by rising oil prices and waving COVID restrictions during 2022, which boosted rental and occupancy rates. Our net rental Income was KD 3.64 million, compared to KD 3.48 million in 2021, an increase of 4.7% y-o-y. This was driven by the gradual improvement of rental occupancy levels across our real estate portfolios. Markaz’s Assets under Management (AUM) also grew 10.8% to KD 1.15 billion as of December 31, 2022.

Markaz launched new products and services during the year, including Market Making, new international real estate projects, and made improvements to our existing offerings. Our investment banking department continued to execute mandates successfully, and our Wealth Management and Business Development team enhanced its services by adding private equities and private debt to the platform. In addition, Markaz has not only strengthened its ability to withstand unfavorable and unstable market conditions, but also established a solid foundation for generating value and maintaining long-term growth.”

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

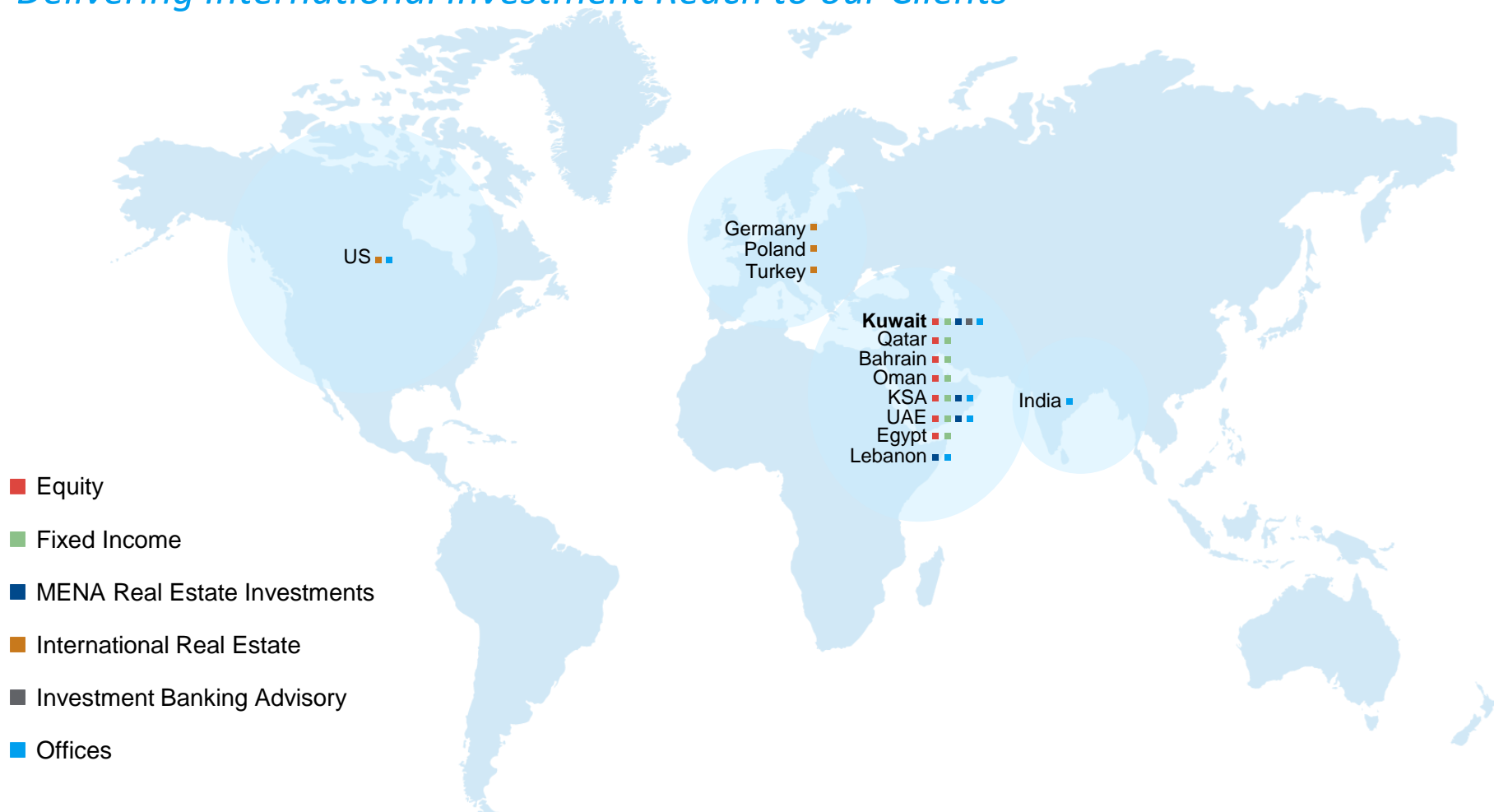
A team of 150+ employees spread over offices across Middle East, US and India

