

Our ref: KIPCO/ACC 223/19 dated March 25, 2019

**Boursa Kuwait Company**  
**KUWAIT**

السادة / شركة بورصة الكويت  
المحترمين  
دولة الكويت

**Subject: KIPCO's Analyst/Investor Conference call**  
**Minutes for the year 2018**

**الموضوع: محضر مؤتمر المحللين/المستثمرين لمشاريع الكويت**  
**القابضة (كيبيكو) عن 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 analyst/investor conference was conducted through a conference call at 3:00 PM (local time) on Monday 25/3/2019.

بالإشارة الى الموضوع اعلاه، والى متطلبات المادة (2-4-8) "الإلتزامات المستمرة للسوق الأول" من قواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018، وحيث أن كيبيكو تم تصنيفها ضمن مجموعة "السوق الأول"، نود ان نحيطكم علما بأن مؤتمر المحللين/المستثمرين قد انعقد عبر مكالمة هاتفية جماعية في تمام الساعة الثالثة عصراً (التوقيت المحلي) من يوم الاثنين الموافق 2019/3/25.

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

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

Sincerely,

وتفضلوا بقبول فائق الاحترام ..



**Mazen Hawwa**  
**Group Sr. Vice President**  
**Finance & Operations**

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

مكا

مازن حوا  
نائب رئيس أول للمجموعة  
المالية والعمليات

## **Transcript: KIPCO Q4 2018 earnings call**

**Elena Sanchez:** Good afternoon everyone. This is Elena Sanchez and on behalf of EFG Hermes I would like to welcome you all to KIPCO's Q4 2018 Results Conference Call. It is a pleasure to have with us in the call today Mr. Pinak Maitra (Group CFO), Mr. Declan Sawey (Group Treasurer), Mr. Anuj Rohtagi (Director, Group Financial Control) and Mr. Moustapha Chami (Director, Finance and Accounts department). At this time, I would like to handover the call to Mr. Pinak Maitra. Thank you.

**Pinak Maitra:** Thank you, Elena. Good afternoon everyone and thank you for joining us. We will go through the presentation, which is also available on our website along with our full year financial statements.

Before we start, I would like to draw your attention to page 2 of the presentation which reads out a brief disclaimer. Some of the statements that we will be making today, and information available in the presentation are forward looking. Such statements are based on KIPCO's current expectations, predictions and estimates. They are not guarantee of future performance, achievements or results.

With that, moving on to the presentation I will talk a little bit about Kuwait. Kuwait continues to be a resilient economy, well supported by its strong fiscal profile. A large pipeline and progress of must have projects in the country means that growth momentum will continue. This will benefit all our group companies. Thanks to the efforts of our market regulators MSCI is expected to announce this summer the inclusion of Kuwait to Emerging market category in 2020. This is expected to generate significant inflows of foreign capital into our equity market. Burgan Bank and KIPCO are well known names which are likely to have direct positive impact if this takes place. In 2018, we witnessed robust growth in net profits of our businesses. Burgan Bank delivered 27% growth in net profit, Gulf Insurance Group had a strong growth of 18%, Jordan Kuwait Bank reported 56% growth and similarly our asset management business witnessed net profit growth supported by Global

acquisition. All this meant that KIPCO reported a 20% growth for year 2018. We hope to continue this positive momentum into 2019. During our Shafafiyah forum on the 10<sup>th</sup> of April we will share further details on our outlook for this year.

I will now hand over to Moustapha to provide you with a performance update on page 4.

**Moustapha Chami:** Thank you, Mr. Pinak. So, regarding the presentation, page 4 highlights Group's financial performance for the year 2018.

It can be noted that the Group generated revenue of US\$2.6 billion for the year ending 31<sup>st</sup> December 2018, indicating a robust YoY growth of 13% over financial year 2017. This was mainly driven by higher interest income from our banking segment which had a growth of 15%, also the consolidation of results of our investment in education sector in financial year 2018 which was not consolidated in financial year 2017 which has resulted in US\$89 million revenue, higher income also from hospitality and real estate segment which grew by 17%. This was offset by lower investment income in 2018 at US\$121 million vs. US\$234 million in 2017.

The net profit in financial year 2018 was higher at US\$93 million, an increase of 20% compared to last year's profit and this is mainly due to an increase in revenue and lower provisions for credit losses compared to 2017. This translates into an EPS of 15 fils per share or 4.9 cents per share, an increase of 30% over last year's EPS of 12fils per share or 3.8 cents per share.

Overall our performance in terms of profit from continuing operations for the full year exceeds our last year performance. As noted, reported net profit has shown an improvement by 20%.

Now, I will hand it back to Mr. Pinak to go over Burgan Bank performance.

**Pinak Maitra:**

Thank you Moustapha. Page 5 outlines the details of Burgan Bank's performance. Burgan Bank Group completed its rights issue in Oct'18, raising equity capital of KD62.5 million or US\$206.4 million. As a result, CET 1 ratio improved to 11.9% and overall capital adequacy ratio was 17.4% as at 31<sup>st</sup> December 2018.

Please note Burgan Bank held its investor call on 28<sup>th</sup> February 2019. The call's transcript and presentation are available on Burgan Bank's website which contains detailed information about operations. Therefore, I will focus on few key highlights of the operations.

Burgan Bank Group reported one of its strongest full year results with net profit of KD83 million, or US\$272 million which is 27% higher than 2017. It is the highest net profit percentage growth recorded by any Kuwaiti bank during the year 2018. Improvement in 2018 is mainly a result of higher net interest income by 7.7%. Net interest margins expanded by around 20bps in financial year 2018 from 2.4% last year to 2.6% this year. There was also an increase in non-interest income by 18.6% driven by higher dividend income and recoveries of previously written off loans. Positive impact of the Group's regional diversification is quite visible as operating income continued to grow both in Kuwait at 13.5% as well as in our regional operations by 7% in 2018. Operating efficiency continues to improve as the cost to income ratio for the group improved to 42% for the year 2018 vs 46% for 2017.

Asset quality remained stable as you can note on the right hand side of the chart that NPA ratio remained at 2.3%. At the same time, we continue to have a very prudent provisioning levels where around 92% of provisions are in the general category. Coverage ratio continues to be strong at 241% (including provisions and collateral). We implemented IFRS 9 as approved by Central Bank of Kuwait and there was no additional provisioning requirement due to our existing buffer in provisions.

Loan exposure is slightly down by 3.3% vs. 2017, largely owing to currency devaluation of Turkish Lira. Kuwait operations represent majority of our loan exposure, i.e. 67%, followed by 23% in Turkey and around 10% in Algeria. With respect to deposits, the drop in deposit base in 2018 is a result of the Bank completing its term funding initiatives such as 350 million dollars three-year club deal in first quarter of 2018 and KD100 million Kuwaiti dinar bond in December 2018.

On page 6, we have details on performance of regional operations of Burgan Bank. Currency devaluation of Turkish Lira during 2018 meant lower loan book in US Dollar reporting compared to December 2017 base. For reference Turkish Lira depreciated by 38% over Dec'17 base. Overall, regional loan book remains around US\$4.7 billion mark which is ~33% of total Burgan Bank loan book. Similarly, regional deposits remained around US\$4.6 billion ~37% of Group's customer deposit base.

