



Earnings Presentation

2023

المركز
MARKAZ

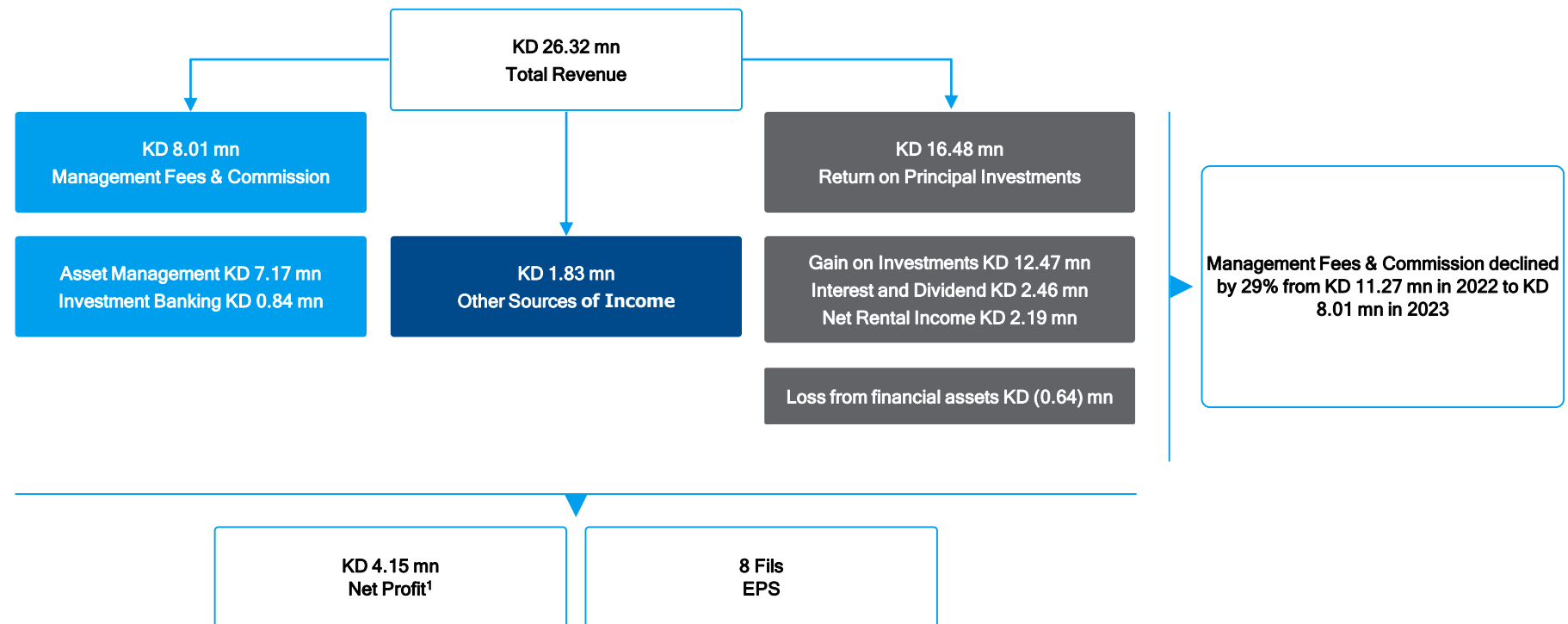
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2023 Performance Highlights

Markaz Assets Under Management of KD 1,212 million, an increase of 5.03% from December 2022

Profit and Loss Highlights



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

2023 Performance Highlights

Markaz's AUM at KD 1.212 billion in 2023

Total Revenues for 2023 of KD 26.32 million

The management fees and commission have amounted to KD 8.01 million for 2023

Kuwait, 14 February 2024 - Kuwait Financial Centre "Markaz" (KSE: Markaz, Reuters: MARKZ.KW, Bloomberg: MARKAZ: KK) reported its financial results for 2023 with a Total Revenue of KD 26.32 million, as compared to KD 18.80 million in 2022, led by gain from the sale of international and GCC real estate investments. Net Profit attributable to shareholders was KD 4.15 million, compared to KD 2.86 million in 2022 and Earnings Per Share was 8 Fils for the year ended 31 December 2023.

Mr. Diraar Yusuf Alghanim, the Chairman stated: "During the year 2023, the GCC Economies witnessed huge development driven by the momentum in Saudi Arabia and the UAE. The MSCI GCC index increased by 7.7% in 2023. In the context of the national economy, the IMF anticipates 2.9% real GDP growth in 2024, underpinned by attractive oil market dynamics. Inflation is expected to remain relatively subdued.