- 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 arm - 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

 <p>Best Investment Bank in Kuwait</p> <p>By: Global Finance</p>	 <p>Best Asset Manager / Best Investment Bank in Kuwait</p> <p>By: EMEA Finance</p>	 <p>Best Private Bank in Kuwait</p> <p>By: WealthBriefing</p>	 <p>Kuwait Wealth Manager of the Year</p> <p>By: Global Investor</p>
 <p>2022 Market Leader "Investment Banking"</p> <p>By: Euromoney</p>	 <p>2022 Market Leader "Highly Regarded in Digital Solutions"</p> <p>By: Euromoney</p>	 <p>2022 Market Leader "Highly Regarded in CSR"</p> <p>By: Euromoney</p>	 <p>2022 Market Leader "Notable in Diversity & Inclusion"</p> <p>By: Euromoney</p>



Business Highlights

Total AUM of KD 1,154 billion, an increase of 11 % from Dec 2021



Asset Management

GCC Equity Funds, Fixed Income Fund, Others:

Total AUM of KD 732 million

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

GCC Equities AUM of KD 688 million

- Markaz Investment & Development Fund (MIDAF), Forsa Financial Fund , Markaz Fund for Excellent Yields (MUMTAZ) recorded yearly returns of 5.9%, 7.5% and 6.4% respectively. Markaz Islamic Fund (MIF), a Sharia compliant fund, also recorded strong returns of 1.6%
- 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 371 million

MENA Real Estate – AUM of KD 295 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's 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 76 million

- Markaz has successfully exited from six projects during the year, generating strong returns
- 16 development projects across the US and Europe with a total capital commitment of USD 240 million
- Assessing several projects across the US and Europe with a focus on the industrial and residential sectors

Note: The difference between total AUM and sum of individual departmental AUM is due to exclusion of certain Group's proprietary assets

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 M&A activity recovered during the year
- Markaz acted as the sole lead manager and subscription agent to National Industries Group Holding for their KD 104.95 million rights issue.
- Markaz successfully managed National Industries Group Holding's KD 40.0 million bond issuance.
- Markaz acted as an exclusive advisor to manage an auction of a local aluminum manufacturing plant in addition to conducting a valuation.
- Investment Banking team continues to closely work with our corporate clients and is building a strong deal pipeline for the coming quarters



Research

Mena focused Research, Consulting Services:

- Publishes MENA focused research reports and bespoke consulting services for over a decade
- Operates through Marmore, the research arm of Markaz
- Established in 2010, with office in India
- Reports published in 2022 include 'Trends in Wealth Management', 'GCC Asset Management', 'Buy Now, Pay Later – A Digital Evolution in the making', 'Financial Analysis of Saudi Arabian Oil Company (Saudi Aramco)', 'GCC Logistics Sector'.
- In 2022, Marmore published over 51 reports on its research web portal providing timely, comprehensive coverage on topics of interest in the GCC region

Research Themes: Capital Markets, Technology, Wealth Management

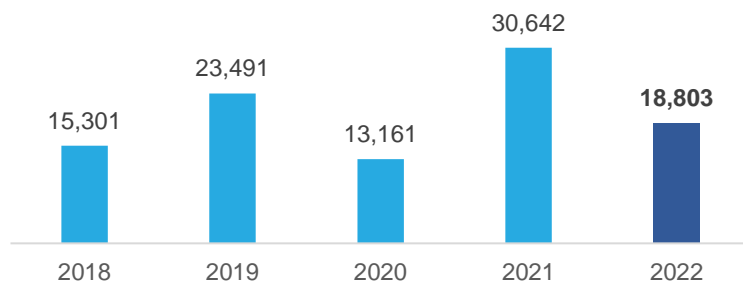
Consulting Focus: Strategy, Economic Studies, Banking, Industry Intelligence

