



Earnings Presentation

Q3 2022

المركز
MARKAZ

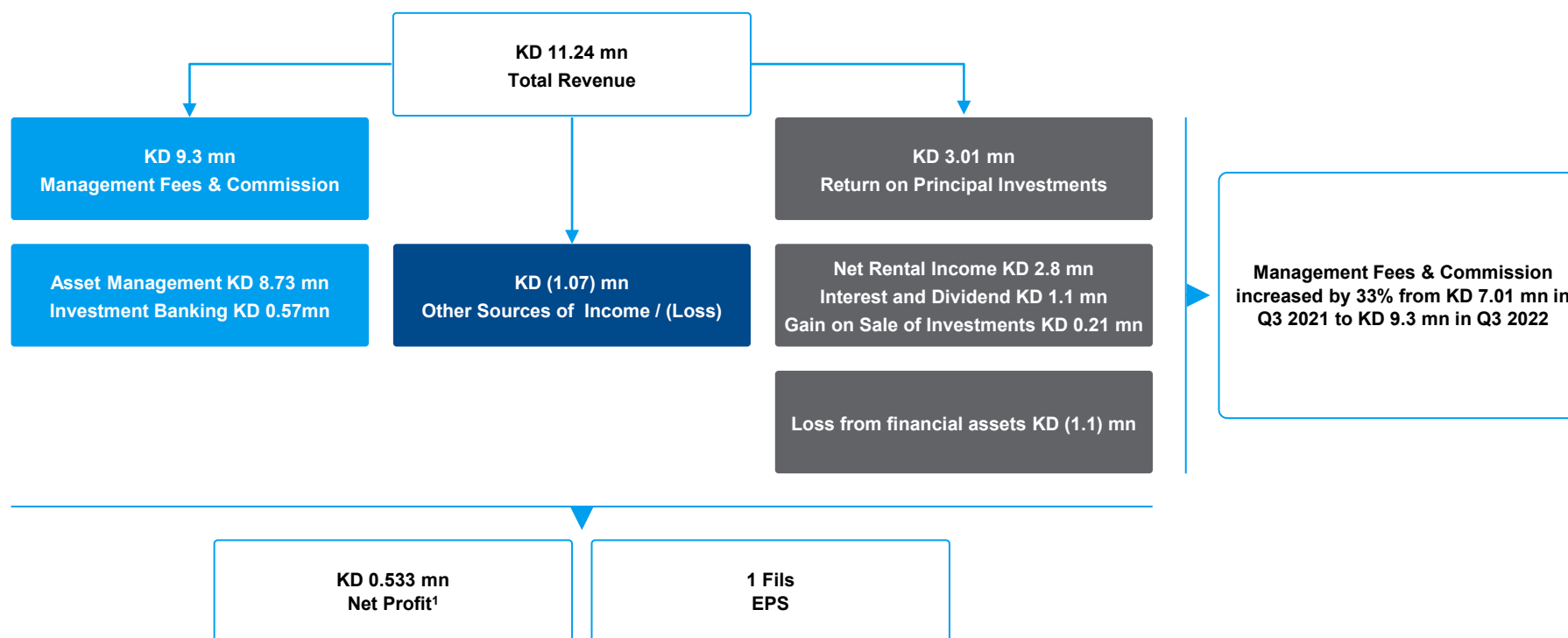
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Q3 2022 YTD Performance Highlights

Markaz Assets Under Management of KD 1,142 million, an increased of 8.45% y-o-y

Profit and Loss Highlights



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

Q3 2022 Performance Highlights

Markaz delivers a Net Profit attributable to Shareholders of KD 0.533 mn for Q3-2022

Kuwait Financial Centre “Markaz” (KSE: Markaz, Reuters: MARKZ.KW, Bloomberg: MARKAZ:KK) reported its financial results for the nine months ended 30 September 2022 with Total Revenues of KD 11.24 million, as compared to KD 25.20 million in 9M 2021. This decline was primarily attributed to the severe decline of global equity markets due to inflation, rising interest rates, and ongoing geopolitical instability. These factors have increased the chances of a recession and an uncertain business outlook. Markaz delivered a Net Profit attributable to Shareholders of KD 0.53 million, compared to KD 13.79 million in 9M 2021.