Throughout the year, the global economy encountered significant challenges due to the effects of escalating inflation, rising interest rates and the prolonged war in Ukraine. The outbreak of war in the Middle East, and the cooling of the US-China relationship, further intensified supply chain constraints, and global GDP growth in 2023 declined to 3.1% compared to the previous year (World Economic Outlook January 2024 edition). On the other hand, the asset management sector is experiencing a data-driven transformation led by artificial intelligence. By generating superior insights, artificial intelligence supports decision-making, constructing investment portfolios, and enhancing risk management. This opens doors to a new approach to alpha generation and a future where asset management is dependent on leveraging the power of data."

Mr. Ali H. Khalil, CEO stated: "Markaz's Asset Management fees for 2023 were KD 7.17 million as compared to KD 10.60 million for the previous year. Investment Banking and Advisory fees for 2023 were KD 0.84 million as compared to KD 0.67 million for 2022, an increase of 25.4%. GCC real estate markets showed improvement, with a backdrop of higher oil prices and economic growth initiatives across the region, resulting in firmer rental and occupancy rates. As a result, our Net Rental Income was KD 2.19 million. From an Asset Management perspective, Markaz Assets Under Management (AUM) increased by 5.03% to reach KD 1.21 billion as of December 31, 2023.

Although market concerns are likely to continue well into 2024, the Markaz approach to risk adjusted investment decision making will well serve its corporate, institutional and high-net-worth clients. A deep understanding of our client's financial objectives has underpinned Markaz's success over the last 50 years, especially during uncertain market conditions. As M&A favourable conditions return, the Investment Banking team is well positioned to advise on those transactions and also complex restructurings, listings, and IPOs. The real estate sector is expected to offer promising opportunities due to regional demographic and economic reforms, benefiting our real estate division. Markaz's adaptable business strategy and dedicated focus on client goals position us to capitalize on emerging opportunities in asset management and investment banking.

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>2023 Market Leader By: Euromoney</p>	 <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>



Business Highlights

Total AUM of KD 1,212 million, an increase of 5.03% from December 2022



Asset Management

Equity, Fixed Income, and Others:

Total AUM of KD 849 million

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

GCC Equities AUM of KD 664 million

- Markaz Investment & Development Fund (MIDAF), Forsa Financial Fund, Markaz Fund for Excellent Yields (MUMTAZ) and GCC Momentum Fund recorded yearly returns of (4.25)%, (3.81)%, (5.70)% and 10.34% 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 363 million

MENA Real Estate - AUM of KD 262 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 71 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 101 million

- Markaz has successfully exited from two industrial projects during the period, generating strong returns
- During 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 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 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 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 2023, Marmore published over 50 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

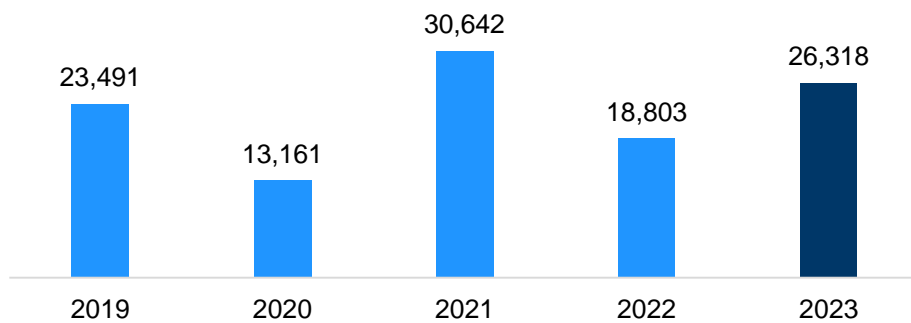
2023 Revenues growth on y-o-y basis

- Total Revenue has increased primarily due to gain on sale of certain investment in investment properties.
- Management Fees & Commissions decline by 29% on y-o-y basis
- Income from Principal Investments increased on y-o-y basis primarily due to gain on sale of investment properties KD 11.69 mn as compared to gain of 1.25 mn in 2022
- Net rental income declined by 40% to KD 2.19 mn compared to K.D 3.64 in 2022 and that due to the sale of investment properties.

