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Key Investment Highlights

Our business, strategy and team



Our

Business

- ▶ Holding company with total assets of USD32.5bn¹
- ▶ Operating across the GCC and wider MENA region; presence in 24 countries
- ▶ Multi-sector operator: commercial banking, asset management and investment banking, insurance, media, real estate and industrial
- ▶ Proven track record; 26 consecutive years of profits, 16 years of dividend payment and ~12% book value per share growth in last 15 years²
- ▶ Listed on the Kuwait stock exchange with a market capitalisation of USD1.1bn³



Our

Strategy

- ▶ Controlling stakes in operating businesses in growth markets
- ▶ Seek to generate sustainable and predictable operating cash flows
- ▶ Partner with global or local businesses with a proven track record
- ▶ Maximize value from businesses with a medium-to long-term horizon
- ▶ Target 15% revenue growth and 15% ROE over the business cycle
- ▶ Selective disposal where targeted growth criteria is not met



Our

Team

- ▶ Average tenure of management is 17 years
- ▶ Vice Chairman, COO & Group CFO have been with the Group for 29 years

KIPCO is a multi-sector operating holding company with a diversified portfolio spanning the GCC and wider MENA region

¹ As of 30 September 2018

² Assuming no dividend was paid between 31 December 2002 and 30 September 2018

³ As of 19 November 2018

Note: : Exchange rate of USD/KD of 0.3031 has been used in the presentation for financial numbers

Key investment highlights



Proven Track Record

- ▶ Sustained profitability for the last 26 years
- ▶ 16 years of continuous dividends



Ruling Family Shareholders

- ▶ Al Futtooh Holding Co. and affiliated entities owned by members of Kuwaiti ruling family have a controlling stake of 64.9%
- ▶ Shareholders since 1988; have supported KIPCO in all capital raising exercises



Market Leadership¹

- ▶ Burgan Bank is #2 conventional bank in Kuwait², OSN is leading pay-TV platform in MENA³, Gulf Insurance Group is #1 insurer in Kuwait⁴, United Real Estate Company is #2 real estate player on KSE²



Strong Liquidity¹

- ▶ Cash balance of USD1,090mn; covers all debt repayments due till December 2022
- ▶ ~51% of the portfolio⁵ is listed, and can be liquidated at short notice



Credit Rating

- ▶ BBB-/Negative (S&P), Baa3/Stable (Moody's)
- ▶ Burgan Bank and Gulf Insurance Group have strong investment grade ratings



Diversified Portfolio

- ▶ Benefit from growth and economic diversification in Kuwait and the broader MENA region
- ▶ Portfolio spans multiple industries at different stages in the business life-cycle



Financial Discipline¹

- ▶ Maintained circa four dollars of assets for every dollar of net debt for 10 consecutive years
- ▶ Average debt maturity of 4.6 years as of 30 September 2018



"Best in Class" Transparency

- ▶ First company in the GCC to host annual investor forum with earnings guidance
- ▶ "Best in Class" Investor Relations Department with current and up-to-date disclosure

¹As of 30 September 2018

²By assets

³By revenue and countries of operations

⁴By Gross premiums & net premiums written

⁵Comprises listed principal companies and listed investments as of 30 September 2018



Business Overview

Our strategy

Building Businesses

MENA

Regional outlook

**Being first in the
region**

Thought leadership



Target ROE: 15%+

Investing in engines of growth













Balanced Portfolio

Diversified revenue streams

Team Approach

Strong managerial expertise

Our presence by geographies & sectors

Geography	Major sectors							Revenue (2017) ¹
	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 (9M'18) ²	58%	-	17%	11%	5%	4%	5%	
Assets (9M'18) ³	75%	-	5%	8%	7%	2%	3%	

Attractive presence in high growth economies and promising sectors

Note: The business of OSN represented the entirety of the Group's media operating segment. In accordance with IFRS 5, the investment in OSN is classified as a discontinued operation and accordingly, the media segment is no longer presented in the segment note from Q3'2018

¹ Assuming consolidation of GIG & OSN

^{2, 3} Total revenue of USD2.3bn and total assets of USD36.0bn respectively, based on reported segmental revenue (before inter group eliminations) post consolidation of 100% revenue of GIG

Core holdings

All core holdings are market leaders in their space



Investing in companies which have potential to be market leaders

¹ In terms of assets (based on latest financials)







² In terms of revenue and countries of operations

³ By Gross premium written (GPW) and Direct premiums

⁴ By GPW

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

Controlling or majority stakes

Main Entities	 بنك بروقتان BURGAN BANK	 osn	 UGH	 KAMCO كاسكو	 gig Gulf Insurance & Reinsurance Company	 شركة المقارنات المتحدة United Real Estate Co
KIPCO Effective Stakes ¹	64.0%	60.5%	96.4%	83.2% ³	45.6%	72.9%
Board Representation	6 of 9	2 of 7 ⁵	4 of 7	5 of 5	4 of 10 ⁴	4 of 7
Market Cap (USDmn) ²	2,085	Unlisted	1,040	53	368	223
Credit Ratings	S&P: BBB+/A2 Moody's: A3/ P2 Fitch: A+	Unrated	CI: BBB (UGB)	Unrated	S&P: A- (GIRI); A- (GIG) Moody's: A3 AM Best: A	CI: BBB
	Commercial Banking	Media	Asset Management & Investment Banking (AMIB)		Insurance	Real Estate

Solid & well managed portfolio of fast growing and attractive industries

Notes:

¹ Effective stakes given are as of 30 September 2018

² Market capitalisation as of 19 November 2018 (Source: Bloomberg for market price)

³ Stake in KAMCO is held through UGHC

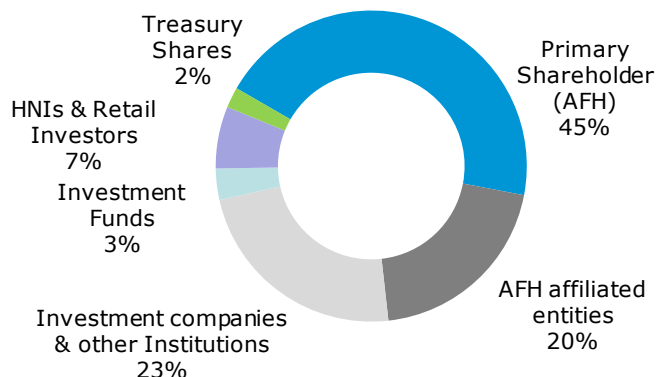
⁴ GIG has 10 board members – 4 from KIPCO, 3 from Fairfax and 3 independent directors

⁵ OSN has 7 board members – 2 each from KIPCO and Mawarid and 3 independent directors

CI = Capital Intelligence GIRI = Gulf Insurance & Reinsurance Company - the core Kuwaiti subsidiary of Gulf Insurance Group (GIG)

Supportive shareholder with ruling family links

Shareholding Profile¹



Kuwaiti Ruling Family Support

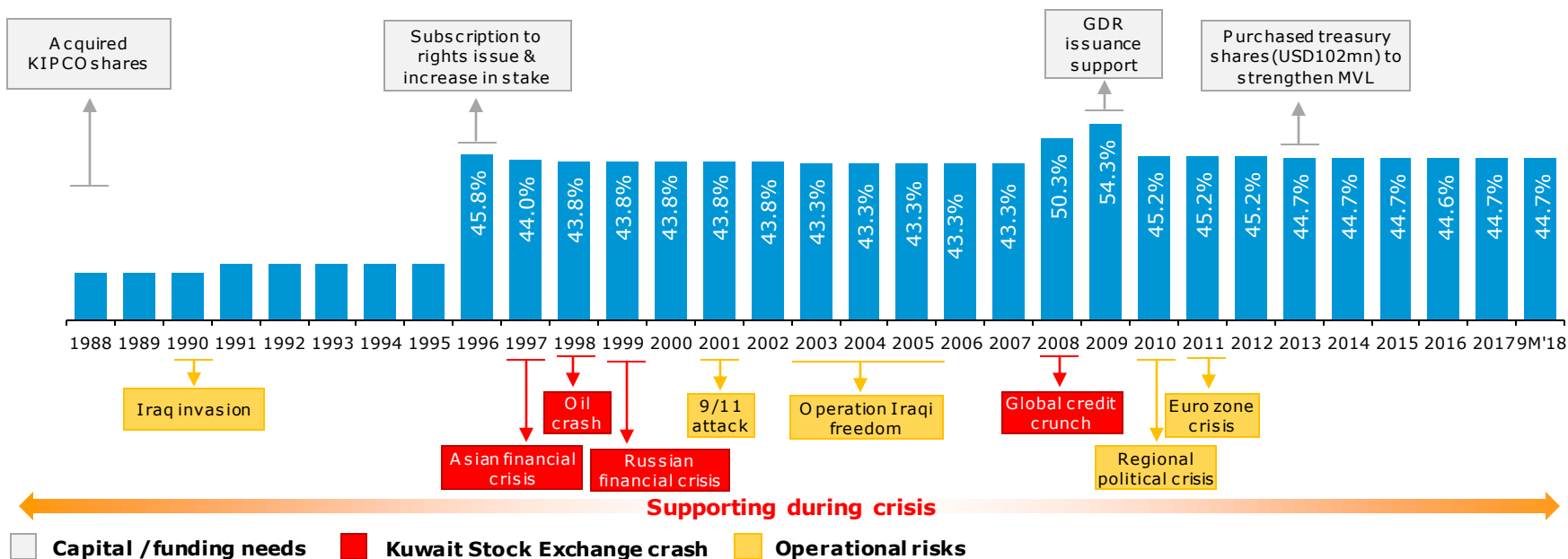
KIPCO's principal shareholder is Al Futtooh Holding Company K.S.C. (Closed) ("AFH"), a Kuwaiti company owned by members of the Kuwaiti ruling family

Direct holding of 44.7%; Shareholder since 1988

Have supported KIPCO in all its endeavours including capital raising, reduced dividends and treasury shares repurchases

Focused on promoting KIPCO as a role model for the private sector in the region

AFH's Continuing Support to KIPCO



¹As of 30 September 2018

Kuwait Projects Company (Holding)








Key developments & performance update

Burgan Bank Group (BBG)