All our franchises are operationally moving in the right direction, with growth in net profit except for Bank of Baghdad. Decline in full year profit in BoB was a result one-off write-down of US\$7 million in Q1'18 which we have highlighted in our earlier calls. Growth in net profit in Turkey is driven by improvement in net interest margin and in Algeria due to net interest income and improvement in operational efficiency. In Algeria, revenue growth has come from both - higher net-interest income growth by 15.7% as well as non-interest income by 21.8%. Cost to income ratio is trending in the right direction for all subsidiaries except Iraq operations due to one-off expenditure which I talked about previously.

Now, I will handover to Declan to cover Gulf Insurance Group, United Gulf Holding and United Real Estate Company.

**Declan Sawey:**

Thank you Pinak. You can see on the top left chart on page 7 that the gross premium written for the year 2018 was at US\$1.1 billion, a growth of about 10% compared

to last year. The increase was mainly due to growth in Engineering and Property lines of business with new clients in Bahrain, as well as higher premiums from existing clients and new clients from Egyptian operations.

One of GIG's major contracts is medical coverage for Kuwait retirees, known as "Afiya". GIG has been managing this for the last three years. The contract was recently retendered and the ministry has advised that GIG is the lowest bidder. The new contract is for two years period with an option to extend for one more year. So, we expect the growth in premiums in 2019 to maintain its upward trend.

As regards the business itself, the focus has recently been on digitization journey is gathering strength. This has been achieved through our smart phone apps helping customers to have a better sales experience. Also, digital claims management allows our customers to get paid promptly and efficiently which means a reduction in our cost processes and our claims. We believe that in doing this, we will increase customer retention and improve cross selling.

On the top right chart, net investment income for the financial year has increased to US\$32 million from US\$21 million in the previous year. This reflects the increase in interest rate in Egypt and Turkey.

On the bottom left chart, you can see that the combined ratio stands at 98% which is a 2% improvement over 2017. The combined ratio would have been lower than this, were it not for the increase in claims arising from the heavy rains and flooding in Kuwait and Bahrain in late 2018. So, the picture for Gulf Insurance Group is one of good growth without any compromise on our underwriting standards.

Our net profit for the 2018 is up 18% compared to the previous year and return on equity has improved to 14%. The quality of these earnings has improved as well, being driven by better underwriting results as well as investment gains anchored on a prudent asset allocation policy.

If we now move to page 8 on United Gulf Holding Company. As we mentioned in our last call in September 2018, KAMCO, its asset management subsidiary completed purchase of controlling stake in Global Investment House (this was a 69.5% stake). This transaction helps extend KAMCO's asset management business across the MENA region. On the top left, revenue for the year 2018 was US\$208 million, which represents a growth of 33% compared to the previous year. This is primarily due to US\$24 million gain on bargain purchase of Global Investment House by KAMCO, as well as consolidation of Global's results starting from September 2018.

On the top right chart, fee and commission income grew by US\$34 million over the previous year. This growth is mainly because of higher advisory and management fees earned by United Gulf Holding Company and KAMCO as well as the 4 months of Global results which has been consolidated.

On bottom left chart you can see, net profit at US\$19 million is 46% higher than last year driven by higher revenue. During the year additional provisions of US\$9 million were booked on investments and US\$14 million on expected credit losses on adoption of IFRS-9.

UGB's total consolidated capital adequacy ratio stood at 15.5% as of 31 December 2018 against the minimum capital adequacy requirement threshold of 12.5%.

Our real estate company URC is expected to announce the results later this week. We have therefore not disclosed the year-end numbers in this call. The result for the nine months ended 30 September 2018 was US\$ 11 million loss. Generally speaking, the combination of lower operating profit from newer developments and rising interest cost in Jordan and Lebanon has impacted the net profit negatively. The company has taken steps such as renegotiating tenancy terms in Jordan and securing term funding at fixed rate to mitigate this. The management is evaluating various options to reduce negative impact on profitability in coming quarters.

I will now hand over to Anuj to discuss remaining pages.

**Anuj Rohtagi:**

Thank you, Declan. Pay-TV landscape continues to be one of opportunities and challenges. Opportunities remain due to the fact that market penetration of paying customers to overall 350 million plus population in the MENA region remains low at only 10%. As you also know, we have been focusing on 7 core markets so far whereas we have the license and content rights to operate in all 25 countries in the MENA region. In terms of segment focus we have been primarily delivering products for top end. We believe there are further opportunities within this segment as well as middle and low-end segments. In terms of distribution we believe all three segments, that is DTH, IPTV and OTT will coexist in medium term. Although OTT market remains nascent, with the continued development of infrastructure the subscriber growth is expected to be in 20 plus percentage area in the next 4 to 5 years in this segment. Demand is driven by large share of young population and propensity for digital consumption. As such OTT offers an attractive price point for new consumers, while still providing quality content.

The new CEO took charge in December and as expected has been leading the key initiatives we highlighted in our previous call. These include right sizing of the organization to be more agile in this dynamic business environment. We also mentioned in our previous call that a sizeable content cost optimization is expected in 2019 and we are pleased with the progress that the company has made on this front under new leadership. On customer side, simplification of packages and product line will be a priority for each segment. The work on the OTT platform is also progressing as planned with an expected launch in 2<sup>nd</sup> quarter of 2019.

On page 10, we have other key entities of the group. United Industries consolidates results of industrial segment which include Quraan Petrochemicals (QPIC), SADAFCO and ATC as the key assets. Net profit for the year was around US\$17 million, which is largely similar to last year.



Jordan Kuwait Bank has performed well with healthy Net Interest Margin of 3.6%. Net profit for the year is higher by a significant 56% due to lower impairment provision on credit facilities and reversal of expected credit losses. During 2018, loan book increased by 4.5% to US\$2.3 billion. At the end of 2018, capital adequacy ratio as per BASEL III norms stood at 17%.

We now move on to page 11 that covers our funding profile. As you can see, we are comfortably placed as far as overall debt maturity is concerned, which is close to 4 years. Our cash position remains very strong at around US\$1.2 billion. This covers all our debt obligations till 2022.

In February 2019, we have repaid US\$233 million EMTN by utilizing the proceeds from KD100 million (US\$330 million) 5-year Kuwaiti Dinar Bond raised in November 2018.

As you may be aware, the Board approved a rights issue of upto 453 million shares in January 2019. We have received first approval from CMA recently and expect to complete the issue as planned, subject to market conditions.

The next few pages in the presentation contain useful information for reference including summary balance sheet, income statement and few business overview pages in annexure. We will now hand over to Elena to open the Q&A session.

**Operator:** We will now take our first question from Mohamad Al Hajj from EFG.

**Mohamad Al Hajj:** Thank you. Thanks for the presentation. My question is more of a general one and I know you will tell me that you should have the answers to that. One of the thing that been kind of baffling to us actually looking at Kuwait Projects Company is obviously the divergence between the performance of KIPCO as a share price and Burgan bank, and looking at the balance sheet from 2017 on to till today that there doesn't seem to be any major changes that would warrant Burgan bank to be trading at 180% market cap of Kuwait projects vs. 85% at the end of 2017.

