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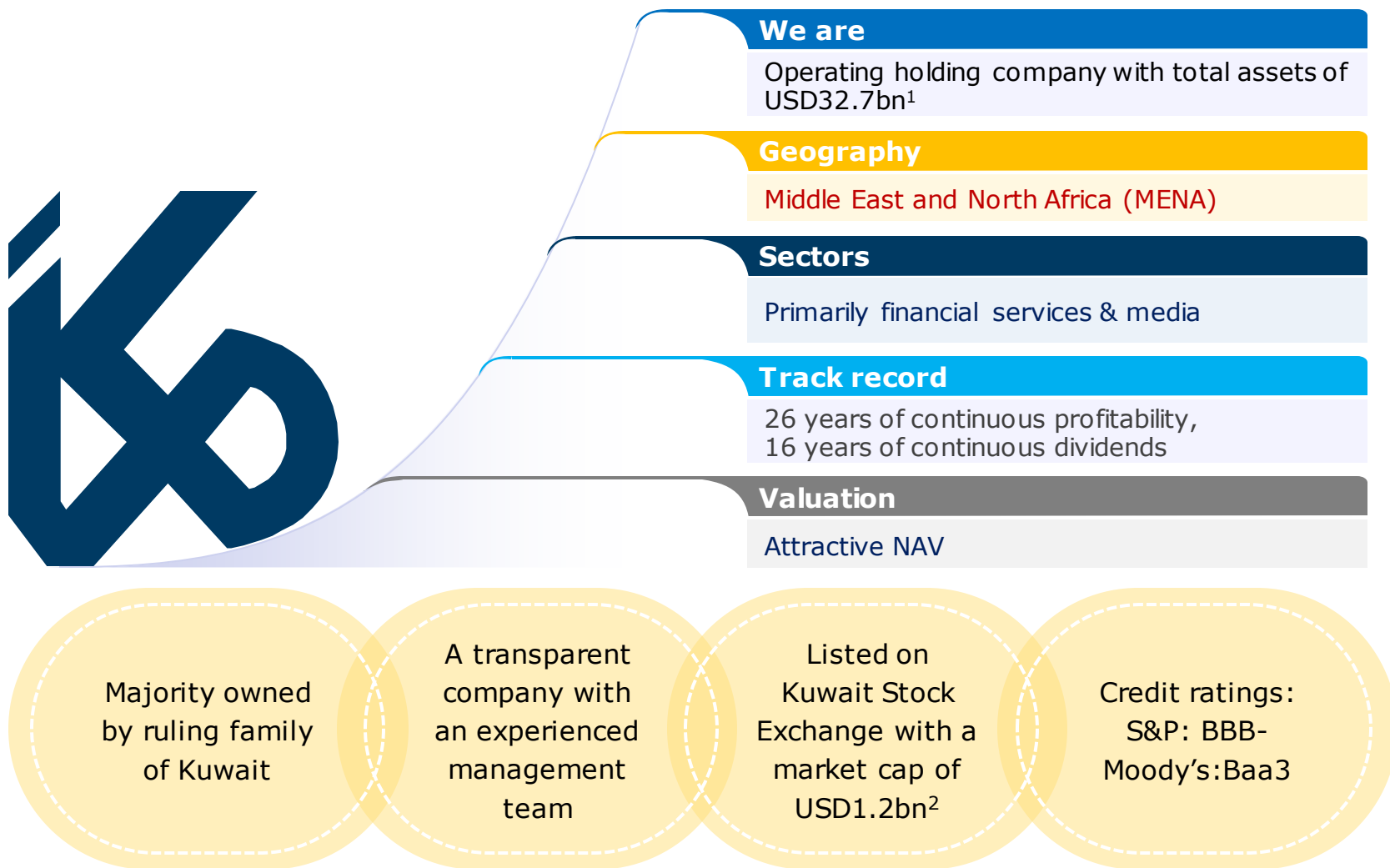
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# Executive Summary

# A diversified company with deep regional expertise & roots















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

<sup>1</sup>As on 31 March 2018

<sup>2</sup>As on 29 May 2018

Note: : Exchange rate of USD/KD of 0.29975 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 (Q1'18) <sup>2</sup>	47%	15%	14%	10%	4%	5%	5%	
Assets (Q1'18) <sup>3</sup>	72%	5%	4%	8%	7%	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 USD0.9bn, based on reported segmental revenue (before inter group eliminations) post consolidation of 100% revenue of GIG & OSN

<sup>3</sup> Total assets of USD37.9bn, 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) and Direct premiums

<sup>4</sup> By GPW

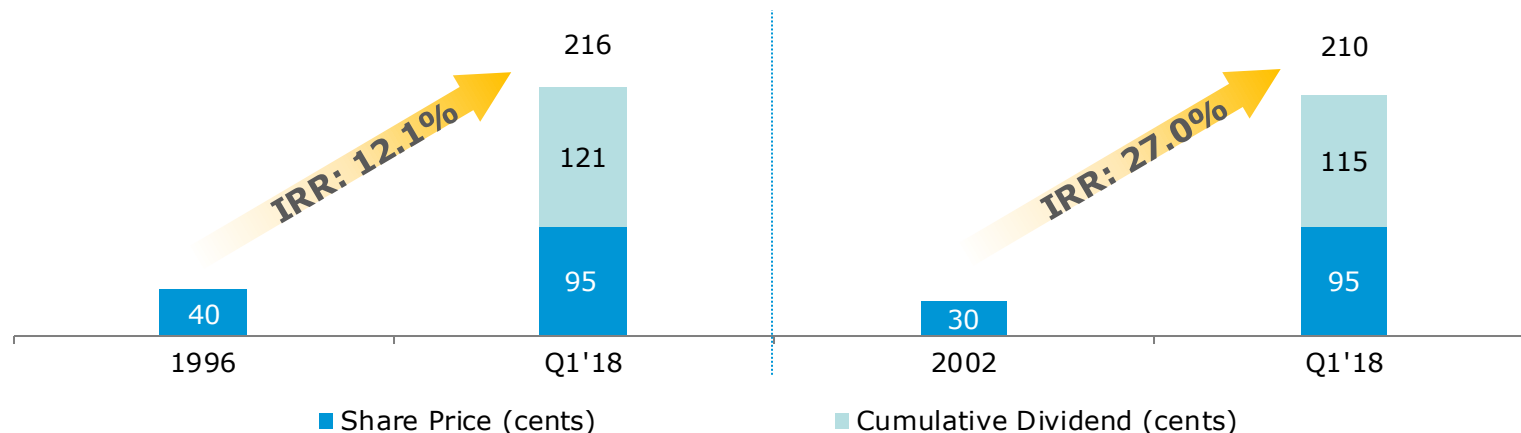
<sup>2</sup> In terms of revenue and countries of operations

<sup>5</sup> By technical profit among private sector players (all ranking is as of 31 March 2018)

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

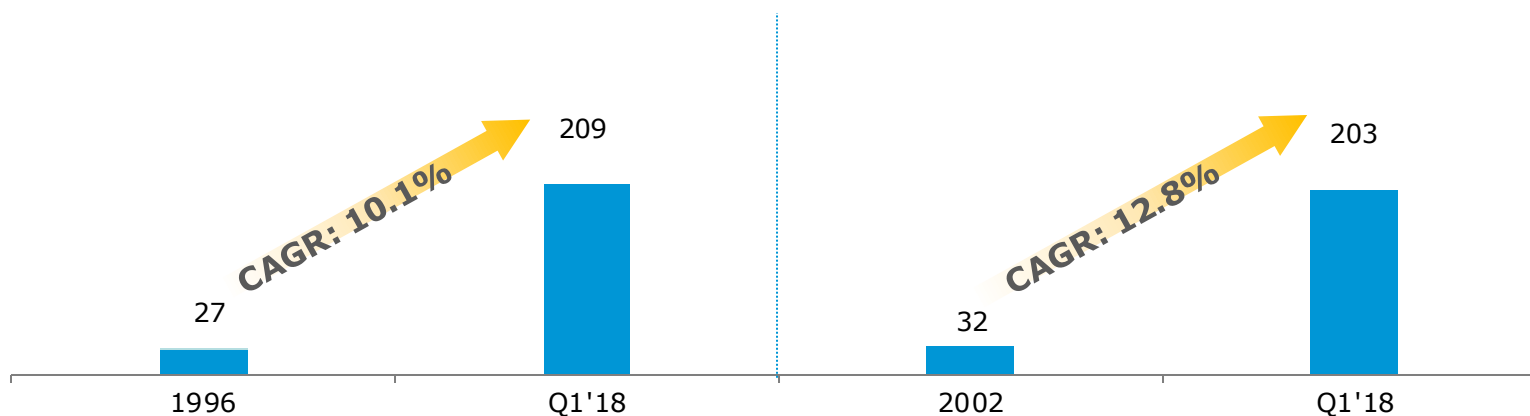
# Attractive returns

## Total Shareholders' Return Growth<sup>1</sup>



<sup>1</sup>Represents shareholders returns including dividends, bonus issue adjustment for rights issues and other corporate actions during the holding period.

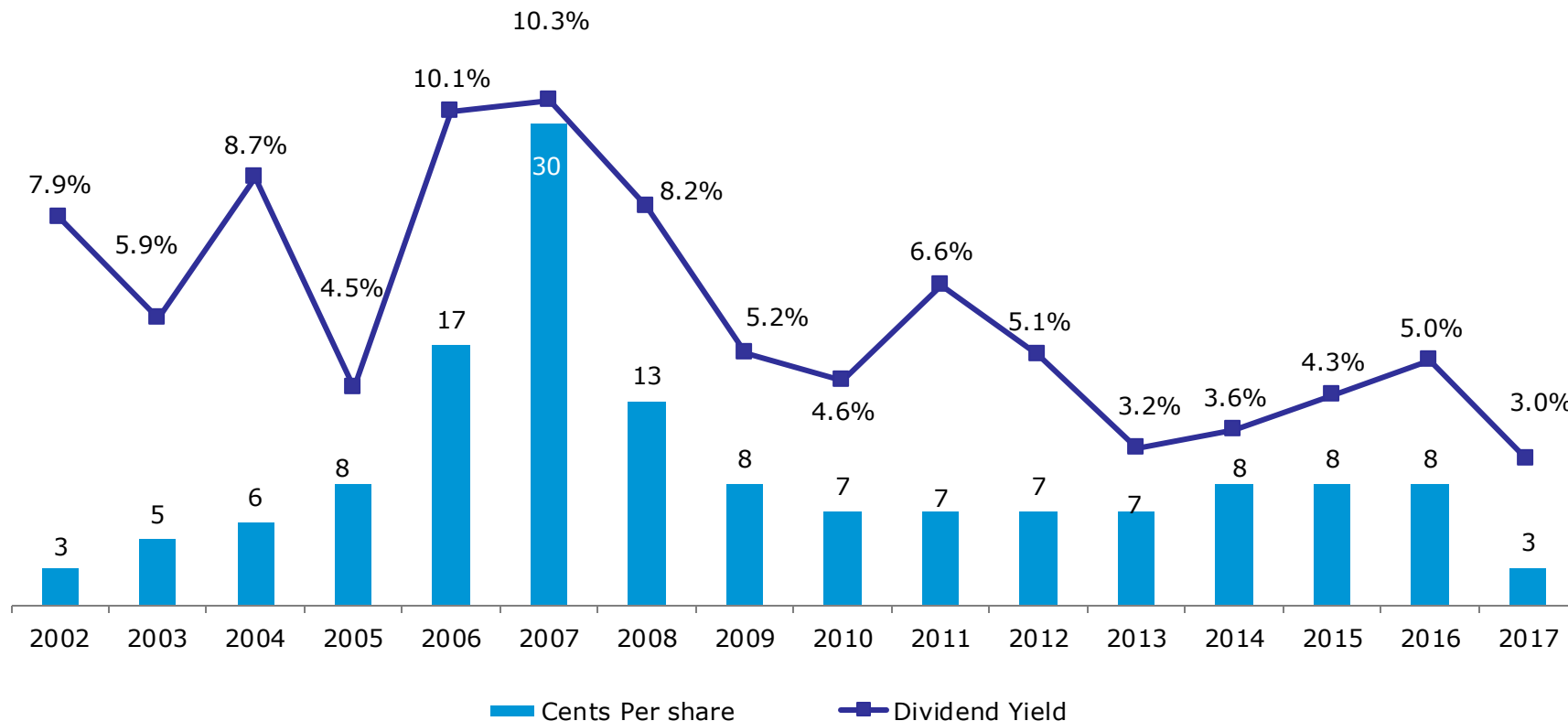
## Book Value Per Share Growth (in US cents)<sup>2</sup>



<sup>2</sup>Book value growth does not consider dividends paid and is before adjustment for other corporate actions.

