



Earnings Presentation

Q1 2023

المركز
MARKAZ

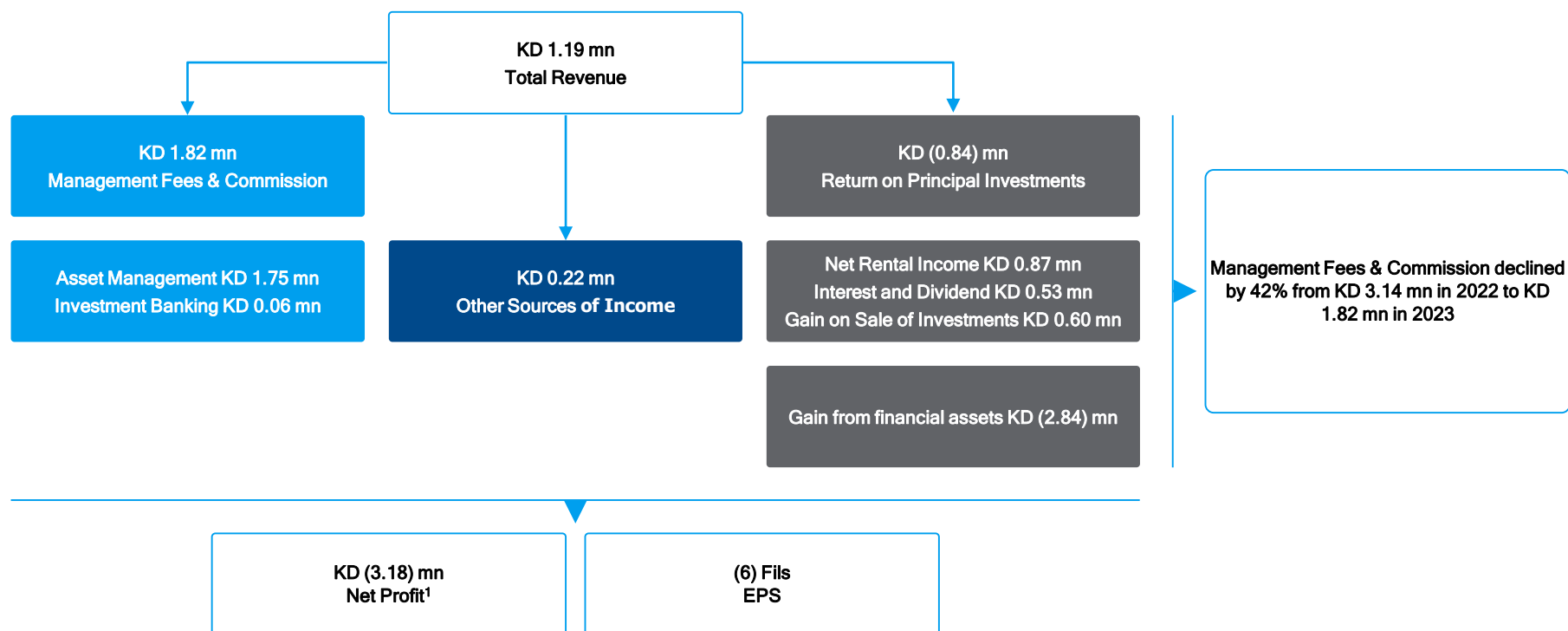
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Q1 2023 Performance Highlights

Markaz Assets Under Management of KD 1,126 million, a decline of 3.7% from Mar 2022

Profit and Loss Highlights



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

Q1 2023 Performance Highlights

Markaz's AUM at KD 1.13 billion in Q1-2023

Total Revenues for Q1 2023 of KD 1.19 million

The management fees and commission have amounted to KD 1.82 million for Q1 2023

Kuwait, 09 May 2023 - Kuwait Financial Centre “Markaz” (KSE: Markaz, Reuters: MARKZ.KW, Bloomberg: MARKAZ: KK) reported its financial results for the quarter ended 31 March 2023 with Total Revenues of KD 1.19 million, as compared to KD 12.24 million in Q1 2022. The decline is primarily attributable to an unrealized loss from financial assets at a fair value of KD 2.91 million compared to a gain of KD 7.19 million in Q1 2022. Net Loss attributable to shareholders of Markaz was KD 3.18 million for Q1 2023.

