

**Faisal Hamad Al Ayyar**  
Vice Chairman (Executive)

**فيصل حمد العيار**  
نائب رئيس مجلس الإدارة (التنفيذي)

Our ref: KIPCO/TM 113/18 dated Aug 4, 2018

**Boursa Kuwait Company**

**KUWAIT**

المحترمين

السادة / شركة بورصة الكويت

دولة الكويت

**Subject: KIPCO's Analyst/Investor Minutes of Conference -Q2/2018**

**الموضوع: محضر مؤتمر المحللين/المستثمرين لمشاريع الكويت القابضة -كيبكو- للربع الثاني من السنة المالية 2018**

With reference to the above subject, and the requirements of article No. (2-4-8) "Continuing Obligations in the Premier Market" of Boursa Kuwait rule book issued via resolution No. (1) of year 2018, and since KIPCO has been classified in the premier market, Kindly note that the quarterly analyst/investor conference was conducted through live conference call at 2:30 PM (local time) on Thursday 2/8/2018.

بالإشارة الى الموضوع اعلاه، وإلى متطلبات المادة (2-4-8) "الالتزامات المستمرة للسوق الأول" من قواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018، وحيث أن كيبكو تم تصنيفها ضمن مجموعة "السوق الأول"، نود ان نحيطكم علما بأن مؤتمر المحللين/المستثمرين قد انعقد عبر البث المباشر لمكالمة هاتفية جماعية في تمام الساعة الثانية والنصف عصراً (التوقيت المحلي) من يوم الخميس الموافق 2018/8/2.

Attached is the minutes of the conference (Arabic & English) and the investor presentation for Q2-2018.

تجدون مرفق طية محضر المؤتمر باللغتين (العربية و الإنجليزية) والعرض التقديمي للمستثمرين عن الربع الثاني لعام 2018.

Sincerely,

وتفضلوا بقبول فائق الاحترام ..

**كيبكو**  
**KIPCO**  
شركة مشاريع الكويت (القابضة)  
Kuwait Projects Company (Holding)

**Faisal Hamad Al - Ayyar**  
Vice Chairman(Executive)

**فيصل حمد العيار**  
نائب رئيس مجلس الإدارة  
(التنفيذي)

رأس المال المصرح به: 200 مليون دك  
Authorized Capital: KD 200 million

رأس المال المصدّر والمدفوع: 154,725,133.800 مليون دك  
Issued and Paid up Capital: KD 154,725,133.800 million

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Commercial Registration No.: 23118

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إيميل: P.O. Box 23982 Safat 13100  
إنترنت: Kuwait

برج كيبكو  
الشرق، مدينة الكويت  
ص.ب. 23982 الصفاة 13100  
الكويت

رقم السجل التجاري: 23118

## KIPCO's Q2 2018 earnings conference call

August 2, 2018

Nick Paton: Good Afternoon ladies and gentlemen, it is Nickolas Paton here, I am your host for today on behalf of HSBC, and the event is KIPCO's second quarter conference call and it is our pleasure to introduce on the line Declan Sawey, the Group Treasurer; Anuj Rohtagi, Director of Group Financial control; Moustapha Chami, Director of Finance and Accounts; and Rahul Hans, Senior Director at PKC. The plan today is that you have twenty-five minutes of presentation and the presentation can be found on the front of the home page of KIPCO. After that we will have a question and answer session with instructions later on, on how to approach the questions. With that, I hand over to Declan Sawey.

Declan Sawey: Thank you, Nick. Good afternoon everyone, and thank you for joining us on this investor call. Before we start, I would like to read out a brief disclaimer. Some of the statements that will be made today will be forward looking. Such statements are based on Kipco's current expectations, predictions, and estimates. They're not guarantees of future performance, achievements, or results. I would also like to refer you to our full disclaimer on page two of the presentation.

I will begin with an update on consolidated group results followed by performance of our major lines of business. This will be followed by Q&A session.

KIPCO is one of the largest holding companies in the Middle East and North Africa, with consolidated assets of US\$ 32.6 billion as of H1 2018. The Group has significant ownership interests across a portfolio of more than 60 companies operating across 24 countries. This diversification in our portfolio has provided us a natural risk mitigation over a number of years and is reflected in our track record of performance.

On page 4 you can see that the Group generated revenue of US\$1.2bn in the first half of the year 2018, which is YoY growth of 6.9% over H1 2017. This was mainly on account of higher interest income from our banking segment (up 16.4% y-o-y) due to the rising interest rate environment and consolidation of results of our investment in education sector in H1 2018 which was not consolidated in H1 2017. Our revenues were partly offset by lower investment income in H1 2018 compared to same period previous year which was US\$29mn in H1 2018 vs US\$149mn in H1 2017. So net profit in H1 2018 was slightly lower at US\$40mn due to lower investment income. This translates into a EPS of 6.0 fils per share or 2.0 cents per share. If you look at Q2 2018 in isolation, net profit was 14% higher vs Q1 2018. Overall our performance in terms of operating revenues for the first half exceeds our last year performance while net profit broadly falls in line with our 2018 expectations as previously communicated in our Shafafiyah guidance that 2018 is expected to be similar to 2017.

So, if we move to page 5 for performance of Burgan Bank, KIPCO's flagship banking arm. As you know Burgan Bank holds its own investor call. For this quarter, Eduardo Eguren, our CEO did the presentation early last week. The transcript and presentation is available on Burgan Bank website which contains lot of detailed information about operations. I will touch briefly upon few key highlights of the operations.

Burgan Bank Group had a solid first half in 2018 with net profit of KD50.5 million, or \$167mn which is 30% higher than H1 2017. During the second quarter itself the Bank registered KD30.1 million, or \$100 million profit, growing 43% in comparison to the same period last year. Improvement in first half is a result of increase in net interest income owing to hike in base rate and this reflected in broader NIM, as you can see at the bottom left of the slide 5 where NIM has increased to 2.7%. In addition, operating income continued to grow both in Kuwait as well as in our regional operations. Operating efficiency improved further as cost to income ratio for the group declined to 39.5% in H1 2018 vs 41.7% in H1 2017.

Asset quality remains stable as you can see at top right of the slide at 2.3% NPA ratio, along with high provision levels wherein around 91% provisions are in the general category. Coverage ratio have been increasing and continues to be strong at 248% including provisions and collateral.

As we look at the deposits as highlighted in our previous call, the drop in deposit base in H1 is a result of the Bank completing US\$350 million three-year club deal in first quarter of 2018. This is in line with the bank's strategy to diversify its deposit base and extend its long term funding base and optimizing its cost of funds. As you can see at the bottom of the page capital adequacy remains solid at 16.6% and we have 11.0% CET1 ratio. Please note that retained earnings for H1 2018 are not yet included in CET1/CAR, so that is additional capital available which are to be recognized at year end. So, if we take Risk Weighted Assets of \$18bn as of H1 2018, this amounts to about 70bps impact in terms of CET1.

If we turn to slide 6 on regional operations and we look on the top left in terms of our loans, the two big contributions are from Algeria and Turkey. Both franchises had good loan book growth in local currency terms. Algeria grew by 3.5% and Turkey grew by 14% over 2017 base. Both these countries had currency devaluation, hence in US Dollar terms we can see that the loan book has actually reduced over 2017 base. But if you can see, the loan book remains around \$5bn mark which is 35% of total Burgan Bank loan book.

In terms of deposits we have similar story. In addition, we have boosted equity capital of our regional operations hence there is some balancing impact in terms of our deposit base.

All our franchises remained profitable with exception of Bank of Baghdad. As we mentioned in our previous call, there was a one-off write-down of US\$7mn in Q1 2018. So, on quarterly basis we are returning to net profit. The growth in net

profit overall is driven by improvement in net interest margins as well as improved operational efficiency. The cost to income ratio is trending in the right direction for all subsidiaries barring the one-off Bank of Baghdad provisioning in Q1 2018. The returns as you can see are also trending upward when compared to last quarter of 2018.