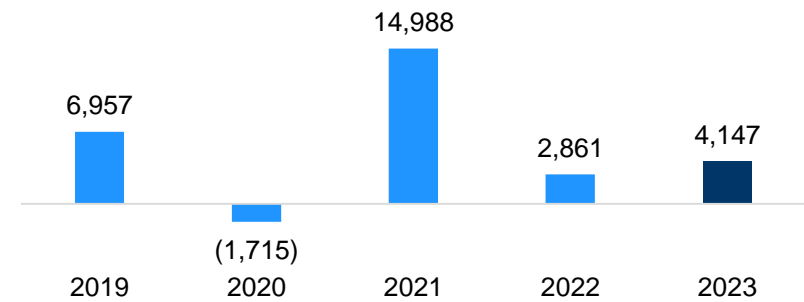
2023 Net Profit (KD 000's)

- 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
- 2023 profitability is driven by in Interest Income, Dividend income, rental income, and gain from sale investment properties.

Total Revenue (KD 000's)



Net Profit¹ (KD 000's)

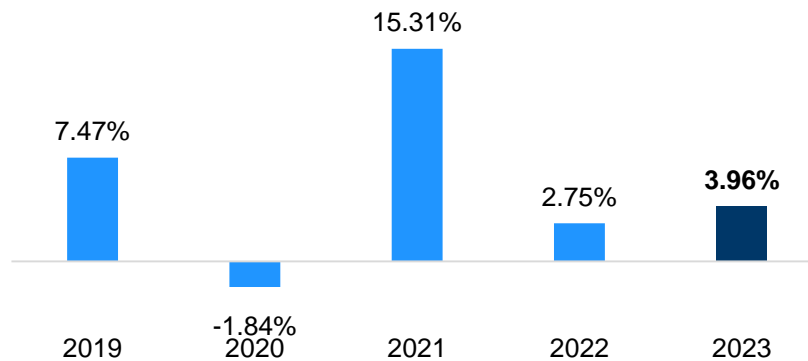


1. Net Profit attributable to the owners of the parent company

Financials Trend (Cont'd)

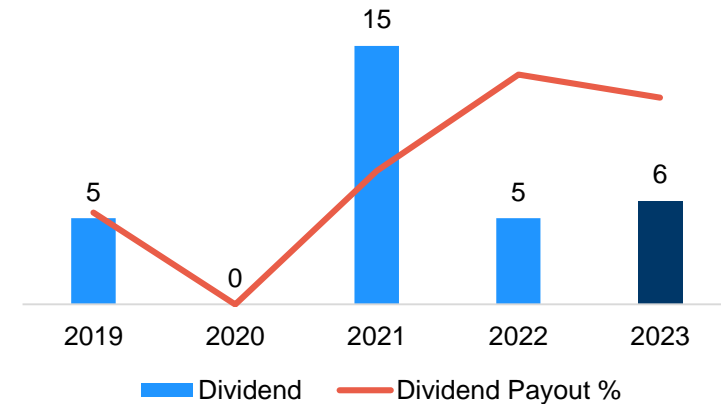
Return on Equity¹

- Return on Equity of 3.96% 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 6 Fils per share a payout of 75% on the EPS
- In 2023, the AGM had decided a cash dividend of 5 Fils per share for the financial year ended 2022



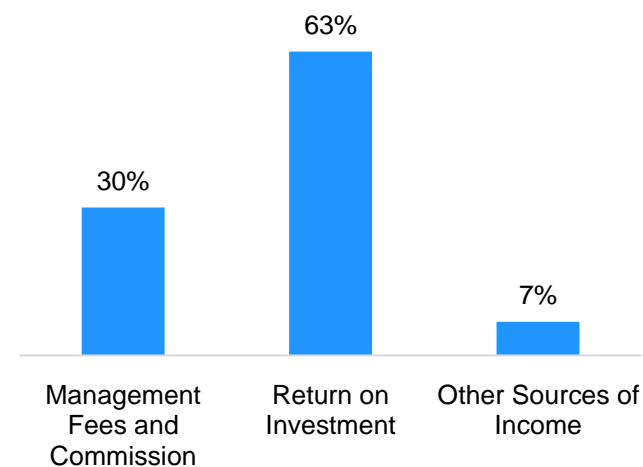
1. Return on Equity % = LTM Net Profit attributable to the owners of the parent company / shareholder's equity

Profit & Loss Key Metrics

(KWD 000's)