Mr. Diraar Yusuf Alghanim, the Chairman commented: “The world economy continues to face significant pressure impacted by the ongoing war in Ukraine. Many countries are also still dealing with the lingering impact of Covid 19 and government policies in response to its containment. Central banks have gradually increased interest rates to control inflation, which has severe implications for business investments and consumer spending. Combined, these factors have led to global GDP weakness and declining output in G20 economies. The global equity markets have fallen, with the S&P 500 index dropping by 24.8% and the MSCI World Index by 26.4%. The GCC stock markets demonstrated resilience, with the S&P GCC index declining by 0.9% and Kuwait All Share Price index increasing by 0.9%. We believe that the outlook for global capital markets, real estate, and business fundamentals will be challenged in the near term as central banks continue tightening liquidity.

In terms of the Company’s results for 9M 2022, Markaz delivered Total Revenues (Excluding loss from Investments at Fair Value) of KD 12.18 million, up by 12.5% y-o-y. The growth was driven by a solid performance, with Management Fees and Commissions increasing by 32.7% to KD 9.3 million compared to KD 7.01 million in 9M 2021. Our real estate investment process remains stringent, focusing on fundamentals and developing projects with inherent competitive advantages. In addition, we have executed a number of investment banking mandates including equity issuances, bond issuances, and advisory services. We have expanded our market making activity, and currently cover 8 companies in the Kuwaiti market. Furthermore, our real estate and equity funds outperformed the benchmarks.

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 1,142 million, an increased of 8.45% y-o-y



Asset Management

GCC Equity Funds, Fixed Income Fund, Others:

Total AUM of KD 830 million

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

GCC Equities AUM of KD 767 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 YTD of 5.0%, 4.0% and 4.2% respectively. Markaz Islamic Fund (MIF), a Sharia compliant fund, also recorded returns YTD of 1.6%
- Markaz continues to offer its clients access to the GCC fixed income market through the Markaz Fixed Income Fund (Private Placement)



Real Estate Investments

Middle East and North Africa, International:

Total AUM of KD 312 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 73 million across 18 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 72 million

- Markaz has successfully exited from six projects in 9M 2022, generating strong returns
- 14 development projects across the US and Europe with a total project cost of c. USD 600 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 Q3 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
- 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

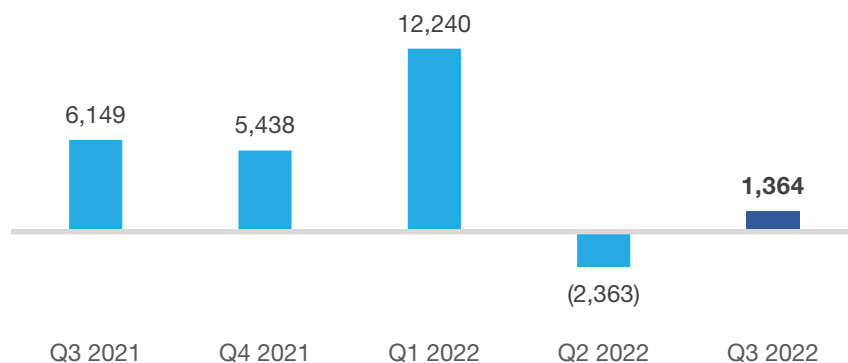
Q3 2022 Revenues growth on y-o-y basis

- Total Revenue decrease primarily driven by negative performance across equity markets
- Management Fees & Commissions have increase by 33% on y-o-y basis
- Income from Principal Investments decrease on y-o-y basis primarily due to loss arising from financial assets at fair value through P&L of KD (0.95) mn as compared to gain of KD 14.37 mn in Q2 2021
- Net rental income increased by 5 % to KD 2.8 mn