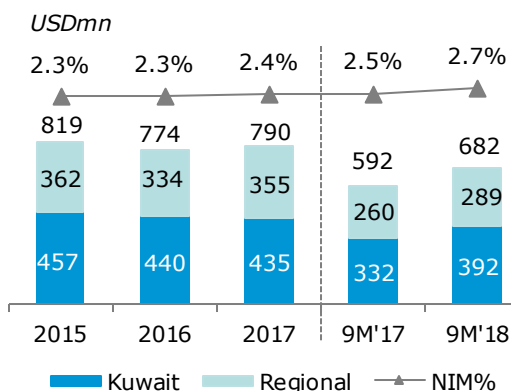
Business highlights

- ▶ Kuwait based commercial bank with a regional presence in seven countries
- ▶ 2nd largest conventional bank in Kuwait in terms of assets (Total assets of USD22.6bn¹)
- ▶ BBB+ rating from S&P and A3 from Moody's and A+ from Fitch
- ▶ Basel III capital adequacy ratio of 16.5%¹
- ▶ Listed on the KSE with a market cap of USD2,085mn as of 19 November 2018

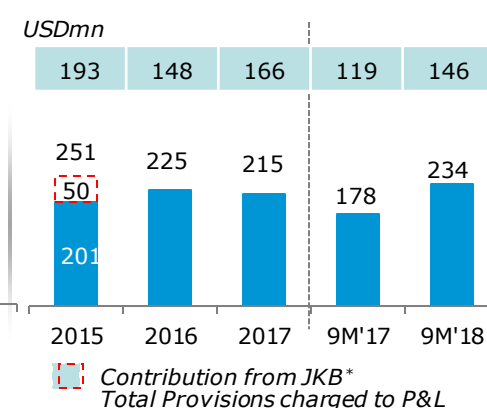
Key Franchises

Name	Market Position	Effective Stake ¹	Assets ¹ USDmn	Revenue ² USDmn
 BURGAN BANK Kuwait	#2 conventional bank	100%	16,806	411
 BURGAN BANK Turkey	Niche player in corporate banking	99%	4,395	145
 بنك الخليج الجزائر Gulf Bank Algeria	#3 private sector bank in Algeria	86%	2,057	103
 مصرف بغداد Bank of Baghdad	#1 licensed private sector bank in Iraq	52%	907	23
 بنك تونس الدولي Tunis International Bank	Leading offshore bank in Tunisia	87%	538	17

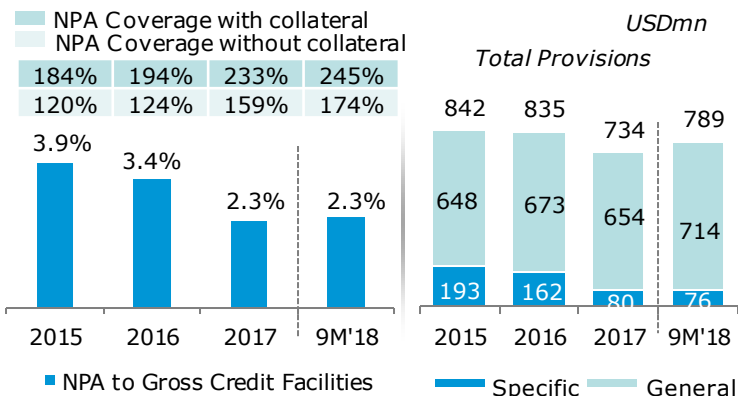
Operating Income



Net Profit & Provision



Loan Quality



BB, the commercial banking arm of KIPCO group, is a regional player with market leadership position

¹As on 30 September 2018

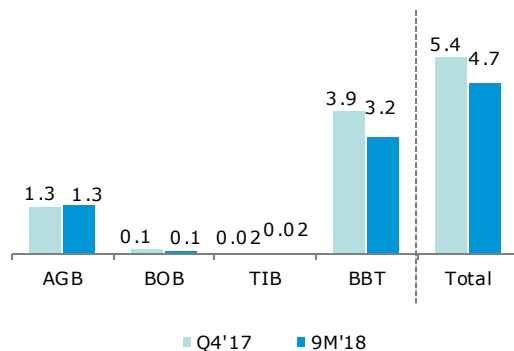
²Operating income defined as revenue and for the period ending 30 September 2018

*Stake in Jordan Kuwait Bank was sold by BB to a subsidiary of KIPCO in December 2015

BBG: Regional operations

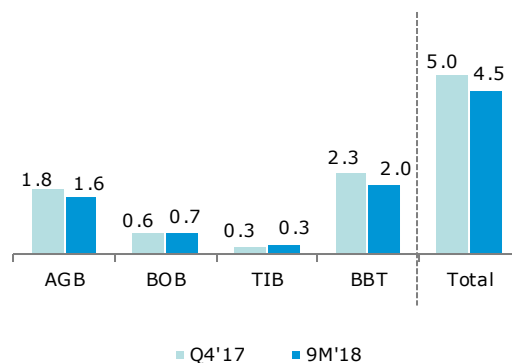
Loans

USDbn



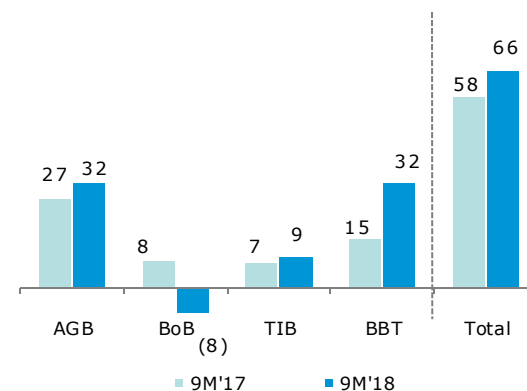
Deposits

USDbn



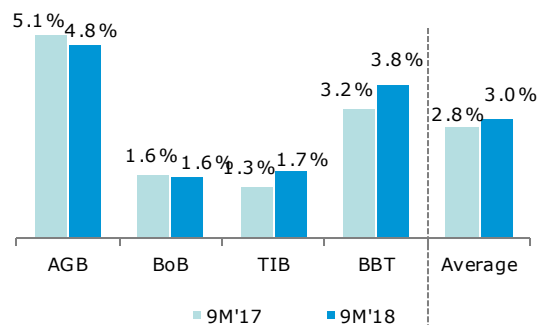
Net Profit¹

USDmn



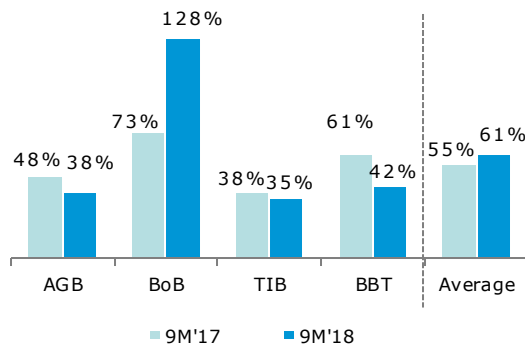
Net Interest Margin

Percentage



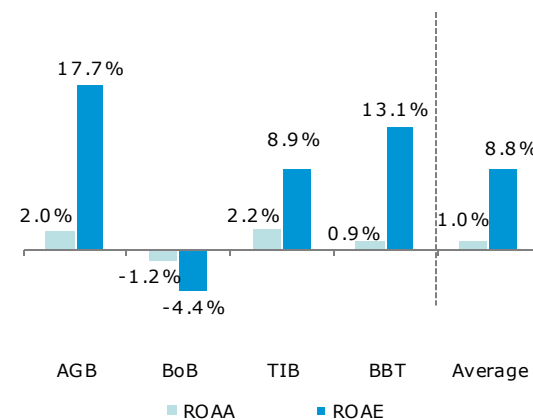
Cost to Income

Percentage



Return on Assets & Equity²

Percentage



¹Represents 100% profits attributable to parent for each of the subsidiary;

² RoE is calculated on average equity and RoA is calculated on average total assets

AGB = Gulf Bank Algeria

BOB = Bank of Baghdad

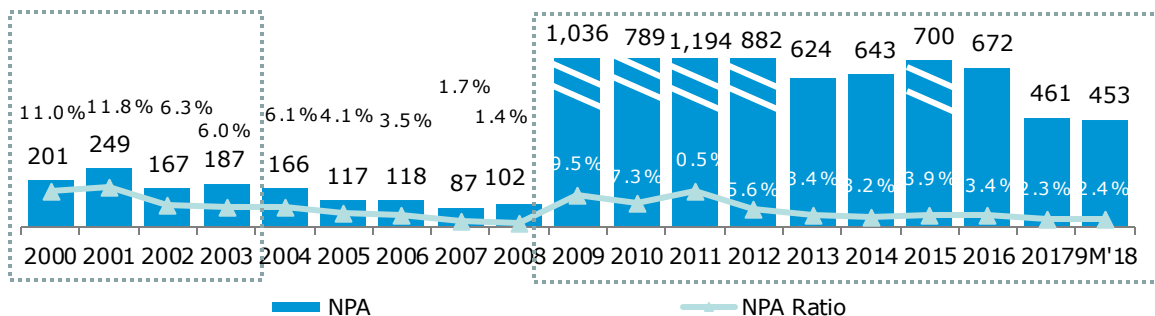
TIB = Tunis International Bank

BBT = Burgan Bank Turkey

BBG: NPA¹ & provisioning trend

NPA Trend

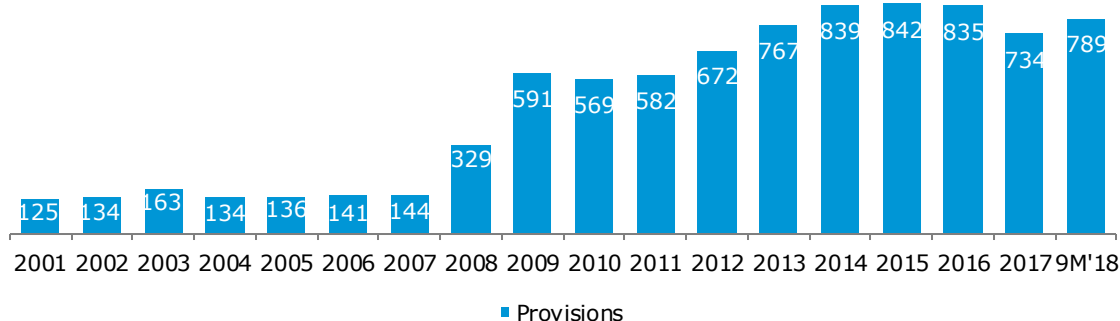
NPA (USDmn)
NPA Ratio (Percentage)