Mr. Diraar Yusuf Alghanim, the Chairman, stated: “The onset of 2023 has been characterized by a subdued business climate, marked by an anticipated slowdown in global economic growth. The geopolitical events continue to weigh on international business prospects and, subsequently, on capital market sentiments. Despite a rising interest rate, headline inflation remains elevated and may persist, primarily due to cost pressures from constrained labor markets. However, a future softening in commodity prices and the reopening of the Chinese economy could have a favorable impact on global economic activity. The equity markets have seen mixed results, with the S&P GCC and Kuwait All Share Price indices declining year-to-date by 1.80% and 3.31%, respectively. In contrast, the S&P 500 index and the MSCI World Index recorded gains of 7.02% and 7.25%, respectively, during the same period.

In this context, Markaz delivered Total Revenues of KD 1.19 million. The management fees amounted to KD 1.82 million. Markaz's Assets under Management (AUM) declined by 2.4% to KD 1.13 billion as of March 31, 2023 from December 31, 2022.

Despite this uncertain economic environment, we are optimistic that our well-diversified portfolio, long-standing client relationships, and risk management culture will enable us to deliver to all our stakeholders.”

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>Best Private Bank in Kuwait</p> <p>By: Global Finance</p>	 <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>Middle East's Best for Investment Research</p> <p>By: Euromoney</p>	 <p>Best Domestic Private Bank</p> <p>By: Euromoney</p>	 <p>2022 Market Leader</p> <p>By: Euromoney</p>



Business Highlights

Total AUM of KD 1,126 million, a decline of 3.7 % from Mar 2022



Asset Management

GCC Equity Funds, Fixed Income Fund, Others:

Total AUM of KD 796 million

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

GCC Equities AUM of KD 653 million

- Markaz Investment & Development Fund (MIDAF), Markaz Forsa, Markaz Fund for Excellent Yields (MUMTAZ) recorded yearly returns of (5.8)%, (5.9)% and (5.5)% 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 331 million

MENA Real Estate - AUM of KD 242 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
- Occupancies and rent growth have been healthy in KSA Riyadh, and recovered greatly in the Eastern province where in Q1 2023 first rent increase happened since 2015

National Real Estate Portfolio - Real Estate Fund

International Real Estate - AUM of KD 89 million

- Markaz has successfully exited from one projects during the quarter, generating strong returns
- In Q1 2023, Markaz made its first investment development financing through mezzanine debt, partnering with a well-known international real estate developer

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 exhibited a favorable trajectory throughout the year and maintained its positive momentum in the first Q1 2023
- 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



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 2022 include 'Global & GCC Capital Markets Review', 'Kuwait Real Estate Report 2023 Outlook', 'UAE Real Estate Report 2023 Outlook' and 'KSA Real Estate Report 2023 Outlook'
- 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: Industry, Economic, Infrastructure, Capital Market and Regulatory research

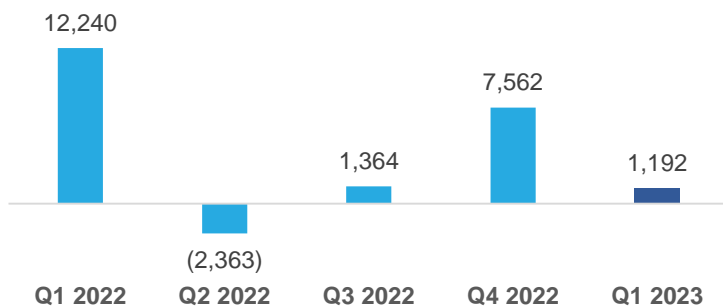
Consulting Focus: Industry Market Assessment, White Label Reports, Company Valuation, Due Diligence, C-Suite Support at CXO Level, and Directors Intelligence Support

Financials Trend

Q1 2023 Revenues growth on y-o-y basis

- Total Revenue decrease was primarily because the reduction of 136% in the gain from financial assets fair value comparing to Q1 2022, further the decline in Asset Management Fees and Rental Income by 34%
- Management Fees & Commissions decline by 42% on y-o-y basis
- Income from Principal Investments decreased on y-o-y basis primarily due to the change in fair value of financial assets at fair value through P&L of KD (2.9) mn as compared to gain of 7.2 mn in Q1 2022
- Net rental income declined by 5% to KD 0.87 mn

