



Earnings Presentation

H1 2021

المركز
MARKAZ

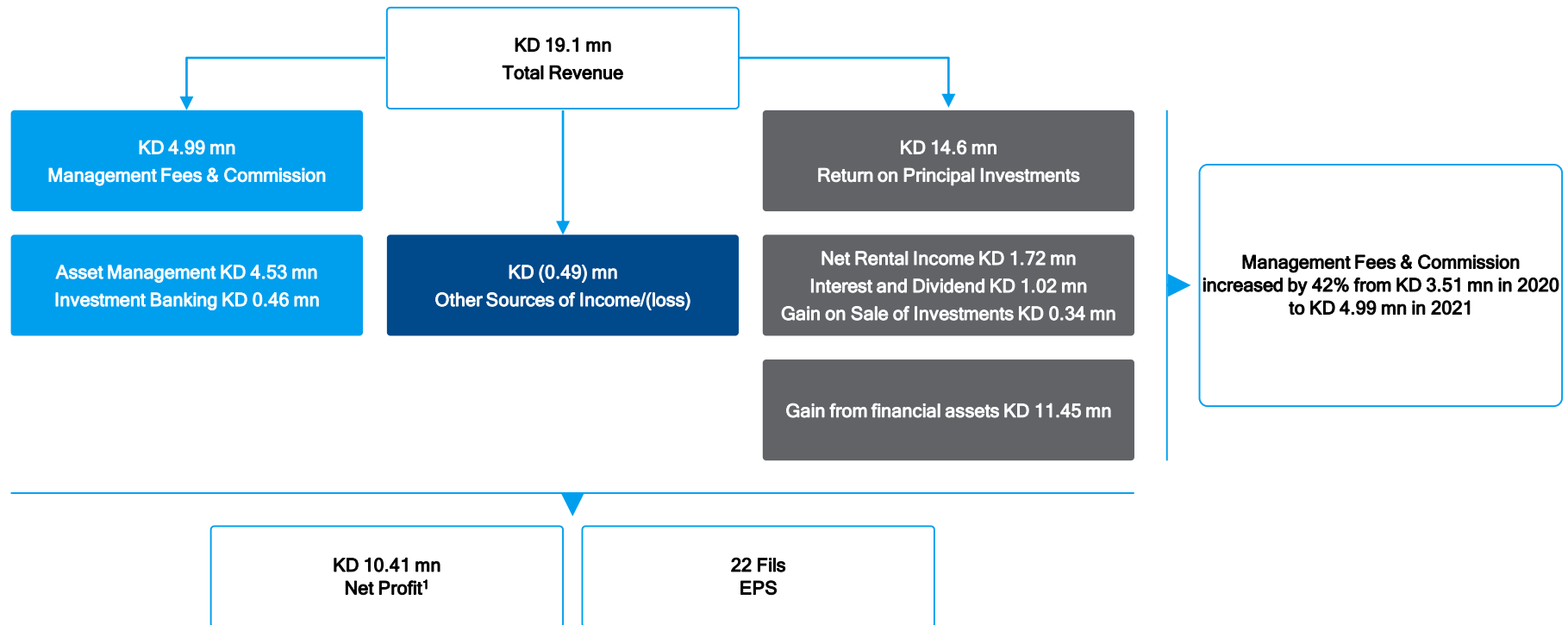
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H1 2021 Performance Highlights

Markaz Assets Under Management of KD 1,037 million, an increase of 6 % from Dec 2020

Profit and Loss Highlights



1. Net profit attributable to owners of parent company

H1 2021 Performance Highlights

*Markaz reported Net Profit of KD 10.41 million in H1 2021
Management Fees and Commission outperformed with growth of 42% y-o-y
AUM increased for a third consecutive quarter to KD 1,037 million*

Kuwait Financial Centre reported its financial results for the first half of 2021 with Total Revenues of KD 19.06 million, as compared to a Loss of KD 1.71 million in the same period last year. Markaz achieved a Net Profit of KD 10.41 million and Earnings Per Share (EPS) of 22 Fils for the half year ended June 30, 2021.

