

Business

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NIC achieves net profit of KD 12m

National Investments Company announces H1 results for 2022

KUWAIT: National Investments Company has announced its financial results for H1 2022, including an analytical overview of the company's performance and financial position from the beginning of the year until 30 June, 2022.

In a press statement, Fahad Al-Mukhaizim, CEO of the National Investments Company, said: "Our financial results for H1 2022 reflect the strategy followed by the company, as one of the leading investment companies in Kuwait and the region. Despite the KD 3.4 million decline in the second quarter of 2022 compared to KD 15.1 net profits generated in H1 2021, NIC has achieved a net profit of KD 12 million, 15 fils per share since the beginning of 2022."

Regarding assets, Al-Mukhaizim has highlighted a 15.2% growth to reach KD 275.9 million by H1 2022, compared to KD 239.5 million in total assets by H1 2021, regardless of the KD 36 million profits distribution. Al-Mukhaizim also highlighted those total managed assets had witnessed a 5.5% increase to KD 1.13 billion compared to KD 1.07 billion generated by H1 2021.

Other comprehensive revenues grew by 4.7% in the second half of this year to KD 8.3 million compared to KD 7.9 million in the first half of 2021. Al-Mukhaizim went on to say that the total shareholders' equity of the parent company increased by 6.2% to KD 200.9 million, compared to KD 189.2 million in the first half of 2021. He also highlighted the exceptional performance and efforts which have led to exiting three investments: the first is from a local investment company, which was worth KD 7.1 million, and the second was from an international real estate worth 6.6 million euros, in addition to 'NCC San Pietro' deal.

Al-Mukhaizim also highlighted the number of private subscriptions and qualitative listings on Boursa Kuwait, managed by NIC during 2022, where the company worked as a global coordinator and listing consultant for Ali Al Ghanim and Sons Automotive, one of the leading listed automotive companies in Kuwait and the official distributor of international brands, NIC has managed to obtain approvals of the Capital Markets Authority and the Boursa Kuwait to start trading the company's shares on the 'Premier Market' starting on June 7, 2022. The IPO aimed to offer up to 124,875,000 million shares of Ali Alghanim & Sons Automotive Company for 793 fils per share (with a total value of KD 99 million) to eligible investors to increase the shareholders base, one of the basic requirements for listing on Boursa Kuwait's Premier Market. The company received initial purchases with a value of KD 1.08 billion, covering nearly 11 times the offering value.

Al-Mukhaizim also mentioned that NIC has acted as the issuance manager and agent for the IPO process and managed to conclude a capital increase process for National Consumer Holding Company (NCHC), with a value of KD 21 million, which translates to 233% of the source capital paid before the increase, covering 100% of the capital increase. In addition to the special offering of Rai Media Group, as well as playing the investment consultant role for the merger between Boubyan Petrochemical Company and Education Holding Group and as an investment advisor for the merger between Safa Investment Company and Cap Corp Investment Company.

On the performance of the alternative investment sector, Al-Mukhaizim said that the industry has invested in two funds, one is a private equity fund with a capital of \$20 billion investment in the technology sector and managed by Silver Lake, and the other is a fund that invests in private finance and

private equity with a capital of \$9.5 billion, driven by HPS Investment Partners.

NIC's CEO also noted that the performance of the MENA Securities Sector was excellent during the first half of 2022, as the sector continued to record positive results in terms of its investment activities thanks to the efforts of the team and their experience, as the company's positive financial results supported the positive performance recorded by our investment funds despite market fluctuations during the first half of this year, on top of it was Al Wataniya Investment Fund with a return of 6.6%, followed by the Darij Investment Fund with 5.6%, then a Mawarid fund for industry and oil services with a return of 4.6%, and finally Zajil Fund for services and telecommunications at 0.41%.

The investment funds team at The National Investments Company has succeeded in distributing cash dividends during this period for the unit owners listed in the units campaign registered on March 31, 2022, with a total value of KD 11.6 million for all funds, post the return of the semi-annual distribution mechanism, for our funds to form attractive and

added Al-Mukhaizim.

With outstanding performance and following quality standards while serving customers, NIC's wealth management team was able to attract a wide range of individual and corporate investors and increase the company's customer base during the first half of 2022, which had a positive impact on maximizing the company's managed assets, this included establishing many investment portfolios for individuals and institutions locally and internationally, via effective communication and diligent follow-ups, the team also contributed to customers satisfaction and the development of digital service program, including IPO services, applying for direct and indirect subscriptions through investment portfolios, electronic signature, digitalized documents, in addition to the pocket guide program and many more.

