

## ALIMTIAZ INVESTMENT GROUP

Near-term asset disposals should unlock decent upside for Alimtia. Maintain Buy.

- Balance sheet remains well-provisioned in 9M, offering deep value at 0.46x P/B and 0.69x P/tBV, with a strong liquidity position (23% of total assets, 0.9x of liabilities). But Net debt/EBITDA increased to ~6x on a slowdown in EBITDA in FY 22e, which we see correcting in FY 23e+.
- Post Q3, Alimtia concluded an asset disposal in the US and is assessing an asset sale in Egypt, which combined, could unlock significant cash proceeds for Alimtia (c.20% of mktcap, in our view). The proceeds can also support DPS sustainability in FY 22e at lucrative yields.
- We adjust our TP to KWD (fils) 151, slightly impacted by FX devaluation in Egypt, but still see decent upside following the recent stock de-rating. We maintain Buy on well-provisioned balanced sheet supported by an attractive DY in FY 22e (11% DY based on last year's DPS, 8.8% DY based on ACe).

**Q3 revenues from subsidiaries dropped to KWD 15.4m** (-18% q/q, -18% y/y) due to a slowdown across the different sectors, which was reflected in lower profits from operating activities at KWD 4.86m (-15% q/q, -20% y/y) impacted by real estate provisions, losses from IT Solutions, and lower translated income for Pharma (Egypt). But the Education sector exhibited a solid recovery (+152% y/y in 9M EBITDA) following the start of a new academic year. SG&A expenses dropped sequentially by 5% q/q but remained flat on a yearly basis at KWD 5.6m on cost rationalization mainly in F&B expenses (-68% q/q, -48% y/y), while 9M OpEx dropped 10% y/y for the group supported by cost rationalization across all segments. Alimtia reported a net loss for parent Co of KWD 1.17m, almost flat y/y.

**EBITDA slipped to KWD -0.47m in Q3 and KWD 3m in 9M (-58% y/y):** Alimtia reported EBITDA from the Pharma sector (KWD -0.2m), Real Estate (KWD -0.4m), and Financial Services (KWD -0.3m), slightly offset by the Education sector which was the largest contributor to parent EBITDA in Q3 with KWD 0.5m (+154% q/q, +60% y/y). EBITDA from F&B sector (+83% q/q, -26% y/y) and Energy and Construction sector (+16% q/q, nm y/y) improved sequentially in Q3 but continued to produce losses at KWD -0.05m and KWD -0.7m, respectively. EBITDA from listed securities improved to KWD 0.28m in Q3 following losses in Q2 and the same quarter last year.

**NAV remains well-provisioned and extremely discounted at 0.38x P/NAV,** settling at KWD 216m in 9M (-2% q/q, -10% y/y), suggesting decent upside in disposal value. The portfolio remains well-balanced with IT Solutions and Real Estate Properties both comprising 18% of total NAV, followed by Financial Services (15%) and Pharma (12%), both increasing 1% annually. The share of listed securities decreased from 11% to 8% annually as of 9M. During the same period, BV of parent equity slightly dropped to KWD 173.2m (-1% q/q, -7% y/y) in Q3 and book value per share stood at KWD (fils) 169, implying a deep discount at 0.44x P/B and 0.67x P/tBV. Leverage (D/E ratio) was maintained at 0.19x, while total debt decreased in Q3 to KWD 37.1m (-19% y/y, -3% q/q).

**Alimtia has recognized dividend income from portfolio companies amounting to KWD 2.2m in 9M 2022** (-33% y/y).

**Post Q3, Alimtia announced that it concluded an asset disposal in the US and is assessing the sale of a stake in subsidiary in Egypt,** which combined, could unlock decent cash proceeds for Alimtia: the company exited from an investment in the real estate hospitality sector in Boston (US) for an amount of USD 24m (KWD 7.4m), while will be fully collected in Q4e. The company is also studying an offer submitted to Al-Ritaj Holding to acquire its stake in Delta Pharmaceutical Industries in Egypt (a subsidiary of a subsidiary, AIIG owns 92.47% of Al-Ritaj) for EGP 1.2bn (KWD 18.9m), which could unlock up to KWD 10m in cash proceeds (on our estimates) and partially mitigate AIIG's exposure to FX in Egypt. We think that both transactions could unlock decent upside for Alimtia, and expect the cash proceeds to strengthen the balance sheet and support the continuity of dividends in FY 22e.