	Year Ended		Y-o-Y
	2023	2022	Growth (%)
Management Fees and Commission	8,013	11,269	(29)%
Interest income	1,007	461	-
Dividend income	1,454	861	69%
(Loss) / gain from financial assets at fair value through P/L	(630)	727	-
(Loss)/ gain from financial liabilities at Fair Value through P/L	(13)	9	-
Gain from financial assets at fair value through OCI	-	6	-
Share of results of associate and joint venture	(287)	(105)	-
Gain on partial redemption of investment in associate	9	-	-
Gain on derecognition of subsidiary	1,057	-	-
Gain on sale of investment properties	11,691	1,254	-
Net rental income	2,192	3,644	(40)%
Other sources of income	1,825	677	-
Total revenue	26,318	18,803	40%
Operational expenses	(13,684)	(11,588)	18%
EBIT	12,634	7,215	75%
Margin (%)	48%	38%	25%
Finance costs	(3,521)	(2,816)	25%
Contribution to KFAS, NLST, Zakat and Directors remuneration	(311)	(165)	88%
Net profit for the period	8,968	4,676	92%
Margin (%)	34%	25%	9%
Profit attributable to the owners of the parent company	4,147	2,861	45%
Profit attributable to Non-Controlling Interests	4,821	1,815	-
Earnings per share (Fils)	8	6	33%

2023 Revenue Analysis

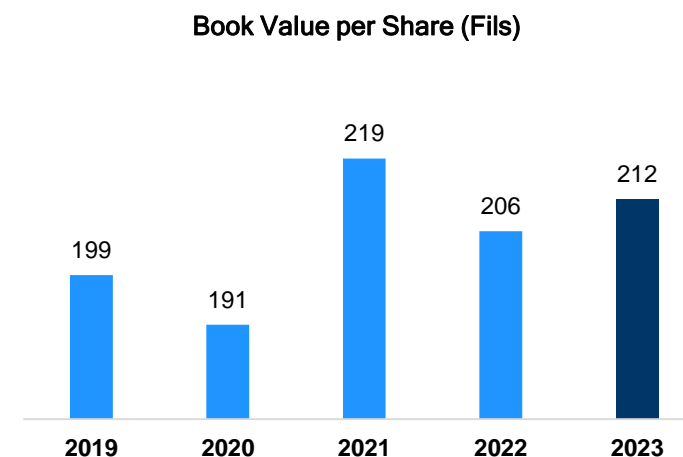


Notes:

- 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

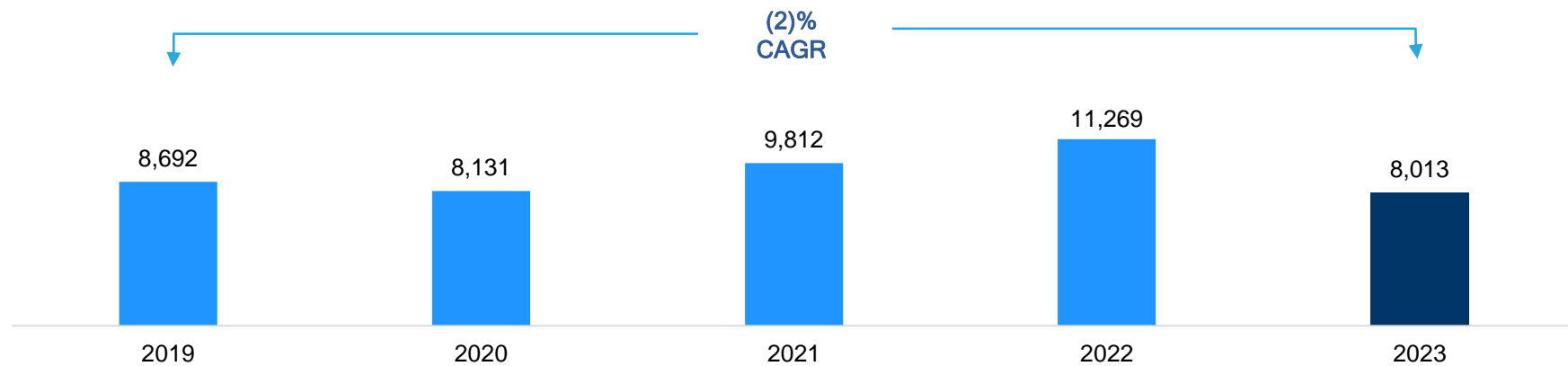
(KWD 000's)	Dec 2022	Dec 2022
ASSETS		
Cash and bank balances	6,639	15,112
Time deposits	272	2,104
Accounts receivable and other assets	6,020	6,136
Loans to customers	2,565	2,709
Investments at fair value through profit or loss	83,398	105,069
Investments carried at amortized cost	4,302	1,976
Investments in associate and joint venture	33,679	4,148
Investment properties	30,086	72,631
Right of use assets	2,432	994
Equipment	889	587
Total Assets	170,282	211,466
LIABILITIES and EQUITY		
Liabilities		
Accounts payable and other liabilities	13,035	14,178
Bank borrowings	9,413	29,015
Bonds issued	35,000	35,000
Total Liabilities	57,448	78,193
EQUITY		
Equity attributable to the owners of the Parent Company	106,065	103,593
Non-controlling interests	6,769	29,680
Total Equity	112,834	133,273
Total Liabilities and Equity	170,282	211,466