If we turn to the next slide for Gulf Insurance Group, you will note that the numbers shown here are Q1 only. Gulf Insurance has not yet reported its Q2 financials. As it is going through final stages of process, we do have a sense of trajectory as our group financials include full H1 2018 net profit of Gulf Insurance. If you just look at the gross premiums written of the business, you can see positive organic growth. At the bottom left you can see declining combined ratio and at the bottom right you can see improving return on equity. It's also worth highlighting that we acquired AIG Turkey's business in May 2017 so going forward our 2018 numbers will reflect full year financials. Obviously, I can't provide any specific numbers for GIG for Q2 2018, but we believe the trends will be similar and there will be no material surprises.

Now, I will pass it on Moustapha to talk about United Gulf Holding and United Real Estate Company.

Moustapha Chami: Thanks Declan. Firstly, we would like to remind you again that United Gulf Bank (UGB) reorganized itself in September 2017 to UGHC whereby the regulated banking activities were segregated from non-regulated services. In substance, nothing has changed but it was more of a legal entity streamlining.

So, if we refer to page 8 of the presentation regarding the its financial performance i.e. on page 8, UGHC's revenue for the 6 months period ending June 2018 stood at US\$87mn, 10% higher against comparable number in 2017 (UGB) mainly driven by higher revenues specifically from the asset management business in terms of higher fee and commission income from KAMCO and FIMbank. Net profit for H1 2018 increased by 56% vs H1 2017 to reach US\$12mn. UGB is placed comfortably in terms of capital and has a Capital Adequacy Ratio of 21.1% as of 30 June 2018 as per Basel III. KAMCO, which is UGB's direct subsidiary has recently announced acquisition of Global Investment House. The same is currently in progress and KAMCO expects to close the deal in in Q3'18 or early Q4'18 subject to due diligence process. We will update you on the same in our next earnings call.

Moving on to page 9 to speak about United Real Estate Company (URC). The Revenue in first half of 2018 increased by 13% compared to the first half of 2017 mainly driven by increase in contracting and service revenues majorly driven its contracting subsidiary – UBC and URC's facility management arm UFM. Also, we witnessed higher income from associates vs a loss in the same period of last year which has also contributed to higher income this year. However, the company reported net loss of \$5.6mn in H1 2018 owing to increased impairment provisions which is \$6.3mn provisions in 2018 vs \$0.8mn reversal in same period last year

and also impact of higher interest cost of almost \$3mn increase YoY. Total asset base was stable at \$2bn.

I will now hand over to Anuj to talk about OSN and KIPCO's other operating businesses.

Anuj Rohtagi:

Thank You Moustapha. As you have always heard from us of strategy of going into businesses where we see long term opportunities so OSN continues to be one of those long-term assets we have looked at. We believe in this opportunity. Today we are well positioned as a leading premium Pay TV operator with license to operate in 25 countries across MENA. As of today, just to remind you, we have subscriber base of around 1.1 million. You have also heard this that we continue to have exclusive content from the 7 major Hollywood studios. We confirm that position and it is our core asset. In addition to that we have 180+ channels which shows movies and cinemas from these Hollywood studios as well as various television brands which are called 3<sup>rd</sup> party channels.

In terms of business, as we have reported in our H1 2018 financial statements of KIPCO, you can see we continue to face headwinds due to increase in content cost primarily. We had covered this in our previous call for Q1 in detail but I just summarize here again this is due to us taking a strategic view on having long term contracts with our content suppliers and as a result of increase in competitive landscape, the cost has gone up. In addition, you have heard Mr. Pinak [Maitra, KIPCO Group CFO] in the last call mentioning about the headwinds within the macroeconomic business environment particularly in KSA where there has been a lot of impact of people leaving, expats leaving the country and implementation of VAT in KSA and UAE. We believe these are temporary impacts and we are already seeing from various research reports that the things are improving. Just to summarize the primary factor of all these losses have been largely due to supply side pressure due to content cost increase. On the other side we continue to focus on building revenue streams as well as streamline the overall cost structure.

Digitization of business in general is another key area of focus that will help us to accelerate the revenue build up particularly in the internet-based content streaming which we call OTT business. We continue to believe that these efforts of letting the business to get into stronger grounds and to execute them will continue to bear fruits in the coming years for us.

Overall, we expect the first half performance to be continuing for another quarter or two. We are looking at various options on both revenue side as well as the cost structure of the company.

These would be updated to you in the coming calls.

On page 11 we have summary of United Industries and Jordan Kuwait Bank. These are two important entities for us having very stable business. They primarily

reflect our share of results from industrial segment which includes Qurain Petrochemicals (QPIC), Sadafco, Equate and other petrochemical downstream projects ownership as well as ATC which is healthcare/medical equipment supplier based out of Kuwait.

These are steady and strong businesses providing healthy returns on our investments as can be seen from the numbers which is quite consistent with the diversification theme as highlighted by Declan. Net profit for the period for UIC increased by 30% to USD19.2mn largely owing to increased share of results from its associates.

Similar to Gulf Insurance, JKB is yet to disclose its Q2 financials. We are actually waiting for regulator's approval. We have the numbers and they are part of our consolidated financials and from the management accounts, we can see that the performance of the bank in Q2 2018 is quite similar to Q1 2018. We do not see any surprise elements that you should be aware of when you look at the overall trajectory of first half 2018.

Moving on to page 12 which shows a very solid picture again. We focus a lot on this at KIPCO i.e. maintaining very solid liquidity. It is both opportunity and risk management for us and we like to cover our debts in advance. So, you can see our average debt maturity is close to 5 years. We are maintaining close to \$1bn of cash on our balance sheet which covers all our debt obligations till 2022.

This is the end of the presentation, I will summarize, all our businesses continue to be fundamentally strong. The diversity of our portfolio has been a key factor in our consolidated performance for period.

The next few pages contain useful information for reference including summary balance sheet, income statement and few business overview pages in annexure. I will now hand over to the operator to check if there are any follow up questions.

Operator: Our first question is from Zafar Nazim. Please go ahead

Zafar Nazim: Thank you very much. Thank you for the conference call. I have a few questions Declan if I may just on the OSN situation. Can you tell us how much cash is OSN burning on an annual basis and what kind of funding is being provided by the parent to OSN and also if you can give some idea about indebtedness at OSN? I mean there was some development around restructuring from indebtedness recently. If you can give us some update on that.

Declan Sawey: Thanks Zafar, I will pass to Anuj if he can answer.

Anuj Rohtagi: Thanks Declan, thanks Zafar. Zafar as you can see from our financials we are basically trying to give a picture in our consolidated financials as much as possible.

OSN is an unlisted entity and we have a partner, and we are in a very competitive landscape and situation right now, but I will try to answer as much as possible. From the numbers you can see that last year total loss was US\$175 million. So that gives you some indication of the burn that is happening. For the first half the net loss was around US\$108 million and typically there is a seasonality in this. We see, broadly we are going in same direction as last year. We are looking at various options as Pinak updated in last call. We are looking at relaunching the OTT business and management team is working on that. In addition to that, we have been able to absorb lot of increase in the content cost and these are meant for future and so that all is getting absorbed and once we are able to get through this short-term macro-economic impact, we are expecting to see some fruits in 2019. It is too early to say that's why I am not committing to any particular quarter or anything but there is lot of work going on. As we suggested you in previous call we expect this work to be completed in quarter 3 or in early part of quarter 4 and then we can provide you for further guidance.

Zafar Nazim: And can you give us some idea if KIPCO, any other parent is providing any funding support to OSN?

Anuj Rohtagi: Yes, both the shareholders are providing funding support and it is around US\$100 million that have gone into the business and as I said once the work is completed in quarter 3-quarter 4, we will have the numbers but we don't expect it to be significantly higher than what we had done before in past.

Zafar Nazim: So, US\$100million is between the two partners and it covers what period?

Anuj Rohtagi: This is 2018.