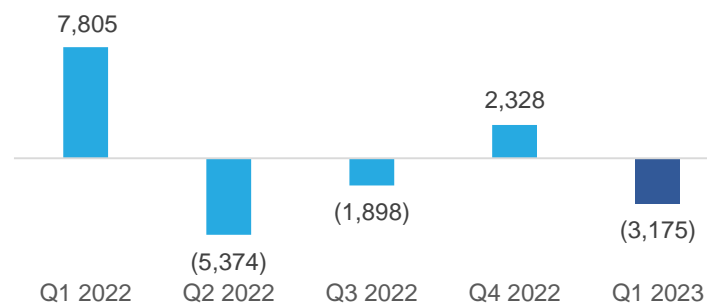
Total Revenue (KD 000's)



Q1 2023 Net Profit (KD 000's)

- The net profit decrease due to decrease in revenues and negative fair value adjustment of financial assets
- Q1 2023 profitability is driven by increase in other income and gain on exit of investment properties projects

Net Profit¹ (KD 000's)

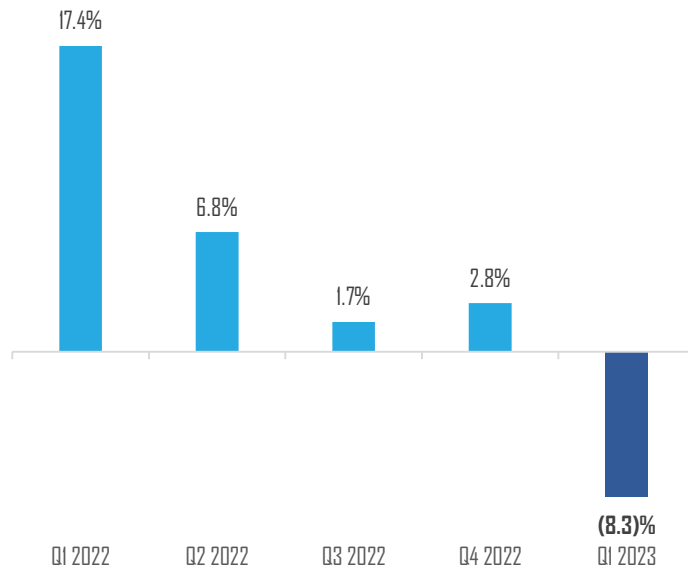


1. Net Profit attributable to the owners of the parent company

Financials Trend (Cont'd)

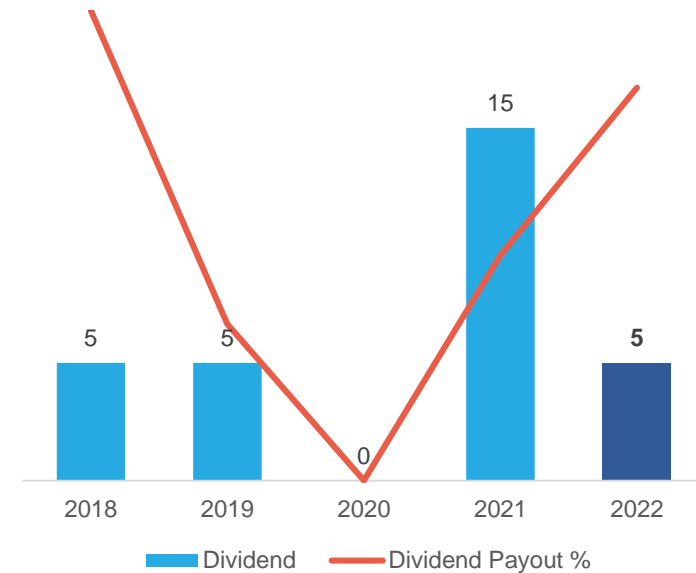
Return on Equity¹

- Return on Equity of (8.3)% on LTM basis as it was impacted due to a significant loss arising from financial assets at fair value through P&L