**We adjust our TP to KWD (fils) 151 due to FX devaluation in Egypt** (Egypt is 12% of NAV via the pharma business). We still see decent upside and an attractive DY of ~9% in FY 22e (11% DY based on FY 21A DPS): we think that NOI from subsidiaries has bottomed in 9M 22A and is due for recovery in FY 23e, mainly driven by i) the materialization of delayed tender projects for Integrated Technology Holding having completed footprint positioning in Kuwait and KSA, ii) portfolio optimization and capacity expansion in the pharmaceutical sector with Pharo's new warehouses underway, iii) capacity expansion in Amman Arab University in H2 22e, and iv) higher operational rigs for the energy & construction unit. We maintain Buy with 86% upside.

BUY

KWD (fils) 151

### Real Estate / KUWAIT

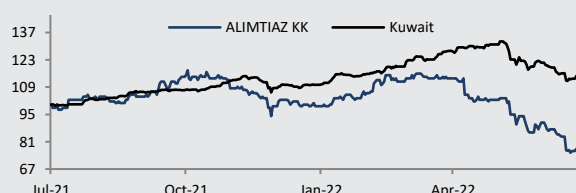
|                |             |
|----------------|-------------|
| Bloomberg code | ALIMTIAZ KK |
| Market index   | Kuwait      |
| Target Price   | 151         |
| Upside (%)     | 86.1        |

### Market data 11/23/2022

|                                    |            |
|------------------------------------|------------|
| Last closing price                 | 81.0       |
| 52 Week range                      | 86.6-142.0 |
| Market cap (KWD m)                 | 83.0       |
| Market cap (USD m)                 | 276        |
| Average Daily Traded Value (KWD m) | 0.55       |
| Average Daily Traded Value (USD m) | 1.80       |
| Free float (%)                     | 80%        |

| Year-end (local m)        | 2021  | 2022e | 2023e | 2024e |
|---------------------------|-------|-------|-------|-------|
| Revenues                  | 74.5  | 78.6  | 86.6  | 94.2  |
| EBITDA                    | 7.2   | 10.9  | 12.0  | 13.3  |
| EPS                       | -     | -     | -     | -     |
| P/E (current price)       | 547.3 | 108.0 | 97.0  | 87.0  |
| Net debt                  | 21.7  | 27.2  | 29.6  | 30.8  |
| BVPS                      | 0.2   | 0.2   | 0.2   | 0.2   |
| P/B (current price)       | 0.45  | 0.45  | 0.45  | 0.44  |
| EV/EBITDA (current price) | 20.1  | 13.4  | 12.1  | 10.9  |
| Div. yield (%)            | -     | 11.3  | 8.8   | 8.8   |
| FCF margin (%)            | (7.1) | 7.3   | 7.9   | 8.6   |
| Net debt/EBITDA (x)       | 3.0   | 2.5   | 2.5   | 2.3   |
| Net debt/Capital (%)      | 9.4   | 11.9  | 12.9  | 13.2  |
| Interest cover (x)        | 1.9   | 4.2   | 4.8   | 5.4   |
| RoAA (%)                  | 0.5   | 2.7   | 3.0   | 3.3   |
| RoAE (%)                  | 0.8   | 4.2   | 4.6   | 5.1   |
| RoIC (%)                  | 0.7   | 3.4   | 3.7   | 4.1   |