Zafar Nazim: 2018. Got it. Okay Good. Thanks a lot. And also if you can you give some idea about some numbers about the holdco, there is debt as well as cash but I was wondering if you can for our analysis and also because the agencies look at this manner, if you can tell us the cash flow profile of the holdco level, that is what sort of broad inflows do you get. I guess that would be dividends and outflows you have which will be like interest expense and any G&A and lastly related to that would be additional funding needs that any of your companies or the subsidiaries you know, places where you made the investments so just trying to get an idea about how we should think about the non-consolidated cash flow.

Anuj Rohtagi: Great, I will let Rahul answer on the data point with regard to the dividend, I will answer the second part first which is basically the overall funding requirement of the other group companies. On OSN I gave you some color, Burgan has already received approval to have capital increase of KD60 million, so our share we will be contributing once we get closer to the issue and will see how we want to do that. We have several options to do that to basically make it more cash efficient for KIPCO. With regard to overall cash inflow and interest expenses etc. Rahul if you can please give the data.

Rahul Hans: Sure Anuj. So, Zafar, we have the dividend income till H1 2018 of US\$53 million. And the interest expenses for the corresponding period is US\$67 million.

Zafar Nazim: So, any how the interest expense of the second half should be similar to the first half.

Rahul Hans: Yes.

Zafar Nazim: And do you collect any dividend in the second half or it's all in the first half?

Rahul Hans: So, in the Quarter 1 conference call, we shared the estimated dividend for 2018 would be closer to US\$80 million so the current projection remains at the same level.

Zafar Nazim: And what about G&A at the holdco level?

Rahul Hans: G&A at holdco level is close to US\$35 million for the full year.

Zafar Nazim: Okay. Got it. So, in terms of dividend inflow of US\$80 million, outflow should be interest and G&A and interest of around US\$130-135 million and G&A of US\$35 million. So, there is a cash fund you consider before the investment going into OSN and the Burgan rights offering.

Anuj Rohtagi: That's correct, if you see that's just the numbers, but if you look at the operating companies, there is lot of retained earnings, there is cash, their debt profile is strong but there is also a lot of growth opportunities so, we are letting these companies to grow and not upstreaming the dividend. We control these dividends and if we want we can upstream those. So that is the discussion we have if you are referring to the rating agency and that is right question from credit review point of view and we have that discussion within KIPCO. We have that discussion with the board members and the management team of these group companies and we are letting these companies basically to reinvest their cash into growth rather than upstreaming to KIPCO, but if we want we can upstream that. Right now, we are maintaining so much cash, so its another problem for Declan right now if we upstream more cash from group companies.

Zafar Nazim: And I guess you cut your dividend this year, KIPCO dividend to its own shareholders, that's a function of I guess happening with OSN is that the part of the reason why dividend was kept low? I am just trying to figure out if next year, you may increase dividend to the historical level or it will depend on OSN performance?

Declan Sawey: We don't have any explicit dividend policy. We look at a number of aspects in terms of what cash we need, what return on invested capital we can achieve. Obviously, we would like to retain our rating so that's one point we want to highlight and the other point I would like to highlight is that we look at the dividend yield in terms of the stock and obviously the stock prices have gone

down considerably so from our perspective, it would not make sense to have expected high dividend yield on our stock so we look at a number of different options. Our ultimate parent shareholders are always keen to support us.

Zafar Nazim: Thank you so much.

Operator: Our second question is from Tavle Gegaj. Please go ahead

Tavle Gegaj: Hi, just a quick question, obviously on the new plans to launch you know, you just mentioned a new platform or some sort of a change in the existing platform and this is specific in regard to OSN. Obviously, you know the business has been cash drain in the past and will continue to in the foreseeable future. If at any point in time, I mean when would you really consider a major shift in the strategy or you know the change, basically what the company is undertaking to make sure that there wouldn't be any further drain down the line because obviously it is a very competitive business and it's a tough environment anyway down there, right. So, the question is how long are you willing to continue investing in this business?

Anuj Rohtagi: Thank you for that question and as I mentioned before, we are going through the process, we continuously go through the process for all our group companies and in this particular situation it is kind of more escalated due to the performance and obvious reasons. We will be in a position to give you an answer hopefully by next call or in the period after that. Yes, the competitive dynamics of the industry generally globally have changed, at the same time there are various trends within the so called digital businesses which are unique actually to the region and when we are going through the processes, we are seeing there are so many positives that actually exist for us. It's not the right time to decide on the next step as we are in process of evaluating various options

Tavle Gegaj: Okay, okay. Thank you.

Nick Paton: Well Gentleman, it sounds you were very clear in your presentation and you have run through the questions already.

Declan Sawey: Thanks very much Nick and if there is anyone on the call, say they have any further question, they can reach up to us and we would be happy to respond.

Nick Paton: Thank you Declan.

Declan Sawey: Thanks everyone for dialing in and have a good day.



# Disclaimer

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*Note: : Exchange rate of USD/KD of 0.3028 has been used in the presentation for financial numbers*

