



SHAFAFIYAH  
FORUM 2010



كيبكو  
KIPCO

شركة مشاريع الكويت (القابضة)  
Kuwait Projects Company (Holding)

Ready to Spring

Investor Presentation

March 2010

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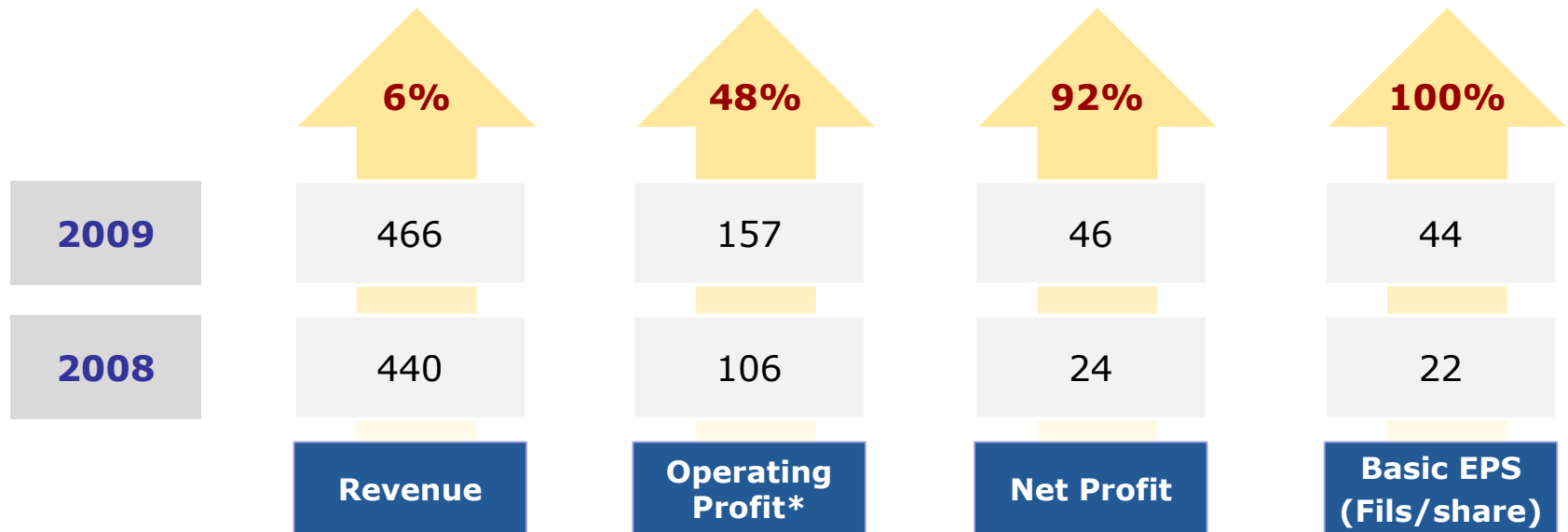
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## **2009: Year in Review**

2010: Opportunities

# 18 years of continuous profitability

(KD million)

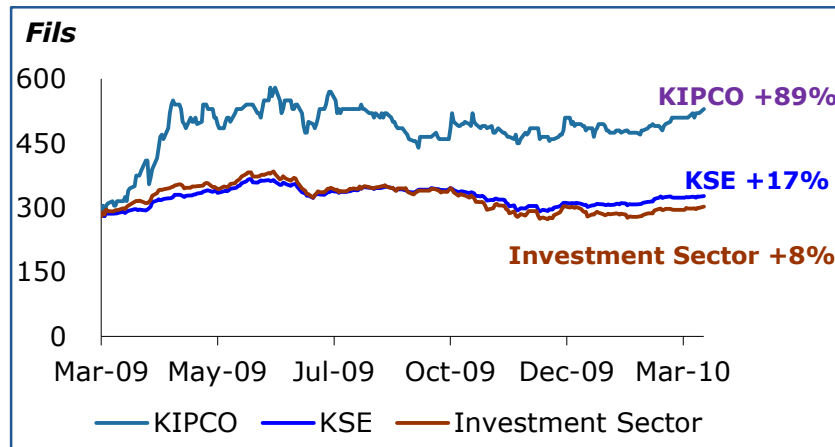


## Satisfactory performance in difficult times

- ❖ Close to investor guidance provided at the beginning of 2009
- ❖ Strong operating profits growth at core companies affected by loan loss provisions

