

First steps to conclude the largest merger in Kuwait's investment sector

KAMCO and Global sign MoU to commence merger process

KUWAIT CITY, March 4: KAMCO Investment Company ("KAMCO") and Global Investment House ("Global"), two leading firms in the asset management and investment banking industry, announced the signing of a Memorandum of Understanding ("MOU") to cement the merger talks and commence the regulatory process. Under the terms of the MOU agreement, KAMCO will be the merging entity and Global will be the merged entity, marking another milestone towards forming a leading pan-MENA non-banking financial services firm, with a greater value proposition and enhanced operational capabilities to clients, shareholders and talent.

With the signing of the MOU, KAMCO and Global will combine their accumulated two decades worth of knowledge and expertise to become a regional non-banking financial services powerhouse. The merger is categorized as the largest of its kind in Kuwait's investment scene and will offer an array of best-in-class financial products and services. It will also position the combined entity as the largest asset management and investment banking firm in Kuwait, in terms of assets under administration and management totaling USD 13 billion across funds and segregated accounts, with investment banking credentials totaling USD 21 billion across equity & debt capital markets, mergers & acquisitions and

real estate.

The combined entity will:

- Create a larger, stronger and more resilient entity that can support government and private sector development plans

- Serve thousands of clients from seven local offices, enhance total returns to the shareholders and provide opportunities to a multicultural pool of talent

- Fortified with diverse cross-market financial and human capital, the merger will capitalize on economies of scale to sustain market fluctuations, participate in government projects and support developing local economies across core MENA markets

- Will result in the first and largest of its kind M&A in Kuwait's non-banking financial sector with a wider array of financial products and services at par with foreign firms

- Capture synergies arising from economies of scale and create value in product offerings and human capital

On this occasion, Entisar Al-Suwaidi, Vice-Chairman of KAMCO, said, "We consider this strategic decision to merge with Global to be a significant step towards transforming the regional

asset management and investment banking scene. Our goal is to become the preferred choice for our stakeholders: clients; financiers; talent; regulators; counterparties; and service providers."

She added, "We are single-minded when it comes to building our capacity to achieve this goal. At the core of our business ethos is to consistently deliver on a promise. This deepens the trust bestowed on us by our stakeholders, which ultimately contributes towards

building more diversified and sustainable economies of markets in which we operate. We are proud of our heritage built on core values and we believe we are able to contribute in building the future of the financial markets across the region. The combined entity will strengthen the regional presence in core MENA markets, specifically in Kuwait, Saudi Arabia, United Arab Emirates, Egypt, Bahrain, Jordan and Turkey."

Al-Suwaidi added, "I would like to take this opportunity to express my sincere appreciation to the members of the board of directors and executive management for their hard work and dedication throughout this jour-

ney. I would also like to extend my gratitude to all the regulatory authorities and governing bodies for their cooperation and assistance in streamlining this process starting with the acquisition until this milestone. Reaching such a milestone in our journey towards our goal would not have been possible without the trust and confidence of our valued clients, financiers and team members."

A Leading Asset Management and Investment Banking Firm

Faisal Mansour Sarkhou, Chairman of Global, said, "By signing this MOU, we seek to establish a combined entity that aspires to be a regional leader within the non-banking financial services. We believe that this merger will result in creating the largest asset management and investment banking firm in Kuwait and amongst the top in the MENA region, benefiting the clients and shareholders of both companies."

He added, "We look forward to growing our operations, taking advantage of new opportunities in regional emerging capital markets, and tackling challenges more aggressively while achieving sustainable measurable results for our stakeholders. Moving ahead with the planned merger, a first of its kind in the Kuwaiti investment sector, we plan to leverage the outstanding resources of both firms to create a larger diversified and efficient entity with a wider range

of product offerings and client tailored services."