Provisions Trend

■ NPA Coverage with collateral
■ NPA Coverage without collateral

50%	80%	87%	81%	116%	119%	165%	321%	90%	111%	108%	144%	175%	184%	184%	194%	233%	245%
50%	80%	87%	81%	116%	119%	165%	321%	57%	72%	49%	76%	123%	131%	120%	124%	159%	174%



- ▶ At end of September 2018, combined coverage of non performing assets (NPA) was **245%**
- ▶ NPA Ratio was 2.4% as on 30 September 2018
- ▶ ~90% provisions in general category as on 30 September 2018
- ▶ Prudent approach to credit cycle
 - Loan Loss Reserves (against Loans and Advances to Customers) created during 2008-09 **higher than those created during 2000-01 cycle**

¹NPA includes on balance sheet and off balance sheet exposure

Gulf Insurance Group (GIG)

Business highlights

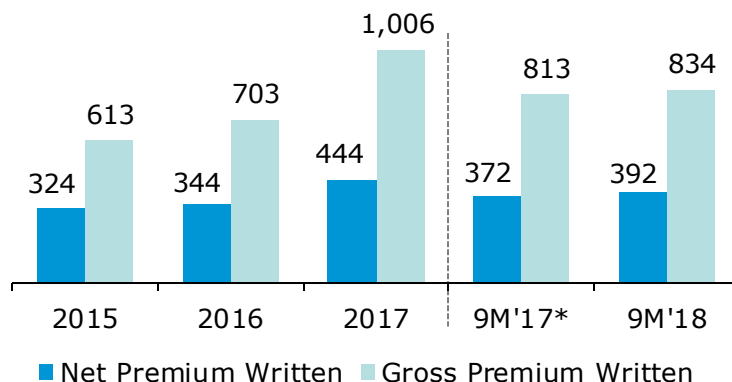
- ▶ Kuwait-based insurance company listed on the KSE
- ▶ Presence across the MENA region
- ▶ Operates through a network of 50 branches in MENA
- ▶ Market leader in Kuwait (by GPW and direct premiums) for 16 consecutive years
- ▶ GIG & GIRI: A- rating from S&P; A3 from Moody's; A- from AM Best

Key Franchises

Name	Market Position	Effective Stake ¹	Assets ¹ USDmn	Revenue ² USDmn
Gulf Insurance & Reinsurance Company	#1 by GPW in Kuwait	99.8%	696	222
Bahrain Kuwait Insurance	#1 by GPW in Bahrain	56.1%	349	42
Arab Orient Insurance	#1 by GPW in Jordan	90.4%	160	50
Arab Misr Insurance	#1 by technical profits in Egypt	94.9%	92	24
Fajr Al Gulf Insurance	Niche player in Lebanon	92.7%	10	0.1
Dar Al Salam Insurance	Niche player in Iraq	71.8%	5	0.2

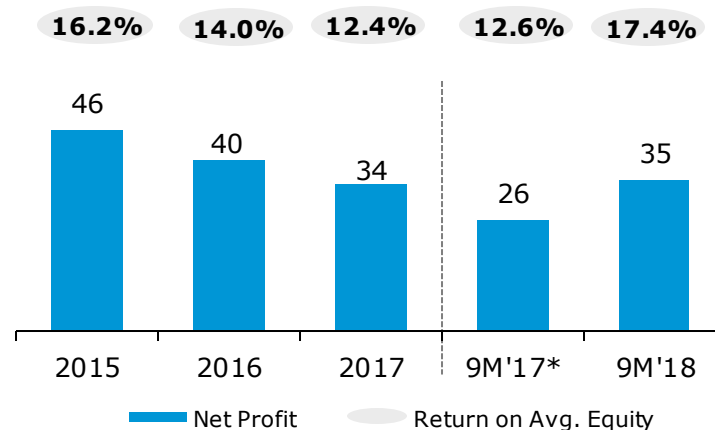
Gross & Net Premium Written

USDmn



Net Profit & ROE

USDmn



GIG, the insurance arm of KIPCO, is amongst the top insurance players in the MENA Region

¹As of 30 September 2018
the period ending 30 September 2018

²Revenue includes net premiums earned, reinsurance commission, policy issuance fees and net investment income and for the period ending 30 September 2018
*Restated

OSN: Overview

MENA pay TV potential

	Population (Mn)	Pay TV (Mn; Est.)	TV Households (Mn)	TV Households / Households (%)	Pay TV / TV Households (%)
MENA Region ¹	358	7	72	96%	~10%
Latin America	623	72	180	NA	40%
UK	66	15	27	97%	56%
India	1,334	164	197	66%	83%
US	328	93	120	96%	77%

Low Pay TV penetration in MENA region indicates huge market potential

Notes:

¹MENA 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 October 2018, Euromonitor, Statista, Nielsen, Broadband TV News, Economic times

OSN: Overview...cont'd

Overview

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

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

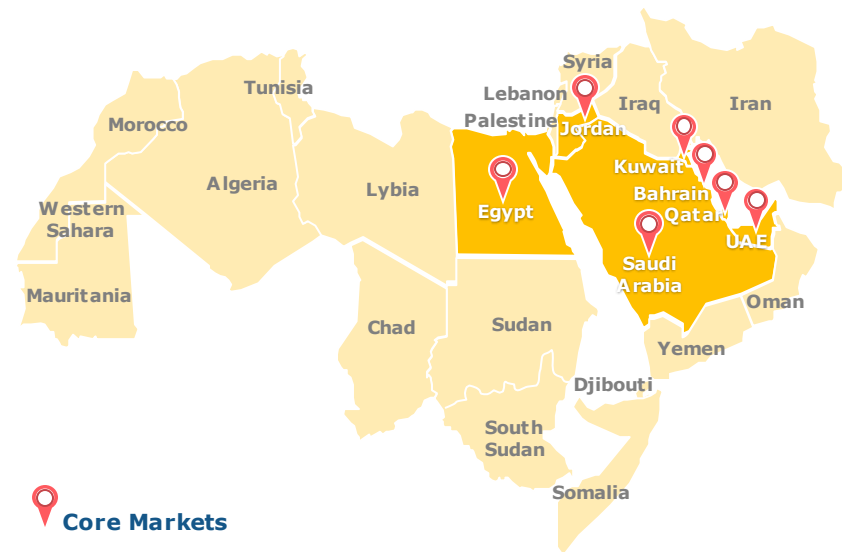
Subscriber base of around 1.1mn and 27k subs for WAVO

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

Premium content offerings with over 156 channels incl. 73 HD channels, and 34 owned and operated. 40 South Asian channels, 15 Filipino channels

~1,800 employees, 111 retail locations across MENA and a network of 161 partners

Pan Arab reach



Strong shareholders







As of 30 September 2018

United Gulf Holding Company (UGHC)*

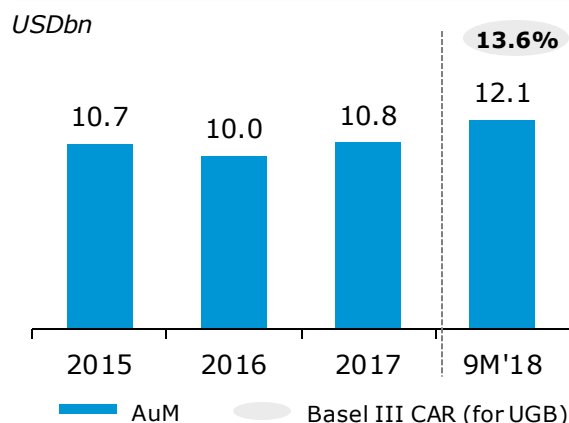
Business highlights

- ▶ Bahrain-based financial services group listed on the Bahrain Stock Exchange
- ▶ Activities include asset management, corporate finance advisory and brokerage services in a number of MENA countries
- ▶ Investments in companies in financial services and real estate sectors to provide a recurring and stable revenue stream
- ▶ Asset base of USD3.4bn¹

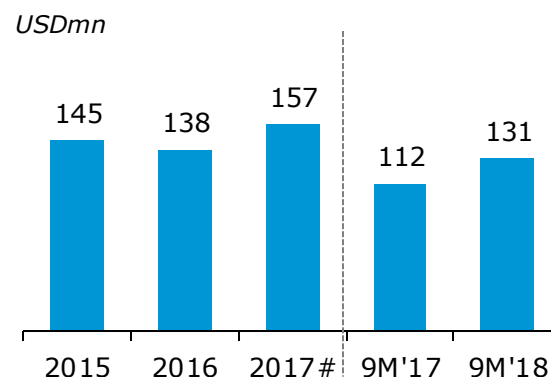
Key Franchises

Name	Market Position	Effective stake ¹	Assets ¹ USDmn	Revenue ² USDmn
 KAMCO	#1 asset management company in Kuwait by AuM	86%	478	28
 BURGAN BANK	#2 conventional bank in Kuwait by assets	15%	22,556	682
 URC شركة العقارات المتحدة United Real Estate Co	#2 real estate company in Kuwait by assets	10%	2,051	223
 FIMBANK	Niche trade finance player in Malta	75%	1,948 ³	27 ⁴

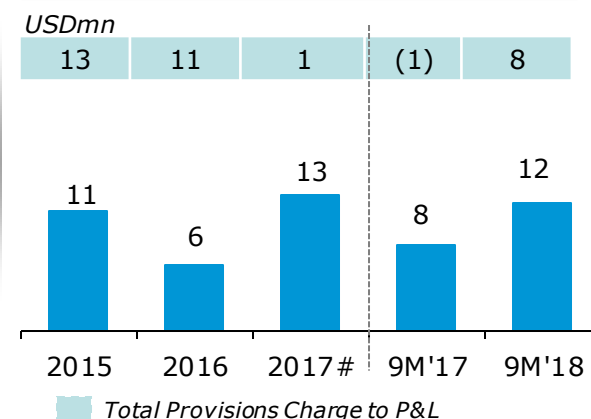
AuM & Capitalisation



Revenue



Net Profit & Provisions



UGHC, the Asset Management and Investment Banking arm of KIPCO Group, is focused on growing the financial services network across the MENA region