Mr. Diraar Yusuf Alghanim, Chairman stated: “I am pleased to report that Markaz has continued to deliver strong quarterly financial performance with improved profitability despite the ongoing Covid-19 pandemic challenges. Our year on year growth is underpinned by a recovery in Asset Management Fees, Rental Income and Gain from Financial Assets at Fair Value through Profit and Loss. I am also proud of our employees dedication and commitment to delivering high quality financial services and creating tangible value for our long-standing clients.

Economic activity in the GCC region continues to remain subdued due to the uncertainty arising from the spread of coronavirus variants and the delay in vaccinations rollouts. However, Markaz’s operating model has successfully evolved in line with changing market conditions and is well positioned to overcome any further near term pandemic challenges.

Mr. Ali H. Khalil, Chief Executive Officer stated: “Markaz reported Asset Management fees of KD 4.53 million in H1 2021, a strong recovery of 39% on a y-o-y basis, with Investment Banking fees also increasing by 78% y-o-y to KD 0.46 million.

H1 2021 Revenues were further supported by a 20% increase in Net Rental Income to KD 1.72 million, a reflection of the quality of our real estate portfolio. Total Revenues also include Gains from Investments at a Fair Value of KD 11.45 million as compared to a Loss of KD 10.2 million in H1 2020 due to the pandemic last year. Markaz’s Net Profit increased to KD 10.41 million as compared to a loss of KD 10.05 in H1 2020. This overall strong financial performance represents Markaz’s expertise in constructing high performance portfolios for its clients and providing insightful M&A transaction advice.

The Markaz balance sheet remains robust with a Net Debt to Equity ratio of 0.37x, allowing us to continue to deploy our capital strategically across asset classes including our proprietary international real estate transaction flow. Our Asset Under Management increased for a third consecutive quarter to KD 1,037 million at the end of June 2021.”

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)

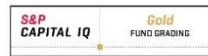
Delivering International Investment Reach to our Clients



Markaz Overview (cont'd)

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

  <p>Best Asset Manager in Kuwait</p> <p>By: EMEA Finance</p>	  <p>Best Investment Bank in Kuwait</p> <p>By: Global Finance</p>	 <p>Research Provider of the Year</p> <p>By: Euromoney Awards</p>	 <p>Most Innovative Financial Institution in the Middle East</p> <p>By: EMEA Finance</p>
 <p>Best Investment Bank</p> <p>By: Euromoney Awards</p>	 <p>Best Equity Fund in Kuwait "Midaf"</p> <p>By: MENA Fund Manager Awards</p>	 <p>Best Islamic Fund</p> <p>By: Zawya Awards</p>	 <p>Most Innovative Investment Bank</p> <p>By: Global Finance</p>



Kuwait Asset Manager
Markaz

Note: ** denotes awards won in 2021 - * denotes awards won in 2020

Business Highlights

Total AUM of KD 1,037 billion, an increase of 6 % from Dec 2020



Asset Management

GCC Equity Funds, Fixed Income Fund, Others:

Total AUM of KD 790.5 million

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

GCC Equities AUM of KD 599 million

- Markaz FORSA, Islamic Fund, MIDAF and MUMTAZ recorded double digit returns in H1 2021 in line with equity market. FORSA and Islamic Fund both outperformed their respective benchmark indices
- 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 358.2 million

MENA Real Estate - AUM of KD 292.0 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 65 million across 17 properties
- Collections recovered from last year lows and valuations have started to stabilize

National Real Estate Portfolio - Real Estate Fund

International Real Estate - AUM of KD 66.1 million

- 6 ongoing US based projects managed through the Mar-Gulf subsidiary
- 2 Europe based projects in Poland and Germany
- Assessing several projects across the US and Europe with a strong focus on the industrial sector

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 IPO and M&A activity remained subdued due to the new variants of the Covid-19 virus and delay in vaccinations rollouts
- Markaz successfully concluded a KD 50 million Subordinated Tier 2 bonds due 2031 for Gulf Bank in its capacity as a Joint Lead Manager and a Subscription Agent
- Markaz successfully concluded a KD 10 million Capital Increase for Jazeera Airways Company K.S.C.P in the capacity of a Joint Lead Manager and a Subscription Agent
- 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, a subsidiary of Markaz
- Established in 2010, with offices in India and Kuwait
- Marmore has partnered with several thought leaders and leading policy research institutions to generate Economic & Policy Research studies
- In 2020, Marmore published over 50 reports on its research web portal and published 52 articles on regional economies and businesses

