



Investor Presentation | Sep 2020

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Key Investment Highlights

Our business, strategy and team



Our

Business

- ▶ Holding company with total assets of USD33.5bn¹
- ▶ Operating across the GCC and wider MENA region; presence in 24 countries
- ▶ Multi-sector operator: commercial banking, insurance, asset management and investment banking, media, real estate and industrial
- ▶ Proven track record; 28 years of profits, 18 years of dividend payment and ~10% book value per share growth in last 15+ years²
- ▶ Listed on the Boursa Kuwait with a market capitalisation of USD1.0bn³



Our

Strategy

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



Our

Team

- ▶ Average tenure of management is 18 years
- ▶ Vice Chairman (Executive), Group COO and Group CFO have been with the Group for about 30 years

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

¹ As of 30 June 2020

² Assuming no dividend was paid between 31 December 2004 and 30 June 2020

³ As of 15 Sep 2020

Note: : Exchange rate of USD/KD of 0.30780 has been used in the presentation for financial numbers

Key investment highlights



Proven Track Record

- ▶ Sustained profitability for the last 28 years
- ▶ 18 years of dividends



Ruling Family Shareholders

- ▶ Al Futtooh Holding Co. owned by members of Kuwaiti ruling family has direct holding of 44.7%
- ▶ Shareholders since 1988; has supported KIPCO in all capital raising exercises



Market Leadership¹

- ▶ Burgan Bank is #2 conventional bank in Kuwait²; OSN is leading entertainment platform in MENA³; Gulf Insurance Group is #1 insurer in Kuwait⁴, Bahrain⁵, Jordan⁵ & Egypt⁶; United Real Estate Company is #2 real estate player on KSE²



Strong Liquidity¹

- ▶ Strong cash balance covering all debt repayments due till December 2022
- ▶ ~52% of the portfolio⁷ is listed, and can be liquidated at short notice



Credit Rating

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



Diversified Portfolio

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



Financial Discipline

- ▶ Maintained between three to four dollars of assets for every dollar of net debt for 13 consecutive years
- ▶ Average debt maturity of 3.9 years¹



"Best in Class" Transparency

- ▶ First company in the GCC to host annual investor forum with earnings guidance since 2004
- ▶ "Best in Class" investor relations with up-to-date disclosure

¹As of 30 June 2020

⁵ By GPW

²By assets

³By revenue and countries of operations

⁴ By Gross premium written (GPW) and Direct

⁶ By technical profit among private sector players (all rankings as of 30 June 2020)

⁷Comprises listed principal companies and listed investments as of 30 June 2020



Business Overview

Our strategy

Building Businesses

MENA

Regional outlook

**Being first in the
region**

Thought leadership



Target ROE: 15%+

*Investing in engines of
growth*

Balanced Portfolio













Diversified revenue streams

Team Approach

*Strong managerial
expertise*

Invest in companies with sustainable and predictable cashflows

Our presence by geographies & sectors

	Commercial banking	Media	Insurance	Real Estate	AMIB ²	Industrial	Others	Revenue (2019) ³
Kuwait 	●	●	●	●	●	●	●	47%
KSA 		●	●			●		3%
UAE 	●	●	●	●	●			4%
Bahrain 		●	●		●			5%
Qatar 		●		●				1%
Turkey 	●		●					13%
Jordan 	●	●	●	●				11%
Egypt 		●	●	●			●	6%
Algeria 	●	●	●					5%
Iraq 	●	●	●		●			1%
Malta 	●				●			2%
Tunisia 	●	●			●			1%
Others	●	●	●	●	●		●	1%
Revenue (H1'20) ¹	42%	19%	20%	10%	3%	2%	4%	
Assets (H1'20) ¹	70%	4%	7%	8%	6%	2%	3%	

Attractive presence in high growth economies and promising sectors

Note: 1. As per total revenue of USD1.7bn and total assets of USD40.4bn, based on reported segmental revenue (before inter group eliminations) and consolidation of 100% of GIG; 2. AMIB = Asset management & investment banking 3. Assuming consolidation of GIG & OSN

Core holdings

Market leaders in their space



Investing in companies which have potential to be market leaders







¹ In terms of assets (based on latest financials)
profit among private sector players (all rankings as of 30 June 2020)

² By Gross premium written (GPW) and Direct premiums

³ By GPW

⁴ By technical

Controlling or majority stakes

	 بنك بروقان BURGAN BANK	 osn	 UGH	 KAMCO INVEST	 gig شركة التأمين	 شركة العقارات المتحدة United Real Estate Co
KIPCO Effective Stakes¹	62.8%	88.8% ⁶	93.1%	57.8% ³	45.6%	73.8%
Board Representation	6 of 9	2 of 7 ⁵	5 of 8	4 of 5	4 of 10 ⁴	5 of 7
Market Cap (USDmn)²	1,741	Unlisted	1,348	80	367	176
Credit Ratings	S&P: BBB+/A2 Moody's: A3/ P2 Fitch: A+	Unrated	CI: BBB (UGB)	CI: BBB	S&P: A- Moody's: A3 AM Best: A	CI: BBB
	Commercial Banking	Media	Asset Management & Investment Banking (AMIB)		Insurance	Real Estate

Ability to actively control or influence key decisions of operating entities

Notes:

¹ Effective stakes given are as of 30 June 2020

² Market capitalisation as of 15 September 2020 (Source: Bloomberg for market price)

³ Stake in KAMCO Invest is held through UGH

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

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

⁶ As on 30 June 2020. Refer Note 31 in KIPCO's consolidated financial statements as on 31-Dec-19 for details

CI = Capital Intelligence

Supportive shareholder with ruling family links

Kuwaiti ruling family support

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

Direct holding of 44.7% in KIPCO; Shareholder of KIPCO since 1988

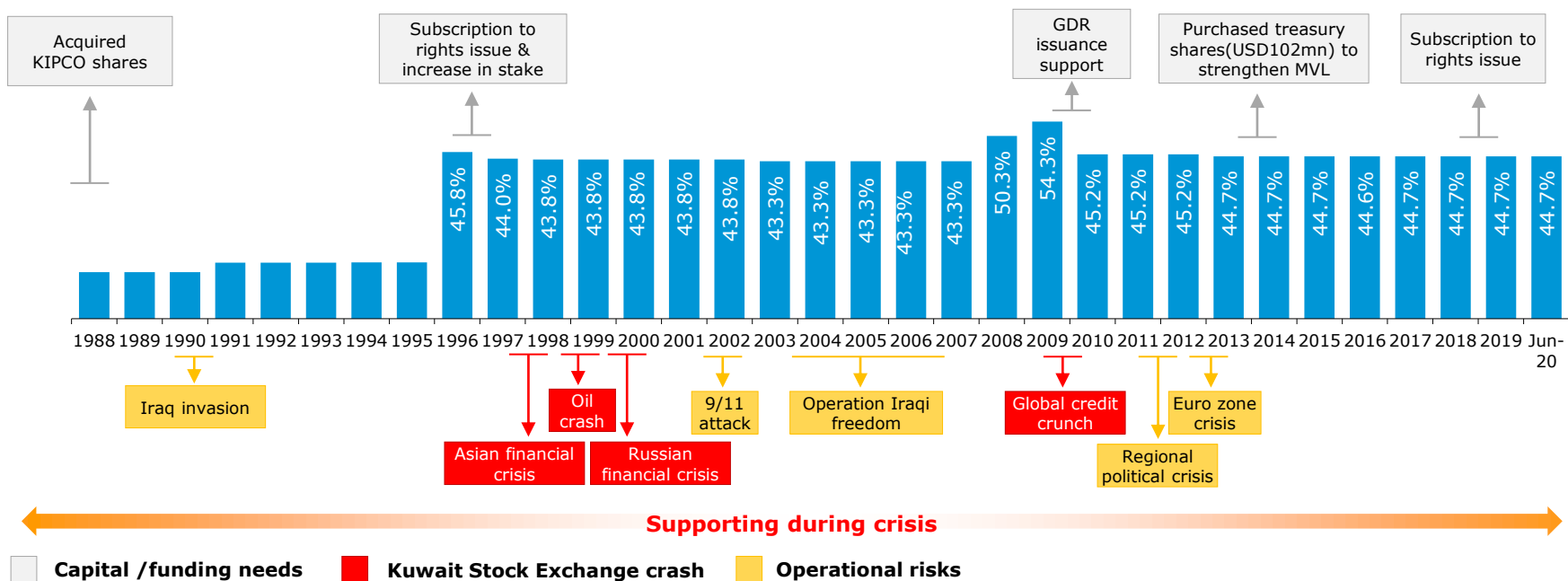
Has supported KIPCO in all its endeavors including capital raising, reduced dividends and treasury shares repurchases

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

Successful completion of rights issue in July 2019

17% oversubscription shows confidence of shareholders in the company

AFH's continuing support to KIPCO





Key developments & performance update

Our response to Covid-19 pandemic



Our Employees

- Work from home
- Gradual return to work with precautionary measures
- Online Learning & Development initiatives
- Webinars by psychologists, dieticians, doctors



Our Customers

- Fast tracked digital enhancements
- Interest and principal deferrals to retail banking customers
- Temporary extensions for policy holders
- Rent waivers to mall tenants during lockdown, rental discounts during recovery phase



Our Society

- US\$11.4mn Covid 19 donations by group companies
- Social media campaigns on safety instructions, mask rules, social distancing
- Discounts for health professionals

