

كيبكو  
KIPCO

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



Investor Presentation : 9M 2018



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

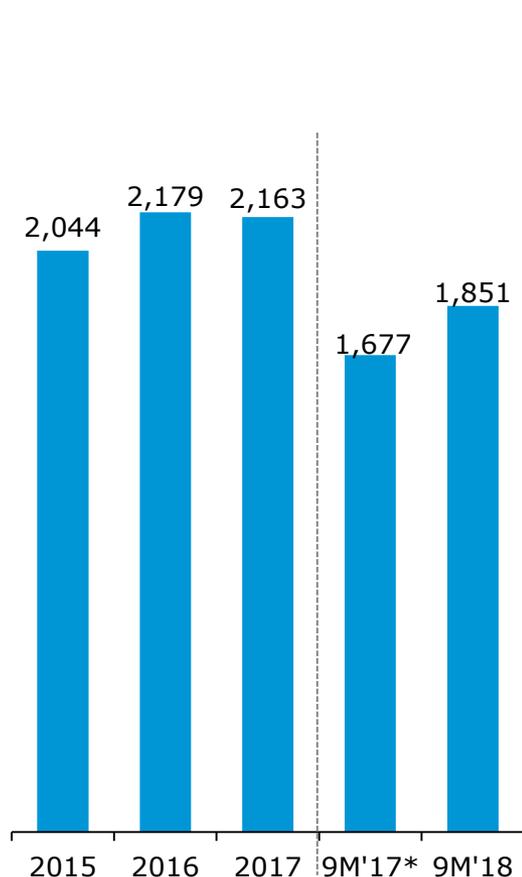


## Performance Update

# KIPCO consolidated: Financial performance

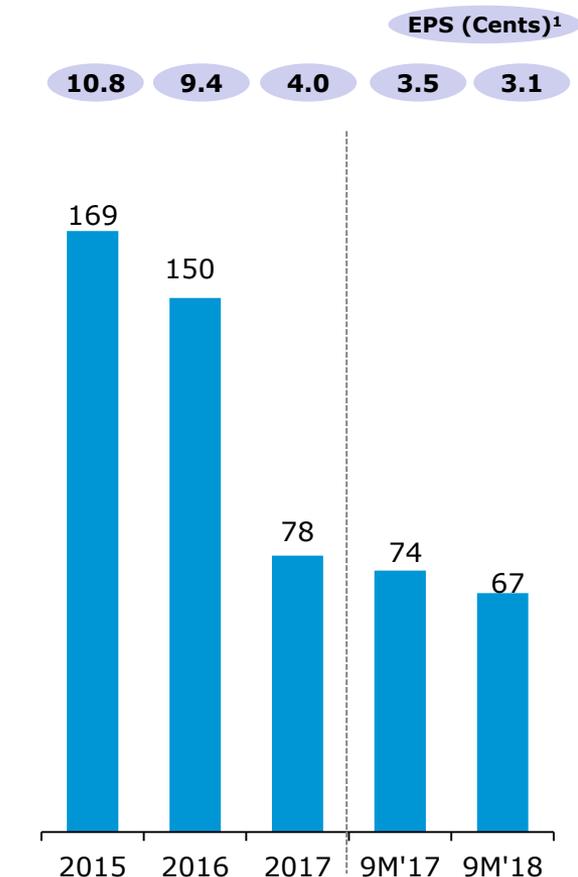
## Revenue

USDmn



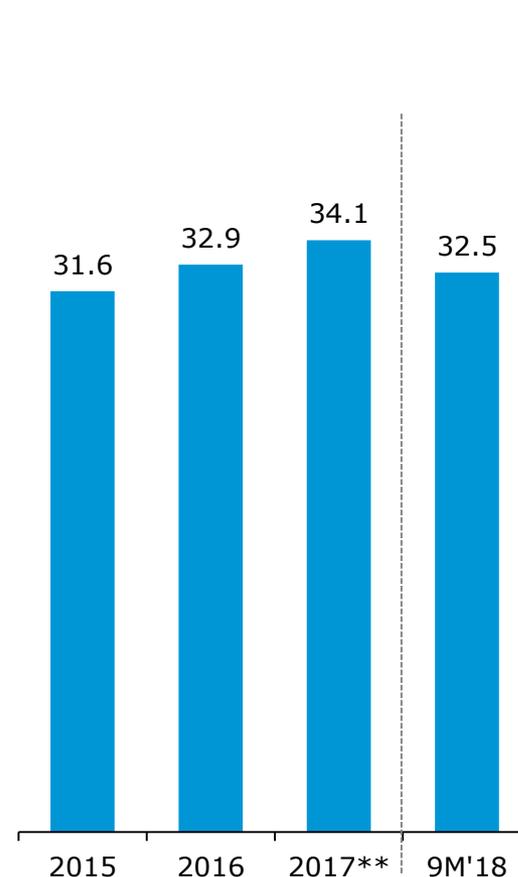
## Net Profit

USDmn



## Consolidated Assets

USDbn



\*In the 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

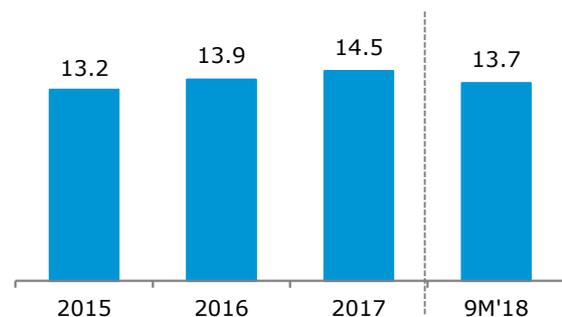
Note: : Exchange rate of USD/KD of 0.3031 has been used in the presentation for financial numbers

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