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

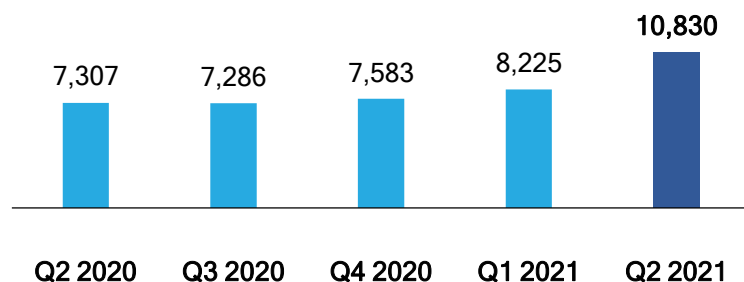
Consulting Services:

Financials Trend

H1 2021 Revenues growth on y-o-y basis

- Total Revenue increase primarily driven by strong recovery in Asset Management Fees and increase in Rental Income
- Management Fees & Commissions have increase by 42% 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 11.44 mn as compared to loss of 10.20 mn in H1 2020
- Net rental income increased by 20% to KD 1.721 mn

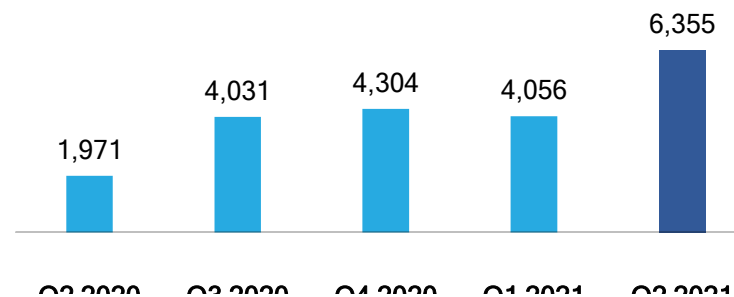
Total Revenue (KD 000's)



H1 2021 Net Profit (KD 000's)

- The net profit increase due to increase in revenues and positive fair value adjustment of financial assets
- The Company continues to focus on cost rationalization initiatives resulting in a decrease in operational expenses by 2% on y-o-y basis
- H1 2021 profitability is driven by increase in asset managements fees, rental income and gain from fair value of investments of KD 11.44 mn

Net Profit¹ (KD 000's)

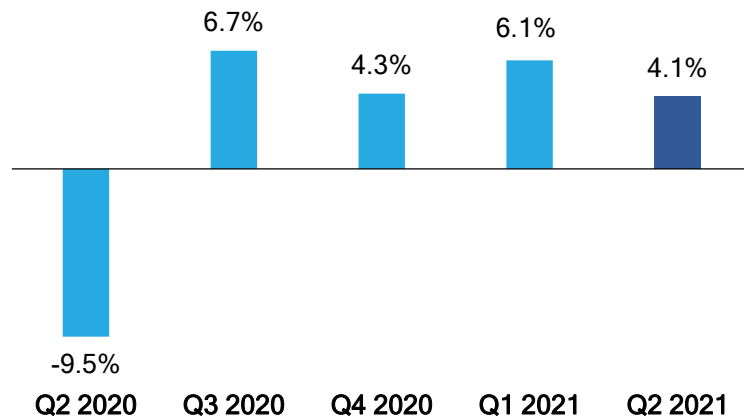


1. Net Profit attributable to owners of parent company

Financials Trend (Cont'd)

