



Earnings Presentation

Q3 2023

المركز
MARKAZ

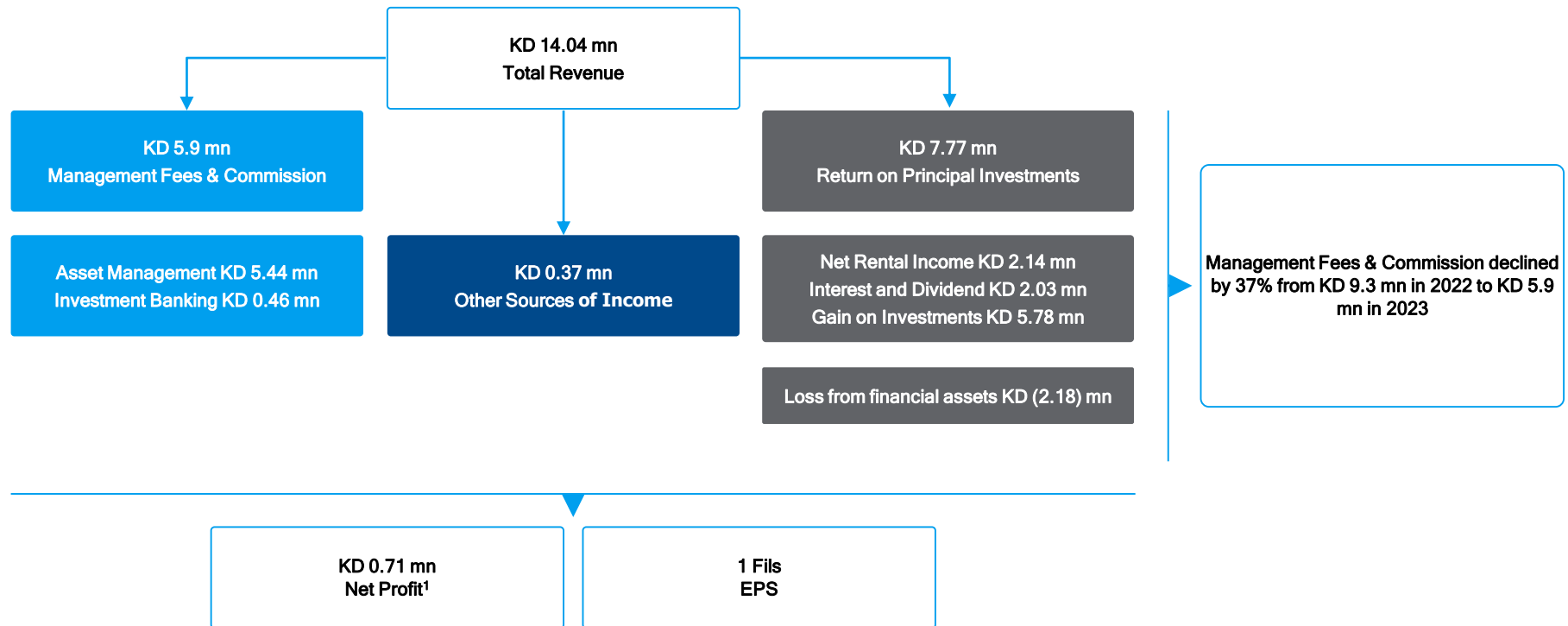
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Q3 2023 Performance Highlights

Markaz Assets Under Management of KD 1,159 million, an increase of 1.5% from September 2022

Profit and Loss Highlights



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

Q3 2023 Performance Highlights

Markaz's AUM at KD 1.159 billion in Q3 2023

Total Revenues for Q3 2023 of KD 14.0 million

The management fees and commission have amounted to KD 5.9 million for Q3 2023

Kuwait, 09 November 2023 - Kuwait Financial Centre “Markaz” (KSE: Markaz, Reuters: MARKZ.KW, Bloomberg: MARKAZ: KK) reported its financial results for the nine months ended 30 September 2023 with Total Revenues of KD 14.04 million, as compared to KD 11.24 million in 9M 2022, reflecting a year-on-year increase of 24.9%. Net Profit attributable to shareholders of Markaz is KD 0.71 million, compared to KD 0.53 million in 9M 2022.

Mr. Diraar Yusuf Alghanim, the Chairman stated: “The investment landscape has become more challenging and complex with the escalating geopolitical tensions and humanitarian crises unfolding in the Middle East region. For the first nine months of the year, the S&P GCC Composite index has effectively remained flat, while it decreased by -1.55% during the third quarter of 2023, driven by high interest rates. Kuwait all share index total return declined by -2% in 9M 2023, and by -1.17 in Q3 2023. It is currently uncertain in which direction interest rates will move, as the political pressure to manage soft landings and avoid recessions intensifies.