Financials Trend

2022 Revenues growth on y-o-y basis

- Total Revenue decreased of 38.4% was primarily because the reduction of 95.3% in the gain from financial assets fair value comparing to 2021, although the increase in Asset Management Fees and Rental Income by 12.2%
- Management Fees & Commissions increased by 14.8% on y-o-y basis
- Income from Principal Investments decreased on y-o-y basis primarily due to the reduction of gain arising from financial assets at fair value through P&L of KD 0.73 mn as compared to gain of 15.50 mn in 2021
- Net rental income increased by 4.7% to KD 3.64 mn

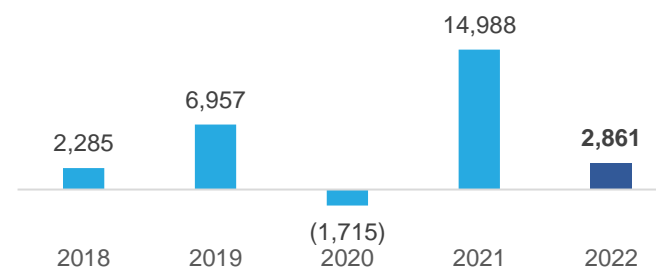
Total Revenue (KD 000's)



2022 Net Profit (KD 000's)

- The net profit decreased due to decreased in revenues Income as a result of the decrease in income from Principal Investments.
- 2022 profitability is driven by increase in asset managements fees, rental income and other income.

Net Profit¹ (KD 000's)

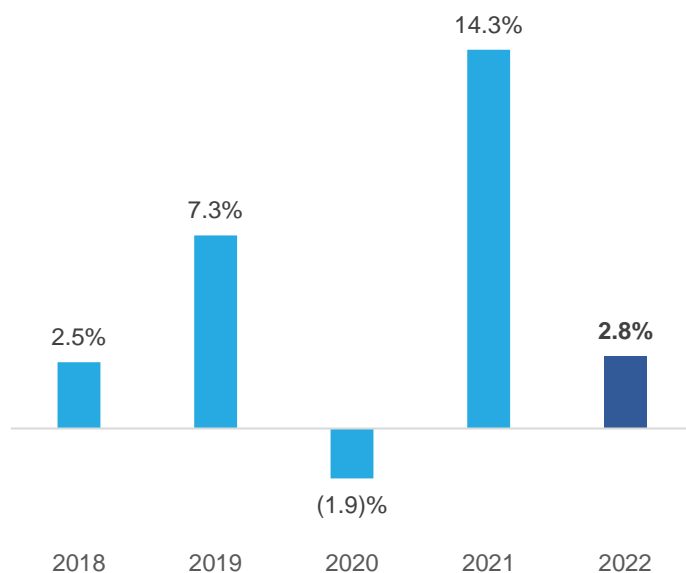


1. Net Profit attributable to the owners of the parent company

Financials Trend (Cont'd)