Dividend Per Share and Payout

- Board of Directors proposed 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

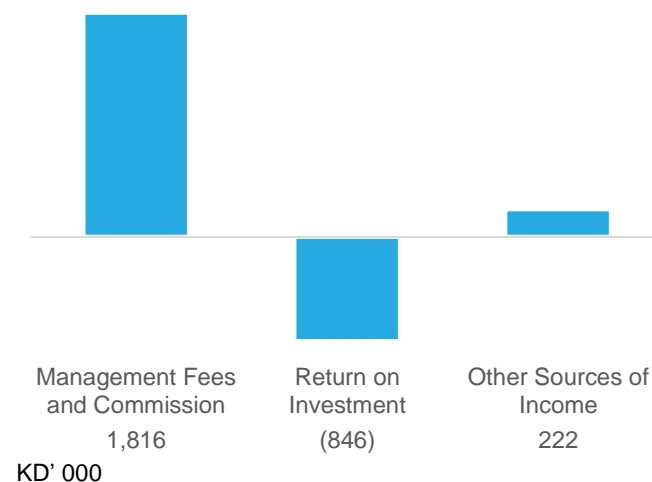


1. Return on Equity % = LTM Net Profit attributable to the owners of the parent company / shareholder's equity

Profit & Loss Key Metrics

(KWD 000's)	Period Ended		Y-o-Y Growth (%)
	Q1 2023	Q1 2022	
Management Fees and Commission	1,816	3,143	(42%)
Interest income	209	105	99%
Dividend income	322	257	25%
(Loss)/ Gain from financial assets at fair value through P/L	(2,836)	7,731	(137%)
(Loss)/ Gain from financial liabilities at fair value through P/L	(6)	9	(167%)
Gain from Investments at Fair Value through OCI	-	-	N/A
Share of results of associate and joint venture	(91)	40	(328%)
Gain on sale of investment properties	687	91	655%
Net rental income	869	917	(5%)
Other sources of (loss)/income	222	(53)	(519%)
Total revenue	1,192	12,240	(90%)
Operational expenses	2,940	3,262	(10%)
EBIT	(1,748)	8,978	(119%)
Margin (%)	-147%	73%	
Finance costs	854	546	56%
(Reversal) / Impairment	-	-	N/A
Provision for Directors' Remuneration	-	-	N/A
Contribution to KFAS, NLST, Zakat	-	364	N/A
Net (loss) /profit	(2,708)	8,068	(134%)
Margin (%)	(227)%	66%	
Net (loss) /profit attributable to the owners of the parent company	(3,175)	7,805	(141%)
Net profit/(loss) attributable to Non-Controlling Interests	467	263	78%
(Losses)/Earnings per share (Fils)	(6)	16	(138%)

Q1 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

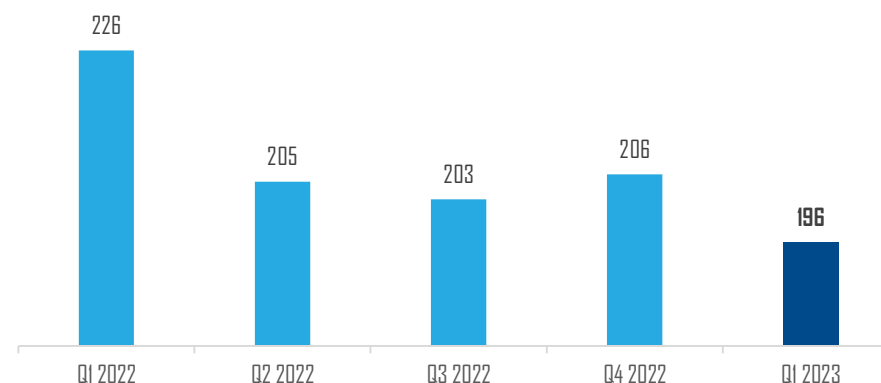
(KWD 000's)	Mar 2023	Dec 2022	Mar 2022
ASSETS			
Cash and bank balances	17,176	15,112	11,847
Time deposits	1,502	2,104	98
Investments at fair value through profit or loss	104,246	105,069	116,282
Investments carried at amortized cost	4,011	1,976	2,146
Investment properties	69,714	72,631	75,168
Accounts receivable and other assets	5,227	6,136	6,311
Loans to customers	2,658	2,709	670
Investments in associate and joint venture	3,714	4,148	2,689
Right of use assets	925	994	1,240
Equipment	558	587	664
Total Assets	209,731	211,466	217,115
LIABILITIES and EQUITY			
Liabilities			
Due to banks	-	-	-
Accounts payable and other liabilities	17,091	14,178	21,650
Bank borrowings	30,376	29,015	21,700
Bonds issued	35,000	35,000	35,000
Total Liabilities	82,467	78,193	78,350
EQUITY			
Equity attributable to the owners of the Parent Company	98,289	103,593	107,850
Non-controlling interests	28,975	29,680	30,915
Total Equity	127,264	133,273	138,765
Total Liabilities and Equity	209,731	211,466	217,115