\* Operating Profits before provisions and impairments

# Share price performance



Market Analysis		
(Fils/share)	NAV*	Book Value
Current Value	887	521
Current Price <sup>^</sup>	530	530
% (Discount)/Premium	(40)%	2%

<sup>^</sup>As on Mar 15,2010

**Outperformed KSE and investment sector index during the last year**  
**Share price still at a discount of 40% to its intrinsic value**

\* NAV as on Mar 15, 2010. For the purpose of KIPCO's NAV computation, market value of listed companies has been arrived at by adding a 50% premium to the respective market prices to reflect the value of significant stakes in these entities. Fair value of OSN has been used. Other components of the NAV are at book value as on Dec 31, 2009.

# Delivering on our promises

## *Existing core operations*

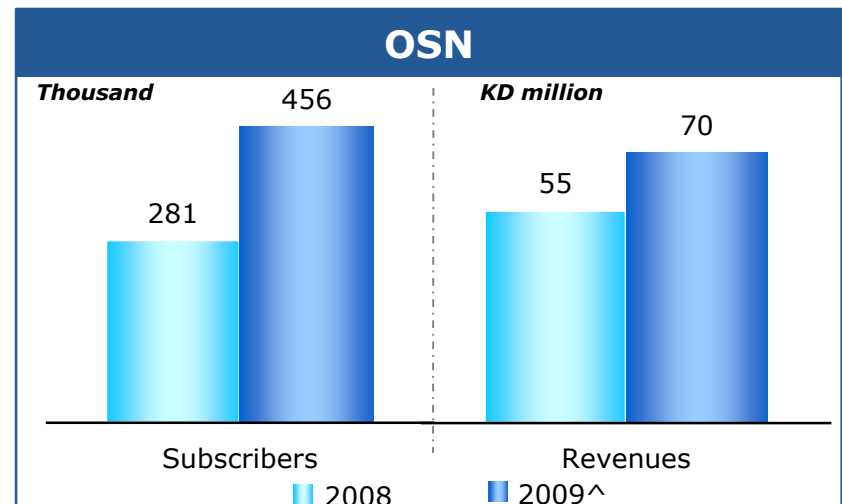
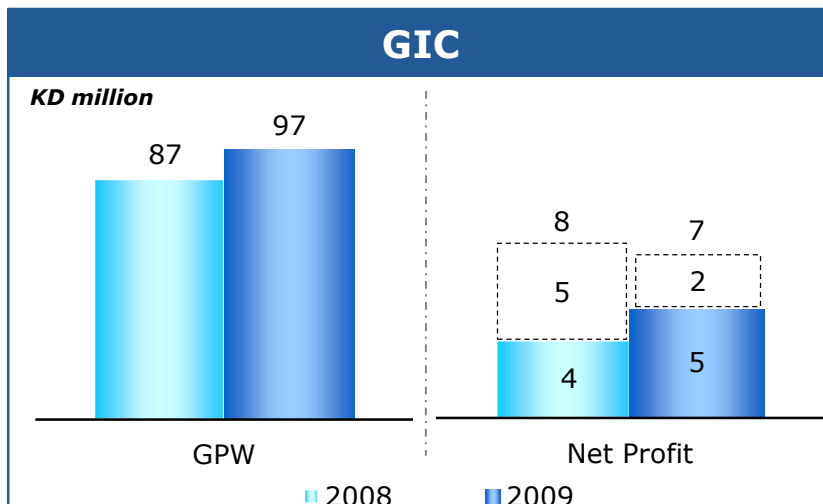
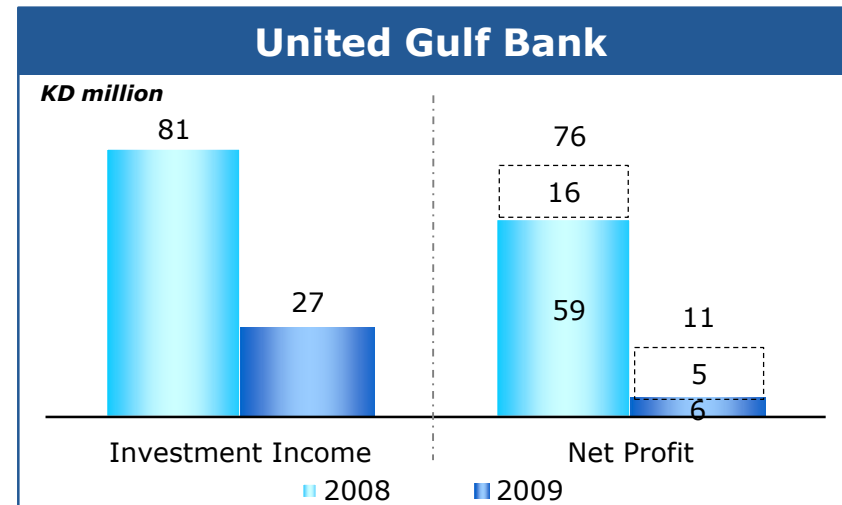
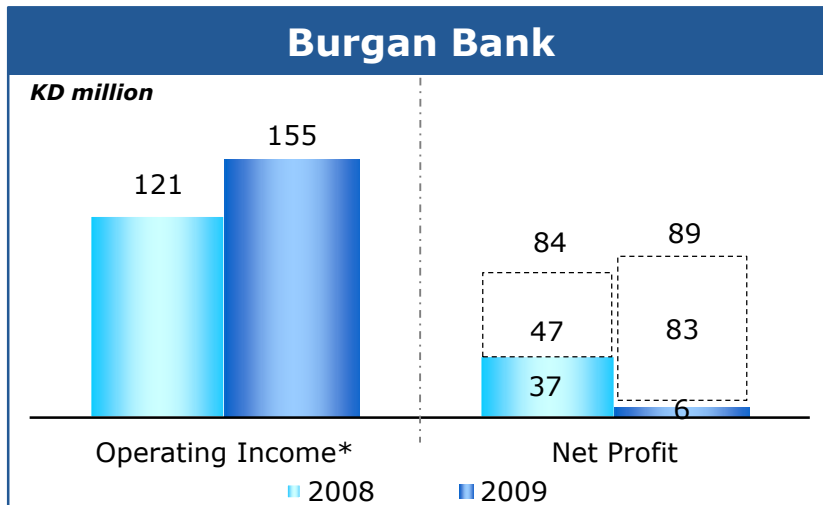
Particulars	Entity	Driver	2008	2009	Remarks
<b>Strong Capital Base</b>	BB	CAR	13.8%	16.9%	Improved
	UGB	CAR	17.2%	14.5%	Maintained
	GIC	Net Debt (KD million)	(49)	(60)	Improved
	OSN	Nearly debt free and working capital positive			
	KIPCO	Average Debt maturity (yrs)	2.4	3.3	Longer
<b>Deeper and Faster Regionalization</b>	BB	Countries of presence	4	6	Increased
	GIC		6	7	
<b>Consolidation</b>	OSN	Subscribers (thousand)	281	456	Completed Consolidation