# Continuous dividends

USD1.6bn in cash dividend paid by KIPCO since 2002



**16 years of continuous dividend payments and ~6% average dividend yield**

*Note: In addition to the above cash dividend, KIPCO also paid stock dividend in 2007 (10%), 2009 (5%), 2010 (5%), 2011 (5%), 2012 (5%), 2013 (5%) and 2017 (5%)*

*Dividend yield is computed as (Dividend paid for the year/ Closing share price of the year)*





# Strategy

# 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*

# Controlling or majority stakes

Main Entities	 بنك بروقان BURGAN BANK	 osn	 UGH	 KAMCO كامكو	 gig الغيدون Gulf Insurance Group	 شركة العقارات المتحدة United Real Estate Co
KIPCO Effective Stakes <sup>1</sup>	64.1%	60.5%	96.4%	83.2% <sup>3</sup>	45.6%	72.5%
Board Representation	6 of 9	2 of 7 <sup>5</sup>	4 of 5	5 of 5	4 of 10 <sup>4</sup>	4 of 7
Market Cap (USDmn) <sup>2</sup>	1,819	Unlisted	766	51	385	210
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:

<sup>1</sup> Effective stakes given are as of 31 March 2018

<sup>2</sup> Market capitalisation as of 29 May 2018 (Source: Bloomberg for market price)

<sup>3</sup> Stake in KAMCO is held through UGHC






<sup>4</sup> GIG has 10 board members – 4 from KIPCO, 3 from Fairfax and 3 independent directors

<sup>5</sup> 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)

# Active management

## Key businesses – progress indicators

Businesses	Parameters	Then <sup>1</sup>	Now	Active Management – KIPCO Support & Action
	Net Interest Margin	1995 <b>1.3%</b>	Q1'18 <b>2.7%</b>	<ul style="list-style-type: none"> <li>Transformed from a local player to regional player</li> <li>Hired new management in 2010/11 to execute regional strategy</li> <li>Focused on growth with prudent loan underwriting</li> </ul>
	Sub. Base	1996 <b>-</b>	Q1'18 <b>~1.1 Mn<sup>2</sup></b>	<ul style="list-style-type: none"> <li>Merged with Orbit in 2009 to create leading Pay TV operator in MENA</li> <li>Acquired Pehla in Aug'13 and consolidation of Pay TV continues</li> <li>Gained access to premium content</li> <li>Focused on subscriber acquisition</li> </ul>
	Book Value	1998 <b>\$193Mn</b>	Q1'18 <b>\$405Mn</b>	<ul style="list-style-type: none"> <li>Incubated pan-MENA commercial banking network</li> <li>Equipped to assess / develop opportunities identified by KIPCO</li> <li>Refining strategy to add more value to financial services sector</li> </ul>
	Rank# (by GPW)	1997 <b>#3 of 5</b>	Q1'8 <b>#1 of 32</b>	<ul style="list-style-type: none"> <li>Transformed from a local player to regional player</li> <li>Market leadership in 4 key geographies</li> <li>Partnered with Fairfax to strengthen operations and enhance growth</li> </ul>
	AuM	2000 <b>\$0.7Bn</b>	Q1'18 <b>\$10.6Bn</b>	<ul style="list-style-type: none"> <li>Spun-off AM/IB division to separate client funds from KIPCO funds</li> <li>Full range of asset management &amp; investment advisory services in Kuwait</li> <li>Streamlined operation in 2012 to focus on core business</li> </ul>

**Number of success stories demonstrating consistent track record of value creation**

<sup>1</sup> Year of incorporation/acquiring substantial stake acquisition of Pehla in 2013 and including integrated TFC subscribers

<sup>2</sup> Represents subscriber base post merger of Showtime & Orbit in 2009 and # Represents rank in Kuwait

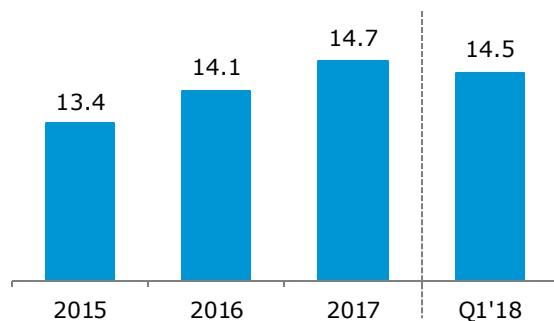


## Performance Update

# Burgan Bank Group (BBG)

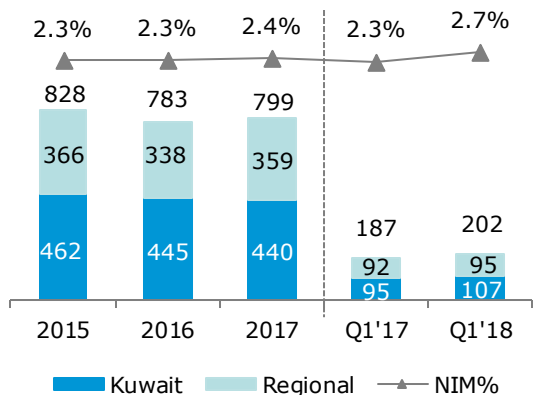
## Loan Growth

USDbn



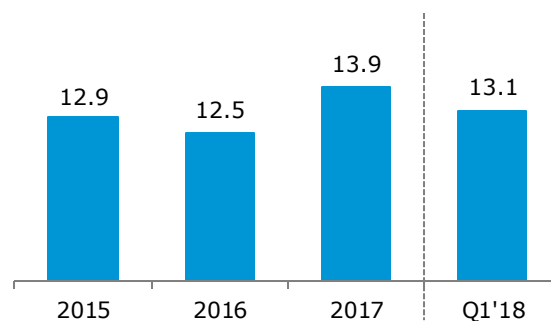
## Operating Income

USDmn



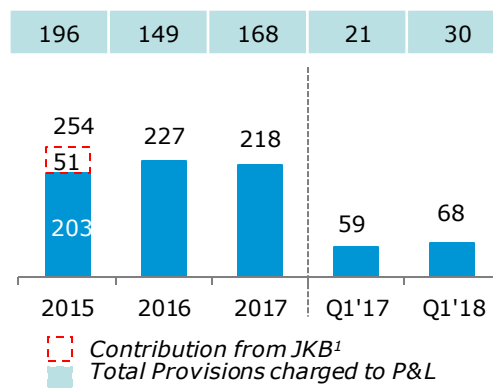
## Deposit Growth

USDbn



## Net Profit & Provision

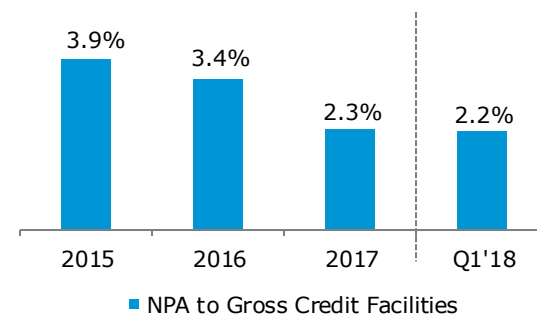
USDmn



## Asset Quality

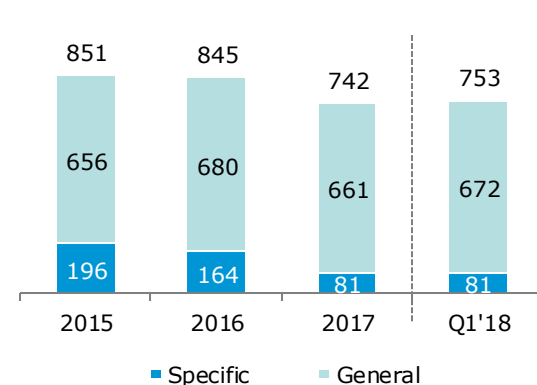
■ NPA coverage with collateral  
■ NPA coverage without collateral

184%	194%	233%	240%
120%	124%	159%	169%



## Total Provision

USDmn



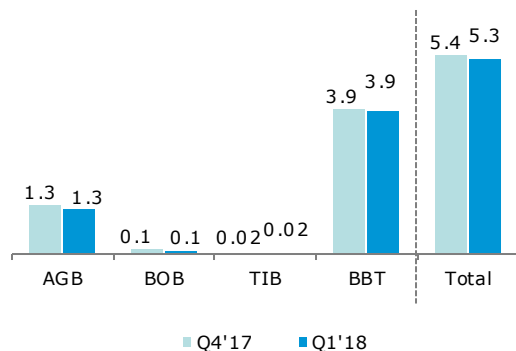
**Stable performance with strict focus on asset quality and operational efficiency;  
Basel III CAR at 16.6%**

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

# BBG: Regional operations

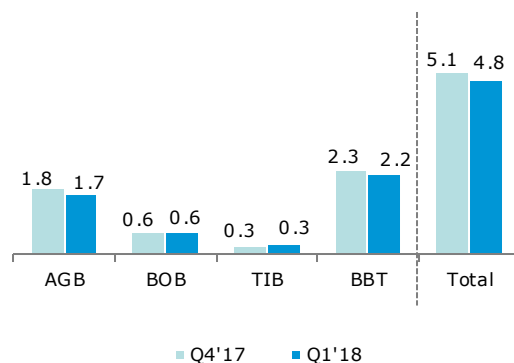
## Loans

USDbn



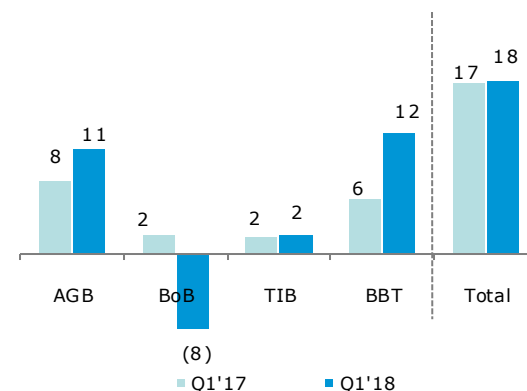
## Deposits

USDbn



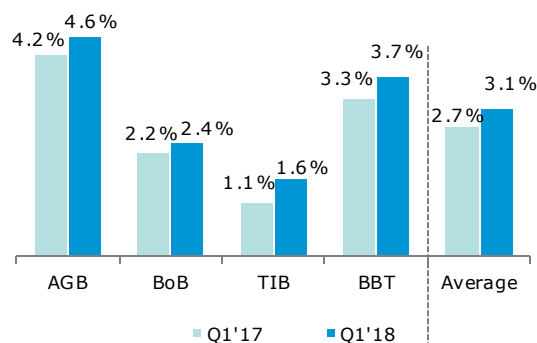
## Net Profit<sup>1</sup>

USDmn



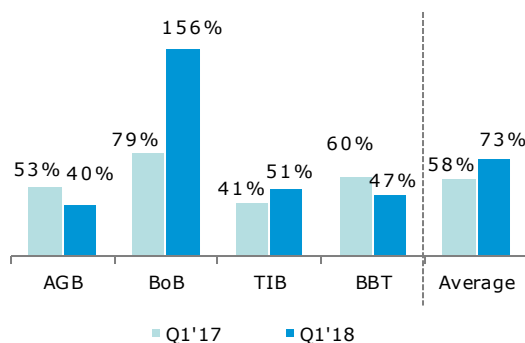
## Net Interest Margin

Percentage



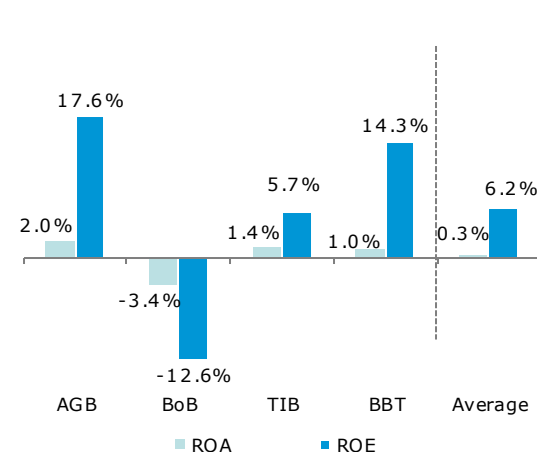
## Cost to Income

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 closing equity and RoA is calculated on average total assets

AGB = Algeria Gulf Bank

BOB = Bank of Baghdad

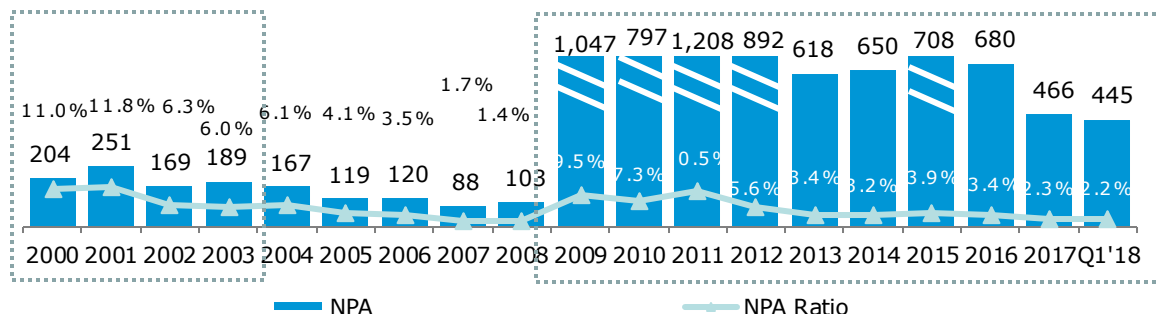
TIB = Tunis International Bank

BBT = Burgan Bank Turkey

# BBG: NPA<sup>1</sup> & provisioning trend

## NPA Trend

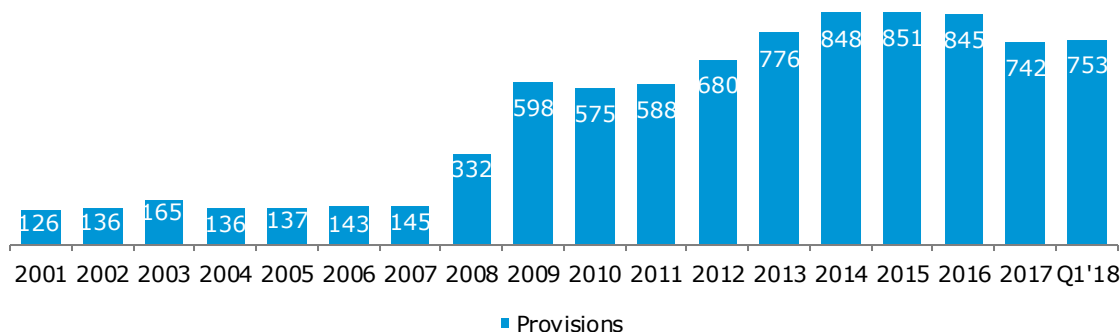
NPA (USDmn)  
NPA Ratio (Percentage)



## 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%	240%
50%	80%	87%	81%	116%	119%	165%	321%	57%	72%	49%	76%	123%	131%	120%	124%	159%	169%



- ▶ At end of March 2018, combined coverage of non performing assets (NPA) was **240%**
- ▶ NPA Ratio was 2.2% as on 31 March 2018
- ▶ ~89% provisions in general category as on 31 March 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**