We successfully exited two industrial projects in the US and Netherlands, achieving a net weighted average IRR of 18.6% and 11.9%, respectively, despite continued strong economic headwinds. Markaz has invested around USD 145 million in real estate across multifamily, industrial, and senior housing. Markaz continued its investment activity in the GCC region to explore the emerging opportunities and the developments in these markets in general and the Saudi market in particular. As of September 30, 2023, Markaz’s Assets Under Management (AUM) increased by 1.5% to reach 1.16 billion, compared to September 30, 2022.

During Q3 2023, Markaz concluded successfully, as the lead manager and subscription agent, the first Tranche of the first KD denominated Tier II Bonds for Commercial Bank of Kuwait. The Issue size was KWD50 million with tenor is 10 years callable in 5 years.

Markaz has a robust business model with a combination of management fees, advisory revenues, and gains from real estate investments. A core fundamental part of our culture is taking investment decisions on a risk-adjusted basis, to ensure our clients achieve their financial objectives, within the challenges in the asset management industry and the investment environment.”

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

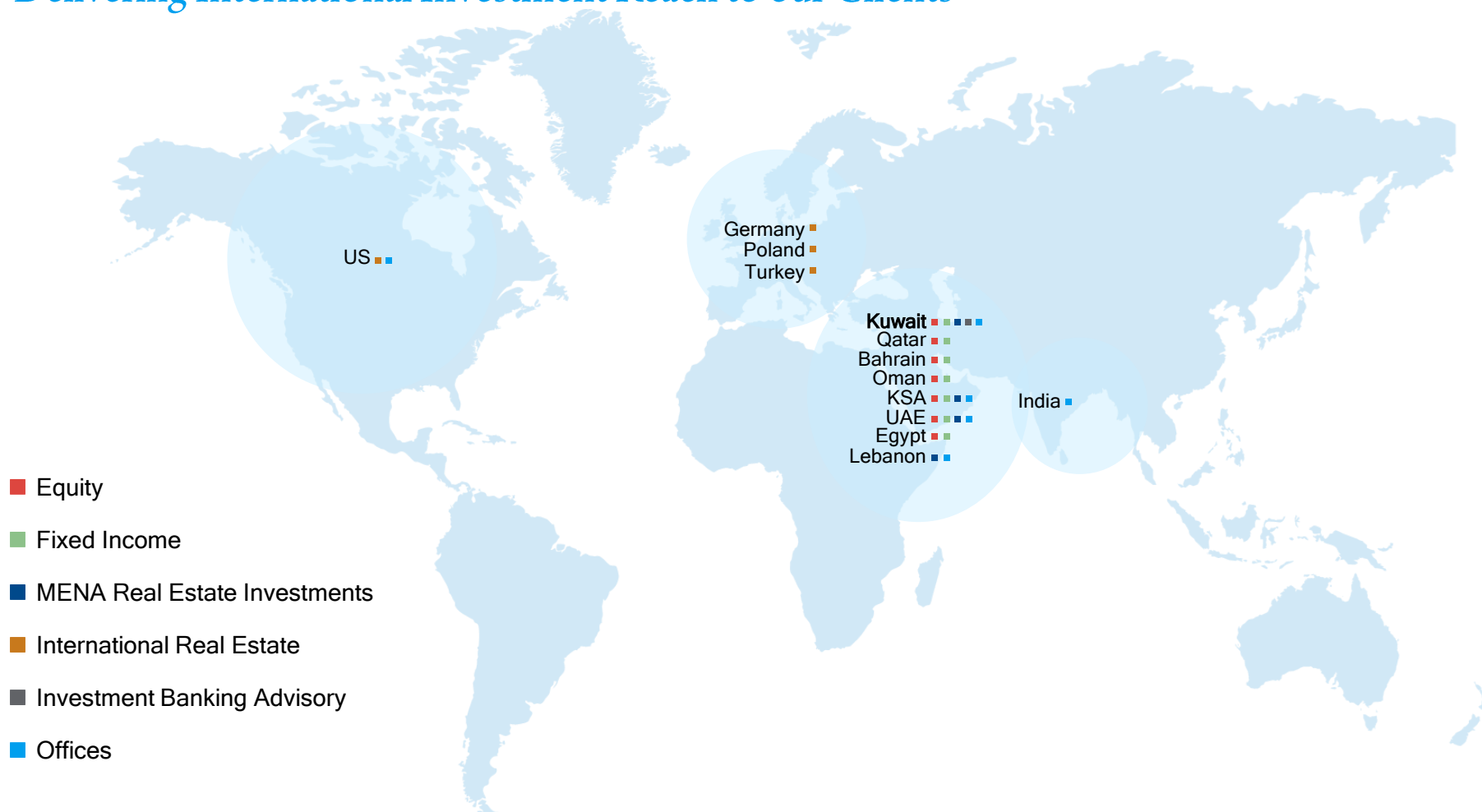
A team of 150+ employees spread over offices across Middle East, US and India