Return on Equity¹

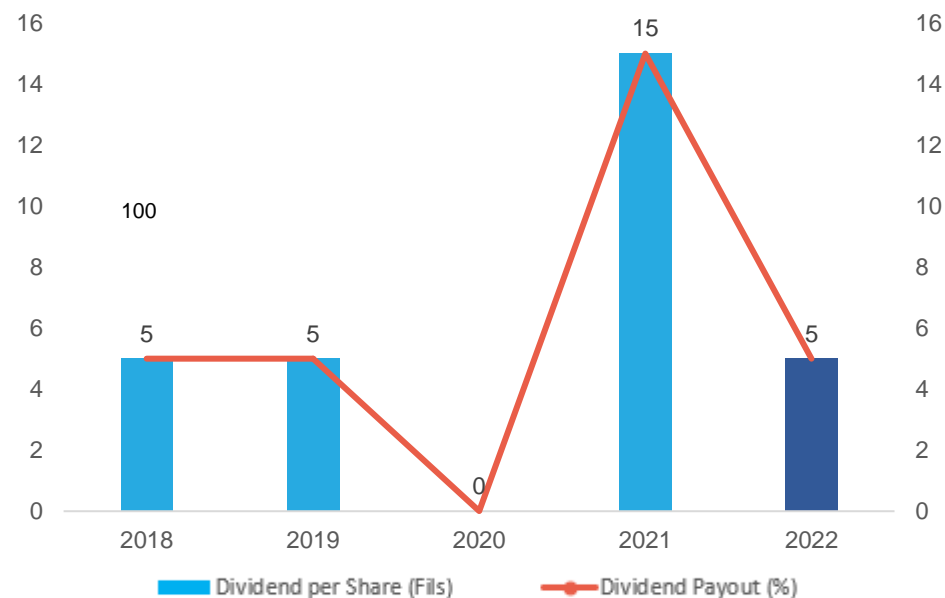
- Return on Equity of 2.8% in 2022 was primarily due to the increase in asset managements fees, rental income and other income.



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

Dividend Per Share and Payout

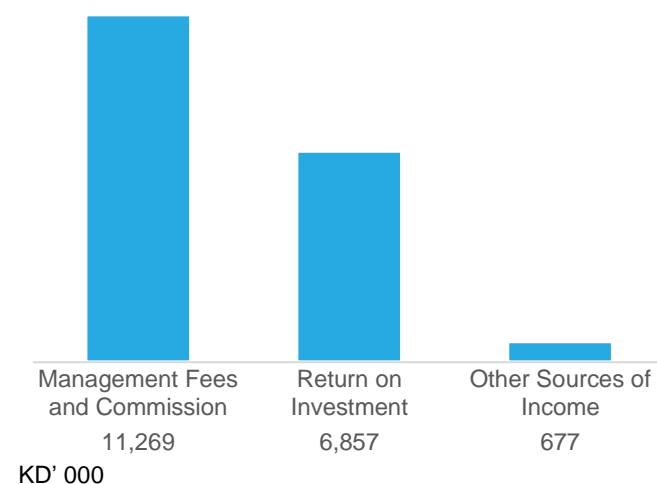
- Board of Directors proposed a cash dividend of 5 Fils per share a payout of 87.7% on the EPS
- In 2022, the AGM had decided a cash dividend of 10 Fils per share and 5% bonus shares.



Profit & Loss Key Metrics

(KWD 000's)	Period Ended		Y-o-Y Growth (%)
	2022	2021	
Management Fees and Commission	11,269	9,812	14%
Interest income	461	477	(3%)
Dividend income	861	1,216	(29%)
Gain from financial assets at fair value through P/L	727	15,497	(95%)
Gain from financial liabilities at fair value through P/L	9	4	125%
Gain from Investments at Fair Value through OCI	6	218	(97%)
Share of results of associates and joint ventures	(105)	11	(1055%)
Gain on sale of investment properties	1,254	334	275%
Net rental income	3,644	3,479	5%
Other sources of income	1,098	224	390%
Total revenue	18,803	30,642	(39%)
Operational expenses	13,962	13,032	7%
EBIT	7,215	18,543	(61%)
Margin (%)	38%	61%	
Finance costs	2,816	2,655	6%
Reversal of impairment of investment properties	(442)	(1,722)	(74%)
Provision for Directors' Remuneration	-	175	N/A
Contribution to KFAS, NLST, Zakat	165	706	(77%)
Net profit	4,676	16,729	(72%)
Margin (%)	25%	55%	
Net profit attributable to the owners of the parent company	2,861	14,988	(81%)
Net profit attributable to Non-Controlling Interests	1,815	1,741	4%
Earnings per share (Fils)	6	31	(81%)

