



# Investor Presentation | November, 2019

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*Note: : Exchange rate of USD/KD of 0.30405 has been used in the presentation for financial numbers*



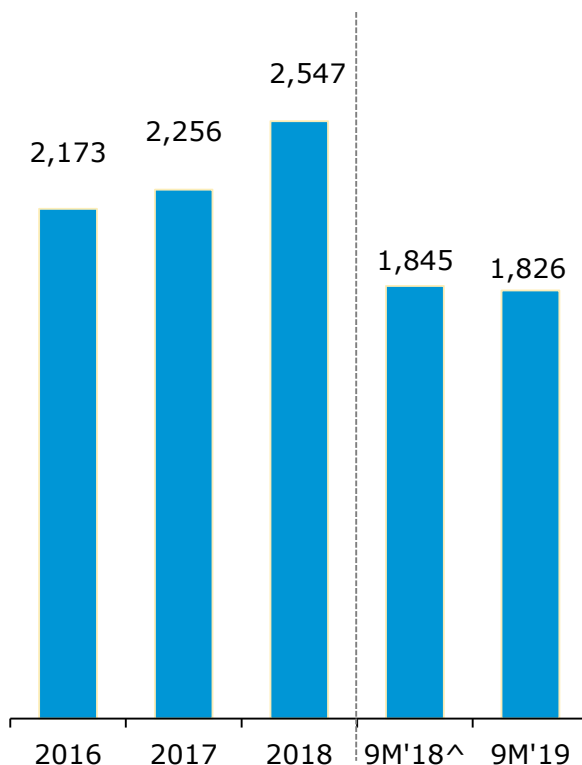
## Performance Update



# KIPCO consolidated: Financial performance

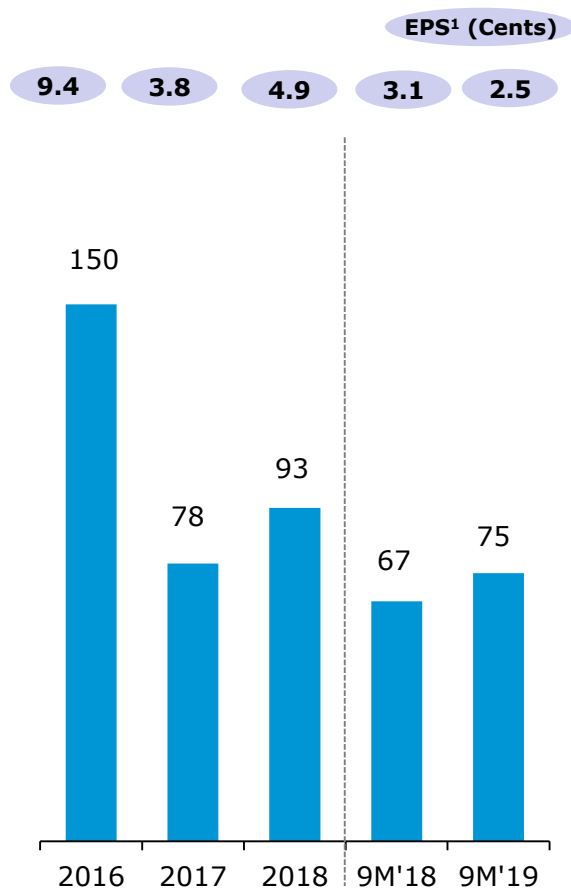
## Revenue

USDmn



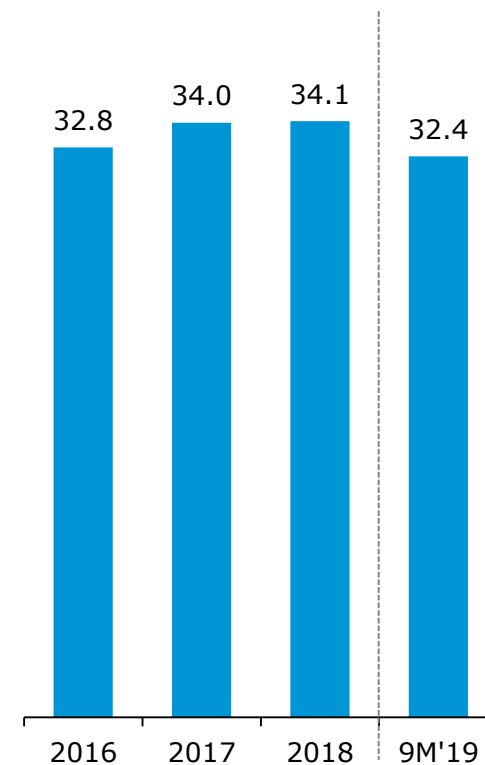
## Net Profit

USDmn



## Consolidated Assets

USDbn



<sup>^</sup> Restated to reflect change in classification of OSN as a discontinued operation, accordingly share of loss from OSN has been classified as loss from discontinued operation