Varied impact across sectors in H1 2020

Significant

Moderate

Minimal



Impact	Insurance	Media	Education	Commercial Banking
Sector wide	<ul style="list-style-type: none"> × Reduced GPW in motor and travel ✓ Reduced claims in motor and medical 	<ul style="list-style-type: none"> × New production halted × No sport events ✓ Increased content consumption 	<ul style="list-style-type: none"> × Extended school closures × Forced to switch from in-room classes to eLearning classes 	<ul style="list-style-type: none"> × Lower discount rate × Interest deferral* × Increased provisioning ✓ Expedited digital transformation
Sector contribution to Group revenue¹	20%	19%	1%	42%
Positives for Group	<ul style="list-style-type: none"> ✓ Corporate business lines helped preserve revenue ✓ Lower combined ratio 	<ul style="list-style-type: none"> ✓ Exceeded H1 2020 budget ✓ Relaunched/re-branded OTT with Disney+ ✓ Ramp-up in OTT subscribers ✓ Not impacted by lack of sports events 	<ul style="list-style-type: none"> ✓ Accelerated digitalization ✓ Upgrading eLearning platforms ✓ Reduced operating cost 	<ul style="list-style-type: none"> ✓ Lowest impact of interest deferral in Kuwait - KD9mn vs sector KD381mn ✓ Digitalization: <ul style="list-style-type: none"> ✓ Tijarati** solution for merchants – first among Kuwaiti banks ✓ New retail app

* In Kuwait - Postponement of instalments on retail loans and credit cards

**Merchant business informatics platform

¹ Based on total revenue of USD1.7bn for the H1 2020 based on reported segmental revenue (before inter group eliminations) post consolidation of 100% revenue of GIG

Varied impact across sectors in H1 2020



Impact	Industrials	Real Estate	Asset Management & IB
Sector wide	<ul style="list-style-type: none"> × Low petrochemicals demand × Oversupply pressuring margins × Disruption in supply chain ✓ Increased demand for long life essentials during lockdown 	<ul style="list-style-type: none"> × Lost rentals and hospitality income × Decreased demand for commercial real estate 	<ul style="list-style-type: none"> × Downward pressure on fee, accelerated churn and lower AUMs × Impact of securities market
Sector contribution to Group revenue¹	2%	10%	3%
Positives for Group	<ul style="list-style-type: none"> ✓ Improved SADAFCO performance, reduced finance cost partially offset by underperformance of petrochemical businesses 	<ul style="list-style-type: none"> ✓ Lockdown driven impact, expected to recover with eased restrictions ✓ Reduction in finance cost 	<ul style="list-style-type: none"> ✓ Cost reduction opportunity by adopting digital ways of working ✓ Reduced finance cost






¹ Based on total revenue of USD1.7bn for the H1 2020 based on reported segmental revenue (before inter group eliminations) post consolidation of 100% revenue of GIG

Burgan Bank Group (BBG)

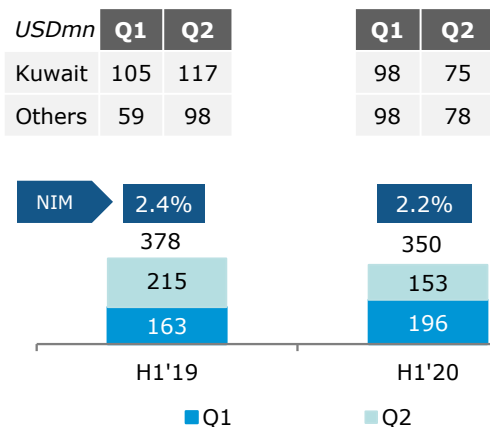
Business highlights

- ▶ Kuwait based commercial bank with a regional presence in seven countries
- ▶ 2nd largest conventional bank in Kuwait in terms of assets (USD23.1bn¹)
- ▶ BBB+ rating from S&P and A3 from Moody's, A+ from Capital Intelligence and A+ from Fitch
- ▶ Basel III capital adequacy ratio of 16.2%¹
- ▶ Listed on Boursa Kuwait with a market cap of USD1.7bn³

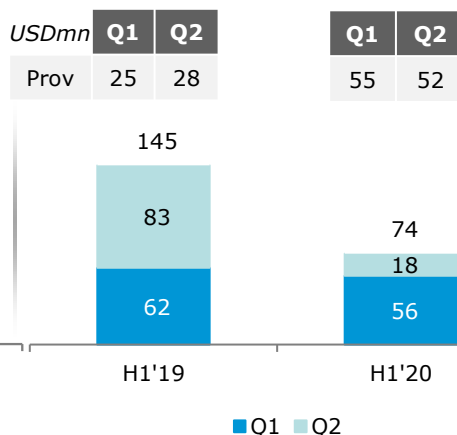
Key Franchises

Name	Market Position	Effective Stake ¹	Assets ¹ USDmn	Revenue ² USDmn
 BURGAN BANK Kuwait	#2 conventional bank	100%	18,142	169
 BURGAN BANK Turkey	Niche player in corporate banking	100%	3,539	73
 بنك الخليج الجزائر Gulf Bank Algeria	#3 private sector bank in Algeria	86%	1,871	75
 مصرف بغداد Bank of Baghdad	#1 licensed private sector bank in Iraq	51.8%	975	22
 بنك تونس العالمي Tunis International Bank	Leading offshore bank in Tunisia	87%	476	7

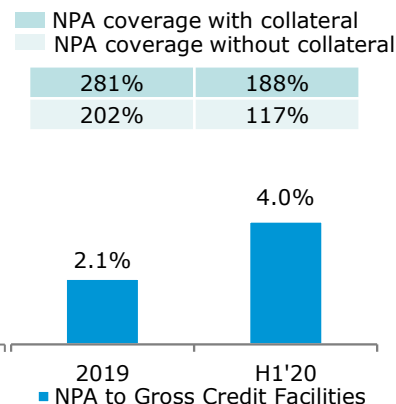
Operating Income



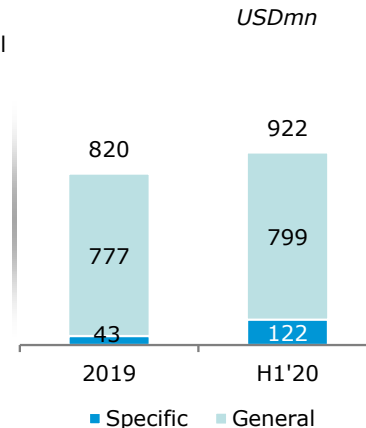
Net Profit & Provision



Loan Quality



Total Provisions



Strong franchise with healthy loan book and deposit growth

¹As on 30 June 2020

²Operating income defined as revenue for H1'20

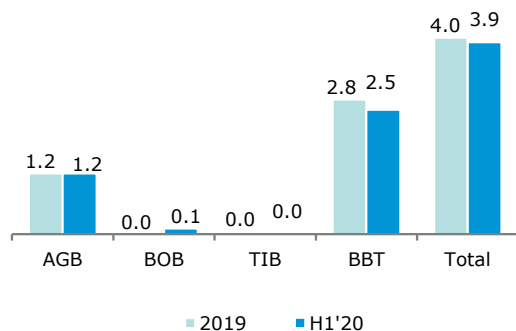
³As of 15 September 2020

Note: Financial results of H1'2019 include only five months performance of subsidiaries (except BoB). BoB was classified as a subsidiary from earlier category of "asset held for sale" and results have been consolidated in 30th June 2020 financials

BBG: Regional operations

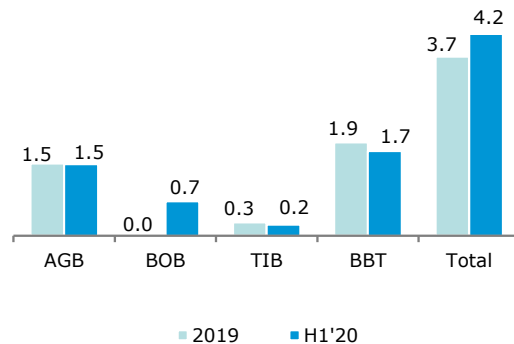
Loans[^]

USDbn



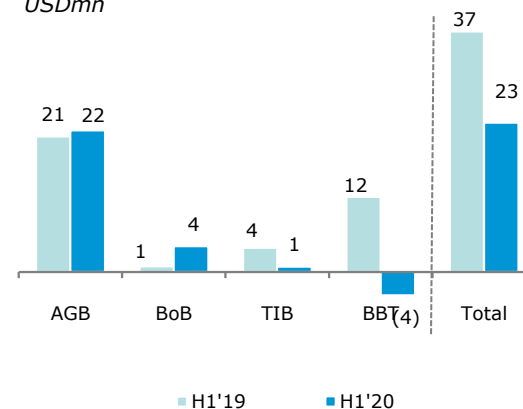
Deposits[^]

USDbn



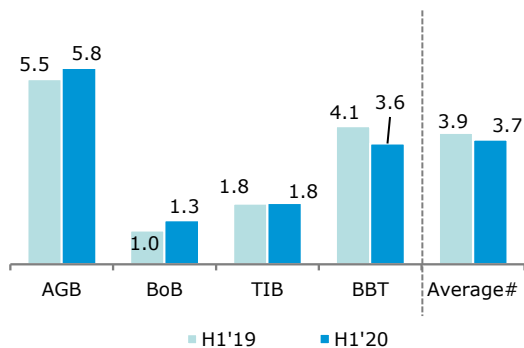
Net Profit

USDmn



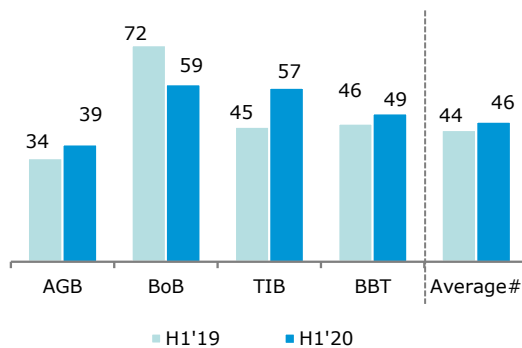
Net Interest Margin*

Percentage



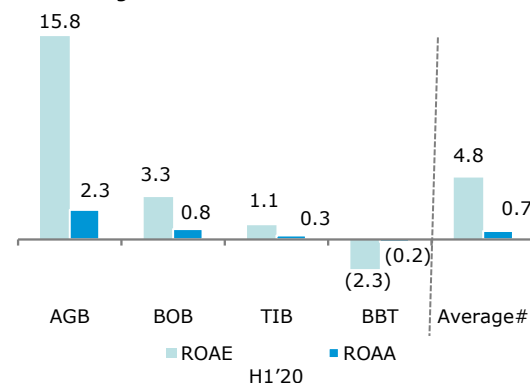
Cost to Income*

Percentage



Return on Assets & Equity*

Percentage



* H1'19 results for AGB, TIB, BBT include 5 months results due to one-month lag in reporting and NIM has been accordingly adjusted