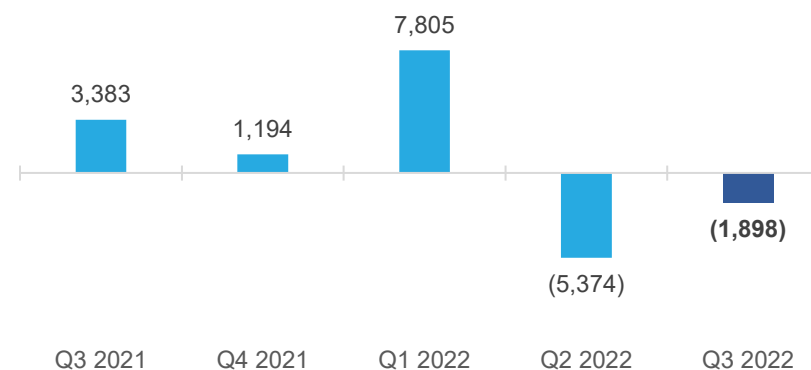
Q3 2022 Net Profit (KD 000's)

- The net profit decrease due to decrease in revenues and negative fair value adjustment of financial assets
- 2022 profitability which mainly is driven by increase in asset managements fees and rental income

Total Revenue (KD 000's)



Net Profit¹ (KD 000's)

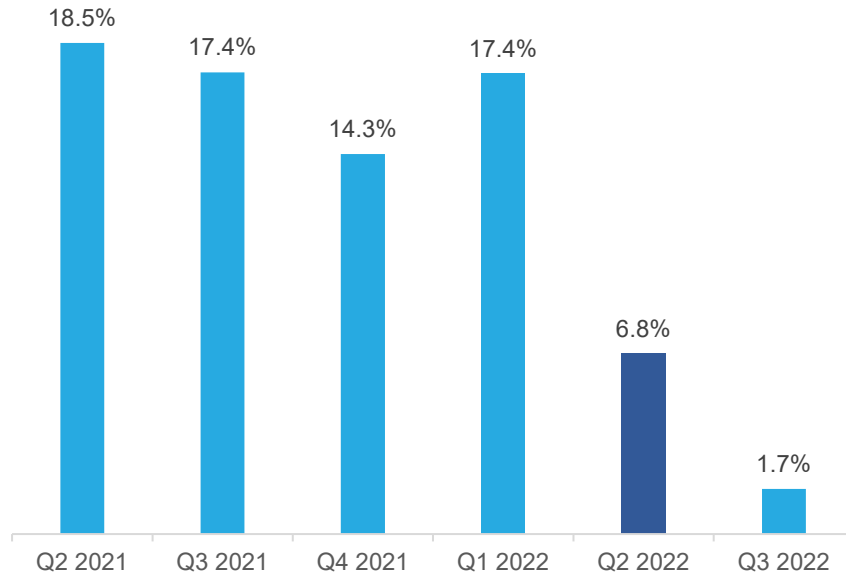


1. Net Profit attributable to the owners of the parent company

Financials Trend (Cont'd)