# Burgan Bank Group (BBG)

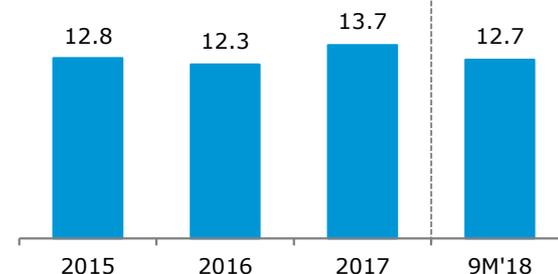
## Loans

USDbn



## Deposits

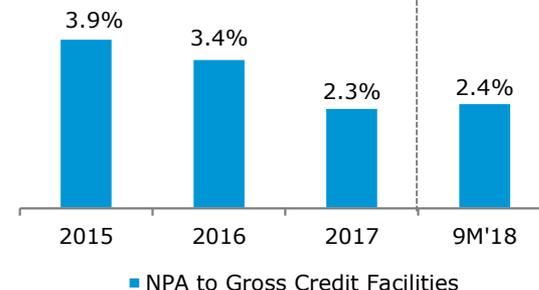
USDbn



## Asset Quality

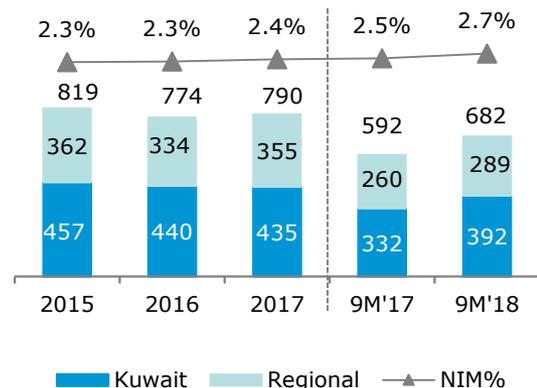
■ NPA coverage with collateral  
■ NPA coverage without collateral

2015	2016	2017	9M'18
184%	194%	233%	245%
120%	124%	159%	174%



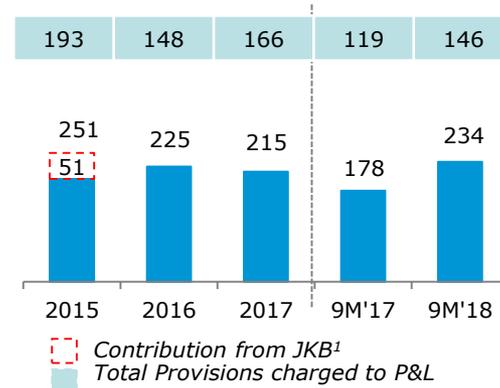
## Operating Income

USDmn



## Net Profit & Provision

USDmn



## Total Provision

USDmn



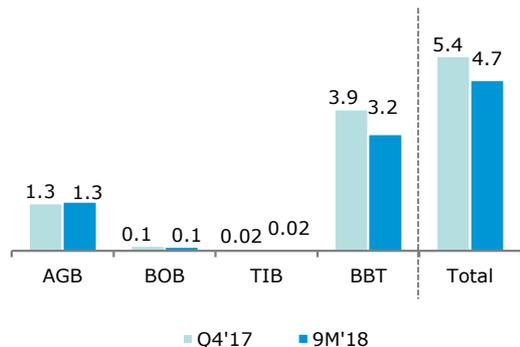
**Strong performance reflecting operational capabilities with strict focus on asset quality;  
Reported Basel III CAR as of 30<sup>th</sup> September 2018: 16.5%**