- 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 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>MENA Investment Bank of the Year/Excellence in Real Estate Investment By: MEED</p>	 <p>Best Investment Bank in Kuwait/Best Private Bank in Kuwait By: Global Finance</p>	 <p>Best Asset Manager / Best Investment Bank in Kuwait By: EMEA Finance</p>	 <p>Best Private Bank In Kuwait By: WealthBriefing</p>
 <p>Kuwait Wealth Manager of the Year By: Global Investor</p>	 <p>Middle East's Best for Investment Research By: Euromoney</p>	 <p>Best Domestic Private Bank By: Euromoney</p>	 <p>2022 Market Leader By: Euromoney</p>



Business Highlights

Total AUM of KD 1,159 million, an increase of 1.5% from September 2022



Asset Management

GCC Equity Funds, Fixed Income Fund, Others:

Total AUM of KD 802 million

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

GCC Equities AUM of KD 647 million

- Markaz Investment & Development Fund (MIDAF), Forsa Financial Fund, Markaz Fund for Excellent Yields (MUMTAZ) and GCC Momentum Fund recorded yearly returns of (3.3)%, (3.2)%, (4.7)% and 6.3% respectively
- 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 357 million

MENA Real Estate - AUM of KD 261 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 70 million across 17 properties
- Markaz along with two other asset managers in Kuwait, has been prequalified for the Abdullah Al Ahmad project in Kuwait City and will focus on forming a consortium upon the issuance of the RFP

National Real Estate Portfolio - Real Estate Fund

International Real Estate - AUM of KD 96 million

- Markaz has successfully exited from two industrial projects during the period, generating strong returns
- In 9M 2023, Markaz made investment in one industrial project in the US

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:

- During Q3 2023, the investment banking team successfully concluded the first Tranche of the first KD denominated Tier II Bonds for Commercial Bank of Kuwait. The Issue size was KWD 50 million with tenor is 10 years callable in 5 years
- GCC Investment Banking activity exhibited a favorable trajectory throughout the year and maintained its positive momentum in 9M of 2023. GCC M&A market is observing a transformation in the governance of family-owned private enterprises, potentially involving valuation of different group companies, divestments and overall shift in strategy
- The Investment Banking team continues to closely work with our corporate clients and is building a strong deal pipeline for the coming quarters, whether by assisting clients in mergers and acquisitions, restructuring, valuations, or obtaining financing from the capital markets or preparing to go public



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 offices in India
- Reports published in 9M 2023 include 'Global & GCC Capital Markets Review', 'Real Estate Outlook reports', 'Impact of Increasing Interest Rates on GCC Banks', 'GCC - An Attractive Emerging Markets Allocation Play'
- In 9M 2023, Marmore published over 21 insights and reports on its research web portal providing timely, comprehensive coverage on topics of interest in the GCC region

Research Themes: Industry, Economic, Infrastructure, Capital Market and Regulatory research

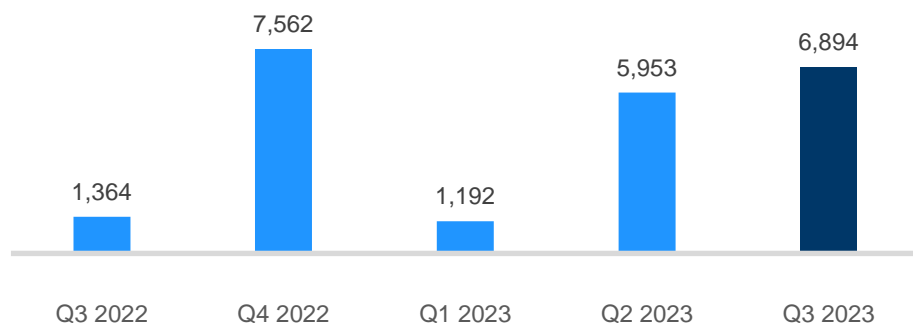
Consulting Focus: Industry Market Assessment, White Label Reports, Company Valuation, Due Diligence, C-Suite Support at CXO Level and Directors Intelligence Support

Financials Trend

Q3 2023 Revenues growth on y-o-y basis

- Total Revenue has increased primarily due to the sale of certain investment in investment properties.
- Management Fees & Commissions decline by 37% on y-o-y basis
- Income from Principal Investments decreased on y-o-y basis primarily due to negative changes in financial assets at FV through P&L of KD (2.18) mn as compared to loss of (0.95) mn in Q3 2022
- Net rental income declined by 22% to KD 2.1 mn compared to K.D 2.8 in Q3 2022 and that due to the sale of investment properties.