Asset Under Management

Q1 2023 AUM
KD 1,126 million

Q1 2022 AUM
KD 1,170 million

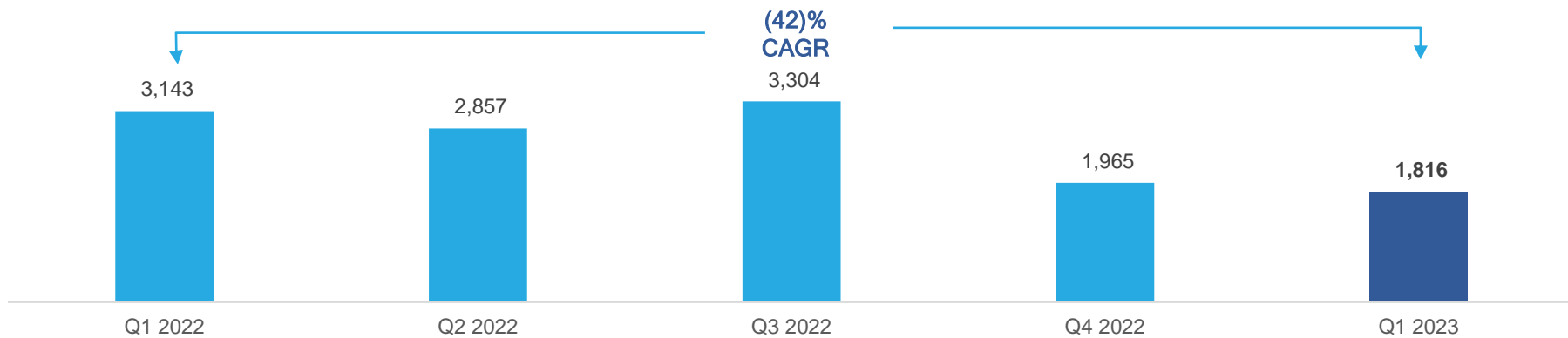
Book Value per Share (Fils)



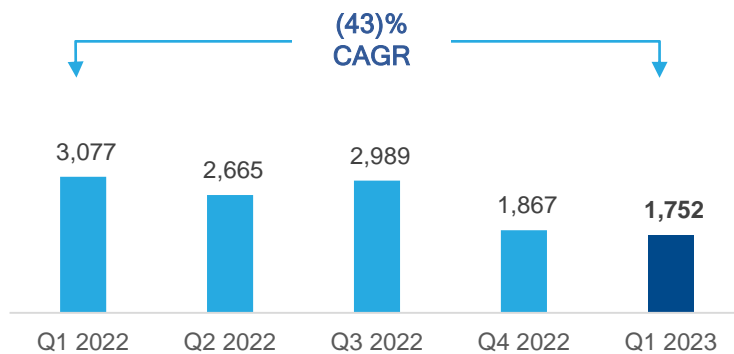
- Book value decrease due to the net decrease in retained earnings as a result of decrease in net profit for the current period which mainly resulted from loss from investments at fair value through profit or loss