The real estate investment division has witnessed positive accomplishments in H1 2022, which has contributed to the financial results achieved by NIC; the division has followed a strategy that offers comprehensive solutions related to real estate manage-

enable them as well as the external investors to participate in public offerings and increase the capital of listed and not listed companies quickly. This new service was launched coinciding with the public offering of Ali Al Ghanim & Sons, which achieved the most extensive public offering in terms of the value of the offering in Kuwait. The service proved an unprecedented success by dealing with thousands of underwriters in an integrated automated method that supports the registration of the subscription application, digital signature, and electronic payment.

Customers can benefit from an additional feature added by NIC to its digital exchange platform, which allows them to connect to third external channels specialized to access trading signals and linking them to an easy-to-use graphical interface; this service is characterized by the quality of financial analysts from more than 500 major financial institutions, such as Morgan Stanley, Credit Suisse, UBS Bank, Barclays Bank, Goldman Sachs, Wells Fargo, JP Morgan, and Deutsche Bank, this new feature enables investors to make decisions after gaining a comprehensive view of market movement.

The trial account of the e-trading service has generated significant interest from investors of the electronic trading service (NICTRADE), as the company has been developing it through the experimental account property, which allows those interested in investing and trading in the capital markets to test their investment decisions in a risk-free environment before investing through the existing account, the trial account also gives new customers a chance to experience the platform and its features such as entering trading orders, following up on them, while taking advantage of real-time market prices transparently and flexibly.

All digital services and features launched by NIC are part of its digital transformation plan, which is based on promoting and adopting the latest digital technologies in all areas of direct business, fundamentally changing the way we operate, to provide valuable services to customers and create a well-established environment that allows expanding financial services for new categories of customers. The digital transformation is consistent with the National Investments Company's strategy of improving an efficient internal IT infrastructure through innovation and permanent development of applications and technologies used and working to apply new technologies focused on the company's strategic objectives that contribute mainly to raising productivity and reducing operational costs, thereby achieving sustainability of core processes and activities.

At the end of his statement, Fahad Al-Mukhaizim expressed his sincere appreciation to shareholders and customers; their trust is much appreciated. We also acknowledge the support of all regulators, our executive management, and employees for their positive contribution to this outstanding performance. Al-Mukhaizim also confirmed that NIC's strategy positioned it as one of the largest investment companies in the region, and witnessing intense competition in the markets, the company continues to focus on achieving strategic objectives that include strengthening its position in addition to maximizing the capabilities of its employees to provide the best products and services of high quality and provide an exceptional level of customer service, with a focus on achieving the best returns to shareholders.



Fahad Al-Mukhaizim

Al-Mukhaizim:

- NIC's wise leaders succeeded in capturing great investment opportunities that go with its objectives and generate the highest returns by offering diversified services and adding value to both shareholders and customers

- The company has managed to carry out three successful exits during 2022 and has professionally managed many private subscriptions and qualitative listings

distinct investment opportunities for investors looking to increase capital or regular profit, over the long-term investment horizon, despite the changes in the investment opportunities within the financial markets, therefore NIC is considered the first local company that distributes cash dividends to fund unit holders after the financial crisis in 2008.

Al-Mukhaizim explained that the cash distributions linked to the investment funds were 5% of the nominal value, i.e., 50 fils per unit, post the release of 2021 financial results, with a current return of 5.5%. AlDarj Investment Fund has distributed a cash dividend of 3% of nominal value, 30 fils per unit, by the second half of 2021 with a current return of 6.2%, while Zajil Fund has distributed 5% of the nominal value, i.e., 50 fils per unit during the same period last year, with current revenue of 4.5%.

"Through our planned investment activities, our financial instruments team was able to sign a Market Maker service agreement with seven companies listed on Boursa Kuwait, bringing the number of companies NIC represents as a Market Maker of their shares by about nine companies. We are keen on selecting shares solvency for our clients and provide expertise when managing those shares,"

ment and provides extraordinary services that increase returns, attract investors and customers. The division continued to achieve returns generated from domestic and foreign real estate investments based on comprehensive studies while re-operating external investments and converting them from long-term to managed or easy-to-exit investments.

On a local investment level, our real estate investment team was able to attract a lot of real estate portfolios in addition to achieving big profits because of exiting one of the local real estate projects owned by the company, located in Salmiya area. The division also started a new campaign to develop and improve the assets of the real estate portfolio to increase revenues and property value. The company was also able to maintain reasonable occupancy rates during the first half of 2022 by intensifying efforts in marketing campaigns to raise collection and occupancy rates.

NIC has recently launched a new service to manage subscriptions electronically, which was developed using the latest technologies, and aims to attract large companies interested in the IPO and capital raising procedures, allowing them to reach a large segment of those involved in these offers, and

BoE delivers biggest rate hike in 27 years

LONDON: The Bank of England unleashed Thursday its biggest interest rate hike since 1995 as it forecast inflation topping 13 percent this year and warned of a looming year-long recession. The bank's Monetary Policy Committee voted 8-1 in favour of lifting its key interest rate by 0.50 percentage points to 1.75 percent. The increase tallied with expectations and took borrowing costs to the highest level since December 2008.

