

# MARMORE

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MARKAZ

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# MARMORE FIRST TAKE

Boursa Kuwait adopts  
FTSE Russel Industry  
Classification Benchmark



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# HIGHLIGHTS

- In our earlier first take **Boursa Kuwait Initiates Second Phase of Market Development**, we highlighted the transformational changes such as a three-tiered, segmented market, the introduction of new market-capitalized indices as well as new listing requirements that were implemented as part second phase of market development.
- Starting June 2018, Boursa Kuwait has adopted the FTSE Russel Industry Classification Benchmark (ICB) for all equity stocks listed on its markets, as part of its ongoing commitment to attract and facilitate international investments to Kuwait.
- Industry Classification Benchmark is a globally recognized standard, operated and managed by FTSE Russell for categorizing companies and securities across four levels

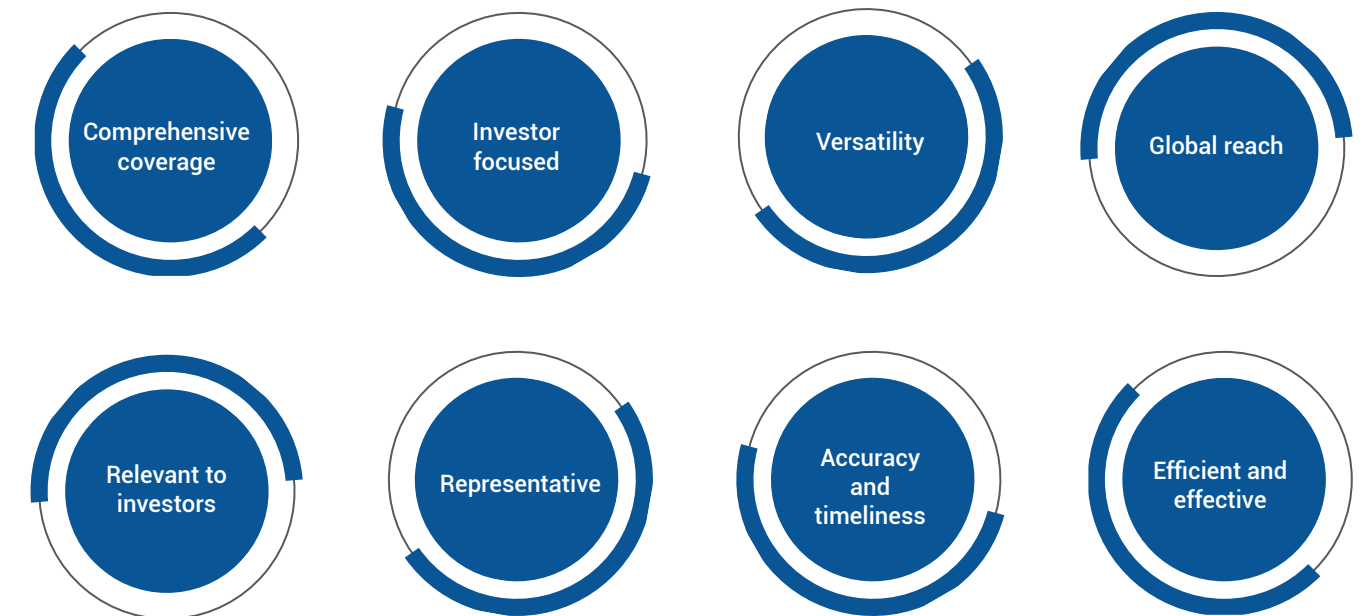
of classification categorised into **10 Industries, 19 Super-sectors, 41 Sectors and 114 Subsectors**.

- Banking, insurance, real estate and financial services that were earlier classified as separate industries, now under FTSE CIB will be categorised into super-sector under single industry i.e. Financials. Companies in Kuwait will be allocated to the subsector and certain companies might be re-classified into another subsector that most closely represents the nature of its business, determined by its primary source of revenue and other publicly available information . Currently FTSE Russel ICB is adopted by Euronext, NASDAQ OMX, London Stock Exchange, Taiwan Stock Exchange, Borsa Italiana, Singapore Stock Exchange, SIX Swiss Exchange, Boursa Kuwait and others.

Earlier Industry categories	FTSE Industries
Banking	Financials
Insurance	
Real Estate	
Financial Services	
Oil & Gas	Oil & Gas
Basic Materials	Basic Materials
Industrials	Industrials
Consumer Goods	Consumer Goods
Healthcare	Healthcare
Consumer Services	Consumer Services
Telecommunications	Telecommunications
Technology	Technology
Utilities	Utilities

<sup>1</sup> FTSE Russell

## Key Features of Industry Classification Benchmark (ICB)



**Source: FTSE Russell**

- The adoption of FTSE ICB will further align Boursa Kuwait with international standards, thereby enhancing transparency and increasing global visibility. This will help Boursa Kuwait in achieving its goals to develop a liquid, reliable and sound capital market that provides issuers with efficient access to capital, and investors with diverse return opportunities and evolve into a leading regional exchange.
- Boursa Kuwait, throughout its tenure since 2014, has made efforts to raise the international standards of the Kuwaiti market. In September 2018, Kuwait will be promoted to Secondary Emerging market status, after undergoing FTSE Russell's Annual Classification Review in September 2017.
- Kuwait's inclusion in FTSE's secondary emerging-market index is expected to attract passive inflows of around \$800 million in the second half of 2018<sup>2</sup>. There are strong possibility for the Kuwait market to outperform its regional peers over the medium term.