*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 nine months ending September 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

¹As of 30 September 2018

²Operating income defined as revenue and for the period ending 30 September 2018

³ As of 30 June 2018







⁴ For the half year ended 30 June 2018

United Real Estate Company (URC)

Business highlights

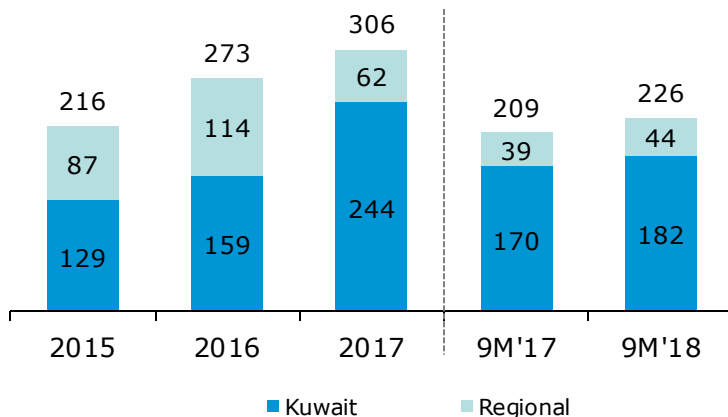
- ▶ Operations across the Middle East region through a mix of fully-owned properties, subsidiaries and investment arms
- ▶ Stable rental income; rental income growth prospects supported by newly completed Abdali mall
- ▶ Major real estate player in Kuwait, ranked second in real estate sector on KSE in terms of asset size of USD2.1bn²

Key Franchises

Country		Name of properties
Kuwait		KIPCO Tower, Al Shaheed Tower, Marina World, Marina Hotel, Saleh Shehab
Jordan		Abdali Mall, Abdali Boulevard
Oman		Salalah Mall
UAE		Meydan Office Tower
Egypt		Aswar Villas, Heliopolis, Sharm Al Sheikh
Lebanon		Bhamdoun, Rouche 1090

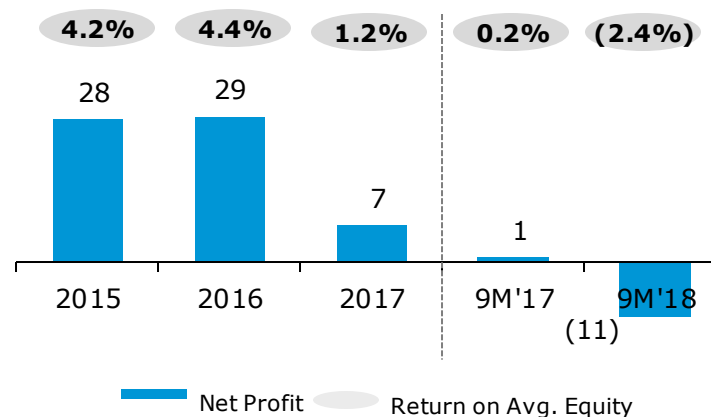
Total Revenue¹

USDmn



Net Profit & ROE

USDmn



URC is a major real estate player in Kuwait, ranked second based on its assets on KSE

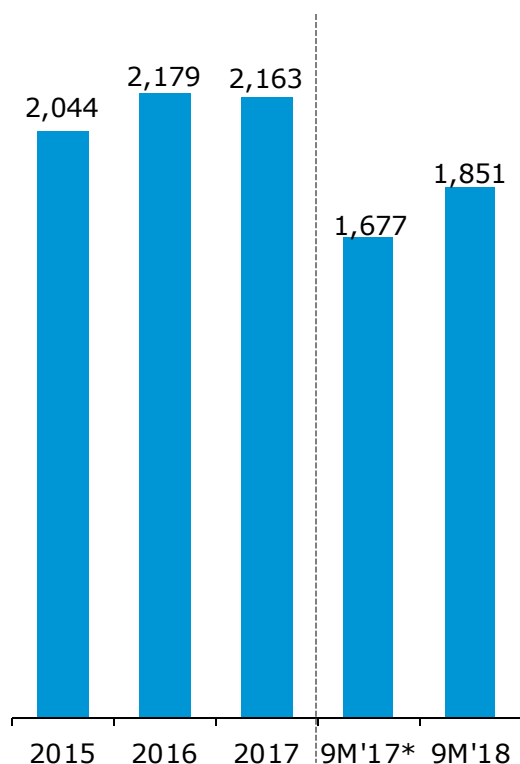
¹Total revenue includes income from operational properties, gain on sale of properties, fixed assets & associates, valuation gain on properties, investment income, share in income from associates, interest income & forex gains

²As of 30 September 2018

KIPCO consolidated: Financial performance

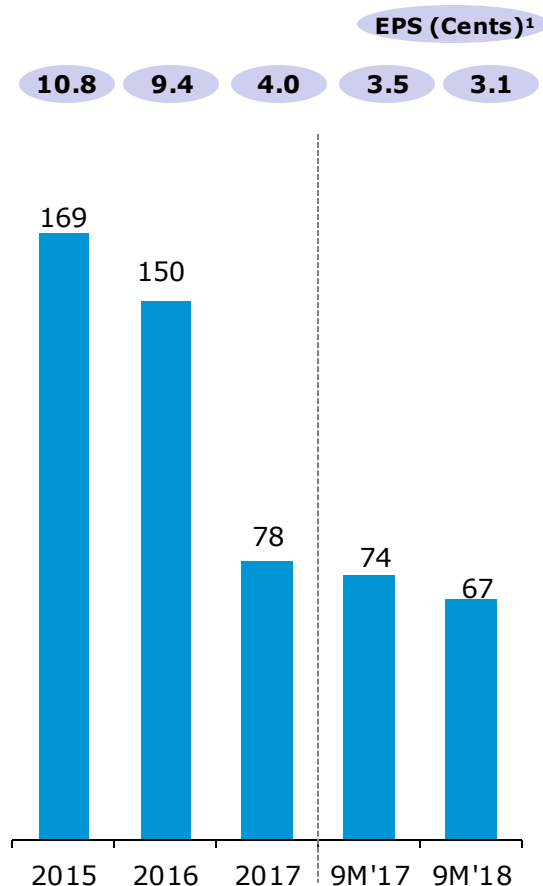
Revenue

USDmn



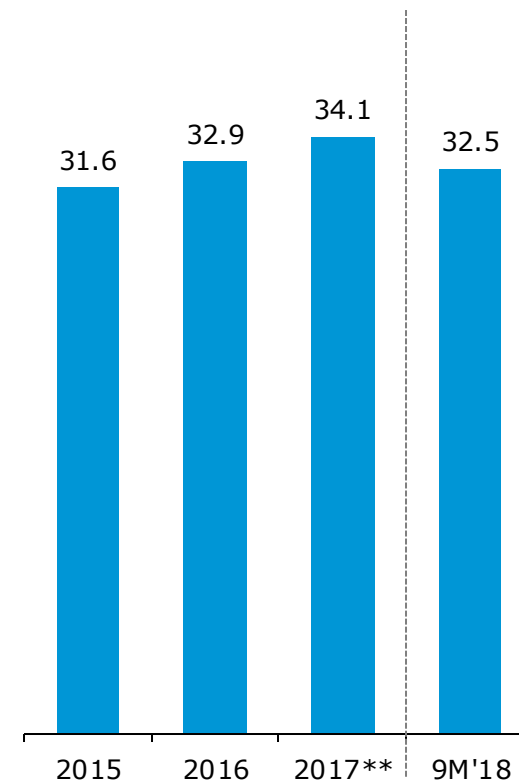
Net Profit

USDmn



Consolidated Assets

USDbn



**In the interim condensed consolidated financials of Q3 2018, certain items of balance-sheet and income statement of nine months ended 30th September 2018 & 2017 have been reclassified & restated to reflect the classification of investment in a media joint venture as "Non-current asset held for sale" in accordance with IFRS 5 (Non-Current Assets held for sale and discontinued operations). As a result, share of results from OSN have been shown under discontinued operations and excluded from total income.*

*** Restated*

¹Basic Earning per share (reported)