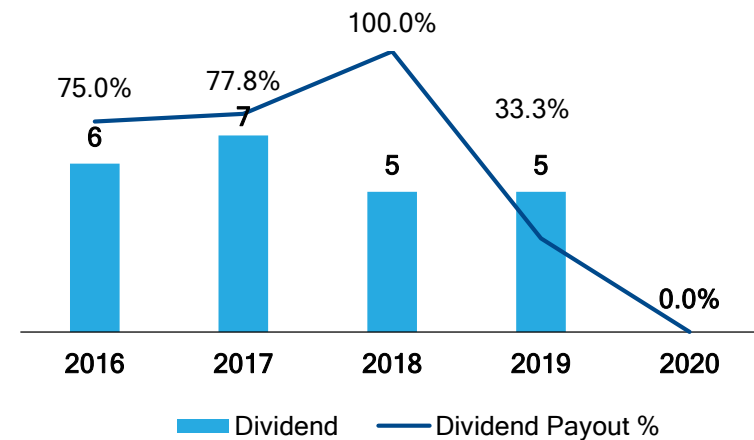
Return on Equity¹

- Return on Equity of 4.1 % in 2021 was primarily due to a gain arising from financial assets at fair value through P&L



Dividend Per Share and Payout

- In view of the ongoing pandemic, the Board of Directors did not proposed dividend for the full year ended 31st December 2020

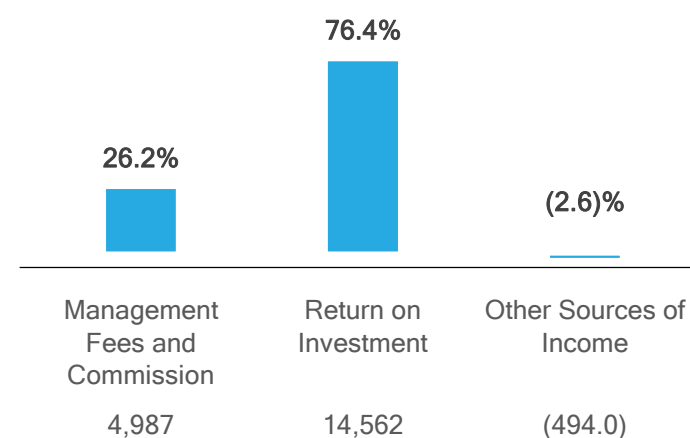


1. Net Profit attributable to owners of parent company

Profit & Loss Key Metrics

(KWD 000's)	Period Ended		Y-o-Y Growth (%)
	H1 2021	H1 2020	
Management Fees and Commission	4,987	3,505	42%
Interest income	271	572	(53%)
Dividend income	752	630	16%
Gain/(loss) from investments at fair value through P/L	11,444	(10,204)	-
Share of results of associate and joint venture	30	(5)	-
Gain on sale of assets held for sale	-	1,066	-
Gain on sale of investment properties	343	-	-
Net rental income	1,721	1,438	20%
Other sources of (loss)/income	(493)	1,290	-
Total revenue	19,055	(1,708)	-
Operational expenses	5,998	8,590	-
EBIT	13,057	(12,298)	-
Margin (%)	68%	-	-
Finance costs	1,398	1,470	(5%)
Contribution to KFAS, NLST, Zakat	477	-	-
Net profit /(loss)	11,182	(11,768)	-
Margin (%)	59%	-	-
Net profit /(loss) attributable to the owners of parent company	10,411	(10,050)	-
Net profit /(loss) attributable to Non-Controlling Interests	771	(1,718)	-
Earnings /(loss) per share (Fils)	22	(21)	-