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

# BBG: Regional operations

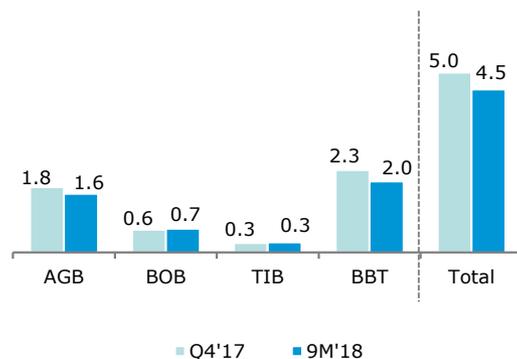
## Loans

USDbn



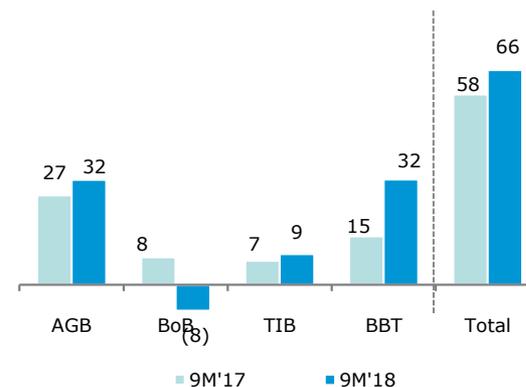
## Deposits

USDbn



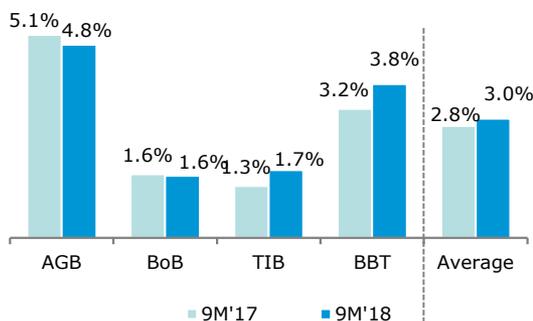
## Net Profit<sup>1</sup>

USDmn



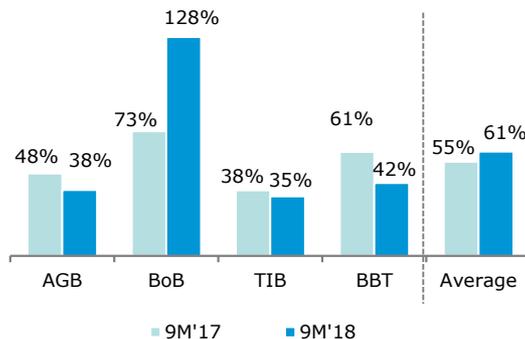
## Net Interest Margin

Percentage



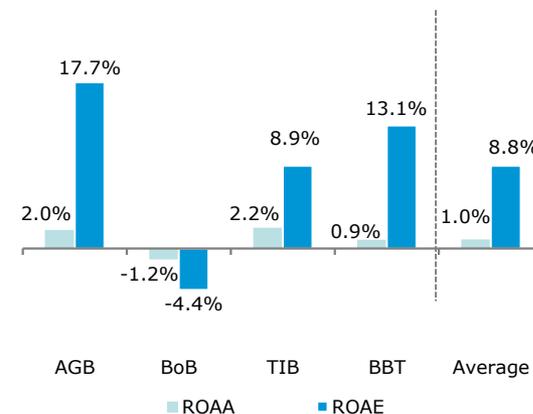
## Cost to Income

Percentage



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

Percentage



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

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

AGB = Gulf Bank Algeria

BOB = Bank of Baghdad

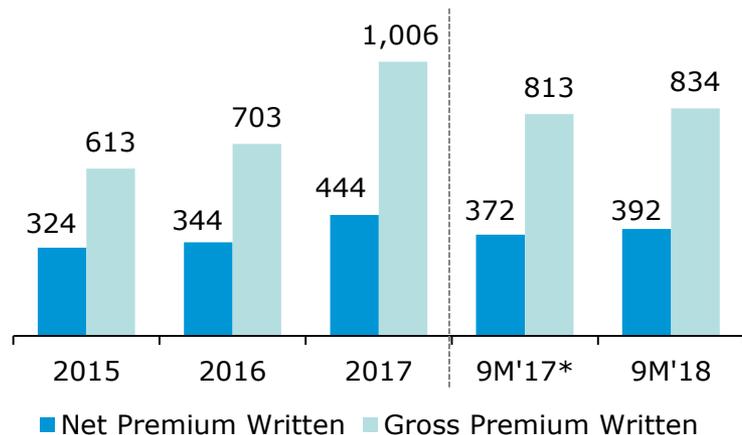
TIB = Tunis International Bank

BBT = Burgan Bank Turkey

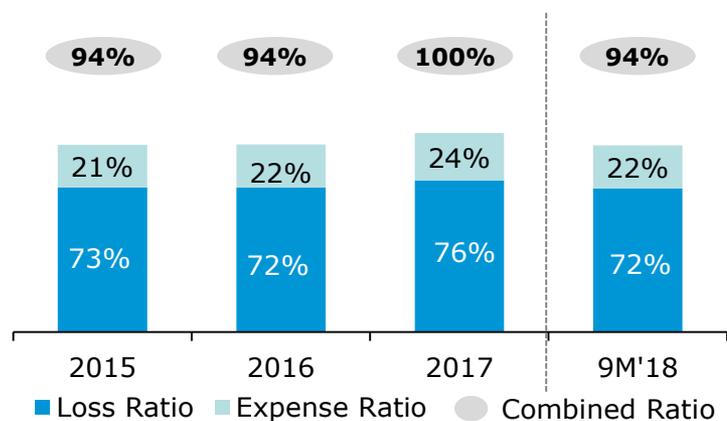
# Gulf Insurance Group (GIG)