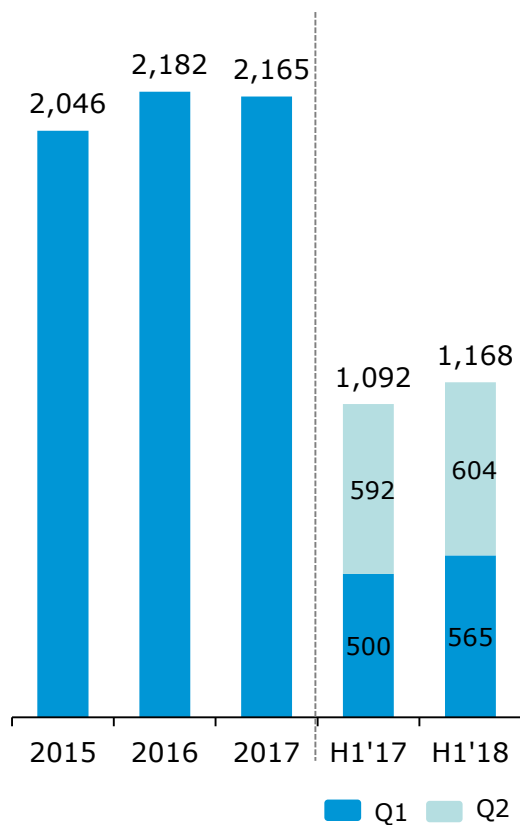


## Performance Update

# KIPCO consolidated: Financial performance

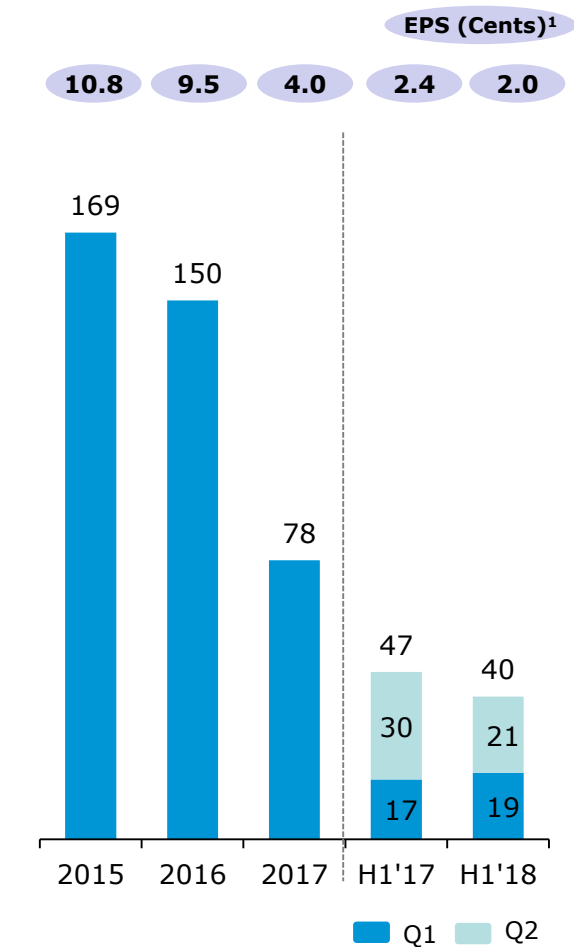
## Revenue

USDmn



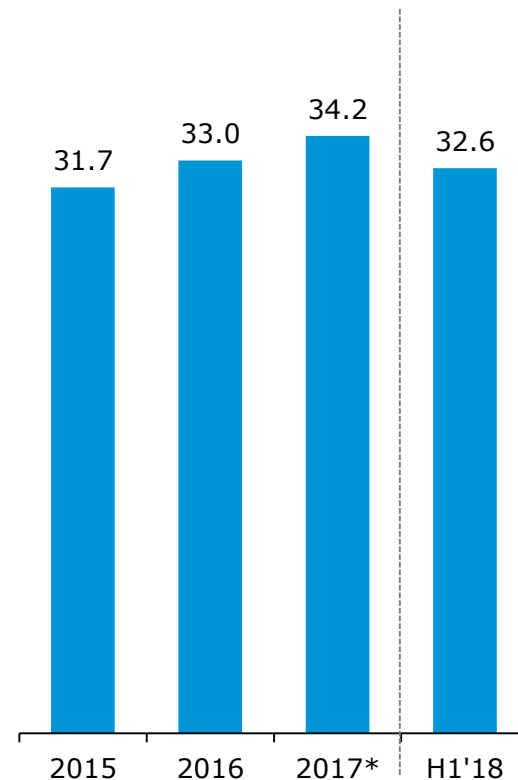
## Net Profit

USDmn



## Consolidated Assets

USDbn



\*Restated

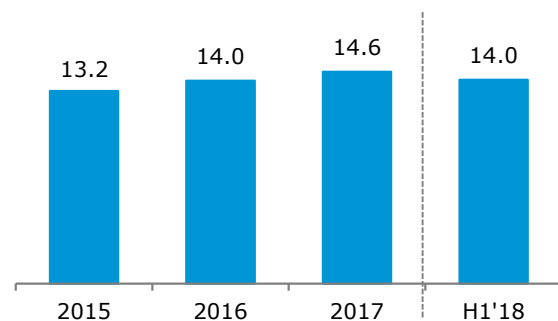
Note: : Exchange rate of USD/KD of 0.3028 has been used in the presentation for financial numbers

<sup>1</sup>Basic Earning per share (reported)

# Burgan Bank Group (BBG)

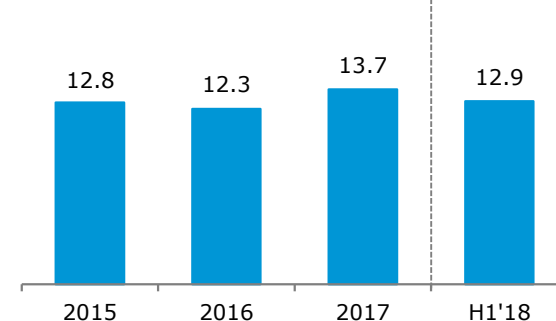
## Loans

USDbn



## Deposits

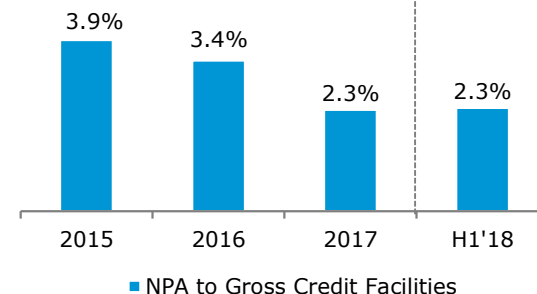
USDbn



## Asset Quality

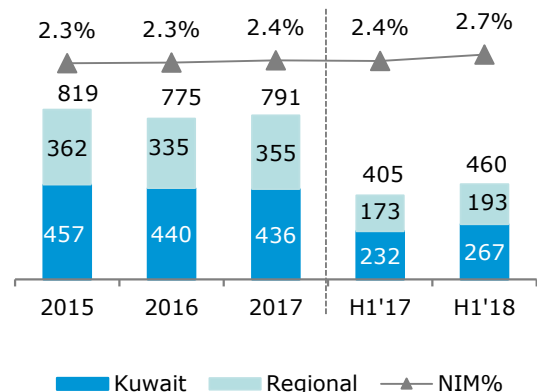
■ NPA coverage with collateral  
■ NPA coverage without collateral

184%	194%	233%	248%
120%	124%	159%	173%



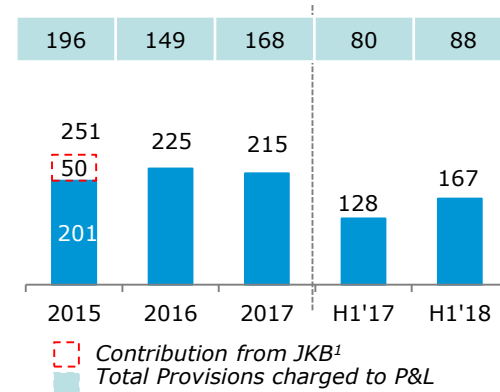
## Operating Income

USDmn



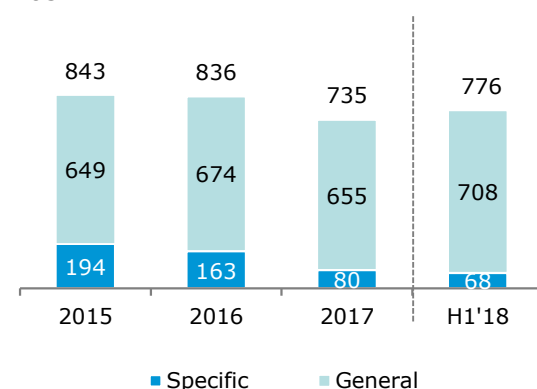
## Net Profit & Provision

USDmn



## Total Provision

USDmn



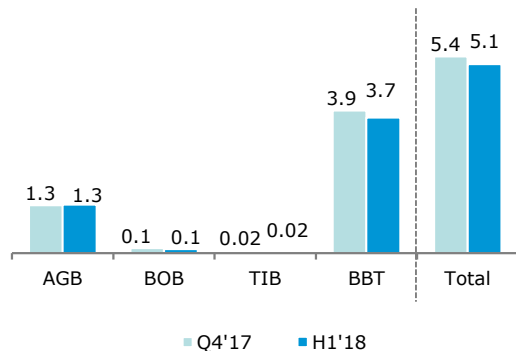
**Strong performance reflecting operational capabilities with strict focus on asset quality;  
Basel III CAR at 16.6%**

<sup>1</sup>Stake in Jordan Kuwait Bank was sold by BB to a subsidiary of KIPCO in December 2015