H1 2021 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

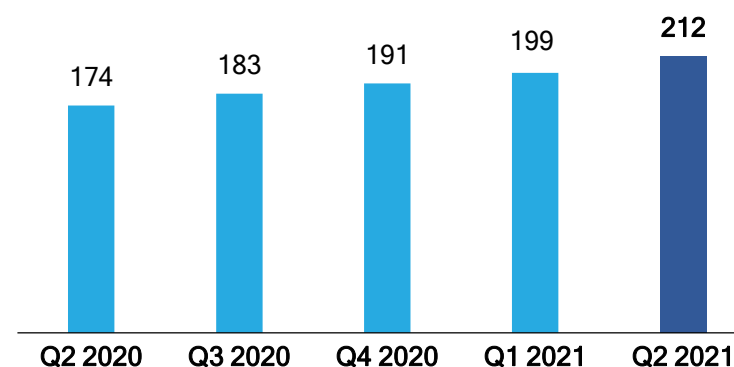
(KWD 000's)	June 2021	Dec 2020	June 2020
ASSETS			
Cash and bank balances	9,363	9,951	10,399
Time deposits	542	9,483	127
Investments at fair value through profit or loss	106,592	90,101	95,773
Investments at fair value through OCI	402	410	2,071
Investments carried at amortized cost	5,939	4,988	9,401
Investment properties	74,818	75,401	52,659
Accounts receivable and other assets	5,914	6,663	4,778
Loans to customers	480	505	390
Investments in associate and joint venture	3,426	3,415	3,562
Right of use assets	192	328	464
Equipment	815	928	1,033
Total Assets	208,483	202,173	180,657
LIABILITIES and EQUITY			
Liabilities			
Due to banks	969	649	495
Financial liabilities at fair value through profit or loss	12	-	-
Accounts payable and other liabilities	13,039	10,299	12,399
Bank borrowings	15,047	21,081	37,425
Bonds issued	44,350	44,350	25,000
Total Liabilities	73,417	76,379	75,319
EQUITY			
Equity attributable to the owners of the Parent Company	101,144	91,226	83,227
Non-controlling interests	33,922	34,568	22,111
Total Equity	135,066	125,794	105,338
Total Liabilities and Equity	208,483	202,173	180,657

Asset Under Management

June 2021 AUM
KD 1,037 million

June 2020 AUM
KD 1,026 million

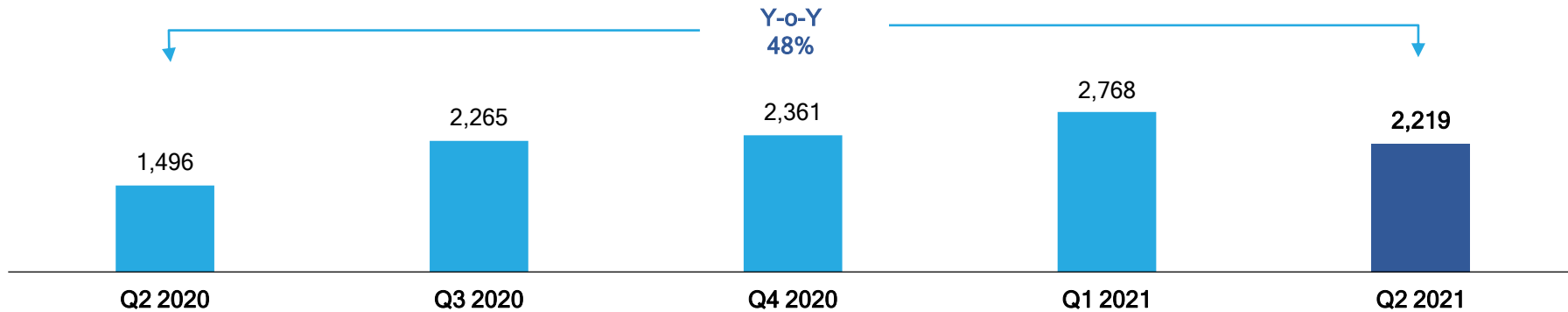
Book Value per Share (Fils)



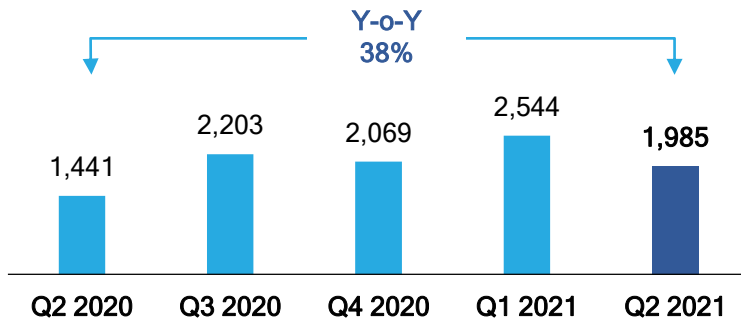
- Book value increase due to the net increase in retained earnings as a result of net profit for the current period which mainly resulted from gain from investments at fair value through profit or loss