## Gross & Net Premium Written

USDmn

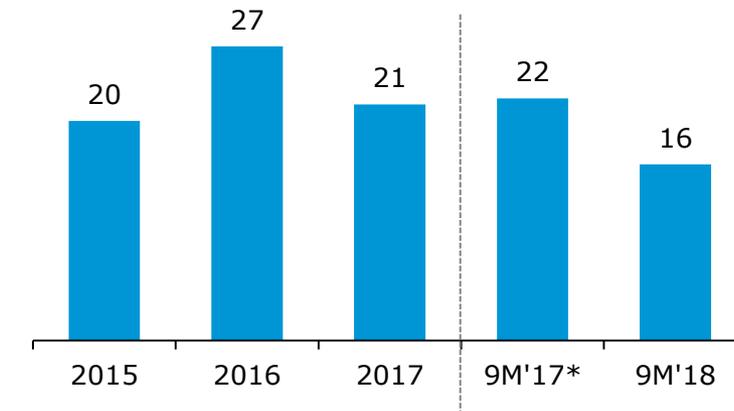


## Combined Ratio



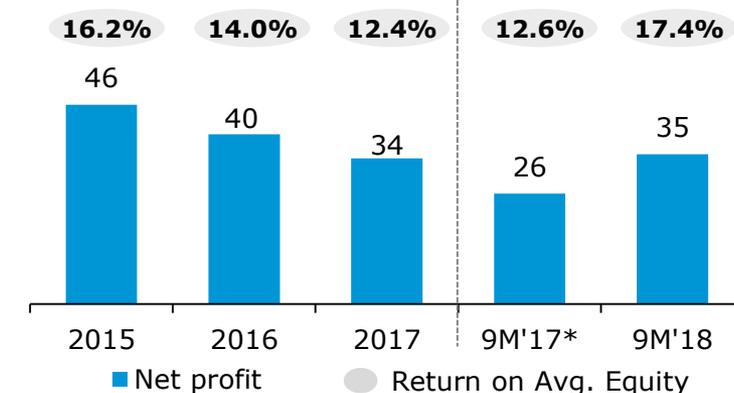
## Net Investment Income

USDmn



## Net Profit & ROE

USDmn

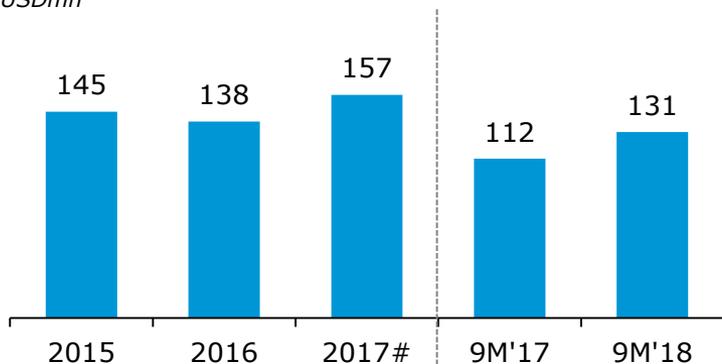


\*Restated

# United Gulf Holding Company (UGHC)\*

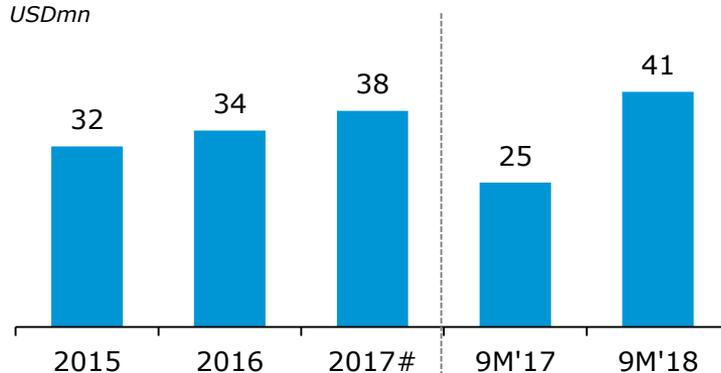
## Revenue

USDmn



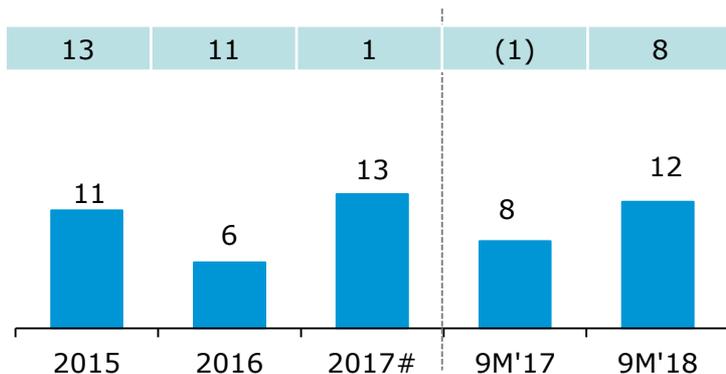
## Fee & Commission Income

USDmn



## Net Profit & Provisions

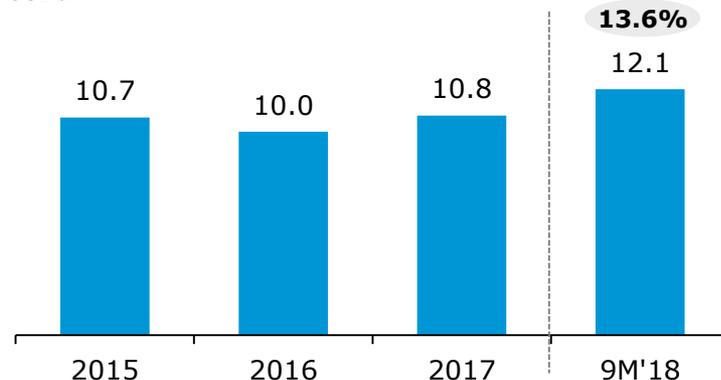