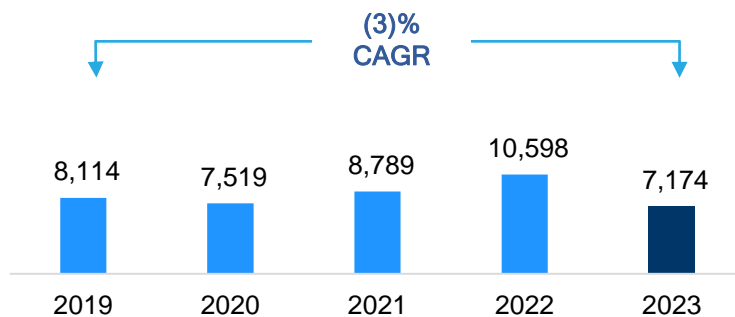
- Book value increase mainly due to achieve net income KD 4.1 million sustained during the year, although distributing cash dividend of KD 2.51 million for 2022

Asset Management & Investment Banking

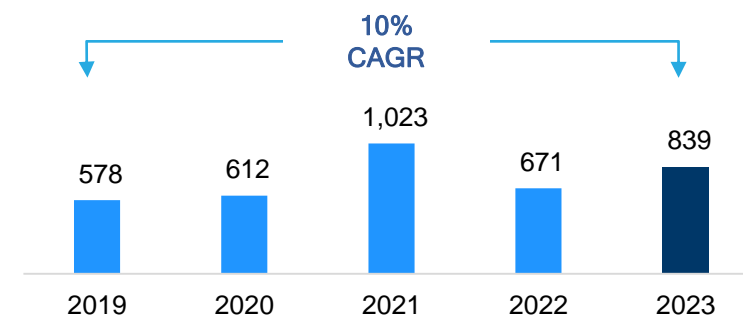
Management Fees & Commission (KD 000's)



Asset Management Fees¹ (KD 000's)