# BBG: Regional operations

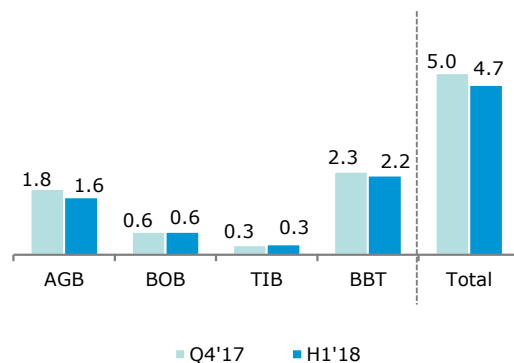
## Loans

USDbn



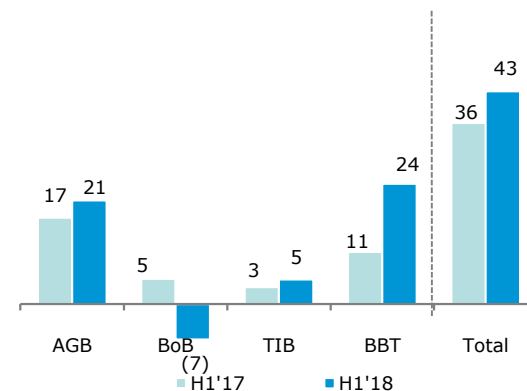
## Deposits

USDbn



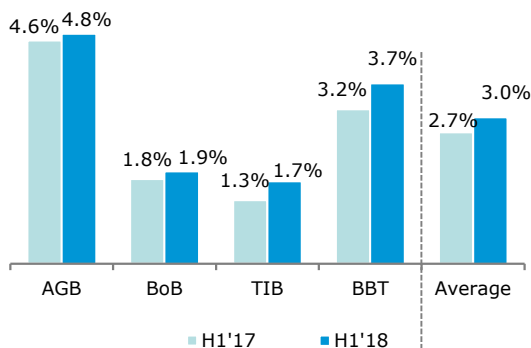
## Net Profit<sup>1</sup>

USDmn



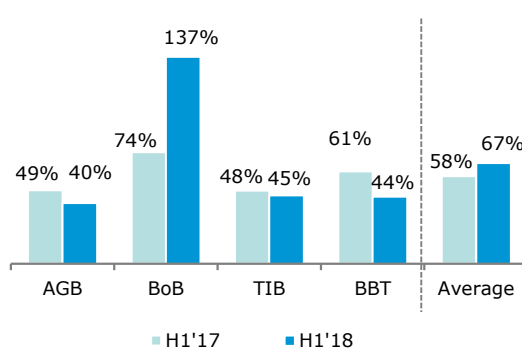
## Net Interest Margin

Percentage



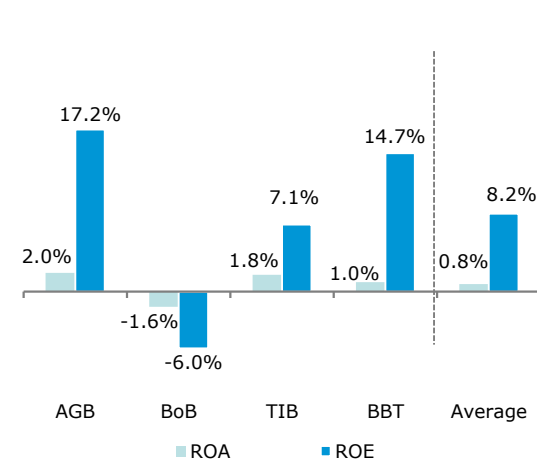
## Cost to Income

Percentage



## Return on Assets & Equity<sup>2</sup>

Percentage



<sup>1</sup>Represents 100% profits attributable to parent for each of the subsidiary;

<sup>2</sup> RoE is calculated on average equity and RoA is calculated on average total assets

AGB = Gulf Bank Algeria

BOB = Bank of Baghdad

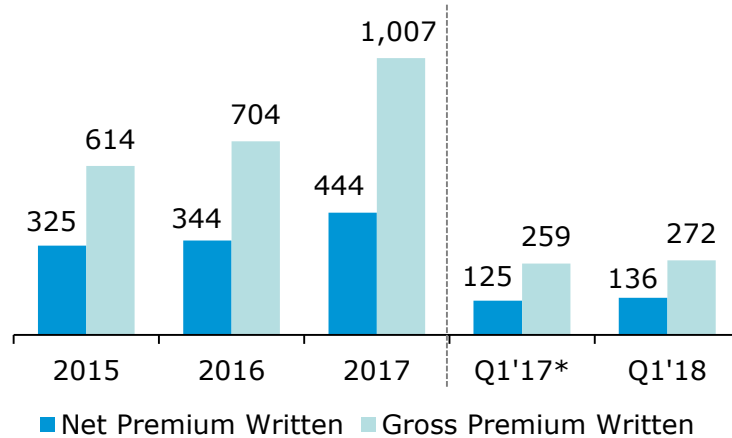
TIB = Tunis International Bank

BBT = Burgan Bank Turkey

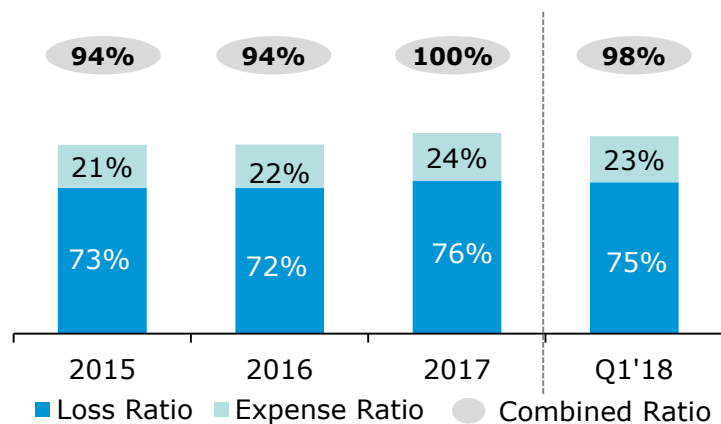
# Gulf Insurance Group (GIG)