USDmn



Total Provisions Charge to P&L

## AuM & Capitalisation

USDbn



UGB's  
Basel III  
CAR

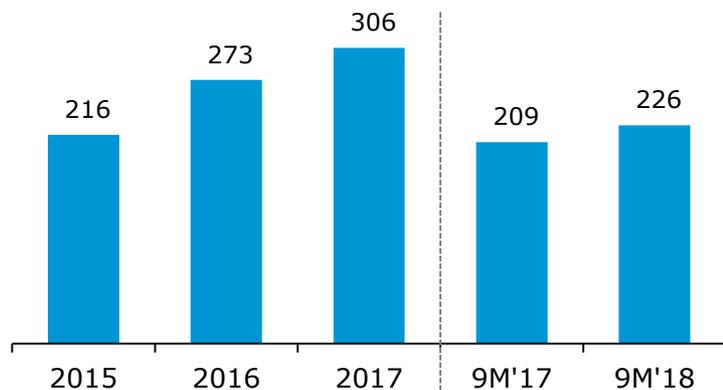
\*United Gulf Bank (UGB) has undergone corporate reorganization (in September 2017) and has split its operations across a holding company - United Gulf Holding Company B.S.C. (UGHC) and the regulated banking entity- UGB. For details, please refer press release: [UGB reorganization press release](#).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