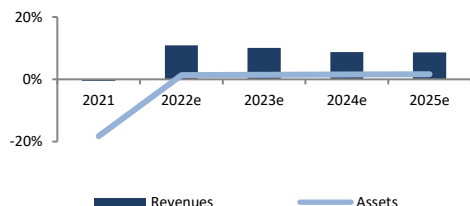
### Price Performance



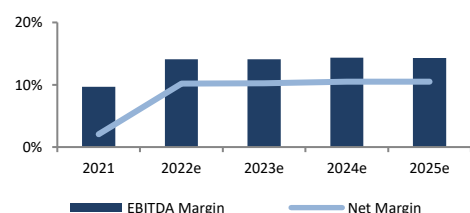
## Abacus

### Arqaam Capital Fundamental Data

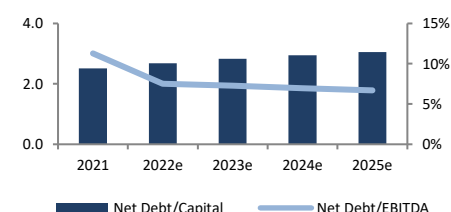
#### Profitability



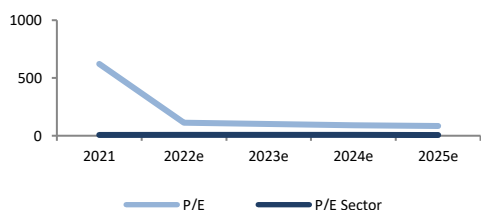
#### Growth



#### Gearing



#### Valuation



## ALIMTIAZ INVESTMENT GROUP

| Year-end                 | 2020     | 2021     | 2022e    | 2023e    | 2024e    | 2025e    |
|--------------------------|----------|----------|----------|----------|----------|----------|
| <b>Financial summary</b> |          |          |          |          |          |          |
| Reported EPS             | (0.02)   | -        | 0.01     | 0.01     | 0.01     | 0.01     |
| Diluted EPS              | (0.02)   | -        | 0.01     | 0.01     | 0.01     | 0.01     |
| DPS                      | -        | -        | 0.01     | 0.01     | 0.01     | 0.01     |
| BVPS                     | 0.18     | 0.18     | 0.18     | 0.19     | 0.19     | 0.19     |
| Weighted average shares  | 1,027.48 | 1,037.40 | 1,035.06 | 1,035.06 | 1,035.06 | 1,035.06 |
| Average market cap       | 945.28   | 952.26   | 952.26   | 952.26   | 952.26   | 952.26   |

| Year-end                 | 2020   | 2021   | 2022e | 2023e | 2024e | 2025e |
|--------------------------|--------|--------|-------|-------|-------|-------|
| <b>Valuation metrics</b> |        |        |       |       |       |       |
| P/E (x) (current price)  | (45.0) | 547.3  | 108.0 | 97.0  | 87.0  | 79.8  |
| P/E (x) (target price)   | (7.9)  | 101.8  | 20.1  | 18.0  | 16.2  | 14.8  |
| P/BV (x) (target price)  | 0.8    | 0.8    | 0.8   | 0.8   | 0.8   | 0.8   |
| EV/EBITDA (x)            | (9.3)  | 20.1   | 13.4  | 12.1  | 10.9  | 10.0  |
| EV/FCF (x)               | (12.9) | (27.4) | 25.1  | 21.1  | 17.9  | 15.7  |
| EV/Invested capital (x)  | 0.8    | 0.8    | 0.8   | 0.8   | 0.8   | 0.7   |
| Dividend yield (%)       | -      | -      | 11.3  | 8.8   | 8.8   | 8.8   |

| Year-end          | 2020    | 2021    | 2022e | 2023e | 2024e | 2025e |
|-------------------|---------|---------|-------|-------|-------|-------|
| <b>Growth (%)</b> |         |         |       |       |       |       |
| Revenues          | 2.4     | (0.5)   | 5.5   | 10.1  | 8.8   | 8.8   |
| EBITDA            | (165.1) | (134.9) | 50.7  | 10.6  | 10.8  | 8.6   |
| EBIT              | (183.8) | (123.3) | 57.3  | 13.0  | 13.1  | 10.1  |
| Net income        | (141.9) | (107.3) | 406.6 | 11.3  | 11.6  | 9.0   |

| Year-end           | 2020   | 2021 | 2022e | 2023e | 2024e | 2025e |
|--------------------|--------|------|-------|-------|-------|-------|
| <b>Margins (%)</b> |        |      |       |       |       |       |
| EBITDA             | (27.6) | 9.7  | 13.8  | 13.9  | 14.1  | 14.1  |
| EBIT               | (30.7) | 7.2  | 10.7  | 11.0  | 11.4  | 11.6  |
| Net                | (28.0) | 2.1  | 9.9   | 10.0  | 10.2  | 10.2  |

| Year-end           | 2020   | 2021  | 2022e | 2023e | 2024e | 2025e |
|--------------------|--------|-------|-------|-------|-------|-------|
| <b>Returns (%)</b> |        |       |       |       |       |       |
| RoAA               | (5.8)  | 0.5   | 2.7   | 3.0   | 3.3   | 3.5   |
| RoAE               | (10.6) | 0.8   | 4.2   | 4.6   | 5.1   | 5.5   |
| RoIC               | (8.5)  | 0.7   | 3.4   | 3.7   | 4.1   | 4.4   |
| FCF margin         | (15.1) | (7.1) | 7.3   | 7.9   | 8.6   | 9.0   |

| Year-end            | 2020  | 2021 | 2022e | 2023e | 2024e | 2025e |
|---------------------|-------|------|-------|-------|-------|-------|
| <b>Gearing (%)</b>  |       |      |       |       |       |       |
| Net debt/Capital    | 17.1  | 9.4  | 11.9  | 12.9  | 13.2  | 13.0  |
| Net debt/Equity     | 23.2  | 11.6 | 14.6  | 15.8  | 16.2  | 15.9  |
| Interest cover (x)  | (7.9) | 1.9  | 4.2   | 4.8   | 5.4   | 5.9   |
| Net debt/EBITDA (x) | (2.0) | 3.0  | 2.5   | 2.5   | 2.3   | 2.1   |

## Abacus

Arqaam Securities Fundamental  
Data

### Company Profile

**Al Intiaz Investment Group (AIIG)** is a leading Kuwaiti Sharia'a compliant investment group established in 2005 and was listed on Bursa Kuwait in 2011. The company runs a diversified portfolio of assets that span across different markets globally with a focus on the GCC and wider MENA region. Core assets represent 86% of AIIG's portfolio NAV centered around six main business verticals.