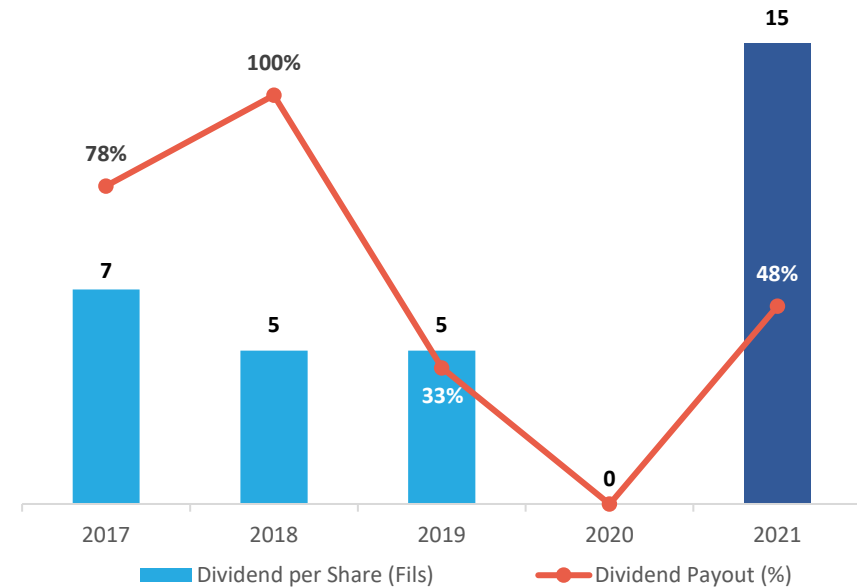
Return on Equity¹

- Return on Equity of 1.7 % in 2022 was primarily due to increase the management and commission fees earned during the third quarter of 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 propose dividend due to the impact of Covid-19 pandemic

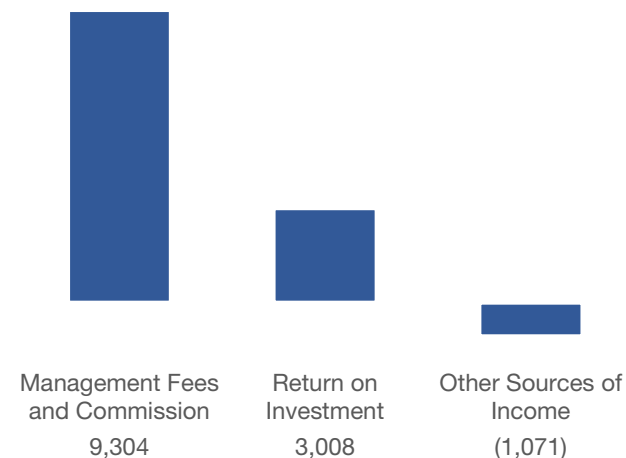


1. Return on Equity % = LTM Net Profit attributable to the owners of the parent company / shareholder's equity

Profit & Loss Key Metrics

(KWD 000's)	Period Ended		Y-o-Y
	Q3 2022	Q3 2021	Growth (%)
Management Fees and Commission	9,304	7,013	33%
Interest income	305	386	(21%)
Dividend income	779	900	(13%)
Gain / Loss from investments at fair value through P/L	(948)	14,373	(107%)
Gain from financial liabilities at fair value through P/L	11	4	175%
Gain from financial assets at fair value through other comprehensive income	4	218	(98%)
Share of results of associate and joint ventures	(109)	8	-
Gain on sale of investment properties	209	221	(5%)
Net rental income	2,757	2,619	5%
Other source of loss	(1,071)	(538)	99%
Total revenue	11,241	25,204	(55%)
Operational expenses	8,172	7,936	3%
EBIT	3,069	17,268	(82%)
Margin (%)	27%	69%	-
Impairment of investment properties	-	429	-
Finance costs	1,951	2,028	(4%)
Contribution to KFAS, NLST, Zakat	52	613	(92%)
Net profit	1,066	14,198	(92%)
Margin (%)	9%	56%	
Net profit attributable to the owners of the parent company	533	13,794	(96%)
Net profit attributable to non-controlling interests	533	404	32%
Earnings per share (Fils)	1	29	(96%)

Q3-2022 YTD Revenue Analysis



Notes:

1. Management Fees & Commissions include Asset Management and Investment Banking Fees
2. Other sources of loss 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