# United Real Estate Company (URC)

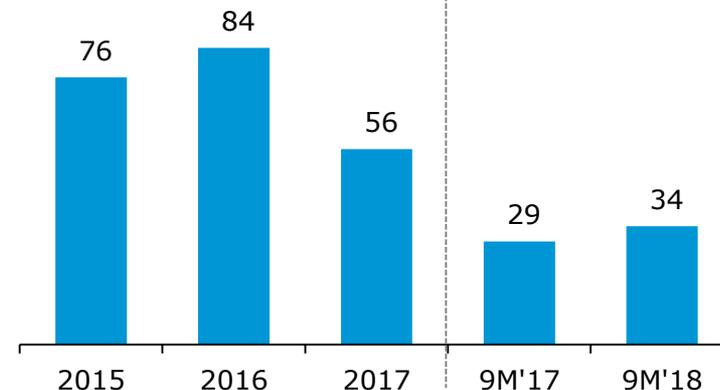
## Total Revenue<sup>1</sup>

USDmn



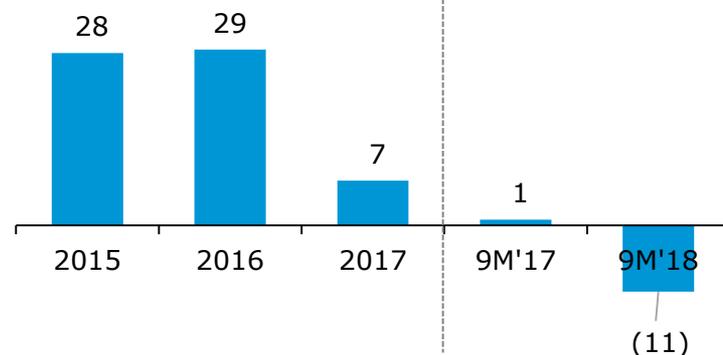
## Operating Profit<sup>2</sup>

USDmn



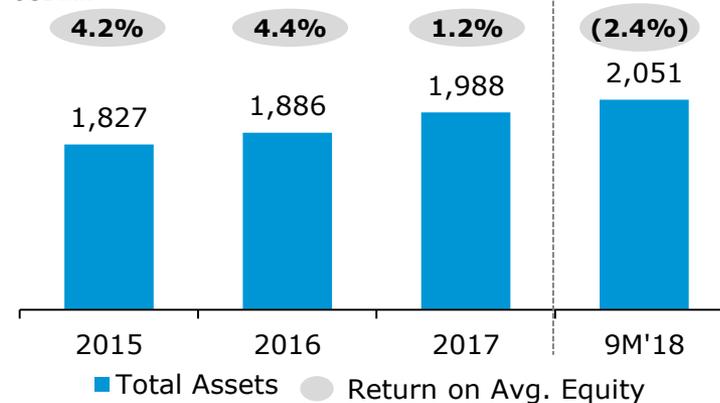
## Net Profit

USDmn



## Total Assets & ROE

USDmn



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

# 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, 25k subs for WAVO and 62k<sup>(1)</sup> subs for OSN on demand

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

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

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

~1,800 employees in 13 offices, 163 retail locations across MENA and a network of 156 partners

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

	Population (Mn)	Pay TV (Mn; Est.)	TV Households (Mn)	TV Households / Households (%)	Pay TV / TV Households (%)
<b>MENA Region<sup>2</sup></b>	<b>358</b>	<b>7</b>	<b>72</b>	<b>96%</b>	<b>~10%</b>
<b>Latin America</b>	623	72	180	NA	40%
<b>UK</b>	66	15	27	97%	56%
<b>India</b>	1,334	164	197	66%	83%
<b>US</b>	328	93	120	96%	77%

Notes:

<sup>1</sup> OSN on demand subs as of Sept'18

<sup>2</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);

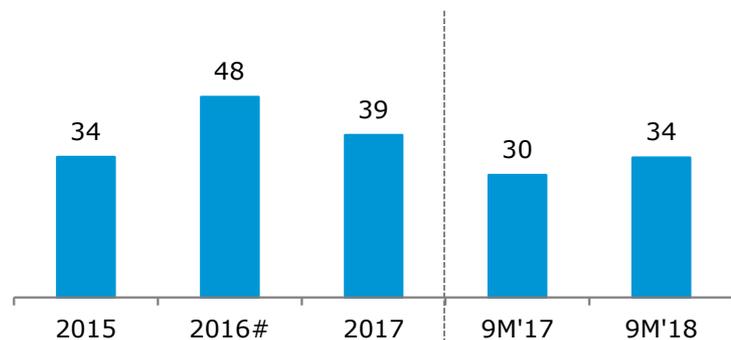
Source: IMF WEO Database October 2018, Euromonitor, Statista, Nielsen, Broadband TV News, Economic times