Total Revenue (KD 000's)

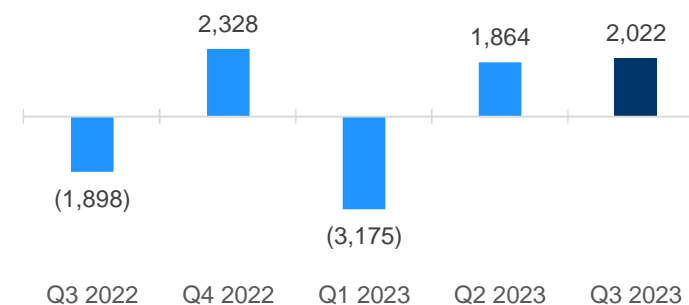


1. Net Profit attributable to the owners of the parent company

Q3 2023 Net Profit (KD 000's)

- The net profit has been increased influenced by revenues generated from the sale of investment properties, which supported the position although the market downturn resulted in a negative fair value adjustment of financial assets
- Q3 2023 profitability is driven by in Interest Income, Dividend income, rental income, and gain from sale investment properties.

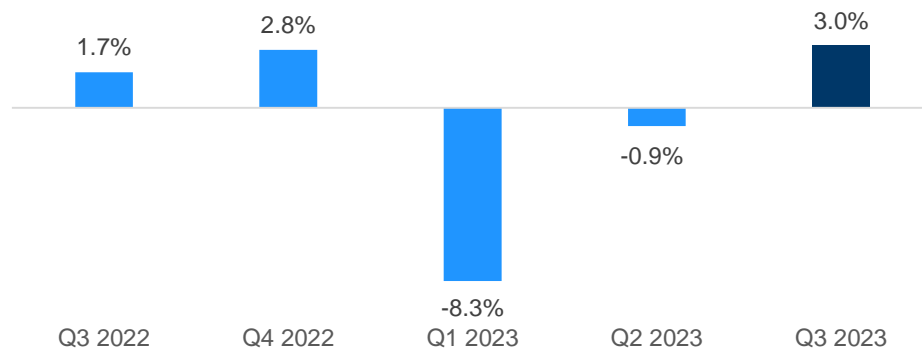
Net Profit¹ (KD 000's)



Financials Trend (Cont'd)

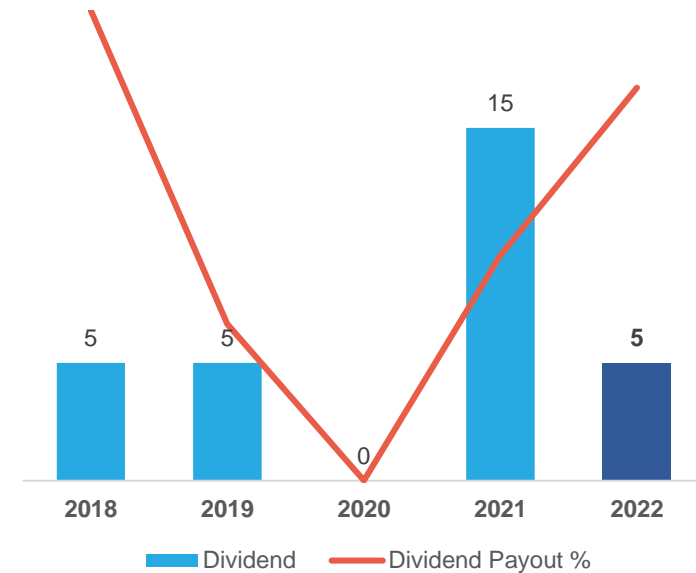
Return on Equity¹

- Return on Equity of 3.0% on LTM basis as it was improved due to an increase in Interest Income, Dividend income and Income from Real Estate Activities



Dividend Per Share and Payout

- Board of Directors approved a cash dividend of 5 Fils per share a payout of 83% on the EPS
- In 2023, the AGM had decided a cash dividend of 5 Fils per share for the financial year ended 2022