# Delivering on our promises

## *New initiatives*

New Initiatives	Status
<b>Launch of Savings &amp; Pension Business</b>	<ul style="list-style-type: none"><li>❖ Announced MoU with Munich Re</li><li>❖ Regulatory approval progressing</li></ul>
<b>Retakaful</b>	<ul style="list-style-type: none"><li>❖ Expected to be announced in 2010</li></ul>

# KIPCO Core Companies: Financial Performance



**Strong top line growth in most cases, conservative accounting approach to mark down assets**

\* Operating income includes net interest income, net fee & commission income and other income

^ 2009 Revenues reflect combined numbers for Showtime (Jan-July 2009) and OSN (Aug-Dec 2009)

Provisions & impairments against assets

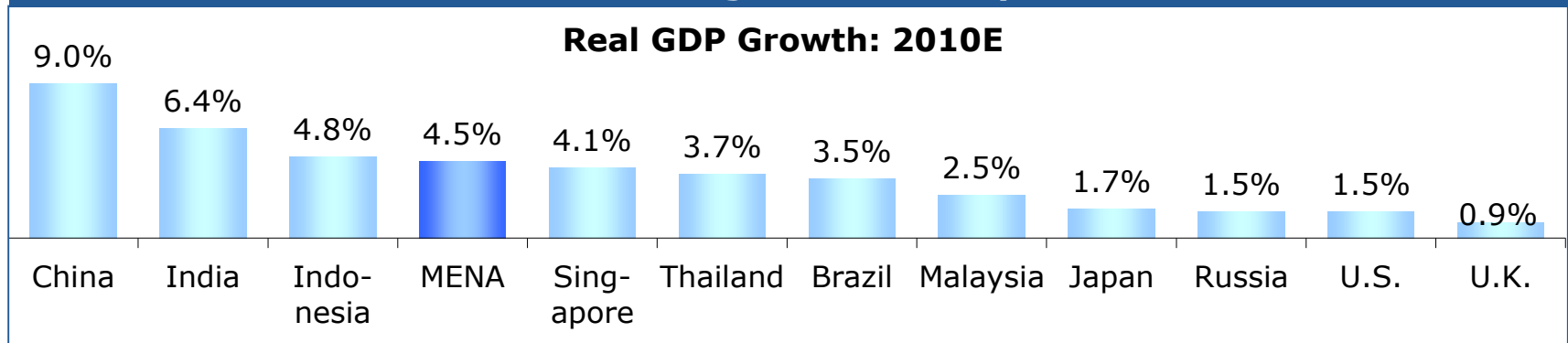


2009: Year in Review

**2010: Opportunities**

# Economic Outlook for 2010 is Positive

## MENA: Strong Growth Prospects



***Supportive fiscal policies providing boost to overall economic growth***

## Kuwait: Improving Economic & Political Environment

- ❖ KD31 billion four years development plan approved
- ❖ Economic stimulus continues - CBK Discount Rate cut by 50 bps in Feb 2010 to 2.5%
- ❖ Current account balance expected to be 35% of 2010 GDP of KD39 billion
- ❖ Parliament standstill now over leading to improved political sentiment and firm decision making on growth plans

***2010 augurs well for KIPCO on back of promising outlook; however global market risk continues to play a big role***

Source: WEO Database, IMF, Oct 2009; news articles

# KIPCO: Opportunities for 2010

## Groupwide “Focus on Execution”

### Profitability

- ❖ Increase urgency to capture larger market share from stronger economic growth in the MENA region
- ❖ Enhanced focus on converting operating profit to net profit
- ❖ Increase Long Range Plan (LRP) visibility

### Liquidity & Capitalization

- ❖ Continue to enhance group liquidity
- ❖ Add equity where required
- ❖ Extend/add debt maturity profile/sources
- ❖ Evaluate multiple listing of shares

### New Initiative

- ❖ Complete staffing
- ❖ Commencement of operations

# KIPCO: Opportunities for 2010 (cont'd)

## Integration & Standardization

- ❖ Complete project Bright Destiny in commercial banking platform and focus on improving operating margins
- ❖ Begin integration and standardization in insurance sector
- ❖ Capture merger synergies in OSN and close platform

## Human Resources

- ❖ Evolve organization design and group structure
- ❖ Continue to implement top grading in leadership team in the operating businesses
- ❖ Fine tune balance of mix between fixed to performance pay

### **Goals for KIPCO Group at the end of 2010:**

- ❖ Accelerated growth of net earnings
- ❖ Increased talent pool
- ❖ Increased co-ordination within the Group
- ❖ Enhanced communication both with external and internal stakeholders

# 2010: KIPCO Outlook

- ❖ Market conditions improving; if the momentum continues:
  - Targeting revenue growth of ~10%
  - Continue to grow net profit

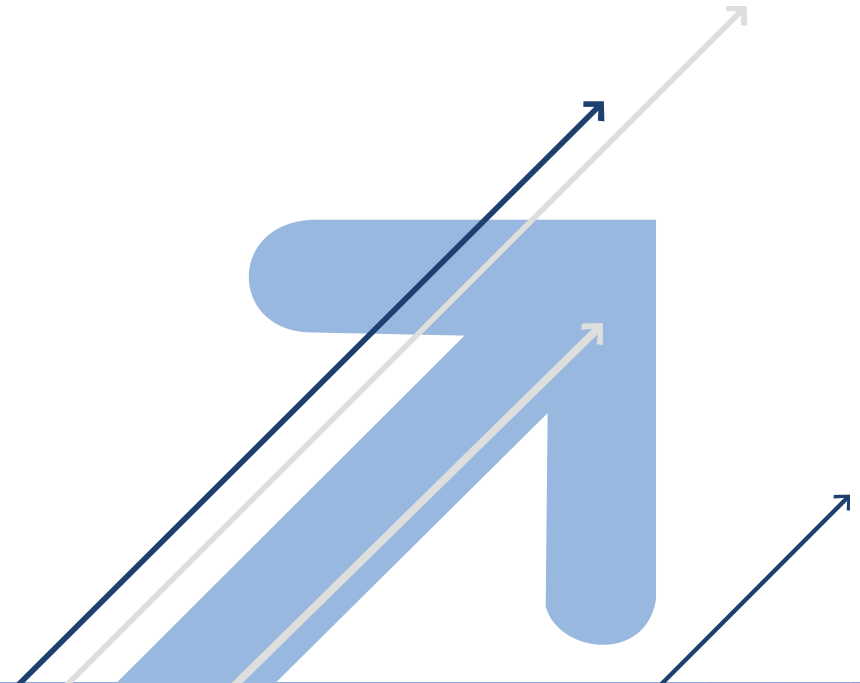
***2010 will be 19<sup>th</sup> year of continuous profitability***