# Other key entities:

## United Industries Company (UIC)

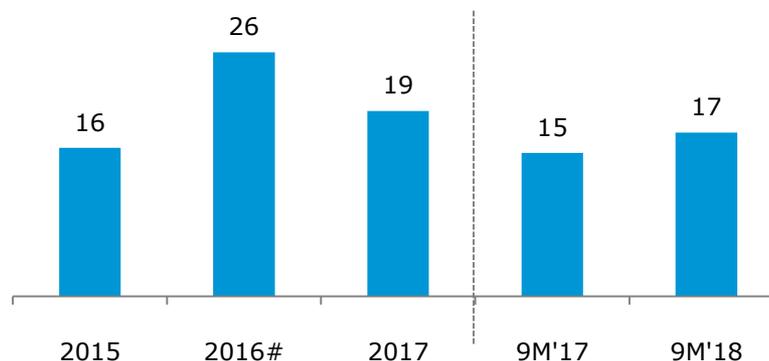
### Total Revenue

USDmn



### Net Profit

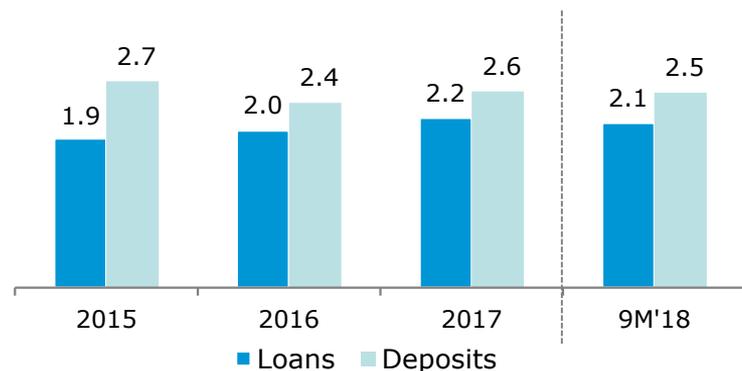
USDmn



## Jordan Kuwait Bank (JKB)

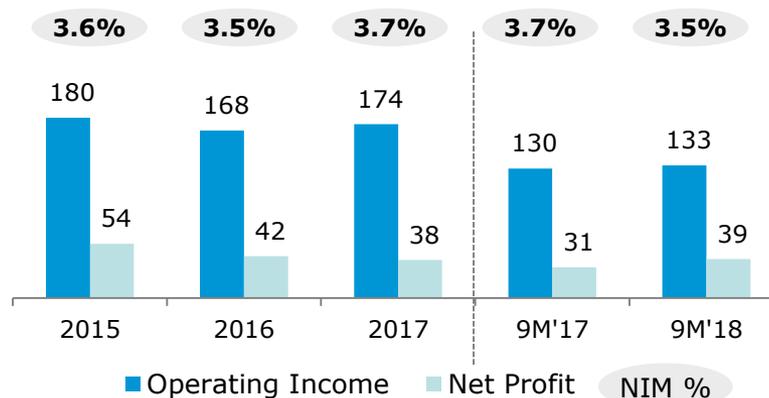
### Loans & Deposits

USDbn



### Operating Income & Net Profit

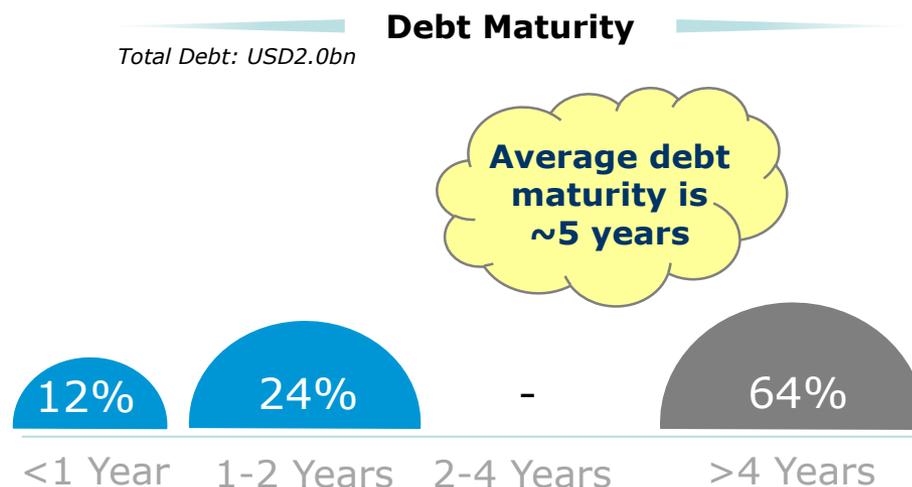
USDmn



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

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

# KIPCO parent debt profile: As at 30 September 2018



- Cash & bank balance of USD1,090mn
  - The current cash balance covers all debt obligations due till 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

***In November 2018, KIPCO has issued a KD100mn (USD330mn) 5-year Kuwaiti Dinar Bond  
1.4x Oversubscribed  
Proceeds to be utilized to repay USD233mn EMTN due in February 2019***

# KIPCO consolidated: Balance Sheet

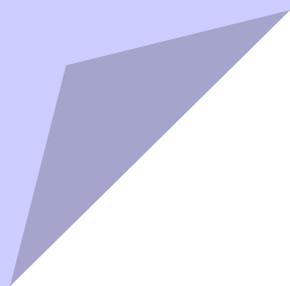
Consolidated Balance Sheet (USDmn)	2015 Restated	2016	2017 Restated	9M 2018
Cash in hand and at banks	5,247	4,810	5,178	5,749
Treasury bills, bonds & other debt securities	2,243	2,228	2,134	2,415
Investment in associates	1,398	1,460	1,238	1,202
Investment in a media joint venture	551	494	587	-
Non-current assets held for sale	-	-	-	599
Investment properties	1,397	1,415	1,725	1,737
Other investments	1,922	1,876	2,069	1,231
Other assets (inc. goodwill & intangibles)	18,870	20,651	21,199	19,613
<b>Total assets</b>	<b>31,627</b>	<b>32,933</b>	<b>34,130</b>	<b>32,546</b>
Due to Banks & Other FI's	6,418	7,618	6,783	5,764
Deposits from Customers	16,001	15,902	16,854	16,460
Debt	3,941	4,229	4,829	5,084
Other liabilities	1,122	1,172	1,666	1,823
Equity attributable to equity holders of the Parent Company	1,664	1,555	1,449	996
Perpetual capital securities	475	483	483	483
Non-controlling interest	2,006	1,975	2,065	1,936
<b>Total liabilities and shareholders equity</b>	<b>31,627</b>	<b>32,933</b>	<b>34,130</b>	<b>32,546</b>