Debt Metrics

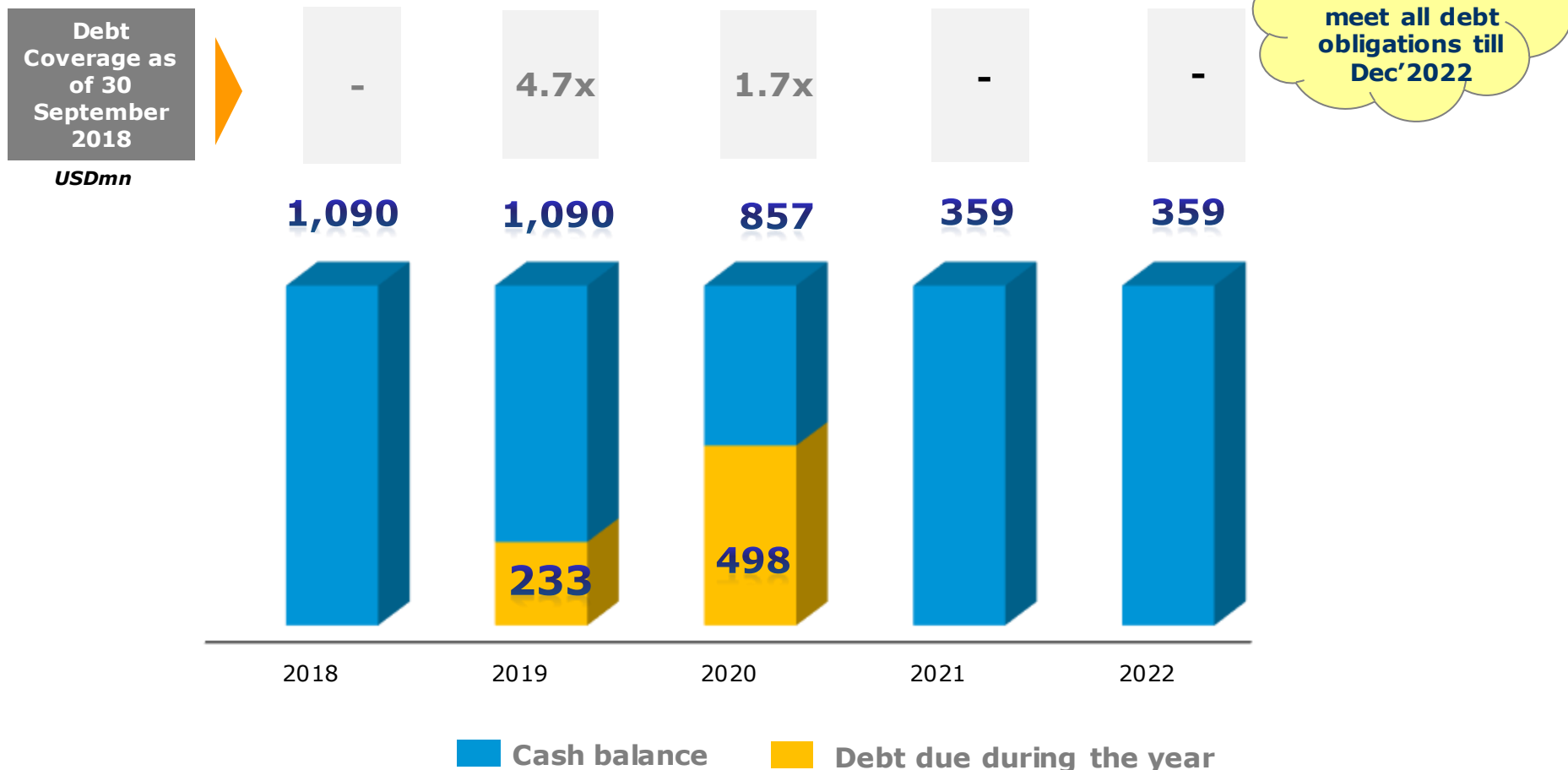
KIPCO (Parent): Debt Metrics

(USDmn)

KIPCO (Parent)	Financial Targets	30 June 2018	30 September 2018
Cash & Cash Equivalents		1,074	1,090
Gross Debt		2,043	2,045
Net Debt		969	955
Shareholders' Equity attributable to parent ¹		992	996
Net Parent Debt / Shareholders' Equity ¹	<2.5x	0.96x	0.96x
Estimated Investment Portfolio Value		3,504	3,401
Net Debt / Portfolio Value	20 – 30%	27.7%	28.1%

¹ Equity attributable to equity holders of the parent company as per consolidated financials

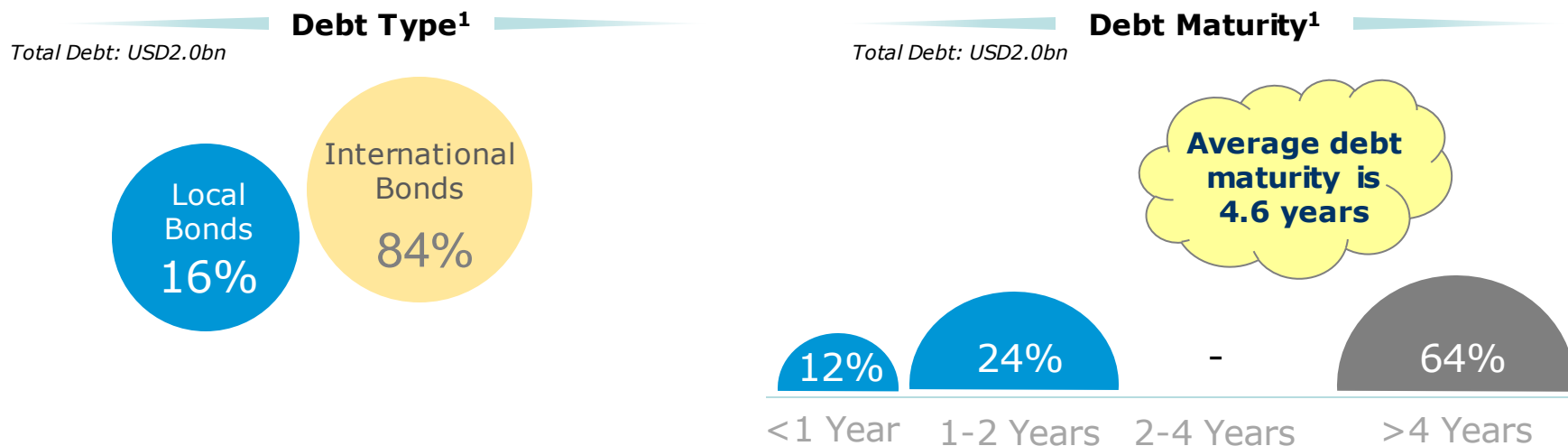
KIPCO parent: Significant cash coverage till 2022



In November 2018, KIPCO has issued a KD100mn (USD330mn) 5-year corporate dinar bond. Its proceeds would be utilized to repay USD 233mn EMTN due in February 2019

Debt coverage: Available Cash / Debt due in the year

KIPCO parent debt profile: As at 30 September 2018



¹As of 30 September 2018

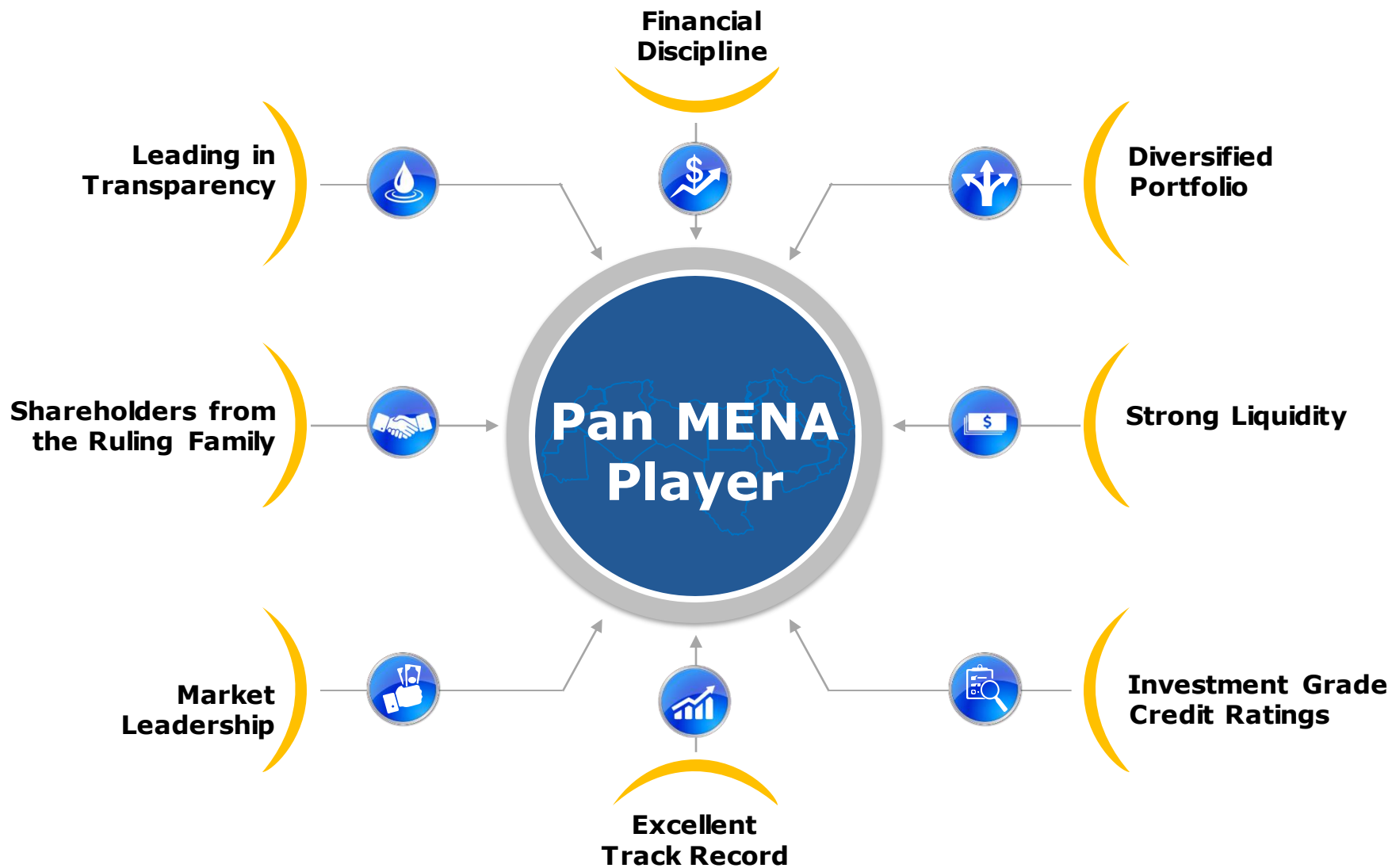


- Cash & bank balance of USD1,090mn
 - The current cash balance covers all debt obligations due till December 2022 (4.7x coverage for 2019)
- Placements are with investment grade rated domestic institutions; having short duration and are typically rolled over on a monthly basis



Why KIPCO

Key credit highlights





Thank you





Annexure

United Industries Company (UIC)

Business highlights

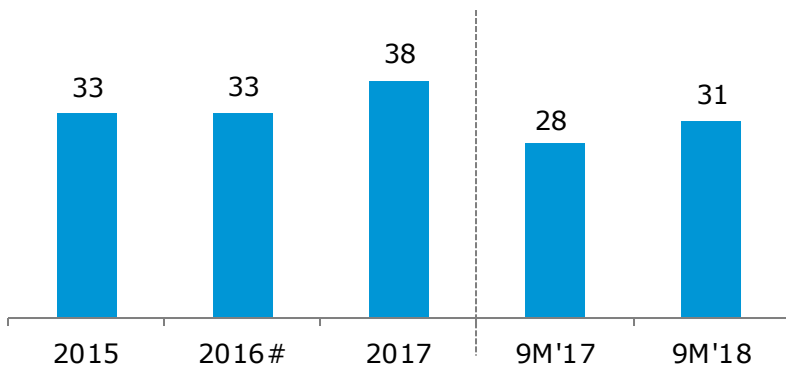
- ▶ Established in 1979, UIC operates as a holding company for the group's industrial investments
- ▶ UIC's mission is to manage a diversified portfolio of investments in the energy, food & basic industries sector