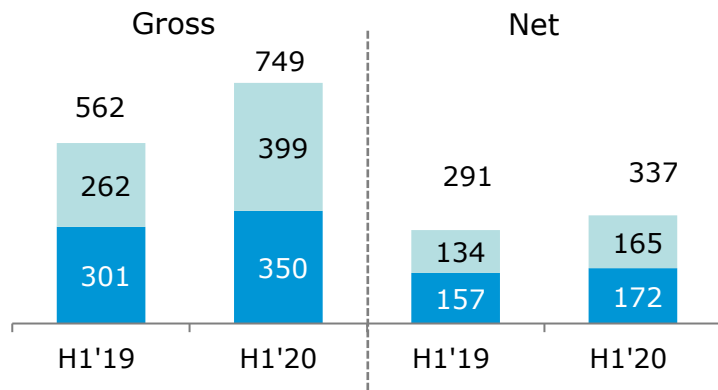
Represents weighted average figures using the denominator of respective ratio as weights

[^] For 2019 BoB was classified as asset for sale, during the period H1'20 BoB is classified as a subsidiary and results are consolidated

Gulf Insurance Group (GIG)

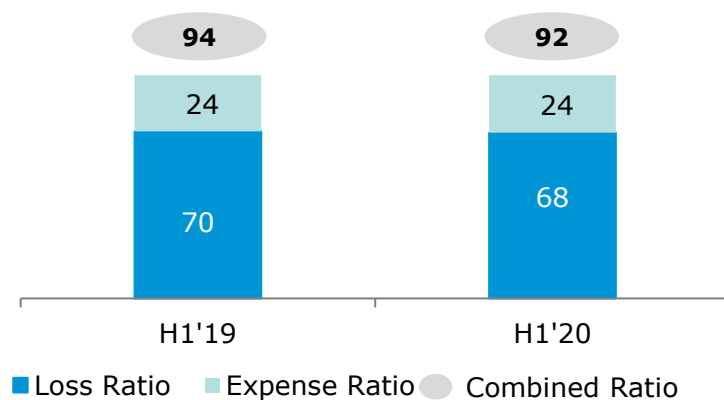
Premiums Written

USDmn



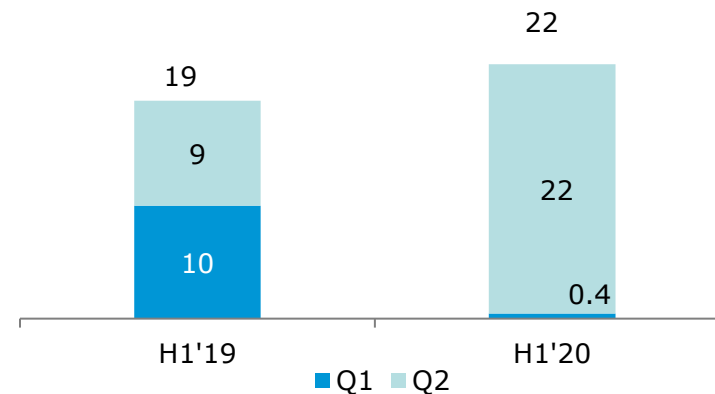
Combined Ratio

Percentage



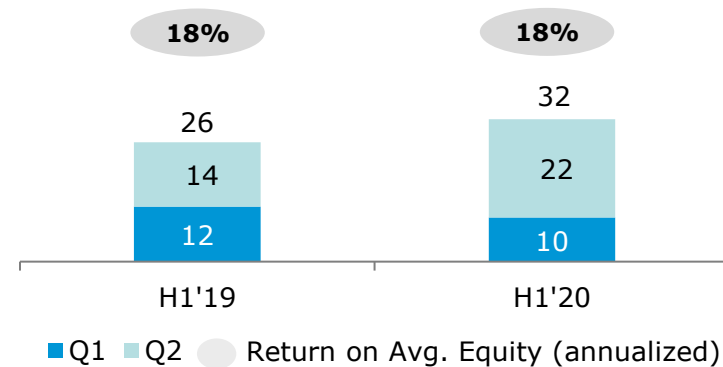
Net Investment Income

USDmn



Net Profit

USDmn

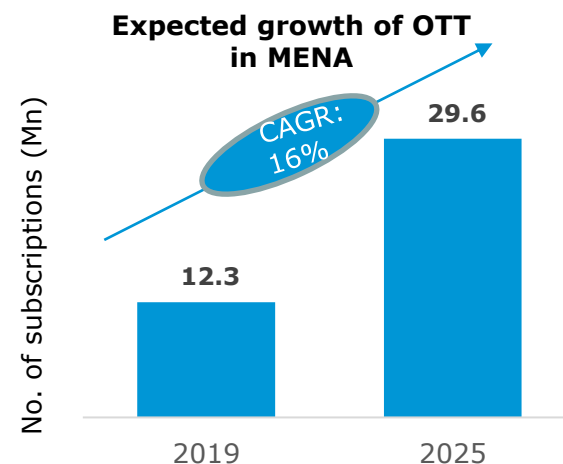


OSN Background

- Platform-agnostic network across multiple platforms:
 - Direct-to-home (DTH), Cable & Internet Protocol television (IPTV), Commercial and Over-the-top (OTT)
- Offers premium content with 85 channels and largest numbers of HD channels in the region
 - Exclusive contracts with major Hollywood studios
 - Biggest blockbuster movies and latest series
 - First window OTT rights from major studios
- Has rights across 25 countries in the MENA including majority of Western programs paired with an extensive and tailored Arabic language offering
- Employs ~700 people in 13 offices, 26 retail locations across MENA and a network of 148 partners

MENA Pay Tv Potential

	Population (Mn)	TV Households (Mn)	Pay TV/ TV Households (%)
MENA Region¹	367	72	~10%
Latin America	621	56	44%
UK	67	27	56%
India	1,352	197	66%
US	329	120	79%









Source: Digital TV Research (Jan'20)

¹MENA 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: Stronger and bigger





-  **Strong DTH & OTT rights**
 - ▶ Ability to deliver product in 25 countries
 - ▶ Exclusive rights across multiple platforms (DTH, IPTV, OTT)
-  **OSN streaming growing fast**
 - ▶ Rebranded OTT and partnered with Disney+ starting April 2020; improved UI and UX
 - ▶ No. of OTT subs tripled from ~80k in April'20 to ~250k as of August'20
-  **Partnership**
 - ▶ To accelerate growth in core markets as well as low income/high volume markets
 - ▶ Strengthened/expanded telco integrations in IPTV and OTT segment
-  **Arabic Originals**
 - ▶ Set to launch OSN's Original Arabic TV shows in Q4 2020
 - ▶ Arabic version of "Come Dine with Me" coming soon
-  **Strong Leadership**
 - ▶ Strengthened management team and new independent directors
 - ▶ Varied experience across entertainment value chain
-  **Improved Financial Performance**
 - ▶ Completed operational turnaround
 - ▶ Exceeded its budgeted EBITDA during H1'20

United Gulf Holding Company (UGH)

Business highlights

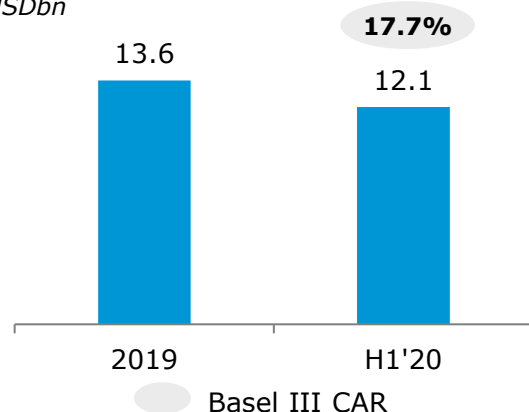
- ▶ Bahrain-based financial services group listed on the Bahrain Stock Exchange
- ▶ Activities include asset management, corporate finance advisory and brokerage services
- ▶ Merged KAMCO operations with Global Investment House to enhance business proposition and presence
- ▶ Focusing on digital products and initiatives
- ▶ Asset base of USD3.2bn¹

Key Franchises

Name	Market Position	Effective stake ¹	Assets ¹ USDmn	Revenue ² USDmn
 KAMCO INVEST	#1 asset management company in Kuwait by AuM	60%	480	15
 BURGAN BANK	#2 conventional bank in Kuwait by assets	15%	23,096	350
 URC شركة العقارات المتحدة United Real Estate Co	#2 real estate company in Kuwait by assets	10%	2,020	172
 FIMBANK	Niche trade finance player in Malta	79%	1,743	23 ³