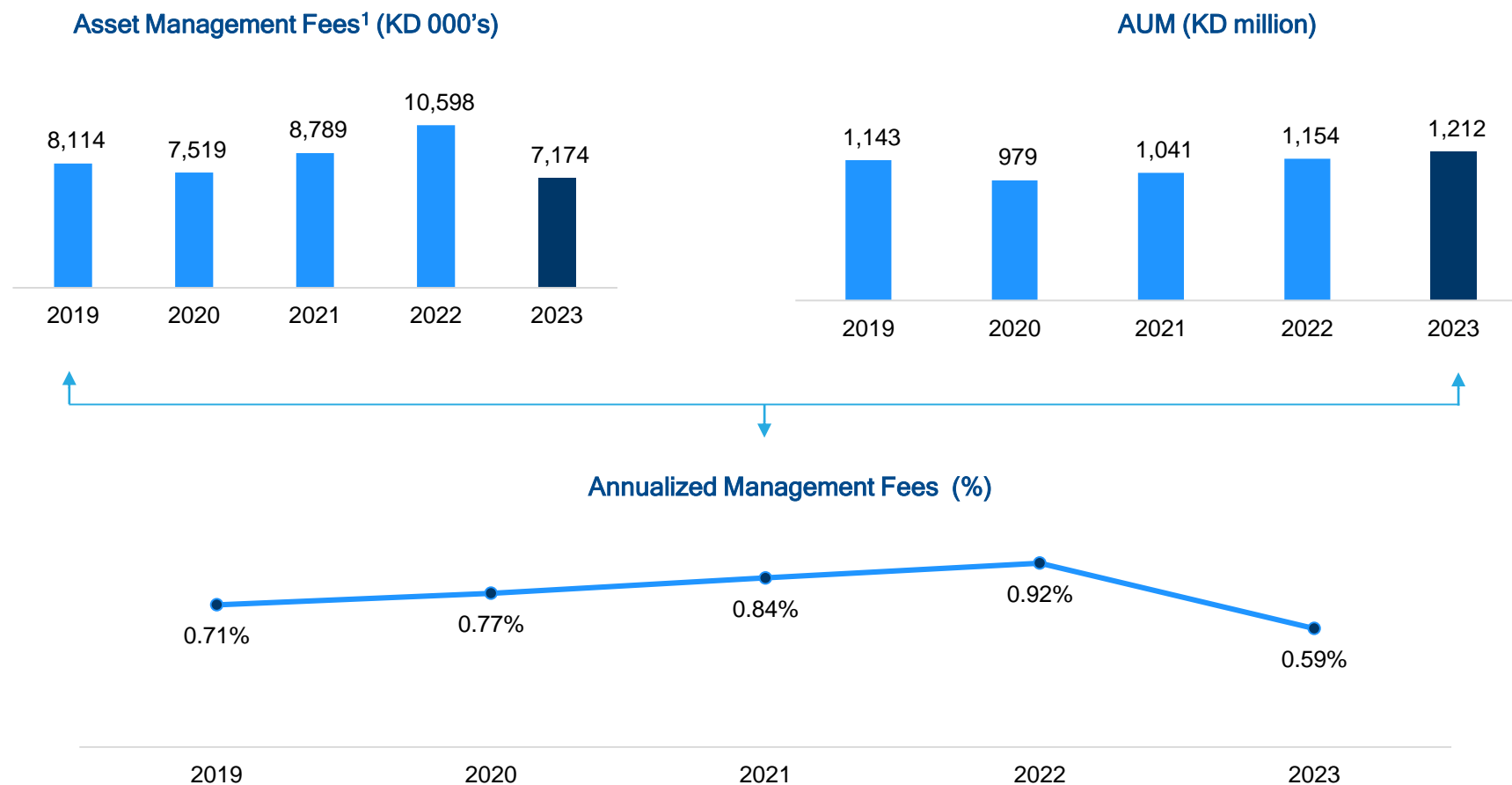


Investment Banking Fees (KD 000's)



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

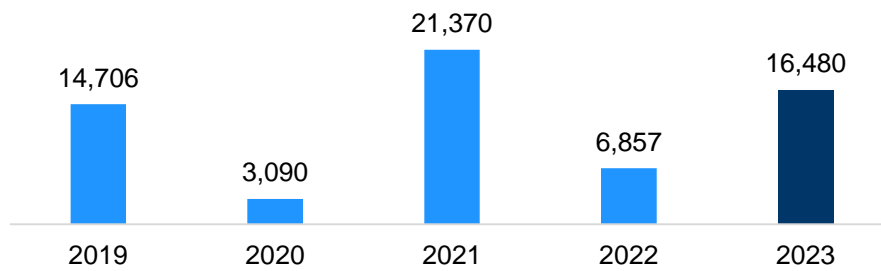
Asset Management Fees Returns



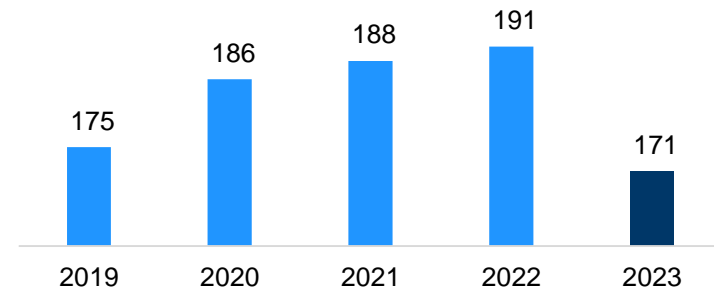
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Return on Principal Investments