Key Franchises

Name	Market Position	Effective Stake ¹	Assets USDmn ¹	Revenue USDmn
 Kuwait	Leading private company in petrochemical	31%	2,187	311 ²
 Kuwait	Leading distributor of healthcare equipments	19%	971	353 ³

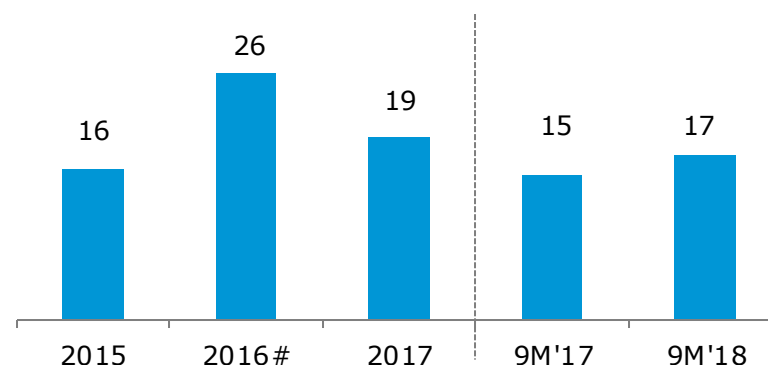
Income from Associates

USDmn



Net Profit

USDmn



UIC seeks to be a leading regional investment house with activities in the industrial sector

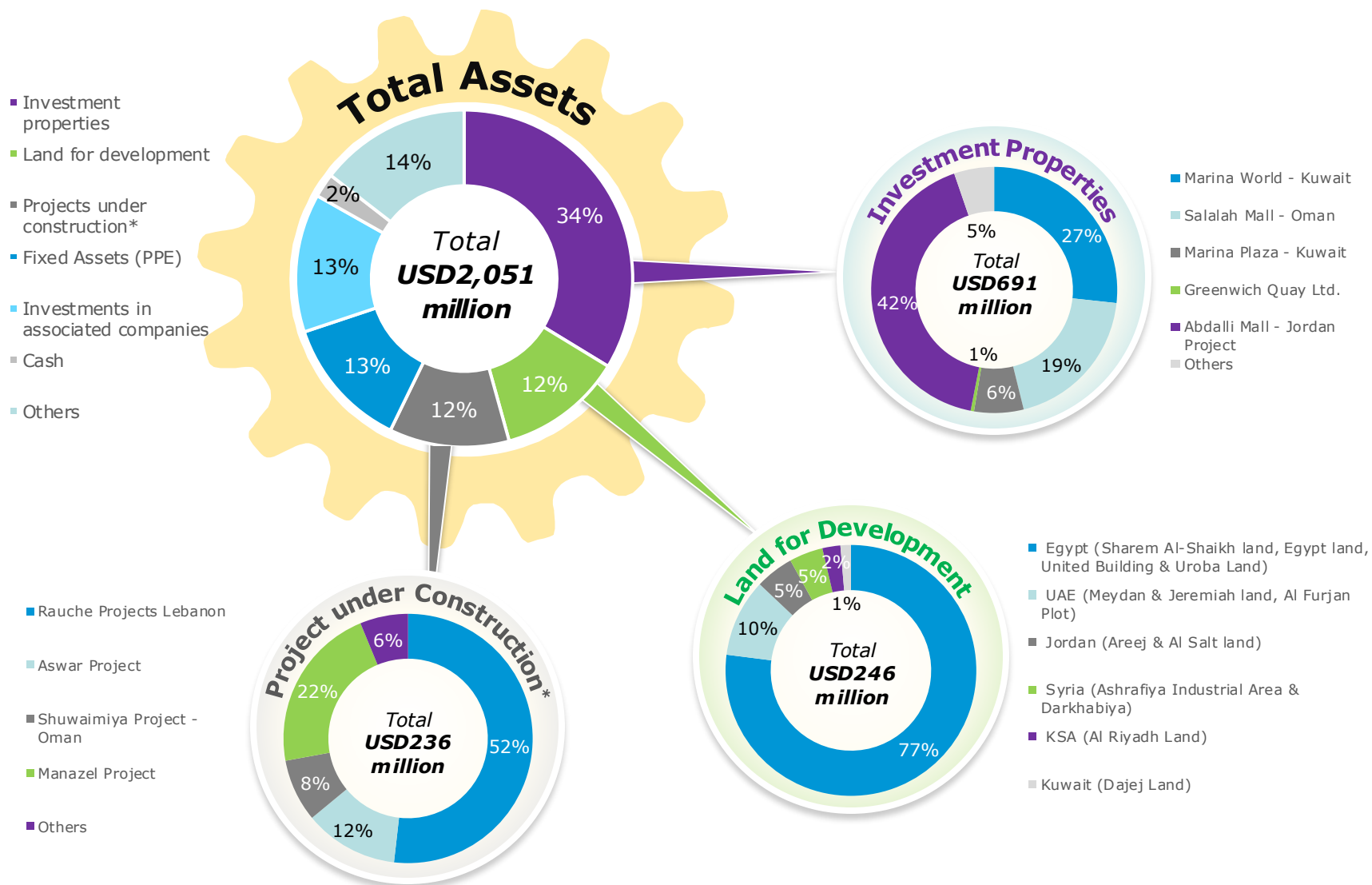
¹ As of 30 September 2018

² For the half year ended 30 September 2018

³ For the nine month ended 30 June 2018

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

URC: Balance sheet (Break-up)¹



* Includes Raouche, Aswar & Manazel which are reported under inventory in the financials

¹ As on 30 September 2018

Jordan Kuwait Bank (JKB)

Business highlights

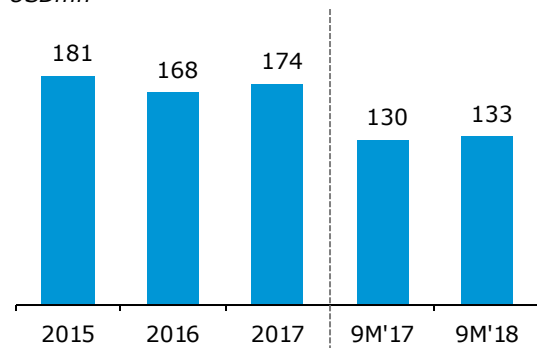
- ▶ Jordan based commercial bank with operations in Jordan, Palestine and Cyprus
- ▶ Listed on Amman Stock Exchange with a market capitalization of USD417mn¹
- ▶ 5th largest conventional bank in Jordan in terms of asset size of USD3.9bn²
- ▶ Focus on stable and essential sectors like Energy, Industry and Trade and retail and SME segment through expanded distribution network
- ▶ Capital adequacy ratio of 16.4%⁵

Operational highlights



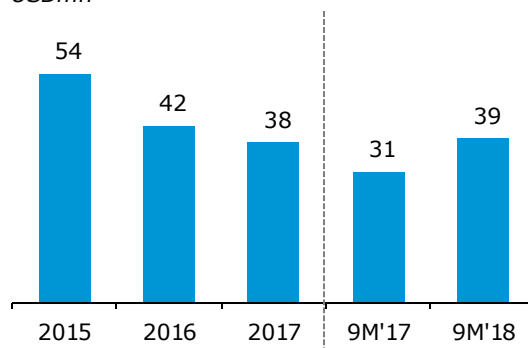
Operating Income

USDmn



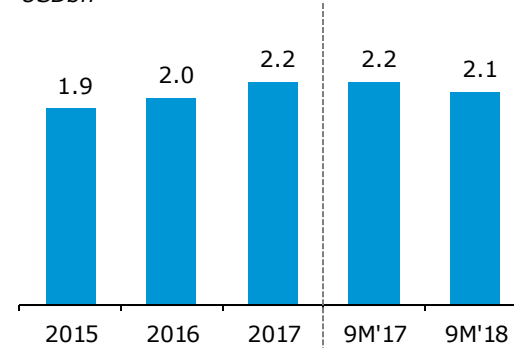
Net Profit

USDmn



Loans and Advances

USDbn



Notes: Exchange rate of USD/JOD of 0.7090 as of 30 September 2018 has been used for conversion

¹ As of 19 November 2018

² As of 30 September 2018

³ As of 31 December 2017

⁴ Source: Central Bank of Jordan

⁵ As of 30 June 2018

KIPCO: Executive management



Faisal Hamad Al Ayyar | Vice Chairman - Executive

- ▶ Joined KIPCO Board in 1990
- ▶ Recipient of Arab Bankers Association of North America Achievement Award (2005)



Masaud Hayat | CEO - Banking

- ▶ Joined KIPCO Board in 1990
- ▶ Recipient of Arab Bankers Association of North America Achievement Award (2005)



Pinak Maitra | Group CFO

- ▶ Joined KIPCO in 1988
- ▶ Recipient of the MENA Private Sector CFO of the Year Award (2008)



Declan Sawey | Group Treasurer

- ▶ Joined KIPCO in 2007, previously Head Asset & Liability Management for HBoS Corporate in Edinburgh, Scotland
- ▶ Fellow of ICA, CFA and member of ACT



Mazen Hawwa | Group SVP - Finance & Operations

- ▶ Joined KIPCO in 2001, previously worked at Anderson & Co.
- ▶ Graduate of Lebanese American University, Holds CPA and CMA



Adel Al Waqayan | Treasurer

- ▶ Joined KIPCO in 1995, previously with Burgan Bank Treasury
- ▶ MBA in 1986 from USI University



Tawfiq Al Jarrah | ED – Hessa Al Mubarak District

- ▶ Joined KIPCO in 2016, previously with Kuwait Commercial Markets Complex Company
- ▶ Holds a CPA and BA in business



Robert Drolet | Consultant

- ▶ Joined KIPCO in 2006, previously held leadership positions for Cable & Wireless and Bell Canada
- ▶ B.LL from Laval, LL.M Osgoode, M.Litt. Oxford



Samer Subhi Khanachet | Group COO

- ▶ Joined KIPCO in 1990; Board and committee member of American University of Kuwait, MIT
- ▶ BSc from MIT and MBA from Harvard University



Tariq Abdulsalam | CEO – Investment

- ▶ Joined KIPCO in 1992 and became in charge of KIPCO's Investment Division from 1996 to 1999
- ▶ BSc in Accounting from Kuwait University



Khaled Al Sharrad | Group Chief HR & Admin. Officer, Board Secretary

- ▶ Joined KIPCO in 2012, previously Head of Human Resources at the Kuwait Foreign Trading Contracting Investment Company (KFTCIC). He is on the Board of the American Management Association International in New York.