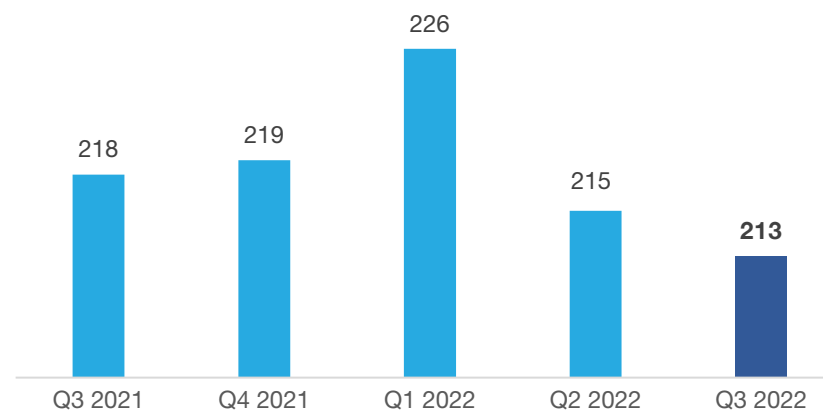
(KWD 000's)	Sep 2022	Dec 2021	Sep 2021
ASSETS			
Cash and bank balances	9,845	10,497	7,024
Time deposits	2,131	106	5,044
Investments at fair value through profit or loss	118,753	111,618	107,069
Investments carried at amortized cost	1,804	2,167	774
Assets held for sale	-	-	2,090
Investment properties	73,902	75,092	72,035
Accounts receivable and other assets	7,041	6,753	6,578
Loans to customers	768	625	525
Investments in associate and joint venture	1,883	2,875	3,397
Right of use assets	1,063	1,104	124
Equipment	558	729	763
Total Assets	217,748	211,566	205,423
LIABILITIES and EQUITY			
Liabilities			
Due to banks	-	457	1,303
Accounts payable and other liabilities	13,778	15,077	12,374
Bank borrowings	36,801	25,280	13,337
Bonds issued	35,000	35,000	44,350
Total Liabilities	85,579	75,814	71,364
EQUITY			
Equity attributable to the owners of the Parent Company	101,663	104,523	103,870
Non-controlling interests	30,506	31,229	30,189
Total Equity	132,169	135,752	134,059
Total Liabilities and Equity	217,748	211,566	205,423

Asset Under Management

Q3 2022 AUM
KD 1,142 million

Q3 2021 AUM
KD 1,053 million

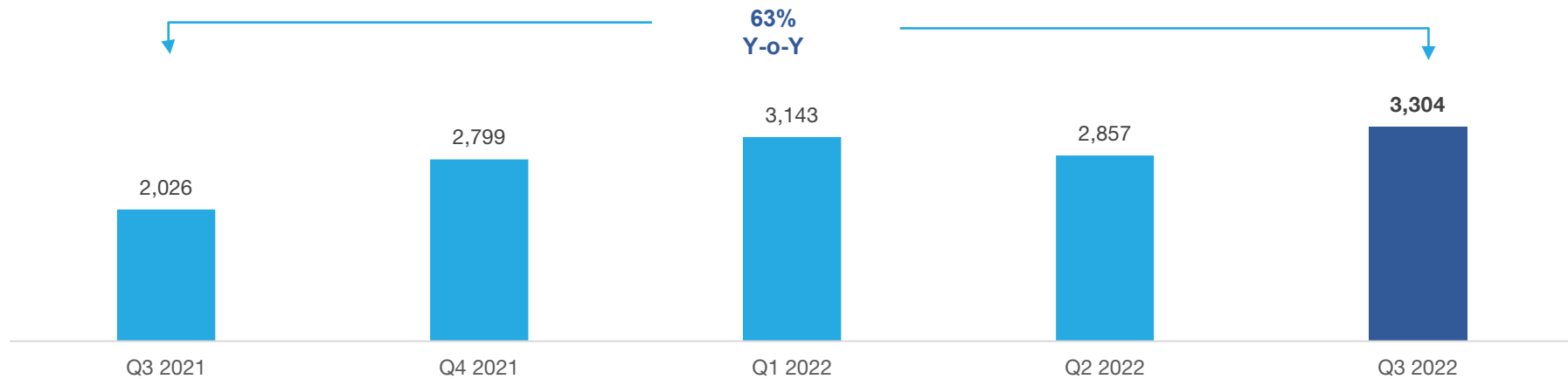
Book Value per Share (Fils)