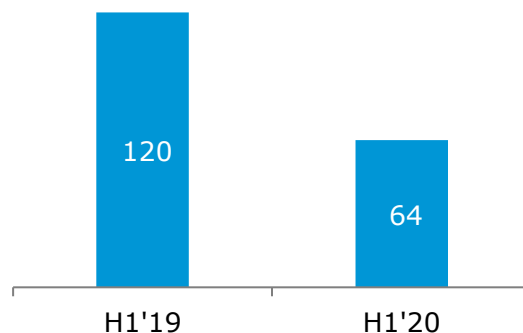
AuM & Capitalisation

USDbn



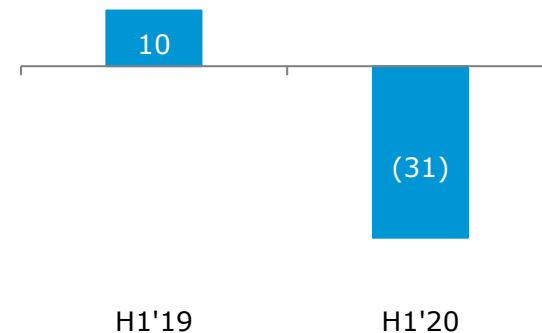
Revenue

USDmn



Net Profit

USDmn



UGH, the AMIB arm of KIPCO Group, is focused on financial services sector in the MENA region

¹ As of 30 June 2020

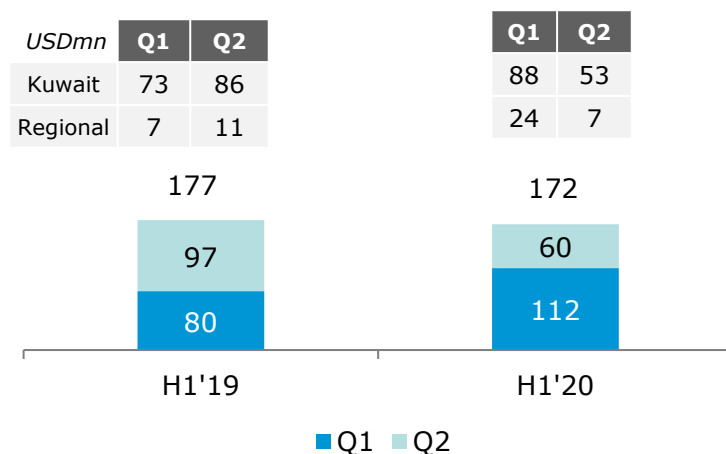
² Operating income is defined as revenue for the period ending 30 June 2020

United Real Estate Company (URC)

Business highlights

- ▶ Operations across the Middle East region through a mix of fully-owned properties, subsidiaries and investment arms
- ▶ Presence across retail, hospitality, residential and office sector
- ▶ Engaged in developing Kuwaiti's first-ever comprehensive mixed-use district - Hessa Al Mubarak District, an urban cluster consisting of retail, office, and residential components
- ▶ Major real estate player in Kuwait, ranked second in real estate sector on KSE in terms of asset size of USD2.0bn¹

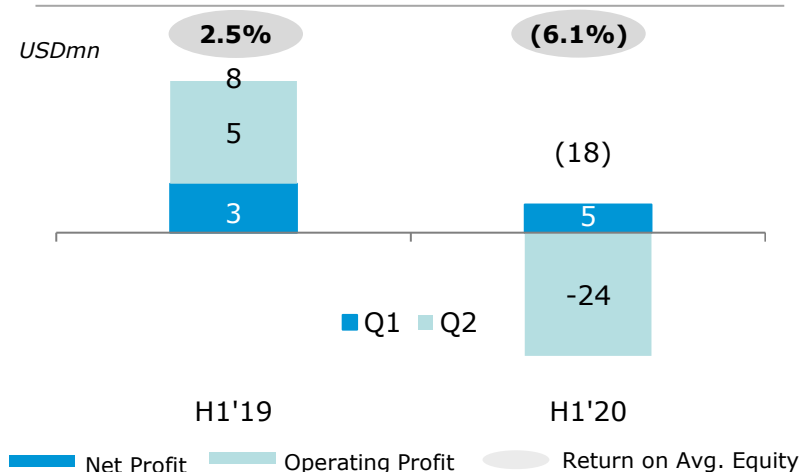
Total Revenue



Key Franchises

Country	Name of properties	
Kuwait		KIPCO Tower, Al Shaheed Tower, City Tower, Marina World, Marina Hotel, Saleh Shehab
Jordan		Abdali Mall
Oman		Salalah Mall
UAE		Fujairah Residential Buildings
Egypt		Aswar Villas, Hilton Hotel, Waldorf Astoria Tower, Sharm Al Sheikh
Lebanon		Bhamdoun, Raouche 1090