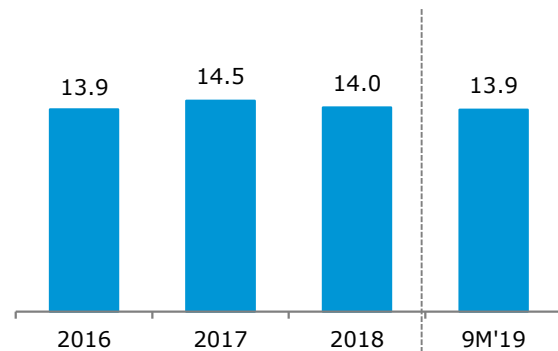
Note: Exchange rate of USD/KD of 0.30405 has been used in the presentation for financial numbers

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

# Burgan Bank Group (BBG)

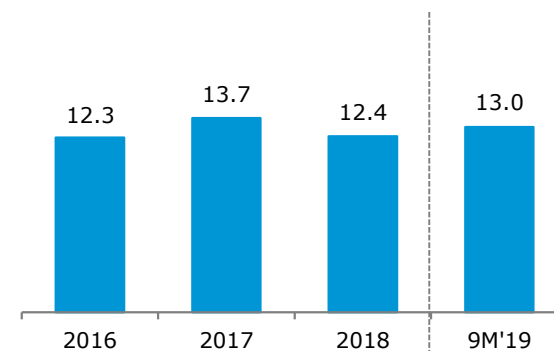
## Loans

USDbn



## Deposits

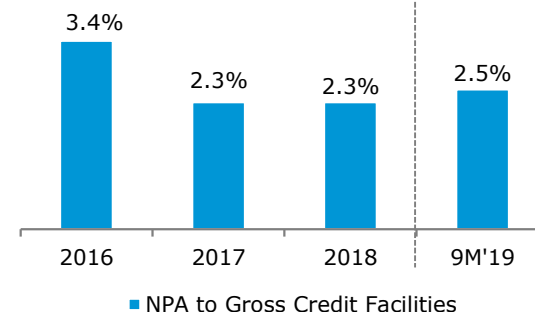
USDbn



## Asset Quality

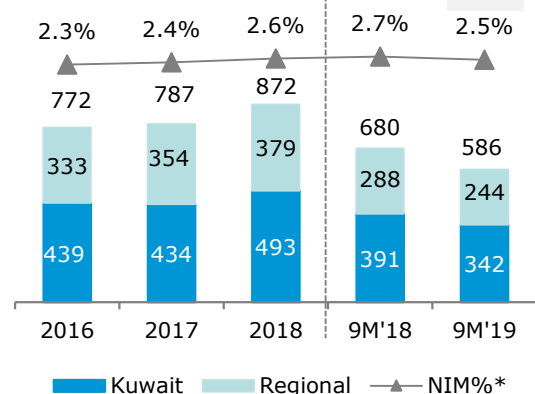
■ NPA coverage with collateral  
■ NPA coverage without collateral

2016	2017	2018	9M'19
194%	233%	241%	246%
124%	159%	171%	166%



## Operating Income

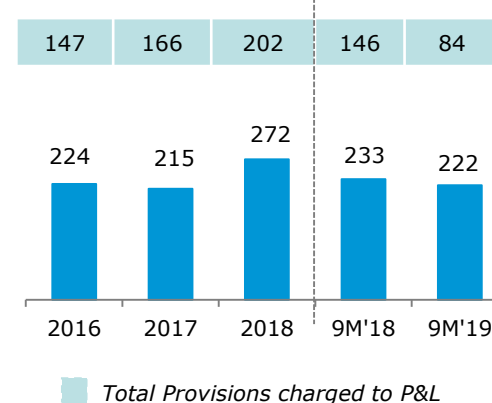
USDmn



\* Annualizing factor used for NIM calculation is 1.3  
<sup>1</sup>On nine months run rate basis