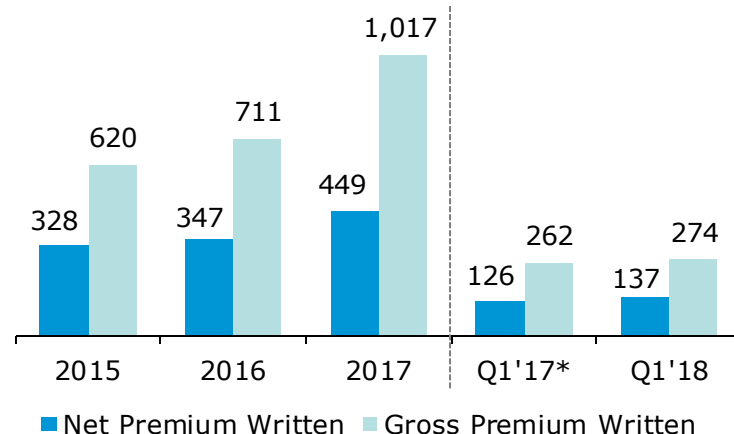
<sup>1</sup>NPA includes on balance sheet and off balance sheet exposure



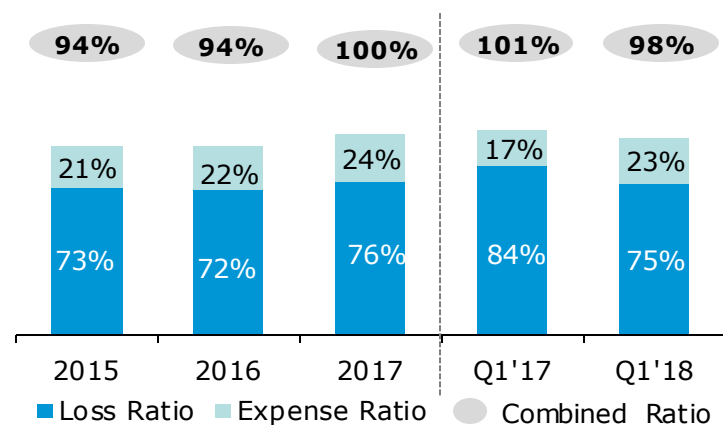
# Gulf Insurance Group (GIG)

## Gross & Net Premium Written

USDmn

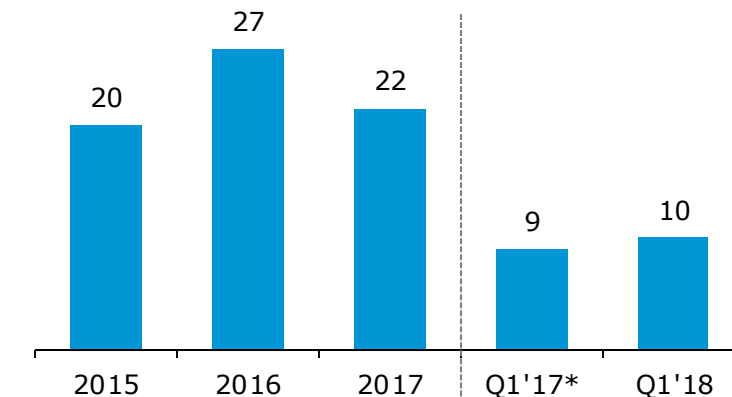


## Combined Ratio



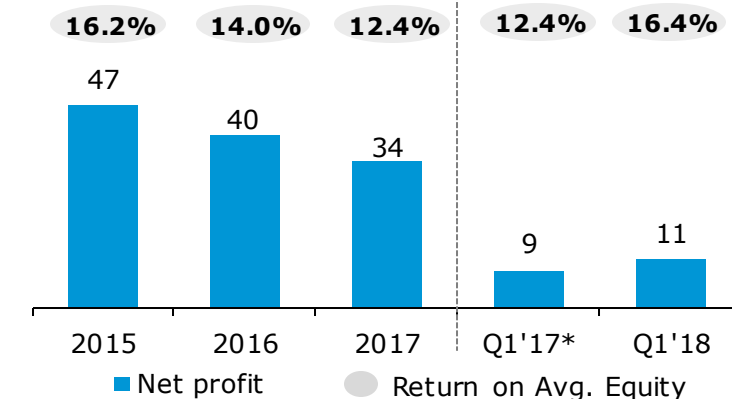
## Net Investment Income

USDmn



## Net Profit & ROE

USDmn



\*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 <sup>1</sup>	355	7	69	96%	~10%
Latin America	619	32	56	NA	57%
UK	66	15	27	97%	54%
India	1,334	148	183	62%	82%
US	328	102	118	94%	86%

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

**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

# OSN: Overview...cont'd

## Overview

Largest premium 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 WAVO (OTT) in 2017

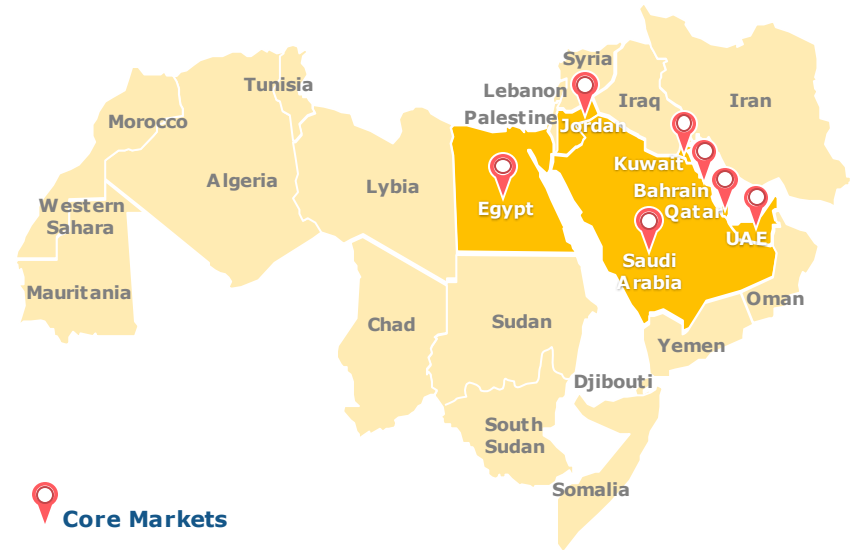
Subscriber base of around 1.1mn and 310K+ digital platform users; market leader by revenue

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

Premium content offerings with 159 channels incl. 59 HD channels (highest in the region)

~2,000 employees in 13 offices, 24 warehouses and 170 retail locations

## Pan Arab reach



## Strong shareholders

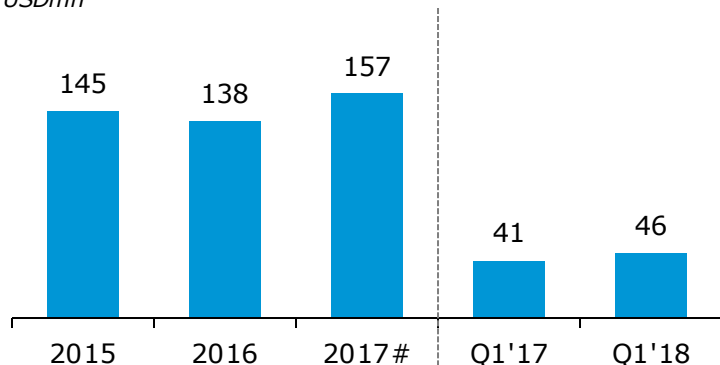


As of 31 March 2018

# United Gulf Holding Company (UGHC)\*

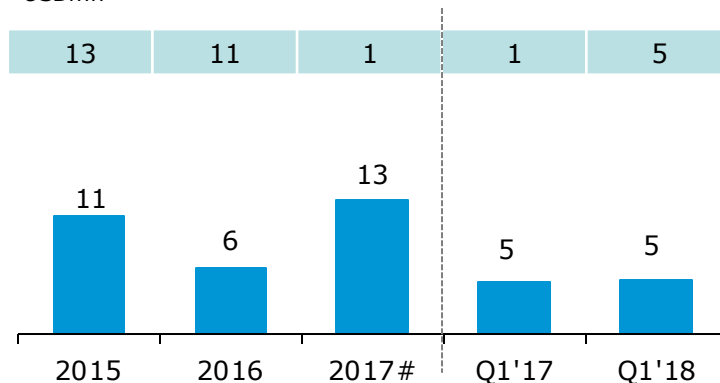
## Revenue

USDmn



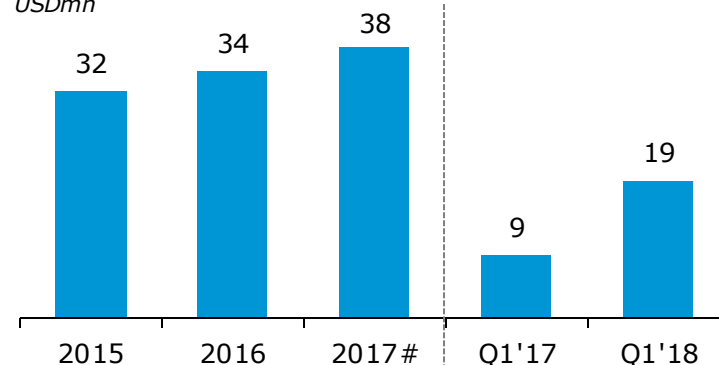
## Net Profit & Provisions

USDmn



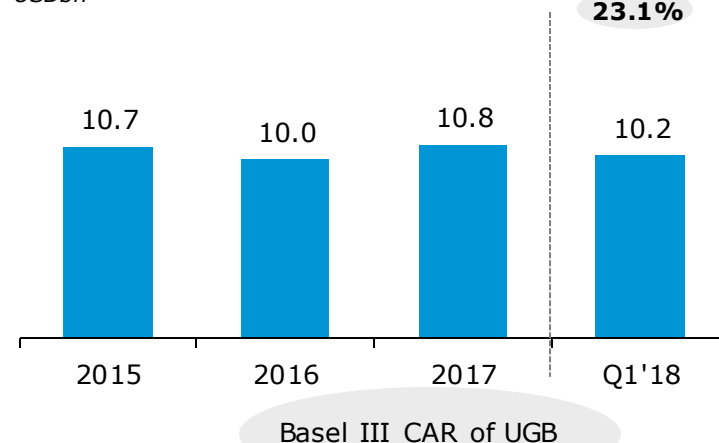
## Fee & Commission Income

USDmn



## AuM & Capitalisation

USDbn



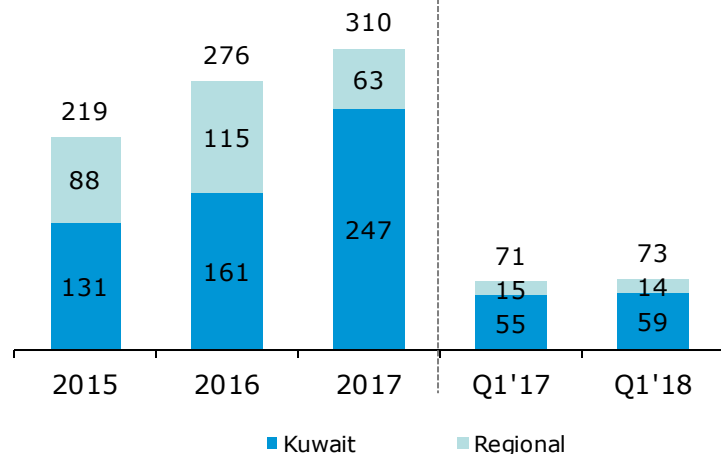
\* United Gulf Bank (UGB) has undergone corporate reorganization (in September 2017) and has split its operations across a holding company - United Gulf Holding Company B.S.C. (UGHC) and the regulated banking entity- UGB. For details, please refer press release: [UGB reorganization press release](#).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