2022 Revenue Analysis

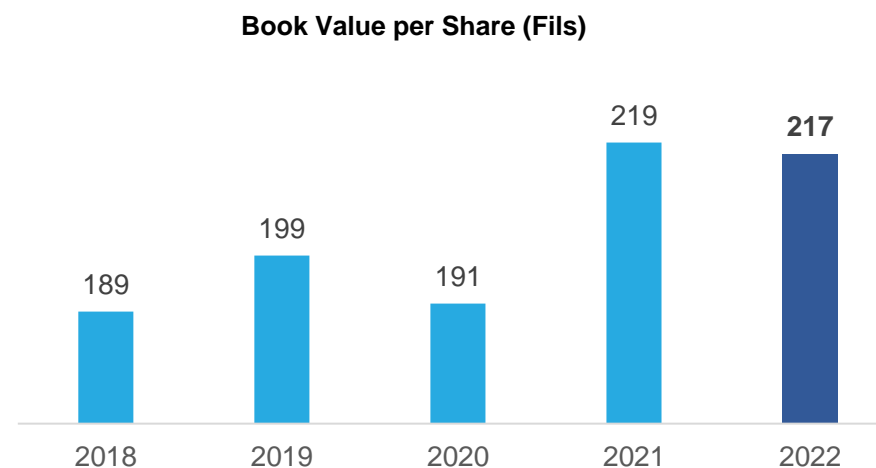


Notes:

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

Balance Sheet Key Metrics

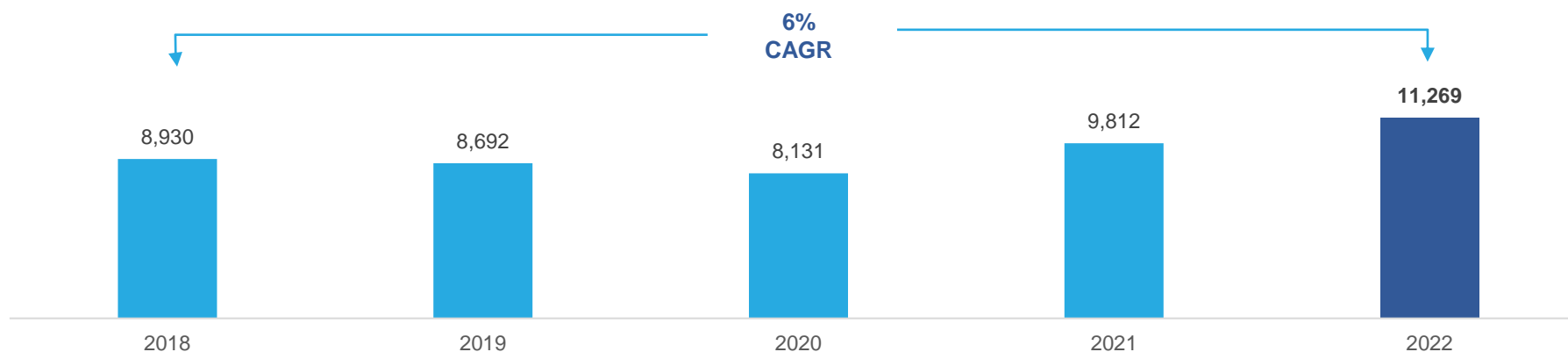
(KWD 000's)	Dec 2022	Sep 2022	Dec 2021
ASSETS			
Cash and bank balances	15,112	9,845	10,497
Time deposits	2,104	2,131	106
Investments at fair value through profit or loss	105,069	118,753	111,618
Investments carried at amortized cost	1,976	1,804	2,167
Investment properties	72,631	73,902	75,092
Accounts receivable and other assets	6,136	7,041	6,753
Loans to customers	2,709	768	625
Investment in associates and joint ventures	4,148	1,883	2,875
Right of use assets	994	1,063	1,104
Equipment	587	558	729
Total Assets	211,466	217,748	211,556
LIABILITIES and EQUITY			
Liabilities			
Due to banks	-	-	457
Accounts payable and other liabilities	14,178	13,778	15,077
Bank borrowings	29,015	36,801	25,280
Bonds issued	35,000	35,000	35,000
Total Liabilities	78,193	85,579	75,814
EQUITY			
Equity attributable to the owners of the Parent Company	103,593	101,663	104,523
Non-controlling interests	29,680	30,506	31,229
Total Equity	133,273	132,169	135,752
Total Liabilities and Equity	211,466	217,748	211,566