# KIPCO consolidated: Income Statement

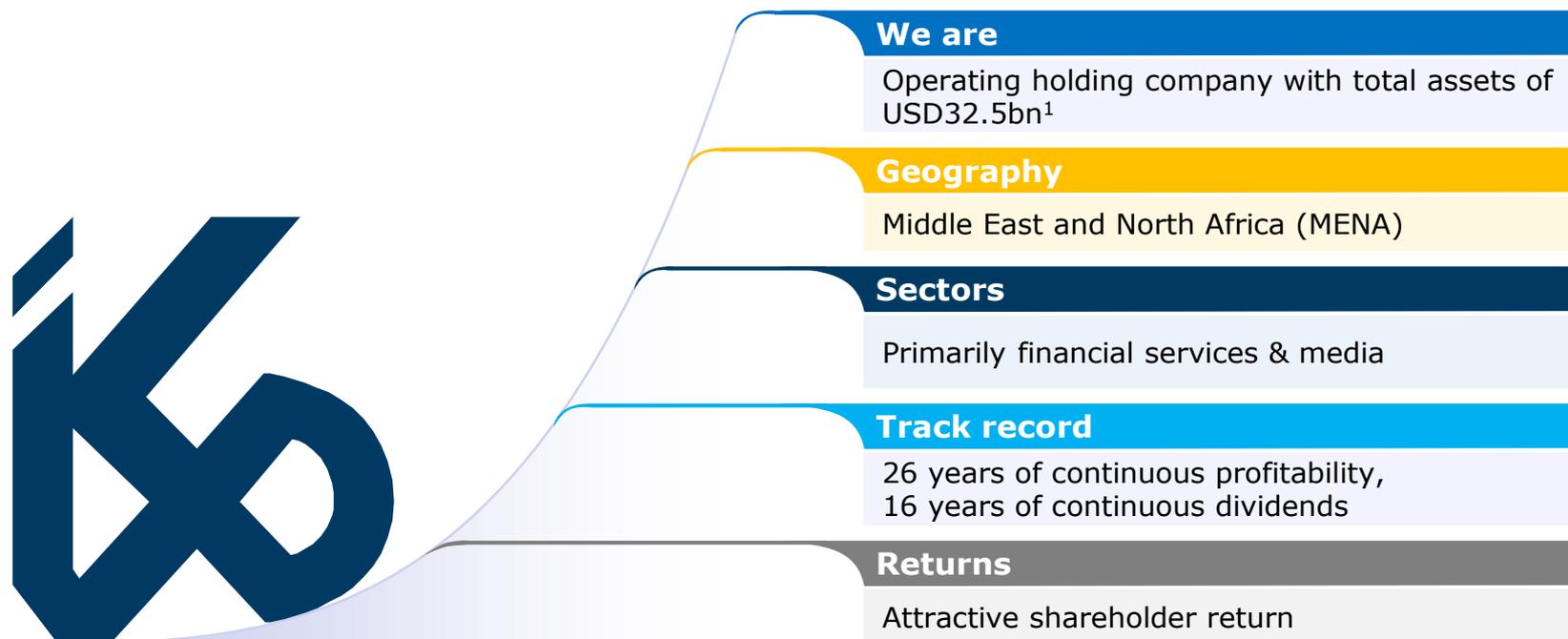
Consolidated Income Statement (USDmn)	2015 Restated	2016	2017	9M 2017	9M 2018
Interest income	1,027	1,229	1,275	943	1,076
Investment income	101	92	234	174	58
Fees and commission income	167	185	175	136	138
Share of results of associates	96	119	42	32	54
Share of results of a media joint venture	34	(21)	(100)	-	-
Hospitality and real estate income	220	255	309	229	240
Other revenues	399	322	227	163	286
<b>Total revenues</b>	<b>2,044</b>	<b>2,179</b>	<b>2,163</b>	<b>1,677</b>	<b>1,851</b>
Interest Expenses	604	794	819	611	704
General and administrative expenses	570	565	610	424	453
Other expenses and provisions	468	469	477	376	385
Taxation	54	60	51	34	39
Loss from discontinued operations	-	-	-	61	76
Non-controlling interest	179	140	128	98	127
<b>Net profit attributable to Equity Holders of the Parent Company</b>	<b>169</b>	<b>150</b>	<b>78</b>	<b>74</b>	<b>67</b>
Basic Earnings Per Share, Cents (Reported)	10.8	9.4	4.0	3.5	3.1
Basic Earnings Per Share for continuing operations, Cents (Reported)	-	-	-	7.8	8.5



Thank you



# A diversified company with deep regional expertise & roots



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 30 September 2018

<sup>2</sup>As on 07 Nov 2018

Note: : Exchange rate of USD/KD of 0.3031 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 (9M'18) <sup>2</sup>	58%	-	17%	11%	5%	4%	5%	
Assets (9M'18) <sup>3</sup>	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

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

<sup>2, 3</sup> 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**

<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)