Sarkhou added, "We aim to capture synergies arising from combining two entities with longstanding track records and enhanced value propositions to our product and service offerings, providing current and potential clients with a refined and memorable experience. Through this merger, we believe that by expanding into a larger entity we will have the financial means and human capital to enrich each stakeholder's experience."

Decisions related to the merger

Given that both firms have their grassroots in Kuwait, the merger is a natural progression to KAMCO's 70% acquisition in Global from NCH Ventures last September. After the acquisition, both firms engaged in an extensive integration exercise involving soliciting feedback from clients, shareholders and teams.

Each firm appointed an independent CMA licensed asset valuer to arrive at the fair valuation. After receiving the valuation reports, KAMCO and Global appointed Protiviti as the investment advisor and Hossam Legal as legal counsel. The investment advisors presented their recommendations to the respective entities' board of directors for endorsement.

The Board of Directors of the two companies endorsed the fairness opinion submitted by the independent investment advisor,

declaring the readiness to merge. This included the fair value of each company, recommended swap ratio of 0.75522821 KAMCO shares for each Global share, and recommendation to call for an Extraordinary General Assembly of both companies to vote on the merger, after obtaining the approval of the relevant regulatory authorities.

Going Forward

Completing the merger between KAMCO and Global is subject to:

1. Inviting KAMCO and Global shareholders to review the fairness opinion report submitted by the independent investment advisor; "Protiviti Member Firm - Kuwait". This report will be made public to KAMCO and Global shareholders with the fair value assessment prepared by the independent asset valuer "BDO Al Nisf & Partners".

2. Obtaining all regulatory approvals necessary for the merger, which have been determined by the Capital Markets Authority of Kuwait and other regulatory authorities fulfilling all other merger requirements as per regulations pertaining to the merger.

The two companies will continue to operate independently, yet closely, until the merger is completed, all merger requirements are met with the approval of the shareholders entitled to vote, and the necessary regulatory approvals are obtained.



Al-Suwaidi



Sarkhou



Photo from the event

Burgan Bank organizes fun day for elderly in Souq Al-Mubarakiya

In cooperation with the Ministry of Social Affairs and Labor, Burgan Bank organized a fun day for the Elderly at Souq Al-Mubarakiya. One of the oldest and most visited markets in Kuwait, the Souq is a popular local landmark and tourist destination that reflects the Kuwaiti heritage and vibrant culture.

As part of Burgan Bank's mission to integrate all segments into the society, the fun day falls under the Ministry of Social Affairs and Labor's regular entertainment programs which consti-

tutes several initiatives and recreational activities for the residents of the home. During their visit, the Elderly expressed their joy in visiting the prominent Kuwaiti market which brought back many good memories as they enjoyed every aspect of the authentic experience. Recollecting old times, they had strolled across famous shops and cafés and enjoyed a grand lunch at one of the restaurants. Burgan Bank ended the pleasant day out with a number of exciting gifts, in-

cluding traditional clothes to bring further happiness and leave them with a smile on their faces.

Burgan Bank has continually affirmed its community commitment through the support of various and diverse social initiatives driven under the supervision of the Ministry of Social Affairs and Labor. The Ministry of Social Affairs and Labor also commended the Bank's continued support of all three – the orphaned children, the Elderly and special needs segments.

Let the sun shine in: special edition of a cult roadster

SLC Final Edition to start in March 2019

KUWAIT CITY, March 4: When the SLK first appeared as a production model in 1996, it caused a sensation and founded a new generation of roadsters. For the first time, Mercedes-Benz had produced a roadster whose fixed vario-roof redefined the roadster segment by combining open-air driving pleasure with uncompromised comfort in poor weather - that had never been available before. Furthermore, the SLK started its career in the launch colour yellowstone, an unusual choice for Mercedes-Benz. In reminiscence of this world premiere, the Final Edition of the SLC is available in the exclusive paint finish sun yellow. Boasting an extensive range scope of equipment and unique interior details, the special edition of the SLC marks the pinnacle of the current model generation. The Final Edition can be combined with all engine variants available in the region. It can be ordered as of now.