Obviously, I haven't been looking at the company over the last couple of years, but is there any fundamental change in the strategy or corporate structure that would warrant this change? How would you answer that from your side?

**Pinak Maitra:**

Thank you Mohamad. It is a good question and involved one. Historical behavior of both the stocks is one leads and the other lags and there is no clear pattern why one leads and the other one lags. So, if you look at the summer of 2018, Burgan bank had dropped to around 230 fils and KIPCO was around that level then. And then obviously the issue around Burgan bank which was more about Kuwaiti banking in general, were resolved with IFRS 9 and all the capital raise etc. Therefore, now Burgan bank has begun its upward march after the rights issue, it is up close to 25% this year. KIPCO on the other hand was receiving the rumors around OSN, so it reacted on the downside and now it has begun its journey back up this month and it has been rising quite strongly and it is one of the best performers in the Kuwait market this month. So, you make a good point that visibly nothing has changed so investors' perceptions around each of our asset change and therefore it is a view about how commercial banks performed vs. investment holding company. That's the best reason we could give at this point.

**Operator:**

The next question is from Rakesh Tripathi from Franklin Templeton.

**Rakesh Tripathi:**

Hi, Good evening. I have a couple of questions. The first one was on your cash flows. If you could briefly help us to understand what the level of dividend received and what kind of coverage they provide the operating expenses and the interest costs and how do you see these panning out for 2019. That is the first one. And second one is do have any update on OSN? You earlier talked about looking at possible avenues for monetizing the asset and how do you see it now and where do you stand at process?

**Anuj Rohtagi:**

Thank you. I will take the questions one by one.

With regards to cash inflows, as we mentioned in our previous call, we received around US\$76 million in 2018 and for 2019, we expect to receive around US\$100 million and this is driven by increase dividend payout by Burgan Bank and our other entities will follow.

And as Pinak mentioned the profitability of these entities have been very good and there has been good growth so we expect naturally there will be growth in the dividends.

Our coverage ratio has been below 1.0x but there has been marginal increase year-on-year. We are trending between 0.5x-0.7x and that is our short-term target. We will gradually move it towards our target of 1.0x times.

I will now move to second question with regards to OSN. We are still in evaluation phase with regard to options for maximizing shareholders' value. We have a clear path towards our launch phase of strategic options evaluation. We expect that our progress of majority of preparatory work will complete in next 2-3 months. That is as per our latest estimates. We have actually not yet reached out to any potential partner or buyer at stage. The announcement so far of the process only has generated substantial interest and reverse inquiries. And the timing of any event or transaction will depend on outcome of the evaluation phase. We will keep you updated with further progress.

**Rakesh Tripathi:**

Sure. Thank you very much. Can I just follow up and ask one more or two more very short questions. First one is regarding this planned rights issue. So, could you just briefly touch upon what is the purpose of this and how do you see this being utilized? You already have healthy cash balance to cover your debt maturity so what is going to be the use of the funds? Is it to boost your equity level? What is the strategic rationale behind this?

Second one is have you been in touch with the rating agencies, and regarding the leverage ratios how do you see whole things progressing?

**Anuj Rohtagi:**

I will take the questions one by one. With regards to the rights issue we have long term view on our funding profile. KIPCO has always had a forward-looking approach

to managing its capital structure. The last rights issue that KIPCO did was in 1996. Kuwait's 2035 vision and its execution so far provides increased visibility and opportunity for Kuwait private sector. Over the last 22 years our underlying businesses have been growing strongly and KIPCO has supported this growth through investing capital in our core portfolio companies to support their profitable growth while maintaining a prudent capital structure (i.e. right proportion of equity and debt). The introduction of IFRS 9 relating to accounting for financial instruments in 2018 has resulted in a reduction in our shareholders' equity by around KD110mn. This rights issue goes some way towards addressing this adjustment to our capital structure by increasing our shareholders' equity. The rights issue will support our investment grade credit rating which KIPCO has been committed to over the last 10 plus years. Last point is that, the rights issue provides increased flexibility to invest in and build in emerging sectors such as education in a thoughtful and disciplined way. So that's the overall strategy

With regards to rating agencies, we have been having regular dialogue with both the rating agencies. Both of them updated their research update opinion in Q1 2019. They are very much aware of our leverage ratios and there is open communication with regards this rights issue plan which mitigates bulk of this. Further, since there is an upward movement in the market price of Burgan bank and KIPCO share price, there has already been 2% improvement in our market leverage ratio. So a combination of market correction hopefully is in our favor, the performance of our underlying entity and rights issue will resolve this.

**Elena Sanchez:**

From our side I would like to thank the management team of KIPCO for taking the time for this call and also I would like to thank all participants for dialing in today.



# Disclaimer

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*Note: : Exchange rate of USD/KD of 0.3033 has been used in the presentation for financial numbers*