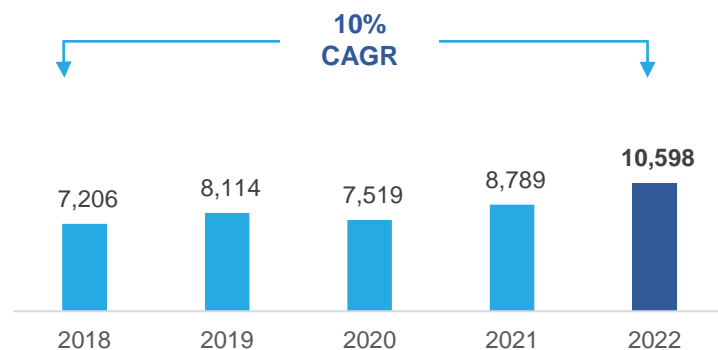
- Book value decreased due to the net increase in the weighted average number of shares. The Net profit for the year was KD 2.86 million supporting the BVPS for Markaz at the end of 2022.

Asset Management & Investment Banking

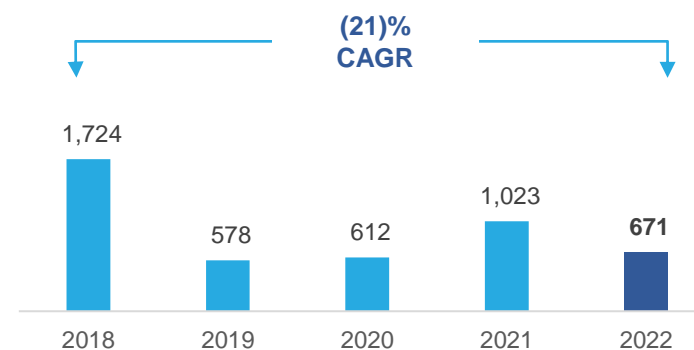
Management Fees & Commission (KD 000's)



Asset Management Fees¹ (KD 000's)