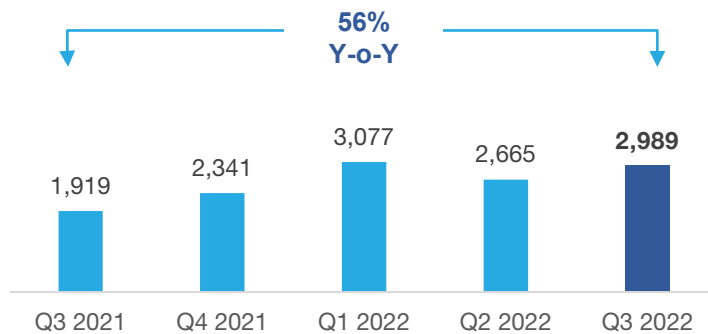
- Book value decrease due to the net decrease in retained earnings as a result of decrease in net profit for the current period which mainly resulted from loss from investments at fair value through profit or loss

Asset Management & Investment Banking

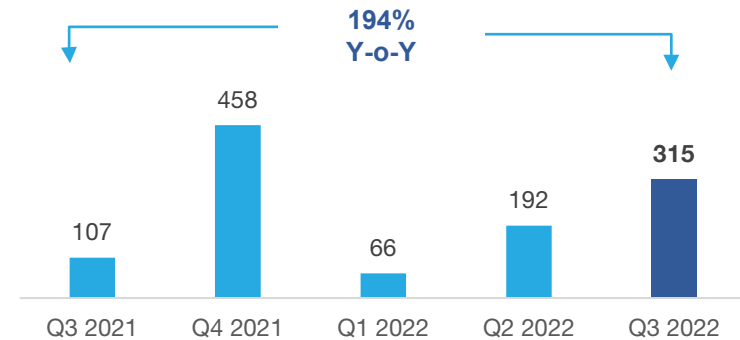
Management Fees & Commission (KD 000's)



Asset Management Fees¹ (KD 000's)