Mohsen Ali Husain | Group Chief Audit Executive

- ▶ Joined KIPCO in 2006, previously worked at KPMG
- ▶ Holds a CPA, CISA, CIA and B.Sc. in Accounting



Joe Kawkabani | Group Chief Strategic Initiatives Officer

- ▶ Joined KIPCO in 2018, previously set up and served as CEO of CPC Africa
- ▶ Holds a Bachelor's Degree in Business Administration from Saint Joseph University



Osama Al Ghousein | SVP - Banking

- ▶ Joined KIPCO Group in 2013, previously Senior Vice President in Pictet & Cie.
- ▶ Over 30 years of experience in global and regional banking

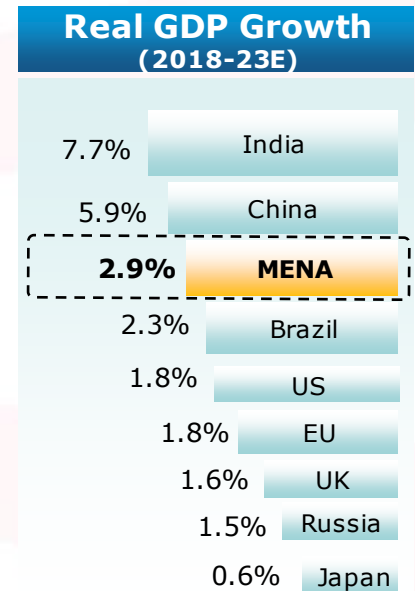


Eman Al Awadhi | Group Communications Director

- ▶ Joined KIPCO in 2010
- ▶ Over 10 years of experience in communications, media relations and journalism

Board of Directors is actively involved in overseeing the management and strategy of the company under the chairmanship of Sheikh Hamad Sabah Al Ahmad Al Sabah

MENA region: Poised for strong economic growth

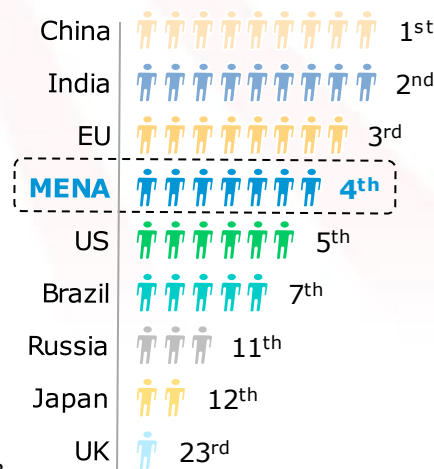


MENA region is characterized by favourable demography and business climate

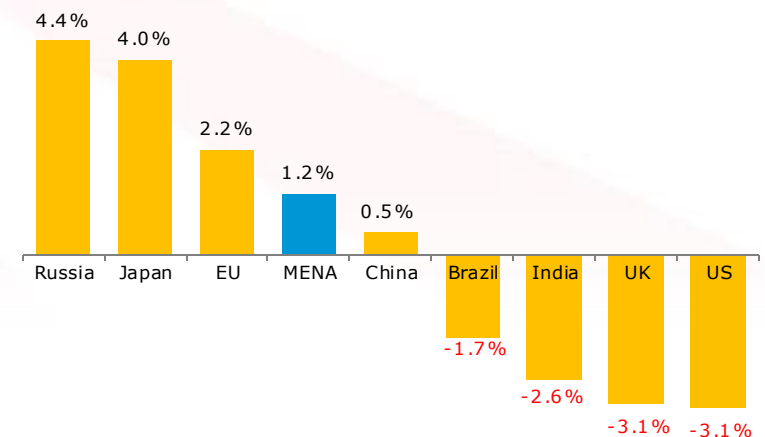
Currently low level of competition and under penetration

Small but consistently growing non-oil economy

Population 2018E



Current Account Balance as a % of GDP (2018-23E)



Source: IMF-WEO Database, October 2018

GCC region: Well positioned to deliver growth

One of the highest per capita income, large sovereign wealth funds,

30% of world's proven **oil reserves**,

along with robust and growing non-oil sector activity ...

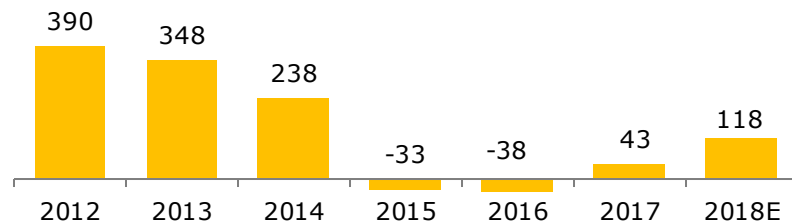
....All contribute to

STRONG GROWTH

fundamentals in the **GCC**....

Current Account Surplus

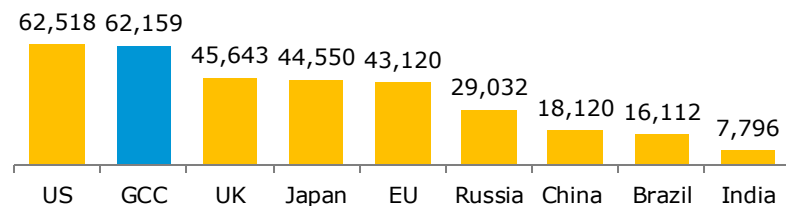
(In USDbn)



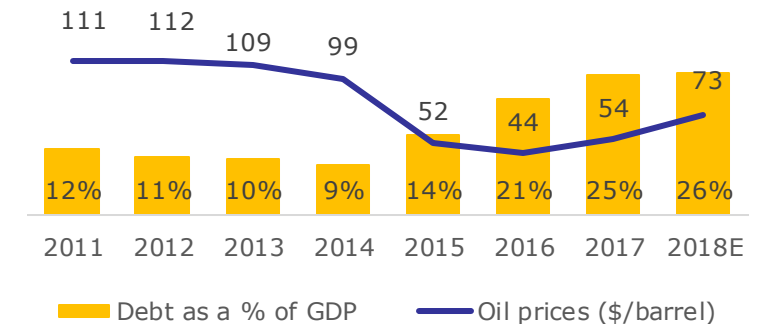
"Accumulated current account surplus of over USD1.1tn from 2012 to 2018"

GDP / Capita, PPP (2018E)

(In USD)

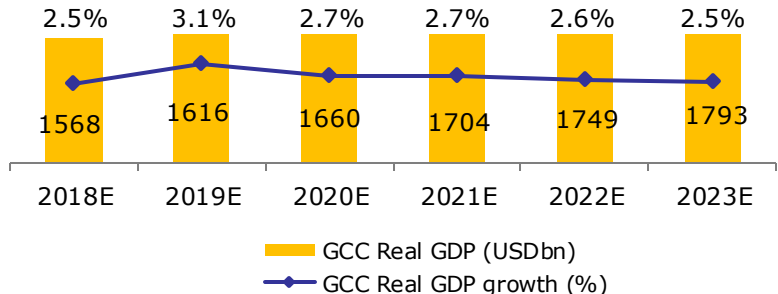


Government debt as a % of GDP



Real GDP & GDP Growth (2018-23E)

(In USDbn)



Source: IMF-WEO Database, October 2018, CIA

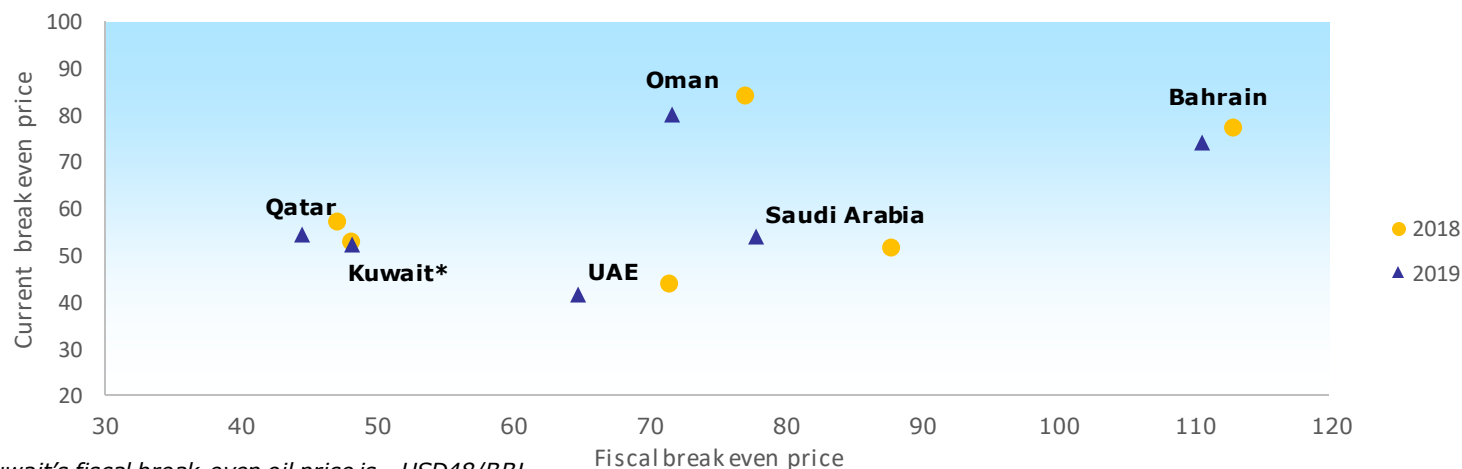
Kuwait: Protected against oil price decline