Profit & ROE

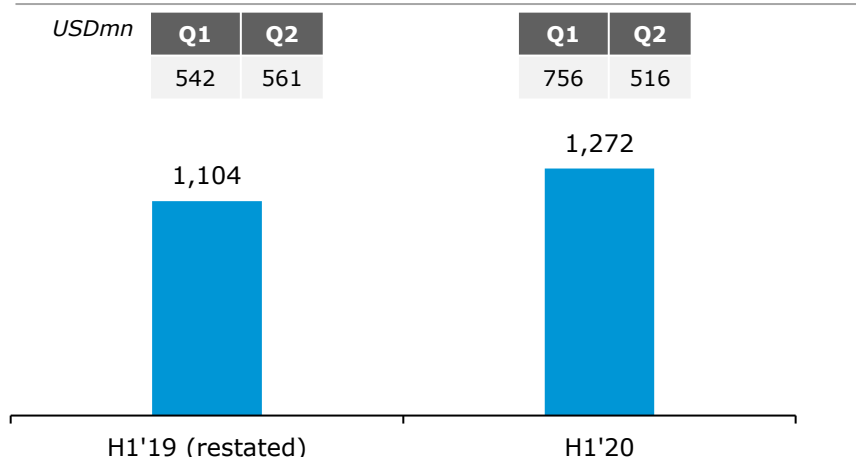


URC is a major real estate player in Kuwait

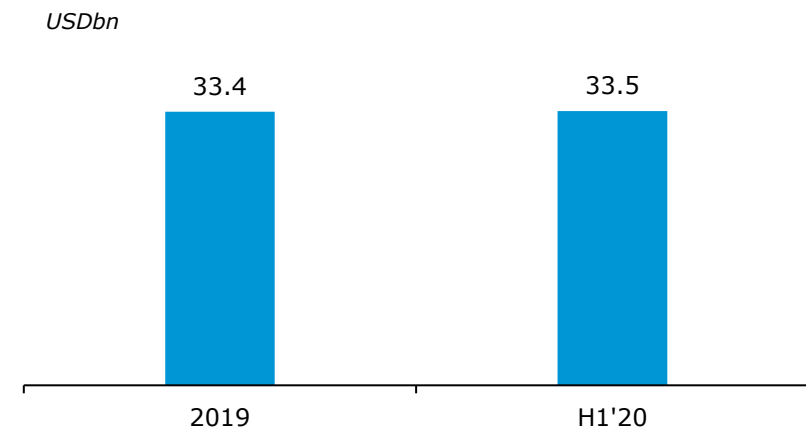
¹As of 30 June 2020

KIPCO consolidated: Financial performance

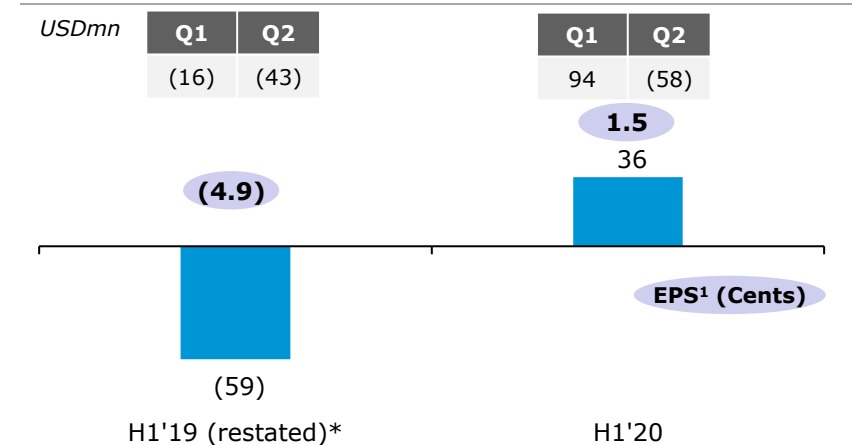
Revenue



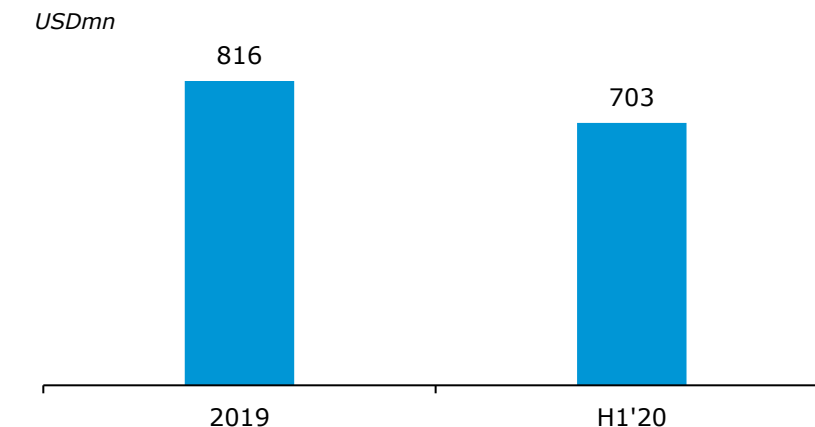
Consolidated Assets



Net Income



Shareholder's Equity



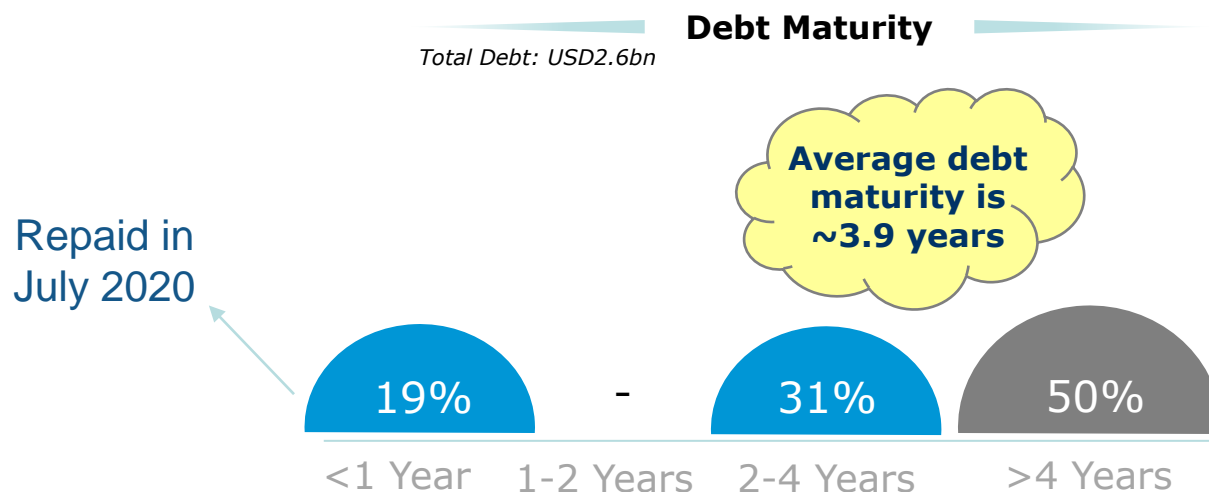
*Please refer Notes 2 and 3 for details on restatement

¹Basic Earning per share (reported)



Debt Metrics

KIPCO parent debt profile: As at 30 June 2020



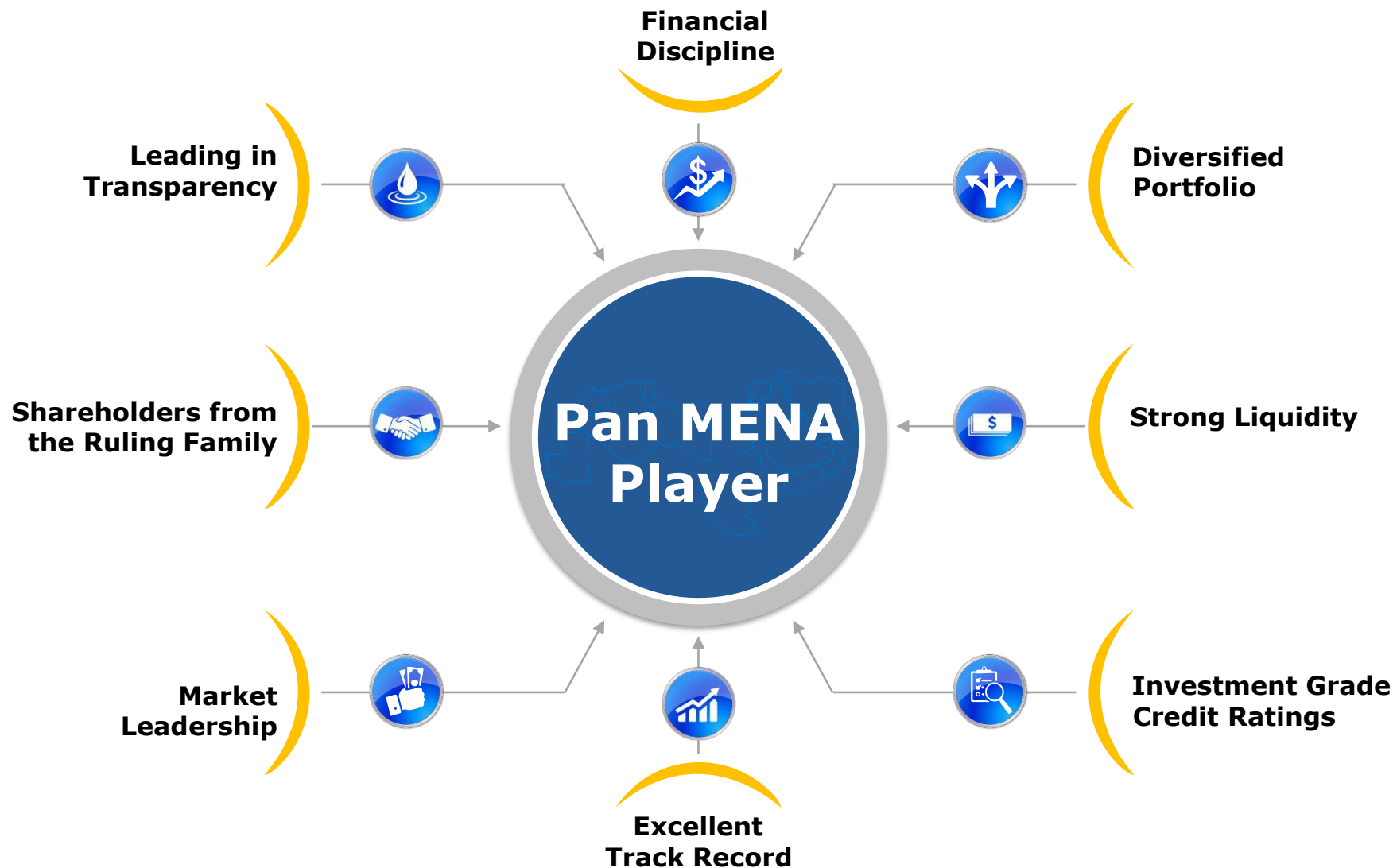
- Cash & bank balance of USD1,210mn
 - The current cash balance covers all debt obligations due till 2022 (2.4x coverage for 2020)
- Placements are with investment grade rated domestic institutions; having short duration and are typically rolled over on a monthly basis

KIPCO has a comfortable cash balance covering all debt obligations till 2022



Why KIPCO

Key credit highlights



KIPCO group embracing digital transformation...

Group companies accelerating digital journeys

The Shift: From Thinking Digital to Being Digital



**Seamless omnichannel
retail experience and
Merchant solution**



**Retail App
Rating: 3.8 / 5**

**Tijarati
Anytime
Anywhere
Access to
Merchants**



**Streaming App Rebranded;
Now with Disney+**



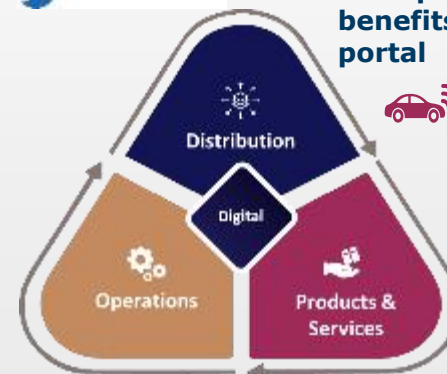
App Rating: 4.4 / 5



**Invested in digital
products & distribution
channels**

**Invested in
yallacompare**

**Motor
Telematics
& Employee
benefits
portal**



**Claims assessment, digital
TPA and group CRM &
analytics**



Thank you





Annexure 1: Other Portfolio Companies

United Industries Company (UIC)

Business highlights

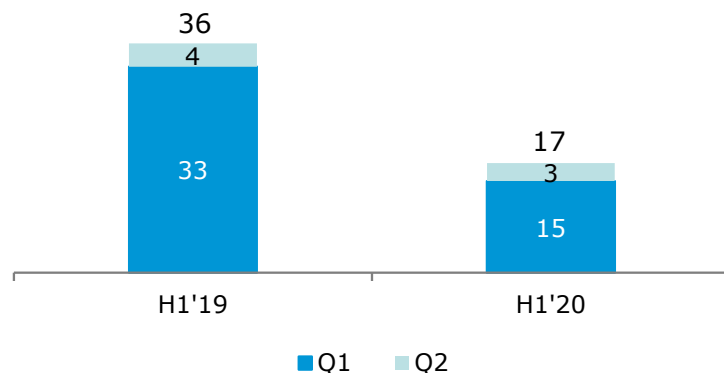
- Established in 1979, UIC operates as a holding company for the group's industrial investments
- UIC's mission is to manage a diversified portfolio of investments in the energy, food & basic industries sector

Key Franchises

Name	Market Position	Effective Stake	Assets ¹ USDmn	Revenue ² USDmn
 Kuwait	Leading private company in petrochemical	31%	2,544	204
 Kuwait	Leading distributor of healthcare equipments	19%	982	194