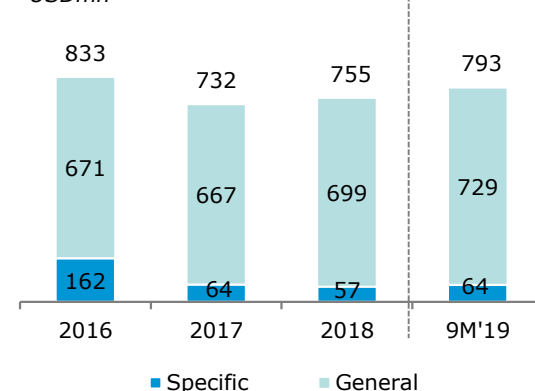
## Net Profit & Provision

USDmn



## Total Provision

USDmn

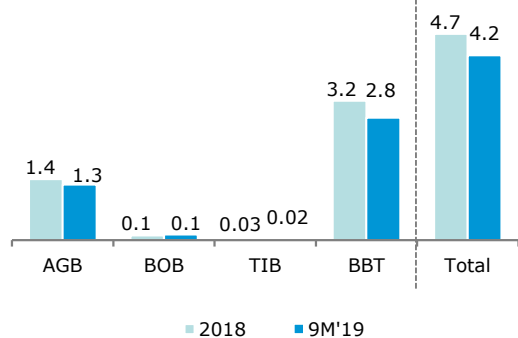


**Strong performance reflecting operational capabilities with strict focus on asset quality;  
 Basel III CAR : 16.6%**

# BBG: Regional operations

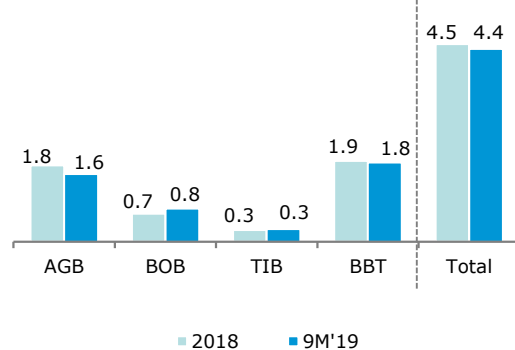
## Loans

USDbn



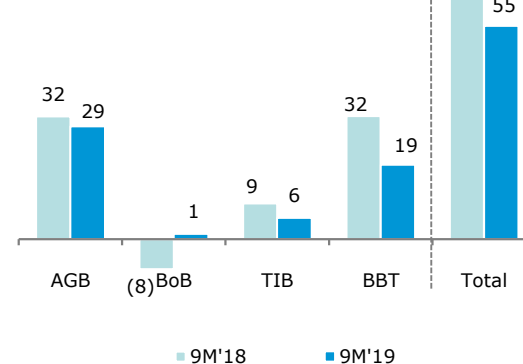
## Deposits

USDbn



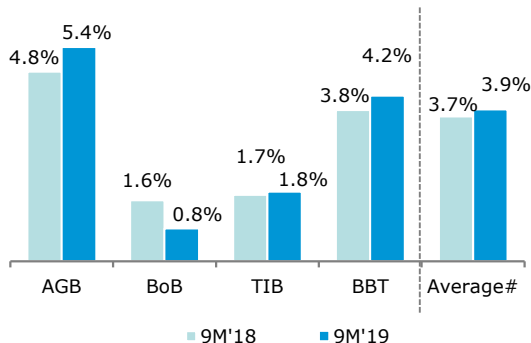
## Net Profit

USDmn



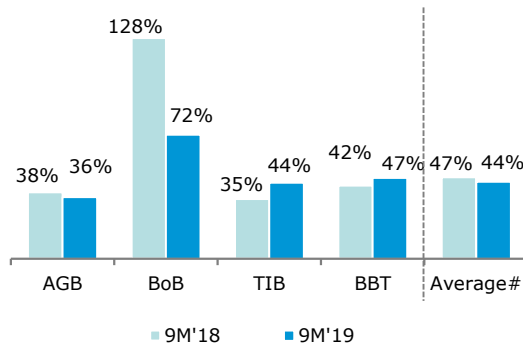
## Net Interest Margin\*

Percentage



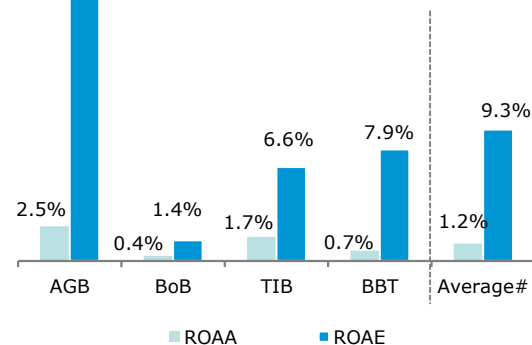
## Cost to Income

Percentage



## Return on Assets & Equity\*

Percentage

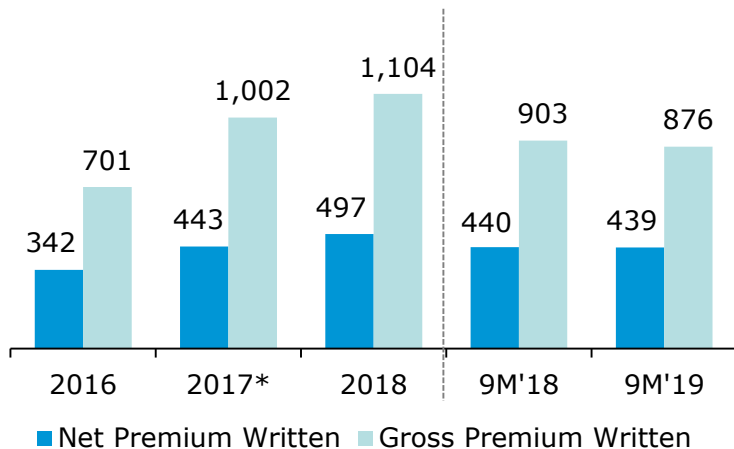


\* Annualizing factor used in 9M'19 for AGB, TIB, BBT calculation is 1.5 due to eight month reporting  
 # Represents weighted average figures using the denominator of respective ratio as weights