There is a choice of two visual versions for the SLC 200 and SLC 300 (combined fuel consumption: 7.0-6.3 l/100 km; combined CO2 emissions: 161-144 g/km). Customers who opt for a standard black, obsidian black or selenite grey paint finish receive an SLC whose AMG Styling front bumper comes with trim strips sporting a silver chrome finish on the lower section. Conversely, in combination with sun yellow, polar white and diamond white paintwork, the lower section of the trim strips is finished in black. The door handles, mirrors and rear brace sport a high-gloss black finish in combination with the bright exterior colours for contrast. Their common feature is the exclusive SLC Final Edition badge on the front wings, below the chromed fin. Also eye-catching are the standard-fit 5-spoke AMG light-al-

loy wheels with high-gloss black finish (size: 45.7 cm/18 inch).

The special model is based on the AMG Line, which as standard includes AMG Styling bumpers at the front and rear, a sport suspension with 10 mm lowering (de-selectable) as well as a larger braking system with perforated brake discs and front callipers sporting the "Mercedes-Benz" logotype.

Two-tone nappa leather in black/silver pearl with alpaca grey topstitching: this striking colour combination characterises the interior and can be found on the standard-fit sport seats, the door trim and the door centre panels, among other areas. The alpaca grey seat belts echo the colour of the topstitching. Carbon-fibre look leather inserts in the head restraints and the upper section of the seatbacks round off the exquisite interior design of the SLC Final Edition.

The head restraints and the selector lever of the automatic transmission are covered with carbon leather and bear silver SLC lettering. The trim elements

on the instrument panel and the centre console sport a bright aluminium finish. The standard-fit multifunction sport steering wheel combines carbon leather in the upper and lower segment with smooth nappa leather in the grip area. Sporty details of the steering wheel are the flat bottom, the 3-spoke design and the silver paddle shifters.

Other standard appointments of the Final Edition include black floor mats with embroidered logo, AIRSCARF neck-level heating, seat heating, and the Memory package for the seats, steering column and exterior mirrors. Furthermore, the package includes 4-way lumbar support for driver and front passenger.

The Final Edition of the AMG SLC 43 (combined fuel consumption:

8.1 l/100 km; combined CO2 emissions: 185 g/km) 1 emphasises the racy appearance of the performance roadster with the exclusive sun yellow paint finish and a host of high-gloss black elements, among other features. These include: front splitter, fins

of the air intakes and the wings, base of the centrally positioned star, trim element in the rear fascia, side mirror caps, and door handles. Matte black 5-spoke AMG light-alloy wheels (45.7 cm/18 inch) with yellow rim flange and tyres of size 235/40 R 18 at the front and 255/35 R 18 at the rear underscore the sporty character of the roadster.

Report prepared by NBK

KUWAIT CITY, March 4: Inflation remained low in 4Q 18, ending the quarter at 0.4% y/y, up only slightly from 0.3% in September and having hit a 15-year low of just 0.1% in November. Our measure of core inflation, which excludes food and housing, also edged up to 1.7% from 1.5% at the end of Q3. The pick-up in headline inflation in Q4 was due to higher prices for transport and education, but also a slower pace of deflation in housing services and clothing.

Inflation averaged just 0.6% overall in 2018, down from 1.5% in 2017 and its lowest since 2002, weighed mostly by weak price pressures in food and housing. Core inflation also fell, to 1.9% from 3.3% in 2017 as prior fuel subsidy cuts roll out of the annual comparison.

Housing services deflation moderates

Housing deflation slowed to -1.1% in December from -1.5% in September, supported by slower year-on-year deflation in rents although rent prices have been essentially unchanged for the past nine months. Looking forward, it is likely that there will be a modest pickup in housing services inflation starting in March due to a base effect, following a fall in rents in March 2018. Moreover, with the apartment market now showing signs of recovery, it is possible that rents may start to rise in the near-to-medium term.