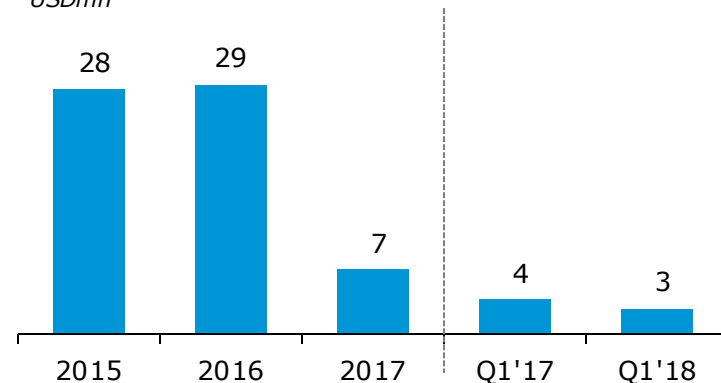
## Total Revenue<sup>1</sup>

USDmn



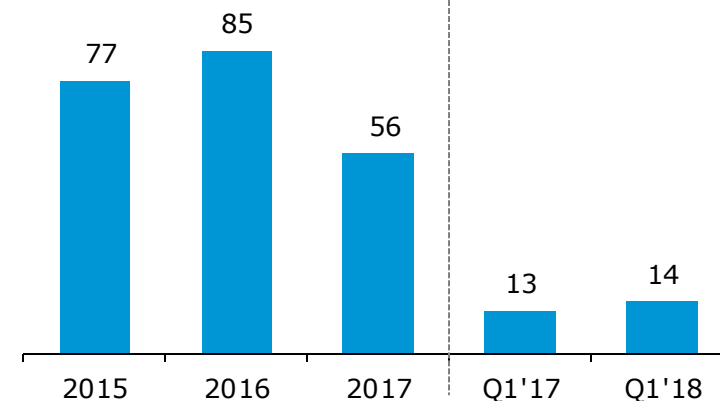
## Net Profit

USDmn



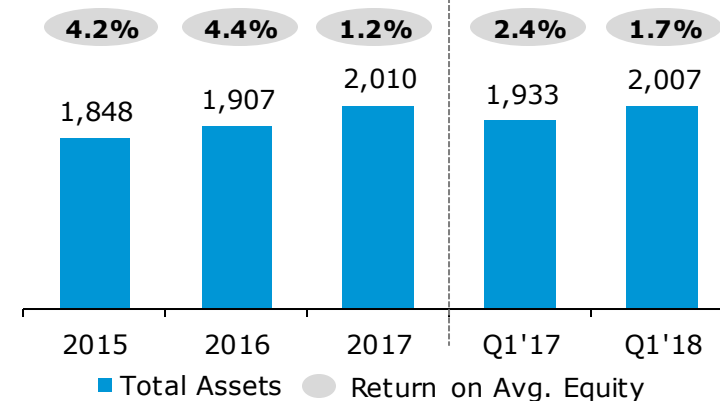
## Operating Profit<sup>2</sup>

USDmn



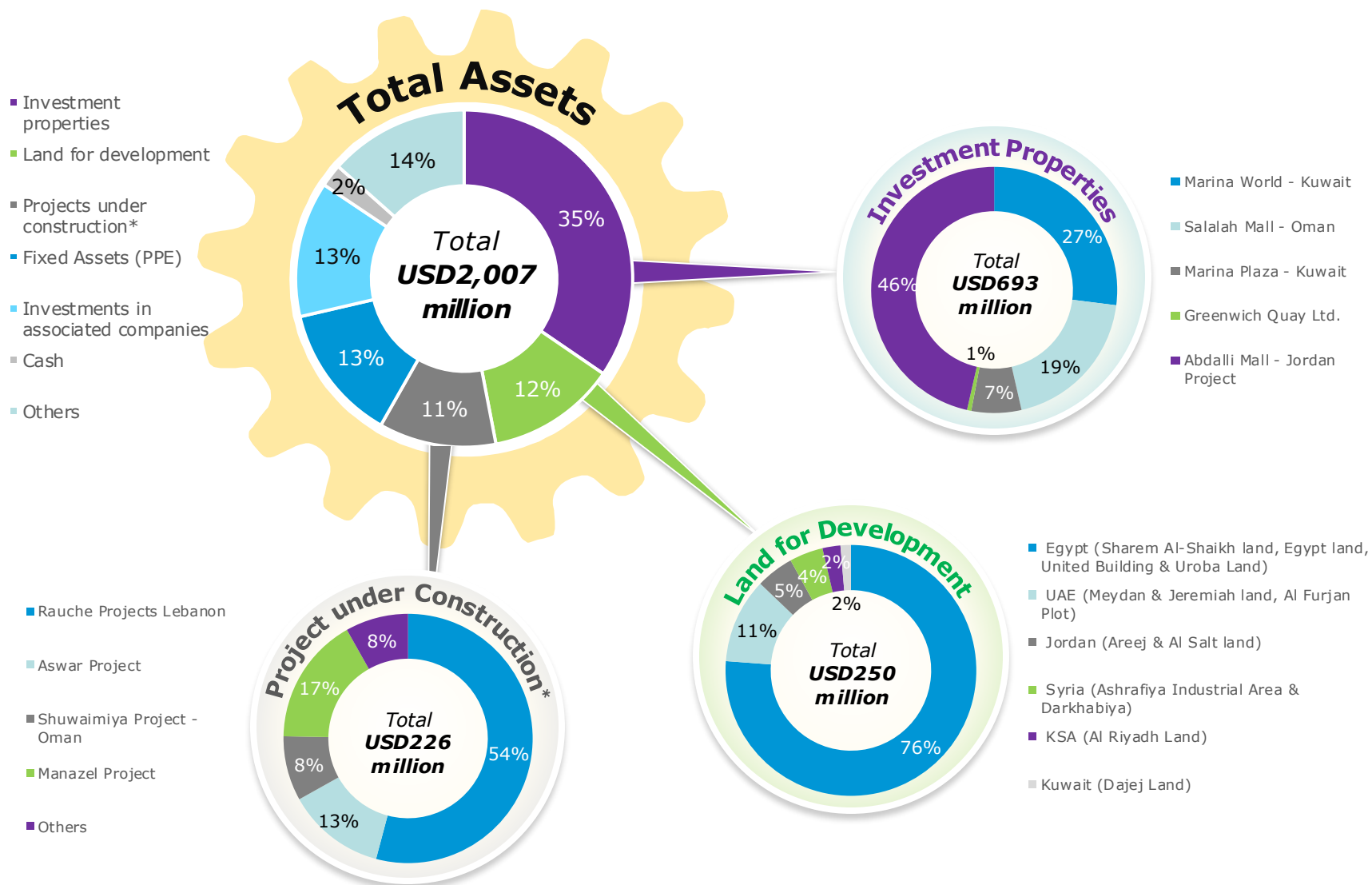
## Total Assets & ROE

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

# URC: Balance sheet (Break-up)<sup>1</sup>



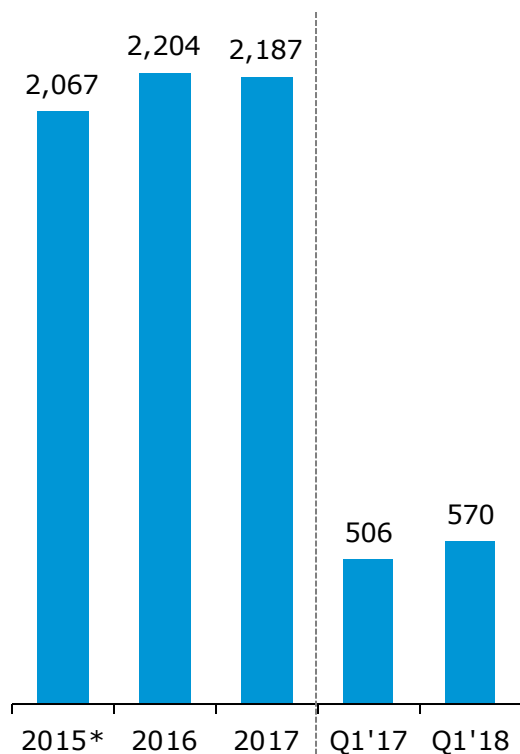
\* Includes Raouche, Aswar & Manazel which are reported under inventory in the financials

<sup>1</sup> As on 31 March 2018

# KIPCO consolidated: Financial performance

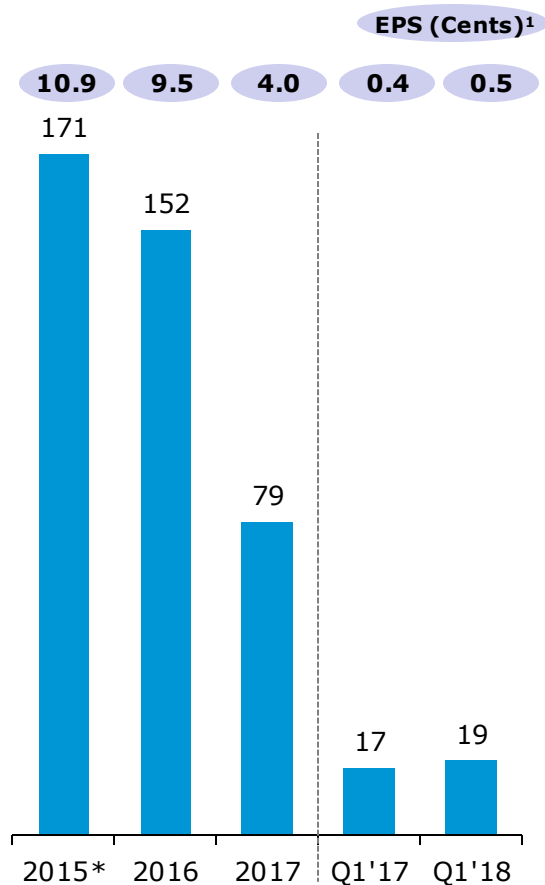
## Revenue

USDmn



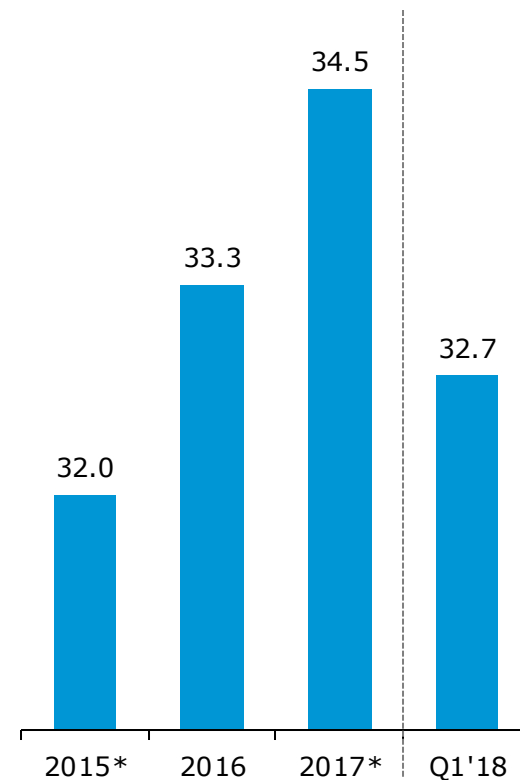
## Net Income

USDmn



## Consolidated Assets

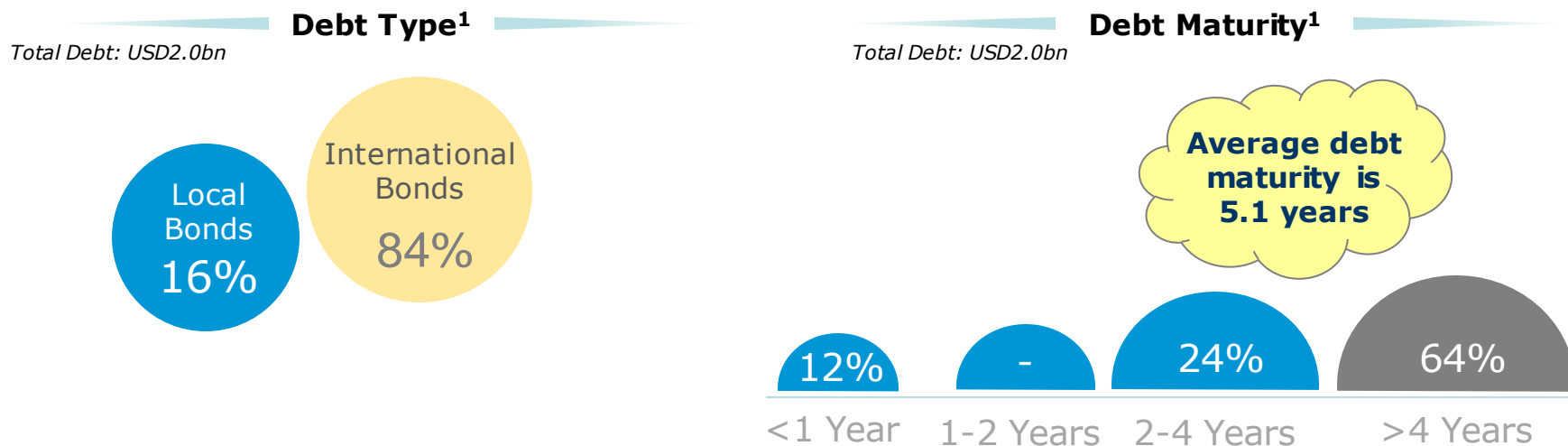
USDbn



\*Restated

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

# KIPCO parent debt profile: As at 31 March 2018



<sup>1</sup>As of 31 March 2018



- Cash & bank balance of USD1,027mn
  - The current cash balance covers all debt obligations due till December 2022 (4.4x 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

# Why KIPCO?



***Well positioned to deliver 15%+ return in medium term***



Thank you



## Annexure 1: Portfolio Companies

# Burgan Bank (BB): Overview

## Overview



- Kuwait based commercial bank with regional presence in seven countries
- 2<sup>nd</sup> largest conventional bank in Kuwait in terms of assets (Total assets of USD23.1bn as of 31 March 2018)
- Offers a wide range of corporate, retail & treasury products through a network of 186 branches<sup>1</sup>
- Listed on the Kuwait stock exchange with a market cap of USD1,819mn as of 29 May 2018
- BBB+ rating from S&P, A3 from Moody's and A+ from Fitch Ratings
- KIPCO group holds 64.1% stake, while KIPCO directly holds 41.4% stake (as on 31 March 2018)
- First and only ISO certified bank in GCC to achieve certification for all its banking operations



### **Key highlights of Q1'18 results:**

- ▶ Net profit margin improved from 31.8% in Q1'17 to 33.7%
- ▶ NIM improved from 2.3% in Q1'17 to 2.7%
- ▶ NPA ratio improved from 2.3% at end of 2017 to 2.2%
- ▶ Basel III CAR of 16.6% as on 31 March 2018

***A regional player with presence in growth markets***

<sup>1</sup>Represents figure as of 31 December 2017

# Gulf Insurance Group (GIG): Overview

## Overview



- Multi-line insurance provider with presence across 11 MENA countries through subsidiaries
- Provides marine, aviation, property, engineering, casualty, life & health insurance, & motor insurance
- Operates through a network of more than 50 branches across the region
- Market leader in Kuwait (by GPW and direct premiums) for 16 consecutive years
- Market leader in 4 countries
- Listed on the Kuwait stock exchange with a market cap of USD385mn as of 29 May 2018
- A- rating (GIRI) and A- rating (GIG) from S&P; A3 rating (GIG) from Moody's; A rating from AM Best
- KIPCO group holds 45.6% stake, while KIPCO directly holds 40.5% stake (as on 31 March 2018)



### Recent Highlights

#### **Key highlights of Q1'18 results:**

- ▶ NPE grew by 20% to reach USD113mn in Q1'18 vs. USD94mn in Q1'17
- ▶ Composition of GPW
  - Line of business: 55% Life & Medical; 45% Non-Life (4% Marine & Aviation, 10% Property, 16% Motor, 8% Engineering and 7% General)

***Ranked 8th among the private sector players in the MENA (by GPW)***

# United Gulf Holding Company (UGHC): Overview

## Overview



شركة الخليج المتحد القابضة  
United Gulf Holding Company B.S.C.