# Gulf Insurance Group (GIG)

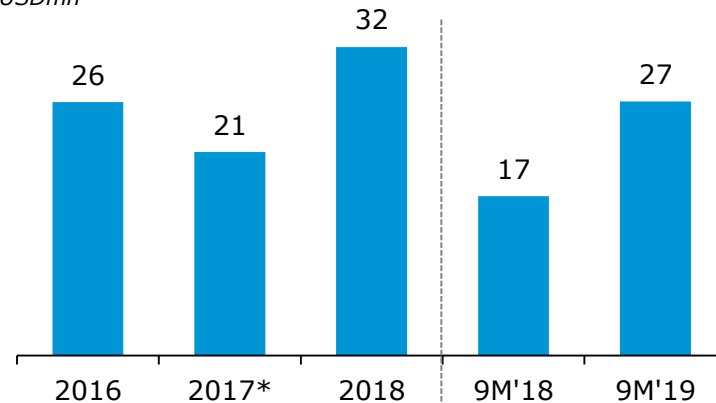
## Gross & Net Premium Written

USDmn

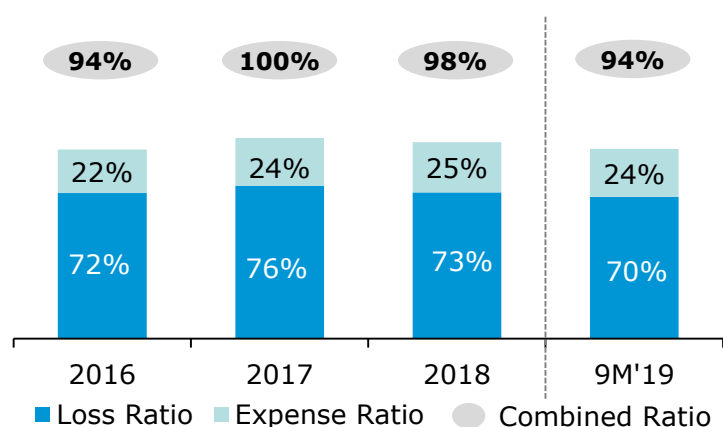


## Net Investment Income

USDmn

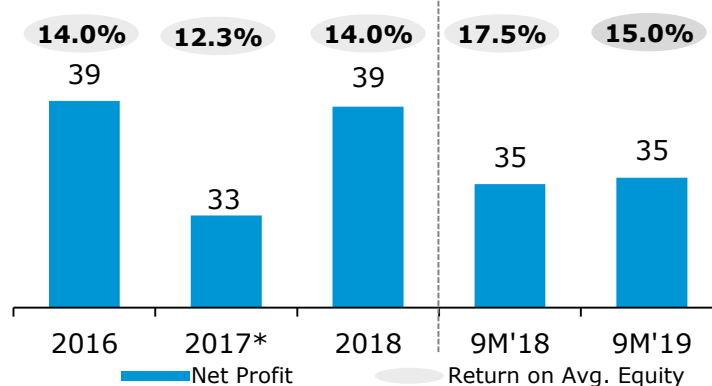


## Combined Ratio



## Net Profit & ROE

USDmn

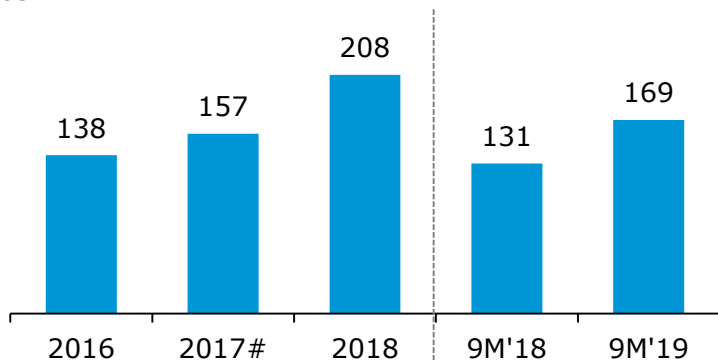


\*Restated

# United Gulf Holding Company (UGH)

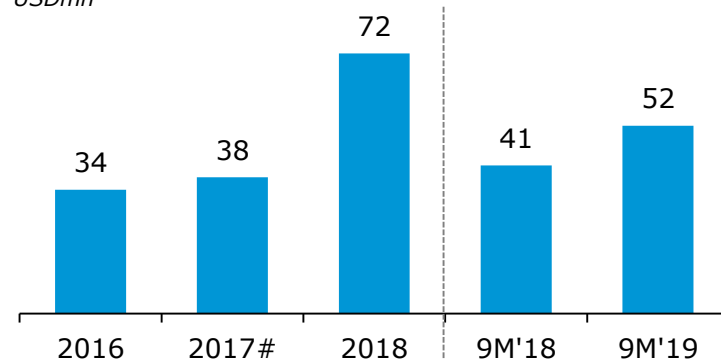