The move also mirrors aggressive monetary policy from the US Federal Reserve and the European Central Bank last month, as the world races to cool red-hot inflation that has been fuelled by Russia's invasion of Ukraine. It also ramps up loan repayments for UK consumers and businesses, who are already facing a squeeze from a worsening cost of living crisis.

UK inflation is set to peak at 13 percent, or the highest level in more than 42 years, according to the BoE. "Inflationary pressures in the United Kingdom and the rest of Europe have intensified significantly" since May, read a statement after the decision.

"That largely reflects a near doubling in wholesale gas prices since May, owing to Russia's restriction of gas supplies to Europe and the risk of further curbs. "As this feeds through to retail energy prices, it will exacerbate the fall in real incomes for UK households and further increase UK



LONDON: (L-R) Deputy Governor for Monetary Policy, Ben Broadbent, Executive Director for Communications, James Bell, Governor of the Bank of England Andrew Bailey, and Deputy Governor for Markets and Banking, Dave Ramsden, address the media on the Monetary Policy Report at the Bank of England, in London, on August 4, 2022. —AFP

CPI inflation in the near term."

In more grim news, the BoE predicted the UK economy would enter a painful recession that will last until late 2023. "GDP growth in the United Kingdom is slowing," the BoE said. "The latest rise in gas prices has led to another significant deterioration in the outlook for activity in the United Kingdom and the rest of Europe.

"The United Kingdom is now projected to enter recession from the fourth quarter of this year." However, the recession will be shallower than the 2008 crash that was sparked by the global financial crisis.

The UK economy is expected to shrink by up to 2.1 percent in size from its highest point, according to the central bank's forecast. UK inflation had already jumped to a four-decade high of 9.4 percent in June, deepening the cost-of-living crisis as workers' wages fail to keep pace.

Global inflation is surging as energy prices continue to rocket on key gas and oil

producer Russia's war on neighbouring Ukraine. Consumer prices have also rocketed on supply-chain strains as demand rebounds on the easing of COVID restrictions. That has forced central banks to raise interest rates, risking the prospect of recession as higher borrowing costs hurt businesses and consumers. Inflation is also running at a 40-year peak of 9.1 percent in the United States, and a record high of 8.6 percent in the eurozone. The Fed in July delivered its second straight 0.75-percentage-point increase, in what economists have called the most aggressive Fed tightening cycle since the 1980s.

The European Central Bank then surprised markets last month with a bigger-than-expected 0.50-percentage-point hike, bringing an end to the era of negative interest rates in the eurozone. Policymakers are anxious to quell inflation before it becomes dangerously entrenched and sparks a prolonged economic downturn. — AFP

HK's Li Ka-shing's firm to sell stake in fintech upstart

HONG KONG: Hong Kong billionaire Li Ka-shing's firm is selling its stake in the parent company of fintech upstart AMTD Digital, according to a statement released Thursday, after the company enjoyed a massive rally this week. Hong Kong-based AMTD Digital was worth more than \$203 billion when New York markets closed on Wednesday, making it the world's fifth-biggest financial company on paper, Bloomberg reported.

AMTD Digital was listed just three weeks ago, and reported \$25 million in revenue for the financial year that ended in April 2021. Li's CK Group said in a statement that it holds less than four percent of AMTD Digital's parent company, AMTD Group, and has entered negotiations to sell those shares.

CK added that it has no representatives on AMTD Group's board and has no business dealings with or shareholdings in AMTD Digital directly. The sale would put distance between CK and AMTD Digital's founder Calvin Choi, a former investment banker who is appealing a ban by Hong Kong regulators for failing to disclose conflicts of interest.

Li's CK said its current four percent stake was left over from a sale nearly a decade ago, where CK sold a majority

of its AMTD Group shares. AMTD Group was set up in 2003 and lists CK Asset Holdings as a co-founder, according to its website.

Analysts have partly attributed AMTD Digital's current rally to the small portion of shares that were made available for trading. "The low free float in the company's shares means it will be easier for big shareholders to push up the stock price," research analyst Thomas Nip at Valuable Capital in Hong Kong told Bloomberg, adding that the stock is highly overvalued.

Oktay Kavrak, director at Leverage Shares, told Bloomberg that AMTD Digital was heading for a "nose-dive" given the speed of its ascent. AMTD Digital's swift rally had prompted questions of whether it was the next "meme stock"-shares that skyrocket due to retail trading mania—similar to video game chain GameStop.

In January 2021, small-time stock traders banded together and rocked Wall Street by driving up the prices of shares like GameStop and cinema chain AMC, reaping massive profits. But there is no evidence yet of a clear link between AMTD Digital's stock movements this week and trades driven by social media interest, with some users of Reddit forum WallStreetBets dismissing the connection. — AFP