Asset Management & Investment Banking

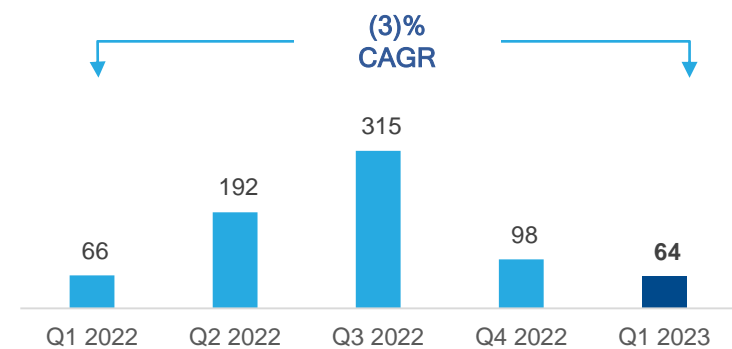
Management Fees & Commission (KD 000's)



Asset Management Fees¹ (KD 000's)

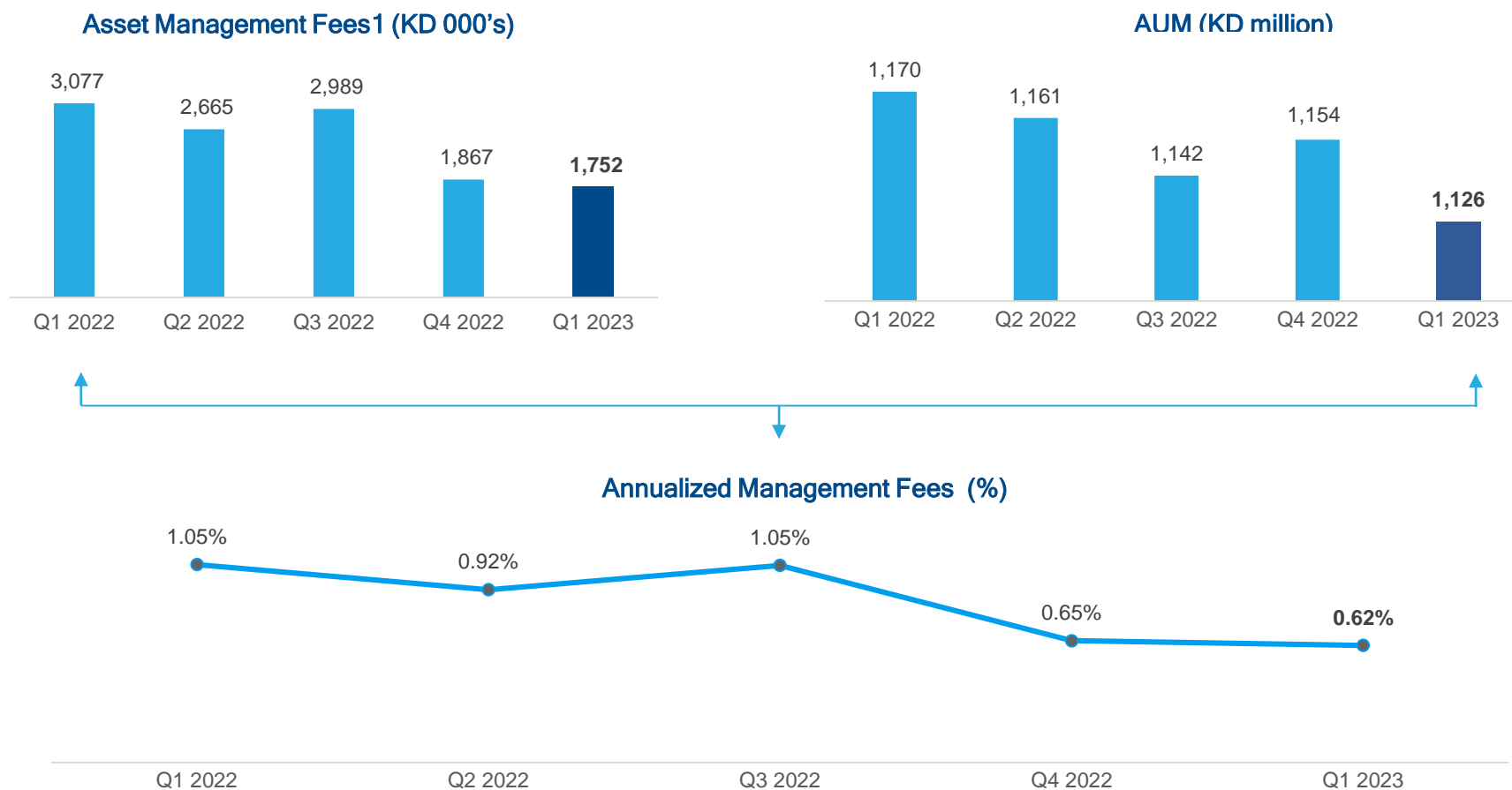


Investment Banking Fees (KD 000's)