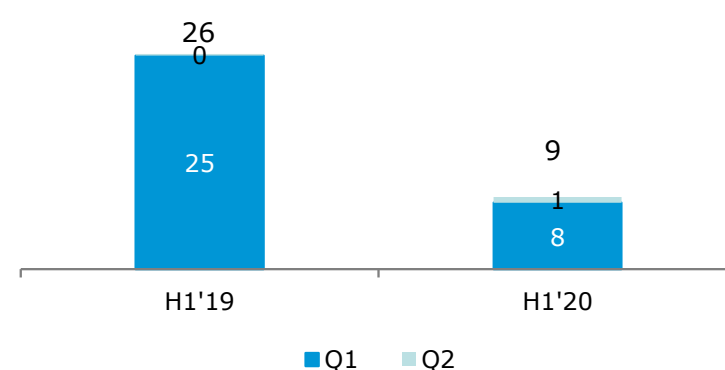
Income from Associates

USDmn



Net Profit

USDmn

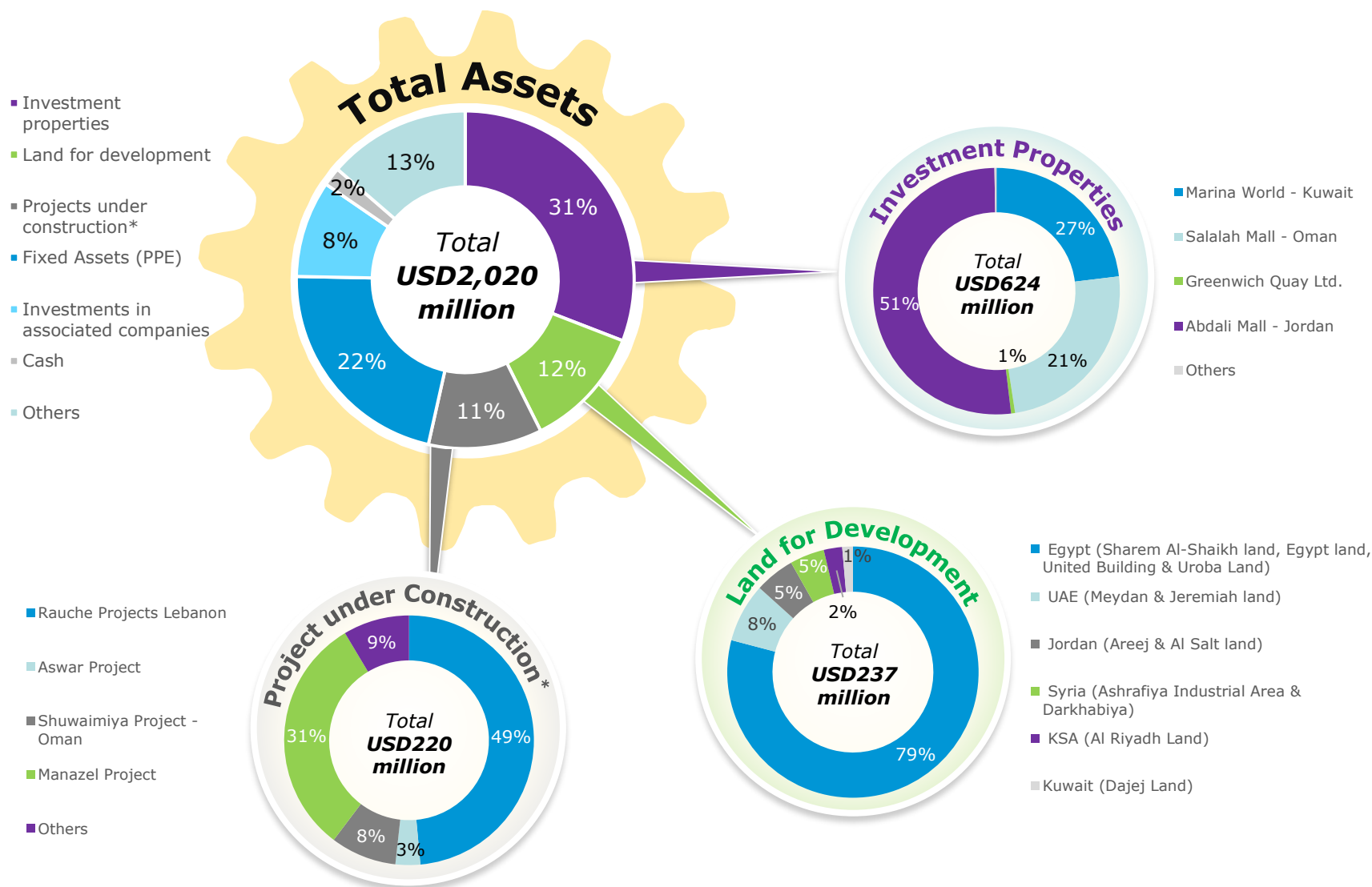


UIC seeks to be a leading regional investment house with activities in the industrial sector

¹ As of 30 June 2020

² For the period ended 30 June 2020 (3 months for QPIC and 6 months for ATC)

URC: Balance sheet (Break-up)¹



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

¹ As on 30 June 2020

Jordan Kuwait Bank (JKB)

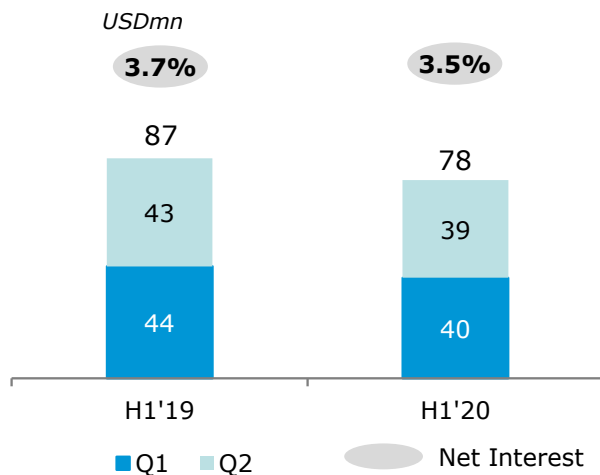
Business highlights

- ▶ Jordan based commercial bank with operations in Jordan, Palestine and Cyprus
- ▶ Listed on Amman Stock Exchange with a market capitalization of USD370mn¹
- ▶ 5th largest conventional bank in Jordan in terms of asset size of USD3.8bn²
- ▶ Focus on stable and essential sectors like Energy, Industry and Trade and retail and SME segment through expanded distribution network
- ▶ Capital adequacy ratio of 19.1%²

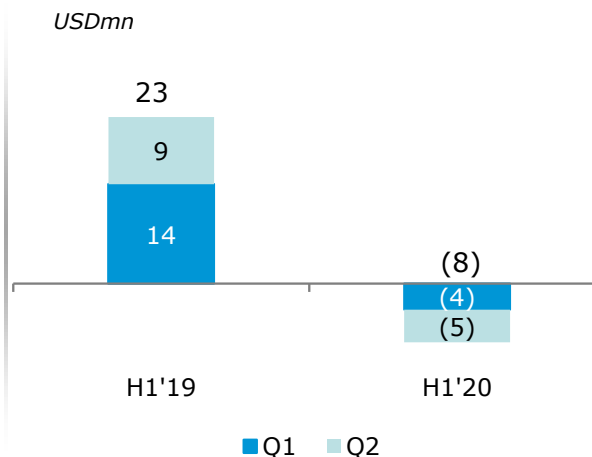
Operational highlights



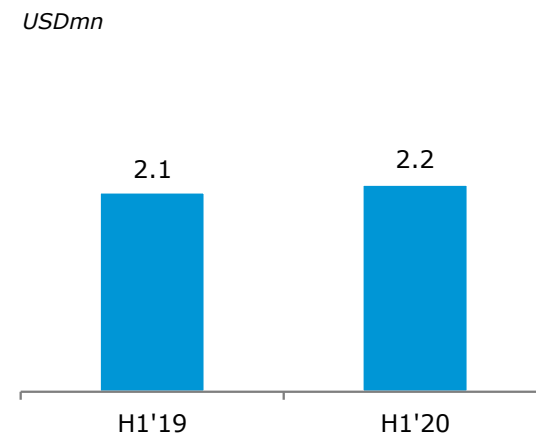
Operating Income & NIM



Net Profit



Loans and Advances



Notes: Exchange rate of USD/JOD of 0.7090 as of 30 June 2020 has been used for conversion

¹ As of 15 September 2020

² As of 30 June 2020

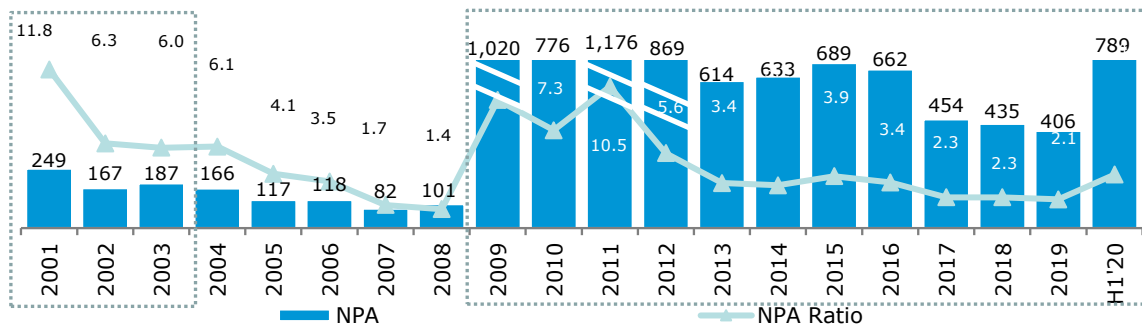
³ As of 31 December 2019

⁴ Source: Central Bank of Jordan

BBG: NPA¹ & provisioning trend

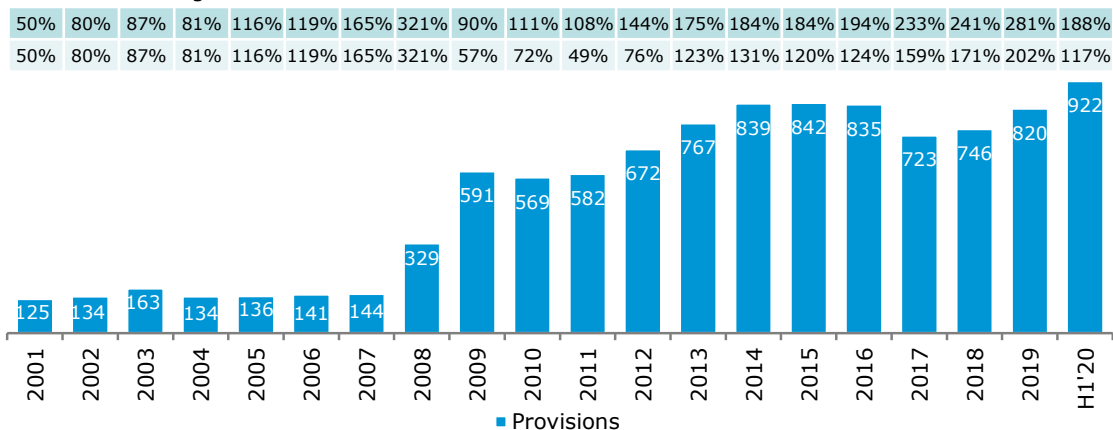
NPA Trend

NPA (USDmn)
NPA Ratio (Percentage)