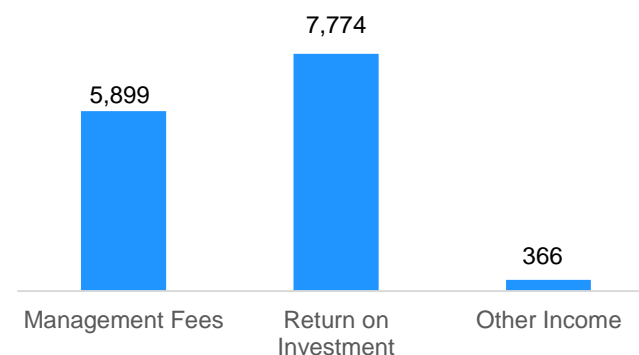
1. Return on Equity % = LTM Net Profit attributable to the owners of the parent company / shareholder's equity

Profit & Loss Key Metrics

(KWD 000's)

	Period Ended		Y-o-Y Growth (%)
	Q3 2023	Q3 2022	
Management Fees and Commission	5,899	9,304	(37%)
Interest income	706	305	131%
Dividend income	1,328	779	70%
Loss from financial assets at fair value through P/L	(2,184)	(948)	(130%)
(Loss)/ Gain from Investments at Fair Value through P/L	(8)	11	(173%)
Gain from financial assets at fair value through OCI	-	4	(100%)
Share of results of associate and joint venture	(228)	(109)	109%
Gain on derecognition of subsidiary	1,057	-	N/A
Gain on sale of assets held for sale	3,654	-	N/A
Gain on sale of investment properties	1,310	209	527%
Net rental income	2,139	2,757	(22%)
Other sources of income/(loss)	366	(1,071)	134%
Total revenue	14,039	11,241	25%
Operational expenses	8,023	8,172	(2)%
EBIT	6,016	3,069	96%
Margin (%)	43%	27%	
Finance costs	2,800	1,951	44%
Contribution to KFAS, NLST, Zakat	(64)	(52)	(23%)
Net profit for the period	3,046	1,066	186%
Margin (%)	22%	9%	
Profit attributable to the owners of the parent company	711	533	33%
Profit attributable to Non-Controlling Interests	2,335	533	338%
Earnings per share (Fils)	1	1	-

Q3 2023 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

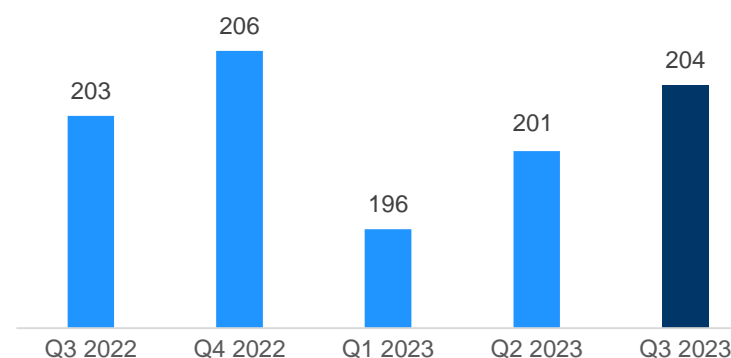
(KWD 000's)	Sep 2023	Dec 2022	Sep 2022
ASSETS			
Cash and bank balances	9,185	15,112	9,845
Time deposits	1,667	2,104	2,131
Accounts receivable and other assets	8,907	6,136	7,041
Loans to customers	2,604	2,709	768
Investments at fair value through profit or loss	93,366	105,069	118,753
Assets held for sale	18,584	-	-
Investments carried at amortized cost	4,117	1,976	1,804
Investments in associate and joint venture	18,461	4,148	1,883
Investment properties	27,246	72,631	73,902
Right of use assets	2,565	994	1,063
Equipment	315	587	558
Total Assets	187,017	211,466	217,748
LIABILITIES and EQUITY			
Liabilities			
Accounts payable and other liabilities	13,326	14,178	13,778
Financial liabilities at fair value through P/L	10	-	-
Bank borrowings	25,195	29,015	36,801
Bonds issued	35,000	35,000	35,000
Total Liabilities	73,531	78,193	85,579
EQUITY			
Equity attributable to the owners of the Parent Company	102,524	103,593	101,663
Non-controlling interests	10,962	29,680	30,506
Total Equity	113,486	133,273	132,169
Total Liabilities and Equity	187,017	211,466	217,748