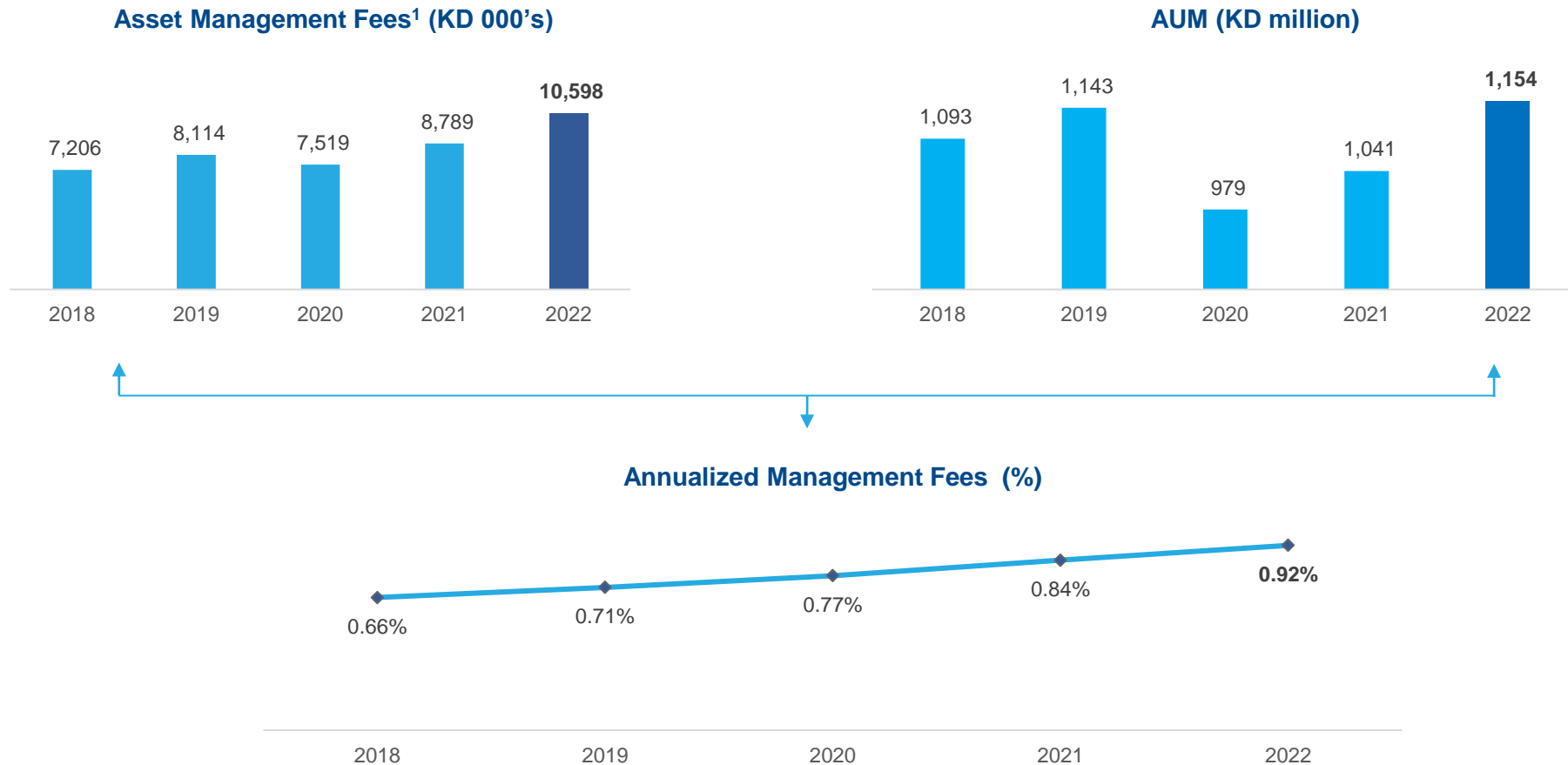


Investment Banking Fees (KD 000's)



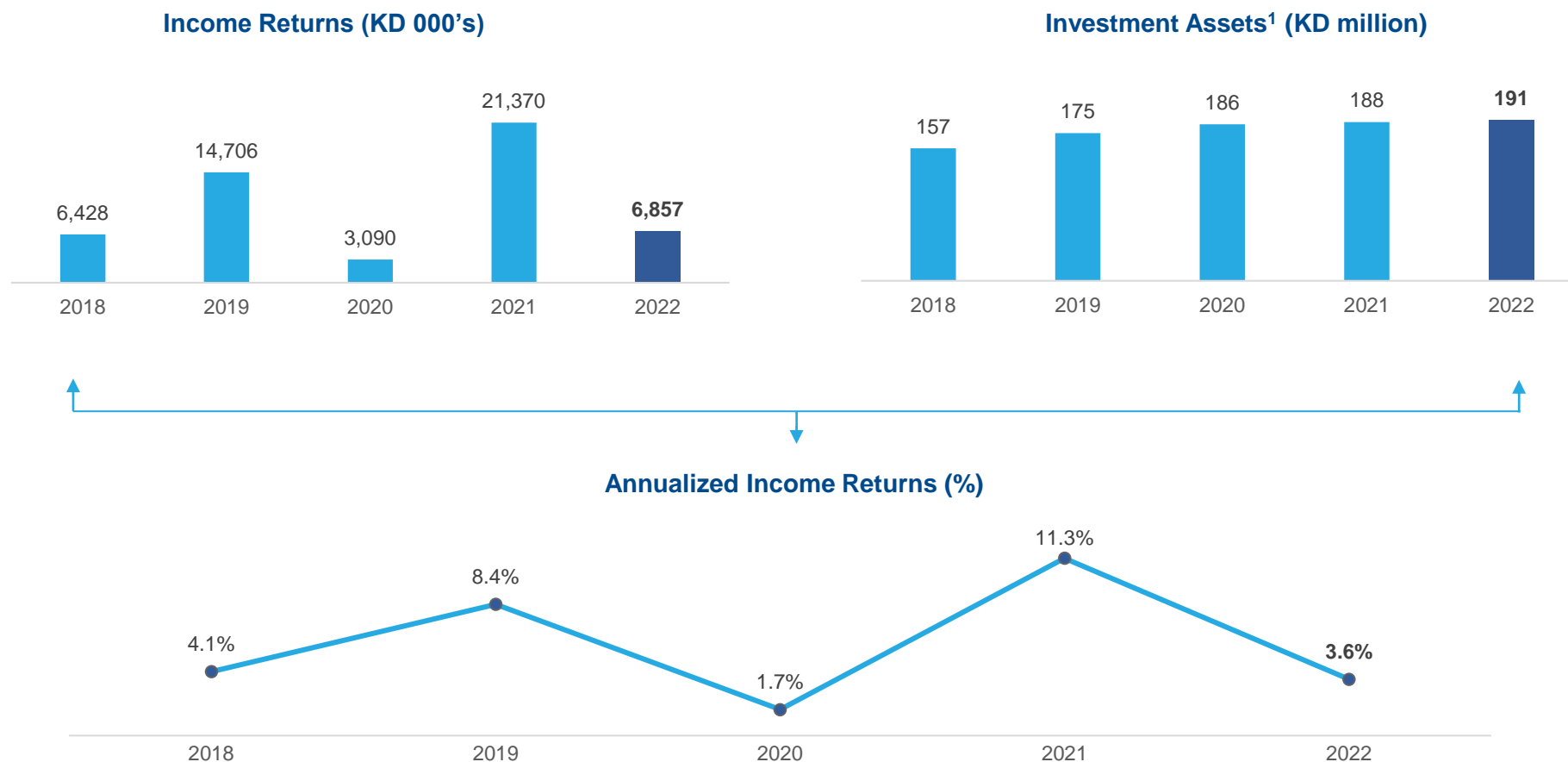
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Asset Management Fees Returns