Provisions Trend

NPA Coverage with collateral
NPA Coverage without collateral



- ▶ At end of 30 June 2020, NPA coverage with provisions and collaterals was **188%**
- ▶ NPA Ratio was 4.0% as on 30 June 2020
- ▶ ~87% provisions in general category as on 30 June 2020
- ▶ Prudent approach to credit cycle
 - Loan Loss Reserves (against Loans and Advances to Customers) created during 2008-09 **higher than those created during 2000-01 cycle**

¹NPA includes on balance sheet and off balance sheet exposure



Annexure 2: Executive Management

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)



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



Mazen Hawwa | Deputy Group COO And Group Executive VP - Finance

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



Eric Schumacher | Group Treasurer

- ▶ Joined KIPCO in 2019, previously held leading positions in Citi and HSBC
- ▶ Holds an MBA from Concordia University in Canada and is a Chartered Financial Analyst



Joe Kawkabani | Group Chief Strategic Initiatives Officer

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



Osama Al Ghousein | SVP - Banking

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



Eman Al Awadhi | Group Communications Director

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



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



Pinak Maitra | Group CFO

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



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: Financial Statements

KIPCO consolidated: Balance Sheet

Consolidated Balance Sheet (USDmn)	Q1'19*	H1'19*	2019*	Q1'20	H1'20
Cash in hand and at banks	6,009	5,049	5,140	4,629	4,560
Treasury bills, bonds & other debt securities	2,291	2,261	1,775	1,787	1,890
Investment in associates	1,135	1,111	1,144	1,121	1,129
Investment in a media joint venture	525	492	406	-	-
Investment properties	2,028	2,029	2,048	2,062	2,053
Other investments	1,693	1,708	1,985	2,089	2,196
Loans & Advances	14,905	15,794	16,480	16,490	15,836
Property, plant and equipment	1,477	1,485	1,516	1,598	1,547
Other assets (inc. intangibles)	2,827	2,806	2,932	4,257	4,275
Total assets	32,891	32,734	33,425	34,032	33,484
Due to Banks & Other FI's	5,223	4,328	4,631	4,695	4,721
Deposits from Customers	16,619	17,413	17,336	17,170	16,951
Debt	5,739	5,763	6,280	6,653	6,443
Other liabilities	2,103	2,122	1,899	2,248	2,311
Equity attributable to equity holders of the Parent Company	793	671	816	853	703
Perpetual capital securities	476	476	498	498	498
Non-controlling interest	1,938	1,962	1,965	1,915	1,857
Total liabilities and shareholders equity	32,891	32,734	33,425	34,032	33,484

KIPCO consolidated: Income Statement

Consolidated Income Statement (USDmn)	Q1'19*	Q2'19*	Q1'20	Q2'20	H1'19*	H1'20
Interest income	322	346	305	236	668	541
Investment income	15	22	255	(8)	37	247
Fees and commission income	41	51	45	42	91	87
Share of results of associates	39	15	12	16	53	28
Share of results of a media joint venture	(37)	(66)	(20)	-	(103)	(20)
Hospitality and real estate income	86	102	110	72	187	182
Other revenues	77	93	48	159	171	207
Total revenues	542	561	756	516	1,104	1,272
Interest Expenses	236	239	210	207	474	418
General and administrative expenses	149	152	156	141	301	296
Other expenses and provisions	120	153	262	236	273	498
Taxation	11	15	8	8	26	16
Loss from discontinued operations	-	-	-	-	-	-
Non-controlling interest	42	46	26	(18)	89	8
Net profit attributable to Equity Holders of the Parent Company	(16)	(43)	94	(58)	(59)	36
Basic Earnings Per Share, Cents (Reported)	(1.9)	(3.1)	5.2	(3.7)	(4.9)	1.5
Basic Earnings Per Share for continuing operations, Cents (Reported)	(1.9)	(3.1)	5.2	(3.7)	(4.9)	1.5




**restated*



Annexure 4: About the region

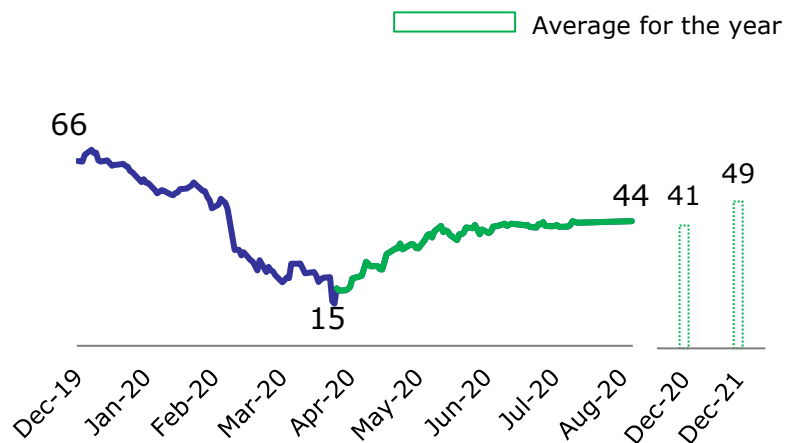
MENA: Evolving situation as uncertainty persists

V shaped recovery expected as per IMF forecasts in 2021

Indicators ¹	Real GDP growth (%)	CAB* (USDbn)	Oil prices ² (USD/bbl)
2019E	0.3%	1.4	64
2020P	(5.7%)	(5.8)	41**
2021P	3.4%	(4.8)	49***
2020P vs 2019E	(6.0%)	(514%)	(36%)
2021P vs 2020E	9.1% 	(17%) 	18% 

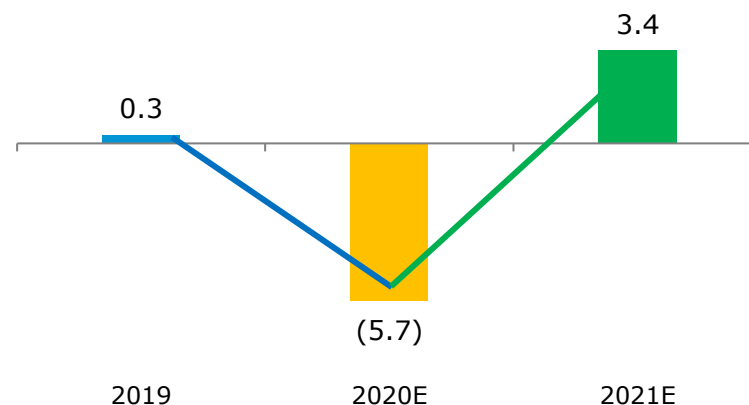
Brent Crude Oil Price

(In USD/barrel)



2020 MENA GDP Growth Forecast

(In Percentage)



Source: Bloomberg

¹ Source: WEP, World Bank June 2020
 ***Average for 2021 from Bloomberg

Source: IMF, July 2020

² Source: Bloomberg *CAB:- Current account balance



Improved Y-o-Y



Weakened Y-o-Y

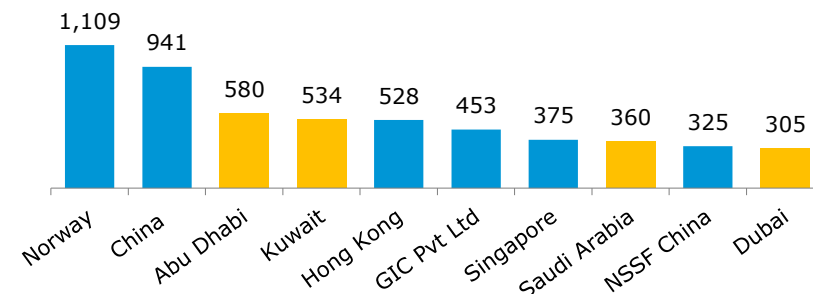
GCC region: Strong underlying fundamentals

Impacted by dual shock of oil price and Covid-19, however strong fundamentals provide sufficient cushion supported by **low breakeven oil production cost** for GCC producers along with **huge sovereign funds**

Gross public foreign assets at ~US\$2.6 trillion, with 70% managed by SWFs

Global Top 10 Sovereign Wealth Funds

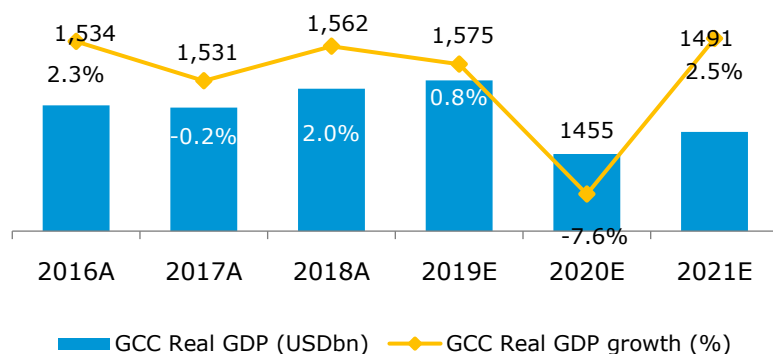
(In USD bn)