Asset Under Management

Q3 2023 AUM
KD 1,159 million

Q3 2022 AUM
KD 1,142 million

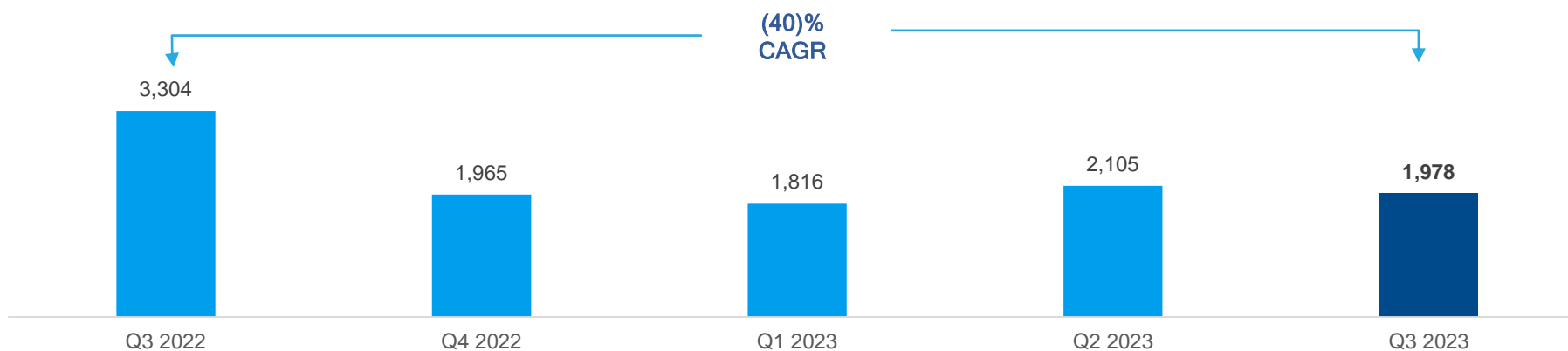
Book Value per Share (Fils)



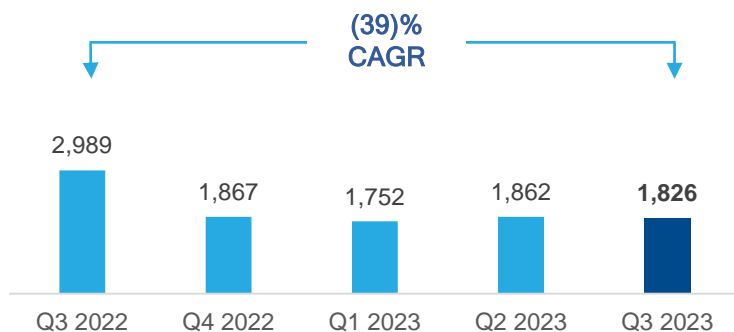
- Book value increase mainly due to achieve net income KD .71 million sustained during the period, although distributing cash dividend of KD 2.51 million for 2022

Asset Management & Investment Banking

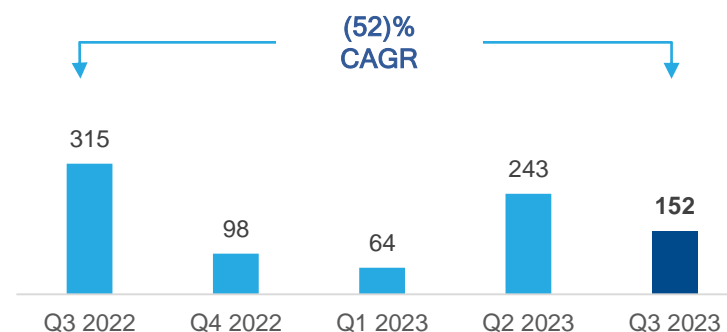
Management Fees & Commission (KD 000's)



Asset Management Fees¹ (KD 000's)