Inflation in most categories picks up slightly in 4Q18

Food and beverage prices – a component worth 17% of the CPI basket – fell back into deflation at -0.1% y/y in December from 0.4% in September. Food inflation averaged just 0.1% in 2018 overall, helped by falls in international

food prices. But inflation in most other categories picked up through the quarter, the largest shifts coming in education (to 2.4% from 1.0%) and transport (2.2% from 1.0%); deflation in the clothing segment also eased (-0.6% from -1.4%). The most notable component that went the other way was the miscellaneous category, where inflation fell (to 0.4% from 1.7%) through the quarter helped by smaller price rises in the personal care segment.

Deflation in services eases

It is also notable that deflation in the services category persists, though slowed to -0.9% in December from -1.4% in September. Service sector items tend to be less tradable across borders than goods, so can reflect conditions in the domestic economy more so than external factors or the exchange rate. Deflation in services is present even once excluding the impact of price falls in the housing segment, which is an important services component. The price of services fell overall in 2018, by 0.7% y/y, while the prices of goods – durable, semi-durable and non-durables – rose.

Inflation is expected to pick-up in 2019, but will remain within manageable limits at an average of 2.0%. Inflation has been kept low in the recent past by a combination of falling housing costs, weak food price pressures, the relative strength of the Kuwaiti dinar (due to the peg to the currency basket dominated by the US dollar, which strengthened last year), and only modest rates of economic growth.

Looking forward, the headline rate will be lifted by an expected easing in deflation in the housing sector, which has continued to move into recovery mode with prices for both houses and apartments now rising year-on-year. However elsewhere, price pressures should be well contained. International food prices have shown no discernible pick up over recent months so we do not expect a strong inflationary impulse from this area. Meanwhile, core inflation is seen little changed at 2.2% in 2019 given ongoing strength in the US dollar (and by extension the dinar), and moderate non-oil growth. We also do not expect any significant subsidy cut measures over the coming fiscal year and the implementation of VAT is unlikely before 2021 at the earliest.

Brand redefines THE LONG RUN with new energy saving shoe

ASICS launches new shoe – METARIDE

KUWAIT CITY, March 4: Ali Abdulwahab Al Mutawa Commercial Co (AAW), a leading distributor of athletic apparel and footwear in Kuwait, announced that ASICS, the true sport performance brand, will transform the world of running by revealing a new concept of run efficiency – METARIDE™ on March 1, 2019.

The concept is one of ASICS' most important innovations in seven decades as part of the brand's ambitions to help all runners win THE LONG RUN 1*, the shoe was designed with the purpose of supporting runners run longer distances in an efficient manner.

Developed over two years by a team of scientists and designers at the ASICS Institute of Sport Science (ISS) in Kobe, Japan, METARIDE™ is precision engineered to minimize movement in the area where most energy is expended; the ankle joint.



Scientifically proven to offer a total reduction of energy loss at the ankle joint by almost one fifth 2, the difference could be seismic for long distance runners who want to achieve their full potential.

The key to creating the most efficient run possible was the discovery of new revolutionary GUIDESOLE™ technology: a precision-shaped curved sole that works by shifting the body weight forward and propelling runners on to give the feeling of effortless motion.

The result? An energy-saving shoe that provides a new running sensation with the potential to significantly improve performance and protection to help runners of every level keep going longer than they thought possible.

Featuring multiple proprietary technologies in an all-new, radical design, METARIDE™ successfully optimizes all three phases of the gait cycle to create a completely different kind of running shoe. In tests, METARIDE™ has been scientifically proven against conventional running shoes in the category to:

- Reduce total energy loss at the ankle joint where most energy is expended
- Improved static fit and grip to reduce ankle movement throughout the stride whilst also maintaining stability and durability.
- Feel like a new running experience



Mercedes-Benz SLC 300 Final Edition