Asset Management & Investment Banking

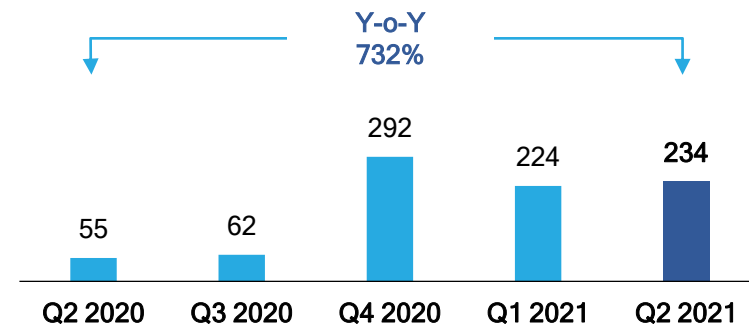
Management Fees & Commission (KD 000's)



Asset Management Fees¹ (KD 000's)

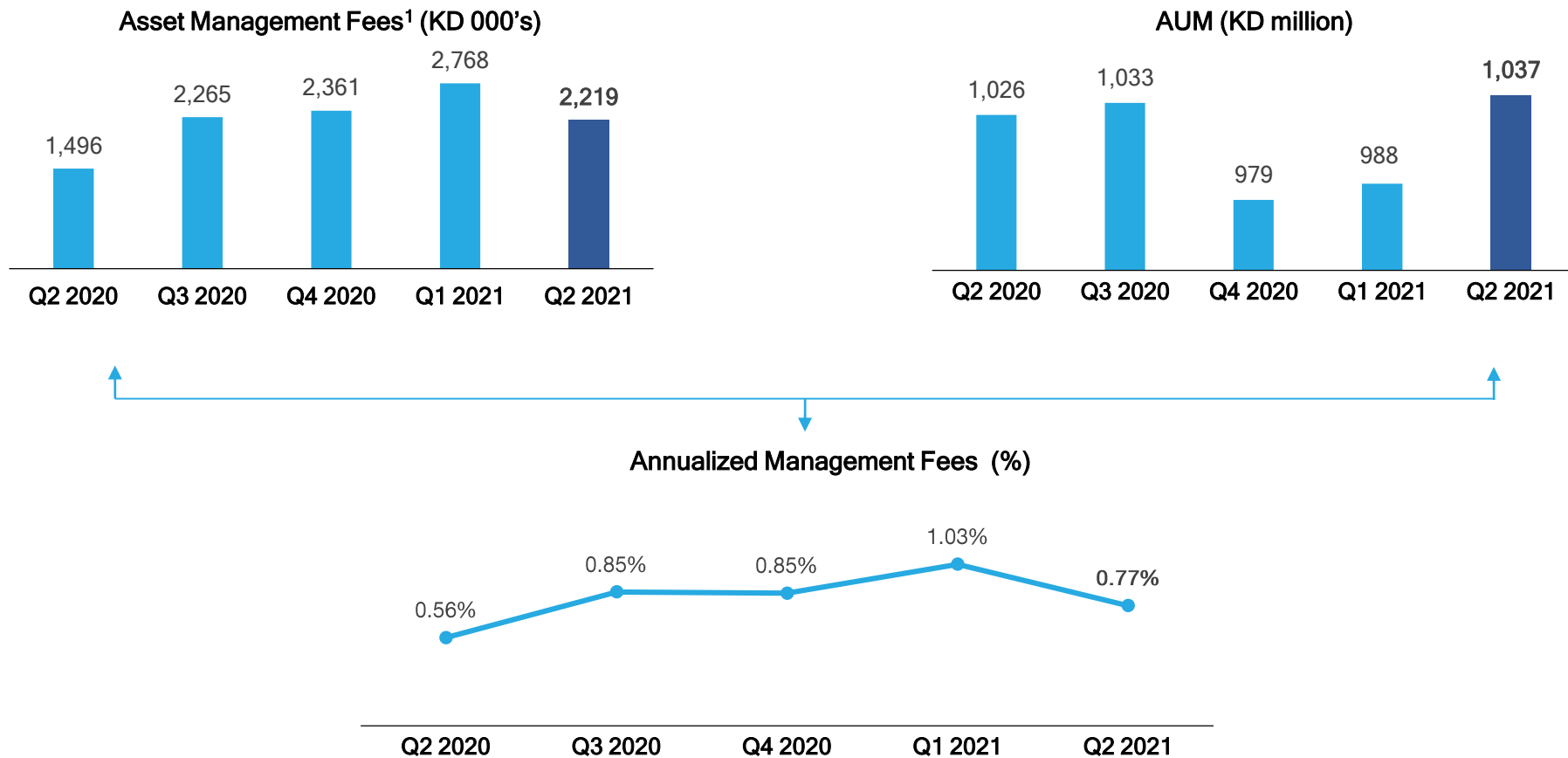