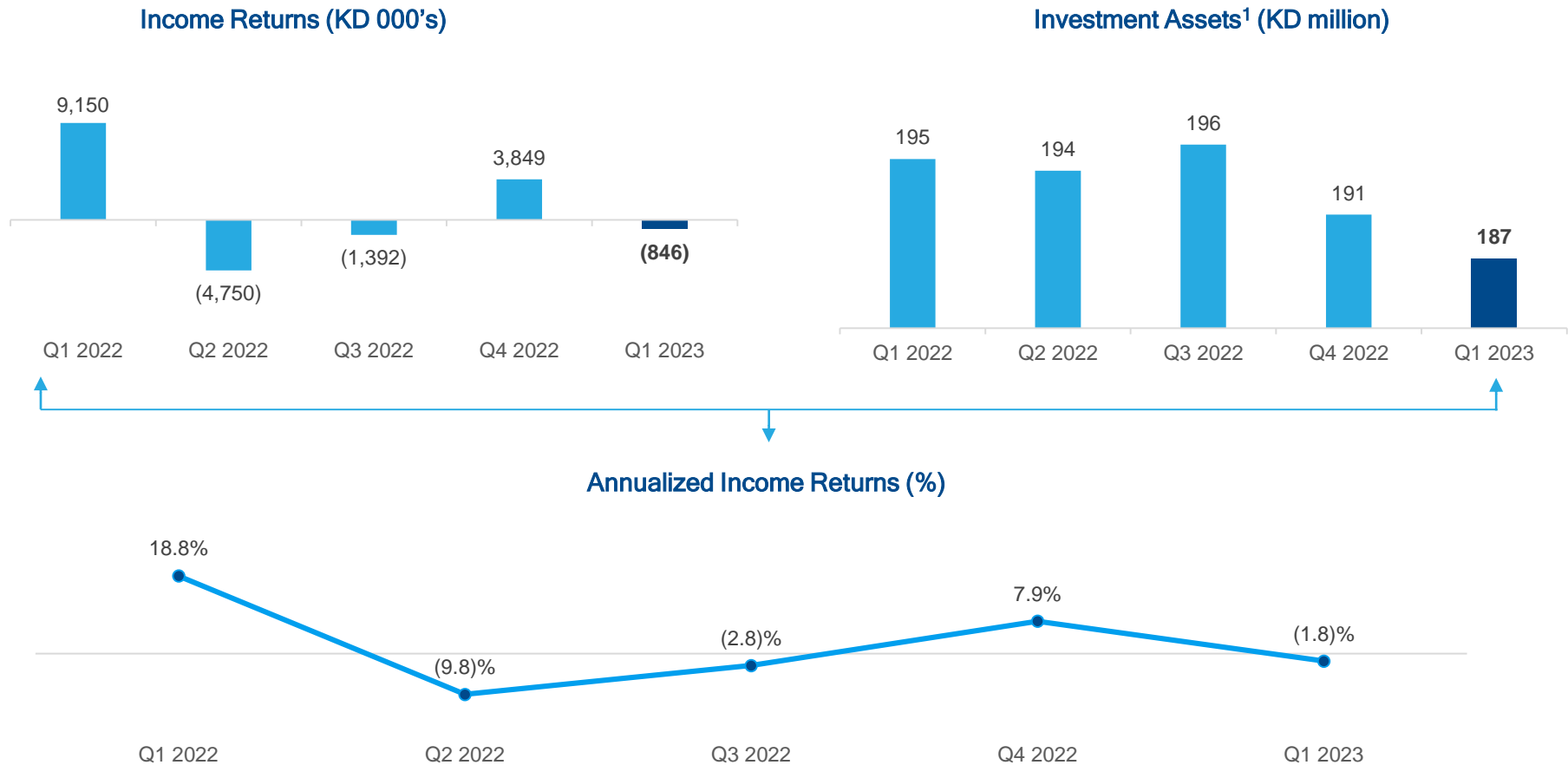
1. Asset Management includes GCC Equity & Fixed Income Funds, Real Estate, International Investments and Private Equity