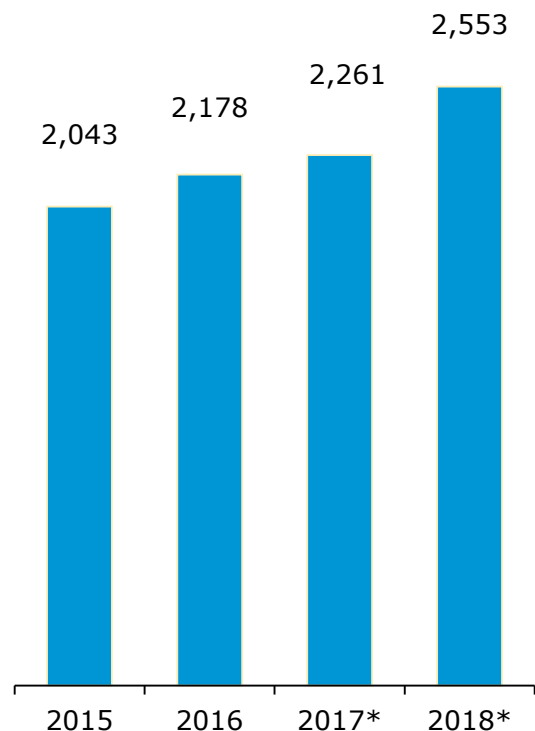


## Performance Update

# KIPCO consolidated: Financial performance

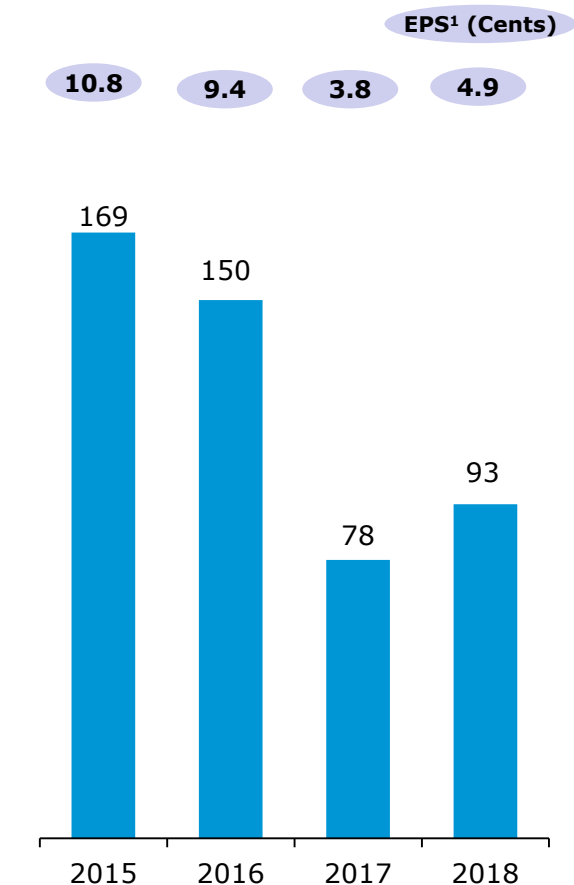
## Revenue

USDmn



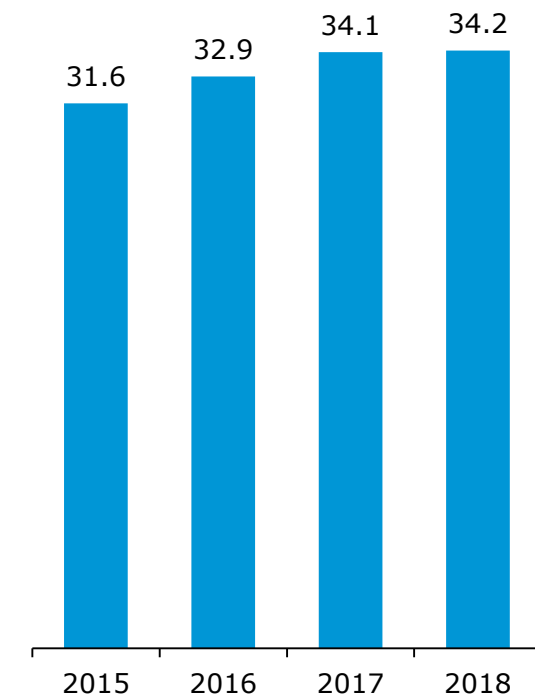
## Net Profit

USDmn



## Consolidated Assets

USDbn



\*In the consolidated financials of FY 2018, certain items of balance-sheet for the year ended 31 December 2017 have been restated in accordance with IAS 8: 'Accounting policies, changes in accounting estimates and errors' to account for a decrease in the Group's 'investment in a media joint venture'. Refer Note 2.1 of the consolidated financial statement for the year ended 31 December 2018 for details

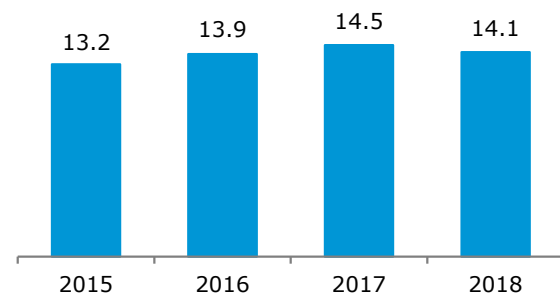
¹Basic Earning per share (reported)



# Burgan Bank Group (BBG)

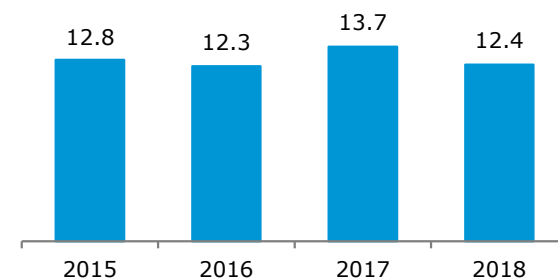
## Loans

USDbn



## Deposits

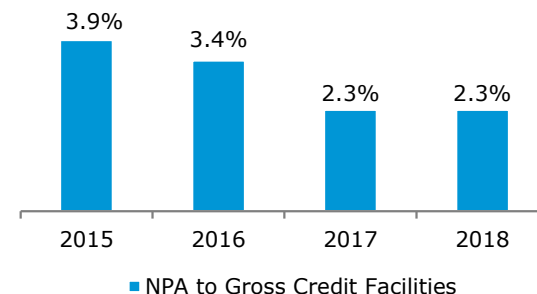
USDbn



## Asset Quality

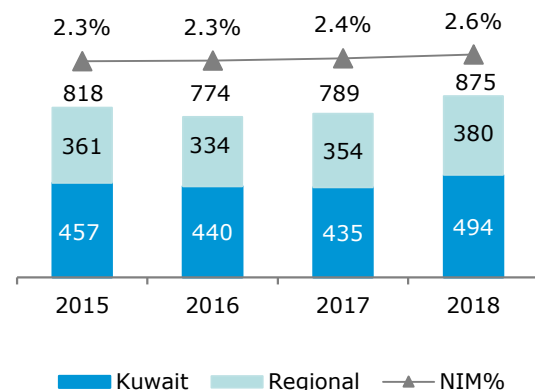
■ NPA coverage with collateral  
■ NPA coverage without collateral

184%	194%	233%	241%
120%	124%	159%	171%



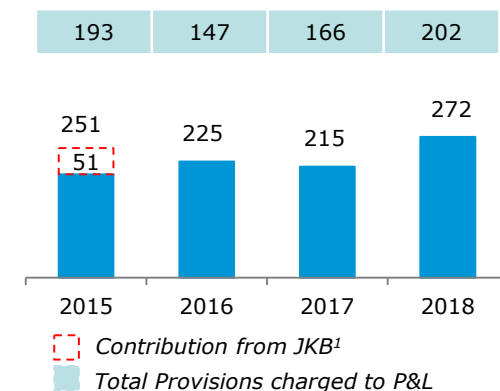
## Operating Income

USDmn



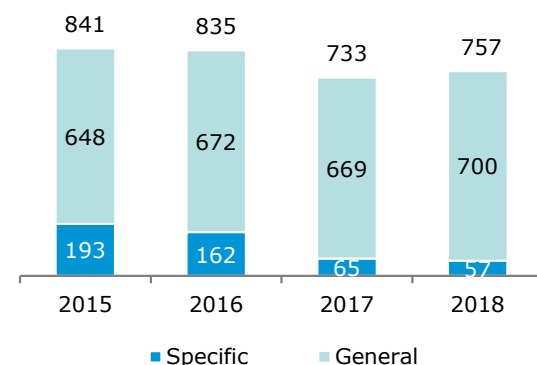
## Net Profit & Provision

USDmn



## Total Provision

USDmn



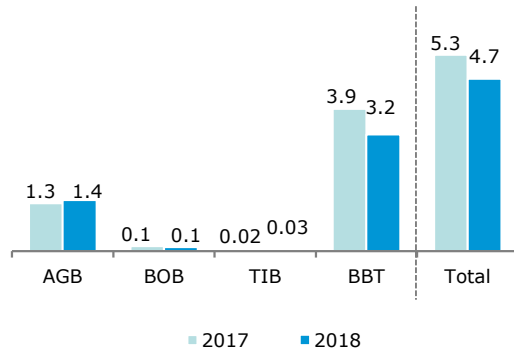
**Strong performance reflecting operational capabilities with strict focus on asset quality;  
Reported Basel III CAR as of 31<sup>th</sup> December 2018: 17.4%**