Investment Banking Fees (KD 000's)



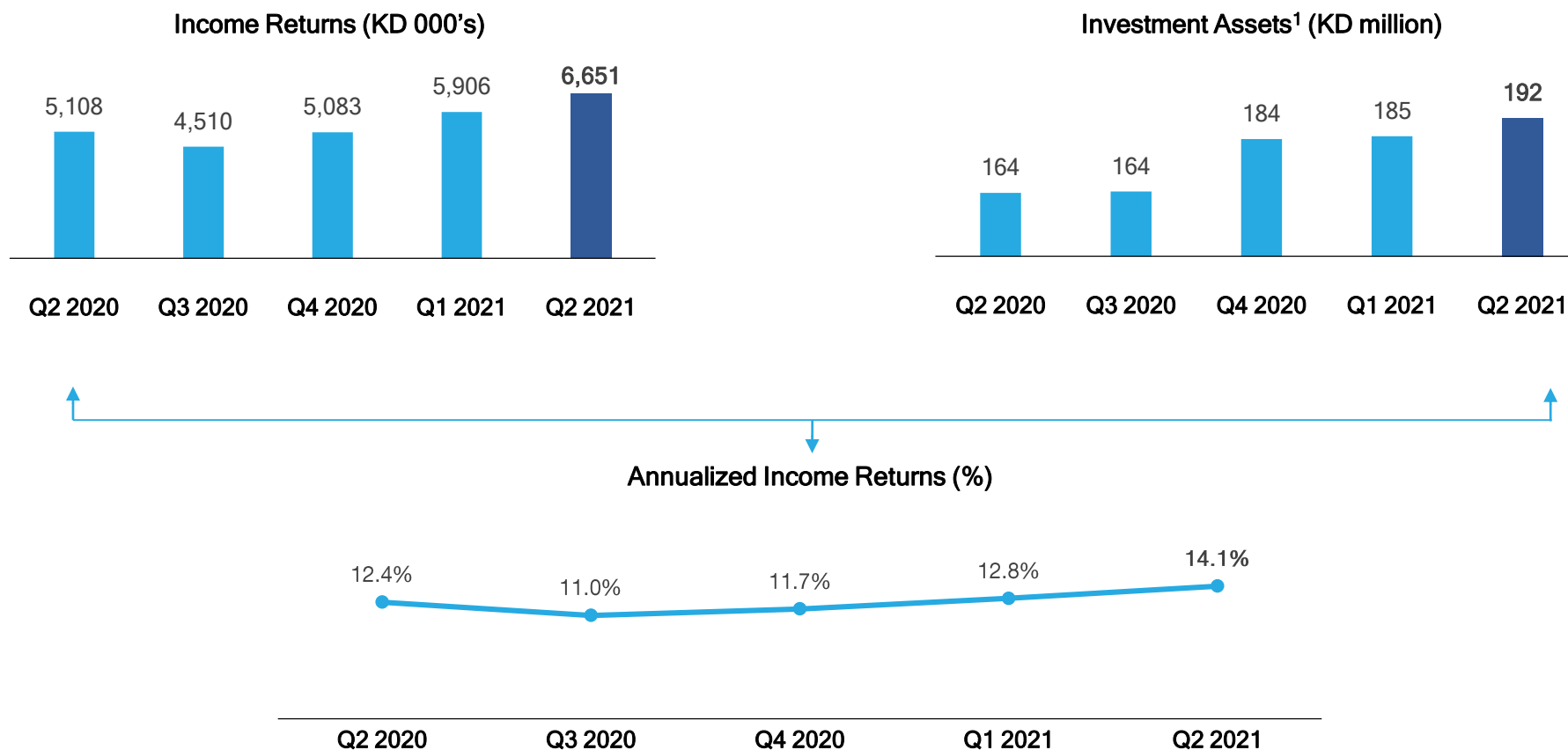
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Asset Management Fees Returns