## Revenue

USDmn



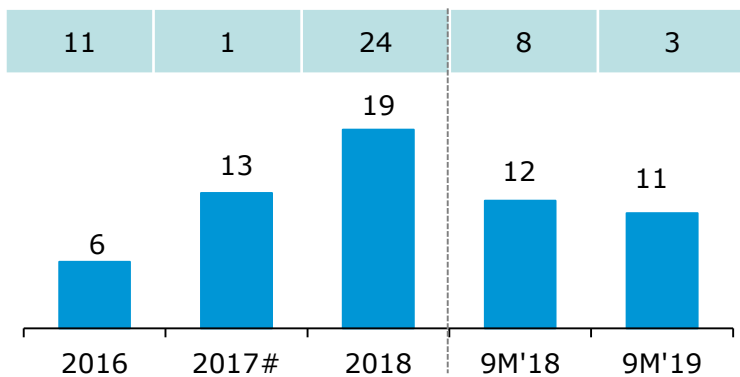
## Fee & Commission Income

USDmn



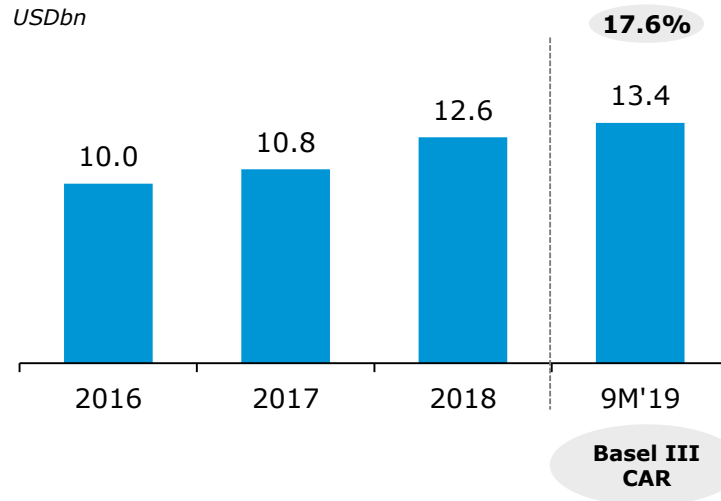
## Net Profit & Provisions

USDmn



## AuM & Capitalisation

USDbn

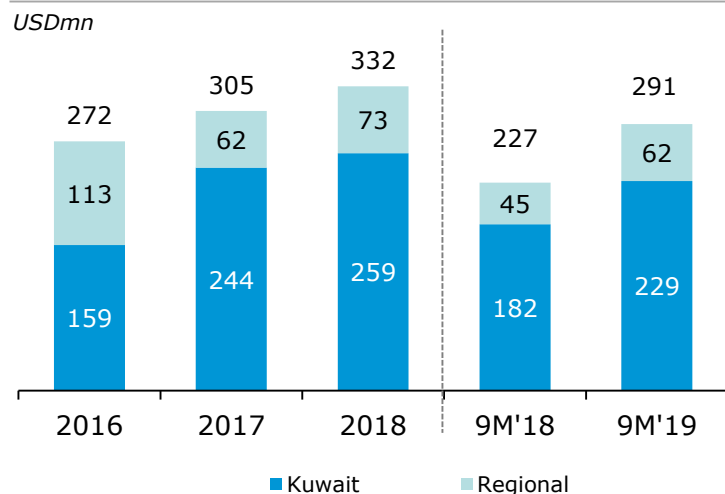


# As UGH was incorporated in September 2017, financials of UGH for 2017 comprise of first nine months results for UGB and Q4'17 results for UGH