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*Thank You*

## Annexure: BB capitalization & NPLs



# Burgan Bank: Strongly Capitalised

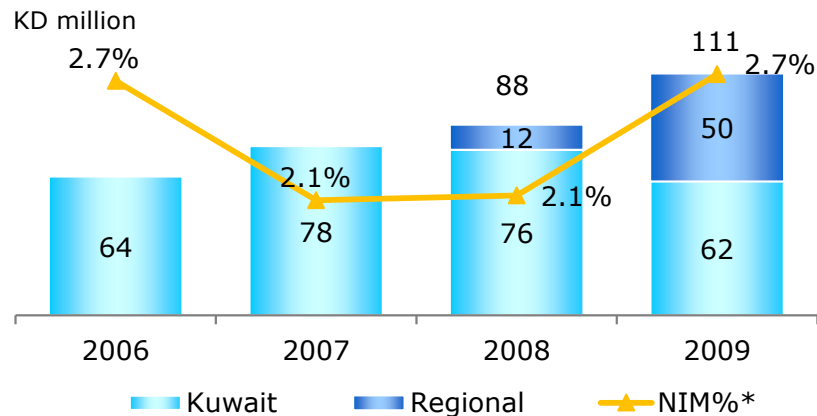
## Burgan Bank

- ❖ **Regionalisation benefit** visible in increased operating profit
- ❖ Key regulatory **approval received for capital increase**
- ❖ **CAR is adequate (16.9%)** as of Dec 31, 2009 with total provisions of KD 179 million and without capital increase
- ❖ Bank's **operating profit grew by 27%** during 2009

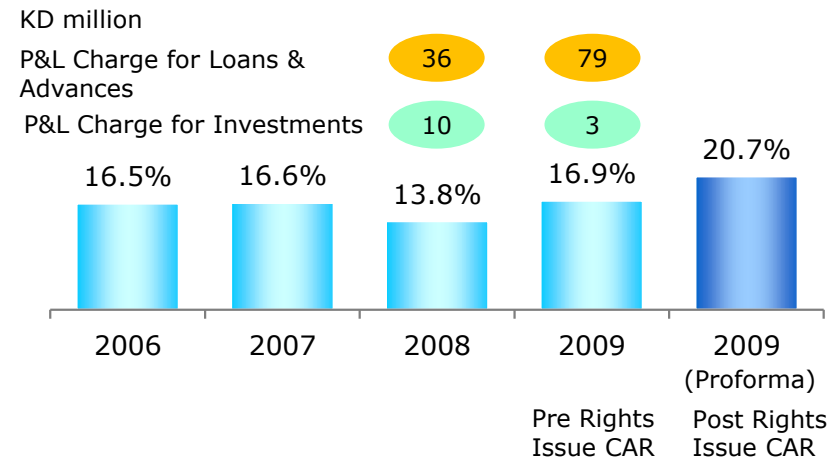
## Key Subsidiaries

Name	Market Position	Market Cap <sup>1</sup> (KD million)	Country	% Stake
Jordan Kuwait Bank	# 3 bank in Jordan in terms of net credit facilities	152	Jordan	51%
Gulf Bank Algeria	Leading Algerian Bank	Unlisted	Algeria	65% <sup>2</sup>
Bank of Baghdad	#1 in private sector	40	Iraq	51%