### Shareholders and Board Members

#### Shareholders

|                             |        |
|-----------------------------|--------|
| Mr. Khalid Sultan Ben Essa  | 9.70%  |
| Jassar Dakhil Jassar Jassar | 5.85%  |
| Other                       | 84.45% |

#### Board of Directors

|                                     |                                |
|-------------------------------------|--------------------------------|
| Mr. Khalid Sultan Ben Essa          | Non-Executive Chairman         |
| Mr. Abdullah Dakhil Jassar Jassar   | Non-Executive Deputy Chairman  |
| Mr. Ahmad Mohammad Boodai           | Non-Executive Director         |
| Mr. Tareq Ibrahim Al-Mansour        | Non-Executive Director         |
| Mr. Abdulrahman Mohammad Al-Khannah | Independent Director           |
| Mr. Fahad Salah Al Essa             | Independent Director           |
| Mr. Nawaf Hussain Marafi            | Group Chief Executive Director |

#### ALIMTIAZ INVESTMENT GROUP

| Year-end                                | 2020          | 2021        | 2022e       | 2023e       | 2024e       | 2025e       |
|---|---------------|-------------|-------------|-------------|-------------|-------------|
| <b>Income statement (KWD m)</b>         |               |             |             |             |             |             |
| Sales revenue                           | 74.9          | 74.5        | 78.6        | 86.6        | 94.2        | 102.5       |
| <b>Gross profit</b>                     | <b>25.5</b>   | <b>27.6</b> | <b>29.9</b> | <b>32.9</b> | <b>36.2</b> | <b>39.2</b> |
| SG&A                                    | (24.1)        | (24.7)      | (22.1)      | (23.9)      | (26.0)      | (27.8)      |
| <b>EBITDA</b>                           | <b>(20.7)</b> | <b>7.2</b>  | <b>10.8</b> | <b>12.0</b> | <b>13.3</b> | <b>14.4</b> |
| Depreciation & Amortization             | (2.3)         | (1.8)       | (2.4)       | (2.5)       | (2.5)       | (2.6)       |
| <b>EBIT</b>                             | <b>(23.0)</b> | <b>5.4</b>  | <b>8.4</b>  | <b>9.5</b>  | <b>10.8</b> | <b>11.9</b> |
| Net interest income(expense)            | (2.9)         | (2.9)       | (2.0)       | (2.0)       | (2.0)       | (2.0)       |
| Associates/affiliates                   | (0.6)         | 1.8         | 3.0         | 3.0         | 3.0         | 3.0         |
| Exceptionals/extraordinaries            | (21.5)        | 0.4         | -           | -           | -           | -           |
| Other pre-tax income/(expense)          | -             | -           | -           | -           | -           | -           |
| <b>(Loss) profit before tax</b>         | <b>(25.9)</b> | <b>2.5</b>  | <b>9.4</b>  | <b>10.5</b> | <b>11.8</b> | <b>12.9</b> |
| Income tax expense                      | -             | (0.1)       | (0.2)       | (0.2)       | (0.2)       | (0.3)       |
| Minorities                              | (5.0)         | 0.9         | 1.4         | 1.6         | 1.8         | 2.0         |
| Other post-tax income/(expense)         | -             | -           | (0.1)       | (0.1)       | (0.1)       | (0.1)       |
| <b>Net (loss) profit</b>                | <b>(21.0)</b> | <b>1.5</b>  | <b>7.8</b>  | <b>8.6</b>  | <b>9.6</b>  | <b>10.5</b> |
| Arqaam adjustments (including dilution) | -             | -           | -           | -           | -           | -           |
| <b>Arqaam Net profit</b>                | <b>(21.0)</b> | <b>1.5</b>  | <b>7.8</b>  | <b>8.6</b>  | <b>9.6</b>  | <b>10.5</b> |