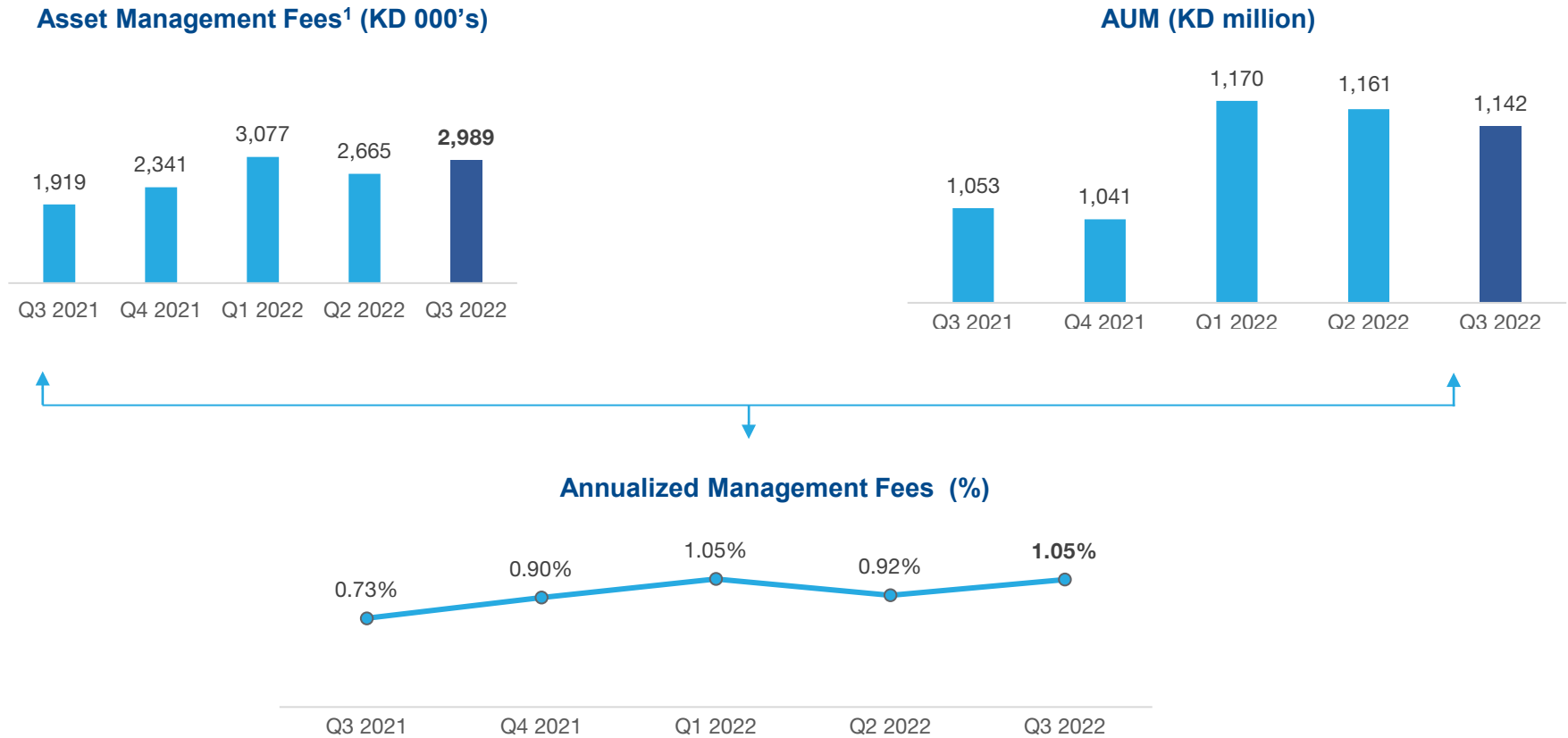


Investment Banking Fees (KD 000's)



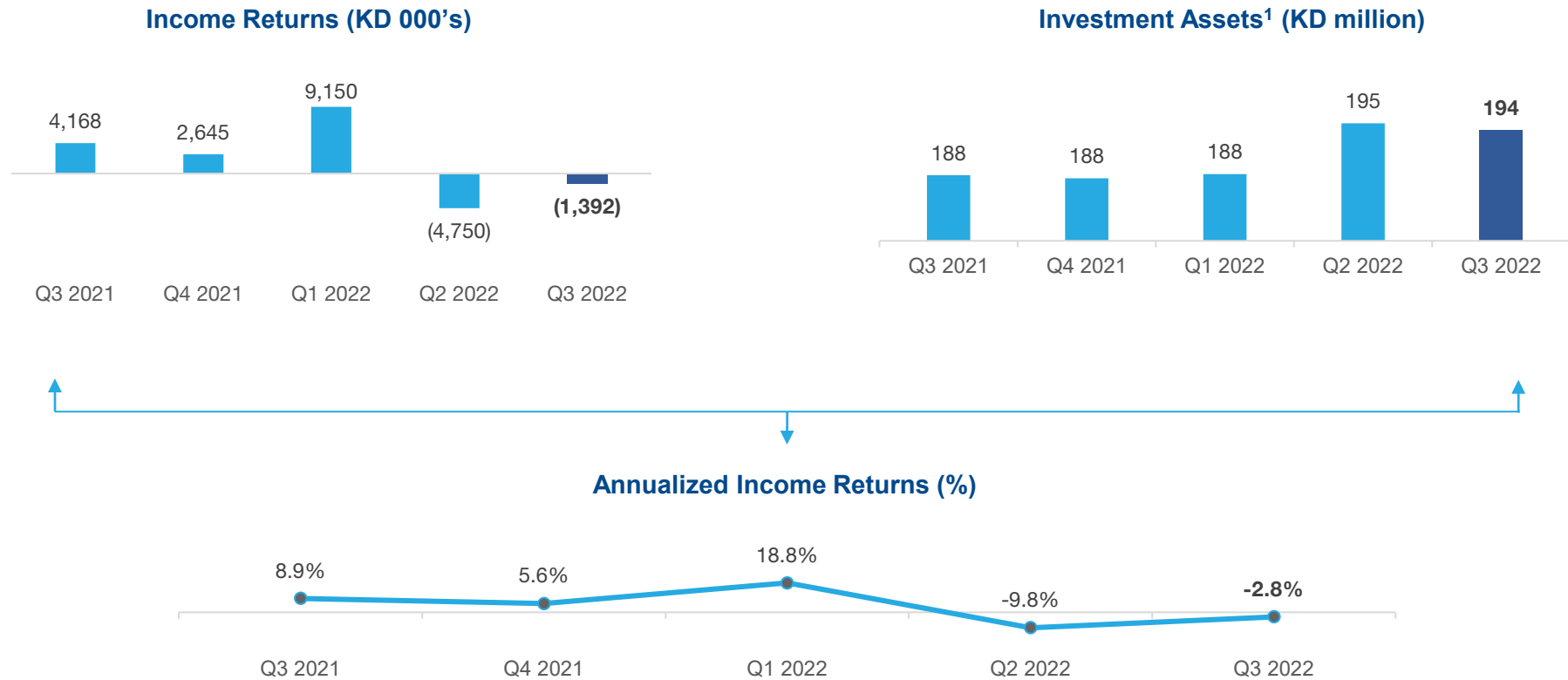
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Asset Management Fees Returns