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

Return on Principal Investments



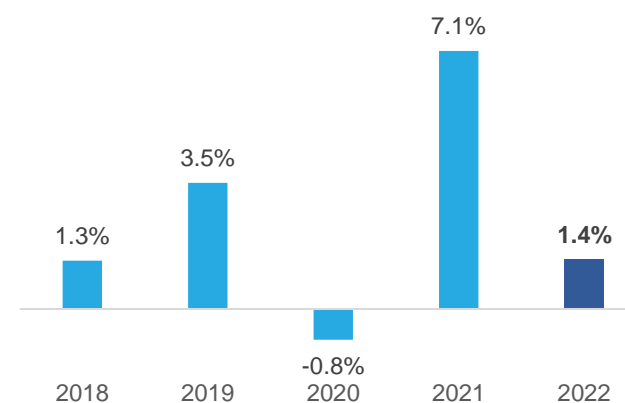
1. Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JVs + Investment Properties + Loans to Customers

Capital Structure and Returns

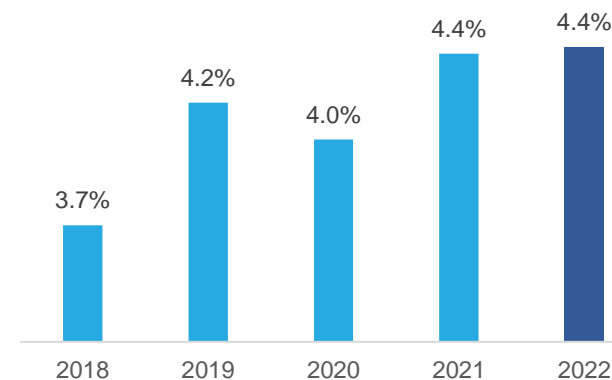
Markaz Net Debt to Total Equity reduced to 0.35x

(KD 000's)	Dec 2022	Sep 2022	Dec 2021
Bank borrowings	29,015	36,801	25,280
Due to Banks	-	-	457
Bonds Issued	35,000	35,000	35,000
Total Debt	64,015	71,801	60,737
Cash and Bank Balance	15,112	9,845	10,497
Time Deposits	2,104	2,131	106
Total Cash including Time Deposits	17,216	11,976	10,603
Net Debt	46,799	59,825	50,134
Shareholders Equity	103,593	101,663	104,523
Total Equity	133,273	132,169	135,752
Net Debt / Total Equity	0.35x	0.45x	0.37x

Return on Assets¹ (%)



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%
Al Mubader Co	Direct	5.13%

Corporate Information

Market Segment Listing	Main Market – Boursa Kuwait (Sec Code: 213)
2022 Proposed Dividends	Cash Dividend – 5 Fils Per Share
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/

Effective Governance Structure



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