- Asset management and investment banking (AMIB) business
- Offers asset management, investment banking, brokerage and advisory services
- Listed on the Bahrain stock exchange with a market cap of USD766mn as of 29 May 2018
- Credit rating of BBB (UGB) from Capital Intelligence
- KIPCO group holds 96.4% stake, while KIPCO directly holds 56.3% stake (as on 31 March 2018)



### Recent Highlights

#### **Key highlights of Q1'18 results<sup>1</sup>:**

- ▶ 12% increase in revenue to reach USD46mn
- ▶ Fees and commission income increased by 117% to reach USD19mn
- ▶ CAR for UGB is 23.1% at end of 31 March 2018

***Focused on growing the financial services network across the MENA region***

<sup>1</sup> Comparison shown from UGB Q1'17

# United Real Estate Company (URC): Overview

## Overview



- Leading integrated real estate company with presence in Kuwait & MENA
- Sizeable portfolio of good quality properties; large unencumbered asset base
- Stable rental income; growth to be supported by newly completed Abdali mall
- Listed on the Kuwait stock exchange with a market cap of USD210mn as of 29 May 2018
- Major real estate player in Kuwait, ranked second in real estate sector on KSE (total assets basis)
- KIPCO group holds 72.5% stake, while KIPCO directly holds 53.8% stake (as on 31 March 2018)



### Recent Highlights

#### **Key highlights of Q1'18 results:**

- ▶ 3% growth in total revenue in Q1'18 to reach USD73mn
- ▶ Over the next few years, targets to develop projects spread over Oman, Morocco and Egypt in various segments

***Devoted to excellence in securing and managing the best prospect developments, providing the best quality services and allegiance to entrusted clients***



# Major real estate properties developed & operated by URC



*Acquired  
Fairmont Hotel,  
Egypt*

**1979**



*Developed  
Al Khour Resort,  
Kuwait as BOT*

**1994**



*Developed Saleh  
Shehab, Kuwait as  
BOT*

**1997**



*Developed  
Al Shaheed Tower,  
Kuwait*

**1999**



*Developed Marina  
Hotel,  
Kuwait as BOT*

**1999**



*Acquired  
City Tower,  
Kuwait*

**2001**



*Acquired  
Bhamdoun Hotel,  
Lebanon*

**2001**



*Acquired  
Marina Plaza,  
Kuwait*

**2003**



*Developed  
Marina World,  
Kuwait as BOT*

**2003**



*Developed  
KIPCO Tower,  
Kuwait*

**2005**



*Developed  
Salah Mall,  
Oman*

**2012**



*Developed  
Abdali Mall,  
Jordan*

**2016**

# United Industries Company (UIC): Overview

## Overview



- Established in 1979, UIC invests in the industrial sector in Kuwait and the region
- Major investments are QPIC (31%) & ATC (19%)
- KIPCO group holds 80.5% consolidated stake, while KIPCO directly holds 60.2% (as on 31 March 2018)



### ***Key highlights of Q1'18 results:***

- ▶ Revenue increased by 9% to USD24mn from USD22mn in Q1'17 due to increase in income from associates
- ▶ Income from associates increased 7% to reach USD23mn over Q1'17
- ▶ Total assets increased by 3% over 2017 to reach USD841mn

***Aims to invest in specialized activities in the Industrial sector***

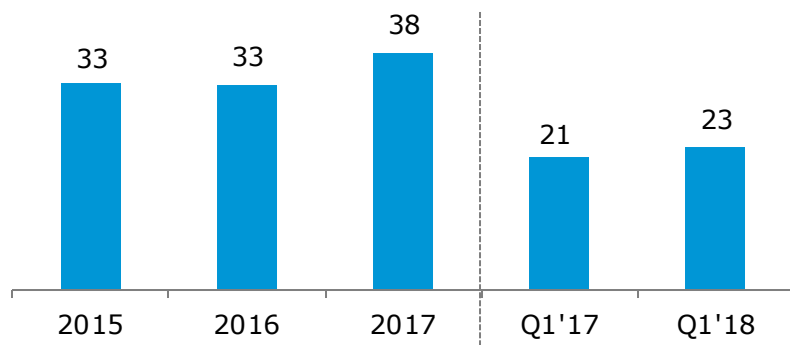
QPIC = Qurain Petrochemicals Industries Co.

ATC = Advance Technology Co.

# United Industries Company: Financial performance

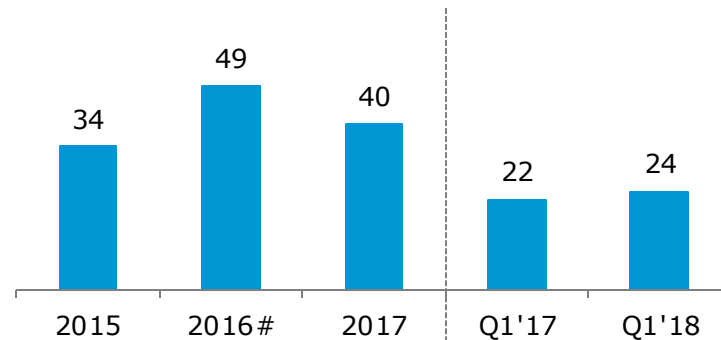
## Income from Associates

USDmn



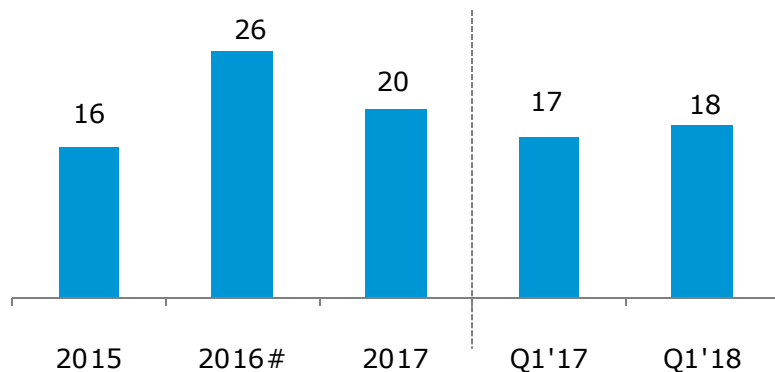
## Total Revenue

USDmn



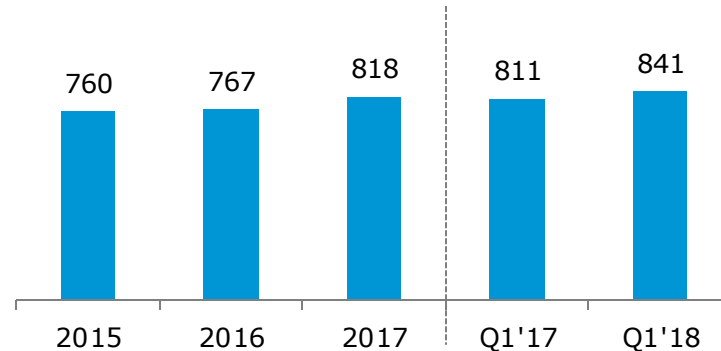
## Net Profit

USDmn



## Total Assets

USDmn



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

# Qurain Petrochemicals Industries Co. (QPIC): Overview

## Overview



- Holding company focusing on investment opportunities in food, petrochemicals, oil, gas & energy related sectors
- Four petrochemical investments in Kuwait i.e. EQUATE, TKOC, KARO & TKSC
- Listed on the Kuwait stock exchange, with a market cap of USD1,204mn as of 29 May 2018
- KIPCO group through UIC holds 25% stake as on 31 March 2018



### **Key highlights of 2017/18 results, over 2016/17 results:**

- ▶ Total revenue increased by 17% to reach USD597mn in 2017/18
- ▶ Total assets increased by 8% to reach USD2.2bn in 2017/18
- ▶ Net profit for 2017/18 was USD117mn almost same as last year

***QPIC aims to become a leading company in the energy and petrochemical sectors through direct investments/ JVs/ alliances as well as through the creation of new, innovative investment opportunities in the petrochemical and related sectors***

TKOC = The Kuwait Olefins Company,  
Financial Year Ended : March

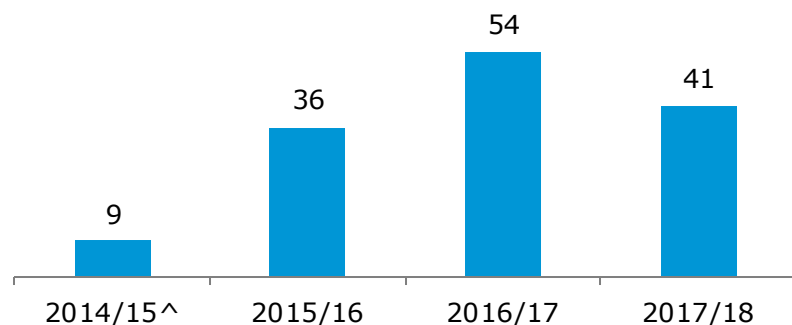
KARO = The Kuwait Aromatics Company,

TKSC = The Kuwait Styrene Company

# QPIC: Financial performance

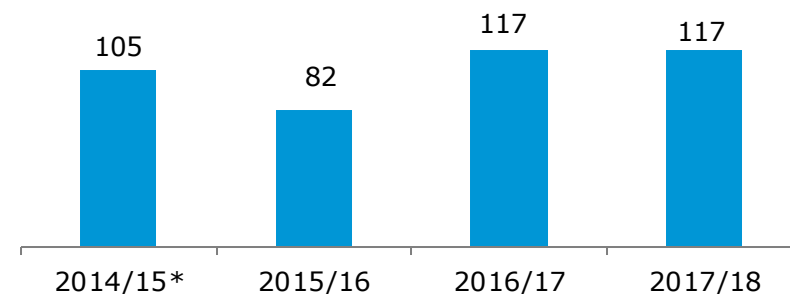
## Share of Income from Associates

USDmn



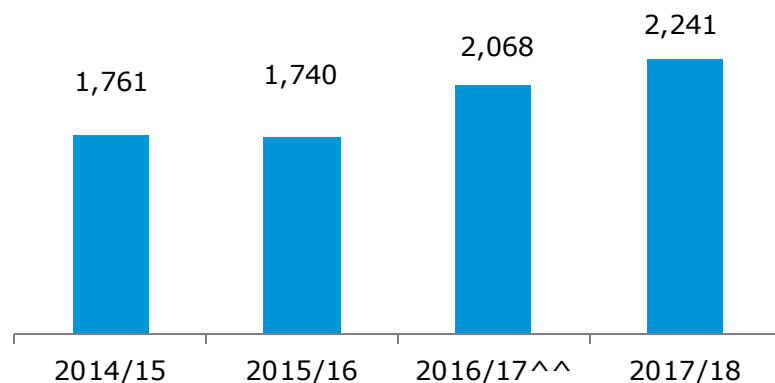
## Net Profit

USDmn



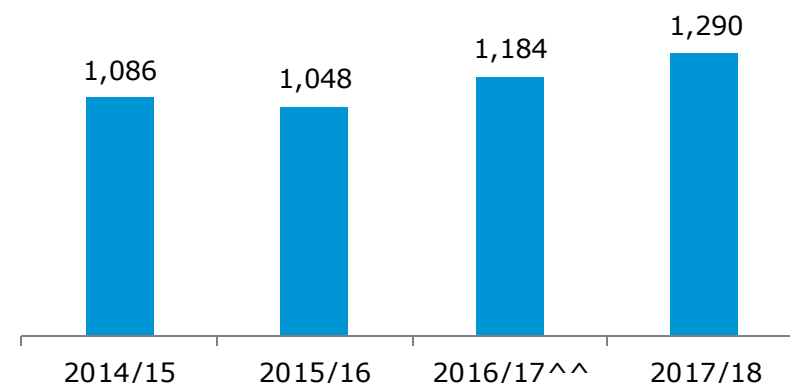
## Total Assets

USDmn



## Total Shareholder's Equity

USDmn



<sup>^</sup> On 21<sup>st</sup> July 2014, QPIC acquired additional stake of 11% in SADAFCO and changed classification of stake from associate to subsidiary

<sup>^^</sup> Restated in the 2017-18 financial statements

<sup>\*</sup> Includes gain on purchase of additional stake in SADAFCO

Note: Exchange rate of USD/KD = 0.29975 as of 31 March 2018 has been used for annual numbers

# Jordan Kuwait Bank (JKB): Overview

## Overview



- Jordan based commercial bank with operations in Jordan, Palestine and Cyprus
- 4<sup>th</sup> largest conventional bank in Jordan in terms of assets (Total assets of USD4.0bn as of 31 March 2018)
- Offers a wide range of corporate, retail & treasury products through a network of 68 branches\*
- Listed on the Amman stock exchange with a market cap of USD458mn as of 29 May 2018
- KIPCO group holds 51.2% stake (as on 31 March 2018)



### ***Key highlights of Q1'18 results:***

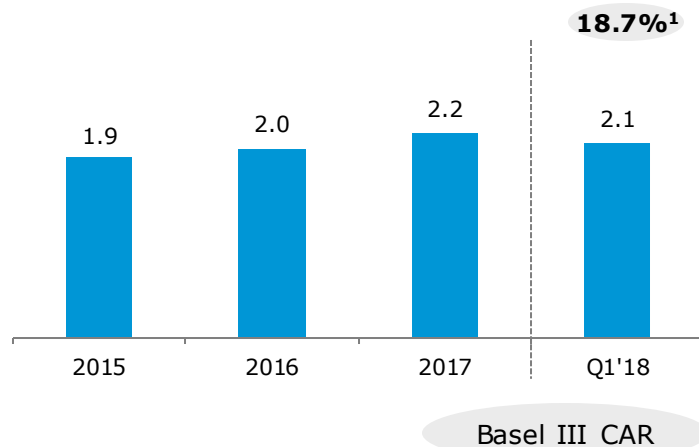
- ▶ Operating profit increased by 4% to USD21mn from USD20mn in Q1'17
- ▶ Basel III CAR ratio of 18.7% as of 31 December 2017
- ▶ NPL ratio of 5.5%; NPL coverage of 60.8% as of 31 December 2017