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

Return on Principal Investments



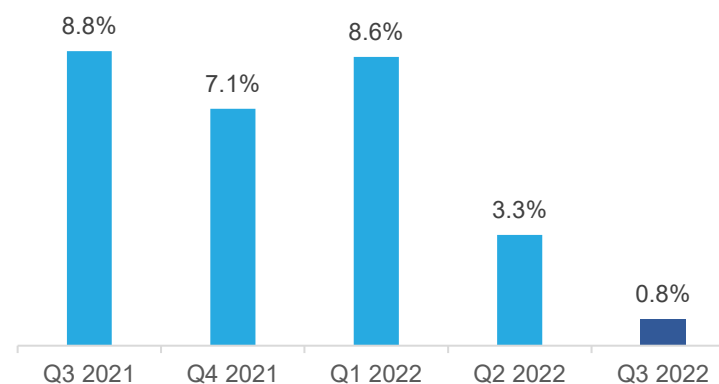
1. Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JV + Investment Properties + Loans to Customers

Capital Structure and Returns

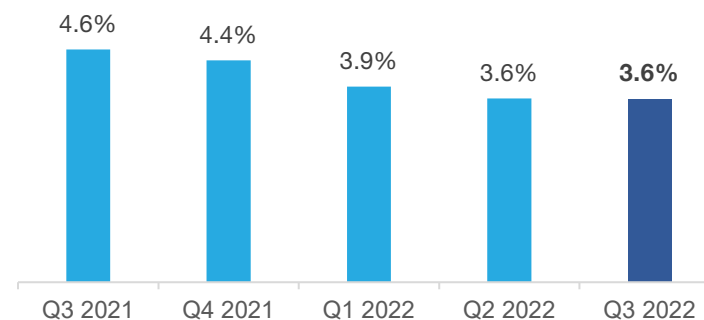
Markaz Net Debt to Total Equity stable at 0.45x

(KD 000's)	Sep 2022	Dec 2021	Sep 2021
Bank borrowings	36,801	25,280	13,337
Due to Banks	-	457	1,303
Bonds Issued	35,000	35,000	44,350
Total Debt	71,801	60,737	58,990
Cash and Bank Balance	9,845	10,497	7,024
Time Deposits	2,131	106	5,044
Total Cash including Time Deposits	11,976	10,603	12,068
Net Debt	59,825	50,134	46,922
Shareholders Equity	101,663	104,523	103,870
Total Equity	132,169	135,752	134,059
Net Debt / Total Equity	0.45x	0.37x	0.35x

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	29.695%
Kuwait Financial Centre K.P.S.C / Clients	Direct	5.475%
Al Mubader Co	Direct	5.133%

Effective Governance Structure



Corporate Information

Market Segment Listing	Main Market – Boursa Kuwait (Sec Code: 213)
2021 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	501,774,260 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/

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