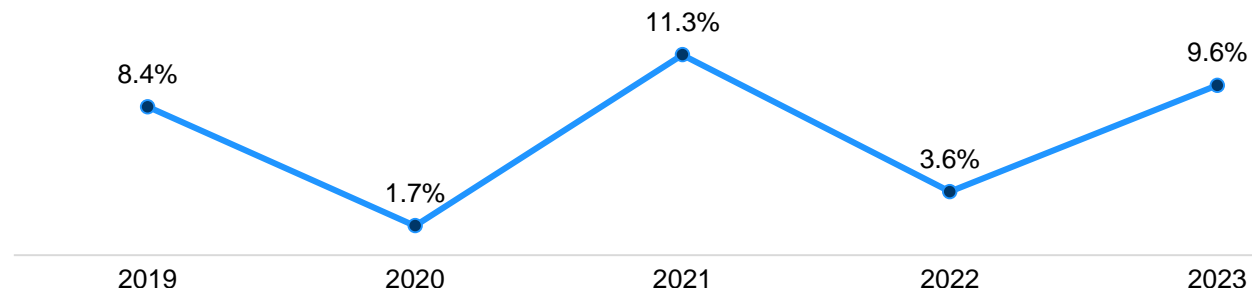
Income Returns (KD 000's)



Average Investment Assets¹ (KD million)



Annualized Income Returns (%)



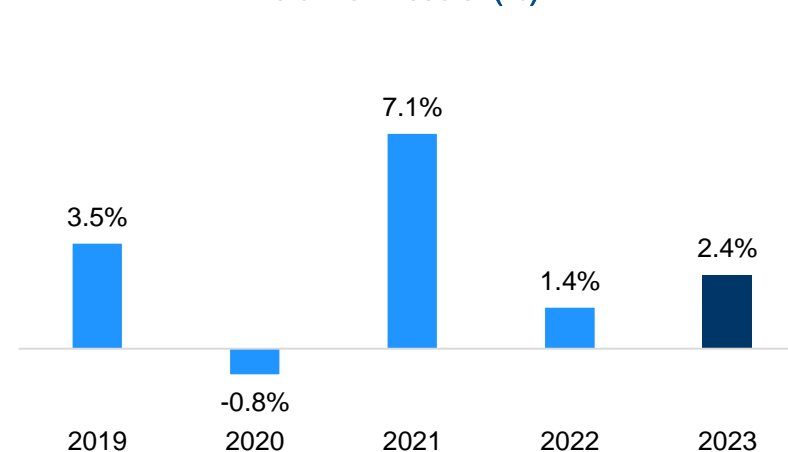
1. Fixed Assets + Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JV + Investment Properties + Loans to Customers

Capital Structure and Returns

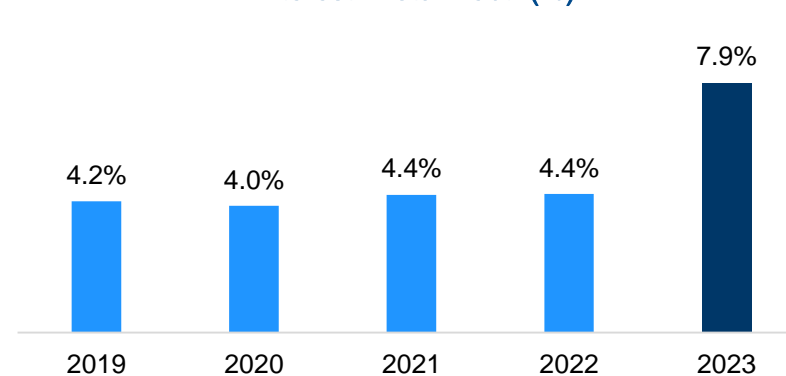
Markaz Net Debt to Total Equity increased to 0.33x

(KD 000's)	Dec 2023	Dec 2022
Bank borrowings	9,413	29,015
Bonds Issued	35,000	35,000
Total Debt	44,413	64,015
Cash and Bank Balance	6,639	15,112
Time Deposits	272	2,104
Total Cash including Time Deposits	6,911	17,216
Net Debt	37,502	46,799
Shareholders Equity	106,065	103,593
Total Equity	112,834	133,273
Net Debt / Total Equity	0.33x	0.35x

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)
2023 Proposed Dividends	Cash Dividend - 6 Fils Per Share
Bonds Issued	KD 35,000,000 unsecured debenture bonds
No. of shares outstanding	500,953,403 shares
Authorized share capital	KWD 60,000,000
Issued share capital	KWD 50,484,183
Auditors	Grant Thornton (Al-Qatami, Al-Aiban & Partners) and Deloitte (Al-Wazzan & Co.)
Company website	https://www.markaz.com/

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