## Gross & Net Premium Written

USDmn

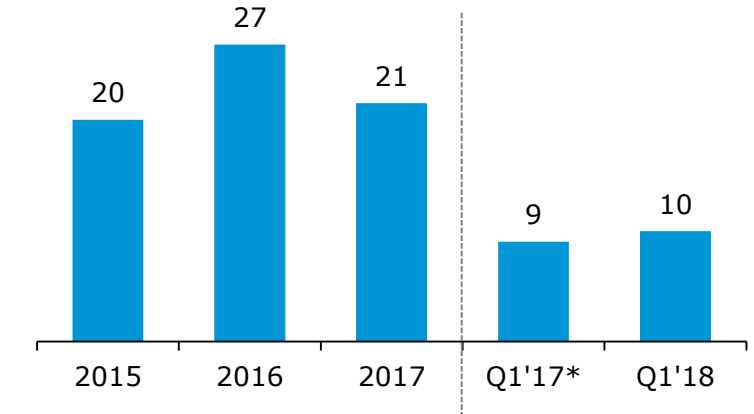


## Combined Ratio<sup>1</sup>



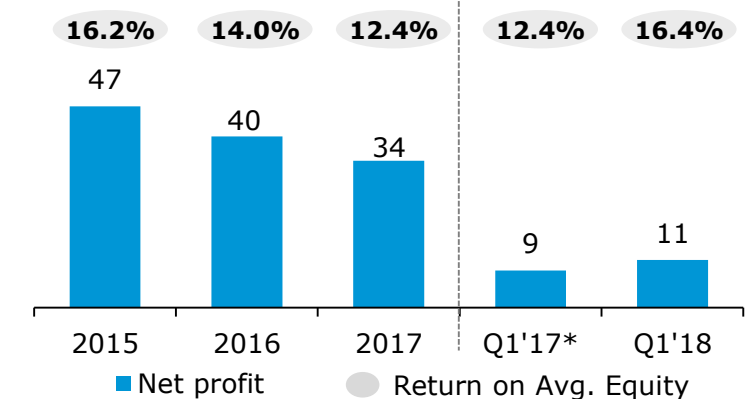
## Net Investment Income

USDmn



## Net Profit & ROE

USDmn

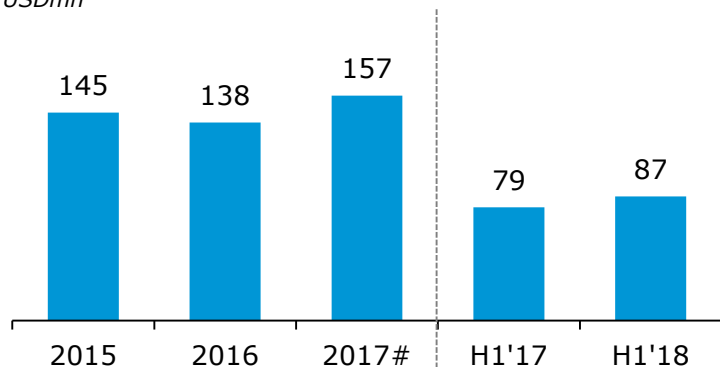


\*Restated

# United Gulf Holding Company (UGHC)\*

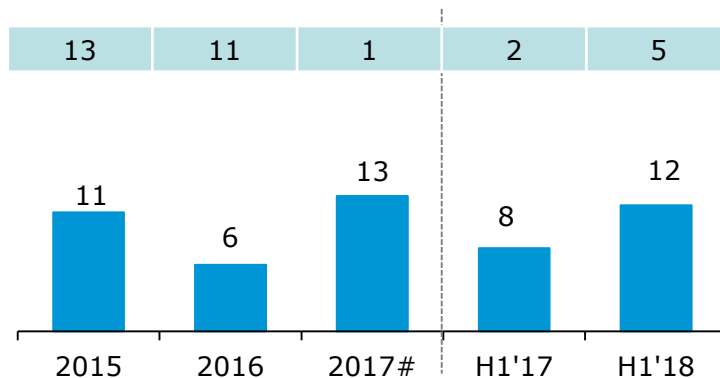
## Revenue

USDmn



## Net Profit & Provisions

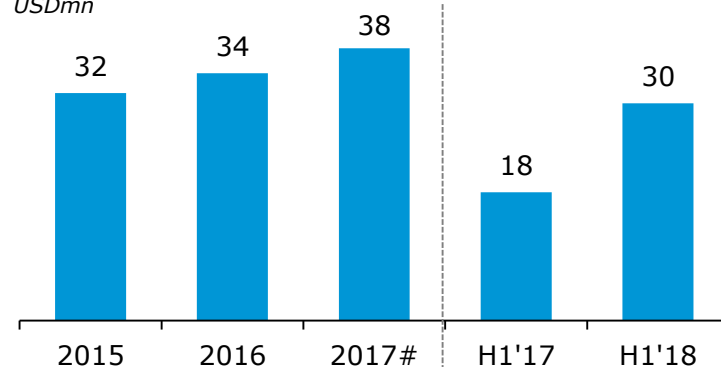
USDmn



Total Provisions Charge to P&L

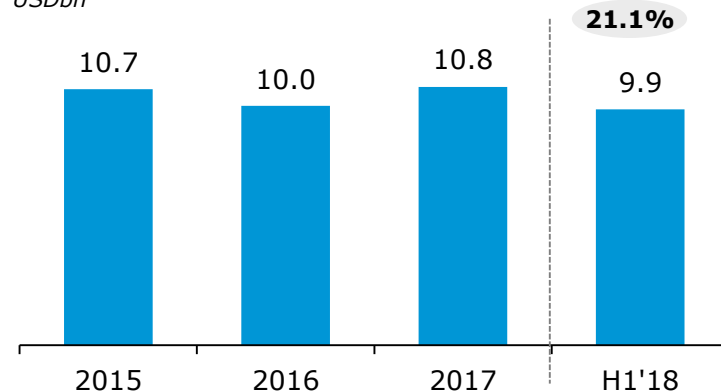
## Fee & Commission Income

USDmn



## AuM & Capitalisation

USDbn



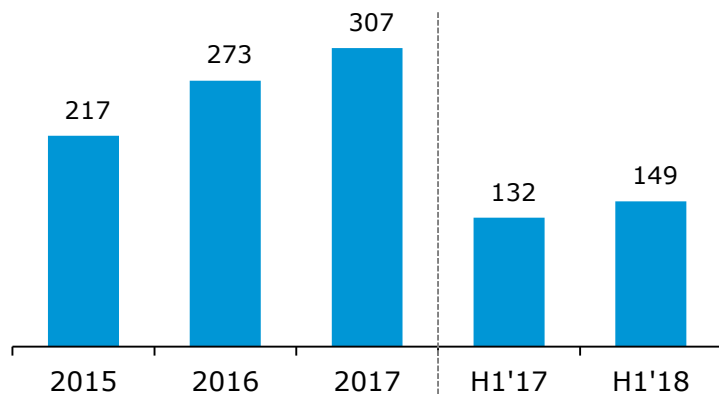
\*United Gulf Bank (UGB) has undergone corporate reorganization (in September 2017) and has split its operations across a holding company - United Gulf Holding Company B.S.C. (UGHC) and the regulated banking entity- UGB. For details, please refer press release: [UGB reorganization press release](#). Financials for the years ending 2015 and 2016 and the six month ending June 2017 correspond to erstwhile UGB

# As UGHC was incorporated in September 2017, financials of UGHC for 2017 comprise of first nine months results for UGB and Q4'17 results for UGHC

# United Real Estate Company (URC)

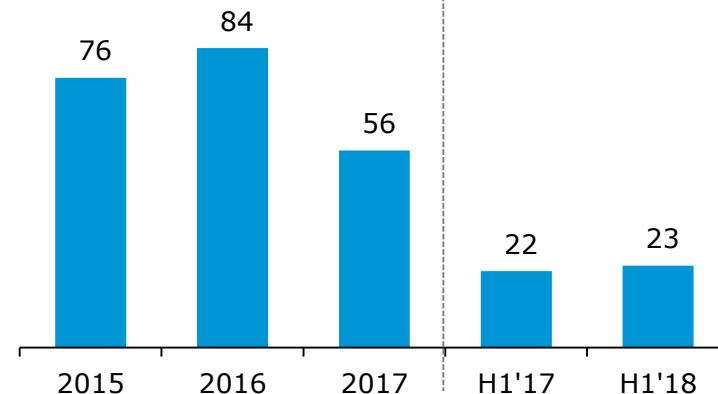
## Total Revenue<sup>1</sup>

USDmn



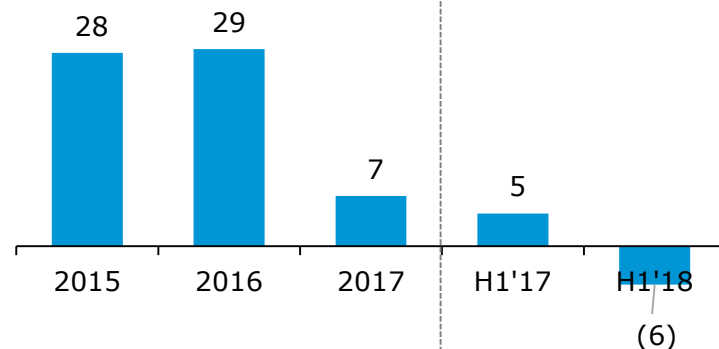
## Operating Profit<sup>2</sup>

USDmn



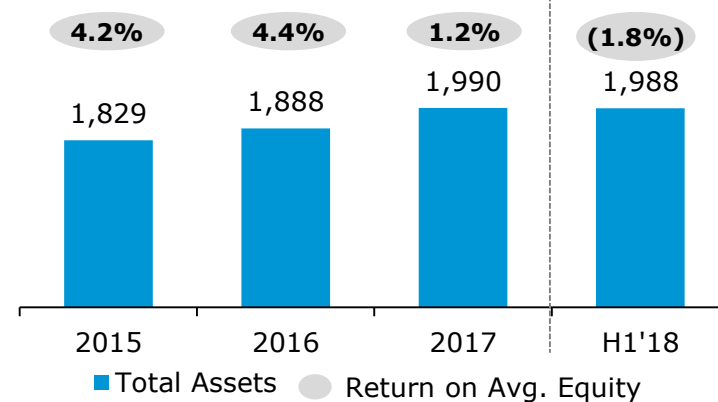
## Net Profit

USDmn



## Total Assets & ROE

USDmn



<sup>1</sup>Revenue includes income from operational properties, gain on sale of properties, fixed assets & associates, valuation gain on properties, investment income, share in associates' income, interest income & forex ; <sup>2</sup>Operating Profit includes gain on sale of associates, share in associates' income, interest income & forex gains