| Year-end   | 2020         | 2021         | 2022e        | 2023e        | 2024e        | 2025e        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Balance sheet (KWD m)</b>                       |              |              |              |              |              |              |
| Cash and equivalents                               | 23.3         | 21.3         | 15.7         | 13.3         | 12.2         | 12.1         |
| Receivables  | 79.8         | 35.0         | 35.0         | 35.0         | 35.0         | 35.0         |
| Tangible fixed assets                              | 40.1         | 23.4         | 23.4         | 23.4         | 23.4         | 23.4         |
| Investment properties                              | 45.8         | 37.7         | 37.7         | 37.7         | 37.7         | 37.7         |
| Other assets including goodwill                    | 163.6        | 170.8        | 176.5        | 182.3        | 188.2        | 194.3        |
| <b>Total assets</b>                                | <b>352.6</b> | <b>288.2</b> | <b>288.3</b> | <b>291.7</b> | <b>296.5</b> | <b>302.6</b> |
| Payables   | 62.4         | 27.8         | 27.8         | 27.8         | 27.8         | 27.8         |
| Interest bearing debt                              | 65.5         | 42.9         | 42.9         | 42.9         | 42.9         | 42.9         |
| Other liabilities                                  | 11.2         | 6.6          | 6.8          | 6.9          | 7.1          | 7.3          |
| <b>Total liabilities</b>                           | <b>139.1</b> | <b>77.3</b>  | <b>77.5</b>  | <b>77.6</b>  | <b>77.8</b>  | <b>78.0</b>  |
| Shareholders equity                                | 181.7        | 187.4        | 185.9        | 187.5        | 190.3        | 194.1        |
| Minorities   | 31.8         | 23.5         | 25.0         | 26.6         | 28.4         | 30.5         |
| <b>Total liabilities &amp; shareholders equity</b> | <b>352.6</b> | <b>288.2</b> | <b>288.3</b> | <b>291.7</b> | <b>296.5</b> | <b>302.6</b> |

| Year-end                             | 2020          | 2021         | 2022e        | 2023e        | 2024e        | 2025e        |
|--------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| <b>Cash flow (KWD m)</b>             |               |              |              |              |              |              |
| <b>Cashflow from operations</b>      | <b>(1.5)</b>  | <b>0.1</b>   | <b>8.2</b>   | <b>9.3</b>   | <b>10.6</b>  | <b>11.8</b>  |
| Net capex                            | (9.8)         | (5.4)        | (2.4)        | (2.5)        | (2.5)        | (2.6)        |
| <b>Free cash flow</b>                | <b>(11.3)</b> | <b>(5.3)</b> | <b>5.8</b>   | <b>6.9</b>   | <b>8.1</b>   | <b>9.2</b>   |
| Equity raised/(bought back)          | -             | -            | -            | -            | -            | -            |
| Dividends paid                       | -             | -            | (9.3)        | (7.3)        | (7.3)        | (7.3)        |
| Net inc/(dec) in borrowings          | 2.5           | 0.9          | -            | -            | -            | -            |
| Other investing/financing cash flows | 3.1           | 5.2          | (2.0)        | (2.0)        | (2.0)        | (2.0)        |
| <b>Net cash flow</b>                 | <b>(5.7)</b>  | <b>0.8</b>   | <b>(5.6)</b> | <b>(2.4)</b> | <b>(1.1)</b> | <b>(0.0)</b> |
| Change in working capital            | (12.7)        | (6.6)        | -            | -            | -            | -            |