\* As of 31 March 2018

# Jordan Kuwait Bank

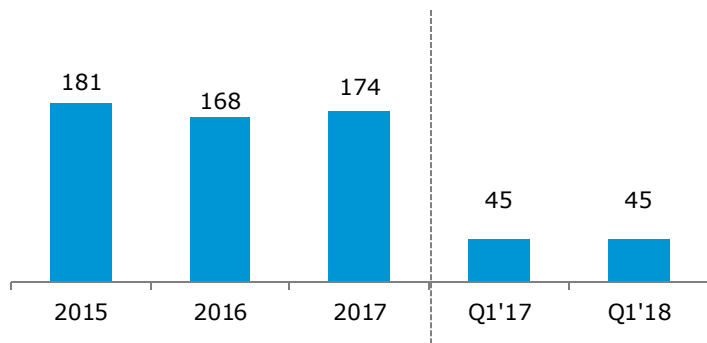
## Loan Growth

USDbn



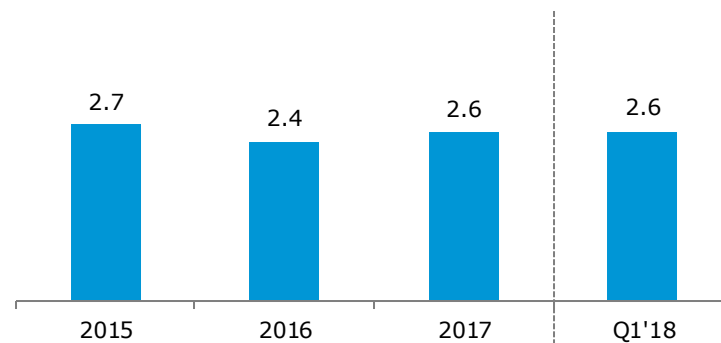
## Operating Income

USDmn



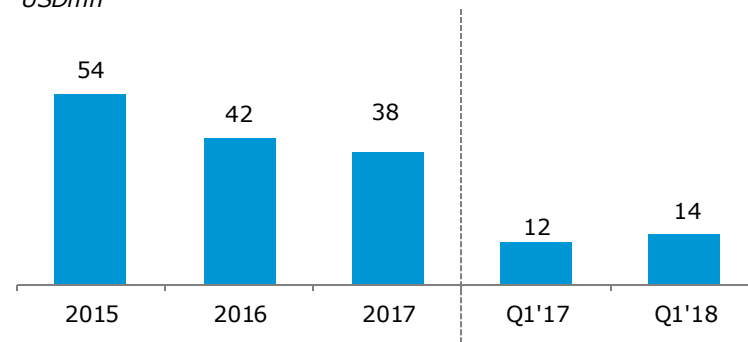
## Deposit Growth

USDbn



## Net Profit

USDmn



Notes: Exchange rate of USD/JOD of 0.70784 as of 31 March 2018 has been used for conversion

<sup>1</sup> As of 31 December 2017



## Annexure 2: Executive Management



# 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 Group in 1997; appointed as KIPCO's Banking CEO in 2010
- ▶ Graduate in Accounting from Kuwait University and Diploma in Banking Studies, Kuwait



**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



**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



**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



**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

**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**



## Annexure 3: Key Companies

# KIPCO group companies



**Eduardo Eguren**  
CEO  
Burgan Bank



Burgan Bank is one of Kuwait's leading commercial banks. Burgan has 28 branches in Kuwait and one of the biggest ATM networks in the country. Burgan is one of the MENA region's fastest growing banks and has controlling stakes in Gulf Bank Algeria and the Bank of Baghdad. Burgan is listed on the Kuwait Stock Exchange.

[www.burgan.com](http://www.burgan.com)



**Khaled Al Hassan**  
CEO  
GIG



The Gulf Insurance Company (GIG) is the leading insurance company in Kuwait and has become one of the MENA region's biggest insurance networks with operating companies in Saudi Arabia, Jordan, Lebanon, Syria, Egypt and Bahrain. GIG offers a full range of products including life, motor, accident and medical insurance. The company is listed on the Kuwait Stock Exchange.

[www.gulfin.com.kw](http://www.gulfin.com.kw)



**Faisal Sarkhou**  
CEO  
KAMCO



KAMCO is KIPCO's asset management and fund management company. Its business includes brokerage services, tailored portfolio management, forward trading and local and international fund management. KAMCO also provides corporate finance advisory services, mergers and acquisition services, IPOs, private placements, debt issuance and investment research and evaluation. KAMCO is listed on the Kuwait Stock Exchange.

[www.kamconline.com](http://www.kamconline.com)



**Hussain A. Lalani**  
Acting CEO  
UGHC



United Gulf Holding Company B.S.C. (UGHC) is a public Bahraini shareholding company. It operates as a non-financial holding company of the activities of KIPCO Group. Through its subsidiaries and associates it has interest in commercial and investment banking and asset management services, the holding company also manages a diversified portfolio of investments in private equity funds, private equities, structured products, trading portfolios. It is listed on Bahrain Bourse.

[www.ughbh.com](http://www.ughbh.com)



**Martin Stewart**  
CEO  
OSN



OSN is the leading pay-TV operator in the MENA region. The company is a result of the merger between Showtime and Orbit which was completed in 2009. The company offers 160 channels providing the latest premium entertainment including the latest Hollywood movies and series, international sports and Arabic content.

[www.osn.com](http://www.osn.com)



**Tariq Abdulsalam**  
Chairman  
URC



The United Real Estate Company (URC) is KIPCO's real estate development company. URC is currently developing properties in Kuwait, Oman, Egypt, Qatar, Jordan, Syria, the UAE and Lebanon. These properties include residential, commercial, leisure and retail projects. The company is listed on the Kuwait Stock Exchange.

[www.urc.com.kw](http://www.urc.com.kw)

# KIPCO group companies (cont'd)



**Sheikh Khalifa  
Abdulla Al Jaber Al  
Sabah**  
Chairman  
UIC



The United Industries Company (UIC) is KIPCO's industrial holding company. UIC has holdings in a variety of industrial sectors including stakes in SADAFCO – one of the leading food manufacturers in Saudi Arabia – and the Qurain Petrochemical Industries Company.

[www.uickw.com](http://www.uickw.com)



**Wout Matthijs**  
CEO  
SADAFCO



The Saudi Dairy and Foodstuff Company (SADAFCO) is one of the most profitable companies in the United Industries Company's investment portfolio. SADAFCO was established in 1976 and is a leader in the region's dairy and foodstuff industry producing almost 700 million items every year. The company is listed on the Saudi Stock Exchange

[www.sadafco.com](http://www.sadafco.com)



**Sadoun Al Ali**  
CEO  
QPIC



The Qurain Petrochemicals Industries Company (QPIC) is one of the leading private investors in petrochemical projects both inside and outside Kuwait. QPIC has invested in the projects such as the expansion of Kuwait's ethylene and benzene production plants. The company is listed on the Kuwait Stock Exchange.

[www.qpic-kw.com](http://www.qpic-kw.com)



**Fawzi Al Musallam**  
CEO  
KHC



The Kuwait Hotels Company (KHC) is KIPCO's hotel and hospitality services company. KHC is the holding company for Safir International Hotels – one of the region's premier hotel companies with a total of 15 hotels throughout the Middle East and North Africa.. KHC is listed on the Kuwait Stock Exchange.

[www.khc.com.kw](http://www.khc.com.kw)



**Narendra Baliga**  
CEO  
PKC Advisory



PKC Advisory is KIPCO's consulting company based in India. PKC Advisory offers services and solutions in business advisory, financial research and analysis. It also provides KIPCO Group Companies and external clients with website design and management services

[www.pkcadvisory.com](http://www.pkcadvisory.com)

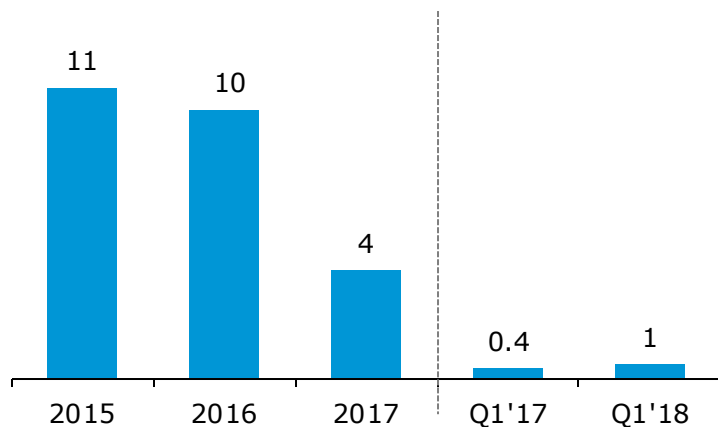


## Annexure 4: Per Share Return

# KIPCO: Per share return

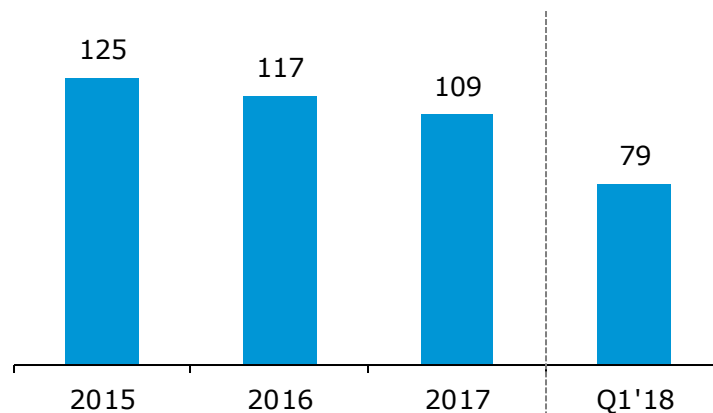
## EPS<sup>1</sup>

Cents per share



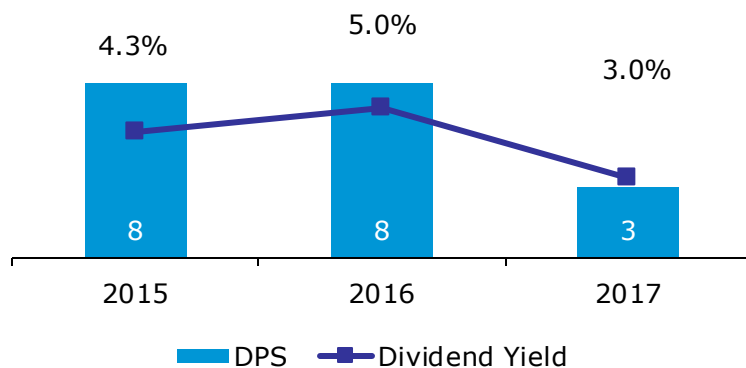
## Book Value

Cents per share

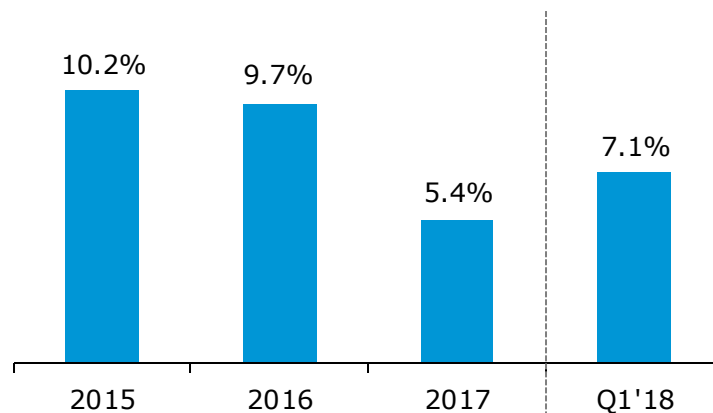


## DPS

Cents per share



## ROE<sup>2</sup>



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

<sup>2</sup> ROE for Q1'18 has been annualized

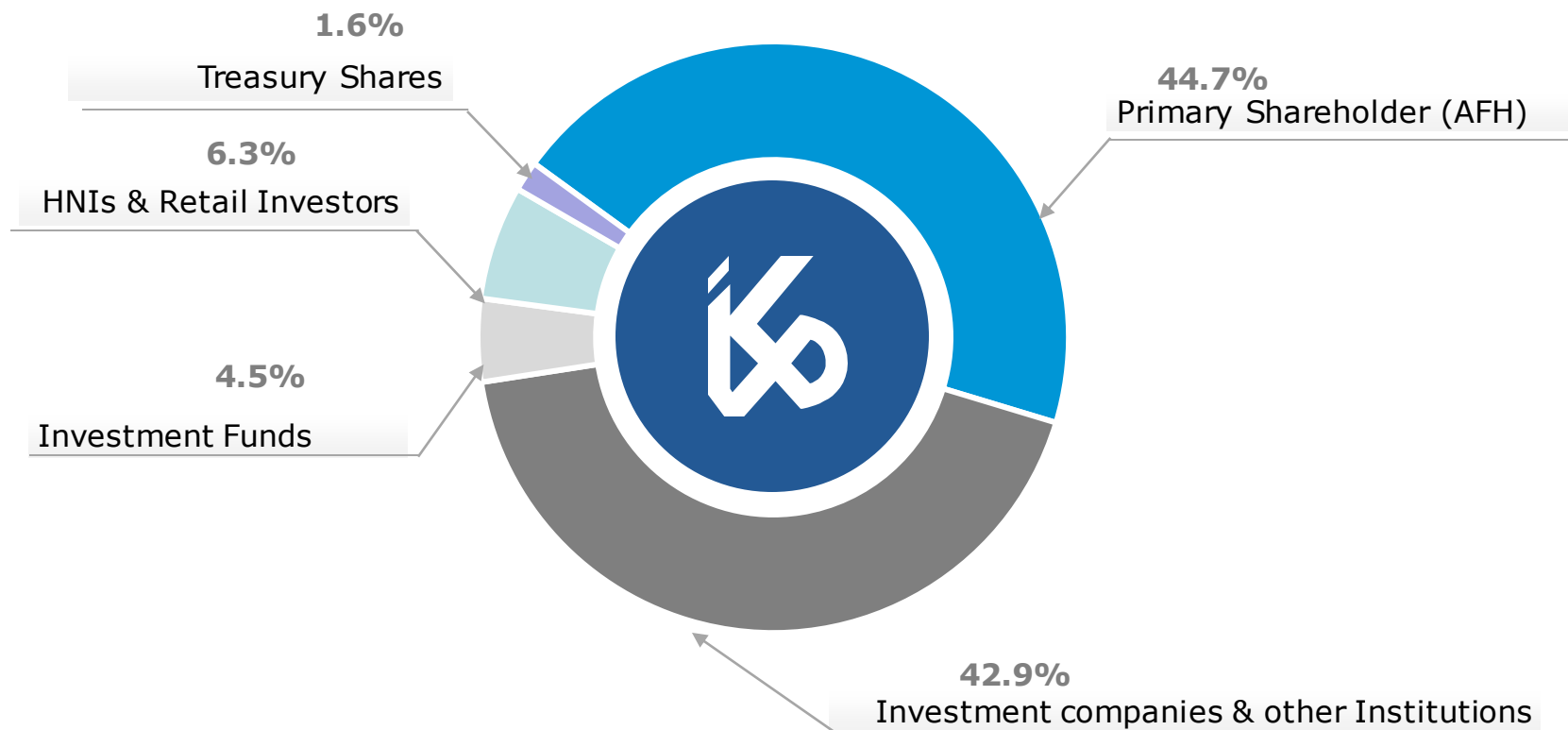




## Annexure 5: Trends and data

# Ownership

## Shareholding Profile








Major shareholders of KIPCO are members of ruling family of Kuwait

They hold their ownership interest in KIPCO through an investment vehicle Al Futtooh Holding Company K.S.C. (AFH)