GDP expected to rebound in 2021

Real GDP & GDP Growth (2016-21)

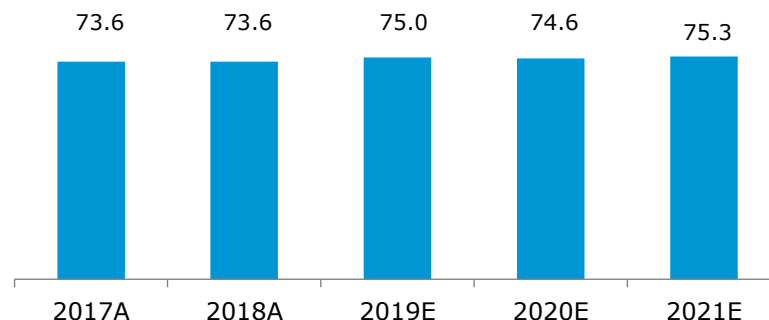
(In USD bn)



Increasing contribution of non-oil segment to the economy

Contribution of non-oil sector to GDP

(In Percentage)



Kuwait: Well-poised to wither the storm

Kuwait resilience supported by one of the **lowest fiscal break-even oil price and production cost along with significant accumulated fiscal and external surpluses**

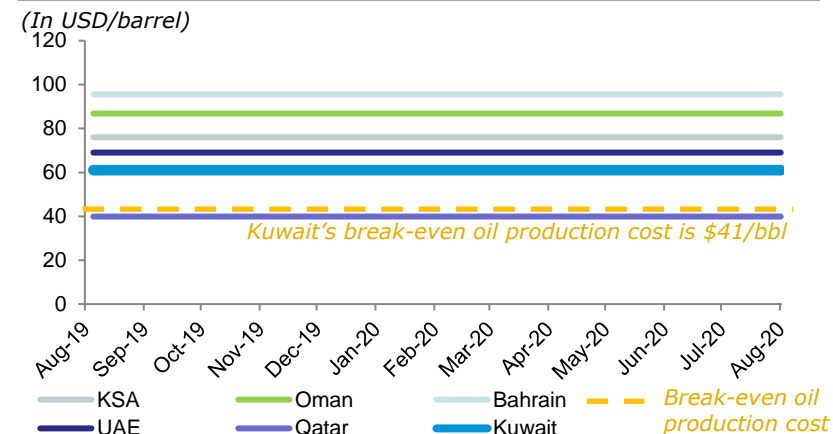
Kuwait – commitment to a vision of sustainable future growth beyond oil

Impacted by recent events, though credit profile remains strong

Kuwait rating affirmed; outlook revised to Negative

- ▶ Lower oil prices, OPEC+ oil production cuts, and COVID-19 pandemic, will negatively impact Kuwait's account balance
- ▶ Government expected to implement several short-term measures to mitigate current situation
- ▶ Kuwait's net general government asset position amounted to 440% of GDP at the end of 2019 – the highest ratio of all rated sovereigns
- ▶ Credit profile supported by country's exceptionally high wealth levels, vast hydrocarbon reserves, credible monetary policy framework, strong banking system oversight, low level of government debt and vast sovereign wealth fund assets accrued from large fiscal surpluses
- ▶ Oil price expected to recover to \$50/bbl in 2021 and \$55/bbl in 2022

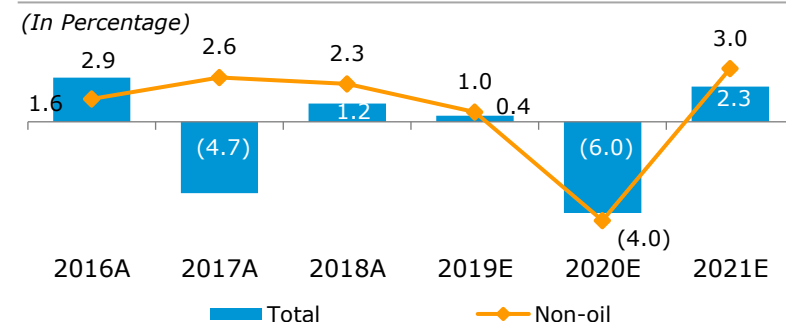
Fiscal Break-even Oil Price



Source: IMF, Bloomberg, Thomson Reuters, 2020 (as of 12 August 2020).

Note: Fiscal Breakeven oil prices for Kuwait, Oman, Qatar, Bahrain, UAE and KSA is for 2020 forecast.

GDP growth rate



Source: S&P periodic review on Kuwait, July 2020

Kuwait development plan: Projects in action

Key Projects under the plan

New Refinery Project (NRP)

- ▶ New 615,000 bpd refinery by KNPC
- ▶ Underway: Construction completed commissioning delayed and expected to operate from June-2021.
- ▶ Cost: **USD12.7bn**

South Al Mutlaa City

- ▶ 30,000 residential unit, schools and other facilities
- ▶ Underway: Overall progress 28%. Major infrastructure works for 18,519 units is 73 % complete, for 4,999 units is 62% complete and for 4,770 units is 89% complete. P1 to P3 completion expected by 2020. Cost: **USD 11.7bn**

Kuwait Metro (PPP)

- ▶ 160km long, running across Kuwait
- ▶ Underway: The project is in progress. Cost: **USD11.2bn**

Kuwait Airport Expansion

- ▶ To increase the annual handling capacity of the airport to 20mn passengers
- ▶ Underway: The project has progressed by 61%. Terminal 2 to be awarded in Q3-2020 for USD 0.9 bn. Expected to complete by 2023. Cost: **USD6.2bn**

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 of sour gas
- ▶ Underway: Progress 57%. Construction activities completed on some segments and commissioning is underway. JPF 4 & 5 bidding have been placed on hold. Cost: **USD4.0bn**

LNG Import & Regasification Terminal

- ▶ 4 full containment LNG tanks each with a working capacity of 225,500 cubic meters regasification plant with capacity of 1500 BBTU/day
- ▶ Underway: Progress at 97%. Construction works are underway and scheduled to complete by June 2020. Cost: **USD2.6bn**

Regional Road South

- ▶ 135 km highway south of Kuwait as part of the International ME Arab Highways Network
- ▶ Underway: Central section to be awarded in Q4-2020 for USD0.7bn. Cost: **USD1.0bn**

Oil & Gas Projects*

- ▶ Awarded: Contracts awarded by Kuwait Oil Company. Some projected are expected to be awarded in H2-2020. Cost: **USD11.8bn**

Offshore Drilling

- ▶ 6 new drilling locations to boost the daily oil production by 700,000 b/d and gas production to 1 bn cubic feet
- ▶ Underway: Contract awarded to Halliburton, first 2 due in Jul 2020 & Jan 2021 | Cost: **USD2.9bn**

Al-Khairan Power & Desalination Plant (IWPP)

- ▶ Net capacity of a min 1,500MW of power & a min 125 MIGD of desalinated water
- ▶ P1 is in the main contract PQ stage. P 2 & P 3 are still in the study phase. KAPP extended bids submission for main contract. Cost: **USD1.7bn**

Khairan City

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

Petrochemical Facility at Al-Zour

- ▶ Plant to be integrated with Al-Zour refinery
- ▶ Planning: FEED works completed. Project tendering could be postponed by KIPIC due to capex restructuring. NBK Capital appointed as financial advisor. Cost: **USD6.5bn**

Olefins III project

- ▶ Petrochemical plant to be integrated with new refinery project (Al Zour Refinery)
- ▶ Underway: FEED ¹ phase underway; Technology contract awarded to McDermott. Cost: **USD6.2bn**

Clean Fuels Project (CFP)

- ▶ Specification upgrade and expansion of 2 existing refineries to produce 0.8mn b/d
- ▶ Completed: Maintenance contract bid submitted for USD 1bn. Cost: **USD12.0bn**

Sheikh Jaber Al-Ahmad Causeway

- ▶ 48.5 km causeway linking Kuwait City with Subiya area in northern Kuwait
- ▶ Completed on May 1, 2019. Cost: **USD3.0bn**

Al-Dibdibah Solar PP

- ▶ Capacity to produce 1.5 GW solar project
- ▶ Canceled due to Covid Impact. Cost: **USD1.6bn**

Other projects

- ▶ **Underway:** Jahra & Sulaihiya Low Cost Housing City. Progress 11% infrastructure work expected to complete by May-2021 Cost: **USD1.9bn**
- ▶ **Underway:** Umm Al Hayman Waste Water (PPP). Cost: **USD1.5bn**
- ▶ **Bidding:** Al-Abdaliya (ISCC) Power Plant (CSP). Cost: **USD0.7bn**
- ▶ **Planning:** Al-Zour North (IWPP) – P4 & P5 under study. Cost: **USD1.6bn**
- ▶ **Planning:** Upgrades to Mina Al Ahmadi Refinery, Cost: **USD0.9bn**
- ▶ **On hold:** Kabd municipal solid waste project. Cost: **USD1.0bn**

Project Stage	H1'20	2019
Underway*	53.0	51.1
Awarded	14.7	14.7
Bidding	2.4	2.4
Planning	29.3	28.8
Completed	15.1	15.1
Canceled	1.6	1.6
On-hold	1.0	1.0
Total (USD bn)	117.1	114.7

Source: KDP report dated July 2020; ¹FEED= Front End Engineering Design;