## Operating Profit



## Capitalization\*



1. As on 15-Mar-2010

2. AGB Effective Stake will be 91% post acquisition of Tunis International Bank

\* Ratios have been calculated at Consolidated level

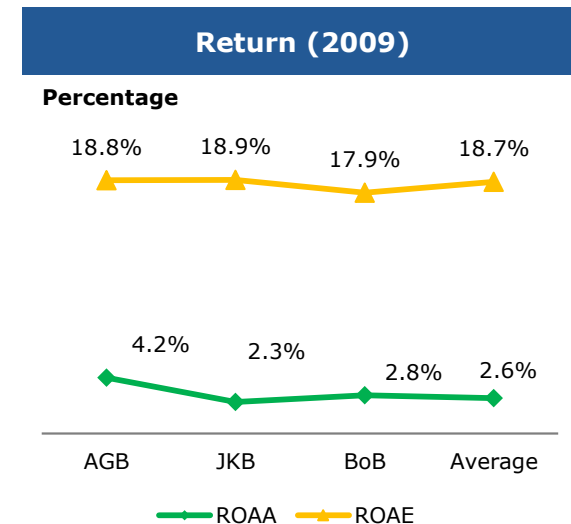
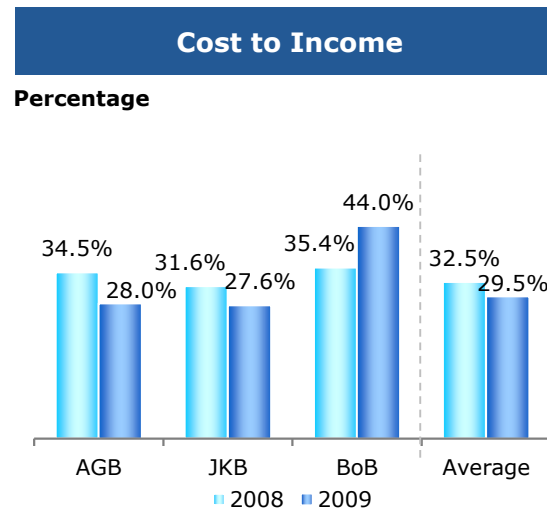
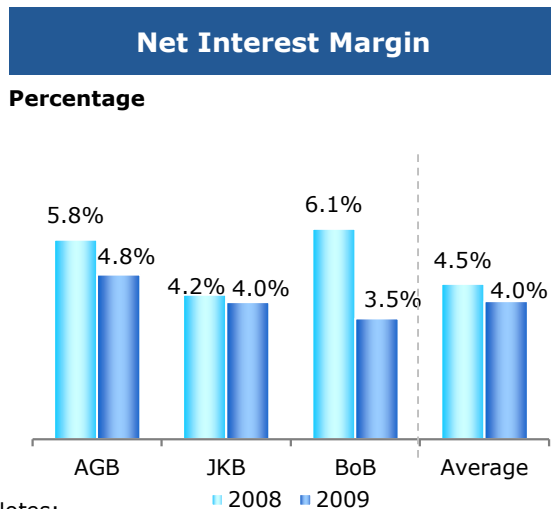
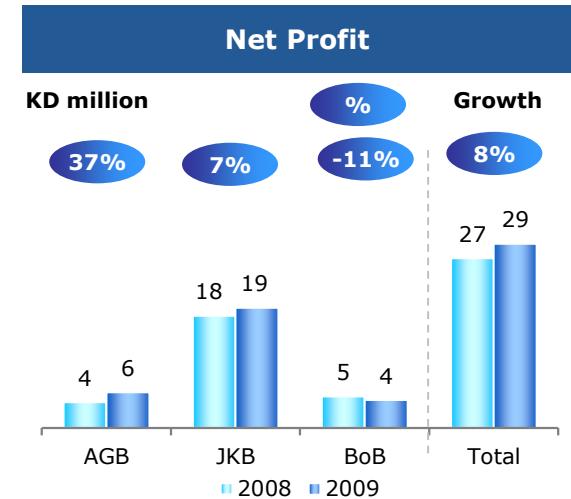
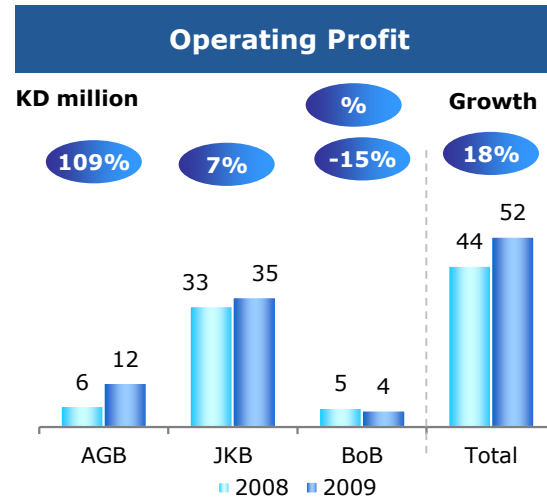
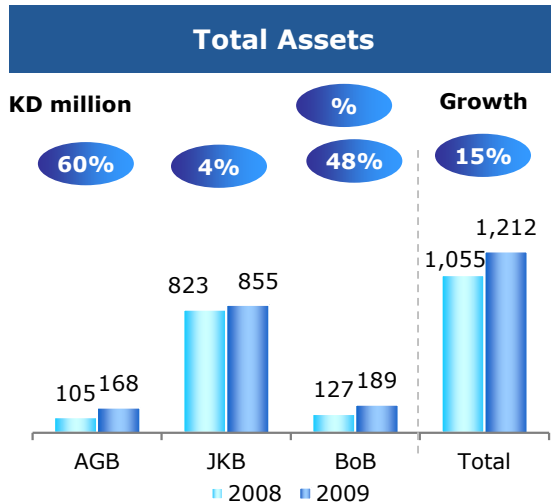
Figures for regional entities have been calculated by deducting Kuwait operations from consolidated