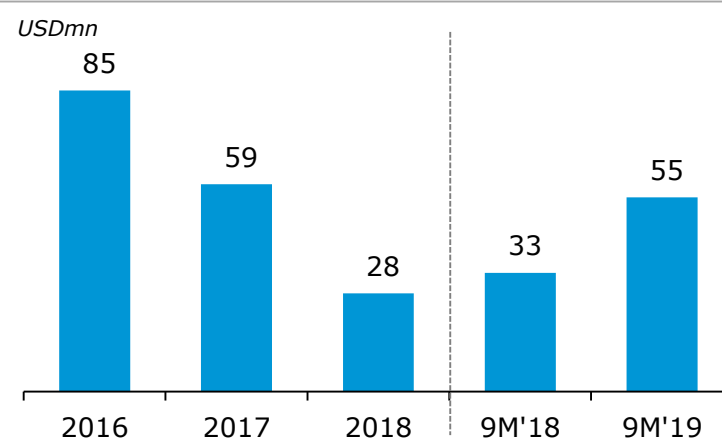


# United Real Estate Company (URC)

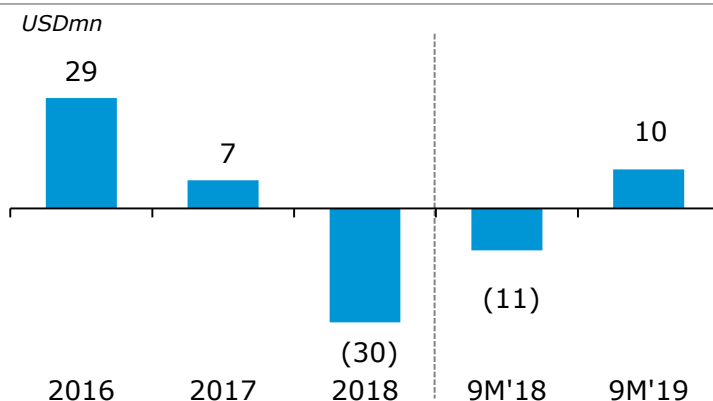
## Total Revenue<sup>1</sup>



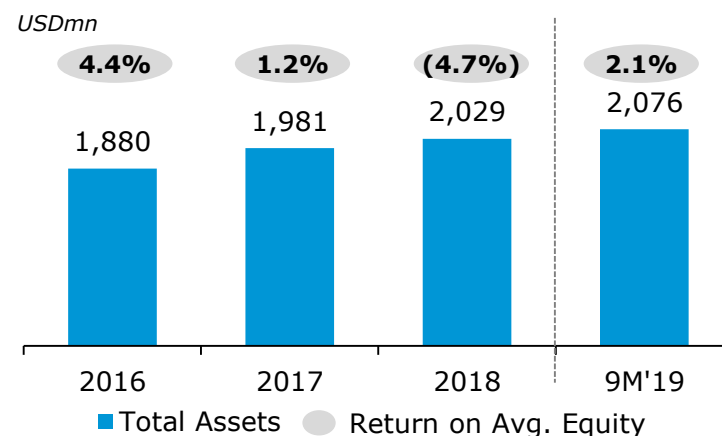
## Operating Profit<sup>2</sup>



## Net Profit



## Total Assets & ROE



<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 1.0mn, ~80K subs for WAVO, 29k subs for OSN Play and 149k subs for OSN Demand

First in the region to introduce digital platform with OSN Play in 2012

WAVO has been re-launched in April 2019 with superior user interface and functional capabilities, benchmarked with leading OTT players globally

Exclusive access to the most comprehensive portfolio of rights from 7 major Hollywood studios plus wide range of Arabic content

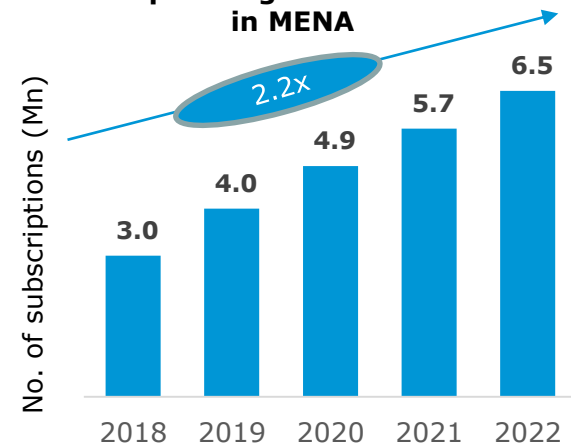
Premium content offerings with over 86 channels incl. 48 HD channels and 20 owned and 16 Pinoy channels

~1,144 employees in 12 offices, 26 retail locations across MENA and a network of 126 partners

## MENA Pay Tv Potential

	Population (Mn)	TV Households (Mn)	Pay TV/ TV Households (%)
<b>MENA Region<sup>1</sup></b>	<b>367</b>	<b>72</b>	<b>~10%</b>
<b>Latin America</b>	621	56	44%
<b>UK</b>	67	27	56%
<b>India</b>	1,352	197	66%
<b>US</b>	329	120	79%

## Expected growth of OTT in MENA



Source: IHS Market, Dec 2018

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

Source: IMF WEO Database October 2019, Euromonitor, Statista, Nielsen, Broadband TV News, Economic times

# OSN: Progressing well on turnaround initiatives

## OTT Platform

Post its relaunch in April 2019, OSN's OTT platform '**WAVO**' has grown from 22k subs in Dec'18 to ~80K currently

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## Piracy crackdown

A major source of piracy (BeoutQ) was closed down in August 2019

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## New proposition

Simplified products making buy decision easier for customer for DTH & OTT; and country specific customization