Total issued shares as of 31 March 2018: 1,473.6mn



# KIPCO group: Market data

Entity	P/B		P/E		Market Cap (USDmn)	
	2017	Current <sup>1</sup>	2017	Current <sup>1</sup>	2017 <sup>3</sup>	Current <sup>4</sup>
 كيبكو KIPCO شركة مشاريع الكويت القابضة Kuwait Projects Company (Holding)	1.0 <sup>2</sup>	1.0 <sup>2</sup>	15.6	16.0	1,609	1,223
 بنك بروتلان BURGAN BANK	1.0	0.8	8.7	8.5	2,182	1,819
 شركة الخليج المندمج القابضة United Gulf Holding Company	3.0 <sup>2</sup>	1.9 <sup>2</sup>	NM	NM	1,241	766
 gig	2.0	1.4	14.7	11.8	489	385
 شركة العقارات المتحدة United Real Estate Co	0.5	0.4	13.3	31.6	285	210

## Notes:

<sup>1</sup> P/B and P/E as of 29 May 2018 (Source: KAMCO Research)

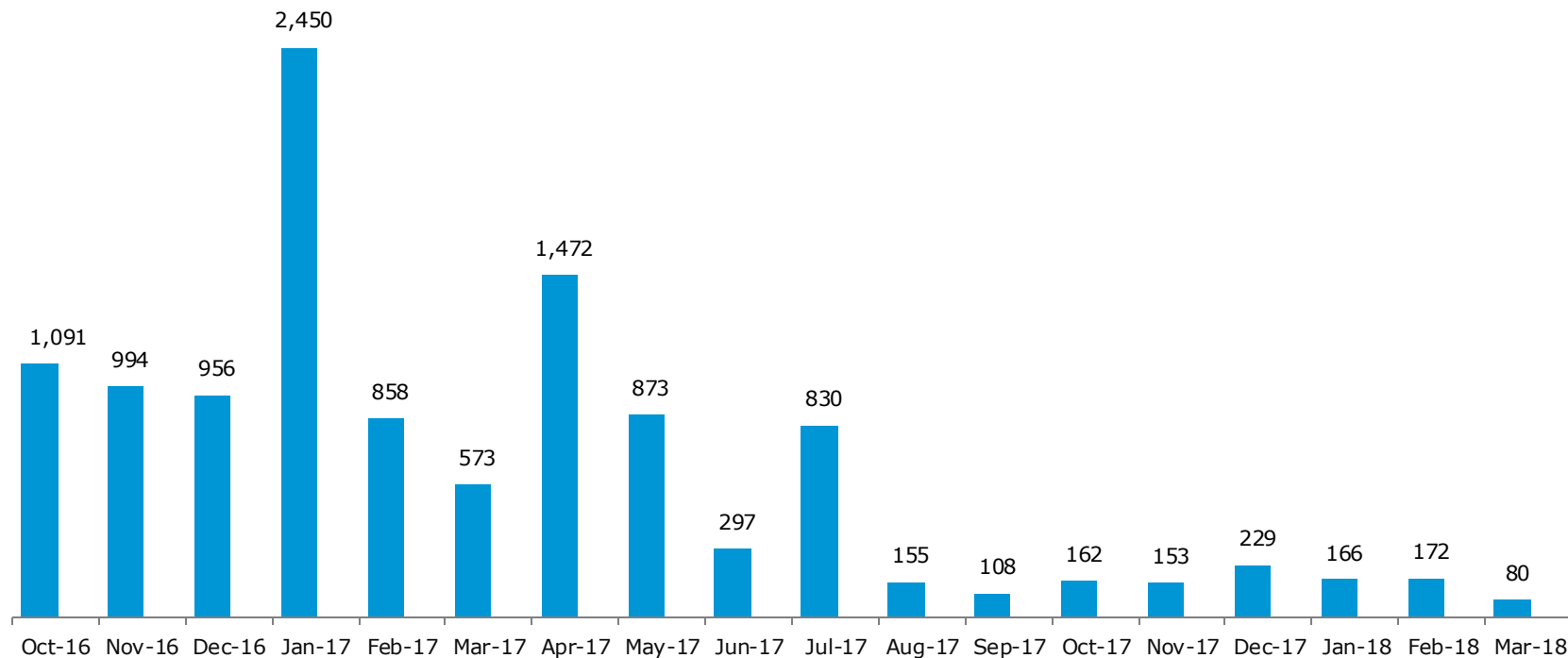
<sup>2</sup> P/B has been calculated based on 2017 and Q1'18 book value per share respectively and price at end of respective periods

<sup>3</sup> Market cap for 2017 converted at 0.30175

<sup>4</sup> Market cap as of 29 May 2018 converted at 0.30230 (Source: Bloomberg for market price)

# KIPCO: Average daily traded value

Avg. Daily traded value (USD'000)



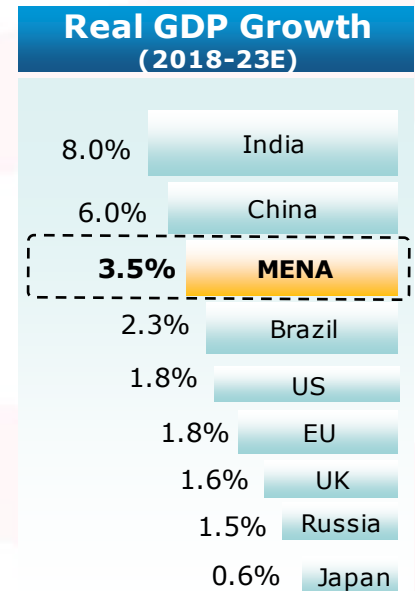
***KIPCO's stock has maintained an average daily traded value of USD0.4mn in the last 12 months***

Source: Bloomberg; exchange rate used across the periods is as of 31 March, 2018 (USD/KD = 0.29975)



## Annexure 6: About the region

# MENA region: Poised for strong economic growth

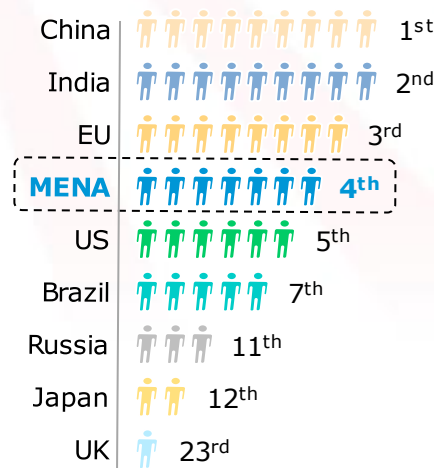


**MENA region is characterized by favourable demography and business climate**

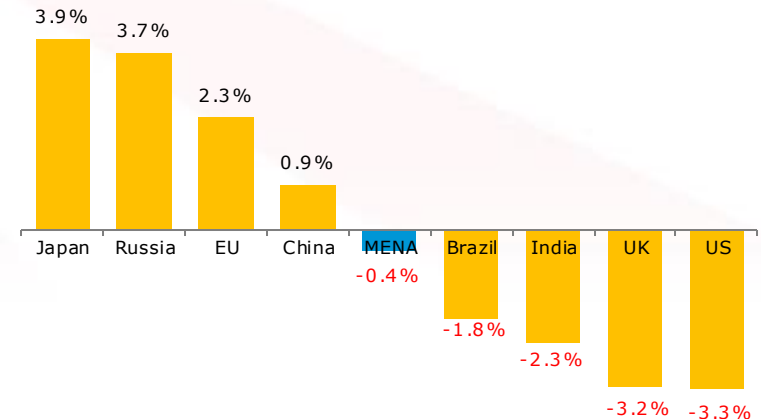
**Currently low level of competition and under penetration**

**Small but consistently growing non-oil economy**

## Population 2018E



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



Source: IMF-WEO Database, April 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 ...

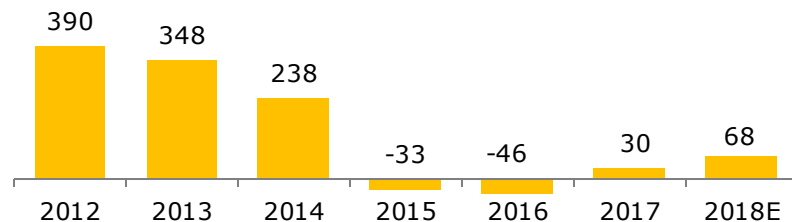
....All contribute to

**STRONG GROWTH**

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

## Current Account Surplus

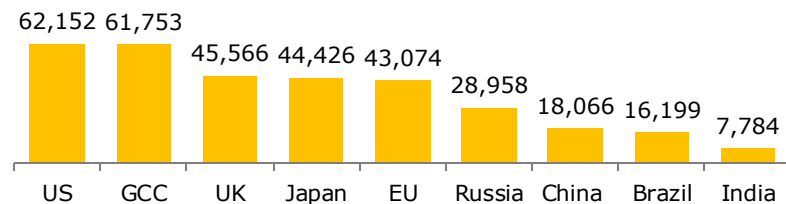
(In USDbn)



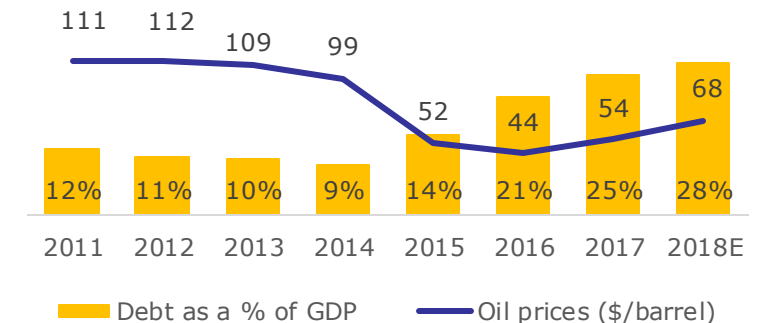
**"Accumulated current account surplus of over USD1.0tn from 2012 to 2018"**

## GDP / Capita, PPP (2018E)

(In USD)

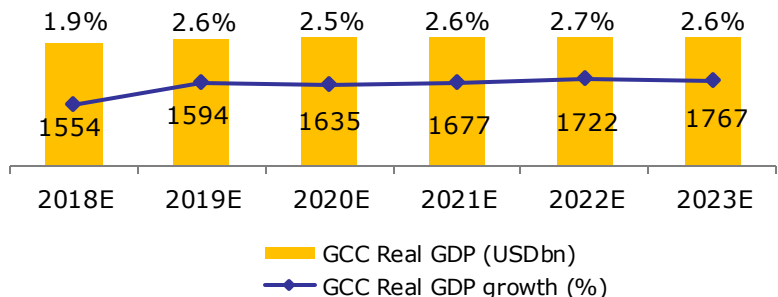


## Government debt as a % of GDP



## Real GDP & GDP Growth (2018-23E)

(In USDbn)



Source: IMF-WEO Database, April 2018, CIA

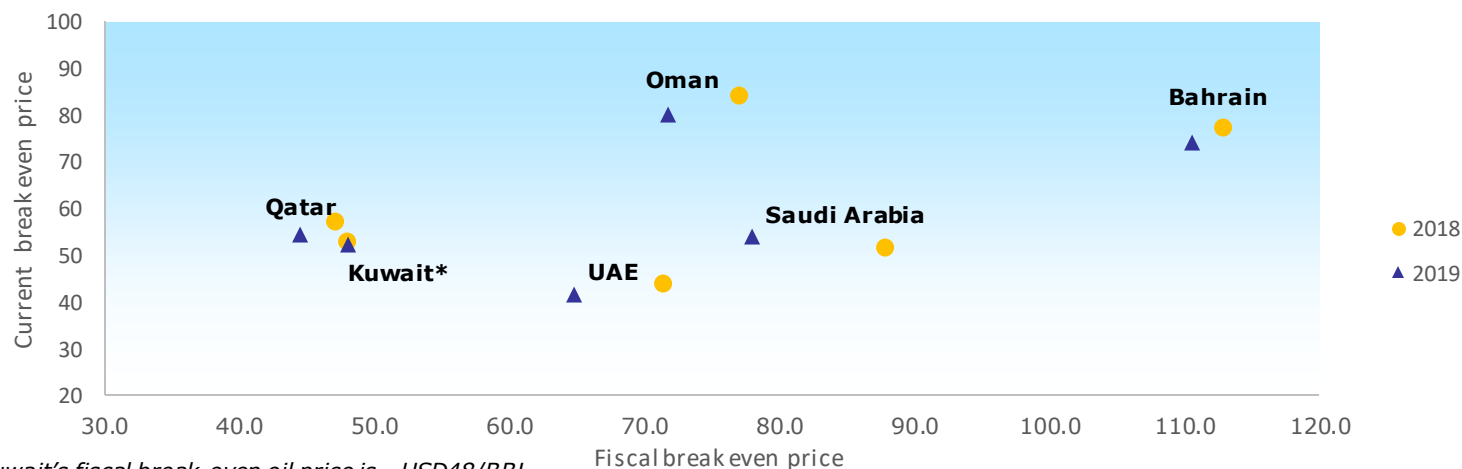
# Kuwait: Protected against oil price decline