**Mohamad Haidar, CFA**

mohamad.haidar@arqaamcapital.com  
+961 3 813486

**Yahya Charafeddine**

**Exhibit 1: Alimtia Group Q3 22A results**

| KWDm   | Q3 22A       | Q2 22A       | q/q 22       | Q3 21A       | y/y Q        |
|--|--------------|--------------|--------------|--------------|--------------|
| Revenues of operating activities from subsidiaries | 15.41        | 18.84        | -18%         | 18.82        | -18%         |
| Expenses of operating activities from subsidiaries | -10.87       | -12.69       | 14%          | -12.13       | 10%          |
| <b>Gross profit from subsidiaries</b>              | <b>4.54</b>  | <b>6.15</b>  | <b>-26%</b>  | <b>6.69</b>  | <b>-32%</b>  |
| Associates income                                  | -0.36        | -0.91        | 60%          | 0.71         | nm           |
| Net investment income (loss)                       | -0.12        | -0.34        | 64%          | -2.01        | 94%          |
| Changes in FV of IP                                | 0.00         | 0.00         | nm           | 0.00         | nm           |
| Rental income                                      | 0.50         | 0.52         | -4%          | 0.59         | -16%         |
| Impairment loss and other net provisions           | -0.18        | -0.45        | 60%          | -0.38        | 52%          |
| Other operating income                             | 0.49         | 0.80         | -39%         | 0.47         | 4%           |
| <b>Income from operating activities</b>            | <b>4.86</b>  | <b>5.75</b>  | <b>-15%</b>  | <b>6.07</b>  | <b>-20%</b>  |
| S,G&A  | -5.61        | -5.89        | 5%           | -5.55        | -1%          |
| Other expenses                                     | 0.00         | 0.01         | -136%        | -0.14        | 97%          |
| Opex   | -5.61        | -5.88        | 5%           | -5.69        | 1%           |
| <b>Net (loss) income from operating activities</b> | <b>-0.75</b> | <b>-0.13</b> | <b>-494%</b> | <b>0.38</b>  | <b>nm</b>    |
| Depreciation and amortization                      | -0.35        | -0.45        | 23%          | -0.40        | 13%          |
| Finance charges                                    | -0.56        | -0.53        | -5%          | -0.64        | 13%          |
| Other Income                                       | 0.28         | 0.83         | -66%         | 0.26         | 11%          |
| <b>Loss from continued operations</b>              | <b>-1.37</b> | <b>-0.28</b> | <b>-386%</b> | <b>-0.41</b> | <b>-234%</b> |
| <b>Loss before NLST</b>                            | <b>-1.37</b> | <b>-0.28</b> | <b>-386%</b> | <b>-0.41</b> | <b>-234%</b> |
| NLST   | 0.01         | 0.02         | -31%         | 0.00         | nm           |
| <b>Group net income</b>                            | <b>-1.36</b> | <b>-0.26</b> | <b>-415%</b> | <b>-0.41</b> | <b>-231%</b> |
| <b>Attributable NI</b>                             | <b>-1.17</b> | <b>-0.68</b> | <b>-72%</b>  | <b>-1.19</b> | <b>2%</b>    |

Source: Company Data, Arqaam Capital Research

**Exhibit 2: EBITDA Breakdown- Q3 22A**

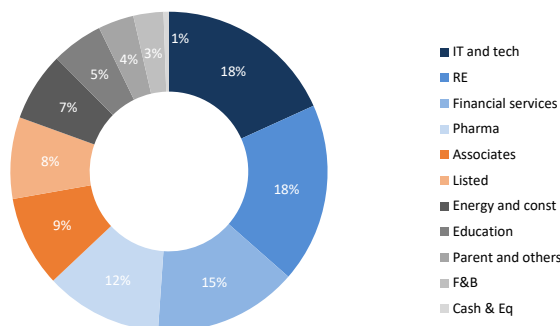
| EBITDA             | Q3 22A       | Q2 22A      | q/q 22    | Q3 21A      | y/y Q     |
|--------------------|--------------|-------------|-----------|-------------|-----------|
| Pharma             | -0.22        | 1.72        | nm        | 1.62        | nm        |
| Energy and const   | -0.69        | -0.82       | 16%       | 0.11        | nm        |
| IT and tech        | -0.36        | -0.25       | -46%      | -0.04       | nm        |
| Education          | 0.51         | 0.20        | 154%      | 0.30        | 60%       |
| F&B                | -0.05        | -0.28       | 83%       | -0.07       | -26%      |
| RE                 | -0.43        | 0.30        | nm        | 0.25        | nm        |
| Listed             | 0.28         | -0.80       | nm        | -2.39       | nm        |
| Financial services | -0.34        | 0.13        | nm        | 0.95        | nm        |
| Associates         | 0.33         | -0.09       | nm        | 0.64        | -47%      |
| Parent and others  | 0.51         | 0.84        | -39%      | -0.73       | nm        |
| Cash &Eq           | 0.00         | -0.25       | 100%      | 0.00        | nm        |
| <b>Total</b>       | <b>-0.47</b> | <b>0.70</b> | <b>nm</b> | <b>0.63</b> | <b>nm</b> |