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## Cable & Telco business

Outperformed budget; further deep dive in process to collaborate with new IPTV/ Telco partners

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## Broader offering Collaboration

Working on additional ways to provide enhanced entertainment experience to customers by bringing combined product offerings such as movies and music

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# OSN: In stronger position than a year ago

## Significant value in business due to:

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- **In-depth review of content and operations**
- **Exclusive long term renegotiated content contracts**
- **Best in class exclusive content to provide superior customer experience**
- **Digital platform (WAVO)** is well positioned to harvest OTT opportunity in the MENA region
  - Various digital initiatives underway for better customer experience/ business transformation
- **Significantly reduced cost base** on content and G&A
- **Better than budgeted EBITDA and results YTD**
- **Reduced Piracy** – BeoutQ closed; in general better control on other piracy
- **Improved product proposition** and customized offerings
- Attractive **market opportunity**:
  - Last frontier for growth in pay-tv business with market penetration of 10%
  - Organic growth potential - 7 core markets vs. 25 licensed for OSN

# Wavo: App Store Ratings



## App Store Preview

This app is available only on the App Store for iPhone, iPad and Apple TV.



### WAVO وافو – Streaming App 17+

Watch the Best Movies & Series

OSN (OSN)

#55 in Entertainment  
★★★★☆ 4.4, 4.4K Ratings

Free · Offers In-App Purchases

★★★★☆ 4.4, 4.4K Ratings



IMDb Ratings

9.5 ★

7.9 ★

8.1 ★

7.5 ★

8.6 ★

9.0 ★

9.4 ★

8.5 ★

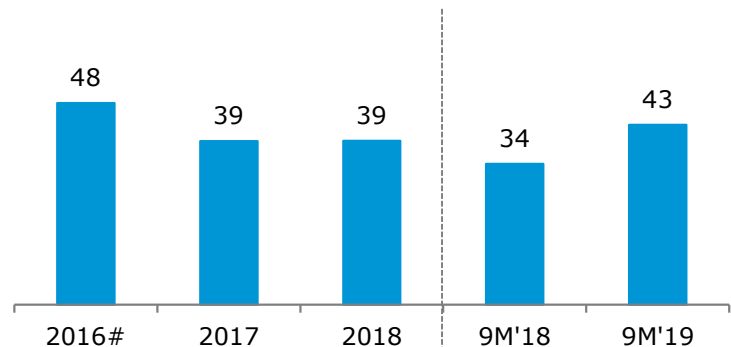
6.8 ★

# Other key entities:

## United Industries Company (UIC)

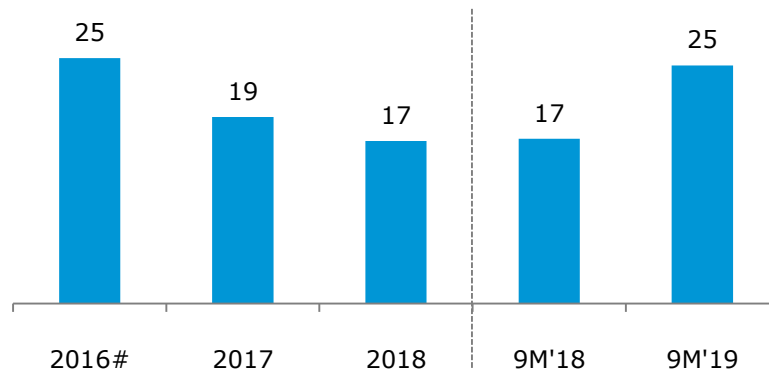
### Total Revenue

USDmn



### Net Profit

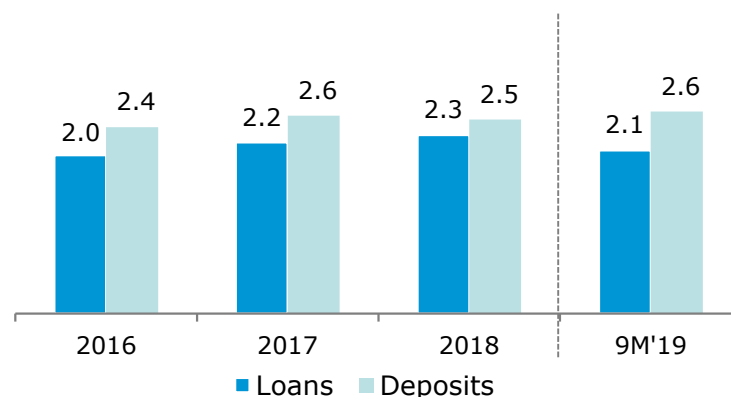
USDmn



## Jordan Kuwait Bank (JKB)

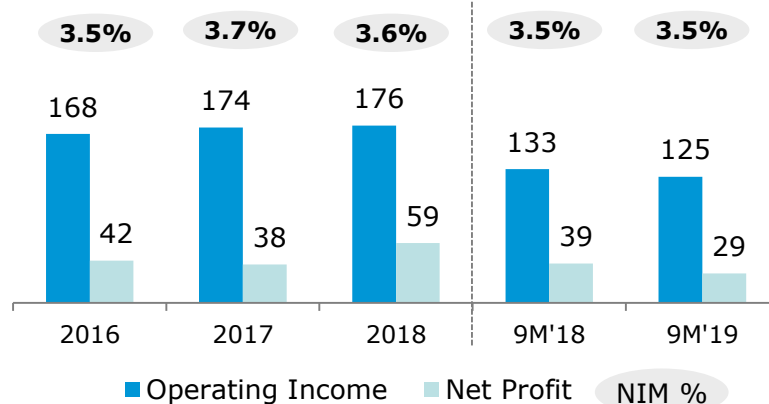
### Loans & Deposits

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 2019 has been used for conversion

# KIPCO consolidated: Balance Sheet

Consolidated Balance Sheet (USDmn)	2016	2017	2018 Restated	9M 2019
Cash in hand and at banks	4,795	5,162	6,968	4,674
Treasury bills, bonds & other debt securities	2,221	2,127	2,389	1,931
Investment in associates	1,455	1,234	1,084	1,151
Investment in a media joint venture	492	585	-	-
Non-current assets held for sale	-	-	616	663
Investment properties	1,411	1,720	2,057	2,060
Other investments	1,870	2,062	1,706	1,705
Other assets (inc. goodwill & intangibles)	20,586	21,134	19,287	20,208