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

# BBG: Regional operations

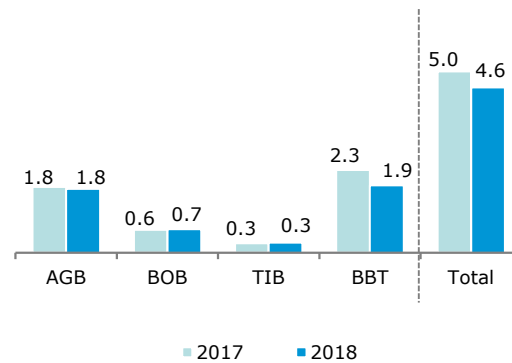
## Loans

USDbn



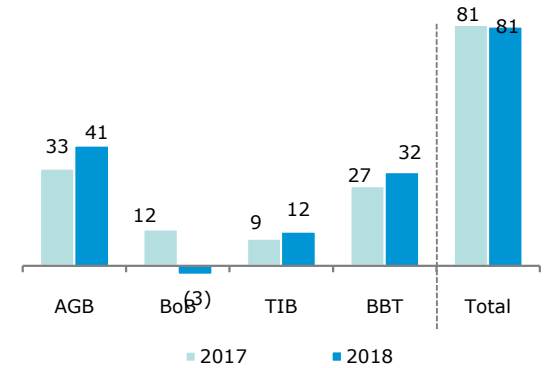
## Deposits

USDbn



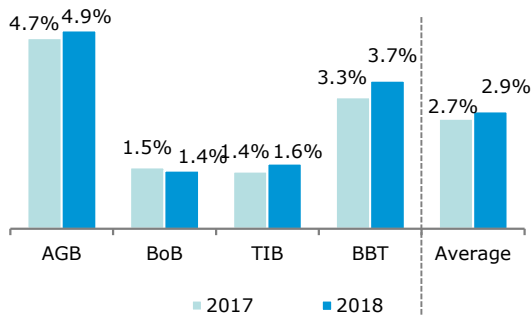
## Net Profit

USDmn



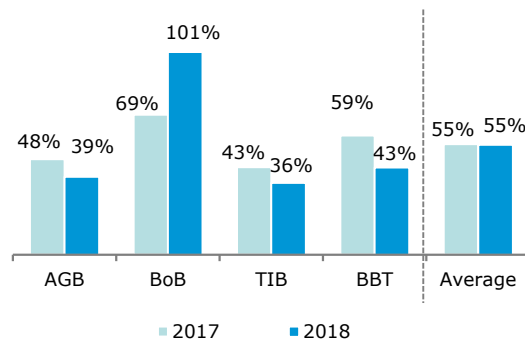
## Net Interest Margin

Percentage



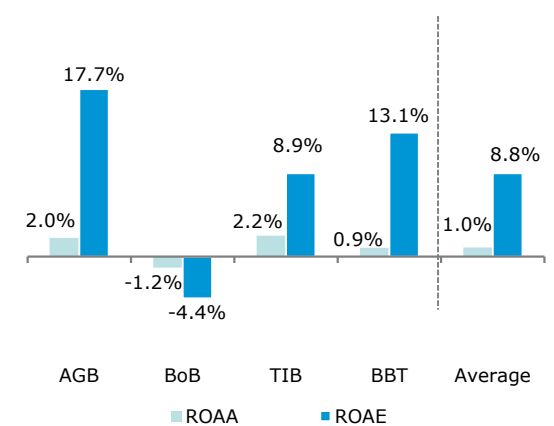
## Cost to Income

Percentage



## Return on Assets & Equity

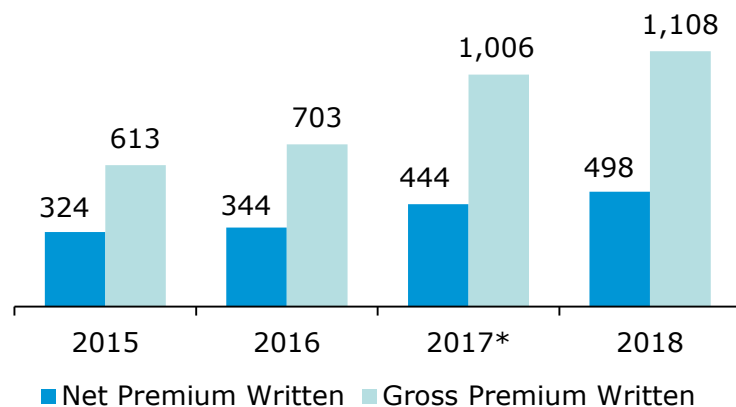
Percentage



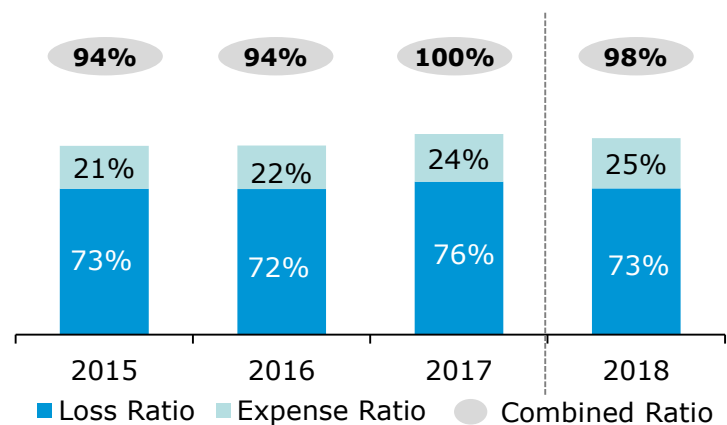
# Gulf Insurance Group (GIG)