Source: Company Data, Arqaam Capital Research

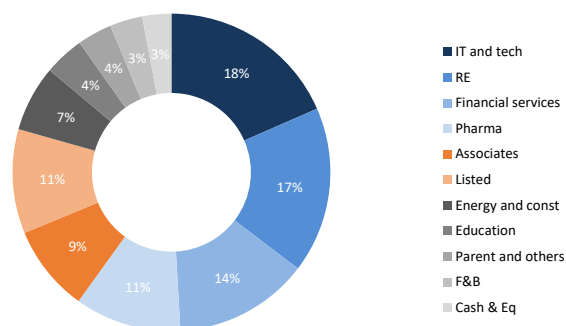
**Exhibit 3: Opex Breakdown- Q3 22A**

| Opex               | Q3 22A     | Q2 22A     | q/q 22     | Q3 21A     | y/y Q      |
|--------------------|------------|------------|------------|------------|------------|
| Pharma             | 2.2        | 1.9        | 19%        | 2.1        | 6%         |
| Energy and const   | 0.0        | 0.0        | -          | 0.0        | -          |
| IT and tech        | 1.1        | 1.0        | 6%         | 1.0        | 10%        |
| Education          | 0.8        | 0.8        | 4%         | 0.7        | 8%         |
| F&B                | 0.3        | 1.0        | -68%       | 0.6        | -48%       |
| RE                 | 0.1        | 0.1        | 1%         | 0.0        | -          |
| Listed             | 0.0        | 0.0        | -          | 0.0        | -          |
| Financial services | 0.6        | 0.6        | 0%         | 0.6        | 4%         |
| Associates         | 0.0        | 0.0        | -          | 0.0        | -          |
| Parent and others  | 0.5        | 0.5        | -4%        | 0.7        | -28%       |
| <b>Total</b>       | <b>5.6</b> | <b>5.9</b> | <b>-5%</b> | <b>5.7</b> | <b>-1%</b> |

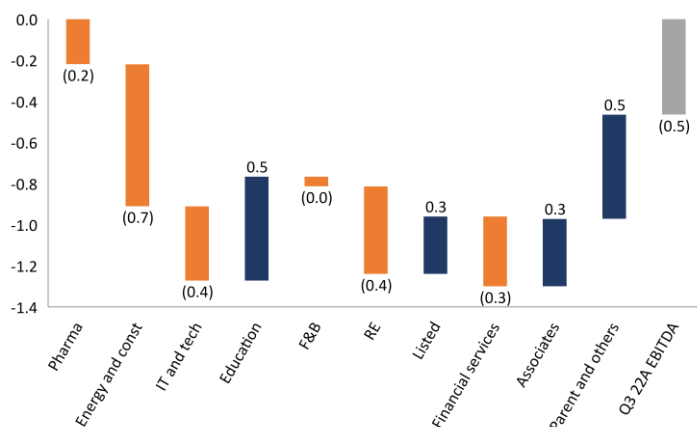
Source: Company Data, Arqaam Capital Research

**Exhibit 4: Portfolio NAV as on Sep 22**


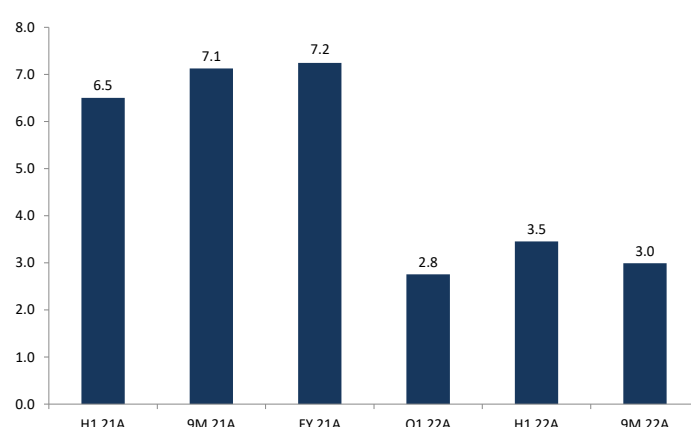
Source: Company Data, Arqaam Capital Research

**Exhibit 5: Portfolio NAV as on Sep 21**


Source: Company Data, Arqaam Capital Research

**Exhibit 6: Q3 22A EBITDA Breakdown (KWD m)**


Source: Company Data, Arqaam Capital Research

**Exhibit 7: EBITDA quarterly trend (KWD m)**


Source: Company Data, Arqaam Capital Research

**Exhibit 8: SotP summary: we tweak our TP to KWd 151**

| <b>SotP valuation</b>            | <b>NAV</b>   | <b>DCF</b>   |
|----------------------------------|--------------|--------------|
| IT & technology services         | 39.4         | 39.5         |
| Financial Services (Real Estate) | 31.6         | 31.6         |
| AIIG Real Estate Properties      | 39.2         | 39.2         |
| Listed securities investments    | 17.8         | 17.8         |
| Energy and construction          | 15.1         | 24.2         |
| Pharmaceuticals                  | 25.7         | 34.0         |
| Associates                       | 19.9         | 23.6         |
| Education                        | 11.3         | 13.8         |
| F&B Processing and packaging     | 6.6          | 7.8          |
| Parent and others                | 7.9          | 14.6         |
| <b>Total EV</b>                  | <b>214.6</b> | <b>246.1</b> |
| Add: cash & equivalents          | 1.2          | 1.2          |
| Less: parent debt                | (16)         | (16)         |
| Less: parent OpEx                | (49)         | (49)         |
| <b>Implied NAV</b>               | <b>150</b>   | <b>182</b>   |
| Holding discount %               | 15%          | 15%          |
| <b>Equity value</b>              | <b>128</b>   | <b>154</b>   |
| NOSH                             | 1.02         | 1.02         |
| <b>TP</b>                        | <b>124</b>   | <b>151</b>   |
| CMP                              | 81           | 81           |
| BVPS                             | 173          | 173          |
| Upside to CMP %                  | 54%          | 86%          |
| Upside to BVPS %                 | (28%)        | (13%)        |