Prudent Oil Wealth Management and Strong Net External Position

- ▶ Track record of prudent fiscal policy that has focused on creating large fiscal assets
- ▶ Law requires 10% of revenues to be transferred to FGF (Future Generations Fund); this allocation was increased to 25% in some years of high oil prices
- ▶ Kuwaiti government's sovereign wealth fund estimated to be close to 3.6x of 2018 estimated GDP
- ▶ Oil output to rise from 2.7mn barrels / day currently to over 3.0mn barrels/day until 2020
- ▶ With high financial buffers and substantial borrowing space, the government intends to smooth the fiscal adjustment in response to the decline in oil prices, and continue to support growth through large investment

Source: S&P Rating on Kuwait, July 2018

Fiscal and current account break even oil price (USD/ BBL)



*Kuwait's fiscal break-even oil price is ~USD48/BBL

Source: REO Database, IMF, April 2018

Kuwait has the second lowest fiscal breakeven oil price in the GCC region

Kuwait: Stable macro-economic environment

Kuwait – commitment to a vision of sustainable future growth beyond oil

**Large
Hydrocarbon
Reserves
and Low
Govt. Debt**

Kuwait's credit rating stable at Aa2:

- ▶ Country has substantial oil and gas reserves
- ▶ Historic fiscal and balance of payments surpluses and comparatively low government debt levels
- ▶ Budget balance will return to a surplus of around 7.0% of GDP in the 2018-19 fiscal year, driven largely by rising oil prices
- ▶ Kuwait will maintain an extraordinarily strong government balance sheet and an overall net asset position
- ▶ Public and private investment are expected to sustain non-hydrocarbon growth rates of 3.5% to 4% between 2018 and 2021 supported by public and private investment and 2015-19 five-year National Development Plan

Source: Moody's credit opinion on Kuwait, June 2018

Demographic & External balances Snippets (2018)

2018 Macro-economic KPI's	Kuwait	Qatar	UAE	KSA	Bahrain	Oman	GCC
Population (mn)	4.5	2.8	10.4	33.2	1.5	4.3	56.7
Nominal GDP (USDbn)	144.5	188.3	432.6	769.9	39.3	81.7	1,656.3
Fiscal balance (% GDP)	7.0	2.8	(1.4)	(7.3)	(11.6)	(5.7)	(3.4)
Gross official reserves (USDbn)	35.1	19.6	104.5	495.0	2.5	15.6	672.3
Sovereign Wealth Fund (SWF) Assets (USDbn)	592.0	320.0	1,172.8	875.6	10.6	24.0	2,995.0
Sovereign Wealth Fund Assets/GDP (% GDP)	409.6	169.9	271.1	113.7	27.0	29.4	180.8

Source: WEO & REO Database, IMF, October 2018 and SWF institute, August 2018

6%¹ of world's oil reserves (6th largest in the world); sufficient to last for 100+ years

¹ In 2017, As Per CIA

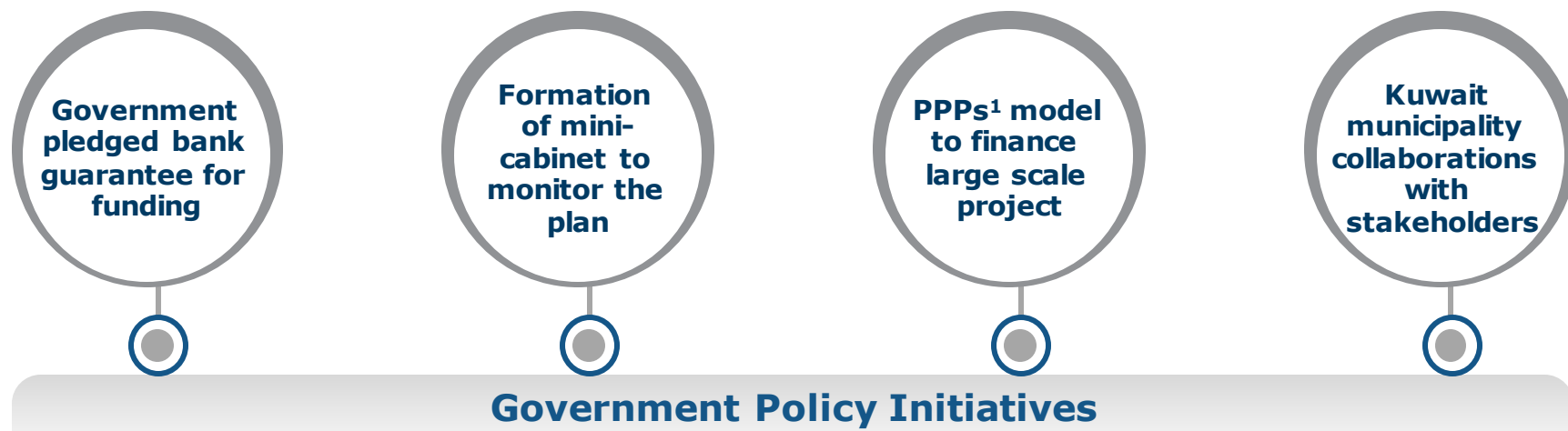
Kuwait development plan overview

Purpose

In February 2010, the Kuwaiti authorities announced a series of five-year plans stretching to 2035 aimed at diversifying the economy and expanding the role of the private sector while tackling much needed investments in health, education and infrastructure and improving the efficiency of the country's oil industry.

Outlook

Kuwait is set to launch 20 major development projects worth KD21.7bn (USD71.6bn), including a railway network project and waste management plant, as part of its 2018-2019 development plan. Of these projects, hydrocarbon sector has the larger share at KD11.9bn (USD39.4bn), accounting for nearly 55% of the total. The transport sector is the second largest beneficiary with five projects having a combined value of KD4.5bn (USD14.9bn), including Kuwait's international airport expansion.



¹ Public-Private Partnership

Source: Meed Projects, Markaz, Capital Standard and Press

Kuwait development plan: Projects in action

Key Projects under the plan

Clean Fuels Project (CFP)

- Specification upgrade and expansion of 2 existing refineries to produce 0.8mn b/d
- Underway: The project has progressed by 93% with the completion expected by Q4 2018. Cost: **USD14.5bn**

New Refinery Project (NRP)

- New 615,000 bpd refinery by KNPC
- Underway: The project has progressed by 85%. Overall project expected to be completed by 2019. Cost: **USD12.9bn**

Kuwait Metro (PPP)

- 160km long, running across Kuwait.
- Underway: The project has progressed by 11% & expected to complete in 2019. Cost: **USD11.4bn**

South Al Mutlaa City

- 30,000 residential units, other facilities
- Underway: The project has progressed by 15%. Completion date for P-1 is Sep-2020, P-2 is Oct-2019 and P-3 is Mar-2020. Cost: **USD5.3bn**

Kuwait Airport Expansion

- To increase the annual handling capacity of the airport to 20mn passengers
- Underway: Expected completion by Q4 2022. Cost: **USD4.3bn**

Sheikh Jaber Al-Ahmad Causeway

- 36 km causeway linking Kuwait City with Subiya area in northern Kuwait
- Underway: The overall project has progressed by 87% and expected to be inaugurated in December 2018. Cost: **USD3.1bn**

LNG Import & Regasification Terminal

- 4 full containment LNG tanks each with a working capacity of 225,500 m³; regasification plant with capacity of 1500 BBTU/day
- Underway: Construction expected to be completed in 2020. Cost: **USD2.6bn**

Jurassic Non Associated Oil & Gas Reserves Expansion: Phase 2

- Production of 120,000 b/d of wet crude & more than 300mn cubic feet a day (cf/d) of sour gas
- Underway: All 3 contracts awarded. The project has progressed by 80%. Cost: **USD1.3bn**

Regional Road South

- 126 km highway south of Kuwait as part of the International ME Arab Highways Network
- Underway: The overall project has progressed by 25% with the completion expected by end of 2020. Cost: **USD1.0bn**

Oil & Gas Projects*

- Awarded: Kuwait Oil Company awarded work requests of total of USD3.65bn worth of contracts in 2017. Cost: **~USD9.0bn**

Petrochemical Facility at Al-Zour

- Petrochemical plant to be integrated with Al-Zour refinery
- Bidding: Bids submission extended from Sep to Nov 2018. Project expected to be completed by July 2023. Cost: **USD6.6bn**

Al-Khairan Power & Desalination Plant (IWPP)

- Net capacity of a min 1,500MW of power & a min 125 MIGD of desalinated water
- Bidding: Tender submission deadline is on 11 November 2018. Cost: **USD1.7bn**

Al-Dibdibah Solar PP

- Capacity to produce 1GW solar project
- Bidding: Tendering by end of 2018 and execution to start early 2019. Cost: **USD1.7bn**

Offshore Drilling

- 6 new drilling locations to boost the daily oil production by 700,000 b/d and gas production to 1 bn cubic feet
- Bidding: Awarding postponed till end-June 2018. Drilling shall start by end-2018. Cost: **USD3.0bn**

Other projects

- **Underway:** Umm Al Hayman Waste Water (PPP). Cost: **USD1.6bn**
- **Underway:** Kabd Municipal Solid Waste Project. Cost: **USD1.0bn**
- **Bidding:** Al-Abdaliya (ISCC) Power Plant (CSP). Cost: **USD0.7bn**
- **Planning:** Al-Zour North (IWPP) – P2 & P3. Cost: **USD1.7bn**

Khairan City

- 140mn m2 residential city, incl 10,000 houses, 22,000 apts, other facilities
- Planning: Study phase. Cost: **USD13.9bn**

Kuwait National Railroad (PPP)

- Railroad system (575 Km) linking Kuwait to GCC
- Planning: Expression of Interest (EoI) has been postponed twice. Project delayed due to restructuring of KAPP and GCC railway network project. Cost: **USD7.9bn**

Olefins III project

- Petrochemical plant to be integrated with new refinery project (Al Zour Refinery)
- Planning: FEED¹ phase underway; Main contract to be awarded in 2019. Cost: **USD6.3bn**

Project Stage	Q3'18	2015
Underway	59.0	20.1
Awarded	9.0	22.5
Bidding	13.7	1.3
Planning	29.8	28.8
Total	111.5[^]	72.7

¹FEED= Front End Engineering Design;
Source: NBK report dated October 2018

*RSM Quarterly newsletter Apr 2018 and press releases

[^]Excludes other small projects of USD0.2bn