<b>Total assets</b>	<b>32,830</b>	<b>34,024</b>	<b>34,107</b>	<b>32,392</b>
Due to Banks & Other FI's	7,594	6,624	6,772	4,367
Deposits from Customers	15,852	16,870	16,075	16,743
Debt	4,215	4,883	6,029	5,841
Other liabilities	1,168	1,661	1,907	1,809
Equity attributable to equity holders of the Parent Company	1,551	1,445	911	1,131
Perpetual capital securities	482	482	482	506
Non-controlling interest	1,968	2,060	1,931	1,995
<b>Total liabilities and shareholders equity</b>	<b>32,830</b>	<b>34,024</b>	<b>34,107</b>	<b>32,392</b>

# KIPCO consolidated: Income Statement

Consolidated Income Statement (USDmn)	2016	2017 Restated	2018	9M 2018 Restated	9M 2019
Interest income	1,225	1,271	1,464	1,072	1,012
Investment income	92	233	120	58	61
Fees and commission income	184	174	200	137	156
Share of results of associates	118	42	61	54	63
Share of results of a media joint venture	(21)	-	-	-	-
Hospitality and real estate income	254	308	360	239	302
Other revenues	321	227	342	285	232
<b>Total revenues</b>	<b>2,173</b>	<b>2,255</b>	<b>2,547</b>	<b>1,845</b>	<b>1,826</b>
Interest Expenses	791	816	980	702	719
General and administrative expenses	563	608	633	452	430
Other expenses and provisions	468	476	549	383	441
Taxation	60	51	34	39	40
Loss from discontinued operations	-	99	76	76	-
Non-controlling interest	140	128	182	126	122
<b>Net profit attributable to Equity Holders of the Parent Company</b>	<b>150</b>	<b>77</b>	<b>93</b>	<b>67</b>	<b>75</b>
Basic Earnings Per Share, Cents (Reported)	9.4	3.8	4.9	3.1	2.5
Basic Earnings Per Share for continuing operations, Cents (Reported)	-	10.8	10.3	8.4	2.5





Thank you

# A diversified company with deep regional expertise & roots



## We are

Operating holding company with total assets of USD32.4bn<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  
USD1.4bn<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 2019

<sup>2</sup>As of 12 November 2019

# 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 	●	●	●	●	●	●	●	45%
KSA 		●	●			●		4%
UAE 	●	●	●	●	●			5%
Bahrain 		●	●		●			4%
Qatar 		●		●				1%
Turkey 	●		●					17%
Jordan 	●	●	●	●				9%
Egypt 		●	●	●			●	5%
Algeria 	●	●	●					5%
Iraq 	●	●	●		●			1%
Malta 	●				●			2%
Tunisia 	●	●			●			1%
Others	●	●	●	●	●		●	1%
Revenue (9M'19) <sup>2</sup>	46%	12%	18%	11%	5%	4%	4%	
Assets (9M'19) <sup>3</sup>	70%	4%	7%	8%	6%	3%	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 & OSN

<sup>2, 3</sup> Total revenue of USD2.8bn and total assets of USD38.9bn respectively, based on reported

segmental revenue (before inter group eliminations) post consolidation of 100% revenue of GIG & OSN ; <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 rankings as of 31 December 2018)