Source: Company Data, Arqaam Capital Research

## Important Notice

### 1. Author, regulator and responsibility

Arqaam Securities Brokerage S.A.E. ("Arqaam") is incorporated in the Arab Republic of Egypt and is authorized and regulated by the Egyptian Financial Regulatory Authority ("FRA") to carry on financial services in and from Egypt. Arqaam publishes, issues and distributes research reports. Arqaam Capital Research Offshore s.a.l. is a specialist research centre in Beirut, Lebanon, which assists in the production of research issued by Arqaam.

### 2. Purpose

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, Arqaam did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives.

### 3. Rating system

Arqaam investment research is based on the analysis of regional and country economics, industries and company fundamentals. Arqaam company research reflects a long-term (12-month) fair value target for a company or stock. The ratings bands are:

|      |                   |
|------|-------------------|
| Buy  | Total return >15% |
| Hold | 0-15%             |
| Sell | Total return <0%  |

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. Arqaam policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by Arqaam's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to Arqaam clients.

### 4. Accuracy of information

The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is accurate or complete and it should not be relied upon as such. Any mention of market rumours has been derived from the markets and is not purported to be fact or reflect our opinions. Arqaam has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. In accordance with Egyptian and DIFC securities regulations, the views expressed in this research report accurately reflect the research analysts' personal views about the subject securities or issuers and are subject to change without notice. No part of the research analysts' compensation is related to the specific recommendations or views in the research report. Any statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current expectations, estimates and projections, and rely on beliefs and assumptions. They are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and returns may differ materially from what is expressed or forecasted in such forward-looking statements. Any pricing is indicative and does not, and is not intended to, constitute an offer to buy or sell or a representation that a purchase or sale can be executed at that price. Past performance is not indicative of future results. Arqaam does not represent or warrant that such information is accurate or complete and it should not be relied upon as such.

### 5. Suitability

The general capabilities of Arqaam and the investment related information may be disclosed in this document, but nothing should be construed as client specific advice and no account has been taken of the investment objectives, preferences, risk tolerances, finances or other needs of any particular person. In regulatory terms, client specific advice has therefore not been provided and no suitability obligations are owed to any person. Investors should, before acting on this document, independently evaluate any investments and strategies referred to herein and make their own determination as to whether they are appropriate or suitable in light of their own financial circumstances, objectives and other matters important to them.

### 6. Recipients and sales and marketing restrictions

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and Sophisticated financial clients and not Retail Clients within the meaning of the DFSA rules, as updated or amended from time to time. Any investments or financial products referred to herein will only be made available to clients who Arqaam is satisfied qualifies as Professional Clients. Any other persons in receipt of this document must not rely upon or otherwise act upon it. This document is only being distributed to investors who meet certain qualifications and to whom an investment or service may be offered or promoted in accordance with relevant country restrictions. This excludes the US except for SEC registered broker-dealers (or banks in permissible "broker" or "dealer" capacity) acting on a principal or agency capacity, and major US institutional investors in accordance with SEC Rules 15a-6 (a)(2). Details of other relevant country restrictions are set out on our website at <http://www.arqaamcapital.com/english/system/footer/terms-of-use.aspx>. Recipients of this document are required to inform themselves about and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorisation, registration or other legal requirements.

### 7. Risk warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.). Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgement. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

### 8. Conflict

Arqaam and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Our salespeople, traders, and other professionals may provide oral or written trading commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. Arqaam may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other Arqaam business areas, including investment banking personnel. Emirates NBD PJSC owns 8.01% of Arqaam and Commercial Bank International PJSC owns 6.12%. **The report on ALIMTIAZ is a commissioned piece, for which Arqaam Capital has been remunerated.**

### 9. No warranty

Arqaam makes no representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, merchantability, fitness for a particular purpose and/or non-infringement.

### 10. No liability

Arqaam will accept no liability in any event including (without limitation) negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.

### 11. Copyright and Confidentiality

The entire content of this document is subject to copyright with all rights reserved and the information is private and confidential for your own personal use only. This document and the information contained herein may not be reproduced, distributed or transmitted to any other person or incorporated in any way into another document or other material without our prior written consent.

### 12. Governing law

DIFC law governs this document and these disclaimers and any dispute in relation thereto shall be exclusively referred to the DIFC Courts.