## Gross & Net Premium Written

USDmn

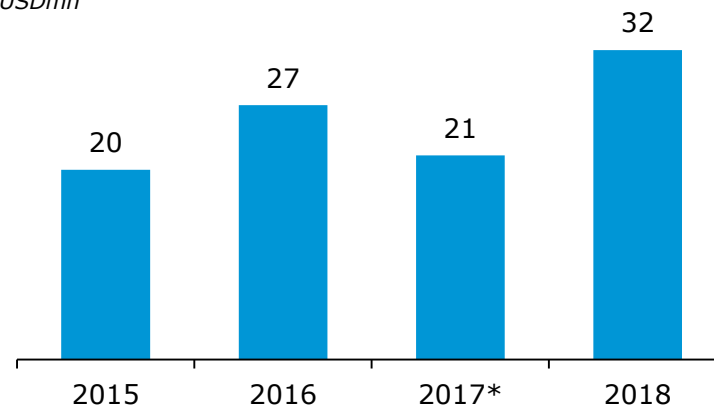


## Combined Ratio



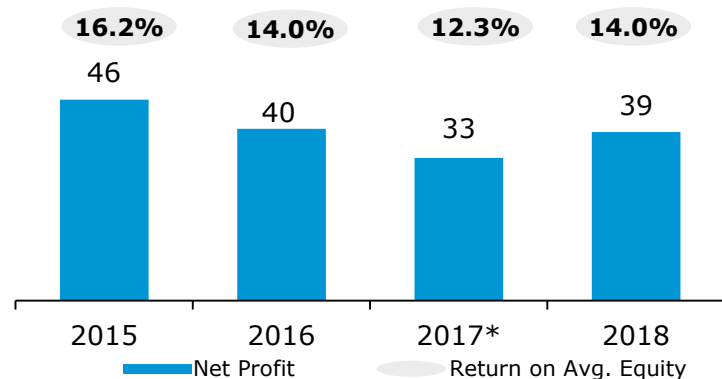
## Net Investment Income

USDmn



## Net Profit & ROE

USDmn

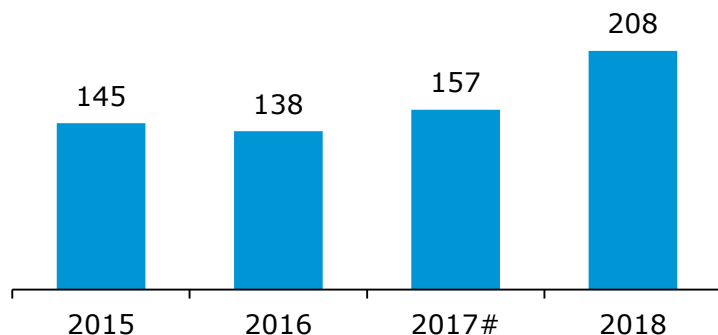


\*Restated

# United Gulf Holding Company (UGH)\*

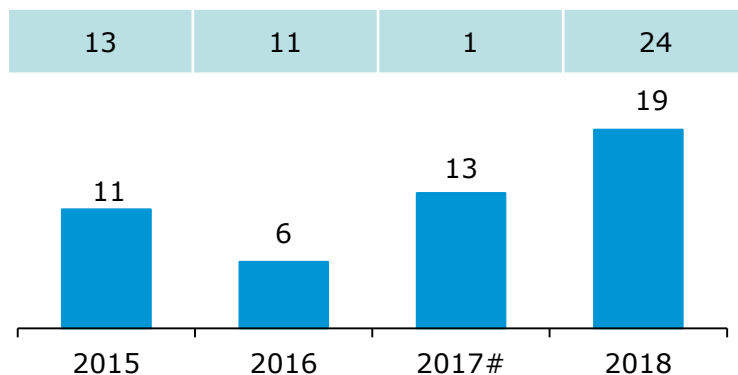
## Revenue

USDmn



## Net Profit & Provisions

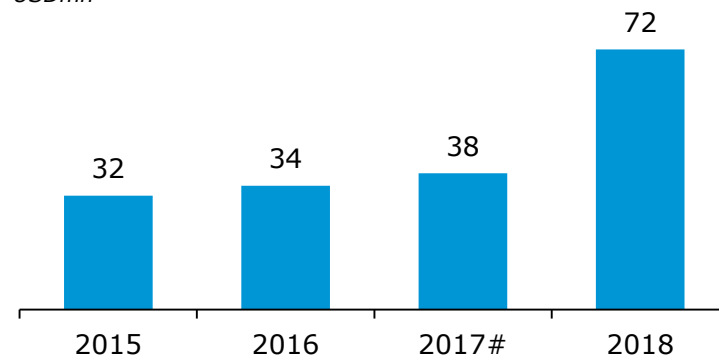
USDmn



■ Total Provisions Charge to P&L

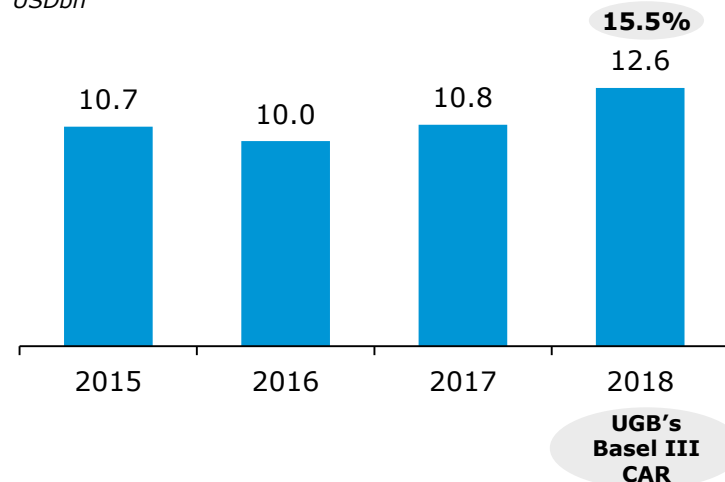
## Fee & Commission Income

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. (UGH) 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 UGH was incorporated in September 2017, financials of UGH for 2017 comprise of first nine months results for UGB and Q4'17 results for UGH

# OSN

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, 22k subs for WAVO, 32k subs for OSN Play and 134k subs for OSN Demand.

First in the region to introduce digital platform with OSN Play in 2012. Launched its OTT proposition OSN Go in 2014; New WAVO, with superior user experience and functionality, is expected to be re-launched in Q1'2019

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

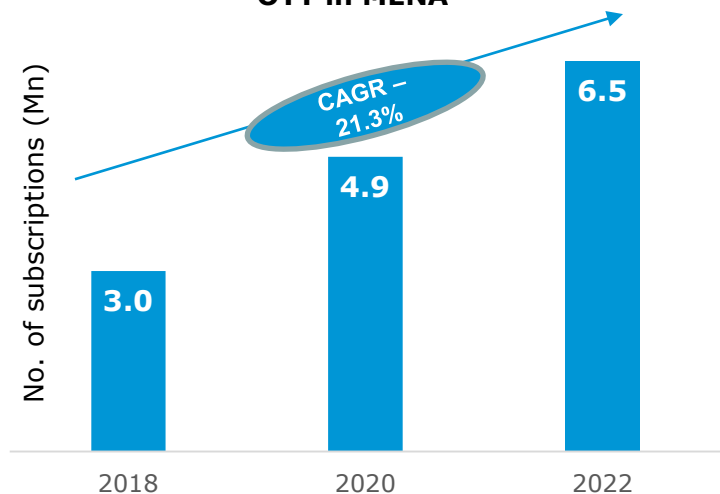
Premium content offerings with over 151 channels incl. 72 HD channels, and 31 owned and operated. Also, 38 South Asian channels and 15 Filipino channels.