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

Return on Principal Investments

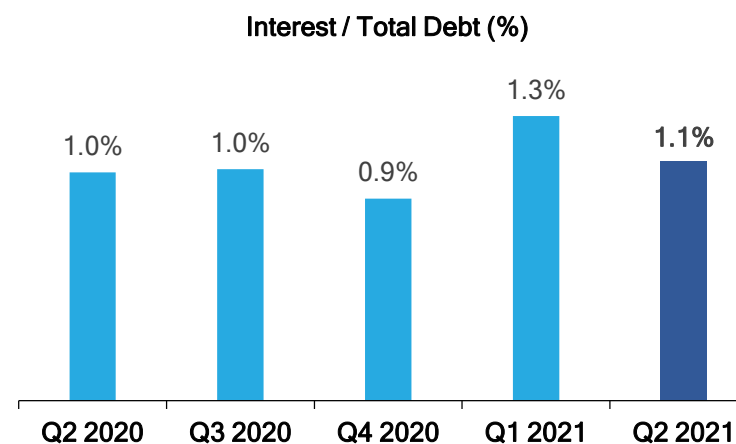
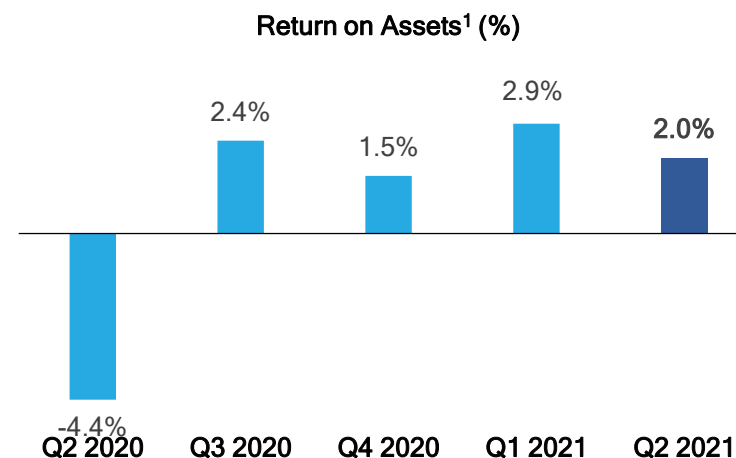


1. Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JV + Investment Properties + Loans to Customers

Capital Structure and Returns

Markaz Net Debt to Total Equity reduced to 0.37x

(KD 000's)	June 2021	Dec 2020	June 2020
Bank borrowings	15,047	21,081	37,425
Due to Banks	969	649	495
Bonds Issued	44,350	44,350	25,000
Total Debt	60,366	66,080	62,920
Cash and Bank Balance	9,363	9,951	10,399
Time Deposits	542	9,483	127
Total Cash including Time Deposits	9,905	19,434	10,526
Net Debt	50,461	46,646	52,394
Shareholders Equity	101,144	91,226	83,227
Total Equity	135,066	125,794	1,05,338
Net Debt / Total Equity	0.37x	0.37x	0.50x



1. Return on Assets (%) = LTM Net profit attributable to owners of 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	5.68%
Al Mubader Co	Direct	5.13%

Effective Governance Structure



Corporate Information

Market Segment Listing	Main Market - Bursa Kuwait (Sec Code: 213)
2020 Dividends	Cash Dividend - nil%
Bonds Issued	KD 44,350,000 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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