Leading Pay TV operator in MENA region (HQ in Dubai), created by the merger of Showtime and Orbit in 2009

Licensed to operate in 25 countries in MENA with focus on 7 core markets

Subscriber base of around 1.1mn, 36k subs for OSN play and 62K subs for OSN on demand

First in the region to introduce digital platform with OSN Play in 2012. Launched its OTT proposition OSN Go in 2014; re-launched as WAVO in 2017

Exclusive access to the most comprehensive portfolio of rights from 7 major Hollywood studios

Premium content offerings with over 180 channels incl. 66 HD channels, and 34 owned and operated. 39 South Asian channels, 16 Filipino channels

~2,000 employees in 13 offices, 163 retail locations across MENA and a network of 156 partners

## Low Pay TV penetration in MENA region indicates huge market potential

	Population (Mn)	Pay TV (Mn; Est.)	TV Households (Mn)	TV Households / Households (%)	Pay TV / TV Households (%)
<b>MENA Region<sup>1</sup></b>	<b>355</b>	<b>7</b>	<b>69</b>	<b>96%</b>	<b>~10%</b>
<b>Latin America</b>	619	32	56	NA	57%
<b>UK</b>	66	15	27	97%	54%
<b>India</b>	1,334	148	183	62%	82%
<b>US</b>	328	102	118	94%	86%

Notes:

<sup>1</sup>MENA region represents data of: Bahrain, KSA, Kuwait, Oman, Qatar, UAE, Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia and Yemen (OSN's core and target markets);

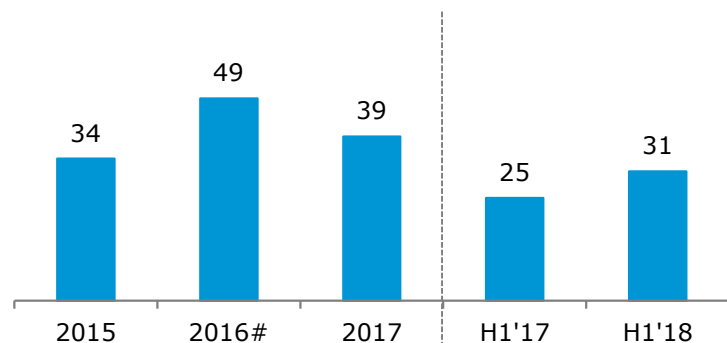
Source: IMF WEO Database April 2018, Euromonitor, Statista

# Other key entities:

## United Industries Company (UIC)

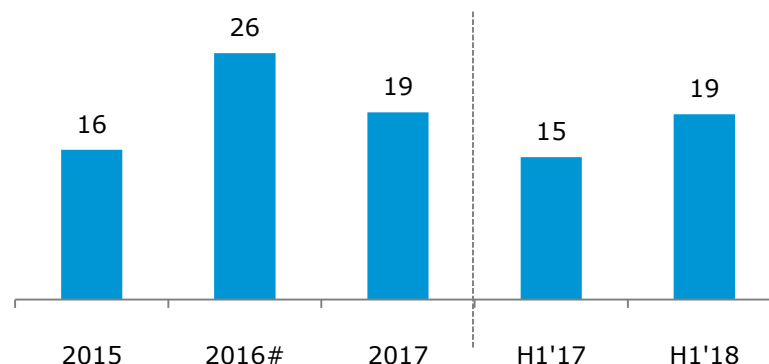
### Total Revenue

USDmn



### Net Profit

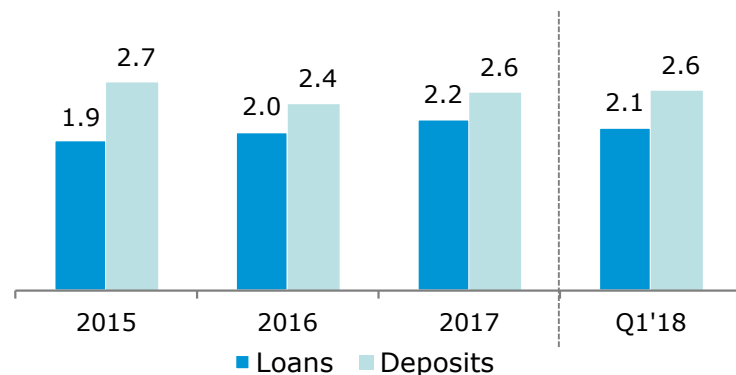
USDmn



## Jordan Kuwait Bank (JKB)

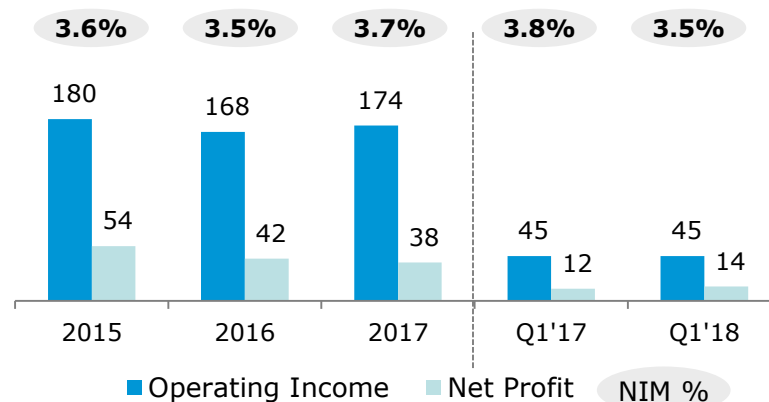
### Loans & Deposits

USDbn



### Operating Income & Net Profit

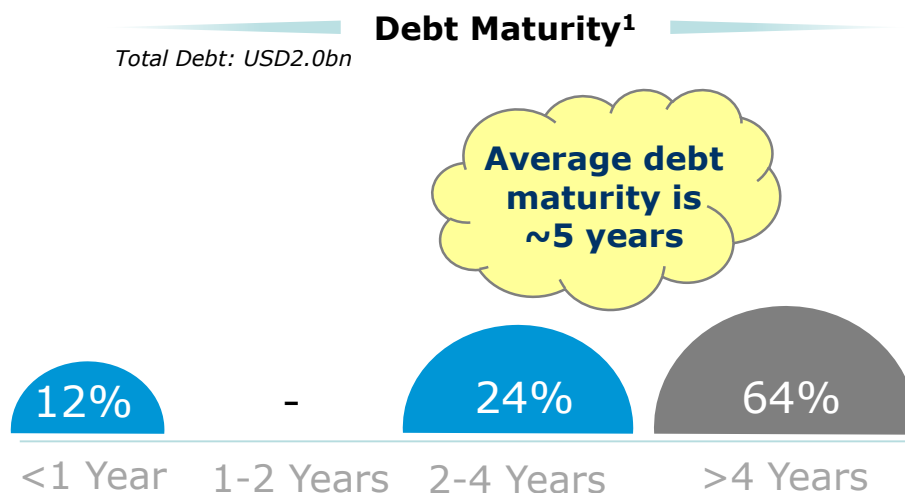
USDmn



# Includes USD13mn one-off income on reclassification of investment from AFS to associate

Notes: Exchange rate of USD/JOD of 0.709 as of 30 June 2018 has been used for conversion

# KIPCO parent debt profile: As at 30 June 2018



<sup>1</sup>As of 30 June 2018



- Cash & bank balance of USD1,075mn
  - The current cash balance covers all debt obligations due till 2022 (4.6x coverage for 2019)
- Placements are with investment grade rated domestic institutions; having short duration and are typically rolled over on a monthly basis