~1,700 employees in 13 offices, 103 retail locations across MENA and a network of 166 partners

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

	Population (Mn)	Pay TV/ TV Households (%)
<b>MENA Region<sup>1</sup></b>	<b>358</b>	<b>~10%</b>
<b>Latin America</b>	623	55%
<b>UK</b>	66	56%
<b>India</b>	1,334	66%
<b>US</b>	328	78%

## Strong expected growth of OTT in MENA



Source: IHS Market

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);

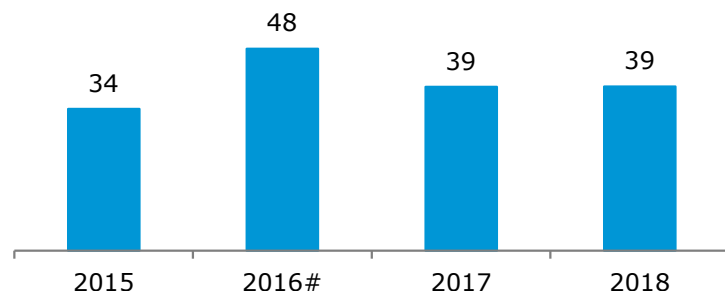
Source: IMF WEO Database October 2018, Euromonitor, Statista, Nielsen, Broadband TV News, Economic times

# Other key entities:

## United Industries Company (UIC)

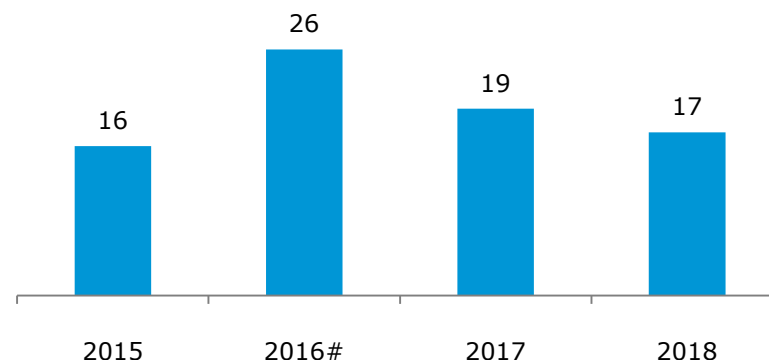
### Total Revenue

USDmn



### Net Profit

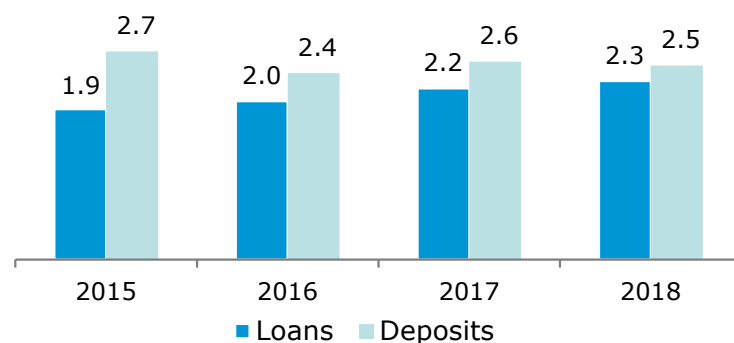
USDmn



## Jordan Kuwait Bank (JKB)

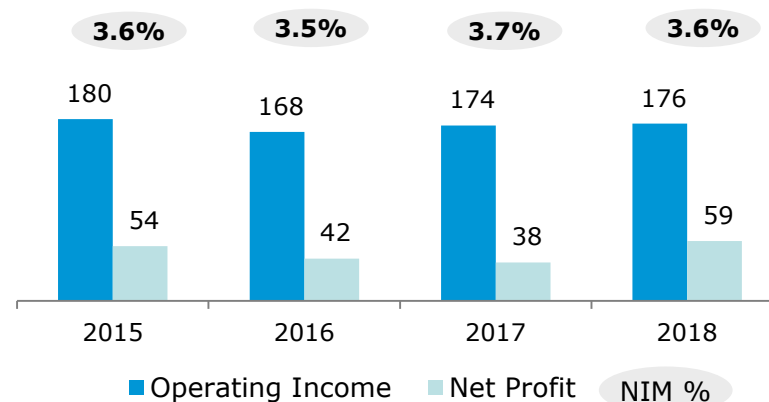
### Loans & Deposits

USDbn



### Operating Income & Net Profit

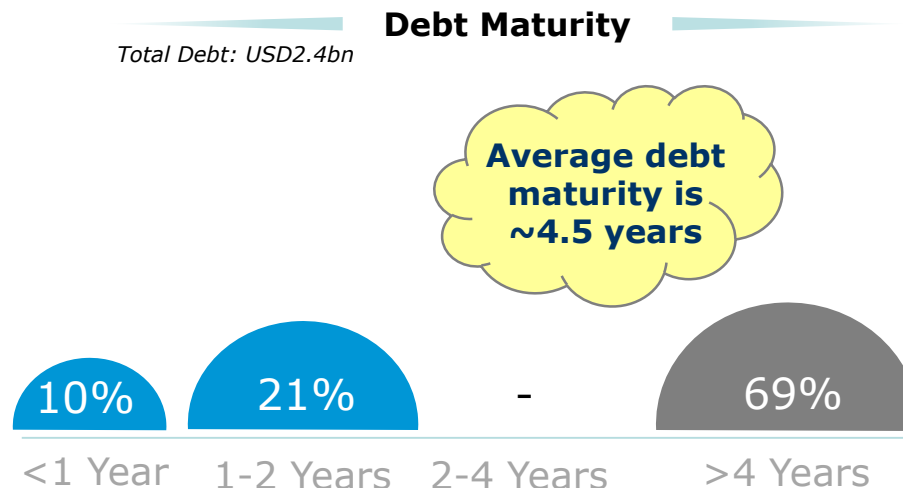
USDmn



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

Notes: Exchange rate of USD/JOD of 0.709 as of 31 December 2018 has been used for conversion

# KIPCO parent debt profile: As at 31 December 2018



- Cash & bank balance of USD1,174mn
  - The current cash balance covers all debt obligations due till 2022 (5.0x coverage for 2019)
- Placements are with investment grade rated domestic institutions; having short duration and are typically rolled over on a monthly basis

***In November 2018, KIPCO has issued a KD100mn (USD329mn) 5-year Kuwaiti Dinar Bond 1.35x Oversubscribed***

***Proceeds utilized to repay USD233mn EMTN due in February 2019***

# KIPCO consolidated: Balance Sheet

Consolidated Balance Sheet (USDmn)	2015 Restated	2016	2017 Restated	2018
Cash in hand and at banks	5,244	4,807	5,175	6,986
Treasury bills, bonds & other debt securities	2,242	2,226	2,132	2,395
Investment in associates	1,397	1,459	1,237	1,086
Investment in a media joint venture	550	493	586	-
Non-current assets held for sale	-	-	-	618
Investment properties	1,396	1,414	1,724	2,062
Other investments	1,920	1,875	2,067	1,710
Other assets (inc. goodwill & intangibles)	18,857	20,637	21,186	19,334
<b>Total assets</b>	<b>31,606</b>	<b>32,912</b>	<b>34,107</b>	<b>34,192</b>
Due to Banks & Other FI's	6,413	7,613	6,641	6,789
Deposits from Customers	15,990	15,891	16,911	16,115
Debt	3,938	4,226	4,895	6,044
Other liabilities	1,122	1,171	1,665	1,912
Equity attributable to equity holders of the Parent Company	1,663	1,554	1,448	913
Perpetual capital securities	475	483	483	483
Non-controlling interest	2,005	1,973	2,065	1,936
<b>Total liabilities and shareholders equity</b>	<b>31,606</b>	<b>32,912</b>	<b>34,107</b>	<b>34,192</b>