**Close to 100% coverage with collaterals**



# Burgan Bank: Regionalisation

**Burgan Bank transforming into a regional financial powerhouse with presence in Jordan, Iraq and Algeria**



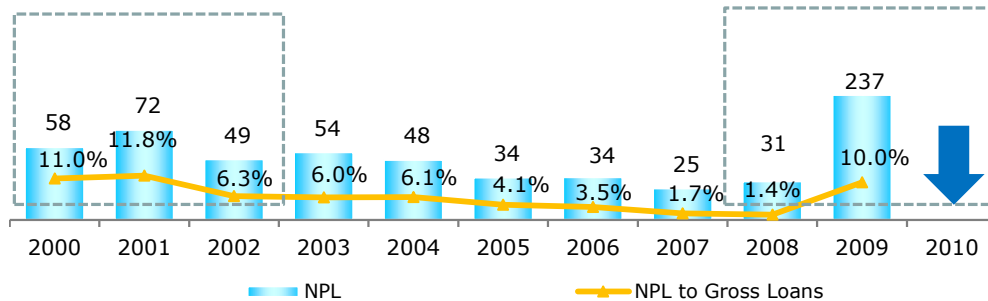
Notes:

Figures have been converted at exchange rates as on 31<sup>st</sup> Dec, 09. Source: oanda.com

# Burgan Bank: NPL- Cyclical & Not Structural

## BB NPL Trend

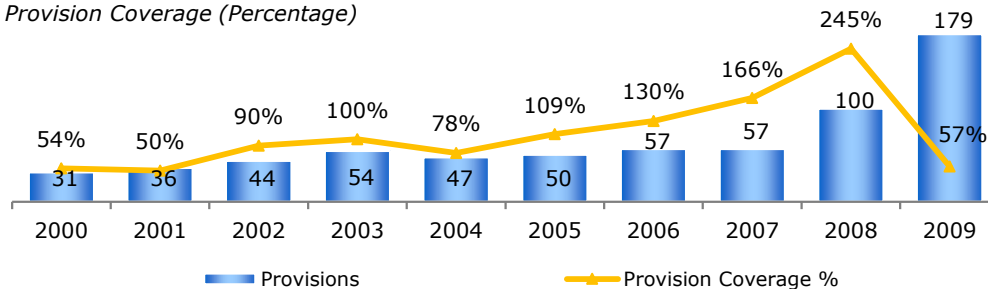
NPL (KD million)  
NPL to Gross Loans (Percentage)



- ❖ NPL cycle in 2008-10 similar to one in 2000-02
- ❖ Loan Loss Reserves (against Loans and Advances to Customers) created during 2008-09 **higher than those created during 2000-01**
- ❖ Burgan Bank's NPL ratio in 2009 is comparable to Kuwait average

## BB Provisions Trend

Provisions (KD million)  
Provision Coverage (Percentage)



- Healthy and prudent provision coverage to tackle future contingencies, if any
- 50% in general reserves

Note: Figures are based on re-stated financials as per Annual Report