# KIPCO consolidated: Balance Sheet

Consolidated Balance Sheet (USDmn)	2015 Restated	2016	2017 Restated	H1 2018
Cash in hand and at banks	5,252	4,815	5,184	5,373
Treasury bills, bonds & other debt securities	2,245	2,230	2,136	2,570
Investment in associates	1,399	1,461	1,239	1,215
Investment in a media joint venture	551	494	587	598
Investment properties	1,399	1,416	1,727	1,759
Other investments	1,923	1,878	2,071	1,230
Other assets (inc. goodwill & intangibles)	18,888	20,671	21,220	19,846
<b>Total assets</b>	<b>31,658</b>	<b>32,966</b>	<b>34,164</b>	<b>32,591</b>
Due to Banks & Other FI's	6,424	7,626	6,790	5,981
Deposits from Customers	16,017	15,917	16,871	16,585
Debt	3,945	4,233	4,834	4,899
Other liabilities	1,124	1,173	1,667	1,805
Equity attributable to equity holders of the Parent Company	1,665	1,557	1,451	993
Perpetual capital securities	476	484	484	484
Non-controlling interest	2,008	1,976	2,067	1,846
<b>Total liabilities and shareholders equity</b>	<b>31,658</b>	<b>32,966</b>	<b>34,164</b>	<b>32,591</b>

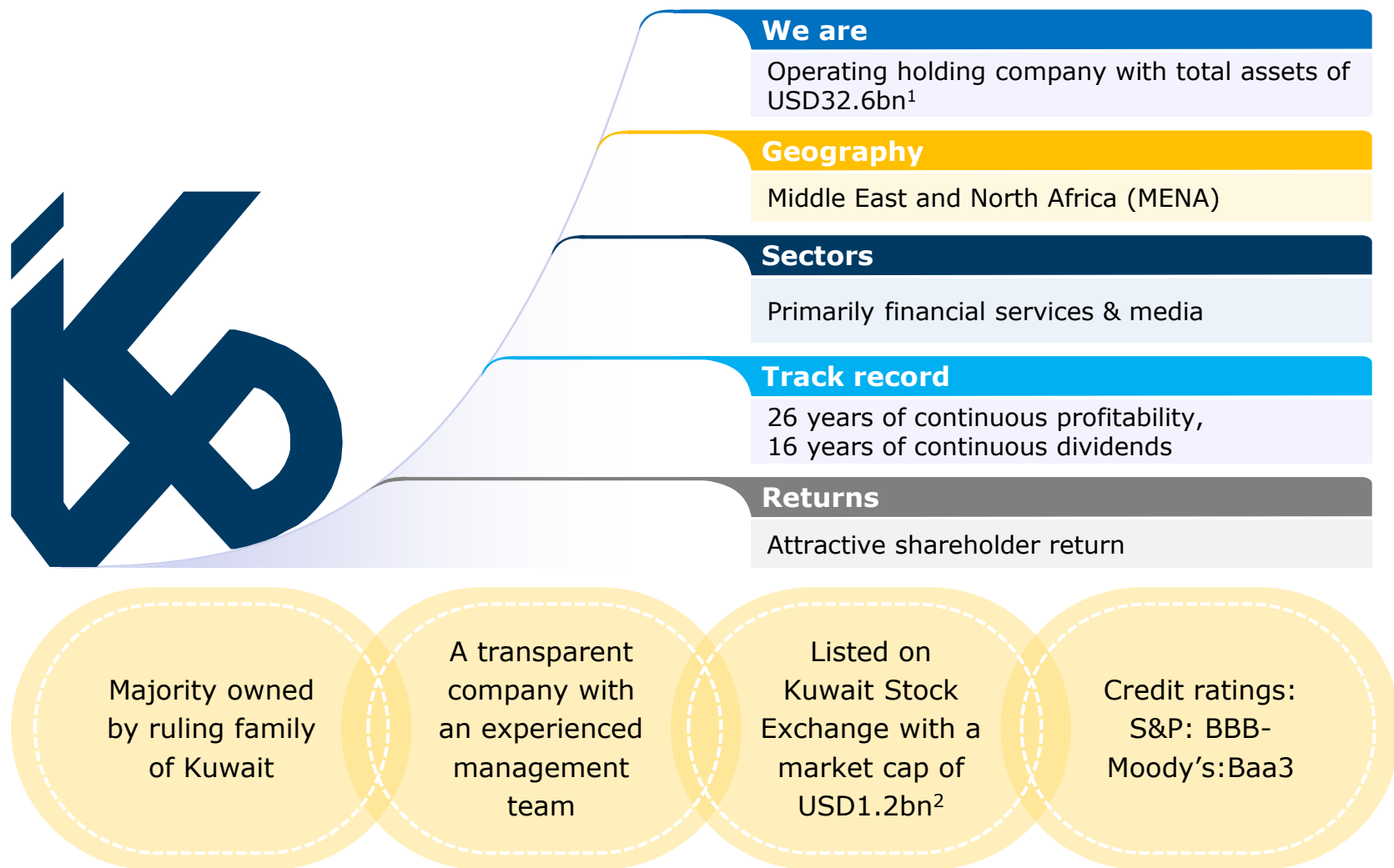
# KIPCO consolidated: Income Statement

Consolidated Income Statement (USDmn)	2015 Restated	2016	2017	H1 2017	H1 2018
Interest income	1,028	1,230	1,276	620	722
Investment income	101	92	234	149	29
Fees and commission income	167	185	175	87	78
Share of results of associates	96	119	42	19	42
Share of results of a media joint venture	34	(21)	(100)	(38)	(65)
Hospitality and real estate income	220	255	310	143	154
Other revenues	400	322	228	112	209
<b>Total revenues</b>	<b>2,046</b>	<b>2,182</b>	<b>2,165</b>	<b>1,092</b>	<b>1,168</b>
Interest Expenses	605	795	819	403	464
General and administrative expenses	570	566	610	295	303
Other expenses and provisions	468	470	478	264	251
Taxation	54	60	52	22	26
Non-controlling interest	179	141	129	61	84
<b>Net profit attributable to Equity Holders of the Parent Company</b>	<b>169</b>	<b>150</b>	<b>78</b>	<b>47</b>	<b>40</b>
Basic Earnings Per Share, Cents (Reported)	10.8	9.5	4.0	2.4	2.0



Thank you

# A diversified company with deep regional expertise & roots















**Gateway to MENA with superior access to opportunities**

<sup>1</sup>As on 30 June 2018

<sup>2</sup>As on 26 July 2018

Note: : Exchange rate of USD/KD of 0.3028 has been used in the presentation for financial numbers

# Our presence by geographies & sectors

Geography	Major sectors							Revenue (2017) <sup>1</sup>
	Commercial banking	Media	Insurance	Real Estate	AMIB	Industrial	Others	
Kuwait 	●	●	●	●	●	●	●	47%
KSA 		●	●			●		4%
UAE 		●	●	●	●			5%
Bahrain 		●	●	●	●			3%
Qatar 		●		●				1%
Turkey 	●		●					15%
Jordan 	●	●	●	●				9%
Egypt 		●	●	●			●	5%
Algeria 	●	●	●					4%
Iraq 	●	●	●					2%
Malta 	●				●			2%
Tunisia 	●	●			●			1%
Others	●	●	●	●	●		●	2%
Revenue (H1'18) <sup>2</sup>	50%	15%	15%	9%	3%	4%	4%	
Assets (H1'18) <sup>3</sup>	73%	5%	4%	8%	6%	2%	2%	

**Attractive presence in high growth economies and promising sectors**

<sup>1</sup> Assuming consolidation of GIG & OSN

<sup>2</sup> Total revenue of USD1.8bn, based on reported segmental revenue (before inter group eliminations) post consolidation of 100% revenue of GIG & OSN

<sup>3</sup> Total assets of USD37.8bn, based on reported segmental assets (before inter group eliminations) post consolidation of 100% assets of GIG & OSN

# Core holdings

All core holdings are market leaders in their space



**Investing in companies which have potential to be market leaders**

<sup>1</sup> In terms of assets (based on latest financials)

<sup>2</sup> In terms of revenue and countries of operations

<sup>3</sup> By Gross premium written (GPW) and Direct premiums

<sup>4</sup> By GPW

<sup>5</sup> By technical profit among private sector players (all ranking is as of 31 December 2017)