# KIPCO consolidated: Income Statement

Consolidated Income Statement (USDmn)	2015 Restated	2016	2017 Restated	2018
Interest income	1,026	1,228	1,274	1,468
Investment income	101	92	234	121
Fees and commission income	167	185	175	201
Share of results of associates	96	118	42	61
Share of results of a media joint venture	34	(21)	-	-
Hospitality and real estate income	219	254	309	361
Other revenues	399	321	227	343
<b>Total revenues</b>	<b>2,043</b>	<b>2,178</b>	<b>2,261</b>	<b>2,553</b>
Interest Expenses	604	793	818	982
General and administrative expenses	569	565	609	634
Other expenses and provisions	467	469	477	551
Taxation	54	60	51	34
Loss from discontinued operations	-	-	100	76
Non-controlling interest	179	140	128	183
<b>Net profit attributable to Equity Holders of the Parent Company</b>	<b>169</b>	<b>150</b>	<b>78</b>	<b>93</b>
Basic Earnings Per Share, Cents (Reported)	10.8	9.4	3.8	4.9
Basic Earnings Per Share for continuing operations, Cents (Reported)	-	-	10.8	10.4

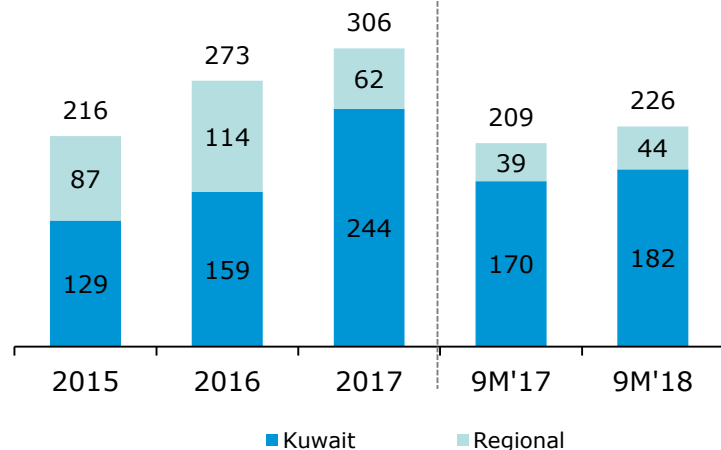


Thank you

# United Real Estate Company (URC)

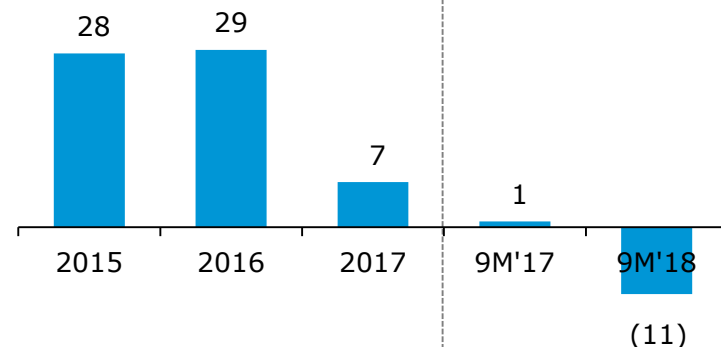
## Total Revenue<sup>1</sup>

USDmn



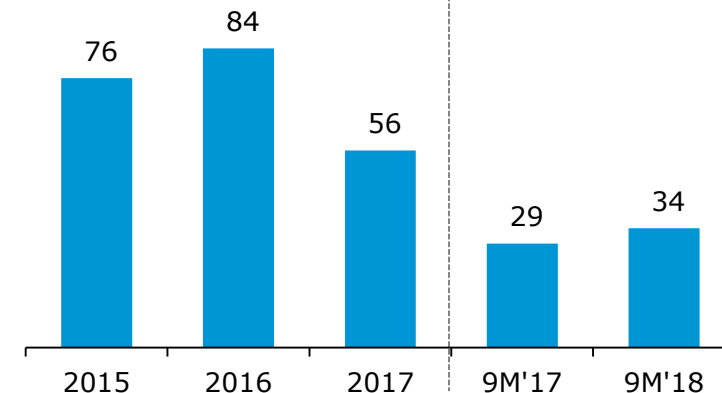
## Net Profit

USDmn



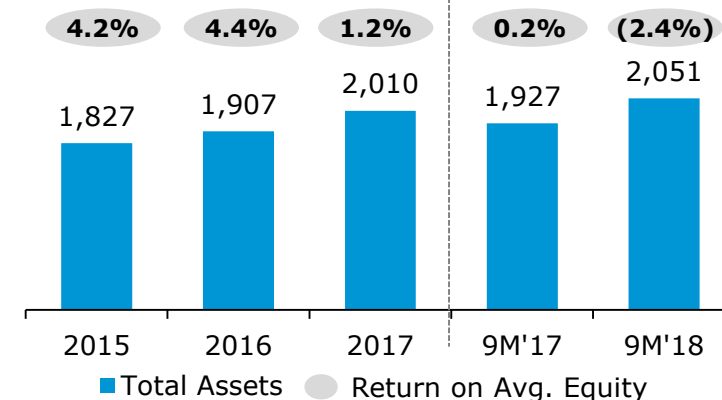
## Operating Profit<sup>2</sup>

USDmn



## Total Assets & ROE

USDmn



URC is expected to announce the results soon. We have therefore not disclosed the FY 2018 numbers.

<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

# A diversified company with deep regional expertise & roots



## We are

Operating holding company with total assets of USD34.3bn<sup>1</sup>

## Geography

Middle East and North Africa (MENA)

## Sectors

Primarily financial services & media

## Track record

27 years of continuous profitability,  
17 years of continuous dividends

## Returns

Attractive shareholder return

Majority owned  
by ruling family  
of Kuwait

A transparent  
company with  
an experienced  
management  
team

Listed on  
Kuwait Stock  
Exchange with a  
market cap of  
USD1.1bn<sup>2</sup>

Credit ratings:  
S&P: BBB-  
Moody's: Baa3













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

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

<sup>2</sup>As of 21 March 2019

Note: Exchange rate of USD/KD of 0.3033 has been used in the presentation for financial numbers

# Our presence by geographies & sectors

Geography	Major sectors							Revenue (2018) <sup>1</sup>
	Commercial banking	Media	Insurance	Real Estate	AMIB <sup>4</sup>	Industrial	Others	
Kuwait 	●	●	●	●	●	●	●	50%
KSA 		●	●			●		0%
UAE 		●	●	●	●			0%
Bahrain 		●	●	●	●			3%
Qatar 		●		●				0%
Turkey 	●		●					20%
Jordan 	●	●	●	●				11%
Egypt 		●	●	●			●	5%
Algeria 	●	●	●					6%
Iraq 	●	●	●					1%
Malta 	●				●			2%
Tunisia 	●	●			●			1%
Others	●	●	●	●	●		●	1%
Revenue (FY18) <sup>2</sup>	58%	-	17%	12%	5%	3%	5%	
Assets (FY18) <sup>3</sup>	75%	-	5%	9%	7%	2%	2%	

## 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 since Q3'2018

<sup>1</sup> Assuming consolidation of GIG <sup>2, 3</sup> Total revenue of USD3.2bn and total assets of USD38.0bn respectively, based on reported segmental revenue (before inter group eliminations) post consolidation of 100% revenue of GIG ; <sup>4</sup>AMIB = Asset Management & Investment Banking

# 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)