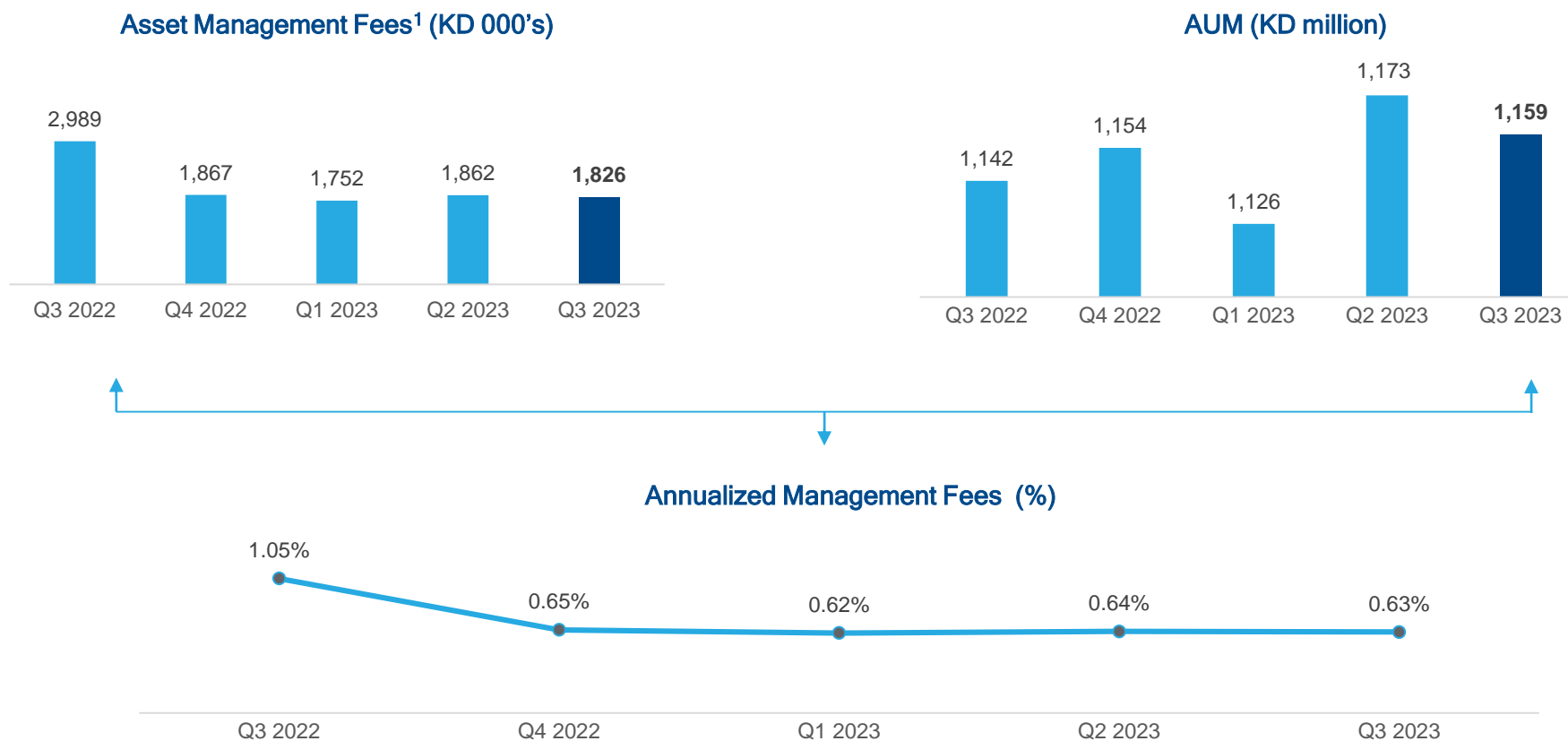


Investment Banking Fees (KD 000's)



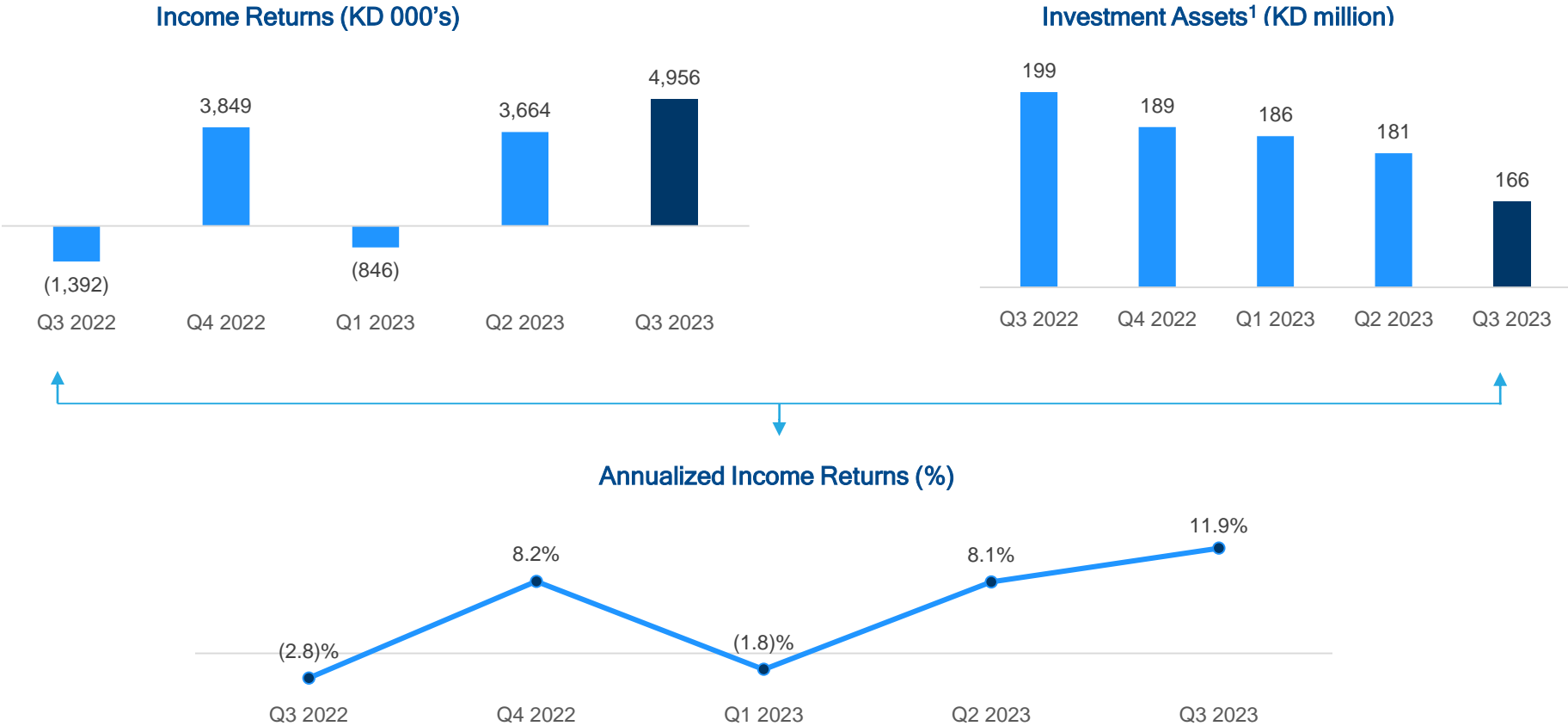
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Asset Management Fees Returns