<sup>2</sup> Bloomberg

Kuwait Market Index Performance and Key Indicators

Index	Last Close*	April Return	May Return	RTD**	ADTV (in '000 USD)	P/E	P/E
Premier Market Index	4,787.2	-2.7%	-1.6%	-4.3%	23,994	17.3	1.5
Main Market Index	4,951.5	-1.8%	0.9%	-1.0%	9,692	23.2	1.7
All Share Index	4,845.8	-2.4%	-0.7%	-3.1%	33,686	18.9	1.5
Oil & Gas	1,038.1	-1.9%	5.8%	3.8%	164	8.9	1.5
Basic Materials	1,031.4	5.4%	-2.2%	3.1%	1,774	64.1	1.3
Industrials	947.0	-1.1%	-4.3%	-5.3%	4,762	12.9	1.7
Consumer Goods	870.4	-10.3%	-2.9%	-13.0%	769	17.9	1.7
Healthcare	999.6	-0.4%	0.3%	0.0%	34	6.2	7.2
Consumer Services	1,064.4	5.9%	0.5%	6.4%	1,415	11.8	2.1
Telecommunications	791.0	-17.9%	-3.7%	-20.9%	2,924	9.9	1.2
Banking	965.8	-2.7%	-0.7%	-3.4%	16,284	14.5	1.5
Insurance	926.8	-6.9%	-0.4%	-7.3%	44	9.6	1.1
Real Estate	950.4	-3.6%	-1.4%	-5.0%	1,871	26.6	1.7
Financial Services	982.6	-2.6%	0.9%	-1.7%	3,748	43.1	0.6
Technology	873.0	1.3%	-13.8%	-12.7%	14	7.2	0.8

Source: Reuters, Marmore Research  
\*As of May end, \*\*Return till date as of May end

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About marmore

- Our vision**  
To be the first choice for obtaining strategic intelligence on the MENA region.
- Our mission**  
Serving businesses and institutions with reliable information and intelligence about MENA, needed to catalyse growth, understand the larger environment and facilitate decision-making
- Our aim**  
Advocate intellectual research on MENA economics, businesses and financial markets and provide customized, actionable solutions.
- Our foundation**
- A subsidiary of Markaz: Investment bank and asset management firm with 40+ years of history
  - Markaz research activities commenced in 2006
  - Marmore established in 2010 to intensify the research activities
  - Publishes research reports and provides consulting services

Published research

- Industry research**  
Marmore's industry reports provide information on industry structure, key players, market analysis, demand drivers, competitive analysis and regulatory requirements.
- Economic research**  
These reports are produced as thematic discussions based on current issues in the economy. The reports aid key stakeholders such as investors, businessmen, market participants, and policy makers in understanding the impact of a particular theme on the economy.

**Infrastructure research**  
Infrastructure research highlights bottlenecks in the sector and areas requiring urgent investments. Our infrastructure report analyses the link between economic development and infrastructure and showcases supply & demand challenges in the GCC and investment opportunities.

**Capital market research**  
Capital market reports provide an analysis of stock & bond markets in the MENA region including outlook. These reports are strategic in nature and provides investment perspective to readers.

**Policy research**  
Marmore has partnered with several leading thought leaders and institutions of repute to generate economic policy research studies in key areas like energy, labor, economic structure and public sector.

**Periodic research**  
Our periodic reports capture GCC stock markets' earnings, risk premium studies, and economic development & outlook.

**Regulatory research**  
Our regulatory research series is an effective consolidation, analysis and summary of key business, economic, and market regulations that impact business environment.

Consulting services

Marmore provides customized consulting services based on specific requirements of our clients. Marmore's bespoke consulting services marries the challenges of cost, time, scope and data availability to generate actionable outcomes that are specific to our clients' needs.

What type of consulting services we provide?

- Industry market assessment (market size, competitors, regulations)
- White label reports (industry reports, company newsletters, periodic research)
- Databases (competitors' information, target clients insights)
- Company valuation (buy/sell side advisory)
- Due diligence / Business evaluation
- Feasibility studies (market and financial)
- Business plans
- C-Suite support to leaders with intellectual, industry related needs

How do we execute consulting engagement?

Our seven step process to execute consulting engagements:

- **Step 1:** Requirement and scope analysis
- **Step 2:** Proposal submission
- **Step 3:** Project initiation
- **Step 4:** Fieldwork / research
- **Step 5:** Analysis & reporting
- **Step 6:** Review & approval
- **Step 7:** Report submission / presentation