## Prudent Oil Wealth Management

- ▶ Kuwaiti government's sovereign wealth fund estimated to be close to 3.9x of 2017 GDP
- ▶ 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
- ▶ Oil output to rise from 2.7mn barrels / day currently to over 3.0mn barrels/day until 2021
- ▶ 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, February 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

**Healthy  
Budget  
surplus with  
strong asset  
position**

## Kuwait's credit rating stable at Aa2:

- ▶ Strong net asset position likely to persist despite rise in debt levels over the coming years
- ▶ Large hydrocarbon reserves with low fiscal break-even oil prices
- ▶ Strong GDP per capita (PPP) at USD72,000 (2016) is extremely high by international standards, providing significant buffer in terms of social stability
- ▶ Low level of Kuwait debt at 19% of the GDP (2016), provide enough headroom to accommodate the fall in fiscal balance within the Aa2 rating level
- ▶ Nominal GDP to reach its pre-oil price shock level by 2022
- ▶ Current Account Balance is expected to average 6.2% of GDP between 2017 & 2020 due to low external break-even oil prices

Source: Moody's credit opinion on Kuwait, September 2017

## Demographic & External balances Snippets (2018)

2018 Macro-economic KPI's	Kuwait	Qatar	UAE	KSA	Bahrain	Oman	GCC
<b>Population (mn)</b>	4.5	2.8	10.4	33.0	1.5	4.3	<b>56.5</b>
<b>Nominal GDP (USDbn)</b>	135.3	183.8	411.8	748.0	37.8	82.6	<b>1,599.4</b>
<b>Fiscal balance (% GDP)</b>	1.5	0.5	(2.2)	(7.2)	(11.9)	(11.4)	<b>(5.0)</b>
<b>Gross official reserves (USDbn)</b>	34.3	31.8	74.5	457.7	2.8	19.3	<b>620.3</b>
<b>Sovereign Wealth Fund (SWF) Assets (USDbn)</b>	524.0	320.0	1319.5	717.9	10.6	24.0	<b>2,916.0</b>
<b>Sovereign Wealth Fund Assets/GDP (% GDP)</b>	387.3	174.1	320.4	96.0	28.0	29.1	<b>182.3</b>

Source: WEO & REO Database, IMF, April 2018 and SWF institute, February 2018

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

<sup>1</sup> In 2017, As Per CIA

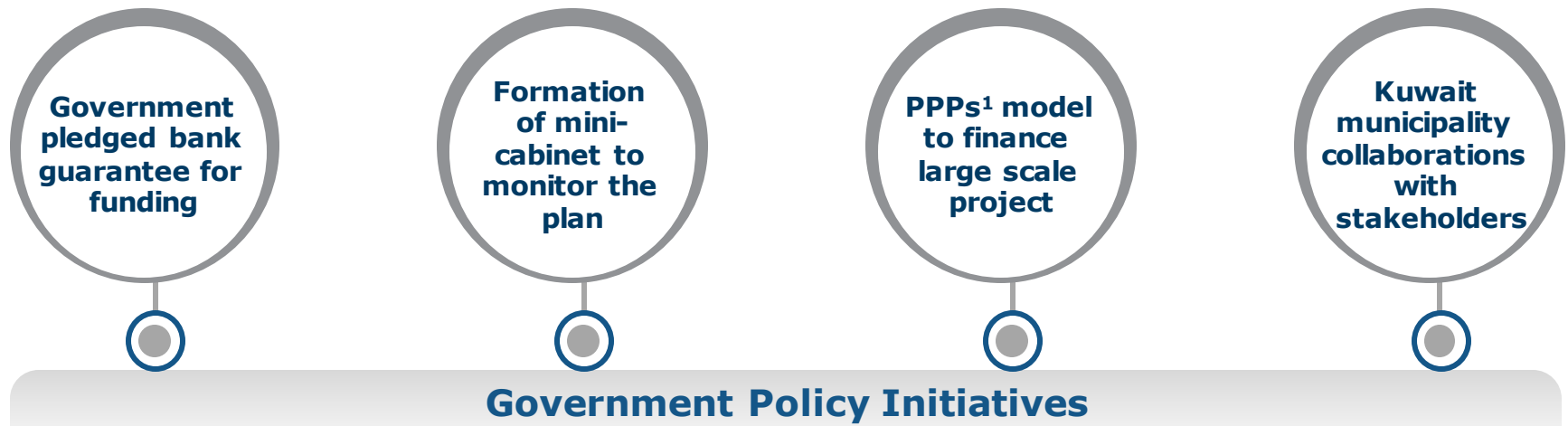
# Kuwait development plan overview

## 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.



<sup>1</sup> 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 92% with the completion expected by Q4 2018. Cost: **USD14.6bn**

### New Refinery Project (NRP)

- New 615,000 bpd refinery by KNPC
- Underway: FEED<sup>1</sup> pipeline awarded. Overall project progressed and completion expected in 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: **USD11.5bn**

### South Al Mutlaa City

- 30,000 residential units, other facilities
- Underway: The overall project has progressed by 16%. Cost: **USD5.3bn**

### Kuwait Airport Expansion

- To increase the annual handling capacity of the airport to 20mn passengers
- Underway: Expected completion by Q3 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 m<sup>3</sup>; regasification plant with capacity of 1500 BBTU/day
- Underway: The project have progressed by 21% and expected to complete in 2021. Cost: **USD2.7bn**

### 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**

### 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. construction is now ongoing and completion date is set for May'19. Cost: **USD1.3bn**

### 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: FEED contract signed. Prequalification documents for EPC<sup>2</sup> contractors are expected to be completed in 2019. 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: The tenders for the main contract are not yet issued and are expected to come through in 2018.. Cost: **USD1.7bn**

### Al-Dibdibah Solar PP

- Capacity to produce 2,500 GWh of electricity per year at Al-Shagaya complex
- Bidding: Letters of interest submitted. Tendering by Q1 2018. Cost: **USD1.7bn**

### Other projects

- Umm Al Hayman Waste Water (PPP). Cost: **USD1.6bn**
- Al-Abdaliya (ISCC) Power Plant (CSP). Cost: **USD0.7bn**
- Kabd Municipal Solid Waste Project. Cost: **USD0.9bn**

### 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: The Public Authority for Roads and Transportation (PART) will now manage the rail road and metro project proposals. Cost: **USD8.0bn**

### Olefins III project

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

USDbn		
Project Stage	Q1'18	2015
Underway	56.7	20.1
Awarded	9.0	22.5
Bidding	13.1	1.3
Planning	28.2	28.8
Total	107.0 <sup>^</sup>	72.7

<sup>1</sup>FEED= Front End Engineering Design; <sup>2</sup>EPC=Engineering, Procurement & Construction

Source: NBK report dated April 2018

\*RSM Quarterly newsletter Apr 2018 and press releases

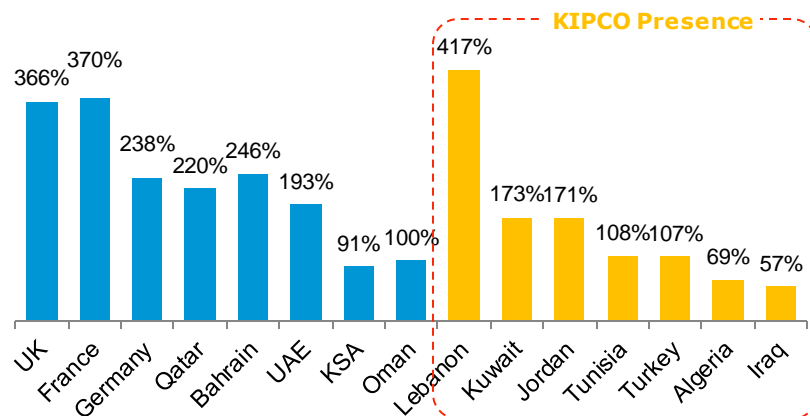
<sup>^</sup>Excludes other small projects of USD0.2bn



## Annexure 7: Market opportunity

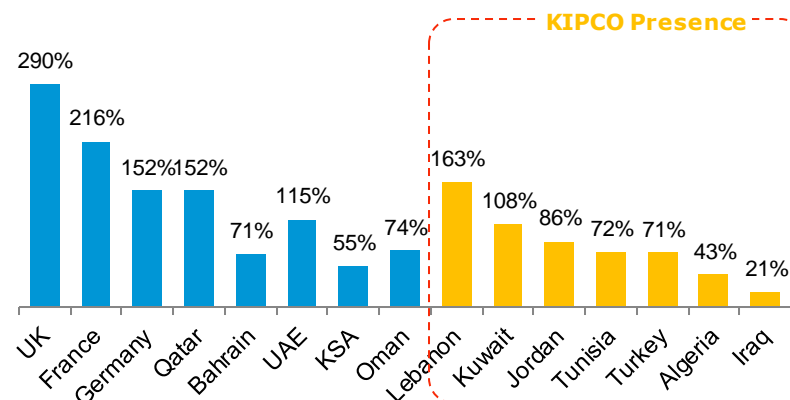
# Banking sector opportunity

## Banking Penetration: Assets/GDP












Source: Central Banks & IMF, World Economic Outlook Database

## Banking Penetration: Loan/GDP



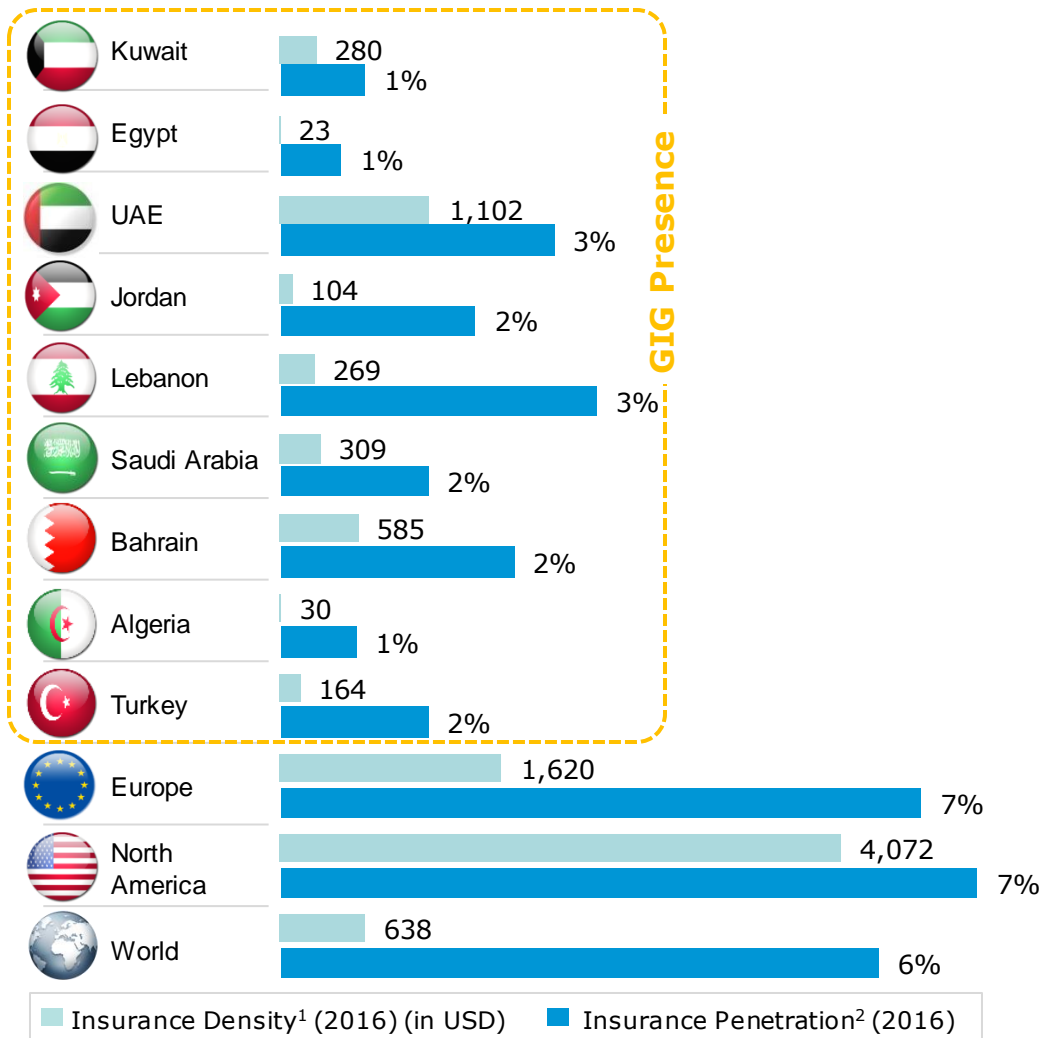
### Countries

Countries								
			Kuwait	Jordan	Tunisia	Turkey	Algeria	Iraq
	Population	Size (mn) (2018E)	5	7	12	82	42	40
		CAGR (18E-23E)	2.8%	2.2%	1.0%	1.2%	1.7%	2.6%
	Per Capita income	USD (2018E)	29,880	5,838	3,463	11,114	4,669	5,601
	Real GDP Growth Rate	CAGR (18E-23E)	3.7%	2.9%	3.6%	3.7%	1.4%	3.0%

**Low penetration & healthy expected growth rate creates significant opportunity for banking sector in GCC region**

Source: IMF-WEO Database, April 2018

# Insurance sector opportunity



- ▶ Low insurance density in MENA region
- ▶ The projected economic slowdown in the GCC will drag on life insurance premium growth in the short to medium term
- ▶ Solid outlook for life insurance, low penetration rate, increasing awareness, move to smaller families and rapid growth in private sector employment, should increase demand
- ▶ Non-life insurance outlook is mixed. With public budgets and subsidies being cut, demand is expected to slow in the short-term

***Under-penetration and low insurance density coupled with growing population and improving economic outlook signify strong growth prospects for the sector***

Source: World Insurance in 2016 report by Swiss RE Sigma

<sup>1</sup>Insurance premium per capita

<sup>2</sup>Total insurance premium as a % of GDP