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

Return on Principal Investments



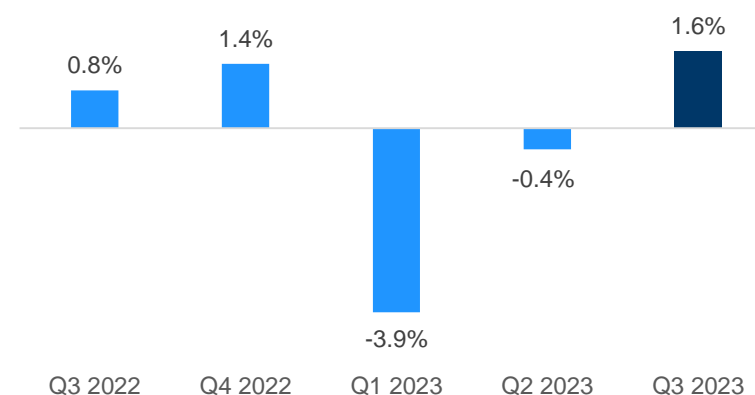
1. Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JV + Investment Properties + Loans to Customers

Capital Structure and Returns

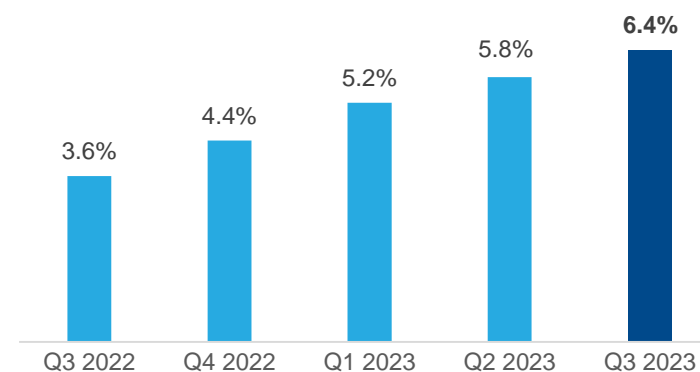
Markaz Net Debt to Total Equity increased to 0.43x

(KD 000's)	Sep 2023	Dec 2022	Sep 2022
Bank borrowings	25,195	29,015	36,801
Bonds Issued	35,000	35,000	35,000
Total Debt	60,195	64,015	71,801
Cash and Bank Balance	9,185	15,112	9,845
Time Deposits	1,667	2,104	2,131
Total Cash including Time Deposits	10,852	17,216	11,976
Net Debt	49,343	46,799	59,825
Shareholders Equity	102,524	103,593	101,663
Total Equity	113,486	133,273	132,169
Net Debt / Total Equity	0.43x	0.35x	0.45x

Return on Assets¹ (%)



Interest / Total Debt² (%)



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

2- Annualized finance cost to total debt

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%

Effective Governance Structure



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	501,259,570 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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