Asset Management Fees Returns



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

Return on Principal Investments



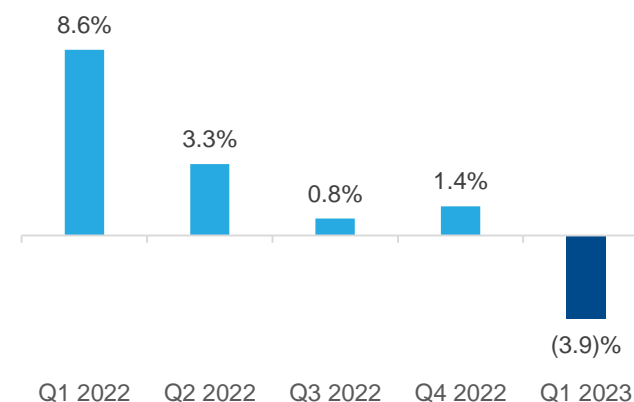
1. Investment Assets include Investments at Fair Value through P&L + Investment at Fair value through OCI+ Investments at amortised cost + Investment in associates and JV + Investment Properties + Loans to Customers

Capital Structure and Returns

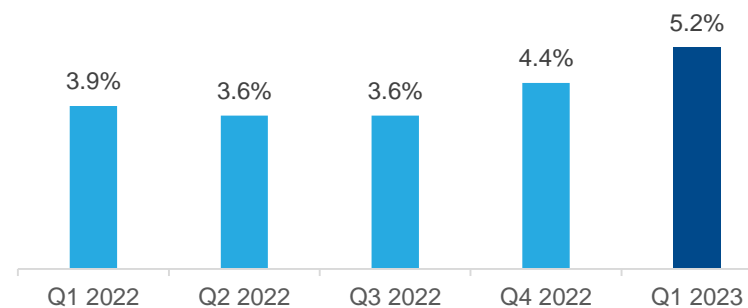
Markaz Net Debt to Total Equity reduced to 0.37x

(KD 000's)	Mar 2023	Dec 2022	Mar 2022
Bank borrowings	30,376	29,015	21,700
Due to Banks	-	-	-
Bonds Issued	35,000	35,000	35,000
Total Debt	65,376	64,015	56,700
Cash and Bank Balance	17,176	15,112	11,847
Time Deposits	1,502	2,104	98
Total Cash including Time Deposits	18,678	17,216	11,945
Net Debt	46,698	46,799	44,755
Shareholders Equity	98,289	103,593	107,850
Total Equity	127,264	133,273	138,765
Net Debt / Total Equity	0.37x	0.35x	0.32x

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

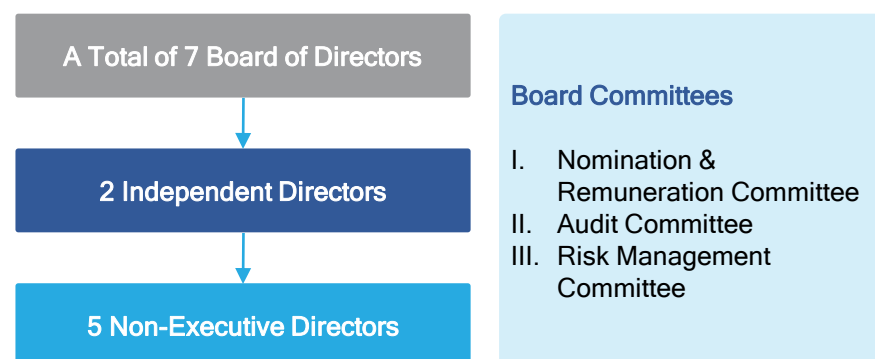
Major Shareholders

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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